



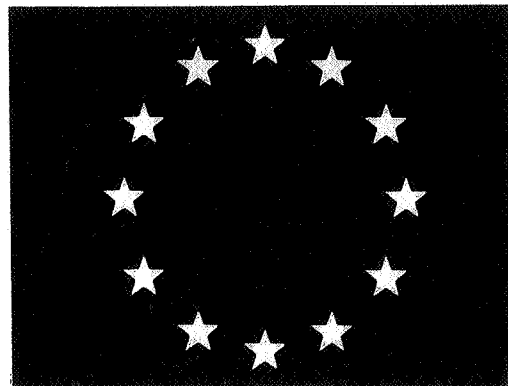
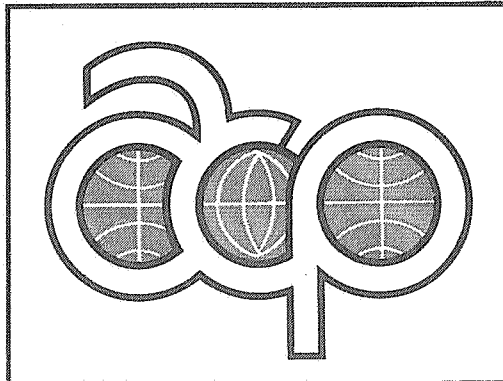
# The Courier

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# A Convention for a changing world

## Lomé IV signed



EEC Council

*French Prime Minister and President of the EEC Council of Ministers, Michel Rocard (left) and President of the ACP Council of Ministers, Michael Sefali (right) signing the Lomé IV Convention*

Despite the uncertainty about the date and the shortness of notice when it came, all but a few of the 68 African, Caribbean and Pacific States and the 12 Member States of the European Economic Community were in Lomé on 15 December 1989 for the signing of the Lomé IV Convention. And in appreciation of the fact that their capital had been chosen for the fourth time to sign this, one of the most important international documents, the Togolese offered delegates copious hospitality, from their arrival on the eve of the signing to their departure three days later with songs and dances, folklore, receptions, cultural soirées, and excursions, all organised and impeccably carried out, whether in the capital Lomé itself or further away at Lake Togo or up-country at Kpalimé in the prefecture of Kloto.

With the main streets of Lomé bedecked, as usual, with flags of the signing nations and banners proclaim-

ing the virtues of ACP-EEC cooperation, there was a pervasive mood of joy and festivity, a fitting celebration of 15 years of a unique agreement and the climax of 14 months of arduous negotiations of the fourth Lomé Convention which, this time, is for a period of 10 years, although the Financial Protocol covers the first five years and is negotiable thereafter.

The presence of the French Prime Minister, Michel Rocard, in Lomé for the ceremony, in France's capacity as President of the European Community Council of Ministers, was seen as an illustration of the importance the EEC attaches to the Convention and of its commitment to it at a period of uncertainties in international relations. This presence, particularly appreciated by the Togolese who showed it in whatever way possible, was described by the Togolese President, General Gnassingbé Eyadema, as adding "glamour" to the occasion.

### Two new ACP states

How the Convention has grown in membership and content! From the nine Member States of the European Community and 45 African, Caribbean and Pacific States under Lomé I to the 12 Member States of the EEC and 66 ACP States under Lomé III. Two countries, Haiti and the Dominican Republic, signed the new Convention in Lomé, bringing the number of ACP States to 68. A third, Namibia, is expected shortly to join the Group and accede to Lomé IV as soon as its independence process is complete. Both Haiti and the Dominican Republic were heartily welcomed and there was a general excitement about the prospect of Namibia's membership.

Just as Lomé III saw new areas of cooperation, Lomé IV, to a large extent, takes into consideration the current development concerns of the ACP States, further strengthening an

agreement that, by any standard, is the most comprehensive ever signed between a group of industrial countries of the North and a group of developing countries of the South — an ample justification for the hard bargaining and the sleepless nights of the negotiators to whom Commission Vice-President Manuel Marin and President Gnassingbé Eyadema did not fail to pay tribute.

**Major preoccupations: trade, Eastern Europe and the Single Market**

Like the previous Lomé Conventions, the signing ceremony took place at the Congress Hall of the *Maison du Rassemblement du Peuple Togolais* (RPT) and was chaired by President Eyadema.

As, inside and outside, the hall echoed to the sounds of fanfare and the joyful songs and dances of Togolese youths and cultural groups, the changing international political and economic climate, which heavily influenced the negotiators and which, undoubtedly, will determine the effectiveness of the Convention was not far from the minds of delegates: the rapid changes that have taken place in Eastern Europe; the approach of the 1992 Single European Market; and the continuing deterioration of the terms of trade between the North and the South. Thus, after the welcoming address by the Administrative Secretary of the *Rassemblement du Peuple Togolais*, it was not surprising that Commission Vice-President Manuel Marin, who took the floor next, spoke reassuringly about the various concerns.

First, on the new Convention, Mr Marin, mindful, particularly of the sticking point during the negotiations—i.e., the financial package—said that despite an international economic situation which is not favourable to increasing aid, the Community's financial contribution has more than kept pace with inflation, having risen from ECU 8.5 billion to ECU 12 billion, "an increase of over 40% in nominal terms and over 20% in real terms".

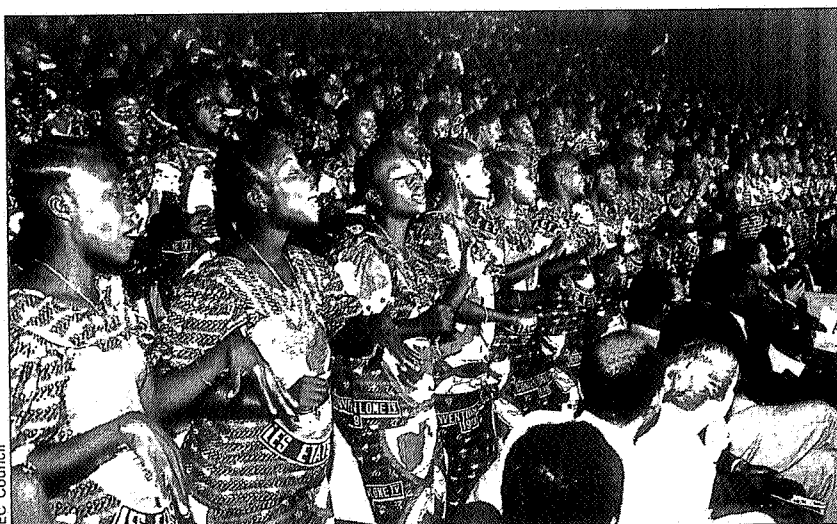
He went on to outline the areas which have been improved and strengthened: an already liberal trade

agreement, providing preferential access for more important products, improved rules of origin and general principles of commercial cooperation, new Stabex and Sysmin conditions — all designed to help ACP countries face the instability of the world commodity markets.

Mr Marin described the inclusion of a mechanism to support structural adjustment of the economies of the ACP States as logical, important and original, fitting in as it does with the approach already adopted under Lomé III and with the long-term development objectives of the ACP

of relations between the EEC and the countries of Eastern Europe is perfectly compatible with increased support for their development. Parallel progress can be made in East-West and North-South relations.

The President of the ACP Council of Ministers, Mr Michael Sefali, for his part, set ACP-EEC cooperation within the context of the adverse international economic climate of the 1980s: the dramatic fall in commodity prices, the dislocation of the economies of the majority of the ACP States and the debt burden which are having severe social consequences. He



*A cross-section of Togolese youth expressing their joy with songs as representatives of ACP-EEC countries sign the Convention*

Group, and based as it is on lessons that have been learned from past mistakes.

On debt, he noted the very small amount of money the ACP Group owes to the Community and the 1.2% it represents of their total debt servicing costs. He attributed this to the concessional nature of Community aid. In the new Convention, the terms of that aid have been further improved by the elimination of special loans and the requirement to replenish Stabex resources and by the transformation of Sysmin into subsidies.

He emphasised that he was committed, on behalf of the Commission, to the search for a solution to the problem of debt.

On Eastern Europe, Mr Marin declared that the ACP States must be left in no doubt that the improvement

viewed the provisions under Lomé IV for the establishment of a trade development service as an important trade safeguard, given the entry into force in the 1990s of the results of the Uruguay Round and the completion of the Single Market in 1993. The establishment of this unit, he said, will undoubtedly play a significant role in ensuring that the ACP States improve their competitiveness on the EEC market.

Mr Sefali further reviewed the negotiations, outlining the expectations of the ACP States in various areas, their disappointment and what was eventually achieved. He admitted nevertheless that the Lomé Convention has improved qualitatively and has indeed become "a vital force in contemporary international cooperation, growing from strength to strength and proving beyond doubt

its capacity for making a significant contribution to human understanding and development”.

In his speech, Mr Michel Rocard, President of the Council of the European Community, tried to assuage the fears that had been expressed about developments in Europe: “A more united European Community”, he said, “will be stronger and therefore better able to help its partners”. The Single Market will promote growth and development for the ACP States as well, while economic and monetary union of the Twelve will serve to build a more stable international monetary system. Mr Rocard said that the principles of democracy and social justice to which the European Community has pledged itself are no different from those it plans to observe in its relations with ACP States. With Lomé IV, the EEC is reaffirming the commitment it made 15 years ago, of solidarity with the ACP States. He spoke of the originality of the Lomé Convention, its all-embracing nature, including its institutions. The Lomé Convention is an Agreement that has already proved its usefulness. Lomé IV, in his opinion, though, is not quite like the previous Convention.

“The world is changing”, he said. “It has changed for the ACP States, it has changed for the Community, it is changing all around us”, adding that if more than half of the states on the planet were gathered in Lomé, it was “not for the purpose of meeting every five years but to accomplish a major political act; to confirm our solidarity and your determination to progress”.

The Togolese President, Gnassingbé Eyadema, returned to the theme of Eastern Europe. He called on the Community, to the applause of the audience, “not to abandon their friends of the South for the benefit of their brothers of the East whose opening to the Community market will basically change the fundamental element of North-South cooperation”. He, however, saw something positive emerging from the situation: “When the Western and Eastern Europeans will have been closely linked by the Great Common Market”, he said, “it goes without saying that the ACP States, fallen prey to the frictions



*Representatives of the two new ACP states — Haiti (above) and the Dominican Republic (below) sign the Lomé IV Convention*



between the said progressive and moderate political ideologies will be obliged to forget their differences and strengthen their economic integration”. He noted with pleasure the creation of regional organisations in various parts of the ACP Group which could one day merge into one vast ACP market.

General Eyadema also expressed fears about the consequences of the Single European Market in 1993 on ACP countries, with analysts warning that “Europe, having become one economic and monetary entity, will encourage a prejudicial protectionism against nations of the southern hemisphere, while having closer ties with Eastern countries which constitute ‘a more attractive market.’” He proposed the organisation in 1990 of a conference of EEC and ACP experts to make concrete proposals for the adoption of safeguards or compensatory measures with regard to preferential tariffs, the special treatment reserved for ACP products, the free movement of capital and services, the transfer of technologies and the situation of ACP nationals in the Community. General Eyadema lauded the increase in the financial resources of Lomé IV, seeing in the gesture a renewal of faith by the Community in the Convention and in North-South

cooperation and a recognition of a common destiny: “In doing so”, the General said, “we demonstrate that in view of the widespread crisis which the world is going through, industrialised and underdeveloped countries are condemned to look in the same direction and come up to the expectations of their citizens who long for happiness and progress”.

The President, whose speech was interrupted several times with songs by Togolese youths, also talked of the deteriorating terms of trade, the debt burden and the transfer of resources from the poor nations to the rich ones, pleading for a just distribution of the riches of the world and the right to development, things he considers essential to world peace and security.

All speeches having ended, heads of delegations were called upon to sign the Lomé IV Convention. As they did so, the Congress hall of the RPT resounded with songs “tailor-made” to each country—as it performed the act—with Togolese youths bearing the flag and the portrait of its leader. It was a moving scene.

A gala offered to delegates by President Eyadema on the evening of the signing and two excursions organised next day, one in and around Lomé and up to Lake Togo, and the other to the prefecture of Kloto, crowned Togolese hospitality. And a cultural soirée, which featured prominently the South African musical group, Serafina, flown over specifically from New York, brought the ceremonies to an end.

If the signing of Lomé IV assumed a much greater significance than the three previous ones, it is not only because of its content but because of its duration. For the next 10 years the European Commission and the ACP States will concentrate on achieving its objectives. Indeed each country has been urged by Vice-President Manuel Marin to ratify the new Convention as quickly as possible so that the programming of indicative programmes can begin in earnest, preferably in the first quarter of 1990. By the time delegates gather again, on a scale seen in Lomé on 15 December 1989, for another agreement, the Lomé Convention will have been in existence for a quarter of a century. ◊

AUGUSTINE OYOWE

**Michel Rocard**  
*Prime Minister*  
*of the French Republic*  
**President of the Council**  
**of the European Community**

**“We must join forces...”**



As President of the Council of Ministers of the European Community, I should particularly like to associate with my intervention the Greek and the Spanish Presidencies, which worked before France to renegotiate the Convention, and the Commission for the eminent role it played in these negotiations.

Every five years we have another celebration. Today, however, is not a day like any other. We are renewing an agreement of 15 years, standing which has remained exemplary. Completely innovatory when it was conceived, even if it benefitted considerably from the experience of the Yaoundé Conventions which preceded it, it has been improved with every renewal and remains a unique model in North/South relations.

No other cooperation instrument in the world has instituted such carefully-planned, concrete and positive ties. The originality of the Convention of Lomé lies in the fact that it covers all forms of development aid: preferential access to the Community market, the financing of projects by the European Development Fund, the stabilisation of export earnings and the mining system cover all aspects of development.

Another original feature is the common institutions, the common Council of Ministers, the Joint Assembly and the Committee of Ambassadors, which ensure that the system operates on an egalitarian basis. The regional character of the Agreement between the European Community and the ACP States is an excellent guarantee against any risk of interference or domination.

But we could also say that the adop-

tion of a five-year financial package, permitting estimates vital to sustained development efforts to be made, is one of the most positive features of our Agreements. The stabilisation of export earnings system is, lastly, an original attempt to resolve the commodity issue so fundamental in North-South relations following the failure or the near failure of many other stabilisation endeavours.

We are therefore today signing for the fourth time this exemplary Agreement concluded between two regional entities, an Agreement which has already proved its usefulness and which has just been improved by the latest negotiations. However, today is not quite like any other day in that this signing is not quite like the previous ones.

The world is changing. It has changed for the ACP States; it will change for the Community; it is changing all around us. The ACP States are facing the same situation as most of the Southern countries. The crisis befalling them is unprecedented in severity. Their debt burden often saps the resources they might spend on growth. Fluctuating commodity prices penalise fledgeling economies. However, efforts have been made on both sides, both by certain Northern countries which have striven to reduce the debt burden and by many leaders of Southern countries to whom I wish to pay homage: they have managed to revise their policies and make essential economic adjustments despite the very heavy economic and sometimes social cost which ensued.

The European Community, for its part, is going to undergo change. After

welcoming two new Member States in 1986, Spain and Portugal, it has embarked on a process of greater integration through the completion of its internal market, the development of its common policies, its progress towards economic and monetary union. And you ask yourself: isn't the Community going to be inward-looking? Will it manage to remain outward-looking?

The world itself is changing, East-West relations have altered greatly. We are witnessing the rapid development in the countries of Eastern Europe which we might have thought ossified forever. Your European partners rightly salute the progress of freedom, human rights and democracy. And you are concerned: is the European Community going to devote all its efforts to the countries of Eastern Europe and forget or neglect its Southern friends, its ACP partners? It is very understandable that you should ask such questions. This is why today, behind the joy of our meeting, there is concern and renewed expectation, amplified by the exacerbation of world challenges and the acceleration of history.

Yes, today is not a day like all others and I feel honoured to come here, on behalf of the Community and its Member States to solemnly confirm to you that we want to join you in renewing the commitment to solidarity which we undertook 15 years ago in this same city.

Yes, a more united European Community will be stronger and therefore better able to help its partners.

Yes, the Single Market promotes growth and development for the ACP States as a result.

## Excerpts from the speeches

Yes, economic and monetary union will serve a more stable international monetary system.

Yes, the requirements of democracy and social justice to which the 12 Member States have pledged themselves are no different from those we plan to observe in our relations with the ACP States.

Yes, the Community will honour its commitments to its ACP partners despite the changing situation in the countries of Eastern Europe. Improved East-West relations may permit fresh attention and forces to be devoted to what will remain our greatest cause for concern once our fears of East-West confrontation have been allayed, namely the growing gap between the industrialised and the developing countries.

If we are 80 States gathered here today, more than half of the States on the planet, it is not for the purpose of meeting every five years but to accomplish a major political act: to confirm our solidarity and your determination to progress. We are proud of our achievement, even if we would have liked it to bear even more fruit. This does not mean that we wanted to freeze our Agreement once and for all and to close it in on itself in a private club which would ignore the movements of the world around it. I think we all feel after a year of negotiations, analysis and joint dialogue we have succeeded in adapting our Convention to an even more open world, in modernising the instruments required to make it more efficient whilst preserving its originality, its unique character and its success.

We can achieve much together. We can achieve more but not everything. Thus what was at stake in these renegotiations was indeed a better place for our work in the international environment and finding together, where this was possible, margins for manoeuvre to help the development of your countries...

As the President of the French Republic, François Mitterrand, said when closing the ACP-EEC Joint Assembly in Versailles on 29 September last: "We must join forces but each of us must remain himself." It is through such dialogue, such exchanges, in the service of a single cause, that we build an edifice to which everyone makes a contribution and that friendship between our peoples is cemented. ◻

## Michael Sefali

President of the ACP Council of Ministers

**"A significant contribution to human understanding and development"**



The Lomé Convention has indeed become a vital force in contemporary international cooperation. Growing from strength to strength and proving beyond doubt its capacity for making a significant contribution to human understanding and development, the Lomé IV Convention has maintained and advanced the Lomé tradition of "meshing continuity and change". "Continuity in pursuing mutually-shared objectives in a valued relationship", and "change in helping the instruments for achieving those objectives to adapt to a dynamic and evolving economic environment".

In reviewing the objectives we set at the start of negotiations in Luxembourg in October 1988 we must never forget that the experience which characterised the 1980s was one of an international economic environment of a significantly adverse nature for most ACP States. Particularly relevant was the dramatic fall in commodity prices to their lowest levels in more than 50 years, giving rise to economic dislocation and debt burdens and imposing severe social consequences for the majority of ACP States' populations.

With our poor countries depending for over 80% of their export earnings upon commodities, it was clear that a fundamental readjustment was vital. That in a nutshell was the basic situation prefacing the Lomé IV negotiation.

It was in this context that we the ACPs placed, as the central aim of our cooperation strategy for Lomé IV, the quest for a fundamental change in our production structures with emphasis on local processing of our raw materials, the production of processed and other manufactured goods and the development of services. This strategy requires changes in the cooperation mechanism supporting production, especially Stabex and Sysmin as well as improvements in those mechanisms which make such changes in our productive structure viable. I refer particularly to the trade regime and to the provisions relating to foreign investment and joint ventures. Overall this approach would have constituted a pioneering and significant shift *through cooperation*, in the international division of labour between the developed industrialised EEC and the generally primary-producing ACP States.

Moreover, for us, this approach is vitally linked to the successful pursuit of the central themes of agricultural and rural development and food self-sufficiency of the Lomé III Convention.

### **Reappraising the concept of development**

To achieve this change in the development orientation of the ACPs, however, called for fundamental reconsideration of the philosophical approach to development cooperation, including the very concept of development itself. As a result the Lomé IV Convention promotes an approach to development which pursues economic objectives simultaneously with emphasis on the rational management of the environment; which enhances natural and human resources, and recognises the multidimensional interdependent relationship between the ACPs and the EEC. The Community also fully respects ACP States' sovereignty over their natural resources.

This perspective to the development cooperation process, already places Lomé IV in a qualitatively different category from earlier versions of the Lomé Conventions.

Lomé is about nothing, if not about the practical question of development facing the ACP States. In this regard the trade regime enjoys a central place of honour and calls for the following comments. The new Convention has reinforced our cooperation, particularly as regards the principles of free access and non-reciprocity enshrined in the three Lomé Conventions so far. It has also brought some improvement in ACP products, access to the EEC market (no more fresh bean and yam problems for Council) to the Rules of Origin and to the scope for cooperation in the concept of the GATT Multilateral Trade Negotiations.

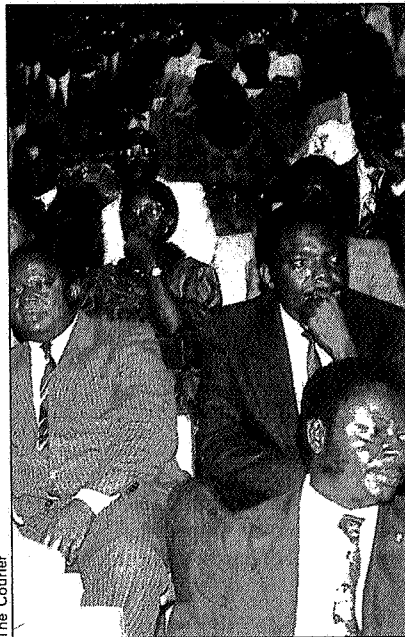
The greatest innovation of the fourth Lomé Convention in this area, however, is on trade in services and trade development, particularly the agreement for the establishment of a trade development service which would have the task of developing and promoting ACP trade in the EEC market.

In the face of the entry into force of the results of the Uruguay Round in the 1990s, and the completion of the Single European Market in 1992, the establish-

ment of this unit will undoubtedly play a significant role in ensuring that the ACP States improve their competitiveness in the EEC market.

### **Improving the quality of ACP trade**

In the area of commodities, in which as indicated earlier the ACP States had set very high hopes at the very outset of the negotiations, the achievement has been most modest. Nevertheless, the



*A cross-section of the audience*

ACP States and the Community are now committed to greater participation by the ACP States in the adding of value to their raw materials by enhancing and increasing their participation in the processing, marketing, distribution and transportation of their commodities. In this regard, under Lomé IV, the contracting parties have agreed that the work of the Article 47 Committee would now cover all commodities, including mineral products. To this end, they have agreed to upgrade the Committee to Ministerial level.

In the area of Stabex, the ACP States did not get what they wanted, still less how they wanted it. They must now show their ingenuity in maximising the use of the elements which they did win. A number of significant innovations have been introduced. In this regard, I would like to restrict myself to those that I personally consider as having

significant benefit for the ACP States, namely, the abolition of the tunnel method and the replenishment requirement. Above all, the increase in the Stabex resources by over 60% over those under Lomé III should go a long way to alleviating the insufficiency of resources which had rendered the system less effective in the past.

In the area of Sysmin the most significant innovation of the Lomé IV Convention is the acceptance that a fall in export earnings now constitutes one of the essential elements that would trigger the Sysmin system so that it intervenes to prevent the interruption of on-going projects or programmes. This in addition to the other innovations, including that of the bringing uranium and gold into the system.

And isn't it ironic that we can be seen to respond to major policy concerns and yet be unable to resolve much smaller precise bread-and-butter issues like the question of sugar, especially the catastrophic effect which an eventual variation of 2% in price, will have on the socio-economic situation and the net export earnings of ACP sugar-supplying states who have already suffered from three consecutive years of price freeze, and yet see no change in the situation?

By including, from the very inception of the Lomé arrangement, the provisions on the Sugar Protocol under the chapter dealing with the stabilisation of export earnings, it was clearly the intention of the architects of the Sugar Protocol to ensure that earnings derived from the export of ACP sugar to the EEC are not reduced from one year to another. For the delivery period 1989/90 and subsequent years, the ACPs would like to appeal to the Commission, the Member States and the Community to ensure that in the formal price offer to the ACPs the level of the foreign exchange earnings derived from ACP sugar exports are guaranteed.

Furthermore, it is the earnest wish of the ACPs that their aspirations with regard to access to the Portuguese market, which have so far been frustrated, will be fulfilled in the context of the Joint Declaration annexed to the new Convention to which we have subscribed.

This is not the time or place to undertake a detailed review of the specific contents of the Convention. What is



## Excerpts from the speeches

vital is to read from the provisions of the Convention the political signposting as regards our future cooperation; in this regard, the introduction of certain new and important areas of cooperation, such as structural adjustment—nationally and regionally—trade in services, environmental protection and treatment of hazardous waste, increased concern with competitive secondary and tertiary production, all contrive to give a very positive signal to our future cooperation.

### Easing the financial burden of the ACP States

The Lomé IV volume of financial resources of ECU 12 billions remain much less than either the ACPs' legitimate expectations or the Convention's scope and objective requirements call for—or indeed the Community's means permit.

When this EDF is shared among the 450 million people of the 69 ACP States to be assisted by these resources, we may be in some danger of breaching the spirit of Article 289 of Lomé III. This having been said, and the Community's very modest aid programme, as a percentage of its gross national product duly noted, one must express appreciation for the high concessional quality of the financial resources. In particular, the removal of the replenishment provision in Stabex and Sysmin and the grant nature of structural adjustment resources, constitute substantive as well as highly symbolic improvements in the quality of our cooperation.

This improvement carries through to the agreement to reflect, in the new Convention, our joint concern over ACP States' indebtedness. We are still fervently hoping that some action won't be too long in coming to ease the burden of ACP States' debt to the EEC.

We also look forward to EIB and EEC private sector resources supplementing this official development assistance.

The ACP Group hopes that the current reordering of the world economic blocs, the advent of the Single Market in 1992 as well as the opening up of East Europe would not lead to the extinguishing of the torch of Lomé and the marginalisation of ACP-EEC cooperation. ◦

## Manuel Marin

Vice-President of the European Commission

### The Convention “is of paramount political importance for the Community”



“A long negotiating process has enabled us to reach a good agreement which consolidates, improves and strengthens a cooperation which is founded on solidarity and mutual interest.

During the negotiations, the relations we maintained through cooperation proved capable of adapting to the new needs and priorities deriving from the substantial changes which have occurred within the ACP countries and in the international economic situation.

In an international economic environment which is not favourable to increasing aid, the Community's financial contribution has more than kept pace with inflation, having risen from ECU 8.5 billion to ECU 12 billion, an increase of over 40% in nominal terms and of over 20% in real terms.

Without entering into great detail, I should like to mention a few subjects which are new and a few elements which have been strengthened in the new Convention.

The already very liberal trade arrangements have been improved as regards preferential access for a certain number of important products and as regards Rules of Origin and general principles of commercial cooperation.

Where commodities, Stabex and Sysmin, are concerned, major improvements have been made which provide an answer to the legitimate concerns of the ACP countries which are facing the imbalances of world commodity markets.

The issue of the environment has been given special attention in the new Convention, both in the context of developing programmes, and with respect to the more specific issue of banning international movements of toxic and radioactive wastes.

The new Convention places greatly increased emphasis on the private sector and its role in the growth and diversification of the economies of the ACP countries, and also on the participation of non-governmental “agents” in ACP-EEC cooperation. Cultural cooperation is now an integral part of ACP-EEC relations—Lomé IV reaffirms our desire to secure the self-reliant development of the ACP States which, above all, is centred on the individual and rooted in the culture of each people.

### Structural adjustment and debt

I should specially like to stress two aspects of the new Convention which I

consider of paramount importance: structural adjustment and debt.

One of the greatest innovations of the new Convention is the formal inclusion of a mechanism to support the structural adjustment of the economies of the ACP countries.

This is a new direction, as well as a logical, important and original development of Lomé policy. *Logical*, because it complements the approach embarked on with the Third Lomé Convention, that of Community support for the *sectoral* policies of the ACP countries.

*Important*, because the new mechanism has been endowed with a significant extra amount supplementing the existing instruments, which concentrate on the long-term development of the economies of the ACP countries.

It is also *original* in that our Convention clearly shows, in its individual approach to this subject, that lessons must be drawn from certain mistakes made in the past.

Indeed, a number of structural adjustment programmes were not successful or experienced serious difficulties due to political and social obstacles stemming from an approach which was too rigid and too focused on purely financial and economic considerations.

Thus the principles on which the new Convention is based require the process embarked on to be not only economically viable but socially and politically sustainable.

It is also important for this process to be integrated into the long-term development objectives chosen by the ACP States concerned and that it is coordinated with the activities of other agents involved in structural adjustment.

I am confident that our special relations will make a decisive contribution to the improved conception and implementation of structural adjustment programmes.

This, in my opinion, is a unique occasion; for the first time there has been a "North-South Agreement" on the philosophy underlying structural adjustment.

The debt problem is obviously linked to structural adjustment. The political importance attached to this phenomenon is reflected by the inclusion in the new Convention of a specific chapter on debt.

As a result of the high degree of concessionality of Community aid, the ACP States' debt to the Community is very limited (1.2% of total debt servicing costs).

However, the terms of Community aid have been further improved in the new Convention by the elimination of special loans and the obligations to replenish Stabex resources. Sysmin aid will also be provided to the countries in the form of subsidies.

The Convention also includes a number of provisions for supporting indebted ACP countries not only with quick-disbursing aid, but also through other measures such as technical assistance to help the ACP countries improve debt management.

Lastly, I should like to point out that the Community reaffirms its willingness to exchange views with ACP countries on the general problem of debt.

This panoply of measures shows the importance attached by the Community to the problem of ACP States' debt and our political commitment to contribute to the search for satisfactory solutions.

In this context, we have noted the declaration of the ACP countries on debt. In my capacity as Vice-President of the Commission, I can say that the Commission, within the limits of its sphere of competence, will be studying in a constructive spirit the situation in respect of ACP debt to the Community. It is an open question for the future to which a clear answer should be found.

For all the reasons I have mentioned, the Convention we are signing today proves that relations with the ACP countries continue to be of paramount political importance to the Community.

I understand the worries of ACP countries faced with recent developments in Europe, both with moves towards the completion of the Single Market and in the field of East-West relations.

European public opinion, and indeed world opinion, is focussed on the events in Eastern Europe and this, too, is understandable. These events are of historical significance and Europe must be given the time to digest them.

That being said, you must be left in no doubt as to the fact that the improvement of our relations with Eastern European countries is perfectly compatible with increased support for development of the ACP countries. It is

impossible as yet to form a picture of the situation at the end of this process of change. But it is clear to me that the improvement in East-West relations can only take place with parallel progress being made in North-South relations.

As for the advent of the Single Market in 1992, the Community underlines the new opportunities which are offered to its partners. But it is also aware of the risks which might be involved for certain non-member countries whose structure does not provide a sufficient degree of competitiveness.

The ACP countries should not adopt a defensive and fatalistic stance *vis-à-vis* the 1992 target. Their current development programmes should, in fact, enable them to benefit from these opportunities. The new Convention, through various improvements in its implementing provisions, provides a solid base for greater effectiveness. It is our task, on both sides, to apply these rules in the same spirit of effectiveness which underlay our negotiations.

The score of Lomé IV has been written: it is up to us to play it, led by our political determination to achieve harmony with flair whenever the score allows for freedom of interpretation or even improvisation, and strictly whenever this is needed to fulfil the wishes of the composers—namely ourselves. I can say that, as regards the Commission, we intend to start playing our part as soon as possible — with an eye to harmony, of course.

The Commission will be sending to ACP Heads of State, during the first quarter of 1990, an indication of the amounts allocated to the indicative programmes so as to complete the programming within one year. In order to achieve this objective, we shall of course need the full cooperation of the ACP countries.

This will enable the new Convention to become operational as soon as it has been ratified.

I would stress that it is necessary that the Convention be ratified as soon as possible and, above all, that the preparations for the programming stage be made without delay.

The important tasks which await us should not lessen the satisfaction and pride we feel today. We have not simply concluded Lomé IV. As was suggested by the ACP States at the opening of the negotiations, we have concluded a 'Lomé plus'." ◊

# The structure of ACP-EEC negotiations

The signature of Lomé IV in the Togolese capital on 15 December was the culmination of 13 months of negotiation; begun on 12 October 1988 in Luxembourg, the work was actually completed in Brussels on 27 November 1989. Between these dates there were three plenary ministerial sessions, in Brazzaville (16-17 February 1989), Brussels (3-5 June 1989) and Luxembourg (27-29 October 1989); while during the final phase of the negotiations, recourse was had to the formula of a restricted ministerial session, which took place in Brussels from 25 to 27 November 1989.

Though there were no negotiating groups at the opening session, work at ministerial level continued thereafter in four groups: a Presidential Group, whose main task was to maintain the direction and course of the talks as a whole, but which also dealt with a number of specific themes, such as the principles and objectives of the Convention, its duration, its geographical coverage, human rights, ACP-EEC institutions, etc...; and three other groups, of which Group A was entitled 'Sectoral', Group B 'Commercial' and Group C 'Financial'. Each of these three groups covered a number of negotiating topics which, at the level of ACP Ambassadors and the Commission, were organised into eight negotiating groups. Thus, from the Brazzaville session onwards, the Ministerial 'Financial' Group dealt with topics 6, 7 and 8 (see charts, below), while the Ministerial Groups A and B underwent a change after Brazzaville: Group A had covered topics 1, 4 and 5 and Group B had covered 2 and 3; thereafter Group A dealt with topics 1, 3 and 4 and Group B with topics 2 and 5.

At the level of ACP Ambassadors and the European Commission—this latter having the mandate to negotiate on behalf of

the European Community—the main negotiating body was the CNG—the Central Negotiating Group. This was made up of all the ACP Ambassadors, representatives of the ACP Secretariat<sup>(1)</sup>, the Commission's spokesmen, representatives of EEC Member States and of the EEC Council Secretariat. During the negotiating period, the entire CNG met 13 times to work on the negotiations as a whole and met once for this purpose on a restricted basis during the final phase; and to deal with matters more specifically in its charge, that is to say, principles and objectives of the Convention, its duration, its geographical coverage, human rights and ACP-EEC institutions, it met on five occasions.

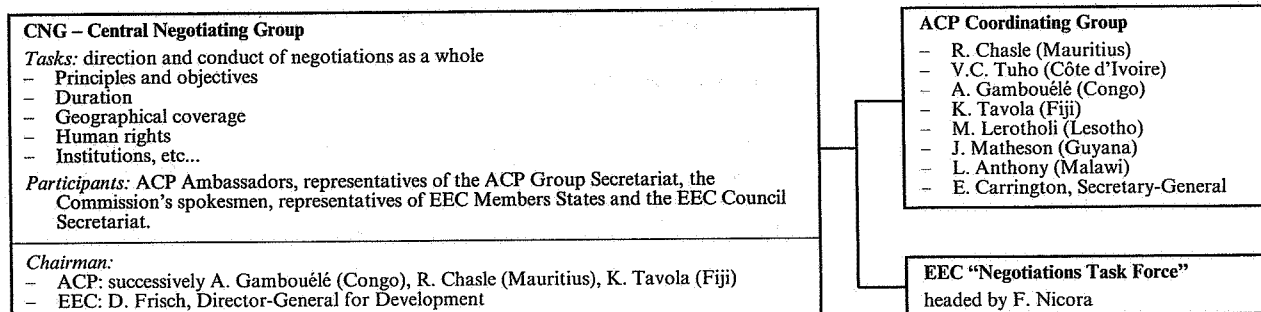
In order to ensure permanent monitoring of the work of the negotiations and to give some political stimulus where necessary, the ACP Group created a Coordinating Group (CG) composed of eight members. Apart from the Secretary-General of the ACP Group, Mr Carrington, members were chosen either because of their function at that time (their country chairing the Committee of Ambassadors or the ACP Council) or on the basis of personal merit (the doyen and vice-doyen of the ACP diplomatic corps); members of the CG included Ambassadors R. Chasle (Mauritius), V.C. Tuho (Côte d'Ivoire), A. Gambouélé (Congo), K. Tavola (Fiji), M. Lerotholi (Lesotho), J. Matheson (Guyana) and L. Anthony (Malawi). The Commission, as usual, created a 'Negotiations Task Force' (TFN), a more technical body than the CG of the ACPs, whose overall job was to prepare, organise and follow up the work on the Community's side of the table. This *ad hoc* team, which was led by Mr F. Nicora, reported directly

(1) Avenue Georges Henri 451, 1200 Brussels, Belgium (tel. 733 96 00).

## A. Ministerial level

Groups/Sessions	Luxembourg 12-13 October 1988	Brazzaville 16-17 February 1989	Brussels 3-5 June 1989	Luxembourg 27-29 October 1989	Brussels 25-27 November 1989 (restricted session)
<b>Presidential group</b> — ACP — EEC — Commission	C.B. Greenidge (Guyana) Th. Pangalos (Greece) L. Natali D. Frisch	Ratu Sir K. Mara (Fiji) F. Fernandez Ordonez (Spain) M. Marin D. Frisch	Ratu Sir K. Mara (Fiji) L. Yáñez Barnuevo (Spain) M. Marin D. Frisch	M. Sefali (Lesotho) R. Dumas (France) M. Marin D. Frisch	M. Sefali (Lesotho) R. Dumas (France) M. Marin D. Frisch
<b>Group A "Sectoral"</b> — ACP — EEC — Commission		<i>Thematic groups 1, 4 and 5</i> E. Greaves (Barbados) J.M. Durão Barroso (Portugal) A. Fairclough	<i>Thematic groups 1, 3 and 4</i> P. Nzé (Gabon) J. Pelletier (France) A. Fairclough/ Ph. Soubestre	<i>Thematic groups 1, 3 and 4</i> P. Nzé (Gabon) I. Adam-Schwaetzer (F.R. Germany) Ph. Soubestre	<i>Thematic groups 1, 3 and 4</i> P. Nzé (Gabon) I. Adam-Schwaetzer (F.R. Germany) Ph. Soubestre
<b>Group B "Commercial"</b> — ACP — EEC — Commission		<i>Thematic groups 2 and 3</i> P. Nzé (Gabon) J. Pelletier (France) Ph. Soubestre	<i>Thematic groups 2 and 5</i> E. Greaves (Barbados) J.M. Durão Barroso (Portugal) D. Frisch	<i>Thematic groups 2 and 5</i> E. Greaves (Barbados) J.M. Durão Barroso (Portugal) P. Pooley	<i>Thematic groups 2 and 5</i> E. Greaves (Barbados) P. Dankert (Netherlands) P. Pooley
<b>Group C "Financial"</b> — ACP — EEC — Commission		<i>Thematic groups 6, 7 and 8</i> M. Dullo (Mauritius) Ch. Patten (United Kingdom) A. Auclert	<i>Thematic groups 6, 7 and 8</i> M. Dullo (Mauritius) Ch. Patten (United Kingdom) A. Fairclough/ Ph. Soubestre	<i>Thematic groups 6, 7 and 8</i> M. Dullo (Mauritius) L. Chalker (United Kingdom) D. Frisch	<i>Thematic groups 6, 7 and 8</i> M. Dullo (Mauritius) L. Chalker (United Kingdom) D. Frisch

## B. ACP Ambassadors – European Commission level



### Negotiating groups by subject

Themes	ACP Spokesmen <sup>(1)</sup>	EEC Spokesmen	Number of meetings
<b>Group 1</b> - Agricultural cooperation, food security, rural development - Environment and protection of natural resources - Fisheries	E. Assiongbon (Togo) then M. Djaouga (Benin)	A. Fairclough then P. Pooley	6
<b>Group 2</b> - Trade cooperation	L.A. Wilson (Jamaica)	A. Fairclough then P. Pooley	8
<b>Group 3</b> - Raw materials (general questions) - Stabex - Sysmin	M. Odongui-Bonnard (Gabon) then A. Gambouélé (Congo)	A. Auclert then Ph. Soubestre	10
<b>Group 4</b> - Industrial cooperation - Mining - Energy	K. Nsingo (Zambia)	A. Fairclough then P. Pooley	7
<b>Group 5</b> - Regional cooperation - Development of services	C.K. Katungi (Uganda)	A. Auclert then Ph. Soubestre	7
<b>Group 6</b> - Financial and technical cooperation and structural adjustment - Debt - Investment	J.O.B. Iroha (Nigeria)	A. Auclert then Ph. Soubestre	7
<b>Group 7</b> - Cultural and social cooperation - Demography - Health - Education and training - Science and technology - Refugees - The role of women	R. Chasle (Mauritius) then S. Bako (Niger) then F. Kane (Senegal)	A. Fairclough then P. Pooley	9
<b>Group 8</b> - Least-developed, landlocked and island countries	K. Tavola (Fiji)	A. Auclert then Ph. Soubestre	5

(1) Each ACP spokesman had in fact 2 alternates.

to the Commission's spokesmen, that is to say Vice-President M. Marin, as well as Director-General D. Frisch and his deputies, A. Auclert (later replaced by P. Soubestre) and A. Fairclough (later replaced by P. Pooley).

The ACP States opted for a structure of eight negotiating groups divided according to subject, each chaired by an Ambassador; on the Commission side, the two Deputy Directors-General divided the work between themselves on the basis of their responsibilities in the Commission (see chart above).

The summary of the negotiating structures given here does not pretend to be complete; for example, it does not list the alternates at every level, whose efforts were in no way inferior, but who changed frequently. After all, the completed negotiations are the result of the joint work of a large number of negotiators, more anonymous but no less important, who, at every level, and through interminable meetings, all-night sessions and spoiled weekends, eventually put together Lomé IV. ◊

Roger DE BACKER

# Lomé IV — the scope of a new Convention

by Manuel MARIN (\*)

*On 15 December 1989, for the fourth time, Lomé, the capital of Togo, saw the signing of the Convention which is the framework for cooperation between the European Community and the countries of Africa, the Caribbean and the Pacific.*

*I had the honour of representing the European Community in Lomé in my capacity as Vice-President with responsibility for development and, with the negotiations successfully behind us, I should now like to outline briefly the main features of the new agreement.*

*Lomé IV is the realisation of the will to consolidate, improve and strengthen the ties of a cooperation contract founded on solidarity and mutual interest, which the two parties have been expressing ever since the negotiations began. It restates, above all, those basic principles of ACP-EEC cooper-*

*ation of non-interference, respect for the sovereignty of the partners, dialogue, and reliable and predictable aid and trade advantages.*

*The desire to consolidate what has been achieved so far is reflected in the fact that, after a series of five-year agreements, we now have one that is to last for 10 years, with a five-year renewable protocol. Its vitality is apparent from the fact that two more states, Haiti and the Dominican Republic, have joined and a third, Namibia, is to join directly after independence.*

*So the Convention, which will now bring together 46 African, 15 Caribbean and eight Pacific countries, is the most extensive contractual instrument between regional groupings of industrialised and developing countries.*

## 1992 and Eastern Europe — two causes of legitimate ACP concern

Although the Lomé IV negotiations came to a successful conclusion, some ACP States are still worried about the way two new events which have profoundly altered the international climate—completion of the Community's internal market at the end of 1992 and the coming of democracy to almost all the countries of Eastern and Central Europe—might affect ACP-EEC relations and North-South relations in general.

On the subject of Europe in 1992, first of all, I should like to say that the most important thing is for there to be ethical considerations behind it. The aims must not be achieved at the expense of third countries.

The Single Market was designed as an internal Community reform with the idea of achieving the original objectives of the European Community treaties.

It is a constructive plan aimed at doing away with frontiers, not creating barriers to international trade, and its first effect—that of stimulating trade and international economic growth—will be positive, too.

However, it is clear that the creation of a single economic and social area of 320 million people is bound to have a considerable effect on the international economy and, even more, on the econo-

mies of the Community's traditional trading partners.

It is logical to expect the effects of 1992 on the ACPs to vary according to their economic structure and commercial flexibility and to how competitive their economies are.

Although there is no doubt that the enlarged internal market will open new doors for Third World countries, it is also clear that those which are furthest ahead with their development and have the most flexible production structures will benefit the most.

However, we must be clear about the true dimensions of the problem. It would be wrong to imagine that any advance of European integration has inevitably to be a threat to the Third World.

Recent history has shown that an economically powerful and united Europe is in the economic and political interests of both the developing countries and the balance of North-South relations. It is very important for the ACPs not to be defensive or fatalistic about 1992.

One of the Commission's main aims throughout the Lomé IV negotiations was to preserve the traditional ACP interests after 1992, a principle which was explicitly confirmed during the talks. However, it has to be realised that the Convention may make trade easier, but it cannot create it artificially.

Changes in Eastern Europe have been, and still are, taking place at such a speed that it is extremely difficult—and too early—to say what the consequences might be. No one knows what the effect

will be on the Community's traditional trading partners or on the 1992 goal itself. The Community's first reaction could only be to offer its help to the people of Eastern Europe.

It is perfectly logical, I think, for some ACPs to be worried about priorities changing. It is also perfectly understandable for public opinion in Europe and the world to be focused on Eastern Europe. These are events of historic moment and Europe has to have the time to assimilate them.

Having said that, the democratisation of the whole of Europe and improved East-West relations are compatible with greater support for ACP development.

But there again, over-apprehensiveness on the part of the ACPs will be nothing but counter-productive.

The signing of Lomé IV on 15 December, only a few weeks after the Berlin Wall came down, underlines a permanency in ACP-EEC cooperation which goes beyond the historic events we are living through today and it is up to us to make the very most of the prospects and innovations which the new Convention offers.

In an international economic context which has been badly upset by the emergence of new priorities and at a time when most of the international institutions are having major problems with their Third World financing capacities, the signing of the new Convention is proof of just how attached the Community and the ACPs are to the framework of the privileged relations and partnership of the Lomé policy of the past 15 years.

(\*) Vice-President of the Commission of the European Communities and Commissioner for Development and Fisheries.

## The innovations of Lomé IV

### *Support for structural adjustment*

A number of important innovations have been made to Lomé IV, over and above the substantial increase in resources (ECU 12 billion as opposed to the ECU 8.5 billion of Lomé III), and the first of them is of course the new system of support for economic rationalisation (structural adjustment) policies.

Many of the ACPs have experienced unprecedented economic and financial crises since the early '80s, typically with a series of imbalances in their structures — in the balance of payments, the budget, their public firms, inflation, debt and so on.

There is no way that the viability and efficiency of projects in these countries can be ensured without general or sectoral reforms and structural adjustment is the result of this need to strike all the balances again — a new factor in the ACP economies which Lomé IV could not ignore.

It is important to remember that the Community's opening to the problem of economic rationalisation does not replace the traditional long-term development schemes, but supplements them with an additional special allocation of ECU 1150 m in the EDF, to which a limited part of the resources of the indicative programme of the country in question can be added.

This completely new chapter of the Convention should mean that the Commission can coordinate with the other funders and go for a pragmatic, realistic and differentiated approach to the problem of structural adjustment.

This specifically Community approach involves:

- an internalised procedure, i.e. one which the leaders of the countries concerned both design and take responsibility for;
- support which is differentiated and adapted to local conditions and constraints;
- a realistic rate of reform which takes social considerations into proper account, the aim of adjustment being not only growth but also, and most importantly, equity;
- due consideration of long-term development aims (food security and the protection of the environment, for example) when structural adjustment programmes are being designed.

### *Debt*

Another highly important innovation is the chapter on debt, an issue stressed by the ACPs throughout the negotiations.

While keeping to the bounds of the Community's competence here, Lomé IV

will make it possible for specific technical assistance to be provided for the ACP countries and shows the EEC's willingness to pursue exchanges of views within the appropriate frameworks. Most importantly, the new Convention provides a practical response to the ACPs' debt problems by converting special loans, Stabex transfers and Sysmin financing into grants.

Moreover, when Lomé IV was signed, I also personally committed myself to looking at new ways of solving the debt problem.

### *Other new aspects*

The coverage of ACP-EEC cooperation has widened to take in new aspects such as population, which appears in the title on cultural and social cooperation, and various more general approaches such as services development and environmental protection. This last subject is now covered by a new title laying down an overall approach and containing important measures such as the ban on moving toxic and radioactive waste.

The new Convention puts more emphasis on the private sector and the contribution it has to make to stimulating the growth and diversification of the ACP economies. With all that Lomé III contained on private investment and the experience of industrial cooperation, particularly with the SMEs, behind it, Lomé IV will have a fuller and more operational system of promoting, protecting and supporting investments and of financing them, especially with risk capital.

One of the most obvious applications of this cooperation should be to capitalise on ACP raw materials locally by developing processing activities, marketing, distribution and transport (PMDT).

Lomé IV also contains improved provisions on human rights and respect for human dignity. They figure in the body of the Convention and are backed up by joint declarations on the elimination of apartheid and on ACP migrant workers and students in the Community.

Lastly, the agreement is a new opening on various forms of decentralised cooperation, which should facilitate greater population involvement in cooperation schemes and offer a wider range of non-governmental operators the opportunity of carrying out their own activities within the framework of ACP-EEC cooperation as a whole.

### **Consolidation and improvement of Lomé achievements — a drive for effectiveness**

The Community and the ACPs have learnt from the profound changes in the

international economic environment, the serious problems facing the ACPs and the experience of 30 years of cooperation, and they are also anxious to make both their cooperation and the existing instruments more efficient.

One of the main improvements is, of course, with Stabex, the machinery of which has been revised to make a more effective contribution to the reorganisation of the agricultural commodities sector, where decline often causes major problems for the ACP economies.

Both the system and the procedures of Sysmin, the mining facility, have been improved to provide a more flexible response to the problems of ACP mineral producers.

The Lomé trade arrangements were already very liberal, because they involved both free access—without reciprocity—for almost all the ACPs' exports and particularly favourable provisions for products (sugar, rum, bananas, rice and beef and veal) which are important to them, but every aspect (the basic principles, the rules of origin, access for agricultural products, fisheries products and so on) has been improved.

Greater effectiveness is also being sought in the implementation of development finance cooperation. The drive to see that aid is better suited to the new needs of the ACP nations and their policies has led, on the one hand, to an improvement in non-project aid (sectoral programmes, general import programmes, support for sectoral policies and strategies and for more ambitious structural adjustment programmes, targeted support for the budget and aid with maintenance) which backs up the traditional aid for investments, and, on the other hand, an improvement in the process of dialogue and aid programming at both national and regional level.

But the efforts to innovate and improve the arrangements in the new Convention would be pointless were they not to go hand in hand with speedy and efficient implementation — which is why it is vital for the signatory States to ratify as soon as possible and for the programming to be done properly.

The Commission will be sending the ACP Heads of State details of the size of their national indicative programmes in the first quarter of 1990, which should mean that the programming can be completed in a year — although all the parties concerned will have to concentrate on the groundwork for this.

We have before us a Convention offering us the means of more profound and effective cooperation and it is up to use it to realise the full potential of Lomé IV over the next 10 years. ○ M.M.

# Details on principal developments and innovations<sup>(\*)</sup>

## A. MAIN AREAS OF COOPERATION

### 1. Environment

This issue, has become the subject of a specific title inserted before the areas of cooperation. The negotiators have reached agreement on a more horizontal and preventive approach embracing all the sectors directly concerned by Community aid. It is not merely a question of the Community supporting projects that respect the environment or programmes specifically designed to save the natural heritage, such as desertification control, but also of ACP and EEC efforts to ensure that economic and social development is based on a sustainable balance between economic objectives, management of natural resources and enhancement of human resources.

Greater perception of the interdependence in this sphere should lead the two parties to harness their efforts to find solutions to global problems and, where necessary, adopt measures that fall outside the usual scope of development aid. An example of this is provision in the new Convention for a ban on movement of **hazardous and radioactive waste** between the Community and the ACP States.

### 2. Agricultural cooperation and food security

A number of aspects have received new emphasis in this area.

The **regional dimension** of food security policies is clearly set out in the new Convention, as is the key role of **women** in rural development. The interaction between agricultural development and the preservation of ecological balances is also given particular attention.

### 3. Development of services

This is a new title that is a radically rewritten and expanded version of Lomé III provisions. It now carries a new chapter on **services that support economic development** (support for foreign trade, for the business sector and for regional integration) and expanded provisions on **tourism, communications and information technology**. The provisions on shipping, however, have been retained as they stood.

### 4. Industrial development

Specific provisions on enterprise development have been added to this title, which has been improved to reflect better the ACP States' development priorities. The objectives of the **Centre for the Development of Industry (CDI)** have been better defined and its supervisory structure clarified.

### 5. Cultural and social cooperation

The new Convention enlarges the scope of this cooperation to cover new themes such as **nutrition and population and demography**. The partners' common desire to achieve a better balance between population and resources will be carried out in compliance with the choices of individuals, with local cultural, social and economic conditions and with the policies and programmes of ACP countries.

Also noteworthy is the strengthening of the provisions on **health** and of those on the role of **women** in development, and the stress placed on the promotion of cultural identities and **intercultural dialogue** with the aim of stimulating exchanges

between the ACP countries themselves and between ACP countries and the Community. The development of ACP capacity in this sphere remains a priority objective, particularly in the realm of information and communication. Another important aspect is the recognition of the role of the Foundation for ACP-EEC Cultural Cooperation in implementing jointly-decided cultural cooperation objectives.

### 6. Regional cooperation

This title has been reworked, notably to take better account of the objective of promoting and stepping up **regional economic integration**. The themes of **functional cooperation** have been extended and the opportunities for cooperation between the ACP countries and the overseas countries and territories highlighted. The procedures for implementing regional cooperation have been clarified and strengthened, notably as regards programming and monitoring, and the role of regional organisations.

## B. FINANCE

### 1. Terms of financing

The terms of financing under the Convention, already flexible under Lomé III, have been further improved.

Apart from the funds managed by the EIB, all financing under the new Convention will be in the form of **grants**.

In the case of the **Bank's own resources**, the interest-rate subsidy has been raised to 4% and the interest rate borne by the borrower will be in the range of 3% to 6%. The interest rate on **risk capital** is limited to 3% and exchange-rate risks will, under certain conditions, be partially borne by the Community.

### 2. Structural adjustment support

The main innovation in the development financing title, and indeed in the whole Convention, is structural adjustment support. (See the description of this new instrument in Commissioner Marin's article).

Structural adjustment support will be given following a **joint assessment** by the Community and the country concerned.

### 3. Debt

The Convention also contains a **new chapter on debt**, a major innovation in relations between the Community and the ACP States.

There are three aspects:

- **terms of aid**: under the new Convention there are no longer special loans nor any requirement to replenish Stabex; Sysmin operations are subject to a two-stage procedure—grants for countries, loans for the final borrowers;
- **Community support for the indebted ACP countries**: this may take the form of technical assistance for debt management and, through structural adjustment support, for tackling the imbalances that are the root cause of indebtedness;
- **ACP debt to Member States**: in a declaration annexed to the Convention the Community reiterates its readiness to hold exchanges of views with the ACP countries on the debt issue in the context of international talks without prejudice to specific talks within relevant forums.

(\*) Article provided by the Spokesman's Group.

## LOME IV CONVENTION: FINANCIAL PROTOCOL 1990-1995

(m ECU)

OVERALL AMOUNT = 12 000

EDF = 10 800

EIB = 1 200

**STABEX**  
= 1 500

**SYSMIN**  
= 480

**GRANTS = 7 995**

**RISK  
CAPITAL**  
= 825

**Emergency/  
refugee  
assistance <sup>(1)</sup>**  
= 350

**Interest rate  
subsidies**  
= 280

**Structural  
adjustment <sup>(2)</sup>**  
= 1 150

**Other  
grants**  
= 6 215

**REGIONAL COOPERATION <sup>(3)</sup> = 1 250**

(1) of which : - emergency assistance = 250  
- refugees = 100

(2) specific resources to which can be added a limited part of the indicative programmes

(3) of which : - CDI = 60  
- regional trade promotion = 70  
- Joint Assembly = 3

*p.m.* : To the overall amount of ECU 12 000 m in favour of ACP States, an amount of ECU 165 m in favour of OCTs has to be added  
(EDF = ECU 140 m; EIB = ECU 25 m)

### 4. Investment

The Lomé III provisions have been substantially redrafted. The chapter now contains sections on **investment promotion, financing and support** that are fuller and better structured than those of the previous Convention. Regarding financing and support in particular, the provisions make clear to businessmen what kind of operations are possible and the institutions (Bank or Commission) concerned. To be noted in this context is the fact that the Community has proposed a number of new possibilities with an eye to a more dynamic use of risk capital.

On the subject of investment **protection**, the contracting parties have agreed to study the main clauses of a standard investment protection agreement with a view to further discussions in the joint institutions.

### 5. Development financing cooperation (other aspects)

This part of the Convention has radically changed in structure and presentation. The structure and wording are much clearer than the Lomé III provisions.

An expanded chapter on **technical cooperation**, new provisions on **implementation procedures**, notably those for programming, the greater importance attached to **monitoring and evaluation**, the joint nature of which is emphasised, and clearer provisions concerning **the agents responsible for management and execution** are to be noted.

The section on **competition and preferences** has also been largely redrafted. Main provisions are the raising of ceilings for the expedited procedure and direct labour contracts, increased powers for Commission Delegates in the ACP countries, and new provisions on preferences, on the general rules and conditions governing contracts, and on the settlement of disputes.

Agreement on this chapter in the Lomé IV negotiations made it possible to settle the points which remained open after the talks on the **General Conditions** and so formally adopt them at the next meeting of the ACP-EEC Council of Ministers in Fiji.

## C. TRADE AND COMMODITIES

### 1. Trade arrangements

#### (a) Basic principles

The underlying principles of the trade arrangements remain constant but **some rules of general scope** have been adjusted to take better account of ACP concerns. The machinery for taking safeguard measures—never in fact used—is now the subject of a proper protocol. The Community has explicitly undertaken **not to discriminate** between ACP States. Any **consultations** on trade matters will have to be concluded within three months.

This provision may prove particularly useful in a period when the proliferation of new Community measures in connection with the completion of the Single Market is likely to throw up a much greater number of subjects calling for ACP-EEC consultations.

#### (b) Access of agricultural products

The arrangement for **access of agricultural products**, the only area still subject to a few restrictions under the Lomé III trade arrangements, have been improved considerably for some 40 products, some of which are particularly important for ACP countries: sorghum, millet, yams, rice, molasses, strawberries, tomatoes, citrus fruit, processed agricultural products, etc.

The concessions offered by the Community provide, depending on the case, for a total dismantling of present customs duties, a reduction in duties or levies applicable to imports of quantities that in most cases exceed the export capacity of the ACP Group as a whole.

#### (c) Protocols

The most important improvements concern **rum and beef and veal**:

— The arrangement for **beef and veal** under previous Conventions has become a proper protocol under Lomé IV: the overall annual quantity has been raised from 30 000 tonnes to 39 100 tonnes and ACP exporters are no longer required to levy an export tax in exchange for the 90% reduction in levies accorded by the Community;



— the Community has made a significant gesture in the case of **rum** exports: the provision for Member State shares of the tariff quota for the ACP countries is to be phased out, while the new rum protocol provides for a rapid increase in the quota from 1993 and its abolition after 1995;

— the protocol on **bananas** has been renewed as it stood but supplemented by a declaration containing an undertaking to maintain the advantages of traditional suppliers once the internal market for this product is completed.

(d) *Rules of origin*

The negotiators attached great importance to the protocol laying down the **rules of origin** applicable to ACP-EEC trade and made a number of substantial improvements:

— The **presentation of the protocol has been changed completely** to make it simpler to use by businessmen and administrations. A single list of exceptions, based on the new customs nomenclature (the Harmonised System) has now replaced the “negative” and “positive” lists of Lomé III.

— The **requirement concerning the degree of processing or working have been made more flexible** by doubling the margin of tolerance for non-originating inputs (10%), abolishing the double-threshold rule for a number of products and lowering the percentage of value-added required for others.

— The origin criteria for **fishery products** have become more liberal as the ACP countries can now charter third country vessels and a quota of automatic derogations for canned tuna has been opened,

— Lastly, and above all, the procedures for obtaining **derogations** to the basic rules for ACP exports have been completely revised to make the system more accessible, more rapid and more transparent. The derogation will be virtually automatic if the local value-added (ACP or EEC) reaches 45% of the finished product. It will be deemed such if there is no response from the Community within three months and will usually be accorded for five years, with the possibility of an extension if necessary.

(e) *Trade in services*

It should be noted that the new Convention includes a chapter on **trade in services**, which provides for negotiations on more detailed provisions when the outcome of the Uruguay Round is known.

(f) *Trade development*

The partners have reaffirmed the importance they attach to the implementation of consistent and dynamic trade promotion operations, emphasising in a joint declaration their desire to make better use of the possibilities offered by the Convention in this field.

## 2. Commodities

Commodities are of crucial importance for most ACP countries and are now the subject of a separate title of the Convention. Its provisions are no longer restricted to agricultural products (as under Lomé III) following the inclusion of **minerals and metals**. A Commodities Committee is to be set up to review regularly the application of the Convention in this area and also deal with international cooperation issues (international commodity agreements, specialised working parties). There is a clear emphasis on the need to reduce the dependence of the ACP economies on unprocessed products through **diversification** and support for **PMDT**<sup>(1)</sup> activities, while at the same time improving the **competitive position** of ACP products on international markets.

(1) PMDT: processing, marketing, distribution and transport.

## 3. A revamped Stabex

The experience gained in 15 years of operating Stabex and the financial problems encountered in managing the system in 1988 and 1989 led the two sides to review in detail the **functioning** of this unique system and make a number of important changes.

(a) **The risk coverage offered by Stabex has again been extended** with the inclusion of three **new products** (octopus and cuttlefish, a number of primary cocoa products and all essential oils); the **lowering of dependency thresholds** to 5% in most cases and 1% in the case of the least-developed, landlocked and island countries (LDLICs); the creation of a new reference period (six years less the highest and lowest figures); the change from fob to cif statistics; a considerable increase in the financial allocation (up 62% on Lomé III); and a relinquishing of the principle of **reimbursement of transfers**, only the LDLICs being exempt hitherto. This last provision is obviously linked to the more general problem of **debt**.

(b) **The functioning of Stabex has also been made fairer and more transparent** thanks to new procedures.

An **excess clause** will henceforth be applicable to all transfers – 4.5% as a general rule and 1% for the least-developed ACP States; this innovation gets rid of the **fluctuation thresholds**. The machinery for correcting exchange rates brought in under Lomé III (often called the “tunnel”), which caused considerable distortions at the expense of countries undergoing steep devaluations of their currencies, has been abolished and calculations will henceforth be done on the basis of data in ECUs.

The **derogation clause** providing for coverage of ACP exports outside the Community in certain cases now includes criteria for automatic triggering or withdrawal, so ensuring equal treatment of ACP States.

(c) **Changes in the bases for calculation**, which relieve the ACP States of the obligation to present requests to trigger the system, and a closer and more rigorous monitoring of the utilisation of the funds transferred **have also helped Stabex gain in speed and effectiveness**. In each case a “framework of mutual obligations” will be concluded between the recipient State and the Commission stipulating the proposed use, serving as a guide for the two parties and, where relevant, establishing the link with adjustment operations under way.

The new Stabex—more transparent, more generous, more equitable and, above all, **more effective**—with an allocation of ECU 1 500 million—thus emerges improved and reinvigorated from these long negotiations.

## 4. A clearer Sysmin

The special facility for mining products (Sysmin) has also been the subject of long negotiations aimed at simplifying its functioning and making it better suited to the ACP countries' economic restructuring requirements.

In comparison with Lomé III, the structure of Sysmin has been clarified and a clear focus has been put on the concept of **viability**. Sysmin operations will also be possible where an ACP country's export earnings suffer substantially as a result of disruption, without the viability of the mining sector necessarily being affected.

**Preventive operations** and those aimed at **diversification** will be facilitated. The present dependence **thresholds** have not changed but **two new products** have been included: uranium (on the list of products covered by the “first window”) and gold (in calculating overall dependence). ◦

## VIEWPOINT

# From Lomé I to Lomé IV...

The Convention has been signed at last, in Lomé, just like the three previous ones. The negotiations were difficult and breakdown was on the cards. Not that the ACPs and the Community were at variance on the substance or the aim—development—for divergence came, above all, on the means of cooperation. That may seem surprising although not entirely. Was this sort of disillusionment to be predicted 15 years ago? Are the results of ACP-EEC cooperation up to expectations?

## The facts

The facts are there, palpably so, and they indeed show that the ACP economies have not developed, quite the contrary. This goes for every sector of the economy. Thus roads, schools, hospitals, housing and so on have deteriorated, although more have been built, often at vast expense. Poverty has gained ground and pauperisation is spreading, the ACP States still do not have the managers or technicians they need for development. Because administration has not improved, there is still as much technical assistance as before. Yet, paradoxically, there is an increase in the number of qualified people from these countries in the developed economies of the world. More prosaically, nothing or nearly nothing, seemingly, has taken off, neither agriculture nor industrialisation, and the social effects of it all are verging on the dramatic in many ACP countries. It is looking more and more like the slums of Brazil and the Philippines where the poverty, all things being equal, is reminiscent of the more sordid periods of European history or even that more recent phenomenon, the industrialised countries' recession of 1929-30.

So would it have been better never to have started cooperating at all? Should the Yaoundé and the Lomé Conventions ever have been signed? Of course they should! It is difficult to imagine what these countries might have been like had there been no Conventions, was EEC Commission Vice-President Manuel Marin's repeated response to ACP criticism of the "failure" of Lomé. And he went on to point out that the Convention had positive merit and to

emphasise that implementation was the job of both sides jointly.

## The question

The basic question now is why a technologically advanced Europe has not managed to get the ACPs to create and develop a viable, lasting industrial economy. Or conversely, how come, with the financial and technical aid of the developed nations, the ACPs have failed to make a success of the economic and social progress which underlay their aspirations and their struggle for independence. There is a whole string of answers—but they are not all scientific ones. It only takes a look at the facts to see that the basic problems of ACP development cannot be explained in terms of technological data. "Whenever the facts are at variance with a theory, the problem has to be sought in the theory, not the facts. In a nutshell, the essence of any scientific approach is not to see nature or the world in speculative discourse, but to observe it at work in one's experience of real situations", say the authors of a recent book on the 'mirages of development'—something which could apply just as well to the Community as to the ACP States. The theory was the "short cut" by which the underdeveloped countries were supposed to miss out some of the steps. It resulted in "disillusionment".

## The vital organisational ability

An African saying goes to the effect that you cannot find a man a wife and a roof to put over her head at the same time, and the problem of the ACP economies is rather like this. Development is less a matter of national or financial resources than of organisational ability and sound management of the available means, wherever they come from. In other words, the way national and international resources are received and used goes a long way to determining the final results of all forms of development aid. The Marshall Plan just after World War II would never have produced anything had the people in charge of running it not been firm about keeping American funds for their prime purpose — the economic and social reconstruction of Europe.

So there are a number of problems to solve if the ACPs are to ensure the development and growth of their economies. First, the various national and international development operators have to get their confidence back, for "a society will collapse unless it has one basic truth on which to lean". The second problem, which is attendant on the first and has to do with the role of the administration, is that economic backwardness is not all technological, having just as much to do with State structures forcing everything to gravitate around the presidential or ministerial "cell". And the third, in turn attendant on the second, has to do with reform. Structural adjustment is the generic term which covers most of the economic reorganisation carried out in the States, but there is more to it than accepting it as one stage in the scheme of things, like agnostics accept Christianity without numbering themselves amongst the faithful or behaving like practising Christians. It is a difficult undertaking and if serious reforms are to be undertaken the chances of success will be greater if the most difficult issues are tackled first. The hardest thing for the ACPs to do is to make a better job of managing the resources intended for development, particularly since the long-fostered illusion that Europe had a "debt" to the ACPs is disappearing. The consequences of colonisation are now little more than distant memories. In the meantime, the ACPs have taken their own destinies in hand. And the world is changing.

## The "marginalisation" of Africa

The "marginalisation" of Africa which one hears about may well be no more than a re-positioning of the continent to reflect the essential concerns of the great powers — which are no longer competing in Africa because of the easing of the situation in Southern Africa and the (as yet) fragile signs of opening up in Pretoria and, more particularly, of developments in Eastern Europe, the subject of so much bitterness over the past 40 years.

Africa will not be granted its role and place in the new international balance. It and it alone will determine what they shall be with the success of its economic achievements and the quality of its social organisation. The alternatives are fundamental reform or decline. c

LUCIEN PAGNI

## Edwin Carrington

*Outgoing Secretary-General  
of the ACP Group*

### “Many a challenge for the ACPs”

“To me, the immediate action of the ACPs is to ratify the Convention and begin a process of seminars, internal consultation between development ministries, to seize what is in the Convention, what can or cannot be done, so that they can put together the best possible indicative programme”. This was the sound advice which Edwin Carrington gave at the end of 13½ continuous years of ACP service, first as Deputy Secretary-General and, from 1985 onwards, Secretary-General of the ACP Group.

This is indeed the most urgent task, because it took more than a year to complete the ratification of the previous Conventions. Although the traditional adoption of transitional measures has precluded any legal gap between Conventions so far, immediate ratification is necessary to have access to the financial resources provided by the Conven-

tion and dissection of the new text is all-important to a understanding of all the possibilities of application; particularly when it comes to new features such as the structural adjustment facility which, Mr Carrington maintains, is the most important step forward in Lomé IV — although, he hastens to add, it can sometimes be as well to wait to see all an instrument's effects before judging it. But the fact that the ACPs can now count on the Community's help in what can often be the traumatic business of economic adjustment is, Carrington feels, the new Convention's most significant innovation, followed by the chapter on the protection of the environment, the discontinuation of the obligation to reimburse Stabex transfers and Sysmin loans, and the provisions on the development of services.

Edwin Carrington makes no

secret of the fact that he would have liked Lomé IV to contain “a specific, strong and direct mechanism to aid us in the processing of our raw materials” — which would have been really spectacular progress. When it is pointed out that there are other instruments which may work towards the same aim, the response from the negotiator who knows that you never get all you want from negotiations was: “You can, of course, use a spoon to butter your bread, you can also use a fork, but it's more appropriate and more effective to use a butter knife to do it”.

#### Swansong

Another regret (or maybe a touch of self-criticism on behalf of the Group) is the failure of the ACPs' attempt to cooperate better amongst themselves. “We of the

ACP have talked a lot, philosophised a lot, we have studied a lot, we have met a lot. We have not done much else". And regional cooperation within the ACP Group is, to his mind, an unavoidable necessity which "must become an additional stratum in all ACP States' national development efforts". The Group can count on an increasingly experienced network of regional organisations for this. It has the Community's support through the Convention, which has expanded and improved the regional cooperation machinery ever since Lomé I and it has all the data compiled during the many seminars and conferences held since the official adoption of an action programme in Suva in 1977.

These are major assets and they are soon to be expanded to include a valuable means of developing intra-ACP trade, that basis for all lasting cooperation—a precise reference list of all the products and amounts which the ACPs may supply to each other. This catalogue, to be forwarded to the ACP Secretariat-General very soon, is, as Edwin Carrington puts it, "his swansong", an instrument which could improve the collective autonomy of the ACPs. For him, however, one thing is clear—it is their fault and not the Convention's if they have failed to cooperate more with each other.

And it is not Lomé's fault either if the ACPs are not as well placed as they were 10 years ago—something which led Carrington to say that the past decade had been a hopeless one for development. Things would have been far worse, he maintained, without the Convention, given the severity of the raw materials price slump, the debt and the structural adjustment programmes. Lomé policy had not been strong enough to protect the ACPs from the devastating effects of an unfavourable international economic environment, it is true—although Carrington admits that the Convention was not designed for this purpose, more as a complement to general economic condi-

*Edwin Carrington with his successor as Secretary-General of the ACP Group Ghebray Berhane*

tions that were favourable to development. But all the economic and social indicators in the ACP countries had deteriorated over the '80s, commodity prices, to take just one example, having dropped to the lowest point over the past 50 years. This is why, in Carrington's view, the development of local processing capacity of ACP raw materials is so important and why the failure to make significant progress on this point in the Convention is so regrettable.

#### **An unparalleled agreement**

Yet was this not the decade which saw the rise of the ACP Group and its emergence as a major organisation on the international scene? "People used to talk of the Lomé (to rhyme with 'home') Convention and many people thought Lomé was a misprint for Rome". The ACP Group had no proper structures, no regulations and no precise procedures. But "I think Lomé, without boasting, is now clearly the premier cooperation agreement between North and South on our planet today" and the ACP Group is a respected institution which takes part in, and makes a welcome

contribution to, all the major regional and international conferences.

Edwin Carrington is clearly proud of what he and his predecessors have done at the head of the Secretariat, along with the Committee of Ambassadors, the Council of Ministers and the various Directors-General and Commissioners for Development, to get what is to him an unparalleled agreement known. And he has no hesitation in saying that he would like to go on putting his experience at the service of ACP-EEC cooperation. For there are so many challenges—the Single Market of 1992, the conclusion of the Uruguay Round and the developments in Eastern Europe—awaiting the ACPs "that I would hate to think that they would feel that they can say, well, we can dispense with your services".

In recognition of his services, the ACPs have given his name to their main conference room in ACP House. But, on 1 March 1990, it's an equally experienced man who will be taking over the destiny of ACP House for the next five years — Dr Ghebray Berhane ◊

Amadou TRAORE

# Profiles of the ACP States and of the Member States of the European Community

Between them, the inhabitants of 68 <sup>(1)</sup> ACP States and the 12 Member States of the European Community account for 14.1% of the world's population. Together they represent almost half the member countries of the United Nations.

Brief outlines of the ACP and Community countries are given in the following pages. The capital of each country, together with its population and area, is given in the profiles for each of the African, Caribbean and Pacific regions and for the Community. Population

figures for the ACP States are for 1987 and, for the Community, for 1988 (*Source*: Eurostat). The total population of the 12 EEC Member States is 324.7 million; that of the ACP States, 439 million.

It should be noted that the maps used come from a variety of sources and are not on the same scale <sup>(2)</sup>.

<sup>(1)</sup> Namibia will become the 69th ACP State after independence in April 1990.

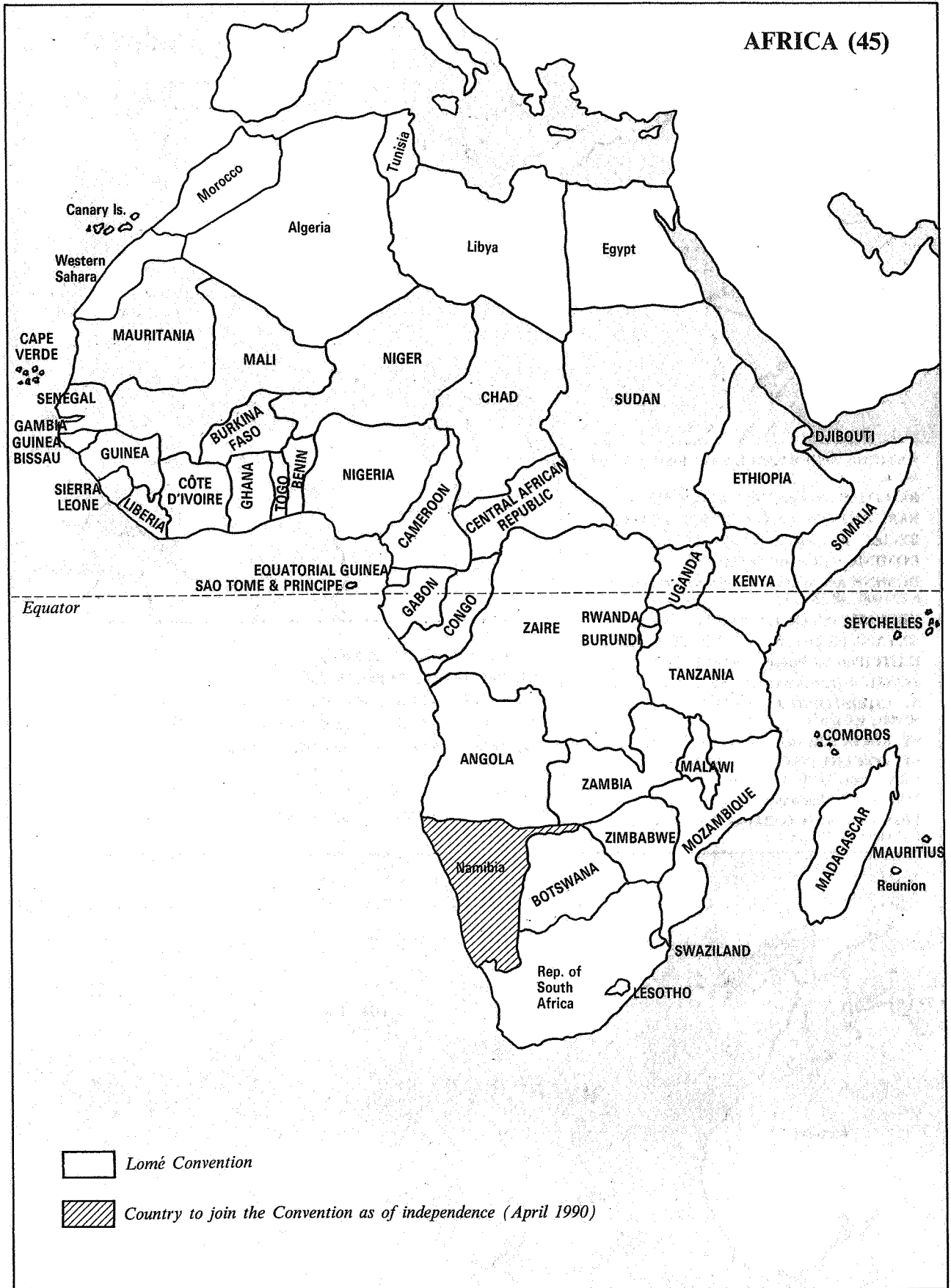
<sup>(2)</sup> Their use does not imply recognition of any particular boundaries nor does it prejudice the status of any state or territory.

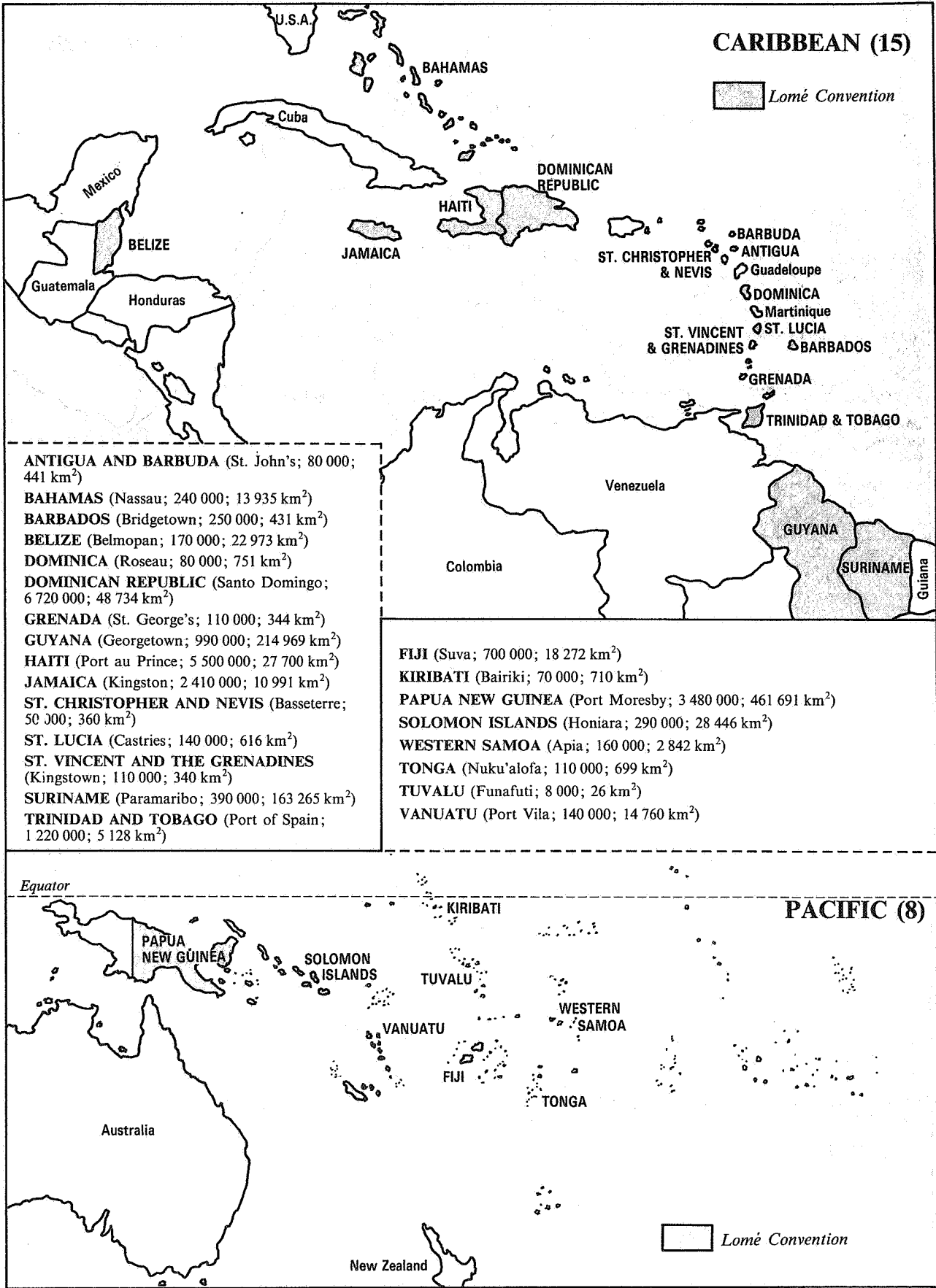
## AFRICA (45)

(capital; population; area)

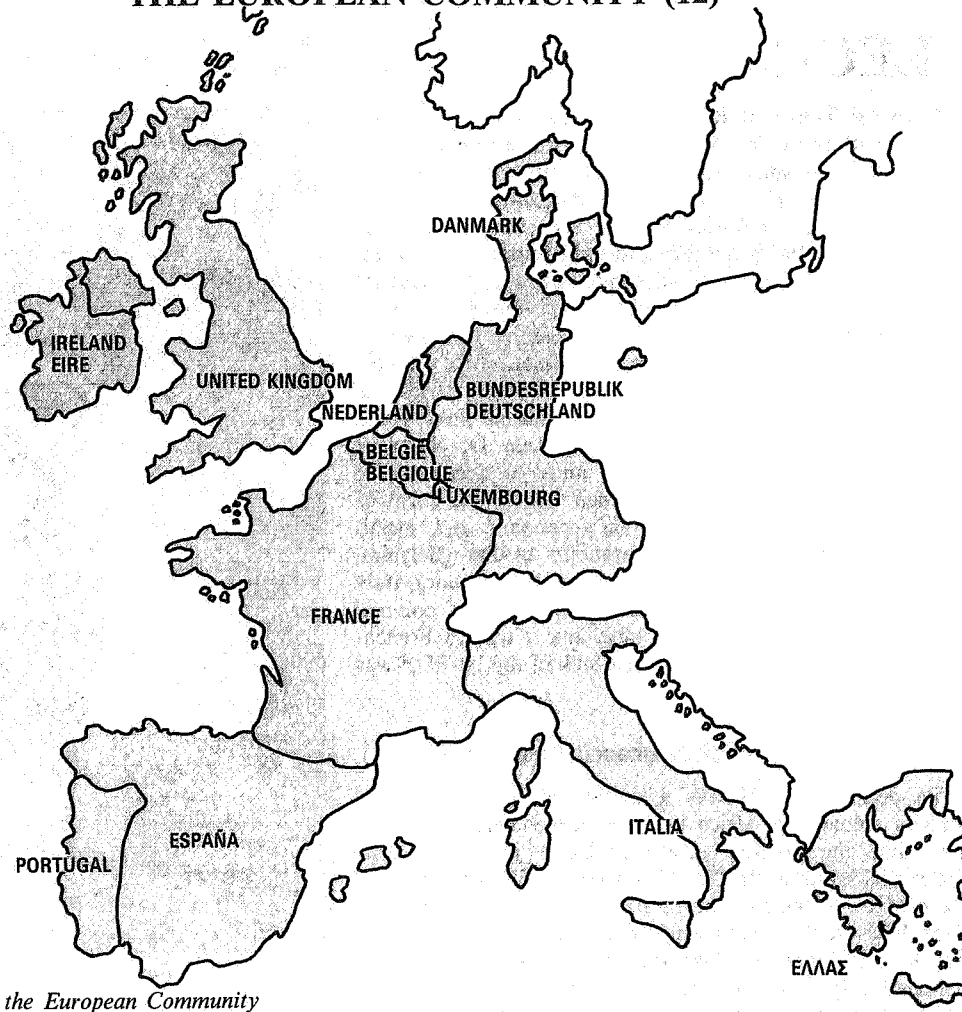
ANGOLA (Luanda; 9 230 000; 1 246 700 km <sup>2</sup> )	LESOTHO (Maseru; 1 620 000; 30 355 km <sup>2</sup> )
BENIN (Cotonou; 4 300 000; 112 622 km <sup>2</sup> )	LIBERIA (Monrovia; 2 350 000; 111 369 km <sup>2</sup> )
BOTSWANA (Gaborone; 1 170 000; 581 730 km <sup>2</sup> )	MADAGASCAR (Antananarivo; 10 890 000; 587 041 km <sup>2</sup> )
BURKINA FASO (Ouagadougou; 8 310 000; 274 200 km <sup>2</sup> )	MALAWI (Lilongwe; 7 500 000; 118 484 km <sup>2</sup> )
BURUNDI (Bujumbura; 5 000 000; 27 834 km <sup>2</sup> )	MALI (Bamako; 8 680 000; 1 240 000 km <sup>2</sup> )
CAMEROON (Yaoundé; 10 860 000; 475 422 km <sup>2</sup> )	MAURITANIA (Nouakchott; 1 860 000; 1 030 700 km <sup>2</sup> )
CAPE VERDE (Praia; 350 000; 4 033 km <sup>2</sup> )	MAURITIUS (Port Louis; 1 000 000; 1 860 km <sup>2</sup> )
CENTRAL AFRICAN REPUBLIC (Bangui; 2 700 000; 622 984 km <sup>2</sup> )	MOZAMBIQUE (Maputo; 14 550 000; 783 030 km <sup>2</sup> )
CHAD (N'Djamena; 5 270 000; 1 284 000 km <sup>2</sup> )	NIGER (Niamey; 6 490 000; 1 267 000 km <sup>2</sup> )
COMOROS (Moroni; 470 000; 2 171 km <sup>2</sup> )	NIGERIA (Lagos; 101 910 000; 932 768 km <sup>2</sup> )
CONGO (Brazzaville; 1 840 000; 342 000 km <sup>2</sup> )	RWANDA (Kigali; 6 530 000; 26 338 km <sup>2</sup> )
COTE D'IVOIRE (Abidjan; 11 140 000; 322 462 km <sup>2</sup> )	SÃO TOMÉ & PRINCIPE (São Tomé; 110 000; 964 km <sup>2</sup> )
DJIBOUTI (Djibouti; 370 000; 22 000 km <sup>2</sup> )	SENEGAL (Dakar; 6 790 000; 196 192 km <sup>2</sup> )
EQUATORIAL GUINEA (Malabo; 410 000; 28 051 km <sup>2</sup> )	SEYCHELLES (Victoria; 70 000; 280 km <sup>2</sup> )
ETHIOPIA (Addis Ababa; 46 180 000; 1 221 900 km <sup>2</sup> )	SIERRA LEONE (Freetown; 3 850 000; 71 740 km <sup>2</sup> )
GABON (Libreville; 1 060 000; 267 667 km <sup>2</sup> )	SOMALIA (Mogadiscio; 6 860 000; 637 657 km <sup>2</sup> )
GAMBIA (Banjul; 790 000; 11 295 km <sup>2</sup> )	SUDAN (Khartoum; 23 130 000; 2 505 813 km <sup>2</sup> )
GHANA (Accra; 13 700 000; 238 537 km <sup>2</sup> )	SWAZILAND (Mbabane; 710 000; 17 363 km <sup>2</sup> )
GUINEA (Conakry; 6 380 000; 245 857 km <sup>2</sup> )	TANZANIA (Dar es Salaam; 23 220 000; 945 087 km <sup>2</sup> )
GUINEA BISSAU (Bissau; 920 000; 36 125 km <sup>2</sup> )	TOGO (Lomé; 3 150 000; 56 790 km <sup>2</sup> )
KENYA (Nairobi; 22 940 000; 582 656 km <sup>2</sup> )	UGANDA (Kampala; 16 600 000; 236 036 km <sup>2</sup> )
	ZAIRE (Kinshasa; 32 460 000; 2 345 409 km <sup>2</sup> )
	ZAMBIA (Lusaka; 7 560 000; 752 614 km <sup>2</sup> )
	ZIMBABWE (Harare; 8 640 000; 391 109 km <sup>2</sup> )

# AFRICA (45)





## THE EUROPEAN COMMUNITY (12)



### Overseas countries and territories

**DENMARK** (*country with special relations*)  
— Greenland

**FRANCE** (*territorial collectivities*)  
— Mayotte

— Saint-Pierre and Miquelon  
(*overseas territories*)

— New Caledonia and dependencies

— French Polynesia

— French Southern and Antarctic Territories

— Wallis and Futuna Islands

**NETHERLANDS** (*overseas countries*)

— Aruba

— Netherlands Antilles (Bonaire, Curaçao, Saba, Sint Eustatius, Sint Maarten)

**UNITED KINGDOM** (*overseas countries and territories*)

— Anguilla

— British Antarctic Territory

— British Indian Ocean Territory

— British Virgin Islands

— Cayman Islands

— Falkland Islands

— South Georgia and Sandwich Islands

— Montserrat

— Pitcairn Island

— St. Helena and dependencies

— Turks and Caicos Islands

This list does not prejudice the status of these countries and territories now or in the future.

## EUROPE OF THE TWELVE

(*capital; population; area*)

**BELGIUM** (Brussels; 9 883 200; 30 500 km<sup>2</sup>)

**DENMARK** (Copenhagen; 5 129 500; 43 100 km<sup>2</sup>)

**FRANCE** (Paris; 55 873 300; 544 000 km<sup>2</sup>)

**GERMANY** (Federal Republic) (Bonn; 61 421 600; 248 700 km<sup>2</sup>)

**GREECE** (Athens; 9 983 500; 132 000 km<sup>2</sup>)

**IRELAND** (Dublin; 3 538 000; 70 300 km<sup>2</sup>)

**ITALY** (Rome; 57 452 400; 301 300 km<sup>2</sup>)

**LUXEMBOURG** (Luxembourg; 374 600; 2 600 km<sup>2</sup>)

**NETHERLANDS** (Amsterdam; 14 759 800; 41 200 km<sup>2</sup>)

**PORTUGAL** (Lisbon; 10 287 200; 92 000 km<sup>2</sup>)

**SPAIN** (Madrid; 38 996 200; 505 000 km<sup>2</sup>)

**UNITED KINGDOM** (London; 57 077 000; 244 100 km<sup>2</sup>)



## EEC-ACP cooperation: the historical perspective

When the Treaty of Rome was signed in 1957, Europe's relations with the Third World (the term was invented in 1953 by French economist Alfred Savry) were of a distinctly unilateral nature. The vast bulk of the countries now in the ACP Group were colonies (Ghana the pioneer, achieved independence in 1957) and thus under the responsibility of the colonial powers. The Treaty of Rome, however, provided for an element of aid to these colonies, in the form of an implementing Convention added to the Treaty. The Convention provided for a form of unilateral association between the Community and its Member States, Overseas Countries and Territories (OCTs), through which trade and aid links would be maintained. In 1958, the first European Development Fund was set up, totalling 581 m units of account (the forerunner of the ECU), all of which was in the form of grants and mostly to be spent on (economic and social) infrastructure projects. The Community of Six (Belgium, France, the Federal Republic of Germany, Luxembourg, Italy and the Netherlands) was dominated, in terms of colonial possessions, by one country, France, and it was to French-speaking African OCTs that the vast bulk of the 1st EDF was committed.

### Yaoundé and political emancipation 1963-73

The decade 1963-73 was a decade of hope. Many of France's colonies in Africa became independent and at the same time the postwar economic boom in Europe was reaching its zenith in the "Golden Sixties". This combination of events led to the creation of a number of the elements on which EEC-ACP cooperation is still founded. The independent African States saw their primary goal as "catching up" in those heady years, dominated as they were by the "take-off" economic theory of American economist W.W. Rostow. This theory, which time has partially proved (in South-East Asia) and partially disproved (in Africa) postulated that economic success would go to those countries which could create a sufficiently large, modern middle class. First stimulated by industrialisation and investment, the economy would diversify and spawn local entrepreneurs, managers and intelligentsia whose savings and investments would continue to fertilise the growth of the economy until it was self-sustaining and geared to expansion. Thus, during the period under discussion, the newly-independent African States set about a twofold task: building a nation, and building a strong industry-based economy. European aid was geared, in large measure, to infrastructure and industrial construction which created both a sense of national identity and the basis—it was hoped—for Rostow's "take-off".

The fact that so many OCTs were now independent meant that there would have to be a change in the nature of relations between them and the Community. Eighteen countries, all francophone except for Somalia, all African except for Madagascar, formed the AASM (Association of African States and Madagascar), an association aimed at preserving and extending their ties with the European Community. In July 1963, the AASM concluded a Convention with the Europe of the Six, whose provisions largely foreshadowed the Lomé Conventions. It was a bilateral negotiation, with two

### *A long road to economic take-off*

groups of countries acting in concert in the negotiation; the Convention was concluded for five years and was renewable; its provisions included preferential trade agreements, notably access for raw materials to Europe, as well as financial and technical assistance; and, finally it provided for joint institutions at the ministerial and parliamentary level. This Convention was signed at Yaoundé (Cameroon) and the financial muscle was provided by the 2nd European Development Fund, raised on this occasion to 800 m units of account and including loans as well as grants.

During this decade, the Europe of the Six was experiencing unprecedented economic growth, and it became clear that it was becoming a pole of attraction, in Europe and Africa, for non-members. In 1963, Great Britain made an unsuccessful bid to become a member of the Community, and in 1967 made another unsuccessful attempt which was blocked by France's President, De Gaulle. Nigeria in 1966 signed, but did not ratify, an agreement with the EEC. In 1969, the three East African States, Kenya, Uganda and Tanzania, themselves in the process of attempting to create a community, signed the Arusha Agreement which concerned itself with preferential trade agreements which came into effect in 1971.

The first decade of independence for most African countries was a mixed one. In attempting to create nations out of colonial territories, many countries made impressive strides

towards creating transport, education and health infrastructures, but others experienced ruinous social and political experiments, civil wars and economic turmoil. The second Yaoundé Convention signed in 1969, was still between the Six and the AASM but joined by Mauritius in 1972. The moment for experimentation had not yet arrived. As far as development priorities were concerned, the emphasis, in all but a few countries, remained on infrastructure and industrial development, the latter heavily geared to import substitution.

### From Yaoundé to Lomé 1973-75

On 1 January 1973, Great Britain (along with Ireland and Denmark) joined the Community and brought with it the seeds of a relationship with the anglophone parts of the developing world, spreading beyond Africa to the Caribbean and the Pacific. Britain's post-colonial economic and cultural ties were of considerable variety and reflected in Protocol 22 which was annexed to Britain's Act of Accession to the Community. After considerable negotiation, some 20 Commonwealth countries were included in the protocol, which opened the way to negotiation of some form of special relationship with the Community. At the same time, the same possibility was offered to those independent States in Africa which were neither Commonwealth members, nor members of the AASM grouping which had negotiated the Yaoundé Conventions.

A fascinating two-year period followed. The 43 African, Caribbean and Pacific countries had experience of operating within a wider grouping, the Commonwealth, the AASM, even the OAU; but never before had they been faced with so concrete a matter on which to negotiate and so little common heritage upon which to base themselves. Would the English- and French-speaking countries negotiate together or separately? What would be the position of Nigeria, the richest and most populous African State: it was in the middle of an oil boom that bade fair to make it an African Saudi Arabia or Iran. Would the three geographical zones, Africa, the Caribbean and the Pacific, be able to overcome their inexperience in working together? As Seydina Oumar Sy has written (*The Courier* no. 93, September-October 1985) "the concept of Euro-Africa, for example, was not well received by the associable countries of the Commonwealth who saw it as the perpetuation of the links of dependency of which the Yaoundé Convention was, in their eyes, a fine illustration".

Moreover, what were the options open to the future ACPs? The second Yaoundé Convention was due to expire on 31 January 1975 and the first meeting of all the actors in the drama was only on 25 July 1973, at a time when almost no groundwork had been laid: just the negotiating principles enunciated in May 1973 at the OAU summit in Addis Ababa<sup>(1)</sup>. The options were threefold: to participate in an enlarged Yaoundé Convention; to sign individual conventions of association on the basis of Article 238 of the Rome Treaty;

or the signature, jointly or severally, of Arusha-style preferential trade agreements.

By the time of the second meeting of the ACP-EEC Council of Ministers in October 1973, the ACPs were already able to nominate one spokesman, Namwisi Wa Kole of Zaïre, to speak for all three geographical groups. And it was obvious that the OAU guidelines were going to provide the basis for an agreement which would become not a watered-down version of previous ones, but a new type of Convention that avoided some of the pitfalls of Yaoundé. By the spring of 1974, Babacar Ba, spokesman of the African group, was able to tell the Community "Thus you have before you not three groups expressing harmonised positions with one voice, but a single group of ACP countries which want to recognise their common destiny and the unshakeable desire to achieve positive results at these negotiations". The first Lomé Convention was signed on 28 February 1975, with 44 ACP countries participating, and by May the number had risen to 46. A month later, the ACPs sealed their "common destiny" by concluding the Georgetown Agreement on 6 June which institutionalised the ACP Group and gave it a permanent structure.

The first Lomé Convention was also a breakthrough. It has to be remembered that in 1973 the Arab-Israeli war led to the use of oil as an economic weapon, whereby the supporters of Israel were "punished" by massive rises in oil prices. These rises were institutionalised shortly afterwards, leading to the first major "oil shock" and OPEC became a major commodity cartel, ensuring that billions of petro-dollars were placed in the hands of Western banks who sought investment opportunities everywhere. The period was also one of profound pessimism in the West. The "Golden Sixties" had ground to a halt in social, political and economic unrest, and the formation of a single commodity cartel, OPEC, seemed to spell the end of the West's industrially-based economic supremacy. There were perfectly realistic fears that what had been done for oil could be done for other commodities, notably sugar, uranium, coffee and cocoa. Thus, the background to

(1) These were: non-reciprocity of EEC trade and tariff concessions; extension to third countries of the provisions relating to the right of establishment; review of the rules of origin; revision of provisions relating to capital movements; access to EEC financial and technical assistance; free access to the EEC market of all African goods whether or not covered by the CAP; stable, equitable and remunerative prices for their products; no agreement with the EEC should affect intra-African cooperation.

*Food security and self-sufficiency remain the overriding priorities*

Lomé I was probably the closest to mutual dependency that any North-South agreement ever was. Money was plentiful; the Arab oil funds saw to that. The South seemed to be on the brink of wielding economic power in the commodity field; one ACP State, Nigeria, was becoming as wealthy as any Middle Eastern oil state. And the past decade had not been a wholly bad one for the development of the ACPs—apart from oil in Nigeria, many states were experiencing higher prices for their commodities, whether bauxite, rutile, diamonds, copra, coffee or cocoa.

Lomé I was, then, almost a partnership of equals. The protocols on sugar, bananas, beef and rum promised a “no-lose” situation, based partly on old colonial preferences. Stabex was wholly innovative—a mechanism designed to help maintain the revenues of primary commodity exporters, which could be hit either by falls in production or drops in price. (The low world price situation was considered less likely: the commodity boom of the late '60s dipped somewhat in 1973-5 and then soared upwards.) The institutions of permanent dialogue were reinforced: Council of Ministers, Committee of Ambassadors and Consultative Assembly (now called the Joint Assembly) and the 4th European Development Fund was increased to almost 3.5 bn units of account.

**A decade of falling hopes 1975-85**

The first “oil shock” of 1973 was followed by a boom in other commodity prices and, then, in 1979-80, by the second

“oil shock”. What had seemed sustainable throughout the 1970s now seemed quite impossible. Per capita GDP growth in sub-Saharan Africa grew by an average of 20% per annum in the years 1961-73, and fell by an average 0.1% per annum from 1973 to 1980, mostly in the last three years of the period. The heavy concentration on project aid, and the continuing drive for investment in industry and exports crops masked an increasing decline in food production and a widening gap between rural and urban quality of life. While Lomé II in 1980 contained some useful innovations, notably the establishment of the Sysmin facility, and while the financial envelope rose to ECU 5.7 bn, the follow-on to Lomé I was considered to be a disappointing one for the ACPs.

By the time of Lomé III, it was obvious that Africa's decline (much more marked than most of the Caribbean's or the Pacific's) was not merely a temporary phenomenon. The dramatic famines of 1984-5, the increasing worries over the degradation of the environment, the galloping rate of population increase and the failures, on the ground, of both donors and recipients, made it obvious that Lomé III could not simply build on the work of its predecessors. Two main questions hung over the heads of negotiators: what were the priorities; and how could they be tackled? For almost 15 months, from October 1983 to December 1984, the negotiators hammered away at these two main questions. A broad consensus emerged that self-reliant development could only be achieved on the basis of food security and self-sufficiency, and that this could be best brought about by sectoral concentration. Not only that, but donor and recipient efficiency in implementing these broad programmes could—and indeed, must—be enhanced by engaging in a broad-ranging policy dialogue, so that neither side could claim ignorance or innocence as an excuse for failure. Obviously, there was the danger here that policy dialogue could be misconstrued as interference in the sovereign choices of a nation's political, social or economic orientation, but the trust built up over almost a decade stood the negotiators in good stead. Lomé III placed man at the centre of development efforts, expanded the role of NGO participants, brought the rural poor back into focus, and attempted to deal with the problems of the environment as well as of production. But even as it came into force, Lomé III was overtaken by more drastic events and, even as its first programming missions were returning, a new preoccupation began to exercise its influence—structural adjustment.

**Domination by debt 1985-90**

From 1980-87 African per capita GDP fell by an average of 2.6% p.a., investment fell, and the rate of return on investment fell even more, from an annual average of 30.7% in the period 1961-73, to 2.5% in the period 1980-87. Much of the blame can be shared. Western institutions, glutted with petro-dollars following the oil shocks, had offered vast sums in loans to sub-Saharan Africa in the late '70s, a period of high commodity prices. These funds were not always invested wisely, and by the mid-1980s pressure for repayment was piled atop the unfulfilled hopes of the various schemes. Foreign exchange was in short supply; industry was working well below capacity; currencies remained pegged at an unsustainably high rate; and governments refused to depress demand or step down from their central role in the

Scope of Community development cooperation					
Convention (Fund)	Date of entry into force	No. of countries	Total population (million)	Total financial package (MECU/EUA)	
				EDF (grants + special loans inc. Stabex, Sysmin)	EIB Own resources (loans)
Treaty of Rome Part IV (EDF 1)	1.1.58	31 (*)	55	581	
Yaoundé I (EDF 2)	1.7.64	18	69	666	64
Yaoundé II (EDF 3)	1.1.71	19	80	843	90
Lomé I (EDF 4)	1.4.76	46	250	3 124 (1)	390
Lomé II (EDF 5)	1.1.81	57	348	4 754 (1)	685
Lomé III (EDF 6)	1.5.86	66	413	7 754 (1)	1 100
Lomé IV (EDF 7)	?	69	±460	10 800	1 200

(\*) All of these were OCTs some of which became AASM States from Yaoundé I onwards. Starting with EDF II, OCTs are excluded from the list.  
 (1) Includes special provisions from other budget lines, re-use of EIB repayments and other special measures.

## Cooperation: a nominal roll of EEC partners since 1957

### 1957 – Treaty of Rome Convention of Application

<b>EEC</b>	<b>Partners</b>
France	French West Africa, comprising: Dahomey, Guinea <sup>(1)</sup> , Côte d'Ivoire, Mauritania, Niger, Senegal, Sudan, Upper Volta French Equatorial Africa, comprising: Cameroon (Trust Territory), Chad, Middle Congo, Gabon, Ubangi-Chari Other French Territories: Autonomous Republic of Togo, Madagascar, Comoros, French Polynesia, French Southern and Antarctic territories, Algeria, Réunion, Guyane, Martinique, Guadeloupe, St Pierre and Miquelon, French Somaliland, New Caledonia and dependen- cies
Belgium	Congo, Ruanda-Urundi
Italy	Somaliland
Netherlands	New Guinea
Luxembourg	
Federal Republic of Germany	

(1) Guinea left the Association in 1958, but returned for Lomé I.

NB: A "declaration of intent" left open the possibility of association to Suriname, Netherlands Antilles, Morocco, Tunisia and Libya. Suriname became effectively associated on 1 September 1962.

### 1963 – Yaoundé I Convention

<b>EEC</b>	<b>AASM (associated African States and Madagascar)</b>
Belgium	Burundi (formerly part of Ruanda-Urundi),
France	United Republic of Cameroon <sup>(1)</sup> , Central African
Federal Republic of Germany	Republic, Chad, Congo-Brazzaville (formerly
Italy	French Congo), Congo-Léopoldville (formerly Bel-
Luxembourg	gian Congo), Dahomey, Gabon, Côte d'Ivoire,
The Netherlands	Madagascar, Mali (formerly French Sudan), Mau- ritania (formerly French Sudan), Niger, Rwanda (formerly part of Ruanda-Urundi), Senegal, Somalia <sup>(2)</sup> , Togo, Upper Volta

OCTs remaining to Member States of the EEC were the subject of a Council decision, renewed in 1970 after Yaoundé II and regularly thereafter.

(1) Formed in 1961, through the union of French and British Trust Territories of Cameroon.

(2) Comprising former British Somaliland (1960).

### 1969 – Yaoundé II Convention

<b>EEC</b>	<b>AASM</b>
Belgium	Burundi, United Republic of Cameroon <sup>(1)</sup> , Cen-
France	tral African Republic, Chad, Peoples Republic of
Federal Republic of Germany	Congo (formerly Congo-Brazzaville), Dahomey, Gabon, Côte d'Ivoire, Madagascar, Mali, Mauri-
Italy	tania, Mauritius (joined in 1972), Niger, Rwanda,
Luxembourg	Senegal, Somalia, Togo, Upper Volta, Zaïre (former-
The Netherlands	ly Congo-Kinshasa and before that, Congo-Léopoldville)

(1) Later the Federal Republic of Cameroon.

### 1975 – Lomé I Convention

<b>EEC</b>	<b>ACP</b>
Belgium	as before, plus:
Denmark	<i>Commonwealth countries</i>
France	Bahamas, Barbados, Botswana, Fiji, Gambia,
Federal Republic of Germany	Ghana, Grenada, Guyana, Jamaica, Kenya, Leso-
Ireland	tho, Malawi, Nigeria, Sierra Leone, Swaziland,
Italy	Tanzania, Tonga, Trinidad and Tobago, Uganda,
Luxembourg	Western Samoa, Zambia
The Netherlands	<i>Non-Commonwealth</i>
United Kingdom	Equatorial Guinea, Ethiopia, Guinea-Bissau, Liberia, Sudan

### 1980 – Lomé II Convention

<b>EEC</b>	<b>ACP <sup>(1)</sup></b>
as before, plus:	as before, plus:
Greece, which joined the EEC in 1981	Cape Verde, Comoros, Djibouti, Dominica, Kiri- bati, Papua New Guinea, St. Lucia, Sao Tomé and Principe, Seychelles, Solomon Islands, Suriname, Tuvalu, Zimbabwe (joined in 1980 after the Con- vention had been signed by the ACPs)

(1) Most of the new ACP States were ex-OCTs.

### 1985 – Lomé III Convention

<b>EEC</b>	<b>ACP</b>
as before, plus:	as before, plus:
Spain and Portugal, which joined the EEC in 1986	Angola (joined in 1985 after the Convention had been signed), Antigua and Barbuda, Belize, Mozambique, St. Christopher and Nevis, St. Vin- cent and the Grenadines, Vanuatu

### 1990 – Lomé IV Convention

as before	as before, plus: Dominican Republic, Haiti, Namibia (will join after independence in April 1990)
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NB: The following have changed their names since joining: Dahomey is now Benin. Upper Volta is now Burkina Faso.

economy. The high hopes of a North-South partnership of equals were being eroded as, more and more, the international financial institutions took a leading role in managing the financial and developmental affairs of sub-Saharan Africa in particular (though the Caribbean was by no means immune). Starting in about 1983, the IMF and World Bank began to implement stabilisation and structural adjustment programmes which, by 1989, were touching no less than 30 sub-Saharan African countries. The effects of these programmes have been the subject of much debate. In all cases of structural adjustment there are two things to do: to depress demand and to stimulate production. It has, on the whole, proved easier to manage the demand side, by devaluation, government retrenchment and liberalisation, than to stimulate supply and guarantee that social costs are minimised. The

Commission realised that it could not play a central role in helping its partners out of their structural adjustment difficulties unless it was able to mobilise quick-disbursing funds, and embark, as did the Bretton Woods institutions, on far-reaching macroeconomic discussions.

These discussions were not something entirely new: the policy dialogue had accustomed both sets of partners to speaking frankly about what Director-General Frisch has called "the question of the consistency of cooperation efforts with ... national ... policy". Much of what the EEC had tried to do—stimulate domestic investment and local SME/SMIs; attract European investment and give it adequate protection—were things which had now become more urgent than ever. But there were areas in which the Commission was obliged to change its ideas. Because the EEC is, by a very

**“Was the final agreement, reached in early December 1989 a “good” one? ... there is no doubt that the negotiators have done all they could to make it so.”**

*Left: after all the negotiating, time for a smile. From left to right, Charles Valy Tuho (Côte d'Ivoire), Falilou Kane (Senegal), Dieter Frisch (European Commission), Kaliopate Tavola (Fiji) and Joseph Ahwa Laryea (Ghana). Right: mission accomplished. Togo's National Authorising Officer, M. Barry Moussa Barque, Minister of Planning and Mines, and Dieter Frisch, Director-General for Development, bid each other farewell*

wide margin, a donor and not a lending organisation, it had been very reluctant, for a long time, to countenance pure balance-of-payments support “in the belief”, as Mr Frisch said, “that the real problems the ACPs have to face are structural ones, and that just throwing money at them is putting the proverbial sticking plaster on a broken leg”. But when hospitals and schools close because there is no money for paying doctors, nurses and teachers, when factories lie idle for want of spare parts, raw materials or fuel, then the picture changes. Over the life of the Lomé III Convention, the Commission has given proof of its flexibility by devoting a good deal of the programmable resources to quick-disbursing import programmes, linked to the original programme, but capable of swift mobilisation and disbursement.

#### On the brink of Lomé IV

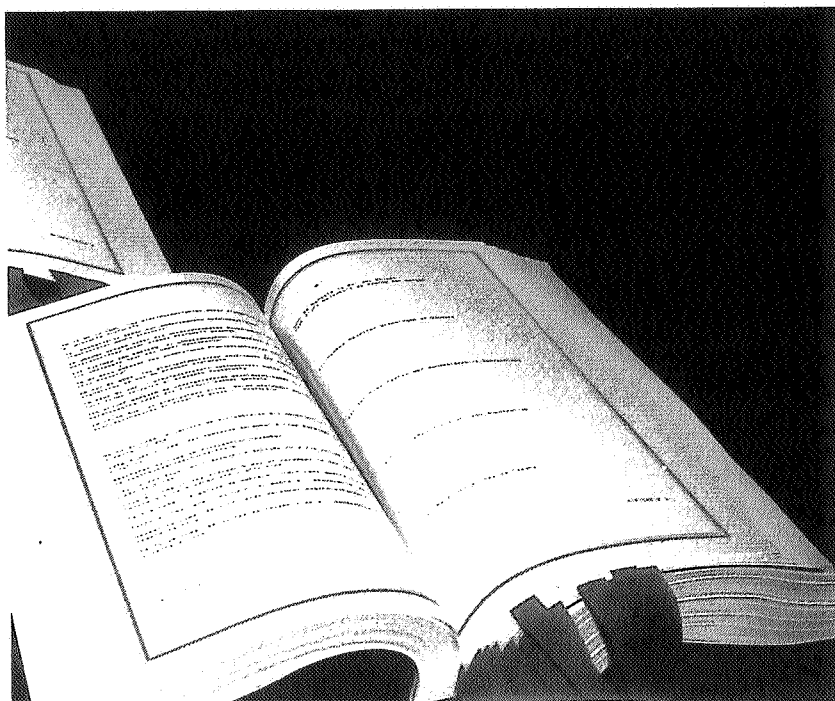
If the situation of the bulk of ACP countries was distinctly unpromising as 1989 ended, the atmosphere elsewhere was, if not unfavourable, at least distracting. The 1980s, that decade of despair for ACPs, had been a period of vibrant economic optimism elsewhere (notably in the countries of South-East Asia and the Pacific Rim) and of momentous political developments in Europe, East and West. In the Community countries, the “Europessimism” of the 1970s and early '80s had given way to determination and dynamism with the Commission Presidency of Jacques Delors, and the Twelve redoubled their efforts to create a Single Market and a Social Charter for the magic date of 1992. The Community began to draw together in a number of ways, not least in its plans to create economic and monetary union. Meanwhile, in Eastern Europe, the post-war political and economic order began to crumble, with country after country abandoning the Communist model and seeking closer links with Western Europe. Nowhere was this new pole of attraction more keenly felt than in West Germany, the EEC's leading economic power. Would the changes in East Germany lead to a new super-State? Would West Germany's technical and commercial leadership lead to German hegemony in the ailing economies of Eastern Europe? Against this background of challenge from Asia and opportunity in Eastern Europe, the Commun-

ity was hard-pressed to assure ACPs that the Europe of 1992 would not be closed to their demands. And, in the wider world, the ACPs feared that their vision of “fortress Europe” would be matched by the Uruguay Round of the GATT negotiations. This, then, was the background as in October 1988, the two sides embarked on their negotiations.

The ACPs' negotiating position was, from the outset, a reflection of the awkwardness of their position. One central plank was that, in matters of trade, no international agreements should whittle away the *acquis* of Lomé. Another was that processing, marketing, distribution and transport of ACP commodities should be 50% ACP by the year 2000. A third was concerned that debt and structural adjustment should be considered over and above the normal levels of technical and financial cooperation. On the Community side, there was a degree of satisfaction; with the main thrust of Lomé III; with the adequacy of Community response to structural adjustment; and with the liberality of the existing trade regime. Bigger, better and faster were the watchwords on the European side. On trade, the Community felt that ACP exports were not hampered by quantitative restrictions but by qualitative uncompetitiveness. The Single Market of 1992 was an opportunity, not a threat. The negotiations (fully covered in The Courier's “Yellow Pages” from no. 109 to no. 119) were difficult. As expected, each side was obliged to make compromises and concessions in order to reach an agreement, since failure was out of the question (“we are foreordained to succeed” predicted Vice-President Natali at the opening of the negotiations). Was the final agreement, reached in early December 1989 a “good” one? Obviously, it all depends on its implementation but there is no doubt that the negotiators have done all they could to make it so. The result is thus neither an end nor a new beginning but the encapsulation by both parties of the most realistic standpoint.

After the traditional official celebrations, which took place on 15 December, the real proof of each party's attachment to the Lomé IV Convention could well be measured by the speed with which each signatory proceeds with ratification of the new agreement. ◊

Tom GLASER



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*Inside back cover: From bottom to top: President Eyadéma, host at the ceremonies (photo Uphodif, K. Hounnaké - Lomé, Togo); the documents being signed (photo The Courier); a view of the parade (photo Uphodif, K. Hounnaké - Lomé, Togo); the Serafina troupe (photo Uphodif, K. Hounnaké - Lomé, Togo)*

*Back cover: A view of the parade (photo Uphodif, K. Hounnaké - Lomé, Togo)*