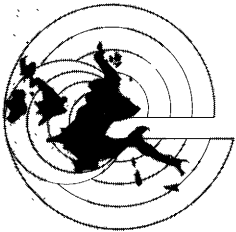


# **The European Community's Relations with Africa**



**European Community**  
Information Service



The European Community's  
Relations with Africa  
Since Lomé

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June 1977

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The European Community's  
Relations with Africa since Lomé

The Lomé Convention was signed on February 28, 1975, after 18 months of negotiation. Its initial membership encompassed 46 independent states of Africa, the Caribbean and the Pacific (ACP) and the nine member countries of the European Community. Following ratification by all signatory partners, the Convention entered into force on April 1, 1976. It expires in March 1980. The Convention's novelty is in its numerous facets and the fact that it has at its disposal a series of instruments to be used in a coordinated, flexible and adaptable manner, according to the individual circumstances and needs of the countries and regions concerned.

Trade Component

The trade component of the Convention rests essentially on the provision of free access to the Community's markets for almost all ACP products. Three aspects merit special attention: 1) the special protocol for sugar which replaces both the former Commonwealth Sugar Agreement and the previous arrangements governing the sugar exports to the Community of the French overseas departments and territories; 2) the special measures (not laid down in the Convention, but adopted subsequently) concerning the beef exports of four ACP countries, particularly Botswana; 3) the Export Earnings Stabilization Scheme (STABEX). The trade provisions became operative straight-away in 1975, prior to ratification. Similarly, the first STABEX payments made in 1976, covered shortfalls that had occurred in 1975.

Since ratification (although the necessary programming and groundwork was pushed ahead earlier), the various instruments and procedures governing the use, commitment and disbursement of the financial provisions of the Convention have been put into place.

It should be recalled that for the five-year period of the Convention's duration 3,000 million units of account (US \$ - 3,397 million)\* of financial and technical assistance are provided for from the fourth European Development Fund (EDF) and 390 million u.a. (US \$ - 442 million) from the European Investment Bank.

#### Lomé - the Guidelines

In the preamble to the Lomé Convention its signatories declare that they are "resolved to establish a new model for relations between developed and developing states, compatible with the aspirations of the international community towards a more just and balanced economic order." Compared with the Yaoundé Conventions, the Lomé Convention contains significant innovations. It embraces a wider spectrum of nations and geographic area and problems, with commensurately increased financial provision in terms of the greater number of participants, both European and ACP.

The ACP states are themselves exclusively responsible for determining the objectives and priorities upon which the indicative programmes of Community aid are drawn up by mutual agreement. Innovation of content is further represented by the STABEX system for export earnings receipts, the granting of special advantages to the poorest ACP states, microproject programmes, regional cooperation, industrial cooperation and new and original forms of financial aid (risk capital) entrusted to the European Investment Bank specifically for the financing of industrialization projects.

The economic and social development of the beneficiary states is the basic objective of this pattern of North-South cooperation. But this pattern of cooperation, with all the innovations introduced into it with the Lomé Convention on top of 15 years solid experience with the Conventions of Yaoundé, seeks explicitly "the greater well-being of the population". It is a matter of people - not just states.

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\* all US \$ - equivalents are at the May 1977 rate.

### Lomé - a Mid-term Review

With more than two years having elapsed since its signature, the time is apt for a first review and appraisal of the functioning of the Lomé Convention.

### Trading Provisions

The trading provisions of the Convention have functioned to general satisfaction, even though these first two years of experience have coincided with generalized world recession.

The sugar arrangements, despite the inevitable and foreseeable difficult annual discussions on price (no more and no less sensitive than past discussions within the Commonwealth Sugar Agreement and present ones within the Community's own domestic farm price review), have proven their viability.

If for sugar it was the test of carrying out a contractual obligation, for beef there is a different story. Lomé contained no special provisions for beef. When the Community imposed its ban on beef imports, four ACP states, above all Botswana, were badly hit. Botswana lives or dies by beef - and is a politically exposed country. The Community showed ability to mount the necessary flexibility and thus to act in the spirit of the Convention by re-opening its market to Botswana beef with a sufficient quota to cover the trade-flow and repaying 90% of levy receipts on that beef.

The STABEX provisions, despite formidable technical problems of setting up and managing such an innovation, have gone into operation according to schedule. For the duration of the Convention 375 million u.a. (US \$ - 425 million), divided into five annual instalments of 75 million u.a., are earmarked for STABEX. Twelve commodities (groundnuts, cocoa, coffee, cotton, coconut, palm and palm nut and kernel, raw hides, skins and leather, wood products, bananas, tea, raw sisal and iron ore), their products and certain of their by-products are covered. The scheme works through thresholds for countries' dependence on these products (and consequent eligibility for STABEX treatment), and for the degree of

price fluctuation triggering off transfers.

Transfers in general consist of interest-loans, but are paid as grants to the 24 poorest countries. The first year of operation for which there are full figures saw 72.8 million u.a. out of the 75 million u.a. annual allocation disbursed. It is too early to predict accurately the disbursement level for the current year. Undisbursed balances may, however, be carried forward. Moreover, as the very latest batch of STABEX decisions this month showed, payments are now being made with greater frequency and with more recourse to interim payments, thus reducing the delay between identification of a shortfall and the STABEX payment.

Under the heading of financial aid to meet cyclical and special problems the Convention provides for exceptional aid to deal with difficult situations stemming from natural disasters or conflicts. In 1976, 47.7 million u.a. (US \$ - 54 million) went in exceptional aid to enable recipient countries to deal with difficult situations resulting from natural disasters (Niger, Somalia, Mauritius, Madagascar) or from conflicts (Zaire, Zambia, Malawi, Botswana, Rwanda, Lesotho). Under the first heading it helped, for example, to supply seed, construct housing, repair damage caused by cyclones; under the second it helped purchase fuel and spare parts, lorries and rolling stock, and finance track maintenance.

In the same vein - provision for the unpredictable - come actions under the Community's food aid programme which in 1976 benefitted 23 of the ACP countries to the extent of 42.5 million u.a. (US \$ - 48 million). Food aid is of course not limited to the ACP - nor are certain Community provisions for disaster relief. Thus in 1976 the Community was able to help Mozambique under the headings of both disaster relief and emergency food aid. More than a political gesture, given the real needs of that country - but an action of political importance in that the Community was fully conscious of the need to match its exceptional aid towards its ACP partners in Southern Africa with help for their neighbour



Mozambique. These rapidly mobilizable aids - exceptional aid, food aid, disaster relief are important elements in the overall armoury of instruments by which the Community can at relatively short notice mount the right sort of help to areas faced with sudden, natural or conflictual problems.

#### Financial and Technical Cooperation

The centrepiece of the Lomé Convention is, however, undeniably its provisions for financial and technical cooperation. This - given the wider geographical scope of the Convention, compared with Yaoundé, and the innovations in content - has been a difficult operation to mount. An initial, and new operation - itself designed to foster better mobilization of the instruments available and ensure mutual coherence in their functioning - was the setting up of indicative cooperation and aid programmes in coordination with each ACP recipient. To this end a very tight schedule of programming missions had to be pushed through in the early stages of the new Convention.

Parallel to this operation was that of selecting and establishing Community "delegates" - the men or women on the spot - in the ACP countries where none existed, i.e. the majority. Both of these were heavy administrative tasks and they had to be put through efficiently but quickly; by the autumn of 1976 they were largely complete. The mutually interdependent systems of programming and the "delegates" are vital elements in ensuring coherence in use of the various Lomé Convention instruments and as such were a precondition to the full mobilization of financial and technical cooperation proper.

Financial and technical cooperation includes the sort of projects familiar to all practitioners in the development field. The contents range from provision of infrastructures both physical and social, to agricultural and crop development to industrial projects, manpower training etc.

During 1976 under the fourth EDF the Community committed for financial and technical assistance purposes (i.e. over and above STABEX, exceptional and food aid) 320 million u.a. (US \$ - 362 million), including 61.7 million u.a. from the European Investment Bank. Small, it might seem in terms of the overall five-year European Development Fund allocation. But not bad at all when one realizes that the effective period covered was only nine months and this during the running-in period of the Convention and of the fourth EDF.

The Lomé Convention has brought several important innovations into the Community's pattern and content of financial and technical assistance. Regional projects and cooperation are getting greater stress in the first place. Political and economic realities dictate that programming and project assistance must revolve essentially around the individual states. The Community cannot coerce sovereign ACP states into unwanted regional cooperation. But it can do much to entice and encourage them.

Ten per cent, 300 million u.a. of the fourth EDF, is specifically earmarked for regional projects involving several ACP countries together at a time. Various operations are already underway. For instance, the CIMAO clinker works set up jointly for the Ivory Coast, Togo and Ghana with 18 million u.a. from the EDF; the Senegal River Valley Development Scheme (Oeuvre de Mise en Valeur de la Vallée du Fleuve Sénégal) towards which the Community has put up an initial 15 million u.a.; the East and Central African Transport System, covering Zaire, Zambia, Rwanda and Burundi with the aim of diversifying and improving access facilities for these landlocked countries to the Indian Ocean. Here the Community has been both an instigator of cooperation and has put up 31 million u.a. towards it. These are but some of the more noteworthy regional projects that the Community is abetting. Moreover Namibia and Mozambique, though not ACP members, will benefit indirectly from some of the regional measures envisaged.

### Trade Promotion

Trade promotion is getting greater attention under the Lomé Convention; there is also a change in the qualitative approach to it. Part of the 1.9 million u.a. spent on trade promotion in 1976 financed ACP participation in trade fairs. But now we are looking towards more production orientated, specific and concrete operations. More stress is laid on specific introduction of prospective trading partners and - not the least important - ensuring that once a market opportunity arises production can match up to the demand created.

### Industrial Cooperation

Strengthened industrial cooperation is of marked interest to those numerous ACP whose development has brought them within closer reach of industry as their economic backbone. Industrial cooperation will loom ever larger in the Lomé Convention system as it evolves. In recent months the Community has set up the Centre for Industrial Development (CID). This organ will encourage and help European firms to participate in specific industrial projects in ACP countries by helping to foster the necessary technical and financial contacts and on follow-up.

Like its predecessors the fourth EDF does not work in isolation. Over the years habits of close financial and technical cooperation have evolved on a bilateral basis with both member state and third country aid agencies, as well as with the multilateral donors such as IBRD, IDA, UNDP etc.

In major projects in the ACP countries, as well as in many lesser ones, EDF financial and technical collaboration with bilateral and multilateral donors is a rule. Such cooperation is proceeding equally well with the more recent entrants to the donor ranks from the Arab countries. Indeed, in 1976 the interest of Arab governments and institutions in coordinating their aid operations with those of the Community in the ACP countries became very marked. The ACP countries themselves encouraged this trend - the Community reciprocated. Among projects of particular cooperation between the Community and the Arab agencies in 1976 were

some sizeable ones, such as the Congo-Ocean Railway, the port of Douala, Dam in Cameroon, the Mukungwa power station in Rwanda.

An institutional mechanism has been set up (including Council of Ministers and Committee of Ambassadors, Secretariat, Consultative Assembly, good-office procedures and other technical arrangements for project examination) that allows problems to be promptly and freely put on the table and debated, and an ongoing monitoring of the health of the Convention.

The above outlines the basic ingredients of a far-ranging and complex system of international cooperation. A salient feature is the flexibility of that system and the way in which its different instruments can be marshalled. These features have proved sufficiently attractive so that since the Convention was signed other states have adhered within a short time of their achieving independence, namely Surinam, the Seychelles, the Comores, Sao Tomé and Príncipe, Cape Verde, and Papua-New Guinea. The Convention remains open to requests for accession by those other countries in Africa that have received their independence or are in prospect of doing so and whose economic structure and production are comparable with those of the ACP states. In the meantime the Community will actively find ways of cooperating with such countries.

A major and related development has taken place during the last few years, almost a parallel with the Lomé Convention: the broadening and deepening of the European Community's relationships with the countries of the southern and eastern Mediterranean. Formerly the Community had a series of trade agreements, built up piecemeal and over time, first with the Maghreb countries and subsequently with the Lebanon, Egypt and Israel.

Now the Community has developed an overall concept of cooperation with these countries, (Egypt, Lebanon, Syria and Jordan), as well as the Maghreb, and Israel. The broadening is not only geographical. The trade provisions contained in the earlier agreements are more far reaching throughout all the new agreements. And now for the first time

there are provisions for Community financial and technical assistance to help these countries develop their agricultural and industrial potential, and for industrial cooperation. The basic framework has now been created for more thorough and systematic economic cooperation between the Community and these Mediterranean countries than existed before.

Nor has the Lomé Convention system of North-South cooperation emerged in conflict with the wider aspirations of the developing countries as a whole or the global North-South dialogue in its various forms. It is a telling fact that in no recorded instance during the intensified phase of institutionalized global North-South dialogue that has sprung up during the 1970s - neither in the CIEC, in UNCTAD or elsewhere - has the Lomé Convention been a bone of contention or an irritant to those countries not a party to it. Community negotiators in international fora are unanimous on this point.

On the contrary, the Lomé Convention by its existence, by the fact that it embodies a sustained, predictable and systematic aid effort from one of the main components of the rich world, Europe, to a continent, Africa, containing 24 of the world's poorest countries, may well have helped, like a lightning conductor, to reduce some of the tension in the North-South dialogue.

If constant attempts to make the Lomé system work better are one process of education, there is another, equally vital. Innovation in North-South relations is a domestic necessity for the Community. The EC has its own serious problem of industrial change, caused not least by the increasing competitiveness of the developing countries in areas providing much of its present-day employment. Precisely those products - notably textiles - which today prime the pump of developing countries' aspirations to industrialization, were yesterday the stuff of Europe's own industrial revolutions. The EC seeks the means which will secure development opportunity for the third world, while carrying forward its own industrial renewal.

It must demonstrate that these aims are compatible and of mutual interest to rich and poor alike. For this reason in the Lomé Convention the EC is devoting particular attention to associating the social forces of the Community and of the ACP countries in its development programme. The EC is devoting much care to involving the non-governmental organizations in its work to the extent that it now offers them, as proof of its intentions, some financial and other assistance in the projects that they undertake in the developing countries.

This concern to involve social and economic forces spurs the EC to attempt to intensify the dialogue with Community labour unions, while fostering an increased dialogue between them and their ACP counterparts. More than ever there is an awareness that development must involve the comprehension of the general public. A problem of permanent education looms ever larger on the horizon in the Lomé Convention and is becoming as vital as the very aid effort itself.

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A printed brochure "The European Community and the developing countries" (European Documentation 1977/1) is available on request.



