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EUROPEAN COMMUNITY REACHES TENTATIVE AGREEMENT
WITH DEVELOPING NATIONS ON TRADE AND AID

After one year of intensive negotiations the European Community and 57 African, Caribbean and Pacific nations under the Lome Convention have completed their talks which will lead to the Convention's renewal. It is hoped this will take effect on March 1, 1980 and operate for five years thereafter.

The five year accord, which will probably become known as Lome II, is a sequel to the first Lome Convention which was signed in 1975. Like its forerunner, the present agreement provides a unique arrangement for relations between industrialized and developing nations.

Mr. Claude Cheysson, EC Commissioner responsible for aid and development policy commented on the provisional agreement -- which has yet to be endorsed by the ACP nations -- saying: "Europe has offered these 57 countries a global agreement permitting them further financial growth and the utilization of their economic potential."

He added: "These countries wanted the new accord to mark a major step forward just as did the Lome agreement five years ago. The understanding we have reached after almost one year of negotiation does just that."

The Commissioner said he regarded the accord as a 'unique' contribution towards helping the Third World by a group of industrialized nations.

The Community will give some \$7.46 billion in financial aid to ACP members over a five year period. Stressing the importance of Lome II, Mr. Cheysson said that at a time when OPEC members had increased their aid to \$800 million, EC countries had made a special effort to augment their aid by 72 per cent. "If one counts other aids granted to ACP countries outside of the Lome convention, such as food aid, the overall commitment for the Community will be between \$9 and 10 billion over five years." The provision for financial assistance covers 550 million ECU* for the STABEX scheme which seeks to stabilize export earnings on certain agricultural products from developing countries and 280 million ECU for a similar scheme to cover the exporting of minerals.

It is understood that some of the ACP nations may be reluctant to accept the package as it stands. For this reason, at the conclusion of negotiations, the agreement was on an ad referendum basis which is to be confirmed later by a council of the ACP grouping. As yet no date for this meeting has been set.

It should be pointed out that this procedure was also adopted at the conclusion of the first Lome agreement.

Asked about the omission of any reference to human rights in the agreement's preamble, Mr. Cheysson said discussions with the ACP countries on this point were not yet complete. "It was possible that the Community would make a unilateral declaration on this subject."

The main elements of the new Lome agreement are as follows:

FINANCIAL AID

European Development Fund	million ECU
Grants	3,712
STABEX - Agriculture	550
STABEX - Mineral	280
European Investment Bank	
Loans	685
Mining and Energy Projects	200
Miscellaneous from EC Budget	180
Total	5,607.= \$7.457.

* A European Currency Unit (ECU) is equal to \$1.32 on June 13, 1979

TRADE ARRANGEMENTS

- maintenance of free access to Community market for essential ACP exports
- new concessions for certain products relevant to ACP (tomatoes, onions, asparagus, corn and certain fruit juices)
- consolidation and improvement of preferential treatment for beef
- inclusion of protocol concerning rum
- strengthening of trade promotion

STABEX 'AGRICULTURAL'

- extension of list of products covered from 34 to 44 products
- the degree of dependence (percentage of export earnings on one product in relation to total exports of that product to all destinations) and fluctuations (decline of earnings in relation to specified reference years are reduced from 7.5% to 6.5% (from 2.5% to 2% for the lesser developed states).
- for the more advanced countries, repayment of Community support can be spread over 7 years.

STABEX 'MINERAL'

It will apply to copper (and cobalt) phosphates, bauxite and aluminium, manganese, tin and iron ore. 280 MIO ECU for financing (under special loans) projects designed to maintain the mining capacity of producing states when there is a fall of export earnings or other disruptions. These loans are provided if the product represents an average of 15 per cent (10 per cent for the least developed nations) of export receipts of the 4 preceding years.

This section is completed by measures to promote development of energy and mining in the ACP countries. The European Investment Bank EIB may be able to conclude specific agreements for protection of investments.

THE REINFORCEMENT OF INDUSTRIAL COOPERATION

Particularly in areas of common interest such as energy development. Here again the EIB can play an active part.

AGRICULTURAL COOPERATION

Could benefit from services of a technical center of rural cooperation to ensure a better diffusion of expertise and technology.

FINANCIAL AND TECHNICAL COOPERATION

The accrued importance to all regional cooperation 15 per cent of the European Development Fund are reserved (200 million ECU) has been set aside for emergency aid.

SCHEDULE OF EVENTS -- JULY, 1979

(All events are located in Brussels unless otherwise noted)

July 12 - 13	High level consultations EC/US (Brussels)
July 16	Economic and Financial Affairs Council
July 16 - 20	European Parliament (Strasbourg)
July 23	Council on the Budget
July 23 - 24	Council on Agriculture
July 23 - 24	Foreign Affairs Council