

# INFORMATION

DEVELOPMENT AND COOPERATION

THE LOME CONVENTION -- ACP-EEC

99/75 F

After long and difficult negotiation, an agreement has been reached which has been called historic and a model document. The parties are the European Community of the first part, and 46 countries in Africa, the Caribbean and the Pacific (1) (the ACP States) of the second. The agreement was signed at Lomé on February 28.

The system for stabilising export receipts (STABEX), the most significant novelty in this agreement, was described and analysed in note No. 94/75. It provides insurance against the impact of bad years (i.e. bad weather conditions or a fall in world prices) for 12 basic products.

The present note contains studies of :

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The provisions for financial and technical cooperation are described in a separate note in the same way as STABEX.

(1) The 46 African, Caribbean and Pacific countries are :

- the 19 African countries and Madagascar which were signatories to the Yaoundé Convention ;
- 21 Commonwealth States, of which :
  - . in Africa : Kenya, Uganda and Tanzania (signatories of the Arusha Convention) Botswana, the Gambia, Ghana, Lesotho, Malawi, Nigeria, Sierra Leone, Swaziland and Zambia ;
  - . in the Caribbean : Barbados, Guyana, Jamaica, Bahamas, Grenada, Trinidad and Tobago ;
  - . in the Pacific : Fiji, Western Samoa, Tonga .
- 6 other African States : Ethiopia, Guinea, Equatorial Guinea, Guinea Bissau, Liberia and Sudan.

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TRADE COOPERATION

Trade is an essential component of the cooperation between the Community and ACP countries. In the relations between Europe and Africa trade development has always been regarded as a powerful instrument of economic progress.

For this reason Title I of the Lomé Convention is devoted to trade cooperation and is undoubtedly the section which raised the toughest problems for the negotiators. The questions at stake were of major importance to the ACP countries, which have a total population of 268 million. The European Community (250 million) is their principal trading partner, absorbing 68.9 % of their 1974 exports and providing 57.7 % of their imports.

ACP Trade with the EEC (cif)

ACP EXPORTS (million dollars)

DESTINATION	1971	%	1972	%	1973	%	1974 (1)	%
World	8,308	100	10,224	100	13,085	100	18,973	100
EEC	4,127	49.7	4,846	47.4	8,113	62.0	13,078	68.9
USA	1,229	14.8	1,054	10.3	1,440	11.0	- - -	
Japan	417	5.0	1,571	15.4	2,293	17.5	- - -	
Others incl. trade between ACP	2,535	30.5	2,753	26.9	1,239	9.5	- - -	

ACP IMPORTS (million dollars)

ORIGIN	1971	%	1972	%	1973	%	1974 (1)	%
World	9,705	100	10,721	100	11,772	100	15,304	100
EEC	4,263	43.9	4,689	43.7	7,063	60.0	8,829	57.7
USA	1,074	11.0	1,612	15.0	2,404	20.4	- - -	
Japan	578	6.0	594	5.5	964	8.2	- - -	
Others, incl. trade between ACP	3,790	39.9	3,826	35.8	1,105	11.4	- - -	

Source : SOEC

UN Commodity trade statistics

(1) Estimate

...(not yet available)

It was no easy matter to organise a single system of legal rules to govern trade relations between a Community of nine industrial countries and 46 separate developing countries. The different partners had a great diversity of situation, tradition and desire. This applied both on the Community side and among the ACP, and had all the look of an insurmountable obstacle. In the end, however, the negotiators got the better of their difficulties, established a fair and definite basis for their future trade relations and giving it the flexibility it needed to guarantee that there should be no ambiguity in applying the provisions of the Convention.

1. Non reciprocity of trade obligations

The non reciprocity principle is a major innovation. Its justification lies in the differences in levels of development; and it means that the ACP countries are not required to treat imports from the Community in the same way as goods passing in the other direction. The Community gave up the claim for preferential treatment of its goods, which had had its place in earlier conventions

EEC TRADE WITH THE ACP(f.o.b.).

EEC IMPORTS (million \$ )				
ORIGIN	1971	1972	1973	1974
World (outside EEC)	64,220	72,946	103,602	150,626
ACP	4,531	5,300	7,331	9,796
Growth index : (1971 = 100)				
World	100	114	161	235
ACP	100	117	162	216
EEC EXPORTS (million \$)				
DESTINATION	1971	1972	1973	1974
World (outside EEC)	63,040	73,973	100,783(1)	131,520(1)
ACP	4,024	4,458	5,484	6,869
Growth index : (1971 = 100)				
World	100	117	160	209
ACP	100	111	136	171

(1) Provisional

Source: SOEC

UN Commodity trade statistics

On the other hand, the ACP States have undertaken not to discriminate against the Community in their trading arrangements and to give its members treatment no less favourable than that accorded to the most favoured nation. The implication is that apart from these very minor restrictions, the ACP countries will have full liberty to determine their trade policy, both with the Community and with other countries, provided there is no discrimination. Provision is made for only one exception to the non-discrimination rule. This is in the trade between the ACP countries themselves or between any of them and other developing countries. The Community has thus agreed that the ACP countries shall not be required to implement the most favoured nation clause in respect of their trade with one another, or with other developing countries. If, for example, one of the countries in the Caribbean should make an agreement with a developing country in Latin-America, it will be quite free to make trade concessions to it which it does not grant to the Community.

2. Free access to the Community market for 99.6 % of ACP exports.

Practically all goods coming from the ACP countries -- 99.6 % of them in the 1973 figures -- will have access to the Community market free of all customs duty or taxes of equivalent effect, and without quantitative restrictions, quotas or equivalent measures.

This amounts to "Community treatment". The Community is guaranteeing to the ACP countries that they will be treated in the same way as the member countries treat one another; and this is the most favourable treatment possible.

PRINCIPAL IMPORTS TO EEC FROM THE ACP

	1972		1973	
	million \$	%	million \$	%
<b>A. <u>AGRICULTURE AND FORESTRY</u></b>				
Tropical timber (non-conifer)	407	7.7	729	10.1
Green coffee	344	6.5	462	6.3
Cocoa beans	273	5.2	373	5.0
Raw sugar	213	4.3	219	3.0
Groundnut oil	112	2.1	157	2.1
Fresh bananas	72	1.4	73	1.0
Peanuts, shelled	68	1.3	129	1.8
Cattle cake	91	1.7	142	1.9
Raw cotton	124	2.3	151	2.0
Tobacco leaf	40	0.8	60	0.8
Tea	68	1.3	64	0.9
Beef and veal, fresh	21	0.4	41	0.6
Palm nuts and kernels	35	0.7	42	0.6
Palm oil	35	0.7	35	0.5
Natural rubber, raw	30	0.6	55	0.8
Fresh pineapple	15	0.3	18	0.2
Preserved pineapple	19	0.4	24	0.3
Pineapple juice	2	-	3	-
Sisal	22	0.4	36	0.5
<b>B. <u>MINERAL AND ENERGY</u></b>				
Crude oil	1,270	24.0	1,125	15.4
Copper	679	12.8	1,065	14.5
Iron ores	290	5.5	329	4.5
Calcium phosphates	44	0.8	59	0.8
Unwrought aluminium	31	0.5	30	0.4
<b>C. <u>INDUSTRIAL PRODUCTS</u></b>				
Aluminium oxide and hydroxide	44	0.8	32	0.4
Vegetable alkaloids	5	-	7	-
D. ALL OTHER GOODS (about 40)	946	17.5	1,871	25.6
<b>TOTAL</b>	<b>5,300</b>	<b>100</b>	<b>7,331</b>	<b>100</b>

The level of preference in the duties enjoyed by these goods, by comparison with supplies from outside countries, has naturally been affected over the years by the consistent Community policy of working towards the liberation of trade, taking account of all developing countries. For most of the goods exported from ACP countries, this preference is nevertheless appreciable, and they thus have a guarantee to assist their planning for the future, and more particularly their industrial future.

DUTIES OF COMMON CUSTOMS TARIFF APPLIED TO NON-ASSOCIATED COUNTRIES

Coffee	7 %
Cocoa	4 %
Fresh pineapple	9 %
Cloves	15 %
Coconut, dehydrated	4 %
Nutmeg	15 %
Pepper	17 %
Vanilla	11.5 %
Palm oil	4 %

Thus the countries which produce coffee -- which in practice accounts for between 20 and 85 % of their total exports -- have a 7 % preference in the Community market over competitors from abroad. Countries which are developing their export markets, as the Ivory Coast is developing its trade in textiles, will now be able to export them to the Community without taxes or customs duties.

Impact of the common agriculture policy

There is one exception to the rule of free and unlimited access. This relates to various agricultural products, directly or indirectly concerned with the common agriculture policy. In every case, however, these products enjoy preferential access by comparison with non-associated suppliers.

The following table makes possible an exact assessment of the concessions made by the Community in this field.

EEC IMPORTS FROM ACP COUNTRIES (th.\$)

	1971	%	1972	%	1973	%	1974	%
TOTAL	4,530,604	100	5,299,813	100	7,330,501	100	9,796,171	100
of which Agriculture policy goods	656,105	14.5	720,854	13.6	913,685	12.5	...	
of which								
1) Products wholly duty free	476,327	72.6	484,947	67.3	662,824	72.5	...	
2) Special ar- rangement for sugar	157,096	23.9	212,814	29.5	219,214	24.0	...	
3) Products not wholly exempt Including : Beef and veal oranges, man- darins, pro- cessed pro- ducts - rice maize - pro- ducts covered by reg.1059 (2nd proces- sing)	22,682	3.5	23,093	3.2	31,647	3.5		

... figures not yet available

Source : SOEC

UN Commodity trade statistics

The 1973 figures in the above table show that

- 12,5% of total exports from the ACP countries are goods covered by the common agriculture policy ;
- 96,5% of these goods (including sugar) enter the Community duty free ;
- 3,5% of these goods (i.e. 0.4 % of the total exports) are the only exceptions to duty-free access and even these have the benefit of more favourable treatment than is granted to outside countries.

The preference granted for those agricultural products enjoying total customs franchise may be as much as 24 %. A few examples will serve to illustrate the advantages made available.

CUSTOMS DUTIES CHARGED ON GOODS FROM OUTSIDE COUNTRIES

Fresh fish	15 %	Aubergine	11 %
Shellfish	12 %	Melon	12 %
<u>Preserved fish :</u>		<u>Canned fruit products :</u>	
Tunney	24 %	Juice	20 %
Shellfish	20 %	Pineapple	22 %
Shrimps and prawns	20 %	Grapefruit	22 %
Groundnut oil	10 %		
Green beans	31 -17 %	Tobacco	23- 24 %
Pimentos	9 %		

The EEC concessions are of major importance for countries which are big exporters of agricultural produce. Malawi, for example, relies on tobacco exports for 40 % of its receipts. Groundnut oil represents 21 % of Senegal exports. Kenya will now be able to export its canned pineapple duty-free into the Community, and also its meat preserves (for which outside countries are charged 20 % duty).

These figures show the exceptionally favourable effect of the Community's agricultural offer. It is certainly the most extensive offer ever made to non-member countries, and it has been made despite the internal pressures in respect of a number of agricultural goods.

Sugar

(See information note No. 94/75)

Rules of origin

The purpose of the rules of origin is to enable Community customs officers to identify exactly which products rank as originating in the ACP countries and entitled to free access. There is of course no problem for soil or sub-soil products or for articles wholly manufactured in an ACP country. The complications begin when the making of the goods has involved the incorporation of articles imported from outside countries. At this point the problem becomes highly technical, and it gave rise to extremely laborious negotiations. The ACP countries considered the Community rules unduly rigid, and as amounting to an obstacle to their exports and their industrial development. The fundamental principle, in its most simplified form, is that an article is considered



as "originating goods" when it changes from one customs heading to another. Thus, a cotton fabric imported changed from one customs heading to another and thus "originated" from the country where the change took place; but the printing of an imported fabric does not involve a change of heading. To the principle thus simply stated, however, there are a number of exceptions :

- successive processings are required to be carried out to give the product "originating" status.
- textile fabrics from an ACP country have free access to the Community market, provided the imported constituent is raw cotton. This cotton will have been used initially to make the yarn (first processing) and then the piecegoods (second processing).
- the value of the imported constituent must not exceed 50 % of the value of the finished goods. The ACP countries asked that the figure should be 25 %.

In actual fact the Community would prefer the various rules it applies to correspond as closely as possible with one another. The ACP countries accepted the exception lists; and the Community made two major concessions :

- it regards the ACP countries as constituting only a single customs territory, which facilitates the most convenient arrangements for successive processings. Thus, the textile fabrics used in the above example will still have originating status if the cotton is spun in one ACP country and the yarn woven into cloth in another ACP country. This may help towards the promotion of regional integration.
- the Community has also stated its willingness to examine requests for temporary derogations of these rules based on industrial development requirements in the ACP countries.

### 3. Other trade policy problems

Besides the rules for access to markets, the negotiators were also anxious to allow for possible changes in trade policy in individual member countries. For this purpose they set up mutual information and consultation procedures, so that the countries concerned can discuss any matters which may affect their trade co-operation. The contracting parties thus have at their disposal an established

system for airing the worries of each individual partner, ensuring exchanges of views and discussions carried as far into the matter as may appear necessary. This applies not only to tariff and non-tariff measures, but more generally to the safeguard of interests the members may have in common in the international field.

The same concept of a concerted approach is to be found in the arrangements for the application of safeguard measures. They provide that the Community shall be responsible for seeking the solutions which shall, by their nature and duration, result in the least possible disturbance in the normal flow of trade. The recent case of beef and veal shows how well the Community expects to honour its commitments. The story begins with the application of the Common Market's own safeguard clause and, as a result, the prohibition of all imports of beef and veal.

The normal system provided under the Lomé Convention was that beef and veal from the ACP countries should be exempt from customs duty but subject to such levies as are in fact applied to beef and veal imported from outside countries. There was, however, a joint declaration that in the event of the exports to the Community showing a decline, mutual consultations should be organised to examine the measures which could be taken to remedy this. It was also agreed that if and when the safeguard clause was brought into operation, such measures as might be necessary would be taken "to facilitate the maintenance of a certain volume of exports from the ACP to the Community to be determined by reference to the annual quantities normally so exported".

Under these provisions the Community, despite the application of the safeguard clause, was under an obligation to authorise an import quota of 23,000 tons to be imported during 1975 from the four exporting countries (Botswana, Madagascar, Swaziland and Kenya). The amount of the quota corresponds with the best previous export years.

The Community, however, went further. The ACP producers considered the levies unduly high; and because of the very low prices ruling in the world market they had in fact risen substantially. According to the ACP producers they ranged up

to 40 % of the gross export receipts. Acting in the spirit of the Lomé Convention, the Community took into consideration the importance of beef and veal exports to the economies of the producing countries. Botswana, for example, relies on this trade for 80 % of its exports receipts. In the light of this, the Community waived almost the whole (90 %) of the import levy, provided the producing countries imposed an export tax of equivalent amount.

If current market conditions continue, this reduction amounts to between 18 and 20 million units of account. This is a revenue the Community will not be collecting, so that it will be an additional income to the four ACP exporting countries.

#### 4. Trade promotion

However liberal and non-restrictive a trading system may be, the growth of the trade is always apt to be limited by other factors, such as traditional trade practice and consumer preferences. Because of this the access to the Community market given to the ACP countries is backed up by provision for trade promotion campaigns.

There is provision for a whole range of activities designed to help the ACP countries to consolidate their footings in external markets and extend them by a more aggressive export policy. All or part of the resulting cost may be borne by the Community.

For this purpose the negotiators recapitulated the description given in the second Yaoundé Convention. This comprised the training of trade experts; ACP participation in international trade fairs and exhibitions; market studies and enquiries; compilation of trade information and its dissemination in the Community and ACP countries. They envisaged the setting up of liaison machinery, thus putting the emphasis on cooperation between Community importers and ACP exporters; and it is indeed clear that steps need to be taken to secure more continuous and closer contacts and a better understanding between those engaged in this field. Experiments in this type of concerted approach have been undertaken during the last few years; and though their scope is still somewhat limited, the results have been positive enough to indicate that their extension would be desirable.

This brief survey of trade cooperation makes it clear that each and all of the ACP countries will now be able to work outside the traditional framework, with a market of 250 million consumers at its disposal and the opportunity for placing the goods it offers on much better terms than its competitors. It will be up to these countries to make the best use of their opportunities.

The trade clauses in the Convention, combined with industrial cooperation and the stabilisation system for export receipts (see note 94/75) are the instruments which will enable the ACP countries to ensure their own growth from their own beginnings. With a European Development Fund increased to UA.3,000 million, the ACP countries will have all the tools in their hand for making progress through their own physical and intellectual forces. It will be for them to make the most of the chance, and the Community is determined to help them do so.

#### INDUSTRIAL COOPERATION

One of the outstanding novelties in the Lomé Convention is the importance it attaches to industrial cooperation. This is now an entirely distinct aspect of the general cooperation, and it is given a special heading in the Convention in which it ranks as Title III.

The place industrial cooperation will now be taking among the other cooperation headings, reflects in the EEC-ACP arrangements the changes now taking place on the international scale, giving the developing countries a greater share in industrial production and in the international trade in processed goods. This is one of the fundamentals of the "new model for relations between developed and developing States" which the High Contracting Parties declared in the preamble they were resolved to establish.

Industrialisation is a matter of concern to all the ACP countries, though in different forms and with different degrees of intensity. Some of them look for Community support in this field as a matter of first priority. These are, for the most part, the countries which, in virtue of the raised prices for various basic materials, will in future have appreciable financial resources

of their own, so that financial cooperation on the lines which have hitherto been usual, will be of less interest to them than in the past.

Early in the negotiation it became clear that the Community's partners thought it important industrial cooperation should be treated as an essential factor in the new agreement. The Community attitude was open to this request from the start, but it was not until the ministerial Conference at Kingston, Jamaica (July 1974) that the matter was settled. The ACP Ministers put in a "memorandum on industrial cooperation" which resulted in the Community agreeing for this subject to be assigned a separate chapter in the forthcoming agreement, and that it should embody the principles set out in their memorandum.

The subsequent negotiations were accordingly based on this memorandum which therefore played a key part in the negotiations for the industrial section of the Convention.

The Industrial Cooperation Title is not really on the same footing as the other sections, and this necessarily raised various problems. To begin with, the approach in the other titles is "instrumental" in the sense that they deal with development and cooperation by the use of such instruments as trade, finance, technical assistance, training schemes and others. Industrial cooperation on the other hand is aimed at developing a specific sector of the ACP economies. This industrial cooperation had to make use of instruments defined and described elsewhere in the Convention, especially under the financial and technical Cooperation heading; and unless these provisions were to be written afresh into the industrial cooperation Title, the best course seemed to be to adopt them by inter-section reference and leave room for their adaptation to sector requirements.

The provisions for industrial cooperation, of course, are not limited to a rehash, in terms of the new sector, of instruments and methods described elsewhere, even though this in itself could be a "dynamisation" factor. The sections concerned develop a number of original themes germane to industrial cooperation, such as the comparatively new idea of industrial information and

promotion and the transfer and adaptation of technologies. Title III, too, sets up special bodies for vitalising the industrial cooperation, comprising an industrial cooperation Committee and a centre for industrial development.

Title III begins with an introductory article defining the target, and proceeds to describe the different fields and forms of cooperation in this sector. The provisions cover all the aspects of the question which come naturally to mind -- industrialisation infrastructure (transport, energy, research, training schemes etc), contributions to establishing manufacturing companies and especially the processing of raw materials; industrial training schemes in Europe and in ACP countries; specific measures for access to technologies and adaptation of those technologies; special help for small and medium undertakings; industrial information, promotion and investigation; associated marketing campaigns.

Each of these subjects would justify a full commentary; but it is just as easy to turn to the text of the Convention itself which is quite explicit, more especially when it comes to the new subject matter. The text, of course, tells us nothing about the effort implied in the negotiation, the explanations and compromises which so often became necessary in arriving at the results. There was, for example, a long long road between the initial ACP request for free access to European technology and the drafting of an operational article which would be compatible with the system of industrial property in EEC countries, but nevertheless bring the ACP partners a real measure of support. The latter is handled by simplifying the problems and the choice of technologies, providing for easier contacts and connexions with the owners of technological knowhow, and facilitating the acquisition of patent rights and other industrial property on favourable terms.

The Convention does not lay down any specific financial appropriation for the industrialisation work. Under the financial and technical cooperation heading and the corresponding protocol, however, there is mention of various techniques and methods of financing, some of them newly introduced and specially suitable for intervention in this sector.

Thus, productive investment projects in the industrial sector will be financed as a matter of priority by loans from the European Investment Bank (usually subject to interest rate rebates) and by the provision of risk-bearing capital, including new forms of quasi-capital support financed from the European Development Fund. Another example is connected with specific arrangements for small and medium firms. In future the Community finance for the projects of undertakings in this class will usually be provided through finance organisations in the ACP, for which lines of credit will be opened.

Insofar as Community finance is needed for operations under the industrial cooperation Title, the rules and procedures followed will be those laid down under the financial and technical Cooperation heading. One effect of this is that the funds specifically used for industrial development will depend in the main on the priority assigned to this sector by the different ACP countries themselves.

An outstanding feature in the industrial cooperation Title is the setting up of vitalisation machinery specifically for this sector.

The Convention itself runs ahead of the powers it vests in the Council of Ministers to set up committees and working parties for special subjects. It contains specific provision for an Industrial Cooperation Committee, the task of which will be to supervise the operation of Title III, identify the problems liable to arise, suggest solutions and report to the Committee of Ambassadors. The industrial cooperation Committee may well supply a decisive impulsion.

Among the Committee's tasks will be guidance and supervision for the Industrial Development Centre. This is a newly designed and strictly operational instrument to be run by the ACP and the Community on a joint basis and mainly concerned with industrial information, the setting up of contacts and other industrial promotion tasks. It is through the Centre that it is hoped to interest business men in the EEC in industrial cooperation with the ACP and to bring the interest to the point of action.

The Centre is a unique experiment. The adventure into which the partners are launching may well be fraught with some degree of risk; but if it prospers it will be valuable as an example, if only for the fact that it foreshadows a new model of joint management.

The Convention has set up a framework for industrial cooperation, which opens the road to new and interesting developments. Much will depend upon how the partners in this cooperation succeed in attracting business men and securing their involvement; for in the last resort, it is they who carry out the industrial projects, provide the transfer of technologies and management know-how and underwrite the marketing of the product. It is this which gives a special interest to creating an atmosphere propitious for European business men to play their part in industrial cooperation.

The drafting of a general clause providing the right kind of reception and suitable working conditions for Community business men, ran into a number of obstacles in the course of the negotiation. Some of the ACP countries apparently saw in it an interference with their sovereign right to determine their own development policy. In actual fact the Community had made it clear from the start that it intended to respect all the basic choices of the ACP, and that it was well aware that, in industrial matters even more than in other fields, the task was to help the ACP countries carry out their own wishes and not to coax them into accepting European patterns as such.

This having been firmly established the Community set out to convince those of its partners which might be looking for support from European business men of the importance of creating a suitably congenial atmosphere for them, though of course bearing in mind that they would be operating strictly within the development priorities laid down by the host countries.

The negotiators eventually reached an agreement on an article embodying the original idea in somewhat diluted form. It stipulates that the ACP countries shall take such measures as may be necessary to promote effective cooperation with business men from Community countries who are prepared to respect the



development plans and priorities of the host country. In actual practice it is obviously much less important that the host countries should provide initial advantages and inducements however substantial these may be. What really matters is the surrounding stability and security affecting their participation in the ACP industrial development.

The same article provides that the Community shall do all it can to encourage business men to take part in the ACP industrial development.

We know of no other agreement which tackles the industrial cooperation problem in so full, so flexible and so operational a fashion. A word of caution, however, may not be out of place, for none of the provisions in question applies automatically. The picture which goes into the framework provided by the Convention will depend almost wholly on the imagination, the perseverance and the political purposefulness of those who paint it.

#### THE INSTITUTIONS

The negotiators had agreed that the institutions of the Convention should depend on its content. They were accordingly the subject of the final phase of negotiation.

The framework is solid, suitable and embraces the new aspects of the co-operation which were not in the previous Yaoundé Convention. As such it reflects the importance attached by the contracting parties to their co-operation. Its aims are, to provide for the administration of the Convention itself and discussion of matters which are either within its scope or of interest to the EEC and the ACP.

The EEC/ACP Council of Ministers is the top organ. It consists on the one hand of members of the EEC Council and of the Commission; and on the other, of a member of each ACP government. The Chairmanship is taken alternatively by the Community and by the ACP countries. As administrator of the Convention the Council has powers of decision and consultation necessary for the purpose; but its competence goes further, because it is entitled to call for an exchange

of views on questions not covered by the Convention, but directly affecting the fields covered or other economic or technical questions of mutual interest but outside the scope of the Convention itself.

The Council begins to work in definite and realistic fashion and hopes to secure cooperation from people directly concerned. To this end it will be able to make contacts and organise consultations on both sides of industry and business in EEC countries and in the ACP.

The Committee of Ambassadors assists the Council of Ministers in carrying out its task and executes the assignments made to it. It has a general supervisory role over the work of the other organs of the partnership or working parties established or appointed ad hoc.

The Council and the EEC/ACP Committee will be able, if they wish, to hold their meetings on a more restricted basis which may be regional or sectoral. In practice their functioning will doubtless take much from the experience of the negotiators, who often made use of the "enlarged committee" procedure, in which the ACP plenipotentiaries allowed a limited number of their colleagues to represent them.

The Secretariat of the Council of Ministers and the Committee of Ambassadors and other mixed organs is provided on a parity basis by the partners. Its operational rules will be laid down by an internal regulation of the Council of Ministers.

The Consultative Assembly is to consist on the one hand of members of the European Parliament and on the other of representatives appointed by the ACP States, each side appointing the same number of representatives. Working from a report on the activities of the Council of Ministers, the Assembly is empowered to adopt resolutions on matters relating to the Convention or envisaged therein.

The creation of the consultative assembly ran into political difficulties with the ACP countries, because 15 of them do not have a parliament of their own. The compromise reached was the deletion of the adjective "parliamentary"

from the title, so that the body in question need not, so far as the ACP are concerned, consist of parliamentarians.

Any dispute not settled in any of the existing bodies may be dealt with by a good offices procedure or by ad hoc arbitration. The latter procedure is similar to what was provided in the Arusha agreement and will not require the formation of an established Court of Arbitration, such as that which was provided under the Yaoundé Convention, but was never asked for a ruling on any matter. Both the European and the ACP partners hope that any differences arising from the implementation of the Convention will be resolved in its organs of management and decision.

Considerable importance attaches to the institutional framework. The EEC and the ACP cover between them a total population of over 500 million; and these institutions are the appointed instrument for imparting the desired drive and vitality to their cooperation through the handling of common tasks, through consultations between their representatives, political, economic and social. The operational cost of the institutions are the subject of a separate protocol (No. 4). It is provided that the ACP and the Community shall cover their own costs arising from their participation. Expenditure in connexion with the material organisation of meetings is to be borne by the Community, or one of the ACP countries, according to where the meetings take place. The Community has, however, agreed to cover the cost of translation and interpretation in general, and of the registry and material organisation of any audience by way of arbitration.

It should be noted, too, that the usual privileges and immunities are provided in another protocol (No. 5).

#### Rôle of Commission delegates in ACP countries

The Commission delegates are not directly involved in the institutional life of the Convention. As hitherto, however, they will be useful intermediaries at meetings organised locally. In addition their help will be useful to the Commission in the new institutional activities to be set up with economic and social organisations and involving both government and non-government representatives, more especially in providing information on the standing, functions and scope of the non-governmental representations.

### ESTABLISHMENT AND SERVICES

On questions of establishment and services the governing principle is that of non-discrimination which is to operate reciprocally. Thus the member States of the Community are to treat nationals and companies or firms of ACP countries on an equal footing and the ACP States will act in the same way for nationals and companies or firms in EEC countries.

This system is, however, conditional in the sense that the EEC States and the ACP States, as the case may be, are not required to grant this treatment in respect of any activity to the nationals, companies or firms of an ACP country or an EEC country which is not itself able to provide such treatment.

It is to be noted that the Convention, unlike its predecessors, says nothing about the application of the most-favoured-nation clause in this matter.

Thus, comparing the Convention with earlier texts, it records progress in the non-discrimination clause in regard to which the Community has agreed to reciprocity with the ACP countries, but there has been a setback in regard to the most-favoured-nation clause.

### GENERAL AND FINAL PROVISIONS

The principal provisions under the general and final heading are as follows :

#### Duration of the Convention

The present Convention is for a first period of five years, expiring on March 1 1980; but the contracting parties are anxious to emphasise that the cooperation they aim to establish is intended to be permanent.

The Convention will come into force after it has been ratified by the Nine member States of the European Community and by at least two thirds of the ACP States. The instruments of ratification shall be deposited, as concerns the ACP States, with the Secretariat of the Council of the European Communities; and, as concerns the Community and its member States-- unlike similar arrangements made in the past -- with the Secretariat of the ACP States.

Role of delegates

The delegates can perform a very useful service by keeping the Commission informed of procedures in course in the ACP States and, in suitable cases, of the problems arising in regard to ratification of the Convention.

Open character of the Convention

The Convention is based on international solidarity, and a noteworthy provision is the possibility of accession to it for countries or territories covered by the fourth part of the EEC Treaty (i.e. the OCT, or oversea countries and territories) which may become independent, or States whose economic structure and production are comparable with those of the ACP States.

- For the former group a simplified procedure is provided. Their request for accession must first be approved by the EEC/ACP Council of Ministers and it is then sufficient for them to lodge a unilateral act of accession to the Convention with the Council of the European Communities.
- For the second group, after approval of their request by the EEC/ACP Council of Ministers, they will be required to negotiate an accession agreement with the Community.

It is specifically understood that in either case the new accession shall not prejudice the advantages accruing to the ACP States from the provisions on financial and technical cooperation, the stabilisation of export receipts and industrial cooperation.