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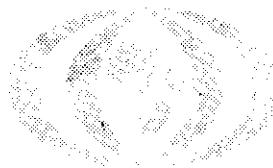
**THE LOMÉ CONVENTIONS:  
From Sunday Charity to a New International Economic Order**

Peter C J Vale

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THE LOMÉ CONVENTIONS:  
From Sunday Charity to a New International Economic Order

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*THE LOMÉ CONVENTIONS:  
FROM SUNDAY CHARITY TO A NEW INTERNATIONAL ECONOMIC ORDER?*

Peter C.J. Vale

The goals set in this paper are the following:

- A) to trace the history of European-African relations in the post-Independence era; a history which culminated in the Lomé Convention of February, 1975;
- B) to try to place the first Lomé Convention in the quest -- schizoid though that quest may seem at times -- for a New International Economic Order;
- C) to discuss the recent negotiations on a new Lomé Convention and to identify some of the innovations of the new convention; and, finally,
- D) to make some unstructured observations on the European Community's policy towards southern Africa and the problems in that part of the world.

Two preliminary observations are in order, namely:

- x that it is a gross distortion of fact to think that issues of foreign policy occupy the everyday workings of the European Community (EC). The Community is preoccupied with domestic issues, with trying to balance its books, trying to systematise and redevelop the Common Agricultural Policy, trying to understand the new Gaullists of Europe, the British.
- x Further, where the Community has considered foreign policy in recent years, attention has been given to the issues of enlarging the Community; allowing the Greeks in as the tenth member; deciding on whether the Turks and the newly democratic states of the Iberian peninsula, Spain and Portugal, should be allowed into the EC. Attention has also been directed at signing agreements with the Arab states, and sorting out problems with New Zealand, Japan, India and the United States.

The success of the Lomé agreement of February 1975 is, arguably, to be found in three historical circumstances:

- x the close ties which the Europeans, especially the French, had with the African colonies at the time of the Treaty of Rome in 1957;
- x the coming together of the Europe of the Nine, which allowed ex-British colonies to be more closely associated with the Community; and
- x the growing militancy of the Third World in the quest for a New International Economic Order which was made against the backdrop of the oil crisis of 1973/74 and the recurring monetary crises which accompanied that event.

The post-Colonial relations between these two sets of states have been a product of their times and the international system in which they were situated. Thus the relationship between these two groups of states, and its evolution over the past 21 years, has changed as the realities of the international system changed and as the underlying mores of international society developed. Throughout, however, it has been a relationship characterised by flexibility, adaptation and innovation.

It was one of pure paternalism at the time of the Rome Treaty; a "junior" partnership during the two earlier Yaoundé periods, and it now displays "full participation" under the requirements of Lomé.

At the time of the negotiations for the Treaty of Rome in 1957, the French were particularly keen that Francophone Africa should be closely associated with the new Economic Community. In part, this was due to the vicissitudes of the French colonial model, though economic incentives were arguably the most important motivating factor. (Two-thirds of Francophone Africa's trade went through Paris and the colonies provided France with a preferential status for French exports and resulted in additional stability for the franc. In turn, the Francophone states enjoyed guaranteed markets for their primary products at inflated prices as a result of the surprix above world prices enjoyed in metropolitan France.)

However, the benefits to the colonial states of Africa of a united Europe had been recognised as early as May 1950, in Robert Schuman's famous speech on the Coal and Steel Community. Not all of the Six displayed the same enthusiasm as did the French for some kind of incorporation of the colonies by the embryonic Community. The Germans were, for example, at pains to point out the hazards of tainting the Community with the colonial stigma. (One has to remember this was a period when the Germans were particularly sensitive on this issue, and when the great Pan-African movement was at its zenith.)

What the negotiators at Rome sought, in regard to this external nexus, was a gradual economic multilateralization of the existing bilateral links between individual signatories and their colonies, into the broader EC-orientated grouping. This multilateralization process was to move to a threshold in which a free trade area became operative. Those "associated" were, thus, to enjoy the benefits of a larger economic community, though fundamentally the colonial status of the relationship would remain as it had always been. It meant, in essence, that the political nature of the colonial relationship would remain bilateral, though the economic nature of the relationship would become multilateral.

The negotiations on the issue, until it was codified in Article 131 of the Treaty of Rome, were not easy, and the French even threatened withdrawal from the nascent Community unless the colonies were incorporated. Agreement on the issue was only reached a month before the final signing of the Treaty, after a bitter round of French-German disagreements on the nature and size of the proposed development fund for the "associate" states. Within the confines of these early negotiations, the French position had been considerably strengthened when other members of the "Community-to-be" realised that the

proposal held advantages for their own colonies and ex-colonies -- the Belgians in the Congo, the Dutch in the Indies and even the Italians in Somalia and Libya.

Part IV of the Treaty of Rome set out the main features of the relationship, which provided for the "association of non-European countries and territories which have special relations with Belgium, France and Italy". The main features of the arrangement were:

- x the gradual establishment of a free trade area;
- x the progressive creation of a free trade area within the borders of the associated territories;
- x the rights of establishment for nationals and companies of the European Community in the associated territories on a non-discriminatory basis;
- x a joint economic and social investment by the Six European countries in these territories of \$581-million over a five year period, to be designated the European Development Fund (EDF). (The EDF was to be independent of the bilateral development assistance of the members of the Six.)

With the advantage of hindsight, the provisions emerge as extremely ambiguous and appear aimed at the perpetuation of the lop-sided economic relationship between the Europeans and their colonies. Perhaps the most telling insight into the relationship was to come from the Nigerian, Okigbo, who, writing years later, was to say of the Rome arrangements that "these territories (the colonial) were still being administered by Europe, their association with the Community was not of their own choice (but) the form had been decided upon by the Six on behalf of the territories".(1)

It has been suggested that at the time of signing of the Rome Treaty very few, if any, of the signatories of that document anticipated the rapid period of decolonisation which was about to break. When that process began, the flaw in the arrangements under Part IV of the Treaty became immediately evident, namely, there was no congruence between the political and economic arrangements. The bilateral political arrangements were not compatible with the multilateral economic arrangements and various anomalies began to show themselves. Guinea, which had opted out of the French orbit on Independence, asked whether she was entitled to association under the provisions of the Treaty of Rome, which the churlish French resisted, to no avail. A more interesting case was the short-lived federal arrangements between Senegal and Mali in January 1959, also outside the French orbit. This case highlighted the incompatibility of the political and economic arrangements. The Federation, wishing to remain associated, experienced difficulties in dealing with the EC through Paris. Such anomalies were finally overcome by the establishment of a defacto special relationship between the Community and the former colonies which had been incorporated under the Treaty of Rome, independent of their bilateral links with their former metropolises.

The EC responded positively to the predicament of these states when the Council of Ministers decided to continue the relationship jusqu'à nouvel order

until the date of expiry of the first association in December 1962. What changed, however, was that the relations between the Associates and the Community were henceforth conducted not through the former metropolises, but through the EC institutions in Brussels and the Associated States were able to accredit representatives to the EC in Brussels. Thus, the EC was able to respond to a flaw in the arrangements under Part IV of the Treaty of Rome with a welcome flexibility.

The negotiations on the first Yaoundé Convention of July 1963 displayed an increased degree of accommodation on the part of the Europeans. While the economic intricacies of these negotiations are not of fundamental importance at this point, it is important to focus on the political dynamics which underpinned the economic ties. The desire for renegotiation of the relationship was spearheaded by the Francophone grouping under the umbrella of the so-called "Brazzaville" bloc. From the outset of the negotiations it was clear that the Africans would not tolerate a new agreement which offered them no part in the governing. Questions on the nature of the relationship had been raised at both meetings of GATT and the Economic Commission for Africa where the European-African link was charged as being a perpetuation of colonialism. However, a more important political consideration was that the existing system divided Africa between those who were a party to the Rome arrangements and those, mainly Anglophone states, which were not. It should be borne in mind that the African states were particularly sensitive to the issue of unity for the OAU had been formed in May 1963, under extremely tenuous circumstances.

This question of the division in Africa caused by the Rome Treaty came to a head when the British applied for membership to the same Treaty in 1962. When the Macmillan Government applied for membership to the EC they had hoped that their colonies and ex-colonies would be offered "association" under the same terms as the Francophone states. Indeed, these hopes were pushed along by the unification of the former British and French Camerouns and the unification of Somaliland -- which was formerly a colony of Italy and Britain. In such cases, an enigmatic situation had arisen whereby one country -- almost down the centre -- belonged to two separate economic groupings. However, the Anglophone states were not altogether enthusiastic about the proposed relationship. The opposition was led by Kwame Nkrumah, who regarded the Eurafrikan relationship as the most virulent form of neo-imperialism.

These matters came to a head at the 1962 Commonwealth Conference in London, when the African members of the gathering rejected association with the Community. Prime Minister Kawawa of Tanganyika rejected the proposed arrangements on behalf of his country and Kenya and Uganda -- as yet not independent. It is interesting to note his objections - one political and two economic -- for they provide an insight into the way the linkage was viewed by the Anglophone grouping of states. First, on the political level, he maintained that association would link East Africa to the security circumstances of NATO, and that this was incompatible with the policy of non-alignment. Economically, Kawawa maintained that association would prejudice trade agreements with other parts of the world like India and Japan, and that association would inhibit economic development by forcing the associates to specialise in the agricultural sector.

However, the overriding reason for the hesitancy of the Anglophone grouping lay in the influence of Nkrumah. The Anglophone states were suspicious of the Francophone grouping; they were equally hesitant about the British negotiating on their behalf, thus ignoring their new found political independence. Such questions became academic, however, when de Gaulle vetoed British entry into Europe.

The preamble to the first Yaoundé Convention which defined the objectives of the arrangements, showed some important symbolic differences from the arrangements under Part IV of the Treaty of Rome. It displayed a definite shift from the paternalism which had characterised the early relationship. It may arguably have heralded a new structural relationship between states in the First and Third Worlds. On the functional level, the most important difference was that the EDF was increased in scope, size and operation to \$730-million. It also changed in purpose from being directed essentially at basic infrastructural development --(including social programmes)-- to include the financing of industries and processing plant for primary products. Application for membership was no longer to be through the metropole, but directly through the Community, thereby acknowledging a decrease in the bilateral links to the former metropolises and a multilateralization of the agreement. The commercial provisions were the same as those embodied under the Rome arrangements, except that the mandatory free trade area among the Associates themselves was no longer required.

On the other hand, the governing of the Convention was considerably changed under the new arrangements, and this marked the beginning of greater co-operation between the two sets of states. A Council of Association was established which met annually and which instituted general lines of technical and financial co-operation. It was to be composed of members of the Council of EC Ministers, members of the EC Commission and representatives of the Associates. At a secondary level, a Committee of Association was established which ensured the day-to-day continuity of business, and this Committee was assisted by a permanent African-European Secretariat. In addition, a Parliamentary Conference was established to meet annually and review the progress made under the Convention. Members of the Conference were to be members of the EC Parliament and parliamentarians from the Associated states. Moreover, in the event of disputes arising under the arrangements, a Court of Arbitration was established, with five judges: two judges drawn from the Associates and two from the Community. The President of the Court was to be appointed by the Council of Association.

How is one to assess the success or failure of the Yaoundé arrangements? Apart from the fact that the metaphorical dice were loaded in favour of the Community, the new arrangements were a considerable improvement over the previous situation, and it was nonetheless a successful endeavour. As one scholar put it, "... the success of the first Yaoundé regime is perhaps best judged by the fact that a second one had been agreed..."

Our attention should now be directed to two abortive arguments in the evolving relationship: the Lagos Agreement, which sought to bring Nigeria into the European-African nexus, and the Arusha Accord, which was aimed at including the East African states. Why did these states which had been so hesitant at the London Commonwealth Conference seek entry into the EC? A year after the London Conference much had changed. Britain had failed to get into



the EC, Anglophone-African trade with Europe was suffering as a result of the Yaoundé agreement, and the conduct of Yaoundé itself went far to allaying the fears of neo-imperialism. In addition, Nigerian foreign policy moved from an isolationist position vis-à-vis the Francophone states to a more outward one and, contrary to Nkrumah's confident predictions, the Europeans displayed restraint in involving themselves overtly in the foreign policies of the Associates. It even became clear that Ghana saw the advantages of a link to Europe but, as Arnold Rivkin remarks, "... the anti-Common Market campaign (in Ghana) was at such a high pitch that it was difficult to see any possible retreat... it would have required extraordinarily adroit and fancy footwork for Ghana under Nkrumah's leadership to find its way back through the maze of allegations to association with the EEC."(2)

It is important to note that neither Nigeria nor the East African states sought linkage with the EC under the Yaoundé agreement. They were more interested in securing free entry for their commodities into the EC and not financial aid through the EDF. This desire to go outside Yaoundé caused constitutional problems for the EC, for they had to get a mandate to negotiate from the EC partners. The Nigerian negotiations proved more difficult. In order to get a mandate, the EC Commission had to counter French objections which were three-fold: the duality of membership to the Commonwealth (and the Commonwealth Trade Preferences) and the EC; how the disadvantages of the existing associates were to be protected; and what advantages could these Anglophone states offer to the EC. Later, the French relented, but these positions are interesting as they represent some of the inherent difficulties of "Dual Association". An agreement with Nigeria was reached in July 1966, but because of that unhappy chapter in African history, the Nigerian Civil War, it was not ratified on both sides and eventually expired. (It is important to footnote, in view of the Southern African situation, that the European objections were succinctly summed up by a Belgian socialist deputy in the European Parliament who, in October 1968, "questioned the advisability of implementing an agreement with a government that violates the most basic humanitarian laws".)

On the East African negotiations, the pattern in form and detail was much like that of the Nigerian negotiations. A temporary paralysis in the finalising of the agreement resulted from: bilateral diplomatic tension between Germany and Tanzania; differences between the three East African states themselves; and on differing interpretations of the notion of reciprocity of rights of entry. Eventually, agreement was reached on these issues and, from the East African point of view, it represented the high water mark in the economic co-operation of the East African Community. The initial agreement expired before it had time to go into effect, and a second agreement was signed in September 1969 to run parallel to the second Yaoundé Convention.

What these three sets of negotiations (Yaoundé, Lagos and Arusha) show, is that the unconscious division by Europe of the African states succeeded in weakening the bargaining position of the states of Africa. A meeting of minds between a Europe of which Britain was not a member, and the Anglophone states was not possible, and this reflected the dichotomy between two post-colonial experiences - a French/Belgian one which retained a deep-seated affiliation to France in economics and culture, and a British experience where the states were encouraged to think of independence as an opportunity to search

for trade and aid in a variety of new quarters, ultimately perhaps lessening their dependence on the metropole.

A second Yaoundé Convention was signed in July 1969, which differed only slightly from the first and it represented, at the time, the strongest dimension of the Eurafrikan link. The institutional framework remained intact, though in purpose and philosophy it had changed. The EDF was increased to \$900-million over a five year period. It stressed that the eighteen Associates had a primary responsibility for their own development -- a 180 degree turn about from the paternalistic approach of Rome. More products were included under the reductions of the EC Common External Tax. Moreover, African economic co-operation was encouraged under the Agreement, the protocol stipulated that association in no way prevented the Africans from participating in a global system of generalised preferences under the auspices of UNCTAD.

While there was less political pressure at the time of the second Yaoundé agreement -- both the Lagos and Arusha negotiations had an impact on the rest of the Africans -- objections were again raised about the exclusivity of the Eurafrikan agreement. The chief of these were: a) it was still suspect on the neo-colonialist charge; b) it contravened the spirit of both GATT and UNCTAD; and c) it sought to perpetuate the divide between the rich and the poor, or, as it has now become, the North and the South. In response to these fears, two attitudes developed: 1) At the UNCTAD meeting in Delhi, both Mali and Somalia, which were vociferously anti-colonialist, refused to forego the advantages of the Yaoundé link for the sake of Third World unity. (There was evidence, even from some of the EC members, that Yaoundé did, in fact, violate both the spirit and the letter of UNCTAD resolutions.) 2) On the charge that Yaoundé perpetuated the poverty gap, it was undoubtedly true, but there seemed little that could be done about it, barring a significant change in the international economic situation. David Wall comments, "although the Eurafrikan nexus saw little change between 1964 and 1975, the international economic environment with which it was set underwent substantial changes. These changes had marked effects on the nature and value of the relationship."(3)

If this environment created the backdrop to the Lomé Convention, three issues made a new treaty imperative: Yaoundé II was to terminate in January 1975; the Arusha Accord was to terminate at the same time; and the British accession to the Rome Treaty made it evident that some agreement would have to be reached with the Anglophone countries. Protocol 22 annexed to the British Treaty of Accession contained an offer by the enlarged Community to the Commonwealth countries. Under the belief that what had been achieved through Yaoundé should be safeguarded, three possible links were offered: a) Association along a new Yaoundé-type agreement; b) Association under Article 238 of Rome with reciprocal rights and obligations as in the Arusha Accord; or c) non-preferential trade agreement of the conventional kind. The aim was basically that present privileges should be preserved, but that newcomers would receive equal treatment.

The old Yaoundé Associates, now nineteen with the accession of Mauritius, met in April 1972 and declared their willingness to negotiate with the Anglophone countries. The Anglophone states however hesitated, some have suggested,

because they waited for Nigeria to give support. Attempts to bring the two groups together at the UN Economic Commission for Africa meeting in February 1973 failed. Some bilateral contacts were made and in April of that year the EC produced a major policy document known as the Deniau Memorandum, (after Jean-Francois Deniau, EC Development Commissioner at the time), on the question. It stated that all African states could join, not only those with a colonial past, allowing, for example, Liberia and Ethiopia to accede if they so wished, and this certainly helped foster the unity between the African states. The Deniau Memorandum revoked the Protocol 22 proposals which enabled negotiations to start without any preconditions. It also indicated that the thorny issue of reciprocity was open to negotiation and introduced a proposal that a fund be established for the stabilization of export earnings from the developing states -- the so-called Stabex proviso. Moreover, Deniau indicated that any negotiations were henceforth to be characterised by equal status.

In May 1973 at the meeting of OAU Finance and Economic Ministers in Abidjan, a new international economic grouping was born, later to be called the ACP group -- African, Caribbean and Pacific. At the 10th anniversary of the OAU, the Heads of State agreed to a document -- the African Economic Charter -- which, together with an eight point programme, was to form the basis of all future discussion with the EC. This Charter indicated that the future of the nexus should be predicated by the proviso that all African countries should be allowed to apply measures that were fundamental to their development, e.g. the diversification of their economies; the expansion of their economic and social infrastructure and the promotion of economic co-operation and integration among themselves. The eight points governing the approach included the principle of non-reciprocity; disassociation of EC technical and financial aid from any association -- in the political sense -- with the EC; free and assured access for all African products -- processed and semi-processed -- to the Community, irrespective of the Common Agricultural Policy; the guarantee of stable equitable prices to EC markets for main export products to allow them to increase their export earnings; and that any form of agreement should not adversely affect intra-African co-operation. African unity on the issue was considerably enhanced by the fact that the Nigerians gave their backing to the agreement. The Caribbean and Pacific nations who had attended the African deliberations were invited to join. They had attended because they felt that the African weight would assist them.

Thus a greater equality of bargaining had emerged which rested on four factors and demonstrated a shift from earlier paternalism to full and equal participation:

- x The ACP grouping was larger and spearheaded by Nigeria -- the most important African nation;
- x Negotiations were under the umbrella of the OAU;
- x The energy crisis and the shortage of raw materials had undeniably enhanced the bargaining position of the developing world;
- x The ex-colonial powers were now united in Europe on the other side which spurred the need for African unity.

The EC, for various reasons, not the least being the clear divisions over the 1973 energy crisis, took more than a year to convert the Deniau Memorandum into negotiating points. Exchanges between the two groups took between November 1973 and January 1975 to finalise Lomé and throughout they were overshadowed by the energy crisis and the recalcitrant international monetary crisis. As a result of the latter crisis, the EC members were reluctant to increase their contributions to the European Development Fund (EDF). But there is no doubt that the energy crisis and the success thereof from the Arab point of view, cemented ACP solidarity. The negotiations were set back further while the EC grappled with the Wilson Government's decision to renegotiate their entry into the Community.

After six months, the negotiations for Lomé were deadlocked over issues such as reciprocity, the sugar question, strategy for aid, etc. Then, the ACP countries invited the EC to a ministerial meeting in Kingston, Jamaica, and this provided a fresh impetus to the negotiations. At this meeting, Jamaican Prime Minister, Michael Manley, pleaded the cause of the new international economic order. After initial gloom, the EC conceded on a number of the sticking points, including reciprocity, free access of ACP products with no corresponding commitments, a fresh look at rules of origin and gave concession on competitive agricultural products, like Botswana's beef. The real stumbling block of Kingston was the size of the EDF, with the EC wanting no more than 3 500-million units of account and the ACP countries requesting 8 000-million units of account (u/a).<sup>+</sup>

Thereafter, things moved with a new urgency and only towards the end did the critical negotiations on sugar hold up the finalisation. The sugar issue became in fact the test of European good faith and was finally settled with both sides giving way. However, before the agreement could be finalised, the question was raised as to how the relationship should be designated. The earlier term "Associates" had, to ACP thinking, a paternalistic ring about it, and the Lomé preamble escaped a rigid designation by stating that the relationship was a "close and continuous co-operation based on complete equality between partners, carried out in a spirit of international solidarity". The final text was drawn up on 1st February 1975, after 350 joint documents had been presented and 183 negotiating sessions had been held.

Garrett Fitzgerald, the Irish Foreign Minister who led the EC delegation, declared of the Convention that it had "established a new relationship between the countries of Europe and a large part of Africa, plus most of the Caribbean and some of the Pacific Islands... it is based on equal terms between the two partners... I think it is of fundamental importance and it means that Europe now has a very close, satisfying and satisfactory relationship with these countries which will be to the advantage of both. They are major suppliers of raw materials and this is to Europe's advantage". The Senegalese Finance Minister, Mr. Babacar Ba, declared that the Convention was a new type of relationship between the developing and developed world... the co-operation we are about to set up with Europe is a great achievement and an absolutely new and unique fact in the relations of the Third World with industrial countries".

The Institutions of Lomé do not differ significantly from Yaoundé, although the names of the Institutions have changed. A Council of Ministers governs the relationship and two groups compose the Council, representatives of the Nine and the Commission, and on the ACP side, a representative of each

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<sup>+</sup> unit of account = \$1,30 or 60p.

of the ACP states. This unwieldy size has limitations, so a Council quorum requires the presence of at least half the Council, one member of the Commission and two-thirds of the ACP representatives. The Presidency alternates between the two sides. The Council meets annually to lay down guidelines. Decisions are binding to the parties who are required to take measures to implement them. A Committee of Ambassadors in Brussels has a general supervisory role, and is responsible for the day-to-day operation and for the establishment of standing or ad hoc working parties. The old Parliamentary Conference has been replaced by a Consultative Assembly, equally divided between members on each side. Interestingly, on the EC side these are members of the European Parliament only, but on the other side they are appointed and can include MPs, academics or businessmen.

The principles governing trade are along the lines of those agreed at Kingston: 99% of all types of ACP goods (including manufactured goods) can enter the EC free of tariffs. But 40% of ACP exports to the EC are farm products and are subjected to certain restrictions, though, as the EC claims, they are better treated than those from non-Lomé members. In this regard, the ever-elusive sugar problem is a special case. Although the EC produces sugar and has an indigenous sugar mountain, they still purchase 66% of ACP production per annum at an inflated price linked to the EC's domestic price. (In the 1977 price negotiations on sugar, the ACP countries won a figure nearly double the world market price.)

Stabex -- the scheme for the stabilisation of export earnings -- is part of the aid programme and works in the following way: should, for example, Ghana's earnings in cocoa exports to the Nine be lower in 1978 than during the previous four years, the EC will top up the difference. This is important for single export economies who might be affected by natural disasters. It covers twenty commodities ranging from groundnuts to iron ore. In order to claim Stabex, the country must prove that the goods claimed for, accounted for 7,5% of its total export (2,5% in the case of landlocked and poor nations and islands), and that the earnings from export of the commodity to the EC were lower than the previous four years. The payments are in the form of interest-free loans to be repaid when recovery is assured. The very poor nations are not asked to repay. It is valuable in that it helps commodity producers without affecting commodity prices. Stabex is fitted into the aid provisions of Lomé. The remaining 3,55-billion u/a in the EDF, under Lomé, flows under the normal channels of the EDF and the European Investment Bank (EIB). The ACP countries are required to draw up projects that fit into an agreed development strategy which means that the developing world can decide their own priorities in this regard. While this is a credible approach, it has certain drawbacks, since countries -- usually the poorer ones -- which have no clear strategy receive only a little, and richer ones, with a clearer sense of direction, get more. 60% of the aid is in the form of direct grants and the balance is in soft loans. This amount is evenly spread in rural development and urban industrial projects.

Lomé, like all such agreements, does, of course, have shortcomings, but a sympathetic critic of the agreement has said, "... whatever its ultimate achievements, the Convention provisions cannot solve the massive problems associated with poverty, disease and under-development... But within an admittedly restricted framework, the EDF could make a useful contribution towards meeting at least a modest portion of the needs of the peoples throughout the ACP countries".<sup>(4)</sup>

What of Lomé in the North-South negotiations? The importance of Lomé in this regard is more political and less economic. It is clear from the North-South dialogue that achievement of a new international economic regime is a distant hope, but it does seem that the countries of the EC have realised that the demands of the Third World are real and that, ultimately, some cognizance will have to be given to a restructuring of the existing economic regime. Moreover the recurring inability of the existing monetary-cum-trade structure to correct itself has hastened the need to seek new departures in these matters.

The post-War economic relationship between the poor South -- almost all producers of primary products -- and the rich North -- the industrialized world -- has been a formidable obstacle to balanced economic growth and thus to eventual political stability. The Third World -- or, a preferable phrase, the Developing World -- has sought, through various international forums, to press for a New International Economic Order (NIEO). The aim of this new international arrangement would be to put an end to the present untenable and, for them, detrimental relationship which has been exacerbated by the recurrent economic crises of the seventies: inflation, unemployment, foreign exchange instability and fluctuations in the price of raw materials. These latter events have meant, of course, a defacto collapse of the Western-dominated post-War monetary and trade system.

The North-South dialogue seeks the globalization of the economic links between the Haves and the Have Nots. Lomé, a Convention which is essentially between two groups of nations, falls obviously far short of this. However, its political significance is that two groups of nations can come together and arrive at solutions which take account of their differing circumstances. This has meant that at UNCTAD in 1976 and in Paris in 1977 the Europeans have the lead to the Western (rich) world on their negotiations with the other side. This lead must in some way be attributed to the lessons learnt through Lomé. While it is true that the Europeans were earlier split on the global negotiations, with the Germans in particular holding out against making major concessions, things appear to have changed over the past two years, despite the apparent setbacks suffered at the Manila Conference in 1979.

In May 1977, the Europeans agreed on three issues which they took with them to Paris (at the Conference on International Economic Cooperation (CIEC)) and which helped prevent a total breakdown of those negotiations:

1. Concessions on the plea for a debt moratorium, by providing limited help to deserving cases and a new \$1-billion fund to give general aid to the developing world;
2. in raw materials provision of limited cash for eight or nine price stabilization agreements which would be backed by buffer-stocks; and
3. stabilization of earnings: the provision of a common fund which would run along the lines of the Stabex system to stabilise the export earnings of the South. It was suggested that it should cover countries' combined income from 25 major commodities accounting for three quarters of the exports of the Third World.

As was clear from the outcome at Paris, these suggestions were not enough and through the various study groups the interchange on North-South will continue. However, what is important is that Lomé in some small way provides a model of North-South co-operation. More important perhaps is the comfort both sides can derive from the fact that two groupings of nations can get together and discuss the current lop-sided international economic system.

Ironically, Lomé's importance as a symbol of a working bridge between the North and the South has been a cause for deepest dissatisfaction among the ACP group. The ACP states have risked both Third World solidarity and criticism from the so-called Group of 77 by entering the relationship with the EC and, in their opinion, the EC's response to the risks they have run have not been fully appreciated. President Kenneth Kaunda of Zambia, addressing an ACP Council meeting in Lusaka, inferred that the EC had failed to abide by both the spirit and the letter of the Lomé accord. While the ACP states had "negotiated the Lomé Convention in the belief that it would benefit their export terms and on conditions (which were) more favourable than those granted to the products of other countries... (it was apparent that...) After some two years of implementation of the Convention, (the ACP states) have many reasons to doubt that this is the understanding and the policy of the Community". (5) It can be argued that these (and similarly related) concerns form the background of the assessment of Lomé I and have effectively influenced, as one might expect, the negotiations on Lomé II. Three areas of inadequacy arose from Lomé I -- Trade, Aid and Industrialisation -- and the entire approach of the ACP states was considerably hardened because all three were central planks upon which Lomé I rested.

On the issue of Trade, the provisions of Lomé I were lop-sided and continued, despite their impressively liberal provisions on paper, to work against the ACP states. First, up to 70 percent of ACP exports would enter the EC duty-free under either the Most-Favoured Nations (mfn) or Generalised System of Preference (gsp) arrangements anyway. The operation both of mfn and gsp towards other countries has meant, moreover, that ACP exports to the EC have marginally declined while EC exports to the ACP states have remained consistent. Secondly, the duty-free concessions accorded the ACP states under the Lomé provisions only give the ACP states a relative advantage over other states since the goods would be imported in any case. Thirdly, because of their retarded state of development, the ACP states are in no position to take full advantage of the concessions offered by the EC.

Under the rubric of the aid provisions of Lomé I, two particular areas tended to misfire. The first concerned the total amount of money available for distribution under the provisions both of the European Development Fund (EDF) and the European Investment Bank (EIB). Whereas in absolute terms the allocation of 3 000-million units of account was a considerable improvement over that offered, for example, by the second Yaoundé Agreement. Both global inflation and, more importantly, the increase in the number of countries under the ACP group has meant that, ceteris paribus, there was less money available per capita for distribution. The other serious problem arose from the fact that the mobilisation of development funds from the EDF was a cumbersome process, and, in inflationary times, speed is of particular importance to developing countries. (The problems inherent under this aspect are best illustrated by the fact that by July 1979 some two-thirds of Lomé I's aid budget had been allocated while a little more than one-fifth had actually been spent.) The third area of dissatisfaction on Lomé I was that of Industrial

Development in which the ACP states have pressed for some direct European assistance in boosting their indigenous development. Another area of concern, particularly on the European side, has been that some clause ought to be incorporated into the Convention regarding Human Rights so as to avoid a repetition of the situation whereby the EC was party -- either directly or indirectly -- to the support of governments like those of Amin, Bokassa and Nguema.

It was clear that, prior to the negotiations for Lomé II, the Europeans would press for a continuation of the main aspects of its predecessor whereas the ACP states would try to seek some fundamental restructuring of the agreement in accordance with their central concerns and, probably, to make the Lomé-type nexus more acceptable to the Group of 77. Two chief features dominated the long drawn out negotiations for Lomé II which ran from June 1968 through June 1979. Firstly, the negotiations witnessed the resuscitation of earlier ACP resentment towards the EC. Accusations were made that the EC was being "miserly", that they were "timid" in their approach to the trade and aid sections of the new agreement, and that they were trying to rush the new agreement through. In this sense, the meetings on Lomé II seemed devoid of the spirit of co-operation which tended to mark those of Lomé I. (This was so clearly in evidence in June 1979, when the negotiations all but broke down.)<sup>(6)</sup> Secondly, the negotiations were marked by a determination on the part of the Nine to establish a harder line than they had tended to follow in the earlier negotiations: it was, of course, this position which evoked the response from the ACP states. Judged from any perspective, these two positions, while perhaps understandable in periods of economic uncertainty, do not bode well for the development of a third Lomé-type agreement after 1985. (Obviously this is a far-sighted and hazardous judgement to make as a multiplicity of contingencies -- economic and political -- could change the picture considerably.)

The new Convention does not differ substantially from its predecessor, though the innovations brought about in each of its single facets do represent concessions on the part of the EC. In the area of Trade, two innovations are worth noting. First, some agricultural products, previously prohibited under the provisions of Lomé I, will benefit from the duty-free arrangements. These are chiefly vegetables -- tomatoes, carrots, onions and asparagus. Moreover, ACP beef producers -- like Botswana -- will not have to renegotiate an annual quota, but have now been granted an annual quota of 30 000 tons for five years. (This falls short of the wishes of the Botswana Government which, as the chief beef producer, would have liked a high quota. However, some leeway has been granted whereby the exporters can split the quota between them and will be able to carry over and bring forward quotas from previous or succeeding years.) Secondly, some concessions have been made on the thorny problem of rules of origin which the ACP states had claimed retarded their path to development. Here a more flexible approach to the rules of origin has been adopted especially for the least developed countries. Thirdly, some 40-million u/a have been especially ear-marked for trade promotion schemes. Fourthly, the EC have retained their option to take measures to safeguard their interests in certain circumstances, but have agreed only to do so after consultation with the ACP countries under the understanding that such measures will not be used to further protectionism or to "impede structural changes" in the development of the ACP position. Fifthly, on the troublesome issue of reciprocity, the non-reciprocal arrangements whereby the ACP states do not have to take EC exports have remained in the new agreement, but the ACP states are required not to discriminate between EC member states nor show them less than mfn treatment.



The new Convention has expanded the provisions of the Stabex mechanism and, simultaneously, has added a new minerals dimension to it called Minex. The old Stabex system has been improved in two ways. First, the total list of goods affected under the Stabex system has been extended from 34 to 44. (The new list includes rubber, cashew nuts, pepper, prawns and squid, cotton seed, husk vegetables and oilcake. A decision to include tobacco, under prompting of Malawi, has been deferred and will be made by the ACP/EC Council.) Second, the so-called "dependence threshold" and "fluctuation thresholds" have been reduced from 7,5 percent to 6,5 percent -- except in the least developed countries where they have been lowered from 2,5 to 2 percent. In addition, the amount of Stabex aid has been increased from 375-million u/a to 550-million u/a.

The Minex departure is both interesting and important, reflecting Europe's concern with secure access to minerals and the declining rate of EC investment in mining projects in the Third World. Modelled on the Stabex system, the Minex provisions afford a degree of protection to mineral exporters in the face of world mineral price fluctuations. Some 280-million u/a have been set aside to maintain production levels which might otherwise drop in the face of political upheavals, accidents or other problems. Only those countries exporting to the Community are eligible for Minex assistance and the mineral concerned must represent some 15 percent of the country's total export earnings over the previous four years. The assistance is triggered off if export or production capacity threatens to fall by more than 10 percent. The system covers nine economically or strategically important minerals which are:

- Copper and Cobalt (Zambia, Zaire and Papua-New Guinea)
- Phosphates (Togo and Senegal)
- Bauxite and Aluminium (Guinea, Jamaica, Surinam and Guyana)
- Tin (Rwanda)
- Manganese (Gabon)
- Iron Ore and Iron Pyrites (Mauritania and Liberia)

For their part, the EC has undertaken to provide technical assistance in mining research and exploration while, to promote private investment, specific protection agreements have been concluded between the EC and the ACP grouping.

The most serious sticking point in the negotiations for Lomé II was the total amount allocated by the EC for aid. The initial positions were that the ACP states demanded 10,8-billion u/a while the EC was, until very late in the negotiations, only prepared to offer 5,1-billion u/a. The final figure agreed upon was 5,607-billion u/a, which was a considerable disappointment to the ACP states. On paper the figure represents a 62 percent increase over the aid allocations under Lomé I, but a more sombre statistic is that it represents only \$5 per head annually for the 300-million people in the ACP grouping. Most of this aid will be channelled through the EDF and will be used in rural development, in economic infrastructure development and in the fields of education and health. In addition, some EDF funds have been set aside to provide special loans and risk capital for special projects. Moreover, the activities of the EIB will be considerably expanded under Lomé II. Concerned with financing commercial projects, the total amount available for distribution under the EIB now runs at 885-million u/a. Special attention will be given to the 35 least developed, island and landlocked countries. For

the purposes of special relief in emergency situations, like those of cyclones or floods, 200-million u/a have been set aside.

Four other areas of concern have been incorporated under the provisions of Lomé II: Industrial Co-operation, Agricultural Co-operation, Fisheries and Shipping. In an effort to improve the industrial performance of the ACP states and to ensure that this development does not encroach on areas of European industrial specialisation, the two sides have agreed to begin consultations to discuss industrial policies and to make them as complementary as possible. Particular stress is laid in this regard on co-operation in the energy sector and the development of new sources of energy in the rural areas of the ACP states. The idea of an Industrial Development Fund was rejected by the EC, though a joint study group has been established to investigate ways in which more finance can be generated. In order to expedite private capital in the industrialisation of the ACP states, a clause has been included in the Convention on investment protection agreements and the guarantee thereof.

In the area of agricultural co-operation, it has been agreed to establish a Technical Centre for Agriculture and Rural Co-operation which will collect and make available information on farming in the ACP states. The inclusion of some provisions regarding fishing is a new innovation in the Lomé model. It arises from the increasing importance which fishing has come to play in international relations -- particularly after the trend to declare 200-mile fishing zones and the EC policy whereby they have pooled responsibility for their collective external fishing policy. Lomé II outlines a general framework for fishing agreements between the two sets of states and raises the possibility of increasing co-operation in the management of fishing resources. The Convention contains another new innovation, viz. a joint declaration of shipping. The EC has undertaken to help the ACP states set up shipping companies, encourage the development of joint ventures and to train personnel in shipping. Finally, it is perhaps important to note that the ACP states turned down the EC idea to include a special clause on Human Rights in the new Convention. The central reason for this refusal was their contention that the Convention is essentially concerned with economic matters and that the proposed clause represented interference in their domestic affairs. However, it does seem probable that the EC will make a unilateral declaration on this issue at the signing ceremony.

It is essentially outside the scope of this paper to pass judgement on Lomé II; nor, indeed, is this possible at this stage. Two observations, however, may be in order: The strong, almost unassailable, bargaining position of the EC was confirmed by the fact that most of their advantages in the new Convention have not been affected, and, as a result, the Convention stands as testimony to the power which the rich nations have over the poor. Secondly, the success of Lomé I is best judged by the fact that Lomé II has come about.

Appendix

ACP COUNTRIES

Original 46:

Africa

Benin  
Botswana  
Burundi  
Cameroon  
Central African Republic  
Chad  
Congo  
Equatorial Guinea  
Ethiopia  
Gabon  
Gambia  
Ghana  
Guinea  
Guinea-Bissau  
Ivory Coast  
Kenya  
Lesotho  
Liberia  
Madagascar  
Malawi  
Mali  
Mauritania  
Mauritius  
Niger  
Nigeria  
Rwanda  
Senegal  
Sierra Leone  
Somalia  
Sudan  
Swaziland  
Tanzania  
Togo  
Uganda  
Upper Volta  
Zaire  
Zambia

Caribbean

Bahamas  
Barbados  
Grenada  
Guyana  
Jamaica  
Trinidad and Tobago

Pacific

Fiji  
Tonga  
Western Samoa

Additional 7:

Cape Verde  
Comoros  
Djibouti  
Papua New Guinea  
Sao Tome/Principe  
Seychelles  
Surinam

### Footnotes

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4. Carol Cosgrove Twitchett, "From Association to Partnership" in Kenneth J. Twitchett (ed.), "Europe and the World: the External Relations of the Common Market", London, Europa Publications for the David Davies Memorial Institute of International Studies, 1976, p. 150.
5. Carol Cosgrove Twitchett, "Towards a new ACP-EEC Convention", World Today, vol. 34, no. 12, December 1973, p. 472.
6. In West Africa, London, 4 June 1979, pp. 969-972; for details of these problems.

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