

EEC-ACP TRADE RELATIONS

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EEC-ACP TRADE RELATIONS

The international negotiations on the opening-up of frontiers and the maintenance of trade flows are faltering in the face of the crisis affecting the western economies. From GATT to UNCTAD, the meagre successes recorded here and there in the organization and regulation of practices running contrary to the multilateral liberalization of trade are now being followed by periods of despondency and disillusion.

For the economies of the Third World, which vitally need foreign exchange to finance their development, any closing of the frontiers of the industrialized countries can have catastrophic effects, and any checking of protectionism is counted as a victory.

When the EEC granted duty-free access to its markets and freedom from quantitative restrictions to most products from the ACP countries under the Lomé Convention, it was making an exemplary commitment, and it is now preparing to renew that commitment under the most satisfactory conditions for the two sides. In a turbulent and unstable trade world, the special trade area represented by the ACP States and Europe can be seen as a model that has so far managed to weather the storm.

The question that arises for the future is whether EEC-ACP trade cooperation, which is of major importance for determining the significance and effectiveness of the two sides' overall cooperation, can be maintained, especially in view of the increasing industrialization of the African, Caribbean and Pacific countries, the problems being encountered by Europe in certain sectors and the measures for the liberalization of international trade negotiated under GATT.

The extension by the EEC of a number of advantageous trade arrangements to the Mediterranean countries under association or cooperation agreements and to all Third World countries under the generalized system of preferences for manufactures has been seen as a threatened erosion of the advantages granted to the ACP countries.

Recent EEC trade figures show, however, that imports from the ACP countries are expanding more rapidly than those from the developing countries as a whole.

Another apparent threat was seen in events in the textile sector in 1977. Are the same problems bound to recur in that or other sectors and was this the sign of a forthcoming crisis? For the Community it was above all a warning which brought home to the Member States the need to accelerate the restructuring of their industry. The ACP were not affected by the safeguard measures which the EEC was obliged to adopt in 1977 vis-à-vis its major suppliers of textile products. In fact, on the eve of the opening of the negotiations for the renewal of the Lomé Convention, it appears that the ACP will be the first of the EEC's partners to benefit from the lessons of that crisis. Without denying the reality of the threats that are beginning to affect all the EEC's trading partners, Claude Cheysson, the European Commissioner with responsibility for development, was already stressing to the press in February 1977 the Commission's determination to find ways of avoiding crisis situations that hampered the harmonious development of trade. The idea of making provision for sectoral consultations in order to maintain balanced trade flows is one of the ideas being considered with a view to future relations between the EEC and ACP.

In short, the bleakness of the present climate of international trade gives plenty of cause for pessimism, from which EEC-ACP relations are not totally exempt, but it is undeniable that the Commission's major concern is to preserve - or indeed add to - the achievements of this long-standing cooperation despite the difficulties resulting from the crisis. In a sector of prime importance for the ACP, the Community's determination to protect the export earnings of its partners was first reflected in its proposal for the establishment of the Stabex system put forward during the Lomé Convention negotiations. This system for the stabilization of export earnings makes up for any losses resulting from fluctuations in the world prices of the raw materials on which the ACP economies rely most.

This was a very first step towards the construction of a new international economic order and an extremely practical one which, after two and a half years of operation, is still giving food for thought in many international forums.

The operation and future of trade cooperation, now that we are arriving at the half-way point in the Lomé Convention's life, can be described in three sections:

1. Trade cooperation is an important aspect - in fact one of the cornerstones - of a more comprehensive cooperation structure. On what principles is it based? What are the instruments available to it?
2. It is still too early to draw definitive conclusions as to the effects of trade cooperation. A number of statistical indicators help to show, however, that despite a difficult international economic situation the two partners have intensified their relations and increased their economic interdependence.
3. The substantial change in the international economic facts of life in recent years gives some cause for concern. What will happen tomorrow? Without claiming to analyse the future, what can we foresee now for the EEC-ACP trade?

A TRADE POLICY IN THE SERVICE OF DEVELOPMENT

The Yaoundé Conventions gave a prominent place to arrangements to promote trade between the EEC and the Associated African States and Madagascar. The aim was to perpetuate the trade flows inherited from the colonial period while at the same time diversifying them in the interests of the development of the associated countries. Most of the territories to which the association policy applied had a low level of development. Their exports, which consisted almost exclusively of raw materials which were not produced in Europe, encountered few trade barriers in reaching the markets of the Six. In many cases, adequate marketing networks already existed. The trade provisions contained in the first two Conventions therefore had two objectives:

to harmonize the arrangements for duty-free entry and freedom from quantitative restrictions for exports of the AASM to the six countries of the Community;

to serve as a back-up to the overall cooperation policy by opening the way for the creation of new trade flows.

The Lomé Convention negotiated between the nine EEC countries and 46 African, Caribbean and Pacific States with very different levels of development marked a new departure in the development of trade relations. Although the diversity of the situations, traditions and wishes of the various partners, on both the ACP and the Community side, seemed to stand in the way of the organization of trade relations within a single legal framework, the negotiators endeavoured to create a fair and secure basis for their future trade relations which had the flexibility to ensure that the Convention's provisions were applied unambiguously.

An area offering one-way privileges

Since 1 July 1975, the Community has not applied customs duties, quantitative restrictions or measures having an equivalent effect to imports of most of the products originating in the ACP States. Only

agricultural products covered by market regulations within the Community are excluded from these arrangements. Even here, the ACP enjoy more favourable import terms than those granted to other countries. Special arrangements were adopted for sugar, which represents approximately 25% of ACP agricultural exports to the EEC. Overall, 99.2% of the EEC's imports from the ACP countries enjoy free access.

The main innovation of the Lomé Convention in the trade field, however, is the absence of any obligation to grant reciprocal trade concessions. The application of this principle means that there is a voluntary imbalance between the obligations of the Community and those of the ACP States, which is justified by the differences between the partners' development levels. Thus, in return for freedom of access to the EEC markets for their products, the ACP's only obligations towards the EEC are that they grant it most-favoured-nation treatment¹ and do not discriminate between Member States. A derogation from the principle of most-favoured-nation treatment is allowed in favour of other ACP States or other developing countries.

.... endowed with specific instruments

The opening-up of markets is not always enough to enable the developing countries to make full use of the possibilities they are offered for selling their products in the industrialized countries.

Shortcomings in the distribution network, the lack of information and contacts between firms and the unsuitability of products for consumer requirements are all obstacles to market penetration.

Although the most developed countries in the ACP group can derive direct benefit from the trade provisions of the Convention, free access is irrelevant to other ACP countries unless it is accompanied by measures for the promotion, marketing and sale of potential exports.

¹Not the same meaning as under GATT: here, all third countries are covered, with the possible exception of the developing countries.

The Convention therefore makes explicit provision for the financing of operations to promote exports to the European markets from an ACP country or a group of ACP countries, the financing generally taking the form of EDF grants.

The trade promotion activities in which the EEC can participate under the terms of the Lomé Convention (Article 13) fall into six categories, namely:

- (a) Operations to improve the structure and working methods of organizations, departments or firms contributing to the development of the foreign trade of ACP States or to set up such organizations, departments or firms

Cameroon, Togo, Mauritius, Senegal, Jamaica, Kenya, Malawi and the Ivory Coast have already requested aid from the EEC for this type of operation. In the case of the Ivory Coast, the Centre Ivoirien du Commerce extérieur (Ivory Coast Foreign Trade Centre)¹ called on this aid for the establishment of regional marketing organizations and the organization of the SITHA (Salon International du Textile et de l'Habillement - International Textiles and Clothing Show) in Abidjan in 1977, an event that proved to be a real success with a turnover of CFAF 2 000 million.

- (b) Basic training or advanced vocational training of staff in foreign trade and trade promotion

Two important seminars bringing together the directors of the ACP countries' export promotion boards were held at Yamoussokro (Ivory Coast) and Dublin during 1977. Training courses lasting several months were also organized for commercial attachés at ACP embassies and for representatives of the foreign trade centres.

- (c) Participation by the ACP States in fairs, exhibitions, specialized international shows and the organization of trade events

By the end of 1977, the greater part of the fourth EDF funds earmarked at national and regional level for trade promotion activities had been committed for the organization of trade fairs, exhibitions and other events.

¹ Set up as one of the trade promotion operations under the second Yaoundé Convention.

During 1977 alone, the EEC organized 204 ACP appearances at 28 specialized fairs or shows. However, the contacts established during these events are generally under-exploited for a number of reasons - for example, the inadequacy of relations between private firms and national administrations or the lack of follow-up on the production side. The improvement of the commercial profitability of this type of operation for the ACP is a matter which calls for detailed consideration.

(d) Improving cooperation between trade circles in the ACP countries and the European Community

One of the chosen methods of improving trade flows within the ACP and to the EEC is to facilitate contacts between importers, wholesalers and distributors on both sides. Meetings between these various operators have been organized by the Commission in connection with trade events. The Commission has also given its support to the establishment of two organizations for cooperation between producers, distributors and carriers, namely the COLEACP, which brings together operators in the tropical fruit sector, and the FEDEAU, the Federation for the Development of Utilitarian Artisanat. Similar concerted action could be organized between firms involved in the wood industry through the OAB (Organisation africaine du bois - African Wood Organization), which groups together the main ACP producers of tropical wood.

(e) Carrying out market research and marketing studies

These studies, which are generally speaking intended to lead to actual marketing operations, are carried out on foreign markets (in the case of Tonga, a study of this type is to be carried out to evaluate marketing possibilities in the other Pacific States; on the European markets, a study involving all the ACP producers has been carried out to determine the potential for selling mangoes to European consumers), on the ACP States' domestic markets (in order to rationalize production and reduce marketing costs), and at regional level to promote inter-African trade or trade between different ACP regions.

This type of aid for trade promotion has already captured the interest of the ACP countries; the development of industrialization and the appearance of new products could open up new horizons for this type of action.

(f) Producing and distributing trade information within the Community and the ACP States with a view to developing trade

These are operations of a general nature, such as the organization of visits by ACP exporters to Community countries, the provision of experts to assist ACP marketing organizations, and help with the production of information and marketing material. The Commission has offered each ACP country the possibility of publishing a brochure on its economy and trade information on four products in all the Community languages. So far, 26 brochures have been produced.

Specifically as regards tropical wood, a series of data sheets on varieties that are little known in Europe - setting out the areas of production, present availabilities, possible uses and the technical characteristics of each type of wood - has been put together in a brochure published in all the Community languages plus Spanish.

Between 1 July 1976 and the end of 1978, the EEC will have committed 9 million units of account for trade promotion activities in the ACP States, the majority of these operations having been requested by the ACP Governments. Nevertheless, the existing marketing and production structures are at different levels of development and this has meant very varying degrees of interest in these operations and big differences from one country to another in the use made of the facilities offered. For example, the Ivory Coast, Jamaica and Kenya will have used all the funds earmarked for this type of operation in their indicative aid programmes by the end of 1978, while other countries such as Benin, Upper Volta, Mali, Mauritania and even Senegal have either earmarked no

funds for trade promotion or, for various reasons, have encountered difficulties in using the funds they had earmarked for this purpose. It was precisely in an attempt to reduce these differences that part of the funds devoted by the fourth EDF to regional cooperation were set aside for the financing of trade promotion operations. The Commission is aware that the differences are not dictated solely by the different development levels of the ACP States, and it is increasingly prone to visualizing trade promotion activities in the context of diversification of its partners' lines of production. We are still a long way way from a situation where the ACP countries' resources are used effectively everywhere, even though in many cases markets do exist in Europe or in other ACP States. For example, the campaign to promote sales of a new product, the mango, among European consumers has revealed the existence of a large potential market which cannot, however, be exploited immediately since the ACP countries do not produce enough at present. As an indication, it was estimated that present exports of this product represented less than 5% of the potential production of mangoes in the ACP countries.

"We are the only organization that tries to deal with trade problems in an operational way" declared Claude Cheysson at the opening session of a trade promotion seminar attended by ACP representatives which was held in Brussels in February this year. Another original feature of the trade cooperation policy pursued by the EEC is that it can make available to the countries that have made export development one of their priorities the whole range of instruments provided for in the Lomé Convention to help them increase or diversify their production, or even build up storage or transport infrastructure so as to facilitate removal of their products and increase their export earnings.

"TRADE NOT AID": THE CONTRIBUTION MADE BY THE LOMÉ CONVENTION

The development of North-South trade has for a number of years been at the centre of the discussions on the New International Economic Order.

Is it, or is it not, necessary to opt for open development models - even if this makes partners dependent on one another? Can autarky be justified?

The inequitable exchange of cheap raw materials for manufactures, breached by the sudden increase in oil prices in 1973, is no longer on. At international level, UNCTAD is keen to ensure that a fair price is paid for commodities. For products not covered by international agreements, the Lomé Convention introduced an original system to compensate for the losses in export earnings that can be incurred by ACP States as a result of fluctuations in world prices - the Stabex system. Trade has become vital for a number of developing countries that are banking on imports of foreign technology to guarantee their growth.

Within the ACP group, the differences in development levels justify differentiated trade relations and explain the varying degrees of importance attached to trade itself. On the one hand, 19 of the world's least developed countries according to the United Nations classification still have difficulty in coping with international competition, even where they enjoy preferential terms, while the oil-producing countries, on the other hand, have considerable financial resources, are intimately bound up in the machinery of international trade and are eager to derive the greatest possible benefit from it in terms of industrialization.

Has the tour de force accomplished during the Lomé Convention negotiations in the trade cooperation field - i.e. the establishment of identical conditions of access to the European markets for countries with such different development levels - actually borne fruit?

Overall, the balance sheet drawn up at the most recent EEC-ACP Council of Ministers meeting, covering not much more than two years of application of the Convention, is indeed positive.

It is clear that Europe of the Nine, the largest trading unit in the world, constitutes the most important market for the ACP States' exports. Approximately 80% of those exports are absorbed by the EEC free of restrictions or customs duties, and in the case of sugar the terms are even more advantageous than those prevailing on the world market.

Similarly, it is a fact that the ACP States' are becoming an important outlet for EEC products - despite the principle of non-reciprocity referred to above - and the Community therefore has an added interest in seeing its partners' purchasing power grow.

An overall assessment

The development of EEC-ACP trade over the last two years confirms this two-way trend (see Table I).

In value terms, the Community's imports of products from the ACP increased from 8 600 million u.a. in 1975, the year in which the trade provisions of the Lomé Convention entered into force, to 12 500 million u.a. in 1977.

At the same time, the Community's exports to the ACP increased from 8 000 million u.a. to 12 500 million u.a.

Before this trend is broken down by type of product and country, two comments should be made on the overall figures:

The first refers to the fact that the ACP feel their preferential position is threatened by the Community's application of the generalized system of preferences and by the GATT multilateral negotiations. In the period under consideration, it is worthy of note that the EEC's trade with the ACP countries developed more rapidly than that with the developing countries as a whole.

The second is concerned with the fact that 1977 saw a return to equilibrium in the trade balance following several years of surplus in favour of the ACP. Should this be seen as a reversal of the trend, which might become even more marked, or, on the contrary, as a return to equilibrium favouring the harmonious development of these trade flows?

An increased share of total extra-Community trade

An assessment of the progress achieved in the trade field since the entry into force of the Lomé Convention reveals the following trend, starting in 1976 and continuing in 1977: trade with the ACP States has grown faster than with the other countries of the Third World - the ACP States' most direct competitors. Over these last two years, the increase in EEC-ACP trade has indeed been exceptional. In 1977 record rates of 28% and 26% were achieved for exports and imports respectively.

In 1977, EEC-ACP trade accounted for 7.5% of total extra-Community trade, which is one and a half times less than the proportion of EEC trade accounted for by the United States, for example.

Up until 1974, the volume of trade between the EEC and the ACP regularly increased at more or less the same rate as with the rest of the Third World.

The year 1975 saw a pause in the Community's imports from the ACP and from all other developing countries as a result of the fall in commodity prices and the ensuing recession in the industrialized countries. Imports from the ACP (-17%) and from the oil-producing countries (-14%) fell more than the average (-10%).

Similarly, the Community's exports to the ACP had declined steadily since 1972 (falling from 21% to 17.2% of the EEC's total exports to all developing countries) as a result of the exceptionally high rate of increase in European exports to the Gulf States and the Mediterranean countries.

In 1976, imports from all the developing countries staged a 27% recovery following an upturn in economic activity, though the increase in imports from the ACP countries was slightly lower, at 20%. However, in 1977, a year which saw a slowdown in the expansion of world trade, the increase in imports from the ACP countries (20%) was sustained, whereas total Community imports increased by a mere 7%.

Whereas between 1972 and 1976 the proportion of Community imports accounted for by imports of ACP origin had shown a downward trend, in 1977

the ACP countries' share of total EEC imports increased for the first time to reach 7.4% (see Table I). The countries whose exports to the Community recorded the greatest increase in value terms were essentially the coffee and cocoa producers. In 1977, the Community's biggest supplier was still Nigeria, accounting for 28% of the imports from the ACP even though its relative share has decreased since 1974. Its sales to the Community, consisting essentially of oil, increased by only 8% in 1977 and cannot therefore explain the marked expansion of ACP sales to the Community in 1977.

Today, the ACP countries absorb 20% of Community exports to the developing countries, i.e. a greater proportion than the other regions of the Third World with the exception of the Gulf States. It should be noted here, however, that two ACP oil-exporting countries, Niger and Gabon, absorbed 41% of Community exports to the ACP in 1977 compared with 20% in 1972.

Towards balanced trade

In 1977, the EEC-ACP trade account, on which the Community had recorded a large deficit in the preceding two years (618 million u.a. in 1975 and 633.3 million u.a. in 1976) was almost in balance. The Community's trade deficit had fallen to 100 000 u.a.

Is this reversal of the trend attributable to the deterioration in the ACP's terms of trade as claimed by Mr Patterson, Jamaican Foreign Minister and President of the ACP Council, at the last meeting of the EEC-ACP Council of Ministers held in Brussels in March this year?

The chronic inflation in the industrialized countries is indeed causing increases in the prices of ACP imports, which are not always automatically offset by an increase in the prices paid for ACP exports, the added value content of which is still lower on the whole (raw materials still account for more than a quarter of ACP exports to the Community).

It is worthy of note, however, that while the trade balance with the majority of the ACP countries remained practically unchanged last year, imports by the oil-producing ACP countries increased greatly. With Nigeria, for example, the Community had a trade surplus of 1 170 million u.a. in 1977, after recording a considerable deficit in the preceding two years. Community sales to Nigeria increased by 1 286 million u.a. in a single year, which accounts for half the total increase in exports to all the ACP States.

The Community has already demonstrated in a number of international forums that it wants to help guarantee reasonable and steady prices for the developing countries' commodity exports. For the ACP, this resolve has materialized in the form of the Stabex system covering a number of commodities, which constitutes a guarantee that any deterioration in their export earnings will be resisted. Furthermore, within the framework of the economic interdependence being established between the EEC and its ACP partners, it is clear that any trade imbalance which might cause the injured party to resort sooner or later to protectionist measures is in no-one's interest. Although in the case of the ACP this threat was voluntarily removed by the contractual commitments written into the Lomé Convention, the EEC, which is not so protected, must show all the more vigilance in endeavouring to maintain balanced relations.

An assessment by product and by country¹

An analysis of the trend of EEC-ACP trade by group of products and by country shows that trade flows have remained fairly steady since 1970, and the Lomé Convention has done little to change the picture. The traditional pattern of trade whereby primary products are exchanged for manufactures has been maintained on the whole, despite the overall increase in trade between the regions.

In 1976, 95% of the Community's imports from the ACP consisted of primary products (i.e. processed or partially processed commodities). This percentage is similar to what it was in 1970.

¹The product-by-product trade statistics for 1977 are not yet available.

Within the primary products group, three types of product merit attention.

1. Foodstuffs, which in 1976 accounted for 34% of the EEC's purchases from the ACP, compared with 25% in 1974. Since 1973, imports of foodstuffs from the ACP have increased more rapidly than those from other countries. The ACP share, which had fallen between 1970 and 1973, increased from 10.2% in 1973 to 14% in 1976, while the relative share of the other Third World countries has tended to decline or stagnate on the whole.

2. In 1976, energy products represented an item of the same importance as foodstuffs -- 33% of EEC purchases from the ACP compared with 19.3% in 1973 and 40% in 1974. The Community's imports of oil and petroleum products come from two OPEC members (Nigeria and Gabon) but also from other small-scale ACP producers such as Kenya, the Congo, Sudan, and Trinidad and Tobago. It should be noted that total purchases of oil and petroleum products from the ACP accounted in 1976 for only 6% of total Community imports of these products.

3. In 1976, raw materials (agricultural products, ores, non-ferrous metals) accounted for 28% of ACP exports to the Community, a percentage only slightly lower than in 1974 (30%), despite a considerable drop in the non-ferrous metals component.

Although the ACP countries remain the EEC'S biggest source of raw materials among the developing countries, their share of imports of these products decreased between 1974 and 1976 (from 14.5% to 12%). Another feature of the recent trend is the very slow increase in imports of manufactures from the ACP countries. In 1976, all manufactures (including chemicals) accounted for only 4% of the Community's purchases from the ACP, compared with 3% in 1974. In addition, only some ACP countries are exporters of manufactures to the Community, these being Cameroon, the Congo, Gabon, Ghana, the Ivory Coast, Madagascar and Mauritius, plus Surinam and Jamaica in the case of chemicals.

Imports of manufactures from the ACP accounted for less than 1% of the Community's purchases of manufactures in 1976 and 4% of imports of these goods from the developing countries as a whole. The rate of increase has hitherto been slower than for similar imports from other regions of the Third World.

The disparities in development levels between the ACP countries justify at least a quick look at the variety in the different regions' exports to the Community.

Admittedly, one constant feature is that primary products constitute the main component in imports from all the geographical regions. Nevertheless, the proportion of the Community's imports that they account for varies from one region to another. For example, primary products account for virtually all of Europe's imports from the Pacific (99.7% in 1976) but only 77.5% of the purchases from the Caribbean countries. In fact, the Caribbean region sells the widest range of products, with manufactures accounting for 22% of total Community imports from this region.

There are also big differences between the regions in terms of their shares of EEC imports. West Africa provides over half of all Community imports from the ACP countries - approximately 85% of its oil imports and 32% of its imports of manufactures. The Indian Ocean countries on the other hand supply only 3% of the EEC's imports but account for 9% of the manufactures exported by the ACP. Within this group of countries, Mauritius is by far the largest supplier.

In 1976, 85% of the EEC's exports to the ACP consisted of manufactures. This proportion has not changed since 1970 except that the capital goods component in the EEC's sales to the ACP has increased from 42% to 50%. The term capital goods means essentially machinery and transport equipment. In 1976, West Africa alone absorbed 69% of these sales (Nigeria 33%).

It can also be seen that since 1975 sales of manufactures to the ACP countries have increased far more rapidly than those to the other regions of the developing world, with the exception of the Arab countries. Similarly, the ACP share of total EEC sales of manufactures increased from 5.4% in 1974 to 7% in 1976 after falling from 1970 to 1974. In 1976, the ACP took 19% of the EEC's sales of manufactures to the developing countries and, at the present time, represent a market of the same size as Latin America.

For the rest, foodstuffs accounted in 1976 for 10% of the EEC's sales to the ACP countries, which was down on 1973 (13%). The relative share of EEC foodstuff exports accounted for by the ACP has increased since 1975, after remaining constant between 1970 and 1974. In 1976, the ACP share of EEC foodstuff exports represented 10.4% of total sales and 24% of sales to the developing countries.

TOWARDS CLOSER EEC-ACP TRADE COOPERATION

Since the Lomé Convention has barely passed the half-way stage and new negotiations are already about to open to prepare for its successor, any statement on the future of trade relations between the EEC and the ACP is bound to be fairly tentative.

There are some points where there is certainty, these being based on the thick web of cultural, social and economic links between the two regions, on the integration of commercial policy in the whole body of cooperation links that have been established, and on the recent trend towards an intensification of EEC-ACP trade, which is still developing unsatisfactorily in certain respects and needs to be given scope for expansion within an overall cooperation policy.

The uncertainties are connected with the imponderables and the obligations that will result from the progressive establishment of a new international economic order.

It is a virtually established fact that the EEC has embarked on a process of liberalizing trade with all the countries of the Third World. The ACP representatives have for their part never missed an opportunity of publicly stating that they were favourably inclined towards such a policy while acknowledging that an opening of this nature would doubtless be to their detriment.

How will this opening be effected? Through a Stabex operating on a world scale and/or a GSP (generalized system of preferences) applicable to all the developing countries, including the ACP? Or by opening up markets selectively to the most seriously affected and least developed countries? Amid the proliferation of ideas on this question it is not yet possible to work out how trade will be organized in a new international economic order.

Guaranteeing totally free access would smack of thoughtlessness or hypocrisy, said Claude Cheysson when he presented the Commission's memorandum on Lomé II. Subsequently, however, he confirmed, when talking about sectoral consultations and investment guarantees, the Commission's

practical desire to give greater depth to its policy of cooperation with the ACP countries by helping them to organize their production on solid foundations and provide themselves with the means of expanding trade ... on new bases.

Meanwhile, however, the Lomé story is not yet complete. No matter how many grounds for encouragement or pessimism one might find in the development of trade outlined above, they only relate to the first two years of application of a Convention concluded for five years.

One conclusion is already clear, however : any tariff and non-tariff commercial system plays an essentially accompanying role that is often of minor importance, and the future promises to show even more clearly the derisory nature of any trade cooperation policy that is not based first and foremost on aid for the organization of production.

TABLE 1

Million EUA

	1972	1973	1974	1975	1976	1977
<u>Extra-EC imports</u>						
from the developing countries	24 451	31 927	61 379	54 976	69 865	
of which OPEC	11 845	15 310		33 357	41 831	
ACP	4 814	6 159	10 491	8 697	10 474	12 531
Annual increase		+ 28 %	+ 70 %	-17 %	+ 20 %	+ 20 %
Proportion of extra-EC imports accounted for by the ACP	7.3	7.3	8	6.9	6.5	7.4
<u>Extra-EC exports</u>						
to the developing countries	19 045	22 948	35 213	44 068	50 879	
of which OPEC	5 171	6 764	11 060	18 450	23 498	
ACP	4 015	4 432	6 065	8 079	9 841	12 530
Annual increase		+ 10 %	+ 37 %	+ 33 %	+ 22 %	+ 27 %
Proportion of extra-CE exports accounted for by the ACP	6.1	5.5	5.3	6.7	7	7.4
<u>EC-ACP trade balance</u>	- 800	- 1 727	- 4 426	- 618	- 634	- 1

TABLE 2

Million EUA

	Exports from the EC						
	1974	1975	1976	1977	Jan. - June		
					1976	1977	1978
World	231 290	239 571	292 651	332 494	139 786	164 072	176 076
Extra-EC	114 224	121 212	141 300	164 140	66 526	79 327	84 435
Developing countries	35 213	44 068	50 951	61 780	23 547	29 371	32 560
Total ACP	6 111.1	8 121.7	9 883.1	12 501.2	4 500.5	5 975.6	6 454.6
<u>Total West Africa</u>	2 972.7	4 678.5	6 057.4	7 955.1	2 726.8	3 821.0	4 090.8
Mauritania	69.0	106.7	109.3	132.9	60.5	72.2	52.4
Mali	50.4	71.2	78.7	89.3	41.4	46.2	44.4
Upper Volta	59.3	60.8	73.9	96.3	35.4	46.7	49.1
Niger	63.0	67.4	77.7	108.1	32.7	50.0	75.5
Senegal	252.3	274.4	357.1	396.8	165.0	198.4	182.4
Gambia	15.4	20.3	29.1	34.5	13.0	16.0	20.6
Guinea	36.2	58.0	53.4	84.7	23.2	35.6	48.1
Sierra Leone	70.5	71.6	63.1	58.7	30.9	24.6	39.2
Liberia	337.2	607.4	660.7	791.8	290.8	425.5	166.6
Ivory Coast	445.5	483.0	656.4	350.3	312.9	392.7	500.4
Ghana	278.2	241.2	329.6	407.3	139.9	157.5	197.1
Togo	67.5	115.1	129.5	157.0	62.9	75.5	132.2
Benin	62.8	81.8	99.6	114.6	47.1	53.8	70.3
Nigeria	1 148.5	2 403.6	3 319.9	4 697.5	1 461.9	2 212.1	2 499.5
Guinea Bissau	4.8	5.7	5.5	11.3	3.1	4.2	6.6
Republic of Cape Verde	12.1	10.3	13.9	20.0	6.1	10.0	6.4
<u>Total Central Africa</u>	1 188.9	1 363.6	1 542.9	1 667.7	749.1	856.3	713.3
Cameroon	238.3	285.5	330.4	426.9	153.7	198.6	232.9
Central African Empire	35.2	31.8	27.3	52.3	13.5	19.0	19.3
Gabon	208.6	335.7	448.2	453.8	197.0	286.5	135.6
Congo	110.1	140.8	219.5	161.3	133.2	79.7	63.9
Zaire	509.9	475.4	405.9	445.1	193.7	212.4	184.0
Rwanda	19.5	26.3	31.0	33.9	15.0	13.9	23.7
Burundi	19.3	19.0	23.1	28.5	10.4	13.1	16.9

Chad	41.2	43.4	52.0	61.1	29.7	29.4	32.4
Equatorial Guinea	4.8	4.7	2.4	1.8	1.3	1.1	2.2
Sao Tomé and Príncipe	2.0	1.0	3.1	5.0	1.6	2.6	2.4
<u>Total East Africa</u>	1 239.2	1 299.3	1 453.9	1 935.8	706.0	863.4	1 161.6
Sudan	183.9	299.0	412.3	480.2	219.9	228.3	270.8
Ethiopia	107.5	87.5	104.9	136.5	42.9	68.6	75.7
Somalia	56.4	59.7	53.0	119.4	24.1	51.7	59.6
Djibouti	46.2	42.3	35.7	43.7	15.6	20.8	28.4
Kenya	327.5	273.0	311.3	447.7	157.1	192.6	323.6
Uganda	41.4	32.3	42.6	110.2	15.5	41.5	76.7
Tanzania	156.6	173.6	185.0	295.6	86.7	116.7	190.5
Botswana	4.2	3.3	3.2	8.0	1.7	2.5	2.8
Swaziland	2.1	2.0	2.2	2.4	0.9	1.2	2.6
Lesotho	2.9	1.6	6.4	4.1	3.0	2.7	1.0
Zambia	275.1	281.0	253.1	240.4	115.0	116.5	104.0
Malawi	35.4	44.0	44.2	47.6	23.6	20.3	25.9
<u>Total Indian Ocean</u>	217.7	236.5	251.9	289.6	116.9	142.8	133.8
Madagascar	122.7	173.3	134.6	49.9	57.6	74.2	69.0
Mauritius	77.4	83.9	99.3	116.0	51.9	56.1	53.3
Seychelles and Dependencies	8.4	8.3	12.6	13.1	6.2	6.7	8.9
Comoros	9.2	7.0	5.4	10.6	1.2	5.8	2.7
<u>Total Caribbean</u>	450.2	495.4	527.2	600.0	265.9	265.8	323.5
Jamaica	148.1	154.0	116.2	93.1	60.5	40.3	50.6
Bahamas	55.6	46.7	71.3	88.8	50.9	17.8	59.7
Barbados	40.7	40.3	41.8	49.4	20.6	22.1	24.3
Trinidad and Tobago	102.7	128.4	153.1	200.8	68.5	91.5	123.0
Guyana	54.9	73.1	78.1	71.2	36.8	42.0	25.1
Grenada	0.0	0.0	5.3	7.8	2.1	3.7	3.5
Surinam	48.2	52.9	61.4	88.9	26.5	48.4	37.3
<u>Total Pacific Ocean</u>	42.4	48.4	49.8	53.0	25.8	26.3	31.4
Fiji	25.4	26.4	27.5	24.7	14.0	12.5	14.0
Tonga	0.8	1.1	1.2	0.8	1.0	0.4	0.6
Western Samoa	1.4	1.6	1.2	1.6	0.7	0.6	2.3
Papua- New Guinea	14.8	19.3	19.9	25.9	10.1	12.8	14.5

TABLE 3

Million EUA

	EC imports						
	1974	1975	1976	1977	Jan. - June		
					1976	1977	1978
World	246 509	242 787	308 570	339 363	147 272	171 709	178 128
Extra-EC	130 802	125 451	159 590	171 230	75 217	87 416	87 404
Developing countries	61 379	54 976	70 021	75 137	32 913	39 061	35 035
Total ACP	10 494.0	8 704.4	10 471.7	12 461.0	5 084.4	6 419.7	5 943.9
<u>Total West Africa</u>	5 989.4	4 785.9	5 839.6	6 785.0	2 871.4	3 621.6	3 275.2
Mauritania	120.1	123.1	134.5	129.1	68.4	75.3	42.6
Mali	25.6	13.8	43.5	59.8	16.5	32.9	29.7
Upper Volta	22.5	15.0	34.6	32.8	16.4	21.5	14.9
Niger	40.8	59.5	73.9	77.9	36.5	45.7	49.4
Senegal	255.1	261.4	326.5	348.8	143.8	174.1	136.1
Gambia	35.7	24.3	18.5	25.3	11.7	17.6	13.5
Guinea	25.4	29.2	82.8	98.0	32.8	47.6	51.7
Sierra Leone	110.0	81.4	78.9	85.8	37.0	36.9	60.7
Liberia	319.0	260.6	338.5	363.7	172.1	201.3	194.8
Ivory Coast	740.7	693.1	1 011.3	1 471.2	455.1	875.0	830.7
Ghana	261.3	245.9	325.1	458.6	145.5	231.9	242.9
Togo	164.5	115.7	116.5	129.8	63.6	68.0	67.6
Benin	38.0	24.9	24.8	25.2	10.5	11.5	6.1
Nigeria	3 829.9	2 837.1	3 229.0	3 474.8	1 660.8	1 779.0	1 533.0
Guinea Bissau	0.7	0.9	1.1	3.8	0.6	3.2	1.1
Republic of Cape Verde	0.09	0.03	0.1	0.2	0.06	0.07	0.3
<u>Total Central Africa</u>	2 251.8	1 576.2	1 913.6	2 368.9	946.1	1 214.8	1 168.8
Cameroon	351.9	297.5	367.5	526.3	171.7	261.5	328.3
Central African Empire	32.6	29.2	51.6	67.3	25.1	23.0	28.8
Gabon	493.7	374.0	378.1	431.4	190.8	239.9	204.4
Congo	169.9	114.2	104.1	122.9	58.4	58.2	65.0
Zaire	1 135.3	693.9	910.4	1 079.6	392.7	549.3	482.5
Rwanda	16.9	21.4	32.2	49.5	13.5	26.3	17.9
Burundi	11.1	18.7	25.2	41.2	11.0	24.3	18.0

Chad	32.2	19.4	33.7	32.7	11.8	22.5	9.8
Equatorial Guinea	1.5	5.1	8.4	10.3	6.6	6.3	4.1
Sao Tomé and Príncipe	6.7	2.8	2.4	7.7	1.5	3.5	10.0
<u>Total East Africa</u>	1 447.4	1 202.5	1 538.7	1 932.8	714.2	1 035.6	786.6
Sudan	145.0	168.5	222.9	214.4	113.0	132.9	91.1
Ethiopia	79.5	52.7	87.7	77.0	31.7	43.6	34.1
Somalia	15.2	11.2	18.3	17.9	10.5	9.5	5.9
Djibouti	3.0	7.0	1.0	1.4	0.6	0.8	0.5
Kenya	200.8	177.6	271.3	520.5	120.2	238.6	220.5
Uganda	99.4	80.2	128.7	186.7	61.9	117.3	54.4
Tanzania	151.0	141.0	195.9	212.7	102.5	119.4	119.1
Botswana	6.2	21.7	41.3	65.4	17.1	36.5	8.8
Swaziland	40.2	59.5	77.7	59.0	37.7	21.3	19.9
Lesotho	1.4	1.5	2.7	2.4	1.0	1.3	1.5
Zambia	660.0	408.6	405.2	458.1	192.4	263.4	148.5
Malawi	45.7	74.0	86.0	117.3	25.4	51.0	82.3
<u>Total Indian Ocean</u>	222.8	333.6	337.4	388.8	155.0	170.0	153.9
Madagascar	108.6	121.7	134.2	170.1	62.3	93.8	58.3
Mauritius	106.8	207.6	193.2	213.8	86.4	81.4	92.4
Seychelles and Dependencies	1.5	0.3	0.5	0.5	0.2	0.2	0.3
Comoros	5.9	4.0	9.5	4.4	6.1	2.6	2.9
<u>Total Caribbean</u>	391.4	554.8	629.8	676.5	314.4	271.7	437.0
Jamaica	99.5	149.7	113.0	127.2	53.7	58.1	66.8
Bahamas	34.5	85.4	147.4	228.7	68.6	61.1	195.9
Barbados	17.4	27.3	14.5	18.0	10.1	10.5	2.6
Trinidad and Tobago	84.4	103.6	137.7	100.9	79.5	48.8	54.2
Guyana	81.1	108.5	98.8	95.1	52.0	42.8	47.1
Grenada	0.0	0.0	10.1	11.4	4.2	5.8	7.5
Surinam	74.5	80.3	108.0	95.2	46.3	44.6	62.8
<u>Total Pacific Ocean</u>	191.2	250.4	212.6	309.0	83.3	106.0	122.4
Fiji	42.9	91.8	41.2	74.7	6.7	17.7	16.2
Tonga	2.0	2.4	3.4	4.0	1.8	2.4	2.0
Western Samoa	4.6	3.1	2.4	5.3	1.0	1.8	2.6
Papua - New Guinea	141.7	153.1	165.6	225.0	73.8	84.1	101.6

TABLE 4

EC imports from ACP by main product categories 1976

SITC Code	Product category	Value (mill. EUA)	%
0 + 1 + 22 + 4	Food and tobacco	3 477.7	34
21 + 23 + 25 + 26 + 29	Inedible agricultural products	967.3	9
27 + 28	Fertilizers and minerals	934.7	9
3	Mineral fuels	3 362.2	33
5	Chemicals	174.6	2
67	Iron and steel	0.8	0
68	Non-ferrous metals	988.3	10
61 + 62 + 63 + 64 + 65 + 66 + 69 + 8	Other manufactured goods	189.5	2
7	Machinery and transport equipment	42.9	0
	Total	10 285.4	100

TABLE 5

European Community Imports from ACP of primary and manufactured products, 1976

Product category		Total ACP	West Africa	Central Africa	East Africa	Indian Ocean	Caribbean	Pacific Ocean
Primary products (SITC 0 to 4 + 67 + 68)	V	9 790.5	5 646.5	1 675.0	1 482.4	285.6	489.3	211.7
of which :	%	93.5	96.8	87.2	96.3	84.5	77.5	99.7
Fuel products (SITC 3)	V	3 362.5	2 868.6	259.0	22.1	1.3	211.5	0.0
	%	32.1	49.2	13.5	1.4	0.4	33.5	0.0
Manufactured products (SITC 5 to 8 + 67 + 68)	V	548.9	178.1	125.7	52.5	52.1	140.1	0.4
	%	5.2	3.1	6.5	3.4	15.4	22.2	0.2
Total	V	10 473.8	5 831.9	1 920.7	1 539.8	337.9	631.1	212.4
	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0

TABLE 6

European Community Exports to ACP by product group, 1976

Products	Value (million EUA)	%
Primary products		
Food, beverages and tobacco	963.4	10
Fuel products	261.1	3
Raw materials	116.0	1
Manufactured		
Chemicals	1 075.2	11
Manufactured goods	2 389.3	24
Machinery and transport equipment	4 908.4	50
of which :		
(capital goods)	(1 473.7)	(15)
Total EC exports	9 840.5	100

IMPORTS

TABLE 7 Geographical breakdown of extra-CE trade by group of products (in %)

	Foodstuffs					Raw materials					Manufactures				
	1970	1973	1974	1975	1976	1970	1973	1974	1975	1976	1970	1973	1974	1975	1976
Industrialized countries	47.8	49	48.4	48.9	47.3	58	56.8	56.7	58.8	59.3	81.3	75.3	79.4	78.4	76.9
Developing countries	44.6	43.4	44.9	44.6	46.8	30.4	31.6	32.6	31.5	30.8	8.9	12.2	12.4	13	15.9
State-trading countries	7.4	7.4	6.6	6.3	5.9	8.9	9.5	9	9.5	9.9	5.5	6.4	6.9	7	7.1
ACP	12.4	10.2	12.1	13	13.9	9.8	10.7	10.6	10.2	10	0.6	0.66	0.65	0.66	0.65
Southern Medit.	5.4	4.9	4	3.7	3.8	3.2	2.8	4.4	4.9	3.1	1	1.2	1.2	1.4	1.5
of which : Associated countries		(4.5)	(3.8)	(3.4)	(3.4)		(2.7)	(4.3)	(3.8)	(3)		(1.2)	(1.2)	(1.3)	(1.5)
Latin America	18	19.3	18.4	17	20	8.8	8	8.3	8.9	8.7	1	1.6	1.6	1.6	2
S.E. Asia	6	6.2	7.2	7.2	8.3	6.6	7.9	8.1	6.6	7	4.8	7.6	8.6	8.4	9.8
of which : Indian Subcontinent												(1.5)	(1.5)	(1.3)	(1.7)
Semi-industrialized countries												(5.5)	(5.7)	(6.4)	(7)
Mediterranean countries		15.3	13.8	13.1	13.2		7.3	9	8.5	7.9		9	10.1	9.9	11
Arab countries		3.5	3.2	2.9	2.9		2.8	5.4	4.9	4		0.7	0.7	0.7	0.8
Southern Europe	9.5	10.3	8.3	8.9	8.9	4.4	4.3	4.6	4.5	4.7	5.1	7.8	8.4	8.5	8.9
Port., Sp., Greece, Turkey		(9)	(7.5)	(8)	(8)							(5.9)	(6.7)	(6.9)	(7.3)

EXPORTS

Geographical breakdown of extra-CE trade by group of products (in %)

TABLE 8

	Foodstuffs					Manufactures				
	1970	1973	1974	1975	1976	1970	1973	1974	1975	1976
Industrialized countries	57.2	52.7	51.2	47.1	48.4	62.3	60.7	58.5	50.9	51.5
Developing countries	34.7	36.6	40.2	46.8	43.7	29.7	28.1	31.9	37.3	37.6
State-trading countries	7.2	9.6	8.3	5.6	7.5	7.5	8.7	10.3	11.8	10.9
ACP	8.9	8.8	8.7	9.6	10.4	6.2	5.3	5.4	6.8	7.0
Southern Medit.	7.8	10.4	11.5	14.2	11.5	5.7	6.6	7.6	8.4	8.3
of which : Associated countries		(8.4)	(10.6)	(11.9)	(8.9)		(5.2)	(6)	(6.9)	(6.7)
Latin America	4.0	4.1	4.6	4.4	6.7	7.0	5.9	7.1	6.9	6.9
S.E. Asia	5.5	5.2	5.3	7.0	5.4	5.6	5.0	5.4	5.1	4.9
of which : Indian Subcontinent							(1.4)	(1.3)	(1.3)	(1.3)
semi-indus- trialized countries							(2.2)	(2.2)	(2)	(2)
Mediterranean countries		16.8	21.2	21.3	18.2		17.5	19.3	19.3	18.6
Arab countries		12.2	15.1	18.2	17.1		6.4	9.3	12.9	14.0
Southern Europe		6.3	7	5.8	5.4		10.9	11.4	10.4	10
Port., Sp., Greece, Turkey		(4.9)	(6.1)	(5)	(4.5)		(8.5)	(8.6)	(7.8)	(8)

EC imports from ACP

TABLE 9

Year	Unit	EUR 9	Ger- many	France	Italy	Nether- lands	Belg. Luxbg	UK	Irl.	Den- mark
77	'000 million EUA	12.46	2.75	3.28	1.10	1.84	0.99	2.25	0.08	0.17
76	'000 million EUA	10.47	2.23	2.59	0.92	1.43	0.97	2.11	0.05	0.17
75	'000 million EUA	8.70	1.88	2.16	0.73	1.02	0.65	2.08	0.04	0.14
77/76	%	+19	+23	+27	+21	+29	+ 3	+ 6	+ 41	- 1
77/75	%	+43	+46	+52	+50	+80	+53	+ 8	+ 83	+23

EC exports to ACP

TABLE 10

Year	Unit	EUR 9	Ger- many	France	Italy	Nether- lands	Belg. Luxbg	UK	Irl.	Den- mark
77	'000 million EUA	12.46	2.52	3.70	1.24	0.95	0.65	3.18	0.08	0.18
76	'000 million EUA	9.85	1.90	3.01	0.77	0.84	0.55	2.59	0.04	0.14
75	'000 million EUA	8.08	1.42	2.45	0.66	0.72	0.44	2.21	0.05	0.13
77/76	%	+ 27	+33	+23	+57	+13	+19	+23	+69	+30
77/75	%	+ 54	+78	+51	+81	+32	+50	+44	+58	+40

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