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Brussels, October 1979



A NEW COOPERATION CONTRACT

On 31 October 1979, will be signed in Lomé (Togo) the Second Convention between the African, Caribbean and Pacific States and the European Economic Community.

"resolved to continue and intensify their efforts to establish a model for relations between developed and developing States..."

(Preamble)

THE ACP STATES

BAHAMAS	GHANA	ST. LUCIA
BARBADOS	GRENADA	SAO TOME PRINCIPE
BENIN	GUINEA	SENEGAL
BOTSWANA	GUINEA-BJSSAU	SEYCHELLES
BURUNDI	GUYANA	SIERRA LEONE
CAMEROON	IVORY COAST	SOLOMON ISLANDS
CAPE VERDE	JAMAICA	SOMALIA
CENTRAL AFRICAN EMP.	KENYA	SUDAN
CHAD	LESOTHO	SURINAME
COMOROS	LIBERIA	SWAZILAND
CONGO	MADAGASCAR	TANZANIA
DJIBOUTI	MALAWI	TOGO
DOMINICA	MALI	TONGA
EQUATORIAL GUINEA	MAURITANIA	TRINIDAD and TOBAGO
ETHIOPIA	MAURITIUS	TUVALU
FIJI	NIGER	UGANDA
GABON	NIGERIA	UPPER VOLTA
GAMBIA	PAPUA NEW GUINEA	WESTERN SAMOA
	RWANDA	ZAIRE
		ZAMBIA

CONTENTS

	<u>page</u>
I. INTRODUCTION : CONSOLIDATING A POLICY	1
II. TRADE COOPERATION : OPENING UP A LARGE MARKET TO ACP PRODUCTS	3
1. The new convention confirms the opening up of the Community market	3
2. Improving on past achievements	3
3. Stepping up trade promotion	3
4. Trade cooperation and balanced trade	4
III. STABILIZING EARNINGS FROM AGRICULTURAL COMMODITIES : STABEX IMPROVED BY THE NEW CONVENTION	6
IV. SAFEGUARDING AND DEVELOPING MINERAL PRODUCTION	7
1. Accident Insurance	7
2. Promoting the development of mining	8
V. INCREASED FINANCIAL RESOURCES	10
1. Stepping up financing	10
2. Breakdown of aid	11
3. Priority for the poorest	11
4. Encouraging cofinancing	12
5. Increasing private capital flows	12
VI. VAST SCOPE FOR COOPERATION	13
1. New areas of cooperation	13
2. From agricultural cooperation to industrial cooperation	14
VII. THE ADMINISTRATION OF AID	16

ANNEXES

1. Background and chronology
2. Institutional structure of EEC-ACP cooperation
3. Basic ACP statistics
4. List of products covered by Stabex
5. Stabex : cumulative results 1975-78
6. Importance of the ACP countries as suppliers of commodities
7. The sugar protocol
8. References

I. INTRODUCTION : CONSOLIDATING A POLICY

On 27 June 1979, after a veritable marathon including four ministerial conferences the European Community and its 57 African, Caribbean and Pacific partners (1) concluded their negotiations for the renewal of the Lomé Convention, which had been governing their relations since 1976.

It took a whole year of difficult negotiations to reach that goal, but it had taken eighteen months to achieve Lomé. This is hardly surprising when it is considered that nine European countries and 57 others, scattered all over the world and all so different both as regards their physical and economic situations and their political regimes, have been trying to conclude a new five-year contract to establish amongst themselves stable and secure relations at a time when instability and insecurity are more than ever features of the international political and economic scene.

Moreover, these negotiations were concluded during a week in which a second oil "crisis" came to a head, echoing the period when the first oil crises served as a backdrop to the negotiations for Lomé I. And for the second time, Europe, in spite of its anxieties and misgivings refused the temptation to turn inwards.

The Community is all too aware that these economic difficulties hit the developing countries even harder, and also realises that both sides should see these difficulties as a reason for stepping up cooperation and trade. In these times of economic and social turbulence the need is for consolidation of the stabilising role the Lomé policy can play in relations between nine countries of the North and 57 countries of the South.

For Europe this consolidation in order to maintain what has been achieved is already a major challenge. But Lomé also offers a chance for Europe and its partners to assert that new experimental paths are still possible in North-South relations.

Consolidation has meant, in practice, maintaining the "method" of operation of Lomé, i.e. preserving and extending the real innovations which this policy has brought into North-South relations.

(1) see annex 3 - list and basic statistics. The Kiribati islands (ex Gilbert) are in the process of becoming the 58th ACP country.

The four basic tenets of the "Lomé policy"

- Security of cooperation relations, based on a de jure system resulting from a contract freely negotiated between equal partners.
- The establishment between two regional groups of a single contract, excluding any manipulation or discrimination that might be caused by unilateral assessments of the partners' sovereign choices of economic systems, policies or modes of development. This means placing cooperation in the context of non-alignment and respect for national and cultural individuality.
- An overall approach defining and bringing together all the instruments of cooperation so that their diversity enables a balanced response to be made to needs, which vary according to the different economic structures and levels of development and are defined on the basis of priorities set by the ACP countries themselves.
- Cooperation based on a permanent dialogue made possible by the institutional structure-which is much the same under the Lomé Convention (2) - but given greater scope in that consultations will become more intensive.

(2) see annex 2.

Maintaining what exists also involves an important factor in the present economic context - it involves pursuing a policy of opening up the Community market to our partners' products and providing financing which increases in real terms, while remaining within Europe's present capabilities. It means enlarging the scope and effectiveness of the Stabex system, making the methods and instruments better suited to the requirements of agricultural or industrial development and improving the administration of financial cooperation.

Consolidating such a policy meant, however, that it was necessary to push ahead and innovate. While Stabex was considered the most original feature of Lomé I, the new convention sets up the instruments of an entirely new policy of mining development.

It also paves the way for research which, by various means, will help mobilize financial resources to supplement official assistance, and those are resources the Third World needs, especially for its industrial development. In this perspective the Community can in many respects play a key role, whether in the promotion of major co-financing operations or in contributing to the reinforcement of the indispensable support of private investors. Here again the establishment of more stable relations between partners, recognising rights and mutual duties, leads to a more efficient and balanced form of cooperation. It is in this spirit that the new provisions of the Convention on the promotion and protection of investments have been conceived.

II. TRADE COOPERATION: opening up a large market to ACP products

1. The new convention confirms the opening up of the Community market.

- Free access to the Community market for 99.5% of the ACP countries' exports was already guaranteed by the Lomé Convention, and even the remaining 0.5%, consisting essentially of products coming under the common agricultural policy¹, received treatment on importation from the ACP countries which was more preferential than that given to other countries.
- Any improvements under the new convention could therefore be only marginal, the essential consideration being that the Community should confirm access to the market which is the ACP countries' chief outlet, since it absorbs 50% of their exports on average.
- The Community and its Member States admittedly insisted on retaining the provisions whereby, in given circumstances, they can take safeguard measures - but on the understanding that they would not have recourse to them "for protectionist purposes or to hamper structural development"; moreover, there are consultation procedures which should prevent any arbitrary decision and help the parties to come to mutually acceptable arrangements. It should be noted that the safeguard clause has never yet been invoked.

2. Improving on past achievements.

- New concessions have been made for some agricultural products, which are exported in limited quantities but are of particular importance to certain ACP countries: this applies, for example, to tomatoes from Senegal and onions from Cape Verde.²
- Special attention has been paid to two products which are traditionally exported to certain countries of the Community and are of undoubted economic importance to several ACP countries. The first is beef, produced mainly by Botswana and accounting for 56% of that country's exports (this is the only case where an ACP agricultural product which does not enjoy free access accounts for such a high proportion of total exports). In spite of the difficulties on the Community's meat market, the preferential treatment accorded under Lomé (no customs duties - 90% reduction in import dues) has been improved upon (notably by increasing the overall quota covered by the reduction in the levy) and consolidated (the reduction in the levy being guaranteed for the duration of the convention).
- An effort has also been made to help the producers of rum, an important export for several Caribbean countries, by providing for higher annual rates of increase in the zero-rated quotas foreseen by the convention. The most important tariff concessions are not enough, however, to consolidate the development of sales on the Community market: much remains to be done in the field of commercial promotion.

3. Stepping up trade promotion.

- Although the Lomé Convention made it possible to finance and implement a whole range of trade promotion schemes, only relatively few schemes of this nature have been initiated by the ACP countries, accounting for a mere 2% of financing so far.

¹ Products covered by the CAP account for 8.7% of the Community's imports from ACP countries. 94% of these imports have free access and the remaining 6% receive preferential treatment.

² There are also concessions for carrots, asparagus, certain kinds of fruit, juices and preserved fruit, mushrooms and maize.

- Besides giving each country the opportunity of proposing such schemes for financing from its individual allocation, the new convention earmarks a special allocation of 40 million EUA for regional cooperation. The scope of this sector has moreover been widened to include operations both upstream and downstream of production, and taking in not only the domestic market and its organization but also all foreign markets.
- In the sphere of rules of origin, which can act as a barrier to trade, an effort has been made to reach a pragmatic compromise in order to facilitate the granting of derogations where justified - particularly for the benefit of the least developed ACP States - while maintaining rules designed to prevent the diversion of trade.

4. Trade cooperation and balanced trade.

- Although the bulk of ACP products are assured of free access to the Community market, there was no reciprocal obligation under the Lomé Convention. This arrangement still stands and the ACP countries may not discriminate between Member States nor afford them less favourable treatment than that given to the most-favoured industrialized state. In fact, in most cases, the Community is no longer granted any preferential treatment.
- However, this "non-reciprocity" in free trade, which is justified by the considerable gap between development levels, does not seem to have sufficed to achieve a balanced development of trade (see table below).

'000 million EUA

TREND OF EEC-ACP TRADE	1973	1974	1975	1976	1977	1978
Imports (extra-EEC) from the developing countries	31.9	61.4	55.0	70.0	75.2	71.2
of which OPEC	15.3	38.9	33.4	41.8	42.3	38.2
of which ACP	6.2	10.5	8.4	10.5	12.5	11.9
Annual growth (ACP)	+28%	+70%	-17%	+20%	+19%	- 5%
ACP share of extra-EEC imports	7.4%	8%	6.7%	6.6%	7.3%	6.7%
Exports (extra-EEC) to the developing countries	22.9	35.2	44.1	50.9	61.8	66.5
of which OPEC	6.6	11.4	18.4	24.1	29.7	31.1
of which ACP	4.4	6.1	8.1	9.8	12.5	12.7
Annual growth (ACP)	+10%	+37%	+33%	+22%	+27%	+ 2%
ACP share of extra-EEC exports	5.5%	5.3%	6.7%	7%	7.6%	7.3%
EEC-ACP trade balance	- 1.7	- 4.4	- 0.6	- 0.6	- 0.0	- 0.8
Source: SOEC						

- While being careful not to draw hurried conclusions from too short an observation period (the trade arrangements under Lomé became fully operative only in 1976), certain remarks can nevertheless be made:
 - . Although they do not benefit from preferential treatment, Community exports to ACP countries have grown steadily. The slackening off in 1978 is, however, more marked than in respect of the developing countries as a whole.

↑ Thus the results of the first four months of 1979 show the reappearance of the Community's trade deficit, caused by an important decline in imports from Nigeria.

- . Imports from the ACP countries increased very considerably in 1976/77 (up 43% in two years as against only 37% for all developing countries). There was a definite backslide in 1978, but less than for the developing countries as a whole.
- . It should be noted, however, that not every country's exports dropped (imports from the Caribbean, for example, went up by 50%) and that the regression was chiefly due, as far as Africa is concerned, to a drop in export earnings from certain raw materials.¹ Copper exports went down by 15% in volume and 17% in price; the corresponding figures for groundnuts were 27% and 20% and 17% and 20% for cotton, while the price of coffee fell by 32%.
- . All this points clearly to the fact that a world-wide effort must be made to seek ways of preventing the prices of raw materials from fluctuating too greatly and it demonstrates the value of an export earnings' stabilization mechanism to EEC-ACP relations, a mechanism which will be strengthened and expanded under the new convention.
- . Also, the guarantee given to the sugar-producing ACP countries under the Lomé Convention², concerning both the volume and the price of purchases, plays an obviously stabilizing role (See Annex 7).
- . At the same time, any measure designed to stabilize the prices the ACP countries pay for their supplies also deserves attention. The Community has undertaken to use the instruments of the common agricultural policy to make it possible to carry out commercial transactions involving certain essential foodstuffs so that supplies can be assured all the year round at fixed prices, thus cancelling out any fluctuations resulting from rises in world prices.

¹Source: SOEC - estimate on the basis of the results for January-September 1978.

²The sugar protocol has not been renegotiated for the new convention. This was concluded for an unlimited period and cannot be amended before 1989 and abrogated before 1982.

- 5 -

III STABILIZING EARNINGS FROM AGRICULTURAL COMMODITIES: STABEX IMPROVED BY THE NEW CONVENTION

The Stabex system introduced by the Lomé Convention is the first agreement between industrialized and developing countries aimed at cancelling out at least part of the effects on economies and producers' incomes of sudden drops in earnings caused either by fluctuations in world prices or by sharp variations in production, which are particularly frequent in regions where the vagaries of the climate are more destructive than elsewhere.

This experiment, which aroused great interest at international level, will be continued in such a way as to increase its scope and effectiveness. With increased financial resources (550 million EUA as against 382 million EUA), this "insurance policy against bad years" will apply to a wider range of products on more favourable terms with regard to the risks covered.

Stabex was originally intended to cover twelve products and some of their sub-products

- on which the producer countries were particularly dependent and earnings were particularly unstable - but during the Lomé Convention's lifetime it has already been extended to cover additional products. With the new convention its scope has again been extended: the list of products has grown from 34 to 44 (See Annex 4) and now covers the bulk of the agricultural commodities that play any significant part in the economies of the ACP countries (1).

The conditions under which the system comes into play have also been improved, notably by lowering the dependence and trigger thresholds:

- the dependence threshold (the percentage of exports the product covered has to account for in relation to total exports to all destinations for the preceding year) has been brought down from 7.5% to 6.5% (5% for sisal);
- the trigger threshold (the drop in export earnings in relation to the average earnings from the same product over the preceding four years) has also been reduced from 7.5% to 6.5%;
- in both cases the threshold applying to the least developed, landlocked and island countries (that is 46 countries out of 57) goes down from 2.5% to 2%.

Stabex transfers to the 35 least developed countries are made in the form of grants. In other cases they are interest-free loans the repayments on which go towards replenishing the system's resources. The terms for this under the new convention are much more flexible: repayment no longer falls due as soon as there is a "good" year; it can be spread over a period of seven years, with a two-year grace period.

Stabex: some facts

- By 1 July 1979 270 million EUA had been transferred to 31 ACP States (including 22 grants worth 160 million EUA).
- Stabex came into play for 21 products or subproducts in this period. In most instances this was because of a drop in production or exports caused by local circumstances (two thirds of the transfers); compensation for losses of export earnings attributable to the economic situation was paid for only a limited number of products. See table in Annex 5.

(1) The question of tobacco is to be reexamined under the new Convention, as well as the case of sisal products. Iron ore, the only mineral included in Stabex, will continue to be covered in respect of exports from mines currently being worked for another five years (1979-84). After that it will be covered by the new system for minerals.

IV. SAFEGUARDING AND DEVELOPING MINERAL PRODUCTION

Whereas the Stabex system under Lomé ensured that the countries producing agricultural raw materials had more stable incomes and hence increased security for both the economy and the producers, the economies of the countries producing mainly (except those producing iron ore) minerals remained at the mercy of all kinds of contingency - a sudden drop in prices or production, for example.

The new convention corrects this imbalance, which was felt particularly strongly by the ACP States since the international negotiations aimed at stabilizing the prices of raw materials - such as copper - have not achieved many results so far. Although it cannot solve the problem of price fluctuations at inter-regional level, the Community has set about seeking solutions which will at least lessen the effects of such fluctuations and, more generally, preserve the ACP countries' mining potential. The system adopted has basically the same aims as Stabex, though the methods used to achieve them are considerably different because of the peculiarities of mineral production and markets.

1. Accident insurance

This insurance scheme is backed by financing amounting to 280 million EUA (§ 372 million). It covers the main minerals exported by the ACP countries : copper and cobalt, phosphates, manganese, bauxite and alumina, tin and iron ore. Additions can be made to this list during the life of the convention by decision of the ACP-EEC Council of Ministers if it turns out that other products of importance to the economies of ACP States are being seriously disturbed.

MAIN MINERAL EXPORTS			
	Producer country	Dependance threshold (average 1972/76)	EEC share of exports (average)
<u>COPPER</u>	ZAMBIA	91%	60%
	ZAIRE	55%	91%
	PAPUA NEW GUINEA	51.7%	40%
<u>PHOSPHATES</u>	TOGO	59%	92%
	SENEGAL	17.6%	54%
<u>BAUXITE</u>	GUINEA	90%	34%(bauxite 76)
<u>ALUMINA</u>	JAMAICA	67%	19%(alumina 76)
	SURINAME	70%	29%(alumina 76)
	GUYANA	40%	9%(bauxite 76)
<u>MANGANESE</u>	GABON	15%	32%(1976)
<u>IRON ORE</u>	LIBERIA	69%	74%
	MAURITANIA	71%	75%
<u>TIN</u>	RWANDA	13%	
MAIN EEC IMPORTS FROM THE ACP COUNTRIES (million EUA) 1977			
	Total Community imports (net)	FROM	
<u>COPPER</u>	2 341	Zaire (445) - Zambia (423) - Papua New Guinea (74)	
<u>BAUXITE/ ALUMINA</u>	922	Guinea (90) - Guyana (23) - Jamaica (48) - Suriname (59)	
<u>PHOSPHATES</u>	470	Togo (63) - Senegal (26)	
<u>IRON ORE</u>	1 900	Liberia (256) - Mauritania (120)	

As with Stabex there is a dependence threshold; for the Community to provide assistance the product in question must have accounted over the preceding four years - as a general rule - for at least 15% of export earnings (all destinations). For the least developed, landlocked and island countries the threshold is 10%.

A brief description of the - fairly complicated - triggering conditions is given below :

- The "risk" to be covered is that run by a country which finds it is prevented from restoring at a normal rate or maintaining its "production plant or export capacity" by circumstances beyond its control in cases where an "otherwise viable and economic line of production" is involved.
- There must therefore have been an "accident" causing a drop in production or export capacity or in export earnings from one of the products covered by the system and exported to the Community. (1) The accident may be caused by local circumstances (disasters, grave political events) or economic factors (price collapse).
- The damage must be significant; it must entail a drop of 10% in production or export capacity.

Where these conditions are fulfilled - this being established by common accord between the Community and the ACP State concerned - the country is entitled to compensation. Unlike Stabex, this system does not provide a straight budget transfer but a participation in the financing of projects or programmes proposed by the ACP country concerned to restore its potential for producing and exporting to the Community.

The finance takes the form of special loans, repayable over 40 years with a ten-year grace period and at an interest rate of 1% (0.75% for the least developed countries). In order to be able to act rapidly, the Community may grant advances to prefinance projects.

2. Promoting the development of mining

Besides safeguarding the existing mining potential the new convention should encourage it to develop. It is obviously in the mutual interests of the Community and the ACP States to do this. The Community is heavily dependent on external sources of supply - notably the developing countries - for mining products. For the ACP countries mining can be an important factor in their economic development by virtue of the linkages it provides with other activities and the export resources it generates. This sector has dropped behind considerably over the last ten years, the phenomenon being particularly marked in Africa where there has been practically no investment by European firms in minerals exploration since 1974.

In order to help make up the lost ground, the new convention contains provisions aimed essentially at stepping up external flows of technology and capital.

The following can help to achieve this :

- a. Increased financial and technical assistance in the fields of geology and mining, which could mean a contribution to the establishment of national or regional funds for mineral exploration, for example.
- b. The adjustment or increased importance of certain financing mechanisms : more funds are not available for use as risk capital and the possibility now exists (it did not under the Lomé Convention) of subsidizing the ordinary loans of the European Investment Bank (EIB).

(1) The system makes it possible to anticipate accidental effects, and to intervene as soon as a fall in capacity in the months to come is foreseen, etc.

- c. A specific action of the EIB making it possible to participate in financing, mining and energy projects of mutual interest, for which up to 200 million ECU may be committed over and above the contractual appropriations under the convention itself. Increased participation by the EIB should also encourage private investment flows.
- d. The possibility the convention offers of concluding agreements on the protection and promotion of investment in mining and energy projects between the Community and its Member States on the one hand and any interested ACP State on the other (1).

(1) The following joint declaration was adopted to this end :

"In order to encourage European investments in mining and energy development projects promoted by the ACP States, the Community and the Member States, on the one hand, and the ACP States, on the other, pursuant to the general aims of the treatment of investments referred to in Title IV, may also conclude agreements relating to individual projects where the Community and possibly European undertakings contribute towards their financing."

V. INCREASED FINANCIAL RESOURCES

1. Stepping up financing

The finance available under the Lomé Convention amounted to 3 466 million EUA (\$ 4 329 million) in all, including adjustments made to take account of the accession of additional States to the Convention.

The funds available for expenditure on EEC-ACP cooperation for the duration of the next convention have been stepped up to a total of 5 607 million EUA (\$ 7 457 million), which means an increase in dollars of 72% (62% in EUA)¹.

The following table shows the breakdown of this overall package. It should be noted that the package contains amounts which are not included in the convention.² This applies to the 200 million EUA which the EIB will be able to commit for projects in the mining and energy sectors by providing ordinary loans without interest-rate subsidies, and also to administrative costs incurred by the Commission's Delegations in the ACP countries (responsible for implementing cooperation at local level), which used to be charged to the European Development Fund and will now be paid from the Community budget.

¹This difference demonstrates the "moderating" effect of calculating financial aid in EUA - it tends to iron out currency fluctuations. To give a further example, the increase is 70% in CFA francs and 67% in Nigerian naira

²(which was not the case with the Lomé Convention)

BREAKDOWN OF RESOURCES				
	Resources 1980-85		Lomé Convention	
	Million EUA	\$ million	Million EUA	\$ million
Grants:	2 928	3 894	2 155	2 692
(+ admin.costs charged against budget)	(180)	(239)	-	-
Special loans ¹	504	670	444	555
Risk capital	280	346	94	117
Stabex ²	550	731	382	477
Minerals ³	280	372	-	-
Total EDF ⁵	4 542	6 041	3 076	3 842
Total EDF + admin.costs	4 722	6 280	-	-
<u>EIB</u>				
Ordinary loans subsidized ⁴	685	911	390	487
Loans for mining projects (non-convention)	200	266	-	-
Total under convent.	5 227	6 952		
Grand total	5 607	7 457	3 466	4 329

¹The repayment terms for special loans have been standardized: repayment over 40 years with a ten-year grace period. The 1% interest rate is reduced to 0.75% for the least developed countries.

²Stabex transfers are grants for the least developed countries and interest-free loans for the others.

³Same terms as for special loans.

⁴Interest-rate subsidies are now uniform and automatic; they lower the interest rate borne by the borrower by 3%.

⁵The EDF is financed by the Member States in the following proportions: Belgium 5.9%, Denmark 2.5%, France 25.6%, Germany 28.3%, Ireland 0.6%, Italy 11.5%, Luxembourg 0.2%, Netherlands 7.4%, United Kingdom 18%.

In order to be able to assess the full extent of the Community's financial aid to the ACP countries account should also be taken of the cost to the budget of the sugar protocol and aid to the ACP countries under other Community policies. The Community has given its partners an indication of the amount they could receive under this head for the period 1980-85 - at least 300 million EUA (§ 400 million) in food aid and 25 million EUA (§ 33 million) as the Community's contribution to projects cofinanced with non-governmental organizations.

If the Member States' bilateral aid is also added, the Community is by far the biggest source of official assistance for the ACP countries.

2. Breakdown of aid

As under the Lomé Convention, part of the funds available is set aside for specific purposes, besides the EDF funds earmarked for Stabex and mining projects and the funds which the EIB will be contributing to mining and energy projects. These items are:

- regional cooperation, which is allocated an overall sum of 600 million EUA (as against 300 million EUA under the present convention). Since this allocation is so big, it should boost large-scale regional projects, which in many instances are the only appropriate solution where infrastructure (transport - improvements to river communications), industrial development or training and research are concerned;
- emergency aid, for which the allocation has been increased from 150 million EUA to 200 million EUA. This type of aid enables funds to be granted rapidly and thus offers a vital element of flexibility. By helping to cope with the difficulties resulting from natural disasters and other dramatic events it has been able - often in combination with food aid - to provide the means for the survival of many groups of people. Some very large-scale schemes have been launched in certain regions (southern Africa, the Sahel) and aid given to refugees generally¹.

3. Priority for the poorest

In devoting a special chapter to the least developed, landlocked and island countries² the new convention is pointing even more insistently than before to the fact that these countries must have assistance that is suited to their needs.

They receive especially advantageous treatment under most sections of the convention (Stabex, minerals, rules of origin and so on), and this is particularly true of financial cooperation.

Generally speaking, the largely concessionary nature of the aid (grants account for 80% of the total - excluding non-convention EIB loans) enables the aid given to the poorest countries to be tailored to the very best advantage.

Where loans are concerned, added importance has been given to risk capital compared with ordinary loans and this should also help broaden the scope for EIB financing in these countries, where industrial projects can be funded in many instances only by combining these two types of financing.

The special treatment granted to the poorest countries will show up first of all in the share allocated to them when the funds are divided up among the national programmes. Under the Lomé Convention the 32 least developed countries - accounting for 42% of the ACP States' population - received 64% of the aid programmed.

¹ The various aid operations carried out since 1976 for the benefit of refugees in Africa (emergency aid, food aid, etc.) have involved over § 78 million.

² 35 countries are classified among the least developed, 13 countries are landlocked and 19 are islands.

4. Encouraging cofinancing

New arrangements reflecting the importance attached to cofinancing operations are intended to make them easier to carry out. About forty projects have been or are financed in this way under the Lomé Convention to the tune of 3 000 million EUA. In addition to the contribution from the EDF and the EIB (484 million EUA) and from the Member States (458 million EUA) there are large contributions from the Arab Funds (582 million EUA) and the World Bank (364 million EUA).

The Arab Funds' participation, which rose from 14% in 1977 to 20% in 1978, is particularly significant.

5. Increasing private capital flows

Official development assistance on its own cannot be expected to provide enough funds to finance the development of the ACP countries, particularly their industrial development, for which it is necessary to facilitate the influx of private capital and improve access to the capital market.

Besides the measures taken to promote investment in mining and energy projects the new convention contains more general provisions aimed at encouraging participation by the Community's firms in the ACP States' industrial development. Investment promotion will be made easier by the ACP countries' undertaking to accord the same treatment to investors from all Member States¹.

Lastly, in a joint declaration, the Community and the ACP States acknowledged the need "to tap additional financial resources that would lead to substantial capital resources for industrial development" and agreed to undertake, to this end, a thoroughgoing study, the results of which would have to be available within nine months of the signing of the convention.

¹ The Convention states (Art. 64) that "where an ACP State has entered, or enters, into an inter-governmental agreement relating to the treatment of investments with any Member State, it will accord the same treatment to investments from any other Member State". An interpretative declaration defines the significance of this clause. The Federal Republic of Germany has concluded with ACP countries an important number (22) of bilateral agreements relative to the treatment of investments (Netherlands: 7, France: 4, Italy: 3, Belgium and Denmark: 1).

VI. VAST SCOPE FOR COOPERATION

There is no doubt that the scope of cooperation is being expanded from one convention to the next. New subjects are being broached, which means that the dialogue between the Community and its partners covering all areas of economic and social activity is gradually being widened. At the same time, however, the policies launched by the Lomé Convention are being consolidated; taking into account past experience as well as general economic trends, certain tendencies are being reinforced, certain objectives made clearer and new instruments of cooperation introduced.

1. New areas of cooperation

- Labour

By adopting a joint declaration on the status of "workers who are nationals of one of the contracting parties and are residing legally in the territory of a Member State or an ACP State" the negotiators have tackled the problem of migrant workers for the first time. The provisions are similar to those contained in the cooperation agreements with the Maghreb countries; workers from ACP countries residing legally in a Member State are guaranteed the same treatment as nationals of that Member State as regards working conditions and pay as well as job-related social security benefits. The ACP States have given reciprocal undertakings. There is provision for bilateral negotiations to settle any problems.

- Fishing

In another joint declaration, the convention deals with sea fishing. There are two basic points to be taken into account here : the Community's established jurisdiction in this area since 1976 and the extension to 200 nautical miles of the fishing zones of most of the coastal ACP States. (The joint declaration in the Lomé Convention still referred to the Member States' jurisdiction in this matter). Besides referring to increased coordination as regards the conservation and utilization of fishery resources, the parties to the convention outline the general framework for possible bilateral fishery agreements between the Community and the ACP States concerned (mutual advantages - non-discrimination - principle of providing ~~the Community~~ compensation in addition to any EDF allocation in return for fishing rights granted by ACP States). (1)

- Sea transport

There is also a joint declaration which paves the way for an examination of subjects of common interest in the field of sea transport, with the Community declaring itself prepared to develop this sector in any ACP State that may so request (the development of shipping companies - setting up joint ventures - technical assistance for training and management, etc.). The declaration also acknowledges the importance of the Council's decision to recommend that the Member States ratify the United Nations Convention on a Code of Conduct for Liner Conferences. Such ratification will enable the UN Convention to enter into force and the developing countries will thus be able to benefit from its provisions on the distribution of liner trade.

(1) The first agreement was concluded with Senegal on 30 April 1979 (see IP(79)94). Negotiations are under way with Guinea-Bissau and exploratory talks are being held with Mauritania and Cape Verde.

2. From agricultural cooperation to industrial cooperation

With regard to the allocation of the funds available for financial and technical cooperation to the various areas of economic and social development, the choice of priorities and hence the sectoral distribution of the aid will, under the new convention as under the present one, remain up to each individual ACP State.

It was necessary, however, to see that these choices could be implemented by the ways and means best suited to the specific needs of each economic sector and that they could be made in the light of as clear and comprehensive a presentation as possible of the objectives and types of scheme specific to each field.

We have already mentioned the increased cooperation in the sphere of trade promotion. New instruments and the relevant funds will enable a real policy of cooperation on mining to be launched.

The new convention should also provide greater opportunities for action in the fields of industrial and energy cooperation and agricultural and rural development.

BREAKDOWN BY SECTOR OF EUROPEAN DEVELOPMENT FUND AID (Appropriations committed as at 31 July 1979)	
Rural development :	32.2%
Economic infrastructure :	26.5%
Industrialization :	20.7%
Social development and training :	18.6%
Trade promotion :	2.0%
BREAKDOWN BY SECTOR OF EIB LOANS (loans from the EIB's own resources)	
Industrial and agro-industrial investments :	65%
Production or transmission of electricity :	33%
Tourism :	2%

Industrial and energy development

This type of development should benefit first of all from increased financial backing taking more appropriate and more diverse forms (see point V above). Generally speaking, the new convention should lend more scope to the industrial cooperation activities launched under the Lomé Convention, the results of which are considered broadly inadequate by both sides despite many interesting achievements.

The negotiators wished to make it quite clear that this cooperation was to be seen in a context of interdependence : it is not simply a question of facilitating the industrial development of the ACP countries but also of "taking due account of their specific needs in the formulation of policies designed to adjust the industrial structures of the Community to changes occurring at the world level".

With this in mind, arrangements have been made for a wide-ranging and highly flexible system of industrial consultations which can be held at the initiative of the Commission or the ACP-EEC-Committee on Industrial Cooperation.

These efforts to arrive at better adjusted policies should result in a strengthening of the contacts between business circles in the Community and the ACP countries. This is the main aim of the Centre for Industrial Development, set up under the Lomé Convention, and its role has now been better defined and its financing stepped up. (A budget of 25 million EUA is laid aside for it, to be taken from the allocation for regional cooperation.)

The negotiators reserved a special place in the new convention for cooperation in the field of energy (1), drawing up a list of the many schemes that could be undertaken in this crucial area, such as an inventory of energy resources, the implementation of energy policies and programmes, promotion of research, production of equipment in the ACP countries, development of new sources of energy, particularly in rural areas, and so on.

Agricultural and rural development

In devoting a special chapter to agricultural cooperation the Community and the ACP countries are demonstrating the prime importance for the development process of promoting rural activities.

Besides defining the objectives of ACP-EEC cooperation in this sphere and listing the schemes that will have to be implemented to achieve them, this chapter stresses the importance of stepping up technical assistance to make the authorities of the ACP States better able to work out for themselves the rural development policies and projects that are best suited to their needs.

Thus, for example, the ACP countries can call upon the services of individual experts or teams of consultants. In the same spirit, a Technical Centre for Agricultural and Rural Cooperation has been set up for the ACP States and its main task will be to improve the dissemination of knowhow and technology in this sphere. The experiment conducted under the Lomé Convention with the financing of microprojects (2) - a formula which has proven particularly well suited to schemes in rural areas - will be continued and expanded.

It should be noted that, under the Lomé Convention, 40% of the funds available for aid to national projects went to agricultural and rural development, although this average was greatly exceeded in numerous countries where that particular sector absorbed between 75% and 100% of the appropriations.

(1) This sector has already received large-scale financing : over 170 million EUA had been committed by the EDF or the EIB by the end of 1978 for projects which, taking account of cofinancing involved a total investment of some 900 million EUA. The Community's contribution broke down as follows : hydroelectric power 74% - thermal power 8% - Power transmission 14% - new sources of energy 4%.

(2) This formula enables an overall appropriation to be allocated to a set of schemes proposed by the ACP State by way of a programme. The projects must be put forward by the local communities themselves, which provide some of the financing. Thirty-five programmes involving some 1 400 microprojects are currently being implemented.

VII. THE ADMINISTRATION OF AID

The methods of administering the development aid accorded under the Lomé Convention were remarkably progressive compared with the usual methods. Whether one considers the responsibilities placed solely on the shoulders of the recipient country, or the fields for which the two sides are jointly responsible, no other form of aid involves such a high degree of joint management at the present time.

The new convention upholds this tradition and strengthens it by giving a more precise definition of the respective responsibilities of the ACP States and the Community.

At the same time, several new provisions have been devised to achieve greater speed and efficiency in aid administration procedures (1). An EEC-ACP-Committee will have the special task of studying the implementation of financial and technical cooperation both generally and on the basis of practical examples with a view to accelerating and streamlining procedures. In the same spirit, advance timetables will be drawn up for each phase of implementation : programming, appraisal and implementation of projects.

Lastly, it should be noted in connection with the implementation of projects that ACP firms now have more opportunities to participate since they enjoy a 10% price preference over competitors for the execution of works costing up to a ceiling now set at 3.5 million EUA (formerly 2 million EUA) (2).

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- (1) It should be noted that 69% of EDF appropriations were committed as at 25 September 1979. The rates at which appropriations earmarked for individual ACP countries' programmes are committed and disbursed vary considerably. In April 1979 the rate of commitments in 24 of the countries was between 70% and 100%. For EIB loans, commitments have reached 60% of the total.
- (2) The preferential price for supply contracts remains fixed at 15%, without ceiling.

BACKGROUND AND CHRONOLOGYI. BACKGROUND1. The antecedents: the Yaoundé Conventions and the Arusha Agreement

An Implementing Convention of the Treaty of Rome governed the special relations between the EEC and dependent overseas countries and territories. The first European Development Fund (EDF) was established in 1959.

The attainment of independence, between 1960 and 1962, by 18 African countries and Madagascar led to the signing of the first Yaoundé Convention, which came into effect on 1 June 1964 for a five-year period. It primarily contained trade arrangements involving reciprocal preferences and established the second EDF. It was followed by the second Convention (launching the third EDF), which was signed in Yaoundé on 29 July 1969, came into effect on 1 January 1971 and expired on 31 January 1975. After negotiations between the EEC and the United Kingdom had started in 1970 Mauritius asked to accede to the Yaoundé Convention without further delay. It was able to do so on 30 June 1973.

In addition, as early as 1963 the Six adopted a declaration, formally issued in Yaoundé on 29 July of that year, affirming that the Community was open to requests from any third country having an economic structure comparable to that of the AASM and hoping to accede to the Yaoundé Convention or to enter into other forms of association or trade agreement. Thus an Association Agreement was signed with Nigeria in 1966 although as it was never ratified it never came into effect. However, after a number of setbacks, an Association Agreement with the three East African States (Kenya, Uganda and Tanzania) was signed in Arusha on 24 September 1969 to cover the same period as Yaoundé II and also expired on 31 January 1975. This Agreement was, however, more limited in scope, and dealt mainly with trade arrangements. It did not include provisions on financial and technical cooperation.

2. From the enlargement of the Community to the opening of negotiations with the ACP

The negotiations with the countries wishing to accede led to the adoption of Protocol 22, annexed to the Acts of Accession, whereby the Community offered 21 Commonwealth countries of Africa, the Caribbean and the Pacific the chance to negotiate on their future relations within the framework of association or of trade agreements. The Protocol guaranteed, moreover, that advantages already acquired by the AASM would not be lost and that any new associates would receive equal treatment. Finally, it specified that the Community had the firm purpose of safeguarding the interests of all the countries in question whose economies were based to a large extent on exporting raw materials, particularly sugar.

Besides the countries signatory to the Yaoundé Convention and the 21 Commonwealth countries, six other independent African countries (Equatorial Guinea, Ethiopia, Guinea, Guinea-Bissau, Liberia and Sudan) were invited to the opening session of the negotiations in July 1973.

II. CHRONOLOGY OF ACP-EEC RELATIONS1. Lomé Convention

July 1973: opening of negotiations

1 February 1975: conclusion of negotiations

28 February 1975: signature of the Lomé Convention by 46 ACP countries

1 July 1975: advance implementation of the trade arrangements

1 April 1976: entry into force of the Convention

14 and 15 July 1976: meeting of the ACP-EEC Council of Ministers (Brussels)

13 and 14 April 1977: meeting of the ACP-EEC Council of Ministers (Fiji)

13 and 14 March 1978: meeting of the ACP-EEC Council of Ministers (Brussels)

22 March 1979: meeting of the ACP-EEC Council of Ministers (Bahamas)

1 - 3 June 1976)
8 - 10 June 1977) meetings of the ACP-EEC Consultative Assembly
28 - 29 September 1978)

2. Negotiations for a successor convention

July 1978: opening of negotiations
21 December 1978: ministerial meeting (Brussels)
22-24 March 1979: ministerial meeting (Freeport, Bahamas)
24-26 May 1979: ministerial meeting (Brussels)
25 June 1979: conclusion of negotiations (Brussels)

INSTITUTIONAL STRUCTURE OF EEC-ACP COOPERATION

The new convention maintains the existing institutional structure but certain measures have been taken to improve the operation of the institutions.

- The EEC-ACP Council of Ministers meets once a year and is the top decision- and policy-making body. The new convention should make it possible to work out more detailed arrangements for holding consultations and exchanges of views between meetings.
- The Committee of Ambassadors meets at least twice a year. It supervises and stimulates a large number of subcommittees (Committees on Industrial Cooperation, Trade Cooperation and so on). The convention makes provision for new specialized committees to be set up, notably one on the administration of financial and technical cooperation.
- The Consultative Assembly, consisting at present of delegates from the ACP countries and Members of the European Parliament, meets at least once a year. The subjects for discussion are prepared by a Joint Committee, which normally meets twice a year.
- Consultations with the two sides of industry can be arranged on the initiative of the Assembly. Ad hoc meetings can also be held under the eegis of the EEC-ACP Council "on clearly defined matters of common interest".

The Commission Delegations in the ACP States

Although they are not strictly speaking "institutions" the Commission Delegations in the ACP countries can be considered an essential cog in the implementation of the convention. The Delegations, made up of small teams of from two to ten people specializing in various areas, are officially responsible for covering all aspects of relations between the Community and the ACP countries, notably the many forms of cooperation as defined in the convention.

There are 42 Delegations at present.

STATISTIQUES ACP

I. AFRIQUE	Population		§ PNB/tête prix cour.	% PNB agric.	Couvert. import. par export. %		Export. vers CEE Composition %		Import. de CEE % prod. manuf. (1976)	Service dette/ exportat. biens et service % (1976)	Part. CEE dans ex- portat. % (1977)	Part. CEE dans im- portat. % (1977)
	Mio (1976)	% pop. agric. (1976)			monde (1977)	CEE (1977)	mat. prem. (1976)	Prod. Alim. (1976)				
1. BENIN	3,20	47	130	37,8 (1975)	18	18	51,9 (1974)	44,6 (1974)	67,9 (1974)	2,4	46,65	46,27
2. BOTSWANA	0,7	84	410	27,3 (1976)	84,44 (1976)	110 (1976)	-	-	-	2,5	48 (1976)	3,7 (1976)
3. BURUNDI	3,95	85	120	64,1 (1976)	120	118	-	-	-	4,6	54,41	55,51
4. CAMEROUN	7,6	82	310	32,3	88	98	20,5	72,2	69,6	6,0	73,58	65,87
5. CAP VERT	0,3	59	550	-	5,2	1,2	-	-	-	-	2,1	12,14
6. EMPIRE CENTRAFRI- CAIN	1,8	89	230	37,8	99	107	38,4	47,7	69,8	7,2	67,33	62,33
7. TCHAD	4,12	87	120	51,5 (1976)	77	44	96,4 (1974)	0,3 (1974)	60,6 (1974)	4,1	34,41	60,43
8. COMORES	0,31	65	270	-	130 (1976)	139 (1976)	-	-	-	5,7	42,85 (1976)	40 (1976)
9. CONGO	1,4	37	520	12,6	74	63	15,1	9,6	76,9	6,5	60,61	70,68
10. COTE D'IVOIRE	7	81	610	30,3	149	144	26,5	68,1	70,7	9,1	62,83	65,08
11. DJIBOUTI	0,1	-	-	-	343 (1976)	2 (1976)	-	-	-	-	33 (1976)	42,71 (1976)

STATISTIQUES ACP

- 2 -

I. AFRIQUE	Population		8 PNB/tête prix cour.	% PNB agric.	Couvert. import. par export. %		Export. vers CEE Composition %		Import. de CEE % prod. manuf.	Service dette/ exportat. biens et service % (1976)	Part. CEE dans ex- portat. %	Part. CEE dans im- portat. %
	Mio (1976)	%pop. agric. (1976)			monde (1977)	CEE (1977)	mat.prem. (1976)	Prod. Alim. (1976)				
12. ETHIOPIE	28,7	81	100	51,9	94	47	35,5 (1975)	61 (1975)	64 (1975)	6,3	24,21	49
13. GABON	0,54	78	2590	9,0 (1976)	152	65	18,5	0,2	79,1	6,7	35,68	84,25
14. GAMBIE	0,54	80	180	58,3	62	86	88,6 (1975)	-	52,7 (1975)	0,7	75,46	54,14
15. GHANA	10,1	54	580	32,2	89	92	21,1 (1974)	73,6 (1974)	67,9 (1974)	4,6	39,78	38,22
16. GUINEE	5,7	82	150	20,1 (1975)	149	95	-	-	-	20,8	39,37	61,68
17. GUINEE BISSAU	0,53	83	140	-	34	9	-	-	-	-	5,01	18,49
18. GUINEE EQUATORIALE	0,32	77	380	-	127 (1976)	480	-	-	-	-	47,33 (1976)	17,50
19. HAUTE VOLTA	6,2	84	110	36,8	23	25	87,7 (1975)	6,3 (1975)	67,1 (1975)	3,8	67,50	61,87
20. KENYA	13,85	79	240	33,9	92	100	13,8	65,4 (1974)	69,5	5,0	47,22	43,06
21. LESOTHO	1,2	86	170	30,1	18 (1976)	189 (1976)	-	-	-	3,5	14,25 (1976)	1,35 (1976)
22. LIBERIA	1,60	72	450	10,9 (1976)	29	39	96,8 (1974)	2,7 (1974)	64,9 (1974)	4,3	62,70	46,20

STATISTIQUES ACP

- 3 -

I. AFRIQUE	Population		§ PNB/tête prix cour.	% PNB agric.	Couvert.import. par export. %		Export.vers CEE Composition %		Import. de CEE % prod. manuf.	Service dette/ exportat. biens et service % (1976)	Part.CEE dans ex- portat. %	Part.CEE dans im- portat. %
	Mio (1976)	%pop. agric. (1976)			monde (1977)	CEE (1977)	mat.prem. (1976)	Prod.ALim. (1976)				
23. MADAGAS- CAR	9,1	86	200	38,4	140	108 (1976)	19,2 (1975)	71,6 (1975)	69,4 (1975)	4,7	60,96	68,92
24. MALAWI	5,2	86	140	31,7 (1976)	87	157	17,1 (1975)	82,1 (1975)	72,9 (1975)	6,1	58,05	32,19
25. MALI	5,8	89	100	38,3 (1976)	46	53	95	4,2	69,7	3,2	88,73	77,08
26. ILE MAU- RIÇE	0,9	28 (1972)	680	27,0	70	143	-	-	-	1,3	78,38	38,45
27. MAURI- TANIE	1,4	85	340	25,9	76	80	88 (1972)	5,4 (1972)	72,4 (1972)	37,0	85,5	80
28. NIGER	4,73	90	160	46,6 (1976)	46	59	94,6 (1975)	1,7 (1975)	70 (1975)	3,4	70,9	54,80
29. NIGERIA	77,1	57	380	33,6	126	60	2,2	4,4 (1975)	76,8	2,3	28,15	59,39
30. OUGANDA	11,94	83	240	54,7 (1976)	171	133	8	87,3	76,5	2,5	31,85	41
31. RWANDA	4,29	91	110	63,7 (1975)	80	114	-	-	-	0,6	65,42	46,19
32. SAO TOME ET PRIN- CIPE	0,1	-	490	-	91 (1976)	150 (1976)	-	-	-	-	49,61 (1976)	30 (1976)

STATISTIQUES ACP

- 4 -

I. AFRIQUE	Population		§ PNB/tête prix cour. (1977)	% PNB agric. (1977)	Couvert. import. par export. %		Export. vers CEE Composition %		Import. de CEE % prod. manuf. (1976)	Service dette/ exportat. biens et service % (1976)	Part. CEE dans ex- portat. % (1977)	Part. CEE dans im- portat. % (1977)
	Mio	%pop. agric.			monde	CEE	mat.prem.	Prod.Alim.				
	(1976)	(1976)			(1977)	(1977)	(1976)	(1976)				
33. SENEGAL	5,12	77	390	28,5	56	75	28,9	12	41,4	6,1	80,12	60,77
34. SEY- CHELLES	0,1	19	610	20,9 (1974)	6 (1976)	2 (1976)	-	-	-	-	9,64 (1976)	39,07 (1976)
35. SIERRA LEONE	3,1	68	200	39,5	60	120	22,3 (1974)	6,3 (1974)	61,8 (1974)	21,4	70,62	35,2
36. SOMALIE	3,3	82	110	31,3 (1975)	31	12	10,5 (1974)	86 (1974)	76,7 (1974)	3,0	19,61	50,57
37. SOUDAN	15,9	79	290	41,2 (1975)	62	38	89,8 (1975)	7,3 (1975)	74,7 (1975)	16,7	32,9	54,04
38. SWAZILAND	0,50	77	470	25,1	96 (1976)	31 (1976)	-	-	-	0,8	52,21 (1976)	1,6 (1976)
39. TANZANIE	15,1	83	180	49,9	70	63	74,8	10,8	64,4	8,1	45,51	50,27
40. TOGO	2,3	70	260	24,3 (1976)	59	70	257,2 (1975)	70,7 (1975)	72,2 (1975)	8,0	75,06	63,38
41. ZAIRE	25,4	76	140	25,4 (1976)	144	199	14 (1975)	22,5 (1975)	67,6 (1975)	11,7	65,07	47,31
42. ZAMBIE	5,18	69	440	13,5	128	157	0,3 (1974)	0,8 (1974)	68,8 (1975)	8,9	49,92	40,63

STATISTIQUES ACP

- 5 -

II. CARAIBES	Population		\$ PNB/tête prix cour. (1977)	% PNB agric. (1977)	Couvert.import. par export. %		Export.vers CEE Composition %		Import. de CEE % prod. manuf. (1976)	Service dette/ exportat. biens et service % (1976)	Part.CEE dans ex- portat. % (1977)	Part.CEE dans im- portat. % (1977)
	Mio (1976)	%pop. agric. (1976)			monde (1977)	CEE (1977)	mat.prem. (1976)	Prod.Alim. (1976)				
1. BAHAMAS	0,21	7,70 (1970)	3310	-	52	150	-	-	-	-	11,20	3,8
2. BARBADE	0,25	18	1550	11,1	35	27	94,8	0,4 (1972)	59,2 (1972)	-	20,27	25,83
3. GRENADÉ	0,11	33 (1970)	420	33,1	80 (1974)	227 (1976)	-	-	-	-	70,83 (1976)	25 (1976)
4. GUYANE	0,80	24	540	21	90	106	65,1 (1973)	31,9 (1973)	70,8 (1973)	10,4	33,7	28,75
5. JAMAÏQUE	2,1	24	1070	8,9	86 (1978)	124	-	-	-	11,1	19,35	13,47
6. SURINAM	0,4	20	1370	8,4 (1976)	86	144 (1976)	-	-	-	-	39,65 (1976)	26,84 (1976)
7. TRINITE ET TOBAGO	1,1	13 (1975)	2240	2,9	116	39	13,6	1	72,9	2,6	4,6	13,77
8. DOMINIQUE	0,08	-	420	36,6	52 (1973)	-	-	-	-	-	5,1	7,6
9. ST.LUCIE	-	-	176(1)	-	34 (1975)	53 (1975)	-	-	-	-	54,71 (1975)	35,66 (1975)
10. BELICE	-	-	-	-	76 (1976)	98	-	-	-	-	27,67 (1976)	25,98

(1) Moyenne pondérée

LIST OF PRODUCTS COVERED BY STABEX1. Products covered by the Lomé Convention from the beginning

1. groundnuts, shelled or not
2. groundnut oil
3. cocoa beans
4. cocoa paste
5. cocoa butter
6. raw or roasted coffee
7. extracts, essence or concentrates of coffee
8. cotton, not carded or combed
9. cotton linters
10. coconuts
11. copra
12. coconut oil
13. palm oil
14. palm kernel oil
15. palm nuts and kernels
16. raw hides and skins
17. bovine cattle leather
18. sheep and lamb skin leather
19. goat and kid skin leather
20. wood in the rough
21. wood roughly squared or half-squared, but not further manufactured
22. wood sawn lengthwise, but not further prepared
23. fresh bananas
24. tea
25. raw sisal
26. iron ore (ores, concentrates and roasted iron pyrites)

2. Products added during the life of the Lomé Convention

27. vanilla
28. cloves (whole fruit, cloves and stems)
29. sheep's or lamb's wool, not carded or combed
30. fine animal hair of Angora goats - mohair
31. gum arabic
32. pyrethrum (flowers, leaves, stems, peel and roots; saps and extracts from pyrethrum)
33. essential oils, not terpenes, of cloves, of niaouli and of ylang-ylang
34. sesame seed

3. Products included in the new convention

35. cashew nuts
36. pepper
37. shrimps and prawns
38. squid
39. cotton seeds
40. oil-cake
41. rubber
42. peas
43. beans
44. lentils

S T A B E X
CUMULATIVE RESULTS BY PRODUCT
(as at 15 July 1979)

(1000 EUA)						
PRODUCT	1975 amount	1976 amount	1977 amount	1978 amount	TOTAL amount	TOTAL %
Groundnuts	6 591	4 442	4 551	9 272	24 857	9.27
Groundnut oil		6 756	7 383	49 882	64 021	23.87
Oil-cake	1 191	153		15 224	16 568	6.18
Cocoa	277			781	1 058	0.39
Cocoa paste		464			464	0.17
Coffee	13 548			946	14 494	5.41
Cotton	10 222	5 000	2 083	2 340	19 646	7.33
Copra		2 163			2 163	0.81
Coconut oil	615	1 500			2 115	0.79
Palm oil		766	1 467		2 233	0.83
Palm kernel oil		627	1 212		1 839	0.69
Raw hides and skins	8 402				8 402	3.13
Wood in the rough	37 843	349			38 192	14.24
Sawn wood		550	147		697	0.26
Bananas	1 297	73	447	674	2 491	0.93
Tea		1 400			1 400	0.52
Sisal		6 928	8 177	5 473	20 577	7.67
Iron ore		3 977	6 974	33 395	44 347	16.54
Cloves		1 140			1 140	0.42
Gum arabic		848			848	0.32
Pyrethrum				609	609	0.23
TOTAL	79 986	37 136	32 442	118 597	268 160	100.00
<u>Products</u>						
- affected by the economic situation (1) (2) (3) (4)	56 467	7 478	11 782	38 867	114 595	42.73
- affected by local circumstances	23 519	29 658	20 660	79 729	153 566	57.27
TOTAL	79 986	37 136	32 442	118 597	268 160	100.00

(1) Wood in the rough, raw hides, skins and leather, cotton in 1975

(2) Sisal, sawn wood in 1976

(3) Sisal, iron ore in 1977

(4) Iron ore in 1978

IMPORTANCE OF THE ACP COUNTRIES AS SUPPLIERS OF COMMODITIES TO THE EEC - 1976 -

As % of extra-EEC imports.

Source: EEC Commission, the evolution of trade between the Community and the ACP countries: 1973-76, 3 April 1978

95 - 100	uranium
90 - 95	.
85 - 90	pineapples, palm nuts and kernels, cocoa
80 - 85	groundnut oil
75 - 80	
70 - 75	
65 - 70	
60 - 65	
55 - 60	groundnuts, raw sugar, sisal, wood logs, aluminium ore
50 - 55	copper ore and concentrates, alumina
45 - 50	groundnut oilcake
40 - 45	coffee
35 - 40	refined copper
30 - 35	manganese
25 - 30	tea, tin
20 - 25	
15 - 20	beef, bananas, palm oil, raw cotton, phosphates, iron ore
10 - 15	rice, natural rubber, raw hides and skins, diamonds
10	copra, unmanufactured tobacco, unrefined aluminium, zinc, chrome, wolfram, crude oil

THE LOME CONVENTION'S SUGAR PROTOCOL

The sugar protocol annexed to the Lomé Convention includes a reciprocal agreement on the purchase and supply of fixed quantities of ACP sugar together with quasi-indexation of the guaranteed prices paid to ACP producers against the guaranteed prices paid to Community producers.

The quantity set by the protocol is 1 400 000 tonnes of raw sugar (about 1 225 000 tonnes of white sugar) which represented about 66% of ACP sugar exports in 1975. (This average is considerably exceeded by Mauritius, the main producer, where the quota represents over 80% of exports.)

Under the protocol ACP sugar is sold on the Community market at prices negotiated freely between sellers and buyers. If certain quantities do not find a buyer at a price equal to or above the guaranteed price, the ACP countries have the right to offer those quantities, and the EEC is committed to buy them, at the guaranteed price, as long as the quantities involved are still within the agreed limits.

The protocol stipulates that this price (standard quality sugar delivered unpacked (c i f) at European ports of the Community) is to be negotiated annually within the price range obtaining in the Community.

For the 1979/1980 season this price is 34.13 ECU/100 kgs for raw sugar and 42.30 ECU/100 kgs for white sugar. This means there is a net price largely higher than the world price, which has been seriously depressed for the last four years. On July 1, 1979, the world price of raw sugar was 16.33 ECU/100 kgs (London) that of white sugar was 16.47 ECU/100 kgs (Paris).

SPOKESMAN'S GROUP PRESS RELEASES

			<u>LANGUAGES</u>
P - 13	February 1975	The signing of the Lomé Convention	F D I N E
P - 29	March 1977	The Lomé Convention one year after its entry into force	F D I N E DK
P - 18	February 1978	Negotiations for the renewal of the Lomé Convention	F D I N E DK
P - 74	July 1978	Evolution of EEC-ACP cooperation	F D I N E
P - 6	January 1978	Encouragement of European investment in the developing countries	F D I N E DK
P - 120	November 1978	Observance of certain international labour standards	F D I N E DK
P - 25	25 March 1979	Instruments for cooperation with the ACP countries in the fields of mining and energy	F D I N E DK

INFORMATION MEMOS FROM THE DIRECTORATE-GENERAL FOR INFORMATION

Lomé I Dossier (texte of the Convention)	F E
The European Community and the Third World	F D E
Information memo 99/75: Lomé Convention (Trade, industrial and institutional aspects)	F D I N E
Information memo 129/76 Analysis of the first Lomé Convention	F D I N E
Halfway through the Lomé Convention (Special issue of the Courrier - N° 50, July/August 1978)	F E
EDF: Firm's participation in contracts financed by the EDF	F D I N E
EDF 1974	D I Da
Information memo 159/77 An example of international cooperation: the Kpong Dam in Ghana	F D I N E
Dossier - Europe-Third World Dossier on Interdependence	F D E
Information memo 160/77 A project born of regional cooperation: The CIMAO clinker plant	F D I N E
Ivory Coast and the Lomé Convention - tremendous opportunities (1978)	F D I N E Da
Information memo 166/77 The European Community and Southern Africa (Updated version in preparation)	F E
Information memo 172/78 Trade promotion of ACP products	F D N E

EEC-ACP Trade Relations (1978)

F D I N E Da

Europe information 1978

Industrial cooperation and the Lomé Convention

F D I N E

Information memo 94/75

the Lomé Convention - Stabex

F D I N E

FORTHCOMING INFORMATION MEMOS

Sugar - The European Community and the Lomé Convention

Solar Energy - A new field for CEE-ACP cooperation

Mauritius and the Lomé Convention

Relations between Sudan and the European Community