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THIRD LOMÉ TRADE AND AID PACT TO BE SIGNED

Representatives of the European Community and 64 developing nations will meet December 8 in Lomé, Togo, to sign the Third Lomé Convention, a unique trade and aid pact governing the Community's policy toward former dependents of its member states.

The five-year treaty will guarantee African, Caribbean and Pacific (A.C.P.) countries 8.5 billion European Currency Units (about \$6.4 billion)* in financial aid. That represents a 10 percent increase in real terms over the E.C.'s contributions under the Second Lomé Convention.

In addition, the Community will continue to allow more than 99 percent of A.C.P. exports to enter the E.C. without customs duties.

E.C. officials said that at a time when Europe is facing severe economic difficulties and most development financing institutions have curtailed their activities, Lomé III represents an impressive commitment by the Community to its Third World partners. The treaty, which involves almost half of the world's nations and 637 million people, was crafted during 14 months of negotiations between the E.C. and A.C.P. countries.

Like its two predecessors, it gives security and predictability to the Community's trade and aid benefits, and it creates a framework for permanent dialogue between the E.C. and the beneficiary countries. The Lomé conventions address the A.C.P. states as a group, thus preventing discrimination against individual countries on political grounds.

* Average exchange rate of ECU in November 1984 = \$.75

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Lomé III incorporates several innovations, including a commitment to human rights and a condemnation of apartheid. A new chapter outlines conditions for promoting private investment in developing countries. The convention calls for special attention to drought and desertification control in Africa, and it expands cooperation between the E.C. and the A.C.P. countries in the area of fisheries. It also modifies aid procedures, no longer restricting action to new capital projects. Programs to promote imports and rehabilitate industries, for example, can now be considered.

Angola and Mozambique are expected to join the Lomé fold, thus extending the treaty's influence to virtually all of black Africa.

The financial package includes 7.4 billion European Currency Units (ECUs) from the European Development Fund (E.D.F.) and 1.1 billion ECUs in loans from the European Investment Bank. E.D.F. aid includes grants, special low-interest loans, risk capital and funds for the Stabex and Sysmin programs.

Stabex is designed to stabilize agricultural export earnings by compensating countries for sudden drops in earnings caused by world price fluctuations or sharp variations in production. Sysmin finances projects to help countries that depend heavily on mineral exports to maintain and develop their mining production. Both programs have been expanded under Lomé III.

Background. The 1957 Treaty Establishing the European Economic Community maintained the special relationship between E.C. member states and their colonies and overseas territories.

After many of these territories gained independence, the E.C. in 1964 signed the Yaoundé Convention with 18 African states and Madagascar. The treaty provided for financial, commercial and technical cooperation. A second Yaoundé Convention was signed in 1969.

After the United Kingdom became a member state in 1973, the E.C. began negotiations aimed at extending the Yaoundé benefits to many Commonwealth countries. Those negotiations led to the first Lomé Convention, signed by 46 A.C.P. countries, in 1975. The E.C. and 58 developing nations signed Lomé II in 1979.

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FINANCIAL RESOURCES
in Millions of European Currency Units

		<u>Lomé II</u> <u>1980-1984</u>	<u>Lomé III</u> <u>1985-1989</u>	<u>Percentage</u> <u>Increase</u>
Grants	} European Development Fund	2,998	4,860	62.1
Stabex		557	925	66.1
Sysmin		282	415	47.0
Special Loans		524	600	14.5
Risk Capital		284	600	111.0
<u>European Investment Bank Loans</u>		<u>685</u>	<u>1,100</u>	<u>60.6</u>
TOTAL:		5,330	8,500	59.5

**THE EUROPEAN
COMMUNITY**

BELGIUM
DENMARK
FRANCE
GERMANY
(Federal Rep.)
GREECE
IRELAND
ITALY
LUXEMBOURG
NETHERLANDS
UNITED KINGDOM

THE 64 A.C.P. STATES

ANTIGUA & BARBUDA	GHANA	ST. VINCENT & GRENADINES
BAHAMAS	GRENADA	SAO TOME & PRINCIPE
BARBADOS	GUINEA	SENEGAL
BELIZE	GUINEA BISSAU	SEYCHELLES
BENIN	GUYANA	SIERRA LEONE
BOTSWANA	IVORY COAST	SOLOMON ISLANDS
BOURKINA-FASSO	JAMAICA	SOMALIA
BURUNDI	KENYA	SUDAN
CAMEROON	KIRIBATI	SURINAM
CAPE VERDE	LESOTHO	SWAZILAND
CENTRAL AFRICAN REPUBLIC	LIBERIA	TANZANIA
CHAD	MADAGASCAR	TOGO
COMOROS	MALAWI	TONGA
CONGO	MALI	TRINIDAD & TOBAGO
DJIBOUTI	MAURITANIA	TUVALU
DOMINICA	MAURITIUS	UGANDA
EQUATORIAL GUINEA	NIGER	WESTERN SAMOA
ETHIOPIA	NIGERIA	VANUATU
FIJI	PAPUA NEW GUINEA	ZAIRE
GABON	RWANDA	ZAMBIA
GAMBIA	ST. CHRISTOPHER & NEVIS	ZIMBABWE
	ST. LUCIA	

