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# newsfeature

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## EUROPE SIGNS HISTORIC PACT WITH DEVELOPING COUNTRIES

*Washington, D.C.* -- An historic trade and aid treaty linking over a quarter of a billion Europeans and 268 million people in the developing world was signed today in Lome, Togo.

The five year pact -- known as the Lome Convention -- will group the nine European Community (Common Market) countries and 46 African, Caribbean, and Pacific (ACP) nations.

The Common Market's chief negotiator in the ACP talks, Claude Cheysson, called the Lome Convention "a unique act the world's history: first, because the entire continent of black, independent Africa is participating; and second, because all these developing countries have been able...to hold a united front, presenting themselves as equals before Europe." Cheysson, a member of the Commission--the EC executive body--is responsible for development policy.

Eighteen of the 46 tropical countries are on the United Nations list of the world's poorest nations. The average per capita GNP for the 18 was \$148 in 1971. The average for the nine EC partners that year was \$2,743. The Community absorbed 54 per cent of the ACP nations' exports and supplied 44 per cent of their imports in 1970.

Under the convention, all manufactured and 96 per cent of agricultural exports from the 46 will enter the Common Market duty and quota free. The remaining 4 per cent will get EC preferential treatment. The 46 ACP associates will give the Common Market no reverse preferences -- only most favored nation treatment.

The most innovative element in the pact calls for an export earnings stabilization plan. This sets aside over \$400 million for a fund to compensate countries dependent on raw materials and agricultural exports, to protect against price and production level fluctuations. Some countries depend almost entirely on a single product. Products affected include: peanuts, cocoa, coffee, cotton, coconuts, timber products, bananas, tea, sisal, and iron ore.

The mechanism triggering the fund will operate sooner for the poorest countries, which will not have to reimburse the fund. In principle, others must repay when prices rise.

A sugar section of the pact guarantees purchase and supply, by both parties, of set quantities of sugar. Each ACP producer country will have a quota within an EC annual maximum import total of 1.4 million tons. The guaranteed minimum price will be negotiated annually, according to a certain price scale in the Community (currently around \$360 per ton). If a producer country fails to meet its quota for reasons other than national disaster, its quota would be reduced. The deducted part of the quota may be distributed among other producer countries for the duration of the treaty.

Unlike the rest of the five year pact, the sugar chapter has an indefinite life span and would stay in force for a minimum of seven years.

Over $4 billion dollars in aid will go from the Community to the 46 countries during the five years -- about 77 per cent of it in grants and special loans. This includes the export stabilization fund. An additional $470 million will be made available in European Investment Bank loan

A chapter in the agreement provides for promoting the exchange of technological and industrial knowhow -- to help ACP states develop and diversify their industrial capacity. The Lome Convention will be administered by ministerial and ambassadorial councils and a joint EC-ACP parliamentary assembly. The 46 and the nine European countries will each have equal representation.

The Lome Convention supersedes the First Yaounde Convention, signed at Yaounde, Cameroon on June 1, 1964, the Second Yaounde Convention, signed July 29, 1969, and the Arusha Convention, signed in that Tanzanian provincial city on September 24, 1969. "Yaounde I,"linking 18 former French, Belgian, and Italian colonies in Africa to the then six-nation EC, was renewed for another five years by "Yaounde II." After achieving independence, the British former colony of Mauritius adhered on June 30, 1973.

The Arusha convention, linking the EC to the East African Community nations (Kenya, Uganda, and Tanzania) ran concurrently with Yaounde II. One ACP signatory, Nigeria, had signed an association agreement with the Common Market in 1966; but the breakout of civil war that year prevented ratification.

Following EC enlargement by the adhesion of Britain, Denmark, and Ireland on January 1, 1973, the Common Market proposed an expanded Yaounde-type agreement that would embrace the 19 Yaounde countries, 21 Commonwealth countries in the ACP areas and six other independent sub-Sahara African countries. Negotiations began July 24, 1973 and were completed at the ambassadorial level January 31, 1975 in Brussels.

The Yaounde conventions preserved traditional economic and trade ties between Community members and former dependencies. The Lome Convention will consolidate these arrangements and extends them to other ACP developing countries, and will give signatories a larger role in the planning and management of European aid projects in their countries.

CORRIGENDUM: Newsfeature No.2 was not issued.