LOME

THE BEST POSSIBLE COMPROMISE?

Camerapix

Clarification of rules of origin for fish products is promised

BY GERALD BOURKE **IN BRUSSELS**

MINISTERS from the 10 EEC countries and 64 African, Caribbean & Pacific (ACP) states converge on Togo on 8 December to sign the third Lome Convention. After more than 13 months of intensive and often acrimonious negotiations agreement was finally reached in Brussels on 22 November on a pact little different from its predecessor.

"The differences between the two conventions are minimal," EEC Development Commissioner Edgard Pisani acknowledges. Papua New Guinea Foreign Affairs Minister Rabbie Namalui, who is chairman of the ACP council of ministers, admits that his side "would like to have seen further improvements in some areas."

The new convention – which comes into force next March and will run for five years – offers additional provisions on fisheries and tourism; improvements to the Stabex system, which compensates for shortfalls in commodity export earnings; and some changes to the clauses on rules of origin. There are few other significant innovations. The amount available in grants and soft loans has been increased to ECU 8,500 million ($6,300 million) from the ECU 4,600 million ($3,511 million) available under Lome 2. But even that, EEC officials readily admit, represents "only a slight increase" in real terms.

Lome 3's aid is likely to differ significantly in tone from that of Lome 2. In keeping with the Pisani memorandum, unveiled a year ago, the achievement of food self-sufficiency has replaced industrialisation as the key priority of the EEC's development policy.

Given the lack of progress on industrialisation during the five years of Lome 2 the ACPs can be expected to argue that the change in emphasis will mean little in concrete terms. Nevertheless, it is likely to be reflected in the round of aid programming missions which gets under way in the first quarter of next year.

The missions, which will take some time to complete their work, will fix the level of loans and grants to be allocated to each country. They will also be a test of how far in practice the EEC will attempt to influence individual development programmes – an ambition ACP states roundly rejected in the negotiations for the new convention. EEC officials have already let it be known, however, that more money will be made available for regional projects, particularly the fight against desert encroachment.

ACP and EEC officials concur, however, that the cash transfers provided for under Lome 3 are of relatively minor importance compared to the convention's trade provisions. This was a point emphasised time and again during the protracted negotiations, not least by the UK and West Germany, two of the EEC's major paymasters.

ACP countries bitterly point out that their share of total EEC imports has fallen from 7 per cent in 1980 – the first year of Lome 2 – to less than 5 per cent last year. In this area Lome 3 offers little that is new; development experts argue that the new convention will do little to help African countries achieve either a significant growth or diversification of their exports.

Clauses on the limited access to the EEC for beef, rum, bananas and rice remain unchanged, as does that for sugar, which is not formally part of the Lome Convention. The text of the new agreement also eases the procedures for preferential access for agricultural products, promising a decision within six months of the application. Nevertheless, the application of the EEC's common agricultural policy (CAP) and the continuation of strict quality controls are expected to keep exports of beef, for one, below permitted levels – as has already been the case with Zimbabwe (AED 16:11:84, page 17).

The EEC has also expanded the convention to give help on tourism – though it refused the ACP request for tourism earnings to be eligible for Stabex payments – and technical assistance to the services sector such as export credits and insurance. A whole new chapter on fisheries development has been included, though this too remains vague on the specifics of the aid on offer.

The new convention promises help in clarifying the rules of origin for fish products landing from ACP countries. Generally, rules of origin have been eased and simplified under Lome 3. The EEC claims such rules have never been invoked to limit access to the EEC for manufactured products from the ACPs. Nevertheless, some ACP states have been obliged to accept "voluntary restraint agreements" for certain goods – Mauritian textiles are an example. The changes remain vaguely worded and ACP officials believe that the forthcoming accession of Spain and Portugal to the EEC is likely to increase pressure for the use of safeguards in future.

After an eight-year debate, EEC governments have agreed in principle to allow food-deficit ACP states to purchase surplus CAP farm produce – cereals, meat, sugar and dairy products – at prices below world market levels. Although the precise regime has yet to be worked out – and then approved by the General Agreement on Tariffs & Trade (GATT) –

it is likely to involve supply contracts and a system of deferred payments in ACP currencies. EEC export subsidies and credits are also envisaged.

Stabex funds have been increased from ECU 557 million ($419 million) to ECU 925 million ($695 million) – 12.5 per cent of the next European Development Fund. Shea-nut oil, dried bananas and mangoes have been added to the list of products, bringing the total to 50. The dependency threshold – the proportion of an ACP state's exports to the EEC of any one product needed to qualify – has been lowered from 6.5 per cent to 6 per cent, and from 1.5 to 1 per cent in the case of the least-developed.

In return, EEC governments have insisted that Stabex transfers must be ploughed back into the sector for which they are granted, or used to fund diversification programmes.

The Sysmin fund, which is designed to help maintain developing countries' mineral production, will be cut slightly in real terms and amount to ECU 415 million ($312 million). Its application has also been narrowed. Exports of the six products covered – copper, phosphates, manganese, bauxite, tin and iron ore – must now account for at least 20 per cent of a country's foreign exchange earnings before it can benefit. The previous threshold was 10 per cent.

Uneasy compromises have been reached on a number of politically charged issues. ACP governments have finally accepted a human rights clause in the convention, but only after the EEC agreed to include a condemnation of apartheid.

Provision has also been made for more bilateral investment promotion and protection agreements, while both sides have agreed to study the possibility of setting up a joint investment guarantee fund which would allow governments to shoulder the risk associated with an investment. The Brussels-based Centre for Industrial Development (CID) is also to be better defined, with an administrative council to be formed with the responsibility of fixing its future priorities.

In the end the ACPs have resigned themselves, as Namalui put it, to getting the "best possible compromise." For their part, EEC officials emphasise that in the present climate of aid and trade – where, for example, the International Development Association has had to accept a cutback in absolute terms – any real increase in funding is a triumph. But Lome 3 is a far cry from the revolutionary change in North-South relations envisaged at the signing of the first convention in 1975. With the EEC also determined to protect its own producers and to see that its aid money is spent wisely – in its terms – the new pact is also likely to see plenty of the acrimony which has accompanied its birth.