

Lomé IV: The final countdown begins in acrimony

The Lomé IV convention is due to be signed this month in Togo,
but early indications suggest that the ACP countries are
in a weak position. FRANÇOIS MISSER reports.

According to the schedule, the fourth Lomé Convention is to be signed this month in the Togolese capital, ending 14 months of extremely difficult negotiations.

Tension increased during the preliminary round of talks in Luxembourg in the last week of October, when the total financial package proposed by the European Development Fund was given a less-than-rapturous reception by some of the ACP ministers.

Many of the 66 ACP (African, Caribbean and Pacific) ministers rejected the European offer on grounds that they had not been given the opportunity to debate the total global aid figure proposed by the EEC.

European allegations

In Luxembourg, the Europeans made an offer on trade and other issues but wanted the ACP to agree to the package before the Europeans had come up with a firm commitment on the aid volume. When the ACP delegates rejected the deal, some European officials suggested that the ACP negotiators had not been fully prepared for the discussions, as most of their energies had concentrated on internal quarrels surrounding the election of the new Secretary-General of the ACP group, Ethiopia's Ghebray Berhane.

In response, the ACP ministers charged the EEC with a "take-it-or-leave-it" approach. They explained that they had rejected the offer as a matter of principle. "We don't accept ultimatums," the Planning Minister of Guinea, Ibrahim Sylla, told AB. He pointed out that the ACP prefers not to make concessions without knowing the full consequences.

Besides, the concessions on trade – which represents six or seven times more revenue

for the ACP states than the aid package – were considered too modest.

In his opening speech, the Chairman of the ACP Council, Lesotho Minister of Planning Michael Sefali, stressed that the ACP finds it "difficult to accept that while championing global trade liberalisation, the Community continues to maintain high and escalating tariff and non-tariff barriers against our processed products, and a system of internal taxes and rules of origin which discourages [ACP] processing of ACP raw materials".

The ACP clearly considers that the Europeans should have done more to encourage EEC imports of their manufactured products. Two professors at the UK's Reading University, Matthew MacQueen and George Yannopoulos, note that EEC trade restrictions are now so severe that ACP exports of processed products to the US have recently progressed at a faster rate than those towards the EEC.

Tough restrictions

The European package offered a reduction from 60% to 45% of the local value added threshold for ACP manufactured products to enter the EEC duty free and quota free, but according to the Reading experts, the concession is not sufficient. They claim that out of the 265 cases of possible exports to the EEC studied, only 23 met the requirements to be officially recognised as originating from ACP states.

In some cases, ACP firms face extreme difficulties in meeting both domestic and EEC customs regulations. For example, a Mauritian firm which wanted to export cake decorations made from local sugar was confronted with a series of complicated problems. On one hand, Mauritius required the firm to buy its sugar at the EEC price

(much higher than the world market one) as if it were part of the sugar-quota protocol, which made the product more expensive.

On the other hand, EEC customs officials declared that as the sugar decorations were sold in addition to the Mauritius quota, a tax had to be paid on it. In the end, it proved cheaper for the firm to buy plastic decorations from Asia and process them on the island before distributing them.

Sugar future

The future of the sugar protocols attached to the Lomé III Convention also continues to worry the ACP states. "The ACP has noted with serious concern the decision of the Community not to accept the proposal of the [European] Commission which sought in a gesture of goodwill not to align the ACP-guaranteed price for 1989-90 with the 2% reduction in the EEC intervention price [the EEC's domestic price] and to freeze it at the current level," complained Minister Sefali. Meanwhile, transport, machines and other expenses are getting increasingly expensive, the ACP officials argue.

ACP to go bananas?

The bananas issue illustrates graphically the ACP states' fears that the EEC, within the General Agreement on Tariffs & Trade (GATT) negotiations, is making concessions to other (non-ACP) exporters of tropical products which reduce the advantages to the ACP states.

Indeed, even if the EEC continues to import ACP bananas duty free while imposing a 20% tax on dollar-zone bananas from Central and South America, the danger is still serious. ACP bananas are already less competitive and rely on friendly markets in the UK, France and Italy, but the situation is likely to deteriorate with the



Workers in Ghana unload bags of cocoa: The Single European Market of 1992 has chocolate producers worried.

coming of the 1992 single European market.

However, beef exporters found some consolation when they were told that their quotas would be reassessed in the light of Namibia's future membership of the Lomé IV Convention.

Standard markets

The ACP states also worry about the standards of harmonisation within the 1992 European market. One of the key principles of the Single Europe Act is that of mutual recognition. Thus, chocolate that has a lower percentage of cocoa butter than the average European standard is to be put into the same category as other brands with a higher content, much to the dismay of Ghana and Côte d'Ivoire.

Possible changes in EEC domestic tax laws also cause anxiety among the ACP countries. Although taxes on cocoa and coffee will probably decrease, boosting imports, taxes on cigarettes will probably increase, which no doubt will have serious consequences for farmers in Malawi and Zimbabwe.

Overall, the concessions made in the area of exports of agricultural products have been minimal. After long discussions, the Europeans eventually agreed to accept an increase in the rice quota from 122,000

tonnes to 125,000t, but so far they have been reluctant to increase the quota for tomatoes.

A similar situation has arisen over oranges. Although the EEC imports more than 1m t from South Africa and Israel, it refuses to increase exports of ACP oranges, mainly from Zimbabwe, beyond the present 25,000t limit.

Shadow artichokes

The blame for the deadlock on trade issues, whether in textile products or in agricultural produce, is generally attributed to the Southern European countries, like Spain and Greece, by their Northern European counterparts.

According to diplomatic sources, discussions between the European diplomats in Luxembourg reached absurd levels at one point. The European Commissioner for Development, Manuel Marin, reportedly had to interrupt an argument between several negotiators from EEC countries over a quota of ACP artichokes in order to tell them that the ACP states do not export such vegetables. [Ed. note: If they don't now, they certainly have the potential to export them - several African countries produce excellent artichokes.]

Nevertheless, even if the Europeans had released a global aid package figure, some

sort of clash would probably have occurred anyway. Indeed, the gap between the figures put forward by the ACP officials and those proffered by the more conservative member-states of the EEC is said to have been enormous.

There was some consensus among the Europeans that the value of **European Investment Bank (EIB)** loans should increase from Ecu1bn (\$1.1bn) to Ecu1.5bn. However, the UK, West Germany and the Netherlands displayed some reluctance to go beyond an increase of 20% in this area.

Trade concessions

Inevitably, delegations are often keen to favour concessions on trade which do not mean a lot to them, where ACP products will not compete with their own and where there has been some acrimonious debate between the various European countries. Northern and Southern European delegations have accused each other of being generous with other people's money.

Meanwhile, the ACP countries point out that from one Lomé Convention to the next, the amount of EEC aid per capita has decreased sizably in real terms, as demographic changes in various ACP states have not been taken into account properly.

Moreover, the question of demographic

expansion should be seriously considered, claim the ACP officials, especially as delegates on both sides of the negotiating table acknowledge that they will soon be joined by Haiti, the Dominican Republic and Namibia.

Some support

The ACP states are not without some support in the EEC, however. The European Development Committee, based in the European Parliament, has backed ACP claims that the European Development Fund should be significantly increased.

Furthermore, the President of European Council, President François Mitterrand of

France, is eager to see a successful agreement come out of the Lomé Convention, which would help his image as a mediator with the Third World, especially in Francophone Africa.

In some ways, the Convention's success is a matter of prestige, as Mitterrand hands over the presidency of the Council on 31 December to Ireland's Prime Minister Charles Haughey and is said to be keen to leave a favourable impression.

A matter of time

That is partly why, despite the last-minute rows, most observers agree that the Convention will be signed in time, as experience shows that large European

countries don't allow smaller ones to gain credit for important agreements.

So despite all the conflict, the Lomé IV Convention is taking shape. There is some suggestion that some EDF loans might be transformed into grants, but overall the ACP states were in a weak negotiating position when they entered the talks. The countries were hit by the collapse of several key world commodity prices, and, as ACP Secretary-General Berhane suggested to AB, following the new wave of reforms sweeping Poland, Hungary and East Germany, much EEC attention is now focused on developments in Eastern Europe, rather than on the various problems of the ACP ■

President Mitterrand of France, here with Prime Minister Mugabe of Zimbabwe, is said to be eager to preserve his image as a mediator with the Third World, especially Africa.

