TOWARDS RENEGOTIATING THE LOME REGIME: SOME (NON-) POLICY OPTIONS CONSIDERED

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Lome II, a development cooperation agreement, signed between the European Economic Community (EEC) member-states and 63 African, Caribbean and Pacific (ACP) countries in 1980 is due to expire in March 1985. Negotiations for a successor to Lome II are scheduled to start in September 1983. Consequently, any speculations, similar to those raised after Lome I was broached, that the ACP–EEC umbilical cord would be severed at the end of the Convention *(1)* are unwarranted. In the face of the reification of the ACP–EEC relationship, this paper analyses the performance of Lome II and puts forth certain (non-) policy options *(2)* that should be taken into consideration in negotiating Lome III.

The 1972 Declaration of the Paris Conference of the Heads of State of the EEC urged its member-states to progressively implement a global co-operation policy while at the same time strengthening its regional cooperation policy. *(3)* Whereas Lome as well as other Community instruments are anchored to this document, it has been questioned whether the EEC activity «in the development field, rich in instruments and potential though it may be, has really acquired the coherence and consistency of a policy»? *(4)* This observation is symptomatic of the increasing conviction that Lome III should be qualitatively improved. Failing this, it can be argued that Lome III would not be the new kind of social compact *(5)* forged between developed and developing countries that is a sine qua non for the development of the latter. It is patently obvious that for such a situation to be obtained, Lome III should be characterized not only by incremental but also radical changes. This paper would explore the possibility of such a change granting the present economic malaise in which the European as well as the world economy is mired.

It has been argued that African development can only be fostered through regionalism, thus relegating anachronistic concepts such as Eur-Africa «into the museum of antiquities, by the side of the spinning wheel and the bronze axe». *(6)* Granting this scenario, it would be imperative that the economies of these countries be revamped so as to arrest the inelasticity that now prevails in the demand for their primary products. During this transitional phase, these states would have to grow enough staple crops to guarantee food sufficiency for their populations. Rightly, it is further submitted that this scenario, which is tantamount to delinking, can be effected only by enlightened leaders. *(7)* Prudence, if not

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pragmatism, dictates that even enlightened leaders only rock the boat or adopt salami tactics rather than burn their bridges. Delinking only to delink is not commendable. Those who favor delinking so as to pursue a wholly South-South policy also patently overlook the difficulties that hinder regionalism in the Third World (TW). *(8)* This exclusionary disjuncture approach – Regionalism or North-South linkage – is not a realistic option for TW development. Further, advocates of delinking fail to come to grips with certain question, to wit – Is delinking feasible for countries that are heavily indebted?; How would delinking affect imports of capital goods or technology? *(9)* As far as the ACP states are concerned, delinking should be a non-policy option at this present time.

Regionalism should not be exclusionary; rather it should complement North-South linkages. This has been amply recognized at international fora. *(10)* In the case of EurAfrica, as an example of North-South linkage, which is supposedly sustained on «complementarity» and «interdependence», the benefits have been heavily skewed in favor of Europe, being based on unequal exchange. No doubt, this is inevitable granting that the complementarity is artificially induced and asymmetrical interdependence is the order of the day. However, it would be mistaken to posit that *faute de mieux'*, a rigorous adherence to the Ricardian Theory of Comparative Advantage coupled with a liberal trading system would not help provide Africa with much needed foreign exchange. This would help solve the liquidity, if not the solvency, problems of these states, thus ensuring a take-off and/or progress in their development process. Consequently, the incorporation of the economies of the ACP states into the world capitalist system, grace à Lome, should not necessarily stymie development in the former. The relevant question here as I see it, is how should the Lome policy be shaped so as to ensure that ample benefits accrue to the ACP States.

TRADE

Whereas neoprotectionism has become pervasive, Lome grants free access to 99.5% of ACP products. It would be supposed that this apparently liberal trading policy would enable the ACP states acquire foreign exchange, thus helping them alleviate their debt burden which has grown from $36,709 million in 1971 to $41,526 million in 1981. *(11)* But this has not been the case. The ACP share of total EEC imports has continued to slip, whereas other LDCs that do not benefit from the Lome regime have maintained their share of the market.

The drop in the ACP share of the EEC market between 1980 and 1981 is all the more alarming because it was accompanied by a corresponding rise in the EEC share of the ACP market. The volume of EEC exports to the ACP states rose from 15,700 Million European Currency Units (MECU) in 1980 to 18,000 MECU in 1981. *(12)* This rise negated the positive trade balance that the ACP States had with the EEC in 1980 (3,200 MECU) into a negative of 1,700 MECU in 1981. *(13)* Following

TABLE I
TRENDS IN EEC's EXTERNAL TRADE (%)

COMMUNITY IMPORTS	1973	1977	1978	1979	1980	1981
ACP (– petroleum products)	7.4	7.3	6.7	6.8	7.1	5.5
OTHER LDCs (– OPEC)	19.7	19.7	18.5	19.1	18.8	–

Source: *EEC Statistical Office and CA/CP/304*

trade theory, it can be postulated that the dismal performance of the ACP States, despite the liberal trading policy, can be attributed to the relatively low «income elasticity of demand» for their products – «that is, the percentage increase in quantity demanded will rise by less than the percentage increase in national income». *(14)*

ACP primary products being exported to the EEC have fallen victim to this syndrome. To accredit the drop in the value of ACP commodities to the «income elasticity of demand» is valid but not definitive. The impact of this decline in ACP exports to the EEC on the economies of the former has been compounded by a continuing decline in the prices of their commodities. Commodity prices declined in real terms by 13% in 1981 and by a further 17% in the first three quarters of 1982. *(15)* This decrease in commodity prices has been attributed to

> *the stagnation or even decline in the level of the real output of developed countries, coupled with the decline in inventories caused by the exceptionally high interest rates, the continuing displacement of natural by synthetic materials, and the rising self-sufficiency ratios in developed countries due to the increase in subsidized local production of agricultural commodities. (16)*

If the share of the ACP imports into the EEC market continued to shrink, it was also characterized by a stubborn persistence in concentration of exports.

TABLE II
ACP EXPORTS TO THE EEC IN 1980

OIL AND PETROLEUM PRODUCTS	INCLUDED		EXCLUDED	
	Percentage	Million $	Percent.	M $
FOODSTUFFS	22.3	5,820	43.7	5,820
ENERGY PRODUCTS	48.9	12,750	–	–
RAW MATERIALS	25	6,526	49	6,526
MANUFACTURED GOODS	3.8	952	07.3	952
	100		100	

Source: *ACP/CCE/38/82, pp.9–10.*

From the above table, it can be gleaned that the bulk of ACP exports to the EEC continues to be concentrated in food stuffs and raw materials. Europe, on the other hand exports mostly manufactured goods to this group. Thus, whereas the ACP states' exports to the EEC that are made up of manufactured goods amounted only to a dismal 3.8% in 1980, 85.8% of EEC exports to the ACP group was made up of manufactures. *(17)* Further, the percentage of ACP exports to the EEC that consists of manufactured goods is distorted as a result of re-exports. *(18)* Granting the volatility in the prices of the bulk of ACP exports to the EEC – they have a tendency to decline – as opposed to the steady or increasing prices for manufactures, ACP–EEC trade provides a perfect recipe for unequal exchange. It should be reiterated that the call for the establishment of a New International Economic Order (NIEO), which Lome embraces, strives to redress this unequal exchange through the institution of a new international division of labor.

In the ACP–EEC economic sub-system, a new international division of labor can be obtained through the promotion of an aggressive manufacturing drive in the ACP states. Whereas this is advisable in the long-run, I would submit that it must be pursued simultaneously with an effort to boost the production of primary products in the short-run. Already contentions that «Africa is gradually being pushed to the sidelines as a commodity producer and exporter by other, more aggressive Third World nations» are becoming commonplace. *(19)* Pursuing an aggressive manufacturing policy to the total detriment of commodities would be mistaken. Not only do these countries have the comparative advantage in the latter, but the 99,5% duty-free access into the EEC market, granted them under Lome, covers these goods which are actually exported rather than potential exports. *(20)* Further, World Bank projections (as opposed to predictions) show an annual increase of 2.9% for 22 non-fuel commodities that include – coffee, cocoa, sugar, groundnuts, groundnut oil, palm oil, beef, bananas, maize, timber, cotton, tobacco and rubber – of great importance to Africa in the 1980s decade. *(21)* Thus, a best case scenario would call for a perfect blend of policies that promote both manufacturing and the production of these non-fuel commodities. Parenthetically, it should be pointed out that coffee, cocoa, sugar, groundnuts and groundnut oil, timber and rubber accounted for 32.91% in the total of ACP exports in the EEC between 1976–1978. *(22)*

The World Bank projections should not spur the ACP states to focus inordinately on the production of these non-fuel commodities. It has been cautioned that agricultural products are purchased in the future markets of New York and London commodity exchanges by brokers and a concentrated group of transnational corporations. *(23)* Possessing a monopoly of the most current and often unpublished market information as well as the trading position of the other traders, these purchasing companies are also the sole nexus between the outlets and the consumer markets. This monopoly situation guarantees them enormous powers, thus affording them the opportunity to manipulate both prices and the quantity of goods purchased. In the case of the ACP–EEC exchange, UN studies have shown that many transnational companies engaged in this exchange are reducing their dependency on ACP materials by diversifying their operations to include other lines. *(24)* Given this pattern, EEC demand for ACP exports is likely to be static or characterized by a nominal increase – this virtually negates the effect of tariff elimination.

The concentration of ACP exports in a number of products is accompanied by a corresponding dominance of a few ACP countries in the ACP–EEC exchange. Whereas the ACP group compose about half of the Group of 77, only 20 states possess a stranglehold over ACP–EEC trade. *(25)* The least developed developing countries (LDDCs) are conspicuous by their poor performance. Claude Cheysson alluded to this in May 1980 at Nairobi when he observed that whereas the trade situation between the ACP and the EEC had improved, the situation vis-à-vis some countries had deteriorated. *(26)* This LDDC group constitutes countries which can be described as being at a predevelopmental stage that precedes the take-off stage to development. Not surprisingly, an increase in the export performance of these countries would have an overwhelming catalytic, if not a determinative, effect on their development plans. This is ordained by the fact that private banks, which are now the most important source of finance for the LDCs are apt to increase their external exposure only to those with buoyant economies as opposed to those at the predevelopmental phase. For those LDDCs which pass the litmus test administered by these banks, their country limit would still be low. *(27)* In the face of the dismal performance of the LDDCs in ACP–EEC trade, should the LDDCs opt out of Lome and strive to benefit only from other programs, inter alia, the substantial New Program of Action (SNPA), broached at the Paris Conference on LDDCs in 1981 and UNCTAD programs? Is it a policy or non-policy option for the LDDCs?

Opting out of Lome would be a «faux pas». It is not the solution for the problems that buffet the LDDCs, especially as other programs designed to benefit them at other international fora remain largely preambular. For example, the developed countries agreed at the Paris Conference on LDDCs «either to double their aid to the 31 LDDCs, or to guarantee them 0.15% of their GNP in their overall aid budget *in the coming years». (28)* This resource transfer was supposed to complement LDDCs' efforts to bring the SNPA to function. However, it has been determined that ODA to LDDCs would not attain the prescribed figure by 1985. Since only a real increase of circa 30% in overall ODA flows to LDDCs can be expected by 1985, from the 1980 level, only $8.1 billion in ODA (at 1980 prices) would flow to these countries in 1985, thus failing to double ODA as envisaged in SNPA. *(29)* Furthermore, as the ACP states continue to see their demands for or the safeguarding of certain provisions of Lome as a right, the EEC could also make it incumbent on them to implement programs in favor of the LDDCs as a corresponding obligation. For example, the realization of the integrated planning approach which «aims at promoting and consolidating cooperative arrangements between landlocked countries and their transit neighbours» *(30)* would provide a vital boost to the economies of the LDDCs. At present the flexibility of these countries to respond timely to the vicissitudes of the international commodity markets is limited by their remoteness. This disadvantage is further exacerbated by the fact that they invariably incur other costs that result from the maintenance of higher levels of inventories and thus of greater storage facilities due to the unpredictability of transit traffic flows and from the development and maintenance of alternative «insurance» routes. *(31)* Definitely, this takes a heavy toll on their already-meager foreign exchange. Thus, the EEC should insist on the implementation of the integrated planning approach and other measures, that benefit the LDDCs within the context of the Lome Convention. Failing these, it would still be asinine for the LDDCs to unilaterally «abrogate» Lome. Such a move would presuppose a narrow definition of Lome, whereas trade is only one of the instruments of the Convention.

As indicated earlier, the causes for the slack in the growth of ACP trade with the EEC, despite the 99.5% duty-free access they enjoy, are multivariate. The Convention is laden with loopholes and exemptions that enable the EEC countries to raise non-tariff barriers (NTBs) on a volitional basis. Conspicuously, Lome II contains no clause prohibiting the imposition of Voluntary Export Restraints (VERs) and Article 10(1) permits member states as well as the EEC to take necessary safeguard measures to redress any disturbances in any one sector of the economy brought about by excessive imports. This is a tool, if not the very essence, of neo-protectionism. It has been argued that leaders from developed countries now prefer to enact ostensibly liberal trade schemes that are «flawed» by enough loopholes and exemptions «to facilitate the management of international trade to protect their national interest». *(32)* The ACP states have already complained about the detrimental effects of these NTB's – they affect not only the ACP–EEC exchange but also intra-ACP trade. *(33)*

Duty free access is supposed to cover goods that are actually exported as well as potential exports. However, a list of NTBs applied by the developed countries shows that NTBs that could be invoked by the EEC *(34)* are apt to deter the production of some of these potential products in the ACP states. In the realm of agriculture, the EEC has been adamant in its refusal to make any concessions on products that are covered by the Common Agricultural Policy (CAP). At present, the EEC has been called upon to «pursue a policy on trade in agricultural products compatible with its development policy in general and with its commitments under the Lome Convention in particular.» *(35)* The EEC has been further urged to grant free access to strawberries originating from the ACP states into the EEC market during off-season periods and to apply, liberally, the previsions of the Convention governing the importation of horticultural products, including flowers, from the ACP group. *(36)*

It has also been contested that other factors having no bearing to specific government policy often reinforce governments' protectionist objectives. ACP–EEC exchange is characterized by a high concentration of transnational corporations involved in the production of ACP products. *(37)* It had been earlier pointed that these companies, such as Unilever and Nestle, act as the sole intermediaries between the ACP producers and the EEC consumers. This monopoly situation is unfortunate as their decision to expand imports are governed solely by corporate interests, thus relegating the national interests of the producers and perhaps the duty-free provisions written into Lome into the background. *(38)*

Granting all these NTBs that impede ACP–EEC trade, Lome III promises to have an «aura» of «déjà vu», if the growth and use of these NTBs are not checked. In this respect, the renegotiations of Lome could profit from guidelines that are being established under the auspicies of the General Agreement on Trade and Tariffs (GATT). Whereas the 1979 Multilateral Trade Negotiations (MTN) or the so-called Tokyo Round had failed to agree on a code for safeguards, the 1982 GATT Ministerial Declaration mandated the Council to conclude an understanding for adoption by the Contracting Parties not later than their 1983 session. *(39)* This understanding is supposed to encapsule measures that would ensure «an improved and more efficient safeguard system which provides for greater predictability and clarity and also greater security and equity for both importing and exporting countries, so as to preserve the results of trade liberalization and avoid the proliferation of restrictive measures». *(40)* The incorporation of these guidelines, if they are realized, into the new Lome Convention would be instructive.

STABEX

The volatility in the prices of primary commodities in the 1970s made it a harrowing decade for the LDCs. Lome sought to cushion these fluctuations in the case of the ACP group through the introduction of the stabilization of export earnings (STABEX) scheme. The scheme was endowed with 350 MECU under Lome II, to make up for loss of export earning for 44 commodities listed in the Convention. To the uninitiated, the scheme is triggered when a commodity which accounts for at least 6% of a country's total export earnings, (2% in the case of the poorest ACPs) on a single product suffers from a shortfall of 6% (2% in the case of the poorest ACP states) below the reference level. The reference threshold for any product is the average level of earnings for the past four years. STABEX which was meant to serve as a «first palliative» is already ailing. Whereas this can be attributed to deficiencies intrinsic in the scheme, it must also be pointed out that the situation prevailing in the world commodity markets has impacted negatively on STABEX.

Critics of STABEX had contended as far back as Lome I that the scheme was financially deficient. In the first year of the application of Lome II, it became apparent that this indictment was not just a red herring. In 1980, the ACP states demanded for transfers amounting to 216,107,143 ECU. *(41)* Lome II provides for annual instalments of 110 MECU for STABEX with a provision that a 20% advance could be brought forward from the following year. Yet funds derived as a result of this, coupled with 6 MECU carried over from Lome I and the repayment made by some of the richer states amounted to only 138 MECU. Given the deficit of 123 MECU in the transfers requested by the ACP States, Article 34 of Lome II providing for a reduction in the amount of funds to be transferred was triggered. It was as a result thereof, that the ACP–EEC Committee of Ambassadors decided to meet 59.9% of the demands of the LDDCs that totalled over 1 MECU and 47.4% in the case of the other ACP states, and claims of up to 1 MECU were to be met in full. *(42)*

The funds allowed to be brought forward from the following year per Article 34, having already been used up, it was evident that only the annual tranche of 110 MECU would be available in 1981. This situation was averted, thanks to repayment, thus raising the 1981 tranche to 208.7 MECU *(43)* However, total demands for 1981 from the ACP group came up to 422 MECU. Granting the discrepancy between the funds available and the demands, another compromise was reached. It was agreed at the ACP–EEC Council meeting at Libreville, that 46.5% of the claims from the LDDCs would be met as opposed to 41.9% from the rest of the ACP states, and transfers of up to 1 MECU were to be met in toto. *(44)* As the scheme continues to be plagued by a shortage of funds, the ACP states have registered their resolve that STABEX should not be aborted before 1984 and that they should be compensated for the shortfalls that have been denied them in 1980 and 1981. *(45)*

The performance of STABEX under Lome II shows that the scheme is inadequate as a damage control mechanism. This is echoed by a Eurocrat thus

> *STABEX was initially designed to make up for sudden and even cyclical fluctuations in ACP export earnings. We have discovered however, that the problems facing African exports are structural, and STABEX... – just cannot cope with such long term and fundamental problems. (46)*

If STABEX is anaemic, it is neither dead nor should it be allowed to die. Whereas the Group of 77 (G77) has contended that the scheme has been of only limited assistance to the LDCs, especially in compensating for the impact of the present widespread recession, it also acknowledges that the scheme has served some useful purposes. *(47)* This observation by the G77 can easily be rebutted on the grounds that STABEX leads to a fossilization of the development process in the ACP states by promoting the production of raw commodities. Yet, abandoning the scheme would be detrimental to these LDDCs which are least able to diversify their economies and already suffer from the inavailability of foreign exchange. *(48)*

In Lome II, the decision on how to use STABEX resources was left to the discretion of the recipient state «subject to compliance with the objectives laid down in Article 23». It was stipulated that the requesting ACP state had to inform the Commission «of the probable use to which the transfer will be put» and shall thereafter «inform the Commission of the use to which the funds tranferred have been put» per Article 41. However, it has been established that the recipient states have a tendency to use these transfers for other ends. A recent study of 39 transfers shows that only two of these grants were used in the commodity sector that had triggered the transfer, whereas one third of all the grants were allocated and used wholly for expenditure unrelated to the product concerned. *(49)* This does not augur well for the farmer and can be marshalled as evidence in support of the argument that transfers triggered as a result of a drop in volume of exports are caused by the internal policies of the government. Whereas the price of agricultural inputs have been rising since the 1973 oil crisis, agricultural prices have not generally reflected this. *(50)* No doubt, this has served as a disincentive to the farmer. It must also be pointed out that states that have pursued an aggressive agricultural promotion policy, such as Ivory Coast, have not benefitted from STABEX in some instances despite the drop in the prices of their commodities, largely as a result of an increase in the volume of their exports. Thus, it is not enigmatic that Ivory Coast and Kenya have argued unflaggingly for guaranteed prices for ACP exports. *(51)*

If some of the ACP states have prostituted the intent of STABEX, the scheme is also flawed on the level of conceptualization. The lack of specific guidelines in the method to be used in calculating transfers or in taking statistics has led to friction between the ACP and EEC. This is amply illustrated in the case of Ethiopia's claims. Whereas Ethiopia submitted claims to the EEC of circa 80 million BIRR, the Commission argued that Ethiopia's legitimate claims should not surpass 48 million BIRR. Consequently, there is a need to establish yardsticks that are to be used in calculations so as to deal a death blow to the arbitrary method that reigns now. *(52)* There are also indications that the EEC would be adamant in its persistence in the next convention that the funds received under STABEX must be channeled to the commodity sector that triggers the transfers. *(53)* Yet, for these transfers to have their desired effect, there is a dire need to suppress the notion of annual tranches. The implementation of the latter would enable the EEC to be able to meet all the shortfall needs of any particular state. This, it is realized, raises possibility that the scheme could go bankrupt before the period for which it is negotiated expires. The likelihood of such an occurrence would be reduced not only by endowing the scheme with more funds but also by the realization of an International Program for Commodities (IPC). STABEX should complement the IPC.

The IPC was proposed by the G77 in its Manila Declaration in February 1976 that served as its position paper at UNCTAD IV in Nairobi in March 1976 *(54)* An agreement on the fundamental elements of the Common Fund, the linchpin of the IPC, was reached in March 1979. The first window of the fund designed to finance international buffer stocks and other International Commodity Agreements (ICAs) associated with it was to have a capital of $400 million. The «second window» envisaged to cater to measures other than stocking, was to be endowed with $350 million. *(55)* The $400 million capital of the «first window» should not be confused with the originally proposed $6 billion of the stocking requirements which it was supposed to provide. The former is only meant to enhance the creditworthiness of the fund so as to enable it to borrow money as well as to furnish it with the finance needed for operational and administrative costs. *(56)* The Fund which was supposed to become operational on 31 March 1982 failed to do so because the condition, calling for any 90 states which had initialled the Fund and accounted for two-thirds of its directly contributed capital to ratify it by then, had not been satisfied. *(57)* This prerequisite remains to be fulfilled. Already, the EEC states have pledged that they would make every effort to ratify the agreement on the Common Fund by 30 September 1983. *(58)* Should this come to pass, the challenge would then be on the ACP states to follow suit. Within the G77, only 30 of the 68 states that signed the Agreement have ratified it.

Included in the number of G77 states that have ratified it are 18 of the 37 African countries that signed the Agreement. *(59)* By and large, the renegotiated Convention should register the resolve of the Parties to strive unselfishly for the realization of the IPC.

The ultimate implementation of the IPC should not be looked upon as the final solution to the commodity problem. The IPC only establishes certain thresholds above or below which commodity prices are not allowed to fall. Thus, it would be prudent to continue with the STABEX scheme in Lome, which stabilizes export earnings. It should be accompanied by a broadening of product coverage. Under Lome II, STABEX covers only 44 products. The community has already declared its willingness to include nutmeg, mace and shea nuts in STABEX, while stipulating that in the case of sisal products, the establishment of the broad guidelines of an international agreement is a sine qua non for their inclusion in the scheme. *(60)* On the other hand, ACP states' demand that citrus fruit and tobacco also be covered by STABEX has been consigned to the back burner due to the disagreement among the EEC states on this issue. *(61)*

SYSMIN

A mining system (SYSMIN) was included in Lome II 'to assist states in their efforts to remedy the harmful effects on their income of serious temporary disruptions' in certain mineral products per Article 49. SYSMIN will not compensate any country for a loss in export earnings brought about by a fall in world prices. Six products – copper and cobalt; phosphates; manganese; bauxite and alumina; tin; iron pyrites and iron ore – are covered by SYSMIN. A special financing facility of 280 MEUA was set up for the system. For a state to benefit from SYSMIN, it has to derive at least 15% of its export earnings from a product in the four preceding years. The aid which is project-linked, is not triggered until a state can document that it forsees or records a fall of at least 10% in its capacity to produce or export the said product.

The Commission received applications from Zaire and Zambia for the period under review. Zambia with a largely monocultural economy has been granted 55 MECU for its copper and cobalt industries so as to enable it stabilize capacity and production costs. *(62)* Already, the ACP states are agitating that more products should be included in SYSMIN. *(63)* Broadening product coverage per se should not be the only issue. Rather, there is a need for the EEC to prove its commitment to the obligations that devolves on it as a result of SYSMIN. Recently, Senegal asked for $900 million from the EEC to enable it develop the iron ore mines in Falémé. The project is expected to produce circa 12 million tons of iron annually for forty years. *(64)* At same time, the EEC has shown interest in the Mount Nimba iron ore reserves in Guinea and the Belinga deposits in Gabon. Yet, one is apt to question the genuineness of the EEC's interest. This is predicated on its ambiguous attitude – whereas on the one hand, the EEC is ostensibly interested in iron ore deposits in certain ACP states, on the other, it is prone to finance iron ore mining projects beyond the confines of the ACP group – to this end, the EEC has contributed $600 million to the Carajas project in Brazil. *(65)* This decision is puzzling – granting that priority should be given to the ACP states.

THE SUGAR PROTOCOL

Under the Sugar Protocol annexed to Lome, the EEC undertook to purchase 1,321,500 tonnes of sugar from the ACP states at guaranteed prices. The price of this ACP sugar is guaranteed in reference to the price that is offered to the European sugar producer. Thus, the Protocol embraces the notion of semi-indexation. Whereas this is laudable, it must be pointed out that the Protocol as implemented is riddled with problems. Consultation as provided for in the Protocol has been consistently short-circuited. Consequently, the EEC has arbitrarily imposed prices on the ACP states. This has incensed the latter especially as the price offered them for their sugar is often below that offered the EEC producers. This is manifested by the fact that whereas since 1976/1977, the price of EEC sugar producers has increased by 32%, the increase has only been 26% in the case of ACP exports. *(66)* The negative impact of this discrepancy is exacerbated by the fact that refining and freight costs increased by 250% and 60% respectively within this same period. *(67)* Thus, it can be surmised that consultation would have granted the ACP group a forum on which to impress on the EEC the need to take into consideration all economic factors involved in the production of sugar, as well as the rising cost of invisibles.

Despite repeated ACP attempts to activate the consultation procedure, the EEC remains adamant in its refusal to budge. Not only has the EEC refused to «negotiate» the price of sugar with the ACP, they have also embarked on the production of more sugar. It should be noted that the Sugar Protocol was broached at a time when the EEC was a net importer of sugar. The situation has since changed as the area of farmland under beet sugar cultivation increased by 25.7% between 1968/1969 and 1978/1980, thus boosting sugar production from 8.1 to 12.2 million tonnes. *(68)* This increase in beet sugar production was accompanied by an increase in the production of isoglucose, a sugar substitute. The production of isoglucose increased from 82,593 tonnes in 1976/77 to 164,217 tonnes in 1977/1980. *(69)* Granting the increase in beet sugar and isoglucose production (100 kg of isoglucose is equivalent to 71 kg of refined sugar), it has been postulated that sugar production increased by 50% between 1968 and 1980. *(70)* This was not matched by an increase in sugar consumption which increased only by 5.3% in that same period. *(71)*

Sugar surpluses accrued in the EEC as a result of this unbridled production. Subsequently, the EEC has flooded the world market with its surplus sugar. The EEC alone exports 4–5 Million tonnes of sugar annually. *(72)* This has contributed to a decrease of the LDCs share of the sugar market in developed countries which dipped from 88% in 1970 to 64% in 1978. *(73)* The debilitating effects of this decrease are further aggravated by the fact that for the same period, the sugar surpluses of the developed countries enabled them to capture a large share of the burgeoning LDC market; their share of this market stood at 46% in 1978 as compared to 24% in 1970. *(74)* Yet, if the industrialized countries were to accept a new international division of labor, they would shift out of sugar production as the comparative advantage has shifted to the LDCs. In the case of the EEC, it has been established that whereas sugar production accounts for only 2.7% of its total agricultural production, the Community devoted between 10 to 20% of refund expenditure in this sector between 1977 and 1979. *(75)*

The concomitant result of this overwhelming surpluses in the world market has been a drop in the prices of sugar. This does not augur well for the LDCs that are largely dependent on sugar, as it throws their development plans off the desired trajectory. This would be especially true in the case of Mauritius where cane sugar accounted for 65.4% of the total exports in 1978, Fiji 51.4%, Swaziland 37.2% (1977) and Guyana 35%. *(76)* Whereas it would be easy to suggest that these ACP states restructure their economies, it must also be accepted that such a move would provoke tremendous social hardship in these states. Further, it would defeat the purpose of NIEO within the ACP–EEC economic subsystem by obviating rationalization of the economies. Already, the refusal of the EEC to restore the quotas of certain ACP states, inter alia, Congo, Uganda and Surinam which it revoked during Lome I can serve as an indication of the EEC's lethargic attitude to rationalization in the ACP–EEC economic subsystem. The EEC's attitude can only be fully understood when it is realized that the Tate and Lyle sugar factory in Liverpool which buys up most of the ACP cane sugar is threatened with an imminent closure. The loss of the British market would mean that the EEC would have to buy up ACP sugar. The ACP states, however, see intervention as a temporary mechanism and fear that the loss of British commercial buyers would make it imperative on the EEC to start buying increasing quantities of ACP sugar each year. As a result, they risk becoming a financial burden on the Community «which will then be a source of reproach against us». *(77)* This fear is buoyed by the fact that there is a strong body of opinion within the Community that regrets the introduction of the Sugar Protocol and one former Commissioner has described it as «the greatest mistake the Commission ever made». *(78)*

If Lome is to serve as a model for NIEO, it would be imperative that the Sugar Protocol be included in the renegotiated Convention. NIEO, it should be reiterated, is commited to the introduction of a new international division of labor. The ACP states, having the comparative advantage in the production of sugar, it becomes evident that the EEC has to start restructuring out of sugar production. This can easily be realized under the International Sugar Agreement (ISA) guidelines. The EEC refused to accede to the ISA in 1977 because it thought that the quota that was accorded it was unrealistic. An ACP–EEC Joint Committee report sees accession of the EEC to the ISA as «a political and moral obligation which the Community must respect if it wishes to retain its credibility vis-à-vis its trading partners, and more particularly, in the eyes of the developing countries.» *(79)* However, the EEC seems to be playing to a different tune. It has argued that any new ISA must take into cognizance such factors as, to wit, the upheaval in production and marketing and the emergence of the EEC as a substantial supplier , and the decline of the raw sugar market and the expansion of the white sugar trade. *(80)* This seems to serve notice that the EEC would not accede to a new ISA that does not substantially augment the quota that it refused in the 1977 Agreement. Yet, accession of the EEC to the ISA is the only way of solving the intractable «sugar problem». Probably, real consultation, in establishing the price of ACP sugar as provided in the Sugar Protocol cannot be realized heretofore.

INDUSTRIAL COOPERATION

The Industrial Cooperation title in Lome promised to unfreeze the *status quo* which had relegated the ACP states to «drawers of water and hewers of wood» in the ACP–EEC economic sub-system. Thus, entrenched in the title was a determination «to promote the development and diversification of industry in the ACP states and to help bring about a better distribution of industry both within those states and between them» per Article 66. This title added a new dimension to development cooperation. It promised to give the ACP states the necessary push that they needed so as to satisfy the target assigned them under the Lima Declaration and Plan of Action on Industrial Development and Cooperation. *(81)*

To facilitate the task of industrial development, the Center for Industrial Cooperation (CID) and the Committee on Industrial Cooperation (CIC) were set up. It did not take long to realize that the effectiveness of these bodies would be marred by the dearth of financial resources (25 MEUA) with which they were endowed. As much as 50% of this fund is used for the payment of salaries and other administrative costs. *(82)* However, this financial constraint is not purportedly the sole hindrance to industrialization in the ACP states. This is sparked by the contention that an industrial mentality still needs to be created in these states. *(83)* This is reminiscent of the now discredited thesis that local farmers are not receptive to change. Granting the CID's conviction that the ACP states have to be imbued with an industrial mentality, the Center has further argued that this mentality could be nurtured through the promotion of small and medium sized enterprises (SMEs). *(84)*

In its efforts to foster industrialization, the CID has concentrated on SMEs that cater to the processing of the raw materials of the ACP states and agro-food industries that assure the maximum use of local materials. *(85)* No doubt, this begins to implement the call for processing of raw materials in the LDCs as was urged in UNCTAD IV. The importance of deepening cannot be overemphasized as it has been established that there is a tendency for the prices of most commodities to rise and fall at the same time. *(86)* Thus diversification-cum-processing is a solution to the endemic liquidity problems that confront LDCs. An accent should be put on processing as it adds significantly to the farm-gate value of a commodity. The importance of this value-added would be considerably whittled down, if it is not accompanied by a corresponding rise in exports. So far, the imposition of cascading tariffs by the industrial market economies has discouraged trade in processed goods. Thus, this issue needs to be tackled during the renegotiation of Lome III.

ACP's skepticism of the CID's emphasis on the promotion of SMEs is further fanned by the inordinate influence that the Directorate General for Development exercises over it. The Directorate General has indicated its preference for the promotion of import-substitution in the ACP states. *(87)* Industrialization characterized by an inward-looking posture and at odds with export promotion as encouraged under the Second International Development Strategy (IDS II) promises to have serious repercussions on the industrialization of the ACP states. It has been argued that it would circumscribe the ACPs' technological research and developmental horizon as «products of low quality become the order of the day» and the repercussions of this would be the frustration of any chances that the ACP states might have of producing for the EEC market. *(88)* But it can be wondered whether the promotion of the export of industrialized goods was ever a goal of Lome which grants duty-free access to goods that are already exported rather than potential exports.

Failing a change in the present structure of ACP states' exports to the EEC (manufactures make up only 3.8% of the total), and granting the inability of most of them to telescope the industrialization process, it has been postulated that most of the ACP states would not draw substantial benefits from Lome. *(89)*

Thus, the expansion of the manufacturing sector (as distinguished from processing) and their export capabilities are essential for accelerated economic development in the ACP states. There are already indications that the expansion of export capabilities is not necessarily a logical sequel to the expansion of the manufacturing sector. This has been highlighted in the case of ACP textile exports to the EEC.

Under the Yaounde regime, the EEC promoted the development of textile industries in the Association of African States and Malagasy (AASM). This industry witnessed a marked growth because its exports to the EEC were exempt from the Multi-Fiber Agreement (MFA). Consequently, when the Lome Convention came into force, Ivory Coast, Senegal, Cameroon and Mauritius were exporting textiles to the EEC. By and large, the ACP group accounts for only 1.8% of the EEC textile imports, while the EEC exports more than three times the amount of its ACP imports to the latter. *(90)* Despite the meager share of the ACP in the EEC textile market, the EEC is already threatening to impose ceilings on the exports of some ACP states. It was as a result thereof that Mauritius was asked to cut back on the number of garments that it was selling to the EEC; thus it was simply penalized for doing too well. *(91)* This may illustrate some of the internal contradictions that abound in the EEC. On the one hand, it strives, at least ostensibly, to promote industrilization in the ACP states while on the other it is determined to curb the inflow of goods produced as a result thereof into its markets. The fallout of the latter policy is devastating. This is buttressed by the fact that a non-adherence to the principle of Standstill in international trade, coupled with the economies of scale that prevail in these countries, has meant that most of the already existing industries are being forced to look only at 50% of their full capacity. *(92)* These are «labor-intensive, low-skilled industries» in which the ACP states now possess the comparative advantage. This is a pertinent case of the EEC's refusal to bear the costs of structural adjustments that are a prerequisite for the introduction of a new international division of labor.

It has been asserted that the EEC's development cooperation policy needs to be complemented with an industrial development policy that takes into account the progress of the Third World. *(93)* Yet, for such a policy to be effective, it has to be dynamic as opposed to static. It should be noted here that CAP, the EEC's only other noteworthy achievement, has been indicted as being static and failing to take into consideration the interests of others. That self-interest rather than altruism guides the EEC is also demonstrated by its threats to renege on its MFA commitments by imposing the antisurge clause which would prevent a country that underuses its quota in one year from doing so fully in the next. *(94)* This casts an aura of uncertainty over export possibilities, thus it is a deterrent to private investors who are spurred mainly by the profit motive. The full detrimental effects of such a policy reversal can hardly be ascertained in the case of the ACP– EEC economic subsystem, where the ACP rely heavily on private European enterpreneurs for their industrialization. I would submit that the reluctance of these entrepreneurs to invest in the ACP group can be attributed to this uncertainty as regards market access rather than to political instability per se as contended. *(95)* It has even been argued that the political instability thesis is a myth. Referring specifically to the case of oil, it has been posited that African oil producing states have scarcely changed basic legislation governing company-state relations, at arms-length or otherwise, over the past ten years and that «political pressure is stronger on oil firms in the North–sea than in most African countries». *(96)* For the most part, these observations can be said to hold true for other sector of the economy. Thus, the onus is on the EEC to prove that it can enter into trade agreements in «good faith» and respect the engagements devolving upon it thereby. These obligations, failing any renegotiations, are supposed to be respected even in cases of «rebus sic stantibus». Moreover, if industry is to be developed in the ACP states to the level where it becomes a locomotive for development, an industrial development fund, as demanded by the ACP states during the negotiations of Lome II, would have to be introduced.

AGRICULTURAL DEVELOPMENT

Although Lome is basically a trade and aid agreement, an Agricultural co-operation title was written into Lome II. This accentuation of agriture was no surprise considering that agricultural production in the ACP states which kept pace with population growth in the 1960's had dipped to 1.4% in the 1970's while population growth was 2.8%. *(97)* To enable the ACP States realize this goal – agricultural development – provision was made in Lome II for the establishment of a Technical Center for Agricultural and Rural Co-operation (TCARC). It would be at the disposal of the ACP states in order to provide them with better access to information, research, training and innovations in the agricultural and rural fields per Article 88. However, the TCARC has still not been set up. At present, it is temporarily based at Vaginingen in Holland. It has been rightly suggested that the Center should be located in an ACP state so as to «ensure the application of agronomic research on the spot». *(98)*

Granting the research oriented focus of this Center, its contribution to the growth of agricultural production promises to be phenomenal. It should enable agriculture in these countries to make the great leap from mostly subsistence method that now prevails to mixed and diversified farming. The latter is a logical first step from subsistence to specialized production. During this stage, farmers produce both staple and cash crops and engage in simple animal husbandry. On the whole, mixed farming allows for flexibility that deals a serious blow to «disguised unemployment», that prevails during the slack in farm workloads. *(99)* The utility of this Center is further demonstrated by the fact that the results of investments located in rural areas have not been hortatory. A pertinent example here is the deterioration of the food situation in Africa despite the allocation of 42% of the resources of the European Development Fund (EDF) to the development of rural areas *(100)* granted most of this money has been invested in the production of motive crops.

Some have argued that the chapter on agricultural cooperation should be so loosely interpreted to include the EEC's major responsibility to help improve food-stuffs supplies to the ACP states. *(101)* Food aid and purchasing must only serve as stop gap measures. Food aid in particular has been responsible for taste transfers. In the case of the EEC, it has been suggested that food aid from the Community can cause damage to rural development. *(102)* This indictment is sustained in the case of cereals, where the EEC, having only softwheat and wheatflour to offer, as opposed to rice, sorghum, millet and maize which are in high demand in the ACP states simply notes in its food aid application that cereals from the EEC, having met Community standards, are ipso facto, suitable for human consumption in the receiving countries. *(103)* This Procrustean approach is apt to have a negative impact in the countries that seek food aid. In Africa where the import of cereals has increased in leaps and bounds, these cereals have been accredited with the introduction of «largely artificial patterns of consumption and economic practices into a process of urbanization which is becoming potentially explosive and uncontrollable». *(104)* These negative effects can only be checked by co-ordinating food aid and local policies in the interest of increased self reliance. *(105)*

Food aid received by the ACP states from the EEC does not satisfy all their food requirements. These states have sought to make up for the remaining deficit by purchasing more food from the EEC. The ACP states have been able to buy grain on annual contracts from the EEC at world market prices and in EEC currencies. Plans have already materialized to extend this scheme to dairy products, rice and sugar. *(106)* Conscious of the pitfalls in the present procedure, the ACP group in a March 1977 memorandum to the EEC advocated multi-year contracts at specially subsidized prices which would be paid for in local currencies. *(107)* The proposals have still not been accepted by the EEC. *(108)* The refusal by the EEC to adopt the ACP group memorandum is puzzling. The EEC, it should be noted, already sells food to Poland on concessional terms and has a penchant to dump large amounts of its surplus food on the Soviet Union. *(109)* Consequently, there is a dire need that the ACP states impress upon the EEC the cardinal importance of their 1977 memorandum. Adoption of this memorandum would help to alleviate the inordinate strain that food purchasing now puts on their already negligible foreign exchange.

THE EUROPEAN DEVELOPMENT FUND

Reminiscent of the negotiating that led up to Lome II, the European Commission has proposed that the renegotiated Convention be for an unlimited duration and the EDF be «Communautized». *(110)* The latter, it should be reiterated is to a large extent the linchpin of Lome. If the Convention is to be for an unlimited duration, the EDF would be one of the titles that would have to be reviewed at agreed intervals. Under Lome II, the EDF package amounted to 5,227 MECU. The ACP states which had asked for 10,830 MEUA believed and still do believe that the EDF V package was/is inadequate. *(111)* This has contributed markedly but not wholly to the «effectiveness problem» that now confronts Lome.

To this end, the ACP states have pointed out and are particularly incensed about the cumbersome procedures and the long pipeline that exists between commitments and disbursements. *(112)* Their concern is borne out by the fact that in December 1980, that is after Lome I had expired on 29 February 1980, only 87% of the funds allocated to EDF IV had been committed and disbursements stood at a dismal 37%. *(113)* Granted, this is a peculiar problem that haunts most aid agreements. But Lome is not just any aid agreement; it is supposed to serve as a new «model for relations between developing and developed countries». *(114)* The disbursements of EDF at a rate similar to that of lava curling down a mountain, do not aid the ACP states which are also burdened with technical advisers or «cooperants» to guide the execution of these EDF financed projects. Moreover, the effectiveness of these «cooperants» has been impaired by their failure to adapt their designs and techniques to suit the local milieux. For example, in Ivory Coast, which is located in the heart of the topics, the buildings they designed for the National Institute for Public Health had flat roofs which «cannot stop water seeping in from the torrential downpours». *(115)* This smacks of a case of an indiscriminate transfer of technology, and is a blatant violation of the cost-effectiveness principle. The attractiveness of the reneogtiated Convention would be hinged on the extent to which it is able to curb these «pitfalls». The EDF mechanism needs to be overhauled. Granting that the ACP and EEC states are «equal partners» in this Convention, tenders from either group should be examined using the same criteria, and technical advisers should be chosen on an objectivity basis.

Elsewhere, it has been argued that Lome was/is not supposed to address the issue of international monetary reforms. *(116)* Such an argument is simplistic, if not spurious, at the level of the ACP–EEC economic subsystem. The essence of international monetary reforms narrowly defined, is the quest for a solution to the balance of payments problems that plague the LDCs. In the ACP–EEC context, it has been suggested the EDF should also be used to overcome balance of payments problems. This is predicated on the fact that the ultimate success of projects funded by the EDF, in the long run, is contingent on the existence of a healthy economic environment in the country where the project is located. Besides EDF support to help redress balance of payments problems is vital because the conditionality clause that accompanies IMF aid, as well as aid from other international organizations, often makes the adoption of policies that are «incompatible with the interest of the people of the ACP countries» *(117)* inevitable.

The creation of the European Monetary System (EMS) and its monetary unit, the ECU, would guarantee a certain measure of stability to the ACP states that decide to peg their currencies the ECU. Fluctuations in the currencies of the ACP states have often taken a toll in the transfers that they receive from the EEC. These transfers, as in the case of STABEX, are often made in European currencies. In the case of countries that belong to the CFA Zone, such a move would assure that their trade with the other EEC countries, France excluded, would not continue to be affected by the fate of the French franc. The purchasing power of the CFA franc has dropped from 73 to 69.9 in 1983 as a result of the fluctuation of the French franc. *(118)* An added advantage of this pegging for all the ACP countries would be that European banks and other loaning institutions offer a growing range of loans and investment possibilities in the ECU. *(119)* This availability of credit could also lure the Franc zone countries as it would serve as a substitute for the narrowly conceived French Treasury's 'Operations Account.' For the African countries in particular, this linkage to the ECU would also facilitate financial and monetary cooperation which are a paramount objective of the proposed African Monetary Fund (AfMF). *(120)*

CULTURAL COOPERATION

The ACP states have posited that the renegotiation of the Convention «should take account of the cultural dimension of development, particularly research, information and communication, cultural exchanges, the development of tourism, the role of women in development, intra-ACP cooperation and the situation of ACP students and migrant workers residing in the EEC member states». *(121)* The development of a systematic community approach in this realm, especially as regards ACP students and migrant workers in Europe would be of invaluable importance to the ACP states. However, claims that the question of ACP students and nationals do not fall within the competence of the EEC *(122)* are symptomatic of the fact that the road to an agreement is traught with a lot of hinderances.

As regards migrant workers, attempts are already underway to forge a European law for migrant workers in general. Whereas some would argue that most migrant workers in Europe are not ACP nationals, I would submit that a European law as regards these workers would still be of paramount importance to some ACP states. Here, it is instructive to point out that workers remittances as a percentage of merchandise exports were fixed at 59.6% and 33.0% in the case of Upper Volta and Mali respectively in 1978. *(123)* The importance of a European law in this realm is due to the fact that the level of remittances is closely related to the number of workers outside and the salary or wage scales. Recently, the trend in the EEC states has been to curb down the number of migrant workers; in some cases, discrimination has even become a blatant issue. *(124)* As governments adopt austerity budgets, their funding of education has been considerably sliced. As a result, the educational costs of the ACP students in Europe have continued to gallop. In some cases, to wit Britain, financial discrimination has been an unintended result of the new stringent measures taken against foreign students. *(125)* Granting the myriad of problems that confront ACP students and migrant workers in Europe, it is imperative that the renegotiated Convention include a Charter of the Rights and Duties of these ACP nationals.

SOUTHERN AFRICA

South Africa and Namibia remain the only areas of white redoubt in Africa. South Africa, through frequent incursions, has sought to destabilize the Front-line states. Concern about South African scheming led to the establishment of a fact-finding mission by the Joint Committee in 1981 which was to obtain information on the countries affected by the consequences of South African acts of aggression. *(126)* In the wake of its visit to the Front-line states, the fact-finding mission proposed that the EEC policy vis-à-vis Southern Africa take a two-pronged approach.

It proposed that the EEC provide short-term economic assistance to the Front-line states as well as help them repair and restore infrastructure and equipment destroyed by South Africa. *(127)* That these countries are in dire need of this aid is demonstrated by the case of Angola which is forced to allocate 40% of its budget for defence. *(128)* EEC aid to the Front-line states was supposed to be accompanied by aid to the Southern African Development Coordination Conference (SADCC) so as to enable the member states decrease their economic dependence on South Africa. It has already been indicated that this aid would take two forms: technical assistance would be provided in the following areas: infrastructure, energy and mining; agriculture and food production, industrial development and education, and the EEC would also provide advice and guidance to SADCC's specialized Committees in the drawing up of programmes. To help accomplish these goals, US $850 million has been earmarked under Lome II. *(129)*

On the other hand, the fact-finding mission stressed the urgency of a solution to the Namibian problem and the need for a coherent policy, designed to overcome apartheid, in the longer term. *(130)* As regards the Namibian question, it should be pointed out that the Contact Group has overwhelmingly endorsed the linkage of Namibian independence to the withdrawal of Cuban troops from Angola. Only France has come out overtly in opposition to this linkage. The renegotiation of Lome should provide the ACP states with a forum where they can bring pressure to bear on the other European members of the Contact Group to accept that Namibian independence should be based solely on Resolution 435 of the United Nations. As regards South Africa itself, the ACP states need to dissuade the Community from entertaining any relationship with South Africa. This can be accomplished through the imposition of sanctions despite the debate as to their effectiveness. Further, the EEC, having a cooperation policy with Israel, could also bring moral, if not political, pressure to bear on Israel so that it reviews its relations with South Africa. Such pressure would not be tantamount to a violation of the political integrity of Israel. Rather, the EEC would be registering its reluctance to treat with a state that has relations with South Africa that practices apartheid, a crime against humanity à la Nuremberg guidelines.

An insistence by the ACP states that the issue of Southern Africa be dealt with in the context of Lome, must also be accompanied by a willingness, on their part, to submit themselves to a moral x-ray. Contentions by the ACP states that they have signed and/or adopted inter alia, the UN Declaration on Human Rights, the Banjul Charter on Human rights *(131)* should not be accepted. The inclusion of clauses dealing with human rights, the non-material component of any basic needs strategy, would assure that Lome has taken a holistic approach as regards Basic Needs. The fact that issues such as human rights and apartheid are discussed at the UN should not, ipso facto, be precluded from Lome. Afterall, discussion and resolutions on several fronts can only add to the saliency of an issue.

Mere tinkering would not be enough for the potential benefits of Lome to be realized. This conviction is a necessary but not a sufficient condition. The state of the European economy would act as a strong intervening variable. Post-World War II growth rates that hovered around an enviable average of 4.7% per annum has tapered off. *(132)* This has been accompanied by an average annual inflation rate of 9.6% between 1970–1981. *(133)*. The effects of this trend are made more ominous by the unemployment rates that accompany it. In March 1983, the overall unemployment rate for all 10 EEC member states stood at 10.7%. *(134)* Any chances that employment trends would change in the near future are bleak.

Automation which has contributed to the elimination of jobs, coupled with the diminishing pool of retiring workers since those nearing 65 come from the lean birthrate years of the 1920's and the global recession put a seal on the unemployment hotwax. This is a bad omen as forecasts show that between 1975 and 1985, the EEC population of working age will increase by 0.8% annually, or three times more rapidly than the 0.25% growth from 1955–1975. *(135)* Already overall unemployment for those below 25 hovers at around 26.4% in the EEC – 10 ranging from 14.9% in West Germany to 35% in the Netherlands. *(136)* The foregoing factors present a perfect recipe for neomercantilism. Granting that the successor to Lome would be negotiated under the duress of this circumstance, one can only wonder whether the EEC would possess the political will needed to revamp Lome or hope that the ACP states deflate their expectations.

All indications point to the fact that the mercantilist flag would not fly at full mast. Lome II, it has been shown, is anaemic. If the renegotiated Convention is to be exemplary, – to fulfil the aspirations embodied in the NIEO Declaration and Program of Action – it has to be broadened and deepened. To this end, two sets of policy considerations have been proposed herein:

1. A quantitative and qualitative improvement of Lome, per se :
   - a) broadening of duty free access to include potential access;
   - b) STABEX's coverage needs to be expanded and the scheme endowed with more funds;
   - c) the promotion of industrialization that is both inward – and outward – looking;
   - d) a dire need to respect the letter as well as the spirit of Lome, to wit, respecting the Consultation procedure provided for in Sugar Protocol;
   - c) a simplification of the cumbersome procedure that now haunts the EDF and a judicious implementation of EDF sponsored projects;
   - f) and ACP states should be enabled to purchase food at concessional prices and food aid should blend in with and complement policies designed to promote food self-sufficiency.
2. The renegotiated Convention could also incorporate initiatives that are being carried out in the broader framework of the North-South dialogue or UNCTAD. These initiatives, if realized, could be boosters to Lome.
   - a) The quick implementation of the Integrated Program for Commodities
   - b) The realization of the goals stipulated in the Special New Program of action for LDDCs.
   - c) The quick implementation of the Integrated Planning Approach adopted in the Libreville Memorandum on trade and development.

If the above set of policy proposals, especially 2, which are intrinsic to NIEO, are a sine qua non for a qualitative improvement of Lome, it would be submitted that failing NIEO, Lome would remain emasculated, to a certain extent. Consequently, not only the renegotiation of Lome is important but also the realization of NIEO, which has now taken a back seat to East – West negotiations. EEC member states being some of the principal actors who wield a lot of influence in these sets of negotiations, can help guarantee that East – West negotiations are not detrimental to the North–South dialogue.

FOOTNOTES

1. William I. Zartman: «Europe and Africa. Decolonization or Dependency?» *Foreign Affairs,* Vol. 54, No. 2, January 1976.
2. In this context, a policy option is one that is beneficial to any of the parties. Whereas a non-policy option is detrimental to their interests.
3. Commission of the European Communities, «The Development Cooperation Policies of the European Community», Brussels: Commission of the EEC, April 1977, p.2.
4. *The Courrier,* No. 76, November–December 1982, p.15.
5. The World Bank: *«Accelerated Development in Sub-Saharan Africa»* Washington D.C., 1981, p.7.
6. Friedrich Engels quoted in Guy Martin «Africa and the Ideology of EurAfrica; Neocolonialism or Pan-Africanism» *The Journal of Modern African Studies,* Vol. 20, No. 2, June 1982, p.238.
7. *Ibid.*
8. Andrew Axline: «Underdevelopment, Dependence and Integration: The Politics of Regionalism in the Third World». *International Organization* Vol. 31, No. 1, Winter 1977.
9. UN, ECOSOC, E/AC. 54/1983/L.1, 24 March 1983, p.12.
10. See, UN C.A. Resolutions 3201 and 3202 (S–VI) in UN G.A.O.R. S–VI, Suppl. No. 1 (A/9559), 1974.
11. *The London Times,* 30 May 1983, p.6.
12. *Vergeer Report,* ACP/CCE/38/82, 3 November 1982, p.9.
13. *Ibid.*
14. Michael P. Todaro: *Economic Development in the Third World,* New York, Longman Inc., 1977, p.338.
15. UN, ECOSOC, E/ECA/OAU/TRADE/1, 2 March 1983, p.7.
16. *Ibid.*
17. *Vergeer Report,* ACP/CCE/38/82, 3 Novembre 1982, p.9.
18. *Ibid.,* p.10.
19. *South,* October 1982, p.71.
20. *The Economist,* 11 December 1982, p.57.
21. The World Bank: *Accelerated Development in Sub-Saharan Africa,* Washington D.C., 1981, pp. 22 & 23.
22. Nantang Jua: «The ACP–EEC Lome Regime: Implementing the Comprehensive Development Strategy», State University of New York at Buffalo, Unpublished dissertation, May 1982, p.121.
23. Kojo Yelpaala: «The Lome Convention and the Political Economy of the Trade Provisions». *Journal of International Law and Politics,* Vol.13, No.4, Spring 1981 p.83

24. UNCTAD Study cited in Ibid.
25. For further discussions, see Nantang Jua, *op. cit.* pp. 120–124.
26. Europe Documents, No. 2904, 9 May 1980, p.9.
27. World Bank: «Private Capital Flows to Developing Countries and their Determination», Washington D.C., World Bank Staff Working Paper, No. 489, August 1981.
28. For further discussions, see Nantang Jua: Op. cit. pp.23 – 24.
29. UN, ECOSOC, E/ECA/OAU/TRADE/1, 2 March 1983, p.53.
30. Ibid., p.86.
31. UN, ECOSOC, *op.cit.*, p.85.
32. Kojo Yelpaala: *Op. cit.*, p.843.
33. Vergeer Report, *Op. cit.*, p.12.
34. For the list of products, see Kojo Yelpaala, *Op. cit.*, pp.847–848.
35. ACP–EEC Consultative Assembly Resolution in *Working Documents*, ACP/EEC/38/82/A, 3 November 1982, p.6.
36. *Ibid.*, p.7.
37. Helleiner: «Lome: Market Access and Industrial Cooperation», *Journal of World Trade Law* No. 13, 1979, pp. 180–185, Africa Now, September 1982, p.90.
38. Kojo Yelpaala, *Op. cit.*, p.853.
39. «GATT: Ministerial Declaration» in *Journal of World Trade Law*, Vol. 17, No.1, January–February 1983, p.70.
40. *Ibid.*
41. *The Courrier*, No. 68, July–August 1981, p.VI.
42. *The Courrier*, No. 69, September–October 1981, p.VI.
43. *Vergeer Report*, Op. cit., p.25.
44. *Ibid.*, p.26.
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46. *South*, October 1982, p.71.
47. UNCTAD, TAD/INF/1425, 3 February 1983, p.5.
48. *The Courrier*, No. 78, March–April 1983, p.7.
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RESUME

Les Négociations pour Lomé III ont été finalement entamées en Octobre 1983. Cette communication examine un certain nombre de propositions de (non) pratiques qui amélioreraient Lomé III sur le plan qualitatif. Dans le monde des échanges commerciaux l'on estime que les états ACP ne devraient pas se concentrer sur l'industrialisation au point d'en faire pâtir l'agriculture bien que Lomé prenne acte de la résolution de la CEE d'œuvrer à la mise en place d'une nouvelle division internationale du travail dans le cadre du sous-système ACP/CEE. Quelle que soit la nature des exportations des ACP vers la CEE la restriction que les barrières non-tarifaires continuent à imposer à leur développement est mise en exergue. Le STABEX qui devait servir de mécanisme de contrôle en cas de sérieuses difficultés s'est affaibli considérablement et l'on pense que sans la ratification du Fonds Commun son efficacité restera limitée. La CEE, semble-t-il, continue à accorder sa préférence au financement de projets autres que ceux du groupe ACP, malgré SYSMIN, un «cousin pauvre» du STABEX. Pour ce qui est du Protocol Sucrier truffé d'échappatoires, il ressort des discussions que sans l'accession préalable de la CEE à l'Accord International Sucrier, le problème du sucre ne saurait être résolu. L'absence de volonté politique que nécessite la mise en œuvre de Lomé transparaît également dans le domaine de la coopération industrielle où la CEE menace actuellement de limiter les importations en provenance des pays ACP en imposant des barrières non-tarifaires; ce qui décourage toute installation d'entrepreneurs de la CEE dans les états ACP. La CEE, par contre, préfère mettre cette attitude sur le compte de la thèse de la stabilité politique, un mythe.

En matière de coopération agricole l'on est convaincu que la création du Centre Technique de Coopération Agricole et Rurale va permettre de remédier à la situation alimentaire des pays ACP, qui est en dégradation, malgré les fonds substantiels injectés par la FED dans ce domaine. Quant aux achats de produits alimentaires, l'adjonction à Lomé III de l'adoption du mémorandum des ACP de 1977 prônant des contrats pluri-annuels à des prix spécialement subventionnés aurait un effet positif, avance-t-on. La relation engagement/paiement existant de longue date et la tendance de l'un et de l'autre à dépendre fortement des «coopérants» annulent l'efficacité du Fonds Européen de Développement et de ses projets. Si l'on admet que les droits de l'Homme sont essentiels à toute conception adéquate du développement, avance-t-on, Lomé III devrait adresser les questions des citoyens des ACP à la CEE et à l'Afrique du Sud. L'on estime, en général, que le malaise économique dont souffre la CEE dans son ensemble pourrait faire obstacle aux chances d'amélioration de l'aspect qualitatif de Lomé III.