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EUROPEAN PARLIAMENT

LOME IV: TEN YEARS TO DO MORE AND TO DO BETTER

Whilst expressing regret that it is not far-reaching enough, Parliament has approved the entry into force of Lomé IV.

The cornerstone of the Community's development policy, the Fourth Lomé Convention, covering a period of ten years, was signed on 15 December 1989 in Lomé, Togo, and was approved by the European Parliament at its May 1990 part-session by 294 votes to 92 with 8 abstentions. It is the expression of a special bond between Europe and 68 countries (shortly to be joined by a 69th, Namibia) in Africa, the Caribbean and the Pacific.

The first Convention, known as the Yaoundé Convention, came into force in 1964, linking the Europe of the Six and 18 African countries, including Madagascar. It was based on three principles: financial and technical assistance, a free trade area between the EEC and the associated States, and the establishment of joint institutions.

In 1973, with the accession to the Community of the United Kingdom, which maintained special relations with the Commonwealth, Lomé I came into being. For the first time, 46 developing countries negotiated a global cooperation agreement with a group of industrialized countries.

With each renewal the machinery of the Convention has been revised and the fields of cooperation enlarged. The number of ACP States which are parties to the Convention has constantly increased, from 46 under Lomé I to 69 today. However, the system has not fulfilled all the hopes vested in it ... The ACP countries are in decline, adversely affected by falling raw material prices, impoverishment, famine, debt, and inadequate financial resources -

such is the verdict of the Joint Assembly. Lomé IV will not in itself perform miracles, but with its new provisions (environment, negotiated structural adjustment) and improvements, it provides a framework in which genuine assistance can be given to the ACP countries in their efforts to develop and adapt in a changing world.

The Lomé Convention (whose name is derived from the capital of Togo where the various Conventions have been signed since 1975) has often been described as a model for cooperation between industrialized countries and the Third World, 'a new world economic order in miniature'.

Signed last December, and applying for a period of ten years with effect from 1 March 1990, Lomé IV brings together 68 countries in Africa, the Caribbean and the Pacific (the ACP States) - 69 if Namibia chooses to join them - with the 12 Member States of the European Community.

The key objectives of the Convention are to promote the economic and social development of the ACP countries and to establish close, lasting and global cooperation, in a spirit of permanent dialogue and complete equality, between North and South, based on respect for the options of each partner and implemented through freely negotiated agreements.

The Convention is characterized by a whole series of aid and development instruments, such as commercial cooperation, the stabilization of export earnings (STABEX), support for the mining sector (SYSMIN), technical and financial cooperation, and agricultural, industrial,

regional, cultural and social cooperation, and also now incorporates further aspects such as the environment, health and human rights.

Three institutions are responsible for conducting this unique form of cooperation between 80 countries: the Council of Ministers, which is the decision-taking and policy-making body; the Committee of Ambassadors, which prepares decisions and monitors the cooperation process; and the Joint Assembly, the parliamentary body established under the Convention, consisting of equal numbers of ACP representatives (one per State) and Members of the European Parliament.

Assessment of Lomé IV

Does it fulfil not only the hopes but also the needs of the ACP countries? Will it remedy the shortcomings of the first three Conventions? Is it an appropriate response to the current situation, and particularly to the three major challenges now facing it: the GATT talks, the opening up of Eastern Europe and the 1992 single market? Its verdict on these questions led the European Parliament on 16 May 1990 to give its approval, though not without reservations, for this Convention to come into force. For its part, the Joint Assembly meeting in Port Moresby, Papua New Guinea, on 19-22 March 1990 evaluated the previous Convention and examined the new provisions of Lomé IV.

Systems failure

The first key criticism was that only 20% of the payment appropriations for Lomé III were in fact used! The system appears to have seized up.

The specific arrangements provided for under Lomé III also failed to function properly. STABEX, which is

intended to alleviate the consequences of short-term crises affecting the commodities markets, proved ineffective in offsetting the marked fall in raw materials prices which has persisted for several years. Total applications by ACP countries turned out to be higher than the resources allocated to STABEX: in 1989, the rate of cover was less than 50% despite a considerable financial effort by the Community. SYSMIN, which is intended to offset the fall in revenue from mining and to ensure that the mining and energy potential of ACP countries is maintained and developed, was scarcely used.

Hopes dashed

Living conditions in most ACP countries remain difficult, and have even deteriorated during the 1980s. Analysis shows that average purchasing power has declined, more countries now fall into the least developed category, agricultural production has fallen, dependence has increased, industrial development has failed to materialize and the share of ACP products in Community imports has shrunk. Between 1986 and 1988, for example, the ACP share of total Community imports fell from 5.8% to 4.4%, and the ACP share of total developing country exports to the Community fell over the last two years from 18.2% to 14.7%. Thus, one of the key features of the Lomé Convention - duty free access without quota restrictions to the European market for products from Africa, the Caribbean and the Pacific - has not produced the expected results.

Moreover, there has been a shift in EEC investment away from the developing countries and a relative reduction in public development assistance by most Member States. A further and no less significant problem is that of commodities

prices. As Mr Henri SABY (S, F), chairman of the European Parliament's Committee on Development and Cooperation, observed at Port Moresby, excessively low commodity prices have brought the ACP countries to their knees, forcing them to borrow, and now in a third phase, they are having to undertake structural adjustment - a cycle which can go on repeating itself for many years. In this respect, both the European Parliament and the Joint Assembly have stressed repeatedly that the ACP debt to the Community needs to be written off.

What of the future?

The ACP countries fear for the future. They are concerned that their trade preferences are under threat from the GATT negotiations aimed at gradually extending the abolition of trade barriers to all developing countries. A second concern is the completion of the internal market: suddenly exposed to costly environmental and health protection constraints, many ACP countries run the risk of seeing some of their products excluded from the European market. A third area of concern is the principle of mutual recognition, under which a product approved in one EEC country may circulate freely in the other eleven. Let us take the case of chocolate as an example: part of the cocoa used to make chocolate in the UK is replaced by a substitute product, karite, which is imported from non-ACP countries, particularly Malaysia. What will this mean for ACP cocoa producers?

Heaven or hell?

We have seen that the situation of the ACP countries has deteriorated alarmingly. Will Lomé IV succeed in reversing this trend? At the debate in the European Parliament on the approval of the new Convention, a

number of speakers thought that Lomé IV 'lacked spirit and soul'; it had not 'found its second wind'; it proposed remedies that were sometimes worse than the disease. This disappointment led 92 Members (mainly from the Green, Left Unity and ARC Groups) to reject immediate ratification of the Convention so as to encourage a broad debate on the issue of development and to bring much greater political pressure to bear on the Community to persuade it to make certain concessions. But 298 Members took the view, with the rapporteur, Mr Leo TINDEMANS (PPE, B), Co-President of the ACP-EEC Joint Assembly, that despite its shortcomings Lomé IV had to be approved because it was imperative not to abandon the ACP countries. As the Commissioner responsible for Development, Manuel MARIN, stressed, Lomé IV was not a universal panacea; it was a tool to promote development, not some kind of a magic wand that could resolve all development problems and all difficulties which ACP countries might encounter. It was a good agreement, more solid and more ambitious than its predecessors, and it incorporated genuine improvements in the STABEX and SYSMIN systems. But it had to be remembered that STABEX had not been designed to resolve the problem of commodity prices. As for the single market and the opening up of Eastern Europe, the Commissioner shared the concern felt by the ACP countries that the international spotlight might shift away from them, but while there was a risk, risk did not necessarily spell disaster, risk might also signal opportunity, and one that should be grasped! Private investment had a significant role to play. Public assistance had to be combined and coordinated with private investment, which meant that the ACP countries for their part had to adapt their structures to establish favourable conditions for investors. The challenge facing Lomé IV was to establish workable

mechanisms, and this was, Mr Marin declared, the Commission's firm intention. The European Parliament and the Joint Assembly will monitor progress carefully.

THE INNOVATIONS OF LOME IV

References to human rights and the rights of nations, law, to the abolition of apartheid, and to the situation of migrant workers, students and other foreign nationals; stronger emphasis on environmental protection; implementation of decentralized cooperation; development of private enterprise; diversification and improved competitiveness of commodities; and above all, support for structural adjustment efforts - these are all new avenues which have been opened up in response to the concerns expressed by the European Parliament and the ACP-EEC Joint Assembly.

Structural adjustment

Warmly welcomed by some and decried by others, aid for structural adjustment is the principal innovation of Lomé IV. Developing country debt has reached extremely high levels since the start of the decade. On average, African debt represents 50% of GDP and debt servicing absorbs between 50 and 60% of export revenue.

The Lomé approach is that adjustment is an essential concomitant of development objectives. The gravity of the debt crisis requires short-term price and exchange rate stabilization measures, a precondition for providing security for business investment and for relaunching development. The ACP States themselves must prepare the ground for this and the process must be adapted to suit the particular situation in each country. From the outset it must incorporate social

aspects and take due account of the most vulnerable social categories.

The European Parliament called, in vain, for ACP debt to the Community to be written off. This debt in fact represents barely 2% of the total debt of the ACP countries, whereas their debt to each Member State individually is very considerable (\$180 b).

The environment

Preserving the environment and natural resources is a priority long advocated by the European Parliament and the ACP-EEC Joint Assembly. Under Lomé IV due account has now been taken of this priority, since a special title has been devoted to it at the top of the list of areas of cooperation.

Recognizing that the very existence of some ACP States is threatened by the rapid deterioration of their environment, which thwarts any development effort, the EEC and the ACP have agreed to adopt a 'preventive, systematic and trans-sectoral approach' aimed at counteracting the adverse environmental impact of any programme implemented. Furthermore, acceding to the request of the ACP countries, the Community has incorporated in Lomé IV a total and reciprocal ban on the import and export of hazardous and radioactive waste substances, a list of which is given in the Basle Convention of 22 March 1989. (Provision is nevertheless made for exceptions to this principle.)

Development which focuses on man

Subjects to which the European Parliament wanted new emphasis to be given in the new Convention included human rights, opposition to apartheid, the social dimension, education, training, health and the

promotion of women's rights. Lomé IV provides a partial response to these concerns, particularly by providing a legal basis for the provision of funding for activities to promote human rights in ACP countries. The Convention also emphasizes that the human and cultural dimension must be reflected in any development project or programme. The importance of health is expressly recognized, with the objective of providing proper health care for the largest possible number. The Convention devotes a specific article to women, who must be fully involved in the development process.

As regards the particular situation of migrant workers, students and others, the Convention lays down that in future there should be no discrimination on grounds of race or religion or cultural or social distinctions.

Finally, it is thanks to the efforts of the Joint Assembly that so much emphasis has been placed on cultural and social cooperation. Lomé IV provides for the establishment of a Foundation for ACP-EEC cultural cooperation.