'A new lease of life for the Lomé Convention' from 30 jours d'Europe

Caption: In January 1980, monthly publication 30 jours d'Europe comments on the main provisions of the second Lomé Convention, signed on 31 October 1979, which was to govern trade relations between the nine Member States of the European Economic Community (EEC) and 57 African, Carribean and Pacific (ACP) States.

Source: 30 jours d'Europe. dir. de publ. Fontaine, François ; Réd. Chef Chastenet, Antoine. Janvier 1981, n° 270. Paris: Service de presse et d'information de la Commission des Communautés européennes. "Nouveau départ pour Lomé", auteur:Simon, Pierre , p. 11-12.

A new lease of life for the Lomé Convention

The entry into force on 1 January of Lomé II, which provides a structure for cooperation between the Ten and 60 African, Caribbean and Pacific States, constitutes a milestone in European policy in Africa.

The 60th country to join the new Lomé Convention, which entered into force for a five-year term on 1 January, was Zimbabwe. As a result, the former Rhodesia may now export most of its produce duty-free to the Common Market and receive considerable financial assistance from the Community between now and 1986.

In this way, Europe hopes to contribute to political stability and reconstruction in that country, which had been devastated by civil war. Zimbabwe's accession to the Lomé Convention will have very significant consequences. If the experiment is successful, it may serve as a model in the region. Mozambique and Angola, which have attended all of the preparatory negotiations as observers but not yet applied to join, cannot fail to be influenced by the success or failure of Zimbabwe's entry.

The third oil crisis

The preamble of this Convention, which provides a structure for cooperation between the Ten and 60 African, Caribbean and Pacific (ACP) States, refers to the signatory States' efforts to create a model for relations between developed and developing countries. In fact, Lomé II is a 'contract' establishing stable relations between the two groups of partners and making it possible to combine various cooperation instruments (financial assistance, loans, insurance against loss of export earnings) depending on the priorities chosen by the ACP States themselves and does not discriminate on the basis of the political and economic choices of those States.

No other such cooperation system exists anywhere in the world. It is reassuring that Lomé II was able to enter into force at a time when the effects of the third oil crisis were being sorely felt throughout the world, the FAO was announcing a worsening of the worldwide food shortage and doubts remained in New York about the resumption of North-South Dialogue.

Yet Europe needs this cooperation no less than the ACP States. The latter purchase capital goods from their former colonial rulers and supply them with essential raw materials.

Claude Cheysson, European Commissioner with special responsibility for development and one of the major architects of Lomé II, recalled that, if the non-oil-producing Third World countries had reduced their imports from Europe to offset the rise in oil prices in 1975, three million more jobs would have been lost in the Community. He was also concerned about the fall in investment in the Third World, particularly in the mining and energy sector. For example, in Africa, there had been virtually no new European investment in mining exploration since 1974.

Accordingly, the second Lomé Convention provided new instruments for the maintenance and development of mining and energy capacities in the ACP States. However, it also retained the achievements of the previous Conventions as regards financial assistance, trade privileges and insurance against any fall in export earnings from agricultural produce (Stabex).

Maintaining mining capacities

Lomé II's major innovation was its establishment of what is known as Sysmin, a system allowing the ACP States to maintain their minerals production or export capacities in the event of natural disasters, political crises or price falls. Sysmin, to which 1.7 thousand million francs have been committed over five years, will allow Europe to participate in the financing of ACP States' projects designed to restore their production or European Community-bound export capacity.

This will apply to copper and cobalt, phosphates, manganese, bauxite and aluminium and tin. From 1984, it will also be applied to iron ore, which was included in the list of items covered by Stabex.

The Convention also provides for the Community to supply long-term financial and technical assistance to the ACP States so that they may develop their mining capacities with the help of loans from the European Investment Bank (EIB). With the same objective, it allows for the conclusion of investment protection agreements between the Ten and the ACP States.

Moreover, a certain percentage of European financial assistance will be allotted to projects in this sector. On the basis of the missions conducted in almost all the ACP States in 1980 to select projects for European Development Fund (EDF) backing, that proportion could be estimated at approximately 7 %.

An insurance system

Thanks to Lomé II, it has been possible to maintain the achievements of previous Conventions as regards financial assistance, commercial provisions and Stabex.

Financial assistance will total 4.57 thousand million francs over five years, a rise of more than 60 % over the previous Convention. 40 % of the assistance will be assigned to rural development projects. This reflects the priority that has, from the outset of cooperation between the Community and the former colonies, always been given to projects to combat hunger and improve the well-being of the people.

Some 20 % of subsidies will be allotted to transport and a further 10 % to social spending (health and education).

Lomé II also provides for minor improvements in the system that allows 99.5 % of ACP exports duty-free access to the Community's markets and extended Stabex (which provides insurance against sharp falls in export earnings) to another dozen or so agricultural products. Funds totalling 3.24 thousand million francs were allotted to Stabex.

Lomé II has also recognised the inadequacy of existing industrial cooperation between the Community and the ACP States and emphasised the need to increase the number of cofinancing measures with Arab or international funds.

'Our assistance to the ACP States is considerable', concluded a senior European civil servant, 'but, given the many needs of these countries, the EEC must do even more.' And not the EEC alone!

Claude Cheysson noted, moreover, that the Lomé policies would be fruitless if the North-South negotiations did not move forward and if some industrialised nations, including Japan and the Socialist States, did not considerably step up government development aid.

Pierre Simon