

'EC Convention with 46 developing countries' from the Luxemburger Wort (1 April 1976)

Caption: On 1 April 1976, in its coverage of the entry into force, the same day, of the first Lomé Convention, the daily newspaper Luxemburger Wort describes the procedures for the new economic relations between the nine Member States of the European Economic Community (EEC) and the African, Caribbean and Pacific (ACP) countries.

Source: Luxemburger Wort. Für Wahrheit und Recht. 01.04.1976, n° 77; 129e année. Luxembourg: Imprimerie Saint-Paul. "EG-Vertrag mit 46 Entwicklungsländern", auteur:Hermann Bohle , p. 1.

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Economic security policy

EC Convention with 46 developing countries

by Hermann Bohle (Brussels)

On 1 April, an EC Convention on special economic and financial cooperation with 46 developing countries in Africa, the Caribbean and the Pacific (ACP States) will come into force. The 253 million Europeans in the European Community are granting Common Market access to the 270 million inhabitants of these countries. Financial aid of over 150 million Luxembourg francs will be paid over five years, 60 % of which will be in the form of a gift. Among the ACP States are two of Western Europe's most important copper suppliers. A significant proportion of EC raw material supplies in the industrial as well as the food sector will be strengthened through the Convention. In the autumn of 1975, the EC Convention provided an incentive for the USA to reform its development policy in the UN. The People's Republic of China has hailed this as a 'model agreement for future relations between industrialised countries and the Third World'. The world's 18 poorest nations are among the ACP States.

The main thrust of the ACP Convention is towards protecting the export revenue of 24 of the participating overseas countries. A minimum of 7.5 % of their exports depends on the sale of a single raw material — fluctuations in world market prices or climate-related production failure can suddenly bring about a fall in such vital main revenue sources. For the poorest of the 24 ACP raw material exporters, a 2.5 % dependence of all export proceeds on one raw material is sufficient to trigger an EC compensation mechanism which offsets such turnover losses: approximately 4 million Luxembourg francs from the European Development Fund have been earmarked each year for this 'Stabex' mechanism.

Just when the ACP campaign is about to kick off, prospects here are looking gloomy because of the sudden slump in world raw material prices, especially for timber. The 'Stabex' mechanism is designed to avoid a collapse in export revenue [sic]. Even though EC circles are denying such claims, pundits confirm that the EC Council of Ministers may have to be asked to set aside funds from next year's budget.

In 1974, the ACP States supplied the EC overall with raw materials worth approximately 75 000 million Luxembourg francs, of which 19 000 million alone were for timber. 'Stabex' supports the revenue of all participating states from the export of 12 raw materials, including lucrative goods such as cotton, peanuts, cocoa, coffee and bananas, as well as iron ore, leather, hides and sisal.

The EC's raw materials policy, its development funding and grant allocation is already being hailed by the NATO headquarters in Brussels as a vital piece of 'economic security policy for Western Europe'. The ACP Convention lays down the virtually blanket duty-free entry for all goods from the 46 states: this policy is being put into practice by the EC from 1 July 1975 in anticipation of the Convention's entry into force. EC financial aid is guided by the development programmes of the '46'; since the signing of the Convention, EC delegations have been studying the economic expansion plans in 35 of the ACP States in order to pave the way for EC fund involvement.

Prestigious projects such as the setting up of airline companies or the purchase of luxury cars have not been encountered, nor would the EC fund them. Instead, ACP governments want to invest 40 % of EC aid in rural development, 27 % in telecommunications, 20 % in economic and social development (transport, hospitals, etc.) and 10 % in education (grants, building of schools, etc).

The former Portuguese colonies Angola, Mozambique, the Cape Verde Islands and Sao Tome and Principe want to join the group of '46'. The ACP States will then represent nearly half of the 105-nation majority of the Third World in the UN. The EC is currently drafting proposals in order to restore the possibility of raw materials in southern Africa on their way to Europe being transported from the country's interior, made inaccessible by the war in Angola and the crisis in Rhodesia, to the ports of departure. A good third of Western Europe's essential copper supplies (from Zaire and Zambia), vital for its electronics industry, are affected.