

# 'Positive results from the Lomé Convention's first year of application' from 30 jours d'Europe (May 1977)


**Caption:** In May 1977, the monthly publication 30 jours d'Europe gives a provisionally positive account of the application of the first Lomé Convention on EEC-ACP cooperation.

**Source:** 30 jours d'Europe. dir. de publ. Fontaine, François ; RRéd. Chef Chastenet, Antoine. Mai 1977, n° 226. Paris: Service de presse et d'information de la Commission des Communautés européennes. "Le premier bilan de la Convention de Lomé est positif", auteur:Paolini, Marc , p. 15.

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[http://www.cvce.eu/obj/positive\\_results\\_from\\_the\\_lome\\_convention\\_s\\_first\\_year\\_of\\_application\\_from\\_30\\_jours\\_d\\_europe\\_may\\_1977-en-74920853-f865-4330-85a5-90be7cfd32a2.html](http://www.cvce.eu/obj/positive_results_from_the_lome_convention_s_first_year_of_application_from_30_jours_d_europe_may_1977-en-74920853-f865-4330-85a5-90be7cfd32a2.html)

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## Positive results from the Lomé Convention's first year of application

The first year following the Lomé Convention's entry into force was certainly not long enough for any really meaningful conclusions to be drawn about the benefits accruing to the African, Caribbean and Pacific (ACP) States from this vast contract for development and cooperation concluded with the European Community. However, what better tribute could be paid to the project's first year than the undeniable interest of other developing countries in this hitherto unique experiment in 'North-South Dialogue'? The 46 ACP States that had initially signed the Convention have now been joined by six others which signed as soon as they gained independence, namely Surinam, Seychelles, the Comoros, Sao Tome and Principe, Cape Verde and Papua New Guinea.

It was still too early to measure the commercial impact of the opening of the Common Market's borders to 99 % of the Community-bound exports of those countries. However, the importance of the benefits to the ACP States may perhaps be gauged from the fact that, in recent years, on average, some 50 % of their total exports had been earmarked for the European Community (as against only 15 % for the United States, for example). That average of 50 % had, moreover, frequently been exceeded in the case of 'sensitive' products such as coffee, cocoa and sugar. In certain cases, countries had sent almost all of their exports (except those to other ACP States) to the markets of the Nine, including such products as peanuts, palm oil, bananas, leathers and skins. The Community also derogated from the general regime imposed on third countries in order to support exports of African beef and veal despite the crisis affecting the sector in Europe; that measure benefited the exporting countries to the tune of some 20 million dollars.

### Stabex

The most positive result of the Lomé Convention was the System of Stabilisation of Export Earnings, better known as Stabex. Over the twelve months of 1975, transfers of almost 400 million francs were made, benefiting 18 mostly least-developed countries: 57 % of transfers were in the form of gifts to benefit the least developed countries. As emphasised by Claude Cheysson, representing the European Commission, the Stabex system proved in its very first year of operation that it was capable of fulfilling perfectly its objectives of providing protection against export losses resulting from adverse economic conditions (68 % of transfers for the calendar year 1975) and compensation for losses suffered as a result of adverse conditions or natural disasters (32 % of transfers). For 1976, the value of the first transfers had recently been agreed: they would total over 130 million francs and would be allocated among eight ACP States. However, these positive results did not mean that the system had no room for improvement, as had been demonstrated at the meeting of ACP Ministers held that month in Fiji, which had decided to add seven products (vanilla, cloves, pyrethrum, wool, mohair, gum arabic and ylang-ylang) to the twelve already covered by Stabex.

Other chapters of the Lomé Convention would be applied more effectively, including the 'Protocol on Rum', the 'Protocol on Bananas' and the 'Protocol on Sugar'. The last named deserved special mention, particularly its initial results. Sugar played a particularly essential role in the economy of the 13 exporting ACP States, and the Community had committed itself to purchasing 1.4 million tonnes of raw sugar annually, i.e. 1 921 million tonnes of white sugar equivalent. Thus, during the 1975–76 marketing year, the Community imported 1 173 million tonnes of white sugar equivalent.

Mr Cheysson emphasised that, despite large fluctuations in world exchange rates, the indexation of the prices guaranteed to ACP producers against those guaranteed to producers within the European Community had brought certain benefits to the ACP exporters. While the price guaranteed to ACP producers during the first negotiations was then lower than the world price, which was at its peak, the situation was later turned on its head, with the guaranteed price now being double that obtainable on the free market.

### Industrial cooperation

In the areas of technical, industrial and financial cooperation, it was clearly too early to calculate the benefits of the Lomé Convention. However, purely in terms of financial interventions, it was noticeable that cooperation had already had a specific effect, with some 2.75 thousand million francs being committed to

finance development projects out of an overall budget of 16.6 thousand million (in addition to Stabex). Of the 168 projects financed in this way, 36 % concerned rural development and 27 % were for infrastructure, not to mention the fact that part of the funds (275 million) was reserved for exceptional assistance and for promoting regional and interregional cooperation initiatives. Last spring, following the agreement of the ACP States, the European Commission had also approved an initial programme costing 1.1 thousand million francs, on the basis of which measures would be implemented as appropriate. Some financing decisions had already been taken in advance, such as those for the West African Cements project, involving Côte d'Ivoire, Togo and Ghana.

While the production sector had received the largest amount of appropriations, the trend should not be reversed in the next few years, as the bodies responsible for ensuring the development of European industrial investment in the ACP States assumed their functions. It was, in fact, only at the end of 1976 that the Committee on Industrial Cooperation and the Centre for Industrial Development were set up. Over 300 projects, 82 of them submitted by European industrial businessmen interested in investing in the ACP States, had already been the subject of preliminary studies.

As Claude Cheysson declared on the first anniversary of the Lomé Convention, 'the ACP States have got to grips with the original elements of the Lomé Convention and are now using all the tools placed at their disposal.'

Marc Paolini