

The First Yaoundé Convention provided \$800 million for 1964-69, \$620 million in grants, and the rest in loans. The Second Yaoundé Convention provided \$1,200 million, including \$748 million in grants. Between 1958 and 1972 the Community also lent \$142.3 million to the Yaoundé associates through the European Investment Bank.

Mauritius signed the Yaoundé Convention in 1972.

Kenya, Tanzania and Uganda signed a separate Association Convention in Arusha in 1968. At the request of the three associates the instrument provided only for trade, not aid.

#### **Lomé Convention**

The Yaoundé and Arusha Conventions expired in January 1975, and have been superseded by a trade-and-aid pact linking the European Community and 46 developing countries. The Treaty was signed at Lomé, Togo, on February 28, 1975.

Following the Community's enlargement to nine nations on January 1, 1973, by the accession of Britain, Denmark and Ireland, the Community proposed an expanded Yaoundé-type agreement that would embrace the 19 Yaoundé countries, 21 Commonwealth countries in Africa, the Caribbean and the Pacific (ACP) areas, and six other independent sub-Sahara African countries. The 46 ACP countries are: Bahamas, Barbados, Benin, Botswana, Burundi, Cameroon, Central African Republic, Chad, Congo-Brazzaville, Equatorial Guinea, Ethiopia, Fiji, Gabon, Gambia, Ghana, Grenada, Guinea, Guinea-Bissau,

Guyana, Ivory Coast, Jamaica, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, Somalia, Sudan, Swaziland, Tanzania, Togo, Tonga, Trinidad and Tobago, Uganda, Upper Volta, Western Samoa, Zaire, Zambia.

Negotiations began in July 1973 and were completed in January 1975.

The Lomé Convention links over a quarter-billion Europeans to 268 million people in the Third World. Eighteen of the 46 ACP countries are on the United Nations list of "poorest" countries. The average *per capita* GNP for the 18 was \$148 in 1971. The 1971 average for the EC-Nine was \$2,748. In 1970, the 46 ACP countries sent 54 per cent of their exports to the Nine, which provided nearly 44 per cent of their imports.

The Lomé Treaty runs for five years and has six main parts:

#### *(1) Terms of trade and commercial co-operation*

All ACP manufactured exports and 96 per cent by value of ACP agricultural exports (of which 12 per cent is sugar) enter the Community free of import duties and quotas. The remaining 4 per cent of ACP farm exports get Community preferential treatment.

The ACP countries do not give the Nine "reverse preferences", but give them most-favoured-nation (MFN) treatment and do not discriminate between EC member states.

The Community has liberalized the rules of

origin for ACP products, notably by considering the 46 countries as a single exporting unit.

#### *(2) Export revenue stabilization*

The main innovation in the Lomé Convention is the export earnings stabilization plan "STABEX". Over u.a. 375 million is set aside to aid countries heavily dependent on the export of certain raw materials and agricultural items, to protect them against price- and production-level fluctuations. When receipts drop by a certain percentage, countries can request compensation. The poorest countries do not have to reimburse the fund. In principle, certain ACP associate states must repay these earnings when the price rises.

Products affected include peanuts, cocoa, coffee, cotton, coconuts, palm nuts and kernels, hides and skins, timber products, bananas, tea, raw sisal, and iron ore.

#### *(3) Sugar*

This section guarantees purchase and supply by both parties of fixed quantities of sugar. Each producing country has a quota, within an ACP maximum total of 1,400,000 tons. The Community guaranteed minimum price is negotiated annually and is related to the price guaranteed to the Community's own sugar-producers.

#### *(4) Financial and technical co-operation*

Community aid to the ACP countries during the life of the Treaty will total u.a. 3.390 billion — more than triple the amount provided under the Second Yaoundé Convention. This includes the u.a. 375 million export-stabilization fund and about u.a. 2.265