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IMPACTS OF THE YAOUNDE AND LOME CONVENTIONS ON EC-ACP TRADE

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Abstract

One of the most prominent interregional trading in the world is the relationship between the European Community (EC) and the African Caribbean and Pacific (ACP) organization. Since its creation in 1958, the EC has been engaging in an effort to expand trade with its Associates through preferential treatments under successive treaties. These trade treaties were instrumental to diversifying ACP exports among the EC countries, thus reducing their dependence on the colonial pattern of trade. Our study found that the ACP countries did not benefit as much as some scholars thought at the inception of the Yaounde and Lome Agreement.

Introduction

The post-World War II period has been essentially characterized by a growing economic interdependence among various trading nations, and the emergence of several trading blocs around the globe. Emerging from over several decades of Western European colonization, many newly independent Third World countries, especially the former British and French territories, whose economies relied heavily on colonial trade, looked at international trade as a means of helping them solve such problems as: (a) foreign exchange shortage, (b) over-dependence on a single export product and one foreign market outlet, (c) slow economic growth characterized by low productivity and high unemployment.

One of the most prominent interregional trades in the world is the relationship between the European Community (EC) and the African Caribbean and Pacific (ACP) organization. Since its creation in 1958, the EC has been engaging in an effort to expand trade with its Associates through preferential treatments under successive treaties. There have been mixed reactions between leaders and scholars about such trade arrangements. Some leaders and scholars considered them as part of the process leading to the New International Economic Order (NIEO), while others maintained that they will benefit ACP countries at the expense of other Third World nations that export competing commodities to the EC market. The purpose of this paper is to analyze the trading relations between the EC and the ACP countries and their economic implications.

EC-ACP TRADE Agreements In Retrospect

The current relationship between the EC and the ACP organization stems from over three-quarter of a century of Western European colonialism, which developed into strong political, economic and cultural bonds. During the period between 1885, when the Berlin Conference partitioned Africa into colonies, and the end of World War II, Great Britain and France emerged as the major European colonial powers, gaining control over a large number of African territories. These two metropolitan powers established a colonial pattern of exclusive relationship, giving them control over trade with their colonies. The colonial territories represented major sources of supply of raw materials for French and British manufacturing industries as well as major market outlets for metropolitan exports of processed commodities. Recognizing the importance of the territories to their domestic economies, the European metropolitan powers - France in particular - designed colonial policies, which promoted strong political, economic and cultural ties with them. Such a policy paved the way to the Yaounde and Lome treaties the EC signed with the African, Caribbean and Pacific group: an organization which presently consists of 68 developing countries.

The Rome Treaty

As one of the initial six signatories of the 1957 Rome Treaty, which led to the formation of the European Community, France insisted that the colonies be given the status of economic associates. Thus, Article 131 of the Rome Treaty granted the former French, Belgian, and Italian territories in Africa, the status of Associated States (AT) to the Community for a five-year period. The treaty laid ground for the elimination the colonial pattern of exclusive relationship between a metropolitan power and the possibility for diversification in terms of trade and investment between the two organizations. As regard to its trade expansion goal, the main objective of this treaty was to create a free trade zone between the EC and the AT by phasing out all tariffs on commodities traded among member states and between the two organizations over a 12 to 15 year-period.

The Yaounde Trade Provisions

By 1960, most British and French colonies were independent. Maintaining strong bonds with the newly formed states became even more prevalent for the French government as the decolonization process, while reducing its colonial empire, threatened to undermine its world power status. The overall objective of the French government was to maintain a sphere of political and economic influence in Africa. Such an objective was primarily enhanced by a weak

French position in a post-World War II Europe. On the other hand, the former colonies needed to legitimize their status as sovereign states with a new form of cooperation, perhaps a partnership, with the EC. Thus, in July 1963, the EC and eighteen African Associated States (AAS), formerly French colonies (Appendix A.1), signed the Yaounde Convention, which became operational on 1 June 1964. This first five-year treaty which is referred to as Yaounde I expired on 31 May 1969, and was replaced by Yaounde II which went into effect from 1 January 1970 to 31 January 1975.

The trade provisions of Yaounde I were, in essence, a continuation of the Rome Treaty whose main goals were to expand trade. Thus, the EC agreed to eliminate progressively their custom duties on tropical products, not covered by the Common Agricultural Policy (CAP), exported by the AAS, and to impose, for a limited period, a Common External Tariff (CET) against similar commodities imported from other developing countries (e.g. cocoa, coffee, and bananas). However, the Community decided to progressively abolish the French support price "Surprix," an export subsidy designed by France to maintain the prices of major export commodities of its former colonies above world market prices. Similarly, the AAS agreed to progressively eliminate tariffs on EC exports, except those generating revenue for development or industrialization. They also agreed to increase quotas on imports from the EC-6. Overall, the treaty was designed for the creation of a free trade zone between the two organizations.

Yaounde II was, in principle, an extension of Yaounde I. However, some minor changes were brought to the trade provisions. The EC-6 denied AAS's request to maintain the common external tariff protecting their export commodities from non-AAS competitors. Germany and the Netherlands were accounted for pushing for the elimination of the CET provision, which they considered as discriminatory to other developing nations. In addition, the EC was the first group of developed nations that agreed to establish a generalized system of preference (G.P.) for all developing countries without requiring reciprocity. Thus, at the great dissatisfaction of the AAS, the Community reduced its tariffs on three key exports from all sources: coffee, cocoa and palm oil.

The Lome Trade Provisions

On January 1, 1973, the United Kingdom (UK), along with Ireland and Denmark, joined the EC, thus increasing the Community's membership to 9 states (EC-9). Protocol 22 of the 1972 Accession Treaty offered the twenty Commonwealth countries of Africa, the Caribbean and the Pacific (Appendix A.2) three possible alternative relationships with the Community. Despite the great disparity that existed between their economic, political and cultural systems, the former Belgian, British, Dutch and French colonies agreed to negotiate as a group called the African Caribbean and Pacific (ACP) organization under the auspices of the Organization of the African Unity and the United Nations Economic Commission for Africa. In 1975, the EC-9 and 46 ACP states (Appendix A.2) signed the first Lome Convention (Lome I), which covered the period from April 1976 to December 1980. The second Lome Convention (Lome II) and the third Lome Convention (Lome III) were operational during the periods from 1 January 1981 to 28 February 1985, and from May 1986 to December 1990, respectively. ACP Membership rose from 46 states in 1975, to 68 by 1990.

Unlike Yaounde II, the Lome Convention went a step further by: (1) adopting the system of non-reciprocity requested by the AAS; (2) providing the AAS a greater access to the EC markets; (3) redefining the rules of origin; (4) granting a special protocol regulating sugar; (5) providing a special treatment for beef, rum and bananas. Thus, more than 99.2 percent of ACP exports originating in the ACP region (which includes 96% of agricultural exports) were allowed to enter duty-free and quota-free, the EC markets without imposing the exporting ACP states the system of reciprocal preferences. Only those commodities that were covered by CAP were refused free access to the Community. Moreover, tariff barriers based on quality and health regulations were maintained, despite ACP opposition, on the ground that they were under each individual EC state's prerogative.

Perhaps, the most prominent trade provision of the Lome Treaty was the Export Earning Stabilization system otherwise known as STABEX, which was specially designed to help the ACP stabilize their earnings from primary and semi-processed exports to the EC region. STABEX is a legacy of the colonial past, especially British and French colonial policies, which were essentially aimed at stabilizing commodity prices. Given the vulnerability of most ACP countries to world economic conditions and to natural disasters (drought, floods, pests, etc.), as well as their dependence on earnings generated from exports of raw agricultural commodities, the goal of STABEX was to help them achieve the stability, profitability and sustained growth of their economies (Moss, 1982). Thus, Article 16 of the Treaty makes funds available to ACP countries whose primary products experienced shortfalls in export revenues. Moreover, it is important to point out that STABEX was designed on the ground that it should neither interfere with market forces, nor create obstacles to international trade. The effects of STABEX as a source of a trade diversion will also be analyzed in this study. Under Lome I, STABEX I provided coverage for 34 products; however, the list rose to 44 during Lome II.

With UK support, sugar, whose major exporters to the EC are mostly Commonwealth countries, was given a special provision called the Sugar Protocol. Under this provision, the EC agreed to import from the ACP, at guaranteed prices, specific quantities of sugar negotiated annually. To assure stable supplies from the ACP, each state must deliver its sugar quota every year or risk the reduction of its quota. The Sugar Protocol also attempted to link, but unsuccessfully, the Community's internal sugar price to the price paid to the

ACP. As pointed out by Lister (1988), Sugar was not included in the STABEX scheme for three main reasons: (a) given the 1975 sugar price, and the high dependence of sugar exporters on sugar would have made stabilizing sugar export earnings very expensive for the EC; (b) including sugar under STABEX coverage would not have guaranteed the Community a stable supply at a time of relative world shortage; (c) the Commonwealth Sugar Agreement signed in 1951 was a successful and attractive model, while STABEX was a new model yet to be tested.

Eligibility for STABEX transfer payments to an ACP country requires shortfalls of at least (7.5% under Lome I) 6.5% of the total value of all exports under Lome II calculated from a reference level called a trigger threshold defined as the average earning of the preceding four years. Therefore, an ACP country affected by a loss in export earning will be compensated if it falls below the reference level by 6.5%. For a specific group of ACP countries classified as economically disadvantaged on the basis of their low GNP and/or geographic location (landlocked and island nations), the threshold is 2%. While STABEX payments are considered as interest-free loans to the ACP, its disadvantaged members are exempted from any reimbursement to the stabilization fund whose reserves rose 45% from 380 million EUA to 550 million EUA. The European Commission views it as an insurance rather than a commodity price stabilization system, despite the fact that, except for special conditions, recipients were required to refund the transfer payments.

Although many leaders of both organizations considered STABEX as an innovative approach to Third World economic development, its underlying concepts reflect the influence of previous schemes and models. Wouters (1980) described STABEX as a reflection of the current global thinking about the need for stabilizing supplies. As Lister (1988) indicated, STABEX has borrowed from the experience of Yaounde II insofar as learning shortcomings and setting the rules out more precisely. However, one of STABEX's major influences is the Compensatory Financing Facility (CFF) which was established in 1963 by the International Monetary Fund (IMF) to stabilize the export earnings of developing nations. Although EC officials do not acknowledge their debt to the IMF as a source of inspiration, STABEX and CFF models are very similar in essence. Another major influence on STABEX conception was the New International Economic Order (NIEO) whose proposals, particularly, the objective of establishing an index system linking the prices of exports from developing countries and to the prices of their imports from developed countries, appealed to the ACP.

STABEX has been criticized for a number of deficiencies. First, the scheme has limited product coverage. It was designed especially for AC tropical agricultural commodities, therefore, it provides limited product coverage as compared to total ACP exports (Wouters, 1980; Moss, 1982). With the exception of iron ore, other minerals and oil, which make up a significant percentage of ACP exports to the Community, are excluded from the scheme.

Wouters, described the STABEX system as of questionable importance for the ACP countries given the small amount of money available for its operation. Second, it creates an international division of labor whereby the ACP is given a strong incentive to produce and export raw materials (Moss, 1982). Third, the dependence threshold may be a non-incentive to diversification of exports and may perpetuate mono-crop economies throughout the ACP. Fourth, since the scheme is trying to prevent the pace of a country's development from slowing, it has a tendency to bring about artificiality in an ACP 's economy and to create an inflationary condition (Mensah, 1976). In addition, Mensah noted that a loss in earning to a country in any given year is a permanent loss within the given year, and that country may have to forgo benefits of the self-adjusting incidence of world trade. Fifth, STABEX's dependence threshold was criticized for being arbitrary and may generate an unfair compensation of export earning shortfalls (Moss, 1982; Wouters, 1980). Sixth, given the reference level used for product eligibility, a country may be penalized for increasing its prices when a rising trend in export earning is interrupted. In other words, an ACP country may be discouraged from raising its export prices of a given commodity following a substantial decline at the supply level. Seventh, ACP countries eligible for STABEX compensation have been experiencing severe delays in transfer payments. Finally, STABEX promotes regionalism as it excludes other developing nations from the scheme (Moss, 1982). Leaders and scholars from Third World countries have contended that the EC-ACP relationship has been asymmetrical and reinforces Third World inequalities (Kwarteng, 1993).

The Southern Mediterranean region which includes the three Maghreb nations (Algeria, Morocco, and Tunisia), Egypt, Jordan, Lebanon and Syria have preferential trade and cooperation agreements involving free access for industrial exports and specific concessions for some agricultural outputs. The Impact of these separate agreements on EC trade with Maghreb countries will be compared to those of ACP trade performance with the Community.

EC - ACP Trade Patterns

This section analyzes the direction and structure of ACP trade, especially ACP exports to the EC region. It is divided into six components, each corresponding to a given treaty term: Rome Treaty, 1958-1963; Yaounde I, 1965-1969; Yaounde II, 1970-1975; Lome I, 1976-1980; Lome II, 1981-1985 and Lome III, 1986-1990. The effects of STABEX provision on ACP exports and its potential as a source of trade diversions will also be examined.

Trade between the EC and the ACP Under the Yaounde Conventions

Despite the various trade provisions discussed earlier, overall, Table 1 shows a declining trend in AAS exports to the EC region. During the five-year period preceding the Rome Treaty, 71.9 percent of African colonies' total exports went to Western Europe, mostly to UK and France, which reflected the relative metropolitan monopoly over trade in their colonial territories. The impact of the Rome Treaty has been relatively insignificant as EC-6 imports from their Associated States declined slightly to 71.3%. AAS loss of exports to the Community continued more significantly during the Yaounde periods as EC share of their total exports dropped, on average, from 66.3% during Yaounde I (1964-1969) to 60.1% during Yaounde II (1970-1975). In contrast, AAS exports to the rest of the rose at an annual rate of 13% during the same period. However, such a growth occurred in their trade with countries, which did not grant them any preferential trade provision.

Table 1 also reports EC exports to the AAS. Their share of the Community's exports rose slightly during the Rome treaty (67.80%), then declined steadily during the periods covered by Yaounde I and Yaounde II (59.50%). Part of the reason for such a decline may be attributed to the fact that some African nations disengaged themselves from the colonial pattern of trade.

Table 1
Imports and Exports of the EC from AAS (1953-75)

Periods	Duration	% of EC Imports from the AAS[a]	% of EC Exports from the AAS[b]
Colonial	1953-57	71.90	63.30
Rome Treaty	1958-63	71.30	67.80
Yaounde I	1964-69	66.30	62.10
Yaounde II	1970-75	60.30	59.50

Sources: IMF and Moss (1982)

The impact of the Yaounde Conventions can be further assessed by evaluating the performance of EC trade with other Third World nations. Table 2 illustrates regional shares of LDC exports to the EC from 1953 to 1975. Among LDC regions, the Middle-East gained the largest share of EC imports which, on average, rose significantly from 26.33% during the Rome treaty (1958-63) to more than 32 % during Yaounde II (1970-75). The rise in Middle-East shares of exports to the EC was probably attributed to the fact that most countries in this region are major oil exporters. Thus, they may have benefitted from the oil price increase, which occurred after the formation of the OPEC-oil cartel in 1972. Except for a slight decline during Yaounde I, Asian (excluding Japan) market share has been relatively constant. The slight increase Asia experienced during Yaounde II may be, in part, attributed to EC's adoption of the G.P. system in 1971, which allows some manufactured products from less developed countries (LDC) to have greater access to the Community. Latin America experienced the most significant loss of LDC shares of export to the Community's markets during the 1958-63 and 1970-75 period. As producers of competing tropical agricultural goods, Latin American countries might have been adversely affected by trade provisions protecting AAS exports to the Community.

While Africa remains still the largest exporting region, its trade position with the EC worsened during the period covered by Yaounde I & II (1964-1975). Its share of total LDC exports to the Community dropped significantly, on average, from 39.40% in pre-Rome Treaty period (1953-1957) to 32.57% in 1970-75 (Yaounde II). Overall, the Associated States and the Latin America countries experienced the most significant decline in exports to the EC. Despite the preferential trade provisions granted to them under Yaounde I and II, the AAS experienced the largest loss of an export share among African regions. The AAS export share dropped from 14.20% in 1953-57, 12.00% in 1958-63, 9% in 1964-69, to 5.71% in 1970-75. In contrast, the Commonwealth countries, whose association with the EC was under consideration following UK's 1973 accession to the Community, gained a slight increase in shares of LDC exports to the EC region during Yaounde II.

Table 2
Regional Shares of LDC Exports to the EC (1953-90)

Region	Colonial	Rome	Yaounde		Lome Conventions		
			I	II	I	II	III
	53-57	58-63	64-69	70-75	76-8	81-85	86-90
LDC	100	100	100	100	100	100	100
Africa	39.40	35.33	38.42	32.57	26.61	27.00	24.09
--AAS	14.20	12.00	9.20	5.80	5.70	12.20	5.92
--Common.Afr	n/a	5.16	5.05	6.55	8.37	8.38	6.23
--Maghreb	12.80	13.83	16.05	13.02	10.53	5.41	12.94
--Others	8.00	4.16	8.10	6.90	n/a	n/a	n/a
Caribb.Pac	1.45	1.40	1.10	0.73	2.13	2.43	2.78
ACP	n/a	n/a	n/a	n/a	16.09	16.16	15.08
Latin American	24.60	24.33	22.20	16.30	13.14	16.92	18.55
Mid-East	20.60	26.33	25.25	32.12	n/a	n/a	n/a
OPEC	n/a	n/a	n/a	n/a	58.79	52.25	31.13
Asia*	15.40	11.50	10.82	11.90	15.61	15.72	17.46
--ASEAN**	6.40	6.70	5.00	4.10	5.37	5.84	10.32

Source: Eurostat (1992). *Excludes Japan, **ASEAN (Association of Southeastern Asian Nations) includes six countries--Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand.

The decline in AAS exports to the EC region may be attributed to a number of factors. The decolonization of most African territories, which occurred during the period covered by the Rome Treaty, was characterized by major structural changes in their export sectors. While there is a growing disengagement from the colonial pattern of trade, there have been some attempts on the part of many African nations to develop their export industries, and to diversify geographically their international trade. On the other hand, many countries implemented agricultural policies intended to increase food production for domestic consumption. Moreover, many African countries undertook major steps to develop their industrial sectors by shifting from exporting to processing their raw materials. Finally, the reduction of the CET (due to EC compliance with successive GATT rounds on multilateral tariff negotiations) under Yaounde I and its eventual elimination under Yaounde II, caused an increase in EC imports from other suppliers of competing commodities like the U.S. and Latin American nations whose competitiveness in the EC markets was hampered by this tariff constraint.

Although the results from the Rome Treaty and Yaounde Conventions were disappointing, the AAS benefitted, to a certain extent, from the trade preference provisions. As indicated by Lister (1988) and Moss (1982), without the preferences granted to them by the EC, the Associates would probably have fared even worse.

Table 2 also illustrates regional shares of LDC exports to the EC during the Lome Convention. Overall, ACP exports to the EC appear to have remained approximately the same during Lome I and II despite the trade provisions. However, the decomposition of the ACP organization into AAS-ACP (former French colonies' members of the Rome and Yaounde Association) and Commonwealth African-ACP (former British African colonies) provides more interesting regional trends than the overall ACP trade pattern. The relative trade position of the AAS with the EC continued to worsen as its share declined remarkably, on average, from 5.80% during Yaounde II to 2.30% during Lome II. In contrast, EC imports from Commonwealth African countries increased steadily throughout the period ranging from Yaounde I to Lome II. The Caribbean-ACP and Pacific-ACP nations also have experienced a slight market share increase from Lome I to Lome II.

The EC-ACP Trade Under the Lome Conventions

Given the geographic and economic disparity that exists between its member states, the ACP organization was divided into: (a) three major geographic regions: Africa, Caribbean, Pacific; (b) Yaounde-AAS and Commonwealth countries; (c) oil and non-oil producing AAS; (d) developed and least developed AAS. The islands of Madagascar, Mauritius and the Seychelles in the Indian Ocean were considered as part of Africa. Such decomposition provides a better analysis of the EC-ACP trade pattern.

As reported in Table 3, the world's exports to the EC region declined significantly during the 1970-1990 period, while intr-EC imports increased remarkably during the same period. As a group, the LDCs suffered one of the biggest losses of regional shares. Among the LDCs, the ACP experienced one of the most significant export losses, as its share of the world's total exports to the Community decreased from 4.44% in 1970 to 1.98% in 1990.

Table 3
ACP Share of World Exports to the EC

Regions	1970	1975	1980	1985	1990
World	100.00	100.00	100.00	100.00	100.00
Intra-EC(12)	50.29	49.50	76.64	53.53	59.00
Extra-EC	49.71	50.50	23.36	46.47	41.00
Developed Countries	27.12	23.07	23.36	24.24	24.48
US & Canada	13.25	10.29	9.70	8.75	8.38
EFT	8.67	7.85	8.62	9.37	9.62
LDC	18.90	23.07	23.17	17.82	12.75
ACP	4.44	3.63	3.72	3.49	1.78
Mediterr.Bas.	4.66	3.79	4.24	5.06	3.75
OPEC	8.11	14.08	13.78	8.26	3.98
Latin America	3.94	2.85	2.93	3.42	2.25

Source: Eurostat, (1992)

Table 4 illustrates the values and shares of EC imports among various ACP subgroups or regions during Lome I and II. Overall, the results of Lome II were encouraging as AC exports to the EC grew to 62.14% from Lome I. With more than 81% of total ACP exports to the EC, Africa still remains the largest exporting region in the organization. However, the Yaounde Associates experienced the lowest growth, as their share of total ACP exports fell from 35.50% to 33.63%. In contrast, both Commonwealth-Africa and Commonwealth-Caribbean & Pacific groups had a significant increase when compared to Lome I.

Table 4
EC -ACP Trade: Imports/Exports by ACP Region

Regions	Lome I 1976-80	Lome II 1981-85	Lome III 1986-90
EC Imports from ACP Regions (%)			
ACP	100.00	100.00	100.00
-Africa	82.58	81.15	81.53
AAS	35.50	33.63	40.22
Comm.Afr.	47.10	47.52	41.31
Ivory Coast & Nigeria	42.00	44.67	29.64
-Carribean & Pacific	17.42	18.85	18.47
EC Exports to ACP Regions (%)			
ACP	100.00	100.00	100.00
-Africa	80.17	74.81	71.11
AAS	32.15	33.48	38.96
Comm.Afr.	48.02	41.32	32.14
Ivory C & Nigeria	40.91	35.19	21.48
-Carribean & Pacific	19.83	25.19	28.90

Source: Eurostat. (1992)

As pointed out earlier, the declining trend in AAS (Yaounde group) share of ACP exports to the EC region was attributed to the facts that the CET provision, which protected them from competitors, has been gradually eliminated since Yaounde I. The surprix system which kept AAS prices above world market price levels was also eliminated. Such trade liberalization benefited mostly some Commonwealth and Latin American countries that have a comparative advantage over the AAS in the production of competing tropical agricultural commodities. This decline also reflects a disengagement of both France and its former African territories from the colonial trade pattern.

Despite the relative improvement in ACP export performance during Lome II, much of that growth was attributed to a relatively small group of countries. Nigeria and Ivory Coast accounted for 42% and 44.67% of total ACP exports to the Community in 1976-80 and 1981-85, respectively (Table 4). In contrast, half of the ACP countries have each less than 1% of total ACP exports.

Table 5 shows how EC imports from ACP are still relatively concentrated on few products. Oil and coffee represented almost 40% of total ACP exports to the Community in 1976-80. Crude petroleum is the major export product of the ACP group, accounting for over 30% of its total exports. As ACP's major exporters of crude petroleum, Nigeria, Angola and Gabon account for a significant share of total exports. Moreover, five products accounted for nearly 50% of total EC imports from the ACP: crude petroleum, coffee, cocoa beans, non ind. diamonds, raw cane sugar.

One common goal to all these past treaties was the promotion of trade diversification among the different members of the two organizations. Table. 6 show how trade diversification has expanded during the periods covered by Yaounde II and Lome I.

Table 5
EC Imports From ACP By Main Products

Products	1991		1992	
	%	Cumulative %	%	Cumulative %
Crude petroleum	33.7	33.7	30.8	30.8
Coffee	4.6	38.3	3.9	34.7
Cocoa beans	4.5	42.8	4.8	39.5
Non ind. diamonds	3.5	46.3	5.4	44.9
Raw sugar cane	3.5	49.8	4.0	48.9
Gold unwrought	2.2	52.0	1.2	50.1
Fresh bananas	2.1	54.1	2.3	52.4
Diamond unsorted	1.9	56.0	1.3	53.7
Tropical wood	1.8	57.8	1.7	55.4
Unsought Albumin	1.7	59.5	1.7	57.1
Cotton non card	1.6	61.1	1.3	58.4
Copper unwrought	1.4	62.5	1.2	59.6

Source: Eurostat (1993)

France and UK, the two former metropolitan powers, used to control over 70 % of the importations and exportations of their colonies before the Rome Treaty.

Although they still are the major ACP trade partners, both in imports and exports, these two tables show a significant decline in the colonial pattern of trade, especially UK whose imports from the ACP dropped steadily during the 1970-1981 period. The Yaounde and Lome Conventions have benefited Germany, Italy and the Netherlands by allowing them to have greater access to

ACP countries as sources of raw materials as well as market outlets for their manufactured products. However, as pointed out by Lister (1988), a number of ACP countries including Niger and Botswana remain dependent on one export market.

Table 6
EC States Trade with the ACP (1970-1981)

Years	Bel-Lux	Denmark	France	Germany	Italy	Netherlands	UK
ACP Exports to the EC (%)							
1970	12.51	1.02	21.27	18.32	11.32	8.37	26.68
1971	9.12	1.81	24.27	19.15	10.32	9.05	25.72
1972	8.51	1.27	25.42	18.81	10.25	10.18	25.01
1973	10.57	1.04	23.75	20.11	10.43	10.26	23.33
1974	8.97	1.02	24.45	20.42	11.15	14.08	19.07
1975	7.27	1.51	24.85	21.54	8.37	11.67	24.28
1976	9.13	1.63	24.80	21.34	8.70	11.68	20.18
1977	7.84	1.34	26.19	22.27	8.80	13.72	18.23
1978	8.76	0.89	23.89	23.35	8.30	14.64	19.24
1979	10.27	1.14	24.82	25.50	10.11	14.75	15.92
1980	8.61	1.06	26.21	22.81	11.92	16.04	12.70
1981	9.79	1.42	24.84	21.23	14.08	15.09	13.14
ACP Imports from the EC (%)							
1970	6.70	2.67	26.87	15.47	8.20	6.47	34.42
1971	5.83	1.43	26.00	17.05	7.98	6.17	35.24
1972	6.00	2.50	28.00	14.10	10.39	8.39	30.32
1973	6.21	3.24	29.67	19.22	7.75	7.42	26.21
1974	6.64	2.40	27.76	20.00	6.17	8.50	25.46
1975	5.49	1.59	30.34	17.40	8.10	8.86	25.46
1976	5.59	1.40	30.51	19.33	7.71	8.56	26.44
1977	5.22	1.45	29.60	20.17	9.51	7.59	25.85
1978	5.61	1.38	27.50	18.78	9.40	7.14	29.55
1979	6.31	1.10	32.00	16.73	8.66	8.79	25.87
1980	6.37	1.19	29.48	16.41	8.77	8.41	28.78
1981	6.46	1.70	29.18	18.33	9.45	7.23	28.27

Source: Eurostat (1985)

During the same period, EC imports from ACP countries grew more slowly than from other LDCs. The Southern Mediterranean countries gained a significant share of EC imports from LDC since signing independent trade provisions with the Community. The region's share of total EC imports from LDCs rose remarkably, on average, from about 16.70% in 1970-75 to about 28.80% in 1986-90. The market share of the three Maghreb states (Algeria, Morocco and Tunisia) increased from 10.53% in 1975-80 to 15.41% in 1981-85, and then dropped to 12.94 in 1986-90. Latin American countries, the traditional ACP competitors in terms of export of tropical agricultural goods, gained significantly, as their exports to the Community rose from 13.14% during Lome I to 18.55% during Lome III. EC imports from the ASEAN countries almost doubled, on average, from 1981-85 to 1986-90. Finally, OPEC still remains the major exporting LDC region to the EC, although its share of total LDC exports declined substantially 58.79% in 1975-80 to 31.13% 1986-90.

Impacts of the STABEX Provisions

In their investigation of the EC import market for cotton, Sissoko and Duffy (1993) provided some empirical evidence of the effects of STABEX provisions. They used an Armington-type model, which provides an appropriate theoretical framework for an import demand market that differentiates commodities by kind and origin. They grouped the EC cotton suppliers into: (1) four ACP regions: West Africa ACP, Central Africa ACP, North Africa ACP, East Africa ACP; (2) USSR; (3) USA; Turkey; (4) Middle-East; (7) Indo-Pakistan; (8) South America; (9) Central America; (10) the rest of the world.

All four ACP regions showed statistically significant changes in market shares since the inception of STABEX in 1976; however, they responded differently from such a provision. East Africa and West Africa, the two major cotton-producing ACP regions, were positively affected by STABEX provisions, as they gained significant market shares in EC cotton imports. Their positive STABEX coefficients may be interpreted as a response to the dependency threshold, which encouraged them to shift additional resources into cotton production. In contrast, Central Africa and North Africa, the two ACP regions that experienced market share declines, responded negatively to STABEX. Sudan, the only exporting ACP country in North Africa AC has been experiencing major political upheavals and droughts which might have adversely affected its cotton industry, hence, its ability to respond to positively to STABEX. Central Africa, where cotton is not a major export-earning commodity, had a negative STABEX coefficient, which implies that the dependence thresholds may be encouraging this region's ACP countries to move away from cotton production into other products with higher export values. These findings support the contention that STABEX discourages trade diversification, and promotes mono-crop economies within the ACP group.

Sissoko and Duffy also found that non-ACP Third World nations, whose production technologies and efficiency-cost levels are comparable to those of most ACP nations suffered significant market share losses since the inception of STABEX. In contrast, the US and the USSR, two of the major EC cotton suppliers were not negatively affected by STABEX policy.

Impacts of the Generalized System of Preferences

The EC makes G.P. available, to the ACP and to other Third World countries. However, the complicated and selective nature of the Community's G.P. scheme has rendered its function as a preferential regime relatively insignificant. The most competitive Mediterranean countries and the Newly Industrialized Countries (NICs), face various non-tariff barriers including voluntary export restraints. Bourrinet (1993) analyzing the product structure of EC imports pointed out that the products that are of most interest to G.P. countries receive the least benefits, as they tend to be from sectors for which the pressure to protect European production is heaviest.

Table 7
Changes in Developing Countries' Shares in the EC Imports - Manufactured Products (1962-87)

Total Extra-EC Imports[a]	1962	1970	1975	1980	1985	1987
ACP (66 countries)	6.6	6.5	2.8	1.9	1.6	1.5
Mediterranean countries (12 countries)	2.1	2.7	3.2	3.8	5.0	5.6
Newly Industrialized Countries (Hong Kong, Singapore, Taiwan, South Korea)	1.7	2.1	3.8	8.6	8.1	10.8

a.SIT 6 + 7: manufactured goods, machines and transport equipment.
Source: Eurostat (1993).

Table 7 illustrates the trend of EC imports of manufactured goods from developing countries. Unlike other developing countries, the ACP experienced a significant loss in EC imports of manufactured goods. Bourrinet attributes such a decline to ACP countries' rigidity and inability to adapt their export's structure to the changing international demand. While ACP exports consist mostly of agricultural raw materials and minerals, manufactured products account for less than 10% of their total. Theirs poor position makes them unable to respond to the new opportunities that emerged from the technological evolution and economic growth of developed countries.

Conclusions

The various trade agreements that have regulated the EC-ACP trade relations for the past 35 years were more significant in principle than in practice. Their significance was diminished by EC's compliance with successive GATT rounds on multilateral tariff negotiations, which resulted in an eventual phasing out of the Community's common external tariff (CET) on goods imported from other LDC countries. Despite some marginal benefits, overall, results indicated a continued deterioration of the relative ACP position in the EC markets.

Within the ACP organization, the Yaounde group (AAS) suffered the biggest loss in export market shares. As compared to other Third World countries, ACP market shares decreased, that of the former French Associates (AAS) in particular, declined steadily from the Rome Treaty period to the Lome Convention II period. However, these trade provisions prevented such a declining trend from worsening as they protected ACP countries, to a certain extent, from Latin American and Asian suppliers of competing goods. These trade treaties were instrumental to diversifying ACP exports among the EC countries, thus reducing their dependence on the colonial pattern of trade.

Although ACP exports increased in absolute value steadily over the years, much of the growth went to a small group of countries producing oil and coffee. Over 40% of total ACP exports were contributed by Nigeria and Ivory Coast, which produce oil and coffee, respectively. Another disappointing result is the fact that most AC countries still rely on a single export commodity as a major source of foreign exchange. This type of export product structure makes them highly vulnerable to international price fluctuations.

Likewise, the EC’S G.P. scheme, failed to reach the desired objectives because it was complex and restrictive. From ACP perspective, the inclusion of all LDC nations in the scheme (including the NICs) placed them in a disadvantaged competitive position. Despite ACP attempts to expand their manufacturing industries, the scheme failed to diversify their exports to the EC markets. Unlike other Third World countries, the ACP group steady declines in EC imports of manufactured goods. Besides their lack of appropriate technologies and capital investments, institutional constraints such as non-tariff barriers often restrict Third world countries’ ability to respond to the demand of the developed countries. In fact, the ACP countries did not benefit as much as some scholars thought at the inception of the Yaounde and Lome Agreement.

The EC still remains the world's largest exporter of manufactured goods to the ACP region. UK is the only EC country that experienced a steady decline in EC market shares of ACP imports. The trade agreements induced trade diversification, thus enabling EC states with no colonial history to have access to British and French traditional market outlets.

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APPENDIX

Table.A: List of Eighteen Associated African States*

Burundi	Cameroon
Central African Republic	Chad
Congo (Brazzaville)	Benin (Formerly Dahomey)
Gabon	Ivory Coast
Madagascar	Mali
Mauritania	Niger
Rwanda	Senegal
Somalia	Togo
Burkina Faso (formerly Upper Volta)	Zaire (formerly Congo Leopoldville)

* They represent also the Yaounde group.

Table B: List of Commonwealth ACP Countries

Bahamas	Barbados	Botswana
Dominica	Fiji	Gambia
Ghana	Grenada	Guyana
Jamaica	Kenya	Kiribati
Lesotho	Malawi	Mauritius
Nigeria	Papua New Guinea	S. Lucia, S. Vincent & Grenadines
Seychelles	Sierra Leone	
Solomon Islands	Swaziland	Tanzania
Tonga	Trinidad & Tobago	Truvalu
Uganda	Western Samoa	Zambia

Table C: List of ACP countries

Bahamas	Barbados	Benin
Botswana	Burundi	Cameroon
Burkina Faso	Cape Verde	Chad
Central Afr. Rep.	Comoros	Congo
Dominica	Equatorial Guinea	Djibouti
Fiji	Gabon	Ethiopia
Ghana	Grenada	Gambia
Guinea Bissau	Guyana	Guinea
Jamaica	Kenya	Ivory Coast
Lesotho	Liberia	Kiribati
Malawi	Mali	Madagascar
Mauritius	Niger	Mauritania
Papua New Guinea	Rwanda	Nigeria
Sao Tome & Principe	Senegal	S. Lucia, S. Vincent
Seychelles	Siera Leone	& Grenadines
Somalia	Sudan	Solomon Islands
Swaziland	Tanzania	Surinam
Tonga	Trinidad & Tobago	Togo
Uganda	Zambia	Tuvalu
Zaire	Western Samoa	Angola

Caribbean ACP Countries

Bahamas	Barbados	Grenada
Jamaica	Trinidad & Tobago	

Pacific & Asian ACP Countries

Fiji	Kiribati	Papua New Guinea
Solomon Islands	Tonga	Truvalu
Western Samoa		

Oil-ACP Countries

Angola	Bahamas	Gabon
Nigeria	Trinidad & Tobago	