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A SURVEY OF AFRICAN-EUROPEAN ECONOMIC CO-OPERATION WITHIN THE FRAMEWORK OF THE LOMÉ CONVENTIONS

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Four successive Lomé Conventions have been signed so far between ACP (Africa, Caribbean and the Pacific) countries and the European Union. Hailed as ideal models of North-South Co-operation, the conventions had common objectives: the promotion and acceleration of economic, cultural and social development of the ACP states and the consolidation and diversification of relations between the parties in the spirit of solidarity and mutual interest. These objectives have been pursued through financial and technical co-operation, on the one hand, and trade co-operation, on the other. This paper examines the various areas of African-EU economic co-operation within the framework of the Lomé Arrangement and offers a general assessment of the record of that co-operation.

1. INTRODUCTION

Among the forces the decolonisation of African territories unleashed was the drive for nation building and reconstruction. The various multilateral political and economic alliances that dot the political map of the continent are direct consequences of that drive.

But the most important economic arrangements this drive has prompted are those that link the economies of Africa, Caribbean and the Pacific (ACP) with the European Union in a more institutionalised manner. Commonly known as the Lomé Conventions, these arrangements are generally considered perfect embodiments of the North-South Co-operation and personifications of the ideals envisaged in the New International Economic Order.

Although technically one of the three regions of the ACP group, Africa is the principal group within the ACP, accounting for more than 80 per cent of ACP trade with the EU, more than 90 per cent of ACP population, and more than 90 per cent of the ACP land mass[2]. This reality suggests that what is true for Africa is true for the ACP and vice versa; Africa and the ACP are therefore used interchangeably in the pages that follow.

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[2] 18 of the 47 African states of the ACP are members of the Islamic Conference Organization.

It must be reckoned at the outset that the sheer size of the literature on the Lomé Conventions suggests that the subject is too large to be exhausted by any single study. It would therefore be pretentious to attempt to offer an exhaustive examination of Africa's economic relations with the European Community in the limited space of this paper. The intention of the paper is limited solely to providing signposts to the various areas of African-EC economic co-operation within the framework of the Lomé Arrangement; and to offering a general assessment of the record of the co-operation.

2. THE ROAD TO LOMÉ

2.1. The Genesis of the Lomé Conventions

Although the First Lomé Convention was signed in Lomé in 1975, its origin can be traced back to the 1957 Treaty of Rome, which created the European Economic Community. Article 131 of the Treaty provides for the association with the Community of non-European countries and territories which had special relations with Belgium, France, Italy, and the Netherlands”[3]. The objective of such association was to

> ...promote the economic and social development of the countries and territories and to establish economic relations between them and the Community as a whole.
> .... and the association shall serve primarily to further the interests and prosperity of the inhabitants of these countries and territories in order to lead them to the economic, social and cultural development to which they aspire.[4]

The first association agreement to be inspired by these provisions was signed in the Cameroonian city of Yaoundé in 1963, between the EEC and 18 Associated African and Malagasy States. This was followed by a similar, but separate agreement with Nigeria in 1966[5] and the Arusha Agreement, signed in 1968 between the Community and Tanzania, Uganda, and Kenya. In 1969, the Second Yaoundé Convention was concluded between the EEC and the original 18 Associated African and Malagasy States.

The accession of the United Kingdom to the Treaty of Rome in 1973 renewed the interest of many more former British dependencies in seeking association with the Community. Thus, protocol 22, which regulates UK’s

[3] Treaty of Rome, (1973) article 131.
[4] Ibid.
[5] But not implemented.

accession to the Community, extended the offer of a special relationship with the Community, without prejudice to the advantages of the Associated African and Malagasy States in the field of trade relations, financing and technical co-operation and joint institutions to the "independent developing Commonwealth countries situated in Africa, the Indian Ocean, the Pacific Ocean and the Caribbean."[6]

Accompanying this offer was the commitment of the Community "to safeguard the interests of all the countries referred to in (the) protocol, whose economies depend, to a considerable extent, on the export of primary products, and particularly of sugar".[7]

Negotiation for the enlargement of the associated group was first held within the individual ACP regions, before it was felt that the group's strength would be enhanced in unity; and the adoption of a united approach led directly to the successful negotiation of the First Lomé Convention.[8] Lomé I lasted for five years and was followed by the Second Lomé Convention (1980-1985), the Third Lomé Convention (1985-90), and the Fourth Lomé Convention (1990-2000). The agreement for the first five years of Lomé Four (1990-1995) was signed in Lomé and that for the Second five years (1995-2000) in Port Louis, Mauritius.[9]

3. THE INSTRUMENTS OF CO-OPERATION UNDER LOMÉ

The successive conventions, which came to be seen to represent an ideal model of North-South Co-operation, had common objectives: the promotion and acceleration of economic, cultural and social development of the ACP states and the consolidation and diversification of relations between the parties in the spirit of solidarity and mutual interest. These objectives were pursued through financial and technical co-operation on the one hand and trade co-operation on the other .[10]

3.1. Financial and Technical Co-operation

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[6] Protocol No.22 of the Treaty of Accession of the United Kingdom to the European Economic Community.
[7] Ibid.
[8] Signed in the Togolese Capital Lomé in February 1975 between the 11 EEC Countries and 46 ACP Countries.
[9] Hence the title of this paper.
[10] Political consultations were also held at various fora, including the ACP-EC Council of Ministers, ACP-EC Committee of Ambassadors; and ACP-EC Joint Assembly. This area would not however be discussed in this paper.

EU's financial assistance to African Countries under the Lomé Conventions has been implemented via the European Development Fund (EDF) which receives direct five-yearly contributions from the EU member states. Like the rest of the ACP, African states also benefit from European Investment Banks(EIB) own resources. As stated above, the main objectives of the financial assistance include (a) fostering long-term development at both national and regional levels V (b) facilitating short-term economic adjustment; (e) providing emergency aid and aid to refugees and returnees; (d) and granting institutional support.

Under Lomé I, the Community committed 3,052m ECUs for aid and investment in the ACP. Lomé II envisaged Community expenditure of 5,530m ECUs. It extended some of the provisions of Lomé I, and introduced co-operation in fields such as investment protection, migrant labour, fishing, sea transport, co-operation in energy policy and agricultural development, and proposed to speed up the administration of aid. Lomé III (the trade provision of which came into force on 1 March 1985 and that of aid on 1 May 1986 and which was due to expire on 28 February 1990), made commitments of 8,500m ECUs, including loans of 1,100m ECUs from the European Investment Bank. Innovations included an emphasis on agriculture and fisheries and measures to combat desertification, assistance for rehabilitating existing industries or sectoral improvements, rather than new individual capital projects, an undertaking to promote private investment, co-operation in transport and communications, particularly shipping; cultural and social co-operation; restructuring of emergency aid, and the adoption of more efficient procedures for technical and financial assistance.

Lomé IV entered partially into force (trade provisions) on 1 March 1990. Its duration was to be two five-year terms; and the budget for financial and technical co-operation for the first five years amounted to 12,000m ECUs, of which 10,800m ECUs was from EDF (including 1,500m ECUs for Stabex and 480m ECUs for Sysmin) and 1,200m ECUs from the EIB. Innovations included the provision of assistance for structural adjustment programmes (amounting to 1,150m ECUs); increased support for the private sector, environmental protection and control of growth in population; and measures to avoid increasing the recipient countries' indebtedness (for instance by providing Stabex and Sysmin assistance in the form of grants, rather than of loans). The funds were disbursed in the form of programmable aid and non-programmable aid.

Programmable aid primarily concerns the National Indicative Programme (NIP), which determines for each ACP state the development programmes and projects to be carried out and the financial aid available for the purpose. The size of the financial envelope earmarked for the National Indicative Programme depends on the geographic, demographic and macro-economic situation of a particular country. In recent years, programming has been earmarking structural adjustment support, which draws on the Structural Adjustment Facility (SAF). At the regional level, there are the Regional Indicative Programmes (RIPs). Together, these three programmes constitute the programmable aid.

The Non-programmable aid, on the other hand, is granted to ACP states on a case-by-case basis. It is conditional and relates to circumstantial requirements, necessities and imperatives. The mechanisms designed specially for this purpose include:

- Stabex, which compensates for losses in export earnings;
- SYSMIN, a similar safeguard for the benefit of enterprises in difficulty in the mining sector;
- Risk Capital, (loans) which aims at encouraging the development of public and private small and medium enterprises (SMEs).
- Emergency humanitarian aid.

On top of the EDF funds, ACP countries have access to numerous sources of financing directly out of the European Union annual budget. The contribution from the EU budget mainly concerns food aid, but it also finances many schemes which have the effect of expanding ACP-EU co-operation. These include normal or structural food aid, emergency aid, ecology, tropical forestry, democracy and human rights, NGO co-financing projects, science and technology, support programme in the fight against AIDS.

Over the years, EU programmable assistance to Africa centred on few priority areas: rural development, transport and communications, mine and industrial (including SMEs) development, social sector (including health and education), programme aid (including structural adjustment and balance of payments support) and the Environment.

It might lie beyond the scope of this paper to offer a detailed analysis of the share of each sector of the various EDFs. However, it would be observed that under Lomé III, rural development was given the highest priority. This sector accounted for 61.6 per cent of EDF programmable financing; mine and industrial development accounted for 12.8 per cent; while services and social sectors accounted for 5.6 per cent and 5.9 per cent respectively. The remaining 18 per cent of the 6th EDF was shared between programme aid (4.6 per cent) and other areas, including road and communications.

The 7th EDF brought a shift in priorities. Although rural development remained the priority, funds allocated to the sector accounted for only 32.4 per cent of the total programmable financing. Where growth was visible was the social sector (above all health and education) which registered a growth of about 50 per cent, from 5.9 per cent under Lomé III to 9.8 per cent under the first Financial Protocol of Lomé IV. The programme aid (structural adjustment and balance of payments support) also grew considerably, from 4.6 per cent under Lomé III to 23.9 per cent under Lomé IV. The factor that accounts for the extra attention given to programmable aid was the need to balance the books of the African states, to reconcile adjustment with long-term development, to adapt the pace of reform to the specific constraints and capacities of each country, to take account of the regional and social dimensions of adjustment, to maximise consistency with other Community instruments which affect balance of Payments, to support reform in public finance and budgetary processes and to set up co-ordination with other donors.[11]

3.2. Trade Co-operation under Lomé

The trade instrument of African-EU co-operation under Lomé consists of (a) non-reciprocal duty and quota free access to the EC markets of products originating from the ACP states;[12] (b)information and consultation on matters relating to ACP-EU trade relations;(c) agreement on commodities such as sugar, bananas, rum and beef, and provision of Stabex and Sysmin; and (d) development and promotion of trade and tourism. Under Lomé I, duty free entry to the EU market was given to over 99 percent of ACP (mainly agricultural) exports; while certain products which compete directly with the agriculture of the Community were given preferential treatment, but not direct access: for commodities such as sugar, imports of fixed quantities at internal

[11] For more on Structural Adjustment Programme under Lomé IV, see John Cox et al., How European Aid Works: A Comparison of Management Systems and Effectiveness (London: Overseas Development Institute, 1997), especially pp. 78-94.; European Commission, EU-ACP Cooperation. 1994., pp. 25; Stelious Christopoulos, The Future of European Development Policy", The Courier. November-December 1995, pp. 73-76.

[12] This facility covers ACP products that might have 45 per cent of their components originating from the EU or ACP countries.

Community prices were guaranteed. The Stabex (Stabilization of Exports Earning Scheme) was designed to help the ACP countries to withstand the fluctuations in the price of their agricultural products, by paying compensation for reduced earnings. Lomé II introduced new fields of trade co-operation, the most important of which was SYSMIN, a scheme similar to Stabex which aims at safeguarding the exports of mineral products.

During the negotiations for Lomé III, the ACP states expressed dissatisfaction with the current arrangements, particularly the inadequacy of Stabex funds (which had been unable to fund more than 50 per cent of the amounts requested during 1979-1983), and the presence of non-tariff barriers which restricted their access to European Markets. As a result, the convention brought greater improvement to the efficiency of the Stabex system (now covering a list of 48 agricultural products) and of Sysmin. It also simplified the rules of origin of products exported to the EC, and the ACP states continue to enjoy these facilities under Lomé IV.

4. AFRICAN - EU CO-OPERATION: THE BALANCE SHEETS

4.1. Financial and Economic Co-operation

The question of assessing African-EU economic co-operation under Lomé is complicated by methodological difficulties. First there is the issue of the counterfactual, in other words, how African countries would have performed in the absence of Lomé arrangement. It is impossible to establish with certainty whether economic growth would not have been even worse without the Lomé Convention. It can however be safe to argue that the Lomé Conventions did not have sufficient capacity to effectively promote the *economic development and social progress* of the African states.

Indeed the experience of the various countries in the region varies, with countries such as Mozambique, Benin, Lesotho, Uganda, and Botswana recording significantly higher growth rate over the last decade, while Mauritius is generally regarded as an outstanding success story transforming itself into an “upper-middle-income” country. On the whole, however, sub-Saharan Africa remains the most deprived region of the globe. Realities such as these fuel the political opposition to aid and the sense of fatigue that are getting increasingly strong in the donor countries. Critics point to the fact that Africa has received more aid than other regions of the Third World and yet has had a much worse economic record. That much is undeniable: Overall, the EDF spent a total of ECU 28,6 Billion on development co-operation with the ACP between 1958 and 1995, and Africa accounted for 80 per cent of these funds. Under the First EDF, 100 per cent of EU assistance was in grant form.

By the fifth EDF, the grant element was reduced to 72 per cent; and under the 7th EDF (the First Financial Protocol of Lomé IV), 92 per cent of the funds were given as grants. At a more global level, Africa received an average of $21.85 per capita in aid during 1980-1988; compared with 50 cents in all other developing countries. Despite this significantly higher level of aid, GDP grew by 1.8 per cent a year in Africa south of the Sahara, compared with 3.1 per cent in all low- and middle-income developing countries between 1980 and 1992. Although these conditions may not be blamed on the Lomé Conventions, they indicate, however, that the arrangements in particular and development assistance in general, have only managed to reduce the rate of decline but have not reversed it. There are various reasons for this failure.

In more general terms, the effectiveness of African-European co-operation under Lomé arrangements has been limited by the multiplicity of the areas of co-operation. Besides the 12 areas of co-operation,[13] there are a range of themes which cut across these areas[14] Alongside this problem is the proliferation of policy instruments which are not the result of a consistent development strategy for the African states, but piece-meal, ad hoc, additions derived from changing fashions in development, and the belief that the more windows for aid there are the greater the volume of aid received by the ACP state.

As existing studies show, the changing fashions in aid may have some merit in themselves, but they need to be carefully evaluated in the light of the main policy objectives of the ACP countries.[15] However as these policy objectives are often defined in the most general terms, they result in confusing means with ends, so that the overall efficiency of the aid programmes is reduced and conflicts between objectives emerge. It has also meant that the conventions comprise an incomprehensible mass of schemes and instruments of which few people have an overall understanding, and, as a result, many of the provisions of the Convention are either neglected or utilised in the National Indicative Programmes in an arbitrary and unsystematic manner.

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[13] Environment, agricultural cooperation, food security, and rural development; development of fisheries, cooperation on commodities, industrial development, manufacturing and processing; mining development; energy development; enterprise development; development of services; trade development; cultural and social cooperation; and regional cooperation.

[14] For example, food security, support for structural adjustment; integration of women into development; poverty, health and education; support for an increased role for the private sector, protection of the environment.

[15] Matthew McQueen *et al*, "Review of the Lomé Convention: Possible Lessons" Paper presented for the Commonwealth Secretariat to the Joint Commonwealth-ACP Workshop, Brussels, 27-28 May 1997, pp. 17.

An excessive number of projects has been found to go hand in hand with the problem of inadequate monitoring, adaptation and evaluation of on-going projects.[16] Associated with the proliferation of projects is the problem of aid co-ordination. Until recently aid received by Africa from the EU and the individual members of the European Union was hardly co-ordinated. This added to the administrative burden on African governments and might have affected project quality. Local civil servants had to manage or at least oversee this multitude of projects, and the proliferation of procurement requirements, project visits, expert missions, evaluations reports and training workshops that result from this tax their limited capacities.

Furthermore, several deficiencies within the European Union are often held to be responsible for the low effectiveness of the Union's aid to Africa. First, EU choices are often accused of being driven by internal political or bureaucratic objectives and constraints, rather than the need of the African countries. For example, domestic political pressures have helped perpetuate the practice of procurement-tying, in other words the obligation to procure aid equipment, expertise and services in the European Community states. This practice results in the non-competitive pricing of donor goods and services, thus squandering resources and undermining effectiveness. It also probably contributed to other problems such as the excessive use of imported equipment and the reliance on inappropriate technologies, or to the proliferation of often incompatible national standards and technologies in the recipient country.

These problems are perhaps symptomatic of more profound causes of low economic effectiveness of African-EU Co-operation under Lomé. Firstly, EU aid to African countries had been motivated by political and commercial rather than economic growth objectives. This accounts for the fact that until recently, there was no real political constituency for reform of aid within the EU, at least not one powerful enough to counter the foreign policy and the commercial interests that were well-served by the existing programme.

Nor had there been a vocal constituency for reform within Africa. Governments in the region have at times disputed sectorial aid allocations or criticised specific aid modalities--for example the reliance on long-term foreign expertise had increasingly come under fire--and they have fought against donor conditionalities. But the majority of African Governments have been remarkably passive about the effectiveness of their co-operation with the European Union.

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[16] One study estimates the number of projects sponsored by EU and EU member states in Kenya in the mid-1980s at some 600, and in Zambia at 614 projects. Roger Riddel, Foreign Aid Reconsidered, (London: ODI, 1987), pp. 210.

Two sets of factors within African countries are also blamed for the ineffectiveness of their co-operation with the EU under the Lomé frameworks. The first is the policy context within which co-operation takes place. There is considerable evidence to suggest that inappropriate economic policies that distort incentives, undermine investment or create uncertainty had a devastating impact on the effectiveness of Africa-EU co-operation. It was indeed the widespread perception that many African governments were pursuing disastrously wrong-headed economic policies that led many Western donors to push for policy reform during the 1980s.

Second, the limited effectiveness of Africa-EU co-operation is often blamed on the low administrative capacity of African Governments. Shortage of skilled staff within the administration, high rates of turnover, the weakness of manpower planning, corruption, low morale and absenteeism all undermine the ability of African governments to design, implement, monitor and evaluate development programmes.

Added to these problems is the general unwillingness on the part of the EU to contest or try to undermine the manner in which power was exercised. Until the late 1980s and the emergency of EU interest in governance issues, EU condoned policies that were counterproductive in economic terms, and remained inattentive to government habits that were patently undermining the development process. Indeed, various donor practices have often sustained them: for example, extensive reliance on expatriate experts and independent project authorities has undermined capacity-building in ministries. In the late 1980s, as many as 100,000 foreign experts worked in the public sectors of sub-Saharan Africa alone, accounting for over a third of Overseas Development Assistance for the region. Officials in Government ministries had often not felt accountable for the deficiencies of the services they are meant to deliver because they know that donors will at least in part compensate and meet needs as they arise. Over time the population's expectations were shifted away from the government to the donor projects and the informal sector, which further relieves the government of pressures to improve performance.

EU assistance to Africa under Lomé had often been obligingly provided to the governments to be used at its political discretion - from project benefits such as roads or water wells, to fellowships or fees to attend meetings, or even project equipment such as cars, which governments can dole out to reward supporters.

There are, on the other hand, several arguments in favour of African-EU co-operation under the Lomé Conventions. From the point of view of development assistance, it can be argued that co-operation under Lomé offered African states badly needed development finance without unreasonably aggravating their debt burden. It is also maintained that the projects financed by the EU are generally in line with the socio-economic development needs of the African states.

It is probably true, moreover, that the correlation between aid and growth is lower than might otherwise be because the criterion for its allocation has not always been the growth potential of the African states. Throughout the Cold War period, European objectives were political as well as economic. Even where a EU objective was less political, aid to the country was allocated according to the recipient's need rather than economic potential. The humanitarian aid that accounted for a large part of EU assistance to Africa under the various Lomé arrangements had averted famine and had a significant impact on the people's welfare, without, however, promoting the kind of economic growth countries with abundant natural resources endowments are capable of achieving.

Economic growth might also be the wrong yardstick by which to assess aid effectiveness. Aid can have other legitimate objectives that may not be fully compatible with economic growth, such as poverty alleviation or improved welfare. Aid, for example, is credited for the victories over endemic diseases such as smallpox, now completely eradicated, or trypanosomiasis. Similarly, a number of significant improvements in health and education in Africa can, at least in part, be credited to European aid efforts. For example, infant mortality rates in Africa declined from 140 per thousand in 1970 to 99 in 1992. The adult literacy rate went from 16 per cent in 1960 to 50 per cent in 1990 .[17] These are real achievements, yet they may not be fully reflected in high economic growth rates, at least in the short term.

4.2. Trade

The generally accepted view of the record of the ACP exports to the EU since the First Lomé Convention in 1975 is that, despite being at the apex of the EU's "pyramid of privilege", providing free access (subject to rules of origin) for 95% of their exports, the ACP countries have failed to take advantage of

[17] *Africa at a Glance: Facts and Figures* (Pretoria: Africa Institute of South Africa, 1995).

their preferential status and , indeed, performed poorly in comparison with other developing countries.[18]

These bleak observations are based on the fact that imports from the ACP, which represented 8.9 per cent of the Union's global imports from outside the Community in 1970, fell to just over 3 per cent in 1993. This happened in spite of the enlargement of the Union and the ACP group. As for the ACP's share of European Union's imports from all of the developing countries, this fell from 23.8 per cent in 1970 to 10.31 per cent in 1993. The share of all the developing countries certainly fell as well, but at a slower pace.

Moreover, the ACP's share of world exports only improved from 2.98 per cent in 1970 to 3.16 per cent in 1975. Since then, however, their participation has been falling, with their share accounting for only 1.32 per cent in 1992. Moreover, they have also been losing ground compared with all of the developing countries, dropping from a 16.24 per cent share of he total exports from the developing countries in 1970 to 5.84 in 1992. This decrease happened at a time when the whole of the developing world was gaining shares in world exports, rising from 18.38 per cent in 1970 to 22.67 per cent in 1992.

Whilst such general statistics are useful in focusing attention on the marginalisation of Africa in the EU's external trade relations, they run the risk of leading to the conclusion that the Lomé Conventions have therefore been of no practical value in increasing the exports of Africa. To reach such a conclusion on the basis of such evidence would, however, be misleading. The convention covers more than just trade preferences, the impact of preferences has complex dynamics as well as static effects which are not captured by such simple comparisons, while the ACP exports are dominated by a few countries and products most of which are primary commodities subject to low growth and instability. Comparisons with the non-oil developing countries on the basis that they are less "preferred" are also misleading because EU imports from this group are dominated by the Newly Industrialised Countries (NIC) and such large industrially developed economies as Brazil and China, none of which are comparable to the ACP countries. An analysis of "ACP exports" must therefore be conducted at a more disaggregated level, both by product and country.[19]

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[18] or more on this, see J. Moss and J. Ravenhill, "The Evolution of Trade under the Lomé Convention: The First Ten Years", in C. Stevens and J. Verloren van Thermaat (ed.), *Europe and the International Division of Labour* (London: Hodder and Stoughton, 1987); and also M. Davenport, A. Hewitt and A.Konig, *Europe's Preferred Partners? The Lomé Convention in World Trade* (London: Overseas Development Institute, 1995).

[19] or such analysis see, M. McQueen and C. Stevens, "Trade Preferences and Lomé IV: Non-traditional ACP Exports to the EC", *Development Policy Review*, vol.7 (1989), pp. 239-260.

It is indeed axiomatic that if Lomé preferences are to have a trade stimulating effect, then there must be a significant margin of preference in the form of exemption from tariffs, import quotas, minimum import prices and barriers to trade. The margins of the preferences that African countries enjoy under the Lomé Conventions have fallen considerably. This is due on the one hand to the concessions granted in the context of the Union’s external policy,[20] and on the other hand to the Union's participation in liberalisation, in the framework of the different multilateral trade negotiations under the auspices of the GATT. Since then, the Union’s market has been far more accessible to everyone than it was twenty years ago.

It must be recognised moreover that African exports are composed of primary products. Yet, these products are characterised by slow growth, because they are subject to low income elasticity of demand. Thus the growth in GDP in Europe of 2.9 per cent in 1970-1980, declining to 2.5 per cent in 1980-90 and to just under 1.0 per cent in 1990-1996, automatically produced a low growth in the volume of exports to these markets. As a result, Lomé preferences could not have had any quantifiable trade stimulating effect on most ACP exports.

A further characteristic of African exports is a much higher degree of dependence (58 per cent of total exports) on a single market, the EU, compared to developing countries as a whole, or to any other regional grouping of developing countries. Dependence on the EU market may increase the instability of export earnings since variations in the growth of the EU market will be transmitted as fluctuations in the derived demand for African goods.

An additional difficulty is that EU imports from the developing countries of food, agricultural products, ores and metals have, in a number of important respects, been growing less rapidly than imports by other developed countries or intra-developing country trade.

However, regardless of this evolution, over which they have no control, most African countries themselves are to be blamed for their failure to benefit from the preferences offered to them within the framework of the Lomé Convention. Trade preferences are undoubtedly a necessary condition, but they are never sufficient. They can only increase a country's export capacities if they are accompanied by adequate internal policies aimed at developing

[20] GSP for all developing countries by 1971; bilateral agreements established with a number of countries, such as the Mediterranean and those in Central and Eastern Europe; Special preferences for Central America and the Andean countries for the fight against drugs).

investment and entrepreneurial spirit. Yet most African countries were unable to adopt monetary and fiscal policies, which could create a favourable economic environment in which, for example, the real exchange rates could be maintained at levels that allowed for competitiveness on the international market.

Trade preferences have nonetheless allowed a few African states to develop new exports for the European market, such as processed rubber from the Côte d'Ivoire, cut flowers from Kenya, Mauritius, Zimbabwe, Ethiopia and Zambia, clothes from Kenya Ethiopia, Zimbabwe and Mauritius, cotton thread from Kenya, Zambia and Zimbabwe, canned tuna from the Côte d'Ivoire, Mauritius and the Seychelles and wood products from the Côte d' Ivoire, Nigeria and Cameroon.

Furthermore, the proportion of processed and manufactured goods in ACP exports to the EU has been rising steadily. For example, in 1976, 20 per cent of the ACP's exports to the Union could be classified in this category. Although the proportion fell to 16 per cent in 1980 and to 15 per cent in 1985, it rose to 27 per cent by 1992.[21]

5. CONCLUSION

The above examination of African-EU economic co-operation within the frameworks of the Lomé Conventions suggests that the large amount of development aid given to Africa only succeeded in reducing the rate of decline in the continent; it did not reverse it. One reason for this problem was the multiplicity of the areas of co-operation, and the attendant problem of inadequate monitoring, adaptation and evaluation. Associated with this is the tendency of the African states to orient their policies towards the mobilisation of EU assistance rather than towards the mobilisation of domestic resources and efforts. Giving greater emphasis to political and commercial considerations, rather than to the growth potential of development projects, as well as the heavy reliance on long-term foreign expertise in the realisation of the projects also contributed to their economic ineffectiveness. The policy context within which co-operation took place in the majority of African countries was also not ideal for growth.

In the area of trade, the combination of dependence on primary products which are characterised by slow growth, the unaltered and high dependence on

[21] It has been established that Mauritius is the Only African country that has attained a substantial diversification, by increasing its exports of processed and manufactured goods to the EU from 16.4 per cent in 1976 to 65.1 per cent in 1992. *EU-ACP Cooperation in 1994*.

one market, and the inappropriate macro-economic conditions prevailing in most of sub-Saharan Africa led to the continent’s losing out on globalisation of markets and led to the lower growth performance of the continent's exports during the past two decades.

EU aid, in particular, and development assistance in general, have nonetheless contributed towards the positive changes that the continent has been undergoing recently. Little noticed by the rest of the world, much of sub-Saharan Africa has been in the midst of an upturn. In 1996, its economies grew by 4.4 per cent, faster than for two decades.[22] Though poor by the standard of other developing areas, this is a major change for Africa; and the average hides some stunning performances by countries such as Uganda, which has been growing at more than 8 per cent a year since 1992.

Good fortune, in the form of harvest and firm commodity prices, has played its part in this change. But the efforts of African themselves have counted more. The idea that lasting prosperity demands stable government and the rule of law has taken hold almost everywhere, and most African governments have adopted promising economic policies: sound money, fiscal rectitude and the encouragement of private business have become the order of the day. Continued preferential treatment of the continent's products may conflict with the WTO rules, but would certainly be needed to consolidate these achievements and transform the continent from being “aid addict” to a business partner in the 21st century.

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[22] See *The Economist*, June 14th 1997.