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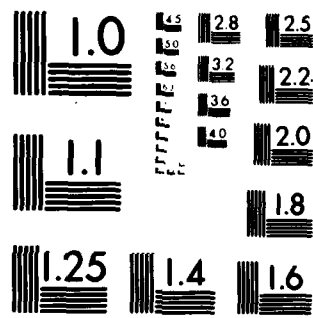
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From the Congress of Berlin to the Lomé Convention, Europe's relations with Africa were a barrier to intra-African cooperation. Colonial policies left a legacy of economies which were developed with the interests of the metropolises foremost, transport systems which connected the coast with the hinterlands for the purpose of exporting cash crops but which generally did not cross colonial frontiers, and preferential trading systems and banking arrangements which linked colonies with their metropolises. Socialization into different cultural, institutional and language traditions reinforced these divisions. Cooperation among West African states in the post-independence period thus faced formidable obstacles.

Some success was achieved in bridging the colonial divide through cooperation in specific functional organisations--the Cocoa Producers Alliance (founded 1962), the African Groundnut Council (1964), the Lake Chad Basin Commission (1964), and the River Niger Commission (1964). But commercial cooperation between anglophone and francophone states, as proposed in the West African Regional Group, proved impossible in part because of their membership in incompatible preferential trading systems. With the establishment of the EEC the colonies and trust territories of the Six were included in a single free trade area established by the Treaty of Rome. Following independence the association arrangements were renegotiated in the Yaoundé Conventions which established 18 free trade areas between the EEC and African Associates--a step backwards as far as cooperation among the Associates was concerned since the Yaoundé Conventions no longer provided for free trade in inter-Associates trade.

But more important was the impact of the association arrangements on relations between Associates and Commonwealth African states. Association with the EEC was widely perceived among the latter as a mechanism for preserving

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European influence in Africa and for sustaining divisions among African states. Nkrumah was probably the most articulate critic of the Eur-African relationship, arguing that the Treaty of Rome performed the same function for neo-colonialism as the Treaty of Berlin had served for colonialism. Association with the EEC complicated the task of realizing Pan-African aspirations, the Associates forming the Brazzaville Group, a rival to the Casablanca Group in which Ghana and Guinea were prominent.

Association arrangements with the EEC erected additional barriers to African economic cooperation. Firstly, the Associates were placed in a privileged relationship with the Community vis-a-vis other African states in the free access that most of their products enjoyed to the EEC market, and in their receipt of aid from the European Development Fund. These new advantages were jealously guarded when Commonwealth African states sought similar arrangements following the failure of the British application for EEC membership in 1962. Secondly, in accordance with French colonial practice, the EEC sought reverse preferences from the Associates, arguing that these were necessary in order to justify the Association arrangements as a free trade area under Article XXIV of GATT.

By insisting on provision for reverse preferences, the European Community effectively precluded the establishment of a customs union between Associated and non-Associated West African states. Imports from the EEC were to enter Associates' markets free from customs duties although they might be subjected to nondiscriminatory fiscal charges of equivalent effect. These arrangements essentially allowed EEC exports privileged access to Associates' markets vis-a-vis the exports of all other countries, including the neighboring states of Commonwealth and Portuguese Africa. Provisions in the Yaoundé Conventions

allowing Associates to establish customs unions or free trade areas with third parties were extremely vague. Article 8 of the first Yaoundé Convention provided for the creation of such arrangements among Associates; Article Nine stated that they could be extended to third parties insofar as they neither were nor proved to be incompatible with the provisions of the Convention. According to Article 7, however, the Member States of the EEC were to be accorded treatment no less favorable than that applied to goods originating in the most favored third country. Questioned in a GATT Working Party as to the possible incompatibility of these provisions, and regarding the exact meaning of Article 9, an EEC spokesman could state only that "the precise significance of these words had not yet been tested and that each concrete case would have to be examined on its merits." <sup>1</sup>

Renegotiation of the terms of commercial cooperation between Europe and Africa and, in particular, the abandonment of the reverse preferences regime, was a pre-requisite for the creation of a customs union in West Africa which included countries not associated with the Community under the Yaoundé Convention. Britain's successful application for membership of the EEC offered an opportunity not only to achieve this but to break down the barriers of hostility and mutual suspicion that continued to divide francophone and anglophone states. While it is true that the efforts of Togo and Nigeria to promote a regional economic grouping pre-date the establishment of a joint African negotiating position in the talks with the European Community, the successful cooperation in these talks which eventually resulted in the Lomé Convention was not only a learning experience<sup>2</sup> but also produced an agreement which removed the external constraints which otherwise would probably have prevented the creation of ECOWAS.

### Lomé and ECOWAS

Conclusion of the Lomé Convention removed the principal external obstacle to West African economic cooperation--reverse preferences. Non-reciprocity in future relations with the Nine was a demand that had figured prominently not only in the African group's initial negotiating position but in those of the Caribbean and Pacific states also. Under the Lomé regime for commercial cooperation, African, Caribbean and Pacific (ACP) states were required only to afford most-favored-nation status to imports from the EEC, but this provision would not apply in respect of trade or economic relations between the ACP, or between one/more ACP states and other developing countries (Article 7(b) of Lomé I). Countries which had previously offered reverse preferences to the Nine could continue to do so if they desired, but it was no longer required of them--a move which will facilitate the eventual establishment of a common external tariff by ECOWAS.

Not only was the reverse preferences issue resolved and other causes of conflict between West African states removed (all ACP states enjoy access to the EEC market on equal terms, and all became eligible to receive aid from the new EDF), but Lomé provides a number of incentives to ACP countries to participate in regional schemes. One of the stated objectives of the second Lomé Convention, which came into force on 1 March of this year, is to promote trade among the ACP themselves (Article 1). In both of the Conventions a portion of the EDF was reserved for regional projects--this was increased from 10% in the first convention to 15% in the second. Among the objectives to be furthered by these funds are: (a) acceleration of economic cooperation and development both within and between regions of the ACP; (b) acceleration of the diversification of ACP economies; (c) reduction in the economic dependence of ACP states on imports; and (d) strengthening the organizations set up by the ACP to promote regional cooperation and integration (Article 133(1) ).

Some discontent has been expressed by ACP representatives over the manner in which regional projects to be funded by Lomé I were selected. In this context it must be remembered that ECOWAS is but one of several regional groupings competing for these funds (which are also allocated to joint projects between ACP states which are not participating in more extensive regional partnerships). Other sub-regional organizations in West Africa which might be considered competitors to ECOWAS, e.g. CEAO (West African Economic Community), have had projects funded under Lomé's regional cooperation title. Through its choice of projects to be funded the European Community thus might play a role in determining the credibility and even the viability of competing regional organizations. To date there is no evidence that the Community has shown bias against any particular organization. To the extent that projects from ECOWAS compete with those from other regional groups in which ECOWAS members are represented, the question of incompatibility would appear to be amenable to resolution through discussion among the states themselves.

ECOWAS is also a potential beneficiary from the Convention's provisions regarding trade cooperation. For the purposes of the Convention's rules of origins--one of the most contentious aspects of the trade regime, widely regarded as a barrier to ACP exports and industrialization--all ACP states are treated as one territory. Cumulative processing in a number of ECOWAS states thus will fulfill the requirement that a certain percentage--normally 50%--of a product's value be added locally in order for it to qualify for originating product status. If ECOWAS is successful in eliminating barriers to internal trade within the region, it will also be expected to benefit from increased European investment seeking to take advantage of the enlarged ECOWAS market. Already the Centre for Industrial Development (a joint EEC-ACP institution created by the Lomé Convention), in cooperation with the ECOWAS Secretariat,



has identified a number of potentially attractive joint venture industries which European industrialists would be willing to establish in the ECOWAS region.<sup>3</sup>

So far, only the positive aspects of Lomé have been discussed. One must also question whether there are possible incompatibilities between the Convention and the ECOWAS Treaty. This issue has been raised by Sam Olofin, who argued that ECOWAS and Lomé were conflicting customs union arrangements. Lomé he perceived as designed to create a rudimentary customs union arrangement in which the ACP would become associate members of the EEC. Lomé was an "agreement to develop and maintain economic complementarity between two groups of countries which are at different levels of development".<sup>4</sup> This argument has no basis in reality. By any conventional definition of the term, the Lomé Convention does not provide for a customs union between the EEC and the ACP--it does not even create a free trade area, the ACP states being permitted to choose whatever external tariff arrangements they desire as long as the EEC is granted most favored (industrialized) nation treatment. Whether or not the EEC aspires to maintain Africa in the role of raw materials supplier is uncertain; Olofin's assumption that African governments would be willing partners to this arrangement gives no credit to their ability to take advantage of the positive aspects of the Lomé Convention and to utilize their bargaining power to amend it in their favor.

A careful reading of the Convention suggests that there are no legal incompatibilities between its provisions and those of the ECOWAS Treaty. The possible exception would be if ECOWAS eventually moved to install a foreign investment regime which limited the amount of corporate earnings which could be repatriated. This might be held to conflict with Article 65 of the first Lomé Convention which requires the Contracting Parties to refrain from taking measures

which restrict foreign exchange transactions. But since ECOWAS has yet to define its policy vis-a-vis external actors, other than to provide for the eventual imposition of a common external tariff, this potential incompatibility seems irrelevant in the foreseeable future.

### Lomé and Self-Reliance

Radical writers such as Samir Amin have long argued that self-reliant development will be achieved only after LDCs have undergone a socialist revolution and cut ties with the capitalist world economy. But it is not only radical writers who have raised the question of the possible incompatibility of Lomé with the quest for regional self-reliance. Ernst Haas has written that:

...the Lomé Convention is ambiguous with respect to this search because it gives the associated states a greater incentive than before to seek close ties with Western Europe. Their success in obtaining a better global economic deal may reduce the incentives for the African, Caribbean and Pacific states to seek closer unions among regional subsets. 5

It is extremely difficult to measure the impact of the Lomé Convention in this regard, in part because one is faced here with such intangibles as the Convention's effect on the psychological dispositions of decision-makers, for example, Lomé might foster outward-looking and/or dependent attitudes. On the other hand, a shrewd decision-maker may take advantage of the benefits offered in the Lomé Convention and employ the increased income or capital flows to promote the aims of regional self-reliance. In this context it should be recalled that in the absence of the Lomé Convention ACPs would be subject to similar pressures on a bilateral basis--the question is whether any of Lomé's provisions would actually penalize the ACP for pursuing regional self-reliance. Incompatibility between Lomé and regional self-reliance thus would be most obvious where a move towards self-reliance would automatically entail a loss of benefits under the Convention.

There is one provision in the Convention which functions in this manner; the system for the stabilization of the export earnings of the ACP (STABEX). As it is presently constituted, STABEX covers the exports of ACP products destined for the European market (except for a limited number of countries whose principal traditional trading partner is not an EEC member state-- in the case of ECOWAS only Guinea Bissau and Cape Verde are in this category-- when exports to all destinations are included). If the European Commission believes that a fall in revenue from exports to the EEC has resulted from the diversion of trade to other markets then it reduces the transfer that the ACP country would receive under the scheme. This is a major disincentive for ECOWAS countries to divert exports of products covered by STABEX away from the EEC to consumption within the regional market. If STABEX was extended to cover all intra-ACP trade then this problem would be removed.<sup>6</sup>

There is a second dimension of the scheme which tends to discourage self-reliance--the limited product coverage. At the present time STABEX includes only raw materials and products which have undergone a limited degree of processing. This serves as a disincentive to ACP states to engage in further processing which would generate extra local value added, and discourages regional cooperation in pursuit of these activities.

None of the other provisions of the Convention act so directly as a deterrent to self-reliance. Parenthetically, however, one might note, following Haas' argument, that the Convention as a whole, by increasing the sum of benefits available to the ACP, possibly might make decision-makers less willing to risk the pursuit of a policy of self-reliance if they believe that this would cause the Community to terminate the arrangements.<sup>7</sup>

As Adedeji has noted, none of the eight principal aims of the

ECOWAS Treaty make reference to bargaining between ECOWAS and the rest of the world.<sup>8</sup> Article 32, however, calls on the Council of Ministers to "take steps to reduce gradually the Community's economic dependence on the outside world and strengthen economic relations among themselves", an obvious invitation to the Council to design a policy of self-reliance. But this is a matter on which ECOWAS has yet to act, and until it does so any conclusions regarding the incompatibility of Lomé with the pursuit of this aim must remain extremely tentative.<sup>9</sup>

#### ECOWAS, Lomé, and Bargaining with the EEC

Although the ECOWAS Treaty may not make reference to bargaining between the members and external actors, a successful realization of its aims will undoubtedly strengthen the region's negotiating position. At the present time the contrast between the European Community with a single commercial regime, represented by the European Commission, on the one hand, and the lack of similar unity among the ACP is striking. By creating a unified internal market and a common external tariff, thereby speaking with one voice on matters of commercial cooperation, the bargaining position of ECOWAS would be greatly improved. This is not to argue that ECOWAS could in the foreseeable future provide an alternative to economic relations with Europe--at the present time the external trade of ECOWAS members is overwhelmingly concentrated with the EEC (which accounts for over 60% of their external trade compared to only 6% that goes to other ECOWAS states) so that there is a long way to go before the relationship becomes more evenly balanced. But if ECOWAS is successful in fostering trade between its members this will gradually reduce their dependence on the EEC and result in incremental improvements in their bargaining position.

If ECOWAS eventually moves to establish a common policy vis-a-vis

external actors then it can expect to benefit in negotiations not only as a result of constructing a common commercial regime and creating a larger market but also in that the ECOWAS region as a whole is a principal supplier of certain raw materials and agricultural products to the European market. Some of the principal commodities and the ECOWAS share in EEC imports are listed below.

Table One      ECOWAS share in EEC imports of selected products

Palm Nuts	96%
Fresh Pineapples	95%
Cocoa	75%
Groundnut Oil	70%
Cocoa Butter	64%
Cocoa Paste	55%
Tropical Wood	55%
Bauxite	45%
Thorium & Uranium	45%
Iron Ore	20%

Source: Calculated from figures in The Courier #52 (November-December 1978)

While few of the products above appear likely candidates for cartelization, joint action by ECOWAS members in marketing these products would undoubtedly improve their leverage. This would be even more the case if the ECOWAS position was coordinated with other ACP producers.

This raises a final issue. Participation with other ACP states in the Lomé Convention could be an important learning experience for ECOWAS. An institutionalized channel of communication is provided through the ACP for contact with other regional groups. Perhaps most important among these is CARICOM which has had considerably more experience in dealing with the types of problems that ECOWAS will face. The ACP Secretariat, although presently understaffed and therefore of limited effectiveness, might in the future serve as a channel

through which ACP states exchange information. For as OPEC has shown, effective negotiation with external actors is possible only after the LDCs concerned have acquired a thorough knowledge of the market situation and of the behavior of external actors.<sup>10</sup>

Conclusion

In brief, the Lomé Convention removed one of the principal barriers to the creation of a customs union in West Africa--the membership of countries of the region in alternative preferential trading arrangements--and negotiations for the original Convention provided a valuable learning experience in intra-African cooperation. There appears to be no legal incompatibility between the contents of the Convention and the ECOWAS Treaty; the effects of the Convention on decision-makers dispositions towards regional self-reliance are less certain. Lomé does contain a number of provisions which encourage regional cooperation among the ACP. But whether the Convention's provisions for 'dynamic complementarity' between the economies of the EEC and its partners will result in the type of Community commitment to industrial adjustment necessary for the aspirations of ECOWAS members and other ACP countries to be realized, is a question which would require more detailed analysis than is possible in this paper. H

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# FOOTNOTES

1. GATT, Basic Instruments and Selected Documents, 14th Supplement (Geneva: GATT, 1966) p. 107.
2. Isebill V. Gruhn "The Lomé Convention: inching towards interdependence" International Organization 30, 2 (Spring 1976) pp. 242-262.
3. The Courier #61 (May-June 1980) p. xxii.
4. Sam Olofin "ECOWAS and the Lomé Convention: An Experiment in Complementary or Conflicting Customs Union Arrangements" Journal of Common Market Studies XVI, 1 (September 1977) p. 67 (53-72).
5. Ernst B. Haas The Obsolescence of Regional Integration Theory (Berkeley: Institute of International Studies, University of California, Research Series #25, 1975) p. 12.
6. In the renegotiation of Lomé in 1978-9, ACP states requested that STABEX be extended to cover all of their major products and exports to all destinations. This was rejected by the Community. The deterrent effect of STABEX on regional self-reliance is probably limited, however, since the commodities covered would be unlikely to play a significant role in trade between ECOWAS states.
7. The effectiveness of threats to terminate the Convention depends on the partners' perceptions of the relative gains and losses from the Convention. As long as the European Community perceives the ACP to be the principal beneficiaries from the arrangements, and believes that it could obtain similar gains for itself from bilateral treaties with individual ACP states, then the EEC bargaining position is strengthened, and a threat to terminate the Convention becomes more credible (particularly in the case of ACP disunity). Movement towards regional self-reliance in ECOWAS need not necessarily reduce or be perceived as reducing the advantages of the relationship to the EEC, and thus threaten the relationship. The Convention's provisions for aid for regional cooperation support the promotion of regional self-reliance--whether the EEC would continue to do so if its own interests were threatened is most doubtful.
8. Adebayo Adedeji "Collective Self-Reliance in Developing Africa: Scope, Prospects and Problems" in International Conference on the Economic Community of West African States, Lagos 1976 (Nigerian Institute of International Affairs, mimeo) p. 10.
9. E. Olu Sanu, former Nigerian ambassador to the EEC has stated that: "The truth of the matter is that it will not be in our national interest to be a part of the Lomé Convention beyond 1985. To do so will mean that we will tighten the vertical relations between ACP states and the Community far more extensively than in the past and create enclaves that may well have the result of strengthening the pattern of foreign multi-nationals in the economies of ACP states." The Lomé Convention and the New International Economic Order (Lagos: The Nigerian Institute of International Affairs Lecture Series # 18, n.d.) pp. 36-7. Whether this will become the official policy of the Nigerian government, and, if so, what effect it will have on attitudes among ECOWAS states towards the Convention remains to be seen.

10. See, for example, Franklin Tugwell The Politics of Oil in Venezuela (Stanford: Stanford University Press, 1975).
11. See the author's doctoral dissertation: "The Lomé Convention: Model for a New International Economic Order" (University of California, Berkeley, 1981).