
8 ISSUES WITHIN THE LOME CONVENTION

BY SIMON HARRIS, KEVIN PARRIS, ERIC TOLLENS

A. Import
Charges *
(Simon Harris)

In the area of tariff concessions, the ACP States have already secured complete exemption from CCT duties on virtually all products, industrial and agricultural, where such duties are the only import charge. Consequently, the remaining obstacles for ACP exports to the Community are mainly for that category of products where other import charges apply. However, this category is significant as it includes most agricultural and food items.

Under the Lomé Convention, even for these items, the Community is committed to giving a more favourable treatment to ACP exports than that accorded to other third countries. The specific concessions already made have been discussed in the preceding chapters, but the Community's commitment covers all the other products where no specific concessions have been given so far. As a result, there should be no great difficulty in getting some further concessions on the import charges levied on agricultural and food items in the re-negotiation. It is another matter as to how significant such concessions would be, given the sensitivity (in Community eyes) of some of the items potentially involved.

In asking for further tariff (import charge) concessions the ACP States have to decide where these are most needed. Is it that the existing concessions need extending or that concessions on a wider range of products are required? Since the scope for extending the existing concessions seems limited, the main potential in this area appears to lie in extending the range of products with concessions.

For beef, the existing concession whereby 90% of the Community's levy is retained within the ACP States seems difficult to improve upon except by increasing the proportion of the levy retained (to 100%). It seems highly unlikely that the Community would be prepared to cease insisting that the levy should be charged because of its fear that otherwise ACP beef exports would be able to undercut the Community's internal prices. In any case, the ACP exporting countries would have little to gain from a reduction in the levy unless the quota restrictions were also dropped. A levy-free beef quota would presumably sell in the EEC market at a price a little below that of domestic beef and the exporting countries would receive revenue similar to that obtained when a full levy is charged but 90% is retained by the exporting country.

For rice the Community could be asked to reduce the levy further or to allow the ACP States to retain part of the levy, as is done with beef. However, the development of ACP rice exports to the Community seems unlikely to be an area of major growth.

* The term "import charges" describes all taxes on imports. In the literature, a distinction is often made between import "tariffs" or "duties", which can be a fixed financial amount or on a percentage (ad valorem) basis, and import "levies", which vary on the basis of some formula. This has led to confusion in that some writers include the EEC's variable import levy as a "non-tariff measure" (see next section) and some do not.

The main area where the ACP States should perhaps press for further import concessions is in processed foodstuffs*. It is these products where there is often a composite import charge levied by the Community including a fixed component to protect its food processing industries. As the ACP States develop they will create (in some cases, they already have created) food processing industries of their own. If these industries are to secure markets in the Community at some future date, then the ACP States should press for reductions in import charges when the Lomé Convention is re-negotiated as it may be much more difficult to gain such concessions once the Community has been enlarged. The Community already seems to be developing a philosophy of, particularly, encouraging food processing industries in its Mediterranean regions as a means of providing alternative employment opportunities. Once Greece, Spain and Portugal are members of the Community, this development is likely to be intensified and hence the relative difficulty of getting concessions for ACP processing industries will increase.

Apart from the area of processed food products, there appears little else worth aiming for by the ACP States in the area of tariff concessions because of the extent of the concessions already granted. For those basic agricultural products where the ACP States have not pressed for concessions already - wheat, barley, pigmeat, poultry and dairy products - there seems little point in doing so now as the creation of an export capability by the ACP States to the Community in these products seems unlikely in the foreseeable future.

B. 'Non-Tariff Measures'
Affecting
ACP/EEC
Trade
(Kevin Parris)

During the negotiation of Lomé I; there was no specific mandate dealing with the removal of 'non-tariff measures' (NTMs)**that were impeding ACP/EEC trade. As with Yaoundé I and II, trade concessions were largely dealt with in terms of 'tariff' reductions. However, with the growing incidence of NTMs globally and their dominant position in the GATT Tokyo Round discussions, it is evident that NTMs will feature in the Lomé II negotiations, especially as the scope for further tariff liberalisation (as we saw in the previous section) for ACPs seems limited.

While the precise impact of NTMs on international trade flows is uncertain, (although it is generally accepted that they now tend to have a more severe effect than tariffs), the commodity analysis in this study does enable identification of some NTMs of relevance to ACP/EEC trade.

i. Health and technical
NTMs

Recognising the different historical background which has provided each Member State of the EEC with its own complex animal health and food hygiene legislation, the Commission has issued directives on this issue which allow individual action amongst the Nine within the outline of the directives. The eventual aim of the EEC is to harmonise this legislation and adopt common regulations which would have to be enforced in every member country.

For ACPs these 'directives' imply a major impediment to their export trade with the EEC; in the agricultural sphere at least, this can in some cases represent a more serious

* See Appendix 3 for list of charges and concessions presently applying to ACP processed fruit and vegetable imports.

** The term 'non-tariff measure' (NTM) is a collective one used to describe those government policy measures, apart from import tariffs, which either intentionally or unintentionally operate to restrict imports or promote exports. The terms, non-tariff barrier/distortion/restriction are also used in this context. As mentioned in the footnote on page 101 variable import levies under the CAP are sometimes included under the NTM label.

'barrier to entry' than tariffs or other import charges. Of concern also is the problem that in dealing with the Commission's animal health/food hygiene legislation the ACPs are faced with 'directives' rather than, EEC 'regulations'. This causes difficulties when attempting a multilateral type negotiating strategy on these health standards (unlike for example when negotiating for a reduction in the CCT), as the form and nature of this legislation differs amongst the Nine.

In this study health NTMs have been emphasised on a number of occasions, as having considerable bearing on ACP trade with the EEC. The animal health and food hygiene legislation concerning the beef sector; the EEC directives on toxic elements in animal feedingstuffs; food hygiene regulations concerning additives etc, in preserved fruit and vegetables; and plant health regulations (i.e. virus infections), have all played an important role in shaping ACP/EEC trade flows.

'Technical NTMs' follow a similar pattern to the 'health NTMs, in that the Community is still attempting to harmonise legislation amongst the Nine to form common EEC 'regulations', and as yet only EEC 'directives' exist on these standards. The 'technical NTMs, are more common in manufactured exports to the EEC and are probably not as important to the ACPs as the health NTMs. However, they do apply for processed agricultural products, e.g. labelling, packing, for edible vegetable oils and certain fruit and vegetables and for foodstuffs prepared for retail sale, for which quality standards are also operative.

What is clear in the area of health and technical NTMs, is the sheer lack of research and understanding of their scope and impact on third country trade flows.* Emphasis may also be given in Lomé II negotiations to the problem that, unlike the CCT, where ACPs are faced with common policy for the Nine, health and technical NTMs form an amalgam of nine different policies, making it much more difficult for the negotiations to come up with common solutions to these trade barriers to ACP trade.

ii. Safeguard clauses and Rules of origin One form of NTM is embodied in the Lomé Convention itself; free entry of ACP goods exported to the EEC is qualified by a range of specific exclusions on the basis of the "originating status" of exports. Although these provisions apply mainly to manufactured goods, they are of some importance to the agricultural sector, for such restrictions tend to limit scope for expanding domestic processing of raw materials imported from non-ACP countries. In addition to the rule of origin clause, Title I of the Convention also contains other general escape clauses (Articles 4 and 10) which in essence allow the Community the right to "prohibit" or "restrict" entry of ACP exports should they provoke "serious disturbances" in the EEC economies. So far these safeguard clauses have not been invoked, but the Community has initiated consultation (e.g. textiles), with a view to introducing voluntary restraint on ACP exports into the EEC.

iii. Internal Consumption Taxes These apply principally to tropical products which do not compete directly with the EEC output. Figures published by the Commission in 1974 showed that the proportion of the consumption taxes as a percentage of total ACP exports to the EEC is high enough in certain cases, for example with tropical beverages, sugar and edible oils, to warrant concern. The Commission has encouraged the reduction of consumption taxes but its efforts do not seem to have

* For a more general discussion of NTMs see, for example, Baldwin, 1971, Curzon's, 1972, and Hillman, 1976.

been successful.

The NTMs that have so far been discussed, by no means provide an exhaustive list, for strictly speaking any Community policy which stimulates domestic production or encourages exports should be considered, e.g., social and regional policies, VAT, and so on. But those which have been covered do seem to be the ones which, possibly, might be considered for negotiation. No one procedure can be expected effectively to secure their diminution; a feasible solution would infer a piecemeal approach with different concessionary measures according to the type of NTM involved.

For those NTMs ('qualitative' NTMs) that involve health or technical impediments to ACP trade, it would be illogical to expect the Community to provide special dispensation for the ACPs. Instead what is required is that certain EEC aid projects, probably financed through the EDF, are directed to improving the marketing standards of ACP exports to the Community so that these goods meet the required health/technical standards. To a limited extent this has been attempted with various projects in the beef and groundnut sectors but a more concerted effort, especially through the Industrial Cooperation provisions of Lomé (see next section) would be helpful. There has been criticism, however, that during the periods of crisis in the EEC, temporary health measures, for example in the beef sector, have been implemented to restrict imports, rather than as a genuine part of long-term strategy to improve health standards. ACP/EEC consultative committees, to examine these events as they occur, seem the only solution when the Community is in a position to abuse the use of health measures to dissuade ACP exports into the EEC.

With 'safeguard clauses' as NTMs, the negotiators of Lomé II could consider making the range of provisions conferring "originating status" less restrictive and also to provide a clear understanding of when ACP exports may threaten "serious disturbances" to Community markets.

In the previous section on 'tariff-type restrictions' to trade, it was concluded that the scope for further liberalisation for ACP agricultural products is extremely limited. Instead the negotiations for Lomé II should perhaps devote more time to what are now, together with variable import levy under the CAP, important barriers to ACP agricultural trade, namely NTMs. While in many instances EEC qualitative NTMs may be justifiable for health reasons, the restrictive 'quantitative' NTMs, (e.g. safeguard clauses, internal consumption taxes) are more difficult to defend. For both types of NTM, the EEC could assist the ACPs in overcoming such impediments to trade if it is to substantiate the claim that 99% of total exports and 94% of agricultural exports from ACPs to the EEC are covered by the "free access rule".

C. Industrial Cooperation and Market Development (Simon Harris)

The Lomé Convention's provisions on industrial cooperation are one of its more novel features. Despite the great importance placed on this part of the Convention - Title IV - by the ACP States when it was being negotiated, progress was bound to be slow because of the time necessary to set up any form of industrial cooperation. In the event, other difficulties have arisen because of the unwillingness of Community firms to invest in many ACP States due to the absence of adequate arrangements for safeguarding such investment.

A facet, however, which in retrospect was not sufficiently

* See Courier, (1975).

emphasised in the Title, was market development. The point of the Community's trade concessions in opening its internal market is lost to the extent that the ACP States cannot make full use of the trade concessions. This is not just a matter of developing the production of various goods in the ACP States for export to the Community, but also of helping them exploit the market potential for those goods in the Community market.

Unfortunately this is an area where national and international aid agencies can do little to help because most of their personnel do not have the appropriate experience. A re-negotiated Lomé Convention would seem an appropriate framework, however, to help in market development provided a means can be found for gaining access to the Community's marketing and distribution channels.

Without the more active involvement of Community firms the full value of the trade concessions will be much more difficult to develop. Yet to get this involvement probably means that companies rather than just politicians and bureaucrats have to be more closely concerned in the operation of the Convention. Clearly, this involves a dilemma for ACP States since many of them are, understandably, concerned over the possibility that large multi-national firms may gain undue influence over their production and trade patterns. But the fact of the matter is that most food products are at present sold within the EEC by large food manufacturing and/or distribution companies and if ACP States wish to increase their exports of food products to the EEC, then cooperation with these companies is inevitable. Exploiting the full value of trade concessions certainly means that a more significant share of the Convention's resources will have to go to market development measures and to apprising companies of market opportunities. The ACP States could press for such a change in emphasis in the next Convention.

D. The European Development Fund (Eric Tollens) The European Development Fund (EDF) evolved from provisions in the Treaty of Rome as a compensation for lost privileges. The five-year overseas aid commitments* into which the EEC countries were prepared to enter with the ex-colonies developed as follows (million EUA) (Courier, 1976):-

Implementing Convention	EDF	I : 581.25
Yaoundé I	EDF	II : 730.00 + EIB** (70)
Yaoundé II	EDF	III : 900.00 + EIB (100)
Lomé Convention	EDF	IV : 3,150.00 + EIB(400)

The principles of the fund were laid down in 1957 by the Implementing Convention. They were that the fund should be used for:-

- 1) economic investments of general interest, directly connected with a programme made up of definite and productive development projects, and
- 2) to finance various social institutions, such as hospitals, educational and technical research establishments and

* There were two other conventions signed with African countries in the English-speaking group. These were Lagos convention with Nigeria (never applied because of internal conditions in the country at the time) and Arusha I in 1968 and Arusha II in 1969, the partners in which were Kenya, Uganda and Tanzania. These conventions did not include any provision for financial and technical cooperation.

** EIB = European Investment Bank. This is for credits to be given to associated countries by the EIB from its own resources and on its normal terms.

institutes for the vocational guidance and promotion of the population.*

The division of credits between the two categories of investment was to be decided by the Council of Ministers but the management of the fund was put into the hands of the Commission.

There are three special features of the EDF which have been carried through from one convention to the next. The first is that EDF aid is to supplement the development efforts of the ACP countries themselves, not to be independent of national development programmes. The second special feature is that the fund covers a period of five years which distinguishes it from most other aid sources which follow the rule of the annual budget. The third characteristic is that the EDF is regional as regards both its origin and its beneficiaries. (An additional feature is that the EDF is intended as non-political, with requests in principle to be considered on their economic and technical merits only).

The policy of the EDF is pragmatic, based on the desire to meet the real requirements of the countries concerned and to adapt to each practical case. There are two fundamental characteristics to this policy: the search for the self-development of the country concerned and the attempt to satisfy the essential human requirements - food, health, education, housing, employment and the rest - on the national scale.

In the Lomé Convention, two principles were applied: there was to be no reduction in the Community's financial effort vis-a-vis the countries already associated (the AASM) and the new associated States had to be placed on an equal footing. The total amount provided for in the Lomé Convention is 3,390 million ua made up of: 2,100 million for grants, 430 million for loans on special terms**, 95 million for risk capital*** and 375 million for the stabilisation of export earnings. A further 390 million is available for loans from the European Investment Bank's own resources (EC, 1977 K). To this must be added an amount of 160 million ua for the overseas countries, territories and departments. However, all costs of the EDF administration and operational activities are deducted from the sums available.

The ACP countries had requested about 8,000 million ua for Lomé I. Thus, the 4th EDF fell short of the expectations, particularly if aid is expressed on a per capita basis and in real terms. It represents a fall of more than 25 per cent in flows to ACP States on a per capita receipt basis and it is on somewhat less concessionary terms than the previous Convention. (Wall, 1976). Furthermore, it is not clear whether EDF aid represents a net gain of aid to ACP States as EDF contributions from the Member States come out of the national aid budgets from which also bilateral and

* Thus, less emphasis is put on projects for industrialisation, marketing and promotion of trade - the type of projects which are complementary to the trade provisions of the Lomé Convention.

** In general, for 40 years with a 10 year grace period and 1 per cent interest.

*** This sum is to be invested by acquiring minority holdings in firms in ACP States involved in industry, mining or tourism. The Convention calls for the eventual transfer of such holdings to ACP States' governments or private citizens.

multilateral schemes are financed. According to calculations based on GNP figures for 1975, when official development assistance in the Community averaged 0.45% of GNP, the budget for financial and technical cooperation of the Lomé Convention, on an annual basis, amounted to 15.3% of total annual official development assistance of the Member States of the Community.

EDF funds are tied in the sense that purchases of materials and services are to be made in EC Member States or within the ACP States. The Convention offers a preference of 10 per cent to domestic firms in ACP States for EDF or EIB tenders, restricted to projects worth less than 2 million ua.

From a sectoral breakdown of all the indicative programmes of the recipient ACP States, the following priorities emerge for EDF IV. The largest share of programmed aid goes to rural development (36.5%), while 12% goes to industrialisation, 27% to economic infrastructure and 15% to social infrastructure. Moreover about 10% of the funds has been reserved for the financing of regional projects (EC, 1977, K).

Under the Lomé Convention, the ACP countries participate to a greater extent in the administration of EDF aid. For instance, in each ACP country the national government appoints a national authorising officer, usually a minister. It is he who makes the expenditure commitments, although the final decision on EDF expenditure rests with Community officials on the EDF Committee. As project aid administration has been costly and disbursements have been slow, increased emphasis will be put in the negotiations for Lomé II on joint management and other arrangements to speed up decision making and project execution in a spirit of genuine partnership. It is also tantamount to an improved Lomé partnership that the bureaucratic costs of EEC delegations in ACP countries, which are not insubstantial, are separated from the EDF Allocation.

There is a provision for special measures for the 'least developed countries' in Lomé I. It is estimated that nearly two-thirds of the funds earmarked for the EDF in the Lomé I Convention will go to the least developed ACP States. The economic situation in those countries is still bleak and as they are in particular need, it is expected that under Lomé II those countries will continue to receive special attention.

The Community also extends limited financial and technical aid to the developing countries not signatory to the Lomé Convention. These countries, which are mainly in Asia and Latin America, will receive financial aid totalling 730 million ua over the period 1976-1980. Of the 100 million ua allocated for 1976, (200 million for 1980), 10 million could be used for emergency measures in the event of natural and other disasters, and 5 million for promotion of exports. In general, however, the funds made available would be mainly intended to help develop food production and to promote regional integration. On the whole, aid to non-ACP States has been limited compared with aid to ACP States, thus supporting the charge of aid discrimination and regional polarisation of aid.

Finally, EC aid is being channelled to the poor countries most seriously affected by the rise in oil prices. In October 1974, the Community's Council of Ministers decided to earmark \$150 million for this emergency operation. This was the first instalment of what could be a \$500 million contribution (known as the Cheysson Fund). At the same time, when the Community took this decision, the various

contributions from industrialised countries amounted to \$350 million, whereas those made by the oil exporting countries amounted to at least \$1,000 million.

In short, the provisions for financial and technical co-operation of the Lomé Convention are rather vague and generally, particularly as to the allocation of funds for specific projects, either overall or for individual ACP States. They leave considerable room for flexibility but, by the same token, invite endless discussion, debate and conflict.

For Lomé II, the Commission proposes certain minor adjustments such as more assistance for small and medium-sized firms, micro-projects, regional projects and a better definition of the terms of co-financing * (EC, 1978, C).

The ACP States are expected to bargain for an increase in total net aid flows, for more automaticity in aid criteria, for less bureaucratic procedures and for an increase in the effective control over the management of EDF aid.

It is too early to speculate on the level of aid that could be forthcoming under Lomé II as this will depend, to a large extent, on the economic prospects in Europe at the height of the negotiations, probably in late 1979. Increased project aid under EDF-V could be a trade-off for maintenance of the status quo on further trade liberalisation for ACP countries and/or for the erosion of tariff preferences through the GSP. In any case, the financial and technical aid provisions of the Lomé II Convention will remain, without doubt, as with Lomé I, its most significant attraction.

E. STABEX
(Kevin Parris)

The Lomé's scheme of stabilisation of export earnings - STABEX - is the first, albeit tentative, real international attempt to stabilise export earnings of LICs (the IMF export compensatory credits facility being operationally more restrictive). Despite a number of deficiencies, it has recognised potential as a useful income support measure for LICs experiencing export commodity receipt fluctuations. In a wider context STABEX could act as a stimulus to more general support for UNCTAD's proposed compensatory financing facility**, under the 'Integrated Programme of Commodities' which would widen significantly stabilisation benefits to all LICs.

For the first two years of STABEX, 1975 and 1976, transfers have amounted to 73 million ua and 36 million ua respectively (this compares with the sum of 1,985 million ua of exports covered under the scheme from the ACP to the EEC in 1973 - see Appendix 2, Table A2-2). However, while in general this may invalidate the criticism of the relative size of STABEX funding, for a small number of ACPs, STABEX transfers have made a significant contribution to their balance of payments; 7 countries (out of 53 ACP signatories) had transfers that were more than 8% of their total export earnings over a 4 year average period (Table A2-4). Disaggregating to the individual commodity level, STABEX payments assume a much greater importance. Table A2-4 shows that in the case of 30 transfers, involving 23 countries, receipts amounted to more than 10% of total export earnings for that commodity.

Some studies*** have suggested that STABEX resources might

* The Commission has helped to bring about a form of triangular cooperation between the ACP, the Community and its Member States and the OPEC countries.

** For a discussion of UNCTAD's 'common fund' and export earnings stabilisation see, Cuddy, J.D.A., 1978.

*** See Hasse, R., 1975, and Love, J., and Disney, R., 1976.

be under great strain to meet the demand of claims, especially after the 1973/74 'commodity boom' but to date funds do appear to have been adequate, though some claims for STABEX transfers have been rejected by the EEC. There is also concern over Article 18 of the Convention which stipulates "on the basis of a report submitted to it by the Commission, the Council of Ministers may reduce the amount of transfers to be made under the stabilisation system".* No clear indication is provided in the Convention or in any EEC document/legislation to date, on how or why such a report could lead to the Council of Ministers reducing the funds of STABEX. "There is no parallel stipulation indicating the recognition of any conceivable situation in which funds available to STABEX might be increased". (Wall,D.1976). Also regarding the resources of STABEX, as there is a yearly average of 75 million EUAs available, the advance fixing of transfers may be detrimental to genuine claims made later in the year, should the yearly fund have already been exceeded.

Criticisms of STABEX on grounds of inequitable distribution of payments was argued in Chapter 1 to be misconceived, for a scheme designed to alleviate export earnings fluctuations will not necessarily involve payments correlated with degree of poverty in recipient countries. However, the Community does provide concessionary elements by recognising 3 groups of ACPs under STABEX: those for which payments are made irrespective of the destination of exports and which are also the 'least developed' ACPs; a second group of 'least developed' ACPs, but for which payments are only made with respect to exports to the EEC; and finally ACPs for which the 'dependency threshold' is 7.5% rather than 2.5% and which are in principle expected to repay loans. The Convention gives no clear indication of why ACPs are divided into each category. Indeed if these groupings are examined in terms of GNP/capita, and also total exports as a percentage of GNP, then division seems particularly favourable to a number of Caribbean Islands and somewhat unjust to 'poorer' West African States (see Table A2-5). In practice, assessment of STABEX according to these concessionary groups and GNP/capita levels does not, after two years operation, appear to be biased in any one direction. 63% of transfers for 1975/76 were non-repayable grants, and while some criticism foresees difficulties over the repayment of the remaining interest free loans (37%), no evidence is yet available to make an evaluation of such problems.

The division of ACPs into different concessionary groups for the purpose of STABEX also emphasises that the scheme gives some inducement for them to 'tie' their exports to the EEC, since for 42 of the 53 ACP States, only their earnings from exports to the EEC are stabilised.

At the Fiji (April, 1977), ACP-EEC Council of Ministers meeting, the product coverage of STABEX was extended to encompass a further seven agricultural products (Table A2-1). Despite the addition of these 'minor' commodities, the question of improving STABEX coverage remains a vital issue for the ACPs in the ensuing negotiations and appears to centre mainly on inclusion of minerals, i.e. copper and phosphates, and also rubber. The EEC for its part seems reluctant to widen STABEX, especially to minerals, largely on the grounds of the financial constraint of the STABEX budget. As the commodity sections of this study reveal, inclusion of beef, certain oilseeds, rice and possibly fruit and vegetables in aggregate, could be beneficial to a large number of ACPs. Sugar and beef are unlikely to warrant inclusion, as they already have separate protocols covering their trade which provide a measure of stability in export earnings by

* Lomé Convention, Title II, Chp.1, Art.18, para 4.

linking prices to those specified for European producers and by including quantity agreements.

The STABEX fund is fixed in European Units of Accounts (EUAs). The EUA is tied to a weighted 'basket' of all European Currencies, so its real value will broadly reflect the average level of inflation in the EEC. This can be contrasted with prices guaranteed to Lomé sugar exporters, which is fixed in terms of the unit of account used within the CAP - the EUR. The EUR is tied to only the strong European Currencies, and so the real value of a constant EUR price or fund falls only slightly over time.

For re-negotiation of STABEX II then,* four points can be borne in mind:-

- a) For the scheme to meet its wider objectives it can be argued that there may be a need for a substantial increase in STABEX funds though, to date, funds do appear to have been adequate to cover existing commitments. It is perhaps also worth pointing out that the scheme stabilises monetary earnings; to the extent that there is a general inflation of the world's major currencies, this is not the same as stabilising the real value of export earnings.
- b) Simplification of the procedures for establishing the validity of a STABEX transfer payment claim would be helpful.
- c) Realistically, STABEX fund restrictions will limit the extent to which ACP demands for wider product coverage can be usefully met. Recognition of this difficulty infers that ACPs should press for coverage of those products which either form an important part of export earnings of the 'least developed' ACPs (as opposed to the more advanced countries) and/or which would not monopolise a large share of scarce STABEX funds. This would suggest, especially, inclusion of beef, certain oilseeds, rice, and imply not such a strong case for sugar, rubber, bauxite/aluminium or diamonds.
- d) Although it has been stressed that STABEX is not an aid mechanism, but merely aims at stabilising export earnings independent of different levels of development amongst ACPs, concessionary elements, (e.g. 7.5%/2.5% dependency levels, 'least developed' countries, etc.) can assist in a more equitable distribution of STABEX funds. However, reappraisal and clear guidelines of how it is decided which ACPs fall under which concessionary category, is evidently required, given the points outlined above.

* See also Green, R.F. (1978), for a discussion of Stabex II re-negotiation.