



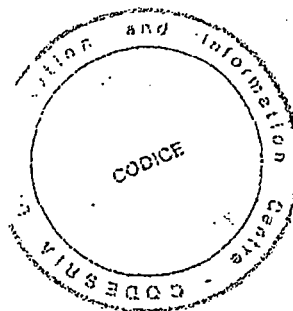
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**EEC and ACP relations: the implications of Lome iv
convention provisions on trade and aid for the
Nigerian economy**

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TITLE PAGE

EEC AND ACP RELATIONS: THE IMPLICATIONS OF LOME IV
CONVENTION PROVISIONS ON TRADE AND AID FOR THE
NIGERIAN ECONOMY.

A MASTER'S DEGREE THESIS
PRESENTED BY

ERUGO, JOHNSON
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CERTIFICATION AND APPROVAL PAGE

WE CERTIFY THAT THIS STUDY HAS BEEN ORIGINALLY CARRIED OUT BY ERUGO, JOHNSON AND HAS BEEN EXAMINED AND APPROVED BY THE DEPARTMENT OF POLITICAL SCIENCE, UNIVERSITY OF NIGERIA AS FULFILLING THE PARTIAL REQUIREMENTS FOR THE AWARD OF THE MASTER OF SCIENCE DEGREE IN POLITICAL SCIENCE (INTERNATIONAL RELATIONS) OF THE UNIVERSITY OF NIGERIA, NSUKKA.

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DATE: _____

DEDICATION

THIS RESEARCH WORK IS DEDICATED TO THE MEMORY OF
MY LATE TEACHER, PROF. PATRICK EZE OLLAWA WHO DIED SO
YOUNG.

AND

MY BELOVED MOTHER, D.N. ERUGO WHO STILL REMAINS MY
GREATEST PILLAR OF SUPPORT IN LIFE'S TRAVAILS.

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ABSTRACT.

The genesis of the relationship between Nigeria and the European Economic Community could be traced to 1966 when Nigeria first signed an agreement with the Community which was not ratified. However, with the entry of Britain in the EEC in 1973, Nigeria was one of the Anglophone Countries which entered the EEC - ACP Partnership at this time and was involved in the successful negotiation of the Lome' I convention which was signed on 28 February 1975.

Subsequently, she was involved in the negotiations and signing of other Lome' Treaties in 1980, 1985 and 1990.

The focus of this study is on the major provisions of the fourth Lome' Convention signed in 1990, and their relevance or lack of it for the Nigerian economy. These provisions that are analysed are mainly in the areas of Trade co-operation and financial arrangements which we consider as the Lynchpin of the Lome' Conventions.

The research problem of this study consists of an analysis of the provisions of Lome' IV Convention with regards to trade and Aid and to find out from such analysis if these provisions hold out much hope for the Nigerian economy, or if there are basic problems inherent in these provisions which may affect the Nigerian economy adversely if and when implemented. The question posed by this study is: Are the Lome' IV Convention Provisions on trade and Aid capable of boosting Nigeria's trade with the EEC and encouraging its economic performance?

In order to answer the question set above, the study proceeded with a hypothesis that:

The Lome' IV Convention provisions on trade and Aid will boost Nigeria's trade with EEC Countries and encourage her economic growth.

In trying to answer the question posed in the study we primarily adopted the content analysis technique which is a "research technique aimed at objective, systematic and quantitative description of the manifest content communication".

Specifically, in trying to answer the question we examined Nigeria's past trade volume with the EEC and its potential of increasing or decreases under the current Lome II Convention. We also looked at the spread of this trade relation and enquired into the possibility of diversification.

In the area of Aid we analyzed Nigeria's share EEC and allocation under the previous Lome' Conventions and under Lome IV to know how far Nigeria benefitted from previous Lome' Provisions on Aid and if she stands to benefit more under Lome' IV.

The major findings are as follows:-

In analyzing the trade provisions of Lome' IV and their implications for the Nigerian economy, we observed that there was an appreciable increase in the volume and value of Nigeria's trade with EEC under the Lome' Conventions. But we discovered that this growth of trade over the years was stimulated predominantly by the increased exportation of crude petroleum to Europe by Nigeria. Attempts at diversification of exports and the lessening of dependence on manufactured products from the EEC did not succeed. Thus Nigeria could not effectively utilize the broad range of preferential treatment earmarked for ACP exports into the EEC Market.

These factors tended to negate the efficacy of the Lome trade provisions.

Similarly, the trade provisions of STABEX and SYSMIN of quota and duty free access preferences, non - reciprocity of preferences and fund disbursements have little or no meaning for Nigeria since she does not meet the numerous conditions or thresholds for enjoying these benefits.

In analysing the provisions of Lome IV on Aid, we observed an appreciable increase in the amounts allocated to Nigeria from the EDF from Lome' I to IV but we also noted that these allocations have not kept pace with inflation, population growth and low per capita income of Nigeria.

The numerous implications of these findings were highlighted and recommendations made in the last chapter of this work.

ACKNOWLEDGEMENT

A work of this nature incurs a lot of indebtedness in the process of bringing it to fruition. This work is no exception.

I am highly indebted to my academic supervisor Prof. M. S. O. Olisa who despite his loaded schedule of duties still encouraged and read through this work at its various stages. Prof. Olisa's assistance to many generations of students of this department is legendary and indicates his genuine interest in the academic growth of these students.

For the financial and moral assistance I received from my parents while I was undergoing this programme, I thank Mr. E. O. Erugo, my father and Mrs D. N. Erugo, my mother. My sisters: Ijeoma, Eberechi and Joy Uzoechi (Mrs) are also thanked for their support and advice at various stages of this work.

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The Good Lord for seeing me through it all is equally praised and thanked.

Erugo, Johnson

1992.

STYLISTIC CONVENTIONS USED/ABBREVIATIONS

AAMS - Association of African and Malagasy States.

Numbering 18, these States signed the Yaounde Conventions with the EC. They include:

Burundi	Cote d'Ivoire
Cameroon	Madagascar
Central Africa Republic	Mali
Chad	Mauritania
Congo (Brazaville)	Niger
Congo (Leopoldville)	Rwanda
Dahomey (Republic of Benin)	Senegal
Gabon	Somalia
Burkina Faso	Togo

ACP - African, Caribbean and Pacific States. These countries signed the Lome Conventions with the EEC and have risen from 46 (Lome I) to 69 (Lome IV).

They include:

Burundi	Angola	Antigua and Barbados	Gambia
Cameroon	Bahamas	Jamaica	Nigeria
Cape Verde	Barbados	Kenya	Papua New Guinea
Central Afri. Republic	Belize	Kiribati	Rwanda
Chad	Benin	Lesotho	St. Christopher & Nevis
Comoros	Botswana	Liberia	St. Lucia
Congo	Burkina Faso	Madagascar	Sao Tome & Principe
Cote d'Ivoire	Gabon	Malawi	Senegal

Djibouti	Ghana	Mali	Seychelles
Dominica	Grenada	Mauritania	Sierraleone
Dominican Rep.	Guinea	Mauritius	Solomon Islands
Equatorial Guinea	Guinea Bissau	Mozambique	Somalia
Ethiopia	Guyana	Namibia	Sudan
Fiji	Haiti	Niger	Surinam
Swaziland	Trinidad and Tobago		Tanzania
Tanzania	Tuvalu		Zaire
Togo	Uganda		Zambia
Tonga	Western Samoa		Zimbabwe

EC - European Community (also known as the EEC). It currently comprises 12 countries, and these are:

Belgium	Italy
Denmark	Luxembourg
F. R. Germany	Portugal
France	Spain
Greece	Netherlands
Ireland	United Kingdom.

ECU/UA - European Currency Unit/Unit of Account (Value as at Aug. 1992 rate of Naira exchange 1 ECU = ₦24.82).

EDF - European Development Fund

EIB - European Investment Bank

GATT - General Agreement on Trade and Tariffs

MFN - Most Favoured Nation

OECD - Organization for Economic Co-operation and Development

OCT - Overseas Countries and Territories

- GATT - General Agreement and Trade Tariffs.
- PTA - Preferential Trade Agreement
- ECA - Economic Commission for Africa
- EAC - East African Community
- NIEO - New International Economic Order
- GDP - Gross Domestic Product
- SAP - Structural Adjustment Programme
- GSP - Generalised System of Preferences.

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TABLE OF CONTENTS

			<u>PAGE</u>
TITLE PAGE	i
CERTIFICATION AND APPROVAL PAGE	ii
DEDICATION	iii
ACKNOWLEDGEMENT	..	..	iv
STYLISTIC CONVENTIONS USED/ABBREVIATIONS	..	..	v
TABLE OF CONTENTS	..	..	viii
LIST OF TABLES	..	..	ix
<u>CHAPTER ONE:</u> INTRODUCTION	..	..	1
Statement of Problem	..	..	5
Hypothesis	..	..	6
Theoretical Framework	..	..	6
Literature Review	..	..	12
Methodology	..	..	20
<u>CHAPTER TWO:</u> HISTORICAL BACKGROUND OF NIGERIA'S ASSOCIATION WITH THE EEC	..	..	23
<u>CHAPTER THREE:</u> A SURVEY OF THE LOME' CONVENTIONS	..	..	42
Negotiations for Lome' I	..	..	49
Negotiations for Lome' II	..	..	54
Negotiations for Lome' III	..	..	57
Negotiations for Lome IV	..	..	61
<u>CHAPTER FOUR:</u> LOME' IV PROVISIONS ON TRADE AND AID	..	..	61
Provisions on Trade	..	..	69
Provisions on Aid	..	..	74
<u>CHAPTER FIVE:</u> IMPLICATIONS OF LOME' IV PROVISIONS ON TRADE AND AID FOR THE NIGERIAN ECONOMY	..	..	101
<u>CHAPTER SIX:</u> SUMMARY AND CONCLUSION	..	..	101
Summary and Conclusion	..	..	103
Findings and Recommendation	..	..	108
BIBLIOGRAPHY	..	..	108

LIST OF TABLES

<u>TABLES:</u>		<u>PAGE</u>
1	Nigeria's exports and Re-Exports by Regional Groupings (1970-1989) ..	76
2	Nigeria's Imports by Regional Groupings (1970-1989) ..	77
3	Value of Nigerian Exports by Sectors (1982-1989) ..	79
4	Value of Nigeria's Imports by Sectors (1982-1989) ..	80
5	EC Assistance to the Federal Republic of Nigeria, 1976-1990 ..	93

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INTRODUCTION

The relationship between Europe and the less developed areas of the world can be traced to the era of the slave trade and colonialism. In the colonial epoch, this relationship (herein referred to as Euro-South relations) was modelled on the 'Colonizer' and 'Colonized'. Though European colonial policies retained some similarities, they however varied according to the perception and attitude of the individual European powers. For instance, while France adopted the policies of Assimilation and Association, Britain tended towards indirect rule, differences which were significant in shaping the post-colonial Euro-South relations.

The changing international circumstances coupled with Nationalist Movements led to the eventual political independence of the colonies. This change brought about the need for a corresponding change in the nature of Euro-South relations. Europe sought to protect its source of investments and supplies of raw materials, as well as coping with the rising tide of demands from the former colonies, demands that were to reflect the new status of the South and cater for its development needs.

An improved management of Euro-South relations became necessary. First, the degree of Euro-South interdependence

(albeit asymmetrical) had grown over the years establishing the latter as an unequal but significant trading partner of Europe. The developing countries provided raw materials and a large market for Europe to the extent that by early 1970's they had become Europe's principal trading partner and provided approximately two-thirds of its surplus in trade on manufactures.¹ The economic importance of the South to Europe lay in the share of Europe's importation of raw materials from the South: In 1976, the percentage of imports of raw materials by Europe from this area amounted to between 95 and 100 percent of Uranium; 85 to 90 percent of pineapples, palm nuts and palm oil; 80 to 85 percent of groundnut oil; 55 to 60 percent of copper ore, concentrates and aluminium.²

There was need therefore, for a positive response from Europe towards improved economic relations with the South. For the developing countries, the justification for better economic arrangements was even greater. Lacking the pre-requisites for development, they had depended from colonial times on Europe which offered the largest market

¹ John Ravenhill, Collective Clientelism: The Lome' Conventions and North and South relations, (Columbia: University Press, 1985) p. 37.

² Ibid, p. 39.

for their exports. For instance, the European community consumes about 85 percent of total OECD imports of groundnut oil from the south. So also do the developing countries depend on European Community (EC) aid. The complementarity and interdependence between the economies of Europe and the South which has been fostered and nurtured for a long period in history underlay the various post-colonial attempts made at improving relations between the two.

With the signing of the Rome Treaty in 1957, which formally brought EEC into existence, several arrangements have been forged between Europe and her former colonies which largely make up the ACP countries. These arrangements include the implementing convention of the Rome treaty, Yaounde I and II, and the four Lome' Conventions that have been signed.³

Nigeria first signed an agreement with the EEC in 1966 but did not ratify it.⁴ She did not play active role in the negotiations of EEC and its associates until Britain entered the EEC in 1973. Nigeria was one of the Anglophone countries which entered the EEC-ACP partnership in 1973 and successfully negotiated with other ACP countries, the Lome' I Convention which was signed on 28 February 1975.

³C. Stevens, (ed), EEC and the third World: A Survey 4-Renegotiating Lome', (London: ODI Series, 1987), p. 1.

⁴EEC Courier, April 1990, p. 24.

Subsequently, she has been involved in the negotiations and signing of other Lome' treaties.

The Lome' Convention has been described by scholars such as Aluko-Olokun⁵ as marking a watershed in the historical relations and the economic co-operation between Western Europe and the bulk of the Third World as represented by ACP states. However, others like Long⁶ maintain that the Lome' Conventions have not added up to a very major redrawing of a colonial mercantilist relationship to take account of extreme peripheral states' pressure for a less uneven deal within the old order and have had remarkably little overall impact either on the EC or ACP components.

The foregoing presents very different approaches to the Lome' Conventions based on radically different assumptions about the International system. These contrasting positions underscore the necessity of an indepth evaluation of these conventions.

In this study, an analysis of the major provisions of the Fourth Lome' Convention and their relevance or lack of it for the Nigerian economy will be made. Trade Co-operation and financial arrangements remain the lynchpin of the Lome' Conventions. Thus an examination of the provisions of the

⁵ Isaac Aluko-Olokun, "Debt Management: The Nigerian experience", in Ogwu and Olaniyan, Nigeria's International Economic relations, (Lagos: N.I.I.A, 1989), p. 193.

⁶ F. Long (ed), The Political economy of EEC relations with the ACP States, (Oxford: University Press, 1987), p. 41.

Fourth Lome' Convention in these directions will be worthwhile in our attempt to find out what hopes these provisions raise for the Nigerian economy.

Statement of Problem

Various scholars⁷ have examined issues dealing with Nigeria's association with the EEC. Nigeria's involvement in the negotiations of the various Lome' Conventions and the benefits and problems arising therefrom have been highlighted. In examining these issues, some scholars have focused on them from a general perspective which takes all the Lome' Conventions together and makes a pronouncement on what Nigeria has benefitted or lost and what its future will be in this association. While some other scholars have focused on any of the three earlier Lome' Conventions, dissecting such a convention and outlining the specific benefits and problems arising from the convention in question.

However, one notices a lack of empirical studies dealing with the most recent of the Conventions - Lome' IV, which is supposed to last till the end of this decade. Thus the problem of this study is to analyze the provisions

⁷See for instance, V.A. Adetula's "Towards Lome' IV and beyond, in the Nigerian Forum (Lagos: N.I.I.A, 1989), p. 93.

of Lome' IV Convention with regards to Trade and Aid and to find out from such analysis if these provisions hold out much hope for the Nigerian economy, or if there are basic problems inherent in these provisions which may affect the Nigerian economy adversely if and when implemented. This study also seeks to find out if the current move towards a unified and common European Market in 1992 has any significant implications for the Nigerian economy, given Nigeria's association with the EEC. Thus the question posed by this study is: Are the Lome IV Convention provisions on Trade and Aid capable of boosting Nigeria's trade with the EEC and encouraging its economic performance?

Hypothesis

In order to answer the question set above, we hypothesize that:

- 1) The Lome IV Convention Provisions on Trade and Aid will boost Nigeria's trade with the EEC countries and encourage her economic growth.

Theoretical Framework

Generally, studies on third world development problems have been analyzed from differing perspectives. These include the Dependency theory, World system analysis, the structural theory of Imperialism, Modernization theory, collective clientelism and so on.

While it is not our intention here to examine all these theoretical frameworks, an attempt will be made to look at Dependency theory and collective clientelism which has been chosen for this study.

Dependency theory derives largely from the Marxist theory of economic development and it posits that the economies of the developing countries are adversely and excessively dependent on those of the developed countries. This, it argues, places developing economies in a difficult position to bring about autocentric development of their economies.⁸ Such dependence is seen in the areas of trade and technological relations, for instance. From a wider perspective, this dependence is explained in the form of creation of (a) a set of interlocking conditions and mechanisms in the third world social formations which make autocentric development impossible; that is, the effects of colonial capitalism on the internal structures of the colonized societies and the consequences of this on development, and (b) a relationship with the metropolitan economies which drains away the resources of the developing world - the veiled or open transfer of value from the developing to the developed economies.⁹

⁸Claude Ake, A Political economy of Africa, (London: Zed publishers, 1981), p. 32.

⁹Y. Barongo, Political Science in Africa: A critical review, (London: West view press, 1981), p. 181.

Thus, Dependency theory argues that the contemporary International economic system, characterized by a network of international trade produces and perpetuates underdevelopment of the Third world. The system is made up of rich and developed countries and poor and underdeveloped ones. These coexist in an unequal relationship brought about by colonialism and maintained thereafter through shared interests of the National bourgeoisie in the underdeveloped countries and foreign economic interests in the developed world. Since this is what accounts for third world underdevelopment, the third world should seek to minimize the intrusions of trade, western technology, transnational corporations and so on in order to protect themselves from the adverse effects of asymmetrical international economic relations with the Industrialized countries.¹⁰

At the extreme, the theory advocates a total re-orientation and radical disengagement of the developing countries from the existing International economic system and embark on a co-ordinated development of key sectors of their economies.¹¹

¹⁰G. Meier (ed), Leading Issues in economic development, (Oxford: University Press, 1984), p. 112.

¹¹P. Harris, A Political economy of Africa, (London: George Allen and Unwin, 1975), p. 121.

This theory is useful in laying bare the economic development experiences of Third World countries by showing their relationship with the developed world through trade and other forms of economic relationships. By offering an historical interpretation of third world economic development problems, it addresses the issues much more concretely than the orthodox theory which sees development in terms of sequential stages.

Yet the theory is bedevilled with serious flaws. It tends to treat the third world as a passive and undifferentiated group. Such perception ignores these countries' variety of pre-colonial histories and the variations in their colonial experiences that were to have a profound effect on the opportunities for indigenous capital accumulation, and thus, on the prospects for development in the post-independence era.¹²

Similarly, the theory underplays the importance of internal characteristics of economies and political systems that together determine the third world countries' potentials for industrialization, ability to bargain with external actors and their attractiveness to multinational capital. Since it perceives and locates Third World Underdevelopment on

¹²A. Hopkins, An economic history of West Africa, (New York: Free Press, 1973); p. 20.

its relationship to the developed world, it would typically view the Lome' IV Convention as a mere extension of the existing dependency relations. But this fails to recognize the possibility of the apparent mutual benefits derivable from the EC-ACP relationship.

An alternative framework and that which will be relied on primarily in our analysis is collective clientelism. This theory is usually associated with John Ravenhill.¹³ Briefly, this theory as used by Ravenhill in his analysis of EC-ACP relations offers a brief description of the nature of interaction between the EC and ACP states and the strategy adopted by the latter to extract optimal privileges from this as much as possible. That is, recognizing the asymmetrical nature of these relations which have been described as that of Patrons and Clients (EC are Patrons and ACP Clients), the clients embark on a strategy of collective clientelism in order to construct an exclusive regime under which they exert a claim on the patrons so as to preserve or gain particularistic advantages not possible or available to non-associated states.

Thus by collaborating with the Patrons, the clients obtain a privileged relationship not available to other

¹³J. Ravenhill, Op. Cit, p. 22.

countries of their general status. It offers the clients, therefore, the advantage of a dialectic of dependency: to exploit their present dependence and special ties in order to gain resources that will facilitate a future lessening of dependency.¹⁴ For instance, trade and investment may lead to a dependence of the clients on the patrons. But with time, economic intercourse would increase the resources available to the client (ACP) states. This, in turn, would increase or enable these states to pursue a policy of lessening dependence on the EC by trade diversification and other means.¹⁵

This form of clientelism is typified by the ACP States strategy in the Lome' Conventions negotiations where they sought to improve and strengthen their bargaining power with each passing convention. This they do by capitalizing on their strength in number in order to achieve through collective action what is difficult to achieve on a bilateral basis.¹⁶

To some extent, collective clientelism explains the EC-ACP relations in the Lome' Conventions. But it also has its limitations. First, the theory of collective clientelism could be said to be a-historical in that it pays little or no

¹⁴Ibid, p. 23.

¹⁵A.O. Hirschman, National Power and the Structure of Foreign Trade, (Berkeley: University Press, 1980), p. 11.

¹⁶J. Ravenhill, Op. Cit, p. 28.

attention to the antecedent conditions that produced the weak and dependent position of the ACP States in their relationship with the EC. Secondly, since the theory maintains that it is only through strategies of collective-ness, that the ACP benefit from their association with the EC, it ignores the other forms of relationship that exist between the EC and ACP on a bilateral basis.

However, our choice of collective clientelism as a theoretical framework is motivated by the fact that it accounts for the seeming contradiction that exists in the continued signing of Lome' Conventions and the non-lessening of ACP dependence on Europe. This, it explains as a strategy of being dependent today in order to gain needed resources with which to attack dependency tomorrow.

Literature Review

It is pertinent here to review some of the literature dealing with Nigeria's membership in the EEC-ACP partnership and the various benefits and problems that have arisen from her participation in the four Lome' Conventions that have been signed between 1975 and 1990. A review of such literature will no doubt assist us in our work by providing us the views of authors of such works concerning Nigeria's participation in the EC-ACP partnership.

Alao and Ajibewa's "Nigeria and the European community" traces the genesis of the relationship between Nigeria and the EEC to 1959 when Nigeria joined Ghana to persuade the six common market countries of Europe to lower tariffs on tropical products and to liberalize their trade policies. After this there was an apparent hiatus in the relationship. This hiatus was to continue until Britain filed its application to join the EEC and to negotiate on behalf of its former colonies in 1961. Nigeria opposed this, partly on the grounds that Britain's negotiating on her behalf will tarnish her image as a newly independent country.

In 1963 exploratory talks between Nigeria and EEC began and an agreement was later signed which was never ratified or implemented. But a new phase emerged in 1972 when British application to join the EEC was granted. Nigeria and other commonwealth countries were granted accession to the community. Subsequently, Nigeria has participated effectively in the negotiations of the various agreements reached under Lome'.

Alao and Ajibewa argue that Nigeria has on the whole derived little benefit from trade provisions of the Lome' Conventions. The reason given is that since crude oil presently constitutes over 90 percent of Nigeria's total

exports to the EC and Oil enjoys free access to the EC market, regardless of any trade concession agreement with the EC, not much is gained from the largely insignificant non-oil export to the EC market. Additionally, the EEC's share of exports in manufactured goods from Nigeria has not grown because of the low level of Industrialization in Nigeria.

Nigeria is not qualified to benefit from either stabilization of Exports fund (Stabex) or stabilization of mineral revenue fund (Sysmin) because of the dominance of oil in its economy. Though Nigeria still trades with the community in Agricultural products - Cocoa beans, cocoa butter, Palm Kernel and Cotton seed - none of these commodities benefits from the stabex fund since they do not satisfy the 7.5 percent threshold which a country's export commodity earning must reach to qualify for stabex.

In terms of Financial aid granted to ACP countries for technical assistance and industrial development by the European Development Fund (EDF) and the European Industrial Bank (EIB). Nigeria has not gained much because of the illusion of wealth created by the oil boom of the 1970's.

Afolabi's "Nigeria and the EEC" argues that Nigeria's trade performance with the EEC is typical of the general trends of the overall balance of commercial relations between the

ACP and the EEC, but nonetheless remains significant. Although Nigerian economic performance given its association with the EEC has fallen below expectations, yet Nigeria remains one of the few, if not the only member state of the ACP with domestic market potentials and resources that in conjunction with its emphasis on self-sufficiency or self-reliance in food and agriculture can through consistent and aggressive external trade promotion policy take full advantage of the acclaimed free access undertaking of the Lome' Convention, particularly in areas of semi or fully processed goods.

Adetula's "Towards Lome' IV and beyond" opines that the Lome' Conventions instead of laying a solid foundation for economic interdependence and complementarity between the EC and ACP leaves out the fundamental issues which seriously affect development. For instance, there is no appreciation of the character and role of the domestic social forces in the ACPs as they affect the developmental process. Lome' does not seriously consider restructuring at the National level by the ACPs to revise their condition of underdevelopment and dependency.

To Adetula, the incontrovertible fact remains that, as long as Lome' is negotiated under an international production

relations that promotes dependency in the ACPs seeking to make the south permanent 'hewers of wood and drawers of water' and the North, the owners and controllers of the means of production (capital and technology), the agreement will have no meaning to the poor who are in the majority in the ACPs.

Eke's Nigeria's Foreign Policy under Two Military 1966-1979, is of the opinion that Nigeria's involvement in the ACP bloc negotiations with the EEC has helped her image alot. First, her diplomatic manoeuvrings around the period when this bloc was established ensured for her a leadership role that was to help her establish ECOWAS with the help of Togo. Secondly, Nigeria's image as a country which was ready to sacrifice a lot in order to better the lot of down-trodden people was also enhanced.

To Eke, the economic gains, although they have not been spectacular, are in the areas of the removal of tariffs and barriers affecting trade, and aid which Nigeria has received from time to time, to pursue certain specific developmental projects.

K.J. Twichett's Europe and the World: The external relations of the common market argues that the EEC was founded for the following reasons: to end the centuries of conflict in Europe which culminated in two world wars, to

remove the economic frontiers dividing Western Europe into small protected markets, to promote the economic and social well being of the peoples of its member states and to regain some of the influence in world affairs which the states of western Europe can no longer command alone, and to further world peace and international order generally.

Although the EEC is occasionally denounced as a selfish economic bloc concerned only with the economic well-being of its member states, the EEC was founded primarily to safeguard the interests of its members, but it has also been comparatively generous in giving commercial concessions to ACPs. The EEC as a bloc remains the greatest source of Aid for the ACPs. EEC also accounts for over 50 percent of the trade of most associated third world states.

C.C. Twichett's "From Association to Partnership" is of the opinion that the Lome' Conventions have been encouraging and remain a novel approach to international economic relations. But she also accepts that the Lome' Convention as it is now falls short of the expectations of many ACPs and other developing countries. Whatever its ultimate achievements, the convention's provisions cannot solve the massive problems associated with poverty, disease and underdevelopment in Africa and elsewhere. But within an admittedly restricted framework, the EDF could make a

considerable difference to the earning expectations of recipient states and also make a useful contribution towards meeting a modest portion of the needs of ACP states. Ultimately, the trade, industrial and technical assistance clauses of the convention depend for their implementation on individuals in companies, and agencies throughout the world who have the determination to grasp the opportunities offered. The new Lome's partnership may well be an imperfect instrument for development but it does represent a welcome step towards increasing co-operation on a global scale.

O.E. Essien's "The implications of European full integration in 1992 for the Nigerian economy" analyses Nigeria's membership of the EEC-ACP partnership and dates its concrete origin to 1975 when Nigeria signed the first Lome' Convention. Essien argues that the principal link between the EEC and the ACP has been the Lome' Convention, the first of which was signed in 1975, followed by the second, third and fourth versions in 1980, 1985 and 1990 respectively. The convention offers a framework of co-operation in Trade, Aid and investments.

Essien also argues that the 1992 European Common Market Act is meant to advance the process of European integration further by eliminating internal barriers and ensuring economic and social progress as well as the harmonization of

the community approach to monetary, fiscal and countercyclical policies. By 1992, there will be free flow of trade and Goods and free movement of persons, capital and financial services. This is expected to affect Nigeria in various ways. In the short run, current pattern of trading relationship might not be significantly disrupted since Nigeria's exports consist mainly of crude petroleum which cannot be shut out of Europe, at least for now. No immediate reduction in Aid and investment pattern seem likely. In the long run, competition in the EEC market might be rendered difficult for Nigeria if existing preferences are reduced.

A. Idris and A. Olukoshi's "Europe 1992: What implications for Nigerian diplomacy" opine that one of the main objectives of Europe 1992 is to boost intra-EEC trade whilst simultaneously increasing the community's share of world trade. Through the single market, the EEC is expected to become the biggest integrated trade bloc in the world and the challenges which this situation poses for Nigeria are enormous.

Idris and Olukoshi are of the opinion that Europe 1992 could make Nigeria's quest for the increase of its exports, both to the EEC and other parts of the world, much more difficult to achieve. Of course, the single market is also bound to throw up new trading opportunities which the most

flexible non-EEC economies can profit from but whether Nigeria will be able to partake in such opportunities is open to question. The structure of Nigeria's domestic production particularly of primary commodities is such that the country may not be able to respond to such opportunities, a fact which is reinforced by the reality that manufacturing for export is yet to begin on a significant scale inspite of the many incentives which the Federal Government has introduced to encourage exporters.

Methodology

For the purpose of this study, a research technique called content analysis will be used. Content analysis, according to Berelson¹⁷ and Galtung¹⁸ is "a research technique for the objective, systematic and quantitative description of the manifest content of communication". Communication on its own, does not read meaning into a problem, rather it takes the researcher's ability to collect, organize, describe, analyze and explain circumstances from the results of his findings. Content analysis, here, will be carried out on documents, memoirs, histories and government publications. Our main purpose of adopting this technique

¹⁷B. Berelson, Content Analysis in Communication Research. (London: Free Press, 1954), p. 16.

¹⁸J. Galtung, Theory and Methods of Social Research, (London: George Allen & Unwin, 1969), p. 72.

is to gain an insight into the thought processes of key policy makers and influencers of decisions who may not be available for interview.

Specifically, actual and original documents concerning Nigeria's association with the EEC will be studied to enable us explain Nigeria's role over time, in this association and what she has benefitted or lost in the process. A detailed examination of the Nigerian economy will be carried out to enable us ascertain what effects this relationship has had on the Nigerian economy.

In trying to answer the question: if Lome' IV provisions on trade and Aid will boost Nigeria's trade with the EEC and improve her economic performance, we will examine if Nigeria's trade volume with the EEC has any potential of increasing or decreasing under Lome' IV; will her share of the EEC market increase or decrease in this period? Also has there been noticeable diversification in Nigeria's export trade? Trade figures will be analyzed to account for this.

In the area of Aid, we will analyze Nigeria's share of EEC aid allocation under the previous Lome' Conventions and under Lome' IV to know how far Nigeria has benefitted and if she stands to benefit more from Lome' IV provisions.

Additionally, the personal and questionnaire interview techniques will be utilized to enable the researcher become acquainted with the views of some key policy makers in Nigerian foreign policy and knowledgeable personalities on issues dealing with Nigeria's association with the EEC.

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HISTORICAL BACKGROUND OF NIGERIA'S ASSOCIATION WITH
WITH THE EEC

The European Economic Community came into legalised existence on January 1, 1958 following the Treaty of Rome, which guaranteed the inception of the community, which had been signed on March 25, 1957. The treaty had among other things, made provisions for the association of overseas possessions and dependencies of member states. These possessions and dependencies were referred to as overseas countries and Territories (OCTs). The OCTs were offered varied preferential treatments in the community. France, for example, granted customs exemption to products originating from its dependencies, while Belgium granted customs exemption to products originating from Zaire (then Congo), Rwanda-Urundi, the Dutch Antilles, Surinam and Dutch new Guinea.¹

These new dependencies (which were still colonial possessions) reciprocated the gestures of the community members in varying fashion. The French dependencies in West Africa, for instance, granted a degree of preference to goods from Metropolitan France, while trusteeship territories such as Togo, Somalia and the Cameroons applied non-discriminatory custom tariffs on goods coming in from the community.²

¹W. Zartman, The politics of trade negotiations between Africa and the EEC: The Weak confront the strong, (New Jersey: Harper & Row, 1971), p. 7.

Suffice it to say that in the negotiations of the Rome treaty, the EC countries held divergent positions on their relationship with the colonies. For instance, while France wanted to maintain closer ties with the colonies, Germany was opposed to this, on both economic and political grounds, arguing that such an arrangement would be tantamount to a return to the colonial era when colonialism was a drain on European resources and a stigma. This was supported by a rising Nationalism which was vehemently opposed to a reinforcement of colonial ties at a time such ties were supposed to be diminishing.³

Why the French preference for African colonies? The answer lies in part on her colonial policies of Assimilation and Association. Through Assimilation, France treated her colonies as part of France and sought to make African citizens become and think like French men - it aimed at inculcating in the colonial natives, French civilization.⁴ Association policy, on the other hand, recognized that the African societies were basically different from the French society to be assimilated easily. Therefore, rather than

³ S.H. Roberts, The history of French Colonial Policy 1870-1925, (London: Zed Press, 1963), p. 67.

⁴ N.A. Waldemar, The Great Powers and Africa, (London: Westview Press, 1969), p. 130.

'Frenchify' African societies, it recognized and accommodated existing African structures and customs. The result of these policies was the close relationship that emerged between France and her (Francophone) colonies in the creation of the Franc Zone and the Surprix system which guaranteed prices to the products of her colonies (particularly Senegal) considerably above those prevailing in the world market.

It was these privileges that France sought to promote via the Treaty of Rome consisting of the adoption of the term 'Associates' (derived from her policy of Association) to describe the relationship between the EC and the African colonies. Thus French colonial policies which had tied her largely to the colonies affected her attitude towards the treaty of Rome. So important was this issue of the colonies that France made it a condition for her signing and ratification of the Rome treaty, a satisfactory agreement on provisions for the colonies, including preferential access to them.

Belgium also supported close association with the colonies and maintenance of trade preferences. Her attitude (like that of France) lay in her colonial policy which sought to make the Congo a 'model colony'.⁵ Since decolonization

⁵ Ibid, p. 145.

was regarded as a remote possibility, she assumed a paternalistic policy of generous economic and welfare benefits, and an elaborate system of administrative participation. The aim was not to construct a sovereign congo, but a Eurafrikan society integrally linked to the metropole. It was this policy that she reflected in the negotiations for the Treaty of Rome.

On the other hand, Holland, Italy, Netherlands and Luxembourg were reluctant about sharing the burdens of providing assistance to the African colonies or territories on the EC basis, though Italy could not discount her interest in Somaliland's banana and general influence. The Germans and the Dutch objected to being seen as contributing indirectly to colonial wars and a trade scheme that was most beneficial to only some members of the community.

These differences notwithstanding, the Treaty was signed and the Association put in place after several compromises and trade offs by the EC members on their negotiating positions. By the Treaty, preferential colonial relations were to be multilateralized, while African colonies (now known as Associates) would enjoy greater trade and investment. Provisions of Article 131 of the Rome treaty assured this special relationship.⁶

⁶Op. Cit, Zartman, p. 25.

Association of the overseas countries and territories had to be negotiated as they became politically independent. Between 1962 and 1963, African and Malagasy members (AAMS) of the OCTs who were now politically independent, collectively negotiated an association convention with the EEC. This convention which was signed in 1963 between six EC members and 18 associated African and Malagasy states was known as Yaounde I Convention. This convention was for an initial period of five years, scheduled to last between 1963 and 1968.

Nigeria and most commonwealth countries were neither involved in the Yaounde negotiations, nor their implementation for reasons that are to be made explicit later.

The post-independence foundations of relations between Nigeria and the EEC, then consisting of only six members, were laid during the 'exploratory talks' at Ministerial level with the commission from the 21st to the 29th of November 1963 in Brussels. The talks were held on the instructions of the late Prime Minister of the Federal Republic of Nigeria, Alhaji Abubakar Tafawa Balewa, and mainly devoted to:

- a) an exposition of the various agreements which the commission has recently entered into namely, the convention of association between the EEC and the 18 AAMS, the Association agreement with Greece and with Turkey and Iran;

- b) an examination of Nigeria's problems in her trade with the members of the community and therefore a search for the possible bases for negotiations between the six and Nigeria.⁷

Nigeria made it clear to the commission that it did not seek association with the EEC under part four of the treaty of Rome. What she sought was 'an alternative course' which would promote her trade with the community. It is however significant to recall that throughout the discussions with the commission of the EEC, evidence shows that Nigeria kept the interests of the AAMS in mind by indicating to the commission that Nigeria would be willing to provide for consultations with the states then associated with the community with a view to safeguarding their existing interests in the event that Nigeria's negotiations with the six resulted in an agreement. This concern has remained one of the cornerstones of Nigeria's relations with the EEC.⁸

The exploratory talks between Nigeria and the commission of the EEC afforded both sides, particularly the Nigerian side, the opportunity to examine all options open to Nigeria in her bid to associate with the EEC. The talks succeeded in identifying the principles and criteria that would form the

⁷ P. Afolabi, "Nigeria and the EEC" in Olusanya and Akindede Nigeria's External Relations: The first twenty five years, (Ibadan: University Press, 1986), p. 100.

⁸ Ibid, p. 100.

basis of Nigeria's negotiations with the six, of a special agreement which would extend the community's free trade area facilities to Nigeria on the basis of reciprocity. The extent of this reciprocity would itself be a major issue for negotiation.

The formal negotiations between Nigeria and the EC took place in Brussels in July 1964 and were conducted under Article 233 of the Treaty of Rome which states as follows:

'the community may conclude with a third country, a union of states or an international organisation, an agreement creating an association embodying reciprocal rights and obligations, joint actions and special procedures'.⁹

Earlier in April 1963, Nigeria had in a declaration of Intent which specified three alternative approaches open to third countries, opted for the second formula namely, to negotiate for an Association agreement comprising reciprocal rights and obligations notably in the field of trade. Three main areas covered in the negotiations were identified as: (a) right of establishment, services and capital, (b) Trade and (c) Institutions.

The negotiations for association between Nigeria and the EC were protracted and made particularly so by France

⁹A.A. Owosekun, Prospects for Nigeria's major export Commodities in the expanded EEC, (Ibadan: NISER, 1980), p. 2.

which saw the exercise as an opportunity for her to take revenge on Nigeria for breaking off diplomatic relations with her on the 5th of January 1961 over France's persistent explosion of Atomic Bombs in the Sahara desert. Furthermore, France did not see any justification for Nigeria's refusal to be associated with the EEC under the Yaounde' Convention.

On July 8, 1965, the final phase of the negotiations between Nigeria and the EEC came to a success with the texts of agreement exchanged a year later on June 14, 1966. The agreement establishing Association between the EEC and Nigeria usually referred to as the Lagos treaty was signed in Lagos on July 16, 1966 and was meant to expire on May 31, 1969. However, there was a provision in Article 32 of the agreement for either party to abrogate the agreement after giving six months notice to the other party. The European parliament sitting at Strasbourg passed a resolution approving the Lagos convention on November 30, 1966.

The Lagos convention agreement established a model of association confined to trade; it rejected not only the close political ties envisaged in the Yaounde Convention, but also, the scheme of European multilateralism in the finance of development. However, it involved reciprocal

rights and obligations.¹⁰

According to Moss,¹¹ this agreement was a pure trade and accord/contained no aid provisions. This accord established a modified free trade area between the six members of the EEC and Nigeria. It granted Nigerian products free entry to the common market at the EEC internal tariff rates (that is lower/ than rates applied to third parties) with the exception of four export commodities - Groundnut oil, palm oil, cocoa beans and plywood. Nigeria in reciprocal terms, accorded marginal tariff preferences of between two and ten percent to 26 EEC products.

The Lagos treaty was significant to the extent that it was looser than the Yaounde Convention and it served as a precedent for other African States seeking association with the EEC. The then Nigerian Minister of Finance, Chief Festus Dkotie-Eboh, expressed the spirit of the agreement when he stated that, "we want trade relations with a minimum of institutional links".¹²

¹⁰J. Moss, The Lome' Conventions and their implications for the United States, (Essex: University Press, 1982), p. 9.

¹¹Ibid, p. 12.

¹²K.K. Eke, Nigeria's Foreign Policy under two Military Governments, 1966-1979, (New York: Edwin Mellen Press, 1990), p.90.

However, the Lagos agreement was never ratified because of France and Luxembourg's failure to endorse ratification; and it was never implemented because of the civil war and governmental changes.

Following the example of the Lagos treaty, three East African nations - Kenya, Tanzania and Uganda negotiated a preferential Trade Agreement (P.T.A) with the EEC. However, the negotiation proceedings were longer and more difficult than those of the Yaounde and Nigerian agreements. Finally, on September 24, 1969, the Arusha agreement was signed and ran concurrently with Yaounde II from 1970 to 1975.

In 1972, the Treaty of accession was signed joining Great Britain with the European community. The 20 independent commonwealth states which had earlier on enjoyed a commonwealth preferential Trade agreement were offered three possible forms of relationship with the EEC, delineated in protocol 22 of the treaty of accession. These possibilities applied to the Yaounde countries as well, and associated states of Ethiopia, Liberia and Sudan as well as Tunisia, Morocco, Libya, Algeria and Egypt. The first option was accession to a Yaounde-type agreement; the second called for "one or more special conventions or association" which would, as with Arusha, comprise "reciprocal rights and obligations particularly in the field of trade";

the third option was a simple trade agreement with a view to facilitating and developing trade between the community and those countries.¹³ Each country was asked to respond by January 1973 to the community offer with a statement on the option it had chosen so that negotiations will begin in August of that year.

The 18 Yaounde' Countries initially responded by choosing the first form of association, to which they were, of course, already party. They finally reiterated that given their close economic relations with Europe and the benefits received under association, they chose to base their development plans on co-operation with the EEC rather than seek success through the United Nations or a Pan-Africanist approach.

The reactions of the commonwealth African countries to the EEC's three rungged offer was sharply critical. They claimed that the economic advantages offered by the Yaounde type of arrangement were meant to induce them to accept certain conditions which they regarded as inconsistent with their economic development and political independence. Their attack was manifold.

In the field of trade, their main objection was to the requirement of granting reverse preferences, which stemmed

¹³Moss, Op. Cit, p. 15.

from the concept of association as a free trade area between the community and the associates. The Yaounde countries had been required to grant reverse preferences and the East African community and Nigeria also granted a significant number of tariff preferences to the community in order to conclude their association agreements. Nigeria whose trade agreement with the EEC had never gone into force, was highly critical of the reverse preference agreement and was the first country to reject¹⁴ it in preparation for the Lomé¹ talks. Reverse preferences were also criticised as inconsistent with the principle - recognized in part four of the General Agreement on Trade and Tariffs (GATT) - that the developed countries should not expect reciprocity in Trade negotiations with less developed countries. Furthermore, these countries argued that reverse preferences prevented them from buying in the cheapest foreign export markets. ¹⁴

In the realm of Aid, the Commonwealth countries took exception to the policy of linking Aid from the European Development Fund (EDF) with what they saw as the political condition of acceptance of the Yaounde¹ model; they also rejected the requirement under Article 22 of Yaounde II convention to inform the commission of their development plans

¹⁴J. Lodge (ed), The European community and the challenge of the future, (London: Pinter Publishers, 1989), p. 24.

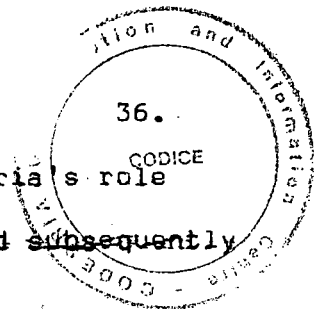
and programmes and to communicate any later amendments. These requirements, they felt, were an infringement on the Associates' political sovereignty. The commonwealth countries also claimed that Yaounde' Provisions regarding the right of establishment of capital imposed too much external restriction on the Associates.¹⁵

In addition, there was a deep unease with the form of Yaounde' agreements. They considered it a political and psychological problem to accept an institutional structure which was created under specific terms of co-operation between France and Africa at a time when the colonial era was drawing to a close. Yaounde' was considered a kind of colonial 'anachronism' which had helped to perpetuate the division of Africa originally imposed by the imperial powers.¹⁶

For the following few months, political manoeuvrings took place between the Yaounde' and commonwealth groups within the OAU, the U.N. and the Economic Commission for Africa (ECA). The result was the formation of the ACP bloc, composed of Francophone and Anglophone Africa, Ethiopia, Liberia and Sudan and the Pacific and Caribbean countries.

¹⁵R. Boardman, T. Shaw, and P. Soldatos, Europe Africa and Lome III, (Dalhousie: University Press, 1985), p. 91.

¹⁶K. Billerbeck, The negotiation on Association between the Commonwealth Caribbean and the EEC -- Problems and approaches for solution, (Berlin: German Development Institute, 1963), p. 3.



Here, we deem it pertinent to examine Nigeria's role in the formation of the ACP negotiating bloc and subsequently in the negotiations of Lome' I with the EC.

At the beginning of the 1970's, the Gowon regime which was then in power, was not impressed by arguments supporting the establishment of a close relationship with the EEC. Thus, the regime was reluctant to either seek for ratification of the earlier Lagos agreement or enter into a new agreement with the EC. In fact, it was highly suspicious of the Yaounde' Convention as evidenced in the words of Wenike Briggs, Gowon's Federal Commissioner for Trade and Industry who spoke of the Yaounde' agreement between EEC and AAMS as being "a subtle and clever device to ensure the supply of raw materials for European factories, while it provided virtually guaranteed markets in the Associated countries for the European manufactures".¹⁷

Secondly, apart from this perception of the arrangement as neo-colonialist, the Gowon regime was also reluctant to enter into an agreement with the EEC because of France's dominance in the Association. France had supported the Biafran secessionists during the Nigerian civil war.

Thirdly, the regime was not ready to lose the preferential treatment its exports to the commonwealth markets, especially

¹⁷W. Briggs, "Negotiations between the enlarged EEC and ACP countries", in the Nigerian Journal of International Affairs, Vol. I, No. 1, July 1975, p. 17.

Britain enjoyed. These were preferable to offers made by EEC.

But later, this initial skepticism changed to enthusiasm. Four reasons account for this volte-face. First, the various studies on the issue commissioned by the regime were not conclusive with regards to the debilitating impact of integration with the EEC on the Nigerian economy. Secondly, the regime succumbed to the appeals both by the East African community (EAC) delegation of commonwealth 'associables' and the Caribbean delegation, for the African and Caribbean associables to take a united approach in which Nigeria was to play a leadership role in their negotiations with the EEC. The opportunity for demonstrating Nigeria's leadership capabilities was one that the Gowon regime could not pass up. Thirdly, the regime's interest in the development of ECOWAS influenced the change. The regime sought to tie Nigeria's leadership role in the Lome' Convention negotiations to its ECOWAS diplomacy. Its effective leadership in the Lome' negotiations was contributory to its latter success in winning the confidence and trust of the Francophone states which hitherto had doubts about Nigeria's intentions in seeking the development of a regionwide economic community.

The fourth reason for the change was the emergence of the OAU consensus in support of a united approach to negotiations with the EEC. This was a manifestation of the regime's tendency to wait for the emergence of an OAU consensus on issues before taking a position based on that of the organisation.¹⁸

The regime's fence-sitting on the issue at first was clearly evident in its diplomacy during the period from July 1972, when talks about a possible united front started, to the May 1973 OAU heads of State summit.

During this period, even though the regime played host to several EAC and Caribbean delegations and took part in various conferences aimed at fashioning a common front, its behaviour was analagous to a reluctant African bride pressurized into accepting a suitor to whom she is not certain she wants to be married to.¹⁹ For instance, the Nigerian high commissioner in London hosted a meeting of the African commonwealth associate countries in July 1972 devoted to the subject of their relationship with an enlarged EEC and the regime also participated in an African commonwealth Trade Ministers Conference in February 1973, significant for setting the tone of several meetings by the commonwealth associate group and later the ACP group that was to follow.

¹⁸ K.K. Eke, Op. Cit., p. 92.

¹⁹ Ibid, p. 92.

Furthermore, the regime was a member of an African commonwealth delegation that visited the Caribbean and Yaounde' Countries to inform them of the decisions reached at the Lagos meeting of Trade Ministers. It also took part in the Second African Commonwealth Trade Ministers' Conference in Nairobi, Kenya in April 1973. Yet the regime was not certain as to whether or not it was going to be part of the integrative effort.

However, the Lukewarm support that became evident early in 1973 was to change into enthusiasm at the Heads of State and Government summit held on the occasion of the Tenth anniversary of the OAU at Addis Ababa in May 1973. The key reasons for this change have already been discussed. Nevertheless, we should add here that Gowon's mounting of the Chairmanship of the OAU contributed in no small measure to the enthusiasm that Nigeria exuded at this time.

Gowon played a very active role in ensuring that the eight basic principles that were proposed by the Ministers of Trade and development were adopted in Addis Ababa over the opposition of Senegal and Cote d'Ivoire (formerly Ivory Coast).²⁰ To further consolidate the United front that had been forged, Gowon presented Nigeria's offer to host an OAU ministerial conference on relations with EEC to which

²⁰ West Africa, 2nd April, 1973, p. 46.

Ministers from the Caribbean and Pacific were invited as observers.²¹

The Gowon regime's enthusiasm was also evident in the part played by Gowon's Trade commissioner, Mr. Briggs and his Ambassador to Brussels, Edward Olu Sanu, in the concretisation of ACP consensus and actual negotiations with the EEC. Mr. Briggs played an important role in forging the consensus that emerged from the Ministers during the conference hosted by Nigeria. In his own words:

as Chairman, it was my job to compose and reconcile the division and differences of views that existed among members and I can assure you that it was not an easy one. At one stage, the conference had to adjourn to facilitate consultations among participants.²²

Mr. Briggs efforts were rewarded with his nomination to serve as the spokesman of the African group during the preliminary talks with the EEC Ministers in Brussels that laid down the modalities for the negotiations that were to be dealt with at three levels - technical, Ambassadorial and Ministerial - between the ACP and EC States.²³

²¹ W. Briggs, Op. Cit, p. 21.

²² Ibid, p. 23.

²³ Briggs, Op. Cit, p. 31.

At the Ambassadorial level, Nigeria's Ambassador, Olu Sanu played a role consonant with the Gowon regime's overall leadership in the negotiation process. Although Nigeria's status within the ACP group may have influenced the decision to elect Olu Sanu to chair the committee of Ambassadors and Plenipotentiaries, it was his effective leadership of the committee that kept him in the position throughout the negotiations of Lome' I, despite the fact that the position was supposed to be rotated every three months among members of the group.²⁴

Thus, Nigeria given her oil wealth which was on the increase at the beginning of the 1970's and concrete diplomatic gains at this period, was able to secure for herself a leadership role in the ACP negotiations with the EEC and also became an important member of the EC-ACP association.

²⁴K.K. Eke, Op. Cit, p. 95.

A SURVEY OF THE LOME CONVENTIONS: NIGERIA'S ROLE
IN THEIR NEGOTIATIONS

Several circumstances led to the Lome' Conventions at the expiry of the second Yaounde' Convention in 1974. One of these was the British entry into the EC (via the ~~treaty~~ of Accession) in 1972. Eurafrican arrangements had to reflect and accommodate British interests and those of her commonwealth territories.

Secondly, there was widespread disillusionment with the Yaounde' Conventions which most of the Commonwealth countries saw as neocolonialist arrangements.

To accommodate the commonwealth states, the 1972 Accession treaty, through protocol 22, offered three possible forms of relationship with the EC: (a) access to a Yaounde'-type arrangement; (b) one or more special convention (c) trade agreements. Although the commonwealth states had reservations about these options, their lack of well articulated policy alternatives and desire to obtain trade and Aid benefits led them to choose the option of association.¹

Notwithstanding the mutual benefits of presenting a 'common front' in the negotiations, there were divisions among the commonwealth and Yaounde' associates. While the former queried the arrangements as they existed between the EC

¹J. Moss, Op. Cit, p. 15.

and associated states as being colonial, the latter were more concerned with their privileged position which was threatened by the entry of the commonwealth states into the association. These differences tended to weaken an already weak negotiating position of these states vis-a-vis the EEC.

On its own, the EC was better organized: it possessed an articulate policy towards the ACP generally as well as the experience and technical expertise to actualize it. Yet, there were differences in points of detail among the EC countries in their approach to issues of Eurafriean relations. For instance, while France had insisted on Association status for the colonies under the Rome treaty, Britain made the special arrangement for Sugar (in the interest of the commonwealth territories) a 'Sine qua non' for her ratification of Lome' I treaty. At the end however, these intra-EC differences did not prevent it from granting the ACPS, what it considered good for them on a 'take-it-or-leave-it' basis.²

This was so not only because of the ACP states' weaknesses, but also their differences in specific points of detail in the negotiating process. For instance, while sugar was of concern to the Caribbean and Pacific states, it

²M. Lister, The European Community and the Developing World: The role of the Lome' Conventions (Aldershot: George Allen & Unwin, 1988), p. 75.

was of less importance to African states. In fact the former's pressure for a deal on sugar was resented by the latter. In this way, the promise of acting as one in order to wrest vital concessions from the EC remained largely unfulfilled. This problem has basically stayed with the ACP states in their negotiations for the various Lome' Conventions.

However, it is important to recall that much work was done for the purpose of harmonizing the positions of the Associated and the Associate ACP countries before the commencement of and during the negotiations with the Europeans. Mention has been made in chapter Two of this study of how Nigeria provided the much needed leadership that helped engineer compromises among the ACP states. The period of the negotiations between the EEC and ACP was one in which there were many meetings between the ACP states.

Some of such inter-African and Caribbean meetings included those held in London by the Commonwealth associate countries in April and July 1972; visit to Lagos in September 1972 by a Caribbean delegation; visit to Lagos in February 1973 by a delegation of the East African community (EAC). All these culminated in the first African Ministerial in Dar-es-Salaam in October 1973. All these meetings were aimed at defining the future relationship between the EEC and

the ACP.³

Thereafter, the accredited representatives of the EEC and ACP went into rounds of formal negotiations. The first round of negotiations took place in Brussels from November 14, 1973 to February 14, 1974. At this stage of negotiations, discussions moved from the level of general statements to the discussion of specific problems pertaining to the issues raised at the preliminary stage of negotiations.

An all African Trade Ministers' meeting was held in Addis Ababa between 20th and 22nd February 1974 to appraise the two rounds of negotiations with the EEC. This meeting also reaffirmed the unity of negotiating states by formally recognizing the Caribbean and Pacific states as negotiating within a single framework with Africa. Hitherto the three groups maintained separate bureaux. Nigeria's decision to negotiate with the rest of Africa a global agreement with the EEC on Trade, economic and technical co-operation came out of the decision taken at the Tenth session of the OAU heads of state and the subsequent ministerial meetings held in Addis Ababa and Lagos in 1973. The Addis Ababa meeting adopted eight basic principles that were to govern ACP demands in the negotiations in Brussels. In brief, these eight principles demanded:

³Afolabi, Op. Cit., p. 22.

1. non reciprocity on Trade and Tariff concessions;
2. the extension on a non-discriminatory basis toward third countries, of the provisions on right of establishment;
3. revision of the rules of origin so as to facilitate the industrial development of ACP countries;
4. revision of the provisions on the movement of payments and capital to take account of the objective of monetary independence in African countries and their need for monetary co-operation;
5. dissociation of EEC financial and technical aid from any particular form of relationship with the EEC;
6. Free and assured access to the EEC markets for all African products including processed and semi-processed Agricultural products whether or not they are subject to the common Agricultural policy (CAP) of EEC;
7. the guaranteeing^{of} 10 ACP states ~~of~~ stable, equitable and remunerative prices in EEC markets for their main products in order to allow them to increase their export earnings;
8. future arrangements that would have no adverse effects on intra-African co-operation.⁴

⁴J. Ravenhill, Op. Cit., p. 85.

The third phase of the negotiations with the Europeans took place in Brussels in March 1974 during which, in addition to issues raised previously, the ACP side stated its position on the issue of industrial co-operation and stabilization of export earnings. This phase of negotiation was followed by another meeting of African Ministers of Trade in Dakar, Senegal from June 3 to 6 1974, to assess the position of negotiations in preparations for the joint ministerial council meeting between the EEC and ACP ministers scheduled for Kingston, Jamaica on July 25 and 26 1974. The Kingston meeting was expected to settle all outstanding matters in the negotiations.

Although the Kingston joint ministerial meeting was the first to carry out negotiations at ministerial level between the two sides, it was a successful experiment. Both sides had a sense of commitment to the success of the meeting and it paved the way for the signing on February 28, 1975 of Lome I.

Suffice it to mention that during the course of negotiations for this convention, Nigerian delegations were particularly interested in two key issues.⁵ These issues were: non-reciprocity with regards to the preferential treatment that ACP commodities were to receive in the EEC markets; and the

⁵ K.K. Eke, Op. Cit, p. 95.

institution of a mechanism for the transfer of technology from the EEC to ACP states. The first issue - non-reciprocity which was one of the eight basic principles formulated by the ACP group was anathema to the Francophone States especially Cameroon, Niger and Senegal and was a major source of friction between the Francophone - Yaounde group and the commonwealth associables who saw it as pivotal.⁶

Although the principle of non-reciprocity finally found its way into the final text of Lome I, it should be noted that this apparent EEC concession was not necessarily a product of pressures from Nigeria or the ACP as a whole. Instead, it came as a result of pressures from the United States Government which argued that reciprocity was against economic demarche' instituted in GATT.⁷

The other objective of the Gowon regime in the Lome' convention negotiations - the institution of a mechanism for the transfer of technology found expression in the Industrial co-operation chapter of the Lome' treaty which according to Ambassador Olu Sanu "was the handiwork of the Nigerian delegation".⁸ The first memorandum on the subject which was

⁶ Ibid., p. 96.

⁷ Ibid, p. 97.

⁸ West Africa, 10th February 1975, p. 151.

approved by the joint meeting of the ACP-EEC Council of Ministers was written by Nigeria's Dr. H. Onitiri, while the Nigerian delegation in Brussels played a key role in the drafting of the chapters that appear in the final treaty.

Nigeria's role in the negotiations of the first Lome' Convention was a very important one. Her role in achieving a level of unity among the ACP states and forging of a common group position cannot be overemphasized.

Negotiations of Lome' II

Lome' I did include elements that were considered innovative in North-South relations: A contractual aid and trade regime, and the scheme for the stabilization of export earnings. Maintenance of ACP unity and at the very success of reaching an agreement on Lome' I produced a certain level of euphoria on the ACP side. This was to be shortlived however. There was disillusionment over the commission's narrow interpretations of the Lome' I treaty provisions and this sustained the push for a renegotiation. From the onset, it was clear that the two parties - the EEC and ACP held divergent views on the purpose of this renegotiation.

In its memorandum to the council, the ACP commission stated that the essential purpose of the negotiations must be to consolidate and strengthen the Lome' Convention.

However, we must note that these renegotiation talks were taking place at a time when progress in the North-South dialogue was laboured, and in the background international economic crisis had darkened the horizon and had reduced the various possibilities open to the community.⁹

Since Lomé I, deterioration in the International economic climate had weakened the ACPs' bargaining position. Lack of progress towards the achievement of a New International Economic Order (NIEO) in various International fora had the consequence that a source of negotiating power anticipated by the ACPs in 1974 failed to materialize. Oil power had rebounded to the disadvantage of many ACP states, resulting to their economies being afflicted not only by soaring bills for imported fuels, but also to a decline in the prices of their primary product exports as a result of reduced demand in the West. The world sugar price had collapsed to one-quarter of that which prevailed in February 1975. Hopes for successful cartels for other primary products had proved illusory for the ACPs. Against this background, ACP expectations of the extent of progress which might be attained in a convention were modest: this was reflected in their behaviour at the negotiating table where a lack of self-confidence in the group's ability to attain its goals led to

⁹F. Long (ed), The Political economy of EEC relations with the ACP States. (Oxford: University Press, 1987).

failure to maintain a high level of group solidarity as had been the case in Lomé' I negotiations.

Like its predecessor, the Murtala - Obasanjo regime which was in power during the negotiations of Lomé' II perceived the Eurafrikanist Strategy as a useful tool for Nigeria's economic development. The regime continued Nigeria's support for Lomé' I despite the pervading unhappiness with the fashion in which the convention was being implemented by the EEC, which had totally disregarded the apparatus that was set up by the Treaty for consultation with the ACP states in making important decisions such as the disbursement of Aid. It sent delegations to joint EEC/ACP meetings and to the joint ministerial meeting held in Brussels in July 1976, and the Suva Fiji meeting at which the ACP states formally registered their complaints regarding the 'modus operandi' of the convention.¹⁰

Despite the regime's unhappiness with Lomé I and the manner in which it was being implemented, when time came for the negotiations of a new agreement, it jumped on the ACP bandwagon, contrary to the advice of its critics and some of those who took part in the negotiations of Lomé' I like Ambassador Olu Sanu.

¹⁰ K.K. Eke, Op. Cit, p. 99.

The Muhammed/Obasanjo regime's objectives in the negotiations of Lome' II were: one, the renovation of Lome' I so that ACP States could benefit more from the arrangement; and two, substantial increase in the amount of resources committed to the EDF and the centre for industrial Development which it saw as a conduit for the transfer of European technology to the ACP states. However, the regime's low-keyed EEC-ACP Policy of the late 1970's and the disunity within the ACP group was to handicap the Obasanjo regime's ability to achieve its objectives in Lome' II.

The negotiations for Lome' II clearly lacked the enthusiasm and leadership provided by Nigeria in the Lome' I negotiations. Negotiated at the dawn of global recession that took hold of the international economy in the late 1970's and early 1980's and at a time the 'Oil weapon' had lost some of its credibility, the EEC, in essence, ramrodded its position down the throats of the ACP group in a manner reminiscent of the Yaounde era. Right from the start of negotiations in July 1978, the EEC, spoken for by the then West German Foreign Minister Hans Dietrich-Genscher, made its position clear - that the aim of the renegotiations should not be "sweeping change or renovation, but rather readjustments and improvements to the existing convention."¹¹

¹¹Eke, Op. Cit, p. 101.

This attitude on the part of the EEC pervaded the negotiations while the ACP group as has earlier been stated was characterized by disunity. The Cracks within the ranks of the ACP group that were papered over during the negotiations for Lome' I started coming apart as the deep-seated suspicion between the Anglophone and Francophone African states and between the African and Caribbean states resurfaced. According to Ravenhill¹², the ACP side was lacking in strong personalities equipped to play a leadership role in forging ACP unity - a role which Nigeria had successfully played in the Lome' I talks.

The end product of these sometimes ill-tempered negotiations was not qualitatively different from what Lome'I offered. For the Obasanjo regime, the outcome of the Lome' II negotiations was even more embarrassing. The regime failed to achieve its objectives in Lome' II. However, inspite of her objection to specific proposals in the convention such as the small amount committed by EEC to EDF, and the rejection of her proposal that more money be committed to the centre for industrial development established for the purpose of promoting industrial co-operation between the two parties, Nigeria was one of the 53 ACP signatories to the Lome' II

¹²In C. Legum, (ed), Africa in the 1980's: A Continent in Crisis, (New York: Mcgrand hill Inc., 1980), p. 87.

54

Convention which was signed on 31st October 1979 in Lome, Togo.

Negotiation of Lome' -III

The period since the first Lome' Convention was signed in 1975 had been a difficult one for the world economy in general, and for the ACP in particular. The slump in the economies of the industrialized world had affected developing countries by reducing demand for their products and as a result of Western inflation by increasing the prices of their imports. World trade managed to grow by an annual average of 4.5 percent between 1973 and 1979 (only half the rate of growth between 1963 and 1973), and in 1982 actually fell by 2 percent.¹³ The volume of Africa's exports grew only slowly during Lome's first five years and fell in 1981 and 1982. Resultantly, most ACP economies stagnated during the period of Lome' I and did not do much better under Lome' II.

For Nigeria, as a result of the oil glut of late 1981 and early 1982 and the decline in oil prices occasioned by this glut, her revenue fell drastically. For instance, under the Shagari administration, oil revenue fell from a peak of \$10.1 billion in 1979, to about \$5.161 billion in 1982. At the time oil revenue was declining, imports continued

¹³R. Boardman et al., Op. Cit., p. 60.

to rise and soon exceeded the level of exports. According to Okigbo¹⁴ and Olukoshi¹⁵, the Nigerian economy at this time was in dire straits and this was clearly shown by the fact that the Gross Domestic Product (GDP) fell by 4.4 percent in 1983, after a decline of 2 percent in 1982. The budget deficit for 1983 alone was #6.231 billion representing more than 50 percent of total government expenditure, while the current account recorded a deficit of #4.9 billion in 1982 and #2.9 billion in 1983.

The severity of the economic decline which afflicted the Nigerian economy at the beginning of the 1980's contributed in no small measure to the inability of the Shagari administration to make much impact on the negotiation process of the Lome III convention.

Substantially, the negotiations for Lome III were not different from those of the previous too. It lasted for nearly 15 months (between October 1983 and December 1984) with occasional impasses resulting from frequent accusations

¹⁴ P. Okigbo, "SFEM, SAP and all that" in Ikpeze and Onyewuanyi, SFEM and National Development, (Onitsha: Etukokwu Publishers, 1989), p. 5.

¹⁵ A. Olukoshi, "Dimensions of the politics of Structural Adjustment with Nigerian examples", Being a discussion paper of the sociology department seminar held in Uppsala University, Sweden, 1991, p. 32.

and recriminations that characterized the whole negotiations for Lome' III. The ACP demanded for a major upgrading of the benefits on offer in the new convention. On trade, the ACPs wanted the abolition of all tariff and non-tariff barriers faced by their exports, simplification of the rules of origin, abolition of safeguard mechanism, protection of trade preferences levels vis-a-vis other third world suppliers to the EEC and the negotiations of commodity agreements with prices and volumes guarantees for a number of key ACP exports to the EEC. The ACPS also complained among other things, about the inadequacy of funds.

EEC's emphasis was still status quo oriented as it expressed its desire for effective and efficient use of allocations under the financial and technical co-operation of Lome regime. Europe, it was argued by the EEC side, was not left out in the world economic recession. With Europe becoming more critical of the convention and the contribution of the EDF, it became difficult to grant the ACP requests of more palliatives.¹⁶

¹⁶V.A. Adetula, "Towards Lome' IV and beyond" in The Nigerian Forum, (Lagos: N.I.I.A, 1989) p. 98.

However, Lome' III was signed on December 8, 1984 between the EEC and 66 ACP states. The trade benefits offered were substantially the same: Strict rules of origin and other non-tariff barriers still applied. There was a change in the distribution of Aid, with the amount allocated to soft loans declining in favour of more grants and stabex fund for export commodities being boosted considerably more than the mining loan facility (SYSMIN).

Lome' III contained some minor innovations: The principle of self-reliant Agricultural development involving the full participation of rural populations was asserted as an area to be given priority, and for the first time, a general undertaking was made by all signatories to the convention to work towards the eradication of apartheid.

Negotiations for Lome' IV

The negotiations for Lome' IV which began in Luxembourg in October 1988 was prefaced by an international economic environment which was significantly adverse for most ACP states. Particularly relevant was the dramatic fall in commodity prices, to their lowest in 50 years, giving rise to increased economic dislocation and debt burdens and imposing severe social consequences for majority of ACP States' populations. With most of these poor countries depending for over 80 percent of their export earnings from

commodities, the calamity that faced them was serious. Even the oil exporters were not spared from this economic malaise which resulted in balance of payments deficit and foreign exchange problems. In most of the third world, the period of the middle and late 1980's had witnessed different variations of structural adjustment programmes recommended by international financial institutions like the World Bank and IMF being implemented.¹⁷

It was in this context that the ACPS placed as the central aim of their co-operation strategy for Lomé IV the quest for a fundamental change in their production structures with emphasis on local processing of their raw materials, the production of processed and manufactured goods and development of services.

This strategy, the ACPS maintained, required changes in the co-operation mechanism and supporting production especially in STABEX and SYSMIN as well as improvements in those mechanisms which make such changes in their production structure viable. This approach was seen by ACPS as vitally linked to the successful pursuit of the central themes of Agricultural and rural development and self-sufficiency of the Lomé III Convention. The ACP States also pressurized for an increase in the Aid granted by EEC. This was a

¹⁷ EEC Courier, March-April, 1990, No. 120, p. 7.

particularly sticky point in that the EEC was quite hesitant to grant an increase in the Aid provided to ACP countries pleading the unfavourable international economic situation.

Additionally, ACPS were alarmed at the implications of the proposed European economic integration in 1992 and also at the increasing unity forged between East and West Europe.

It is pertinent to say here that Nigeria, like most ACP States was saddled with an economy that was still sluggish and unresponsive to growth measures during the period of Lome' IV negotiations. In order to tackle this economic malaise, a Structural Adjustment Programme (SAP) had been initiated in June 1986 by the Babangida administration. By October 1988 when the negotiations for Lome' IV began, SAP was supposed to have run its course in Nigeria. But it has not as the Nigerian economy has not completely responded to the Palliatives offered by SAP. Nigeria was thus desirous of participating effectively in the Lome' IV Convention and helping to negotiate for the ACPS a convention that would support SAP and also address the various economic problems facing ACPS. Consequently, in addition to campaigning for EEC support for SAP, Nigeria also argued, with the assistance of other ACP states, the case for increased Aid to the ACPS.

The Lome' IV convention which was signed on 15 December 1989 between 12 EEC members and 68 ACPS (later 69, with the independence of Namibia), contained some improvements on the provisions of earlier conventions. An already liberal trade agreement was strengthened providing preferential access for more important ACP products, improved rules of origin and general principles of commercial co-operation, new STABEX and SYSMIN conditions - all designed to help ACP states face the instability of world commodity markets.¹⁸

In the area of Aid, total community contribution to the ACP rose from ECU 8.5 billion in Lome III to ECU 12 billion, an increase of about 40 percent in nominal terms and 20 percent in real terms.¹⁹

¹⁸EEC Courier, Op. Cit, p. 3.

¹⁹Ibid, p. 5.

LOME IV PROVISIONS ON TRADE AND AIDProvisions on Trade

The objective of Lome' IV trade arrangements, much like the previous conventions, is to promote trade between the EEC and ACP. It is also aimed at promoting trade and ~~co-operation~~ between the ACP states themselves.¹ Attention therefore is to be given, within the duration of this convention to securing effective additional advantages for the ACP states' trade with the EEC and improving the conditions of access for ACP Products into the EEC market. This is to accelerate the growth of the external trade and in particular ensure the flow of their exports to the community. The provisions granted, it is hoped, would make a principal contribution to the economic development of ACP states by helping to provide the market conditions which would enable these countries to transform the structure of their exports.²

Similarly, the preferences for many of the ACP exports to the EEC over other developing countries or third world suppliers will enable the ACP gain a competitive edge over others exporting similar products, resulting therefore in an

¹EEC Courier, Op. Cit, p. 46.

²C. Stevens, (ed.), EEC and the third world: A Survey 4-Renegotiating Lome, (London: ODI Series, 1984), p. 8.

increase in the share of ACP trade going to the EC. This, in turn, would mean more revenue from export trade in the ACPS with which to embark on development.

In other words, the trade provisions of Lome IV are meant to exert a major developmental influence on EC-ACP trade because the tariff advantages enjoyed by the ACP over other states would allow their exports to increase. And while the provisions do not demand reverse preferences from the ACPS, the provision that the EC would receive the 'most favoured nation' status (MFN) would also lead to an increase in the community's share of ACP exports.³

Additionally, Lome' IV Convention was designed to pay particular attention to increased ACP states' self-reliance, development of intra-ACP trade, trade to International markets and improved regional co-operation in Trade and Services. In pursuit of these objectives, particular regard is to be paid to improving the conditions of access for ACP products.

Specifically, the Lome' IV Convention provides that products originating in the ACP states shall be imported into the EC community free of custom duties and charges having equivalent effect. These products are comprehensively listed in Annex II of the Treaty. While for products other than

³J. Ravenhill, Op. Cit, p. 187.

those listed, the community shall take necessary measures to ensure more favourable treatment than that granted to third countries benefitting from the MFN clause for the same products.⁴

Article 169 of the convention prohibits the application of any quantitative restrictions against imports of products originating in the ACP states. But this provision is not meant to preclude prohibitions or restrictions on imports, exports or goods in transit, justified on grounds of public policy or public security and for other reasons listed in Article 170.

The treaty also provides that the treatment applied to imports of products originating in the ACP states may not be more favourable than that applied to trade among the member states of the community.

Article 174 provides that, in view of their present development needs, the ACP states shall not be required for the duration of this convention to assume, in respect of imports of products originating in the community, obligations corresponding to the commitment entered into by the community in respect of imports of the products originating in the ACP states.

⁴ See a full text of the Lome' IV Convention in the EEC Courier, Dec., 1990.

In their trade with the community, the ACP states are not to discriminate among member states and are to grant to the community treatment no less favourable than the MFN treatment. Also, the community is not to discriminate between ACP states in the field of trade.

However, it is pertinent to note that the most favoured nation treatment referred to above is not meant to apply in respect of trade or economic relations between ACP states or between one or more ACP states and other developing countries. One must observe that this rule is to the disadvantage of ACP states which are relieved of the right to choose which nation to extend the MFN treatment to, while it is to the advantage of community members who still enjoy that right.

Article 177 provides that should application of the provisions already highlighted result in serious disturbances in a sector of the economy of the community or of one or more member states, or jeopardize their external financial stability, or if difficulties arise which may result in a deterioration thereof, the community may take safeguard measures. Such safeguard measures must be restricted to those which would least disturb trade between the contracting parties in implementing the objectives of the convention and must not exceed the scope of what is necessary to remedy the difficulties that have arisen.

Article 178 provides that prior consultations should take place concerning the application of the safeguard clause, both when such measures are first adopted and when they are extended. The community should provide the ACP states with all the information needed for such consultation and would provide the data from which to determine to what extent imports from an ACP State or ACP states have caused debilitating effects referred to earlier.

The treaty clearly states in Article 181 that in order to ensure the effective implementation of this convention in the field of trade and customs co-operation, the contracting parties agree to inform and consult each other. This is especially so where contracting parties intend to take any trade measures affecting the interest of one or more contracting parties under the convention. In such cases, the party taking the decision should inform the council of ministers which will schedule consultations in order to take care of respective interests.

Provisions on the Stabilization of Export Earnings
from Agricultural Commodities (STABEX)

The Lomé' IV provisions in this sphere of economic activity are generally aimed at remedying the harmful effects of the instability of export earnings and to help the ACP states overcome one of the main obstacles to the stability,

profitability and sustained growth of their economies which is price instability.

Article 186 (2) provides that to achieve the aims of Stabex, funds are to be transferred in accordance with a framework of mutual obligations to be agreed on by the ACP State concerned and the commission and in each case, either to the sector interpreted in the widest possible sense, that recorded the loss of export earnings and be used therefore for the benefit of economic operators adversely affected by this loss, or where appropriate, to diversification, either for use in other appropriate productive sectors, in principle, agricultural or for the processing of agricultural products.

Article 187 lists the products covered as: Groundnuts (In shells or shelled); Groundnut oil; Cocoa beans; Cocoa husks shells and skins and other waste; Cocoa paste, Cocoa butter, Cocoa powder, raw or roasted coffee; Extracts, essences and concentrates of Coffee; cotton (not carded or combed); cotton linters; coconuts; copra; coconut oil; palm oil; palm kernel oil; palm nuts, and kernels; leather of bovine Animals; Raw hides and skin; sheep and lamb skin leather; Goat and kid skin leather; wood (rough and squared); sawn wood; Bananas (dried or fresh); tea; raw sisal; vanilla; cloves; wool (not carded or combed); Gum Arabic; Pyrethrum

(saps and extracts); essential oils; sesame seeds; cashew nuts and kernels; pepper; shrimps; prawns; squid; octopus and cuttlefish; cotton seed oil; rubber; peas, beans and so on.

Article 188 mandates the council of Ministers to consider the request of any ACP state to include any product not listed before but upon which the economies of one or more ACP states depend to a considerable extent which has been affected by sharp fluctuations in its demand price structure.

Provisions on the Special Financing Facility for Mining Products (SYSMIN)

Lome IV Convention states categorically the aims of the special financing facility provided for ACP states whose mining sectors occupy an important place in their economies and are facing difficulties that are already perceived or foreseeable in the near future. Those aims include: contributing towards establishing a more solid and wider basis for the development of the ACP states while supporting their efforts to safeguard their mining production and export sectors by remedial or preventive action designed to alleviate the serious consequences for their economies of the loss of or decline in export earnings and production.

Secondly, for states heavily dependent on exports of one mining product, Sysmin aims at diversifying and broadening the bases of growth of such economies by helping them complete

or initiate projects and programmes that would bring about diversification.

Article 215 instructs specifically that the Sysmin facility should be aimed at ACP states which export to the community, and which during at least two of the four years preceeding that of the request for Sysmin aid, have derived either;

- a) 15 percent or more of their export earnings from one of the following products: cobalt, copper phosphates, manganese, bauxite and alumina, tin and iron ore, whether or not in agglomerate form; uranium; or
- b) 20 percent or more of their export earnings from all mining products (excluding precious minerals other than Gold, oil and Gas).

However, for least developed and landlocked or Island ACP states, the figure stipulated in (a) would be 10 percent and the figure stipulated in (b) would be 12 percent.

This section also makes it clear that recourse to the Sysmin facility can only be made when it is perceived or expected that the viability of one or more enterprises in the mining sector has been or is about to be seriously affected by unforeseeable difficulties beyond the control of the state or the enterprise involved. The said difficulties refer to disruptions such as accidents, serious internal or

external political events, major technological and economic changes or major changes in trade relations with the community.

Article 216, sub section 2 of the Convention provides that any decision to allocate funds to projects or programmes shall take due account of economic interests and the social implications of such Aid in the concerned ACP State and in the community and will be adapted to the economic restructuring needs of that ACP state.

Lomé IV Provisions on Aid

The provisions on Aid to ACP states in Lomé IV are generally subsumed under the provisions for development finance Co-operation. A specific amount of resources (ECU 12 billion in this case) is budgeted to support and promote the efforts of ACP States to achieve long term, self-determined development. Secondly, these provisions aim at helping to raise the standard of living and improve the well being of the peoples of ACP states. Thirdly, they aim at contributing to the development of the ACP states capacity to innovate, adapt and transform technology. Other objectives of the provisions on Aid include the facilitation of an increase in financial flows to ACP states; contribution to the attenuation of the debt burden of ACP states; promotion and mobilization of resources in support

of Adjustment Programmes; supporting private investment in ACP states and also helping out ACP states faced with serious economic and social difficulties overcome the specific obstacles which hamper their development efforts.

Article 222 of Lome' IV provides that in extending financial resources from the community, the ACP states should be responsible for:

- a) defining the objectives and priorities on which the indicative programmes are based;
- b) choosing project and programmes;
- c) preparing and presenting the dossiers of projects and programmes;
- d) preparing, negotiating and concluding contracts;
- e) implementing and managing projects and programmes;
- f) maintaining projects and programmes.

While the ACP states and the community would be jointly responsible for: establishing within joint institutions, the guidelines for development finance co-operation; adopting indicative programmes; appraising projects and programmes; monitoring and evaluating contracts; and ensuring the proper, prompt and efficient execution of projects and programmes.

Article 233 states the terms and conditions for financing projects and programmes in ACP states. Projects or programmes may be financed by grant or by risk capital from the fund of the community or by loans from the European Investment Bank's (EIB) own resources or jointly by two or more of these means of financing. The methods for financing of each project or programme is to be determined jointly by the ACP State concerned and the community.

Article 239 states that in order to alleviate the debt burden of ACP states and support those who have embarked on structural adjustment, grants, bank loans and risk capital are to be made available to the ACP states. Specifically, the following actions and measures will be taken:

- a) for projects with high rates of return, and in particular, for Sysmin financing, a two stage procedure will be followed whereby ACP states will receive grants and will on-lend the funds at appropriate market terms and conditions with suitable arrangements for deposit of interest and repayment in a counterpart fund account managed according to normal procedures as agreed for this type of finance generated from community assistance;
- b) STABEX transfers will be granted without any obligation from the beneficiary states to reconstitute the resources of the system.

Article 251 of Lomé' IV provides that the part of the financial resources budgeted for in the convention may be applied, at the request of the ACP States to co-financing (undertaken in particular, with development agencies and institutions, community member states, ACP states, third countries or International or private financial institutions, firms or export credit agencies).

Article 252 states that in order to respond to the needs of local communities with regard to development, the EDF shall at the request of the ACP State concerned, participate in the financing of micro projects at the local level which will improve the lives of the local people.

The accordance of emergency assistance to ACP states faced with serious economic and social difficulties of an exceptional nature is provided for in Article 254. Such difficulties must have resulted from natural disasters or extra-ordinary circumstances having comparable effects. This assistance which is intended to make, by the most suitable means, a real contribution to remedying the immediate difficulties is to be sufficiently flexible to take any form adapted to the circumstances. Also it may cover the financing of immediate measures to make damaged structures and equipment operational again and to ensure minimum viability;

and is to be non-re-imbursable and made available quickly and easily.

This chapter of the work has attempted to outline the various Lome' IV provisions on Trade and Aid with a view to discussing their implications for the Nigerian economy in the next chapter.

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IMPLICATIONS OF LOME IV PROVISIONS ON TRADE AND AID FOR THE NIGERIAN ECONOMY

Given the various provisions on Trade and Aid which are included in the Lome' IV Convention and which have been highlighted in the previous chapter, this chapter seeks to identify the likely implications of these provisions when they are implemented. What effects are these provisions likely to have on the Nigerian economy? In trying to grapple with issues concerning the implications of Lome' IV Convention Provisions on Trade and Aid, we do so with the settled knowledge that Lome IV Provisions represent an improvement on the previous Lome' Conventions Provisions and contain many possibilities which could be either positive or negative depending on how countries like Nigeria take advantage of and respond to opportunities provided and also how the EC commission implements these provisions especially those on Aid.

Implications of Lome' IV Provisions on Trade

In the area of trade, the provisions of Lome' IV can be said to centre around the increase in the number of ACP products granted preferential access to the EEC market, improved rules of origin and general principles of commercial co-operation, development of intra-ACP trade and improvement of ACP regional co-operation in trade and services.

In talking about trade relations between Nigeria and the EEC and subsequently the implications of Lome' IV provisions on trade for the Nigerian economy, it is significant to note that starting from Nigeria's participation in Lome' I till date, Nigeria has always constituted the largest single ACP market for the EEC in terms of both exports and imports. As early as 1977 for instance, EEC's imports from ACP countries amounted to 12,401 million EUA, while her exports to the ACP's amounted to 12,504 EUA. Almost 25 percent of EEC's total trade with ACPS during this year went to Nigeria. In this year, Nigeria accounted for 36 percent of total EC exports to all ACPs and 27.9 percent of her imports from the ACPs.¹

By 1983, Nigeria's exports to the EC valued at #3.85 billion represented about 36.7 percent of total ACP exports to the EEC. In 1987, Nigeria's exports to the EEC amounted to #11.8 billion out of a total exports of #29.5 billion, while her imports for the same year amounted to #7.06 billion out of a total of #15.6 billion.²

¹P. Afolabi, Op. Cit, p. 104.

²See Tables 1 and 2 for figures on Nigeria's exports to and imports from the EEC.

TABLE 1: Nigeria's Exports and Re-exports by Regional Groupings (1970-1989).

(#Million)

YEAR	WEST AFRICA OR ECOWAS	WESTERN EUROPE OR EC	OTHERS	TOTAL
1970	7.2	398.1	480.2	885.5
1971	26.8	592.6	673.9	1,293.3
1972	29.8	606.7	797.8	1,434.3
1973	23.9	827.3	1,426.2	2,277.4
1974	81.7	2,010.8	3,702.2	5,794.7
1975	62.0	1,648.2	3,213.8	4,924.7
1976	94.6	1,834.9	3,770.5	5,700.0
1977	178.9	1,689.5	5,762.4	7,630.8
1978	155.2	2,215.6	3,954.1	6,324.9
1979	174.3	3,724.5	6,419.5	10,318.3
1980	N.A	N.A	N.A	N.A
1981	299.5	4,235.3	6,499.0	11,033.8
1982	230.4	3,369.4	5,596.6	9,196.4
1983	144.3	3,232.6	4,374.9	7,751.8
1984	300.0	6,116.1	2,722.7	9,138.8
1985	387.9	7,217.4	4,115.5	11,720.8
1986	345.7	4,305.1	4,477.4	9,128.2
1987	1,635.5	11,851.8	16,090.8	29,578.1
1988	1,734.2	12,042.8	15,385.7	29,162.7
1989	3,312.4	20,612.0	36,061.1	59,985.5

Source: Central Bank of Nigeria. Statistical Bulletin, Volume I, Nos. 1 & 2, Dec. 1990.

N.A. - Not available.

TABLE 2: Nigerian Imports by Regional Groupings
(1979-1989).

(N' Million).

YEAR	WEST AFRICA OR ECOWAS	WESTERN EUROPE OR EC	OTHERS	TOTAL
1970	3.3	470.6	275.4	749.3
1971	3.1	678.8	393.3	1,075.2
1972	2.8	652.6	334.8	990.2
1973	3.0	787.7	434.1	1,224.8
1974	6.6	917.6	813.2	1,737.4
1975	19.3	2,479.8	1,222.4	3,721.5
1976	24.8	3,489.0	1,620.2	5,134.0
1977	54.6	4,703.5	2,335.6	7,093.7
1978	33.6	5,449.2	2,654.0	8,136.8
1979	22.6	3,989.9	2,152.7	6,165.2
1980	N.A	N.A	N.A	N.A
1981	36.5	7,468.7	5,093.9	12,599.1
1982	31.0	6,167.3	3,901.8	10,100.1
1983	34.1	3,832.7	2,688.9	6,55.7
1984	57.5	2,761.1	1,665.9	4,484.5
1985	29.3	3,209.4	2,298.3	5,536.9
1986	47.6	3,779.3	2,145.0	5,971.9
1987	215.5	9,709.7	5,771.7	15,696.9
1988	149.8	10,451.9	7,540.1	18,141.8
1989	130.3	14,519.5	10,507.5	25,157.3

Source: Central Bank of Nigeria, Statistical Bulletin,
Vol. 1, Nos. 1 & 2, Dec. 1990.

N.A. - Not Available.

We must also state that the principal item of exports from Nigeria to the EEC is crude oil which constitutes about 95 percent of Nigeria's total exports. Other items include cocoa, offals, tin, rubber, cotton seed, cake and palm produce. While major import items from Europe to Nigeria have included such manufactured products as chemicals, machinery, transport equipment, food and other consumer goods.³

³See Tables 3 and 4.

TABLE 3: Value of Major Nigerian Exports by Sectors (1982-1989)
(# Million)

Year Quarter	Food	Beverages and Tobacco	Crude Mate- rials Inedi- ble	Mine- ral Fuels	Animal And Vege- table Oils	Che- micals	Manu- factured Goods	Mechi- nery & Trans- port Equip- ment	Misce- llaneous Manu- factured goods	Misce- llaneous Transac- tions	Total
1982	184.0	*	25.6	8,929.6	2.51	0.1	14.3	*	0.1	40.1	9,196.3
1983	273.9	-	22.3	7,304.0	3.9	*	8.7	*	0.3	138.7	7,751.8
1984	234.7	-	15.4	8,685.4	4.7	1.0	12.4	0.9	*	184.3	9,138.3
1985	243.8	-	15.2	11,335.8	0.4	1.4	6.3	0.8	*	114.2	11,717.9
1986	442.5	0.5	55.9	8,425.8	1.0	1.7	1.7	-	-	118.3	9,047.4
1987	817.0	11.7	228.0	28,208.6	2.0	64.7	70.6	2.2	0.8	138.5	29,598.1
1988											
1st Quarter	723.3	0.7	62.3	6,124.8	5.1	78.6	21.0	2.2	2.6	18.2	7,047.8
2nd Quarter	164.4	0.3	94.8	6,877.7	0.8	32.0	36.2	6.2	1.6	123.3	7,337.3
3rd Quarter	77.9	3.5	47.3	2,410.4	*	11.4	5.1	0.7	0.5	124.4	2,681.3
4th Quarter	538.3	0.6	76.3	6,127.3	0.2	36.8	11.4	28.6	2.9	14.3	6,836.4
1989											
1st Quarter	513.4	2.1	225.7	109,498.0	-	80.7	23.4	25.8	2	37.0	11,860.2
2nd Quarter	118.5	2.2	189.4	14,467.6	-	77.6	50.5	17.7	10.5	100.4	15,034.4
3rd Quarter	128.6	0.6	164.7	13,913.2	-	47.9	46.6	8.7	113.1	72.6	14,497.4
4th Quarter	52.5	1.0	322.8	17,433.8	-	49.3	54.4	9.3	22.6	70.2	18,479.0

NB - * Indicates negligible

- Not available

Source: Federal Office of Statistics, Lagos.

TABLE 4: Value of Nigeria's Major Import Groups by Sectors (1982-1989).

(' Million)

Year/ Quarter	Food	Beverages and Tobacco	Crude Material Inedible	Mineral Fuels	Animal & Vegetable oils	Chemicals	Manufactured Goods	Machinery & Transport Equipment	Miscellaneous Goods	Miscellaneous Transactions	Total
1982	1,642.3	16.4	207.2	115.5	151.4	981.6	2,137.0	4,169.9	642.3	36.6	10,100.2
1983	1,296.7	13.1	204.4	53.0	105.6	714.0	1,477.1	2,366.0	316.6	9.2	6,555.7
1984	843.2	10.4	187.5	52.1	101.8	656.4	846.0	1,604.4	171.2	11.5	4,484.5
1985	940.6	7.4	274.8	47.9	55.7	868.6	1,263.6	1,892.8	176.0	9.2	5,536.9
1986	801.9	14.5	193.9	32.0	124.9	1,039.0	1,237.1	2,277.8	246.4	6.1	5,973.6
1987	1,646.5	27.0	702.6	67.2	57.7	2,650.6	3,940.9	5,999.6	596.2	7.0	15,695.3
1988											
1st Quarter	389.5	20.1	121.9	37.4	13.7	855.7	996.7	1,897.9	203.9	2.4	4,539.2
2nd Quarter	267.8	8.9	103.0	48.6	14.2	776.8	906.0	1,570.3	160.6	5.2	3,861.4
3rd Quarter	154.3	5.6	45.5	17.9	5.6	370.6	367.3	604.8	82.6	0.2	1,654.4
4rd Quarter	408.4	20.7	111.1	29.5	45.4	658.7	662.8	1,667.4	170.3	2.0	3,776.3
1989											
1st Quarter	437.4	30.2	132.6	59.8	32.8	1,450.4	1,159.4	2,126.9	223.8	0.8	5,654.1
2nd Quarter	396.6	12.9	150.3	31.3	11.4	1,128.2	1,254.9	2,265.7	216.1	2.7	5,470.1
3rd Quarter	385.7	23.5	262.8	42.7	6.3	1,454.5	1,359.8	2,711.5	264.3	0.8	6,511.9
4th Quarter	500.9	44.6	336.0	77.3	6.5	1,712.1	1,562.8	2,982.2	315.9	3.3	7,541.6

Source: Federal Office of Statistics, Lagos.

Massive exportation of petroleum has ensured for Nigeria, a healthy trade balance in her trade relation with the EEC and also an increase, during the Lome' period, in the volume of trade between the two. Increased oil revenue has translated in increase in importation from Western Europe, Japan and North America.

The importance of crude oil sales in the growth of Nigeria's trade with the EEC is vividly illustrated by a 1984 Central Bank report which states that:

the directional flows of crude oil exports in 1984 showed that Western Europe as a group maintained its position as the leading importer of Nigeria's Crude petroleum while the Americans continued to be the second largest market. For the first time since 1971, the United States of America yielded pride of place as the single largest importer of Nigeria's crude oil to France and Italy which became the first and second buyers of Nigeria's crude oil exports respectively. Western European countries purchased 289 million barrels of Crude oil valued at \$6,421 million in 1984, showing an increase of 63.6 million barrels valued at \$1,698 million over the level in 1983. Their share of Nigeria's total Oil exports increased from 65.6 percent in 1983 to 72.7 percent in 1984 .4

Thus, looking at Tables 1 and 2, we notice that the value and volume of trade between Nigeria and EC members has shown an appreciable increase since the signing of Lome' I. For instance, the value of Nigeria's exports to the EEC has grown from about \$1,648.2 million out of a total

⁴Central Bank of Nigeria, Annual report, 1984, p. 86.

export earnings of ₦4,924.7 million in 1975 to a value of ₦20,612 million out of a total export value of ₦59,855.5 million in 1989. Likewise, the value of Nigeria's import from the EEC has grown from ₦1,624.9 million out of a total import value of ₦3,721.5 million in 1975 to ₦10,424.2 million out of a total import value of ₦26,175.3 million in 1989.

Although Nigeria has also recorded a trade imbalance with the EEC in a few of the years, she has related with the community under the auspices of Lome, for instance in 1981, when the trade imbalance was to a tune of ₦1.64 billion when EEC exports to Nigeria increased by 24.4 percent while Nigeria's exports to the community dropped by 25.6 percent, yet the trend has been one of Nigeria recording a trade balance over the EEC because of her massive exportation of Crude Oil.

Notwithstanding the fact that in nominal and real terms, the volume and value of Nigeria's trade with Europe has been on the increase, one cannot completely ascribe this trend to the existence of the EEC - ACP association.

One must even appreciate the fact that without Lome's more than 75 percent of ACP exports to the EEC would in any event meet no common export tariff duties (of the EEC)

and therefore need no preferential benefit from Lomé'.⁵

Secondly, over 90 percent of ACP industrial products for exports would be eligible for GSP terms without the Lomé' provisions. This duty free provision would only be beneficial in the case of simple manufactured goods such as plywood, shoes and textiles. But, unfortunately, these are areas where the rules origin are stringent to prevent their serious penetration of the community's markets.⁶ In this instance, Nigeria like most other ACP states are affected.

Besides all these, it is pertinent to note that the trade provisions of previous Lomé' Conventions have not resulted in the growth in trade of manufactured products. Manufactured products still do not make up to 5 percent of Nigeria's annual exports (as revealed by Table 3). Also, one discovers that the EEC's share of exports in manufactured products from Nigeria has not grown appreciably.

Among the reasons advanced for this are: the level of industrialization in Nigeria, the growing domestic consumption of manufactured goods and the adverse effects of the rule of origin clause. The rule of origin clause which in principle is to prevent third countries from obtaining

⁵C.T. Cosgrove, A framework for Development: The EEC and the ACP, (London: George, Allen and Unwin, 1981), p. 23.

⁶B. Akinyemi, et al., Nigeria since Independence: The first 25 years, Vol. x, Ibadan: Heineman books, 1989, p. 111.

preferential access to the community, under the cover of the ACP and which provides for 25 percent of the value or value added to have originated in exporting ACP states still appears too high and unrealistic for the ACP states to meet, given their level of development.

Consequently, although the Lome IV provisions on trade contain some elements that could prove beneficial to the Nigerian economy but the implementation of past conventions and other factors enumerated in this analysis does not leave one with so much hope.

Implications of the Provisions on STABEX and Sysmin for Nigeria

Nigeria is not qualified to benefit from either STABEX or SYSMIN because of the dominance of oil in her economy and the failure of her Agricultural products to reach the various thresholds established for enjoying STABEX and SYSMIN. Though Nigeria still trades with the community in such Agricultural Products like Rubber, Cotton seed, cotton beans, cocoa butter, palm kernel and so on, none of these commodities benefits from STABEX because they do not satisfy the 7.5 percent which a country's commodity earning must reach to qualify for STABEX.

Likewise, the qualifications for the SYSMIN facility is more difficult to meet as any ACP State requesting for this facility must have earned up to 15 percent of her gross export revenue from any of the minerals specifically listed or twenty percent from all the mining products listed with the exception of precious minerals like (Gold, Oil and Gas).

Thus, Nigeria gains little or no benefits from these provisions, not being able to meet any of the thresholds.

Implications of the Provisions on Aid

One of the major demands of the ACP States in their negotiations with the EEC has been an improved Aid regime. The ACPs have always sought the maintenance of the value of per capita receipts of Aid from the EDF in real terms, improvement in the procedures of the fund especially those identified as problematic in the implementation of the Lome conventions.⁷ For its part, the EC has always sought to multilateralize the aid burdens on its individual members and spread its benefits likewise. This it is hoped, will further the objectives of the convention by accelerating economic co-operation and development both within and among the regions of the ACP, accelerate the diversification of their economies, reduce their economic

⁷R.O. Ogom, "The Lome' Conventions: A Study of International economic Relations" an unpublished M. Phil thesis submitted to Cambridge University, July 1991.

dependence on imports and promote trade and maximize the use of resources. Since the trade regime has proved not very successful, Aid was to compensate for this.⁸

The provisions of Lome' IV on Aid are quite attractive. Needless to say, Lome' IV is essentially geared towards long term development. In this long term development, the key role of rural development, is emphasised. There is also a particular insistence on the promotion of small businesses and private investment. Additionally, new emphasis has been placed on problems of demography and the environment in the ACP states.

Since the beginning of Nigeria's formal involvement with the Lome' Convention in 1975, the EC has adapted and expanded its financial and technical assistance to Nigeria's economic circumstances and development priorities. Notwithstanding the problems encountered in the implementation of the projects and programmes of the community in ACP states like Nigeria, the volume of assistance has been on the increase with any new convention. Suffice it to admit that Nigeria now benefits from the largest single allocation of programmable resources among all the ACP states in the first five years of Lome' IV. This was however not so in the early years of the Lome'

⁸M. Lister, Op. Cit, p. 86.

Convention when due to the sudden 'Oil boom' of the 1970's, Nigeria did not insist on the allocation of sufficient funds to her from the EDF Fund.

The financial assistance allocated to Nigeria under Lomé' IV stands at 390 million ECU. Including the present convention, the total amount of financial assistance allocated to Nigeria between 1975 and now stands at 920 million ECU (equal to #22,000 million, at the August 1992 rate of exchange). Of this amount, 637.5 million ECU falls under the category of programmable Aid, 208 million ECU is being loaned by the European Investment Bank (EIB); the remainder has been in form of emergency aid, EDF interest rate subsidies on EIB loans and regional programmes.⁹

An analysis of past assistance to Nigeria (that is, pre-Lomé' IV EC assistance) will reveal that to a large extent, rural development and the development of human resources have been the targets of EDF programmable assistance, while EIB resources have been focused mainly on urban utilities (Water and electricity) and on the development of small and medium size businesses through loans to National Development Banks.

⁹"Nigeria and the EEC", Delegation of the EC, Lagos, October 1990, p. 10.

Without prejudice to our initial objective of analysing the implications of Lome' IV provisions on Aid, we deem it pertinent to highlight some of the major programmes which have been earmarked for Nigeria since Lome' I. This task is undertaken to enable us illuminate the directional flow of this assistance and to indicate what direction the Lome' IV aid programme will follow and the implications which may likely arise.¹⁰

Environmental and Rural Development

In order to help the Nigerian Government combat the ecological problems facing Northern Nigeria, 90 million naira from Lome' II was allocated for the Katsina Afforestation Project (KAP). The main objective here was the combat of erosion and desertification in the North of Katsina State and thus contribute to the improvement of Agricultural Productivity and provide forest products namely poles and firewood.

The North East Arid Zone Development Programme (NEAZDP) funded with 336 million in 1988 is also an integrated rural development programme aimed at fighting desertification and providing irrigation in the North Western semi-desert areas of Borno State,

¹⁰ An exhaustive list of major Programmes and projects embarked upon by the EEC has been provided. See Table 5.

Also the Sokoto Environmental Programme (SEP) which was funded in 1989 with 294 million naira is also aimed at curtailing desertification and providing irrigation for North east of Sokoto state.

Finally, in assisting the Nigerian Government to protect the tropical rain forest of the south, 2.7 million naira was allocated for the feasibility study carried out in the Oban hills region of Cross River State which has been designated a National Park.

Human Resources Development

One of the constant themes of Nigeria's Lome programmes since 1975 has been the focus on general training, education and research. Concentrating on the University level, the various programmes have sought to provide tertiary level of education in both technical and management skills to help fill the gaps in those areas of need in the public and private sectors. Over the last 15 years, according to EEC records¹¹, more than 800 Nigerians have completed advanced training under EEC funded programmes in such diverse fields as public health, Agriculture and food processing, education, communications, Trade Promotion, Engineering and Computer Science.

¹¹ Nigeria and the EEC, Op. Cit, p. 11.

Secondly, in the area of institutional development, the EEC has demonstrated its support for research and the development of delivery skills in areas of National importance. The strategy adopted has been in the creation of linkages between Nigerian Universities and European institutions. These linkages encourage the exchange of staff, post-graduate students, joint research projects, curriculum development and provision of equipment. Funds have also been allocated to various Nigerian Universities to help in research into ways of fighting the ecological problems facing the country.

Thirdly, the 291 million naira training and research programme conceived within the framework of Lome' III and allocated to the various National research institutes was aimed at facilitating the training and research components of Agricultural and rural development.

Health Care

The EEC has also assisted the Nigerian Government in various aspects of health care. The 79.2 million Naira health project aimed at providing 19 new rehabilitated or extended clinics in 6 states is an example of such programmes being undertaken by the EEC. The EEC has also contributed significant resources in the various campaigns

to eradicate such diseases like the Acquired Immune Deficiency Syndrome (AIDS), Malaria fever, Yellow Fever, Tuberculosis, Whooping Cough and so on.

Rural Production

Confronted with the prospect of the already substantial shortfall in Palm Oil Production becoming greater in the 1990's, an ambitious oil palm belt development programme was conceived by the Nigerian Government in 1987. The 1.92 billion naira programme is being funded partly from the resources of Palm oil companies like the Port-Harcourt based RISONPALM and Government, and partly from IDF resources (657 million naira) and EIB financing through successive Palm oil loans (with sub-programmes in Akwa Ibom, Bendel, Imo, Abia, Ondo and Rivers States), the programme is aimed at improving and increasing food crops and palm oil production in these states.¹²

A smaller but important production project embarked on by the EEC is the 25 million Naira Mambilla Tea Irrigation Project which has provided a full irrigation system for the 360 hectares Tea estate on the Mambilla Plateau region of former Gongola State.

¹²Ibid, p. 12.

Finally, the 119 million naira rural electrification project which aims at providing the means to increase rural production as well as improving the quality of life in isolated communities has been embarked upon by the EEC. The EIB has also provided 240 million naira to assist NEPA in developing its services.

Industrial Development

In a bid to support Industrial development in Nigeria, the EEC is supporting the Federal Institute of Industrial Research Oshodi (FIIRD)'s 22.8 million naira research embracing food processing and the use of cereals other than wheat for bread making and yeast production.

The EEC is also assisting the Nigerian Mining Corporation (NMC) in carrying out an analysis on investment opportunities in the utilization of Nigeria's Kaolin deposits and a survey on Zinc and lead deposits and their increased use as local raw materials.

In the sphere of the development of small and medium scale enterprises, the EIB has supported the Nigerian Industrial Development Bank (NIDB) and the New Nigerian Development Corporation (NNDC) in the disbursement of about 908 million naira to local entrepreneurs.

One must also mention that under Lome' IV an additional emphasis has been laid on the support of the Structural

Adjustment Programme (SAP). To this end, about 250 million naira has been allocated by the community to support this major economic plank of the Babangida administration.

TABLE 5: Community Assistance to the Federal Republic of Nigeria, 1976-90.

PROGRAMMES/PROJECTS	000 ECU
<u>THE ENVIRONMENT AND RURAL DEVELOPMENT</u>	
DESERTIFICATION CONTROL AND ENVIRONMENTAL PROTECTION IN SOKOTO STATE (SEP)	30,600
* Community Awareness and Mobilization	3,550
* Afforestation and Environmental redevelopment	16,610
* Livestock and Grazing development	5,990
* Irrigation, Rehabilitation, Wurno daru	3,000
* University of Sokoto, livestock	1,450
NORTH EAST ARID ZONE DEVELOPMENT (NEAZDP)	
BORNO STATE	
* Mass Mobilization and Awareness	1,100
* Fadama and Small scale irrigation	2,300
* Livestock and Grazing development	5,400
* Afforestation and Environmental Protection	6,400
* General extension services	10,374
* Social and Economic Infrastructure	4,000
* University of Maiduguri Centre for Arid zone studies	4,397
* Ramat Polytechnic Centre for Appropriate Technology	1,029
KATSINA AFFORESTATION PROGRAMME (KAP)	
*High Forest Monitoring	500

PROGRAMMES/PROJECTS

000 ECU

RURAL PRODUCTION

OIL PALM BELT RURAL DEVELOPMENT PROGRAMME (OPBP)	68,840
* Lowland Development, Yenogoa, Rivers State	26,575
* Rehabilitation and expansion of Palm Oil estates:	
Okitipupa Oil Palm Company	2,853
Okomu Oil Palm Company	1,080
The Oil Palm Company	1,512
Adapalm Ltd	1,440
Risonpalm Ltd (Elele)	1,800
Akwa Palm Ltd	2,140
* Social and economic Infrastructure in Ondo, Bendel, Imo, Rivers, Abia and Akwa Ibom States	10,400
* Nigerian Institute for Oil Palm Research (NIFOR)	1,500
* National Root Crops Research Institute (NRCRI)	1,500
* Bendel State University, Ekpoma	2,500
* Ondo State University, Ado Ekiti	1,000
* University of Calabar, Institute of Oceanography	1,500
* Federal University of Technology, Owerri	1,500
* Technical Support, supervision and studies	4,370
* Training and Contingencies	7,170
MAMBILLA TEA IRRIGATION SCHEME	2,600
RURAL ELECTRIFICATION IN OYO, BAUCHI, LAGOS, PLATEAU, BENDEL, NIGER, KADUNA, IMO, BENUE, KWARA, KATSINA AND GONGOLA	11,890
<u>HUMAN RESOURCES DEVELOPMENT</u>	
* Multiannual training Lome' I - Scholarships	2,247
* Multiannual training Lome' II - Scholarships	10,650
* Programme of Awards, Lome' III	7,300

PROGRAMMES/PROJECTS	000 ECU
Institutional Development (1980-90)	
University of Jos (Lome' I)	375
Ahmadu Bello University (Lome' I)	425
University of Nigeria Nsukka (Lome' I)	365
Obafemi Awolowo University, Ife (Lome' I)	360
National Water Resources Institute, Kaduna	2,320
Projects Development Institute (PRODA) Enugu	250
Administrative Staff College of Nigeria (ASCON) Lagos (Lome I)	370
Cooperative College Ibadan	3,100
NTA Television College, Jos	1,100
Auchi Polytechnic, Auchi	950
Industrial Technical Assistance Project (ITAP) Ibadan	500
Ahmadu Bello University Zaria (Lome' II)	800
Federal University of Technology Owerri (Lome' I)	982
University of Jos (Lome' II)	600
University of Nigeria (Lome' II)	1,200
Agricultural Extension Research Liaison Service Zaria	2,500
University of Ibadan and others (Trypanomiasis) Lome' I	1,200
University of Ibadan (Rinderpest) (Lome' II)	1,300
Lagos State Polytechnic	1,200
Yaba College of Technology	950
University of Nigeria Nsukka (Lome' III)	1,000
Imo State equipment Centre	500
Obafemi Awolowo University Ife (Lome' II)	2,800
Bendel State University-Coastal Erosion	1,000
Obafemi Awolowo University Ife (Lome' III)	600
ASCON (Lome' III)	950
Centre for Management Development, Lagos (CMD)	250

PROGRAMMES/PROJECTS	000 ECU
National Centre for Economic Management (NCEMA) Ibadan	300
University of Ibadan, Ibadan (Lome' III)	850
Ministry of Works and Housing, Lagos Store Management	550
Institute of Agricultural Research, Zaria	500
National Water Resources Institute (NWRI) Maduna	750
Seminars and Workshops	1,300
Programme Management, technical assistance, Contingencies	4,245
COMMUNITY DEVELOPMENT	
MIDDLEBELT PROGRAMME (MBP)	33,000
* Health and Community infrastructure Programme, general activities	15,724
* Adult Education	6,209
* Primary health care	8,209
* Population Activities	3,010
HEALTH CARE	
Rural Health Programme (RHP) in Benue, Kwara, Lagos, Ogun, Ondo and Oyo States	6,100
Imo State health programme	120
Oyo State STD Pilot Scheme	600
CULTURAL HERITAGE	
National Museum, books on Nigerian art and Architecture	410
INDUSTRIAL DEVELOPMENT	
Federal Institute for Industrial Research (FIIRO) Oshodi	2,120
Survey of Manufacturing Sector (1978)	458
Industrial Zone feasibility study (1978)	101
Kaolin Industry pre-investment study	137

97.

PROGRAMMES/PROJECTS

000 ECU

Abakiliki Zinc feasibility study

1,220

Export Development Study

324

STRUCTURAL ADJUSTMENT PROGRAMME SUPPORT

Lome' III Sectoral Import Programme

10,000

Lome' IV

25,000

General studies and Reserve, Lome' III

3,086

Emergency Assistance, 1976-90

1,130

NON-GOVERNMENTAL ORGANISATIONS (NGOS),

972

REGIONAL PROGRAMMES SPECIFIC TO NIGERIA

International Institute for Tropical Agriculture
(IITA)

7,848

Cross River State National Park Study

290

Satellite Communications for Nigeria

620

Komadougou-Yobe River Basin Study

418

Pan African Rinderpest Campaign (PARC)

1,917

INTEREST RATE SUBSIDIES FOR EIB LOANS

Lome' I

9,023

Lome' II

5,121

Lome' III

21,857

EUROPEAN INVESTMENT BANK (EIB)

LOANS FROM OWN RESOURCES

Nigerian Industrial Development Bank (1978)

25,000

Lagos Power Distribution (NEPA) 1980)

25,000

Nigerian Industrial Development Bank (1983)

40,000

	98.
PROGRAMMES/PROJECTS	000 ECU
New Nigerian Development Corporation (NNDC) (1987)	30,000
Lagos Water Supply (1988)	45,000
Palm Oil, I (1989)	43,000
PROGRAMMABLE ASSISTANCE, LOME' IV	365,000
GRAND TOTAL: 920 MILLION ECU (8,834 billion Naira)	

Source: "Nigeria and the European Community"
published by the EC Delegation in
Nigeria Lagos, Oct 1990, pp. 22-23.

Although these enumerated programmes and others have been supported by the EC in Nigeria, several problems still exist which Lome' IV provisions on aid did not fully address.

First, the physical increases in the amount of Aid allocated (in Nigeria's case, from 10 million ECU in the first Lome' Convention to 390 million ECU in the fourth Lome' Convention) are more apparent than real - these amounts have failed to keep pace with the high rate of inflation and low per capita income of Nigeria. That is, although this Aid has increased in absolute terms with each convention, the high level of inflation and population growth in a country like Nigeria has reduced this increase to little or nothing.

Secondly, since the amounts allocated to previous conventions have not been fully utilized or disbursed and also the delays in the disbursement and the cumbersome bureaucratic procedures attendant in the process of securing these grants and loans, it becomes doubtful if Nigeria will fully utilize the 390 million ECU allocated to her during the first five years of Lome' IV.

Thirdly, the sectors to which EDF aid are directed in Nigeria and other ACP states raises questions. In the Yaounde' era, the EDF was tailored towards those ACP countries whose economic and social infrastructure was still very inadequate - its resources were to be used for basic facilities such as transport and communication networks, hospitals, maternity units, dispensaries, schools and wells. In the subsequent conventions, this was to progress towards investments in the productive sector such as Agriculture and projects to diversify the economies of ACP states. But in the case of Nigeria, for instance, the pattern of EC investment has not changed substantially. A very large proportion of total Lome' IV resources are still programmed to infrastructural projects and little to the development of directly productive schemes especially manufacturing. Thus, the manufacturing

sector of the economy, which is about the most important when development is the target issue, is neglected.

Needless to say, community assistance to Nigeria between 1976-1990 in activities directly related to manufacturing remained at a low level of below 5 percent.

The point could be made that the inability of the ACP States to use the EDF Funds productively lies in their weaknesses and not the EC or where ^{it} is put. But that is hardly the question. The weaknesses of ACP states are not in doubt. It is the recognition of this that led to the provision of the EDF in the conventions: to improve their weaknesses (at least formally). The processes of administering and implementing the EDF however has tended to undermine the good intentions and implications of the Aid programme.

Although Lome' IV attempts to remedy some of these defects, yet past experiences with implementation of very laudable provisions of Lome' do not suggest much optimism. All the same, Lome' IV provisions on Aid represent an improvement on past provisions and could mean modest progress for Nigeria and other ACP States if implemented.

SUMMARY

This study was started with the sole objective of analyzing the provisions of Lome' IV on trade and Aid and identifying the implications of these provisions for the Nigerian economy. To effectively discharge this task, the study traced the genesis of Nigeria's relationship with the EEC, briefly outlining her role in the negotiations of the various Lome' Conventions, highlighting the major provisions of Lome' IV on trade and Aid and systematically analyzing the implications of these provisions for Nigeria's future economic development. Also we deemed it pertinent to identify the major programmes and projects embarked upon by the EEC in Nigeria between 1976 and 1990 to enable us pinpoint the trend which the community's assistance to Nigeria has assumed over this period.

Nigeria first signed an agreement with the EEC in 1966 but did not ratify it. She, for obvious reasons did not play active role in the negotiations of EEC and its associates until Britain entered the EEC in 1973. On 28th February 1975, Nigeria and 45 other ACP states signed the Lome' I Convention with the EEC. Subsequently, Nigeria has been involved both in the signing and negotiations of the following conventions - Lome' II, III and IV. Each of these conventions have sought to build on the foundations

laid by the preceding convention. Various attempts have been made during the course of EEC-ACP relations to modify the provisions of the Conventions to suit the increasing changes in the development needs of ACPs.

The Lomé IV Provisions on Trade and Aid represent an improvement on the provisions of Lomé III. For instance in the area of trade, an already liberal trade agreement was strengthened, providing preferential access for more important ACP Products, improved rules of origin and general principles of commercial co-operation were instituted, new STABEX and SYSMIN conditions were adopted - all designed to help ACP states face the instability of world commodity markets.¹

In the area of Aid, total community contribution to the ACPs rose from ECU 8.5 billion in Lomé III to ECU 12 billion in Lomé IV, while Nigeria's share of this Aid rose from 213.5 ECU under Lomé III to 390 ECU under Lomé IV.²

All these nominal and real increases notwithstanding, this study has identified certain aspects of ACP development that must be addressed if the much trumpeted partnership said to exist between EEC and ACP states is to remain relevant to the economic growth and development in the ACP States.

¹R.O. Ogom, Op. Cit, p. 94.

²Nigeria and the EEC, Op. Cit, p. 5.

In the sphere of trade, the EC must contribute more to the diversification efforts of Nigeria for the country to lessen the dominance of crude petroleum in her exports to the community and increase her exports of other agricultural and manufactured products. This would definitely shift some of the Agricultural products so exported to the qualification threshold of STABEX which means more assistance realisable by Nigeria from the EC.

In the sphere of Aid, more assistance should be channelled towards the direct productive sectors of the economy. This would help in boosting exports of manufactured products and modernizing and developing the Nigerian economy.

Findings and Recommendations

In order to tackle the major tasks set for this study - that of identifying whether the Lome' IV Convention provisions on Trade and Aid are capable of boosting Nigeria's trade with the EEC and encouraging its economic performances, we began by reviewing some of the theories that explain Euro-South relations and situated our study within the collective clientelism frame of reference. Although, as we accepted from the start, this frame of reference might not be the best theory that grapples with our research problem because of its limitations, yet it is

pragmatic enough to accept that EC and ACPS are unequal and compete unequally in the International System but also that the states locked in the EC-ACP association adopt a strategy of collective clientelism in their relationship with the hope of extracting optimal privileges from this. This strategy is typified in the Lome' Conventions and by recognizing that the EC-ACP economic relations is not a total zero-sum game (as either side does ^{not} necessarily lose by the gains of the other) it is more realistic than most other theories mentioned in chapter one of this study.

In trying to answer the question we set at the beginning, we note that, among other things, the Lome' Conventions have laid great emphasis on Trade and Aid on account of the dependence of the ACP States on these for development.

In analysing the trade provisions of Lome' IV and their implications for the Nigerian economy, we observed that there was an appreciable increase in the volume and value of Nigeria's trade with the EEC under Lome. This sounds impressive. But we must make haste to state that this growth of trade over the years was stimulated predominantly by the increased exportation of crude petroleum by Nigeria. Attempts at diversification of exports and the lessening of dependence on manufactured

products from the EEC did not succeed. Thus Nigeria could not effectively utilize the broad range of preferential treatment earmarked for ACP exports into the EEC market. These factors have tended to negate the efficacy of the Lome' trade provisions.

Similarly, the trade provisions of STABEX and SYSMIN of quota and duty free access preferences, non-reciprocity of preferences and fund disbursements have little or no meaning for Nigeria since she does not meet the numerous conditions or thresholds for enjoying these benefits.

In analysing the provisions of Lome' IV on Aid, we observed an appreciable increase in the amounts allocated to Nigeria from the EDF from Lome' I to IV, but we also noted that these allocations have not kept pace with inflation, population growth and low per capita income of Nigeria.

What have emerged from the Lome' programme of Aid is a situation where aid that is supposed to be channelled into productive sectors like the manufacturing sector is discountenanced or discouraged. The prospects of moving aid into the industrial and agricultural sectors of the Nigerian economy are scuttled by the EC while funding infrastructural projects - wells, hospitals, Afforestation and environmental development and so on. Because aid is

not utilized for industrialization purposes, it places Nigeria and other ACP States in a perpetual dependence position with no prospects of standing on their own.

From the foregoing, we note that besides facilitating a continuation of Eurafrikan economic relations, the Lome' IV provisions on trade and aid being more similar than different to previous conventions' provisions do not possess much muscle with which to alleviate Nigeria's economic problems. Our hypothesis that the Lome' IV Convention provisions on trade and aid will boost Nigeria's trade with the EEC and encourage her economic growth is therefore not supported by enough facts and is not proved or verified. The growth in Nigeria's trade with the EEC is attributed to the immense contribution of crude oil which is not among the products granted preferential access into the EEC markets but is covered by the generalized system of preferences of GATT. Inflation, population growth rate and low per capita have also dealt a debilitating blow on the Aid allocations.

Certain recommendations become inevitable following the above posited findings.

First, for Nigeria and most ACP States to realize the much needed development of their economies they must look seriously into the much-talked about south-south

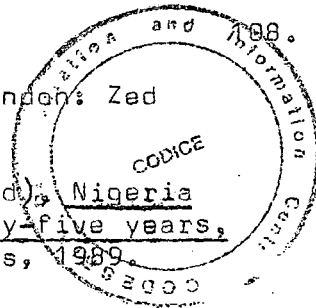
co-operation, that is greater trade and other forms of economic intercourse between the countries of the south. But we note that this has been problematic in the past because of the mono-cultural and export-oriented nature of most of the ACP economies. They lack complementarity, and the fact that they all produce broadly similar products makes trading among themselves difficult. This implies that they need more mature economies to which to export their commodities. But the point must not be lost that aggressive efforts must be made to diversify exports. Additionally, Nigeria should strengthen her efforts at manufacturing as this remains her only hope of lessening her dependence on imports.

Secondly, at the expiry of the EDF for the first five years of Lomé' IV, Nigeria should strengthen her negotiating strategies to enable her gain more resources from the EC, while channelling these funds into directly related productive sectors like her Iron and Steel Industry which has effectively taken off as planned.

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