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ACP negotiations: Fundamental innovations

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COMMENTS

OPEC

Blunt Oil Weapon

The oil crisis is still being used as a catchword but does no longer unnerve the consumers in the way it did originally. In the industrialized countries of the West there is a gradual revival of self-confidence vis-à-vis the oil producers. An early end of the predominant role of mineral oil is not in sight but a diversification of the energy sources at least is possible. The OPEC countries are therefore watching with concern how an oil surplus is piling up in the world market, partly because their own production has been expanded and partly because high prices, the economic downturn, and the mild winter have cut consumption. The relief fund set up in Washington and the threat of US intervention have given them further food for thought. The fronts put up by the oil producers have softened in the face of these developments, and it does not now look likely that the OPEC will succeed in establishing itself as a production cartel. After the tacit price cuts by Libya – once so unyielding – a collapse of the price cartel looks more likely.

At its conference in Algiers the OPEC moved the switches to a more moderate course. It gave another demonstration of fundamental unity – one need only think of the opening of a dialogue with the consuming countries, the condemnation of the US energy policy, the provisional oil price fixing and the intended introduction of sliding price clauses – but there is no mistaking the fact that the differences about tactics and strategy remain. It would be wrong nevertheless to expect these differences to cause the OPEC front soon to fall to pieces. On the contrary, its prime aim now will be to prevent a worldwide consumers' cartel and to reach bilateral agreements. The overall result may be that the badly deranged balance of power in the oil market will be put right again. zz.

ACP Negotiations

Fundamental Innovations

By early February the negotiations between the nine EC members on the one side and 46 would-be associates among the developing countries on the other were close enough to completion for February 28 to be fixed as a date for the signing of a new association agreement in Lomé, Togo. The agreement, the product of eighteen months of negotiations, provides for the trebling of the European Development Fund (EDF) to DM 10.5 bn and contains four items of special interest because they constitute fundamental innovations compared with the Yaoundé conventions. The EC will concede non-reciprocal preferences to the ACP states which means that it does not lay claim to counter-preferences: such an arrangement had been held up by French opposition. The EC further recognises the "cumulative origin" rule which is to assist the regional integration of the 46 association states. And there are other innovations concerning the promotion of industrial cooperation and, in particular, the creation of a mechanism for stabilizing export earnings.

The system of export earnings stabilization relates to bananas, cocoa, coffee, tea, coconuts, palm-oil, cotton, skins and hides, timber (except plywood), sisal and – under certain conditions – iron ore. When the export price of any of these products falls below a reference level, the difference will be made good from the EDF, but it has to be repaid to the Fund when the price rises above the reference level. Only the 17 least developed countries among the associates will be exempt from the repayment obligation. Whether the associates were justified in voicing their satisfaction with this system remains to be seen. Critics are already pointing out that the export earnings stabilization system will tend to preserve traditional economic and social structures and operate against the desired diversification of export structures. hh.

Development Policy

Shift of Emphasis or Change of Course?

There are many signs to suggest that the Federal Government is intent on a fundamental revision of its development policy concept. Apparently it wants to freeze the multilateral aid through international organisations like the UN or via the EC at its present level while increasing its bilateral aid. The aim will be to allocate aid as befits the interests of the Federal Republic. Understandable though such a step is on many counts – on balance it must be rejected.

It may well be true that many international organisations are operating at a low level of efficiency. It may be equally true that the UN agencies have not always in recent times distributed the aid according to objective criteria but with an eye on