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ACP exports and EC trade preferences revisited

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ACP Exports and EC Trade Preferences
Revisited*

by

Torsten Amelung
and
Rolf J. Langhammer

Institut für Weltwirtschaft an der Universität Kiel

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Introduction

The EC grants trade preferences for developing countries in a two-tier regime: Almost all developing countries receive generalized preferences (GSP) for manufactures, semi-manufactures and processed agricultural goods, while some developing countries as well as groups of countries enjoy special preferences. Within the latter approach the countries of the Lomé Convention (ACP Group) rank at the top. They have preferences over all developed and developing countries and have frequently stressed this privilege by complaining that their preferential access was eroded by improvements of generalized preferences. Whether this complaint was based on facts rather than assumptions has been subject to extensive debates in the literature. An in-depth study written by Agarwal et al. (1985) assessed that the ACP countries had not been able to take advantage of preferential treatment, since the ACP export supply was dominated by a high share of raw materials which did not face tariff or non-tariff barriers to access to the European market. This paper analyzes recent trends in the regional and sectoral structure of ACP exports in order to support or revise past findings of the non-effectiveness of ACP trade preferences.

The first section of the paper assesses the global export performance of the ACP group of states between 1982 and 1987. Thereafter, in section 2 the evolution of ACP-EC trade is discussed. Finally, section 3 examines the degree of market accessibility for the major ACP export goods to the EC and respective changes therein, especially in the context of the MFN and GSP rates. The final chapter scrutinizes the ACP export performance and conditions for market access in the textile and clothing industry as an important source for export earnings in many developing countries.

1. ACP Countries in World Exports

a. Overall Pattern

Despite the increasing number of countries belonging to the ACP group, it continued to hold a very small share in world trade during the eighties, as it can be obtained from Table 1. The share of the ACP countries in world exports declined from 2.5 per cent in 1982 to 1.6 per cent in 1987. The share for 1987 is even lower, if one excludes the two major new members, namely Angola and Mozambique, which both account for 0.1 per cent in 1987.

However, this decline is not specific to the ACP group but features a general trend in all developing countries. Their total share in world exports was reduced from 31.1 to 23.9 per cent in the same period mainly because of the dramatic decline in oil prices. Table 1 yields that the major oil-producing ACP members, i.e. Nigeria and Gabon, experienced the largest loss of shares in world exports. These two countries account for 82 per cent of the African members' losses and almost two thirds of the total ACP group's reduction in world export shares.

This points to the fact that only a part of the ACP countries' losses in shares can be attributed to the declining oil prices. Even if the total ACP shares are reduced by the shares of the two major oil producers and the two major entrants, there is a decline from 1.5 to 1.1 per cent between 1982 and 1987. In the same period the share of the ACP group in exports of all developing countries decreased from 8 to 6 per cent. Thus, the ACP countries' declining role in world trade is also due to the non-oil exporting countries. Table 1 suggests that almost all African ACP members suffered from a loss of export shares. Only Mauritius and Gambia were in a position to increase their share considerably. Nevertheless, these gains failed to offset the losses.

Table 1: Share of ACP Countries in World Exports,
1982 and 1987 (per cent)

	1982	1987
African ACP Members		
Angola	-	0.062
Benin	0.002	0.005
Botswana	-	0.007
Burkina Faso	0.005	0.005
Burundi	0.005	0.005
Cameroon	0.101	0.080
Cape Verde	0.002	0.000
CAR	0.006	0.004
Chad	0.006	0.006
Comoros	-	0.001
Congo	0.054	0.039
Djibuti	0.002	0.002
Equatorial Guinea	0.002	0.002
Ethiopia	0.024	0.018
Gabon	0.114	0.054
Gambia	0.002	0.004
Ghana	0.055	0.043
Guinea	0.024	0.022
Guinea-Bissau	0.001	0.000
Ivory Coast	0.143	0.134
Kenya	0.066	0.053
Lesotho	-	0.002
Liberia	0.071	0.039
Madagascar	0.025	0.016
Malawi	0.014	0.013
Mali	0.005	0.005
Mauritania	0.015	0.026
Mauritius	0.021	0.035
Mozambique	-	0.010
Niger	0.018	0.018
Nigeria	0.875	0.353
Rwanda	0.005	0.005
Sao Tome & Principe	0.001	0.000
Senegal	0.028	0.027
Seychelles	0.002	0.003
Sierra Leone	0.010	0.009
Somalia	0.008	0.005
Sudan	0.034	0.030
Swaziland	-	0.002
Tanzania	0.028	0.015
Togo	0.013	0.010
Uganda	0.022	0.013
Zaire	0.101	0.067
Zambia	0.052	0.034
Zimbabwe	0.062	0.049
Subtotal for African ACP Members	2.024	1.322

Table 1 continued

	1982	1987
Caribbean ACP Members		
Antigua & Barbuda	0.006	0.004
Bahamas	0.090	0.031
Barbados	0.015	0.007
Belize	0.005	0.004
Dominica	0.002	0.002
Grenada	0.001	0.001
Guyana	0.023	0.011
Jamaica	0.050	0.037
St. Christopher	-	0.000
St. Lucia	0.002	0.001
St. Vincent	0.001	0.002
Suriname	0.022	0.015
Trinidad & Tobago	0.177	0.062
Subtotal for Caribbean ACP Members	0.394	0.177
Pacific ACP Members		
Fiji	0.017	0.012
Kiribati	0.000	0.000
Papua New Guinea	0.043	0.050
Samoa	0.001	0.000
Solomon Islands	0.003	0.003
Tonga	-	0.000
Tuvalu	-	0.000
Vanuatu	0.001	0.001
Subtotal for Pacific ACP Members	0.065	0.067
Grand Total	2.483	1.565

Source: IMF, Direction of Trade, Yearbook.

In comparison to the African members, the Caribbean countries experienced an even more radical decline of their shares. Among the Caribbean members it was the Bahamas which recorded the largest decline in the ACP group except for the two major oil exporters. As a result, the share of the Caribbean members' in total ACP exports declined from 15.9 per cent in 1982 to 11.3 per cent in 1987, while the African countries increased their share from 81 to 84 per cent. In contrast to the African and Caribbean members, the small group of Pacific countries experienced increasing shares in world exports. This, however, can be solely attributed to the export performance of Papua New Guinea, which accounts for nearly three fourth of the total exports of Pacific members. If these exports are excluded, the share of the Pacific countries follows the same trend as in the entire ACP group.

b. Commodity Concentration of ACP and World Exports: A Comparison

As in the seventies, the export patterns of individual ACP countries revealed a high concentration in few commodities during the observation period. Table A1 displays the commodity concentration as measured by the Hirschman index. The majority of ACP countries range well beyond 0.75 in 1984, while the Asian, North African and Latin American countries do not exceed 0.53. For comparison, the indices for the EC countries, USA, Japan and South Korea cluster around 0.1. Nigeria, Guinea and Uganda show the highest concentration exceeding well 0.9. Mozambique and Zimbabwe are the only ACP countries which dispose of a fairly diversified export supply (concentration index below 0.3).

On average, the export supplies of the African ACP countries are much more concentrated on few commodities than those of the Caribbean and Pacific regions. In this respect there has been a substantial change in the Pacific region which recorded a remarkable decline in its export concentration (Fiji, Papua New Guinea, Tuvalu). Apart from that, only Ghana and Mauritania succeeded in diversifying their export structure sizeably. On the whole, the

commodity concentration of exports tends to be fairly stable in the African ACP countries (except for the Seychelles which show an increase of the Hirschman index).

In the Caribbean region the concentration had a tendency to increase, especially in the Bahamas which recorded an increase of the index by 17 percentage points between 1980 and 1984, the latest year available for this type of analysis. The export concentration of the index of the Bahamas increased as a result of the rising exports of petroleum products, which doubled their shares in the country's total exports in the respective period.

Concentrating exports on a few items must not necessarily be harmful for a country, especially if these goods enjoy a high world demand and rising prices, as it was the case in the oil-producing countries in the seventies. Yet, the risks of "turning the tide" are high as consumers adjust to rapidly rising prices by introducing commodity-saving techniques and substitutes. Subsequently in the eighties, these countries were affected by a large decay in oil prices, while most of the non-oil exporting countries in the ACP group suffered from depreciating terms of trade¹. As it can be derived from the Tables 1 and A1, there is much evidence that countries which reported a highly concentrated export structure in 1984 suffered higher losses in their world export shares. This happened to be the case in Congo, Nigeria, Somalia, Bahamas, Seychelles, Uganda and Zambia. On the other hand, countries with a diversified export structure, e.g. Ivory Coast, Sudan and Senegal, incurred smaller declines in their world export shares.

Furthermore, Table A1 reveals that the export supply of ACP still deviates considerably from world trade structure taken as a reference. This suggests that the goods supplied by ACP countries do not represent the bulk of goods facing a high demand in world

¹ See Section 1d) for a discussion of the terms of trade changes in ACP countries.

markets. Inevitably, this negatively affects the income gained from exports. For the majority of ACP countries the deviation index was higher than 0.9, while the EC, Asian, North African and Latin American countries ranked below 0.65, 0.75, 0.81 and 0.71. Among the ACP group only Angola, Cameroon, Congo, Ivory Coast and Zaire were below 0.8. Except for Benin and Zaire, the deviation indices of the ACP countries proved to be fairly stable in the 1980-1984 period.

c. ACP Performance in Leading Exports of Developing Countries

There are only two commodities, namely cocoa and nickel, in which the ACP countries account for more than two fifth of total exports from developing countries. In 1980 the ACP group hold also dominant positions in copper and inorganic chemicals¹. Between 1980 and 1983-84 the share of ACP countries in total LDC exports of cocoa declined from 63.2 to 55.8 per cent. However, this loss of export shares is not uniform across all ACP countries. While Ghana, Nigeria and Cameroon fell behind, the largest exporter, Ivory Coast, managed to expand its share. The ACP group's leading position in nickel is solely due to Zimbabwe that widened its share by almost 30 per cent to 49.7 per cent.

There are 9 commodities in which the ACP countries hold an export share of 20 to 40 per cent, that is live animals, coffee, tea, unmanufactured tobacco, rough wood, ores and concentrates of non-ferrous base metals, inorganic chemicals, cotton, and copper. The ACP group's share in inorganic chemicals decreased substantially (from 50.1 to 27.6 per cent) as a result of Jamaica's decline in export shares, which was not fully offset by the substantial increase of the second largest exporter's share, namely Trinidad. As far as copper is concerned, all respective ACP exporters were responsible for the 6 per cent loss in export shares. In the case of cotton, coffee and tobacco the ACP countries experienced moderate increases in their export shares, while increases were substantial in wood (by 8.9 per cent), tea (by 8.4 per cent) as well as ores and concentrates of non-ferrous

¹ The figures given in this section have been calculated on the basis data derived from the UNCTAD Handbook and can be obtained from the authors upon request.

base metals (by 13.5 per cent). The increase of the latter can be attributed to the upswing of respective exports from Guinea.

In the case of tea mainly Kenya's exports contributed to the widening of the ACP group's share. Thus, the emphasis of ACP exports is still on primary commodities, while semi-processed and processed goods remain of less importance. For many of these products the export share has even declined, e.g. sugar (7.9 to 6.8 per cent), oil seeds (13.6 to 12.9 per cent), petroleum products (10.0 to 6.0 per cent), cotton fabrics (2.9 to 1.8 per cent), leather (3.0 to 1.2 per cent), iron & steel shapes (5.1 to 3.1 per cent), pig iron (13.9 to 11.1 per cent) aluminium (22.6 to 8.4 per cent).

d. Terms of Trade Development for Selected ACP Countries

As it was already mentioned above, the terms of trade of most ACP countries have tended to deteriorate in the eighties. Table 2 provides a breakdown of the terms of trade (TOT) and income terms of trade (Income TOT) for selected years. Most ACP countries incurred TOT losses in 1986 compared to 1980 or 1975, while 11 countries (Chad, Ethiopia, Liberia, Madagascar, Malawi, Mali, Mauritius, Senegal, Sierra Leone, Uganda, Tanzania) experienced improvements in their terms of trade in the 1980-1986 period. However, this could be partly explained by the boom in commodity prices, which had a peak around 1980 and 1981. If one compares the TOT for 1986 and 1975, there is an improvement for 13 countries (Angola, Cameroon, CAR, Chad, Ivory Coast, Ethiopia, Gabon, Kenya, Madagascar, Mali, Rwanda, Uganda, Tanzania), while the other 24 countries suffered from decreasing TOT. Hence, even in the long-run the terms of trade have been deteriorating for the majority of ACP countries listed in Table 2.

The decline of commodity prices is illustrated in Figure 1, which highlights the fluctuations of export price indices both for particular products and product groups. Figure 1a indicates the price variations of the ACP group's major export commodities. The price of sugar has recorded a steady and substantial decline. Oil prices have been subject to a drastic decay after 1985. By con-

Table 2: Terms of Trade Indices for Selected ACP Countries and other Developing Regions, 1970-1986

a) Terms of Trade Estimates for Selected ACP Countries^a,
Index 1980=100

	1970	1975	1981	1985	1986
Angola	45 (76)	64 (90)	112 (104)	102 (131)	71 (101)
Barbados	157 (66)	248 (84)	98 (90)	76 (108)	72 (137)
Benin	168 (183)	127 (87)	101 (57)	103 (73)	82 (70)
Burkina Faso	128 (66)	109 (84)	109 (88)	103 (83)	98 (86)
Cameroon	91 (60)	74 (55)	81 (84)	78 (58)	88 (61)
CAR	82 (85)	73 (68)	97 (73)	94 (86)	97 (96)
Chad	75 (140)	104 (119)	109 (123)	114 (125)	109 (130)
Congo	229 (108)	123 (60)	85 (86)	75 (92)	75 (102)
Ivory Coast	83 (56)	76 (66)	89 (84)	85 (106)	90 (112)
Ethiopia	132 (111)	104 (101)	71 (93)	82 (87)	125 (135)
Gabon	17 (18)	60 (71)	115 (108)	102 (102)	62 (59)
Gambia	144 (194)	134 (264)	114 (94)	117 (164)	96 (164)
Ghana	89 (153)	80 (125)	73 (95)	59 (60)	68 (85)
Guyana	111 (129)	174 (164)	97 (92)	73 (60)	77 (64)
Jamaica	96 (141)	182 (46)	108 (133)	94 (167)	90 (129)
Kenya	79 (100)	85 (88)	93 (85)	90 (75)	93 (102)
Liberia	161 (137)	126 (118)	97 (92)	100 (85)	109 (83)
Madagascar	97 (143)	92 (133)	84 (81)	103 (75)	112 (91)
Malawi	136 (70)	130 (84)	108 (98)	104 (98)	103 (92)
Mali	114 (55)	104 (46)	108 (79)	112 (93)	108 (103)
Mauritania	170 (157)	126 (153)	99 (143)	96 (227)	92 (204)
Mauritius	103 (59)	217 (118)	103 (80)	95 (119)	117 (177)

Table 2 continued

	1970	1975	1981	1985	1986
Mozambique	95 (218)	113 (132)	103 (102)	94 (33)	92 (32)
Niger	159 (19)	126 (28)	86 (83)	81 (44)	82 (53)
Nigeria	19 (16)	56 (53)	114 (77)	93 (60)	52 (36)
Rwanda	75 (73)	59 (64)	68 (104)	71 (131)	72 (155)
Senegal	89 (117)	154 (168)	108 (108)	102 (97)	100 (137)
Sierra Leone	128 (178)	104 (104)	90 (79)	96 (64)	101 (84)
Somalia	141 (81)	103 (112)	113 (123)	101 (80)	99 (70)
Sudan	96 (193)	114 (133)	102 (128)	92 (79)	82 (70)
Suriname	112 (95)	110 (97)	104 (95)	75 (68)	71 (66)
Togo	66 (58)	216 (64)	91 (65)	86 (65)	80 (70)
Trinidad & Tobago	50 (87)	79 (91)	107 (91)	93 (58)	64 (41)
Uganda	91 (273)	69 (127)	76 (74)	94 (121)	110 (124)
Tanzania	94 (187)	100 (126)	91 (123)	89 (62)	101 (77)
Zaire	179 (173)	98 (90)	92 (43)	90 (67)	87 (73)
Zambia	232 (263)	108 (110)	86 (86)	76 (46)	74 (39)

b) Terms of Trade Indices of Exports by Major Regions

Region	1970	1975	1981	1985	1986	1987
Africa	61 (64)	77 (77)	103 (84)	91 (75)	71 (64)	72 (62)
North Africa	26 (41)	66 (60)	116 (85)	99 (72)	58 (54)	65 (56)
South and Southeast Asia	94 (47)	111 (64)	101 (110)	93 (137)	87 (158)	93 (184)
LAIA	69 (66)	102 (71)	101 (112)	92 (115)	79 (99)	79 (105)
Developing Countries	42 (44)	79 (71)	109 (103)	95 (89)	72 (82)	77 (92)

^a Income terms of trade indices are given in brackets below the terms of trade indices.

Notes: TOT = Export unit value index/import unit value index
Income TOT = Value index of exports/import unit value index

LAIA: Argentina, Brazil, Chile, Mexico, Paraguay, Uruguay.

North Africa: Maghreb, Egypt, Libya, Sudan.

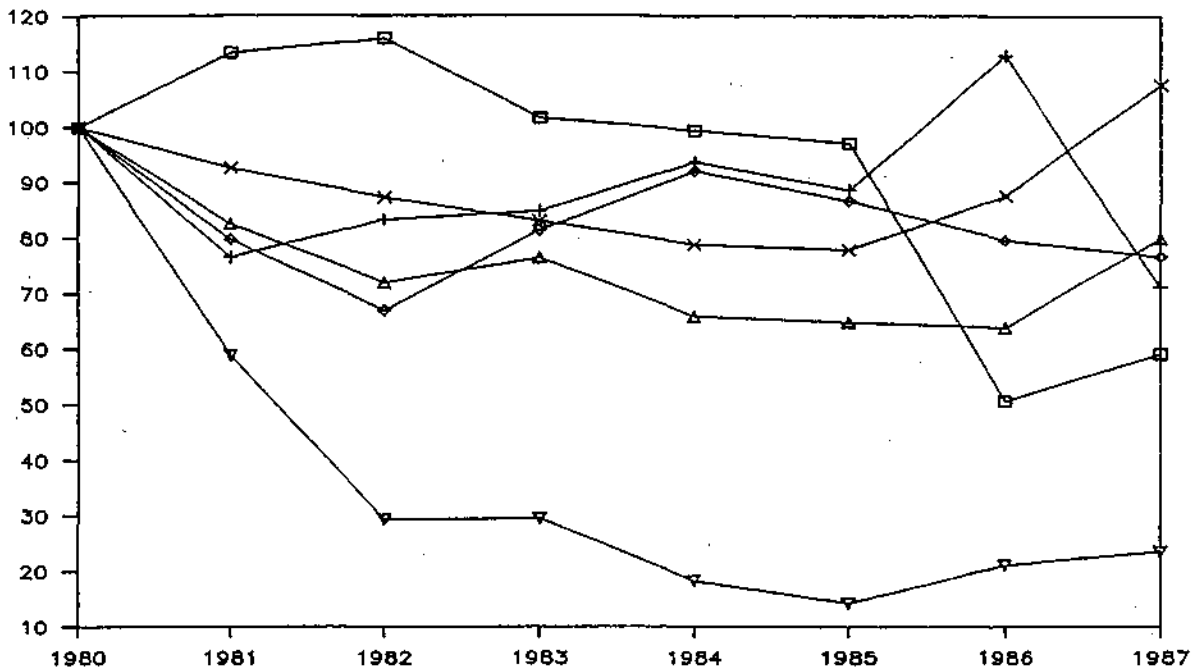
Africa: African ACP members, St. Helena, Reunion, Namibia.

South and Southeast Asia: ASEAN countries, India, Bangladesh, South Korea, Sri Lanka and Lao.

Source: UNCTAD Handbook.

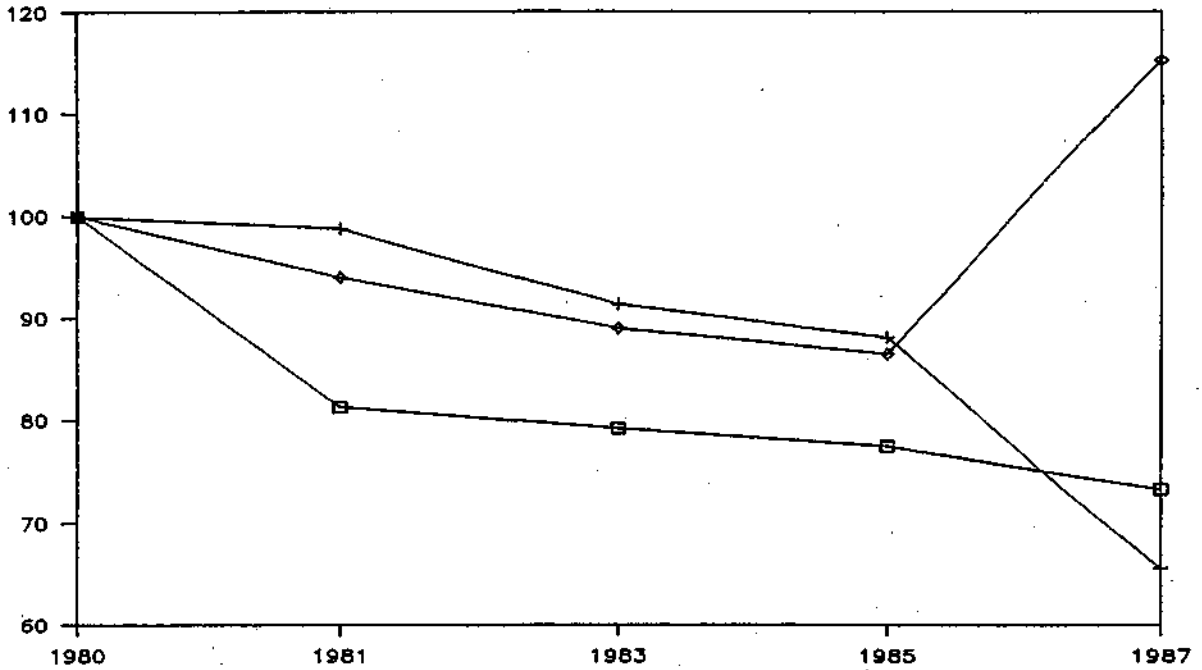
Figure 1: Fluctuation in Unit Export Prices of ACP Countries,
1980-1987

a) Price Changes in Major ACP Export Products



- Oil
- + Coffee
- ◇ Cocoa
- Δ Copper
- x Wood
- ▽ Sugar

b). Price Changes in Composite Export Price Indices



- Composite price index of ACP non-oil commodity exports
- + Composite price index of ACP commodity exports
- ◇ Manufactures export unit value index

Source: UNCTAD Handbook.

trast, prices for copper, cocoa and coffee have diminished moderately, while world market prices for tropical wood were higher in 1987 compared to 1980.

In total, the few items experiencing a favourable price trend failed to offset the generally adverse trend of most ACP export prices. The composite price index of major ACP export commodities shows a steady decline for the period 1980-1985 and a distinct fall for 1985-1987¹. The latter movement can be attributed to the oil price decay. By contrast, the ACP's price index for non-oil commodity exports records a drastic decline in 1980-1981 and a steady but moderate decline in 1981-1987. By comparison, the manufactured export unit value index, which can be taken as an approximation of the ACP's unit import values, has recorded a sharp increase after 1985. Hence, it can be concluded that the ACP's deteriorating terms of trade have been determined by declining prices of raw materials, especially oil, as these products account for the bulk of ACP exports.

It must be stressed that the TOT deterioration for the majority of ACP countries finds strong parallels in the trends in other developing regions of the world. Table 2b shows that the TOT index declined in all developing countries, e.g. in Africa, which is dominated by the African ACP countries, in North Africa, which includes the Maghreb and some Mashrak countries, in South and South East Asia and in the Latin American countries. This holds both for the 1975-1986 and 1980-1986 periods. As far as the capacity to import is concerned, the TOT index is of limited relevance, as changes in export quantities are not taken into account. In this respect the income terms of trade index (Income TOT) serves as a more appropriate measure. As it can be seen from Table 2, the Income TOT of developing countries declined for the 1980-1986 period, but during the 1975-1980 period the income terms of trade improved by 11 percentage points.

¹ This index includes the weighted averages of the 23 most important ACP export commodities. The weights have been derived by taking the average percentage ACP export shares to the EC in the 1983-1987 period.

However, this is not a general trend across all developing regions. While Africa and North Africa suffered from a deterioration of their income terms of trade, the South East and South Asian countries recorded a substantial improvement in both periods. The member countries of the Latin American Integration Association (LAIA) also faced rising income terms of trade except for the 1980-1985 period.

As far as individual ACP members are concerned, only 9 countries (Barbados, Burkina Faso, Congo, Jamaica, Malawi, Mauritania, Mauritius, Niger, Togo) were able to compensate export price decays by increasing export quantities in the 1975-1980 period. Another group of 9 countries (Angola, Cameroon, CAR, Chad, Ivory Coast, Ethiopia, Kenya, Mali, Rwanda) enjoyed improvements both in their terms of trade as well as their income terms of trade.

2. Regional Trade Patterns of ACP Countries

a. Exports

The regional distribution of exports is given in Table 3 for selected ACP countries. These countries encompass the major exporters in the ACP group, which accounted for more than four fifth of total ACP exports in 1987. About 70 per cent of these ACP exports are directed to the EC and the USA. This share has remained almost constant in the 1982-1987 period. The EC is still the most important market for ACP exports. In 1987 the EC took 45.4 per cent of ACP exports against 38.5 per cent in 1982. At the same time the share of ACP exports to the USA decreased substantially from 33.2 per cent in 1982 to 24.8 in 1987. This shift is somehow surprising, as it deviates from the general trend in developing countries. Table 3 suggests that the USA became more important as an import market for all developing countries compared to the EC, which lost in terms of import market shares. This was partly the result of the real appreciation of the US dollar, which facilitated an export boom to the USA and allowed developing countries to penetrate into this market. Obviously the ACP countries as a group have not been in a position to take advantage of the appreciation and enter the US market.

As in the pre-period, however, this does not hold true uniformly for individual ACP countries. The Caribbean ACP members, which traditionally have a stronger position on the US market than the African members, increased their shares by nearly 10 percentage points. In the same vein, also few African members, Mauritius and Senegal succeeded in doubling their share of exports to the USA. On the whole, only 9 out of the 20 countries listed in Table 3 show declining shares for the USA. Accordingly, the USA's decreasing role as an import market for the ACP group can be attributed to the export performance of a few countries dominating ACP trade in terms of their size, namely Cameroon, Ghana, Nigeria, and Zaire.

Table 3: Direction of Major ACP Countries' Exports, 1982 and 1987¹ (per cent)

	EC		USA		Canada		Japan		OPEC ²		Centrally Planned Economies ³		Asia ⁴		Rest of World	
	1982	1987	1982	1987	1982	1987	1982	1987	1982	1987	1982	1987	1982	1987	1982	1987
Angola	-	39.9	-	16.9	-	6.3	-	0.8	-	9.0	-	0.0	-	0.0	-	36.1
Cameroon	47.6	63.4	39.6	21.5	0.0	0.0	1.9	0.6	0.3	9.8	0.7	0.0	0.4	0.3	9.5	12.7
Congo	43.2	44.4	41.5	45.0	-	0.0	1.1	1.4	0.0	0.0	-	0.2	0.4	0.4	13.8	4.6
Ethiopia	31.6	42.9	25.0	17.1	0.5	0.3	7.1	9.6	6.2	2.6	2.7	7.8	1.6	1.6	25.2	18.9
Gabon	38.2	60.6	29.7	27.0	0.3	0.3	0.8	3.1	-	0.8	-	0.4	0.2	0.5	31.1	7.7
Ghana	32.5	40.4	35.3	23.2	0.4	0.5	7.8	6.7	0.4	0.1	7.8	16.6	5.0	4.9	10.1	7.7
Ivory Coast	54.1	57.0	12.1	11.6	0.4	0.3	1.8	0.7	2.4	0.6	4.2	4.9	2.5	1.4	22.5	23.1
Jamaica	18.6	26.6	34.2	44.0	11.9	9.9	1.8	1.2	3.8	0.9	5.0	1.3	0.1	0.1	25.5	14.5
Kenya	35.1	40.9	6.2	6.1	1.0	0.8	0.8	1.0	4.3	2.3	0.7	0.5	10.2	7.3	41.7	40.4
Liberia	32.9	68.4	9.7	10.0	-	0.2	10.8	1.8	0.6	0.6	0.2	0.0	27.9	5.3	17.2	13.6
Madagascar	28.4	52.3	13.9	17.4	0.1	0.0	3.5	12.1	19.5	2.6	1.7	2.8	9.8	9.0	18.1	7.9
Mauritius	84.7	74.0	7.7	17.1	0.8	2.5	0.1	0.2	0.0	0.0	0.2	0.3	3.6	1.3	5.7	4.6
Nigeria	38.9	37.6	44.4	41.3	0.4	2.2	0.1	0.1	0.0	0.0	0.2	0.1	0.0	0.2	16.0	18.6
Papua New Guinea	36.8	37.6	1.8	2.1	0.0	0.0	0.0	24.3	20.5	0.1	0.0	0.6	0.0	10.3	22.1	16.0
Senegal	53.8	48.8	0.2	1.0	0.0	0.0	2.7	2.0	1.7	0.4	0.4	0.1	1.6	15.6	19.6	36.0
Sudan	25.8	31.2	2.7	3.3	0.1	0.2	7.1	5.5	29.4	5.1	6.7	7.5	9.1	13.7	19.1	35.9
Suriname	47.4	34.9	15.6	14.6	1.6	0.6	4.7	7.1	1.9	4.7	0.2	0.0	0.2	0.1	27.4	37.7
Tanzania	40.1	58.2	6.1	3.8	0.5	0.5	3.7	4.9	9.4	0.9	3.2	1.0	13.4	10.8	18.6	19.9
Trinidad & Tobago	16.3	12.3	49.2	59.2	0.3	1.9	0.1	2.3	1.1	1.0	0.0	0.3	0.6	0.0	32.3	24.0
Zaire	49.9	71.2	36.3	18.4	0.7	1.5	3.2	3.7	0.0	0.0	-	0.0	4.3	1.4	5.9	3.9
Zambia	42.8	34.0	3.2	5.9	0.2	0.0	23.5	32.4	1.1	1.3	1.2	0.5	10.3	13.7	17.7	12.1
Zimbabwe	-	41.0	-	6.5	-	0.6	-	5.2	-	1.1	-	1.9	-	4.9	-	38.7
Total	38.5	45.4	33.7	24.8	0.6	1.5	2.8	3.7	1.5	0.6	1.0	1.6	2.9	3.1	19.5	19.1

Notes:

Developing Countries 26.6 24.9 15.6 21.3 1.0 1.4 13.2 11.1 5.2 3.2 4.7 5.1 12.6 15.2 - -

¹ Is per cent of total exports. - ² Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Qatar, Saudi Arabia, United Arab Emirates, Venezuela. - ³ Albania, Bulgaria, Cuba, Czechoslovakia, GDR, Mongolia, North Korea, Poland, USSR. - ⁴ Afghanistan, Bangladesh, Brunei, Burma, China, Fiji, French Polynesia, Guam, Hong Kong, India, Kampuchea, Kiribati, Korea, Lao P.D.R., Macao, Malaysia, Maldives, Nauru, Nepal, New Caledonia, Pakistan, Papua New Guinea, Philippines, Samoa, Singapore, Solomon Islands, Sri Lanka, Thailand, Tokelau, Vanuatu, Vietnam, Western Samoa, Asia not specified, Oceania not specified.

Source: IMF, Direction of Trade, Yearbook.

Gains and losses in shares of ACP exports to the USA do not generally correspond to respective losses and gains in shares of exports to the EC. This correlation holds true but in 11 out of 20 countries, e.g. Mauritius, Trinidad and Zaire. For 15 countries the EC has gained importance as an import market, e.g. for Liberia, Gabon, Madagascar, Tanzania and Zaire. In these cases the EC gained roughly 20 percentage points. Only Zambia, Suriname and Trinidad recorded considerable shifts away from the EC to other markets. The growing importance of the EC market in a period of the US dollar appreciation has quite a number of reasons among which tied loans or foreign direct investment serving the investor's home market rank prominently.

Compared to the EC and the USA, other industrialized countries are of minor importance as import markets for ACP products. The export share of ACP exports supplied to Canada corresponds to the average of all developing countries (Table 3). Overproportionately, the Canadian market is of some importance for Angola and Jamaica. The Japanese market, which absorbs more than 10 per cent of exports from developing countries, records a very low though increasing export share for ACP countries. The bulk of ACP exports to Japan comes from Madagascar, Papua New Guinea and Zambia. For these countries the Japanese export market continues to be relevant. The ACP exports to centrally planned economies are mainly due to Ethiopia, Ghana and Sudan. Apart from that the Eastern bloc plays a negligible role ACP exporters and so does the Asian region except Japan, which is quite important for ACP exports from Papua New Guinea, Senegal, Sudan, and Zambia. As for all developing countries the decline in oil prices and the subsequent shrinking import demand in the OPEC countries have contributed to reduce the share of ACP exports to this region. The decline has been especially pronounced for adjacent Eastern African countries, namely Madagascar, Sudan and Tanzania.

For some ACP countries other export markets in developing countries are of constant or even increasing importance. For instance, Angola and Suriname direct a high share of their exports to markets in the Caribbean region and South America, and Kenya, Senegal, Sudan and Zimbabwe supply a sizeable share of their exports to African neighbour states.

b. Imports

The regional distribution of ACP imports, as it is shown in Table 4, is more even across countries and stable across time compared to ACP exports. The stability of the import structure points to the fact that import restrictions imposed by ACP countries in order to cure current account deficits have not been discriminatory with respect to exporting countries. It is remarkable that the modest shifts in ACP imports follow the same trend as in all developing countries.

The EC still provides the bulk of imports of ACP countries. The EC's share in ACP imports was 28.4 per cent in 1987 against 28 per cent in 1982. In the case of Cameroon, Congo, Gabon and Senegal EC exporters have reached a dominant position exceeding 60 per cent of the respective countries' imports. These countries also account for the largest positive shifts in import shares in favour of the EC. On the contrary, the Caribbean and Pacific ACP countries recorded generally lower import shares than the ACP average.

The increases in the share of imports from the EC correspond in most cases to declining shares of imports from the USA. This shift can be explained by the real appreciation of the US\$ vis-à-vis the Yen and the European currencies. The relative decline of US exports to developing countries holds true for developing countries in general as well as for the African ACP members. Only the Caribbean countries increased their relative share of imports from the USA, as the latter traditionally rank higher in these countries than imports from the EC.

Table 4: Share of EC and other Regions in Imports of Major ACP Countries, 1982 and 1987^a (per cent)

	EC		USA		Canada		Japan		Asia ^b		EP5 ^c		OPEC ^d		Rest of World	
	1982	1987	1982	1987	1982	1987	1982	1987	1982	1987	1982	1987	1982	1987	1982	1987
Angola	-	53.6	-	9.4	-	0.3	-	2.3	-	4.3	-	0.0	-	0.0	-	24.6
Cameroon	56.4	66.9	5.1	2.9	1.5	0.8	4.2	5.3	15.0	6.6	0.7	0.1	0.2	0.1	15.9	17.2
Congo	69.7	80.8	8.0	2.1	2.9	0.0	2.7	3.6	2.8	5.2	0.2	1.0	-	0.1	13.7	7.2
Ethiopia	42.1	38.9	6.9	11.8	1.9	2.3	9.1	10.1	6.2	4.6	21.5	17.6	1.0	0.7	11.3	13.8
Gabon	65.7	72.0	15.6	7.7	0.3	0.1	6.4	4.5	1.7	3.8	0.1	0.3	-	0.0	10.2	11.0
Ghana	39.3	49.3	16.8	12.4	1.3	2.0	3.7	6.0	1.6	6.7	4.4	4.0	13.1	4.3	17.3	14.8
Ivory Coast	51.1	58.6	5.4	4.2	0.2	0.4	4.1	4.8	5.1	7.4	0.6	1.1	13.5	7.7	15.0	15.9
Jamaica	12.5	21.7	36.7	43.6	4.5	5.3	1.8	2.5	1.1	4.8	0.2	0.4	11.4	5.8	11.8	16.0
Kenya	36.1	47.0	6.2	5.5	1.3	0.4	7.1	12.1	7.0	8.7	0.4	0.1	32.0	15.2	9.9	11.1
Liberia	21.6	18.2	4.6	5.4	0.2	0.2	1.6	5.1	10.0	15.6	0.1	0.1	2.9	0.4	19.2	14.9
Madagascar	42.2	47.1	5.4	4.3	0.4	1.0	5.2	1.4	11.0	7.5	1.3	8.9	29.0	6.9	5.5	10.9
Mauritius	33.1	36.9	4.1	3.0	0.3	0.1	4.4	8.9	21.0	26.5	0.5	0.0	0.0	2.8	16.3	22.3
Nigeria	56.0	53.9	10.9	6.0	0.4	0.8	10.1	7.1	6.4	10.5	1.1	4.0	0.1	9.0	15.9	18.1
Papua New Guinea	5.0	5.7	6.8	4.8	1.9	0.2	13.0	17.3	17.3	16.3	-	0.0	-	0.3	11.0	14.9
Senegal	58.3	61.3	3.1	4.6	1.0	0.9	1.6	1.1	3.3	6.1	0.6	9.6	13.5	13.0	13.3	12.4
Sudan	31.5	16.5	15.3	12.1	0.7	0.7	4.4	6.2	10.2	9.7	1.3	1.8	14.8	12.2	14.8	12.9
Suriname	58.0	25.9	9.9	28.3	-	0.4	13.0	1.1	6.9	2.4	-	0.6	-	1.0	14.2	19.4
Tanzania	43.4	39.3	4.7	3.3	2.1	1.5	10.3	2.6	9.2	13.3	1.4	1.2	3.7	11.3	25.3	21.6
Trinidad & Tobago	16.9	21.8	31.1	42.1	4.1	6.7	7.4	5.3	1.3	2.8	0.2	0.1	24.1	2.0	14.9	19.3
Taire	52.1	42.6	9.2	5.5	1.3	0.7	5.2	1.5	2.9	19.2	0.1	0.0	-	0.0	19.7	9.5
Zambia	36.0	33.5	9.2	6.7	0.7	2.0	6.0	5.6	4.7	1.5	0.8	0.5	13.9	15.3	27.9	24.8
Zimbabwe	-	32.4	-	9.5	-	0.7	-	4.1	-	2.8	-	0.9	-	0.1	-	19.6
Total	43.7	44.6	11.9	9.8	1.2	1.2	7.0	6.3	8.3	11.7	1.1	2.1	7.4	4.2	19.4	20.2

Notes:

Developing Countries 28.0 28.4 15.6 14.6 1.5 1.3 12.1 13.1 9.4 14.1 4.6 4.7 10.5 5.6 - -

^a In per cent of total exports. - ^b Afghanistan, Bangladesh, Brunei, Burma, China, Fiji, French Polynesia, Guam, Hong Kong, India, Kampuchea, Kiribati, Korea, Lao P.D.R., Macao, Malaysia, Maldives, Mauritius, Nepal, New Caledonia, Pakistan, Papua New Guinea, Philippines, Samoa, Singapore, Solomon Islands, Sri Lanka, Thailand, Tuvalu, Vanuatu, Vietnam, Western Samoa, Asia not specified, Oceania not specified. - ^c Albania, Bulgaria, Cuba, Czechoslovakia, GDR, Mongolia, North Korea, Poland, USSR. - ^d Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Qatar, Saudi Arabia, United Arab Emirates, Venezuela. -

Source: IMF, Direction of Trade, Yearbook.

However, it was not Japan which took advantage of the USA's declining export shares in the ACP countries, even though the Japanese exporters could moderately improve their position in developing countries. The share of Japanese goods in imports of ACP countries decreased from 7 per cent in 1982 to 6.3 in 1987, while these percentage shares are substantially lower in the ACP countries than for the average of developing nations. Instead of Japan, the other Asian countries experienced considerable increases of market shares in ACP countries. The share of goods imported from Asia recorded substantial increases in Zaire (from 2.9 per cent in 1982 to 39.2 per cent in 1987), Liberia and Mauritius. In these countries the increase of the import share is due to exports of China, Singapore, Hong Kong and South Korea.

As a result of the low oil prices, the share of imports from OPEC countries declined considerably both in developing countries in general as well as in the ACP states. Goods produced in centrally planned economies account for a negligible share of ACP imports, even though this share has almost doubled. However, this is primarily due to Madagascar, which raised its share by almost seven times. Apart from that only Ethiopia imports a remarkable amount of goods from that region.

c. Intra-ACP Trade

As it can be obtained from the Tables 3 and 4, a considerable share of ACP imports and exports was classified as "rest of the world". A large share of this category is due to intra-ACP trade, which amounted to 2.5 billion US\$ in 1987 or 6.7 per cent of total ACP exports against 4.3 per cent in 1982 (Table 5). However, this overall trend can by no means be generalized in the sense that it can be observed in all ACP countries. Within the sample of 52 ACP states, only 27 countries recorded an increase of their intra-ACP trade share. The bulk of intra-ACP exports is still due to half a dozen countries. In 1987 Angola, Ivory Coast, Kenya, Nigeria, Zimbabwe and Trinidad & Tobago accounted for more than two thirds of total intra-ACP exports. Moreover, increases

Table 5 : Intra-ACP Trade in ACP Countries' Total Exports,
1982 and 1987

	Intra-ACP Trade (Mill. US-\$)		Share in Total Exports (per cent)	
	1982	1987	1982	1987
Angola	-	323.20	-	22.08
Benin	5.17	8.05	15.39	7.06
Burkina Faso	22.86	5.23	28.54	4.13
Burundi	4.99	11.41	5.70	8.85
Cameroon	67.40	93.90	3.92	5.00
Cape Verde	0.50	1.90	17.86	21.35
CAR	1.13	3.67	1.07	3.97
Chad	16.86	6.18	16.61	4.59
Comoros	-	0.60	-	3.26
Congo	4.62	15.07	0.50	1.63
Djibouti	11.70	9.30	46.25	23.85
Equatorial Guinea	0.20	1.15	0.78	3.11
Ethiopia	0.00	22.69	0.00	5.48
Gabon	37.50	24.20	1.93	1.89
Gambia	6.86	43.66	20.66	43.52
Ghana	7.50	5.20	0.81	0.51
Guinea	27.17	39.60	6.61	7.62
Guinea-Bissau	0.72	0.06	7.20	1.37
Ivory Coast	272.70	392.50	11.17	12.40
Kenya	247.10	302.80	21.97	24.01
Liberia	9.40	9.10	0.78	1.00
Madagascar	3.54	3.36	0.82	0.88
Malawi	27.50	25.85	11.84	8.39
Mali	11.30	12.67	12.18	11.66
Mauritania	2.32	30.42	0.90	8.23
Mauritius	3.98	4.59	1.09	0.56
Mozambique	-	4.66	-	1.97
Niger	70.68	29.85	23.05	7.23
Nigeria	261.00	289.00	1.75	3.48
Rwanda	6.52	5.04	7.91	4.01
Sao Tome & Principe	-	0.00	-	0.00
Senegal	119.56	107.78	24.78	16.70
Seychelles	0.20	0.50	0.59	0.62
Sierra Leone	1.41	2.16	0.83	1.02
Somalia	1.11	0.59	0.78	0.51
Sudan	0.50	0.80	0.09	0.11
Tanzania	28.00	14.80	5.85	4.29
Togo	27.24	5.30	12.82	2.27
Uganda	6.37	4.63	1.72	1.50
Zaire	9.40	15.20	0.55	0.96
Zambia	16.00	52.90	1.82	6.65
Zimbabwe	116.00	194.30	10.98	16.98
Bahamas	1.80	27.00	0.12	3.75
Barbados	58.48	29.44	23.24	18.94
Belize	9.05	7.23	10.68	7.27
Dominica	-	8.74	-	15.30
Grenada	3.77	0.37	22.57	1.62
Guyana	51.84	12.46	13.36	4.74
Jamaica	102.10	57.40	11.89	6.58
St. Vincent	1.53	5.51	7.97	14.09

Table 5 continued

	Intra-ACP Trade (Mill. US-\$)		Share in Total Exports (per cent)	
	1982	1987	1982	1987
Suriname	1.73	1.18	0.47	0.33
Trinidad & Tobago	80.90	142.00	2.69	9.70
Fiji	30.47	21.98	10.74	7.84
Papua New Guinea	0.50	4.10	0.07	0.35
Samoa	0.12	0.04	0.94	0.36
Solomon Islands	1.10	4.89	1.85	7.80
Tonga	-	0.05	-	0.89
Vanuatu	0.02	0.57	0.13	1.80
Total	1800.42	2446.83	4.28	6.71

Source: IMF, Direction of Trade, Yearbook.

of total intra-ACP trade can mainly be attributed to these six countries. In the same vein, decreases in intra-ACP trade were mainly due to Niger, Senegal, Togo, Barbados and Jamaica.

Furthermore, the relevance of intra-ACP trade is quite different across countries. The share of intra-ACP trade in total exports is highest for Gambia (43.5 per cent). This can be explained by the ongoing process of economic integration of the country with Senegal. Apart from that, there are only four countries, in which the intra-ACP trade share exceeds 20 per cent of total exports, namely Angola, Cape Verde, Djibouti and Ivory Coast. The relative importance of intra-ACP trade has substantially declined in Benin, Chad, Djibouti, Niger, Togo, Grenada and Guyana, while it became more important in Ethiopia, Gambia, Mauritania, Zimbabwe, Saint Vincent and Trinidad & Tobago.

Since four of these countries participate in regional integration schemes, the increase of intra-ACP trade could be related to these institutional factors. Table 6 reveals to what extent regional integration schemes may have contributed to the growth of intra-ACP trade. In terms of member countries, the Economic Community of West African States (ECOWAS) forms the largest economic community of ACP countries. The share of ECOWAS in intra-ACP trade has slightly fallen in the 1982-1987 period. This decrease was mainly caused by the oil price decline and its effects on the exports of Nigeria, which is a major member of ECOWAS. At the same time six members of the West African Economic Community (WAEC), which encompasses the francophone countries of ECOWAS, have been in a position to increase the share of intra-ACP trade relative to their total exports. The intensification of trade integration has been easier in the WAEC than in the larger ECOWAS because the WAEC comprises relatively small and homogenous member states, which in addition are linked together through a monetary union, infrastructure networks and cooperation projects (e.g. Conseil de l'Entente). Despite the access of the Bahamas in 1983, the Caribbean Community (CARICOM) records also a decline of its share in intra-ACP trade, since the major member countries are increasingly engaged in exports to the USA. In contrast, the

Table 6: Contribution of Regional Integration Schemes to Intra-ACP
Trade, 1982 and 1987

	Share in Intra-ACP Trade (per cent)	
	1982	1987
Caribbean Community (CARICOM) ^a	10.3	6.1
Economic Community of West African States (ECOWAS) ^b	43.5	40.2
West African Economic Community (WAEC) ^c	16.9	23.6
Mano River Union ^d	0.2	2.1
Central African Customs and Economic Union (CACEU) ^e	4.0	5.9

^a Bahamas (since 1983), Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Lucia, St. Vincent, Trinidad and Tobago. - ^b Benin, Ivory Coast, Gambia, Ghana, Guinea, Guinea-Bissau, Cape Verde, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Burkina Faso, Togo. - ^c Benin, Burkina Faso, Ivory Coast, Mali, Mauritania, Niger, Senegal. - ^d Guinea, Liberia, Sierra Leone. - ^e Cameroon, CAR, Congo, Gabon, Chad (since 1984), Equatorial Guinea (since 1983).

Source: IMF, Direction of Trade, Yearbook.

share of ACP countries organized in the Central African Customs and Economic Union (CACEU) increased from 4.0 per cent in 1982 to 5.9 per cent in 1987. However, it has to be noted, that this increase is mainly due to the accession of Equatorial Guinea and Chad, that joined the CACEU in 1983 and 1984. Only the Mano River Union recorded a substantial growth of intra-ACP trade among its members, after it had already experienced considerable increases in the 1975-1982 period.

In total, approximately 52 per cent of intra-ACP trade took place within these communities in 1987 against 58 per cent in 1982¹. Thus, it may be concluded that trade within regional integration schemes still comprises a large albeit decreasing proportion of intra-ACP trade as the most important trading partners of the ACP group are members of an integration grouping and trade with neighbouring countries. Yet, this does not say that this trade is due to the removal of trade barriers. Intra-trade may also have occurred without formal institutional integration. The relative decline of intra-community trade is partly due to the rising importance of intra-ACP exports from Zimbabwe, which does not participate in these regional integration schemes.

Moreover, the new members, Angola and Mozambique, caused an once-for-all increase of intra-ACP trade not being subject to integration schemes. Due to the membership of Angola there was an increase in inter-regional intra-ACP trade, since Angola supplies a considerable share of the Bahamas' oil imports (323 Mill. US\$ in 1987). Apart from that inter-regional trade among ACP countries is still negligible.

Since for most ACP countries the volume of intra-ACP trade continues to be very low, it is likely to be subject to considerable fluctuations at the country level. Table 7 shows the ranking of import markets in intra-ACP trade. The ranking suggests that 8 out of the 10 largest import markets in 1982 belonged also to the

¹ The former East African Community (Kenya, Tanzania, Uganda) was taken out of consideration, as this integration scheme has not been renewed after its collapse in 1982.

top 10 import markets in 1987. However, the respective ranks reveal considerable changes. For instance, the Bahamas became the most important import market, though they had a negligible position in 1982. This shift was caused by the ACP membership of Angola as exporter of oil to the Bahamas. Only the largest import markets in 1987, namely the Bahamas and the Ivory Coast became more important as an import market for ACP goods. All the other countries which ranked among the top 10 in 1982 experienced declining shares of ACP imports. The decline has been substantial in the case of Trinidad, Niger, Ghana and Nigeria. The latter can be explained by the oil price decay, which has obviously had a negative impact on Nigeria's demand for ACP exports. The major 24 import markets accounted for roughly 82 per cent in 1982 against 75 per cent in 1987. This shows that intra-ACP imports become more equally distributed across the entire ACP group.

Table 7: Ranking of Import Markets in Intra-ACP Trade,
1982 and 1987

	1982 Share in Intra-ACP Imports (per cent)	Rank	1987 Share in Intra-ACP Imports (per cent)	Rank
Bahamas	0.1	-	13.2	1
Ivory Coast	9.5	1	10.6	2
Uganda	5.9	5	4.9	3
Mali	5.7	6	4.8	4
Senegal	5.2	7	4.7	5
Burkina Faso	5.1	8	4.5	6
Cameroon	4.9	10	3.5	7
Ghana	6.5	4	3.2	8
Nigeria	7.9	2	3.1	9
Rwanda	2.6	12	3.0	10
Botswana	-	-	2.6	11
Barbados	-	-	2.5	12
Mozambique	-	-	2.4	13
Jamaica	1.6	16	2.3	14
Sudan	1.8	14	1.9	15
Zambia	3.3	11	1.8	16
Gambia	-	-	1.7	17
Niger	5.0	9	1.7	18
Tanzania	0.6	-	1.5	19
Trinidad & Tobago	6.6	3	1.5	20
Zaire	2.6	12	1.5	21
Togo	-	-	1.5	22
Suriname	0.1	-	1.5	23
Zimbabwe	-	-	1.4	24
Kenya	1.3	18	1.1	-
Gabon	1.8	14	0.6	-
Djibouti	1.1	20	0.7	-
Mauritania	1.5	17	0.6	-
Congo	1.2	19	0.4	-
Top 24	81.9	-	75.0	-
Rest ACP	18.1	-	25.0	-

Source: IMF, Direction of Trade, Yearbook.

3. Structural Pattern of ACP Exports to the EC

a. Regional Distribution of ACP Exports by Main Categories

In the period 1983-1987, ACP exports to the EC have diminished in absolute terms, as the price of oil, which continues to be the most important export product of the ACP group, was subject to a drastic fall. Excluding oil the ACP countries supplied only 4.3 per cent of total EC non-oil imports from outside the community in 1987 against 4.6 per cent in 1982 (Table 8). The decline is even more disappointing, if it is related to the export performance of all developing countries. The share of EC imports from the ACP group in total imports from developing countries recorded a more substantial decline from 19.1 per cent in 1982 to 16.7 per cent in 1987. However, this decrease was not uniform across the two main categories of agricultural and manufactured goods given in Table 8. The share of agricultural products shows a modest increase, which can be explained by the relative success of ACP exporters on the Belgian and the British market. By contrast, the share of manufactured products dropped by 2 percentage points for the entire EC. This can be attributed to the relative weak export performance of these ACP products on the British and the French market.

Comparing the ACP's shares in the EC10 and the EC12 in Table 8, it is evident that the accession of Spain and Portugal did hardly affect the share of EC imports from the ACP group in respective imports from developing countries. Even though Portugal imports a high share of its extra-EC imports from African ACP countries, the Portuguese market is yet too small to affect the aggregated share of EC imports. By contrast, Spain is a more important import market, as this country imports twice as much from ACP countries. In detail, Spain's share in agricultural products is lower than the entire EC's share, while its share in manufactured and semi-manufactured products is higher than the EC average. Hence, the 1987 share of EC10 was higher for agricultural products and lower for manufactured products. As a result, the accession of Portugal and Spain helped to stabilize the ACP

Table 8: Changes in Market Shares and Regional Concentration of ACP Exports to the EC and Major Member Countries, 1982 and 1987

Import Market Share (per cent)	EC10 1982	EC12 1987	EC10 ^a 1987	Belgium/ Luxembourg		West Germany		Spain	France		Italy		Portugal	UK	
	1982	1987	1987	1982	1987	1982	1987	1987	1982	1987	1982	1987	1987	1982	1987

Share of ACP Countries in															
Total EC Non-Oil Imports from Developing Countries	19.1	16.7	16.7	29.2	29.2	12.8	11.3	14.3	27.6	22.6	17.0	16.1	25.6	19.0	16.1
Total EC Non-Oil Imports	4.6	4.3	4.3	7.4	8.3	2.9	2.6	4.9	7.3	6.8	4.5	4.1	8.1	4.1	4.1
EC Agricultural Imports from Developing Countries	26.9	27.5	29.3	15.0	22.4	20.0	21.9	11.0	33.5	33.3	25.2	25.2	18.2	40.5	47.2
Total EC Agricultural Imports	13.1	15.5	16.5	- ^e	11.9	- ^e	12.2	6.9	- ^e	21.4	- ^e	12.1	7.2	- ^e	26.3
EC Imports of Semi-Manufactures and Manufactures from Developing Countries ^d	12.7	10.7	10.1	23.0	24.0	8.5	6.6	17.4	22.0	17.3	13.2	11.8	31.1	8.2	4.3
Total EC Imports of Manufactures and Semi-Manufactures	2.2	2.2	2.0	- ^e	5.6	- ^e	1.2	4.2	- ^e	4.0	- ^e	2.4	8.6	- ^e	0.9

Regional Concentration of ACP Exports to the EC															
ACP Total Non-Oil Exports to the EC	100.0	100.0	92.8	11.6	12.3	18.3	17.5	5.0	24.9	20.9	11.8	11.4	2.2	21.7	17.9
ACP Agricultural Exports to the EC	100.0	100.0	95.4	2.7	4.1	19.1	18.2	3.4	23.6	19.5	9.6	9.1	1.1	29.2	27.5
ACP Exports of Manufactures and Semi-Manufactures to the EC	100.0	100.0	88.7	14.8	16.4	19.4	17.0	7.5	27.9	24.1	13.6	13.6	3.8	15.5	8.0

^a EC10 refers to the European Community except Spain and Portugal. - ^b OCT 1-99 minus OCT 27; Developing Countries refers to "Classe 2" of the GEONOM code. - ^c OCT 1-14. - ^d OCT 25-99 minus OCT 27, 40, 74 (oil, rubber, copper). - ^e Not calculated by Agarwal, Dippl, Langhammer (1985).

Source : EUROSTAT(a,b)

group's exports to the EC in the sense that the new members partly offset the declining trend for ACP exports of manufactures and semi-manufactures to the EC.

Neglecting the accession, the regional concentration of ACP exports to the EC has remained quite stable. Only Belgium/Luxemburg have substantially increased their share of imports from ACP countries in total EC imports. France, UK and West Germany have clearly remained the largest EC importers of ACP goods, since they absorbed 20.9, 17.9 and 17.5 per cent of the EC's non-oil imports from the ACP in 1987. The UK is still the largest importer of agricultural products from ACP countries. The British imports of these products account for 27.5 per cent of EC imports in 1987.

France remains the most important ACP export market for manufactured and semi-manufactured products within the EC. The French share in these goods was 24.1 per cent in 1987. A major change in the ranking of EC import markets can be observed in the UK imports of manufactured and semi-manufactured goods. In this main category the UK import market share declined from 15.5 per cent in 1982 to 8.0 per cent in 1987 thus mainly contributing to the shrinking ACP share in EC imports of manufactured goods from developing countries. In fact, the ACP's exports of manufactures to the United Kingdom declined even in absolute terms, as it is shown in Table 9. While the exports of the ACP countries show an average negative growth rate of 6.4 per cent on the British market, the developing countries in total record a positive growth rate of 5.9 per cent thus indicating a possible shift in market shares.

On the whole, the average annual growth rates have been substantially lower in the 1982-1987 period compared to the 1975-1982 period¹. The growth rates for the former period are even

¹ The data for the latter period were calculated by Agarwal, Dippl and Langhammer (1985).

Table 9: Average Annual Growth Rates of ACP and Total Developing Countries' Exports to the EC and Major EC Member Countries, 1982-1987^a (per cent)

	EC12	Belgium & Luxembourg	West Germany	France	Italy	UK	EC10
Annual Growth							
ACP							
Total Non-Oil							
Products	4.5	5.9	3.4	0.6	3.7	0.1	2.7
Agricultures	4.4	17.2	3.2	0.1	3.1	3.0	3.3
Manufactures & Semi-Manufactures	5.9	9.2	3.1	2.8	6.4	-6.4	3.0
Total Developing Countries							
Total Non-Oil							
Products	8.0	5.9	6.3	5.1	7.0	3.7	6.0
Agricultures	3.8	5.0	1.1	0.2	3.1	-0.3	1.3
Manufactures & Semi-Manufactures	11.1	7.9	9.5	9.0	9.6	5.9	9.3
Ex-Post Income Elasticities of Import Demand ^b							
ACP							
Total Non-Oil							
Products	1.87	4.21	1.40	0.37	1.23	0.05	1.13
Agricultures	1.87	12.28	1.33	0.06	1.03	1.00	1.35
Manufactures & Semi-Manufactures	2.48	6.55	1.29	1.76	2.13	-2.12	1.26
Total Developing Countries							
Total Non-Oil							
Products	3.34	4.23	2.62	3.17	2.34	1.24	2.48
Agricultures	1.58	3.55	0.45	0.13	1.04	-0.10	0.56
Manufactures & Semi-Manufactures	4.63	5.66	3.94	5.62	3.21	1.97	3.87

^a For definition of EC10, Developing Countries, total non-oil products, agriculture, manufactures & semi-manufactures see Table 6, footnotes a,b,c,d. - ^b Defined as the ratio between the annual average growth rates of imports and GDP.

Source: EUROSTAT(b,c)

lower, if they are adjusted for the entrance of Portugal and Spain, since their membership led to an once-for-all increase in EC imports from ACP countries. However, the slowing down of export growth has not been uniform across all EC member countries. Growth rates of ACP exports to the EC have dramatically decreased in France and the UK, while they were comparatively stable in Belgium/Luxemburg. In general, the growth rates tend to be higher for manufactured and semi-manufactured than for agricultural products as a result of low initial values in manufactured exports. This structure and the decline of growth rates can be also observed in developing countries in general, though the growth in total non-oil exports remains still higher in developing countries than in the ACP group. That means that the overall slowing down of export growth can very likely be attributed to demand factors. As GDP growth in the EC decelerated in the early eighties, there was a subsequent stagnation of imports from developing countries. The income demand elasticities in Table 9 show, to what extent exports of the ACP group and developing countries were affected by changing GDP growth. Except for Belgium/Luxemburg, income elasticities tended to be higher for manufactures compared to agricultural products and lower for ACP countries compared to developing countries. However, elasticities of ACP countries have been increasing in the 1982-1987 period against the 1975-1982 period, while the opposite holds for all developing countries. In the 1975-1982 period the ACP countries faced higher growth rates and income elasticities for agricultural products than the developing countries. This seems remarkable as in the latter period the ACP countries had generally ranked below the developing countries.

Moreover, Table 9 shows that growth rates and elasticities for agricultural exports have been below the EC average in the major EC member countries, i.e. Germany, France, Italy and UK. This indicates that the ACP group's agricultural exports lost momentum in the major countries and tend to shift to non-traditional markets, i.e. the smaller member countries. This does not hold for manufactures and semi-manufactures, since in this category

West Germany, Italy and France recorded income elasticities above the EC10 average.

b. Changes in the Commodity Structure of ACP Exports to the EC

The ACP group's exports to the EC have concentrated on a relatively few raw materials. Table 10 displays the performance of 100 ACP export items, ranked highest in absolute EC imports from the ACP group for the years 1983-1987. These 100 products accounted for 97.0 per cent of total ACP exports to the EC in 1983 and 95.7 per cent in 1987. Among the "top hundred", product concentration was high as it is demonstrated by the share of the major ten products of 64.8 per cent in 1987 against 74.4 per cent in 1983. This modest diversification is mainly due to the decreasing relevance of oil. The share of the latter product in total EC imports from ACP countries was more than halved in the period 1983-1987. The decline of ACP oil exports led to a substantial decline of the ACP group's total exports, which could not be offset by growing exports in other products. Also the second important export item of the ACP group, namely unroasted coffee, recorded a small decline. The third most important export product is still cocoa, which shows an increase by 27 per cent in the 1983-1987 period. Given increased exports of other raw materials, i.e. wood, raw sugar, diamonds, cotton and uranium, which all belong to the ten most important products in 1987 the same ACP countries have been in position to partly compensate for the oil price decay. In this respect the sugar case has to be dealt with separately as exports to the Community are institutionally fixed by purchase agreements under the Sugar Protocol in the Lomé Convention.

Among the top ten export items there are only two goods, which can widely be classified as manufactures or semi-manufactures, namely refined copper and petroleum products. The export values of the former declined by almost 20 per cent, while the latter was reduced by more than 83 per cent. Hence, among the major ten export products the share of processed products was more than halved. Nevertheless, there are a few manufactured export items,

Table 10: ACP Exports to the EC by Products, 1983 and 1987 (Mill. ECU and per cent of Total Exports)

	1983	1983	1987	1987	Product Classification ^a
Crude petroleum oils	8697	43.6	4259	26.0	(N 27.09)
Unroasted coffee not freed of caffeine	1675	8.4	1615	9.9	(N 09.01.15)
Cocoa in its different forms	1070	5.4	1354	8.3	(C 0.72)
Refined copper, not alloyed	688	3.5	553	3.4	(N 74.01.20)
Wood roughly squared	516	2.6	551	3.4	(C 247)
Raw sugar	492	2.5	567	3.5	(N 17.01.10)
Iron ore	510	2.6	392	2.4	(C 281)
Diamonds	322	1.6	609	3.7	(C 277.10+667.21,22,29)
Petroleum products	499	2.5	83	0.5	(N 27.10)
Cotton, not carded or combed	246	1.2	317	1.9	(N 55.01.90)
Natural uranium	337	1.7	378	2.3	(N 28.50)
Tea	231	1.2	192	1.2	(N 09.02.90)
Unmanufactured tobacco	290	1.5	286	1.7	(N 24.01)
Aluminium ores	166	0.8	233	1.4	(N 26.01.73)
Fresh bananas	206	1.0	292	1.8	(N 08.01.31)
Unrefined copper	183	0.9	186	1.1	(N 74.01.11)
Wood simply worked	121	0.6	250	1.5	(C 248)
Alumina	221	1.1	182	1.1	(N 28.20.11)
Clothing	101	0.5	297	1.8	(C 84 SAUF 848.3)
Copper ores	156	0.8	116	0.7	(N 26.01.71)
Prepared or preserved tuna	142	0.7	140	0.9	(N 16.04.75)
Unwrought aluminium	118	0.6	148	0.9	(N 76.01.11)
Crustaceans	77	0.4	191	1.2	(C 036.00)
Gold	78	0.4	130	0.8	(N 71.07)
Natural rubber	95	0.5	122	0.7	(N 40.01)
Crude palm oil	61	0.3	82	0.5	(N 15.07.61)
Raw hides and skins	73	0.4	94	0.6	(C 211)
Natural calcium phosphates	102	0.5	79	0.5	(N 25.10)
Pineapples	68	0.3	116	0.7	(N 08.01.50)
Crude ground nut oil	119	0.6	54	0.3	(N 15.07.74)
Leather	43	0.2	98	0.6	(C 611)
Fish, fresh	44	0.2	118	0.7	(C 034)
Prepared or preserved fruit	69	0.3	50	0.3	(N 2006)
Manganese ores	54	0.3	52	0.3	(C 287.70)
Wood sawn lengthwise	51	0.3	80	0.5	(N 44.14)
Ferro-alloys	57	0.3	55	0.3	(N 73.02)
Woven cotton fabrics	52	0.3	67	0.4	(C 652)
Rum, arrach	57	0.3	77	0.5	(N 22.09.52,53)
Boneless meat	56	0.3	64	0.4	(C 011.12)
Boilers, machinery	56	0.3	59	0.4	(N 84)
Organic chemicals	41	0.2	59	0.4	(N 29)
Works of art	50	0.3	45	0.3	(N 99)
Cobalt, unwrought	30	0.2	34	0.2	(N 81.04.20,22)
Gum arabic	48	0.2	66	0.4	(N 13.02.01)
Copra oil	37	0.2	26	0.2	(C 424.30)
Molasses	44	0.2	43	0.3	(N 17.03.00)
Anhydrous ammonia	40	0.2	44	0.3	(N 28.16.10)
Long grain rice	53	0.3	41	0.3	(N 10.06.27.47)
Vegetables, fresh or chilled	36	0.2	43	0.3	(C 054.59)
Raw sugar for other uses	27	0.1	48	0.3	(N 17.01.99)
Copra	22	0.1	16	0.1	(N 12.01.42)
Palm kernel oil	40	0.2	12	0.1	(C 424.40)
Oil cakes of ground nuts	59	0.3	25	0.2	(N 23.04.10)
Plywood	29	0.1	26	0.2	(N 44.15)
Extracts of coffee	22	0.1	38	0.2	(N 21.02.11,15,19)

Table 10 continued

	1983	1983	1987	1987	Product Classification ^a
Unwrought nickel	21	0.1	25	0.2	(N 75.01.21)
Vanilla	28	0.1	21	0.1	(N 09.05.00)
Palm nuts	30	0.2	17	0.1	(N 12.01.44)
Cut flowers	15	0.1	32	0.2	(C 292.71)
Ores of precious metals	7	0.0	28	0.2	(N 26.01.87)
Ground nuts	25	0.1	11	0.1	(C 222.10)
Prepared and preserved meat	19	0.1	18	0.1	(C 0114.90)
Oil-cakes	28	0.1	15	0.1	(N 23.04.50)
Titanium ores	15	0.1	31	0.2	(N 46.01.84)
Asbestics, fibres	15	0.1	15	0.1	(N 25.04)
Optical	18	0.1	21	0.1	(N 90)
Cotton yarn	8	0.0	23	0.1	(N 55.05)
Coconuts	17	0.1	13	0.1	(N 08.01.71,75,77,80)
Unwrought tin	25	0.1	6	0.0	(N 80.01.11)
Electrical machinery	13	0.1	17	0.1	(N 85)
Sisal fibres	14	0.1	9	0.1	(N 57.04.10)
tin ores	15	0.1	10	0.1	(N 26.01.75)
Other leguminous vegetables	23	0.1	15	0.1	(C 54.20)
Fresh or dried citrus fruit	13	0.1	17	0.1	(N 08.02)
Ash and residues containing metals	9	0.0	10	0.1	(N 26.03)
Oil-cakes of palm nuts	15	0.1	10	0.1	(N 23.04.30)
Pineapples juice	9	0.0	10	0.1	(C 058.54)
Cloves	13	0.1	6	0.0	(N 09.07.00)
Residues of cereals	20	0.1	3	0.0	(N 23.02.21)
Essential oils	9	0.0	9	0.1	(N 33.01)
Roasted coffee not freed of caffeine	2	0.0	4	0.0	(N 09.01.15)
Chocolate	10	0.1	10	0.1	(C 073.00)
Precious stones	8	0.0	10	0.1	(N 71.02.15,98)
Chemical products	6	0.0	5	0.0	(C 589.99)
Mangoes	8	0.0	9	0.1	(N 08.01.99)
Waste of copper alloys	7	0.0	3	0.0	(N 74.01.98)
Crude glycerol	7	0.0	6	0.0	(N 15.11.10)
Other live plants	6	0.0	9	0.1	(N 06.02)
Other fixed vegetable oils	7	0.0	0	0.0	(N 15.07.82)
Zinc and alloys unwrought	9	0.0	2	0.0	(C 686.10)
Wire rod	9	0.0	9	0.1	(N 73.10.11)
Waste of iron and steel	2	0.0	4	0.0	(N 73.03)
Silver	11	0.1	5	0.0	(N 71.05)
Pepper	5	0.0	6	0.0	(N 09.05.11)
Cincona bark	8	0.0	4	0.0	(N 12.07.61)
Fertilizers, nitrogenous	na	0.0	11	0.1	(N 31.02)
Nutmeg, mace and cardamons	3	0.0	10	0.1	(N 09.08)
Waste of precious metals	11	0.1	5	0.0	(N 71.11)
Oil-cakes of copra	8	0.0	5	0.0	(N 23.04.20)
Natural graphite	5	0.0	5	0.0	(N 25.04)
Sum	19333	97.0	15668	95.7	
Total exports	19929	100	16374	100	

^a The number in parentheses shows the classification of the product; N stands for NIMEXE classification, while C refers to the SITC code.

Source: Data base of the European Community Statistical Office.

i.e. simply worked wood, clothing and leather which have more than doubled in absolute terms between 1983 and 1987, even though the export share of these goods adds but to 3.9 per cent in 1987. Hence, these exporters of manufactures are still too small to offset major fluctuations in exports of raw materials. Furthermore, ACP producers of aluminium and crude palm oil were in a position to increase their exports to the EC by 25 and 34 per cent in the same period.

Remarkable increases of export shares and volumes were also recorded in the fishery sector of the ACP countries. The ACP exports of crustaceans and fresh fish more than doubled. However, the export boom in these products did not foster export growth in forward-linked industries, i.e. processing of fishery products. The exports of preserved and canned tuna declined by 16 per cent.

Moreover, it is noteworthy that the individual EC countries' import patterns are far from being homogenous¹. Consequently, the ACP group's exports to the EC still show a high degree of regional concentration at the product level. At the two digit NIMEXE disaggregation there are 36 product groups in which one member country accounts for more than the half of EC imports from ACP countries. However, this does not hold for the ACP group's main export items to the EC, e.g. crude oil, coffee, cocoa, copper and wood. These products are fairly equally distributed across the entire EC. Except for sugar and meat which are mainly exported to the UK and West Germany, the regionally concentrated export items comprise manufactures and semi-manufactures, while the share of these 36 groups does not exceed 14 per cent of total ACP exports to the EC in 1987. The UK holds a particularly strong position in imports of electrical instruments and apparatus, furniture and processed agricultures (products of milling industries, preparations of meat, fish and cereals). France imports more than 50 per cent of chemical manufactures (e.g. inorganic

¹ An overview on the EC members' structure of imports can be obtained from the authors upon request.

chemicals, fertilizers, cosmetics), wearing apparels (footwear, headgear, textiles) and vehicles (aircraft and railway material). West Germany is the dominant importer of magnesium and particular base metals (NIMEXE 81, 83).

c. ACP Export Performance: A Comparison with other EC Trading Partners

The export basket of the ACP countries, as it was assessed in the previous section, reflects the predominance of raw materials and a few manufactured products. Given this export structure, the ACP countries face considerable competition on the EC market by other developing countries, supplying homogenous products. This aspect deserves special attention as the degree of competition and the effectiveness of preferential tariff treatment partly depends on the substitutability of the countries' export structure. Table 11 exhibits the export overlap indices of the ACP group vis-à-vis other major groupings of developing countries. The closer the so-called Finger-Kreinin index is to 100, the more ACP exports overlap with the export structure of the respective group of developing countries. As the indices in the table show, the ACP export pattern resembles highly the export structure of the Central & South American countries, since the index ranges well beyond 60 per cent. This results reflects high weights of agricultural and mining products in the export baskets of both country groups. (For comparison, the export similarity index for the industrialized countries is 32.5.) In contrast, the Maghreb countries and the other countries belonging to the Mediterranean basin, which all enjoy special preferential treatment in the EC, record comparatively low similarity indices vis-à-vis the ACP countries¹.

¹ It has to be noted, however, that the similarity indices were calculated on the two-digit NIMEXE level. Given this level of disaggregation, there is no clear separation between up-stream and down-stream production of a particular item. See for a similar analysis on the six-digit NIMEXE level in agricultural products between ASEAN member countries and the ACP group Langhammer (1988: Table V-2).

Table 11: Export Similarity of the ACP Group vis-à-vis other Major Exporting Regions to the EC (Finger-Kreinin-Indices), 1987^a

Maghreb	42.79
Mediterranean Basin except Maghreb	48.59
Industrialized Countries	32.53
Central & South America	61.48
Developing Countries except ACP	56.37

Notes: ^a The Finger-Kreinin-Index is defined as follows:
 $S(ab,c) = \sum_i \min [x_i(ac), x_i(bc)]$, where S denotes the simi-

larity of export patterns of countries a and b to market c (i.e. EC). $x_i(ac)$ and $x_i(bc)$ denote the shares of commodity i in country a's and country b's exports to market c.

Source: EUROSTAT (b).

Another hint for competition among exporters on the EC market should be derived from the development of market shares of major country groups, as it can be obtained from Table 12. It is obvious that the market shares of the developing countries have been increasing for all major product categories except for mineral oils, in which intra-EC trade has obviously increased. At the same time market shares of total non-oil exports have decreased in the case of the ACP group, the Central & South American countries, the Maghreb countries, and the Mediterranean basin. That means that the developing countries' increase in EC market shares vis-à-vis the industrialized countries has to be attributed solely to the countries of the Asian and Pacific region. In the case of agricultural products the ACP group could increase its market share by more than two percentage points. This increase was accompanied by respective losses in the industrialized countries and the Mediterranean basin excluding the Maghreb countries, while the market share of the Central & South American countries also increased by 4 per cent. By contrast, market shares have remained quite stable for semi-manufactures and manufactures. It was only the Mediterranean basin (excluding Maghreb)¹, which incurred considerable losses, while the Asian and Pacific region extended its position on the EC market.

This pattern of change can be also observed at the two-digit level of product categories². There are 13 products in which the ACP countries recorded an increase by more than one percentage point (fish, live plants, fruits, coffee, tea, mate, spices, lacs, gums, resins, vegetable products n.e.s., edible preparations, beverages, tobacco, cotton, knitted goods, pearls, ships). The increase of the ACP countries' market share coincides with losses of market shares on part of the industrialized countries except for coffee, in which the industrialized countries have a low market share anyway. Moreover, the ACP group's expansion runs parallel to growing market shares of the

¹ The losses of this group are due to the EC membership of Spain and Portugal, which formerly belonged to the Mediterranean basin.

² The table showing the market shares of the particular exporting region can be obtained from the authors.

Table 12: Share of Selected Country Groups in Total EC Imports, 1982 and 1987 (per cent)^a

	ACP		Other Developing Countries ^b		Maghreb		Mediterranean Basin Except Maghreb ^c		Central & South America		Industrialized Countries ^d	
	1982	1987	1982	1987	1982	1987	1982	1987	1982	1987	1982	1987
Total Imports	5.71	4.94	36.14	27.43	3.69	2.41	11.56	6.16	6.74	6.24	58.15	67.63
Total Non-oil Imports	4.68	4.35	20.08	21.69	1.13	1.18	10.75	4.68	7.41	6.37	75.24	73.96
Imports of Agriculture	13.10	15.51	35.71	41.01	1.45	1.94	12.51	5.93	21.90	25.08	51.20	43.48
Imports of Manufactures and Semi-Manufactures	2.18	2.17	15.97	18.10	1.08	1.08	10.33	4.48	3.62	2.95	81.85	79.73

Notes: ^a The aggregation of products can be obtained from Table 6. - ^b Classe 2 minus ACP (following the GEONOM classification of EUROSTAT). - ^c Mediterranean Basin minus Maghreb (Machrak countries plus Israel, Yugoslavia, Malta, Turkey, Cyprus, Spain (for 1982), Portugal (for 1982)). - ^d Extra-EC minus Classe 2 according to the GEONOM classification of EUROSTAT.

Source: EUROSTAT (b).

Central & South American countries except for coffee, edible preparations, cotton and pearls. For the latter products there seems to be a shift between ACP and Central & South American countries. In the same vein, rising market shares of ACP countries have found their counterparts in remarkable declines in the Mediterranean basin's (except Maghreb) market share except for coffee. However, there seems to be no correlation between market gains of ACP countries and losses of Maghreb countries.

Furthermore, there are seven products in which the ACP countries recorded a remarkable loss of market shares (sugar, cocoa, preparations of vegetables and fruit, vegetable textile materials, copper, zinc, tin). In five cases, this has been accompanied by opposite changes in the industrialized countries' market shares, except for preparations of vegetables & fruit and vegetable textile materials. In the latter two products market shares shifted to the Central & South American and Asian countries.

The results give rise to the assumption that the ACP countries have strengthened their position on markets with decreasing market shares of extra-EC industrialized countries or the Mediterranean basin (except Maghreb). As far as the degree of expansion is concerned, ACP countries seem to have faced competition from Central & South American countries which extended their market shares in similar products as the ACP group did.

The comparison of export growth rates demonstrates that the ACP countries recorded a higher growth in manufactures and semi-manufactures than the Mediterranean basin (except Maghreb), the Maghreb group of countries, and the Central & South American region. Yet this seemingly positive picture must be discounted in the sense that the performance of ACP countries starts from a very low level (base effect). However, the Maghreb countries have

been performing better in agricultures. On the whole, the developing countries except the ACP group have recorded substantially higher export growth rates. This can be attributed to the export boom of the Southeast and East Asian nations which succeeded in penetrating into EC manufactured markets.

4. Market Accessibility for ACP Exports to the EC

a. Tariff Treatment of Major ACP Exports to the EC

A major point of concern for ACP countries is the existence of access barriers and the effectiveness of the EC preferences negotiated under the Lomé Convention of 1975, 1980 and 1984. In the context of other special and general preferences as well as of the GATT-negotiated tariff cuts there is reason for fear that the process of erosion continues. How ACP preference margins have changed in absolute and relative terms between 1982 and 1987 is demonstrated in Table 13 which shows the tariff treatment of the ACP group's most important export goods. The latter encompass 57 items of the CCT classification, which is better suited for an assessment of market accessibility of exports to the EC than the two-digit disaggregation in Table 10. The goods listed in Table 13 comprise 75 per cent of total ACP exports to the EC in 1987 against 88 per cent in 1982. The decline of this share is due to the oil price decay. As noted earlier, oil, which is a non-dutiable product, became less important as an export product, while there has not been a particular important product to offset this decline.

To assess relevance of preferences, it has to be analyzed whether EC trade policies have restricted the scope of adjustment either by limiting the access to the EC markets for ACP producers or by eroding the preference margin.

In detail, the degree of market accessibility of ACP exports as compared to exports from other developed or developing nations depends on

- the level of GATT-negotiated most favoured nation (MFN) tariffs and their respective changes. A reduction (increase) of the MFN rates erodes (widens) the preferential margin for countries receiving generalized preferences and for beneficiaries of special preferences, i.e. the ACP group and the countries of the Mediterranean basin.

Table 13: Tariff Treatment of Major EC Imports from ACP Countries, 1982 and 1987

CCT Statistical Number		Percentage of total EC imports from ACP		MFN-tariff rate		GSP-rate		Proposed GSP-Rate
		1982	1987	1982	1987	1982	1987	1989
Dutiable products								
0201AII b4bb	Beef	0.2	0.2	L ^a	20 ^b	.	0 ¹	.
0301 BI b2	Whole tunny	0.1	0.0	22 ^b	22 ^b	0 ^c	.	10
0301 BI g2	Frozen saltwater fish	0.1	0.0	15 ^d	8	0 ^c	4.0 ¹	10
0301 BII b7	Frozen fillets of saltwater fish	0.1	0.1	15	18	10	10	10
0303 AIV a	Prawns and shrimps	0.3	0.0	12	12	6	4	4
0303 BIV a3	Molluscs	0.1	0.0	8	8	6	4	4
0701 FII a	Beans	0.1	0.2	13	13	.	.	0
0701F	Other vegetables	0.1	0.0	16	16	.	9 ¹	3 ¹
0801 BI	Bananas, fresh	1.0	1.8	20 ^e	20 ^e	.	9 ¹	0 ¹
0801 BII	Bananas, dried	0.3	0.0	20 ^e	20 ^e	2	0 ¹	0 ¹
0901 A 1a	Coffee, unroasted	7.8	10.0	5	5	0 ^c	4.5 ^m	4.5 ^m
0902 B	Tea	0.9	1.2	0	0	.	.	0
0905	Vanille	0.1	0.1	11.5	11.5	.	.	.
0907	Cloves	0.1	0.0	15	15	10	10	10
1006 AII b	Long grainhusked rice	0.2	0.3	12 ^a	12	.	.	.
1507 DII a)1.	Palm oil crude	0.5	0.5	6	6	4	4	4
1507 DII B)2,aa	Solid palm oil, crude	1.0	0.5	10	10	7 ^f	7	.
1602 BIIIb1	Bovine meat prepared	0.1	0.0	26	20 ^a	17	17	17
1604 E	Canned tuna	0.6	0.9	24	24	.	.	.
1701 BI	Raw sugar for refin- ing	3.0	3.5	G ^g ,L ^a	G ^g ,L ^a	24,25 ^{c,d}	.	.
1701 BII	Raw sugar not for re- fining	0.1	0.3	G ^g ,L ^a	G ^g ,L ^a	.	.	.
1703	Molasses	0.2	0.3	G ^g ,L ^a	G ^g ,L ^a	.	.	.
1801	Cocoa, beans	5.8	7.3	3	3	0 ^a	.	.
1803,1804	Cocoa paste, butter	0.9	1.1	15	15,12	11 ^h	11,8	11,8
2006 BII b5	Canned pineapples	0.3	0.2	22	24,L ^a	.	L ^a ,12	10 ^{a,1}
2102 A	Solid extracts of coffee	0.1	0.2	18	18	9,0 ^c	9	.
2209 CI	Rum	0.3	0.5	.	.	.	.	.
2302 AII a	Cereal residues	0.1	0.0	G ^g ,L ^a	G ^g ,L ^a	.	.	.
2401 A	Flue-cured Virginia and Burley tobacco	0.5	0.0	i	23 ⁱ	.	6 ⁱ	i,j
2820 A	Aluminium oxide	1.0	1.1	8.4	5.5	.	.	.
4104 BI	Goat skin leather	0.2	0.2	2.9	3	.	.	.
4414 BI a	Tropical hard wood	0.1	0.2	6	6.1	0 ^k	0	.
4414 BI b	Tropical hard wood, other	0.2	0.3	6	6.1	0 ^k	0 ^e	.
4415 A	Plywood	0.1	0.1	10	10	0 ¹	0 ¹	0 ¹
5509 AII	Cotton fabrics	0.2	0.3	10	10.7	0 ¹	0 ¹	0 ¹
6005 AII b4bb	Jerseys, pullovers,	.	.	.	.	.	.	.
11cccc 22f	slipovers	0.3	0.0	14	14.7	0 ¹	0 ¹	0 ¹
7601 AI	Unwrought aluminium	0.6	0.9	6	6.3	0	.	.
	Dutiable goods	26.7	32.4					

Table 13 continued

CCT Statistical Number		Percentage of total EC imports from ACP		MFN-tariff rate		GSP-rate		Proposed GSP-Rate
		1982	1987	1982	1987	1982	1987	1989
Non-dutiable products								
1201 B	Oil seeds	0.6	0.3	0	0	0	0	0
1302 BI	Gum arabic	0.2	0.4	0	0	0	0	0
2304 BII,V,VII	Oil-cakes	0.5	0.3	0	0	0	0	0
2510 B	Natural calcium phosphates	0.6	0.1	0	0	0	0	0
2601 AII	Iron ore	3.9	2.4	0	0	0	0	0
2601 B-E	Other ores	1.8	2.9	0	0	0	0	0
2709	Crude petroleum	41.5	26.3	0	0	0	0	0
4001 B	Natural rubber	0.4	0.6	0	0	0	0	0
4101 AI b1	Sheepskins	0.1	0.1	0	0	0	0	0
4101 AII b2	Raw hides of bovines	0.1	0.1	0	0	0	0	0
4101 AIV	Raw hides of goats	0.1	0.2	0	0	0	0	0
4403 B	Wood in the rough	2.8	0.0	0	0	0	0	0
4405 C	Wood sawn lengthwise	0.6	1.5	0	0	0	0	0
5501 B	Raw cotton	0.8	2.0	0	0	0	0	0
5704 A	Sisal fibres	0.1	0.0	0	0	0	0	0
7102 AI b	Raw diamonds	1.5	3.6	0	0	0	0	0
7102 AII	Other precious stones	0.1	0.1	0	0	0	0	0
7107 A	Unwrought gold	0.4	0.8	0	0	0	0	0
7401 B	Unwrought copper	5	1.2	0	0	0	0	0
8001 AI	Unwrought tin	0.2	0.0	0	0	0	0	0
Non-dutiable goods		61.3	43.0					
Grand total		88.0	75.3					

^a L = Variable levy. ACP countries enjoyed partial preferential treatment according to Regulation 705/76, i.e. a reduced variable levy for maize and duty-free treatment for a pre-fixed maximum amount of beef imports. - ^c Minimum price and tariff quota for industrial processing. - ^e Valid for Afghanistan, Bangladesh, Bhutan, Haiti, Laos, Maldives, Nepal, North-Yemen, South-Yemen. - ^d Tariff quota of 8 per cent. - ^e The EC tariff for bananas principally refers to imports of the Benelux-countries, Ireland and Denmark. The major consumer countries either admitted duty-free import quotas for banana imports from their former colonies in the ACP region (i.e. France, UK, Italy) or are allowed to maintain traditional duty-free imports from Latin America (West Germany) according to the banana protocol in the Rome Treaty. - ^f Palmkernel oil. - ^g G = eligible for a guaranteed price in the EC. - ^h Cocoa paste; on cocoa butter tariff quota 8 per cent; for the countries listed under footnote c tariffs on cocoa butter are fully exempted. - ⁱ Specific tariff. - ^j Tariff quota. - ^k Ceiling under surveillance. - ^l Ceiling for all beneficiaries and tariff quota for individual countries. - ^m Special tariff quota for Spain.

Source: EUROSTAT (a,d); EC: Agarwal, Dippl, Langhammer (1985); Documents provided by the General Secretariat of the ACP Group of States.

- the level of unilaterally imposed variable levies on products which are subject to the Common Agricultural Policy (CAP) and quantitative import restrictions. On the one hand, non-tariff regulations, as they are associated with the CAP, limit the degree to which the ACP group can take advantage of its preferential situation. On the other hand, quantitative restrictions may have a positive impact on the ACP's preferential margin, if the application of these barriers is restricted to non-ACP members, especially GSP beneficiaries.
- the inclusion of the products in the Generalized System of Preferences (GSP) and changes therein, since the extension of the GSP product coverage leads to an erosion of the special preferences granted to the ACP countries. This had been the case in the period 1977-1982.

Information on these determinants, i.e. MFN and GSP rates for 1982 and 1987, can be obtained from Table 13, which yields the following results:

First, the share of products in the ACP export supply which are dutiable under MFN conditions has been increasing. In 1987 the 57 products in Table 13 accounted to 75 per cent of total ACP exports, while 43 per cent of this total was not dutiable under MFN conditions. Hence, for more than 32 per cent of total ACP exports tariff preferences - apart from the remaining 25 per cent - could have been effective, since they were dutiable under MFN treatment. In 1982, only 27 cent of total imports belonged to this category of dutiable products. The rising share of dutiable products in total ACP exports is a result of the declining price for oil which is the largest non-dutiable product of the ACP group. Apart from that, diamonds, iron ore, cotton and copper are the more important non-dutiable products, while the share of dutiable products is dominated by the shares of coffee, cocoa and sugar. As a result, in the case of ACP countries the ratio between dutiable and non-dutiable products is mainly determined by the world market prices of these few goods and their respective fluctuations. Since the exports of ACP countries have

remained highly dependent on these few raw materials, external factors continued to influence the extent to which tariffs and tariff preferences can have an impact on ACP exports, while trade policies under the Lomé Conventions seem to be less important.

Second, preferences granted to the ACP countries have been eroded by reductions in the GSP rates for prawns and shrimps (by 2 percentage points), molluscs (by two percentage points) and by the introduction of general preferences for other vegetables (by 7 percentage points)¹. However, these products accounted for less than 0.1 per cent in 1987. Moreover, the relative preference margin of the ACP countries have decreased for raw coffee (by 0.5 percentage points), which covers roughly 10 per cent of total ACP exports to the EC. It remains to discuss whether the introduction of a GSP preference margin of 0.5 percentage points leads to declining exports of ACP countries or lower coffee prices on the EC markets. Following a recent empirical study by Ronning (1988), there is no indication that the coffee preferences granted to the ACP countries have resulted in such price increases. Moreover, as the exports of coffee are subject to quotas adhering to the World Coffee Agreement, such a small preference margin is not likely to affect the EC import structure. According to the EC Commission's GSP proposals for 1989, GSP rates are to be lowered for beans and other vegetables, which amount to less than 0.5 per cent of total ACP exports to the EC in 1987. Accordingly, the export capacity of the ACP group is not likely to be affected.

Third, there have been minor reductions in the MFN tariffs, which have reduced the preferential margin under GSP special preferential treatment. Table 8 shows that MFN rates were lowered for frozen saltwater fish (by 7 percentage points) and aluminium

¹ Special preferences granted to the least developed countries (LLDCs) have been excluded for 1987, since the competition from these countries continues to be negligible (see Koester and Herrmann (1987), pp. 32). Fresh bananas are a special case, as a duty-free tariff quota exists for West Germany which is the largest EC market.

oxide (by 2.9 percentage points). Since the share of these goods in total ACP exports accounted for 1.2 per cent in 1987, the erosion through MFN rate reductions is not likely to worsen the ACP group's export performance to the EC remarkably.

Fourth, the differentials between MFN, GSP and special preference rates as they are granted to the ACP group are the less important determinants of price competition on the EC import market, since the differences are relatively small-sized in comparison to other factors affecting import prices. For instance, exchange rate fluctuations affect import prices to a much larger extent. Furthermore, Table 13 shows that for many products market accessibility is limited through quantitative restrictions either to access per se or to preferential access. Hence, the degree to which ACP countries can benefit from their special preferences highly depends on ceilings for all beneficiaries and regulations associated with the CAP and less on the tariff rate. The ACP cannot take advantage of their preferences if the respective products are subject to CAP regulations and if preferences are intended to allow for resource transfers rather than for trade expansion. This holds true for beef, meat, sugar¹ and cereal residues. In addition, imports of canned pineapples became regulated by the CAP. Nevertheless, these products amounted to less than 4.5 per cent of total ACP exports to the EC in 1987.

Fifth, it is obvious from Table 13 that GSP treatment has been restricted through ceilings, quotas and tariff quotas limiting the share of GSP-receiving in GSP-covered imports. The GSP-covered imports comprise all imports from GSP beneficiaries which were in those tariff headings and sub-headings included in the GSP offer, while GSP-receiving goods encompass those imports which actually receive duty-free or duty-reduced treatment². Since tariff quotas reduce the volume of GSP-receiving imports, the effective preference margin of ACP countries vis-à-vis GSP

¹ See Gruber (1987).

² See McQueen (1988) and Weston, Cable and Hewitt (1980), p. 93.

beneficiaries is actually higher than indicated by the GSP rate in Table 13.

Hence, for an evaluation of special preference margins, as they are granted to the ACP countries, it is necessary to compare actual ACP exports in dutiable items receiving a complete preferential treatment with preference-receiving exports of GSP beneficiaries that do not belong to the ACP group. Table 14 provides a breakdown of exports by broad GSP categories of sensitive, semi-sensitive and non-sensitive manufactures and agricultures both for ACP members and non-ACP countries. The share of GSP-receiving imports from non-ACP members in GSP-covered imports of this group has only slightly increased from 38.1 percent in 1981 to 41.1 per cent in 1987 but the amount of total GSP-eligible EC imports from non-ACP members recorded a higher growth than EC imports from ACP countries. This points to the fact that for this part of their exports the non-ACP beneficiaries enjoyed the same conditions for market access as the ACP group.

On the product level, this ratio increased particularly strong for non-sensitive industrial products (from 44.5 per cent in 1981 to 50.4 per cent in 1987), sensitive textiles (from 9.5 per cent in 1981 to 15.9 per cent in 1987) and sensitive textiles (from 71.3 per cent in 1981 to 83.8 per cent in 1987). In the case of non-sensitive industrial products it is obvious that the increased erosion of preference margins has not severely affected the ACP group's export performance in this category. The ACP exports of non-sensitive industrial products which include a large number of semi-processed goods almost doubled in the period 1981-1987. However, this does not hold for the case of sensitive textiles. In this category the exports of ACP countries almost halved between 1981 and 1987. It seems that in this category the erosion of tariff preferences fostered increased competition from Asian and Mediterranean GSP beneficiaries. The bulk of ACP exports comprises the category of non-sensitive agricultures, in which the share of GSP-receiving in GSP-covered exports of non-ACP members remains at 60 per cent. Hence, for this category

Table 14: Structure of EC Preferential Imports From ACP Countries and Non-ACP Developing Countries^a, 1981, 1985 and 1987

GSP Category	GSP-receiving Imports from non-ACP Beneficiaries						For Comparison:		
	Mill.ECU			in per cent of GSP-covered imports			EC Imports from ACP Countries		
	1981	1985	1987	1981	1985	1987	1981	1985	1987
Sensitive industrial products (except textiles)	3227.8	6096.5	5524.5	44.6	44.0	42.6	594.5	698.0	265.2
Non-sensitive industrial products (except textiles)	2657.7	3345.2	4353.4	44.5	46.1	50.4	528.4	849.8	1026.4
Sensitive textiles	448.4	1034.3	1458.0	9.5	15.2	15.9	90.4	31.3	55.9
Semi-sensitive textiles	261.8	-	-	40.8	-	-	55.4	-	-
Non-sensitive textiles	150.5	109.5	71.3	67.6	83.8	-	0.1	0.0	85.1
Sensitive agriculture (tobacco type Virginia, cocoa butter, canned ananas)	258.5	355.8	480.3	50.5	38.6	48.9	239.1	534.3	285.6
Semi-sensitive agricultures	22.6	-	-	12.4	-	-	34.1	-	-
Non-sensitive agricultures	1188.4	1854.1	3264.2	59.4	60.3	60.0	1529.6	1919.4	2611.6
Total agricultures, semi-manufactures and manufactures	8150.3	12908.8	15189.8	38.1	39.8	41.1	3071.5	4044.7	4244.8

^a Maghreb and Mashreq countries are excluded from the non-ACP Group of 77 members. Thus, this group comprises all GSP beneficiaries except ACP, Maghreb and Mashreq countries.

Source : Microfiches provided by EUROSTAT.

of products a larger amount of exports originating from other developing countries enjoys similar (not necessarily the same) treatment as the ACP exports. Again, the advantage of special preferences over generalized preferences does not seem to matter to much.

In addition, Table 14 reflects the difference in export patterns between the ACP group and the non-ACP GSP beneficiaries. In the case of the ACP countries the non-sensitive agricultures accounted for 61 per cent of exports, whereas this share was 21 per cent for the other developing countries. Since there is not much trade overlap between these two groups of suppliers, they remain more complementary trading partners than close competitors.

Summing up, the overall preference margins of ACP countries have continued to be slightly eroded through MFN or GSP rate reductions, but the products involved cover but a negligible share of total ACP exports given the present ACP export structure. In addition, MFN and GSP rates have remained fairly stable in the period 1982-1987. This stability is also reflected in a study by the EC commission, which assesses the preferential treatment of ACP exports for the period 1981-1985. Accordingly, the share of dutiable products in total ACP exports to the EC has remained quite stable at 30 per cent. Hence, only a minor part of the ACP group's exports can benefit from special preferences. In the same vein, preference margins varied around 6.3 per cent relative to MFN treatment and 5 per cent compared to GSP beneficiaries. Furthermore, it seems that the EC has maintained or even extended the ACP group's preference margins by freezing the tariff quotas and ceilings for GSP beneficiaries. Because of these limits, only a part of GSP-covered goods can receive preferences. Such quotas and ceilings are intended to protect ACP beneficiaries.

They are especially relevant for processed agricultural goods and textiles. However, as the bulk of ACP exports does not comprise these goods, the ACP countries cannot make broad use of their preferences against competitors from other developing countries.

b. Market Accessibility for Non-Traditional ACP exports to the EC: The Case of Textiles

The textile sector in ACP countries had already recorded extraordinary export growth rates to the EC in the period 1975-1982. This trend gained further momentum between 1982 and 1987. As Table 15 shows, textile exports of ACP countries grew by 124 per cent between 1982 and 1988, while developing countries recorded a remarkably lower growth rate of 60 per cent. However, it has to be noted that textiles have still a small share in the ACP group's export basket and that the base effect is valid. Moreover, the ACP share in textile exports of developing countries is still negligible, though it has increased from 2 per cent in 1982 to 3.1 per cent in 1987.

At the country level, it becomes obvious that the ACP's boom in textile exports is far from being a general but a country-specific phenomenon. Table 15 shows that a very few countries make up the bulk of ACP textile exports, all above Mauritius, which supplies two thirds of ACP textile exports to the EC and has more than tripled its exports between 1982 and 1987. This export boom has been fostered by the setting up of an export processing zone, which combines duty-free treatment with highly attractive tax and repatriation allowances for foreign direct investment and cheap loan facilities¹. Moreover, Zimbabwe and Tanzania recorded substantial increases in textile exports and their share in total ACP textile exports. By contrast, the Ivory Coast, which had a share of more than 26 per cent for ACP textile

¹ See Krietemayer (1988), pp. 118-127.

Table 15: Share of Individual ACP Countries in Total ACP
Textile and Footwear Exports to the EC, 1982
and 1987

	1982		1987	
	Mill.ECU	Per cent	Mill.ECU	Per cent
Mauritius	79.3	52.2	260.3	65.1
Ivory Coast	39.9	26.3	31.0	7.8
Zimbabwe	-	-	24.9	6.2
Madagascar	19.8	13.0	15.7	3.9
Cameroon	6.1	4.0	11.9	3.0
Tanzania	-	-	11.4	2.9
Zambia	-	-	5.0	1.3
Sudan	-	-	4.5	1.1
Senegal	1.9	1.3	2.4	0.6
Rest ACP	4.9	3.2	32.7	8.2
Total				
ACP	151.9	100.0	399.7	100.0
LDC	7968.9		12748.1	

Source: EUROSTAT (a,d).

exports in 1982, has lost considerably both in absolute terms as well as relative to other ACP countries. The same adverse trend can be observed for Madagascar and Senegal, while Cameroon was hardly in a position to maintain its share though it almost doubled its exports of textiles to the EC. These nine countries supply 91.8 per cent of total ACP textile exports.

In the present situation, it does not seem likely that the growth of ACP textile exports to the EC will be inhibited by changes in market accessibility or further erosion of the ACP's present preferential treatment. There are several reasons for this assessment.

Above all, the ACP countries are not subject to bilateral quotas or limitations under the Multi-Fibre Agreement (MFA), which limits the exports of the major Asian and Latin American textile suppliers to the EC market. Textile imports from ACP countries are allowed both quota and duty free. In the past, special preferences had been affected by so-called facultative ceilings (ligne ACP), which had been prevailing at the beginning of the eighties¹. Except for Mauritius, which had been threatened by national safeguards in 1979, there is no evidence that these ceilings have hindered textile exports from ACP countries, as their exports had been well below these ceilings. There is no indication that these ceilings are still in force. Even the unprecedented export boom of Mauritius during the last seven years has not provoked new protectionist safeguards by the EC. Since the EC deliberately encouraged ACP exports to occupy a larger share of the EC market, there is much scope for expansion of ACP textile exports given their present low market share.

In addition, the major extra-EC suppliers on the EC market might find it increasingly difficult to extend their market share. Even the Mediterranean countries, which had been initially granted special preferences resembling those of the ACP countries, face limitations by close substitutes to voluntary export restraints

¹ See Agarwal, Dippl, Langhammer (1985), p. 20.

(VERs)¹. In the same vein, the non-ACP contracting parties of the MFA are subject to additional barriers on the European textile markets, since the expiring MFA III has been prolonged², while the fibre coverage is to be extended under the new MFA IV agreement for the period 1987-1991. For this reason, the special preferences granted to ACP countries will not be eroded by much easier access for non-ACP members of the MFA³.

Furthermore, the EC plans to substantially restrict its allocation of GSP benefits to textile and clothing exports of newly industrializing countries, since these countries are regarded as fully competitive without GSP treatment⁴. This regulation, which is due to take place over a two year period starting 1988, may be instrumental to maintain the ACP group's special preferences vis-à-vis highly competitive GSP beneficiaries.

Apart from that, the EC protectionism in textiles can have an indirect impact on the ACP's export performance, as these countries may become more attractive for foreign direct investment (FDI) in textile industries provided that they remove their own policy-induced disincentives to exports. Foreign investors

¹ Of course, it has to be mentioned that two former members of the Mediterranean group, namely Portugal and Spain, have improved their preferential situation due to their EC membership. For a further discussion of arrangements between the Mediterranean basin and the EC see Anson and Simpson (1988), chap. 7.

² See Zheng (1988), chap. 5 and Cline (1987), p. 219.

³ It has to be noted, however, that there are substantial differences in trade policies among individual EC member countries. For instance, West Germany has been taking a more liberal position even allowing for excess of MFA quotas or VERs. By contrast, Italy, UK and France strictly adhere to these restrictions. Even more restrictive barriers prevail on the markets of the newer EC members, namely Spain and Portugal, which benefit from transitional regulations.

⁴ See Anson and Simpson (1988), p. 150.

may try to circumvent quantitative restrictions against exports from their home countries. For instance, Mauritius has already attracted the major Far Eastern producers like Hong Kong and Taiwan which used the country as a base to expand into US markets¹. More investment in other ACP countries may have been attracted if local content requirements had been reduced by EC authorities.

To sum up, given the extreme vulnerability of most ACP countries to external shocks, their actual critical debt situation and the apparent unwillingness of foreign private risk capital to engage in these countries, it remains questionable whether the relatively favourable access conditions provided by the EC can offset such worsening external environment.

¹ See Anson and Simpson (1988), p. 280.

5. Summary

On the whole, the role of the ACP group in world trade has continued to decline during the 1982-1987 period. The share of ACP exports in world exports has decreased to a larger extent than the respective share of all developing countries. The relative poor export performance of the ACP countries can be partly attributed to their export structure, which does not resemble that of the more developed and newly-industrializing countries. The ACP exports mainly comprise raw materials, while the share of manufactures has remained comparatively low. The ACP export performance still highly depends on these unprocessed agricultural and mining products, since the export patterns of individual ACP countries reveal a high concentration in few commodities. As a result, most ACP countries have faced deteriorating terms of trade, as the prices of major ACP export commodities especially underwent substantial decreases in the 1982-1987 period. The majority of ACP countries have not been in a position to compensate the price decay in their export goods by increasing export quantities and export diversification.

The regional trade patterns of the ACP group proved to be fairly stable. The EC remains the largest import market for ACP exports. Despite the appreciation of the US \$, which made non-ACP developing countries shift their exports to the US market, the EC is even more important as an importer of ACP goods. In the same vein, the EC confirmed its role as the largest supplier of ACP imports, even though the Asian developing countries increased their export market shares in ACP countries. A growing share of ACP exports was handled among the ACP members themselves. However, this increase cannot be attributed to regional integration schemes among ACP members but to special intra-ACP processing claims as for example Angola's oil exports to the Bahamas.

Moreover, the regional distribution of ACP exports to the EC has remained quite stable. The accession of Portugal and Spain has hardly affected the regional distribution and the product structure of ACP exports. The growth of ACP exports to the EC has been

substantially lower in the 1982-1987 period as compared to the 1975-1982 period. As a result of the oil-price decay, ACP exports recorded a decline in absolute terms. However, growth rates for main categories such as non-oil exports, agricultural products and manufactures and semi-manufactures have been positive though substantially lower than the respective export rates of all developing countries. Export growth rates and import demand elasticities have been highest for manufactures and semi-manufactures. These products enjoy a fairly high demand in West Germany, Italy and France. By contrast, the ACP group's agricultural exports lost momentum in the major EC member countries and tend to shift to the smaller member countries.

The commodity structure of ACP exports to the EC reveals a high concentration on raw materials. However, the decline of ACP exports due to the oil price decay was only partly offset by increases in other commodities or rapidly increases in exports of non-traditional manufactures (clothing, leather, worked wood), which continue to hold a negligible share in the ACP export basket. It seems that the ACP countries strengthened their position on markets, which were characterized by declining market shares of extra-EC industrialized countries. However, the ACP countries' export expansion on EC markets is challenged by the Central & South American countries, since their export goods resemble the ACP export structure.

Another challenge for the ACP countries is due to the further erosion of their special preferences by reductions in GSP rates. However, this is not likely have seriously affected the ACP countries' export performance, as the changes in GSP rates were negligible. Furthermore, it seems that preferential treatment of ACP countries compared to other developing countries is increasingly guaranteed through tariff quotas and quantitative restrictions for GSP beneficiaries. Such trade barriers prevail especially for processed goods and manufactures. However, these items do not yet encompass the bulk of ACP exports. Since tariff quotas and ceilings for processed agricultures are less respective than for manufactures, EC imports from the ACP group

and GSP beneficiaries are subject to a similar treatment. Moreover, mining products do not belong to the category of dutiable products so that special preferences for the ACP group in these items are not effective. As these commodities make up the lion's share of ACP exports, the percentage of dutiable items is a function of export price fluctuations rather than of EC trade policies.

Hence, the preference margin of ACP exports depends on these countries' ability to diversify towards manufactures, since EC imports of these products from non-ACP members are hindered by tariff quotas and non-tariff barriers. This holds especially for textile products, in which the ACP group recorded a unprecedented growth of its exports to the EC. Yet, the export boom in textiles, which still has a very low share in total ACP exports, has been due to very few countries only. As a result, it remains questionable whether the relatively favourable access conditions provided by the EC can positively impact the ACP countries' export performance given their indigenous problems and the worsening external environment, all above the apparent unwillingness of foreign risk capital to engage in these countries.

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Table A1: Concentration of Total Exports of ACP Countries, 1980 and 1984

	Deviation from World Trade Structure ^a		Concentration Index	
	1980	1984	1980	1984
African ACP Countries				
Angola ^d	0.71	0.82	0.35	0.87
Benin ^d	0.90	0.77	0.44	0.43
Botswana	-	0.00	-	0.00
Burkina Faso	0.89	0.88	0.48	0.54
Burundi	0.97	0.96	0.87	0.77
Cameroon	0.75	0.78	0.40	0.48
Cape Verde	0.94	0.93	0.40	0.57
CAR	0.95	0.96	0.43	0.45
Chad	0.88	0.85	0.64	0.62
Comoros	-	0.94	-	0.78
Congo	0.80	0.79	0.89	0.80
Djibuti	-	-	-	0.00
Equatorial Guinea	-	0.94	-	0.58
Ethiopia	0.90	0.88	0.63	0.62
Gabon	0.82	0.82	0.77	0.79
Gambia ^d	-	0.92	-	0.52
Ghana	0.95	0.88	0.75	0.54
Guinea	-	0.97	-	0.95
Guinea-Bissau	-	0.93	-	0.56
Ivory Coast ^f	0.83	0.79	0.41	0.32
Kenya	0.81	0.82	0.38	0.34
Lesotho	-	0.00	-	0.00
Liberia	0.92	0.96	0.53	0.63
Madagascar	0.85	0.88	0.50	0.47
Malawi	0.92	0.93	0.49	0.53
Mali	0.94	0.93	0.58	0.58
Mauritania ^d	0.94	0.95	0.85	0.62
Mauritius ^d	0.90	0.90	0.68	0.66
Mozambique ^d	0.81	0.80	-	0.27
Niger ^f	0.95	0.94	0.82	0.74
Nigeria ^d	0.81	0.85	0.95	0.94
Rwanda	0.98	0.97	0.81	0.81
Sao Tome & Principe	-	0.92	-	0.70
Senegal	0.81	0.88	0.28	0.31
Seychelles	0.96	0.87	0.57	0.78
Sierra Leone	-	0.88	-	0.39
Somalia	0.93	0.95	0.76	0.76
Sudan	0.94	0.89	0.43	0.34
Swaziland	-	0.00	-	0.00
Tanzania	0.83	0.86	0.27	0.36
Togo	0.89	0.92	0.46	0.46
Uganda ^d	-	0.97	-	0.93
Zaire ^f	0.90	0.79	0.40	0.42
Zambia ^f	0.98	0.95	0.82	0.84
Zimbabwe ^f	0.77	0.87	0.18	0.29

Table A1 continued

	Deviation from World Trade Structure ^a		Concentration Index	
	1980	1984	1980	1984
Caribbean ACP Countries				
Antigua & Barbuda ^d	0.88	0.83	0.30	0.34
Bahamas ^d	0.75	0.90	0.66	0.83
Barbados ^d	0.80	0.83	0.39	0.56
Belize ^d	0.80	0.95	0.42	0.58
Dominica ^d	0.96	0.92	0.67	0.60
Grenada ^d	0.95	0.89	0.50	0.43
Guyana ^f	0.91	0.88	0.53	0.47
Jamaica	0.87	0.80	0.58	0.46
St. Christopher	-	0.00	-	0.00
St. Lucia	0.88	0.92	0.34	0.65
St. Vincent & Grenadines	-	0.90	-	0.51
Suriname	-	0.92	-	0.54
Trinidad & Tobago	0.73	0.74	0.63	0.55
Pacific ACP Countries				
Fiji	0.94	0.91	0.85	0.64
Kiribati	na	0.94	-	0.91
Papua New Guinea ^f	0.94	0.93	0.48	0.50
Samoa	0.94	0.93	0.54	0.43
Solomon Islands	0.96	0.94	0.43	0.41
Tonga ^f	0.96	0.92	0.48	0.53
Tuvalu ^f	0.99	0.93	0.85	0.35
Vanuatu	0.94	0.96	0.67	0.73
For comparison:				
Belgium & Luxemburg	0.40	0.39	0.11	0.12
Denmark	0.48	0.46	0.10	0.09
France	0.29	0.27	0.09	0.09
West Germany	0.35	0.32	0.13	0.14
Ireland	0.56	0.54	0.13	0.16
Italy	0.41	0.39	0.11	0.10
Netherlands	0.43	0.43	0.13	0.14
UK	0.28	0.27	0.10	0.15
USA	0.37	0.36	0.09	0.11
Japan	0.50	0.49	0.20	0.21
Greece	-	0.65	-	0.13
Spain	0.42	0.40	0.10	0.12
Portugal	0.57	0.52	0.14	0.14
South Korea	0.64	0.62	0.15	0.19
Malaysia	-	0.62	-	0.28
Philippines	0.71	0.75	0.22	0.30
Morocco	0.81	0.81	0.31	0.28
Egypt	0.70	0.74	0.57	0.48
Tunesia	-	0.68	-	0.41
Algeria	-	0.79	-	0.53
Brazil	0.55	0.53	0.15	0.13
Argentina	0.68	0.71	0.15	0.19
Chile	0.87	0.83	0.50	0.32
Mexico	-	0.54	-	0.53

Source: UNCTAD Handbook.