

EU finalises ACP 'trade and aid' deal.(African, Caribbean and Pacific countries)(Brief Article)

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Negotiators from the EU and 71 African, Caribbean and Pacific countries (ACP) agreed a new 'trade and aid' deal on Thursday this week, which will erode traditional trade preferences for the ACP bloc over the next eight years.

In exchange for withdrawing the beneficial trade arrangements in line with WTO requirements, the EU has offered 'structural' assistance of some [epsilon]13 billion, which will go some way to boosting the competitiveness of ACP industries.

Market access was the "most contentious" part of the trade deal, according to ACP sources. The group has enjoyed preferential tariffs and quotas for its trade with the EU, but under World Trade Organisation rules, the Community can no longer deal with the ACP on more favourable terms than other countries in the same stage of development.

WTO waiver needed

In order for ACP preferential tariffs to continue to 2008, the EU will have to ask the WTO to renew a waiver allowing a derogation from global trade rules. "This is the next hurdle," said an official.

After 2008 the EU will remove these preferential arrangements, giving instead what one source called "special assistance" to ACP industry. In agriculture, this, will mean support in particular for the rum, beef, rice and banana sectors.

While much of the trade deal was already provisionally agreed some time ago, parties still had to finalise 'rules of origin' this week. The EU was keen to avoid countries such as South Africa exploiting the ACP deal as a 'back door' for its farm trade, and to set strict guidelines for what constitutes a genuine 'ACP' product.

Cuba seeking ACP membership

This week's meeting also saw mounting support for Cuba's recent bid to join the ACP. With its important sugar industry, Cuba has the potential to rock the delicate balance of particularly sensitive agricultural markets in both the EU and the ACP. However, accession to the ACP group is a flexible arrangement, explained officials, and could exclude Cuban claims on any particular aspect of the deal.

The ACP will consider Cuba's application, but with the proviso that any new accession to the bloc "cannot undermine the position of current members, and that Cuba

will not seek to accede to certain aspects of the current agreement," in the words of an official. This is likely to mean that Cuba would not be granted a quota under the 1.3 million tonne preferential import regime which the EU grants to a large number of ACP sugar suppliers.

'Fiji Convention' to be signed?

ACP and EU diplomats will sign the agreement in Fiji on May 31. Until now, the long-standing accord has borne the title of the Lome Convention, but, in the tradition of christening deals after the place where they are signed, this is now expected to change.