TRADE RELATIONSHIPS OF DEVELOPING COUNTRIES OF THE ACP GROUP (AFRICA, CARIBBEAN, PACIFIC) WITH THE EUROPEAN UNION

JENÍČEK V., KREPL V.

Abstract

In the commodity structure the most important share is represented by the export of mineral raw materials, oil and agricultural products, which represent 2/3, final goods represent the share of 1/5. The most important individual commodities are oil (29%), diamonds (10%), cocoa beans (4%), timber (4%), sugar cane (3%) and coffee (2%). The biggest importer into the ACP countries is the EU with the share of 29% in total import, followed by the USA with 18%. In export the situation is just opposite.

Key words: trade relationships, ACP group – Africa, Caribbean, Pacific; European Union, EU trade with the ACP – export, import, the main trade partners of the ACP countries – exporters, importers.

INTRODUCTION

More than two thirds of the WTO members are developing countries. All the WTO agreements include special measures in favour of these countries. It regards e.g. a longer period for the implementation of agreements an obligations, measures for improvement of their trade opportunities and support for building infrastructure for the work of the WTO, solving of arguments and implementation of technological standards.
Already from the beginning of the common trade policy functioning, the EC managed to start economic connections with the developing countries if Africa, Caribbean and Pacific areas (ACP). The frame of these relationships was created first by the Yaound Agreements and then, after the extension of the EC by the Great Britain in 1973, the Lomé agreements.
The agreements from Youndé in Cameroon represented the first association agreements signed on July 20,1963 between the EC and eighteen independent African states. The Lomé agreements signed after the Great Britain accession included a wider spectrum of co-operation. Altogether, there were signed four Lomé Agreements. The first three were signed always for the period of five years.
The Lomé I. Agreement for the period 1976-1980, the Lomé II. Agreement for the period 1981-85 and the latest Lomé III. Agreement for 1986-90. The Lomé IV. Agreement, signed by 69 states on December 15,1989 (valid from September1, 1991), differs from the first three agreements by the period of its validity. It was signed for ten years and secured special relationships in the area of culture, trade, social problematics and development aid. The basic demand of this agreement was that the signers should observe human rights and democracy. In 1995, the agreement was revised in the sense of strengthening of the political issues like democracy, legal state, responsible management of legal state, political dialogue etc. Further, it included the priorities of he development of trade, competitiveness and higher flexibility in granting financial means. Regarding distribution of financial means, the exception is South Africa, which was accepted into the Lomé Convention as the 71st state on March 25,1997 and which does not receive, because of its advanced economic level, any development aid. The main questions solved by Lomé IV:

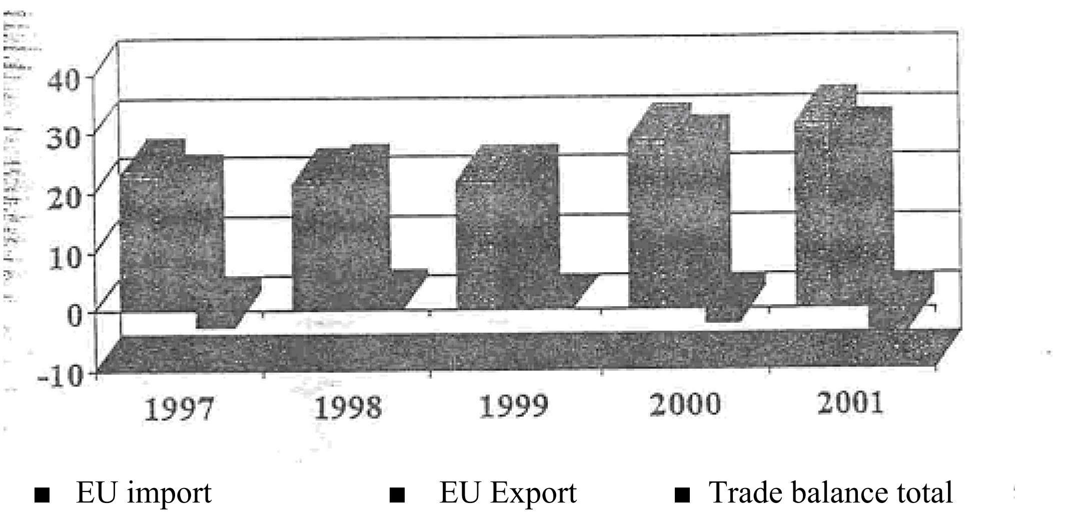
- One-sided free accession to the market for 99.5% of products from the ACP region,
- Stabilisation program for partial securing of the ACP sales income from the raw material export through the STABEX system and the SYSMIN fund, which are aimed only at the countries dependent on the raw material export.

The second financial protocol to the Lomé Agreement, valid fromJune1.1998, forecasted financial aid of the EU on the level of 14.8 billion ECU for the years 1995 - 2000. The further important document, which represents the revision of economic relationships between the EC and the ACP, is the Agreement on Partnership between the EC and the ACP signed on June 23,2000 in Cotonou in Benin It regards the agreement between the EU and 77 states for the period of 20 years which has replaced the Lomé IV. Agreement, the validity of which ended on February 29,2000. The signatory parties were, besides the EU: Angola, the Bahamas, Barbados, Belize, Benin, Botswana, Burkina Faso, Burundi, Cameroon, South African Republic, Chad, Comoros, Congo (Brazzaville), Congo (Kinshasa), Cook Islands, Ivory Coast, Djibouti, Dominica, Dominican Republic, Equator Guinea, Eritrea, Ethiopia, Fiji, Gabon, Antigua a Barbuda, Gabun, Cape Verde, Gambia, Ghana, Grenada, Guinea, Guinea Bissau, Guyana, Haiti, Jamaica, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Marshall Islands, Mauritania, Mauritius, Micronesia, Mozambique, Namibia, Nauru, Nigeria, Niger, Rwanda, Sierra Leone, Togo, Uganda, Zambia, Zimbabwe, Solomon Islands, Somalia, Sudan, Surinam, Tanzania, Tonga, Trinidad and Tobago, Tuvalu, Vanuatu, Swaziland, Senegal, Seychelles, Samoa, Saint Lucia, Saint Kitts a Nevis, Saint Vincent and Grenadines, Sao Tome and Principe, Niue, Palau, Papua New Guinea a South Africa. The priority aim of co-operation formulated by this agreement is fighting poverty, permanent development of the ACP countries and their gradual integration into the world economy. In other areas, the Cotonou Agreement is practically identical with the Lomé Agreements (the questions of legal sate, democracy and respecting human rights). The agreements enables to abolish the fulfilment with the signing state in case that the state violates continually the basic obligations or if a big corruption occurs. Also the economic and social co-operation is newly regulated. It is based on the regional integration and the co-operation of the ACP states themselves with regard to the different level of their economic development. This new regulation is fully in harmony with the WTO rules. Among other, it delimits also the sum of the financial means for the period 2000-2005, which are prepared for drawing through loans from the European Development Fund in the scope 13.5 billion EUR and through the loans from the European Investment Bank in the scope 1.7 billion EUR. The agreement further presupposes an asymmetric removal of custom duties for more than 85% of export up to 1ě years, further financial aid for the period 2000-2006 in the scope of 885 billion EUR and the consequent deepening of co-operation. The Cotonou Agreement on trade, development and political co-operation between 77 ACP countries and the EC became valid on April 1, 2003.

EU trade with the ACP states

The total trade between the EU and the ACP states increased by 7% in 2001 to 58.6 billion EUR from 55 billion in 2000. This increase followed by the record increase of the value of export by 26% in 2000 hints that the slowing down of trade in the 90s is probably at the end. From the graph, it is obvious that the EU imports more than it exports. The EU imports increased from 28. 557 billion EUR in 2000 to 31.234 billion EUR in 2001, when more than 1/3 is formed by the imports of oil (8.644 billion EUR in 2000 and 9.253 billion EUR in 2001). The consequence of higher imports than exports is the negative trade balance in 2000 and 2001 (Graph 1).

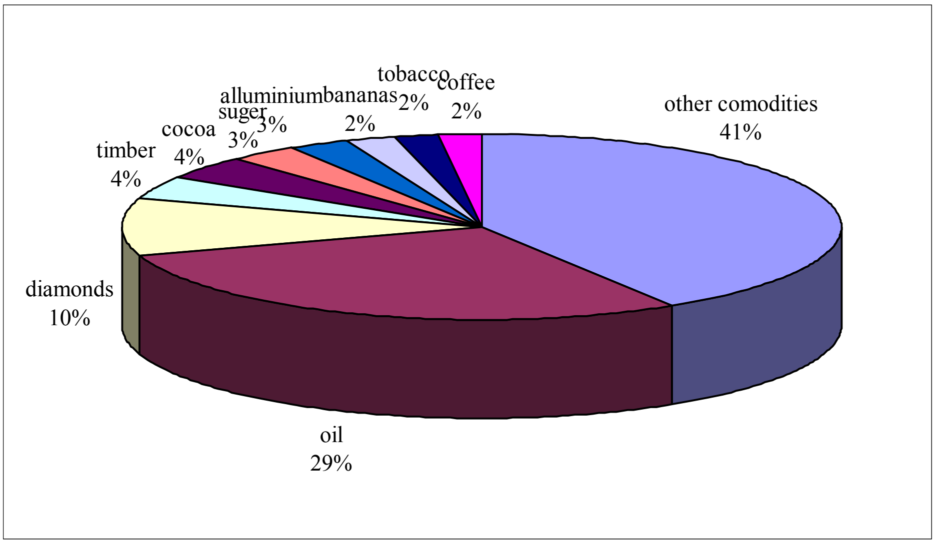
Graph 1: EU trade with the ACP states, import, export and trade balance in bill. EUR



Source: EC Press Release, Brussels, 27 September 2002, Bilateral Trade Relations ACP Countries

In the commodity structure of import, the most important share is represented by the import of mineral raw materials, oil and agricultural products, which represent 65%, final goods represent the share of 19%. The most important individual commodities are: oil (29%), diamonds (10%), cocoa beans (4%), timber (4%), cane sugar (3%) and coffee (2%) (Graph 2).

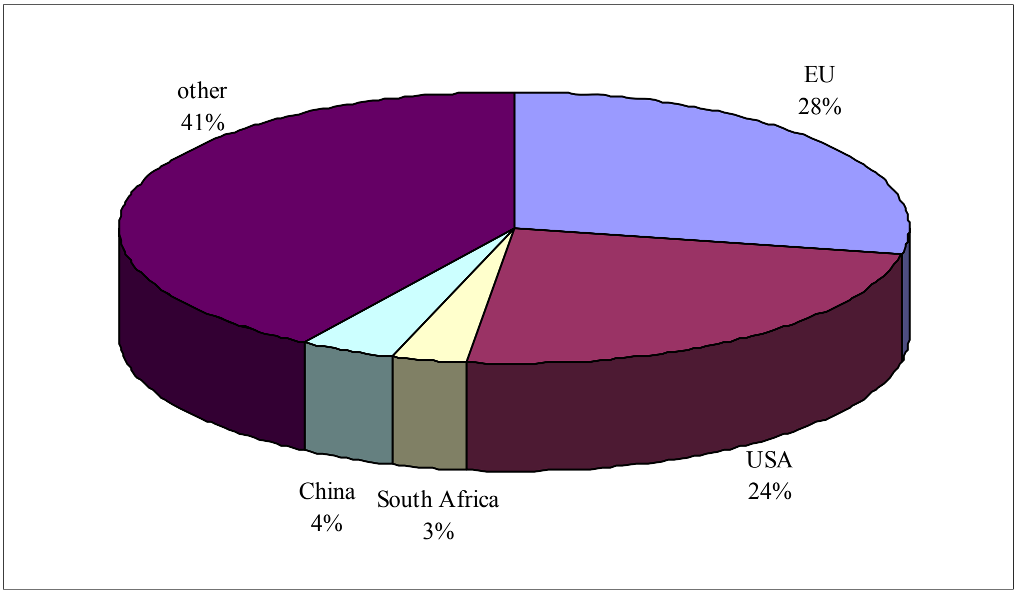
Graph 2: Products imported from the ACP to the EU



Source: EC Press Release, Brussels, 27 September 2002, Bilateral Trade Relations ACP Countries

The biggest importer into the ACP countries is the EU with the share of 29% in the total import, followed by the USA with 18%. In export, the situation is just opposite. The biggest destination market for the ACP countries is the U.S. market, which represents 33% of the total export of the ACP. 29% of the ACP exports flows into the EU, and if we do not count oil products, then it is 80% of the ACP countries. On the other hand, the share of the ACP countries in the total RU import was 3.1% in 2001 (Graph 3).

Graph 3: The main trade partners of the ACP countries

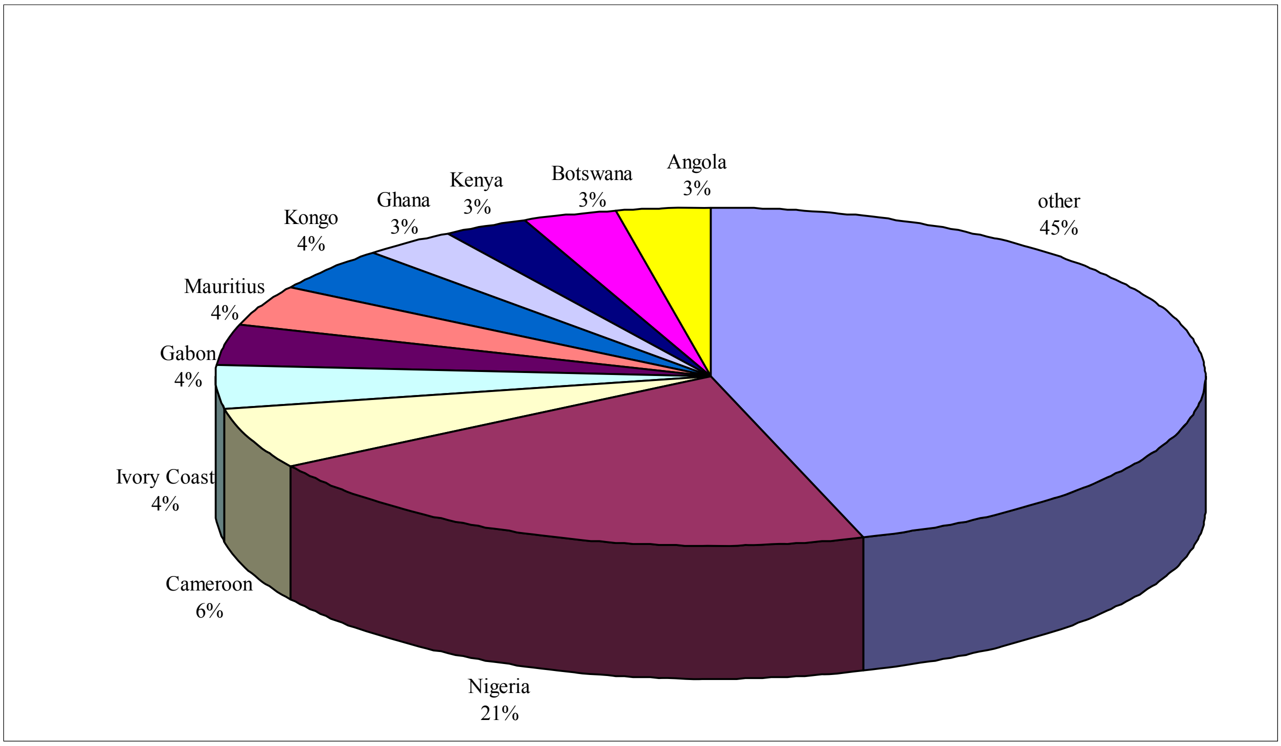


Source: EC Press Release, Brussels, 27 September 2002, Bilateral Trade Relations ACP Countries

The EU approaches the trade with the poorest ACP countries on the base of the initiative "Everything but weapons", when in the frame of this initiative the ACP incomes increased by 15% in 2000 (from 6.7 billion EUR in 2000 to 7.6 bill. in the following year). Initiative is supported by the legislation in the Regulation of the Council No.416/2001 from February 28, 2001. It secures the customs-free and quantitatively unlimited access to the EU markets for all commodities with the exception of weapons from the least developed countries. Since 2002, also the import of bananas is organised in the same way and in the years 2006-2009, the same should be done also regarding rice and sugar. The following graphs represent

The main ACP partners, the countries exporting most to the EU and the countries with the highest share of import from the EU countries (Graph 4).

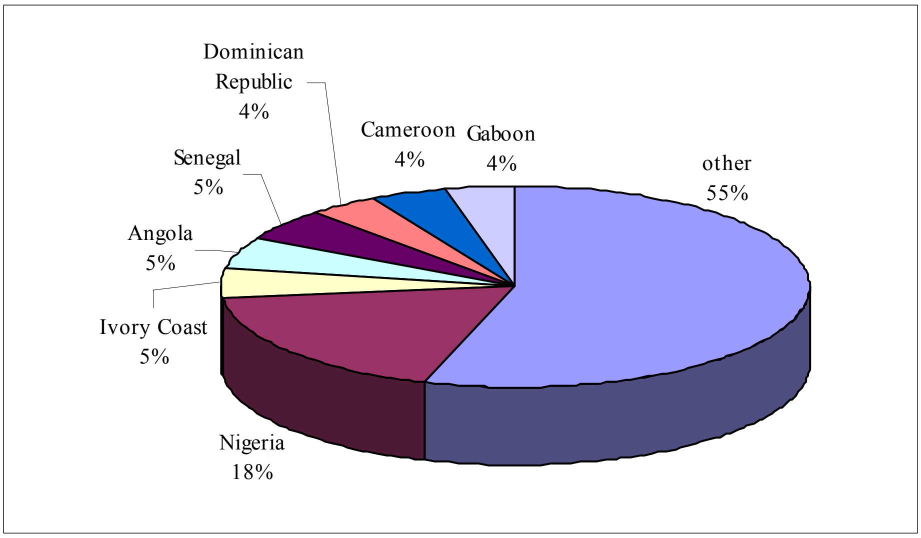
Graph 4: The main ACP exporters to the EU



Source: EC Press Release, Brussels, 27 September 2002, Bilateral Trade Relations ACP Countries

In the export to the EU, there participates the most Nigeria with the share of 21%, which is at the same time also the biggest destination market of the EU exports. In 2001, there aimed 5 billion EUR, what represented 18% of the total import into the ACP countries. Another important market is Angola, where aimed 1.34 billion EUR (5%), Ivory Coast with1.31 bill. EUR (5%), followed by Gabon, the Dominica Republic, Senegal and Cameroon (4%)(Graph 5).

Graph 5: Main export markets of the EU in the ACP



Source: EC Press Release, Brussels, 27 September 2002, Bilateral Trade Relations ACP Countries

CONCLUSION

At present, there exist many studies solving the problematics of developing countries with the stress on their still deepening indebtness. Notwithstanding the support of the International Monetary Fund (IMF) and the World Bank (WB), the «scissors » of economic development are still opening. The opinions regarding the unsupportable debts of the third world countries are rather contradictory. The DME citizens lead by the EU and USA are looking at it rather from above during the last time. They tend to see in then the corrupted and dictatorial countries the management of which is only able to steal the supplied money means. On the other hand, still more of the Euro American economists and politicians are leaning to the opinion of the civic activists of these countries, which proclaim that the main guilt lays with the DMEs themselves, i.e.. With the creditors of the developing countries.

REFERENCES

JENÍČEK, V., KREPL, V. (2006) : International Trade and Developing Countries. CUA Prague.

JENÍČEK, V., KREPL, V. (2005): Development Economics. CUA Prague.

EC Press Release, Brussels Bilateral Trade Relations ACP Countries

Received for publication on May 30. , 2006
Accepted for publication on November 22 , 2006

Corresponding author:

Prof.Vladimír Jeníček
Czech University of Agriculture Prague, Institute of Tropics and Subtropics
165 21 Prague 6 - Suchdol, Czech Republic
E-mail: jenicek@itsz.czu.cz