



منظمة الوحدة الإفريقية

ORGANIZATION OF AFRICAN UNITY

ORGANISATION DE L'UNITÉ AFRICAINE

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RÉF. OUA. BRU/DIR/CABINET/RA.CM/111.97

Bruxelles, le 14 mai 1997.

A : Monsieur SAID DJINNIT
Directeur du Cabinet

DE : 
WAWA O. LEBA
Directeur du Bureau Permanent

OBJET : TRANSMISSION VERSION ANGLAISE

En référence à mon mémorandum OUA.BRU/DIR/CABINET/RA.CM/104.97 du 6 mai 1997, je vous prie de bien vouloir trouver, en annexe, *la version anglaise* de la contribution de la Mission Permanente de l'OUA, à Bruxelles, au rapport d'activités du Secrétaire Général pour la période de février à juin 1997.

Sentiments distingués.

c.i. : Chef de la division des Conférences

/so

REPORT OF THE OAU SECRETARY-GENERAL
FOR THE PERIOD FEBRUARY TO JUNE 1997

OAU PERMANENT OFFICE
IN BRUSSELS

INTRODUCTION

1. The OAU Permanent Representation to the European Union and to the General Secretariat of the Group of African, Caribbean and Pacific States (ACP) carried out, in conformity with its mandate, during the period February to June 1997 activities, in particular in the political and economic fields.
2. This report deals with the various activities which aimed at contributing to the promotion of the image of the Organization, as well as, looking for ways and means of improving somehow the living conditions of the peoples of the African continent and their socio-economic development.
3. The report contains four parts, i.e. :
 - I. *Activities in the political field*
 - II. *Activities in the socio-economic field*
 - III. *Activities of the African Group*
 - IV. *Other activities*

I. ACTIVITIES IN THE POLITICAL FIELD

4. During the period under review, the Office took part in two main activities, i.e. :
 - a) *the 24th Ordinary Session of the ACP/EU Joint Assembly from March 17 to 21, 1997, in Brussels;*
 - b) *the 25th OAU/EU Consultative meeting, on April 17, 1997, in Brussels.*

- *framework of the ACP/EU future cooperation*
- *financial and technical cooperation*
- *economic and trade cooperation*
- *political and institutional dimension.*

17. A specific report has been prepared on the ACP/EU future relations in which this various elements that shall constitute the future instrument of cooperation between the ACP and the EU have been described. And from May 14 to 16, the OAU is to organize in Addis Ababa, a seminar on the theme, in order to give an opportunity to the African region to harmonize its position.

b) 65th Session of the ACP Council of Ministers (Brussels - April 21 to 23, 1997)

18. Some of the most important developments, during the period under review, included, among other things, the holding of the 65th Session of the ACP Council of Ministers which met in Brussels from 21-23 April, 1997, under the chairmanship of Hon. Major-General S.L. RABUKA, Prime Minister of Fidji.

19. The Council had before it a number of important agenda items including ACP/EU Trade Cooperation and development finance, conflicts resolution ACP/EU future relations and South Africa's adhesion to the Lome Convention.

A. TRADE COOPERATION

20. Trade Cooperation dealt with :

- *Commodities*
- *the Banana Protocol*
- *the Sugar Protocol*
- *Fisheries.*

Commodities

21. With respect to commodities, the Council considered recent developments in this area as well as the follow-up of the 9th UNCTAD recommendations. The most important development in relation to this matter was the review of the EU directive on chocolate which was put in place by the EU Commission in 1996 in replacement of the 1973 EU directive. Under the new directive, the EU Member States are allowed to use vegetable fat other than cocoa butter in the manufacture of chocolate up to 5 % of the final chocolate product. Since its meeting in Mauritius in 1995, the ACP Group has expressed concern to the EU Commission's modification of the 73/214 directive without consultations with the ACP and in the absence of fulfilling certain important conditions. Since that consultations are going on this issue between the ACP and EU. In Mauritius, the Council adopted a position on the issue of cocoa considering the interest of both cocoa-producing and sheanut-producing

countries and recommended consultations on the matter. Unfortunately, the Council noticed that the European side did not respect the Mauritius compromise.

22. The Council also considered the follow-up of the declaration and the measures recommended on commodities during the 9th UNCTAD held in Mindrand, South Africa, in March 1996, i.e. :

i) The States participating to the African Development Bank should be requested to envisage contributing substantially to the seventh replenishment of the African Development Fund in order to support diversification efforts of the African countries commodities sector;

ii) The Common Funds Members should envisage to pay, as quickly as possible, pledged contributions to the Fund second window;

iii) The Common funds should be encouraged to study efficient means of using resources from the first window.

23. During the meeting of the ACP/EU Ambassadors on March 21, 1997, the ACP Group reiterated the position it adopted during the 64th Session of the Council of Ministers, i.e. the first window's own resources be lent to the second window in order to finance development projects and that its net resources be transferred to the second window.

24. Besides, the two parties called on UNCTAD to give priority in its action programme to the ACP least developed countries.

25. During its session, the Council also exchanged views on the best ways to implement articles 72 and 73 regarding the processing, marketing distribution, transport and the improvement of ACP commodities competitiveness. The Council was of the view that an increased participation of ACP products to PMDT will encourage European investments in the ACP countries, particularly after the current structural reforms in these countries to that effect.

Banana Protocol

26. The Council heard a report on Ministerial Consultations on Bananas from the Minister of Trade and Market of the Commonwealth of Dominica and ACP Ministerial spokesman. In his submission, the ACP spokesman said that ACP Banana producing countries held their consultations prior to the meeting of the Council and exchanged views on issues related to the export of ACP Bananas to the Community. The consultations were primarily with the conclusions of the WTO Dispute Settlement Panel which was established at the request of the United States and four Latin American countries to examine the compatibility of the EU banana regime with WTO rules. In its report, the Panel ruled that the banana regime violates the WTO rules. The Panel, however, has accepted the validity of the Lome preference safeguarded by the waiver but opposed the allocation of quotas to the ACP suppliers to their pre-1991 levels.

27. The ACP spokesman said that the Ministers in their consultations have noted that the ruling of the WTO Panel would have serious disadvantages for ACP traditional suppliers. Many small ACP producers will be forced out of the Market while the main beneficiaries of the WTO ruling will be the large multi-national companies. The spokesman pointed out the future of preferential trade in bananas was under serious threat which would have implications for the total preferential trade in bananas was under serious threat which would have implications for the total preferential trading agreement with the EU.

28. It should be noted that, since the banana industry is important to the economies of many ACP countries, a Banana Protocol was incorporated in the Lome Conventions guaranteeing access to the EU Market. More than 40 % of the total ACP banana production comes from Africa; ACP countries have 19 % of the EU market in which Latin American producers still predominate.

Sugar Protocol

29. The Council heard a statement from the delegate of Mauritius who is the ACP Ministerial spokesman on sugar. He underlined developments in the Sugar protocol since the last meeting of the Council. He informed the meeting that the Republic of South Africa had given assurances that it would not seek to obtain any benefits from the Sugar Protocol.

30. At the end of its deliberations, the Council adopted a resolution in which it called on the Council to recognize the importance of the Sugar industries to the economies of the States concerned in their socio-economic development and to ensure that appropriate corrective action is taken to ban all importation of OCT into the EU and to constitute a common front with the ACP Sugar supplying States to oppose in the WTO attempts to put the Sugar regime in question.

Coordination within WTO

31. The Council adopted a resolution in which it decided to request that :

- *The Committee of Ambassadors should meet regularly to review and examine WTO issues of relevance to the ACP Group and to formulate a common position which ACP representatives may be requested to adopt within the WTO framework and that*

- *The ACP Group should establish a presence of the Group in Geneva and the representation in WTO bodies in which the ACP Group has observer status.*

Fisheries

32. Since the Commission Decision no 91/85/CEE of 15 March, 1993, granting a derogation to the ACP States was to expire on 30 June 1997, there was an urgent need to take a decision to enable the ACP States to continue the export of their fishery products to the EU. In his statement, the Minister referred to Article 59 of the Convention on the development of fisheries and underlined the importance of the fishery sector in the economies of a number of

ACP States, particularly in the earnings of Foreign exchange and the creation of sustainable employment.

33. In consequences, the Council decided to adopt the resolution tabled by the Mauritan Minister on import of fisheries products into EU and requested the EU and the Commission to consider favourably the ACP request for the extension of the present derogation until the expiry of Lome IV, in February 2000.

B. DEVELOPMENT FINANCE

34. The Council also considered a report by the Ministerial Committee on Development Finance Cooperation in which the spokesman pointed out that the Committee's report on first half of 1996 dealt with implementation of activities on Financial cooperation while the second half of the report dealt with program of activities of the Committee for 1997.

35. The most important activities carried out during the first half of 1996 in this area related to the preparation of reports on the implementation of financial and technical cooperation in 1995, joint evaluation of urban development, mining and sysmin and the CTA as well as joint ACP/EU study of an agreement for investment protection and guarantee in the ACP States pursuant to the provisions of Annex L111 of the 4th Convention. As soon as this agreement is finalized, it is envisaged to organize a seminar on the promotion of investments in the ACP countries.

36. As far 1997 work programme of the Development Finance Committee was concerned, the spokesman pointed that it would mainly comprise preparation of the 1996 report on the implementation of financial and technical cooperation (including the finalization of ACP register of consultants), evaluation of ongoing evaluations (on urban development, on mining and sysmin and regional cooperation), debt and structural adjustment as well as on investment and development of enterprises. It should be noted that these evaluation reports on various sectors are in the process of being completed by the ACP Secretariat.

37. It is envisaged that within the framework of work programme for 1997, two important seminars would be organized on regional cooperation and a Ministerial Conference on debt, structural adjustment and absorption capacity of ACP countries.

38. The main objective of the seminar on regional cooperation and integration, which is scheduled to take place in Brussels, would include, among other things, assessment of the level of implementation of various regional integration projects and programs which are being carried out in different regions and sub-regions, their impact on growth and economic development. The role of ACP regional cooperation organizations and the way they coordinate their activities would be also examined.

39. On the other hand, the Ministerial Conference on debt, structural adjustment and absorption capacity of ACP States will take place in Brussels, 13-16 October, 1997. The aim of this conference would be to focus the attention of the EU to the adverse economic and social effects of debt on the ACP economies and the serious need for urgent debt relief

measures that would stimulate investment and strengthen economic recovery in the ACP countries. It is intended that apart from ACP States, international, regional, sub-regional and non-governmental Organizations would be invited by the ACP Secretariat for the participation in these activities. The objectives of the Ministerial Conference would also include consideration of recent initiatives (HIPC initiative) recommended by the G7, the World Bank and the IMF to assist heavily indebted ACP countries. The EU has already approved this initiative and suggested to its Member States a policy of debt-relief measures for 11 ACP countries.

C. RESOLUTION OF CONFLICTS

40. During the debate under this item, several delegations, african ones in particular underlined the need to closely involve regional, and even sub-regional Organizations, in each step aimed at resolving conflicts in ACP countries. Some speakers, therefore, highlighted various initiatives taken by these organizations that include first the AOU Mechanism for Conflicts Prevention, Management and Resolution. Some other delegations made serious reservation on the relevance of dealing with such an issue in the framework of the ACP/EU cooperation instead of that of the UN, which they prefer. For others, however, instead of leaving the exclusivity to such or such organization, it would be preferable to go by "*concentric circles*" by using ways and means of taking an advantage of all the possibilities that could exist at national, regional and intra-regional levels before resorting to the United Nations. In other words, they said, the ACP should go, in this field, for openness and not for a closed door policy. Some other speakers added that, in any case, any action in this field must, first, aim at *preventing* and if, despite of that, a conflict bursts, peoples affected must closely be associated to its management and resolution.

D. FUTURE ACP/EU RELATIONS

41. The ACP Group of States has joined the debate opened by the publication, last November, of "*The Green Pape on the relations between the European Union and the ACP countries at the wake of the 21st Century*". Hence, the ACP Council of Ministers heard the spokesman from each of the various ACP regions on the issue. The spokesman pointed out the steps taken at the level of their respective regions to hold the consultations aimed at formulating a common regional position on, in particular, the framework and nature of the ACP/EU relations following the expiry in the year 2000 of the current Lome Convention. These consultations are still going on, the spokesman said. However, they gave a brief idea of the orientation of the debate within their regions.

42. **Southern Africa** reported that there was a converging view in the region on the need to continue ACP/EU relations, after Lome IV. But, the spokesman said, the region is still to define which form these relations should take. He said his region was in favour, not only of maintaining the unity and the solidarity of the ACP Group, but also to look for ways and means of ensuring that this unity and this solidarity be expressed in international fora other than the ACP/EU one.

43. **Central Africa**, its spokesman said, is continuing its consultations on the issue. The spokesman expressed regret however that the ACP had to engage in the debate through an approach centered on a reaction to the Commission's Green Paper on the subject. He, nevertheless indicated the main themes that should be tackled by the future negotiations : *the political dialogue*, he said, needs strong institutions in the ACP countries; therefore, any step aimed at weakening the state must be avoided on the contrary, it is necessary to restore the credibility and the authority of the state in managing situations that fall within its power. The region is in favour of the concept of *good governance*, but remains opposed to the trend that links this concept to the promotion of investment or to development assistance. Likewise, it is in favour of the proposed mobilization *to combat poverty and safeguard the environment*, but it is recommending caution however concerning the way the European side is approaching the issue. The same caution is to be observed as far as the concept of *liberalization* is concerned, because that should not lead to a situation in which ACP countries are run by foreign power, which is a rather destabilizing factor. Therefore, liberalization should be accompanied by measures aimed at promoting the local private sector. Likewise, measures for trade development cannot be efficient unless it is supported by a programme for the promotion of local products and producers. The serious impediment constituted by the debt for the development of ACP countries need to be seriously tackled.

44. **Caribbeans** expressed the need to maintain the ACP Group because, the spokesman of the region said, it is so obvious that interests of its different members are similar. He is of the view that emphasis must be put more on the strengthening of intra-ACP partnership and that liberalization would be an opportunity to promote ACP/EU technical cooperation; the strengthening of the intra-ACP cultural cooperation should also be used to promote more contacts between members of the Group.

45. **West Africa** proposed to study ways and means for :

- at the economic level, putting emphasis on the development of national capability, on regional synergies, in order to promote regional cooperation, and on combating poverty;
- at the political level, setting up a mechanism likely to ensure the participation and empowering of the peoples and reinforcing the political dialogue with the European Union.

46. **Pacific** said it is in favour of continuing the cooperation after the year 2000, but it is not in a position to say what formula it prefers, because, simply, consultations on the subject are still going on.

E. ADHESION OF SOUTH AFRICA TO THE LOME CONVENTION

47. It is to be noted that during this Council of Minister, *South Africa has been admitted as the 71st Member of the Georgetown Agreement establishing the ACP Group of States*. This concludes, indeed, the negotiations initiated last year by this country and the European Union, in view of its adhesion, as qualified member to the Lome Convention. The Protocol

of this adhesion was signed during the ACP/EU Council of Ministers held on 24-25 April, 1997, in Luxemburg. Under this Protocol, South Africa shall not benefit from the financial resources of the European Development Fund (EDF), neither from the trade regime of the Lome Convention applied to other ACP States. However, South African companies are eligible to tenders financed by the EDF. Trade relations between the EU and South Africa should, in fact, be governed by the bilateral Free Trade Agreement, the two partners are currently negotiating.

c) **22nd Ordinary Session of the ACP/EU Council of Ministers**
(Luxemburg, April 24 & 25, 1997)

48. ACP Ministers and their EU counterparts met in a joint meeting on April 24 and 25, 1997, in Luxemburg. The joint ministerial session considered and adopted the following documents, after deliberations, both at the level of Ambassadors and Ministerial committees :

- i) Revised Protocol no 1 to the 4th ACP/EU Lome Convention on the harmonized system of designation and codification of goods,
- ii) Amendments to the Rules of procedure of the ACP/EU Council of Ministers and that of the ACP/EU Committee of Ambassadors,
- iii) Adhesion Protocol of South Africa to the Lome Convention,
- iv) Agreements concluded alongside the Singapore Conference on brandies, liquors and other spirits drinks,
- v) Decisions and resolutions on bananas, the Protocol related to beef, the declaration of ACP States on sugar,
- vi) Report of the Ministerial committee on commodities (on cocoa butter and the Common Fund),
- vii) Report of the Ministerial Committee on development finance (implementation of 7th and 8th EDF),
- viii) Resolution on Somalia (access to EDF resources).

49. The joint Council took note of the resolutions of the ACP/EU Joint Assembly held in March 1997, which involve the Council in their implementation and follow-up.

50. The Council also heard a report of the ACP Committee of Ambassadors on the headquarters agreement between Belgium and the ACP General Secretariat. The agreement has still not come into force, because it has not yet been ratified by the Belgian Parliament. The representative of the host country pointed out that the process was underway.

51. The joint ministerial session exchanged views on two major themes, i.e. :

- Conflicts prevention and management,
- ACP/EU future relations.

On the issues listed in paragraphs 40 and 43, the following is to be noted :

i) Adhesion of South Africa to the Convention

The event was hailed and led to a fruitful debate between the various delegation including that of South Africa. The South African Minister DEREK A. HANEKOM signed the adhesion protocol on November 24, 1996. However, it is to be noted that the adhesion was subjected to some restrictions, including in particular:

- *the non application to South Africa of the Convention provisions related to the use of financial resources;*
- *only an aid in case of flows of refugees from neighbouring ACP countries into South Africa shall be granted in the framework of the Convention; all other aids should come from other finance sources;*
- *the non application of provisions related to trade cooperation and the use of trade cooperation.*

Apart from these restrictions, the following facts should be underlined after this adhesion :

a) at the geographical level

The entire Sub-Saharan Africa falls in a common agreement framework of cooperation with the EU.

b) at the political level

The belonging of South Africa to the Lome system gives the country the right to participate into the activities of joint institutions, including those of political nature.

c) at the economic level

The economic weight of the country can positively influence the development of the continent and other ACP regions and promote regional integration.

ii) Conflicts prevention and management

A long debate took place on this issue which needed no decision. Both European and ACP delegations expressed their views on the approach to be adopted within the framework of the ACP/EU cooperation. Should those activities be

included in the future ACP/EU relations ? Would that not be a form of conditionality?

The meeting agreed that, first of all, causes of the conflicts must be analyzed, prevention measures must be taken and mastered, contribution of external quarters into the management must be required. To that effect, the meeting indicated that :

- *an early warning system must be conceived,*
- *a code of conduct on arms traffic must be prepared,*
- *a dialogue must be organized between the parties to the conflict (preventive diplomacy and coordination of initiatives),*
- *humanitarian law must be applied to distressed populations.*

iii) ACP/EU future relations

Delegations which had the opportunity to take part in the informal Ministerial Conference held in Maastricht (April 18-19, 1997) had the possibility of expressing their opinions on the issue.

After the debate, some positions of the European side became clear on the framework of the cooperation, the content of the financial and technical cooperation, the political and institutional dialogue and the global objective of the ACP/EU future relations at the wake of the 21st Century. Emphasis was put on trade, economic, financial and political cooperation.

ACP delegations noted with interest the discussions on conflicts prevention and the future relations because it shall allow them to prepare their common position. As for Africa, it is actively preparing its draft common position on subjects to be debated, and in view of the Libreville Summit (November 6-7, 1997).

III. ACTIVITIES OF THE AFRICAN GROUP

The Bureau initiated the setting up, within the African Group of Brussels, of a Working Group on the ACP/EU future relations. It is to give an opportunity to the African component of the ACP Group of States to reflect on way and means to harmonize the position it shall have to defend in the framework of future negotiations on the ACP/EU relations after the year 2000 with the position and strategies adopted by the OAU for the economic and social development of Africa as well as for the cooperation between Africa and the rest of the world. The Working Group shall also, in the same vein, discuss the relevance and, if need be, the drafting of an African common position on matters to be debated by the Summit, scheduled next November, in Libreville, Gabon. In its capacity as Secretariat to the African Group, the Office is fully involved in the work of the Working Group for which it

prepares working paper to introduce debates and to which it provides basic reference documentation containing the OAU positions and strategies on the issues under discussion. The outcome of the Working Group efforts would constitute one of the working documents of the continental seminar the OAU General Secretariat intends to organize next May, in Addis Ababa, in order to harmonize the African position on the issue of ACP/EU future relations.

IV. OTHER ACTIVITIES

a) Agreement on Cooperation between the Organization of African Unity and the Centre for Development of Industry

53. On 22nd April, 1997, a Memorandum of Understanding between the Organization of African Unity (OAU) and the Centre for the Development of Industry (CDI) was signed by H.E. Ambassador VIJAY S. MAKHAN, Assistant Secretary-General of the OAU in charge of EDECO and by H.E. Mr SURENDRA SHARMA, Director of the Centre for the Development of Industry at the Headquarters of the Centre, in Brussels.

54. In conformity with Article I, the main objective of the Agreement would include, among other things, the promotion and enhancement of cooperation between the two Organizations, especially in the areas of evaluation, study, financing and implementation of projects in the Member States, in collaboration with EU companies or industrialists. The Agreement, which comes into force on the date of its signature, also provides for consultations and regular meetings between the OAU and CDI.

55. The Office has already agreed with the CDI officials in charge of projects management, in order to see in the two organizations programmes of activities, those activities which could be taken into account, without delay, in the implementation of the Agreement. A follow-up report will be sent, in due course, to Headquarters.

b) Headquarters Agreement with the Kingdom of Belgium

Negotiations on the revision of the OAU Headquarters Agreement have been finalized. The Belgian Government proposed that the acceptance of the provisions of the said Agreement be notified through an exchange of letters.

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