

CONFIDENTIAL

cc: AGO
TRADE
LPS
MAFF
HMT
CO

Brt



file

10 DOWNING STREET

25 April 1983

From the Private Secretary

Renegotiation of the Lomé Convention

The Prime Minister has seen the minute of 22 April by the Foreign and Commonwealth Secretary to the Chancellor of the Exchequer about this matter. With regard to the question of the size of the next European Development Fund, the Prime Minister has suggested that, in the forthcoming negotiations, we should insist that aid is tied to purchases from the relevant donor country.

BF
I should be grateful for your comments on this idea. It would also be helpful if, when you reply, you could let me have the latest figures illustrating the extent to which British firms have benefited from contracts under the European Development Fund, as opposed to firms from other Member States.

I am copying this letter to the Private Secretaries to all members of OD(E) and to Sir Robert Armstrong.

A. J. COLES

Roger Bone, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

8



FCS/83/82

CHANCELLOR OF THE EXCHEQUER

*1 suggest we
limit the aid
is tied to the
front country.
no*

Prime Minister

See especially the last

2 pages.

A.J.C. 22/4.

Renegotiation of the Lomé Convention

1. The present Lomé Convention between the European Community and 63 countries in Africa, the Caribbean and the Pacific expires in February 1985. The Community is now starting seriously to prepare its position for the negotiations for the successor Convention. The negotiations with the ACP will start in September, or possibly even July. Preparation in the Community will start with an orientation discussion at the Foreign Affairs Council on 25 April, followed by intensive work in a special Working Group and at COREPER between now and further discussion in the Foreign Affairs Council in June and possibly July.

2. The Commission's proposals for the Community position emerged in a 100-page document only just before Easter. My officials have been considering them with officials concerned in other Departments and the results are set out in an FCO paper, amended in the light of inter-departmental discussions, which is intended to be a quarry for instructions as appropriate during the discussions in Brussels, and which is being circulated in final draft form at official level.

3. These will be important negotiations for the UK. Although the Lomé relationship is not one which we would have wished for ourselves, it is something which we inherited on our accession to the Community and which we

/have



have improved substantially. More than half the ACP countries belong to the Commonwealth and more than half the world's developing countries are signatories to the Lomé Convention. Some of these countries are important to us (e.g. Nigeria and the Front Line States in Southern Africa). The Lomé relationship has become a key-stone in the Community's relations with the ACP countries individually as well as collectively and naturally affects also their bilateral relations with the Member States of the Community. The UK, therefore, has a strong interest in doing its best, within the limits of what it can afford, to work for a successful conclusion to the negotiations. This means broadly that we should support some very useful Commission ideas aimed at more purposeful and developmentally effective use of Community aid, while opposing any ideas or proposals which would involve additional expenditure/cost to the UK.

4. Against this background I propose to take the following line in the very general introductory discussion at the Foreign Affairs Council on 25 April:

- (a) Welcome the Commission's emphasis on the need for more appropriate aid policies and on greater ACP self-reliance, especially in food production; and urge that this last is so important that it merits a new food chapter in the next Convention, bringing about the integration of food aid and research with other aid instruments to promote agricultural production. This would be major evidence that the UK was taking a positive and imaginative approach to the new Convention.

/(b)



- (b) Welcome the Commission's proposal for a policy dialogue with each of the ACP countries to ensure the more effective use of Community aid; strongly support the Commission's recognition that aid money should not be disbursed except in ways agreed by the Community within the policy dialogue.
- (c) Express serious concern that the Commission has seen fit to raise at this stage, even in general terms, the size of the next European Development Fund (EDF) and has proposed a substantial increase; emphasise the need for realism and the need to avoid raising expectations; and oppose early discussion in the Community or with the ACP of the financial resources for the next Convention.
- (d) Oppose budgetisation of the EDF.
- (e) Oppose any suggestion of an increase in STABEX resources and press for reforms to make it developmentally more effective.

5. Our precise objective on the size of the next EDF has not been discussed inter-Departmentally. The above line reflects only the need on tactical grounds to postpone discussion until a late stage of the negotiations, i.e. well into next year. I am sure this is right: as soon as there is discussion in Brussels the UK will come under intense pressure both within the Community and from the ACP to do more than we are prepared to. An early acrimonious row on this would jeopardise the negotiations before they had got properly under way and

It is more important to have bilateral aid.

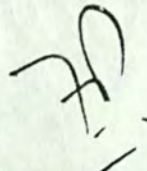
/before



before other components which could form the basis of an agreement had been put in place. This would put us in the worst possible position. It is, therefore, very much in our interest to postpone the moment of inevitable pressure. But there still remains the question of what we should be doing meanwhile to impress on our partners that we are serious about minimising the cost to the UK of the next EDF.

6. We should be bound to take a tough line because of the constraints imposed by the pressure on our own aid programme. We have already been making it clear to our partners that we should have the greatest difficulty in increasing the UK's cash contribution to the next EDF. Officials are considering inter-Departmentally whether we need a more specific objective at this stage.

7. I am sending copies of this minute to all Members of the OD(E) Committee and to Sir Robert Armstrong in the Cabinet Office.


(FRANCIS PYM)

Foreign and Commonwealth Office

22 April 1983

122 100 1003

121 121
121 121
121 121
121 121
121 121

