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**THE POLITICAL ECONOMY OF MULTILATERAL ECONOMIC
COOPERATION: NIGERIA AND THE LOMÉ CONVENTIONS**

by

RAPHAEL O. OGOM. B.Sc. (Hon.). M.Sc.. M.Phil.

A thesis submitted to the
Faculty of Graduate Studies and Research
in partial fulfilment of the requirements
for the degree of Doctor of Philosophy

Department of Political Science

Carleton University
Ottawa, Ontario
September, 1997

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acceptance of the thesis,

THE POLITICAL ECONOMY OF MULTILATERAL ECONOMIC COOPERATION:
NIGERIA AND THE LOME CONVENTIONS

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Thesis Supervisor

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Carleton University
February 12, 1998

ABSTRACT

The purpose of this work is to, using Nigeria as a case study, critically examine the implications of one of the strategies adopted by a substantial number of the developing countries - the strategy of multilateral economic cooperation or partnership with the advanced industrial economies which found expression in the ACP-EU Lomé Conventions first signed on February 28, 1975. For the ACP states, the need for an effective development strategy has become very necessary as a result of their intractable development problems. These countries seem either to have stagnated in the long process of development, or have even regressed. In the 1960s when most of them attained political independence, discussions about national development were lively. Publications in various forms were produced on the theme and hopes were raised on the possibility of these countries becoming "developed" within a short while. Unfortunately, these hopes have not been fulfilled. An examination of the internal conditions in these countries reveals a disappointing situation. The Lomé Conventions were, therefore, to assist these states address this predicament.

Specifically, the rationale of ACP-EU Lomé arrangement is, among others, the promotion of broad economic development of the ACP states. In view of the objectives of the Conventions, several questions have arisen which this study seeks answers to. First, to what extent have the provisions of the Conventions been realized for the ACP states? Put differently, how and to what extent has Nigeria as an ACP country been able to utilize the development opportunities offered by the Lomé framework? Second, has there

been any improvements in the Nigerian economy as a result of the Conventions? That is, has the performance of the country in the Lomé arrangement been impressive or discouraging? If, in spite of the Lomé preferences, the country's performance is discouraging, how could we explain such poor performance? Does this suggest that the Lomé-type strategy is not viable and not worth pursuing by the ACP states? Fifth, given the importance of the Conventions to these states, what can be done to remedy the identified problems so as to enable them improve their performance in the Conventions? Finally, in the context of some of the changes currently taking place in the global economy which are likely to affect the Conventions, what does the future hold for Lomé?

To these questions, we argue that generally, the objectives of the Lomé Conventions have yet to be significantly felt by the ACP states - in fact, these states lost ground in their economic relations with the EU (relative to other regions) in spite of the Lomé preferences. Most ACP states have not experienced significant improvements in their economies as a result of Lomé. Third, the reasons for this problematic performance are both demand and supply-sides oriented: they lie not only with the Lomé Conventions and their restrictive conditions and the kinds of technical assistance provided through the CDI, but also in the (in)ability of the ACP states as instanced by Nigeria to support a process of economic development that might have enabled their economies to grow generally, despite the flaws in the Conventions. Fourth, the failure of the Conventions for the majority of the ACP states does not necessarily mean that the Lomé-type strategy is bankrupt and not worth pursuing. Substantive corrective action can and should be taken by both the ACP states and EU in order to draw the Conventions closer to achieving their

objectives, and finally, though some of the changes taking place in the international economy may pose potential threat to the continued relevance of the Conventions, they represent both opportunities and challenges to the ACP states. With an appropriate combination of factors, responsive states can weather these developments and still benefit from the Lomé framework. Thus, after well over two decades since their inception, it is necessary to take stock of the Lomé Conventions as we, and indeed, the Conventions themselves, head into the twenty-first century.

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ABBREVIATIONS USED

AAC	Associated African Countries
AAMS	Associated Africa and Malagasy States
ACP	African, Caribbean and Pacific countries. These are the countries that signed the Lomé Conventions with the EU. See Appendix A.
APDF	African Projects Development Facility
APEC	Asian-Pacific Economic Cooperation
APP	Abplast Products PLC
ASEAN	Association of South East Nations
A&T CIL	A&T Chemical Industries Nigeria Limited
ASUU	Academic Staff Union of Universities
BDC	Bureau de Change
BOP	Balance of Payments
BRNL	Ben Reubens Nigeria Limited
CAP	Common Agricultural Policy
CDI	Centre for the Development of Industry (formerly known as Centre for Industrial Development (CID))
CEAO	Communaute Economique de l' Afrique de l' Ouest
CET	Common External Tariff
DDDCL	Dee Damor Development Company Limited
DFCs	Development Finance Corporations
DFIs	Development Finance Institutions

ECA	Economic Commission for Africa
ECOWAS	Economic Community of West African States
ECLA	Economic Commission for Latin America
ECU	European Currency Unit
EDF	European Development Fund
EIB	European Investment Bank
EOI	Export-Oriented Industrialization
EPZ	Export Processing Zone
EU	European Union. Also referred to in the text as EC.
FEM	Foreign Exchange Market
FFEM	First-Tier Foreign Exchange Market
FIIRO	Federal Institute of Industrial Research
GATT	General Agreement of Trade and Tariffs
GCINL	Global Chemical Industries Nigeria Limited
GDP	Gross Domestic Product
GNP	Gross National Product
GSP	Generalized System of Preferences
IDA	International Development Association
IFEM	Inter-Bank Foreign Exchange Market
IMF	International Monetary Fund
ISI	Import-Substitution Industrialization
ISO	International Standards Organization

ITT	International Telephones and Telecommunications
LDCs	Less Developed Countries
LFNL	Lisabi Foods Nigeria Limited
MAN	Manufacturers Association of Nigeria
MATS	Management Advisory and Technical Services
MFDFL	MFD Foundries Limited
MFN	Most Favoured Nation
MUA	Million Units of Account
MW	Mega Watts
NAN	News Agency of Nigeria
NAO	National Authorising Officer
NAFTA	North American Free Trade Association
NEAZDP	North-East Arid Zone Development Programme
NEPA	National Electric Power Authority.
NEPC	Nigerian Export Promotion Council
NFL	Nigerian Foundries Limited
NIDB	Nigerian Industrial Development Bank
NIEs	Newly Industrializing Economies
NIEO	New International Economic Order
NITEL	Nigerian Telecommunications
NMCP	Niger Mills Company PLC
NNDC	New Nigerian Development Corporation

NWAZDP	North-West Arid Zone Development Programme
OAU	Organization for African Unity
OCD	Overseas Countries and Departments
OPBRDP	Oil Palm Belt Rural Development Programme
OPEC	Organization of Petroleum Exporting Countries
PIE	Project in Execution
POA	Project on Appraisal
PQLI	Physical Quality of Living Index
R&D	Research and Development
SICAD	Seminar on International Cooperation and Development
SAP	Structural Adjustment Programme
SEM	Single European Market
SFEM	Second-Tier Foreign Exchange Market
SMLs	Small and Medium Scale Industries
TCARC	Technical Centre for Agricultural and Rural Cooperation
TPNL	Tonobi Plastics Nigeria Limited
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organization
UPE	Universal Primary Education
VSP	Value System Perspective
WWF	World Wildlife Federation

CHAPTER ONE

INTRODUCTION AND OVERVIEW

Third World Underdevelopment and the ACP-EU Lomé Conventions

This study is concerned with the problem of economic development in a substantial number of developing countries - a group of 70 African, Caribbean and Pacific (ACP) states generally and Nigeria in particular. Specifically, it uses Nigeria as a case study to examine one of the strategies adopted by these states towards achieving sustained economic development - the strategy of multilateral economic cooperation or partnership with the advanced capitalist countries which found expression in the Lomé Conventions of the European Union (EU) first signed on February 28, 1975. Nigeria is used as a case study because it displays both general and unique features characteristic of the ACP signatory states to the Conventions. Among others, the country shares certain broad characteristics with other ACP states such as generally low level of economic development, volatile political system, dependence on a few commodities for export, heavy external debt and a weak industrial base. However, unlike the majority of these other countries, Nigeria is large and reasonably well endowed in terms of infrastructure, ports, trained manpower, huge population, domestic market size and most importantly, the availability of oil. The abundance of oil in the country as a major export is very important because much of it is exported to the EU and accounts for a large share of the latter's imports from the ACP countries. Thus, in sharing basic characteristics with, and at the same time, differing in key respects from other ACP states, the country offers a good ground for analyzing both the general as well as the unique problems that these countries face in their efforts to take advantage of the development opportunities offered by the

Lomé Conventions. That is, Nigeria is used as a case study to unravel the general tendencies that exemplify the performance of the ACP states. Yet, since the country displays certain unique characteristics relative to other Lomé signatories, it allows us to analyze how and why its uniqueness is a factor in its particular performance in the Lomé arrangement. This, in turn, allows us to draw lessons (from the Nigerian case) which illuminate the general problems of North-South relations.

This study is borne out of the growing need for a systematic and detailed study of the Lomé Conventions and their implications for the ACP states. Though several studies exist on this subject, the majority of these tend to focus largely on the general as against the unique and detailed problems confronting the ACP countries. Revealing as these studies are, they ignore the historical reality of the performance of individual ACP states, which indicate that these countries have taken advantage of the Lomé opportunities differently and with varying results. That these countries' performance varies from one product to another and across sectors suggests the need for detailed case studies that, a) unravel the areas of strengths and weaknesses in their performance with a view to suggesting ways of improvement, and b) fill in the lacuna left by the holistic studies by showing that it requires a dual (demand and supply) perspective or an analysis of both domestic and external factors to gain a much more comprehensive understanding of the performance of these countries in the Conventions.

Second and most importantly, developments in the contemporary international political economy point to the need for a review of the Lomé strategy. One of these, as M. Dolan opined,¹ is the restructuring of industrial production in the Northern countries

(which includes the EU) from an emphasis on mass production to one of flexible specialization. An examination of the shift in production from the Fordist to post-Fordist paradigm, particularly in areas such as the nature of technology and its implications for the workforce, organization and relocation of production, as well as the nature of interfirm alliances, indicates negative effects on the developing countries. Also, as B. Hettne and others argued, there is a growing "new regionalism" - a multidimensional process of regional integration which goes beyond the idea of the common market and includes economic, political, social and cultural aspects.² These developments imply, among other things, that a) the ACP states may increasingly become economically unattractive to the EU, and b) the international political economy is becoming increasingly divided along regional lines - the EU as an example - with the fear of each region looking inwards and protecting its immediate interests above all others. This being the case, the question is, have the Conventions therefore been overtaken by events? Do they still serve a useful purpose to the ACP states? The current Lomé arrangement (Lomé IV) is scheduled to last for ten years (1990-2000), and it is likely that the ACP states will push for renewal upon its expiration. How can these states, either as a collective or as individual countries, make the most of Lomé? Thus, that the Conventions are a contemporary arrangement with potential development opportunities for the ACP states underscores the relevance of our study, which seeks to illuminate both the unique and general problems these countries face in the Lomé strategy with a view to suggesting a prognosis for action.

One of the objectives of the Conventions was the promotion of broad economic development between the ACP and the EU, taking into consideration their respective

levels of development. In furtherance of this, specific trade, aid and industrial provisions were provided for the purpose of securing effective advantages for the ACP states. The trade provisions, for instance, were to improve the conditions of access of their products into the EU market. This was to accelerate the growth of their export trade, and in particular, ensure the flow of their exports to the Community. This, it was hoped, would make a principal contribution to the economic development of the ACP states by helping to provide the market conditions which would enable these countries to transform the structure of their exports.

The expectations of Conventions, this study argues, have failed to materialize after well over two decades of their inception. The explanation for this lies not only with the Conventions and their restrictive conditions on access to EU market, qualifications attached to the provisions and the kinds of technical assistance provided through the Centre for Development of Industry (CDI), but also with the nature of the Nigerian state and its inability to support a process of economic development that might have enabled Nigerian firms, despite the flaws in the Lomé Conventions, to grow, become competitive and export.

The Conventions were conceived initially as a solution to the intractable problems of development which have plagued countries the world over for many years. For the ACP states, these problems have assumed greater proportions in the late twentieth century as their aspirations for growth have continued to dampen. These countries seem either to have stagnated in the long process of development or have even regressed. In the 1960s when the developing countries, particularly those of the sub-Saharan Africa region

attained political independence, discussions of the problems of national economic development were lively and upbeat. Publications in various forms were produced on the theme and hopes were raised on the possibility of these countries becoming "developed" within a short while and their leaders were determined that their countries should "catch up" with the developed world. The donor community shared this initial optimism and contributed substantial resources while African governments drew up comprehensive development plans. Regrettably, these hopes have not been fulfilled. According to G. Heeger, whether we consider the political, social and economic or any other aspects of life in these countries, we find the situation disappointing. It seems as if development has completely eluded these countries and underdevelopment threatens to become a permanent rather than a transitory situation.³ Though moderate economic growth was achieved *ab initio* as a result of export earnings, commercial borrowing and aid, this was slower than the average for other developing countries.⁴ And, as the 1970s advanced, African countries began to stumble. According to a 1989 World Bank study, sub-Saharan Africa, including Nigeria, has witnessed almost a whole decade of falling per capita incomes, increasing hunger and accelerating ecological degradation.⁵

The continued deterioration in the economic situation of these countries in the 1990s is disheartening. All the indicators - Gross National Product (GNP), growth rates, agricultural output, level of exports and food imports, among others, have remained matters of concern. The situation in Nigeria is even worse than the experience of most other ACP countries. In 1981 and 1982, Gross Domestic Product (GDP) in sub-Saharan Africa, excluding Nigeria, grew at an average annual rate of 1.2 per cent and 1.6 per cent

respectively. Nigeria experienced a negative growth rate of -5.2 per cent and -2.4 per cent during the same period. In the early 1990s, sub-Saharan Africa's GDP (excluding South Africa) grew by a disappointing 1.4 per cent while population growth stood at over 3 per cent. Consequently, income per capita has not only been declining, but disproportionately skewed in favour of the few and the stagnation in GDP has been accompanied by a marked weakening of the fiscal and balance of payments situation. The earlier progress made in socio-economic development is now being eroded, and overall, these countries are almost as poor today as they were thirty years ago.⁶

The Economic Commission for Africa (ECA) has characterised the crisis of development in Africa most graphically. In one of its studies, the Commission stated that the picture that emerges from an analysis of Africa's development situation is almost a nightmare. First, the potential population explosion has tremendous repercussions on the region's physical resources and essential services. At the national level, the socio-economic conditions are characterised by a degradation of the very essence of human dignity. The rural population which survives on intolerable levels of toil, faces an almost disastrous situation of land scarcity whereby whole families subsist on a mere hectare of land. Poverty has reached unimaginable dimensions since rural incomes have become negligible relative to the cost of goods and services. The conditions in the urban centres have also worsened with more shanty towns. Roads are more congested. They are more beggars and more delinquents on the streets, and the level of the unemployed searching desperately for the means to survive means high crime rates and misery.⁷

The countries of sub-Saharan Africa are particularly hard hit as their development

efforts have been disrupted by sharp falls in the price of their key commodities. Although industry grew roughly three times as fast as agriculture in the first decade after independence, the past few years have seen an alarming reversal in most of these countries where de-industrialization has actually set in. Much industrial capacity stands idle, the victim of falling domestic incomes, poor investment choices, a failure to develop export opportunities and inadequate foreign exchange for materials and spare parts.

In the main, economic growth has been fitful in these countries during three periods: 1961-72 when incomes per capita grew; 1973-80, a period of stagnation; and 1981 onwards, years of decline.⁸ While in the 1960s, sub-Saharan Africa countries had per capita incomes similar to those in other developing countries, these have progressively declined in recent years. Within the past decade alone, six sub-Saharan Africa countries - Nigeria, Equatorial Guinea, Ghana, Liberia, Sao Tomé and Príncipe and Zambia - have slipped from the middle-income to the low-income group.⁹ In addition to this, many countries continue to suffer external shocks and the low return on investment further distorts an already pitiable situation. Africa's investment operating costs are typically 50 to 100 per cent above those in South Asia. Weak public sector management has resulted in unproductive public enterprises, costly and unreliable infrastructure, price distortions and hence, inefficient resource allocation. Wage costs are high relative to productivity and even intermediate technologies such as pedal parts and animal draft power, are very seldomly used. Even more fundamental is the deteriorating quality of government epitomised by bureaucratic inefficiency, corruption, pervasive rent-seeking, weak judicial system and arbitrary decision-making. Added to this is the misconception of the meaning

of development itself by these countries: development had been and continues to be seen as "modernization" and African governments have made a dash for it by copying, not adapting, western models. The result is continued poorly designed public sector investments, too little attention to peasant agriculture and inability to diversify their economies.

The Nigerian economic situation is particularly disturbing. In the 1960s, agricultural production accounted for well over 60 per cent of Nigeria's revenue. But, with the discovery of petroleum, the situation changed dramatically. Petroleum production immediately replaced agriculture, accounting for about 95 per cent of the country's foreign exchange receipts and 70 per cent of budgetary revenues in the early 1990s.¹⁰ Though the discovery of petroleum resulted into bigger revenues, it also signalled the beginning of an ugly tendency in the Nigerian economy: excessive dependence on oil. The oil boom which the country enjoyed in the 1970s was used to finance massive increases in public investment. But, much of the investments were undertaken without sufficient attention to their economic viability. Macro-economic mismanagement and political uncertainty distort whatever little gains that the oil boom could have engendered in the economy. As the oil markets weakened in 1992, large fiscal deficits began to emerge. The federal deficit worsened from 2.8 per cent of the GDP in 1990 to 6 per cent in 1991 and 9 per cent in 1992. The financing of extra-budgetary outlays which had become necessary required a 55 per cent increase in money supply in 1992. This was mirrored in an increase in the average annual rate of inflation from 13 per cent in 1991 to 49 per cent in 1996. In the absence of appropriate policy reforms, evidence from 1993 onwards indicate that

inflationary fiscal and monetary expansion is likely to continue.¹¹

Further compounding the development problems is the country's debt overhang. Nigeria's net transfer position has been persistently negative, averaging 4.5 per cent of GDP over 1986-92. During this period, its stock of medium and long-term external debt has more than doubled from \$14 billion to about \$37 billion in 1993. With the expiration of the Paris Club agreement in 1992, arrears continue to accumulate. Although the country attempted a structural adjustment programme which did revive growth to some extent, that growth has so far been insufficient to compensate for the large drop in purchasing power associated with the collapse of the international oil markets and population. Per capita income is \$340, down from \$1000 in 1980. Basic social indicators place Nigeria among the twenty poorest countries world-wide. Infant mortality rates are around 100 per 1000 births; half of all children aged two to five years show signs of persistent malnutrition, and only about two-thirds of the relevant age group are enrolled in primary schools - down from 90 per cent in the early 1980s.¹² While there is growing recognition among official creditors that continued re-scheduling on conventional terms will not provide Nigeria with a sustainable solution to its debt problem, deteriorating performance in macro-economic performance, particularly the lack of fiscal transparency, absence of a medium-term economic reform programme and the sheer size of Nigeria's debt stock are impediments to progress toward debt service reduction. At the same time, though Nigeria's status as a low-income country was recognized when it was declared International Development Association (IDA) eligible in 1988, the historical trend of very low levels of concessional bilateral support continues. In addition to this discouraging

scenario is the difficult political situation in the country. Since independence in 1960, the country has witnessed first, a civil war that lasted four years. Second, it has been ruled by military dictatorship for well over twenty seven years of its thirty seven in existence as a politically independent state. Though there has been the much vaunted planned return of the country to democratic civilian rule, there is enough reason to doubt not just the sincerity, but also the ability of the military to stay out of active politics in Nigeria. Preparations for the country's return to democracy which began in the mid 1980s have yet to bear fruit as the military keeps postponing and cancelling election dates and results. Thus, at the beginning of, and well into the 1990s, Nigeria is in deep economic and political trouble whose contradictions and constraints are bound to have far-reaching implications for the future.

The declining economic predicament in the developing countries, particularly Nigeria, has led to several prescribed solutions which have been attempted by these countries both collectively and individually. There had been calls for, and attempts at, sustained national development in the form of "self reliance" or even socialism¹³ which have recorded very limited successes, if not outright failure. Similarly, it has been asked whether the successful development example of the Newly Industrializing Economies (NIEs) of Asia is replicable in the other developing countries. Such a replication is not very likely because the unique internal conditions in those Asian countries and international circumstances that made such success possible have changed. Second, the socio-political and economic realities of other developing countries, for example, those of the ACP states, are different, and it is also difficult to say if the NIEs model would,

even if it could be adopted by the ACP states, produce the same results as it did for these Asian countries.¹⁴

If these national-level models do not hold the answer, what about the much discussed South-South cooperation as a development strategy?¹⁵ This, for the most part, has remained more of an aspiration than a concrete development option as it is bedeviled with tremendous practical problems, the most disturbing being the policy-induced and institutional obstacles. A majority of the countries in the South (ACP included) have maintained highly protective trade regimes, partly because of their debt crisis and the need to rectify their balance of payments problems. Most importantly, the evolution of their economies, patterned by colonial relationships, has proved very problematic. The production of primary commodities and raw materials which characterized colonial economies has remained virtually unchanged. The basic trading infrastructure such as transportation networks, financing, marketing and distribution systems constructed to channel trade between the colonies and the imperial powers, have made it difficult to foster intra-South trade. For example, there are no direct shipping links between African countries. The result is that re-orienting trade along South-South lines has been very difficult since the institutional framework which supports North-South trade had become very firmly embedded in the latter's economies. Also, the fact that most of the countries of the South have similar economies producing similar commodities means that the scope for trade between them is very limited as the need for exchange is very minimal. The case of the Economic Community of West African States (ECOWAS) is instructive here. Within the West African sub-region, attempts have been made to eliminate trade barriers

between some of its countries in the spirit of fostering South-South cooperation. Unfortunately, very little has been achieved. For reasons not unconnected with the colonial history of these countries, there was a simultaneous formation of *Communauté Economique de l' Afrique de l' Ouest* (CEAO) by the former French colonies as if to counter ECOWAS which is made up of mainly ex-British colonies. Though the ultimate goal of CEAO is economic enhancement of the region through multilateral efforts, its simultaneous existence with ECOWAS has proved mostly divisive: the origins and treaty provision of the two organizations contain elements of incompatibility, hence contradictions and conflict.¹⁶

Against this backdrop of, a) the progressively deteriorating economic conditions in the developing countries, and b) limited possibilities of a fundamental transformation of these economies on their own, attempts at partnership development with the advanced industrial economies have become very attractive, if not indispensable. One such attempt which is the concern of this study is the Lomé Convention first signed between the EU and a group of ACP states on February 28, 1975. Among others, the rationale of the EU-ACP Lomé arrangements is the promotion of trade between the two groups, taking into account their respective levels of economic development. The Conventions, therefore, give attention to securing effective advantages for the ACP states trade with the EU and improving the conditions of access for their products into the latter's markets. This was designed to accelerate the growth of their trade, and in particular, ensure the flow of their exports to the EU. The provisions granted were to make a principal contribution to the economic development of these states by helping to provide the market conditions which

could enable them to transform the structure of their exports.¹⁷ Similarly, the preference for many of the ACP products to the EU over the other developing countries was to enable the ACP states to gain a competitive edge over other countries exporting similar products, resulting therefore in an increase in the share of ACP trade with the EU. This, in turn, would mean more revenue from export trade in the ACP countries with which to embark on development projects. In other words, the provisions of the Lomé Conventions were to exert a major developmental impact on the economies of the ACP states because the tariff advantages enjoyed by the ACP over other states would allow their exports to the EU to increase.¹⁸

The non-African literature has greeted the Lomé Conventions diversely, with evaluations ranging from the laudatory to the scathing. To the former, the Conventions represented a "major turning point in the second half of the twentieth century - in fact, in history itself"; "one of the greatest achievements of the Commission in Brussels"; "an agreement unique in history and unique in the world"; "revolutionary".¹⁹ To the latter, the Conventions had several fundamental deficiencies. For M. Dolan, for example, rather than being a model for future North-South relations, they were essentially representative of traditional spheres of influence and bloc politics.²⁰ Sharing Dolan's view, M. Lister describes them as nothing more than a new form of EU "welfare neo-colonialism",²¹ and to Lynn Mytelka, "they were at one and the same time a means to preserve certain elements of the old international division of labour and a device to encourage the structural changes most in keeping with the new international of labour with the ACP states as suppliers of raw materials and agricultural products".²² Similarly, E. Grilli sees

them as a "stagnation model".²³ Others criticize the Conventions for excluding the most peripheral economies of the South and southeast Asia: as a means of reinforcing the asymmetrical and dependent development between and of the ACP states on the EU, and a cause of ACP-EU inequality, concluding that on balance, the Lomé strategy appears to have done very little to stimulate industrialization of the beneficiaries (ACP) through export incentives.²⁴ These contrasting positions notwithstanding, there seems to be a considerably shared consensus that, judged against their intended objectives of, a) promoting trade between the ACP and EU, b) securing effective advantages for the ACP and improving the conditions of access of their products into the EU markets, and c) accelerating the growth of their exports to the EU and thereby give them a competitive edge over other developing countries exporting similar products, the Conventions have remained largely unsuccessful.

1.2 Research Questions and Statement of Argument

In view of the unimpressive performance of the ACP states within the Lomé Conventions, several important research questions arise. Why, for example, have these countries been unable to translate the preferences granted by the Lomé Conventions into increased trade? If, as Guahar argues,²⁵ a review of the ACP states' performance in the

Conventions from 1975 to date suggests a study in failure, what accounts for this dismal picture and how might we explain the support ACP countries have given to the periodic renewal of these arrangements, the latest until the year 2000?

While in general the trade performance of the ACP states with regard to the EU has been poor relative to other developing countries, the performance of specific ACP countries varies from one country to another and across specific sectors and products. For example, in the clothing sector, Mauritius recorded a more impressive export performance than many other ACP countries, while Zimbabwe and Cote d' Ivoire excelled in exports of cotton yarn and cotton respectively. Similarly, in the production of men's and boys' outer garments, the African countries of Lesotho, Kenya and Botswana excelled in contrast with other ACP countries. The banana producers of the Caribbean and Pacific region, on the other hand, recorded more impressive export growth in this commodity than those in Africa.²⁶ What this suggests is that different ACP countries have taken advantage of the Lomé opportunities differently, thus underscoring the need for specific and detailed country-studies before general statements can be made conclusively on the success or failure of the Lomé-type strategy.

Relative to other Lomé signatories, Nigeria has enjoyed a large share of the EU market on account of its oil exports. Besides oil, the provisions of the Conventions cover a broad range of agricultural commodities which the country produces such as palm oil, palm kernel, raw hides and skins, cotton, rubber, beans and mangoes.²⁷ Removing trade barriers on these commodities is expected to give the country an advantage in the export of these products to the EU - an opportunity that would enable the country broaden its

export base and lessen its dependence on oil. But, an appraisal of Nigeria's performance within the Lomé Conventions reveals that the country has failed to take advantage of these trade preferences in spite of their potential export market-creating benefits. Why is this so?

In addition to the preferential trade provisions of the Lomé Conventions, aid and technological assistance have been available to signatory countries. Under the aid programme, various forms of assistance have been made available to these countries. Although aid has been provided to specific projects and several sectors of the Nigerian economy, of particular importance has been the attention paid to the agro-industrial sector. In part, the emphasis of aid towards agro-industrial concerns in Nigeria stems from the argument that, because of the raw materials/primary commodities or agro-based nature of the economy, focusing on strengthening and transforming this sector would go a long way in re-orienting its economy towards taking more advantage of the trade preferences of the Conventions. It was in recognition of and an attempt to boost the growth of this sector that the Centre for Industrial Development, later known as Centre for Development of Industry (CDI), was set up under Lomé I.

Several enterprises in the Nigerian economy have received various forms of assistance from the CDI. What is puzzling and needs to be explained, however, is that, despite the activities of the Centre at promoting the development of agro-based industries in Nigeria and the assistance some of these firms have received, their performance has been discouraging. As studies by Mytelka, Ogun and Oyelaran-Oyeyinka have shown,²⁸ the performance of agro-industrial enterprises in Nigeria has been very problematic

compared to other African countries. Why is the Nigerian case unimpressive? What are the underlying factors responsible for this weakness and how can they be addressed?

The performance of Nigeria in the Lomé Conventions and its relations with the EU generally are likely to be profoundly affected by some of the changes currently taking place in the international economy, for example, the fruition of the Single European Market (SEM). If, as it has been argued,²⁹ the rationale of the SEM is the abandonment of national quantitative restrictions by EU member-countries and a harmonization of their hitherto disparate economic policies and practices so as to achieve the much needed quantum leap in the EU's competitiveness vis-a-vis the US, Japan, the Newly Industrializing Economies (NIEs) as well as the developing countries,³⁰ then it is possible, if not likely, that the EU may become less "generous" to the ACP countries. The EU may adopt a more protectionist trade posture which would invariably affect the trade preferences it grants to the ACP states. Second, while the actual nature and direction of the effects of the SEM on third countries are controversial, varying across countries and products, the high level of trade between Nigeria and the EU makes this a matter of concern. Nigeria's manufactured exports to the EU are particularly sensitive and their cost advantages over competitors are not very great. Any changes in the EU market, therefore, will be very difficult for Nigerian firms to manage.

Given this scenario, how prepared is Nigeria as an ACP country to cope with a likely situation of either increased protectionism or reduced preferences by the EU? What strategies or trade policies, if any, has the country devised to deal with these tendencies? In other words, using Nigeria as a case study of the Lomé model, how can the developing

countries achieve economic development in partnership with the developed countries (the EU in this instance)?

Against the backdrop of these research questions, the dissertation advances the argument that the performance of Nigeria in the Lomé Conventions is hardly accountable by single-factor explanations, but result from the inter-play of several factors. This notwithstanding, two factors are most crucial: the structural weaknesses of the Nigerian economy and the deficient and problematic nature of the EU trade/economic policies towards the ACP as expressed in the specific provisions in these Conventions. In other words, in the form of hypotheses, this research proposes that:

- a) the difficult demand conditions - restrictive conditions on access to the EU market or limitations of the Lomé Conventions provisions themselves - reduce the potential of Lomé benefits. That is, the EU's economic policies towards Nigeria as expressed in the specific provisions of the Conventions are in themselves deficient. For example, in the areas of trade, aid and technological assistance, various caveats are attached to the provisions in the form of qualifications which ACP states have to satisfy before they become eligible for the benefits of these provisions. Examples of such problematic provisions include the onerous rules of origin, the requirements of Stabex and the tortuous processes of applying for and obtaining both aid and technological assistance from the CDI.
- b) though the formal EU preferences in the Lomé Conventions offer economic advantages, problems rooted in non-competitiveness of Nigeria's products and economy have continued to undermine the potential utility of these preferences. These problems,

it is argued, are in part the result of mode of integration of the Nigerian economy into global capitalism as an essentially primary commodities producer/supplier. This situation is compounded by the vicissitudes of the international economic environment, and the nature, content, and character of the domestic context of the Nigerian social formation and its effects on the country's economy. That is, the conflicts, struggles, pressures and contradictions between the various social forces constitutive of the Nigerian social formation impact on the ability of Nigeria to take advantage of these preferences. Often, this is reflected in the inadequate and inappropriate development policies and strategies or production models which the country adopts and its uncondusive economic environment. If Nigeria is to benefit from the Lomé Conventions as well as orient itself towards confronting the changes as may take place in the international political economy, there is an urgent need to address these problems.

Our choice of Nigeria as a case study is instructive. As noted earlier, although it is the largest country in sub-Saharan Africa with a wealth of natural resources such as major oil and gas deposits, vibrant private sector and large labour force and market, it is nonetheless similar to most of the other ACP states in several respects. It displays some of the key features which characterize these states - generally low levels of economic development, dependence on primary commodities for export, unstable political systems, an inefficient public sector, high illiteracy, birth and death rates, corrupt socio-political fabric and low capacity-building parameters. That is, while the sheer potential strength of Nigeria which enabled it to emerge as an industrializing economy in the 1970s is not in doubt, the country did not translate this into concrete economic power to significantly

differentiate its socio-economic and political systems from the rest of the ACP states. A self declared "giant of Africa", the country has not ploughed the tremendous foreign exchange it garnered from the oil boom into the productive sectors of the economy and its Physical Quality of Life Index (PQLI) continues to deteriorate.³¹ Instead, the national bourgeoisie resorts to accumulation, not through production, but by constructing direct links to the treasury and looting it dry. In the face of shrinking international credit lines, skyrocketing inflation, food shortages, mounting debt and above all, corruption and political instability, the international community, particularly foreign investors, have yet to take a renewed interest in the its economy. Thus, at the beginning of and well into the mid 1990s, the Nigerian economy is in deep trouble, with no clear signs that significantly differentiate it from other faltering economies among the Lomé signatories. Using Nigeria as a case study enables us, therefore, to note the problems peculiar to the country as well as the broad tendencies or experience of the ACP states in the Lomé Conventions

1.3 Approaches to Studying Lomé

As a development strategy, the Lomé Conventions have received considerable attention. Texts, articles and critical commentaries abound,³² and although they share several similarities and differences, clear positions can be discerned in their analysis of

the subject. For our purpose, we shall classify these into the following categories according to whether they analyze the Conventions as:

- a) Model framework of partnership development (cf. Gruhn, 1976; Twitchett, 1981; Hamilton, 1991; Babarinde, 1991; Kyriacos, 1993).
- b) Neo-liberal/stagnationist model with negative or little positive impact on the ACP states (cf. Moss, 1981; Rajana, 1981; Diakite, 1983; Ravenhill, 1985; Guahar, 1983).
- c) Scheme which places "old wine in new wineskins"; that is, a neo-colonial strengthening of the theory of EurAfrica and a continuation of the traditional spheres of influence and bloc politics (cf. Dolan, 1978; Hewitt, 1981; Obiora, 1982; Lister, 1988; Zartman, 1986).
- d) Reflection of the changing interest of the European Community and not a sound economic arrangement for the development of the ACP states (cf. Hewitt, 1981; Dolan, 1984; Grilli, 1993).
- e) Scheme to strengthen the international division of labour between the developed and developing countries as producers of manufactured goods and raw materials respectively (cf. Mytelka, 1977; Obiora, 1982; Lister, 1988).

While each of these lines of argumentation offer valuable insights to the nature and impact of the Lomé Conventions,³³ some are problematic in their generalizations. That is, their broad conclusions tend to provide us with a monolithic picture without going beneath to actually see the effects on the component units that make up the whole. Within the model framework of partnership development view, Twitchett, argues that the conventions enable the ACP-EU to work together as equal partners for their mutual

benefit in a spirit compatible with the aspirations of the New International Economic Order³⁴ (NIEO). This perspective does not recognize the great differences in strength between the two "partners". It fails to acknowledge the asymmetrical relationship between the ACP-EU, and with it, the uneven distribution of benefits which means that Lomé cannot, by definition, be considered a "model". Second, to argue, on the basis of an examination of trade flows of certain sectors of food, live animals, crude materials and manufactured goods between the ACP-EU that the Conventions have a positive impact on the ACP states generally would be misleading because the results cover only these products and they do not cover all of the entire ACP states.

On the other hand, to argue that for the ACP countries as a whole, Lomé represents a "stagnationist" model is equally unacceptable. Such a position can not explain the impressive improvements which specific countries have experienced such as Mauritius in its textiles sector as a result of the Conventions, nor does it recognize the fact that the Conventions do represent an opportunity for economic advancement for the ACP states. If some countries have failed to make good use of this opportunity, we can not, on the basis of the cases of failure, conclude that the Conventions are stagnationist.

Similarly, the argument that the Conventions are "neo-colonial wineskins in new bottles", while capturing the impact of history on the ACP-EU economic relations, represents more of the untenable view of some Third Worldists who are generally suspicious of the international economy and who see nothing positive coming from it for the developing countries. Such frame of thought is dubious and unhelpful because not only does it unacceptably blame whatever conditions Third World countries face today

on the external environment, it provides no theoretical or concrete possibilities for orienting the developing countries to seize the development opportunities which the international economy may offer from time to time - such as the Lomé Conventions. Also, to argue that the Conventions solely serve European interests suggests that the benefits which have accrued to the ACP states are unintended by-products. If this was the case, then how do we explain the push for the commencement of the Conventions and their continued renewal coming primarily from the ACP countries and not the EU? That the ACP states are becoming increasingly less attractive to the EU on account of the changes in industrial production in the Northern countries as has been argued by Dolan³⁵ does not lend credence to this argument.

Finally, the argument that Lomé only serves to strengthen the international division of labour is equally tenuous. First, it rules out the possibility of the ACP states using the advantages of the Conventions to transform their economies from being primarily agricultural or raw material producers. That the Conventions provide for industrial development, manufacturing and processing opportunities for the ACP states suggests that the latter could use the Conventions to transform the industrial bases of their economies. While it is a fact that most of the ACP countries have not altered the industrial sectors of their economies significantly, it is difficult to say that the industrial provisions of Lomé were the direct cause of this failure, even if they did not help much in these states' quest for sustained industrial development.

In other words, the main problem with most of the literature on the Lomé Conventions is that the arguments are, respectively, overly and untenably too optimistic

(model framework of development views); unfair and unrealistic (stagnationist views); historically and ideologically emotive and sentimental (neo-colonial views); reductionist, narrow and unsustainable against the backdrop of the changing international economy and the possibility of some benefits accruing to the ACP states as well as the EU, even if of an asymmetrical nature (international division of labour and EU-self interest or calculationist views). Of course, any agreement which affects a wide range of countries has a general feature. In the case of the Lomé Conventions, this is the generally disappointing performance of the ACP states.

However, even if the Lomé framework was not the most suitable for development, it did provide some opportunities which some ACP states were able to take advantage of in boosting their exports. For example, Mauritius experienced an impressive export growth in the production of leather containers, followed closely by Ethiopia, while Malawi and Tanzania excelled in the production of men's and boys' underwear. Similarly, in the production of cotton fabric, the African countries of Cote d'Ivoire, Madagascar and Cameroon excelled in contrast with other ACP countries. The banana producers of the Caribbean and Pacific regions, on the other hand, recorded more impressive export growth in this commodity than those in Africa.³⁶ To understand why Nigerian firms did not take advantage of the Lomé opportunities requires a dual perspective which these earlier studies on Lomé do not offer since they focus mainly on the "supply" side approach and when they do take a "demand" side approach, they overgeneralize across ACP countries. A much more comprehensive understanding requires, in addition to the broader review of Lomé's impact, a case study approach that will unravel how and why an endowed

ACP state as Nigeria performed as poorly as it did, particularly in the areas of trade and aid. Second, given the importance of industrialization in the Conventions which was recognized by the establishment of the CDI, such a dual perspective enables us to effectively analyze the activities and impact of this institution on Nigeria. A careful study of the Nigerian case will thus enable us to draw lessons for other ACP countries.

1.4 Theoretical Framework

In order to investigate the questions posed in this research, this study adopts a "sophisticated dependency" theoretical framework. Before elaborating on what this framework is and how it is used in this study, a brief look at some of the approaches used to analyze the general inability of Nigeria to take advantage of development impulses in the international political economy, hence its continued underdevelopment, is in order. One of these is the Value System Perspective (VSP). Umez contends that the VSP is the single most important entry point to an understanding of development problems, especially the apparent failure of the state to formulate policies to support a process of economic development.³⁷ That is, to explain economic development and underdevelopment in Nigeria, he argued, we must come to grips with the Nigerian value system which "glorifies and endorses corruption and illegal means as necessary and sufficient means to

an end". The defining characteristics of this value system with powerful symbolic significance revolve around one fundamental motto in Nigeria: to get what one wants one should employ whatever means necessary to get it.³⁸ The implications of this value system and lifestyle for development planning are generally adverse, resulting in embezzlement of public funds with acute impunity, massive misuse of public property, free-rider mentality, dishonesty and disobedience to laws and disregard for expert opinion. In other words, this perspective attempts to explain Nigerian behaviour by locating it in the country's value system which is, for the most part, corrupt and dysfunctional, creating a direct relationship between corruption and problems of development. In support of this corruption perspective, Achebe argued that corruption in Nigeria has passed the alarming stage and entered the fatal stage and that keeping an average Nigerian from being corrupt is like keeping a goat from eating yam.³⁹ This is because the system under which they live today makes corruption easy and profitable and they will cease to be corrupt when corruption is made difficult and inconvenient.

The VSP has its strengths and short-comings. By focusing on corruption, it captures one of the key obstacles to effective development planning in Nigeria. Secondly, its emphasis on behavioural patterns sheds light on both the activities of state operatives as well as individuals in the society and how these affect public policy. Its greatest strength from our point of view is not so much the focus on importance of the society per se, but recognition of the impact that the society has on state behaviour. That is, rather than segregate and hold the state as insulated from the rest of society, it sees state actions as being directly influenced by the society - in this case, a corrupt society.

However, the perspective is severely handicapped. First, reminiscent of modernization theory, it treats the Nigerian social formation as if it is a "closed system"⁴⁰ and thus ignores how it is affected by issues or phenomena emanating from the international system which have fostered this mind-set. Its abstract ahistoricism prevents us from understanding the circumstances surrounding the emergence of the country in the international system and the problems it faces in that process. Second, it makes no room for agency or purposive action by either society or state operatives - people are corrupt not because of any conscious acts of their own but because of the system - the value system. Individuals as purposive agents do not exist. They are dissolved into the concept of lifestyle. Yet, what is it that constitutes this whole (lifestyle) if it is not individuals? Third, the perspective appears contradictory by positing that, "at the micro or individual level, this lifestyle is not entirely applicable (as) individual differences and variations are quite recognized".⁴¹ If individual variations exist, how do we arrive at an overwhelmingly and distinctly similar whole? Does it mean that some individuals, in varying from others, are not corrupt or do not share this dysfunctional lifestyle? If they are not corrupt or do not share this value system, where do we place them in this scheme? Also, if such variation is granted, then we cannot talk confidently about a value system (which should be widely shared) upon which to base an explanation of the behaviour of the Nigerian state. Thus, rather than dissolve these differing individuals in the assumed lot which is corrupt, perhaps it is more rewarding to not only recognize this difference, but also see how it affects the process of public policy making in the country. Besides these, the VSP is useful for drawing from the insights provided

by the sophisticated dependency framework adopted in this study - that various societal influences impact on the state and the development process in several ways. That is, a framework which, in acknowledging the significance of coalitions, transactions and exchanges in historical perspective, recognises the state as an independent actor without insisting on the exclusivity of its role. It takes into account state structures as direct actors and as organizations influencing socio-political and economic policies and institutions and allows room for an examination of social responses and their effects on state capacities as well.⁴²

What precisely is the sophisticated dependency framework and how is it used in this study? It is very important to point out immediately that the dependency tradition is broad and differentiated, leading to the assertion by Blomstrom and Hettne that there are as many definitions of dependency as there are dependency theorists.⁴³ This multiplicity has been read as an indication of inconsistency and weakness of the theory. It is in this vein that Dudley Seers has questioned whether it is even appropriate to describe as "theory" the different and sometimes conflicting writings that appear under the dependency label.⁴⁴ Other scholars have roundly criticised dependency as failing to grasp the real nature of the process of underdevelopment with its framework being nothing but an eclectic combination of orthodox and revolutionary phraseology,⁴⁵ and to Leys,⁴⁶ since it is becoming increasingly obvious that the claims of dependency are no longer serviceable, it must now be transcended. Further sounding the eclipse of the theory, Hettne argues that dependency has been overtaken by events and is now dead.⁴⁷

Valid as these criticisms may be, they are suspect in their failure to recognize that

not all the versions of the theory are guilty of or fit into these critiques. That is, the multiplicity of versions or theorists of dependency, rather than be a sign of weakness, even serves as an addition to its strength because it is very difficult to make sweeping criticisms that would be valid for all versions of the theory. For example, whereas Ernesto Laclau may have been justified in criticising A.G. Frank's focus on the sphere of circulation rather than production,⁴⁸ or the Economic Commission for Latin America's (ECLA) thesis on the centre-periphery debunked for neglecting a closer examination of the specific needs of the centre and specific peripheral countries, there are other dependency theorists who recognize these as well as a myriad of other factors. F. Cardoso and E. Faletto, whose version recognize the production sphere and the domestic and external environments of the peripheral states as they affect the development process is a case in point. Or, if Dos Santos and Samir Amin do not provide for the possibility of any form of development occurring whatsoever in the peripheral countries by their insistence that capitalism develops the underdevelopment of the Third World, Jaguaribe's version sees the possibility of not just development, but of an autonomous type.⁴⁹ What this implies, therefore, is that any meaningful discussion of dependency needs to distinguish between the different versions of the theory and specify precisely which version is acceptable or not and why.

Several attempts at the classification of dependency theory based on the emphasis of each theorist have been made.⁵⁰ For our purpose, we distinguish the theory along two broad lines - the "vulgar" and "sophisticated" dependency.⁵¹ To the former, the economies of the Third World have no real internal dynamics of their own.⁵² Thus, it

is declared that the economies, states and cultural systems of almost all the developing countries are historical creations of the European political economy and the current evolution of these societies is determined by the economic, political and cultural events which occur outside their boundaries. Economic and political developments in Africa, for example, are clearly resultants, for better or for worse, of dominant world markets, technologies and the world system.⁵³ It is in this vein that Frank argues that "underdevelopment was and is still being generated by the very same historical processes which also generate economic development: the development of capitalism itself".⁵⁴ In other words, the major obstacle to Third World development is the imperialist nature of the international economic system itself and not so much the policies of these countries. In fact, even when these countries have formulated liberal economic policies, vulgar dependency argues, the asymmetrical distribution of benefits in their international economic relations have systematically condemned them to perpetual poverty, further foreign penetration and continued external dependence.⁵⁵ Thus, the underdeveloped status of the Nigerian economy, and the problems hindering its ability to take advantage of the Lomé regime are problems deeply rooted in an external dependent structure which has continued to militate against the country's effort at economic transformation. If this continues, the illusion should be dispelled that the country's development problems would be solved by the Lomé Conventions which are, at best, a mistake or at worst, another form of bourgeois mystification of continued imperialistic exploitation. This being the case, the only solution for Third World countries lies in their delinking from this exploitative system towards a socialist path of development.

This version of dependency is clearly problematic. It "refuses to grant the part any autonomy, specificity and particularity independent of the whole".⁵⁶ It pays insufficient attention to the developing countries' own responsibility. It starts its analysis at the world level and regards the structures at the regional and national levels as being conditioned by international power relations. If attention is paid to the presence of powerful elites within the peripheral countries at all, these are seen merely as "bridgeheads" of foreign interests. The fundamental causes of underdevelopment are not sought in the conduct of national elites but in the international capitalist system. Frank's arguments, for instance, are built on the indefensible premise of the total impossibility of Third World countries' development, hence the erroneous conclusion of complete disengagement as the only solution. This is hardly convincing and fails to grasp the reality of the contemporary political economy of development because, if anything, many peripheral countries have transformed their status towards becoming developed not outside the system, but inside it.

However valid these criticisms of dependency are, others are too sweeping. Scholars are often not careful enough to distinguish between the various versions of the theory and in the process, make tenuous criticisms that hardly hold for all writers. That is, critics sometimes choose its overly problematic arguments and proceed to bury the theory, disregarding all its other useful insights. The main problem with such generalist critiques is that they abstract from all the writings from within dependency perspective, but in criticising individual theorists or versions, want this to hold for the entire theory. Cardoso laments this situation by pointing out that, in most cases,

The most general and formal of Gunder Frank's works are received as though they were his best, the formal definition of dependency furnished by Theotonio dos Santos is appended, the problematic of subimperialism, and marginality is sometimes inserted, one or another my works or of Sunkel is footnoted and the result is a theory of dependency - a strawman easy to destroy.⁵⁷

This notwithstanding, various blindspots of vulgar dependency noted above mean that it lacks the explanatory appeal to sufficiently address our research questions. This leads to second version which is adopted in this study - sophisticated dependency. It maintains that contemporary development cannot be understood outside the context of the global political economy. Dependency is not seen as being synonymous or equated with underdevelopment. This is because development impulses in a dependent economy can, with time, generate development. For instance, as foreign capital is increasingly directed towards manufacturing in peripheral or dependent economies, the struggle for industrialization which was previously seen as an anti-imperialist struggle becomes increasingly the goal of foreign capital. Thus, dependency and industrial development cease to be contradictory and a path of development becomes possible.⁵⁸ Grounded on the Marxist tradition, sophisticated dependency theory employs a complex dialectical methodology to understand international development. It acknowledges the relative possibility of state autonomy and its ability, depending on both domestic and external circumstances, to initiate sustained development action. It disagrees with the vulgar dependency theory that "situations of dependency are continuously and necessarily generating more underdevelopment and dependency"⁵⁹ for the peripheral states. That this is not necessarily the case is captured by Cardoso and Faletto who argue that,

... to point out only the self-perpetuating structural mechanisms implies neglect of the contradictory results of the very process of development as well as the possibilities of negation of the existing order also inherent in social processes. It is, therefore, useful to remember that forms of dependency can change and to identify the structural possibilities for change, pinpointing the alternatives to dependency existing at any given historical moment.⁶⁰

Thus, sophisticated dependency theory allows for the possibility of change and development in the relationship between the economically weak ACP states and the more affluent and stronger EU within the Lomé framework. While the influences of the international environment are no less important, the central issue is the domestic context of dependent states - the nature of their constitutive social forces, class conflicts and alliances - which determines not only which classes or groups benefit from the change in form of dependence, but also the direction that the change may take.

It has been averred that sophisticated dependency theory is not fundamentally different from the vulgar version since they both share similar characteristics on the causes and solutions of underdevelopment.⁶¹ Though both versions maintain that contemporary underdevelopment problems can not be fully understood outside the context of world capitalism, it would be incorrect to argue that the two are basically the same because there are obvious differences which make the sophisticated version more attractive for adoption in this study. First, whereas Frank and others within the vulgar version see a correlation between dependence and underdevelopment in which the transformation of the ACP states can not be stimulated by the supply of development impulses from the EU, sophisticated dependency would see it differently. To the latter, dependence does not necessarily beget underdevelopment. This is obvious in the role of foreign capital as

earlier noted. As it is increasingly directed towards the manufacturing industry in the periphery, for example, the struggle for industrialization which had previously been seen as an anti-imperialist struggle, becomes increasingly compatible with the goal of foreign capital. Dependency and industrialization thus, cease to be incompatible and a path of development becomes possible.⁶²

Second, in employing a complex dialectical methodology, sophisticated dependency's approach to understanding development problems is less dogmatic. It acknowledges the possibility of some form of state autonomy from the international economic system which, however, can not be divorced from such a state's domestic milieu. In the development process, the state is often joined by elements of the local bourgeoisie, or forms an alliance with other social forces of which it is composed. As Cardoso and Faletto point out,⁶³ underdevelopment of the Third World is not and should not be considered as an external variable. The key to understanding the situation is not just structural characteristics, but analysis of how underdeveloped economies are linked to the world market and the role internal social groups play in the development process. Some of these, for instance, the national bourgeoisie, in sharing common interests with foreign capital, may oppose or bargain with the latter and in the process, affect or alter the socio-political and economic consequences of development. Or, as Evans points out, there are certain analytical features of states such as "embedded autonomy" which not only affect, but determine the course and nature of development. This being the case, we have to look at how state policy interacts with local structures and the global economy to produce industrial transformation.⁶⁴ That is, it is the interplay between the form of

Nigerian state, internal social forces and international capitalism that provide a good ground for analyzing the country's development problems and its ability or inability to effectively take advantage of the preferences of the Lomé Conventions.

In adding to P. Evans' position, our framework is superior to other arguments articulated by some scholars on the question of state autonomy or the degree to which it can formulate policies independently of domestic and/or external influences. One of these is that offered by scholars in the plural-structural functionalist fold who see the state as a dependent variable whose behaviour is determined by interest groups and social classes. That is, it views the state primarily as an arena within which economic interest groups or normative social movements contend or ally with one another to shape the making of public policy decisions.⁶⁵ The government is seen as a cash register that totals up and then averages the preferences and political power of societal actors and the major function of public officials is to make sure that the game is played fairly. Although this view highlights the complex interplay of interests and forces that characterize the making of public policy, it is overly reductionist by virtually ignoring public actors and institutions. If public institutions are viewed as figurative cash registers, there will be no room for anything that could be designated as a state-actor capable of manipulating or even restructuring its own society. Contrary to the pluralist contention, public officials do not merely fulfil roles. They have their own policy preferences and the extent to which they do so is explained by the state's internal variations. The state often acts on its preferences despite their divergence from those of powerful societal or private interests, with its internal characteristics patterning the frequency and strategy by which it does so. As an

actor with an agenda of preferences which is very much its own, the state's recurring activities impact upon society. Public officials are minimally malleable in forming their own preferences. Private interests are treated as data to be sifted, interpreted and evaluated according to the officials' own, interests and priorities.⁶⁶

Reacting against the problematic dissolution of the state in society, some scholars have sought to "bring the state back in".⁶⁷ To T. Skocpol, for instance, states matter not simply because of the goal-oriented activities of its officials, but because their organizational configurations, along with their overall patterns of activity, affect political culture. F. Baumann⁶⁸ takes this view further by arguing that in the Nigerian case, it is the bureaucratic state that is decisive in shaping the national economy. That is, the state constitutes an independent variable while all others are dependent variables. This view seems to hold considerable attraction since military rule (which has typified the Nigerian state for well over twenty seven of its thirty seven years of political independence) appears to establish a *prima facie* case of absolute autonomy. This appearance is strengthened, as Ohiorhenuan observes,⁶⁹ by the ability of the Nigerian state to appropriate directly a large part of the economy's surplus in the form of tribute or rents from the petroleum industry.

Although Skocpol rejects the voluntarist approach to the study of the state and proposes an organizational approach which distinguishes between the state properly conceived and the political system, she provides no actual means of knowing whether a given institution belongs merely to the political system or to the state proper.⁷⁰ Her organizational approach to the state insists that states are actual organizations whose

boundaries are distinct from society but does not show how the boundaries are drawn in practice and with it, the categoric assignment of autonomy. State autonomy is not fixed and its degree varies because crises may precipitate the formulation of official strategies and policies by elites or administrators who might not otherwise mobilize their own potentials for autonomous state action. Also, the structural potentials for autonomous state actions change over time as they undergo transformation. That this is the case was summed up thus,

... we recognize that across a range of historical circumstances
 - in ways that vary substantially - the state tends to be an
 expression of pacts of domination, to act coherently as a corporate
 unit, to become an arena of social conflict, and to present itself
 as the guardian of universal interests.⁷¹

S. Krasner takes the statist approach which argues for considerable state autonomy
 - the state as an actor in its own right which cannot be understood as a reflection of societal interests - a little further.⁷² Beginning with the premise that the state should be understood essentially as a subjective process of policy making, he argued from his analysis of U.S. policy toward the control of foreign raw materials by American multinationals that the state is autonomous from societal influences because its policy (in this instance) was neither shaped by strategic nor economic interests (which would indicate some degree of corporate influence) but by a consistent ideology, and the central actors and institutions in U.S. foreign policy making - the President, the Secretary of State, the White House and the State Department - are insulated from specific societal pressures. This is not only contentious, but raises one question: what would be the case if economic interests are involved? State autonomy, it appears, would be lost to corporate

influence. This being the case, we can not realistically make the case of comprehensive state autonomy as Krasner seems to imply. At best, it becomes relative, depending on a complexity of factors and not just ideology.

The relativity of state autonomy is apparent in E. Nordlinger's definition of the state. He locates the state in a) individuals, b) the government, c) bureaucratic agencies and d) all public officials. That is, the state includes not only the government and the bureaucratic agencies that derive their authority from it, but consists of all public officials who are involved in the making of public policy.⁷³ Individuals have preferences and work towards realizing these. State autonomy, therefore, is affected by the degree to which public officials are susceptible to expressions of societal interest and the importance they attribute to active societal support. To illustrate the dominance of societal constraints on state behaviour, he offered three levels of state autonomy. The lowest level refers to situations in which the state and society preferences do not diverge and the state acts on own preferences - that is, the particular policy adopted is the one preferred by state officials even though opposition is not encountered. The second level is where society's preferences differ from those of the state and the state officials persuade society to adopt state preferences. The third and highest level is that in which the preferences of the state and society diverge, but the state nevertheless enacts a policy consistent with its own preferences.

What this suggests is that the degree to which the state exercises or is able to exercise autonomy at different historical conjectures varies from one state to another. Statist arguments face a common and fundamental problem: the edges of the state are

uncertain. Societal elements seem to penetrate it on all sides and the resulting boundary between state and society is difficult to determine. Similarly, the societally reductionist position of pluralists not only faces this same problem, but is severely handicapped in its denial of any form of purposive action by public officials. Both the society and the state inter-penetrate each other. As earlier studies have shown,⁷⁴ the state can not stand apart, insulated and unaffected by societal influences, just as the society is always affected by the actions of the state. It is two-directional - the state influencing the society as well as the wider society influencing the state. Thus, if interaction among politically active groups creates or influences state action or policy, policy in turn creates or influences politically active groups.

Though this statist argument may provide useful insights into the behaviour of the Nigerian state, it is very limited as far as our study is concerned. Its major drawback lies not so much in its conceptualization and definition of the state at the subjective level as "public officials writ-large" as to the level of autonomy it attributes to these officials. Such a definition tends to abstract and separate these officials from their concrete socio-political and economic milieu, and by so doing, misses the implications of the environment for the behaviour of the state. The autonomy implied in this definition does not exist. It presumes that it is the Nigerian state that is directly responsible for the formation and implementation of economic policies via its public officials while the external environment and the state's domestic context are of no relevance. This is incorrect and unacceptable because no matter how dictatorial its officials are, they do not enjoy the kind of autonomy ascribed to them and they are not completely immune to

societal pressures or influences from powerful individuals who may not, by definition, be state officials.

It is also incorrect to assume, as statistes do, that the state will pursue an independent line of behaviour or strategy of development. Such an assumption is problematic because the state is interwoven into the international political economy and at the same time linked to the social relations and cultural practices of the indigenous society. The Nigerian state is made up of several different social classes and interests such as those of the military and the various fractions of domestic and foreign capital, indicating that it is not as monolithic or homogenous as this view implies. Since the state is composed of several fractional elements which are often in competition and/or cooperation with each other over development policies, it follows that the behaviour of the Nigerian state is a reflection of these. That is, its behaviour shifts according to the relative strengths and weaknesses of its constitutive elements in the struggles or conflicts in the bargaining process as well influences from the international economic system. Analysis of the role of the Nigerian state and the ability or inability of its firms to take advantage of the Lomé Conventions' trade, aid and technological assistance preferences, therefore, must focus on the interplay of the various economic and ethnic groups in the society and the dialectical relationship between the dominant and subordinate groups. This is particularly necessary in the Nigerian situation because, contrary to analyses which ascribe total autonomy to the state (on account of its oil revenue base and military rulership), several social forces are constitutive of the Nigerian social formation/state and exert considerable influence and pressure on its behaviour.

One of such forces is the indigenous bourgeoisie.⁷⁵ Made up of prominent persons who led the independence struggle and inherited the government from the British, this class still predominates and tries to build a material base by using its political power to generate economic power. Often, this is facilitated by its members easy access to the government of the day. Numerous instances exist in Nigeria's politico-economic history where state policies have been made more in response to the pressures from this class than to "objective" state interest. The 1972 indigenization decree, for example, was the direct result of continued pressure on the state by local capital to replace foreign control of the commanding heights of the economy by passing these into its hands. Although Biersteker argues that the state did not simply carry out the demands of the indigenous business community as state officials "had their own agenda", he quickly adds that these officials "were not aloof from, or entirely indifferent to, the interests of local capital".⁷⁶ Thus, the state did not operate in a vacuum. It was aware of, and responded to, explicit group pressure, general societal expectations as well as its own material and ideological interests. While the implementation and consequences of this policy are beyond our concerns here, its formulation process signifies the undeniable influence of local capital as a social force on the economic behaviour of the state.

Similarly, labour and ethnicity, as constitutive elements of the Nigerian state, exercise considerable influence on the latter. The extent to which labour influences the state is affected by various constraints such as the limited development of the forces of production, high proportion of wage labour employed by the public service and the hold of tribalism.⁷⁷ Labour in Nigeria is not as developed or as well organised as in the

industrialized societies and the state employs "divide-and-rule" tactics toward it. But, due to its confrontational style, labour has been able to exercise considerable influence on the state. It often couches and translates industrial disputes into political action by adopting a political strategy vis-a-vis the government. This strategy consists of whipping up popular resentment through the use of petitions, representations and appeals to public opinion. Numerous instances of labour's victories over the state abound. In 1964, Nigerian workers had a successful general strike over wages. In 1981, labour called a general strike in support of its demand for a minimum wage which forced the government to enact the Minimum Wage Act and in July 1992, the Academic Staff Union of Universities forced the military government of General Babangida via a strike to halt the deteriorating standard of University education in the country. Several other instances exist, pointing to the fact that the Nigerian state does not always act as an abstract monolith removed from the rest of the society and without any form of inputs or influences from the latter.

Ethnic groups also counter the unparalleled autonomy view of the state in Nigeria. The objective basis for the importance of ethnic groups lies in, among other factors, the limited development of commodity relations, the prevalence of pre-capitalist relations and mechanical solidarity. Both modernization and marxist schools would have expected that ethnic consciousness would diminish as capitalism penetrated the Nigerian society. But, ethnicity has remained strong as politicians have found it expedient to use it to mobilize political support. Tribal associations which date back to the colonial days have continued as an alternative welfare system in Nigerian cities.⁷⁸ Most importantly, Nigerian political history attests to the role of ethnicity as evidenced in the Nigerian civil war and in the

formation of political parties and the process of electoral competition in the years between 1963-66 and 1979-83. The recent experience of the third attempt at democratic politics in 1993 is instructive of how much ethnicity affects, if not determines, the course of Nigeria's political history and state behaviour. So pervasive is the influence of ethnicity on the state that the latter has been forced to enshrine in its constitution the concept of "federal character" - a Nigerian euphemism for ethnic/tribal heterogeneity.⁷⁹

In itself, however, the resort to ethnicity by Nigerian politicians or public officials is not always and necessarily a question of choice. That is, often the ruling class does not consciously and consistently resort to the use of ethnicity on its own volition. In some cases, socio-cultural forces propel the ruling class into ethnically-determined behaviour. The public officials experience their positions not only as privileged, but as onerous. That they are at the centre of tremendous social pressures is captured in the lamentation of one elite thus, "my town demands leadership from me. But, this leadership is a trying as well as a thankless experience. My town has a passionate desire to get up".⁸⁰ Nigerian leaders are subject to constant ethnic pressure and forced to act as spokespeople for ethnic interests. Local village leaders have been known to travel to urban centres to meet national leaders/public officials in order to urge the latter into parochial interests. The ability of the local leaders to earn the respect and loyalty of the native folk depends on the extent to which they deliver the "goods". This, in turn, means exerting more pressure on the national leaders to exhibit ethnic behaviour by meeting the (parochial) demands of their ethnic groups. This points to the fact that what we see as state behaviour is, in most cases, a reflection of the ruling class' response to its own interests as well as pressures

from their subjects who throng to them with numerous complaints and demands.

What the foregoing suggests, therefore, is that we can not a) define the state solely in (subjective) terms as public officials writ-large who enjoy absolute autonomy, b) abstract the state, even if it be seen as public officials, from its concrete environment, and c) understand how and why the Nigerian state failed to initiate the appropriate economic policies that would have enabled it to take advantage of the preferences of the Lomé Conventions if we do not situate the Nigerian state in its proper context. That is, one which would reveal its various constitutive elements and how these affect the state's development policies, taking due cognizance of the implications of the external environment for the state's development process.

In other words, by accommodating these, and most importantly the possibility of Nigeria's development in its relations with the advanced industrial countries, sophisticated dependency holds considerable attraction and utility for our study. Its methodological framework allows us to understand and explain the (role of external developmental impulses or) rationale of the Lomé Conventions which was to make a long-term contribution to the economic development of the ACP states by providing the missing development factors as expressed in the Conventions' provisions such as aid, technology and large markets. Similarly, by recognizing the implications of the internal environment of any given social formation for its development process, sophisticated dependency provides the theoretical tools with which to analyze the role of the various social forces constitutive of the Nigerian state in its development efforts, particularly in the formulation and implementation of economic policy. In view of our argument on the failure of the

state to adopt the appropriate economic policies or strategies that would have enabled it to make effective use of the Lomé preferences, the theory's emphasis on forms of state and their relationship to both the internal and external development environments enables us to grasp why, in the Nigerian case, some firms have been unable to successfully utilize the technological assistance offered them by the CDI to boost their production and enhance export potential. This will also enable us to explain the factors responsible for the state's inability to provide a stable and conducive economic environment as well as the non-competitiveness and general weakness of the Nigerian economy.

In going beyond the arguments of vulgar dependency, our version will, therefore a) acknowledge the specific economic history of Nigeria as it impacts on the country's development process, b) take cognizance of the domestic context of the Nigerian society, that is, the dialectical struggles and conflicts between the various elements constitutive of the Nigerian social formation and how this affects the country's development efforts and are, in turn, affected by it, and c) pay attention to the relationship between the internal and external environments.

Nigeria, as a socio-political and economic entity in its present form, was integrated into the international political economy via colonialism and sustained thereafter by the neo-colonial relations so established. By paying attention to the role of history, sophisticated dependency theory enables us to explain the processes that led to the present location of the country in which its economy is characterized by structural weakness and primary commodities production, thus illuminating one of our explanations for Nigeria's poor performance in the Lomé Conventions. Additionally, it enables us to present our

conception of the Nigerian social formation as an arena of conflict and competition between its various class fractions and the effects of this on development planning. These class fractions, for instance, the military, landowners, traditional rulers, farmers, industrialists and technocrats, by constantly vying for a preponderance of their interests in the official development policies of the state, have a truncating and compromising effect on these policies. In this form, our framework does not suffocate the historical process by removing from it the movements which result from the permanent struggle among groups and classes. Instead of accepting a pre-determined course of history, we see it as an open-ended process. And, if structures delimit the range of oscillation as Cardoso maintains,⁸¹ the actions of humans revive and transfigure these structures and may even replace them with others not pre-determined. Such a mode of analysis is less likely to consciously exclude any significant factors affecting Nigeria's development behaviour.

- Finally, while utilizing some of the insights of vulgar dependency on the role of history and the implications of international capitalism for Nigeria's development, our framework purges vulgar dependency of its overly problematic and untenable formulations such as "development and underdevelopment are opposite sides of the same coin in which one reproduces the other": "the causes of underdevelopment of the Third World lie in the exploitative character of the global capitalist system", and "the only development alternative is for the developing countries to disengage from the global capitalist economic system". Such formulations are not only theoretically indefensible, they are not substantiated by historical reality. By distancing itself from these formulations, our

framework avoids the unnecessarily emotive, nationalistic, ideological, protestational and deterministic sentiments characteristic of vulgar dependency. This is particularly important because Nigeria's development problems can not be traced solely to any single factor such as international capitalism. Neither can the blame be laid solely on domestic corruption and the idiosyncracies of the Nigerian bourgeoisie or the lack of resources. That corruption, for instance, has contributed to economic confusion, failure of development plans, transfer of massive resources abroad and the preference of unproductive activities in the process of accumulation in the country is not in doubt. Yet, corruption is, as Ihonvbere points out,⁸² only one aspect of the country's predicament. It is a mere manifestation of more fundamental contradictions and conflicts that continue to militate against the ability of the country to create a viable and productive economic base.⁸³ To comprehend the country's development situation, particularly its present and future performance in the Lomé Conventions, it is essential to adopt a sophisticated dependency framework that provides for a holistic understanding of Nigeria's historical experience and the implications of that experience for development, the nature of the post-colonial society, the social forces constitutive of this (post-colonial) society and their relations to each other vis-a-vis the development process as well as the implications of the international political economy for the country. In other words, by focusing on the interplay between the internal social forces in Nigeria, forms of state and international capitalism, the sophisticated dependency framework enables us to investigate our research questions and substantiate our findings more convincingly.

1.5 Methodology

In order to address our research questions, this study uses both secondary and qualitative field research methods. In keeping with our argument that structural weaknesses of the ACP states generally and Nigeria in particular account, in part, for their inability to take advantage of the development opportunities offered by the Lomé Conventions - an inability that resulted from the mode of integration of these states into the international political economy - we briefly examine the historical evolution of the economic relations between these states and the EU. Here, we rely mainly on secondary materials to identify the effects of the mode of integration of these states as they continue to affect their development efforts. Since we use Nigeria as a case study to illuminate both the specific and general problems that the ACP states face in trying to avail themselves of the Lomé opportunities, the study first analyzes the general implications of the Conventions for the ACP countries and second, for Nigeria specifically. In analyzing the effects on the ACP states, again we rely on secondary data in the form of texts of proceedings of the Conventions I - IV, articles of the Lomé agreement, Lomé dossier and critical publications or documentaries on ACP-EU relations such as the Journal of Common Market Studies, the ACP-EU Courier, Journal of European Integration, EU Development, Official Journal of the European Communities, yearly Eurostat publications on EU-ACP Trade and Aid flows and Bulletin of the European Communities. Analyzing the effects of the Conventions on Nigeria entailed, a) careful design and administration of questionnaire (see Appendix D), and b) conducting rounds of interviews for the

collection and analysis of data, particularly in the areas of trade, aid and forms of technological assistance. The questionnaire was administered and interviews conducted on the Nigerian Ministry of Trade, Federal Office of Statistics, Ministry of Finance, Economic Planning and Development, the Nigerian Central Bank, and the EU Delegation in Nigeria.

Bearing in mind our sophisticated dependency framework argument that a more comprehensive understanding of the effects of Lomé can be gained when we consider the domestic macroeconomic and political as well as the external environment of Nigeria, this research, through field interviews and secondary literature, examined the impact of the political economy of Nigeria on the country's ability to utilize first, the trade and aid provisions of Lomé and second, the assistance as provided by the CDI. The assistance rendered by the CDI to Nigeria covered various sectors, ranging from Planning and public administration; Development of public utilities; Agriculture, fishing and forestry; Industry, mining and construction; Trade, tourism and banking and other services; Education; Health; Social infrastructure and social welfare and finally, Multisector, regional and unspecified programmes.⁸⁴ Since it was not possible to analyze all the sectors in detail, we examined a few projects from each sector. Given the potential importance of all the sectors to the Nigerian economy, our criteria for selection of those discussed included, a) the amount of aid earmarked or allocated for the programme and more importantly, b) the extent to which the programme has been executed in the country. The latter consideration is important because, no matter the amount of aid allocated or when a project was approved, not all approved projects have been actually carried out in the country. The

extent of implementation of these projects, therefore, is critical as that indicates whether its impact has or has not been felt. The idea, in other words, is to see the extent to which these programmes have been implemented to meet their declared objectives as well as the impact they have on the Nigerian economy.

To critically situate the impact of the CDI on the industrial development of Nigeria, the questionnaire method and direct interviews were used to elicit data from both private and public sectors CDI local antennae or representatives in Nigeria. That is, given the centrality of agriculture and industry in Nigeria-EU relations under the Lomé framework, our attention was focused on the role of the CDI in promoting the growth and expansion of the agro-industrial as well as the foundry and chemical sectors in the Nigerian economy. To this end, the research analyzed, a) which firms the CDI has aided, when, why and in what form, b) what the consequences of that assistance have been for the firms in question, notably with regard to output gains, increased exports and technological mastery. In order to effectively determine whether the Centre's activities have significant impact on the firms it assisted, first, we identified the firms which have been assisted by the Centre, the nature of the assistance received and the use to which it has been put. Second, following the methodology adopted by Ogun and Oyelaran-Oyeyinka who have studied Nigerian firms along this direction,⁸⁵ we selected a set of firms that share similar characteristics with those that were assisted by the CDI, but did not receive its assistance. These characteristics include, among others, age of the firm, size, location, output production, personnel employed, and product lines. In our analysis, we were guided by the Quasi-Experimental and Time-Series designs.⁸⁶ To determine

whether impulses from the Centre have had remarkable impact of the firms' general operations. we analyzed both sets of firms' output and qualitative indicators of growth in the periods before and after assistance was received. This allowed us, bearing in mind the incidence of other variables, to measure the trend of growth or decline (in terms of output gains or losses) of these firms.

However, comparing output production in the pre-and-post-assistance periods, while it sheds light on the direction of growth or decline of the firms, has a severe shortcoming - failure to take cognizance of the ever changing socio-economic and political environments within which these firms operate. A propitious economic climate engendered, for instance, by either favourable market forces or articulate government economic policies, impacts on the ability of the firms to perform in various ways. Since these factors are not static, it would be difficult to attribute increased or decreased output of any of the firms to assistance received from the CDI. Similarly, all other things being equal, firms are supposed to grow over time. Thus, if we measured a particular firm's output in its fledgling years when production may have just begun (pre-assistance period) with the later (post-assistance) years when it may have become more fully established and its products gained consumer-recognition and acceptance, our results could indicate an improved performance by the firm which we may wrongfully attribute to the assistance received, when in reality, it was accounted for by other factors.

To address these shortcomings, our approach compared the output of the two types of firms (CDI-assisted and non-CDI assisted) to determine the extent of impact of CDI interventions. This method is superior because it avoids the pitfall of judging the firms

at periods when the market situation is different. By analyzing the output and other qualitative changes in these sets of firms during the same time span, control is provided for changes in their operating environment. That is, since both firms operate in the same socio-political and economic context and as such confront almost the same macro-economic problems, a fair and more acceptable basis for comparison is ensured.

In our analysis, we were guided by a Quasi-Experimental design - the Planned Variation design - in which units of analysis are regarded as members of categoric groups sharing basic attributes and similarities that assign them to an identifiable category. The design involves exposure of individuals or units to systematically varying kinds of stimuli for the purpose of assessing their causal effects. The units of analysis in our case are the two sets of firms (the CDI-assisted and the non-CDI assisted) whose similarities (or our criteria for their selection and matching) included age, size, product lines, location, personnel employed and production strength. The stimuli that they were exposed to are assistance from the CDI and elsewhere. Our purpose was to determine the impact of these stimuli on the performance of the units. We proceeded on the principal assumption that assistance from the Centre would solve or mitigate some of the problems of these firms and, by so doing, improve their overall performance abilities. For example, if a certain firm had been faced with production problems such as frequent equipment breakdowns and inefficient and wasteful production processes and it requested the Centre's intervention to address these, it is expected that the assistance so rendered would alleviate or solve these problems. If this happens, therefore, the production process of such a firm would be rid of the hitherto wasteful and inefficient tendencies. The resultant effect, all

other things being equal, would be improved production process and increased output. Thus, we assumed that the CDI assistance would have the (desired or intended) effect of boosting the output of the firms it assisted over and above those that were not exposed to its interventions.

It has been contended that because the contrasted groups (firms) may not be exactly the same in their similarities and that they may differ from one another in more than one way, there are difficulties in assessing the causes for the observed differences.⁸⁷ One way of reducing the risk of making spurious inferences in our analysis was to obtain supplementary evidence over time regarding the hypothesized differences. If the same findings are obtained in other settings and comparisons are made on a number of measures concerning the dependent variables, such supplementary evidence increases the inferential powers of a contrasted group design. Thus, to strengthen our results, we further employed the Time-Series design. Here, we used the pretest and posttest (or pre-assistance and post-assistance) output figures of our units of analysis (firms) for the purpose of determining whether or not CDI assistance (and elsewhere) had any impact on the firms. Our design can be represented as follows:

01 02 03 X 04 05 06

where 01 - 03 = pre-assistance production figures.

X = intervening variable (assistance received).

04 - 06 = post-assistance production figures.

Thus, if there was significant change in the firms' production situation in the post-assistance period over and above that of the pre-assistance era, we argued that, all other things being equal, the assistance received had an impact on the firms. On the other hand, if there was no significant change, we argued accordingly that the assistance had little effect on the firms. In other words, this design allowed us to see whether CDI assistance (and elsewhere) had any impact on the recipient firms or not, how and why.

Of the firms which received CDI's aid in the Nigerian economy, five categories were identified.⁸⁸ These and their locations are: Foundries sector - Nigerian Foundries Limited, Lagos; Food and Beverages sector - Lisabi Foods Nigeria Limited, Lagos; Rubber/Plastics sector - Abplast Products PLC, Lagos (administrative headquarters) and Ode-Remo (factory); Chemicals sector - A&T Chemicals Industries Nigeria Limited, Lagos, and "other" sector - Ben Reubens Nigeria Limited, Lagos. In order to select a matching sample of firms which were not aided by the CDI, a list was obtained from the Lagos, Kaduna and Calabar chambers of commerce and industry.⁸⁹ Respectively, the firms selected to match the above sectors include: MFD Foundries Nigeria Limited, Lagos; Niger Mills PLC, Calabar; Tonobi Plastics Nigeria Limited, Lagos, and Global Chemical Industries Nigeria Limited, Lagos. In the "other" sector, there was no comparable firm with Ben Reubens and a different mode of analysis - the before and after: that is, before and after receipt of assistance - was adopted. Our overall objective in the analyses of these firms was to assess the extent to which CDI, juxtaposed against the political economy of the country, has enabled the Nigerian industry to grow, become technologically more competent and thus, contributed to a process of changing Nigeria's

role in the international division of labour.

Conclusion

Guided by our research argument that the explanation for the performance of Nigeria as an ACP state in the Lomé Conventions lies not only with the Conventions themselves and their restrictive conditions and the kinds of technical assistance they provided through the CDI, but also with the nature of the Nigerian state and its (in)ability to support a process of economic development that might have enabled Nigerian firms, despite the flaws in the Lomé agreement, to grow, become competitive and export, this chapter sets out how this research substantiates its argument. It outlines the parameters we used to examine the extent to which the Lomé Conventions have, after well over twenty years of operation, succeeded or failed to boost the overall development of first, the ACP states generally, and second, Nigeria in particular. Such an examination is timely and relevant. It adds to, and raises another methodological dimension, in the analysis of the Lomé Conventions and their effects on individual ACP countries. That there is need to go beyond most of the earlier studies and methods underscores this point.

Second, on account of the unimpressive performance of these states the ACP states in the Conventions, it draws attention to the pertinent question: why is the Lomé arrangement continually being renewed with the latest one (Lomé IV) lasting till the year 2000? The ACP states have high hopes on the potential development opportunities of the

Conventions. Thus, it is imperative, given the continued renewal of the Conventions, to take stock of the Lomé strategy for individual ACP states such as Nigeria with a view to identifying the prognosis for action for a better utilization of the Lomé opportunities. An understanding of the future of the Lomé Conventions for the ACP states also requires an examination of the etiology of Euro-African economic relations. This is because, as this study argues, the mode of integration of African economies into the international political economy produced certain structural characteristics which account in large part for their inability to take advantage of the opportunities offered by the Conventions. It is to this that we now turn.

ENDNOTES

1. See M. Dolan, "Global Transformation and the Third World", in R. Slater, et. al. (eds.), Global Transformation and the Third World (Colorado: Lynne Rienner Publishers), 1993.
2. B. Hettne, "Introduction: The International Political Economy of Transformation", in B. Hettne, (ed.), International Political Economy: Understanding Global Disorder (Halifax: Fernwood Books Limited, 1995), p. 18. Also, see A. Gamble and A. Payne, "Introduction: Regionalism and World Order", in A. Gamble and A. Payne (eds.), Regionalism and World Order (New York: St. Martin's Press, 1996), pp.1-20.
3. G.A. Hegeer, The Politics of Underdevelopment (London: Macmillan Publishers, 1974), p. 1.
4. The World Bank, Sub-Saharan Africa: From Crisis to Sustainable Development (Washington D.C.: World Bank, 1989), p.1.
5. Ibid., p. 1.
6. The World Bank, The World Bank Annual Report, 1994 (Washington D.C.: World Bank, 1994), p. 79.
7. The World Bank, Sub-Saharan Africa: Progress Report and Development Prospects and Programmes (Washington D.C.: World Bank, 1984), pp. 1-11.
8. This periodization was done by the World Bank's extensive study and monitoring of the African development situation. See World Bank, op. cit., (1989), pp. 1-15.
9. Ibid., pp. 17-18.
10. The World Bank, Trends in Developing Economies (Washington D.C.: World Bank, 1993), p. 365.
11. Ibid., p. 367.
12. Ibid., p. 367.
13. Calls for this kind of development strategy are commonly found in the writings of radical dependency or Marxist scholars who often see no prospects of development at all for these developing countries as long as they remain a part of the global economic

system. A typical example is A.G. Frank in his "The Development of Underdevelopment", Monthly Review, vol. 18, no. 4, 1966. Though not attempting outright disengagement from the international economy, Tanzania under Nyerere is an example of a developing country that had sought development through 'self-reliance', a strategy that we can say raised more expectations than it achieved.

14. See W.R Cline, "Can the East Asian Model of Development be Generalized?", World Development, vol. 10, no. 2, 1982.

15. The idea of South-South cooperation as an internationally accepted approach to development dates from the 1970s following the clamour for the creation of a New International Economic Order. At a meeting of the Group of 77 in Mexico City in 1976, a resolution was adopted on the need for strengthening economic cooperation among the developing countries whose details were outlined in a subsequent conference held by the group in Caracas in 1981. See E. Parson, South-South Trade in Global Development (Aldershot: Averbury, 1993), p. 4.

16. See S.K.B. Asante, "ECOWAS/CEAO: Conflict and Cooperation in West Africa", in R.I.O. Onwuka and A. Sesay (eds.), The Future of Regionalism in Africa (New York: Praeger, 1985).

17. M. McQueen and R. Read, "Prospects for ACP Exports to the Enlarged Community", in C. Stevens (ed.), Europe and the International Division of Labour: EEC and the Third World - A survey, 6 (London: Overseas Development Institute, 1987), p. 88.

18. Ibid., p. 188. It is important to note that the context of the 1970s (OPEC's oil price hike, for example), made these preferential arrangements possible in contrast with the current neo-liberal era. Thus, it is questionable if these preferences could have been won easily today.

19. J. Ravenhill, Collective Clientelism: The Lomé Conventions and North-South Relations (New York: Columbia University Press, 1985), p. 1.

20. M.B. Dolan, "The Lomé Conventions and Europe's Relationship with the Third World: A Critical Analysis", Journal of European Integration, vol. 1, no. 3, 1978, p. 369.

21. M. Lister, The European Community and the Developing World (Aldershot: Averbury, 1988), p. xiv.

22. L.K. Mytelka, "The Lomé Conventions and a New International Division of Labour", Journal of European Integration, no. 1, 1977, p. 64.

23. E. Grilli, The European Community and the Developing Countries (Cambridge: Cambridge University Press, 1993), p. 35.

24. See R.H. Green, "The Child of Lomé: Messiah. Monster or Mouse?" in F. Long (ed.), The Political Economy of EEC Relations with African, Caribbean and Pacific States: Contributions to the Understanding of the Lomé Convention on North-South Relations (Oxford: Pergamon Press, 1980), p. 12; I.W. Zartman, "Europe and Africa: Decolonization or Dependency?", International Organization, vol. 54, no. 1, 1976, p. 30; I. Gruhn, "The Lomé Convention: Inching Towards Interdependence", International Organization, vol. 30, no. 2, 1976, p. 55.
25. A. Guahar, (ed.), Third World Strategy: Economic and Political Cohesion in the South (London: Praeger, 1983), p. ix.
26. C. Stevens, "Europe 1992 and the Developing Countries", Journal of Common Market Studies, vol. 29, no. 2, 1990, pp. 230-234.
27. The European Commission, The ACP-EC Courier, no. 120, March-April, 1990, p. 49.
28. See L.K. Mytelka, "Stimulating Effective Technology Transfer: The Case of Textiles in Africa", in N. Rosenberg and C. Frischak (eds.), International Technology Transfer: Concepts, Measures and Comparisons (New York: Praeger, 1985); O. Ogun, "Technological Capabilities in Some Nigerian Manufacturing Firms", (Unpublished Research Proposal, Ibadan, July, 1994.); B. Oyelaran-Oyeyinka, "Technology and Institutions for Private Small and Medium Firms: The Engineering Industry in Nigeria", Working Proposal to the African Technology Policy Studied Network, July, 1994.
29. See R.J. Langhammer, "Fuelling the Engine of Growth or Separating Europe from Non-Europe?" Journal of Common Market Studies, Vol. 29, no. 2, 1990, pp. 141-142.
30. A. Matthews and M. Dermort, "LDCs' Primary Exports to the EC: Prospects Post-1992", Journal of Common Market Studies, vol. 29, no. 2, 1990, p. 182.
31. J.O. Ihonvbere, Nigeria: The Politics of Adjustment and Democracy (New Brunswick: Transaction Publishers, 1993) pp. 8-24. Ihonvbere notes F.R.A. Marinho as pointing out that at the height of Nigeria's petroleum boom during the civilian administration of 1979-83, Nigeria earned more foreign exchange from petroleum exports (43.6 billion naira in those four years) than it ever did in all the preceding twenty one years of production (1958-79) during which it earned just over 42 billion naira. The country could have earned more during those four years, but for the large scale leakages through 'bunkering' and other yet to be discovered sharp practices. The country totalled up more domestic and foreign debts in the four years of the same civilian administration than the cumulative debt ever owed before it. The total debt during those four years amounted to 24 billion naira compared to a total of 5 billion for the period of 1970-79. In other words, the civilian administration spent more than 200 per cent more money (on non-economic projects) than the country had ever spent from the time of its independence.

32. Some of the various texts on Lomé include - E. Frey-Wouters, The European Community and the Third World (New York: Praeger, 1980); C.C. Twitchett, A Framework for Development: The EC and the ACP (London: George. Allen and Unwin, 1981); J. Moss, The Lomé Conventions and Their Implications for the United States (Boulder, Colorado: Westview Press, 1982); J. Ravenhill, Collective Clientelism: The Lomé Conventions and North-south Relations (New York: Columbia University Press, 1985); M. Lister, The European Community and the Developing World (Aldershot: Avebury, 1988); E. Grilli, The European Community and the Developing Countries (Cambridge: Cambridge University Press, 1993). A plethora of articles/essays also exist on Lomé. Some of these are: I.W. Zartman, "Europe and Africa: Decolonization or Dependency?" Foreign Affairs, vol. 54, no. 1, 1976; I.V. Gruhn, "Inching Towards Interdependence", International Organization, vol. 30, no. 2, 1976; L.K. Mytelka, "Lomé Conventions and a New International Division of Labour", Journal of European Integration, no. 1, 1977; R.H. Green, "The Child of Lomé: Messiah, Monster or Mouse?" in F. Long (ed.), The Political Economy of EEC Relations with the Africa, Caribbean and Pacific States: Contributions to Understanding the Lomé Conventions on North-South Relations (Oxford: Pergamon Press, 1980); A. Hewitt, "The Lomé Conventions: Myth and Substance of Partnership of Equals" in M. Cornell (ed.), Europe and Africa: Issues in Post-Colonial Relations (London: Overseas Development Institute, 1981); E.Olu Sanu, "The Lomé Conventions and the New International Economic Order", Lecture Series, no. 18, Lagos, N.I.I.A. 1982; C. Stevens, "The European Community and Africa, Caribbean and the Pacific", in J. Lodge, (ed.), Institutions and Policies of the European Community (New York: St. Martin's Press, 1983); M. Dolan, "The Lomé Conventions and Europe's Relationship with the Third World: A Critical Analysis", Journal of European Integration, vol. 1, no. 3, 1984; M. Dolan, "The Changing Face of EEC Policies Toward the Developing Countries: Reflection of Economic Crisis and the Changing International Division of Labour", Journal of European Integration, vol. 7, nos. 2-3, 1984; T. Killick, "Whither Lomé? A Review of the Lomé III Negotiations", Third World Quarterly, vol. 7, no. 3, 1985; J. Ravenhill, "Europe and Africa: An essential Continuity" in R. Boardman et. al. (eds.), Europe, Africa and Lomé III (Lanham: University Press of America, 1985); Doctoral/PhD dissertations on Lomé include, among others, I.K. Minta, "The Lomé Convention: A Case Study of North-South Relations", Harvard University, 1980; C. Rajana, "The Lomé Convention and the New International Economic Order: A Critical Appraisal of ACP-EEC Relations", Queens University at Kingston, 1981; J.T. Bendega, "A Developing Country in the Search for a New International Economic Order: Nigeria's Role in the Lomé Conventions and the United Nations System", Columbia University, 1983; M. Diakite, "Dialectics of Lomé in North-south Relations", University of Connecticut, 1991; O.A. Babarinde, "The Lomé Conventions and Development: An Empirical Assessment", Miami University, 1991; M. Kyriacos, "Europe and Africa: A Critical Appraisal of the Trade Effects of Lomé I, II and III", Ohio State University, 1993.

33. Although all writings differ slightly from each other and may not fit neatly into this typology, they share considerable similarities in terms of their basic argument to

warrant this classification. On account of these commonalities, I did not discuss the various texts piece-meal, but choose those typical of particular lines of argumentation.

34. C.C. Twitchett. op. cit., p. 132.
35. M.B. Dolan, "Power in the 'New' New International Division of Labour: Third World Production in a Post-Fordist Era", Paper presented at the Conference on Democratic Politics Commemorating 50 years of Political Science at Carleton University, Ottawa, November 13 -14, 1992.
36. C. Stevens. op. cit., (1990), pp. 230-235.
37. B.N. Umez. African Lifestyle and Problems of Development: The Nigerian Example (Highlands, Texas: B&B Printing Company Inc., 1995).
38. Ibid., p. 33.
39. C. Achebe. The Trouble With Nigeria (London: Heinemann Educational Books, 1983). p. 38.
40. D.A. Offiong. Imperialism and Dependency: Obstacles to African Development (Washington, D.C.: Howard University Press, 1982). p. 23.
41. B.N. Umez. op. cit. p. iii.
42. N. Chazan. et. al.. Politics and Society in Contemporary Africa (Boulder, Colorado: Lynne Rienner, 1992). p. 14.
43. M. Blomstrom and B. Hettne. Development Theory in Transition (London: Longmans, 1984). p. 82.
44. D. Seers. (ed.). Dependency Theory: A Critical Assessment (London: Francis Pinter, 1982). p. 43.
45. G. Kay. Development and Underdevelopment: A Marxist Analysis (London: St. Martins's Press, 1975), p. 30.
46. C. Leys. "Underdevelopment and Dependency: Critical Notes", Journal of Contemporary Asia, vol. 7, no.1, 1977, p. 92.
47. B. Hettne. Dependency Theory and the Three Worlds (London: Longmans, 1990), p. 98.
48. E. Laclau . "Feudalism and Capitalism in Latin America', New Left Review, 67, 1971, pp. 19-38.

49. See R.H. Chilcote. Theories of Comparative Politics: The Search for a Paradigm (Boulder, Colorado: Westview Press, 1981). p. 308.
50. For a detailed discussion of the typologies of dependency, see B. Hettne, op. cit., p. 88; Also R.H. Chilcote, op. cit., p. 298.
51. No originality is claimed for this phraseology as it was first coined by Cardoso to differentiate his approach from the less nuanced, more widely read and influential, yet more controversial dependency work of A.G. Frank and others who argue from the development of underdevelopment vantage point. See F.H. Cardoso, "The Consumption of Dependency Theory in the United States", Latin American Research Review, vol. 12, no. 3, 1977, pp. 7-24.
52. S. Amin. Unequal Development: An Essay on the Social Formations of Peripheral Capitalism (Sussex: Harvester Press, 1976). p. 279.
53. J.W. Meyer and M.T. Hannan (eds.). National Development and the Third World: Educational, Economic and Political Change (Chicago: University of Chicago Press, 1979). pp. 11-12.
54. A.G. Frank. "The Development of Underdevelopment", in J.D. Cockcroft, (ed.), Latin America's Political Economy (Garden City: Anchor Books, 1972). p. 9.
55. C.N. Nwoke. "Conceptual Perspectives on the Peripheral Position of Third World Countries in the International Economic System", in R.A. Akindele and B. Ate (eds.), Nigeria's Economic Relations With the Major Developed Market-Economy Countries, 1960-85 (Lagos: Nelson Publishers, 1988). pp. 3-4.
56. T. Smith. "The Underdevelopment of Development Literature: The Case of Dependency Theory", World Politics, 2, 1979, p. 252.
57. F.H. Cardoso. op cit., (1977), p. 13.
58. G. Palma. "Dependency: A Formal Theory of Underdevelopment or a Methodology for the Analysis of Concrete Situations of Underdevelopment?" World Development 6, 1978, p. 909.
59. F.H. Cardoso and E. Faletto, Dependency and Development in Latin America (Berkeley: University of California Press, 1978), p. x.
60. Ibid., pp. x-xi.
61. J. Biersteker. op. cit., chapter 1.

62. G. Palma. "Dependency: A Formal Theory of Underdevelopment or a Methodology for the Analysis of Concrete Situations of Underdevelopment?", World Development, 6, 1978, p. 909. If one were to argue against dependent Third World development, it is difficult to say whether there is any economy that is not in one way or the other dependent on other economies.
63. F.H. Cardoso and E. Faletto, op cit., pp. 17-22.
64. See P. Evans, Embedded Autonomy: States and Industrial Transformation (New Jersey: Princeton University Press, 1995); Also by same, "The State as Problem and Solution: Predation, Embedded Autonomy and Structural Change", in S. Haggard and R. Kaufman, (eds.), The Politics of Adjustment: International Constraints, Distributive Conflicts and the State (New Jersey: Princeton University Press, 1992), pp.139-181.
65. See P. Evans, D. Rueschemeyer and T. Skocpol, (eds.), Bringing the State Back In (Cambridge: Cambridge University Press, 1985), especially chapter four.
66. G. Almond, "Return to the State" American Political Science Review, vol. 82, no. 3, 1988, p. 881.
67. See P. Evans, et. al., op cit., 1985.
68. F. Baumann, op. cit., p. 14.
69. J.F.E. Ohiorhenuan, Capital and State in Nigeria (New York: Greenwood Press, 1989), p. 52.
70. T. Mitchell, "The Limits of the State: Beyond Statist Approaches and their Critics", American Political Science Review, vol. 85, no. 1, 1991, p. 87.
71. P. Evans, et. al. op. cit., p. 48
72. S. Krasner, Defending the National Interest: Raw Materials Investments and U.S. Foreign Policy (Princeton: Princeton University Press, 1978); Also by same, "Approaches to the State: Alternative Conceptions and Historical Dynamics", Comparative Politics, vol. 16, 1984, pp. 223-246.
73. E. Nordlinger, On the Autonomy of the Democratic State (Cambridge: Harvard University Press, 1981), p. 9.
74. See studies by R. Bauer et. al., A. Bentley and R. Dahl cited in A. Almond, "The Return to the State", op. cit., pp. 864-865.
75. C. Ake, "The Nigerian State: Antinomies of a Peripheral Formation", in C. Ake (ed.), Political Economy of Nigeria (London: Longmans, 1985), pp. 9-32.

76. T.J. Biersteker. Multinationals, the State and Control of the Nigerian Economy (Princeton: Princeton University Press, 1987). pp. 52-96.
77. C. Ake, op. cit., pp. 22-23.
78. Ake. op. cit., p. 26. Ethnic groups provide 'an alternative welfare system, if not an alternative state'. Among other welfare functions, they provide scholarships, assist widows and orphans, contribute toward burial expenses, aid the unemployed, provide cultural and recreational activities, socialize new arrivals from the villages into urban life and provide access to highly placed persons.
79. See B.J. Dudley, Instability and Political Order: Politics and Crisis in Nigeria (Ibadan: Ibadan University Press, 1973); Also by same, Introduction to Nigerian Government and Politics (London: Macmillan, 1982), especially chapters 3, 5 and 6.
80. V.C. Uchendu, The Igbo of Southeast Nigeria (New York: Praeger, 1966). p. 9.
81. F.H. Cardoso, "Imperialism and Dependency in Latin America". in F. Bonilla and R. Girding (eds.), Structures of Dependency (Stanford: Stanford University Press, 1977). pp. 7-16.
82. J.O. Ihonvbere, op. cit., pp. 27-28.
83. Mr. P.B. Eta, Director-General, Federal Ministry of Information, Lagos, Nigeria. In an informal discussion of the problem of corruption in Nigeria, he argued that the causes need not be traced to state officials, but to the existing 'socio-cultural ethos' in the country. In his own words, "if you are a state commissioner, you are expected to feed your village, and as a federal minister, you feed your entire local community". In other words, the corrupt behaviour exhibited by the ruling class or the state is rooted in the society itself. To understand the problem, therefore, we need to go beyond the state officials themselves to see those factors in the society that fuel such corruption.
84. See the ACP-EU Courier, especially the blue pages. Every issue of this publication carries information on the sectors receiving EU aid in all the ACP countries.
85. See B. Oyelaran-Oyeyinka, op cit.; Also, O. Ogun, op cit.
86. See C. Frankfort Nachmias and D. Nachmias, Research Methods in the Social Sciences (New York: St. Martin's Press, 1992). pp. 123-146. We rely largely on Contrasted Group Designs, particularly, the Planned Variation Design and Time Series Design.
87. Ibid., pp. 131-133.
88. Information obtained from both the Office of the EU Delegation in Nigeria and the CDI Local Antennae/Representatives in Lagos, 8 - 9 August, 1994.

89. Matching was done in terms of size, product lines, location, age of company etc. In addition to the lists from the chambers of commerce and industries, selection information was obtained from the works of researchers such as B. Oyeleran-Oyeyinka and Oluremi Ogun who have worked on these industries and in some cases, interviewed most of these firms.

CHAPTER TWO

EURO-AFRICAN ECONOMIC RELATIONS IN HISTORICAL PERSPECTIVE

Introduction

The origin of Euro-African relations which, this study argues, affected the ability of the latter to utilize the development opportunities of the Lomé Conventions, is complex. Attempts to critically situate the etiology of European presence in the African continent, the precipitating factors, processes involved and the consequences of this contact are, for the most part, controversial. For instance, there is considerable disagreement among scholars on what led Europe into Africa, with explanations ranging from the religious, humanitarian, social and military to the political and economic. Similarly, there is no consensus on the precise consequences of the European contact with and subsequent colonization of Africa.¹ This controversy notwithstanding, it is generally accepted that African countries - with the possible exception of Ethiopia and Liberia - emerged as sovereign states in the international economic system after an initial and sustained period of contact with Europe. That is, most African states that exist today are the products of European colonialism which, as an epochal process, had far-reaching implications for these states. This being the case, the question to be answered is, what precisely, are these implications? Put differently, how and to what extent did the unique historical contact between Europe and Africa affect the latter's politico-economic predicament today? Specifically, how did it affect their ability to respond to or take advantage of development opportunities offered by the Lomé Conventions?

This study argues that the mode of integration of African economies into the global economic system, particularly the economic policies adopted by the European colonial powers in the African territories that they controlled, affected the latter's contemporary economies, including their ability or lack of ability to respond to development opportunities offered by the Lomé Conventions. The logic and philosophy of colonialism produced African states whose socio-political and economic systems are characterized by several dysfunctional features in key areas such as industrialization, the nature of the state, classes and governance, among others, which have made it difficult for these states to forge ahead with economic development. Given the indelible impact that the process of European penetration of Africa has on the latter, it is necessary to briefly examine this process, noting its specific features and their effects. Thus, in setting out the historical dynamics that produced the contemporary African economies, this chapter is structured in four parts corresponding to the broad phases of Euro-African relations. The first part examines EurAfrican relations in the period of informal imperialism (1415-1880), followed by the period of colonialism proper (1880-1945). The third part looks at the period of decolonization 1946-1959, and the last part examines their relations in the post-independence or neo-colonial period (1960-present). In each of these periods or phases, attention is directed at identifying the underlying features of EurAfrican economic relations. Our objective is, a) to unravel the major characteristics of these phases and how they changed the traditional African socio-political and economic life, b) to examine how these features have continued to dominate the contemporary African economies, and c) in keeping with our argument, discuss how these features make it

difficult for the Nigerian, and indeed African, economies to respond effectively to development-enhancing opportunities in the international economy as those offered by the Lomé Conventions. It was the mode of integration of African countries that produced their contemporary socio-economic and political systems, including the various social forces that affect the development process. Thus, given its attention to classes and how different patterns of internal class structures and states emerge from their insertion into the global political economy, our sophisticated dependency framework enables us to discuss how these elements affect the efforts of these countries to respond to development opportunities in the international economy as instanced by the Lomé Conventions.

2.2 Brief Origins of Euro-African Economic Relations

There is a preponderance of works on the history of Euro-African economic relations which translates into a multiplicity of controversial views not as much on how, when and nature of contact as to what led to the presence of Europe in Africa and the consequences of this presence for the latter. This controversy notwithstanding, there is a considerably shared consensus that the contact did not take place uniformly across all of Africa and in the same period. For instance, whereas the coastal people of West Africa had been quite familiar with the European merchants since the fifteenth century, the

people of Old Oyo never saw the Europeans until the early nineteenth century. Similarly, the activities of various European groups in Africa - the merchants, explorers and christian missionaries as they precipitated the establishment of "formal" contact between Europe and Africa varied from one part of the continent to another across time.

In the main, the processes leading up to the establishment of economic relations between Africa and Europe span many centuries and scholars have attempted a periodization of these processes.² For our purpose, the history of Euro-African economic relations can be divided into four broad phases thus:

- A. 1415 - 1880: Period of informal imperialism³
- B. 1880 - 1945: Colonial period
- C. 1946 - 1959: Period of De-colonization
- D. 1960 - Present: Post-independence/Neo-colonial period

It should be noted that, as is typical of attempts at classification, the historical reality of Euro-African economic relations may not fit neatly into this scheme. Depending on what we consider to be the major economic features of Euro-African economic relations throughout the fifteenth century to the present, we may agree or disagree with the periodization as set out here. Similarly, developments which single out one phase from the next may vary from one scholar's understanding to the next.⁴ Also, while some may disagree with our dating of the end of the colonial period, it should be borne in mind that independence for African countries was not uniform, spanning from the 1940s to the

1970s. That we chose the 1960s relates more to the focus of this study (Nigeria) which became independent in October 1, 1960. Thus, the goal of our periodization is simple: a heuristic device to assist in our historical reconstruction of Euro-African economic relations. Second, the major trends in Euro-African relations in these identified phases, this study submits, laid the foundations for the emergence and characteristics of modern African economies - features which affect the latter's economic development efforts. This being the case, it is, therefore, necessary to go back in history and critically situate not only these trends, but the type of African economies that emerged.

A. Period of Informal Imperialism, 1415 - 1800

Spanning about four centuries, this period can be sub-divided into three phases viz: a) the early beginnings, 1415-1503; b) the slave trade, 1503-1807, and c) normal trade, 1807-1880. Led by Portugal, the early beginnings phase was occasioned by the need to secure effective trade with the far east.⁵ Historically, the bulk of supply of spices, silk, precious stones, ivory and other commodities needed in Europe from the far east was undertaken by Asian merchants. Not only did it take a long time for these commodities to reach Europe, their prices were unusually high by the time they reached their destination. Second, the moslem traders who acted as intermediaries between Asia and

Western Europe also controlled the markets of the commodities in Syria, Egypt and Asia minor. They were, therefore, able to and did interrupt Euro-Asian trade and made it difficult for European merchants to trade directly with the source of supply. Europeans thus sought alternative routes that would cut off the moslem intermediaries so as to facilitate importation of commodities directly from India and China. It was this need that fuelled, first, the Portuguese and later, other European nations' drive to the coast of Africa.

Characterized by scanty European activities on the coastal districts and valleys of navigable rivers in Africa, the nature of economic relations between Africa and Europe in this phase has been described as that of "peaceful trade"⁶. The French carried on trade in gum arabic from their posts on the senegal river, shipping gold from the Gold Coast, and other commodities such as ivory, pepper, hides and beeswax from other coastal settlements. The European settlements as existed were tentative footholds on the coastline, and even when they were fortified (as in the case of the Niger Delta), Europeans only carried out their operations from hulks moored off-shore. Relatively, only the French penetrated some distance into the hinterland, setting up trading posts several hundred miles up the river Senegal. In all, between 1415 - 1503, the Europeans had established about forty-three fortified stations on the African coast⁷ and the nations involved were Britain, France, Denmark, the Netherlands and Portugal. However, this "peaceful trade" was to change when the European nations switched to trade in what was considered a more functional and lucrative commodity (slaves) thus, commencing the second phase in Euro-African economic relations - the slave trade.

The era of the transatlantic slave trade⁸ initiated by the Portuguese and followed closely by other European nations, was the result of two factors - the passion for adventure and geographical discovery and the discovery of the New World and, with it, the potential value of African slaves.⁹ With the extension of Spanish conquests in the West Indies and on the American mainland, the demand for additional human material to exploit the natural riches, gold, silver, precious stones and spices waxed incessantly, attracting many other European nations. The British, French, Dutch and Danes all rose in the trade across the Atlantic and the New World, competing for mastery on the West African coast for the major commodity - slaves.

In other words, Euro-African relations in the era of slave trade - determined by the discovery of the New World, the development of economic enterprises therein by European nations, the need for human labour to operate these economic enterprises and the locating of this labour potential in Africa - was characterised by a tacit elitist arrangement between local African chiefs (suppliers of slaves) and the European trading merchants (buyers of slaves). The consequences of this trade for the African continent have been well documented.¹⁰ While the controversy surrounding the nature and extent of the impact of the transatlantic slave trade on Africa is beyond our scope, it should be noted that the trade had far-reaching implications for Africa in the later years. So obnoxious was the trade (and its effects) that the European slave trading merchants, particularly Britain, turned around and called for its abolition.¹¹ But, the pertinent question is, why did Britain whose share in the slave trade had exceeded those of other European countries¹² lead the crusade against the continuation of the trade? An

exploration of this question and the economic and ideological changes behind it leads to the next phase of Euro-African economic relations between 1807 -1880: that is, the era of normal trade.

The British move to abolish the slave trade was in consonance with, and a reflection of, her changing economic conditions, particularly, the industrial revolution which was well underway in England. To J.B. Williams, the "abolition of slave trade was only a manifestation of the major change from the era of mercantilism to that of industrial revolution and aggressive free trade."¹³ Second, the economic position of the New World which justified the need for the slave trade *ab initio*, had changed in the early 1880s.¹⁴ The abolition of slave trade, therefore, rather than reduce, increased the level of economic conurbation between Africa and Europe. With the industrial revolution in Europe and the potential which Africa offered either as a social formation to be exploited by capital for raw materials or markets, the methods of trading changed. Since the African territories were not yet politically independent in the modern sense, the trade was run by the more powerful European firms which handled the shipment of commodities from the African coast. While it would be superfluous to discuss all these companies and their activities in Africa in this period, a look at one of them - the Royal Niger Company - as it affected the social formation under consideration here (Nigeria) is illuminating.

During this period, British traders penetrated deeply into the hinterland and became involved in the economics and politics of what later become Nigeria, and in order to protect their interests, empowered Sir George Taubman Goldie to form the United African Company. Thereafter, the company was granted a Royal Charter to "bring peace and

stability over the Niger territories and gain supremacy in the economy".¹⁵ The granting of this charter by the British government implied effective occupation of the Niger area. Goldie thus reorganised trade on the Niger area, bringing about a monopoly and the establishment of ultimate British authority to govern the area. This was unique because though other European powers traded in the West African coast, they did not assume the economic and political power which Britain had over Nigeria at this time. For example, though the French penetrated the Cote d' Ivoirean hinterland to prospect for gold and establish coffee plantations and general commerce, they did not assume the power that Goldie did. Not unexpectedly, the economic intervention of Britain did not go unchallenged by the local (Nigerian) chiefs. However, these resistances were quelled or settled in favour of the British due to the latter's control of more sophisticated technology. Despite the potential for legitimate commerce which Nigeria and the African continent offered and the stiff resistance which Europe encountered among the local African chiefs that made trading difficult, outright subjugation or physical occupation of Africa by Europe was never the question at this time because of the deep-seated hostility of European governments towards colonial ventures in Africa at this time which was, however, to change in the latter years.¹⁶

That is, though the factors responsible for the European scramble for Africa in this period are controversial, what is not in doubt is the fact that, between 1880 and 1884, European powers had become sufficiently interested in Africa for several political and economic reasons. The interests and activities of the European nations in particular areas of the continent began to conflict with each other. This clash of interests of European

powers in Africa provided a diplomatic situation in which Germany was to call these European nations in question to the 1884 conference to discuss the terms by which henceforth they were to carry on economic relations with Africa and how freedom of trade was to be maintained in the continent. The European countries felt they needed Africa's "supposed" wealth and, unable to agree among themselves to leave it open to free trade by all, and (wisely?) refusing to trust their capital investments to local African chiefs and their intermediaries, used the Berlin conference as a framework to shape their economic relations with Africa. This conference is significant in African history not only for introducing the next phase (the colonial phase) in the history of EurAfrican economic relations, it left an indelible mark: the creation of new political units in Africa which have, almost unaltered, formed the basis of the politically independent states of Africa today.

In sum, the salient features of the first broad phase of Euro-African relations - the period of informal imperialism - include, among others, a fundamental transformation of the traditional African socio-political and economic landscape. First, it transformed the pre-colonial African mode of production. Agricultural production was changed from production for subsistence to production for the market. This change was accompanied by yet another - the monetization of African economies or the pervasiveness of money as the medium of exchange and the development of the attributes of the modern monetary and credit systems.¹⁷ This was done by the, a) annihilation of the traditional currencies through depreciation and displacement, b) encouragement of wage labour by force - for instance, by appropriating arable land from the indigens, and c) imposition of taxes which

were to be paid in European currency.¹⁸ This novel development - payment of taxes in European currency - summed the monetization process and, with it, the transformation of the social relations of production: it forced the indigens into forced labour and wage-earning. Similarly, the slave trade produced a class of rich and powerful merchants which further changed the nature of class relations in these societies. These features resulted in various forms of limitations for these economies today. For example, the emphasis on commodity production resulted not only in the identification of these economies with the production of a particular commodity or commodities, but their disproportionate reliance on such commodities which, as a limitation, continues to plague African economies. These features which began in this phase were to be consolidated in the colonial phase through the policies of the colonial powers when the latter took full control of African territories.

B. The Colonial Era: 1880 - 1945

The nature of Euro-African economic relations during the colonial era further intensified and consolidated the features noted in the period of informal imperialism which affected the ability of the African countries to take advantage of the Lomé Conventions. These features include, among others, the impact of the colonial process on industrialization, the nature of the state, class relations and the issue of governance. Before

elaborating on how these impact on the ability of African countries to respond to the development opportunities offered by the Conventions. a brief look at the colonial process that produced them is in order.

By and large, the nature of Euro-African economic relations during the colonial era was determined by two main factors - the need to tap the potential resources of African territories and the philosophical dispositions of the European powers about these territories as expressed in the policies adopted in the politico-economic administration of the latter. The economic policies adopted by the colonial powers in Africa (whose implications for the post-independence African economies are partly responsible for the latter's inability to take full advantage of the Lomé Conventions) bears out the argument that it was primarily due to economic reasons that Europe established relations with Africa. The main objectives of the British economic policies adopted (in Nigeria) were the stimulation of production and export of cash crops such as rubber, cocoa, palm produce, timber, coffee, groundnuts and cotton, encouragement of consumption and expansion of importation of European manufactures as well as ensuring that, as much as possible, the trade with the colony was conducted with the metropolitan country concerned.¹⁹ In addition, the colonial regime was to provide for the colony only what could be paid for from taxes, customs and excise duties and loans serviced exclusively from local sources. There was thus no conception that metropolitan funds should be invested in colonial infrastructure to stimulate development.

Euro-African economic relations during this phase was dominated by laissez-faire; that is, state encouragement, rather interference with, trade. In practice, however, the

colonial currencies, banking facilities, navigation, judicial processes, customs regulation and other measures ensured the domination of the economy by a relatively small number of large expatriate firms which made sure that Africans were eliminated from the import/export trade.²⁰ To effectively tap the economic potential, a systematic practice of promoting cash crops production was instituted. Also, in order to facilitate the transportation of these crop to the coast for onward export to Europe, attention was focused on the construction of railways, roads and ports. Between 1890 and 1926, the French, for instance, constructed railways from Dakar to Bamako (Senegal and Mali respectively), from Conakry to Kankan (Guinea), and from Cotonou to Paraku (Republic of Benin). In the same period, the British also built the Freetown-Pendembu line (Sierra Leone), the Secondi-Takoradi-Kumasi and Accra-Kumasi lines (Ghana), and the Lagos-Kano and Port Harcourt-Zaria lines (Nigeria), while the Germans built the Lomé-Blita line (Togo).²¹

The net economic result of these processes was a phenomenal increase in the volume of trade between Europe and Africa, particularly in the shipment/export of cash crops from Africa to Europe as table 2.1 indicates below. By entrenching one of the major features of Euro-African economic relations in the colonial period - "classic European monopoly of commercial control of African economies"²² - Europe effectively assumed the largest share of African-world trade, with an average percentage share of 66.6 per cent of the total exports of the colonies between 1949-1952, and 71.7 per cent between 1956-1958, while only 33.4 per cent and 28.3 per cent went to the rest of the world (excluding other African countries) respectively during the two periods under review. Similarly,

Europe's imports from the colonies rose from 20.6 per cent between 1949-1952, dropping slightly to 18.3 per cent between 1953-1955 and rising again to 25.7 per cent between 1956-1958. This compares to Europe's imports from sub-saharan Africa of only 11.7 per cent and 9.5 per cent respectively in the same period.

Table 2.1 Average Percentage Share of African Colonies Trade with Europe in the Colonial Era (1949-1958).

	1949-52	1953-55	1956-58
African colonies' exports to:			
the world*	33.4	28.1	28.3
of which Europe	66.6	71.9	71.7
African colonies' imports from:			
the world	32.8	34.8	33.4
of which Europe	67.2	65.2	66.6
Europe's imports from the LDCs of which:			
African colonies	20.6	18.3	25.6
Sub-Saharan Africa	12.7	11.7	9.5
Latin America	17.9	16.0	14.6
Rest of the world	48.8	54.0	50.3

*The world: Excluding other African countries (that is, intra-African trade).

Source: data compiled from A. Ouatarra, "Trade Effects of the Association of African Countries to the EEC", in IMF Staff Papers, Vol. xx, no. 2, 1973; IMF, Directions of Trade Yearbook, (Washington, D.C.: IMF, various years); United Nations, Yearbook of International Trade Statistics, (New York: United Nations, various issues).

This nature of economic interaction between Europe and Africa was fuelled by the colonial administrative policies adopted by Europe. Though the policies differed from one colony to another and according to the philosophical dispositions of the colonizing

European powers, they shared the commonality of fundamentally transforming African economies from their pre-European contact stages. While Portugal and France regarded their African colonies as *territoires d' outre-mer*, the British regarded its own as separate entities. Accordingly, administrative policies in line with these conceptions were inaugurated. The British found indirect rule, through which Africans were allowed to have more control over their own affairs, expedient. Since Britain saw its African colonies as distinct social formations from itself, very little was done to create an improved economic order for the colonies. The economic impact of this was that foreign investment in the economy was discouraged. Whatever resources were needed for colonial administration and development of the economy were to be obtained locally. In the context of the overall philosophy of British colonialism of minimum resource input for maximum output returns, very little of the resources extracted from the country was re-invested in the economy.

France and Portugal, on the other hand, found the policy of assimilation and, later on, association²³ expedient to their conception of the African colonies and initiated various socio-political and economic policies and programmes to reflect this. But, rather than launch the colonies into the path of sustained economic independence, they laid the basis for, and perpetrated the underlying characteristic of the contemporary Francophone African economies - excessive dependence on France. France gave exclusive economic privileges to its colonies, for instance, the *surprix* (price support system) for their exports to the extent that made it almost impossible for its colonies to trade with other European nations. In 1953, 85 per cent of French West Africa's import came from France and nearly all of its exports went to France, with the latter paying about 15 per cent above the

world market prices for the colonies' products in the same period. So also did France provide generous capital to its colonies: from 1947-56, 70 per cent of public capital investment in French West Africa came from France.²⁴ While the effective support of African colonies by France in the colonial period is, from an economic point of view beneficial, not necessarily bad for the colonies, it had latent drawbacks. First, the price support system not only encouraged inefficient production, it also took away all incentives for competition, improvement and growth as it fuelled complacency. Second, it gradually established the unfortunate dependence of not just the colonies (then), but also the contemporary Francophone African economies on France which has proved difficult, if not impossible, to shake off.²⁵ The result of this is that these African countries hardly initiate change - they merely respond to it. This mode of integration of African economies into the world economy as primary producers largely dependent on Europe for trade and other forms of economic relations - poses a fundamental problem as it undermines, in different ways, their ability to take advantage of opportunities as exist in the international political economy from time to time.

In other words, the key points in EurAfrican economic relations in the colonial era as they affected and continue to affect African economies are many. There was the reorientation of the socio-economic structure. Among the key areas so changed was the economy. As earlier noted, pre-colonial African economy consisted primarily of a agricultural produce geared largely for subsistence with little for the local market. But, this was transformed and commercialized by the introduction of cash crops and the development of plantations.²⁶ In Nigeria, this meant placing emphasis on the production

of such crops as cocoa, cotton, groundnuts, and palm oil which were needed in European industries. The establishment of the plantation system, introduction of metropolitan-oriented cash crops, the financial and other infrastructure to serve the production structure so introduced and the establishment of the basic institutions of foreign trade with the metropolis changed the face of agricultural production. To facilitate the evacuation of these products, the railway and other road networks were built to join the producing areas with the ports. It was during the colonial epoch that palm oil and cocoa production were successfully initiated for export in Nigeria. The enduring results of this colonial policy on post-independence Africa are indelible. First, is the identification of African economies with particular commodities. During the colonial period, each colony was made to produce a single cash crop or two and no attempts were made to diversify the agricultural sector. It would have been expected that such diversification would have been the case since it would have ensured a more stable revenue level to the colonial administration. But, to do so was to contradict the philosophical doctrine of colonialism which was to extract maximum resources at the minimal cost possible. Besides, a diversified and vibrant colonial economy would have equipped the local nationalists in the dying days of colonialism with potent means to fight against foreign domination. That African economies continue to produce particular agricultural products for export and have found it difficult to diversify today is not in doubt, and is one of the causes of their inflexibility as well as inability to respond to changes or opportunities in the international political economy such as those of the Lomé Conventions.

Perhaps, one of the most obvious features of Euro-African relations in the colonial

era is the nature of the state as a political community. It goes very much without saying that without the European partition, African states in their contemporary form may not have emerged. When the Europeans withdrew in the wake of African nationalism, they left behind, as political structures, states which have been defined as "over-developed".²⁷ As dependent appendages, these states' territories were and have remained ambiguous. Collectivities of some people or nations were arbitrarily divided up into different countries. Unfortunately, even at a highly geographical level, this legacy has proved problematic rather than unifying. Examples of the experiences of Nigeria, Liberia, Somalia and Sierra Leone are indicative of the problems of forceful agglomeration of disparate nations into one state which African countries are facing today.

Second, as Amilcar Cabral argues, the problem of the nature of the state created during colonialism is perhaps the secret of the failure of African countries to live up to the challenges as well as the opportunities in the global economy today.²⁸ This is because there are crucial attributes of the contemporary African states which seem to follow ineluctably from the continuing strength of the imperial connection and the role assumed by the indigenous petit bourgeoisie as intermediary between the imperial system and the domestic social formation. The original base of the state apparatus inherited by post-colonial Africa lies in the metropole whose task it was to subordinate all the indigenous classes in the colony. That is, in order to transform the colonies, the metropolitan bourgeoisie created a superstructure in the colonies which was "over-developed" and equipped with a powerful bureaucratic-military apparatus and mechanisms of government which enable it to subordinate the native social classes.²⁹ That post-

independence Africa inherited this apparatus of the colonial state is evident in the ever-widening power of the state in interfering, and controlling the rest of the society.

Besides this, the institutionalized colonial style of politics has continued to impinge adversely on Africa as a source of instability. As a by-product of the colonial administration, the African elites as emerged, have an orientation that is not self-generative. In Nigeria, by manipulating the nascent elite and regionalizing politics, the British rendered manifest whatever latent centrifugal political forces there were in the country. In the emerging regionally based parties, the elite joined forces with the indigenous commercial elite to monopolize political power. To do this, they had to draw on the language of primordialism and communal parochialism for the terms of political discourse. While such a political language is functional for their purposes, it is essentially dysfunctional as it creates an "us" versus "them" dichotomy, a dichotomy which is alienating to those at the boundary areas leaving them with a sense of marginality.³⁰ In other words, the colonial process abnormally socialized the African elite, bringing about an incongruence and a dissonance between acquired attitudinal dispositions and the institutional political structure which emerged. From this perspective, therefore, it becomes obvious that colonialism succeeded in intensifying the cleavages inherent in the social structures of the colonized African societies. On the one hand, it left with the nascent political elite a role profile of political leadership cast in an elitist mould and created political structures calculated to foster elite particularistic values. On the other hand, while creating institutions whose operating principles demanded a participant and responsive political culture, it socialized the local population into a subject and passive behavioural

disposition. Thus, African states emerged as political systems whose parameters were heteronomously prescribed and imposed in a manner which in no way reflected the structural realities of the society. It was a system, moreover, which precluded any serious attempt at an autochthonous social engineering aimed at structural congruence. As an inheritance, nothing could be more debilitating and conflict generating.³¹

Closely related to this are the colonial issues of classes and governance. The problem of classes in Africa is not new, though it was blurred during the pre-independence period when all classes joined forces to eject the colonial power. In the wake of political independence these temporarily submerged class cleavages reappeared on a greater scale.³² During colonialism, the exchange relations with the metropolitan economies and the penetration of the metropolitan cultural institutions spawned the emergence of a new African social class responding to new economic opportunities in trade and in colonial bureaucracies associated with the culture of the metropolis.³³ It was this that eventually stepped into the shoes of their metropolitan counterparts upon formal political independence of their respective countries. How does this impact on contemporary African states' ability to respond to developments in the global economy?

First, these classes are part and parcel of the causes of the crisis of Africa's underdevelopment today. With a few exception, these classes are an integral part of the structure of imperialism and the syndrome of imperialist exploitation. Using the policy of indigenization, Claude Ake³⁴ gives an example of the colonial roots of the petit bourgeoisie and how this fuels the development problems of Africa. The rationale for the indigenization of African economies has been to wrest the control of the commanding

heights of the economies from foreign control in order to allow for proper planning in accordance with the needs and realities of African economies by Africans. Complete and successful indigenization, however, would entail disengagement from exploitative relations with international capitalism - it will jeopardize the interests of the metropolitan bourgeoisie. In other words, this means that indigenization would eventually come down to a battle against international capitalism - the very base of the local bourgeoisie. Unfortunately, the latter is not in a position to put strong pressures on Western capitalism because the extent of its dependence on the West does not allow it the requisite leverage. Since a meaningful attempt to address the problem of dependence of African economies will create severe economic hardships in the short-run, the resulting temporary disequilibrium and shrinking economic surplus would give the local bourgeoisie less room to manoeuvre and hence, compound their problems.³⁵ Thus, not wanting to lose their power base, the ruling classes shy away from confronting the problems and realities of the African condition. Although Ake's example above does not recognize the possibility for a dialectical process, and with it, the emergence of other interests whose inputs in the indigenization process can not be completely ruled out, it gives an insight into the pervasive role played by this class in the development process.

Similarly, the inherited colonial state practices and elite behaviour continue to impinge on the problem of governance in Africa. The governance problematic concerns issues of state responsiveness and accountability and the impact of these factors on political stability and economic development. With its emphasis on developing networks of reciprocity and exchange, governance increases the possibilities of accomplishing more

while spending less.³⁶ In Africa today, unfortunately, achieving this has been difficult and the seeds of this problem can be found in the colonial epoch. First, the colonial state was centralized for the purpose of facilitating the unquestioned obedience of orders in the extraction of resources from the colonies. Second, the extracted resources were not meant for the African citizens, except as by-products. Third, in its operation, the colonial state was arbitrary in its practices and policies. All of these, it can be argued, have not been lost to contemporary Africa - witness the arbitrary and repressive use of state apparatus by the ruling elites and non-application of governmental regulations in the process of governing. They consolidate power at the political centre and extract considerable resources from the society, spending much of what is obtained on themselves. The net result is their incapacity to spur African countries' development as a whole, the enfeeblement of the rules of the political game, a decaying economic and social infrastructure and intensification cleavages between state and society.

Perhaps, no where else more than in industrialization are the features of the colonial period more apparent. It resulted in what J. Rweyemamu calls the "perverse capitalist industrial development model"³⁷ because in its institutional setting, the post-independence industrial development of African countries is not likely to lead them to self-generating and self-sustaining development. During colonialism, the deliberate emphasis on agricultural and mineral production and export could not serve as a basis for capital accumulation in Africa. By actively discouraging both processing activities and manufacturing in the colonies, the colonial state reduced domestic linkages within these economies, thus, segmenting the political economy. Langdon and Mytelka³⁸ have shown

how both the French and the British thwarted attempts at forward and backward linkages by deliberately pursuing policies which fostered an international division of labour that reserved manufacturing activities to the metropole and relegated the colonies to the task of supplying raw materials and agricultural goods. Where any token of industrialization was attempted at all, it was in the form of assembly plants. The implications of this are reflected in the post-colonial African industrialization pattern which can be described as "extraverted" with its disarticulating tendencies and inevitable role for multinational corporations.

First, industrialization in contemporary Africa is characterized by disarticulation: that is, lacking in complementarity between the various sectors of the economy and forward and backward linkages. Articulate industrialization would provide supportive linkages between such sectors as agriculture, mining, processing, manufacturing, marketing, transportation, and communications, among others. It entails the integration of the strength within each sector so as to maximize the strengths of the other sectors and to propel the entire economy towards greater and more efficient productivity.³⁹ This is precisely what African economies lack. Instead, their pattern of industrialization looks outward for imports of crucial components without which the industries concerned cannot function. As a feature of the colonial era of Euro-African relations, this has continued to persist, because even when some African states attempted the import substitution strategy, rather than produce the desired results, it reinforced their dependence on the external environment in the form of crucial inputs for industrial production. Had the colonial policies encouraged the establishment of capital goods industries or not continued

with the reluctance to transfer vital industrializing technology to Africa instead of nursing policies which reinforced the dependence of Africa on the West, the industrial picture of Africa would have been different today.

In other words, the colonial era of Euro-African relations, by providing the mechanisms for the incorporation of Africa into global capitalism, laid the basis for the course of future developments in its countries. These features which were inherited by the post-independence African economies have been difficult to ignore or shake off. As Crawford Young argues,⁴⁰ some illumination into the current situation in Africa can be obtained by a retrospective examination of the impact of colonialism on its economies, because deeply embedded in their contemporary form are a number of characteristics and behavioral dispositions which originate in the colonial era and continue to affect their ability to take advantage of the development opportunities offered in the international political economy such as the Lomé Conventions.

C. De-colonization Era, 1946-1959: Treaty of Association

The end of the second world war changed European economic objectives in Africa. This put the future of Euro-African economic relations into question, especially as the momentum of decolonization of African colonies began to change the political status of

the latter. Since the European Coal and Steel Community nations (largely the same nations with colonial possessions in Africa) were negotiating to form the Common Market, the future of economic relations with these overseas territories, once the new European unit was initiated, was at issue.⁴¹ This led to a variety of proposals aimed at structuring the changing Euro-African relations. Some of these include the European Economic Conference of 1945, the Strasbourg Plan, and debates in the Commonwealth and in the Organization for European Economic Cooperation.⁴² Articles 131-136, Part IV of the Treaty of Rome provided for association with the Community of "non-European countries and territories which have special relations with Belgium, France, Italy and the Netherlands" for the purpose of promoting the economic and social development of these areas and the establishment of close relations between them and the Community as a whole.⁴³ In the ensuing negotiations leading up to the Treaty of Association, Community member-states held differing and often conflicting positions on how the territories were to be treated, reflecting once again the interests each had in these territories.⁴⁴ In the end, association status was granted to the colonies of the Community member-states.⁴⁵

In the Association Treaty, two main elements of development cooperation - free trade in both directions and economic aid - were fashioned. Specifically, the classic pattern of exclusive trade relationship between the metropole and its colonies was to be transformed into a new multilateral EurAfrican relationship. By abolishing the monopoly of commercial control which individual European powers had maintained over their respective spheres of influence in the colonial era, and thus allowing all Community members to undertake commercial activities in these territories, multilateralized

commercial relations were to be the norm. It was thought that the close economic ties between the territories and the Community would mean that the volume of economic interaction between them, for instance, trade, would increase relative to other countries that lacked this arrangement. But, the volume of Community-Associates' trade during this period actually declined. From 1953-1958 (pre-Association era), the Community took an average of 72 per cent of the Associates' exports. This share was to fall down to 65 per cent when the Association was operating between 1959 to 1963.⁴⁶

Compared to that with other less developed countries, the Associates' trade with the Community grew less rapidly. The Associates supplied 14 per cent of Community imports in 1957, dropping to 11 per cent in 1963. This poor performance is attributable, in part, to the problematic nature of the Association's clauses on free trade. While the Associates' products were given trade preferences by the Community in theory, in practice, this was not the case. Their most important exports were not given preferences over the exports of third countries. For example, one of the single most important of the Associates' products at the time - copper - which accounted for 15 to 20 per cent of their exports, was not given preferred status, nor were the exports of timber and other minerals⁴⁷.

Similarly, the implementation of equal rights to establishment of companies or the free conduct of commercial activities by the Community members in the Associates was slow. French companies continued to receive favoured treatment over and above other European companies in the former French colonies. The result was that the traditional colonial trading pattern persisted, thus defeating one of the objectives of Association. For

example, France assumed 55.6 per cent of Senegal's exports in 1958, while Germany had only 5.6 per cent, Italy 2.8 per cent and the Netherlands 4.5 per cent from same.⁴⁸

In addition, an aid regime was established due in part to Europe's psychological need to maintain political relations with its erstwhile colonies. The aid regime provided for the establishment of the European Development Fund (EDF I) totalling \$581.25 million to cater to the Associates' development needs. Of this amount, however, 87.8 per cent was to be allocated to the former French colonies; 6.02 to those of the Dutch; 5.16 per cent to those of Belgium and 1.02 to Somaliland.⁴⁹ The focus and criteria governing aid distribution and the use to which this aid could be put were also contentious. EDF I was tailored towards ACP countries whose economic and social infrastructure were still very inadequate - its resources were to be used for basic facilities such as transport and communications networks, hospitals, maternity units, dispensaries, schools and wells. In the subsequent Conventions, this was to progress towards investments in the productive sectors such as agriculture and other projects that would make for the diversification of the ACP states' economies. But, this did not happen and the pattern did not change as expected. As a result, only a very small proportion of the Yaoundé resources was devoted to the development of agriculture or directly productive schemes such as manufacturing. Where agro-industrial projects were financed by the EDF (such as the Solar Pump), these have often failed to achieve their purpose because they were not properly integrated into the technologically less developed economies of the ACP states⁵⁰ and did not take into account human reactions to the disruption of the existing way of life or production methods. Thus, the trade and aid programmes under Association did not produce any

fundamental economic or social changes in the Associates, neither did they transform the nature of Euro-African economic relations significantly.

While other ex-colonies⁵¹ were willing to enter into special relations with Europe, this was not the case with Nigeria. From the outset, the country had opposed any form of economic arrangement with Europe or any other part of the developed world due to neo-colonial considerations and its policy of non-alignment. As already noted, when the issue of post-independence Nigeria-Community economic relations was first tabled in 1962, the Nigerian government argued against any formal economic agreements with the Community. Three questions were of concern to Nigeria here. First, what would be the implications of association for the sterling area of which it was a member - whether the sterling area would continue, and if it would not, what its replacement would be. Second, whether or not the Commonwealth countries would continue to enjoy access to the London market and, third, whether or not there would be a substantial diversion of investment resources from the Commonwealth, and who would bear the burden.⁵² On account of its apprehension over these questions, the Nigerian government decided that, rather than associate with the Community, the country would work towards intra-African economic cooperation and the formation of an African Common Market.⁵³

This feeling of distrust and reluctance by the Balewa government to associate with the Community was taken up by subsequent Nigerian leaders. For example, the 1967-1975 Nigerian Head of State, General Yakubu Gowon had, in a similar vein, argued that "Nigeria can not and will not contemplate any form of agreement or association with the Community which in any way, savours of colonial or neo-colonial relationships".⁵⁴ Thus,

despite the potential benefits of association, the Nigerian position was that such agreements were colonial and, if prolonged unduly, would turn Africa into an appendage of Europe. In addition to this, the terms of association were objectionable to Nigeria. The granting of reverse preferences was considered unfair to economies of the Associated States as they would be making greater sacrifices than the more advanced economies of the Community since the finances accruing from tariffs constituted a higher proportion of the budget of the former than the latter.⁵⁵ Most importantly, the Nigerian government believed that reverse preferences represented an obstacle to economic cooperation between neighbouring African countries and to the formation of regional economic communities. The aid programme of association was also seen by the Nigerian government as a failure since it had been unable to transform the Associated States economies as expected. If anything, the aid regime was a veneer to mask the continued exploitation of Africa by Europe. As Gowon put it, "the present (aid) system ... in the end makes Africa an exporter of capital so desperately needed for local development to the developed, industrialized economies that often falsely claim to be aiding us".⁵⁶

In summary, the main features of Euro-African economic relations in the decolonization era included attempts by Europe through multilateral economic cooperation to concretely assist in the development of their erstwhile African colonies. This was evident in the provisions of the Treaty of Association, particularly in the areas of trade and aid. Although no significant strides were recorded in the achievement of the objectives of the Treaty, it set the tone of the subsequent Euro-African economic relations which were expressed in the Yaoundé Conventions.

D. Post-Independence Era, 1960 - Present

(i) The Yaoundé Phase, 1960 - 1974

The circumstances leading up to the phase of the Yaoundé Conventions can be traced back to the Treaty of Rome and the attainment of political independence by most of the African colonies. Under article 238 of this Treaty, the Community could "conclude with a third country, a union of states or an international organization, agreements creating an association embodying reciprocal rights and obligations, joint actions and special procedures". Through this legal umbrella, the Community could, therefore, enter into a wide range of associative relationships - those dealing with future membership of the Community or those aimed at special objectives such as trade preferences and economic cooperation.⁵⁷ Also, the Treaty specified that the associate status of the (eighteen) African territories was scheduled to run for five years, beginning from 1958. Several factors were at play here that made a new economic arrangement necessary. Besides the five-year life span of the Association which was already coming to an end, the attainment of independence by other non-associated African countries necessitated an arrangement that would reflect their status and accommodate their interests. Second, between 1961 and 1962, the United Kingdom began to negotiate its membership of the Community. This implied that the interests of its Commonwealth territories should be catered to by the Community as well. In the face of the enormous development problems confronting their economies, African leaders were poised to continue their special trade

and aid relationships with Europe.

Negotiations leading to the draft association agreement between the Community and the Associated African and Malagasy States (AAMS) began in 1962 with the two groups seeking widely divergent goals which, through a process of compromise, culminated in the Yaoundé I agreement⁵⁸ in June 1963. As a political entente arising from the Treaty of Rome to accommodate the newly independent associates in a special relationship with the Community, the objectives of the Yaoundé agreement have been described as

general aspirations which were phrased to appeal to the sensibilities of the newly independent AAMS, to counter the neo-colonial criticisms circulating about the relationship and to demonstrate that the basis of the agreement was in accordance with the international norms of the day.⁵⁹

The main provisions, which the African countries had little or no capacity to influence, included trade expansion, rights of establishment, enlargement of the EDF and creation of new (political) institutions. The first three provisions reflect a direct continuity from the Association Treaty. Only the last one - political institutions - was novel, reflecting the changing political status of the AAMS as "equal partners" with the Community.

Yaoundé I expired in May, 1969 and, given the interest of both parties, it was agreed that the arrangements be continued. There was need to keep the momentum in the face of competition from other African countries which had not only become independent, but also shown a healthy interest in negotiating special trade relations with the Community. The results of the ensuing negotiations produced the Yaoundé II arrangements which, with minor modifications, were a continuation of Yaoundé I. In fact,

27 of the 64 articles in Yaoundé I were left unchanged, just as the rights of establishment and the provisions concerning institutions and procedures. Because of the similarities of the provisions of Yaoundé I and Yaoundé II arrangements, their impact on the AAMS are evaluated simultaneously.

A critical look at the results of the Yaoundé Conventions (I and II) shows that they did not transform Euro-African relations in a significant fashion. In the area of export trade, for example, the results have been well documented as disappointing.⁶⁰ Table 2.2 shows the percentage shares of AAMS' export trade with the Community vis-a-vis other developing countries in the Yaoundé era (1964-1974). As the table indicates, while 10.0 per cent of the AAMS' exports went to the Community in 1964 (when the provisions of the Yaoundé Conventions were yet to take root), this declined to 5.3 per cent seven years later (1971). Since the AAMS have special trade preferences with the Community, it would have been expected that, all things being equal, AAMS-Community trade would expand more rapidly and the share of the Community market controlled by the AAMS would also rise above those of other developing countries that lacked these preferences. But, as evident from table 2.2, some other regions performed better than the AAMS. In 1964, for instance, Latin America's exports to the Community stood at 24.4 per cent as against the 10.0 per cent of the AAMS. Similarly, Middle Eastern exports to the Community were 24.7 per cent, while those of North Africa were 14.2 per cent in the same period. In general, while other regions exports to the Community tended to grow, those of the AAMS actually declined. This decline, it has been pointed out⁶¹, fits into a broader historical trend in which the AAMS seem to have steadily lost ground in their

trade with the Community despite their preferential status. This poor trade performance

Table 2.2 Shares of AAMS' Exports to the Community vis-a-vis Other LDCs in the Yaoundé Era, 1964-974 (Percentage).

Year	AAMS	L.A	Asia	M.East	N/Africa	Other
1964	10.0	24.5	11.0	24.7	14.2	8.9
1965	9.0	24.5	10.9	25.0	13.3	10.3
1966	9.8	23.6	11.0	24.1	14.8	10.0
1967	9.5	23.2	9.9	26.1	18.0	7.1
1968	10.2	20.5	9.5	27.0	20.9	1.6
1969	6.9	17.3	12.6	24.6	15.1	10.7
1970	6.5	20.0	12.4	25.3	14.9	10.6
1971	5.3	17.5	12.5	32.2	13.1	8.3
1972	5.3	17.4	13.2	33.4	11.1	8.6
1973	5.9	17.2	14.7	33.7	11.4	7.4
1974	6.6	12.5	8.5	45.5	14.9	3.4

*Asia, excluding Japan.

North Africa - Algeria, Libya, Morocco, Tunisia.

Source: Calculated from the IMF, Directions of Trade, 1964-74. (New York: IMF, various years).

is explained by, among others, the activities of the Community itself. Bound by its undertaking to the 1968 UNCTAD conference, the Community instituted the Generalized System of Preferences (GSP) for all the LDCs without seeking reciprocal preferences in

return. With this action, the Community reduced its tariffs on key commodities of cocoa, coffee and palm oil from all sources, the AAMS included. Though the Yaoundé preferences to the AAMS seemed exclusive, their potential benefits were reduced and undermined by the GSP.

A look at the overall value of the AAMS' world trade further substantiates this point. It could have been argued that the fall in the AAMS' exports to the EU might have been the result of the former diversifying its market and as such reducing their dependency on the EU. This, however, was not the case because first, though the AAMS recorded some growth in the value of their world trade in the years under consideration, for example, from \$61.3 million to \$71.9 million between 1964 to 1966 and \$85.3 million to \$98.9 million between 1969 to 1972 or an increase of 17.3 per cent and 16.0 per cent respectively, it was largely oil exports that account for this increase.⁶² In the period under review, oil accounted for well over 30 per cent and 46 per cent of AAMS' exports to the EU⁶³. This means that if oil exports are discounted from the overall AAMS' exports, their share of the EU market for other commodities would decline. Thus, that the EU is the second largest consumer of the AAMS' oil exports after the United States, suggests that the AAMS trade for other commodities besides oil - both with the EU and the world - was simply declining.

In terms of Yaoundé aid, this is captured in table 2.3 below. In absolute terms, there was a progressive increase in the amounts allocated: from 730 mua (million units of account) to 1000 mua (EDF and EIB loans combined) in Yaoundé I and II. This apparent increase has led to the Community's claim that the Yaoundé aid regime was

Table 2.3 EEC Development Assistance Flows (EDF) to the AAMS in Yaoundé I and II (in million units of account).

Period	AAMS		*OCD		Total	
	Yaoundé I	II	I	II	I	II
EDF grants	620	748	60	62	680	810
Special loans	46	80	4	10	50	90
Total:	666	828	64	72	730	900
EIB (loans)	64	90	6	10	70	100
Total:	730	918	70	82	800	1000

*Overseas Countries and Departments.

Source: Adapted from M. Lister, The European Community and the Developing World: The Role of the Lomé Convention. (Aldershot: Avebury, 1988), p. 49.

attractive. But, this position does not take into account inflation or the increased number of AAMS countries in Yaoundé II which now vie or compete for aid disbursements. As Pearson and Schmidt have shown⁶⁴, whereas EDF I had been worth 564 m.u.a., EDF II was worth less, ranging between 454 and 564 m.u.a. in real terms.

Similarly, there were problems in terms of the direction and sectoral allocation of Yaoundé aid which is shown in table 2.4. The development of two sectors - rural transportation and communication and rural development promotion - assumed 32.3 per cent and 37.2 per cent of total Yaoundé I and 36.3 and 27.1 in Yaoundé II aid disbursements respectively. This priority was based, it was argued, on the low levels of economic development of the AAMS. But, to concentrate on the above sectors to the neglect of industrialization (which had only 5.6 per cent and 6.2 per cent in Yaoundé I

and II) was inadequate. This is because the problem of these economies was their

Table 2.4 EDF Disbursements to the AAMS According to Sectors Under Yaoundé I and II (Allocations in Percentage).

Sector	Yaoundé I	Yaoundé II
Industrialization	5.6	6.2
Tourism	-	0.2
Rural Development Promotion	37.2	27.1
Trade Promotion	0.2	0.8
Transport, Communication	32.3	36.3
Health	4.1	3.2
Education, Training	9.8	11.3
Water Engineering & Urban Infrastructure	6.9	6.0
Exceptional Aids	0.1	3.6
Miscellaneous	3.8	5.3

Total =	100	100

Source: Data culled and adapted from J. Moss, *Ibid.*, p. 14.

reliance on agriculture. The concern, therefore, was how to get the AAMS out of agriculture and into manufacturing which is considered the sine qua non of development. Second, it failed to develop in the AAMS the forward and backward linkages necessary for sustained economic development. Additionally, the aid direction in itself was troubling: aid went more to ex-French colonies and departments. For example, EDF allocations to the Francophone AAMS countries of Cameroon, Cote d' Ivoire, Senegal and Madagascar were about 78 per cent of total grants.⁶⁵ This skewed distribution could be explained by the French colonial policy of assimilation which, in practice, meant closer ties between France and its colonies than other European countries had with their former

colonies. The purported multilateralization of economic relations, particularly in the area of aid was, therefore, also not achieved. Disappointment with Yaoundé, criticisms of its divisiveness and neo-colonialism, coupled with changing international circumstances, gradually laid the basis for yet another phase of Euro-African economic relations - that of the Lomé Conventions.

It must be pointed out that in the immediate post-independence era, specifically in the 1960s, formal attempts at structuring Euro-African relations were not limited to the Yaoundé arrangements. One of the conditions for the Dutch's signature of the Yaoundé agreement was that it would not be limited to the AAMS alone. Although the Commonwealth African countries led by Nigeria had earlier on turned down the offer of association in 1962, this was to change. In 1963, Nigeria and other Commonwealth African countries, barely a year after their initial rejection of association, requested (for reasons noted below) negotiations with the Community towards an associative relationship. The result of this *volte face* was the initiation of the process that led to two agreements - the Lagos Treaty and the Arusha Agreement.

The Nigeria-Community agreement (Lagos Treaty) signed on July 8, 1965, is symptomatic of Nigeria's attitude towards economic relations with the Community in the post-independence era generally. Various Nigerian governments first opposed associative economic relations with the Community, only to turn around eventually and conclude an economic agreement of one form or another. As we have seen, in September 1962, for instance, the Nigerian government under Sir Abubakar Tafewa Balewa rejected association under Part IV of the Treaty of Rome on the grounds that the Common Market was

essentially a European affair which could not appeal to Africans and that economic association with the Community would be inconsistent with Nigeria's policy of non-alignment.⁶⁶ But, in February 1963, the country began to explore the most suitable form of economic relations for Nigeria to enter into with the Community.⁶⁷ The result was the 1965 Lagos Treaty which was to establish free trade between Nigeria and the Community, the granting of Nigerian products (with the exception of groundnut oil, palm oil, cocoa and plywood) free entry into the Community market, while Nigeria, in turn, was to accord marginal tariff preferences of between 2 per cent to 10 per cent to the Community's products.⁶⁸ The Lagos agreement is important as the processes leading up to its signature are indicative of Nigeria's attitude towards the Community: that is, initial rejection and subsequent embrace of associative economic relations. Yet, we will not dwell extensively on it because the Treaty never came into force, first as a result of the Nigerian civil war and second, by the failure of France and Luxembourg to ratify it. Thus, it is impossible to assess its impact on the Nigerian economy and Nigeria-Community relations generally.⁶⁹

(ii) The Phase of the Lomé Conventions, 1975 to Present

The accession of Great Britain to the Community in 1972 presented the latter with a problem that had been avoided during negotiations of the Yaoundé Conventions - how

to deal with the former British colonies in Africa, Asia and the Caribbean. Thus, it became necessary for special arrangements to be made for the Commonwealth countries whose economies were bound to be affected as a result of the eventual abandonment of the Commonwealth Preferential System they had enjoyed in her market. The framework for accommodation of third parties (such as members of the British Commonwealth) had been established at the signature of the Yaoundé Conventions when the Community's Council of Ministers declared the readiness of the Community to "negotiate, in a sympathetic spirit, agreements with any non-member country who so requested and whose economic structure and production were comparable to those of the Associated States",⁷⁰ a feature that most of the Commonwealth countries shared. This readiness of the Community to negotiate was captured in the Protocol No. 22 of the 1972 Treaty of Accession which gave the developing Commonwealth countries the following three options:

- accession to the Yaoundé Convention in accordance with article 58 thereof;
- the conclusion of one or more special conventions of association on the basis of article 238 of the Treaty of Rome comprising reciprocal rights and obligations, particularly in the field of trade, or
- the conclusion of trade agreements with a view to facilitate and develop trade between the Community and those countries.

For the AAMS and the Commonwealth countries (excluding Nigeria), the first option seemed preferable as it would give them the opportunity of building upon the gains already made from the provisions of the Yaoundé Conventions. This led to a series of

negotiations which lasted for about eighteen months⁷¹. The result was the document signed between the EU and a group of ACP states (including Nigeria) on February 28, 1975 - the Lomé Convention.

What is interesting, however, is that despite Nigeria's initial rejection of associative economic relations with the Community, there was a sudden change of its attitude towards relations with the Community as negotiations between the latter and other Commonwealth countries for the Lomé Conventions progressed. So dramatic was the change that one commentator put it thus,

if the Lomé Conventions were a series of dinner outings for the African, Caribbean and Pacific Countries, Nigeria's previous reluctance to partake of the menu has now been replaced by a voracious appetite. Long gone is the blatant sense of self-righteousness or dubious benevolence preceding the first (Yaoundé) agreements.⁷²

This turn-around ended the reluctance of Nigeria to participate fully in the unfolding events and attempts at multilateral economic relations with the Community. In joining to partake of the Lomé menu, Nigeria assumed a leadership role among the ACP states⁷³ and by March 21, 1975, became the first signatory ACP state to ratify the Lomé agreement.

How do we account for this sudden change of attitude by Nigeria towards economic relations with the Community? In particular, how do we understand this *volte face* towards the Lomé Conventions? Does the behaviour of the country (at this time) suggest any implications for the ability of the country to take advantage of the Lomé Conventions? That is, is there anything in Nigeria's behaviour indicative of how and why the country has been able or unable to translate the provisions of the Lomé Conventions

into actual benefits for its economy?

Some scholars have argued that Nigeria's behaviour towards the Lomé Conventions, or, for that matter, pre-1975 economic relations with the Community, can be explained by (a) the inability of the Nigerian rulership to consistently pursue and achieve the nation's interests by developing the appropriate strategies and mustering the necessary resources, and (b) gradual surrender of the country to external pressure.⁷⁴

While the mode of incorporation of the country's economy into global capitalism certainly impacts on the nature of its post-independence economy, to attribute Nigeria's attitude towards the Lomé Conventions solely to this would not capture the situation in its entirety. So also would it be unsatisfactory to hold the international environment/external orientation of Nigeria's leadership or its inability to pursue consistent policies in the nation's interest as the one and only answer. In our view, to adequately explain Nigeria's behaviour, we must take into account the inter-play of a mixture of both internal and external factors - the economic, political and domestic factors as well as the external or changing international circumstances. That is, that Nigeria initially rejected economic association with the Community only to turn around and embrace such was occasioned as much by domestic factors as it was by the changing international political economy.

At the political level, the decision of Nigeria to reject associative economic relations with the Community was made against the backdrop of strained (political) relations with several Western European countries on account of their position on the Nigerian civil war. Most of the Community member-states were either on the side of the

secessionist Biafra or wavered between neutrality and a pro-federal stance - much to the dissatisfaction of the Nigerian federal government.⁷⁵ For instance, France declared its support for Biafra in July 1968, while the Dutch initially imposed a ban on all arms to Nigeria. Belgium, in response to the pro-Biafran (domestic) opinion, stopped its arms supply to Nigeria and supplied the same surreptitiously to Biafra. Italy and West Germany declined at first to sell arms to either side. But, though the Italian government maintained good relations with Nigeria, it manouvered to identify with the humanitarian aspirations espoused by the Vatican of sending aid and relief support to Biafra.⁷⁶ When the Lagos Treaty was being negotiated in the 1960s, both France and Germany tried to use the opportunity to influence the direction of Nigeria's foreign policy. That is, they used the negotiations to keep African countries from pursuing "unfriendly" policies by insisting on the inclusion of a clause in Article 1 that could be invoked by the Community to bring African countries to heel. The 1963 French testing of the nuclear bomb in the sahara which drew vehement opposition from Nigeria further worsened diplomatic relations between the two countries, and Nigeria did not appear too eager at the time to normalize relations with a bloc of countries it considered unsupportive.

In addition to this, an explanation of Nigeria's behaviour lies in the unfolding or working out of the dynamics of the country's political economy.⁷⁷ One of the enduring features of the post-colonial Nigerian economy is the external pattern of economic relations pre-determined by its ex-metropolitan power - Britain. Between 1960 - 1966, Nigeria's international economic relations oscillated between a benevolent acceptance and selective rejection and diversification of the inherited pattern of economic relations: a

Lagos - London or vertical economic axis. Although there had been attempts at breaking this axis, the colonial nexus was found to possess a permanence that could neither be wished away nor easily manipulated. Nigeria's agricultural exports, which accounted for 85 per cent of its total domestic exports, were mostly to the United Kingdom. In 1954, for example, the British share of Nigeria's key export products were the following: cocoa, 62 per cent; palm oil, 85 per cent; palm kernels, 70 per cent; timber, 60 per cent; tin, 100 per cent; cotton, 100 per cent; hides and skins, 47 per cent.⁷⁸ Similarly, a greater proportion of Nigeria's imports of manufactured goods came from Britain such that on the eve of Nigeria's independence, Britain controlled over 40 per cent of the country's foreign trade. This pattern of trade continued well into the late 1960s when the Yaoundé agreements were being negotiated. The structure and volume of Nigerian trade between 1960 -1974 is given in table 2.5. As evident from the table, a greater proportion of Nigeria's trade went to Britain as compared to the individual member-states of the Community as well as the Community as a collective. In 1960, for instance, Britain assumed 39.49 per cent of Nigeria's total world exports, while the Community as a collective took only 25.38 per cent. It is unnecessary to compare the British figures with those of individual Community members as those of the latter for the same year are too low. The only Community member state with a fairly high trade volume with Nigeria was the Netherlands which had 10.64 per cent in the period under consideration. But, juxtaposed against the British figure, this pales into insignificance.

This trade scenario was fuelled by some developments in the Nigerian economy. First, there was the commodity structure of the country's export trade. Its major

Table 2.5 Structure and Volume of Nigeria-World Trade by Country of Destination, 1960-1974 (percentage exports).

Country of Destination	1960	1964	1966	1968	1972	1974
USA	7.87	5.43	6.39	5.95	16.61	17.24
Canada	0.6	0.94	2.81	2.05	1.43	0.23
Japan	1.27	0.97	1.21	1.36	3.06	3.36
*The EEC of which:	25.38	29.03	28.76	28.00	31.00	27.58
Britain	39.49	30.54	30.09	22.99	16.71	13.81
Belgium	1.62	1.98	2.02	2.18	0.39	0.53
Netherlands	10.64	10.25	7.47	10.03	10.79	8.92
W. Germany	6.37	10.19	7.94	6.63	3.68	5.84
Italy	3.57	2.83	3.92	4.13	3.60	8.82
France	3.19	3.78	7.41	4.29	11.34	8.21
Others	-	4.06	1.98	12.39	1.39	5.46
Total:	100	100	100	100	100	100

*The EEC excludes the Britain.

Source: Data calculated from Nigeria, Federal Office of Statistics, Annual Abstract of Statistics. (various issues).

commodities - cocoa, palm oil, palm kernels, groundnuts and groundnut oil - went almost exclusively to the British market and less to other world markets, including that of the Community as a collective. In 1959, for example, Nigeria's export of these commodities to Britain stood at: cocoa, 51.2 per cent; palm oil, 83.5 per cent; palm kernels, 82.5 per

cent: groundnuts, 82.3 and groundnut oil, 89.8 per cent. In 1964, exports of the same products were 59.7 per cent; 58.0 per cent; 84.8 per cent; 61.2 per cent and 81.1 per cent respectively.⁷⁹ The implications of the foregoing are obvious: Nigeria was becoming increasingly less dependent on the Community relative to other ACP countries. It thus had little to worry about the developments therein, particularly as its principal market (Britain) was outside the Community at this time (late 1950s through to the early 1970s). From 1967 onwards, oil became an increasingly important export of the Nigerian economy. It might have been expected that since oil export was not concentrated only on the British market, but also on those of the Community members, Nigeria would worry about what goes on in the latter. However, oil prices were not subject to Community tariffs,⁸⁰ hence, the country could afford to care less about the economic importance of the Community.

When the country changed its stance on associative relations with the Community, again this was due largely to the working out of the dynamics of its economy. A quick glance at table 2.5 is indicative of the changing trend. The British monopoly of the Nigerian market began to decline in 1966. In 1968, the British shares of Nigeria's exports dropped to 22.99 per cent as against 39.49 per cent of 1960. On the other hand, the Community's share of Nigeria's exports rose to 28.0 per cent from 25.38 per cent in those same years. This progressive decline of the British market as against the rise of the Community's market for Nigerian exports was again evident in 1972 when the former took only 16.71 per cent compared to 31.0 per cent of the latter. This notwithstanding, it must be pointed out that although the British share of Nigeria's exports was progressively declining, this does not suggest that the British market had become

unimportant to Nigeria for it still represented the largest single European market for Nigeria's exports. Consequently, any accommodation that Nigeria might seek in the Community had to take this into account. Thus, when Britain joined the Community in 1972, the Nigerian leadership, in the economic interests of the country, had to re-evaluate the country's earlier stance on associating with the Community hence, the change in attitude. As the Nigerian government saw it, "nothing could be more dangerous than to allow trade policies to be based on world trade situations which existed in the colonial days but which have ceased to continue. And, like any other merchant, Nigeria must always seek to sell its products in the best growing markets".⁸¹

It is perhaps in the domestic context of the Nigerian social formation that lies a more comprehensive explanation of the Nigerian attitude towards associative economic relations with the Community. Although the country had been under military rule for over twenty seven of its thirty seven years of attainment of political independence, the role of public opinion in the formulation of policies had never been completely discounted. Initially, when the issue of association with the Community was first mooted in the 1960s - 1970s, there were far-reaching reactions from the various elements that constitute the Nigerian social formation. First among these was the press. In mid 1971, the *New Nigerian Newspapers* called on the Nigerian government to avoid having anything to do with the Community. In July of the same year, the newspaper warned the government against signing a Yaoundé-type agreement with the Community because that would "have the effect of roping us in to join the host of client states in a scarcely veiled neo-colonialist division of labour between Europe and Africa".⁸² This call was not only taken

up by other newspapers such as the *Daily Sketch*, but also by private organizations as well. The association of the Nigerian Chambers of Commerce, Mines and Industry which was regularly consulted by the government on economic, financial, and industrial matters and whose leaders had direct access to the Cabinet Office as well as other government departments and ministries, for instance, strongly condemned association with the Community, calling instead, for African countries to pull their resources together for regional development.⁸³ This pressure on the government led to the setting up of an inter-ministerial committee to study and report on the implications of association for Nigeria. The committee not only rejected a Yaoundé-type agreement, it also recommended that the road to Nigerian development did not lie in Europe, but in Nigeria and Africa.

However, the dynamics which had produced the initial anti-association sentiments were to change. As developments gradually unfolded within the Community, various elements in Nigeria became apprehensive about the potential negative effects of non-association on the country's plan to embark on large scale processing of raw materials for export. This fear was fuelled by the discriminatory and disproportionately high tariffs which the Community imposed on processed and semi-processed products from non-associates. It was thus feared that "if Nigeria remains outside the Community, the market for unprocessed Nigerian products may not only be affected, but that the upgrading of these products and the process of sustained industrialization will be discouraged",⁸⁴ a situation that would undermine the country's development efforts. First to articulate these fears were radical youth organizations (the Nigerian Youth Congress), trade unions, university students and individuals. Chief Obafemi Awolowo, for instance, accused the

government of an inability to "read the sign of the times". The *Morning Post*, the government-owned newspaper, called on the government to take tough action on national economic issues and not bind itself unnecessarily to Britain. With the collapse of the conservative Abubakar regime in the 1960s and its replacement by the more liberal government under Gowon, these groups became stronger, more numerous and even more influential. In August 1970, the Nigerian Afro-Asian Solidarity Organization, together with the Nigerian Trade Union Congress, organized several conferences to raise awareness on the perils that would befall Nigeria if it stuck to the traditional economic relations with Britain in the face of the growing economic importance of the Community as a collective. Other militant groups (Nigerian-Soviet Friendship Association, Nigeria-China Friendship and the Black Renaissance Movement) similarly held several seminars and public lectures on the implications of the European Common Market for the Nigerian economy⁸⁵. The deteriorating politico-economic relations between Nigeria and Britain in the late 1960s and early 1970s provided a favourable environment for these groups to effectively influence the government. Thus, it is in the face of these mounting pressures from various forces in the domestic context of the Nigerian society, its unsalutary political experiences with the Community and the working out of the dynamics of its economy that we can adequately locate the explanation of Nigeria's attitude towards the Lomé Conventions and its pre-1975 economic relations with the Community generally.

Admittedly, effects of external developments on Nigeria's behaviour can not be completely discounted. There was heavy pressure for a joint approach to the Community from the Commonwealth African and Caribbean countries which was reinforced by the

Pan-Africanist pressure for a joint continental approach to development problems from the Organization for African Unity (OAU). Nigeria was vulnerable to these pressures because they were in conformity with its foreign policy goal of not only working in concert with African countries, but providing the leadership role for the collective defence and advancement of African interests. Eager, therefore, to provide (or be seen as providing) leadership for the West African sub-region as well the African continent as a whole, Nigeria did not want to be left behind since, by 1973, the OAU had already agreed on principles to guide negotiations on economic relations between African its member-states and the Community.⁸⁶ Thus, it weighed heavily on the country, when it had become apparent that negotiations leading up the Lomé Conventions were, after all, set to progress with or without Nigeria, to re-consider its position towards associative economic relations with the Community. Hence, it became a voracious partaker of the Lomé menu.

Conclusion

In summary, it can be seen that the origins and processes of EurAfrican contact which began informally in the fifteenth century and gathered momentum in the nineteenth century with the era of colonialism, had far-reaching implications for Africa. First, it was this initial contact and the subsequent colonial process that gave birth to the politically independent African states. In the birth process, key characteristics of their economies

which affect their development efforts were laid. These included, among others, the tremendous concentration on the production of primary commodities to the virtual exclusion of industrialization. This led to the dependence of the African economies on particular commodities whose markets are beyond their control. Second, it disarticulated the industrial structure by discouraging both processing activities and manufacturing in these economies. By deliberately thwarting attempts at forward and backward linkages in these economies, the colonial process, a) fostered an international division of labour that reserved manufacturing to Europe and relegated Africa to the task of supplying raw materials and agricultural goods, b) produced an extraverted or unbalanced industrial structure in these economies, and c) produced the type of social formations we have in these countries today, particularly the nature of the state, classes and other social forces. These inherited features produced weak economic and political structures which make it difficult for these economies to effectively take advantage of development opportunities offered in the international political economy. Thus, our sophisticated dependency framework, by acknowledging the role of the external environment as well as the character of the domestic social formation, enables us to understand how the features of these economies externally introduced via the colonial process and the internal forces or contradictions of these economies affected the ability of first, the ACP states generally, and second, Nigeria in particular to utilize the opportunities offered Lomé.

When Lomé I was being negotiated between the EU and other ACP states, Nigeria, which for various reasons including the changing character of its economy and the interplay of both domestic and external factors, had initially rejected associative economic

relations with Europe, turned around and became a voracious partaker of the Lomé menu until the agreement was signed in 1975. Having been in operation for over twenty years, what precisely, are the implications of Lomé for the ACP states generally and for Nigeria in particular? These questions are addressed next.

ENDNOTES

1. See among others, A.A. Boahen, African Perspectives on Colonialism (Baltimore: Praeger, 1987); P. Duignan and L.H. Gann, (eds.), Colonialism in Africa, 1870-1960: The Economics of Colonialism (Cambridge: Cambridge University Press, 1975); W. Rodney, How Europe Underdeveloped Africa (London: Zed Press, 1988).
2. See for instance, M. Crowder, West Africa Under Colonial Rule (London: Hutchison and Company, 1968); Also, G.O. Ogunremi, "African-European Economic Relations in Historical Perspective", Nigerian Journal of International Affairs, vol. 9, no. 1, 1983.
3. This terminology, "Informal Imperialism" is borrowed from J.D. Hargreaves, West Africa Partitioned, Volume 1: The Loaded Pause, 1885-1889 (London: Macmillan, 1974), p. 3.
4. For example, while there appeared to be significant changes in the nature of Euro-African economic relations between 1939 through 1960 to warrant Crowder's differentiation of these years into two distinct phases, in our view there were little or no significant changes to warrant such a differentiation. Crowder's (blurred) phases are 'The Watershed Between Colonial Rule' and 'De-Colonization': i.e. 1939-1945 and 1945-1960. See Crowder, (1968) op. cit., p. 19.
5. B. Olaniyan, Economic History of West Africa (Ibadan: Educational Research Institute, 1971), p. 26.
6. Ibid., p. 29.
7. M. Crowder, (1968) op. cit., p. 23.
8. It is important to distinguish between slavery as it existed in Africa before the arrival of the Europeans and the Transatlantic Slave Trade as a phase in EurAfrican economic relations. In the former, derelicts, for example, thieves who were not executed ended up being sold into slavery for all kinds of domestic chores for the master. For an indepth discussion of the transatlantic slave trade, see F. Klinberg, The Anti-Slavery Movement in England: A Study of English Humanitarianism (New Haven: Praeger, 1926); Sir R. Coupland, The British Anti-Slavery Movement (London: Butterworth, 1933); C. Lloyd, The Navy and the Slave Trade (London: Frank Cass, 1968); P.D. Curtin, The Atlantic Slave Trade: A Census (Wisconsin: University of Wisconsin Press, 1969); J. Bandinel, Some Account of the Trade in Slaves in Africa (London: Frank Cass, 1969).

9. E.D. Morel, The Black Man's Burden: The Whiteman in Africa From the 15th Century to World War I (New York: Monthly Review Press, 1920), p. 15.
10. There is considerable controversy on the effects the slave trade on Africa along economic, political and social lines whose indepth discussion is beyond the scope of our interest here.
11. For the detailed processes of the abolition, see T.F. Buxton, The African Slave Trade and Its Remedy (London: John Murray, 1939); D. Mannix and M. Cowley, Black Negroes: A History of the Atlantic Slave Trade, 1518-1865 (London: Longmans, 1963); J.D. Fage, "Slavery and the slave Trade in the Context of West African History", Journal of African History, vol. 10, no. 3, 1969.
12. R.O. Ekundare, An Economic History of Nigeria, 1860-1960 (New York: Africana Publishing Company Limited, 1973), p. 31.
13. See J.B. Williams, "The Development of British Trade in West Africa, 1750-1850", Political Science Quarterly, vol. 1, 1935, pp. 194-213.
14. The British West Indies had more slaves than were needed for the profitable economic operation of the plantations, and some of the surplus slaves were (even) being re-exported to non-British islands. The rapid growth of British industry reduced the 'once formidable slave interest into manageable proportions and increased, instead, the demand for number of raw materials such as cotton, groundnuts and palm oil.
15. R.O. Ekundare, op. cit., pp. 66-67.
16. Several interpretations or theories abound on the factors that led to the sudden change of attitude and scramble for Africa by European nations. Writers on this subject have come up with various categorizations of the theories. While some divide them into Eurocentric and Afrocentric theories, others have them in strategic, diplomatic, social and economic theories. Yet, some divide them into racial, humanitarian and ethnocentric theories. See G.N. Sanderson, "The European Partition of Africa: Coincidence or Conjecture?", in E.F. Penrose, (ed.), European Imperialism and the Partition of Africa (London: Frank Cass, 1975), pp. 1-55.
17. C. Ake, A Political Economy of Africa (London: Longman Group Limited, 1981), pp. 32-33.
18. Ibid., p.34.
19. M. Crowder, Colonial West Africa (London: Frank Cass, 1978), p. 224.
20. J.A. Ajayi and Crowder, History of West Africa Volumes 1 and 2 (London: Longmans, 1978), pp. 244-45.

21. A. Boahen. Topics in West African History (London: Longman Group Limited, 1966). p. 138.
22. J. Moss. The Lomé Conventions and Their Implications for the United States (Boulder, Colorado: Westview Press, 1982), p. 2.
23. By definition, Assimilation was an ideal policy of fully integrating the colonizes peoples into the French system and culture. Black Africans, under French/Portuguese rule, were to become French/Portuguese, speaking their language, imbued with their ideas, culture and rights and owing allegiance to Portugal/France. By contrast, the policy of Association, in recognizing that Africans were too different from French society to be easily 'assimilated', sought to accommodate existing African structures and customs within French rule. See M. Lister. op. cit., p. 2.
24. W.A. Ndongko, "The Economic Origins of Association of Some African States with the EEC", African Studies Review, September, 1973. It is worth pointing out that the colonial policies of Portugal and Belgium, while differing in details from those of France and Britain, all had the same impact of making the African colonies dependent on that of the metropole or colonial power.
25. In terms of degree, the former French colonies appear to be more dependent on France than the ex-British colonies. This is explained by the French colonial policy of Assimilation which sought to 'Frenchify' its colonial possessions. This policy led also to the *surprix* or price support system for French colonies by France. The establishment of the franc zone in the Francophone West African countries is yet another attestation to this dependence.
26. U.G. Damachi. Nigerian Modernization: The Colonial Legacy (New York: Third Press, 1972) p. 4.
27. See H. Alavi. "The State in Post-Colonial Societies", New Left Review, (July/August, 1972); J. Saul, "The state in Post-Colonial Societies - Tanzania", in Socialist Register (London: Monthly Press, 1974); and Colin Leys, "The 'Over-developed' Post-Colonial State: A Re-evaluation", Review of African Political Economy, no. 5, (Jan-April, 1976).
28. See the 'Editorial' of Review of African Political Economy, op. cit., p. 1.
29. H. Alavi. op. cit., p. 61.
30. B.J. Dudley, Instability and Political Order: Politics and Crisis in Nigeria (Ibadan: Ibadan University Press, 1973), p. 31-32.
31. Ibid., p. 36-39.

32. I.L. Markovitz, Power and Class in Africa: An Introduction to Change and Conflict in African Politics (New Jersey: Prentice-Hall, 1977), p. 205.
33. C. Legum, et. al., Africa in the 1980s: A Continent in Crisis (New York: McGraw-Hill, 1979), p. 146.
34. C. Ake, Revolutionary Pressures in Africa (London: Zed Press, 1978), Chapter 2.
35. Ibid., p. 38.
36. M. Bratton and D. Rothchild, "The Institutional Bases of Governance in Africa", in G. Hyden and M. Bratton (eds.), Governance and Politics in Africa (Boulder, Colorado: Lynne Rienner, 1992), p. 163-164.
37. J. Rweyemamu, Underdevelopment and Industrialization in Tanzania: A Study of Perverse Capitalist Development (Oxford: Oxford University Press, 1973), p. 77.
38. S. Langdon and L.K. Mytelka, "Africa in the Changing World Economy", in C. Legum, et. al., op. cit., p. 142.
39. Chinweizu, The West and the Rest of Us: White Predators, Black Slaves and the African Elite (New York: Random Press, 1975), p. 283-284.
40. C. Young, "The African Colonial State and Its Political Legacy", in D. Rothchild and N. Chazan, (eds), The Precarious Balance: State and Society in Africa, (Boulder, 1988), p. 33.
41. J. Moss, op. cit., p. 1.
42. See C.C. Twitchett, Europe and Africa: From Association to Partnership (Westmead: Saxon House, 1979), chapter one.
43. See the Treaty of Rome, Part IV, Articles 131 - 136.
44. For details on the politics of the negotiations, the reasons for and the various positions taken by the member-states of the Community, see W. Feld, The European Community and the World (New Jersey: Prentice Hall Inc., 1967), p. 114; W.A. Nielsen, The Great Powers and Africa (New York: Praeger, 1969), pp. 13-20; I.W. Zartman, The Politics of Trade Negotiations Between Africa and the European Community (New Jersey: Princeton University Press, 1971), pp. 6-13. Of all the Community members, France displayed the most interest in Africa and sought not only the inclusion of African colonies in the Common Market, but made it a pre-condition for her continued support and membership of the Community. In fact, France, with the aid of Netherlands, 'adroitly sponsored the association of the territories with the Community'. See E.R. Grilli, The European Community and the Developing Countries (Cambridge: Cambridge University Press, 1993), p. 7.

45. J. Moss. op. cit., p. 1.
46. M. Lister. op. cit., p. 24.
47. See A.D. Ouattara. "Trade Effects of the Association of African Countries to the EEC". in IMF Staff Papers, xx, 2, 1973, p. 512.
48. Ibid., p. 512.
49. I.W. Zartman, op. cit., pp. 16-17.
50. J. Ravenhill. Collective Clientelism: The Lomé Conventions and North-South Relations (New Jersey: Princeton University Press, 1985), p. 289.
51. It is important to point out that at the time of the Treaty of Rome, most of the African countries had not become politically independent and did not, therefore, play an active role in the negotiations leading up to the Treaty. The ex-British colonies, it would appear, did not seem bothered about the issue of associative economic relations with the Eu as a collective at this point since they still enjoyed the Commonwealth preferences and the Sterling zone.
52. G.A. Nweke, Harmonization of African Foreign Policies, 1955-1975: The Political Economy of African Diplomacy (Boston: Boston University Press, 1980), pp. 110-111.
53. It is important to note the *volte face* that Nigeria made here. Despite official vehement opposition to associating with the Community, in February 1963, the Nigerian government appointed an Ambassador (Dr. P.N.C. Okigbo) and mandated him to explore the possibilities and the nature of the most suitable form of economic relations for Nigeria to enter with the Community. The result was the 1965 Nigeria-EC agreement (the Lagos Treaty) which, however, never saw the light of day for reasons already noted above.
54. Olu Sanu, Nigeria's former Ambassador to the EEC, quoted in H.A. Asobie, "Nigeria and the European Community, 1970-1980", Nigerian Journal of International Affairs, 19, 1, 1983, p. 81.
55. W. Briggs, "Negotiations Between the Enlarged EEC and the ACP Countries", Nigerian Journal of International Affairs, vol. 1, no. 1, July 1975, pp. 13-14.
56. O. Aluko, Essays on Nigerian Foreign Policy (London: George Allen and Unwin, 1981), pp. 73-81.
57. J.D. Matthews, Association System of the European Community (New York: Praeger, 1977), pp. 10-27. Matthews refers to the first type as "full association" and the second as "special association".

58. I. Zartman. op. cit., chapter one.
59. M. Lister. op. cit., p. 38.
60. J. Moss. op. cit., p. 10.
61. Ibid., p. 11.
62. Figures calculated from the IMF. Direction of Trade, vols. I and II (Washington, D.C.: IMF, various years).
63. Ibid.
64. S. Pearson and W. Schmidt. "Alms for AAMS: A Larger Flow?", Journal of Common Market Studies, vol. 3, no. 1, 1964, p. 35.
65. See D. Jones. Europe's Chosen Few: Policy and Practice of the EEC Aid Programme (London: Overseas Development Institute, 1973), p. 98. It is important to point out that the preponderance of aid for the former French colonies can not be explained by population needs because ex-British colonies such as Nigeria are more populated than those of the French, for example, Senegal and/or Cote d' Ivoire.
66. I. Gambari. Party Politics and Foreign Policy: Nigeria Under the First Republic (Zaria: Ahmadu Bello University Press, 1980), pp. 117-155.
67. P.N.C. Okigbo. Africa and the Common Market (Evanston: Northwestern University Press, 1967), p. 7. Also, see chapters five and six for a detailed discussion of the processes leading to this *sui generis* association.
68. Ibid., pp. 130-132.
69. The Lagos Treaty did lay a framework that was easily adapted to the particularities of negotiations with the East African Commonwealth countries of Kenya, Tanzania and Uganda which resulted in the Arusha agreement. Negotiated under article 238 of the Treaty of Rome, the first Arusha agreement was signed in September 1968, but expired before it could be ratified. Arusha II was signed in 1969 at the same time as Yaoundé II and both ran concurrently. Though the Arusha agreement had no aid provisions, it provided for joint institutions as well as provisions on trade preferences, rights of establishment and services, payments and capital movements. It specified that tariff preferences existing within the Community applied to most exports from the Arusha group. However, since products such as coffee, cloves and tinned pineapples of this group competed with those of the Yaoundé AAMS, quotas were imposed on these by the Community. In return, the Arusha countries were to remove all customs duties and quantitative restrictions on certain Community imports. Like the Lagos Treaty, the Arusha agreement did not see the light of day as it was superseded by the Lomé Conventions.

70. The EC. The Seventh Annual Report of the EEC 1963/64 (Brussels: EC, 1965). p. 21.
71. The EC. The ACP-EEC Courier. March 1975. p. 3.
72. West Africa. December 7. 1963. p. 1552.
73. See W. Briggs. op. cit., pp. 12-32 for a detailed discussion of the various rounds of negotiations initiated by and the role Nigeria played in the process leading up to the signing of the Lomé Conventions.
74. H.A. Asobie. op. cit., pp. 82-83.
75. J.J. Stremlau. The International Politics of the Nigerian Civil War, 1967-1970 (New Jersey: Princeton University Press, 1977). pp. 224-297.
76. Ibid., p. 226.
77. See H.A. Asobie. op. cit., p. 82. It is interesting to note that although he actually identifies this factor, he does not give it the adequate attention it deserves, settling instead, for the argument of lack of agency on the part of the Nigerian leadership which, as shown below, misses the explanation.
78. O. Ojedokun. "The Changing Pattern of Nigeria's International Economic Relations: The Decline of the Colonial Nexus, 1960-1966", The Journal of Developing Areas, 6. 1972. p. 536.
79. P.N.C. Okigbo. op. cit., p. 98.
80. O. Aluko. op. cit., p. 76. In addition to this, Nigeria enjoyed the Commonwealth preferences as well as the advantages, particularly aid, of being a member of the sterling area. Thus, she could afford not to worry about 'catching cold when the Community (without Britain) sneezed'.
81. A.D. Little Inc. "The European Common Market and the Nigerian Economy: A Report to the Permanent Secretary, Federal Ministry of Commerce and Industry", Lagos, Nigeria (Lagos, 1962) Mimeograph. It is important to note that perhaps what must have also contributed to a re-evaluation of Nigeria's position was its realization that with the British accession into the EU and the looming Conventions, there was going to be a change in the Commonwealth preferences. Not wanting to lose this and be left out in the preferences which the Conventions would offer other signatories, the country had to change its tone towards associative economic relations with the EU.
82. West Africa. June 11, 1971. p. 1556.

83. O. Aluko, op. cit., p. 77.

84. O. Ojedokun, op. cit., p. 547.

85. O. Aluko, op. cit., p. 48.

86. See H.A. Asobie, op. cit., p. 93. These principles include: reciprocity in trade and tariffs concessions, extension of trade concessions to other countries on a non-discriminatory basis as desired by African states, free and assured access to EC markets for all African products, revision of the EC's rules of origin to facilitate the entry of African manufactures into the EC market, guaranteeing stable and remunerative prices for the main products of African states, assurances that no agreement with the EC would adversely affect inter-African cooperation, revision of the provisions relating to movement of payments and capital to reflect the need for monetary integration among African states and dissociating EC financial and technical aid from any particular form of relationship with the EC. These ground rules or guiding principles were more like general aspirations of the African countries, and although they were rarely granted by the EC, they were sufficiently attractive to most other African countries (and critics alike) to catch Nigeria's attention and interest. See R. Weiss, "Africa and the EEC", in C. Legum, Africa Contemporary Record: Annual Survey and Documents, 1974-1975 (London: Rex Collins, 1975), p. 17.

CHAPTER THREE

LOMÉ TRADE AND AID PROVISIONS AND THE ACP STATES

Introduction

The origins of the Lomé Conventions derive from the Treaty of Rome through to the Yaoundé Conventions, leading to the conclusion by some scholars that the Conventions are a product of unique historical conditions and international circumstances.¹ Since a detailed account of the processes that led to their birth has already been noted,² it suffices to say that the negotiations for the Conventions which began in July 1973, lasted for about eighteen months. Comprised of 183 ACP-EU negotiating sessions, 350 joint documents and 453 ACP coordinating meetings, they culminated in the Lomé Convention agreement signed on February 28, 1975 (Lomé I) between a group of 46 ACP countries and 9 EU member-states.³ One of the underlying characteristics of the Lomé agreement was its duration which was put at five years; that is, Lomé I ran from February 1975 to March 1980. At its expiration, negotiations for a new arrangement were initiated which, building from Lomé I, produced Lomé II in October 31, 1979. Lomé II ran its five-year course in 1985, setting the stage for Lomé III which came into force in December 8, 1984. Again, this expired after five years, heralding the fourth agreement - Lomé IV - signed on December 15, 1990.

Unlike its predecessors (Lomé I-III), Lomé IV is scheduled to last for ten years - from 1990 to 2000. This extension of the life span of the Conventions was explained by the onerous nature of the processes of negotiation which preceded each new agreement.

Second, on account of the 15 months gap needed to be filled with transitional measures, a considerable amount of time always elapsed before the Conventions came into force. For instance, though Lomé I was signed in February 1975, it did not come into force until April 16, 1976.⁴ In this scenario, there was not always enough time left to put into place some key provisions of the agreements before their scheduled expiration. Apart from these unique features of Lomé IV, there is very little difference between the rest in terms of the substantive issues and areas of development cooperation covered. That is, although the issues which dominated the ACP states' demands in the Lomé negotiations were many and varied, reflecting the diverse needs and heterogeneity of these states, a commonality of interests is discernable in the areas of trade, aid and industrial development - areas which have been described as the bedrock of the ACP states economies.⁵ In the subsequent Conventions, therefore, attempts were made to improve upon the provisions on these areas: for instance, extending the coverage of Stabex products, lowering tariffs, increasing aid allocation while lowering conditions for disbursement, revising the rules of origin and other areas in which the ACP states pressed for changes and which the EU was willing to grant.

In other words, the subsequent Lomé Conventions were more or less expansions of the previous ones in terms of the issues dealt with and provisions granted. Thus, on account of their overall philosophy and objectives and the similarity of instruments used in Lomé I through IV, they are analyzed collectively in this study. Our mode of analysis proceeds from the "general" to the "particular": that is, we begin by looking at the effects of two dominant themes of the Conventions (trade and aid) on the ACP states as a whole

in this chapter and move on to Nigeria in particular in chapter four. This enables us to situate first, the overall implications of the Conventions for the ACP states as a collective, and second, for Nigeria as an ACP country. This approach is considered necessary and useful because it accords with our conviction that blanket and monolithic assessments, while indicative of the general trend or nature of impact, do not capture the specificities of individual countries and it allows us to draw lessons from the Nigerian case for the other ACP countries.

As we have seen, several interpretations abound on the Lomé Conventions and their implications for the ACP states.⁶ Most of these (discussed in chapter one) are historical, and reacted to the different situations in the 1970s through 1980s and the early 1990s. While such historical analyses enable us to understand the reasons behind the Conventions, they are very limited. Their conclusions stay relevant so long as these situations continue to exist. But, as soon as they change, the entire analyses and conclusions crumble, become questionable, or irrelevant.

Second, and perhaps most importantly, as argued above, it is in the monolithic conception and analyses of the ACP states performance in the Lomé Conventions that some of the earlier studies are severely handicapped. Most analyses, in studying the implications of the Lomé Conventions for the ACP states as a collective, while shedding light on the general nature of the agreement, often reveal less than they claim to. This is largely because, since the inception of the Conventions in 1975, different ACP countries have taken advantage of the provisions of the Conventions differently, with results varying from one country to another and across different sectors and products. That the

performance of the ACP states in the Conventions over the years has not been uniform is very important and underscores the need for detailed country studies before we can attempt valid generalizations.

Against the backdrop of these observations, this chapter critically examines the provisions of the Lomé Conventions and their developmental impact on the ACP states. Specifically, it analyzes the implication of the Lomé trade and aid provisions for the ACP states. It responds to the following question: did the EU's preferential trade and aid arrangements, in forming a hierarchy with the ACP signatories to the Lomé Conventions at the apex or most preferred category, result in greater economic conurbation between the ACP and EU? In other words, after over two decades of operation of the Lomé Conventions, what substantive impact have they had on the ACP states?

To these questions, we argue that in spite of the trade provisions of the Lomé arrangement, the ACP-EU trade situation did not improve significantly. If anything, the ACP states saw the value of their trade with the EU diminish relative to other regions that did not enjoy comparable trade preferences. This unimpressive trade scenario, we further argue, was accounted for by the restrictive conditions attached to the Lomé provisions and indirect protectionism of the EU. The Lomé provisions that were intended to boost ACP trade such as Stabex, Sysmin, rules of origin, among others, had several restrictive conditions attached to them which the ACP states could not fulfil. Since they could not satisfy most the requirements, they did not utilize the provisions. This situation was worsened by indirect protectionism of the EU as the latter imposed standards that the ACP states could hardly meet or invoked the Lomé safeguard clause to undermine areas where

some ACP states trade appeared to be doing well, but which were considered a threat to EU interests. Similarly, the aid programme was rendered problematic by its process of implementation - a process which showed great divergence between theory and practice. In other words, in keeping with our sophisticated dependency framework, we argue that the structural features of the ACP states which were the result of their mode of incorporation into the global political economy, the domestic social forces in these countries, and the limitations of the Conventions themselves undermined the ability of the ACP countries to effectively utilize the opportunities offered by the Conventions.

To substantiate this argument, the chapter is spread into two main parts. The first critically examines the trade provisions of the Conventions and their impact on the ACP states, while the second analyzes the impact of the Lomé aid regime on the ACP states as a whole.

3.2 Lomé Trade and Aid Provisions and the ACP States

In negotiations leading to the Lomé Conventions, the ACP states put forward eight negotiating principles, and among other things, sought from the EU:

- (a) non-reciprocity in trade and tariff concessions;
- (b) extension on a non-discriminatory basis toward third countries of the provisions

on the right of establishment;

- (c) revision of the rules of origin so as to facilitate the industrial integration and development of the ACP states;
- (d) revision of the provision on movement of payments and capital to take account of the objective monetary independence in the ACP states and their need for monetary cooperation;
- (e) disassociation of EU financial and technical aid from any particular form of relationship with the EU;
- (f) free and assured access to EU markets for all ACP products, including processed and semi-processed agricultural products, whether or not they are subject to the common agricultural policy of the EU;
- (g) guaranteeing to ACP countries of stable, equitable and remunerative prices in EU markets for their main products in order to allow them to increase their export earnings, and
- (h) future arrangements that would have no adverse effects on intra-ACP cooperation.⁷

In the ensuing negotiations, the EU indicated, much to the consternation of the ACP, an unwillingness to grant most of their (ACP states') demands. Subsequent developments in the international economy, however, favoured the ACP states. One of these was Organization of Petroleum Exporting Countries' (OPEC) oil embargo which radically changed the EU's perception regarding raw materials supplies and bolstered the ACP states' negotiating position. At the end of an 18-month negotiating process, the first

Lomé agreement was reached whose major provisions included:

- (a) duty and quota-free access without reciprocity to the European market for goods from the ACP. There was, however, a safeguard clause for highly sensitive goods and a special regime for products covered by the EU's common agricultural policy;
- (b) a stabilization fund to compensate for some of the ACP states' export products;
- (c) financial aid for the ACP states;
- (d) industrial and technological cooperation to reduce the ACP states' disadvantages in these areas to be provided by a new institution, the Centre for Industrial Development (CID);
- (e) joint institutions to supervise and help implement the agreement viz: the Council of Ministers, Committee of Ambassadors and the Consultative Assembly, and
- (f) the Sugar Agreement or Protocol which provides that the EU undertakes to buy (1.4 tons of) sugar from the ACP countries each year with a guaranteed minimum price worked out with reference to the Community's prices.⁸

In the subsequent Conventions, the ACP states have maintained a fairly consistent set of demands characterized primarily by the push to extract more concessions from the EU. The outcome has been not just a continuation of the negotiating principles adopted in Lomé I, but also an expansion and modification of these to reflect the ever increasing and pressing development needs of the ACP states. To these, the EU has responded relatively positively. For instance, ACP demands have led to a steady increase in the amounts of EDF aid from 3,072 million ecus to 10,800 million ecus in Lomé I and IV respectively (see table 3:2) in absolute terms, while the list of products covered by Stabex

has also been expanded. These seem to represent significant strides towards mitigating the ACP states' development problems, particularly in the areas of trade and aid, by supplying the missing factors capable of catapulting the ACP states into sustained development. But, the pertinent question still remains: after over two decades of the existence and operation of the Lomé Conventions, what substantive impact have they had on the ACP states generally?

(i) Analysis of Effects of the Lomé Trade Provisions

The objective of the ACP-EU trade arrangements in the Lomé Conventions was to promote trade between the two regions, taking into consideration their respective levels of economic development. In furtherance of this, attention was paid to securing effective additional advantages for the ACP states with the EU and improving the conditions of access for their products into EU markets. This was to accelerate the growth of their trade and, in particular, ensure the flow of their exports to the Community. The provisions granted, it was hoped, would make an important contribution to the economic development of the ACP by helping to provide the market conditions which would enable these countries to transform the structure of their exports.⁹ Similarly, the EU preferences for the ACP states were to enable the ACP to gain a competitive edge over other

countries exporting similar products to the EU, resulting in an increase in the share of ACP states trade with the EU. This, in turn, was to mean more revenue for these states with which to embark on development. In other words, it was believed that the EU's preferential trade arrangements, in forming a hierarchy with the ACP signatories to the Lomé Conventions at the apex or most preferred category, followed by the Mediterranean and Latin American countries in the middle and least preferred categories¹⁰ at the bottom, would result in greater ACP trade with the EU relative to these other regions. Also, while the Lomé provisions did not demand reverse preferences from the ACP states, the proviso that the EU would receive the "most-favoured-nation" status would lead to an increase in the EU's share of ACP states imports.¹¹

However, a look at the ACP-EU trade experience during the period under review reveals something different from the initial objectives, as several studies have shown.¹² A critical examination of the trend in average values of ACP states reveals a relative fall in ACP-EU trade compared to trade with other regions. On the whole, the ACP-EU trade scenario from 1958-1974 and 1975-1994 as well as the ACP-EU balance of trade are given in tables 3.1a and 3.1b. As table 3.1a indicates, the average exports of the ACP increased from 4.1 million ecus in the pre-Lomé period to 20.17 million ecus in the post-Lomé era. This compares to exports from other regions lacking preferential status such as Latin America and the Mediterranean Basin which rose from 3.4 million ecus and 7.87 million ecus to 20.92 million ecus and 32.23 million ecus respectively during the same period. This picture of a steady growth of ACP exports, it would seem, suggests a positive ACP trade performance with the EU during the Lomé era. But, this growth makes sense

only when the figures are considered in absolute terms. When compared to other regions, we notice that while the percentage increase or change of the ACP states' exports to the EU from 1958 to 1994 was only 3.8 (379.1), that of Latin America and Mediterranean Basin were 4.4 (444.8) and 7.3 (732.8) respectively. It is possible that this unimpressive performance of the ACP states would have been worse without the Lomé preferences.

Table 3.1a Comparative Average Values of ACP states and Other Regions' Exports to the EU in the pre-and post-Lomé Periods, 1958-1974 and 1975-1994 (mio. ecus).

Region	Pre-Lomé	Post-Lomé	% Change
ACP	4.21	20.17	379.1
ASEAN	0.97	9.83	913.4
L. America	3.84	20.92	444.4
Med. Basin	7.87	32.23	732.8
OPEC	1.13	51.14	617.2
Other	13.24	98.44	643.5

Pre-Lomé: Pre-Lomé exports to the EU.

Post-Lomé: Post-Lomé exports to the EU.

% Change: Percentage change in exports to the EU.

Source: Compiled from The EU, Eurostat: External Trade Statistical Yearbook, (various issues).

A clearer picture of the ACP-EU trade situation can be seen when we examine their balance of trade during the period under review. The balance of trade figures are illuminating because, while the Yaoundé conventions eliminated tariff and quota barriers on industrial goods between the EU and the 17 African associates, the Lomé Conventions

not only extended these to a greater number of countries, but also expanded the sectors and products covered. For instance, Lomé eliminated almost all of the tariff and quota barriers on agricultural products and the principle of reciprocity of the Yaoundé Conventions was eliminated and simply replaced by that of the most-favoured-nation. Hence, barring the incidence of other factors, these preferences were expected to lead to an increase in ACP exports to the EU and a decrease in EU exports to the ACP countries.

From table 3.1b, it would appear that the expected increase in ACP exports and a corresponding decrease in EU exports to the ACP arising from the provisions of the Lomé Conventions - a situation that would have resulted in a positive or balance of trade surplus for the ACP - did not occur. Instead, there were less ACP exports to the EU and greater EU exports to the ACP. Although the ACP states did not experience an outright negative balance of trade with the EU, in relative terms, they still lost ground: in the pre-Lomé period (1970), ACP states' balance of trade with the EU stood at +1.37 million ecus, rising encouragingly to -10.87 million ecus in 1985 but declining rather sharply to -2.90 million ecus in 1994. This discouraging trade situation is even worse when we again juxtapose the ACP figures with those of comparable regions. For example, the Latin American region witnessed a rise in its balance of trade with the EU from +1.25 million ecus to +4.52 million ecus. Similarly, the ASEAN region's balance of trade figures grew tremendously from being in the negative (-0.2 million ecus) in 1970 to +3.12 million ecus in 1994 - an increase that resulted from the composition of trade of this region. That is, the growth in value of ASEAN trade with the EU was due to the ability of the former to not only diversify its exports, but also transform them into semi-processed products and

increase their value-added - something the ACP states have not been able to do successfully. How do we account for the poor (export) trade record of the ACP states despite the Lomé trade preferences? It is argued here that the difficult conditions in the form of restrictive conditions on access to the EU market or limitations of specific provisions of the Lomé Conventions themselves largely account for the failure of the agreement to significantly improve ACP states' trade with the EU between 1975 to 1994.

**Table 3.1b ACP-EU Balance of Trade from 1970-1994
Compared to that of Other Regions (mio. ecus).**

Region	1970	1975	1980	1985	1990	1994
ACP	5.51 <i>4.14</i>	9.87 <i>8.87</i>	22.08 <i>17.87</i>	30.51 <i>19.64</i>	20.12 <i>16.65</i>	19.95 <i>17.05</i>
L.America	4.90 <i>3.36</i>	7.51 <i>7.82</i>	24.58 <i>12.32</i>	29.88 <i>14.63</i>	25.36 <i>15.06</i>	24.56 <i>20.04</i>
M. Basin	5.80 <i>5.57</i>	9.98 <i>16.69</i>	35.21 <i>39.58</i>	44.28 <i>44.12</i>	42.30 <i>45.63</i>	41.17 <i>45.39</i>
ASEAN	1.06 <i>1.26</i>	2.32 <i>2.64</i>	8.22 <i>9.63</i>	10.42 <i>10.07</i>	16.79 <i>16.08</i>	22.40 <i>19.28</i>

Note: Imports in Italics; Balance: Exports - (minus) Imports.

Source: The EU. Eurostat: External Trade Statistical Yearbook. (various issues).

One of provisions of the Lomé Conventions which has not served to boost ACP-EU trade is *Stabex*. As "an insurance system for bad years", it was administered by the EU Commission to stabilize export earnings for ACP countries for some of their products destined for the EU market. The products covered are mainly agricultural, including raw materials, some semi-processed goods as well as timber and some fisheries products.

Among the underlying aims of the scheme is the idea of developing an effective way of channelling financial support to producers of export commodities by using money to offset the effects (and not eradicate the causes) of producers' income instability.¹³ By aiming at a stabilization of the ACP states' export earnings and a smoothening out of price fluctuations, it was to have both remedial and enabling effects.

But, several problems arose in its operation from the various conditions attached to it which are, for the most part, insurmountable for the ACP states. First, for an ACP state to qualify for Stabex transfer, it must meet several thresholds - dependence, reference and trigger thresholds. Respectively, these represent the extent to which an ACP country depended on a commodity vis-a-vis its total exports, a point or level at which a fall in exports earnings could be discerned and that which guaranteed eligibility for transfer.¹⁴ These thresholds were, in practice, very difficult to satisfy by the ACP states concerned. Yet, satisfying these requirements did not, on its own, guarantee a transfer. The EU must satisfy itself as well that the shortfall being experienced by an ACP state was not the result of trade diversion or "inappropriate" economic policies. Thus, no transfer can take place if it emerged from an examination of the dossier of the ACP state in question by the EU that the fall in export earnings was the result of measures considered "unfriendly" to and by the EU. Pointing out this problematic situation, Dolan has noted that Stabex transfers can be denied when it is the considered opinion of

the Commission (not the joint EEC-ACP institution, the Council of Ministers) ... that the drop in export earnings is the result of a trade policy which discriminates against the Community. This "discrimination" might be a trade policy which directs more of the commodity to be processed domestically and less to be exported in its raw state. Because local processing would mean a

more efficient use of commodities, Stabex penalizes [ACP states'] efficiency.¹⁵

While this may be justified as a form of defence of (enlightened) self-interest, which is not uncommon in international economic relations, it reduced Stabex to a scheme for rewarding "obedient" ACP raw materials suppliers and undermined not just its objectives, but the very ability to achieve them.

Second, since Stabex funds (in the successful cases) were normally transferred after all the thresholds had been met, they were usually received by the affected ACP state long after the shortfall had been experienced. This reduced their stabilization potential considerably. In fact, for Hamisi, because of this problem, Stabex has never had a full stabilizing function.¹⁶ Not only was its coverage of the shortfall partial, the usual delays of the Stabex machinery usually meant that a return towards equilibrium preceded receipt of the Stabex transfers.

Third, Stabex transfers were not free. They were made in the form of loans which must be repaid. Unfortunately, the timing was often problematic for the ACP states - repayments could become due when significant improvements in their economies or substantial correction of the shortfall have not been made. The EU Court of Auditors, among others, has roundly criticized this as unsatisfactory.¹⁷ The net effect of these restrictive conditions attached to the scheme is that, despite the physical increases in amounts allocated to the scheme in the (subsequent) Conventions, these were never always fully utilized or exhausted. Hence, the remaining portion is simply transferred to swell the funds of the later Conventions. This is ironic as the Independent British Group on Aid has shown that requests from the ACP states for transfers were hardly acknowledged or dealt

EU,¹⁸ thus leaving several legitimate ACP requests unattended.

Similarly, its limited product-coverage and discretionary administration by the EU reduced its impact on the ACP states' economies. The list of products covered by the scheme is not only very limited (49 in all in Lomé IV), the conditions for its transfer were not determined by the export difficulties of the ACP states, but by domestic considerations in the EU. Its coverage excluded those products included in the EU's CAP and others considered sensitive. In this way, Stabex covered only those ACP commodities considered vital to the EU economy (particularly, its industries) which the EU could not be obtained locally. This, according to Mytelka, rather than foster the development of the ACP exports, became

at one and the same time, an incentive to maintain present levels of production in these specific commodities and a disincentive to diversify commercial production, process raw materials locally or develop domestic food production - all activities which would promote domestic economic linkages and bring the structures of demand and production into line.¹⁹

Thus, besides reducing ACP states to raw materials suppliers, Stabex further disarticulated their economies by intensifying their lack of capacity to manipulate the operative elements of the economy.

The *Sysmin* or *Minex* was yet another trade provision of the Lomé Conventions. As a response to the demands of the mineral-exporting ACP states for inclusion in Stabex and pressure from within the Community for measures to enhance supply security, it aims at addressing the instability in ACP states export of minerals. Unlike Stabex, it is not an export earnings stabilization scheme nor did it promote new investment in mining

projects. Its prime object is the maintenance or rehabilitation of existing mineral production capacity of ACP states. This was to be accomplished through the provision of funds to affected ACP countries to cope with decline in their capacity to export mining products to the community. For ACP states to benefit from the scheme, they must prove a substantial fall recorded or expected to be recorded in their capacity to produce or export a product covered by the system. For instance, an ACP state must have derived 15 per cent or more of its export earnings, on average, from eligible minerals over a period of four years.²⁰ Thus, a Sysmin intervention would be justified if a substantial fall was experienced by an ACP state "to such an extent as to seriously affect the development policy of such a state by seriously compromising the profitability of an otherwise viable and economic line of production, thereby preventing it from renewing at a normal rate or maintaining the production plant or export capacity."²¹

To some extent, Sysmin could be said to have substantial potential benefits for the ACP states. Its transfers were not only done on an *ex post facto* basis, but also covered perceived circumstances that could affect productivity - be they technical, economic or political - that were beyond the control of the ACP state concerned. However, it was riddled with limitations.

First, the EU Commission singularly retained complete discretion over allocation and it was of limited application among the ACP mineral exporters as its usefulness was biased towards the traditional suppliers of base metals to the Community - Zambia and Zaire. It did not cover energy minerals, precious or strategic metals or by-products other than cobalt. Second, the dependency thresholds were set higher than for Stabex so that

there has been considerable doubt about the ability of the ACP states to successfully meet the threshold. While in theory the coverage could be easily overcome since the scope of Sysmin can be extended to other minerals if the joint ACP-EU Council of Ministers so decided, in practice, there seemed to be no flexibility to apply the scheme to circumstances which are of increasing relevance to the ACP states in the present international economic conditions. For instance, the scheme can not be applied to support the construction of new mines to take the place of high-cost or exhausted mines, nor was the scheme designed for the case where a sharp drop in export earnings (through price falls or ore grade deterioration) hampers development programmes in other sectors. Also, it did not apply where a producer voluntarily cuts production in response, perhaps, to depressed market conditions, nor can it be used to support programmes of restructuring to respond to or anticipate changed market conditions, unless the ACP state's industry has been damaged in the manner required by article 52.²²

These restrictions made it difficult for the ACP states to avail themselves of the Sysmin facility effectively. The ACP states found it increasingly difficult to benefit from this facility because, in the first instance, it was initiated to cater to the mining concerns in the EU which appeared to be threatened with investment problems in these countries. Since such (investment) problems are capable of causing disruptions leading to inadequate production and supply of certain ACP minerals of considerable importance to the Community, Sysmin was introduced. In its implementation, therefore, it was geared towards facilitating only the export of those ACP minerals needed in Europe. For instance, the Sysmin payments to Zambia and Zaire were made to take care of these

states' capacity (export supply) of minerals to the EU, and not to develop the mineral sectors of these countries as a whole. Thus, the responsiveness of the EU in transferring Sysmin funds was in its own interests: refusal to facilitate ACP mineral exports would jeopardize its own industries which depended on the ACP minerals.

A similar provision of the Lomé Conventions which was intended, according to the EU, to "protect the advantages enjoyed by the ACP and stimulate true industrialization"²³ is that of rules of origin. Ideally, the idea behind the rules of origin was to establish a balance between two objectives: rules that were sufficiently restrictive to prevent third countries from utilizing preferential beneficiaries as mere conduits for their products, yet flexible enough not to prevent the development of export industries within the beneficiary states. In the Lomé Conventions, originating status was conferred on products wholly produced within an ACP state. Specifically, "when products wholly obtained in the Community or in the countries and territories undergo working or processing in one or more ACP states, they shall be considered as having been wholly produced in that or those ACP states".²⁴

Implementing this provision, however, has proved very onerous for the ACP states. Although it was specified in the Lomé agreement that products originating from the ACP states shall be imported into the Community free of import duties and charges having equivalent effect, EU non-tariff barriers (such as quotas and health regulations) continue to hinder ACP exports. The percentage requirement stipulates that imported inputs (that go into the production of ACP exports) should not exceed 40 per cent or, more often, 50 per cent of the value added of the final product.²⁵ In some cases, other restrictions were

imposed that specify the maximum import levels of particular materials and parts from third countries, these percentages not being cumulative with the overall value-added requirement. For the ACP states, this has been very problematic. First, it means that the domestic value-added necessary for the confirmation of originating status is very high. Studies have shown that in the ACP states' textiles industries, for instance, the percentage of value-added required by these rules (for cotton fabrics in particular) was not less than 320 per cent. For finished garments where yarn is the only permitted non-originating material, ACP states were required to add more than 600 percent to the value of the raw material.²⁶ Given the nature of most ACP manufactures which are produced from inputs supplied by specialized producers and are thus heavily dependent on intra-industry trade and the economic size and level of industrial development of these countries, these restrictions or requirements of the rules of origin constituted, in themselves, an insurmountable obstacle to ACP states' penetration of the EU market.²⁷ The situation is further compounded by the fact that a significant portion of ACP industry is based on assembly and packaging of components imported from the developed economies. Thus, the extended list (the rules of origin make up 43 of the 84 pages of the text of Lomé IV and 41 of Lomé IV)²⁸ of exceptions and qualifications concerning "free entry" did not have any significant positive impact on the export of ACP goods to the EU.

The ACP states have sought to make changes to the requirements of the rules of origin on the grounds that the existing thresholds, for instance, were not only a barrier to the growth of *bona fide* exports, but that they constituted a non-tariff barrier to their exports.²⁹ To the ACP states' dismay, the EU did not concede to any major changes.

Subsequent Conventions, particularly Lomé IV, have been vague on this issue with mere statements to the effect that the Community is favourably disposed towards granting derogations and that it is willing to grant them for longer periods than in the past. This is hardly enough to off-set the stringent local-content requirement imposed by the rules of origin. The very low levels of per capita income of ACP states, their relatively small populations and inadequate infrastructure make it difficult for them to meet all the rules of origin requirements, hence their complaint that the conditions were unrealistic. To McQueen,³⁰ the existing requirements are so unrealistically protective that, taking the manufacturing sector as a whole, for instance, only three ACP states succeeded in adding domestically as much as 50 percent of the value of the finished products. That this is antithetical to the growth and development of ACP states' exports has been captured thus:

It seems that the rule requiring that 50 to 60 percent value-added originating in the ACP states is ... a serious infringement of both the spirit and letter of Article 1 of the Convention. It is clearly absurd to expect a country like Niger or Barbados to add 60 percent to the value of manufactured products *in situ*.³¹

While it could be argued (as the EU does) that such requirements are a necessary safeguard to prevent ACP states from simply "laundering" goods produced elsewhere and hence allow third countries (such as Japan) backdoor access to the Community market, their stringency, which hardly hid their protectionist content even against the ACP states they were supposed to assist, undermined their utility and relevance to these countries tremendously.

Two other provisions of the Lomé Conventions that have failed to boost ACP-EU trade despite their intended objectives are the principles of non-reciprocity and the Sugar

Protocol. The principle of non-reciprocity was to enable the ACP states to compete in the world market and expand their exports. It also aimed at providing a stable trading environment between the ACP and EU by restricting arbitrary and discriminatory unilateral or bilateral distortions in the flow of trade, thereby creating more favourable conditions for the development of mutual ACP-EU commercial relations³². But, as Hamisi noted, these preferences are superficial. In practice, they prevented ACP states from buying from the least cost suppliers, entailed losses in customs revenues and led to discrimination against imports from other developing countries.³³ Thus, the abolition of reverse preferences on the basis of the most-favoured-nation (MFN) clause did not boost the ACP states' economies as intended. The EU, in expecting an enhancement of ACP states' trade through this principle, overlooked the great disparity in their economic and political strengths and interests which differed widely.³⁴

Resulting largely from the 1972 British accession into the Community,³⁵ the Sugar Protocol provided for the EU to purchase and import, at guaranteed prices, specific quantities of sugar which originated from the ACP countries. It has been described as "revolutionary"³⁶ for linking the prices of ACP sugar with those of the Community and guaranteeing the producers attractive markets and prices. But, the ACP states have continually queried the impact of this protocol, especially after the EU itself began to produce more sugar than it could possibly consume domestically. In other words, rather import ACP sugar, the Community became a net exporter of the commodity, thereby rendering the protocol redundant. Second, the EU's sugar exports flooded the world market and thus depressed the price of sugar (even the Community's domestic prices

which had become low due to excess supply) and damaged the ACP sugar trade which the protocol was supposed to protect.

In addition to these problematic provisions, there were other non-quantitative barriers and restrictions to the growth of ACP export trade with the EU, leading Stevens and Weston to the conclusion that "even the most ardent supporter of the Lomé trade regime would hardly claim that it provided a sufficient condition for growth in ACP exports of manufactured, processed agricultural and temperate agricultural goods".³⁷ Indirect protectionism in the form of non-tariff barriers have been used by the EU to suppress potentially vibrant ACP exports. When ACP products actually gained entry into the EU market and appeared to be doing well, these were often perceived as a threat and the Lomé escape clause - the safeguard clause - was invoked by the EU to "regulate" the performance of such products. For example, the EU imposed a voluntary export restraint agreement on Mauritius in 1979 because the latter's 1.4 per cent of EU clothing was seen as a threat to the Community's textile industry.³⁸ In other cases, indirect protectionism via subsidies on EU production were a problem: for example, chocolate manufacturers in the Netherlands have benefitted from various fiscal incentives to establish, expand or maintain capacity. Similarly, Danish horticulturists benefitted from subsidized energy which lowered the cost of hothouse production and so reduced Cote d' Ivoire's competitive advantage in the production of the product.³⁹

In other words, the rather restrictive nature of the provisions of the Lomé Conventions and the indirect protectionism of the EU against ACP exports largely accounted for the unimpressive trade performance of the latter in the Lomé era. The trade

preferences were rendered ineffectual by the EU's reduction of its Common External Tariff (CET) in accordance with GATT 8 multilateral tariff reduction. Similarly, the introduction of the EU's GSP and its subsequent extension to other countries implied a reduction in ACP's (exclusive) trade preferences. The deteriorating terms of trade and trade deficits the ACP experienced with the EU were exacerbated by the use of protectionist measures and created a climate which was more conducive to the EU exports than those of the ACP states. As a position which the EU enjoys and is unwilling to change, this lends credence to the argument of the EU's ambivalence towards meaningful trade increase with and for the ACP states via the provisions of Lomé. If the apparent increasing loss of interest in the economies of the ACP states as already noted continues, then there does not yet seem to be a light at the end of the tunnel for the trade woes of the ACP states in the Lomé Conventions. If such was the trade scenario, what about aid?

(ii) Lomé Aid and the ACP States

One of the major demands of the ACP states in the Lomé negotiations was an improved aid regime. They sought to maintain the value of per capita receipts of aid from the EDF in real terms and improve the procedures of the fund, especially those identified as being problematic in the era of the Yaoundé Conventions. For its part, the EU sought to further multilateralize the aid burdens on its individual members and spread its benefits as well. This, it was hoped, would enhance the objectives of the Conventions by

accelerating economic cooperation and development both within and among the regions of the ACP, boost the diversification of their economies, reduce their dependence on imports and promote trade as well as maximize the productive use of resources. The results of aid allocation from Lomé I to IV; that is, EDF IV to VII, are summarised in table 3.2.

Some of the complaints of the ACP states against the previous aid regime - insufficient quantity, problems of aid programming and slowness of disbursement - were grappled with in the subsequent aid provisions. For instance, aid amounts gradually increased from 6.55 million ecus to 21.30 million ecus in Lomé I and IV respectively. Also, the ACP states, at least in theory, became involved in defining the general orientation of aid and took part at each stage of a project in devising the aid programme, project preparation and investigation, preparation of financing decisions and project execution and evaluation of results. Each ACP state was responsible for drawing up its own requests for finance in close cooperation with the competent EU departments. After the programming work, each programme was subject to an exchange of views between the representatives of the ACP countries concerned and the EU. If the EDF's Committee verdict was against the project, the departments of the EU again consulted with the representatives of the ACP state(s) concerned to decide whether the project should be submitted as is, withdrawn or amended.⁴⁰ The concessionary nature of EDF aid was also geared towards assisting the ACP states - the non-repayment grants made to the ACP account for 80 per cent as against only 20 per cent for loans whose interest rate was as low as 1 per cent with a repayment period of four years. Thus, it was the expectation that

Table 3.2 The Lomé Conventions' Characteristics and Financial Resources (mio. ecus)

Convention	Fund	Date	Duration	No. of ACP Countries
Lomé I	EDF IV	28:02:75	1975-80	46
Lomé II	EDF V	31:10:79	1980-85	57
Lomé III	EDF V	08:12:84	1985-90	66
Lomé IV	EDF VII	15:12:89	1990-2000	70*
Convention	Lomé I	Lomé II	Lomé III	Lomé V
EDF	3,072	4,724	7,400	10,800
Grants	2,150	2,999	4,860	6,215
Loans	466	525	600	280
Risk Capital	99	284	600	825
Stabex	377	634	935	1,500
Sysmin	-	282	415	480
EIB loans	390	685	1,100	1,200
Total	6,554	10,133	15,900	21,200
of which				
EDF + EIB	3,462	5,408	8,500	12,000

*At the time Lomé IV was signed, there were 69 ACP states. With the addition of Eritrea in 1992, the number is now 70.

Source: Calculated from J. Lodge, The European Community and the Challenge of the Future, 1989, p.292; and the EU, Lomé IV , 1990-2000: Background, Innovations and Improvements, March, 1990, p. 1.

the ACP states would have availed themselves of the amounts of aid allocated which had

risen considerably from Lomé I to Lomé IV.

However, as in trade, several problems also beset the Lomé aid regime. Most of these derive from the aid implementation process which showed great divergence between theory and practice. It has been observed that, like most other features of Europe's Third World policy, the allocation of Lomé aid was a complex business.⁴¹ Each Convention contained a figure specifying the total allocation of aid. Although the Conventions were of a specific duration, there is no requirement that the allocated aid be disbursed or even committed during this period. After the Convention was signed, the programmable part of the EDF is divided up with an allocation to each ACP state and for regional projects decided solely by the EU on the basis, in theory, of purely objective criteria. But, in practice, normative considerations intrude.⁴² Once the overall aid programme was agreed upon, the selection and submission of projects began. In theory, there is a precise division of responsibility between the ACP and the EU. While the ACP states decided on the project to be financed, the EU signed the cheques when it was satisfied that the projects were well prepared. In practice, the EU has acted like any other donor and used its power of the purse to influence the choice of projects most in line with its own interests.

For the most part, the approval of projects tended to be slow, in part because there were so many fingers in the pie. The ACP states submitted their proposals to the EU Delegation on the spot (in their countries) which, upon making approval, forwarded them to Brussels. The staff in the Directorate-General for Development (DG VIII) made their approval and then sent the project to the EDF Committee. In theory, the EDF Committee is only an advisory body, but in practice, the Committee's opinions were never ignored

by DG VIII. Hence, each project had to surmount several critical and time-consuming hurdles. Also, at the implementation stage, there was a similar divergence between rhetoric and practice. While in theory an ACP state was solely responsible for implementation, in practice, the Commission had numerous opportunities to effect its will. It prescribed the tendering procedures and the contract conditions, and vetted the tender dossiers (a point at which it can "punish" recalcitrant or unfriendly ACP states). These processes resulted in a problematic aid regime whose objectives for the ACP states are far from being achieved for several reasons.

First, the physical increases evident in the amounts of aid allocated in the different EDFs, as already noted, were never fully disbursed - perhaps because there was no requirement that this be done in any of the Convention's duration - despite the numerous requests and applications from the ACP states for aid. Arguing to justify the non-exhaustion of these funds, Adeoye maintained that since the funds can be likened to budgets, they do not necessarily have to be used.⁴³ This is valid only to the extent that there was no felt need to justifiably put the funds into use. But, as already noted, numerous ACP states' applications for these funds were left unprocessed due largely to the delays inherent in the bureaucratic aid disbursement procedures.

Second, the physical increases in the amounts of aid allocated in the different EDFs were more apparent than real - they did not keep pace with inflation and population growth of the ACP countries. That is, though the aid increased in absolute terms with each successive Convention, the high level of inflation and population growth in the ACP states during this period meant that between Lomé I and Lomé IV, the real

per capita transfers to the ACP states fell by about 40 per cent.⁴⁴ Third, the equality claimed in the involvement of the ACP states in the aid administration was only theoretical. Despite the reference to dialogue and participation, the ultimate responsibility for financial decisions on projects and programmes remained with the Community.⁴⁵ It was, therefore, the EU that defined what was considered good and appropriate for the ACP states. This has generated several protests and complaints by the latter who question the commitment of the EU to effect any genuine and fundamental changes in their (ACP-EU) existing asymmetrical and dependent relationship. The ACP states' fears were heightened by reference to the Pisani Memorandum which, as a guide to EU aid policy, maintained that aid and development should be granted to the ACP not purely on the basis of economic criteria and development needs, but based on the extent to which it fostered European integration.⁴⁶ Thus, even in terms of explicit criteria, Lomé aid was hardly defined in accordance with ACP states' development needs and interests.

Similarly, the sectors to which Lomé aid was directed in the ACP states are problematic. In the Yaoundé era, EDF aid was directed only towards the development of very basic infrastructure such as transport and communications networks, hospitals, maternity units, dispensaries and schools. In the subsequent Conventions, this was to be progressively broadened towards investments in the productive sector. But, this pattern has not changed as expected. As a result, a very large proportion of the total Lomé aid is devoted to infrastructural projects and little to the development of directly productive schemes, especially manufacturing and industrial concerns. Those agro-industrial projects which were financed (such as the Solar Pump for agricultural development), often failed

to achieve their purpose because they were not properly integrated into the low levels of technological development of the rural economies of the ACP states.⁴⁷ and did not take account of human reactions to the disruption of the existing way(s) of life or production methods of the societies concerned. The implications of this have been acknowledged by the EC Court of Auditors - that agricultural projects financed by the EDF have made no great impact on national or regional development. For the ACP societies, their results have been insecurity of employment, low incomes and the reduction of farmers to wage-earners and externally, they had unfavourable effects on balance of payments.⁴⁸ All of these shortcomings that led one observer to describe the Lomé aid regime as "one of the worst organized of all aid programmes".⁴⁹ This being the case, therefore, if the noble ideals of the Lomé aid, and for that matter, the Conventions in general are to be met, unstated restrictions attached to the provisions need to be reviewed. A more adequate aid regime would match theory and practice; that is, the objectives and rules established to guide aid disbursement would be followed in the implementation process. Also, an effective aid regime would display greater responsiveness to the aid needs and requests of the ACP states by eliminating these bureaucratic and time-wasting processes. Similarly, its focus would be broader and well defined to address the development needs of the ACP by going beyond the infrastructural to the manufacturing and industrial sectors.

Conclusion

From the foregoing, it can be summarised that the expectations of the Lomé Conventions were not, or have yet to be realized, in the ACP states. First, it was noted that the EU's preferential trade arrangements for the ACP states over and above other comparable regions did not result into increased value of ACP-EU trade. If anything, the ACP states lost ground to these other "unpreferred" regions. In part, this unimpressive trade scenario, it was observed, was due to the restrictive conditions or requirements attached to the trade provisions which proved difficult for the ACP states to satisfy. Expected trade-enhancing provisions such as Stabex, Sysmin, Rules of origin and the Sugar protocol, all had requirements to be met before their advantages and effects could be enjoyed by the ACP states. Since the latter could hardly fulfil these requirements, they never really availed themselves of these provisions as expected. Second, it was also noted that the EU's indirect protectionism undermined and negated the very philosophy of the Lomé trade regime of helping to boost ACP exports into the EU. For example, it imposed high quality standards on ACP exports and, in some cases, even resorted to the imposition of voluntary export restraints on promising ACP exports. All these, rather than boost, had the effect of undermining ACP-EU trade generally at the end of the day. Similarly, the Lomé aid regime was plagued with several problems, the most difficult of which was its process of implementation - a process which showed great divergence between theory and practice. While in theory most of the problems identified in the earlier Conventions (I-III) were taken care of in Lomé IV, in practice, this was not the case. The physical increases

in aid amounts made meaning only in absolute terms and the supposed ACP-EU equality in the process of aid disbursement which would have taken care of the earlier identified problems was not found. That the EU held the veto over aid matters meant that it disbursed aid according to its own, instead of the collective ACP-EU criteria.

It has been argued earlier in this study that, illuminating as analyses which focus on the general performance of the ACP states as a collective in the Lomé Conventions are, they often do not reveal much. At best, they indicate a general trend which, for the most part, does not capture the particularities of performance of the individual ACP states. Since the Lomé Conventions represent an *enabling* framework for development, it means that the different ACP states would respond to them differently. Even if they were to respond uniformly, their levels of success or failure would vary from one country to another as well as across sectors and products. For example, while the general picture of ACP-EU economic relations shows declining trade in the Lomé era, an examination of specific ACP countries' trade with the EU within this period reveals that some countries performed better than others in particular products and sectors. A case in point is in the production and export of cotton yarn and cotton fabric to the EU market in which Cote d'Ivoire recorded 23 million ecus, followed by Madagascar, 20 million ecus; Botswana, 10 million ecus and Cameroon, 8 million ecus as the highest ACP exporters of these products in 1986, while Mauritius and Zimbabwe topped the list in the export of Ladies and Girls' outerwear with 19 million ecus and 5 million ecus, respectively in the same period.⁵⁰ What this suggests is that, if we lumped all of the ACP countries together and analyzed their trade with the EU, we may not get particularly adequate and revealing

results. The results would not be as illuminating because they would not capture the specifics of each unique country or countries, where their strengths and weaknesses lie and what concrete steps can be taken as remedies. Similarly, we have already noted that the success or failure of these states is not be purely attributable to external factors (that is, the nature of the Conventions), but also to internal factors in each country. Thus, it is on account of this that our sophisticated dependency theoretical frameworks which allows for the analysis of how the domestic environment and the various social forces therein affect the attempts of any given state to utilize development opportunities is used to analyze a one of the ACP countries - Nigeria.

ENDNOTES

1. See R.H. Green, "The Child of Lomé: Messiah, Monster or Mouse?", in F.Long, (ed.), The Political Economy of EEC Relations with African, Caribbean and Pacific States: Contributions to the Understanding of the Lomé Convention on North-South Relations (Oxford: Pergamon Press, 1980). p. 5; D. Evans, The Politics of Trade (New York: Halstead Press, 1974); I.W. Zartman, "Europe and Africa: Decolonization or Dependency?", Foreign Affairs, vol. 54, no. 1, 1976.
2. For a detailed account of the processes and negotiations leading to the Lomé Conventions, see in particular, I.W. Zartman, The Politics of Trade Negotiations Between Africa and the European Community (New Jersey: Princeton University Press, 1971), pp. 6-13.
3. See, The ACP-EEC Courier, no. 31, March 1975. For the respective ACP and EU countries in this and the subsequent Conventions, see Appendix A. It is important to note that when the first Lomé agreement was signed, it was not categorically labelled as Lomé I. Since its duration was fixed, and at its expiration there was re-negotiation and signing of subsequent agreements, the initial agreement (and the latter ones for that matter) became known as Lomé I, Lomé II, Lomé III and Lomé IV respectively.
4. M. Lister, The European Community and the Developing World: The Role of the Lomé Convention (Aldershot: Avebury, 1988). p. 75.
5. E. Mayo, Beyond 1992: The Effects of the Single Market on the World's Poor (London: Zed Press, 1989). p. 4.
6. R.H. Green, op. cit., pp. 12-16. He identifies the "global gambitters" who criticize the Conventions for not being extensive enough to embrace all the developing countries - a line of critique that glosses over the unique historical circumstances surrounding the Conventions; the "boosters" who applaud Lomé as the best option available at the time to the ACP states; the "blasters" who see Lomé as a mere cosmetic device and the "second besters" who argue that although the Conventions may not necessarily provide the road to the "New Jerusalem" for the ACP states, it gives them the potential room to manoeuvre and extract economic gains from the EU and the international political economy generally.
7. See Lomé I Dossier, 1975. Also, The EC, "Lomé, Chapter by Chapter of the ACP-EEC Convention", European Communities (Brussels: The EU, 1980).
8. See The ACP-EEC Courier, March, 1975.

9. M. McQueen and R. Read, "Prospects for the ACP Exports to the Enlarged Community". in C. Stevens, (ed.), Europe and the International Division of Labour (London: Overseas Development Institute, 1987), p. 88.
10. A. Matthews, EC Trade Policy and the Third World: An Irish Perspective (Dublin: Longmans, 1990), p. 103.
11. J. Ravenhill, Collective Clientelism: The Lomé Conventions and North-South Relations (New Jersey: Princeton University Press, 1985), p. 187.
12. See, for example, M. Dolan, "The Lomé Conventions and Europe's Relationship with the Third World: A Critical Analysis". Journal of European Integration, vol. 1, no. 3. 1984; J. Ravenhill, Collective Clientelism: The Lomé Conventions and North-South Relations (New York: Columbia University, 1985); J. Moss, The Lomé Conventions and their Implications for the United States (Boulder, Colorado: Westview Press, 1982); M. Lister, The European Community and the Developing World (Aldershot: Avebury, 1988); E.R. Grilli, The European Community and the Developing Countries (Cambridge: Cambridge University Press, 1993). These are a few but representative works depicting the effects of Lomé trade provisions on the ACP states.
13. A. Hewitt, "Stabex: Analyzing the Effectiveness of an Innovation". in C. Stevens, (ed.), EEC and the Third World: A Survey 3 - The Atlantic Drift (London: Overseas Development Institute, 1983), p. 153.
14. K. Hamisi, "Stabex and Lomé III". Journal of World Trade Law, 18. 1985, p. 35.
15. M.B. Dolan, op. cit., (1978), p. 376.
16. K. Hamisi, op. cit., p. 160.
17. M. Lister, op. cit., p. 129.
18. A. Barnett, et. al. Real Aid: What Europe Can Do (London: Macmillan, 1989), pp. 33-40.
19. L.K. Mytelka, "The Lomé Conventions and the New International Division of Labour". Journal of European Integration, 1, 1977, p. 73.
20. This (dependency) threshold has been lowered to 10 per cent in cases of the least developed, landlocked or island states. See P. Daniel, "Interpreting Mutual Interest: Non-Fuel Minerals in EEC-ACP Relations", in C. Stevens, (1983) op. cit., p. 78.
21. See Lomé II, Article 52:1.
22. See Lomé II, Article 52.

23. See J. Ravenhill, op. cit., p.166. This was a statement by the EU Commission Director-General, Klaus Meyer, to the ACP-EEC Committee on Commercial Cooperation, November, 1978.
24. See Lomé I. Protocol No. 1, Title.I, Articles 1 and 3.
25. M. McQueen. "Lomé and the Protective Rules of Origin", Journal of World Trade Law, vol. 16. no. 2. March-April, 1982, p. 125.
26. Ibid., p. 125.
27. E.R. Grilli, op. cit., p. 167.
28. See M.B. Dolan. op. cit., (1978), p. 373.
29. C. Stevens and J.V. Thermaat. "Non-Governmental Influences on Euro-South Relations". in C.Stevens and J.V. Thermaat. (eds.). Pressure Groups, Policies and Development: EEC and the Third World. A Survey 5 (London: Hodder and Stoughton, 1985). p.16.
30. Ibid., p. 17.
31. This was the conclusion drawn by the House of Commons Select Committee on Renegotiation of the Lomé Convention. 1:xxxi. See J. Ravenhill. op. cit., p. 166. Emphasis in original.
32. P. Nicolaides. "Preferences for the Developing Countries: A Critique". Journal of World Trade Law, vol. 19. no. 4, 1985, p. 374.
33. K. Hamisi. "ACP and the Developing World", in J. Lodge, The European Community and the Challenge of the Future (London: Frances Pinter Publishers, 1989), p. 285.
34. T. Srinivasan. "Why Developing Countries Should Participate in the GATT System", The World Economy, 5, 1982, pp. 85-104.
35. M Moynagh. "The Negotiations of the Commonwealth Sugar Agreement, 1949-1951", Journal of Commonwealth Comparative Politics, 15, 1977, pp. 170-190.
36. C.C. Twitchett. A Framework of Development: The EEC and the ACP (London: George. Allen and Unwin, 1981), p. 38.
37. See. C. Stevens and A. Weston, "Trade Diversification: Has Lomé Helped?" in C. Stevens (ed.), op. cit., (1985), p. 59.
38. A. Matthews, op. cit., p. 122.

39. C. Stevens and A. Weston, op. cit., p. 55.
40. J. Moss. op cit., p. 60.
41. C. Stevens, "Renegotiating Lomé", in C. Stevens op. cit., (1985), p. 17. The following description of the aid allocation process under the Lomé Conventions here relies largely on Stevens' piece.
42. Ibid., p. 17.
43. Interview with A.B. Adeoye, Deputy Managing Director, Nigerian Industrial Development Bank Limited (an Institutional CDI antennae in Nigeria) Lagos, August 11, 1995.
44. Interview with Professor Adebayo Olukoshi, Director of Research, Nigerian Institute of International Affairs, Lagos, August 11, 1995.
45. J. Moss. op cit., p. 66.
46. M. Lister. op. cit., pp. 77-78.
47. J. Ravenhill. op. cit., p. 289.
48. Ibid., pp. 289-290.
49. M. Lister. op. cit., p. 136.
50. C. Stevens. "Europe 1992 and the Developing Countries". Special Issue of the Journal of Common Market Studies, vol. 29, no. 2, December, 1990; pp. 230-233.

CHAPTER FOUR

NIGERIA'S PERFORMANCE IN THE LOMÉ CONVENTIONS

Introduction

As earlier noted, Nigeria makes a good case study in the analysis of the implications of the Lomé Conventions because it displays both general and unique features characteristic of the ACP Lomé signatories. These general features include, a low level of economic development, volatile political structures, weak industrial base and dependence on a few commodities for export with its attendant problems such as inflexibility in sources of revenue generation, vulnerability to fluctuations in the international market for these commodities over which they have no control, and in some cases, a disincentive for diversification into other viable exports products. These similarities imply that good lessons can be drawn from the Nigerian case that apply to these other ACP countries.

It has been noted in the previous chapter that Nigeria's economic relations with the EU in the pre-Lomé era was not characterized by any special ties or preferences. The country did not enjoy the benefits of associative economic relations which the AAC and AAMS had. Though it maintained broad bilateral economic relations with individual member-states of the EU, a greater proportion of its trade went to Britain, its erstwhile colonial power with whom it did share a preferential trading arrangement. With the advent of the Conventions, this (non-preferential) relations changed. Unlike most other ACP states, Nigeria was initially sceptical of associative economic arrangements with the EU.

A set of inter-related developments in its domestic environment as well as in the international economy.¹ however, led the country to abandon its rejectionist stance and became a voracious partaker of the Lomé menu. With this change in attitude, Nigeria took on a leadership position among the ACP states in the negotiations which followed with the EU.² Since the performance of the ACP countries varied, how in particular, has Nigeria been able to take advantage of these provisions? That is, to what extent has the Nigeria-EU economic relations been boosted as a result of the Lomé Conventions? How justified was the country's sudden change of attitude?

(i) Lomé Trade Provisions and Nigeria

There were no special trade provisions in the Lomé agreement designed specifically for Nigeria. Thus, like the rest of the ACP states, it was expected that the benign trade concessions would ease the process of exportation by removing all possible barriers and thereby give Nigeria a competitive edge over third countries trading with the EU. Has this been the case? A look at the Nigerian trade scenario with the EU as given in table 4.1 below is quite revealing.

At first glance, it appears that the Lomé trade provisions have had a tremendous boosting effect on Nigeria-EU trade. In the pre-Lomé period (1970-74), the average value

of Nigeria's exports to the EU totalled 2.41 million ecus, rising to 3.68 million ecus in the post-Lomé period (1975-94). This indicates a quantitative growth or change of about 52.7 per cent. This is an impressive rate of growth well over that of other ACP countries such as Ghana which recorded only 15.4 per cent growth in its exports to the EU in the period under review. The only exception is Cote d' Ivoire whose exports rose by 214.3

Table 4.1 Average Values of Nigeria's and Other (ACP and non-ACP) Countries Exports to the EU in the Pre-and Post-Lomé Periods Compared (mio. ecus).

Country	Pre-Lomé: 1970-1974			Post-Lomé: 1975-1994			
	*World	+EU	EU%	*World	+EU	EU%	%
Nigeria	4.89	2.41	49.28	7.92	3.68	46.46	52.7
Cote d' Ivoire	0.84	0.56	66.67	2.81	1.76	62.62	214.3
Ghana	0.54	0.26	48.10	0.71	0.30	42.25	15.4
Malaysia	3.00	8.61	20.33	70.00	40.50	57.86	370.4
Philippines	1.88	0.19	10.11	5.84	1.09	18.66	473.7
Trinidad & Tobago	1.41	0.88	62.41	3.08	0.32	10.39	-63.6

*World: Country's world exports

+EU: Country's exports to the EU

EU %: EU as percentage of country's world exports

% : % Change (absolute terms) in exports to the EU.

Source: Calculated from the UN, United Nations International Trade Statistics Yearbook, vol. 1, Trade by Country (various issues).

per cent. However, the increase in Nigeria's export trade with the EU made sense only if we simply compared the amount of its exports in the pre-and post-Lomé years without regard to its exports to the rest of the world. When we factor in the country's exports to

the rest of the world in those same years, we see that the country actually lost ground in the percentage change of its exports to the EU. Its exports further pale into insignificance when compared with those of non-ACP states such as the Philippines and Malaysia both of which recorded 473.7 per cent and 370.4 per cent in the growth of their exports to the EU in the post-Lomé period, even though these states do not enjoy the (Lomé) preferences which Nigeria does.

Moreover, the rise in the value of Nigeria's exports to the EU over and above some of the ACP countries was due, in large part, to the emergence of petroleum as the country's major export. A survey of the Nigerian economy, its main export commodities and their destination as shown in tables 4.2 and 4.3 indicate the overwhelming dependence of the country on petroleum as the main export product. Of all the country's exports in 1970, petroleum alone accounted for about 58.1 per cent compared to the next most important products of cocoa beans and groundnuts, which accounted for 15.2 per cent and 4.9 per cent respectively in the same year. By 1994, petroleum became the dominant export, rising from the 58.1 per cent of 1970 to 95.2 per cent. So dependent has the country become on this commodity that the other once viable exports - cocoa beans and groundnuts - witnessed fluctuations and downright decline, with the export of groundnut being effectively discontinued in the mid-1970s. The point to note is that only one product - petroleum - accounted for the majority of the country's exports to the EU. Yet, there are no forms of tariffs, quotas or other kinds of barriers on imports of petroleum into the EU market for any producer. This means, therefore, that the export of petroleum, and for that matter, the apparently improved volume of Nigeria's exports to

Table 4.2 Nigeria's Main Export Commodities, 1970-1994 (Percentage).

Commodity	1970	'74	'80	'88	'91	95
Groundnuts	4.9	0.1	-	-	-	-
Cocoa Beans	15.2	2.7	1.3	2.1	1.6	2.5
Petroleum	58.1	92.7	97.2	94.9	96.9	95.2
Palm Kernels	2.5	0.4	-	0.1	0.1	0.2
Rubber	2.0	0.6	0.2	-	-	0.4
P/Kernel Oil	0.2	0.1	0.1	0.1	-	-
Tin Metal	3.8	0.5	-	0.1	0.1	-
Timber/Plywood	0.9	0.6	-	-	-	-
Major exports	90.2	97.5	98.8	97.3	98.0	98.3
Other	9.8	2.5	1.2	2.7	2.0	1.7
% Total =	100	100	100	100	100	100

- Figures not available.

Source: Calculated from Federal Office of Statistics, Review of External Trade, Lagos, Nigeria (various issues).

the EU in the period under review, was not as a result of the trade preferences of the Lomé Conventions. The other products for which trade restrictions would have applied but for the Lomé Conventions' preferences - cocoa beans, groundnuts and palm kernels, among others - witnessed a poor export performance. On the basis of this, we can hardly conclude that Nigeria took advantage of the preferences of the Conventions more than other countries such as Ghana, even if its absolute volume of trade is higher than that of

the latter.

That this is the case is made clearer when we examine the direction of Nigeria's main export (oil) as given in table 4.3. The EU, as evident from the table, was the main consumer of Nigeria's oil, second only to the Americas (the United States in particular). Two issues are worthy of note here. First, the preponderance of oil as Nigeria's main

Table 4.3 Direction of Nigeria's World Oil Exports, 1972-1994 (Percentage).

Destination	1972	76	80	86	91	93	94
Africa	1.4	1.8	2.8	4.2	6.1	6.2	3.5
Asia	4.4	0.7	0.4	-	-	-	2.4
Americas	32.4	53.7	59.5	38.3	57.9	56.9	47.2
The EU	61.8	43.8	37.3	57.5	35.7	36.7	46.9
E. Europe	-	-	-	-	0.1	-	-
Others	-	-	-	-	0.2	0.2	-
% Total =	100	100	100	100	100	100	100

Source: Central Bank of Nigeria. Annual Report and Statement of Accounts. (various issues).

export. Second, the direction of Nigeria's oil exports - with the EU being the second largest market. These two factors considered together imply that, oil alone accounted for well over 95 per cent of the country's total world exports. If we discount the percentage of oil in the country's apparently huge volume of trade with the EU, the figures pale into

insignificance indeed - indicating that the country did not do well in other commodities in its trade with the EU. This is regrettable because most of the Lomé trade provisions targeted these other (non-oil) commodities. Thus, as far as using the enabling framework which the Lomé Conventions provided to enhance its overall economic relations with the EU, particularly in the area of primary commodities, Nigeria can not be said to have done well.

Why has Nigeria not been able to take advantage of the profits from its petroleum exports to expand its export in other products which would take advantage of the Conventions? Though Lomé mechanisms are inadequate, as we have seen, still some potential benefits exist. The main obstacle, however, lies in the internal political economy of Nigeria - the failure to effectively balance the country's economic structure and neglect of other viable sectors of the economy such as agriculture whose products would have benefitted from the Lomé provisions on export development. Instead, the country has allowed the discovery of oil to become a bane by reducing the incentive for diversification.

The search for crude oil in the country first started in 1908 by the Nigerian Bitumen Corporation but ceased with the outbreak of the first world war. This was taken over by Shell D'Arcy in 1937 which discovered oil in commercial quantity at Afam and Oloibiri in the delta region of southern Nigeria.³ Several other companies, notably Mobil, Gulf Agip and ELF joined in prospecting for oil and by February 1958, the first cargo of Nigerian crude oil was shipped overseas from Port Harcourt. From a humble beginning of about 4,000 barrels per day, total petroleum production gradually increased, reaching

its peak in the 1980s as the most important commodity of Nigeria's export trade.

The place of oil in the country's national development was well recognised and in its National Development Plans, the government's strategy was to employ the resources realized from crude petroleum for the expansion of the productive capacity of the economy and thereby lay a solid foundation for self-sustaining growth and development.⁴ But, this has not happened. The Nigerian government did not and still has not been able to use the enormous petro-dollars generated from oil to diversify its economy in a manner that would have developed the other sectors so as to enable them utilize the trade preferences offered by the Lomé Conventions. While the emergence of oil in itself, given the proper use of its revenues to develop the overall economy would have been a blessing, the failure to effectively balance the country's economic structure has created a situation where this commodity (oil) is now being seen as a curse to the Nigerian economy: it has created a disincentive for forward economic thinking by the operators of the Nigerian politico-economic apparatus. Thus, the unintended consequence of the oil boom in the Nigerian economy is the creation of a structural problem in the economy - the over dependence of the economy on petroleum - a problem that is exacerbated by the high levels of corruption, kleptocracy and lack of entrepreneurial drive in the country's elite. This is troubling as far as the Lomé Conventions and its provisions are concerned because, for the most part, the trade preferences were not targeted at products like oil. Since the country does not qualify for Stabex transfer, none therefore, has been made.

The excessive reliance of the Nigerian economy on oil became a matter of such concern that the government, in a bid to revive non-oil exports, established the Nigerian

Export Promotion Council (NEPC) through Decree No. 26 of June 24, 1976.⁵ Its main functions, among others, were to advance the course of export trade of Nigeria and advise the government on appropriate measures to be taken to facilitate export trade. But several problems have plagued the Council and undermined its ability to achieve its underlying objectives. According to A.F. Awoga, head of trade and incentives division at the NEPC, for almost ten years of the Council's existence, it operated only as a department of the Ministry of Commerce and was very poorly funded by the government.⁶ The government, through a systematic process of incessant dissolution and reconstitution of the membership of the Council, created an atmosphere of uncertainty and distrust in and around the Council. Its membership became very insecure and could hardly undertake independent export promotion activities without interference from the government. This was very demoralizing as it took away from Council membership the loyalty and commitment necessary for its success, especially when the government reduced it to an avenue for rewarding politically friendly or acceptable individuals with or without the expertise needed for export promotion activities.

Most importantly, the 1976 Decree establishing the NEPC vested upon the body very limited powers. The Decree specified that the main function of the Council is to "advise government on appropriate measures to be taken to facilitate export trade".⁷ Thus from inception, the powers of the NEPC were essentially advisory as it lacks sufficient authority to embark on aggressive export promotion drive. This had a debilitating impact on the ability of the Council to perform. When it undertook export development studies or researches - some of which were commissioned by the government - and passed its

findings to the latter for approval and necessary implementation, these were not normally acted upon. This predicament has been captured by an observer thus:

... hand over to the President a beautifully bound copy of your ... observations and recommendations The President will shake hands and smile. He will even commend ... for having contributed to our national development. But, do not be disappointed if he subsequently sends the report to the National Archives where it will rest till eternity while we continue to do business as usual⁸

Since the Council lacks the power to implement its findings on its own, it must pass this over to the government. Yet, the government simply files these away. At the end, nothing got done while the export problems remain unsolved. All that the NEPC has been reduced to doing now is the organization of seminars and workshops whose proceedings and round-table recommendations wind up in the files and library shelves.⁹

Prospective Nigerian exporters are required to register with the Council in order to export their goods. Yet the conditions for registration are onerous and the export incentives granted by the government very limited. Since the abolition of the Export Licence by decree 32 of December 15, 1986, it became mandatory that any company wishing to embark on export business be registered with the NEPC. To be registered, an exporter - which must be an incorporated (limited liability) company or a cooperative society - must buy the NEPC's Form A, complete and forward it along with, (a) certificate of incorporation, (b) memorandum and Articles of Association, and (c) three years tax clearance certificate of the company. While these requirements appear modest, they have been a nightmare for some exporters.¹⁰ Not only does it cost exporters more to obtain tax clearance certificates than the actual amount paid as tax, presenting the required documents did not on its own guarantee registration - exporters must bribe their

way. This consumes more resources than most cash-strapped exporters can afford. Yet it takes an unnecessarily long time before the Council, in its political (as against economic) wisdom, approved registration of these exporters without which they can not export.¹¹ The result has been not just frustration, but a total negation of the objectives for which the Council was established.

The place of export incentives as an important stimulus for the development of non-oil exports has long been recognized in Nigeria. The deregulation and liberalization of economic activities pursued since 1986 have resulted in a series of measures. In focusing on the exploration of foreign markets, a package of export policies and incentives have been provided to motivate Nigerian exports. The package was created through the promulgation of the Export Incentives (and Miscellaneous Provisions) Decree of 1986 which introduced about eighteen fiscal and monetary incentives to exporters.¹² The objectives are to encourage Nigerian exports, stimulate the foreign exchange earning capacity of the export sector, diversify the productive base of the economy as well as address the major problems of supply, demand and price competitiveness of Nigeria's exports. These export incentives include Retention of Export Proceeds (foreign currency) by Nigerian exporters, Export Development Fund, Duty Drawback Scheme, Duty Suspension Scheme, Manufacture-In-Bond, Pioneer Status, Tax Relief on Interest Scheme, Capital Asset Depreciation Allowance and Buy-Back Arrangement, among others.¹³

However, over the years, most of these schemes have failed to create the anticipated impact on the economy as was originally conceived due largely to problems of implementation, inadequate government funding and most importantly, contradictions

evident in the Nigerian government's economic policies generally. A brief look at a few of these export incentives and how they operate in the economy in practice illuminates these problems.

The Retention of Export Proceeds incentive allowed exporters to retain foreign currency in their bank accounts in Nigeria. Such foreign exchange was to enable them to pay for export related activities as may be prescribed by regulations made by the NEPC in consultation with the Central Bank of Nigeria.¹⁴ This implied that the exporters did not have the freedom to determine or pay for such export activities as they may wish for the success of their businesses on their own. To pay for any export activity, they must seek clearance from the NEPC and Central Bank. Thus, the responsibility for defining what should be paid for or what is good for the exporters rested not with the direct exporter, but in the wisdom of these two organizations. While this may not be necessarily objectionable since these organizations (were supposed to) operate within the broad national framework of furthering the growth of the export sector of the economy, their inability to respond quickly to the needs of exporters when it matters most was a bane on the success of the latter's business. Second, there was considerable inconsistency in government policy regarding this incentive - at one point, it appeared permissible to operate domiciliary accounts and at others, official government policy prohibited such. This was the case in the 1994 federal government budget in which the holding of foreign currencies was banned only to be unbanned later. This created considerable uncertainty and confusion among Nigerian exporters. The result has been that the few successful exporters, rather than invest their foreign exchange in export businesses in Nigeria, prefer

to hold these in foreign ventures overseas.

Another incentive - the Export Development Fund - was equally problematic in its operation. Established and funded by the government to provide financial assistance to companies to cover part of their expenses, several problems undermined its effectiveness. There was the difficult application process which must be approved by an Inter-Ministerial Committee that rarely met. This left numerous applications unattended to. While the government had this Fund in place, it pursued a commercialization policy which allowed some of its parastatals which exporters pass through (Nigerian Ports Plc, Nigerian Airports Authority, National Maritime Authority etc.) to charge exporters exorbitant fees which the latter can hardly afford. The compulsory payment of freight and other charges in foreign exchange (usually, in US dollars) eroded whatever competitive advantage Nigerian exporters might have secured as a result of this incentive. Apart from the payment in foreign currency, some of the charges ignored the fact that Nigerian exporters have to operate in a very competitive world market. An example is the cost of freight for palm kernel expeller cake to Europe. While the Nigerian exporters were compelled to pay US\$50 per tonne to ship the product to Europe, their counterparts in Malaysia pay only about US\$22 from Malaysia to Europe - a distance more than three times that of Lagos to Europe.¹⁵ In addition to this was the debilitating policy of the Nigerian government to arbitrarily fix the amount of foreign exchange which exporters, large or small, can buy from the Central Bank at any given time. This means that even if the foreign exchange needs of a given exporter surpassed that which the government allowed at the time, and even if this exporter had the means to acquire the needed

foreign exchange, he or she had to go without this vital resource. Yet, the export fund hardly came to such an exporter's rescue. All these inconsistencies rendered promotion and the actual growth of Nigerian exports an uphill task. Hence, without the appropriate export-enhancing policies, the provisions of the Lomé Conventions made very little difference to the Nigerian economy.

This is not to suggest that the problem lies solely with the state. Sometimes, its policy-behaviour (see chapter six) is a product or reflection of the pressure of the various social forces in the Nigerian social formation. At different times, the state has had to initiate certain export policies and turn around to cancel them because of the activities of some domestic classes such as the indigenous bourgeoisie. For instance, this class pressured the government with claims that the existing system was a bane on the export process and it should be replaced with a more export-friendly system. In response, the government introduced a foreign exchange sourcing system whereby genuine exporters could obtain foreign exchange directly from the Central Bank. However, it was reported that Nigerian businesses, having applied for and obtained scarce foreign exchange from the Central Bank ostensibly to pay for raw materials overseas, leave the money in their banks abroad and ship containers of mud and sand back to Lagos.¹⁶ This forced the government to introduce stringent measures to check the sale of foreign exchange, a process which drew yet another round of criticisms of the government from this class for not paying adequate attention to the export sector of the economy. Similarly, in another attempt to facilitate the export process, the government introduced the Export Expansion Grant Fund to assist genuine exporters of manufactured or semi-manufactured products

in order to widen their export market coverage, provided their proceeds are paid into the domiciliary account in Nigeria. In the implementation of this incentive, several problems have been experienced. First, there is the spectre of kleptocracy or improper management which has resulted in huge amounts of money not being accounted for. Second, unscrupulous exporters either cleverly hoodwink the Fund's officials by submitting false claims, or in some cases, connive with the latter and use the Fund's resources for other purposes. Third, where genuine exporters are assisted, they do not keep to the Fund's specification of retaining their proceeds in the domiciliary account in the country. In the face of these problems and criticisms from the larger Nigerian public, the government was forced to drastically reduce the role of the Fund in export development¹⁷. Thus, the state's export policy behaviour has been affected by the activities of the social forces in the Nigerian society as well. This notwithstanding, there is need, if the country is to take meaningful advantage of the trade opportunities offered by the Conventions, for a reassessment of these policies and incentives as well as a continued study and monitoring of the international trade environment with a view to fashioning export-generating policies. If the record of Nigeria-EU trade under the Lomé Conventions was this discouraging, what about the Lomé-derived EU aid to the country?

(ii) The Lomé Aid Regime and Nigeria

In order to make up for the poor Nigeria-EU trade, particularly in non-oil products, the country sought to strengthen its aid relations with the Community. This became imperative as the foreign exchange derived from petroleum exports was inadequate to foot the bill of its development aspirations. Since the country's need for foreign capital had risen to a level where it could not be generated locally or from the value of its oil exports, the government was to use the financial arrangements of the Lomé Conventions to attract foreign capital as much as possible.

This felt need notwithstanding, however, there was no special financial package made for the country under Lomé aid. The aim of the Lomé aid regime for Nigeria, therefore, is what it is for other ACP states - "to correct the structural imbalances in the various sectors of their economies".¹⁸ Such a correction was particularly necessary for the Nigerian economy which is characterised by disequilibria in several sectors - high rates of inflation, labour unemployment and under-employment due to shortage of investment in productive capacities, chronic inadequacy of public goods and infrastructural facilities and balance of payment problems. To tackle these problems, Lomé aid was targeted at the development of infrastructural projects, rural development and training, transportation and communications. It was directed at individual firms and government institutions either in the form of grants, loans or risk capital.¹⁹ The cumulative results of financial cooperation between Nigeria and the EU under the Lomé Conventions (I-IV)

are given in table 4:4.

Table 4.4 Summary of EU Financial Assistance (EIB+EDF) to Nigeria from Lomé I-IV (mio. ecus).

Arrangement	EDF	EIB	Total	Disbursed	Rate (%)
Lomé I	9.0	50.0	59.0	45.4	77.0
Lomé II	5.6	40.0	95.1	74.8	78.7
Lomé III	246.9	208.0	454.9	110.1	24.2
*Lomé IV	390.0	150.0	540.0	?	?

*The amounts in Lomé IV represent those in the First Financial Protocol.

Source: Compiled from the EU, The ACP-EEC Courier, no. 106, November-December, 1987; and Delegation of the EEC to Nigeria, Cooperation: Federal Republic of Nigeria and the EC- Annual Report, 1991.

In general, the amounts of EU aid flowing into the Nigerian economy have increased steadily: Lomé I, 59.0 million ecus; Lomé II, 95.1 million ecus; Lomé III, 454.9 million ecus and Lomé IV, 540.0 million ecus (in the First Financial Protocol). Thus, EU financial cooperation with Nigeria has improved significantly since Lomé I. However, the increase in EU aid allocation to Nigeria from Lomé I-IV, judged against other considerations such as inflation and population size (it has been estimated that for every four ACP nationals, one is a Nigerian),²⁰ becomes more apparent than real.

Similarly, although the aid amounts seem to have improved from Lomé I-IV, the percentage rate of actual disbursement of amounts allocated has not improved. The only marginal percentage increase was witnessed from Lomé I-II - from 77.0 per cent to 78.7

per cent. Thereafter, the situation has been discouraging. Thus, to appreciate the real impact of Lomé aid in the Nigerian economy, we need to look beyond the physical increases in the amounts allocated to those actually disbursed and their targets. From this vantage point, it becomes obvious that the percentage of aid disbursed relative to amounts officially allocated has declined considerably from 77.0 per cent to 24.2 per cent between Lomé I and Lomé III. There are at present no records of the actual amounts disbursed under Lomé IV. The unavailability of these records is symptomatic of the problems hindering the disbursement of Lomé aid in Nigeria which have been described as the "politics of EU-Nigeria aid".²¹ Simply, this describes the problems encountered in the process of aid disbursement which emanate as much from the EU (associated with the power of the EU over Nigeria as an ACP state to define the amount and target of aid) as they do from Nigeria. These supply-side problems are further exacerbated by the "unpreparedness" of Nigeria to receive such aid. To O.W. Ajayi, while the requirements found in the process of Lomé aid disbursement are not necessarily insurmountable as any aggressive and forward-looking state can assail them without much difficulty, Nigeria has not displayed that vital aggressiveness necessary to court the disbursement of Lomé aid. If anything, it has displayed propensities that repel it.²²

When aid is approved for the country, it took an unusually long time for officials in the responsible unit to complete the documentation necessary for such aid to find its way to the appropriate target. A case in point is the approval of equipment for EU rural health and electricity projects in 1994. The equipment was shipped from Europe to the Lagos seaport. At the port, the EU officials handling the projects were subjected to

innumerable trips between the Nigerian Ministry of Economic Planning and Development, Ministry of Health, the Nigerian Customs and Excise and the Nigerian Ports Authority and other allied departments in search of authorization to clear these equipment.²³ This bureaucratic run-around went on for a while before the equipment were released from the port - at which time most of the equipment had deteriorated tremendously and the projects for which they were meant stalled.²⁴ This incident is a microcosm of the corrupt and negative attitudes prevalent among government officials responsible for Nigeria-EU cooperation. The EU Delegation to Nigeria has expressed dismay at the apparent nonchalance displayed by Nigerian government officials towards projects that do not benefit either themselves or their immediate ethnic communities directly.²⁵ These Nigerian officials were often willing to obstruct, either by acts of commission or omission, such projects that would benefit Nigerian communities other than their own. In his address to mark the European Day (formerly Schuman Day) in Nigeria in 1994 Balduin Zimmer, the Head of the Delegation of the Commission of the European Communities to Nigeria, openly regretted how much Lomé aid programmes in Nigeria have suffered due to "administrative" problems and hoped that the situation would improve with the appointment of new heads of the Nigerian departments concerned.²⁶

To these problems is added the general stance of the Nigerian government towards Lomé aid. The country has always maintained the position that it is not interested in the EDF aid.²⁷ Perhaps this explains, in part, the insignificance of Nigeria's financial benefits under Lomé relative to other smaller and less populated countries. That is, while Nigeria got only 0.5 per cent of total Lomé resources, smaller countries like Senegal got

11.6 per cent and Mali had 8.3 per cent under Lomé III.²⁸ This posture seem to have been a carry over from that of Nigerian governments of the late 1960s and early 1970s when it was felt that rather than enter into associative economic relations with the EU, Nigeria should strive towards regional integration in the West African subregion. Yet, even in the area of its perceived interests - EIB loans - the country performed no better. If anything, figures from table 3.6 indicate that except for Lomé I, the country still relied more on EDF aid than on EIB loans. This is discouraging and in a situation where the country's officials and departments concerned with EU cooperation do very little on their own to vigorously attract EU aid, the much desired correction of structural imbalances in the Nigerian economy from Lomé aid are likely to remain a chimera.

Thus, the potential positive effects of the Conventions have not been felt in Nigeria. A look at another dimension - the sectors to which the aid has been directed - further reveals the same picture.

(iii) Sectoral Allocation of Lomé Aid in Nigeria

A break down of the direction of Lomé aid to Nigeria shows that it has been directed at specific sectors and programmes. The main ones are: Planning and public administration; Development of public utilities; Agriculture, fishing and forestry; Industry, mining and construction; Trade, banking, tourism and other services; Education; Health;

Social infrastructure and social welfare and finally, Multisector, Regional and Unspecified programmes.²⁹ Since it would not be possible to discuss all the projects in all the sectors in detail, only a few projects from each sector are examined here. As noted in our methodology, given the potential importance of all the sectors and projects to the Nigerian economy, our criteria for selection of those discussed included, a) the amount of aid earmarked or allocated for the programme and most importantly, b) the extent to which the programme has been executed in the country. The last consideration is very important because, no matter the amount allocated or when the project was approved, not all approved projects have been actually carried out. The extent of implementation of projects, therefore, is critical as it indicates whether its impact has or has not been felt. The idea, in other words, is to see the extent to which these programmes have been implemented to meet their declared objectives as well as the impact they have on the Nigerian economy.

In Sector A1 (Planning and public administration), only one programme - Management Support Unit - has been carried out under the 7th EDF while the General Import Programme with a higher EDF allocation is still under appraisal. With a total allocation of 1.9 million ecus, the objective of the Management Support Unit is to provide technical and logistical support to the National Authorizing Officer's (NAO) office in order to improve procurement, monitoring and financial management of EDF programmes between 1992-95. Its impact has been severely undermined by the unstable socio-political and economic conditions in Nigeria as there were frequent personnel changes at the NAO office which created discontinuity, inconsistency and uncertainty.³⁰

Table 4.5 Summary of EDF-Financed Development Programmes in Nigeria from Lomé I-IV.

Project Type	Target	Amount	EDF	Extent
A1: Planning and Public Administration				
Management	Technical/logistic support	1.9	7th	+PIE
Support Unit	support	25.0	7th	*POA
General Import	Goods import			
A2: Development of Public Utilities				
Rural	Electricity supply	7.5	7th	PIE
Electrification	supply	20.0	7th	POA
Regional Road	Roads construction	10.0	7th	POA
NITEL	Training	15.0	7th	POA
Rural Water	Improved Water			
A3: Agriculture, Fishing and Forestry				
Kaduna	Afforestation	9.4	5th	PIE
NEAZDP	Environment	40.0	6th	PIE
NWAZDP	Afforestation	30.6	6th	PIE
OPBRDP	Flood control	68.8	6th	PIE
Mambilla Tea	Productivity	28.0	7th	PIE
Anti-Poverty	Agriculture	16.1	7th	PIE
Sectoral Import	Supplies	10.0	6th	PIE
Katsina	Productivity	25.0	7th	POA
A5: Trade, Banking and Other Services				
Exports	Trade	37.0	7th	POA
NAN	Communications	1.3	7th	POA
A6: Education				
Human				
Resources	Manpower	17.0	7th	POA
Institutional	Training	9.2	7th	PIE
Library	Books	11.5	7th	POA
A7: Health				
Basic Health	Health care	2.0	7th	POA
Drugs	Drugs reduction	2.0	7th	POA
AIDS	AIDS education	2.0	7th	POA
Rural Health	Rural health	6.1	5th	PIE
A9&A10: Multisector, Regional and Unspecified				
Oban Hills	Conservation	30.0	7th	PIE
Middle Belt	Multiple	38.6	6th	PIE
Miscellaneous	Various	237.5	varies	varies

Extent: Extent of project execution

+PIE: Project in execution

*POA: Project on appraisal

NITEL: Nigerian Telecommunications

NEAZDP: North East Arid Zone Development Programme

NWAZDP: North West Arid Zone Development Programme

NAN: News Agency of Nigeria

OPBRDP: Oil Palm Belt Rural Development Programme

Source: Compiled from The EU, The ACP-EEC Courier, no. 106, November-December, 1987; and Delegation of the EU to Nigeria, Cooperation: Federal Republic of Nigeria and the European Community, Annual Report, 1991. (Lagos: EU Delegation, 1992)

Although three programmes - regional roads, Nigerian Telecommunications staff

training and middle belt rural water supply - which have been approved in sector A2 (Development of public utilities) are potentially important on account of their budgets, their immediate impact could not be ascertained since they were still under appraisal. Only the rural electrification project estimated at 7.5 million ecus was in execution. It aimed at providing energy as means of increasing rural production as well as improving the quality of life in isolated rural communities. Located in twelve states (Bauchi, Edo, Delta, Taraba, Imo, Kaduna, Katsina, Kwara, Lagos, Niger and Oyo) and involving thirty-three communities, the principal actions undertaken so far have been the supply and installation of poles, conductors, transformers and other ancillary equipment needed to carry out inter- and intra-township connection to the national grid totalling 600 kilometres. Though international tender was published in 1988, there was considerable delay before the contracts were awarded.³¹ Delivery of intended off-shore equipment was also delayed and contractors could not finish scheduled jobs. So none of the thirty three sub-projects is ready for commissioning and in some cases, only bush clearing, pole erection and erection have been carried out.

Sector A3 (Agriculture, fishing and forestry) appears to have received the greatest concentration of projects with most them already being executed. The Oil Palm Belt Rural Development Programme (OPBRDP) has received the greatest amount of aid in this sector, followed by the North East Arid Zone Development Programme (NWAZDP), and Mambilla Tea Irrigation. Approved in July 1988, and financing agreement signed on October 6 of the same year, the OPBRDP is located in six states (Edo, Delta, Ondo, Imo, Rivers and Akwa Ibom) of the southern coastal region of Nigeria. Its main objectives

include. the development of productive employment in the rural areas, improvement of living standards and quality of life, and the provision of adequate food supplies and agricultural raw materials to satisfy domestic demand. Its principal actions have been the financing of rural and agricultural development of the Niger Delta based on flood protection and drainage works, social and economic infrastructure in and around the programme area, management support to oil-palm nucleus estates, small-holders' schemes and wild grove collection units as well as training and applied research for rural development.³² It is divided into four sub-programmes plus a management and coordination sub-programme viz: delta land reclamation; mill expansion, plantations and small-holders and wild grove collection; social and economic infrastructure; training, research and university linkages and programme coordination and management. These sub-programmes have, in varying degrees, executed several works within their broad objectives and recorded some levels of success, for example, in the expansion of oil palm estates, construction of access roads and training of the staff of the oil palm companies.³³

However, the programme is bedeviled with numerous problems. First, although the programme was approved in July 1988, it was not until January 1990 that financing contract for the special loan component of the programme was finally signed by the Nigerian government - a delay that was attributed to the bureaucratic bottlenecks inherent in the aid disbursement process noted earlier on. Owing to the delay between the decision of the EU to fund the programme and the signing of the loan component by the Nigerian government, the circumstances of the sub-programmes have been overtaken by several events. When the funds were finally committed, inflation had reduced their value by more

than half of the original estimate. Second, in a 1991 general assessment of the programme, the EU Delegation to Nigeria lamented the lack of coordination between dyke construction, access road, drains, bushclearing and planting in the programme implementation process. The expropriation and crop compensation which was to be carried out by the oil company (Risonpalm) and the state government was not being done. This created continuing friction between the project and the contractors on the one side, and the villagers/natives whose land has been appropriated on the other.³⁴ To the local communities, rather than being a blessing, the programme had become a bane - it had taken away substantial portions of their land upon which they depend without corresponding compensation. Thus, the programme did not serve the interests of the residents who, because of dissatisfaction, began to oppose and antagonize its officials, leading eventually to poor programme implementation and minimal success.

In the Trade and other services sector (A5), only two projects have been approved and both are still at the appraisal stage. This is disappointing because the export process is crucial. The shortcomings of the NEPC have already been noted and it would have been expected that the EU would address the problems of the Nigerian export sector adequately in its export development promotion programme. Instead, all that has been done so far is only a recognition of the importance of the problem and the commissioning of a study to evaluate the prospects of an integrated export development programme aimed particularly at non-traditional products. The final report of the study was issued in October 1991 and it presented a proposal for an integrated export development programme focused on selected product groups in the agricultural and manufacturing sectors. The proposed

programme concentrates on support for the private sector with limited provision of assistance to government trade promotion institutions. The value of the programme, however, can only be noted in theory since its financing proposal is still under preparation. In itself, this delay is attributable to not only the lack of drive and aggression on the part of National Authorizing Office responsible for attracting EU aid, but also the new criteria for aid disbursement by the EU - pace of democratization by ACP states - an area where Nigeria's record has been discouraging.

In the field of Education (A6), the Research and Training Programme (TARP) was undergoing execution. Under the Nigerian Ministry of Finance and Economic Development, it was approved in November 1988 and its financing agreement signed in March 1989. Its objective is to contribute to further support the efforts of the Nigerian government in rationalizing its education, research and training institutions in the fields of priority for the country as well as improve the quality and level of performance of these institutions. The priority fields identified were agriculture and rural development (dissemination of research findings to farmers, nutrition and agricultural education); support for development of maintenance culture (survey of maintenance requirements and connected in-service training); environmental protection and energy planning for rural areas (environmental unit, coastal management research, analysis of energy needs), and public service staff management. In particular, the programme focused on cooperation and exchanges between Nigerian training institutions and Universities and their counterparts in Europe.³⁵

Significant successes have been achieved in this area. For instance, there was the

Obafemi Awolowo University/Trieste Universities linkage in research on techniques of construction and rural/urban planning adapted to the condition of Oyo state in Nigeria which was successfully completed in 1991. The result was the construction of proto-types of low-cost housing units in the state. Second was the linkage between the University of Nigeria, Nsukka and the University of Dublin aimed at research techniques on the processing, storage and marketing of tuber and root crops also completed in 1991. Third was the University of Jos/University of Durham linkage in which four projects have been undertaken on barley cultivation and the possibilities of honey production, soil fertility and management and rapid rural appraisal. The results of these studies have been published and made available to the Nigerian government.³⁶ However, not all the exchanges have been successful. For example, the Auchi Polytechnic/Glasgow College of Building and Printing linkage which was signed in 1988 to create a department of Building Survey in the former institution has yet to take off. Supply orders have been placed, but no equipment has been received. Not only has the equipment not been delivered, commitment to the project now seems to be fading.³⁷

In sector A7 (Health), several programmes have been earmarked, the most important of which, in terms of resources and extent of execution, is the Rural Health Facilities project which entails the building of fifteen rural health clinics, four rural health centres and six maintenance workshops. Its objective is the improvement of health conditions in six states in southwestern Nigeria through the establishment of new health facilities and upgrading of existing ones. Work contracts were awarded following tender in 1989 and technical assistance for the supervision of work concluded a month later.

Equipment supply contracts have also been awarded and the off-shore equipment (medical equipment, drugs, ambulances, generators etc.) have been delivered and training and general project management have long commenced. Most of the facilities have been completed and taken over by the Nigerian government. However, there was protracted delay in the process of project execution such that the original estimate of 6.1 million ecus for the project has become inadequate, forcing the Nigerian government to request an additional 2.1 million ecus. Yet, some facilities have not been completed and some locations lack water and electricity. One of the outstanding difficulties of this project which tends to typify most EU projects in the country, is coordination. As an EU Delegation official puts it, "it is very difficult to complete a project which is spread over 25 remote sites, with 12 building contractors, 6 equipment lots, 2 borehole contractors and 2 consultants."³⁸

Multisector/Regional programmes (A9&A10) are many and varied. They include, the Cross River National Park, Aeronautical Satellite Communications, Pan-African Rinderpest Campaign and the Regional Centre for training in Aerospace Surveys, among others. As one of the significant programmes in terms of funds allocated and extent of execution, the Cross River National Park is geared towards park management, conservation, research and monitoring. It is intended to contribute to the preservation of one of the last remaining areas of undisturbed virgin tropical rainforests in the southeastern Nigeria as well as improve the living conditions of the rural communities whose pattern of life is closely linked to the forest.³⁹ To facilitate this and the involvement of the local communities in the programme, attempts have been made to

build an integrated rural development programme focusing on sustainable development of the support zone. It is estimated that a total of 60 villages in Oban and 40 villages in Okwango divisions will benefit from the provision of various infrastructures and credit facilities of the programme.⁴⁰ Several individuals and associations have benefitted from the revolving credit loans of this programme. For instance, in Abo Mkpang village, credit facilities have been extended to three associations - the Ochie Odie, Ochebe Buwangbe and Kakung Oyangbe Farmers' Development Societies for the development of large cassava and piggery projects. In the communities of Abo Obisu and Abo Ogbagante, loans have been provided for the Ncebe Obonge Women's Development Society and the Farmer's Multi-purpose Cooperative Society for cassava cultivation and processing respectively. These are a few examples of the numerous community associations that have benefitted from the park's support zone programme with its interest-free loans. Also, agricultural extension services are provided for the communities within the support zone and the introduction of new farming techniques and provision of inputs to farmers to improve crop yield are other concrete contributions of the programme.

There are, however, grey areas. Though it is acknowledged that the physical integrity of the park is most vulnerable to the actions of the people living in and around it, and that dislocative impacts of the programme on the people are to be compensated for, not much has been done in this regard. Many villages have been earmarked for re-settlement. But, in the absence of adequate arrangements to compensate the villagers, resentment and opposition have been common. This is disturbing because a dominant characteristic of the economic activities of the local communities within the support zone

is the importance of the forest as a source of food and income from traditional hunting and gathering.⁴¹ Since the villagers within the support zone see their lives as being tied to the forest, they expect the park to provide them with the basic necessities of life in return for their conserved forest. That the villagers are unwilling to forfeit their forest - a source of friction with the park officials - is expressed by J.L. Mabele, a local hunter thus, "our grandfathers were hunters, they survived through hunting, we have no other thing to do other hunting and we also do not know of any laws prohibiting the killing of any animals".⁴² In this scenario, the residents are likely to remain a hostile threat to the faunal resources of the forest and pose a serious obstacle to the success of the programme if nothing is done to their dependence on the forest resources for livelihood. To abate the resentment of the natives, therefore, the programme must exhibit demonstrable rootedness in the social and economic realities of not only the local communities within the support zone, but also the overall development strategy of the state.

In addition to these programme-specific problems, there were a number of general and systemic shortfalls in the execution process of EDF programmes. First, a cursory glance at table 4.5 reveals that most of the EU projects in Nigeria were approved for implementation in the 7th EDF: that is, in Lomé IV. Only very few projects were initiated during Lomé IV and Lomé III (EDFs 5 and 6 respectively) with none in Lomé I (EDF 4). The result of this is that most of the projects are still at the appraisal stage. Second, on account of their relative newness or late approval in Lomé IV, therefore, even those projects currently being executed either have not been completed or have yet to have their impact fully felt.

Third, the EU Delegation in Nigeria has complained against the practices of the Nigerian government, particularly its officials responsible for cooperation with the EU and who also handle Nigeria-EU projects. Where official government approval has been given to the execution of some projects by the Nigerian government, implementation has been a problem - unimaginable delays in granting duty exemption to and clearance of imported programme goods and supplies. This issue has threatened the continued implementation of a number of major programmes.⁴³ In its 1989 and 1990 annual reports, the Delegation highlighted this onerous problem to the Nigerian government, and although there was promise of remedial action, nothing has been done. In the prevailing socio-political and economic climate in the country which has been under military rule for over twenty seven of its thirty seven years as a politically independent state, military dictates supersede all other issues, economic development included. Samuel Huntington, among others,⁴⁴ have argued that in societies at the early stages of political modernization, the military plays a very modernizing and progressive role by promoting economic reform, national integration and political participation. This is made possible by the organizational characteristics it possesses such as hierarchical command structure, skill structure of the officer corps, recruitment patterns and cohesiveness of the officer corps. In Nigeria, on the contrary, the military has not promoted any of these. If anything, the record of the military's performance supports Nordlinger and Finer's argument that, a) military corporate interests are very likely to hinder its motivation to promote economic progress, and b) in Third World countries, the military is likely to allocate scarce resources to supporting itself at the expense of social services and economic growth, health and

welfare programmes.⁴⁵ This is because in Nigeria, the military does not possess these organizational characteristics - a deficiency that is explained by, among other factors, the recruitment pattern of the officer corps. The recruitment pattern of the Nigerian military militates against its ability to promote economic development due to the fact that it merely reflects the basic ethnic and regional divisions in the country. The patterns of the first coup in January 1966 through to the latest one in November 1993, testify to these divisions.⁴⁶ While our interest here is not a comprehensive analysis of the role of the Nigerian military in economic development,⁴⁷ the Nigerian military has stultified sustained economic development by making unnecessarily huge budget allocations to unproductive defence expenditures that do not filter back to the rest of the society (as the protagonists of the military-industrial complex would want us to believe), grossly abused human rights and effectively curtailed political participation. In spite of this discouraging performance, the military has shown a deep-seated reluctance to hand over political power to a democratically elected civilian administration. Thus, in the current political climate where the imperatives of the military are accorded the highest premium, very little corrective action to remedy the apparent shortcomings noted in the behaviour of Nigerian officials responsible for promoting and projecting the country's interests in the Conventions can be expected.

Fourth, the tender appraisal and contract procedures are very cumbersome; programme management structure and the quality of management teams have been problematic, and delays in interest claims and payment procedures tend to demoralize and undermine the commitment of contractors. There were cases of contractors not being paid

well after they have finished their jobs. This is regrettable because such non-payment has less to do with lack of money as it does with the corrupt activities and interests of the officials responsible for these programmes. In some cases, the aggrieved contractors have deliberately resorted to either arms-twisting tactics or other acts capable of sabotaging the projects in an attempt to get their money.⁴⁸

The successful implementation of the EU aid programmes in Nigeria, these problems aside, depends on the dedication of the members of the National Authorizing Officer's small unit within the Federal Ministry of Finance. The latter's preparedness and aggression to court substantial EU aid have not only been lacking, but for the most part, were overtaken by other larger political considerations. The uncertain socio-political and economic climate that has engulfed Nigeria from the beginning of this decade is likely to worsen. It is on record that since the annulment of the 1993 Presidential elections in Nigeria, the socio-political and economic turmoil it engendered and the recall of the Head of the Delegation of the EU to Nigeria and subsequent return, EU activities in the country have literally ground to a halt. The appointment of Mr. Lutz Saltzman as the new Head of the Delegation has not improved the situation because the Nigerian military government has not yet found time from its "pressing national security issues" to officially accredit his office.⁴⁹ With no officially recognised EU representative in the country who has the responsibility to oversee and authorize EU projects, not much can be done. This situation of directionlessness - engendered by the activities of the Nigerian government - led the EU Delegation Office in Nigeria to the position of doubting the wish and readiness of Nigeria to benefit from the Lomé-derived EU programmes.⁵⁰ That the EU Commission,

in a review of the Conventions so far, indicated its intentions to gear EDF aid towards the changing political and economic circumstances of the ACP states is disturbing. One of the key areas marked out is the issue of democracy. EU aid, the Commission contends, is to be increased to those ACP countries that are working towards democratic transition while aid is to be suspended as a sanction against those with dismal human rights records and no respect for democracy.⁵¹ Nigeria's political history in this regard has been disquieting, reaching its height in 1993 with the annulment of the country's Presidential elections. International response and reaction against the country has been far-reaching. When in November 1995 the Nigerian military government under General Abacha executed nine human rights activists, it brought the already strained Nigeria-EU relations to their nadir.

The result was a suspension of aid to Nigeria by the EU. Thus, whereas Nigeria had previously been regarded as a resourceful country in which the EU aid could be put into productive use, the situation is now different. Several selective measures have been adopted by the EU against Nigeria and one of them, according to the EU Delegation in Nigeria, is that although on-going EDF-financed projects in the country will not stop, fresh ones will be determined on a case by case basis and so long as the country does not move solidly towards democratic transition, approval of further EDF aid to Nigeria would be problematic.⁵² The net results of these measures - which, to a large extent, were precipitated by Nigerian state actions - have been a marked reduction of and stringent conditions for future EDF aid to Nigeria. As reported by one of the Nigerian newspapers, Nigeria has lost over 9 billion naira (\$106 million) in aid as a result of the EU's suspension of technical assistance to the country.⁵³ Perhaps it is this strained relations

between the country and the EU as well as the time-consuming procedures inherent in the management structure of the National Authorizing Unit in Nigeria that explains the preponderance of EDF projects in the country which are still at the appraisal stage. This is troubling and, as one analyst sees it, Nigeria appears to be waiting for the EU to "beg" it (Nigeria) to accept EU aid and put it to productive use. In the face of scarcity and the vicissitudes of the international political economy where actors aggressively defend and project their interests, it is unfortunate that Nigeria appears to have no interest to protect and project as far as attracting EU aid is concerned.⁵⁴ That Nigerian officials are not aggressive in this respect even when they can skim off some of the benefits of aid is explained by the fractious bureaucratic politics in the country. Most often, these officials can not agree among themselves on just what to skim off and how the spoils are to be distributed. Not able to agree among themselves on what the formula for distribution should be, they sometimes do not take any action, resulting in the aid programme not being acted upon. In this scenario, very little positive impact can be expected from the on-going EDF-financed programmes in the country and if this situation continues, then even the mere political symbolism which the Lomé Conventions have now come to represent would wither.

Conclusion

It is apparent that, though the trade and aid provisions of the Lomé Conventions were intended to boost Nigeria's economic relations with the EU, the actual record of Nigeria's performance in the Conventions did not reveal a significant increase in this regard. The only area where Nigeria's trade with the EU increased was in the export of oil. But as noted earlier, this commodity was not covered in the provisions of Lomé. Its increased export to the EU, therefore, can not be attributed to the effects of the Conventions. This unimpressive performance of the country was accounted for by first, the political economy of Nigeria, particularly its failure to balance the economic structure and neglect of other sectors of the economy. Second, there was inadequate government attention to export trade development, problematic export growth incentives, and corrupt, kleptocratic and unscrupulous activities of both state and private agents. Third, there were bureaucratic problems surrounding aid approval and disbursement, and most importantly, the apparent and paradoxical unpreparedness of the country to aggressively attract EU aid and put it into productive use. These demand-side problems from the domestic context of the Nigerian social formation, are sufficiently addressed in our sophisticated dependency theoretical framework. For example, by making room for an understanding of the struggles between the various classes and how these affect the development process - in this instance, the conflicts or struggles between Nigerian officials in government departments responsible for Nigeria-EU economic relations and their effects on the ability of the country to take advantage of the Lomé opportunities - our framework enables us

to explain the underlying causes of the country's unimpressive performance. That is, although the Conventions contained limitations in themselves, they did provide some opportunities which enterprising states would take advantage of. Nigeria, however, did not reflect such enterprise, hence the potential benefits of the Conventions were not significantly felt.

ENDNOTES

1. See H.A. Asobie. "Nigeria and the European Community, 1970-1980", Nigerian Journal of International Affairs, vol. 9, no. 1, 1983, pp. 81-110. These circumstances have already been noted in chapter two. Among others, they include the declining importance of the British market to the Nigerian economy as against the emerging and increasing importance of the EU market as a collective to Nigeria and pressure from social forces within the Nigerian social formation.
2. For the role played by Nigeria in the processes leading to the Lomé Conventions, see W. Briggs. "Negotiations Between the Enlarged European Economic Community and the Africa, Caribbean and Pacific (ACP) Countries", Nigerian Journal of International Affairs, vol. 1, no. 1, July, 1975. Also, T.J. Bendega. "Developing Country in Search for a New International economic Order: Nigeria's Negotiating Role in the Lomé Convention and the United Nations System, 1963-1980". PhD dissertation, Columbia University, 1983.
3. G. Angaye. "Petroleum and the Political Economy of Nigeria". in The Nigerian Economic Society. The Nigerian Economy: A Political Economy Approach (London: Longmans, 1986), p. 51.
4. Ibid., p. 50.
5. S.O. Ejiawoko. "Nigerian Foreign Trade Policies and Economic Development". in J.E. Ndebbio and A. Ekpo (eds.). The Nigerian Economy at Crossroads: Policies and Their Effectiveness (Calabar: University of Calabar Press, 1991), p. 84.
6. Interview with Mr. A.F. Awoga, Head, Trade and Incentives Division, Nigerian Export Promotion Council, Lagos, August 29, 1995.
7. A.F. Awoga. "Functions and Activities of the Nigerian Export Promotion Council", Paper presented at Export Finance Seminar at Gateway International Hotel, Ota, May 17, 1993.
8. See "Fruitless Probes", West Africa, January 24, 1983, pp. 191-192.
9. Interview with A.F. Awoga, op.cit.
10. Ibid.
11. Interview with Prince B.B. Akindele, Chairman and Managing Director, Ben Reubens Nigeria Limited, Lagos, August 22, 1995.

12. L. Ogunmola. "Current Export Incentives in Focus". Paper presented at the Comprehensive Export Seminar II, Federal Palace Hotel, Lagos, April 27, 1995, pp. 1-2. L. Ogunmola is the Director, Trade and Information Incentives at the NEPC.
13. See A.F. Awoga. "Export Promotion Policies and Direction of Trade, 1990-1995". Lecture delivered at the Workshop on Export Financing Management and Marketing in Nigeria. Financial Institutions Training centre. Lagos, July 10, 1995, pp. 1-15.
14. Awoga op. cit. (1995), p. 5.
15. L. Ogunmola, op. cit., p. 2.
16. C. Achebe. The Trouble With Nigeria (London: Heinemann, 1983), p. 41.
17. Federal Ministry of Commerce and Tourism. The Export Processing Zone (EPZ) (Abuja: Ministry of Commerce and Tourism, 1997), p. 14.
18. O. Akano. "Resource Flows and Aid from the EEC to African Countries Under the Lomé Regime: An Appraisal". Nigerian Journal of International Affairs, vol. 9, no.1, 1983, p. 65.
19. H.M.A. Onitiri and A.A. Owosekun. "An Appraisal of the Lomé Convention", Nigerian Journal of International Affairs, vol. 4, no. 2, 1978, p. 82.
20. Ibid., p. 35.
21. Interview with EU Delegation Official to Nigeria, Lagos, August 8, 1994.
22. Interview with O.W. Ajayi, CDI Institutional antennae, NIDB, Lagos, August 12, 1994.
23. Interview with EU Delegation Official to Nigeria. op. cit.
24. Ibid.
25. Interview with EU Delegation Official to Nigeria, Lagos, August 10, 1994.
26. This was contained in a keynote address by Mr. Balduin Zimmer, Head of the EU Delegation to Nigeria titled "The European Community Development Policy Rising to the New Challenges" at a reception in Abuja to mark the European Day, Tuesday May 17, 1994.
27. O. Akano. op. cit., p. 68.
28. Ibid., p. 67.

29. See The ACP-EEC Courier, especially the blue pages in every issue. The EU has designated description codes for all these sectors and respectively, they are: A1 Planning and public administration; A2 Development of public utilities; A3 Agriculture, fishing and forestry; A4 Industry, mining and construction; A5 Trade, banking and other services; A6 Education; A7 health; A8 Social infrastructure and social welfare; A9 Multisector/Regional and A10 Unspecified. Sector A4 is not reflected in table 3:7 or discussed at this stage of the work. See chapter four. For Sector A8, nothing of substance could be identified in the country, perhaps indicating that the EU or Nigeria (or both) were not very concerned with activities in this sector and have not, therefore, embarked on any projects here.
30. Interview with EU Delegation Official to Nigeria. Lagos, August 8, 1994.
31. Delegation of the EU to Nigeria. Annual Report 1994. (Brussels: EU, 1995), p. 26.
32. Ibid., p. 11.
33. Ibid., p. 12.
34. Ibid., p. 14.
35. The EU. The ACP-EEC Courier, March, 1992, p. 21.
36. Ibid., p. 25.
37. Interview with EU Delegation Official to Nigeria. July, 12, 1995.
38. Ibid.
39. See World Wide Fund for Nature. Cross River National Park (Oban Division): Plan for Developing the Park and Its Support Zone Feasibility study prepared for the Federal Government of Nigeria and the Government of Cross River State of Nigeria, November 23, 1989, p. 8.
40. Interview with Ayuk A. Nchor, Chief Park Officer, Cross River National Park, Calabar. August 2, 1994.
41. H.J. Ruitenbeek, Economic Analysis of Issues and Projects Relating to the Establishment of the Proposed Cross River National Park (Oban Division) and Support Zone WWF Feasibility Study for Cross River National Parks Project, July, 1989.
42. See The Nigerian Chronicle, Friday, May 13, 1994, p. 9.
43. Delegation of the EU, Annual Report 1994, pp. 6-7.

44. See S. Huntington, Political Order in Changing Societies (Cambridge, Massachusetts: Little, Brown, 1968), p.194. Others include, M. Janowitz, The Military in the Political Development of New Nations (London: Praeger, 1964); L. Pye, Aspects of Political Development (Boston: Little, Brown, 1966); and F. Greene, "Towards Understanding Coups", Africa Report, vol. II, 1966.

45. E. Nordlinger, "Soldiers in Mufti: The Impact of Military Coup Upon Economic and Social Change in Non-Western States", American Political Science Review, December, 1970. Also, S. Finer, The Man on Horseback: The Role of the Military in Economic Development (New York: Praeger, 1962).

46. A look at the grievances and ethnic origins of most of the officers that staged these coups shows that the majority of them are from the southern part of the country. Their complaints, besides poor governance, economic stagnation and general directionlessness of the country, border on discrimination in promotion which tends to benefit only officers from the northern part of the country. In fact, in the April 1990 coup, the plotters not only made this their main reason for staging the coup, but excised the country into two in order to separate (punish?) the northern part of the country who they feel has benefitted disproportionately from the Nigerian "national cake". Though the coup was a failure, it shows the line of divisions within the Nigerian military.

47. For a study of the performance of the Nigerian military along these lines, see O. Onyejekwe, The Role of the Military in Economic and Social Development: A Comparative Regime Performance on Nigeria, 1960-1979 (Washington, D.C.: University Press of America, 1981).

48. Interview with EU Delegation Official, Lagos, July 5, 1995.

49. Interview with EU Delegation official, op. cit. This is unfortunate because Mr. Saltzman, as at the time of this interview, has made several trips to see the Nigerian President at the Government House in Abuja without success.

50. Interview with EU Delegation Official to Nigeria, Lagos, August 8, 1994. Though this is, for the most part, a general problem which applied to other sectors in the Nigerian economy identified here, its effects appeared to be more acute in this sector. This is due largely to the absence of a strong and aggressive front or government body to exert pressure on the appropriate EU departments to approve and release funds for these projects. Perhaps this helps explain the relatively large number of projects that are still on appraisal.

51. Delegation of the EU in Nigeria, Euro News, vol. 7, no. 1, January-February, 1994, pp. 2-7.

52. Ibid., p. 7.

53. See The National Concord, April 3, 1996.
54. Interview with O.W. Ajayi, op. cit.

CHAPTER FIVE

LOMÉ AND THE INDUSTRIAL DEVELOPMENT OF NIGERIA

Introduction

Up to now, we have been examining aspects of EU-ACP cooperation which were aimed at strengthening these states' traditional exports of primary products - a pattern established during the colonial times. However, most development theorists believe that in order to break out of this inherited dependency, industrialization is essential. The importance of industrialization was recognised in Title V, Part II of the Text of the Lomé agreement. The reasons for this recognition were obvious. For the individual ACP states, industrialization represented an invaluable objective that would enable them to diversify their economies, transform their heavy dependence on production of primary commodities, and launch them into sustained development. To the EU, industrialization of the ACP states would not only further the overall objectives of the Conventions, but also alleviate some of the problems like international migration which the continued impoverishment of the ACP economies might pose. This recognition led to the creation of a special institution - the Centre for Industrial Development (CDI) - to promote ACP states' industrialization within the Lomé framework. The Centre was mandated to facilitate and support the setting-up, expansion or restructuring of ACP industrial projects through long-lasting ties of cooperation between Small and Medium-Scale Industries in ACP countries and businesses with the EU, paying particular attention to the necessity for adaptation of technology, promotion of exports and facilitation of contacts between EU and ACP states'

policy-makers, firms and financial institutions.

Several questions arise concerning the Centre's activities. At a general level, to what extent has the it lived up to its declared mandate? Since our study focused on Nigeria, how effective has the it been in promoting Nigeria-EU industrial cooperation? Specifically, what impact, if any, have its activities had on Nigerian industry, particularly in the areas of technology transfer or adaptation and export promotion? An examination of the record of the Centre's activities in the country suggests that, although in theory its objectives appear worthy, its practical results have been problematic. As with other aspects of the Lomé Conventions, the problems which undermined its impact are both external and internal: a) the restrictive conditions, requirements and caveats attached to its mode of assistance delivery, and b) the generally weak nature of Nigerian firms and some of their retrogressive practices which further compound their ability to avail themselves of the Centre's assistance. In other words, the discouraging performance of the Centre is explained by factors internal to the CDI itself as well as to the firms/businesses it provided assistance in Nigeria. Critical among these factors is the belief that mass production of standardized goods formed an integral part of the development process. This led to the embrace of inappropriate economic models - export oriented industrialization and import reproduction/mass production. These models are unsuitable and have failed to boost the development efforts of the country because, among other negative consequences, they do not encourage the integration of the advantages of appropriate technology or relate the building of indigenous technological capabilities to industrial deepening. This situation, it would have been expected, will be corrected through the industrial assistance

package of the Conventions. Unfortunately, however, this has not been the case because the Conventions' provisions on industrial development assistance are themselves problematic and not designed to tackle this problem.

Before delving into an examination of the industrial development experience of the ACP states, a brief review of these states' industrialization experience is in order. To explore the Centre's activities, this chapter is divided into three parts. The first part reviews Third World countries' industrialization, particularly the models or strategies adopted as they affected their ability to effectively utilize CDI assistance and transform their industrial base. The second part examines the role of the CDI in promoting industrial development in the ACP states generally, while the third and final part focuses on the Nigerian case, paying attention to the issues of transfer of technology and the promotion of exports. Thus, in focusing on Nigeria as a case study - a country which shares basic similarities with other ACP states and yet displays certain unique features - it is hoped that findings therefrom will shed light on the general nature of the problems confronting these states in utilizing CDI assistance, and by so doing, allow us to draw lessons for other ACP states.

5.2 Industrialization and the Third World

As an essential aspect of long-run development necessary to raise incomes and employment, diversify exports, avoid excessive dependence on a few commodities for

foreign exchange and protect the economy from worsening terms of trade for primary products,¹ industrialization has commanded specific attention of the developing countries which have devoted considerable resources to its quest. Nevertheless, according to the World Bank, industrial development in the Third World, particularly sub-Saharan Africa, has been discouraging. For the countries in this region, "the 1980s were years of stagnation and even *deindustrialization*"² as industrial growth in nineteen or half of them was less than 2 per cent, and for the region as a whole, it fell by over 1 per cent. In many other Third World Countries, substantial progress was made in establishing and expanding new industries in the last three decades. During the 1960s and early 1970s, for example, an impressive rate of industrial growth in the order of 8 per cent per annum was achieved. The growth rate in the following years, however, was weaker with increases of 4.3 per cent from 1975-85 and 6.4 per cent from 1985-90.³ To some scholars,⁴ however, this was still positive when viewed against the overall conditions in the world economy which, for the non-oil producing developing countries, were considerably more difficult after the two oil price shocks of 1973 and 1980. At the same time, developing countries were able to increase their share of world manufacturing production generally. From palm-oil to steel, from footwear to software, developing countries proved that they were capable of not just producing an increasing range of industrial products, but also of producing them at internationally competitive prices.⁵

This aggregate estimate based on global figures for a fraction of the upward-bound developing countries should not obscure the urgent problems faced by the majority of the Third World countries. In addition to the continuing high rates of population growth

which substantially reduced the effects of successful industrialization, the levels of development varied tremendously from one country to another. For example, the 10 most highly industrialized developing countries accounted for 70 per cent of the entire industrial production of the Third World in the early 1990s. Even after years of operation behind high protective barriers, it still has not been possible for most Third World manufactures and semi-finished goods to compete in the international markets⁶. Also, even if successes are achieved in industrialization or in export promotion, benefits have not necessarily trickled down.

A plethora of works have been undertaken over the years to interpret the failures of development of the Third World. Several models have been adopted by these countries to achieve industrialization, most notably export-oriented industrialization and import-substitution industrialization (henceforth EOI and ISI respectively). Pervasive as these models were in the industrialization experience of the developing countries, consensus on their strengths and weaknesses for the countries that adopted them has not, however, occurred. A brief look at these models is necessary for two reasons. First, to shed light on their implications for the African development experience, and second, because it is our argument that part of the reasons for the inability of the Nigerian economy to take advantage of the Conventions is the failure to embrace an appropriate (import-substitution) model. Situating these models is therefore, in order.

5.3 ISI and EOI in Africa Reconsidered

Adopted by many of the former colonies and other dependent nations of Africa, including Latin America and Asia,⁷ import-substitution industrialization (ISI) rests on several assumptions. One of these is the "spill-over effect" which presupposed that, after the initial stages of industrialization in which countries produced raw materials or primary commodities while importing almost all of their manufactured goods, import-substitution would re-orient their economies towards greater local production of manufactured goods and the foreign exchange hitherto used to buy imported manufactured goods would then be used for other development purposes. Thus, it was assumed that the accumulation of capital, skills and technology in the import-competing sectors would spill over into other sectors.⁸ The strategy usually assumed passage of an industrializing economy through three stages: a) local production of mass consumption goods such as foodstuffs, shoes, blankets, sweets, soft drinks and beer; b) local production of intermediate goods such as steel, paper, chemicals, fertilizers, petroleum refining, glass, cement, cast-iron products and plastics; and c) local development of a capital goods producing sector.⁹ Once the industrialization process passed through the second phase, production for export would become possible and with the manufacture of capital goods locally, production for export as well as for the domestic market would be easier.

The rationale for ISI stemmed from the argument that unregulated trade did not provide answers to the development problems of primary products exporters.¹⁰ What was needed, therefore, were state policies that encouraged domestic manufacturing through

"learning by doing" as a way of developing indigenous technologies geared towards the utilization of local resources. The strategy was to replace imports in which the country had the potential to reach high levels of specialization and in which it could create a comparative advantage for the export market. Restriction of imports would allow an economy to overcome the initial difficulties of creating local demand for new products, while assuring an established market. This would enhance the maximum utilization of internal economies of scale and enable a transfer of underemployed and lowly productive agricultural workers to highly productive industrial jobs.¹¹ ISI arguments further stressed that since new firms might be retarded by unfair competition from foreign imports, tariff protection was necessary to compensate for cost advantages. Protecting infant industries would thus enable local firms to move into industries of the future, providing a basis for future competition as well as creating positive external effects (for example, the diffusion of technology among domestic firms), available to an entire society as free goods.¹²

However, attractive as this model is, critics see its policies as indiscriminate and inefficient. Most countries that attempted the ISI strategy, they argue,¹³ did so from inherited socio-economic and political structures and institutions in which industries normally produced luxury goods for wage-earning, petty bourgeois urban residents. This biased and lopsided production of goods previously imported primarily to supply elite demands perpetuated an economy geared towards their needs. To Seidman, it was almost inevitable that the technologies of such industries were relatively capital-intensive and reliant on imports of parts and materials.¹⁴ The massive importation of machinery and other types of equipment occasioned by ISI not only limited the domestic value-added,

the highly protected industries that produced high-cost goods for the domestic market and reaped unquestionably high profits under conditions of markets monopoly and production inefficiency also tended to be content with preserving what they already had, and thus discouraged industrial expansion. Also, because they produced under very inefficient and heavily protected conditions, their domestic costs were high and non-competitive in the world market. The result was that production for export remained an illusion and under-utilization of existing plant capacity a general rule.¹⁵

In contrast, the assumptions behind the EOI are based on contested neo-classical economic theories supported by the World Bank and International Monetary Fund. EOI centres on the need for the liberalization of the trade and industrialization regimes, the stimulation of labour-intensive, export-oriented industries and the attraction of foreign capital in the export sector. Its underlying notions include the belief that economic decisions were better determined in the market place and that competition generates efficiency and growth¹⁶. Free trade, it maintains, creates conditions for more export investments and diversification by creating linkage industries that provide supplies or process raw exports. Expansion of the export sector creates several (production, consumption and fiscal) linkages between various sectors of the economy which would result in a more balanced development¹⁷. With positive multiplier effects on domestic investment, employment creation and export diversification, Gillis argues,¹⁸ trade will become an engine of growth. Thus, the more a country trades, the better its ability to grow. Export expansion provides such a country with greater flexibility because increased foreign exchange earnings permit an increase in the import of capital goods and

equipment as well as other essential items that cannot be produced domestically. It will also attract foreign investment which helps to strengthen a country's internal competitive position, improve savings and investment patterns and national income and also provide a boost for employment. All of these processes EOI scholars believe, culminate in an accelerated growth in the general economy.¹⁹

These claims of the EOI model could give the impression that it is less problematic relative to the ISI strategy. This is incorrect because EOI has many more limitations. Its drawbacks are most apparent in African countries which have weak domestic economic and technological bases and a high degree of dependence on external factors. The success of some East Asian countries in achieving industrial transformation tended to reinforce the notion of trade by export promotion as an engine of growth. However, as Kravis pointed out, to accept the concept of trade as an engine of growth, four clear features must be present, viz: a) increased share of exports in national production, b) accelerated increase in national income as a result of increased exports, c) inflow of capital to export industries and their linkages and d) increased concentration of exports in fast growing sectors and a simultaneous increase in the growth of linkage industries.²⁰ The economic history of most African countries, unfortunately, hardly reveals the presence of these features, creating insurmountable problems for those countries that have adopted the strategy.

Similarly, questionable export policies and economic assumptions upon which the strategy is based made it difficult for countries to control their economic direction. Liberal assumptions, Luedde-Nuerath argued, are wrong.²¹ International markets are, for

instance, full of imperfections and far from being free. Not only are global markets highly imperfect - notice the many barriers to the free flow of goods, services, information and labour - they can not be separated from their social and political contexts. As Diaz-Alejandro puts it, "markets are creatures of social and political systems, not mechanisms arising spontaneously and inevitably out of economic necessity."²² Thus, the fact that some markets can be encouraged and others discouraged is the result not merely of economic, but of political decisions.

Another erroneous liberal assumption associated with EOI is the notion that market forces are inherently constructive entities. To Brown, this assumption is "plucked from the air"²³ and untenable, and most importantly, the "invisible hand" is likely to be unsure in its operation and occasionally, downright arthritic. Therefore, instead of treating market forces as constructive, it is perhaps more accurate to characterize them as double-edged, containing both constructive and destructive elements. To any notion of the invisible hand must also be added the "invisible fist".²⁴ If the market forces are double-edged, then selective protection by the state (contrary to the EOI logic) is beneficial and necessary. In fact, evidence exists that the government intervened in the production systems and capital markets of the East Asian economies which have been presented as model examples of the effectiveness of free trade. Taiwan and South Korea, for instance, achieved their present level of economic development not due so much to "getting the prices right" as to "getting them deliberately wrong"²⁵ through the adoption of an extensive use of discretionary measures as well as licensing and other variable tariffs.²⁶

Furthermore, as Marxists and neo-Marxists argue, even if some degree of export

growth was derived from EOI policies. it had negative implications for the African countries that adopted them. An increased export orientation of the manufacturing sector in these economies. for instance, was not so much an expression of a mature domestic industry grown out of its infant stage, as it is the result of particular locational factors that attracted foreign firms. By inviting foreign firms, these countries were forced to offer a favourable investment climate which was often not favourable for domestic labour conditions and fiscal stability.²⁷

In Africa, the pattern of industrialization that resulted from EOI was usually at the lower end of the technology spectrum and contributed little to the creation of a skilled labour force and technological development. Thus, possibilities for upgrading and shifting comparative advantage towards more skilled and capital-intensive sectors were limited.²⁸ Similarly, the open trade regime, designed to stimulate manufactured exports, resulted in footloose export activities dependent on imports of capital goods and intermediate inputs to be processed or assembled. This export sector not only had very few linkages with other manufacturing sectors as well as with the rest of the economy, it also intensified the dependence of their economies on foreign firms, external markets and externally designed trade and investment policies. To Linnemann, their structure and volume of production became determined by factors beyond the control of the domestic decision makers. This reduced the possibilities of a more self-reliant growth path based on the growth of the domestic market and the development of indigenous and appropriate techniques.²⁹

In a review of the African industrial development experience, particularly the strategies and models adopted over the years, Mytelka, Wangwe and others³⁰ show the

contribution of the dependence of African economies on the external environment - one of the negative consequences of the(ir) embrace of the EOI strategy - to the continent's present industrialization crisis. The industrialization process in Africa, they maintain, was shaped less by a nationalist state and local entrepreneurs (as supporters of EOI claim) than by colonial authorities, international lending agencies and foreign corporations. Thus, initiatives on industrial policy came mainly from a single source, namely the international lending community. As a result of this, African industry lacks innovation and dynamism as ingredients of competitiveness.

In other words, one of the fundamental problems of African industrialization rested on the model adopted. According to Mytelka, industrialization in Africa neither integrated the advantages of appropriate technology, nor "relate(d) the building of indigenous technological capabilities to industrial deepening."³¹ This failure lay in the belief held by many that the mass production of standardized goods formed an integral part of the development process. In the immediate post-independence period, she points out,

African leaders and their expatriate advisors conceptualized the industrialization process as 'modern, large scale factory production'... [which] inevitably oriented production towards urban consumers, thus making 'import reproduction' rather than 'import substitution' more likely.... The import reproduction strategies... implemented throughout Africa take 'product' rather than 'purpose' as its point of departure. They ignore the extent to which products incorporated concepts of functionality, cost, quality and aesthetics that corresponded to the producer's principal market.³²

Thus, the tendency has been not only to reproduce the characteristics of imported products, but to do so with technology identical to that used in the original market of manufacture, thereby shifting attention away from dynamic learning effects and towards

quantitative indicators of output growth.

This model had several problems which bogged down African industrialization. First, there was an imperfect fit between the capital and technology requirements of the model and domestic factor markets. Although African governments came up with various incentive schemes to attract foreign investments, this did not produce the intended outcome, but a negative tendency: heavy reliance of the industrialization process on foreign investments, external loans for capital, expatriate management for know-how and imports of machinery, equipment and intermediate goods. Not only did this foster market segmentation, but the major investment and technology decisions became the preserve of the expatriate managers and technology suppliers and very little effort was made to develop informal sector activities. In some cases, there was outright refusal to consider such activities as bona fide sources of industrial and technological capabilities and the incentives to learn and improve efficiency in the process were largely absent.³³

Most importantly, the embrace of this model by African countries accounted, to a large extent, for their persistent failure to build indigenous technological capabilities in the African industry. This is because of the lack of fit between the (mass-production) model and factor markets, product markets and social structures in Africa. There were three crucial elements here: a) the gap between the capital and technology requirements of this model and domestic savings and skills, b) the mismatch between the scale of economies and price of mass-produced goods, and the size and shape of markets for these products, and c) the gap between the "rationality" of behaviour required of economic agents and social structures.³⁴ Thus,

instead of building on traditional forms of social control and solidarity to create 'responsible' behaviour within the manufacturing enterprise, 'technical solutions' were imposed which abstracted managers and workers from their social context. As a result, rent seeking behaviour, ... inattention to maintenance and to waste and low levels of labour and capital productivity are common.... [Thus], the modern African factory is embedded in a structure in which there is neither the social control nor the market constraints needed to contain or re-shape such behaviour.³⁵

The net result of this is a disarticulated African industry. This is regrettable because the experience of countries that have undergone rapid and sustained growth in industrialization in the late twentieth century (the NIEs in particular) suggests that their growth is largely attributable to their able absorption of foreign technology, increasing use of technology over time and technological learning, leapfrogging and rehabilitation.³⁶ In other words, a major source of their growth has been the development of indigenous technology - a requisite development ingredient which has proved most difficult for African countries to achieve due to the model of industrialization they adopted.

With particular reference to Nigeria, Ohiorhenuan and Poloamina³⁷ pointed out that not only was the shaping of its industrialization process guilty of the flaws above, one of the most notable characteristics of the country's macroeconomic environment is unstable and inconsistent policy. Eager to exercise the newly acquired symbols of independence, the country's leaders saw industrialization as key to rapid progress and like many other developing countries, undertook an import-substitution strategy which was not even fully implemented. Between 1963-73, the growth of domestic demand, for example, accounted for about 76 per cent of gross industrial product while import substitution accounted for 24 per cent and by the early 1980s, after the oil boom came to a halt, it fell

to 12 per cent.³⁸ In fact, import-substitution was not only grounded from the 1970s, the period thereafter was described as one of "import desubstitution". While the country pursued a liberal macroeconomic policy in the early 1960s, this gave way to increased controls. Exchange restrictions and import controls became widespread, as did the administrative control of credit. A period of trade liberalization emerged soon after the war, with relaxation of quantitative restrictions and reduction of tariff rates. The faltering of the oil boom in 1977-78 and again in 1981 saw the reimposition of quantitative restrictions and raising of tariff rates. This inconsistency translated into an unclear and complicated web of policies, often contradictory with each other and with the overall macroeconomic industrial strategy.

This dismal and crisis-ridden African industrialization experience can be reversed with a mix of appropriate policies and a host of other factors.³⁹ One of these is the abandonment of the problematic mass-production/import reproduction model and the adoption of the import-substitution model as an industrial development strategy. An import substitution strategy would reverse this experience through a process which: a) identifies the purposes embodied in imported products, b) determines their relevance to the local environment and c) designs a product that conforms most closely to domestically available inputs, both material and non-material. Under this strategy, there would be no automatic assumption that given product categories are homogeneous either in the characteristics of the product or in the processes through which they are produced. Production would no longer be seen as the sole end. Rather, it would become part of a more complex process of technological learning that encompasses product specification

and design, process choice and change and the social organization of production. Thus, technological mastery would become part of the process of industrial deepening and the qualitative changes in the structure of production that this implies.⁴⁰

In other words, a true import-substitution strategy would involve a rethinking that would shift industrial manufacturing emphasis away from quantitative toward qualitative goals: from a view of the rural sector in terms of its extractive potential to one which stresses its importance as a market for domestic manufactures and a source of inputs for industry; from ready acceptance of mass production to the conceptualization of more flexible, geographically decentralized and confederal forms of manufacturing that interfaced the mass production and the informal sectors while linking knowledge and goods production activities; and finally, from reliance on imported technology in all its forms to the building of indigenous technological capabilities throughout the economy and society.⁴¹ This strategy may imply the initial dependence of the industry on the external environment for imports of crucial inputs and industrial machinery, a situation often held as negative.⁴² Yet, the dependence would be transitory. As the pace and content of the indigenous technology building capabilities grow and the economy matures, there will be a gradual shift away from reliance on such imports.

A mere shift from import reproduction to export-oriented manufacturing glosses over both the realities of industrial production in Africa and limits the gains in industrial deepening and technological mastery possible through international sub-contracting agreements. Export oriented processing of raw materials and agricultural products is problematic due to the little, if any, influence that African countries have over

international prices, demand and other structural conditions. The import-substitution model is more appropriate because it allows for strategic ways of incorporating existing plant and equipment into a redesigned industrial strategy by the use of industrial rehabilitation projects as a step towards the building of indigenous technological capabilities and the deepening of the industrial structure. Through the process of learning by rehabilitation, African countries would be able to participate in the drafting of feasibility studies, design and construction of plants and the choice of technology. Foreign consultants, foreign firms and the international financial institutions would no longer be seen as substitutes for, but as complements to, the development of indigenous planning, design, engineering, management, marketing and production capabilities. Thus, it provides for the development of the potential inherent in the domestic market and the informal sector which are crucial in the sustained industrial deepening process in the developing countries.

The problems associated with the EOI and import reproduction models and the promise of the import substitution identified above pre-suppose, therefore, that genuine attempts at sustained industrialization of the ACP states would focus on the ISI model which, distinguished from the problematic import reproduction strategy, a) emphasizes the need to build upon local inputs and strengthen linkages between local production and local support services, technicians, repair people and the like and, b) requires that the choice of products are those that meet the needs of a broad range of local people and not simply a few elites who have developed those tastes through imports. That is, given the apparent theoretical advantages enjoyed by import substitution over the other two models, there is need for these countries to, at the practical level, adopt ISI policies in their

industrialization efforts, particularly in their quest to attract and utilize development impulses from the EU.

It is important to note that the ISI strategy being recommended here is not based on, or synonymous with, autarchy. Instead, it is a strategy that gradually consolidates the industrial base of an economy through learning by doing - a process made possible not by economies attempting autarchic development, but through various forms of economic conurbation with other countries. It is in this process that learning by doing becomes possible through appropriate state policies. Second, with its emphasis on the replacement of imports in which a given country has the potential to reach high levels of specialization and in which it can create a comparative advantage for the export market, ISI encourages international trade. Though protection of infant industries may be practised initially, this does not necessarily hinder this trade. Instead, it is part of the initial stages to be transcended after which greater trade would be made possible as these industries mature. Thus, the industrial deepening that is fostered by this strategy will also make it possible for these countries to diversify their economies into higher value-added products. This would generally move these economies away from their present disproportionate dependence on the production and export of primary commodities. Since one of the problems on the way to successful regional economic cooperation and integration among the developing countries is their dependence on primary commodities production (a situation which makes trade or exchanges difficult), transformation away from this dependence and into greater diversification would ease this problem, thus increasing their chances of success at economic cooperation. Our call for the ISI strategy does not gloss

over the problematic political basis for its successful implementation. The shift from EOI to ISI requires considerable changes that would affect established interests and classes and may not go unchallenged. The national bourgeoisie benefiting from the current EOI strategy may oppose the change for different reasons as would other classes. This likely opposition notwithstanding, the need for sustained industrial development requires full implementation of the ISI model which would enable these states to effectively utilize the development opportunities from the international economy.

In the context of the experience of African countries with these industrialization models, how have they utilized the provisions of the Lomé Conventions on industrial development? Put differently, since the CDI epitomised the expression of ACP-EU industrial cooperation, how has the centre, in its activities and mode of assistance delivery, addressed some of the difficulties experienced by the ACP states which had adopted the problematic EOI and import reproduction models of industrialization? Was the Centre's assistance designed to encourage the adoption, growth and development of import substitution industrialization in the ACP countries within the Lomé framework? In other words, to what extent did the CDI provide assistance aimed at fashioning a sustained industrialization process in these countries?

5.4 The CDI and Industrial Development in the ACP States

Industrialization is a major component of the development strategy of the ACP countries. Although all of them had given great priority to the industrial sector in their development plans, achievements have been very modest. They saw in the Lomé Conventions, therefore, the singular opportunity to boost their efforts at industrial development. In their initial memorandum on industrial cooperation and development during negotiations for Lomé I, they posed specific demands on the EU, including the devotion of a special chapter to industrial cooperation in the Convention that would provide for, among other things, the establishment of a Committee on Industrial Cooperation and a Clearing House or Information Centre on Industrial Development.⁴³ The result was not only the inclusion of the special chapter as requested by the ACP, but also the establishment of a Committee on Industrial Development and the CDI at the end of the negotiations.

Established in January 1977 under Article 36 of Lomé I, the CDI was the practical operational instrument for establishing and strengthening industrial enterprises in the ACP states. It was charged with specific responsibilities which, among others, were to: gather and disseminate relevant information on industrial opportunities; arrange for studies to be carried out on the possibilities and potential for industrial development of ACP states, paying particular attention to the necessity of adaptation of technology; identify opportunities for industrial training and applied research in the EU and ACP and organize and facilitate contacts and meetings of all kinds between EU and ACP states'

industrial policy-makers, promoters, firms and financial institutions.⁴⁴ The Centre's primary objective was to facilitate and support the setting-up, expansion or restructuring of ACP industrial projects through long-lasting ties of cooperation between Small and Medium-Scale Industries (SMIs) in ACP countries and businesses within the EU. Such industrial partnerships could take a variety of forms, ranging from joint ventures, management contracts, technology transfer, technical assistance, marketing, licensing, franchising, and sub-contracting agreements.⁴⁵ In other words, the Centre's mandate include the promotion of small and medium-sized businesses, the transfer, adaptation and development of appropriate technology, the training of entrepreneurs in ACP countries and the articulation of industrial promotion programmes for the least developed states.

The Centre is not a bank or development finance corporation. As a technical support body, its purpose is not to make equity contributions or provide loans, but to assist ACP businesses find financial backers by working in close collaboration with a network of Development Finance Corporations (DFCs) and the European Investment Bank (EIB). Where appropriate, the Centre made a non-reimbursable contribution for specified services to be contracted. The promoters or beneficiaries, as a rule, provided at least one-third of the total cost of an intervention, while the Centre provided the remainder from its own or related sources with cooperating agencies.⁴⁶ Where ACP enterprise's financial capacity and access to foreign exchange were limited, it could contribute about 20 per cent of the total cost of the intervention. In some exceptional cases, however, the CDI provided up to 100 per cent of total intervention cost where technical, legal advice and financial audits were required under the circumstances and upon the CDI's own initiative;

that is, such 100 per cent provision of cost of an intervention was not open to application by any ACP promoter. The Centre's financial contribution towards any intervention did not exceed 150,000 ecus for any given year and cumulative contributions to the same project or enterprise do not exceed 300,000 ecus.⁴⁷

The guidelines for the Centre's operating procedures were established by the Committee on Industrial Cooperation. The first consideration to govern its selection of projects was viability, followed by the social advantages of the projects and thirdly, the potential market outlets for the projects' products. Generally, the Centre's activities are subdivided into four facilities to support the different stages in the creation, expansion and rehabilitation of industrial enterprises. In Facility One, the beneficiaries are development, promotion and finance institutions (chambers of commerce, development banks and professional associations). Rendered in the form of assistance with programme identification, implementation and sourcing of potential partners, the limit of the CDI contribution here amounts to a maximum of 50% of the total cost of the initiative proposed by the beneficiaries. Facility Two supports operations prior to implementation of a project: search for partners, feasibility studies, market surveys, diagnostics, rehabilitation, diversification, privatization or expansions studies. Facility Three concerns the financial and legal structuring of the project: assistance in assembling the financial and legal package, search for financing and support in contacts with finance institutions, while Facility Four supports project start-up and development: advice on inspection and reception of new or second-hand equipment, supervision of installation, technical assistance, assistance in start-up, management, marketing and training.⁴⁸

To carry out its mandate, the Centre operated through three integrated support networks divided into:

- a) **The ACP Network:** This consisted of correspondents and local representatives or "antennae" and organizations such as development banks, chambers of commerce and industry, ministries, private consultants and agencies concerned with industrial promotion. Through this network, the Centre identified, selected and documented potential support projects; assessed the competence and reliability of a project's promoter and provided support and follow-up in the field. This network was crucial as it acted as a kind of "filtration mechanism" for the screening of ACP projects for the purpose of determining which ones should be considered for assistance and which ones should not.
- b) **The EU Network:** This consisted of a network of intermediaries within the European Union. It worked to facilitate the task of bringing together financial and technical resources and finding European partner companies for ACP industrial projects. Through the network, the Centre signed cooperation agreements with several European organizations at both the national and regional levels. Some of these agreements incorporate financial provisions to co-finance technical assistance actions with the CDI and the beneficiary. (See Appendix B for a list of EU organizations with which the Centre has such agreements).
- c) **The Development Finance Institutions (DFIs) Network:** This consisted of agreements with the DFIs for the purpose of collaborating closely with the latter. The DFIs are seen as a useful interface between project promoters and the sources of investment finance. The Centre is instrumental in bringing together these DFIs and

prospective ACP promoters or firms that lack the requisite resources for take-off. In cases where viable ACP proposals or projects would otherwise not take-off due to lack of capital or finance, the CDI could liaise between these DFIs and such ACP projects and broker a package that would enable the latter to either commence or diversify operations as the case may be. In some cases, the European companies supplying these resources (finance, capital) could enter into partnership with the ACP projects or firms they are assisting - see Appendix C for a list of EU enterprises and organizations involved in partnerships with ACP enterprises.

In order to facilitate assistance delivery, the Centre established antennae for both the private and institutional sectors in the ACP states.⁴⁹ These acted as the Centre's representatives in promoting and co-ordinating its activities. They assisted in propagating the activities of the Centre, organizing seminars and symposia on all aspects of industrialization, the various opportunities for assistance it offered and how ACP businesses could avail themselves of these. Besides acting as a bridge between prospective ACP industrialists and the CDI as well as other organizations such as the local chambers of commerce and industries, they monitored the progress of the various firms that were already involved with the Centre, wrote evaluative reports on these projects and submitted periodic proposals on ways of improving assistance delivery.⁵⁰ They were particularly instrumental at the planning and assessment stage of CDI assistance - initial proposals by ACP firms or promoters were usually submitted through these bodies which brought their expertise to bear in the preparation of feasibility studies, completion of the application forms and follow-up with the CDI. To O.W. Ajayi, the role of the local antennae was

found in the inputs or assistance they rendered to Nigerian firms/businesses with preparation of feasibility studies to meet the requirements as set by the CDI.⁵¹ The proper preparation of feasibility studies and completion of the application forms were crucial because they determined the chances of the projects being given approval for assistance by the CDI.

In addition to the antennae, the Centre developed the concept of Management Advisory and Technical Services companies (MATS) or "local CDIs" to further assist in the task of efficient project identification and support in the ACP countries. Developed in 1993 to aid the SMIs in the ACP countries which required further assistance, it was adapted to meet the specific difficulties encountered in the field in the face of the difficult economic circumstances facing these states.⁵² It was realised that given the geographical size and the structural heterogeneity of the ACP area, the problems faced by SMIs and the assistance they needed to overcome them could not be managed from Brussels, there was need for decentralization of the work of the CDI. MATS was, therefore, developed as a long-term strategy to strengthen the creation of local service and support companies. Using available local competence as much as possible and working in close collaboration with the CDI in Brussels which provided the necessary European support, MATS was geared towards carrying out various essential services such as technical support, advice and follow-up on the spot.⁵³

Over the years, the Centre has rendered various forms of assistance to the ACP states and established itself as one of the most active instruments of ACP-EU cooperation. Through carefully conceived strategic planning, it has mobilized funds from different

sources to supplement the EDF and EIB in financing industrial projects in the ACP.⁵⁴

A breakdown of the assistance according to location, sectors and type of intervention between 1978 and 1994 is given in Table 5.1a. As evident from the table, the annual

Table 5.1a Summary of Main CDI Activities in the ACP Countries Per Region, 1978-1994 (Annual Average).

Description	Per ACP Region						Total
	WA	CA	EA	SA	C	P	
No. of acceptable requests received	77	102	108	48	49	30	414
No. of interventions passed and approved	70	99	55	37	48	20	329
No. of interventions committed	50	94	50	33	43	17	287
No. of interventions completed	47	38	48	31	38	16	218
% of interventions completed	61	37	44	65	76	53	

WA: West Africa

CA: Central Africa

EA: East Africa

SA: Southern Africa

C: Caribbean

P: Pacific

Source: Data calculated from The CDI Annual Reports, (various issues).

average number of applications (including those for follow-up assistance) from the ACP states to the Centre for assistance stood at 414. Out of this number, 329 or 79.4 per cent

were passed to the Steering Committee and approved. This suggests a favourable approval rate of ACP states' requests for assistance. However, a look at the number of interventions committed and those actually completed⁵⁵ showed that the percentage declined to 69.3 per cent and 52.6 per cent respectively. This tendency was reflected in the individual ACP regions' requests for interventions as well. For example, from the West African sub-region, 77 requests were received out of which 70 or 90.9 per cent were approved and only 47 or 61 per cent were actually completed. In the Caribbean and Pacific regions, an average of 49 and 30 requests was received annually. Of these, 48 and 20 requests or 98.0 and 66.7 per cent were approved and 38 and 16 requests, representing about 79.2 and 53.3 per cent, were actually committed respectively. When considered on a yearly basis, the record shows that there has been a steady increase in the number of requests from the ACP states without a corresponding increase in the number of requests approved by the CDI. For example, in 1985, the number of requests from the West African and Caribbean regions stood 57 and 42, rising to 95 and 73 in 1994, representing increases of 66.7 per cent and 73.8 per cent respectively. For the West African region, the CDI approved 32 (56.1 per cent) in 1985 and 56 (58.9 per cent) requests in 1994, while it approved 27 (51.9 per cent) and 32 (43.8 per cent)⁵⁶ of the requests from the Caribbean region respectively in the years under review. This indicates that, although the total number of requests approved by the CDI increased over the years, it did not, however, keep pace with the total number of requests from the ACP states; that is there were fewer number approvals relative to the amount of requests submitted.

Several administrative factors account for this gap between the number of

intervention requests received, approved and those actually completed. One of these was the time lapse between receipt of requests and when action was actually taken. Officially, the Centre was supposed to take a decision on requests for intervention within two months of presentation of a complete file; that is, after a prospective ACP entrepreneur or firm had supplied all the required documentation for a complete application.⁵⁷ But on the average, as the CDI itself noted, more than one year usually elapsed between the identification of a project and signature of an investment agreement, and a further two or three years before commitment and actual assistance was given.⁵⁸ This resulted in considerable delays which reflected in the large discrepancy between the number of applications for interventions received and those approved.

A breakdown of the interventions made in the ACP countries according to sectors and type of intervention is instructive. Guidelines governing the choice and selection of projects (established by the Committee on Industrial Cooperation) specified that particular sectors of the ACP countries economies should receive priority attention. Top among these were the manufacturing and agro-allied industries, followed by fisheries, forestry, quarrying and small-scale mining and service companies strategically and primarily linked to industry or to industrial promotion.⁵⁹ Other enterprises were to be accepted provided they had export and growth potentials, were pilot projects or had been selected by the Centre. The type of interventions accorded to these sectors varied, depending in part, on the nature of the request made by the businesses, promoters or firms in the ACP states, and also the willingness of the Centre to assist based on its evaluation of such applications. The results of the interventions over the years according to sectors and type

are given in Tables 5.1b and 5.1c below.

Table 5.1b Breakdown of the Yearly CDI Interventions in the ACP Countries According to Sectors, 1978-1994.

Sector	% of Intervention
Agro-foodstuffs	32
Building materials and non-metallic minerals	16
Woodworking	8
Metal and mechanical	11
Textiles & clothing	10
Leather and skins	5
Chemicals	9
Plastics & miscellaneous	9

Total =	100

Source: Compiled from The CDI Annual Reports (various issues).

A cursory look at the sectoral direction and target of CDI interventions in the ACP countries from table 5.1b reveals the predominance of emphasis on the development of agricultural foodstuffs production which assumed 32 per cent of its annual average intervention. This was distantly followed by the building materials and non-metallic minerals sector (16 per cent), metal and mechanical sector (11 per cent) and textiles and clothing sector (10 per cent). The chemical and Plastics/miscellaneous sectors both assumed 9 per cent each of the Centre's interventions while the leather and skins sector

had only 5 per cent. At first glance, this gives an impressive targeting of key sectors of the ACP countries' economies. By focusing on and directing assistance towards the agricultural sector, the CDI, it would appear, lived up to one of the declared fundamental objectives of the Lomé Conventions of making a long term contribution to the economic development of the ACP region by transforming the structure of their primary or agricultural export products.⁶⁰ This point, however, becomes difficult to make when the actual nature of interventions in this sector is examined. Much of the assistance was directed at the development or expansion of production of agricultural commodities or foodstuffs. It did not go beyond the supply of incentives that enhanced output production or the creation of enabling environments to boost productivity. For the Centre's assistance to move this sector of the ACP countries' economies into the path of sustained development, there was need to orient its interventions towards agro-allied enterprises aimed at transforming these agricultural foodstuffs into processed or semi-processed products. Thus, rather than target quantitative growth in agricultural foodstuffs production, emphasis on qualitative growth that would generate higher levels of domestic value-added and generally move the economy towards growth - in consonance with the ISI strategy - was required. Agro-allied industries such as textiles and clothing, leather and skins and plastics that could be used to practically transform these primary commodities into semi-processed goods or manufactures, unfortunately, attracted only 10 per cent, 5 per cent and 11 per cent respectively. Very little was done towards encouraging the development of the agro-industrial sector that would lay the foundations for an embrace of the ISI model which encourages a shift away emphasis from quantitative to qualitative goals and

emphasizing the importance of agriculture as a source for domestic manufactures and raw materials/inputs for industry. For example, if local entrepreneurs feel that people want to buy soft drinks, they can develop a pineapple or orange drink locally which would have local linkages and probably enable the local pineapple/orange drink producing firm so established to master the technology and run the company more efficiently than bringing in pepsi or coca-cola which has special inputs that can only be imported and special

Table 5.1c Breakdown of CDI Activities in the ACP States According to Type of Intervention, 1978-94.

Type of Intervention	% of Intervention
Studies(a)	22
Advisory work(b)	18
Start-up/technical assistance	36
Training	13
Other forms of assistance(c)	11

Total =	100

(a)Technical and market studies: 14%; full scale feasibility studies: 8% .

(b)Expertise and diagnostics, assistance with negotiations, fundraising.

(c)Travel, marketing assistance.

Source: Compiled from CDI records. in particular, CDI Annual Report, 1992, p. 12.

bottles into which it goes. Embracing these forms of industrial practices would have led eventually to a gradual but sustained process of industrial deepening in the country. Largely limiting CDI interventions to merely boosting agricultural commodities as has

been the case tends to perpetuate the dependence of ACP countries economies on agriculture and primary commodities exports - the tendency which the Lomé Conventions were supposed to correct.⁶¹

A scrutiny of the type of interventions in table 5.1c is also illuminating. It reveals that 36 per cent of the assistance was in the form of start-up and technical assistance. This was followed by Studies (22 per cent), Advisory work (18 per cent) and Training (13 per cent), while other forms of assistance took 11 per cent. In the context of the acute shortage of resources in the ACP states for entrepreneurs or firms to embark on industrial projects, the devotion of such a substantial part of the CDI interventions to this area (start-up/technical assistance) appeared useful and proper. The Centre is not a bank and as such, did not provide loans or direct financial assistance, except in very rare and unusual circumstances.⁶² However, many of the applications from the ACP countries carried requests for supply of the crucial missing link or input their bid for industrialization - capital. Requests were always made for financial assistance to help cover the costs associated with start-up, particularly in the purchase of machinery. This form of assistance was hardly forthcoming from the Centre. What predominated, instead, was technical assistance in the form of provision of technical partners for ACP projects and expert consultants and engineers for installation of machinery or factory equipment already purchased by the ACP firms. The importance of technical assistance is not overlooked. In fact, it can be argued that given the dearth of technical expertise in the ACP states, its provision by the CDI was one of the most fundamental roles of the Centre for ACP countries' industry. However, concentrating a disproportionate share of the interventions

on technical to the exclusion of financial assistance is problematic. For firms or businesses that satisfied all other requirements of the application process but lacked the financial wherewithal, the technical assistance provided by the Centre proved rather difficult to utilize. These firms were often not able to avail themselves of the service (technical assistance) offered by the Centre (for instance, negotiating with technical partners or machinery suppliers and provision of experts for equipment installation) since they lacked the financial resources to acquire the machinery in the first place. This concentration on technical assistance skewed CDI interventions in favour of the big and already well-established firms diversifying into other ventures. This not only limited the extent of availability of CDI assistance in the ACP countries, but also placed it out of reach of the mass of the small-scale industrialists. The broad development of SMIs in the ACP states, therefore, was disadvantaged by the type of interventions the Centre offered. In other words, the caveats attached to the delivery of the Centre's assistance (as exemplified by the type of interventions it concentrated on), made optimal utilization of its assistance by the ACP countries difficult.

Nevertheless, most of the problems that made it difficult for the ACP countries to benefit from the activities of the Centre, and which by the same token undermined the ability of the Centre to carry out its mandate, stemmed from several other sources. One of these was the problematic birth of the Centre itself. Although the importance of industrialization in the sustained development of the ACP countries was long realized in the Conventions, it was not until very late in the negotiations that the EU entertained substantial discussion on the issue of industrial cooperation. When it was eventually

agreed that the CDI was to be established to address this, many details on this institution (financing, size, composition) were not specified. This probably was the result of the several disputes and differences involving the ACP states, the EU, representatives of the European private sector, the Commission and the EIB over the financing and staffing of the Centre.⁶³ No separate financial allocation, for instance, was provided either specifically for the Centre or for industrial cooperation. The EU argued that it would be too expensive to give the CDI its own resources. Therefore, though the Centre was established to further the industrial development of the ACP countries, it was not equipped with the resources necessary for successful take-off and operation. This had a debilitating impact on the ability of the Centre to respond promptly and adequately to ACP states requests for intervention.

Inadequate funding has been an albatross around the Centre's neck. In the 1993 annual review of its activities, the Centre itself noted that due to its limited resources, it was only able to make a modest scratch on the surface of the enormous industrial development needs of the ACP countries. With an average annual budget of 13.06 million ecus, it supported a full-time staff of 58 and its overheads (including staff salaries) accounted for over 52 per cent.⁶⁴ This cut its resources available for interventions in the ACP states by well over half. The CDI staff acknowledged that the Centre's effectiveness was severely limited by its inability to offer financial support to needy ACP businesses. The European Parliament also noted that "it is clear ... the finances made available for industrial cooperation do not meet the needs of the ACP countries nor the goals set by the Conventions".⁶⁵ During the negotiations, the ACP proposed that a Fund for Industrial

Development be created in order to reduce the widening financial resource gap for industrial development of the ACP states as well as provide additional investment assistance and incentives for investors in the latter. However, Community response was largely negative because it did not want to lose the financial control it exercised over the ACP states - a possibility which such measures entailed. While the Community was willing to increase its budgetary resources to permit financing of advice and expert evaluations, it was not ready to accept responsibility for direct industrial investment in the ACP states.⁶⁶ This problem (of funding) is critical to understanding the failure of the CDI in boosting industrial development in the ACP. It reveals the different conceptions held by the EU and the ACP on the whole question of industrial cooperation. To the Community, industrial cooperation did not entail (its) going beyond the facilitation of links with the European private sector and the dissemination of relevant information to the ACP states. The Centre's main role, therefore, was to encourage European firms to participate in the execution of specific industrial projects in the ACP countries. For the latter, on the other hand, the Centre was the embodiment and epitome of ACP-EU industrial cooperation and as such was to carry not only its philosophy, but the mechanisms for its practice as well.⁶⁷ These differences adversely affected the Centre's ability to deliver its services. Unfortunately, since it was the Community that provided all the resources for the CDI through the EDF and EIB (institutions over which it has absolute control over), it was its conception of the CDI that has been brought to bear so far. Thus, the statutes under which the Centre has operated as established by the Community, made it impossible for the Centre to offer any meaningful assistance to the

ACP countries other than the identification of projects.

Following this is the question of commitment by the Community toward ACP countries' industrialization. The evolution of genuine ACP-EU industrial cooperation required a recognition and acceptance of the industrial relocation costs involved. This required provision of financial support and commitment to assist the industries in transition. In place of commitment, the Community displayed suspicion. The Technical Centre for Agricultural and Rural Cooperation (TCARC) created in Lomé II enjoyed autonomy from the European Commission and was able to initiate several projects in the ACP countries, particularly in the area of textiles and support of ACP countries' attempts to create export-processing zones. The Community saw the work of the TCARC as a threat to its interests and took steps to undermine it. In 1980, it initiated the dismissal of the Centre's director and appointed a Dane over the ACP candidate, a Nigerian who had served as deputy director since the establishment of the Centre.⁶⁸ That is, the Community's red flag had always shot up when a perceived possibility of minor internal displacement or changes capable of affecting any aspect of its domestic economy particularly, the industrial sector, appeared on the horizon. This led Moss to the conclusion that, "it would be rather naive to take the Community's commitment to ACP industrialization seriously".⁶⁹ That the Community has been less than fully cooperative with the CDI lends credence to this position. The Commission often sent detailed instructions to its delegates in the ACP countries specifying not only the limits under which assistance should be given to the CDI in its operations in those countries, but also that the Centre was not a Community institution. In some cases, the Community resorted

to political measures such as causing unnecessary delays and difficulties in gaining the agreed immunities and diplomatic privileges the Centre's staff were supposed to enjoy in an attempt to undermine its activities.⁷⁰ This has enshrined a widespread sentiment that the Community was content to allow the activities of the Centre flounder with inadequate support and also that it was not serious in its commitment to genuine and sustained industrial development of the ACP countries.

Though the 1990s saw an increase in the number of ACP requests for assistance, some unfavourable developments prevailing in Europe further fuelled an attitude of indifference towards the provision of sustained assistance. The setbacks in the ratification of the Maastricht Treaty and the convergence constraints in the run-up to the monetary union combined to produce a serious economic problems within the EC. As a result, economic agents in Europe became cautious, with the Centre becoming more attracted to investment in the economically more promising eastern European and Asian countries while some regions of the ACP increasingly faced a dangerous process of exclusion.⁷¹ It was this bleak-looking situation that prompted the call in 1993 by the Nigerian Ambassador and Co-Chairman of the ACP-EU Committee on Industrial Cooperation for a re-definition of CDI's approach towards interventions in the ACP states.⁷²

If the scenario for the ACP countries as a collective was gloomy, what about the Nigerian case in particular?

5.5 The CDI Interventions and Nigeria

The activities of the CDI in Nigeria were enormous and wide-ranging. The importance of Nigeria in the Lomé Conventions was acknowledged by the EU and its immense population (of about 100 million) made it a "special" Lomé signatory.⁷³ In recognition of this, the CDI gave considerable attention to the country. While the Centre has about one or two local representatives or antennae (both private and institutional) in most of the ACP countries, it established four in Nigeria.⁷⁴ This was a practical step towards providing its services more efficiently and reaching the Nigerian industrial sector more effectively. Since it was through these antennae that the CDI publicized its activities, got into contact with investors and business promoters and monitored the progress of established projects, their presence in a larger number within the country was to facilitate not only a wider propagation of the Centre's activities, but its deeper reach as well.

However, this recognition of the importance of the country and the steps taken by the Centre did not translate into a significantly improved delivery of its assistance to the country. On the contrary, in spite of Nigeria's acknowledged importance in the Lomé Conventions, it received considerably less attention in terms of assistance delivery from the CDI relative to other smaller and less populated ACP countries. Within the West African sub-region, for example, the total annual average number of completed CDI interventions was 47. Of these, only about 4.4 per cent of the interventions were made in Nigeria.⁷⁵ This is not impressive. In fact, it is dismaying when viewed against the reality

of the country's population which is almost greater than that of the rest of the West African signatory states to the Conventions combined. Second, according to a local CDI antennae in Nigeria, the country accounted for no less than 55 of the 77 or 71 per cent of the average number of acceptable requests submitted to the Centre from West Africa. Yet the number approved and executed was low.⁷⁶ What explains this low number of CDI interventions in the country?

In part, the explanation can be found in the nature of the application process and the requirements involved. The process of submission of intervention requests to the CDI and their approval has drawn complaints from both the ACP states and the EU. To the CDI,⁷⁷ most of the applications submitted by Nigerian firms, investors or business promoters were ill-prepared. They lacked detailed information on key areas necessary to assist it (the Centre) in making successful evaluation of the applications. Promoters were required to provide the information demanded by completing a particular combination of forms - from a set of 10, numbering A to J - to be considered for any of the types of assistance offered by the CDI. It was not in all cases and all types of assistance sought that the complete set of forms (A-J) were to be completed. Instead, requests for specific types of assistance required the completion of a particular combination of a set of the forms. For instance, to apply for assistance with a feasibility study for a new project required the use of forms A, B, C and F; while applications for assistance with a diagnostic study for a rehabilitation project required the use of forms B, C, F and G from the entire set of forms. According to the Centre, Nigerian promoters hardly followed these procedures. Most of their applications were incomplete or ill-prepared, hence the low

approval and intervention rate.⁷⁸

Nigerian promoters, on the other hand, complained about the many requirements demanded in the application forms and excessive bureaucratization of the entire application process. First, the promoters argued, the particulars required on their businesses such as company's profile, occupation and industrial/commercial activities (turn-over, commercial network, assets relevant to the project, assets to serve as collateral), bank references, extent of local partners/participation in the project, annual reports and latest balance sheet, shareholders and structure of the company's share equity, among others, were difficult to meet. For the individual or small-scale promoter, these requirements posed an almost insurmountable challenge. Second, while in theory it took a relatively short time of about two months for the CDI to make a decision on properly completed applications received, in practice, the average period of time it usually took for the Centre to act lasted far longer than that, ranging from two to three years.⁷⁹ Meanwhile, within this waiting period, the promoters made repeated trips to the offices of the local antennae through which applications were made to supply fresh information as further required. In some cases, the promoters were required to travel to the CDI headquarters in Brussels for up to one week or more (at their own expense) to either present further documentation in support of their applications or to defend those already submitted.⁸⁰

Although these problems may have applied generally to all the ACP states, they seem, according to Dr. Adeoye, to be more acute in Nigeria because a disproportionately large number of ACP requests to the EU for assistance came from the country. Thus, the

CDI seemed to have resorted to these practices to, a) make the application process more difficult and protracted, and b) limit the total number of requests by discouraging potential applicants. For fledgling businesses and individual promoters, this practice was too expensive. Since some of them could not provide the foreign exchange involved in such trips, they do not make the trips. The result had been the disqualification of their applications by Centre for being incomplete. This is regrettable. While there is nothing wrong with the usual business practice of financiers screening applications for financial assistance or loans from investors by setting several requirements in order to establish, among other things, the latter's credibility and repayment ability, the strict adherence by the CDI to this practice has neither worked out in the interests of Nigerian promoters nor has it been in accord with the spirit of the Lomé Conventions. It was recognized by both the EU and Nigeria that the latter lacked vital development impulses, particularly in the area of industrialization. The Conventions, therefore, were to provide these missing factors, hence the establishment of the CDI. In its operation, however, the Centre's general conditions and caveats which promoters must fulfil before they qualified for CDI assistance has limited the ability and extent to which Nigerian firms availed themselves of this resource. This explains the relatively low level of interventions in the country by the Centre, its officially enshrined role in the provisions of the Conventions as the practical institution to effectuate Nigeria-EU industrial cooperation and development notwithstanding.

A summary of the general nature of the CDI interventions in Nigeria is given in Table 5.2 below. As the table indicates, a total of twenty six different projects

Table 5.2 Summary of the Nature of CDI Interventions in Nigeria

Project	Type of Intervention
Food/beverages	Technical
Chalk sticks manufacture	Training
Anti mosquito coils	Start-up & training
Foundry	Evaluation, start-up & training
Rubber/Plastic wares	Business plan, technical & training
Printing press	Technical & training
Cut flowers	Technical
Chemicals (Glycerine)	Technical & training
Surgical bandages	Start-up
Dredgers	Technical & marketing
Rattan cane	In-depth evaluation/ exploratory mission by potential technical partner
Kaolin processing	In-depth evaluation
Polyurethane soles	In-depth evaluation
Cement-stabilized earth blocks	In-depth evaluation
China clay	In-depth evaluation
Soya milk	In-depth evaluation
Adhesives	In-depth evaluation
Local foodstuffs	Participation in SICAD III
Fishing farming	In-depth evaluation and participation in SICAD III
Integrated agro-industrial project	Participation in SICAD III
Meat, fish and fruit processing	Participation in SICAD III
Mineral water bottling	Participation in SICAD III
Cocoa products	Participation in SICAD III & the Abuja Forum
Canned shrimps	Participation on the Abuja Forum
Sesame seeds production	Participation in the Abuja Forum
Miscellaneous projects	Assistance to 5 potential EU partners with participation in the Abuja Forum

Source: Compiled from The CDI Annual Reports, (various issues) and data obtained from the CDI (private and public sectors) antennae, Lagos, July-August 1994.

received various forms of assistance from the CDI. Out of this number, only 10 projects

or 38.5 per cent received assistance beyond the level of project evaluation and assistance to participate in industrial-development promotion workshops. This means that 61.5 per cent of the interventions (covering 16 projects) were limited to evaluation of projects and provision of assistance towards participation in the Seminar on International Cooperation and Development III (SICAD) and also in the Abuja (development) Forum.⁸¹ In-depth evaluations of projects are a necessary first-step towards ensuring the ultimate successes of these projects. But, as one of the local antennae complained, "there exist a big lacuna between project identification, evaluation, or feasibility study and actual start-up in the mode of delivery of CDI assistance".⁸² The majority of the Nigerian industrial promoters' applications to the CDI requested not just assistance with in-depth evaluations and feasibility studies, but start-up capital as well. The CDI granted start-up assistance to only two firms - the Anti Mosquito Coils and Surgical Bandages manufacturing firms, representing a dismal 7.7 per cent of its total assistance to Nigerian firms in the period under consideration - leaving the otherwise apparently viable projects without the start-up means. It could be argued that this tendency is in order since it accorded with the original conception of the Centre of not being a bank. While this may be correct, the Centre could have used its second and third networks - the EU and DFIs networks - to arrange financial backing for these businesses with the European finance corporations, or do same with the various financial institutions with which it has cooperative arrangements in Nigeria and elsewhere as it actually did in the case of the Anti-Mosquito Coils firm when it liaised with the African Project Development Facility (APDF) and the Nigerian Industrial Development Bank to broker a loan for the firm. Thus, its failure to do this left well

over half (61.5 per cent) of the businesses the Centre assisted with indepth evaluations ready, but unable to take off.

The 38.5 per cent of the Centre's assistance that went beyond the level of evaluations covered a range of firms in sectors such as foundries, food/beverages, plastic wares, chemicals, anti-mosquito coils, chalk sticks, printing, dredging, cut flowers, and surgical bandages manufacturing industries.⁸³ Of these, we selected specific firms in the first five sectors above viz: Nigerian Foundry Limited (NFL), Lisabi Foods Nigeria Limited (LFNL), Abplast Products PLC (APP), A&T Chemicals Industries Limited (A&T CIL) and Ben Reubens Nigeria Limited (BRNL) respectively for detailed analysis. Our choice of selection of these firms was based first, on their importance in the country's economy relative to others assisted by the Centre.⁸⁴ Second, a significant proportion of their raw materials is locally sourced and they are capable of generating linkages within the Nigerian economy and thus deepening the industrialization process. Third and perhaps most importantly, our preliminary research findings revealed that they were the most successful of all the CDI-assisted firms in terms of amounts of assistance received and the use to which it was put. A breakdown of the specific CDI assistance to these firms is given in table 5.3.

Although the requests from Nigerian firms to the CDI, and the specific nature or type and amount of assistance it rendered in response to their requests varied considerably, summary observations can be made. One of the major characteristics of the nature of CDI interventions in Nigeria as evident from our discussion, is the gap between requests from the firms and the response from the Centre. It is important to note that not all of the

Table 5.3 Breakdown of Major CDI Assistance to Nigerian Firms.

Firm	Request to CDI	CDI Assistance	*Agreement
Foundry (NFL)	Technical partners, technology transfer, machinery acquisition, installation and consultancy, capital financing, ISO 9000 certification	Technical partners, equipment purchase, expert training	none
Plastic Wares (APP)	Business plan, feasibility study, company operations review, machinery acquisition, financing	Expert training, review of firm's operations	none
Chemicals A&T CIL)	Technology transfer, equipment acquisition, training, international product certification, export marketing and capital financing	Technical experts, training, machinery installation	none
Foods & Beverages (LFNL)	machinery installation, consultancy, export marketing, financing and technology transfer	Technical experts for machinery installation	
Anti- Mosquito Coils (BRNL)	Feasibility study, technical experts, training, financing, technology transfer	Loan processing, technical experts, machinery install- ation, training	none

*Agreement: Whether post-assistance agreement or arrangement between the Centre and the Nigerian firms exist.

Source: Compiled from company records and data collected from field research and direct interviews, Lagos, July-August 1994 and June-August, 1995.

original requests by the Nigerian firms were granted by the Centre. For example, almost

all of the firms requested technology transfer in the form of acquisition of technical know-how from established companies in Europe. The Centre was to utilize its EU network to effect this by negotiating a series of contacts and arrangements between the European companies (owners of technology) and the Nigerian firms. In none of the requests was this form of arrangement initiated for the purpose of enabling these Nigerian firms to acquire the technical know-how as requested. Technical assistance as granted by the Centre was mainly in the form of provision of technical experts to assist these firms in either finding foreign sellers of machinery or providing technical experts to install this machinery in their factories. Failure to respond to these requests affected the Nigerian firms negatively. For example, the NFL and APP requested the Centre's assistance with International Standards Organization (ISO 9000) certification of their products. To Vassily Barberopolous, the General Manager of NFL, ISO 9000 certification was one of its most important requests to the Centre because such certification would gain international recognition and approval for its products and, by so doing, give it a chance to compete in the international export market.⁸⁵ Unfortunately, the inability of the Centre to initiate action on this request has hindered the efforts of this firm at not only gaining international recognition, but also its export drive as well.

A third characteristic is the absence of "post-intervention" networks between the Centre and these firms, and in cases where third parties (European companies or sellers of machinery) were involved, with such companies. The existence of such networks in the form of agreements was necessary for several reasons. With the Centre, they would provide a basis for close contact which would, in turn, facilitate the work of the Centre

by making it possible to monitor the progress or otherwise of the firms it had assisted. For the Nigerian firms, these networks would have provided the opportunity to deal with situations of machinery breakdown quickly and directly with its suppliers. They would also have made it easier to build on these arrangements for the purpose of exploring further cooperative activities geared towards equipping these firms with the know-how and maintenance of the supplied machinery. Important as these post-assistance networks are, they were hardly maintained. When any of these firms required further assistance from the Centre, they had to begin the application process afresh. Herein, in part, lies an explanation for the delays and low response rate of the CDI to Nigerian firms' requests for intervention.

In defence of the Centre, O.W. Ajayi argues that the Centre can not (nor should it be expected to) single-handedly solve all of the problems of these firms, and that without its assistance (even in this form), they would probably not have done any better⁶⁶. However, limiting interventions to this level, while not being necessarily counter-productive, is symptomatic of the noted dysfunctional characteristic of the nature of the Centre's assistance delivery - lack of after-delivery net-working. There were no after-delivery arrangements between the Centre and the Nigerian promoters/firms. Once an application was made, approval given and assistance (such as feasibility studies or equipment delivery) rendered, the process stopped. Very little communication tailored towards monitoring the progress of the project in question with a view to identifying areas of need and possible further assistance was maintained between the Centre and these firms. For more effective interventions, there is need for the CDI to go beyond this level.

This might translate into a fewer number of interventions taking the Centre's budget and resources into consideration. Yet, more intensive interventions would have been more productive as the (fewer) firms so assisted would not only have utilized their full capacities, but also function optimally as against their problematic operation engendered by the Centre's present mode of extensive interventions.

Fourth, though most of the requests from these firms carried a financial component as already noted, this was most often not favourably considered by the Centre. The only exception was in the case of BRNL, the Anti-mosquito coils firm. In this case the Centre, while not providing its own cash directly to the firm, collaborated with the African Project Development Facility (APDF) and assisted the firm in negotiating financial assistance from sources the latter would otherwise not have had access to on its own. Since the Centre focused largely on the provision of technical assistance, it would have been expected that the reports submitted by the various teams of experts or consultants that it financed and sent to work with these firms would have been acted upon. But, this was not the case. In the foods/beverages sector, Mr. Ayo Akindolie complained that in spite of the (favourable) report submitted on the firm by the CDI-sponsored consultant (Mr. Heppel) who did an on-the-spot evaluation of the firm and the latter's follow-up efforts, nothing has been forthcoming from the Centre.⁸⁷ Compounding this situation was the nature of the Centre's training assistance. Its training consisted largely of sending technical experts, in collaboration with the European companies from which Nigerian firms purchased machinery, to assist the latter in the installation of such machinery. After installation, the firms' technical personnel were usually trained on the basic operational

dynamics of the equipment as well as its maintenance. This appears good and appropriate, but several problems had been experienced by the firms with this mode of training. First, it was always too short. Second, it was not rigorous nor detailed enough for these local personnel to fully master the machinery. Where major breakdowns occurred, the practice had been for the firms to wait for technical expertise from overseas to effect repairs.⁸⁸ In a situation where effective post-delivery networks were not maintained, it usually took a long time before such equipment failures were repaired.

Finally, the training was not continuous. Lasting for about two to three weeks, it usually ended with the first phase conducted immediately following equipment installation. Lacking the requisite expertise to effectively maintain these machinery, achieving full capacity utilization was problematic as cases of production stoppage due to equipment breakdown were common among the firms. Most importantly, the lack of technical expertise engendered, in part, by the inadequate and disjointed training of the firms' local personnel, had other consequences for these firms. There was very little room for in-factory innovations as the local (technical) personnel were content with ensuring that, as much as possible, the machinery functioned as installed. An elaborate training process resulting in the mastery of the technical properties of these machinery would have equipped them with the ability to not only maintain such efficiently and deal with emerging problems quickly, but also to introduce fresh and innovative techniques in their operations. The current practice of waiting for solutions to technical problems from outside/overseas has had a negative impact on these firms' general operations. This points, therefore, to the need for the initiation of a more elaborate training process of the

technical staff of the assisted Nigerian firms if the latter are to gradually, but fully master the machinery installed and also if the Centre's objective of technology transfer to Nigerian firms is to be achieved.

However, it should be pointed out that these problems do not lie solely at the feet of the CDI. There were several instances which indicated that some of the problems actually emanated from either the firms themselves or from the domestic socio-economic and political context in which they operate. An example of such cases involved the LFNL. When the firm requested technical assistance from the Centre to help install one of its major equipment (the Estruder), a technical expert was provided for the firm. On arrival at the factory, it was discovered that the building which was to house the machine was not ready. The equipment, therefore, could not be installed and the expert had to return to Brussels.

Conclusion

From this record, it can be summarised that the practical results of the Centre's activities in Nigeria, though not a dismal failure (the country might not have been better off without what the Centre provided anyway), did not achieve its declared objectives. This apparent failure was due to two broad factors: restrictive conditions, requirements and caveats attached to the Centre's mode of assistance delivery and the generally weak nature of Nigerian firms and some of the retrogressive practices they embraced. The

problematic birth of the Centre, in itself, showed the lack of commitment by the EU to sustained industrialization of Nigeria as expressed in the inadequate funding of the CDI. This was compounded by a lengthy and very highly demanding application process faced by Nigerian businesses which sought to avail themselves of what the Centre provided. Most often, the qualifications required by the CDI from applicants were insurmountable by the latter, resulting in the rejection of their requests or, where the requests were eventually approved, a huge delay - a problem which explained the lacuna between the number of requests made and those approved. In addition, the absence of post-intervention networks and continuous training did not serve to improve the mode of assistance delivery.

Added to these CDI-related problems were those from the Nigerian firms to which it provided assistance - their unquestioned embrace of the unsuitable import reproduction/mass production models which do not encourage the integration of the advantages of appropriate technology or relate the building of indigenous technological capabilities to industrial deepening. Thus, with a faulty industrial outlook, they could not appropriately channel whatever assistance they got from Centre into areas that would have strengthened and consolidated their overall growth. Had these firms adopted the appropriate industrialization model - import substitution - it would have been possible for them to use the Centre's assistance in a manner that would encourage forward and backward linkages. It would have been expected that the CDI, having noted this problem, would design its intervention in a way that would build upon local inputs and strengthen linkages between local production and local support services, technicians and repair

people, for instance. This, unfortunately, was not the case. The net result of these inadequacies was the unimpressive performance of the Centre in the country.

These may be the general problems involved in the nature of CDI assistance to Nigerian firms/businesses. The question still remains, however, on the specific effect of the interventions on Nigerian firms. That is, what has been the actual impact of the various forms of assistance by the Centre on the specific firms it had assisted? In particular, what difference, if any, has there been in the operations of these firms? Have the firms witnessed changes, for instance, increased output production over the years as a result of this assistance? Has the technological situation of these firms been bolstered by the focus of the Centre on technical assistance? In other words, to what extent has the CDI generally improved the operational dynamics of the Nigerian firms that received its assistance? These questions are addressed in our next chapter.

ENDNOTES

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2. Ibid., p. 14. Emphasis in original.
3. A. Borrmann and H. Wolff, "The Rationality of Industrial Investment Decisions in Developing Countries", in A. Borrmann and H. Wolff (eds.), Industrialization in Developing Countries (Hamburg: Verlag Weltarchiv, 1991) p. 227.
4. Ibid., p. 227.
5. UNIDO, Industry and Development - Global Report ID/364 (Vienna: UNIDO), 1987, p. 6.
6. Borrmann and Wolff, op. cit., pp. 227-228.
7. P. Coughlin and G.K. Ikiara (eds.), Industrialization in Kenya: In Search of a Strategy (Nairobi: Heinemann, 1988), p. 9.
8. J. Ahmad, Import Substitution, Trade and Development (Connecticut: Jai Press, 1978), p. 22.
9. Coughlin and Ikiara, op. cit., pp. 9-11.
10. See R. Prebisch, Towards a Dynamic Development Policy for Latin America (New York: United Nations, 1963).
11. G.M. Meier, "International Economics: Theory and Practice", in S. Schiavore-Campo (ed.), International Economics: An Introduction to Theory and Policy (Cambridge: Winthrop Publishers, 1978), p. 300.
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22. F.C. Diaz-Alejandro, "North-South Relations: The Economic Component", International Organization, vol. 29, no. 1, 1975, p. 214.
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25. A.H. Amsden, Asia's Next Giant: South Korea and Late Industrialization (Oxford: Oxford University Press, 1989), chapter six.
26. M. Bienefeld, "Dependency Theory and the Political Economy of Africa's Crisis", Review of African Political Economy, no. 43, 1991, p. 71.
27. H. Linnemann et. al., Export-Oriented Industrialization in Developing Countries (Manila: Singapore University Press, 1987), p. 3.
28. Ibid., p. 4.
29. Ibid., p. 4.
30. See the following by L.K. Mytelka, "The Limits of Export-Led Development: The Ivory Coast's Experience with Manufactures", in J.G. Ruggie (ed.), The Antinomies of Interdependence: National Welfare and the International Division of Labour (New York:

Columbia University Press, 1983), pp. 237-270; "The Unfulfilled Promise of African Industrialization", African Studies Review, vol. 32, no. 3, 1989, pp. 77-137; "Ivorian Industry at the Cross-roads", in F. Stewart et. al. (eds.), Alternative Development Strategies in Sub-Saharan Africa (New York: St. Martin's Press, 1992), pp. 243-264, and "Rethinking Development: A Role for Innovative Networking in the 'Other Two-Thirds'", Futures, July/August, 1993, pp. 694-712. Also the following by S. Wangwe, "Building Indigenous Technological Capacity in African Industry: An Overview", and "Building Indigenous Technological Capacity: A Study of Selected Industries in Tanzania", in F. Stewart et. al., Ibid., pp. 238-242 and 265-293; and J.F.E. Ohiorhenuan and I.D. Poloamina, "Building Indigenous Technological Capacity in African Industry: The Nigerian Case", Ibid., pp. 294-317.

31. This section relies largely on L.K. Mytelka's description of the modes of industrialization embraced by Africa (re: import reproduction and its consequences as against import substitution). See "Rethinking Development" op. cit., p. 696.

32. L.K. Mytelka, "Ivorian Industry", op. cit., p. 244.

33. Ibid., p. 245.

34. L.K. Mytelka, "Rethinking Development", op. cit., p. 699.

35. Ibid., p. 699.

36. S. Wangwe, "Building Indigenous Technological Capacity", op. cit., p. 265.

37. J.F.E. Ohiorhenuan and I.D. Poloamina, op. cit., pp. 294-317.

38. Ibid., p. 295.

39. L.K. Mytelka, "The Unfulfilled", op. cit., pp. 77-113.

40. Ibid., p. 79; Also, "Ivorian Industry at Cross-roads", op. cit., p. 244.

41. Ibid., p. 110.

42. This is the position presented by dependency theorists such as A.G. Frank and others of his ilk (represented here under 'vulgar' dependency). The point often missed here is that there is hardly any autarchic or completely self-reliant nation, even among the industrialized capitalist countries. Countries depend, in one way or the other, on other countries for different reasons. What matters is not so much the issue of dependency itself per se, but one of degree. That is, while the African countries may have to depend tremendously on the developed countries initially, the degree of dependence will increasingly diminish as their economies gradually mature.

43. See "Draft Memorandum Presented by the ACP Countries on the Subject of Industrial Cooperation". quoted in J. Ravenhill, Ibid., 1984, p. 257.
44. See the EC, The Lomé Convention IV, in particular, Article 36. Also, the CDI, Exporting ACP Manufactures to the European Economic Community: Guide to the Trade Provisions of the Lomé Convention (Brussels: CDI, 1988), pp.1-15.
45. The CDI, Annual Report, 1993 (Brussels: The CDI, 1994), p.16.
46. By way of definition, intervention is any action taken in favour of development of a project. Interventions may be undertaken directly by the CDI or subcontracted to specialized consultants. They can also be carried out by the partners themselves and supported by the CDI.
47. P. Baldan. "Partnership Ventures and Re-launching of Euro-ACP Industrial Cooperation". Paper presented at the CDI Workshop on SME Development in the EU-SADC Context: Experience, Instruments and Perspectives, Rome and Naples, September 30 - October 4, 1996. p. 2.
48. op. cit., p. 2.
49. Private sector antennae usually consists of experienced individual business consultants or correspondents, while institutional or public sector antennae are represented by larger corporations such as banks or other development-oriented organizations. In Nigeria, the private sector antennae include G. Odia and Associates and Mitecs Limited, while the public sector antennae include the Nigerian Industrial Development Bank (NIDB) and New Nigeria Development Company Limited (NNDC).
50. Interview with G.Odia (Private sector antennae), Lagos, August 18, 1994.
51. Interview with O.W. Ajayi, Institutional sector antennae (NIDB), Lagos, August 12, 1994.
52. See "Strengthening the ACP Network" in the CDI Annual Report, 1993, p. 52.
53. Ibid., p. 58.
62. "Message from Dr Ghebray Berhane, Secretary General, ACP Group of States", CDI Annual Report, 1993, p. 6.
55. An intervention is considered to be completed when all payments due have been made. In other words, an intervention can be approved and committed, but not completed. For the entire ACP states, it is important to note that while the CDI approved 79.4 per cent of their requests, only 52.6 per cent of these was actually completed. The lacuna between 79.4 and 52.6 or 26.8 per cent is lost to implementation problems, among others.

56. The CDI, Annual Reports, various issues.
57. See "Interventions and Activities in Favour of ACP States", in CDI Annual Report, 1993, p. 27.
58. Quoted in J. Ravenhill, op. cit., p. 258. The reasons for this delay are discussed below. But for the most part, they have to do with what could be termed the "politics of intervention approval" in which both sides (EU and ACP states) try to pass the buck onto the other as much as possible. To the ACP states, the EU is generally reluctant to approve intervention requests through the introduction of various kinds of caveats or requirements in the application process, while to the EU, ACP requests are often improperly prepared and ill-presented, hence the verification process lasts longer than would have been necessary.
59. The CDI Annual Report, 1992, p. 17
60. See C. Stevens, (ed.), Europe and the International Division of Labour: EEC and the Third World - A Survey, 6 (London: Overseas Development Institute, 1988), p. 88.
61. See L.K. Mytelka, "The Lomé Convention and a New International Division of Labour", Journal of European Integration, no. 1, 1977, p. 64.
62. Generally, the Centre seeks a substantial involvement in the structuring and execution of interventions with its own expertise and advisory capacity, which it contributes free of charge to eligible ACP beneficiaries. Where appropriate and justified, CDI makes a non-reimbursable financial contribution for specific services to be contracted. The appropriateness and justification of such cases are exclusively determined by the CDI.
63. S.J. Warnecke, "The Lomé Convention and Industrial Cooperation: A New Relationship Between the European Community and the ACP States?" in K.P. Sauvant and H. Hasenpflug (eds.), The New International Economic Order (Boulder, Colorado: Westview Press, 1977), p. 338. In itself, this could be read as a reflection of the lack of real commitment by the EU to ACP industrialization - a position already articulated by scholars such J. Moss (1982) op. cit., p. 134.
64. See CDI Annual Report, 1993, p.14.
65. See J. Ravenhill, op. cit., p. 264.
66. Ibid., p. 263.
67. Ibid., p. 263. The EU conception is buttressed by the suspicion it displayed towards accepting the industrial relocation costs involved in financing and equipping the CDI as an effective body to cater to ACP states industrial development. A case in point were the actions the EU took in making sure that pro-ACP personnel did not occupy key

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decision-making roles in the CDI in 1980. See Ravenhill, *op. cit.*, p. 260.

68. *Ibid.*, p. 260.

69. J. Moss, 1982, *op. cit.*, p.134.

70. S.J. Warnecke, *op. cit.*, p. 340.

71. See P. Frix (Director of the CDI), "Introduction and Summary", in CDI Annual Report, 1993, p. 9

72. See Message from Mr Maurice Bisong Ekpang, Ambassador of Nigeria and Co-Chairman of the ACP-EU Committee on Industrial Cooperation, CDI Annual Report, *op. cit.*, p. 7. Besides calling for sustained interest in the ACP states' economies, he maintained that the Centre should approach its work with greater focus, paying particular attention to identifying opportunities for export earnings, import substitution and job generating activities at company level in the ACP countries; identifying and providing requisite support to ACP enterprises to enhance their viability and operational capability whilst ensuring maximum mutually beneficial collaboration with economic operators in the European Union.

73. See J.T. Haar (EU Delegate in Nigeria), "Cooperation Between Nigeria and the EEC". The ACP-EEC Courier, no. 106, November-December, 1987, p. 35. He estimates that one out of every four ACP national is a Nigerian whose population is greater than the combined populations of the following eight EU member-states: Belgium, Denmark, Spain, Greece, Ireland, Luxembourg, Portugal and The Netherlands.

74. These are as already given above.

75. See The CDI Annual Report, 1992, p. 12.

76. Interview with Mr. A. Adegboye, CDI Local Correspondent, Lagos, August 16, 1994. These figures were further corroborated by G.S. Odia, CDI Private sector antennae, Lagos, August 18, 1994.

77. See The CDI Annual Report, 1993, p. 10. Also P. Baldan, *op. cit.*, p. 6. He articulates the CDI argument that most of the requests submitted by Nigerian promoters with no resources, appropriate guarantee schemes and business support structures among others requirements, hardly leave the drawing board.

78. Interview with A.B. Adeoye, Deputy Controller, Nigerian Industrial Development Bank (CDI institutional/public sector antennae), Lagos August 11, 1994.

79. J. Ravenhill, *op. cit.* p. 258.

80. Interview with A. Adegboye, *op. cit.*

81. CDI Annual Report, 1991, pp. 775-76.
82. Interview with A.B. Adeoye, op. cit.
83. It is important to note at this point that a huge discrepancy exists in the records of the CDI's local antennae in Nigeria and the Centre itself on the number of firms assisted as well as the type of interventions made. For example, while the Centre's records indicate that assistance had been granted to firms involved in chalk sticks manufacture, rattan cane, cut flowers and surgical bandages production, its local antennae in Nigeria has no records of such interventions. On the other hand, the antennae's records show CDI assistance to Adegbemile food industries, Agroscope in the foods/beverages industries, and Alkem Nigeria Limited in the textiles sector which can not be found in the Centre's own records. In the case of the textiles sector, for instance, there is considerable confusion on whether assistance was rendered at all or not. The antennae's records point to CDI intervention in this sector, but the CDI's own records do not. In my preliminary research in August 1994, the firm's (Alkem) Project Controller confirmed that the CDI has, in fact, rendered assistance to the company. But, a year later, this was denied by the same company during my second research trip/visit. In some cases, some of the firms which were supposed to have received some form of assistance or the other from the CDI were found not to exist - I could not physically locate them in their supposed/claimed addresses. Several possibilities explain this: a) the assistance granted by the Centre was not adequate to keep these firms operational and as such they (for other reasons as well) became liquidated; or, b) there is a records-keeping problem with either the Centre or its antennae in Nigeria; or c) for various reasons, both the Centre and its antennae in Nigeria are claiming or giving out "tailored" information for various unknown reasons. Whichever is the case, it not only highlights the problematic nature of determining CDI assistance, but its impact on Nigerian firms as well.
84. The textile firm is equally very important and would have been considered also for detailed analysis. However, such detailed study is not possible because of the problems encountered in the process of determining the precise nature of the assistance it received or did not receive from the Centre. See above on the discrepancies and non-cooperative attitude of the textile firm (Alkem Nigeria Limited) in question on data provision and granting of research interviews during my field work in 1994 and 1995.
85. Interview with Mr. Vassily Barberopoulos, General Manager, Nigerian Foundries Limited, Lagos, August, 1994.
86. Interview with O.W. Ajayi, op. cit. To her, the CDI does not owe Nigeria any obligation as such to assist in their industrialization. In her words, "heaven helps those who help themselves". Nigerian promoters, therefore, should be thankful for what they have received so far and rather than complain, they should seek out and adopt more aggressive strategies to attract further CDI assistance.

87. Interview with Mr. Ayo Akindolie, Technical Manager, Lisabi Foods (Nigeria) Limited. July 15, 1994.
88. Direct interview with Mr. Yemi Adeosun, General Manager, Ben Reubens Nigeria Limited. Lagos. August 19, 1995.

CHAPTER SIX

IMPACT OF CDI INTERVENTIONS ON NIGERIAN FIRMS

Introduction

The nature of CDI interventions in the Nigerian economy has already been noted in the previous chapter (see table 5.2). The Centre's activities in the country have been described by Akindele as "enormous, fulfilling and promising"¹. One of the Centre's institutional and public sector antennae argues that "the Nigerian firms (should) owe a depth of gratitude to the CDI as an institution for rendering such great assistance that the firms would otherwise not obtain elsewhere".² Others, however, do not share this benevolent view of the Centre. To J. Moss, for instance, "it would be rather naive to take the Community's (CDI) commitment to industrialization seriously"³ because genuine assistance towards sustained industrialization required painful solutions (such as internal re-adjustments or displacements in the EU) which the latter is unwilling to recognize, let alone accept. CDI assistance to Nigerian firms, therefore, can not be expected to make any significant contribution in the latters' industrialization efforts.

These firms were, in the context of the large number of applications from Nigeria, very successful in getting assistance from the CDI since the majority of requests from other applicants were not approved. Thus, to examine the role of the Centre in Nigeria against the backdrop of the controversy surrounding what it can do and can not do, we adopt an empirical approach in analyzing the impact of CDI interventions on Nigerian firms. As already been noted in our methodology, our approach is based on the practical

experience of the firms involved, assistance received, and the problems encountered. In order to determine whether this assistance had any positive impact on the firms to which it was provided, using both qualitative and quantitative indicators of growth, our approach drew largely from the Quasi-Experimental and Time-Series designs (refer to section on methodology).⁴ One way of determining whether impulses from the Centre have had marked improvements on the firms' general operations, for instance, on output growth or decline, is to analyze their output production and other indicators of growth in the periods before and after assistance was received against a base year. This makes it possible, bearing in mind the incidence of other variables, to measure the trend of output of these firms.

However, comparing output in the pre-and-post-assistance periods, while it sheds light on the direction of growth or decline of the firms, has a severe shortcoming - failure to take cognizance of the ever changing socio-economic and political environments within which these firms operate. A propitious economic climate engendered, for instance, by either favourable market forces or articulate government economic policies, can impact on the ability of the firms to perform in various ways. Since these factors are not static, it would be difficult to attribute growth or decline of any of the firms to assistance received from the CDI. Similarly, all other things being equal, firms are supposed to grow over time. Thus, if we measured a particular firm's output in its fledgling years when production may have just begun (pre-assistance period) with the later (post-assistance) years when it may have become more fully established and its products gained consumer-recognition and acceptance, our results might indicate growth in output which we may

wrongfully attribute to the assistance received, when it may have been accounted for by other factors.

To address these shortcomings, our approach compared the output of the two types of firms (CDI-assisted and non-CDI assisted) to determine the extent of impact of CDI interventions. This method is superior because it avoids the pitfall of judging the firms at periods when their productive capacities and the market situation are different. Second, by analyzing their output during the same time span, control is provided for changes in their operating environment. Since both firms operate in the same socio-political and economic context and as such confront almost the same macro-economic problems, a fair and more acceptable basis for comparison is ensured.

Third, in order to determine the impact that the CDI interventions had or did not have on the firms it assisted, we selected a matching set of firms that shared similar characteristics with the former but did not receive any assistance from the Centre. Thus, we matched these two sets of identical firms - those that were exposed to various development impulses from the CDI and those that were not. Firms in two sectors - the plastics and chemicals sectors - did not meet our exact criteria on size and ownership respectively. Yet, differences in size and ownership are not necessarily the most important variables that account for the performance of firms. It does not follow that because firm "A" is bigger than firm "B", therefore, it will be more efficient than "B". Similarly, that a firm is a subsidiary of another firm does not on its own guarantee efficiency of operations. Performance is determined by factors (more than just size and ownership) such as capacity utilization, quality of products, impact of electricity shortages and foreign

exchange constraints, among others. This being the case, we used the firms' output to compare their production in the pre- and post-intervention periods. We obtained the firms' production figures in three periods viz: pre-assistance, during assistance and post-assistance periods. These figures were juxtaposed with similar production statistics of the non-CDI assisted firms in the Nigerian economy for the purpose of comparison. Our objective was to see whether. a) there was a significant growth or improvement in the output of these firms in the post-assistance era. b) this improvement was the result of the CDI intervention or some other factors, and c) if it was due to other factors, what were they and how can the CDI interventions be made more beneficial to the Nigerian firms. This design allowed us to see whether CDI assistance had any impact on the recipient firms or not, how and why.

6.2 Impact of CDI Interventions on Nigerian Firms

As already noted, firms in five sectors of the Nigerian economy - foundry, rubber/plastics, foods and beverages, chemicals and "other" sectors - that received CDI interventions (table 5.3) were selected for analysis. To recap, these firms were the Nigerian Foundries Limited (NFL), Abplast Products PLC (APP), Lisabi Foods Nigeria Limited (LFNL), A&T Chemical Industries Limited (A&T CIL), and Ben Reubens

Nigeria Limited (BRNL) respectively. The matching set of non-CDI assisted firms selected from these corresponding sectors for comparative analysis were MFD Foundries Limited (MFDFL), Tonobi Plastics Nigeria Limited (TPNL), Niger Mills Company PLC (NMCP), and Global Chemical Industries Nigeria Limited (GCINL). For BRNL, no comparable Anti-Mosquito Coils firm could be found in the Nigerian economy, hence the impact of CDI assistance on the firm was analyzed on a "before-and-after-assistance" basis. A comparative analysis of their performance is given below, commencing with firms in the foundry sector.

i) **Foundry Industry: Nigerian Foundries Limited Vs MFD Foundries Limited**

In the foundries sector, the firm that received CDI assistance was the NFL. Established in 1969 as a family business in Lagos, its business was the manufacture of foundry materials such as cast iron products. However, in response to the changing needs of the Nigerian market in the late 1980s, the firm expanded into the production of steel alloy castings (tube mill components in high chromium, nickel chromium and molybdenum chromium iron alloys in particular) whose target market was the Nigerian cement industry.⁵ This diversification required tremendous capital investment to procure the necessary technology which was not available domestically. The firm, therefore, approached the CDI to assist with technology transfer in the form of purchase of machinery and the detailed technical specifications on their operation. The Centre sourced

for. and negotiated purchase from a British technical firm. Bradley and Foster UK Limited. With the aid of technical consultants provided by the CDI, the equipment as well as the required technological specifications were supplied to the firm and installed in its factory and has been in operation since 1989.

The non-CDI assisted firm chosen for the purpose of comparison with NFL is the MFDFL also located in Lagos. Like the NFL, it was established in the late 1960s for the production of foundry products in the range of stainless steel castings, grinding media, mining and quarrying parts. Its main products can be classified into civil specialties, water project castings, industrial components and water hand pumps.⁶ With the assistance of domestic (Nigerian) financial institutions, funding was negotiated for the purchase of the initial production technology which was similar to that purchased by NFL from the UK company. After a difficult negotiating process, the required technology was obtained from B. Kaido, a Japanese technical company which provided its experts to assist the firm with installation of the machinery. Over the years, the firm had seen its operations grow tremendously.

How did this firm which was not exposed to any form of growth-enhancing impulses from the CDI compare with the NFL? Before proceeding to answer this question, it is necessary to note that though the production technologies of the firms were supplied by separate companies, their basic technical properties were the same. Second, the two firms were producing similar qualities of products since there were established standards in the foundry industry which must be met before their products are certified for sale. So, variation in standards in the form of one company producing low quality

castings which required less iron than the other was not the case. A brief look at their production statistics is given in table 6.1 below. From the table, it is apparent that the CDI-assisted NFL experienced an encouraging growth in output production

Table 6.1 Average Values of Annual Castings Production (Furnace Type: Induction) in Nigerian Foundries and MFD Foundries) 1980-1994 (million kilograms of castings).

	NFL			MFDFL		
	Melt	Qty.	%	Melt	Qty	%
1980	1.25	0.85	-	1.30	0.38	-
1983	1.09	0.74	-12.0	1.08	0.27	-28.9
1986	0.87	0.84	13.5	1.63	0.40	10.1
1989	1.31	1.23	41.4	1.28	0.31	-22.5
1991	1.40	1.05	-14.6	1.57	0.25	-19.3
1992	1.58	1.38	31.4	1.60	0.26	4.0
1994	1.73	1.45	5.1	2.00	0.32	23.1
1995	1.95	1.60	10.3	2.20	0.34	6.2

Melted: weight of iron melted measured in kilograms.

Qty: quantity of castings produced measured in kilograms.

?: percentage increase or decrease in amount of castings produced (in absolute terms).

1995 figures are estimates.

Source: Compiled from the companies' Annual Reports and production records (various years).

relative to the MFDFL. In 1986, for instance, its output witnessed an increase of 13.5 per cent, rising sharply to 41.4 per cent in 1989. This compares with the non-CDI assisted MFDFL whose production stood at 10.1 per cent, declining rather steeply to -22.5 per cent in 1986 and 1989 respectively. In subsequent years, the NFL displayed a higher output than the MFDFL. The only exception was in 1994 where the MFDFL's output

gained tremendously by 23.1 per cent over and above that of the NFL which dropped from 31.4 per cent to 5.1 per cent in the same period.

The reason for the apparent decline in output in the NFL, its management explained, was due to a change in technical/production personnel. The firm hired a new production engineer and other technical staff who had some problems in blending with the NFL's unique technical operating procedures initially. This affected optimal production and was eventually reflected in the firm's output.⁷ On the other hand, the output gain experienced by the MFDL, its Accountant explained, was due to the successful review and elimination of some wasteful production processes.⁸ Explaining the general performance of the NFL, its Technical Manager, Mr. E. Chimezie, posited that, "the increase in the firm's output in 1989 was attributable to the assistance it got from the CDI".⁹ This was because the supply and installation of new machinery had, among others, three very important positive effects on the firm. First, the frequent breakdown of equipment which the firm had hitherto experienced was greatly minimised. Second, it increased the installed production capacity of the firm from 300 to over 500 metric tonnes, and third, the superior technology supplied by Bradley and Foster UK Limited enabled the firm to eliminate several wasteful production stages, thereby making the production process more efficient. In contrast, the MFDL management complained that although the technology it imported from the Japanese technical firm did boost its production, the technology proved to be too sophisticated to its technical personnel who had problems mastering its operations and putting it to use fully.¹⁰ Not long after its installation, problems of breakdown became common and because of the sophisticated

nature of the technology. local repair by the firm's technical personnel was very difficult, if not impossible. Since the firm had to arrange with, and wait for, Japanese experts to effect repair of such breakdown, there were usually long periods of either skeletal production or total production stoppage which resulted in dwindling output.

A look at the percentage increase or decrease in the production of these two firms relative to the raw materials used is quite indicative of the extent to which the firm's NFL's technical personnel used the CDI-supplied (Bradley and Foster UK Limited) technology to improve its operations and efficiency. Before the supply and installation of the Bradley and Foster technology in 1983, the NFL used about 1.09 million kilograms of its raw material to produce 0.74 million kilograms of castings. With the Bradley and Foster technology installed and operational in 1989, it used 1.31 million kilograms to produce 1.23 million kilograms of castings, representing an improvement from 20.2 per cent to 66.2 per cent in its efficient use of raw materials to produce its finished product.

In other words, in terms of efficiency, the firm can be said to have put the technology it imported with the assistance of the CDI into beneficial use as evident from the higher percentage of finished products it got from the raw materials used. This increasingly efficient use of raw materials occasioned by new and improved technology can not be said of the MFDFL as its quantity of castings produced relative to raw materials used progressively declined. For instance, in the periods under review (1983 and 1989), it produced about 0.27 million kilograms of castings from 1.08 million kilograms of melted scrap iron and in 1989, the figures for these same processes stood at 0.31 million kilograms of castings from 1.28 million kilograms. Respectively, this represented

about 18.6 per cent and 14.1 per cent efficiency in the use of melted material to produce castings - a percentage decrease which indicates increasing inefficiency. Perhaps it was this wastefulness and inefficiency or big gap in the amount of raw materials used and the finished products experienced that led the firm into recent attempts at diversifying into the production of non-traditional foundry products.¹¹

From the foregoing, it is apparent that the CDI assistance to the NFL did boost the latter's production to some extent. In order to effectively determine and measure the extent of this impact, we used the Time-Series design to analyze the (two sets of) firms'

Table 6.2 Output Production by the Nigerian Foundries Limited (NFL) and MFD Foundries Limited (MFDFL) in the Pre- and Post Assistance Periods (million kilograms of castings).

Nigerian Foundries Limited				MFD Foundries Limited			
01	X	02		01		02	
1983	1989	1995	%	1983	1989	1995	%
0.74	1.23	1.60	16.2	0.27	0.31	0.34	25.9

01: represents the pre-intervention period.

X: represents period when assistance was received and being put into use.

02: represents the post-assistance era.

?: represents percentage change (increase or decrease) in firm's output.

Note: The symbols in this legend (01, X, and 02) are the same as those used in subsequent tables of this nature. This explanation is, therefore, not repeated in these later tables.

production statistics as given in table 6.2 below. The table reveals that in 1983 (the pre-assistance period or 01), NFL produced 0.74 million kilograms of castings, rising to 1.23

million kilograms in 1989 when the CDI assistance received was being implemented. It is assumed that, all other things being equal, the Centre's intervention would improve the firm's output in the later years. This assumption seem to have been borne out as the firm's output further rose to 1.60 million kilograms of castings in 1995 (02 or post-assistance period). The intervention of X (CDI assistance) in the operations of the firm, it can be safely concluded, led to a remarkable improvement in its operations from 01 (0.74 million castings) to 02 (1.60 million castings), thus representing a significant increase of 116.2 per cent In the case of MFDL, an increase in output from 0.27 million kilograms of castings (01) to 0.34 million castings (02) or 25.9 per cent was also recorded in the same period, but when compared to that of the NFL, its gains pale into insignificance.

It is possible that the differential performance of these firms in the foundry sector may have been caused by other factors besides the Centre's assistance, such as differences in the quality of their products. But, as noted earlier, these firms produced not just the same products, but similar qualities as well since there were established standards in the foundry industry which must be met before the products are certified for sale. Thus, variation in quality standards was not a factor in their differential performance. However, it is important to note that the Nigerian economic environment was replete with several factors that were not conducive to improved performance and growth of the firms. One of these was the shortage of electricity supply and scarcity of gas (petrol) without which the firms can not carry out production. During field research, I was conducted round the NFL factory and shown the new private electricity generating plant the firm had just

purchased in order to deal with this problem. Although the plant was functional and kept the production machines running, the firm's Production Manager complained that, a) it was too expensive to maintain, and b) in the face of the fuel scarcity in the country, production may have to stop whenever the available gas is used up since he is not sure if and when gas can be obtained. MFDFL, on the other hand, also had an electricity generating plant which had broken down and production had stopped. Thus, the operational and management savvy of the NFL relative to the MFDFL may, in addition to the assistance it received from the CDI, account for its ability to weather the problems caused by the Nigerian economic environment as well as its more efficient performance relative to the MFDFL.

**ii) Rubber/Plastics Sector: Abplast Products PLC Vs Tonobi
Plastics Nigeria Limited**

In the rubber/plastics industry, APP was the CDI-assisted firm, while TPNL was the non-CDI assisted equivalent firm selected for comparison. The former was incorporated in Lagos as a private limited liability company in July 1981 for the production and sale of plastic wares. The firm produces both industrial and domestic plastic products. Its industrial products include crates, baby feeding bottles, medicinal packs, powder packs, jerry cans and cosmetic bottles, while domestic products include bowls, baby baths, kettles, plates, food and butter packs, spoons, balls, cups and water

bottles. Though the firm was established in July 1981, it was not until September 1983 that it commenced production. In order to cope with growth, particularly in sourcing for funds to meet its rising operations, the firm was converted into a public limited company in February 1989.¹²

Learning about the activities of the Centre in a seminar on industrial promotion by its institutional antennae in the country, the firm decided to contact the Centre for assistance. The firm requested assistance with conducting a feasibility study on the ways and means of minimising waste and cost-reduction in the production process and other measures that would improve the firm's productivity and profitability; a review of the firm's entire operations and use of machinery for optimum results; a re-examination of its business plan and financing of some of its new ventures, equipment maintenance as well as training or updating staff knowledge on acquired production technology.¹³ After a protracted process of validating the firm's application, the CDI responded by providing a team of consultants which assisted the firm with a review of its organization and operating procedures, ways of enhancing efficiency in production and staff training on the maintenance of installed machinery in 1992. Specifically, the Centre's assistance package included, a) the adoption of cost-saving measures in the form of fiscal adjustments and the use of wage restraints; b) acquisition of new machinery, and c) training or induction of the firm's employees on operation and maintenance of production machinery.

The other firm, TPNL, was originally established by some foreign (Lebanese) entrepreneurs in the early 1980s in collaboration with a group of Nigerians.¹⁴ Initial technology was arranged by the Lebanese co-founders of the firm from Italy with a two-

year technical agreement in which the suppliers of the technology/machinery helped in the installation and maintenance of the factory equipment for the firm. During this (gestation) period, the firm's (local) technical personnel were also trained on the operation and maintenance of this equipment. The firm commenced operations in 1985 and since then has been steadily producing plastic slippers and sandals as its main products.

To what extent has the assistance of the CDI transformed the operations and alleviated the problems of APP towards making the firm more efficient relative to TPNL that operated without CDI assistance? Using output production as a measure of growth and expansion, it could be said that some output improvements were recorded from the CDI assistance to APP (table 6.3). Although the firm had experienced several production

Table 6.3 Annual Production Statistics of (CDI-assisted) Abplast Products PLC and (non-CDI assisted) Tonobi Plastics Nigeria Limited (000 tonnes).

Year	APP		TPNL	
	Qty.	%	Qty.	%
1986	56.6	-	13.9	-
1988	68.9	21.7	11.4	-18.0
1990	64.8	-6.0	20.5	79.8
1991	77.4	19.4	74.1	261.5
1992	136.3	76.1	68.4	-7.7
1993	177.1	29.7	9.8	31.3
1994	217.3	22.7	15.9	28.1
1995	198.0	-8.9	138.0	19.5

Qty: quantity of produced (thousand tonnes).

%: percentage increase or decrease in yearly production.

1995 figures are projected estimated based on half-year (January-June) production.

Source: Compiled from the companies records, in particular, Annual Report and Statement of Accounts (various issues).

problems such as equipment breakdown and a wasteful and inefficient production process which led to its initial request to Centre in 1990, it did experience some output production increase. For example, in 1990, its annual production stood at 64.8 thousand tonnes. In 1991, this rose to 77.4 thousand tonnes and in 1992, its production stood at 136 thousand tonnes. Respectively, this represented an increase in production of 19.4 per cent and 76.1 per cent.¹⁵ In other words, in the pre-CDI assistance period, the firm was able to achieve at its highest, a 76.1 per cent increase in production. It was expected, therefore, that with the CDI package introduced that year, this would further improve. But, this was not the case because rather than improve, the percentage increase in its production actually declined. In 1993 and 1994, the firm's production rose to 177.1 thousand tonnes and 217.3 thousand tonnes respectively. This seemed to suggest that there was a degree of improvement in its production. However, from a critical look at the figures in percentage terms, several observations become evident. First, there was a decline in production from 76.1 per cent to 29.7 per cent from 1992 to 1993. This went down to 22.7 per cent in 1994, dropping rather sharply (even in absolute terms from 217.3 thousand to 198.0 tonnes) to -8.9 per cent in 1995, three years after the introduction of the CDI's efficiency-enhancing package. TPNL, on the other hand, enjoyed a relatively more impressive production history. From a negative (-18.0 per cent) production situation in 1988, it recorded 261.5 per cent in 1991. This dropped to -7.7 per cent in 1992 due to production stoppage which was caused by a major breakdown in the production machines, rising again to 31.3 per cent in 1993 and 19.5 per cent in 1995. Although this firm's production also declined, compared with the CDI-assisted APP, its level of decline pales into

insignificance - in 1995 the firm still enjoyed net positive percentage production increase (19.5 per cent) while APP witnessed net negative production (-8.9 per cent) in spite of the fact that relative to TPNL, it received CDI assistance. The objective of the Centre's assistance to the firm (review of its operations towards improved efficiency), therefore, could not be said to have been achieved. As for the improved production witnessed by TPNL, its Accountant explained that two factors were responsible. First, the firm did not experience any major equipment breakdown during that period. Second, the firm introduced a particular design of sandals shoes which was widely accepted in the Nigerian market. That there was a huge demand for this design led the firm to cut down on the production of other designs and concentrated on this one. The absence of production problems and a ready market for its products resulted in significantly improved production that was noted in this period.

A clearer picture of the comparative performance of both firms which measures the extent of impact or non-impact of the Centre's assistance is given in table 6.4 below.

Table 6.4 Comparative Annual Pre- and Post-Assistance Production of Abplast Plastics PLC and Tonobi Plastics Nigeria Limited (CDI-assisted and non-CDI assisted) respectively (thousand).

Abplast Plastics PLC				Tonobi Plastics Nigeria Limited			
01	X	02	%	01	02	%	
1988	1992	1995		1988	1992	1995	
68.9	136.3	198.0	187.4	11.4	68.4	138.0	1110

Source: Compiled from the production figures supplied by the firms. See table 6.2 above for the legend.

A quick glance at the table suggests that the APP recorded a marked improvement of 187.4 in its production in the post-assistance period (02) relative to the pre-assistance period (01). Compared with the figures of the non-CDI assisted TPNL which rose by over a thousand times (1110 per cent) in the same period, APP's increase pales into insignificance indeed. It would have been expected that as the CDI assistance took root over the years, the firm would consolidate its gains well over similar firms who were not exposed to the impulses it received from the Centre. This, as evident from table 5.4, was not quite the case.

This performance is explained, to some extent, by the very nature of the CDI package to APP. The efficiency-enhancing package of the Centre, though technically sound, were inappropriate for the firm's operating environment. For example, the Centre recommended the adoption of cost-saving measures in the form of fiscal adjustment and the use of wage restraints.¹⁶ Fiscal adjustment was to be accomplished through a reduction in current spending (such as laying off some of its employees) and improving the efficiency of investments. When the firm attempted to implement these recommendations, several problems arose. Laying off some of its employees, for instance, was met with very stiff resistance, resulting in a near total shutdown of operations as the employees threatened to go on strike. The skeletal production that went on during this period perhaps explains the relatively low level of production by the firm between 1993 and 1994. Second, on the advice of the CDI, the firm acquired expensive machinery to eliminate the hitherto wasteful processes experienced in its production in order to boost output. Although technical experts were provided to induct its employees on its

maintenance, the training process was too short, inadequate and discontinuous. Also, this machinery proved to be too sophisticated for effective operation and maintenance by the firm's local employees. The firm has, therefore, been faced with the burden of periodically sending some of them to Brussels for further training at its own expense. This, to the company's General Manager, is problematic because rather than save, it was increasing overall operational costs for the firm.¹⁷

In addition to this were other problems such as capacity under-utilization and shortages in electricity supply, factors not directly related to the CDI. As was the case with firms in the foundry sector, erratic supply of electricity created several difficulties for firms in this sector as well. According to the General Manager of APP, the epileptic power supply means long periods of frustration, inconvenience and complete disruptions of normal operating schedule. Sometimes, the staff of the company are literally on vacation since the firm could not run its electricity generating sets for lack of diesel. Instead of the 5.00 p.m closing hour, the factory was forced to close at least three hours ahead.¹⁸ This unreliable power supply means that production could not be carried out all round the year, a situation that leads to gross capacity under-utilization. Thus, although the CDI's package of recommendations to this firm caused performance problems, these were further compounded by other problems emanating from the Nigerian economic environment, hence the firm's unimpressive performance.

iii) Food/Beverages Sector: Lisabi Foods Nigeria Limited Vs Niger Mills Company PLC

In the Foods/Beverages industry, the LFNL was the firm that received CDI assistance.¹⁹ It was established as a small local grain (garri) processing centre in Lagos in 1938, but it was not until the mid 1960s that it started production on a significant scale. With the enormity of the domestic market for its products and the availability of cassava (its main and locally grown raw material), the company gradually expanded its operations towards the processing of other local foods using indigenously fabricated machinery. Perceiving the potential of the industry in the post-Nigerian civil war economy, its management sourced for, and obtained assistance, from local financial houses to broaden its operations²⁰. With this, it expanded and diversified its operations into processing food items such as custard powder, chocolate drinks, oatmeal, yam flour and corn grits. In part, it was as a result of growing expansion that the firm sought technical assistance from the CDI in the form of technical experts to assist with installation of the Estruder (a highly technical and sophisticated cereals and baby foods processing machine) and training of its local staff. The CDI responded by sending a team of technical experts headed by Mr. Heppel to the firm. Unfortunately, the team could not carry out its assignment because of two main reasons. First, the firm did not have all the ancillary parts necessary for the equipment installation from Klesterol (the French technical firm that supplied the equipment) ready. Second, the building which was to house the machine was also not complete at the time of the team's visit.²¹

The non-CDI assisted, NMCP, on the other hand, was incorporated as a private

limited liability company on September 30, 1967 for the purpose of producing commercial flour. In order to finance expansion, the firm invited the Cross River State government to take up 50 per cent of its shares which were then transferred to the Investment Trust Company Limited.²² To improve its operations and survive in the competitive flour production market in Nigeria, the firm entered into a management agreement with Flour Mills of Nigeria Limited in December 1978. The life span of the agreement was put at three to four years and has been subject to renewal at the request of NMCP to date. Under the agreement, all aspects of production, administration, sales, marketing, distribution, planning and technical issues were to be jointly handled by the management of both NMCP and the Flour Mills of Nigeria Limited. In 1985, the firm embarked on an expansion programme in response to the high domestic demand for its products, raising its installed wheat processing capacity from 240 tonnes to approximately 600 tonnes of wheat per day with staff working three shifts of eight hours daily. This, in addition to the Import Licence which the firm obtained in 1986 to facilitate the process of importation of wheat (its main raw material), enabled the firm to maintain production and grow quite significantly over the years.

How do these firms compare with each other? The production output of these firms, as a comparative measure of growth, are given in tables 6.5 and 6.6. It is evident from table 6.5 that the two firms experienced fluctuating production, with Lisabi Foods enjoying relatively higher output increases in both absolute and real terms. With a modest output of 120 thousand tonnes at the commencement of production in 1985, the firm's output rose to 205 tonnes in 1988, representing a percentage increase of about 70.8

thousand tonnes. Although there was a slight drop to 145 tonnes in 1993, this rose sharply to 510 tonnes in 1994 (or a marked increase of 251.7 per cent) and its mid-year production (1995) indicates further improvement. This compares with NMCP's figures which rose from 72.2 tonnes in 1985 to 100 tonnes in 1988 (or 38.9 per cent). This peaked at 300 tonnes in 1992 (200 per cent increase), but dropped down to 175 tonnes in 1994 and the half-year data for 1995 suggest a further decline in output.²³

Table 6.5 Annual Production Values of the CDI-assisted and non-CDI assisted Foods/beverages Firms (Lisabi Foods and Niger Mills) respectively (000 tonnes).

Year	LFNL		NMCP	
	Qty.	%	Qty.	%
1985	120.0	-	72.0	-
1988	205.0	70.8	100.0	38.9
1992	250.0	21.9	300.0	200.0
1993	145.0	-42.0	250.0	-16.7
1994	510.0	251.7	175.0	-30.0
1995	715.0	40.2	130.0	-25.7

%; percentage increase or decrease in quantity produced.

1995 figures are estimates based on a seven-month (January-July) production.

Source: Compiled from company records and production data supplied by the firms' production departments.

It is tempting but incorrect to attribute the relatively higher output growth noted in LFNL to the assistance it received from the CDI. The reasons are found elsewhere because the firm never utilized the technical expertise which was provided by the Centre since the factory and other ancillaries necessary for this were not in place. According to Akindolie, the improved output enjoyed by the firm, particularly in 1994 was due to two factors, namely the absence of any major breakdown of machinery and its new policy on

raw materials sourcing.²⁴ That the firm did not experience a serious equipment malfunction which usually disrupted production meant year-round production. Hitherto, the firm used to import its raw materials directly from suppliers overseas. But, because of problems of foreign exchange and inconsistent government policy, it decided to subcontract this to other local businesses. This created several advantages for the firm, including choice of raw materials suppliers, payments in local currency and increased flexibility. NMCP, on the other hand, has had one form of management disagreement after another²⁵, causing its production and sale of flour to dwindle.

iv) Chemicals Sector: A&T Chemical Industries Limited Vs Global Chemical Industries Nigeria Limited

In the chemicals sector, A&T CIL, established in 1986 as a private limited liability company for the production of glycerine and klin powder, was the firm that received CDI assistance. With its factory located at Ode-Remo and the administrative headquarters in Lagos, its target market was the pharmaceutical and cosmetics industries in Nigeria. Although there was high demand for its product right from the start, effective production did not start until 1990/91 due to technical problems associated with installation of production machinery²⁶. It was partly in an attempt to solve these problems that the firm approached the CDI for assistance. Initial production technology and machinery were

acquired from G. Mazzoni SPA of Italy with an agreement for the latter to assist the firm with installation of the machinery and training of personnel on its maintenance. Unfortunately, shortly after purchase, the Italian technical firm declared bankruptcy and did not follow through with the purchase agreement.²⁷ A&T CIL was, therefore, faced with the problem of proper machinery installation for effective operation. Using local engineers and the detailed installation manuals supplied by the Italian firm, the machinery was successfully installed and commissioned for production. To ensure efficiency, the firm enlisted CDI assistance in the areas of technical training, international product certification and export marketing. G. Mazzoni SPA was, however, to pull through its bankruptcy problems, become re-organized under a new management and assume a new name - Mazzoni L.B. Thus, in liaison with the "new" firm (Mazzoni L.B.), the CDI responded in 1992 by sponsoring a team of technical consultants headed by Mr. Cen Tomo to review the installation of the machinery and render any other technical assistance necessary to ensure its smooth operation and that the firm's products met international specifications²⁸.

The non-CDI assisted firm, GCINL, on the other hand, was established in 1986 by private Nigerian entrepreneurs. As a subsidiary of the larger Dosan Investments Inc. located in Lagos, it was to refine 99.5 per cent pure glycerine for sale locally to some industries in the country such as PZ Industries and Lever Brothers. Like TPNL and MFDFL, it obtained initial funding for expansion and purchase of its production machinery from domestic financial houses.²⁹ It commenced operations in 1988 and has been in production since then. Unlike A&T CIL, it did not experience a lacuna between

purchase and installation of operational machinery. The relative speed with which it commenced full-scale operations was explained, in part, by the initial start-up support it enjoyed from the parent company (Dosan Investments Inc.) - support which has not been forthcoming in the latter years. GCINL, therefore, did not experience most of the problems, for instance, in raising funds in the capital market in the absence of adequate collateral that most fledgling firms faced in the country.

Did the CDI intervention improve output production in the A&T CIL? The firm's records do not indicate significant annual production improvement after it received the Centre's assistance. It was the expectation that the visit by the technical consultants provided by the Centre would solve some of the identified production problems of the firm, and by so doing, improve its production process. This, however, was not the case as its production (table 6.6) declined from its peak of 198.0 tonnes in 1992 to 124.0 tonnes in 1994, or a decline of about -37.4 per cent. The sharp percentage rise witnessed between 1991 and 1992 (523.3 per cent) was occasioned by the relatively low production of the previous year due to shortage of raw materials.³⁰ The non-CDI assisted firm (GCINL), on the other hand, also witnessed fluctuating output, declining from 70.2 thousand tonnes at commencement of production in 1988, and declining further to 60.9 thousand tonnes and 14.5 thousand tonnes in 1990 and 1991, representing a decline of about -13 per cent and -72 per cent respectively. This rose to 52.8 tonnes (or 264.1 per cent) in 1992. One might wonder if the relatively improved production of GCINL was because it is a subsidiary of the larger Dosan Investments Inc., which may have supported it in times of difficulty. However, according to the General Manager of GCINL, the

parent company had earlier "abandoned" GCINL to fend for itself.³¹ The only assistance it received from the parent company was during the initial start-up stages. Since

Table 6.6 Trend of Production in the (CDI-assisted) A&T Chemical Industries Limited and (non-CDI assisted) Global Chemical Industries Limited (000 tonnes).

Year	A&T CIL		GCINL	
	Produced	%	Produced	%
1988	-	-	70.2	-
1990	80.0	-	60.9	-13.2
1991	30.0	-62.5	14.5	-76.2
1992	187.0	523.3	52.8	52.8
1993	198.0	5.9	26.7	-49.2
1994	124.0	-37.4	45.9	71.9
1995	112.0	-9.7	61.5	61.5

Produced: Quantity produced per year (in tonnes).

%: Percentage increase or decrease in production.

Source: Compiled from company records and yearly production data.

then, though some requests for assistance had been made, none has yet been answered by Dosan Investments Inc., hence GCINL has been operating on its own. Thus, we can not attribute its performance to the parent company.

When expressed in terms of the impact the Centre's assistance had on the firm - that is, when we measure the production situation of the firm in the periods before and after it received CDI assistance and compare this with the non-CDI assisted firm (table 5.7) - the situation is no less discouraging. Did the CDI intervention account for the improved production experienced by A&T CIL in 1992? Not quite. This is because, according to Mr. Odutola, the firm's Deputy Managing Director, the CDI team visited the

company in the last quarter of 1992. By this time, much of the firm's production activity for the year had already taken place. Second, it would not have been possible for the CDI team's package to yield immediate results since it usually takes some time for

Table 6.7 Pre- and Post-Assistance Production Statistics of the CDI-assisted A&T Chemical Industries Limited and non-CDI assisted Global Chemical Industries Nigeria Limited (000 tonnes).

A&T Chemical Industries				Global Chemical Industries			
01 1990	X 1992	02 1995	%	01 1990	1992	02 1995	%
80.0	187.0	112.0	-40.0	60.9	52.8	61.5	+0.99

Source: Figures compiled from production statistics supplied by firms. For legend, see table 5.2 above.

its prescriptions (in this case, training of its technical personnel) to take root and produce results. Thus, the 1992 production situation was not the result of the Centre's assistance, but of other factors as already noted. A&T CIL's production rose from 80.0 thousand tonnes (1990) to 112.0 thousand tonnes in 1995, representing an increase of about 40 per cent. However, it must be noted that the firm recorded a pre-assistance production of 187.0 thousand tonnes in 1992. Thus, if we use 1992 as our base year for comparison, it becomes obvious that the firm's production actually declined from 187.0 to 112.0 thousand tonnes - a decrease of -40 per cent. This compares with the non-CDI assisted GCINL whose production for the same period rose minimally from 60.0 (01) to 61.5 thousand tonnes (02) or 0.99 per cent. Similarly, using 1992 as our base year, it can be

seen that GCINL's production rose from 52.0 to 61.5 thousand tonnes or 18.3 per cent - indicating that comparatively, the GCINL experienced a net surplus increase in production as against the net loss recorded by A&T CIL. This suggests, therefore, that our guiding assumption - that the CDI interventions would generally improve the production of recipient firms over and above similar but non-CDI assisted firms - was not met in the chemical sector of the Nigerian economy.

However, that the CDI intervention did not significantly improve the production of this firm does not mean that the Centre caused this failure. At worst, its assistance did not alleviate some of the problems that confronted the firm. Though the team did train firm's technical personnel on the operation and maintenance of the machinery, nothing was done to improve the production processes already in place so as to boost the firm's capacity utilization. Similarly, because the training was short and discontinuous, the firm's local technicians did not fully master the operational dynamics of the machinery and could not operate it efficiently. Thus, the visit by the CDI's team did not solve the firm's problems as had been anticipated.

v) "Other" Sector: Ben Reubens Nigeria Limited

In the "other" sector, BRNL was the firm that received CDI assistance. The firm first commenced operations in 1978 as an import-export marketing firm. As a result of growth and the perceived market for pharmaceutical and hygiene products in Nigeria, its

management decided to go into production of mosquito coils in 1986.³² Since the processing of its raw materials (saw dust, coconut shells, palm kernel shells and other dusts) required more technology than was locally available in the country, the firm purchased production technology and equipment from CMC Uniplas Corporation (formerly Chubu Machinery Company Limited) of Japan. In the face of take-off problems such as daunting capital costs and market break-through in a brand-name dominated mosquito coils industry in the country, the firm contacted the African Projects Development Facility (APDF) for assistance. The APDF, in turn, contacted the CDI which helped finalize a technical cooperation agreement between Johnson Wax (an international pesticides manufacturing firm) and BRNL in 1992. Between July 1992 and June 1993, the CDI further sponsored several visits to BRNL during which it provided chemists, technicians and other experts to help BRNL to complete the installation of its equipment, to train the operators and to fine-tune operations in general.³³

It should be pointed out that unlike the previous sectors already noted, there is no Anti-Mosquito Coils manufacturing firm in Nigeria with which to compare this firm. Thus, to evaluate the implication of the Centre's assistance on the firm, we compared the firm with itself over a period of time. We analyzed its output over a base period in order to see if there were any changes. Specifically, since our objective is to see whether CDI intervention resulted in improvements in the firm's operations, we analyzed its production in the periods before and after CDI intervention. These are given below.

It is apparent from the table that the firm witnessed a fluctuating production trend, reaching its peak of 34.8 tonnes in 1991 from 23.4 tonnes of 1990, representing its most

significant percentage increase of about 48.7 per cent. This, however, dropped to 21.3

Table 6.8 Trend of Production in the "Other" CDI-assisted Firm - Ben Reubens Nigeria Limited (000 tonnes).

Year	Production	%
1989	15.3	-
1990	23.4	52.9
1991	34.8	48.7
1992	21.3	-38.8
1993	26.2	23.0
1994	27.8	6.1
1995	17.5	-37.0

?: Percentage increase or decrease in production.

1995 figures are estimates based on January to June production.

Source: Compiled from data supplied by the firms'/companies' records.

tonnes in 1992 (or -38.8 per cent) and the half-year estimates for 1995 suggest a further decline from 27.8 tonnes of 1994 to 17.5 tonnes (-37.0 per cent) in 1995. The production situation of this firm is better appreciated when its output is in the periods before and after receipt of CDI assistance as given in table 6.9.

Table 6.9 Comparative Pre- and Post-Assistance Production Figures of Ben Reubens Nigeria Limited (000 tonnes).

01	X	02	%
1990	1992	1995	
23.4	21.3	17.5	-25.2

Source: Figures compiled from company's production records. For legend on symbols used, see table 6.2 above.

Keeping to our assumption, it was expected that assistance would improve the firm's production. From Table 6.9, it is clear that BRNL did not witness any improvement in its production. If anything, there was a decline from 23.4 thousand tonnes in the pre-assistance period to 17.5 thousand tonnes in 1995. This represented a decrease of -25 per cent. The problematic production situation experienced by BRNL, its Chief Executive Officer explained, was due to the difficult and complex arrangement the Centre brokered for the firm with Johnson Wax.³⁴ Confronted with several start-up problems, one of the most important of which was penetration of the brand-name mosquito coils market largely dominated by the cock brand imported from China, it entered into a seven-year technical and marketing agreement with Johnson Wax which guaranteed BRNL unrestricted access to the large market and product-acceptance already enjoyed by the former. As part of the agreement, Johnson Wax undertook to effect all major equipment repairs while BRNL took care of all routine maintenance. The operation of this agreement, in practice, produced mixed results for BRNL. On the marketing side, the firm's General Manager maintains that, "there is no doubt the agreement enabled us to sell our products in an otherwise rigid market where customers stick to known brand names of the product"³⁵. Since it was Johnson Wax that marketed BRNL's product, the general acceptance accorded the former's household products was transferred to mosquito coils as well. BRNL did not, therefore, experience marketing problems as its stocks were always sold. On the technical side, however, there had been problems. First, it was not clear just exactly what constituted a major breakdown that should be handled by Johnson Wax.

Since the latter would ordinarily not want to commit its resources at all times to effecting repairs of broken equipment, the tendency for buck-passing was high. Second, even in cases where a major breakdown was determined, quick and responsive action from Johnson Wax was not forthcoming.³⁶ The result, therefore, was long periods of equipment breakdown during which production was either stopped completely or carried on skeletally, resulting in gross capacity under-utilization. In one instance, BRNL had to carry out the repair of one of the machines after, a) waiting for almost three months without action from Johnson Wax, and b) requests to the CDI for assistance with repair of the machine were not answered. Thus, although the CDI provided assistance to BRNL by brokering a technical and marketing agreement package that was to set the latter into sustained production, it did not quite result into improved production for the firm since the agreement had several technical loopholes which caused some operational difficulties for BRNL.

Besides production, there are qualitative indicators of growth or improvements in the operations of these firms such as their ability to export their products overseas and acquisition of modern technology to boost their overall operations. Thus, if the assistance of the Centre did not result in general improvements in these firms' production, what about in the areas of technology transfer and export promotion?

6.3 The CDI, Transfer of Technology and Export Marketing in Nigeria

One of the major factors that accounted for the volte face made by Nigeria towards the Lomé Conventions, it was noted, was its changing domestic economic and political environment and the international political economy.³⁷ Lomé was, therefore, considered an economic vehicle to be used in boosting the country's industrialization efforts, particularly in the areas of technology transfer and export marketing. For the country, technology issues and export marketing had a special appeal because they represented invaluable opportunities to acquire the crucial technical know-how which it lacked as well as to expand its export market. In the Lomé agreement, the need for technical cooperation to assist in the development of manpower resources and sustained development of institutions was recognised with the establishment of the CDI. As the practical instrument for effectuating ACP-EU technical and industrial development cooperation, the Centre was mandated to provide technical assistance to Nigeria (as an ACP state). Such technical assistance was not only to be cost-effective and relevant to the need for which it was intended but also rendered in a manner that would encourage and foster the transfer of know-how. Similarly, the Centre was to encourage the establishment of new industries to ensure the growth of the non-traditional export sector in order to increase foreign exchange earnings. It was also to support sectoral strategies in such a way as to foster inter-linkages within and between economic sectors with a view to maximising local value added and creating an effective capacity to export manufactured products.³⁸

Has the Centre lived up to this mandate in Nigeria? More specifically, to what

extent has it encouraged export marketing and fostered the transfer of technology to the firms studied and other enterprises it has so far assisted in the country? A critical examination of the balance sheet of its activities in the country reveals that very little has been achieved in this direction. Table 4:2 summarised the nature of (all) CDI interventions in the country while table 4:3 indicated the major (firms') requests to the Centre and the assistance given. From a summary of all of the CDI's activities in the country, certain pertinent observations can be made.

First, though the nature of the applications from Nigerian firms to the Centre were numerous, ranging from capital financing, machinery acquisition and installation, feasibility study, export marketing and international product certification, among others, they were dominated by requests for technical assistance and transfer of technology, reflecting the dearth of these industrialization ingredients in the country. Second, in responding to these requests, the CDI seemed to have paid particular attention to the provision of technical assistance. This tends to give a positive impression of the Centre fulfilling its mandate of transferring technology to Nigerian firms. Such an impression, however, would be misleading because a careful examination of the type and content of the technical assistance so given reveals a different picture. Technical assistance as provided by the Centre was mostly in the form of, a) sourcing for technical partners for Nigerian firms, b) arranging for the purchase, delivery and installation of machinery, c) conducting of feasibility studies, and d) provision of consultants or experts for training purposes. Technical assistance in the form of imparting the actual technological properties, details and specificities necessary for any given production that the firms were involved

in was not generally provided. Yet, this was the crucial element in the firms' requests because, rather than simply relegate the firms to operational maintenance of these machinery, a genuine process of technology transfer would have equipped them with the technical know-how and mastery of the technological dynamics behind these machinery. Almost all the firms requested transfer of technology in the various production or manufacturing activities they were involved in and got instead, mere supply and installation of machinery. The only exception was in the case of NFL in which the British technical firm (Bradley and Foster), with assistance from the CDI, supplied not just the machinery, but also the technological blueprint as well as the soft/hardware for the foundry industry to the Nigerian firm. To the extent, therefore, that the CDI was pre-occupied with the supply of forms of technical assistance (for example, purchase and installation of machinery) other than those calculated towards transferring technological mastery to Nigerian firms, the results were evident: technology transfer to Nigerian firms was not being achieved. In other words, useful as the technical assistance currently provided by the CDI was, it did not encourage genuine and sustained technology transfer. At best, the technological know-how imparted to these firms was limited to training their personnel for equipment maintenance and repair. Yet, because this was a discontinuous exercise that always ended with the initial purchase, these firms were not properly equipped to keep pace with innovations in the industry, let alone innovate on their own.

In all the non-CDI assisted firms in our study, none recorded any advances in technological adaptation, modification and learning. The only exception was TPNL which successfully built from and re-designed the originally imported moulds-design sandals-

making technology to suit the type of plastic-shoe products in demand in the Nigerian market.³⁹ Among the CDI-assisted firms, only NFL showed signs of technological learning and growth. With a well-equipped R&D department, the firm kept abreast of developments in its melting, computing, metallurgical, heat treatment and surface engineering facilities. The result was gradual modification of, and improvement from, the initially imported technology from Messrs Bradley & Foster, UK. Examples of such improvements abound. First, while the Bradley and Foster casting system uses "shell moulding" technology, NFL successfully modified and changed this to "green sand" technology which was more appropriate to the firm's needs and the Nigerian market. Second, while Bradley and Foster metallurgical specifications for casting BF 1105S required 0.3 per cent carbon or 0.2 per cent with 4 to 6 per cent chromium, NFL came up with a casting system that reduced these requirements while meeting the same Bradley & Foster's metallurgical standards, thereby reducing the cost of production.⁴⁰ For the rest of the firms, not much was achieved in this direction. Where a token of technological modification and adaptation was attempted, it was restricted to a very superficial level: minor adjustments to packaging, addition of fanciful labels or aesthetically more appealing designs and mere local fabrication of less complex and technically less superior spare-parts for broken down machinery. A&T CIL, for instance, developed a process for re-winding the electrical coils in the factory's steel reactor and fixing anomalies in its piping system.⁴¹ The local fabrication of parts for the broken machinery may convey an impression that the firm achieved some measure of success in technological learning since such a feat was hitherto not possible. However, the fabrication of spare parts locally had

a side effect: because they were technically inferior relative to the original components, the spares hardly get the machinery to function efficiently. Since they often lacked the required technical properties of, and were less resilient than the original parts, they often caused several operational problems in the running of the machinery, leading to further breakdowns. Thus, rather than boost overall operational efficiency, the locally fabricated spare parts turned out to even compound the very problems they were supposed to solve.

Very little also was done by the Centre in the areas of establishment of new industries and export marketing. Support for the establishment of new industries in the country by the Centre has been negligible, with support given to only one pilot project since its inception.⁴² Several requests from Nigerian firms and industrialists to the Centre for assistance with export marketing have yet to be answered. Of all the CDI-assisted firms, only NFL exported about 10 per cent of its products to Republic of Benin in West Africa in the late 1980s. This export success (which has since run into difficulties, and in fact, stopped) was not even the result of CDI assistance. As the firm's General Manager explained, sales to the Republic of Benin market was the direct result of the joint ownership of a cement company - Société Des Ciments D' Onigbolo - by both the governments of Nigeria and Republic of Benin where the former controlled 60 per cent of the shares.⁴³ None of the other firms in our study had broken into the export market yet and it appeared as if export marketing is not their priority - almost all of them pointed out that they have not been able to meet the high local demand for their products in the Nigerian market. Since they can not satisfy local demand, the export push was largely absent.

A critical look at the activities of both the CDI and the firms in our study, it would appear, call to question some of the observations made in earlier studies⁴⁴ on the general nature of African industrialization, the production model adopted and some key issues on building indigenous industrial technological capacity. First, the leverage enjoyed by Nigerian firms and entrepreneurs in the formulation and design of their detailed requests (on technical assistance, for example) to the CDI seem to suggest that the former were able to identify the precise (technological) requirements needed to shape their industries. By not leaving the definition of their technological requirements and policy initiatives to the CDI, it could be argued that these firms/entrepreneurs were the ones that actually shaped their industrial paths, contrary to earlier observations that African industrialization was shaped less by a nationalist state and local entrepreneurs than by international lending agencies and foreign corporations and that policy initiatives tended to flow mainly from the international lending community.⁴⁵ This argument - on the leverage and autonomy enjoyed by Nigerian firms - however, is cosmetic and can not be pushed too far. The basic model of production (mass production/import reproduction as against import substitution) was and is still accepted as given. It has yet to be questioned by these firms. The logic and economics of this model have been a tendency not only to reproduce the characteristics of imported products, but do so with technology similar, if not identical, to that used in the original market of manufacture. Whatever freedom exercised by these firms, therefore, was carried out within the already defined parameters of this model of production. That is, the type of technical assistance often requested (even when defined by the firms themselves), rather than questioning the production model

already in place, further perpetuated its practices. The requests noted from all the firms in our study to the CDI for assistance did not suggest that any of them challenged the prevailing import reproduction industrialization model that ignores the extent to which products incorporate concepts of functionality, cost, quality and aesthetics that correspond to the producer's principal market of sale.⁴⁶ The embraced product technology which was largely a replica of that introduced into the country at the immediate post-independence era by the multinational companies and international lending agencies has remained unchanged.

This unquestioned acceptance of the mass production/import reproduction model (with its noted adverse effects on the process of industrial deepening) by Nigerian firms has perpetuated some of its negative implications for industrial development. Among others, they include the inability of the industrialization process to integrate the advantages of appropriate technology and relate the building of indigenous technological capabilities to industrial deepening and heavy reliance of the industrialization process on the external environment. None of the firms in our study was found to concentrate on intensive R&D. In fact, most of them do not have a clearly established and well funded R&D department. It was only NFL that was found to be seriously engaged in this area. Yet, even here at NFL, the percentage of resources devoted to it (either in the area of new products development or adapting manufacturing technology) was less than 5 per cent. When asked what the efforts of the firm were on R&D, the A&T CIL's management, for instance, drew a cynical sketch analogous to the Economist's scale of preference with R&D at the lowest rung.⁴⁷ Although the firm had an R&D department, very little concrete activity

was carried out, and there had been no substantive innovations resulting therefrom so far. Thus, the implications of these practices for building indigenous technological capacity in the Nigerian industry have generally been adverse and neither the CDI (through its guidelines or policies on and mode of assistance delivery) nor the Nigerian firms/entrepreneurs (through a re-examination of their adopted production model and overall industrialization strategy and other practices) have been able to effect any significant improvements.

In other words, the problematic performance of the CDI in achieving its declared mandate in Nigeria as evident from the foregoing, is attributable both to the restrictive caveats attached to the Centre's mode of assistance delivery as well as some of the characteristics or industrial practices of the Nigerian firms.

Conclusion

From the above, it is evident that the CDI interventions did not have the intended effect on the Nigerian firms it assisted. This argument is made on the assumption that the Centre's assistance was supposed to alleviate some of the problems that plagued these firms, and thus necessitated their request for intervention. An alleviation of these firms' machinery or production problems, for instance, would have helped to improve their production. Using output production as a measure of growth and improvement in the firms' operations, it was found that the CDI-assisted firms did not record overall increases

in their production over the non-CDI assisted firms. The only exception was in the foundry sector where the NFL was able to utilize CDI assistance to actually improve its output and, in fact, productivity, relative to the MFDFL in spite of the problems both firms faced in the Nigerian economic environment. The NFL experienced an impressive growth in its output which rose from 0.74 million kilograms of castings to 1.60 million kilograms of castings in the pre- and post-CDI assistance periods, representing an impressive increase of 116.2 per cent. Similarly, there was improvement in its use of raw materials to produce the finished product/castings from 20.2 per cent to 66.2 per cent during this period. This compared quite favourably with the non-CDI assisted MFDFL whose figures for the same processes and same period rose from 0.27 million kilograms of castings to 0.34 million kilograms of castings or 25.9 per cent and decreased from 18.6 per cent to 14.1 per cent respectively. Besides the NFL in the foundry sector, not much can be said of the impact of the CDI interventions on other Nigerian firms. In the rubber/plastics sector, the CDI-assisted firm (APP) did not experience improved production compared to the TPNL. Though APP had other non-CDI related problems to contend with, the nature of CDI assistance itself contributed to its poor situation. The prescriptions from the Centre proved not only difficult to implement, but even caused production problems for the firm. In the food/beverages sector, the potential impact of the Centre's intervention could not be felt since the assistance was not utilized. A&T CIL which received assistance in the chemicals sector did not see its output increase tremendously relative to the non-CDI assisted GCINL. Similarly, BRNL did not record marked production improvements after receiving the Centre's package. This, however,

does not mean that the CDI's interventions caused the poor production situation of the firms it assisted relative to other firms - except in the plastics and "other" sectors where the Centre's recommendations and the nature of agreement brokered with Johnson Wax respectively, appeared to have created unintended problems. Thus, this suggests that the CDI assistance did not, relatively, achieve the objective of alleviating the teething problems of these firms. Coupled with our earlier observation that the CDI assistance was skewed in favour of the fairly well-established and medium-scale firms, this further limited the Centre's actual and potential contribution to the growth and development of the industrial sector of the Nigerian economy.

Similarly, the role of the Centre in assisting with transfer of technology and promotion of export marketing in Nigeria was no less discouraging. Technical assistance that was provided was limited to mere sourcing for technical partners for Nigerian firms, arranging for purchase and installation of machinery, conducting feasibility studies and provision of consultants for training purposes. Technical assistance in the form of transfer of actual technological properties, details and specificities necessary for any given production that the firms were involved in was not provided, except perhaps in the case of the NFL. That this was done for this firm suggests that technology transfer in this form is not an impossible task for the Centre. In the area of export marketing and establishment of new industries, not much was achieved either. The only new industry established has yet to begin exporting its products.

This record of the CDI was further compounded by the mass production/import reproduction model adopted by Nigerian firms with its negative implications for a

sustained process of industrialization. The inattention paid by the Centre to R&D left the firms to go about this on their own. But, as the management of A&T CIL explained, it is difficult for firms in Nigeria to be actively engaged in R&D in the face of operational problems they constantly face in the Nigerian economic environment such as inadequate capital and social infrastructure and inconsistent government policy. As factors accounting, in part, for the unimpressive performance of these firms, they are sufficiently captured in our sophisticated dependency framework. First, by recognizing the role of external factors - in this case, the nature of CDI interventions - it allows us to see how the Centre's various forms of assistance affected these firms. Second, its recognition of the domestic environment in which these firms operate - the Nigerian socio-political and economic system - allows us to explain how this environment affects the ability of these firms to utilize CDI assistance productively. Thus, to the extent that the framework captures both the demand and supply side problems - issues which are crucial in understanding the performance of the CDI in Nigeria - our framework serves its purpose.

ENDNOTES

1. Interview with Prince B.B. Akindele, Chairman and Chief Executive Officer, Ben Reubens Nigeria Limited, Lagos, August 22, 1995.
2. Interview with O.W. Ajayi, CDI Institutional antennae, Lagos, August 12, 1994. She argues that rather than criticize the CDI for doing this or that shortcoming, Nigerian firms should be thankful to the institution. After all, there is nothing obligating the Centre to assist Nigerian firms as it does other than the spirit of the Lomé Conventions which, to her, is almost dead on account of the economic unattractiveness of the ACP states. These firms, therefore, need not complain. They should, instead, use the framework for obtaining assistance as established by the Centre to improve upon their operations.
3. J. Moss, The Lomé Conventions and their Implications for the United States, (Boulder, Colorado: Westview Press, 1982), p. 134.
4. See C. Frankfort Nachmias and D. Nachmias, Research Methods in the Social Sciences (New York: St. Martin's Press, 1992), pp. 123-146. We rely largely on Contrasted Group Designs, particularly, the Planned Variation Design and Time Series Design.
5. Interview with V. Barberopoulos, General Manager, Nigerian Foundries Limited, Lagos, August 17, 1994.
6. Interview with F. Jerome, Sales Manager, MFD Foundries Limited, Lagos, August 29, 1995; Also MFD Foundries company records.
7. Interview with V. Barberopoulos, op. cit.
8. Interview with A.A. Lawal, Chief Accountant, Tonobi Plastics Nigeria Limited, Lagos, August 30, 1995. It is not clear, given Mr. Lawal's explanation, why the firm's production declined in 1995. It would have been expected that the elimination of those wasteful production processes would continue to improve the firm's production.
9. Interview with Ezi Chimezie, Technical Manager, Nigerian Foundries Limited, Lagos, August 17, 1994.
10. Interview with Jerome, op. cit.

11. Recently, the firm has branched off into the production of satellite dishes. Arrangements for this are still being negotiated. But, it is hoped that when fully operational, the firm would cater to the growing Nigerian market for satellite dish. How effective and efficient the firm will be in this direction is an open question.
12. Abplast Products PLC, Annual Report and Statement of Accounts, (various issues, particularly 1991 and 1994).
13. Interview with O.S. Taiwo, General Manager, Abplast Products PLC, Lagos, July 20, 1994.
14. Interview with A.A. Lawal, op. cit., He contends that although attempts have been made to reduce the component share of foreign equity capital and ownership, (due largely to pressure from the government), a disproportionate share of the capital shareholding was still in foreign hands: that is, majority shareholding is predominantly foreign as the Lebanese own about 70 per cent shares and Nigerians only 30 per cent.
15. Interview with Mr. O.S. Taiwo, General Manager, Abplast Plastics PLC, July 20, 1994. This sharp increase in production, he explained, was due to the firm's aggressive raw materials sourcing practice where it began the process of re-cycling its waste, old and damaged products. Rather than throw away damaged or ill-formed items in the production process as had hitherto been the case, the firm began to re-cycle such items. Also, it began to buy old/scrap rubber products from the local residents at very cheap prices. This meant increased raw material and blessed with operating machinery, the result was a marked increase in output for that year.
16. Ibid.
17. Ibid.
18. Ibid.
19. It is worth noting that the discrepancies in records-keeping between the CDI and its local antennae in Nigeria is particularly apparent in the Foods and Beverages industry. While some firms (Agroscope and Lodabs) were noted as having received CDI assistance, they could not be physically located in their (supposed or) given addresses. Questions fielded among the residents of the area did not suggest a possible liquidation of these firms as the residents denied knowledge of the existence of such firms in the area at any time.
20. Interview with Ayo Akindolie, Production/Technical Manager, Lisabi Foods, Lagos, July 15, 1994.
21. Ibid. When asked why the Firm did not take appropriate measures to ensure effective utilization of the CDI's assistance, he alluded to unforeseen management problems as the cause. First, he points out that the decision to purchase the Estruder

machine was based on certain assumptions by the firm's management which, unfortunately, did not materialize. Second, at the time of research when I visited the firm for data collection in 1994, the firm had just lost its original founder/owner and Managing Director. So many decisions or projects were, therefore, being put on hold pending the burial of its Managing Director and other readjustments that would be necessarily made. On why the CDI did not delay the team's visit given these problems, Mr. Akindolie owned up to the firm's management miscalculation in a) failing to inform the CDI of these problems and its unpreparedness, and b) thinking that the Centre's team would be able to successfully educate the LFNL's technical personnel on the installation of the equipment even without the ancillary parts from Klesterol. Big mistake. This failure can not be blamed on the CDI.

22. Interview with J.D. Umoren, Personnel Manager, Niger Mills Company PLC, Calabar. July 19, 1995.

23. For the Foods and Beverages Sector, a pre- and post-assistance analysis (for the purpose of measuring the extent of impact of CDI intervention) can not be done since the assistance was never really utilized - Mr. Heppel's team could not install the Estruder nor train LFNL's personnel on its operation due to the absence of the ancillary parts from Klesterol.

24. Interview with A. Akindolie, op. cit.

25. Interview with J.D Umoren, op. cit. One of such disagreements was on the most appropriate way the firm should deal or cope with the shortage of raw materials. While managers from NMCP wanted a long-term plan that involved the local cultivation of wheat instead of importing it from overseas, the team from Nigerian Flour Mills opposed this on grounds that the Nigerian grown wheat was of a lower quality and would not produce fine quality flour that with withstand competition in the market. The result was a stalemate which made operations difficult.

26. Interview with Kola Otolurin, Administrative Manager, A & T Chemical Industries Limited, Lagos, August 14, 1995. He pointed out that of the reasons for the delayed commencement of production by the firm rested on the circumstances surrounding the firm's purchase of the production machinery. Not long after this was bought from an Italian technical company (G. Mazzoni SPA), the latter declared bankruptcy. As a result, honouring the terms of agreement governing its purchase of the machinery (for example, provision of expert personnel to assist with installation) became difficult, if not completely impossible. It was only after going through a painful process of re-organization which included a change of name from G.Mazzoni SPA to Mazzoni L.B., that the Italian firm pulled through its bankruptcy problems. The effect of this on A&T CIL was that it caused considerable problems and delays with the process of actually installing the machinery for production to commence.

27. Interview with T. Odutola, Deputy Managing Director, A & T Chemical Industries Limited, Lagos. August 14, 1995.
28. Ibid.
29. Interview with K. Salami, General Manager, Global Chemical Industries Nigeria Limited, Lagos. September 5, 1995.
30. Interview with Mr. Odutola, op. cit. He complained that one of the crippling production problems of the firm was not the scarcity of its locally sourced raw materials per se, but the cost of procuring them. The firm buys its raw materials from local suppliers. But, since its demand - both from within and outside Nigeria - was far greater than supply, the preference of the suppliers has been towards foreign buyers who pay in hard currency. The firm, therefore, was forced to compete for and purchase its local raw materials in foreign currency. This created serious production problems as the firm did not always have the foreign exchange to enable it pay for this - a situation that was epitomised in 1991. "If the government could ban the sale of its raw materials abroad", he wished, "this problem would have been taken care of".
31. Interview with K. Salami. op. cit.
32. Interview with Prince B.B. Akindele. op. cit. Some of the arguments that weighed in favour of establishing an Anti-Mosquito Coils production firm included the fact the these coils would be manufactured almost exclusively from local raw materials, a substantial market existed both in Nigeria and on the rest of the continent, and anti-mosquito coils could help prevent the spread of diseases such as malaria.
33. Ibid.: Also, see The CDI Annual Report, 1993, p. 41.
34. Interview with Prince B.B. Akindele, op. cit.
35. Ibid
36. Ibid.
37. See chapter two for the initial Nigerian attitude towards the Lomé Conventions and reasons for the volte face.
38. See Text of the Lomé Conventions IV, Title III, Chapter 4, Article 275 and Title V, Articles 77 and 78 in The ACP-EEC Courier, no. 120, March-April, 1990, p. 68.
39. In itself, this was not a spectacularly novel technological achievement because as the firm's Chief Accountant, Mr. Lawal pointed out, the moulds-design technology is very simple. All the firm did was to "re-mould the moulds" and configure them to suit any particular style of shoes or product it needed to produce for the Nigerian market. To the extent, however, that the firm was able to do this, and in particular, do it in a way that

made it possible to produce in response to demand, is a commendable effort in the quest for technological innovation and mastery.

40. Interview with C. Ezi, op. cit.

41. Interview with T. Odutola, op. cit.

42. The pilot project in question is sand dredging involving a Nigerian private engineering firm - Dee Damor Development Company Limited (DDDCL). In a bid to provide suitable sand for the building industry, DDDCL obtained assistance from the CDI in the form of partnership agreement with a Belgian company - Daniel Doyen Toyo - which has developed a dredger specially designed for the needs of the ACP states. The Belgian firm provided DDDCL with technical and commercial backing, supply of dredger parts for assembly and sponsored the latter's employees' training at workshops in Belgium with a view to constructing the first of such dredgers in Nigeria. Since 1991, DDDCL has manufactured over ten dredgers and the CDI claims that the firm is now autonomous from the technical viewpoint.

43. Interview with Odutola, op. cit.

44. The production model and the question of building indigenous technological capacity in African industry have already been noted in chapter four.

45. See L.K. Mytelka. "Rethinking Development: A Role for Innovative Networking in the 'Other Two-Thirds'", Futures, July/August, 1993, pp. 694-712.; "Ivorian Industry at the Cross-roads", in F. Stewart et. al., (eds.), Alternative Development Strategies in Sub-Saharan Africa (New York: St. Martin's Press, 1992), pp. 243-264.; "The Unfulfilled Promise of African Industrialization", African Studies Review, vol. 32, no. 3, 1989, pp. 77-137.

46. Mytelka. "The Unfulfilled". op. cit., p. 79.

47. Interview with K. Salami, op. cit. He explained that the little emphasis of the firm on R&D was caused by the numerous operational problems which the firm is plagued with. In the face of such cut-throat daily problems such as inadequate operating capital, labour unrest and inconsistent government policy, the firm hardly has the privileged resources to engage in R&D, in spite of its pricelessness to innovation, competitiveness and growth.

CHAPTER SEVEN

THE NIGERIAN STATE AND ECONOMIC DEVELOPMENT

Introduction

In analyzing the implications of the trade and aid provisions of the Lomé Conventions for Nigeria in the previous chapters, we argued that the country could not take advantage of the Lomé opportunities because of the limitations of the Conventions themselves and some problems rooted in the nature of Nigeria's economy. With particular reference to the CDI, we also maintained that its activities were hampered by factors internal to both the CDI itself (restrictive conditions attached to its mode of assistance delivery) as well as to the firms (retrogressive practices and characteristics) to which it provided assistance.

However, an explanation of why Nigeria performed poorly in the Conventions would be incomplete without regard to the role played by the Nigerian state in this process. This is not only because it is the state that negotiates international agreements, but as Mytelka rightly points out, in all capitalist economies, the state shapes the environment within which industrial decisions are made.¹ The role of the state in fostering development centres on its ability (or inability) to create an environment which provides the necessary incentives for the promotion of sustainable economic growth.² In his study on Nigeria, Tom Forrest takes this position further by arguing that state institutions and the exercise of state power have significant implications for economic development.³ First, there is the general role of the state in providing the conditions for capitalist development through the rule of law and protection of property relations.

Second, the state intervenes to regulate and manage the economy. Third, it intervenes in production and redistributes resources and structures the economy through the system of revenue allocation. The state may establish some of the conditions that are favourable to capitalist development while simultaneously failing to establish others. It may face contradictory tasks involving, on the one hand, the need to sustain and promote the process of accumulation, and on the other, the need to legitimize power and counter uneven development by allocating resources through the federal system to the less developed areas.⁴ This implies that states could shape the environment in a manner that would make or not make it conducive to sustained economic development.

Granted this, what, therefore, is the role of the Nigerian state in shaping the economic environment in the Lomé era, 1975 to date? Put differently, did the Nigerian state provide an enabling or conducive environment capable of fostering economic development during the Lomé period? We argue that, to a large extent, the state failed to provide a conducive economic environment that would have enabled the firms to take advantage of the development opportunities offered by the Lomé Conventions. Yet, holding the state responsible for this failure only captures a part of the picture. A look at the (economic) policy-making process in Nigeria reveals tremendous influences on the state. Far from being insulated from the rest of society and acting alone in formulating policies that invariably shape the overall economic environment, the state is buffeted on all sides by differing and conflicting social forces. Most often, the state's policies are a reflection of its own interests as well as those of these competing influences. Thus, to understand these policies, and most importantly, to account for the inability of the state

to provide a conducive economic environment that makes for sustained development. We examine the ability or inability of the state to act independently of the society. Second, we also analyze the various social forces in the society and the impact these have (on the state) in formulating economic policy - processes which are well accommodated in our sophisticated dependency framework.

To substantiate our argument, this chapter is divided into three broad parts. The first part analyzes some specific economic policies of the state and the extent to which they provided or failed to: a) provide a propitious economic environment, and b) promote firms' capacity utilization, ability to export and overall growth, while the last part, c) offers a mode of analysis for understanding the policy behaviour of the Nigerian state. The mode of analysis projected is informed by our belief that a much more comprehensive understanding of Nigeria's performance in the Conventions can be attained by looking at both the demand and supply side problems and how they affected the ability of the country to utilize the potential benefits offered by the provisions of the Conventions.

7.2 The Nigerian State's Development Policies and the Lomé Conventions

The role of the state in shaping or providing an enabling environment for economic development, particularly in the developing countries, is enormous. For the most

part, this can be divided into two - the primary and secondary roles. First, a society is deemed to have an ideal or conducive economic environment if it contains adequate infrastructure. Such infrastructures include, among others, feeder/access roads, water, electricity, communication, storage and marketing facilities.⁵ Thus, the provision of these social overhead capital facilities, as a pre-condition for purposeful industrial development efforts of a nation, constitutes the primary role of government in economic development.

The secondary role of the government toward economic development relates to policies, laws and incentives created to boost industrial participation, production and growth. The economic policies of any given state have a significant impact on the ability and extent to which local economic operatives thrive in the economy. Responsive and articulate policies that reduce the incidence of taxation on firms, or the cost of importing crucial inputs, for instance, would lessen the cost of operation for such firms. Similarly, inappropriate policies that stand in abstraction from the particular needs of these firms may, rather than improve, become a burden on their operations. A forward-looking state with coherent and well defined national development goals would formulate and pursue policies that would facilitate its quest for economic growth and development.

Even though substantial problems exist in the formulation and implementation of the Conventions as we have seen, they still represented an opportunity which could have been used by Nigeria to boost its quest for economic development. This pre-supposes that, on their own, the conventions could not miraculously generate development. Instead, it is the responsibility of the country to take advantage of the opportunities offered by Lomé. The exercise of this responsibility implies state intervention in the economy - an

issue which has been controversial.⁶ This debate notwithstanding, it is our view that, buffeted at all sides by different elements in society and the external environment as the state may be, ultimate responsibility for development still lies with the government. That is, even if they are strong social pressures on the state in the process of formulating policy, it is still the state that provides the context within which these forces operate. Also, even if what is produced as policy is a direct result and reflection of these competing interests, it is still state policy since it is the government, and not these forces that bears responsibility. The question arises, therefore, on the role of the Nigerian government in helping the country take advantage of the Lomé opportunities. What role did the state play in creating a favourable or conducive environment for the potential advantages of the Conventions to be utilized in the country's economy? Specifically, what policies did the state formulate in this direction? An examination of the state's record reveals that it did not provide the conducive economic environment necessary to enable its economy to take advantage of the Conventions. Its infrastructural development record and economic policies over the Lomé years have not been propitious for economic development, making it difficult for the country to take advantage of the opportunities offered by Lomé Conventions. An examination of the state's role (both primary and secondary) in creating conditions conducive to economic growth and development bears out this argument.

A: The Primary Role of the State in Economic Development

As noted earlier, the primary role of the state in economic development relates to its provision of social overhead capital facilities. While some economists associate infrastructures with economic and social overhead capital and limit it to facilities such as power, transport and communication, others see them as embracing facilities for water supplies, education, health, information, town and country planning, and social welfare.⁷ To Adeyemo, physical infrastructure is the totality of basic physical facilities upon which all other economic activities in the system significantly depend.⁸ Thus, the provision of adequate infrastructural facilities is a pre-condition for development. The development of an elaborate transport system, for instance, enhances the development of other vital economic and social sectors. By linking different shades of economic, social, political, and cultural tastes, the transport sector is a unifying factor upon which economic and social activities depend for the movement of goods and people. Communications infrastructure, similarly, is important for national integration as well as commercial and industrial development. The availability of adequate supply of (electric) power is not only fundamental to sustained economic development, it also reflects the degree of a nation's economic development. One of the key elements in the development process, it has been identified,⁹ is the human element. This is because it is the human element that is the dynamic decisions making factor that develops natural and capital resources. In developing human capital, education serves not only as an agent of social transformation, but also as a unique factor in promoting economic development. In recognition of the vital

role of infrastructure in the economic process. governments in the developing countries have allocated substantial amounts of their capital expenditure to the development of infrastructural facilities. What is the record of the Nigerian government in this direction, and what impact does this record have on the country's quest for economic development with particular reference to the Lomé Conventions?¹⁰

The provision of economic and social infrastructures in Nigeria has been mostly the responsibility of the government. The pre-eminence of government in this area is justified on the grounds that most of the infrastructural services are valuable to the society as a whole, and not just a section of it. Second, on account of the huge capital and the usually long period of gestation and pay-off periods involved, private investment in infrastructure is considered unattractive. Third, Gillis argues that whenever "there is a divergence of the private and social benefits of costs of an economic undertaking, there is prima facie case for government intervention".¹¹ Fourth, and finally, the considerable oil revenue available to the Nigerian government has made it possible for the state to be seriously involved in provision of infrastructures in the country. For these reasons, the Nigerian federal government is better equipped than other levels of government to provide and sustain the requisite social overhead as a spring-board for development. A quick look at the record of the Nigerian government in the provision of some of these primary infrastructures - education and electricity - is quite revealing.

i) Education:

This has long been recognised as an instrument of economic development and social transformation by the Nigerian government, and the various administrations have devoted substantial allocations in the national development plans for educational development. Although several educational policies have been adopted with varying emphases in details, they are all based on the philosophy which seeks to mould the individual into a "sound and effective citizen and to provide equal opportunity for all citizens of the country at the primary, secondary and tertiary levels" within and outside the formal school system¹². The new educational policy, the 6-3-3-4 system of education, breaks the educational system into four graduated stages catering to Primary, Junior Secondary, Senior Secondary and Higher Education. Primary education emphasizes permanent and functional literacy and effective communication. Under the new policy, adequate provision is to be made for the teaching of agriculture, home economics and health education. The Junior and Senior Secondary School stages emphasize pre-vocational, vocational as well as technical training which expose students to a wide variety of subjects to enable them identify their areas of interest. The policy thrust for higher education aims at expanding existing university facilities in line with increasing enrolment with emphasis on science and technology.

In general, the Nigerian educational policy has been described as "a functional scheme".¹³ A complete departure from the inherited colonial system of education which prepared school leavers for white-collar jobs and had been a source of unemployment as

its products roam the streets in search of unavailable jobs, it emphasizes the acquisition of skills for self employment. The Universal Primary Education (UPE) adopted by the government in the 1970s, was one of the most significant innovations in the country's socio-economic progress. From a primary school enrolment of about 8 million pupils in 1976, the figures rose to over 11 million pupils in 1980, 13 million in 1990 and 15.9 million in 1995.¹⁴ At the secondary level, enrolment rose from about 731 thousand in 1976 to over 2.7 million in 1985, 3.6 million in 1992 and 4.1 million in 1995. Similarly, at the tertiary level, enrolment rose from 87 thousand in 1981 to 135.6 thousand in 1985 and 383.4 in 1995¹⁵. This quantitative growth gives the impression that, conscious of education as a powerful instrument of economic and social change, the Nigerian government has provided and is determined to continue to provide an educational system that gives its citizens an opportunity to fully develop their talents for the individual and collective well-being of the state as a whole.

It would be misleading, though, to give an overly impressive picture of the role of the Nigerian government in educational development as a requisite social overhead for sustained economic development. This is because, more than anything else, the intractable problems which have plagued educational development in the country have, for the most part, been traced back to the government itself. Rather than boost, some of the policies of the government have actually hindered educational development. A serious problem in Nigerian educational system has been the shortage of suitably qualified teachers for science and technical subjects. Admittedly, the emphasis away from science and technology was an off-shoot of, and inheritance from, the colonial educational system.

That this does not cater to the development needs of the country today has been widely acknowledged by the government. Various commissions and committees have been set up to study this problem and several suggestions have been advanced to the government. Most often, these are not acted upon. Rather than set up the appropriate machinery for their implementation - a process that would have, all other things being equal, begun the gradual, but steady re-orientation of the educational system away from the apparent inadequate one - the government simply files them away. Thus, though it is the declared objective of the educational system to place more emphasis on science and technology, actual policy implementation to bring this about is lacking largely because of government inaction.

Perhaps where government failure is more apparent is in the inadequate provision of teaching facilities. These range from basic classroom accommodation and seats to library and laboratory facilities as well as technical science equipment. Necessary in an educational system where skills development is a priority, these are not found in Nigeria's educational institutions. The Okoye report on Nigeria's educational system confirms the lack of government attention to provision of teaching and learning facilities thus,

... most of the technical colleges were in dire need of such equipment as insulating Transformers, Oscilloscopes and Audio Generators - all of these are considered very vital for the teaching of Radio and TV electronics. Similarly, shovels and Scaffolding Boards for the teaching of Block laying and concreting as well as Tools Kits and step ladders for the teaching of Carpentry and Joinery, were generally non-available. In the case of Polytechnics, most departments of Civil Engineering lacked basic equipment for teaching Soil and Fluid Mechanics (testing machines and accessories, hydraulic tables, balances etc.) while departments of Metallurgy needed, among other things, mineral processing

and extractive, as well as photographic and corrosive equipment¹⁶

Provision of essential teaching aids and facilities is a necessary requirement for an educational system that is directed towards producing self-employment oriented graduates at all levels. But in Nigeria, this was not the case. The quantitative increase in educational enrolment already noted did not, contrary to the government's position, signify qualitative educational growth. First, the massive growth in enrolment was not matched with a corresponding increase in the provision of educational infrastructure, resulting in a disproportionately high number of pupils or students per teacher. Second, the absence of basic teaching tools and research facilities engendered a dysfunctional educational system whose graduates learnt everything but the capacity for self-employment. It was not uncommon, for instance, to find Science and Engineering graduates who may be versed in the theoretical aspects of their field, but know nothing about the practical. Similarly, Computer Science and Engineering graduates are hardly exposed to the practical use of computers themselves, except in theory. This has adverse effects on the educated Nigerian workforce. In fact, as the General Manager of Nigerian Foundries Limited, one of the CDI-assisted firms complained, the Nigerian educational system now produces "functional illiterates who can only write and pass examinations but can not put what they claim to know into industrial practice".¹⁷ This is problem and it negatively affects the ability of Nigerian firms to innovate. The educational system is supposed to provide highly trained and skill Engineers, Computer Scientists and other kinds of qualified personnel for the Nigerian industry. But, where there is a lack of fit

between its products and what the industries need, where, Mr. Salami asked, "do we expect to find the technological breakthrough necessary for us (firms) to innovate and acquire the technological mastery in today's competitive environment?"¹⁸ In the absence of competent Nigerian graduates to fill the R&D departments of these firms (small as they may be), the latter are forced into either not just bothering about innovation, or rely on expatriates. But, in the highly patented world of innovation, the foreign experts or owners of technology jealously guard their discoveries as much as possible. This could explain the inability of most of these firms to deal with situations of equipment breakdown quickly since their local technical personnel had problems in repairing such broken machines, and in some cases, the firms have to wait for foreign experts - which usually took several months - to carry out such equipment repairs. Thus, the inattention of the government to this social overhead seriously affects the ability of the Nigerian firms to innovate and achieve technological breakthrough.

Third, government inattention to education manifested itself yet in another realm besides lack of infrastructure - remuneration of teachers. Teachers in Nigeria, it is on record, are not only underpaid, but do not receive their salaries for several months. This not only affects motivation, but the very ability and commitment of the teachers to do their job¹⁹. In part, this explains the constant strikes by Nigerian teachers as epitomized in the strike by the Academic Staff Union of Universities (ASUU) in 1992 which resulted in the loss of well over one full academic year. This is regrettable because the Lomé Conventions, on their own, do not represent and are not a panacea. At best, they offer a development opportunity through its various provisions. A forward-looking state,

recognizing the importance of research, innovation and development, would have equipped its educational research institutions for the purpose of innovations that could be used by its economy generally. Agro-allied research, for example, is vital for innovations capable of improving the quantity and quality of agro-allied products destined for the export market, particularly, Europe. Similarly, in the absence of adequate research facilities in Nigerian schools, little can be expected therefrom for the benefit of the manufacturing sector whose operating technologies are far from modern. Research institutes such as the Federal Institute for Industrial Research in Lagos (FIIRO) complained against government neglect in the provision of the basic infrastructures without which they can not function. There was a case in point where the institute, approached by a local firm which developed a local grain (garri) processing machine, sought government assistance in further researching into and improving this garri processing equipment for use in the production and export of this grain to the ECOWAS market. This request was not granted, and as one of the CDI's local antennae observed, the Nigerian government's attitude to research and educational development generally is not only disappointing, but leaves one wondering if it is interested in, or understands the place of education, in national development.²⁰ This grain (garri) is not only used as a local staple in West Africa, but also in almost all of the sub-saharan Africa countries. Improving its production process by assisting with the further development and refining of this equipment would not only have improved garri production in the country, but increase the prospects of exporting this product to these other African countries as well. Unfortunately, even where private initiatives have literally broken through and all that is needed is for the state to give a little push to bring

such initiatives to fruition, the government has still been lacking. That this is a problem was recognised in the Lomé Convention itself through which an educational project - the University Libraries Project - was approved in 1992 for the country. With an allocated amount of 11.5 million, the project aimed at providing some of those essentials ignored by the Nigerian government: small repairs, supply of books and scientific journals, equipment and training²¹. However, for several reasons such as the current unfavourable disposition of the EU aid²², the project has yet to be implemented. Thus, the record of the Nigerian government in providing a functional and sustained educational system first as an instrumental resource to enable the firms innovate, grow and create or expand their export capabilities which would have enabled the country to take advantage of the Lomé opportunities, and second, as a pre-requisite for economic development has been dismal.

ii) **Electricity:**

As the second social overhead provided by the Nigerian government considered here, electricity plays a crucial role in economic and social development of any nation. It provides inputs for manufacturing and service enterprises and power for irrigation in the agricultural industry. In order to provide power as a base for industrial growth, the Nigerian government established the National Electric Power Authority (NEPA) via Decree no. 24 of 29th June 1972. Its mandate was to develop and maintain an efficient, coordinated and economical system of electricity supply for all parts of the country. The

result was a marked increase in electricity production from both hydro and thermal sources. In 1960, the total installed generating capacity was 135.8 mega watts (mw), rising steadily to 804.7mw in 1970, 2,230.5mw in 1980 and 4,548.0mw in 1990. By 1995, the total installed generating capacity stood at 4,558.6mw, indicating a growth of over 104 per cent between 1980 and 1995.

However, this improvement is more apparent than real. First, the supply of electricity in the country, as pointed by Ukpong and Iniodu,²³ has been inadequate to cope with the growing demand for residential, commercial and industrial consumption. Despite the installed capacity of 4,558.6mw in 1995, total generation was only 3.212mw.²⁴ Second, not only is power supplied below optimal capacity, frequent power failures and load shedding are the norm. Power interruptions, even for brief periods - in Nigeria, they last up to several weeks - have high economic costs. The adverse effects of the lack, grossly inadequate and constantly interrupted power supply on specific industrial outlets in the Nigerian economy are generally enormous. Some of the firms selected for analysis in this study complained bitterly over the lack of power without which they cannot carry on production. The management of BRNL, for instance, complained that the lack of electricity supply had several debilitating consequences for the firm. First, it caused unimaginable rise in the cost of production as the prices of production inputs skyrocketed. In 1994 for example, diesel which is a major lubricant of the firm's production machines, saw its price rise well over 50 times the normal cost. Since the firm could not afford to buy much of this input at the new price, it had to cut down on production due to the insufficiency of diesel to keep the machines running.

Second, in the absence of nationally supplied power, the firms resorted to the use of private generating plants, thus increasing the total production bill. That the local ancillaries that go with plant generated power (for example, petrol) are periodically scarce in a country whose major export is oil is regrettable. In some cases, fuel scarcity got so acute that even transportation became a problem, if not an impossibility. Employees who own vehicles for private transportation could not find gas for their vehicles, or where they did, could not afford it at its inflated cost. Those who had no vehicles and depended on public transportation, similarly, could not get to their offices because public transportation had become grounded. In the face of this problem, some of the firms (MFDFL, GCNIL and APP) resorted to the use of companies' vehicles to convey employees from their individual homes to work since these employees could not make it to work on their own.²⁵ As a problem, this crisis still engulfs the country. Its consequences were summarily captured in a lamentation by the Chief Accountant at Tonobi Plastics Nigeria Limited (TPNL) thus,

I know my employees may not make it to work today. I am not surprised if they don't and I do not blame them either. How can you report to work in an office which is at least ten or fifteen kilometres from your residence when you do not have the means to get there? I guess I will just have to close the office today and hope that things will improve.²⁶

This lamentation not only captures the poor performance of the Nigerian government in providing this infrastructure, but also summarises the effects of the lack of this social overhead on the firm's general operations, ability to diversify and export. In a study of the economic cost of electricity outages in Nigeria, O.A. Uchendu shows that firms in the

Lagos area alone spent about 48.9 million naira and 195.7 million naira to generate private electricity to support their operations in 1991 and 1992 respectively.²⁷ In the wake of the political crisis that engulfed the country in the mid 1990s, there has been an upward trend in operating costs driven by increased cost of fuel which resulted from the increased use of private generation caused by frequent outages, rise in wages and salaries of the operators, as well as an increase in the cost of spare parts, maintenance and lubrication. In the face of these problems, Nigerian firms can hardly do well.

If the primary role of the Nigerian government in economic development is this gloomy, what about its performance in the secondary role?

B) The Secondary Role of the State in Economic Development

The secondary role of the government toward economic development, as noted, is in the form of policies, laws, and incentives created to boost industrial participation, production and growth. A government is considered effective in this role if, through deliberate and calculated economic policies, it creates a conducive economic environment which encourages economic growth. On the other hand, if its economic policies, laws or incentives distort or create an unfavourable economic climate resulting in little or no economic growth, then such a government is considered ineffective. In Nigeria, the

government has formulated several policies whose consequences have largely shaped the economic landscape of the country.

In Nigeria, the economic development policy environment can be divided into two broad phases viz- the controlled policy regime of 1960 to 1985, and the de-regulated policy regime of 1986 to 1997. The former was characterized by identifiable features such as, a) fixed or administratively determined exchange and interest rates regime, b) distorted, prohibitive and escalative tariff structure, c) frequent imposition of quantitative restrictions especially, import licensing, quota and import ban, and d) industrial incentives²⁸. Actual government policies in this phase include the Companies Income Tax Act of 1961 and the Nigerian Enterprises Promotions Decree (NEPD) of 1972. Respectively, they aimed at providing liberal tax rates for companies profits as well as liberal depreciation for capital expenditures and the transfer of control of the commanding heights of the economy to indigenous ownership. The merits and contributions of these policies, particularly the NEPD have been critically discussed elsewhere²⁹ and are not our interest here. Since our objective is to analyze the economic policy environment of the Nigerian government in the post Lomé period and how this contributed to the inability or otherwise of the country to take advantage of the Lomé provisions, we, therefore, not dwell on the pre-Lomé policies.

The second phase was marked by the Nigerian government's extensive use of monetary and fiscal policies to provide a conducive environment for economic growth. Specifically, these policies have aimed at controlling the volume, cost and direction of money and credit to achieve some specified macro-economic objectives.³⁰ These

objectives include price stability, rapid economic development and a healthy balance of payments position. Monetary policy is regarded as a particularly important tool to launch the economy towards sustained economic development. As a means to an end, it is said to be effective if it achieves its aims or objectives - sustained economic development and an increase in the standard of living. Thus, to examine the secondary role of the government in economic development, we identify and analyze some of the concrete policies adopted, paying attention to the extent to which they contributed towards creating a favourable overall economic climate in the country measured in the form of, a) maintenance of relative stability in domestic prices, b) attainment of high and sustainable rate of economic growth, and c) maintenance of a good balance of payments position. In this regard, we analyze the extent to which these identified policies help mitigate some of the problems faced not only by some of the firms we selected for analysis in this study, but other sectors of the Nigerian economy in general.

Monetary policy measures are put into operation through a number of instruments. These include the rediscount rate, interest rate structure, moral suasion, reserve requirements, direct credit controls, open market operations and exchange rate measures.³¹ The policy instruments that have been widely used by the Nigerian government and whose implications for the creation of an enabling environment for economic growth that are analyze here are direct credit control, reserve requirements and interest rates structure. Briefly, direct credit control aims at controlling the credit operations of banks so as to ensure the movement of credit into desired channels. In order to achieve a non-inflationary growth, for instance, the government has imposed variable

credit ceilings over the years, shifting emphasis among the sectors according to the direction it considers desirable for the economy. The second instrument - reserve requirements - also aims at controlling the liquidity and credit operations of banks. As in the direct credit control instrument, the government raises or lowers the percentage of reserve requirements in accordance with the perceived problems facing the economy and the course it wants the economy to steer. The third policy instrument used by the Nigerian government is interest rates structure. The interest rate represents the cost of credit in an economy. Before the introduction of the Structural Adjustment Programme (SAP) in 1986, the interest rate structure was managed or fixed by the government. Since July 1986, interest rates have been allowed to fluctuate with market forces. Its yearly increase was 1% for the period 1977-1981. Between 1984 and 1986, it rose to 10%. With the introduction of the SAP, it was increased to 12.75% in 1988 and 18.50% in 1990. It was reduced to 14.50% in 1991 due to complaints by industrialists that high rates represented a disincentive to investment in the industrial sector of the economy.³²

How have these policy instruments and the economic policies been used by the Nigerian government to provide a conducive economic climate measured in terms of price stability, high rate of economic growth and good (surplus) balance of payments position?

i) Relative Price Stability

Relative stability in domestic prices in any given economy is not only important, but also a key variable indicator of the condition of such economy. Stable prices build investor-confidence in the economy. Where domestic prices fluctuate widely and too frequently, planning and long-term investment suffer. In the Nigeria case, the policies of the government did not address this problem adequately. Since the use of a particular policy instrument depends on the structure of the economy, the nature of the problem at hand, the priority of government and the direction it considers desirable for the economy, the expectation was that government policy would address inflation and exchange rate problems. This, however, was not the case. To Ekpo and Osakwe, that government policy has not stabilized prices in the Nigerian economy is common knowledge.³³ As tables 7.1 and 7.2 reveal, both inflation rates and exchange rates of the Nigerian currency rose. In 1976, the inflation rate was 21.2, dropping encouragingly 11.8 in 1979. This fall was

Table 7.1 The Nigerian Economy: Inflation Rate.

Year	1976	79	82	85	89	92	95
*Rate	21.2	11.8	20.9	23.2	40.9	44.5	48.8

*Rate: Rate of Inflation

Source: Central Bank of Nigeria, Statistical Bulletin, vol. 4, no.1, 1995, p. 41.

attributed to the government's imposition of a credit ceiling of 30 to 40% for the purpose of controlling the persistence of double-digit inflation in the economy.³⁴ This credit

ceiling was reversed in the latter years, with inflation soaring to 40.9% in 1989 and 48.6% in 1995. Similarly, the Nigerian currency (naira) continued to depreciate its value relative to the dollar. Whereas one \$1US was worth less than one naira (0.627, one kobo being the equivalent of one cent), in 1985, it became almost equivalent in value to one naira or 0.999 kobo. By 1990, the value of the naira had depreciated to the extent that \$1US exchanged for N9, a depreciation in value of over 800%. In 1996, the exchange rate stood at \$1US = N85 or a depreciation of about 884.34%. This created distortions in the economy which affected its ability to take advantage of the Lomé opportunities in several ways.

Table 7.2 Exchange Rate: The Nigerian Naira Vs US Dollar.

Year	US\$	Naira	%
1975	\$1	0.627	-
1980	\$1	0.545	-13.08
1985	\$1	0.999	83.30
1990	\$1	9.001	801.00
1996	\$1	85.00	844.34

?: Percentage depreciation or loss in value of the naira.

Source: Central Bank of Nigeria, Statistical Bulletin, (Lagos: Central Bank, various issues).

First, the sky-rocketing rate of inflation made planning by economic agents operating in the country difficult. Second, it cut into their investment profits in no small measure. Third in some extreme cases, it caused acute disruptions in their operations as

they could not procure the necessary inputs to keep their factories or businesses operational at such inflationary cost. Most of the firms interviewed for this study, both the CDI assisted and the non-CDI assisted, agonized over the adverse effects inflationary policies of the government on their operations. The CDI - assisted firm in the Foods and Beverages sector (LFNL) it would be recalled, could not put the assistance it received from the CDI into use. One of the reasons given for this was the non-completion of factory premises to house the production machine (the Estruder) that was to be installed by the technical experts provided by the CDI. According to the firm's Production Manager, Mr. Akindolie,³⁵ the company had estimated and allocated a certain amount of money for the project before the arrival of the technical team from the CDI. However, due to the sudden jump in inflation as occasioned by the revised credit ceiling in the federal budget, the total cost of the project skyrocketed more than double the original estimate. Since this went beyond the firm's budget, the project had to be put on hold, hence its non-completion at the time of CDI team's visit and the inability, therefore, to utilize the Lomé-derived CDI benefits that the technical team would have provided.

Similarly, some of the firms were hard-hit in the area of exchange rate due to the depreciation of the naira. BRNL is an example. According to its Chairman and Managing Director,³⁶ while the role of the CDI and the APDF was invaluable in enabling the firm obtain a loan in the Nigeria capital market, government inability to check inflation and depreciation of the country's currency has not only under-cut the purpose for which the loan was obtained, but completely wiped out any potential advantages accruable from the transaction and, in fact, even plunged his firm into debt peonage. One of the main criteria

that governed the firm's decision to obtain the loan - which was made in foreign currency (US dollars) for the purchase of production equipment - was the exchange rate in 1991/92 which was about \$1 = N13. Shortly after the loan was obtained, however, the naira lost its value tremendously and exchanged at the rate of \$1 = N85 as a result of devaluation of the currency which was prescribed by the World Bank and the IMF's SAP. This loss in value of the local currency has posed an intractable problem to the firm. The loan was repayable in the foreign currency in which it was made - the US dollar. Whereas the firm had projected repayment at the 1991/92 exchange rate of \$1 = N13, it now has to repay at the current floating exchange rate of \$1 = N85. Thus, it costs the firm a much bigger quantum of the naira to service its loan than had been anticipated. This is regrettable and the Chairman laments that it is affecting the company's operations greatly since a big chunk of the available monetary resources that would have gone into production now goes into the purchase of the dollar for debt servicing. As a microcosm of what is happening to other economic operatives in the country generally, this has a negative impact on their ability to grow, thus affecting the ability of the economy to take advantage of provisions of the Lomé Conventions.

(ii) Economic Growth

The performance of an economy can be analysed according to the growth or otherwise of its various sectors. For the developing countries the industrial sector,

regarded as the route to future economic success, is instructive. This sector holds an additional attraction because in the Lomé context, it represented an invaluable vehicle whereby Nigeria, as an ACP state, could launch itself into sustained economic growth through the use of the Lomé provisions on industrial development. For this reason, therefore, we chose the industrial sector to examine the extent to which the Nigerian government's policies affected economic growth.

The components of the industrial sector include manufacturing, mining, electricity, construction, water and gas. According to the World Bank Report,³⁷ manufacturing is typically the most dynamic component of the industrial sector. Thus, using manufacturing

Table 7.3 Nigeria: Index of Manufacturing Production

Year	Manufacturing	%
1975	147.7	-
1978	221.4	49.9
1981	394.9	78.4
1984	280.8	-28.9
1987	432.2	53.9
1990	162.9	-62.3
1993	169.5	4.5
1996	162.5	-4.1

Average % change:		13.06

?: Percentage change (increase or decrease) in manufacturing index.

Source: Compiled from Central Bank of Nigeria, Statistical Bulletin, (Lagos: Central Bank, various issues).

in the industrial sector as an index of economic growth, it can be seen from table 7.3 that the economy fluctuated between periods of boom and recession. The direction of growth

has not been consistent and there is a lack of correspondence between the objectives of government and the results so far achieved.³⁸ Between 1978 and 1981, manufacturing grew from 49.9% to its peak of 78.4%, declining rather sharply -28.9% in 1984 only to rise again to 53.9%. In 1990, however, it declined -62.3% and has not experienced any significant growth since then. This fluctuation in direction of growth is symptomatic of the inconsistency of the Nigerian economy policy environment. In the pre-1986 years, that is, before the introduction of the SAP, the government was able to exercise tight monetary and fiscal policies, particularly in the areas of local raw-materials sourcing, importation of industrial inputs and a range of other manufacturing incentives. This was to change between 1982 to 1985 when, partly as a result of the government's romance with the IMF and pressure from its international creditors, the hitherto liberal policies towards manufacturing were dropped. This had an adverse effect on manufacturing and accounted for the decline experienced in 1984.

Pressure on the government from several other forces - the Nigerian Chamber of Commerce, Manufacturers Association of Nigerian (MAN) - however, led to a re-introduction of the manufacturing-friendly policies such as lifting of the ban on importation of crucial manufacturing inputs. The result was the appreciable growth in manufacturing noted in 1987. This reprieve, unfortunately, was short-lived. With the introduction of the SAP policies in 1986, the fortunes of the manufacturing sector plunged downwards from 53.9% in 1987 to -4.1% in 1995. In a review of the country's economic growth performance in 1995, the Central Bank of Nigeria lamented the general down-turn in economic activities in the country owing to the persistence of macro-economic

instability. The rate of growth in real output as measured by GDP at 1984 constant factor cost declined from 4 to 3.6 in 1991 and 2.9 per cent in 1992 respectively. In spite of government intention to reduce its fiscal deficit, the fiscal operations resulted in a level of deficit which was much higher than targeted.³⁹ The slowdown in the tempo of activities in the industrial sector experienced in the late 1980s continued into the mid 1990s. The aggregate index of industrial production indicated a decline of 3.1% in 1995 compared with 1.9% in 1992.⁴⁰ Thus, the policies of the Nigerian government, rather than foster sustained economic growth produced a distorted and unfavourable environment which was exacerbated by the prevailing adverse and uncertain political climate.

While the presence of the military in the country's political landscape could be traced back to the mid 1960s when the military established its presence in Nigerian politics via the first coup, its current dimension dates from the late 1980s during the military administration of General Ibrahim Babangida. Under a phased transition programme, the military was to hand over power to a civilian government in October 1, 1990. But, the Babangida administration postponed elections until 1993, only to annul the election results after the elections were held in June of that year. The annulment threw the country into a period of instability which was characterized by nation-wide riots, demonstrations and a near-total paralysis of order in society. Under these circumstances, General Sani Abacha easily toppled the appointed interim civilian regime. The military government of Abacha has, thus far, not paid sufficient attention to ensuring a stable political climate in the country because, like that of General Babangida, it has similarly cancelled or annulled several elections, and it is not certain if the promise to return the

country to a democracy by October 1998 will be kept. This continued political uncertainty has negative economic consequences both on the firms analyzed in this study and the Nigerian economy generally. For example, there has been a tremendous decrease in foreign investment in the country recently. According to the Financial Times,⁴¹ foreign investors are increasingly divesting from the country for fear of losing their investments. Not only are they not re-investing, they are actually transferring their businesses to other more stable economies, such as South Africa and Ghana.

Second, it created considerable problems for some of the firms in their quest to export their products overseas. The management of NFL complained that "the excesses of the Nigerian military have cost the firm a potential export market in South Africa".⁴² This is because, as a result of the political uncertainty and the problems of it created, the contract which the NFL was negotiating with its South African partners for the supply of some of its foundry products was put on hold. Further negotiations were discontinued since the South African partners were not confident that the NFL, given the production problems it was facing in the Nigerian economic environment, for example, acute shortage of electricity and other production ancillaries, would be able to meet the supply targets being projected. In fact, in February 1994, the South African team had to break off negotiations and leave the country in a hurry for fear that the country was drifting towards the verge of a civil war.⁴³ Similarly, the political climate cost GCINL the opportunity it had to acquire modern equipment for its production operations because the Belgian firm which was to supply the new machinery could not do so for two reasons - its experts had problems obtaining travel documents to Nigeria, and most importantly, since it (GCINL)

was not paying the full cost of the equipment all at once. the Belgian firm became wary of the ability of GCINL to pay at a later date.⁴⁴ Thus, the uncertain political climate in the country undermined the ability of these firms to export their products which would have provided foreign currency necessary to mitigate the foreign exchange problem. but also made it difficult for them to succeed in the area of technology acquisition.

(iii) Balance of Payments:

As an indicator of the strength or weakness of the economy. Nigeria's balance of payments position in the Lomé period under review (1975 to 1996) has been fluctuating between surpluses and deficits. The latter arose out of the huge import expenditure incurred in the face of low food production and lack of adequate industrial products and raw materials.⁴⁵ The enormous revenue derived from oil encouraged a heavy expenditure on imported goods. There were deficits in the overall BOP for the periods 1977, 1981, 1983 and 1996, while 1975 and 1985 through 1993, indicated surpluses. The surpluses recorded between 1985 through 1993, some have argued, were not unconnected with the stringent monetary and financial policies of the Babangida military administration.⁴⁶ But, if this was the case, this improvement would have continued since the present Nigerian government under General Abacha has not only continued with these policies, but also made as one of its principal objectives in the 1995 and 1997 budgets, "the accomplishment of balance of payments equilibrium".⁴⁷ Instead, the BOP not only

indicated a deficit, but a very sharp one of -65.27 from the surplus of 5.96 posted in 1996 and 1993, representing a net deficit of about -1195%. Such a weak economic situation adversely affected other businesses and firms in the country as it hampered their undertakings and outcomes.

Table 7.4 Nigeria: Balance of Payments, 1975-1996 (N million)

Year	Overall Balance	Reserve Movement	External Reserves
1975	157.5	-157.5	3,448.5
1977	-527.2	527.2	2,590.3
1979	1,868.9	-1,868.9	3,063.6
1981	-3,020.8	3,020.8	2,424.8
1983	-301.3	301.3	781.7
1985	561.1	-561.1	1,641.1
1987	159.2	-159.2	4,643.3
1989	8,727.8	-8,727.8	3,272.7
1991	18,498.2	-18,498.2	13,457.1
1993	5,959.6	-959.6	34,953.1
1996	-65,271.8	65,271.8	42,222.5

Minus (-) indicates an increase in reserves.

1996 figures are provisional.

Reserve movement: These figures were arrived at by adding figures from Current Account and Exceptional Financing.

Source: Central Bank of Nigeria. Annual Report and Statement of Accounts. (Lagos: Central Bank, various issues).

In addition to the foregoing policy instruments, the Nigerian government, in an attempt to boost its export trade, initiated several export promotion incentives.⁴⁸ While most of these incentives are worthy in concept, their implementation has been problematic. For example, through the Export Development Fund incentive, the government is supposed to assist prospective exporters to promote their exports abroad

as well as maintain export market intelligence.⁴⁹ Implementation of this incentive has not yielded expected results. The management of APP (the CDI assisted firm in the rubber/plastics sector) complained that all the Fund has done is offer promises of assistance which have yet to materialize.⁵⁰ In some cases, the government undercuts itself by formulating policies which contradict some of these export incentives. For instance, through the Retention of Export Proceeds incentive, exporters could operate foreign domiciliary accounts in Nigeria to assist them in procuring inputs for their export activities. In an apparently paradoxical move, the government banned the maintenance of foreign domiciliary accounts in the country in its 1994 federal budget. This is not only counterproductive, but the inconsistency further distorts the overall economic environment.

The most important export incentive of the Nigerian government was the creation of the NEPC. This is considered the most important incentive because, although other incentives address different export problems in the country, they were bogged down by unnecessary bureaucratic red tape.⁵¹ Thus, in order to eliminate undue bureaucracy in the administration of export incentives by multi-agency involvement in the implementation process, the government entrusted the administration and disbursement of export incentives to the NEPC. This means that these other incentives are not only dependent on this Council, but their very efficacy depends also on the effectiveness of the latter. Unfortunately, the activities of this body as already noted earlier, have been disappointing. Rather than bring the potential benefits latent in these incentives to bear on the Nigerian export scene, the Council has been undermined by the government through politicization. Thus, the unimpressive performance of this overseeing body adversely affected the impact

of all other incentives.

In summary, the economic policies of the Nigerian government did not produce an enabling, conducive and growth-friendly or development-fostering economic environment - a situation that could be traced to the policies of the SAP introduced in the mid 1980s. This, in turn, had a negative impact on the ability of the economy to take advantage of the Lomé opportunities. The monetary and fiscal policies produced several problems. Interest rate structure made investment financing very difficult. A prohibitive lending rate of about 45% per annum made borrowing in the loan market unthinkable⁵², throwing capital-starved, but otherwise viable firms in jeopardy. Also, interest rates, rather than check, fuelled inflation to the rate as high as 72.8% in 1996⁵³ with its deleterious impact on the economy. Policy inconsistency with regards to manufacturing inputs created raw materials sourcing problems which resulted in inadequate domestic production and gross capacity under-utilization. Where incentives would have made a positive contribution to the economy, they are sometimes negated by other contradictory government incentives. Bureaucratic obstacles undermine the export incentives and the failure of government to exercise strict discipline over its officials engenders a corrupt implementation process. This is disturbing because these unscrupulous officials often distort the rules for their own selfish ends - corrupt customs officials, for example, corruptly change internationally approved stamps and signatures used on export documents without informing the EU.⁵⁴ This has led repeatedly to rejection of documents of unlucky, but viable exporters or, for the lucky ones, a considerable delay in the export process with its attendant storage and warehousing charges. The reaction of exporters has

been to appeal to the government. Thus far, government response has been grossly inadequate as these problems continue to adversely affect these firm and distort the overall Nigerian economic environment.

How do we explain this behaviour of the Nigerian state? Put differently, why was the state unable to formulate the appropriate economic policies that would have fostered a conducive environment necessary for economic development? An attempt to answer this question leads to an examination of politics of policy making in Nigeria. That is, to understand the behaviour of the Nigeria state, there is need to analyze the general context in which economic policies are made and how the former affects the latter. In so doing, it becomes obvious that, though the Nigeria government is largely responsible for economic policy - by definition, it is the only authoritative power to initiate policy - final economic policies are hardly insulated from societal influences in the Nigeria social formation and international influences.

7.3 Understanding the Policy Behaviour of the Nigerian State

Attempts to explain the ability (or inability) of post-colonial states such as Nigeria to initiate and sustain economic development policies can be found in the various approaches so far adopted in the study of the state in Africa.⁵⁵ For our purpose, to recap,

we adopt the sophisticated dependency theoretical framework in this study to explain the inability of Nigeria to utilize the opportunities offered by the Conventions. This approach is considered illuminating because it recognizes the impact of both the external and internal environments on the development process. It accords with our argument that the performance of Nigeria in the Conventions is better understood when we consider both the demand and supply-side problems, and not just one of them. Thus, it enables us to unravel the various forces at play in the domestic environment of the Nigerian social formation and how they affect the state and its development policies, while paying due cognizance to the impact of the external environment as well. The framework is particularly useful in the Nigerian case where, in the process of formulating and implementing economic policies, the state has hardly acted in isolation from the several forces in the society. A good example to illustrate how social forces affect state economic policy making and implementation, and for that matter, the development process, can be seen in Nigeria's indigenization policy.

As initiated in Nigeria, the policy was to wrest control of the "commanding heights of the economy" from foreign into local hands so as to allow for indigenous planning. Such local control was supposed to enable the state to plan towards a convergence between resource use and demand. But, in its implementation, the policy did not achieve its intended objectives. As earlier noted, Ake argues this failure should not be surprising because, as an appendage of international capital, the state can not seriously challenge the latter (a requirement which full implementation of the policy entails) without jeopardising its own very basis. However, while the dependence of the post-colonial state is not in

doubt, attributing failure of the policy to this alone would be too simplistic because both external and internal forces were at play. Several but conflicting interests were meant to be served by this policy. The weight of their contradictions, it turned out, proved too heavy for the policy to bear.

First, as Biersteker observed,⁵⁶ indigenization was instituted by a military elite in response to the intermittent, but recurring pressures from the indigenous economic elite which had close links with the state and international capital. After the country's civil war, a new bourgeoisie which accumulated (easy) wealth from the war emerged, and since it owed its wealth less to foreigners, its interests differed from the other economic elites. Yet, there were at the same time, other local businessmen who wanted a protected niche in the economy, free from foreign competition as well as a share of the proceeds of the most successful (foreign-dominated) sectors of the economy. Within the ruling military elite, there were cracks - whereas the Obasanjo government was more strongly committed to an ideology of economic nationalism, that of Gowon was not. Whereas the general objectives of the government were control of the economy and full participation by Nigerians, some of the strongest backers of the policy among the economic elite were more interested in a share of the proceeds of the economy than its control. Some of them began to express concern about the growth of the public sector (state) acquisitions during indigenization, reflecting an uneasy alliance between the state and local capital in the country.⁵⁷ In fact, it has been argued that even before the major nationalization measures had taken place, a number of foreign investors and financial institutions had already indicated their preference for joint ventures with the state and were able to penetrate and

use it to undermine the policy.⁵⁸

This apparently self-negating behaviour of the state has to be understood in the context of its weak and insecure internal base due to the conflicts between its interests and those of other social classes in the Nigerian society. It was the need by the state to enhance its security that led to this kind of alliance in the first place. It is possible that had the state not felt threatened by the reactionaries who were more interested in using state apparatus for their own purposes, it would have maintained a closer affinity with the local classes. But, there was opposition from the urban workers against the state, conflict between the commercial and petty bourgeoisie which was complicated by pressures from the richer farmers with a disproportionate influence on government policy. While the other classes fought against the farmers for enjoying the lion's share of the rural credit schemes using the state as the battle ground, the farmers on their own again attacked the state for lessening their power by the other agricultural extension development schemes. Thus, the development efforts of the state (in this instance) were undermined not so much by international capital, but by the struggles and conflicts of interests among sections of the local bourgeoisie. At times, they competed with each other for the fruits of collaboration, and at others, were in conflict with the state itself over the extent of public sector intervention and expansion. The results of these conflicts translated into a hodge-podge and sloppy process of policy implementation. To understand how and why the Nigerian state succeeds or fails in its development drives, therefore, we have to locate it within the concrete socio-historical dynamics in which it finds itself.

In other words, by its very composition, the post-colonial Nigerian state is made

up of various social classes which are engaged in competition and bargaining at different times over different development issues, state-initiated or not. More often, the state is an arena where a mass of private conflicts and political struggles over access to and allocation of resources affect its capacity to embark on sustained development strategies. There is nothing mechanical about this capacity. It is determined, as the foregoing suggests, by the presence and balance of facilitating factors, opportunities and struggles between rulers, emerging classes, status groups, organizations and other particularistic forces, both internally and externally. It is these, therefore, that should concern us in our analysis of the role of the state in economic development. Against this background, we now turn to an examination of policy-making in Nigeria - policies which failed to create a conducive economic environment necessary for the country to take advantage of the Lomé Conventions.

A) Policy Making in Nigeria

In the main, economic policy making in Nigeria is the preserve of the federal government through its central economic agencies - the Central Bank and Ministry of Finance - referred to here as the state. However, a historical overview of the development planning and economic policy formulation processes reveal that far from acting alone, the

state is buffeted from all sides by different kinds of influential forces. In the design of national development plans - the broad framework outlining the preferred or envisaged economic direction of the country - several differing interests come to play. For example, while the federal government had, in the 1962-68 National Development Plan, aimed at the optimum mobilization of resources by shifting emphasis of economic activity from the production of primary commodities for export towards the domestic production of previously imported items, at the regional and local levels of government, emphasis differed from that of the federal government. Whereas the northern region placed its emphasis on rapidly increasing agricultural output, the eastern region aimed at an economy in which agriculture and manufacturing would be complementary, while the western region saw in industrial development the opportunity for structural transformation of its economy. According to Dudley, the result of these varying emphases and influences on the formulation process was a vitiated plan which, in an attempt to reflect these emphases, became nothing more than a mere shopping list.⁵⁹

The Second National Development Plan of 1974-79, shared a fundamental similarity with the first plan - extensive consultations between the federal government, regional authorities and planning ministries. The approach to planning was, however, different. Rather than the federal bureaucrats dominating the formulation process, it was largely the local groups at the local levels that held away. The objectives of the two (federal bureaucrats and the local groups) differed. The latter were dissatisfied with the planning strategy and economic policies of the former on the argument that they were too politically accommodating to the expense of the logic of economic rationality. To further

their own objectives, the federal bureaucrats produced and circulated guide-lines which the regional planners were enjoined to adhere to strictly, as failure to do so could result in rejection of their inputs. The final plan resulting from the admix of inputs from the various levels was described as "the technocratic description of the bureaucrats' conception of the economically rational".⁶⁰ Thus, the plan was not the exclusive product of unilateral state action and whether it succeeded in addressing the economic development needs of the country at the time or not cannot be blamed on the state qua state without regard to its constitutive forces that produced the plan itself.

Perhaps more than any other, it was the Third Plan (1975-80) covering the duration of Lomé I that most represented the interactive nature of the process of plan formulation and the various elements at play. There was the federal government and its federal planners which issued the guidelines. Though the guidelines were issued, the regional planners played a greater role in drawing up their own input. The regions' inputs, on their own, were a summation of different inputs from, a) various communities in the regions - inputs in the form of the most urgent development needs they (communities) would want addressed, and b) commissioners representing the various localities in the regions. In addition to these were the State Executive Councils which were asked by the Governors to enumerate what projects they would want to have the government execute in their respective provinces (projects which they, the commissioners, "would be remembered by" by their communities) for insertion in the plan.⁶¹ The set of projects was then costed and the total cost was compared to expected financial resources. Since the former far exceeded the latter, a rule of selection was adopted and the decision on

priorities was simple: priority one went to regional projects; the second, to commissioners' chosen schemes; and lastly came the community "needs". The process of elimination followed a rank ordering of priorities, the one constraint on the planning being that each community was to be allowed at least one communal project. At the end of this planning process, the "planned" projects exceeded total expected financial resources, leading the government to accept the consequences of deficit financing and other problems for the economy which it tries to address through the use of various monetary and fiscal policies, their determination which has not been very different from the (interactive) planning process above.

In addition to the foregoing, the context of economic policy making in Nigeria cannot be fully understood without regard to the role of external influences in the policy process. The relationship between external influences and policy making in Nigeria is captured by the concept of the "commercial triangle."⁶² The triad involves the Multinational Corporations (MNCs) represented by the indigenous bourgeoisie, the local middleman and state official. How does this relationship work? Foreign businesses, in seeking access to the economy, often hire a local citizen as a go between the state. If a contract materializes, the state official is normally rewarded with a payment arranged by the go-between or middleman. In other words, foreign businesses exercise influence on state policy through local middlemen who have privileged access to decision makers or state officials. By virtue of their position, the middlemen are not only able to influence government policy, but also assist foreign capital in its dealings with the state. Here, state officials perform a kind of "gatekeeper" function and exact a toll for performing this

service. Sometimes, the gatekeeping activity is of an indirect kind - where the local middleman is used to work in partnership with the foreign firms. At other times, it is direct whereby the state official by-passes the middleman and deals directly with the foreign firm. In military-led countries where "the civil service has a prominent role in actually making, as well as in implementing decisions, much of the struggle among comprados is struggle within the civil service to secure and retain positions with decision making power".⁶³ Foreign businesses' access to the civil servants, in turn, means access to the state apparatus and the process of policy making. The instability endemic in the struggle among middlemen for state patronage, and in the competition among state officials for control of decisions, is reflected in the actual policies formulated. In these circumstances, policy making becomes a form of business through which actors seek to influence the state for the purpose of securing advantages. Which actors succeed in securing more advantages is an open question depending on, among others things, their relative resources and the issues in question. In Nigeria the commonly used resource by the foreign firms is the kickback or business bribe. A report of the US Senate Subcommittee on Multinationals indicated that Lockheed, one of the US government largest aero-space and defence contractors, admitted to bribing Nigeria officials to the sum of about \$3.6 million to influence the Nigeria governments economic policy on the aero-space and defence industry⁶⁴. Similarly the International Posts and Telecommunications (ITT) is reported to have poured millions of dollars into the coffers of state officials in an attempt to induce a "favourable" state policy on communications development.⁶⁵

A further examination of some of the government economic policies, for example

the second indigenization policy of 1977, is equally instructive regarding the forces at play in the policy process in Nigeria. Far from emanating from the federal government as an entity separate from the society, the policy - like the first indigenization policy of 1972 - was more of the state's response to pressures from different elements in the society for an economic policy to would wrest control of the economy from foreign into local hands. Indigenous capitalists had been writing papers, making representations to government officials and giving speeches on the subject. These people sought to break down the expatriate dominance of certain sectors of the economy such as produce buying, retail trade and transportation and they channelled their calls through a continuous barrage of articles in the local press.⁶⁶ In addition, industrialists in the northern region of the country, dismayed by the extent to which the prevailing economic order was seen as disadvantageous to their interests, used their access to the state to press for policy change.

Besides these pressures, the state in itself, was no means monolithic in its interests. According to Biersteker, there were important ideological and bureaucratic divisions within the Nigeria state⁶⁷. For economic nationalists, the policy of increased public sector ownership of the economy was justified by the historical development experience of other countries, while the limited interventionists opted for a minimal and controlled public sector control of productive enterprises in the economy. The result of these pressures on the government was the inauguration of the Adeosun Commission to study and advise the state on the final policy. Several memoranda were received by the Commission from the larger Nigerian society such as individuals, associations, organizations, government agencies and private companies. The Lagos Chamber of Commerce and Industry also

submitted its views, as did several indigenous business interest groups (the association of clearing and forwarding agents, chartered accountants, the bar association, film industrialists, architects and pool stakers). Foreign enterprises and associations made their depositions as well, including banks, accounting firms and association like the West Africa Committee, the Bankers Committee, the Nigeria Employers Consultative Association and the Manufacturers Association of Nigeria. In all, the Adeosun Commission received memoranda from fifty four different individuals, organizations and agencies⁶⁸ which had a direct bearing on the final recommendations of the Commission to the state as well as the latter's final policy. That is, the interests and objectives of local and foreign capital as well as the positions of the different factions within the state could all be found in the final text of the policy. Thus, the policy mirrored the debates and compromises underway between economic nationalists and limited interventionists within the state as much as it resembled state and local capital collaboration. That this is the case suggests, therefore, that attempts to explain the economic policy-making process in Nigeria, in particular why specific policies are made, can not be located in the realm of the state as state, but in the larger context of the Nigerian social formation as several forces influence not just the process, but the type of policies made.

Similarly, an examination of the context of the formulation of the SAP policies introduced by the government in 1985/86 reveals tremendous influence on the state by several groups. The attempt by the government to obtain an IMF /World Bank loan in 1985 ran into strong opposition from the Nigerian public. This led the government to initiate a national debate on whether or not to accept the loan and the monetary/fiscal

policies it entailed. Several opposing factions featured in the debate and exerted considerable influence on the eventual policy decision. First, there was the bourgeois nationalist or indigenous business class which, in furtherance of its interests, urged the government to reject the IMF package. To this class, the latter was a recolonising instrument which would not allow the indigenous entrepreneurs to make the choices that would propel the economy to self-sustained growth.⁶⁹ Worried that the SAP-induced policies will give unnecessary advantage to transnational companies and limit their access to import licences, it urged the government to reject the loan.

The second group, representing the urban, lower petit-bourgeoisie of traders, roadside mechanics and road transport drivers, on the other hand, not only urged government rejection of the package, but showed tremendous enthusiasm in substituting the IMF deal with an internally generated loan.⁷⁰ Market women for instance, raised the possibility of a structural adjustment levy among their members and road transport drivers actually announced a 50k levy per day on members as its contribution to the economic emergency fund. The third group consisted of the student movement, the majority of the workers unions and the Nigerian Labour Congress, the radical intelligentsia led by the ASUU, progressive journalists and lawyers and socialist organizations. The issue to this group went beyond SAP-induced monetary policies to the lopsided and exploitative relations between foreign/local capital. Instead of structural adjustment, it called for a structural transformation of the economy that would address the imbalance and exploitation in property relations. The students were particularly vocal in their condemnation of the proposed inflation-generating policies such as the increase in the

price of petroleum products, and to call the government to order, they staged nation-wide demonstrations which were supported by a wide section of the Nigeria artisan community.⁷¹

Standing in opposition to the above groups were the transnational corporations, the big foreign banks and their local business allies who argued in favour of the loan. The Finance and Economic Planning Ministers and a host of government officials supported this position but found it difficult to impose since the contrary viewpoint was overwhelming.⁷² The anti-IMF groups sufficiently galvanised propaganda and public opinion that a large majority of people and organizations were in sympathy with their position.⁷³ Though the government tried to crush these opposing groups through divide-and-rule, their persistence forced the government into publicly announcing a rejection of the IMF loan in 1986, only to implement its conditionality later.⁷⁴ Thus, the final government policy-action was not without inputs from active social groups in the country and an explanation of how and why the government acted as it did can not be complete without an understanding of the role of the social groups in the Nigerian Society.

If the process of establishment of the broad framework of the SAP and its monetary/fiscal policies points to the influence of various groups on the state, their implementation sheds more light on this influence. Several groups, in order to defend and project their immediate and long-term interests, pressured the state to use the fiscal policy to their favour. Since the government is unable to completely insulate itself from these forces and has had to respond to their demands at different times, the result has been constantly changing government policies according to the level of relative influence of

these groups on the state. Nowhere is this more apparent than in the government's foreign exchange policy and interest rates structure. Prior to the introduction of the SAP measures in 1986, foreign exchange practice was by rationing the import licensing system otherwise known as the First-Tier Foreign Exchange Market (FFEM). Dissatisfied with the operation of this system which was claimed to have been abused by corrupt officials of the Federal Ministry of Trade and other local as well as foreign peddlers of import licences, the indigenous capitalist class challenged the system. This class made representations to the government, and in a patriotic justification of their credentials, urged the government to substitute the system with one that would place foreign exchange readily in the hands of legitimate local businesses that need it.⁷⁵ The result was the introduction of the Second-Tier Foreign Exchange Market (SFEM) in which the buying and selling of foreign exchange, rather than being determined by the government, was to be determined by market forces.⁷⁶ The indigenous capitalist class did not act alone in pressuring the government in this respect, but in concert with western creditors who had constantly urged the Nigerian government to allow the (realistic) value of its currency to be determined by the market forces of demand and supply.

In addition to the above, exchange rate policies have included the Single Foreign Exchange Market (FEM), the Interbank Foreign Exchange Market (IFEM) and Bureaux de Change (BDC). As a network of centres where small buyers can purchase foreign exchange, BDC was the outcome of, and government response to, pressure by small-scale businesses and individuals who needed foreign exchange, but did not have access to it through the big banks. Thus, they called on the government to create a facility that would

cater to their foreign exchange needs and facilitate their businesses as well.⁷⁷

Similarly, differences between economically active groups played out in the government influenced the nature and direction of state economic policies considerably. A case in point was the disagreement between the Textiles Manufacturers' Association and the Cocoa Association of Nigeria on cotton export procedures and exchange rate policies. While the former preferred the existence of marketing boards, the latter went along with government scrapping of these boards as this led to an increase in the price of cocoa. Closely related to the above is the rivalry between the northern and southern members of the MAN over the process and modalities for privatization. Whereas the Kano branch of the association insisted on regional equity (which calls for quotas and controls), their southern counterparts defended the case for floating the companies in the stock exchange. Third, there was considerable disagreement between the government, MAN, traders, industrialists and transporters on the effects of devaluation and the constantly changing interest rates structure on price increases. These groups protested against the inflationary nature of the government's fiscal policies, particularly the high cost of production and its problems for local manufacturing firms. Agro-allied industrialists urged the government for a "favourable" raw materials policy that would ease their raw materials sourcing. In response, the government banned the importation of most manufacturing inputs leading the agro-allied industries to source their component parts locally. This policy position seemed favourable to agro-allied industries which had a greater potential in the local sourcing of raw materials than the chemicals, engineering and aluminium industries. Supported by the MAN which decried the new tariff structure for

eroding the advantages enjoyed by domestic industries, the latter lodged a series of protests through the local chambers of commerce and industries to the government. In response, the government carried out a comprehensive review of the tariff and interest rates structures and provided a set of incentives for local raw materials procurement⁷⁸ with a view to boosting the overall impact of industrial performance and economic growth generally. Thus, the process of formulation of economic policies have not been without influences from several forces in the wider Nigerian society.

Conclusion:

The foregoing suggests that the record of the Nigerian state in providing an conducive economic environment which would have enabled the firms and other economic operatives to take advantage of the Lomé opportunities was discouraging. Neither in the primary nor secondary roles did the state excel. In the former, it was noted that the inadequate attention paid by the government to education created problems for the industrial sector because products of the Nigerian educational system could not serve the needs of the industries. There is a lack of fit between what is taught in the tertiary institutions and the needs of industry. Its graduates were only skilled in theory and could not translate the theoretical aspects of their fields into practice. This, in addition to lack of state support for research, created a huge problem for innovation and technological breakthrough. Also, the constant shortage of electricity supply to support firms' operations

affected the latter negatively as they resorted to private generation of power with its attendant costs. Similarly, in the secondary role, the policies of the state, rather than boost, created problems for the firms. The monetary and fiscal policies resulted in high exchange rates, inflation and balance of payments disequilibrium. This situation was compounded by the uncertain political climate in the country which cost the firms dearly both in the areas of export marketing and acquisition of technology as there were instances where the firms lost out prospective foreign markets and supply of production technology.

This failure, in itself, can not be blamed squarely on the state alone. Although the state is the provider of the overall context for economic policy making, an examination of the process of policy formulation revealed that the state hardly acted in isolation from several social forces in the society. There were influences from both the external actors such as multinational corporations and domestic forces as well. This presupposes, therefore, that an adequate explanation of the failure or behaviour of the Nigeria state must, against the backdrop of the international political economy, situate the state in the context of its domestic environment and look at the various social forces in the Nigerian social formation and their interactive influences on the state in the policy-making process - an exercise which our sophisticated dependency framework allows us to do.

ENDNOTES

1. L.K. Mytelka, "The Unfulfilled Promise of African Industrialization", African Studies Review, vol. 32, no. 3, 1989, p. 89.
2. P. Bangama, "Private Sector Promotion in the Context of the Lomé IV Convention", Paper presented at the CDI workshop on SME Development in the EU-SADC Context: Experience, Instruments and Perspectives", Rome and Naples, September 30 - October 4, 1996, p. 6.
3. T. Forrest, Politics and Economic Development in Nigeria (Boulder, Colorado: Westview Press, 1995), pp. 2-3.
4. Ibid., p. 3.
5. J.E. Ndebbio, "Industrial Development Policies/Incentives and their Impact on the Nigerian Economy", in J.E. Ndebbio and A. Ekpo (eds.), The Nigerian Economy at the Crossroads: Policies and their Effectiveness (Calabar: University of Calabar Press, 1991), p. 16.
6. The controversy rages between the neo-conservative, social democratic and socialist theoretical traditions on what should be considered appropriate state intervention in the economy and the consequences of this for sustained economic growth. While some blame economic underdevelopment in the developing world on state intervention, other blame it on non-state intervention. Yet, others contend that it is not necessarily intervention or non-intervention per se, but the quality of intervention that matters. In this study, we are inclined towards the latter disposition (quality of intervention) because it is how a state intervenes that is important.
7. Ibid., p. 18.
8. A.O. Adeyemo, "Public Sector Participation in Economic Activity: Physical Infrastructure with Emphasis in Transport", Paper presented at the Nigerian Economic Society Annual Conference, University of Lagos, February 8-11, 1989, p. 10.
9. I.I. Ukpong and P.U. Iniodu, "Infrastructural Policies and their Impact on the Development of the Nigerian Economy", in J.E. Ndebbio and A. Akpan, op. cit., p. 108.
10. It should be noted that it is not all the different types of infrastructures that are analysed here. For our purpose, we selected electricity and education on account of their centrality to economic development.

11. R.T. Gill, Economics: A Text with Included Readings (California: Goodyear Publishing Company Inc., 1973).
12. Federal Ministry of Information and Culture, A New Horizon (Lagos: Supercolour Publishing, 1986), p. 27.
13. I.I. Ukpog and P.U. Iniodu, op. cit., p. 124.
14. Central Bank of Nigeria, Annual Report and Statement of Accounts (Lagos: Central Bank of Nigeria, various issues).
15. Ibid., various issues.
16. C.C. Okoye, "Restructuring Our Manpower Development Policies and Programmes to meet Market Requirements", Paper presented at the Nigerian Economic Society Annual Conference, University of Lagos, May 14-18, 1985, p. 5
17. Direct interview with Mr. V. Baberoupolous, General Manager, Nigerian Foundries Limited, Lagos, August, 1994.
18. Interview with K. Salami op. cit.
19. The sheer neglect of education by the state had reached a level where academic excellence and hard work was being scorned by students. In Nigeria, it is the conventional wisdom that excellent students do not belong to the private sector as they do academics. But, because of the neglect of higher education, particularly the poor remuneration of Professors who, in some cases, looked more wretched than some students, it was not uncommon to find the latter questioning the virtues of studying hard - after all, good grades would only lead them to the academia where those already at the top (Professors) can hardly make ends meet financially. Such a disposition arising out of government neglect of this social overhead is very discouraging with its adverse effects on the economy.
20. Direct interview with G.S. Odia, CDI local antennae, Lagos, August 18, 1994.
21. The ACP-EEC Courier, April 1993, p. 25.
22. There are several indications that the EU is dissatisfied with Nigeria and is threatening to stop further aid to the country. In a review of Nigeria-EU relations, the EU Delegation in Nigeria expressed the desire of the EU to tie further aid to extent of Nigeria's march towards democracy. This march, if there is any, has been unimpressive.
23. op. cit., pp. 107-129.
24. Central Bank of Nigeria, Statistical Bulletin (Lagos: Central Bank, 1996), p. 38.

25. Information obtained from direct interviews with the management of these firms in Lagos between 1994 and 1995.
26. See The Guardian, March 12, 1997, p. 15.
27. O.A. Uchendu, "Economic Cost of Electricity Outages: Evidence from a Sample of Firms in the Lagos Area of Nigeria", in Central Bank of Nigeria, Economic and Financial Review, vol. 31, no. 3, September, 1993.
28. O. Ogun, "Technological Capacity in Some Nigerian Export Manufacturing Firms", Unpublished Research Proposal, 1995, p. 7.
29. T.J. Biersteker, Multinationals, the State and Control of the Nigerian Economy (Princeton: Princeton University Press, 1987).
30. C.S.P. Okongwu, The Nigerian Economy: Anatomy of a Traumatized Economy with Some Proposals for Stabilization (Enugu: Fourth Dimension Publishers, 1986), p. 19.
31. G.M. Meier, Leading Issues in Economic Development (New York: Oxford University Press, 1976), p. 229.
32. Central Bank of Nigeria, Statistical Bulletin (Lagos: Central Bank, various issues); Also, A. Ekpo and P. Osakwe, op. cit., p. 98.
33. A. Ekpo and P. Osakwe, op. cit., p. 100.
34. Ibid., p. 96.
35. Direct Interview with Mr. A. Akindolie, Lagos, August 22, 1994.
36. Direct Interview with Prince B.B. Akindele, Lagos, August 22, 1995.
37. World Bank, The World Bank Report, 1994 (Washington, D.C.: World Bank, 1995), p. 24.
38. It is important to note that growth is also determined by other factors such as the international economy which are beyond the government's control.
39. Central Bank of Nigeria, Annual Report and Statement of Accounts, 1995 (Lagos: Central Bank, 1996), p. 20.
40. Ibid., p. 15.
41. See Financial Times, August 30, 1995,
42. Interview with Mr. Baberoupolous, op. cit.

43. When I was in the country in the summer of 1994 for data collection, I found that in the wake of the cancellation of the elections, many southerners in Lagos (who had supported M.K.O. Abiola who is supposed to have won the elections), in the face of the riots and demonstrations it occasioned, had packed their entire household belongings and returned to their respective villages for fear that a civil war was imminent. A similar relocation preceded the 1967-1970 Nigerian civil war. The fear by the South African team, thus appeared genuine.
44. Interview with K. Salami op. cit.
45. A. Ekpo and P. Osakwe, op. cit., p. 103.
46. Ibid., p. 103.
47. The Wall Street Journal, April 22, 1997, p. D13.
48. The various export incentives include a) Retention of Export Proceeds, b) Export Development Fund, c) Export Expansion Grant Fund, d) Duty Draw Back/Suspension Scheme, e) Manufacturing-in-Bond Scheme, f) Pioneer Status, g) Capital Assets Depreciation Allowance, h) Tax Relief Interest Income, i) Export Price Adjustment Scheme, j) Rediscounting of Short-Term Bills and k) Export Credit Guarantee and Insurance Scheme.
49. Federal Ministry of Commerce and Tourism, The Export Processing Zone (EPZ), Calabar: An Oasis of Export Opportunities (Abuja: Ministry of Commerce and Tourism, 1997), p. 14.
50. Direct Interview with O.S. Taiwo, General Manager, Abplast Products PLC, Lagos, August 25, 1995.
51. Federal Ministry of Finance, "Doing Business in Nigeria", in The Wall Street Journal, op. cit., p. 9.
52. O. Ogun, op. cit., p. 15.
53. Central Bank of Nigeria, Highlights of the 1997 Budget: The Gains of 1996 (Lagos: Central Bank of Nigeria, 1997), p. 13.
54. O. Ogun, op. cit., p. 16.
55. See, among others, H. Alavi, "The State in Post-Colonial Societies", New Left Review, July-August, 1972; J. Saul, "The State in Post-Colonial Societies - Tanzania", in Socialist Register (London: Monthly Review Press, 1974); C. Leys, "The Over-Developed' Post-Colonial State: A Re:evaluation", Review of African Political Economy, no. 5, January-April, 1976.

56. T.J. Biersteker. "Indigenization and the Nigerian Bourgeoisie: Dependent Development in an African Context." in P.M. Lubeck. op cit. p. 258.
57. Ibid. p. 262.
58. See C. Ake. Revolutionary Pressures in Africa (London: Zed Press. 1973).
59. B.J. Dudley. An Introduction to Nigerian Government and Politics (London: Macmillan. 1982). p. 231.
60. Ibid. p. 223.
61. op. cit. p. 235.
62. T. Turner. "Commercial Capitalism and the 1975 Coup". in K. Panter-Brick. (ed.). Soldiers and Oil: The Political Economy of Nigeria (London: Frank Cass and Company. 1978). pp. 166 - 197.
63. Ibid. p. 171.
64. Ibid. p. 174.
65. A. Nwankwo. Can Nigeria Survive? (Enugu: Fourth Dimension Publishers. 1983). p. 35.
66. T. Biersteker. op. cit. p. 53.
67. Ibid. p. 161.
68. Ibid. p. 164.
69. Ibid. p. 165.
70. Y. Bangura. "IMF/World Bank Conditionality and Nigeria's Structural Adjustment Programme". Review of African Political Economy. no. 53. 1993. p.106.
71. K.A. Shettima. "Structural Adjustment and the Nigerian Student Movement". Review of African Political Economy. vol. 3. no. 53. p. 84.
72. Banugra. op. cit. p. 10.
73. The Guardian. July 17. 1989. p. 8.
74. It is important to note at this point that though the government rejected the loan in 1986 due largely to the huge opposition evident from the majority of Nigerians and the populist tactics of the Babangida administration which had just come to power and was doing everything to sell itself to the people. it still went ahead implemented the SAP

policies prescribed by the World Bank/IMF on the argument that it was the only way out of the country's economic predicament. Later, when the dust from the debate had settled down, the government went behind quietly (without any more debates) and took the loan.

75. Bangura. op. cit., p. 104.
76. The Guardian, August 20, 1986. p. 14.
77. Daily Times, February 15, 1989, p. 3.
78. Bangura. op. cit., p. 114.

CONCLUSION

We set out at the beginning of this study to examine the implications of the strategy of multilateral economic cooperation between the developing and advanced capitalist countries as expressed in the ACP-EU Lomé Conventions for the ACP states generally, and Nigeria in particular. More specifically, the study used Nigeria as a case study to analyze the extent to which Lomé-signatory ACP states have taken advantage of the development opportunities offered by the Conventions. Our choice of Nigeria as a case for analysis was informed by the fact that, although the country displays some unique features, it shares fundamental characteristics which generally typify the ACP countries. Thus, in sharing basic characteristics with and, at the same time, differing in some respects from other ACP states, the country offers a good ground for analyzing both the general as well as the unique problems that these countries face in their efforts to utilize the provisions of the Conventions.

As noted, the rationale for such analysis is borne out of several factors. These include the growing need, a) for a systematic and detailed study of the Conventions since earlier studies have tended to focus on the general as against detailed problems confronting these countries, and in the process, gloss over the reality of the performance of these countries which varies from not only one country to another, but also across products and sectors, b) to fill in the lacuna left by holistic studies by showing that it requires a dual perspective to gain a richer understanding of the Conventions, and c) to take stock of the future prospects of the Conventions in the context of the changes taking

place in the international political economy. The objectives of the Conventions were, among others, to promote economic development of the ACP states by a) promoting trade between the ACP and the EU, b) securing effective advantages for the ACP states and improving the conditions of access of their products into the EU market, c) accelerating the growth of their exports to the EU and thereby give them a competitive edge over other developing countries exporting similar products, and d) promoting industrial development through the activities of the CDI. The question to be answered was, why, in spite of these advantages enjoyed by the ACP states, did their general economic relations with the EU not improve relative to other countries which did not enjoy similar preferences?

To this question, we responded by introducing a dual perspective in the analysis of the effects of the Conventions to substantiate our hypothesis that the explanation lies not only with the Lomé Conventions and their restrictive conditions and the kinds of technical assistance provided through the CDI, but also the (in)ability of the ACP states as instanced by Nigeria, to support a process of economic development that might have enabled their economies generally, despite the flaws in the Conventions, to grow. We showed that the limitations of the Lomé Conventions themselves reduced their potential benefits. Numerous instances abound. For instance, we saw that in the areas of trade, aid and technological assistance, various caveats were attached to the provisions in the form of requirements which proved very difficult - if not insurmountable - for applicants to satisfy. That the applicants hardly met these requirements translated into a few number of applications approved and those actually implemented.

Second, though the formal preferences in the Conventions offered economic advantages to ACP states, non-competitiveness of their products and economies generally, further undermined the potential utility of these preferences. These problems, we argued, resulted in part from their mode of incorporation into the global economy - a process which not only shaped the political economy of these countries - but also created certain structural features therein which have greatly affected their development efforts, a situation further compounded by the vicissitudes of a constantly changing international political economy. Thus, as instanced by the Nigerian case, it is both the external and internal environments - the nature, content and character of the Nigerian social formation, and the models of industrialization embraced and their effects on the economy - that largely explain their performance in the Conventions. Focusing our attention in the analysis of both the demand and supply-side dimensions of these problems thus offered us a much richer platform to account for the failure or performance of these countries in the Conventions - a platform well captured by our sophisticated dependency theoretical framework which, in addition to giving due regard to the external factors, pays attention to how different patterns of class structures and states emerge from different forms of insertion into the international political economy and most importantly, how these affect the development efforts or processes of these states.

Guided by our argument summarised above, in chapter one, we showed the inadequacy of earlier studies on Lomé and set out the direction of our study and how it overcomes some of the problems of these studies. We outlined the parameters used in our case study to discuss our research questions. To recap, we used the Quasi-Experimental

and Time-Series designs, against the background of the political economy of Nigeria, to evaluate the extent to which the provisions of the Conventions, particularly those on industrial development, enabled the country's economy to grow generally.

Since we submitted that the mode of integration of Nigeria into the global economy produced certain structural characteristics which played a key role in the country's (in)ability to effectively utilize the opportunities offered by Lomé, we briefly examined the historical process that produced these characteristics in chapter two. Given the impact of colonialism on Africa's development, this chapter analyzed the origins and processes of Euro-African contact and the type of effects it had on African countries. It was shown that it was the initial contact and subsequent colonial process that gave birth to politically independent African states. In the birth process, it shaped their political economies and entrenched, among other characteristics, their tremendous concentration on the production of primary commodities to the virtual exclusion of industrialization. This led to the dependence of the African economies on particular commodities whose markets are beyond their control. That is, it produced a situation in which African economies became vulnerable to unstable world prices for agricultural commodities and dependent on fluctuations in the global economy. Second, it disarticulated the industrial structure by discouraging both processing activities and manufacturing in these economies. By thwarting attempts at forward and backward linkages in these economies, the colonial process, a) fostered an international division of labour which reserved manufacturing to Europe and relegated Africa to the task of supplying raw materials and agricultural goods, b) produced an extraverted or unbalanced industrial structure in these economies, and c)

produced the type of social formations we have in these countries today, particularly the nature of the state, classes and other social forces. These inherited features produced weak economic and political structures which made it difficult for these economies to take advantage of development opportunities offered in the international political economy.

In chapter three, we critically analyzed the implications of the Conventions for the ACP states in general. Here, we further supported our argument that the problematic nature of the Conventions themselves was a significant factor in explaining the unimpressive performance of the ACP states. First, it was noted that the EU's preferential trade arrangements for the ACP states over and above other comparable regions did not result into increased value of ACP-EU trade. If anything, the ACP states lost ground to these other "unpreferred" regions. In part, this unimpressive trade scenario, it was observed, was due to the onerous requirements attached to the trade provisions which proved difficult for the ACP states to satisfy. Expected trade-enhancing provisions such as Stabex, Sysmin, Rules of origin and the Sugar protocol all had qualifications to be met before their advantages, utility, and effects could be enjoyed by the ACP states. Since the latter could hardly fulfil these requirements, they had problems benefiting from these provisions. Second, it was also noted that the EU practiced indirect protectionism which undermined and negated the very philosophy of the Lomé trade regime of helping to boost ACP exports into the EU. The EU imposed high quality standards on ACP exports and in some cases, even resorted to the imposition of voluntary export restraints on promising ACP exports. All these, rather than boost, undermined ACP-EU trade generally at the end of the day. Similarly, the Lomé aid regime was plagued with several

difficulties, the most deleterious of which was its process of implementation - a process which showed great divergence between theory and practice. While in theory most of the problems identified in the earlier Conventions (I-III) such as insufficiency, ACP-EU relationship in aid determination and disbursement, among others, were taken care of by increases in amount allocated and specification of ACP-EU equality in the disbursement process respectively, in practice, this was not the case. The physical increases in aid amounts only made meaning in absolute terms and the supposed ACP-EU equality in the process of aid disbursement which would have taken care of the earlier identified problems was not found.

Further, we justified the need for detailed case studies on the effects of the Conventions on the ACP states by showing that, illuminating as analyses which focus on the general performance of the these states as a collective in the Lomé Conventions are, they often do not reveal much. At best, they indicate a general trend which, for the most part, does not capture the particularities of the performance of individual ACP states. That the ACP states are not a monolithic bloc of countries implies that since the Lomé Conventions represent an *enabling* framework for development, the different ACP states would respond to them differently. Even if they were to respond uniformly, their levels of success or failure would vary from one country to another as well as across sectors and products. For example, while the general picture of ACP-EU economic relations shows declining trade in the Lomé era, an examination of specific ACP countries' trade with the EU within this period revealed that some countries performed better than others in particular products and sectors. A case in point is in the production and export of cotton

yarn and cotton fabric to the EU market in which Cote d' Ivoire recorded 23 million ecus, followed by Madagascar, 20 million ecus; Botswana, 10 million ecus and Cameroon, 8 million ecus as the highest ACP exporters of these products in 1986, while Mauritius and Zimbabwe topped the list in the export of Ladies and Girls' outerwear with 19 million ecus and 5 million ecus respectively in the same period.¹ What this suggests is that if we lumped all of the ACP countries together and analyze their trade with the EU, we will not get particularly adequate and revealing results. The results would not be as illuminating because they would not capture the specifics of each unique country or countries, where their strengths and weaknesses lie and what concrete steps can be taken as remedies. Similarly, we also noted that the success or failure of these states is not purely attributable to external factors (that is, the nature of the Conventions), but also to internal factors in each country pointing, therefore, to the need for detailed case studies.

In analyzing the effects of the trade and aid provisions of Lomé on Nigeria in chapter four, it was also shown that though the trade and aid provisions of the Lomé Conventions were intended to boost the country's economic relations with the EU, the actual record of Nigeria's performance in the Conventions did not reveal a significant increase in its economic relations with the EU. The only area where its trade with the EU increased was in the export of oil. But, this commodity, as noted, was not covered in the provisions of Lomé. Its increased export to the EU, therefore, could not be attributed to the effects of the Lomé Conventions. This unimpressive performance of the country, we further explained, was due to the nature of the internal political economy of Nigeria, particularly its failure to balance the economic structure and neglect of other sectors of

the economy. Second, there was inadequate government attention to export trade development, problematic export growth incentives, and corrupt, kleptocratic and unscrupulous activities of both state and private agents. Third, there were bureaucratic problems surrounding the processes of aid approval and disbursement, and most importantly, the apparently paradoxical attitude and unpreparedness of the country to aggressively attract EU aid and put it into productive use. That is, although the Conventions contained limitations in themselves, they did provide some opportunities which enterprising states would take advantage of. Nigeria, however, did not reflect such enterprise, hence the potential benefits of the Conventions were not significantly felt.

On account of the importance attached to industrial development in the Conventions as expressed in the creation of the CDI, we analyzed the impact of the activities of the institution in chapter five. Here, we noted from available evidence that the Centre's interventions, though not a dismal failure, did not achieve its declared objectives, and as with other aspects of the Lomé Conventions, the problems which undermined its impact were both internal and external. The apparent failure was due to the restrictive conditions attached to its mode of assistance delivery, and the generally weak nature of Nigerian firms and some of the retrogressive practices they embraced. Some of these problems include, the problematic birth of the Centre itself which showed the lack of commitment by the EU to sustained industrialization of Nigeria, inadequate funding of the CDI and difficulties faced by Nigerian businesses that sought to avail themselves of assistance that the Centre was supposed to provide. These problems were further compounded by a lengthy and very highly demanding application process. Most

often, the qualifications required by the CDI from applicants were insurmountable by the latter, resulting in the rejection of their requests or, where the requests were eventually approved, a huge delay - a problem which explains the lacuna between the number of requests made and those approved. In addition, the absence of a financial component, post-intervention networks and continuous training did not serve to improve the mode of assistance delivery. Added to these CDI-related problems were those from the Nigerian firms to which it provided assistance - their unquestioned embrace of the unsuitable import reproduction/mass production models which do not encourage the integration of the advantages of appropriate technology or relate the building of indigenous technological capabilities to industrial deepening. Thus, with a faulty industrial outlook, they could not appropriately channel whatever assistance they got from Centre into areas that would have strengthened and consolidated their overall growth. Had these firms adopted the appropriate industrialization model - import substitution - it would have been possible for them to use the Centre's assistance in a manner that would encourage forward and backward linkages. It would have been expected that the CDI, having noted this problem, would design its intervention in ways that would build upon local inputs and strengthen linkages between local production and local support services, technicians and repair people, for instance. This, unfortunately was not the case. The net result of these inadequacies was the unimpressive performance of the Centre in boosting industrial development of the country.

These were the general problems involved in the nature of CDI interventions in Nigeria. Since the Centre's interventions were directed at particular firms or businesses,

we sought to know what was the actual impact of the various forms of assistance it provided on the specific firms it had assisted in chapter six. That is, we sought to answer the extent to which the CDI generally improved the operational dynamics of the Nigerian firms that received its assistance. To this question, it was shown that the CDI interventions did not have the intended effects on the Nigerian firms it assisted. This argument is made on the assumption that the Centre's interventions were supposed to alleviate some of the problems that plagued these firms and, thus necessitated their request for assistance. An alleviation of these firms' machinery or production problems, for instance, would have helped to improve their production. Using output production as a measure of growth and improvement in the firms' operations, it was found that the CDI-assisted firms did not record overall increases in their production over the non-CDI assisted firms. The only exception was in the foundry sector where NFL was able to utilize CDI assistance to actually improve its productivity relative to the MFDFL, in spite of the problems both firms faced in the Nigerian economic environment. The NFL experienced an impressive growth in its output from 0.74 million to 1.60 million kilograms of castings in the pre- and post-CDI assistance periods, representing an impressive increase of 116.2 per cent. Similarly, there was improvement in its use of raw materials to produce the finished product/castings from 20.2 per cent to 66.2 per cent during the same period. This compared with the non-CDI assisted MFDFL whose figures for the same processes and same period rose from 0.27 million to 0.34 million kilograms of castings or 25.9 per cent and decreased from 18.6 per cent to 14.1 per cent respectively.

Besides the NFL in the foundry sector, not much can be said of the impact of the CDI interventions on other Nigerian firms. In the rubber/plastics sector, the CDI-assisted firm (APP) did not experience output growth compared to the non-CDI assisted TPNL. Though the firm (APP) had other non-CDI related problems to contend with, the nature of CDI assistance itself contributed to its poor production situation. The prescriptions from the Centre proved not only difficult to implement, but even caused production problems for the firm. In the food/beverages sector, the potential impact of the Centre's intervention could not be felt since the assistance was not utilized. A&T CIL which received assistance in the chemicals sector did not see its output increase tremendously relative to the non-CDI assisted GCINL. Similarly, BRNL did not record marked production improvements after receiving the Centre's package. This, however, does not mean that the CDI's interventions caused the poor production situation of the firms it assisted relative to other firms - except in the plastics and "other" sectors where the Centre's recommendations and the nature of agreement brokered with Johnson Wax respectively appeared to have created unintended problems for these firms. Thus, this suggests that the CDI assistance did not, relatively, achieve the objective of alleviating the teething problems of these firms by boosting their production. Coupled with our earlier observation that its assistance was skewed in favour of the fairly well-established and medium-scale firms, this further limited the Centre's actual and potential contribution to the growth and development of the industrial sector of the Nigerian economy.

Similarly, the role of the Centre in assisting with transfer of technology and promotion of export marketing in Nigeria was no less discouraging. Technical assistance

that was provided was limited to mere sourcing for technical partners for Nigerian firms, arranging for purchase and installation of machinery, conducting of feasibility studies and provision of consultants for training purposes. Technical assistance in the form of transfer of actual technological properties, details and specificities necessary for any given production that the firms were involved in was not provided, except perhaps in the case of the NFL. That this was done for this firm suggests that technology transfer in this form is not an impossible task for the Centre. In the area of export marketing and establishment of new industries, not much was achieved either. The only new industry established has yet to begin exporting its products. The inattention paid by the Centre to R&D left the firms to go about this on their own. But, as the management of A&T CIL explained, it is difficult for firms in Nigeria to be actively engaged in R&D in the face of operational problems they constantly face in the Nigerian economic environment.

Given our submission that the domestic problems in the Nigerian economy also contributed in no small measure to the inability of the firms assisted to grow, in chapter seven, we similarly sought to know precisely what these were and how they hindered these firms. More specifically, since the state (with or without inputs from the social forces, classes or interest groups from the society) is responsible for overall economic policy and the provision of an environment that shapes economic activity, we examined what the role of the Nigerian state was in this direction. From a review of some of its policies, it was shown that the role of the state in providing a conducive economic environment which would have enabled the firms and other businesses to take advantage of the Lomé opportunities was discouraging. Neither in the primary nor secondary roles

did the state excel. In the former, it was noted that the inadequate attention paid by the government to education created problems for the industrial sector because, products of the Nigerian educational system could not serve the needs of the industries. There was a lack of fit between what is taught in the tertiary institutions and the needs of industry. Its graduates were only skilled in theory and could not translate the theoretical aspects of their fields into practice. This, in addition to lack of state support for research, created a huge problem for innovation and technological breakthrough. Also, the constant shortage of electricity supply to support firms' operations affected the latter negatively as they resorted to private generation of electric power with its attendant costs. Similarly, in the secondary role, the policies of the state, rather than boost, created problems for the firms. The monetary and fiscal policies resulted in high exchange rates, inflation and balance of payments disequilibrium. This situation was compounded by the uncertain political climate in the country which cost the firms dearly both in the areas of export marketing and acquisition of technology - they were instances where the firms lost out prospective foreign markets and supply of production technology.

This failure in itself, can not be blamed squarely on the state alone. Although the state provides the overall context for economic policy making, an examination of the process of policy formulation reveals that the state hardly acted in isolation from several social forces in the society. There were influences from both the external actors such as multinational corporations and domestic forces as well. This presupposes, therefore, that an adequate explanation of the failure or behaviour of the state must, against the backdrop of the international political economy, situate the state in the context of its domestic

environment and look at the various social forces in the Nigerian social formation and their interactive influences on the state in the policy-making-process.

In sum, we have shown that a much more comprehensive understanding of the implications of the Lomé Conventions for both individual and/or collective ACP states can be attained by adopting a dual perspective. This is because, contrary to earlier studies, the problems which undermine the ability of these countries to effectively utilize the Lomé opportunities and, for that matter, the ability of the EU to provide broad development assistance in the context of the Conventions, are both internal and external. They lie as much in the domestic political economies of these countries as they do in that of the EU and the Lomé package itself. This being the case, it is necessary, therefore, to adopt a framework that would give us the conceptual basis to make this argument convincingly - the sophisticated dependency theoretical framework as adopted in this study. As already noted, this framework maintains that contemporary national development can not be understood outside the context of the global political economy. In employing a complex dialectical methodology, it recognizes the impact of the external and internal environments on the development process of any given country. For example, it acknowledges the possibility of some form of state autonomy from the international system which, however, can not be divorced from the state's domestic milieu. In the development process, the state may be joined by elements of the local bourgeoisie, or forms an alliance with other forces of which it is composed. Thus, development is not an external variable, and to grasp why it does or does not occur, we must address how the developing economies are linked to the world market and the role internal social groups play in the development

process.

By accommodating these, and most importantly, the possibility of a country's development in its relations with the advanced industrial countries, sophisticated dependency holds considerable attraction and utility for our study. Its methodological framework allows us to understand and explain the (role of external developmental impulses or) rationale of the Lomé Conventions which was to make a long-term contribution to the economic development of the ACP states by providing the missing development factors as expressed in the Conventions' provisions on trade, aid and industrial development. Similarly, by recognizing the implications of the internal environment on the development process, it provides the theoretical tools with which to analyze the role of the various social forces constitutive of the (Nigerian) state in its development efforts, particularly in the formulation and implementation of economic policy. In view of our argument that the state failed to adopt the appropriate economic policies that would have enabled its economy to make effective use of the Lomé preferences, the theory's emphasis on forms of state and their relationship to both the internal and external environments enables us to grasp how and why this was so in the Nigerian case. That is, it also enables us to explain the factors responsible for the state's inability to provide a stable and conducive economic environment as well as the non-competitiveness and general weakness of the Nigerian economy. Our framework is superior because, among other advantages, it a) acknowledges the specific economic history of Nigeria as it impacts on the country's development process, b) takes cognizance of the domestic context of the Nigerian society - the dialectical struggles and conflicts

between the various elements constitutive of the Nigerian social formation and how these affect the country's development efforts and are, in turn, affected by it, and c) pays attention to the relationship between the internal and external environments.

In other words, as a socio-political and economic entity in its present form, Nigeria was integrated into the international political economy via colonialism and sustained thereafter by the neo-colonial relations so established. By paying attention to the role of history, sophisticated dependency theory enables us to explain the processes that led to the present location of the country in which its economy is characterized by structural weaknesses and primary commodities production, thus illuminating one of our explanations for Nigeria's poor performance in the Lomé Conventions. Additionally, it enables us to present our conception of the Nigerian social formation as an arena of conflict and competition between its various class fractions and the effects of this on development planning. These class fractions, for instance, the military, landowners, traditional rulers, farmers, ethnic groups, labour, industrialists and technocrats, by constantly vying for a preponderance of their interests in the official development policies of the state, have a truncating and compromising effect on its policies. In this form, our framework does not suffocate the historical process by removing from it the movements which result from the permanent struggle among groups and classes. Instead of accepting a pre-determined course of history, we see it as an open-ended process. Such a mode of analysis is less likely to consciously exclude any significant factors affecting Nigeria's development behaviour and it enables us to substantiate our argument that it is the interplay between internal forces, forms of state and the international political economy

that provide a good ground for analyzing Nigeria's (including other ACP states) development problems and their (in)ability to effectively take advantage of the development opportunities offered by the Lomé Conventions.

8.2 Whither Lomé? Prognosis for Action

This generally disappointing performance of Nigeria as a case study raises several troubling questions. First, what lessons can we draw from its experience for other ACP countries? Second, does this failure signify that the Lomé-type strategy is not worth pursuing? Is it inherently problematic and does not hold the answer to the ACP countries' development problems? Third, if the problem is not necessarily with the Lomé-type strategy what, then, can be done - on both the demand and supply sides - to enable the ACP states to effectively utilize the development opportunities offered by the Conventions? Fourth and finally, in the context of the international political economy and the changes taking place therein, what can we say of the future of the Lomé Conventions?

The lessons which can be drawn for other ACP states from the Nigerian experience are legion. In our analysis of Nigeria-EU economic relations since the inception of the Conventions, it was noted that the key feature was the importance of Nigeria's oil exports to the EU - the EU is the second largest consumer of Nigeria's oil after the Americas. That this commodity did not enjoy the preferential access granted other commodities in the Conventions has both positive and negative implications for

other ACP states. On the positive side, it means that if these states possess commodities that are of sufficient need in, and importance to the EU, such commodities will likely find access to the latter's market. Second, it points to the urgent need for the ACP states to diversify their economies so as to be able to produce goods that, besides enjoying the advantages of value-added, will readily have access to the EU market - a task that is by no means easy given the political economies of these countries. On the negative side, one of the lessons to draw from this is the danger of reliance on one export commodity. Besides oil, Nigeria's exports to the EU are very negligible, suggesting that countries that failed to diversify their economies will find it difficult to take advantage of some of the Lomé opportunities. Second, there is need for these countries to get their political economies "right". Given the role of the state in promoting economic development, the governments of these countries - in spite of the pressures they may encounter from both the internal and external environments - need to become more responsive in formulating appropriate economic policies that support economic growth. Failure in this respect will (re)produce the uncondusive economic environment and its consequences as noted in the Nigerian case. Third, ACP states that lack well-organized and forward-looking government departments (or National Authorizing Offices manned by competent officers) responsible for promoting economic relations with the EU within the Lomé context will not benefit much from the Conventions. We noted that although the Conventions are riddled with several deficiencies on their own, they still presented several opportunities to these countries. States without aggressive units to seek out, obtain and utilize the Lomé privileges, therefore, can not benefit from those privileges - even though provision for

such has been made in the Conventions. A well-organized and responsive department responsible for attracting and utilizing the potential advantages of the Lomé Conventions is thus necessary.

Fourth, ACP countries that fail to combat dysfunctional behavioural tendencies such as kleptocracy and corruption in their socio-economic and political systems will always find the benefits of Lomé eluding them. This is because, as attested to by the Nigerian case, their officials - both public and private - will not channel the fruits of the Lomé programmes to the desired targets or, in worst cases, simply block the implementation of such programmes that do not serve their interests directly or indirectly. Fifth, there is also the political need, on account of the EU's new principles guiding aid approval and disbursement, for ACP states to work solidly towards democratic consolidation. That the EU has made movement towards democratization by the ACP states as a major criterion for its favourable and speedy response to aid requests from the latter means that for countries where dictatorships hold sway, Lomé aid will become even harder to obtain - there were instances where disbursement of approved aid to Nigeria was delayed for reasons related to this new posture of the EU. This political lesson is very important because, development is best achieved not in unstable, but stable socio-economic and political systems. Lack of investor-confidence in politically unpredictable political systems has adverse economic consequences. Thus, we not only noted tremendous divestment and capital flight from Nigeria, but also the loss of potential export markets and sources of technology supply as a result of political instability. ACP countries that tow Nigeria's infamous political history will similarly be bedeviled with the

same consequences which, rather than attract, repel external development impulses - those of the Lomé Conventions included.

On the question of whether or not the Lomé-type strategy is viable and worth pursuing by the ACP states in their quest for development, we submit, on the strength of our study that, even though the Conventions themselves contained some limitations, they represented and still represent a worthwhile partnership development strategy. This is because through it, several ACP states were able to record some advances in the production and export of various products as already noted. That some countries were able to utilize the development opportunities of the Conventions (more than others) suggests that Lomé is not a total failure. For the strategy to qualify as being completely bankrupt, no ACP state(s) would have experienced any growth in its or their exports to the EU market and none of them would have benefitted from its various forms of assistance either. But, as we saw in the study, the provisions of the Conventions were utilized by different ACP states with varying results. It can well be argued that these states may not have done any better - if not worse - without the preferences offered by the Conventions. Thus, rather than describe the Lomé strategy as unviable and wonder if it is not worth pursuing, we should be concerned with finding out, a) what made it difficult for ACP countries to effectively take advantage of its opportunities - a question we have dealt with at length in this work - and, b) what can be done to improve their performance in the Conventions in the future.

On what can be done to improve the performance of the ACP states in the Conventions, our answer derives from the factors identified as being responsible for their

poor performance. Since we noted that there were both demand and supply side problems, it follows that corrective action be directed at these. First, there is need to address the restrictive conditions on access to the EU market for ACP exports as well as the multifarious requirements and qualifications which these states must meet before they can benefit from most of the privileges. This is not to suggest that all the checks and balances necessary to filter frivolous applications should be struck out of the entire Lomé agenda. These may be necessary to ensure that assistance that is provided by the CDI, for instance, is made to competent and viable ACP promoters who can put it to productive use. However, insisting on requirements which these states or genuine private promoters find insurmountable, is problematic. It is in recognition of the weaknesses of these countries, particularly their lack of development impulses, that the various preferential provisions were granted in the Conventions so as to supply these missing factors to these states. To surround the acquisition and use of these impulses with insurmountable caveats defeats the purpose for which they were set up in the first place.

On the other hand, it must be pointed out that no matter how soft the provisions of the Conventions are made to be, they can not, on their own, generate or guarantee development for the ACP states. Lomé will still remain what it has been: an enabling framework of development opportunities. It is, therefore, only the responsive and aggressive ACP states that will be able to take advantage of its potential benefits. This presupposes that concrete action must be taken by these states on their own as well if they are to do better in the Conventions. One of these is a conscious attempt to diversify their economies. Diversification would result in, among other things, a change in the

composition of their exports which would, in turn, improve the value of their exports to the EU and elsewhere. Second, a serious effort at addressing most of the problems emanating from the domestic environment is necessary. As noted in the Nigerian case, the nonchalant attitude of its officials responsible for promoting the country's economic relations with the EU and general corruption must be tackled. This calls for a constructive and progressive role for the state, particularly in its regulative capacity. Admittedly, this is by no means an easy task because, in itself, the state has been precariously weakened in this respect as result of its implementation of SAP policies. It was noted that the decision to adopt the SAP came as a surprise to Nigerians who had rejected it earlier on in a nation-wide debate. Among others adverse effects, the programme impoverished the living standards of the urban population dependent on salaries and that of rural dwellers whose primary produce could hardly find buyers in the local markets. By 1988, the SAP-induced devaluation had made it almost impossible for the urban working class to support an average family (of four) and not even the petty trading activities of wives could guarantee continued access to minimum levels of subsistence. This led to the development of multiple modes of livelihood in the country as evident in the "Kabukabu" Syndrome - a practice where demoralized civil servants and technocrats, pushed to the wall by the harsh economic realities of the times, and lacking confidence in the government, leave their official duties and use official or their private vehicles in order to make ends meet.² This is devastating enough for the very people who are supposed to implement adjustment and it led to increased individuation and personalization of public life, encouraged truancy and frustration of public officials and bred new forms of clientelism and

corruption. As well, it resulted in the unfortunate tendency of families withdrawing their children from school only to send them to the streets to hawk wares in order to contribute to overall family sustenance.

To register their displeasure and unacceptance of the programme, Nigerian intellectuals, particularly those in academia, organized a series of enlightenment campaigns mobilizing and sensitizing the masses, especially the market women, against the programme. When the national students' body joined the campaign, the result was a nation-wide demonstration which lasted for three days. Forced almost to capitulation, the government came up with certain palliatives aimed at cushioning the hard effects of adjustment. In the face of stiff opposition and calls from prominent Nigerians for adjustment with a "human face", the government was severely weakened in its extractive capacity, particularly actions that are not roundly supported by its citizenry. Second, since the state is not insulated from the rest of the society, it is itself as corrupt as it is made up of corrupt elements from the society. Thus, it is difficult to have a corrupt institution provide the necessary discipline, let alone be able to define a development strategy that would support economic growth. Yet, failure on the part of the state does not mean that other economic operatives are equally moribund. Though affected by different kinds of state policies, private businesses/firms or industrial promoters need to redefine their embraced model(s) of industrialization. Instead of simply continuing in the inherited import reproduction model with its adverse consequences for industrial growth, they need to move towards a more appropriate model - ISI - that would enable them to integrate the advantages of appropriate technology and relate the building of indigenous technological

capacities to industrial deepening. The political basis of this shift is very much in question though - there is likely to be opposition from entrenched industrial or government interests that are well served by, for instance, the existing import procedures or licensing arrangements. This potential opposition and conflict notwithstanding, there is need for a re-evaluation and replacement of the adopted model of industrialization without which sustained industrial growth, either resulting from the use of CDI industrial development assistance or elsewhere, would remain an illusion.

Granted that the foregoing measures can be taken to address these demand and supply problems, what about the changes taking place in the international political economy? Put differently, how can the ACP states cope with some of the changes in the global economy which are likely to affect the Lomé Conventions?³ One of the changes noted is the change from the Fordist to the post-Fordist production paradigm taking place in the advanced industrial economies of the North, including the EU. As articulated by M. Dolan, the argument here is that the economies of the ACP states are likely to become increasingly less important and unattractive to the EU as a result of the dynamic requirements of post-Fordism. More specifically, due to the restructuring of industrial production in the industrialized world - change from an emphasis on mass production to one of flexible specialization - producers in the advanced capitalist countries will no longer have to depend on markets in the Third World. That is, a critical look at the nature of post-Fordist technology, and the implications of that technology for the workforce, for the organization and location of production and for the nature of interfirm alliances reveals negative consequences for the less developed economies because, among other

reasons. "whereas the logic of Fordist production *in crisis* allowed for transferring the labour-intensive segments of the production process abroad, the logic of post-Fordist production is to locate production near the rich markets of the advanced industrial economies".⁴ This fear is further heightened by other developments in the international economy, for instance, the development of synthetics to substitute for the traditional rubber exports of the Third World.

While the change in production paradigms is likely to affect the developing countries of which the ACP are a large part, there is reason not to give up hope yet on the future of the ACP states. First, some scholars do not believe in the post-Fordist concept. Alex Callinicos, for example, maintains that post-Fordist arguments and conclusions are reductionist, particularly when contrast is drawn between Fordism and post-Fordism. Second, the post-Fordist argument of mass markets for standardized products breaking up does not have empirical support, and that the trend toward a workforce divided between a privileged core and an oppressed periphery is exaggerated and rests on the assumption - implausible in a period of intense international competition - that employers can guarantee their workers secure and well-paid employment.

Notwithstanding this controversy, what is important in this post-Fordist development is not so much what the developed countries (or the EU) will or will not do for the ACP states, for example, transfer of capital or segments of production abroad, as it is what the ACP states can and should do in the face of this development. In the Lomé Conventions, economic development of these states was to be boosted by the EU not only by transfer of capital, direct investments or location of economic activities in these

countries, but also through trade, aid and other forms of economic cooperation. What this means is that even if post-Fordist production results in the EU transferring certain segments of their production activities not to the ACP economies, but near the rich markets of the advanced industrial economies, the ACP states still have the trade preferences of the Conventions to benefit from. A look at the ACP-EU economic relations in the pre- and post- Lomé Conventions period from 1970 to 1995 (see table 3.1b) shows that the EU enjoyed a steady increase in its exports to the ACP states relative to its exports to other regions such the ASEAN region. In 1970, the value of EU exports to the ACP states was 4.14 million ecus, rising to 17.87 million ecus and 19.64 million ecus in 1980 and 1985 respectively. To the ASEAN region, EU exports stood at 1.26 million ecus, 9.63 million ecus and 10.07 million ecus in those same years respectively. This suggests that the ACP is an important market to the EU. Thus, although a look at the ACP-EU balance of trade picture shows that the ACP depends on the EU a lot more than the EU depends on the ACP, a comparison with other regions shows that the ACP is still a huge consumer of EU manufactures. The problem is how these (ACP) countries can turn the balance of trade with the EU in their favour, and as already noted, this process can be initiated with these states making conscious efforts at economic diversification which would change the composition and value of their exports to the EU market.

The second noted development in the international economy likely to affect the ACP states and the Lomé Conventions is the trend towards regionalism within the world order of the 1990s. Notable examples include the EU and its common market, North American Free Trade Association (NAFTA) and Asia-Pacific Economic Cooperation

(APEC). This trend, it is feared, might lead to a "regional bloc scenario" in which regions will become more protectionist. With particular reference to the Lomé Conventions, it is feared that as a result of the SEM, the EU will produce a protectionist reaction to the internal adjustment problems that will become increasingly acute beyond 1992 and the temptation to pass the burden of adjustment to third countries will grow. Unfortunately, the ACP countries are least able to threaten retaliation against neo-protectionism and are most vulnerable. This danger is fuelled by the fact that over the past two decades, the trade regime of the EU has moved on the balance in a non-liberal direction, implying that the ACP countries have reason to fear that their exports to the EU may suffer more protectionist EU trade policies because, a) their exports are mostly labour intensive and it is notably for these that the EU is most inclined to protect for home employment, and most importantly, b) the accession of the three southern European countries to the EU will add to protectionist interests and pressures, especially in sectors relevant to the developing countries. While there may be reason to worry about this, it is difficult to say that this development necessarily has negative consequences for all the ACP states. The consequences of the SEM have been studied along internal and external impact modes of analysis.⁵ As it affects the developing countries, the internal impact mode of analysis looks at the extent to which the SEM removes barriers between EU national markets and results in faster economic growth from which third parties may benefit. The accelerated EU growth may, other things being equal, result in increased EU imports from third countries (the ACP), while the removal of barriers would make it easier for these countries to exploit the full potential of European demand. The external impact mode of

analysis, on the other hand, looks at the extent to which the SEM may result in trade creation or trade diversification, and how this would affect third countries' terms of trade and services. In all, none of these modes of analysis can conclusively specify the nature and extent of impact of the SEM on all the ACP countries. This is because, depending on the particular issue in question and the ability of a given ACP country, the potentially adverse effects can be translated into the beneficial ones and vice-versa. That is, the SEM may either result in trade creation for some countries and trade diversion/suppression for others, depending on the sector or goods in question. It could also result in less protectionism and more liberal trade policy for some, while to others, it may mean more protectionism and less liberal trade policy. This being the case, it is important that empirical assessments of the effects of the SEM take not only both demand and supply factors into account, but focus on detailed cases in order to arrive at conclusive positions on its impact on these countries. In general, we submit that as a methodological frame for analyzing the vulnerability of the ACP countries to the various changes likely to be occasioned by the SEM, the first step should be to assess a given country's trade relations with the EU; that is, ascertain the country's direction and volume of trade. Second, identify the type of products/commodities involved and the extent to which they depend on the EU market. Third, see whether these commodities are considered "sensitive" by the EU and as such as susceptible to protectionism and finally, identify how far the country's exports are concentrated in the more or less protected EU's national markets. Since the same results can not be expected of all the ACP states on these key issues, detailed country studies following these steps are likely to produce more valid and detailed

conclusions on the effects of the SEM on particular ACP countries.

Closely related to this is the question of whether the ACP countries can join the train of regionalism by forming an economic bloc of their own either as a complement, or an alternative to, the Lomé Conventions. Regional integration as exemplified by the EU, NAFTA and APEC is, by definition, out of the question for the ACP states because geographically, they do not meet the criteria. These countries that are scattered among different continents and whose basic similarity is in being economically less developed, a condition that earned them the nomenclature, the "South". As noted briefly in chapter one, South-South strategy as a development option, though long attempted, has remained more of an aspiration than a concrete plan of action. It is bedeviled with tremendous practical problems, the most important being the policy-induced and institutional obstacles. A majority of the countries of the South (including the ACP) have maintained highly protective trade regimes, partly because of their debt crisis and the need to rectify their balance of payments problems. The evolution of their economies, patterned by colonial relationships, has proved very troublesome. The production of primary commodities and raw materials which characterized colonial economies, has remained virtually unchanged. The basic trading infrastructure and distribution systems constructed to channel trade between the colonies and the imperial powers have made it difficult to foster intra-South trade. The result is that re-orienting trade along South-South lines has been very difficult since the institutional framework to support such trade is virtually non-existent. Similarly, that most of the ACP countries have similar economies producing mostly primary commodities means that the scope for trade between them is very limited as the need for

exchange is very minimal.

In addition to this, the exponential differences that exists among these countries continues to make meaningful cooperation difficult. Julius Nyerere⁶ lamented that unity among the more than one hundred Southern countries split on economic, social and ideological terms is inherently fragile. It is a unity of nationalism and poverty which, empirically, has not withstood many tests. These differences invariably translate into an incompatibility of conflicting interests among these states - the producers of sugar, banana, cocoa or coffee are more concerned with issues that would not only boost their overall production, but secure them export market as well, while for others with more diversified economies, the concern is pre-eminently with industrial development. In this scenario of conflicting economic interests, reaching a consensus on trade issues is very difficult and achieving economic cooperation akin to a regional bloc, a mirage. The case of the ECOWAS is instructive and synoptic of the problems and failure of typical ACP states to achieve regional economic integration. Within the West African sub-region, attempts had been made to eliminate trade barriers between some of its countries in the spirit of fostering regional integration. Unfortunately, not much has been achieved from this exercise. For political reasons related to the history of these countries, there was a simultaneous formation of the CEAO by the former French colonies as if to counter the ECOWAS whose membership is mostly ex-British colonies. Though the ultimate goal of CEAO is economic enhancement of the region through multilateral efforts, its simultaneous existence with ECOWAS has proved mostly divisive - the origins and treaty provisions of the two organizations contain elements of incompatibility, hence

contradictions and conflict.

In sum, it can be seen that after well over twenty years of its operation, the Lomé arrangement has yet to achieve its projected impact on the ACP states generally. Though the factors responsible for this problematic situation are still very much present, and are even likely to be compounded by some of the changes currently taking place in the global economy, we need not sing a dirge for the Conventions just yet. There are substantive steps which, though by no means easy, both the EU and ACP states can and should take in order to improve the chances of these states to effectively utilize the development opportunities offered by the Conventions, and by so doing, move Lomé closer to realizing its objectives. Failure in this direction will not only worsen an already poor situation, but reduce the Conventions to a mere econo-politically symbolic arrangement between Europe and the majority of its erstwhile colonies. The commitment of the EU and the ability of the ACP states to effectively deal with the problems identified and successfully carry out these remedial actions and processes remains an open question.

ENDNOTES

1. See C. Stevens, "The Impact of Europe 1992 on the Maghreb and Sub-Saharan Africa", Journal of Common Market Studies, vol. 29, no. 2, 1990, pp. 228-235.
2. A. Mustapha, Structural Adjustment and Multiple Modes of Social Livelihood in Nigeria (Geneva: United Nations, 1991), p. 32.
3. There are a plethora of changes that are currently taking or already taken place in the international political economy. Our desire here is not to discuss all of them - an exercise that requires much more extensive work than can be accommodated here - but to highlight the likely consequences of only a few of them.
4. M. Dolan, "Power in the 'New' New International Division of Labour: Third World Production in a Post-Fordist Era", Paper presented at the Conference on Democratic Politics, Commemorating fifty years of Political Science at Carleton University, Ottawa, November 13-14, 1992, p. 6. Emphasis in original.
5. See A. Sapir, "Does 1992 Come Before or After 1990? On Regional Versus Multilateral Integration", Discussion Paper, no. 313, London, 1989; J. Haaland, "Assessing the Effects of the EC Integration on EFTA Countries: The Position of Norway and Sweden", Journal of Common Market Studies, vol. 28, no. 4, 1993, pp. 379-400; and, R.J. Langhammer, "Fuelling an Engine of Growth or Separating Europe from Non-Europe?", Journal of Common Market Studies, vol. 28, no. 2, 1990.
6. See C. Ries, "The NIEO: The Sceptic's View", in K.P. Sauvant and H. Hasenpflug, (eds.), The NIEO: Confrontation or Cooperation between the North and South? (Colorado: Westview Press, 1977), pp. 63-84.

APPENDIX A:**ACP-EU SIGNATORIES TO THE LOMÉ CONVENTIONS****EUROPEAN UNION (EU)**

Belgium	Italy
Denmark	Luxembourg
France	Netherlands
Germany	Portugal
Greece	Spain
Ireland	United Kingdom

AFRICAN, CARIBBEAN AND PACIFIC (ACP) STATES**AFRICAN STATES**

Angola	Benin	Botswana
Burkina Faso	Burundi	Cameroon
Cape Verde	Central African Republic	Chad
Comoros	Congo	Cote d'Ivoire
Djibouti	Equatorial Guinea	Eritrea*
Ethiopia	Gabon	Gambia
Ghana	Guinea	Guinea Bissau
Kenya	Lesotho	Liberia
Madagascar	Malawi	Mali
Mauritania	Mauritius	Mozambique
Namibia**	Niger	Nigeria
Rwanda	Sao Tomé & Príncipe	Senegal
Seychelles	Sierra Leone	Somalia
Sudan	Swaziland	Tanzania
Togo	Uganda	Zaire***
Zambia	Zimbabwe	

*Eritrea is the latest African country to join the Conventions in January 1994.

**Namibia joined the Conventions upon becoming independent in 1990.

***Zaire is now called The Democratic Republic of Congo under Laurent Kabila.

APPENDIX A CONTD.**CARIBBEAN STATES**

Antigua & Barbuda	Bahamas
Barbados	Belize
Dominica	Dominican Republic
Grenada	Guyana
Haiti	Jamaica
St.Christopher & Nevis	St. Lucia
St. Vincent & the	Surinam
Grenadines	Trinidad & Tobago

PACIFIC STATES

Fiji	Kiribati
Papua New Guinea	Solomon Islands
Western Samoa	Tonga
Tuvalu	Vanuatu

APPENDIX B:**COOPERATION AGREEMENTS - EUROPEAN NETWORK**

Country	Date	Responsible Authority	Contact
BELGIUM	02/1993	Administration Generale de la Cooperation au Development	Mr. Lenaerts. Administrator General
	06/1986	Ministere de la Region Wallone	Mr. Reybroeck. Director
	03/1988	Ministere de la Region Bruxelles-Capital	Mr. J. Moureau. Administrator
	11/1987	Vlaamse Dienst Voor De Buitenlandse Handel	Mr. H. de Belder. Director
DENMARK	05/1987	The Industrialization Fund for Developing Countries	Mr. S. Riskaer. Director
FRANCE	12/1985	ACFCI (Bruxelles)	Mr. H. Malosse. Active Correspondent
	09/1993	Enterprise Rhone Alpes International	Ms. C. Perotti. President
	02/1994	Interco Aquitaine - Agence de Cooperation Internationale	Mr. J.P. Baste. Delegate to the Director
	06/1989	ADECI (Marseille)	Mr. F. Testa. President
	04/1988	Institut Regional de Developpement	Mr. D. Meyer. Director
	04/1987	PROPARCO ((Paris)	Mr. P. Arnoud. Director
	11/1986	Caisse Francaise de Development	Mr. M. Oudin Liaison Officer

APPENDIX B CONTD.

Country	Date	Responsible Authority	Contact
	11/1986	Ministere de la Cooperation et du Developpement - Department du du Developpement des Entreprises	Mr. J. Severino Development Director
GERMANY	12/1987	The Federal Ministry for Economic Cooperation of Germany	Mr. H. Nufar. Liaison Officer
GREECE	01/1987	Organization for the Development of Small and Medium Sized Industries and Handicrafts	Mrs. Anna Diamantopoulos. President
IRELAND	06/1989	Irish Trade Board (ITB)	Mr. A. P. McCarthy. Director
ITALY	11/1989	Ente Regionale per Lavalorizzazione Economica del Territorio	Mr. P. Capone. General Director
	10/1986	Intituto Nazionale per Ilcommercio Estero (ICE)	Mr. R. Sarti General Director
LUXEM- BOURG	10/1987	Lux-Development s.a.r.l.	Mr. F. Koos. Director
PORTUGAL	06/1992	Fundo para a Cooperacao Economica (FCE)	Mrs. I. Correia President
	07/1991	Banco de Fomento e Exterior	Mr. M. Cadilhe. President
	07/1991	Banco Portugese do Atlantico (BPA)	Mr. J. de Silva. Managing Director
	06/1987	Investmentos, Comercio et Turismo de Portugal (ICEP)	Mr. A. Marques, President
SPAIN	04/1993	Promociones Exteriores de Canarias (PROEXCA)	Mr. A. Suarez, President
	07/1992	Instituto de Fomento de Andalucia (IFA)	Mr. J.M. Alvarez, President

APPENDIX B CONTD.

Country	Date	Responsible Authority	Contact
UNITED KINGDOM	05/1989	Instituto Espanol de Comercio Exterior	Mr. L. Marti. Executive Vice-President
	09/1988	Consorci de Promocio Comercial de Catalunya (COPCA)	Mr.J.Cortadellas. Director
	11/1987	Sociedad para la Promocio Reconversion Industrial	Mr.A. Gallarreta. General Director
	10/1992	Commonwealth Development Cooperation (CDC)	Ms. Helen Binns, Liaison Officer

APPENDIX C:

EU ENTERPRISES INVOLVED IN PARTNERSHIP
WITH THE ACP ENTERPRISES

EU COUNTRY	ENTERPRISE
BELGIUM	APPRO-TECHNO BEEKMAN WILLIAM CARRIERES DE SPRIMONT S.A CERATEC CONSUR EXPERT CRIF DANIEL DOYEN TOYO EGTC ENZYMES & DERIVATIVE L'ECONOMIQUE POPULAIRE S.C. EPC R.M. SMET, Rambout SIPEF SOCIETE GABRIEL SOREMARTEC/FERRERO UTEMA TRAVHYDRO V.D.S. BVBA
DENMARK	EMIDAN R. DAMKJAER LTD
FRANCE	ACTIMONDE BIOTROPIC C.F.C. DUFOUR S.A. GAUTHIER GROUPE ZANNIER IRFA JOURDAIN S.A. SIMACO SITACUIR SODECI SOPHIMAR TRADITIONS EPICERIES FINES UNIVERSAL PLANTS
ITALY	TOSCOFLORA

APPENDIX C CONTD.

EU COUNTRY	ENTERPRISE
PORTUGAL	ADEGAS CAMILLO ALVES S.A. CAVEX CORPORACIO INDUSTRIAL DO NORTE CRUSTACIL GPT (Gestao/Particip. Texteis) GROWELA LABESFAL sub-cont. EUROCENTRO LUSALITE MULTIROCHA REGULADORA RIOPELE ROBUR Lda SAVOSUL S.A.
THE NETHERLANDS	DSM IMC
UNITED KINGDOM	MAC ALISTER ELLIOT (MEP)

APPENDIX D:
SAMPLE OF QUESTIONNAIRE USED

1. Name and address of your firm:
2. Your Highest educational qualification:
☐ Primary
☐ Secondary
☐ University
☐ Other, please specify:
3. Your position in the firm (e.g. Production Manager):
4. Please, describe your duties:
5. When you started this job:
6. Is your company:
☐ Public owned
☐ Private owned
7. When was your company established?:
8. When did it start production?:
9. What does your company produce? Please, list the products:
☐
☐
☐
☐
10. What is the staff strength of your company?:
11. How many of these are foreign:
☐ Engineers
☐ Technicians
☐ Chemists
☐ Other, please specify:
12. What is the annual production of your company (e.g. 100 tons):

13. What is the monetary value of your firm's annual production (e.g. one million naira):
14. Has your firm's annual production over the years:
 - ☐ grown
 - ☐ shrunk ... and what accounts for this change?:
15. Does your company produce its products all year round?
 - ☐ yes
 - ☐ no ... if no, why?:
16. If your company has ever stopped production at any given time, why was this so? Was it due to:
 - ☐ shortage of inputs
 - ☐ plant breakdown
 - ☐ unfavourable government policy
 - ☐ other, please specify:
17. Where do you obtain your spare parts from?
18. If they are imported, have you attempted to source them locally (e.g. working with a local metal working firm to manufacture them)?:
19. How long does it take your company to repair equipment breakdown?
20. Who repairs such breakdowns? Is it:
 - ☐ your company engineers
 - ☐ local engineers from other companies
 - ☐ foreign engineers/experts
21. Does your company function/produce at full (installed) capacity?
 - ☐ yes
 - ☐ no
22. If no, at what installed capacity does it function (e.g. 30%):
23. What problems prevent such full capacity utilization? Please, describe:
24. What determines the products your company produces? Is it:
 - ☐ available technology
 - ☐ consumers demand
 - ☐ other, please specify:
24. How does your company measure productivity in your company?

25. Is your firm currently collecting any information (figures, data) on productivity?
☐ yes
☐ no
26. If yes, what changes do they show over the past years?:
27. Is your firm currently doing anything to increase productivity?
☐ yes
☐ no
28. If yes, describe/give example(s):
29. Where did your technology for production come from?:
30. Who chose this technology?
31. Have your firm ever sought help in solving production problems or choice of technology from local engineering schools or institutes of industrial research?
☐ yes
☐ no
32. If yes, please describe your experience
33. Where did your company obtain its initial start-up capital?
☐ savings
☐ family
☐ local banks
☐ government loan programmes
☐ other, please specify:
34. If your firm obtained a loan, what is the interest payment as a percentage of your annual sales?:
35. Has your firm ever received technical, training or financial assistance from elsewhere?
☐ yes
☐ no
36. If yes, was this from:
☐ an agency of the government
☐ local chamber of commerce or business association
☐ foreign donor (e.g. The World Bank)
37. Describe the nature and results of this assistance:

38. Is your company aware of the existence of the Centre for the Development of Industry (CDI)?:
☐ yes
☐ no
39. If yes, has it ever applied to it (CDI) for assistance?:
☐ yes
☐ no
40. If yes, was the application:
☐ successful
☐ unsuccessful
41. If successful, please describe nature and amount of assistance received:
42. Was it difficult to obtain such assistance?
☐ yes
☐ no
43. If yes, please indicate nature of problems involved:
44. If unsuccessful, why?
45. Does your company maintain training arrangement with the source(s) of its technology?
☐ yes
☐ no
46. If no, how does your company train its personnel to cope with new technology?
47. Has your firm ever modified or changed imported technology in its production activities?
☐ yes
☐ no
48. If yes, give some instances and the products involved:
49. How, in your opinion, has such modification affected your company?
50. Does skilled manpower affect your company's acquisition, adaptation, operation and maintenance of the technology?
51. If yes, please describe how your company is dealing with this problem:

51. How does your company market its products? Is its market
☐ foreign
☐ local
☐ both foreign and local
52. If your firm exports its products, indicate the specific products and where they are exported to:

Product	Country (exported to)
☐	☐
☐	☐
☐	☐
☐	☐

53. What percentage of your company's annual sales are constituted by exports?
54. How did your firm source its export market?
☐ direct prospecting by the firm itself
☐ through government programme(s)
☐ international donor programme(s)
☐ other, please specify:
55. What problems are often encountered in the process of exporting? Please, describe:
56. If your firm does not export any of its products, why?
57. Has your firm ever had to cut down production level due to lack of market/buyers?
☐ yes
☐ no
58. If the following are some of the marketing problems your company faces, how would you rank them in a scale of 1-10 (with 10 being the most severe or acute)?
☐ competition from other firms
☐ market fluctuation
☐ advertising costs
☐ transportation
☐ export licensing
☐ foreign exchange
☐ pricing
☐ other, please specify:
59. How do the policies of the government affect your company? Positively or negatively, please, describe:

60. What is the greatest problem confronting your company today and, how in your opinion, can it be solved?

* Thank you for your patience *

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