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UNION OF SMALL AND MEDIUM SCALE FARMERS OF NIGERIA (USMEFAN)

Sub-Saharan and West African agricultural trade and the economic partnership agreements with the EU

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Outline

I – The growing under-development and food deficit of Sub-Sahara and West Africa

1) The food deficit of all developing countries
2) The SSA's growing under-development
3) The destitution of SSA agriculture
4) The SSA's growing food deficit
5) The West Africa's growing food deficit

1) The food deficit of all developing countries

DCs' deficit in agricultural trade from 1995 to 2004

$ billion	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Av. 95-99	Av.00-04
Imports	136.6	142.5	140.8	131.6	127.0	132.4	134.6	137.1	155.2	181.7	135.7	152.2
Exports	129.5	135.1	139.5	133.6	123.1	120.9	123.0	131.3	155.5	178.6	132.2	147.1
Deficit	-7.1	-7.4	-1.3	2.0	-3.9	-11.5	-11.6	-5.8	-3	-3.1	-3.5	-6.3

Source: FAOSTAT

DCs' large deficit in food trade, fish excluded: 1995-2004

$ billion	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Av. 95-99	Av.01-04
Imports	95.341	99.650	97.237	94.150	92.590	94.528	95.856	99.461	112.278	129.662	95.794	109.314
Exports	78.678	81.237	84.339	85.214	79.894	76.945	81.680	89.312	105.862	120.340	81872	99.299
Balance	-16.663	-18.413	-12.898	-8.936	-12.696	-17.583	-14.176	-10.149	-6.416	-9.322	-13.922	-10.015

Source: FAOSTAT

2) The SSA's growing under-development

Between 1975 and 2000, per capita GDP fell by 16%: $1,770 to $1,479 in 1995 $ adjusted for purchasing power parity.

The number of poor has doubled (from 150 to 300 M) in the 80s and 90s, reaching 50% of the population.

+ 22% in chronically under-nourished people from 1990-92 (169 M) to 2001-03 (206 M).

Life expectancy has dropped: 48 years in 1980, 46 in 2002.

+ 30,000 boat people from WA have arrived in Canaries in 2006, not to speak of other thousands arrived in the EU.

Yet the increased poverty and food deficit are not due to natural potentialities structurally unable of productivity gains. Time is up to question oneself on the main endogenous and exogenous causes put forward and on the huge threats looming from the EPAs.

Chart of GDP per capita (1965=100): Africa and East Asia

Chart "While East Asia per capita GDP has soared, SSA has declined by 7.3% from 1974 to 2004"

3) The destitution of SSA agriculture

12% drop of production per active agricultural worker over 1980-2000.

15% drop in fertilizers consumption over 1980-2000.

50% drop in tractors number per agricultural active worker from 1961 to 2002: from 417 to 806 workers per tractor.

Drop in the share of Budgets expenditures for agriculture from 5% in 1990-91 to 3.5% in 2001-02. For 6 WA countries: from 4.1% in 1980 to 1.7% in 1998.

Collapse of the share of public aid to SSA going to agriculture: for the US from 16% in 1990 to 4% in 2002, and, for the EU, from 14% to 4%.

World Bank fresh loans to African agriculture have dropped from $1 billion in 1990 to 224 million in 2000.

SSA: 8% of world agricultural exports in 1960-65, <2% in 2000.
Chart "Drop in soil fertility of SSA and increase in South-East Asia and Latin America"
Chart "Drop to stagnation of cereals yield in SSA, rise in other DCs"

4) SSA's growing food dependency

The surplus in the SSA's agri-trade balance has vanished between 1995 and 2004 and has turned into a deficit since 2001 (except 2003): imports have increased by 58% and exports by 22%.

Evolution of Sub-Saharan Africa trade in agricultural products: 1995-04

$ billion	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Av. 95-99	Av.00-04
Imports	8.945	8.380	8.816	9.801	8.936	8.941	9.698	10.431	12.302	14.101	8.976	11.095
Exports	10.854	12.074	11.431	12.057	10.746	9.704	9.378	9.965	12.594	13.266	11.432	10.981
Balance	1.909	3.694	2.615	2.256	1.810	0.763	-0.320	-0.466	0.292	-0.835	2.456	0.113

Source: FAOSTAT

SSA's food deficit (without fish) has jumped by 70% from 1995 (-$2.2 bn) to 2004 (-$3.7 bn).

Sub-Saharan Africa trade in food products excluding fish: 1995-2004

$ billion	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Av. 95-99	Av.00-04
Imports	7.458	6.971	7.295	8.190	7.307	7.443	8.122	8.722	10.334	11.607	7.444	9.246
Exports	5.272	6.318	5.675	6.235	5.886	4.988	5.168	6.425	7.564	7.882	5.877	6.405
Balance	-2.186	-0.653	-1.620	-1.955	-1.421	-2.455	-2.954	-2.297	-2.770	-3.725	-1.567	-2.841

Source: FAOSTAT

We should keep in mind that SSA population is expected to jump by 128%, almost 1 billion, from 2006 (767 M) to 2050 (1,749), that of West Africa by 135% (from 271 to 637 M) and that of Niger by 249% (from 14.4 to 50.2 M)!

5) West Africa's growing agricultural trade deficit and food deficit: 1995-2004

WA's agricultural trade seems almost balanced since 1995 but this hides the fact that most agricultural exports are non-food products:

West African trade in agricultural products: 1995-2004

$ billion	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Av. 95-99	Av.00-04
Imports	3.686	3.653	3.659	4.051	3.974	3.582	4.559	4.713	5.747	6.758	3.805	5.072
Exports	3.983	4.848	4.466	4.814	4.556	3.858	4.022	5.150	6.340	6.443	4.533	5.163
Balance	0.297	1.195	0.807	0.763	0.582	0.276	-0.537	0.437	0.593	-0.315	0.728	0.091

Source: FAOSTAT

If we delete exports of non staple products which have accounted for 79.5% of total agricultural exports from 1995 to 2004, WA's food deficit has risen by 81% from 1995 to 2004 and by 38% from1995-99 to 2000-04.

West Africa's growing food deficit: 1995-2004

$ million	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Av. 95-99	Av.00-04
All exports* (X)	3983	4848	4466	4814	4556	3858	4022	5150	6340	6443	4533	5163
- non food X**	-3109	-3806	-3559	-3916	-3575	-2899	-3174	-4207	-5119	-5131	-3592	-4106
Net food exports	874	1042	907	898	981	959	848	943	1221	1312	940	1057
Food imports***	-3176	-3120	-3143	-3470	-3310	-3015	-3851	-4009	-4858	-5486	-3244	-4244
Food deficit	-2302	-2078	-2236	-2572	-2329	-2056	-3003	-3066	-3637	-4174	-2304	-3187

Source: FAOSTAT, * all agricultural products excluding fish, ** non food exports: cocoa, coffee, tea, spices and their processed products + cotton + rubber + tobacco, ** Food imports excluding fish

West Africa's cereals imports have doubled in volume from 1995 to 2004 (+101.9%) and increased by 75.9% in value, the average price having fallen by 12.9% and even by 41.6% from 1996 to 2002.

West Africa's exploding net cereals imports: 1995-2004

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Av. 95-99	Av.00-04
In 1000 tonnes												
Imports	4571	4718	5539	6829	6490	7064	8922	9341	9257	9229	5629	8763
Exports	124	97	104	175	82	140	266	338	166	236	116	229
Net imports	4447	4621	5435	6654	6408	6924	8656	9003	9091	8993	5513	8534
In $ million												
Imports	1174	1312	1362	1571	1434	1234	1611	1516	1811	2065	1371	1647
Exports	15	24	18	19	14	13	30	41	27	44	18	31
Net imports	1159	1288	1344	1552	1420	1221	1581	1475	1784	2021	1353	1616
Import price:$/t	256.8	278.1	245.9	230.0	221.0	174.7	180.6	162.3	195.6	223.8	246.4	187.9

Source: FAOSTAT

West Africa's wheat imports have more than doubled (+113.2%) from 1995 to 2004 and the import bill as well (+101.2%) although the doubled volume had occurred already in 2002 when the price had dropped by 33.5% from 1995. Then it has jumped by 42.5% from 2002 to 2004.

West Africa's exploding wheat imports: 1995-2004

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Av. 95-99	Av.00-04
In 1000 tonnes												
Imports	2017	2112	2555	3663	3178	3867	3856	4349	4062	4300	2705	4087
Exports	82	20	61	81	52	33	97	96	89	73	59	78
Net imports	1935	2092	2494	3582	3126	3834	3759	4253	3973	4227	2646	4009
In $ million												
Imports	415	492	486	676	538	502	594	595	699	838	521	646
Exports	10	5	8	11	10	6	14	14	13	14	9	12
Net imports	405	487	478	665	528	496	580	581	686	824	512	634
Import price:$/t	2058	2330	1902	1845	1693	1298	1540	1368	1721	1949	1966	1575

Source: FAOSTAT

West Africa's rice imports have jumped by 93.1% from 1995 to 2004 but the import bill have risen by only 60.3% as the import price has dropped by 21.3. However from 1995 to

2002 the import volume had already risen by 91.1% and the price had collapsed by 62.3% before rising by 33.8% from 2002 to 2004 with a flat imported volume (+1%).

West Africa's exploding rice imports: 1995-2004

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Av. 95-99	Av.00-04
In 1000 tonnes												
Imports	2405	2460	2747	2798	3114	2907	4681	4598	4892	4645	2705	4345
Exports	0	34	15	11	5	7	35	110	45	87	13	57
Net imports	2405	2426	2732	2787	3109	2900	4646	4488	4847	4558	2692	4288
In $ million												
Imports	733	793	840	846	869	703	967	869	1061	1175	816	952
Exports	0	12	6	3	2	2	8	18	11	24	5	13
Net imports	733	781	834	843	867	701	959	851	1050	1151	811	939
Import price:$/t	306.9	322.4	305.8	302.4	279.1	241.8	206.6	189.0	216.9	253.0	303.3	221.5

Source: FAOSTAT

West Africa's imports of sugar have jumped by 83% from 1995 to 2004 and exports have risen 38 times so that net imports have risen by 51%. However the import bill has remained flat (+2.5%) as the net bill has dropped by 25% because the import price has dropped by 78.4% whilst the export price has exceeded the import price by 22%.

West Africa's trade in sugar: 1995-2004

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Av. 95-99	Av.00-04
1000 tonnes of raw sugar equivalent												
Imports	1423	1206	1337	1854	1757	1553	2131	2462	2360	2603	1515	2222
Exports	13	29	41	13	29	84	80	103	435	496	25	240
Net imports	1410	1177	1296	1841	1728	1469	2051	2359	1925	2107	1490	1982
$ million												
Imports	489	461	442	513	357	289	473	517	509	501	452	458
Exports	7	22	20	8	14	30	27	29	121	116	14	65
Net imports	482	439	422	505	343	259	446	488	388	385	-438	-393
Prices ($/tonne)												
Import price	343.6	382.3	330.6	276.7	203.2	186.1	222.0	210.0	215.7	192.5	307.3	205.3
Export price	574.9	767.9	483.5	567.5	502.1	354.4	332.8	284.4	278.6	284.6	579.2	307.0

Source: FAOSTAT

WA's net import volume of poultry is 5 times higher in 2004 than in 1995 and the net import bill 6.2 times. However there are 2 distinct periods: from 1995 to 2001 the net import volume increased 2.5 times, the price drops by 13.2% and the bill rose 2.4 times. From 2001 to 2004 imports increased by 84%, the price by 42.3% and the bill rose 2.6 times.

West Africa's explosion of poultry import volume: 1995-2004

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Av. 95-99	Av.00-04
Tonnes												
Imports	31750	32273	39787	39382	75070	94841	88400	148280	169276	162455	43652	132650
Exports	25	3	58	96	68	1224	9473	6959	4438	1010	50	4621
Net imports	31725	32270	39729	39286	75002	93617	78927	141311	164838	161445	43602	128029
$ 1000												
Imports	24641	25786	30599	31381	62301	62188	59202	99922	127342	154770	34942	100685
Exports	14	1	55	111	74	789	6117	5117	3209	1129	51	3272
Balance	-24627	-25785	-30544	-31270	-62227	-61399	-53085	-94805	-124133	-153641	34891	97413
Prices ($/tonne)												
Import price	776.1	799.0	769.1	796.8	829.9	655.7	669.7	673.9	752.3	952.7	794.2	740.9
Export price	560.0	333.3	948.3	1156.3	1088.2	644.6	645.7	735.3	723.1	1117.8	817.2	773.3

Source: FAOSTAT

Since 1995 was an exception as imports were of 570,912 t in 1994, then we see that **imports of dairy products** have increased by 152.2% from 1996 to 2004 and the import bill by 238%.

Although the import volume has increased year by year, the import price has dropped by 33.3% from 1996 to 2002 before rising up to 2004.

West Africa's trade in dairy products: 1995-2004

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Av. 95-99	Av.00-04
1000 tonnes of milk equivalent												
Imports	1628	621	680	857	914	1089	1138	1211	1523	1566	940	1305
Exports	10	16	28	23	79	71	75	67	115	51	31	76
Net imports	1618	605	652	834	835	1018	1063	1144	1408	1515	909	1229
$ million												
Imports	484	253	243	286	286	324	368	369	502	602	310	433
Exports	2	6	10	8	17	14	23	21	37	18	9	23
Balance	482	247	233	278	269	310	345	348	465	584	301	410
Prices ($/tonne)												
Import price	297.3	407.4	357.4	333.7	312.9	297.5	323.3	304.7	329.6	384.4	341.7	327.9
Export price	201.4	388.0	341.3	354.3	244.0	196.0	308.0	321.3	319.4	358.6	305.8	300.7

Source: FAOSTAT

II – How domestic subsidies to US cotton farmers are making a fool of the C4's initiative on cotton

Despite the specific plea to the WTO launched before Cancun by 4 African countries growing cotton (C4: Benin, Burkina Faso, Chad, Mali) and the large media and political concern it has raised, and despite the condemnation of the US by the WTO Appellate Body the 21 March 2005 following a Brazil prosecution that US cotton subsidies were depressing the world cotton price, eventually the result has been insignificant.

Indeed the US has only eliminated the 1st August 2006 its STEP 2 subsidies to US exporters and domestic users but, as 70% of the US cotton was exported in 2005, eventually the elimination of the $253 million of STEP 2 formal export subsidies has represented only 8.1% of the $3.128 billion of subsidies granted to the exported cotton in 2005!

Evolution of the US cotton production and exports

Million bales	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 E
Production	18.793	13.918	16.968	17.188	20.303	17.209	18.255	23.251	23.161	23.700
Exports	7.500	4.298	6.750	6.740	11.000	11.900	13.758	14.409	16.200	16.800
Exports/production	39.91%	30.88%	40.30%	39.21%	53.28%	69.15%	75.37%	61.97%	69.95%	70.89%

Source: http://www.ers.usda.gov/publications/so/view.asp?f=field/cws-bb/ E: estimate on 13 March 2006

The US cotton production has increased by 23.2% from 1997 to 2005 but exports have more than double (+116%) so that the share of the exported production has risen from 40% to 70%.

Chart: US Cotton Production & Use

Photo: Cotton harvest in Burkina Faso and the US

US total domestic subsidies to cotton and to exported cotton from 1997 to 2005

On total cotton subsidies of $4.692 bn in 2005 – they have never been so large –, $4.439 billion were domestic subsidies, of which $329 million of STEP 2 to textile millers and $4.110 billion to farmers. As 69.95% of cotton was exported, $2.875 billion were domestic subsidies to the exported cotton and adding STEP 2 $253 million to exporters raises the total subsidies to US exported cotton at $3.128 billion.

Billion $	1997	1998	1999	2000	2001	2002	2003	2004	2005 E
Subsidies from the CCC	0.561	1.132	1.882	3.809	1.868	3.307	2.889	1.372	4.281
Cotton insurance subsidies	0.403	0.388	0.431	0.450	0.457	0.405	0.391	0.396	0.411
Total cotton subsidies	0.964	1.520	2.313	4.259	2.325	3.712	3.280	1.768	4.692
STEP 2 to exporters		180	113	185	91	106	198	158	253
Total domestic subsidies		1.340	2.200	4.074	2.234	3.606	3.082	1.610	4.439
STEP 2 to textile industries		236	166	260	145	72	257	205	329
Tot. domestic subs. to farmers		1.104	2.034	3.814	2.089	3.534	2.825	1.405	4.110
Part going to exported cotton		0.341	0.820	1.495	1.113	2.444	2.129	871	2.875
Total subs. to exported cotton		0.521	933	1.680	1.204	2.550	2.327	1.029	3.128

Source: http://www.ers.usda.gov/publications/agoutlook/aotables/2005/12dec/aotab35.xls; Cotton Outlook 10 February 2006
E: estimates as of November 2005, therefore highly reliable for the civil year 2005.

$205,500 in subsidies per US cotton farmer in 2005 equals 403 to 541 times the per capita income of C4 West African cotton countries.

Given that US cotton farms have dropped from 33,640 in 1997 to 24,805 in 2002, i.e. by 1,767 per year, they were probably at most 20,000 in 2005.

So that the average US cotton farmer has got $205,500 subsidies in 2005, 403 to 541 times the per capita income of the C4 West African countries. And the subsidy to the exported cotton per US cotton farmer was 307 to 412 times the C4 countries' per capita income.

In $	Benin	Burkina Faso	Chad	Mali
C4 countries' GDP per capita in 2005	510	400	400	380
Total subsidy per US farm/C4's GDP per capita	403	514	514	541
Subsidy per US farm to exported cotton/C4's GDP per capita	307	391	391	412

Source: US Census on agriculture for 1997 and 2002 and World Bank country data profiles.

Chart: US cotton subsidies and the world cotton price
Chart: The world cotton price has evolved inversely to the level of US subsidies to exported cotton
Chart: World cotton stocks/Use vs A Index

Brazil's new case against US cotton subsidies

The 18 August 2006 Brazil has requested a new panel against the US which did not comply with the Appellate Body's rulings of 3 March 2005, namely it did not stop the marketing loans and counter-cyclical payments to cotton growers and credit guarantees to cotton exporters.

Besides the repeal of STEP 2 was made 10 months after the expiry date of 21 September 2005.

EU domestic subsidies to cotton and to exported cotton from 1997 to 2004

The EU has always claimed it is a fair trader in cotton as one of the largest importers, without import duty and export subsidies. So that it has been able to convince that, contrary to the US, it was the best friend of the C4s' fight in the cotton issue at the WTO.
However although the EU production drops by only 4% from 1997 to 2004, imports have been halved and exports have increased by 60% so that their share of the production has jumped from 37% to 62%.

Consequently, if total direct payments to cotton have risen by 4.4% only, those to the exported cotton have jumped by 72.8%!

EU domestic subsidies to cotton and exported cotton: 1997-04

1000 tonnes and million €	1997	1998	1999	2000	2001	2002	2003	2004	Aver. 97-00	Aver.01-04	01-04/97-00
Production (1000 tonnes)	478	501	572	521	514	445	463	460	518	471	-9.1%
Imports "	932	857	691	761	675	685	532	439	810	583	-28.0%
Exports "	178	130	251	234	245	203	255	284	198	247	+24.7%
Exports as % of production	37.2%	25.9%	43.9%	44.9%	47.7%	45.6%	55.1%	61.7%	38.2%	52.4%	+37.2%
Apparent consumption "	1.232	1.228	1.012	1.048	944	927	740	615	1130	807	-28.6%
Subsidies to cotton (M €)	800	761	903	855	733	804	873	835	830	811	-2.3%
Subsidies to export. cotton "	298	197	396	384	350	367	481	515	319	428	+34.2%

Source: European Commission, DG Agriculture

Total direct payments to the EU cotton growers have exceeded by 61% on average the value of C4's cotton exports.

Direct payments to the EU cotton exports have represented 73.3% of the same value.

Yet, given the EU 79,200 cotton growers, the subsidy per grower was of €10,543 in 2004, 19.5 times less than in US, but still 26.4 times the per capita income of Burkina-Chad .

From 1997 to 2004, C4's exports have risen by 66.7% in volume, by 42.6% in $ but by 34.7% only in €. From 2001 to 2004 exports have jumped by 52.3% in $ but only by 9.7% in €.

C4's West African cotton exports: 1997-2004

	1997	1998	1999	2000	2001	2002	2003	2004
Export volume (1000 tonnes)								
Benin	112	128	163	134	108	146	163	108
Burkina Faso	0	118	61	74	11	136	193	179
Chad	72	68	60	63	47	47	49	46
Mali	140	160	138	164	201	185	256	207
Total	324	474	422	435	367	514	661	540
Export value ($ million)								
Benin	183	178	169	128	118	127	184	154
Burkina Faso	0	169	85	75	103	104	224	264
Chad	113	106	84	73	60	45	56	65
Mali	188	203	156	129	172	177	256	207
Total in $	484	656	494	405	453	453	720	690
Total in €	412	585	464	439	506	479	636	555
Exchange rate: $ per €								
	1.1749	1.1211	1.0658	0.9236	0.8956	0.9456	1.1312	1.2439
Average export price								
$ per tonne	1,494	1,384	1,171	931	1,234	881	1,089	1,278
€ per tonne	1,272	1,235	1,099	1,008	1,378	932	963	1,027

Source: FAOSTAT, European Central Bank's Statistical pocket book 2006

III – The EPAs between the EU and ACP countries are criminal and their negotiations should be stopped

Introduction: the context of the EPAs

a) The conflict between DCs' necessary regional integration and free-trade with EU and US
b) The EU and US have imposed bilateral free-trade agreements to DCs, complementary to the WTO
c) The EU Decision "Everything But Arms"

a) The conflict between DCs' necessary regional integration and free-trade with EU and US

In a world dominated by superpowers (EU, USA), financial markets and multinational corporations more and more amalgamated, particularly in agribusiness, the regional integration of the tiny ACP's States is imperative, not only to create simple common markets but political entities able to implement policies of regional development and income distribution among Member-States unequally competitive, which is the case in ECOWAS.
However those eco-political spaces will not become development spaces unless they implement the recipe which has so well succeeded in developed countries but that they deny to-day to DCs: a high import protection of their domestic market, particularly for agricultural products and textiles-clothing.

b) The EU and US have imposed bilateral free-trade agreements to DCs, complementary to the WTO

Since 1995 the EU and US have negotiated free-trade bila-teral agreements with DCs and other developed countries.

In order to be judged as an exemplary country by WTO Members, the EU has adopted a unilateral Decision "Everything But Arms" in 2001 for the LCDs.

However this might works against their sustainable development by prioritizing increased exports.

c) The EU Decision "Everything But Arms"

- Vigorating since the 5 March 2001
- The EU eliminates tariffs and import quotas on all pro-ducts exported by the 50 LDCs (but arms).
- Progressive liberalisation for 3 sensitive products: banana (01/01/06), rice (01/09/09), sugar (01/07/09).
- To compensate this delay, creation of tariff rate quotas increasing by 15% per year during the transition period.
- This transition period is to allow adaptation of the CAP for these 3 sensitive products.

La Via Campesina and ROPPA did not welcome the EBA in their press release of 17 May 2001: "*The EU decision to open up its agricultural market to LDC products without tariffs is the contrary of a solution for these countries. It has been adopted more to justify the penetration of LDCs' markets by EU exporters rather to give LDC farmers a genuine opportunity to sell their production in Europe…In LDCs, the first priority of farmers is to produce for their families, then to seek access to their domestic market, before seeking to export. The EU decision is only going to strengthen the profit of large companies that use the resources and labour force of LDCs to grow cash crops aimed at the EU market. It will decrease the resources and labour force dedicated to the production of food for rural and urban populations whilst increasing food insecurity*".

1) The EU total and agricultural trade with ACPs

a) ACPs-EU-25 agricultural and total trade: 1999-2005
b) The weight of EU-25 trade with ACPs in relation to their total agricultural trade
c) The main agricultural products traded between EU and ACPs
d) West Africa's agricultural trade balance and food trade balance: 1995-2004

a) ACPs-EU-25 agricultural and total trade: 1999-2005

The EU-25 has imported from ACPs an average of €47.761 billion in all products from 2000 to 2005, of which €9.251 billion in agricultural products

The EU-25 has exported to ACPs an average of €43.450 billion in all products from 2000 to 2005, of which €4.403 billion in agricultural products

The EU-25 average trade deficit of €4.345 billion is due to its agricultural deficit of €4.848 billion: deleting agricultural products the EU-25 would have a trade surplus.

Even if we delete the non basic food (cocoa, coffee, tea, spices, cotton, hides, alcoholic beverages and tobacco) the EU-25 had a slight average food deficit of €332 million with ACPs.

b) The weight of EU-25 trade with ACPs in relation to their total agricultural trade

- The ACP's share in EU-25's agricultural exports has increased from 5.8% in 1995 to 6.9% in 2004.
- The ACPs's share in EU-25 agricultural imports has slightly dropped from 17.4% in 1995 to 16.3% in 2004.
- The EU-25 is 2.4 times more dependent on ACPs for its agricultural imports than for its exports.
- The EU-25's share in ACPs' agricultural exports has dropped from 67.0% in 1995 to 56.7% in 2004.
- The EU-25's share in ACPs' agricultural imports has collapsed from 47.6% in 1995 to 25.8% in 2004.
- ACPs are still highly dependent from EU-25 for its exports but much less for its imports.

EU-25 agricultural exports to ACPs: 1999-2005

Value: Mio Ecu / €											Evolution of trade (%)		Share in all agriculture (%)	
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	99/05	04/05	1999	2005
01 - Live Animals				12	14	14	15	15	17	18	50.4	10	0.3	0.4
02 - Meat and edible meat offal				205	243	253	264	254	239	210	2.1	-12.2	5.6	4.9
04 - Dairy produce				584	709	756	675	658	651	717	22.8	10.2	16	16.6
05 - Products of animal origin				18	16	14	12	8.1	11	9.7	-46.8	-11	0.5	0.2
06 - Live trees and other plants				11	11	11	12	14	14	16	46.3	12.4	0.3	0.4
07 - Edible vegetables, roots & tubers				77	87	89	102	107	89	114	49.1	27.9	2.1	2.6
08 - Edible fruits & nuts				17	22	27	25	25	23	25	41.5	9.5	0.5	0.6
09 - Coffee, tea, mate & spices				25	25	28	28	26	27	29	16.3	6.3	0.7	0.7
10 - Cereals				273	330	346	339	397	188	270	-1.3	43.7	7.5	6.2
11 - Products of the milling industry				323	386	399	435	405	363	368	13.7	1.2	8.9	8.5
12 - Oil seeds & oleaginous fruits				23	26	27	28	35	35	37	65.2	5.2	0.6	0.9
13 - Lacs, gums, resins & other veg. saps				22	17	17	14	12	13	18	-20.6	38.2	0.6	0.4
14 - Vegetable products n.e.s.				0.3	0.4	0.7	1.1	1.4	1	0.4	2.8	-64.8	0	0
15 - Animal or vegetable fats & oils				260	237	224	262	242	184	158	-39.3	-14.3	7.1	3.7
16 - Preparations of meat				52	66	74	73	73	83	99	88.4	19.2	1.4	2.3
17 - Sugars & sugar confectionery				178	245	300	184	163	116	145	-18.4	24.7	4.9	3.4
18 - Cocoa & cocoa preparations				19	25	29	28	28	34	35	79.3	1.8	0.5	0.8
19 - Preps. of cereals, flour, starch, etc.				234	286	374	357	349	359	385	64.7	7.3	6.4	8.9
20 - Preps. of vegetables, fruits, nuts & plants				185	212	253	271	293	259	253	36.7	-2.4	5.1	5.8
21 - Miscellaneous edible preparations				249	268	328	344	303	308	333	33.7	8.3	6.8	7.7
22 - Beverages, spirits & vinegar				464	484	512	600	597	587	633	36.5	7.8	12.7	14.6
23 - Residues and waste from food industry				38	48	50	54	49	55	58	50.2	4.1	1.1	1.3
24 - Tobacco & tobacco products				244	312	336	352	338	276	199	-18.2	-27.9	6.7	4.6
Other WTO products outside chapters 1-24				128	129	126	146	171	190	194	52.4	2.2	3.5	4.5
Total Agricultural Products				3 643	4 198	4 587	4 621	4 564	4 122	4 323	18.7	4.9	100	100
- Commodities				319	401	413	399	475	289	362	13.5	25.5	8.8	8.4
- Intermediate				1 208	1 375	1 441	1 379	1 324	1 189	1 253	3.7	5.4	33.2	29
- Final products				2 074	2 382	2 684	2 800	2 719	2 599	2 666	28.5	2.6	56.9	61.7
- Confidential Trade				41	40	50	43	46	45	42	1.4	-7.9	1.1	1
Total All Products				33 163	40 351	42 353	42 047	42 217	43 791	49 939	50.6	14		
% Prod. Agri. / All Products				11	10.4	10.8	11	10.8	9.4	8.7	37	35		
Source: EUROSTAT / COMEXT											Extraction date: 08/09/2006			

EU-25 agricultural imports from ACPs: 1999-2005

Value : Mio Ecu / €											Evolution of trade (%)		Share in all agriculture (%)	
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	99/05	04/05	1999	2005
01 - Live Animals				15	20	22	21	21	19	20	31	2	0.2	0.2
02 - Meat and edible meat offal				135	139	180	124	110	100	92	-31.7	-7.9	1.5	1
04 - Dairy produce				8.3	11	7.6	15	13	19	6.5	-21.4	-65.3	0.1	0.1
05 - Products of animal origin				5.3	7.8	8.4	9.4	8.5	8.4	7.3	36.6	-12.8	0.1	0.1
06 - Live trees and other plants				272	329	373	400	409	425	457	68.2	7.4	3	5
07 - Edible vegetables, roots & tubers				228	255	257	287	270	284	294	29.1	3.3	2.5	3.2
08 - Edible fruits & nuts				1 427	1 523	1 719	1 693	1 769	1 728	1 778	24.6	2.9	15.9	19.5
09 - Coffee, tea, mate & spices				1 412	1 363	1 033	830	794	703	842	-40.4	19.8	15.7	9.3
10 - Cereals				58	54	47	45	43	40	37	-35.5	-7.3	0.6	0.4
11 - Products of the milling industry				0.6	0.9	1.2	1.4	1.4	2	2	219.4	1.3	0	0
12 - Oil seeds & oleaginous fruits				162	161	155	164	153	162	139	-14	-14.2	1.8	1.5
13 - Lacs, gums, resins & other veg. saps				42	51	59	55	49	74	130	212	74.1	0.5	1.4
14 - Vegetable products n.e.s.				5.3	7.9	8	6.9	6.3	5.4	5.2	-2.3	-4	0.1	0.1
15 - Animal or vegetable fats & oils				311	254	229	258	265	246	260	-16.4	5.9	3.5	2.9
16 - Preparations of meat				8.2	3.8	2.8	2.7	1.2	1.8	1.3	-84.1	-25.7	0.1	0
17 - Sugars & sugar confectionery				942	889	912	931	867	943	912	-3.2	-3.3	10.5	10
18 - Cocoa & cocoa preparations				1 898	1 482	1 793	2 358	2 896	2 338	2 310	21.7	-1.2	21.1	25.4
19 - Preps. of cereals, flour, starch, etc.				4.3	4.8	4.9	6.3	7.2	7.3	6.7	54.8	-8	0	0.1
20 - Preps. of vegetables, fruits, nuts & plants				264	269	263	267	255	254	247	-6.5	-2.8	2.9	2.7
21 - Miscellaneous edible preparations				62	54	55	49	37	36	32	-48.2	-11	0.7	0.4
22 - Beverages, spirits & vinegar				511	658	752	832	801	825	777	52	-5.9	5.7	8.5
23 - Residues and waste from food industry				51	59	63	53	37	22	17	-67.3	-25	0.6	0.2
24 - Tobacco & tobacco products				687	600	689	658	520	442	408	-40.6	-7.6	7.7	4.5
Other WTO products outside chapters 1-24				472	583	570	516	435	391	315	-33.3	-19.5	5.3	3.5
Total Agricultural Products				8 981	8 780	9 203	9 582	9 766	9 079	9 096	1.3	0.2	100	100
- Commodities				2 976	2 541	2 873	3 354	3 690	3 061	2 973	-0.1	-2.9	33.1	32.7
- Intermediate				1 590	1 542	1 575	1 626	1 528	1 541	1 513	-4.9	-1.8	17.7	16.6
- Final products				4 388	4 665	4 707	4 571	4 523	4 437	4 577	4.3	3.2	48.9	50.3
- Confidential Trade				27	32	48	30	25	39	33	21	-16.3	0.3	0.4
Total All Products				33 643	44 555	49 049	47 162	45 410	45 904	54 488	62	18.7		
% Prod. Agri. / All Products				26.7	19.7	18.8	20.3	21.5	19.8	16.7	2.1	1.1		
Source: EUROSTAT / COMEXT											Extraction date: 08/09/2006			

c) The main EU-25 agricultural products exported to ACPs in 2005

- Dairy produce: €717 M
- Beverages & spirits: €633 M
- Preparations of cereals, flour: €385 M
- Products of the milling industry: €368 M
- Miscillaneous preparations: €333 M
- Cereals: €270 M
- Preparations of fruits & vegetables: €253 M
- Meat and edible meat: €210 M
- Tobacco and products: €199 M

The main ACPs' agricultural products exported to the EU-25 in 2005

- Cocoa and preparations: €2 220 M
- Edible fruits and nuts: €1 768 M
- Sugar and confectionery: €911 M
- Coffee, tea and spices: €812 M
- Beverages and spirits: €772 M
- Live trees and other plants: €455 M
- Tobacco and products: €383 M
- Vegetables, roots & tubers: €283 M
- Fats and oils: €260 M

EU-ACPs preferential trade relations

Share of ACP exports entering the EU market free of duties in 1997

Products	Percentage	Amount in billion €
Industrial products	100	13.7
Agricultural products	80	8.2
Total	92	21.9
'Protocol' agricultural products	10	1.6
Total with 'Protocol' products	99	23.5

Source: European Commission

Distribution of ACPs' agricultural exports to the EU according to products

Tropical products (70%)		Not specifically tropical products (30%)	
Not grown in the EU 59%	In peripherical EU but deficit 11%	Without direct substitute in EU 18%	Competition with EU 12%
Coffee, cocoa, cut flowers, seafood	Banana, cotton	Sugar, vegetable, meats	Vegetal oils, fish

Source: R. Blein & V. Ribier (2001)

Chart: Tariff status of some ACPs' agricultural exports to the EU-15
Chart: ACPs' agri-food exports to the EU-15 covered by preferential schemes in 2000

d) The EU has reduced its agri-trade deficit with ECOWAS countries + Mauritania since 1995

For the total trade with WA, the EU-15 surplus has increased greatly from 1995 to 2002 but has almost disappeared in 2003 (having shrunk from €2.1 billion in 2002 to €189 M in 2003) following the rise in oil prices, a significant component of ECOWAS' exports (Nigeria), in current or constant euros.

For agricultural trade the EU-15 remains in deficit by €1.5 billion in 2003 but this deficit has dropped by 3.6% in constant euros since 1995 because exports to ECOWAS+Mauritania have increased by 73.7% and imports only by 30.9%.

Evolution of EU-15's total and agricultural imports and exports with ECOWAS+ Mauritania: 1995-2003

	1995	2000	2001	2002	2003	2003/1995
Total trade in million current euros						
Imports	8 519.4	11 613.9	12 184.7	10 843.1	11 736.3	+ 37.8 %
Exports	7 807.7	12 486.7	13 045.1	12 893.8	11 925.7	+ 52.7 %
Surplus	- 711.7	872.8	860.4	2 050.7	189.4	+ 26.6 %
Agri-food trade in million current euros						
Imports	2 397.9	2 559.9	2 842.2	3 355.1	3 675.2	+ 53.3 %
Exports	1 070.0	1 803.3	2 233.2	2 252.4	2 176.0	+ 103.4 %
Deficit	- 1 327.9	- 756.6	- 609.0	- 1 917.3	- 1 499.2	+ 12.4 %
Total trade in million constant 2003 euros						
Deflator*	85.4	93.5	95.7	98;1	100	
Imports	9 975.9	12 421.3	12 732.2	11 053.1	11 736.3	+ 17.7 %
Exports	9 142.5	13 354.8	13 631.2	13 143.5	11 925.7	+ 30.4 %
Deficit	- 833.4	933.5	899.1	2 090.4	189.4	+ 22.7 %
Agri-food trade in million constant 2003 euros						
Imports	2 807.8	2 430.1	2 720.0	3 291.4	3 675.2	+ 30.9 %
Exports	1 252.9	1 686.1	2 136.0	2 209.6	2 176.0	+ 73.7 %
Deficit	- 1 554.9	- 707.4	- 582.8	- 1 880.9	- 1 499.2	- 3.6 %

Source : Eurostat for current prices * EU-15's GDP deflator at 2003 prices: one 2003 euro has the same purchasing power than 1995 0.854 euro (ecu).

Chart: LDCs and non LDCs countries in the West Africa EPA

Chart: West Africa's agricultural trade balance and food trade balance: 1995-2004
Chart: West Africa's food trade balance: UEMOA and non UEMOA
Chart: Food trade within ECOWAS as a percentage of imports

2) The Cotonou Agreement and EU justification of EPAs

a) From the Lomé Convention to the Cotonou Agreement
b) Comparing the EPAs with the Lomé conventions
c) The phases of the EPAs negotiation
d) The European Commission justifies the EPAs through a *reductio ad absurdum* argument
e) The CA's highly contradictory provisions
f) West Africa is already one of the areas the most integrated into the world market

a) From the Lomé Conventions to the Cotonou Agreement

- Yaoundé Convention in 1963: 18 ACP-UE6
- 1st Lomé Convention in 1975: 46 ACP-UE9
- Lomé IVbis Convention in 1995: 70 ACP-UE15
- Acknowledging the huge gap in development levels, they established non reciprocal trade preferences for the ACPs
- The Stabex compensated the shortfalls in ACPs' revenues due to the slump in the prices of the exported agricultural commodities
- "Protocols" guaranted preferential import quotas for sugar, rhum, bananas and bovine meat

b) Comparing the EPAs with the Lomé conventions

- EPA: trade framework of the Cotonou Agreement (CA) signed in 2000 to replace the Lomé Convention
- EU-ACPs relations are profoundly changed: elimination of the non reciprocal trade preferences…
- which will be replaced the 1st January 2008 by free-trade agreements, allegedly in line with the WTO rules (GATT article XXIV)…
- but there is still a " Development Aid" part (9th EDF) in the CA as in the Lomé Convention

Whereas the Lomé Conventions had granted unilateral preferential access to the EU market for ACPs' exports since the 70s, the ACPs 'partners' have now to cut unilaterally their tariffs on EU exports and become competitive in 12 years (up to 2020).

Since the EU thinks that the pursuit of the multilateral liberalisation is unavoidable and even desirable for ACPs, it is urgent that she recoups, through a free access to their markets, part of its outlays in ACPs for the last 40 years, before other less generous countries – the US with AGOA – take advantage of it!

Since the EU considers that the EPAs should encompass at least 90% of trade without excluding any sector, ACPs could protect at most 20% of their agri-food products if the EU opens its market to 100% of ACPs exports.

Otherwise EPAs would put on the same playing field a French farmer producing 1000 tonnes of wheat (7 t/ha on 130 ha) with his Sahelian colleague producing 1 tonne (700 kg/ha on 1,3 ha) of millet, sorghum or maize, the first receiving furthermore €55,000 in direct payments and the second nothing.

c) The phases of the EPAs negotiation

- 2000-2003: preparatory phase plus one year of negotiation with all ACPs
- 6 October 2003: start of the 2nd phase for West Africa (WA= ECOWAS + Mauritania)
- 4 August 2004: adoption of the WA roadmap
- 1 January 2008 at the latest: start of the EPAs and progressive implementation until 2020
- The impact studies are still going on
- However the EU has refused to establish a specific commission to discuss the agricultural issues!

d) The European Commission justifies the EPAs through a *reductio ad absurdum* argument

"*Past ACP-EC trade cooperation… built on non-reciprocal trade preferences, has not delivered the results expected… It has not prevented the increasing marginalisation of the ACP in world trade ".*

This is a way of thinking as absurd as that consisting for a poultry producer to open the henhouse gate to allow the fox to test the poultry resistance capacity.

e) The CA's highly contradictory provisions

"*The partnership shall be centred on the objective of reducing and eventually eradicating poverty consistent with the objectives of sustainable development and the gradual integration of the ACP countries into the world economy*" (art. 1)

"*Economic and trade cooperation shall build on regional integration initiatives of ACP States, bearing in mind that regional integration is a key instrument for the integration of ACP countries into the world economy*" (article 35).
Despite increased poverty and hunger, there are not the international trading system and the EU which should adapt their rules to ACPs' situation but the ACPs which have to adapt at all costs to the unavoidable liberalization.

Whereas EPAs claim to promote the regional integration of ACP countries' groupings, they will torpedo them since they are not competitive with the EU, neither on agri-food products nor on industrial products, nor on services.

Claiming that the objective of EPAs is to promote simultaneously the regional integration and "*the harmonious and progressive integration of ACP economies into the world economy*" is totally contradictory because the first implies a high import protection excluded by the second.

f) West Africa is already one of the areas the most integrated into the world market

As West Africa's share of world trade has dropped from 2% in 1990 to 1.6% in 2004, one says it is not integrated enough into the world market.

False! The share of its trade (exports + imports) in the DGP was of 52.7% in 2003 against 41.5% in the world average, 19% in the US, 19.9% in Japan and 30% in the eurozone.

Thus the wealth of countries is globally inversely proportional to their insertion in world trade, Eastern Asia being the exception (70%).

3) The risks linked to the EPAs

a) Most EPAs evaluations are ambiguous as they have been financed by the EU
b) The EPAs are much worse than the WTO
c) The opposite status of LDCs and non LDCs will prevent their regional integration
d) Farmers organisations have not been involved
e) The EU has much higher tariffs than WAEMU on its basic staple foods
f) The opposition to EPAs as been growing
g) The EPAs have been denounced by the House of Commons and the British government
h) The EPAs have been denounced by the French National Assembly
i) The European Parliament's report of 20-12-2006

a) Most EPAs evaluations are ambiguous as they have been financed by the EU

Although they underline their negative impacts on farmers, taxes, unemployment, incomes, political stability, almost all conclude nevertheless that "*consumers… will be the main beneficiaries of EPAs*"

And that the accompanying measures linked to the EU financial support should mitigate their negative impacts.

The House of Commons' International Development Committee has denounced the EU disregard for the SIA on EPAs

"The EU has commissioned and funded a number of sustainability impact assessments (SIA) of free trade agreements on the ACP regions. Some have reported concerns about the impact of full trade liberalisation on the regions. However the link between the SIAs and the EPA process is not clear. There does not seem to be a formal process of incorporating the findings of the SIAs into the EPAs and making adjustments where necessary" (23 March 2005).

"At the last meeting in Brussels (1st March 2007), Commissioner Louis Michelle was short of referring to these studies as ‘nonsense’. If this is the case, then upon what scientific basis is the ACP to negotiate EPAs?" (Aliyu Modibbo UMAR, Minister of Commerce of Nigeria on behalf of all ACP Ministers at the EU-ACP ministerial meeting, Bonn, 13-03-2007).

b) The EPAs are worse than the WTO

- WTO's agreements authorize tariffs, even if they strive to reduce them along several trade rounds
- And DCs benefit from SDT: lower reductions, longer reduction periods, special products, special safeguard mechanism
- But the EPAs are free-trade agreements negotiated with their 1st trade partner
- With an implementation period of at most 12
years (2008-2020).

The EPAS will be as distressing for the industry of ACPs and an evaluation (of the European Commission?) concludes: "*The EPAs could lead to the collapse of the industrial sector in West Africa*", already insignificant and not competitive.

At least the WTO imposes only a progressive reduction of tariffs, with a "special and differential treatment" for DCs. With the EPAs the phasing out of tariffs on EU's exports to ACPs will reduce their fiscal resources by around 15-20%.
The EU's demand of trade reciprocity is all the less justified that, despite EU's trade preferences,:

- The gap in their development levels has exploded

- The drop in per capita GDP of most ACPs stems from their submission to the neo-colonial domination of the EU (and Member-States), US and the WB-IMF, which have prevented their regional integration.

- The PDA (public development aid) of OECD countries has been reduced significantly, particularly for agriculture.

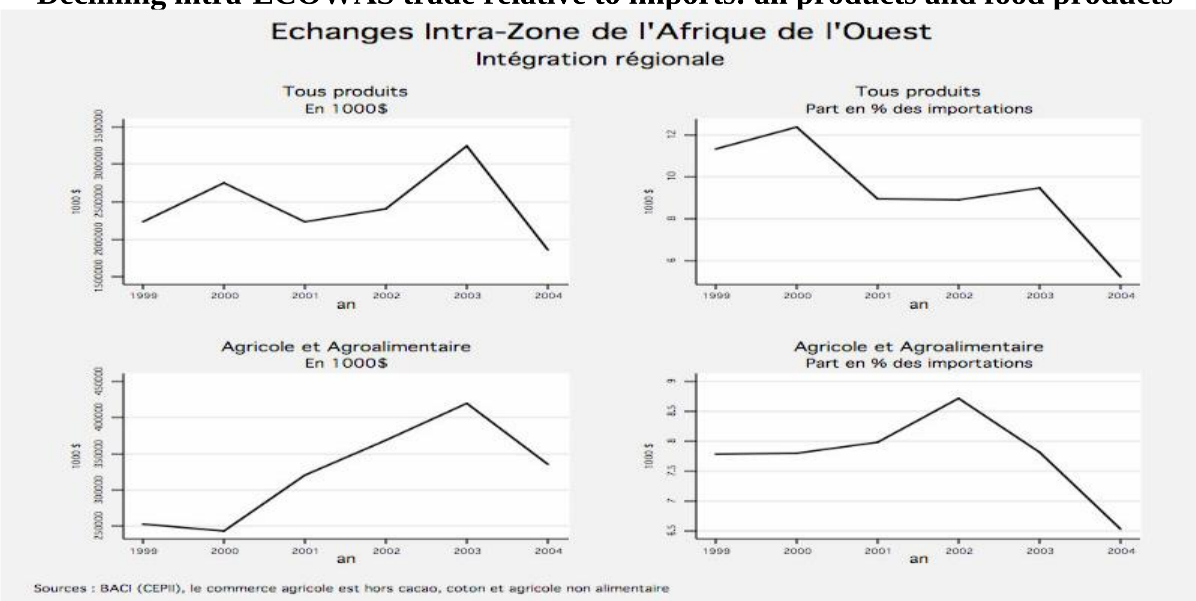
- The collapse of tropical products prices after the dismantlement of the economic measures of the international agreements by product and also of the STABEX and SYSMIN since 2000.

- Besides, ACPs' exports to the EU will be less and less profitable, even for LDCs despite the EU's "Everything but arms" decision of 2002 to import without any trade restriction all LDCs' products (but arms), since the EU has continued to lower its domestic prices (sugar, rice, tobacco) and they will be further reduced with the implementation of the Doha Round and of bilateral trade agreements that the EU has already signed or is still negotiating (particularly with Mercosur).

c) The opposite status of LDCs and non LDCs will prevent their regional integration

- The Agreement will be a source of conflicts among ACPs between LDCs and non LDCs:
- The LDCs enjoy the EU's "Everything but arms" Decision so that they do not have interest to participate in EPAs
- However not participating will prevent regional integration
- The non-LDCs (Ghana, Ivory Coast, Nigeria in WA) will loose their preferential access to the EU if they do not adhere to EPAs, and would have to make do with the lower trade preferences of the EU's GSP (generalized system of preferences)
- They will loose the preferences for 'protocol products' (sugar, bananas, bovine meat)
- Whereas the intra-WAEMU agricultural trade has declined to 6.5% of imports, in the EU it represents 75.5% in 2005.

Declining intra-ECOWAS trade relative to imports: all products and food products



- ACPs are more and more net-food importers
- With EPAs the already highly detrimental impact of the EU dumping will increase even more, particularly for: bovine and poultry meats, milk powder, wheat flour, vegetal oil, tomato purée, potatoes…
- Indeed the impacts will be terrible on the economic, social and environmental levels
- The food security of ACPs will be jeopardized
- The regional integration will be destroyed
- Given the weight of agriculture in total employment and GDP, the under-development will accelerate as well as political unrest.

d) Farmers organisations have not been involved

- The lack of involvement of farmers' organisations in the negotiating process increases the unawareness of the ACPs' governments on the risks of EPAs
- Moreover the strategic choices are made by the Ministers of trade and Finance much more than by the Minister of Agriculture
- So that even the choice of sensible products for which a minimal protection could be maintained (within the ceiling of 20% of agri-food imports) is at risk.

e) The EU has much higher tariffs than WAEMU on its basic staple foods

Dismantling ACPs' import protection is unjust because, despite the AoA, the EU is still enjoying in 2005 much higher tariffs on its basic agricultural products – cereals, sugar, meats, dairy products –, which would be fair if, at the same time, it would stop its massive dumping on ACPs, including the one hidden under authorised blue and green direct payments.

One exception is the EU tariff on vegetal oil due to the US pressure at the CAP birth in 1961.

The EU has much higher tariffs than WAEMU on its basic staple foods

Product	EU-15 tariffs	WAEMU tariffs***
Bovine meat	**65% ad valorem (AV)**	**20%**
Skimmed milk powder	**1254 €/t, i.e. about 64% AV**	**5%**
Skimmed fat milk**	**1672 €/t, i.e. about 67.5% AV**	**20%**
Rice	**416 €/t, i.e. about 96.7% AV**	**10%**
Wheat	**95 €/t, i.e. about 95% AV**	**5%**
Wheat flour	**172 €/t, i.e. about 95% AV**	**20%**
Refined sugar	**419 €/t, i.e. about 165% AV**	**20%**
Refined vegetal oil	**6.4 to 12.8% AV**	**20%**

***MFN: most favored nation tariffs ** With more than 27% of fat content ** Additional duties applied by some WAEMU States are not taken into account.**

UEMOA's food imports according to the tariff band

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
5-10%	265644	277971	266617	341483	270376	253249	302682	310442	377458	410891
10-15%	446926	316988	328492	509734	553377	470190	617856	584261	778769	675177
>15%	518705	443514	518983	572034	604348	530875	586585	670706	814537	787693
Total	1231275	1038473	1114092	1423251	1428101	1254314	1507123	1565409	1970764	1873761

Source: Jacques Gallezot, Arguments pour une adaptation du TEC, ROPPA, avril 2006.

Although the WAEMU's tariff on wheat flour is about of 50 € per tonne against 172 € in the EU, the French Union of exporting millers (SYMEX) has put pressures on WAEMU in December 2001 to lower the tariff to 10% instead of 20%, under the pretext that the tariff on wheat is 5%, saying that: "*we cannot say that protecting a mill…is acting for development*" (Marchés Tropicaux, 11-01-02)!

f) The opposition to EPAs as been growing

The EPAs are so absurd that ACPs have always denounced them since the start of the negotiations in 2002 and their critics have intensified recently, as well as those of the civil society from ACPs and the EU, although the EU has tried to "buy" their agreement with the carrot of its financial assistance.

g) The EPAs have been denounced by the House of Commons and the British government

"In its work on EPAs with ACP regional groups, the EU should take a non mercantilist approach and not pursue any offensive interests … We will not force trade liberalisation on developing countries either through trade negotiations or aid conditionality." (DFID, 22 March 2005)

"*The UK Government should continue to push the Commission to ensure that the alternatives for non-LDC ACP states guarantee the same level of market access as the Lomé arrangements. They should not face higher levels of tariffs in the EU market than they do at present*" (HoC, 23-03-2005)

In the Fifth report of its International Development Committee, the House of Commons asks the EU not to impose the "Singapour issues" to ACPs which been rejected in the DR.

h) The EPAs have been denounced by the French National Assembly

"*These negotiations are heading straight for failure… If the Commission persists, Europe will commit a political, tactical, economic and geostrategic mistake… Can we really assume the responsibility of leading Africa, which in a few years will be home to the greatest number of persons living on less than one dollar a day, to more chaos, on the grounds that OMC rules are being complied with? Do we believe this chaos will be limited to Africa, which would already be unbearable?*" (Report by J.-Cl. Lefort, National Assembly, 5 July 2006).

i) The European Parliament's report of 20-12-2006

"*4. At the end of the EPA negotiations no ACP country should in its trade relations find itself in a more unfavourable situation after 2007 than under current arrangements.*"

"*8. Recognises that EPAs are controversial and calls for all parties to ensure that all stakeholders…are consulted and engaged with EPA negotiation and implementation*."

"*13. Calls for the pacing, timing and scope of liberalisation to be gradual and flexible in order to improve ACP regional integration and competitiveness*."

"*16. Calls for…safeguard mechanisms to allow ACP…to react to surges in imports from the EU, particularly of agricultural products*".

"*34. Asks the Commission… to provide non-LDC ACP countries which decide that they are not in a position to enter into EPA with an alternative framework for trade which is equivalent to their existing situation, in conformity with WTO rules*."

4) The EU claims wrongly that the EPAs are required by the WTO rules

a) The WTO "constraints" imposing the EPAs
b) Other GATT articles contradict the previous ones
c) The WTO gives an absolute priority to the special and differentiated treatment for DCs
c) The economic and social situation of the 3 West African non LDCs countries is not better than that of the 13 LDCs
d) The WTO does not impose to implement the EPAs over 12 years
e) The Cotonou Agreement does not force the EU to reduce its dumping in the EPAs but the WTO does

a) The WTO "constraints" imposing the EPAs

General Most-Favoured-Nation Treatment (GATT article I): "*Any advantage, favour, privilege or immunity granted by any contracting party to any product originating in or destined for any other country shall be accorded immediately and unconditionally to the like product originating in or destined for the territories of all other contracting parties*."

GATT article XXIV.5 : "*The provisions of this Agreement shall not prevent, as between the territories of contracting parties, the formation of a customs union or of a free-trade area…Provided that: a) the duties and other regulations of commerce imposed at the institution of any such union… shall not on the whole be higher or more restrictive than the general incidence of the duties and regulations of commerce applicable in the constituent territories prior to the formation of such union*."

b) Other GATT articles contradict the previous ones

GATT article XXXVI.8 : "*The developed contracting parties do not expect reciprocity for commitments made by them in trade negotiations to reduce or remove tariffs and other barriers to the trade of less-developed contracting parties*."
The "Enabling clause" of 28 November 1979 states: "*Contracting parties may accord differential and more favourable treatment to developing countries, without according such treatment to other contracting parties."*

GATT article XVIII: for "*those contracting parties the economies of which can only support low standards of living and are in the early stages of development… it may be necessary… a) to maintain sufficient flexibility in their tariff structure to be able to grant the tariff protection required for the establishment of a particular industry and (b) to apply quantitative restrictions for balance of payments purposes*."

In the WTO case having opposed the EU to India which challenged the EU's supplementary preferences granted in its GSP to some DCs, "*the Appellate Body explicitly acknowledged that developing countries with special needs might enjoy additional tariff preferences*" (WTO: WT/DS246/14, 20 September 2004).

GATT article XVIII on "Governmental Assistance to Economic Development"

The WTO Appellate Body has stated in the *US–Gasoline* case: "*One of the corollaries of the 'general rule of interpretation' in the Vienna Convention is that interpretation must give meaning and effect to all the terms of a treaty. An interpreter is not free to adopt a reading that would result in reducing whole clauses or paragraphs of a treaty to redundancy or inutility*" (WT/DS2/AB/R, 29 April 1996 (96-1597).

Therefore articles I and XXIV must be interpreted in a way compatible with the other GATT provisions.

Indeed the EU has itself used in the past article XXXVI to justify the trade preferences of the Lomé Convention!

c) All WTO agreements give an absolute priority to a Special and differentiated treatment to DCs

155 provisions in the various WTO Agreements stress the necessary SDT (special and differentiated treatment) for DCs. The EPAs contradict the SDT principle radically since it is the EU which will benefit from a huge unilateral SDT, having already opened its market to 97% of ACPs' exports since the 70s. Now the EU would only have to dismantle the remaining 3% whilst the ACPs would have to dismantle at least 80% of their market to EU exports.

SSA has non reciprocal trade preferences with the US untill 2015: AGOA started in 2001 without having got a waiver from the WTO.

d) The economic and social situation of the 3 West African non LDCs is not better than in the 13 LDCs

Their average per capita income is 22% lower than that of the 13 LDCs: $321 against $412 (in 2002).

In 2003 Nigeria fulfilled the 3 criteria to become a LDC, except that its population (135 million) exceeded the ceiling of 75 million. Even if this condition was not imposed in the past to Bangladesh, which has about the same population and a per capita income of $363 against 267 in Nigeria.

As the share of the 13 LDCs in the WA imports from the EU have accounted for 37.2% in 2003 and as the LDCs are exempted from any trade opening to the EU exports (because of EBA) WA trade opening should be capped at 42.8% (80% - 37,2%)

e) The WTO does not force to implement the EPAs in 12 years

As the AoA had given 10 years to non LDCs DCs to cut their bound agricultural tariffs by 24%, the compliance of the EPAs with the WTO demands that the ACPs have 33 years to cut them by 80%.

A very long period is all the more justified that 13 over 16 West African countries are LDCs.

f) The Cotonou Agreement does not force the EU to reduce its dumping in the EPAs but the WTO does

To the contrary article 54 states: "*the Community undertakes to ensure that export refunds can be fixed further in advance for all ACP States… Advance fixing shall be for one year and shall be applied each year throughout the life of this Agreement*".It is all the more absurd that the EU ignores which will be the world prices and the euro exchange rate and, above all, the needs of the EPAs. This prefixation would depress the EPAs domestic prices to the detriment of their farmers.

But the WTO demands that the EU eliminates its dumping, even if the DR is not finalized, given the Appellate Body's rulings on the dumping effect of domestic subsidies to exported products (slides 49 & 121). The SDT requires also the EU to cut its dumping faster than ACPs cut tariffs.

IV – How to rebuild agricultural policies, namely in West Africa, and the AoA on food sovereignty

1) To rebuild the AoA on food sovereignty implies first that the EU and the US do the same for the CAP and Farm Bill
2) The decisive role of NGOs and farmers organisations to denounce the EU and US cheatings
3) The WTO is not the appropriate multilateral body to regulate the world agricultural trade
4) The WTO is not the appropriate multilateral body to regulate world trade in general
5) Why we have nevertheless to use the WTO on the short run to improve agri-trade rules
6) Demolishing the arguments against a higher import protection in West Africa
7) The necessity to introduce a band at 50% in the ECOWAS agricultural tariff
8) ECOWAS duty free imports from the EU should be at most 50% of its imports from it
9) Kenya shows that, with a good import protection, SSA can be self-sufficient in dairy products

1) To rebuild the AoA on food sovereignty implies that the EU and the US do the same for the CAP and Farm Bill

Even if many NGO, namely Via Campesina, demand to take agriculture out of WTO in order to rebuild farm policies worldwide on food sovereignty, the EU and US would not change their agricultural policies (2003 and 2002) unless they are forced to do so after being condemned by the WTO Dispute settlement body, given their massive cheatings (see slides 71-83, 118-131).

Indeed, the WTO is the only international body able to force the EU and US to change their agricultural trade policies as we have seen in the cotton and sugar cases.

Condemning the EU's agricultural exports at the WTO would not pose any legal difficulty since, beyond the arguments already used in the cotton panel against the US and in the sugar panel against the EU – arguments which can be extended to all their agricultural exports getting domestic subsidies –, other convincing arguments may be added, particularly the status of input subsidies of most EU (and US) COP (cereals, oilseeds, pulses) used as feedstuffs, and above all the non compliance of the SPS (single payment scheme) with the green box criteria (slides 71-83, 91, 118-131).

Once the present CAP will have been condemned at the WTO, the EU could no longer exports agricultural products to ACPs first, but not only, because most of them are clearly sold under the EU average production cost without export and domestic subsidies, including of the alleged green SPS (single payment scheme).

Indeed, as the SPS, which represents to-day 90% of all direct payments to EU farmers, cannot be attributed to any specific product as it is allegedly fully decoupled, it can be consequently attributed to any product since it lowers the production cost of all products, including of those which were almost not subsidized such as wine or fruits & vegetables.

The CAP and the Farm Bill will then be rebuilt on food sovereignty

Once most of the EU and US domestic subsidies will have been put in the amber box by the WTO, as the EU and US have offered to cut it by 70% and 60% respectively, their farmers' income will slump so profoundly that they will mobilize violently (at least the EU farmers will block most of the EU capitals with their tractors as they did it already in 1992) and demand that the CAP and Farm Bill be rebuilt on remunerative prices.

As this will imply to raise agricultural tariffs significantly (let us say by about 30% on average in the EU), and as this would be incompatible with the AoA, there would be only two alternatives: 1) at least to come back to the pre-WTO agricultural exemptions in the GATT (slide 9) but without any type of dumping; 2) to take agriculture out of WTO.

<u>What is the political will of DCs to sue the EU and US dumping at the WTO?</u>

The only true constraint is the political will of DCs to prosecute the EU and US at the WTO, willingness that seems to have lost its fine edge in the case of Brazil despite its two victories on cotton and sugar, although it might also hide a subtle strategy (slide 105).

And, as a single small DC of the G-90 or G-33 cannot engage itself in a panel for political and financial reasons, a large mobilisation of the civil society, and first of farmers' organisations (FOs), is imperative so as to pressure all DCs.

2) The decisive role of NGOs and farmers organisations to denounce the EU and US cheatings

There is no question that Northern and Southern NGOs and farmers organisations have been very active in denouncing the highly detrimental impacts of the CAP and Farm Bill on DCs farmers and their actions have been warmly welcomed by DCs.

However up to now they have been extremely discreet, not to say silent and not so far from accomplices, on the massive EU and US cheatings, although they have been uphold by the WTO Appellate Body's rulings.

This passivity is all the more incomprehensible that their strategy of denouncing the harmful impact of the CAP and Farm Bill has clearly not produced the expected results of compelling the EU and US to change their agricultural policies. Circulating broadly the figures of these massive cheatings with the WTO rules among the world media and the DCs trade negotiators would be the most assured means to reach their goal.

However, given the links between Northern and Southern FOs and the political difficulty for EU and US FOs to sell to farmers the idea of cutting drastically their subsidies – even if all of them would prefer remunerative prices –, NGOs should be the first to launch such a media campaign.

3) The WTO is not the appropriate multilateral body to regulate the world agricultural trade

There are 5 main reasons why the WTO cannot regulate the world trade of agricultural trade
1) Being only a bargaining chip in the single undertaking way of concluding a Doha Round, the AoA actually agreed within the Committee on agriculture might be profoundly changed in the last minutes of the Round in order to reach an overall consensus.

2) The AoA has been put at the service of agri-food corporations to reduce agricultural prices all over the world but the WTO is not concerned by their monopoly power.

3) Since the scandalous definitions of dumping and authorised subsidies are not only written in the AoA but also in the GATT Agreement, the Anti-dumping Agreement and the

Agreement on subsidies and countervailing measures, it seems almost impossible to make them compatible with the right of food sovereignty.

4) The WTO does not check the conformity of its Members' notifications with its rules, which has allowed the EU and USA to cheat massively.

5) All the same the Chair of the Committee on Agriculture does not explains the AoA rules to negotiators (slide 138)

4) The WTO is not the appropriate multilateral body to regulate world trade in general

There are also 3 main broader reasons why the WTO cannot regulate the world trade in a sustainable way:
1) The Dispute settlement mechanism does not comply with jurisdictional norms: the report of the 3 panelists is always confirmed by the Dispute Settlement Body (DSB) since a negative consensus is required to reject it. There is no public prosecutor to defend the general interest.

2) Precisely the DSB judges according to the sole trade rules of the various WTO Agreements and does not recognise the primacy of the international agreements on human rights, social rights and environmental conventions.

3) The WTO reports on the trade policy review of its Members are always positive as they are only based on the information they agree to provide to the WTO.

5) Why we have nevertheless to use the WTO on the short run to improve agri-trade rules

First we should rejoice that the WTO has condemned the EU sugar dumping and the US cotton dumping, even though eliminating all their subsidies would not be enough to push up their prices, lacking supply management measures.

It is necessary that all DCs together (G90, G33 and G20) initiate panels to denounce the EU and US massive cheatings in their past notifications and the non-compliance of the present CAP and Farm Bill with the AoA's rules.

6) Demolishing the arguments against a higher import protection in ACPs

It is said that an increased import protection in ACPs would be unbearable for poor consumers and would provoke popular uprisings threatening governments.

Going on importing agri-food products at dumped prices can only aggravate the under-development by an increased impoverishment of the farmers accounting for 2/3 of the population, unable to buy the goods and services of the rest of the economy.

Clearly the increase in agricultural prices would be progressive and extend on a period of at least 5 years, in parallel with the rise in import protection. Above all, most ACP's consumers being farmers, they will benefit from higher agricultural prices. Even if a significant proportion of them have not much to sell, at least they will have an incentive to produce more.

It is urgent to trigger the reverse virtuous circle based on remunerative prices for farmers, which will allow them to invest to increase their yields and acreage. This will reduce their unit production costs and allow them eventually to make do with lower agricultural prices for the benefit of consumers.

There will be a difficult transition period of 5-10 years during which developed countries and international institutions will have to assist the poor consumers, including through the financing of programmes allowing them to go on buying the local basic staple products at the same price as before their increase.

One appropriate means would be interest-free loans for 30 or 40 years, from the International Development Association, subsidiary of the World Bank, with reimbursement postponed for 10 years.

This would be a key component of a kind of 'Marshall plan' for ACPs, of which ECOWAS, along with:
1) an infrastructures component to intensify internal trade,
2) a component on the research and extension of improved technologies to process local staple products in order to substitute to wheat and rice imports,
3) a component on the creation of non agricultural jobs to raise the purchasing power of the urban consumers, including through higher duties on textiles and clothing imports.

7) The necessity to introduce a 50% tariff band in the ECOWAS agricultural tariff

Given the obvious relation between the very low level of the WAEMU common external tariff (CET) and the jump in agricultural imports, ROPPA has shown the necessity to create a new tariff band at 50% in the future ECOWAS CET.

The more so as Nigeria (more than 50% of WA population) has an average applied tariff of 54% on food imports, much beyond the 13% in UEMOA (Gallezot). The WTO TPR has acknowledged that this high Nigeria tariff has fostered the recent rise in its agricultural GDP (WT/TPR/S/147, 2005).

Following the ECOWAS Decision of 12 January 2006 to align the ECOWAS CET on the WAEMU one, Nigeria has proposed to use a 50% tariff for many of its agricultural products in the transitory period up to end 2007 (list B).

Creating a tariff band at 50% is a minimal condition to implement the ECOWAP (ECOWAS agricultural policy) based on the food sovereignty principle. This band will also correct the erosion of WA preferential margins with the EU if the DR is finalized.

However, the transfer to the 50% band of most WAEMU basic staples will be implemented by steps according to the capacity of the regional production to react to demand at prices affordable to the poor population. As some WA countries are already doing it (Guinea, Niger and Senegal) the tariffs would be modulated according to the seasonal availability of products, and one should use "specific duties" more than *ad valorem* duties, as the EU is doing.

Even if the food products would be exempted from tariff cuts as they would enter in the 20% value of imports that WA could maintain vis-à-vis the EU, the problem would remain for non food products and services. However in order that consumers could sustain a minimal rise in local food prices, it is necessary to create non agricultural jobs, particularly in industries and services upstream and downstream the agricultural production, notably in the textile and clothing industries. Rather than going on exporting cotton at very low world prices and importing 95% of its clothes, WA would better process it locally owing to a minimal protection of its domestic market. However this seems impossible since the EU and US wants to cap DCs' industrial tariffs at 15%, which pleases clearly China.

8) ECOWAS duty free imports from the EU should be at most 50% of its imports from it

The GATT does not specify the minimal percentage of openness in a free-trade agreement and the EU Com- mission has said it might go from 67% to 83% according to African regions (Maerten, 2004). ROPPA has proposed a WA rate at 50% which would correspond to a global liberalised trade with the EU of 74.2% in 2003 and 72.1% in 2004 (see next slide).

But we can go farther as the share of LDCs in WA imports from the EU (30.3% in 2003, 31.3% in 2004) can be deducted from WA imports as exempted from opening (EBA). So that a WA opening (of the 3 non LDCs) at 50% would give a total EU-WA opening of 63.3% in 2003 and 61.7% in 2004. With a WA opening limited to 70%, the total EU-WA opening would have been of 68.9% in 2003 and 66.5% in 2004.

Trade between the EU and West Africa (WA)				
In $ 1000	Total trade with WA		Trade with WA's LDCs	
	2003	2004	2003	2004
Imports from the EU (1)	14 293 830	15 710 242	5 909 375	5 844 955
Exports to the EU (2)	13 092 715	12 448 774	2 398 990	2 915 338
Total trade (3)	27 286 545	28 159 016	8 308 365	8 760 293
LDCs' share			30.3%	31.1%
Scenarios of market openings				
			Share not opened*	
	2003	2004	2003	2004
1) WA's market opened at 81% of EU exports [81%x(1)] (4)	11 578 002	12 725 296	2 715 828	2 984 946
EU market opened at 100% (2)	13 092 715	12 448 774	0	0
Total liberalised trade (5)	24 670 717	25 174 070	2 715 828	2 984 946
% of total trade (5/3)	90,1%	89,4%	9,9%	10,6%
2) WA's market opened at 70% of EU exports [70%x(1)] (6)	10 005 681	10 997 169	4 288 149	4 713 073
EU market opened at 100% (2)	13 092 715	12 448 774	0	0
Total liberalised trade (7)	23 098 396	23 445 943	4 288 149	4 713 073
% of total trade (7/3)	84,3%	83,3%	15,7%	16,7%
3) Ouverture à 50% du marché de l'AdO [50%x(1)] (8)	7 146 915	7 855 121	7 046 915	7 855 121
EU market opened at 100% (2)	13 092 715	12 448 774	0	0
Total liberalised trade (9)	20 239 630	20 303 895	7 046 915	7 855 121
% of total trade (9/3)	74,2%	72,1%	25,8%	27,9%
EU-WA agricultural trade				
	Agricultural products		Food products	
	2003	2004	2003	2004
Imports from the EU	3 111 352	2 973 695	2 546 476	2 441 658
Exports to the EU	4 127 738	3 889 852	920 587	1 061 589
Total trade	7 239 090	6 863 547	3 467 063	3 502 747

* In this part of the table, the share non liberalized corresponds to the difference between (1) and (4) for 81%, (1) and (6) for 70% and (1) and (8) for 50%. Sources : J. Gallezot and J. Berthelot, ROPPA, April 2006.

9) Kenya shows that, with a good import protection, SSA can be self-sufficient in dairy products

Owing to a good tariff on imports of milk and cream (60%), even if it is of 25% on butter and cheese, Kenya has been able to develop its dairy sector at a good pace and is almost self-sufficient in dairy products and will become soon a net exporter: imports have dropped from 41 Mt (milk equivalent) in 2001 to 16 Mt in 2005 when exports have reached 10 Mt.

With 3.5 bn litres produced in 2005 from 3.5 M cows, dairy accounts for 3.5% of GDP and give a living to 2 M people, of which 625,000 small farmers and 2000 medium and large farms. On-farm consumption accounts for 45% of production and milk deliveries rose from

239 M l in 2004 to 357 M l in 2006, at 70% in the informal sector. With 90 l/capita (125 l in town, 45 l in milk farms, 19 l in other rural households), Kenya has by far the highest consumption level in SSA (average 25 l).

34 dairies process only 12% of the fresh milk sales in town as the price of non pasteurized milk is 20-50% cheaper.

Kenya's experience shows that WA Sahelian countries can get the same benefits with the possibility in the future to supply the large urban population of the Guinea Gulf, saving the first food import from the EU ($717 M in 2005).

For more detailed informations, consult Solidarité's website:
http://solidarité.asso.fr/home/Agriculture06.php
or send an e-mail to Jacques Berthelot: berthelot@ensat.fr

For an in-depth analysis of the EPA for WA, see J. Berthelot, "*David and Goliath, argument against the EPAs*", 19-12-06. You should consult the previous file "*The agricultural negotiations at the WTO: mechanisms and tricks*" in its word or pdf versions (33 pages) or ppt version (190 slides), with the following chapters:

Introduction: general points on the WTO
I – Origin and justifications of the liberalisation of agricultural policies
II – Analysis of the WTO's Agreement on Agriculture
III – The strategy of the main groups of WTO Members
IV – The Doha Round stalled negotiations since Hong-Kong
V – The mechanisms at work beyond Northern subsidies: the role of prices and supply management