



**The European Commission should stop boasting about
the EU agricultural trade surplus of 2013**

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The European Commission has just published its analysis of the EU agricultural trade in 2013 and, as usual, it boasts about its performance: "With agri-food exports reaching €120 billion in 2013, the EU28 became the world's number one exporter of agricultural and food products"¹. However, although it deals with agri-food trade, the Commission forgets to tell that its *food* trade remains in deficit, even if this deficit has considerably shrunk in 2013, at €2.8 billion, against an average of €16 billion from 2007 to 2013 (table 1). If the WTO defines food trade, in the SITC nomenclature, as the sum of classes 0 (food and live animals), 1 (beverages and tobacco), 22 (oilseeds) and 4 (animal and vegetable oils and fats and waxes), we retain only the classes 1, 11, 22 and 4 as tobacco (classe 12) is clearly not a food product.

Table 1 – Balance of the EU28 agricultural trade from 2007 to 2013

In euros million	2007	2008	2009	2010	2011	2012	2013	Average
Balance of trade in <i>agricultural products</i> according to the WTO Agreement on agriculture								
With extra-EU28	-7215	-10148	-5648	2927	3809	12144	19071	2134
With developed countries	19036	19168	17960	21747	22956	26417	26617	21986
With developing countries	-26251	-29316	-23608	-18820	-19148	-14273	-7546	-19852
Deficit in fish trade								
With extra-EU28	-13528	-13320	-12668	-14098	-15098	-14563	-15218	-14070
With developed countries	-4400	-4017	-4087	-4847	-4952	-5009	-5452	-4681
With developing countries	-9128	-9303	-8581	-9251	-10146	-9554	-9766	-9390
Balance of extra-EU28 <i>agricultural trade</i> without manufactured tobacco in 2013								
Surplus in manufactured tobacco							3413	
Total balance–manufactured tobacco							15658	
Balance of extra-EU28 <i>agricultural trade</i> without trade balance under inward processing (IP) in 2013								
Balance of trade under IP							6260	
" without IP manufactured tobacco							2040	
Balance without trade under IP							12811	
" without IP manufactured tobacco							14851	
Balance of <i>food trade</i> : SITC codes 0, 11, 22, 4								
With extra-EU28	-22280	-25930	-20984	-15519	-15803	-8420	-2816	-15966
With developed countries	12831	12796	11629	14411	15487	18877	18428	14923
With developing countries	-35119	-38726	-32613	-29929	-31290	-27297	-21244	-30888
Details of the balance of <i>food trade</i> with developing countries								
Trade in beverages	3414	3778	3571	5162	7160	8302	8126	5645
Trade in cereals and preparations	1401	3314	3717	5110	5096	4553	7012	4315
All agricultural trade less beverages	-38533	-42504	-36184	-35091	-38450	-35599	-29370	-36533

Source: Eurostat

¹ http://ec.europa.eu/agriculture/trade-analysis/map/2014-1_en.pdf

Manufactured tobacco is not an agricultural product either – the US exclude it from its list of agricultural products –, which reduces the EU surplus by €3.413 billion in 2013, at €15.658 billion.

In fact the agricultural exports were of only €110,6 billion as €9.445 Md€ of agri-food exports were made under the customs regime of inward processing (IP) – which exempts from duties the agricultural imports which would have had to pay them as long as they are reexported after processing – from €3.185 billion of imported agricultural products, depriving by as much the outlets of EU farmers². Admittedly the EU *agri-food* exports were of €120 billion but not the *agricultural* exports. Therefore, contrary to the Commission's assertion, the USA are still "*the world's number one exporter of agricultural and food products*", at €114 billion (see table 2 in the annex). The EU agricultural surplus was of only of €12.8 Md€ in 2013. Or, rather, as 60.2% of the EU surplus in manufactured tobacco trade was due to the IP regime, the EU surplus of agricultural trade without the surplus in tobacco trade under the IP regime was of €14.851 billion. Furthermore, the US agricultural surplus is about twice the EU surplus: €27.886 billion against €14.851 billion.

The main EU food deficit lies in fish and preparations, with -€15.2 billion in 2013 against an average of -€14.1 billion from 2007 to 2013. In fact the EU food deficit was close to €7 billion in 2013 if we deduct the balance of food trade under the IP regime since the balance of food trade under IP without tobacco was of €4.2 billion (Eurostat does not provide the trade data under the IP regime for the SITC nomenclature).

As usual the EU boasts of being the best WTO pupil as it is the first importer of agri-food products from DCs, and particularly from LDCs. Indeed, as the EU has a structural surplus with the developed countries – defined here as the OECD Western members (Australia, Canada, Japan, New-Zealand, Norway, Switzerland, USA) plus Russia –, of €26.6 billion on agricultural trade and €18,4 billion on food trade in 2013 (without deduction of trade under IP), the agricultural and food trade deficits with DCs were of respectively €7.5 billion and €21.2 billion. Without the EU surplus of €8.1 billion in beverages with DCs, its food deficit with them would have been of €29.4 billion. A fact which does not fit well with the EU claim that it contributes to feed the world hungry. The more so as the EU trade surplus in cereals with the DCs is lower by €1.1 billion than its surplus in beverages.

These EU export trade performances are largely due to its massive dumping which is still on-going although camouflaged under its allegedly decoupled Single Direct Payments, re-labelled Base Direct Payments from 1st January 2015 on. Thus in 2012 the subsidies to the extra-EU exports of cereals, meats and dairy products reached €4.9 billion, of which €750 million to ACP countries³, of which €374 million to West Africa (the 15 Member States of ECOWAS plus Mauritania)⁴.

These €374 million represent 2.3 times the annual amount of the €164.3 million programmed by the 11th European Development Fund for West Africa from 2014 to 2020. As the European Commission has refused to deal with the agricultural subsidies issue in the EPA

² Comme les calculs sur les échanges sous perfectionnement actif sont très longs, on s'est limité à 2013.

³ J. Berthelot, *Le dumping des céréales, viandes et produits laitiers de l'UE en 2012, notamment vers les pays ACP*, Solidarité, 5 mars 2014, http://www.solidarite.asso.fr/Articles-de-2014,684?debut_documents_joints=10#pagination_documents_joints

⁴ J. Berthelot, *Subventions de l'UE aux céréales, viandes et produits laitiers exportés en AO en 2013*, Solidarité, 21 juin 2014, http://www.solidarite.asso.fr/Articles-de-2014,684#pagination_documents_joints

(Economic Partnership Agreement) text, arguing that this issue can only be dealt with at the WTO, ECOWAS would not be able to sue the EU on dumping grounds at the level of the EU-West Africa consultative bodies, and ECOWAS would not be able either to sue the EU at the WTO as it is not a WTO Member.

Table 2 – Balances of the US trade in agricultural products in 2013

\$ million	Exports	Imports	Balance
1-Live animals	1018.1	2666.5	-1648.4
2-Meats	16272.3	6022.4	10249.9
3-Fish	5128	14714.6	-9586.6
4-Dairy produce	5775.1	2299.3	3475.8
5-Products of animal origin	1021.7	1015	6.7
6-Live trees and other plants	417.5	1915.6	-1498.1
7-Vegetables	4393.6	8774.5	-4380.9
8-Fruits	14537.6	12492.6	2045
9- Coffee, tea, spices	1182.9	7196.6	-6013.7
10-Cereals	20325.2	4382.4	15942.8
11-Milling products	912.5	1503.1	-590.6
12-Oilseeds	26852.9	3061.5	23791.4
13-Lac, gums, resins	618.1	2761.7	-2143.6
14-Vegetable plaiting materials	55.7	88.1	-32.4
15-Animal and vegetable fats and oils	3793.4	6120.6	-2327.2
16-Preparations of meats and fish	2226.2	4736.4	-2510.2
17-Sugars and sugar confectionery	2470.1	3999.3	-1529.2
18-Cocoa and cocoa preparations	1869.5	4267.9	-2398.4
19-Preparations of cereals	4184.4	5669.5	-1485.1
20-Preparations of vegetables, fruit	5083.8	7313.8	-2230
21-Miscellaneous edible preparations	8043.1	4319.1	3724
22-Beverages	6965.2	21248.7	-14283.5
23-Residues, oilseeds meals	11704.5	2908.6	8795.9
24-Tobacco	1870.6	2219.4	-348.8
Total classes 1 to 24	146722	131697.2	15024.8
Codes outside chapters 1-24 :			
290543 mannitol	18.1	29	-10.9
290544 sorbitol	46.5	15.7	30.8
3301 essential oils	503.2	751.9	-248.7
3502 albuminoidal substances, modified starches	297.4	76.3	221.1
3503 "	164.9	347.1	-182.2
3504 "	450.5	182.4	268.1
3505 "	425.8	147.5	278.3
380910 finishing agents	12.3	0.5	11.8
4101 hides and skins	2317.3	51.7	2265.6
4102 "	23.9	0.9	23
4103 "	178.2	2	176.2
4301 raw furskins	613.5	232.9	380.6
5001 raw silk and silk waste	0.3	0	0.3
5002 "	1.9	0.3	1.6
5003 "	0.3	0.2	0.1
5101 wool and animal hair	20.5	24.6	-4.1
5102 "	4.5	3.9	0.6
5103 "	1.2	1.2	0
5201 cotton	5589.3	6.8	5582.5
5202 cotton carded or combed	23.3	14.7	8.6
5203 cotton waste	83.7	0.6	83.1
5301 raw flax	1.2	17.2	-16
5302 raw hemp	0.1	0.1	0
Total extra 1-24 classes	10777.9	1907.5	8870.4
Total 1-24 + extra 1-24 classes	157500	133604.7	23895.3
Fish and preparations	5632.9	18773.4	-13140.5
Total agricultural products (-fish and preparations)	151867.1	114831.3	37035.8
Manufactured tobacco	653.9	1207.4	-553.5
All agricultural products agricoles – manufactured tobacco	151213.2	113623.9	37589.3
Total agricultural products (-fish&prep.): M€ (1 € = 1,3281 \$)	114349.1	86462.8	27886.3

Source : Comtrade