GSP duties Ivory Coast, Ghana and Nigeria would have to pay on their exports to the EU if the regional EPA is not ratified

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OUTLINE

The approval on 10 July 2014 in Accra by the West Africa (WA)'s Heads of State of the regional Economic Partnership Agreement (EPA) initialed on 30 June by their Chief Negotiators does not guarantee that the EPA will eventually be ratified, on the one hand by the EU Council of Ministers after the approval of the European Parliament – and of the 28 national parliaments if the EPA is considered as an agreement of a mixed competence and not a simple trade agreement managed only at the Community level – and, on the other hand, by the WA Heads of State after the approval of their 16 national parliaments.

Indeed such a ratification would be a disaster for WA as for the EU and the approval of the WA Heads of State as of the EU Authorities stems from a very biased appraisal of the real risks for the WA economies.

Without repeating the arguments previously presented on the good reasons not to sign the EPA, we will focus on the assessment of import duties (ID) that exporters of Ivory Coast (IC), Ghana and Nigeria would have to pay to continue exporting to the EU at the same level as in 2013 if the regional EPA is not ratified. They are indeed these three WA non-LDC Member States which would have to export under the customs regime of the EU GSP (Generalised System of Preferences), which is already the case of Nigeria since 2008 as it refused to sign an interim EPA as did the IC and Ghana. On the other hand, if Cape Verde is no longer an LDC since 2008, it enjoys the EU GSP+ status which gives almost the same level of trade preferences as the EPA, exporting to the EU at zero duty, except for EU "sensitive" products which are mainly temperate agricultural products (meat, dairy, sugar, grains) and textile-clothing-linen products that do not compete actually with WA exports.

Let us emphasize incidentally that Nigeria could get the GSP+ status if the same exemption on the criterion of population ceiling that had played for Bangladesh was accepted, as Nigeria recognized on 29 July 2009 the Genocide Convention – the only one of the 27 international agreements on human and social rights it did not sign yet – but it did after the EU established its list of countries benefiting from GSP+, based on 2008 data. It seems that one of the reasons why IC and Ghana have not ratified or complied with all the 27 conventions is related to the importance of child labor in cocoa plantations, not only the children of the planters themselves but also the trafficking of children from the Sahelian countries (Burkina Faso and Mali). This is a complex subject, largely related to the low incomes of farmers due to low yields and farm prices despite favorable world prices in recent years. It is clear that IC and Ghana should do their best to qualify for GSP+, in the interest of all WA Member States.

One must emphasize the moral contradiction between the fact that the EU conditions the GSP+ to the respect of human rights while it puts not such constraint for its bilateral free trade agreements (FTAs), assuming that free trade leads ipso facto to their compliance or, more truly, that the EU does not care as long as it is gaining market share! No matter that Honduras has the highest homicide rate in the world and that 115 small farmers were murdered and 3050 persecuted from 2010 to 2012 to defend their land rights – including Rafaele Alegria, a former president of Via Campesina –, since Honduras' participation in the FTA with the EU in December 2012 allows it to export duty-free all products (but EU sensitive products are subject to tariff quotas).

The evaluation of GSP duties that IC, Ghana and Nigeria should pay to maintain their exports to the EU at the same value level as in 2013 will be made in conjunction with a comparison of the price competitiveness of their products with those of their main competitors in the EU market. For some products we will also pay attention to the other regional EPAs particularly SADC which was also initialed in July. By lack of data on the international markets of non-agricultural products the comparison is limited to the main agricultural and fish products exported to the EU.

1) The GSP duties on IC, Ghana and Nigeria's exports of non-agricultural products in 2013

We calculated the GSP duties on their non-agricultural exports to the EU, those covered by the chapters 25 to 99 of the Harmonised System nomenclature of trade, given that most agricultural and fish products are covered by chapters 1 to 24.

Table 1 – EU GSP duties on imports of non-agricultural products from Ivory Coast, Ghana and Nigeria in 2013

Euros	Ivory Coast			Ghana			Nigeria		
	Imports	Duties	Duty rate	Imports	Duties	Duty rate	Imports	Duties	Duty rate
25	29430	0	0	55144	0	0	18151	0	0
26	752219	0	0	13811914	0	0	25234982	0	0
27	570438279	1577365	0, 27%	1896115008	161	#0	27741427392	3545893	0, 01%
31	6900	0	0		0	0	13462083	869019	
33	1768507	0	0	356827	0	0	141361	0	0
34	86746	0	0	315857	0	0	479266	0	0
40	325916323	0	0	26839692	0	0	72342673	0	0
41	1621931	32384	2%	12227	0	0	168121821	1215176	6,5%
44	86271237	13641	0,016%	35336126	1978	0,00006%	32040460	0	0
52	16100555	377	0,0002%	1440560	693	0,0048%	4376750	150233	0,7%
53	42713	0	0	673	26	3,9%	65	4	6,2%
55				1515	97	6,4%	5510273	176337	3,2%
61	23650	2270	9,6%	15594	1497	9,6%	66024	6338	9,6%
63	193323	18147	9,4%	12013	888	7,4%	189246	9945	5,3%
71	1945653	0	0	16208177	0	0	21365563	0	0
72	194925	0	0	99837	0	0	3033973	0	0
73	198906	0	0	621079	0	0	1792946	0	0
74	10202685	0	0	27607308	0	0	52300025	0	0
76	23185	366	1,6%	40036363	1186909	3%	7000532	211257	3%
78	1331042	0	0	6885484	0	0	7387711	24388	3,3%
84	4068457	0	0	11507646	0	0	47411690	0	0
85	1733134	0	0	3632251	0	0	12178069	0	0
89	10578	0	0	29627914	0	0	80434	0	0
99	1649796	0	0	4608025	0	0	18383778	0	0
Ss-total	1024610174	1644556	0,16%	2115146561	1192088	0,06%	28234345203	6208590	0,002%
25-99	1029507646			2123012478			28249262953		
%ss-tota	99,5%			99,6%			99,9%		

Source: Eurostat and TARIC

Lacking the time to identify the SPG duty of each of the 28,329 tariff lines to 10 or more digits in the Eurostat trade data base[1] and the TARIC (Integrated Community Tariff) data base[2] we concentrate on 23 chapters among the chapters 25 to 99 of non-agricultural products for which exports to the EU of IC, Ghana and Nigeria were the largest in 2013. Happily these 23 chapters represented nevertheless 99.9% of the value of all the chapters 25-99. Table 1 shows that the SPG duties were very low for these non-agricultural products: €9.045 billion, of which €1.645 million for IC, €1.192 M for Ghana and €6,209 M for Nigeria, at an average rate of 0.03%. Indeed most imports concern raw materials imported duty free, of which fuels and minerals, but also cotton (chapter 52) and rubber (chapter 40), two agricultural products not included in the 1-24 chapters, the most taxed goods being textiles and apparels. Therefore adopting the GSP regime instead of the EPA would not be a big threat to WA exports of non-agricultural products.

However, things are different for exports of chapters 1-24 covering agricultural products and fish. We will present them in the descending order of duties, generally in relation to the importance of their export values. They are also products on which there is a severe global competition.

2) Competitiveness and GSP duties on WA's cocoa products exported to the EU

Table 2 shows that 94.4% of cocoa beans imported into the EU in 2013 were from ACP countries, of which 78% from WA, covering 40.3% from IC, 23.8% from Ghana and 11.6% from Nigeria, and 11.7% from Cameroon. This country is much more competitive than IC, Ghana and Nigeria which are nevertheless more competitive than the Andean countries (Ecuador and Peru) whose production levels are also significantly lower. Cocoa beans are imported duty free in the EU from all countries. So that not ratifying the regional EPA would not affect the competitiveness of WA and Cameroon cocoa beans.

On the other hand Cameroon is less competitive than WA for cocoa paste but the percentage of cocoa paste exports relatively to cocoa bean exports is also much lower than in WA (6.2% against 25.3%). On cocoa paste Indonesia is much more competitive than WA but its exports account for only 5% of those of WA.

Table 2 – Volumes, values and CIF prices of EU imports of cocoa products in 2013

	Cocoa beans			Cocoa paste		Cocoa butter		Cocoa powder*		Other chocolate	
	Tonnes	€1,000	CIF price/t	Tonnes	CIF price/t	Tonnes	CIF price/t	Tonnes	CIF price/t	Tonnes	CIF price/t
Extra-EU	1337151	2642362	1976,1	302368	2327	206760	3000	53052	2532,2	119405	4499,4
7 EPAs	1261725	2490558	1973,9	272947	2304,7	125987	2961,3	36406	2427,7	3751	2949,6
West Africa	1042896	2074838	1989,5	263770	2300,1	115550	2972,7	36346	2426	3287	2448,3
Ivory Coast	539251	1065250	1975,4	197189	2348,1	60516	2981,2	19813	2313,6	3212	2472,8
Ghana	318815	266456	2072	55010	2291,5	37562	2841,8	42	2061,8	56,7	1686,4
Nigeria	155637	295806	1900,6	11571	1523,2	17473	3224,6	1,5	3215,3	16,7	3382,6
Togo	10348	19246	1860								
Sierra Leone	8633	15795	1829,6								
Liberia	6210	11378	1832,4								
Guinea	3903	6594	1689,5								
CEMAC	155884	282632	1813,1	9176	2437,3	9856	2823	49,7	1879,7	5,1	2189,9
Cameroon	147414	266456	1807,5	9176	2436,1	9856	2823	49,7	1879,7	1,4	2997,1
EAC	16334	32723	1961,7							238	4816,2
Uganda	11989	22730	1896								
Kenya	197	350	1783							238	4816,1
Indonesia	823	2389	2902,9	13197	1826,5	16847	2813,8	6319	2157,2	5	6332,9
Andean FTA	59484	126126	2120,3	3407	2280,1	9121	2883,4	2930	3109	240	5203,9
" Ecuador	33979	71875	2115,3	2324	2439,5	2737	3138	75	4363,3	38,4	13589,2
" Peru	22356	48038	2148,7	1059	1906,3	5088	2804,6	104	4916,5	10	7475,9
USA				761	5290,7	31	4991,7			7845	5134

Source: Eurostat; * unsweetened powder

[1] http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database
[2] http://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?Lang=fr; http://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=OJ:C:2011:137:FULL&from=FR

Table 3 presents the duties that IC, Ghana and Nigeria's exports of cocoa products would have paid in 2013 if they were made under the GSP (which was the case of Nigeria), which would be the case if the regional EPA is not ratified. These three countries have exported to the EU €3.070 billion (bn), of which €1.762 bn for IC, €937 million (M) for Ghana and €370 M for Nigeria. And they would have had to pay €54.934 M, of which €38.105 M for IC, €13.377 M for Ghana and €3,442 M for Nigeria. Given the importance of the beans that are not taxed, the average GSP duty rate was 1.79%, of which 2.16% for IC, 1.43% for Ghana and 0.93% for Nigeria. When the duties are mixed, combining an ad valorem duty and a specific duty in x € per tonne (t), we converted the specific duty in an ad valorem equivalent based on the CIF price at the EU border.

Table 3 – GSP duties on exports to the EU of cocoa products of Ivory Coast, Ghana and Nigeia in 2013

Euros	Côte d'Ivoire			Ghana			Nigeria		
Product code	CIF value	GSP rate	GSP value	CIF value	GSP rate	GSP value	CIF value	GSP rate	GSP value
18010000	1065249687	0		660595255	0		295805771	0	
18020000	242574	0		1258526	0		3251	0	
18031000	389328025	6,10	23749010	112769398	6,10	6878933	39625	6,10	2417
18032000	73684537	6,10	4494757	13288926	6,10	810624	17585972	6,10	1072744
18040000	180408284	4,20	7577148	106743785	4,20	4483239	56341325	4,20	2366336
18050000	45839781	2,80	1283514	42332244	2,80	1185303	4823	2,80	135
18061015	2733226	2,80	76530	2128	2,80	60	3991	2,80	112
18061020	915286	2,80+252€/t	120632	1177	2,80+252€/t	285			
18061030				59622	4,50+314€/t	11820	18	4,50+314€/t	315
18061090				23668	4,50+419€/t	4836	844	4,50+419€/t	122
18062010	3973364	4,80max18,70	743019						
18062095	321120	4,80max18,70	60049						
18063100				4103	4,80max18,70	767			
18063290				136	4,80max18,70	25			
18069039							56	4,80max18,70	10
18069070				4646	4,80max18,70	869	641	4,80max18,70	120
18069090				141	4,80max18,70	26	99	4,80max18,70	19
Total	1762695884	2,16%	38104659	937083755	1,43%	13376787	369786416	0,93%	3442330

Source: Eurostat and TARIC

3) Competitiveness and GSP duties on West Africa's fish products exported to the EU

Table 3 shows that ACP countries in an EPA configuration accounted in 2013 for 10.9% of the EU28 imports in volume of fish and shellfish preparations and 11.3% in value. Table 4 details the imports of canned tuna which accounted for 57.8% of the tonnage of fish preparations.

WA tops the EPA suppliers by volume but it is COMESA which leads in value – because of canned tuna from Mauritius and Seychelles –, SADC is in 3rd position in terms of volume and value, the Pacific in 4th position and then the East African Community (EAC). COMESA has the highest CIF prices as 84% of its exports are preparations.

WA is relatively price competitive for frozen fish, except vis-à-vis the non-ACPs of Central America and the Andean countries – the more so as they export duty free to the EU – but IC remains competitive with them for frozen tuna.

For canned tuna to the contrary Thailand – the world's largest exporter – is much more competitive, and the Philippines as well. For canned tuna the MFN tariff is at 24%, the GSP at 20.50% while the GSP+ is duty free. The Philippines pay the GSP tariff but Thailand is no longer eligible to the GSP since 2014. However these statuses might not last too long as the EU has been negotiating an FTA with Thailand since March 2013 and has a framework of partnership and cooperation agreement with the Philippines since January 2011, although it has not yet resulted in FTA negotiations. If FTAs are actually signed with these two countries or if they get the GSP+ status they will be ultra-competitive with ACPs, including of WA on canned tuna. If the WA regional EPA is not ratified even IC would no longer be competitive for frozen tuna with non-ACP Central America which export duty free given their FTA with the EU. Indeed SPG duties on frozen tuna are at 18.50%

(against 22% for MFN duties) which would increase the CIF price at the EU border from €1,889 per t to €2,238, implying to pay €1.072 M in duties for IC and €661,930 for Ghana. On the other hand the GSP duties are at 20.50% for canned tuna (against 24% for MFN duties) which would raise the CIF price, duty paid, at the EU border from €4,574 per t to €5,512, which would no longer be competitive with the €4,719 of Ecuador which will export duty free to the EU after its initialed FTA of July 17, 2014. This will force IC exporters to pay €31.650 M to the EU in duties and Ghana exporters to pay €22.289 M.

Table 4 – Volumes and EU CIF prices of fish and preparations imports in 2013 according to origins

	Fish+shellfish+preparations			Frozen fish		Fresh & frozen filets		Shellfish+molluscs		Preparations	
	Tonnes	€1000	CIF price	tonnes	CIF price	tonnes	CIF price	tonnes	CIF price	tonnes	CIF price
Extra-EU	4955238	19236099	3882	718855	2171	1317557	3410	1001393	4418	891650	4742
7 EPAs	497085	2172278	4370	91004	2609	98104	3998	62917	5731	220838	4806
West Africa	144846	621931	4294	33059	2362	3947	6018	34470	4713	62861	4614
SADC	122406	461193	3768	31302	2952	65622	3712	11048	6278	4416	4605
Pacific	38056	165891	4359	4879	2379	147	5620	26	11366	32944	4630
COMESA	141232	706760	5004	10986	2431	1643	6001	9435	8539	118585	4937
EAC	35721	152954	4282	3102	3124	26219	4265	1724	4368	2024	6366
Carribean	14822	63450	4281	7675	2465	527	4374	6215	6500	9	4534
USA	226641	776347	3425	48596	2905	138968	2288	21947	8563	14464	7890
Canada	58754	376182	6403	2843	2960	3135	3801	15255	8653	32395	6498
Andes FTA	322345	1368334	4245	9938	2269	10148	3013	154936	4075	145103	4616
Centr Am. FTA	66463	303370	4564	23291	2069	408	3472	22169	6099	20591	5755

Source: Eurostat

Table 5 – Competitiveness of tuna and canned tuna of ACPs on the EU market in 2013

	Frozen tuna			Cann ed tuna		
	Tonnes	€1000	CIF price	Tonnes	€1000	CIF price
Extra-EU	175052	47783	2558	515744	2342708	4542,4
7 EPAs	45366	104674	2857,5	213461	1024909	4801,4
West Africa	20852	40651	1949,5	59912	274011	4573,9
" Ivory Coast	3068	5795	1888,9	34130	154391	4523,6
" Ghana	1524	3578	2413,7	23637	108726	4600
" Senegal	7234	14575	2014,7	1792	7930	4425,6
SADC	3819	9206	2410,7	0	0	0
Pacific	4972	12088	2431,3	32943	152543	4630,5
Papua New Guinea	4534	10920	2408,7	28589	127591	4462,9
COMESA	12060	33569	2783,5	118582	585475	4937,3
" Mauritius	3347	12410	3707,8	58149	277360	4769,8
" Seychelles	8672	20931	2413,7	51373	265405	5166,2
EAC	0	0	0	2024	12881	6365,5
Carribean	3663	9160	2500,6	0	0	0
Andes FTA	5664	19235	3396	135583	641107	4728,5
" Ecuador	5587	18972	3395,7	119964	566111	4719
Central America FTA	21781	43225	1984,7	18343	100602	5484,6
Thailand	3380	13523	4001	70777	281556	3978,1
South Korea	4717	24707	5238,1	6,2	56,4	9092,4
Philippines	16848	41830	2482,8	33347	119825	3593,2
United States	3551	7854	2211,6			

Source: Eurostat

But we must qualify this analysis because it is difficult to compare the price competitiveness of different countries on the EU market without knowing the different qualities of fish and shellfish exported and we can only make assumptions at the level of aggregation presented here. At first glance it does not appear that the finalization of CETA (with Canada) and TAFTA (with the USA) is a strong risk of competition for frozen fish, shellfish and preparations since the average prices are significantly higher in Canada and USA. On the other hand the EU CIF prices of fish fillets imported from the USA is 38% lower than those of imports from SADC, although this could be explained by differences in quality. Competitiveness losses will also be linked to differences in duties, which for fillets range from 2% to 18% ad valorem according to the type of fish and if they are that fresh or frozen fillets. The loss of competitiveness of SADC through the abolition of duties on EU imports of fish fillets from the USA if the TTIP is signed would not be negligible, since fillets represented in 2013 53.6% of the volume and 52.8% of the value (€244 M) of SADC fish and preparations exported to the EU. There could also be losses of market share for SADC in frozen fish as the EU CIF prices are very close to the prices of those imported from Canada and the USA.

Table 6 – GSP duties on Ivory Coast, Ghana and Nigeria' exports of fish and shellfish to the EU in 2013

Euros	Ivory Coast			Ghana			Nigeria		
Product code	CIF value	GSP rate	GSP value	CIF value	GSP rate	GSP value	CIF value	GSP rate	GSP value
Fish and shellfish									
03021400							103494	0	
03023290							194856	18,50	19146
03025990	14281	5,20	743						
03028590	9956	5,20	518						
03028990	368153	5,20	19144	1049	5,20	55			
03033985							7688	2,60	200
03034212	1468093	0		2155844	0				
03034218	318454			84478					
03034290				161489	18,5	29875			
03034310	2019014	0		736374	0				
03034390				195443	18,50	36157			
03034410	310436	0							
03034490	1526796	18,50	282457	189464	18,50	35051			
03038190				1279	2,80	36			
03038965				55186	11,50	6346			
03038970				1539	5,20	80			
03038990	8613	5,20	448	73902	5,20	3843			
03039090	111956	3,50	3918	9405	3,50	329			
03044500	31069	14,50	4505						
03044990	245454	14,50	35590						
03048390							636200	7,90	50260
03048400	96367	7,90	7613						
03048700	152055	14,50	2205	154666	14,50	2243			
03048990				2142	7,90	169			
03049999				697978	2,60	18147			
03051000				796	9,50	76			
03054490				3396	10,50	357			
03054980				24051	10,50	2525			
03055980				49370	8,50	4196			
03056400				440	8,50	37			
03061190	110859	4,30	4767						
03061490				106154	2,60	2760	337736	2,60	8781
03061791							515247	4,20	21640
03061792	38602	4,20	1621				35840984	4,20	1505321
03061799	106726	4,20	4482				1263681	4,20	53075
03061910							129	2,60	3
03061990	1234	4,20	52						
03062480							10240	2,60	266
03062690							418	4,20	18
03062710				473	7	33			
03062791							1854	4,20	78
03062799							66370	4,20	2788
03062990				66	4,20	3	14050	4,20	590
03074110	416	2,80	17						
03074909				89841	2,10	1887			
03074911				28403	2,80	795			
03074918	689274	2,80	19300	1863786	2,80	52186	11805	2,80	331
03075910	20310	2,80	5749	3420300	2,80	95768			
03076090				9243	0		61486	0	
03079100				2839	2,50	71			
03079917				31624	3,80	1202			
03089010				4426	3,80	168			
Sous-total	7648118	5,14%	393129	10155446	2,90%	294395	39066238	4,26%	1662497
Canned fish and shellfish									
16041100				50	2	1			
16041411	58057337	2	1161147	23920726	2	478415			
16041416	3572335	20,50	732329	10716158	20,50	2196812			
16041418	89030756	20,50	18251305	73689490	20,50	15106345			
16041939							32	20,50	6
16042070	3730879	20,50	764830	399800	2050	81959			
16042090							184	20,50	38
16054000	37	7	3						
Sous-total	154391344	13,54%	20909614	108726174	16,43%	17863531	216	20,37%	44
TOTAL	162039462	13,15%	21302743	118881620	15,27%	18157926	39066454	4,26%	1662541

Source: Eurostat and TARIC

But SADC and WA should especially fear the competition of the Andean countries and non-ACP Central America given that there CIF prices at the EU border are significantly lower for frozen fish and fillets, as well as for shellfish of Andean countries, even more so since the entry into force of their FTAs with the EU in mid-2013 allow them to export duty free to the EU, an FTA extended to Ecuador after its Association Agreement with the EU of 17 July 2014, although it could already export duty free under its GSP+ status. A highly significant advantage given that MFN duties range from 2% to 15% on average for frozen fish and from 2% to 18% for fillets (18% for tuna) fish.

Table 6 shows the detailed duties that the three WA non-LDCs would have to pay under the GSP based on their fish exports to the EU in 2013 if the regional EPA is not ratified. For Nigeria they correspond to the duties already paid in 2013 as it did not sign an interim EPA as the IC and Ghana. And although Cape Verde is no longer an LDC its GSP+ allows it to export duty free.

We see that the duties to be paid are much higher for canned fish than for fresh or frozen fish and shellfish, which is due partly to the fact that the value of processed products is 5.6 times higher for all 3 countries than that of unprocessed products but also to the fact that the duty rate is much higher for processed products. In total €41.1 M of GSP duties would have to be paid for the three WA non-LDCs if the regional EPA is not ratified, of which €21.3 M for IC, €18.2 M for Ghana and €1.7 M for Nigeria.

4) Competitiveness and GSP duties on West Africa's bananas exported to the EU

Since there are no specific GSP duties for bananas which are subject to MFN duties of €132 per t (€/t) for fresh or plantain bananas, it is a total of €39.280 M that IC and Ghana would have to pay on their bananas exports to the EU (Nigeria does not export) if the regional EPA is not ratified, of which €33.354 M for IC and €5.926 M for Ghana. This would raise their duty paid CIF prices at 756 €/t for IC and 812 €/t for Ghana.

Table 7 – GSP duties on Ivory Coast's and Ghana's exports of bananas to the EU in 2013

	Ivory Coast				Ghana			
Product	Tonnes	Value	CIF price	GSP duties	Tonnes	Value	CIF price	GSP duties
Fresh bananas	252634	157701136	624,2	33347688	42612,2	30318875	711,5	5624810
Fresh plantains	53	7045	1329,2	6698	2281	224586	984,6	301092
Total	252687	157708181	624,1	33354386	44893	30543461	680,4	5925902

Source: Eurostat

Table 7 shows that the EU duty paid prices of bananas imported from IC and Ghana would be even less competitive than they are not already, despite they are exported duty free, particularly in relation to non-ACP Central America and Ecuador. Moreover despite duty free exports to the EU with significant aid granted by the EU to ACP producers to offset the reduction in duties levied on exports of "banana-dollar" after the Agreement concluded at the WTO in late 2008, the ACP exports to the EU increased by only 3.4% from 2010 to 2013 against 6.4% for "dollar bananas" of non ACP Latin America.

The more so as the FTAs initialed with the dollar-bananas countries in late 2012 (and on 17 July 2014 with Ecuador) will further lower their duties from 114 €/t in 2014 to 75 €/t in January 2019. And, if the ACP countries received some compensatory aid from the EU after the WTO agreement of 2008, there was no additional compensation after the FTAs of December 2012.

Table 8 – Price-competitiveness of fresh bananas imported by the EU in 2013

	EU	7 EPAs	WA	Cameroon	Cariforum	Central Am.	Colombia	Ecuador	Brazil
Tonnes	4830147	1060542	295246	250014	514601	1077296	11591094	1320976	42712
€1000	2958384	685646	188020	174975	322106	643246	754196	740521	22549
EU CIF price	612,5	646,5	636,8	699,9	625,9	597,1	650,7	560,6	527,9

Source: Eurostat

Moreover, the erosion of preferences for ACP bananas is threatened by potential entrants given the on-going negotiations for other FTAs with Mercosur (Brazil), India and possibly the Philippines. Brazil wants a tariff quota at reduced duties of 200,000 t while India, the largest world producer of bananas with 30 Mt, has begun to organize for exports. And negotiations are considered for a free trade agreement with the Philippines, the second largest expo rter with 2.6 Mt in 2012, but with only 700 t exported to the EU in 2013.

In other words should we sacrifice an artificial temporary extension of the competitiveness of ACP bananas, particularly of WA, by compensating its exporters for the €39 M of duties they will pay to the EU, even though the loss of WA customs revenue will be infinitely larger to all the duties which will need to be compensated to continue to export the same all products? Would it not be better to divert a good part of the well-watered land devoted to bananas to the production of rice which annual deficit has risen by 7.2% in IC and by 7.1% in WA from 2000 to 2011? Provided one raises the present 10% level of the ECOWAS CET (common external tariff) on rice, which is one of the lowest in the world[3]. Moreover a minimal banana production is necessary for the regional market which will grow in line with the population and which could already replace the 34,500 tonnes imported in WA in 2011.

5) Competitiveness and GSP duties on West Africa's coffee products exported to the EU

Table 9 compares the price-competitiveness of coffee exports to the EU in 2013 from ACP countries involved in EPAs. At first glance WA is very competitive but the weakness of the table is that it does not differentiate between the qualities of coffee, especially between robusta, predominant in WA, and arabica, whose prices have been higher by approximately 50%. However, a comparison is possible with Vietnam – which has become the largest coffee exporter worldwide ahead of Brazil –, which exports mainly robusta, showing that the WA is competitive, despite much lower yields, due to aging plantations.

Table 9 – Volumes and CIF prices of coffee products imported by EU in 2013 according to origins

	Neither roasted nor decaffeinated			Decaffeinated non roasted		Roasted non decaffeinated		Roasted and decaffeinated	
	Tonnes	€1000	CIF price	Tonnes	CIF price	Tonnes	CIF price	Tonnes	CIF price
Extra-EU	2806565	6031898	2149,2	6210	2430,1	41193	2973,6	4016	3419,5
7 EPAS	389862	841129	2157,5	11,1	4565,8	147	7675	1,4	2113
West Africa	36033	58789	1631,5			13,3			
CEMAC	25884	44700	1726,9	1,2	405,8	0,5	8946		
Andes FTA	281199	740534	2633,5	365,5	2719,4	111	7393,4	3,1	6810,3
Centr Am.FTA	279606	755140	2700,7	7,4	2684,2	74	8217,1	2,7	6034,4
Mercosur	803846	1824104	2269,2	89	2693,7	245	4856,5	2,9	11441,3
Vietnam	658390	1082975	1644,9	4358	1939,1	75	4130,6	1,4	3815
Indonesia	166883	292731	1754,1			1,2	2408,4		

Source: Eurostat

Table 10 shows that Ghana and Nigeria would have had virtually no duty to pay (only €2 for Ghana!) for their exports of 1,339 tonnes of coffee (of which 1,302 t for Ghana and 37 t for Nigeria) and €2.128 million (of which €2.064 million for Ghana and €64,434 for Nigeria) since almost all their exports were of green coffee, not taxed. On the other hand, of the 24,400 t exported by IC for €54.653 million, the 2,239 tonnes of coffee extracts sold at €19.034 million would have paid €590,115 under the GSP regime. So it is only IC which would suffer, at a modest level, if the regional EPA is not ratified.

[3] J. Berthelot, *Pour une meilleure protection du riz de la CEDEAO*, Niamey, 14 juin 2014, http://www.solidarite.asso.fr/Articles-de-2014,684?debut_documents_joints=10#pagination_documents_joints

Table 10 – GSP duties on coffee products of Ivory Coast, Ghana and Nigeria exported to the EU in 2013

Euros	Ivory Coast			Ghana			Nigeria		
Product code	CIF value	GSP rate	GSP value	CIF value	GSP rate	GSP value	CIF value	GSP rate	GSP value
09011100	35613481	0		2064419	0		64434	0	
09012100	1305	2,60	34						
09019090	3933	8	315						
21011100	19032728	3,10	590015				44		1
21011292	850	8	68	26	8	2			
21011298	580	5,50	32						
Total	54652877		590464	2064445		2	64478		0

Source: Eurostat and TARIC

6) Competitiveness and GSP duties of West Africa's pineapples & mangoes exported to EU

Table 11 shows that, over the 854,125 tonnes of pineapples imported by the EU in 2013, 69,245 t came from ACP countries, of which 25,564 t from Ghana and 31,426 t from Ghana. However WA is not price competitive (especially Ghana) with the non-ACP countries of Central America from which came 87% of EU imports, and they will become even less once their FTA with the EU will be fully implemented in 2014, as they can export duty-free. Indeed, if we judge the competitiveness based on EU CIF prices in 2013, they were of 816 €/t for WA against 615 €/t for non-ACP Central America and 533 €/t for Andean countries (where Ecuador joined Colombia and Peru). IC stands out in WA by a better competitiveness with CIF EU price of 627 €/t. If WA does not ratify the regional EPA IC and Ghana will have to pay a GSP ad valorem duty of 2.30% (instead of 5.80% for MFN duty), for a total of €368,805 for IC and €698,280 for Ghana.

However, these conclusions ignore the fact that Eurostat does not distinguish between the pineapple exported by sea or by air, of better quality as picked shortly before maturity.

Table 11 – Price-competitiveness of West Africa's pineapples in 2013

	Extra-EU28	ACPs	West Africa	Ivory Coast	Ghana	Central Amer.	Costa Rica	Panama	Andes
Tonnes	854125	69245	61032	25564	31426	742787	704624	35616	39812
€1000	542315	60339	49804	16035	30360	456839	434682	20538	21200
CIF price €/t	635	871	816	627	966	615	615	577	533

Source: Eurostat

Table 12 shows that out of the 260,846 t of mangoes imported by the EU in 2013, 46,514 t came from ACP countries, of which 35,888 t from WA, particularly from IC (16,553 t), at an average EU CIF price of 1439 €/t for WA, a non-competitive price compared with the 1,237 €/t of Andean countries which exported 89,118 t, although IC is an exception, with the most competitive price of 1,014 €/t. As mangoes are imported duty free from all countries the non-ratification of the regional EPA would not change that competitiveness.

Table 12 – Price-competitiveness of West Africa's mangoes in 2013

	Extra-EU	Mercosur	Andes	ACPs	West Africa	Ivory Coast	Ghana	Senegal	Mali	Burkina	Pakistan
Tonnes	260846	90188	72118	46514	35888	16553	1627	8267	4802	2933	12295
1000 €	958206	123575	891182	363721	51647	16783	8901	10507	6578	6467	19625
Prix CAF/t	1394	1370	1237	1492	1439	1014	5470	1271	1370	2205	1596

Source: Eurostat

7) Competitiveness and GSP duties on West Africa's vegetable oils exported to the EU

ACP countries negotiating EPAs represented only 8.6% of palm oil imports of the EU in 2013, 14.6% of palm kernel oil, 1.4% of copra oil and 8.1% of peanut oil. They are the 14 islands of the Pacific EPA who provided the bulk of the ACP share – 98.8% of palm oil, 83.9% of palm kernel oil and 99.2% of copra oil –, Senegal providing 66.8% of peanut oil and Sudan (Comesa) 21.6%.

EU tariff on vegetable oils are low since the 1960s, from 2.80% ad valorem for palm oil, 3.20% for palm kernel oil and 2.50% for copra oil under the MFN regime against 0% under the GSP. However duties on peanut oil are slightly higher: 6.40% under MFN and 2.90% under GSP.

IC seems to be price competitive for palm oil and palm kernel oil and it would not be affected by returning to GSP if the regional EPA is not ratified since GSP duty is zero. It is difficult to explain the EU CIF high prices for palm oil from Ghana. However the IC competitiveness will be weakened if the EPA negotiated between the EU and Thailand is finalized. The possible loss of competitiveness vis-à-vis Indonesia is less because it lost in 2014 its GSP status for vegetable oils although the MFN duty is low. Ecuador and to a lower extent Colombia have a better price competitiveness for palm kernel oil, and are exporting duty free after their FTA with the EU. For peanut oil Mercosur is far more competitive than Senegal and Sudan and its competitiveness can only be strengthened if an FTA is signed with the EU.

Table 13 – Price-competitiveness of tropical vegetable oils imported in the EU in 2013

	Palm oil			Palm kernel oil		Copra oil		Peanut oil	
	Tonnes	€1000	CIF price	Tonnes	CIF price	Tonnes	CIF price	Tonnes	CIF price
Extra-EU	6798399	4532897	666,8	426312	648,5	717328	665,9	66139	1350
7 EPAs	583536	399200	684,1	62446	688,6	9707	675,3	6802	1400
West Africa	8576	6854	799,3	10049	641	22	2850,4	5331	1420
" Ivory Coast	6512	4148	640	9490	640				
" Ghana	1239	2136	1720	558	640	22	2730		
" Senegal								4542	1450
Pacific EPA	574925	392314	680	52395	700	9626	670		
Comesa (Sudan)								1471	1300
Indonesia	3536560	2329052	658,6	173540	639,1	190345	645,5		
Malaysia	2050437	1381756	673,9	99286	639,9	10145	652,2		
Thailand	203556	132363	651,3	22382	637,8	15,4	637,8		
Philippines	16029	10193	635,9			491883	667,7		
Andean countries	132293	93533	707	40358	633,1	40534	636,1		
" Ecuador	37828	26749	710	13382	620				
" Colombia	94464	66779	710	26976	640				
Cental America	211444	139427	659,4	18633	664,1	22183	662,7	11092	1550
Mercosur	53673	36493	679,9	9174	709,6	15,4	1197,9	46838	1270
United States						159	3740	1365	1970

Source: Eurostat

Tableau 14 – SPG duties on vegetable oils exports of Ivory Coast, Ghana and Nigeria to the EU in 2013

Euros	Ivory Coast			Ghana			Nigeria		
Product code	CIF value	GSP rate	GSP value	CIF value	GSP rate	GSP value	CIF value	GSP rate	GSP value
15081090	258	2,90	7	10	2,90	0,30			
15091090				1005	1245€/t				
15099000				669			253		
15111090	26477	0		1578469	0		40504	0	
15119011	1486	4,40	65	31502	4,40	1386			
15119019	4119735	3,80	156550	61797	3,80	2348	65	3,80	2,5
15119091				165	1,60	2,60			
15119099				463669	3,10	14374	4375	3,10	136
15121990				18383	6,10	1121			
15122190							80	2,90	2,3
15131191	121	4,40	5						
15131199	4417	2,20	97	58742	2,20	1292			
15131991				1176	8,90	105			
15131999	2229	6,10	136						
15132110	1623275	0							
15132130							3080	4,40	136
15132190	4455695	2,20	98025	359719	2,20	7914			
15132990				60	6,10	3,70			
Total	10233693	2,49%	254887	2575366	1,11%		48357	0,06%	277

Source: Eurostat and TARIC

Table 14 shows that the EU GSP duties on imports of vegetable oils from IC, Ghana and Nigeria in 2013 could have been of €283,711, or 2.21% of the EU CIF value, of which €254,887 for IC (average duty of 2.49%), €28,547 for Ghana (average duty of 1.11%) and €277 (average duty of 0.06 %) for Nigeria which exports very little.

8) Competitiveness and GSP duties on West Africa's sugar exported to the EU

Sugar is a sensitive product for the EU, especially as it is in deficit (4.1 Mt in 2013, including 3 million tons of raw cane sugar) following the 2006 reform and the fact that imports from LDCs and ACP countries are not taxed or restricted by quotas. That is why the FTAs of December 2012 with Colombia and Peru and with non-ACP Central America only granted tariff quotas of 63,860 t (raw sugar equivalent) at zero duty to Colombia (+ 600 t/year from 2015), 22,660 t to Peru (+ 660 t/year) and 154,500 t to the 6 Central America FTA (+ 4,500 t/year). Ecuador is likely to receive a quota of 25,000 t due to the FTA initialed on 17 July 2014.

WA itself is facing a huge deficit in sugar, of 2,642 Mt in raw sugar equivalent in 2011 (for $2.863 billion), corresponding to the balance of exports of 403,150 t and imports of 3,045 Mt, coming mainly from Brazil. In particular, if IC had a low deficit of 9,895 t (15,507 t of imports and 5,612 t of exports), Ghana had a huge deficit of 248,808 t (493,818 t of imports and 245,010 t of exports) and Nigeria a deficit of 1,477 Mt (exports of only 240 t). The absurdity of the current system is that IC exports its brown sugar to the EU, albeit limited to 9,900 t in 2013, while its immediate neighbour, Ghana, ha a huge deficit in refined sugar and that Nigeria has instead a huge refining overcapacity[4]. At least if the regional EPA is not ratified this nonsense would very likely stop since IC would have to pay a huge EU tariff of 52% or €3,355 M.

Tableau 15 – EU SPG duties on IC, Ghana and Nigeria's exports of sugar and preparations in 2013

Euros	Ivory Coast			Ghana			Nigeria		
Product code	CIF value	GSP rate	GSP value	CIF value	GSP rate	GSP value	CIF value	GSP rate	GSP value
17011410	6468078	339 €/t	3354642						
17011490				54	419 €/t	419			
17019990	210	419 €/t	41,9				246	419 €/t	41,9
17029095	1793	4 €/t	0,8				591	4 €/t	3,2
17049000	8507	9,30	791	923	9,30	84	159	9,30	15
Total	6478588	51,79%	3355476	977	51,48%	503	996	6,03%	60,1

Source: Eurostat and TARIC

Conclusion : EU GSP duties on WA exports would be limited if the EPA is not ratified

Table 16 shows that, if the regional EPA is not signed, the duties that exporters of IC, Ghana and Nigeria would have to pay to the EU under the GSP regime will be relatively limited since they would have been of €150 M in 2013 for the 3 non-LDCs countries, of which about €99 M for IC, €39.4 M for Ghana and €11.3 M for Nigeria (actual duties it had to pay). 94% of these duties would be on agricultural products and only 6% on non-agricultural products.

Table 16 – EU SPG duties on the main imports from Ivory Coast, Ghana and Nigeria in 2013

Euros	Ivory Coast	Ghana	Nigeria	Total
Cocoa	38104659	13376787	3442330	54923776
Banana	33354386	5925902		39280288
Fish	21302743	18157926	1662541	41123210
Sugar	3355476	503	60	3356039
Coffee	590464			590464
Pineapple	368805	698280		1067085
Veg. oil	254887	28547	277	283711
Total	97331420	38187945	5105208	140624573
Ch. 25-99	1644556	1192088	6208590	9045234
TOTAL	98975976	39380033	11313798	149669807

Source: Eurostat and TARIC

[4] http://agritrade.cta.int/fr/layout/set/print/Agriculture/Produits-de-base/Sucre/Le-Nigeria-developpe-sa-capacite-de-raffinage-au-moment-ou-Illovo-quitte-le-Mali

Table 17 summarizes the value of major agricultural and fishery products, and of non-agricultural products, exported to the EU in 2013 for IC, Ghana and Nigeria and the corresponding GSP duties. The products for which the calculations were made represent 93.5% of all agricultural and fish exports to the EU – of which 96.9% for IC, 90.9% for Ghana and 84.2% for Nigeria – and 99.9% of non-agricultural exports.

Table 17 – EU GSP duties on imports from Ivory Coast, Ghana and Nigeria in 2013

	Ivory Coast		Ghana		Nigeria		Total	
1000 €	EU CIF value	Duties	EU CIF value	Duties	EU CIF value	Duties	EU CIF value	Duties
Cocoa	1762696	38105	937084	13377	369786	3442	3069566	54924
Banana	157708	33354	30543	5926			188251	39280
Fish	162039	21303	118882	18158	39066	1663	319987	41123
Sugar	6479	3355	977	0,5	996	0,06	8452	3356
Coffee	54653	590	64				54717	590
Pineapple	16035	369	30360	698			46395	1067
Mangoe	16783	0	8901	0			25684	0
Vegetable oil	10234	255	2576	28,5	48	0,3	12858	284
Total ag+fish	2186627	97331	1129387	38188	409896	5105	3725910	140625
Export total*	2256788		1242476		486656		3985920	
% exp. ag total	96,9%		90,9%		84,2%		93,5%	
Chap. 25-99**	1024610	1645	2115147	1192	28234345	6209	31374102	9045
Total ch. 25-99	1029508		2123012		28249263		31401783	
% covered	99,5%		99,6%		99,9%		99,9%	
TOTAL duties		98976		39380		11314		149670

Source: Eurostat and TARIC; * export total: all agricultural and fish and preparations exports of chapters 1 to 24; ** Chap. 25-99 : exports of 23 chapters among the 73 chapters from 23 to 99 (chapters 77 and 98 are missing) of non agricultural products, which include some agricultural exports outside chapters 1-24 (of which natural textile fibers, of which cotton, and rubber), for a total of €17.582 M for IC, €1.445 M for Ghana and €141,746 for Nigeria.

Saying that the GSP duties of €150 M that Ivory Coast, Ghana and Nigeria would have to pay if the regional EPA is not ratified, based on the value of their exports in 2013, are relatively limited means in comparison with the tariff revenues losses on 75% of total WA imports from the EU. Even if the opening of the WA market to 75% of EU exports would be spread over 20 years – in fact 95% of the opening would occur on the first 15 years – these losses of competitiveness would be a very negative signal to investors. We must now recalculate the tariff revenue losses not only due to the EPA but also to the implementation of the new CET (common external tariff) from January 2015. The fact to add a new 5th tariff band at 35% on 130 tariff lines would not offset the large reduction of duties revenues that Nigeria, and to a lesser extent Ghana, will face. Jacques Gallezot had estimated in 2008, based on data for 2002-04, tariff revenue losses of €126 M for IC, with a 25% opening of imports, and €792 M losses for WA. Given that WA total imports from the EU were 2.38 times higher in current euros in 2013 than in 2002-04 but that the euro purchasing power was reduced in the EU28 by 25.7% over the same period, WA total imports in real terms were 1.89 times larger in 2013 so that tariff revenues losses could be updated accordingly or at least very significantly. And in a 2007 study J. Gallezot estimated that "*The tax effects due to the implementation of the CET would be twice as large as those relating to the signing of the EPA (-€1.7 billion against -€623 M with EPA)*"[5], taking into account the exclusion of sensitive products, even if at that time the 35% 5th band was not decided.

What could be made easily, although highly time consuming, is to apply the WA CET to the actual imports of 2013, tariff line by tariff line, to get the tariff revenues and the loss of 75% of them. One can at least conclude to a very large negative fiscal impact of the regional EPA, especially for the 12 LDCs States that will lose their import duties revenues without nothing in return as they export very little to the EU and can do it duty free anyway.

5 http://www.brmnbenin.org/base/docs_de_rech/Le_choix_regional_des_produits_sensibles_a_l_APE_soumis_au_jugement_majoritaire_des_pays_de_l_Afrique_de_l_Ouest.pdf