



The EU subsidies to its exports of cereals, meats, dairy products and cotton to EAC and SADC in 2013

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The EU Commission is in the seven heaven: after that the Heads of State of the 16 Western African countries have initialled their regional Economic Partnership Agreement (EPA) with the EU on 10 July 2014, on 22 July 2014 the Heads of State of seven countries of the Southern African Development Community (SADC) – Angola, Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland – have in turn initialled their regional EPA, and Cameroon has ratified its interim EPA on 25 July. However the final negotiations failed on 24 July in Kigali with the Heads of State of the East African Community (EAC).

One of the crucial issue of the EPAs concerns the EU subsidies to its agricultural exports, an issue that the EU has refused to include in the texts of the EPAs, putting forward that it can only be dealt with at the WTO. Furthermore the EU is sticking to its guns that it no longer grants any subsidy to its agricultural exports given that export refunds were totally suspended since July 2014 on all agricultural products. However the EU Commission cannot ignore that the Appellate Body of the WTO Dispute Settlement Body has ruled four times – in December 2001 and December 2002 in the Dairy products of Canada case, in March 2005 in the US Cotton case and in April 2005 in the EU Sugar case – that the domestic subsidies have a dumping effect, including the so-called fully decoupled direct payments.

Following two previous papers on the EU dumping of cereals, dairy, meats and cotton in 2012¹ and 2013² to all extra-EU exports, to ACPs and West Africa, the present paper focuses on the same subsidies to the EAC and SADC.

Table 1 summarizes these subsidies. What is strikingly evident is the huge difference in the EU dumping of agricultural products between the two EPA regions, that to SADC being 9.5 times larger than that to EAC. And yet the EAC has put forward the detrimental impact of the EU

¹ *The EU dumping cereals, dairy and meats in 2012, total and to ACP countries*, Solidarité, 5 March 2014, http://www.solidarite.asso.fr/Papers-2014?debut_documents_joints=20#pagination_documents_joints

² *Les subventions de l'UE28 en 2013 aux exportations de céréales, viandes et produits laitiers extra-EU28, vers les pays ACP et l'Afrique de l'Ouest*, Solidarité, 9 juillet 2013, http://www.solidarite.asso.fr/Articles-de-2014,684?debut_documents_joints=10#pagination_documents_joints

subsidies as one of its main reasons not to initialled the EPA, while this did not appear as such a crucial issue in the SADC. In fact one of the main reasons of the difference in this EU dumping is to be found in the much higher agricultural tariffs in the EAC than in the SADC. So that it appears that the EAC dreads more the future dumping to which it will be exposed if it signs the regional EPA – as shown by the SADC example – than the present one from which it is to a good extent protected by its rather high tariffs. Thus the EAC duty of concentrated milk is at 60% ad valorem against 2% in Angola, the largest importer in SADC. Cheese duties are at 25% in Kenya and Uganda against 7.5% in South Africa and 10% in Angola. Wheat flour faces a duty of 60% also in Kenya against 10% in Angola and 0% in South Africa. Prepared bovine meat (code 160250) pays a duty of 15% in Angola and 0% in South Africa and Namibia against 25% in Kenya and Uganda. Meat of frozen swine supports a 25% duty in Kenya and Uganda against 15% in South Africa and Namibia. The same for chicken meat: 25% in Kenya and Uganda against 0 in South Africa and Namibia.

Table 1 – EU subsidies to exports of cereals, meat, dairy, cotton to EAC and SADC in 2013

€ million	Cereals	Dairy	Poultry&egg	Pork	Beef	All meats	Cotton	Total
EAC	17.424	1.024	0.100	0.068	0.311	0.479	0.570	19.497
SADC	72.984	16.207	64.331	23.680	5.348	90.359	5.245	184.795

Source: Eurostat

Given than the methodology of assessing the EU dumping has been explained in details in the previous quoted paper, we will only present and comment quickly the tables of subsidies to each product.

I – The EU dumping of its EU cereal products exported to the EAC and SADC in 2013

Tables 2 and 3 show that the EU exports of cereal products to EAC and SADC reached respectively 281,484 tonnes (t) and 1.217 million tonnes (Mt) in 2013, of which 156,898 t and 312,363 t of raw cereals, the rest being the cereals included in processed products, from wheat flour to vodka. However we did not include here the cereals used in feed which have been included in the subsidies to meats and dairy products.

Table 2 – EU subsidies to its exports of cereal products to EAC in 2013

Code and label	Products exports			Cereal equivalent		Subsidy	Dumping rate
	euros	tonnes	FAB	Coeff	tonnes	1000 euros	%
1001 wheat	34588348	146222	236,5	1	146222	9051142	26.2%
1002 rye				1			
1003 barley	3039608	10629.9	285,9	1	10629.9	657990.8	21.6%
1004 oats				1			
1005 maize	246	0.9	273	1	0.9	55.7	22.6%
1006 rice	41927	42,9	977,3	1	42.9	2655.5	6.3%
1007 grain sorghum				1			
1008 other cereals	2930	3	976,7	1	3	185.7	6.3%
All raw cereals	37673059	156897.8	240,1	1	156897.8	9711973.8	25.8%
1101 wheat flour	29948	41.3	725,1	1.37	56.6	3503.5	11.7%
1102 other flours	703	0.9	781	1.37	1.2	74.3	10.6%
1103 groats, pellets	63495	124.8	508.8	1.02	127.3	7879.9	12.4%
1104 grains otherwise worked	48191	42.5	1133,9	1.15	48.9	3026.9	6.3%
1107 malt	22356216	52022.1	429,7	1.20	62426.5	3864200.4	17.3%
1108 cereals starch	16701	39.4	423,9	2.19	86.3	5342	32%
19 cereals preparations	38518074	45313.7	850	1.25	56642.1	3506146	9.1%
2203 beer from malt	8856688	12404.1	714	0.17	2108.7	130528.5	14.7%
220830 whiskies	9882082	2398.5	4120	1.12	2686.3	166282	1.7%
220850 gin & geneva	537347	118.8	4523	1.12	133.1	8238.9	1.5%
220860 vodka	718502	240.5	2987,5	1.12	269.4	16675.9	2.3%
Total	118701006	269644.4		1.23	281484.2	17423872	14.7%

Source: Eurostat

Given an average subsidy of 61.9 € per tonne of cereals, total subsidies to cereals exports to EAC have reached €17.424 M against €72.984 M for cereals exports to SADC. The dumping rate – ratio of subsidies to the export value – was of 25.8% and 27.7% respectively for raw cereals and, without taking into account the cereals included in alcoholic beverages, the average dumping rate was of 16.3%. The average dumping rate for all cereals products is not meaningful but depends on the share of alcoholic beverages in total cereals products.

Table 3 – EU subsidies to its exports of cereal products to SADC in 2013

Code and label	Products exports			Cereal equivalent		Subsidy	Dumping rate
	euros	tonnes	FAB	Coef	tonnes	1000 euros	%
1001 wheat	63137592	294300.9	214.5	1	294300.9	18217225.7	28.9%
1002 rye	168	0.1	1680	1	0.1	61.9	36.8%
1003 barley	3100218	15003.4	206.6	1	15003.4	928710.5	30%
1004 oats	11924	2.1	5678.1	1	2.1	130	10.9%
1005 maize	1054581	171.8	6138.4	1	171.8	10634.4	1%
1006 rice	2293705	2774.5	826.7	1	2774.5	171741.6	7.5%
1007 grain sorghum	239853	36.7	6535.5	1	36.7	2271.7	0.9%
1008 other cereals	47487	73.8	643.6	1	73.8	4568.2	9.6%
All raw cereals	69885528	312363.3	362.7	1	312363.3	19335288.2	27.7%
1101 wheat flour	142896404	393945.3	375.4	1,37	539705.1	33407745.7	23.4%
1102 other flours	1152546	3070	383.3	1,37	4205.9	260345.2	22.6%
1103 groats, pellets	8807929	22980.9	684.6	1,02	23440.5	1450967	16.5%
1104 grains otherwise worked	6584926	9618.9	421.9	1,15	11061.7	684719.2	10.4%
1107 malt	70612613	167349.9	876.9	1,20	200819.9	12430751.8	17.6%
1108 cereals starch	553065	630.7	841.4	2,19	1381.2	85496.3	15.5%
1109 wheat gluten	907929	711.2	1276.6	4,03	2866.1	177411.6	19.5%
19 cereals preparations	145139129	65927.5	2214.5	1,25	82409.4	5101141.9	3.5%
2203 beer from malt	147262136	186989.9	787.5	0,17	317.9	19678	0.13%
220830 whiskies	252230406	42498.8	5935	1,12	476	29464.4	0.12%
220850 gin & geneva	3436648	568.4	6046.2	1,12	6.4	396.2	0.12%
220860 vodka	7048615	1507.9	4674.5	1,12	16.9	1046.1	0.15%
Total	856517874	1208162.7	708.9		1216923.4	72984452	8.5%

Source: Eurostat

II – The EU dumping of its dairy products exported to the EAC and SADC in 2013

The dumping of the EU exports of dairy products and meats depends essentially on the subsidies to the feedstuffs – cereals, oilseeds cakes and pulses of EU origin consumed by the dairy cows, poultry, pigs and bovine animals –, plus the direct payments to producers of milk and bovine meat, plus some export refunds still available in the first semester of 2013.

For dairy we have converted the volume of dairy products in tonnes of milk equivalent (t.m.e.), according to the French "Office de l'élevage" conversion factors in useful solid matter (although we have guessed for casein). The average subsidy per t of milk is of €51.5, of which a feed subsidy of €17.4 and a direct payment of €34.1. And the total subsidies on dairy exports to EAC and SADC were of respectively €1.024 M and €16.207 M with average dumping rates of 8.6% and 7.8%.

Table 4 – Distribution of EU dairy exports to EAC in 2013

HS codes	0401	0402	040210	0402-040210	0403	0404	0405	0406	1702	3501	Total
Euros	365718	8253901	1116544	7137357	512414	273402	526395	1701424	9946	201786	11844986
Tonnes	418,8	2113,7	388	1725,7	626,5	201,2	108	281,9	0,4	62,6	3813,1
FOB price: €/t	873,3	3905	2887,7	4135,9	817,9	1358,9	4874	6035,7	24865	3223,4	3106,4
T m.e./t product	1	6,6	5	7,6	2,1	2,5	11,4	8,2	14	2,5	5,2
T in m.e.	418,8	13950,4	1940	13115,3	1315,7	503	1231,2	2311,6	5,6	156,5	19892,8
Subsidies in €/t	51,5	51,5	51,5	51,5	51,5	51,5	51,5	51,5	51,5	51,5	51,5
Subsidies: €1000	21568	718447	99910	675439	67756	25905	63407	119046	288	8060	1024479
Dumping rate	5.9%	8.7%	8.9%	9.5%	13.2%	9.5%	12%	7%	2.9%	4%	8.6%

Source: Eurostat

Table 5 – Distribution of EU dairy exports to SADC in 2013

	0401	0402	040210	0402-040210	0403	0404	0405	0406	1702	3501	Total
Euros	22175757	84604912	11282196	73322716	22601364	14419842	8019880	41257630	160556	14733004	207972945
Tonnes	33218,8	21914,3	3503,9	18410,4	11278,7	7063,9	1582,2	8655,3	93,7	2070,4	85877,3
FOB price: €/t	667,6	3860,7	3219,9	3982,7	2003,9	2041,3	5068,8	4766,7	1713,5	7116	2421,7
T m.e./t product	1	6,6	5	7,6	2,1	2,5	11,4	8,2	14	2,5	3,66
T in m.e.	33218,8	144634,4	17519,5	139919	23685,3	17659,8	18037,1	70973,5	1311,8	5176	314696,7
Subsidies in €/t	51,5	51,5	51,5	51,5	51,5	51,5	51,5	51,5	51,5	51,5	51,5
Subsidies: €1000	1710768	7448672	902254	7205829	1219793	909480	928911	3655135	67558	266564	16206881
Dumping rate	7.7%	8.8%	8%	9.8%	5.4%	6.3%	11.6%	8.9%	42%	1.8%	7.8%

Source: Eurostat

The Harmonized System codes of products for trade in dairy are the following: non concentrated milk and cream (code 0401); concentrated milk (code 0402); fresh products (code 0403); concentrated whey (code 0404); butter (code 0405); cheese (code 0406); lactose (code 170211); casein and caseinate (code 3501). The volume and corresponding subsidies of concentrated milk account for 70% of all dairy exports to EAC and 46% of those to SADC, where the share of cheese volume and subsidies accounts for respectively 11.6% and 22.6%.

III – The EU dumping in poultry & eggs exported to the EAC and SADC in 2013

Table 6 – EU subsidies to its exports of poultry products to EAC in 2013

	To EAC		To SADC	
	euros	tonnes	euros	tonnes
0105 LIVE POULTRY	4041977	88.6	4962979	54.1
" weight in cwe: x 0.79		70		42.7
020711 FRESH OR CHILLED FOWLS, NOT CUT IN PIECES (1.1)	17159	4.3	130736	85.6
020712 FROZEN FOWLS, NOT CUT IN PIECES			15442830	12282.7
020713 FRESH OR CHILLED CUTS AND OFFAL OF FOWLS	753	1.1	2448538	2225.3
020714 FROZEN CUTS AND OFFAL OF FOWLS	68026	37.2	143956438	139540
020724 FRESH OR CHILLED TURKEYS, NOT CUT IN PIECES			52775	19.5
020725 FROZEN TURKEYS, NOT CUT INTO PIECES	264476	115.7	1694008	470.9
020726 FRESH OR CHILLED CUTS AND EDIBLE OFFAL OF TURKEYS			8048276	6451.2
020727 FROZEN CUTS AND OFFAL OF TURKEYS	2434	0.5	4351088	3935.2
020741 FROZEN CUTS AND OFFAL OF FOWLS (EXCL. LIVERS)	3107	0.8	74550	32.3
020742 FROZEN CUTS AND OFFAL OF TURKEYS (EXCL. LIVERS)	23424	7.9	1130765	436.9
020743 FROZEN CUTS AND OFFAL OF DUCKS, GEESE EXCL. LIVERS)	1422	0,1	9017	0.4
020744 FRESH OR CHILLED CUTS&OFFAL OF DUCKS (EXCL. FATTY LIVER)			13208	0.1
020745 FROZEN CUTS AND EDIBLE OFFAL OF DOMESTIC DUCKS	1579	0.1	356925	147.1
020751 FRESH OR CHILLED DOMESTIC GEESE, NOT CUT IN PIECES				
020752 FROZEN DOMESTIC GEESE, NOT CUT IN PIECES				
020753 FATTY LIVERS OF DOMESTIC GEESE, FRESH OR CHILLED			542	0.04
020754 FRESH OR CHILLED CUTS&OFFAL OF GEESE (EXCL. FATTY LIVER)				
020755 FROZEN CUTS AND OFFAL OF DOMESTIC GEESE			23983	4.8
020760 MEAT AND OFFAL OF GUINEA FOWLS, FRESH, CHILLED, FROZEN			308	0.1
020990 POULTRY FAT,			176	0
Sub-total meats	382380	167.7	177709154	165627.2
" weight in cwe: x 1,3		218		215315.4
16022010 PREPARATIONS OF GOOSE OR DUCK LIVER	28	0.05	35325	1.9
160231 MEAT OR OFFAL OF TURKEYS	7308	1.3	187943	55.2
160232 MEAT OR OFFAL OF FOWLS	133164	51.6	1898707	630.7
160239 PREPARED OR PRESERVED MEAT OR OFFAL OF DUCKS, GEESE	2943	0.3	394355	139.5
Sub-total preparations	143343	53.3	2516330	827.3
" weight in cwe: x 1,3		69.3		1075.5
Sub-total meats and preparations				
" weight in cwe				
0407 BIRDS' EGGS, IN SHELL, FRESH, PRESERVED OR COOKED	1432	1,2	15264153	13220.9
0408 BIRDS' EGGS, NOT IN SHELL, AND EGG YOLKS,			669827	130.1
Sub-total eggs			15933980	13351
"" " weight in cwe: x 1,7 for 0408 (22381)		0.2		13442.1
TOTAL POULTRY	4569132	309.7	201122443	179859.6
" weight in cwe		357.5		229875.7

Source: Eurostat

Table 6 distributes the value and volume of the EU exported poultry products to EAC and SADC between live poultry, meat, preparations and eggs, with different tonnes of carcass (or shell) weight equivalent (t.c.w.e.) per tonne of product. And tables 7 and 8 present the main data

to assess the dumping rates. A previous paper has shown that the feed subsidy to poultry products is of €245.1 per t.c.w.e. and the EU Budget for 2015 shows that export refunds to poultry meat and preparations were still of €46.111 M in 2013 or of €34.75 per tonne, giving €279.9 per tonne of poultry meat and preparations.

Table 7 – EU subsidies to exports of poultry products to EAC in 2013

	Poultry meat	Poultry preparations	Live poultry	Eggs	Total
Tonnes	167.7	53.3	88.6	1.2	309.7
Euros	382380	143343	4041977	1432	4569132
FOB price in €/t	2280.1	2689.4	45620	14320	14753.4
Tonnes of c.w.e.	218	69.3	70	1.3	357.5
Feed subsidies	53431.8	16985.4	17157	49	87623.2
Export refunds	7575.5	2408.2	2432.5	45.2	12461.4
Total subsidies	61007.3	19393.6	19589.5	94.2	100084.6
Dumping rate	16%	13.5%	0.5%	6.6%	2.2%

Source: Eurostat

Table 7 shows that total subsidies to the EU exports of poultry products to EAC was of €100,085 in 2013 but the average dumping rate of 2.2% is not representative because of the huge weight in the value of live poultry accounting for 88.5% of the total value of exports given the huge FOB price. The dumping rate is of 24.4% for poultry meat and 8.6% for poultry preparations.

Table 8 shows that the EU subsidies to its poultry exports to SADC have reached €64.331 M in 2013, with an average dumping rate of 32%; close to the 33.9% rate for poultry meat.

Table 8 – EU subsidies to exports of poultry products to SADC in 2013

	Poultry meat	Poultry preparations	Live poultry	Eggs	Total
Tonnes	165627.2	827.3	54.1	13351	179859.6
Euros	177709154	2516330	4962979	15933980	201122443
FOB price in €/t	1072.9	3041.6	91737.1	1193.5	1182.2
Tonnes of c.w.e.	215315.4	1075.5	42.7	13442.1	229875.7
Feed subsidies	52773805	263605	10465.8	3294658.7	56342534
Export refunds	7482210	37374	1483.8	467113	7988188
Total subsidies	60256015	300979	11949.6	3761771.7	64330715
Dumping rate	33.9%	12%	0.2%	23.6%	32%

Source: Eurostat

IV – The EU dumping in pig products exported to the EAC and SADC in 2013

Table 9 shows that EU exports of pig products to EAC and SADC in 2013 were respectively of 310,4 tonnes of carcass-weight equivalent (t.c.w.e.) for €968,742 and of 108,801 t.c.w.e. for €183.226 M. The feed subsidy is of €216.6 per t.c.w.e. and the export refund of €1.04 per t.c.w.e., for a total of €217.6.

Table 9 – EU subsidies to exports of pig products to EAC and SADC in 2013

	To EAC		To SADC	
	euros	tonnes	euros	Tonnes
0203 MEAT OF SWINE, FRESH, CHILLED OR FROZEN	422888	141,4	67730651	34363,4
020630 FRESH OR CHILLED EDIBLE OFFAL OF SWINE			102047	41,8
020641 FROZEN EDIBLE LIVERS OF SWINE			260182	285,6
020649 EDIBLE OFFAL OF SWINE, FROZEN	89018	35,2	11492105	12587
Sub-total of pork meat	511906	176,6	79584985	47277,8
t of cwe: x by 1.15		203,1		54369,5
021011 HAMS, SHOULDERS AND CUTS	11576	1	2383614	457,5
021012 BELLIES "STREAKY" AND CUTS	35983	9	1573141	326,5
021019 MEAT OF SWINE, SALTED, IN BRINE,	90450	13,2	6755411	1264,3
160100 SAUSAGES AND SIMILAR PRODUCTS, OF MEAT, OFFAL (66% of total)	202208	40,3	75438204	33617
160241 HAMS OF SWINE AND CUTS	84733	11,1	3776602	1261,2
160242 PREPARED OR PRESERVED SHOULDERS AND CUTS	11401	2	1811371	531,6
160249 PREPARED OR PRESERVED MEAT AND OFFAL	20485	5,9	11902577	4412,6
Sub-total of pork preparations	456836	82,5	92928754	41870,7
t of cwe: x by 1.3		107,3		54431,9
Total	968742	259,1	183225905	89148,5
" t of cwe:		310,4		108801,4

Source: Eurostat

Table 10 – EU subsidies to its exports of pig meat and preparations to EAC in 2013

	Pig meat	Preparations	Total
Tonnes	176.6	82.5	259.1
Euros	511906	456836	968742
FOB price in €/t	2898.7	5537.4	3738.9
Tonnes of cwe	203.1	107.3	310.4
Feed subsidies	43991.5	23241.2	67232.7
Export refunds	211.2	111.6	322.8
Total subsidies	44202.7	23352.8	67555.52
Dumping rate	8.6%	5.1%	7%

Source: Eurostat

Table 10 shows that the €67,556 of subsidies on pig exports to EAC corresponded to an average dumping rate of 7% in 2013.

Table 11 shows much larger subsidies of €23.680 M to pig products exports to SADC in 2013, with an average dumping rate of 12.9%.

Table 11 – EU subsidies to its exports of pig meat and preparations to SADC in 2013

	Pig meat	Preparations	Total
Tonnes	47277,8	41870,7	89148,5
Euros	79584985	92928754	183225905
FOB price in €/t	1683,3	2475,3	2055,3
Tonnes of cwe	54369,5	54431,9	108801,4
Feed subsidies	11776433	11789950	23566383
Export refunds	56544	56609	113153
Total subsidies	11832977	11846559	23679536
Dumping rate	14.9%	12.7%	12.9%

IV – The EU dumping in bovine meat exports to the EAC and SADC in 2013

Table 12 – EU subsidies to its exports of bovine products to EAC and SADC in 2013

	To EAC		To SADC	
	euros	tonnes	euros	tonnes
0102 LIVE BOVINE ANIMALS	766880	211,4		
" t of cwe: x 0.55		116,3		
0201 MEAT OF BOVINE ANIMALS, FRESH OR CHILLED			406794	71,4
Minus 02013000 FRESH OR CHILLED BOVINE MEAT, BONELESS			91795	10,9
0201 net in t			314999	60,5
0201 net in t of cwe: 14,2				57,2
02023010 FROZEN BOVINE BONELESS FOREQUARTERS, WHOLE OR CUT			107988	79,9
02023050 FROZEN BOVINE BONELESS... AND BRISKET CUTS			41875	28,1
02023090 FROZEN BOVINE BONELESS MEAT			2510658	743,4
Sub-total 0202	117483	54,1	2660521	851,4
In t of cwe		54,1		1106,8
020621 FROZEN EDIBLE BOVINE TONGUES			89140	33,4
020622 FROZEN EDIBLE BOVINE LIVERS			580888	803,4
020629 FROZEN EDIBLE BOVINE OFFAL (EXCL. TONGUES AND LIVERS)			2441527	3010,9
Sub-total 0206 t and t of cwe			3111555	3847,7
02102090 BONELESS MEAT OF BOVINE ANIMALS...	23132	2,3	1907	0,1
" t of cwe		3,9		0,2
160250 PREPARED OR PRESERVED MEAT OR OFFAL OF BOVINE ANIMALS	536836	176,6	15150957	7289,2
- 16025095 MEAT OR OFFAL OF BOVINE ANIMALS, PREPARED OR PRESERVED	233103	121,7	14897282	7208,8
Net 162250 in t	303733	54,9	253675	80,4
" net with t of cwe		79,2		1522,2
Total in t	1211228	322,7	21493361	12129,3
Total in t of cwe		253,5		13823,3

Source: Eurostat

Table 12 shows that EU exports of bovine meat products to EAC and SADC in 2013 were respectively of 253,5 tonnes of carcass-weight equivalent (t.c.w.e.) for €1.211 M and of 13,801

t.c.w.e. for €21.493 M. Per t.c.w.e. feed subsidies were of €414.6 and direct payments of €788.8. There were also two types of export refunds: on bovine meat for €15.3 t.c.w.e. and on live bovines for €17.6.

Table 13 shows that the bovine meat exports to EAC in 2013 benefitted from €310,988 of subsidies, with an average dumping ate of 26.1%.

On the other hand table 14 shows that the subsidies to the EU bovine meat exports to SADC reached €3.110 M, with an average dumping rate of 138.9%.

Table 13 – EU subsidies to exports of bovine products to EACs in 2013

	0102	0202	0210	160250	Total
tonnes	211,4	54,1	2,3	54,9	322,7
euros	766880	117483	1907	303733	1190003
FOB price in €/t	3627,6	2171,6	829,1	5532,5	3687,6
t cwe	116,3	54,1	3,9	79,2	253,5
Feed subsidies	48218	22430	1616,9	32836,3	105101,1
Direct payments	91737,4	42674,1	3076,3	62473	199961
Export refunds	3826,3	827,7	59,7	1211,8	5925,5
Total subsidies	143781,7	65931,8	4752,9	96521,1	310987,6
Dumping rate	18.7%	56.1%	249.2%	31.8%	26.1%

Source: Eurostat

Table 14 – EU subsidies to exports of bovine products to SADC in 2013

	0201	0202	0206	0210	160250	Total
Tonnes	60,5	141,9	3847,7	0,1	80,4	4130,6
Euros	314999	169568	3111555	1907	253675	3851704
FOB price in €/t	5206.6	1195	808,7	19070	3155.2	932,5
t cwe	63,8	397,3	3847,7	0,1	82,9	4391,8
Feed subsidies	26451,5	164720,6	1595256,4	41,5	34370,3	1820840,3
Direct payments	50325,4	313390,2	3035065,8	78,9	65391,5	3464251,8
Export refunds	925,7	2171,1	58869,8	1,5	1230,1	63198,2
Total subsidies	77702,6	480281,9	4689192	121,9	100991,9	5348290,3
Dumping rate	24.7%	283,2%	150,7%	6,4%	39,8%	138,9%%

Source: Eurostat

IV – The EU dumping in cotton exports to the EAC and SADC in 2013

Clearly the EU is a net importer of raw cotton from the EAC (2,374.4 tonnes for €3.857 M) in 2013 and from SADC (1,132.2 t for €1.539 M). However we should take into account the eU exports of processed cotton into thread, yarn, fabrics, clothing and linen of cotton. The EU trade in processed cotton is not the same in the two EPA regions. As the EU exports of processed cotton are relatively small to the EAC, the EU had a deficit of 2561.4 t of cotton equivalent for €1.836 M with the EAC. On the other hand much larger EU exports of processed cotton to the SADC gave an EU surplus of 529 t of cotton equivalent for €44 M.

However the EU is still and by far the unchallenged world champion of cotton dumping per tonne as shown in table 15 from 2009 to 2013. With the exception of 2011 the EU has become a significant net exporter of cotton lint since 2009.

In 2013 the EU subsidies to cotton produced in Greece and Spain was of 759.3 M of which €242.3 M for the coupled subsidies of the blue box, around €15 M for national restructuring programmes and aid for cotton which is not carded or combed, plus €502 M of direct payments hidden in the alleged green box of the Single Payment Scheme.

Table 15 – The subsidies to the extra-EU27 exported cotton lint from 2009 to 2013 (EU28)

1000 tonnes and €million	2009	2010	2011	2012	2013
Production 1000 tonnes	242	222	291	430	362,9
Imports "	150,3	164,4	174,6	132,3	150,2
Exports "	301,6	243,1	163,3	342,8	284,3
Balance "	151,3	78,7	-11,3	210,5	134,1
Exports/production	124,6%	109,5%	56,1%	79,7%	36,9%
Consumption "	90,7	143,3	302,3	219,5	228,8
Total subsidies to cotton	719	733,7	767,3	765,3	759,3
" decoupled (SPS)	502	502	502	502	502
" blue box	216,9	221,7	247,3	245,8	242,3
" amber box (restructuring aid and other aids)	-	10	10	17,5	15
Subsidies in €/t	2971,1	3259,9	2602,4	1762,6	2092,3
Subsidies to exports €M	896,1	792,5	425	604,2	594,8
Production value €M	214,3	396	476,3		
Export value M€	284,8	395	290,8	485,6	410,8
FOB price €/t	944,3	1624,8	1780,8	1416,6	1444,9
Dumping rate (subsidies/export value)	314,7%	200,6%	146,2%	124,4%	144,8%

Source: Eurostat, EU Budget and USDA WASDE report of July 2014

Given this subsidy of €2,092.3 per tonne in 2013, tables 16 and 17 show that the subsidies to the EU exports of cotton equivalent were of €569,943 to EAC and of €5.245 M to SADC.

Table 16 – EU28 trade in cotton products with EAC in 2013

	Cotton lint				Thread, yarn, fabrics			Clothing and linen			Total
	raw	Carded-combed	Waste	Total	Product	% cotton	Total cotton	Product	% cotton	cotton	
Trade in tonnes											
Exports	0,2			0,2	42,6	80%	34,1	317,4	75%	238,1	272,4
Imports	2374,6	189,6		2564,2	264,7	"	211,8	77,1	"	57,8	2833,8
Balance	-2374,4	-189,6		-2564	-222,1	"	-177,7	240,3	"	180,3	-2561,4
Trade in euros											
Exports	3403			3403	2534143	80%	2027314	3305612	"	2479209	4509926
Imports	3860474	594826		4455300	846042	"	676834	1617972	"	1213479	6345613
Balance	-3857071	-594826		-4451897	1688101	"	1350480	1687640	"	1265730	-1835687

Source: Eurostat

Table 17 – EU28 trade in cotton products with SADC in 2013

	Cotton lint				Thread, yarn, fabrics			Clothing and linen			Total
	raw	Carded-combed	Waste	Total	Product	% cotton	Total cotton	Product	% cotton	cotton	
Trade in tonnes											
Exports	23,2	5,4	69,6	98,2	693,6	80%	55,9	2471,4	75%	1853,6	2506,7
Imports	1155,4		50,3	1205,7	836,3	"	669	106,8	"	80,1	1954,8
Balance	-1132,2	5,4	19,3	-1107,5	-142,7	"	-613,1	2364,6	"	1773,5	529
Trade in €1000											
Exports	119108	48124	87668	254900	7073233	80%	5658586	57186258	75%	42889694	48803180
Imports	1657644		34399	1692043	1912048	"	1529638	2103998	"	1577999	4799680
Balance	-1538536	48124	53269	-1437143	5161185	"	4128948	55082260	"	41311695	44003500

Source: Eurostat

Conclusion

Before initialing its regional EPA for the EAC and before ratifying its already initialed regional EPA for SADC, their Authorities and civil societies would be well advised to take into account the potential huge agricultural dumping to which they will expose their farmers and agro-industries once 80% of their imports from the EU would no longer be taxed. Clearly other issues should be taken into account, such as the main risk of losing a good share of their import duties once their market opened to 80% of EU exports, a risk particularly detrimental for their LDCs members which could still tax their imports from the EU if the regional EPAs are not ratified. And this loss of import duties would be much larger than the duties the EAC and SADC exporters would have to pay to continue their exports to the EU if the EPAs are not ratified. For Kenya a next paper will show that its exporters would have had to pay €61.8 million on all their 2013 exports if they were done under the GSP regime, which is not so large compared to the loss in EAC import duties for its five member countries.