

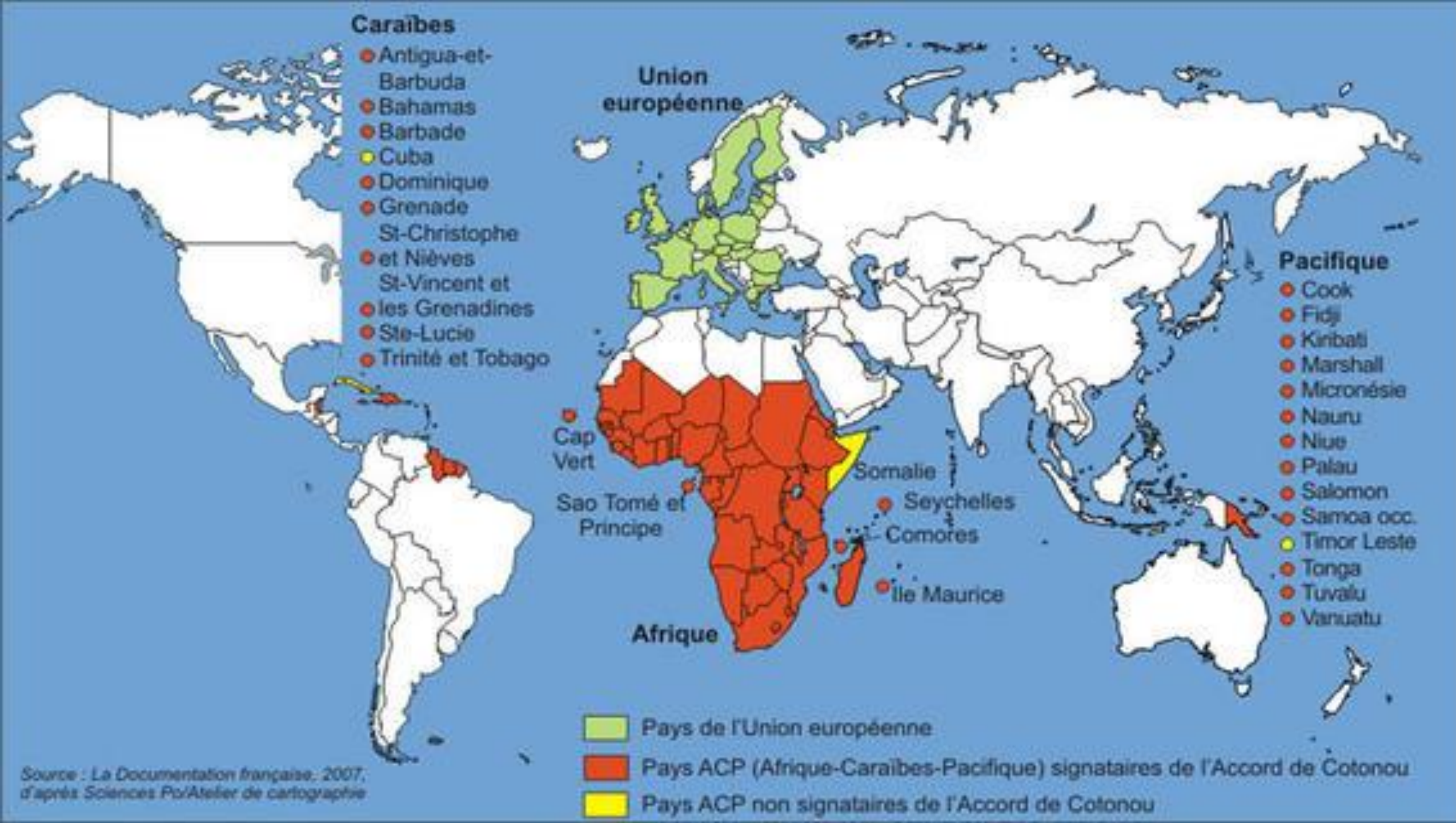
Trade Union Conference on Economic Partnership Agreements – Africa/EU

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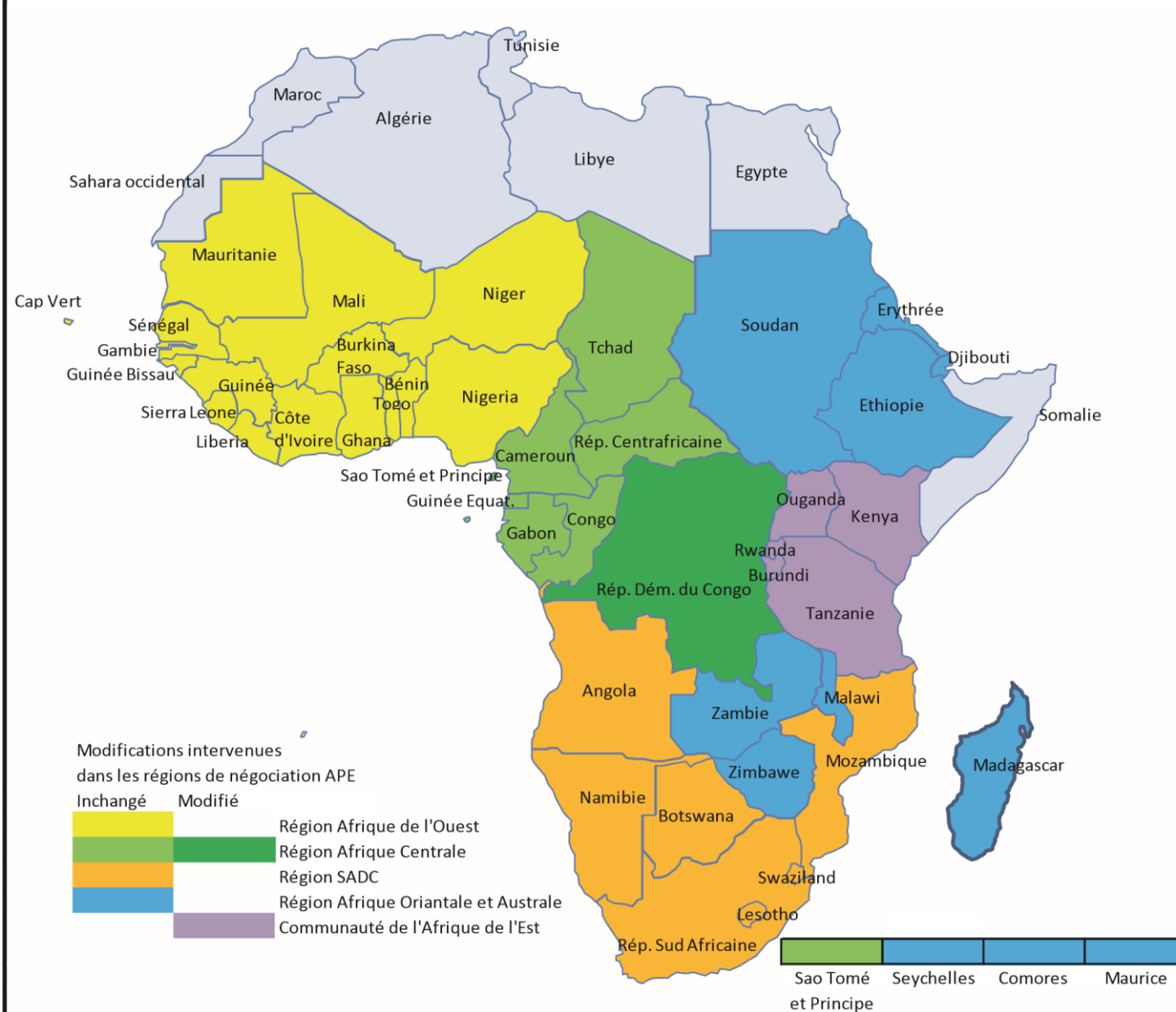
Lomé, Togo

**Agriculture at the origin of EPAs and
of their most detrimental impact**

Jacques Berthelot, SOL



Les régions actuelles de négociation



Agriculture at the origin of EPAs

Since their independence, the former European colonies of African-Caribbean-Pacific countries (ACPs) have benefited from trade preferences with the EU, where their exports were not taxed although they could tax EU exports.

In 1995, the banana exporting countries of Latin America (LA) sued the EU with success at the WTO for discrimination because their banana exports were taxed.

The EU could have maintained discrimination on the basis of development levels since the per capita GDP of the nine LA countries exporting bananas was in 1995 2.3 times higher than that of the three sub-Saharan African (SSA) exporting countries – Côte d'Ivoire (CI), Ghana & Cameroon – and 4.7 times higher in 2014.

The development level had justified the EU GSP (General System of Preferences) in 1971 lowering by 30% the ad valorem tariffs charged to Developing countries (DCs) exports to the EU and its Everything But Arms (EBA) Decision of 2001 granting duty-free quota-free (DFQF) tariffs to Least Developed Countries (LDCs) which could continue to tax their imports from the EU.

Agriculture at the origin of EPAs

Besides the "banana war" was buried by an 2009 agreement at the WTO, where the EU lowered its tariffs on LA bananas, with another reduction in the FTAs concluded since 2012. Furthermore the US had got in 2000 a WTO consensus for its trade preferences with SSA countries (AGOA), renewed in 2015 until 2025.

Agriculture was also at the origin of the EPAs for two other reasons: to minimize the huge EU deficit in food products and because of French agri-food companies controlling food exports from WA to the EU.

The EU faces a structural food deficit

The EU is boasting that its agri-trade reached its highest surplus in 2016: €17.2 bn

But its food trade has faced a structural deficit (€6.4 bn in 2016), because of fish

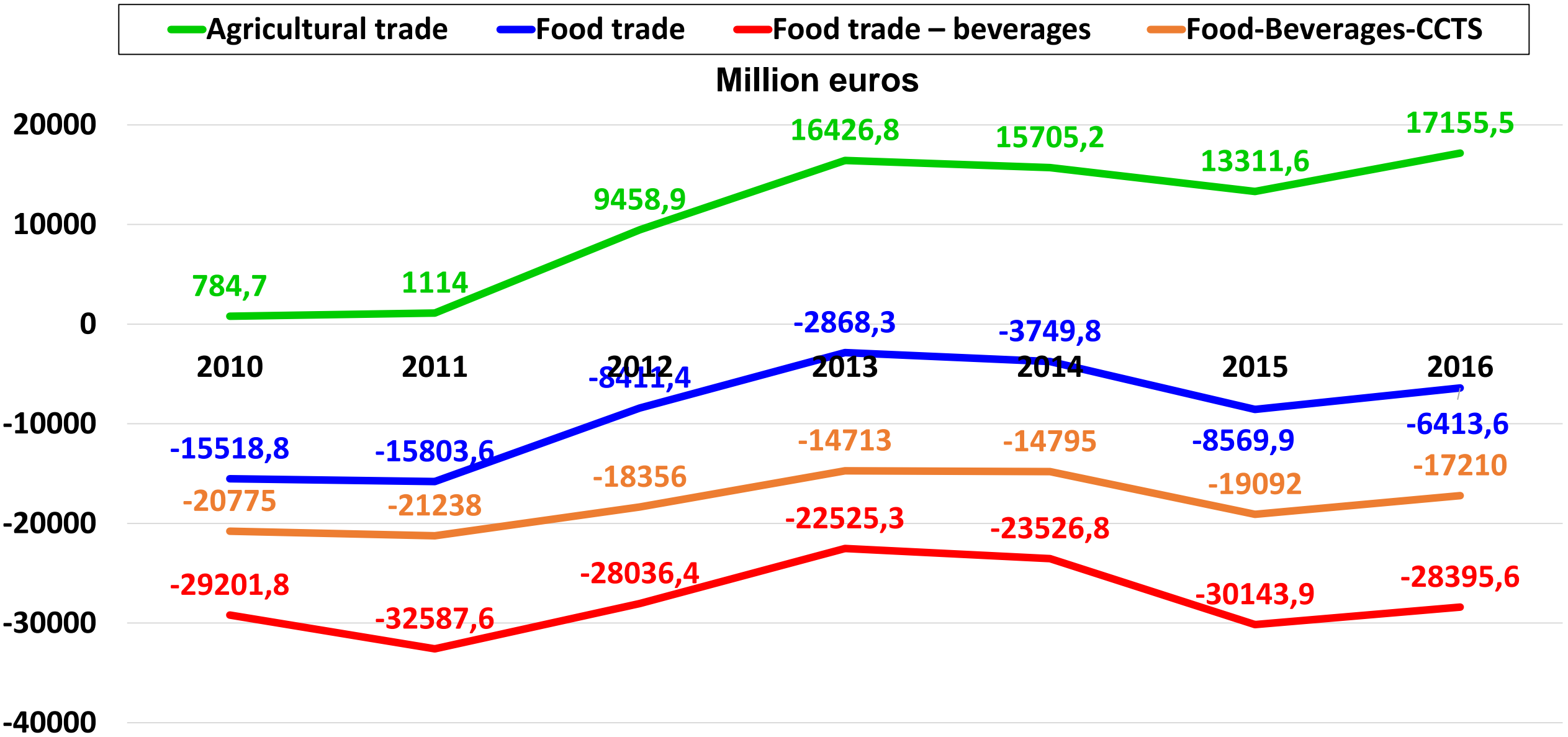
Without beverages – not basic food, but its major food surplus – EU food deficit was much larger, at €28.4 bn in 2016.

As the EU has a structural surplus with developed countries (€16.1 bn in 2016), its food deficit with DCs is much larger: €22.8 bn in 2016, €31.3 bn without beverages

The EU faces a food deficit with ACPs (€6.804 bn in 2016) even without beverages and CCTS (€262 M) in 2016 and with SSA (€5.819 Md€) although a small surplus without beverages and CCTS (€556 M).

It is why the EU is struggling to open markets in DCs, through EPAs and FTAs

EU agricultural trade surplus but huge food trade deficit



The lobbying of the EU agri-business controlling WA food exports to the EU

The family-run agribusiness firms, mainly French, pressured both WA and EU politicians to sign the WA EPA and CI and Ghana's interim EPAs:

- Robert Fabre's Compagnie Fruitière produces and exports most bananas and pineapples of CI, Ghana and Cameroon on its own banana cargos;**
- the Mimran Group, owner of the Great Mills of Abidjan and Dakar (and the Sugar Company of Senegal) before selling them to a Morocco's firm lobbied to reduce to 0 the import duty on wheat;**
- Thai Union Europe controlling most exports of canned tuna from CI to the EU;**
 - the Bolloré Group involved in transport of WA food products to the EU.**

SSA food deficit is rising fast, especially without trade in cocoa, coffee, tea and spices which are not basic staples

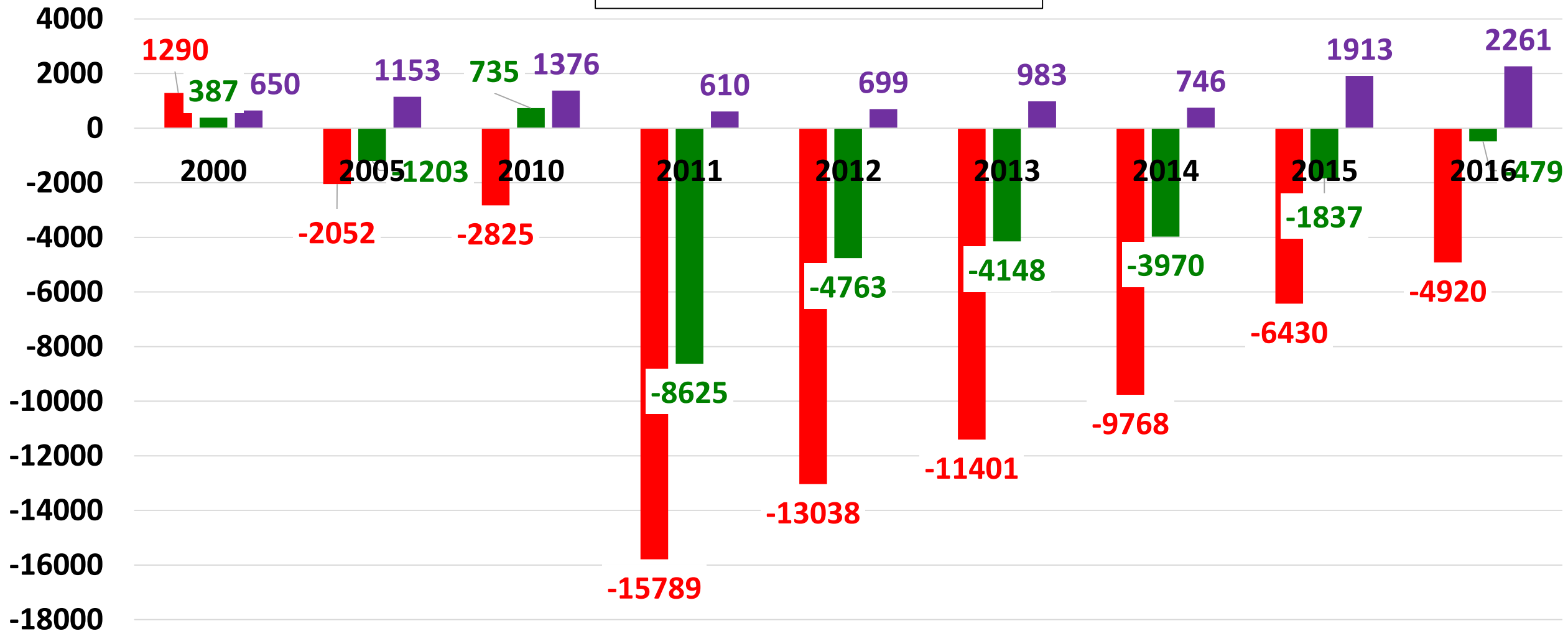
The following graphs show SSA and WA are facing a large food deficit even if it has decreased from 2011 owing to the lower prices of food imports – especially for cereals, dairy, sugar and meats – and the rise in the prices of exports of cocoa, coffee, tea and spices (CCTS).

The second graph shows that, without considering the trade in CCTS – which are not basic staples in SSA –, the food deficit would have been higher in 2016 by about \$10 billion in SSA and by \$7 billion in WA.

The EAC is a special case as it has maintained a food trade surplus from 2000 to 2016 and its deficit remains insignificant even without exports of CCTS as it has higher tariffs, especially on dairy and meats, than in SSA and WA.

Balance of food trade (minus beverages) of SSA, WA, EAC in \$ million, 2000-16

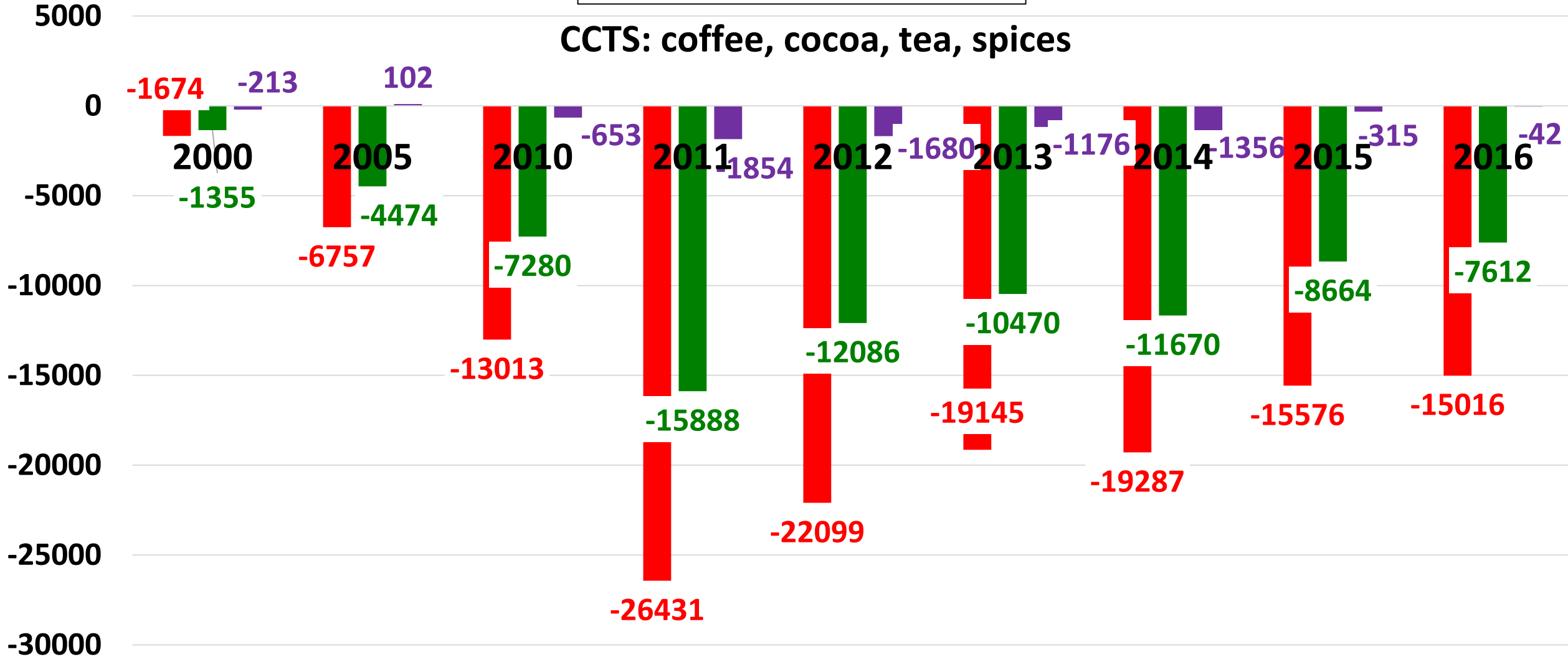
SSA WA EAC



Balance of food trade (minus beverages and CCTS) of SSA, WA, EAC in \$ million, 2000-16



CCTS: coffee, cocoa, tea, spices



SSA food deficit is largely due to the highly subsidized imported food, especially from the EU, combined with low agricultural tariffs

The EU28 subsidies to exports of cereals to WA were of € 214.6 M in 2016 for 3.375 M tonnes (Mt, of which 919,414 t in processed products)

Similarly, EU subsidies to exports of dairy products to the four RECs of WA, CEMAC, EAC and SADC were of € 216 M in 2016 for 3.220 Mt of milk equivalent, of which € 168.6 M to WA for 2.5 Mt of milk equivalent.

The EU28 subsidies to its exports of poultry meat and eggs to SADC in 2016 have reached € 41.4 M and those to cereals € 60.4 M

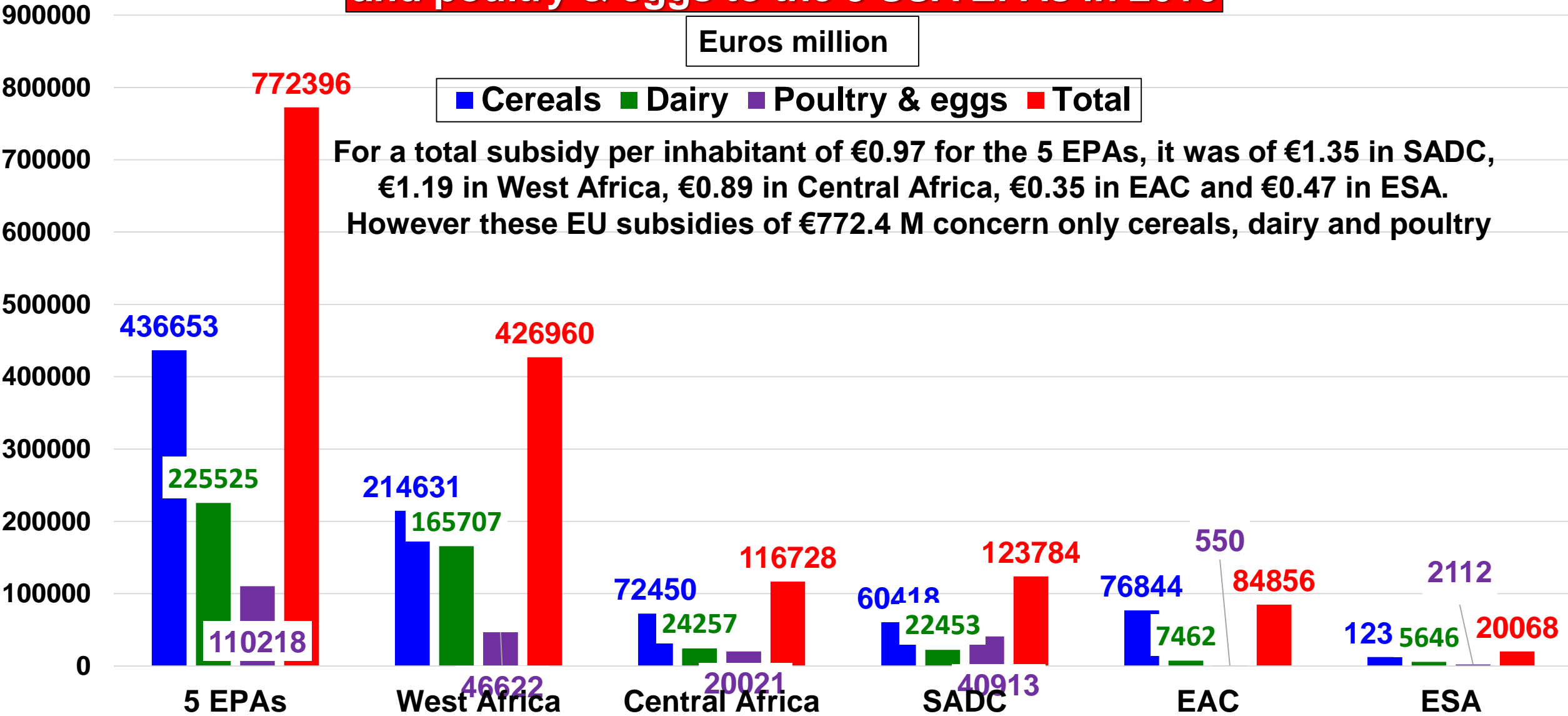
Furthermore the EU has refused to deal with domestic subsidies in the EPAs, claiming that this issue can only be debated at the WTO where it refuses to change the rules, claiming that, besides, its subsidies being decoupled from production and notified in the WTO green box, they have no dumping impact.

EU28 subsidies to exports of cereals, dairy and poultry & eggs to the 5 SSA EPAs in 2016

Euros million

■ Cereals
 ■ Dairy
 ■ Poultry & eggs
 ■ Total

For a total subsidy per inhabitant of €0.97 for the 5 EPAs, it was of €1.35 in SADC, €1.19 in West Africa, €0.89 in Central Africa, €0.35 in EAC and €0.47 in ESA. However these EU subsidies of €772.4 M concern only cereals, dairy and poultry



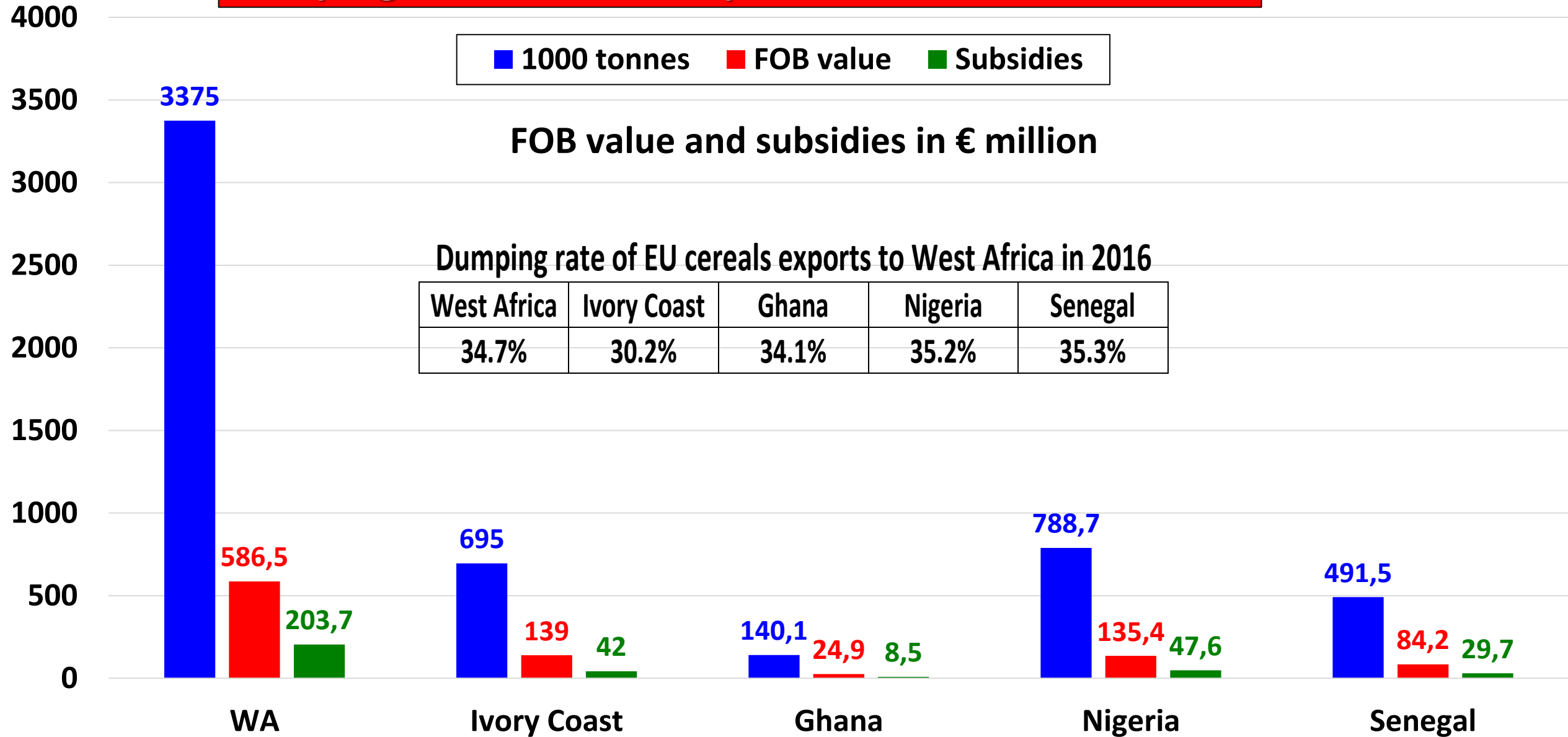
Dumping of EU cereals' exports to West Africa in 2016

■ 1000 tonnes ■ FOB value ■ Subsidies

FOB value and subsidies in € million

Dumping rate of EU cereals exports to West Africa in 2016

West Africa	Ivory Coast	Ghana	Nigeria	Senegal
34.7%	30.2%	34.1%	35.2%	35.3%



Dumping of EU dairy exports to WA, SADC-6, CEMAC and EAC in 2016

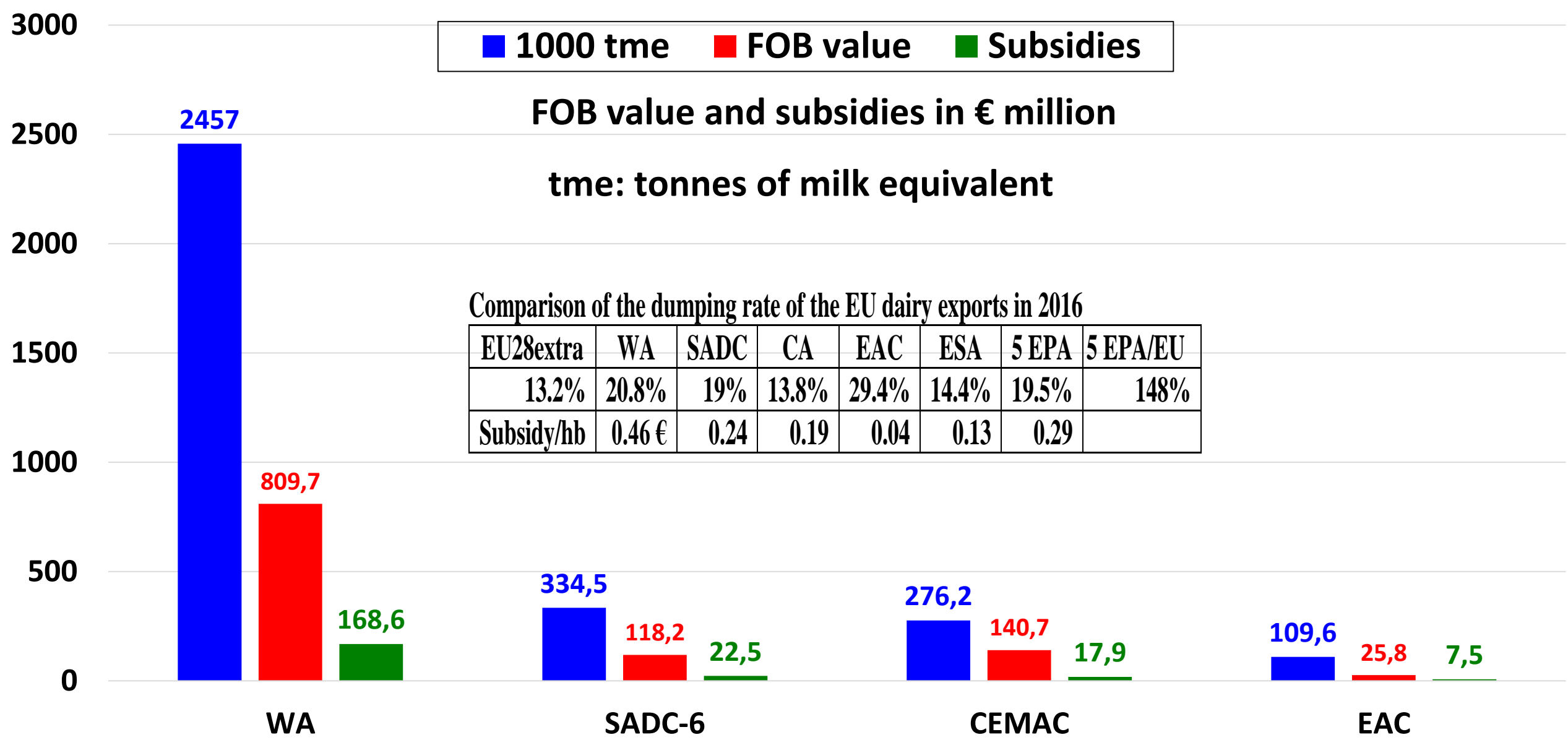
■ 1000 tme ■ FOB value ■ Subsidies

FOB value and subsidies in € million

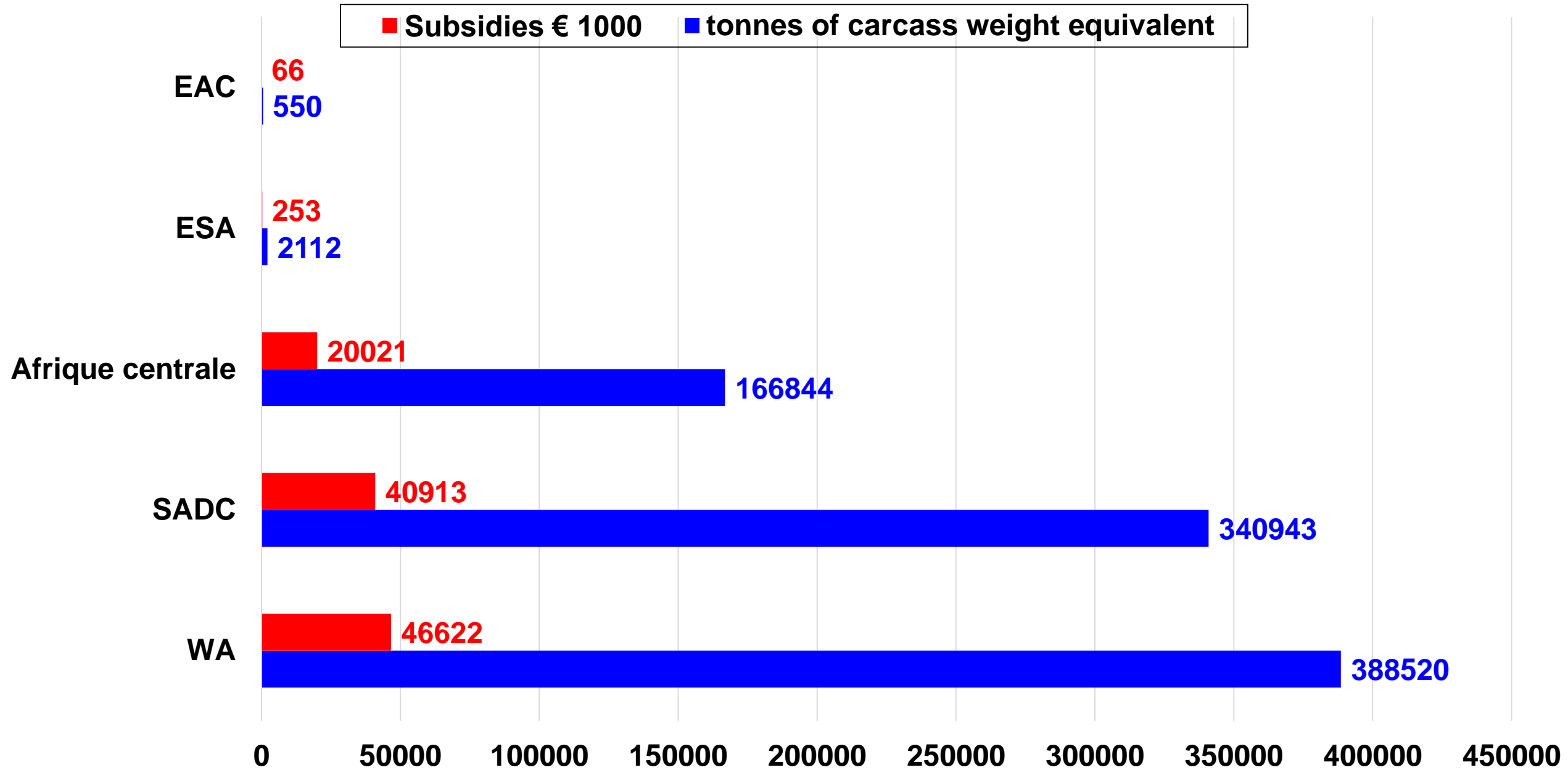
tme: tonnes of milk equivalent

Comparison of the dumping rate of the EU dairy exports in 2016

EU28extra	WA	SADC	CA	EAC	ESA	5 EPA	5 EPA/EU
13.2%	20.8%	19%	13.8%	29.4%	14.4%	19.5%	148%
Subsidy/hb	0.46 €	0.24	0.19	0.04	0.13	0.29	



EU28 poultry & eggs exports and subsidies to SSA EPAs in 2016

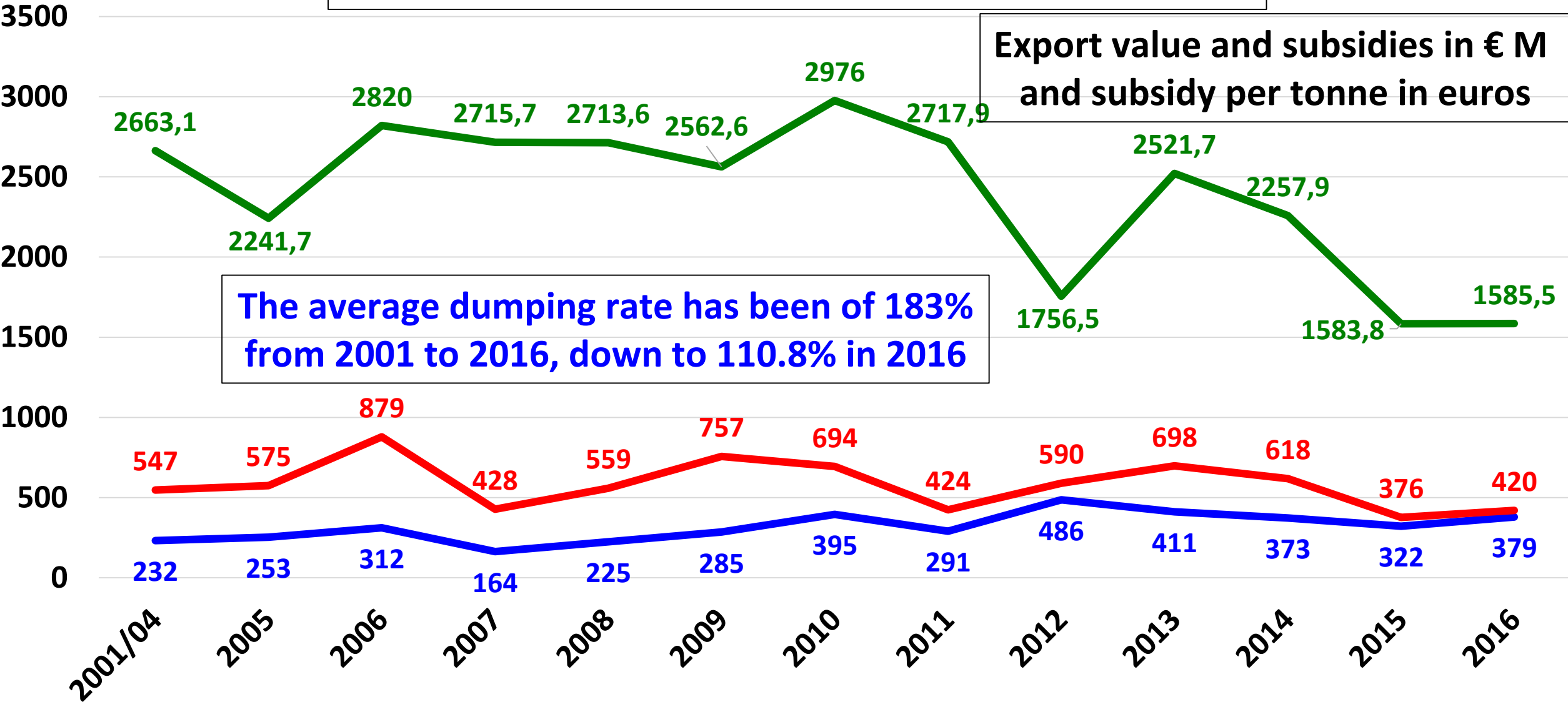


The EU huge dumping rate of its cotton from 2001 to 2016

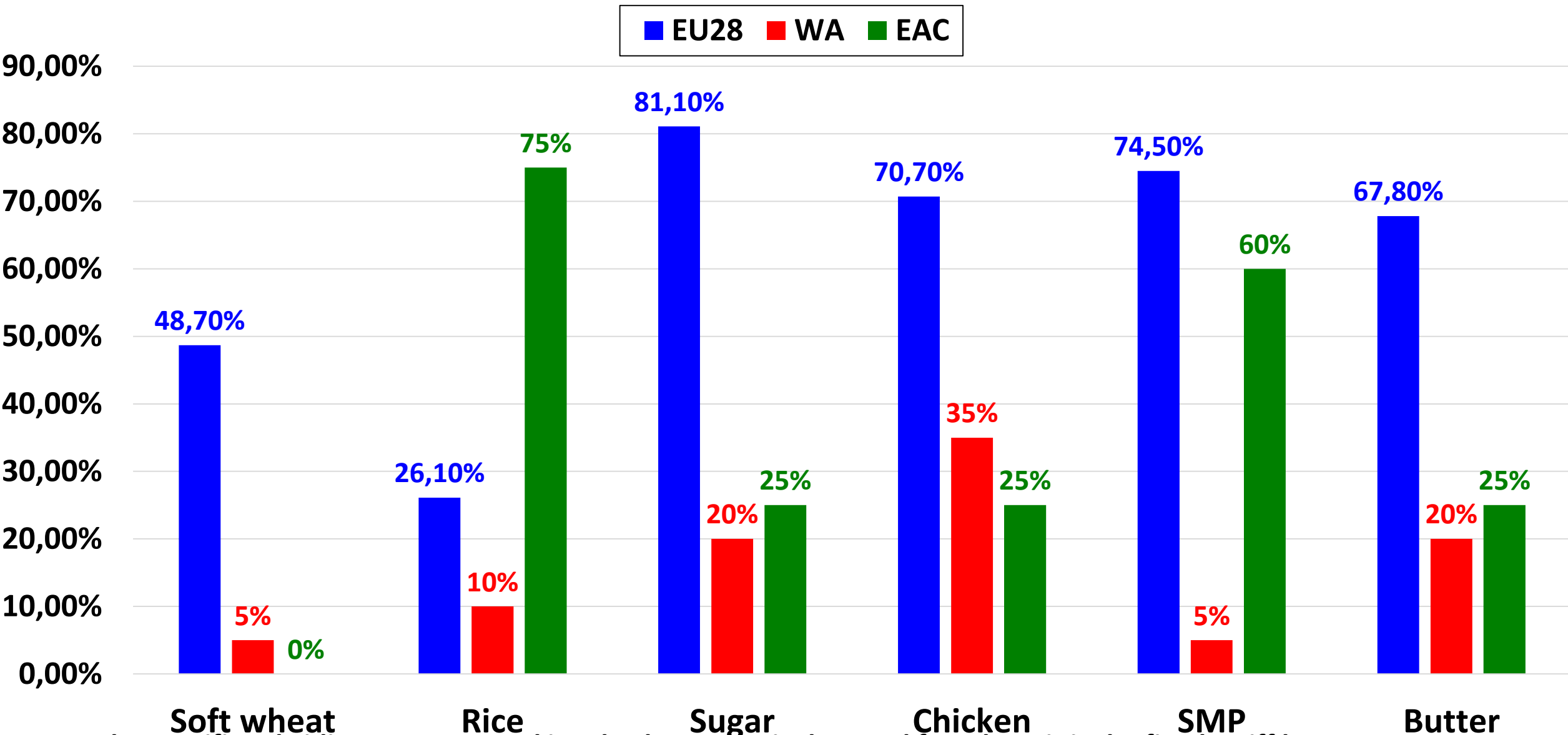
— Exports value — Export subsidies — Subsidy per tonne

Export value and subsidies in € M and subsidy per tonne in euros

The average dumping rate has been of 183% from 2001 to 2016, down to 110.8% in 2016



Applied tariffs of some staple food in the EU28, WA and EAC in 2016

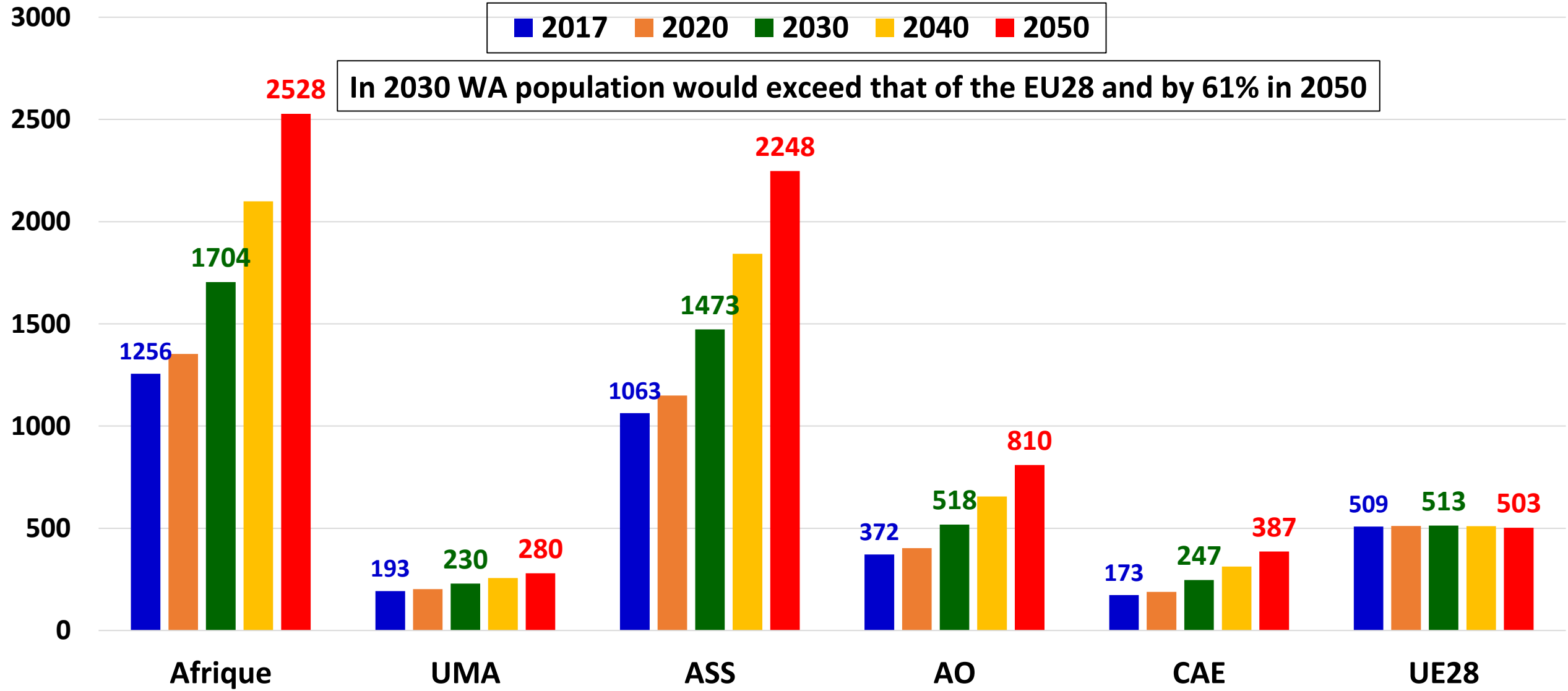


For EU the specific subsidies are converted in ad valorem equivalent and for wheat it is the fixed tariff but, after deducting the reference price of 157.03 €/t, it is presently at 0

Demographic prospects of Africa from 2017 to 2050, in millions inhabitants

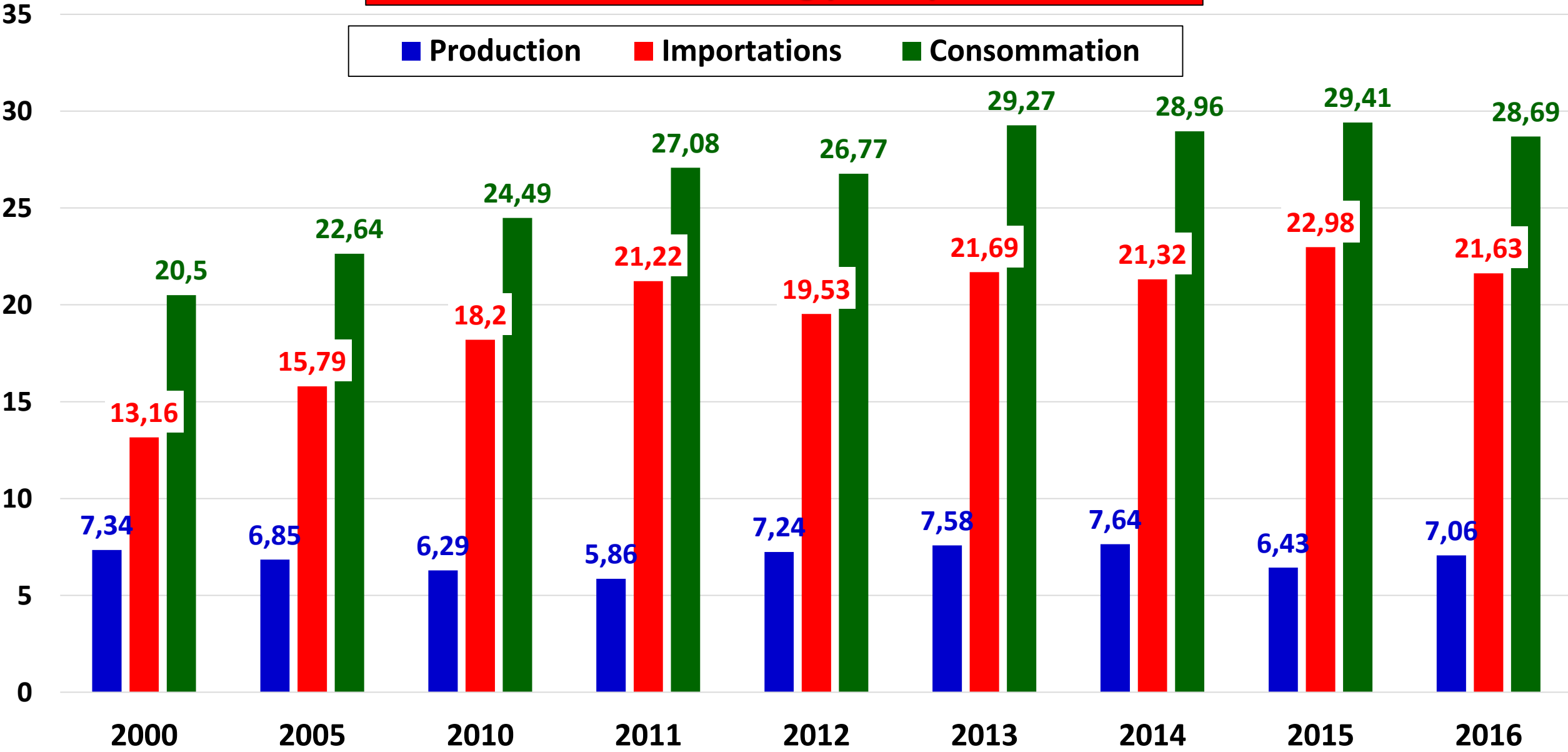
2017 2020 2030 2040 2050

In 2030 WA population would exceed that of the EU28 and by 61% in 2050



Production, imports and consumption of wheat in sub-Saharan Africa in kg per capita : 2000-16

■ Production ■ Importations ■ Consommation



The huge losses of import duties and VAT with the EPAs

DG trade of the EU Commission refused to circulate 3 impact studies it had funded on WA EPA of April 2008, April 2012, January 2016 as they concluded to a negative impact for WA. DG Trade own report of March 2016 is not more reliable. Nevertheless it quotes Fontagné's report of 2008 that "annual losses of tariff revenue on EU products would amount to €700 million in the long run for ECOWAS. The... overall tariff revenue is predicted to be reduced by 38% in ECOWAS at the end of the liberalisation period".

DG Trade is particularly unreliable when it states that with the EPA WA exports of cereals would rise by 10.2% and those of red meat by 8.4%. In fact cereals are the largest food imports of WA, with 16,1 M tonnes in 2013, of which 2,8 Mt from the EU (and 3.4 Mt in 2016). The EU has imported only 22 tonnes of bovine meat from WA to which it has exported 84 895 tonnes.

The huge losses of import duties (IDs) and VAT with the EPAs

In the first years of liberalization the EPAs generate annual and cumulative gains of customs revenues (IDs+VAT on imports) as VAT on imports rises more quickly than the losses of IDs.

If the WA EPA were finalized, SOL showed that WA would lose €66 M of IDs and VAT on imports from EU28-UK 5 years after entry into force and €4.6 bn in the 20th year, cumulative loss over 20 years being €32 billion, rising to €120 bn in 2050.

For CEMAC-6 EPA the annual IDs and VAT losses on imports from EU28-UK and from RoW and intra-CEMAC would rise from €41.5 M in 2016 to €1 bn in 2029 and €1.7 bn in 2050 with cumulative losses of €8.1 bn in 2029 and €36,4 bn in 2050.

For EAC the EPA generates first net customs revenues (DD + VAT) up to T10 (2025), with cumulative gains of €24.9 M to T14 (2021) but afterwards cumulative losses increase from €703.7 M in T20 (2035) to €1.510 billion in T25 (2040).

Conclusion

Regional integration during at least one generation must be the first objective of each REC (Regional economic community), with minimal redistribution of REC budgets to the deprived States, areas and enterprises. Only when they would reach a minimum level of competitiveness could they engage in FTAs (EPAs) including CFTA (continental free trade area) & CCU (continental customs union).

Each REC should become WTO Member to negotiate on behalf of its Member States and to reinforce their say in the WTO and FTAs (EPAs) negotiations.

Each REC would get bound duties – the only ones negotiated at the WTO – at the average bound duties of their Member States weighted by the share of extra-REC imports. For ECOWAS this would be of about 85% for agricultural products.

Each REC could then transform its agricultural tariffs in variable levies in order to guarantee stable and remunerative prices to their farmers as the EU did.

To not harm the majority of poor citizens each REC should implement a large programme of domestic food aid along the lines of India, from foreign aid.