

C2A Notes

Economic Partnership Agreements and Agriculture: the Challenges for Africa

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The European Union (EU) has been involved for more than 10 years in negotiating Economic Partnership Agreements (EPAs) with the ACP (Africa-Caribbean-Pacific) countries. Despite pressure from the European Commission, the ACP countries have, up to now – and thanks in particular to mobilisation by civil society – partially resisted economic liberalisation that would threaten their agriculture, their economic and social development, and the processes of regional integration. Countries that are not LDCs (Least Developed Countries) are now threatened with with-drawal of free access to the European market if they do not ratify an interim agreement before 1 October 2014. In this context, some regional EPAs, especially the one with West Africa, could be signed and ratified shortly¹.

From the Lomé Conventions to the Cotonou Agreement

The Lomé conventions offered free access to the European market for most products from the ACP countries, without customs duties or quotas. These trade preferences were in contradiction with WTO rules. In fact, not only were they discriminatory towards other developing countries, but they were also non-reciprocal, as the ACP countries did not undertake to open their own markets to European products.

In this context, rather than implementing other solutions, the EU decided to replace these preferences with the establishment of free-trade areas between ACP regions and the EU, via the signing of EPAs. The Cotonou Agreement between the EU and the ACP countries, which was signed in 2000, thereby provided for the establishment of EPAs no later than the end of 2007. In exchange for continued free access to the European market for products from the ACP countries, the ACP regions undertook to gradually liberalise a substantial proportion of their markets to the benefit of European products. After an initial phase of collective negotiation, the negotiations were conducted between the EU and each of the major ACP regions.

The points of divergence

The EU and the ACP countries have disagreed on many subjects, and the negotiations have bogged down (to date, only one full EPA has been signed, between the EU and CARIFORUM). The points of divergence include:

- the extent to which the ACP regions will open up to European products. Until recently, the EU demanded an 80% opening up to imports, whereas the ACP called for lower levels (60%-70%). The recent agreement between the Commissions of West Africa (ECOWAS) and the EU provides for a rate of 75%, with the other (so-called "sensitive") products excluded from liberalisation.
- the liberalisation period. The EU is asking for faster opening up (15 years), whereas the ACP countries call for a longer period (25 years).
- The export restrictions practised by the ACP countries. The EU wants these to be banned, whereas several ACP countries justify these trade policies by development necessities (encouragement for local processing of raw materials) and by food security (in the event

¹ This summary by Coordination Sud's Agriculture and Food Commission (C2A) is based on the similarly named full report produced by the C2A.

of world price surges).

- the most-favoured nation clause. The EU demands that if an ACP region grants trade preferences to other countries in the future that are more favourable than those granted to the EU as part of the EPAs, then these preferences be automatically extended to European products.
- the inclusion of so-called trade-related topics (investments, government contracts, etc.) in the negotiations, which is called for by the EU.
- the question of European subsidies for agriculture. The ACP countries are asking that these give rise to compensations, which the EU refuses.
- EU financial aid. The ACP countries are asking for additional funds to support adaptation to the new context for their economic sectors and institutions.

Recent developments regarding the EPAs

In the absence of agreements by the established deadlines, and following pressure from the EU, some ACP states signed interim EPAs individually or in groups. These were mainly non-LDC developing countries that, if they had refused to sign, would have seen their exports to the EU taxed once again. On the other hand, the European Commission was not able to put the same pressure on the LDCs, as these latter benefit – whatever the outcome – from free access to the European market as part of the *Everything but Arms* (EBA) regime of trade preferences, which concerns all LDCs.

However, the interim agreements have generally not been ratified and implemented, as the countries concerned have realised the danger they represent not only for their economies, but also for the regional integration processes underway. Indeed, the implementation of bilateral interim agreements would mean that different customs duties would exist within regions that are supposed to form customs unions.

The EU also decided to withdraw free access to the European market from countries that will not have taken the necessary steps towards ratification and implementation of the interim EPAs by 1 October 2014. All the countries – even the LDCs – thus find themselves under pressure to ratify final EPAs in order to save the regional integration processes. Within this context, the negotiations between the ACP regions and the EU have accelerated over the last two years. An agreement was signed in January 2014 at the commissioner level between ECOWAS and the EU. However, it has not been approved by the heads

of state, who, at the request of Nigeria, decided during their conference in Yamoussoukro, on 28 March 2014, to make extra evaluations.

The dangers of the EPAs

The possible impact of the EPAs must not be exaggerated, considering the many other challenges African countries must deal with in trade matters (competition with agricultural products from emerging countries in a context of relatively weak protection of the regional domestic market, effectiveness of regional integration processes, respect of common rules in customs matters, etc.) and in other areas.

However, the EPAs, which are supposed to stimulate development in ACP countries as well as regional integration, may in reality be a threat to their economies, their agriculture, their food security and more generally to their political autonomy in the decades to come.

In Europe, agricultural productivity is high, farmers receive aid, and some exports are made up of agricultural by-products. This enables the EU to export to the ACP countries at very competitive prices, putting pressure on the domestic markets by lowering prices at the expense of local producers, agricultural development and food security. This is why the ACP regions must be able to protect and regulate their own markets, and especially be able to do so at the levels at least equal to those of the EU for their basic foodstuffs (cereals, sugar, meats and dairy products). The EU moreover supports its agricultural production with significant direct aid.

The EU of course accepts that the main agricultural products be included in the list of *sensitive products* and thus excluded from liberalisation. However, the ACP countries would not be able to improve their level of protection in the future in the event of a drop in the price of imported products (*status quo clause*). Furthermore, we can observe that, in the agreement with West Africa, many products of an agricultural origin intended for processing industries of ACP countries are indeed subject to liberalisation. The ACP countries would also not be able to set up possible export restrictions in the future, even though these are authorised by the WTO and were used by the EU for cereals from 1995 to 1997. Finally, besides agricultural products, the trade in many industrial products would be liberalised, thereby compromising the industrialisation needed in the ACP countries.

The EPAs would also lead to a drop in customs revenues for the ACP countries, even though public budgets often depend on them significantly.

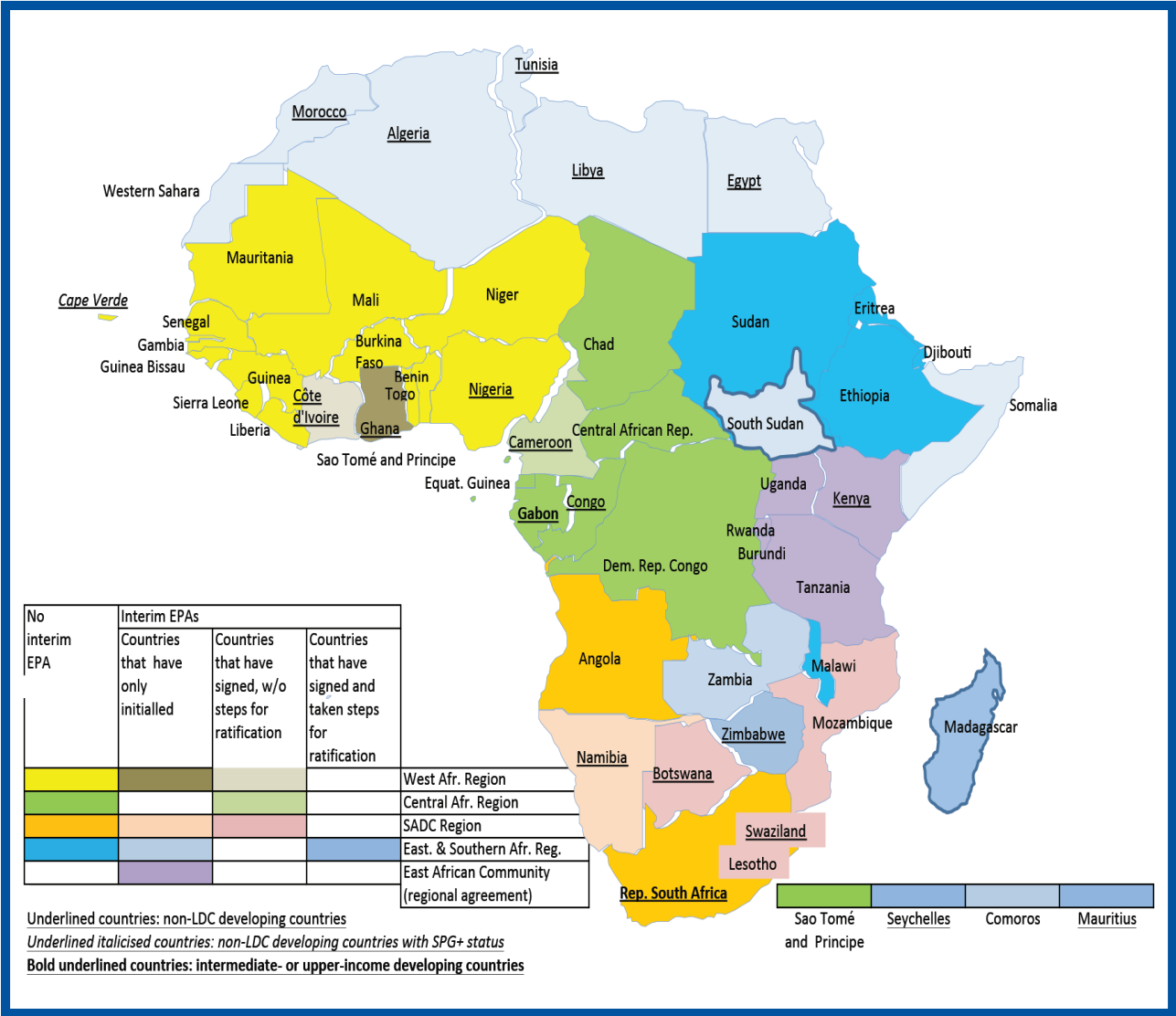
The EU plans to provide financial aid, but it refuses to commit itself to extra funds for the current European Development Fund (EDF).

More generally, the EPAs mean that the countries and regions of the African continent would give up some of their political autonomy ("policy space") in trade policy matters for years to come. Once ratified, the EPAs in fact become legally binding and are unlimited in time. Future possibilities for developing new types of production or value chains requiring an appropriate trade policy (protection or export limits) may be limited or destroyed because of the binding commitments made within the framework of the EPAs. They also create a precedent that will encourage Africa's other trade partners to demand equivalent trade concessions.

As mentioned earlier, the ultimatum to ratify interim agreements is also threatening the regional integration processes.

In the end, EPAs seem above all to serve certain economic interests of the EU (even though questions of access to government contracts and of services, which are priorities for the European Commission, have not been included in the current negotiations) and of certain companies from the ACP countries that export to the EU.

The appropriateness of continuing negotiations on the EPAs is a question that is being posed by African civil society organisations. Many of them consider that the efforts of African countries should be devoted to the real priorities of the continent, and especially to regional integration, even if that means compensating the countries and companies that would be affected by the losses of trade preferences for access to the European market.



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THE POSITIONS OF COORDINATION SUD

Within this context, Coordination SUD asks that the Commission and Member States of the EU undertake to replace EPA negotiations with those on *Cooperation and Solidarity Agreements (CSAs)*, which are not based on free trade. The goal of such agreements should be the fulfilment of human rights in the ACP countries, in particular economic, social and cultural rights. The right of regional groupings to protect and regulate their markets should be fully recognised, especially for agricultural and food products, all the more so because they cannot subsidize their farmers to a significant extent. The political autonomy of the ACP countries and regions must not be impeded, but rather supported. At the same time, LDC status (and thus access to the *Everything but Arms* trade regime) should be granted to all ACP regions made up of a majority of LDCs, so as to further the regional integration process.

In the short term, Coordination SUD asks that:

- the European Commission take the steps needed to do away with the threat that the 1 October 2014 deadline represents, by taking a unilateral decision to prolong free access to the European market for all the ACP countries;
- European Parliament oppose the ratification of agreements resulting from

ultimatums by the Commission to ACP countries, as many African civil society organisations and governments demand;

- European Parliament commission its own ex ante studies to evaluate the economic, social and environmental impacts of possible agreements, with involvement by key actors in ACP countries;
- the negotiation of agreements with the ACP countries be the responsibility of the Development Commissioner and not the Trade Commissioner.

In the event that one or several final EPAs soon be signed and ratified, Coordination SUD asks that:

- the EU undertake to provide additional funding for the economic and social development of African countries;
- African and European civil society be fully involved in the monitoring mechanisms of the agreements;
- a system be established for regularly assessing the impacts of the agreements on human rights and development, thereby creating the possibility of revising the agreements according to the results of those assessments.

As part of its mission to support the collective advocacy of its members, Coordination SUD has set up working committees. The Agriculture and Food Commission (C2A) brings together international solidarity NGOs working to realize the right to food and increase support for smallholder farming in policies that impact world food security: 4D, ACF, aGter, Artisans du Monde, AVSF, CARI, CCFD-Terre Solidaire, CFSI, CIDR, CRID, Gret, Inter Aide, Iram, Oxfam France, Peuples Solidaires in association with Actio-nAid France, Réseau Foi et Justice Europe, Secours Catholique, Secours Islamique, Union Nationale des Maisons Familiales Rurales, and one guest : Inter-réseaux.

The aim of the Commission is to coordinate the work conducted by its participants and to facilitate consultation among its members for their advocacy work with social actors and international policy makers. The members of the Commission reach agreements on who represents Coordination SUD in a range of arenas (Concord in Europe, FAO, WTO, UNCTAD) and share information on current international issues. The Commission is mandated by Coordination SUD to formulate the positions taken by the group during the major institutional meetings on the subject of agriculture and food.

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