Agriculture News Update

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CTA

EPA negotiations: general

'Aid for trade' and EPAs are assessed

The ECDPM has posted an assessment of the state of play with regard to the 'aid for trade' and EPA discussions. It traces the EU's role in developing 'aid for trade' concepts at the international level and the evolution of its commitments, notably the €2 billion per annum EU commitment. This has led to some misunderstanding as to the scope of the additional support to be made available, since the EU was already an extensive provider of 'aid for trade' under existing aid programmes. Implementing the 'aid for trade' strategy and achieving concrete results will be a 'difficult and complicated process'. It notes in passing the lack of a clear consensus amongst the EC and EU member states over the level of coordination required, the most effective forms of delivering assistance and the conduct of the dialogue with ACP governments. However there is agreement on the need to focus on 'the elaboration of coordinated regional packages'.

It highlights the different approaches adopted by ACP regions to engaging in the 'aid for trade' dialogue, and argues that the discussions present an opportunity for ACP governments to integrate trade priorities into national and regional development strategies and the aid-programming process.

Meanwhile the OECD's Development Cooperation Report 2009 has 'found that although donors promised to increase funding by US$50 billion each year by 2010 compared with 2004, they have fallen US$30 billion short of that goal'. In this context the OECD called on developing country governments to 'work to increase domestic revenue through improved tax structures and enforcement efforts and by combating corruption'.

Sources

ICTSD, Bridges Weekly Trade News Digest, Vol. 13, No. 7, February 25th 2009
http://ictsd.net/i/news/bridgesweekly/41647/

ECDPM Discussion Paper No. 86, November 2008
http://www.fes.de/cotonou/DocumentsEN/ThematicFocus/trade_finance_economy/AidForTrade_EPAs.pdf

Comments

In ACP agriculture sectors critical issues relate to how 'aid for trade' resources can be used and how they can be deployed. A perception is emerging that donor 'aid for trade' priorities do not always coincide with domestic priorities in agriculture-sector restructuring. In this context it would appear that lessons can be drawn from the EU's own internal experience of supporting food- and agriculture-sector restructuring in preparation for trade liberalisation, and in particular, experience under 'axis 1' of the EU's rural-development programmes, which aim to enhance the competitiveness of EU food and agriculture-sector enterprises. There are four notable lessons to be learned from these programmes. First is the highly decentralised nature of programme design and implementation, which raises serious questions about the value in the agriculture sector of a regionally focussed approach to 'aid for trade' mobilisation and deployment. The main challenges faced need to be addressed at the national, provincial, sectoral or subsectoral levels in close consultations with those most directly affected. This is indeed, the second major lesson emerging from the EU experience, where primary importance is attached to direct stakeholder (farmers and private sector bodies) involvement in programme design and implementation. The third lesson relates to the market focus of the EU restructuring programmes, with the emphasis on developing production consistent with how markets are evolving rather than how they have been in the past. The fourth lesson relates to the integrated nature of the support extended, ranging from investment in basic public infrastructure in producing areas, through support to farmer organisations to direct investment support in farm modernisation or agro-processing.

It would appear that if EU 'aid for trade' support is to be relevant in the agriculture sector in ACP countries then a similar type of approach could usefully be developed, given its effectiveness within the EU in supporting the required restructuring process.

South Centre review of Article XXIV and the S&DT debate

The South Centre has posted an analytical note on the need for special and differential treatment (S&DT) to be inserted in the application of article XXIV of the GATT which deals with regional free-trade agreements. It highlights the contradictions arising from the current absence of S&DT provisions in article XXIV. For example, while LDCs are to get the 'round for free' in the Doha round of WTO negotiations, the absence of S&DT in article XXIV means that under EPAs LDCs will be expected to carry the same tariff-elimination obligations as their developing-country neighbours with which they are seeking to develop regional market integration. The paper argues that this kind of contradiction will have profound implications for national agricultural development and/or regional market integration.

Whereas under previous regional trade arrangements involving developed countries a range of policy tools were used to protect sensitive agriculture sectors, it points out that such flexibilities are not being extended to ACP countries in the context of the EPA negotiations.

Similarly in its trade agreements with Mediterranean countries the EU has adopted a 'positive list' approach in the agriculture sector such that all tariff lines continue to be protected unless otherwise specified. This resulted in only 59% of agricultural tariff lines being liberalised by the EU under the EU-Tunisia agreement (compared to 100% of industrial tariff lines). Furthermore the EU commonly limited trade concessions in agricultural products to 'historical trade volumes', using a variety of tools such as TRQs, entry-price systems and seasonal restrictions. Many OCED countries also retained high tariff peaks for agricultural products in regional trade agreements. Finally the report highlights the absence of any controls and restrictions on the use of domestic and export subsidies in regional trade agreements involving OECD economies and argues that this glaring omission is 'extremely unfair for developing countries, which typically do not provide subsidies to any substantial degree'.

It rejects any suggestion that the granting of S&DT to developing countries would result in these agreements being challenged in the WTO and makes this case based on current WTO practices in reviewing regional trade agreements. It closes by recommending greater flexibility through the incorporation of S&DT in all aspects of article XXIV regional trade agreements.

Sources

Point of access for downloading the *South Centre Analytical Note* SC/AN/TDP/RTA, December 2008
http://www.southcentre.org/index.php?option=com_content&task=view&id=901

Comments

It remains to be seen whether S&DT will be incorporated into article XXIV provisions during the Doha Round and whether in the context of the signing of the IEPAs and negotiation of comprehensive EPAs any greater flexibility can be introduced into the EPAs in regard to all areas covered by article XXIV.

European Parliament resolution on the development impact of EPAs

A European Parliament resolution adopted on February 5th 2009 reviews the state of play to date and highlights the significant adjustment costs which EPAs can carry, including loss of customs revenue, the costs of public-finance reform, the costs of regulatory reform, and the costs of social, production, trade and employment adjustments.

Amongst other things it calls for:

- the EU Council, the EC, member states and ACP governments to 'do their utmost to re-establish an atmosphere of confidence and constructive dialogue … and to recognise the ACP states as equal partners in the negotiation and implementation process';

- EU member states to 'respect their commitments to increase official development assistance', including increased aid for trade support for the implementation of the EPAs, but without making the signing of an EPA a precondition to receive 'aid for trade' support;
- the EC and the ACP countries to 'make best use of the funding available for aid for trade in order to support the reform process in areas essential for economic development', including fiscal reform, infrastructure development, export diversification, support for SPS compliance, support to smallholder farmers and for efforts to move up various value chains;
- the EC to give ACP negotiators sufficient time to evaluate the agreement and to make suggestions before adopting the relevant agreement, taking into consideration the WTO time schedules';
- ACP governments to implement necessary reforms in order to realise good governance, in particular in the field of public administration, such as in public-finance management, collection of customs duties, the tax-revenue system, the fight against corruption and mismanagement';
- the inclusion of development benchmarks in the EPA and interim EPAs to measure the socio-economic impact of the EPAs on key sectors, to be determined according to the priorities and for intervals decided by each region;
- The resolution further reminds the EC and the EU Council that 'neither the conclusion nor renunciation of an EPA should lead to a situation whereby an ACP country may find itself in a less favourable position than it was under the trade provisions of the Cotonou Agreement'.

Sources

European Parliament, OJ02-02-2009-9, February 5th 2009
http://www.acp-eu-trade.org/library/files/EP_EN_050209_EP_Resolution.pdf

Comments

The European Parliament's implicit call for greater flexibility is consistent with the change in presentation associated with Commissioner Ashton's style of leadership in DG Trade. However it remains to be seen whether this non-binding resolution will impact on the EC's conduct of the interim negotiations, given the pending European Parliament elections.

EC review of relations with the ACP in the food-and-agriculture sector

A series of information notes has been produced by the EC on ACP-EU food and agriculture-sector relations. These briefings cover: the overall ACP-EU food- and agricultural-trade relationship; the treatment of food and agricultural trade under (I)EPAs; a region-by-region review of food- and agriculture-sector trade relations with the ACP; and reviews in major sectors, such as bananas, sugar, rice and cotton.

The documents provide an overview of EU food and agricultural imports from and exports to the ACP. The figures on exports provide a summary profile of the sectoral distribution of EU food and agricultural exports to different ACP regional markets.

Sources

Summary, EC Directorate-general for Agriculture and Rural Development, October 2008
http://ec.europa.eu/agriculture/external/dev/acp/intro_en.htm

EPA-related provisions, EC, October 2008
http://ec.europa.eu/agriculture/external/dev/acp/detail/agri_en.pdf

Caribbean, EC, October 2008
http://ec.europa.eu/agriculture/external/dev/acp/detail/caribbean_en.pdf

Central Africa, EC, October 2008
http://ec.europa.eu/agriculture/external/dev/acp/detail/central_africa_en.pdf

ESA, EC, October 2008
http://ec.europa.eu/agriculture/external/dev/acp/detail/e_s_africa_en.pdf

SADC, EC, October 2008
http://ec.europa.eu/agriculture/external/dev/acp/detail/sadc_en.pdf

West Africa, EC, October 2008
http://ec.europa.eu/agriculture/external/dev/acp/detail/west_africa_en.pdf

Pacific, EC, October 2008
http://ec.europa.eu/agriculture/external/dev/acp/detail/pacific_en.pdf

Banana sector, EC, October 2008
http://ec.europa.eu/agriculture/external/dev/acp/detail/bananas_en.pdf

EU-ACP cotton partnership, *EC*
http://ec.europa.eu/development/policies/9interventionareas/ruraldev/agri/cotton/cotton_intro_en.cfm

Rice sector, EC, October 2008
http://ec.europa.eu/agriculture/external/dev/acp/detail/rice_en.pdf

Sugar sector, EC, October 2008
http://ec.europa.eu/agriculture/external/dev/acp/detail/sugar_en.pdf

Comments

These documents provide a useful overview of ACP-EU agriculture-sector relations, with the statistics on EU exports highlighting the importance of certain sectors in the overall profile of agricultural trade with the ACP. This is particularly noticeable in those food and agricultural products where EU companies are facing growing competitive pressures on 'traditional' non-ACP export markets.

South Centre paper on development benchmarking for EPA implementation

The South Centre has produced an analytical note on benchmarking development in EPAs, with the approach being based on the EU's own system of graduation under its GSP scheme. It proposes three concrete development benchmarks based on:

- a development index;
- export concentration/diversification;
- import concentration.

All of these are variations or elaborations of methodologies used by the EU under its GSP schemes. The is formulated on the assumption that ACP countries 'have to graduate out of a certain level of vulnerability before they implement a further stage of liberalisation, or before they qualify to liberalise'. The paper elaborates on how these benchmark indices could be applied and suggests specific legal language which could be incorporated into the EPA texts. Finally it provides 'some figures on certain African countries, illustrating how these countries measure on the indicators'.

Sources

South Centre Analytical Note, March 2009
http://www.southcentre.org/index.php?option=com_content&task=view&id=915&Itemid=1

Comments

This analysis makes an interesting case for using the EU's own logic in concretely incorporating the development dimension into the design and implementation of EPAs. However, under the leadership of Commissioner Mandelson the EC came to equate the development dimension either with 'aid for trade' support or with the inclusion of comprehensive provisions on trade-related areas and trade in services. Given that it sees the liberalisation process itself as bringing real economic benefits to ACP countries, the EC is likely to have fundamental conceptual problems with the underlying assumptions behind the South Centre approach. While Trade Commissioner Ashton has brought a distinct improvement in the atmosphere of negotiations through demonstrating a more flexible approach to addressing specific ACP concerns, it now appears rather late in the day for a fundamental rethink of the basic design of EPAs. Had the South Centre proposal been tabled in September 2002 at the time of the launching of the all-ACP level of negotiations then it might have garnered wider support.

EPA negotiations: Caribbean

Assessment of the Caribbean EPA

The United Nations Economic Commission for Latin America and the Caribbean has posted an assessment of the implications of the market-access and safeguard provisions of the EU-CARIFORUM EPA for regional integration. It concludes that the adjustment challenges faced under the EPA are an extension of the domestic-reform challenges and restructuring needs arising from multilateral trade liberalisation, with the CARIFORUM states needing to 'significantly improve their production processes and technical know-how in order to fully take advantage of the greater access to EU markets'. It argues that 'there are numerous clauses in the agreement that can be used to safeguard domestic producers and labour', but that the challenge will be to invoke these clauses effectively in order to prevent injury to the domestic market or social dislocation arising from import surges.

The fiscal adjustment challenges will be greater for smaller economies, as they are more dependent on trade taxes and this will require a shift to more indirect taxes rather than tariffs. A number of issues requiring further study are identified, notably:

- the exact implications of the MFN clause;
- the region's capacity to effectively implement safeguard measures;
- the impact of the non-cumulation provisions in the sugar sector;
- meeting the challenge of shifting to non-trade-based taxes, particularly for Haiti;
- the precise make-up and power relations within the various EPA committees and their link to regional decision-making processes.

While 'the relative bargaining power of each party will probably ebb and flow over the life of the agreement', 'the EU with its greater size and level of resources will always have a natural advantage'. This poses the question: 'how can the CARIFORUM group really maximise its benefits in this context of unequal power?'

A European Parliament report meanwhile argued that the Caribbean EPA can only be described as 'satisfactory' if it effectively supports economic development, promotes their participation in world trade and strengthens the regionalisation process'. In the accompanying resolution parliamentarians called for greater clarity from the EC on the 'distribution of funds in the region within the 'aid for trade budget' and called for EU member states to set out their additional funding commitments for the 2008-13 period. MEPs expressed support for the 'agreed tariff exclusions focused on agricultural goods and some processed agricultural goods, given that they are based chiefly on the need to protect infant industries and sensitive products in these countries'. MEPs also called for parliamentary involvement in implementing the review clause in the Caribbean-EU EPA and for the establishment of an independent monitoring mechanism.

The joint Caribbean–EU parliamentary meeting in Guyana in February 2009 provided a platform for President Jagdeo to call for the suspension of the implementation of the EPA, since the current global financial crisis meant that it was not possible to mobilise the financial resources required for implementing the adjustment programmes required to ensure a development friendly implementation of the EPA. His call received support from European parliamentarians present, although the view was expressed that it was unlikely the EC would agree to such a move.

The implications of the EPA for trade policy space could well be tested in the near future as the Barbadian minister of agriculture has requested guidance from his ministerial colleague at the trade ministry on the scope for import protection in the onion sector, where plans are underway to expand domestic production. According to agriculture minister David Estwick disruption of the domestic marketing of onions by imports has been a long-standing problem in Barbados. The minister appears to be looking for some kind of seasonal restriction to allow the clearing of domestic markets prior to any resumption of imports. He is also trying to encourage the establishment of a drying facility to consolidate domestic production.

Source

barbadosadvocate, March 12th 2009
http://www.freshplaza.com/news_detail.asp?id=39881

Caribbeannetnews, February 26th 2009
http://www.caribbeannetnews.com/news-14537--13-13--.html

European Parliament, February 24th 2009
http://www.bilaterals.org/article.php3?id_article=14499&lang=fr

Stabroeknews.com, February 28th 2009
http://www.stabroeknews.com/2009/news/local/02/28/flexibility-urged-in-activation-of-eu-trade-deal/

Caribbeannetnews.com, February 27th 2009
http://www.caribbeannetnews.com/news-14560--13-13--.html

UNECLAC, LC/CAR/L.181, November 26th 2008
http://www.acp-eu-trade.org/library/files/ECLAC_EN_261108_ECLAC_The-CARIFORUM-EU-EPA-an-assessment-of-issues-relating-to-market-access-safeguards.pdf

BBC Caribbean.com, January 13th 2009
http://www.bbc.co.uk/caribbean/news/story/2009/01/090113_pmupdate.shtml

Comment

The establishment of an independent monitoring mechanism, with the involvement of both EU and ACP parliamentarians potentially offers a vehicle for the transparent monitoring of the impact of various measures set out in the EPA on food and agriculture sectors, particularly the effectiveness of safeguard measures in sensitive sectors. It also potentially provides a framework for reviewing the extent and effectiveness of 'aid for trade' support in assisting production and trade adjustments in the Caribbean food-and-agriculture sector. Transparent public monitoring and evaluation of the impact of the various EPA provisions could well help offset the imbalance in the relative bargaining power of the EU and CARIFORUM in the management of the implementation of the agreement.

EPA negotiations: central Africa

NGO reflections on the central Africa-EU EPA negotiations

Analysis from the 'Platform of Central African Non-State Actors' (PANEAC) has been published in *Trade Negotiations Insights*. It notes the continued 'disagreement over the degree of liberalisation and the transition period for trade in both goods and services' in the EU-central Africa negotiations, while 'in terms of development issues, disagreements remain on all points under negotiation'.

It suggests that following the February 2009 round of negotiations the process has stalled over two main areas. First, because of 'the EC's lack of flexibility on all issues under discussion', with EU negotiators not having moved from their initial positions despite concessions from central African negotiators, notably the move from a market-access offer involving 'liberalisation of 60% over a 20-year period to one of 71% liberalisation over 20 years. In contrast the EC remains insistent on 80% product coverage in any liberalisation offer. Second, because the EC 'has retreated on several points concerning development aspects of the EPA', notably with regard to the implementation of the 'roadmap for strengthening capacities and developing central African economies', agreed in 2007, and fiscal-adjustment support.

Source

Central African NGO analysis *Trade Negotiations Insights, Vol. 8, No. 2*, March 2009
http://ictsd.net/i/news/tni/42036/

Article by EC officials, *Trade Negotiations Insights, Vol. 8, No. 2*, March 2009
http://ictsd.net/i/news/tni/42030/

Comment

Clearly there remains a considerable distance to be covered in the central Africa-EU negotiations, with EC officials now emphasising the need for flexibility and a step-by-step approach to resolving the issues of concern. It remains to be seen whether a general statement of flexibility can be translated into concrete agreements involving give and take on both sides.

EPA negotiations: ESA configuration

Deadline extension to be sought?

Press reports suggest that east African trade negotiators may be seeking an extension of the deadline for the conclusion of a comprehensive EPA with the EU. Kenya's permanent secretary for trade stated that more time may be sought so as to allow 'sufficient time to review all forms of engagement to guard against sloppiness' and ensure that 'regional economies are not exposed to harmful competition from the much more advanced EU' he noted that Kenya had initialled the interim EPA because 'the damage which would have resulted from the failure to do so would have been larger ', since 'key subsectors such as our horticulture industry would have been wiped out'.

This follows deliberations amongst ESA trade ministers which called for full consideration to be given to the issues faced prior to any further engagement with the EU. Ministers in particular highlighted the need to 'develop benchmarks to measure the success or failure of EPAs and how these benchmarks are delivering on development'. They argued that 'EPAs should make us better off than under the previous trade and economic agreement with the EC and accordingly, we need a set of indicators to ensure and measure that we are not worse off than yester year'.

The call for an extension of the deadline for the finalisation of the EAC-EU EPA was supported by the East African Trade Union Congress. Trade unionists also called for:

- the insertion of development benchmarks in EPAS which would link liberalisation to the attainment of specific social- and economic-development objectives;
- the inclusion of a social chapter to address the social and employment impacts of liberalisation;
- a mandatory review allowing for renegotiations of specific commitments;
- primacy to be given to regional-integration processes;

- guarantees that development, human rights and social rights are accorded more importance than commercial and financial aspects'.

Sources

The Citizen, Tanzania, March 3rd 2009
http://www.bilaterals.org/article.php3?id_article=14545&lang=fr

COMESA Newsletter No.191, February 13th 2009
http://about.comesa.int/attachments/080_e-COMESA_newsletter_191.pdf

Business Daily, Nairobi, February 13th 2009
http://www.tralac.org/cgi-bin/giga.cgi?cmd=cause_dir_news_item&cause_id=1694&news_id=60442&cat_id=1026

Comments

A more cautious approach on the part of trade negotiators in a number of ACP regions may in part be due to the severity of the global economic down-turn and its emerging consequences for African economies. This is particularly the case in the light of the growing debate around the impact of so called 'contentious issues', which have emerged in a number of regions, many of which revolve around the regulation of agricultural trade and the protection of infant industries in the agro-food sector.

EPA negotiations: SADC configuration

Fall in SACU revenues predicted, while progress in IEPA negotiations

In a February 2009 statement to Parliament, the South African minister of finance Trevor Manuel announced an impending decline of R1 billion in SACU revenue transfers to the BLNS in the coming year and a further decline of R1.5 billion in the following year. The decline in revenue is attributed to the global economic recession which has resulted in a sharp down-turn in imports of high-value, high-revenue items such as cars. This comes on the back of annual increases in transfers from the SACU revenue pool to the BLNS of 22% per annum over the 2000-01 to 2006-07 period. Swaziland and Lesotho were identified as most vulnerable to this decline in SACU transfers given their high revenue dependence on trade-based taxes.

Meanwhile an EC 'flash note' reported that 'final compromises being reached on most issues of greatest concern to both sides' in the SADC-EU IEPA negotiations following a meeting of senior officials in Swakopmund. This includes issues related to the provisions on 'export taxes, infant-industry protection, food security, quantitative restrictions and free circulation of goods' as well as tariff issues related to preserving the integrity of the SACU common external tariff. Further discussions are held to be needed on the MFN provision and the 'definition of the parties'.

In February 2009 South Africa adopted regulations extending TDCA tariff preferences to Bulgaria and Romania. The regulation came into immediate effect and was retroactive, allowing Romanian and Bulgarian companies to reclaim duties paid since January 1st 2007 on products falling under the TDCA provisions.

Sources

EC, *Trade Issues*, March 16th 2009
http://ec.europa.eu/trade/issues/bilateral/regions/acp/regneg_en.htm

Daily Telegraph, February 23rd 2009
http://www.telegraph.co.uk/finance/financetopics/financialcrisis/4789233/De-Beers-to-suspend-work-at-Botswana-diamond-mines-as-sales-slide.html

BBC, February 23rd 2009
http://news.bbc.co.uk/2/hi/business/7906425.stm

Business Day, February 16th 2009
http://allafrica.com/stories/200902160072.html

EC, *Market Access Flash Note,* No. 20, March 13th 2009
http://trade.ec.europa.eu/doclib/docs/2009/march/tradoc_142619.pdf

Comments

The decline in SACU revenues alongside other serious side effects of the global economic down turn on the Botswanan diamond sector, may well be leading to a re-evaluation of the role of trade policy in national agricultural and industrial development policy in the BLNS economies. This may well have been a contributing factor to the emergence of a greater degree of consensus in the SADC EPA configuration of the need to address contentious issues before the signing of the interim EPA, evidenced in the February 20th SADC configuration internal deliberations.

Informal indications from the March EU-SADC negotiations indicate that all the major 'big ticket' items on the list of 'contentious issues' of concern to the ANSA countries have been resolved at a technical level, with the notable exception of the MFN issue and the 'definition of the parties' (this relates to whether governments need to act collectively or individually in the execution of rights and obligations). The technical agreements hammered out, now await approval at the political level by respective ministers and the Trade Commissioner. If political approval is given to the technical compromises worked out, then it should be possible for all SACU countries, alongside Mozambique and Angola, to move forward together in the development of their trade relations with the EU.

However, informal reports suggest that some difficulties are now emerging on the issue of the additional agricultural market-access concessions to be granted to South Africa, where it has been suggested that the EC may withdraw the previous offer that it had placed on the table.

EPA negotiations: west African configuration

Further round of negotiations

At the February 16-20th 2009 EU-west African negotiation session west African negotiators 'tabled for the first time a draft regional market-access offer…and also proposals on services, competition, cooperation for the implementation of the EPA, dispute settlement, general exceptions, institutional arrangements, EPA final provisions and other EPA-related issues'. The EC has expressed the hope that 'a comprehensive regional agreement' can be concluded by June 2009.

Sources

EC, *EPA Flash News*, February 25th2009
http://www.acp-eu-trade.org/library/files/EC_EN_250209_EC_EU-West-African-EPA-negotiators-meet-in-Dakar.pdf

Comments

A more optimistic atmosphere for negotiations was reported at this session, although uncertainty remains over whether Nigeria is fully on board with the work being carried out at the regional level. Compromises appear to be possible on issues such as: the trade-distorting effects of EU agricultural subsidies; development-assistance financing; export taxes, regional levies and the free movement of goods. No progress however has been achieved on the issue of the MFN clause or the scope for reintroducing import duties as part of more comprehensive industrial- and agricultural-development policies.

The west African market-access offer is reported to cover the elimination of tariffs on 60% of imports from the EU over a 24year period. The EC reportedly believes this offer lacks ambition and has questioned whether such a product coverage would be compatible with the requirements GATT article XXIV. However it is believed that there remains scope to modify the proposal on the margins to try to address these EC concerns, although this will depend on ongoing work on the completion of the ECOWAS common external tariff and the results of general equilibrium modelling on the economic and fiscal effects of further possible tariff reductions.

Market access and recent developments

'Organic' consumers continue to buy if the price is right

Press reports indicate that although shoppers may be turning away from organic products in response to the economic downturn, if the price differential between 'organic' and conventional products is minimal, then consumers remain loyal. Despite the global recession 'organic' sales have continued to grow in Germany and France alongside an expansion of domestic production. This is even felt in the non-food sector. There is however contrary evidence in the UK on 'organic' sales, with some sectors suffering double-digit declines in sales in recent months (bread – 29%, fruit - 20% eggs - 12%), while other sectors have proved more resilient (vegetables -8%, milk -1%). At the retail level while some outlets have seen declining sales, others are selling more 'organic' products. Promotion and price considerations seem to playing a bigger role in consumer trends during the current economic down-turn.

Meanwhile in a paper presented at a meeting in Namibia on improving African agricultural productivity UNCTAD tabled a paper on 'organic' production arguing that this offered a more sustainable future given the developments in input costs in recent years. The IMF has pointed out that between January 2002 and July 2008 while food commodity prices increased by 130%, the index of prices of all commodities rose by 330% and the oil price rose by 590%. Recent oil and mineral commodity-price declines have not significantly altered this underlying reality, although they have served to ease somewhat input-price pressures and the costs of delivering agricultural products to market.

Sources

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http://www.thegrocer.co.uk/articles.aspx?page=articles&ID=198223

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USDA ERA, *Amber Waves*, November 2008
http://www.ers.usda.gov/AmberWaves/November08/Features/FoodPrices.htm

Pressandjournal.co.uk, January 21st 2009
http://www.organic-market.info/web/News_in_brief/Consumer_Behaviour/Scotland/176/181/0/4898.html

Comments

This suggests that once the global economic down-turn has ended, the long-term trend towards an expansion of consumption of luxury-purchase products such as 'organics' will resume. What is more, if new EU regulations on pesticide usage enter fully into effect, then the costs of conventional production could increase, making 'organic' products more price-attractive for consumers in the coming period.

Providing the issue of 'food miles' does not regain prominence, the development of 'organic' production for overseas markets, as well as national and regional markets could take on increased significance. However the investments required to secure and maintain certification should not be lost sight of.

'Fair trade' report highlights vulnerability of smallholder farmers

A report from the Fairtrade Foundation on the global food crisis and fair trade has highlighted the fact that increases in prices of export crops such as coffee, tea, vanilla and sugar have been far outstripped by increases in prices of basic staple food crops, this is despite the recent declines in food prices. These divergent price trends are creating real hardships for developing-country farmers. The report highlights the growing market concentration in agro-food supply chains, with the ten leading food retailers controlling around a quarter of the world food market and just three companies controlling 90% of the world grain trade. It calls for retailers and traders to adopt specific sourcing plans to assist small-scale farmers in accessing value chains.

The report further notes that donor aid to the agriculture sector has been in significant decline, with much of the EC's aid to agriculture being of poor quality, not being devoted to basic issues like 'providing inputs such as seeds and fertiliser or access to credit'. It notes that governments in developing countries have similarly neglected agriculture, with African governments spending only 4-5% of their national budget on agriculture and with insufficient attention being paid to access to credit and inputs as well as addressing infrastructure constraints.

The report calls on Northern governments to expand aid to agriculture, refocus their agricultural aid on small farmers and review their liberalisation-based trade policies in the light of the global food crisis and general recession. It calls on developing-country governments to similarly champion the strengthening of farmer organisations and increase access by small farmers to credit and basic inputs, with at least 10% of national budgets being dedicated to agriculture. It also calls for a smarter approach to state interventions and clearer strategies to build up the private sector. It calls on companies in invest in developing smallholder supply chains, improving the position of all participants in the supply chain and extending the scope of the 'fair trade' products they sell

Sources

Fair Trade Foundation, February 2009
http://www.fairtrade.org.uk/includes/documents/cm_docs/2009/f/ft_conference_reportfinal.pdf

BBC News, February 25th 2009
http://newsvote.bbc.co.uk/2/hi/business/7905312.stm

Comments

It is far from clear whether the recent food crisis will result in any fundamental rethinking of EU aid-deployment priorities. From an administrative perspective budgetary support offers the simplest means of increasing aid commitment and disbursement rates. With the EC favouring the establishment of multi-annual budgetary support commitments, it is unclear whether it would be willing to return to administratively more complex agriculture-focused development programmes. Indeed, even under dedicated funding instruments such as the sugar-protocol-accompanying-measures programme, the EC has demonstrated a tendency to steer away from complex rural-development programmes in favour of larger and simpler programmes of budget support or investment in infrastructure.

International dimensions of CAP reform

USDA analysis of EU programmes for promotion of agricultural products

The USDA has posted an overview of EU programmes for promotion of agricultural products. While most of these programmes relate to measures on the internal EU market, some of them focus on markets outside the EU, including South Africa. These externally-oriented programmes account for around 7.5% of the allocated EU funds.

EU budget appropriations and expenditures for promotion measures

	2005	2006	2007	2008	2009
Appropriations €	48,500,000	52,000,000	45,295,000	50,371,000	50,119,000
Expenditures €	30,230,113	38,897,869	50,596,638	n.a.	n.a.

Sources

USDA, *GAIN Report* No. E49003, January 14th 2009
http://www.fas.usda.gov/gainfiles/200901/146327042.pdf

Comments

These promotional programmes form part of wider EU programmes designed to facilitate a restructuring process within the EU food-and-agriculture sector and highlight the importance of support to ensuring that adjustments are market led and not production driven. A similar approach to ensuring that adjustments are market-led and not production-driven would appear to be appropriate in the ACP.

EP resolution on CAP and global food security is adopted

The European Parliament has compiled an own-initiative report on the CAP and global food security. The accompanying resolution contains no less than 101 paragraphs and includes, in addition to a general introduction, sections on: the global food-security situation and its causes; the EU response; agriculture in the developing world; the need for research and development; and sustainable world agriculture.

Sources

European Parliament, A6- 0505/2008, December 15th 2008
http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+REPORT+A6-2008-0505+0+DOC+PDF+V0//EN

Momagri, February 9th 2009
http://www.momagri.org/MOMAGRI12_WEB/UK/PAGE_DernieresPublicationsDetail.awp?P1=435

Comments

While the resolution adopted by the European Parliament is non-binding, it does demonstrate a certain divergence of views between parliamentary perspectives in Europe on the role of the CAP in relation to global food security and the policy direction favoured by the EC in trade negotiations with developing countries, such as those in the ACP. Whether this will translate into modification of the EC's current approach to agricultural-trade issues in the EPA negotiations is far from clear and will probably need to await the convening of the new European Parliament after the elections in June 2009.

First round of consultations on agricultural product quality

Addressing the Czech presidency conference on agricultural-product quality the Agriculture Commissioner Mariann Fischer Boel placed the issue firmly in the context of 'a globalised market full of low-cost competition'. She prepared a summary of the conclusions of the consultation process for the meeting which argued that quality standards should not be seen by producers as a burden but as 'a real opportunity' for distinguishing EU products in the market place in ways which deliver premium prices. Amongst many other findings this review found:

Logos and marketing standards:

- the vast majority of respondents were 'opposed to the creation of an EU logo to signal compliance with EU requirements', but supported 'the indication of the place of farming' at a country or regional level, with a certain urgency being placed on a compulsory label of origin for meat; processors however were opposed to citing traceability and cost concerns;

- there was strong opposition to self-regulation of marketing standards.

GIs:

- the current 'rules laying down the rights of geographical indication users' were judged to be sufficient, but with an emphasis on extending TRIPS-related protection for wines and spirits to other products and the establishment of an international register of GIs, to improve protection of GIs outside of the EU, with this being backed up by appropriate provisions in bilateral trade agreements;
- GIs and trademarks were seen not as alternatives but 'two systems distinct in nature' which should co-exist, with some respondents arguing that 'collective trademarks could be an alternative to GIs for certain typical local productions linked to an area having a limited economical impact', in this context the scope for the 'use of collective trademarks not linked to protected denominations or origin/protected GIs' was highlighted;
- most respondents opposed the introduction of additional stricter criteria for GIs;
- some producer associations argued for more flexible criteria regarding the origin of raw materials used in GDOs and PGI schemes;
- general concerns were expressed at the 'lack of protection of GIs in third countries' by EU producer organisations, while third-country organisations argued that 'international trademark and fair-trading regimes provide enough protection for brands'.

'Organics':

- a call for significantly enhanced promotion efforts for 'organic' products was made by respondents, alongside the call for greater protection of 'organic' standards, so as to ensure consumer confidence and create a single EU market in 'organic' products;
- verification of claims in private-labelling schemes was felt to be necessary, alongside the establishment of a common control system;
- new EU member states called for more support to developing and consolidating 'organic' production and marketing.

Food quality certification schemes (FQCSs):

- a majority of respondents felt that FQCSs 'structure the demand, create consumer confidence or increase it', while private standards were felt to be more flexible and responsive to new demands and trends, with the latter better able to create value for producers, particularly where efficiently managed, with costs kept to a minimum;
- the danger of too many FQCSs was highlighted since this could confuse consumers and multiply costs;
- it was noted that FQCSs can lead to additional costs, while non-adherence can effectively exclude products from the market; ensuring that producers gain real value is thus seen as vitally important;
- it was felt that clear EU guidelines could contribute to a more coherent development of FQCSs, although some felt that ongoing harmonisation of private-sector initiatives could make EU involvement unnecessary;
- suggestions for reducing the cost-burden of FQCSs included: the introduction of mutual recognition; group certification; combining audits and financial assistance to their establishment;

- a need for better communication of the benefits of specific FQCSs to consumers, so as to secure premium prices;
- support existed for extending technical and financial aid to developing countries to help them comply with private certification standards.

Submissions from third countries highlighted the need to ensure that the elaboration of EU quality standards did not give rise to discrimination against third-country producers and emphasised the need for mutual recognition of FQCSs and the ongoing controversy over GIs.

Sources

Closing speech by Commissioner Fischer Boel, EC, March 12th 2009
http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/09/116&format=HTML&aged=0&language=EN&guiLanguage=en

Opening speech by Commissioner Fischer Boel, March 12th 2009
http://www.qpc.cz/opening-speech-of-european-commissioner-mariann-fischer-boel

EC, summary of conclusions, Brussels, VC D 2009
http://ec.europa.eu/agriculture/quality/policy/consultation/contributions/summary_en.pdf

Submissions
http://ec.europa.eu/agriculture/quality/policy/opinions_en.htm

Comments

The argument for using trademarks to afford protection to certain local products having a limited turnover would appear to be relevant to ACP countries, where the scale of the production runs may often not be sufficient to warrant the investment required to secure and enforce protection of GIs. In pursuing the issue of GIs, ACP governments need to constantly bear in mind the cost of both securing registration and enforcement of GI protection, compared to the benefits which may be derived. This also needs to be seen in the context of the scope for using other alternative quality-assurance schemes which could realise additional commercial value for ACP producers at a lower cost. The case of Jamaican 'Blue Mountain Coffee' is a particularly relevant example in this regard.

This would appear to be particularly relevant given the contested nature of the debate on the extension of GI protection to third countries.

Increased use of 'aid for trade' support to assist ACP countries in meeting private FQCS standards would appear to be appropriate in the coming period, with existing EC-financed schemes being expanded and rolled out to further sectors.

WTO agreement on agriculture

WTO agriculture negotiations and the global recession

Addressing the conference of the Australian Bureau of Agricultural and Resource Economics on March 4th 2009, the WTO director-general Pascal Lamy noted that while 'there has been limited evidence so far of isolationist moves … several new barriers to trade, in terms if increases in tariffs or in trade-distorting subsidies can be perfectly legal in the WTO'. This situation arises from countries having not used 'their tariff and subsidy entitlements to their fullest capacity' in the past. Many are now seeking to make full use of these entitlements in response to the global economic downturn, with these unused entitlements being precisely what the Doha Round 'would have helped eliminate'. Thus today these 'countries can more than double their agricultural tariffs from their current level, while remaining within the boundaries of their WTO commitments'. This clearly has important implications for world trade, with IFPRI estimating that raising tariffs to bound levels for all products would result in an 8% contraction in world trade and a global welfare loss of up to US $ 350 billion.

The failure to agree to modalities in 2008 thus meant not only a loss of potential gains, however small these may have been, but also the loss of an opportunity to preserve existing trade flows.

Given the current economic crisis DG Lamy argued that any Doha Round package which 'reduces tariffs, reduces harmful internal subsidies that prevent in particular the developing world from fairly competing, and which eliminates export subsidies altogether, is no doubt worth pursuing'.

Sources

WTO, March 4th 2009
http://www.wto.org/english/news_e/sppl_e/sppl118_e.htm

Comments

It should be noted that even if agreement on modalities had been reached in July 2008 'the tedious process of turning guidelines into legally binding obligations' would still have taken some considerable time and the global economic down turn may well have derailed this process.

In addition it should be noted that in terms of ACP-EU trade, given the granting of duty-free, quota-free access to LDCs under the EBA initiative and ACP countries which had initialled or signed (I)EPAs, ACP agricultural exports to the EU would be unaffected by any raising of EU duties to bound levels. Indeed, such a move would only serve to increase the ACP countries' margins of tariff preference over GSP- and MFN-based suppliers.

For ACP countries the situation on third-country markets where no similar preferences are enjoyed would be in line with DG Lamy's analysis.

Sugar sector

The EC welcomes the success of sugar-sector reform

In a press release at the beginning of March 2009 the EC summarised the effects of the four-year process of reform. It highlighted:

- the renunciation of 5.8 million tonnes of sugar, isoglucose and inulin syrup quota (5.23 million tonnes of sugar), close to the target of 6 million tonnes, this will result in the reduction of the EU sugar-production quota to 13.3 million tonnes;
- the concentration of sugar production in 18 instead of 23 member states, with 70% of production taking place in seven member states with the highest sugar yields;
- a downward trend in domestic prices consistent with the objective of establishing a competitive EU sugar sector

The reforms have so far been effective in avoiding the need for any obligatory withdrawal of sugar-production quotas. However, the situation with regard to preventive withdrawals will be kept under review, with the level of imports being an important determining factor.

Six EU countries have exited sugar production.

Quota Renunciation in EU Countries Exiting Sugar Production

Countries exiting sugar production	Level of quota renounced 2006-10
Italy	1,049,064
Ireland	199,260
Portugal	69,718
Latvia	66,505
Slovenia	52,973
Bulgaria	4,475

Sources

EC, IP/09/366, March 6th 2009
http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/366&format=HTML&aged=0&language=EN&guiLanguage=en

Comments

The success of EU sugar-sector adjustments to the reform process was greatly facilitated by the volume of aid made available to support the restructuring process and the speed with which funds were disbursed. This has created a situation in which a slimmer EU sugar sector has launched itself onto the global stage, with European companies becoming major players not only in ACP sugar sectors but also in the world's leading sugar producer Brazil.

It remains to be seen what the impact of the radical corporate restructuring of the EU sugar sector will be on patterns of ACP-EU trade in the sugar sector, as import-licensing arrangements are opened up and the duty-free, quota-free access commitments to ACP/LDC suppliers come into full effect.

Competition considerations are important in EU sugar-industry restructuring

Following the findings of the German competition authorities' investigation into the purchase of Danisco's sugar interests by Nordzucker, the Danisco factory at Anklam in north-east Germany has been sold to the Dutch company Suiker Unie. This adds 112,000 tonnes to Suiker Unie's quota and a turnover of €120 million in sales. The competition authorities' ruling reflects concerns over the impact of increased industry consolidation on consumer interests. Meanwhile British sugar producer Associated British Foods announced that it had 'benefited from the EU sugar reform, which aimed to improve competitiveness and market orientation of the EU sugar sector and guarantee its long-term future.

Tereos, Europe's third largest sugar producer has announced core profits up by 39% for the 2007/08 fiscal year ending September 30th 2009. This was largely a result of 'improved European sugar margins'. However chief executive Philippe Duval acknowledged that 'in the long term the company's growth would come from cane sugar abroad. Tereos now obtains more than half its profits from operations outside of France, with facilities in the Czech Republic, Mozambique and Brazil. Indeed, Tereos is 'the second biggest sugar maker' in Brazil. Tereos expects the business to be 'more and more global' and 'less and less French' in the coming years. Tereos is a cooperative collectively owned by 12,000 French farmers.

Sources

Reuters, March 5th 2009
http://www.flex-news-food.com/pages/22425/France/Starch/Sugar/frances-sugar-maker-tereos-little-hit-crisis.html

Foodnaigator.com, February 24th 2009
http://www.foodnavigator.com/Financial-Industry/ABF-trading-update-shows-sugar-and-ingredients-growth

FLEXNEWS, February 10th 2009
http://www.flex-news-food.com/console/PageViewer.aspx?page=22173&source=xml

Comments

It is far from clear what the implications of this restructuring of the EU sugar sector will be for ACP suppliers. The opening up of import-licensing systems potentially offers more market opportunities for ACP suppliers. However the growing consolidation of the EU sugar sector could potentially reduce the commercial value of these expanded export opportunities, if competition in the EU sugar sector is reduced through the process of reform. This being stated there has traditionally been only limited competition within the EU sugar sector given the highly regulated nature of the market to date. This contributes to the uncertainty of the implications of this restructuring process for ACP sugar suppliers

Growth in southern and eastern African sugar production foreseen

Press reports indicate that should a normal situation re-emerge Tongaat Hulett's sugar production in Zimbabwe 'would have twice the capacity of the expanded Mozambican operations, with similar market access and lower costs', with Mozambican production expected to double to 300,000 tonnes, on the back of investments of R470 million. Current production at the Triangle Estate is Zimbabwe however is only 298,000 tonnes, slightly over half the production attained in 2002. A rapid improvement is expected should a political settlement hold. This forms part of a strategy aimed at 'boosting output from African countries that qualify for preferential access to the European Union at premium prices'. An AIM report in Mozambique expects sugar production of 419,000 tonnes in 2009, up 68% from 250,191 tonnes in 2008. This is the result of a 37% increase in the area under sugar and an average 21% increase in yield.

Meanwhile a 26% expansion of Ugandan sugar production is projected as the three major sugar producers expand production on the back of cumulative investments of US$100 million. Output is expected to reach 330,000 tonnes in 2010 and 335,000 tonnes in 2011. Currently Uganda consumes 250,000 tonnes of sugar

Sources

AIM, March 16th 2009
http://www.flex-news-food.com/console/PageViewer.aspx?page=22620&source=xml

Bloomberg.com, March 5th 2009
http://www.bloomberg.com/apps/news?pid=20601116&sid=acG.DPIWwKV4

Business Day, February 27th 2009
http://allafrica.com/stories/200902270235.html

Business Day, February 24th 2009
http://allafrica.com/stories/200902240539.html

Bloomberg.com, February 23rd 2009
http://www.bloomberg.com/apps/news?pid=20601116&sid=al1bnTqKFh28

Comments

While Tongaat Hulett's expanded production is destined for the EU market, it is unclear in to which markets any Ugandan sugar surplus will be directed. Regional markets could prove more attractive than the EU market, given the country's land-locked situation, although this will depend critically on freight rates charged on exports to the EU where price guarantees are on a c.i.f. basis.

Estimates of global sugar deficit increase

Sugar analysts Kingsman SA has 'raised its estimate for the 2008/09 global sugar deficit to 11.56 million tonnes from 9.66 million tonnes deficit previously' estimated. This is as a result of lower Indian and Chinese production. The 2009/10 deficit however is projected to be a more modest 1.6 million tonnes.

There are contrary signals on price prospects for sugar. Some analysts note the strong inverse link between a strong US dollar and declining sugar prices, as US dollar-denominated commodities become more expensive. In this context no major price recovery is expected as demand wanes under the impact of the global recession. However fund managers suggest that sugar has generally been bucking the downward trend as a result of increased import activity from the EU and India. Analysts at Rabobank have even suggested price of 13-14 cents/lb would appear to be justified during 2009.

Sources

Reuters, March 16th 2009
http://www.flex-news-food.com/console/PageViewer.aspx?page=22617&source=xml

Reuters, March 16th 2009
http://www.flex-news-food.com/console/PageViewer.aspx?page=22620&source=xml

Bloomberg.com, March 9th 2009
http://www.bloomberg.com/apps/news?pid=20601012&sid=aBgQUZK7QNeE

Reuters, February 23rd 2009
http://www.flex-news-food.com/console/PageViewer.aspx?page=22207&source=xml

Comments

The increased sugar deficit can be expected to support world sugar prices, despite the economic downturn, although the strengthening of the US dollar is likely to drive some reduction in the global sugar price. This new inverse link between the strength of the US dollar and the world market price adds an interesting new dimension to the relative benefits to be gained from continued exports to the EU market under the new reformed EU sugar regime.

Banana Sector

Plans to expand African banana production for domestic markets

Plans are in train for a major expansion of African banana production, primarily for domestic and regional markets, as concerns over basic food security have grown. While action at the local level is seen as critical, governments are seen as having an important role in both setting an appropriate policy framework and addressing capital and infrastructure constraints on the development of local banana production and trade. A number of major multinationals in the banana sector are reported as having an interest in expanding banana production in Africa. Currently just five companies control more than 90% of all internationally traded bananas.

Chiquita has reportedly concluded partnership agreements to invest in export-oriented banana production in Mozambique and Angola, with Mozambican exports to the EU market expected from October 2009. This is seen as responding to the duty-free, quota-free access into the EU which these countries enjoy market as LDCs.

Sources

macauhub.com, March 12th 2009
http://www.freshplaza.com/news_detail.asp?id=39869

VOAnews.com, January 21st 2009
http://www.voanews.com/english/Africa/Governments-and-Global-Business-urged-to-help-African-Banana-Sector-PART-4-of-5.cfm

Comments

Both Mozambique and Angola offer opportunities for the development of plantation-based banana production for export. Mozambique in particular, offers opportunities both for export to Europe and the higher-value end of the South African market. However, this approach is quite distinct from the smallholder-based, food-security-focussed approach advocated by the main organisational drivers of the pan-African banana initiative.

There is growing anger at the EU banana offer

There is growing anger amongst Latin American banana suppliers at the EC's new banana offer. Governments of ten 'dollar banana' producing countries have now rejected the EU proposal, demanding a return to the July 2008 agreement. They are even 'threatening to impose retaliatory measures'. Guatemala's ambassador to the WTO argued 'we will not accept the introduction of new elements and renegotiations to arrive at something that is completely different and disadvantageous compared to the balanced agreement concluded on July 27th 2008'.

The EC continues to argue that the July 2008 agreement does not apply since it was concluded on the assumption that the Doha Round would be completed; since the Doha Round is stalled the 'old agreement does not apply'.

Meanwhile at the closure of the FTA negotiations between Colombia, Peru, Ecuador and the EU on February 13th 2009 Colombia's chief negotiator announced 'we have received an important offer from the European union regarding bananas', but he declined to elaborate on the nature of this offer. He did however admit that given the consensus achieved during the first round of FTA negotiations it is possible that 'the FTA could be ready during the next semester'.

Meanwhile strikes in Guadeloupe and Martinique have disrupted banana supplies to the French market and this, alongside flood damage in Costa Rica and supply problems in Ecuador is leading to an increase in banana prices.

Sources

freshplaza, March 12th 2009
http://www.freshplaza.com/news_detail.asp?id=39867

Semana.com International, February 20th 2009
http://www.semana.com/noticias-international/colombia-european-union-fta-on-track/120861.aspx

foodweek.com, February 27th 2009
http://www.freshplaza.com/news_detail.asp?id=39181

google.com, February 24th 2009
http://www.freshplaza.com/news_detail.asp?id=38939

Comments

The resolution of the banana dispute would appear to be increasingly complicated as the EC seeks to explore the basis for a resolution both multilaterally (on the fringes of the WTO) and bilaterally (through FTA negotiations), while maintaining a balance of supplies to the EU market for the benefit of ACP suppliers.

Horticulture Sector

French government is to pay back illegal support to fruit-and-vegetable producers

The EC has found that more than €330 million of state aid granted to French fruit-and-vegetable farmers from 1992 and 2002 was in contravention of EU rules on state aid. The aid, which was used to pay producer organisations to support market prices and income, was held to be 'incompatible with the common market'. It is suggested some of this aid financed subsidised sales of fruit and vegetables outside the EU during times of crisis. While the French government has been instructed to recover the funds paid out, it is expected to appeal against the EC decision.

Sources

Reuters, January 28th 2009
http://www.businessinsurance.com/cgi-bin/news.pl?id=15174

Comments

The EC finding highlights the complexity of tracking agricultural support to specific EU sectors and the delays in formal findings when problems are identified. The conclusions released in January 2009 are the result of an investigation launched in 2005, covering payments over the 1992-2002 period. Official findings and remedial action have thus occurred over 16 years after the initiation of the illegal payments and fully seven years after the end of the practice. Clearly ACP countries may need to have recourse to other more time-sensitive remedies than those resulting from internal EC processes.

Spanish tomato growers demand action on imports

Spanish tomato producers are demanding EU action against imports of tomatoes from Morocco which are 'causing a crisis in tomato prices'. According to FAPEX, the Spanish association of producer/exporter associations this is a result of weak import controls. 'Morocco receives a preferential import entry price for its shipments to Europe, which is fixed at €0.46 per kilo' compared to €0.85/ kg from all other non-EU sources. However Moroccan exporters are 'neither respecting the import price that it (is) required to pay nor its agreed export limits'. FEPEX claimed that 'Moroccan exporters shipped more than 55,000 tonnes of tomatoes to Europe during January 2009 … compared to the 31,000 tonnes allowed under the agreement with the EU'.

Sources

fruitnet.com, February 11th 2009
http://www.fruitnet.com/content.aspx?ttid=11&cid=2668#

typicallyspanish.com, February 19th 2009
http://www.freshplaza.com/news_detail.asp?id=38687

TNI
www.acp-eu-trade.org

Comments

The situation in the Spanish tomato sector highlights the general difficulties faced in managing and effectively implementing quantitative restrictions under preferential trade agreements. If this is the case with reference to the EU, with its sophisticated and well-resourced customs services, how difficult will the management of such tools prove to be for ACP governments under any preferential trade agreements with the EU? Implementation problems are likely to come increasingly to the fore as ACP governments move towards the fulfilment of their various (I)EPA commitments impacting on sensitive agriculture sectors. Targeted assistance in addressing this problem would appear to be needed.

Rice sector

EU briefing on ACP-EU rice-sector relations is posted

A recently posted EC briefing on ACP-EU rice sector relations notes that the ACP accounts for 18 million tonnes of total global production of rice of 740 million tonnes (2.4%). Of this ACP production only 1.1% is exported to the EU, with only Guyana and Surinam exporting rice to the EU. Traditionally the EU granted preferential access to certain ACP suppliers, with the scope of these preferences being extended to all LDCs under the EBA initiative. This will result in full liberalisation of rice imports from LDCs in 2009 and from non-LDC (I)EPA beneficiaries from January 1st 2010.

Sources

EC, October 2008
http://ec.europa.eu/agriculture/external/dev/acp/detail/rice_en.pdf

Comments

This briefing provides a succinct summary of ACP-EU rice-sector relations, and highlights the limited interests which non-Caribbean ACP countries have in the ACP-EU rice trade.

agritrade

Launched by CTA (Technical Centre for Agricultural and Rural Cooperation EC-ACP) in 2001, the Agritrade website (http://agritrade.cta.int) is devoted to agricultural trade issues in the context of ACP (Africa, Caribbean and Pacific) – EU (European Union) relations. Its main objective is to better equip ACP stakeholders to deal with multilateral (World Trade Organization - WTO) and bilateral (Economic Partnership Agreement – EPA) negotiations. Thus it provides regular and updated information and analysis on technical aspects of the trade negotiations, developments in the CAP and their implications on ACP-EU trade, as well as on major commodities (bananas, cereals, sugar, fisheries, etc).

CTA was created in 1983 in the framework of the Lomé Convention between ACP (Africa, Caribbean, Pacific) and EU (European Union) countries. Since 2000, the Centre has been operating under the ACP-EU Cotonou Agreement. CTA's tasks are to develop and provide services that improve access to ever-changing information for agricultural and rural development, and to strengthen the capacity of ACP countries to produce, acquire, exchange and use information in this area.

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