



## **The EPA would liberalize the majority of EU agricultural exports to West Africa**

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This document is limited to assessing the importance of the liberalization of agricultural imports in the EU-West Africa (WA) Economic Partnership Agreement (EPA) given the crucial nature of these products for WA where around 60% of the active population works in agriculture and where the food deficit rises sharply, even if WA has an agricultural trade surplus vis-à-vis the EU owing to cocoa exports, but a growing large deficit without them. Keeping also in mind that WA industrialization will be necessarily based on the processing of regional agricultural products not only for processed food but also for non food products, such as the textile and garment industry processing regional cotton.

Contrary to the EU recurrent statements that all agricultural products are excluded from liberalization in the WA EPA, in fact more than half (56%) of the FOB (free on bord) value of the EU agricultural exports to WA – for €2.140 billion on a total of €3.801 billion – would be liberalized in year T+20 or 2035 if the EPA had been fully implemented already in 2015 (T being the starting year of implementation, and T+5 the beginning of liberalization). This percentage would be of 53% on average for the 13 LDCs (least developed countries, including Cape Verde which benefits from the GSP+ regime offering the same duty free access to the EU) – for €1.020 billion on a total of €1.923 billion –, and of 59.7% for the 3 DCs (developing countries) – for €1.121 billion on a total of €1.878 billion –, of which 51.4% for Ivory Coast – for €279 million on a total of €543 million –, 42.2% for Ghana – for €144 million on a total of €341 million –, and 70.1% for Nigeria: for €697 million on a total of €994 million.

Table 1 shows total exports of chapters 01 to 24 of the Harmonised System (HS) of international trade plus the agricultural products outside chapters 01-24 and Table 2 shows those which would be liberalized, although the liberalization will be gradual and completed only in year T+20. Table 3 deducts the percentage of each chapter which would be liberalized for the 3 DCs, WA and the 13 LDCs. Naturally the CIF (cost, insurance, freight) values of WA imports are much higher, at least by 20%, but WA has no reliable data on the CIF values.

We do not repeat here the calculation, already made in a previous document, of the duties losses on WA imports of agricultural products in year T+20<sup>1</sup>. Let us just remind the reader that they would then be of €85 million for WA based on the EU FOB values, of about €102 million based on the WA CIF values, of €136 million once taken into account the trade diversion favouring more imports from the EU, and of about €148 million taking into account the increase in population, not to mention the loss of VAT (value added tax) on additional imports due to the EPA.

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<sup>1</sup> *The folly to implement the EU-West Africa Economic Partnership Agreement (EPA), based on 2015 trade data, SOL, 19 April 2016, <http://www.solidarite.asso.fr/Papers-2016>. The French version is being prepared.*

Likewise we do not include the calculation of the EU agricultural subsidies to its exports to WA. Clearly they are not explicit export subsidies at the border that the EU is committed to eliminate in the EPA, but domestic subsidies (essentially "decoupled" from the level of prices or production) to exported products that have the same dumping effect despite the EU refusal to admit it. They were in 2015 of €238 million on 3.6 million tonnes (Mt) of exported cereals (of which 2.9 Mt of raw cereals and 0.7 Mt of cereals processed into food products other than animal feed), of €72 million on dairy products and of 162 Mt on meats and eggs (in 2014), these subsidies to animal products being granted mainly to animal feed. But the EU has refused to deal with domestic subsidies in the EPAs, claiming that they can only be discussed at the WTO, where however the EU refuses to question them on the pretext that they are "decoupled". As, precisely, 93.5% of the €39 billion of EU direct payments to agriculture were decoupled in 2014, in fact all EU exports, of which to WA, have a dumping effect because one cannot allocate them to a particular product so that we can allocate them to any product. These domestic subsidies were granted in the CAP reforms (CAP) of 1992, 1999, 2003 and 2005 to offset the decline of EU minimum farm prices, thereby reducing the need to raise import duties: they have a clear import substitution effect.

But the WA countries cannot clearly subsidize significantly their so many farmers who would suffer the triple punishment of the collapse of customs duties on imports from the EU heavily subsidized products and with safeguards that will not work in case of sharp drops in prices, despite that the EU can use such prices safeguards (Article 5 of the WTO Agreement on agriculture) and that they are also available in the ECOWAS common external tariff (CET) but which would only work for imports from third countries because of the EPA.

Table 1 – EU agricultural and fish exports to West Africa in 2015, in euros

HS Chapter	Ivory Coast	Ghana	Nigeria	3 DCs	West Africa	13 LDCs	% LDCs/WA
01	2432832	3572299	370641	6375772	14064206	7688434	54,7
02 (+ eggs)	54815335	84185965	5039147	144040447	420250998	276210551	65,7
03	64293788	49382534	262120155	375796477	408819809	33023332	8,1
04 (dairy only)	57131133	38623011	193410029	289164173	481529245	192365072	39,9
05	800028	2056109	525293	3381430	5977471	2596041	43,4
06	503564	561796	369229	1434589	2176513	741924	34,1
07	31842088	2889720	5061689	39793497	183366862	143573365	78,3
08	3701595	1235729	3855997	8793321	28788475	19995154	69,5
09	1256898	927350	5873716	8057964	14495587	6437623	44,4
10	122885476	18612837	93753225	235251538	545147093	309895555	56,8
11	28395907	11354996	62683309	102434212	152585578	50151366	32,9
12	3384794	1910222	2216693	7511709	26269562	18757853	71,4
13	1887604	768256	9126112	11781972	14911836	3129864	21
14	110564	14628	17460	142652	257090	114438	44,5
15	6435430	26974415	17515561	50925406	103555680	52630274	50,8
16	3834633	4031477	3292524	11158634	32104313	20945679	65,2
17	1315859	3064825	6648988	11029672	44869718	33840046	75,4
18	3261204	3934468	4171769	11367441	22557724	11190283	49,6
19	42173634	30856756	259075902	332106292	607580675	275474383	45,3
20	10348369	11158670	53398884	74905923	123312905	48406982	39,3
21	21324085	11312981	52414021	85051087	241411624	156360537	64,8
22	53490351	60459720	141396521	255346592	437680704	182334112	41,7
23	18072397	14833068	40707775	73613240	101095613	27482373	27,2
24	71768922	90387	26499061	98358370	176559014	78200644	44,3
01-24	605466490	382812219	1249543701	2237822410	4189368295	1951545885	46,6
Fish & preparat°	64651340	49449489	262324812	376425641	412052927	35627286	8,6
Agr intra 01-24	540815150	333362730	987218889	1861396769	3777315368	1915918599	37,1
Agr extra 01-24	1931567	7642833	7230383	16804783	23571684	6766901	28,7
Total agriculture	542746717	341005563	994449272	1878201552	3800887052	1922685500	50,6

Source: Eurostat and WA tariffs offer for the EPA

Table 3 shows that the liberalization of agricultural products involves all sections of agricultural products and fish.

Some chapters are even liberalized at 100%: 01 (live animals), 05 (Products of animal origin, not elsewhere specified), 06 (live plants and cut flowers), 09 (coffee, tea, spices), 10 (in fact on 99.9%, for cereals where the EU has exported 30,314 tonnes of maize and 96 tonnes of rice), 12 (oilseeds), 13 (lac, gums and resins), 14 (vegetable plaiting materials and vegetable products not elsewhere specified) and 23 (food industry residues and animal feed ).

The chapters liberalized above 50% and less than 100% cover: miscellaneous edible preparations (Chapter 21, liberalized at 89.6%), products of the milling industry (Chapter 11, at 87.9%), preparations of cereals (chapter 19, at 86.7%), preparations of vegetable and fruit products (chapter 20, at 79.3%) and dairy products (chapter 4 without eggs, added to chapter 2, and honey, at 64,3%).

The chapters liberalized above 20% and less than 50% include: fruits and nuts (chapter 8, at 31.2%), animal and vegetable fats and oils (chapter 15, at 26.3%) and tobacco (chapter 24, at 23.8%).

The products liberalized above 10% and less than 20% include: sugar and sugar confectionery (chapter 17, at 19%) and fish and crustaceans (chapter 03, at 18%, although they are not agricultural products within the meaning of the WTO, they are a crucial sector for WA).

Table 2 – EU exports of agricultural and fish to West Africa in 2015, liberalized in the EPA, in euros

HS Chapters	Ivory Coast	Ghana	Nigeria	3 DCs	West Africa	13 LDCs	% LDCs/WA
01 TL	2432832	3572299	370641	6375772	14064206	7688434	54,7
02	844517	762887	3680337	5287741	7359387	2071646	28,1
03	40064457	26098681	796210	66959348	73644750	6685402	9,1
04 (PL)	35204854	34204680	144692010	214101544	309567057	95465513	30,8
05 TL	800028	2056109	525293	3381430	5977471	2596041	43,4
06 TL	503564	561796	369229	1434589	2176513	741924	34,1
07	236700	95956	36382	369038	5895500	5526462	93,7
08	1284735	703622	1978511	3966868	8993753	5026885	55,9
09 TL	1256898	927350	5873716	8057964	14495587	6437623	44,4
10	122873679	18585216	93527525	234986420	544555258	309568838	56,8
11	25700303	10698110	60287169	96685582	134062124	37376542	27,9
12 TL	3384794	1910222	2216693	7511709	26269562	18757853	71,4
13 TL	1887604	768256	9126112	11781972	14911836	3129864	21
14 TL	110564	14628	17460	142652	257090	114438	44,5
15	393612	624228	2733991	3751831	27255423	23503592	86,2
16	16113	32602	3679	52394	466975	414581	88,8
17	496543	660809	4971187	6128539	8543170	2414631	28,3
18	4117	792	680	5589	21815	16226	74,4
19	30889956	27071718	225534057	283495731	526864812	243369081	46,2
20	8388363	8692641	42760085	59841089	97754321	37913232	38,8
21	19069371	8726418	40687860	68483649	216235721	147752072	68,3
22	3166802	798001	852414	4817217	8381912	3564695	42,5
23 TL	18072397	14833068	40707775	73613240	101095613	27482373	27,2
24	247618	89397	9286374	9623389	42026610	32403221	77,1
01 à 24	317330421	162489486	691035390	1170855297	2190876466	1020021169	48
Fish & preparat°	40080570	26131283	799889	67011742	74111725	7099983	9,6
Agr intra 01-24	277249851	136358203	690235501	1103843555	2116764741	1012921186	49,4
Agr extra 01-24	1931567	7642833	7230383	16804783	23571684	6766901	28,7
Total liberaliz. agr	279181418	144001036	697465884	1120648338	2140336425	1019688087	49,2
Total agriculture	542746717	341005563	994449272	1878201552	3800887052	1922685500	47,3
% agr libéralisée	51,4	42,2%	70,1%	59,7%	56,3%	53%	94,1

Source: Eurostat and WA tariffs offer for the EPA. TL: the chapter is totally liberalized.

The only well protected products relate to cocoa and preparations (chapter 18, liberalized at 0.1% because the EU has exported to WA 5,039 tonnes of chocolate and 325 tonnes of cocoa powder which are excluded from liberalization and only 2,7 tonnes of cocoa paste and butter which would be liberalized), edible vegetables (chapter 7, liberalized at 0.3%), preparations of meat, fish or crustaceans (chapter 16, liberalized at 1.5%), meat and edible offals (chapter 2 plus eggs from chapter 2, liberalized at 1.8%) and beverages (chapter 22, liberalized at 1.9%).

Table 3 – Percentages of EU agricultural exports to WA liberalized per chapter in the EPA

HS Chapters	Ivory Coast	Ghana	Nigeria	3 DCs	West Africa	13 LDCs	% LDCs/WA
01	100	100	100	100	100	100	100
02 (+ eggs)	1,5	0,9	73	3,7	1,8	0,8	44,4
03	62,3	52,9	0,3	17,8	18	20,2	112,2
04 (dairy only)	X <sup>2</sup>	88,6	74,8	74	64,3	49,6	88,9
05	100	100	100	100	100	100	100
06	100	100	100	100	100	100	100
07	0,7	3,3	0,7	0,9	0,3	0,04	13,3
08	34,7	56,9	51,3	45,1	31,2	25,1	80,4
09	100	100	100	100	100	100	100
10	100	99,9	99,8	99,9	99,9	99,9	100
11	90,5	94,2	96,2	94,4	87,9	74,5	84,8
12	100	100	100	100	100	100	100
13	100	100	100	100	100	100	100
14	100	100	100	100	100	100	100
15	6,1	2,3	15,6	7,4	26,3	44,7	170
16	0,4	0,8	0,1	0,5	1,5	2	133,3
17	37,7	21,6	74,8	55,6	19	7,1	37,4
18	0,1	0	0	0	0	0	100
19	73,2	87,7	87,1	85,4	86,7	88,3	101,8
20	81,1	77,9	80,1	79,9	79,3	78,3	98,7
21	89,4	77,1	77,6	80,5	89,6	94,5	105,5
22	5,9	1,3	0,6	1,9	1,9	2	105,3
23	100	100	100	100	100	100	100
24	0,3	98,9	35	9,8	23,8	41,4	173,9
01-24	51,1	41,2	48,8	48,2	49,4	50,7	102,6
Fish & preparat°	62	52,8	0,3	17,8	18	19,9	110,6
Agr intra 01-24	49,8	39,5	61,7	54,3	52,8	51,3	97,2
Agr extra 01-24	100	100	100	100	100	100	100
Total agriculture	50	40,9	61,9	54,7	53,1	51,5	97