

## ***Agriculture and the EPAs: Worrying prospects for smallholders***

---

*"Food is not a commodity like others. (...) We should go back to a policy of maximum food self-sufficiency. It is crazy for us to think we can develop countries around the world without increasing their ability to feed themselves".*

This call for a turnaround in agricultural policy does not come from a representative of poor smallholders, as one might have expected, but former US-President Bill Clinton, during his period of office one of the most powerful actors in global agrarian policy. In his keynote speech on 23 October 2008 at the UN Headquarters in New York, he further admitted the failure of previous policy when saying: "We need the World Bank, we need the International Monetary Fund, we need all the big Foundations, we need all the Governments to admit that for 30 years we all blew it, including me when I was President." To admit openly the total failure of a dominant policy is a notable exception among politicians. And one would like to see it as a sign of change in policy, drawing lessons from the failures of past decades.

This, however, is unfortunately not the case. Even though there are – especially when it comes to concrete programme work – some inspiring examples of a careful reorientation towards the promotion of sustainable agriculture in rural areas, the urgently needed general turnaround in international agrarian policy is still pending. Neither the alarming implications of the global food crisis, nor the urgent recommendations of international expert groups such as the International Assessment of Agricultural Science and Technology (IAASTD), have led to a change.

An exemplary illustration of this unchanged policy can be found in the crucial arena of world trade, where the free trade dogma and calls for export orientation continue to set the agenda in the negotiations on agriculture. This is evident not only in the World Trade Organisation (WTO), but also in the many bilateral and regional trade agreements that are currently under negotiation. The Economic Partnership Agreements (EPAs) between the EU and 75 African, Caribbean, and Pacific region countries (ACP) are no exception, even though they are framed with strong developmental rhetoric.

---

### **David Hachfeld**

Trade Policy Advisor  
Oxfam Germany  
Berlin, Germany  
dhachfeld@oxfam.de



*David Hachfeld*

---

### *The state of play of the negotiations ...*

---

The EPAs are free trade agreements that, from the point of view of the EU, should replace the unilateral market access preferences for ACP countries laid down in the Cotonou Agreement and bring them into accordance with WTO rules. To grant preferential duty- and quota-free access for exports to the EU, the Community in turn requests ACP countries to fully eliminate tariffs and other trade barriers for at least 80 percent of product lines. Furthermore, the EU demands of ACP countries to liberalise their services markets and to commit themselves to strict rules on intellectual property rights protection, investment, government procurement and other trade-related issues.

The EU pushed hard for EPAs to be concluded by the end of 2007. However, so far only one region, the Caribbean, has concluded a comprehensive EPA.

Twenty-one other ACP countries concluded talks on so-called "interim" EPAs (IEPAs) relating to goods only, but with *rendezvous* clauses to include service liberalisation and trade-related issues at a later stage. Trade talks therefore continued throughout 2008 and still continue in 2009.

---

### *... and the perspectives for rural development*

---

The contents of the concluded Caribbean EPA and the IEPAs are alarming, when judged from the perspective of an agricultural policy focussing on sustainable development strategies for the rural poor.

The elimination of 80 percent or more of tariffs on goods will expose domestic agrarian and industrial producers to heavy competition from cheap EU imports. The safeguard provisions in the current agreements fail to give ACP countries appropriate instruments to protect their farmers against import surges and dumping and to shield their infant industries from destructive competition at a stage when they are not yet competitive.

Although the threshold of at least 80 percent leaves the possibility to exclude some sensitive products from liberalisation, the limited available space for exclusions means that any exclusion of a sensitive agrarian product will in return reduce the space to protect infant industries

important for economic development. In addition, also if a country excludes a product from liberalisation, a “stand-still” clause included in most of the agreements limits the possibility to raise tariffs to protect this sector in case of import surges or dumping.

As tariffs are an important source of state revenue for many developing countries, the requested elimination of tariffs on imports will also have detrimental budgetary consequences. This will result in less money available for health, education and agricultural development. Representatives of the EU often argue that this revenue loss can be compensated by higher tax revenue from boosting export industries. This argument is questionable for several reasons. Firstly, because of the relatively small improvement of market access preferences, compared with the status quo. This holds true especially for the 41 LDCs currently already enjoying duty- and quota-free access to the EU under the “Everything but Arms” scheme. A second reason lies in supply-side constraints like the lack of infrastructure and limited access to credits. And thirdly, because of restrictive technical barriers to trade and especially the competition of highly subsidised, industrialised mass production of agrarian goods in the EU.

These circumstances make it practicably impossible for producers from ACP countries to gain a relevant share of the market, except for sectors where the EU has no or only limited domestic production capacities. Besides these doubts with regard to the feasibility of the compensation of the revenue losses through expanded exports, it is also highly debatable whether such an approach is desirable. This approach stimulates primarily large-scale industrial crop production and market concentration – and thus undermines efforts to make agricultural production sustainable, responding to local needs, improving food-security and integrating smallholders.

Furthermore, the agreements that are on the table require the elimination or prohibit the introduction of new export taxes. Export taxes are, however, an important contribution to government revenue in some countries (for example over 20 % in Ivory Coast). Moreover, in combination with other

*Reducing tariffs on imports will result in less money available for education, health, and agricultural development.*

measures, export taxes on raw materials can be a valuable instrument for stimulating more value added processing in developing countries and thus for creating jobs, for diversifying the economy and for improving the countries' positions in global value chains.



Photo: laif

## Time for change

If the European governments are serious about their claims to promote the development of a more sustainable agriculture responding to the needs of the rural poor, then a radical turnaround in their approach towards EPAs is urgently needed.

It is high time to review Europe's position in trade negotiations with the ACP in order to make sure that developing countries can make use of strong and effective instruments to strengthen food security and can implement their own development strategies to lift themselves out of poverty, even if this runs against the interests of Europe's export industries.

### Zusammenfassung

Die Inhalte der Verhandlungen über Wirtschaftspartnerschaftsabkommen (EPA) zwischen der EU und den AKP-Ländern sind aus Sicht einer Agrarpolitik, die auf nachhaltige Entwicklungsstrategien für die arme Landbevölkerung setzt, beunruhigend. Die von der EU verlangte Liberalisierung wird unter den bäuerlichen und industriellen Erzeugern in den AKP-Ländern einen heftigen Konkurrenzkampf um billige EU-Importe schüren, ohne dass angemessene Sicherungsmechanismen vorgesehen sind. Wenn Europa mit seiner Forderung nach einer nachhaltigen Landwirtschaft ernst genommen werden will, ist schnellstens ein radikales Umdenken bei den EPAs erforderlich.

### Resumen

Los contenidos de las negociaciones sobre Acuerdos de Asociación Económica (EPA por su sigla en inglés) entre la Unión Europea y los países de África, Caribe y Pacífico (países ACP) resultan alarmantes si se juzgan desde la perspectiva de una política agrícola centrada en estrategias de desarrollo sostenibles para los pobres de áreas rurales. La liberalización que demanda la UE expondrá a los productores agrarios e industriales de los países ACP a una fuerte competencia por parte de importaciones baratas de la UE sin proporcionar salvaguardas apropiadas. Si Europa toma en serio sus aseveraciones de promover el desarrollo para una agricultura más sostenible, entonces resulta urgente poner en marcha un cambio radical en su enfoque frente a los EPA.