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ACP-EU agricultural trade issues

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EPA negotiations: general

French parliamentarians call for new approach to EPAs

In December 2009, the European Affairs Committee of the French National Assembly submitted a report on EPAs. In his introduction, the rapporteur Hervé Gaymard argued that, given the 'failure' of the EPA negotiations to date, the approach should be changed to a focus on partnership agreements for economic and trade development. He argued that the new approach shifted the focus of EU-ACP cooperation from development to trade. The failure to date to conclude negotiations was attributed in part to 'the attitude of the EU negotiator, ... intransigence over the agenda for and organisation of the negotiations, a liberal approach without concession, and the gap between talk about development and actual European commitments'. In terms of constraints on the ACP side, Mr Gaymard called into question: the ACP negotiators' ability to negotiate on complex subjects; the actual current level of regional organisation in order to establish negotiating positions; the divergent interests in ACP regions; and a lack of visibility of the positive effects of expanding free trade. According to Mr Gaymard, 'the blockages on the comprehensive EPAs are far from being removed, since they relate to the actual substance of the agreements'.

The partnership agreements for economic and trade development proposed in the report would include negotiations not only on trade and development issues, but also on public governance, particularly tax reforms for moving from trade-based taxes to other forms of taxation. The report suggests that these new partnership agreements might include such measures as:

- a focusing of EDF support on electricity generation and distribution infrastructure, transport infrastructure and the development of agriculture (training, extension, mechanisation, inputs, marketing assistance);
- restoration of a system of asymmetric trade preferences;
- the devising of a new system for dealing with commodities and addressing speculation;
- the implementation of 'a robust programme for administrative and financial cooperation' in support of regional integration;
- the integration of more flexible safeguard clauses which can be implemented on the basis of price or import-volume changes and without any limits on the period of application (similar to the WTO special safeguard mechanism);
- infant industry clauses that are less restrictive in terms of their implementation period;
- more favourable rules of origin (RoO), with improvements that go beyond textiles and fisheries products;
- the inclusion of a rendezvous clause to review the impact of EPAs in 2020;
- the prioritisation of food security through: greater flexibility on the degree of trade liberalisation and accommodation of sensitive agricultural products; flexible food-security safeguard clauses; support for local land-tenure issues; support for food-security-related infrastructure development; institutional strengthening for agricultural policy formulation at national and regional level and associated dialogue processes; creation of counter-cyclical instruments.

The report specifically proposed the establishment of production-regulating mechanisms – commodity agreements such as the International Coffee Agreement, and the cotton fund initiative implemented by the French Development Agency (AFD) in Burkina Faso, which aims to allow the sale price for cotton to be set before planting, on the basis on projections of world prices, in order to insulate growers from price volatility and secure producers' incomes.

Sources

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http://www.acp-eu-trade.org/library/library_detail.php?library_detail_id=5194&doc_language=Both

Comment

The French parliamentarians' position is in radical opposition to the approach adopted by the European Commission since the start of negotiations. Just as there remain differences among the ACP member states, there also remain differences in terms of approach between the EU member states and the Commission after eight years of negotiations. While the inclusion of some of the French parliamentarians' proposals in the ongoing EPA negotiations might allow the resumption of negotiations in some regions, it remains to be seen what response the proposals will receive from the EC and from ACP governments. However the proposals on the degree of liberalisation and on contentious issues such as rules of origin, safeguards, infant industry and rendezvous clauses are certainly in line with the demands of ACP negotiators.

Regarding the creation of instruments to manage price volatility, the proposals are reminiscent of the earlier Lomé Convention STABEX scheme, which aimed to stabilise agricultural export earnings. The IEPAs so far concluded would not prevent *a priori* the implementation of such instruments, however it is far from clear that such an approach might be incorporated into the EC's EPA-related accompanying measures to be financed under the EDF, not least since the programming of aid for the 10th EDF is well advanced, and the review of the Cotonou Agreement has just been completed.

EPA negotiations: central Africa

Central Africa EPA negotiations continue to stagnate

In a recent national press interview, the Chair of Cameroon's National Committee for Coordination and Follow-up of its EPA, Chantal Elombat, acknowledged the difficulties being encountered by the CEMAC zone as a region in negotiating an EPA with the EU. Following a call from heads of state and government in October 2009 for concerted action on the EPA negotiations, central African governments hope to organise a series of regional meetings to iron out the remaining differences and ensure regional integration among themselves before continuing the negotiations with the EU.

Mme Elombat also pointed out a number of concerns which have hindered progress in the negotiations: apart from being too short, the two-year period for the completion of the EPA included in the agreement initialled by Cameroon contains many rendezvous clauses which the EU has not met. Issues on rules of origin and a legally binding EPA financial programme of support have still not been settled. Central African negotiators view the financial assistance currently available as insufficient (and largely inaccessible) for dealing with the likely adjustment costs and restructuring challenges related to competitiveness. It is also reported that Cameroon's Minister for the Economy and Planning has requested the EC to extend the deadline for dismantling of tariffs due to commence in Cameroon on 1 January 2010, given the delay in various aspects of the regional interim EPAs.

Sources

Cameroon Tribune, 24 December 2009
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Bilateral.org, 17 December 2009
http://www.bilaterals.org/article.php3?id_article=16516

EC, DT Trade, information note on GSP+ application procedures, 17 November 2009
http://trade.ec.europa.eu/doclib/docs/2009/november/tradoc_145451.pdf

Comment

Since February 2009, no substantive EPA negotiating sessions have taken place, and Cameroon's recent request to the EC for an extension of the deadline for tariff dismantling stipulated in the initialled EPA is yet to receive any response from the EC. Despite the fact that the members of the central Africa group held very few technical meetings in 2009, they are hopeful that with the new governments in place in Gabon and the Republic of Congo they will be able to agree dates for such meetings.

It is worth pointing out that Gabon and the Republic of Congo, as non-LDCs, are the two countries in central Africa that do not benefit from any trade preferences from the EU beyond the GSP. They have not initialled an interim EPA, and are still to ratify one of the treaties required to be eligible for the GSP+ scheme (application guidelines for which have recently been posted on the web by DG Trade). Although negotiations toward a full EPA are expected to continue in the course of 2010, differences still remain between central Africa and the EU. Issues which still need to be addressed include: the structure and extent of central Africa's tariff elimination offer, development assistance support and trade in services, all of which are accorded a high priority by the EC.

EPA negotiations: West Africa

EPA negotiations in West Africa continue to face difficulties

Experts in west Africa continue to express worries about the impact of a future EC-west Africa EPA. In a conference organised in Bamako in December 2009 to review a study entitled 'the impact of economic partnership agreements (EPAs)on the Malian economy: a quantifiable general equilibrium analysis', participants argued that the impending EPA will be a threat to west African economies. Government officials explained that signing an EPA in its current form would lead to a loss of about 32% of the customs revenue of Mali and that of other west African countries. In addition, it was argued that the EPA provisions could adversely affect many parts of agricultural sector, most notably the poultry sector. In a similar vein, parliamentarians in the Gambia have raised concerns about dwindling local poultry production due to continuous import of subsidised EU poultry-meat. Against this background, the Gambian Parliament called on 21 December 2009 for west African countries to continue to resist pressure to sign bilateral IEPAs and to maintain a common regional approach.

At the end of the December Bamako conference, there was a common consensus that a realistic EPA for west Africa should include a tariff elimination offer which covered a maximum of 60% of current west African imports from the EU, with the phasing out of tariffs to be carried out over 25 years. This continues to be a source of tension in the negotiations, with the EC continuing to look for a tariff elimination offer encompassing around 80% of current EU exports to west Africa. As a result of this situation, various deadlines in 2009 for concluding the negotiations were missed, and the ECOWAS-EC meeting scheduled for 7-11 December in Benin was postponed.

Concerns over the impact of EU safety precautions related to good agricultural practice (SPa) and food safety regulations also continue to overhang the negotiations. On other thorny issues, the west Africans have requested some specifications on EU policies, but the EU remains silent on the reform of its sectoral policies concerning competitive as well as non-tariff products. The west African group is also concerned about the EU's lack of clarification of its EPA market access policies on sanitary and phytosanitary measures and other technical barriers to trade.

There is also disagreement over the development assistance commitments to be linked to the conclusion of the IEPA, aimed at enhancing the competitiveness of local productive sectors in west Africa. The EC continues to insist that there is no mechanism at the EU level other than the EDF that can finance EPA-related adjustment needs. All of these issues raise questions about the possibility of concluding a regional economic partnership agreement in 2010.

Sources

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http://news.abidjan.net/article/?n=349792

L'indicateur Renouveau (Mali), 6 January 2010
http://www.maliweb.net/category.php?NID=55029

Agence de Presse Africaine (Gambia), 22 December 2009
http://www.apanews.net/public/spip.php?article114215

La Gazette (Senegal), 17 November 2009
http://www.lagazette.sn/spip.php?article964

Comment

Although Ghana and Côte d'Ivoire already initialled bilateral IEPAs at the end of 2007, efforts continue to conclude a region-wide agreement. In mid-2009, both parties agreed to take a two-stage approach by signing an agreement on market access, development cooperation and certain trade-related issues (SPS issues, non-tariff barriers and rules of origin) by late October, while continuing negotiations on other subjects, such as services, into 2010. Meanwhile, west Africa negotiators have requested a further postponement of the services negotiations. While prospects for an agreement remain gloomy, there are indications from the EC that they may be willing to delay the signing of the EPA with the west African region until 2011. This would allow time to address the range of outstanding issues.

We also find that the concerns of the west African governments over the fiscal implications of the proposed EPA could well be addressed within the framework of the new EC initiative in support of tax reform in developing countries that was launched by the then development commissioner, Karel De Gucht, in December 2009. Mr De Gucht is Trade Commissioner-designate, with the EP approval vote on the whole Commission due to take place on 9 February.

However concerns also remain in west Africa over an EPA process that fails to safeguard the west African regional integration processes. This essentially requires finding a solution which within a single framework can maintain the rights of LDCs to special and differential treatment while accommodating the needs of the three non-LDCs, Nigeria, Ghana and Côte d'Ivoire.

West African negotiators are also anxious to pin down EC commitments on the accompanying development assistance programme due to be established alongside the EPA, with the aim here to secure legally binding commitments. Concerns also remain that any 'non-execution' clause, under which the EU could suspend EPA benefits, should be limited to non-performance in the sphere of trade-related commitments.

Most fundamentally, west African governments need to address outstanding issues related to their common external trade tariff and the structure of the final regional offer that will be tabled with the EU. This has been handicapped by the extensive nature of the exclusion list arising from the differing sensitivities of the economies in this regional group. In this respect, the extensive use of tariff-rate quotas by the EU in trade agreements with third countries could offer one means of addressing west African sensitivities, while expanding the product coverage of the basic EPA agreement. Under such arrangements, tariff concessions would be made in the agreement on a wider range of products including certain sensitive products (thus expanding the percentage of total trade covered by the agreement), but with these sensitive products being covered by TRQ arrangements, thereby regulating access to west African markets and preventing import surges.

International dimensions of CAP reform

Farm incomes down 12%

According to data released by Eurostat, in 2009 farmers' incomes in the EU 'fell by their largest margin in a decade', down some 12.2% (compared to a decline of only 2.5% in 2008). According to Eurostat, this was mainly a result of 'a sharp fall in the value of agricultural output' at the level of real producer prices (-10.9%), with the largest declines in real terms being in crop production (down some 13.2%) as a result of price declines, which were most marked in the cereals sector (-27.5%). In real terms, income from animal production fell only 9.7%, largely as a result of price declines (-8.7%), but also as a result of a small decline in the volume of production (-1.1%). By far the largest decline was for milk, the price of which fell by 20.3%.

Income losses however were not evenly spread across the EU27 countries, and incomes actually rose in five countries, with British farmers seeing the biggest rise in income, up by 14.3%. The largest decline occurred in Hungary (-35.6%), while France, Europe's biggest grain producer, saw incomes fall by 19.8%, while German farm incomes fell by 21.0%.

According to Padraig Walshe, president of COPA, the EU agri-cooperatives' organisation, with farmers' incomes 'on average less than 50% of average earnings in the EU, … the extreme price volatility on the markets poses a big problem for EU farmers', particularly since farmers face 'rock-bottom farm prices and high production costs'. This being stated, input costs according to Eurostat decreased by 9.2% in 2009, in part as a result of a 6.2% decline in prices and a 3.1% decline in the volume of inputs applied (the largest decline being in the use of fertilisers, which fell by 14%). USDA for its part reports the French farming sector as not only reducing input application, but also reducing investment in agricultural machinery.

Against this background, farmers' organisations are arguing for an active agricultural policy, since 'the market is simply not functioning properly'. COPA-COGECA Secretary-General Pekka Pesonen has argued that a strengthening of the CAP is essential, since 'without the CAP, consumers will become dependent on food imports with no control over how they are produced, the price or availability'. A particular area of concern is the weakening of the position of farmers in the food supply chain, where the demand is for action to strengthen the position of producers by 'concentrating supply via cooperatives and producer organisations'.

Responding to the Eurostat report, Commissioner Mariann Fischer Boel said that the figures made the case for a strong EU agricultural policy and continuing direct aid to farmers, which now represents about one-third of farm income in the EU. She argued that such direct aid payments provide 'a basic level of income for farmers, cushioning them from price fluctuations'. She stressed, however, that European agriculture had to adapt to meet the 'multiple challenges faced by our rural areas in the 21st century'.

Meanwhile, USDA has posted a report analysing the breakdown of €1.7 billion in additional French government support being extended to beleaguered farmers in France. This consists of:

- €1 billion in concession loans for five years (at 1.5% interest rather than 3%, with the interest rate subsidy being paid from government funds at a cost of around €260 million over five years);
- the granting of tax exemptions valued at €170 million;
- direct state aid of €650 million.

This comes on the back of a dramatic decline in France's agricultural trade surplus, with 'a near halving in the first nine months of 2009 compared to the same period in 2008'.

Sources

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http://ec.europa.eu/agriculture/newsroom/en/381.htm

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forexyard.com, 21 December 2009
http://www.freshplaza.com/news_detail.asp?id=55896

USDA Foreign Agricultural Service, *GAIN Report*, No. FR9033, 20 November 2009
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Comment

The sharp decline in EU farm incomes could well have an important bearing on the debate over the 2013 round of CAP reforms. Pressures have increased in the last year to maintain and even extend traditional market intervention and regulation mechanisms, with a growing policy discussion on the package of measures required to ensure that periodic global market crises do not undermine the agricultural base in the EU. These discussions are fuelled by warnings from farmers' organisations that reduced input application, in response to high input costs, could well lead to yields in EU agriculture falling dramatically in the coming period.

This being noted, in the worst-affected sector, the dairy sector, the Commission has been able to hold the line on the basic trajectory for CAP reform, a process which inevitably requires a 'shake-out' of inefficient producers, if production is to be progressively shifted to the most efficient production areas in the EU for each product. However the EC has only been able to maintain the basic trajectory for CAP reform by introducing an expansion of financial support instruments and the reintroduction of traditional measures seen as directly distorting trade (i.e. export refunds), although it has committed itself in international fora to eliminating these by 2013.

While the EC is insisting that there will be no 'renationalisation' of agricultural policy, it is having to accept an expansion of national agricultural support programmes. This might provide the opportunity and justification for ACP countries still negotiating EPAs to demand the equal right and duty to protect their regional production in similar times of crisis.

Market access and market developments

'Fair miles' report released

A report has been released by Oxfam and the International Institute for Environmental Development (IIED) arguing for the use of the concept 'fair miles' rather than 'food miles' when considering the environmental effects of the international trade in fruit and vegetables. The report focuses on the 'complexities of the food supply chain and its social, political and economic repercussions' and argues for an approach to assessing the environmental impact of production and trade which encompasses these complexities. In this context, the massive variations between the carbon footprint of Africa (1-2 tonnes of carbon per head) and that of the UK (11-14 tonnes of carbon per head) is highlighted.

The report argues that 'western consumer concern over climate change can do more harm than good if it cuts demand for food produced in developing nations'. It points out that 'some imported fruit and vegetables are grown in less greenhouse-gas-intensive ways than the same products in the UK', with these savings outweighing the 'potential negative impacts of additional transport'. This is particularly the case given that at least 60% of freighted fresh produce travels on passenger aircraft. The report further points out that transport accounts for only 10% of the greenhouse gas emissions associated with food production, marketing and distribution in the UK and USA. The booklet does not argue against eating locally grown products when in season, but argues that 'farmers in developing nations contribute so little to climate change, they shouldn't be penalised because we emit more in the West'.

The report has been welcomed by the Chief Executive of the Fresh Produce Consortium, in a context where there is growing recognition amongst UK supermarkets of the need for a more nuanced approach to climate concerns of consumers.

Meanwhile the UK Freight Transport Association has issued a statement pointing out that 'the distance that a product has travelled is not a reliable indicator of its environmental impact', and arguing that 'to discern the true carbon footprint of a product, one has to measure the mode of transportation and also the production process', since local production based, for example, on heated greenhouses, 'often has a far bigger impact [on a product's carbon footprint] than miles travelled'. On this basis, it is argued that any labelling requirements need to take on board this dimension in order not to mislead consumers, and hence to avoid harming African producers for little or no environmental benefit.

Sources

Fresh Produce Consortium, press statement, 16 December 2009
http://www.freshplaza.com/news_detail.asp?id=55706

Oxfam/IIED, *Big ideas in development: Fair miles – recharting the food miles map*, 8 December 2009
http://www.iied.org/pubs/pdfs/15516IIED.pdf

Oxfam/IIED, press release, 8 December 2009
http://www.freshplaza.com/news_detail.asp?id=55247

Transport News Network, 7 January 2010
http://www.freshplaza.com/news_detail.asp?id=56565

Comment

Following and engaging with the debate on 'food miles' and 'fair miles' would appear to be an area where concerted action by concerned ACP exporters could be appropriate. ACP producer associations could usefully support research which allows engagement with the public debates in Europe on 'fair miles' assessments, while ACP government efforts can probably best be focused on a dialogue with the EC on the guidelines to be issued to provide the framework for the development of private-sector environmental labelling schemes. Close collaboration between ACP private- and public-sector initiatives in this area would also appear to be warranted.

Functioning of the supply chain: specific measures discussed in the UK

Press reports suggest that despite a formal recommendation from the Competition Commission, the UK government is delaying a decision on the appointment of a 'supermarket ombudsman', in response to lobbying from major retailers. The British Independent Fruit Growers Association maintains that the four biggest supermarkets, which account for 80% of the grocery market in the UK, are arguing that the appointment of a supermarket ombudsman would 'push up the cost of food'. In the face of government equivocation and in response to lobbying from the National Farmers' Union, the opposition Conservative Party has undertaken to appoint a supermarket ombudsman should they win the impending general election, required to take place in the first half of 2010.

Sources

freshplaza.com, 7 January 2010
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Telegraph.co.uk, 6 January 2010
http://www.freshplaza.com/news_detail.asp?id=56447

Comment

The operationalisation of practical measures such as the supermarket ombudsman being discussed in the UK is illustrative of the broader policy initiatives which are under consideration in the EU. Such measures are designed to respond to concerns about the functioning of the food supply chain in the face of a growing concentration of commercial power in the hands of supermarkets, and are being considered in the context of moves towards more 'market-based' systems of price formation in EU agricultural markets. It is recognised that, with price regulation increasingly a thing of the past in the EU, inequalities in power relationships along supply chains may be having a disproportionate influence on the process of price formation, to the detriment of EU farmers. This represents a new area of policy development for the EU .

Potentially, given similar concerns over the functioning of the food supply chain in many ACP regions (though for different and varied reasons), important policy lessons could be learned from this evolving EU experience with regard to the use of competition policy and the role of ombudsmen.

WTO agreement on agriculture

WTO dimensions of the banana deal

The EC has published a memorandum setting out the precise details of the banana deal agreed in late 2009. It states that the deal will see a first tariff cut of €28 per tonne which will 'apply retroactively from the date when all parties initialled the agreement. The tariff will then fall again at the start of each year for seven years in annual instalments (€143, €136, €132, €127, €122, €117, €114), starting on 1 January, 2011'. It adds that 'once the WTO certifies the EU's new tariff schedule, Latin American banana-supplying countries will drop all their disputes on bananas with the EU at the WTO, and any claims they made against the EU after new member countries joined the Union, or when the EU changed its banana tariff in 2006'. However should there be no agreement on agriculture in the Doha Round negotiations, then 'the EU will freeze its cuts for up to two years'. More precisely, this means that in the case of there being no Doha Round agreement on agriculture, then 'once the EU cuts its tariffs to €132 per tonne, it will make no further cuts for up to two years, until the end of 2015 at the latest; then from 2016 at the latest, the EU will continue cutting its tariff each year, as agreed … until the tariff reaches

€114 per tonne on 1 January 2019 at the latest'. This will slow down the process of tariff reductions by two years.

As part of the banana deal, the EU, Latin American and ACP governments have agreed to 'jointly promote' an approach to tropical products and 'preference erosion' products in the ongoing Doha Development Round negotiations. This will defer tariff cuts in 'preference erosion' products: instead, 'the EU, the ACP and countries pushing for faster opening of trade in Tropical Products will present plans for these cuts to the WTO'. The Doha Round negotiations will conclude them; and then, 'only once WTO members conclude the Doha Round will they implement the cuts'.

While this basic deal has been concluded, it still needs to be approved by the competent authorities in each of the countries concerned. In addition, the agreement will be presented to the WTO membership for review, with members having 90 days to raise any objections to the EU's proposed new tariff structure.

Sources

Europa Press Releases Rapid, memorandum, MEMO/09/557, 15 December 2009
http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/09/557&format=HTML&aged=0&language=EN&guiLanguage=en

WTO News, press release, PRESS/591, 15 December 2009
http://www.wto.org/english/news_e/pres09_e/pr591_e.htm

Comment

The settling of the banana dispute and the parallel agreement on how to deal with preference erosion and tropical products could inject new impetus into the WTO agricultural negotiations, although this remains to be seen, given the range of other issues still to be addressed.

The banana deal highlights the extent to which dispute settlement in the WTO is now becoming the driving force in the definition of WTO rules, given the impasse faced in the formal process of negotiations.

Scope of WTO stocktaking outlined

The last week in March 2010 has been set aside for 'stocktaking to assess whether concluding the Doha Round in 2010 "is doable"'. Reviewing developments in 2009 in the agricultural negotiations, WTO Director-General Pascal Lamy took the view that progress was being made, but that the ongoing two-pronged approach needed to be continued. In reviewing developments affecting wider ACP-EU relations which impinge on the agricultural sector, Director-General Lamy noted that no progress had been made with regard to systemic issues related to regional trade agreements, while a revised paper on special and differential treatment has now been drawn up and will form the basis for continuing work on the monitoring mechanism.

Sources

WTO, *2009 news items*, 17 December 2009
http://www.wto.org/english/news_e/news09_e/tnc_chair_report_17dec09_e.htm

Comment

The review of developments in 2009 by Director-General Lamy highlights the extent to which (the agreement on bananas not withstanding) ACP countries' concerns are still to be addressed in the Doha Round. The major areas of concern to ACP governments where issues still need to be resolved include:

* the nature of the special safeguard mechanisms for agricultural products to which developing countries should have recourse;
* cotton sector issues, where there has been no significant progress since December 2001, largely because of domestic political difficulties on these issues in the US;
* addressing the needs of small and vulnerable economies (though progress is being made);

* the extent of exemptions to the duty-free, quota-free access to be granted to LDCs by developed and advanced developing economies;

* how in practice to reconcile conflicting proposals on tropical products and preference erosion, particularly in terms of the treatment of sugar.

How will a WTO deal affect cotton-importing and exporting countries?

ICTSD has posted an analysis of how a trade deal on cotton would affect exporting and importing countries. The paper uses a 'single commodity, multi-country, non-spatial, partial equilibrium model of trade' and explores six scenarios: cotton dealt with under the December 2008 revised draft modalities; cotton treated as a standard product; a mid-point between the two previous positions; cotton treated up to the Doha Round reform ceiling; cotton dealt with in line with the findings in the US upland cotton dispute; cotton treated as a result of domestic policy reforms in the EU and US.

The paper recognises the distortions arising from traditional cotton policies in the US and EU and notes that 'unilateral domestic reforms in the EU and US have had limited if any impact on world cotton markets'. In the case of the EU, the paper suggests that 'European farm operators, to a large extent, do not treat the new payments as fully decoupled. … As a result, these subsidies are believed to maintain a strong supply-inducing effect on agricultural production, although less so than the previously fully coupled payments'.

The paper concludes that 'reform of cotton subsidies and tariffs in the Doha Round could potentially have significant impacts on price, production and trade patterns and ultimately contribute to economic development in the global south'. However, it notes that 'the likelihood of such an outcome is highly dependent on the depth of policy reforms adopted by WTO members'. While the cotton provisions included in the December 2008 draft modalities 'could deliver significant gains for developing countries, most benefits would be eliminated if cotton were to be treated under the general provisions applicable to other agricultural products'. The greatest production benefits for the global south arise from 'reductions in subsidies' (i.e. fundamental cotton policy reform in the USA and EU). It is held that tariff cuts alone are unlikely to 'substantially alter current market access conditions for cotton', except on the Chinese market.

The paper argues that 'had cotton subsidies and tariffs been reformed in the 1995-2007' period, the prices and quantities, as a result of the implementation of the December 2008 modalities on cotton, 'would be on average 2.7% to 5.3% higher than the actual prices and quantities observed in this period. It further notes that 'in years with historic peak levels of subsidies, the world price of cotton would have been as much as 5% to 10% higher'. Production value obtained by producers would have increased by on average 5% to 7.5%, or by up to 14% compared to the period at peak subsidy levels. Production values in OECD countries in contrast would have contracted by 10% to 20% in the US, and by 35% to 50% in the EU.

Overall the paper concludes that 'the WTO membership must address the urgent need to rebalance existing trade rules that permit developed countries to highly subsidise domestic production, depress world prices, push famers elsewhere out of production and impair prospects for economic development in the developing world. The adoption of ambitious domestic support reforms for cotton would be a significant step towards the establishment of a fair and market-oriented trading system.'

Sources

ICTSD, analytical paper, 12 November 2009
http://ictsd.org/downloads/2009/11/jales-draft.pdf

Comment

The analysis in this paper highlights the importance of fundamental reform of agricultural support programmes in OECD countries in order to ensure that the Doha Development Round will benefit ACP developing countries. It also highlights the important role played by farmers' perceptions of policy change: if decoupled income-support payments are still perceived by farmers as a form of production support, then they will continue to have 'a strong supply-inducing effect on agricultural production'. However if they are no longer perceived as a production support, but rather as a simple income-support measure, farmers will be more open to changing their production patterns when new investment decisions need to be made.

EU trade negotiations of relevance to ACP countries

EU-Morocco agri-food and fisheries agreement concluded

On 17 December 2009, after four years of negotiations, an agreement on trade in agri-food products and fisheries relations was concluded between the EU and Morocco. The EC argues that the agreement will 'reinforce the position of European exporters on the Moroccan market, particularly exporters of processed agricultural products'. This is seen as 'a major offensive interest for the EU with full liberalisation planned in stages over the next ten years, with the exception of pasta, for which a quantitative restriction is provided'. The agreement allows for 'the immediate liberalisation of 45% of the value of EU exports and 70% in ten years'. Tinned food, dairy products (except liquid milk and whole-milk powder), oilseeds and the fruit-and-vegetable sector will benefit fully from total liberalisation. However, beans, sweet almonds, apples, tomato concentrate, meat, cured meat products, wheat and olive oil will remain subject to tariff quotas.

According to the EC press release, 'Community exports for the [agriculture, food and fisheries] sectors reached almost €944 million during the years 2006-08 and will benefit from better access to a neighbouring market that is seeing strong demographic growth'.

Agreement has also been reached to open negotiations on the protection of geographical indications and on 'provisions on the respect of international obligations with regard to health and plant health matters'.

Regarding the opening of the EU market to Moroccan agri-food exports, the agreement immediately liberalises 55% of imports from Morocco. However, concessions in the fruit-and-vegetable sector, which accounts for 80% of the EU's imports, have been structured in ways designed to address EU 'sensitivities'. To this end, import schedules and tariff-rate quotas (TRQs) 'have been maintained for the products considered to be the most sensitive, tomatoes, strawberries, courgettes, cucumbers, garlic and clementines', although these TRQs will still see expanded access for Moroccan exports (e.g. increasing from a TRQ of 233,000 tonnes to 285,000 tonnes for tomatoes over four years).

Following the 'vocal opposition' to the new trade deal and to poor enforcement of the existing deal from a number of Spanish farmers and producers, reported in late November 2009, French fruit-and-vegetable producers are now also reported to be strongly opposed to the deal, claiming that it will be 'the beginning of the end' for French cultivation, which has seen a 53% decrease in the proceeds from fruit production and a 34% decline in proceeds from vegetable production in the last year. The European farmers' and agri-cooperatives' organisation, COPA-COGECA, has also stated that it 'regrets the conclusion' of the agreement, arguing that the EC should first have 'evaluated the socio-economic impact of such an increase and brought in compensatory measures for traditional EU production areas'. These criticisms need to be seen in the context of a decline of 7.7% in turnover in the fruit-and-vegetable sector in 2009, 'representing a loss of €5.7 billion' in farm income. In response to farmer pressure, the Director of Légumes de France cancelled a planned speech at a conference in Agadir, Morocco, in mid-December 2009.

Sources

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Comment

Beyond the issue of preference erosion arising from the proliferation of new EU trade agreements with non-ACP countries, a number of other issues arise from the EU-Morocco agri-food and fisheries agreement. Under the new agreement, extensive use is being made of tariff-rate quotas (TRQs) to manage trade in sensitive products, with import-licensing arrangements constituting a critical part of the management regime.

This potentially offers an alternative means for ACP regions to deal with sensitive products under a regional IEPA where trading already takes place with the EU. By establishing duty-free quotas for EU exports in some sectors, ACP regions could increase the total volume of trade included in the IEPA and thereby reduce the percentage of exclusions among goods that are currently traded. This could then facilitate the conclusion of a mutually acceptable IEPA.

This would require a careful review of which products could most usefully be subjected to TRQ-regulated access (rather than excluding them), with consideration being given to the advantages that could arise from using import licences under a TRQ arrangement to regulate access. An obvious case in point would be the use of import licences under a TRQ for frozen poultry-meat, which could restrict access to such licences to companies which have access to cold stores to ensure the integrity of the handling of the meat, thereby contributing to improving the safety of frozen poultry-meat between the EU and ACP countries.

EU launches bilateral negotiations with ASEAN countries

On 22 December 2009, EU member states approved the launch of bilateral negotiations with ASEAN countries, starting with Singapore, which according to the EC is 'the EU's most important trading partner among the ASEAN countries', with around €55 billion of bilateral trade. EU Trade Commissioner Benita Ferrero-Waldner stated that 'creating new business opportunities for European companies in the dynamic ASEAN countries will strengthen the competitiveness of manufacturers, farmers and service providers in the EU'. While the EU's 'ultimate goal' was a comprehensive region-to-region agreement, Commissioner Ferrero-Waldner argued that 'today's decision … will allow us to move forward and re-engage with this important region through negotiations with individual ASEAN member states'. After the US and China, ASEAN is the third most important international market for the EU.

This step follows a lack of progress since 2007 in region-to-region negotiations. The EC's aim in the new bilateral process of negotiations is to 'lower or abolish the currently existing tariff and non-tariff barriers to trade and investment in many ASEAN markets'. The EC sees these bilateral agreements as 'valuable building blocks' towards reaching a comprehensive region-to-region agreement.

Sources

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Comment

The decision by the EU to launch negotiations at the bilateral level highlights the intrinsic difficulties in seeking to negotiate region-to-region agreements with groups of countries of diverse sizes and varying levels of development, and whose own integration process as a group is till in its infancy. Similar difficulties have been faced in an ACP context, with the west African, central African and eastern and southern African regional EPA negotiating configurations all finding it difficult to reach common regional negotiating positions on the collective tariff offers to be made to the EU.

The EU's decision to switch to bilateral FTA negotiations also needs to be seen against the background of the entry into force on 1 January 2010 of the China-ASEAN FTA agreement and the phenomenal growth in China-ASEAN trade in the last ten years. This has seen China become ASEAN's third most important trading partner after Japan and the EU.

Banana sector

The functioning of the banana supply chain

With price wars breaking out between Britain's leading supermarkets, banana prices are being cut dramatically. The Daily Telegraph website notes that 'prices of bananas are being cut from 98p to 77p per kilo', a reduction of some 22.5%. This comes on the back of price developments in the UK, which, according to analysis from Banana Link, 'stripped more than half the total value out of the banana chain' in 2009. While retailers claim that cheap bananas are 'not at the expense of producers and intermediaries, as the cuts have come out of retail margins', the question arises: will this continue to remain the case following the conclusion of the WTO deal? Fears are rising that once contracts come up for renewal, intensified price competition between supermarkets and the reduction on duties on Latin American bananas will 'plunge banana growers into a race to the bottom'.

Analysis from Banana Link suggests that currently 'prices paid to suppliers of UK supermarkets are one-third lower than seven years ago'. Banana Link highlights the rise of the 'buying power of the supermarket chains', which is eclipsing the former power of the big banana companies. While in the past EU and national authorities have used competition investigations to rein in the market power of the big banana companies, 'competition law has not yet evolved to contemplate abuses of buying power at the top of the supply chain'.

In this context, it should be noted that the EC confirmed that in December 2009 it had 'sent a Statement of Objections under anti-trust rules to a number of companies active in the import and marketing of bananas, concerning their alleged participation in a cartel'. According to press reports, the unidentified companies were in southern Europe, and this followed on from 'surprise inspections' carried out by the EC in November 2007. According to the reports, this follows actions last year which resulted in the EC '[fining] banana importers Dole and Del Monte for running a cartel', while Chiquita 'escaped fines because it blew the whistle on the illegal price fixing in northern European nations'.

In a press release issued on 17 December, Dole Food Company confirmed that the Statement of Objections issued by the EC did not affect any of its subsidiaries, and that it had maintained good cooperation with the EC in the process leading up to the issuing of the Statement of Objections.

Banana Link is arguing for a rethinking of price formation in the banana supply chain and looks to the work of the 'fair trade' movement for the basis on which this might occur. This would involve using calculations of 'sustainable costs' as the basis for price formation in the banana sector. This is seen as essential, since the current retailer 'price wars', over-supply situation and pending implementation of the banana deal are all likely to put pressure on the 'fair trade' model of price formation, even giving rise to a 'race to the bottom' among 'fair trade' suppliers as supermarkets chase cheaper 'fair trade' bananas. The significance of this issue is illustrated by the fact that, despite wider trends, the 'fair trade' minimum price for bananas has risen 21% since 2006 (with additional price premiums for organic bananas).

Banana Link is looking to the new World Banana Forum as a vehicle to promote broader use of 'sustainable cost' pricing as the basis for price formation in the banana sector. Against this background the 'fair trade' labelling and certification agency, FLO, plans to organise round tables in 2010 designed to promote the idea of 'sustainable cost' pricing. It is argued, however, that moves towards such a basis for price formation will require a review of the current retailer practices which it says are 'stripping value out of the whole chain from the top down'.

Meanwhile, press reports in January noted complaints from Suriname's banana-exporting company that for the second year running they were being offered 'unreasonably low prices' by their Dutch importer. This is despite improvements in the food safety and quality of bananas supplied following a five-year restructuring programme designed to lay the basis for full privatisation of the local banana sector. As a consequence a new Dutch importer is being sought.

Sources

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Comment

Between 1991 and 1999, banana prices in the UK fell 30% in real terms. A decade later, considerable price volatility is a feature of the UK banana market, with prices occasionally up to 35% below the nominal price level in 1991.

In the context of press reports on the impact of such pricing practices by UK supermarkets for bananas, and the pending erosion of the value of traditional ACP preferences, the EC action in sending out a Statement of Objections under anti-trust rules would appear to reinforce the need to launch a wider, joint investigation with ACP authorities into the functioning of the banana supply chain, and also to look into the practical measures which can be taken under the Banana Accompanying-Measures Programme to strengthen the market position of ACP banana suppliers within supply chains serving the EU market. The launching of joint competition investigations with ACP authorities on the functioning of the ACP-EU supply chain, particularly on this product, would offer a practical example of the benefits which ACP producers could gain from ACP-EU collaboration on competition issues.

Beef sector

The debate on animal welfare labelling schemes continues

In December 2009 the EU Agriculture Council discussed options for animal welfare labelling. The feasibility studies concluded that any labelling scheme should '[empower] consumers to make informed purchasing decisions'. It suggested a 'Community Animal Welfare Label modelled after the EU organic label', arguing that such a label 'can be expected to have more direct effects on animal welfare than other voluntary options'. Information work with consumers to let them know what various labels stand for is seen as essential if animal welfare labelling is to be effective.

The report notes a number of voluntary certification schemes that have been introduced in recent years which focus on or include animal welfare aspects. These range from:

- schemes that focus only on animal welfare (e.g. Freedom Food, UK; Neuland, Germany; Animal Index System, Austria);
- schemes that focus on various aspects including animal welfare (Label Rouge, France);
- schemes that focus on aspects other than animal welfare, but have positive side-effects on animal welfare (Protected Designation of Origin/Protected Geographical Indication schemes).

A necessary precondition noted for some of these optional labelling schemes 'was that [the labelling] was meaningful to consumers and that they were prepared to pay a price premium'. There are seen to be three main drivers of animal-welfare-relevant labelling schemes:

- reaction to earlier food scares;
- as an instrument for regulating markets;
- in response to consumer demand.

Sources

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Comment

A critical concern for ACP beef exporters is to ensure that EU animal welfare labelling requirements do not act as impediments to trade or reduce the scope for ACP exporters to secure premium prices. Some ACP beef exporters have already sought to position themselves to meet any EU animal welfare labelling requirements as part of a wider trade-restructuring strategy aimed at serving 'quality' differentiated meat-product markets. Nevertheless the 'small print' of the EU Community Animal Welfare Labelling scheme is likely to have significant cost implications and should therefore be carefully scrutinised before it becomes part of formal EU regulations.

Cereals sector

EU farmers warn of dangers of price instability for cereals

On 14 December 2009, the EU farmers' and agri-cooperatives' organisation COPA-COGECA warned of the danger of severe price instability on EU cereals markets. There have been dramatic declines in EU cereals prices since January 2008, with, for example, wheat prices having declined as much as 54%. The Chair of COPA-COGECA's Cereals Working Group, Paul Temple, warned that the area under cereals could decline by 5%, with production being even more severely affected as farmers cut back on the use of pesticides and fertiliser in the face of a profitability squeeze. A dramatic decline in production could then lead to 'a sharp hike in cereal prices' to the detriment of both EU livestock producers and consumers. He called for effective measures to improve the functioning of the food chain, so as to provide farmers with an economic return. Specifically he called for 'investment in facilities, research and development and people' in order to maintain cereals production across the EU.

Sources

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Comment

The objective of 'maintain[ing] cereals production across the EU' is to a certain extent in contradiction with one of the underlying objectives of the CAP reform process, which aims to shift patterns of agricultural production in the EU to exploit the best agronomic conditions for the competitive production of specific crops in specific areas of the EU. While Agriculture Commissioner Fischer Boel has spoken about the EU policy concern to ensure that periodic crises do not undermine the EU production base, she nevertheless has always nuanced her statements with reference to broader concerns about competitiveness and 'market signals'. This means that in the current situation, the EC is unlikely to intervene to prevent the inevitable shake-out of producers in areas less suited to competitive cereals production. Thus, while the EC is seeking to insulate EU farmers from the worst effects of periodic crisis, it remains committed towards more market-oriented agricultural production systems. This highlights the need to balance 'protectionism' and reform. This is a balance which the ACP will also need to strike when using trade-policy tools to support food-and-agricultural sector development in an era of trade liberalisation.

Horticulture sector

EU horticulture producers call for more support

EU fruit-and-vegetable producers have sent a open letter to the EC and European Parliament calling for action to address the 'unprecedented economic crisis' confronting the sector, with 'prices appreciably lower than their production costs'. It calls for similar support to be extended to EU fruit-and-vegetable producers to that extended to dairy producers. It cites as justification for such a policy initiative: the current low level of public aid; the impact which bilateral trade agreements are having on the market; the abolition of export support despite the high value of the euro; the concentration of market power in the hands of large retailers; and the cost-increasing effects of SPS standards, which it claims are commonly violated by third-country suppliers.

Sources

freshplaza.com, 14 December 2009
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The New Vision, 13 December 2009
http://www.freshplaza.com/news_detail.asp?id=55529

Comment

It remains to be seen how the EU will respond to calls for increased financial support to EU fruit-and-vegetable producers: as the letter points out, the situation of EU horticultural producers has not received the same public, and some would argue policy, attention as the situation of EU dairy farmers. However, it should be noted that with the financial allocation under the CAP health check having largely used up the available financial reserves, the current scope for expanding financial support to EU horticultural producers is likely to be limited. In this context, if political pressure builds up on this issue, the EU policy response is likely to focus on steps to improve the functioning of the supply chain within the EU and the more rigorous enforcement of import regulations, both tariff and non-tariff (e.g. SPS regulations). This could create some market space to ease the financial pressures on EU horticultural producers, pressures which are otherwise likely to intensify as economic recovery fuels input-cost inflation. However, this market space could well be at the expense of ACP exporters, who may find themselves subject to increasingly strict food-safety and SPS inspections.

Horticultural developments in west Africa

Press reports indicate growing levels of Malian exports of mangoes to Europe. This follows on from the implementation of targeted programmes of assistance aimed at 'boosting the mango chain – building exporters' capacity, improving quality of the mango fruits exported and increasing quantity of exports'. Since 2007, total exports of mangoes from Mali have increased from 4,000 tonnes to 10,000 tonnes. The minister for agriculture, Sidi Diaby, is attributing the increase to the national strategy contained in Mali's Programme for Competitiveness and Agricultural Diversification: mangoes are 'at the heart of a strategy to boost commercial agriculture through the improvement of the supply chains for mango, shea, gum arabic, banana, shallot and potatoes'.

Ghanaian tomato farmers, meanwhile, are reported to be dismayed at the bumper crop, with surplus production severely depressing prices. Farmers are now facing huge debts, after contracting loans to expand production and with the increased volumes resulting in a price collapse. Farmers are now letting tomatoes rot in the field, since it is no longer profitable to transport their product to market.

Sources

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Fructidor.com, 5 January 2010
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Comment

Developing effective policies at national and regional level in support of fruit-and-vegetable-sector development constitutes a major challenge in west Africa, with a need for strong producer-led initiatives closely linked to intensified public-/private-sector policy dialogue. In addition, the institutional and financial constraints on the development of such policies are considerable. While until recently west African horticultural producers might profitably have looked to the east African horticulture associations for region-to-region collaboration, the success of this initiative in Mali could offer positive scope for regional collaboration. It will also be important to see how the early gains in the Malian programme will be sustained and consolidated.

Horticulture vulnerable to extraneous events

Cold weather in Europe is adversely affecting Kenyan exports of both horticultural and floricultural products, with the bad weather disrupting both air freight and road transport delivery. This comes in a context where the winter season 'is usually the [Kenyan] industry's peak season accounting for 65% of all the fruits and vegetables exported to Europe'. Similar difficulties are reported for cut-flower exports, with weather conditions having 'seriously reduced the number of "occasional buyers" who are demanding flowers for activities such as weddings, funerals and other outdoor decorations'.

The Fruit and Vegetable Producers' Association in Morocco, meanwhile, is reported to be ready to supply export produce to replace Spain's fall in production of citrus and other fruits that will result from the cold weather. Spain's production is expected to drop by 6% to 7% for clementines, and by 15% for oranges, and Morocco is counting on a rise in exports to Europe in the first quarter of 2010 to 300,000 tonnes of fruit and vegetables, representing 50% of its usual annual exports to the European markets. The Moroccan minister for agriculture has reported that the country is expecting production for the current season to reach 1.41m tonnes, 10% up on last season. Total exports are expected to be 7% up on the previous year.

Sources

businessdailyafrica.com, 5 January 2010
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Comment

The weather-related disruptions highlight on the one hand the vulnerability of African horticultural exports to transport-related disruptions which are beyond the control of local industry players, and on the other hand the preparedness of some countries and economies to step in and fill the gap in times of crisis. Given EU domestic concerns to ensure that market crises do not undermine the domestic production base, questions could reasonably be asked about what domestic policy measures exporters like Kenya might reasonably put in place to mitigate the adverse effects of periodic market crisis on their own domestic production base.

Improving the functioning of the horticulture supply chain

A feasibility study on 'the setting-up of a European platform for data and information exchange for the European fruit and vegetable market' has been posted by the EC. The aim of the platform for data and information exchange is to help the EU fruit-and-vegetable industry to:

- 'reach a higher degree of effectiveness in managing the available resources and preventing market crises through the sharing of information among the associations of European producers to the widest possible extent;
- 'establish a more balanced competitive position for producers, given their weakness within the fruit and vegetable supply chain with respect to wholesalers, processors and distributors'.

It is argued that improved information management can help avert 'structural market crises' by establishing 'long-term trends of the domestic supply, the import, and the demand in the domestic and foreign markets'. It is also maintained that efficient data analysis can allow actions to be taken to reduce the economic cost of periodic over-supply situations. Critically, it is stressed that the design of any 'platform for data and information exchange' would need to minimise the dangers of collusion on pricing or the partitioning of markets.

Sources

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http://ec.europa.eu/agriculture/analysis/external/data-platform/full_report_en.pdf

Comment

Unless improved information systems for European producers associations were also open to ACP suppliers, there is a danger that such arrangements could impact on the competitive positions of EU and ACP fruit-and-vegetable suppliers. Against this background an initiative could usefully be launched to see how best ACP fruit-and-vegetable suppliers could be included in any new 'European platform for data and information exchange for the European fruit and vegetable market'.

Rice sector

African production improving scope for intra-regional rice trade

The latest EC update on developments in international agricultural commodity markets (reflecting October prices) shows rice prices declining 4.5% between September and October 2009, with prices in October 2009 being 45% below the peak levels attained in May 2008. However, according to FAO, rice prices began to recover in November (+20% for some lower-quality varieties and around 7% for higher-quality varieties), following increased import demand from the Philippines and rumours of India's potential entry into the market as an importer. Despite this price recovery, rice prices in November remained 12% below the level prevailing in November 2008.

While production is likely to be down in major producing areas, this harvest will still be the second highest after the 2008 harvest. In sub-Saharan Africa the production picture varies: in east Africa, drought is affecting the crop, while in west Africa production gains are forecast in Ghana, Guinea, Mali, Nigeria and Senegal, and bumper harvests are expected in Madagascar, Mozambique and Zambia. These latter developments will see a reduction in sub-Saharan African rice imports. In Latin America, Guyana's crop is expected to be down.

A 2.7% increase in the rice trade is expected for 2010, the second-largest trade after 2007. Rice stocks in 2010 are anticipated to shrink to 121 million tonnes, down from 124 million tonnes in

2009. However, this remains above the average of 110 million tonnes held over the 2002-09 period. The global stocks-to-use ratio will remain at around 27%.

Sources

FAO, *Food Outlook*, global market analysis of rice, December 2009
http://www.fao.org/docrep/012/ak341e/ak341e05.htm

EC, file note, doc. ref D(2009) agri.l.5 373468, 20 November 2009
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Comment

The management of import demand by major Asian rice consumers had a critical bearing on the earlier surge in rice prices. The current policies being pursued by major rice importers in Asia should thus be closely monitored if ACP rice importers are not to be caught out by a rising market. Given the varied production patterns across the continent, the scope for expanding intra-African trade in rice also needs to be explored, not least by international bodies involved in food-aid procurement.

Sugar sector

Favourable price trends projected

World market sugar prices continued to rise, reaching 27.5 US dollar cents/lb after Christmas 2009, before dropping to 27c/lb. In early January 2010 some future contracts were trading as high as 28.9c/lb. Meanwhile reports carried by Bloomberg.com suggest that 'sugar futures may rise to more than 30 cents a pound within the next six to 12 months', with a smaller Indian crop and demand for ethanol in Brazil pushing up the price. This follows a more than doubling of the sugar price in 2009, on the back of adverse weather damage to crops in Brazil and India.

Reports from the world's largest stand-alone sugar refiner, the Al Khaleej refiner in Dubai, suggest that there are concerns that 'the biggest annual gain in prices in more than three decades will lead to "forced demand destruction"' in the second half of 2010, as the supply of white sugar continues to fall short of demand. Indonesia, India, Iraq, Egypt, China and Pakistan are all seeking to purchase white sugar 'to cool local prices'. Tanzania, Sudan and Kenya have also emerged as 'surprise buyers of white sugar'. It is projected that the white sugar premium 'may jump to US$145 a [tonne] as demand climbs'.

Sources

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Comment

High world market prices are serving to mitigate the effects of reductions in the EU reference price and supporting prices paid for ACP sugar by EU importers. This is creating a favourable situation for the negotiation of contracts setting long-term prices. It is also facilitating ACP efforts to expand exports of direct-consumption sugars to the EU market.

Tea sector

High tea prices not expected to be sustained

A recent press release by the FAO shows that in 2009, prices for black tea reached record levels, peaking at US$3.18/kg in September 2009, compared to US$2.38/kg in 2008 (+33.6%). These high prices come after a four-year period when growth in consumption outpaced growth in production. While the economic downturn did little to dampen tea consumption, there are fears that these high prices could over-stimulate production and lead to a supply-and-demand imbalance, with prices falling back in 2010, on the back of recovery in production in areas adversely affected by weather events.

Sources

FAO Media Centre, press release, 22 December 2009
http://www.fao.org/news/story/en/item/38315/icode/

Comment

With production growth being held back in India, much will depend on the patterns of production in other major tea producers, with ACP producers largely being price-takers in the tea market. The tea market, however, is highly differentiated, with considerable scope existing for single-origin or brand-differentiated teas. This is an area where ACP suppliers could usefully be assisted in developing proactive policies.

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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