



European Parliament's hearing on the CAP and developing countries

Comments by Jacques Berthelot (jacques.berthelot4@wanadoo.fr), SOL, March 4, 2018

Outlook

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On February 27 the EU Parliament's Committees on agriculture (AGRI) and development (DEV) held a joint hearing on "*The Impact of the Common Agricultural Policy on developing countries*"¹. The present comments are limited to the statements of four panellists, the Commissioner for agriculture Phil Hogan, the Professors Harald von Witzke and Olivier De Schutter, and Leonard Mizzi, responsible for agriculture at the DG DEVCO. As we did not avail of the report made by Professor Maria Blanco at the time of these comments, we will not comment her presentation at the hearing but will do it in a separate paper.

The Commissioner Phil Hogan: "*Move along, nothing to see*"

To the criticisms on the CAP (Common Agricultural Policy) made by Adama Diallo, a panellist from Burkina Faso pleading the case of mini-dairies, and by several MEPs on the floor, the Commissioner responded that the CAP is a pro-development policy that does not discriminate against developing countries' farmers. It no longer makes any agricultural dumping as it has not used any export subsidy since January 2014. He was very proud to say that the EU was the driving force that resulted in the WTO Members' decision at the ministerial conference of December 2015 in Nairobi to get rid definitively of agricultural export subsidies. Moreover he added that the joint-EU-Brazil proposal on domestic agricultural subsidies (a proposal made on 14 July 2017) was not agreed by Africa, together with the US, India and China at the WTO ministerial conference in Buenos Aires in December 2017. This proposal was to cap the so-called trade-distorting domestic subsidies of the amber box of each country as a proportion of its total agricultural production value, being understood that the alleged decoupled payments notified in the green box are not trade-distorting.

Yet the EU decoupled payments are the bulk of its subsidies, even if they have decreased from €39.3 billion in 2014 to €35.4 billion in 2016. The Commissioner seems to ignore that the WTO has ruled four times – in December 2001 and December 2002 in the Dairy products of Canada case, in March 2005 in the US Cotton case and in April 2004 in the EU Sugar case – that domestic subsidies must be taken into account in assessing dumping, and the US cotton case was especially focusing on the so-called decoupled direct payments which were ruled not

¹ <http://web.ep.streamovations.be/index.php/event/stream/180227-1500-committee-deve-agri>

to be decoupled and not in the green box as the US farmers getting them did not avail of a full production flexibility, being prevented to grow fruits and vegetables and wild rice. After this legal precedent and for many other reasons² any proceeding at the WTO against the EU will be sure to condemn the decoupled direct payments of the "basic payment scheme" (BPS). Therefore Phil Hogan's claim that the EU is the driving force at the WTO to get rid of dumping and to reinforce its rules-based character is far from the truth. Claiming also that the new CAP post 2020 will continue to be driven by a market orientation principle is counter-intuitive when the bulk of EU farmers' income comes from fixed decoupled subsidies instead of remunerative market prices.

The Commissioner added that Burkina Faso could raise its tariff on imports of powder milk and Ghana its tariff on imports of EU poultry if they so wish.

First this is no longer possible for Ghana which has begun to implement on 15 December 2016 its interim EPA (Economic Partnership Agreement), iEPA, as article 15 on the standstill clause states: "*No new customs duty on imports shall be introduced on trade between the Parties and those currently applied on trade between the Parties shall not be increased from the date of entry into force of this Agreement*". Yet Ghana is already violating this standstill clause as it is continuing to use the West Africa (WA)'s common external tariff (CET) where 130 tariff lines, which are also products excluded from liberalization for the regional EPA, are taxed at 35% whereas the maximum tariff of the Ghana iEPA (as well as that of Ivory Coast) is of 20%.

At the 2016 UN General Assembly, Ghana's President John Mahama claimed that the imported chicken crisis was a key factor for many people migrating from Africa to Europe. Ghanaians who embark on the risky journey to Europe are poultry farmers or entrepreneurs who "*sell their shops and undertake the journey because they can no longer compete with the tonnes of frozen chicken dumped on African markets annually*"³. However, according to the USDA, EU poultry meat exports to Ghana increased by 81% in 2017⁴, from 75,983 tonnes to 135,639 tonnes (Eurostat), although the tariff on poultry meat is at 35% in the ECOWAS CET, and that of the iEPA of Ghana at 20%! It is important here to demystify a deep misunderstanding, including among most NGOs, that, although the EU producers of poultry, egg and pork do not avail of direct payments as the producers of milk and beef, sheep and goats do – decoupled payments hidden in the SPS (single payment scheme) before 2015 and now in the BPS (base payment scheme) – they nevertheless benefit from input subsidies since they would have to buy their feedstuffs of EU origin – cereals, oilcake meals and pulses (COPs) – at much higher prices if the COPs producers did not receive direct payments, also hidden in the SPS and BPS of these producers, for €66.75 per tonne of cereals⁵ and twice as

² *The EU actual agricultural supports (AMS and OTDS) in 2013-14*, SOL, 29 April 2017, <https://www.sol-asso.fr/wp-content/uploads/2017/01/The-EU-actual-agricultural-supports-AMS-and-OTDS-in-2013-14.pdf>

³ <https://mg.co.za/article/2017-11-10-00-eu-chicken-dumping-starves-africa>

⁴ https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Poultry%20and%20Products%20Semi-annual_Paris_EU-28_2-26-2018.pdf

⁵ *Subventions aux exportations de produits céréaliers de l'UE à l'Afrique de l'Ouest en 2015 et 2016*, SOL, 16 mars 2017, <https://www.sol-asso.fr/wp-content/uploads/2017/01/The-subsidies-to-the-EU-exports-of-cereal-products-to-West-Africa-in-2015-and-2016-February-172017.pdf>; *Réévaluation du dumping céréalier de l'UE vers l'Afrique de l'Ouest de 2006 à 2014*, Solidarité, 11 mai 2015, https://www.sol-asso.fr/wp-content/uploads/2015/05/Reevaluation_du_dumping_cerealier_de_l_UE15_de_2006_a_2014.pdf

much per tonne of pulse and oilseed meal⁶, plus the €50 million in premiums for protein crops transferred to the SPS since 2012, which gets finally to a minimum subsidy of €70 per tonne (€t) of feed. As, according to a January 2017 Wageningen University study⁷, the chicken conversion index (kg of feed per kg of carcass) was of 2.37 in 2015 in the EU28 (1.66 per kg of live weight, and with a ratio of carcass weight to live weight of 70%), this corresponded to a feed subsidy of 165.9 €t of chicken carcass. As about 85% of the poultry feed consumed in the EU is of EU origin⁸, and as the cost of poultry feed was of 774 €t of carcass, or 62.7% of the cost of production excluding slaughter cost, the cost of feed from EU origin was of 658 €t, which was therefore subsidized by 25.2%. But we can also reason otherwise: given that the FOB (free on board) price of EU poultry meat exports to Ghana in 2017 – of which 90% was frozen chicken offal (code 020714) – was of 710 €t, the 165.9 €t of subsidies to poultry feed accounted for 37.7% of the FOB price! With such a feed subsidy and such a low price of EU exports, the 35% tariff was not enough to stop imports from rising, given Ghana's higher production costs. At least this country should imitate Ivory Coast and Cameroon who have imposed a surcharge of 1000 CFA francs per kg of imported chicken, or Senegal which has simply banned imports since 2008. That this is against the WTO and the ECOWAS CET does not matter, especially as the EU is the first to violate the WTO rules.

As for Burkina Faso, the Commissioner Hogan replied to Adama Diallo that, as Burkina Faso has not yet ratified the WA EPA with the EU, it can raise its tariff on imports of milk powder from the EU. However this does not depend on Burkina Faso alone, which must apply the CET of ECOWAS (Economic Community of West African States) which did not put milk powder in the list of the excluded products for the EPA, so that the already very low tariff of 5% ad valorem would decrease to zero on the first year of the EPA liberalization (in year T5) if it were eventually signed by Nigeria, which is dubious.

In any case the EU should take into account that most indebted poor developing countries (DCs) cannot raise easily their agricultural tariffs for many reasons, including the pressures of the IMF and World Bank, and the low purchasing power of their citizens, so that the developed countries, the UE first, should ban or tax all exports made at prices below their full average national production cost without subsidies, which is the definition of dumping made clearly by the WTO Appellate Body in its rulings of December 2001 and December 2002 in the dairy products of Canada case. Furthermore who knows that the EU tariff on milk powder (codes 04021019 et 04022118) was of 74.6% in ad valorem equivalent (AVE) in 2016 and, if we add €24.8% of the EU subsidy in AVE of €60 per tonne of milk powder – as we should to get the total protection rate proposed by the WTO⁹ –, we get a total import protection of €99.4%, to be compared to the 5% in the WA CET and to the 0% tariff of the interim EPAs (iEPAs) of Ivory Coast and Ghana when they will begin to liberalize their imports from the EU, in September 2016 for Ivory Coast and December 2021 for Ghana.

For the Commissioner, with the EPA, Burkina Faso and Ghana could use the safeguards provisions as South Africa has done to limit its imports of poultry from the EU, which have indeed decreased by 67% from September 2016 to September 2017. But here again this is not

⁶ Puisque leurs aides directes placées dans les DPU avaient été calculées sur la base du rendement des céréales de 2002, de 5,65 tonnes par ha, qui était plus du double du rendement des oléagineux et protéagineux.

⁷ <http://edepot.wur.nl/404949> International comparison of production costs

⁸ J. Berthelot, *The EU feed subsidies to dairy products*, July 6, 2012.

⁹ *Des droits de douane au taux de protection agricole total : le cas des échanges Union européenne-Afrique de l'Ouest*, SOL, 14 février 2018, <https://www.sol-asso.fr/wp-content/uploads/2017/01/Des-droits-de-douane-aux-taux-de-protection-agricole-total-cas-des-relations-UE-AO-7-02-18.pdf>

possible because, as shown by Peter Lunenborg of the South Centre, "*In Article 99 of the West Africa EPA, it is stated that the Parties to this Agreement are the 'European Union Party' and the 'West Africa Party'... (which) clearly includes all 16 West African countries (ECOWAS and Mauritania) as a collective" so that "WTO Safeguards can only be applied, if applied uniformly by ECOWAS and Mauritania together, not by individual Member States. Furthermore at the regional level non-preferential rules of origin have not been defined. This could imply that operationally this article 21 could not be used (or West Africa has to use EU's non-preferential rules of origin"*¹⁰.

Even if Article 22.4 of the WA EPA explicitly allows application of the bilateral safeguard by individual WA States, it would be difficult to implement and would be unfair for five reasons: 1) it would require the consent of the EU-WA Joint implementation Committee; 2) in the EPA, applied tariffs could be raised up to the WTO bound rate before application of the bilateral safeguard whereas the WTO Agreement on Safeguards allows for remedies to go beyond the WTO bound rate; 3) the bilateral safeguard applies only in case of excessive imports and not in case of too low import prices, whereas the EU avails of the WTO Special agricultural safeguard (SSG) of the Agreement on Agriculture (AoA) article 5; 4) furthermore, if the price of sugar falls at least by 20% during two consecutive months compared with the previous year, the EU can automatically use the bilateral safeguard. It does not require proof of injury to EU producers or proof that West Africa is the cause of import surges or the low price of sugar on the EU market; 5) the EPA would prevent the WA States to implement the supplementary protection tax (SPT) – a surtax to the CET of ECOWAS – applied to products imported from third countries in two cases: when the volume of imports of a product in a year increases by more than or equal to 25 percent than the average of imports of the last three years, or when the average CIF (Cost, Insurance, Freight) price over one month of an imported product falls below 80 percent of the average import prices of the last three years.

To the criticism raised that part of the EU huge stock of milk powder (of 380,000 tonnes) is dumped on WA, the Commissioner stated that in the last 6 months only 5,000 tonnes were sold on the market and not to Africa. However the Eurostat figures show that 58,010 tonnes of milk powder (of codes 040210, 040221 and 040229) were sold to WA in the six months from June to November 2017, not taking into account the skimmed milk powder enriched with palm oil. Of course DG Agri could argue that these sales to WA were not taken from the past stocks but from the current fresh production, but this does not change the fact that these huge stocks are still lowering the price of milk powder¹¹, thus increasing the EU dumping and harming even more the WA dairy farmers.

The Commissioner was proud to repeat that the EU is helping much the DCs farmers by importing duty free-quota free (DFQF) all the products of LDCs and at reduced tariffs those of other DCs. Yet it is not so sure that the DFQF decision has been beneficial to LDCs. Following the EU's "Everything But Arms" (EBA) Decision opening its market DFQF for LDCs exports, Via Campesina and ROPPA stressed in a joint statement of 13 May 2001 that "*The priorities of the peasants and their families in the Least Developed Countries is first of all to be able to produce for their family, then to have access to the domestic market, well before exporting. The European decision will, to the contrary, reinforce the profits of the big firms using the resources and labour of the Least Developed Countries for export crops to the*

¹⁰ *Analysis of West Africa EPA*, South Centre, November 2016, Geneva.

¹¹ André Pfmilin, *Comment éviter une nouvelle crise laitière en 2018?*, 22 janvier 2018.

EU... thus increasing food insecurity"¹². Indeed LDCs' exports from Africa increased much less to the EU28 than to the rest of the world from 2001 to 2016: by 38.5% less for all products and by 43.6% less for food products despite EBA. And the share of manufactured goods in their total exports to the EU28 decreased from 34% in 2001 to 20% in 2016¹³. All the resources mobilized for these exports have reduced those available for food self-sufficiency. The food deficit of LDCs increased by 12.5% per year from 1995 to 2016 as imports increased by 9% and exports by only 6.6%. Furthermore almost all exports to the EU of the WA LDCs could enter the EU market without the EBA regime.

Another Commissioner's strong statement is that, to fight the root causes of migration out of Africa, the EU is directing a significant part of its assistance to transfer the technologies of EU farmers and agro-industries to the "private sector" of WA, as if these EU modern technologies were adapted to the needs of their small family farms and of their small agro-industries as it is the case of the mini-dairies presented by Adama Diallo. The Commissioner quoted the Abidjan Action Plan adopted at the end of the African Union-EU Summit of Abidjan on 30 November 2017, which among other things, stated: "*We will work together to seize market opportunities for African food production and sustainable social and ecological livelihoods, notably through development of sustainable and fair value chains, and through the applicable EU Trade arrangements. To this end, we will build capacities to access to markets focusing on young farmers, small holders and family farmers, support partnership frameworks, strengthen AU-EU agriculture business relations through an AU-EU Agribusiness platform and promote the full implementation of EPAs. In addition, we will enhance vocational training and education in sustainable agriculture and agri-food entrepreneurial activities*"¹⁴. We can also quote an excerpt of the roadmap defined in Addis Ababa on 4-5 April 2015 on the EU-Africa High Level Policy Dialogue on Science, Technology and Innovation: "*While Africa-Europe agricultural trade is highly asymmetric, a shift is anticipated as African agricultural growth is further enhanced. Europe represents a major growth market for African agriculture while the demand of Africa's growing middle class provides a growing market for European agricultural and food products*"¹⁵.

The opposite views of Professor Harald von Witzke and Professor Olivier De Schutter

It is opportune at this time to present the opposite views of two other panellists, Professor Harald von Witzke of Humbolt University and Professor Olivier De Schutter, of Louvain University, Co-Chair of the IPES (International Panel of Experts on Sustainable Food Systems) and former UN Representative on the right to food. The core argument of Professor Witzke is that, in order to eradicate hunger due to the growing gap between global demand and global production, there is a need to promote increased yields everywhere because agricultural land cannot be expanded through clearing forests for environmental reasons, and this agricultural intensification should be based on high-yielding seeds, more fertilizers and pesticides because the agroecological techniques are decreasing yields and production and therefore should be taxed instead of being subsidized. And this should be done in a more liberalized trade regime where the more productive countries, of which the EU, should export more, not less, to the food deficit countries. This would result in less hunger and poverty and

¹² Via Campesina – ROPPA, *Accès aux marchés d'exportation ou accès à son propre marché ? Dérégulation du commerce, prix mondiaux, ou bien souveraineté alimentaire ?*, Bruxelles, Communiqué de presse, 17 mai 2001.

¹³ J. Berthelot, *Selon que vous serez puissant ou misérable... La question agricole dans le commerce mondial*", *Revue Internationale et Stratégique*, hiver 2017, pp. 121-131.

¹⁴ http://www.africa-eu-partnership.org/sites/default/files/documents/final_declaration_au_eu_summit.pdf

¹⁵ https://ec.europa.eu/research/iscp/pdf/policy/eu-africa_roadmap_2016.pdf

would be good for the environment and migration. I take this opportunity to quote Professor von Witzke as I used this quote at the beginning of a chapter of my book on *"L'agriculture talon d'Achille de la mondialisation"* in 2001: *"Since only the farms reaching a minimal level of international competitiveness will survive in liberalized markets in the long run... a key objective of the CAP should be to contribute to the international competitiveness of a core of commercial farms in the most adapted areas of Europe"*¹⁶. Having invited Professor Witzke to participate in this hearing, his 2000 proposal appears to be in line with DG Agri's current road map, whose projections for EU agriculture up to 2030 show the priority given to increasing exports and a, accelerated decline in the number of full-time equivalent agricultural working units (AWUs), by 27.8% from 2015-17 to 2030 (by 29% in the EU13 and 26.8% in the EU15), making it possible to anticipate an increase in real income (excluding inflation) of 10.9% per AWU (by 17.4% in the EU13 and 8.3% in the EU15), thanks to more intensification (increase of milk and grain yields)¹⁷.

Professor De Schutter (who spoke before Professor Witzke) shares opposite views on the types of agricultural production systems and trade which are needed: it is the expansion of liberalized agricultural trade which has fostered hunger because there have been incentives to prioritize food exports to countries with higher purchasing power and prices, mobilizing huge resources of land, water and financial assistance to the detriment of small scale producers, who constitute the majority of hungry people, and of local trade as these small scale farmers cannot compete in global value chains. This trend has fuelled an increased food deficit in Sub-Saharan Africa, together with highly detrimental impacts on the environment (soil erosion, loss of fertility and biodiversity...), which pleads for the promotion of agroecological production systems and organic agriculture. This trend has also be detrimental to health everywhere, not only because of hunger but also of poor diets based on over-processed foods, with the growth of overweight and obesity, including in Africa. Therefore the first cause of the growing food deficit in Sub-Saharan Africa is not a lack of conventional intensification based on high yielding seeds, more fertilizers and pesticides, but a lack of promotion of agroecological techniques and of local markets, protecting them from subsidized imports.

Despite I share the views of Professor De Schutter to end hunger, I would like to stress the good point made by Professor Witzke when he underscored that the EU has become a net food importer, particularly through mobilizing between 17 and 34 million ha of virtual land abroad from one year to another. For Philippe Pointereau of Solagro also, *"France is still perceived by public opinion as self-sufficient and even able to feed a part of the planet. But it is not so. The establishment of an acreage balance of products from photosynthesis, including wood, shows that France had a deficit of 1.42 million ha in 2006"*¹⁸.

Leonard Mizzy, responsible for agriculture at DG DEVCO, supports Phil Hogan's views

Leonard Mizzy, in charge of agriculture at DG DEVCO, has insisted that the Commissioner Hogan has well synthetized the issue. The anxiety created among NGOs by the EPAs is not justified as African countries enjoy enough policy space to adapt them to their needs, particularly the LDCs. As agriculture is a sector which has been under-invested as it is

¹⁶ W. Henrichsmeyer, H.P. Witzke, *Overall evaluation of the Agenda 2000 CAP reform*, University of Bonn, for and published by the European Commission, February 2000.

¹⁷ https://ec.europa.eu/agriculture/sites/agriculture/files/markets-and-prices/medium-term-outlook/2017/2017-fullrep_en.pdf

¹⁸ <https://www7.inra.fr/dpenv/pdf/PointereauC57.pdf>

considered too risky, DEVCO avails of a substantial portfolio to support projects in this field, in cooperation with FAO, IFAD and the ACPs Secretariat. There is a need to promote a modern private sector in agriculture, agribusiness and agro-industries, to help young entrepreneurs to invest in projects where they can have a competitive advantage, particularly on local and regional markets, helping also innovative models including agroecological production systems, albeit not exclusively. DEVCO supports also the access of women to the ownership of agricultural land.

What shall we draw from Leonard Mizzi's views? Assuming that the ACPs and especially the LDCs avail of enough policy space to adapt the EPAs to their needs is not grounded on the inflexible position of the EU Commission, for at least the three following reasons.

1) The DG Trade has repeated that the text of the initialled EPAs cannot be modified, as Sandra Gallina told the 13 October 2016 during the debate on the ratification of Ghana iEPA at the European Parliament, and as the Commissioners Cecilia Malmström and Neven Mimica wrote the 27 October 2016 to the five CEMAC States which did not join the regional EPA implemented only by Cameroon.

2) Requiring that the LDCs should open their markets to the same 80% level of imports from the EU as non LDCs in regional EPAs contradicts the EU EBA (Everything But Arms) commitment made in 2001. Yet a legal solution compatible with EBA and the WTO rules would have been to deduct from the percentage to be liberalized in each regional EPA that of exports from the EU to the LDCs. For the WA EPA 43.5% of EU exports to the 13 LDCs (assimilating here Cape Verde to an LDC) in 2015 would have been deducted from the 76.2% to be liberalized, which would then fall to 32.7%, and, for the EAC (Eastern Africa Community), 45.4% of exports to the 4 LDCs in 2015 would have been deducted from the 82.6% to be liberalized, which would fall to 37.2%. But the EU Commission has rejected this legal interpretation, which is too much of a hindrance to its trade objectives. Yet the International Development Committee of the House of Commons defended this possibility on April 6, 2005: *"We do not think things should be complicated for LDCs, the EPA should be a real option for LDCs, and they should not have to offer reciprocal access to the EU market until they have lost their LDC status. The EPA should not be in contradiction with regional integration initiatives in ACP countries. as much as DG Trade emphasizes the importance of regional integration"*¹⁹. During the debate the then EU Trade Commissioner, Peter Mandelson, said that LDCs would not be more penalized to join an EPA than by using the "Everything But Arms" agreement: *"ACP countries will be no worse off once the EPA kick in, from the EBA. That is very important. We are asking for EBA plus, not EBA minus"*, and the drafter of the House of Commons concluded: *"We understand that "EBA plus" to mean that LDCs who choose to sign an EPA will not have to offer the EU reciprocal market access"*.

It might be objected that, even with an opening rate of 32.7% for WA and 37.2% for the EAC, it would be necessary for LDCs to tax imports from non-LDC developing countries. In fact, no, because the problem would be easily solved since the tariff lines (TLs) at 0 duty represent precisely 37.4% of the 5,274 TLs of the EAC²⁰, so that the entire EAC would have nothing to liberalize. And, although only 85 TLs of the WA EPA have zero duty, 2,146 TLs, or 36.4% of the total of 5,899 TLs, are taxed at 5% and would therefore be at zero duty in the first year of liberalization²¹.

¹⁹ <https://publications.parliament.uk/pa/cm200405/cmselect/cmintdev/68/68.pdf>

²⁰ <https://www.theigc.org/wp-content/uploads/2017/11/Sheperd-et-al-2017-policy-paper1.pdf>

²¹ https://www.wto.org/english/tratop_e/tpr_e/s362-00_e.pdf

3) The third reason is that the LDCs would be more penalized by the regional EPA of WA than the 3 non-LDCs (Ivory Coast, Ghana and Nigeria) because they do not export products that the EU would heavily tax without the regional EPA or the iEPAs of Ivory Coast and Ghana: processed cocoa products, canned tuna, bananas and pineapple. On the other hand, they will be practically the only ones to suffer from zero duties on milk powder and will suffer more than the coastal countries from the zeroing of tariffs on traditional cereals excluding rice, especially millet, sorghum and fonio.

The main objective of DG DEVCO, as well as DG Agri – to support the "private sector" working in the agricultural chains at the levels of small farms, agribusiness farms and agro-industries – does not correspond to the reality and needs of sub-Saharan farmers of whom more than 90% are small family farmers. Promoting much more agrobusiness modern farms would only worsen the fate of small family farmers, would not increase total production, especially for local markets, will not create the 18 annual million African jobs to which Leonard Mizzi alluded, and will be detrimental to the environment. On his LinkedIn site we see that DG DEVCO is involved in the Oxford Business Forum Africa of next Saturday 10 March 2018 sponsored by Bank of America Merrill Lynch: "*Convening around 350 delegates and a number of thought leaders as speakers, the Forum will offer unrivalled insight into business on the continent from the boldest innovators and decision makers in Africa*"²². On the other hand, the proposal to promote the ownership of agricultural land by women is not a good solution, not more than promoting the men' ownership. What should be consolidated are the collective traditional use rights of village communities.

The CAP is unable to feed the EU consumers who receive a structural food aid from developing countries

I take this opportunity to demystify the idea that the EU has the capacity or even the duty to contribute to feed the world, based on the EU food trade balance in the last two years 2016 and 2017.

Let us first quote the statements on this issue of Commissioner Hogan and of the President of the EU Commission, Jean-Claude Juncker. The President stated on December 6, 2016, in his opening speech at the conference on the agricultural prospects of the EU: "*We must remember – but who remembers? – that until 1964 Europe was not yet self-sufficient in terms of food... A country, a continent which cannot feed itself, from a geostrategic point of view, is a country, even a continent, in perdition because it depends on the will of others. I do not want a Europe that depends on the will of others... With the entry into force of the common agricultural policy in 1962, Europe has given itself the means to acquire its autonomy in terms of food production. And we can actually be proud of the journey made since*"²³. This is echoing the speech of Commissioner Hogan at the World Fair in Milan on 4 June 2015: "*I know you are all very familiar with the key data on present and future challenges, with some 795 million people worldwide still suffering from chronic hunger. And with global population growth continuing rapidly, the world will have to produce 60% more food by 2050... Today I wish to deliver the clear and decisive message that the European Union recognises its global responsibilities and is ready to act*"²⁴.

²² <http://oxfordbfa.com/>

²³ http://europa.eu/rapid/press-release_SPEECH-16-4285_fr.htm

²⁴ http://ec.europa.eu/agriculture/commissioner-speeches/pdf/hogan-expo-milan-04-06-2015_en.pdf

Let us first underscore that these apparent contradictions with reality come from the confusion made by DG Agri between what it calls *agri-food trade* – but which is only *agricultural trade* as defined by the WTO Agreement on Agriculture (AoA) – and *food trade*, as defined in the SITC (Standard International Trade Classification) methodology consisting of codes 01, 11, 22 and 4, which exclude non-food agricultural products but include fish and preparations which is the EU largest food deficit item. Table 1 presents the EU28 agricultural trade balance with extra-EU28, with developed countries – assimilated to the 9 Western OECD countries (Australia, Canada, Iceland, Israel, Japan, Norway, New Zealand, Switzerland) plus Russia –, from which we deduct trade with developing countries (DCs), with ACPs, SSA (Sub-Saharan Africa) and WA (West Africa).

However when I was to close these comments I discover that DG Agri had just published its analysis of the EU agri-food trade for the whole year 2017²⁵. My figures below correspond to an extrapolation to 12 months of the data for the 11 months of January to November of 2016 and 2017. This extrapolation is very close to the data for the whole 2016 year and it is also very similar for those of 2017: the figure of EU exports is of €137.9 bn for DG Agri and of €138 bn for my extrapolation; the figure for EU imports is of €117.4 bn for DG Agri and of €116.5 for my extrapolation. But I have only commented the trade balance, not exports and imports.

As shown in table 1, for sure DG Agri will boast that, once more, its agri-food trade has reached an all-time surplus in 2017 of €21,5 bn, 10% more than in 2016. Unfortunately it would not add that its deficit in fish and preparations has also reached an all-time high of €19.8 bn so that the addition of the agricultural surplus to the fish deficit would only lead to a surplus of €1,7 bn. However this is not a correct evaluation of its food trade because there are still many non-food items in its agricultural trade and only table 2 will show the EU precise food trade balance.

Nevertheless table 1 shows that the EU has increased its agricultural surplus over the developed countries by 13.7% from 2016 to 2017 so that its agricultural trade deficit with DCs has risen by 21.9%, to €10.1 bn, even if it has been reduced with ACPs, SSA and WA. Table 1 shows also that 58.2% of the EU28 fish trade deficit comes from DCs, of which 12% from SSA and 4.6% from WA. Now, if we add the agricultural trade surplus to the fish trade deficit, we see that the modest EU28 surplus of €1.7 bn in 2017 hides a large surplus of €23.4 bn over the developed countries and a large deficit of €21.6 bn with DCs, of which of €6.9 bn with SSA and €906 million with WA.

Table 1 – Agricultural trade balance between the EU28 and other groups of countries

Euros million	2016	2017	2017/2015
All agricultural products			
Extra-EU28	19,497	21,498	110,3%
Developed countries	27,797	31,619	113,7%
Developing countries	-8,301	-10,122	121,9%
ACPs	-6,511	-5,431	83,4%
Sub-Saharan Africa	-5,554	-4,510	81,2%
West Africa	-3,054	-1,994	65,3%
Fish and preparations			
Extra-EU28	-18,706	-19,762	105,6%
Developed countries	-8,165	-8,267	101,2%

²⁵ https://ec.europa.eu/agriculture/sites/agriculture/files/trade-analysis/monitoring-agri-food-trade/2017-december_en.pdf

Developing countries	-10,541	-11,495	109,1%
ACPs	-2,306	-2,645	114,7%
Sub-Saharan Africa	-2,093	-2,379	113,7%
West Africa	-779	-904	116%
Agricultural products + fish and preparations			
Extra-EU28	791	1,736	219,5%
Developed countries	19,632	23,352	118,9%
Developing countries	-18,842	-21,617	114,7%
ACPs	-8,817	-8,076	91,6%
Sub-Saharan Africa	-7,647	-6,889	90,1%
West Africa	-782	-906	115,8%

Table 2 shows that the EU food deficit has decreased by 7% from 2016 to 2017, at €6 billion (bn), of which a deficit of €22 bn with DCs because of a surplus of €19.6 bn with the developed countries. However, if we delete the huge EU surplus in beverages – which are not basic food products –, the EU food deficit has sextupled, to €30 bn in 2017, and the deficit with DCs has increased by 47.6%, to €32.532 bn. So that the EU claim to feed the world has no basis: instead the EU is receiving a structural huge food aid from DCs, including a significant one from WA. Now, if we delete also the large surplus of DCs – particularly of SSA and WA – in coffee+cocoa+tea+spices (CCTS), the EU deficit drops to €19.476 bn, of which to €9.847 bn with DCs, of which to €7.350 bn with WA.

Table 2 – Food trade balance between the EU28 and other groups of countries

Euros million	2016	2017	2017/2015
All food			
Extra-EU 28	-6,426	-5,983	93,1%
Developed countries	16,271	19,685	121%
Developing countries	-20,075	-22,034	109,8%
ACPs	-6,794	-6,046	89%
Sub-Saharan Africa	-5,791	-5,034	86,9%
West Africa	-3,680	-2,799	76,1%
Beverages			
Extra-EU 28	21,885	24,029	109,8%
Developed countries	12,663	13,540	130,6%
Developing countries	9,222	10,489	113,7%
ACPs	797	811	101,8%
Sub-Saharan Africa	725	793	109,4%
West Africa	403	439	108,9%
All food minus beverages			
Extra-EU 28	-28,311	-30,012	110,6%
Developed countries	3,608	6,145	170,3%
Developing countries	-29,297	-32,523	111%
ACPs	-804	-817	101,6%
Sub-Saharan Africa	-731	-798	109,2%
West Africa	-3,277	-2,360	72%
Coffee+Cocoa+Tea+Spices (CCTS)			
Extra-EU 28	-10,891	-10,536	96,7%
Developed countries	1,942	2,112	108,8%
Developing countries	-12,861	-12,676	98,6%
ACPs	-7,308	-6,960	95,2%
Sub-Saharan Africa	-7,066	-6,778	95,9%
West Africa	-5,392	-4,990	87,7%
All food minus beverages and CCTS			
Extra-EU 28	-17,42	-19,476	111,8%
Developed countries	1,666	4,033	242,1%
Developing countries	-16,436	-19,847	120,8%

ACPs	-796	-810	101,7%
Sub-Saharan Africa	-724	-791	109,3%
West Africa	-8,669	-7350	84,8%

At this stage many readers, as the Commissioner Hogan, would then say that this food deficit of the EU over SSA and particularly over WA is good for them as it is a source of income for their farmers. Therefore I take this opportunity to quote an excerpt of the article I wrote recently (in French) for the review Africa21 on "*Rebuilding African policy on food sovereignty*"²⁶ showing that, despite a food surplus over the EU28 (without deleting trade in beverages and CCTS), from 2000 to 2016, even SSA and WA have been facing a food deficit with all partners, albeit with many fluctuations along the period. It is worth noting that only the Eastern African Community (EAC) has maintained a food trade surplus, even without trade in CCTS, because of its high tariffs on food, among which of 60% on milk powder.

Table 3 presents the contrasting evolution of the food trade deficit, in SITC codes (which include fish but exclude non-food agricultural products), from 2000 to 2016 for Africa, of which UMA (Union of Arab Maghreb), SSA, WA, EAC. The deficit was highest in 2011 for SSA and WA and in 2012 for Africa and UMA, after which it fell sharply until 2016, a key reason being the drop in the prices of food imports. The EAC, on the other hand, increased its surplus thanks to its exports of tea and vegetables and its high tariffs minimizing its food imports. Excluding trade in coffee-cocoa-tea-spices – which are not staple foods and are mainly exported – the food deficit is multiplied by 4.2 from 2005 to 2016 for SSA, of which by 10.9 for WA and the EAC surplus declined by 89%".

Table 3 – Food trade balance of Africa, UMA, SSA, WA and EAC from 2000 to 2016

\$million	2000	2005	2010	2011	2012	2013	2014	2015	2016	2016/00	2016/05
Africa	-3334,9	-6774,8	-13423,5	-33011,3	-33397,6	-28928,8	-30686,4	-22829,4	-17480,4	5,24	2,58
UMA*	-6365,5	-8255,5	-18116,6	-26662,1	-28050,9	-26101,1	-29943,5	-23536,7	-20731,6	3,26	2,51
SSA*	1544	-1230,6	-1539,2	-13512,8	-11756	-10386,7	-8905,8	-6227,1	-3565,3	-2,31	2,90
WA	262,4	-1149,1	532,7	-8577,1	-5045,3	-4570,2	-4024,6	-2377	-718,4	-2,74	0,63
EAC	1403	2275,9	2935,7	2739,8	2278,2	3085,4	2957,3	3384	3407,9	2,43	1,50
Food trade balance minus coffee+cocoa+tea+spices (CCTE)											
Africa	-6001,9	-11162	-23758,9	-42900	-42729,1	-37009,7	-40464,5	-32020,9	-27660,3	4,61	2,48
UMA*	-5293,3	-6871,8	-15968,3	-23877,9	-25476,2	-22922,3	-26562,8	-20771,6	-18594,5	3,18	3,29
SSA*	-1548,6	-6036,6	-12771,7	-24694	-22678,1	-19941,5	-20182,1	-16917,4	-14958,2	9,66	2,48
WA	-1476,3	-4417,8	-7481,6	-15839,1	-12367,6	-10892	-11724,2	-9203	-7850,8	5,32	1,78
EAC	-90,5	296,7	-201,2	-1063,7	-943,6	-630,2	-854	-47	374,6	2,42	1,51

Source: UNCTAD (codes SITC: 0, 11, 22, 4); * if the UN population prospects put Sudan within UMA, we have followed UNCTAD which puts it in SSA.

Conclusion

This hearing has been very disappointing because the issue of debating the impact of the CAP on developing countries so as to draw lessons for the future CAP post 2020 has not been really treated, as several MEPs have stressed. The message of the Commissioner Phil Hogan has been "*Move along, nothing to see*": the CAP is a pro-development policy; it does not discriminate against developing countries' farmers; the EU has been the driving force to get rid of export subsidies at the WTO and its proposal to change the rules on agricultural domestic support has not been followed; WA countries could raise their tariffs if they which and, with the EPAs, they could use safeguards; the EU is the main importer of LDCs products DFQF; the EU is in close contact with the African Union and the ECOWAS Commissioner

²⁶ Jacques Berthelot, *Rebâtir la politique africaine sur la souveraineté alimentaire*, Revue Africa21, n°2/2017, pages 69-81, <http://www.africa21.org/4eme-numero-dafrique-durable-2030-lagriculture-africaine-les-defis-de-nourrir-la-population-developper-leconomie-et-preserver-lenvironnement/> du

on agriculture; the EU will follow the Abidjan road map, particularly to foster agricultural research and investments and transfer the EU modern agricultural technologies to African farmers, agribusiness and agro-industries through the AU-EU Agribusiness platform, and promote the full implementation of EPAs. Precisely, if the Commissioner underscored that the EU and its Member States are the first contributors to the Official Development Assistance (ODA), for €75.6 bn in 2016, there is no allusion to the illicit capital flows out of Africa to the EU, to the large losses of customs duties (import duties, value added tax on imports and export taxes) due to the implementation of the regional EPAs and interim EPAs and above all of the losses of competitiveness of all their productive sectors.

As for what to change for the future CAP, the Commissioner did not say anything but just advised the audience to read the DG Agri Communication to the Parliament and the Council of 29 November 2017 on "*The Future of Food and Farming*". But this communication is almost entirely focused on the future CAP for EU farmers but is void on the issue of changing its rules to foster employment, poverty reduction and food sovereignty in SSA. It simply refers to the Valetta Summit on migration of November 2015 which committed to "*Conduct a joint EU-Africa analysis of the root causes of irregular migration and forced displacement to improve the evidence-base of public policies... Facilitate responsible private investment in African agriculture, agri-business and agroindustries and boost intra-African trade and exports of agricultural products through agricultural finance initiatives and by working with like-minded organisations, with immediate effect, with a view to contributing to rural economic transformation, taking due note of the African Union's Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods*"²⁷.

²⁷ http://www.consilium.europa.eu/media/21839/action_plan_en.pdf