Which EPA will Enhance Agriculture, Promote RI, CMAP
&
Challenges of Commercial Relationships with USA, Asia and Latin American Countries

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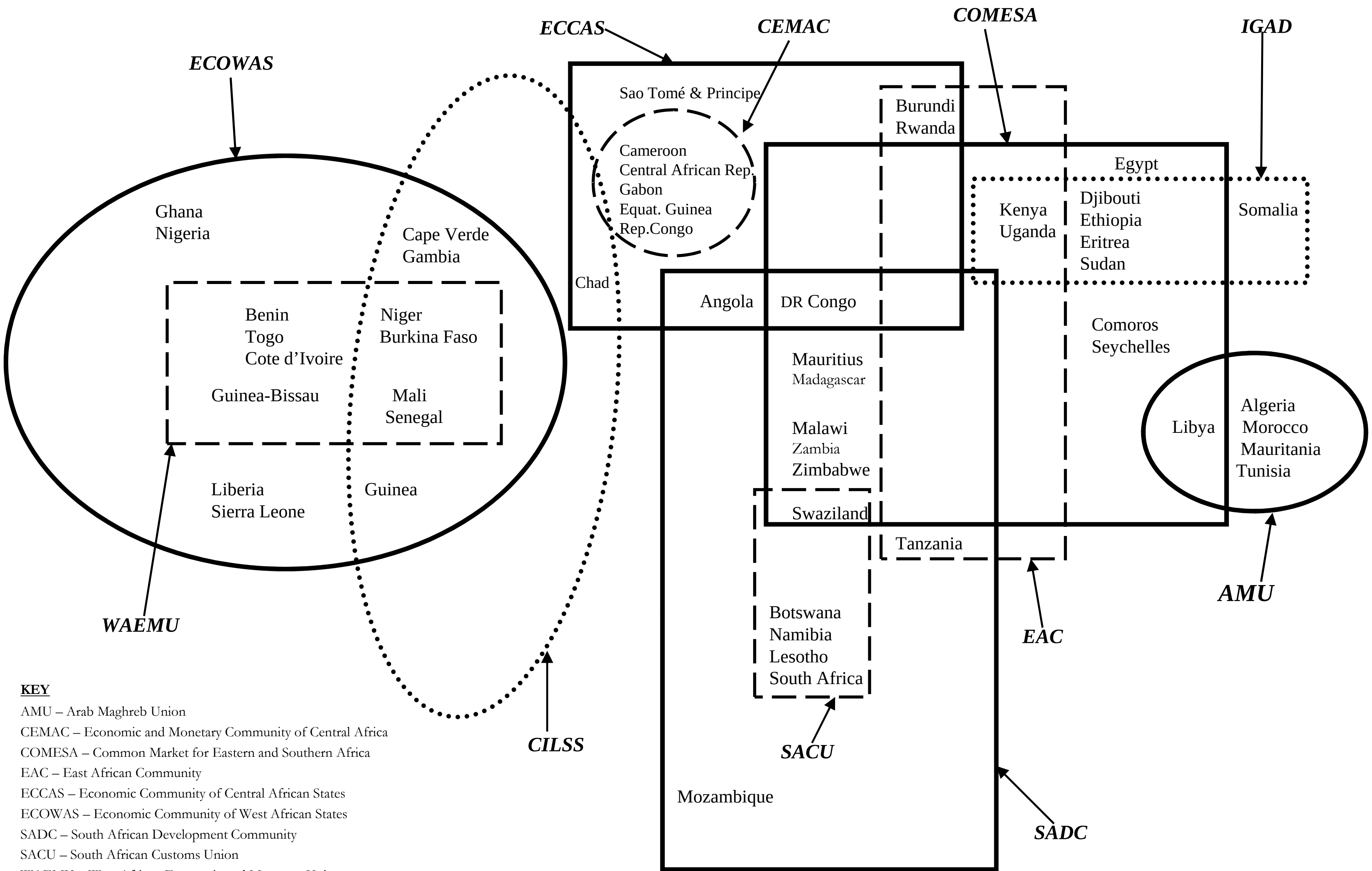
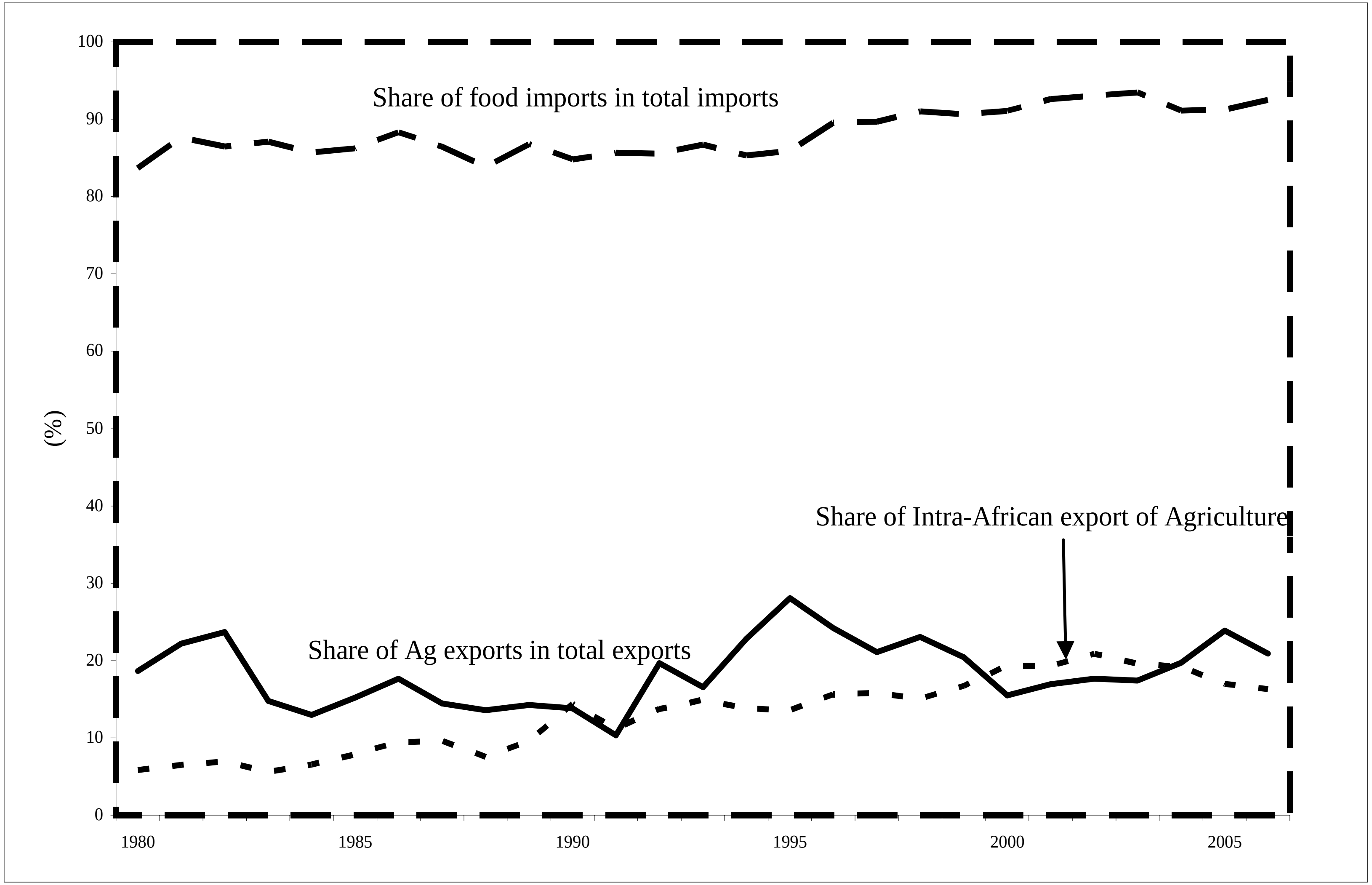


<u>KEY</u>

AMU – Arab Maghreb Union
CEMAC – Economic and Monetary Community of Central Africa
COMESA – Common Market for Eastern and Southern Africa
EAC – East African Community
ECCAS – Economic Community of Central African States
ECOWAS – Economic Community of West African States
SADC – South African Development Community
SACU – South African Customs Union
WAEMU – West African Economic and Monetary Union
CILSS - Permanent Inter-State Committee for Drought Control in the Sahel
IGAD – Inter-Governmental Authority on Development
MRU – Mano River Union

Highlighting The Nature of Problem



Why A Common Market in Agriculture

- help eradicate poverty and overcome food insecurity problems
  - create larger market: of 53 African countries; 39 have fewer than 15 million people and 21 have less than 5 million, many landlocked
  - reduce food dependency from elsewhere
  - Strengthen Regional Integration
  - improve bargaining power in international trade negotiations
  - reduce regional conflict

  - ***Similar Rational given for EPAs***

What are Strategic Commodities

The strategic commodities would be those commodities that:

- carry an important weight in the African food basket;

- hold an important weight in the trade balance in the region through their contribution to foreign exchange earnings or are imported in large quantities to make up the gap between Africa's production and demand; and

- have considerable unexploited production potential in Africa, owing mainly to internal supply-side constraints as well as external impediments such as agricultural subsidies and support measures used by Africa's trading partners.

Abuja 2006 Declaration

Abuja 2006 Food Security Summit, calls on African countries to: .... *promote and protect* ***rice****,* ***legumes, maize, cotton, oil palm, beef, dairy, poultry*** *and fisheries products as strategic commodities at the continental level, and cassava, sorghum and millet at sub-regional level, without prejudice to focused attention being given also to products of particular national importance* ......

Scope of Intra-Trade in Africa – Key Product Groups, 2002-05

Products	Africa's export to: World	Africa	% of Intra-trade
	(..........million US$..........)		
Cereals	868	558	64.3
Oils and Fats	622	190	30.5
Oilseeds	282	75	26.6
Dairy Products	197	115	58.3
Meat and Meat Products	245	122	49.8
Sugar [1/]	993	313	31.5
Vegetables and Fruits [2/]	3557	266	7.5
Beverages	844	271	32.1
Live Animals	315	163	51.6
Coffee, Cocoa, Tea	4363	321	7.4
Spices	237	18	7.6
Miscellaneouse Food Products	4380	869	19.8
Total	16904	3280	19.4

MFN Applied Tariffs for Selected Strategic & Other Key Products by RECs, 2006

	HS Code	Products	AMU	COMESA	EAC	ECCAS	ECOWAS	SADC	SACU
Beef	0102	Live bovine animals.	51.8	5.7	9.5	4.9	12.5	3.3	0.0
	0201	Meat of bovine animals, fresh or chilled	49.5	13.3	19.0	10.0	20.0	11.4	x
	0202	Meat of bovine animals, frozen	62.3	13.3	19.0	10.0	20.0	11.4	x
Poultry	0105	Live poultry	31.7	8.3	14.5	4.9	12.9	5.8	0.0
	0207	Meat and edible offal, of the poultry	47.1	14.7	19.0	10.2	20.0	10.6	2.9
Dairy Products	0401	Milk and cream, not concentrated	58.8	18.8	38.0	4.3	20.0	11.0	0.0
	0402	Milk and cream, concentrated	33.1	18.0	43.0	10.5	11.5	13.8	x
	0403	Buttermilk, curdled milk and cream, yogurt	56.0	20.3	22.0	13.8	16.3	16.8	0.0
	0404	Whey, whether or not concentrated	19.2	13.6	19.0	6.8	13.3	6.7	x
	0405	Butter and other fats and oils derived from milk	32.3	17.8	22.0	16.3	17.5	16.0	x
	0406	Cheese and curd	45.6	17.3	22.0	16.3	20.0	14.8	x
Legumes	0708	Leguminous vegetables, shelled or unshelled, fresh	38.7	11.7	17.0	8.8	20.0	10.4	5.0
	071021	Peas (Pisum sativum)	38.0	14.7	17.0	8.8	20.0	12.5	10.0
	071022	Beans (Vigna spp., Phaseolus spp.)	40.0	14.7	17.0	8.8	20.0	12.5	10.0
	0713	Dried leguminous vegetables, shelled	34.5	11.1	17.0	8.5	17.8	11.6	10.8
Cassave	071410	Manioc (cassava)	10.6	12.7	17.0	8.8	20.0	10.2	2.5
	110814	Manioc (cassava) starch	20.0	8.4	10.0	8.0	12.8	5.6	5.0
Wheat & Products	1001	Wheat	28.0	2.9	2.0	4.3	5.0	1.2	1.0
	1101	Wheat flour	50.9	15.9	45.0	15.8	20.0	10.7	2.0
	110311	Of wheat	50.6	13.6	19.0	8.8	5.0	14.4	20.0
	110811	Wheat starch	22.0	7.6	10.0	8.0	12.8	4.5	5.0
Maize & Products	1005	Maize (corn).	4.4	8.8	24.5	4.9	5.0	7.1	x
	110220	Maize (corn) flour	23.6	11.1	19.0	10.0	20.0	11.4	x
	110313	Of maize (corn)	23.6	12.6	19.0	8.8	10.0	8.1	5.0
	110423	Of maize (corn)	23.6	12.9	19.0	10.0	10.0	8.5	5.0
	110812	Maize (corn) starch	22.0	8.4	10.0	8.0	12.8	5.6	5.0
Rice	1006	Rice.	32.2	3.7	9.4	7.4	13.3	2.2	0.0
	110230	Rice flour	36.6	11.7	19.0	10.0	20.0	15.0	20.0
Sorghum	1007	Grain sorghum.	11.5	6.7	17.0	5.5	5.0	6.3	3.0
Groundnuts & oil	1202	Ground-nuts, not roasted	49.9	6.2	8.0	5.5	5.0	7.6	10.0
	1508	Ground-nut oil and its fractions	15.6	12.4	13.0	10.8	15.0	9.4	9.8
Oil Palm	120710	Palm nuts and kernels	11.9	7.8	8.0	5.5	5.0	5.1	7.4
	1511	Palm oil and its fractions	11.4	11.8	10.6	12.0	16.3	9.2	10.0
Sugar	17	Sugars and sugar confectionery.	19.6	15.3	29.6	17.3	12.2	10.4	5.2
Beverages	22	Beverages, spirits and vinegar.	31.7	24.6	26.1	25.7	19.8	22.1	18.6
Cotton	52	Cotton.	15.8	13.8	17.7	11.5	14.6	13.7	18.7
Tobacco	24	Tobacco and manufactured tobacco substitutes	19.7	35.9	27.2	22.8	14.8	44.7	35.3

Intra-Trade Intensity Indicators for Selected Strategic Products

	AMU	CEN-SAD	COMESA	EAC	ECCAS	ECOWAS	SADC	WAEMU	Top Trading Partners with over 50% of African Market Share in 2005
Rice	H	VH	VH	H	VH	VH	H	VH	Asia (73%) of which India (12%); US (3%); EU (1.4%)
Legumes	VH	H	H	H	A	H	H	H	EU (32%); Austrialia (16%); Asia (15%) of which China (8%) and India (5%); USA
Maize	VH	H	VH	VH	A	A	VH	VH	USA (71%); EU (5%)
Cotton	VH	VH	VH	VH	H	VH	VH	VH	No partner outside Africa exceeded 4%
Oil Palm	H	VH	A	H	VH	VH	H	A	Asia (72%)
Groundnut oil	A	VH	BA	A	H	VH	BA	VH	Asia (38%) of which both China and India at 6% each; EU (22%); USA (3%)
Beef	H	H	VH	VH	A	AA	VH	VH	EU (22%); USA (20%); Asia (19%) of which India (18%); Australia (7%)
Dairy	VH	H	VH	H	A	A	VH	VH	EU (57%); New Zealand (11%); Austrailia (8%)
Poultry	H	VH	VH	VH	H	VH	VH	VH	EU (62%); USA (5%); Austrailia (3%)
Cassava	BA	AA	AA	H	H	VH	AA	A	No partner outside Africa exceeded 4%
Sorghum	A	A	A	BA	AA	VH	A	A	No partner outside Africa exceeded 2%

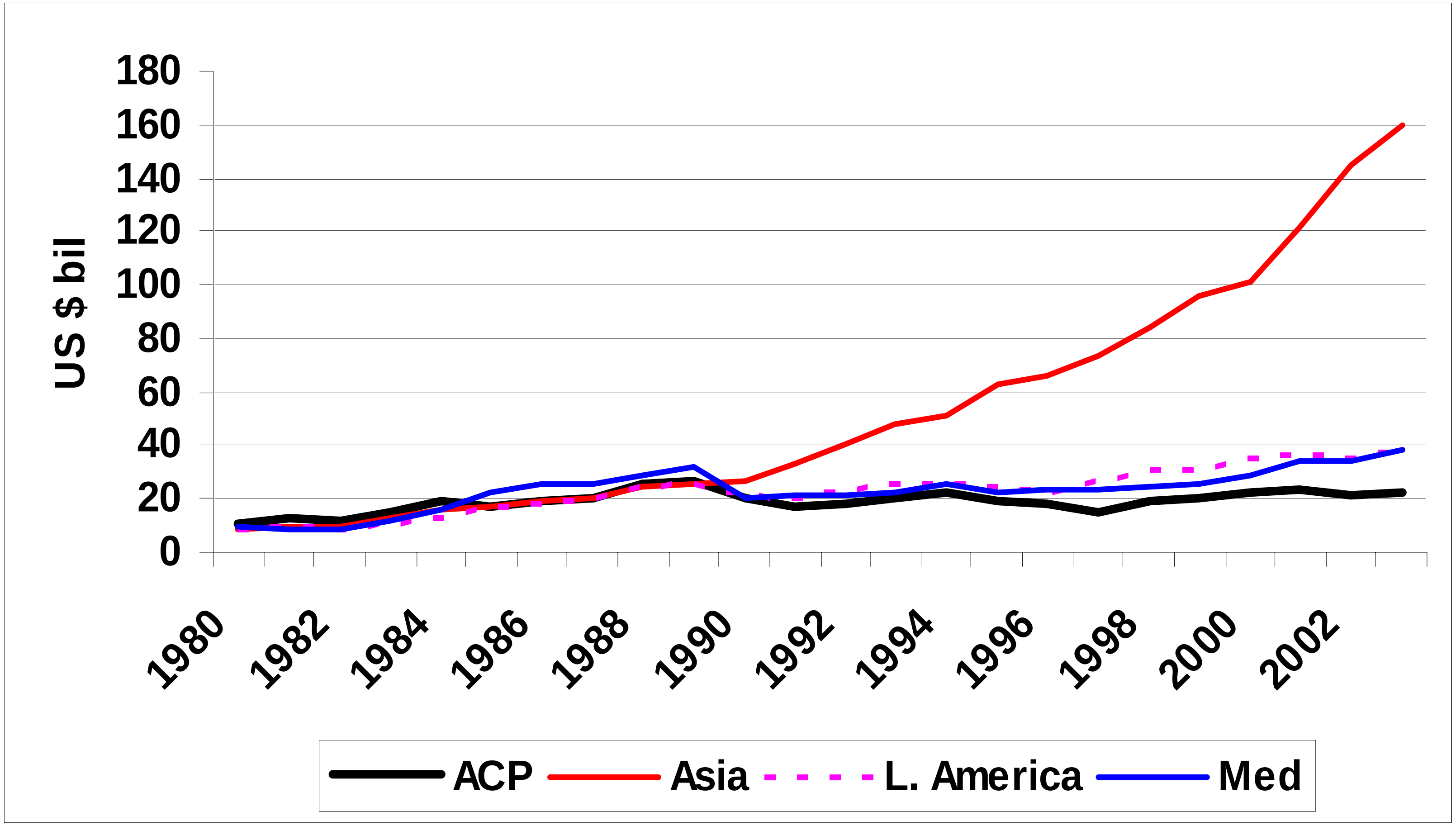
Note:
VH - Very high potential (75% and above)
H - High potential (63-74%)
AA - Above Average potential (50 - 63%)
A - Average potential (25 - 50%)
BA - Below Average potential (25% and less)

Source: Derived from COMTRADE

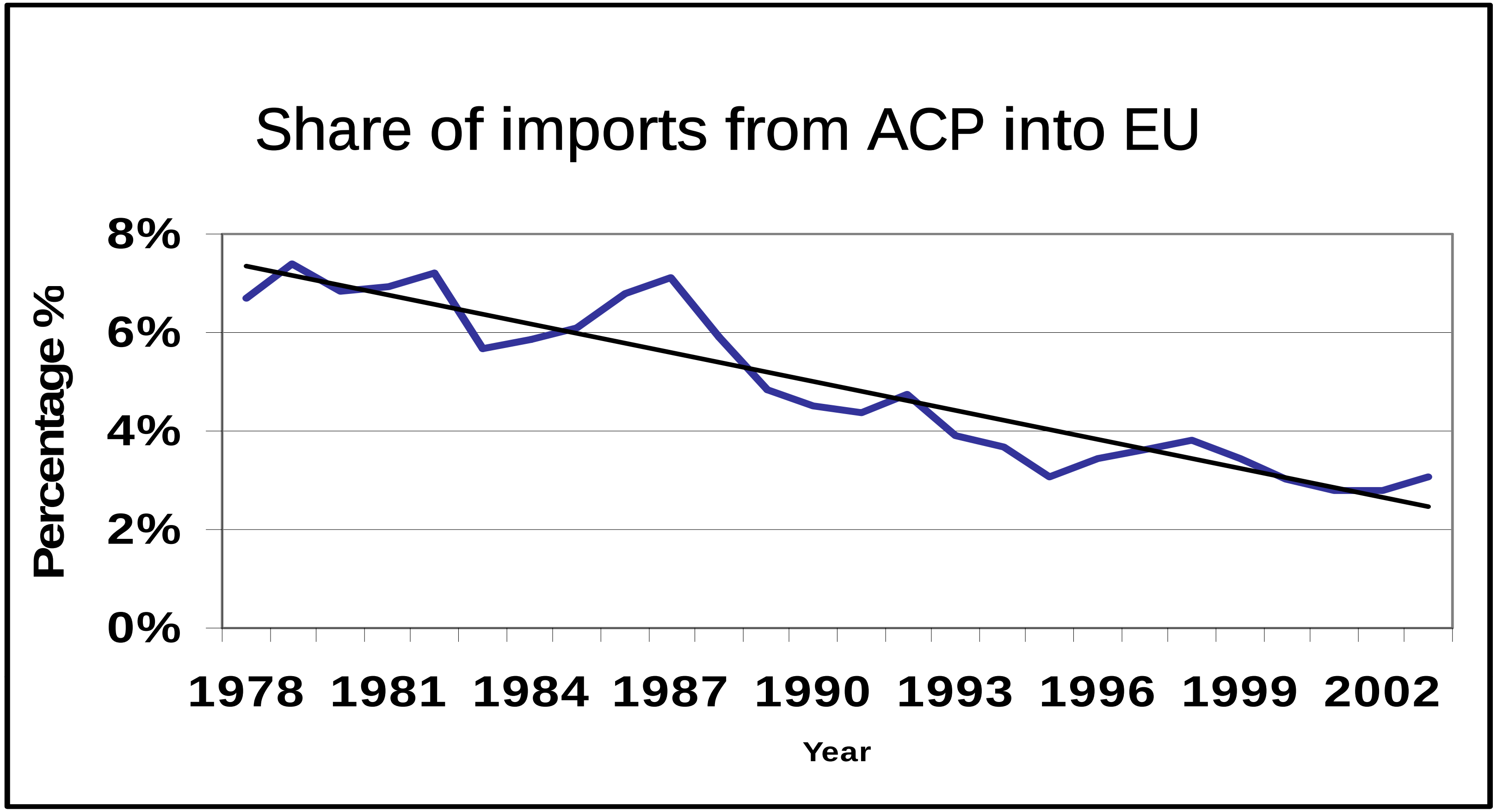
	EU	Canada	Japan	USA
Agreement	Cotonou: All SSA except RSA EBA -- LDC	GPT (GSP) : All SSA CDCRO	GSP : All SSA	AGOA GSP
Product Coverage	Most	Excl. sensitive manufactured product	Excl. sensitive agriculture and manuf. and some ceilings	Most
Depth of Preference	EBA - Duty and quota-free except for CAP products Cotonou: Mostly duty free – Sugar, Beef and Banana Protocol	Variable	Variable	Duty and Quota Free
Rule of Origins • *Type* • *Cumulation*	Mixture Full ACP & EU	60% of Domestic value added	Japan only	35% domestic added, extra rule for clothing –of US and Africa origin
Expiry	December 31st 2007	2004 -- extended	2011	2015
Documentations	Customs declarations on prescribed form	Exporter declaration	Customs Declaration	USTR – visa system

PUTTING EU-ACPTRADE PEFERENCES IN CONTEXT (1)

Comparision with other Developing Countries—Total Export



PUTTING EU-ACP PEFERENCES IN CONTEXT (2)



- Disappointing results:
  - Reduced market share of ACP in EU market
  - Limited product diversification in ACP countries
  - Trade preferences served to narrow ACP economic focus

(60% of trade in only 5 products and 9 African Countries represent 60% of ACP export)

PUTTING AGOA IN CONTEXT

.........Limited Agricultural product coverage

	Value (Mil US $)	Percentage (%)
Oil & Energy Related	11223	79.6
Textiles and apparel	***1202***	***8.5***
Transportation	731	5.2
Minerals and metals	412	2.9
Agricultural Products	***240***	***1.7***
Chemical and related products	176	1.2
Miscellaneous manufactures	59	0.4
Others	56.8	0.4
Total	14099.8	100

Policy implications…

- **International community through the WTO**
  - **Get Doha done: lowers risk of trade diversion for members and minimizes effects on excluded countries**

- **High income countries have systemic responsibility**
  - **Widen coverage in FTAs (i.e. agriculture)**
  - **Move toward conformity in rules of origin, and make less restrictive**
  - **Promote rules tailored to local capacities**

African Countries should adopt a 3 part strategy, using each instrument to its most appropriate objective

- **Unilateral: driving competitiveness, investment in Agriculture should benefit poor farmers**
- **Multilateral: seeking broad market access**
- **Regional: deep market access and institutional reforms (customs, ports, trade-related standards) – Focus on regional markets.**

and Finally................

- **Expand Protocol tonnage and/or ACP waiver...But what about *CAP reform*..;**
- **Biofuel Demand;**

Tariff escalation, conditionalities;

- **Preferences based on preference margins rather than just tariffs;**
- **Industry restructuring, diversification, compensation, etc.;**
- **Can *Aid-for-Trade* help....! Supply-side.**