

International Fair Trade Town Conference

**Trade policies favouring
poverty**

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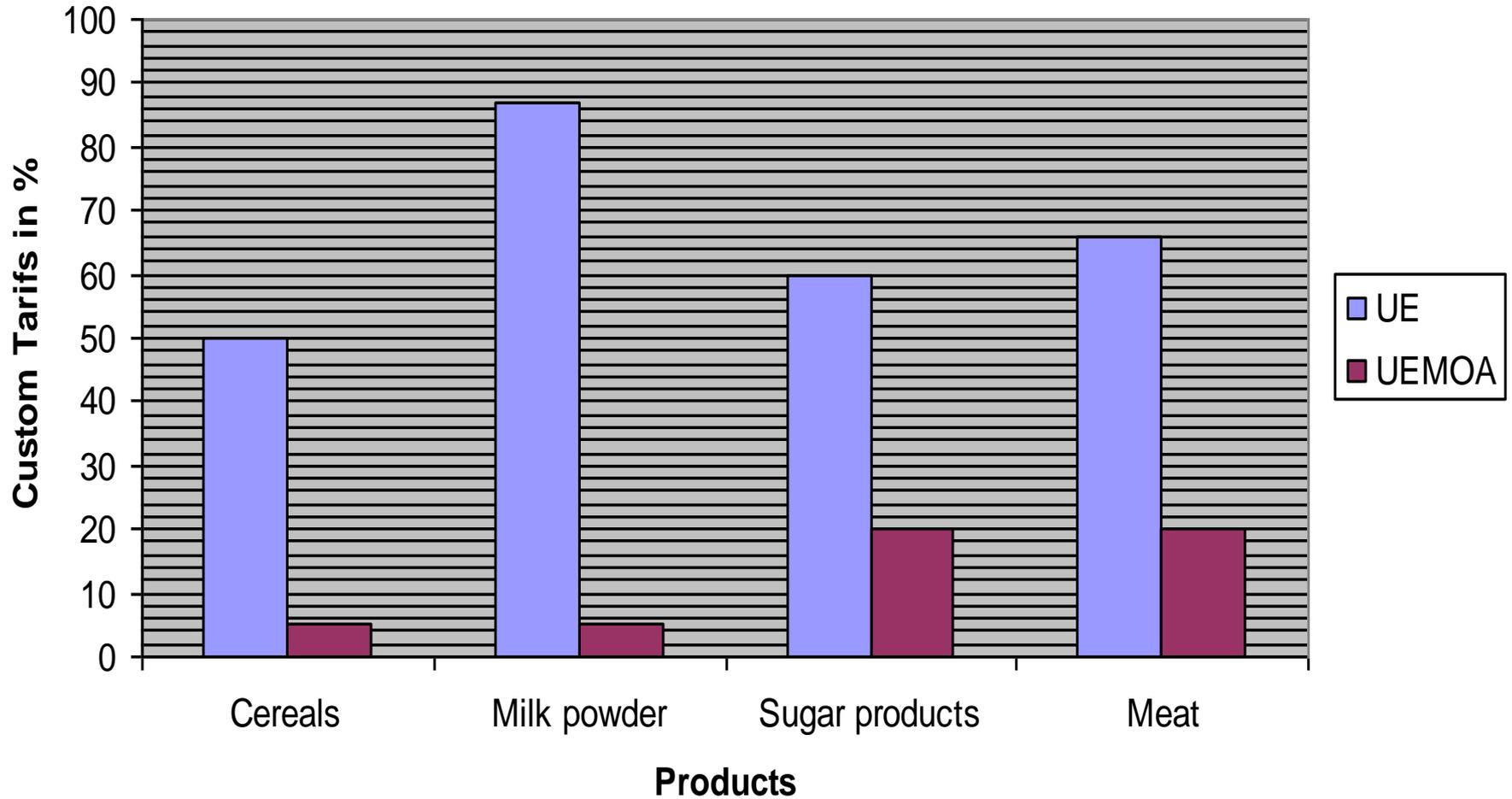
The North-South productivity gap, as in agriculture

- In the South,
- Farmers represent a major part of the population, 60-80% in Sub Saharan Africa
- Only 2% of farmers have a tractor
- Majority have only a hoe and a machete
- Minority have a horse or a dunkey
- Average size of a farm : between 1 et 2 ha
- Very low use of fertilizers (Africa)
- Result: Huge productivity gap between the South and the North

Wrong Strategies

- Early 1980's: Over 100 developing countries become highly indebted and have to seek loans from the World Bank and International Monetary Fund
- Had to accept the Structural Adjustment Programs (SAP)
- Based on Washington consensus : privatization, deregulation, liberalization
- SAP Impact on agriculture and peasantry
 - Privatization of all public enterprises for agricultural production, agricultural supplies, processing and marketing of agricultural products
 - Reduction or removal of all policies in support of land reform, price stabilization, investment and purchase of agricultural inputs
 - Priority to be given to export crop production: coffee, tea, cotton, cacao, bananas, palm oil, flower cut etc. at the expense of staple food agriculture
 - Had to open their markets for “cheap” food imports, lower customs tariffs

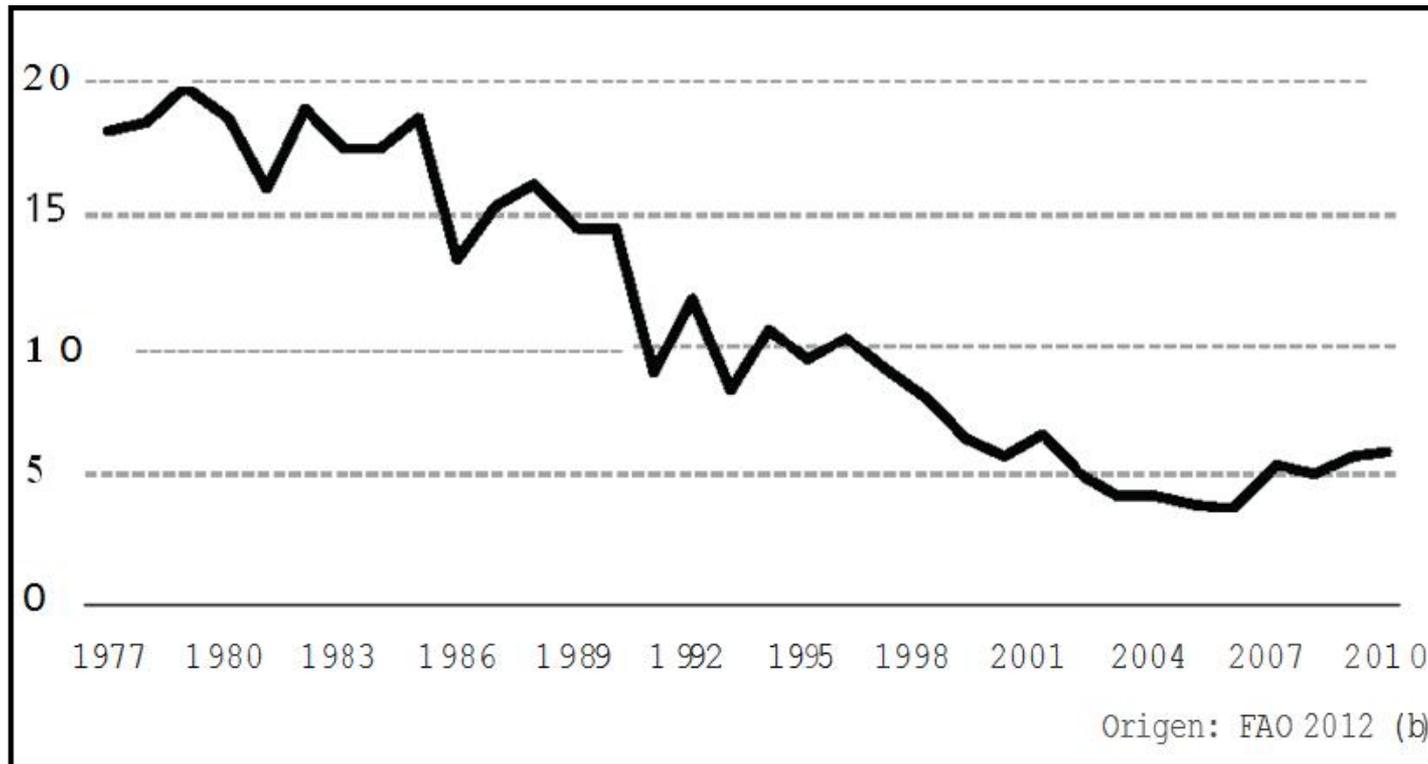
Custom tariffs in the EU and the UEMOA (West African Economic and Monetary Union)



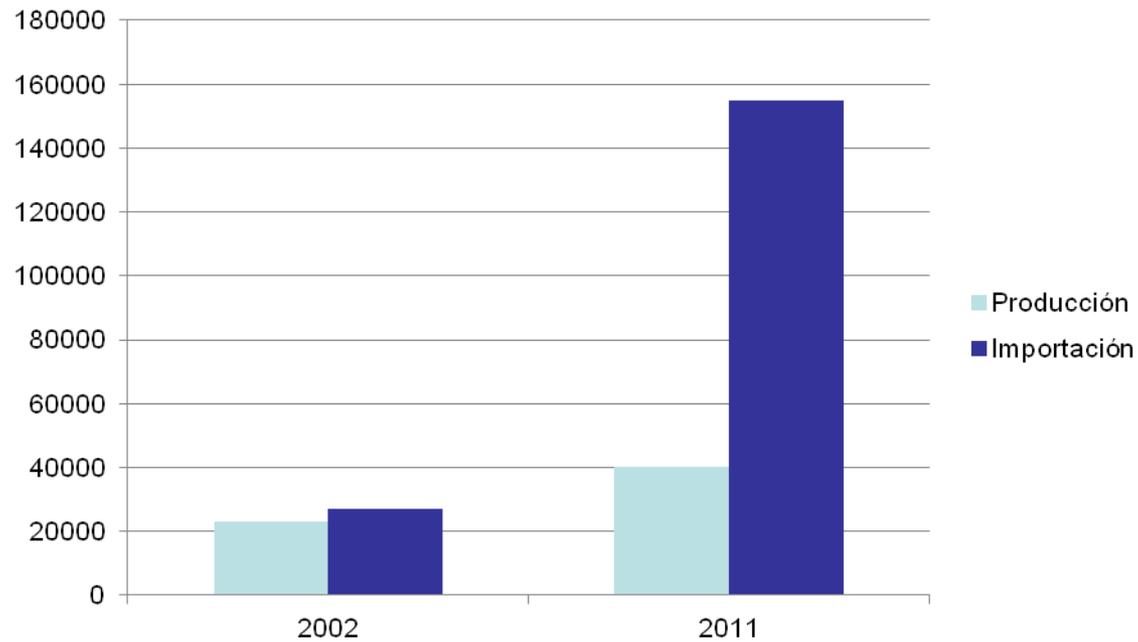
Consequences of this liberalization policy

- Loss of revenues for states in DC
- And thus for budgets for education, health, economic development, etc...

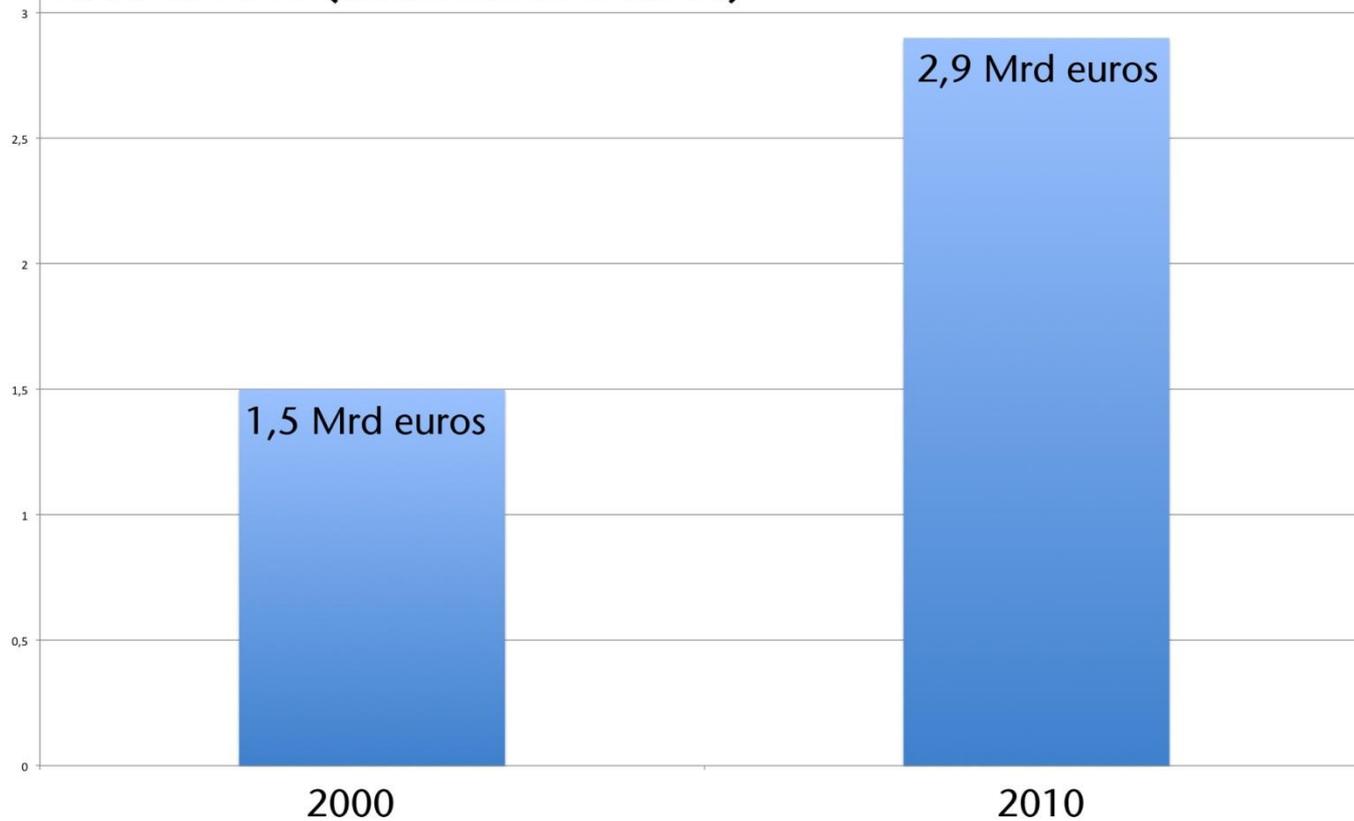
Agriculture, a neglected sector : Part of Official development Aid for Agriculture 1980-2010



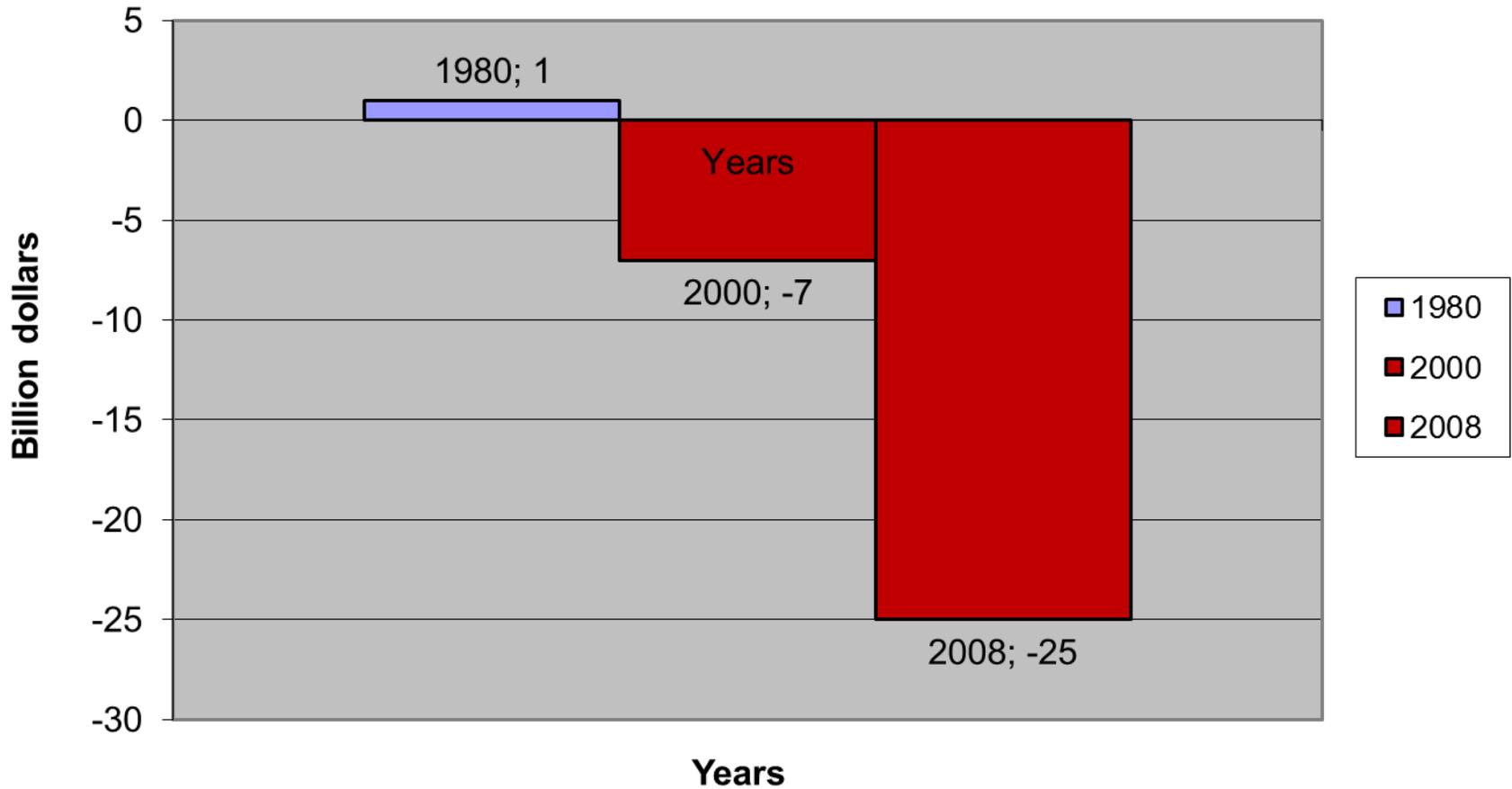
Ghana : Chicken production and imports in tonnes (2002 - 2011)



Exportations de produits alimentaires de l'Union européenne vers la CEDEAO en 2000 et 2010 (en milliards d'euros)



Growing deficit in the Trade of Food Products of Least Developed Countries (LDC's)



Industrial sector

- ILO-UNCTAD report 2012 »Trade and Employment From Myths to Facts »: Between 1980 and 2005, Africa lost 25 % of its industrial jobs
- 2005: Total liberalization of the textile sector through the abolition of the multifiber agreement
- Result 1: China could export its cheap textile products worldwide
- Result 2: Almost all african countries, as Senegal and Zambia, lost their textile industries
 - Nigeria: 300 000 persons lost their jobs in the textile sector
 - Half a million of peasants had to stop cotton production which they delivered to the 175 textile industries which ceased their existence

Migration – humanitarian tragedy in the Mediterranean

- Every year, some 50 million people – above all farmers and their families – leave the country side to find a new, often illusory existence, in the slums
- More and more Africans seek their way to Europe at the risk of their lives, wanting to escape poverty, hunger and the lack of perspectives at home
- In 2015 and in 2016, 150 000 Africans arrived in Italy
- More than 5000 died in 2016 in the Mediterranean
- The Luxembourg Cercle des ONG published a text in 2015 inviting EU leaders to look at the causes of this migration
- Which are linked to the neo-liberal trade policies imposed on the Africans over the last decades

EU-ACP – Africa, Caribbean, Pacific countries ■

trade relations

- Before 2000: marked by the Yaoundé (1963-1975) followed by the Lomé (1975-2000) agreements
- Main feature: Principle of non-reciprocity: ACP countries have free access to EU market
- But they have not to offer free access to their markets to goods from EU-countries
- 2000: signature of the Cotonou agreements, beginning of negotiations of Economic Partnership Agreements (EPA's)
- Main feature: end of non-reciprocity principle

CONCORD report on EU-West Africa (ECOWAS) Economic Partnership Agreement

- 2015: CONCORD, the EU-NGO platform publishes a report on the EU-ECOWAS EPA agreement
- Concluded in 2014, submitted early 2015 to European Parliament for ratification
- Concluded under EU pressure
- Liberalizes 75% of all tariff lines, in fact 82% of global trade value
- not consistent with policy coherence

CONCORD report on EU-ECOWAS EPA

Likely to worsen the situation

- Liberalizes further trade despite huge difference of competitiveness between the two economies
- hampers regional integration
- Consolidates low tariff system for many agricultural products
- Lowers further tariffs for products like milk powder and cereals (from 5 % to zero)
- The EU continues to export under the cost price (dumping)

CONCORD report on EU-ECOWAS EPA

- Further loss of tax income for states
- Is not leading to development
- West African and European civil society opposed to this EPA
- CONCORD report recommends
 - to Parliamentarians not to ratify
 - West Africa to benefit from « Everything but arms » trade regime
 - The Commission to undertake impact study on development and Human Rights
- Nigeria refuses to sign, Tanzania has withdrawn from the East Africa EPA,
- Only EPA with South Africa so far ratified by EU-Parliament

Trade: Negative example

- In 2003, the new Ghana Government submits to Parliament a new trade law
- Which increases tariffs from 20 to 25 % for rice, and from 20 to 40 % for chicken meat
- The implementation starts, but is stopped after two weeks
- IMF opposed to this law which «would not reduce poverty»

Trade : Positive examples

- Kenya increased between 1999 and 2004 customs tariffs for milk powder imports from 20 to 60% ; became self-sufficient in milk production
- In 2003, Cameroun stopped imports of chicken meat, has become again self-sufficient, Guinea stopped potato imports and encouraged its production successfully

The lessons from East Asia: China, South Korea, Taiwan, etc...

- Ambitious landreform : distribution of 30 - 40% of the land to small peasants
- Active role of the state in development
- Balanced support for industry and agriculture
- Substantial aid by USA for South Korea
- Market protection during several decades
 - Result : fast, balanced development

Conclusions

- **Draw the lesson from the Marshall plan experience and of the East Asian countries (1950-1980)**
- **Through the CAP, the EU always relied on protection. It keeps high customs tariff levels for sensitive agricultural products (cereals, milk products, meat) in addition to strong internal aid**
- **The EU should review its trade policies, stop its dumping exports**
- **It should help African countries to regulate their markets thereby enabling their small producers to get fair prices at the market**
- **The migration issue can only be solved if we help Africans to get decent jobs at home**

Thank you