

**International Fair Trade Town Conference**

**Trade policies favouring  
poverty**

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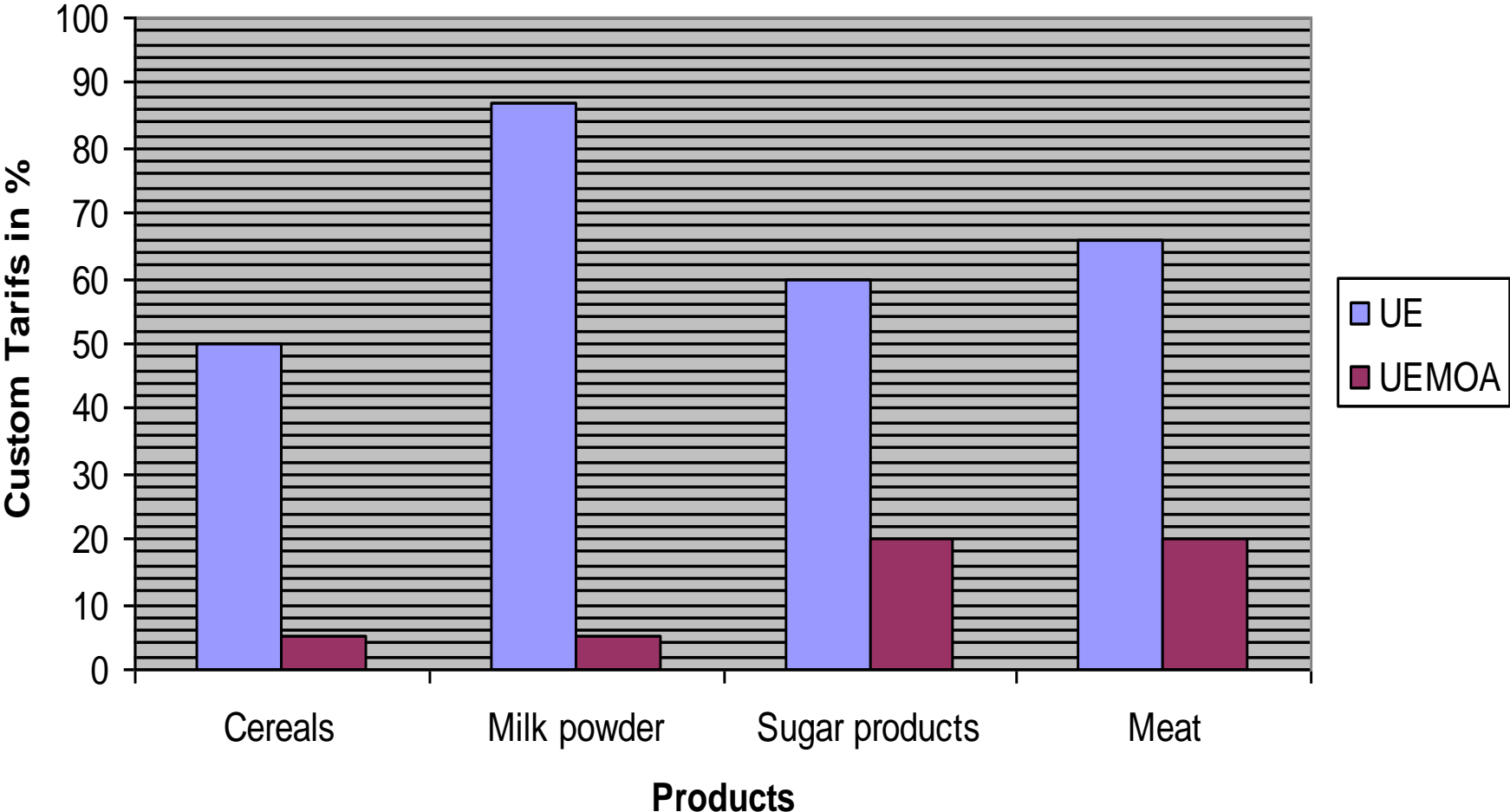
# The North-South productivity gap, as in agriculture

- 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

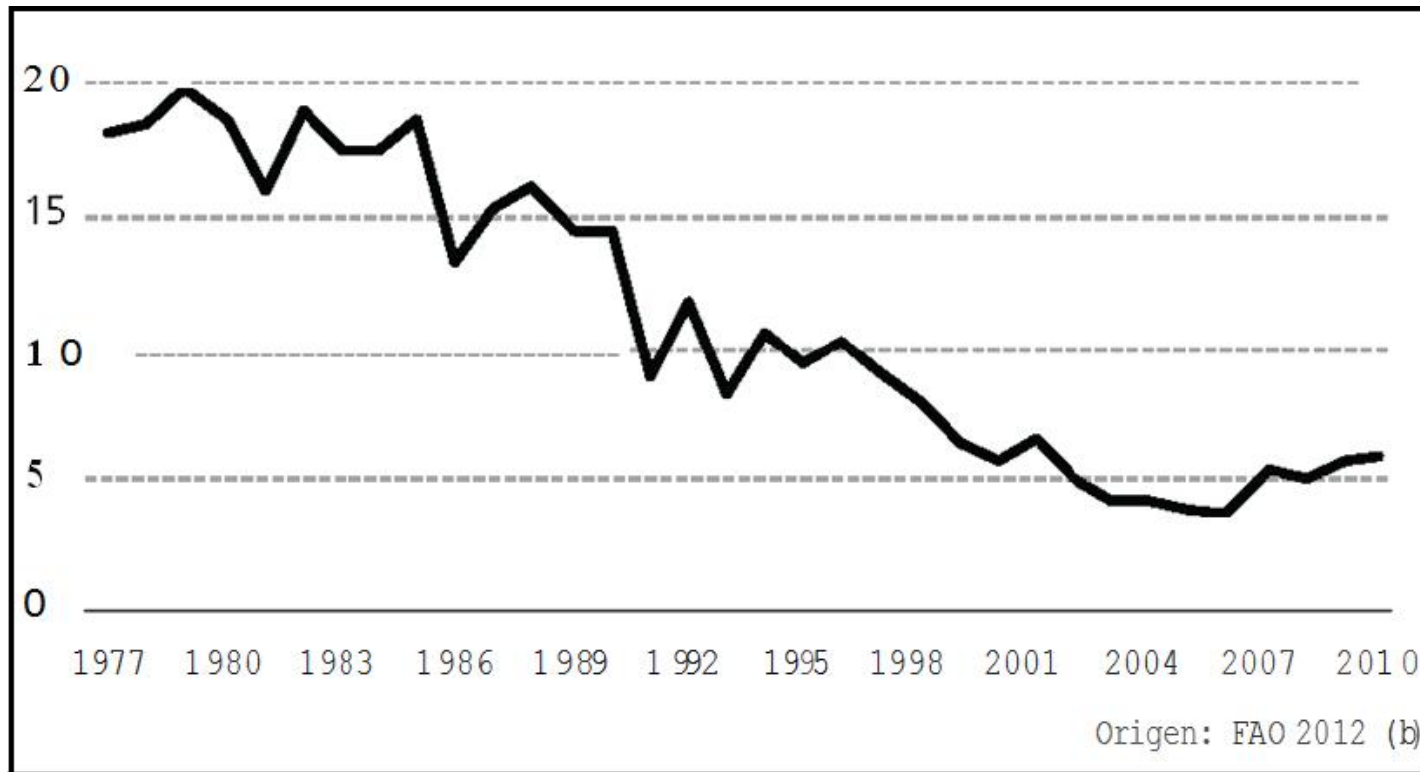
# Custom tariffs in the EU and the UEMOA (West African Economic and Monetary Union)



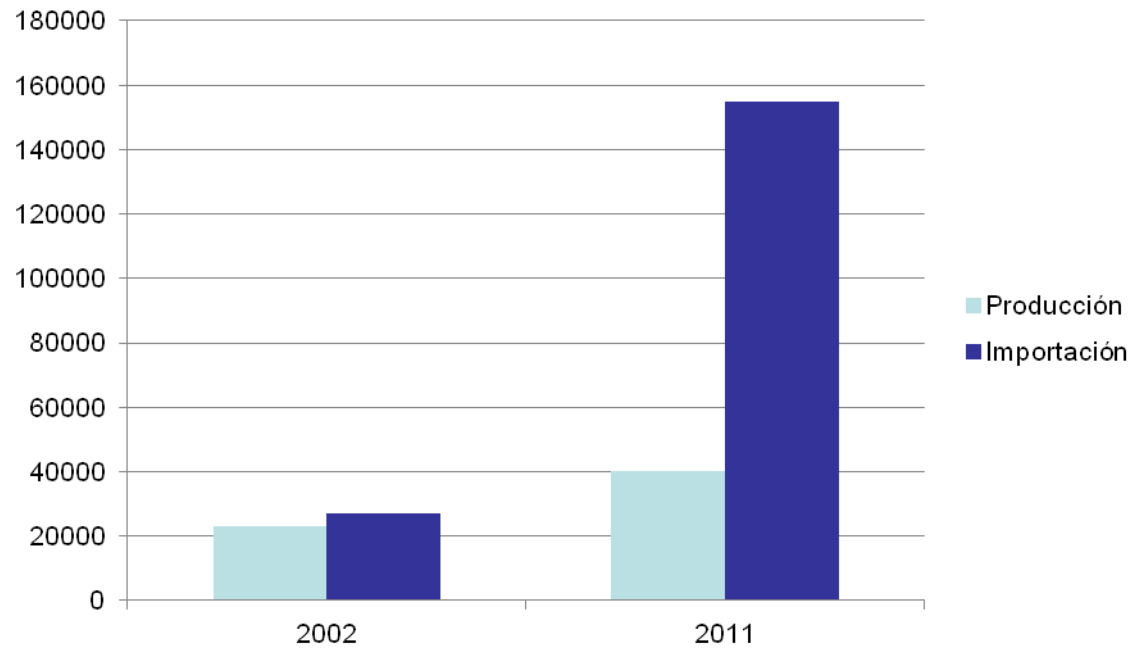
# Consequences of this liberalization policy

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

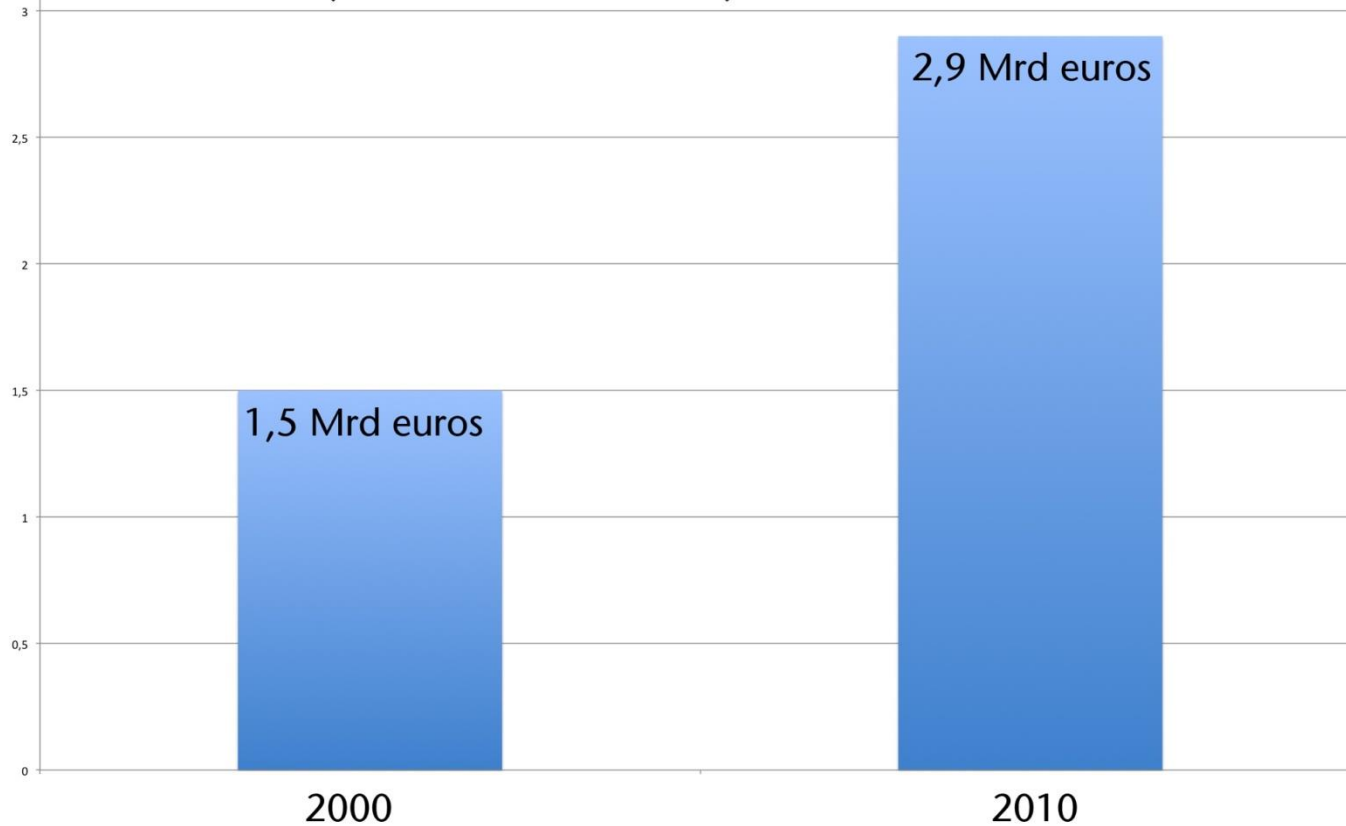
# Agriculture, a neglected sector : Part of Official development Aid for Agriculture 1980-2010



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

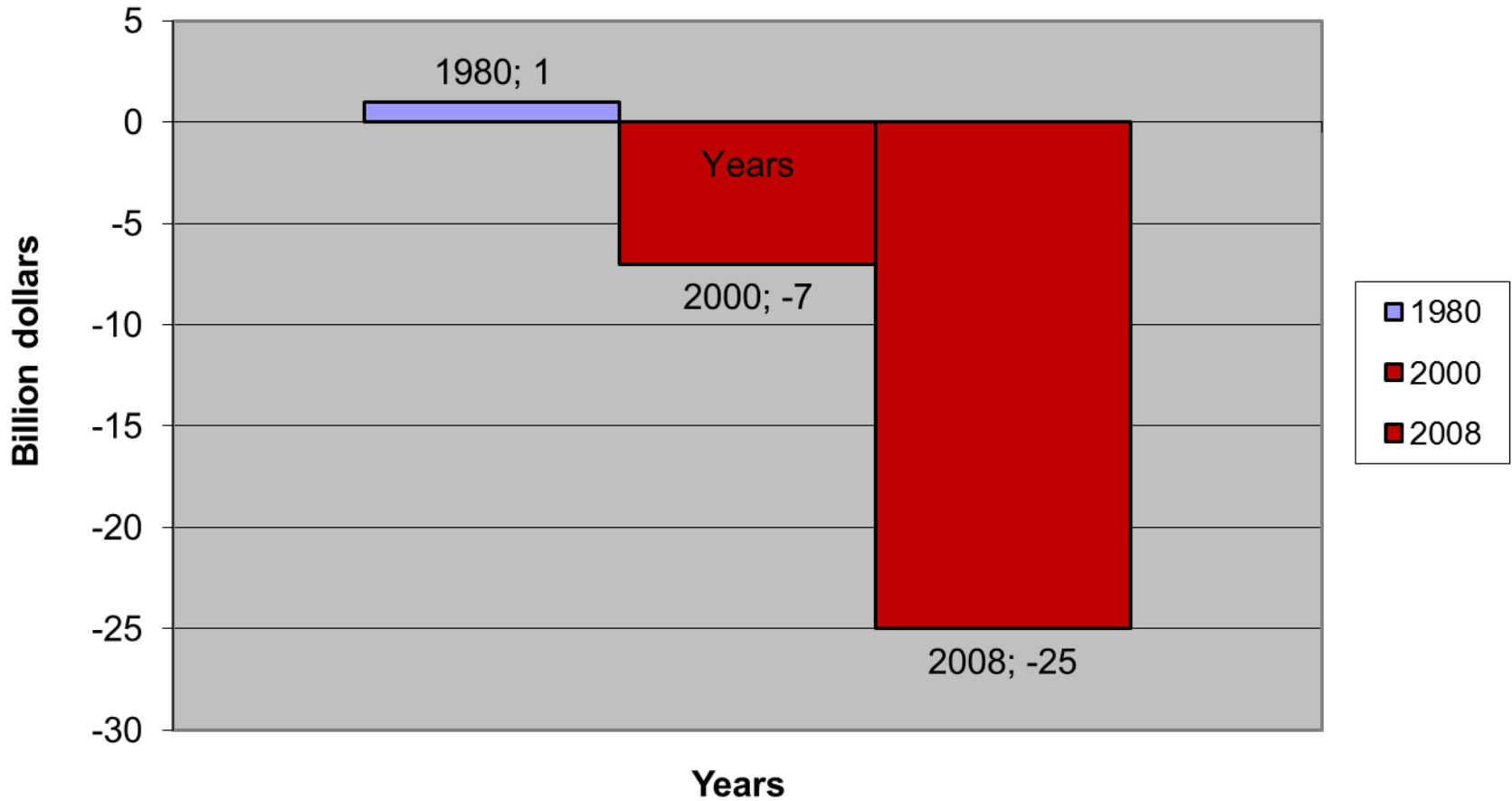


**Exportations de produits alimentaires de l'Union européenne vers la CEDEAO en 2000 et 2010 (en milliards d'euros)**





## 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**