

Banana, ACP and EPA

Which way is up?

The future is becoming a little clearer for the ACP countries supplying the EU market that have signed a European Partnership Agreement (EPA). Their production will enter the EU duty-free and not subject to a quota. If these measures are approved by the WTO, the ACP countries will be able to benefit from this competitive advantage as long as the customs tariff for imports from third countries remains sufficiently high. Nobody knows how long this favourable situation will last.

Present on the European markets for decades, ACP bananas, and more specifically those from African ACP countries, are in great danger. Indeed, at the request of the EU, the ageing Lomé and Cotonou agreements between ACP states and the EU are to make way for EPAs. The negotiations that should lead to the signing of an EPA are of capital importance for ACP banana sectors. A break-down of negotiations would imply a switch to the ordinary customs regime of generalised system of preferences (GSP). On 1 January 2008, the countries that have not signed an EPA will see customs duty levied on most of their products exported to the EU.

The issue is vital for banana as the customs tariff will be EUR 176 per tonne—the same rate as that paid by third countries such as Ecuador, Costa Rica and Colombia. EPAs provide exemption from customs dues for the signatory countries and also an absence of quota. It did not

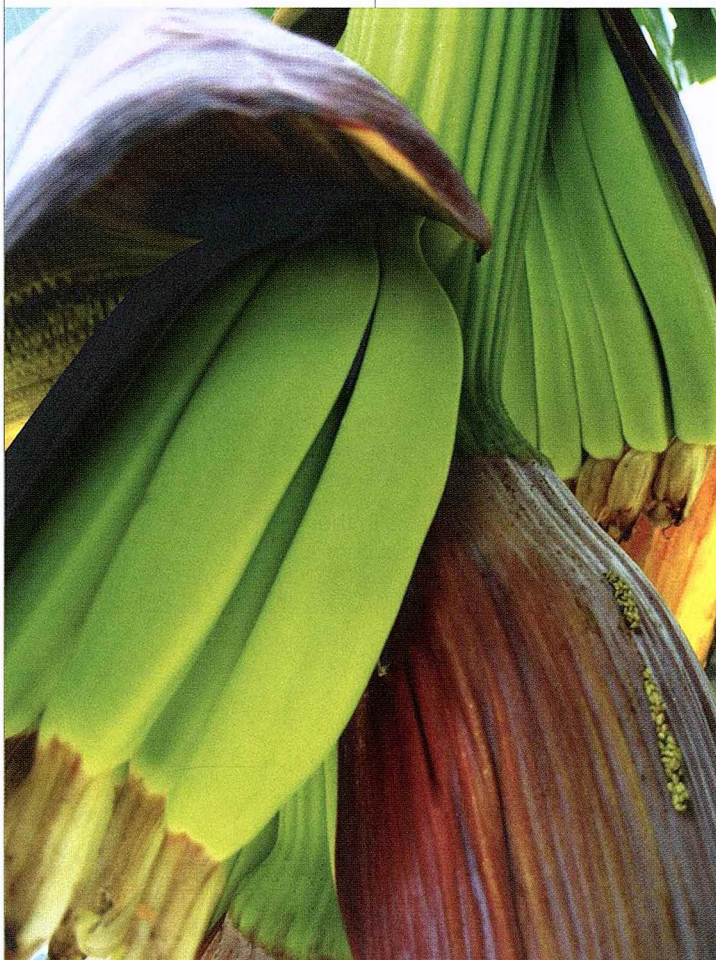
take very long for banana trade operators to make up their minds. The question is to know whether governments—who alone are empowered to sign such agreements—will be willing to accept what the EU requires in return. Economic relations

between the EU and the 77 ACP states are not limited to the banana question. The ratification of EPAs implies a reciprocal agreement, that is to say the broader opening of the ACP markets to European exports and investments. So the ACP countries are doing their sums. They are examining potential losses for exporters sector by sector should EPAs not be signed. Of the twelve products most exported by ACP countries, practically only banana and tuna will suffer a serious economic impact after a transition to the GSP regime. They are also examining fiscal reve-

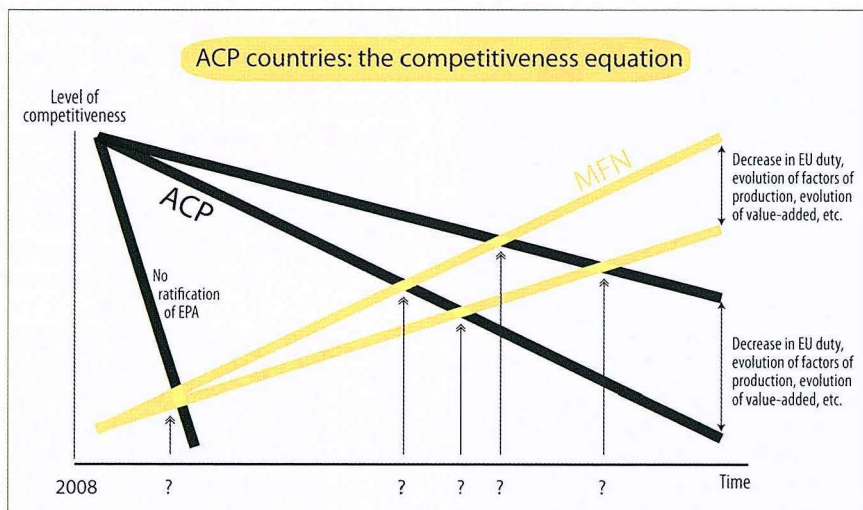
nue losses should an EPA be signed. Indeed, the exemption from duty for products exported to Europe involves a reciprocal duty-free arrangement for the European products imported by these states.

Côte d'Ivoire opts for EPA

At the time of writing, the ACP countries shipping substantial volumes of banana to the EU have blown hot and cold for months and not all have signed an EPA.



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The West Indian ACP countries are close to signing. In 2006, they accounted for 44% of the 906 000 tonnes of banana exported to the EU by ACP suppliers. Africa was undecided for longer, with the financial issues being very substantial for some countries. Côte d'Ivoire signed an agreement at the beginning of December. Ghana too, but it could have lost some EUR 240 million per year if it had not. The main products concerned are banana, pineapple, cocoa paste, tuna and other fish, shrimps, textiles and aluminium.

However, the calculation was complicated for Côte d'Ivoire. Some ECOWAS countries wish to remain outside and are applying considerable pressure on Côte d'Ivoire. For example, Nigeria has more to lose by opening its market to Europe than by accepting GPS status.

Banana is no longer the key criterion

Thus banana-growing Africa is in the grip of serious uncertainty on a completely different scale to that experienced since the European single banana market was set up in 1993. The opening of the EU market under pressure from Latin American suppliers and certain transnational corporations resulted in closed negotiations in which the banana trade was the one and only subject of dispute. The present case is completely different. Banana is a sector among many others and only concerns a minority of ACP states. Furthermore, these negotiations on the basis of

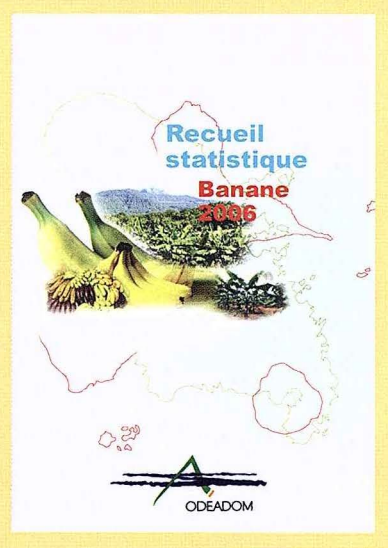
large zones are conducted within the framework of world trade rules, those of the WTO. European undertakings with regard to other countries and for all products and services must be taken into account. In addition, the ACP countries are involved in a regional integration process. It is not certain that Africa will come out a winner in the game of market globalisation and commercial negotiations—including the question of bananas.

Banana industries must now check their accounts, knowing that the advantage of signing EPAs is virtual for the moment. Indeed, this decision must be approved by the other members of the WTO and in particular by the Latin American producer countries who do not appreciate the gift made to the ACPs and especially to African ACPs. The immediate decrease and then the gradual removal of customs dues is a recurrent request from third country exporters. As the tariff decreases, the relative competitiveness of the ACP

The 2006 Banana Statistics Yearbook (*Recueil statistique Banane 2006* – in French) has been published

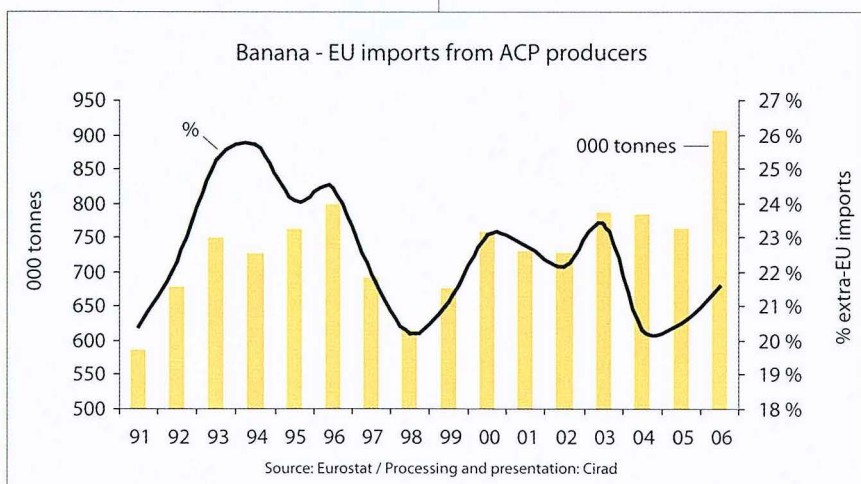
Distributed by *Office de développement de l'économie agricole des départements d'outre-mer (ODEADOM)* and published by the CIRAD Market News Service, this publication provides banana production, import, export and consumption statistics. It contains in particular very detailed information on European imports, community production, prices at all stages and consumption in France.

Information from odeadom@odeadom.fr



producer countries will decrease and reach a break-off point that only the countries concerned can determine ■

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Banana — EU-25 — Imports								
	January to August (provisional) - Tonnes				2007 variation in comparison with...			
					Tonnes		%	
	2005	2006	2007	2005-2006 average	2006	2005-2006 average	2006	2005-2006 average
Total, incl.	2 656 505	2 907 682	3 109 141	2 782 094	+ 201 459	+ 327 047	+ 7	+ 12
MFN, incl.	2 172 372	2 337 534	2 538 403	2 254 953	+ 200 869	+ 283 450	+ 9	+ 13
Ecuador	873 532	870 098	828 565	871 815	- 41 533	- 43 250	- 5	- 5
Colombia	589 728	618 666	743 610	604 197	+ 124 944	+ 139 413	+ 20	+ 23
Costa Rica	426 637	527 929	617 768	477 283	+ 89 839	+ 140 485	+ 17	+ 29
Panama	200 173	196 500	230 863	198 337	+ 34 363	+ 32 526	+ 17	+ 16
Brazil	41 920	62 602	61 429	52 261	- 1 173	+ 9 168	- 2	+ 18
Peru	7 643	14 818	20 721	11 230	+ 5 903	+ 9 491	+ 40	+ 85
Honduras	15 804	8 395	20 108	12 100	+ 11 713	+ 8 008	+ 140	+ 66
Venezuela	12 768	10 251	8 237	11 509	- 2 014	- 3 272	- 20	- 28
Guatemala	78	27 118	6 603	13 598	- 20 515	- 6 995	- 76	- 51
Mexico	3 938	872	213	2 405	- 659	- 2 192	- 76	- 91
United States	0	20	141	10	+ 122	+ 132	+ 625	+ 1 349
ACP, incl.	484 133	570 148	570 738	527 141	+ 590	+ 43 597	0	+ 8
ACP Africa	277 089	315 836	287 689	296 463	- 28 147	- 8 773	- 9	- 3
ACP others	207 044	254 312	283 048	230 678	+ 28 736	+ 52 370	+ 11	+ 23
Dominican Rep.	90 922	114 921	147 984	102 922	+ 33 063	+ 45 063	+ 29	+ 44
Cameroon	159 316	156 541	146 687	157 928	- 9 854	- 11 241	- 6	- 7
Côte d'Ivoire	115 013	147 945	123 658	131 479	- 24 287	- 7 821	- 16	- 6
Belize	48 485	50 055	41 128	49 270	- 8 927	- 8 142	- 18	- 17
Surinam	22 813	24 406	32 013	23 610	+ 7 607	+ 8 403	+ 31	+ 36
St Lucia	18 021	23 336	25 878	20 679	+ 2 542	+ 5 199	+ 11	+ 25
Jamaica	7 956	19 498	17 961	13 727	- 1 537	+ 4 234	- 8	+ 31
Ghana	2 447	11 246	17 275	6 847	+ 6 029	+ 10 429	+ 54	+ 152
St Vincent	9 953	12 698	10 754	11 325	- 1 944	- 572	- 15	- 5
Dominica	8 893	9 357	7 165	9 125	- 2 193	- 1 960	- 23	- 21

Note: MFN, Most Favoured Nation; 2005, 2006 & 2007 for EU-25: customs code 08030019 / Source: Eurostat

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