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**SUMMARY OF THE ANSWERS TO THE AEFJN QUESTIONNAIRE ON ECONOMIC PARTNERSHIP AGREEMENTS (EPAS)**

**1. Background**

The Africa Europe Faith and Justice Network sent a questionnaire to its members in Africa, on the Economic Partnership Agreements (EPAs) and their possible impact on the small farmers and the population in the different African countries. This document is a summary of all the answers received.

**2. Participation**

27 individuals and 9 groups numbering 56 people, in total 83 people from **10 African countries** participated in and answered our Questionnaire. The countries belong to the 4 African regions: Eastern Africa, Southern Africa, Western Africa and Central Africa.

The mean age of the respondents was 46 years. The youngest respondent was 21, the eldest 84. In the following Charts you see their gender and areas of residence.

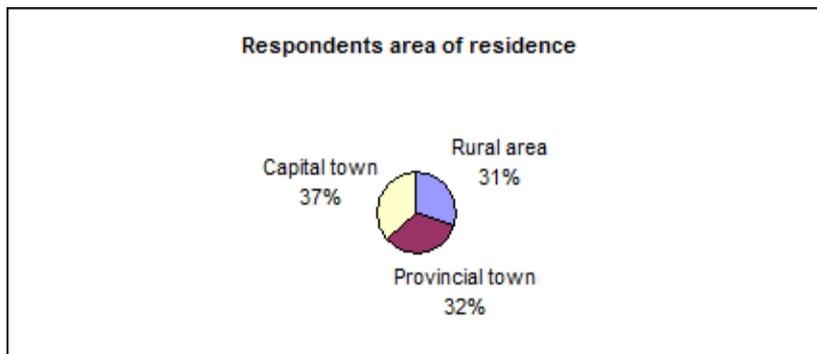


TABLE 1

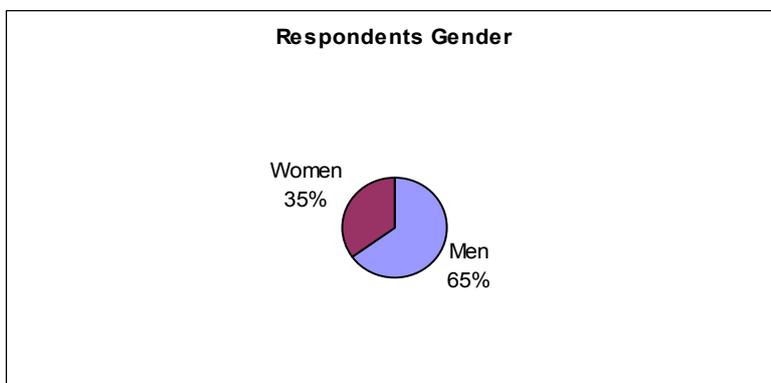


TABLE 2

The range of their **professions** was very large : from agricultural and commercial officers and agents to economists, business consultants, students, program coordinators, carers of the disable and poor, journalists, students and teachers from universities and professional schools, priests, missionaries, accountants, sales and marketing agents, nurses, development and advocacy agents.

Due to the fact that AEFJN is a Catholic network formed by Christians (religious and lay people), a good part of the respondents were religious and priests, though the majority (62%) were lay people (secular) Roman Catholics.

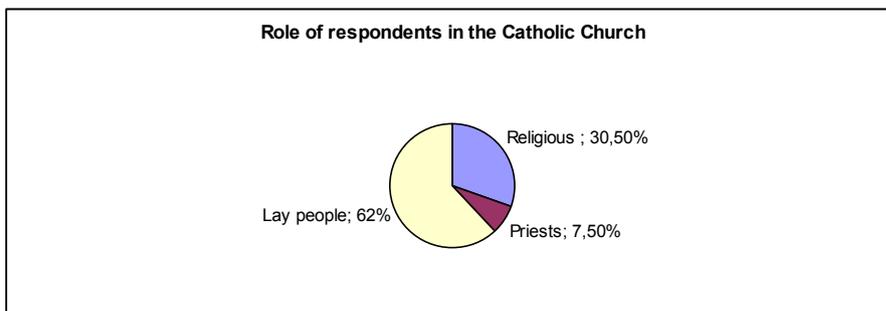


TABLE 3

Most of the respondents belong to or animate local or regional grassroots **organizations** that are concerned with development, agriculture, adult and youth education, justice and peace and integrity of creation. Some of them do advocacy work. Their members are farmers, young people and those in need. Others work in schools and in the media. The respondents' organisations provide information ( via newspapers), educate youth and adults, create awareness on justice and peace matters, promote social justice, sustainable development in rural and urban areas, do relief work, train adults and take care of vulnerable people: orphans and disabled children and youth, people with HIV/AIDS and their families, women. They work on HIV/AIDS prevention, animate adult groups, reading clubs and take care of sick and poor.

### 3. Production and markets

Small farmers are involved in extensive and intensive agriculture and livestock.

Most small farmers sell their goods on local and provincial markets. Those gathered in cooperatives manage to reach the provincial and national and even the regional and international markets. Most of the small farmers' products reach the international market through intermediaries. Retailers from towns come to local markets to buy the merchandise. In most countries small scale farmers sell their products locally as they have no structured market to sell them outside the country.

The local food production (maize, cassava, millet, peanuts) is sometimes exported to the neighbouring countries in the region. Main cereals (wheat, maize, rice) reach the national and international market. Only a few cooperatives and mostly big producers are able to export to the EU and to regional markets.

In all countries small farmers cultivate food crops and cash crops in small or greater quantity.

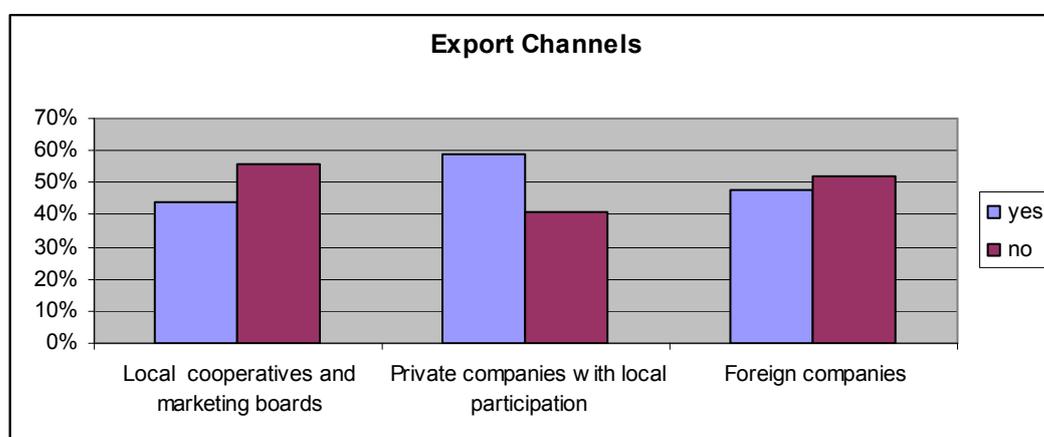


TABLE 4

While big producers of flowers export them through their own firm, small producers of cut flowers export them through private companies, mainly foreign firms, but in the case of Kenya and Zambia they do so through local national companies. Flowers in Zambia are sold at the "Dutch Flower Action". Coffee in Uganda and Kenya is cultivated by small farmers, sold mainly in the local or national market and exported by the Coffee Marketing Board. In Malawi coffee is sold to the EU by the Coffee Boards. Tobacco in Malawi is sold on the Auction Floor before being exported.

Some problems mentioned about markets:

Due to the lack of cattle and livestock markets in many semi-arid regions of Kenya, livestock farmers who live there and own big quantities of cattle cannot sell them.

Half of the respondents mention that most local farmers do not have access to processing, sales and distribution facilities. Those who have access to them do so through cooperatives. Very few small farmers have access to processing facilities.

## 4. Genetically Modified Organisms (GMOs)

According to our respondents, **GMOs** seeds are used in Burkina, Cameroon, Ivory Coast, DR Congo, Kenya, Malawi, Uganda and Ghana. Though some respondents from Ghana and Madagascar did not know which GMO crops were planted, they were certain that GMOs crops are sown in their countries. In many countries Farmers sow and plant GM crops believing they will increase their income.

How GM crops are used:

**Burkina Faso** uses COTTON BT seeds distributed by SOFITEX (Burkina Faso's monopoly cotton producer), under a pilot project and in research stations, as well as by some experimental farmers.

In **Kenya** 8 GMOs crops are being used (Cotton Bt, Maize Bt, Sweet potatoes, bananas, some kind of trees). Maize seeds are used by Research Institutions and by farmers, and sold for food. GM bananas – sold for food- are used by farmers to fight a fungus infecting most plants. Cotton Bt seeds are promoted by the government to increase its production that nearly disappeared as a consequence of the Structural Adjustment Programs (SAP) liberalization in the 90's. The aim is to get higher production and to use fewer herbicides, though this is not the case.

**Madagascar** is using GM maize through DAEWO (South Korean company) for food and biofuels directed to the Korean market.

**Uganda** is using GM bananas to fight a disease. They also use Cotton Bt, and maize that is drought tolerant.

Most respondents do not believe that GM crops will help to fight famine.

As there is no strong legislation against GMOs in most African countries, these enter the market as food, oil, etc.

In **Ghana** the new legislation (Biosafety Act) permits GMOs for planting, in field trials. As the legislation is silent on the regulation of GMOs imported for direct use as food (aid), feed and processing, GM soy and maize are almost certainly being used for consumption.

Only **Zambia** with its strong legislation and a ban on the growing or importing of GMOs, is free of GMOs.

Annex 2 shows the countries and the specifications mentioned on GMOs crops and food.

## 5. Areas of Exports

Small producers export more easily to neighbouring countries, mainly for local consumption, than to the EU market.

In DR Congo COLTAN, WOLFRAMITE & GOLD are produced in the country but leave the country illegally and are exported by the neighbouring countries.

In Madagascar GEMSTONES are also produced but most gems are illegally smuggled out of the country.

Kenya Chemicals & fertilizers are exported to neighboring countries (COMESA) by the companies that produce them (mostly belonging to Kenyan-Indians)

Annex 1 contains details of production and exports country by country.

## 6. The current impact of Imports on small farmers

The respondents analyze the imports of the country where they live and the comparative prices between imported and locally produced goods, as well as the reasons for this difference. Here are some of their own conclusions.

All respondents affirm that when a country imports the same products it produces locally, there is competition between the local product and the imported one.

The import of big quantities of cheap subsidized food and agricultural products frustrates the farmers who can compete with imports neither in quality nor in price. The fall of prices leads to the decrease of local production. Some farmers go bankrupt as they cannot sell their products, or have to sell them at a loss. The buying power of the rural households diminishes, jobs are lost and the local economy collapses and this is followed by extreme poverty. This has serious consequences for the welfare of farmers and for food security. As a result, farmers cannot pay school fees for their children nor for medical care because they are entering the spiral of poverty. However in some cases competition has led local farmers to produce better quality products.

## Cycle: Competition of imported and local products and its effects on small farmers



FIGURE 1

Three kinds of products are mentioned by nearly all respondents where the imports destroy local production:

- POULTRY is imported from the EU (France, the Netherlands) and Brazil, although it is also produced locally. The imported chicken or parts of chicken are much CHEAPER than the locally produced chicken. Though the chicken is not subsidized, the parts imported are worthless for the EU and so exported at very low prices. Milk, fish, wheat, pork are imported cheap products that compete with local production. The effect on the farmers is enormous, as this is often their only way of earning some money.
- RICE is imported from Asian countries (Thailand Vietnam, China and Singapore, India, Pakistan). Rice of good quality is also produced locally in most countries. If the imported rice is of excellent quality it is more expensive than the local one, but if it's "old or broken rice" it is cheaper. Small rice farmers face lower prices due to cheaper imported goods, even if these are of lower quality. All of them cultivating both dry and wet rice have difficulty convincing people that their own rice is just as good as the imported one.
- Cheap TEXTILES AND CLOTHING imported from China, India, Japan, USA and UK are destroying the local Textile industry because they are CHEAPER. Since the Structural Adjustment Programs the cotton, textile and clothing industry has nearly disappeared from the continent. In fact there is hardly any local clothing industry in Africa.

Agricultural imports adversely affect the productivity of farmers and take away the limited market available for small farmers. In most African countries local farmers find it difficult to make a living from their work and production. Due to the unfair competition with imported products the population loses confidence in local products.

As the local rural and urban population's purchasing power is small, they cannot choose quality, so they go for cheap imported goods. Though the urban population might benefit from cheap prices, most of the time they have to put up with "bad quality imports".

Imported products including rice are not always better for consumers. When the imported product is of higher quality, usually it is more expensive than the local one. In the case of rice, only the upper social class is able to buy imported rice of good quality. Most people buy broken and old imported rice, of lower quality. However, local rice quality is in storage but cannot be sold, due to its higher cost of production.

Another handicap for farmers is the difficulty in obtaining credit and the imported agricultural inputs on time. Often they arrive too late to be useful.

The import of food, industrial products and machinery results in loss of foreign exchange for the importing countries.

Only 11 % of our respondents mentioned services as an import. The services mentioned are transport, financial, managerial and insurance services, as well as the health professionals. Financial and Insurance Services from the EU and the US compete with local services providers but international firms are preferred as they are believed to be more reliable.

The imports of technology serve the interest of the developed countries who supply it. Most often the technology sent to Africa is second hand or not good quality “and good for nothing”.

The case of two countries - Burkina Faso and Kenya - illustrates what is happening in most Sub-Saharan African countries.

In Burkina Faso, powdered milk imported from the Netherlands, France, Switzerland and the USA is causing the collapse of what was a growing local dairy industry. Canned subsidized tomatoes imported from Italy and Spain, but mostly grown in China are cheaper than those produced locally, which causes the collapse of the local tomato market. The local producers are the losers.

Kenya produces wheat but it also imports it from Argentina & Australia. Kenya exports wheat products to the neighbouring countries within the COMESA region. Cheap imported wheat has nearly caused the collapse of Kenyan exports of wheat products to neighbouring countries. The imports of cheaper sugar (from COMESA countries) and powdered milk (from the EU and Switzerland) instigated numerous protests by sugar cane and livestock farmers. The Kenyan government decided to protect its dairy and sugar industry by raising import tariffs for these products. This has balanced the national and international market, only allowing import of the necessary amount of sugar to cover consumption. Because of cheap powdered milk imports, part of the local production was not processed. Because of the increase of tariffs for milk, powdered milk is only imported during the dry season when it is needed. This protection has worked for Kenya and could also work for other countries.

Annex 3 shows the current imported products that compete with local production

## 7. Awareness of the Economic Partnership Agreements (EPAs)

Most respondents (78 %) knew about the EPA negotiations. Only in Ghana, Cameroon, Malawi, Uganda and Zambia a few respondents had not heard about them.

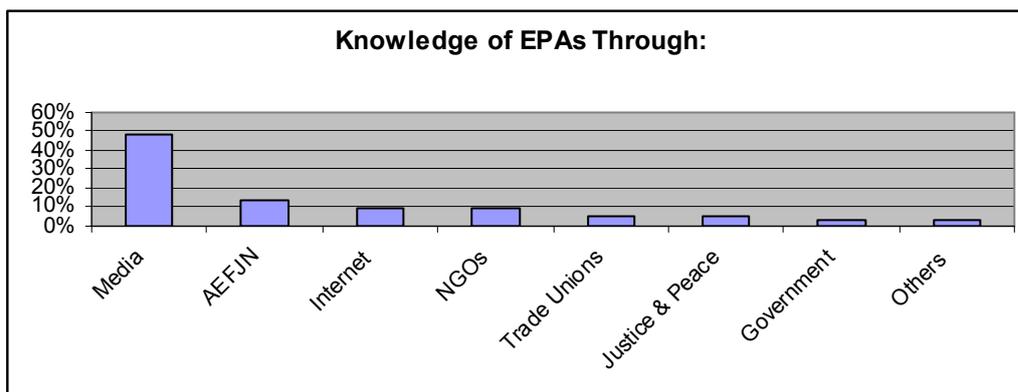


TABLE 5

The 30% of respondents belonging to groups of civil society, NGOs, Justice and Peace Commissions and Trade Unions have all participated in actions or discussions about EPAs. Of the 40% of the respondents who learnt about EPAs through the media few have participated in such activities.

This shows that while the media and internet create awareness, it is the participation in associations that promotes commitment.

Most of the discussions the respondents participated in provided information on the EPAs and their impact on the country and region, as well as on the small producers. Some civil society organizations discussions illustrated how EPAs could benefit small producers.

These actions were prepared by different organizations, NGOs and groups including networks and fora of civil society groups, Media national center, university students’ and teachers’ groups, committees of Justice and Peace, and in some cases, like Zambia, discussions and actions were organized by the government, and in Senegal by the President.

## 8. Small Producers and Access to the European market

70% of the respondents say that small producers cannot access the EU market. The expressions used are: “very difficult” “nearly impossible”, “impossible”, “not practical”, “no chance to access the EU market”.

30% of the respondents affirm that small producers have access to the EU market, through local cooperatives, **marketing boards**, or through other intermediaries.

In most countries only big producers or small and medium producers gathered in cooperatives are able to access the European market.

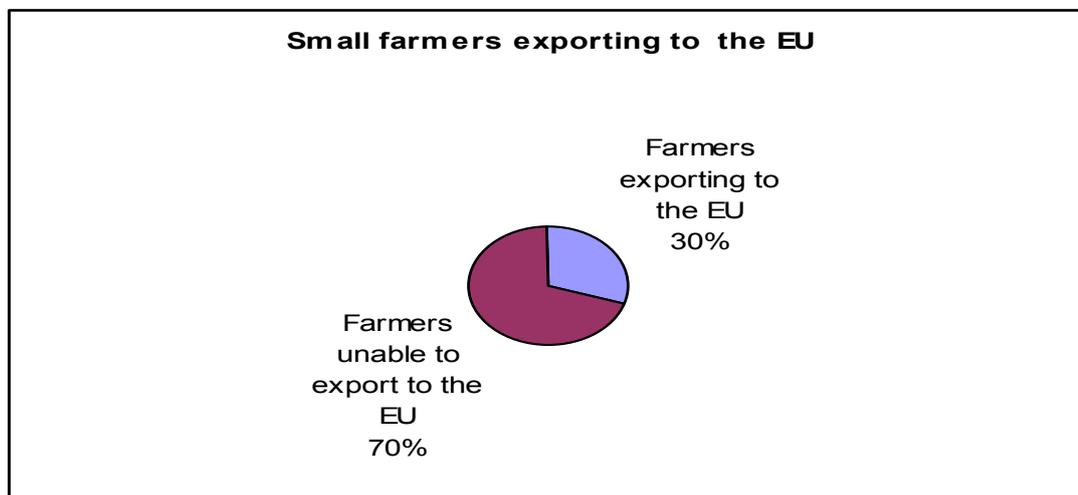


TABLE 6

44% of respondents say that farmers and producers that export to EU do it through **local cooperatives** and **marketing boards**. 56% of the respondents mention that some farmers and producers are able to **export to the EU through private foreign companies with local participation**.

The next table shows the percentage of small farmers, by country, that export through private companies and those doing it through marketing boards or cooperatives.

Some small farmer’s cooperatives and organizations export to the EU fresh vegetables (green beans) and fruits (banana, pineapple, mangoes, litchis). For most small farmers it is easier to export to regional markets than to the EU.

Medium and big horticulture farmers export vegetables and cut flowers through private companies.

The informal and sometimes illegal cross-border sales are practiced in all countries. The goods produced in one country end up in neighboring countries. In this way the local goods reach the regional market without being accounted for. This informal trade is not counted in the GDP of the country.

Some respondents mention the difficulty of small farmers of getting organized in order to find markets for their products and to overcome the export difficulties. The main difficulties the small farmers have in accessing the EU market mentioned are:

- Small-scale production due to the lack of equipment and of ability to produce on a larger scale.
- The quality of products. Not because they are of bad quality, but because the norms and standards of quality and packaging are real barriers to small farmers. They are so technical that the local producers can't meet those standards. EU regulations make it difficult to export processed goods that bring more income.
- The lack of infrastructure in rural areas: roads, transport, banks, credits, access to inputs, markets, irrigation, electricity, trading boards)
- Lack of capacity and financial means, as well as administrative difficulties to go through the export procedures.

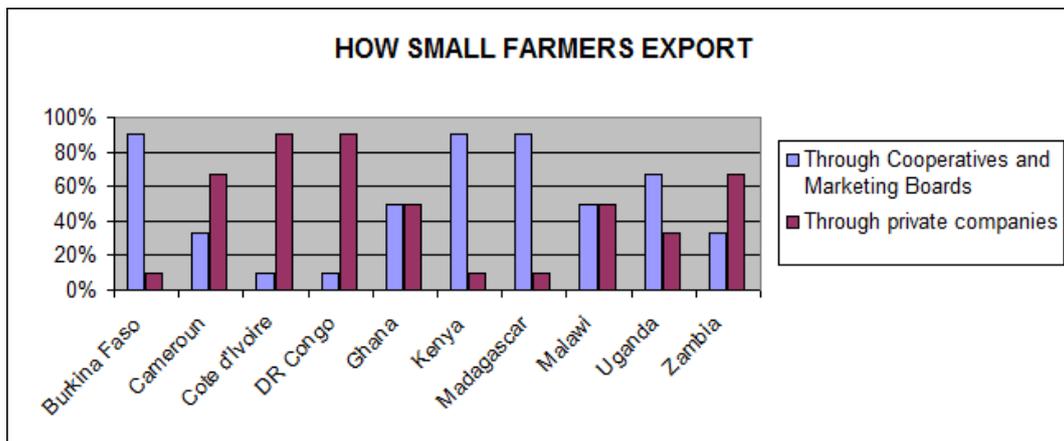


TABLE 7

The main agricultural exports mentioned are cocoa, cotton, tobacco, coffee, sugar and tea. While tea is produced in big plantations, the others: cocoa, cotton, tobacco and coffee are also produced by small farmers that sell them on the local or national market, to the Boards or companies exporting them, as well as in auctions (such as flowers in Zambia and tobacco in Malawi). Many small farmers sell their coffee crop to the Coffee Board that exports it mainly to the EU. Small farmers sell the Cotton to the national company that exports it to the EU.

In Western Africa sesame, palm oil, cashews nuts, shea butter, nuts and rubber are exported to the EU. In other regions handcrafts and animal products (skin, hides, etc), as well as animals of rare species, are mentioned. Madagascar and Uganda export vanilla.

Few respondents mention wood, logs, fish, minerals and services (electricity) and other raw materials exported to the EU to be processed there, even when they are the main exports of the country. This is because most respondents consider mainly the activities of small farmers.

### **8.1. EPAs and increased access to the European market for small scale producers**

Only 18.5% of respondents from Cameroon, Ghana, Uganda and Zambia believe that EPAs will increase access to EU markets for small scale producers. The **reasons given for easier access to the EU market** are:

- Small farmers will unite in order to receive help.
- EPAs will eliminate the quotas to export to the EU (in the case of sugar and rice)
- The free market will facilitate the flow of products and farmers will have a better access to the EU.
- EPAs will facilitate the business and companies link with farmers so as to make it easier for them to sell their products.
- EPAs could reduce the cost of exporting to the EU.
- Liberalization will increase the awareness of buyers for better products in the markets and producers will have to be more competitive.
- Others mention the **conditions** necessary for EPAs to increase small farmers' exports to the EU:
- A fair liberalization done in a way that will benefit small producers.
- The use of agricultural and trade agents to reach farmers at grassroots, helping them to improve their production and their marketing capacities.
- Removal of hidden barriers [Rules of Origin; Sanitary and Phytosanitary Standards, (rules intended to prevent the spread and the introduction across national boundaries of sickness and pests of plants and food products) etc].

All insist on the fact that farmers must be protected and have access to funding and to transport to benefit from EPAs.

The majority (78%) believe that EPAs will not increase access to EU markets for small scale producers.

4% of the respondents don't know if EPAs will increase access to the EU market for small producers or will be counterproductive. Only one respondent from Ghana mentions that he has no idea how EPAs will operate in his country.

Many mention that the problem is not market access but the lack of infrastructure in Africa, mainly in rural areas. Other reasons given are the need to protect small producers, to help them to get organized and produce more before EPAs come into effect. Many mention that the EPA deadline makes it impossible for small producers to have time to get organized to face liberalisation.

A few are afraid that the easy access to consumer goods will have as consequence a negative balance of payments in their country, and that the country will become more indebted.

## **8.2. Government fiscal policy to recover the loss on import tax revenue**

30% of the respondents give no answer to this question. Of those who do (70%) believe that governments will possibly get the money from the people and business through the increase of existing taxes such as domestic taxes, taxes on consumer goods - petrol, diesel, tobacco, beer and alcohol, poll tax, mineral royalties, etc - or the creation of new types of taxes. This would decrease the purchasing power of the population.

Others believe that the government will broaden the tax base by focusing on foreign direct investment (profits tax) and encouraging taxpayers to pay their taxes. Many fear that the working class will be the loser.

A number of respondents believe that the reduction in tax revenue will affect the budget mainly in public services such as health and education.

Uganda and Zambia mention the importance of lowering the export taxes to increase exports, which might provide for more foreign currency.

## **8.3. EPAs, the increase of productivity and added value exports**

Only 23 % answered that EPAs could increase productivity and added value exports. "Good competition" is seen as an improvement and help for the producers. The logistical and financial assistance given through EPAs (Aid for Trade is seen as favoring production). All trade barriers will be removed which will increase the exports. All will have to make an effort with this.

Some of them suggest the following if EPAs are to increase productivity and added value to exports:

- Efficiency of production.
- Preparation and capacity building of Producers to compete in the international market. But for some "this remains a rather distant dream".
- Availability of investments in the country to increase productivity and added value to exports.
- 30% say that EPAs will NOT increase productivity or added value exports. The reasons given are:
- There will be no benefit in increased productivity if there is no "added value" for the products from Africa.
- To increase productivity and added value to exports, investments and competitive advantages are needed.
- Increased productivity and added value to exports will depend on the political will of governments to mobilize and help its producers and small industry.
- As agriculture in Africa is not subsidized by the state, there will be no change in productivity.
- Productivity and added value of goods for export will increase only when the local products will be transformed locally before being sold on the international market.
- Increased productivity depends on the demand on the international market, on price stability and on the price paid to farmers for their products. Price fluctuation on the international market will continue regardless of the EPAs.
- Industry in most African countries is still embryonic and its potential in terms of change or development is virtually non-existent.

A good number of interviewees are convinced that EPAs serve the interest of the EU even if it is presented as opening up the European markets to African countries.

EPAs will reinforce the position of some countries as exporters of low-value, unprocessed commodities undermining some governments' strategy to add value to agricultural goods to develop a manufacturing sector.

27% do not know if EPAs will help to increase productivity or prevent it. They mention the willingness of the State and private enterprises to redirect their efforts from cash exports to the transformation of products as important.

15% do not answer.

## **8.4. EPAs: improved efficiency through greater competition**

The answers to the question "Will EPAs will improve efficiency through greater competition and availability of a wider variety of cheaper goods and services?" are displayed in the following chart.

### Will EPAs enhance efficiency & access to cheaper goods?

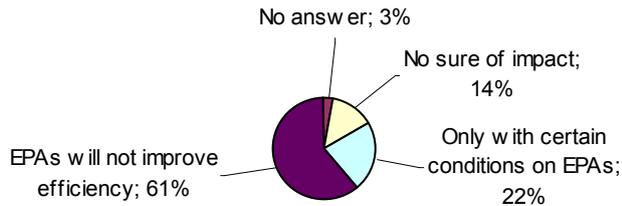


TABLE 8

22 % of respondents think that EPAs COULD IMPROVE the efficiency of the African producers, but only with certain pre-conditions such as:

- Assurance of a “fair market price” for the local products (for African producers to increase production)
- Improvement by the state of the infrastructure, mainly roads, irrigation, electricity for
- Agreement to limit the imports as cheap products contribute to the destruction of the country's economy

61 % of respondents say that EPAs will NOT IMPROVE efficiency and cheaper imported goods and services will be counter-productive for Africa. Some of the **reasons** given are:

The main barriers for African exports are not fiscal, but qualitative. Therefore, African competitiveness in the European market is not likely to increase.

There will be **no real competition** when:

- one partner (African countries & regions) has little capital and resources, while the other partner is one of the greatest trading powers.
- Europe and Africa do not have the same infrastructures, so cannot really compete.
- Most African countries are not well prepared to compete favorably in such an environment;
- Most African producers are not able to compete with highly competitive European firms.
- Investments in African agricultural industry are very low as compared with Europe.
- There is too great an imbalance between Europe and Africa to talk about **equality and partnership**. EPAs will favour European products that will flood the African market.
- Competition will help only the big producers, but small farmers and small producers will be unable to compete. EPAs are discriminative and will not improve this situation.

Though greater **competition** could help to better production efficiency in the long term, this will not happen in the years to come (not even in the medium term).

EPAs will make available a wider range of cheap imported goods. This will suffocate the local producers whose products are of lower quality and kill the infant industries in Africa, and so have a negative impact on employment.

Imports will be plentiful and **consumers will be favoured**, but **producers will find it difficult to sell their products**. Competition can kill the ill-prepared African producer.

#### **8.5. EPAs, competition and enhanced efficiency for small producers**

Asked about how competition due to EPAs will enhance efficiency among **small producers**, the answers are a bit different.

Half of respondents (44% + 6%) do not believe that competition with EU products will enhance efficiency among producers.

11 % see both positive and negative aspects. They believe that EPAs can improve efficiency through greater competition and availability of cheaper goods, but also think that EPAs can have a negative impact.

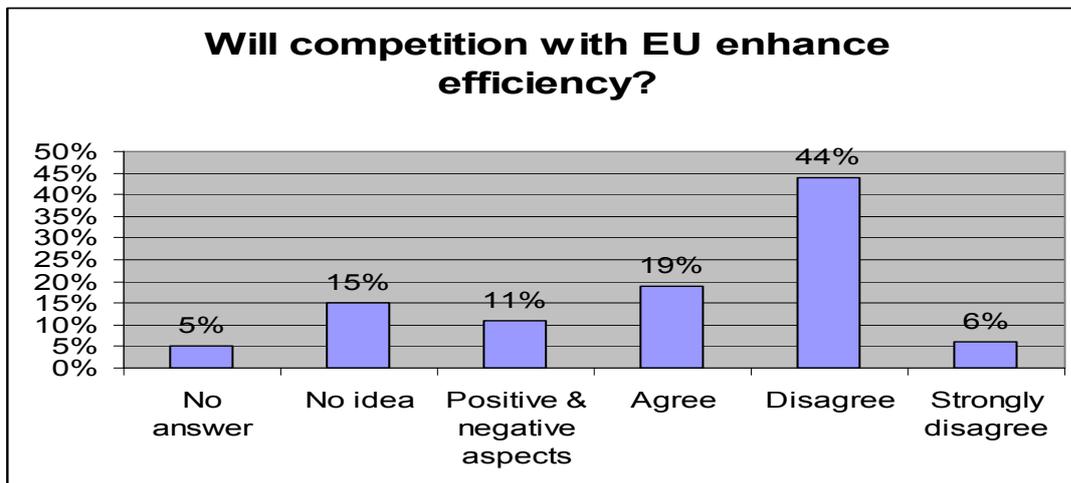


TABLE 9

Those who believe that EPAs will enhance competition mention these positive aspects:

- EPAs will improve the quality of goods produced, as competition will increase production and quality.
- The abundance of goods and services will benefit the consumer from urban areas.
- Products from Europe are too expensive for the population, so they will not really compete with local products.
- African countries turn to China and Asia where prices are lower. This allows African Caribbean and Pacific (ACP) countries to obtain what they need at prices that are good for them.

Negative aspects mentioned:

- Opening the market means opening the door to faked and low quality products from some Asian countries. Currently, the trend is mainly to trade with the countries of the **South West Indian Ocean**.
- Developed and emergent countries will export goods or services of bad quality and **high price**.
- Cheap goods are suffocating the local producers and killing the young industries
- Many **local producers** have already **abandoned their fields**. The "buy local products" policy is not fashionable any more. This is one of the causes of the increase in unemployment.
- One result of opening the market to **services providers** will be a lower investment in education, research and development. Private enterprises will take care of education.

In many countries the majority of the population is unaware of the EPAs. That is why they do not take any action although they will suffer the consequences of these agreements.

### **8.6. EPAs and the unfairness of competition in the case of the EU and Africa**

A great number of respondents affirm that **real competition** is not possible between EU and Africa because the playing field is not level and the conditions of production are so different:

- Competition will be "unfair". Agriculture is subsidized in Europe but not in Africa. "How can a subsidized product compete fairly with a product that has received no subsidies and has been produced by farmers in conditions of extreme poverty?"

The main reason mentioned as unfair competition is the EU subsidies to EU agricultural products.

Other reasons given are:

- Lack of national agricultural policies and the lack of support to small producers in the ACP.
- Inadequate infrastructure and investment in the South. "EU producers receive investments, while investment is very low in Africa".
- The ancient and pre-industrial technology for production, as well as the lack of machinery in most African countries results in local producers being unable to meet competition and quality norms. This could be "fatal to small producers".
- The competition with imported products (from the EU and Asia) has been experienced, with adverse consequences for the African producers. "I fear local markets will suffer and small producers will pay the bill of competition."
- African products are of lower quality than EU products (often mentioned).
- EU competition and the opening of ACP markets to products from countries with advanced technology will be harmful to some nascent **industries**, such as leather and shoe manufacturing, plastic, paper, that are at their initial

stages, and not strong enough to compete fairly. In general African countries produce poor quality products compared to EU products.

If EPAs come into effect in the proposed format, small scale producers will be **overwhelmed by the competition** from the EU food imports. Family farming in Africa will severely suffer and many farmers will even succumb. The consequences will be a decrease in local food production, worsening living conditions and an increase in the nation's lack of food security and sovereignty. "Already now local producers are discouraged by the relatively low price of imported products". "EPAs and the new trade conditions will certainly bring death for Africans and provoke a humanitarian disaster".

Some **necessary measures** need to be put in place before implementing EPAs in order to increase competitiveness and to counterbalance the possible negative impacts of liberalization:

- Greater attention to agricultural policy and funding aimed at increasing productivity and competitiveness.
- Industry needs help and funding, e.g. Ghana produces good cotton in the North and Textiles are made in the country. The quality of textiles could be improved by using colour fast dyes.
- The countries as a whole need to be prepared to face competition and need to increase productivity.
- Farmers and producers need to be helped in building up their capacity
- Time is needed before the implementation of EPAs to help small producers to improve their capacity and their productivity.
- Investment in the agricultural and manufacturing sectors to improve production (in quantity and quality).

Some see both a **positive and a negative impact** of competition. While they foresee a negative impact on small farmers, it might be positive for the big farmers and industries with foreign capital. But most respondents believe that EPAs will have a negative impact on the majority of the population. As infrastructure in the EU and in Africa are not the same, competition will be unfair, except for the big industries and industrial farming that take advantage of the low salaries.

The competition of cheap imported goods with local products could be bad for small producers, but cheaper products could allow them to have a better access to inputs and materials they need to improve production.

As the proverb says "you cannot make omelettes without breaking eggs". EPAs will at first be disastrous for African economies but with their full implementation and accompanying measures, the different ACP regions could achieve regional integration and that would be a real improvement.

Some possible **positive aspects** of EPAs mentioned are:

- Competition can improve the quality of products and increase its demand. In that sense it could help small producers to grow and to develop.
- Cheap imports will benefit consumers and raise their living standards. If small producers become better producers they could increase their income.
- Greater opportunities in neighbouring markets can encourage productivity.
- The aid received from EPAs (Aid for Trade) could help to improve production for the local market. It will create a scenario where competition from imported EU products could be more favourable for local small producers.

Some see the main problem of EPAs in its neo-liberal approach.

One respondent mentions the fact that African culture is "not competitive" but supportive, and not "number minded". This makes competition more difficult.

### **8.7. Impact of cheap imports on small producers**

When asked directly about the consequences of cheap imports for small producers in the different African countries, there is always a similar answer: "Cheap imports are bad for small producers". There is a certain fear ahead of the implementation of EPAs and the competition from EU-subsidized or cheaply produced imports. They are seen as "disastrous for the small producers"

Even the few that see the positive side of EPAs (producers being able to buy equipment and inputs to increase production capacity and be more competitive in the market) they mention that to start with **small farmers will have to face competition and risk the closure of their farm or business.**

A few see that EPAs could have the advantage of lowering the price of local products as farmers will be able to buy cheaper inputs and machinery.

Most respondents fear that unfair competition will undermine local markets and even the access to international ones. The danger is that small local producers **disappear from the market** if they are not competitive and their businesses collapse.

Here are some explanations given as how cheap imports hurt small producers:

- Faced with cheaper imports, small producers will have to lower their prices and suffer big losses, losing their share of market. This will reduce or stop their production. They will close their businesses. The consequence will be poor standards of living and increased poverty levels. Farmers will move to towns. Unemployment will rise, followed by social problems and increased crime and robbery. The environment will suffer with the migration of the agricultural producers to towns.
- The country will lose food sovereignty.
- The influx of cheap products may reduce the income of local producers.
- Competition will have an adverse effect on employment in African countries where the unemployment rate is already very high.
- If there is no clear political will with regard to "small producers' protection", these will suffer the negative consequences of the law of the market. They will have to lower the price of their products thus entailing losses.

The main reason given for the incapacity to compete with EU imports is the high production costs due to the high tariffs for electricity and transport because of lack of infrastructure: bad roads, scarce transport, lack of energy sources.

If producers do not have direct access to the international market, they will always be bullied by intermediaries.

The dumping of unwanted goods will create environmental problems.

For a few respondents, imposed liberalisation is another way for the developed world to keep Africa in a "*Perpetual subjugation to underdevelopment and dependence*". They see EPAs as a new way of colonizing and enslaving the ACP countries.

Most agree that the implementation of EPA must be preceded by a long period of preparation (which is not the intention of the EU).

## 9. The perception of the impact of EPAs

According to our respondents, some of the **consequences linked to the EPAs** implementation are: low productivity (producers will get discouraged), lower income for the majority of the population, high unemployment levels, migration from rural to urban areas, increase of poverty, prostitution, drug addiction and criminality, decrease of education. This will possibly create social and political problems and unrest.

If African countries are not given sufficient time to get ready for EPAs, these agreements will just exacerbate the poverty that affects mainly rural areas.

EPAs will help Africa only insofar as **accompanying measures** (capacity building and support to small producers, enterprises and services providers and restructuring and upgrading of enterprises) are available. Only technological evolution can revive industrial production, promote investment and employment, and increase the competitiveness of local economies and enterprises.

Many respondents compare the impact of EPAs to the negative effects that the Structural Adjustment Programs (SAP) had on most African countries, economically and socially, at the end of the 80's and 90's. They mention the harm and destruction that the liberalisation imposed by SAP did to small farmers and small industries. Only the younger respondents do not know about SAP and do not make the link between EPAs and SAP.

"EPA may push some African countries to a situation of chronic inflation".

Small producers will find it difficult to withstand the impact of EPAs in the short and medium term. Only if these, as well as ordinary households, are able to overcome the problems linked to EPAs, can these agreements result in something positive - in the very long term and always assuming that the free market theory works for Africa.

EPAs will open up African markets to products from more industrialized countries some of whom receive massive subsidies from the EU and from their Governments, while African producers receive no government help. As one respondent says of EPAs: "Africa will become a lethargic unutilized producer".

Some respondents foresee positive as well as negative effects. It will benefit a few big firms, mostly foreign industries like flowers and vegetables producers and exporters (DelMonte in Kenya), while hurting small scale producers (farmers and industries).

### 9.1. Suggestions regarding EPAs

Many suggestions were common to a number of respondents. They suggest that as EPAs will not be good for agriculture, the EU and ACP should find other ways to support the ACPs and their **agriculture**.

1. The main suggestions regarding EPAs are:

- Pro-development EPAs with provision for aid to support development and poverty reduction
- To transform EPAs (Economic Partnership Agreements) into DPA (Development Partnership Agreements) an idea dear to the Senegalese President Abdoulaye Wade.
- The measures and mechanisms proposed by the EPAs must be effective and efficient not only for Europe, but also for Africa; otherwise EPAs will accelerate the impoverishment of Africa.

2. Some pre-conditions for EPAs to benefit African producers:

- Previous to EPAs implementation, the EU should help ACP countries to cope with liberalization and free market.
- EPAs should be implemented gradually.
- Removal of EU subsidies and modernization of African production.

If the EU had a real concern for the small scale farmer and producer, as it often proclaims, it should first build the capacity and assist to the empowerment of African partners so that they can effectively compete with EU products. "Teach them to effectively fish instead of giving them the fish!"

3. Some **demands**:

- That the **monitoring** and review of the EPA agreements look at the effect of EPAs on local producers.
- That **funding and aid** reach the local population (grassroots) and that the way the Aid is used be monitored. This means the EU should have a mechanism to contact the local populations.
- EPAs should provide technical assistance to improve and lower the cost of local production.
- EPAs should **allow for the "protection of small industries and farmers"**, thus allowing for a big number of agricultural products (maize, vegetables, coffee, fruits) and some industrial products to be exempted from liberalization. The number of "sensitive" products should be decided by the ACP countries.
- Most countries need protection in order to develop their own capacity, starting with competition from within, not from "external sharks".
- The EU should allow ACP countries to determine their own way forward towards progress and development.
- Producers should be able to determine how they want to export their products and should have a say on the world market prices.
- As we come to the end of negotiations on the EPAs, the EU countries should help to increase the capacity of African producers and traders - by giving advice and financial support when necessary - so as to improve the quantity and quality of production and marketing of local products.
- In order to strengthen local production and processing EPAs should allow for protection of the local industry in Africa, even if this means regulation of imports or addition of tariffs.
- EPAs should help the African countries so that they become more efficient and are able to compete with Europe.

Most Least Developing Countries (LDC) countries' respondents mention their country should not sign the EPA unless there are modifications that are favourable to LDC.

The terms of the agreements must be respected by all parties.

# Annexes