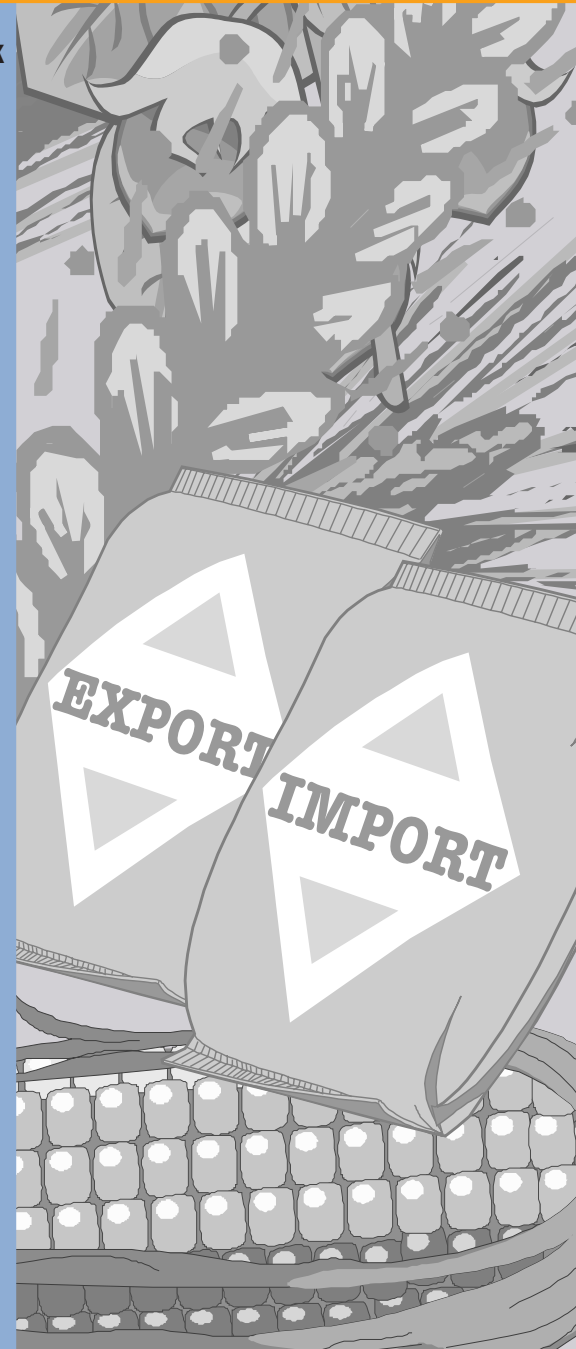


Impact of EU-CAP Reforms in East Africa

Edited by: **Otieno-Odek**



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Dr. Otieno-Odek

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Friedrich Ebert Stiftung (FES),
P.O. Box 14932,
Nairobi, Kenya.
Peponi Road, Peponi Plaza.
Telefax: +254 -2 –3748338/9
E-mail: kenia@fes.de

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Chai Safari Baya & Emily Odongo
Tel: 254 2 312328
Email: info@sunburstnet.com

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Foreword

The European Union is a major trading partner of the East African countries. In value and volume, the destination of most East African agricultural exports is the European Union. In terms of value added agricultural products, the EU has the potential to become a major source of imports to the East African region. For these reasons, the agricultural policy pursued in the European Union has consequences to the East African countries.

In 1992 the European Union initiated reforms to its Common Agricultural Policy (CAP). The gist of the reform is to abandon the artificial support for agricultural prices in favour of direct support for farmers and aid per hectare. The system of direct payments to producers is coupled with backup measures aimed at protecting the environment. The EU-CAP reform portends consequences to the East African region. For example, the reform will lower prices of products in the EU and this means the earnings of developing countries will reduce. The implications are that the East African and other developing country exports to the EU will attract less earnings and thus result to income loss.

In East Africa, the agricultural sector is significant. It is the largest employer, a source of foreign exchange earnings and a means of livelihood to a majority. Given the crucial role of the sector, the Friedrich Ebert Stiftung in collaboration with the Kenya ministry of Agriculture hosted a regional workshop to examine the impact of the EU-CAP reforms to the agricultural sector of the East African countries. The workshop brought together key policy makers from Kenya, Uganda and Tanzania. This booklet is a synthesis of the findings and recommendations of the workshop.

The Friedrich Ebert Foundation expresses its gratitude to the participants and the Governments of Kenya, Uganda and Tanzania for allowing their key policy makers to attend the workshop. It is the hope of the organizers that the findings and recommendations arising from the deliberations will be carried forward and implemented.

Finally, Dr. Otieno-Odek, the Editor of this booklet acknowledges the contribution made by the resource persons at the workshop. The contents of the booklet are drawn from the papers presented and comments made during the discussions

Dr. Otieno-Odek
Senior Lecturer,
Faculty of Law,
University of Nairobi

Dr. Roland Schwartz
Resident Director,
Friedrich Ebert Stiftung,
Nairobi – Office

Abbreviations

EU	European Union
CAP	Common Agricultural Policy
FES	Friedrich Ebert Stiftung
EPA	Economic Partnership Agreements
WTO	World Trade Organization
EBA	Everything But Arms
ACP	African Caribbean Pacific
SPS	Special Preferences on Sugar
GSP	General System of Preferences

I. Introduction

Agriculture is the mainstay of the East African Economies. Any internal or external factor that affects the sector affects the livelihood of the entire East African region.

The Ministry of Agriculture of the Republic of Kenya in conjunction with the Friedrich Ebert Foundation hosted a workshop on 7th and 8th of November 2002 at Lion Hill Lodge, Lake Nakuru National Park in Kenya.

The workshop deliberated on the impact and consequences of the EU Common Agricultural Policy reforms to the East African countries. The significance of the workshop was underscored by the recognition that agriculture is the largest productive sector with the East African countries depending on it for employment, revenue and food security.

The workshop brought together representatives of relevant ministries from Kenya, Uganda and Tanzania. The meeting highlighted the effects that the EU CAP reforms will have on the East African economies. The workshop passed resolutions on necessary intervention measures, desired policy responses and a plan of action. The meeting also discussed the link between CAP reform and the negotiation for Economic Partnership Agreements with the EU. This report is a synthesized account of the highlights, deliberations and conclusions of the workshop.

The workshop deliberations centred on six main themes as follows:

- (a) Origins and objectives of the EU CAP. Under this theme, the instruments for implementing CAP were examined as well as the products falling under CAP;

- (b) Consequences of CAP at the internal European and external global level;
- (c) The 1992 CAP reforms, the salient features and CAP reform trajectory;
- (d) Impact of the CAP reforms to the East African states;
- (e) Proposed East African states response to the CAP reforms and EPA negotiations and
- (f) Conclusions and Plan of Action.

II. Nature and Consequences of the EU - Common Agricultural Policy (CAP)

The EU Common Agricultural Policy is the single most peace time pernicious instrument deployed by the European Union whose consequences has affected the global economy

The EU Common Agricultural Policy is based on Title II of the 1957 Treaty of Rome Articles 38-47. Article 38 provides that the European Common Market shall extend to trade in agriculture and that the common market for agricultural products must be accompanied by the establishment of a Common Agricultural Policy.

At its inception, the main objective of CAP was to ensure adequate supply of food for the EU countries in the context of the then on-going cold war confrontation. Article 38 of the Treaty outlined the basic objectives of CAP as to:

- (i) increase agricultural productivity by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilization of the factors of production;
- (ii) ensure a fair standard of living for the agricultural community by increasing the individual earnings of persons engaged in agriculture;
- (iii) stabilize markets;
- (iv) ensure the availability of supplies and
- (v) ensure that supplies reach consumers at reasonable prices.

With the foregoing goals in mind, CAP developed several instruments towards the attainment of its target. The primary means was the maintenance of high producer prices through the establishment of intervention price or minimum grower price system. Intervention was the means by which national agencies bought and stored surplus production under the Common Agricultural Policy.

An essential element of the CAP intervention mechanism was the setting up of “Community-wide prices” which in turn determined “import levies” and “export refunds” by “intervention mechanisms” to determine the “income of farmers”. The linchpin of the system was the “target price” i.e the price the EU farmers are to receive within the European Union. In cases of overproduction, the target price became the intervention price, this is the price at which the intervention agencies in the member states were required to buy surplus agricultural products in unlimited quantities (guaranteed withdrawal). The intervention system guaranteed the farmers a minimum selling price for their agricultural products whatever the circumstances.

The “entry price” was introduced to protect prices within the European Union. This was the minimum price at which farm products could be imported into the Union. It was designed to prevent the Union agricultural market from being flooded by lower - priced imports from third countries. It involved imposition of a levy that artificially raised the price of imported products to the level of the entry price. These levies then constituted part of the European Union’s own resources and accrued to the Union’s budget.

In contrast to the levy, products leaving the EU enjoy an export subsidy - “the refund” paid by the EU to exporters of agricultural products to bridge the gap between the lower world prices and the higher prices in the EU. The export subsidy enabled the EU farmers to dispose of their products on the world market despite the fact that the guaranteed prices within the EU are generally higher. In overall, CAP was developed as a price management system that sought to maintain internal EU

market prices above world market prices. It was also a system of EU commodity preference which gave priority to local products over imports (protectionism).

Under the CAP, several agricultural products were included within the framework to benefit from the intervention mechanisms. The products were:

cereals, rice, oilseeds, dried fodder, milk and milk products, beef and veal, poultry meat and eggs, pig meat, sheep meat and goat meat, sugar, fruit and vegetables, wine, cotton, peas, field beans and sweet lupins, olive oil, seed flax and silkworms, fibre flax and hemp, tobacco, hops, seeds, flowers and live plants, animal feed stuffs, potatoes and honey.

The implementation of CAP under its product coverage had diverse consequences. In Europe, the CAP policy stimulated over production and suppression of domestic demand. It also generated lofty levels of storage costs and high levels of export refund payments.

Within the EU, CAP was able to assure availability of supplies and give guaranteed income to farmers. It also increased agricultural production as well as the cost and burden of the EU budget to support the system. The increased costs became a domestic irritant and attracted criticisms as a waste of resources and storage facilities. In terms of external effects, CAP's unrestricted output became a major irritant in EU's external relations particularly with the United States. The USA responded to CAP by introducing its own Farm Subsidy program which generated more overproduction and attracted international criticisms of CAP.

In the global market and to developing countries, CAP had a major external impact. The policy contributed to EU dumping excess agricultural products in developing countries. For example, there are documented cases where the export of EU subsidised products to developing countries caused damage. EU wheat and sugar exports to Africa, export of dairy products to Jamaica, and poultry and beef

dumping in The Gambia, Zimbabwe and Namibia are cases in point. There are documented loss of jobs in the canning industry in South Africa due to the export of cheap, highly subsidized canned tomatoes. At the global level, the dumped products resulted into distortion and deterioration of the agricultural productive sector in developing countries. A case in point is the downsizing of the textile industry in Zimbabwe. Of global significance, the excess EU agricultural production led to lower world market price for the subsidized produce particularly beef, sugar and dairy produce.

III: The 1992 EU CAP Review

The onerous cost of CAP, the need to soothe and calm domestic condemnation and to advance multilateral trade negotiations were the fundamental incentives for CAP review. The review entails a move away from export subsidy and pricing policy to direct income support.

By 1991, the financial burden of storage and disposal of EU surplus production was getting out of hand. Reform was seen as essential to address this financial overburden. The process was further justified by the end of the cold war and stimulated by the impending conclusion of the Uruguay Round of multilateral trade negotiations. A shift in CAP was thus eminent and inevitable due to domestic and multilateral pressure.

In an effort to reduce the runaway cost of CAP, assuage and appease domestic criticisms and to facilitate multilateral trade negotiations, the EU embarked on CAP reorganization. The reorganization was largely budgetary and tight expenditure controls. The aim was to shift from a system of price support to a system of direct aid to farmers and to reduce internal price of EU agricultural products without undermining farm incomes.

As part of the 1992 review (referred to as MacSharry Reforms), the EU began to abandon the artificial support for agricultural prices in favour of direct support for farmers income independent of production. This is a move away from pricing policy to direct income support. The review is to be achieved by:

- (a) deep cuts in guaranteed prices combined with;
- (b) direct payments to farmers in the form of premiums for animal productions;
- (c) aid per hectare to reduce production and therefore quantities available for export; and
- (d) the system of direct payments to producers is coupled with backup measures aimed at protecting the environment. The measure for this is support for afforestation of withdrawn land.

The new CAP aims to facilitate entry of EU agricultural products into a European food and drinks industry oriented towards competitively serving world markets. It also seeks to enhance EU competition through continued provision of large volumes of public aid to the basic system of agricultural production. The reform eliminates export refunds.

The overall aim is to enhance competitiveness of EU agriculture by setting intervention as a real safety net measure, allowing EU producers to respond to market signals while protecting them from extreme price fluctuations. In the long term, the objective is the introduction of a de-coupled system of payments per farm, based on historical references and conditional upon cross compliance to environmental, animal welfare and food quality criteria.

The de-coupled system of farm support will cover all products currently subject to reform with the dairy sector being added thereafter. Other sectors such as sugar, olive oil, rice, fruits and vegetables will be targeted soon thereafter. Under this scheme, EU farmers will have complete flexibility to determine what they produce in response to market signals save for products specifically excluded. If these goals are attained, the reformed CAP will enable the maintenance of EU agriculture without the need for trade barriers while protecting EU farmers from extreme price fluctuations.

The reformed CAP scheme of direct aid to farmers is seen as more WTO compatible since they are deemed less trade distorting and fall within the green and blue box

measures under the WTO Agreement on Agriculture. The reduction in EU intervention prices are aimed at bringing EU prices down closer to world market price levels. By reducing prices and closing the gap between EU and world market prices, it will be easier for EU producers and processors to export agricultural and processed agricultural products.

IV: Impact of CAP reforms to the East African Countries

The trajectory of CAP review show that the detrimental effect of CAP to the global and East African economies will persist despite the review. The distortionary effects of CAP are not visible since they go through the market process. One only realizes that distortion has taken place when factories start closing down. It is like the difference between being pick pocketed and being mugged. You loose all the same.

The participants to the workshop held extensive discussions on the impact of CAP reform. They noted that the impact should be scrutinized within the broad framework of global liberalization and free trade system of the WTO. Several issues of interest to the East African countries were analyzed with regards to the impact of CAP reform:

- (i) What will be the value of improved market access to the East African countries under a reformed CAP?
- (ii) What are the effects of CAP reform on Economic Partnership Agreement (EPA) negotiations and the Everything But Arms (EBA) initiative with the EU?

- (iii) Will the CAP reform measures lead to a decreased agricultural output in the European Union countries? What is the evidence on the ground?
- (iv) Will the CAP reform lead to an increase in world market prices for agricultural products produced in Europe?
- (v) Will the reformed CAP have a negative effect on value added agricultural products from East Africa and other developing countries in general?
- (vi) What is the effect on agricultural production of the reviewed CAP on an enlarged European Union output? The workshop noted that under the reformed CAP, there will be a shift in production and trade flows to less subsidizing temperate agricultural product producing countries of the EU. This will generate more competition to the East African states and other non EU developing countries.
- (vii) What constraints may be faced by the East African countries in their efforts to access the EU market under the reformed CAP?
- (viii) What should be the East African trade policy response to the CAP reforms?
- (ix) What plan of action should be put forward to assist the East African states in their negotiations with the European Union under the EPA?

The participants deliberated on the foregoing issues and made several observations.

1. The participants noted that the proposed reforms in CAP only change the nature of assistance given by the EU to its farmers. From a price support system to a direct support system and a land withdrawal mechanism. From the perspective of shift from price to direct support, the workshop concluded that the CAP reforms will have no substantial reduction in production and output in the agricultural sector in Europe.

2. The participants examined evidence within the EU countries which indicate that despite the substantial price reductions under CAP reform, the cereals sector has seen EU production of cereals rise by 18% from 179 million tonnes in 1992/93 to 211.9 million tonnes in 2000. The process of CAP reform in the cereals sector has promoted a renewed expansion of EU cereal exports. It has also prompted an expansion of cereal based food product exports to African Caribbean Pacific (ACP) countries (an expansion of 67% and 54% in three years from 1996 to 1998). Similar trends are apparent in other value added food product sub-sectors. These increases are in simple value added products in which the East African countries as well as other ACP states could easily develop production. From these trends, the workshop concluded that the increased volumes of low priced EU cereal exports and more competitively priced EU cereal based value added food products will have implications for the relative competitive positions of EU and East African cereal producers and manufacturers of cereal based value added food products. The pig and poultry producers will also be affected.
3. The workshop participants addressed the question whether the CAP reforms will give improved market access to the East African countries. Discussions revealed that CAP reform will reduce the value and margin of preferences that the East African and ACP states get from EU since CAP is reducing prices of EU agricultural products. This conclusion was arrived at by noting that beef prices in EU has gone down affecting income gains to Swaziland and Namibia. Sugar prices are expected to go down and thus affect Mauritius and Swaziland and the Kenya sugar quota prices. The value and margin of EU preferences under the Cotonou Agreement will thus be negligible and perhaps fall to the WTO MFN levels.
4. As regards impact on value adding enterprises, the participants observed that the CAP reforms will have a negative impact on developing country products. The reform allows the EU prices to be brought down towards the world market

price levels. The overall aim establishes a firmer basis for the development of a more price competitive export oriented European food and drinks industry whose market is no longer restricted to the EU, but which can supply the whole world. This could well close off market opportunities for value added food processing range of products from developing countries.

5. The participants discussed the potential impact of the land withdrawal program as part of the CAP reform. It was noted that an assumption could be made that the payment per hectare will reduce the land acreage under cultivation in Europe and thereby reduce excess production and output. This will have the effect of raising the world market prices for agricultural products from EU. However, the reduced acreage coupled with direct payment and support may also increase competitiveness of the European farmer in the global market and actually increase output. In this event, the workshop concluded that CAP reform may not necessarily reduce agricultural output from the EU countries.
6. Another issue deliberated upon by the participants related to the impact of CAP review on world market prices. Analysis revealed that in the medium term, the reform is likely to lead to lower prices for the products of ACP states covered by the Cotonou Agreement and its Protocols. The target price or the price within the EU will drop. In the long run, the reform and removal of agricultural trade barriers could act as a foundation for much deeper cuts in agricultural protection within the EU and open markets to Eastern Africa states. However, the supply constraints in East Africa and other developing countries may come into play to prevent the non-competitive developing states from taking advantage of the new opportunities.
7. Further, it was noted that the reform in CAP will lower prices of products in the EU and this means the earnings of developing countries will reduce. The implications are that the East African and other developing country exports to

the EU will attract less earnings and thus income loss. The workshop analyzed evidence from other African countries which revealed that the loss of earnings was a reality. For example, for Namibia, the prices received in the year 2001 from exports to the EU resulted in an estimated income loss of 6 million euro. In the case of Swaziland, this resulted in the termination of frozen fore quarter cuts when the EU prices kept falling. As relates to the sugar exports into the EU, if the CAP reform is extended to the Sugar Protocol of the Cotonou Agreement, the loss of income to the ACP states will be approximately 250 million Euro per annum with half of the losses being shouldered by the Southern African state sugar suppliers. Tanzania and Mauritius in Eastern Africa stand to suffer most. In overall, the participants concluded that the reformed CAP will continue to distort agricultural production patterns in developing countries. In the short term, CAP reform may not have an immediate impact on the overall volume of imports to EU from the East Africa states. In the long term, CAP has the potential to lead to deindustrialization in developing countries.

Another issue addressed at the workshop was the implication of CAP reforms on the EPA negotiations and the EBA initiative with the European Union. Under the Cotonou Agreement, the ACP states have undertaken to negotiate Economic Partnership Agreements (EPA) with the European Union. The negotiations are set to be regional. The issue that the participants deliberated upon is the implications of CAP reform on these negotiations?

8. The workshop participants noted that the Cotonou Agreement does not demand that regional trade arrangements must be concluded. For this reason, the ACP states can argue that there is no obligation to sign an EPA with the EU. The participants also took recognition of the fact that any negotiations with the EU is a bargain between unequal partners. This is compounded by the fact that there is a complex donor and dependence relationship between the EU and the East African states. Further, the participants observed that the process

of CAP reform will be complicated by the introduction of free trade with EU under the EPA. The argument advanced is that an EPA with the EU will lead to a free trade arrangement. Presently, the terms of trade and balance of trade between the EU and the East African states is in favour of the EU. A free trade agreement will only lead to a further deterioration of the terms of trade for the East African states. This free trade with EU will thus result in de-industrialization of the East African states and at a minimum will reduce the scope for the development of local value added food product industries.

9. The participants recommended that the implications of CAP reform and EPA are such that it is essential that the external effects of CAP reform be taken up and addressed as an integral part of the EPA negotiations. In the spirit of cooperation, the EU should be prevailed upon to make clear commitments on the need to fully address the external effects of CAP with a view to minimizing the negative effects thereof. Of significance, the participants recommended that the EPA negotiations should aim at getting an EU commitment to compensatory trade measures to offset adverse CAP effects particularly as regards diminishing value of preferences.
10. On the EBA initiative, the participants noted that the CAP reforms have an impact. This is more so with respect to the Protocols under the Cotonou Agreement and the Special Preferences on Sugar (SPS). The implementation of EBA will reduce access under the SPS system. The initiative also renders the Cotonou Agreement irrelevant to EBA eligible states. The EBA rate of preference is equivalent to the WTO MFN level. To this end, an EBA country has no incentive to negotiate and EPA with the EU. However, such a country must note that the WTO MFN rules will be fully operational under the EBA regime and so long as CAP reforms are WTO compliant, the adverse impacts of CAP will affect the EBA eligible country.

V: Recommendations for East African Countries Response to the CAP Reforms and EPA Negotiations

The external effects of CAP must be an item for discussion in any negotiations for an economic agreement with the European Union

The participants resolved that Kenya, Uganda and Tanzania must first and foremost bear in mind that in undertaking the CAP reform, the EU is giving priority to their own domestic constituency and this determines the EU approach to any multilateral negotiations.

The participants having noted the adverse consequences of the CAP reform in sugar, beef and particularly the cereals sector, observed that the East African countries have several options to consider in the context of negotiating an Economic Partnership Agreement with the EU. The East African states should examine the following possibilities:

- (a) extensive exclusions of cereal based products from the scope of coverage of any EPA;
- (b) inclusion of strong yet simple safeguard provisions;
- (c) establishment of special compensatory arrangement to recompense for the loss in revenue expected to be suffered by the ACP countries;

- (d) adopt a detailed discussion of rules of origin pertaining to cereals product sector;
- (e) consultations on the application of sanitary and phytosanitary standards that place extra costs on horticultural producers in East Africa; the participants also recommended that discussions with the EU should focus on other constraints within the EU that impede East African countries from being competitive. The workshop identified the additional constraints as high tariff peaks and escalation and a complex quota system coupled with high domestic support and export subsidies on competing EU products.
- (f) discuss with the EU the CAP policy and its external impact especially on agriculture with a view to removing protection in products where East African states are competitive;
- (g) urge the EU to maintain preferences for agricultural products where the East African states have a comparative advantage;
- (h) impress upon the EU the need for financial support to the agricultural sector and products where the East African states have a comparative advantage with a view to improving the efficiency and competitiveness of these sectors;
- (i) urge EU to eliminate residual barriers on new and non-traditional exports of the East African states and give support for promotion and marketing of these non-traditional exports;
- (j) the East African states should address the supply side constraints and take measures to be competitive; and
- (k) the East African countries should be bold and take a political decision to restructure the pattern of agricultural production and stop producing for

export and produce food first, and export surplus food before resorting to producing luxury agricultural products such as flowers and carnations;

- (l) given the importance of agriculture and the EU negotiations to the East African countries, the participants recommended the establishment of a steering committee of line ministries at cabinet level to guide negotiations; this is important to remove conflict among the various ministries such as trade, agriculture and finance in their handling of multilateral trade negotiations.

VI: Conclusions and Way Forward

The East African countries should prepare a sector by sector and product by product analysis on the impact of CAP. The countries should identify their priority interests, offensive interests and put in place a defensive mechanism as regards products under the CAP coverage

After extensive deliberations, the workshop participants came up with the following salient points as conclusions and the way forward for the East African states:

- I. Kenya, Uganda and Tanzania should each identify their respective sensitive products and sectors in agriculture and thereafter formulate a joint implementation strategy and policy to counter the adverse effects of the CAP reform. Further, the countries should formulate a strategy to stop relying on agricultural products that are stagnant and have declining demand and prices. In converse, these countries should find mechanism to move towards value added products with buoyant prices having demand at local and regional levels. This position is informed by the experience that it is more important to target production for local and regional market than export to global markets which are more sophisticated and unpredictable.
- II. The East African states should take into account that certain EU agricultural products may directly or indirectly access and enter the East African market

thereby causing distortions. This is more likely to take place in the cereals sector and in simple value added processing such as milling, biscuit making and pasta products. A strategy should be developed to counter the adverse effects of such an occurrence.

- III. The East African states should develop a swift and effective defensive mechanism albeit safeguard measures to counter adverse effects of CAP.
- IV. The East African states should concentrate on marketing aspects of trade rather than focusing more on trade policy. To this end, the countries should take advantage of the fact that they are located along the equator and hence capable of continuity production as opposed to seasonal production. With this in mind, the East African states should negotiate with the EU to abolish seasonal quotas.
- V. The East African states in negotiating with the European Union should look into product linkages with other sectors and leave negotiating space for unforeseen happenings and leave room for adapting to national and regional markets.
- VI. The East African states should bear in mind that CAP reform and a free trade agreement with the EU will result into a loss of customs revenue. The result is that the national governments will have to look for alternative sources of revenue to replace the loss.
- VII. The political will and negotiating capacity of the East African states needs to be strengthened. The private sector and non state actors should be brought aboard to contribute and participate in the process

Plan of Action

The plan of action proposed by the workshop involves research work and empirical data analysis. The participants strongly recommended that the individual East African governments should come up with local funds to finance the research and cease relying on donor funds to conduct the much needed research. This is important to avoid the mistake of pegging the development priorities of the East African countries on foreign goodwill. The participants recommended the following plan of action.

1. The three East African countries should each prepare a list of agricultural products they export to the EU and a list of products imported from the EU thereafter;
2. The three countries to prepare a list of potential agricultural products that could originate from EU and enter the East African country markets and then;
3. The East African countries should determine the sectoral and linkage effects that these products have within the agricultural sector and their national economies and
4. Each of the East African states should prepare a sector by sector and product by product analysis on the impact of CAP on the products identified above. In this analysis, the countries should identify their priority interests, offensive interests and put in place a defensive mechanism. When preparing the offensive and defensive positions, the East African states should bear in mind that the distortionary effects of CAP are not visible since they go through the market process. One only realizes that distortion has taken place when factories start closing down. It is like the difference between being pick pocketed and being mugged. You loose all the same.

In preparing the analysis, the following factors must be considered:

- (a) Cotonou duty applicable to the product;
- (b) GSP duty applicable;
- (c) Value of preference;
- (d) EBA duty;
- (e) Sanitary and Phytosanitary Measures (SPS) faced by the product when entering the EU market;
- (f) Market situation in EU beyond 2008 (i.e the year when the Cotonou and Lome Preferences come to an end and reciprocity takes effect);
- (g) Safeguard measures available in EU as regards the product and
- (h) the significance of the sector or product to the East African country for example in terms of employment or foreign exchange earnings.

5. The East African states should focus on the external effects of CAP and discuss with the European Union the economic and social costs of compliance.

Annexed hereto as Tables “A” and “B” are sample formats for the layout of the offensive and defensive interest analysis model that the individual East African countries should prepare. The use of these models coupled with the effective use of safeguard clauses could protect the interest of the East African countries and also guide negotiations with the EU. Also annexed is the list of the participants and the program for the workshop.

Appendix 1

Table “A” – Defensive Interests

	Front Load	Back Load	Exclude	Special Arrgt(TRQ)	Safeguards
Maize					
Wheat					
Dairy					
Poultry					
Pigs					
Beef					

Appendix 2

Table “B” – Offensive Objectives

	Fruit	Veges	Flowers	Sugar	Honey
Cotonou Duty App'd					
“GSP” Duty App'd					
Value of Pref,					
Importance Of Pref,					
SPS Measures Faced					
Significance Of SPS (Tech/Econ)					
Mkt Situation in EU >2008					
Importance of Sector: Employment; Forex; Structural Dev't of Econ;					

Appendix 3

List of Participants

(a) Kenya

Dr. Roland Schwartz	Resident Rep. FES
Mr. Collins Odote	FES
Ms. Angela Wauye	Min. of Agriculture (Planning)
Mr. Paul Obunde	Min. of Agriculture
Mr. Jasper Okelo	University of Nairobi
Mr. Elkana Onguti	Min. of Finance & Planning
Mr. Steve Kirimi	NGO Council
Mr. Samuel Kamau	Min. of Agriculture
Mr. James Kiiru	Min. of Trade & Industry
Dr. Otieno Odek	University of Nairobi
Mr. Morara Ongwenyi	NGO Council
Mr. Joseph Kariuki	Agrisystems (EA)
Mr. Fredrick Ombwori	Min. of Agriculture
Mr. Joseph Wanjama	Min. of Agriculture
Mr. Rod Evans	Homegrown Ltd.
Mr. Julius Korir	Export Promotion Council
Mr. Solomon Kuria	Min. of Trade
Mr. John Ochola	Institute of Economic Affairs
Mr. Godfrey Monor	MOA Fisheries
Mr. Muturi Mirie	Min. of Trade and Industry
Ms. Rachel Lambert	Min. of Natural Resources
Mr. Willy Divu	Min. of Agriculture

> List of Participants cont.

(b) Uganda

Mr. Mubwezi Deus	Min. of Agriculture
Mr. Dick Nuwa Amanywa	ACODE
Dr. Dennis Kyetere	NARO/CORI
Ms. Jane Nalunga	DENIVA
Mr. Julius Moto	National Farmers Association
Ms. Georgina Manyuru	Rural Dev. & Agriculture
Mr. Agaba Raymond	Tourism & Industry

(c) Tanzania

Dr. Francis Matambalya	University of Dar es Salaam
Ms. Diana E. Makule	Planning
Mr. F. Turuka	Co-operatives & Marketing
Mr. Ezamo Maponde	Planning
Mr. Serus Sagday	PRSP

Mr. Paul Goodson	European Research Office, Brussels
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Appendix 4

Programme

Impact and Consequences of EU-CAP Reforms in East Africa

Venue: Lion Hill Lodge, Nakuru

> Wednesday, November 6th, 2002

Arrival of participants until 2.00 pm in Nairobi

2.00 pm

Transfer from Nairobi to Nakuru

7.30 pm

Cocktail Reception

> Thursday, November 7th 2002

9.00 a.m - 9.05 a.m

INTRODUCTORY REMARKS:

Chair: Dr Otieno Odek- University of Nairobi

9.05 a.m - 9.30 a.m

OPENING REMARKS:

- Dr. Roland Schwartz (Country Director, Friedrich Ebert Stiftung)
- Dr. Wanjama (Representative, MOA & Rural Dev.
- Mr. Solomon Kuria (Representative, MOA & Rural Dev.)

9.30 a.m - 10.30 a.m

SESSION 1: The European Union Common Agriculture Policy

Chair: Participant from Uganda

Paper: "The EU CAP reforms"

Presenter: Mr. Fredrick M. Ombwori (Economist) Ministry of Agriculture and Rural Development, Nairobi, Kenya

Plenary discussion

10.30 a.m - 11.00 a.m

Tea/Coffee Break

11.00 a.m - 1.00 p.m

SESSION 2:

The EA response to the changes in EU-CAP

Chair: Participant from Tanzania

Paper: "The East Africa region response towards CAP reforms"

Presenter: Dr. Otieno-Odek Nairobi, Kenya

Lead Discussant from Tanzania and Uganda and Plenary Discussion

> Programme cont.

1.00 p.m - 2.00 p.m	Lunch Break
2.00 p.m - 3.30 p.m	SESSION 2: <u>continuation</u> Paper: "Agricultural Trade Issues in the Forthcoming ACP-EU Trade Negotiations" Presenter: Mr. Paul Goodison, European Research Office, Brussels Plenary Discussion
3.30 p.m - 4.00 p.m	Tea/Coffee Break
4.00 p.m - 5.30 p.m	SESSION 3: <u>Expert Panel on EAC Agricultural Policies</u> Chair: Participant from Kenya Topic: "Are the existing different agricultural policies in the EAC region in line with the required adjustments towards the new EU-CAP?" Panelists: Mr Agab Raymond (Uganda); Mr Deus Muhwenzi; Mr Servus Sagday (Tanzania); Ms. Margareth Ndaba (Tanzania); Dr. J.G. Kariuki (Kenya); Mr. Paul Obunde (Kenya)
5.30 p.m	End of Day 1

> Friday, November 8th, 2002

8.30 a.m - 10.30 a.m	SESSION 3: <u>"Relationship between the Cotonou Agreement and the new CAP"</u> Chair: Participant from the EAC-Secretariat Paper: "Which benefits does the Cotonou Agreement hold for the agricultural sector in East Africa vis a vis the expected changes in EU-CAP" Presenter: Dr. Francis A.S.T. Matambalya, Senior Lecturer, Faculty of Commerce and Marketing, Tanzania Lead discussant and Plenary discussion
10.30 am - 11.00 a.m.	Tea/coffee break
11.00 a.m - 1.00 p.m	Salient Points, Way forward, Plan of Action
1.00 p.m - 1.15 p.m	Closing Remarks by Representative of Ministry Agriculture
1.15 p.m - 2.00 p.m	Lunch and Departure