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The role of EBA in the political economy of CAP reform

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The role of EBA in the political economy of CAP reform

Alan Matthews and Jacques Gallezot¹

Abstract

This paper explores whether the EU's Everything But Arms (EBA) scheme, under which exports from 50 least developed countries (LDCs) are admitted duty-free to the EU market, influenced the trajectory or pace of Common Agricultural Policy (CAP) reform. It finds no evidence that it played a role except in the case of two products, sugar and rice. The overall volume of exports, or potential exports, from LDCs in CAP products is just too small to create market management difficulties outside of these two products. It could play an indirect role in reform in the future in the context of the Economic Partnership Agreement negotiations between the EU and African, Caribbean and Pacific (ACP) countries under the Cotonou Agreement. ACP countries could use EBA as a benchmark and demand equivalent treatment for their exports in these negotiations in return for liberalising their markets towards EU exports. Any move to extend more generous preferential access to non-LDC ACP countries for CAP-supported products would have much greater implications for the CAP simply because of their greater supply capacity.

JEL: F13, Q17

Key words:

Everything But Arms, Least Developed Countries, sugar, preferences, CAP reform

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Introduction

The motivation for the Everything But Arms (EBA) initiative was to enhance the role of trade preferences as an EU development cooperation policy instrument from the point of view of the least developed countries (LDCs). The Commission's view was that there was a real risk that these countries were becoming increasingly marginalised in the world economy. Apart from this altruistic motive, the initiative was intended to present the EU as a champion of development in the ongoing efforts at the time to launch a new multilateral trade round.

The EU's GSP scheme had provided for more favourable tariff treatment for LDCs. At the Singapore WTO Ministerial Conference in 1996, WTO Members pledged to carry out an action plan to improve access to their markets for products originating in the LDCs. In 1997, the EC Council called for the Singapore conclusions to be implemented by granting LDCs not party to the Lomé Convention preferences equivalent to those enjoyed by signatories and, in the medium term, duty-free access for essentially all their exports. Council Regulation (EC) No 602/98 granted LDCs not party to the Lomé Convention preferences equivalent to those enjoyed by the African, Caribbean and Pacific (ACP) signatories to the Convention. The Cotonou Agreement (Article 37) stated that the Community would start a process which, by the end of the multilateral trade negotiations and at the latest 2005, would allow duty-free access for essentially all products from all LDCs building on the level of the existing trade provisions of the Fourth ACP-EC Convention and which would simplify and review the rules of origin, including cumulation provisions, that apply to their exports.

In September 2000, the Commission issued a press statement proposing to go beyond previous Community commitments by granting unrestricted duty-free access to all products (except arms) from all LDCs. Page and Hewitt (2002) somewhat critically describe the context for this decision. In February 2001, the Council adopted the so-called "EBA Regulation" (Regulation (EC) 416/2001). The provisions of this Regulation were subsequently incorporated into the GSP Regulation (EC) No 2501/2001. The EBA Regulation foresees that the special arrangements for LDCs should be maintained for an unlimited period of time and not be subject to the periodic renewal of the Community's scheme of generalised preferences. Therefore, the date of expiry of Council Regulation (EC) No 2501/2001 does not apply to its EBA provisions.

The significance of the EBA Regulation was to extend deep trade preferences to LDCs on products excluded from the EU's other preferential schemes, such as Cotonou and the GSP. A total of 919 tariff lines (out of the 10,500 tariff lines in total) were affected, almost entirely agricultural products covered by the EU's Common Agricultural Policy (CAP). Only imports of fresh bananas, rice and sugar were not fully liberalised immediately. Duties on those products are being gradually reduced and duty free access was granted for bananas in January 2006 and will be granted for sugar in July 2009 and for rice in September 2009. The extent to which this delayed liberalisation for these three products was due to concern over the impact on EU producers and the CAP will be considered later in this paper. However, the pressure to delay full liberalisation for these products came at least as much from other developing countries whose preferential access to the EU market would be eroded by the EBA initiative. For example, the ACP countries welcomed "the fact that the full

liberalisation of sugar, rice and bananas, which constitute very important export products for many of the LDCs, will not be implemented until 2009, thereby taking into account the legitimate concerns of ACP commodity-producing countries” (ACP-EU Joint Parliamentary Assembly, 2001).

It was recognised from the outset that the greater access under EBA would have implications for future reform of the CAP. Indeed, those with a Machiavellian cast of mind might argue that it was a deliberate attempt by one arm of the Commission (DG TRADE) to force change in another EU policy area (DG AGRI) particularly with respect to the EU sugar regime. Regulation 416/2001 noted that “In the light of the fact that the arrangements for the common organisation of the markets in sugar, rice and bananas are currently being revised or are due to be revised, the Regulations regarding these reforms will have to take account of duty-free access for the LDCs from the outset when they establish new general import arrangements”. The ACP-EU Joint Parliamentary Assembly statement expressed its concern that “[the EBA initiative] is aimed at eventually securing liberalisation of trade in all agricultural products at low prices and that, if it is not improved, it could rob the trade protocols attached to the Cotonou Agreement of their substance” (*op. cit.*)

The first objective of this paper is to explore whether, in practice, the EBA has influenced the trajectory and pace of CAP reform either in general or with respect to the specific commodity regimes identified as sensitive in the Regulation. The paper finds evidence that the EBA impact was indeed important in the reform of the EU sugar and rice regimes but that, apart from these two products, the EBA was not otherwise a factor taken into account in the most recent 2003 CAP reform process. The paper reviews *ex ante* projections of the likely impact of EBA access for agricultural markets, and compares these with *ex post* evidence on the actual increase in trade to date, recalling that barriers for bananas were only eliminated on 1 January 2006 and barriers remain on sugar and rice until 2009. While some *ex ante* forecasts warned of the need to take account of the EBA factor in considering CAP reform, there is little evidence from the *ex post* trade statistics of any export surge which might cause complications except, again, in the case of sugar.

While evidence that the EBA has had a direct impact on CAP reform is limited, there may be indirect effects of the EBA initiative which may turn out to be important in the longer term. One such indirect effect is that the EBA increased the number of WTO members which have preferential market access to the EU market and thus, by implication, a stake in the continuation of a high-price EU agricultural policy. In this way, the EU may have hoped to diminish the pressure from developing countries for more radical CAP reform. Also, by making the demand that other developed countries should also introduce EBA market access terms for LDCs, the EU put pressure on its negotiating partners to liberalise their agricultural policies, to the extent that additional LDC exports to these countries might force faster reform of these policies than might otherwise have been the case. Neither argument appears to hold much water on closer examination.

A second indirect effect might be called the demonstration effect of the EBA in the context of the EU’s negotiations with ACP countries on a successor to the trade provisions of the Cotonou Agreement. The EU has proposed forming reciprocal free trade areas called Economic Partnership Arrangements with a number of ACP

regions. ACP countries are being asked to offer duty-free access to most EU products (albeit over a transition period) and will be seeking improved market access in return. Their obvious benchmark is EBA-equivalent status, and this demand will be further encouraged by the fact that each of the six ACP negotiating regions has at least one LDC member. Extending EBA-equivalent access to ACP non-LDCs would offer a group of countries with vastly greater (if still limited) supply capacity unrestricted access to CAP-protected markets. The consequences for the CAP would then be very different to those outlined below.

Ex ante EBA impact on CAP reform

The reform impact of EBA depends on the volume of additional imports expected from LDCs and the way these additional imports influence the EU market balance and interact with the market support instruments of the CAP. Two widely different assessments were offered in the negotiating phase of the EBA in studies undertaken for Oxfam by Stevens and Kennan (2001) and by DG Agri (2000). Stevens and Kennan argued that the EBA would affect LDC trade only for products on which they currently paid an import tax in the EU and where they had a supply capacity. Sifting through 1997 EU trade statistics, they identified 2,939 items imported from at least one LDC, but for only 502 of these was the export value from the whole LDC group more than \$500,000. Of these, only 11 at that time did not have duty and quota-free access, and these were the items for which the EBA would make an immediate difference (Table 1).

They then asked what would happen to EU imports if the LDCs could divert to the EU their entire global exports. Table 2 shows, for each broad product group and using statistics from FAOSTAT, the value of LDC global exports in 1997 as a proportion of total EU imports from all sources of the products that might be affected by EBA. They argued that the picture painted for most products is of the LDCs as marginal suppliers. For four of the ten products (as both types of rice are included in the FAO 'rice' group), LDC global exports are less than 1% of EU global imports, and for a further four they are less than 10% (this includes raw sugar). They concluded that only in the cases of beef and veal and refined sugar (and the latter is not a heavily traded commodity) is it plausible to suppose that LDCs could have a significant absolute impact on EU markets.

An initial assessment from officials in DG Agri provided a very different assessment. The DG Agri paper began by recognising that the LDCs together have very small net exports which they could export to the EU. Even when account is taken of greater export surpluses of individual LDCs, it admits these appeared to be quite limited and would probably not cause major problems as far as the most sensitive products are concerned. Its more apocalyptic tone was due to three factors. First, it argued that LDCs would be likely to import agricultural products to meet their domestic consumption needs and export part of their own domestic production to the EU. It acknowledged that this type of triangular trade (import/export swap) would be completely legal and pointed to existing evidence of it happening in the sugar sector. Second, it argued that the proposed EBA would apply current GSP rules of origin which allowed regional cumulation for origin purposes between LDCs and two

regional groupings, ASEAN and SAARC,² as well as the EU. Regional cumulation would allow LDCs to export as their own goods products which had been imported from one of these regions and processed adding at least 100% to the import value.³ Third, it pointed to the possibilities of bilateral cumulation between the EU and LDCs with more limited value added if a processing company operated both in the EU and in an LDC. It could export from the EU using export subsidies and then re-export from the LDC to the EU at the domestic market price (“carousel” arrangement).

In its empirical estimates, the DG Agri paper focused on the likelihood of swap trade. It developed a ‘ready reckoner’ examining the impact of LDCs exporting 10% of their total production to the EU over time. On this basis (and excluding the sensitive products of rice, sugar and bananas which were discussed in greater detail and which arguments are reviewed later), it projected this could result in an additional 4.5 million tonnes of cereals (excluding rice), around 1.5 million tonnes of vegetables and slightly less than 1 million tonnes of fruit. In addition, it projected increased exports of 22,000 tonnes of skimmed milk powder, a similar amount of beef and more than 100,000 tonnes of sheepmeat.

Table 1. LDCs’ exports to the EU that will be affected by EBA, 1997

CN_1997	Description	Current import restrictions (1999 ^a)	
		non-ACP LLDCs	ACP LLDCs
02023090	frozen bovine boned meat	9.8%+€32.6/100kg	0%+€32.6/100kg; Protocol K0%+€28.8/100kg
04069021	cheddar (excl. grated or powdered and for processing)	No preference	K€63.9/100kg
07099060	fresh or chilled sweetcorn	No preference	€10.1/100kg
08030019	bananas, fresh (excl. plantains)	No preference	€508/1000kg (K0)
10059000	maize (excl. seed)	No preference	€75.19/T ^b
10062017	long grain husked –brown- rice, length/width ratio >=3, parboiled	Bangladesh K€109.82/1000kg; no preference	P€75.57/1000kg
10063098	wholly milled long grain rice, length/width ratio >= 3, (excl. parboiled)	Bangladesh K€32.09/1000kg; no preference	P€160.51/1000kg
17011110	raw cane sugar, for refining (excl. added flavouring or colouring)	No preference	K0; Protocol 0
17011190	raw cane sugar (excl. for refining and added flavouring or colouring)	No preference	K0; Protocol 0
17019910	white sugar, containing in dry state >= 99.5 % sucrose (excl. flavoured or coloured)	No preference	K0; Protocol 0 (for 1 item out of 2)
17031000	cane molasses resulting from the extraction or refining of sugar	No preference	K0
<p><i>Note:</i> (a) ‘K’ denotes rate within quota; ‘P’ denotes ceiling. <i>Sources:</i> Eurostat 1998; Taric 1999.</p>			

Source: Stevens and Kennan, 2001

² ASEAN countries comprise Myanmar, Thailand, Vietnam, Indonesia, Malaysia, Brunei, Singapore, Philippines. SAARC countries comprise Pakistan, India, Bangladesh, Maldives, Sri Lanka, Nepal, Bhutan.

³ This appears to be based on a misunderstanding of GSP rules of origin. Regional cumulation within the meaning of Commission Regulation (EEC) No 2454/93 applies where a product used in further manufacture in a country belonging to a regional group originates in another country of the group, which does not benefit from the arrangements applying to the final product, provided that both countries benefit from regional cumulation for that group.

Table 2. LDC global exports in relation to EU global imports, 1997.

FAO product group	HS codes ^a	LLDC global exports as a proportion of EU imports from Extra-EU, 1997
Beef and veal	020110/20, 020210/20*	15.7%
Beef and veal, boneless	020130, 020230*	0.4%
Cheese (whole cow milk)	0406*	0.02%
Green corn (maize) ^b	070990*	no LLDC exports
Bananas	0803*	0.7%
Maize	1005	5.9%
Rice	100610/20/30/40	5.3%
Sugar (centrifugal, raw)	170111/12*	7.4%
Sugar refined	170191/99	44.0%
Molasses	1703	2.9%
<i>Note:</i> (a) The HS codes included in the FAO product group, according to FAO's concordance. An asterisk denotes that the HS codes shown (and used to obtain the EU import data on which the percentages in the next column are based) are broader in coverage than the FAO product group. (b) The HS code listed in FAO's concordance indicates that this is sweetcorn. <i>Sources:</i> Eurostat 1998; FAO 1998.		

Source: Stevens and Kennan, 2001

It went on to consider the probability of these trade flows emerging, pointing out the difficulties LDCs would have in the short term in meeting SPS standards in fruits and vegetables and animal products. It also recognized that the price gap for wheat between EU and world market prices would make it unlikely that LDCs would find it worthwhile to engage in swap trade, although the incentive would be higher for maize. It was also possible that additional LDC exports would displace third country exports (trade diversion) rather than EU domestic production. However, even though it was unlikely there would be major problems in the short term, the paper warned that LDCs could progressively generate market problems for the EU. It hinted that these competition problems might have to be taken into account in discussions on reform of EU commodity regimes.

However, again apart from the three sensitive commodities which are considered in more detail below, there is no evidence that EBA concerns have driven subsequent CAP reform. In the 1990s, there were two major reforms of the CAP. The MacSharry reform in 1992 for the first time made a switch from market support to direct support for farmers' incomes, the latter linked to production limitations. In 1999, the Agenda 2000 agreement intensified the 1992 reforms. As a result, the EU's market price support, the most trade-distorting form of support, which accounted for 85% of total support in the 1980s, fell to 50% before the June 2003 reform (OECD, 2005). Export subsidies fell from 25% of the value of farm exports in 1992 to 5.2% in 2001 and in absolute terms from €10 billion to €2.8 billion a year.

The changes in the form of support agreed as part of the Mid-Term Review (MTR) of Agenda 2000 in Luxembourg in June 2003 marked a further significant step in the reform process. The main innovation of the 2003 reform concerned the design of the EU direct payment schemes with a move from coupled to decoupled payments. As a result of those changes, and the subsequent reform of the tobacco, cotton, olive oil and hops regimes, it is estimated that up to 90 % of EU direct payments will be eligible for the minimally distorting or non-distorting Green Box category. It is noteworthy that only in connection with rice is the EBA mentioned as a possible factor in reform in any of the Commission documentation setting out its justification and rationale (Commission 2002, Commission 2003, DG Agri 2003).

Ex post EBA impact on CAP reform

While we find no evidence that concerns about EBA competition played a role in the June 2003 CAP reform (again excepting the sensitive products), it is possible the competition effect has been underestimated and that actual trade flows are larger than expected. The relative importance of EBA preferential imports in 2002 compared to other sources of EU agri-food imports is shown in Table 3. In total, they amount to 0.44% of the EU total, although of course for individual commodities their importance could be greater.

Table 3. EU imports of agro-food products under various regimes, year 2002

Regime	Country eligible	Value of imports, Millions €	Share in total imports
Preferential imports from developing countries		13 316	20.01%
Non reciprocal preferences		0	
Cotonou	Africa, Caribbean, Pacific	5 500	8.26%
GSP (excluding Eastern Europe)	Almost all developing countries	4 257	6.40%
GSP "plus" (drugs)	Countries fighting drug trafficking	1 714	2.58%
Everything But Arms	Least developed (except Myanmar)	294	0.44%
Others	Overseas territories.	399	0.60%
Reciprocal preferences			
Bilateral agreements with developing countries	Maghreb, Mashrek, etc.	1 153	1.73%
Imports under a zero MFN duty from developing countries	All developing countries	15 567	23.39%
Imports under a non zero MFN duty from developing countries		11 724	17.61%
Total imports from developing countries		40 737	61.20%
Total EU imports of agro-food products from third countries		66 559	100.0%

Source: Data from Gallezot, based on Taxud and TARIC-Eurostat. Figures for 2002, Chapters 1 to 24 of the Harmonized System. GSP indicates the Generalised system of preferences. MFN stands for Most Favoured Nation.

While the absolute amount of EBA preferential imports is small, for these agricultural products benefiting from an additional preferential advantage due to the EBA (referred to here as EBA products), there has been a doubling in the volume of exports to the EU during the implementation phase of the initiative (Table 4). The trend is more striking when compared to the exports of EBA products from other (non LDC) African, Caribbean and Pacific countries. Between 1996 and 2000, the exports of non LDC African countries to the EU decreased at a rate relatively close to that of the fall in LDC exports (a fall of 19% for exports of EBA products from non-LDC ACP countries, a fall of 16% for LDC exports). On the other hand, after 2000 the growth of LDC exports to the EU contrasts with those of other ACP countries: exports of EBA products from African LDCs doubled and those of Asian LDCs tripled, while those of non-LDC ACP countries only increased by 25%.

Table 4. LDC agricultural exports, 2000 and 2003

LDC Exports to	2000			2003		
	Agricultural Products			Agricultural Products		
	EBA 1000\$	Total 1000\$	EBA/Total %	EBA 1000\$	Total 1000\$	EBA/Total %
EU	80,664	1,450,846	5,6	166,147	1,506,725	11,0
Other	494,420	2,562,593	19,3	688,200	5,038,847	13,7
Total	575085	4013439	14,3	688200	5038847	13,7

Agriculture have defined by the WTO
Sources: BACI (Cepii) and TARIC (DG-Taxud)

While this seems to underline the success of the EBA in stimulating additional exports in the agri-food sector from LDCs, more detailed evaluation highlights that this growth has been concentrated on a narrow range of products and a limited number of countries. There were in 2003 only seven products individually representing more than 1% of the total exports in EBA products to the EU. This selection covers 92.5% of EBA exports to the EU (Table 5). By comparing 2003 with the pre-EBA initiative period, it can be noted that this selection criterion includes 86% of EBA exports to the EU in 2000 and 90.1% in 1996. It can be noted that certain products which represented a significant share of exports to the EU no longer appear in this selection in 2003. These are live poultry and bovine meat as well as bananas. On the other hand, exports of cane sugar multiplied three-fold between 2000 and 2003. LDCs, which sent a third of their sugar exports to the EU in 1996, sent two thirds of the total in 2003.

Table 5. Exports of products benefiting from an EBA preferential advantage, from LDCs to the EU

LDC Exports of Products With EBA advantage Abbreviation	HS6 Code	1996			2000			2003		
		LDC Exports to EU 1000\$	% of value Share of export to EU	% of total of exports to EU	LDC Exports to EU 1000\$	% of value Share of export to EU	% of total of exports to EU	LDC Exports to EU 1000\$	% of value Share of export to EU	% of total of exports to EU
TURKEYS, DUCKS, GEESE, GUINEA FOWLS, L	10599	3814	100,0	4,1	-	-	-	-	-	-
MEAT OF BOVINE ANIMALS, BONELESS, FRO:	20230	4891	69,9	5,2	-	-	-	-	-	-
TOMATOES, FRESH OR CHILLED	70200	1714	71,2	1,8	2790	77,5	3,5	4208	59,7	2,5
GARLIC, FRESH OR CHILLED	70320	-	-	-	-	-	-	1797	66,1	1,1
VEGETABLES, NESOI, FRESH OR CHILLED	70990	9098	77,9	9,7	10794	63,0	13,4	24507	80,3	14,8
ROOTS & TUBERS NESO, FRESH OR DRIED; :	71490	-	-	-	2797	90,3	3,5	-	-	-
BANANAS AND PLANTAINS, FRESH OR DRIED	80300	11912	85,9	12,7	-	-	-	-	-	-
CORN (MAIZE), OTHER THAN SEED CORN	100590	2385	8,1	2,5	-	-	-	-	-	-
GRAIN SORGHUM	100700	4119	68,0	4,4	5685	40,0	7,0	2500	33,2	1,5
CANE SUGAR, RAW, SOLID FORM, W/O ADDE	170111	32043	45,0	34,1	35268	33,7	43,7	105642	66,4	63,6
CANE MOLASSES FROM EXTRACTION OR RE	170310	12454	56,3	13,3	10244	74,6	12,7	11648	74,3	7,0
OILCAKE ETC. FROM VEGETABLE FATS AND	230690	2147	81,4	2,3	1826	46,1	2,3	3365	64,2	2,0
LDC exports to EU of products selection		84576	14,5	90,1	69406	12,1	86,0	153667	22,3	92,5
All LDC exports to EU (EBA advantage)		93840	16,1	100	80664	14,0	100	166147	24,1	100
LDC exports to all destinations (EBA advantage)		582785	-	-	575085	-	-	688200	-	-

Only those products that represent more than 1% of the total value of exports to the EU are included
Source : BACI (CEPII)

The LDCs that represent more than 1% of the value of exports to the EU in products benefiting from an advantage with the EBA initiative are, compared to the previous periods, more numerous in 2003 (Table 6). There were, in 2003, 14 countries (out of 48) that cover 95.8% of exports to the EU for these products. These are mainly African countries, at the head of which we find Malawi (25.1% of the value of exports to the EU), Zambia (16.5%) and Sudan (11.6%). For these three countries, the value

of exports to the EU has risen sharply since the EBA was implemented (it tripled for Malawi and Zambia). These are the countries for which the additional sugar quota has been particularly important. We conclude from this detailed examination of actual trade flows by country and commodity that there is no *ex post* evidence to suggest that EBA imports have grown by amounts which are likely to cause CAP market imbalances.

A further feature of LDC trade in agri-food products with the EU is that only a small proportion of it is actually conducted under the terms of the EBA, with exporting countries appearing to prefer apparently less advantageous preference schemes such as Cotonou. For non-agricultural products (mainly textiles and clothing), stricter rules of origin seem to be an important determinant of this preference. For agri-food products, the situation in 2003 is set out in Table 7. Even for EBA products, i.e. products for which the EBA actually provided some extra tariff advantages compared to the previous situation, around 23% of agri-food products enter under the MFN regime. A further 56% enter under the Cotonou Agreement, even though the EBA provides duty free access (and not Cotonou). Possible explanations for this behaviour, based on interviews with importers, appear to be the small size of the Cotonou/EBA preference margin differential which gives little incentive to use the EBA as well as an entrenched use of ACP administrative forms (OECD, 2005). As a result, the overall importance of the EBA as a scheme for the import of agri-food products into the EU remains very small.

Table 7. LDC exports to the EU for products benefiting from an EBA preferential advantage

LDC Exports of Products with EBA advantage Abbreviation	1996			2000			2003		
	LDC	% of value		LDC	% of value		LDC	% of value	
	Exports to EU 1000\$	Share of export to EU	of total exports to EU	Exports to EU 1000\$	Share of export to EU	of total exports to EU	Exports to EU 1000\$	Share of export to EU	of total exports to EU
Bangladesh	5463	68,1	5,8	6243	47,0	7,7	10375	50,8	6,2
Burkina Faso	-	-	-	-	-	-	4190	59,5	2,5
Congo	-	-	-	5960	72,2	7,4	2791	40,0	1,7
Ethiopia	-	-	-	-	-	-	9664	23,1	5,8
Madagascar	15062	86,9	16,1	1369	33,8	1,7	1971	70,8	1,2
Malawi	13412	59,8	14,3	13295	76,9	16,5	41766	55,9	25,1
Mali	4615	7,2	4,9	2932	55,4	3,6	-	-	-
Mozambique	2148	9,5	2,3	920	3,9	1,1	6612	28,6	4,0
Myanmar	2146	2,7	2,3	-	-	-	-	-	-
Nepal	-	-	-	-	-	-	5525	15,6	3,3
Niger	-	-	-	1141	2,4	1,4	-	-	-
Senegal	4357	42,3	4,6	8097	63,4	10,0	9844	25,7	5,9
Somalia	11458	13,4	12,2	-	-	-	-	-	-
Sudan	12370	11,6	13,2	17650	13,1	21,9	19349	14,2	11,6
Tanzania	8207	78,4	8,7	7948	30,2	9,9	13239	22,4	8,0
Togo	-	-	-	1622	10,8	2,0	2894	9,6	1,7
Uganda	1419	5,4	1,5	2494	25,1	3,1	3515	25,2	2,1
Zambia	7817	89,2	8,3	6778	20,0	8,4	27402	78,1	16,5
LDC exports to EU of countries select	88475	15,2	94,3	76449	13,3	94,8	159137	23,1	95,8
All LDC exports to EU	93840	16,1	100	80664	14,0	100	166147	24,1	100
All LDC exports for all destinations	582785			575085			688200		

Only those countries that represent more than 1% of the total value of exports to the EU are included

Source: BACI (CEPII)

Table 7. The EBA utilization rate for agricultural products and for products where the initiative introduced a real preferential advantage.

2003 EU Imports from LDCs	EU Imports "EBA products" From LDCs		EU Imports agricultural Products from LDCs	
	1000 Euros	%	1000 Euros	%
MFN	35259	23	250862	15
Cotonou	86669	56	1156923	71
EBA	34143	22	225794	14
Total	156071	100	1633579	100

Sources : SAD (Eurostat), TARIC (DG-Taxud)

CAP reform and EBA sensitive products

Sugar

Three sensitive products where liberalisation is being phased in over a transitional period were identified in the EBA Regulation: sugar, rice and bananas. The competitive threat was recognised, and for these products we are more likely to see evidence of a knock on effect on CAP reform. The significance of sugar from the perspective of this paper is that not only is there clear evidence that concern about additional EBA imports played a role in shaping the Commission's reform proposal, but the LDC EBA beneficiaries themselves have forcefully engaged in attempting to influence the trajectory of reform, to the extent that they proposed foregoing the main advantage of EBA – duty-free and quota-free access – for a limited transitional period in return for a less drastic reform package (Brüntrup, 2005). This has created an unusual alliance between sugar producers in the EU and a cohort of the world's poorest countries. Brüntrup argues that the Commission skilfully used the threat of open-ended LDC imports to push through its favoured reform strategy based on price reductions – what he calls the 'Trojan Horse' strategy - rather than compromise on the quota-reduction strategy favoured by EU and ACP producers.

The LDCs as a whole are net importers of sugar. Their consumption amounts to about 3.4 million tonnes and production to about 2.6 million tonnes of raw sugar, leaving them with a net deficit of about 0.7 million tonnes. Thus, production is insufficient to meet domestic demand (LMC, 2004). Only a few countries are net exporters. Although there are 50 countries which fall under the EBA, sugar exports are dominated by a handful of countries. However, the EBA arrangement does not require beneficiary countries to be net exporters, only that sugar exported to the EU must be domestically produced to meet the rules of origin. EBA countries have a big incentive to export their domestic production at the high EU price and re-import their domestic needs from the world market. Thus, once quotas are removed in 2009, the pattern of exporting countries could change, depending on the sugar price prevailing in the EU market at that time.

The key issue with regard to EBA is that, prior to reform, the reference price for EU sugar was 2-3 times the world price. The likely effect of this on full implementation of the EBA in 2009 was that the EU would act as a 'suction pump' for sugar production in EBA countries, fuelling growth in the industry which would further increase the volumes of sugar entering the EU through the agreement (EC, 2003). Various estimates of the possible volumes involved have been made. Stevens and

Kennan (2001) provided a lower bound estimate based on the difference (in 1997) between global LDC exports and exports to the EU in that year of 100,000 tonnes. The initial Commission estimate suggested that 2.7 million tonnes could be imported, of which 1.3 million would arise from increases in LDC production (DG Agriculture, 2000). This was subsequently revised down to 900,000 tonnes after account was taken of infrastructure costs and constraints to expansion faced by countries which are land-locked, politically unstable or face other such problems (DG Agriculture, 2001). Other authors give estimates of 2.4 million tonnes (Mitchell, 2004) and between 0.5 and 3.9 million tonnes (LMC, 2004). A more recent estimate which takes account of the post-reform prices and includes possible swap-trade has suggested a maximum level of imports of 2.2 million tonnes (EC, 2005). The wide variation in these estimates partly relates to different assumptions about the likely price on the EU market in the future as well as the proportion of domestic sugar production which might be exported to the EU.

The background to the EU sugar reform is explained in Chaplin and Matthews (2005). Now that the reform is agreed, the question arises whether it is sufficient and sustainable in the light of EBA access. The July 2004 reform proposal by the Commission was projected to decrease EU-25 production from 19.7 million tonnes to 12.2 million tonnes by 2012/13. Total preferential imports were expected to amount to 3.9 million tonnes after full implementation of EBA (EC, 2005). This included a projected figure of 2.2 million tonnes for EBA imports and 1.3 million tonnes for ACP/India. The Commission's projected fall in EU production of 7.5 million tonnes would be sufficient for the EU to comply with the WTO ruling, to eventually remove export subsidies and to absorb EBA imports with scope to absorb an additional 0.4 million tonnes above the projected level (EC, 2005a). The sugar reform agreement in November 2005 was less ambitious than the July 2004 proposal. Also, some analysts believe that the EU supply response to a fall in the sugar price will be much lower than what the EU Commission has projected. For example, Gohin and Bureau (2006) expect the reform to reduce EU production by only 2.7 million tonnes, enough to cope with the WTO panel report but not with the elimination of export subsidies or the growth in EBA imports.

On the other hand, there is considerable uncertainty about the likely volumes of EBA imports after 2009. These will depend on the EU price relative to the world price and the ability of the EU to monitor the origin of sugar imported under the EBA. Some expert opinion suggests that the EBA export increases projected by the Commission are unlikely to materialise given that the reform has reduced the profitability of supplying the EU market. Stevens (2006) quotes one industry view which suggests that, if non-LDC ACP countries continue to be constrained by the Sugar Protocol export quantities, the net additional impact of EBA given the reform is likely to be less than 100,000 tonnes. Even if non-LDC ACP countries were given EBA-like unlimited access to the EU market at the new reference price, the additional volume of imports from ACP countries under all preferential regimes would be just over 1 million tonnes, according to this source. If these lower figures turn out to be more realistic, then the EBA is unlikely to be a factor threatening the sustainability of the reformed EU sugar regime. However, a particular problem could arise after 2009 when the EBA quotas disappear and with them the ability of the EU to insist that the refiners pay a minimum price for EBA sugar. The EU would have an obligation to pay the EU reference price for ACP sugar purchased under the Protocol. But if the EU

sugar refineries were no longer interested in buying ACP sugar because EBA sugar was available at less than the reference price, this could require the EU to directly purchase ACP sugar with consequent difficulties for its disposal.

Rice

Rice was one of the few products where specific Common Market Organisation changes were introduced in the June 2003 Luxembourg Council decision. At that time, EU rice production benefited from an intervention price of 298.35 €/t (paddy rice). In addition, producers received a direct payment of 52.65 €/t multiplied by the reference yield and paid per hectare, within Maximum Guaranteed Areas (MGA). The intervention price equated to roughly twice the world market price for rice. As for sugar, the fear was that LDCs might export, in line with the rules of origin, the totality of their domestic rice production to the EU, while importing their domestic consumption requirements from the world market. Another fear was that the LDCs might import raw rice, process it and then export it back to the EU, adding sufficient value so as to meet the rules of origin requirements.

The Commission's original proposal in June 2002 proposal was designed to address these fears by decreasing the rice intervention price to world market levels while compensating producers with increased direct aid. Its proposal noted that "In the rice sector, the market situation is characterised by considerable public intervention stocks of around a quarter of annual production. A further deterioration of the market imbalance can be expected from the implementation of the Everything but Arms Initiative. By 2009/10, total public rice stocks in the EU are expected to reach an unsustainable level."

The Commission proposed a one step reduction of the intervention price by 50% to a basic price of 150 €/t for 2004/05 in line with world prices. It also proposed a private storage scheme which would be triggered when the market price fell below the basic price. Safety net intervention would be established at 120 €/t. The global price reduction would be compensated at a rate of 88%, equivalent to the total cereals compensation over the 1992 and Agenda 2000 reforms. This implied compensation of 177 €/t, including the existing payment of 52 €/t. Of this, 102 €/t multiplied by the 1995 reform yield would become an income payment paid per farm. The remaining 75 €/t multiplied by the 1995 reform yield would be paid as a crop specific aid reflecting the role of rice production in traditional production areas. The maximum guaranteed areas (MGA) would be reduced to the 1999-2001 average or the current MGA, whichever was lower.

The final Council compromise was close to the Commission proposal. It involved a 50% cut in the intervention price to 150 €/t, triggering intervention limited to a maximum quantity of 75,000t per annum. Compensation payments were set at a level of 177 €/t of which 75 €/t was granted as a crop-specific payment. The national MGAs were reduced to the lower of the 1999-2001 average or the current MGA. Finally, the Commission was mandated to negotiate tariff quotas for rice imports availing of the WTO procedures for this purpose.

The logic of the reform was spelled out in one of the impact studies undertaken by the Commission (Commission, 2003). Reducing the support price for rice by around 50%

was projected to translate into a very sharp fall in EU domestic prices towards world market levels, which would boost EU rice competitiveness while reducing the attractiveness of the EU market as an export market. The fall in prices is accompanied by the granting of direct payments, which partly maintain the production potential of the EU rice sector. In contrast, the fall in market prices would encourage rice consumption, which would increase strongly relative to *status quo* levels. Whereas total imports were projected to represent some 30% of total EU consumption by 2008/09 before rising to 80% under a *status quo* policy, the substantial drop in the internal market price would enable the EU market to lessen its dependency on imported rice. The EU market would be less attractive as an import market, since domestic prices would develop at world market levels. As for sugar, a clear link can also be made in the case of rice between the reform that took place and concern about the impact of additional EBA imports.

Bananas

Bananas was the third of the sensitive products but LDC access has now been totally liberalised since 1 January 2006. The EU's import regime for bananas has been significantly changed, first in response to the introduction of the EU single market in 1993 and more recently in 2006 in response to a series of challenges in the WTO.⁴ Prior to 1993, in the absence of a common EU policy on the import of bananas, several member states had their own import controls. The 1993 regime designed to replace these various national arrangements was a very complex one, based on a system of quotas differentiated by source, category and by group of economic activity. One quota was reserved for traditional ACP suppliers which could export duty-free within this quota. A second quota was reserved for MFN suppliers (principally Latin American exporters) which paid a duty of €100/t on bananas exported within their quota. Out-of-quota imports were subject to effectively prohibitive tariffs of €850/t (€750/t for ACP suppliers) reducing to €680/t at the end of the Uruguay Round implementation period. Following a second successful GATT challenge to this regime, the EU entered into a Banana Framework Agreement with most of the Latin American exporters which provided a higher tariff quota and a lower tariff under this quota. This regime was again challenged in 1996 and again the complaint against the EU was largely upheld. After years of prevarication within the WTO, the EU and US reached an agreement in 2001 to resolve the dispute. This agreement committed the EU to a series of phased implementation steps, ending with the introduction of a tariff-only regime for banana imports by 1 January 2006. This agreement was underpinned by two waivers granted at the November 2001 WTO Ministerial Conference at Doha in which it was stated that the tariff-only regime 'would result in at least maintaining total market access for MFN banana suppliers'.

In January 2005 the EU proposed a €230/t tariff to be imposed on bananas imported from MFN countries under this tariff-only regime. Latin American exporters deemed this to be too high and called for arbitration. The arbitrators ruled that the regime did not satisfy the WTO waiver requirement. In September 2005 the EU submitted a revised proposal with a significantly lower tariff of €187/t together with a duty-free quota for ACP exporters. This was also deemed unacceptable by the arbitrators.

⁴ The tortuous history of the GATT and WTO banana disputes is recounted in Weiss (2003) and Vranes (2003).

Subsequently, the EU decided unilaterally to adopt a tariff-only regime from 1 January 2006 which implements a €176/t MFN tariff and a duty-free quota for ACP exporters. Honduras, Nicaragua and Panama have indicated that they will challenge the new tariff-only regime so the 'banana war' will continue (see Anania, 2006 for details).

The EU's stubbornness in resisting these international pressures for reform of its banana import regime is rooted in its commitment in the Banana Protocol to the Lomé IV Convention which required it not to place any ACP state as regards access to its traditional markets in the EU in a less favourable situation than in the past or the present. When the EBA was introduced, EU consumption was estimated at around 3.934 million tonnes of which 854,000t were EU production, 2,420,000t were imports at €75/t duty and 660,000t were ACP imports at zero duty (DG Agri, 2000). The very substantial gap between the internal EU price and the world market price (€660/t as compared to €360/t in 1999-2000, according to the same source) created a potential incentive for LDCs to redirect banana production and increase exports to the EU market, disturbing the delicate balance created by the import regime. In practice, however, this potential threat to the regime from increased LDC imports was never considered a serious one. Although total banana production in LDCs amounted to around 5.7m tonnes and thus exceeded EU consumption by almost 2 million tonnes, most LDCs do not produce exportable bananas. Total LDC exports at that time only amounted to 26,000t, all of which came from ACP LDCs within the ACP quota (Cape Verde, Madagascar and Somalia) which was not filled in any event.

A recent modelling exercise, one of the few which tries to take explicit account of EBA, confirms this view (Anania, 2006). The model is calibrated to 2002, in which year net exports from EBA countries of 50,000t were assumed. With the implementation of EBA and the continuation of the pre-2006 regime, EBA exports to the EU (including from ACP LDCs) are projected to grow to 133,000t (a figure for total exports is not given in the paper). However, this figure is based on generic export supply elasticities as well as some ad hoc modification to the underlying trends in population and per capita income which otherwise would have led to decreased or no exports from EBA countries. Thus, it really should be seen as an indicative figure rather than a forecast. Despite the fact that the ending of the transition period for EBA bananas and the introduction of the tariff-only regime were timed to coincide on 1 January 2006, there seems little evidence of any other link between the two events. The EU authorities seem to have been satisfied that EBA bananas were not in principle different from ACP bananas and that any growth in these exports was not likely to add to supply on the EU market beyond what was factored in from ACP countries. Unlike in the case of sugar and rice, therefore, there is no evidence that concern about the impact of EBA imports was a factor in reform of the EU's banana regime.

The role of the EBA in WTO negotiations

The CAP has been heavily criticised both by developing countries and by development NGOs within Europe for damaging the growth and trade prospects of poor countries and for being incoherent with the EU's development policy objectives. In response to these criticisms, the Council of Agricultural Ministers has argued that the EU has developed its agricultural trade policy so as to provide preferential access

to developing country exporters under a variety of schemes (DG Agri, 2002). Following an informal meeting in Killarney, Ireland in May 2004, the Agricultural Council highlighted the ways in which the EU has tried to communicate its food safety regulations and provide technical assistance to help developing countries meet these standards as further evidence of its commitment to facilitating food and agriculture trade (Commission, 2004).

In this context, the EBA may have a significance beyond its immediate trade effects by improving the ‘development credibility’ of the CAP. The EU may have hoped to co-opt the support of the least developed countries (of whom 32 of the 50 are now WTO members, out of a total membership of 150 by the time of Hong Kong Ministerial at the end of 2005) for its cautious approach to further agricultural trade liberalisation. These countries now have a stake in the continuation of EU protection, particularly for agricultural products, as further liberalisation leads to an erosion of the value of their preferences. Also, having committed to full access for LDCs, the EU could make the extension of duty-free and quota-free access (DFQFA) by all developed countries, and indeed some developing countries, an offensive demand in the negotiations. For some of its trading partners, opening their agricultural markets fully to LDC imports could require changes in their domestic agricultural policies similar to those required for sugar and rice in the EU, quite apart from any market access gains the EU might hope to make through the general tariff cutting negotiations. It is thus not surprising that the EU has been the main champion of this demand in the Doha Round negotiations.⁵

The Doha Declaration, in paragraph 42, commits WTO members “to the objective of duty-free, quota-free market access for products originating from LDCs. In this regard, we welcome the significant market access improvements by WTO Members in advance of the Third UN Conference on LDCs (LDC-III), in Brussels, May 2001. We further commit ourselves to consider additional measures for progressive improvements in market access for LDCs.” In fact, many other developed countries, and some developing countries, have already taken steps to implement this commitment. New Zealand and Australia offer DFQFA since 2001 and 2003 respectively. Japan announced its “99%-initiative on Industrial Tariffs” in 2001, while Canada’s LDC Market Access Initiative announced in 2003 extends DFQFA to all products except supply-managed agricultural products (dairy, poultry, eggs). The US gives enhanced market access opportunities for 25 least-developed countries of the 37 Sub-Saharan African beneficiaries under the African Growth and Opportunity Act (AGOA). Among the major developing countries, Singapore and Hong Kong, China already offer duty-free and quota-free access on virtually all products, including products from the least developed countries. In many, though not all, cases, however, agricultural products remain excluded from these arrangements.

Against this background, the agreement in the Hong Kong Ministerial Declaration that developed country Members, and developing country Members declaring themselves in a position to do so, would implement duty-free and quota-free market

⁵ The Commission, in its Explanatory Memorandum when presenting the EBA proposal to the EU Council, noted: “It will show developing countries in general, and the LLDCs in particular, that after Seattle the Community is continuing to take the initiative on trade liberalisation, and will testify to its genuine efforts to take on board the needs and concerns expressed by these countries regarding a new round of multilateral trade negotiations” (p. 3).

access for products originating from LDCs by 2008, or earlier if the implementation period of a new agreement begins before then, must be welcomed. There were, of course, qualifications. In particular, the obligation is interpreted as DFQFA for at least 97% of LDC products defined at the tariff line level. Depending on the number of tariff lines with LDC exports, this will normally allow an importing country to exempt its principal sensitive products from DFQFA. Although the text includes a 'best effort' provision to 'take steps to progressively achieve' full product coverage, there is no deadline as to when this should be achieved. Also, while developing countries called for a binding commitment, the agreement refers to providing DFQFA on a lasting basis. The possibility of excluding sensitive products from DFQFA means that other developed countries can exempt sensitive agricultural products such as rice in Japan, sugar in the US or poultrymeat in Canada from their LDC offers. Given the limited supply capacity of LDCs, this suggests that this agreement will not create particular difficulties for the management of agricultural policy in other developed countries.

The EU's strong support for full DFQFA by all developed countries did not appear to earn it much reciprocal support in the agricultural negotiations at the Hong Kong Ministerial. The EU went into the Ministerial seeking a high level of ambition in the final outcome, meaning that it was prepared to offer significant cuts in its agricultural support provided some of the more advanced developing countries made significant offers on industrial protection and services. However, its offer of an average farm tariff cut of 46 percent was criticised as too low by the US, the Cairns Group of agricultural exporters and the G-20, which wanted developed countries to cut tariffs by 54 percent while developing countries do so by 36 percent (ICSTD, 2005). Significantly, developing countries presented a collective show of strength during the meeting when all of the developing country groupings – the G-20, the ACP group, the LDC group, the African Union, small and vulnerable economies, the G-33 and G-90 – held a joint press conference to underline their "shared interest in the development dimension of the round and their expectations for a comprehensive development outcome." The joint statement by the group – referred to as the G-110 - underlined their objectives to seek the elimination of agricultural export subsidies by 2010; the need for substantial reductions in trade-distorting support; and the importance of substantial improvements in market access for products of export interest from developing countries in developed country markets⁶ (add ref). Apart from Switzerland, the EU was alone in refusing to accept the 2010 date for the elimination of export subsidies, and the final declaration ultimately compromised on 2013, although with the proviso that a substantial part of the reduction is realised by the end of the first half of the implementation period. Although the EU argued that the offers on manufactures and services at Hong Kong were far too limited to provide the basis for a deal, it found itself blamed for the lack of a breakthrough in the talks by refusing to put a more generous agricultural offer on the table. Rather than the EBA being seen as a gesture of good faith and a sign of the development credentials of the EU in the negotiations, it appears to have been interpreted more as a fig leaf designed to

⁶ See the Joint Statement by the G-110, available at http://www.g-20.mre.gov.br/conteudo/statement_16122005_02.htm

disguise its reluctance to make an offer which was deemed adequate particularly by the major developing country players in the G-20.

The role of the EBA in the EPA negotiations

There is a further channel whereby the introduction of EBA could lead to accelerated CAP reform. The EU is currently engaged in renegotiating its preferential access arrangements for ACP countries (only six of whom are LDCs) under the Cotonou Agreement. The Cotonou Agreement is a comprehensive aid and trade agreement concluded between 77 ACP countries and the European Union, signed in June 2000 in Cotonou (Benin). The Cotonou Agreement builds on former ACP-EU cooperation (the Yaoundé and Lomé agreements), and includes economic and trade co-operation as well as aid. Under the four successive Lomé conventions (1975-2000), the EU granted a preferential trade regime to ACP countries through trade preferences, commodity protocols and other instruments of trade co-operation as well as financial and technical aid. Under Cotonou, the current non-reciprocal tariff preferences will be maintained until 31st December 2007 under the terms of a WTO waiver from its rules governing non-discriminatory treatment of third countries. Starting from 2008, a set of reciprocal Economic Partnership Agreements (EPAs) will replace them, following negotiations that began in September 2002.

The EU operates on the assumption that the EPA negotiations will be concluded on a regional basis, with regions which have functioning regional integration processes and mechanisms. The outcome should be WTO-compatible, meaning that the ACP countries must open their borders to “substantially all” EU exports. Those countries that do not wish to open their markets to EU products after 2008 can choose to revert to the Generalised System of Preferences regime. Because the ACP countries include both LDCs and non-LDCs, some of them can benefit from EBA status while others cannot.

There will be pressure on the EU to offer reciprocal concessions to offset the opening up of ACP economies to its exports. For the ACP countries, the obvious benchmark would be EBA status for all ACP countries. This would extend duty-free and quota-free access to countries with substantially greater supply capacity than the LDCs enjoy. On sugar, for example, if these countries were offered a similar deal to the LDCs, ACP exports to the EU could reach 3.5 million tonnes (EC, 2003). Indeed, if their entire production was exported to the EU, this would represent 6 million tonnes. Negotiations with Mercusor could further increase this quantity (EC, 2003), although it is noteworthy that sugar (and beef) were excluded entirely from the EU’s liberalisation offer under its Free Trade Agreement with South Africa. If the EBA were to become the benchmark for the ACP in the EPA negotiations, it might be argued that the main contribution of EBA to CAP reform has yet to come.

Conclusions

As a general conclusion, EBA has not played a significant role in the evolution of CAP reform apart from the two specific exceptions of sugar and rice. The overall volume of exports, or potential exports, from LDCs in CAP products is just too small to create market management difficulties for CAP-supported products. Sugar and rice are the two commodities where LDCs do have real supply capacity, and full

unrestricted access for these products will only be available from 2009. The reform of the EU rice and sugar regimes in 2003 and 2005, respectively, was undoubtedly motivated in part by the desire to make the EU market a less attractive outlet for these countries and thus diminish the volume of additional imports. In the case of sugar, it is even possible that the November 2005 reform will not have cut EU production sufficiently to accommodate the possible increase in EBA imports. In this situation, the reform makes provision for further unilateral quota cuts to ensure that the EU sugar market is balanced. But, apart from these products, EBA has not influenced CAP reform. Looking ahead, however, in the context of the EPA negotiations between the EU and the ACP countries under the Cotonou Agreement, EBA may yet play a role as a benchmark which ACP countries will use in seeking greater access to the EU market in return for liberalising their own markets towards EU exports. While it is too early to guess at the shape of a final agreement, any move to extend more generous preferential access to non-LDC ACP countries for CAP-supported products would have much greater implications for the CAP simply because of their greater supply capacity.

Nor did the EBA prove of much assistance in the ongoing Doha Round negotiations. In part, this might have been because the EU's scheme of DFQFA for LDCs is no longer quite as unique as it was. Nearly all developed countries now offer significant duty-free access to LDCs. However, the EU's scheme does cover sensitive agricultural commodities such as rice and sugar, unlike those of the US and Japan. It is also the case that the EU remains the most important importer of agri-food products from the developing world. The 2003 CAP reform has decoupled the vast bulk of direct payments to farmers from production. But these indicators of openness to agri-food imports from developing countries were not enough to overcome their suspicion that the EU was intent on maintaining substantial support to its own farmers while seeking significant reductions in the protection developing countries provide to their industrial and service sectors. In the words of Kamal Nath, India's Commerce Minister, "We have been seeing an amazing development in the discussions in Hong Kong whereby the developed countries talk in the plenary halls of a 'Round for Free' for developing countries. Then they move to the green room and continue to ask for a 'Round for Free', this time for themselves."⁷ This reaction suggests that offering EBA access has done little to improve the development credentials of the CAP in the eyes of developing countries.

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⁷ Quoted by Jenny Ricks, Assistant Coordinator of the Trade Justice Movement, in her report from the Hong Kong Ministerial. <http://www.tjm.org.uk/wto/hongkong/day4.shtml>, accessed 25 January 2006.

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