

The European Commission's science and knowledge service

Joint Research Centre



EU-African agrifood trade some observations

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with contributions from colleagues in JRC.D4

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Disclaimer: "The views expressed are purely those of the presenter and may not in any circumstances be regarded as stating an official position of the European Commission."



Outline

- "The Future of Food and Farming" – evolution of the CAP in the coming years (published 29.11.2017)
- Some numbers of today's EU-African trade
- Model-based assessment of a NoCAP scenario on Sub-Saharan Africa
- Projections for sugar

African Union - European Union Summit: Investing in Youth for a Sustainable Future

- 5th African Union - European Union Summit 29-30 November in Abidjan,
- under the overarching theme of Youth.
- The Summit brought together leaders from 55 African Union and 28 European Union Member States



African Union - European Union Summit: Investing in Youth for a Sustainable Future

- **Mobilising investments for African structural and sustainable transformation**
- EU's innovative External Investment Plan (EIP), which will mobilise €44 billion of private investments for sustainable development and job creation.
- Special attention will be paid to enhancing entrepreneurship of women and young people.
- The newly launched Sustainable Business for Africa Platform (SB4A) will allow for structured dialogue with the European and African private sector.



Communication "The Future of Food and Farming"

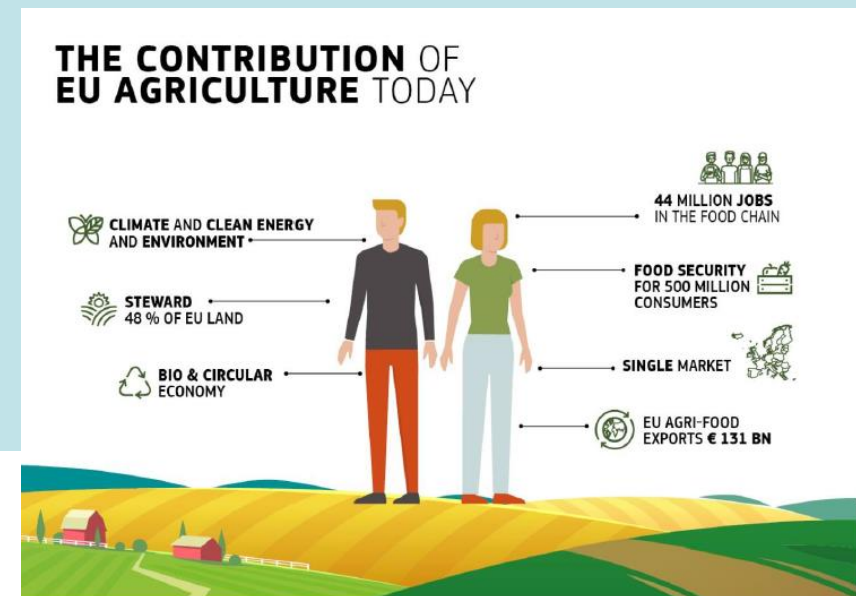
Brussels, 29.11.2017

The Future of Food and Farming – for a flexible, fair and sustainable Common Agricultural Policy

It should ensure that the policy will

- *foster a smart and resilient agricultural sector,*
- *bolster environmental care and climate action,*
- *strengthening the social-economic fabric of rural areas,*
- allowing a greater role for Member States to define practices most appropriate to their regional context.

http://europa.eu/rapid/press-release_IP-17-4841_en.htm



Communication "The Future of Food and Farming"

Global dimension of CAP and trade

- "the CAP is and will continue to be **coherent with the EU development policy**, which recognises the important role sustainable agriculture plays for poverty eradication and sustainable development in developing countries... "
- "Maintaining the **market-orientation of the EU agri-food sector** and the compatibility of CAP measures with international trade law... , promoting **open trade** and advocating strict disciplines on trade-distorting forms of support."
- "Furthermore, the EU, through its different cooperation and technical assistance tools, should foster **increased cooperation with EU partner countries and regions, in particular when facing new and emerging animal health and phytosanitary threats.**"



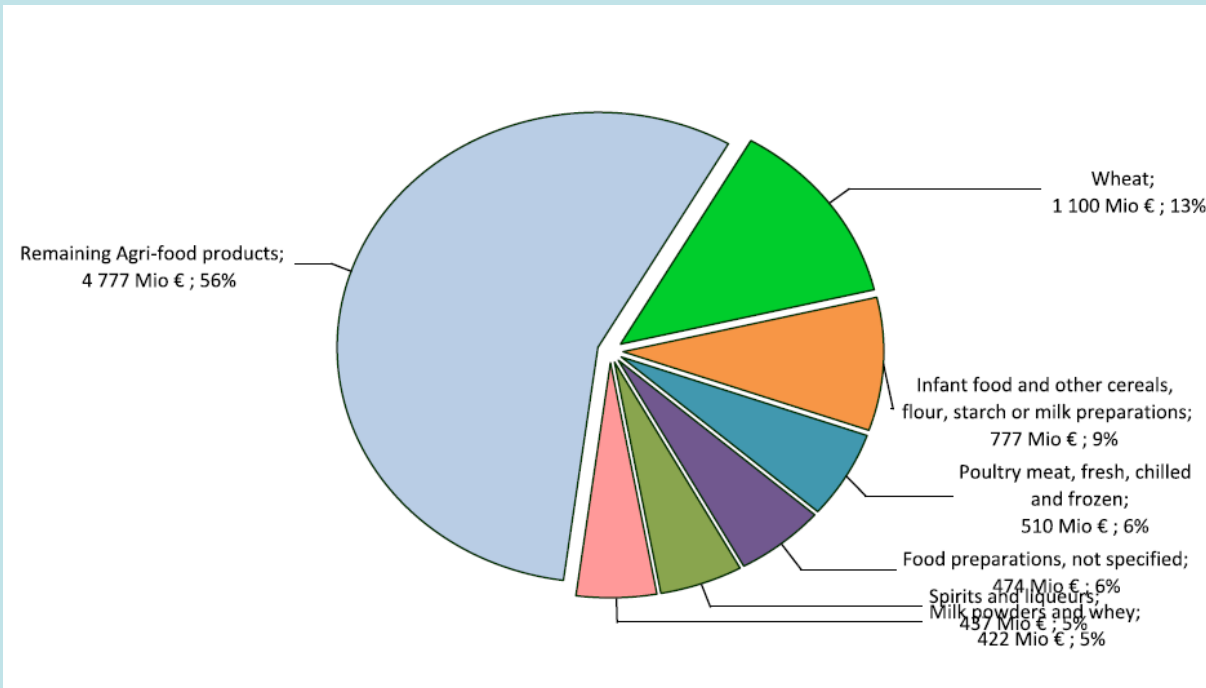
Communication "The Future of Food and Farming"

A sub-chapter (4.2) on "migration"

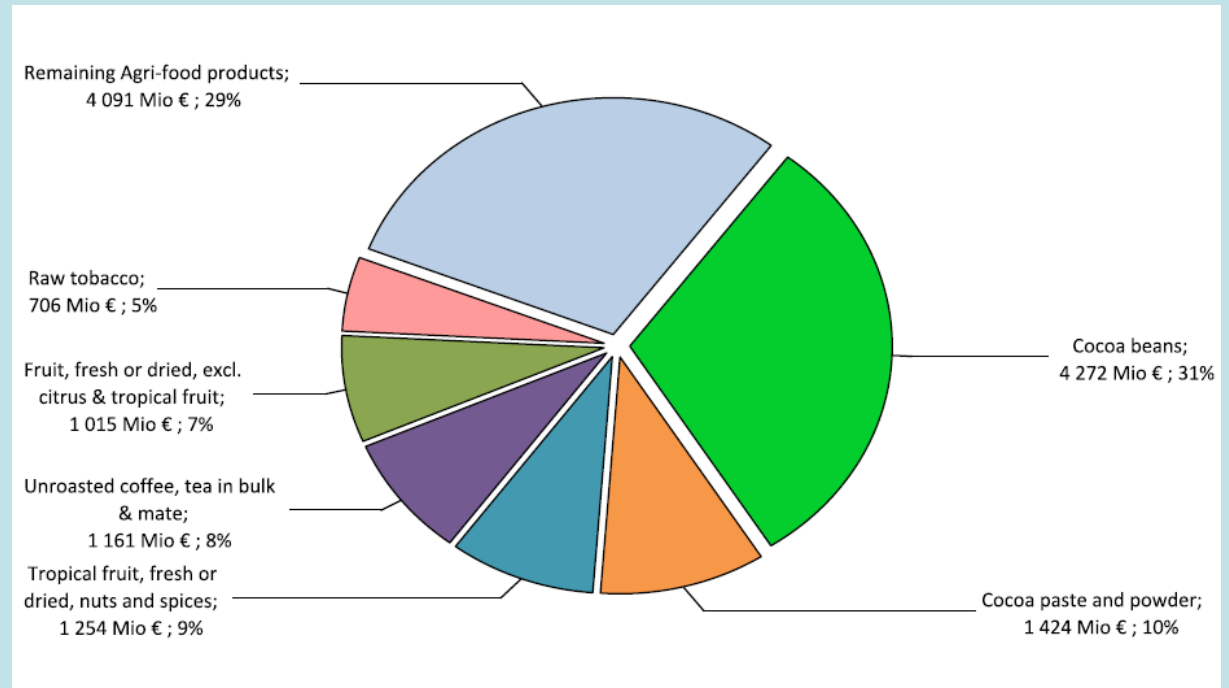
- "Knowledge and know-how gained from CAP-supported projects should be used to **develop employment opportunities and revenue-generating activities in regions of origin and transit of migrants**, including through the **EU External Investment Plan Pilot projects** for training young farmers"
- "**EU-Africa Union exchange** schemes are avenues to explore."
- "**Cooperation on agricultural research and innovation** must be deepened through the relevant EU policies and instruments."
- "The Commission is also committed to enhancing **strategic policy cooperation and dialogue with the Africa Union** on issues related to agriculture and rural development so as to help the region **develop its agri-food economy.**"

Overview on current EU-SSA trade structure

Top EU Agri-food exports to Sub-Saharan Africa in 2016



Top EU Agri-food imports from Sub-Saharan Africa in 2016



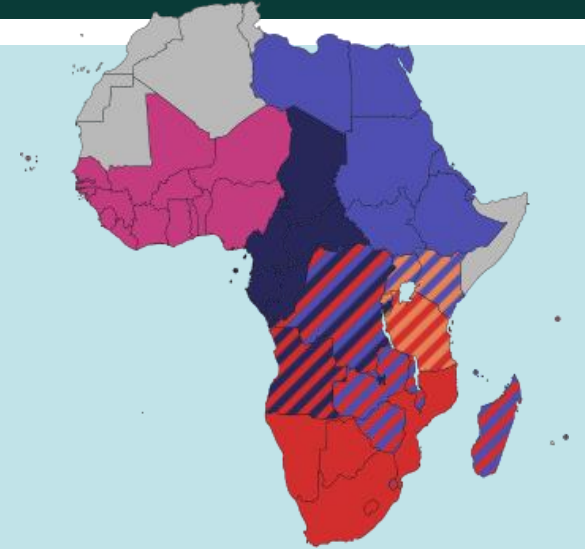
Overview on current EU-SSA trade structure

Structure of EU Agri-food exports with Sub-Saharan Africa 2006 - 2016



Model-based assessment of a NoCAP scenario on four regions in Africa

- Currently in the phase of redesigning the CAP post 2020. Policy coherence for development important part of impact assessment
- Time horizon 2030
- Scenario: CAP payments will be abolished, EU liberalise trade vs 12 main partners (not including Africa).
- Ex-ante impact of CAP abolition, not ex-post evaluation of CAP current impacts
- Global CGE model (MAGNET)



- South African Custom Union (SACU)
- East African Community (EAC)
- Economic Community Of West African States (ECOWAS)
- Common Market for Eastern and Southern Africa (COMESA)

Preliminary results: Production and prices, jobs

Most positively affected sectors (output) are:

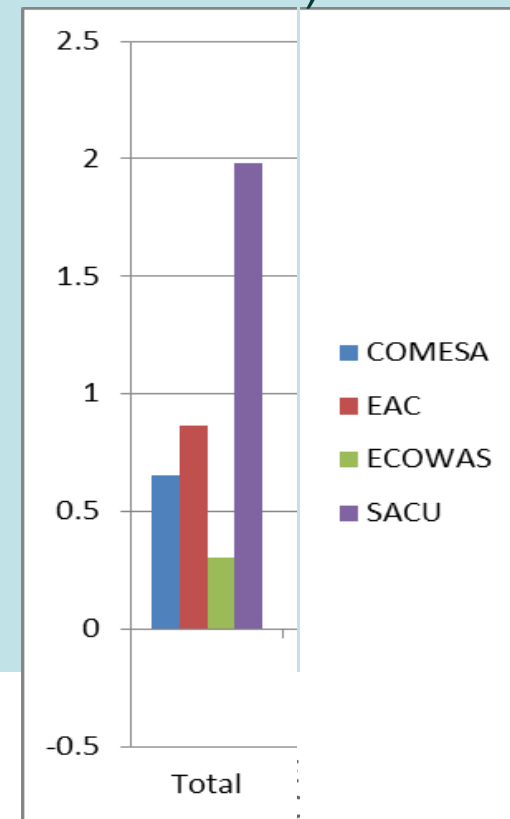
- **wheat** (production increases between 1.8 and 3.8%)
- **other crops** (production increases between 1.1 and 2.4%)
- **pig & poultry meat** (production increases up to 1.4% in SACU)

Slight increase in **agriculture and food prices** compared to reference scenario (absolute price are decreasing compared to base year); **detrimental** for food importing countries/regions

Macroeconomic impacts on GDP and welfare in SSA are **limited**

Job creation in SSA agricultural sector due to increase in production (up to 2% in SACU)

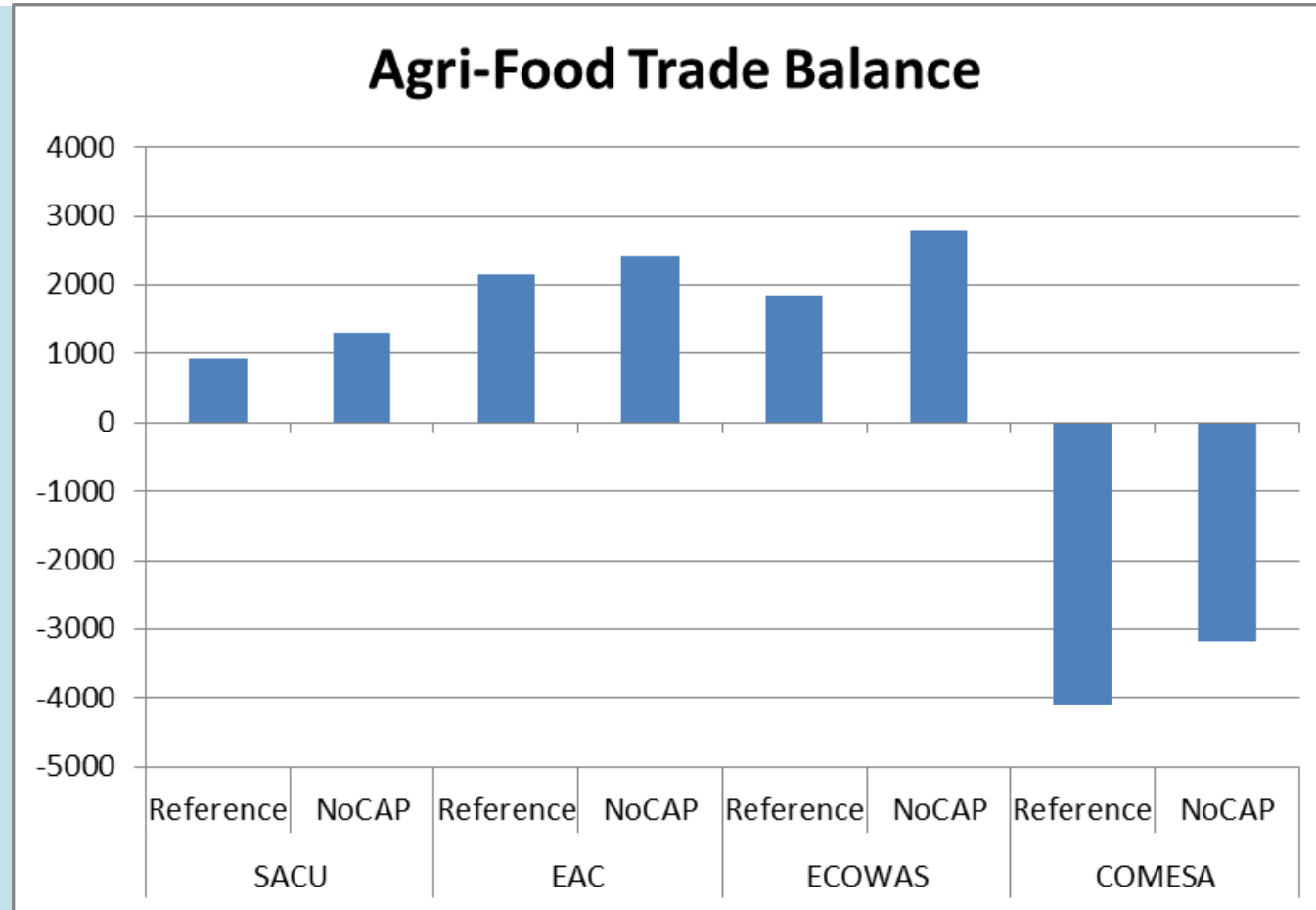
change in agricultural jobs by SSA group, NoCAP vs. reference, %, 2030



Preliminary results

Preliminary results: Agri-food trade balance with EU, in million euros

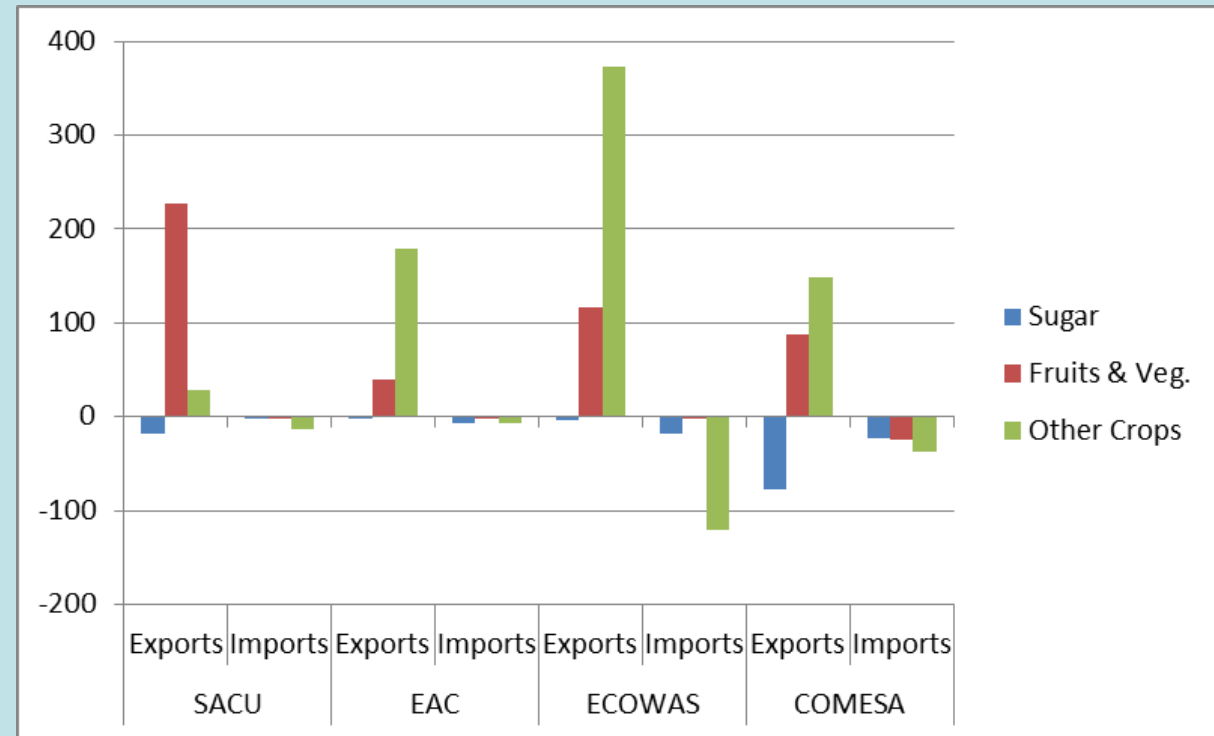
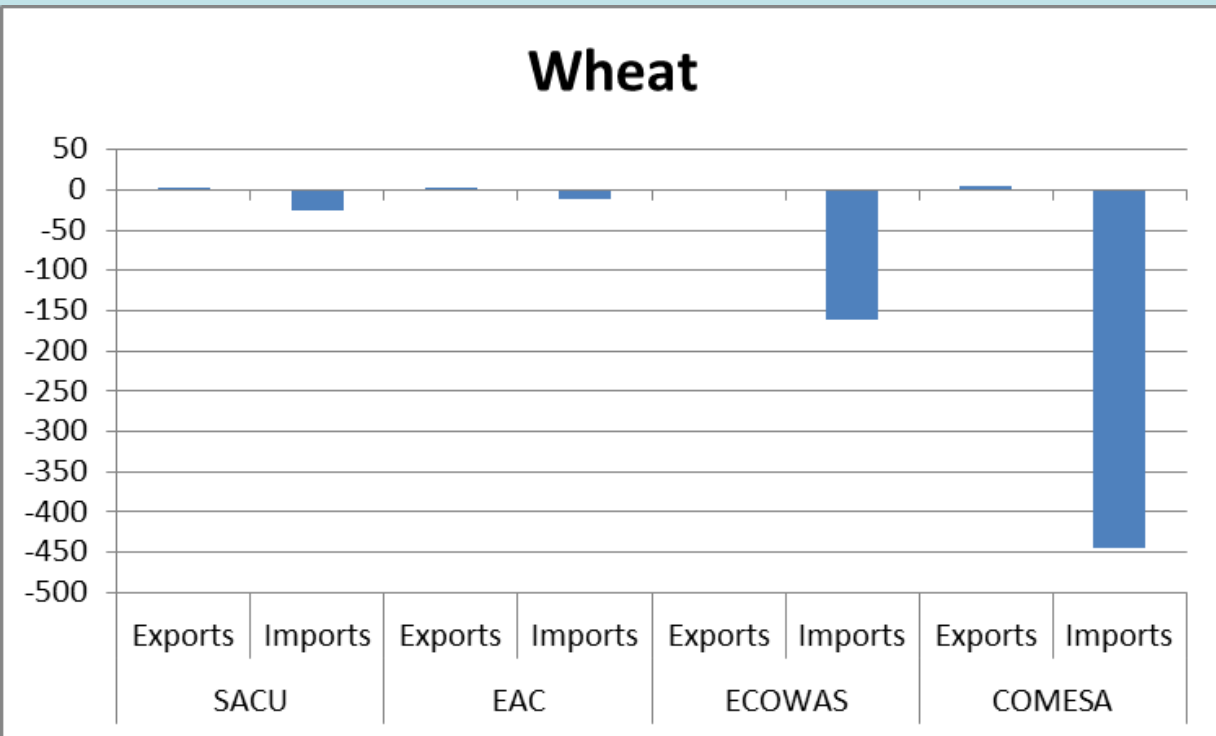
- Combined effects of CAP removal and trade liberalization will improve the trade balance of SSA to the EU by about 2.5 billion euros.
- ECOWAS and COMESA benefit from the higher increases (about 1 billion euros each)
- Trade balance for all SSA regions improves for wheat, sugar, beef & sheep, raw milk and dairy
- EU trade liberalisation with main partners causes small trade diversion effects.



Preliminary results

Preliminary results: exports and imports

NoCAP, difference from reference in million euros



Preliminary results

Key drivers of the results (and modelling challenges)

Decomposition of change in
agricultural jobs by SSA group
NoCAP vs. reference, %, 2030

Decoupled payments

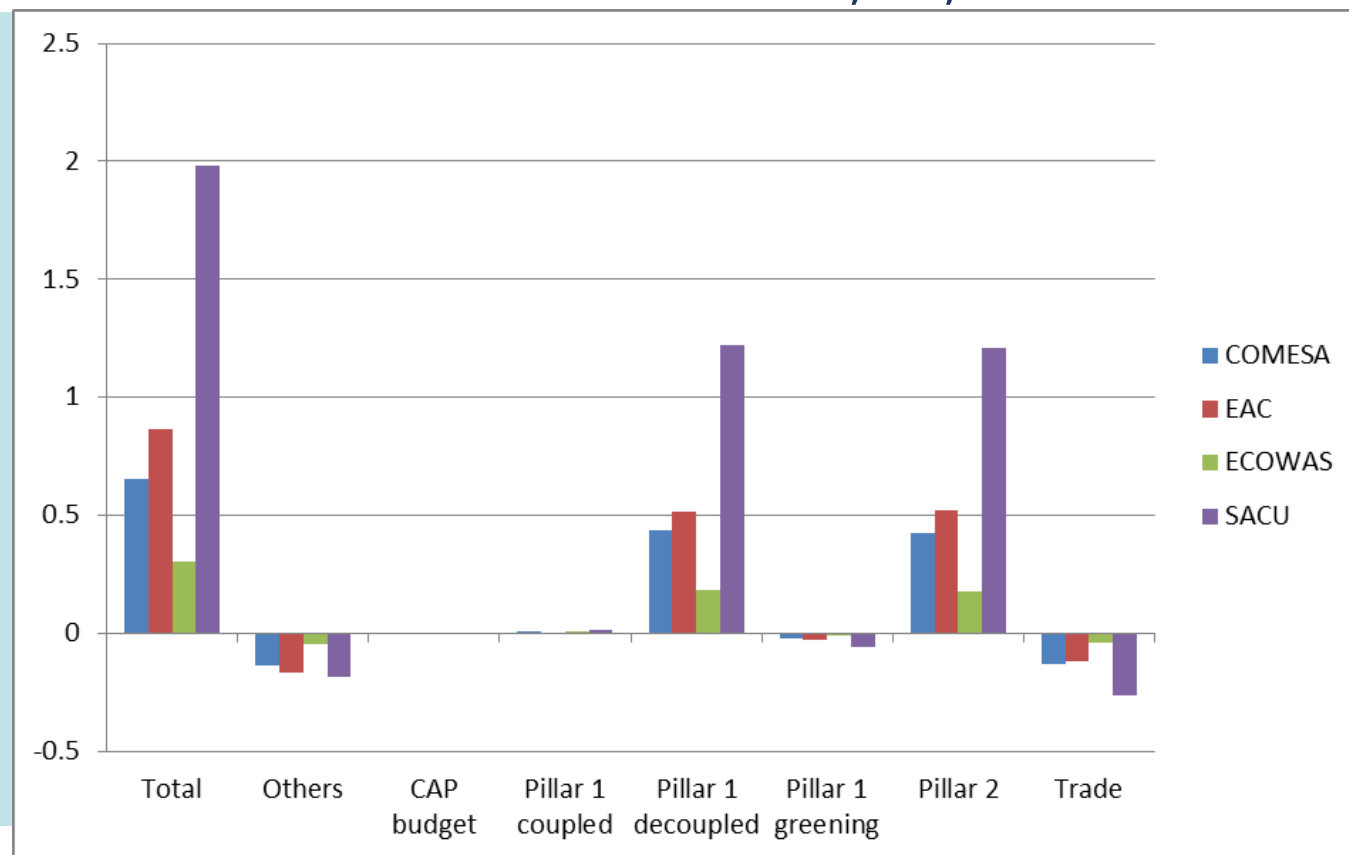
How "coupled" are the "decoupled" payments?

Pillar II payments

Which productivity effects of Rural Development measures?

Trade

What about main source NTMs?



Preliminary results

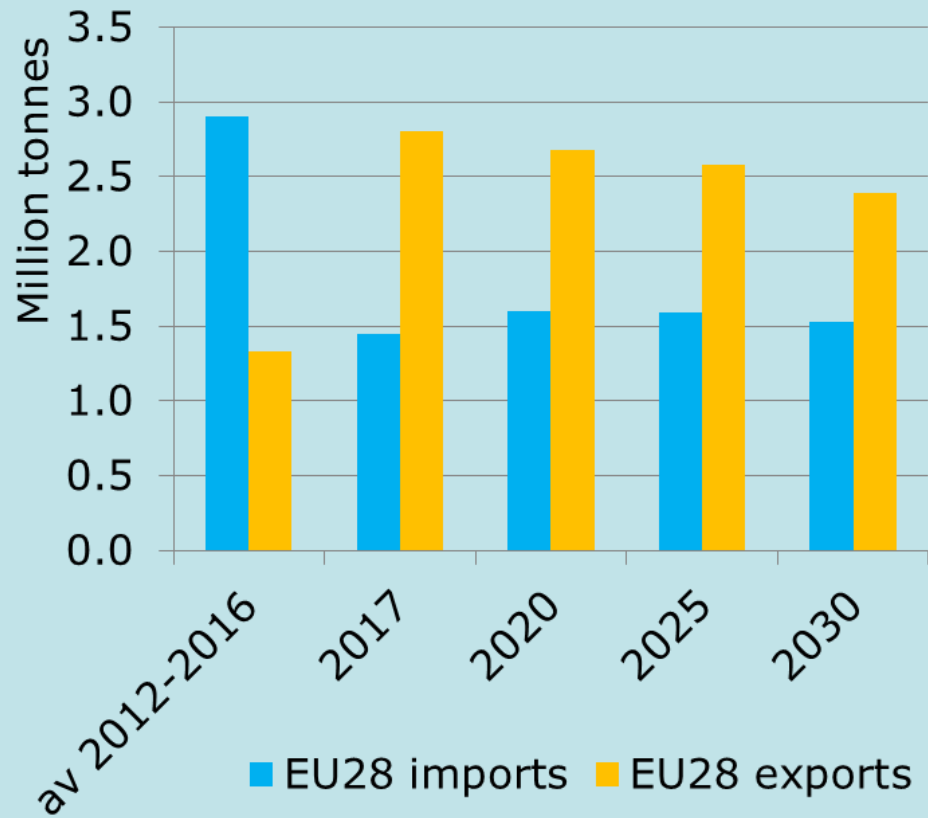
Conclusions and caveats of modelling study

- **Effects differ** by countries/regions (e.g., exporters vs. importers), sectors (e.g., cash vs. staple food), agents (e.g., producers vs. consumers)
- Together with decoupled payments, main impacts originate from the removal of rural development measures which **boost EU agricultural productivity**
- **Increasing productivity** in agriculture will be key to agricultural sustainable development in SSA
- The level of **product disaggregation** is limited and level of **regional aggregation** masks national and local effects, perfect price **transmission**
- **NTMs** (standards) that might affect SSA exports to the EU are not taken into account
- EU **relations** with SSA countries uncertain (e.g., EPAs, Cotonou Agreement) as well as the EU internal development (e.g., further market integration, Brexit)

EU sugar market

(EU agricultural market outlook 2017, preliminary numbers)

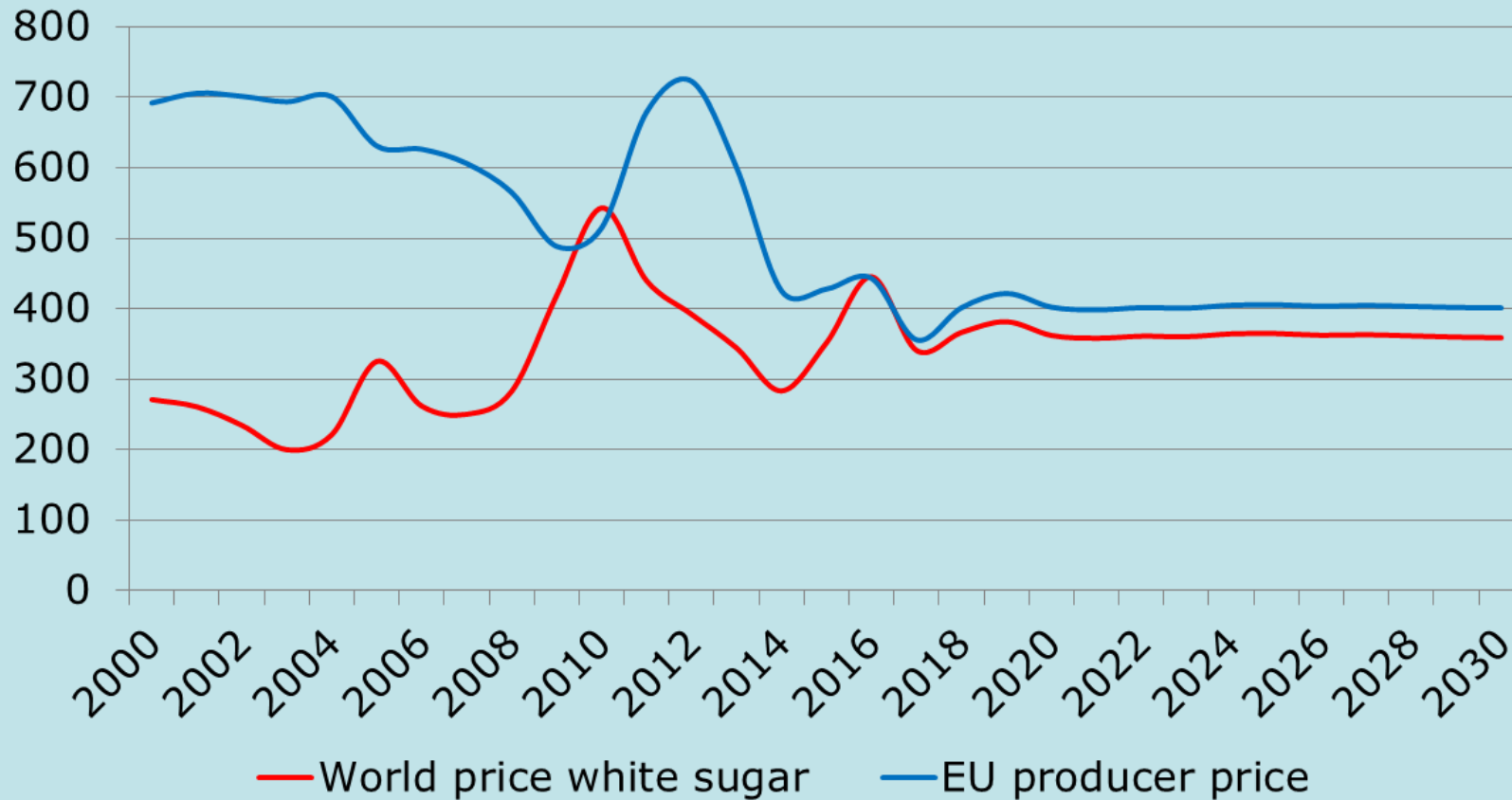
EU28 sugar trade



- Expiry of sugar quotas 2017
- 20% sugar production increase 2017 vs. 2016 (won't be sustained)
- Isoglucose share of 10% in sweetener consumption by 2030
- Lower imports (~1.5 Mio t by 2030), affects mainly raw sugar imports
- Exports higher as in past, ~2.4 Mio t by 2030

EU sugar market

(EU agricultural market outlook 2017, preliminary numbers)



EU white sugar prices (EUR/t)

Sources: DG Agriculture and Rural Development (draft baseline)



Any questions?

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