

Developing Countries, Agricultural Food Products and the European Community: The Legal Challenges



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Many Developing Countries' comparative advantage lies in agriculture which is also the most protected sector in developed countries and the most trade-distorted sector of the global economy.



Developing Countries and Agriculture

- Agricultural food products are major in DCs' foreign exchange and allow an important increase of their finance in order to meet their rural development objectives and thus reduce poverty.
- It accounts for 40% of GDP, 35% of exports, and between 50-70% of total employment in developing countries (DCs).

- Their exports specialisation is concentrated in a few raw products mainly tropical products, sugar and fruits and vegetables, notably bananas.
- In contrast, agriculture represents barely 2-5% of OECD GDP and employment.



EC Trade and Developing Countries

- The EC is the world largest importer of agricultural products from developing countries.
- Some of these products are imported under the EC Generalised System of Preferences which provides non-reciprocal tariff preferences to developing countries.
- This is in line with the EC promise to fight hunger and poverty in DCs when it signed the Millennium Development Goals and the promise to "establish a fair and market-oriented agricultural trading system" as a World Trade Organisation member.



EU Trade-Distorting Practices

- WTO membership implies an obligation to respect its commitments, but the EC is still using trade-distorting practices to protect its own agricultural market which harm DCs potential in agricultural trade.
- The EC is considered as the "world's worst agricultural protectionists" and particularly for products covered by the EC's Common Agricultural Policy such as sugar and bananas.
- The EC agricultural protection measures include very high tariffs, evolving and stringent food safety standards and indirect protection through high internal EC farm support measures.
- These EC practices have severe impact on the poorest countries as they prevent them benefiting from world trade and they are also opposed to the general principle of "free trade" within the WTO negotiations.
- Consequently, it is important to understand the EC's legal relationship with the World Trade Organisation in this context.

The World Trade Organisation



- EC trade policy is fundamentally based on the WTO and the multilateral trading system.
- The rules of international trade between nations are set up by the WTO established in 1995.
- These rules but also the market-opening commitments taken up by the Members are found in the WTO agreements.
- The WTO Agreement on Agriculture focuses on three areas calling for reducing and phasing out export subsidies in agriculture, improving the global market access and considerably reducing trade-distorting domestic support.



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