



## **MEMORANDUM FROM FARMERS' ORGANISATIONS ON THE ECOWAS COMMON EXTERNAL TARIFF NEGOTIATIONS**

### **Context**

For the last three years West Africa has been undertaking an accelerated process to determine the most appropriate and effective instruments for ensuring economic integration and building a single regional market.

Current discussions centre on the Common External Tariff (CET) and more specifically on the rate to be applied to a 5<sup>th</sup> tariff band in accordance with the Heads of State directive to classify products according to their protection level and complementary safeguard measures.

The most recent Joint WAEMU/ECOWAS Committee negotiating the CET was held in November 2008 in Abuja. It recommended a rate of 35% for the 5<sup>th</sup> band and that safeguard measures be explored. It also requested member States to put forward their proposed lists of products to be classified under this 5<sup>th</sup> band; these lists should be on the negotiation agenda for the February 2009 session.

CET negotiations come at a time when ECOWAS is currently i) equipping itself with a community development programme, ii) drafting its agriculture investment programme for the implementation of ECOWAP and iii) establishing a list of sensitive products as part of drawing up its market access offer under the EPA.

### **Analysis**

ROPPA is delighted with the ECOWAS Heads of State decision to create a 5<sup>th</sup> band.

We note that the Joint WAEMU/ECOWAS Committee is suggesting a rate of 35% for the 5<sup>th</sup> band. We remain convinced that any rate under 50% will mean the region will fail to achieve its strategic development objectives, especially those set out under ECOWAP. What is worse, this rate is lower than that of some other regions such as East Africa which taxes milk at over 60% and the European Union where basic food products (cereals, dairy and meat products, sugar) are taxed at mean over than 50%.

We also note that the CET negotiations no longer adequately take into account the results and approach of the process to determine the regional list of sensitive products. Furthermore these negotiations seem to only focus on the list of Type B Exceptions rather than extending to all tariff lines.

## **Recommendations from the ROPPA Workshop**

### *1. The classification of agricultural products under the CET's 5 tariff bands:*

Considering the need for the effective involvement of all production sectors' stakeholders in the process for defining the protection measures for production and the regional market

Considering the need to maintain effective coherence amongst the various ongoing negotiations for regional integration as well as for multilateral trade agreements and for the EPA.

ROPPA recommends:

- ⇒ A re-categorisation of tariff lines under the 5 bands of the ECOWAS-CET, taking into account the list of sensitive products drawn up under the EPA.
- ⇒ The adoption of a categorisation approach that is fully internalised by all stakeholders in the region.

### *2. Safeguard measures and other trade defence instruments:*

Acting on ECOWAS' willingness to adopt complementary safeguard measures such as the ECOWAS Degressive Protection Tax (DPT), Safeguard Tax on Imports (STI) and the ECOWAS Compensatory Levy (ECL) –

Aware of the importance of these measures at a time of high volatility in global agricultural prices and the weakness of the suggested tariff protection

Considering that at this juncture, safeguard measures can never replace adequate structural customs protection that is sufficiently flexible.

ROPPA recommends

- a. The following improvements to the measures proposed by ECOWAS:
  - ⇒ For the DPT, build in an adjustment period over more than ten years to allow for the restructuring and improved competitiveness of production sectors.
  - ⇒ For the STI, extend the 6 month application to one year, as planned by the special safeguard mechanism (SSM) negotiated at the WTO. We propose to bring down the trigger threshold from 50% to 10% of imported volume and from 20% to 15% of the imported product price. We also propose the integration of the average appreciation rate for regional currency into the rate of falling prices.
  - ⇒ For the STI, plan for the trigger threshold to be set a regional level rather than country level.

- ⇒ For the ECL, in light of the fact that this measure depends on using a criterion that is little appropriated by the region (the OECD Producer Support Estimate), to conduct a specific study to better define the indicators to be used to evaluate subsidies provided by third-party countries.

ROPPA supports the Joint Committee's proposal to explore other safeguard and trade defence instruments that fully take into account the realities in the region, particularly:

- ⇒ Quotas (limiting volumes imported at low rates)
- ⇒ Replacing some ad valorem customs duty with specific customs duties (amount fixed by volume unit)

ROPPA and civil society also recommend:

- ⇒ The use of variable deductions, by far the most effective kind of agricultural protection
- ⇒ Determining common consolidated customs duties for the whole region so as not to fix products in the applied custom duties' bands.
- ⇒ Registration of the ECOWAS Customs Union at the WTO as a legal body to negotiate on behalf of its 15 member States
- ⇒ All decisions to be taken regarding the CET, safeguard measures, and market access offer under the EPA should be considered as temporary and liable to revision according to new WTO trade regulations resulting from the Doha round of negotiations.
- ⇒ The introduction of a system to monitor the effects and impacts of the CET and safeguard measures on agricultural growth, the competitiveness of farming industries, the construction of the regional market and producers' revenues.

Ouagadougou, 9<sup>th</sup> February 2009.