

PREVENTING DUMPING OF SURPLUS MEAT-PARTS ON VULNERABLE DEVELOPING COUNTRY MARKETS

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The case of EU chicken dumping in West and Central Africa

Agricultural producers in West and Central Africa have suffered serious damage from the influx of large quantities of frozen chicken parts from the EU (and to a lesser extent from Brazil and the USA). Because of cheap imports, African poultry farming, once a success story of poverty reduction and rural development, is now teetering on the brink of destruction. The sector is facing one of the most severe economic crises in its history.

These import surges tend to violate fair trade principles and distort competition. In addition, they present a threat to the public health of African citizens because safe management of the frozen meat chain cannot be guaranteed, due to a manifest lack of adequate local infrastructure.

As well-off consumers and supermarket chains are increasingly moving to high food standards, adhering to private quality and taste criteria, there are growing quantities of food that do not qualify for sale in this high-value segment of affluent markets. Since the low-value segment of the market is limited, certain chicken parts and meat qualities are in surplus in the rich countries. The export of these products to poor countries constitutes a threat to the producers in those countries, who do not have access to similar differentiated segments of their own domestic markets.

Many of the poultry farming families belong to the poorest strands of African society. Women poultry farmers, as small and resource-poor economic players, are faced with multiple obstacles in accessing financial resources, and are increasingly being pushed into bankruptcy. The trade in frozen chicken parts is depriving whole families of one of their main sources of income, threatening rural development and the viability of local agro-industry. This kind of anti-poor trade is detrimental to food sovereignty of the people.

We call on the respective African governments to act against such dumping and subsidy practices in accordance with WTO rules. We urge the EU to put a stop to these destructive trade and

harmful marketing practices, and to work towards improved and effective rules that deliver on pro-poor trade.

Indeed, there are a number of defensive trade instruments in place that can be used by developing countries. However, many of the low income countries are not in a position, not willing or not able to use these instruments to defend the interests of their farmers because the political costs to initiate them are just too high. Unfortunately, exporting countries have no obligations for the food safety of the products they export beyond the port of export. They do not have to guarantee food safety from the farm to the fork, that is along the whole food production chain.

Unfortunately, international political commitments that could address the problem and propose solutions such as the FAO Guidelines on the Right to Food, the UN-Millennium Goals or the Codex Alimentarius are not legally binding.

1. Allow defensive trade rules to stop dumping practices

- a. **Developing countries have the right and obligation to apply effective trade defence instruments against import surges and dumping in the meat sector. Poultry, among others, must be allowed to be listed as a "Special Product" according to the common WTO definition. It also must qualify for triggering the Special Safeguard Mechanism under the terms proposed by the G33 in the Doha Round of the WTO.**

Special Products are products of special importance for rural development, poverty alleviation (employment opportunities), food security and – we add - gender equity. According to this list of criteria, poultry, like many other products of livestock keeping in almost all developing countries, fully qualifies to be treated as a Special Product, because of its extraordinarily large contribution to household food security and poverty reduction.

In addition, Developing Countries should also have the right to self-designate an appropriate number of agricultural products which are regarded as "sensitive products" for special treatment within their trade obligations. Their differential treatment

is justified through their importance for rural development, for national employment and for the GNP.

Import surges are defined by the WTO as any sudden influx of imports that diverges by more than 25 % from the average volume or price over the previous three years. In such cases, developing countries have the right to take recourse to special protective measures. Unlike the existing regulations, these protective measures should be much more effective, simple to trigger, transparent and sufficiently long-lasting.

- b. Developed Countries must respect Developing Countries' right to exempt certain products from free trade agreements and to protect themselves from private business practices, which undermine the objectives outlined for Special Products**

Under the MDGs, Developed and Developing Countries share the objective of poverty reduction, which must take precedence over commercial interests in international trade regimes, both in multilateral and in bilateral trade agreements. Agriculture cannot be regarded solely in terms of international free competition; its multifunctional role must be recognised. Certain products vital to poor farmers' survival should be excluded from any liberalisation commitments.

International finance and trade organisations, as well as donors, must grant Developing Countries' governments more scope to intervene in their domestic food markets and deploy external trade instruments for safeguarding rural development and livelihoods. Governments must have the policy space to support their low-income and resource-poor farmers. Such support measures must be complemented by development cooperation.

- c. Exporting countries bear a responsibility to prevent dumping practices in Developing Countries for "special and sensitive products". A country accused of dumping in this field must investigate the complaint and provide proof that there is no dumping. If evidence is not provided, the accused country has to bear the costs of the litigation and must take remedial action.**

Exporting countries should be obliged to prevent dumping and other offensive trade distorting measures, when trading agricultural products that have been declared "sensitive" or "special" by the importing Developing Countries. If a low-income country files a complaint, the burden of proof is on the exporting country and expenses for data collection and counter-proof must be borne by the exporting country.

- d. A simple complaint mechanism for dumping cases must be introduced into the international trade regime. Developing Countries and their civil society organisations, such as producer associations, must be entitled to invoke this mechanism.**

The current trade defence mechanisms of the WTO, including anti-dumping rules and countervailing measures, tend to be too complicated and costly to be initiated by poor developing countries. In addition, these mechanisms can only be invoked by state actors. However, the effects of unfair trade flows may constitute a matter of life and death for affected individuals, whilst their own governments might remain indifferent and not be interested in filing a complaint.

In order to promote "pro-poor trade", direct access to arbitration mechanisms must be introduced for the organisations of affected poor stakeholders.

- e. Products, which receive considerable product specific support, should not be exported to developing countries.**

Decoupled subsidies* can also distort trade. Since developing countries cannot pay any direct subsidies to their producers, these producers should be excluded from the competition with subsidized products on their domestic markets.

*Producer subsidy equivalent (PSE): A OECD measure of the value of monetary transfers to agricultural producers resulting from agricultural policies in a given year. It includes both transfers from consumers of agricultural products (through domestic market price supports) and transfers from taxpayers (through budgetary or tax expenditures). The OECD also publishes data of country and product specific PSE figures.

2. New rules for by-products

The competition of by-products with products of poor producers is unfair and requires a special treatment in international trade law.

There is no cost-related microeconomic pricing mechanism for products that fail to meet the business quality standards or which qualify as by-products because their yield cannot be technically avoided in the production process. The pricing margin can range from a full market price of the core product to a negative price (opportunity costs for waste disposal). Many of these low-priced by-products, especially of meat, find their way to markets in Developing Countries. International trade in those products constitutes a major threat for the local farmers of “full-ranged products” that compete with these imported by-products on the domestic market. This kind of dumping bypasses all existing rules for fair competition in trade. There is an urgent need to design new rules that suggest a remedy to this kind of harmful trade and to equip importing countries with the right to regulation.

3. Mutual accountability for safe handling of food in global trade

- a. Responsibility of exporting countries for food safety should not end at the border point of export. In the case of international trade in animal products and other perishable foodstuffs, the exporters have to make sure that the importers have the capacity to handle the food in a safe way.**

Consumers in global food chains have a right to be protected from unsafe marketing practices in the international food trade. National governments of Developing Countries are frequently not able to meet their safety responsibility effectively. Global suppliers must assume responsibility and liability for good professional practice in cross-border trade. The handling of perishable goods especially must be in line with traceability criteria for at least one step downstream.

- b. Establishment of a code of conduct for international trade in deep frozen meat**

Deep frozen meat constitutes a high risk technology. The international trade should be conducted under strict rules of food safety. Many Developing Countries and their domestic traders are not in the position to fulfil their obligations to maintaining a closed cooling chain. Exporters of frozen meat should be obliged to prove that their retail clients in developing countries have the necessary infrastructure, capacity and know-how to ensure safe handling of frozen meat products, in line with international standards of the Codex Alimentarius (HACCP).

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