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THE ROLE OF THE AFRICAN, CARIBBEAN AND PACIFIC GROUP OF STATES FOR THE EUROPEAN UNION AGRI-FOOD TRADE

ROLA KRAJÓW REGIONU AFRYKI, KARAIBÓW I PACYFIKU W HANDLU ARTYKUŁAMI ROLNOŻYWNOŚCIOWYMI UNII EUROPEJSKIEJ

Key words: agricultural trade, competitive advantage, the European Union, ACP groupe of states
Słowa kluczowe: handel rolny, przewaga konkurencyjna, Unia Europejska, kraje Afryki, Karaibów i Pacyfiku

Abstract. *The study is an attempt to define role of countries from African, Caribbean an Pacific region in the EU agri-food trade and to examine the competitive position of agri-food products made in the EU on the markets of ACP group of states in years 2000-2008. Selected ex post indicators of competitive position were used in the paper.*

Introduction

In common commercial policy, the European Union has partners more or less favored, while the latter includes African, Caribbean and Pacific group of countries[1]. It is worth noting, that these countries benefit from unilateral tariff preferences granted to them by the EU not so much under the common commercial policy, but rather as a result of the so-called Development Policy [Ambroziak 2000]. The origins of the European Union's relations with the ACP group dates back to the Treaties of Rome, in which as a result of French initiative the first association with the ACP countries was concluded (in the status of dependent territories). The strategic objective of this step was economic and social development [Miklaszewski 2007]. Successively, the decision was made to incorporate new states and territories (mainly due to the recovery of their independence) to the association and thus to broaden the scope of the regulated issues and adapt them to current needs and the socio-economic and political situation [Ambroziak, Kawecka-Wyrzykowska 2004]. As a result, during 50-year collaboration, many multilateral conventions has been signed, where the Cotonou Agreement is currently in force [Paszyński 2004][2]. At the time, specific examples of the European Union's cooperation with the representatives of the ACP countries were considered as fairly progressive, quite often beyond the prevailing standards. Moreover, until now it is difficult to find a similar example of cooperation between developed and developing countries. So, it seems reasonable to take up the matter of the ACP states in the context of their relations with the EU, particularly in agri-food market. In fact, agriculture is an industry which, on the one hand, plays an important role in the economies of ACP countries ensuring them a significant income of their trade balance, on the other hand – this income is indirectly revised by the EU which, through internal market policy[3], hinder the existence of producers from developing countries (including the ACP) in the European market.

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[1] African, Caribbean and Pacific group of states consists of 79 member states (48 Sub-Saharan Africa countries, 16 from the Caribbean and 15 Pacific. All of them, except Cuba, are signatories of the Cotonou Agreement.

[2] This system has maintained the existing rules of trade i.e. unilateral trade preferences granted to ACP countries by the EU and at the same time assumed their change by 31st December 2007, at the latest (after so-called interim period). Sensitive goods, particularly agri-food products in trade relations with third countries were treated preferentially, on most favoured nation clause.
In addition, the Economic Partnership Agreement (EPA), compliant with the rules and regulations of the WTO, were assumed to be negotiated. In fact, the EPA's were to enter into force after interim period. Finally, because of the difficulties in negotiations at the end of 2007 only one complex EPA (with the Caribbean region – CARIFORUM) and number of temporary contracts (interim agreements) with other ACP regions were signed [Kołodziejczyk 2010].

[3] Through: increasing standards, rules of origin, subsidies on agricultural products

The article is an attempt to define key trends in agricultural trade[4] between the European Union and the African, Caribbean and Pacific group of states and to examine the competitive position of the agri-food products[5] made in the EU on the markets of that region.

Data and methods

Data from the Statistical Office of the European Communities (Comext-EUROSTAT) as well as Food and Agriculture Organisation of the United Nations (FAOSTAT – TradeSTAT) was used in the paper. The competitiveness of the EU trade with ACP countries was assessed with use of a selected set of quantitative measures of international competitive position. The following indexes were calculated: Export Specialisation Index (SI)[6], Import-Export Coverage Ratio (CR)[7], Relative Revealed Comparative Export Advantage Index (XRCA), Relative Import Penetration Index (MRCA), and Relative Trade Advantage Index (RTA)[8], and Grubel-Lloyd Intra-Industry Trade Index (ITT)[9].

European Union agri-food trade with the ACP countries

From 2000 to 2009, with a negative average balance of exchange, the European Union remained a net importer of agri-food products. A similar situation was also observed in the balance of EU agricultural extra-trade (with third countries) (Tab. 1). The data shows that the ACP group of states is an important partner for the EU. At the end of 2009, agri-food products imported the European market accounted for almost 20% of agricultural extra import. The role of this region is smaller when it is considered as a recipient/consumer of food and agriculture from the EU. Over the years 2000-2009, an average 10% of EU agricultural extra-export was destined to the ACP markets. In 2000, the EU exported to the ACP group of states the agri-food products worth more than 4 billion euro, whereas nine years later, their value increased by 1/3 (Tab. 1). However, the share of agri-food trade in total turnover with the ACP countries was most variable in 2000 (export 15% and import – 28%).

Analysis of the data reveals that between 2000 and 2009 the ACP countries imported from the EU six main groups of products: beverages, spirits and vinegar, cereals, dairy products, and products of

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4 Agri-food products (codes from 01 to 24) are set apart according to the Commission Regulation (EC) No 948/2009 of 30 September 2009 amending Annex I to Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff.

5 Agri-food products are set apart according to the *Standard International Trade Classification*, i.e.: cereals and preparations of cereals, fruits and vegetables, oil seeds, sugar and honey, livestock, meat and meat preparations, dairy products and eggs.

6 $SI = \frac{Xik}{Xk} : \frac{Xiw}{Xw}$

where: X – export, M – import, i,j – products group, j,m – the world/region.
Index value above 1 means a specialization of the economy in a sector or commodity. This leads to the conclusion that the country has a comparative advantage over partners [Lubiński et al. 1995].

7 $CR = \frac{Xk}{Mk} x100\%$

CR> 100% specify the specialization of the analysed country, which determines the relative advantages over partners [Lubiński et al. 1995].

8 $XRCAik = \frac{Xik}{Xim} : \frac{\sum_{j,j\neq i} Xjk}{\sum_{j,j\neq i} Xjm}$ $MRCAik = \frac{Mik}{Mim} : \frac{\sum_{j,j\neq i} Mjk}{\sum_{j,j\neq i} Mjm}$

$RTAik = XRCAik - MRCAik$

where: X – export, M – import, i,j – products group, j,m – the world/region.
General evaluation is made with the use of relations between indexes. Positive RTA index and XRCA index values larger than unity show high competitiveness (+). When the RTA index is negative??, and the MRCA index is larger than unity, then the country shows no competitiveness (–). In other cases, the analysis' results are not definite (+ / –) [Frohberg 2000].

9 $ITTk = \frac{(Xik + Mik) - |Xik - Mik|}{(Xik + Mik)} x100\%$

where: X – export, M – import, i,j – products group, j,m – the world/region.
High values of the index, close to 100, show the presence of intra-industry exchange. This reflects the ability of the exporting country to meet the needs of foreign customers, which in turn reflects its adaptability and competitiveness of its economy [Jagiełło 2003].

Table 1. Total EU merchandise trade and agri-food trade with the ACP countries in 2004-2009
Tabela 1. Handel ogółem oraz artykułami rolno-żywnościowymi UE z krajami AKP w latach 2004-2009

Year/ *Rok*	Export [bln EUR]/*Eksport [mld euro]*			Import [bln EUR]/*Import [mld euro]*		
	to the third countries/ *do krajów trzecich*	to ACP/ *do krajów AKP*		from the third countries/ *z krajów trzecich*	from ACP/ *z krajów AKP*	
	agricultural/ *rolny*	total/ *ogółem*	agricultural/ *rolny*	agricultural/ *rolny*	total/ *ogółem*	agricultural/ *rolny*
2000	34.5	26.6	4.1	42.0	26.7	7.7
2004	45.6	38.5	3.7	61.2	40.7	10.3
2006	57.6	48.7	4.6	69.8	49.2	10.4
2008	67.9	56.7	5.7	85.0	60.9	12.1
2009	58.6	48.2	5.3	67.2	43.3	12.0

Source: own study based on COMEXT
Źródło: opracowanie własne na podstawie COMEXT

the milling industry (Tab. 2). At the end of the period, the first group of products dominated the European export structure to ACP countries, accounting for 1/5. However, export of cereals was characterized by greater rate of increase – in 2009 it doubled its value of the year 2000, reaching 13% share of EU agricultural exports to ACP, while the importance of milk and dairy products in the export structure has fallen by more than 6 percentage points. Other groups of products represented a small share in the structure of EU agricultural export to ACP countries, rarely exceeding 5% (tobacco, as well as meat and edible meat offal – on average in 2000-2009 accounted for 5.1%, animal or vegetable fats and oils – 3.9%). These tendencies may indicate that for the ACP group of states the European market is a source of supply for the food industry. Products made in the EU, are considered strategic in the ACP region, where the production is not possible mainly because of geopolitical and climate conditions, especially in the context of meeting the needs of its residents.

Table 2. Agricultural products of highest significance in European agricultural trade with ACP group of states in the years 2000-2009
Tabela 2. Grupy produktów rolno-żywnościowych o największym udziale w strukturze unijnego handlu rolnego z krajami AKP w latach 2000-2009

Export/*Eksport* [%]					Import/*Import* [%]				
Group of products/ *Grupa produktów*	2000	2004	2006	2009	group of products/ *grupa produktów*	2000	2004	2006	2009
Dairy products/*Mleko i produkty mleczarskie*	16.6	13.1	12.0	9.9	fish and crustaceans, molluscs/*ryby i skorupiaki, mięczaki*	14.7	13.5	13.4	9.0
Cereals/*Zboża*	7.5	4.9	9.2	13.0	edible fruit and nuts/ *owoce i orzechy jadalne*	7.8	16.7	17.5	16.1
Products of the milling industry/ *Produkty przemysłu młynarskiego*	8.7	9.3	8.3	9.2	coffee, tea and spices/ *kawa herbata, przyprawy*	14.3	6.8	8.2	8.2
Preparations of cereals/ *Przetwory zbożowe*	6.8	7.8	7.5	7.2	cocoa and cocoa preparations/*kakao i przetwory z kakao*	16.8	20.1	19.2	27.5
Beverages, spirits and vinegar/*Napoje bezalkoholowe, alkoholowe, ocet*	11.2	15.4	17.1	18.3	sugars and sugar confectionery/*cukier i wyroby cukiernicze*	11.2	9.1	8.6	6.9
Other/*Pozostałe*	49.2	49.5	45.9	42.3	other/*pozostałe*	35.2	33.8	33.1	32.3
Total/*Razem*	100.0	100.0	100.0	100.0	total/*razem*	100.0	100.0	100.0	100.0

Source: own calculations based on COMEXT
Źródło: opracowanie własne na podstawie bazy danych COMEXT

In turn, it should be noted that „cocoa and its products", amounting in 2009 to more than 3 billion euro, represented 27% of the value of agricultural import from ACP countries. At the same time, relatively large part was formed by "coffee and tea" and "edible fruits and nuts" but over the years the latter became more significant in European structure of import – in 2009 the value of this group surpassed three times the level from 2000. The role of "fish, crustaceans, mollusks" as well as "sugar confectionery" in the structure of EU import gradually decreased. whereas other groups of agri-food products rarely exceeded the level of 4% (on average: animal or vegetable fats and oils – in 2000-2009 – 3%, preparations of vegetables, fruit, nuts – 2.2%). The reason why the European Union is interested in these groups of agri-food products is determined on the one hand by the environmental and climatic constraints in this region and on the other – by the production limitations and the growing needs of consumers in the European market. Not without significance is also the monocultural nature of agricultural production found in the ACP region. which today contributes to the so-called specialisation. Nevertheless. it should be remembered that this specialisation is a result not so much of an autonomous decision of the ACP countries, but rather of their economic correlation with developed countries. originating from political dependency in colonial period[10].

The competitive position of the EU in trade with the ACP group of states

The ex post analysis of the international competitive position proved that in 2000-2008 in the group of products of plant origin made in the European Union, the most competitive in the ACP market were cereals and preparations of cereals. This fact is confirmed by the relatively high values of indexes of revealed comparative advantage (XRCA>1, RTA>0) and the value of import-export coverage ratio (CR). informing directly about the scale of trade surplus, and indirectly – about the

Table 3. The competitiveness of plant origin products made in the EU in the trade with ACP group of states
Tabela 3. Konkurencyjność produktów pochodzenia roślinnego produkowanych w UE na rynkach AKP

Year/*Rok*	SI	CR [%]	Revealed comparative advantage indexes/ *Wskaźniki przewagi komparatywnej*				ITT [%]
			XCRA	MRCA	RTA	general evaluation/ *ocena sumaryczna*	
Cereals and preparations of cereals/*Zboża i przetwory zbożowe*							
2000	3.96	479.24	4.35	0.18	4.17	+	83.30
2004	3.56	439.04	3.86	0.19	3.68	+	91.20
2008	2.38	434.31	2.57	0.22	2.35	+	92.02
Fruits and vegetables/*Owoce i warzywa*							
2000	1.08	76.97	1.09	3.34	-2.25	-	86.98
2004	1.01	77.99	1.02	3.25	-2.23	-	87.63
2008	0.99	80.51	0.99	3.50	-2.50	-	89.21
Oilseeds/*Nasiona roślin oleistych*							
2000	0.32	28.09	0.31	4.56	-4.25	-	43.86
2004	0.47	33.97	0.46	3.93	-3.46	-	50.71
2008	0.52	41.07	0.52	5.39	-4.87	-	58.22
Sugar and honey/*Cukier i miód*							
2000	0.30	113.58	0.28	0.39	-0.11	+/-	59.54
2004	0.32	90.63	0.29	0.44	-0.14	+/-	95.08
2008	0.34	81.34	0.32	0.40	-0.08	+/-	89.71

Source: own study based on FAOSTAT-TradeSTAT
Źródło: opracowanie własne na podstawie FAOSTAT-TradeSTAT

[10] It is believed (this view was professed by A.G. Frank, P. Baran) that these countries, in a way, were forced to specialisation in the production of goods whose export was relatively less favorable. Consequently, their development was inhibited. Such approach is attr ibuted to followers of dependency school, representing the mainstream of Marxist theories of development [Piasecki 2007, Bąkiewicz, Żuławska 2010].

economic benefits of the exchange [Czyżewski, Sapa 2003] (Tab. 3). In the case of this commodity group. in 2000-2008 the EU noted the positive trade balance, which de facto exceeded the value of imports more than four times, while for other groups of plant origin products the EU was a net importer (CR<100%, with the exception of sugar and honey in 2000). Also the values of ITT index, oscillating between 83 and 92% and indicating the nature of the intra-industry trade, suggest the favourable competitive situation of cereals and preparation of cereals. This leads to the conclusion that the European Community's cereal sector meets the demand preferences of foreign customers and offers the diversity of goods offered in the markets at the same time. The competitive position of other European assortment of plant origin in the ACP market is less easy to precise. First of all, in the analyzed period (with the exception of 2000 and 2004 in the case of the fruit and vegetables). the EU has not realized export specialization. In addition, oilseeds and fruit and vegetables sector exported from the EU countries to the ACP market were deprived of comparative advantages (RTA<0 and 3.93<MRCA>5.39 and 3.25<MRCA>3.50 respectively). This does not prejudge about quite disadvantageous situation of European products as compared with those form others countries, because a relatively high intensity of intra-industry trade (ITT in the range from 43 to 58% – oilseeds and from 86 to 89% – fruit and vegetables) proved the adaptability and competitiveness the EU economy. The similar situation is observed considering sugar and honey, where the intensity of intra-industry trade increased (59.54%<ITT>95.08). However, a negative values of RTA index and the MRCA smaller than unity throughout the period (Tab. 3) indicate that in view of the general evaluation. the competitive position of this sector in the trade with ACP countries remains difficult to resolve.

As far as products of animal origin are concerned. the ex post analysis of competitive position showed that the European Union recorded a surplus trade balance. CR index values greater than 100% suggest that the Community gained a relative advantage over its foreign partners. especially in terms of dairy products and live animals, where the export value exceeded import on average by 20% (Tab. 4). Both groups of products: meat and meat preparations and dairy products create the image of the EU's agri-food exports. It is confirmed by the value of export specialization index (SI), which compares the share of these groups of articles in the European agri-food export to ACP countries. It is also worth noting that in 2000 and 2004. the EU countries did not achieve export specialization in live animals while in 2008 this index exceeded the rate of 1. However, this situation has not improved the competitive position of the sector as far as general evaluation of indexes of comparative advantage is concerned, because live animals made in the European Community remained uncompetitive on the foreign market.

Table 4. The competitiveness of animal origin products made in the EU in the trade with ACP group of states
Tabela 4. Konkurencyjność produktów pochodzenia zwierzęcego produkowanych w UE na rynkach AKP w latach 2000-2008

Indexes year/ *Wskaźniki rok*	SI	CR [%]	Revealed comparative advantage indexes/ *Wskaźniki przewagi komparatywnej*				ITT [%]
			XCRA	MRCA	RTA	general evaluation/ *ocena sumaryczna*	
Livestock/*Zwierzęta żywe*							
2000	0.68	116.53	0.67	0.78	-0.11	+/-	92.36
2004	0.77	119.87	0.76	0.90	-0.14	+/-	90.96
2008	1.01	123.20	1.01	1.25	-0.24	-	89.60
Meat and meat prepraration/*Mięso i jego przetwory*							
2000	6.77	110.08	7.53	1.70	5.83	+	95.20
2004	9.85	105.99	11.01	1.80	9.21	+	97.09
2008	10.25	106.56	11.55	1.85	9.69	+	96.82
Dairy products and eggs/*Produkty mleczarskie i jaja*							
2000	16.41	127.76	18.25	1.17	17.08	+	87.81
2004	18.79	121.73	20.80	1.25	19.55	+	90.20
2008	18.85	124.78	20.84	1.31	19.53	+	88.98

Source: see tab. 3
Źródło: jak w tab. 3

In turn, a positive competitive situation of other two groups of animal origin products is indicated on the one hand by an intensive process of intra-industry trade, where the high values of ITT index, oscillated from 87 to 97%. and at the same stimulated the enlargement of the market offer, and on the other, by the results of the general evaluation of indexes of comparative advantage (RTA>0, XRCA>1).

Conclusions

The analysis leads to the conclusion that the ACP countries are promising trading partner for the European Community, especially in the context of relations with third countries. In 2009, agri-food products imported from ACP countries to European markets were accountable for almost 1/5 of the value of agricultural import from third countries. In addition, a negative trade balance of these countries with EU was observed. which in fact puts the ACP region in favorable situation. In 2000-2008 the EU competitive position on the ACP markets developed differently in various branches of the agri-food sector. The highest level of comparative advantage in this region as well as the highest rate of export specialization were observed in products of animal origin, particularly meat and meat preparations and dairy products. Among plant production sector, despite an intensive intra-industry trade determined primarily by complementary structure of production in the EU and ACP countries, the least competitive were fruits and vegetables. Those tendencies confirms on the one hand the EU position as a natural supplier for the food industry (EU exports mainly beverages, cereals, dairy products and products of the milling industry), and on the other – "specialized" trade of ACP group of states, which offers certain agricultural products, particularly attractive in the point of view of the European consumers.

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Streszczenie

Artykuł wskazuje na rolę krajów regionu Afryki Karaibów i Pacyfiku we wspólnotowym handlu rolnym oraz prezentuje wyniki analizy pozycji konkurencyjnej artykułów rolno-żywnościowych wytwarzanych w UE na rynkach krajów AKP w latach 2000-2008. W obliczeniach wykorzystano zestaw ilościowych mierników międzynarodowej pozycji konkurencyjnej ex post.

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