

Businesses warn Government not to impose ACP import tariffs

The UK's leading flower importers are among the first companies and trade associations to publicly call for the European Commission to withdraw its threat of increased import tariffs if new trade agreements between European and African Caribbean Pacific (ACP) countries are not in place by the end of the year.

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Flower companies World Flowers and SunKing have teamed up with over 25 other private sector organisations, representing fresh produce importers, fish exporters, over ten fair trade companies from across Europe, African industrialists and producer networks, to issue this call in an open letter to EC Trade Commissioner today.

Companies are calling for a guarantee that tariffs will not be increased in January 2008 if EPAs are not signed by the end of the year and that a full examination is conducted into alternatives to EPAs.

The intervention from the private sector comes at crunch time for the Economic Partnership Agreement (EPA) negotiations in the East & Southern Africa (ESA) region. As ESA negotiators meet with the European Commission in Madagascar on 18-19 October, they have already been warned by the EC that failure to reach agreement on goods liberalisation this week will mean new tariffs on flowers, vegetables and fish exports from the region. Threatened tariff increases could seriously jeopardise key ACP export industries - such as the Kenyan flower sector upon which an estimated 100,000 jobs in Kenya depend with a further 350,000 direct and 1 million indirect dependents.

The companies' letter to Mandelson also stresses that maintaining ACP exporters access to the EU market must not come at the price of a bad EPA, signed under pressure, which does not put development at its core. The signatories are concerned that an EPA may have serious impacts on the economies of countries from which they source, such as Kenya.

Analysis carried out for the Kenyan Ministry of Trade, forecasts that 65% of Kenya's industries are vulnerable to unfair competition from the EU under an EPA. Impact assessment studies conducted by the International Monetary Fund and the European Commission show the Kenya Government could lose between 8 to 12% of revenue by implementing an EPA. So far the EC has failed to produce any counter-evidence in support of their claims that current proposals will help development.

Technical Director of World Flowers, Ian Finlayson said: "We are calling for a fair deal for Africa. At present they are being asked to choose between a growing export market or a growing domestic market. The potential damage which the EU changes could cause to fragile economies must not be underestimated. The onus should be on the EC to find an alternative that works for all sides, including the UK consumer of fresh flowers.

Nigel Jenney, Chief Executive of the UK fresh produce trade association, the Fresh Produce Consortium, said: "With almost 40% of fresh vegetables consumed in the UK sourced from abroad, it is critical to get these new trade arrangements right. At a time when increasing fruit and vegetable consumption is a key UK priority it is vital that current fresh produce supply arrangements continue. African regions have repeatedly called for more time and clearly this is needed but in the meantime the European Commission must guarantee that there will be no disruption to trade.

Sophie Powell, a Traidcraft Senior Policy Advisor, said: "The EC is trying to force ACP countries to choose between a trade agreement which may damage their local and regional markets or new tariffs that would cripple their export markets. The suggestion that this is beyond their control is simply not true, especially when a viable option called the enhanced General System of Preferences exists.

Threatening countries with invented consequences, which are wholly within the EC's own power to prevent, is a deeply unpalatable tactic to deploy against some of the world's poorest countries.

- ENDS -

Notes to editors:

- If a General System of Preference is adopted in January 2008, fresh produce and flower imports would incur new import duties of between 10-20%

- General System of Preferences Plus (GSP+) is a preferential scheme for vulnerable economies that promote sustainable development and good governance . The scheme offers equivalent level market access to current provisions on most products, with very few exceptions (notably bananas and sugar). For example, flowers and fresh vegetables would enter the EU duty free under GSP plus, just as they do under current Cotonou arrangements.
- In Kenya, sectors vulnerable to open competition from with the EU include food processing, textiles and paper and printing, which together employ more than 100,000 people. Food crop sectors such as sugar, dairy, maize, rice and meat would also be under threat when placed in competition with subsidized EU exports.
- Traidcraft is the UK's leading fair trade organisation, fighting poverty through trade. We trade with small-scale producers in developing countries and support people to build sustainable livelihoods. We also conduct policy and advocacy work, seeking to make global trade rules more supportive of the interests of developing countries.
- World Flowers is the UK s largest fair trade cut flower packers sourced both locally and abroad. The company employs over 400 people in the UK and has an annual turnover in excess of 100 million delivering over 1.5 billion flowers a year to its customers around the world.
- For further information about the Fresh Produce Consortium please visit www.freshproduce.org.uk
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Read the letter

- [Download a copy of the letter sent to Peter Mandelson \(PDF\) \(112kb\)](#)