



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

Sustainability Impact Assessment in Support of Negotiations with Partner Countries in Eastern and Southern Africa in view of Deepening the Existing Interim Economic Partnership Agreement

Case Study: Agriculture • May 2021



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Abbreviations

CGE	Computable general equilibrium
CSR	Corporate social responsibility
EDM	Economic Development Board of Madagascar
EFFAT	European Federation of Food, Agriculture, and Tourism Trade Unions
ESA	Eastern and Southern Africa
EPA	Economic Partnership Agreement
EUTC	European Trade Union Confederation
EU	European Union
FDI	Foreign direct investment
GDP	Gross domestic product
GEL	Groupement de Exportateurs de Litchi, Madagascar
HDI	Human Development Index
ILO	International Labour Organisation
IMF	International Monetary Fund
MAEP	Ministère de l'Agriculture, de l'Élevage et de la Pêche, Madagascar
OCTs	Overseas countries and territories
RBC	Responsible business conduct
SIA	Sustainability Impact Assessment
SME	Small and medium-sized enterprises
SPS	Sanitary and phytosanitary
TBT	Technical barriers to trade
TSD	Trade and Sustainable Development
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Emergency Fund
USAID	United States Agency for International Development
WTO	World Trade Organisation
ZEPA	Zimbabwe European Partnership Agreement Support programme
ZIMSOFF	Zimbabwe Small Scale Farmers Federation

Executive summary

This case study provides an overview of the impact of the interim Economic Partnership Agreement (EPA) on three Eastern and Southern (ESA) countries: Comoros, Madagascar and Zimbabwe. The agricultural sector is an important contributor to economic growth and job creation across all three countries and an important source of export revenue. While all three countries have experienced growth in agricultural exports to the European Union (EU), they face similar challenges in complying with stringent sanitary and phytosanitary (SPS) and food safety standards requirements. Agricultural products tend to be exported in their unprocessed format, and there are concerns that a deepened EU-ESA EPA will consolidate these countries' positions as exporters of commodities. A deepened EU-ESA5 EPA can provide an opportunity to grow the agricultural sectors across all three countries. However, making this a reality will require Comoros, Madagascar and Zimbabwe to address many domestic constraints that arguably, the EPA has little control over. All three countries would require an improvement in existing infrastructure, logistics, simplification of administrative requirements and increased levels of investment.

Findings from stakeholder consultations reveal the following concerns and recommendations for a deepened EU-ESA EPA:

- 1) Existing rules of origin could be further simplified to (i) benefit existing producers in the ESA5 countries and new investors in new industries while supporting production diversification, and (ii) contribute to ESA5 countries becoming increasingly part of global value chains and still benefiting from preferential market access into the EU.
- 2) Requests to enable cumulation to occur with other countries party to EPAs should be made a reality to assist less capacitated countries to improve their efforts at value-added production and boost their capacity to meet the quality and quantity requirements in the EU market.
- 3) Technical training centres should be implemented to assist ESA5 countries with export promotion, digitalise customs procedures, train on non-tariff barriers and SPS issues, and support the implementation of the World Trade Organisation's (WTO) Trade Facilitation Agreement. If the EPA can assist ESA5 governments with establishing systems that support improved business climates and strengthen compliance with SPS standards, this will enhance producers' ability to grow into commercial farming enterprises.
- 4) There are challenges for some lower-income ESA5 countries to facilitate resource and capital mobilisation for private sector investment. It would be worth exploring the potential of establishing financing mechanisms (mixtures of grants and loans) that can promote investment in the agricultural sector in ESA5 countries.
- 5) The implementation of Trade and Sustainable Development (TSD) concerns should be a cornerstone of EU trade agreements with third countries. This way, third countries could commit to implementing TSD standards, compliance with the International Labour Organisation's (ILO) conventions, etc., through a roadmap or a similar mechanism that measures and tracks third countries' implementation of improved environment, labour and human rights concerns.

1. Introduction

This report is part of the project to prepare a Sustainability Impact Assessment (SIA) in support of negotiations with partner countries in Eastern and Southern Africa (ESA) in view of deepening the existing interim Economic Partnership Agreement (EPA).

In 2009 four countries (Madagascar, Mauritius, Seychelles and Zimbabwe) signed the interim EPA, which has been provisionally in place since 2012. The EPA foresees consecutive rounds of liberalisation over ten years, with the tariff liberalisation process concluding in 2022. Although a late joiner, Comoros is now partied to the negotiations to deepen the EPA, having signed the agreement in July 2017 with ratification and entry into force in January and February 2019, respectively. Currently, the interim EPA between the European Union (EU) and the ESA5 countries includes the following chapters: abolition of EU duties and quotas for imports from these countries; gradually opening up of EU exports to these countries; a protocol on rules of origin; provisions on fisheries and trade defence; commitments to cooperate on technical barriers to trade (TBT), and standards on animal and plant health; rules and commitments on development cooperation; and mechanism for settling disputes. The new rounds of negotiations are intended to reach an agreement that would boost bilateral trade, investment flows and contribute to socio-economic growth and sustainable development across the ESA 5 countries.¹ The deepened EPA is expected to contain further provisions related to customs, trade facilitation, trade in goods, focusing on agriculture, sanitary and phytosanitary (SPS) and TBT issues.

This case study aims to provide an overview of the agricultural sector and its importance to ESA5 countries. Agricultural production is important for both employment and economic growth in Zimbabwe, Madagascar and Comoros. This case study provides an overview of the impact of the interim EPA thus far and highlights important considerations for Zimbabwe, Madagascar and Comoros in deepening the EPA. Where relevant, the case study will reference the possible impacts of a deepened EPA on the EU overseas countries and territories (OCTs). Finally, the case study provides findings on the environmental, social, gender and human rights vis-à-vis the agricultural sector and concludes with recommendations on how the deepened EPA can promote trade and development across the ESA 5 countries.

¹ LSE Consulting, *Sustainability Impact Assessment in Support of Negotiations with Partner Countries in Eastern and Southern Africa in view of Deepening the Existing Interim Economic Partnership Agreement: Final Inception Report, October 2020.*

2. Context and purpose

This case study aims to provide an overview of the agricultural sector and its importance to Zimbabwe, Madagascar and Comoros. This case study provides findings on how EPAs can strengthen the agricultural sector and promote economic growth through value addition and investment in these countries while bearing in mind the concerns of the OCTs and other European stakeholders, where relevant. The case study concludes with recommendations on how the deepened EU-ESA EPA and ongoing negotiations can be enhanced to the benefit of ESA5 countries while also meeting the needs of the European stakeholders and EU OCTs.

3. Methodology and approach

This case study seeks to answer two key questions:

1. How can a deeper ESA5 agreement affect the development of these countries' agricultural sectors and what are the future considerations that should inform the deep ESA negotiations if the EPA is to support the growth of the agricultural sectors in the ESA5 countries?
2. What are the envisaged impacts, if any, of a deepened EPA on the EU's OCTs' agricultural products?

Zimbabwe, Madagascar and Comoros were chosen as the selected country case studies due to agricultural production's overall importance in the countries' economic growth. Mauritius and Seychelles were omitted as country case studies because they are predominantly focused on the export of fish and fish-related products, and agricultural production is less important to their national economies and interests under a deepened EPA. Lastly, an analysis of the sugar industry was omitted due to the sugar industry's complexity and sensitivities for both EU sugar stakeholders and the OCTs.

The proposed methodology consists of combining existing information from previous reports, a desktop literature review, and supplementary stakeholder interviews that provide important takeaways for consideration in the negotiations for a deepened EU-ESA EPA.²

² **Disclaimer:** This case study relies substantially on existing literature and stakeholder consultations conducted for Phase II for Comoros specifically. Where possible, this case study has been supplemented with stakeholder consultations for Madagascar and Zimbabwe. Despite repeated follow ups, there was a general lack of interest amongst Comorian stakeholders to participate in discussions, and only one stakeholder consultation took place. As a result, the findings from stakeholder consultations are limited and this should be kept in mind in the review of this document.

4. A brief overview of agricultural production in the Comoros, Madagascar and Zimbabwe³

Agriculture is an essential sector in Madagascar, Zimbabwe and Comoros. Unfortunately, all countries face structural challenges in growing and enhancing the competitiveness of their agricultural sectors. There are also environmental, labour, and human rights concerns in agricultural production across all three countries. Although agricultural work is the primary source of employment in Madagascar and Zimbabwe, there is an increasing interest in growing the services industries in both countries. This interest underscores the Madagascar and Zimbabwean governments' actions to diversify their economies, reduce their dependency on agriculture, and focus on new avenues for economic growth.

4.1 The agricultural sector in Comoros⁴

Comoros joined the EU-ESA EPA in 2019, and discussions to deepen the EPA can have significant bearings on developing the country's agricultural sector. Comoros is a lower-middle-income country, ranked at 0.55 on the Human Development Index (HDI) for 2020.⁵ Existing socio-economic development challenges facing Comoros are likely to be exacerbated by the COVID-19 pandemic. The pandemic comes on the back of Cyclone Kenneth in April 2019, which caused the country's gross domestic product (GDP) to fall from 3.6 per cent to 1.9 per cent in 2019.⁶ It contracted further to -1.8 per cent in 2020 owing to the pandemic.⁷

The Comorian economy is primarily agricultural, and arable land comprises 45 per cent of the total land area. The sector is characterised by small-scale subsistence farming, low productivity, vulnerability to climate change, low levels of input usage, and vulnerability to international market price fluctuations.⁸ Agriculture, forestry and fisheries make up almost 33 per cent of its GDP, and commercial agriculture is limited. In total, 90 per cent of Comoros' export income generated through the production of cloves, vanilla and ylang-ylang⁹ and almost 57 per cent of the country's labour force are involved in producing these three crops.¹⁰ Comorian production of ylang-ylang, vanilla and cloves have fluctuated over the years (Table 1 and Table 2 in Appendix I). Ylang-ylang exports have decreased steadily, from 54.9 tonnes in 2010, decreasing further when compared to 35 years ago, when overall production was approximately 90 tonnes.¹¹ Similarly, although Comoros is one of the top suppliers of cloves to the EU, representing 8.4 per cent of the product's import share in 2017, production levels have experienced an annual decrease of 21 per cent since 2013 (most likely the result of climate change).¹²

4.2 The agricultural sector in Madagascar¹³

Madagascar has the lowest per capita income amongst the ESA5 countries, and 92 per cent of the population lives on less than US\$ 3.10 a day.¹⁴ Agriculture is a critical sector for the Madagascar economy. In 2019, it

³ Currency references in the case study and accompanying appendices are referenced in dollars owing to their citation as such in the original sources of information (predominantly World Bank data sources).

⁴ See also Appendix I.

⁵ United Nations Development Programme (UNDP) Human Development Report 2020 'The next frontier Human development and the Anthropocene.'

⁶ International Monetary Fund (IMF) Regional Economic Outlook 2020: Sub-Saharan Africa.

⁷ Ibid.

⁸ African Development Bank Union of the Comoros Country Strategy Paper 2021-2025.

⁹ World Bank Integrated Development and Competitiveness Project (P164584) Comoros.

¹⁰ African Development Bank, op. cit.

¹¹ Caiger S (2015) Essential Oils and Oleoresin, ITC Market Insider. International Trade Centre..

¹² Centre for the Promotion of Exports (2018) 'Exporting cloves to Europe': <https://www.cbi.eu/market-information/spices-herbs/cloves>

¹³ See also Appendix II.

¹⁴ Bertelsmann Stiftung Transformation Index, Madagascar Country Report 2020.

accounted for 23 per cent of GDP and employed up to 64 per cent of the labour force.¹⁵ The sector is dominated by subsistence farming, and farmers have limited access to finance, agricultural inputs, which reduces their competitiveness in international markets.¹⁶ The analysis has to be seen against the background of the current food crisis (see Box 1).

Box 1: Madagascar's food insecurity and malnutrition emergency

The political crisis from 2009 until 2013 had extremely negative impacts on Madagascar's economy and health systems. More than half of all Malagasy children suffer from chronic malnutrition, and half the population is vulnerable to food insecurity.¹⁷ Between 1980 and 2010, the country suffered 35 cyclones and floods, five periods of drought, five earthquakes and six epidemics.¹⁸ As a result, Madagascar is of the world's most vulnerable countries to the effects of climate change. Since 2020, Madagascar has faced three major disasters: flooding in seven northern regions (January and February 2020), prolonged droughts across the country's southern half, and the COVID-19 pandemic.

The southern regions of Madagascar are currently facing a severe food insecurity and malnutrition crisis due to multiple shocks. The pattern of recurring droughts since 2014 has triggered high levels of food insecurity and malnutrition. Most districts in the southern half of the country are in the throes of a nutrition emergency, with acute malnutrition nearly doubling over the past four months for children under five – an alarming 16.5 per cent - and at least 1.35 million people require emergency food and nutrition assistance.¹⁹

The drought since October 2019 has been the worst in the last decade. As a result, the 2021 harvest is expected to be 50 per cent below the five-year average, coupled with raging sandstorms across the southern parts of Madagascar.²⁰ This phenomenon is also the result of climate change patterns, which has rendered arable land unfit for agricultural purposes due to soil depletion through erosion and deforestation. As a result, since May 2020, the price of basic food products has increased significantly and, when compounded by the COVID-19 pandemic, has further disrupted market functioning and heightened food insecurity amongst the Malagasy.

The COVID-19 pandemic has only exacerbated the ongoing adverse socio-economic impact of the current situation and has further heightened the vulnerability of large parts of Malagasy communities. The latest data indicates that 42 per cent of the population is facing a crisis or worse levels of food insecurity. This figure is expected to double, reaching 1.31 million people in October–December 2021 if appropriate humanitarian action is not taken.²¹

Madagascar's climatic diversity allows it to grow both staple crops and tropical crops for export. Although the country has large swathes of potentially arable (but still unexploited land) for cultivation, security of tenure and land ownership problems are currently one of the key challenges to investment in the country.²² Exports are concentrated in agricultural goods and fisheries, textiles, and minerals. However, the share of agriculture, forestry and fisheries as a percentage of GDP has dropped from 30.5 per cent of the economy in 2009 to 23.3

¹⁵ World Bank indicators <https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?view=chart> and <https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS>

¹⁶ World Bank (2015) *Diagnostic Trade Integration Study (DTIS) Update: Republic of Madagascar*, Report No: ACS14325.

¹⁷ Action Against Hunger <https://www.actionagainsthunger.org/countries/africa/madagascar>

¹⁸ Action Against Hunger <https://www.actionagainsthunger.org/countries/africa/madagascar>

¹⁹ UN News 'Madagascar edges towards famine, UN food agency appeals for assistance.' 29 April 2021, <https://news.un.org/en/story/2021/04/1090922>

²⁰ The Guardian 'At least 1m people facing starvation as Madagascar's drought worsens.' 10 May 2021, <https://www.theguardian.com/global-development/2021/may/10/at-least-1m-people-facing-starvation-madagascar-drought-worsens>

²¹ Food and Agricultural Organisation of the United Nations (FAO) *Southern Madagascar Response Review*, May 2021

²² World Trade Organisation (WTO) *Trade Policy Review Madagascar 2015*, WT/TPR/S/318.

per cent in 2018.²³ This drop is likely to prolong into 2021 due to the economic fallout from the COVID-19 pandemic, triggering a GDP contraction of -3.2 per cent in 2020.²⁴

Between 2010 and 2019, coffee, tea, cocoa and spices, and vegetables and fruits were amongst the top four goods exports to the EU from Madagascar (after apparel and clothing accessories) (Table 3 in Appendix II).²⁵ Vanilla is a significant export, constituting 24.6 per cent of total goods exported to the EU in 2019²⁶ and 74 per cent of total global exports into the EU territory in 2017.²⁷ Madagascar's agricultural sector offers a substantial potential for growth in the export of niche products such as cloves, vanilla, honey, coffee, cocoa, and litchis. Litchis are predominantly an export crop, and exports to the EU account for 80 per cent of the market.²⁸ High potential export crops include:

- Cloves: since 2011, cloves and clove essence are amongst the highest export revenue-yielding crops in Madagascar (Table 4 in Appendix II). The clove-growing area is estimated at 40,000 hectares, and only 10 per cent of production is extracted locally in the form of essence.²⁹
- Vanilla: Madagascar is responsible for 60 per cent production of the total global vanilla crops (Table 5 in Appendix II). While it is a highly valued crop, the high international prices for vanilla pods do not filter down to farmers. As a result, Madagascan vanilla farmers are impoverished, as growers commonly receive less than 5 per cent of the international market price for their product.³⁰ Vanilla has historically always been exported raw; however, in recent years, local firms have started extracting and exporting natural vanillin, which is strongly protected against imports.³¹
- Cocoa: Madagascan cocoa is highly prized for its quality and old varieties. The majority of Madagascan cocoa is produced under organic and fair-trade labels. Despite its high-value production remains below 10,000 tons and exports fluctuate considerably. As a result, its contribution to export revenue remains under the US\$ 1 million mark.³²

4.3 The agricultural sector in Zimbabwe³³

The Zimbabwean economy has faced a series of crises in recent years. In 2020, GDP growth was estimated to have contracted by -10.4 per cent, on the back of -6.5 per cent GDP contraction in 2019, as the COVID pandemic stalled economic recovery in Zimbabwe.³⁴ Currency devaluation and inflation are contributory factors to Zimbabwe's continued food insecurity challenges. Agricultural production is vulnerable to climate change, natural disasters and droughts.³⁵ On average, the country has a per capita income of US\$ 1,500, and the country has a low HDI ranking of 0.57.³⁶ Although the coronavirus pandemic has exacerbated Zimbabwe's

²³ World Bank Indicators <https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?view=chart>

²⁴ IMF (2020) *Regional Economic Outlook 2020: Sub-Saharan Africa*.

²⁵ EU, 'Agri-food Trade Statistical Factsheet. European Union – Madagascar' (17 March 2020).

²⁶ LSE Consulting, *Sustainability Impact Assessment in Support of Negotiations with Partner Countries in Eastern and Southern Africa in view of Deepening the Existing Interim Economic Partnership Agreement: Final ex-post evaluation report*, April 2021.

²⁷ Centre for the Promotion of Exports 'Exporting Vanilla to Europe' <https://www.cbi.eu/market-information/spices-herbs/vanilla>

²⁸ World Bank (2015) *DTIS Update*, op. cit. Approximately 100,000 tonnes produced by some 80,000 household, only about a fifth are exported. Volumes being closely controlled by the Groupement de Exportateurs de Litchi (GEL) a cartel of about 40 exporters, keeping the value of exports stable over the past years. The GEL is more focused on maintaining high prices than increasing productivity and quality in the sector.

²⁹ WTO Policy Review Madagascar, op. cit.

³⁰ Bertelsmann Stiftung Transformation Index, op. cit.

³¹ WTO Trade Policy Review Madagascar 2015, op cit.

³² Ibid.

³³ See also Appendix III.

³⁴ IMF (2020) *Regional Economic Outlook 2020: Sub-Saharan Africa*.

³⁵ FAO Zimbabwe: *Extreme levels of food insecurity triggered by a reduced 2019 harvest and high prices that have acutely impeded access to food*. GIEWS Update, 14 October 2019, <http://www.fao.org/3/ca6624en/ca6624en.pdf>

³⁶ WTO Trade Policy Review Zimbabwe 2020, WT/TPR/S/398; UNDP Human Development Report 2020, op. cit.

economic crisis, the economy is set to rebound by 2.9 per cent in 2021, supported by a recovery in agriculture.³⁷

Agriculture is the backbone of Zimbabwe's economy, and the country remains largely rural and dependent on agricultural activities for their livelihoods. Almost two-thirds of Zimbabweans are employed in the agricultural sector.³⁸ Once known as the 'breadbasket of Africa', agricultural production as a percentage of GDP has dropped to 8 per cent in 2018.³⁹ To help address this, the Zimbabwean government introduced the Common Agriculture programme in 2016 in order to reverse the decline in its agricultural production, although the full extent of its success remains questionable.⁴⁰

Zimbabwe's agricultural sector is dominated by the export of cash crops such as tobacco, cotton, sugar and coffee. It has the lowest export diversification amongst all ESA5 countries, focused predominantly on minerals and tobacco. Tobacco continues to be the leading foreign revenue earner in the agricultural sector, accounting for 20 to 30 per cent of all exports in recent years.⁴¹ In January 2019, Zimbabwe earned US\$ 119 million from tobacco exports compared to the corresponding period in 2018, reflecting a 94 per cent increase.⁴²

5. State and coverage of the EPA and negotiations for the agricultural sector thus far

According to the computable general equilibrium (CGE) modelling undertaken by DG Trade, all ESA countries are expected to benefit from the interim EPA. Specifically, those countries with a high focus on agricultural trade and less knowledge and skills-intensive manufacturing (such as Madagascar and Zimbabwe) are estimated to benefit the most from tariff reductions that go beyond preceding preferential tariffs.⁴³ The interim EU-ESA5 EPA provides free access to the EU market for all products made under the ESA5, with flexible rules of origin and cumulation.

This section provides a brief economic overview of the impacts of the interim EU-ESA5 EPA concerning the agricultural sectors in Madagascar, Zimbabwe and Comoros. It thereafter discusses the impacts of an interim and deepened EPA on EU OCTs and future considerations that should inform the deepened ESA negotiations if the EPA supports the growth of the agricultural sectors in the ESA5 countries.

5.1 Impact of the interim EPA in Comoros

Although Comoros has been applying the interim EPA only since February 2019, agricultural exports have increased by 203 per cent from 2010 to 2019.⁴⁴ France and Germany are amongst the country's top export destinations of commodities with a global share of 45 per cent and 10 per cent, respectively.⁴⁵ It is important to note that because Comoros ratified and begun implementing the interim EPA in 2019 only, impacts from the interim EPA are somewhat limited.⁴⁶

³⁷ World Bank <https://www.worldbank.org/en/country/zimbabwe/overview>

³⁸ World Bank Group (2019) 'Zimbabwe Public Expenditure Review with a focus on agriculture.'

³⁹ World Bank Indicators <https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?view=chart>

⁴⁰ World Bank Group (2019) 'Zimbabwe Public Expenditure Review with a focus on agriculture.'

⁴¹ WTO Trade Policy Review Zimbabwe 2020, *op. cit.*

⁴² African Development Bank Zimbabwe Economic Brief 2019 https://afdb.org/sites/default/files/documents/projects-and-operations/monthly_bulletin_february_2019.pdf

⁴³ LSE Consulting, *Final ex-post evaluation report*, *op. cit.*

⁴⁴ LSE Consulting, *Sustainability Impact Assessment in Support of Negotiations with Partner Countries in Eastern and Southern Africa in view of Deepening the Existing Interim Economic Partnership Agreement: Annex to the TSD report.*

⁴⁵ Trend Economy, *Annual International Trade Statistics by Country, Comoros*: <https://trendeconomy.com/data/h2/Comoros/TOTAL>

⁴⁶ Interview with representative from Ministère de l'Énergie, de l'Agriculture, de la Pêche et de l'Environnement, Comoros, 12 May 2021.

Comoros has a potential advantage in cultivating highly prized produce such as cloves and essential oils extracted from ylang-ylang trees. However, export revenues are less than half the import expenditure in agriculture and growth in exports of cloves, vanilla, and ylang-ylang fluctuate due to insufficient infrastructure, an adverse business environment, and bottlenecks in financing.⁴⁷ In general, challenges to Comoros' domestic economic situation are identified as:⁴⁸

- The three major bottlenecks for imports are taxes, logistical problems and transport costs.
- Three major bottlenecks for export: export taxes, technical barriers, transport costs, plus administrative formalities and financing for trade.

As a result, deepening the EPA for the Comoros will have to include actions from Comorian stakeholders that mitigate against climate change, improve production and export capacity, and enable improvements to agricultural production techniques. Reaping the full benefits that a deepened EU-ESA EPA could offer, Comoros also requires the government to address existing tax and infrastructure constraints, improve logistics, and simply administrative requirements for the private sector to do business in the country.

5.2 Impact of the interim EPA in Madagascar

Malagasy stakeholders reported an opening of EU markets to Malagasy agricultural exports under the interim EPA – for example, 300 million euros of plant products were exported to the EU in 2018. Under the interim EPA, Madagascar has, with the EU's support, installed a food safety lab that can now conduct the requisite tests from Madagascar and has taken steps to assist its farmers in obtaining organic certifications.⁴⁹ These are important steps towards ensuring that agricultural exports are produced to meet European markets' SPS and food safety standards.

However, the country's largest challenge preventing the interim EPA from being used to its full potential is Malagasy farmers' difficulties in complying with European SPS standards, which has limited an even wider growth in export revenues.⁵⁰ In general, the private sector has difficulty ensuring agricultural produce conforms with required SPS export standards due to a lack of information and resources.⁵¹

The Malagasy government has implemented a 'one district one factory' model, a popular local economic development tool used across many countries to build niche productivity and enhance export diversification across different sectors in an economy. The Ministry of Trade aims to have small factories in each district that will engage in agricultural processing and value-added activity for domestic consumption and export.⁵² For example, the government is implementing projects to support the transformation of soybeans into table oil in the Antsinanana region (Tamatave) and another project to support research, training and the development of a processing centre Moringa, in the Diana region.⁵³ The government also looks to roll out support for organic farming to support the diversification of existing exports.⁵⁴ However, the country faces challenges in terms of low levels of infrastructure development, an erratic electricity supply, and poor port infrastructure. As a result, the government is looking to promote and encourage investment in renewable energy production to enhance the country's attractiveness for private sector investment.⁵⁵

⁴⁷ World Bank Integrated Development and Competitiveness Project (P164584) Comoros.

⁴⁸ Comorian case study and fieldwork interviews, November 2020.

⁴⁹ Interview with Economic Development Board (EDM) of Madagascar representative, 10 May 2021.

⁵⁰ Interview with Bureau d'Appui à la Coopération Extérieure Madagascar representative, 10 May 2021.

⁵¹ Interview with MAEP Madagascar representatives, 7 May 2021.

⁵² Interview with EDM Madagascar representative, 10 May 2021.

⁵³ Interview with Ministère de l'Agriculture, de l'Élevage et de la Pêche (MAEP) Madagascar representatives, 7 May 2021.

⁵⁴ Interview with Bureau d'Appui à la Coopération Extérieure Madagascar representative, 10 May 2021.

⁵⁵ Interview with EDM Madagascar representative, 10 May 2021.

5.3 Impact of the interim EPA in Zimbabwe

CGE modelling indicates that EU imports from Zimbabwe are estimated to be 18 per cent higher with an EPA in place, particularly for the 'other crops' industries, which account for a relatively high share of the country's overall exports to the EU.⁵⁶ To this end, the highest sectoral-specific percentage increases are for the fruits and vegetable sectors (2.4 per cent) and the sugar sector (1.4 per cent).⁵⁷

In general, producers with access to EU markets do not have many challenges in complying with rules of origin requirements because wholly produced goods (horticulture and wholly grown agricultural produce) comprise the main exports to the EU (Table 6 and Table 7 in Appendix III).⁵⁸ In 2019, tobacco accounted for 52.7 per cent of all agri-food exports to the EU, while vegetables and fruits represented 25.5 per cent of all agri-food exports to the EU.⁵⁹ EU countries such as Germany and Belgium are still major importers of unmanufactured tobacco from Zimbabwe, although the export market has shifted mainly to China and Indonesia.⁶⁰

Zimbabwe's challenges in product export diversification lie with a lack of domestic industrialisation capacity and infrastructure to support agro-processing.⁶¹ Amongst stakeholders interviewed, there is an acknowledgement that Zimbabwe's politically driven land reform agenda resulted in a decrease in agricultural productivity (and value-added production), resulting in the loss of important markets such as beef exports to the EU.⁶² As a result of domestic politics and economic stagnation, Zimbabwean producers have not necessarily utilised the interim EPA to their greatest advantage. However, Zimbabwean stakeholders also see the importance of continuing the engagement and under an EPA, especially as it offers the country an opportunity to normalise political relations with the EU.⁶³

In recognising Zimbabwe's limitations to leverage the interim EPA fully, the EU launched the Zimbabwe European Partnership Agreement Support programme (ZEPA) valued at EUR 10 million, with interventions to assist the country with the implementation. The support programme targets improvements to the Zimbabwean ecosystem focused on trade facilitation, enhanced competitiveness and export capacity building amongst small and micro-sized enterprises, and policy design and implementation support.⁶⁴ However, one stakeholder highlighted ZEPA's interventions as primarily directed at the smallholder production level, which has little capacity to transform the Zimbabwean agricultural sector into competitive industries.⁶⁵ Instead, the focus should be on achieving economies of scale that can help the industry grow and improve its competitiveness. In addition, the concentration of Zimbabwean exports to the EU in raw commodities has raised concerns that a deepened EPA could cement Zimbabwe's position as an exporter of non-value-added commodities that is absent from any promotion of national and regional value chain development.⁶⁶ Moreover, it was noted that small and medium-sized enterprises (SMEs) have been unable to capitalise on the interim EPA owing to challenges in meeting EU standards, ensuring their produce satisfies SPS requirements and insufficient market access.⁶⁷

⁵⁶ LSE Consulting, *Final ex-post evaluation report*, op. cit.

⁵⁷ *Ibid.*

⁵⁸ *Interview with independent customs and trade facilitation consultant*, 12 May 2021. See also *Interview with representative from Zimbabwe Farmers' Union*, 13 May 2021.

⁵⁹ LSE Consulting, *Final ex-post evaluation report*, op. cit.

⁶⁰ *The Herald*, 'China drives Zim tobacco exports,' 5 April 2018 <https://www.herald.co.zw/china-drives-zim-tobacco-exports/>

⁶¹ *Interview with independent customs and trade facilitation consultant*, 12 May 2021

⁶² *Interview with representative at the Zimbabwe Farmers Union*, 13 May 2021

⁶³ *Interview with representative at the Zimbabwe Farmers Union*, 13 May 2021. See also *Interview with Zimbabwe Small Scale Farmers Federation (ZIMSOFF)*, 20 February 2021.

⁶⁴ *Interview with representative from the Ministry of Foreign Affairs Zimbabwe*, 19 May 2021.

⁶⁵ *Ibid.*

⁶⁶ *Ibid.*

⁶⁷ *Interview with independent customs and trade facilitation consultant*, 12 May 2021. See also *Interview with representative from the Ministry of Foreign Affairs*, 19 May 2021.

Although ESA5 countries have not yet completed their tariff reduction schedules (which should be completed by 2022), ongoing tariff reductions have increased goods exported from the EU into the ESA5 countries.⁶⁸ As a result, there are concerns from the private sector and civil society around the liberalisation of local food markets and the displacement of domestic producers due to an influx in cheap imports, compounded by the lack of subsidies and structural support for Zimbabwean smallholder farmers.⁶⁹ Whether this will manifest as a reality under a deepened EPA requires further consideration from negotiators.

5.4 Impact on OCTs

La Réunion's economy is focused mainly on the services sector and some manufacturing activities. Although agriculture plays an important role, it predominantly focuses on the sugar industry and rum, which is not a focus for this case study. Mayotte's economic activity is based mainly on the agricultural sector, such as fishing and raising livestock; the latter sectors are not within this case study's focus. The value of Mayotte's exports to ESA countries is generally relatively small. Madagascar and Comoros are major destinations for Mayotte's exports of manufactured goods, which remained relatively stable between 2014 and 2019. Available trade data indicate that the Interim EPA had a negligible economic impact on Mayotte and La Reunion.⁷⁰

Madagascan stakeholders have different opinions regarding the openness of French OCTs to Malagasy agricultural exports. The interim EPA did not contribute to deepened trade within the Indian Ocean and East African regions for two stakeholders. Specifically, exports to the OCTs (Reunion and Mayotte) are difficult because their SPS requirements are challenging to meet, taxes levied in the French territories means Madagascan agricultural producers cannot compete against French imports in these OCTs,⁷¹ and exclusionary economic zones constrain trade between the parties.⁷² However, another interviewee indicated that Madagascar's relationship with Mayotte has always been beneficial concerning the export of meat, chicken and legumes.⁷³

Despite a potential market in Mayotte and surrounding European OCTs for regional produce, the Comorian private sector currently displays a little appetite for investing in large-scale local agro-processing. According to the World Bank, the constraints cited by the private sector – predominantly importers, exporters, and small manufacturers – are the following:

- Inconsistency of supply (quantity, quality and timing);
- An inability to secure output due to weak law enforcement; and
- Unpredictable customs duties associated with inter-island sea and air transport, and
- poor intra-island transport.⁷⁴

⁶⁸ LSE Consulting, *Final ex-post evaluation report*, op. cit.

⁶⁹ Interview with ZIMSOFF, date 21 February 2021. See also Interview with Ministry of Foreign Affairs, 19 May 2021.

⁷⁰ LSE Consulting, *Final ex-post evaluation report* op. cit.

⁷¹ Interview with EDM Madagascar representative, 10 May 2021.

⁷² Interview with MAEP Madagascar representatives, 7 May 2021.

⁷³ Interview with Bureau d'Appui à la Coopération Extérieure Madagascar representative, 10 May 2021.

⁷⁴ World Bank *Integrated Development and Competitiveness Project (P164584) Comoros*.

6. Environmental, social, gender and human rights impacts

Deepening the EPA will provide an opportunity for the Agreement to contain a dedicated chapter on Trade and Sustainable Development (TSD), for which the Commission has already presented a draft text. In furthering the provisions of this draft text, it is crucial to take stock of the TSD issues already present in the agricultural sector. These actions will help identify how future negotiations can address these concerns in the deepened EU-ESA EPA.

6.1 Labour concerns

In Comoros, Madagascar, and Zimbabwe, agricultural production is characterised by two key features: informality and child labour. In the three countries, informal labour is as high as 90 per cent. Generally, agricultural workers have lower average earnings than other sectors, and women's wages remain lower across all countries, particularly in agriculture.⁷⁵ Regarding general labour rights, all three countries report anti-trade union discrimination or afford collective bargaining rights – concerns raised by trade unions in the agricultural sector, amongst others.⁷⁶

All three countries report the presence of child labour in their agricultural sectors, despite their ratification of the International Labour Organisation's (ILO) Convention on the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, No 182 (1999). Overall levels of child labour (age 5-17) are recorded at 28.5 per cent in Comoros, 22 per cent for Madagascar and 28 per cent for Zimbabwe, for the period 2010-2017.⁷⁷ In Zimbabwe, sugar cane harvesting and tobacco farming involve child labour in their production, whereas children make up approximately 32 per cent of the vanilla workforce in Madagascar.⁷⁸ In Madagascar, agriculture has the highest levels of child labour, representing 87.4 per cent of working children.

Corporate social responsibility (CSR) activities (also known as responsible business conduct, RBC) programmes are reportedly present in Zimbabwe.⁷⁹ However, it is questionable how successfully tobacco multinationals can monitor and ensure compliance with human rights standards in their supply chains.⁸⁰ The uptake of CSR/RBC varies across the ESA countries, with different government actors' involvement. Although RBC awareness has grown since 2009 in Zimbabwe, it remains a largely private-sector driven effort through the Standards Association of Zimbabwe, and the government does not take any measures to encourage RBC nor implements RBC practices in its procurement decisions. Instead, the private sector has developed the National Corporate Governance Code of Zimbabwe, a framework designed to guide Zimbabwean companies on RBC.⁸¹

The Malagasy government has established mechanisms to enforce laws and regulations on child labour, including the 2015 Code of Conduct for combatting child labour in the vanilla sector. It is working with USAID and UNICEF to enhance awareness and conduct workshops around child labour in agricultural production.⁸² In addition, all companies that export to the EU must have a CSR policy in place, and the government is working with USAID to develop a sector-wide policy and legal framework for CSR activity in Madagascar.⁸³ In collaboration with the ILO, the government and the National Vanilla Platform are working to eliminate child

⁷⁵ LSE Consulting, *Final ex-post evaluation report*, op. cit.

⁷⁶ LSE Consulting, *Sustainability Impact Assessment in Support of Negotiations with Partner Countries in Eastern and Southern Africa in view of Deepening the Existing Interim Economic Partnership Agreement: Report on the TSD Chapter*, February 2021.

⁷⁷ LSE Consulting, *Annex to the TSD Report*.

⁷⁸ Referencing a 2012 ILO study <https://www.dol.gov/agencies/ilab/supporting-sustainable-and-child-labor-free-vanilla-growing-communities-sava-savabe>

⁷⁹ See CSR programmes by Aqua Tobacco Zimbabwe, available at <http://atz.co.zw/corporate-social-responsibility/>

⁸⁰ Human Rights Watch (April 2018) 'A Bitter Harvest: Child Labour and Human Rights Abuses on Tobacco Farms in Zimbabwe.' <https://www.hrw.org/report/2018/04/05/bitter-harvest-child-labor-and-human-rights-abuses-tobacco-farms-zimbabwe>

⁸¹ LSE Consulting, *Report on the TSD Chapter*, op. cit.

⁸² Interview with EDM Madagascar representative, 10 May 2021.

⁸³ Ibid.

labour in the Sava region (the central area of vanilla production). This project, “Supporting Vanilla Actors for the Benefit of Children”, valued at US\$52 000, targets improvements to the living standards of parents working in the vanilla sector and vocational training for child victims in the sector.⁸⁴

There is no evidence to suggest a direct correlation between the implementation of the interim EPA and child labour in the vanilla or tobacco sectors. Instead, the high levels of child labour result from the macro socio-economic challenges facing Zimbabwe and Madagascar. However, given the large share of vanilla and tobacco imports into the EU, it is likely that some of these imports are produced by children.⁸⁵

6.2 Environmental concerns

All three countries are vulnerable to climate change and face similar challenges around the impact of unsustainable agricultural practices on biodiversity and threats to environmental ecosystems. In Madagascar and Zimbabwe, specific national policies have been adopted to improve the resilience of agriculture in the face of climate change. Madagascar faces challenges in preventing deforestation for the benefit of agricultural production, and research suggests that swidden agriculture by smallholder farmers is the most important driver for deforestation in the country, especially as populations continue to grow.⁸⁶ Although this method mainly benefits subsistence agriculture, vanilla is sometimes cultivated on fallow following the swidden technique.⁸⁷ In Zimbabwe, tobacco production and related activities are an important driver of deforestation, as are agricultural chemical runoffs into water.⁸⁸ As detailed above, the country’s tobacco production levels show little signs of abating, in part due to the country’s heavy reliance on tobacco for export revenue.

7. Considerations for a deepened EU-ESA5 EPA

This section focuses on identifying key issues and considerations affecting the Comoros, Madagascar and Zimbabwe in the deepened EPA negotiations. It also reflects the concerns of the EU stakeholders vis-à-vis the import of agricultural products from ESA5 countries into EU member states and their concerns on TSD issues in Comoros, Madagascar and Zimbabwe.

In general, stakeholders voiced concerns about how a deepened EPA can be leveraged across all three countries in the absence of meaningful changes to domestic economic and structural constraints that affect them all. Insufficient infrastructure development, low levels of agro-processing, and administrative hurdles make it difficult for Comoros, Madagascar and Zimbabwe to leverage the deepened EPA to its full potential. In all three countries, there are concerns that ESA5 exporters and agricultural producers will continue to struggle to comply with the EU SPS standards, which are viewed as onerous. Failure to comply in the long term will mean that the full benefits of the deepened EPA will be stifled for these countries. In addition, there are concerns that the interim EPA has not fully delivered on its objectives of trade and development. Compared to rules of origin as provided for under the Lomé Convention and Cotonou Partnership Agreement, the interim EPA has not supported diversification of ESA5 exports and, for some ESA countries, have cemented exports in primary goods.⁸⁹ One stakeholder requested that the rules of origin be improved and that cumulation with other countries partied to other EPAs is possible.⁹⁰ For example, under the deepened EU-ESA EPA,

⁸⁴ Interview with MAEP Madagascar representatives, 7 May 2021.

⁸⁵ LSE Consulting, *Final ex-post evaluation report*, op. cit.

⁸⁶ LSE Consulting, *Annex to the TSD Report*, op. cit.

⁸⁷ *Ibid.*

⁸⁸ *Ibid.*

⁸⁹ Interview with representative from the Ministry of Foreign Affairs Zimbabwe, 19 May 2021.

⁹⁰ *Ibid.*

cumulation with South Africa should be permitted, assisting the ESA countries in undertaking value-added production.

7.1 Considerations for Comoros

For Comoros, a deepened EPA provides an opportunity to improve and increase the quantity and quality of agricultural production to the EU market through a combination of interventions across the entire value chain from inputs to the marketing of processed products, including export.⁹¹ Leveraging a deepened EPA will require addressing structural challenges such as building laboratories and training people who can conduct food safety and SPS tests that can ensure Comorian agricultural production meets EU standards.⁹² For example, currently, cash crops have to be tested in Reunion, which is impossible for all exporters. Similar to Zimbabwe's concerns on the impact of trade liberalisation on domestic producers, there are also concerns about unfair competition from the EU that could negatively impact the domestic production of similar products.⁹³ In Comoros, customs authorities are not fully capacitated and cannot manage the requirements for different trading blocs and agreements; moreover, the correct software and equipment are also lacking.⁹⁴ As a result, poorly managed customs operations could prevent Comorian companies from utilising a deepened EPA to its full potential.

Efforts to improve and address SPS concerns, attract investors, and enhance competitiveness can only occur with the transfer of knowledge and improved productive capacity, which Comoros has been unable to take advantage of under the interim EPA. Consequently, there are concerns that Comoros will not exploit the opportunities present under a deepened EPA, and only the EU will reap benefits, at least in the short term.⁹⁵ Lastly, Comorian stakeholders expressed their concerns at the risk that trade agreements will only reinforce existing poverty structures in Comoros because the benefits gained through greater market access and improved exports will not filter down to the last mile and address the country's existing inequalities.

7.2 Considerations for Madagascar

An in-depth EPA can play an important role in promoting foreign direct investment (FDI) in Madagascar and support the export of high value-added products to the EU – as seen by the growth in organic agricultural exports to Germany. Other opportunities that Madagascar intends to leverage under a deepened EPA include extensive arable land, a robust local workforce to support higher volumes of agricultural production and enforcing the 'one district one factory' model for economic development to boost large-scale investments.⁹⁶ For Madagascar, a deepened EPA opens up greater market access opportunities in the EU territories and, in parallel, protects 'sensitive' products for the country, such as dairy and sugar. In addition, the deepened EPA will enable Malagasy private sector to import agricultural inputs and equipment from the EU at lower costs, which will help ongoing efforts to promote greater agricultural mechanisation and ultimately achieve economies of scale in the sector.⁹⁷ However, a deepened EPA will also have to contribute to mitigating risks that can stifle Madagascar agricultural exports to the EU territory, including the effects of climate change and insufficient production infrastructure.

⁹¹ Interview with representative from the Ministère de l'Energie, de l'Agriculture, de la Pêche, et de l'Environnement, Comoros, 12 May 2021.

⁹² Comorian case study and fieldwork interviews, November 2020.

⁹³ Interview with representative from the Ministère de l'Energie, de l'Agriculture, de la Pêche, et de l'Environnement, Comoros, 12 May 2021.

⁹⁴ Comorian case study and fieldwork interviews, November 2020.

⁹⁵ Ibid.

⁹⁶ Interview with MAEP Madagascar representatives, 7 May 2021.

⁹⁷ Ibid.

On TSD related issues for Madagascar, stakeholders identified three key points that a deepened EPA could assist with improving supply chain management and ensuring compliance with the TSD requirements deepened EPA. Areas of assistance include:⁹⁸

- Capacity building of entities working in the informal sector (technical training, raising awareness, facilitation of the acquisition of equipment and production materials).
- Written commitment requirement from exporters concerning the non-engagement of minors throughout the value chain.
- Recognition and promotion of labels from Malagasy producers that meet the criterion of social objectives such as fair trade.

7.3 Considerations for Zimbabwe

For Zimbabwe, the deepened EPA's advantages will only manifest if domestic reform policies are implemented. These policies include efforts to improve business constraints, such as the Doing Business taskforce recently created, the Zimbabwean Investment Development Agency and ZimTrade (export promotion agency) as functional entities capable of fulfilling their respective mandates. These conditions are prerequisites for improving Zimbabwe's agricultural sector's competitiveness and diversification.⁹⁹ Other efforts being implemented by the Zimbabwean government to help improve trade levels overall include implementing an online system for exports, establishing National Single Windows to improve trade facilitation, and creating a Coordinated Border Management Unit to improve efficiency in the delivery of services at ESA5 customs points.¹⁰⁰

One stakeholder voiced support for the ZEPA programme and hoped for its continuance under the deepened EPA, with further support provided on technical issues and supporting Zimbabwe's National Economic Consultative Forum to conduct dialogues on EPAs at different platforms to raise awareness for the agreement.¹⁰¹

The lack of investment and infrastructure to support growth and value-added productivity in the agricultural sector raises concerns that Zimbabwe's continued reliance on the export of commodities will prevent it from utilising a deepened EPA to its full potential.¹⁰² In the absence of appropriately targeted and designed interventions, Zimbabwe's agricultural producers will continue to face challenges in meeting the SPS requirements of European markets, which will negatively impact their ability to improve their exports under a deepened EU-ESA EPA.¹⁰³

7.4 Considerations for EU interests

There are concerns around the Commission entering into trade agreements with countries that have serious human rights and labour violations for some EU stakeholders. Interviewees did not seem to see a significant concern around competitiveness or preferential market access for agricultural imports from these three countries. Instead, one interviewee highlighted the seasonal complementarity between produce from the ESA5 countries, such as citrus and litchis (from Zimbabwe and Madagascar, respectively) in European countries'

⁹⁸ *Ibid.*

⁹⁹ *Interview with representative from the Zimbabwe Farmers Union, 13 May 2021.*

¹⁰⁰ *Interview with representative from the Ministry of Foreign Affairs Zimbabwe, 19 May 2021.*

¹⁰¹ *Ibid.*

¹⁰² *Ibid.*

¹⁰³ *Ibid.*

production seasons.¹⁰⁴ On this point, a successful venture and collaboration between EU importers and Malagasy exporters of litchis were undertaken in recent years to support Malagasy producers to meet EU food safety standards. Working with the producers directly, research institutes in Madagascar and EU importers, Madagascar has since implemented protocols that address post-harvest treatment, packing house facilities and other market access constraints that have traditionally hindered litchi exports to the EU, which is now valued at 15 000 tonnes.¹⁰⁵

However, there is a perception amongst some stakeholders that the EPAs are more focused on the developmental agenda rather than facilitating trade and market access for EU agricultural products into African markets.¹⁰⁶ Stakeholders recognised that the EU-ESA EPA favours agricultural imports from the ESA5 countries but also acknowledged that the purchasing power for EU exports in these countries is limited to a small consumer base, which means that EU exports might not be able to compete in ESA5 countries compared to produce imported from neighbouring countries instead.¹⁰⁷ As a result, there are limited and small volumes of EU agricultural exports to the ESA5 countries.¹⁰⁸

Issues relating to the TSD chapter were at the forefront of EU interests in trade with Madagascar, Zimbabwe and Comoros. Two EU stakeholders expressed a keen desire to ensure that EU agriculture is not exposed to unfair competition through third countries' abilities to undercut European competitors by enforcing working conditions and wages that are disadvantageous to those employed in third country agricultural sectors.¹⁰⁹ Instead, the TSD concerns in trade agreements need to be elevated, and safe working conditions, employment rights and trade union rights need to be respected and made a precondition for entering into trade negotiations with third countries.¹¹⁰ The enforcement of one set of standards for EU producers and another for third countries is viewed as a lack of policy coherence on the side of the European Commission.¹¹¹

On the other hand, another stakeholder noted that for EU importers that work with producers in the ESA5 countries, export to the EU is not possible without some form of private certification, whose standards meet EU market requirements (for example, GlobalGap). As a result, even in the absence of overarching trade agreements, export to the EU occurs with producers that are duly accredited according to international private standards.¹¹² Nevertheless, one stakeholder pointed out the need for greater avenues that facilitate cooperation and collaboration between producers in the ESA5 countries and EU importers. As per the litchi example above, support for greater collaboration could take place under the auspices of an Aid for Trade programme that helps ESA5 country producers meet the food safety and security standards across EU markets.¹¹³ Assistance on this front could include support for these countries' national plant protection agencies, developing protocols on food safety and related SPS issues, and supporting ESA5 producers to identify and address biosecurity issues.¹¹⁴

¹⁰⁴ Interview with Freshfel representative, 28 May 2021.

¹⁰⁵ *Ibid.*

¹⁰⁶ Interview with Interview with COPA-COGECA representative, 3 March 2021.

¹⁰⁷ *Ibid.*

¹⁰⁸ Interview with Freshfel representative, 28 May 2021.

¹⁰⁹ Interview with a representative from European Federation of Food, Agriculture, and Tourism Trade Unions (EFFAT), 16 April 2021.

¹¹⁰ Interview with EFFAT representative, 16 April 2021. See also interview with representative from the European Trade Union Confederation (EUTC), 20 April 2021.

¹¹¹ Interview with EFFAT representative, 16 April 2021.

¹¹² Interview with Freshfel representative, 28 May 2021.

¹¹³ *Ibid.*

¹¹⁴ *Ibid.*

8. Policy recommendations

Overall, a deepened EU-ESA EPA can support the further development and growth of agricultural sectors in Comoros, Madagascar and Zimbabwe. Making this a reality requires these countries to implement policies and strategies that support the growth of their agricultural sectors and identify opportunities to enhance their competitiveness and attract FDI. In order to make this a reality, however, a deepened EU-ESA EPA can only be utilised to its full potential with comprehensive support and technical assistance provided to Comoros, Madagascar and Zimbabwe. In the absence thereof, the deepened EU-ESA5 EPA runs the risk of entrenching limited benefits for the EU-ESA countries. For EU stakeholders, a deepened EPA must address the TSD concerns present across all three countries. **Recommendations for future negotiations, as identified through stakeholder consultations, are detailed below.**

On rules of origin

- 1) Existing rules of origin could be further simplified to (i) benefit existing producers in the ESA5 countries and new investors in new industries while supporting production diversification, and (ii) contribute to ESA5 countries becoming increasingly part of global value chains and still benefiting from preferential market access into the EU.¹¹⁵
- 2) Requests to enable cumulation to occur with other countries party to EPAs should be made a reality to assist less capacitated countries to improve their efforts at value-added production and boost their capacity to meet the quality and quantity requirements in the EU market.¹¹⁶
- 3) It is important that under the deepened EPA, efforts for EPA to support the country in upgrading and diversifying its exports for strategic positioning are critical.¹¹⁷

On issues related to development cooperation and assistance on technical standards

- 4) Development cooperation is necessary for the positive impacts of increased exports towards the EU to allow the agricultural producers to move up the value chain over time (thereby escaping poverty). Support for this sector in ESA5 countries and a reconsideration of EU agriculture and trade policies is vital.¹¹⁸
- 5) Amongst Malagasy stakeholders interviewed, technical training centres should be implemented to assist ESA5 countries with export promotion, digitalise customs procedures, train on non-tariff barriers and SPS issues, and support the implementation of the WTO's Trade Facilitation Agreement.¹¹⁹ If the EPA can assist ESA5 governments with establishing systems that support improved business climates and strengthen compliance with SPS standards, this will enhance producers' ability to grow into commercial farming enterprises.¹²⁰ Such efforts can assist ESA5 countries in improving their competitiveness and attractiveness for investors. Comorian and Zimbabwean stakeholders, respectively, echoed similar sentiments.¹²¹

¹¹⁵ LSE Consulting, *Sustainability Impact Assessment in Support of Negotiations with Partner Countries in Eastern and Southern Africa in view of Deepening the Existing Interim Economic Partnership Agreement: Trade in Goods report*, April 2021.

¹¹⁶ Interview with representative from the Ministry of Foreign Affairs Zimbabwe, 19 May 2021.

¹¹⁷ *Ibid.*

¹¹⁸ LSE Consulting, *Trade in Goods report*, *op. cit.*

¹¹⁹ Interview with EDM Madagascar representative, 10 May 2021. See also Interview with MAEP Madagascar representatives, 7 May 2021.

¹²⁰ Interview with Bureau d'Appui à la Coopération Extérieure Madagascar representative, 10 May 2021.

¹²¹ Interview with representative from the Ministère de l'Energie, de l'Agriculture, de la Pêche, et de l'Environnement, Comoros, 12 May 2021. See also interview with representative from Zimbabwe Farmers' Union, 13 May 2021.

- 6) In deepening the EPA, it was suggested that technical assistance be provided to business membership organisations to provide training to their members on the EPA and how Zimbabwean producers can benefit under the deepened EPA.¹²²
- 7) There are challenges for some lower-income ESA5 countries to facilitate resource and capital mobilisation for private sector investment. It would be worth exploring the potential of establishing financing mechanisms (mixtures of grants and loans) that can promote investment in the agricultural sector in ESA5 countries.

On SPS issues¹²³

- 8) EU stakeholders have requested the strengthening of SPS provisions in the deepened EU-ESA EPA. Although the decrease of tariffs is important, non-compliance and insufficient reforms in addressing SPS concerns can function as NTBs. Therefore, greater assistance for ESA5 countries to meet European standards and SPS compliance requirements would be a welcomed intervention and will also help promote greater private sector engagement between EU producers/importers and ESA5 producers.
- 9) Greater uptake on digitisation of certificates would help ESA5 countries and EU exporters gain better market access. The E-Phyto Hub is one such platform to promote and transfer phytosanitary certification online and facilitates easier access for developing countries to obtain clearance, fastens the process for exports, and ensures transparency (thereby reducing corruption). It would be helpful to include such initiatives as part of a support instrument under the Aid for Trade and development cooperation.

On TSD concerns

- 10) The implementation of TSD concerns should be made a cornerstone of EU trade agreements with third countries, and third countries could commit to the implementation of TSD standards, compliance with ILO conventions etc., through a roadmap or a similar mechanism that measures and tracks third countries' implementation of improved environment, labour and human rights concerns.¹²⁴

Other

- 11) The development of a common methodology aimed at finalising a monitoring and evaluation framework for the interim EPA and subsequently the deepened EPA must be prioritised. This will act as a springboard towards defining a joint understanding of the progress. It will also serve to remaining challenges to ESA5 implementation so that the deepened EU-ESA5 EPA can learn from challenges experienced in implementing the interim EPA.¹²⁵

¹²² Interview with independent customs and trade facilitation consultant, 12 May 2021. See also interview with Zimbabwe Farmers' Union representative, 13 May 2021.

¹²³ Interview with Freshfel representative, 28 May 2021.

¹²⁴ Interview with EFFAT representative, 16 April 2021. See also interview with representative from the EUTC, 20 April 2021

¹²⁵ Interview with representative from the Ministry of Foreign Affairs, 19 May 2021.

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Appendix I: Agriculture indicators Comoros

Table 1: Comoros cloves (whole fruit, cloves and stems) netweight exports to select trading partners, 2015- 2019

Classification	Year	Partner	Netweight (kg)	Trade Value (US\$)
H5	2019	France	46,000	246,503
H5	2019	Germany	87,500	382,760
H5	2019	Greece	70,020	333,189
H5	2019	Netherlands	41,000	215,182
H5	2018	Germany	82,000	347,022
H5	2018	Italy	33,000	157,955
H5	2018	Lithuania	29,000	138,809
H5	2018	Netherlands	244,250	1,241,415
H5	2018	Spain	33,000	157,955
H4	2017	Germany	63,000	314,223
H4	2017	Greece	50,010	204,290
H4	2017	Netherlands	93,350	496,243
H4	2016	France	31,000	154,435
H4	2016	Germany	65,060	285,834
H4	2016	Netherlands	221,540	1,081,747
H4	2016	Spain	32,110	132,630
H4	2015	Germany	116,200	582,231
H4	2015	Netherlands	25,6962	1,237,357

Source: UN Comtrade database, <https://comtrade.un.org/data>

Table 2: Comoros vanilla netweight exports to select trading partners, 2015- 2019

Classification	Year	Partner country	Quantity (weight in kg)	Trade in US\$
H5	2019	Germany	9,934	4,514,781
H5	2019	Netherlands	359	131,157
H5	2019	France	3,810	773,356
H5	2018	France	649	345,868
H5	2018	Germany	8,685	3,948,284
H4	2017	France	7,127	2,550,127

Classification	Year	Partner country	Quantity (weight in kg)	Trade in US\$
H4	2017	Germany	4,409	2,181,395
H4	2017	Mauritius	1,000	430,449
H4	2016	France	817	297,221
H4	2016	Germany	5,758	1,640,423
H4	2016	Mauritius	14,217	2,779,254
H4	2015	France	695	37,122
H4	2015	Germany	8,709	695,316
H4	2015	Mauritius	17,382	1,483,144

Source: UN Comtrade database, <https://comtrade.un.org/data>

Appendix II: Agriculture indicators Madagascar

Table 3: Madagascar: export of vegetables to select EU countries, 2018

Partner Name	Export (US\$ Thousand)	Export Product Share (as a per cent %)	Revealed comparative advantage
Austria	0.97	0.48	20.27
Belgium	10,317.2	29.65	15.76
Bulgaria	61.7	54.69	28.2
Croatia	9.26	2.3	32.94
Cyprus	171.4	90.94	25.49
Czech Republic	85.41	20.51	26.31
Denmark	90.35	5.39	17.3
France	244,870.42	38.53	12.5
Germany	142,657.52	67.45	18.35
Greece	1,245.92	87.52	23.41
Hungary	19.26	17.35	6.81
Italy	3,357.66	12.68	4.58
Lithuania	70.42	100	1.3
Luxembourg	1.44	19.51	5.79
Netherlands	4,0234.12	26.7	10.94
Poland	109.04	8.86	29.73
Portugal	551.51	24.87	2.28

Partner Name	Export (US\$ Thousand)	Export Product Share (as a per cent %)	Revealed comparative advantage
Spain	1421.66	3.77	1.28
Sweden	143.98	0.44	

Source: WITS database

https://wits.worldbank.org/CountryProfile/en/Country/MDG/Year/2018/TradeFlow/Export/Partner/all/Product/06-15_Vegetable#

Table 4: Madagascar cloves (whole fruit, cloves and stems) netweight exports to select trading partners, 2015- 2019

Classification	Year	Partner	Netweight (kg)	Trade Value (US\$)
H4	2015	Belgium	574,750	5,631,742
H4	2015	France	170,452	1,671,473
H4	2015	Germany	257,734	2,155,759
H4	2015	Mauritius	90,864	618,508
H4	2015	Netherlands	237,484	2,070,043
H4	2015	Spain	90,205	669,757
H4	2016	France	196,990	1,658,762
H4	2016	Germany	154,002	1,045,439
H4	2016	Mauritius	136,470	765,598
H4	2016	Netherlands	175,103	1,334,548
H4	2016	Spain	105,030	833,188
H5	2017	France	200,209	1,581,763
H5	2017	Germany	223,903	1,240,165
H5	2017	Netherlands	210,900	1,558,140
H5	2018	France	203,780	1,543,216
H5	2018	Germany	461,426	3,431,500
H5	2018	Netherlands	216,900	1,717,099
H5	2019	France	81,405	463,845
H5	2019	Germany	225,327	1,352,834
H5	2019	Netherlands	190,000	1,238,579
H5	2019	Spain	99,930	519,311

Source: UN Comtrade database, <https://comtrade.un.org/data>

Table 5: Madagascar vanilla production (whole, crush or ground) netweight exports to select trading partners, 2015-2019

Classification	Year	Partner	Netweight (kg)	Trade Value (US\$)
H4	2016	France	471,363	127,318,450
H4	2016	Germany	253,881	85,125,241
H4	2016	Mauritius	119,040	31,271,428
H4	2016	France	471,363	127,318,450
H4	2016	Germany	253,881	85,125,241
H4	2016	Mauritius	119,040	31,271,428
H5	2017	France	466,020	206,922,902
H5	2017	Germany	166,556	82,472,386
H5	2017	Mauritius	128,232	54,845,998
H5	2018	France	476,945	221,876,174
H5	2018	Germany	238,206	116,557,906
H5	2018	Mauritius	127,306	48,555,996
H5	2019	France	351,427	144,824,709
H5	2019	Germany	165,704	69,271,177

Source: UN Comtrade database, <https://comtrade.un.org/data>

Appendix III: Agriculture indicators Zimbabwe

Table 6: Zimbabwe vegetable exports to select EU countries, 2018

Partner Name	Export (US\$ Thousand)	Export Product Share (as a per cent%)	Revealed comparative advantage
Belgium	46.59	0.11	0.99
France	162.96	47.34	4.32
Germany	480.6	13.94	5.52
Ireland	165.85	98.23	39.01
Italy	0.74	0.02	0.27
Netherlands	5,656.17	99.74	9.6
Portugal	5.9	50.84	14.1
Spain	73.11	21.22	6.63
Sweden	0.28	0.59	5.27

Source: WITS database

https://wits.worldbank.org/CountryProfile/en/Country/ZWE/Year/2018/TradeFlow/Export/Partner/all/Product/06-15_Vegetable#

Table 7: Zimbabwe tobacco exports (Tobacco, unmanufactured; tobacco refuse) netweight exports to select trading partners, 2015- 2019

Classification	Year	Partner	Netweight (kg)	Trade Value (US\$)
H4	2015	Zimbabwe	Botswana	245,580
H4	2015	Zimbabwe	China	396,017
H4	2015	Zimbabwe	Mozambique	13,279,655
H4	2015	Zimbabwe	South Africa	13,384,4675
H4	2015	Zimbabwe	Zambia	632,814
H4	2016	Zimbabwe	Mozambique	12,281,331
H4	2016	Zimbabwe	South Africa	141,810,309
H4	2016	Zimbabwe	Zambia	702,591
H4	2017	Zimbabwe	Botswana	101,000
H4	2017	Zimbabwe	China	198,028
H4	2017	Zimbabwe	Mozambique	15,488,435
H4	2017	Zimbabwe	South Africa	140,181,650
H4	2017	Zimbabwe	Zambia	1,106,293
H5	2018	Zimbabwe	Belgium	388,216

Classification	Year	Partner	Netweight (kg)	Trade Value (US\$)
H5	2018	Zimbabwe	Botswana	71,406
H5	2018	Zimbabwe	China	4,825,000
H5	2018	Zimbabwe	Indonesia	178,545
H5	2018	Zimbabwe	Mozambique	22,274,596
H5	2018	Zimbabwe	South Africa	140,629,552
H5	2018	Zimbabwe	Sudan	99,000
H5	2018	Zimbabwe	USA	59,436
H5	2018	Zimbabwe	Zambia	606,889
H5	2019	Zimbabwe	Botswana	153,160
H5	2019	Zimbabwe	China	352,000
H5	2019	Zimbabwe	Mozambique	24,416,960
H5	2019	Zimbabwe	South Africa	147,686,534
H5	2019	Zimbabwe	USA	99,626
H5	2019	Zimbabwe	Zambia	442,974

Source: UN Comtrade database, <https://comtrade.un.org/data>