Cambridge Assessment International Education

Cambridge Pre-U

ECONOMICS **9772/01**

Paper 1 Multiple Choice, Short Answers and Data Response **October/November 2020**

INSERT **2 hours 30 minutes**

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INFORMATION

- This insert contains the case study.
- You may annotate this insert and use the blank spaces for planning. **Do not write your answers** on the insert.

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This document has **4** pages. Blank pages are indicated.

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Case Study: The Lands of Milk and Money

Table 35.1: Human Development Index and Gross National Income data for selected EU and West African countries (2016)

Country	Gross National Income (GNI) per capita (2011 PPP $)	GNI per capita (2011 PPP $) rank	Human Development Index (HDI) value	HDI rank
Germany	45000	17	0.926	4
Denmark	44519	18	0.925	5
United Kingdom	37931	26	0.909	16
Nigeria	5443	129	0.527	152
Ivory Coast	3163	151	0.474	171
Burkina Faso	1537	177	0.402	185

Source: Human Development Report 2016

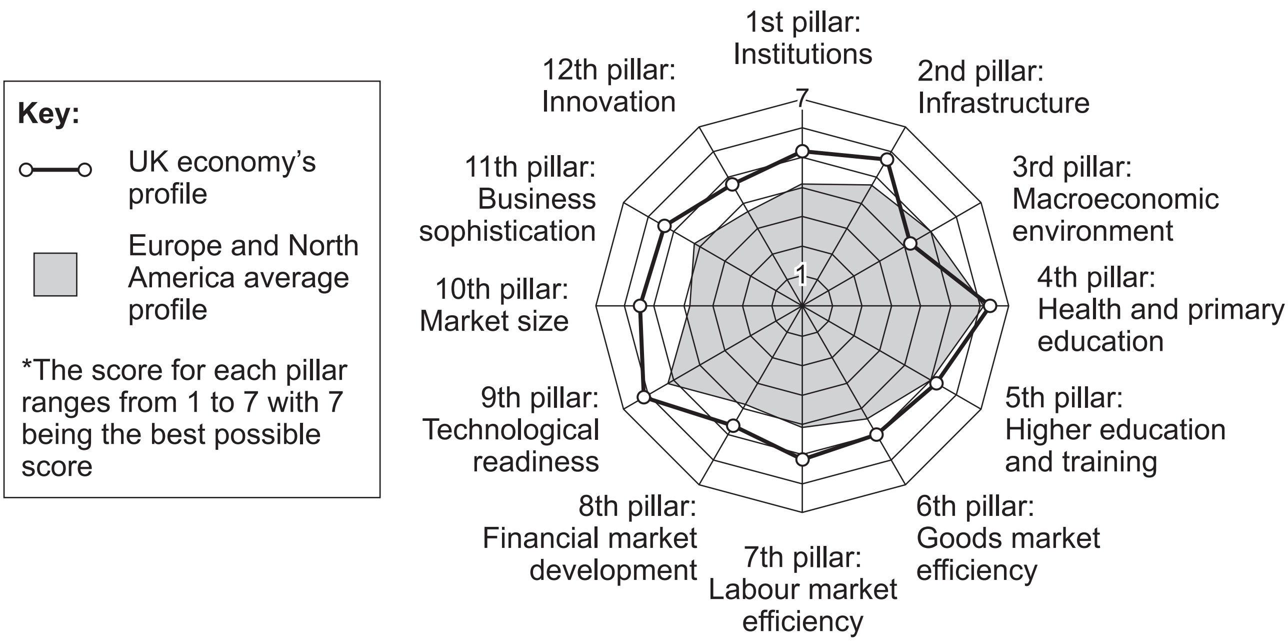

Fig. 35.1 Economy Profile – twelve pillars of the Global Competitiveness Index*:

Source: The Global Competitiveness Report 2017–18

Extract 35.1: UK productivity and international competitiveness

In 2018, UK farmers will get a £40 million productivity boost. Under the Countryside Productivity Scheme, the Environment Secretary announced that grants are available to help dairy farmers improve productivity through investing in cost-saving new technology such as robotic milking machines.

The 11th pillar of global competitiveness (Fig. 35.1) includes a measure of production process sophistication. The Countryside Productivity Scheme is intended to boost the agricultural industry's performance in this area.

Speaking at the World Dairy Summit in Belfast in October 2017, the Environment Secretary said, 'Farmers truly are the backbone of our rural economy and we want to support them to produce more and export more.'

Source: UK government website (accessed May 2018)

Extract 35.2: Is European Union (EU) milk sinking West Africa's farmers?

Since 2013, EU multinational corporations have been exploiting very low EU milk prices to expand aggressively into West Africa. This is leading to accusations that poor countries pay the price for EU farming policies.

For years, the EU has been under pressure from critics, who argue that the EU's support for its farmers is at odds with the EU's stated goal of promoting development in West Africa.

Milk production in West Africa has never fully met demand. However, experts warn the recent increase in imports from the EU risks further undermining the region's industry. From 2011 to 2016, milk powder exports from the EU to West Africa jumped from 12 900 to 36 700 metric tonnes. This affected local markets for milk. Domestically produced milk in Senegal, for example, costs about £0.75 a litre, whilst milk made from imported powder costs half that amount. The spokesperson for a milk producers' union in Burkina Faso said that, as a result, farmers across the region are actually leaving the industry.

In response, the EU's Commissioner for Agriculture said that West African countries could use tariffs to reduce milk imports. The Food and Agriculture Organization advised the Economic Community of West African States to invest in their agricultural infrastructure. Such investment would help countries like Senegal, for example, where a significant proportion of the population is low income, rural and owns milk-producing livestock.

EU dairy firms have also begun operating in West Africa, working with local partners. Between 2011 and 2016, technology-rich Arla Foods, a large Danish dairy cooperative, established facilities in Nigeria and Senegal. Meanwhile, in 2016, Danone, a French dairy multinational company, took ownership of Fan Milk, which has processing sites in six West African countries.

Danone supports a milk processing unit in Senegal for local producers while Arla is working with Nigerian dairy farmers. The multinational corporations claim this creates additional employment in the local economy which will further raise domestic incomes and generate much-needed tax revenue for the government. Additionally the corporations are supporting West African projects which they say are helping local farmers move to sustainable agriculture.

A critic of the multinationals, however, dismissed such schemes saying, 'These companies are just trying to improve their global image. They came to make profits for themselves; they did not come to help West African farmers.'

Source: www.politico.eu (accessed May 2018)

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