AGRICULTURE AND DEVELOPMENTAL REGIONALISM IN SOUTHERN AFRICA

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Presentation Flow

1. The Importance of Agricultural Developmental Regionalism
2. Agricultural Production and Trade within the SADC Region
3. Trade Policies, Agriculture and Developmental Regionalism
4. Regional Collaboration in Agriculture
5. Conclusion and Policy Recommendation
The Importance of Agriculture Developmental Regionalism

- Openness to regional trade
  - Access to expanded market for products
  - Consumers access to a wide range of products and services
- Diversification into higher-value production
- Reduced price volatility
  - Food supplies flow from regions where they are in excess supply to areas where there is excess demand,
  - Achieving parity and stability
- Increase overall supply of food from domestic production and imports
- Increased regional bargaining power in trade negotiations
Challenges of Agricultural Trade in the Region

- low agricultural productivity
  - Inadequate production capacity to generate exportable surpluses of commodities
- poor infrastructure
- limited irrigation systems
  - dependence almost exclusively on rain fed farming systems
  - total investment in irrigation is 4% of crop area in SSA
- Research and development limitations
- Non-tariff barriers and export/import bans
- Institutional deficiencies, insecurity, and conflicts
Agricultural Production and Trade within the SADC Region

- Variations in the production capacity of the different countries in the SADC regions
  - Factor endowment – except South Africa
- In 2015/16 all countries had deficit in cereal production except Zambia, South Africa, Tanzania and Malawi.
- Need for the SADC region to trade with each other
Domestic Supply, Deficit/Surplus of the Main Cereals in the SADC region: 2014/15 season

Source: SADC 2015
Variations in production of cereals in SADC region

- Tanzania: self-sufficient in maize and second largest surplus producer of rice after Malagasy
- Zimbabwe: major maize deficit country
- Malawi: self-sufficient in maize but barely self-sufficient in wheat and rice
- Zambia: a major surplus producer of maize in recent years, self-sufficient in wheat but deficit in rice.
- DRC: structurally deficit in all cereal crops
- Botswana, Lesotho, Namibia, and Swaziland: structurally dependent on South Africa for all their cereal requirements
## Formal Trade

<table>
<thead>
<tr>
<th>SADC Partner in Cereal Trade</th>
<th>Export Value (USD '000)</th>
<th>Import Value (USD '000)</th>
<th>Trade Balance (USD '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SADC</td>
<td>553,344</td>
<td>614,674</td>
<td>-61,330</td>
</tr>
<tr>
<td>Africa (Outside SADC)</td>
<td>25,888</td>
<td>12,914</td>
<td>12,974</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>41,809</td>
<td>2,301,431</td>
<td>-2,259,622</td>
</tr>
<tr>
<td>Total</td>
<td>621,041</td>
<td>2,929,019</td>
<td>-2,307,978</td>
</tr>
</tbody>
</table>

Source: Authors calculations of data from ITC Trade Map, 2016
Agricultural Trade within and outside the SADC Region

- The value of cereals within the SADC region in 2015 was USD 614 Million
- SADC region exported more cereals to other African countries than it imported
- But SADC region imported more cereals from the countries outside Africa than it exported outside Africa
- Larger value of cereals imports from overseas markets puts the SADC region in trade deficit position for cereals
Agricultural Trade within and outside the SADC Region

- South Africa and Zambia - largest exporters of cereals within the SADC region
- Zimbabwe and Botswana - highest importers of cereals within the SADC region
- South Africa, Zambia and Tanzania - exported the largest value to countries in Africa outside the SADC and outside African
- South Africa, Zimbabwe, and Mozambique - largest importers of cereals from outside African
- **SADC region is trading more with countries outside the region especially markets outside African**
Livestock Trade

- Value of trade in livestock and livestock products within SADC is larger than with other Africa countries outside the SADC region
- SADC exports more to African countries outside the SADC region than it imports from these countries
- SADC is in trade deficit for livestock and livestock products
- SADC imports more of these products from overseas markets than it exports
### Livestock Trade cont.

<table>
<thead>
<tr>
<th>SADC Partner in Livestock and Livestock Products</th>
<th>Export Value (USD '000)</th>
<th>Import Value (USD '000)</th>
<th>Trade Balance (USD '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SADC</td>
<td>416,740</td>
<td>378,451</td>
<td>38,289</td>
</tr>
<tr>
<td>Africa (Outside SADC)</td>
<td>16,520</td>
<td>4,149</td>
<td>12,371</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>314,660</td>
<td>1,216,479</td>
<td>-901,819</td>
</tr>
<tr>
<td>Total</td>
<td>747,920</td>
<td>1,599,079</td>
<td>-851,159</td>
</tr>
</tbody>
</table>
Livestock Trade cont.

- Namibia, South Africa and Zimbabwe - largest exporters of live animals within the SADC
- South Africa, Namibia and Botswana are the main exporters of meat within the SADC region
- South Africa, Angola and DRC are the main importers of meat from overseas markets
- Imports come from Brazil, Netherlands, Belgium, India and the USA.
Informal Cross-border Trade

- Current political borders vastly complicate current efforts to accelerate agricultural growth and reduce hunger:
  - separate food surplus areas from the food deficit areas
  - Zambia and the DRC (Katanga region)
  - Northern Mozambique and Southern Malawi

- Informal cross border amounts to $17.6 billion per year

- National vs regional food security:
  - developmental regionalism entails harnessing informal trade by formalizing it to the benefit of the region
Informal Cross-border Trade ctd.

- Developmental regionalism - harnessing informal trade by formalizing it to the benefit of the region.

Source: ACTESA/FEWSNet
Trade Policies, Agriculture and Developmental Regionalism

- Agricultural trade is governed by the SADC Protocol on Trade of 1996
- SADC Free Trade Area (FTA) in effect since 2008
- Tariffs reduced by 85% but NTBs increased (SPS and TBT): In 2000 Mozambique, Malawi and Zambia had a total of 400 NTMs, which increased to 1,400 by 2010
- Ad hoc trade restrictions such as export/Import bans on staples
- Regionalism entails viewing food security as a regional issue rather than a national issue
Regional Collaboration in Agriculture

- Developmental regionalism fosters regional co-operation in agriculture
  - individual countries face chronic difficulties in raising farm productivity in the absence of effective regional collaboration
- A number of efforts include:
  - The SADC Harmonized Seed Regulatory System is currently undertaking regional initiatives in SADC and COMESA
  - Sharing of information and data on agricultural policies: FANRPAN, CCADESA and ReNAPRI
  - Development of Regional Value Chains-agro processing
  - Infrastructure Development-rail, road, bridges, dams that connect countries
Conclusions

- Southern Africa has not performed well in agricultural trade despite phasing down of tariffs and the FTA
- The focus on developmental regionalism as a holistic approach is gaining more ground
- There is a large proportion of informal cross border trade in agriculture in Southern Africa
- Proliferation of trade restriction is Southern Africa by no means stops the informal/unofficial trade flows
- Developmental regionalism also entails fostering co-operation among member states
Recommendations

- Remove of unnecessary non-tariff measures in agricultural trade
- Stop restricting trade through export/import bans.
- Member states should start to view the issue of food security as a regional rather than a national issues;
- Formalize informal cross-border trade at national level.
- Increased collaboration in agricultural development on matters of policy, harmonization of standards and infrastructure
- Development of regional value chains for commodities will increase agricultural trade and competitiveness and FDI
END THANK YOU