

# **Africa Can Help Feed Africa**

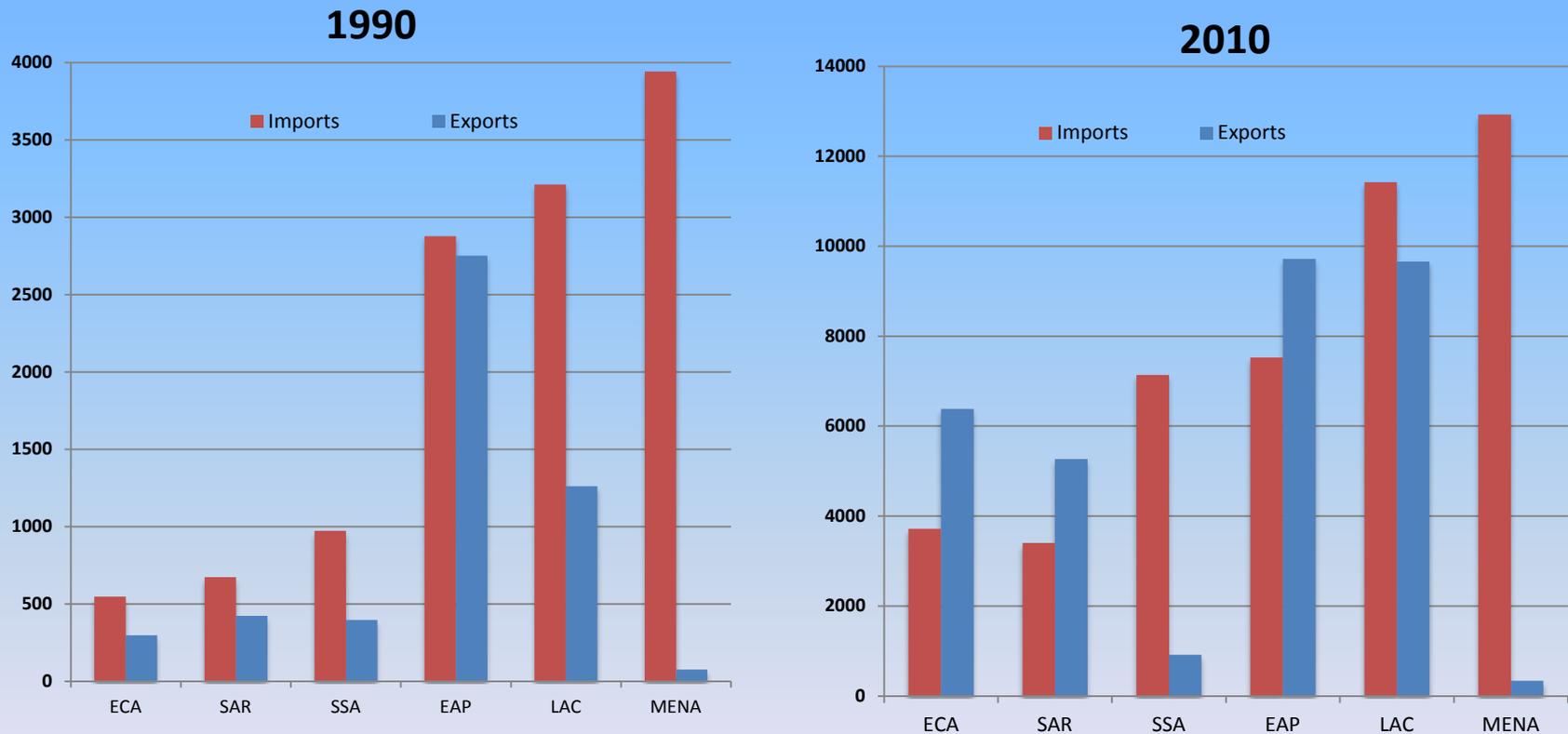
*Removing barriers to regional trade in food staples*

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# Africa's food trade balance has worsened

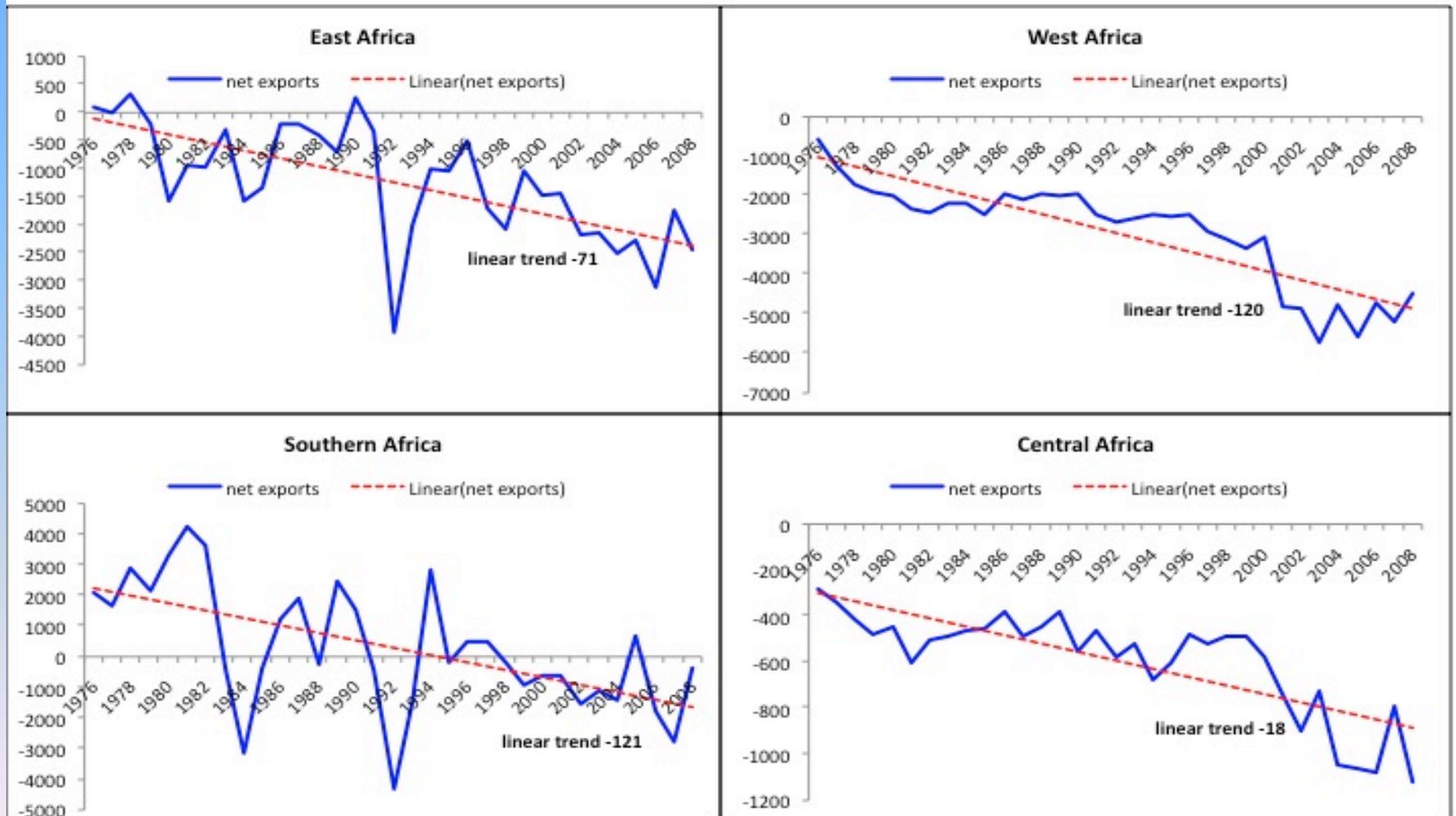
Figure 4: Aggregate food staple trade by world regions, 1990 and 2010 (millions, US\$)



ECA – Eastern Europe and Central Asia, SAR – South Asia, SSA – Sub Saharan Africa  
EAP – East Asia and Pacific, LAC – Latin America and Caribbean, MENA – Middle East and North Africa

# The Challenge: Regional demand increasingly met by imports.

- Only 5% of grain is sourced regionally



**Message 1: Potential for regional trade in staples to contribute to food security and growth not being exploited**



# The solution is within Africa - enormous potential from regional trade

- The production of food staples for growing urban markets represents the largest growth opportunity for Africa's farmers.
  - The market value of Africa's food staple production is a least US\$50 billion
  - Demand expected to double by 2020 – primarily in cities
  - Closing yield gaps would increase output of staples two to three fold
  - Just 10% of agricultural land in the Guinea Savannah zone is being cultivated
- Increased cross-border trade plays a key role in linking food production areas to growing urban demand
  - If West Africa achieves potential yields and opens regional markets a \$2 billion trade deficit in staples could turn into a \$12 billion surplus
- Global warming will demand better linkages from producing to consuming areas
  - Existing policies stances may undermine response to changing weather patterns – eg export restrictions in Tanzania

## Key Message 2: Need to remove regulatory barriers to trade and competition along the whole value chain



# Trade barriers and lack of competition affect food security along the whole value chain

- Trade barriers limit access to seeds and fertilisers
- Transport costs high compared to other regions
- Crossing borders is dangerous and costly
- Trade policies are opaque and unpredictable
- Inappropriate quality standards and SPS rules can block trade
- Distribution services are not linking poor producers to poor consumers

Most of these barriers act to increase the gap between producer and consumer prices – reducing this gap would help counter current food price inflationary pressures and potentially benefit both producers and consumers

## Key Message 3: Support institutions that make markets work better and help manage risks



# Institutions Matter

- Effective enforcement of regulations is essential for regional trade
    - If regulatory agencies have to find own resources they will tend to over-regulate
    - Broad participation in regulatory design is essential
  - Institutions that can support regional trade need a stable and predictable policy environment
    - Investment in acquiring market information — on cross-border trade — is less likely in a risky policy environment.
    - Institutions that can help address the risks inherent in agricultural markets will only flourish with clear even-handed regional trade policies
- Commodity exchanges, futures and options markets, Warehouse receipt systems and weather-indexed insurance need large markets to build volumes and exploit scale economies

**Key Message 4: Political economy issues seriously constrain implementation of open regional trade**



# Political economy constraints have prevented successful implementation of reforms

- Limited impact of agreements to free up regional trade
- Lack of constituency for reform within countries
  - Most of the leverage affecting food trade policy emerges from inside not from outside government.
- Two key factors to drive process forward
  - inclusive dialogue on food trade reform informed by timely and accurate data on global, regional, and national markets
  - A reform strategy that provides a clear transitional path to integrated regional markets rather than a single jump.

# Recommendations

- Two broad action areas
  - 1. implement a set of measures that will remove barriers to regional food trade along the value chain.
    - Improve conditions for cross-border traders -Traders charter, STRs
    - Streamline documentary requirements – Review permits and licences
    - .....
  - 2. a program of enhanced dialogue on regional food trade that leads to a set of rules and disciplines on government interventions into regional agricultural trade
    - Provide a More Transparent and Predictable Food Trade Policy Regime
    - Clear notification procedures of changes in policy
    - Define criteria under which governments will not intervene
- Need monitorable outcomes for key policy issues
- Knowledge Platforms can support an inclusive dialogue around regulatory reform and food trade policies

# Thank you



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