



TRADE AS A DRIVER FOR AGRICULTURAL TRANSFORMATION IN SOUTHERN AFRICA

2018 ANNUAL CONFERENCE

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VENUE: THE KINGDOM HOTEL, VICTORIA FALLS, ZIMBABWE

KEY MESSAGES FROM THE CONFERENCE

The Southern African Confederation of Agricultural Unions held its annual conference under the theme, “Trade as a driver for agricultural transformation in southern Africa”, from 14th to 15th May 2018 in Victoria Falls, Zimbabwe. The conference was officially opened by His Excellency Cde. Emmerson D. Mnangagwa, the President of the Republic of Zimbabwe. It was attended by 101 delegates from the leadership of National Farmers’ Organisations (NFOs)/Unions in southern Africa, government institutions and ministries in Zimbabwe, representatives of intergovernmental agencies, international development agencies, the private sector, research and development agencies and trade experts.

Key messages emanating from the deliberations are presented below:

Production and Productivity

1. Agricultural production levels in the region are too low to achieve the level of surpluses necessary to earn enough re-investible resources that can lead to a trade-driven agricultural transformation. It is even more concerning that a considerable proportion of this production is concentrated in only a few countries and, within countries, among too few farmers or farming enterprises.
2. There is need to widen the surplus supply base. However, having surplus generation by accident cannot lead to trade. Increased efficiency in production is the best means to achieving competitiveness in local, regional and international markets. Therefore, we need to do proper and smart planning.
3. The low productivity coupled with high input costs as well as the low value products in small quantities makes much of southern Africa’s farming uncompetitive even in its domestic markets, let alone in the regional and global arena.
4. The production costs across the region are very high due to the high cost of inputs such as fertilizer, seed and chemicals. This means farmers in the region are uncompetitive domestically, let alone in the regional and global arena. The most viable way for farmers to be profitable and competitive under such circumstances is to raise their productivity, but this requires increased use of these costly inputs. Therefore, governments in collaboration with private sector need to develop effective and competitive supply chains for various inputs, especially fertilizer.

5. The majority of farmers in the region are smallholders. This means any agricultural and food security strategy that does not recognize this structure will likely be ineffective to achieve inclusive and broad-based poverty reduction and agricultural growth.

Trade agreements

1. Most trade agreements recognise the importance and strategic role of agriculture.
2. There is a multiplicity of trade agreements, which are complex. This necessitates the development of capacities to understand these agreements and associated issues. SACAU and its member unions also need to study the manner in which the agreements are applied in practice so that they can make practical suggestions for improvement.
3. There is need for NFOs to have adequate input into the process of negotiations, including being consulted, and where possible being part of delegations, and monitoring and evaluation of arrangements.
4. As long as we continue to have trade arrangements without enforcement mechanisms, we will not achieve a trade-driven agricultural transformation.
5. NFOs and relevant national authorities should support the simplification of the content of trade agreements for consumption of farmers.

Unfair trade practices

1. Food aid is a necessity during times of disasters, but its source matters. For food aid to be beneficial to recipient countries, it should be managed in such a way that it does not distort local and regional markets. Local/regional procurement programmes should be the primary source of food aid to help create markets for farmers.
2. NFOs should campaign for an end to dumping. Due to interconnectedness of economies, the impact of dumping often goes beyond the country of first entry and therefore a regional response is required. In addition, there is need to build capacity within the region to understand and quantify dumping related injuries.
3. Ad hoc import and export restrictions do not achieve the purpose for which they are intended. Instead, they rob farmers of their value (in case of export bans), subject consumers to unbearable prices (in case of import bans), promote informal trade thereby depriving the governments of revenue. Government actions should facilitate regional trade because of its potential to raise farm-gate prices in areas of surplus and reduce consumer prices in areas of deficit. NFOs, therefore, need to advocate for a reverse of the cycle of uncertainty and unpredictability.

Market availability and access

1. Growing and changing consumption patterns coupled with low local production is an indication of a gap that local agricultural transformation can address.
2. The changing consumption patterns locally and regionally is creating a lot of opportunities for farmers to produce and supply a variety of products. However, the main challenge is the incapacity of **local** farmers to consistently supply at the right quantities and quality due to a number of factors which include inadequate trade infrastructure, inconsistent policy frameworks, high and uncompetitive cost of production, and low productivity.
3. Input trade is often ignored and yet it is one of the biggest contributors to low productivity.
4. Though markets are available within and beyond the region, regional producers have not taken advantage to supply the markets meaningfully. Exporting processed products is also a challenge as they generally attract high tariffs.

5. Whilst global trade enables access to larger markets, domestic markets are equally important and should not be ignored.
6. Significant trade takes place informally and yet there is no reliable data about its extent. Therefore, there is need for data capture systems for this sector.
7. There is limited intra-regional trade in southern Africa and the indications are that the export participation of many countries is relatively insignificant, which may explain why relatively large importing countries in the sub-region buy from outside Africa so losing the potential of income generation and transforming agriculture in the poorer countries.

Standards

1. The absence of harmonised standards for agricultural products in the region should be viewed with serious concern. This is an issue that requires immediate attention as it affects intra-regional trade.
2. There is need to address the proliferation of private standards, some of which may be set above the technically defined parameters. They can be too prescriptive and often act as a barrier to market access.
3. NFOs and SACAU are encouraged to participate in technical fora responsible for formulation and application of standards at national and regional levels, respectively.

Policy-related issues

1. As farmers' organisations we need to provide compelling arguments about the value addition of farmers and agriculture to the fiscus – s/he who contributes more to the fiscus gets listened to.
2. As long as we continue to ignore research evidence in policy formulation and implementation, no progress will be achieved towards agricultural transformation.
3. It is important to understand and quantify the cost of bad policies, inaction, and dependence in our countries.
4. Countries and the region are not short of declarations, policies, protocols, frameworks, and strategies for promoting agricultural development and trade. What is lacking is their implementation. Where implementation takes place, monitoring and evaluation is not adequately done. Relatedly, we should avoid running with "podium policies" because they have no long-term plan and most often are not evidence based, but politically inspired.
5. It is useful to align national trade related policies with regional, continental and global processes although the specificities of the region's needs and capacities should remain paramount.
6. As farmers' organisations, we should be advocating for smart subsidy investments in key drivers for agricultural transformation e.g. infrastructure, feeder roads, greater use of railways, etc. Much of the cost of this can be tapped from the billions we currently use for imports. To accomplish this, we need to partner up and build trust in order to influence policy.
7. A bad policy which is consistently implemented is more manageable than inconsistent policies which are more disruptive.
8. The region needs to negotiate with one voice for it to be able to exert influence in negotiations.
9. There is need to assess why the region is not fully benefitting from current trade arrangements.

Capacity development

1. For small pieces of land, farmers cannot meet subsistence needs for basic staples and therefore may be better served by focusing on high value commodities the income from which can purchase food. However, high value enterprises are knowledge intensive. Hence, there is need to improve capacity, particularly for small scale farmers.
2. There is more to capacity to trade negotiations than the brains of individual experts. Countries need to take negotiations seriously, have the right balance of disciplines among experts who should also prepare themselves adequately.
3. There is need for capacity building on standards and trade related issues.
4. There is need to focus on building/strengthening institutional capacity for trade negotiations, implementation, and related matters.

Towards a trade-driven agenda

1. As farmers we need to understand what is stopping us from producing more and what we can do to remove those constraints.
2. If there is no market, there is no trade. If you do not produce you cannot trade. Therefore, production and trade go hand- in-hand.
3. Administered costs (e.g. corruption, unnecessary regulations) are some of the biggest contributors to our lack of competitiveness.
4. We need more focus in terms of who is a farmer, what to produce and for which market?
5. Members are encouraged to take advantage of the platform provided by SACAU for mutual learning, deal making, motivation and networking. Furthermore, they should leverage on the political capital they have to make things happen.
6. Farmers' Organisation (FOs) need to better organise themselves to be involved in trade related matters and to support their members in this respect.
7. Most farmers in the region are small-scale, producing small quantities. Therefore, there needs to be effective mechanisms to aggregate, package and deliver their output for them to cost-effectively participate in trade.
8. SACAU should play a more visible and proactive role in engaging with regional and continental bodies on trade and other cross-cutting matters. In addition, SACAU should have a trade capacity development programme for members and support them in that regard.