

# **The AfCFTA & the intra-African trade in agricultural and agrifood products**

**Can the AfCFTA help to reduce the African food deficit?**

**Contribution of Jacques Berthelot**

**Rate of intra-continental trade in world trade from 1995 à 2019**

**Rate of intra-continental trade in world trade in 2019**

**Rate of self-centered trade of SSA regions from 1995 to 2019**

**Distribution of African exports and imports between agricultural products, manufactured products and fuel-metals-minerals products: 1995 to 2019**

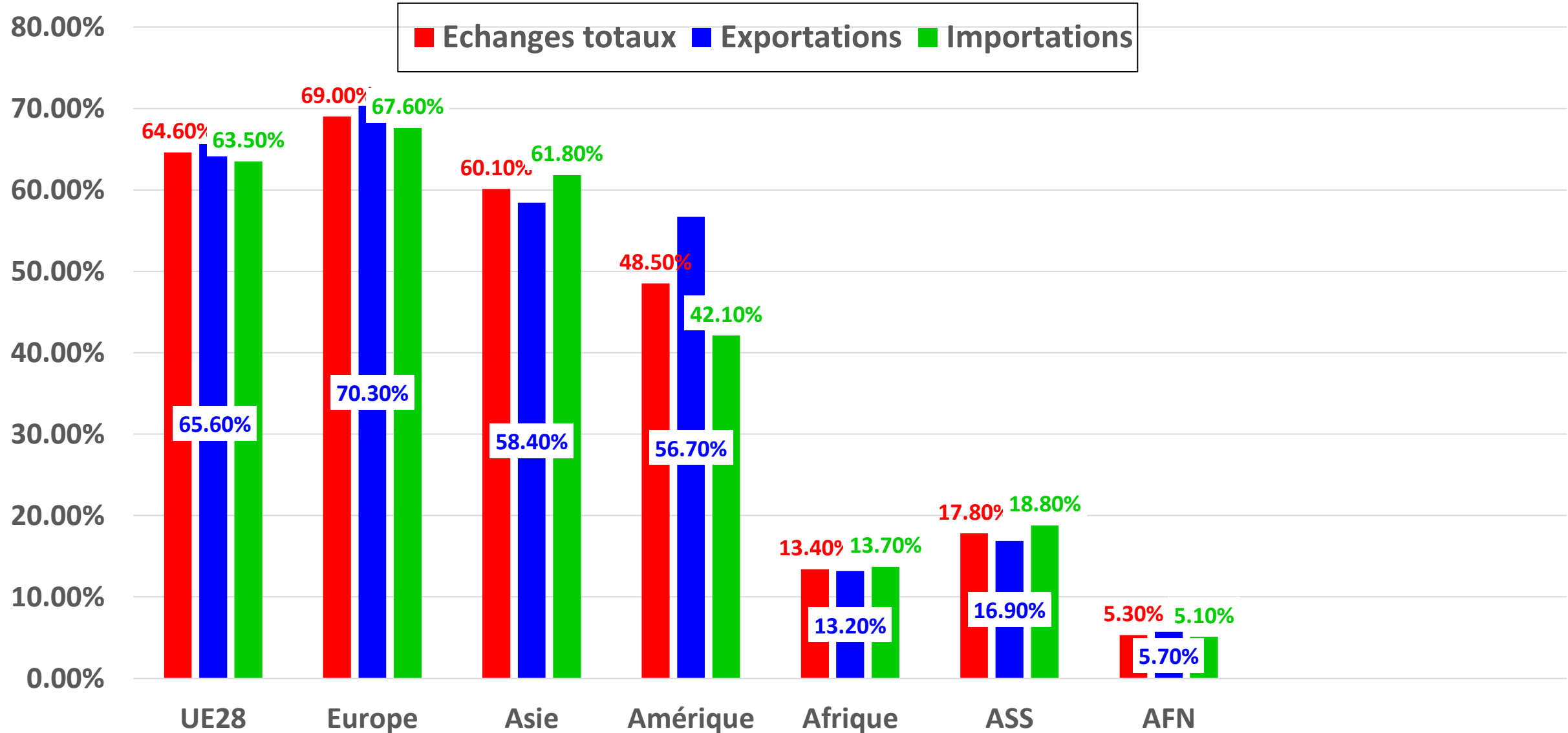
**Comments on Africa and SSA trade in agricultural products from 1995 to 2019**

**Comments on food trade of Africa and SSA from 1995 to 2019**

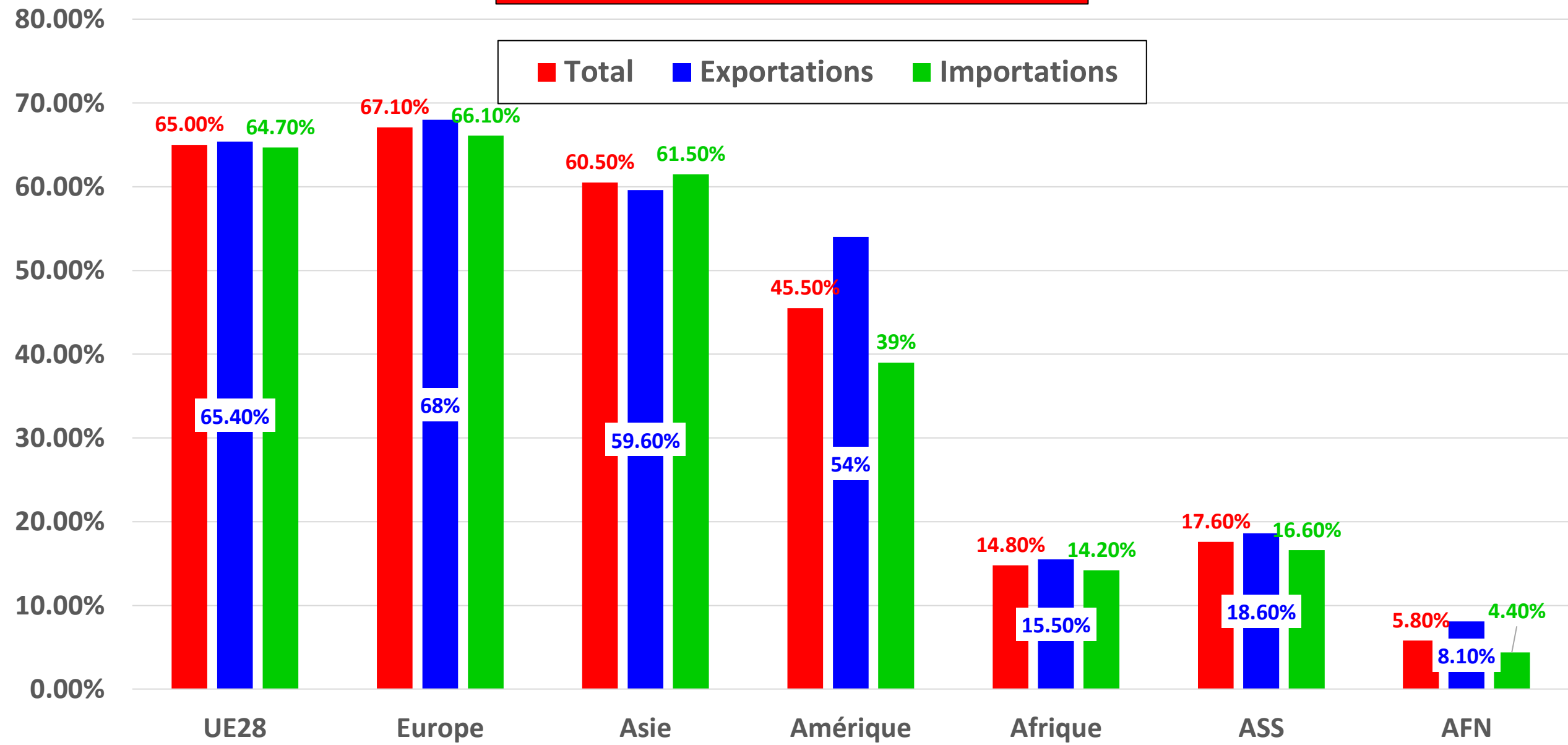
**Many AfCFTA promoters know very little the African food trade**

**Strategy to rebuild African agricultural policies on food sovereignty**

# Rate of intra-continental trade in world trade from 1995 à 2019

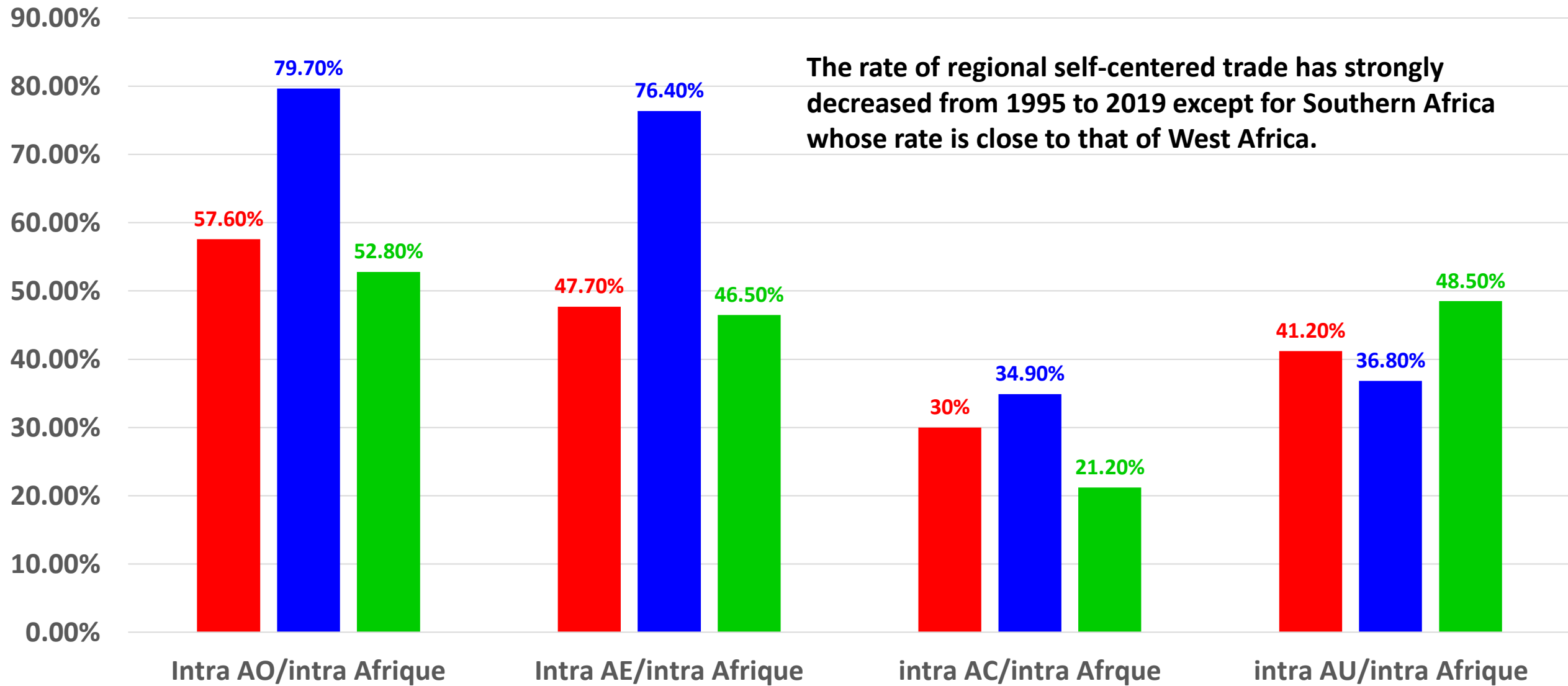


# Rate of intra-continental trade in world trade in 2019

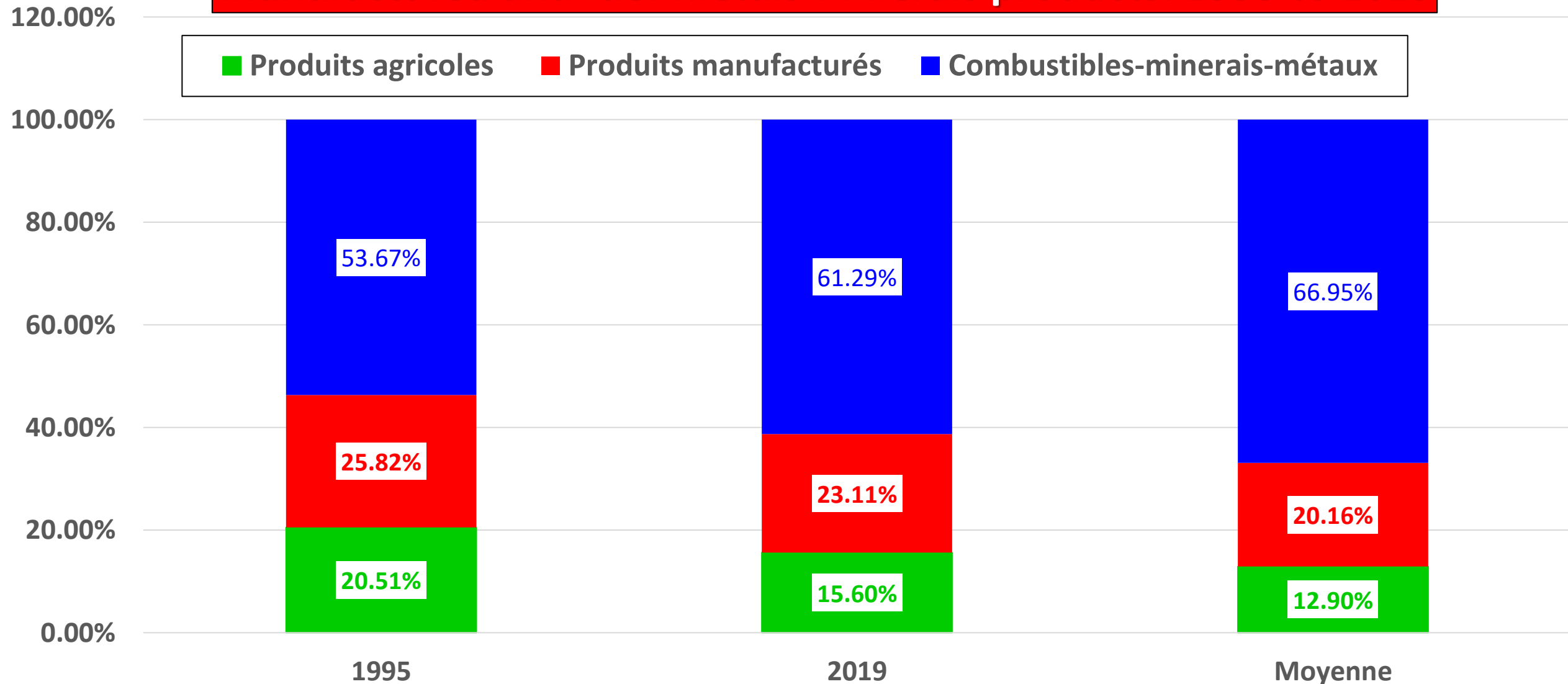


# Rate of self-centered trade of SSA regions from 1995 to 2019

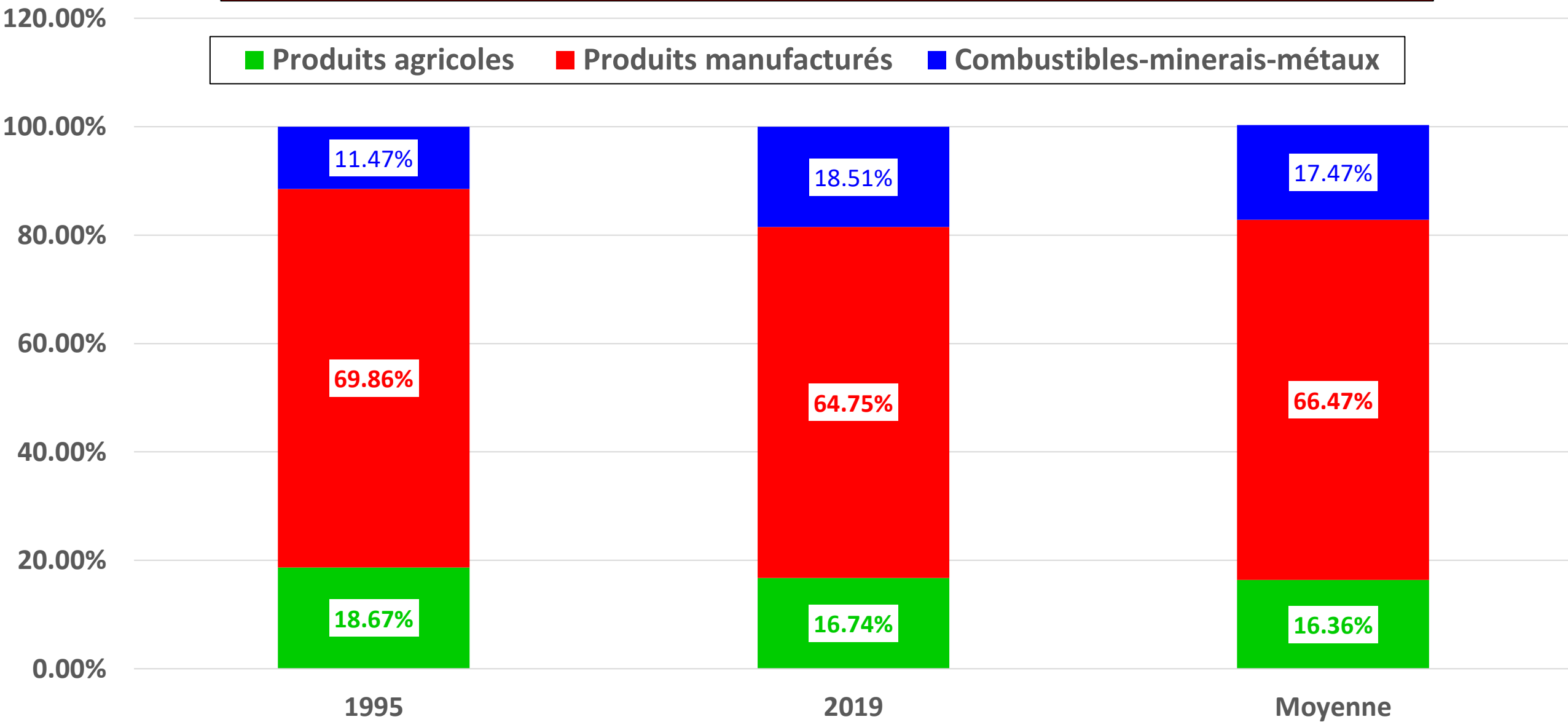
■ moyenne 1995-2019 ■ 1995 ■ 2019



# Distribution of African exports between agricultural products, manufactured and fuel-metals-minerals products: 1995 to 2019



# Distribution of African imports between agricultural products, manufactured and fuel-metals-minerals products: 1995 to 2019



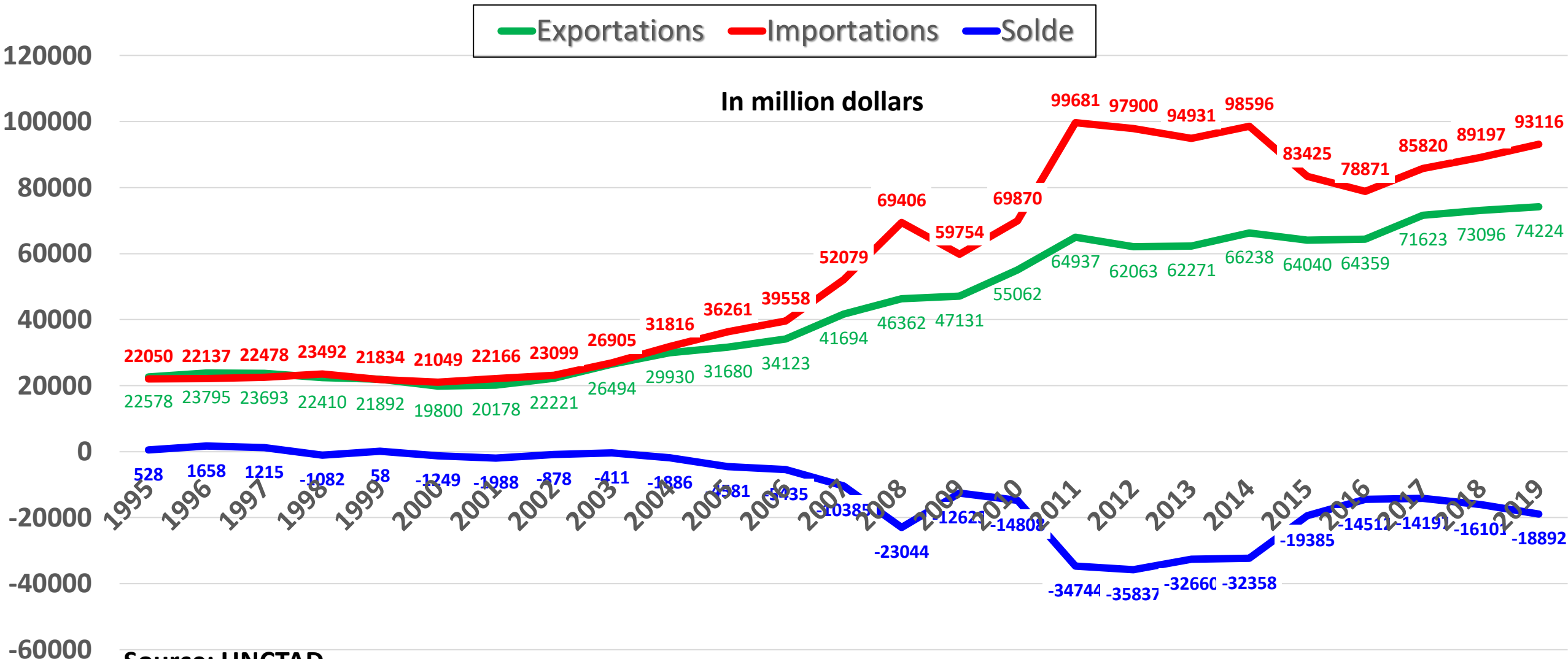
## Comments on Africa and SSA trade in agricultural products from 1995 to 2019

Slides 8 to 11 present the annual evolution of agricultural trade – including food products and agricultural raw materials - and slides 12 to 14 the evolution of the trade of food products, with or without coffee-cacao-tea-spices.

Relatively balanced from 1995 to 2003, Africa's agricultural trade deficit has increased until 2013 (\$35.8 bn), then reduced to \$18.9 billion in 2019. The percentage of its agricultural exports in its total exports has declined significantly since 1995 but has been rising since 2012 when the percentage of agricultural imports has stagnated.

On the other hand, SSA's agricultural trade was in deficit only in 2008 and from 2012 to 2014, with a surplus declining from €7.8 billion in 2017 to €4.4 billion in 2019.

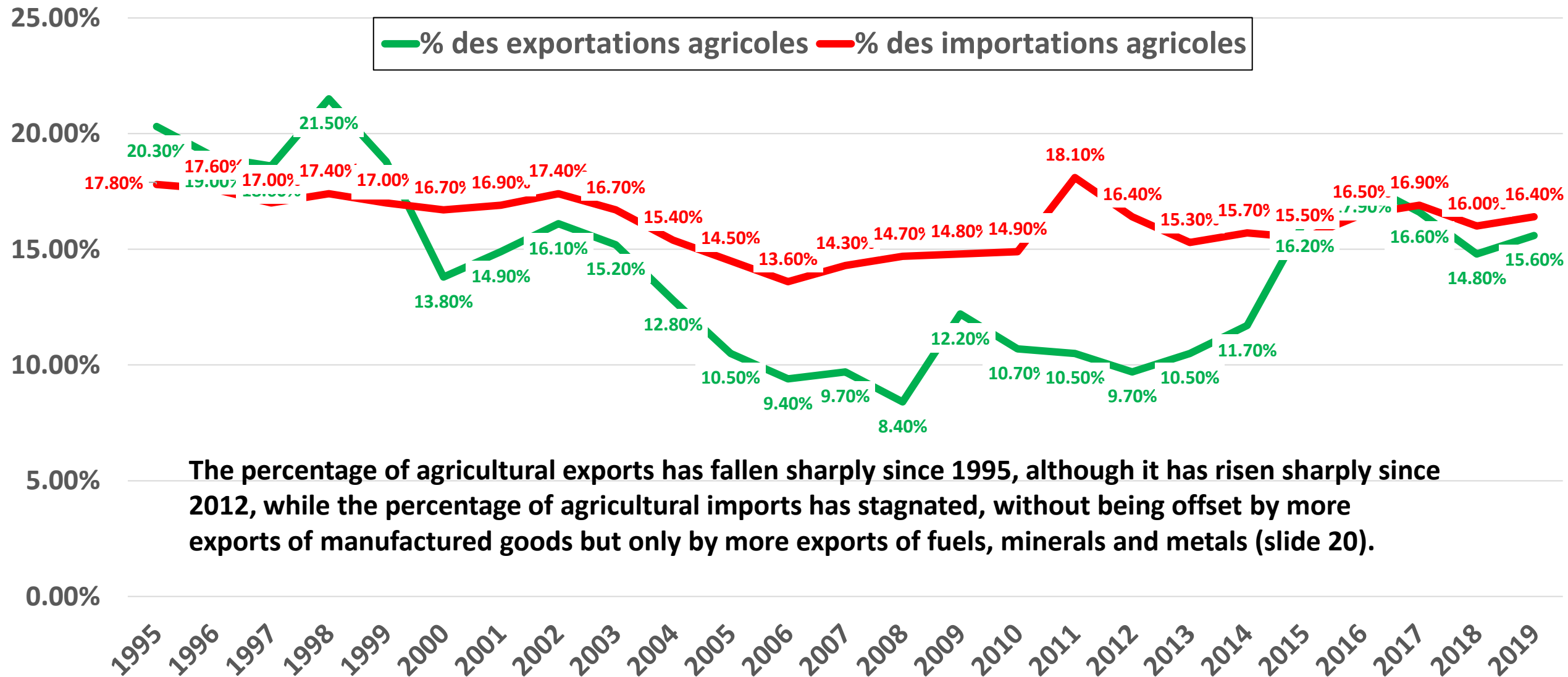
# African agricultural trade (in food + agricultural raw materials) from 1995 to 2019



Source: UNCTAD

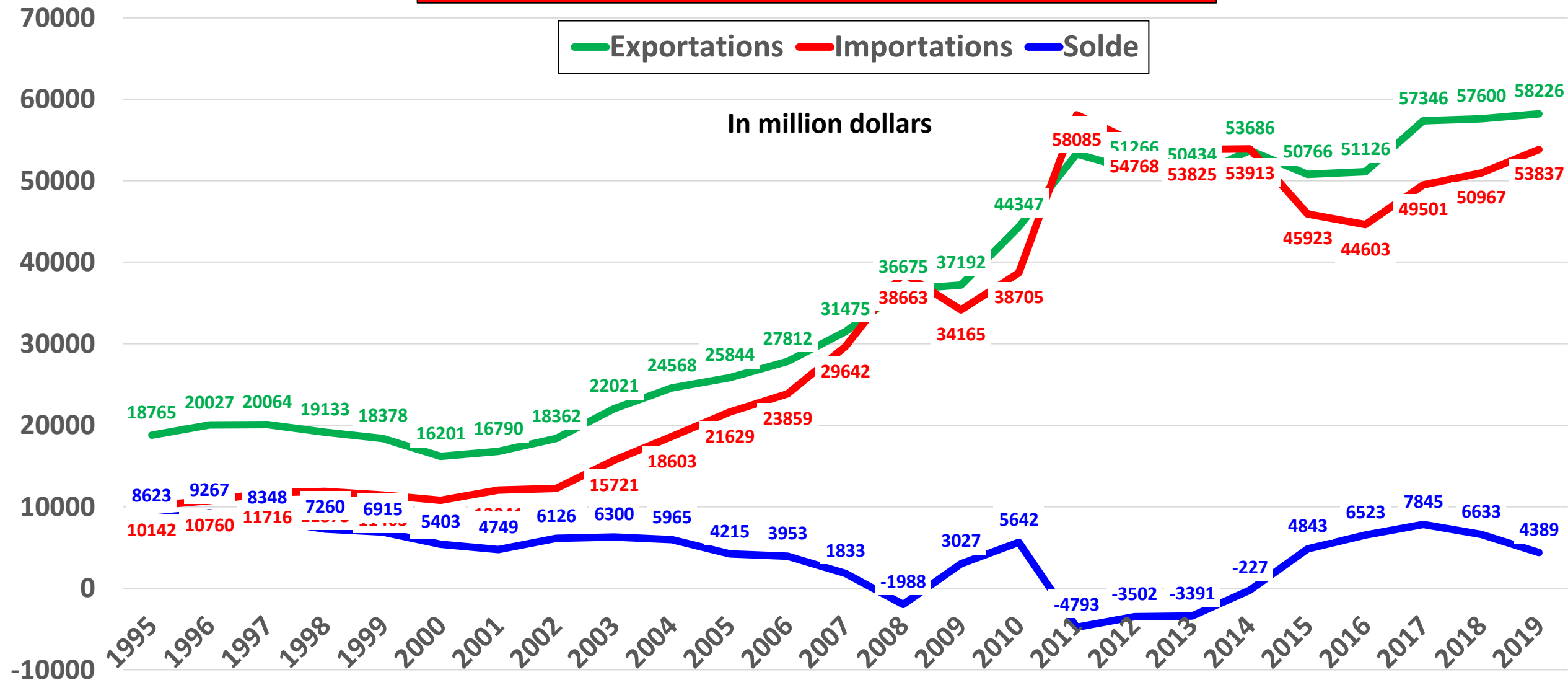


# Share of African agricultural trade (food + agricultural raw materials) in African total trade from 1995 à 2019



The percentage of agricultural exports has fallen sharply since 1995, although it has risen sharply since 2012, while the percentage of agricultural imports has stagnated, without being offset by more exports of manufactured goods but only by more exports of fuels, minerals and metals (slide 20).

# SSA agricultural trade (food + agricultural raw materials) from 1995 to 2019

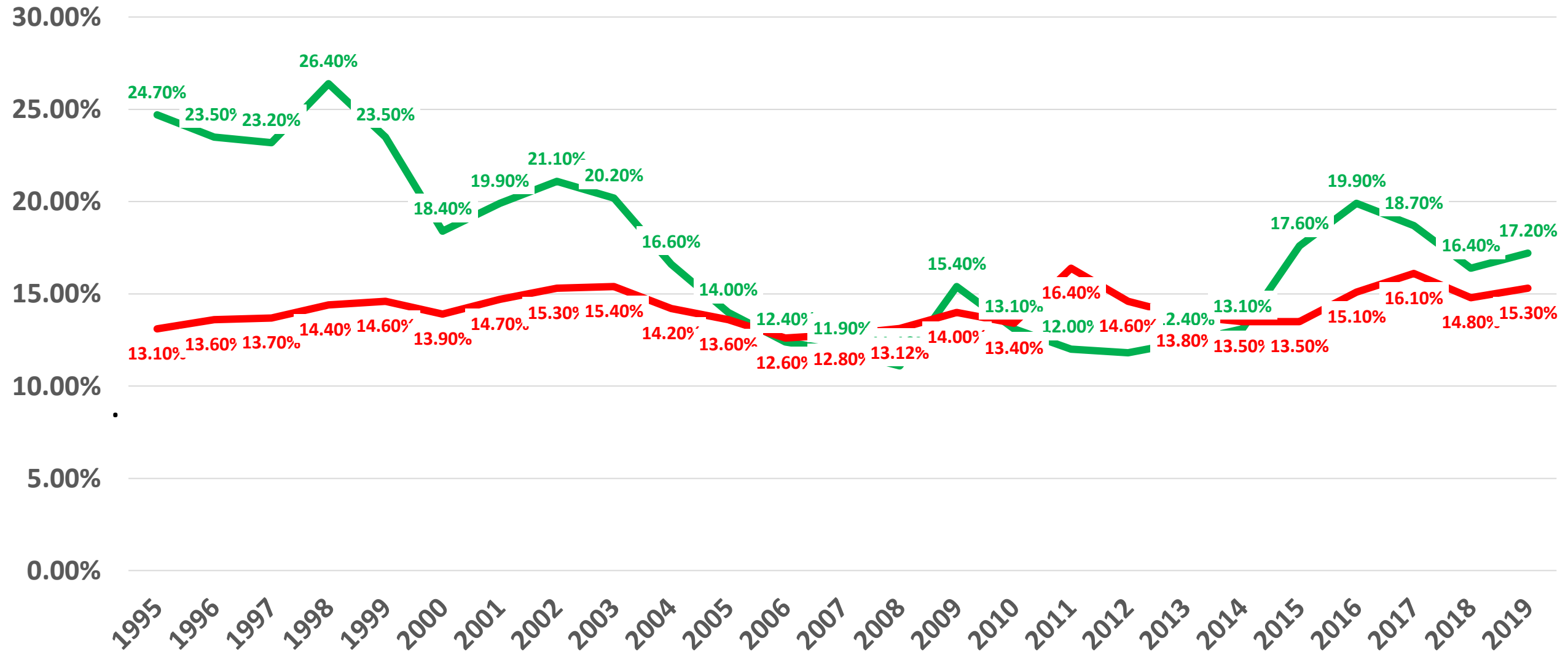


Source: UNCTAD

# Share of SSA agricultural trade (food + agricultural raw materials) in SSA total trade from 1995 à 2019

% des exportations agricoles

% des importations agricoles



Source : CNUCED

## Comments on food trade of Africa and SSA from 1995 to 2019

Africa's food trade has been consistently in deficit since 1995 (and much earlier) with a maximum of \$41 billion in 2014, reduced to \$23.6 billion in 2019.

In 2019, Africa's food imports accounted for 87.7% of agricultural imports and food exports 78.2% of agricultural exports.

However, without trade in coffee-cacao-tea-spices (CCTS), which are not basic food staples and which have had little effect on imports, the food deficit of Africa would have reach \$112 billion in 2019, 4.7 times more than its agricultural trade deficit.

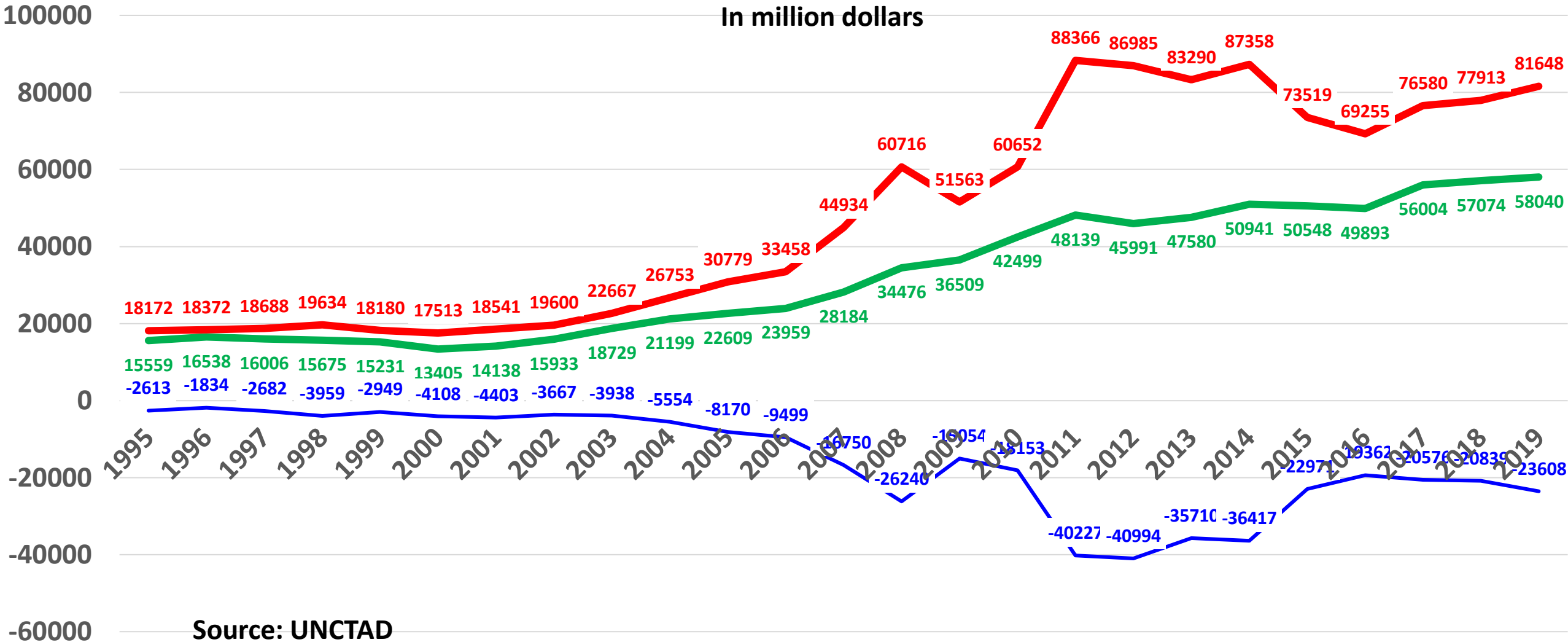
SSA has been running a food deficit since 2005, with a maximum deficit of 14 billion in 2012, down to \$4.8 billion in 2019. But without the CCTS, the deficit would have been at 76.5 billion in 2012 and still at \$64.5 billion in 2019.

Without CCTS, West Africa would have faced a deficit since 1995 (\$1.2 billion) and of 5.9 billion from 1995 to 2019, of which \$9.2 billion in 2019. Environmental damage of cocoa and the slavery of Sahelian children on the plantations require a reduction in production.

# Africa's food trade from 1995 to 2019

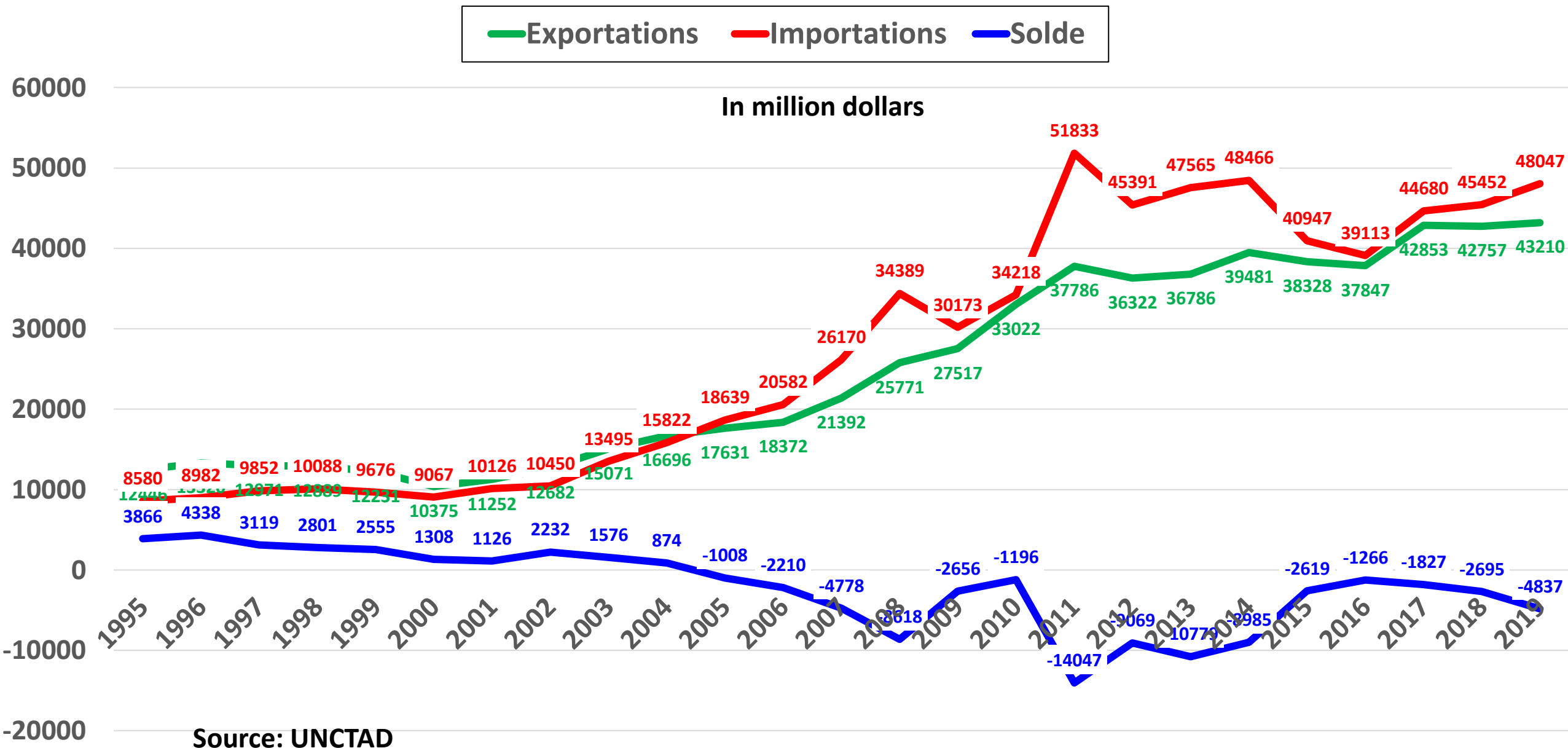
— Exportations — Importations — Solde

In million dollars



Source: UNCTAD

# SubSahara's food trade from 1995 to 2019



## Many AfCFTA promoters know very little the African food trade

**Simon Mevel and Stephen Karingi of UNECA wrote in 2012:** *“Total African exports of agriculture and food products to the world would be the most stimulated by the trade reforms, with... 9.4 per cent (or \$5.0 billion) more exports in the case of the continental FTA in 2022 than under the reference scenario... The greatest increase would occur in sectors such as wheat, cereals, sugar, meat, milk and dairy, and other food products”*

**Such an assertion shows their complete ignorance of African agriculture since the deficit of these four products – cereals (including wheat), sugar, meat and dairy – was \$30 bn in 2016, of which 18.9 bn for cereals, 3.8 bn for sugar as for meat and 3.3 bn for dairy. The amount of SSA in this deficit was \$10.4 bn for cereals, 2.5 bn for sugar, 2.2 bn for meats and 1.5 bn for dairy**

**Furthermore UNCTAD adds:** *“Eliminate tariffs on intra-African trade in agriculture through CFTA would be a key factor because agricultural trade protection face a rate higher than that of non-agricultural sectors”, proposing “mutual concessions in market access between the parties between agriculture and industry”, the same assertion being made by W. Viljoen of TRALAC: “Tariff reductions should include sensitive areas like textile products, agricultural products and processed food items“.*

## **Strategy to rebuild African agricultural policies on food sovereignty**

**Refounding agricultural development on food sovereignty will be based on five pillars:**

- 1) radical reform of agricultural land tenure;**
- 2) stable remunerative agricultural prices;**
- 3) promotion of agro-ecological production systems;**
- 4) offsetting food prices increases for poor consumers;**
- 5) change their eating habits to local products.**

**A radical reform of agricultural land tenure: land is part of the « commons » and African farmers should avail of long term land security. If land laws of most SSA countries have recognised the state's prominent legal ownership of land and usage rights to village communities, the presidents of the republic have often granted very long-term concessions to speculators, especially for the re-export of food or agrofuels. Land concentration in large farms would deprive the tens of millions of African youth arriving each year on the labour market to become farmers and delivering individual land titles is not the solution.**



## **2) Ensure stable remunerative agricultural prices**

**This should be done at the level of each Regional Economic Community (REC): through variable import levies (as ad valorem duties are inefficient with highly volatile world prices and exchange rates), which will guarantee to banks the repayment of their loans and enable farmers to self-finance their increased production.**

**Provided that the States finance the necessary investments upstream and downstream production in order to: 1) improve transport infrastructures to sell their products and to moralise the functioning of local markets; 2) stop the illicit levies of the police & customs officers; 3) increase agricultural loans at low rates...**

### **3) Promotion of agro-ecological production systems**

**Despite the slip service to agroecology delivered by the African Union, it continues to praise the conventional agricultural production systems based on chemical fertilizers and pesticides, so-called « improved seeds » (including GMOs) promoted by capitalist agribusinesses and Bill Gates, together with the African Development Bank.**

**Yet agroecological production systems (of which organic) is the only way to safeguard the environment and biodiversity in the context of climate change, the necessity to create tens of millions of additional jobs in agriculture and agro-industry each year. And this type of production system does not require large extension costs as the cheapest and most efficient way is to finance field visits by exchanges of experiences among farmers.**

#### **4) Offsetting food prices increases for poor consumers**

**Rising agricultural prices should not penalise the majority of African consumers with very limited purchasing power and who already spend a large part of their budget on food. All the more so as this would lead to food riots as in 2008-09. This will require substantial international aid over a decade or so to fund domestic food aid programmes modelled on the policies of India, the US and Brazil (under President Lula).**

**Households would receive vouchers to buy local food products available in approved shops according to their standard of living, and the availability of food products would be strengthened by helping to build up village (or commune) stocks paid at minimum prices to producers, avoiding massive multi-year stocks difficult to maintain in good condition.**

**India's National Food Security Act of 2013 allocates 5 kg of wheat or rice/capita/month, or 60 kg per year, for 75% of the rural population and 50% of the urban population, and subsidizes midday school meals. For SSA, where 60% of the population was rural in 2018, subsidising 42.5 Mt of local food (cereals, dried beans, oil, tubers, plantains) would cost around \$15 bn per year, which could be mobilised through concessional loans from IDA, a subsidiary of the World Bank, over 35 years with a 10-year grace period.**

## **5) Change eating habits of African consumers to local products**

**In 2019 Africa has imported 44.1 Mt of wheat and 11.6 Mt of rice for respectively \$11.4 bn and \$4.5 bn or a total of 55.7 Mt for \$16.4 bn. SSA accounted for 52.4% of total tonnage and 55.9% of import bill. But SSA imported 92.1% of rice tonnage and 89.8% of rice import bill and 41.9% of wheat tonnage and 41.1% of wheat bill. In fact the share of SSA in wheat imports is larger as SSA imports many processed cereals, of which wheat flour and pasta, that North Africa processes itself.**

**However in the medium run world wheat prices will rise a lot because wheat yields have been plateauing in all exporting countries for the last 15 years and would even decline in the EU which will reduce chemical fertilizers and pesticides, at the same time when the population of the Arab countries and Western Asia will rise and that of SSA will explode. As Arab countries will continue to avail of oil and gas exports they will be able to face higher world wheat prices but not SSA which could not pay the 130 Mt of wheat they would need by 2050 if the 5.9% growth rate of imports from 2000 to 2019 continue. But SSA avail of tropical cereals, roots and plantains, marginalised by subsidized wheat imports, and that consumers should return to.**