

Trade and Environmental Dimension of Agriculture by

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Africa's Agriculture Sector

- Agriculture is a third of Africa's GDP
- 60-90% of employment of most countries
- Low productivity, extensive cultivation and land degradation
- Very small proportion of agric output processed
- Growing agric import bill – US\$10-20 billion annually
- High levels of chronic food insecurity

Africa's Trade

- Xs of primary agric products (mainly tree crops, timber), minerals, oil
- \$1.9 bn out of 19.5 bn SSA Agric X. is intra SSA trade
- SSA Agric Xs less than 3% of world Agric X.
- Non-fuel primary Xs have declined
- Continuous TOT decline bet. Primary and manufactured goods since end of WWII
- Adverse TOT bet. 1970-97 making 119% of combined non-oil-Xing countries' GDP in 1997

Impacts of Trade

- Not much benefits
- Poor economic growth bet. 1970-2000
- Only continent with poverty increasing bet. 1990-2003
- Land Degradation, at least 60% of forests gone, env. degradation from minerals and oil
- Inter-generational inequity increased

Future Prospects

- Horticulture and organic agriculture (OA) becoming important
- One of the fastest growing sector in East Africa. In 2006, more than 50% of land in Africa under OA
- Don't exaggerate contribution, cannot overtake traditional X items
- Constraint of certification, labelling, packaging, etc.
- Could face TOT deterioration if countries don't move up the commodity value-added chain

Future Strategy

- Need for Sustainable Development Strategy at the country level
- Policy coherence that ensures
 - ❖ Sustainable Economic growth
 - ❖ Social Equity
 - ❖ Environmental sustainability including inter-generational equity

Regional Integration

Strategic Agric Commodities Agenda of the African Union (AU) has Four key Pillars:

- ❖ Common African market for strategic food products within commodity value chains
- ❖ Creating duty-free regional investment zones
- ❖ Establishing centres of excellence for agric education and research
- ❖ Creating African agric dev't fund

Future Cont'd

- Need to embark on Agriculture and Rural Transformation
 - Maximize productivity and efficiency, thereby minimizing unit production costs at each physical transformation stage of commodity subsectors (value chains)
 - Minimize transactions costs among different stages of commodity value chains; thereby minimizing total unit costs of products (goods and services) delivered to the final consumer.

THANK YOU