Agriculture: Future Scenarios for Southern Africa

Ensuring Food Security through Trade Policy

Hilton E. Zunckel

2009
Abstract

The briefing contextualizes the global debate on food security and trade policy instruments, defining the situation in Africa in general and Southern Africa in particular, and charts the broad contours of possible regional responses via the Southern African Development Community and the Southern African Customs Union from a trade perspective. The purpose of the briefing is to outline broad impacts that global scenarios bring to bear on staple foods consumed, whether grown in, imported into or exported from the region. The analysis finds that there are definite elements of the global agricultural trade agenda where Africa has a particular interest. These are focused primarily on market access issues, especially as regards preference erosion and exemptions from reduction commitments. Africa also has a vested interest in supporting the newly strengthened text on disciplining export restrictions from food exporting nations. Secondary are the domestic support considerations on subsidies and their negative link to fostering local productive capabilities. Food security issues through food aid disciplines are essentially present in the export subsidy disciplines, which seem to effectively deal with food aid emergencies using the new safe box. Policy measures available in the short run include the provision of safety nets and social protection to the most vulnerable consumers in both rural and urban areas, as well as the enhancement of short term supply responses by smallholder farmers. Improved trade policies can also yield important gains, using the existing and emerging World Trade Organization rules. In the longer run, it will be important to address the fundamentals that increase investment in agriculture, both public and private, and improve the functioning of agricultural markets.

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Agriculture: Future Scenarios for Southern Africa – Ensuring Food Security through Trade Policy

Hilton E. Zunckel

1 The author is a director with the South African trade law practice Trade Law Chambers. Formerly an executive in the grain milling industry, he has worked on agricultural trade issues for over 15 years. This paper was drafted in response to detailed terms of reference drawn up by the Trade Knowledge Network – Southern Africa, the text of which has been partly subsumed into the current work for clarity of purpose. The author acknowledges the use of the terms of reference; however, the overall responsibility for the work remains that of the author. The author can be contacted at: hilton@tradelawchambers.co.za.
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### Acronyms and Abbreviations

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<th>Description</th>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>FAO</td>
<td>Food and Agriculture Organization</td>
</tr>
<tr>
<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
</tr>
<tr>
<td>GM</td>
<td>genetic modification</td>
</tr>
<tr>
<td>IDP</td>
<td>internally displaced person</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>SADC</td>
<td>Southern African Development Community</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
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</table>
Executive Summary

An important part of the contextual debate present in the run-up to the mini ministerial meeting of the World Trade Organization (WTO) in July 2008 centred on the possibility of an agriculture deal that made a worthy contribution to solving the global food crisis. This is a particularly relevant question in the African context, at a time when Africa is charting the broad contours of possible regional responses via the Southern African Development Community and the Southern African Customs Union from a trade perspective.

There are certain elements of the global agricultural trade agenda where Africa has a particular interest. These are focused primarily on market access issues, especially as regards preference erosion and exemptions from reduction commitments. On the reverse of the inward focus on market access, Africa has a vested interest in supporting the newly strengthened text on disciplining export restrictions from food exporting nations. Secondary are the domestic support considerations on subsidies and their negative link to fostering local productive capabilities. Food security issues through food aid disciplines are essentially present in the export subsidy disciplines, which seem to effectively cater for food aid emergencies using the new safe box.

Policy measures available in the short run include the provision of safety nets and social protection to the most vulnerable consumers in both rural and urban areas, as well as the enhancement of short term supply response by smallholder farmers. Improved trade policies can also yield important gains, using the existing and emerging WTO rules. In the longer run, it will be important to address the fundamentals that increase investment in agriculture, both public and private, and improve the functioning of markets. Implementation of these policies offers the best option for putting the world on track to reach the World Food Summit target of reducing hunger by half by 2015, despite food price increases.

What is clear is that in a period of rampant global commodity prices, and more so a threat of shortage, the mere presence of domestic production does have a quasi calming or dampening effect on the domestic market price. For this reason, a trade policy agenda that weans Africans from subsidy dependence would be a sound approach.

When the July 2008 WTO mini ministerial meeting gridlocked in the arcane nature of the negotiating texts to hand, it became evident that there would be little chance of the Doha Round being settled in 2008. To compound this mid-year setback, political events in the U.S. in the second half of the year served to refocus attention away from the Geneva agenda. The presidential election in the U.S. in November 2008 placed a damper on any really serious WTO negotiations after August 2008, compounded by the WTO’s scrupulously observed traditional August summer break. Concluding any outstanding business on the WTO deal and sealing a new multilateral trade pact is unlikely to feature prominently on the priority ranking of a new U.S. administration faced with rising protectionist sentiment within the U.S. This sentiment will have to be appeased by U.S. politicians in their 2009 policy implementations.

There is also a growing suspicion that there are in fact no worthy gains for Africa in the Doha Round. The predictions of the econometric models traditionally used to project the impacts of trade reform have undergone major revisions during the course of the negotiations. They now predict rather frugal gains from the Doha Round, especially for Africa. While it is perhaps premature to base a definitive negotiating response on the fickle nature of these models, in practice these findings obviously dilute the...
incentives for politicians in Africa to seek an ambitious, rapid outcome. Africa may thus well find that a 'no deal' outcome is not completely unpalatable. Indeed, there are touches of the African veto of a Doha deal at Cancún, Mexico back in 2003 that resonate presently.

In taking stock of where future energy might be focused, it has been noted that the World Bank’s 10 point plan is highly pertinent in the present instance, as it has many Africa-focused elements and may well be a guide to African policy responses to the food crisis, especially as far as trade measures are concerned:

1. Fully fund the World Food Programme’s emergency needs.
2. Provide support for safety nets for those in severe distress.
3. Provide seeds and fertilizer for the coming planting seasons.
4. Reverse years of agricultural underinvestment.
5. Increase the private sector’s ability to work across the value chain.
6. Develop innovative instruments for risk management.
7. The U.S. and EU must reduce agricultural subsidies.
8. Remove export bans that have led to even higher world prices.
9. Conclude a Doha WTO deal in order to remove the distortions.
10. Take collective action to counter global risks in the world economy.

These steps are likely not a panacea in and of themselves, and it will probably be useful to investigate to what extent these factors are being taken up at country level in terms of policy responses. It is also notable that many of these elements resonate with the WTO’s own Aid for Trade mandate and are thus not entirely new within the African discourse.
Introduction

Until recently, many actors in the world food system had been successful in improving food security by increasing the supply and diversity of food while simultaneously reducing prices through initiatives such as the Green Revolution; technical inventions; and innovations in supply, processing, manufacturing and distribution. However, since 2000 food prices have been climbing, increasing sharply in early 2008, with the food price index calculated by the Food and Agriculture Organization (FAO) rising by nearly 40 per cent in 2007 compared with the previous year. In response, the World Bank is launching a global food crisis response facility. The facility fast-tracks US$1.2 billion to address immediate needs arising from the crisis, including US$200 million of grants for especially vulnerable countries for seeds, fertilizer, safety net programs and budget support. It is estimated that the World Bank will expand assistance for agriculture- and food-related activities from US$4 billion to US$6 billion over the coming year. Other international agencies have made similar undertakings.

Table 1: FAO listing of African countries in food crisis requiring external assistance

<table>
<thead>
<tr>
<th>Nature of food insecurity</th>
<th>Main reasons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exceptional shortfall in food</td>
<td>Low productivity, HIV/AIDS pandemic</td>
</tr>
<tr>
<td>Lesotho*</td>
<td></td>
</tr>
<tr>
<td>Somalia</td>
<td>Conflict, adverse weather</td>
</tr>
<tr>
<td>Swaziland*</td>
<td>Low productivity, HIV/AIDS pandemic</td>
</tr>
<tr>
<td>Zimbabwe*</td>
<td>Deepening economic crisis, adverse weather</td>
</tr>
<tr>
<td>Widespread lack of access</td>
<td>Internally displaced persons, economic constraints</td>
</tr>
<tr>
<td>Eritrea</td>
<td></td>
</tr>
<tr>
<td>Liberia</td>
<td>War-related damage</td>
</tr>
<tr>
<td>Mauritania</td>
<td>Several years of drought</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>War-related damage</td>
</tr>
<tr>
<td>Severe localized food insecurity</td>
<td>Civil strife, IDPs and returnees</td>
</tr>
<tr>
<td>Burundi</td>
<td></td>
</tr>
<tr>
<td>Central African Republic</td>
<td>Refugees, insecurity in parts</td>
</tr>
<tr>
<td>Chad</td>
<td>Refugees, conflict</td>
</tr>
<tr>
<td>Congo, Democratic Republic of*</td>
<td>Civil strife, returnees</td>
</tr>
<tr>
<td>Congo, Republic of</td>
<td>IDPs</td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td>Conflict-related damage</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>Insecurity in parts, localized crop failure</td>
</tr>
<tr>
<td>Ghana</td>
<td>After-effects of drought and floods</td>
</tr>
<tr>
<td>Guinea</td>
<td>Refugees, conflict</td>
</tr>
<tr>
<td>Guinea-Bissau</td>
<td>Localized insecurity</td>
</tr>
<tr>
<td>Kenya</td>
<td>Civil strife, adverse weather, pests</td>
</tr>
<tr>
<td>Sudan</td>
<td>Civil strife (Darfur), insecurity (southern Sudan)</td>
</tr>
<tr>
<td>Uganda</td>
<td>IDPs</td>
</tr>
</tbody>
</table>

* SADC states.


While the precise balances among the various causes are difficult to pin down, it is clear that the basic cause of rising food prices is a growing mismatch between the supply of food and demand for it. Rising energy prices
feeding through energy intensive supply chains, diversion of grains to biofuel production in response to concerns over global warming, drought in key producing countries (and the prospect of future “climate shocks”) and declining productivity in food production (accompanied by decreasing stocks) are the main factors inhibiting supply. Demand is rising in tandem with population growth in Asia particularly, within which rapidly growing urban middle classes in China and India are consuming more grain based meat products.2

The FAO monitors the state of food insecure countries and reports on this position periodically. The latest FAO listing indicates that of 34 countries currently in crisis and requiring external assistance, 21 are in Africa; and, of these, four are SADC member states. These countries are expected to lack the resources to deal with reported critical problems of food insecurity. The FAO contends that food crises are nearly always due to a combination of factors, but for the purpose of response planning, it is important to establish whether the nature of food crises is predominantly related to lack of food availability; limited access to food; or severe, but localized problems. Table 1 sets this out in detail.

The details will vary from country to country, depending on whether the country concerned is a food exporter or importer, and if the latter, the extent to which it is reliant on imported food.3 The overall contemporary situation in Africa is nonetheless precarious, with alarming socioeconomic implications related to food insecurity, national security, poverty and development constraints.

The drivers of high food prices are likely to remain in place for the foreseeable future, which means that food price increases may be a reality until such time as supply and demand move back into balance.4 It is very difficult—and inadvisable—to manipulate demand, as this involves market manipulations; the key is to increase supply. This entails a host of measures, including, but not limited to, trade policy tools. Most notable is the need for a “New Green Revolution,” so promoting dramatically increased yields. Consequently, the World Bank and regional development banks are gearing up for major agriculture-related investments in poor countries, especially in Africa.5 Much of this investment (to the extent that it materializes) is likely to go into agriculture-related infrastructure (rural roads, irrigation, research and development) and, as such, will be relatively uncontroversial. Other solutions, however, will be controversial. For example, the adoption of genetic modification (GM) technologies in food production offers the prospect of raising productivity and allowing more rapid adaptation to the challenges climate change poses to the region. These technologies are unlikely to be substantially adopted while the region continues to rely on trade with the European Union (EU), which is decidedly skittish about GM technologies.6 This Eurocentric approach to modern biotechnology has hamstrung several Southern African states in their ability to enhance production or even accept food aid shipments in the absence of sufficient production. Zimbabwe and Zambia come to mind in particular.

A range of other remedial measures have been proposed.7 For the present, our particular interest is in the role that trade instruments can play and are playing, and the impact a World Trade Organization (WTO) Doha deal could have, should it be successfully concluded.

3 For example, while food accounts for approximately 20 per cent of the consumer price index in South Africa and Botswana, it apparently accounts for approximately 65 per cent in Sri Lanka and Bangladesh. Clearly, in those two South Asian economies, the political impact of rising food prices is likely to be more sharply experienced (The Economist, “The world food summit: Only a few green shoots,” 7 June 2008).
4 There are tentative indications that this may already be taking place: the May FAO food price index indicated declines in three out of five major food categories that it tracks; see <http://www.fao.org/worldfoodsituation/FoodPricesIndex/en/>, accessed on 11 June 2008.
2 Africa, Food and the Emerging WTO Framework

2.1 Poverty alleviation and trade liberalization

Literature surveyed by the WTO Secretariat indicates that trade has generally helped to alleviate poverty in the WTO era. However, it is true that some poor households have been affected negatively, even if poverty levels are reduced on average. This is, however, not true across the board, and poor households are actually affected differently depending on their source of income. It is notable that this dynamic has a positive spin-off in the agricultural sector. The studies surveyed found that rural households adjust better to agricultural price increases than urban households. The reason for this is that rural households can fall back on subsistence farming for consumption or even turn into net suppliers of agricultural products in a rising price market. This would serve to indicate why it is not only access to food that is important, but even more so is to have the domestic capability to produce food, if this is based on comparative advantage linked to natural endowment, which is an obvious trend within the African agricultural sector. This provides a solid theoretical basis for challenging proponents of continued First World subsidization of agricultural exports, specifically as a way of ensuring continued food supplies to poor countries. While the concept may have a beguiling allure in the short term and in the face of immediate crises, sound economics seems to indicate that, given a large rural population, retention of production is a catalyst for positive gains from trade in a trade reform scenario.

In addition, it is crucial to recognize that the linkage between the comparative advantage and the rural economy is intensified due to the large component of the population that is rurally based; hence the rural contribution to national employment. Table 2 illustrates the relative importance of this position for African countries. Note in particular how Africa differs from the developed world, which continues to hold the monopoly on agricultural trade. For example, sub-Saharan Africa had 66 per cent of its population in agriculture in 2000, as compared to four per cent in the EU, which remains Africa’s largest trading partner.

<table>
<thead>
<tr>
<th>Region/group</th>
<th>1970</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>76</td>
<td>58</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>82</td>
<td>66</td>
</tr>
<tr>
<td>Asia</td>
<td>71</td>
<td>56</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>42</td>
<td>20</td>
</tr>
<tr>
<td>European Union</td>
<td>13</td>
<td>4</td>
</tr>
<tr>
<td>Canada</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>United States</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Japan</td>
<td>20</td>
<td>4</td>
</tr>
<tr>
<td>Developed countries</td>
<td>18</td>
<td>7</td>
</tr>
</tbody>
</table>


8 World Bank, p. xxiv.

9 These adjustments are often triggered by trade reform, but may include other events, like structural supply side adjustments characterized by an outward shift in the aggregate demand curve.

10 In the WTO “U.S. upland cotton” trade dispute, it was, for instance, demonstrated in the submissions of Benin and Chad to the dispute settlement panel that West African cotton growers are 3.5 times more efficient than their U.S. competitors.
Even in South Africa, the Department of Agriculture has calculated that around 40 per cent of the population depend on the agri-complex (including primary agriculture, agro inputs and food processing) for a living.\(^{11}\)

The effect of trade liberalization on government revenue has been identified as one of the key concerns for many developing countries. Indeed, the share of trade taxes in total revenue is negatively associated with the level of economic development, with many low income countries earning half or more of their revenue from trade taxes.\(^{12}\) We note that the WTO July 2008 agricultural modalities again confirm that least developed countries will not be called upon to make tariff reforms in the agricultural sector.\(^{13}\) As a policy imperative, unilateral tariff reform has to be considered to the extent that imported factors of production (such as fertilizer and diesel) comprise a cost driver in the agricultural sector, ultimately giving rise to higher food prices. From a policy perspective, this concession should not be viewed as an absolute imperative, but rather as a windfall that creates policy space. In other words, tariffs do not need to be applied at bound rates and can be unilaterally reduced in the interests of reducing input costs to the agricultural sector without losing the ability to revert to the (usually prohibitive) bound rates should the need for protection become pressing in the medium to longer term.

It would thus appear that, with current factor endowments, Africa is highly unlikely to diversify its economy into manufactured goods in the short run. The successful diversification of African economies requires the upgrading of the skills base through education and training, and this takes time. As Osakwe observes: “In the short run, increasing agricultural productivity seems to be the most viable and promising approach to reducing poverty in the region.”\(^{14}\)

### 2.2 Trade aspects and the WTO agenda

At a strategic level, the WTO, through its director general, Pascal Lamy, has indicated that the Doha Round’s conclusion could be a solution to the global food crisis.\(^{15}\) Lamy has suggested that the agricultural negotiations have a special “resonance” in the current climate of rising prices for many food staples and widening fears about food security in parts of the developing world. WTO analysis indicates that agreeing to cut trade distorting agricultural subsidies in a substantial way and import tariffs on agricultural products can contribute to a better connection between supply and demand for food and feeds; stabilizing prices in the medium term; and creating incentives for boosting farm production in many developing countries, notably in Africa.

In tandem with this view, the World Bank has issued similar views through its president, Robert Zoellick, himself a former U.S. trade representative and chief U.S. trade negotiator. In this regard, Zoellick has put forward a ten point trade-related plan.\(^{16}\) The plan is highly pertinent in the present

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instance, as it has many Africa-focused elements and may well be a guide to African policy responses to the food crisis, especially as far as trade measures are concerned. The plan can be summarized as follows:

1. Fully fund the World Food Programme’s emergency needs, support its drive to purchase food aid locally and ensure the unhampered movement of humanitarian assistance.
2. Provide support for safety nets, such as distributing food in schools or offering food in return for work, to rapidly help those in severe distress.
3. Provide seeds and fertilizer for the coming planting seasons, especially for smallholders in poor countries through not just financing, but fast delivery systems.
4. Enhance agricultural supply and increase research spending, reversing years of agricultural underinvestment.
5. Increase investment in agribusiness so that we can tap the private sector’s ability to work across the value chain by developing sustainable lands and water supplies, developing supply chains, cutting wastage, developing infrastructure and logistics, helping developing country producers meet food safety standards, connecting retailers with farmers in developing countries and supporting agricultural trade finance.
6. Develop innovative instruments for risk management and crop insurance for small farmers.17
7. The U.S. and EU must reduce agricultural subsidies, restrictions and tariffs on biofuels that are derived from corn and oilseeds. Policymakers need to consider “safety valves” that ease these policies when prices are high. The choice does not have to be food or fuel.
8. Remove export bans that have led to even higher world prices. India has recently relaxed its restrictions.18
9. Conclude a Doha WTO deal in order to remove the distortions of agricultural subsidies and create a more adaptable, efficient and fair global food trade.
10. Take greater collective action to counter global risks related to the interconnected challenges of energy, food and water as the drivers of the world economy and security.

It would be useful to investigate to what extent these factors are being taken up at country level in terms of policy responses. It is also notable that many of these elements resonate with the WTO’s own Aid for Trade mandate and are thus not entirely new within the African discourse.

At the other end of the spectrum, the trade and development guru Jagdish Bhagwati has expressed doubts that trade liberalization will actually ease the food crisis.19 He contends that while agricultural liberalization in the EU and U.S. is indeed good, it will not help moderate the food crisis, as a substantial reduction in agricultural subsidies will reduce the supply of grains from some countries that subsidize

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17 It is notable that the World Bank is considering weather derivatives for developing countries. Malawi is being identified as the likely first recipient, meaning that should Malawi suffer a drought, it would receive a payout to offset the price of imported maize.
18 The World Bank indicates that 28 countries have imposed such controls and that removing them could have a dramatic effect. For instance, with only seven per cent of global rice production traded on markets, if Japan released some of its stocks for humanitarian purposes and China sold one million tons of its rice, the global rice price could be reduced immediately.
them and increase it from other countries, with the net effect on supply being negative. In addition, improved market access through reduced agricultural tariffs in the Organization for Economic Co-operation and Development (OECD) countries would also aggravate food shortages, and, as such, tariff reductions would lead to reduced food prices and increased demand for grains within the OECD countries. It is, however, our view that it is likely that these effects are short term constraints that will be hurdled by supply side responses in the medium term (perhaps in two to three planting seasons).

Where there does seem to be a consensus between Zoellick and Bhagwati is regarding the opportunities that exist within the trade arena surrounding a window of opportunity for Doha’s conclusion. This is premised on the contention that the food crisis has relaxed the key constraints on the final compromises necessary to reach an agreement on agricultural liberalization. This is built on the notion that when farmers are getting high returns from the market, it is unnecessary to augment their incomes with subsidies. With food prices having risen dramatically, the payouts to U.S. farmers in particular will be almost negligible, since they vary inversely with market prices. High prices are expected to continue, so the need for subsidy will also remain negligible. It should therefore be theoretically possible to soften significantly First World opposition to restricting post-Doha agricultural subsidy payments to lower levels. In the face of this, the dynamic should be making it likely that developing countries, especially in Africa, would be able to respond and making Doha’s conclusion a success.

Strangely, the neo-protectionist sentiment that currently pervades U.S. politics has passed by this opportunity, as evidenced by the new U.S. Farm Bill, which passed as a “subsidy as usual” piece of legislation through the U.S. Congress in June 2008. Similar sentiment has been evident in the EU, as voiced in particular by Ireland and France. This elusiveness seems to have pervaded the July 2008 mini-ministerial meeting that ended without any real progress on 26 July 2008.

2.3 Trade tools employed to date

In considering existing trade instruments available under the WTO rules, member governments’ initial policy responses have centred on border measures that reduce import tariffs and raising export taxes. The latter has been particularly irksome. In the short term, the trade taxes are likely to have the largest impact, and continue to be a source of revenue. A number of countries have unilaterally reduced or eliminated tariffs on imported food products in order to minimize price increases. If we assume domestic producers are not displaced by subsidized imports, this is a critical policy tool. Unfortunately, a number of major exporters have imposed export taxes in order to keep supplies available domestically. Table 3, compiled by the International Grains Council (IGC), highlights some of these measures as indicative of the spectrum of policy responses.

<table>
<thead>
<tr>
<th>Country</th>
<th>Protective Measures adopted by selected countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>Higher export taxes, registrations</td>
</tr>
<tr>
<td>China</td>
<td>Stopped VAT rebates for exports, introduced temporary export taxes</td>
</tr>
<tr>
<td>India</td>
<td>Banned exports of wheat, wheat flour and most non-basmati rice</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>Government memorandum of understanding with exporters, producers and millers to ensure supplies</td>
</tr>
<tr>
<td>Pakistan</td>
<td>35% export tax and ban on private sector wheat flour exports to Afghanistan</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>After large exports, has introduced wheat and barley export taxes plus restrictions</td>
</tr>
<tr>
<td>Serbia</td>
<td>Grain export ban</td>
</tr>
<tr>
<td>Ukraine</td>
<td>Introduced export quotas after second very poor crop</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Temporary export ban on rice</td>
</tr>
</tbody>
</table>

Source: Presentation by the International Grains Council to the 2008 Annual General Meeting of the National Chamber of Milling, 14 March 2008, Franschhoek, South Africa
These restrictions are a shortsighted response in that they discourage domestic producers from producing more, and the restrictions withdraw product from global markets, thus raising prices further. Consequently, the use of this instrument has been earmarked to be better disciplined using the WTO rules. Under the current July 2008 draft agricultural modalities, there is a good likelihood that this will indeed occur and enhanced discipline is not an unlikely possibility. The emerging modalities require that existing export prohibitions and restrictions in foodstuffs and feeds under the General Agreement on Tariffs and Trade (GATT) 1994 be eliminated by the end of the first year of the Doha implementation period. Furthermore, any new export prohibitions or restrictions under the GATT 1994 will be subject to greater scrutiny prior to their establishment, but, more importantly, will not be allowed to persist for longer than 12 months. It has been conceded that 12 months can be extended to 18 months with the agreement of the affected importing members.

The impacts of a Doha Round deal, should it move to a successful conclusion, are likely to manifest in the 2010–15 period, most likely towards the end of the current food price increase cycle. A Doha deal has mixed implications, and, of course, much depends on the final compromises made. Nonetheless, the broad contours of potential impact are reasonably well known. Subsidies keep prices artificially low. Three broad kinds are typically paid by developed country governments: non-trade distorting “green” payments, trade distorting domestic support (price supports; production payments) and export subsidies. In the Doha Round, domestic support will be capped and generally rendered less trade distorting, whereas agreement has been reached to eliminate the export subsidies by 2013. In both cases, prices for the products concerned are likely to rise, perhaps substantially, following subsidy removal or disciplining. Furthermore, to the extent that food aid is a subsidy and attracts stronger disciplines, there may also be implications for those Southern African states who are dependent on food aid. However, this is unlikely to have negative effects, as the modalities make clear provision for emergency situations and, in addition, have now included a so-called “safe box” to address the concerns of nations often on the food aid roster.

3 Positioning African Agriculture

In the light of possible liberalization results from a Doha agriculture deal, there is growing international interest in Africa’s obvious comparative advantage in the international trading system, particularly as regards land abundance. The longer the food crisis endures, the greater the pressure on African governments (at least, those in control of fertile lands) to release land to commercial producers, both domestic and foreign, for food and biofuels production. This will require substantial political challenges regarding land control and ownership, and in time may usher in sweeping changes to the stewardship of land across the continent. Given the centrality of land and urbanization to African politics, in the context of generally weak (in the institutional sense) states, this could mean a rocky ride ahead – or major opportunities, depending on one’s perspective. National positions should be explored to obtain a clear picture of this dynamic.

It is not clear what the overall impact of these changes will be on African consumers. Much depends on whether increased domestic production finds its way, at reasonable prices, into domestic markets and the extent to which major agricultural exporters divert exports to Africa into newly opened markets elsewhere. Recent analyses by the World Bank seem to suggest that, overall, poor consumers may be worse off.20

What implications does this analysis hold? Major changes are afoot in the management of land and agricultural production. African states need to prioritize this sector in partnership in order to build capacities to meet the challenges ahead. And while reform of the global agricultural trading regime is long overdue and pressing, it should not be conducted in an overly rapid fashion. In this regard, a product-specific approach may or may not be appropriate. It is known that Kenya has made some proposals in this regard in the WTO’s Agriculture Committee. The latest African stance on this matter is expressed by the Africa Group’s declaration to the WTO July 2008 mini-ministerial meeting. Clearly, commodity issues play a leading role, and in the ministers’ view are closely linked to the preference erosion question. Indeed, the ministers only highlight three specific items on their agriculture negotiating agenda: long-standing preferences, the banana trade and cotton. The gist of the African position on these three topics is briefly explained below.

On the banana issue, it seems that African ministers are prepared to support a “good offices mission” by the WTO director general while taking note of the results he achieved. This said, ministers want this offer to be substantially reviewed and improved, taking the interests of banana producing African countries into due consideration, while remaining consistent with the development objectives of the Doha Round. This is perhaps somewhat contradictory, as bananas are not part of the Doha agenda per se, outside of being on the preference erosion list of the July 2008 agriculture modalities text. The ministers reaffirmed their desire for the banana issue to be specifically addressed outside of the modalities of agriculture, in order to reach what they see as “a just and balanced outcome.”

The ministers see the “preferences” topic as a vehicle for mainstreaming development in the Doha Round. In this instance, they do want a Doha mandated solution and call for the issue of long-standing preference erosion to be resolved by means of “a trade solution.” This solution is seen as encompassing an implementation period of at least 10 years and a firm commitment in terms of technical assistance during the transition period. In other words, they are not prepared to merely accept compensation from the preference providers.

The cotton mandate is not related to the preference topic. The ministers endorse the proposals of the countries of the “Sectoral Initiative on Cotton” (the C-4), which are also supported by other groups where African countries are active (the African, Caribbean and Pacific [ACP], Least Developed Countries and G20 configurations). Note that there is a wider African configuration of 36 cotton growing nations (the C-36) that share the stance championed by the C-4. In this regard, Africans want to retain the cotton text as reflected in the July 2008 agriculture modalities. This text has been preserved since the Hong Kong Ministerial in 2005. The Hong Kong mandate and July 2004 Framework Agreement require that the cotton issue must be addressed “ambitiously, expeditiously and specifically.” The reduction of subsidies granted to cotton must thus be deeper and faster than that envisaged for agriculture generally.

22 Part of the July 2008 mini-ministerial work involved efforts by the director general in reducing the trade tariffs that Latin American countries have to pay on exporting their bananas to the EU, as was at issue in several WTO banana trade disputes. This was a major feature of the talks from an African and Latin American viewpoint. An agreement was reached in concept that would lower current EU tariffs of 176 Euros per ton to 114 Euros by 2016. Since no agreement was reached on the July 2008 talks as a whole, this possible banana agreement is also void and the issue remains to be settled.
23 The “Sectoral Initiative on Cotton” was originally raised in the WTO by Benin, Burkina Faso, Chad and Mali (comprising the C-4 countries). Their 30 April 2003 proposal was presented on 10 June 2003 to the Trade Negotiations Committee by President Blaise Compaoré of Burkina Faso. It describes the damage that the four believe has been caused to them by cotton subsidies in other countries, and called for the subsidies to be eliminated and for compensation to be paid while the subsidies remain, to cover economic losses. The matter was later included in the July 2004 negotiating mandate and was made concrete in the Hong Kong Ministerial text in December 2005.
3.1 Preference erosion

What makes the ministers so passionate about preferential market access? Those countries lucky enough to have quota access into developed country markets can, in principle, restrict supply and raise prices. However, as quota access is capped and alternative sources of supply are available, this is not a trade policy option available to Africa. Expanding these quotas may nonetheless have a damping effect on prices through introducing new competitors. As tariffs are reduced, the potential for greater competition in these markets will increase further. Hence, the end result could be substantial price reductions. Much depends on the products concerned and the interplay among quota expansion, tariff reduction (or not), and subsidy removal and/or disciplining. Subsidy reductions should be good for African farmers, and in principle should encourage more commercial production for export markets—as currently high food prices are doing. Offsetting this, tariff reductions and quota expansions may not suit some African farmers: they benefit from preferential access into European markets, so reduced tariffs and expanded quotas mean the margin of preference will diminish.

Overall, the major beneficiaries from such reforms, at least in the short to medium term, are likely to be major agricultural exporters in North America, Latin America, Southeast Asia and Australasia; much depends on the extent to which major agricultural exporters divert exports into developed country markets to take advantage of new market access. But in the medium to long term, as African farmers’ litany of constraints are addressed and, hopefully, removed, and assuming climate change adaptation is adequately managed, they too should benefit.

The primary focus for the ACP Group within the Doha negotiations has been to preserve its preferential market access into particularly the European market. This fixation is grounded in the well documented notion that losses will be incurred by sub-Saharan Africa under the partial market liberalization envisaged in the emerging Doha modalities, due to preference erosion primarily, and, secondly, the inability to enter alternate markets in the developing world due to high tariffs (called binding overhang). The dilemma occurs in that tariff reforms increase the degree of competition these countries face from other developing countries in these export markets without offsetting improvements in market access for African products in developing countries due to binding overhang. In particular, the ACP countries contend that sub-Saharan Africa would lose from the types of partial agricultural trade liberalization likely to take place in the Doha Round. They attribute these expected losses to preference erosion.

So, probably the most critical element for Africa (via the ACP Group) remains the matter of long-standing preferences in respect of products of vital export interest to the group.24 Other special interests are cotton, food aid, the regulation of state trading enterprises, small economies and tropical commodities. Concerning preferences, it is clear that the ACP agricultural market access proposal is the least ambitious of those tabled to date. The ACP has also resisted tariff capping. The logic of wanting to maintain preferences applies equally to the maintenance of the existing special safeguard, as it assists preference providing countries to keep their tariff barriers high. The ACP has also maintained that tariff rate quotas should not be expanded at the expense of preferential quotas.

The ACP Group has been somewhere between particularly and partially successful in that the July 2008 agriculture modalities text draft contains much of the preferred list of preference products as proposed by the group.25 However, there is a fairly broad intersection between this list and the list of so-called

24 The ACP stance is grounded in the wording of paragraph 16 of the so-called “Harbinson text,” TN/AG/W/1/Rev.1 of 18 March 2003.
25 For further discussion of this progression, see H. E. Zunckel, From Hong Kong to going wrong, SAIIA trade policy briefing series no. 13 (Johannesburg: South African Institute of International Affairs, 2006).
“tropical products.” It is expected that there is going to be a trade-off between the ACP list of products under preference and that of the Central American proponents of tropical products, as the two groups want very different regimes for these products. This issue stems from the inherent conflict between Central American producers, seeking the fullest possible liberalization of trade in tropical products of interest to them, and the ACP’s interest in retarding reform on these same products, there being a substantial overlap between the tropical products and those under long-standing preferences. The solution is likely to be a messy compromise among ministers of the South.\(^{26}\) It is assumed that products falling within this intersection, especially bananas and sugar, will be considered as particularly sensitive and maybe even as “non-negotiable” in members’ individual mandates. Sugar is of particular interest for SADC.

What is notable is that, technically, Africa holds no high ground on this issue. The overall gains from dismantling the preference system are positive, notably to other developing and least developed countries. The pre-eminent work on this is the analysis by the WTO Secretariat’s own study paper on preferences.\(^{27}\) The paper was not drawn up to address the ACP concerns per se, but had a rather wider scope of indicating the product groups and related preference recipients that are most affected by potential preference erosion based on tariff cuts. The essential findings of this study are that:

- The overall estimates of risks from preference erosion constitute small numbers. These numbers should be interpreted to mean that, overall, developing countries do not face any preference erosion risk.

- The risk of preference erosion is concentrated in terms of products and countries. The most affected products are bananas (Belize, Cameroon, Dominica, Saint Lucia, Saint Vincent and the Grenadines, Swaziland); sugar (Barbados, Belize, Fiji, Guyana, Jamaica, Mauritius, Saint Kitts and Nevis, Swaziland); and beverages and spirits (Barbados, Belize, Jamaica). The bulk of the impact is in the EU market.

- Sensitive product exclusions have almost no effect on preference erosion.

The analysis seems to predetermine a solution in that it supports the notion that the preference erosion problem is not widely felt, but is in fact a rather contained concept. This is an interesting approach, as it effectively points members to a type of needs based test, instead of a generic percentage cut-off methodology, meaning that relief should be targeted only where the effect is actually egregious, instead of across the board to all preference holders who meet some preset numerical reference level determined as a modality. It has to be recognized that the primary finding of the analysis is that the demise of long-standing preferences is an improvement for developing countries overall. Because of this, some caution has to be exercised when the ACP evaluate their chances of success. The longer term and more justifiable solution

\(^{26}\) The overlap/conflict has been neatly described by the International Centre for Trade and Sustainable Development (ICTSD). The two mandates have placed some members in opposing camps: while some want developed countries to remove all tariffs and quotas on “tropical products” such as sugar and bananas, others have long benefitted from trade preferences for these very commodities, and thus stand to lose from across the board liberalization. While the preference beneficiaries would like rich countries to be able to slate these products for lower tariff cuts, thus preserving more of their margin of preference, the others would like to prohibit the same products from being designated as “sensitive.” The latter tend to argue that preference erosion should only be dealt with through aid payments and other assistance. Allowing sugar and bananas to be designated as ‘sensitive’ would be anathema to the countries pushing for duty- and quota-free access for tropical products (ICTSD, *Bridge Weekly Trade News Digest*, 11, no. 9 (14 March 2007): 2, Geneva, <http://ictsd.net/downloads/bridgesweekly/bridgesweekly11-9.pdf>.

from an efficiency perspective is to focus on the root of the preference dilemma, being what resources the EU is prepared to channel to the ACP Group in direct compensatory payments, perhaps linked to the economic partnership agreement negotiations that are ostensibly to conclude by the end of 2008.

### 3.2 The subsidy dynamic and Africa

If, as earlier contended, it is accepted that Africa has superior factor endowments and comparative advantage in agriculture, it is concerning to see that a World Bank study released in 2008 shows that only 12 of the 47 countries in the sub-Saharan African region were net food exporters in the 2004/05 period. This explains why there have been analysts and policymakers that have been concerned that the withdrawal of First World subsidies may lead to an increase in food prices and therefore undermine the food security of several countries in Africa. The global food price spikes in early 2008 have made this view particularly popular, giving some impetus to review the standard position of opposition to First World agricultural subsidization.

Is this a good idea? Clearly, the answer must be “no.” The logic is usually that a country that is currently a net importer of food may become a net exporter after the elimination of subsidies if the removal of such barriers makes food production more attractive and hence boosts domestic production. In other words, production and export patterns depend on the current and future global trade policy environment and are likely to change as the environment changes. Consequently, although the withdrawal of subsidies arising from multilateral trade reforms may increase food prices and have negative short term effects on food importing countries, in the long run there is likely to be an adjustment that would reduce the vulnerability of some of these countries to such shocks. In addition, in the current scenario of global commodity price spikes, where not only price is an issue, but where physical availability is increasingly constrained (as evidenced by the host of export restrictions imposed by food exporters in recent times), the logic of having local production is patently clearly highlighted. To this should be added the notion that commodity prices in the domestic market will tend to vacillate between export parity and import parity, with export parity being lower than import parity due to the effect of transport costs (the difference between free on board and cost, insurance and freight costing elements). In a market where domestic production is absent, possibly spurred by production suppression in the face of agricultural subsidies or as a consequence of a policy decision to accept subsidized imports freely as being a “gift,” the price will be at the higher import parity level. The country concerned thus faces a structural price disadvantage relative to the position where it had been able to retain a critical mass of domestic production. By way of a practical example, Figure 1 shows this phenomenon as it manifests in the South African market.

In this figure, it is notable how the local price (green trend line) vacillates between the levels of import parity (yellow) and export parity (blue). More interesting is that at the height of the price spike in June/July 2008, the local price is tending towards the lower export parity level. In the absence of a local production base, the price would be at the higher import parity level. This is approximately US$210 per

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29 Many of these states are officially cited as “net food-importing developing countries,” as listed in WTO document G/AG/5/Rev.8.

30 As an aside, note that the World Bank study (Ng and Askoy, p. 13) also notes that this does not mean that sub-Saharan Africa would definitely lose under global trade reforms. The continent is a significant agricultural exporter that tends to export other agricultural products (when non-food items like fibres are included) and import primarily grains.
ton higher than actually recorded in practice, which is equivalent to approximately 10 per cent of the domestic price at that point. The figures serve to support the contention that a country with domestic production capability is in a better position to foster food security than one simply reliant on imports. This reliance on imports may be due to its production having been displaced by subsidies or because of an active policy choice on its part.

Figure 1: South African yellow maize prices, January 2006–July 2008 (South African rands per ton)


Note that the South African futures exchange is correlated with world markets and forms the basis not only for the South African market, but also the Southern African Customs Union market and several SADC grain producers to varying degrees, notably Zimbabwe, Mozambique and Zambia in recent years. Interestingly, however, white maize prices in the smaller economies of the region (Malawi, Mozambique and Zambia) do not seem to correlate well with prices in South Africa at present. It is unlikely that these maize markets in Southern Africa will remain completely disconnected from world markets over the long term, but, in the short term, national trade policies, public procurement and distribution of maize, and poor infrastructure seem to play an important role in determining domestic prices. Countries with large maize imports relative to their domestic requirements, such as Lesotho, Swaziland, Botswana and Zimbabwe, have experienced much stronger price transmission from South African prices, the region's main exporter.

Taking this notion to the next level, the question arises as to whether there is potential for African maize growers to further exploit their comparative advantage and expand maize production in the event that global trade rules are able to effect a better reflection of commodity price signals on the world market?

In this regard, it would seem that this would indeed be the case. In the maize market, the U.S. is the world's largest exporter. U.S. agricultural economist Daniel Sumner observes that the most damning evidence against U.S. subsidies lies in the fact that in the absence of subsidies U.S. maize farmers would produce

maize at a loss; i.e., in the face of unencumbered market conditions, they would cease production, and the U.S. would move from being the world’s largest maize exporter to being a net importer of maize. Sumner makes this observation based on recent U.S. maize crop years. This can be demonstrated numerically in Table 4. Note that in each instance the U.S. maize farmer is making a net loss from his/her farming activities and is only kept solvent through ongoing subsidy payments from the federal government.

Table 4: U.S. costs and returns of a harvested acre of corn, 2003–05 (US$ per acre)

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of production</td>
<td>349.8</td>
<td>349.8</td>
<td>349.8</td>
</tr>
<tr>
<td>Value of production</td>
<td>317.4</td>
<td>312.8</td>
<td>279.1</td>
</tr>
<tr>
<td>Net return (value minus cost)</td>
<td>-32.4</td>
<td>-37.0</td>
<td>-70.6</td>
</tr>
<tr>
<td>Corn subsidy</td>
<td>23.3</td>
<td>37.9</td>
<td>105.3</td>
</tr>
<tr>
<td>Net return + subsidy</td>
<td>-9.1</td>
<td>0.9</td>
<td>34.7</td>
</tr>
</tbody>
</table>

Source: Sumner, p. 19, based on U.S. Department of Agriculture figures

4 Food and Biofuels

The shifting of food production into the production of fuel is a growing phenomenon viewed sceptically by many Africans. Recently, the OECD conducted a synthesis of work on this topic together with United Nations Environment Programme and the European Environment Agency. The study confirms the basis for Africa’s scepticism in this area in that it finds that government support of biofuel production in OECD countries is costly and has a significant impact on world crop prices. In addition, there is a limited impact on reducing greenhouse gases and improving energy security.

The OECD contends that the impact of current biofuel policies on world crop prices is effected through the increased demand for cereals and vegetable oils, and this increase is significant, but not alarmingly so in its view, and thus should not be overestimated. Biofuel support measures are estimated to increase average global wheat prices by five per cent, maize by seven per cent and vegetable oil by about 19 per cent over the next decade.

Taking into account the 2007 U.S. Energy Independence and Security Act and the proposed EU Directive for Renewable Energy, 13 per cent of world coarse grain production (which is primarily maize) and 20 per cent of world vegetable oil production could shift to biofuel production in the next 10 years.

The biofuel industry is highly dependent on public funding to be viable, and it is unlikely to continue its expansion without significant subsidization. The supporting subsidies currently include budgetary measures, either as tax concessions or direct financial support for biofuel producers, retailers or users. Blending or use mandates require that biofuels represent a minimum share of the transport fuel market, and result in increased fuel costs to consumers due to the higher production costs of biofuels. Trade restrictions, mainly in the form of import tariffs, protect the domestic industry from foreign competitors, but impose a cost burden on domestic biofuel users and limit development prospects for alternative suppliers.


33 OECD (Organization for Security and Co-operation in Europe), Un rapport souligne le coût élevé et le manque d’efficacité des politiques de soutien aux biocarburants dans les pays de l’OCDE, policy paper (Paris: OECD, 2008), pp. 9–10. The section is summarized from this source.
It is suggested that, as a matter of policy, governments should refocus policies to encourage lower energy consumption, and open markets in biofuels and feed stocks in order to improve efficiency and lower costs. A clear focus should be on alternative fuels that maximize the reduction of fossil fuel usage and greenhouse gas emissions. Further, research to accelerate the development of second generation biofuels that do not require commodity feed stocks is suggested.

The reduction of greenhouse gas emissions should be the primary reason for current biofuel policies. However, in this regard, savings are limited in the current manner in which the fuels are produced. Ethanol from sugar reduces greenhouse gas emissions by at least 80 per cent as compared to fossil fuels. But emission reductions are much smaller from biofuels based on feed stocks used in Europe and North America. Biofuels produced from wheat, sugar beet or vegetable oil do not provide emission savings of more than 30–60 per cent, while savings from maize based ethanol are generally less than 30 per cent. Overall, the continuation of current biofuel support policies would reduce greenhouse gas emissions from transport fuel by no more than 0.8 per cent by 2015.

We note that ethanol from sugar cane is the main feedstock used in Brazil. In this regard, the Brazilian experience may have merit in the African context. It is observed, for instance, that Mozambique has embarked on this route with some enthusiasm. On the other hand, South Africa has already restricted the use of grains for ethanol production, because of food security concerns, and some observers have called for other countries to also include food security considerations in the policymaking process.

5 Concluding the African Future

There are certain elements of the agricultural trade agenda where Africa has a particular interest. These are focused primarily on market access issues, especially as regards preference erosion and exemptions from reduction commitments. On the reverse of the inward focus on market access, Africa has a vested interest in supporting the newly strengthened text on disciplining export restrictions from food exporting nations. Secondary are the domestic support considerations on subsidies and their negative link to fostering local productive capabilities. Food security issues through food aid disciplines are essentially present in the export subsidy disciplines, which seem to effectively deal with food aid emergencies using the new safe box.

Policy measures available in the short run include the provision of safety nets and social protection to the most vulnerable consumers in both rural and urban areas, as well as the enhancement of short term supply response by smallholder farmers. Improved trade policies can also yield important gains, using the existing and emerging WTO rules. In the longer run, it will be important to address the fundamentals that increase investment in agriculture, both public and private, and improve the functioning of markets. Implementation of these policies offers the best option for putting the world on track.

Note that this consideration is somewhat differently viewed from a strategic defence point of view.

According to the news agency AIM (22 July 2008), the Mozambique government has approved a large biofuel project, under which 18,000 hectares in the central province of Manica will be planted with sugar cane for the production of ethanol. The project, budgeted at US$280 million, belongs to Mozambique Principle Energy, which has a goal of producing 213 million litres of ethanol a year, starting in 2013. This will require production of 2.5 million tonnes of sugarcane a year.

In this regard, it is notable that China has adopted a similar stance to that taken by South Africa.

A robust discussion is provided in Osakwe.

FAO, p. 43.
track to reach the World Food Summit\textsuperscript{39} target of reducing hunger by half by 2015, despite food price increases.

What is clear is that in a period of rampant global commodity prices and, more so, a threat of shortage, the mere presence of domestic production does to some extent have a calming or dampening effect on the domestic market price. For this reason, a trade policy agenda that weans Africans from subsidy dependence would be a sound approach.

With the July 2008 WTO mini-ministerial meeting gridlocked in the arcane nature of the negotiating texts to hand, there seems little chance that the Doha Round is going to be settled in 2008. To compound this mid-year setback, political events in the U.S. in the second half of the year will serve to refocus attention away from the Geneva agenda. The presidential election in the U.S. in November 2008 is likely to place a damper on any really serious WTO negotiations after August 2008, since the WTO’s traditional August summer break is scrupulously honoured by trade negotiators. Concluding any outstanding business on the WTO deal and sealing a new multilateral trade pact is unlikely to feature prominently on the priority ranking of the new U.S. administration, faced with rising protectionist sentiment within the U.S. This sentiment will have to be appeased in any lucid political campaign that is serious about garnering votes.

There is also a growing suspicion that there are in fact no worthy gains for Africa in this round. The predictions of the econometric models traditionally used to project the impacts of trade reform have undergone major revisions during the course of the negotiations.\textsuperscript{40} They now predict rather frugal gains from the Doha Round, especially for Africa. While it is perhaps premature to base a definitive negotiating response on the fickle nature of these models, in practice these findings obviously dilute the incentives for politicians in Africa to seek an ambitious, rapid outcome. Africa may thus well find that a “no deal” outcome is not completely unpalatable. Indeed, there are touches of the African veto of a Doha deal at Cancun, Mexico, back in 2003 that resonate at present.

In taking stock of where future energy might be focused, it has been noted that the World Bank’s 10 point plan is highly pertinent in the present instance, as it has many Africa-focused elements and may well be a guide to African policy responses to the food crisis, especially as far as trade measures are concerned. These are likely not a panacea in and of themselves, and it will probably be useful to investigate to what extent these factors are being taken up at country level in terms of policy responses. It is also notable that many of these elements resonate with the WTO’s own Aid for Trade mandate and are thus not entirely new within the African discourse. Thus, to sum up:

1. Fully fund the World Food Programme’s emergency needs.

2. Provide support for safety nets for those in severe distress.

3. Provide seeds and fertilizer for the coming planting seasons.

\textsuperscript{39} Recall that the World Food Summit in 2002 convened heads of state and government, international agencies and non-governmental organizations to discuss progress towards reducing hunger. The program calls for an additional public investment of US$24 billion annually with the objective of halving the number of hungry people by 2015 from their number in 1990–92. It also proposes combined investment in agriculture and rural development, with measures to enhance direct and immediate access to food for the most seriously undernourished.

\textsuperscript{40} For a comprehensive review of different trade modelling results, see FAO, “Why users need to be more vigilant when interpreting quantitative estimates,” policy note no. 13 (Rome: FAO, 2006), \texttt{<http://www.fao.org/trade/policy_en.asp>}. 
4. Reverse years of agricultural underinvestment.
5. Increase the private sector’s ability to work across the value chain.
6. Develop innovative instruments for risk management.
7. The U.S. and EU must reduce agricultural subsidies.
8. Remove export bans that have led to even higher world prices.
9. Conclude a Doha WTO deal in order to remove the distortions.
10. Take collective action to counter global risks in the world economy.

In closing, the following message is taken from the Africa Group’s trade and agriculture ministers in their “WTO declaration” of 22 July 2008:

Considering the current economic context characterised by the soaring prices of energetic raw materials, in particular the continuous rise in the price of agricultural products with a definite impact on the vital interests of the African continent, [we] reaffirm the need to address the concerns of the African Group as the so-called Doha Negotiation Development round.

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