

Back to office report

Traveler

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Date

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Destination

Brussels, Belgium

Purpose and expectations

Attend the 47th Brussels Briefing on the topic of Regional Trade in Africa: Drivers, Trends and Opportunities, organised by CTA, IFPRI, ACP Secretariat, European Commission (DG DEVCO) and Concord.

Persons met/participants

Phillipe Jaques (EC); Alessandra Fidler (GIZ); Christine Wiek (GIZ); Lynn Brown(Platform nutrition group); Isolina Boto (CTA); Melvin Spreij (WTO)

Background

Trade and inclusive agribusiness are important thematic areas of the Platforms work. Following the Annual General Assembly of 2016 which was held on the topic of enhancing the relationship between Trade and Rural Development, the trade stream has embarked on the following agenda:

- (1) **Policy coherence – Mutually supportive actions in trade and agriculture:** Enhanced common understanding of the trade and ARD donor communities on policy directives, development objectives and new forms of economic growth
- (2) **Trade instruments - Institutional and legal opportunities** - Potential of trade and trade benefits made available to ARD for effective and inclusive rural transformation and the role of donor support
- (3) **Market place – highlight initiatives at the interface of ARD and trade**

The 47th Brussels Policy Briefing focused on the opportunities and barriers to intra-regional trade and investment in Africa, as well as the importance of improved access to comprehensive data trends on trade.

Keynote

Mukhisa Kituyi, secretary general of UNCTAD started by discussing the challenges Africa faces with intra-regional trade, ranging from infrastructure which for historical reasons supports extraction rather than intra-regional exchange, to differing trade nomenclature between neighboring African RECs. On a positive note, he pointed out that there is more value added content in intra-African trade than with the rest of the world and in the past 10 years the largest drivers of FDI flows in Africa were from within Africa.

The question remains how to improve these performances in a world where protectionist movements are growing. ACP countries cannot negotiate on a bilateral basis with several countries, and so current political nativist movements pose a severe challenge for African international trade. But the main frontier for African growth comes from intra and inter-regional trade and the continent needs to work towards enhanced value addition, scale, diversity and fluidity of cross-border transactions.

Panels

The speakers focused on the following issues:

Trends in African regional trade (IFPRI)

- Traditional commodities continue to dominate African agriculture though coffee has lost ground in the last 15 years. Citrus fruits and oil seeds have moved up and cocoa is a dominant export.
- Rice and palm oil have made significant gains and wheat is by far the largest export.
- 15% of imports originate from other African countries and the EU is the largest trading partner for both exports and imports though losing market share rapidly. Asia has gained shares almost to the level of the EU and African countries are also gaining shares, particularly for exports.

Innovative finance for agriculture transformation (AfDB)

- Current funding for African Agriculture is far behind what is needed to positively transform African Agriculture
- In order to fund African Agricultural Transformation, AfDB proposes to increase its annual lending to the sector to USD 2.4 billion/year and governments should co-invest into the increased AfDB lending. Commercial banks have the capacity to catalyse more funding and sovereign wealth funds, private equity funds, pension funds are all resource options.
- Funding needs de-risking tools for blended finance, a more enabling environment for private sector, and proof of the potential of risk adjusted returns in agribusiness.

New opportunities for regional trade within the EPAs implementation (EC DG TRADE)

- In supporting regional integration, EPAs operate by joining up smaller markets in larger EPA regions that were established by ACP countries themselves.
- EPAs are therefore as much about trade between EPA countries themselves as they are with trading with the EU.



- Under EPAs countries have been able to protect sensitive agricultural products and involve enhanced policy cooperation on agriculture and food security.

Challenges and successes in implementing regional trade agreements (African Trade and Sustainable Development)

- New CET 2015, CFTA by 2017, regional regulation tools on the way and business climate improvement programmes set the context.
- There are needs to use the provisions of the Common External Tariffs to promote strategic sectors
- Integrate the regional markets with global supply chains by contracting with main industry players

Growth opportunities for the private sector in East Africa as a result of regional integration (Trademark East Africa)

- Trademark East Africa explained that working in politically informed problem driven ways which recognize the complexity of that trade environment is key.
- Responding with mix of national and regional as well as hard and soft infrastructure, through partnerships with both government and private sector underpins their successful approach.

New opportunities in regional trade (ACTESA)

- Hardware pillars such as trade facilitation policy regulations, (e.g on seeds, fertilizers, and biotechnology), relevant infrastructure and industrialization create pulling demand for agro production and trade.
- Removing Tariff Barriers and Non-Tariff barriers to trade which cost countries substantial foreign exchange is among the roles for the public sector in cross border initiatives.

Promoting regional trade through PPPs and agribusiness development (SACAU)

- Lessons learned from PPPs show that they are indeed an effective vehicle for the development of smallholder farmers but are grossly underutilized.
- PPPs are also effective at de risking production, marketing and financing smallholder agriculture.
- Observations however show that farmers are not getting maximum value from PPPs because of their limited deal negotiation capacities and they are rarely the initiators of PPPs but are rather approached.

Investment opportunities and PPPs (Private Enterprise Federation (PEF), Ghana)

- Providing incentives for local value addition and including MSMEs in all PPP and local content arrangements
- Encourage research, academia and private sector collaboration to support development and application of new technologies and crop varieties.



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Next steps

The trade and inclusive agribusiness stream will continue to cover most of these discussions within their work. It is foreseen that a webinar on the subject of Agricultural trade in Africa takes place in the coming months, possibly drawing presenters from some of the speakers from the 47th Brussels briefing.