

Agricultural Trade Development in ESA- Where does the development of WRS/Exchanges fit

Workshop on improving the functioning of Commodity
Markets in Eastern and Southern Africa through Warehouse
Receipt Systems and Market-based Interventions, Taj
Pamodzi Hotel, Lusaka, 30th September-2nd October 2009.

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Outline of Presentation

- Challenges facing Agricultural and Trade Development in ESA
- Relevance of WRS/Exchanges
- Selected Interventions by COMESA related to WRS/Exchanges
- COMESA Working Groups: Nairobi 2007 workshop
- Conclusions and way forward for Effective WRS/Exchanges

Challenges facing Agricultural and Trade Development in ESA

- Low agricultural productivity due to limited use of modern inputs, high cost of production, compared to producer prices;
- Unstable supplies: dependence on rainfed agriculture;
- Disruptive Trade policy changes (import/export bans), mismatch between imports and local supplies;
- Limited access to storage, finance and marketing information;

Challenges....Con'td

- High cost of transport, communication: products not competitive
- Inability by players to meet quality standards;
- Production largely by scattered small scale producers;
- Poor distribution and widespread food insecurity despite availability of surpluses within countries and in the region (example of Malawi/Kenya)

Relevance of WRS and Commodity Exchanges

- Challenges facing agricultural and trade development broad. WRS/Commodity exchanges only part of the solution; more complementary initiatives needed
- WRS systems key in aggregating supplies, grading, quality assurance and mobilising trade/agricultural finance
- WRS/Exchanges can lead to better prices to farmers and stimulate production; farmers need not sell during surplus periods

Relevance of WRS and Commodity Exchanges...Con'td

- Commodity exchanges vital in provision of marketing information; provide a transparent price discovery platform that rewards fairly all actors in the marketing chain
- Linkages of WRS/Exchanges at regional level can contribute greatly to COMESA's integration agenda and regional food security.
- WRS/Strategic reserves agencies important in determining more accurately available stocks and can contribute to improved food security monitoring and early warning system at national and regional levels

Selected Interventions by COMESA related to WRS/Exchanges

- Agricultural Marketing Promotion and Regional Integration project (AMPRIP): marketing information (FAMIS), harmonization of SPS measures, capacity building of commodity exchanges
- CAADP: Overall framework for increasing productivity, improving markets
- STAR: Strengthening Trade in Agricultural Inputs for increased productivity
- AAMP; improving policy framework

Selected Interventions by COMESA related to WRS/Exchanges...Cont'd

- Cotton Strategy; development of cotton value chain
- ACTESA; new COMESA institution dealing with commodity-specific issues
- Standardization and Quality Assurance (SQS) programme
- Transport and Communication: improving regional physical infrastructure
- CBT/REFORM: improving cross border trade in agricultural commodities

COMESA Working Groups: Nairobi Consultative Workshop: October 2007

Issues Identified for follow up:

- Warehouse receipt systems
- Regional Integration
- Capacity Building
- Information collection and dissemination
- Regulatory framework
- Standards.

Conclusions and way forward for Effective WRS/Exchanges

- WRS/Exchanges important but not sufficient tools on their own for improving the functioning of commodity markets.
There is need to:
- Lobby for stable and predictable agricultural trade policies at national and regional level
- remove SPS-related barriers and other NTBs

Conclusions and way forward for Effective WRS/Exchanges...Cont'd

- Reduce the high cost of production to stimulate production of viable surpluses for trade.
- Promote trade in processed products to improve returns to farmers,
- Need to share experiences and form a regional network of WRS/Exchanges for better co-ordination of efforts.
- COMESA is ready to work with all stakeholders to build on its existing initiatives related to WRS/Commodity exchanges and values this partnership.

THANK YOU ALL!