STRENGTHENING A COMESA’S ROLE IN FACILITATING REGIONAL AGRICULTURAL TRADE

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Workshop on “Strengthening and Widening Markets for African Agriculture and Overcoming Supply-side constraints”, June 3-5, 2007, Pamodzi Hotel, Lusaka
OUTLINE OF PRESENTATION

- COMESA OVERVIEW: MARKET PARAMETERS
- COMESA MARKET STRENGTHENING AND WIDENING ACTIVITIES
- KEY SUPPLY SIDE CONSTRAINTS IN AGRICULTURE
- OVERCOMING SUPPLY SIDE CONSTRAINTS IN COMESA’S AGRICULTURAL SECTOR
- CONCLUSION
FORMED IN 1994 FROM PTA

19 member states

POPULATION : 400 million

Intra-COMESA trade, US$7.5 billion (2006 est.).

US$3.0 billion (about 40%) of trade is food and agricultural raw materials
AGRICULTURE IN COMESA

- 32% of COMESA GDP
- Agriculture: second largest category of products traded
- Agricultural commodities are major drivers for growth in intra-COMESA trade.
- Agriculture is basis for viable agro-processing industry and value addition across the region.
MARKET STRENGTHENING AND WIDENING

Focus of COMESA is Trade and Investment Promotion in AGRICULTURE through:

- DEEPENING REGIONAL INTEGRATION
- REGIONAL TRADE PROMOTION & FACILITATION
- INTERNATIONAL TRADE PROMOTION & FACILITATION
- INVESTMENT PROMOTION
- TARGETED AGRICULTURAL SECTOR DEVELOPMENT PROGRAMS
REGIONAL INTEGRATION
INITIATIVES

- FTA
- CUSTOMS UNION
- CIAA
- AGRICULTURE – CAADP (SYSTEMATIC & COMPREHENSIVE APPROACH TO AGRICULTURAL DEVELOPMENT)
- INFRASTRUCTURE – COMPENDIUM OF PROJECTS
HARMONIZED ROAD TRANSIT CHARGES, COMESA CARRIER’S LICENCE, AXLE LOADING AND MAXIMUM LOADING DIMENSIONS, COMESA YELLOW CARD INSURANCE

STANDARDS HARMONIZATION, 300 standards

COMMON INVESTMENT AREA, RECOGNISES COMESA INVESTOR – REDUCED COST OF DOING BUSINESS
INTERNATIONAL TRADE PROMOTION & FACILITATION

- WTO activities (Market Access and development Support)
- EPA NEGOTIATIONS (Development Support)
- AGOA
- New Partners: China, India, the Gulf Region
CHALLENGES FOR AGRICULTURE

- Western Markets: Market access; Subsidies
- AGOA: Not WTO compatible, Unilateral (Unstable): Not, Contractual, SPS (Time Factor, Resources)
- Other Markets: Competitiveness
COMESA INVESTMENT
PROMOTION
EFFORTS

- CCIA
- RIA

- OTHER DEDICATED COMESA INSTITUTIONS: PTA BANK, ITA, LLPI, CLEARING HOUSE
AGRICULTURAL SUPPLY SIDE CONSTRAINTS

- Lack of capacity to manage land/water resources (only 6% cultivated land is irrigated; inconsistent agro-input policies)
- Under developed market/trade related infrastructure (high cost of doing business)
- Gender disparities
- Poor capacity to disseminate technologies
- Macroeconomic challenges/High cost of finance
- Inconsistencies in trade/investment policies
ADDRESSING SUPPLY SIDE CONSTRAINTS (1): TARGETED AGRICULTURAL SECTOR DEVELOPMENT PROGRAMS

- RATES (COMMODITY APPROACH) – COFFEE, MAIZE, DAIRY, COTTON

- AMPRI P (SPS): GREEN PASS & REFERENCE LABORATORIES

- AMPRI P (FAMIS): MARKET INFORMATION
ADDRESSING LONG TERM AGRICULTURAL DEVELOPMENT & SUPPLY SIDE CONSTRAINTS

(2)

- CAADP IMPLEMENTATION, FOCUSING ON WHOLISTIC APPROACH TO AGRICULTURAL DEVELOPMENT. ONE (1) REGIONAL COMPACT AND 19 NATIONAL COMPACTS TO BE PREPARED. RWANDA HAS COMPLETED COMPACT PREPARATION.

- RELATED CHALLENGES: DEVELOPMENT MATRIX, INCLUDED IN EPAs, TO DEAL WITH SUPPLY SIDE CONSTRAINTS - TRANSPORTATION, COSTLY AND UNRELIABLE ENERGY, POOR TELECOMMUNICATIONS, LACK OF CAPACITY TO SUPPORT PRIVATE SECTOR.

- STRONG PARTNERSHIPS WITH FARMERS, AGROBUSINESS, CIVIL SOCIETY.
KEY ACHIEVEMENTS IN TRADE STRENGTHENING

- TRADE INCREASE FROM $3 Billion in 2001 to $7.5 billion in 2006
- INVESTMENT
- TRADE FACILITATION INSTRUMENTS
- GLOBAL TRADE NEGOTIATIONS
- HARMONIZED RULES & DOCUMENTATION
- HARMONIZED STANDARDS
- CET STRUCTURE
OPPORTUNITIES/CHALLENGES

- DDA (WTO) – AID FOR TRADE?
- COMPLETING DDA
- AGRICULTURE (Need for removal Domestic Support, Export Subsidies, MARKET ACCESS)
- TRADE IN SERVICES (NOT PARTICIPATING)
- EROSION OF PREFERENCES (AGOA, COTONOU/EPA, LDCs 97%)
- ADJUSTMENT COSTS (COMESA FUND)
- COMPETITIVENESS
CONCLUSION

KEY FACTORS IN PROMOTING AGRICULTURAL TRADE:

(i) REGIONAL INTEGRATION / HARMONIZATION
(ii) TRADE LIBERALIZATION
(iii) INVESTMENT PROMOTION
(iv) DEDICATED INSTITUTIONS
(v) COMPREHENSIVE SECTOR APPROACH TO ADDRESSING SUPPLY SIDE CHALLENGES
(vi) SMART PARTNERSHIPS IN PROGRAM IMPLEMENTATION
THANK YOU