

2014 ReSAKSS Annual Conference

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PROMOTING AGRICULTURAL TRADE TO ENHANCE RESILIENCE



GLOBAL TRADE PATTERNS, COMPETITIVENESS, AND GROWTH OUTLOOK

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ReSAKSS

Africa Wide

Regional Strategic Analysis and Knowledge Support System

FACILITATED BY IFPRI A PROGRAM IN SUPPORT OF CAADP IMPLEMENTATION

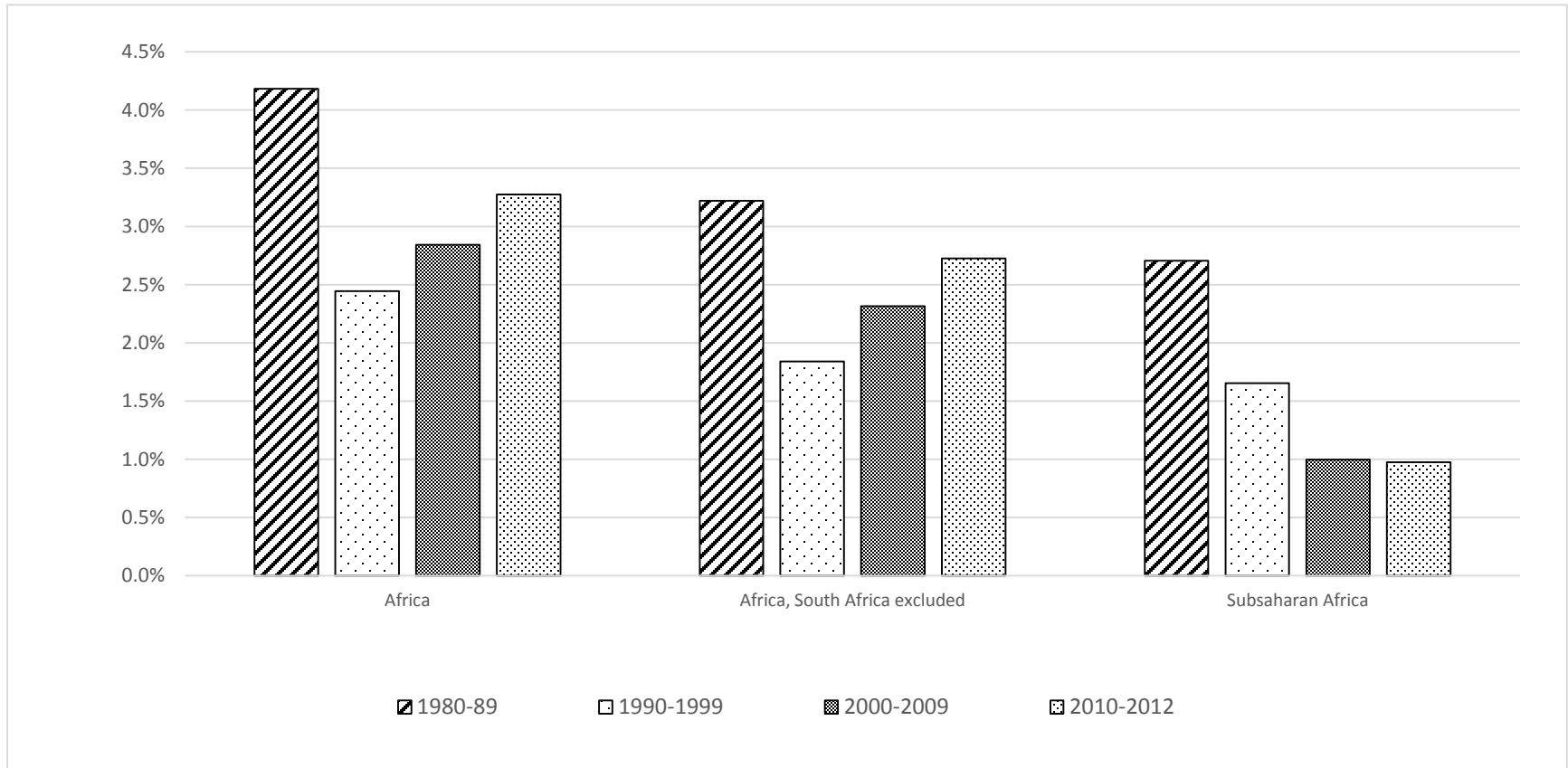


Global Trade Patterns, Competitiveness and Growth Outlook

- Integration of Africa in world trade
 - Multilateralism
 - Regionalism
 - Preferences
- African Competitiveness ?
 - Evolution of African shares in world trade
 - Growing deficit in agriculture
 - African trade dependent on OECD countries
 - Limited Product diversification
 - Participation to GVC



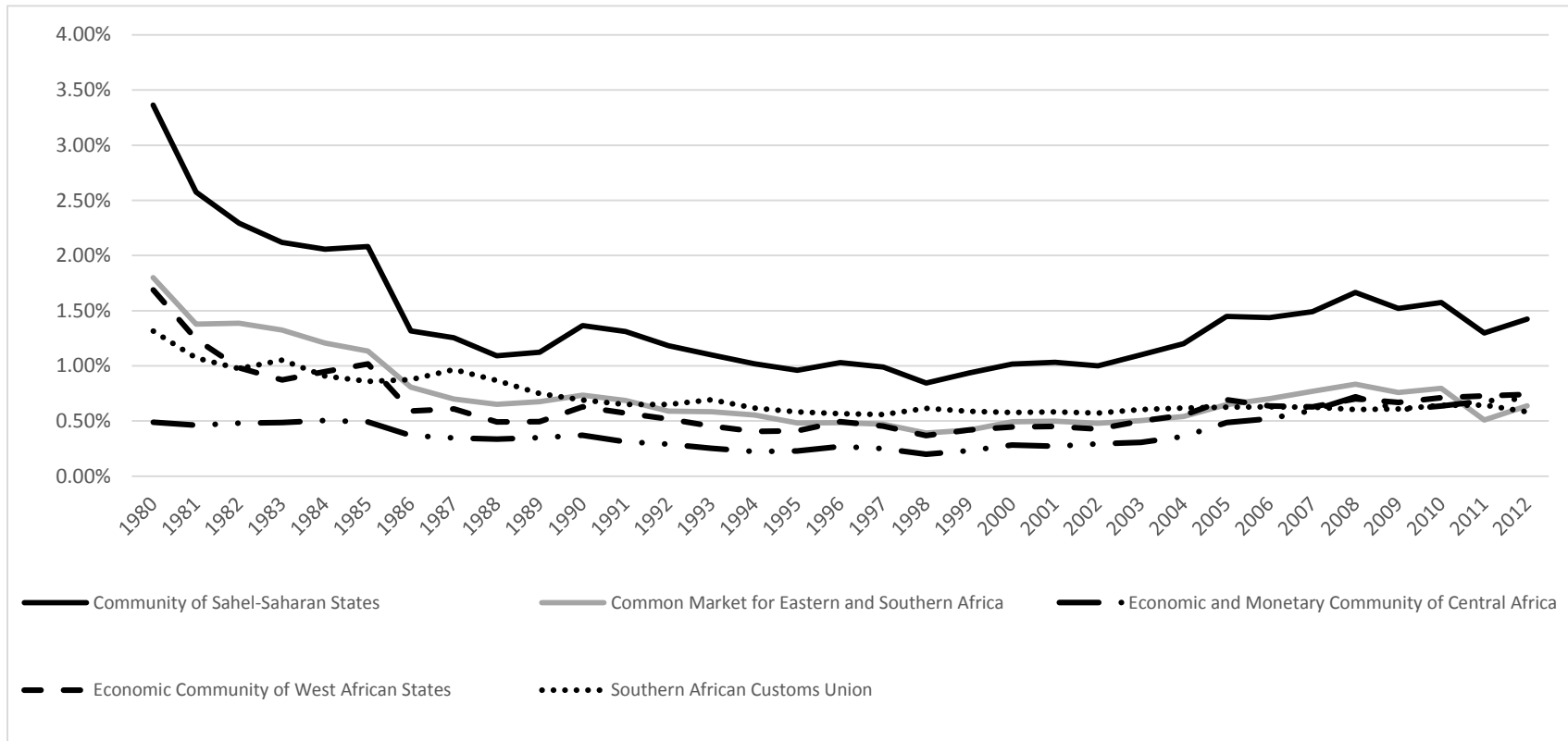
Evolution of the Africa's Share of World Exports of Goods and Services, 1980-2012



- Source: UNCTAD and authors' calculation, 2014



Evolution of African Regional Economic Community Shares of World Exports of Goods and Services, 1980-2012



• Source: UNCTAD and authors' calculation, 2014



Africa's Agricultural Exports and Imports, in USD and Calories contents, 2001-2011

	10E12 Kcal		Billion USD (current USD)		As % of global trade, calories contents		As % of global trade, values	
	<i>Export</i>	<i>Import</i>	<i>Export</i>	<i>Import</i>	<i>Export</i>	<i>Import</i>	<i>Export</i>	<i>Import</i>
2011	7.93	32.45	40.8	77.4	2.21	10.27	3.26	6.30
2010	7.63	32.35	37.6	50.1	2.19	10.07	3.65	4.99
2008	6.20	26.93	30.7	51.2	1.76	8.76	2.88	4.79
2009	6.86	25.62	33.7	45.0	2.10	8.40	3.71	5.05
2007	5.62	26.92	23.5	35.9	1.79	9.18	2.70	4.09
2006	5.49	24.86	21.3	24.8	1.85	9.27	3.10	3.59
2005	5.84	18.95	19.0	19.8	2.11	6.67	3.06	3.12
2003	4.49	18.08	15.6	17.3	1.66	7.60	2.98	3.27
2004	4.52	16.26	17.4	18.4	1.70	6.76	2.90	3.02
2002	3.96	17.01	9.5	14.3	1.57	7.43	2.15	3.19
2001	4.07	12.62	10.7	11.5	1.69	5.95	2.57	2.75

- Source: Comtrade and authors' calculation, 2014



Destination of Africa's Agricultural Exports

African Exports	Africa	Asia	Europe	LAC	NorthAmerica	Oceania
Dollars (value)						
1990-1995	7.99%	16.79%	67.32%	0.61%	6.95%	0.34%
2002-2007	15.15%	14.86%	62.51%	0.53%	6.10%	0.84%
kCal						
1990-1995	13.80%	26.20%	49.96%	2.99%	6.59%	0.46%
2002-2007	31.41%	29.21%	34.03%	0.92%	4.19%	0.23%

- Source: BACI and authors' calculation, 2014



Origin of Africa's Agricultural Imports

African Imports	Africa	Asia	Europe	LAC	NorthAmerica	Oceania
Dollars (value)						
1990-1995	6.77%	17.26%	37.90%	9.96%	24.79%	3.31%
2002-2007	12.39%	19.81%	35.23%	15.97%	13.68%	2.93%
kCal						
1990-1995	3.09%	14.23%	23.81%	10.44%	44.81%	3.62%
2002-2007	7.05%	20.38%	27.06%	19.45%	21.63%	4.43%

- Source: BACI and authors' calculation, 2014



Global Trade Patterns, Competitiveness and Growth Outlook

- Limited Product Diversification (Kose and Riezman, 2001; Songwe and Winkler, 2012)
- However within the agricultural sector, increasing product diversification
 - 2000: the top 10 HS6 agricultural products exported by Africa = 51% of total
 - coffee, sugar, tea, cotton, wine and grapes, oranges, and cut flowers
 - 2005-2010: the top 10 HS6 agricultural products exported by Africa = 40% of total
 - cocoa, coffee, cotton, cashew nuts, oranges, tobacco, tea, and cut flowers



Global Trade Patterns, Competitiveness and Growth Outlook

- Constant concentration on the import side
- Over time 10 products = 70% of calorie content and 46% of the value of agricultural imports
 - wheat (durum and soft),
 - sugar (refined),
 - rice (broken, semi-milled),
 - corn,
 - milk powder,
 - sunflower oil (replaced by soybean oil),
 - soybean meal (for livestock consumption)

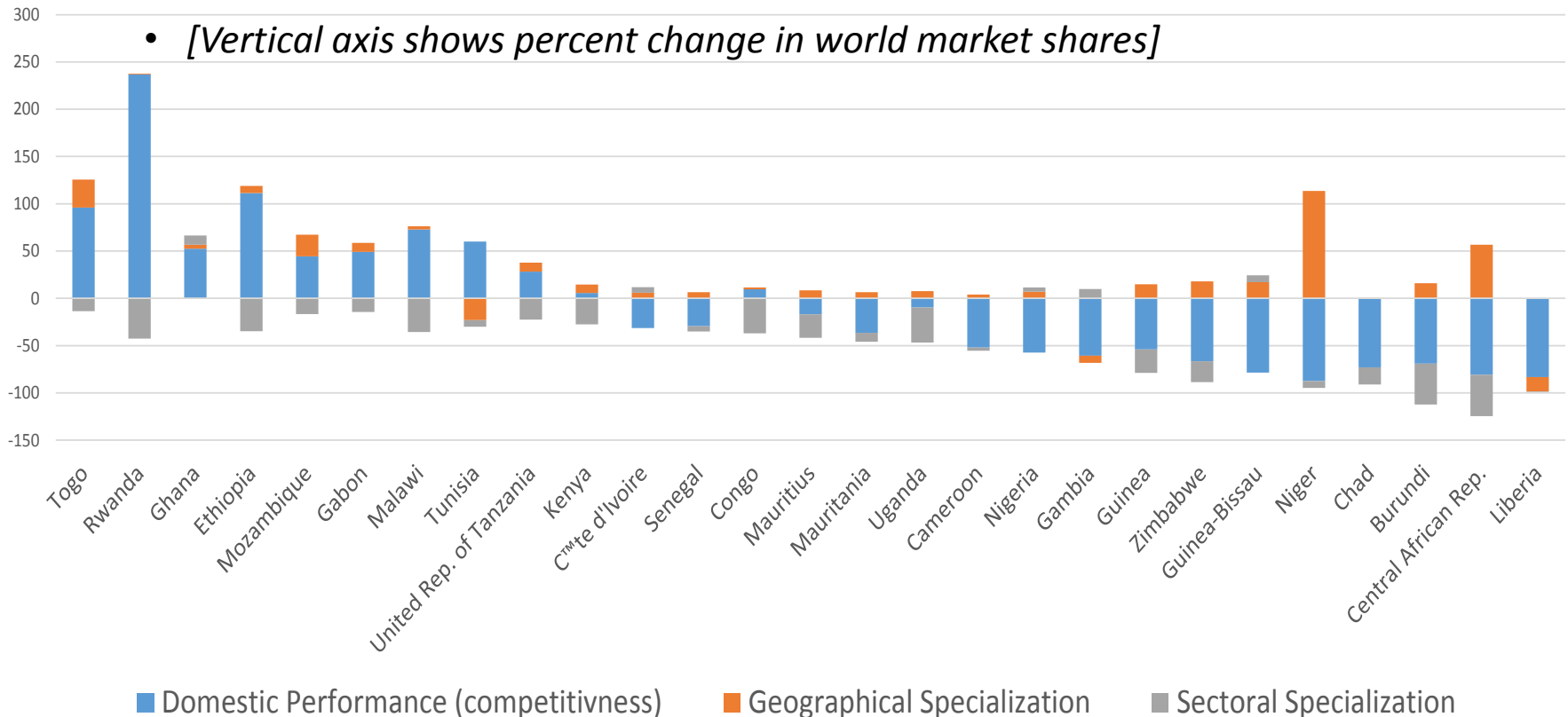


Global Trade Patterns, Competitiveness and Growth Outlook

- **Agricultural Trade Competitiveness**
- Decomposition of African countries' global market share over the period 1995-2007
 - i) geographical specialization effect,
 - ii) sectoral specialization effect,
 - iii) a domestic performance effect (or competitiveness effect).
- Methodology from Cheptea, Fontagné and Zignago (2014)



Evolution of African Countries' Global Market Share of Agricultural Products, 1995-2007.



• Source: BACI and authors' calculation, 2014



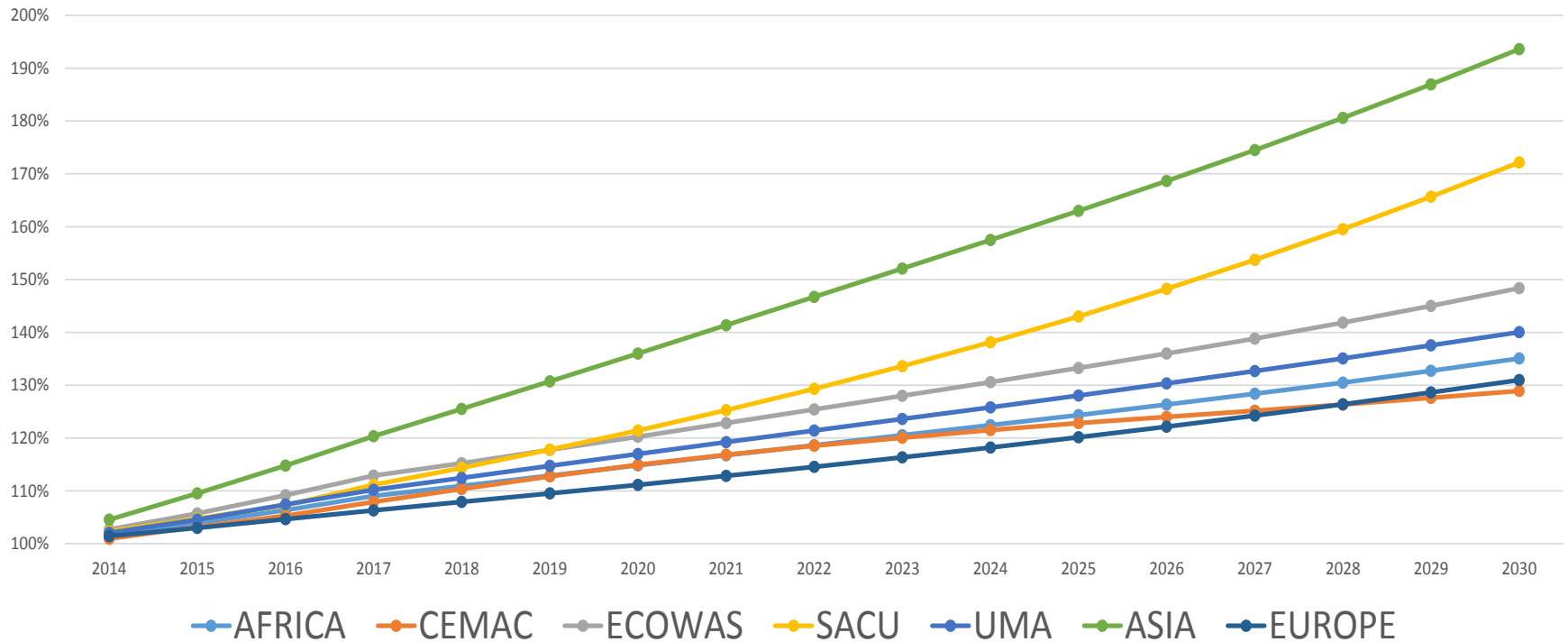
Global Trade Patterns, Competitiveness and Growth Outlook

- Outlook for Africa's Trade Growth: 2013 to 2030
- Evaluation based on MIRAGRODEP
- Multi-country multi-sector CGEM
 - Perfect competition
 - Recursive dynamics
 - Exogenous changes in active population
 - GDP projection
- Baseline : 2013 to 2030
- Scenario: reduction by 50% of worldwide agricultural import duties



Agricultural Imports per Capita – Index, base year 2014=100

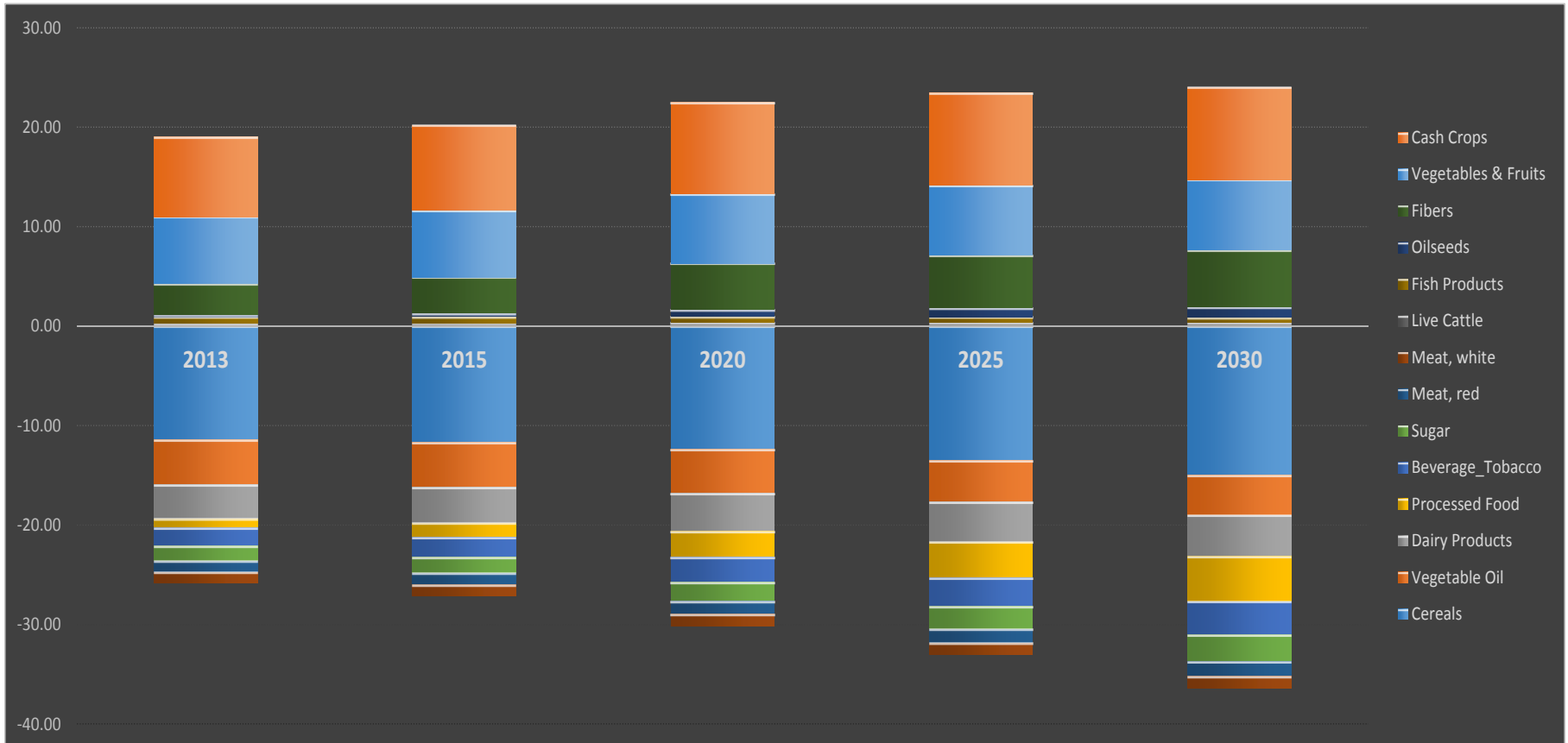
Agricultural imports per Capita - Index



Source: MIRAGRODEP simulation results, 2014



Product Breakdown of Africa's Per Capita Agricultural Net Exports, 2007 constant US\$



Source: MIRAGRODEP simulation results, 2014



African Agri-food Exports—

% Increase Btwn 2013 and 2030, Export Value – 2007 constant US\$

% increase between 2013 and 2030 (value in constant dollars)	<i>Rest of the WORLD</i>	AFRICA	CEMAC	COMESA	ECOWAS	SACU	UMA
AFRICA		118%					
CEMAC	80%	99%	67%	148%	80%	88%	75%
COMESA	97%	136%	148%	146%	179%	116%	107%
ECOWAS	97%	128%	80%	179%	136%	137%	90%
SACU	91%	111%	88%	116%	137%	111%	105%
UMA	86%	86%	75%	107%	90%	105%	77%

- Source: MIRAGRODEP simulation results, 2014



Effect of a Global 50% Tariff Reduction in African Agriculture, (% change Scen/baseline 2030)

	Agrifood Value Added (%)	Agricultural Exports (%)	Agricultural Imports (%)
<i>UMA</i>	-0.3	16.2	16
<i>ECOWAS</i>	-0.4	4	12.5
<i>CEMAC</i>	-1.1	3.2	15
<i>COMESA</i>	0.1	7.3	16.2
<i>SACU</i>	1.8	9.9	12.1
<i>Africa</i>	-0.3	8.6	14.5
<i>America-Oceania</i>	2	9.5	10.3
<i>Asia</i>	-0.2	14.8	10.8
<i>Europe</i>	-0.4	5.1	5.5

- Source: MIRAGRODEP simulation results, 2014



Global Trade Patterns, Competitiveness and Growth Outlook

- **Concluding remarks**
- Africa's share of world ag. trade on an increasing trend since the early 2000s
- But African agricultural deficit is increasing
- In terms of nutritional content, imports of proteins have increased faster than imports of fats and kilocalories
- Africa experienced a slight diversification in its agricultural exports since the 2000s



Global Trade Patterns, Competitiveness and Growth Outlook

- **Concluding remarks**
- Simulation results:
 - Between 2013 and 2030, Africa's agricultural trade will continue to expand.
 - Increase of Afr. exports of cash crops, vegetable and fruits, and fibers,
 - Imports of cereals, meat and meat products, dairy products, processed food, and beverages and tobacco would also increase.

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• Thank You!