



Increased Regional Trade: Opportunities and Issues in Mozambique



**Eastern and Southern African Video
Conference on High Value Horticulture**

September 23th , 2010

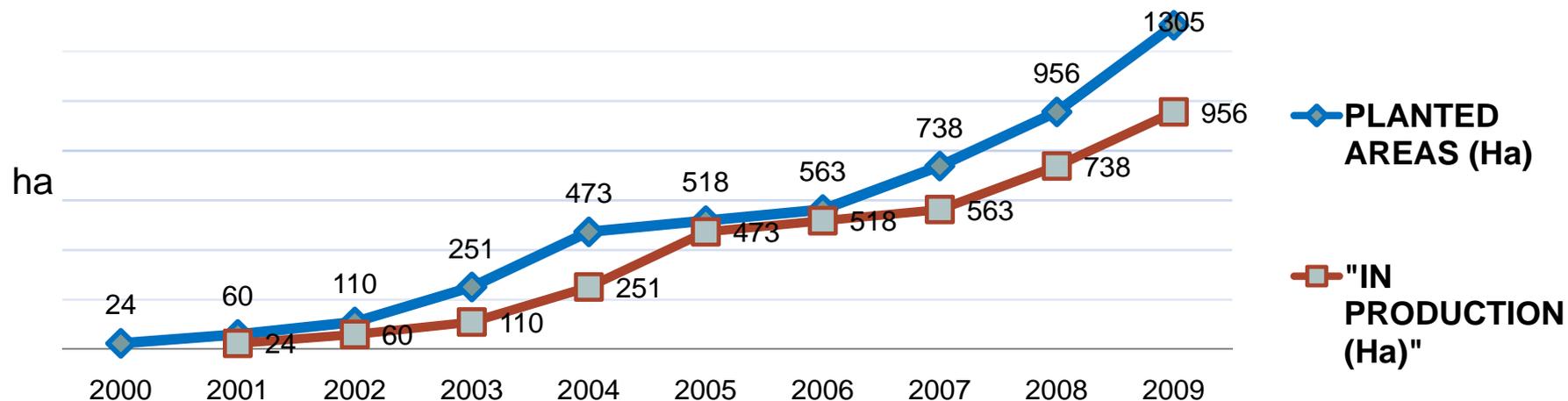
General framework

- Agriculture sector: major employer in Mozambique, around 75% of the labour force;
- Raising productivity: among the key objectives for the sector
- Government policies: expanding the provision of extension services, supplying kits (seed, fertilizer, equipment)
- ***Consumption of Horticulture Products In Mozambique***
 - Average consumption for fruits and vegetables in Mozambique is 61 kg/capita/year

Status of regional trade for horticulture

Export market estimative-2009			Local market-2006		
South Africa Market	Tonnes	USD FOB		Tonnes	USD millions
Bananas	26000	7800000			
Mangos	400	300000	Supermarkets	2000	1
Other fruits	150	112500	Hotels	2500	2
Vegetables	44	121880	Restaurants	5200	4
Total	26594	8334380	Wholesalers	95000	60
EU Market			Other informal markets&own production	1095300	818
Grapefruit	1100	550000			
Vegetables	1043	6237140			
Paprika	400	500			
Others					
Total	2543	6787640			
Total Export	28350	15122020	TOTAL	1200000	885

Status of regional trade for horticultural: The case of Banana Production



2009	Export, T	Local Market, T	Totals, T	%
FRUTAS LIBOMBOS	8.529	3.121	11.650	35%
RIO VERDE	3.602	1.319	4.921	15%
LIBOMBOS MACADAMIA	6.339	2.320	8.659	26%
AAA ENTREPRISE	0	1.200	1.200	4%
PRINSLOO	1.200	400	1.600	5%
TROPICAL FRUITS/LANCE	4.860	540	5.400	16%
Totals	24.530 (73%)	8.900 (27%)	33.430	100%

Trade Organizations

- **Regional Organization :**

- Southern Africa Trade Hub

- **Domestic Organization:**

- CTA

- FRUTISUL

- GTH (Private

Sector, MIC, MINAG, INNOQ, FAO, USAID, EU, UEM, IPEX, UNIDO, ITC, TECHONOSERVE, SNV)

- **Entities in charge of trade for domestic and neighboring markets :**

- Ministry of Industry and Commerce;

- Ministry of Finance;

- Confederation of Economic Associations (CTA).

- Ministry of Agriculture

Present status of regional trade for horticulture

- University Faculty / Research Institute:
 - USAID support started scholarships to agribusiness program to Costa Rica;
 - UEM have some courses and;
 - IIAM is doing something but is everything isolated
- Local expertise to address specific constraints:
 - At this moment there are many problems with lack of standards, policy surcharge etc.. But since there is no expertise the remain

Present management of the constraints to regional trade

- Ad hoc committee:
 - Regional network: Horticulture working group (Private Sector, MIC, MINAG, INNOQ, FAO, USAID, EU, UEM, IPEX, UNIDO, ITC, TECHONOSERVE, SNV);
 - FRUTISUL (Associação de Fruticultores do Sul de Moçambique);
 - CTA (AgriBusiness Portfolio).
- Current donor assistance in this area:
 - US Government (USAID, USDA,) through project such as AgriFUTURO a 5 year project (2009 – 2014);
 - World Bank is funding now the Subtropical Training Center in Namialo – Nampula;
 - UNCTAD (Integrated framework).

Opportunities

- Tropical climate, Producing tropical fruits during northern hemisphere winters.
- Access to finance;
- The Government and donors support the horticultural sector.
 - Land availability
 - Human capacity, Training center being developed
 - Outgrower scheme for some crops (chilli) to expand the volume
 - The Government is opening space for companies such as Chiquitas/Matanuska in Banana
- Road access, particularly from southern Mozambique, is good.
- Banana exports will be in direct competition with South African growers, but the market has been growing (by 6 percent each year) ;

Opportunities

- There are opportunities to grow crops such as squash and melons during the southern African winter (June to September).
- There is an opportunity to supply mangoes and litchis for the Middle East winter, and in the longer term, India and Southeast Asia, provided appropriate varieties are grown;
- High-quality grapefruit can be grown in Mozambique. Currently Japan is the highest priced market, but can only be accessed if the necessary phytosanitary protocols, trading agreements, and port-side cold sterilization facilities are put in place.
- The temperatures at Chimoio are neither cool nor constant enough for year-round production of the more profitable high-value air freighted products such as roses, beans, and peas.

Constraints for the Horticultural Sector

Despite the positive benchmarking analysis, it should be noted that recent horticultural export investments are not yet making significant profits.

The reasons include:

- Most businesses are new and still building up their production;
- Financing for investing in export horticulture has been difficult to obtain.
- Mozambique's banks are wary of investing in agriculture.
- In Manica province does not have easy access to direct flights to Europe. Produce is trucked to Harare, which adds time and cost.
- lack of information on administrative arrangements for importing;

Constraints for the Horticultural Sector

- Land with irrigation because of crop rotation;
- Inflation of the currency;
- Quality (due to change of weather – high temperature affect
- Excessive delays in the transport of the products to destination;
- Transport up to the Market (5 days) with temperature variation in field affect the life of the crop
- trade restrictions and prohibitions;
- Standards and;
- SPS requirements.
- Risks related to production (Vanduzi has crop insurance from Alliance);
- Electricity.

Conclusion

- Horticultural export potential in Mozambique
- Important to create financing for the necessary development functions (e.g., market and product research, establishment of effective out-grower networks).
- Need for mechanisms to reduce investments in on-farm infrastructure and establishing long-term credit with grace periods to encourage investment in tree crops
- Need for improved information on South African rules and regulations (will be addressed in the “how-to” exporter’s guide being prepared by the Southern Africa Trade Hub);
- Need for developing good relations with commercial buyers in the importing country;
- Need investment capital, specialist knowledge, and secure market links.