Summary Paper
VC 4: Increased Regional Trade – Opportunities and Constraints
September 23rd 2010

Introduction

Five countries took part in the video conference (VC) on September 23rd 2010; Ethiopia, Mozambique, Tanzania, Uganda and Zambia, along with a representative from COMESA. The first section of this short summary paper will introduce the context of the VC and the main issues presented in the issue paper produced by the expert on the subject. The second section will consider the current situations and challenges of each country as discussed during the offline national discussions and in the country National Position Papers. Section three will consider the future directions to be considered in regard to increasing regional trade. Finally, section five will conclude.

Context

Horticulture has in the recent past been looked at purely through the lens of exports to developing countries. However rising food safety and environmental standards means that it is increasingly difficult to enter this market and for smallholders to get involved and stay in the market. Kenya has generally been seen as the outstanding success in this regard, while major investments in other countries have shown few results[1]. More recently literature has turned its focus to the domestic and regional markets and asked the question of whether this can be an alternative source of growth and market destination for horticulture. The issue paper produced by David Tschirley[2] came up with several key findings.

An ever recurring issue in regard to Africa, agriculture and analysis such as this paper attempted to undertake, highlights the issues of data availability and data quality. It is difficult to draw an accurate picture of the real situation in regard to commodity trade volumes, cost of trade, direction of regional trade and real-life case studies. However, what is known is that rapid urbanization[3] and per capita income growth are causing an increase in demand for marketed fresh produce, although the supermarket share in fresh produce has been lower than originally expected. The local and regional system is now much larger than the modern export system and the two need to be considered as integrated rather than two separate target markets. Open air markets, kiosks and other informal set-ups will continue to be the dominant fresh produce market delivery systems for a while to come. The paper emphasised the need for a focus on wholesaling improvements in the form of hard infrastructural investments and revised legislative, regulatory and attitudinal frameworks to emphasize real public-private sector collaboration.

[1] Tshirley 2010:1
[2] D Tshirley (2010) – 'Opportunities and Constraints to Increased Fresh Produce Trade in Easy and Southern Africa'
[3] This will be further explored in detail in VC7 – Urbanization: Market Opportunities on November 30th 2010.

Current national situations and challenges

Ethiopia

Ethiopia recognises the importance of regional horticulture trade as necessary to contribute to development, economic growth and employment. In response to the growing horticultural trade market, the country has established the Ethiopia Horticulture Development Agency (EHDA) to focus on market expansion, capacity building and investment promotion. Over the past six years, 234,700 tons of horticultural produce have been traded regionally, 231,600 tons exported and 3,100 tons imported from the regional market[4].

In considering constraints to regional horticultural trade Ethiopia came up with an extensive analysis of the current situation as well as a variety of opportunities. The National Position Paper (NPP) looks at several constraints. Firstly the lack of improved infrastructure particularly at country borders throws up a hurdle to trade and weak post-harvest handling means that the quality of the products for trade is low. There is also the issue of informal cross border trade which is thought, as in many Sub Saharan African (SSA) countries to be extensive. The poor linkages between urban markets and rural producers and the organisation of the local markets are also issues which could affect the expansion of regional trade.

As far as opportunities are concerned, Ethiopia has good agro-climatic conditions for the production of horticulture, which can be grown year round to cover the seasonal growing cycles for other countries in the region. As well as the aforementioned EHDA, a Horticulture Practical Training Center (HPTC) has been established and the number of universities providing teaching on horticulture expanded. There is also a move to improve infrastructure, cited as a constraint, which is evidenced by the new cold storage development at Diredawa and an open market at Addis Ababa, the Merkato. On a regional level, Ethiopia has also recently drawn up an agreement with Djibouti to strengthen the trade of fruits and vegetables between the two countries.

Mozambique

Tanzania

The horticultural sector in Tanzania has grown extensively over the past three years, in no small part due to the Tanzania Horticulture Association (TAHA), such that the sector has been seen as key for the country's socio-economic growth. Unlike many of the other countries, local markets account for a large part of the fruit and vegetable production in Tanzania; the figures indicate they export far less than other countries while producing roughly the same amount[5]. Of the produce exported, 40% goes to

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[4] Ethiopia National Position Paper, pg. 4

[5] Tanzania National Position Paper, pg. 1

regional markets[6]. Along with TAHA, other major institutional players in the horticultural value chain are TanTrade (formerly the Board of External Trade) and the Ministry of Industry, Trade and Marketing.

As with other countries, in analyzing constraints, Tanzania brought up the issue of informal trade which leads to large price fluctuations due to middlemen and brokers' cartels. Another constraint faced by all SSA countries is the lack of access to data which causes extreme difficulty in tracking the horticulture market and therefore being able to make necessary interventions etc. Corruption also enters into the equation in the form of regulatory involvement of local government authorities as levies are inconsistent and 'subject to personal discretion'[7]. Uncoordinated border post inspections also cause problems particularly due to the highly perishable nature of horticultural products. A final issue mentioned in the NPP brings into play the important issue of standards. It has been observed that while farmers will stick closely to standards for EU markets they are negligent towards them for regional ones[8].

Uganda

Horticulture is one of the fastest growing sectors in Uganda which is the second largest producer of fresh fruits and vegetables (FFV) in SSA. The extensive NPP presented by Uganda brought up many points, including those that are witnessed in other countries in the region. For example, it is thought that up to 80% of cross-border trade is informal. Data and figures are hence not properly or accurately recorded mainly due to complicated approval procedures and poor infrastructure, although Uganda's registered cross-border trade is considered to be larger than its exports to Europe[9]. Other constraints include conforming to Sanitary and Phytosanitary Standards (SPS) and technical standards; administrative issues in the form of custom clearance delays, lack of transparency and consistency and bureaucracy etc; inadequate infrastructure such as roads, airports, harbors, rail systems and post-harvest handling facilities as well as soft infrastructure such as market information systems. Nationally, Uganda has several organizations involved in the sector, the Horticulture Promotion Organization of Uganda (HPOU), NOGAMU involved in organics, UNFEE for farmers and the Agriculture Council of Uganda and two universities with strong programs on horticulture. The NPP also draws attention to the proactive involvement of the Government of Uganda to respond to some of the constraints[10].

From a regional standpoint the NPP points to the importance of formation of a regional market information system and forecasting system for prices, harvests and market supply situations which would aid famers' marketing efficiency and competitiveness. It would also provide an overview of purchasers, sellers, quantities, prices and logistics for development of regional trade.

[6] Ibid, pg. 2 It should also be noted that Tanzania is a member of SADC and the EAC but not COMESA. However there are many regional interventions to promote trade in which Tanzania is involved - Ibid pg. 4
[7] Ibid, pg. 3
[8] A ban was recently placed by Angola on banana imports from Kenya, the DRC, Rwanda, Tanzania, Burundi and Uganda due to compliance with standards. Ibid, pg. 3
[9] Uganda National Position Paper, pg. 2
[10] Ibid, pg. 6-7

Zambia

The Government of Zambia also considers the horticulture sector as one that has potential for dynamic growth and as such has made moves to facilitate this. Recently the Export Promotion and Market Development Division was been established and currently a Horticultural Working Group is being formed. However the issue paper does indicate a certain lack of commitment at a strategic policy level[11].

At a regional level, Zambia is well integrated into the various measures underway including the Regional Trade Facilitation Programme to make regional trade faster and more cost effective at the border post with Zimbabwe.

Future directions

After the online session, the countries continue with offline discussions partly guided by the online discussions. For this VC, as well as post-VC papers on the offline discussions some countries produced log-frames with an indication of what future steps/activities are required while others provided recommendations.

National level

Many of the countries referred to procedures that could be put in place to aid and promote regional trade at the national level including incentive mechanisms, customs procedures, standards and quality and taxes. As highlighted by the majority of participants there is also a need for improved infrastructure including cold chain storage, general storage facilities and transport.

Zambia which was perhaps the least institutionally developed in regard to horticulture came to see even more clearly the benefits and necessity of coordination at a strategic policy level and the role to be played by ad hoc national committees. Tanzania, with one of the most developed horticultural sectors touched on their need to integrate national initiatives better and also to have a comprehensive awareness programme for the opportunities presented by regional trade.

Regional level

Several suggestions were made for actions that could be taken at a regional level including establishment of a seed source center, data collection and sharing centers, the promotion of networking and experience sharing and furthermore harmonization of trade procedures for example at the COMESA level. A data capturing mechanism would help to clarify current market decisions made in regard to horticultural produce. Most of the countries also highlighted the issue with regional trade mostly being informal at the moment and the difficulty of capturing that trade information.

[11] Zambia National Position Paper, pg. 2

There is however strategy being put in place at a regional level to attempt to combat some of these constraints. COMESA, SADC and the EAC are all actively involved and cover the range of countries in the region. Some of countries agreed that there needed to be a more conscious exploration and exploitation of the opportunities put forward by COMESA and potentially CAADP. A reinforcement of knowledge partnerships in research was suggested by Uganda as a possible regional approach to understand how best to foster growth in regional trade.

Conclusion

Regional trade is important for development of the horticulture sector which all of the participants agreed on. However there is still a way to go to even begin to properly analyse the regional trade situation, particularly due to the current informal nature of much of the trade. As highlighted in all of the national discussions both offline and online, there is the enduring issue surrounding data at both national and regional levels. Some type of regional data capturing system will be essential for effective and practical interventions at all level s and also by donors. All the countries seemed to be aware of the regional potential to be channelled through COMESA and this poses a potential avenue for future discussion and collaboration.

Bibliography

D Tshirley (2010) – 'Opportunities and Constraints to Increased Fresh Produce Trade in Easy and Southern Africa', September 14th 2010.

National Position Papers for Ethiopia, Uganda, Zambia and Tanzania

Post-VC Papers for Ethiopia, Mozambique, Uganda, Zambia and Tanzania

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