TRADE POLICIES AND AGRICULTURAL
TRADE IN THE SADC REGION:
CHALLENGES AND IMPLICATIONS

REGIONAL
SYNTHESIS
REPORT

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EXECUTIVE SUMMARY

The core business of FANRPAN, through its national policy research nodes, is to promote the formulation, analysis and implementation of sound agricultural policies that contribute to the achievement of food security, productivity growth and freer cross-border movement of agricultural products, through the harmonization and rationalization of domestic and regional regulatory policies and strategies which currently impede regional trade.

The main objective of the study on “Agricultural Trade in the SADC Region”, which was conducted in eight countries in 2002 (Zimbabwe, Zambia, Tanzania, South Africa, Malawi, Namibia, Mozambique and Botswana) with financial support from the United States Agency for International Development-Regional Centre for Southern Africa (USAID-RCSA), was to provide a comprehensive analysis of trade policies and identify impediments to intra-SADC trade in agricultural products. This synthesis report presents the combined findings based on the five country studies that were submitted at the time of writing; namely, South Africa, Tanzania, Zambia, Malawi and Namibia. All studies reported substantial progress towards liberalization of trade policy along with complementary domestic policy reforms during the 1990s. In a few cases, policies were however, quite inconsistent with the SADC trade protocol which requires that free trade in the region should be achieved by the year 2008.

Examples of inconsistent policies are:-

- the requirement of export licences for maize in many countries and denial of these licences when supplies are perceived to be short in the country of origin;
- the requirement of import licences for strategic commodities like meat, poultry and sugar together with export licences for maize, maize meal, oilseeds, unprocessed tobacco and tea in most producing countries and seeds and fertilisers, left these are the leading commodities in which trade should be promoted; and
- frequent and unsystematic imposition of temporary import bans on agricultural commodities in almost all countries.

Despite these examples, the policy environment has generally become more favourable to increased regional trade over the past decade. There has been rapid growth of agricultural exports from South Africa to the rest of SADC member states, primarily of high value products, while imports of agricultural products from SADC countries are typically confined to a small number of products with substantial variability inflow from year to year. For most of the other countries, there has been a more rapid increase in imports of primary and high value products and farm inputs, especially from South Africa, which has the strongest production base in the region.

The study also found from the gravity models used that intra-SADC trade tends to obey the laws of gravity in that larger economies trade more with one another. Results from South Africa and Namibia largely indicated the existence of external constraints and border impediments; while in Zambia, Malawi and Tanzania domestic supply-side constraints were predominant. Major barriers to trade in the region as a whole include high transportation costs, tariff, non-tariff and technical barriers and supply response constraints.
Major policy recommendations emanating from the study include the need for policymakers to avoid frequent policy reversals caused by temporary import and export bans coupled by increases in tariffs, the need to eliminate licensing and reduce delays as border crossings. There is a need to speed up policy harmonization and capitalize on regional economies of scale and coordinate market information systems to make information more available on a regional wide basis. Priority policies with a regional impact where harmonization is needed include quality grading standards, seed certification, biosafety and sanitary and phytosanitary regulations and customs procedures. The role and scope of existing regional and international agricultural trade agreements should be clarified and differences between intra-SADC bilateral agreements and regional policies eliminated. Areas which require further study, include financial sector issues, (cross-border payment systems, trade financing) the possibility of adopting a common external tariff so that issues pertaining to rules of origin can be avoided, and examining the relationship between foreign domestic investment, agricultural trade flows and national and regional comparative advantages. Immediate action needs to be taken in the region to allow markets and trade to solve most food security problems. Producer associations and agri-businesses must take a more active role on trade matters. A regional market information and commodity exchange should be established. Finally a timetable which is binding to all the member states must be set for the harmonization of key policies that affect trade at the national and regional levels e.g. adopting a regionalized seed variety release and registration system, establishing common phytosanitary standards and biosafety regulations and having a common regional trade policy.