Regional trade has undoubtedly been the overriding policy issue facing the SADC region. All FANRPAN initiated stakeholders dialogue fora identified trade as the key regional issue of concern. Some of the critical issues that emerged pertaining to trade from stakeholders' perspective were the following:

- Inadequate and poor quality information on trade opportunities that exist in neighbouring countries
- Lack of knowledge about the trading arrangements governments sign on behalf of stakeholders
- Concern at the implications of some of the agreements on stakeholders
- Concern at the impact of a member country's domestic policy on another's access to its market
- Lack of adequate consultation with stakeholders in preparing country positions in trade negotiations
- Perceived unfair trade practices regionally and internationally with specific emphasis on the WTO.

FANRPAN Dialogue conducted an interview with its Coordinator, Mr Howard K Sigwelle on the importance of the WTO to SADC communities.

What is the importance of WTO to SADC residents?

The World Trade Organization (WTO), formed in 1995, is the successor to the General Agreement on Tariffs and Trade (GATT) that was established after the Second World War to facilitate in the establishment of fair, transparent and relatively free flow of goods and services in the world. Over the years, global trade has been characterized by high tariffs (duties) and non-tariff barriers whose application has reduced the export earnings of developing countries. The overall objective of the WTO is to improve the standard of living by ensuring that trade in agriculture, industry, electronic commerce, telecommunications, transport, insurance, etc is free, fair and transparent. The WTO is the only global organization concerned with and administering international trade based rules and obligations by member states.

WTO has currently about 144 members, the majority of which are low-income countries including the SADC region. The WTO is headquartered in Geneva, Switzerland and its paramount decision body is the Ministerial Conference of member states that meets once every two years. The last Ministerial conference was held last year (November 2001) in Doha, Qatar. SADC fully participated at this conference.

Whereas SADC economies are mainly based on primary and light products in agriculture, textiles as well as minerals, it is important for the region's people, farmers and businesses to have access to profitable but barrier free export markets as well as sourcing imports including food, farm machinery and technology from competitive sources in the world. Most SADC economies are dependent on agricultural trade, in particular, hence trade Agreements with the European Union, United States of America, etc.
What were the crucial issues discussed at the last WTO conference and how do these affect the SADC residents?

The crucial issues deliberated upon in the last conference in Doha, Qatar, included:

- Increased market access to industrialized and high-income countries of Europe, North America and Asia for agricultural and industrial foods from low-income countries such as SADC.
- Reduction of and the eventual phasing out of export subsidies administered by industrialized countries. Export subsidies constitute an "artificial price" or cost advantage to industrialized countries that without them would enable low-income countries to compete favourably and increase their export earnings due to cost and natural resource-base advantages. Certain tropical and subtropical agricultural commodities are efficiently produced in low-income countries such as SADC member states, but due to export subsidies and other domestic incentives, industrialized countries produce these and export them onto the world market at subsidized prices.
- Reduction of domestic support in farming-in the form of higher producer prices, farm input subsidies including investment capital is one of the contentious trade dispute especially between the low income countries and industrialized countries of Europe and Japan. As most low income countries do not have adequate financial, human and technological resources, industrialized countries have ventured into these products at subsidized costs to the disadvantage of low-income countries. It is estimated that the industrialized countries alone spend at least US $400 billion dollars a year in farm subsidies. It is almost impossible for not only SADC countries but also most developing countries to match this farm support by industrialized nations. Infact, as a result of high domestic support and export subsidies by industrialized countries in the FANR sector, low income countries including SADC are estimated to be losing about US$200 billion in foreign earnings due to limited market access and trade distortions.

Another crucial issue discussed at the last WTO Ministerial Conference was the Special Differential Treatment to Developing Countries given the historical economic and technological predicament, trade and investment, trade and environment and preparations for future global trade negotiations.

What does the WTO accuses of being out of touch with developing countries. Has this been a misconception? Who has benefited from involvement in WTO?

In general, the WTO has benefited the highly industrialized countries of North America, Europe and Asia because of their economic, technological and political power and resources. With highly developed information technology, capital markets, skills and relatively abundant financial resources, these countries have been able to produce more at lower costs and in turn, exported more to developing countries. The latter, due to in appropriate macro-economic and sectoral policies, domestic supply problems, trade barriers by industrialized countries and limited skills and financial resources have not benefited much. The ongoing WTO debate and efforts are intended to improve the welfare of developing countries by reducing these historical imbalances. Industrialized countries still impose trade restrictions on goods from low-income countries. However, initiatives such as the African Growth Opportunity Act (AGOA) by the United States of America and other similar programmes might in the long term improve trade gains for developing countries as globalization progresses. The journey to the promised land is still very steep and rough!

What role do you see FANRPAN in the WTO negotiations?

As the overall FANRPAN's mandate is to coordinate, promote, undertake stakeholder driven policy research to design sustainable FANR policies and programmes to improve the welfare of the SADC's population, FANRPAN can help prepare the region to analyze both the short and long term policy implications of the WTO on SADC's economic growth, prosperity, poverty reduction and potential benefits/costs from global trade liberalization. By coordinating analytical policy research on WTO's impact on SADC as well as actively involving the various stakeholders in the dissemination of research results and design of strategies, FANRPAN can help prepare SADC for future WTO negotiations especially in the FANR sector. Already, FANRPAN prepared concept papers for SADC during the last WTO negotiations. There are also arrangements to convene shortly, a regional conference for stakeholders to consider, among others, the impact of Trade Agreements such as the WTO and come up with strategies. With an increased Network of policy research countries/nodes in all SADC countries, this should be possible. At present FANRPAN operates in eight SADC countries while the remaining
ones are planning to join shortly. In addition, FANRPAN, through its recently approved 5 Year Strategic and Business Plan, identified capacity building as one of its critical success factors. As a result stakeholders will require additional skills and knowledge to participate more meaningfully in trade negotiations.

What has been the SADC weakness in the past WTO meetings?

Among some of the weaknesses of SADC in the past WTO meetings has been the very limited participation of stakeholders especially those outside government. The poor and limited participation of the private sector, farmers, labour, policy researchers, etc has been a serious weakness in SADC. Experience has shown us very convincingly that trade policy issues cannot definitely be the monopoly of Governments.

The limited analytical skills in several SADC countries has been a serious drawback. SADC, like all the regions of the world must recognize that global trade and economic liberalization is not just about the free movement of goods but, making bold political and economic decisions to improve one’s additional benefits from global trade based on thorough research and stakeholder participation. This requires political, and economic resources as well as analytical skills. For all practical purposes, in global organizations such as the WTO, it is advisable to adopt the policy “every man for himself and God for us all!” If you are not prepared, ready, organized and fully armed with knowledge, skills and resources, it is very unlikely that you will benefit in global trade and services.

Further, one of the weaknesses within SADC has been the tendency by certain countries to implement macro-economic and sectoral policies that are inward looking as this limits the region’s market share in world trade. Inward looking policies tend to hamper potential growth in trade and sometimes contribute to misallocation of resources to unproductive and consumption activities.

It should be pointed out however, that during the last WTO meeting, at least SADC had improved its coordination and preparations for global trade negotiations. However, more work still needs to be done to involve stakeholders and present well researched policy research positions on WTO and its effects on SADC’s economy, trade integration and prosperity.

What has the FANRPAN network done to sensitize its members on issues involving WTO?

In some of its previous stakeholder seminars, FANRPAN provided a forum for people to examine the effects of global developments such as the WTO on their livelihood, economy and trade competitiveness. All SADC countries in one way or the other are affected by global trade developments in respect to commodity prices, exchange rate fluctuations, financial and capital markets. Among some of the concerns or issues raised by in-country stakeholders workshops/seminars has been the likely negative impact of the WTO on smallholder farmers, businesses, economies and the ability to attract foreign investment, capital and technology.

The network through its Dialogue Newsletter also published an article about areas of importance for the SADC FANRPAN as the WTO negotiations in Qatar were approaching in 2001. This article, identified some of the critical areas for consideration and debate. Fortunately, most of the areas identified formed part of the crucial issues deliberated upon in Qatar. FANRPAN will continue sensitizing its stakeholders through its various communication tools such as the newsletter, website, policy briefs, etc. on topical matters such as the WTO and its likely impact on the region’s future and prosperity.

How can SADC prepare in future WTO meetings?

As SADC has not adequately involved non-governmental organizations/stakeholders (private sector, farmers, labour, policy research institutes, etc) in previous WTO negotiations, it is important that preparations are made at national and regional levels to mobilize stakeholders to meet and come out with common positions. FANRPAN in its Board, has tried to bring in some of these stakeholders and with sufficient resources and time, SADC should be able to mobilize a strong stakeholder group at the next WTO conference in Mexico in 2003. The SADC Secretariat, Council of Ministers and other important regional and national stakeholder bodies should work together to establish such a group.

Secondly, SADC should mobilize its human and financial resources to develop policy papers based on thorough research and dialogue to present its negotiating position and strategies. This to date has been very weak. As some of the areas of future WTO negotiations cover investment, competition policy, environment, etc it is important that SADC starts the
preparations immediately. Already, some of the industrialized countries are ready to negotiate on these new trade issues and yet low-income countries are not yet prepared.

Thirdly, well-coordinated and organized seminars/workshops held at both national and regional levels to sensitize further and prepare stakeholders for the WTO negotiations are necessary. For complex and sensitive sectors such as the FANR, it is incumbent upon SADC to do so now as Agriculture is highly protected in the world and yet this is one potential area where developing countries could increase their foreign earnings to import technology and machinery in order to industrialize themselves and improve the welfare of the region's population.

Finally, FANRPAN, through its information, communication strategy should assist SADC to sensitize stakeholders. The Newsletter will certainly play this role, as FANRPAN will soon double its publication to reach more people in the region.

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**NEWS FROM NODES...**

**NASFAM HOLDS ITS FIRST NATIONAL SYMPOSIUM**

In February, the National Smallholder Farmers' Association of Malawi (NASFAM) held its first marketing symposium. NASFAM is a non-governmental organisation that provides business services to smallholder farmers in Malawi. The Controller of Agricultural Extension and Technical Services in the Ministry of Agriculture, Dr. Matabwa, opened the symposium. He emphasized that factors such as poor accessibility to some rural areas have led to the exploitation of smallholder farmers. He further explained that in recent years, there had been a shift in government policy to marketing rather than production. Dr Matabwa urged stakeholders attending the symposium to come up with recommendations that would transform agricultural marketing in the country to the mutual benefit of buyers and sellers.

The main objective of the symposium was to present and address issues regarding 'Marketing Systems and Pricing Mechanisms in Malawi'. This is an important issue as both the Malawi Agriculture Sector Investment Programme (MASIP) and the Poverty Reduction Strategy Paper (PRSP) processes have identified marketing as crucial to smallholder economic development. NASFAM would like to spearhead such programs to develop the smallholder sector.

NASFAM's services include linking its membership to government and the private sector to strengthen smallholder capacity to make direct impact and contribute to policies and programs that affect their livelihoods. NASFAM also used the symposium as a platform to present its own policy agenda and assist stakeholders to have an appreciation of policy positions in agricultural marketing.

NASFAM has met some constraints in the development of marketing opportunities for its smallholder farmers. There are unclear mechanisms of pricing on agricultural produce resulting in lower prices offered to smallholder farmers. Malawi smallholder farmers face unclear taxation and custom regulations on exports, inadequately developed support institutions and infrastructure, unstable exchange rates affecting prices and unclear policies on international commodity agreements.

Another drawback for smallholder farmers has been the closure of most centres of the Agricultural Development and Marketing Corporation (ADMARC). Before the liberalization of trade, farmers had a readily available and steady market due to the existence of ADMARC. However, due to liberalization, smallholder farmers now tend to sell less and have been exposed to dubious buyers because the private sector is not ready to fill the vacuum created by the closure of ADMARC markets.

Throughout the discussions at the symposium, participants felt that Malawi lacked an agricultural marketing policy environment. They recommended that government should put in place favorable policies such as those currently used for tobacco production. It was perceived that if such policies were implemented, they would help promote production of other crops and manage the quality of production.

The exploitation of smallholder farmers by private buyers was denounced, as prices were not based on the local or international markets. Participants recommended the need to coordinate linkages between producers and buyers to facilitate information and communication flows. There was need for fair and clear pricing mechanisms, which would also help the agricultural industry to develop or expand value-adding investment.