

Kick-off meeting

Agricultural Trade and Market Access for Food Security: Insights for Africa

[Presentation by UGOE, KUL, WR]

ATMA4FS



LEAP-Agri
A Long term EU-Africa research and innovation Partnership on
food and nutrition security and sustainable Agriculture

University of Pretoria
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Starting points of our journey

- ▶ Markets for agricultural products in Africa face many challenges
 - ▶ Product access, price, institutional challenges
- ▶ Value chain development and better integration of local markets into regional/international trade can improve livelihoods and food security
- ▶ Trade barriers hamper further value chain development and market access
- ▶ Potential for trade cost reductions
 - ▶ Inadequate physical infrastructure, lack of transparent regulatory frameworks, product quality or excessively protective standards

Objectives

- ▶ Improving market access for countries and firms/farms through
 - ▶ Better understanding of the micro/macro-economic dimensions of specific trade-related factors
 - ▶ Enhanced interaction with stakeholders
- ▶ How is trade and market access influenced by:
 - I. Trade agreements (e.g., regional, bilateral, and unilateral), NTMs (e.g., SPS measures, TBTs, customs procedures) and private standards
 - II. Market prices and volatility
 - III. Market logistics/infrastructure and institutions

Study areas

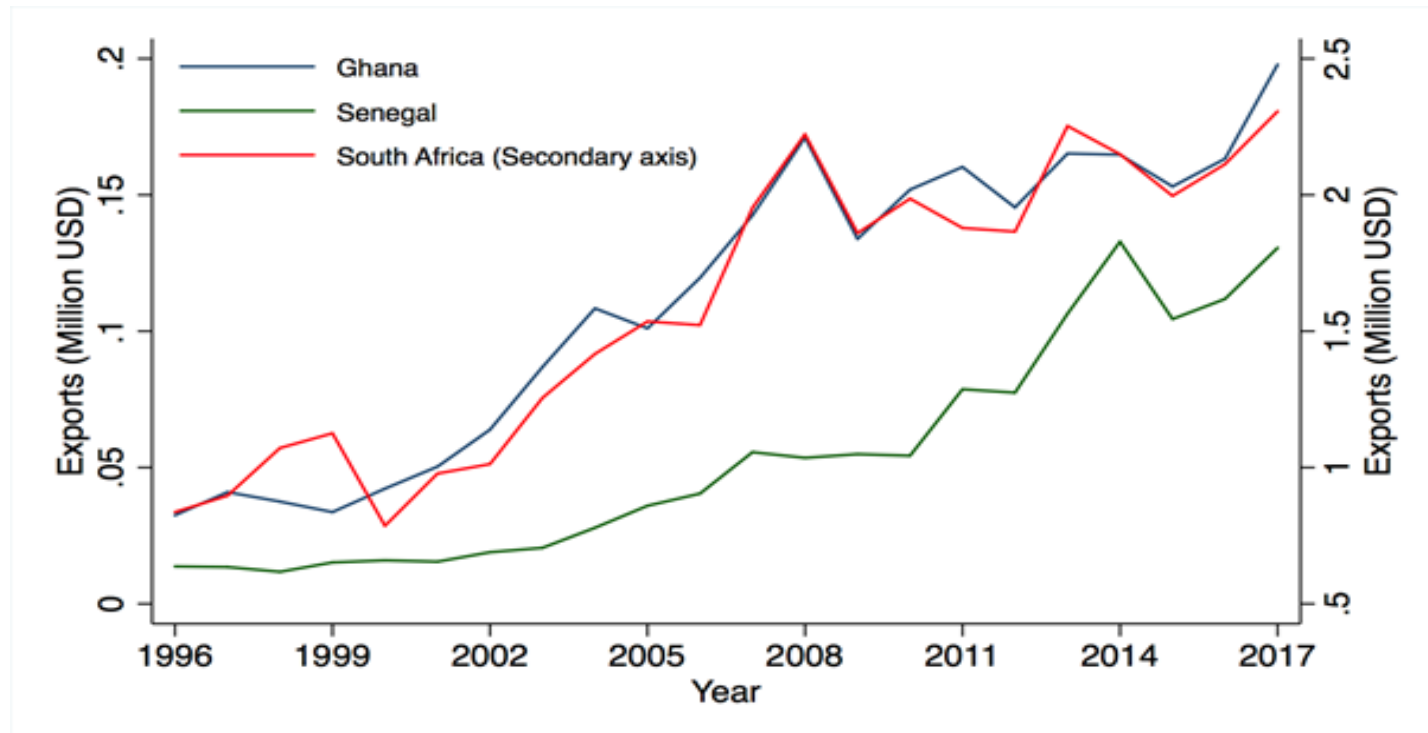
- ▶ Macro/micro-level effects - countries/regions, firms
- ▶ National focus
 - ▶ Three countries - Ghana, Senegal and South Africa
- ▶ Regional focus
 - ▶ Two African trade regions:
 - I. West Africa (i.e., ECOWAS/WAEMU)
 - II. South Africa (i.e., the SADC)
 - ▶ EU - Africa trade relations

Product selection

- ▶ Important for current and potential African trade
 1. Fresh fruits and vegetables (FFVs)
 2. Grain products
 3. Meat - red meat & poultry
- ▶ Export and import trade flows
 - ▶ Exports - FFVs (and in South Africa also meat)
 - ▶ Imports - Grains and meat (especially poultry)

Product focus

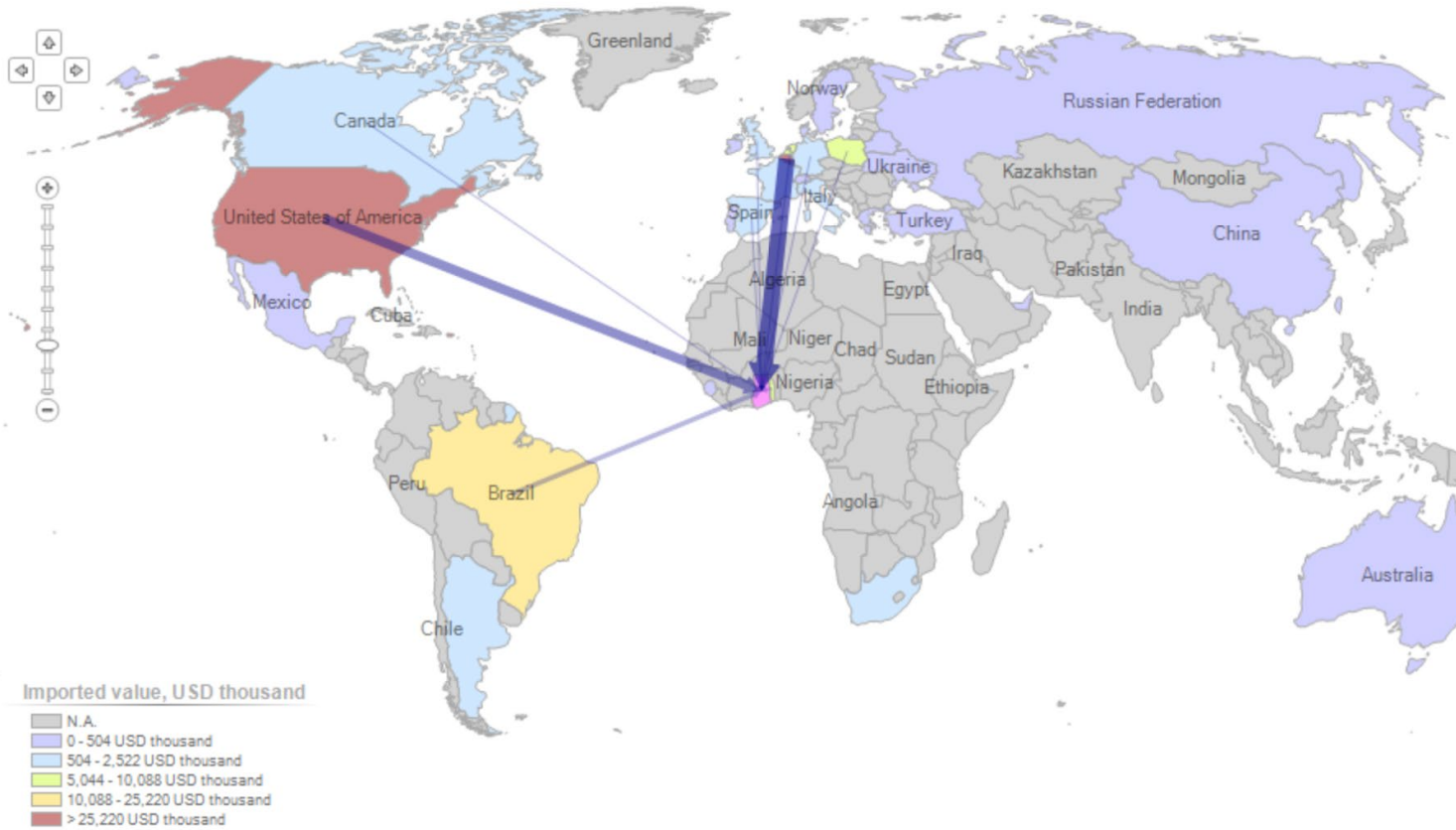
Fig 1: Exports of fruits, vegetables and meat to the EU-27



Product focus: Poultry (?)

List of supplying markets for a product imported by Ghana in 2017

Product : 0207 Meat and edible offal of fowls of the species Gallus domesticus, ducks, geese, turkeys and guinea fowls, fresh, or frozen



Methods

- ▶ Multi-country, multi-market, and multi-scale research
 - ▶ Extends standard case-studies
- ▶ Quantitative and qualitative methods
- ▶ Combined macro/micro-economic analyses
 - ▶ Shed light on the implications at both country and firm levels
 - ▶ Simultaneous analyses of down- and up-stream links



Methods

WP1: Macro-level analysis

- ▶ Price dimension of international trade - e.g., VECMs (Götz & Brümmer 2013), volatility analyses (Brümmer *et al.* 2016)
- ▶ Volume and value dimensions - e.g., gravity models (e.g., Kareem *et al.* 2016, Winchester *et al.*, 2012)
- ▶ Marketing margin analyses (Kopp *et al.* 2017)
- ▶ Structural equation models
- ▶ Data - secondary data on bilateral trade flows and price information

Methods

WP2: Micro-level analysis

- ▶ Advanced regression techniques
- ▶ Panel data to control for firm heterogeneity and endogeneity to ascertain causality
 - ▶ GMM models (e.g., Bernard and Jensen, 2004)
 - ▶ IV approaches (Reyes, 2011)
 - ▶ DiD matching methods (e.g. Volpe-Martincus *et al.* 2010).
- ▶ Data - Firm-level customs data and firm/farm-level survey data

Methods

WP3: Macro-micro linkage and impact

- ▶ Develop a conceptual framework for the macro/micro linkage
- ▶ With a focus on NTMs, implement structural gravity estimations that combines both macro and micro variables, building on Kalaba *et al* (2016) and Gebrehiwet *et al* (2007)

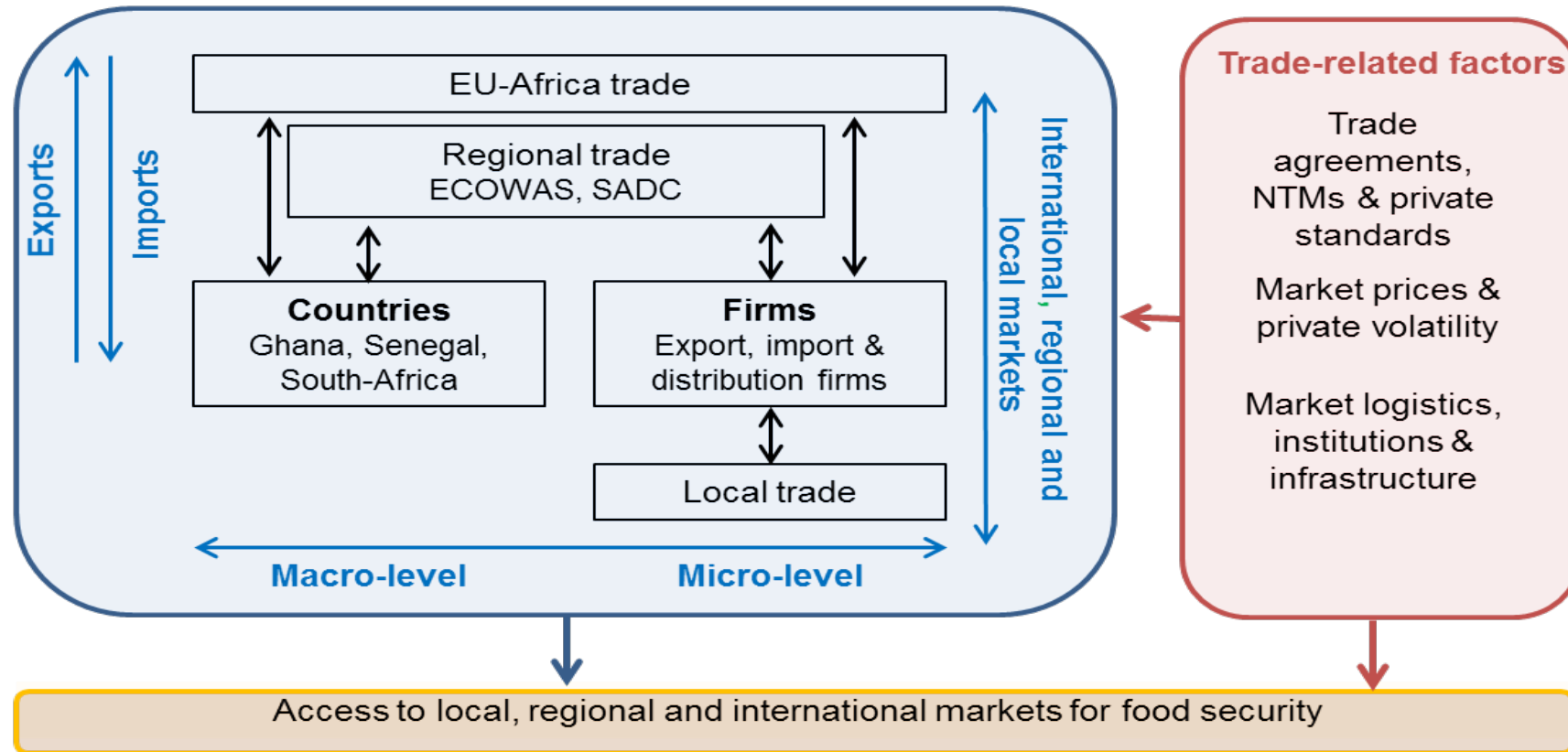
Methods

WP4: Dissemination

- ▶ Researchers: scientific contributions, user-friendly databases, webinar
- ▶ Policy-makers: Policy briefs, Project website (blog), dialogue meetings
- ▶ Businesses: insights on requirements and standards
- ▶ Language: English (all partners), French (KUL, UT, WR)

TOC and impact pathways

Figure 1: Trade and market access framework



Policy implications

- ▶ Formulate targeted policies and programs
- ▶ Improve market access by identifying actors along the supply chain to be targeted
- ▶ Minimize the downsides of existing trade barriers.
- ▶ Identify policy and investment priorities in order to make agricultural trade work for improved food security