



National Agricultural  
Marketing Council

Strategic positioning of South African agriculture  
in dynamic global markets

# Africa's trade and the MDGs: are they common friends?

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***Presented by:***  
Bonani Nyhodo



# Structure...

- Is there a relationship between the trade and the MDGs?
  - Mutual exclusive
  - Complementary
- Africa's progress and concerns to date (MDGs),
- Should the MDGs be continued beyond 2015?
- Lessons for the pipeline Continental FTA?

# Millennium Development Goals (MDGs)

- **Goal 1:** Eradicate extreme poverty and hunger (three targets),
- **Goal 2:** Achieve universal primary education (one target),
- **Goal 3:** Promote gender equality and empower women (one target)
- **Goal 4:** Reduce child mortality (one target)
- **Goal 5:** Improve maternal health (two targets)
- **Goal 6:** Combat HIV/AIDS, Malaria and other diseases (three target)
- **Goal 7:** Ensure environmental sustainability (four targets)
- **Goal 8:** Develop global partnerships for development (six targets)

# Is there a relationship between the trade and the MDGs?

- There is no consensus (stage of development) - open up (Spanu, 2003)
  - Development before liberalisation
  - Liberalisation before development
- Rodriguez & Rodrik (2000) little evidence: correlation between reduction trade barriers with economic growth
- No country developed by turning its back on trade and that no country has developed by simply liberalising
- Two folded argument
  - Does a country needs to produce the food it requires (self sufficiency)?
  - Should countries be concerned about sourcing food from cheap countries?
- Trade revenue losses
  - Liberalisation has resulted in African countries losing revenue (between 1995 – 2002),

- Does the objective of the WTO talk to the MDGs?
  - Not to raise living standards of people globally – maximise trade,
  - Country negotiator consider their countries interest not of poor countries,
- Is it fair to expect the outcomes of the WTO negotiations to have a go at development?
- World Bank (2004) argue that about 217.2 million people in SSA lived below 1\$/day in 1987 and that number increased to 406.2 million in 2008
- Trade liberalisation and development (initial distribution of endowments important),
- Development and trade maximisation are two different however, viewed to have same meaning – **is this a fair view?**

# Africa's progress (MDGs),

- Progress has been made in Africa - not enough though
- Lagging MDGs need to be prioritised - in budgetary allocations
- **Goal 2:** high likely to meet primary enrollment targets,
  - Many have already achieved this goal
  - Primary enrollment rose from 65% to 83% between 1999 and 2008
- **Goal 3** (target 3A): Many African countries have already achieved gender parity in primary schools
  - Improvements in the empowerment of women and political representation are commended but need scaling up.
- **Goal 6** (target 6A): prevention of new HIV infections progress has been made:
  - Through increased condom-use,
  - Provision of Antiretroviral Treatments
  - HIV prevalence rates decreased from 5.6% to 5 % between 2001 and 2009

# Concerns about other goals

- **Goal 1:** Africa's economic growth has not translated reduced absolute poverty:
  - Unemployment is still high
  - **More than 20% of the youth in North Africa are unemployed**
- **Goal 2:** Despite significant progress by most African countries to reach enrollment targets,
  - This progress is yet to translate into equal primary completion rates
  - Quality of education is a concern.
- **Goal 4:** Progress to reduce child mortality has been too slow to achieve goal
  - Levels of child and infant mortality remain high in most countries.
- **Goal 5:** Conditions for **mothers of Africa (Omama)** remain horrible

- **Goal 6**, Malaria remains a major cause of morbidity and mortality.
  - financing ensured that ITNs (Insecticide Treated Nets) reached beneficiaries,
  - more funds are needed to achieve this target.
- **Goal 7**, Progress to increase access to safe drinking water and basic sanitation has been slow and should be scaled-up



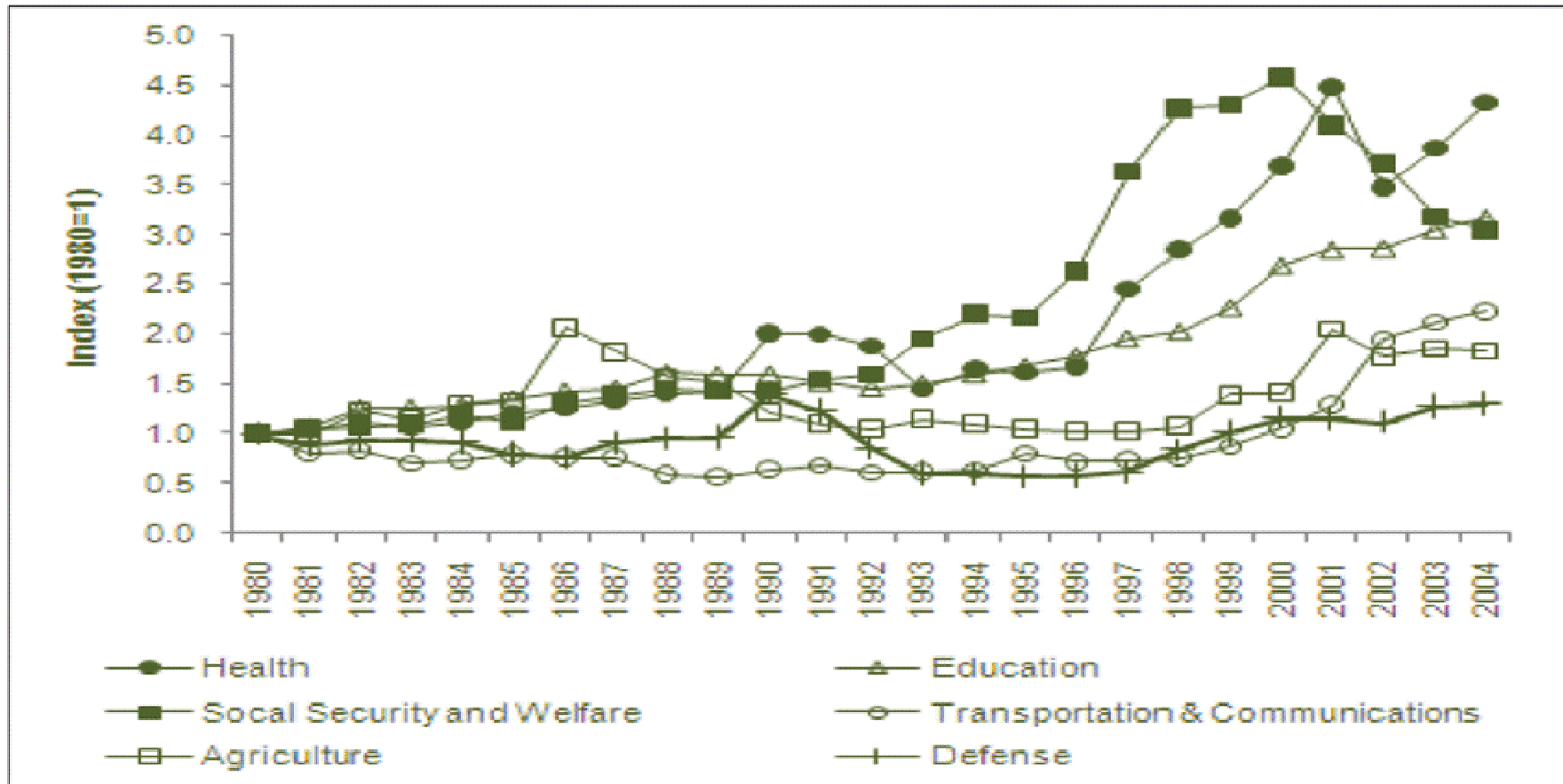
# WTOs current status and its complications

- For the first time the WTO puts:
  1. Development (by choice influenced by lobbying of emerging economies), and
  2. Agricultural trade liberalisation (by design as a result of the UR) at centre of its negotiations
  
- **High hopes,**
  
- **Vested interests and lobbying power** at play,
  1. Continue subsidising agriculture (voices interest groups in these countries),
  2. Continue protecting agricultural sectors (on the basis of unfair competition created by subsidies)
  
- **Reality** - there will be winners and loser (will Africa benefit?)

# EPA and SACU

- Some members of SACU signed:
  - Botswana,
  - Lesotho,
  - Swaziland signed the Interim EPA,
- Others have not yet signed:
  - South Africa, and
  - Namibia (together with Angola)
- The argument is that EPA should not undermine SACU,
- EU commission failure to agree agricultural products the region wants exempt from commitments

# Public Spending (12 SSA countries) – FARA 2011



# Agriculture successes – prioritised

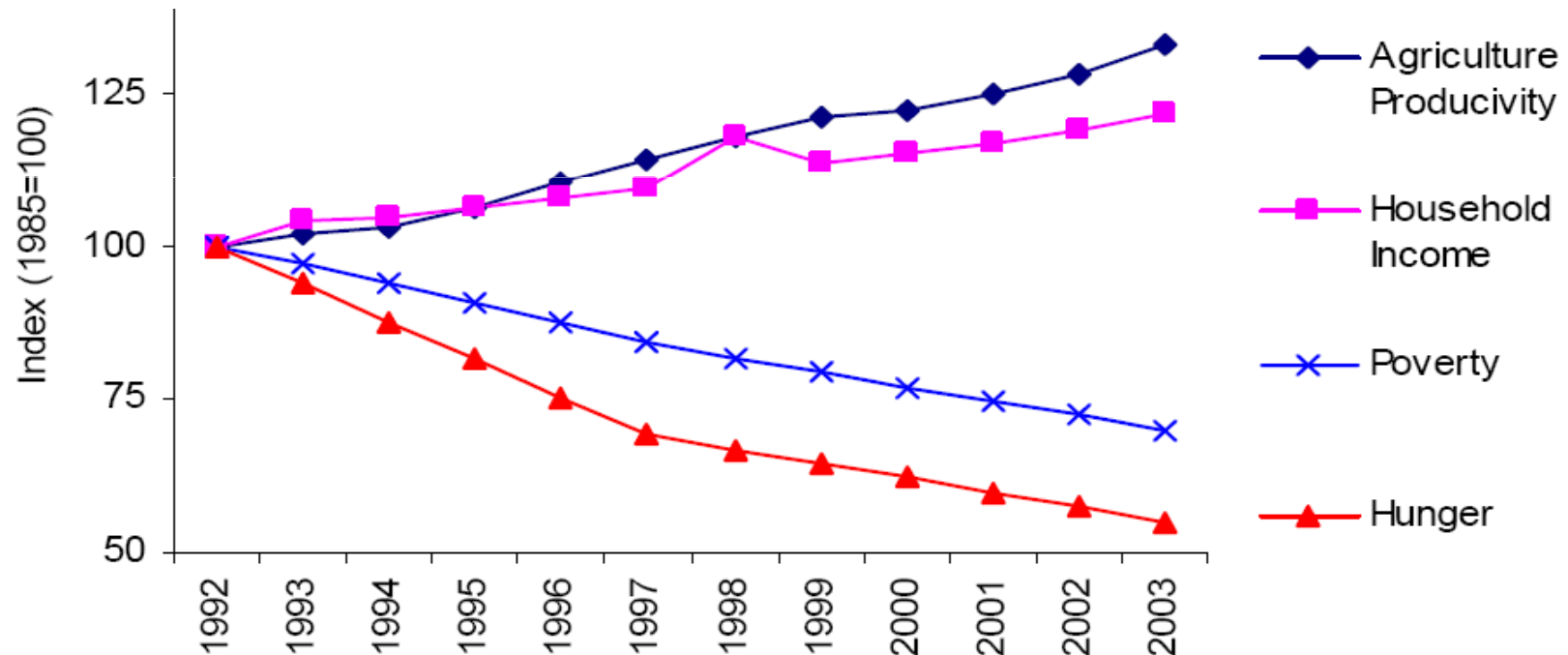
- **Rwanda**
- **Malawi**
- **Ghana**



[mongabay.com](http://mongabay.com)

# Ghana

- On track to 1<sup>st</sup> SSA to achieve MDG goal 1
- Sustained agricultural growth



# Conclusions

- Africa's economic growth and low effect of poverty
- Government revenue (tariff revenue loss) - household vulnerability
- Increased investment and innovation,
- Adjustment costs
- **These are directly linked to the realisation of MDGs**

**Trade and MDG may not be friends but they are related!**