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A QUALITATIVE ANALYSIS OF AGRO-ECONOMY TRADE IN AFRICA**Raymond Erick Zvavanyange¹ and Irvine Vusani Makuyana²**¹Country Representative

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Abstract: *Agriculture plays an important role in the economies of African countries. Recently, the picture of imports versus exports for agro-based sectors has been uneven with reports of more imports than exports on the continent. We address in this article issues focused on the agro-economy in Africa. Our qualitative analysis draws inspiration from the work of Calestous Juma (late) to explore options for the continent's governments and leaders in planning for an authentic agro-economy. We suggest that a thorough interpretation and understanding of the capitalistic agreements is a must for African governments so that they leverage on the benefits from the agreements. Secondly, African governments and the private sector in agro-based economies should put in place measures to facilitate learning and experimentation in agro-trade and ensure its sustainability thereof. Third, agricultural entrepreneurs are a cog to authentic agro-based economies. We establish wide-ranging positive developments in the agro-economy, which are yet to be fully assessed for their benefits to African governments and populations. We conclude that any capitalistic agreements especially those to do with agro-trade take place in proximity and association with the prevailing social order and not in isolation in Africa. The new agro-economy opportunities warrant intense study of agriculture trends and developments with a view to improve decision making and ensure preparedness for times of the present and times of the future.*

Key words: Agriculture, Agribusiness, Capitalism, Entrepreneurship, Economic Integration

Introduction

Agriculture plays an important role in the economies of African countries (African Development Bank, 2016; NEPAD, 2013). The World Bank (2013) estimates agriculture and agribusiness to be worth US\$ 1 trillion industry in Sub-Saharan Africa (SSA) by 2030 (compared to US\$ 313 billion in 2010). It has long been argued that any unrecognized opportunities and potential become the missed chances in Africa's development (Bond, 2003). The objective of this article is to provide the options in which Africa can leverage on the prospects of agribusiness through the trade of commodities. We assert at the onset that futuristic and transparent deals in agro-trade can unleash the power of agro-industrialization. We suggest that a thorough interpretation and understanding of the capitalistic agreements is a must for African governments so that they leverage on the benefits from the agreements. Secondly, African governments and the private sector in agro-based economies should put in place measures to facilitate learning and experimentation in agro-trade and ensure its sustainability thereof. Third, agricultural entrepreneurs are a cog to authentic agro-based economies. We establish wide-ranging positive developments in the agro-economy, which are yet to be fully assessed for their benefits to African governments and populations. A number of terms in this article have parallel and closely-related meanings: agro-trade, agro-economy, agri-business, and agro-industry. We use the term "capitalistic agreement" as a metaphor in order to compel Africans to discover their authentic economic potential. It is a serious call to all African peoples to search beyond profit making, control and dominance in their contact with the outside world. Any business agreement that give the illusion of benefits to African governments, immediately take on the capitalistic function.

Methodology

We use a qualitative analysis as the basis to build a case for agro-economy planning for Africa. Berg (2001:6) notes that “qualitative research properly seeks answers to questions by examining various social settings and the individuals who inhabit these settings.” According to Cosette Taylor of University of Manitoba, Canada, analysis means “to break something up into parts, pieces, reasons, or steps and look at how the pieces are related to each other.” Taylor further notes that, “analysis usually goes together with synthesis because first you break down a concept/idea into its important parts (analysis), so you can draw useful conclusions or make decisions about the topic or problem (synthesis).” We build our analysis using the ideas on agriculture in Africa from the late Calestous Juma as observed in his work. We build on Juma’s ideas to provide options in agro-economy planning for African governments. The methodology is as it were an attempt to “build order and complexity out of chaos” (Juma & Mangeni, 2018). We hold such was a characteristic attribute in the late scholar for Africa to take a deep look at itself and act on what it could (and can) do for its people within a context of learning and experimentation.

Findings

African Agriculture and Global Agricultural Value Chains

African agriculture is diverse and heterogeneous. According to the World Bank (2013), agricultural production and agribusiness together constitute an average of around 45 per cent of the economy of Sub-Saharan Africa. The World Bank states further that agricultural value chains in Africa are mostly made up of micro, small, and medium enterprises. This sector partly provides for the local needs complemented with imports. The reasons for food imports in Africa include: population growth, urbanization and changing diets, which leads to increased demand for food and agricultural products; inability to address constraints within the local production systems; and social and cultural norms/constraints concerning farm and agricultural products. Consequently, dumping has emerged as a matter of concern to governments and local businesses.

Defining Dumping

Dumping means export of products (goods) by a country to another country at a price lower than its normal value (World Trade Organization, 1994). Dumping implies low priced imports only in the relative sense (relative to the normal value), and not in absolute sense. The normal value is the selling price of the product in the exporting country. The World Trade Organization (1994) prescribes the principles to be followed by the member countries for imposition of anti-dumping duties, countervailing duties and safeguard measures. Anti-dumping measures correct the situation arising out of the dumping of goods and its trade distortive effect. The use of anti-dumping measure as an instrument of fair competition is allowed by the World Trade Organization. Anti-dumping duty is recognized as an instrument for ensuring fair trade and is not a measure of protection *per se* for the domestic industry. The duty provides relief to the domestic industry against the injury caused by dumping (World Trade Organization, 1994).

Exports and Imports in Africa

Africa’s expanding demand for food has been met gradually by imports from the international market (World Bank, 2012). Kimenyi, Lewis, and Routman observe that most of the exports from Africa go to the world’s advanced economies, and most of the imports come from the same economies. Furthermore, trade among African countries is low (World Bank, 2012). For instance, only 5 per cent of Africa’s imports of cereals come from other African countries (World Bank, 2012). Again, Africa is a net importer of animal and animal products (Tambi, Maina, & Bessin, 2004). According to the World Bank (2012), the demand for food will continue to increase, it is projected to double by 2020, and consumers will be located in Africa’s urban areas. UNCTAD (2013) states that by most account, African countries have not made significant progress in boosting regional trade. Over the period from 2007 to 2011, the average share of intra-African exports in total merchandise exports in Africa was 11 per cent compared with 50 per cent in developing Asia, 21 per cent in Latin America and the Caribbean and 70 per cent in Europe (UNCTAD, 2013). The afore-mentioned disparities in the African import-export situation also present the case for intra-African trade.

Experimentation in African Regional Economic Integration

Scholars have explored the question, feasibility, and necessity of African regional economic integration (Juma & Mangeni, 2018; Saasa, 1991; UNCTAD, 2016; United Nations Department of Public Information, 2014; World Bank, 2012) given the hardships the continent faces from time to time (Saasa, 1991). Saasa (1991) noted that economic groups in Africa attempt to integrate their economies at the level of trade and/or production. Saasa adds that the results from the attempts at integration are and have varied within and across economies. Analysis on the motives and processes of regional integration have been limited, with the most recent work being that of Juma and Mangeni (2018), who observe the existence of institutional innovation that is initiated and experimented with by African economies outside the purview of mainstream economic analysts. According to the United Nations Department of Public Information (2014), the average intra-regional trade in Africa is 10-12 per cent, while North America is 40 per cent, and Western Europe 60 per cent. Challenges to intra-regional trade include regional integration, infrastructure, economic diversification, climate change and disaster risks, conflict, and border issues. Kimenyi, Lewis, and Routman observe that intra-African trade can help the continent's industries become more competitive by creating economies of scale and weeding out producers that are less productive in the market place. The scholars add that intra-African trade can establish and strengthen product value chains and facilitate transfer of technology and knowledge via spillover effects. Lastly, the scholars assert intra-African trade can incentivize and spur infrastructure development and attract foreign direct investment. Many countries, including Africa, have opted to confront their development problems jointly (Saasa, 1991). For instance, the European Union is the proponent of Economic Partnership Agreements. The United States of America is the proponent of the African Growth and Opportunity Act. It is recognized that African heads of government agreed to establish a Continental Free Trade Area (CFTA) in 2012 and started negotiations in 2015. Juma and Mangeni (2018) states that CFTA was preceded by the Tripartite Free Trade Area Agreement in June 2015 in Egypt, an agreement which covers 26 nations with a population of 720 million and Gross Domestic Product (GDP) of US\$1.3 trillion. CFTA will cover more than a billion people in 55 countries with a combined GDP of over US\$3.5 trillion (Juma & Mangeni, 2018). According to the African Union, the objectives of the CFTA are to¹:

- Create a single continental market for goods and services, with free movement of business persons and investments, and thus pave way for accelerating the establishment of the Continental Customs Union and the African Union Customs Union;
- Expand intra-African trade through better harmonization and coordination of trade liberalization, and facilitation regimes and instruments across Regional Economic Communities and across Africa in general;
- Resolve the challenges of multiple and overlapping memberships, and expedite the regional and continental integration processes; and
- Enhance competitiveness at the industry and enterprise level through exploiting opportunities for scale production, continental market access and better reallocation of resources.

It is important to note that not all African governments signed the CFTA at its launch in Kigali, Rwanda, in early 2018. Each country should be allowed to examine the agreement in detail as well as fully assess the positive and negative benefits anticipated to its economies as a result of participation in the agreement.

Resource Appraisal in Africa

An authentic agro-economy for Africa demands the intelligent application of knowledge, and human expertise that is adaptive to changing circumstances and conditions. Researchers content that the continent is endowed with natural resources, of which, their exploitation reflects of the office bearers and leaders in governments. Agro-economy planning ensures that the trade of commodities benefits the actors involved, and directs efforts to all sectors of the economy. An important feature to complement agro-economy planning is the "demographic dividend", the young people in Africa. With the increase in business and social networks, young

¹Information on Continental Free Trade Agreement details as found on the African Union website, <https://au.int/en/ti/cfta/about>

people possess now more than ever the opportunity to propel their countries to the next frontiers in agro-economy. However, this potential needs to be assessed and evaluated on a case-by-case basis as the continent is rich in culture, and heterogeneous.

Case Studies

Case Study 1: Africa's Chicken Crisis²

The poultry sector featured prominently on the news headlines in 2016. Evidence suggests that there was an outcry from the poultry sector in certain African countries owing to huge inflow of chicken imports from Brazil and other foreign countries. It was argued by the producer organization that the cheap chicken imports were exerting pressure on their local poultry sectors, and thus curtailing the ability of smallholder farmers to compete on an equal basis. Giving advice on the solutions to the chicken crisis, Calestous Juma argued that Africa's chicken crisis is an expression of overall weaknesses in its agricultural system. He exhorted that if Africa cannot raise its grain production it cannot expect to do well in increasing its chicken output. The scholar suggested for upgrading the overall agricultural systems as a solution to the chicken crisis, in particular, the following measures:

- Addressing feed cost and quality issues.
- Better breeding and extension programs akin to those needed for crops.
- Disease control.
- Addressing infrastructure and logistical concerns.
- Availing credit for producers.

Case Study 2: A Twitter Chat on Agripreneurship in Africa - #AskCJuma

On Saturday June 18, 2016, Calestous Juma (@calestous), The Tony Elumelu Foundation (@TonyElumeluFDN) and GroIntel (@GroIntel) hosted Twitter Chat #AskCJuma on Agripreneurship in Africa. The aim of the Twitter Chat was to enhance African agriculture across the entire value chain, and not just farming. Twitter participants were from around the world and represented various disciplines and professions. According to the Tony Elumelu Foundation (2016), 30 per cent of their recruits in the Tony Elumelu Entrepreneurship Programme (#TEEP2015) class were focused on the agricultural sector. The Twitter Chat generated useful insights and suggestions which can be considered for implementation by any authority in Africa. We acknowledge the premier contributions and inspiration provided by the Chat, and suggests generic government action items to support local agribusinesses and individual entrepreneurs (Table 1).

Future Potentials and Welfare of the People Involved in Farming and Agribusiness

The main constraints and opportunities in the agricultural value chain are highlighted in numerous studies. These studies have also argued for more investments in agriculture by the private sector, especially capacity building, finance and technical support. Several institutions have aggressively promoted the image of agriculture in response to the calls for investments in agriculture. Future potentials and welfare of the people involved in farming and agribusiness will require many strategies, approaches, programmes, activities, and tools. An example of the needed approach in farming and agribusiness is continuous learning and experimentation. Learning and experimentation have formed the basis of innovation and sustainability in some of the initiatives in agriculture. It is argued in literature and in practice that the young people are the hidden force in agricultural entrepreneurship. Agricultural entrepreneurs can draw upon the history of the African people to create new thoughts and products in the agro-economy.

² Why does Africa import so many chickens? By Professor Calestous Juma, Harvard Kennedy School of Government, Belfer Center for Science and International Affairs, Cambridge, Massachusetts <http://www.bbc.com/news/world-africa-37617379> (Accessed on 12 October 2016)

Table 1: Summary of Expert contributions and Organization Action items from the #AskCJuma Twitter Chat on June 18, 2016

| Expert Contributions | Options to agricultural value chain actors to enable an authentic agro-economy |
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| The narrow focus on farming by agricultural value chain actors tends to result in undervaluing farmers and treating them as mere producers. | Improve the competitiveness of the farming enterprise through appropriate legislation, regulations, and finance. There is a need for organizations to experiment with the different aspects found within the multifunctional agriculture. |
| Farmers need to be viewed as entrepreneurs just like other actors along the full agricultural value chain. | Reward-systems to appreciate the entrepreneurial and risk-taking nature of entrepreneurs (farmers). |
| Farmers and other agripreneurs deserve the same incentives, access to capital, and legal support industrialists get. | Farming is a business which requires government and international support. Timely address of agro-trade concerns. |
| Unleashing potential in agribusiness calls for multi-stakeholder focus on research and funding. | Revisit the declarations made in African agriculture so as to honor the commitments made by the Heads and State of Governments such as Maputo Declaration, Malabo Declaration, and New Economic Partnership for Africa's Development - Comprehensive African Agriculture Development Programme. |
| Africa imports nearly 83 per cent of its food. This is partly because of the limited investment in the full agricultural value chain. | Enhance investments in Research and Development in the agricultural value chain to improve Africa's capacity to feed and nourish itself. |
| Investment in adequate infrastructure will enable African nations to also export food, and not just reduce imports. | Scout and adopt futuristic investments in the agricultural value chain. |
| Mobile technology can also propel African nations to become net exporters through improved labour and access to information. | Experiment with Information and Communication Technologies and their benefits and impacts in agriculture. |
| African agriculture tends to be concentrated where there is inadequate infrastructure, not where there is arable land. | Leverage on the competencies found in specific agro-based economies in Africa. Critical dialogue on finding common ground in land-use planning. |
| All major areas of agricultural investment require smart-partnerships between government, industry, and academia. | Experiment with public-private-partnerships (agriculture) in the economies of African countries. |
| The transition from traditional farming will involve upgrading agricultural technology along the full value chain. The hand hoe has become the enduring symbol of African agriculture. This needs to be gradually replaced by farm mechanization. | Modernize African agriculture through appropriate farm technologies for smallholder farmers. |
| Investments are needed to improve access and lower cost of farm equipment to increase productivity. | Address costs issues in farm mechanization. |
| There is a need for more fact-based publications on the agribusiness landscape in Africa to reveal where investments are needed. | Enhance the capacity of researchers to produce high-quality research and evidence that influences the agribusiness landscape. Commission strategic research in the agriculture sector. |
| Consistent policy support is essential for sustaining agribusiness. Many African countries are starting to realize this. | Take a pragmatic rather than an ideological approach to agribusiness. Some of the farmers that left Zimbabwe have moved to other countries where their knowledge and skills are valued. |

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| Storage often requires energy and processing technology which are linked to availability of adequate infrastructure. | Revisit issues in post-harvest processes. Elevate training in agricultural engineering and related skills. |
| Regional trade is a major stimulant of value chain development (e.g. the example of semi-processed products). | Continue with efforts linked to regional economic integration. Smart-partnerships in the agricultural value chain. |
| Listen to individual entrepreneurs and industry experts for possible investment opportunities. | Appreciate the critical mass of experts' in-country, and leverage on their knowledge, skills, and attitudes. Include business people in negotiating teams. |
| Seed improvement is a critical aspect of having a viable agricultural system irrespective of farm size. | Support local start-ups with skills, new research techniques, and enhanced cooperation with smallholder farmers. |
| Creative thinking across the agricultural value chain. | Start small. Smart-partnerships. Seeking out advice from authorities in African agriculture. |
| It is critical for African policy makers to monitor changing subsidy programs of imported markets. | Enhance knowledge and understanding of dynamics involved in subsidy programs. Targeted subsidy programs so that they achieve the expected results. |
| Create agri-information stations in rural areas; connect farmers to technology and information, a kind of a betting house. Farmers could visit the Agri-info station and find pricing on mounted screens, browse online and talk to virtual experts online. | Expand opportunities afforded with the digital economy to remote parts in African countries. |
| The low labour productivity is an opportunity for technological improvement, not condemnation of agriculture. Many of the technologies and skills developed to improve agriculture often diffuse into other sectors of the economy. | Assess critically the contribution of agriculture to African economies, and leverage on the findings. |
| A focus on value-chain efficiency would result in greater labour productivity and economic diversification. | Enhance efficiency in agricultural value chain. |

Source: Authors

The young people are essentially the face of disruption in agriculture and agribusiness. An emerging concept targeted at the continent, and gaining traction is innovative volunteerism used within the context of food security and environment. Innovative volunteerism aims to maximize on the energy and power of Africa's people especially the young people in food security based efforts that protect and preserve the environment (Munang, 2018). Embedded in innovative volunteerism is the argument that people, especially the youth and the talents, skills, energy, and creativity they represent, is the sovereign capital to be invested in catalytic transformation of the continent's economic and productive sectors.³In particular for the agro-economy, the contexts are different and it is prudent to suggest that the success in the trade of commodities partly lies in the facilitation processes that are done to assist both small-scale and large-scale farmers. In innovative volunteerism, the facilitation is through climate action, whose implied ultimate goal is the liberation of the peoples of Africa including their capacity to compete in agro-trade on their own terms as well as shape economies and transformation. In this regard, policy, regulation and legislation are a key in fostering innovation in agro-economy planning in Africa. In addition, thorough assessments and studies would need to be done to present the case for private sector investment in the field as well as for partnerships. As the case studies have hinted, there is an aptitude required of African governments and leaders in order for them to make informed decisions that attest to their preparedness for times of the present and times of the future. While there are a host of factors and variables in agro-trade, any trade agreements entered upon by African leaders, governments, and the private sector, should be explicit on its accrued benefits to the overall agro-economy. As evidenced in Table 1 summary, pertinent

³ Dr. Richard Munang's new book, Making Africa Work through Power of Innovative Volunteerism, is published, <https://thisisafrika.me/making-africa-work-power-innovative-volunteerism/> (Accessed on 28 June 2018)

questions demand answers concerning Agripreneurship and its ability to foster the trade in and of agricultural commodities.

Concluding Remarks

This article has argued for an authentic agro-economy as the bedrock to African economies. African governments should invest in intra-African trade, and proceed to reduce the import bill as well as facilitating the growth of local agribusiness. The article has also shown that trade agreements occur in proximity to an association with the prevailing social order in agro-economies in Africa. We have also denoted that African governments should continuously assess and evaluate their national circumstances and priorities especially as it pertains to trade agreements and the ins-and-outs of the agricultural value chain. Any pristine concepts and initiatives such as innovative volunteerism are opportunities for the creation of synergies in the agro-economy. These synergies should be fully assessed by all actors. There are no guarantees to any entity that with written policy, regulation, and legislation in agro-economy, all entities will act professionally on the expressed principles and ethical practices as they participate in the agro-economy. A search for the authentic agro-economy potential will demand everyone's full attention in order to brave times of the present and times of the future.

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Author's Note

We dedicate this article to the memory of Professor Calestous Juma, FAAS, FRS, EBS, and (1953 – 2017). Calestous Juma was an Elder, a vast mind from Africa, and a scholar ahead of his time. His work is active. *Semper Fidelis*.