

Regional Trade Reduces Food Aid Needs



“More Zambian rural and urban poor rely on markets than on emergency distribution during local food shortfalls.”

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Bicycle transporters ferry maize over the border from Milange, Mozambique to Muloza, Malawi, July 2005

Effects of Southern African droughts and floods are mitigated when regional trade redistributes local food supplies

Challenge: Markets stocked with ample supplies of basic foods at reasonable prices mean that consumers with cash resources are more likely to cover their food production shortfalls with purchased food. Due to recurrent and sometimes severe food production crises affecting the region, governments in Southern Africa increasingly recognize the importance of regional food trade to respond to transitory food requirements and to promote small farmer income growth and food security over the longer run. National as well as regional policy harmonization, market facilitating services and infrastructure investments are critical to achieve this. However, the objective of an environment of “trade without borders” for basic staples, particularly maize, has been difficult to achieve. And recently a number of countries in the region have taken steps to constrain private maize trade through export bans, import tariffs, and state monopolies on trade.

Initiative: Starting in January 2004, the Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN) and Michigan State University (MSU), together with the Ministries of Agriculture in Malawi, Mozambique, South Africa and Zambia, initiated a joint research and policy outreach activity on regional maize marketing and trade in the Southern Africa region. The objectives were to identify policy options for promoting small farmer welfare and national food security through improved maize marketing and trade policies. The Rockefeller Foundation funded this joint FANRPAN/MSU initiative, which has benefited from and worked synergistically with USAID mission-funded activities in Mozambique and Zambia under the Food Security III Cooperative Agreement, with support from AID Washington/EGAT and Africa Bureau. FANRPAN has also received assistance from the USAID/RCSA Office in Botswana to convene multi-stakeholder regional policy meetings in June and October 2005 to review field research results and explore regional trade policy options.

Results: Drawing on insight from the conferences and related outreach, a number of follow-up steps have been initiated and are continuing, involving the Ministries of Agriculture and Finance in Mozambique and Zambia, the Zambian National Farmers Union, the Agricultural Consultative Forum in Zambia, FANRPAN, and other stakeholders. Several important policy decisions have been adopted that will promote smallholder and consumer welfare. In Zambia, local government taxes on maize movement across district boundaries were reduced substantially and harmonized to a uniform level (now less than \$0.05 per bag of maize traded) in June 2005. The Zambian government temporarily suspended the import duty on maize from non-COMESA countries in September 2005. Mozambique has maintained its open borders policy on maize exports in the north, and on imports in the south, allowing producers in the north to obtain higher prices, while consumers in the south can purchase maize at lower prices.