

Agricultural Globalization in Reverse: The Impact of the Food Crisis in West Africa

by
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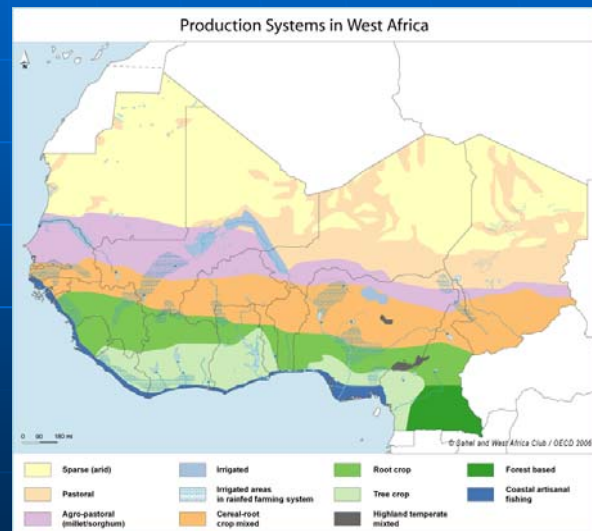
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The Issue

- Soaring prices and export bans by Asian and West African exporters are driving many countries away from trade-based food security policies.
- This “globalization in reverse” raises serious questions about how food security can be achieved in the region, and at what cost.

The Context

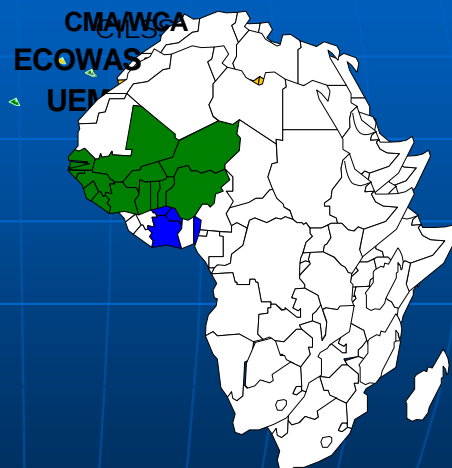
- Importance of trade in West African countries food security strategies
- 4 types of countries
 - Chronic importers
 - Exporters that became importers
 - Staple food exporters
 - Importers & exporters



Source: Web Atlas on Regional Integration in West Africa
<http://www.atlas-ouestafrique.org/spip.php?article170>

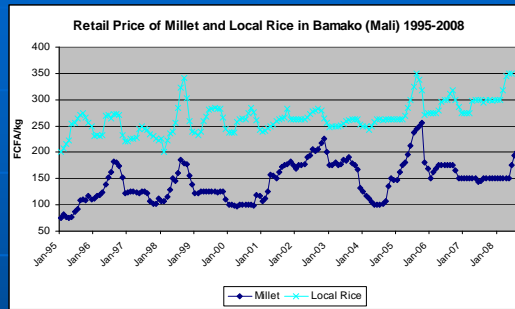
The Context

- Regional organizations promoting trade & economic integration:
 - ECOWAS
 - UEMOA
 - CMA/WCA
 - CILSS
- Recent reversals of regional trade reforms dating from the 1970s



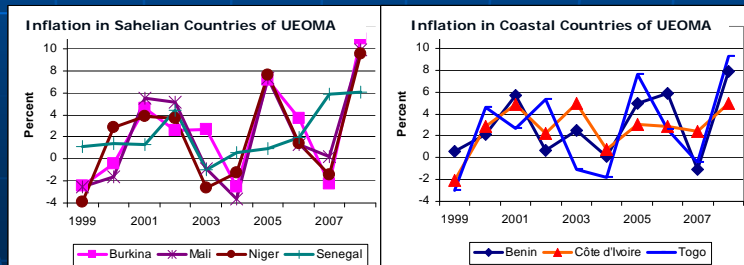
What triggered the change?

- Demand-driven soaring prices → consumer unrest
 - Food
 - Other goods including fuel & fertilizer



Source: Graph prepared by authors using data from OMA and AfriqueVerte bulletins

- Export bans
 - Asian exporters
 - West African exporters
 - Motivation



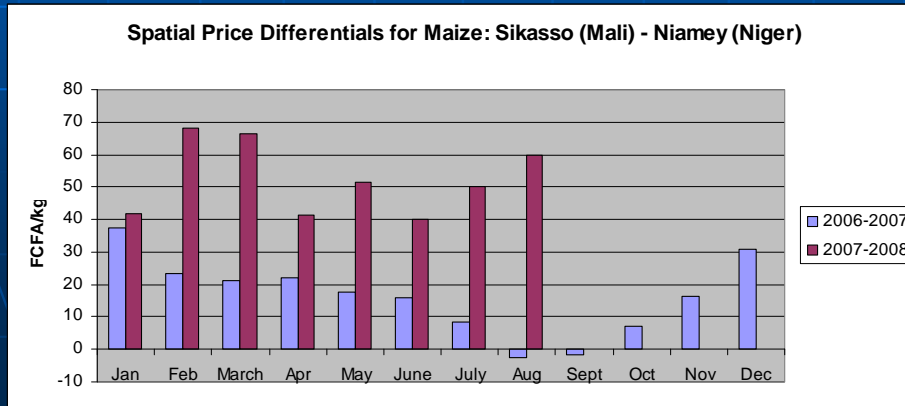
Source: Compiled from UEOMA inflation rate data for 12 month periods ending in May of each year.

Policy responses

- Price-reducing strategies
 - Consumer subsidies
 - Price controls
 - Import tax exemptions
 - Export restrictions
- Increase national production
 - New agricultural investments
 - Input subsidies
- Safety-net programs

Price-reducing strategies

- Import tax exemptions
 - Limits on effectiveness in lowering prices
 - Reduces government revenues
- Export restrictions
 - Reduce regional integration
 - Reduce production incentives in the restricting countries



Export restrictions

- Changes in grain trade volume (2007/08):

- Mali (Nara) → Mauritania* -38%
- Mali (Sikasso) → Côte d'Ivoire -27%
- Mali (Sikasso) → Niger (maize) +174%
- Mali (Sikasso) → Senegal (maize) +221%
- Burkina (Kantchari) → Niger +30%

* Prices in Mauritania fell due to subsidies on wheat products and rice from overseas.

Export bans: Like a badly designed & implemented export tax

- Push production from low-cost to high-cost regions
- Raise transaction costs of trade
- Cost unpredictable to traders
- "Tax" flows into private pockets rather than public coffers

4 possible strategies for the future

1. Increased national self-sufficiency
2. Regional protected trade zone
3. A WTO-style, open-trade approach
4. Bilateral agreements within the context of regional economic communities

Questions to debate

1. Can trade policy protect the poor's access to food without undermining production incentives?
2. What policy changes are needed at the national and regional level to attract private investment into agriculture in West Africa assuming an enduring high-price environment?
3. What are the appropriate policy responses for West Africa to the risk and uncertainties in the global food market created by export bans?
4. Is it possible to have rule-based food policy decision making in West Africa?

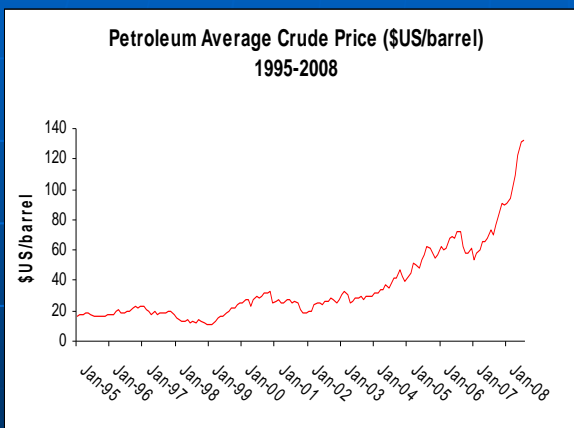
Empirical questions: What we don't know

1. How willing are consumers to substitute regionally produced foods for imports?
2. To what degree have the higher prices been transmitted back to farmers ?
3. How will comparative advantage evolve within the region and between the region and the rest of the world?
4. What are the major producing basins for staple crops in the region and what are their likely supply responses?
5. Which among the technologies now available on the shelf are most likely to increase regional food supplies quickly?
6. What are the food assistance programs to the poor that are most compatible with improved production incentives?

Thank you for your kind
attention

Merci de votre aimable
attention

Evolution of Petroleum and Urea Prices



Source: Graph prepared by the authors using data from IMF IFS



Source: www.crugroup.com

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