



Africa
Foresight
Group

Connecting Africa's agricultural output to global markets

September 2021



Africa has the potential to feed itself, eliminate food insecurity, and be a major player in global food markets

With an abundance of labour, land and untapped water, Africa has the resources necessary to ramp up its agricultural production



- Africa is agro-ecologically and climatically diverse
- This diversity offers the opportunity to produce a wide variety of crops and commodities



- Water resources are, on average, greatly underutilized
- Only 2 to 3% of renewable water resources in Africa are being used, compared to 5% worldwide



- Africa also has an abundance of arable land, majority of which is uncultivated
- The FAO¹ estimates that Africa holds 60% of the world's uncultivated arable land
- In addition to this, OECD² estimates that Africa accounts for 21% of pastoral land and 14% of crop land



- Relative to other regions, Africa has low labour costs, which encourages labour-intensive farming-related products and services
- One recent study found that minimum wages in Thailand were two to three times higher than those in Ghana and 2 to 3 times higher than those in Senegal

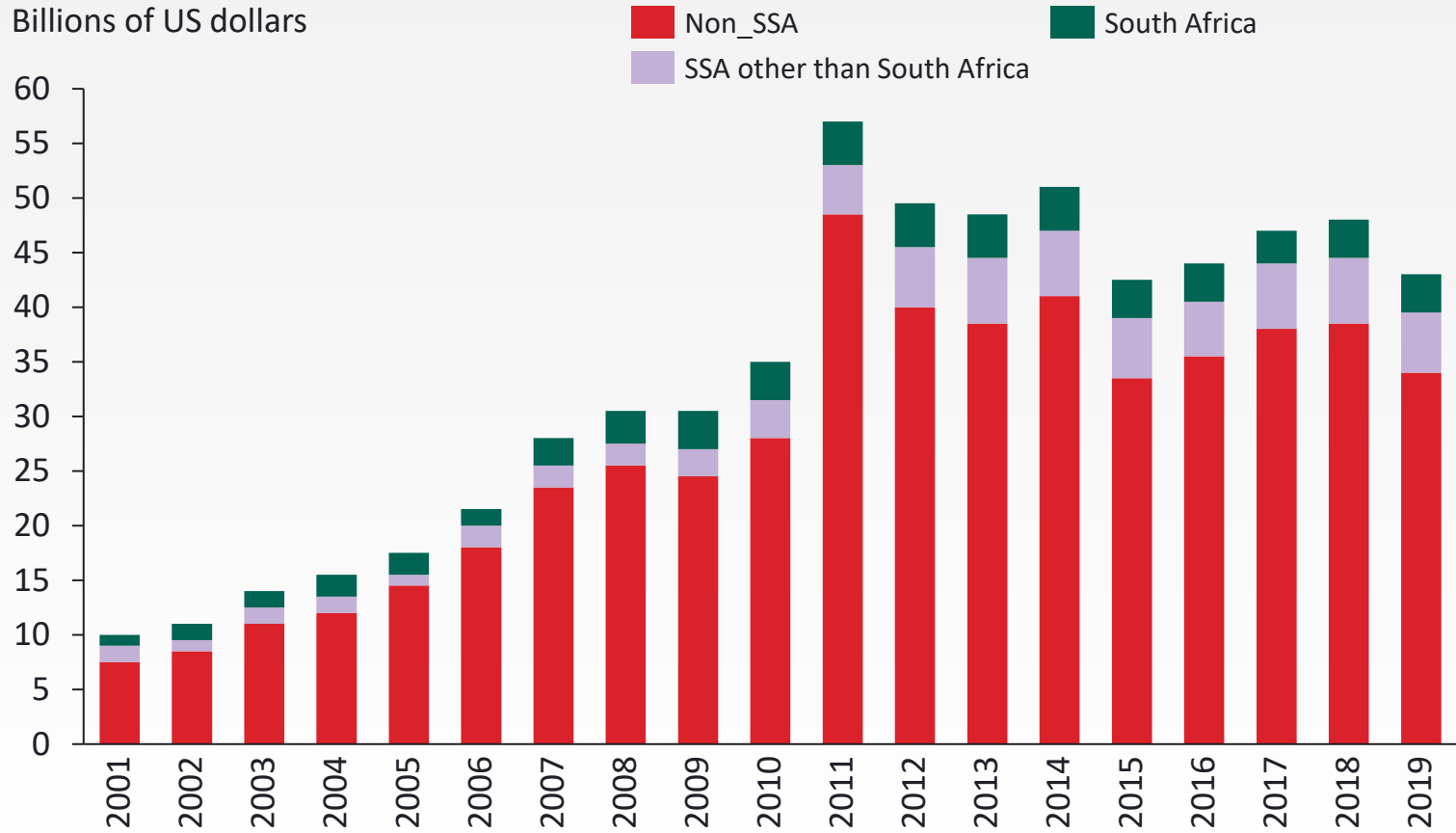
[Oxford Business Group](#), [World Bank](#)

1. Food and Agriculture Organization-FAO

2. Organisation for Economic Co-operation and Development- OECD

Yet African nations struggle to meet local demand and often import food from the rest of the world

Annual value of food commodities and products imported by Sub Saharan African(SSA) countries



Important Notes



While the value of SSA food imports rose rapidly between 2005 and 2011, the annual value of those imports declined after 2011 and has seen little appreciation or depreciation since.



Initially, as the continent's population boomed and became more urbanised, agricultural imports surged— doubling between 1985 and 2013. However, this trend has since plateaued.



The increase in food imports highlights farmers' inability to meet the demand for food, often due to low levels of productivity and high amounts of waste.

Intra-African food trade would in fact cater to the demand for food across the continent and minimise food waste.

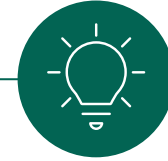
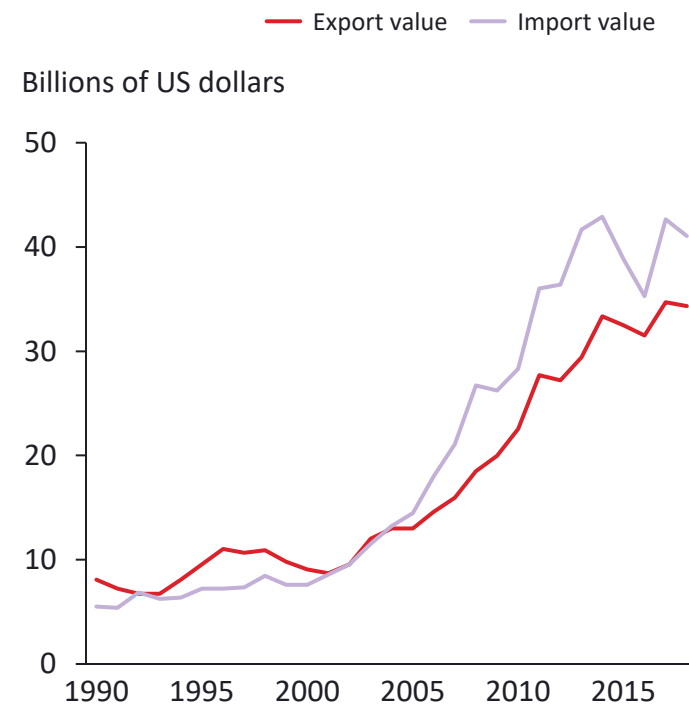
Trade in agricultural goods is an important source of GDP revenue across the continent but remains relatively low



Africa's participation in world trade is decreasing



The value of agriculture exports from the continent is rising



There are several opportunities to boost levels through intra-African trade

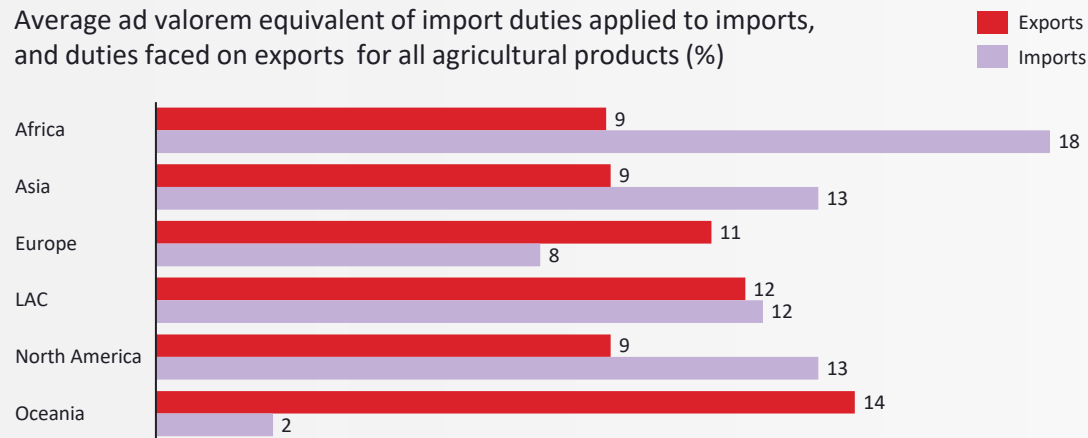
- Africa's participation in the global trade of agricultural goods is low compared to other regions
- The total trade between African nations was only 15% in 2019, compared with 68% in Europe, 60% in Asia, and 47% in the Americas
- This is despite the fact that many countries on the continent are driving rising values in agricultural exports
- Effectively, the low levels of regional and intra-continental trade is offsetting the rising export values, thereby reducing global trade values overall

This is a challenge exacerbated by the high cost of trade within and between countries in Africa

Tariff related issues



Average ad valorem equivalent of import duties applied to imports, and duties faced on exports for all agricultural products (%)

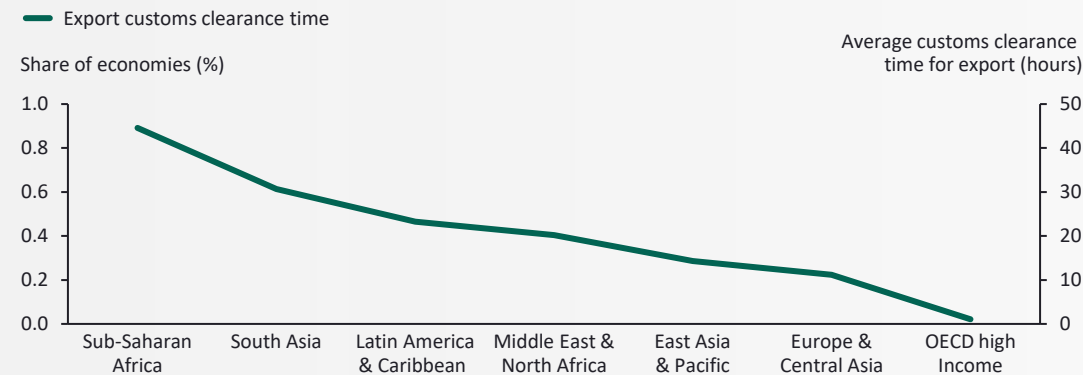


- Trading with African countries can be highly complex and expensive
- One key hinderance to inter and intra-Africa trade is the tariff barriers which include government-induced trade restrictions
- Africa is the region that applies the highest levels of protection globally, especially in the agricultural sector. It is also the region that enjoys the lowest tariffs in the world on products it exports worldwide
- In 2018, the government of some African nations reduced the tariffs associated with imports and exports in a bid to encourage intra-regional trade

Non tariff related



Time to export and import by region



- There are also non-tariff related issues including the amount of time it takes to process export documents, issue border clearance, etc.
- The attempts to drive compliance and documentation are inefficiently implemented and create time related opportunity costs which are compounded by administrative costs at the border
- There is a tremendous opportunity for businesses and institutions that can expediently facilitate trade and reduce the impact of non-tariff barriers

China and Thailand have taken bold steps in the past to achieve food security



Thailand

Context



Before 2018, Thailand **faced food shortage issues** as a result of **fluctuating price of agricultural produce, inappropriate use of farm inputs, lack of water, depleted natural resources and aging farmers**. The country launched a 20-year commodity strategy to address these issues



China

China has **maintained a grain self-sufficiency rate above 95%** in recent years, **contributing greatly to global food security**. The country transitioned from a **recipient of the World Food Programme's (WFP) assistance at the end of 2005 into a donor to WFP**

Strategy



- **Empowered small-scale farmers** to be resilient against price shocks **through capacity development**
 - Created **micro-lending schemes** for smallholder farmers
 - Providing **opportunities for off-farm work** in the value chain
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- Chinese Government identified **the key poverty counties nationwide** as the focus for its assistance
 - Smallholders were empowered to **developed smallholder-based farming technology**
 - **Transport conditions in the poor counties were improved**
 - Structures were put in place to **manage food utilization in the poor counties**

Results



- **Effective management of agricultural resources** towards aimed to climate change
 - **Upgrade of productivity and value-added** among farmers
 - Global position for applicable ag technology and research
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- Reposition in the world grain market from **net exporter to net importer**.
 - Food production **increased faster than the average population growth rate** in most poor counties, improving the availability of food those counties

Take action

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