



developing
trade consultants

policy • research • capacity building

Analysis of Agri-Food Trade Structures to Promote Agri-Food Trade Networks among the OIC Member Countries *Part II*

Ben Shepherd, Principal.

12th Meeting of the COMCEC Agriculture Working Group.
September 20th, 2018.

Outline

1. Country Case Studies

1. Bangladesh
2. Cameroon
3. Morocco

2. Conclusions and Recommendations

1. Country Case Studies

- ▶ Three country case studies:
 - ▶ Bangladesh (Asian Group).
 - ▶ Cameroon (African Group).
 - ▶ Tunisia (Arab Group).

- ▶ Qualitative + quantitative methodology, based on:
 - ▶ Data analysis.
 - ▶ Literature review.
 - ▶ Review of policy documents.
 - ▶ Semi-structured interviews with stakeholders.

1. Country Case Studies

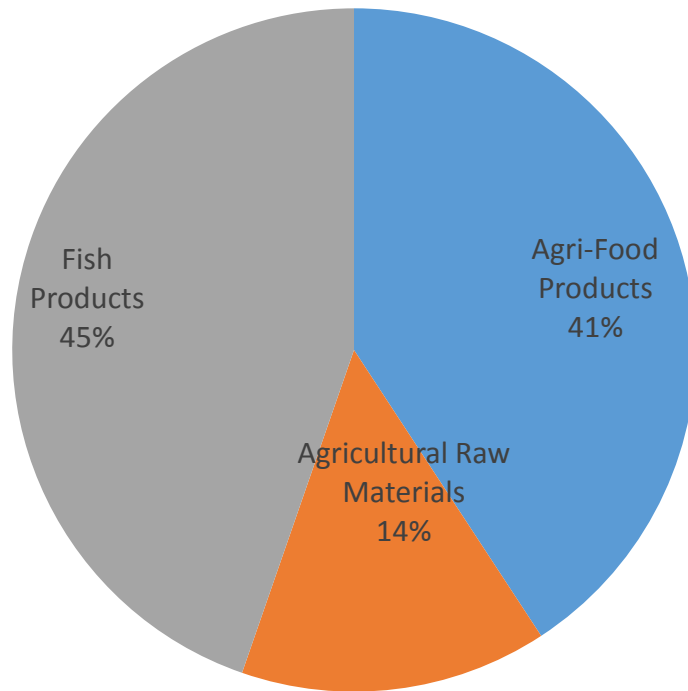
Bangladesh

- ▶ Agriculture is 14.5% of GDP, but over 40% of employment.
- ▶ Seventh Five Year Plan (2016-2020):
 - ▶ Boosting agricultural productivity
 - ▶ Generating employment opportunities for the rural poor
 - ▶ Fostering diversification.
- ▶ Engaged in liberalization since the 1990s, with twin aims of increasing productivity and ensuring self-sufficiency in staples.
- ▶ Current environment: rapid transformation from low input-low output subsistence, to commercial farming.

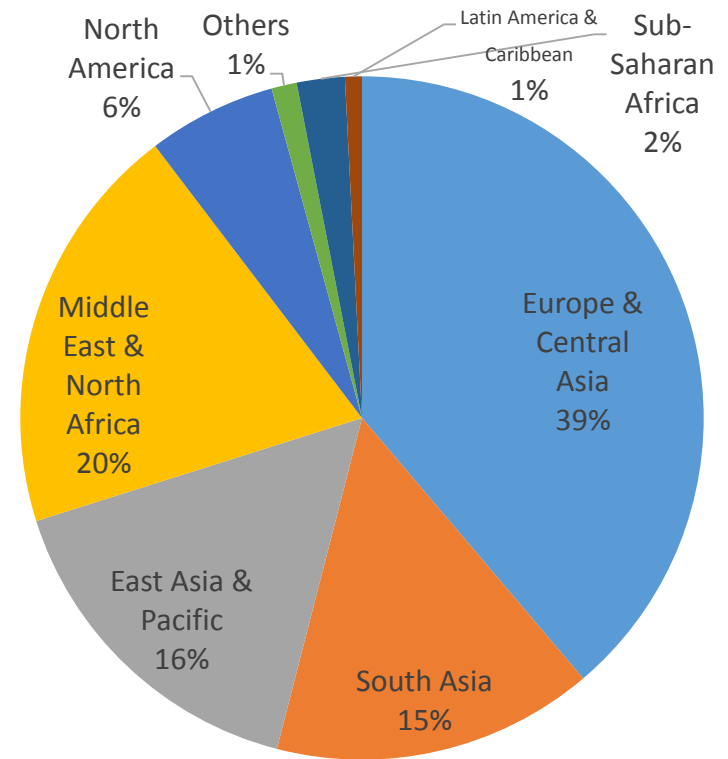
1. Country Case Studies

Bangladesh

Exports by Section



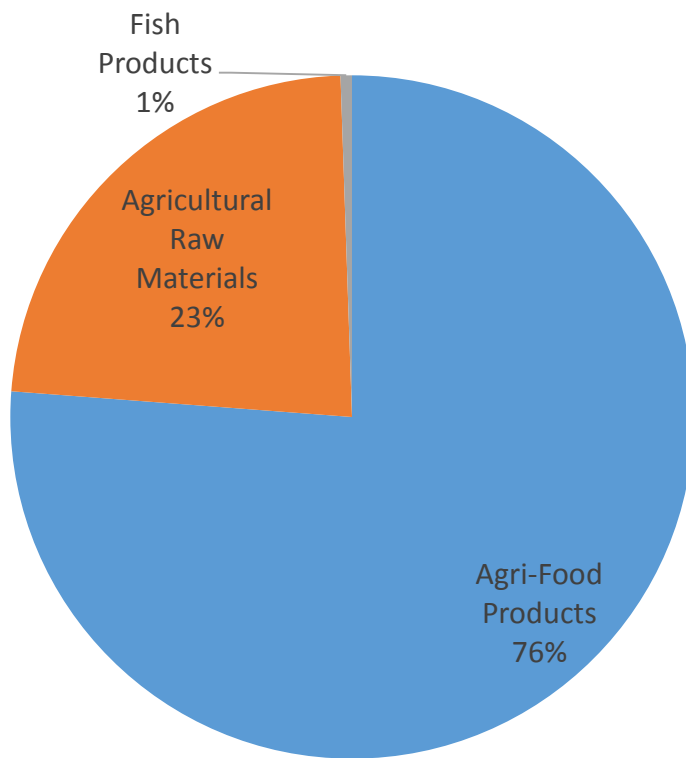
Exports by Destination



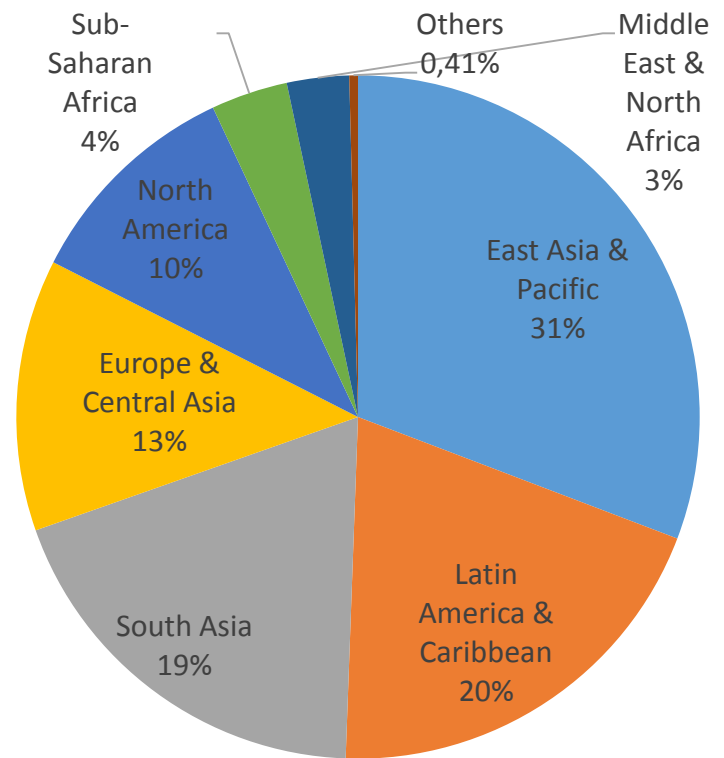
1. Country Case Studies

Bangladesh

Imports by Section



Imports by Origin



1. Country Case Studies

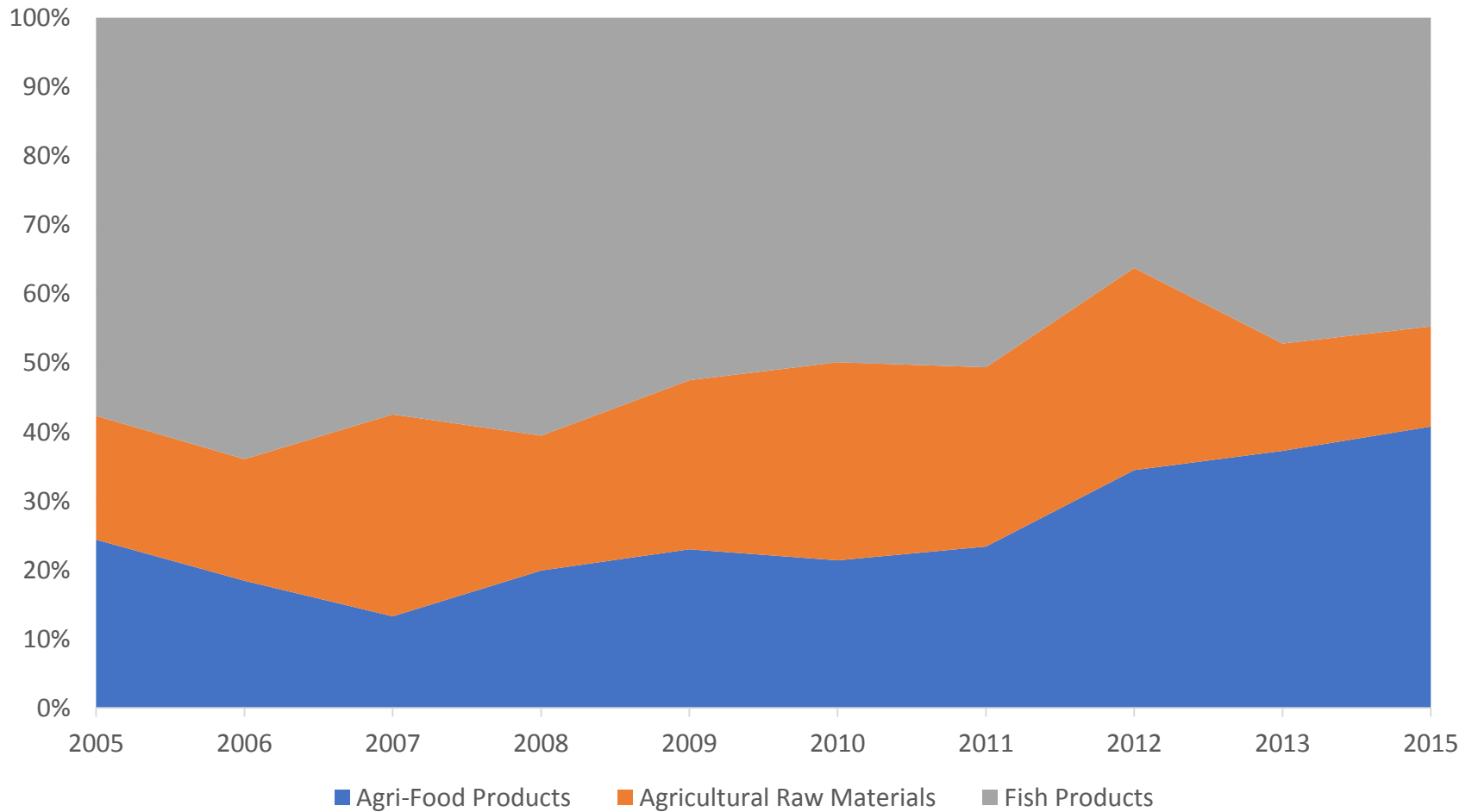
Bangladesh

- ▶ Exports dominated by fish products and agri-food products.
 - ▶ Mostly directed regionally and to Europe, Middle East & North Africa, and East Asia & Pacific.
- ▶ Imports mainly agri-food products and agricultural raw materials.
 - ▶ Sourced regionally, and also from most other regions.

1. Country Case Studies

Bangladesh

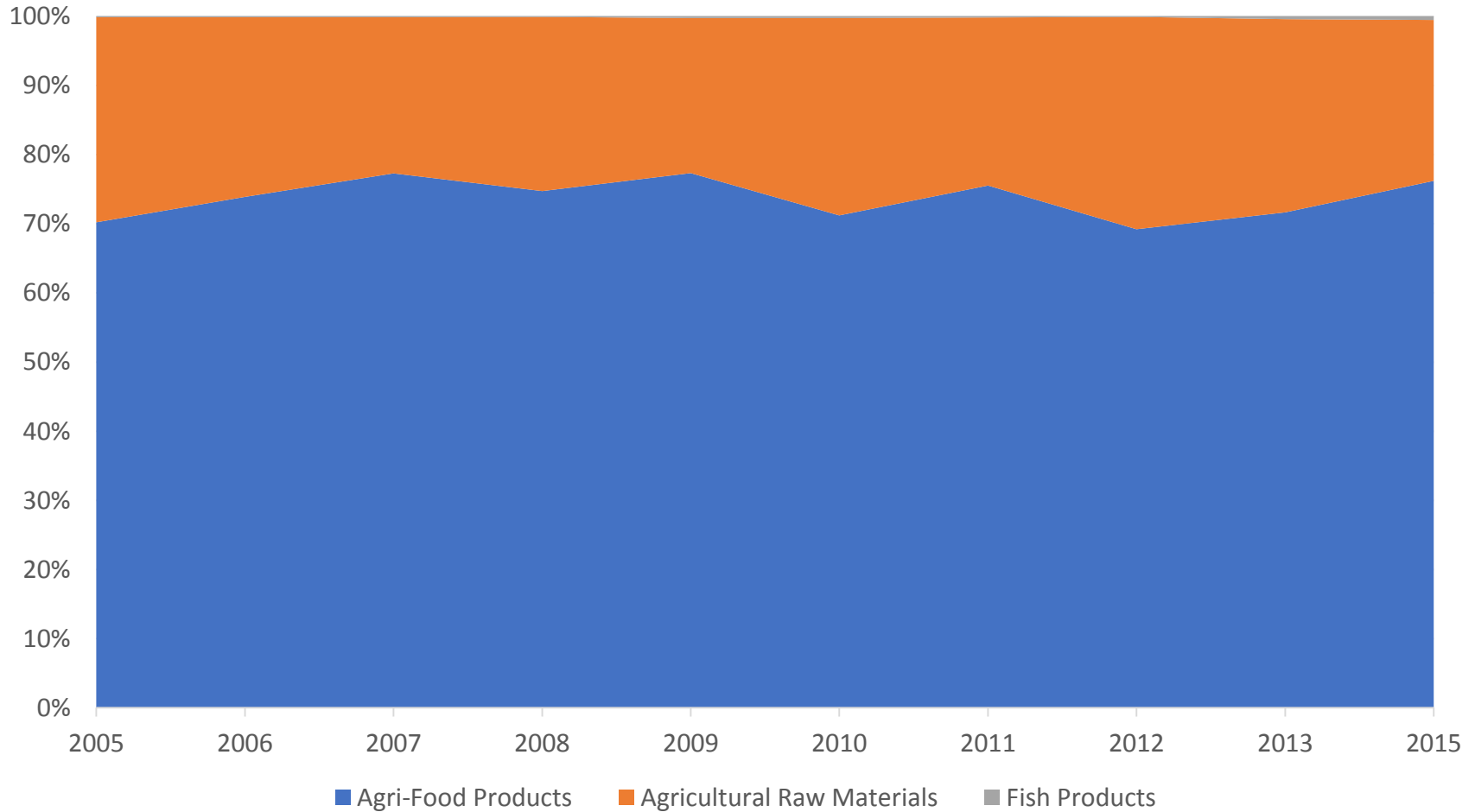
Composition of Exports



1. Country Case Studies

Bangladesh

Composition of Imports



1. Country Case Studies

Bangladesh

- ▶ Bangladesh's trade bundle is relatively concentrated:
 - ▶ Top ten export products = 86%; top ten export markets = 70%.
 - ▶ Top ten import products = 88%; top ten import sources = 75%.
 - ▶ But the trend is generally towards diversification, albeit slowly.
- ▶ Key export product is fish, followed by textile fibers.
- ▶ Key import product is cotton, to feed the rapidly growing garment industry, followed by palm oil.
- ▶ Non-OIC countries account for around 80% of export destinations, and 70% of import origins.
 - ▶ Most important export destinations are India, China, EU, Saudi Arabia, UAE, USA, and Pakistan.
 - ▶ Most important import sources are Indonesia, India, Brazil, Argentina, Malaysia, Canada, Uzbekistan, Australia, USA, and Thailand.

1. Country Case Studies

Bangladesh

- ▶ **Agricultural quality framework:**
 - ▶ BSTI formulates national standards, enforces compliances, and undertakes certification.
 - ▶ National Quality Policy 2015 and Safe Food Act 2013, with establishment of BFSa in 2015.
 - ▶ Yet to become a member of SMIC, which has hampered the development of halal value chains through recognized certifications.
 - ▶ Working on harmonizing standards with international reference points, also through regional organizations like SAARC and SARSO.
- ▶ **Constraints identified by stakeholders include:**
 - ▶ Lack of capacity, particularly in relation to standards and certification.
 - ▶ Infrastructure quality.
 - ▶ Difficulties in border clearance.
 - ▶ Lack of awareness and private sector capacity.

1. Country Case Studies

Bangladesh

▶ Key lessons:

- ▶ Bangladesh's exports and imports of agricultural products are highly concentrated.
- ▶ Non-OIC members play a particularly important role, partly because Bangladesh does not have RTAs with OIC members.
- ▶ Non-recognition of standards and certification by trading partners is a major obstacle in the way of further export expansion.
- ▶ Trade-related infrastructure is in need of further upgrading to support increased export and import flows.
- ▶ Bangladesh has a National Quality Policy, but substantial challenges remain in terms of setting up a comprehensive standards and conformity assessment system.

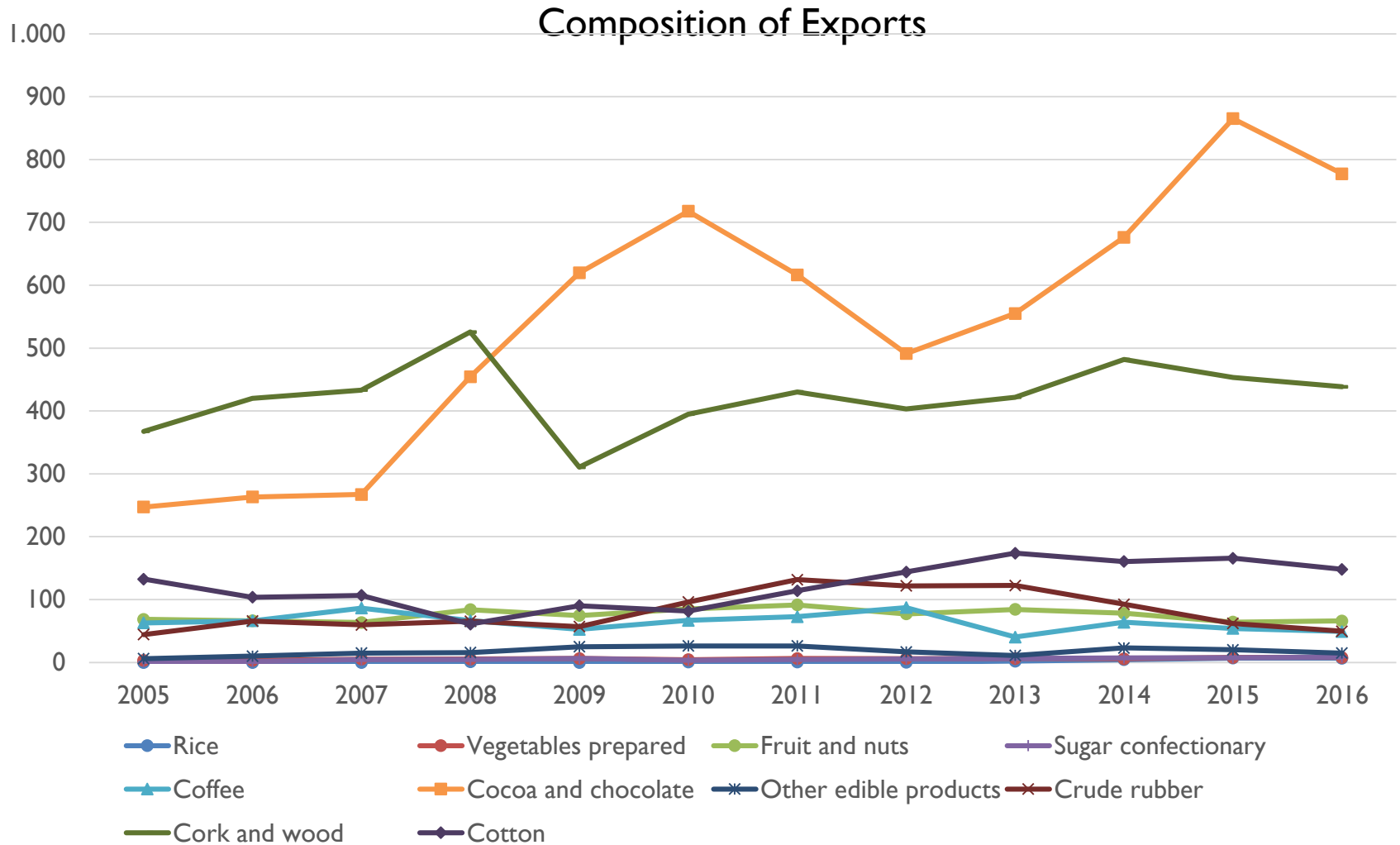
1. Country Case Studies

Cameroon

- ▶ Agriculture accounts for 16% of GDP, and 62% of employment.
- ▶ Most economically diverse country in the region, but historical policies limited export capacity.
- ▶ Undertaking liberalization since the 1990s, through tariff reforms but also through strategic use of RTAs with (e.g.) Malaysia, Bangladesh, and Indonesia.
 - ▶ Their manufacturing sectors use raw materials provided by Cameroonian producers.

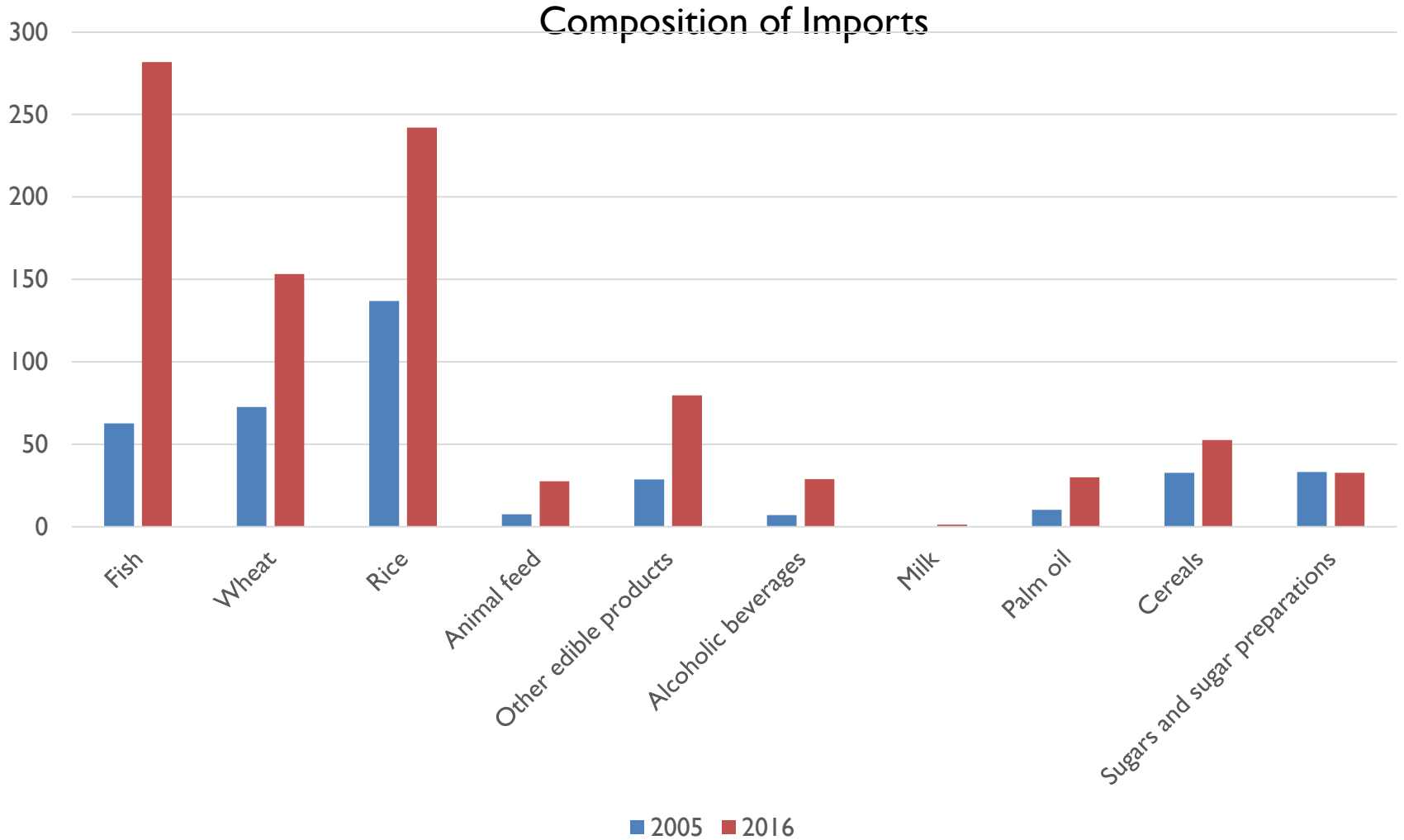
1. Country Case Studies

Cameroon



1. Country Case Studies

Cameroon



1. Country Case Studies

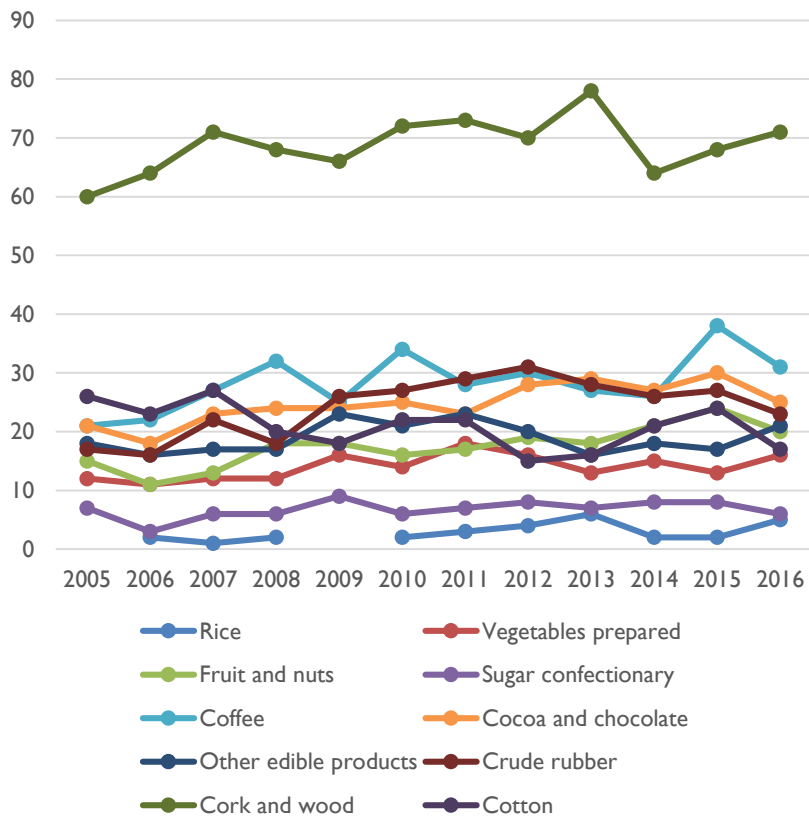
Cameroon

- ▶ Exports dominated by cocoa, and cork and wood products.
 - ▶ Bundle very concentrated.
 - ▶ No strong trend to diversification over time.
- ▶ Imports mostly fish, wheat, and rice.
 - ▶ Bundle relatively concentrated.
 - ▶ Evidence of increasing concentration over time.

1. Country Case Studies

Cameroon

Export Destinations by Product

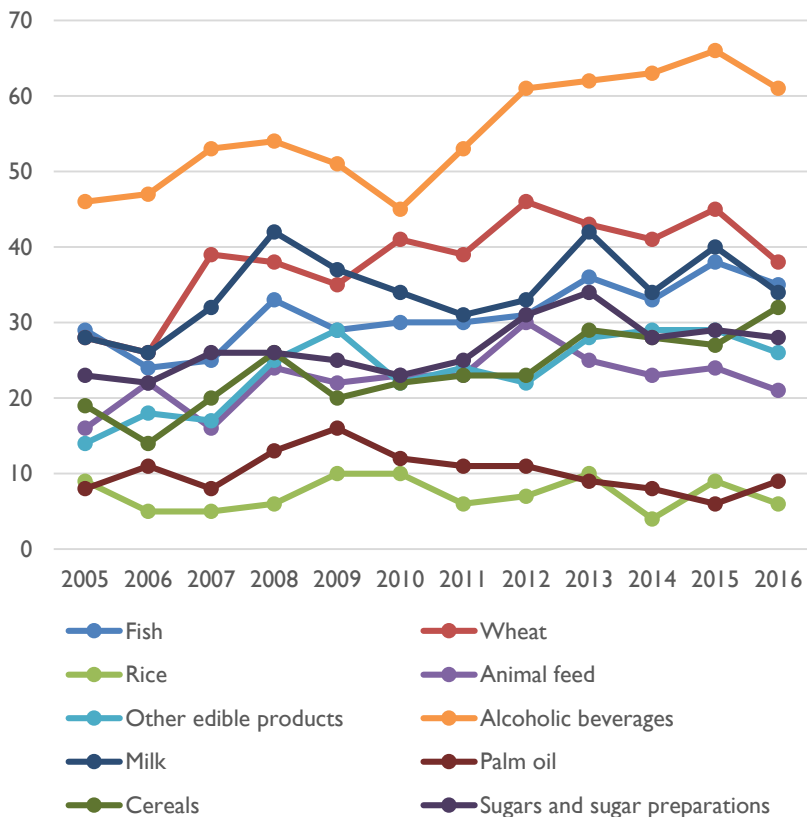


- ▶ Cork and wood exports most diversified.
- ▶ Indications of a slight increasing trend.
- ▶ But variable year-on-year.

1. Country Case Studies

Cameroon

Import Origins by Product



- ▶ Greater indications of diversification than for exports.
- ▶ Alcoholic beverages have the most import sources.
- ▶ Notable upwards trend for wheat.

1. Country Case Studies

Cameroon

- ▶ **Agriculture quality framework:**
 - ▶ Not cohesive or harmonized.
 - ▶ Lack of MRAs.
 - ▶ No national framework for food safety legislation. No formal regime for halal certification.
 - ▶ Infrastructure and procedural challenges.
- ▶ **Barriers identified by stakeholders include:**
 - ▶ Lack of access to inputs, which results in a low input – low output equilibrium.
 - ▶ Weak organization of value chains, and post harvest losses.
 - ▶ Limited access to credit for actors in agricultural value chains.
 - ▶ Infrastructure barriers.

1. Country Case Studies

Cameroon

▶ Key lessons:

- ▶ Agricultural trade can benefit from improvements in infrastructure and trade facilitation. Could be focused sub-regionally (e.g., Lake Chad Basin).
- ▶ NTMs are a major constraint on export performance.
- ▶ Need for institutional and human capacity building to help consolidate trade agreements, and promote structural transformation.

1. Country Case Studies

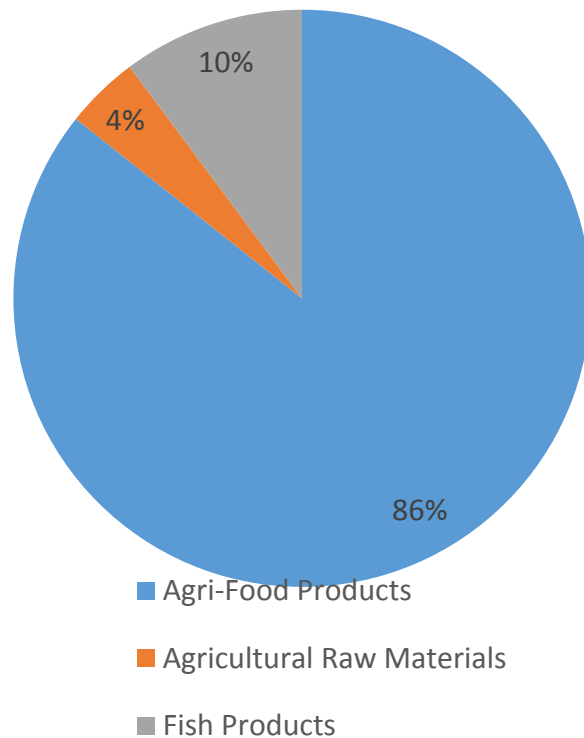
Tunisia

- ▶ Agriculture represents about 10% of GDP, and 17% of employment. 35% of the population live in rural areas.
- ▶ Agri-food is the leading sector for investment within industrial sectors (25%).
- ▶ Development Strategy 2016-2020 aims to modernize the sector, including by:
 - ▶ Supporting R&D.
 - ▶ Developing human resources.
- ▶ Liberalization of the sector since the 1990s.
 - ▶ Trade agreements with 50 countries, representing 500+ million consumers.

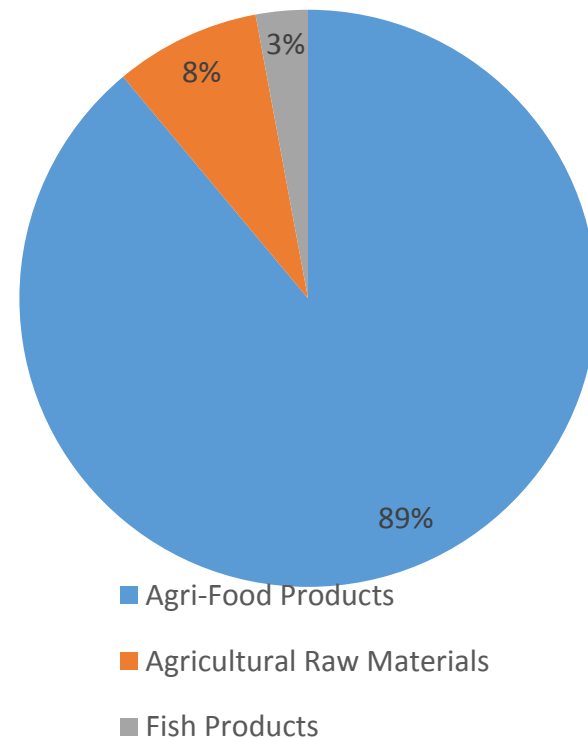
1. Country Case Studies

Tunisia

Product composition of exports



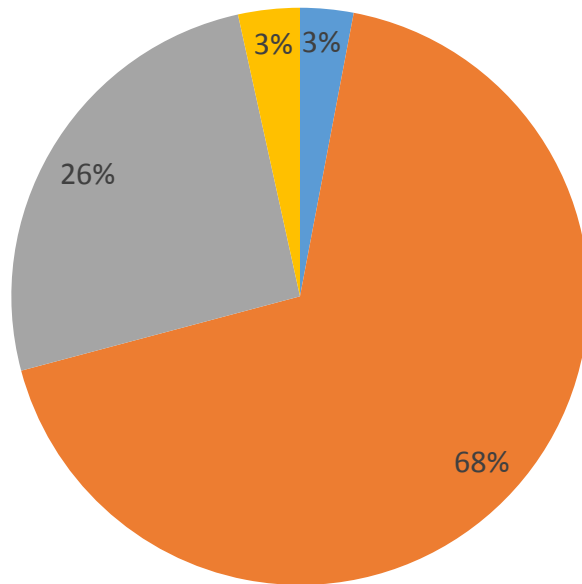
Product composition of imports



1. Country Case Studies

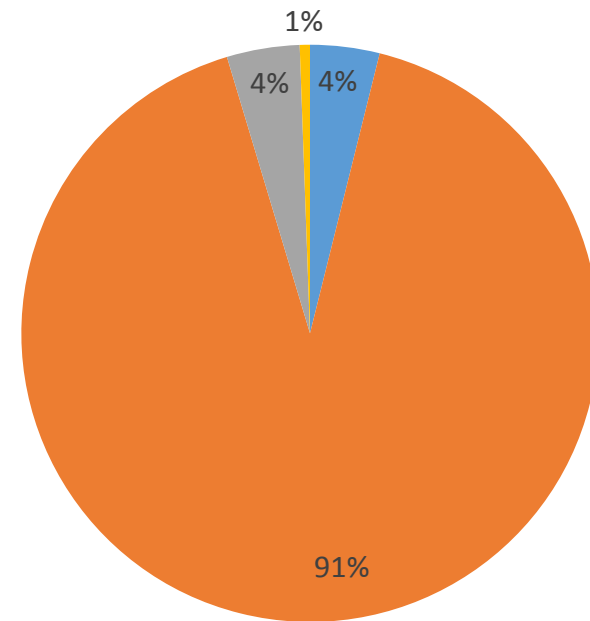
Tunisia

Export destinations



■ Asian OIC countries ■ non-OIC countries
■ Arab OIC countries ■ African OIC countries

Import sources

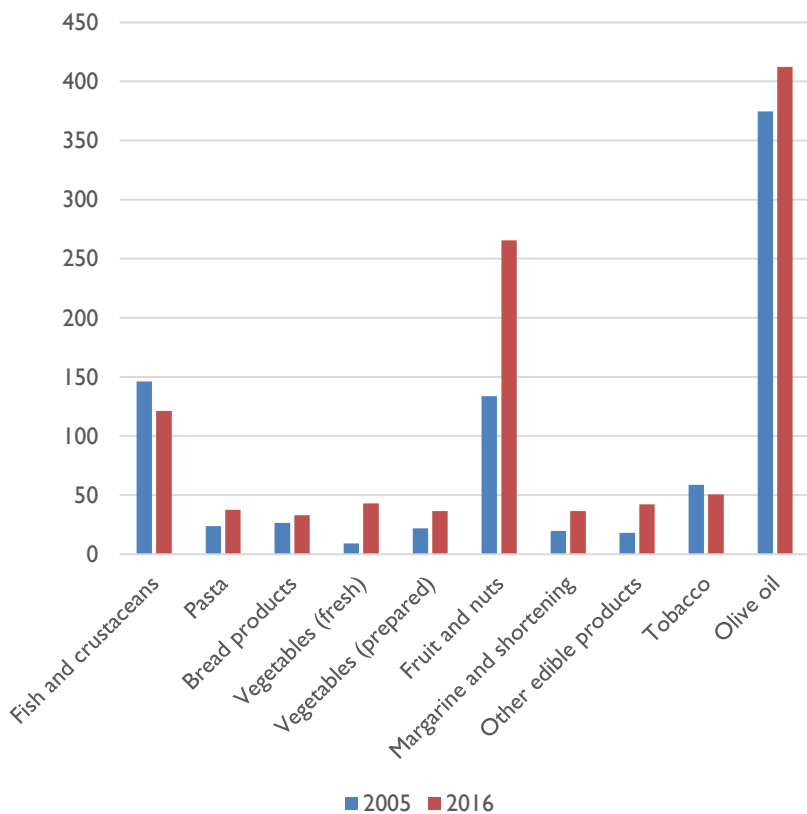


■ Asian OIC countries ■ non-OIC countries
■ Arab OIC countries ■ African OIC countries

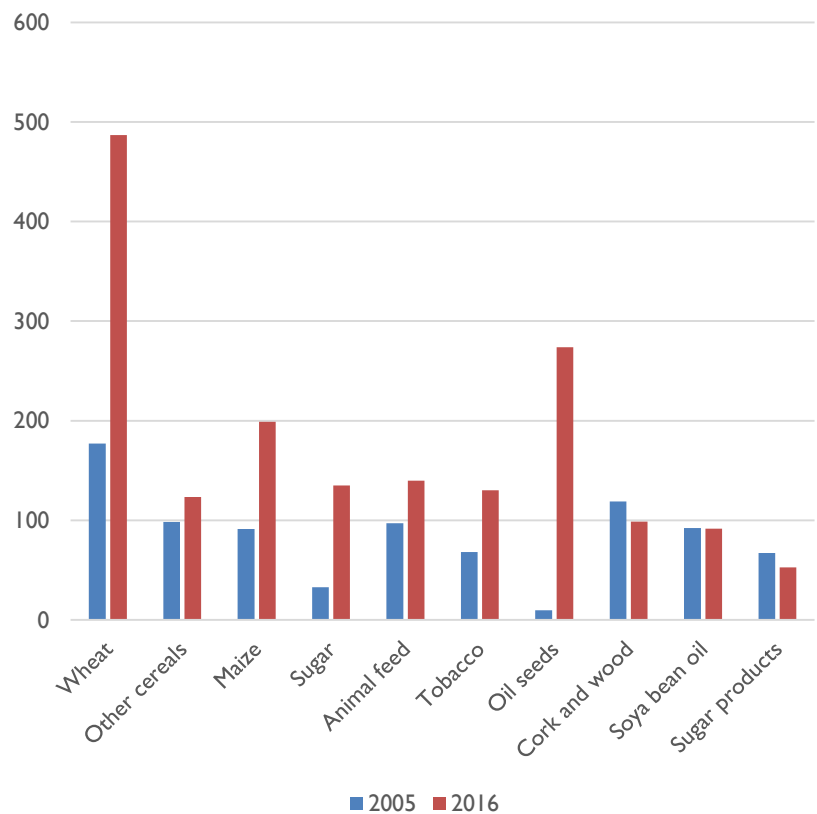
1. Country Case Studies

Tunisia

Exports by product



Imports by product



1. Country Case Studies

Tunisia

- ▶ Imports and exports both mainly agri-food products.
- ▶ Exports dominated by olive oil, fruits and nuts, and fish.
- ▶ Imports mostly cereals and oil seeds.
- ▶ No strong dynamic in terms of diversification of either exports or imports.

1. Country Case Studies

Tunisia

- ▶ Main export destinations:
 - ▶ Italy, Libya, EU, USA, Morocco, and Algeria.
- ▶ Main import origins:
 - ▶ Brazil, USA, EU, Ukraine, Argentina, Russia, and Canada.
- ▶ Exports and imports with OIC partners hover around 10% - 20% of the total, except for agri-food exports (40%).

1. Country Case Studies

Tunisia

- ▶ **Agricultural quality framework:**
 - ▶ Quality infrastructure is relatively well developed.
 - ▶ MRAs covering conformity assessment with Libya, Syria, Egypt, Morocco, and Jordan.
 - ▶ Adopted SMIC halal label in 2013, but still poorly developed.

- ▶ **Main barriers identified by stakeholders:**
 - ▶ Still many small farmers, so hard to generate economies of scale and international competitiveness.
 - ▶ Farmers' incomes suffer from policies that support low cost consumption.
 - ▶ Difficulties accessing finance.
 - ▶ Non-tariff measures affecting export market access.
 - ▶ Border procedures and infrastructure.
 - ▶ Difficulties complying with standards, even where niches are potentially profitable (e.g., organic).

1. Country Case Studies

Tunisia

▶ Key lessons:

- ▶ Tunisia's export basket is relatively concentrated, although imports are more diversified.
- ▶ Evidence of geographical export diversification over time, likely helped by RTAs with key trading partners like the EU and Turkey.
- ▶ Intra-OIC trade plays a more important role for Tunisia than for the other case study countries.
 - ▶ Geography.
 - ▶ Product mix (focus on consumer goods rather than raw materials).
- ▶ Quality infrastructure and certification needs further attention, particularly in niche areas like organic products, as well as in the area of halal products.

2. Conclusions and Recommendations

- ▶ Key findings from the study:
 - ▶ Global markets for agricultural products remain distorted relative to manufacturing.
 - ▶ High trade costs, primarily due to NTMs, but also relatively high tariffs.
 - ▶ OIC countries account for a relatively small but growing proportion of total world trade in agricultural products.
 - ▶ Trade networks in agriculture have a strongly regional dimension, although inter-regional linkages are increasing.

2. Conclusions and Recommendations

- ▶ RTAs play an important role in shaping agricultural trade, in particular in giving it a strongly regional dimension.
 - ▶ Agreements with neighboring regions are important (EU).
 - ▶ In Africa, RECs play a crucial role in shaping trade.
- ▶ Separate OIC trade networks by product and regional grouping, with hub countries (Turkey and Saudi Arabia) in some cases.
- ▶ Increasing geographical diversification of trade over time.
- ▶ Quality and certification is a key issue for policymakers given the prevalence of NTMs in agriculture.

2. Conclusions and Recommendations

► Recommendations:

1. Collaborative policy liberalization with partners, as well as unilaterally.
2. Look beyond traditional trade policies to focus on NTMs and connectivity, to facilitate trade linkages.
3. Build on existing regional and preferential agreements and structures to include additional countries, and expand coverage to include NTMs, trade facilitation, quality and certification, mutual recognition, and capacity development.

2. Conclusions and Recommendations

4. Prioritize integration with low cost suppliers to minimize trade diversion and maximize trade creation.
5. Target trade growth in general, which will lead to increased intra-regional trade as appropriate.
6. Make use of hub economies where appropriate, by developing stronger linkages with them.



2. Conclusions and Recommendations

7. Exporters of raw materials can take advantage of industrialization elsewhere by targeting rapidly growing countries as partners in trade agreements.
8. Rationalize NTMs to reduce the barriers faced by exporters and support market integration.
9. Build supply side capacity in low and middle income countries, in particular through national quality infrastructure.

