



Libre circulation des produits alimentaires:
Améliorer la sécurité alimentaire en Afrique de l'Ouest par le
développement du commerce intra-régional

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Opportunities Missed or Seized in ECOWAS

Trade Barrier Effects on Agribusiness Investment

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Introduction

- Impact of trade barriers on agribusiness investment in the ECOWAS region
- Conducted 40 key informant interviews in major cities of Mali, Burkina Faso, Senegal, Côte d'Ivoire, Ghana
- Interviewed food processors, packagers, traders, farmers, associations, & transporters
- Examined maize, millet/sorghum, rice, and livestock/meat trade



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Results: Maize

- Growing demand for processed maize for food and poultry feed
- Insufficient supply of quality maize is primary constraint to optimizing milling operations
- Supply shortfalls are due to inefficient production and trade constraints
- Opportunities exist for regional marketing of maize and maize-based products



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Results: Millet/Sorghum

- Millet and sorghum are largely subsistence crops, with demand limited to Sahel and diaspora consumers
- Low margins, limited demand, seasonal bans and small-scale, informal nature of trade are self-reinforcing limitations
- Little incentive to pay costs of intra-regional trade, given low margins and low purchasing power of consumers



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Results: Rice

- Rapidly growing market tied to urbanization and changing consumer preferences
- Very politically sensitive crop for food security; plethora of trade barriers limit trade of locally produced rice
- Numerous national-level initiatives in place to increase production, particularly since 2008
- Potential exists for scaled investments in rice production and milling



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Results: Livestock/Meat

- Very traditional value chain in terms of orientation and technologies for production, processing, etc.
- Significant trade barriers and regulation of abattoir fees curtail investment in slaughter and packing of cut meat
- Potential to modernize sector through vertical integration—rearing/abattoir/meat marketing



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Conclusions (1)

- Agriculture and agro-processing require larger markets to be competitive and become engines for food security/economic growth
- Businesses need to have certainty in the business environment
- Small national markets and country-focused food security notions create disincentives to increase domestic production



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Conclusions (2)

- ECOWAS Common Market is not effective in many ways, especially non-respect of Common External Tariff and uncertain internal tariffs
- Businesses adapt via national-level business models and by avoiding procurement and marketing across borders
- Lack of enabling environment for regional trade results in many missed opportunities, hurting food security and economic development



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Opportunities Missed (1)

- Business growth through focus on more than one country and improved transport, materials handling and logistics
- Procurement of raw materials across the regional borders, incentivizing production across the value chains



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Opportunities Missed (2)

- Investment into capital goods for value-added processing/packaging that can only be justified by larger markets
- Regional warehousing/storage facilities for raw commodities, as well as value-added food products, under warehouse receipt or collateral management schemes



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Opportunities to be Seized (examples)

- Nucleus + small farmers production and milling opportunities in maize and rice
- Commercially operated regional warehouses for grains (with collateral management)
- Processed and branded pre-cooked food products for urban market
- Modern abattoirs and cut meat distribution through cold chain operations



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Thank you

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