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International Markets for African Agricultural Exports: Agricultural Policy Reform and Agricultural Exports

10



International Markets for African Agricultural Exports: Agricultural Policy Reform and Agricultural Exports

Philip Digges, Ann Gordon and Alan Marter

Marketing Series Volume 10



Natural Resources Institute

The University of Greenwich

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SUMMARY

Sub-Saharan African (SSA) economies remain relatively dependent on agricultural commodity and product exports. They account for over 25% of the total trade in 29 countries, and over 50% in a further 16. Coffee, cocoa and cotton have dominated such trade, but real prices for these major commodities have fallen over the past 20 years. Most recently, this has resulted from the collapse of international commodity agreements, currency devaluations in producing countries, agricultural subsidies in the EU and USA, and the expansion in production of export commodities due, partly, to the reduction of export taxes included in structural adjustment policies. The overall implementation of adjustment policies in SSA has been uneven and impacts, in terms of efficiency and price competitiveness within the export sector, have taken longer to emerge than expected. In part, the limited progress has arisen from fundamental structural problems, notably, weaknesses in the transport infrastructure.

SSA trading blocks have had little impact on the export sector because of low *per caput* incomes, uneven levels of development between trading partners, and weak implementation of integration measures. The recent devaluation of the CFA zone and interest in southern Africa may, however, point to longer term moves towards integration. The impact of trading blocks elsewhere (e.g. the EU and NAFTA) have been limited. Although the effects of the Uruguay Round have yet to become clear, some analyses point to a net loss of about US\$ 2.6 billion for SSA.

The outlook for beverage exports is poor. There appears to be little potential for raising international prices for coffee, and the trend towards arabica in major importing countries will be detrimental to the bulk of SSA suppliers growing robusta. There is little scope for value added products and hence, future strategies will need to focus on the defence of market shares. Although demand in the cocoa sector is expected to continue to grow, new producers have recently raised their supplies sharply in major markets. Again, defence of market shares appears to be an appropriate strategy for SSA exporters. For both coffee and cocoa, future strategies will need to include further rationalization of marketing institutions.

Cotton represents the only major commodity for SSA exporters with prospects for volume growth. While competition is strong, Africa's reputation for high quality remains a major selling point, but in future, care will be needed to ensure that increased production for export does not jeopardize quality.

Non-traditional exports, as a group, represent a significant option for SSA exporters, but in all cases, competition is fierce and quality issues remain of paramount importance. The development of effective production and handling systems, and analysis of freight options, are important components of strategies designed to assist new entrants to such markets. Cashew is a relatively small-scale opportunity, in terms of both geography and value, for which a review of processing strategies could facilitate a recovery in exports based on lower production costs for SSA producers.

A potential agenda for further research, based on conclusions for individual commodities, includes the following (with possible countries for fieldwork in brackets):

- (a) sustaining the market share for coffee (Kenya, Uganda and Tanzania);
- (b) expanding cotton exports (Tanzania);
- (c) developing non-traditional exports (Tanzania and Ghana).

Cross-cutting issues which may also merit study include an examination of the relative efficiency of African transportation infrastructure, and an analysis of regional trade (including the substantial unofficial trade flows which take place).

INTRODUCTION

Africa's share of world trade has fallen over a number of decades because of declining or stagnating markets for traditional commodity exports, restrictive trade policies in developed countries, poor producer incentives, and the absence of any significant manufactured export sector in sub-Saharan Africa (SSA) (outside South Africa and Nigeria). However, orthodox approaches to economic reform and growth in Africa emphasize the importance of the export sector both as a way out of debt and as a basis for more broad-based economic growth. In the medium-term, given the near absence of a manufacturing sector capable of developing and sustaining an export presence, this burden falls largely on the agricultural sector. Either an increase in earnings from traditional commodity exports must be achieved, or there must be diversification into new, higher value products and markets.

If the African agricultural export sector is to live up to these expectations, export performance must be carefully planned with respect to world markets and trends in trade, and the policy environment in prospective exporting countries. To date, trade policies adopted as components of structural adjustment programmes have not provided panaceas. In cases where countries have improved producer incentives and succeeded in revitalizing a traditional export sector (for example, cocoa in Ghana), world market prices have often been disappointing and lower than World Bank forecasts. On the other hand, although there have been some notable successes in diversification (for instance, the growth of Kenyan horticultural exports), the scope for replicating these successes elsewhere in Africa appears to be limited.

This report represents the output from the first stage of a study on African agricultural export potential which addressed the following issues:

- (a) a review of export options;
- (b) identification of emerging profitable opportunities for the private sector;
- (c) proposals for supporting export diversification, including options for donor funding.

The report provides an overview of principal export market components, potential trends and hence, key issues to be addressed. It is based on a literature and statistical review, and on visits to the major institutions concerned with international trade issues. Visits were also made to organizations directly involved in trade, particularly those with experience in handling produce of African origin, and to NGOs with a proven track record in trade promotion.

Section 1

Agricultural Production and Trade: Africa-Wide Issues

THE ROLE OF AGRICULTURE IN THE ECONOMIES OF SUB-SAHARAN AFRICA

GDP and employment

The economies of sub-Saharan Africa (SSA) are characterized by a relatively high degree of dependence on the agricultural sector which is reflected in the composition of Gross Domestic Product (GDP), employment and exports. Table 1 shows that in 1989, agriculture in SSA accounted for 28% of GDP and 68% of the labour force, higher than in any other region. Although dependence on agriculture has fallen over the last 30 years, the decline in Africa has been less dramatic than elsewhere. For example, in all other regions, agriculture's share in GDP fell by a half between 1960 and 1989 but in Africa, it only fell by about one third.

Table 1 Percentage share of agriculture in GDP and labour force, 1960–90

Country grouping	Share in GDP				Share in labour force			
	1960	1970	1980	1989	1960	1970	1980	1989
Developing countries	32	22	15	15	76	71	66	60
SSA	46	33	25	28	83	79	74	68
West Asia	23	18	7	11	68	59	49	40
South and Southeast Asia	44	36	24	20	78	74	70	64
Latin America	17	12	9	8	48	41	32	26

Source: Singh and Tabatabai (1992) *Handbook of International Trade and Development Statistics 1991*

These aggregate data conceal considerable differences between countries. However, even in countries such as Zambia and Zimbabwe where the sector makes a relatively small contribution to GDP, it still provides employment for over 70% of the labour force (Elkan *et al.*, 1992). Also, with the total labour force growing in SSA by almost 3% each year, the agricultural sector will have to absorb a large proportion of the increase for at least the next two decades, as other sectors are not expected to expand rapidly (Tribe, 1991).

Exports

In 29 African countries, agricultural products comprise more than 25% of exports. In eight other countries, agriculture's share of exports is 50–75% and in a further eight countries, it exceeds 75% (Table 2). Those countries in which agricultural exports are less important are dependent on non-agricultural primary commodities, for example, petroleum in Angola and Nigeria, copper in Zambia and Zaire, and diamonds in Botswana (Akiyama and Larson, 1994).

Not only is the export sector heavily concentrated in agriculture, it is also dominated by a small number of crops. For more than 30 years, the following nine crops have accounted for over 70% of SSA agricultural export earnings: bananas, cocoa, coffee, cotton, groundnuts, rubber, sugar, tea and tobacco. Furthermore, exports of coffee, cocoa and cotton account for nearly 70% of export earnings from this group of commodities (Table 3) and in individual countries, a single crop may be overwhelmingly dominant; coffee, for example, contributes 80% and 90% to export earnings in Burundi

and Uganda, respectively. In six SSA countries, a single crop accounts for over 50% of export earnings (Table 4).

Table 2 Dependency on agriculture for export earnings in SSA countries (1988–90 average)

Less than 25%	25–50%	50–75%	75–100%
Angola	Benin	Côte d'Ivoire	Burundi
Botswana	Central African Republic	Cameroon	Ethiopia
Congo	Cape Verde	Guinea-Bissau	Mali
Gabon	The Gambia	Kenya	Malawi
Guinea	Burkina Faso	Madagascar	Rwanda
Equatorial Guinea	Liberia	Sao Tome and Principe	Sudan
Mauritania	Lesotho	Chad	Somalia
Malawi	Mozambique	Tanzania	Uganda
Niger	Mauritius		
Nigeria	Swaziland		
Senegal	Togo		
Sierra Leone	Zimbabwe		
Seychelles			
Zaire			
Zambia			

Source: Reproduced from Akiyama and Larson (1994) [based on FAO data]

Table 3 Share of SSA's agricultural export earnings by crop, 1961–90

	1961–69	1970–79	1980–89	1988–90
Bananas	1.3	0.7	0.5	0.7
Cocoa	16.1	20.6	21.9	19.5
Coffee	19.2	25.9	26.7	20.5
Cotton	10.0	9.1	8.5	12.0
Groundnuts	10.9	5.5	2.1	2.5
Rubber	2.6	1.7	2.1	3.0
Sugar	4.0	4.7	5.8	7.0
Tea	2.1	2.6	3.7	4.2
Tobacco	3.9	3.2	4.8	6.4
Nine major crops	70.1	74.0	76.1	75.8

Source: Reproduced from Akiyama and Larson (1994) [based on FAO data]

Other economic linkages

The statistics quoted above actually understate agriculture's role in SSA economies because the sector contributes in many other ways. For example, the agricultural sector provides much of the raw material on which rural non-farm employment and initial industrial development are based; through the generation of income, it is the principal source of demand for a wide range of goods and services provided outside the sector; it provides for subsequent industrialization through release of labour; and savings or capital surplus can be used for initial investments in other sectors. By contributing to government revenue and the external account, it also helps to create the macro-economic conditions needed for economic growth (Gordon *et al.*, 1993). The agricultural sector is vital to the livelihoods of poor people, both as a source of income and employment, and through the provision of the basic commodities. Agricultural development is therefore critical to the alleviation of poverty and food insecurity amongst SSA's most vulnerable populations.

CHARACTERISTICS OF SSA'S AGRICULTURAL EXPORT SECTOR

Trends in output and commodity prices

Trends in individual commodities are discussed in Section 2. Here, issues which are common to a number of commodities are highlighted.

Table 4 Share (%) of export earnings from important export crops in selected SSA countries, 1961–90

	1961–69	1970–79	1980–89	1988–90
Bananas				
Cape Verde	17.6	11.3	18.2	27.9
Somalia	39.6	16.5	12.7	28.1
Cocoa				
Côte d'Ivoire	21.3	24.9	33.0	31.4
Cameroon	30.3	27.4	19.5	17.8
Ghana	69.8	69.3	49.3	44.6
Equatorial Guinea	–	70.4	40.5	19.2
Sao Tome and Principe	70.6	75.0	70.1	50.2
Coffee				
Burundi	66.8	84.6	84.6	80.8
Central Africa Republic	19.8	26.9	18.3	17.0
Côte d'Ivoire	36.4	29.2	17.8	13.0
Cameroon	25.2	27.2	23.9	20.0
Ethiopia	57.8	52.9	63.8	60.1
Kenya	17.8	26.2	25.6	21.6
Madagascar	30.1	34.2	37.0	20.9
Rwanda	52.8	66.5	71.2	65.1
Tanzania	13.7	23.1	31.0	22.8
Uganda	43.6	72.4	93.3	90.6
Cotton				
Benin	7.8	24.8	20.8	31.6
Burkina Faso	9.9	29.1	42.6	34.7
Mali	7.2	28.6	32.8	45.4
Sudan	53.5	53.3	38.0	43.2
Chad	66.8	39.0	35.3	47.7
Togo	3.9	1.6	10.4	16.9
Tanzania	15.2	13.2	12.1	15.9
Groundnuts				
The Gambia	92.9	89.1	44.4	36.9
Senegal	75.3	42.9	16.0	17.7
Rubber				
Liberia	19.8	13.6	19.1	24.5
Sugar				
Mauritius	90.7	77.3	44.3	36.9
Swaziland	27.8	32.9	34.9	28.8
Tea				
Kenya	10.8	13.3	19.4	24.6
Malawi	27.0	19.0	16.2	11.7
Rwanda	2.5	8.5	10.4	15.6
Tobacco				
Malawi	37.3	47.3	51.6	64.4
Zimbabwe	22.8	13.9	18.8	20.2

Source: Reproduced from Akiyama and Larson (1994) [based on FAO data]

Trends in real prices for non-fuel commodities have been downward since the mid- to late-1970s and were broadly stagnant for 30 years before that (Figure 1). The decline over the last 20 years continued even during periods of growth in the OECD economies (notably in the 1980s). Historically, stagnating or falling commodity prices have been related to inelastic demand for food commodities, changes in technology which lead to more efficient use of raw materials, and increased use of synthetic substitutes or products that can be produced in the OECD countries (for example, beet sugar). Africa's concentration on traditional commodity exports has led to declining terms of trade which, unlike Asia for example, it has been unable to cushion through diversification (Akiyama and Larson, 1994).

Duncan (1993) attributes some of the more recent decline in prices to:

- (a) the collapse of the International Coffee Agreement;
- (b) widespread reduction in coffee and cocoa export taxes;
- (c) currency devaluation in producing countries; and
- (d) the agricultural export subsidy policies of the EU and USA.

Duncan also cites the work of Alogoskoufis and Varangis (1992) which shows that fiscal deficit in the OECD countries raises real interest rates and, presumably by slowing down growth, depresses commodity prices. The sharp decline in coffee, cocoa and tea prices has been caused by expanding production in the face of stagnant (or very slowly growing) demand. Although expansion of supply seems illogical in the context of stagnant demand, it could occur because of:

- (a) efficiency gains in production attributable particularly to high yielding varieties (HYV) and, to a lesser extent, marketing;
- (b) export tax reduction and exchange rate depreciation positively affecting farmgate prices;
- (c) the growing agricultural labour force in producing countries;
- (d) increased planting of beverage crops after the commodity boom; and
- (e) increased production and market share of perennial crops by lower cost Asian producers.

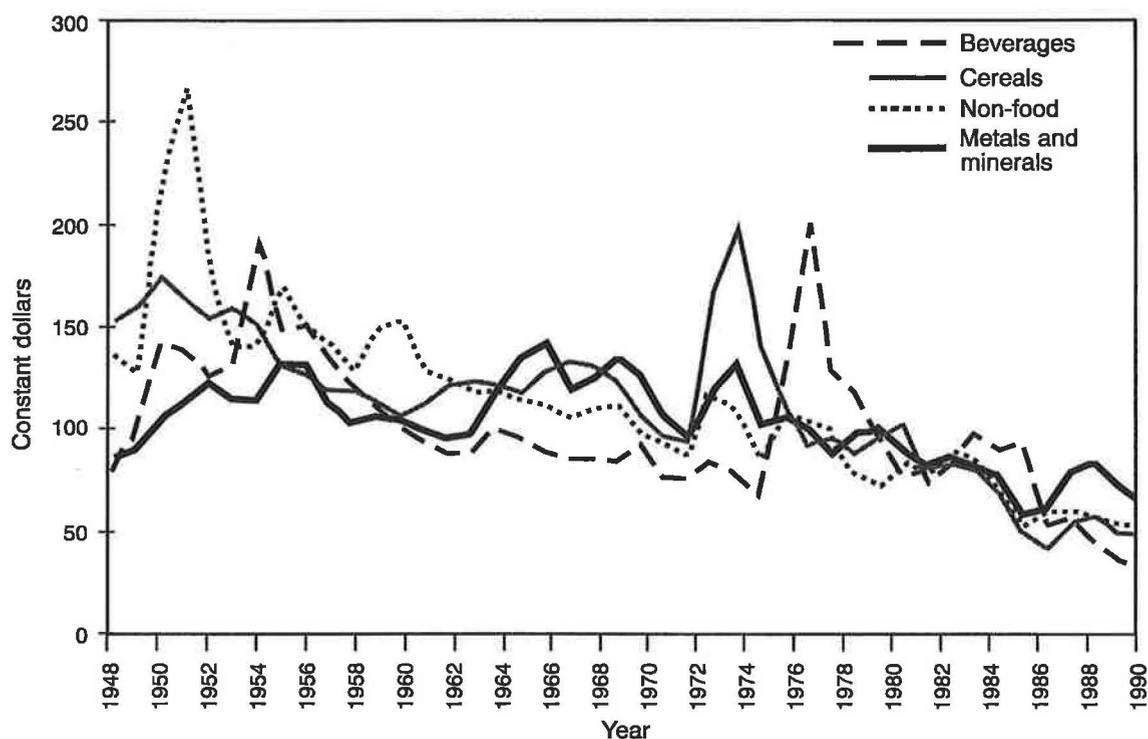


Figure 1 Non-fuel commodity price, constant dollars (Index 1979-81 = 100)

Source: World Bank International Trade Division (reproduced from Duncan, 1993)

Price volatility is a further characteristic of commodity trade. Factors which create considerable uncertainty include abnormal weather affecting crop size or quality, interruptions in supply caused by other events, business cycles, and economic conditions in importing countries.

The fallacy of composition

When several countries increase production of a commodity which faces inelastic demand¹, their combined output (if it constitutes a significant market share) can lead to a dramatic price decline and a fall in aggregate revenue. Thus, although a single country's production level may have no influence on world prices, if several countries increase production simultaneously, prices may fall (this is also known as the 'adding up' problem). Amongst SSA agricultural commodities, those most often associated with this problem are coffee, cocoa and tea. The problem does not arise with cotton because aggregate output from SSA does not constitute a significant world market share (11%, 1980–89).

THE IMPACT OF DOMESTIC POLICY ON TRADE

The dominant feature of domestic policy in SSA over the last 10–15 years has been the widespread (but selective) adoption of structural adjustment packages. These comprise a number of measures that affect commodity trade: privatization, devaluation, promotion of the export sector, greater economic stability, and less distorted prices. The speed and comprehensiveness with which economic reforms have been implemented vary considerably. Furthermore, the package is not a blueprint, and the necessary 'fine-tuning' on a case-by-case basis is, to a large degree, still being developed. Even where the policy mix is appropriate, there may be a relatively long period before the desired response is generated. Therefore, it is not surprising that export performance has been patchy, and there are both plus and minus factors associated with the reforms.

Promotion of private sector participation in trade (and reduction in the role of the state) may be accompanied by higher prices to the producer (through competition between traders and 'leaner' operations), more aggressive marketing, and less drain on the public purse. However, the transition may not be smooth. Common problems include:

- (a) reluctance of the parastatal to relinquish control;
- (b) insufficient confidence, capital and capability in the private sector;
- (c) 'cowboy' elements in new exporters which may jeopardize the country's reputation internationally;
- (d) lack of international confidence in (smaller) private exporters.

These problems underline the need for careful planning and sequencing of reforms. In some cases, an appropriate interim position may be to improve parastatal operations. In Ghana for instance, where COCOBOD has an established international reputation in cocoa futures trade, purchase of cocoa at the farmgate by private traders must be managed very carefully. The private traders have less standing in international markets than COCOBOD, but their purchases may undermine COCOBOD's ability to supply the cocoa previously traded as futures. However, COCOBOD's performance has improved dramatically over the last 10 years, suggesting that the gains from privatization may be less than previously envisaged.

Most SSA countries have devalued massively and many have floated their currencies. This has improved competitiveness on world markets and increased farmgate prices (the latter have also benefitted from leaner marketing operations). It has also led to a rise in the cost of imported inputs.

¹ Under certain circumstances the problem may occur where demand is elastic; inelastic demand is a sufficient condition for having a fallacy of composition problem, but not a necessary one (Schiff, 1995).

The economic reforms which have been implemented emphasize exports as a means to growth and a way out of debt, and have resulted in selective investment in export-related infrastructure. The mechanics of trade are now much easier in many countries, and road and port facilities have seen dramatic improvements. Bottlenecks remain, however, with high transport costs being one of the more frequently cited problems facing Africa.

The gains from increasing confidence and improving economic stability are likely to take longer to emerge. In many countries, it has been difficult to restore confidence in the banking system, although generally, trader access to hard currency is easier than it was in the past. Venture capital remains a bottleneck in most countries, with many potential investors cautious about bringing in funds from overseas. With time and longer periods of stability, these problems should ease, but in the medium-term, it suggests an on-going role for the public sector in selected areas. With many countries also undertaking political reforms, it is likely to be some considerable time before confidence levels can be built up.

Eventually, structural adjustment is expected to lead to less distorted prices and specialization in areas of comparative advantage. However, the full effects of this will take a long time to filter through, and will require a greater commitment to the economic reforms than has been demonstrated by the piecemeal implementation of structural adjustment packages to date. Adjustment policy often involves painful decisions, and political sensitivities may be especially acute, for example, with respect to reducing over-staffing and privatizing public sector bodies involved in the export sector. Key components of the export marketing chain, notably private traders and transporters, are often still regarded with disfavour or at best, indifference. Indifference can lead to critical gaps in the policy package, for example with regard to trader credit, and the legal framework governing trade. The scale and consistency of adjustment policy also depends on the degree of donor support and co-ordination between donors. Finally, underlying structural constraints, particularly transportation infrastructure and systems, can exert a major influence on the impact of adjustment policy.

In reality, many countries maintain elements of pre-structural adjustment policy for reasons of reluctance or phasing, and this is the context in which much of the trade occurs.

REGIONAL ISSUES AFFECTING SSA'S EXPORTS

SSA trading blocs

Trading blocs in Africa have not resulted in significant benefits to participating economies for three main reasons:

- (a) SSA's markets are small with low *per caput* incomes, and there is relatively little to be gained from preferential trade with (most of) these markets;
- (b) comparable levels of economic development are needed among member countries if all (or most) are to gain; instead, the dominant economies have captured the benefits of regional integration in Africa in the past;
- (c) implementation of integration measures by individual countries has been extremely patchy.

There remains on-going interest in such groupings in Africa, and some trading blocs continue to function, although intra-regional exports are relatively insignificant (in 1990, 6% of total exports for the Economic Community of West Africa, and 8.5% for the Preferential Trade Area for Eastern and Southern Africa). There is, however, new interest in a southern Africa trade area (to include South Africa). In the longer term, devaluation of the CFA franc may also make the prospect of trading groups elsewhere in Africa more likely.

CFA zone

Most of the former French colonies in Africa have pegged their currencies to the French franc (FF) since the end of World War II. Two currencies (West Africa and Central Africa), both CFA francs, have

the same value, are fully convertible with the French franc (and with one another), and until the 50% devaluation in January 1994, had been pegged at the same level since their inception (FCFA 50 = FF 1). The effect of this was to eliminate currency risk in trade transactions within the zone (including France), bias trade to CFA zone countries, and permit increasing over-valuation of the CFA franc (making their own exports uncompetitive on world markets but imports, including those from France, more affordable).

The recent devaluation of the CFA franc has:

- (a) paved the way for subsequent devaluations and other substantive economic reforms;
- (b) provided a boost to CFA country exports and weakened the incentive for smuggling into high cost CFA countries from non-CFA neighbours;
- (c) to some extent, started to weaken the commercial links with France.

Having (at last) devalued, further devaluation should follow more rapidly. The need for further sub-groups (or even individual country currencies), and full floatation so that exchange rates can better reflect individual economic structures, is also likely to be considered. The CFA countries will become much tougher competitors for the rest of Africa in (to a large extent) the same markets. In the long-term, there may be much greater scope for regional integration, with most countries eliminating (or greatly reducing) their over-valued exchange rates along with distortions and endemic smuggling.

The South Africa effect

The economies of the rest of SSA are dwarfed by those of South Africa and Nigeria. SSA's GDP in 1990 was roughly US\$ 254 000 million, of which Nigeria accounted for 14%, and South Africa, 36%.

The opening up of post-sanctions South Africa is seen by many as an opportunity for economic growth, with significant scope for spillover effects elsewhere on the continent. The exchange of trade delegations has rapidly led to a number of joint initiatives and South African investment in several other SSA countries. The southern African countries particularly have seen dramatic changes in their trading patterns with South Africa; RSA exports to Zambia doubled in value between 1992 and March 1994, and exports to Zimbabwe increased by 50%. The 10 members of the Southern Africa Development Community are trying to become a regional trading area which South Africa may soon join (The Economist, 1994), but, as in the discussion above on trading blocs, it seems likely that RSA would be very dominant in such a grouping. It is too soon, however, to estimate the effect of South Africa's re-emergence on the rest of Africa. Certainly, it is likely to be positive overall, but with significant differences between countries. Some argue that South Africa's comparative advantage is in industry and manufactures (including commodity processing in potential competition with other SSA countries), and that it should import primary commodities from elsewhere (including the rest of SSA). Whether this happens or not will depend on the relative prices of SSA suppliers *vis á vis* those from elsewhere, and on South Africa's ability to maintain stability and attract and sustain investment.

Policy interdependence

The effect of one country's policies on the welfare of another is an important issue which affects SSA exports in the following ways:

- (a) the discussion of the fallacy of composition showed how simultaneous action by a number of countries may limit, or eliminate, the benefits to each country; and
- (b) if other producers respond to increased SSA output by expanding their own production, the world price might fall to a point where SSA is actually worse off (Duncan, 1993).

These effects suggest that it would be advantageous for producers in one region to plan and act as a group in respect of actions affecting commodities subject to the fallacy of composition problem. The experience of such groups (commodity agreements), however, has hardly been encouraging.

In this context, it seems appropriate to address the questions of intra-regional transit and the development of transport more generally. For transit systems, there is a variety of issues focusing on the degree to which arrangements are formalized, but the whole area of upgrading transport systems is relatively under-researched. Some recent work by Hine and Rizet (1991) suggests that transport costs in Africa are particularly high when compared, for example, to Asia. While some of the analysis underlying these conclusions appears to be questionable, analysis of transport issues is a relatively neglected area and one of key importance to the success of the export sector.

'NORTHERN' TRADING BLOCS AND THEIR EFFECT ON SSA

Two changes in the EU are likely to affect developing countries: expansion to include more southern European countries; and further integration towards a 'single European market'. Non-European trading partners expressed considerable reservations about these changes, which were implemented without consultation, and which followed a period of increasing proliferation of preferential trading arrangements in the late 1980s. They are likely to affect developing countries generally in two ways (Page, 1994):

- (a) the accession of southern European countries (whose economies are similar in structure to middle-income developing countries) to the EU will restrict the potential for manufactured exports from developing countries; and
- (b) the dynamic effect of greater integration in Europe is projected to lead to a 5% increase in output which will have positive knock-on effects mainly for countries exporting primary commodities to Europe (and particularly for well-established suppliers).

The Asian exporters of manufactured goods are the developing countries which lose most from the 1992 changes to the EU. African, Caribbean and Pacific (ACP) countries (including many in SSA) are expected to make a small gain in the form of a 1% expansion in exports. The worst interpretation for Africa, which lags behind the rest of the world in manufactures, is that the new EU configuration could constrain future development of the manufacturing base; in 1990, Africa's share in world export of manufactures was just 0.5%.

The North American Free Trade Area (NAFTA) which currently comprises Canada, USA and Mexico, is unlikely to have much effect on SSA exports of agricultural goods (given the current structure of that trade). The USA is (or has been) an important market for African exports of cashew, groundnut and coffee, and this should not be significantly affected by preferential trading arrangements granted to Mexico. However, these exports and others could be threatened by any future expansion of NAFTA to include other Latin American countries, if access to North American markets allowed those countries to expand output and improve their competitive position in non-NAFTA markets. This could happen, for example, with fresh pineapple, for which Africa has already lost market share to Central American suppliers. US preferences granted under the Caribbean Basin Initiative do not have any significant effect on African agricultural exports.

THE URUGUAY ROUND: ITS EFFECT ON DEVELOPING COUNTRIES

The recently completed Uruguay Round has important implications for developing countries. These effects will not be uniform across countries, and not all outcomes can be predicted with certainty. However, an attempt is made here to summarize the main effects and present an approximate consensus view where this is possible.

If proposed liberalization measures are implemented in the OECD countries, most models predict that grain prices will rise. This will hurt food importers, which include many of the poorest countries and poor consumers within those countries. If developing countries also liberalize, food price increases are likely to be less. In general, 5–10% increases in world prices over 7–10 years are forecast for temperate zone products (FAO, 1994b). Poor (ACP) countries (many of the SSA countries) which were

previously granted preferential access to rich country markets under the Lome Convention will progressively lose this advantage. However, a recent GATT report (undated) cited in *The Economist* (1994) argues that the ACP countries will gain in all sectors, and that the scope of preferences covered by Lome was relatively restricted. Overall prices of tropical products are not expected to change greatly. However, gains in income are expected to result from the ending of restraints on textile and clothing exports under the Multi-Fibre Arrangement (MFA).

A further impact of the agreement concerns intellectual property. The Uruguay Round sets new standards to guarantee royalties to (mainly northern) holders of patents and copyrights. The net effect is unclear; the poor countries will have to pay where previously many did not, but more technology may be transferred to them (in theory). The most dramatic gains from the Uruguay Round, however, are expected to result from new rules and transparency in trade, and higher productivity based on increased trade and specialization. These effects will vary widely between countries.

Models which exclude the increases in productivity predict that the world as a whole will benefit from Uruguay by more than US\$ 200 billion (Goldin and Knudsen, 1990), but that SSA will lose by about US\$ 2.6 billion (*The Economist*, 1994). SSA's loss, however, can be turned into a gain if trade liberalization leads to higher productivity. The loss also takes no account of the gain resulting from ending the MFA (though Africa can only benefit from this in proportion to its relatively small share of world fibre markets).

Section 2

Review Of Agricultural Commodity Market Prospects

INTRODUCTION

In this section, the markets and prospects for increasing traditional and non-traditional agricultural exports from SSA are investigated. The section is structured as follows:

beverages: coffee, tea, cocoa

industrial crops: cotton

edible nuts: cashew, groundnut

fruit and vegetables: pineapple, French beans, cut flowers

For each of the individual commodities, the trend in exports, imports and commodity prices are examined. This is followed by a discussion of the position of African countries in the international market, and an assessment of the major factors which affect the performance of SSA. A detailed breakdown of agricultural exports from SSA by commodity and individual country is presented in Appendix 1.

BEVERAGE CROPS

COFFEE

Exports

Global exports have increased in volume terms by around 2% annually since the mid-1970s. Exports in 1994 were around 4.2 million tonnes. Of total exports, approximately 70% were arabica coffees and 30% robusta coffees. The largest arabica exporters were Brazil (35%) and Colombia (23%), and the largest robusta exporters, Indonesia (31%) and Uganda (18%). Exportable production of robusta in Indonesia increased significantly during the 1980s. In recent years, Thailand and Vietnam have also emerged as important suppliers.

Aggregate export figures for the years 1988 to 1992 are presented in Table 5. The figures refer to green beans only; exports of processed coffee by producing countries have not exceeded 5% of exports in any year since 1980.

Imports

Since the beginning of the 1990s, coffee imports have been around 4.4 million tonnes/year. The major importers are USA (25%), Germany (14%), Japan (8%) and France (8%). Price rises in 1994 caused imports to fall marginally to 4.35 million tonnes, reversing the trend of increased consumption during the late 1980s and early 1990s associated with the decline in the real price of coffee. Import figures for the years 1988 to 1993 are given in Table 6.

World imports are projected to increase at a rate of 1% per year for the period 1991–2005 (World Bank, 1992), with increases expected to come from countries whose *per caput* consumption is comparatively low (e.g. Republics of the former USSR, Eastern Europe, Japan, UK and Spain).

Table 5 Coffee exports (in millions of tonnes)^a

	1988–90 Average	1991	1992	1993
World total^b	4.54	4.60	4.73	4.72
Developing countries	4.31	4.40	4.51	4.44
Latin America	2.59	2.80	2.90	2.79
Brazil	0.90	1.10	1.02	0.96
Colombia	0.67	0.74	0.97	0.78
Guatemala	0.18	0.17	0.19	0.22
Mexico	0.19	0.21	0.19	0.18
Africa	1.00	0.88	0.91	0.83
Côte d'Ivoire	0.19	0.20	0.22	0.23
Ethiopia	0.08	0.05	0.04	0.04
Kenya	0.10	0.08	0.08	0.09
Uganda	0.15	0.12	0.12	0.11
Asia and Oceania	0.72	0.72	0.70	0.82
Indonesia	0.36	0.38	0.27	0.35

Notes: ^aGreen beans only. ^bIncluding re-exports.

Source: FAO (1995b) *Commodity Review and Outlook 1994-95*

Table 6 Coffee imports (in millions of tonnes)^{a,b}

	1988–90 Average	1991	1992	1993
World total	4.24	4.43	4.69	4.45
Developing countries	0.30	0.39	0.39	0.40
Developed countries	3.84	4.04	4.27	4.05
North America	1.14	1.21	1.35	1.12
USA	1.04	1.10	1.26	1.02
Europe	2.16	2.40	2.48	2.48
EU	1.79	1.85	1.96	1.92
Eastern Europe	0.12	0.10	0.08	0.08
Former USSR	0.07	0.05	0.06	0.06
Others	0.34	0.38	0.38	0.39

Notes: ^aGreen beans only. ^bExcluding quantities subsequently re-exported.

Source: FAO (1995b) *Commodity Review and Outlook 1994-95*

Table 7 Coffee consumption (tonnes) and *per caput* coffee consumption (kg/year) in former USSR and Eastern Europe, 1992

	Coffee consumption (tonnes)	<i>Per caput</i> coffee consumption (kg/year)
Former USSR	57 000	0.20
Hungary	38 000	3.68
Former CSFR	36 000	2.29
Poland	31 000	0.81
Former Yugoslavia	30 000	–
Romania	24 000	1.03
Bulgaria	11 000	1.72
Others	10 000	–
Regional total/average	237 000	0.58

Source: Euromonitor; reprinted in *World Coffee and Tea* (August 1994)

Per caput consumption of coffee in Eastern Europe and the former USSR was estimated at 0.58 kg in 1992 (*Euromonitor*, quoted in *World Coffee and Tea*, August 1994). This is expected to increase to 0.62 kg by the year 2000. It is estimated that this increase will be accompanied by a rise in imports of around 14%. Table 7 shows a breakdown of the market share within Eastern Europe in 1992. These figures are exceedingly low compared to any other world region and reflect the status of coffee as a luxury product consumed mainly by high income groups in urban areas. There are some exceptions to this. In the central European states of former Czechoslovakia and Yugoslavia, and the Baltic states of Armenia and Georgia, consumption is above average (Table 7). It is expected that these states, and others bordering Western Europe, will be the first markets to grow. Consumers prefer arabica and Turkish-style coffee.

Coffee consumption in China is currently at a very low level which reflects the status of coffee as a luxury or medicinal commodity. China only imported 3369 tonnes in 1994 and produced only 43 000 tonnes (FAO, 1995a). Although coffee consumption is set to increase in China, this growth will take place from a very low base. Therefore, most projections indicate that Chinese consumption will have an insignificant impact on the world coffee market in the foreseeable future.

Lower import tariffs following the Uruguay Round are not envisaged to have a sizeable effect on the world coffee market. Developed countries, which are by far the largest importers, already have low or no import tariffs for coffee. Any reductions in tariffs are therefore likely to be modest.

Prices

Real world coffee prices have suffered a significant long-term decline, falling by over 30% between 1970 and 1990 (Table 8). This decline was exacerbated in 1989 by the collapse of the International Coffee Agreement (ICA) and the end of export quotas. International Coffee Organization (ICO) indicator prices fell from US 1.37 US \$/lb in 1988 to US 0.94 US \$/lb in 1990 for arabica, and from US 0.95 US \$/lb to US 0.54 US \$/lb for robusta. The direct cause of the sharp decline in prices was the continual expansion of production in the face of slowing growing demand growth. However, in 1994, a series of frosts in Brazil, and a stock retention scheme introduced by the Association of Coffee Producing Countries (ACPC), led to reduced supply and increased prices; average indicator prices for that year were US 1.5 \$/lb for arabica and 1.19 US \$/lb for robusta.

Table 8 Commodity prices and price projections in constant 1990 dollars

Commodity	Unit	1970	1980	1985	1990	1991	1992	1993	1994	1995	1996	1997	2000	2005
Food														
Coffee	¢/kg	457	482	471	197	183	132	147	300	289	189	177	168	164
Cocoa	¢/kg	269	362	329	127	117	103	105	127	124	120	126	131	137
Tea	¢/kg	437	310	289	203	180	188	175	166	143	139	144	153	150
Sugar	\$/mt	323	878	130	277	193	187	208	242	254	204	181	207	238
Bananas	\$/mt	659	527	551	541	547	444	417	399	387	371	371	370	369
Fats and oils														
Palm oil	\$/mt	1037	811	730	290	332	369	355	480	546	488	378	322	284
Coconut oil	\$/mt	1584	936	860	337	424	542	424	551	582	547	493	599	489
Groundnut oil	\$/mt	1510	1191	1319	964	874	572	695	928	861	790	629	588	450
Soyabean oil	\$/mt	1142	829	834	447	444	402	452	559	543	505	444	382	400
Non-food agriculture														
Cotton	¢/kg	252	284	192	182	164	120	120	160	185	159	150	150	150

Source: World Bank (1996) *Commodity Markets and the Developing Countries*

All the major arabica producing countries are now party to the agreement, although details of financing stocks and monitoring compliance are still vague. In the short-term, the scheme may succeed in reducing exports and increasing prices. However, as the agreement does not seek to reduce production, stocks may build up as occurred with the ICA. Increasing stocks may lead to a downward pressure on prices.

Higher prices can also lead to reduced consumption and limit the scope for market expansion and promotion into non-traditional markets. Hence, there would appear to be limited scope for sustained long-term price increases. Projections of future prices both in the short and longer term are given in Table 8.

With the opening up of the coffee market following the collapse of the ICA, there is scope for an increasing price premium between robusta and arabica coffee. Figure 2 shows the arabica price premium since 1980. The pattern of consumption in traditional markets shows a switch to milder, less bitter, arabica coffees. This is to the long-term detriment of the African producers of robusta. In Eastern Europe and the former USSR, the shift towards robusta because of the widening price differential will probably be reversed as incomes recover.

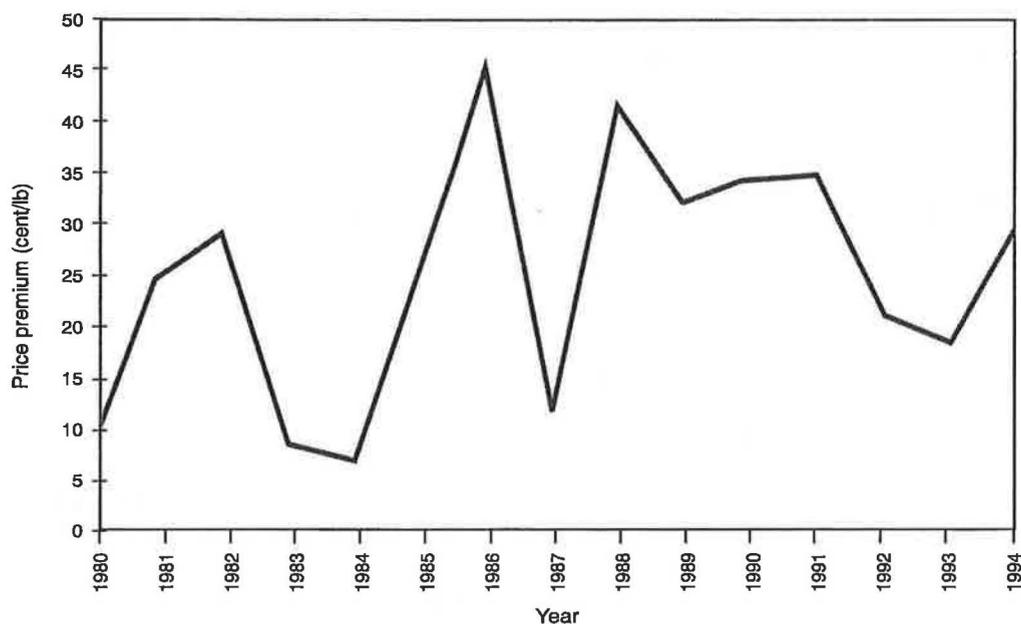


Figure 2 Arabica price premium (cents/lb) 1980–94

African position

Coffee is a significant export earner for many SSA countries, with an average share in total export earnings often exceeding 20% (Table 3); in Uganda and Burundi, coffee accounts for 80–90% of total export earnings. With the exception of Kenya, Tanzania and the Cameroon, African countries produce mainly robusta coffee. The projected deterioration in the price of robusta relative to arabica will have an adverse impact on African producers. Robusta prices are projected to fall from about 65% to 55% of arabica prices by the year 2000. Over the past 20 years, the share of the robusta market held by SSA producers has declined from 78% to 44% of total exports. This is reported to be largely due to the lack of competitiveness of African producers compared to Southeast Asian producers. Reasons for the decline in African competitiveness include: reduction in yields, partly explained by the ageing of trees; lack of maintenance, pruning, and fertilizer use; lack of plantings of new modern varieties; and marketing and transport problems. These factors are, in themselves, a product of domestic economic policy which saw rigidly fixed producer pricing systems, export taxes which were too high, and in many cases, over-valued real exchange rates. Together, these policies led to high levels of explicit and implicit taxation. Parastatal marketing systems also suffered from a number of important problems relating to political interference in the management of the parastatals, and pricing policies which effectively taxed the marketing boards.

In response to developments in the world coffee market and the increasingly competitive and dynamic nature of this market, many SSA countries have taken, or are taking, steps to improve the productivity and cost efficiency of their coffee marketing agencies by lessening government controls and privatizing at least parts of their operations. Reforms have included the abolition of the marketing board in Nigeria, increased participation of the private sector in Madagascar, Zaire and Ethiopia, and privatization of processing facilities in Zaire and Burundi. More flexible producer price systems have also been introduced, with prices reflecting world prices to a greater extent. There are various ways by which private sector participation can be increased to generate positive results. However, it is important for each country to consider the form of the marketing and pricing system in place, and the time needed for the necessary skills to develop in the private sector, before embarking on, or extending, private sector involvement. Issues to consider include:

- (a) distinguishing between a marketing board system and the Caisse de Stabilisation system in which the private sector already handles elements of the domestic and export marketing;
- (b) identifying activities which can immediately be performed by the private sector;
- (c) if the private sector system is weak, considering, at least initially, a shared role for the marketing board and private sector.

Marketing options for value added products

Processed products such as soluble coffee and roasted coffee are minor exports for SSA countries. Although adding value to green coffee at origin is often proclaimed as an opportunity for developing countries, there are many issues which effectively preclude this option for many African countries. Important constraints are:

- (a) the production of soluble coffee usually requires the blending of several types of coffee;
- (b) product quality demands a high proportion of arabica;
- (c) the investment costs associated with processing and promotion are considerable, usually requiring a high proportion of foreign exchange;
- (d) the promotion of brand names at the consumer end makes market penetration very difficult and costly;
- (e) the soluble coffee market as a whole is only projected to grow slowly over the next 5–10 years.

Possible opportunities may exist at the gourmet end of the market, where high quality products could be directed at roasters who retail single origin coffee, or who blend their coffee but ensure the origin is labelled. High quality customized brands can allow some protection from the vagaries of the market. This sector is the fastest growing component of the market, although it is from a small base.

TEA

Exports

Tea exports have grown by 2.8% per year since the mid-1970s. The major exporters are Sri Lanka, India, China and Kenya. Table 9 shows exports by the major exporters since 1990.

Table 9 Black tea exports

	1990	1991	1992	1993
India	209 085	210 720	173 358	177 935
Sri Lanka	215 251	210 823	177 801	209 942
Indonesia	110 964	110 218	121 243	123 926
China	195 471	184 872	175 526	201 435
Kenya	169 586	175 557	166 518	188 390
Others	232 108	177 715	198 341	241 022
Total	1 132 465	1 069 905	1 012 787	1 142 650

Source: *International Tea Council Yearbook 1994*

In the future, Chinese exports are expected to be limited by the development of the domestic market. Tea consumption has jumped by 80% over the last 10 years (Daviron, 1995) and this trend is set to continue.

Imports

Imports fell substantially in the early 1990s. This was due largely to the reduction in imports by Poland, the states of the former USSR, and Iraq. The volume of tea imported by the former USSR fell from a record of 231 000 tonnes in 1990 to only 73 000 tonnes in 1992 because of a shortage of foreign exchange, high inflation and depreciation of the rouble. Imports to Iraq were reduced because of the UN imposed economic sanctions. Import figures for the years 1988–93 are given in Table 10.

Table 10 Tea imports (in thousands of tonnes)^a

	1989–91 Average	1992	1993
World total	1 080	993	1 136
Developing countries	583	614	476
Latin America	14	16	15
Africa	64	73	68
Near East	249	253	229
Far East	145	153	164
Pakistan	111	119	125
Developed countries	608	498	660
North America	93	101	98
USA	80	88	84
Europe	244	245	291
EU	210	209	244
UK	150	145	160
Eastern Europe	23	26	37
Former USSR	201	77	198
Others	69	75	73
Japan	34	42	37

Notes: ^aExcluding quantities subsequently re-exported.

Source: FAO (1995b) *Commodity Review and Outlook 1994–95*

Future world demand prospects are critically dependent on demand developments in the former USSR and the Middle East. Eastern Europe is the third largest consumer of tea in the world, with a share of 20%. Table 11 shows the consumption levels of various countries in the region in 1992. The former USSR dominates within Eastern Europe, accounting for over 90% of total East European consumption.

Table 11 Tea consumption (in thousands of tonnes) and *per caput* tea consumption (kg/year) in former USSR and Eastern Europe, 1992

	Tea consumption (thousands of tonnes)	<i>Per caput</i> tea consumption (kg/year)
Former USSR	570.0	2.00
Poland	47.0	1.23
Former CSFR	3.0	0.19
Hungary	1.5	0.14
Bulgaria	0.5	0.05
Romania	0.5	0.002
Others	1.5	
Regional total/ average	624.0	1.53

Source: *Euromonitor*: reproduced in *World Coffee and Tea*, August 1994

Per caput consumption in Eastern Europe is high although the figures are distorted by the level in the former USSR which is estimated to be 2 kg/year against a regional average of 1.53 kg/year (Table 11).

Production in the former USSR is characterized by low yield and poor quality. Assuming domestic production growth of 1.2%, imports into the former USSR are projected to increase by 3% p.a. up to 2005. Production levels have fallen since the mid- to late-1980s from around 150 000 tonnes before the Chernobyl nuclear disaster to a low of 55 000 tonnes in 1992 (Daviron, 1995). This is due to lack of investment in production technologies, and the irradiation of some of the production areas in Georgia and Azerbaijan. There has been a slight recovery in production in recent years to about 80 000 tonnes in 1994 (FAO, 1995a).

Demand has fluctuated in recent years, partly due to falls in domestic production, lack of foreign currency to spend on imports, and reduced disposable incomes. Commentators (*Euromonitor*) predict a downward consumption trend to the year 2000. It has been estimated that regional *per caput* consumption will fall from a level of 1.53 kg in 1992 to 1.34 kg in 2000. Total consumption will fall to 586 000 tonnes from a level in 1992 of 624 000 tonnes. Import demand in industrialized countries is expected to decline by 1% per year up to 2005, mainly because of a decline in the UK market. This decline is mainly attributed to changing tastes in the UK and other traditional tea-drinking countries such as Australia and Canada; consumers are increasing their consumption of other beverages and continuing to switch to tea bags. However, import figures for the UK in the first half of 1993 indicated a significant increase in imports. The introduction of specially flavoured and iced teas, although a small part of the market, offers a further opportunity.

The general impact of the Uruguay Round on the world tea economy is likely to be small because trade in black tea is relatively free of tariff and non-tariff restrictions. Most additional imports would be in developing countries which are estimated to account for more than 80% of the net increase (FAO Intergovernmental Conference, CCP:95/13). However, the reduction in tariffs will not be completed until 2004.

Prices

Tea prices reached record highs in the mid-1980s; in 1984, they reached £ 2.63 /kg. This was due largely to reduced production caused by drought in SSA. Prices have fallen since then and in 1994, prices were between £ 1.10 and £ 1.25 /kg. The fall is attributed to increased output in the four major tea exporting countries of India, Kenya, China and Sri Lanka in the face of weak demand. Chinese exports have been gaining ground in the UK and US markets; by August 1994, they had increased by 52% and 25%, respectively, over 1993 performance (FAO, 1995a). The price outlook remains uncertain, given the uncertainty surrounding imports by the former USSR and the Middle East, and

the continued decline in traditional markets such as the UK. The latest long-term price projections by the World Bank indicate a moderate rise (Table 8).

African position

Kenya is by far the largest African exporter of tea and is expected to continue to increase production, although at a lower rate than in the past as land becomes scarce due to high population growth. Supply is projected to increase at a rate of 3% per year; the additional output is expected to come from yield increases primarily in the smallholder sector where yields are currently considerably lower than on estates. Tanzanian output is recovering in both the estate and smallholder sectors, and there is scope for some further area expansion depending on available land. Successful rehabilitation programmes have enabled Uganda to increase output at a rapid rate. Future output is expected to continue to increase at a rate of 5% per year, but from a low base. Malawi's output is projected to increase only marginally because of the already high yields and lack of suitable land for expansion.

COCOA

Exports

Africa remains the dominant supplier of cocoa, accounting for 62% of world exports in 1992. Output is concentrated in Côte d'Ivoire, Ghana, Nigeria and Cameroon. However, there have been significant changes in production and exports in recent years, with the geographical base of production expanding to include Southeast Asia as a major producer and exporter. As a result, there has been fierce competition among producers for market shares. Export figures for the years 1989–93 are given in Table 12.

Table 12 Cocoa exports (in thousands of tonnes raw value)^a

	1989–91 Average	1992	1993
World total^b	1825	1717	1889
Developing countries	1825	1717	1889
Latin America	227	199	204
Brazil	103	84	95
Dominican Republic	43	43	42
Ecuador	55	35	21
Africa	1209	1051	1186
Cameroon	93	61	100
Côte d'Ivoire	698	636	649
Ghana	248	224	266
Nigeria	127	95	135
Asia and Oceania	390	467	499
Indonesia	100	155	200
Malaysia	160	125	123

Notes: ^aBeans only. ^bExcluding re-exports.

Source: FAO (1995^b) *Commodity Review and Outlook 1994–95*

Export figures refer to beans only. Exports of processed cocoa products (butter, powder and paste) by producing countries constitute a limited proportion of total exports. African exports of cocoa butter, powder and paste in 1990 amounted to 51 857 tonnes, 48 130 tonnes and 34 260 tonnes, respectively. This compares to over 1 million tonnes for cocoa beans.

Imports

Demand for cocoa grew steadily and rapidly during the mid- to late-1980s, expanding at a rate of over 5% per year. However, the slow down in economic activity in both the US and the EU contributed

to a sharp decline in consumption growth. In the medium-term, consumption growth is expected to be around 2–3% annually, which exceeds the growth rates for most other tropical products. In the EU, however, actual growth will depend on the proposed change in the regulations governing the use of cocoa butter substitutes (other vegetable fats); this could displace an estimated 100 000–150 000 tonnes of cocoa annually. The proposal has become so controversial, however, that it will probably be only partially implemented.

In the medium-term, consumption is expected to increase in the Far East, although these countries are likely to have only a limited impact during the next five years. China for example imported only 26 321 tonnes of cocoa in 1994 (FAO, 1995a) and annual *per caput* chocolate consumption in China is only 0.02 kg. Therefore, although there is considerable room for expansion, it will be taking place from a very low base.

Developments in world consumption will be critically affected by events in the former USSR and Eastern Europe. Although the potential for demand expansion in the former USSR is good, weakness in the balance of trade and therefore, in availability of foreign exchange, is likely to be a major constraint in the short term. Import figures presented in Table 13 highlight the significant reduction in imports to the former USSR.

In the medium term an increase in consumption is expected for the Far East although these countries are likely to have only a limited impact during the next five years.

Table 13 Cocoa imports (in thousands of tonnes raw value)^a

	Average 1989–91	1992	1993
World total	1770	1866	1859
Developing countries	136	159	142
Latin America	8	6	5
Africa	2	3	2
Near East	6	7	8
Far East	121	143	127
Developed countries	1634	1707	1717
North America	356	427	451
USA	332	379	412
Europe	1103	1188	1142
EU	994	1076	1034
Eastern Europe	56	68	62
Former USSR	120	40	80
Others	54	52	44
Japan	48	46	38

Notes: ^aBeans only.

Source: FAO (1995b) *Commodity Review and Outlook 1994–95*

Radical reforms of the centrally planned economies have had an effect on cocoa consumption in the region. Consumption levels of around 350 000 tonnes in the late 1980s dropped to less than 25% of this figure in the early 1990s. The extent to which a cocoa consumption recovery can be supported by these economies in the future, and subsequently generate new growth, is questionable. However, most commentators expect that recovery will occur, albeit in a patchy manner across the region.

In 1993, the International Cocoa Organization estimated the likely consumption of cocoa in the region up to the end of the decade. Although the estimate assumes that growth in cocoa consumption is linked more closely to economic growth than to cocoa price changes, low prices would certainly help cocoa consumption to respond to economic development and would have more of an influence in the medium to long term. Based on a projected annual economic growth rate of 4.5% (using IMF projections), an annual growth rate of cocoa consumption of 2.7% is envisaged, leading to consumption

of around 90 000 tonnes by the end of the decade. If, however, growth rates were higher (perhaps matching those of about 6.5% in the newly industrializing countries of Asia), then annual growth rate in consumption would be around 5.5%, leading to consumption of about 118 000 tonnes. This level of consumption, however, is still only about half the current West European average *per caput* rate.

Trade between West Africa and Eastern Europe has traditionally been very important. The former Czechoslovakia buys around 90% and Poland 60% of cocoa beans from Côte d'Ivoire, Ghana and Nigeria. Under the Uruguay Round, import duties will be reduced in several major markets, including those on cocoa beans in cocoa-producing countries. The impact of additional growth in world consumer demand is expected to exceed the effects of growth in supply. As a result, cocoa prices are expected to be slightly above the level they would have reached without the Uruguay Round. Nevertheless, the reduction in import tariffs for cocoa and cocoa products is not expected to have a major impact on the world cocoa market.

Prices

The long-term trend in the real price of cocoa has been unmistakably downwards, falling by 52% between 1970 and 1994 (Table 8). As with coffee, the direct cause of this sharp decline is the continual expansion of production in the face of slowly growing demand. The rapid increase in production in Brazil, Côte d'Ivoire, Indonesia and Malaysia accounted for 75% of the expansion in production during the 1980s. Important factors which have contributed to the increased world output of cocoa are improved efficiency in production, reduced production costs, reduction in export taxes, and depreciation of real exchange rates.

In the medium term, the fundamental issue determining the evolution of prices is the balance between supply and demand. In spite of the projected buoyant demand, the growth rate of supply is expected to exceed that of demand. No significant improvement in real prices is therefore forecast. Short- and long-term price projections by the World Bank are presented in Table 8.

African position

The importance of cocoa as a major export earner for Ghana and Côte d'Ivoire is shown in Table 12. As a percentage of world trade, however, the share of SSA exports has declined from nearly 70% during the 1960s to about 45% in the mid-1990s. This decline reflects not only increased competition on the world market, but inappropriate government policies; as with coffee, producer prices were typically kept below the world price while lack of such inputs as fertilizers, insecticides, fungicides and improved seedlings, and inadequate transport facilities, also contributed to the decline of the cocoa sector.

A comparison of internal marketing costs for selected cocoa producers shows that domestic costs in Ghana, Cameroon and Côte d'Ivoire (countries with marketing board systems) are at least 30% higher than those in Indonesia, Malaysia, Brazil and Nigeria (free market systems). This suggests that there is considerable scope for improving efficiency and reducing costs. In recognition of many of these domestic policy failings, and with the support of the international financial institutions, many of the major African cocoa producers implemented wide-ranging policy reforms during the 1980s and 1990s under the guise of structural adjustment. Better producer incentives, institutional reorganization, improved availability of inputs, and the upgrading of transport, have all facilitated this expansion. Overall, the effects of the adjustment programmes for the cocoa sub-sectors of the reforming countries have been positive. In Ghana, it is estimated that without the programme, production would have been almost half what it was in 1990.

The so called 'fallacy of composition' problem is one of the criticisms levied at the continual promotion and support of the cocoa sectors in SSA, i.e., SSA countries have significant market shares in world production and therefore, policy changes in these countries can have a considerable impact

on world prices. It is generally agreed that in SSA cocoa-producing countries, either collectively or individually, an increase in production, particularly in the larger producers of Côte d'Ivoire and Ghana, will have a depressing impact on price and export revenues. The fallacy of composition problem is often used to support arguments in favour of international commodity agreements. However, the difficulties of designing and co-ordinating regional policies on production and trade suggest that such policies are not promising means of improving market prospects for cocoa, although there has been a successful conclusion to negotiations for a new International Cocoa Agreement which is now based on export quotas and consumption rather than on buffer stocks. Export quotas, however, fail to address the issue of controlling production, the result of which is invariably a rise in stocks which overhang the market and depress prices. The classic group/individual country conflict weakens the long-term viability and sustainability of the agreement. Furthermore, the non-membership of Indonesia and Malaysia to date will seriously weaken the power of any such agreement.

A potential fallacy of composition problem does not necessarily mean that production should be discouraged, but it does mean that any agricultural strategies should be designed to take account of the possible impact on price. Declining prices do not preclude profitable production and export, but the improvement and maintenance of productivity and efficiency are the keys to avoiding a cost-price squeeze and keeping production competitive with other major producers.

INDUSTRIAL CROPS

COTTON

Exports

World cotton exports have increased by about 2.8% per year over the last 20 years, although this trend has varied significantly. The variations have been caused by fluctuations in prices and world economic conditions. Although cotton is produced in about 70 countries, the five largest cotton growing countries account for 75% of the world total. Table 14 shows exports from the major producers between 1989 and 1993.

Table 14 Exports of cotton by major producer (thousands of tonnes)^a

	1989-91 Average	1992	1993	1994
World total	5479	5473	5772	5926
Developing countries	2291	1841	1648	1790
Latin America	634	247	188	354
Argentina	129	47	56	162
Paraguay	229	130	110	131
Africa	612	589	658	715
Near East	335	311	459	416
Syria	99	160	160	148
Turkey	88	59	108	100
Far East	710	694	343	305
China	174	149	163	150
India	147	243	67	85
Pakistan	339	256	73	20
Developed countries	3187	3632	4124	4136
USA	1606	1132	1518	1589
Area of former USSR ^b	969	1897	1994	1916
Oceania	373	371	320	320
Others	239	232	292	311

Notes: ^aSeason beginning 1 August of the year shown. ^bIn addition, trade between countries of the former USSR was estimated at 1.2 million tonnes in 1991/92, 0.95 million tonnes in 1992/93, and forecast at 0.9 million tonnes in 1993/94.

Source: ICAC quoted in FAO (1995b) *Commodity Review and Outlook 1994-95*

The largest exporters are the USA (29%), former USSR, particularly Uzbekistan and Turkmenistan (12%), Pakistan (9%) and India (7%).

Imports

On a world level, annual consumption grew by 2% per year between 1970 and 1990. The major importing countries are Germany, Italy, Thailand, Japan and China. Over the last 20 years, the highest increases in consumption have been in countries which have had high population growth rates and / or high rates of economic growth: Central America, South America, China, Korea, other East and Southeast Asian countries and the Middle East. Import figures for the years 1988–93 are presented in Table 15.

Table 15 Cotton imports (in thousands of tonnes)^a

	1988–91 Average	1992	1993	1994
World total	5700	5875	5896	6123
Developing countries	2948	3171	3271	3442
Latin America	278	697	757	696
Africa	146	176	156	155
Near East	142	288	133	116
Far East	2382	2010	2225	2475
China	738	351	435	584
Indonesia	338	433	450	477
Korea Republic	430	383	375	376
Thailand	325	331	358	392
Developed countries^b	2752	2704	2625	2681
Europe	1625	1299	1421	1522
EU ^b	1055	916	1060	1129
Area of former USSR	423	812	662	667
Japan	632	489	433	387
Others	72	104	109	105

Notes: ^aSeason beginning 1 August of the year shown. ^bIncludes intra-EU trade.

Source: ICAC quoted in FAO (1995b) *Commodity Review and Outlook 1994–95*.

The ending of restraints on textile and clothing exports under the Multi-Fibre Arrangement (MFA) will entail quotas being replaced by tariffs which will be progressively reduced over a 10-year period. This will facilitate an expansion in the trade of cotton manufactured items and, as a consequence, raw cotton. Any substantial effects, however, are unlikely to be apparent in the next few years.

Prices

Prices have fluctuated significantly since 1985, reaching a low of 0.37 US \$/lb in August 1986 (Cotlook A index, CIF Northern Europe) and rising to 0.91 US \$/lb in June 1990. Although they subsequently fell, 1994 saw substantial rises; at the end of 1994, they were 0.87 US \$/lb. The increase in price in 1994 was due largely to poor harvests, particularly in India and Pakistan where export bans were imposed.

The outlook for cotton prices depends mainly on the impact of specific production constraints which are affecting a number of the major producers, and on the commercial strategies adopted by each of the major producer/exporters. Cotton production in Pakistan fell below 1.4 million tonnes in 1993/94. This 40% decline on previous levels of production was attributed to a leaf curl virus and pest damage. No effective chemical defence has been found as yet, although the use of resistant varieties could result in marginally higher yields next season. In Uzbekistan, diversion of land to food crops, lower real producer prices, and shortages of imported inputs such as fuel, chemicals and spare parts, are expected to lead to a 10% reduction in the cotton-growing area in 1994/95. Eastern China appears to be suffering from long-term pest and disease problems; lower Chinese output in the 1995–96 season is likely to reduce exports to 130 000 tonnes.

In the short term, demand is expected to exceed production, laying the foundation for price increases. In the long term, production from low-cost producers and those receiving Government subsidies (the Chinese Government supports prices and the USA provides a marketing loan programme) may ensure increasing supply and continued pressure on prices. China's position on the world market will be crucial as China is both the largest producer of cotton, and, through its export-oriented textile sector, the largest consumer. Economic reforms are having a positive effect on the textile industry, but the ability of China to sustain its growth in cotton production will depend on the generation of incentives for farmers and the spread of improved technology.

Similarly, it is anticipated that synthetics, particularly polyesters, will be a major growth area and this could place further pressure on cotton prices (an increase in cotton prices relative to man-made fibre prices would have adverse effects on consumption). In summary, some decline in prices from their present high levels is expected, with prices thereafter remaining flat in real terms.

African position

The expansion of cotton production (and hence, trade) in SSA has generally been due to increased yields and an increase in planted areas. This contrasts with the major producing countries where increased production has been primarily through increased yields alone. Table 16 shows cotton yields for the major producers. With the exception of Côte d'Ivoire, yields from SSA are below the world average, although the performance of the Francophone countries has been better than that of the Anglophone countries.

Table 16 Seed cotton yields by producing country (kg/ha)

	1979-81	1991-94	Annual change (%)	% of world average
USA	1493	2086	2.8	122
China	1613	2523	4.0	147
Turkey	1967	2796	3.0	163
Pakistan	1027	1435	2.8	84
Uzbekistan		2559		149
Egypt	2646	2739	0.2	160
Mali	1187	1394	1.2	81
Côte d'Ivoire	1105	1155	0.3	67
Sudan	837	1568	6.2	92
Burkina Faso	887	1124	1.9	66
Tanzania	427	564	2.3	33
Benin	763	1394	5.9	81
World	1244	1712	2.7	

Source: FAO (1995a) 1994 Yearbook

There are various reasons for the difference in performance between Francophone West Africa and the Anglophone countries. It can be partly attributed to the institutional structure for the provision of services. Most production in the Francophone countries (pre-independence) was set up by the Compagnie Française pour le Développement des Textiles (CFDT). These companies were responsible for the provision of extension, inputs and other services to growers and at independence, the governments became majority shareholders. They also ensured the transfer of technology and high-yielding varieties to farmers. However, the decline in cotton prices since 1985 has jeopardized the operation of the CFDT and in many countries, the organization is being restructured. In the Anglophone countries, the provision of services declined substantially when the Cotton Research Corporation was abolished in 1976. Irrigation is another major reason for higher than average cotton yields, and climate, technology, agricultural policy and infrastructure development all contribute to differences in yield.

Africa's main comparative advantage is that the cotton is hand picked. Hand-picked cotton does not have to be beaten as much as mechanically harvested cotton during ginning and cleaning, and this produces a fibre which is cleaner and less knotty. In an increasingly competitive market, quality requirements are becoming more stringent. Traditional yarn makers in Europe and Asia, faced with rising labour costs and increased competition from developing countries, are basing their competitive position on quality and productivity. Trade flows in raw cotton are therefore tending to move up-market, with importers looking for raw cotton which has the advantages of a natural product but which has regularized characteristics. Grading criteria relating to fibre length and uniformity, colour, fibre thickness, and absence of impurities, knots and stickiness, are becoming even more important. However, growth in African output and notably, productivity gains in ginning have been achieved partly at the expense of quality. A drive for more volume should not be allowed to endanger Africa's reputation for good quality cotton which has built up over the years.

In contrast with the major beverage crops, cotton does not face the fallacy of composition problem. The collective market share for SSA is only 14% of world exports and this is too small, relative to the estimated world demand elasticity (ranging between -0.2 and -0.3) to cause a significant decline in terms of trade.

Although cotton is produced primarily for its fibre, cottonseed oil and cake are also important, but in terms of value, they are minor products.

EDIBLE NUTS

CASHEW NUTS

Exports

In international trade, cashew nut refers both to the raw nut and to the edible kernel contained within the nut's hard shell. Exports of cashew nuts increased from 60 125 tonnes in 1987 to 104 555 tonnes in 1994, an increase of 74%. Table 17 shows exports by major exporters since 1989 (expressed in numbers of boxes). India is the largest exporter, followed by Brazil and Mozambique.

Table 17 World cashew exports (in thousands of boxes^a)

	1989	1990	1991	1992	1993	1994 ^c
Nut exports^b	3545	3801	3591	4441	4337	4610
India	1935	2184	2160	2217	2769	3400
Brazil	1210	1193	1033	1850	1300	1000
Mozambique	148	171	137	166	108	75
Tanzania	82	48	46	43	4	5
Kenya	32	15	53	31	15	5
Others	138	190	162	134	141	125

Notes: ^a1 box = 22.68 kg net. ^b1994 preliminary figures. ^cFirst half of 1994 only.

Source: Man-Producten Rotterdam BV (1994, 1995) *Edible Nut Market Report*

In 1992, India accounted for 50% of total exports and Brazil, 42%. Since 1992, however, Indian exports have risen sharply, accounting for 74% of total exports in 1994. These exports include not only the cashew nuts produced and processed locally (domestic production is estimated to increase by 10% per year), but also raw whole nuts which are imported from Africa and processed for re-export; 1994 saw a sharp increase in imports of raw nuts from both African and Asian producing countries.

By contrast, Brazilian exports have declined due to the effects of a drought in the major producing

areas of northeast Brazil. This decline is only likely to be short-term and in the long run, production is expected to return to former levels. In the meantime, many factories have started to negotiate for the import of 30 000–40 000 tonnes of raw nuts from Africa in order to use spare capacity.

Production has also increased in Vietnam, although until recently, most output was absorbed by the domestic market. It is reported that the area under cashew has increased from 70 000 ha in 1988 to over 100 000 ha in 1993, and that Vietnam has exported substantial quantities of (albeit poor quality) cashew to India and China. However, quality is expected to improve and Vietnam is likely to become a significant exporter of cashew nuts over the next 10 years.

Imports

Total net imports of cashew kernels were 107 163 tonnes in 1994. This represents an increase of 48% between 1987 and 1994. The largest markets are the USA (accounting for over 50% of the total imports), the EU, Canada, Australia and Japan. Import figures by country are given in Table 18.

Table 18 Cashew imports (in thousands of boxes^a)

	1989	1990	1991	1992	1993	1994	1995 (Jan-Jun)
USA	1825	2401	2180	2693	2643	2721	1169
Canada	166	197	209	218	244	211	74
Netherlands	135	171	181	252	379	589	343
Germany	144	165	177	243	304	371	184
UK	214	225	214	254	287	265	118
France	47	53	63	70	91	96	68
Portugal	6	13	21	23	25	27	8
Spain	3	12	19	18	NA	NA	–
Belgium/Luxembourg	13	16	17	24	20	25	–
Switzerland	8	7	9	12	11	15	8
Austria	3	3	4	5	9	10	–
Sweden	3	2	3	3	3	3	–
Finland	1	1	1	1	1	1	–
Norway	9	3	3	4	7	8	8
Australia	120	124	145	130	166	198	81
Japan	167	190	244	216	248	273	146
Others (estimate)	353	532	200	210	300	360	200
Total imports	3218	4114	3689	4374	4738	5173	2407
Total re-exports	111	154	143	134	277	448	203
Total net imports	3106	3959	3547	4240	4462	4725	2204

Notes: ^a1 box = 22.68 kg net.

Source: Man-Producten Rotterdam BV (1994, 1995) *Edible Nut Market Report*

The cashew nut markets in the USA, Europe and the Far East are generally for kernels which will be further processed (roasted and salted) and re-packaged by the importer. Imports are expected to continue to expand. During the first half of 1994, imports into the USA totalled a record 1.334 million boxes, 11.2% higher than the corresponding period in the previous year. Imports into the main European markets have also increased sharply, and new markets are developing in Eastern Europe. Cashew nut is regarded as a luxury product and as incomes expand, so demand is expected to rise. Other emerging markets are the Middle East, Southeast Asia, Japan and Australia.

The market for cashew nuts is dominated by demand for whole white kernels which are used primarily for snacks. Current demand for whole kernels amounts to approximately 75% of total trade volume. Broken pieces, splits, or partly whole kernels are utilized by the food preparation and confectionery industries; they are also sold in less expensive nut mixtures. The majority of the substantial trade in raw cashew nuts is between East and West Africa and India.

Prices

The price of cashew nuts is determined by the shape and size of the kernel; the kernels are graded according to international standards based on count, colour, shape and taste. The highest price is paid for whole kernels and the lowest, for broken pieces. Prices from 1987 and 1994 for standard size W320 cashew varied between US\$ 3.30/lb (free on truck) and US\$ 2.20/lb. Comparisons with average FOB prices (all grades) in India suggest that SSA production is discounted by about 25% because of colour, shape, etc.

In the early 1970s, Tanzania was a supplier of good quality cashew. In recent years however, this reputation has been lost. Quality is currently described as variable.

African position

Historically, Mozambique and Tanzania were the two large producers and exporters of raw cashew nuts. In the 1970s, Mozambique was the world's leading producer with 120 000 tonnes/year and 20 years ago, Tanzania produced 85 000 tonnes/year. The civil war in Mozambique in the 1980s caused a collapse in production and exports; production fell to 20 000 tonnes at its lowest point. Tanzanian production in 1995/96 is expected to be in the region of 30 000–40 000 tonnes.

Given the strong tradition of cashew nut growing, the potentially lower production costs compared to Indian and Brazilian competitors, and the genuine demand worldwide, each of these SSA countries is in a favourable position to expand production and agricultural processing. In order to expand exports successfully however, exporters must ensure that their products comply with the health and safety regulations of the destination markets. They will also face stiff competition from Indian and Brazilian suppliers who are well established on the international market.

Mozambique and Tanzania use large-scale mechanized processing technology which has created problems. The mechanized technology is vulnerable to breakdown (because of shortage of spare parts, lubricating oils, etc.), requires large numbers of nuts to operate efficiently, and operates well below the manufacturer's specifications if there are no strict grading and sizing operations prior to the decortication process. In many cases, modern processing equipment has been left standing idle. Current processing technologies in East Africa also cause large numbers of kernels to break; estimates suggest that typically, 45% of kernels are broken (compared with about 20% of kernels from India). It is therefore necessary to re-think the reliance on large-scale plants in Africa, and to consider instead the scope for increasing the use of smaller scale technologies.

To benefit fully from cashew nut production, by-products can be used. The 'cashew apple' has a high vitamin C content and can be used in juices, jams, syrups and alcoholic beverages. The toxic cashew nut shell liquid (CNSL) has various industrial uses, in brake linings for example.

GROUNDNUTS

Exports

International trade in hand-picked shelled (HPS) groundnuts only accounts for a small proportion of total production. Most production is consumed domestically. Table 21 shows exports by major exporters. China exports 47% of the total, the USA, 21% and Argentina, 11%.

In 1993/94, an estimated 884 000 tonnes of HPS groundnuts were exported, representing an increase of approximately 38% since 1987/88. This was attributed largely to an increase in exports from China.

As groundnut is an annual crop, production and exports can fluctuate widely because of climatic conditions, i.e., drought or heavy rainfall, affecting yields and farmers changing cropping patterns in the expectation of influencing relative prices.

Table 19 Exports of HPS groundnuts by major exporters (in thousands of tonnes)

Oct-Sept	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94p	1994/95p
USA	251	337	195	335	314	170	280
China	238	333	448	307	304	421	350
Argentina	83	69	84	88	126	96	105
Vietnam	62	83	82	66	85	80	120
India	47	18	25	5	25	96	40
S.Africa	32	28	19	19	5	21	10
Total	713	868	853	820	859	884	905

Notes: p = preliminary.

Source: Man-Producten BV (1995) *Edible Nut Market Report*

Exports from China are expected to decrease as domestic demand increases. (As the Chinese economy has grown, demand for groundnut oil has increased, and the traditional price premium has declined to such an extent that there is little incentive for farmers to strive to produce for the edible sector.) It is possible that China may need to import substantial quantities of groundnut to meet domestic demand.

Exports from India and Vietnam, however, are expected to increase, and some buyers who have traditionally bought Chinese groundnut have already started to buy from these sources.

The new General Agreement on Tariffs and Trade (GATT) rules will open up the US market for imports. The level of imports allowed is determined by an 'import quatum'. The price differential between the free market price and the US domestic market price is such that in the short term, importing will be very attractive. The major beneficiary of these moves is likely to be Argentina which was granted 78% of the import quatum for 1995. However, as this will reduce the availability of high quality HPS groundnut to Europe, there would appear to be scope for other producers to expand into the European market.

Imports

Imports of groundnut have stagnated in the traditional markets of the USA and Western Europe. It is estimated that consumption in the USA has declined by 3% per year since 1990. Imports into Eastern Europe and the Far East, however, have shown a marked increase. As *per caput* incomes rise, these markets can be expected to increase further. Consumption is at least 10 times higher in Western Europe than Eastern Europe.

The market showing the biggest increase in imports is Indonesia. In 1989, 15 000 tonnes of groundnut were imported and by 1993, this had increased to 107 000 tonnes (these are not HPS groundnuts; they are salted, or crushed into groundnut sauce). The increase has been partly due to short-term factors, i.e., drought, but the main reason is the reduction in planted areas in Java as more land is turned over to property development.

In terms of market requirements and access, grading is particularly important for the European and US markets. Groundnuts should fall within the range permitted for a particular count, and kernels should be clean and meet aflatoxin regulations. There are strict limits on aflatoxin contamination for groundnuts entering the USA and European markets, and these are very difficult to meet.

Prices

Prices fluctuate significantly, again due to annual planting decisions. In 1987, prices (for US Runner 40/50s) were around US\$ 650/tonne (CIF). This rose to US\$ 1830/tonne in the last quarter of 1990. Prices have subsequently fallen and during 1994, they were US\$ 800-1000/tonne.

African countries (largely non-HPS grade)

Groundnut production, processing and trade was extremely important to the development of a number of African economies during the 1960s and 1970s. The groundnut sector accounted for a large share of GDP and export revenues for members of the African Groundnut Council (AGC) (The Gambia, Mali, Niger, Nigeria, Senegal and Sudan). Since the 1970s, however, the groundnut sector has undergone a rapid decline in terms of both production and exports. Groundnut exports as a percentage of export earnings fell from 93% during the 1960s to 37% in 1990 in The Gambia, and from 75% to 18% in Senegal.

External demand factors have contributed to the decline in production and exports. Trade in groundnut oil peaked in 1972 at 537 000 tonnes and has since remained stable at 300 000–400 000 tonnes. Slow population growth rates in importing countries, stable consumption rates, and increasing consumption of other vegetable oils in major developed country markets, have contributed to low growth rates. The switch to other vegetable oils such as sunflower oil reflects the increasing interchangeability of oils, and consumer taste and preferences for unsaturated fats. Future prospects are not good.

Domestic sector and macro-economic policies have also played a significant role in the decline in production and exports, with high levels of implicit taxation characterizing many of the AGC countries. Although the recent reforms and liberalization of domestic markets are important steps towards restoring competitiveness, further improvements in production and marketing are required in most AGC countries if they are to compete with their major competitors. Given the market outlook for groundnut oil, regional markets may offer a promising alternative to dwindling international markets. High income elasticities for groundnut suggest potential expansion in regional demand but to date, AGC countries have not taken advantage of the proximity of these markets.

FRUIT AND VEGETABLES

In terms of market development, products (whether industrial or agricultural) pass through the following stages: launch, growth, maturity, saturation and in some cases, decline caused by changing food habits and tastes. Exotics and fresh produce are no exception. Figure 3 sets out the trends in the French market. Similar figures can be drawn up for most exotic and fresh produce markets in Western countries.

Current trends suggest that production and trade in exotics and fresh produce are increasing in Spain in direct competition with produce from SSA. There is also an increasing influence from producers in South America (Chile, Brazil and Argentina), Central America (Honduras, Guatemala and Mexico) and North America (USA). However, European consumers are developing a taste for fresh produce and new exotics, and greater use of temperature-controlled, modified-atmosphere container transport is allowing goods to be delivered in better condition more cost effectively than air freight.

With increasingly competitive markets, the quality of exotics and fresh produce is critical. Attention needs to be given to ensuring the following: harvesting and shipping at optimum ripeness; even size grading; better targeting of market openings through improved market intelligence; and dynamic point-of-sale marketing (in-store promotion, demonstrations, tastings, etc.).

Given the large number of commodities traded, a selection of some of the more important non-traditional exports from SSA will be examined.

PINEAPPLES

Fresh pineapple trade

Exports and market share of pineapple from SSA, particularly to Europe which is the world's biggest importer, have declined substantially since the mid-1980s. In 1985, West Africa (essentially,

Côte d'Ivoire) supplied 97% of the 172 000 tonnes imported by the EU. By 1991, this market share had declined to 66% of a total of 215 000 tonnes, but it had recovered to some extent by 1994. The decline was due to increased competition from Central America, and increasing demand for higher quality produce in export markets. The increased market power of supermarket retailers has been one of the main causes of change. Supermarkets require large-scale distribution of consistent and high quality produce. African pineapples have traditionally been sold through many different wholesale and retail market outlets. This has led to a large number of brand names which have lacked consistency in quality and marketing. Overall, future consumption prospects in the European market appear to be moderate, although *per caput* pineapple consumption in most European countries is still small relative to fruits such as oranges and bananas.

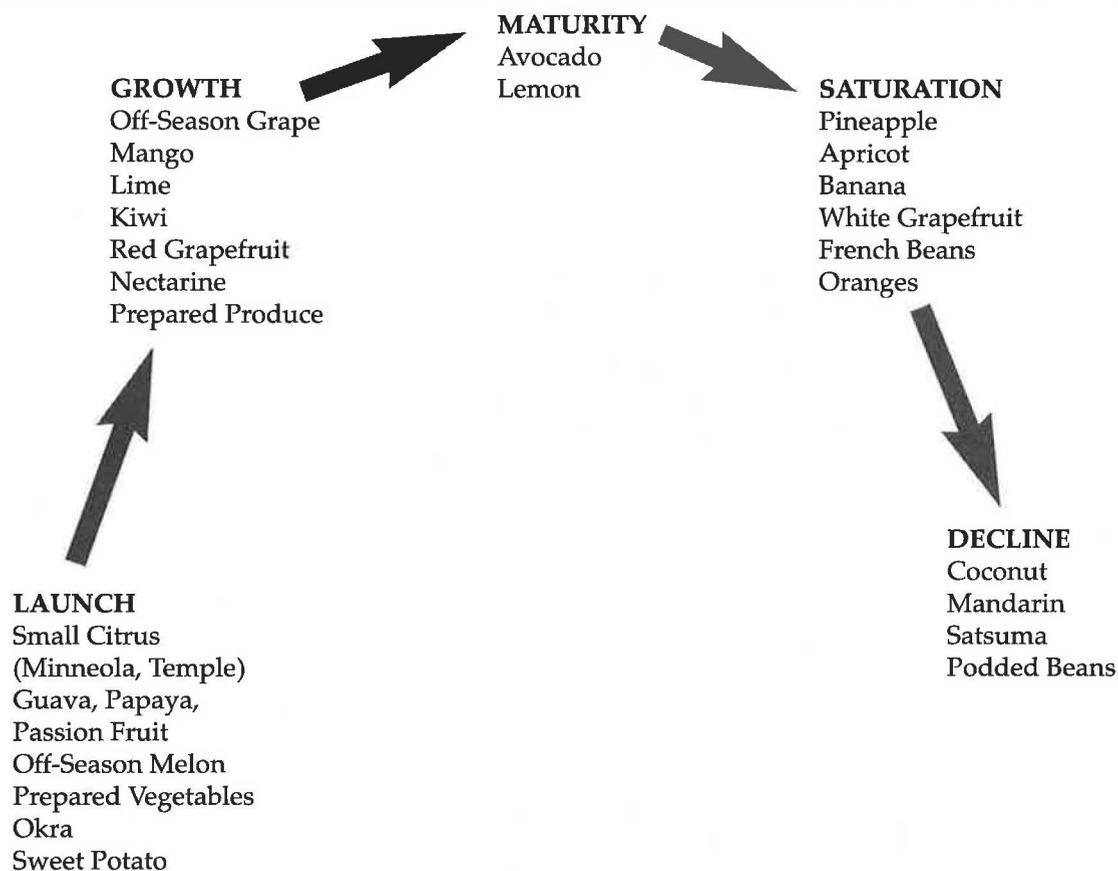


Figure 3 Market potential for exotics and fresh produce (France)

Source: Delmas (1991) *The Courier* May-June 1991

African position

The market prefers produce from SSA because of its taste and colour, and this suggests that improvements in other quality aspects could give SSA an advantage over competitors and increase market share. However, the quality of sub-Saharan produce has declined because of lower technical skills amongst growers, lower use of inputs due to tighter margins, slack quality control, and lack of infrastructure. If exports are to be expanded, improvements in quality are essential. This will require better quality control and the establishment of national and international regulations. Quality standards are not static and importer regulations are continuously being improved.

A problem faced by West and Central African producers is the high cost of freight. Air freight can account for as much as 40% of the total CIF value of the pineapple. To be able to compete with other producers, freight costs must be comparable. Improvements in sea freight could reduce the dependence on air freight and cut transportation costs. Although virtually all the pineapples from

Côte d'Ivoire are shipped by sea, those from Ghana are not. However, in 1994, the Seafreighted Pineapple Exporters of Ghana (SPEG) formed by a small group of producers, trebled sea freight to 3000 tonnes, or 30% of total pineapple exports. Given the high cost and limited capacity of air freight, the volume of sea-freighted exports from Ghana is expected to increase in the future. Kenya may also increase fresh pineapple exports by sea shipment.

CANNED PINEAPPLE

Canned pineapple trade

The volume and value of pineapple is much higher in the processed form of canned pineapple (in natural juice and in syrup) and frozen juice concentrate. Table 20 shows that world trade is dominated by Asian producers.

Table 20 Exports of canned pineapple in 1994 (in thousands of tonnes)

World	1 143 152
Thailand	512 266
Philippines	215 227
Indonesia	99 121
Malaysia	51 000
Côte d'Ivoire	—
Kenya	67 752
South Africa	25 000
Swaziland	15 000

Source: FAO (1995a) 1994 Yearbook Trade Statistics

Prices

The value of canned pineapple varies between US\$ 800 and US\$ 1200/tonne depending on source and quality. The African product tends to sell for between US\$ 800 and US\$ 900/tonne, reflecting below average quality. In order to produce at this price, fresh pineapple must be delivered to canning factories at US\$ 100–140/tonne to cover processing costs and losses, packaging costs and freight.

African position

African exports exceeded 100 000 tonnes in 1990. Production has since fallen in Côte d'Ivoire and Kenya because of competition from Thailand and Indonesia, even though as ACP member states they are entitled to zero duty preferential entry (compared to the 18–24% levied on Asian suppliers after the duty free quota has been exhausted). Africa could expand significantly given the benefit of the ACP tariff preference, but this will be reduced over the next seven years under the Uruguay Round. Fruit production costs must therefore be reduced and processing costs held at low levels to match Thailand and Indonesia.

FROZEN CONCENTRATED PINEAPPLE JUICE

Frozen concentrated pineapple juice (FCPJ) is another processed pineapple product. A traded volume of about 60 000–80 000 tonnes is valued at US\$ 1000–1500/tonne. Brazil is an important supplier of this product range, trading in the directly extracted Parola variety. However, the bulk of FCPJ is surplus juice extracted from the cannery residue which is not of a high enough quality for canning. Africa's market share in juice concentrate is even smaller than the 10% for canned pineapple.

FRENCH BEANS

French beans are the most important off-season vegetable imported into the EU. The market is divided into two types: fine and extra fine French beans (mainly eaten in France), and Bobby beans (eaten in other countries of northern Europe). In 1992, EU imports were 37 555 tonnes; France was the largest importer, followed by the Netherlands and the UK. From 1988 to 1992, the volume of imports grew by 7%.

Kenya is by far the most important supplier of green beans, with year-round production accounting for 38% of SSA exports. The next largest supplier is Burkina Faso (9%), followed by Senegal (7%).

Problems in producer countries which need to be addressed are: the fragmentation of supply due to the large number of suppliers; lack of logistic control; and insufficient compliance, or non-compliance, of producers with production timetables.

Prices

Prices were stable in 1992/93 but fell considerably in 1993/94. Kenya, as the market leader, was the least affected; other countries fared badly. Prices in the UK market in 1993/94 were between £ 2.50 and £ 1.80/kg for fine French beans, and between £ 2.20 and £ 0.85/kg for Bobby beans. Demand for higher quality has increased and 'sub-standard' produce is subject to a substantial price discount.

CUT FLOWERS

International trade

World trade in cut flowers increased at a rate of 10% per year to a peak of US\$ 3.4 billion in 1991. The Netherlands is the leading world supplier, followed by Colombia and Israel. In 1991, these three countries accounted for 80% of international trade. However, in 1992, demand in most markets stagnated. This was mainly because of the economic recession and the unusually warm weather during part of the main trading period in four of the main markets: Germany, France, UK and the Netherlands. These four countries account for 60% of world imports. Import figures for the main import markets are given in Table 21.

Table 21 Main import markets for cut flowers, 1987 and 1991 (in US\$ million)

	1987		1991	
	Value	Share (%)	Value	Share (%)
Total world imports	2219	100	3363	100
of which:				
Germany	835	37.6	1245	37.0
USA	321	14.5	403	12.0
France	211	10.0	338	10.0
UK	177	8.0	306	9.0
Netherlands	113	5.1	185	5.5

Source: International Trade Centre (1993) UNCTAD/GATT Fresh cut flowers

World trade is expected to continue to grow in the future but probably at a lower rate. The trade share of developing countries is considerable and has consistently been around 20%.

African position

Kenya is by far the biggest African exporter; it ranks seventh among the leading flower exporters and third among developing country suppliers. In 1991, exports amounted to US\$ 53 million. Other

African exporters include Côte d'Ivoire (US\$ 5.9 million), Mauritius (US\$ 4.65 million) and Rwanda (US\$ 2.0 million). The outbreak of civil war in 1994 has effectively halted cut flower exports from Rwanda, but Zimbabwe is now an important supplier.

In general, the prospects for developing countries are good provided that they concentrate on high quality, well-packed flowers with a long shelf-life. New entrants have to compete with many suppliers with established reputations, so reliability and continuity of supply are basic requirements for success. One of the reasons why developing countries are failing is that they have not fully comprehended the difficulty of producing flowers for export. Cut flowers are highly perishable, and technical expertise is required in the fields of proper selection of planting material, planting densities, pest and disease control measures, harvesting, cooling, packing, and transportation (which is always by scheduled or chartered air freight). Development of a viable and competitive cut flowers industry is therefore likely to be a long process of learning and training, often requiring international expertise, particularly in transport, marketing and sales.

Section 3

Areas of Greatest Potential and a Possible Agenda for Further Work

INTRODUCTION

The purpose of this section is to draw together the information in Sections 1 and 2 so that the areas of greatest potential and opportunity for SSA traditional and non-traditional exports can be identified. Proposals for further study are then developed in the context of these conclusions.

It is important to note that the prospects and critical issues affecting each commodity were reviewed from an international market perspective. Each commodity grouping as defined in Section 2 will be examined in turn.

CONCLUSIONS ON COMMODITY PROSPECTS

Sustaining traditional beverage crop exports

The importance of beverage crops to many SSA economies has been highlighted in terms of their contribution to GDP, export earnings and employment. Their importance emphasizes the need to maintain a healthy and dynamic beverage crop sector in spite of long-term declines in real prices and potential 'fallacy of composition' problems for all three beverages, particularly cocoa.

The scope for future rises in coffee prices appears to be limited even with the recent introduction of a stock retention scheme. Furthermore, the trend towards arabica in traditional coffee-consuming countries is likely to be reflected by an increasing price differential between arabica and robusta to the detriment of most African exporters of robusta. However, within this environment, profitable production is possible and it is vitally important that domestic production and marketing systems are improved so that costs can be controlled and a competitive position can be retained. The scope for value added products also appears to be limited. Although improved contacts and partnerships with established roasters for customized brands may allow some insulation from market changes, these items represent only a small component of the market.

The market outlook for tea in traditional markets is relatively flat and will continue to be so for the foreseeable future in Eastern Europe and the former USSR. Medium-term uncertainty surrounding imports into Eastern Europe, the former USSR and the Middle East, adds to the unpredictable market prospects for tea. Apart from Tanzania and Malawi, the prospects for African tea exports are further limited by rising output and competition from Sri Lanka, China and Indonesia (although India may be forced to reduce exports because of increasing domestic demand) and potential land limitations in Kenya (by far the largest African producer).

By contrast, demand for cocoa is expected to continue to grow in the medium term and to exceed growth rates for most other tropical products. However, there is also uncertainty surrounding demand for cocoa from the former USSR and Eastern Europe, and this may be critical to overall demand prospects. Continually rising production and fierce competition among producers for market shares is likely to mean that there will be no significant improvement in real prices. African producers may become preoccupied with defending their remaining market share. As with coffee, the need to improve domestic production and marketing systems should be stressed, particularly market systems in which there is thought to be considerable scope for reducing costs in countries where marketing board systems operate (Ghana, Cameroon and Côte d'Ivoire). This process will need to include measures to liberalize exports and will also need to be carefully managed in order to prevent trading problems (such as declining quality, increased market uncertainty and reduced forward liquidity).

Potential expansion in cotton exports

After beverage crops, cotton is the next most important African agricultural export in terms of earnings. Many of the countries with cotton sectors may benefit from future market development and expansion. Market prospects in the short term suggest that there is scope for further price increases but in the longer term, production levels are likely to ensure continued pressure on prices. Within this context, prospects for Africa seem promising. Hand-picked cotton gives SSA countries a comparative advantage, and they do not have to face a fallacy of composition problem because their shares in the world market are too small.

There is considerable scope for improving seed cotton yields, although it should be stressed that with an increasingly quality conscious market, output should not be increased at the expense of quality. As with beverage crops, areas for possible improvement include marketing and associated institutional factors.

Niche opportunities in the edible nuts sector

Although the value of the cashew market is small compared to mainstream commodities, and the geographic focus of African production is relatively narrow, it does represent a niche opportunity. The traditional markets for cashew kernels in the USA, Europe and the Far East are expected to continue to expand, while new markets are developing in Eastern Europe, the Middle East, Southeast Asia, Japan and Australia. India has also become a large importer of raw cashew nuts (in-shell). Although cashew nut production in Mozambique and Tanzania declined drastically during the 1970s and 1980s, there should be scope for reviving production in both of these countries because of their strong tradition of cashew growing, potentially lower production costs compared to their Indian and Brazilian competitors, and the favourable market outlook. Issues to be addressed include improving cultivation, quality and farmer support, and reviewing processing technologies, particularly the future of large-scale plants. The production, processing and trade in groundnuts from members of the African Groundnut Council have declined sharply due to a combination of external and domestic policy factors.

The international market for groundnut oil fell from a peak in the early 1970s and has remained subdued, if stable, ever since. The increasing interchangeability of vegetable oils and a preference for unsaturated fats mean that future prospects for groundnut oil are not good. The regional markets, in which there appears to be some potential for expansion, may be an exception. However, in spite of policy reform in recent years, further improvement in production and marketing is required in order to be competitive.

African exports of groundnuts are mostly non-hand-picked shelled (HPS) grade; the export potential for HPS appears to be limited by the stringent grading requirements of the USA and European markets, and strict aflatoxin regulations.

Non-traditional exports: fruit, vegetables and cut flowers

The export of fresh produce is becoming increasingly competitive, with producers from Asia, South and Central America, and southern European producers within the EU, all vying for a position in the market. In this environment, quality issues are of paramount importance for both established producers and new entrants. This is the case for all the non-traditional crops covered.

Future market prospects for fresh pineapple are described as moderate, although low *per caput* consumption relative to oranges and bananas suggests that there is scope for further expansion. Taste and colour gives African produce an advantage so improvements in quality could lead to a rise in exports and an expanded market share. Increased sea freight from Ghana also offers the opportunity for reducing transport costs to a level comparable with competitors such as Côte d'Ivoire and Central America.

Table 22 Areas for further study

Commodity	Issue	Country focus
Coffee	Examine processing and grading systems and assess the adequacy of incentives for farmers.	Kenya Uganda Tanzania Côte d'Ivoire Cameroon Burundi Ethiopia
Cotton	Identify constraints to improved on-farm productivity (seed cotton yields and quality) and extension services to support farmers. Examine operation and maintenance of cotton ginneries, and identify constraints to improved quality.	Benin Burkina Faso Cameroon Chad Côte d'Ivoire Ghana Mali Nigeria Swaziland South Africa Tanzania Togo Zimbabwe
Non-traditional crops	Identify major production, marketing and quality control constraints.	Tanzania Ghana Senegal Burkina Faso Côte d'Ivoire Zimbabwe Namibia South Africa
Cocoa	Examine internal marketing systems and their impact on farmers and incentives. Identify major constraints and scope for improved efficiency.	Ghana Nigeria Côte d'Ivoire
Cashew	Provide support for farmers, particularly harvesting and marketing. Examine quality control issues and options in terms of processing technology for the large-scale plants.	Tanzania Mozambique

African exporters of canned pineapple face stiff competition from Asian producers and a reduction in the ACP tariff preference under the Uruguay Round will make it even harder to compete.

French beans are the most important off-season vegetable and the market appears to have moved into saturation phase. However, demand for higher quality produce has increased, and substantial discounts are offered for sub-standard produce.

The following production issues need to be addressed by established producers and exporters such as Kenya and Zimbabwe, and by producers at an earlier stage of development such as Tanzania, Malawi and Uganda: compliance with production timetables; improved logistical control; and problems associated with fragmentation of supply because of the large numbers of suppliers and co-ordination of air freight schedules.

World trade in cut flowers is expected to continue to grow rapidly. In general, the prospects for African countries are good provided that they can ensure reliability and continuity of supply, and that they concentrate on high quality, well-packed flowers with a long shelf-life.

AGENDA FOR FURTHER WORK

An attempt is made here to define explicit areas where further work is warranted. It does not constitute a comprehensive research agenda for African agricultural exports, but it does identify critical issues and define country and commodity foci. Possible research activities, broken down according to commodity and geographical focus, are presented in Table 22.

The first three areas are those with possibly the greatest significance for African agricultural export performance. Coffee, the principal African export beverage, requires on-going support if market share is to be sustained. Cotton is the only major commodity for which there are real opportunities to expand exports with potential benefits for a relatively large number of producing states. Non-traditional crops as a group are of considerable importance and again, the geographical range is quite wide.

The last two study options are of lesser significance overall because of the relatively narrow spread of their geographical importance, but cocoa is significant in its own right because of its share of African commodity trade.

Ideally, any commodity-focused research should take account of wider policy and institutional factors in the countries covered, and should include an assessment of the policy and marketing issues which also apply to other African countries.

Some other cross-cutting areas not included in Table 22 may have key relevance to the prospects for African agricultural exports. These include: transport costs and infrastructure in Africa; the potential role of regional trade within Africa; the role of public agricultural sector policy in promoting incentives and technology for export promotion; the handling of commodity price risks; and the role of public and private agents in the provision of service for various commodity systems.

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Appendix 1

Exports from sub-Saharan Africa 1970-92 (tonnes)

	1971-75	1976-80	1981-85	1986-90	1991-92	% SSA 1991-92	%change 1970-92
Coffee							
Côte d'Ivoire	221 038	250 447	234 264	212 153	209 452	23.71%	-5.24%
Uganda	201 438	131 786	146 300	150 714	123 851	14.02%	-38.52%
Zaire	69 437	72 584	69 090	97 335	94 112	10.65%	35.54%
Cameroon	81 256	87 669	85 471	107 454	111 398	12.61%	37.09%
Others	534 726	427 572	442 352	438 652	344 548	39.00%	-35.57%
Total SSA	1 107 895	970 058	977 476	1 006 308	883 361		-20.27%
Total world	3 523 925	3 491 382	4 070 427	4 517 419	4 879 154		38.46%
% world trade	31.44%	27.78%	24.01%	22.28%	18.10%		
Tea							
Kenya	51 732	82 894	100 831	153 703	171 038	62.20%	230.62%
Malawi	22 159	31 131	35 963	39 162	39 143	14.23%	76.65%
Tanzania	9 431	12 733	13 078	11 762	18 435	6.70%	95.46%
Rwanda	2 616	5 558	7 646	10 843	13 392	4.87%	411.83%
Others	45 008	32 478	35 879	29 228	32 994	12.00%	-26.69%
Total SSA	130 947	164 794	193 398	244 698	275 001		110.01%
Total world	786 193	894 447	995 184	1 153 592	1 157 718		47.26%
% world trade	16.66%	18.42%	19.43%	21.21%	23.75%		
Cotton							
Mali	18 584	38 920	45 394	82 451	114 420	16.73%	515.68%
Sudan	189 222	177 175	137 616	159 473	81 500	11.91%	-56.93%
Côte d'Ivoire	14 571	24 384	124 299	91 943	76 141	11.13%	422.56%
Tanzania	53 934	37 673	32 319	45 627	51 835	7.58%	-3.89%
Burkina Faso	8 904	19 659	23 042	151 940	64 000	9.36%	618.78%
Benin	13 145	6 394	10 944	42 427	68 000	9.94%	417.32%
Others	238 723	193 039	180 011	224 920	228 171	33.36%	-4.42%
Total SSA	537 083	497 244	553 625	798 781	684 067		27.37%
Total world	4 095 711	4 295 070	4 317 417	5 198 008	4 903 174		19.71%
% world trade	13.11%	11.58%	12.82%	15.37%	13.95%		
Cocoa beans							
Côte d'Ivoire	164 871	213 374	398 640	489 518	680 131	59.50%	312.52%
Ghana	347 019	238 337	186 008	225 389	236 107	20.66%	-31.96%
Nigeria	66 908	84 014	96 029	106 166	81 126	7.10%	21.25%
Cameroon	81 107	66 190	82 006	101 003	75 500	6.60%	-6.91%
Others	237 573	157 136	92 594	68 240	70 226	6.14%	-70.44%
Total SSA	897 478	759 051	855 278	990 316	1 143 089		27.37%
Total world	1 183 956	1 059 679	1 301 302	1 635 099	1 825 773		54.21%
% world trade	75.80%	71.63%	65.72%	60.57%	62.61%		
Cocoa butter							
Total SSA	49 035	40 166	36 331	44 238	45 441		-7.33%
Total world	161 040	168 208	216 957	240 777	367 349		128.11%
% world trade	30.45%	23.88%	16.75%	18.37%	12.37%		
Cocoa powder							
Total SSA	2 236	18 201	45 287	47 921	42 339		1793.83%
Total world	95 563	134 072	209 083	280 311	348 041		264.20%
% world trade	2.34%	13.58%	21.66%	17.10%	12.16%		

	1971-75	1976-80	1981-85	1986-90	1991-92	% SSA 1991-92	%change 1970-92
Cocoa paste							
Total SSA	65 006	44 299	26 314	34 554	32 009		-50.76%
Total world	87 176	129 922	152 274	153 945	161 683		85.47%
% world trade	74.57%	34.10%	17.28%	22.45%	19.80%		
Groundnut							
Senegal	15 427	42 324	9 042	6 988	15 350	21.11%	-0.50%
South Africa	58 441	33 600	26 618	21 728	18 346	25.23%	-68.61%
The Gambia	39 183	39 777	26 971	14 866	9 601	13.20%	-75.50%
Tanzania	151	158	0	2 451	11 210	15.42%	7323.51%
Others	377 219	197 489	70 333	57 120	18 211	25.04%	-95.17%
Total SSA	490 421	313 348	132 964	103 152	72 717		-85.17%
Total world	895 659	820 857	780 241	958 052	1 064 465		18.85%
% world trade	54.76%	38.17%	17.04%	10.77%	6.83%		
Groundnut oil							
Senegal	138 530	154 742	97 197	118 483	103 000	79.52%	-25.65%
Sudan	3 614	24 032	12 514	16 251	10 000	7.72%	176.74%
South Africa	11 637	16 523	17 360	14 276	9 770	7.54%	-16.05%
Others	83 558	24 190	11 145	15 022	6 762	5.22%	-91.91%
Total SSA	237 338	219 488	138 217	164 032	129 532		-45.42%
Total world	432 650	502 976	383 776	350 964	320 158		-26.00%
% world trade	54.86%	43.64%	36.01%	46.74%	40.46%		
Palm oil							
Côte d'Ivoire	69 358	75 873	56 863	99 906	147 205	82.41%	112.24%
Cameroon	7 480	8 619	6 732	19 726	11 319	6.34%	51.32%
Others	109 307	420 048	15 967	18 901	20 105	11.26%	-81.61%
Total SSA	186 145	504 540	79 562	138 533	178 628		-4.04%
Total world	1 586 092	2 567 284	4 082 216	17 306 325	8 049 740		407.52%
% world trade	11.74%	19.65%	1.95%	0.80%	2.22%		
Cottonseed							
Total SSA	192 193	57 702	46 073	116 600	159 815		-16.85%
Total world	315 059	224 709	178 719	330 438	550 675		74.78%
% world trade	61.00%	25.68%	25.78%	35.29%	29.02%		
Cottonseed oil							
Total SSA	21 546	1 884	992	2 060	3 191		-85.19%
Total world	326 107	371 005	415 500	308 595	135 349		-58.50%
% world trade	6.61%	0.51%	0.24%	0.67%	2.36%		
Sugar							
Mauritius	599 325	609 879	542 058	627 418	591 075	39.83%	-1.38%
Swaziland	174 818	237 513	361 684	438 260	435 290	29.33%	149.00%
Malawi	15 901	63 825	110 683	82 010	51 090	3.44%	221.30%
Reunion	189 226	227 202	220 042	190 952	175 000	11.79%	-7.52%
Others	1 136 414	1 175 592	840 207	393 923	231 497	15.60%	-79.63%
Total SSA	2 115 686	2 314 011	2 074 673	1 732 563	1 483 952		-29.86%
Total world	22 308 305	26 437 446	29 364 810	29 120 600	30 527 045		36.84%
% world trade	9.48%	8.75%	7.07%	5.95%	4.86%		

	1971-75	1976-80	1981-85	1986-90	1991-92	% SSA 1991-92	%change 1970-92
Sisal							
Kenya	46 828	29 584	38 935	30 707	29 885	70.43%	-36.18%
Madagascar	22 264	14 832	12 843	8 897	8 302	19.56%	-62.71%
Tanzania	123 957	72 829	34 192	14 307	4 004	9.44%	-96.77%
Others	75 893	23 272	7 791	689	242	0.57%	-99.68%
Total SSA	268 943	140 518	93 761	54 600	42 432		-84.22%
Total world	451 418	255 640	178 728	141 386	87 532		-80.61%
% world trade	59.58%	54.97%	52.46%	38.62%	48.48%		
Maize							
South Africa	2 264 117	2 478 792	2 008 000	2 199 100	493 350	59.68%	-78.21%
Uganda	9		96 000	26 700	32 550	3.94%	
Others	384 778	234 581	309 245	700 310	300 700	36.38%	-21.85%
Total SSA	2 648 904	2 713 374	2 413 245	2 926 110	826 600		-68.79%
Total world	43 543 497	70 844 352	71 453 881	67 866 220	69 172 400		58.86%
% world trade	6.08%	3.83%	3.38%	4.31%	1.19%		
Vanilla							
Madagascar	1 170	1 012	847	865	670	70.97%	-42.72%
Comoro Is	155	155	161	150	237	25.11%	52.51%
Others	18	15	19	17	37	3.92%	103.30%
Total SSA	1 343	1 182	1 027	1 032	944		-29.72%
Total world	1 619	1 679	1 434	1 981	2 199		35.79%
% world trade	82.94%	70.39%	71.63%	52.07%	42.93%		
Bovine cattle (head)							
Mali	102 880	146 680	275 600	210 600	195 000	22.07%	89.54%
Namibia	437 800	238 553	161 000	165 376	146 200	16.55%	-66.61%
Burkina Faso	71 093	41 694	46 442	39 010	106 015	12.00%	49.12%
Others	763 705	705 339	673 407	395 734	436 342	49.38%	-42.87%
Total SSA	1 375 478	1 132 266	1 156 449	810 720	883 556		-35.76%
Total world	6 746 390	7 022 454	7 060 644	7 350 393	8 685 003		28.74%
% world trade	20.39%	16.12%	16.38%	11.03%	10.17%		
Meat chilled/frozen							
Botswana	17 340	30 516	30 142	17 646	19 100	32.46%	10.15%
Namibia				24 458	25 705	43.68%	
Zimbabwe	13 500	21 431	8 662	6 470	6 855	11.65%	-49.22%
Others	90 104	65 261	19 544	2 913	7 183	12.21%	-92.03%
Total SSA	120 944	117 208	58 348	51 486	58 843		-51.35%
Total world	5 262 658	7 219 280	8 853 093	10 699 064	12 974 515		146.54%
% world trade	2.30%	1.62%	0.66%	0.48%	0.45%		
Meat canned							
Botswana			1 450	1 585	1 975	24.47%	
Mauritius				255	725	8.98%	
Namibia				2 116	1 039	12.87%	
Zimbabwe	3 100	3 762	3 754	5 293	2 803	34.72%	-9.60%
Others	25 258	18 127	9 335	-63	1 531	18.97%	-93.94%
Total SSA	28 358	21 889	14 539	9 186	8 072		-71.54%
Total world	855 038	1 014 697	1 170 856	1 286 706	1 423 832		66.52%
% world trade	3.32%	2.16%	1.24%	0.71%	0.57%		

	1971-75	1976-80	1981-85	1986-90	1991-92	% SSA 1991-92	%change 1970-92
Banana							
Cameroon	65 302	75 711	51 067	49 016	114 000	42.84%	74.57%
Côte d'Ivoire	150 546	114 333	97 478	88 229	136 383	51.25%	-9.41%
Others	198 265	107 034	49 312	75 325	15 705	5.90%	-92.08%
Total SSA	414 113	297 078	197 856	212 570	266 087		-35.75%
Total world	6 652 097	6 866 199	6 823 231	8 118 888	10 639 222		59.94%
% world trade	6.23%	4.33%	2.90%	2.62%	2.50%		
Pineapple							
Côte d'Ivoire			121 790	153 245	124 094	88.17%	
Ghana				6 735	10 450	7.43%	
South Africa			3 368	3 386	3 478	2.47%	
Others			5 916	6 709	2 716	1.93%	
Total SSA			131 074	170 075	140 737		
Total world			386 046	551 377	614 227		
% world trade			33.95%	30.85%	22.91%		
Pineapple (canned)							
Kenya			44 652	48 526	56 635	58.87%	
South Africa			39 682	43 945	20 787	21.61%	
Swaziland			10 940	12 500	18 370	19.10%	
Others			30 394	4 108	412	0.43%	
Total SSA			125 668	109 079	96 203		
Total world			590 010	806 310	991 595		
% world trade			21.30%	13.53%	9.70%		
Oranges							
South Africa	243 831	316 991	302 652	322 778	337 916	89.74%	38.59%
Swaziland		7 920	27 864	22 906	19 126	5.08%	
Mozambique	10 184	3 860	4 800	9 680	14 500	3.85%	42.38%
Others	2 087	3 479	5 902	8 033	5 020	1.33%	140.49%
Total SSA	256 102	332 251	341 218	363 397	376 561		47.04%
Total world	4 624 458	5 139 975	5 072 633	5 583 530	5 659 499		22.38%
% world trade	5.54%	6.46%	6.73%	6.51%	6.65%		
Lemons and limes							
South Africa	6 491	12 170	28 327	28 507	30 221	99.20%	365.59%
Others	1 360	294	2 472	1 181	244	0.80%	-82.10%
Total SSA	7 851	12 464	30 799	29 688	30 464		288.02%
Total world	774 876	942 504	991 813	1 039 419	1 031 667		33.14%
% world trade	1.01%	1.32%	3.11%	2.86%	2.95%		

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With most economies in sub-Saharan Africa remaining heavily dependent on agriculture, the future performance of agricultural exports will be a key determinant of economic growth prospects in the region. This is especially true in an era of liberal trade policy, and taking account of the small base from which manufacturing growth and export diversification must take place.

International Markets for African Agricultural Exports: Agricultural Policy Reform and Agricultural Exports reviews recent trends and prospects for agricultural exports—considering the market outlook for traditional and non-traditional exports, the factors which will govern their performance, and the strategic issues which relate to their trade.

This examination of the current situation will be of use to agricultural policy makers in African countries and development agencies, and its publication is a timely complement to the current debate on the performance of African agriculture post-structural adjustment.