

Economic Performance of the Agro-processing sub-sector

3rd PAFO Continental Briefing

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Presentation outline

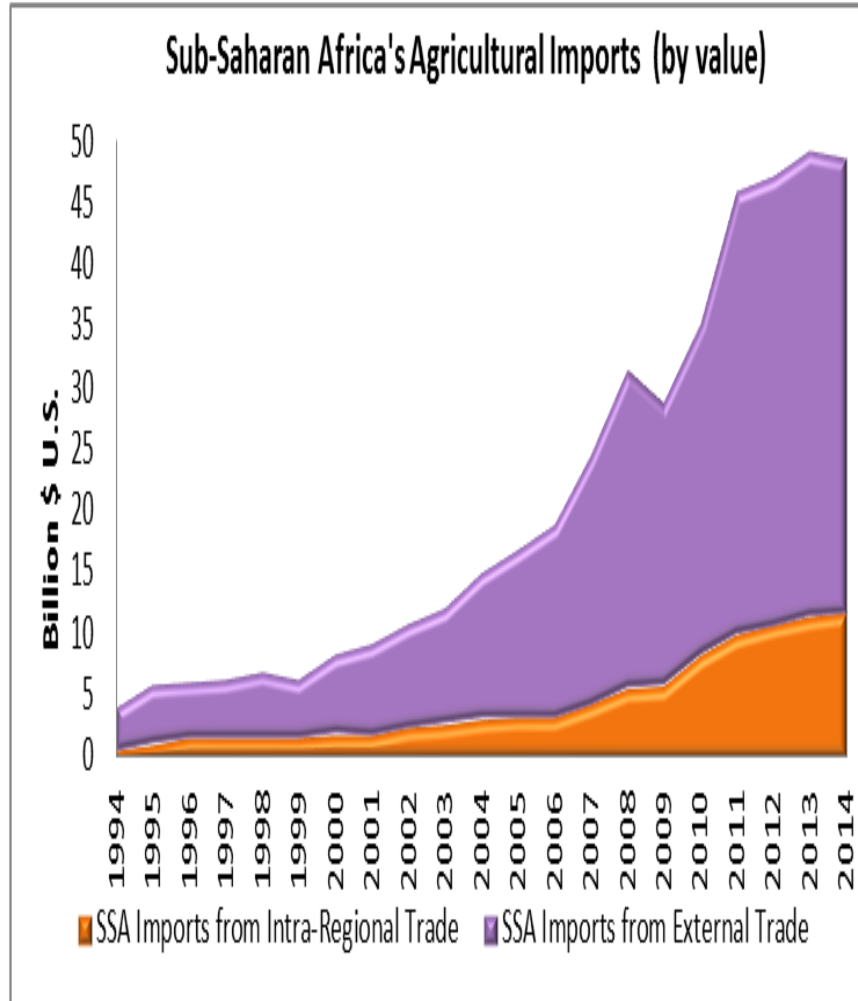
- The GAP (Great Agricultural Potential)
- Agribusiness Opportunity
- Trade Agreements
- Future-trends: Threats or Opportunities

The GAP: Agricultural Deficit

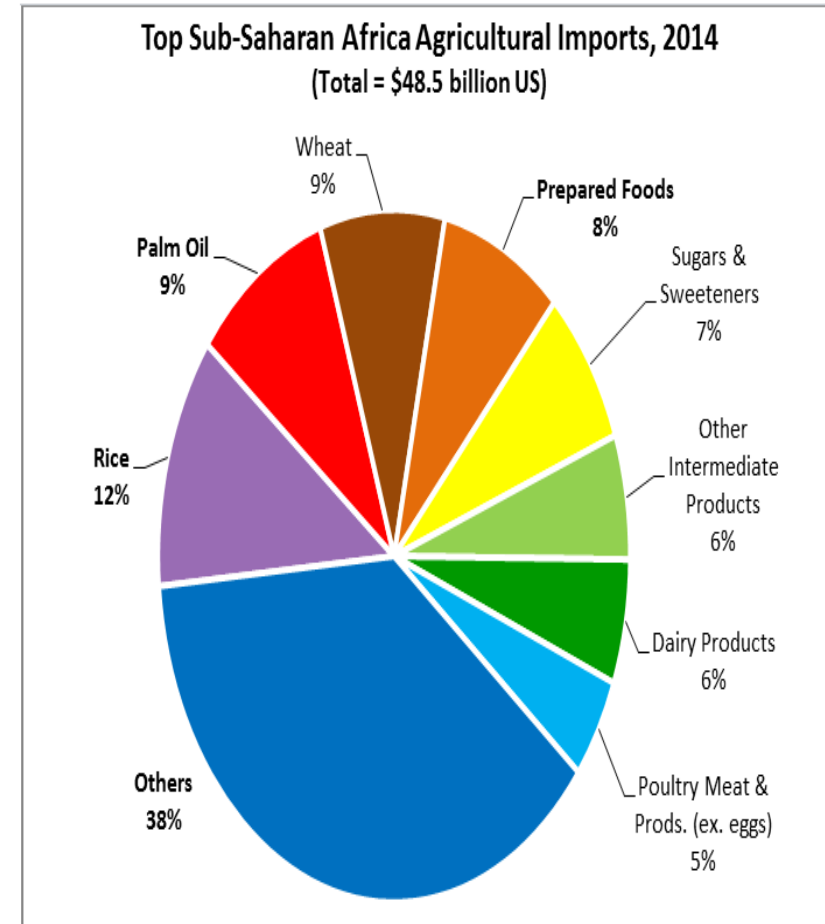
Can Africa close this gap?

How long will it take

Africa: net-importer of food



Source: UN Annual Exporter Derived Data



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Food demand and who meets it

- Population growth- implications for food demand.
- Gap as African supply fails to meet demand.
- *Expansion in production*
- *Role of infrastructure*
- *Net food importer*

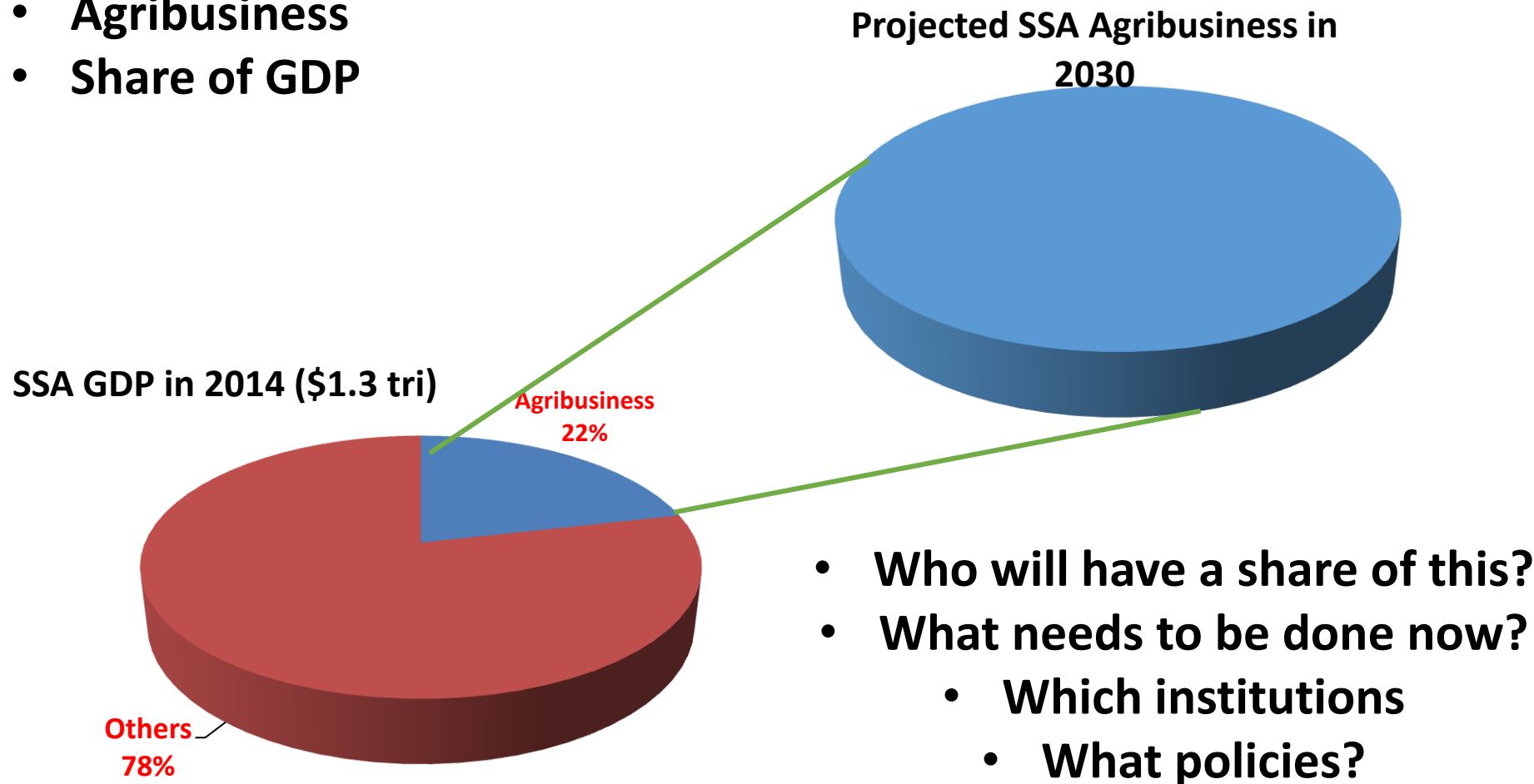
Agribusiness Potential

Massive growth is predicted by the World Bank

Who will own what?

Africa agribusiness future

- SSA
- Agribusiness
- Share of GDP

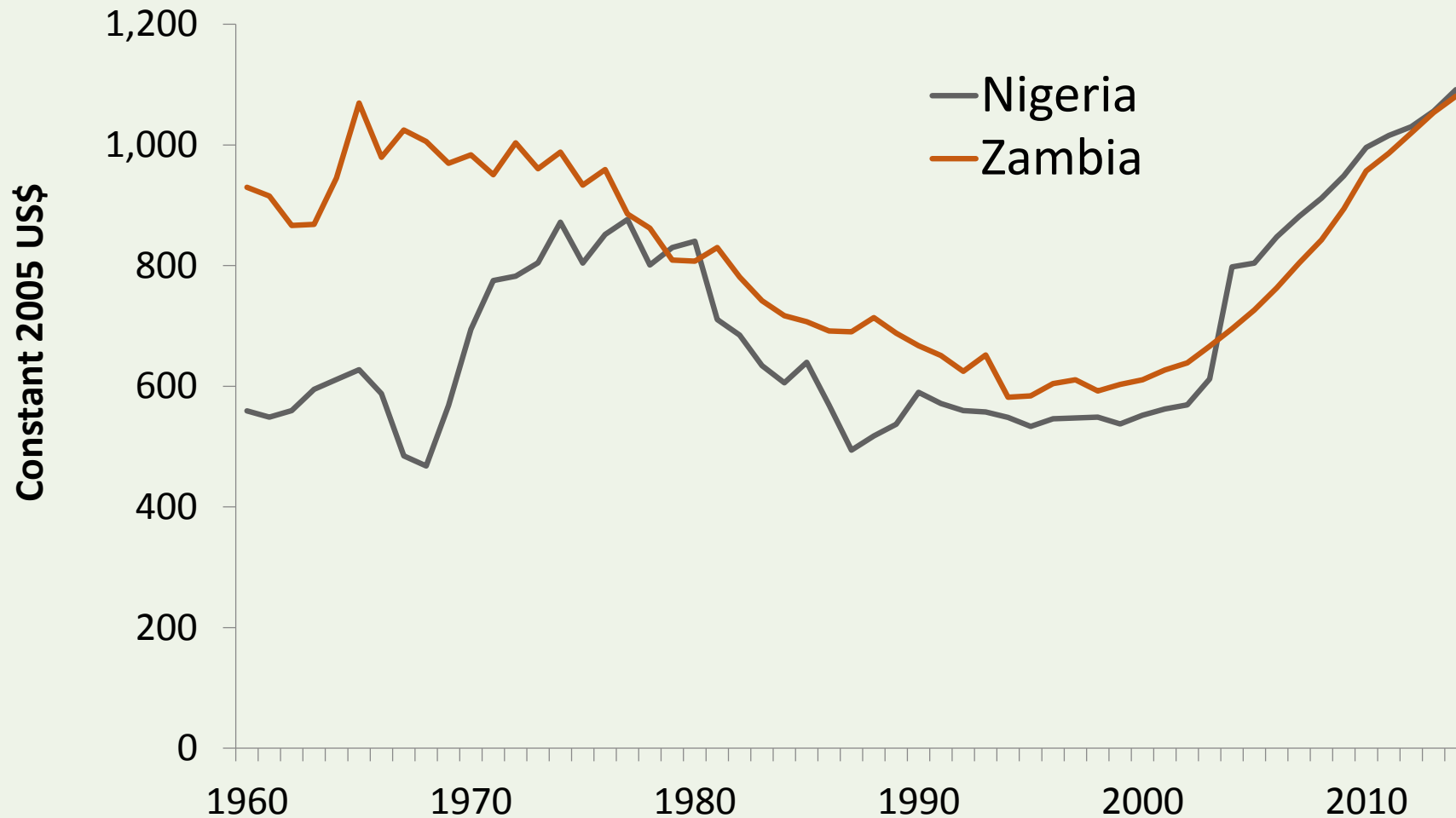


Who will gain from the projections?

- *Answer- it depends on:*
 - *Integrated value chains – rural, small farmers and regional, global*
 - *Transformation of the structure of sector*
 - *Competitive, high standard and thriving sector*
 - *Growth in agro-processing*
 - *Investment (infrastructure, irrigation,)*
 - *Strengthening institutions (enforcement and regulation)*
 - *Policy environment, and*
 - *Many other factors*

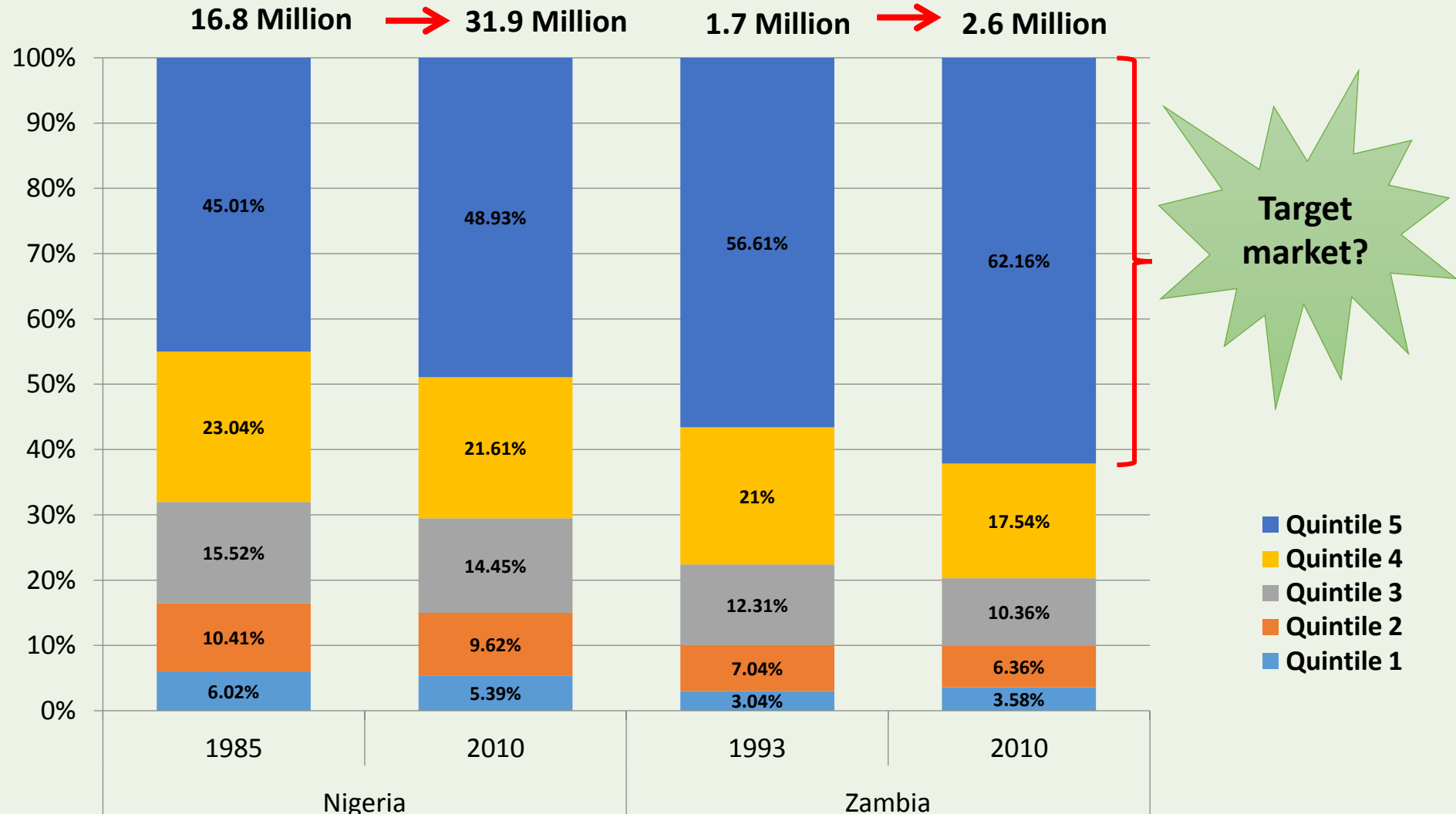
Demand: Income

GDP per capita , 1960-2014 (constant 2005 US\$)



Rising Income but skewed distribution

Income Shares by Quintiles

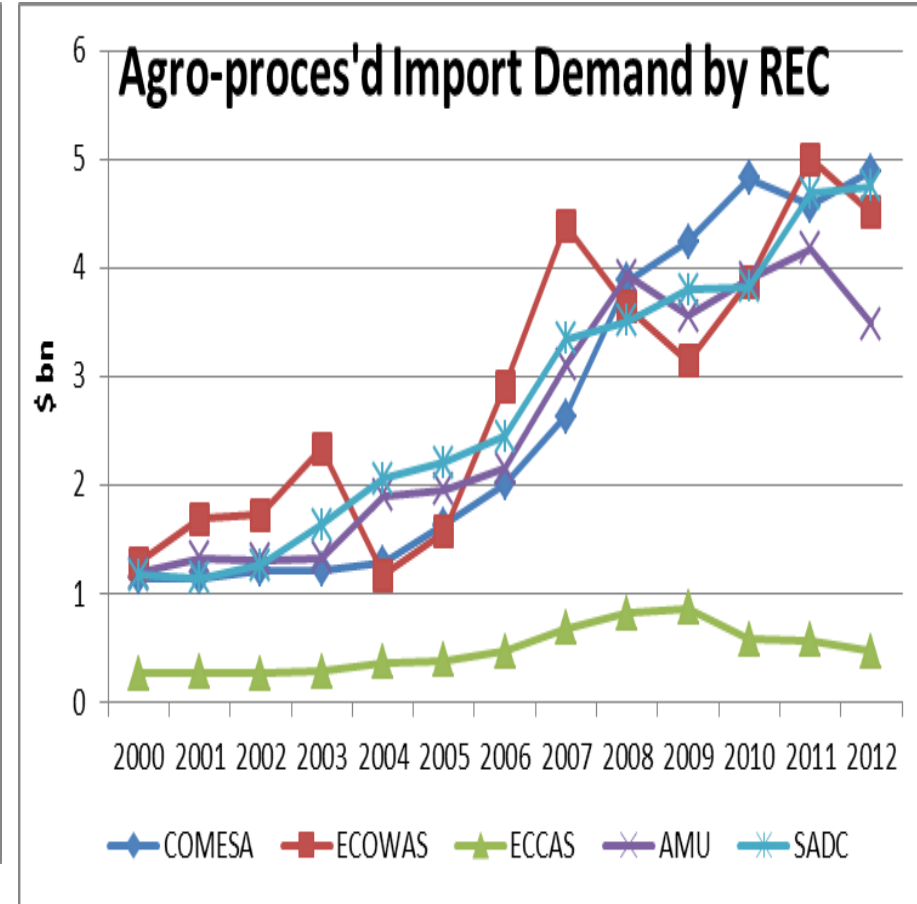
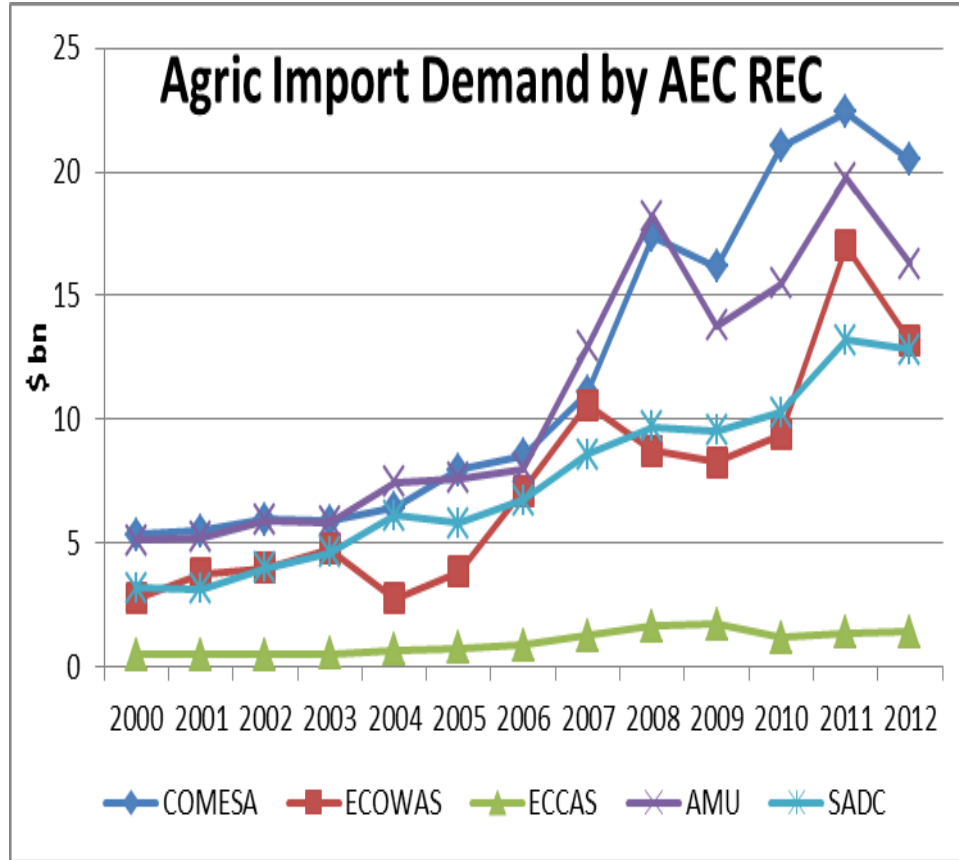


Regional Trade Agreements

Will the Tripartite FTA create additional opportunities?

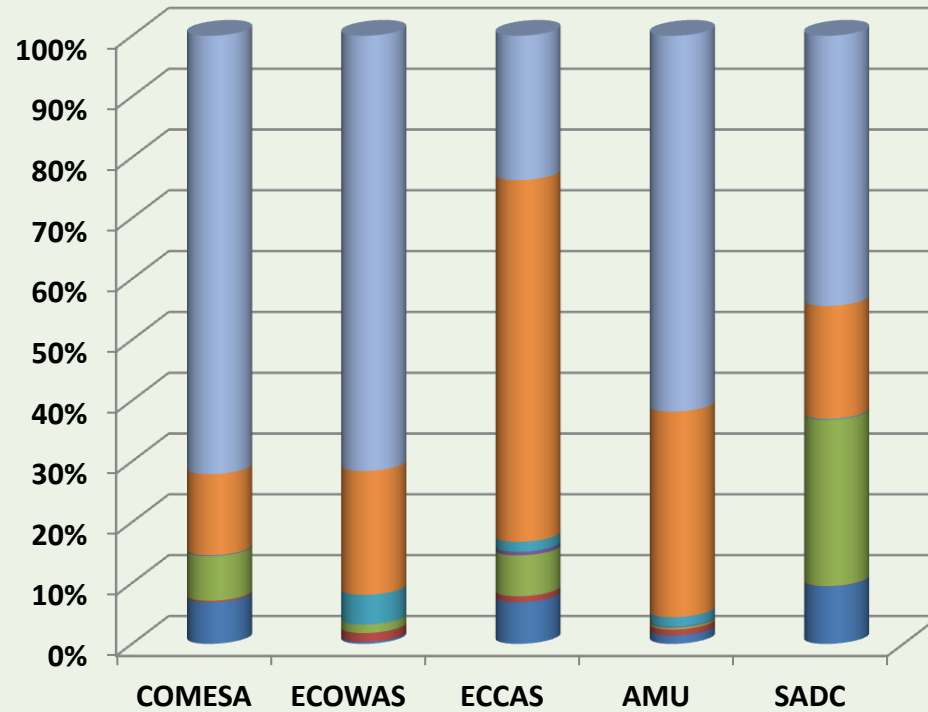
Will agriculture respond to incentives?

Demand for agric & agro-processed products: AEC regional blocs

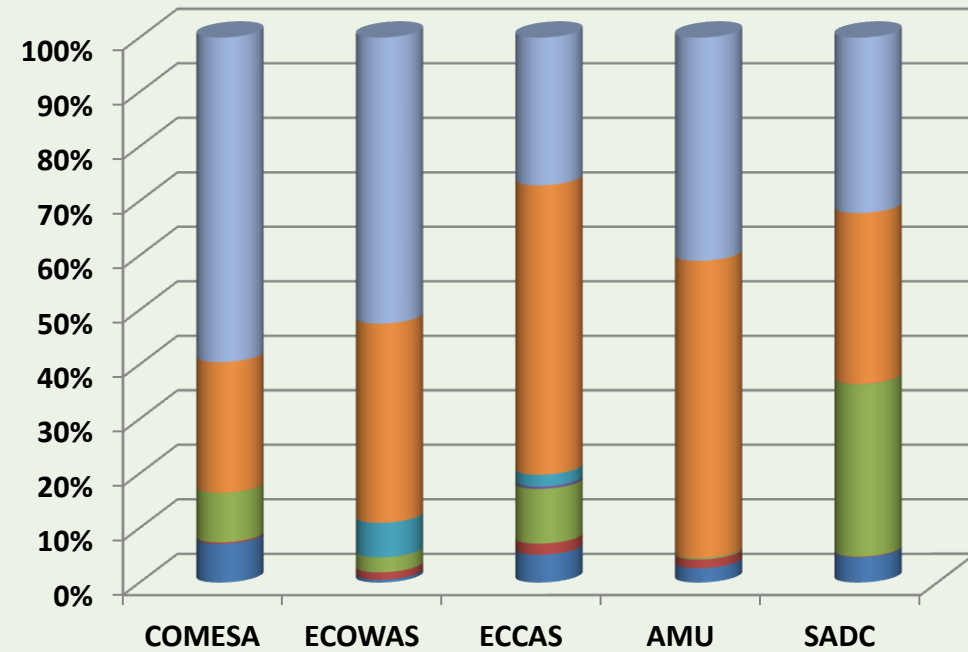


Intra-regional trade

Intra-Africa Import Trade by REC in 2012



Intra-Africa Import Processed Trade by REC in 2012



■ COMESA ■ AMU ■ SADC ■ ECCAS ■ ECOWAS ■ EU ■ RoW

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Tripartite FTA

- National markets absorb most of the production.
- TFTA will **create opportunities** up to where supply is available.
- Major benefits accrue to few countries.
- Generally there is **low African agric trade**, and even lower agro-processed products trade
- There is need for supply expansion
 - Additional area
 - Yield
 - diversification?
- Trade barriers.

Future trends: Opportunities or threats

What does it take to create Africa that we want?

What do we know about the future?

What can we do to realise the future we want?

Opportunities in African agriculture

- Market Dynamism
- African investment
- Growing urbanisation
- Linking rural markets with urban consumers
- Increase manufacturing
- Strengthening value chains
- Increased role of private sector role

Creating Africa that we want

- Population growth
- Youth population
- Technology
- Energy
- Land markets
- Climate change shocks



Challenges: Can we overcome them?

- Political decisiveness,
- Insurance and financial markets,
- Regional markets (and value chains),
- Investing in R&D, extension, and education
- Infrastructure improvement.
- Policy environment and regulation/

Thank you!

For more information:

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