

— **Collaborative Research Project** —
World Trade Organization: Framework Papers

CRC-3-4

African Agriculture in the WTO Framework

by

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1. Introduction

The completion of the Uruguay Round (UR) of multilateral trade negotiations in 1993 radically changed the global environment for agriculture in terms of both the institutional setting and the rules that govern broad agricultural production policies and agricultural trade relations among countries. In particular, the UR culminated in the creation of the World Trade Organization (WTO) as the successor institution to the General Agreement on Tariffs and Trade (GATT) and thus the premier global organ for monitoring and supervising the new world trading system. In addition, by—for the first time—fully embracing agriculture, the UR placed this sector under a more formal and relatively comprehensive multilateral set of disciplines through the approval of the Uruguay Round Agreement on Agriculture (URAA).

Just as it has for other regions, the URAA is bound to have important implications for African agriculture. The more immediate implications of URAA are likely to arise from at least two directions. One would be in terms of changes in the market access conditions for African exports that the new set of multilateral disciplines can be expected to generate. The second relates to corresponding changes in the conditions for African agricultural imports. In addition, more long-term implications can be associated with the choice of strategy for the development of African agriculture.

More specifically, efforts to expand African agricultural output as well as to expand and diversify agricultural exports will be affected by the new WTO framework. Those involved in articulating and implementing long-term strategies for the development of African agriculture to achieve these and related objectives would need to explore how and the extent to which the WTO framework constrains or enhances a whole range of domestic policies for developing this sector. Similar concerns need to be addressed in relation to the impact on the external policy environment that must be confronted by African agriculture.

This paper is guided by the questions that are implicit in the discussion above. In addressing these issues, the paper begins, in Section 2, with a broad analysis of the structure and growth of African agriculture. This pays particular attention to the significance and contribution of the agricultural sector to the overall African economy, the structure and growth performance of agricultural production, and the structure and growth of Africa's agricultural trade.

Section 3 focuses on the identification and analysis of the key internal and external factors that seem to explain the structure and performance of Africa's agricultural production and trade. In the next section, the paper discusses the main elements of URAA and explores the effects of its different provisions on the agricultural sectors of various categories of African countries. Section 5 turns attention to an analysis of the long-term strategic issues associated with the development of African agriculture in the context of a more liberalized global trading system. This section also concludes the paper.

2. The agricultural sector in Africa

As the key sector in the typical African economy, agriculture carries a great deal of the economic

burden of these countries, and many of their problems can be linked directly or indirectly to the performance of the agricultural sector. The sector's dominant position in African economies is indicated by its substantial contribution to the GDP, foreign exchange earnings and employment. As the main source of income and employment in many African countries, agriculture has an important and potentially pivotal role in enhancing overall economic growth and improving welfare.

Although its economic dominance has declined somewhat over the last two to three decades, agriculture continues to be the largest productive sector in many African countries and is, in aggregate, responsible for about 35% of GDP, 40% of export earnings and close to 70% of employment. There are several African countries where mineral resources challenge agriculture as the dominant sector, but overall agriculture's contribution to aggregate economic growth through the provision of foods, the supply of industrial raw materials and the provision of income to the majority of the African population ensures that aggregate economic growth remains critically dependent on the sector's performance. Viewed from another perspective, it seems clear that most African countries have not yet experienced the degree of structural transformation that would enable their economies to grow rapidly without a similarly rapid growth of their agricultural sector.

Hence, it is estimated that due to its stimulating effects on industry, transport and services, a 1% growth in agriculture generates an overall economic growth that is 1.5 times this amount in Africa (World Bank, 1993).

This close link between agricultural and overall economic growth performance in Africa, combined with the relatively sluggish growth of the agricultural sector since the mid-1960s, largely explains the focus of recent economic reforms on the sector. It is argued, in this context, that "transforming agriculture and expanding its productive capacity is a pre-requisite, possibly the single most important precondition, for improving living standards in Africa (ADB, 1998: 31).

The growth of African agriculture has generally been unsatisfactory. The sector's growth performance was particularly poor during the 1970s and early 1980s when agricultural output per capital actually declined. Thus, the average annual growth rate of the volume of production fell from 2.5% during 1960–1970 to 1.4% during the following (1970–1980) decade. Correspondingly, average annual growth rate of per capita production, which was a mere 0.2% in 1960–1970, fell further to -1.1% during 1970–1980.

Over the 1980–1990 decade, Africa's agricultural growth rate averaged less than 1.5% per annum. This performance compares rather poorly with the 4.7% achieved by the East Asia and Pacific countries, the 3.0% average annual agricultural growth rate of South Asian countries, and the close to 2% average annual growth rate achieved by the agricultural sector of Latin America and the Caribbean region. In the 1990s, the growth performance of African agriculture showed some improvement over the previous two decades. In particular, the agricultural sectors of many African countries achieved real average annual growth rates of over 2% during the first half of the 1990s, and by the late 1990s as many as 18 of these countries achieved agricultural growth rates of at least 4%.

While an analysis of the growth performance over time of Africa's agriculture provides important

insights into the region's development profile and prospects, a comparison of a few key characteristics of African agriculture with those of other developing regions would assist in providing a more global perspective. Among these characteristics is the normally observed pattern of declining importance of agriculture as development occurs. Table 1 shows that between 1980 and 1997, agricultural value added as a proportion of GDP fell from 18% to 16% in the developing countries corresponding regional figures show a decline from 28% to 19% for the East Asia and Pacific countries, and a fall from 38% to 27% for South Asia over the same period. Latin America and the Caribbean maintained the same proportion of 10% in 1980 and 1997. But in Africa, the share of agricultural value added in the GDP actually increased from 22% to 25% over the same period. This suggests that African economies have failed to achieve the kind of structural transformation that has led to the decline in the relative significance of agriculture in the rapidly growing economies of other regions.

Table 3.1: Agricultural value added as percentage of GDP by region, 1980–1997

Country	1980	1997
Developing countries	18	16
East Asia & Pacific	28	19
Latin America & Caribbean	10	10
South Asia	38	27
Sub-Saharan Africa	22	25

Source: World Bank, *World Development Report*, 1980–1997.

Table 3.2 places side by side the growth performance of GDP and agricultural value added over the 1980–1997 period. Several inferences can be drawn from the data presented in this table. First, over both 1980–1990 and 1990–1997 periods, East Asia and Pacific as well as South Asia regions achieved average annual growth rates of GDP that were, at about 6% and above, much higher than the average GDP growth performance of the developing countries (around 3.5%). Second, the impressive GDP growth of these two developing country regions appears to have been underpinned by equally impressive growth rates of agricultural value added (in the range of about 3–5%). Third, Latin America and the Caribbean, as well as the sub-Saharan Africa regions that achieved below average GDP growth rates also had poor agricultural value added growth rates. Fourth, however, the growth rate of agricultural value added in Africa seems to have reversed its recent trend during 1990–1997. In fact, at an average annual rate of 4.6%, its performance surpasses that of any other region, and demonstrates considerable recovery from the sector's lacklustre performance over the previous two decades.

Table 3.2: Growth of GDP and agricultural value added by region, 1980–1997

Country	GDP growth		Agric value added	
	1980-1990	1990-1997	1980-1990	1990-1997
Developing countries	3.0	2.8	3.2	2.9
East Asia & Pacific	7.8	9.9	4.7	3.8
Latin America & Caribbean	1.8	3.3	1.9	2.6
South Asia	5.7	5.7	3.2	2.9
Sub-Saharan Africa	1.7	2.1	1.7	4.6

Source: World Bank, *World Development Report*, 1998/99.

But whether this apparent recovery can be translated into rapid and sustainable growth remains to be seen. As Table 3.3 shows, Africa’s agricultural productivity remains low. In particular, the region’s average agricultural value added per agricultural worker during 1994–1996 was 85% of the average for the developing countries and only 17% of that of the Latin America and the Caribbean region. Similarly, Africa’s average agricultural value added per hectare of agricultural land was about a third of the average for all developing countries and only 13% of that of Latin America and the Caribbean. These figures appear to pinpoint productivity as the soft underbelly of African agriculture.

Table 3.3: Agricultural productivity by region, 1994–1996

Country	Average US\$ value added per:	
	Agric worker	Hectare of land
Developing countries	459	206
East Asia & Pacific	2,292	116
Latin America & Caribbean	383	519
South Asia	392	68
Sub-Saharan Africa	390	67

Source: World Bank, *World Development Report*, 1998/1999

Table 3.4 presents data on two other features that are associated with agricultural productivity. In 1995, only 7% of Africa’s land area was used as cropland compared with 11% for all developing countries and as much as 45% in South Asia. Similarly, Africa’s cropland is the least irrigated among all developing country regions: Only 4% of the region’s cropland was irrigated in 1994/96 compared with an average of 20% for all developing countries and as high as 35% for South Asia.

Table 3.4: Cropland by region, 1998–1996

	Cropland as % of land area	Irrigated land as % of cropland
Country	1995	1994 /1996
Developing countries	11	19.9
East Asia & Pacific	12	n.a.
Latin America & Caribbean	8	11.1
South Asia	45	35.1
Sub-Saharan Africa	7	4.0

Source: World Bank, *World Development Report*, 1998/1999

African exports are more dominated by agricultural commodities than those of any other developing country region. This relatively heavy reliance on agricultural exports has important implications for the region’s total export earnings. Since the world market trends for Africa’s traditional export crops have been largely unfavourable particularly over the last two decades and output growth recovery was slow up to the early 1990, the region’s total agricultural export earnings fell from over US\$14 billion in 1980 to about US\$10 billion in the early 1990s (ADB, 1998). In spite of the recovery of agricultural commodity prices in the mid 1990s, their future prospects in the world market remain uncertain while the long-term deterioration in Africa’s terms of trade appears likely to continue.

Within this broad sweep, it is important to recognize some differences. For instance, the volume of agricultural exports declined from the early 1970s to the early 1980s. The steep rise in agricultural export unit value during the first half of the 1970s, however, fuelled the rapid increase of agricultural export earnings that occurred up to 1977. As unit value fell back and export volume failed to increase, total value of agricultural exports declined through the mid 1980s. Export volume finally picked up from 1984, but the continued decline in export unit values was such that the growth of export volume did not translate into an increase in agricultural export earnings between mid 1980 and the early 1990s. After 1993, unit export value resumed an upward movement and, together with the continued rise in export volume, agricultural export earnings were finally able to resume a rising trend.

Africa's heavy dependence on agricultural exports is made more problematic by the lack of diversification in the commodities that constitute the region's agricultural export basket. Table 3.5 shows that the same set of nine commodities accounted for over 70% of the region's total agricultural export earnings during 1970–1979 and 1990–1995. The top three of these commodities (cocoa, coffee, cotton) provided about 55% of total agricultural export earnings during 1970–1979 and roughly 44% in 1990–1995. The first five commodities (i.e., the top three plus sugar and tobacco) accounted for over 60% of total earnings during these two periods. These aggregate trends obviously hide significant country-level variations. Several African countries do, in fact, depend on a single export commodity for as much as 40% of their total agricultural export earnings. This level of export concentration places great strains on many African countries, which are quite literally at the mercy of fluctuations in world commodity prices (Oyejide, 1993).

Table 3.5: Africa's commodity export farming as percentage of total agricultural exports, 1970–1995

Agricultural exports	1970-1979	1990-1995
Banana	0.7	1.2
Cocoa	20.6	17.7
Coffee	24.7	14.4
Cotton	9.2	11.8
Groundnut	2.4	4.3
Rubber	1.7	2.3
Sugar	5.6	9.1
Tea	2.5	4.9
Tobacco	3.1	8.9
% of total	70.4	70.7

Source: African Development Bank (1998).

Africa's heavy concentration on such a narrow range of agricultural export commodities suggests that the region has comparative advantage in producing these crops. This specialization has, however, not enabled African countries to maintain world market shares in these commodities or even gain additional market share. In fact, the opposite has happened; rather than maintain or gain market share, Africa has lost more and more of its world market share of many of its traditional agricultural export commodities.

Table 3.6 shows that between the early 1960s and the mid 1990s, Africa suffered drastic reductions in its world market share of the region's top three agricultural export commodities. For cocoa,

Africa's world market share fell from 80% to 41%, a loss of almost 50%. Similarly, its world market share for coffee fell from 26% to 15%, while that for cotton declined from 20% to 13% over the same period. Among the top five commodities, tobacco maintained its share at 12% while sugar achieved a marginal increase in world market share from 5% in 1961/63 to 7% in 1995. Clearly, the most dramatic world market share loss was experienced in the case of groundnuts, from 70% to a mere 2%. Of the nine commodities, tea showed the most gain; Africa's world market share of this export crop increased from 9% in 1961/63 to 21% in 1995.

Table 3.6: Africa's share of world trade (%), 1961–1995

Agricultural exports	1961/1963	1995
Banana	11	4
Cocoa	80	41
Coffee	26	15
Cotton	20	13
Groundnut	70	2
Rubber	7	5
Sugar	5	7
Tea	9	21
Tobacco	12	12

Source: World Bank, Commodity Trade and Price Trends; ADB (1998).

Africa's import of agricultural products has traditionally been dominated by food products, particularly cereals. Most countries of West and Central Africa are importers of grains and livestock, those in East Africa are importers of cereals, while Southern Africa, previously largely self-sufficient in food has been driven by civil strife and droughts to become large-scale food importers over the last decade or so. Africa's cereal imports increased at an average annual growth rate of almost 18% in 1975–1980; this growth decelerated to 3.7% during 1980–1985, but rose again to almost 5% in 1985–1990 and to more than double this rate over the next five years. In addition, food aid receipts by African countries experienced an average annual growth rate of close to 14% during 1975–1980; the growth subsequently rose to almost 20% in 1980–1985 before levelling to around 15% up to the mid 1990s.

UNCTAD (1998) shows that in Africa the ratio of trade balance to total trade in agricultural products fell systematically from 51% in 1966–1968 to only 10% in 1993–1995 and concludes that “this worsening of the net agricultural export position of Africa was due to a rapid increase in food imports exceeding the growth in earnings from export crops”. But the real driving forces behind this phenomenon are probably Africa’s rapid population increase in the face of sluggish food production growth. Table 3.7 shows that compared with other developing country regions, Africa lags behind in food production. Starting from a 1979–1981 base of 100, the food production index for Africa rose to 143 in 1994–1996; this was well below the index of 169 achieved by all developing countries and was only two-thirds of the East Asia and Pacific region’s achievement. Thus, the failure of Africa agriculture to maintain adequate food production levels commensurate with the demand for food generated by the rapidly increasing population in the region.

Table 3.7: Food production index (1979–1981 = 100) by region, 1994–1996

	1979 – 81	1994 - 1996
Developing countries	100	169
East Asia & Pacific	100	214
Latin America & Caribbean	100	144
South Asia	100	164
Sub-Saharan Africa	100	143

Source: World Bank, *World Development Report*, 1998 /1999.

3. Explaining African agricultural performance

Several key contributory factors have been identified and held responsible for the weak performance of African agriculture since the 1970s. These range from the natural environment of African agriculture, through political and security problems, institutional and structural factors to the incentive structure generated by both macroeconomic and sector-specific policies.

It is generally recognized that Africa agriculture operates in a difficult, risky and fragile natural environment (UNCTAD, 1998). In particular, Africa agriculture is predominantly rain-fed since irrigation covers only 4% of cultivated area. Yet, the region has been plagued with recurring droughts; both the quantity of rain and the duration of the rainy season have declined in many parts of Africa over the last two to three decades. This makes rain-fed agriculture an inherently risky undertaking. This situation is worsened by the continued prevalence of traditional farming methods that rely on extensive cultivation techniques. Over the last three decades or so most of the agricultural production growth that Africa has achieved is ascribable to the expansion of cultivated area on which very little fertilizer is applied. Fertilizer use in Africa remains the lowest in the world: at an average of less than 10 kg per hectare, it compares poorly with India’s 69 kg per hectare and

China's 262 kg per hectare.

In spite of the increasing pressure to adopt intensive science and technology based farming systems in Africa, there continue to exist significant constraints that frustrate this transformation. These include the region's weak agricultural research and extension systems whose rate of relevant technological innovation is low and which thus provide little technology that can be directly adopted by African farmers. In addition, Africa's own soil and water constraints block the direct application of imported technology. The combination of weak African agricultural research and extension systems and the inapplicability of imported technology has frustrated the extension to Africa of the knowledge-based techniques for rapid agricultural development that have been so successfully used in other developing country regions of the world.

Civil disturbances continue to displace populations and disrupt agricultural activities in many parts of Africa. In addition, many African countries lack adequate infrastructural facilities, which translates into high transport costs for both agricultural inputs and crops, especially in the many land-locked countries.

Aside from these basically structural, institutional and environmental constraints, the incentive structure that faces African agriculture appears to play a major role in the sector's performance. Specifically, it is argued that much of the poor performance of African agriculture was due to excessive (direct and indirect) taxation of farmers by African governments. In many countries, governments were involved in fixing producer prices of all major agricultural crops through the use of parastatal commodity marketing boards, and in the process ensured that farmers received substantially less than the full border prices of their products. Studies have identified at least four key mechanisms through which the incentive structure penalized traditional agricultural export commodities up to the early 1980s (World Bank, 1994). These include over-valued currency that reduced the real domestic prices of export crops, export licensing and controls that discouraged exports, high export taxes, and marketing boards whose monopoly control over both domestic crop purchases and export sales enabled them to offer low prices to export producers. Thus, African export crop producers were explicitly penalized through producer price fixing and taxes on agricultural inputs. In addition, they were further penalized implicitly through over-valued exchange rates and high industrial protection. This series of disincentives, it is argued, has contributed to the poor performance of Africa's agricultural production and export.

A recent study of the incentive structure facing African agriculture between the late 1960s and early 1980s concludes (Oyejide, 1993: 251–2):

it appears that any substantial improvements in agricultural incentives (as measured by the nominal protection coefficient) were sharply eroded by the real exchange rate appreciation between the late 1960s and early 1990s. In addition, there is a clear difference in incentives, both nominal and real, for the production of cereals and export crops. In the aggregate, although the nominal incentives for cereal production in sub-Saharan Africa increased by 51% between the late 1960s and early 1980s, in real terms, the improvement was only 9%. In comparison, the nominal incentives for export crops increased by only 2% over the same period; a

level that ultimately translated into a net decline of 27% in terms of real incentives. Thus, although net positive agricultural incentives were provided through various sector-specific policies, they were not sufficiently high enough to compensate for the much stronger disincentives implicit in the macroeconomic policies simultaneously implemented over the 1970s and early 1980s.

This and other reviews of the incentive structure argued strongly that an improved domestic policy environment was crucial for the recovery and sustained growth of African agriculture. In this context, the goal would be an agricultural pricing policy that would have at least three key elements, i.e., unsubsidized and market-determined prices for inputs and outputs neutral taxation of agriculture and other sectors, and agricultural crop prices set at border parity, where this is determined on the basis of market clearing exchange rates. This would, in turn, require the realignment of domestic producer prices with their world market equivalents, and the demonopolization and deregulation of input and output marketing channels.

Africa's agricultural and general economic policy reforms implemented since the mid 1980s have thus focused primary attention on altering the incentive structure along the lines indicated above. But these policy reforms have been implemented at a time when real producer prices for export crops were falling in the world market. Hence, their salutary effects have not been as robust as was generally anticipated. Yet, some favourable results are evident (UNCTAD, 1998). In particular, agricultural performance indicators such as productivity and output growth have generally been better since the mid 1980s than they were during the 1970s and early 1980s. These improvements remain insufficient to sustain Africa's agricultural productivity growth, however, or to increase the region's net agricultural exports and per capita food production.

Given Africa's poor infrastructure, its lack of technology, as well as its missing and imperfect markets, the extent to which liberalization (as the single policy focus) can serve as an appropriate and adequate approach for the development of African agriculture remains questionable (UNCTAD, 1998; Oyejide, 1999).

4. The Uruguay Round Agreement on Agriculture: Implications for Africa

The Uruguay Round (UR) of multilateral trade negotiations was concluded in December 1993. One of the major results of the negotiations was the Uruguay Round Agreement on Agriculture (URAA), which for the first time brought trade-related agricultural policies into the mainstream of WTO discipline by establishing a new set of rules and obligations for member countries on matters relating to agricultural trade and price policy. This represents a major achievement to the extent that it made illegal further increases in agricultural subsidies and created a general commitment to reduce agricultural support measures and to adopt a "tariffs only" regime of agricultural protection. It also represents a major departure from the past. Prior to the UR, agricultural products enjoyed a "special status" under multilateral trade rules. Under these rules countervailing actions could not be taken against agricultural products that enjoyed domestic subsidies at whatever level and of any type; some quantitative trade restrictions were permitted and rules on export subsidies for agriculture were much weaker than those for industrial goods.

URAA imposes multilateral discipline in three broad areas of agricultural trade and pricing policy. First, in the area of *market access*, the URAA establishes tariffs as the only means of protecting agricultural trade by converting existing non-tariff barriers into tariffs, prohibiting the use of such measures in future and binding the tariffs. The second area is *domestic support*, in which the URAA committed members to a progressive reduction of trade-distorting agricultural price and production support. Finally, in the area of *export competition* the URAA subjected agricultural export subsidies to quantitative reduction commitments on both budgetary outlay and quantity subsidized.

The broad commitments in each of these three areas are not without important qualifications, however. Under market access, the agreement to eliminate existing non-tariff barriers (NTBs) through tariffication and the decision that no new NTBs should be created at the same time permitted the existence of certain exempt NTBs. Prominent among these are NTBs used by developing countries under the relevant WTO balance of payments provisions, safeguard measures and special treatment measures. In addition, minimum and current access opportunities are provided for in order to ensure that the tariffication process would not unduly affect current level of imports.

The URAA's safeguard provisions are designed to protect members from sudden import surges that may accompany the import liberalization process; the remedy in such a case is an additional temporary duty to be imposed on the product concerned. Subject to these "qualifications", the URAA mandates that all the tariff rates (including the "tariffied" elements) should be reduced in equal annual instalments from the base rate to the final bound rate over the implementation period. For the developed countries, the commitment should be implemented between 1995 and 2000 with average tariff reduction rate of 36% subject to a minimum tariff reduction rate of 15% for each item. For the developing countries implementation period is 1995–2005, while the corresponding tariff reduction rates are 24% (average) and 10% (minimum).

The URAA makes a distinction between exempt and non-exempt domestic support for agriculture, and commits members to reduce their non-exempt, domestic support by 20% (13.3% for developing countries) by 2000 (2005 for developing countries). This commitment applies to both monetary value and quantity of subsidized products. It also prohibits the adoption of new support measures that are not indicated in each member's commitment schedule.

So called "blue box" measures of agricultural support are exempt under special circumstances. Three of these may be significant. First, those support measures are exempt whose values lie within the *de minimis* provision of 5% (10% for developing countries) of the value of the product (for products-specific support) or total agricultural production (for general support). Second are direct payments under production limiting schemes. Third are the special developing country exemptions, which cover investment and input subsidies generally available to agriculture and low-income and resource-poor producers, as well as support to encourage diversification away from illicit narcotics production. Finally, "green box" measures are exempted. These are considered to have no, or at most minimal, trade distorting effects and include support measures provided through publicly-funded government programmes that do not involve transfers from consumers. Examples include

general services, research and training services, pest and disease control, inspection, infrastructure services, public storage for food security purposes, income insurance, payment for relief from natural disasters, and payments under regional assistance, environmental and structural adjustment assistance programmes.

URAA commits the developed countries to reduce their agricultural export subsidies over the implementation period by 36% for monetary outlays and by 21% for subsidized quantity. Developing countries are not required to reduce export subsidies during the implementation period.

In addition to the provisions in the three key areas discussed above, the URAA contains three other important elements. First, it imposes new disciplines on sanitary and phytosanitary (SPS) measures, mandating that they should be applied only to the extent necessary to protect food safety and animal and plant health and thus not constitute unfair technical barriers to trade. Provision is also made for possible technical assistance for developing countries to comply with the SPS standards of importing countries. Second, the URAA explicitly recognizes “special and differential” treatment for developing and least-developed countries. In the case of the former group, it is permitted that the applicable reduction commitments be implemented over a period of up to ten years. For the latter group of countries, no reduction commitments are required in any of the three areas of market access, domestic support and export subsidies. Finally, the Marrakesh Declaration noted the special difficulties of least-developed and net-food-importing developing countries (LDFNICs) who may suffer sharply increased food import bills following the reduction in food export subsidies by developed countries and possible increases in food import prices. Although the commitment to provide some assistance for affected LDFNICs was reconfirmed at the Singapore Ministerial Conference of the WTO, no clear-cut, operational mechanism for its implementation has been articulated.

The implementation of URAA has generated several problems. In particular, the process of transforming prohibited NTBs into tariff equivalents has resulted in extremely high tariff rates for the major agricultural staple foods (such as cereal, dairy products, meat, and sugar), processed foods, and products such as tobacco and cotton. These tariff peaks are as high as 35% in several developed countries. In addition, the tariff reduction formula adopted for satisfying the URAA commitments has resulted in greater tariff dispersion among agricultural products than before 1995.

In spite of these problems, however, the URAA has achieved some impressive results, viewed from an African perspective (Oyejide, 1997). While tariff reductions achieved an average 37% on agricultural products as a group, tariffs facing African agricultural exports in the markets of developing countries are down by 32–48%. In particular, average tariffs on tropical products are reduced by 43% (including 25% reduction for cereals; 35% for coffee, cocoa and tea; 40% for oil seeds, fats and oils; and 48% for cut flowers). But while these reductions look impressive they are unlikely to have a substantial impact on African export volume because they apply to existing tariff rates that are already quite low.

There are at least two areas where full implementation of URAA could have negative impact on some African countries, particularly their food import bill. Harold (1995) exhaustively examines this issue and concludes that the negative impact is likely to be minimal—roughly 0.15% rise in the

annual impact bill of Africa's net food-importing countries. The second area of possible negative impact is the likely displacement of African producers who currently benefit from some commodity protocols in the EU market by agricultural products from temperate zone countries as a result of the prohibition of NTBs on agricultural products. Prime examples of these countries are Mauritius and Swaziland (sugar), and Botswana and Namibia (meat). Exports of these African producers are likely to suffer price declines in the EU market of the Lomé Convention protocols give way in the light of URAA provisions.

More generally, the post-UR world agricultural market is likely to constrain African agricultural exports from at least two directions. First, tariff peaks (i.e., tariff rates above 12%) will remain high for many food products and processed foods in the markets of developed countries (UNCTAD, 1997). For many of the products that are of particular export interest to Africa, peak duties are in the range of 12–30%. In addition, above quota imports into developed-country markets attract tariffs that are many multiples of these peak rates. Some examples are: imports of dried beans, peas and lentils into Japan (460–640%) and imports of garments into the USA (164%). In addition, the food industries of many developed countries account for large concentrations of tariff peaks that could constrain Africa exports. In the United States, for example, processed foods attract peak tariffs of 12% and more, including orange juice (31%), peanut butter (132%) and tobacco products (350%). In Japan, the highest tariff peaks are found in the processed food industry and cover such products as canned meat and meat preparations, cocoa powder and chocolate, cereal products, vegetables, fruit juices, and coffee and tea syrups.

The second direction from which an export constraining impact may be felt in Africa is tariff escalation. This may constitute a problem for many African countries seeking to diversify their exports through food processing. FAO (1997) finds that agricultural exports of developing countries are largely concentrated in the first stage of processing, while the most advanced food industry products make up 32.5% of the food exports of developed countries. Tariff escalation in the developed countries appears to be one of the major constraints to the vertical diversification of the agricultural exports of developing countries. Thus, problems associated with tariff peaks and tariff escalation have not been solved by the URAA and its implementation; they may actually have been worsened.

5. Developing African agriculture in a liberalized global trading environment

Africa emerged from the UR multilateral trade negotiations with relatively few mandated policy changes, particularly under the provisions of the URAA. This is not to suggest that the wave of trade liberalization sweeping through the global trading system passed the region by. On the contrary, the process of trade liberalization in Africa predated the UR; the impetus for overall economic reform in Africa was essentially unilateral. Hence, the UR negotiations had no direct influence on Africa's liberalization. And although Africa participated more actively in the UR negotiations than in all previous multilateral trade negotiations (Oyejide, 1990), no concerted effort was made to link African domestic liberalization strategies with the multilateral negotiations, nor were the unilateral liberalization achievements used to bargain for better access for African exports.

In addition, Africa's agricultural trade reforms constituted an integral part of the region's unilateral economy-wide structural adjustment programmes, which combined macroeconomic reform with sector specific policy changes. The most important elements of the agricultural trade policy component of these reforms have included the elimination of most quantitative restrictions, reduction in the level and dispersion of tariffs, elimination of most export taxes, and reduction of state trading through parastatal agricultural marketing boards. The main direct effects of these reforms have been the lowering of direct and indirect taxation of agricultural exports.

In compliance with the URAA, African countries have bound 100% of their agricultural tariff lines. But most African countries have set their agricultural tariff binding at very high levels (100–300%); only a few have bound their tariffs at less than 50%. Furthermore, in all cases, Africa's bound tariff levels are several multiples of the corresponding average applied rates. This practice appears designed to provide considerable space for discretionary changes in applied tariff rates. It is a practice that does not therefore impose an effective constraint on policy reversal and, to that extent, is not likely to enhance policy credibility. It is worth noting, however, that for the African countries in the "developing country" category under the provisions of URAA, these bound rates are subject to further reduction during the 1995–2005 implementation period. In any case, Africa's very high bound rates are not entirely unlike the very high developed country rates that emerged from the process of "tariffing" prohibited NTBS.

Many of the remaining policy changes mandated under URAA place many African countries under invited obligations, essentially for two reasons. First, these obligations, e.g., on domestic support and export competition, do not cover the typical policy distortions that characterize African agricultural trade and pricing policy. Second, many African countries are classified in the "least developed country" category and are therefore exempt from URAA obligations on agricultural support policies. Export subsidies thus have little relevance for the current domestic policies of African countries, which typically focus on taxing rather than subsidizing agricultural production and exports.

Developing African agriculture in the emerging more liberalized global trading environment requires that more attention be given to measures for enhancing agricultural productivity. Increased competitiveness induced by the new environment demands no less. Part of this requirement can and should be met through further liberalization and rationalization of Africa agricultural trade and pricing policies. This would be a good move to make for improving the competitiveness of African agriculture, whether it is done unilaterally or through multilateral negotiations. The multilateral route could bring two additional advantages to the liberalization process: First, it could enable it to be "exchanged" for better markets for African exports in trade partner countries. Second, a multilaterally negotiated and bound liberalization enhances its credibility and could, to that extent, induce quicker and more robust output and export supply response. While African's traditional agricultural exports face relatively high trade barriers in the developed country markets, the region's attempts to diversify and expand its agricultural export basket by processing more of these commodities and by expanding into non-traditional agricultural products would be frustrated in the absence of further negotiations aimed at substantially reducing the existing peak tariffs and eliminating tariff escalation in the developed countries. Credible offers by African countries to further lower their agricultural trade barriers will probably be needed in exchange.

This said, it should also be recognized that appropriate domestic policy reforms in the areas of agricultural trade and pricing regimes constitute only necessary but by no means sufficient conditions for developing an internationally competitive African agriculture. As shown previously, African agricultural production for exports are constraining by several other structural, institutional and natural/environmental factors. Key among these infrastructural facilities, particularly in the form of transportation and irrigation systems; education, training, and research and development through which can be widely disseminated knowledge about new production technologies and crop varieties; pest and disease control systems; and land reform. Concerted efforts to deal with these constraints could, in turn, enhance the capacity of Africa's agricultural producers to respond more effectively to the opportunities provided by a more liberalized domestic agricultural trade and pricing policy and by improved access to foreign materials.

Such efforts will require increased resources from African governments, and this kind of support would not violate the commitments mandated by URAA. It can also be combined with policies aimed at directly supporting domestic agricultural producers, although this latter form of support will not be allowed in the post-URAA world agricultural trading system. But Africa's least developed countries are not obliged to undertake the relevant URAA commitments and most other African countries still have a limited window of opportunity to use these support measures, where appropriate, up to 2005. But for its lack of productivity enhancing technology, Africa's low input and largely unsubsidized agriculture would have been in an enviable competitive position as URAA obligations forced down agricultural subsidies in other parts of the world. Hence, the appropriate response to the challenge of global liberalization may not be to subsidize in the pre-URAA sense but to identify and use the measures for eliminating the infrastructural institutional and technological constraints that hold down agricultural productivity in Africa.

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