

# Who Will Feed the Poor?

## The Future of Food Security for Southern Africa

A Policy Discussion Paper



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## Summary

*In an era of unprecedented rising food prices, the issue of food security has become a matter of life and death, particularly for the poor and vulnerable and yet debates concerning the causes of and solutions to food insecurity in southern Africa remain polarized. One dominant argument is that food security is not only about the physical availability or scarcity of food at the national and household level, but also the qualitative degree and temporality of access in relation to nourishment, social resilience and vulnerability. Current debates focus on the prevalence of acute, chronic and transitory food insecurity, and related issues of malnourishment and interwoven social vulnerabilities.*

Both internal and external policy weaknesses are driving the current food crisis in SADC. SADC countries' food policies have been changing, having initially been based on "national self-sufficiency". After structural adjustment in the 1990's, the policies became less interventionist, and pursued 'food security' strategies targeting national and household food insecurity. Since the 2001 to 2003 food harvest failures, national policies became slightly more interventionist. The SADC region's food and agricultural policies have become perversely embedded into the vagaries of the global financial, commodity (especially oil) and food markets. This trend is shaped by donor lending and market based conditionalities, within the dominant structural adjustment frameworks.

The SADC food situation is influenced negatively by global food price formation, and the wider international policies. The 130% increase in the prices of food grains, edible oil and livestock products particularly since 2002, has been the most dramatic upward surge for over the last thirty years, given the real terms decline of food prices before. Some argue that the price increases reflect a mismatch of global supply and demand, due to: increased grain

consumption in Asia; the reduction of 'western' grain stocks due to weather induced harvest failures (especially in Australia); the rise of farm inputs costs induced by oil price escalation; the diversion of grain utilisation to agro-fuel production; restrictions on the export of rice and wheat by various countries and commodity speculation. But the use of food for agro-fuel production and oil-related farm inputs price increases, account for 85% of the surge.

By 2020, the prices of maize and oilseeds will increase further by over 20%.

Wider systemic mechanisms drive the underproduction of food in the south. These include the global food system's embeddedness in financial and commodity markets, which are prone to 'crises' and speculative trading, continued trade protectionism, subsidized exports, imposed structural adjustments and a distortionary food aid system. The world food system is a deeply integrated and 'oligopolistic' agro-industrial complex, which had survived through subsidized food "over-production", amidst repressed food consumption and production in the 'south'. The recent increase

## *Grain deficits in Malawi, Zambia and Zimbabwe have tended to influence regional food price formation, by repressing maize prices when they have enough and surpluses to export to the region, and vice versa.*

in oil prices triggered shifts in the use of food (agro-fuels), and the prices of food and land. This new 'food supply problem' is now being addressed mainly by agri-business through area expansion in the south by displacing small food producers, alienating more of their land and diverting financial resources to agro-fuels and commercial production. Many international financial and food aid institutions seek increased aid monies to lend to the food 'crisis' ridden poor countries for grain imports and, for food aid and cash transfers to the poor to buy the food. Rather than mobilize financial support for small farmers to increase food production, this strategy would re-finance agri-business' capital-energy intensive food system, while consumers in the SADC region will remain captive food and inputs price "takers", and provide malnourished, cheap labour.

Food price formation and trade in the SADC region involves prices transmitted from global food, inputs and financial markets, as well as from pricing processes arising from the food production and marketing processes within the region. Food prices in the SADC region are inordinately influenced by the global food and energy crisis, although food consumers and producers in the SADC region are among the lowest users of energy and farm inputs. Food price fluctuations reflect the inelastic

demand for staples, which constitute a fixed expenditure for the poor, and expose the effects of inadequate food production in the south in the SADC region. SADC food production deficits are a small part of the global food supply and pricing problem.

South Africa is the dominant supplier of food to deficit countries in the SADC food markets, as well as of farming inputs. South African food price formation influences food prices in the region, mainly because its food and farming inputs prices tend to be parity priced. Moreover, there have recently been discussions around collusive price fixing against the "oligopolistic agro-industrial corporations" in South Africa by various actors, including on basic foods such as maize and basic inputs such as fertiliser. Thus, South Africa is both a transmitter of world prices and a pace setter of food prices in the SADC region. Grain deficits in Malawi, Zambia and Zimbabwe have tended to influence regional food price formation, by repressing maize prices when they have enough and surpluses to export to the region, and vice versa.

With the establishment of a SADC Free Trade Area (FTA) in August 2008, this could lead to a more inequitable regional food trade and investment system, unless deliberate mutual investments are undertaken to provide cover from the vagaries of global food markets. And

regional food trade should more thoroughly be treated as a “sensitive” area to be protected, while smallholder food production and farm technology generation as SADC’s primary “development issues”.

In addition, a systemic effort to improve SADC’s food security could be enhanced through regional trade and other integration strategies that have a broader vision of food consumption needs, and which aim to collectively increase the production and distribution of a wide range of required foods and agricultural inputs supply, rather than expanding their extra-SADC importation. For example, short term actions aiming to increase the consumption and production of food by poor people (such as food and cash transfers, seed and subsidized inputs, etc) are urgently required, and should be financed from increased government and aid budgets. But these should not revert to food dumping activities which undermine local production, and markets, but rather reinforce the systemic development of the smallholder food production and small enterprise systems, particularly in rural areas and small centres.

The growing tendency to import food from abroad, can be reversed by deliberate regional investments into the production of key imports (grains, beef, milk products, etc), and the required infrastructure and irrigation

resources. Industrial policy should focus on reducing the exportation of agricultural value addition and, to increase regional employment, labour productivity and incomes. This would expand the aggregate regional food market (and possibly restrain uneven migration). The excessive focus on individual nation-states’ food policies has led to the obverse.

Food sovereignty which focuses on family and local processes of food production to achieve national and household food self-sufficiency, based on introverted national development, is essential. Reduced dependence on external transnational agrarian capitalist monopolies, for food production and farming inputs (seed, Genetically Modified Organisms (GMOs), etc) in markets shaped within the World Trade Organization (WTO) framework, is vital. Sustainable agriculture should reduce ecological damage and the loss of local intellectual property rights in food materials.

Civil society should support social movements’ struggles to place food and farmers rights issues at the centre of the poverty eradication and democratisation agenda, in order to increase smallholder food production, to advance *broad based own (national and household) food production, to create equitable food consumption platforms.*

# **Introduction:**

## **SADC Food security in the global context**

*This paper examines “the state of food security in southern Africa”, in terms of the availability of, access to and affordability of food, particularly among the most vulnerable in society. We examine regional food consumption and production in relation to the impacts of the recently increased world food prices, in the context of the current energy and financial crisis.*

Current discourses treat food insecurity in a nuanced and complex manner. Food security is not only about the physical availability or scarcity of food at the national and household level, but also the qualitative degree and temporality of access in relation to nourishment, social resilience and vulnerability. The debates have moved from vague notions of physical availability or scarcity of food at the national and household level, towards notions of acute, chronic and transitory food insecurity, and related issues of malnourishment and interwoven social vulnerabilities to food insecurity.

Domestic food production and consumption per capita in the SADC region has been declining and led to persistent chronic food insecurity among at least 40% of the region's population.

There are competing conceptualizations of the nature of the current global food crisis, as well as of the status of food security in the SADC region. Is it a supply or 'food scarcity' problem, and if so why? Or is it a problem of the affordability of and access to food, particularly among the poor? If so, why have prices risen so rapidly? Given the variety of perspectives, there are varied types of "interventions" which are being proposed to resolve the crisis.

Debates concerning the causes of food insecurity in the SADC region remain polarized. Many insist that the internal policy weakness drive the food 'crisis', while some recognize the external factors, as section 3.0 demonstrates. SADC countries' food policies have been changing (see section 2.0). They were initially based on "national self-sufficiency". After adopting structural adjustment programmes in the 1990's; the policies became



*SADC regional food and agricultural policies have become perversely embedded into the vagaries of the global financial, commodity (especially oil) and food markets, and South Africa markets.*

less interventionist, and pursued 'food security' strategies targeting national and household food security. Since the 2001 to 2003 food harvest failures, national policies became slightly more interventionist (Bird et al. 2002). SADC regional food and agricultural policies have become perversely embedded into the vagaries of the global financial, commodity (especially oil) and food markets, and South Africa markets. This trend is shaped by donor lending and market based conditionalities, within the dominant structural adjustment frameworks (SAPs).

In section 4.0 we trace the SADC food situation over the last three decades, in terms of domestic food production and,

consumption processes and the wider social effects of the currently inadequate supply of and access to food and its utilisation particularly among the poor. Section five then examines intra-SADC food price formation and trade, and extra- SADC food trade and aid. The implications of food insecurity, trade liberalisation and the sub-hegemonic role of South Africa in the SADC region's food system for regional integration are also explored in the next section. Section seven proposes some food policy interventions to increase national and households' own production, in pursuit of collective regional food security, and briefly outlines an agenda for civil society advocacy.

# Current Food Security Policy Framework in the SADC Region

*Current debates on the drivers of the proximate causes of chronic food insecurity in the SADC region mostly focus on internal factors, particularly the inadequate adoption of SAP programmes, and the ineffectiveness of state interventions in agriculture. Analysts suggest that the litany of state reintroduced interventions, while making agriculture inefficient is a product of the region's neo-patrimonial political system (Bird et al, 2002). Few consider market failure or aid policy deficiencies, and deeper structural and global market limitations to be impediments to achieving food security in the SADC region.*

During the 1980's the reigning policy framework of "national food self sufficiency", focused on raising domestic capacities to produce virtually all national food requirements, and to supply them at stable prices. Food imports were perceived as both economic and national security risks to be avoided. The assumption was that adequate national production of food would translate into availability and access at the household levels, including among the poor. National food reserve stocks were to be kept to tide over the nation during major droughts or famines. These objectives were however hardly achieved in most of the SADC countries (except at times in South Africa and Zimbabwe), and even when there were grain surpluses or reserves, these could be 'sitting' in silos while the poor in those and neighbouring countries went relatively hungry and often malnourished. This pattern continues today, except that food surpluses can be exported amidst hunger.

From the 1990's, when structural adjustment programmes had been adopted in virtually all the SADC countries (including its home grown variants) various state interventions in the economy and agriculture, were rolled back. The "food security" policy framework was then adopted and comprised two competing aspects: national and household food security. What distinguished the 'food security' approach from the self-sufficiency approach was that the former claimed to be accommodative of wider processes of national and household food supply and access (Kalibwani, 2005). Countries could produce their own food if they did so efficiently, but not spend too much storing it (on reserves) or import food if this was more effective. For households the focus was on ensuring that the rural and urban poor could establish diverse means of securing incomes or cash (for their livelihoods) to purchase food in addition to encouraging the capable to produce their own food efficiently and sale surpluses to "net food buyers".

## *The poor have hardly improved their access to food, given the deflation of incomes and jobs.*

Expectedly, large scale and “better off” small farmers dominated the production and sale of domestic food, while the former increasingly focused on exports, and imports increased. Meanwhile, the poor have hardly improved their access to food, given the deflation of incomes and jobs. Household access to the available food varied depending on class based income inequalities (see Mkandawire and Matlosa, 1993). Ensuring the adequate availability of food at the national level was occasionally achieved, while household ‘access’ to food, was left to the market, except for a few social groups. National export oriented agricultural policies in increasingly liberalized economies, and the removal of food production subsidies, put paid to the ‘security’ goal.

During drought years, food imports were encouraged, including from neighbouring South Africa, Zimbabwe and the rest of the world and recently from Malawi and Zambia.

Imports were considered less costly to the fiscus and price competitive. Keeping grain reserves at accumulating costs was considered irrational, as monies could be kept aside or sought just in time, to procure as much food as was required. Evidence shows that many countries drained their public grain reserves since the nineties. While most of the countries face chronic food insecurities among the poor, food production remains inadequate and externally driven food prices raise the region’s social and financial (forex) costs.

New concepts and visions of food security, in the context of an increasingly hostile global economy remain incoherently debated. The re-emergence of new concepts of “national food self sufficiency”, such as “food sovereignty”, which global civil society has proposed, is rarely debated. But first, what is the global context of the SADC region’s food policies.

# **World Food 'Crisis'** **and its Effects on SADC**

*The SADC food situation is influenced negatively by global food price formation, and the wider negative effects of international policies on food production in southern Africa.*

## **1. Traded food prices increased sharply**

The rate of increase in the prices of food grains, edible oil and livestock products particularly since 2006, has been the most dramatic upward surge (Mitchell, 2008) experienced over the last thirty years, given that in real (USD) terms food prices had been on the decline. Traded food prices increased by 130% from January 2002 to mid-2008, and by 50% from January 2007 to June 2008 (IMF index, cited by Mitchell, 2008, p 2). Grains showed the earliest and highest price increase from 2005, although the global grain crop harvest of 2004/5 was 10% larger than in the 3 previous years and about 9% higher than the 2005/6 harvest. This was then followed by increases in the prices of fats and oils prices in mid-2006, although the 2004/5 and 2005/6 season had recorded (13% increase) high oilseed harvests. Other food prices followed but at slower rates

## **2. The specific nature and sources of the world food crisis**

Some argue that the price increases reflect a mismatch of global supply and demand, due to: increased grain consumption in Asia (Miont, 2008; Krugman, 2008 cited by Patnaik, 2008); the reduction of 'western' grain stocks due to weather induced harvest failures especially in Australia (Minot, 2008); the rise of farm inputs costs induced by oil price escalation (Ghosh, 2008; Mitchell, 2008; Minot, 2008); the diversion of grain utilisation to agro-fuel production (Mitchell, 2008; von Braun, 2008; Rosegrant, 2008 cited by von Braun, 2008); and commodity speculation (von Braun, 2008; Wahenga Brief, 2007; Tabb, 2008).

Most analyses have attempted to distribute the blame or responsibility for inducing price increases and to balance the weights of the causal factors (Patnaik, 2008). The USDA (2007) had argued that Asian over consumption of grain was the problem! Others argued that prices more than doubled because of the rising cost of oil (blaming OPEC countries), agro-fuel subsidies (the USA/EU), the depreciation of the US dollar (America), the prolonged drought (Australia), and restrictions on the export of rice and wheat by various countries (blaming Thailand, Vietnam, India, Russia and Argentina) (Minot, 2008).

But the use of food for agro-fuel production and oil-related increases in farm inputs prices are central to food price escalation (Ghosh, 2008). These account for 85% of the increases.

### **3. World Food Prices will continue to rise for some time**

It is estimated that by 2020, the prices of maize and oilseeds will increase further by 26% and 18% (IFPRI, 2007), if the high growth scenario of agro-fuel production is followed. However, these are proximate causes of the price escalation. The underlying driver has been finance capitals' oil and commodity speculation activities (Tabb, 2008; Ghosh, 2008). Futures' pricing of commodities (oil, food and others) has been rising irrespective of the trend in their actual physical supply and consumption.

### **4. Systemic sources of world food price increases and food supply**

Wider systemic mechanisms which drive the underproduction of food supply will continue to drive food price increases. These relate to the fact that the global food system is embedded in financial and commodity markets, whose contradictions include the current oil and

monetary 'crisis', and speculative trading. Continued trade protectionism and subsidized exports, and imposed structural adjustments, which are propped up by the food aid system, repress production in the south.

The world food system, which itself is a deeply integrated and 'oligopolistic' agro-industrial complex, had for long survived a real terms decline in food prices, based on subsidized food over-production in the 'west' (Tabb, 2008), amidst repressed food consumption and production in the 'south' (Patnaik, 2003). The recent real increase in terms oil price increases have triggered the shifts in the uses of food (agro-fuels), and its prices and of land.

This new food supply problem is being addressed through food production strategies by agri-business,<sup>1</sup> which include area expansion in the 'south' and the displacement of small food producers. This is alienating more land for agro-fuels and commercial food production, and diverting even more financial and related resources away from small producers (Patnaik, 2008; Tabb, 2008).

Most international financial and food aid institutions seek increased aid money to lend to the food crisis and riots-stricken poor countries for grain imports, as well as to finance more food aid. This would increase imports from the west, alongside cash transfers to the poor to buy food from abroad, and from local surplus areas, (e.g. South Africa).

Rather than mobilize financial aid and truly concessional loans to support small farmers to increase food production in the 'south', this strategy would augment and re-finance agri-business' food production and entrench the intensive capital-energy-food system. In this case consumers in the 'south' (e.g. in SADC region) will remain captive food and inputs price "takers", and provide malnourished, cheap labour.

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<sup>1</sup> William Tabb (2008) outlines how over 440 million hectares of allegedly underutilized land in Brasil (100 million hectares), in Venezuela, Guyana and Peru (80 million hectares), the former USSR (40 million hectares) and in Africa (120 million hectares) are being eyed by an offshore agri-business ventures.

## *The recent collapse of the DOHA round of the World Trade Organisation (WTO) negotiations reflects an intransigent attitude towards food insecurity among the world's poor.*

### **5. External dimensions of food insecurity in SADC revisited**

Consumers of imported foods and farming inputs in the SADC region (as elsewhere) are captive 'price takers', and food produced at home tends to veer towards those prices. Because of South Africa's pivotal role in the SADC food system, it both transmits these global effects and reinforces them. The current food producer and consumer prices in the SADC are unrelated to its own real and potential costs of production and effective demand (i.e. incomes). These trends constitute 'oligopolistic' price formation processes, given the subsidies and protection provided to the dominant world food exporters, alongside inadequate levels of food supply elsewhere, including in the SADC region.

This represents a form of mal-integration into a dysfunctional global food system, based on the over-consumption of fossil fuel energy and speculative behaviour. This system undermines the 'universal right to food', especially among the poor in the region. Yet, the international donor community has only watched the trend, while dumping food palliatives which tend to

further undermine food production in the SADC region. The recent collapse of the DOHA round of the World Trade Organisation (WTO) negotiations reflects an intransigent attitude towards food insecurity among the world's poor.

But why is this system maintained? It is apparently recognised by some that the direction of world food policies and pricing is related to agricultural energy security, climate change mitigation and environmental sustainability, which are strongly tied to 'agro-fuels' production (von Braun, June 2008, p2) and the oil trade. This process is influenced by the political pressures and security concerns of the energy industry, the agriculture industry, capital funds, the science and technology industry and the aid system. The key actors are apparently driven by high levels of rent seeking strategies, led by professional lobbies and think tanks (Ibid). Could this be a 'western' form of "neo-patrimonialism". This system also drives donor behaviour. Yet there is a narrow view that it is only bureaucratic stasis and warped incentives which drive aid officials (Bird et al, 2002).

# The Nature and State of Food Insecurity in Southern Africa

## 1. Overview of the state of food security in southern Africa

*The official SADC perspective<sup>1</sup> on the current food situation in the region is upbeat. While it acknowledges a cereal deficit from regional production, the situation has improved substantially compared to previous years. An 18% increase over the 2007 harvest (of 24.2 million tonnes) led to a total output of 28.6 million tonnes of cereals. The current regional cereal deficit of 745,000 tonnes was a major reduction from the 2007 cereal deficit of 3.7 million tonnes. Increased cereal production in South Africa re-balanced regional stocks.*

The SADC position on food price increases is that these result from imports, as the region does not produce enough to cover its demand. Maize prices are perceived to be generally stable but could rise substantially if the region **oversells** its current surpluses. Local price increases are also considered inevitable in areas where maize production was adversely affected by floods, dry spells and poor access to inputs.<sup>2</sup>

Thus, the SADC food security situation continues to be characterized by wide variability in the availability of cereals produced domestically. This leads to regular food importation, mainly from South Africa and abroad. Food prices thus increase according to world trends, and the fiscal burden rises, while extreme price variability persists in areas which experience frequent harvest failures. The prolonged food production collapse in Zimbabwe also disturbs the SADC food supply balance.

## 2. SADC food consumption inadequacies and their effects on people

Food availability does not translate into adequate food consumption. Inadequate domestic food production, the export of surpluses (rather than keeping reserves), and importation has contributed to food price increases. This restricts access to food, since food costs account for over 60% of total consumption expenditure of the low-income groups. The number of the poor is rising more rapidly in the SADC region than elsewhere.<sup>3</sup>

The effects of the recent price increases were felt by consumers in food markets, including non-farm and farm labour and small farm producers who are net purchasers of food. In the drier and remote areas of the SADC region, between 50% and 100% of the households are

<sup>1</sup> Food security early warning system (13 June 2008)

<sup>2</sup> Ibid

<sup>3</sup> African population growth rates over the past 4 decades were 2.7% compared to 2% in Asia and 2.2% in Latin America

*In the drier and remote areas of the SADC region, between 50% and 100% of the households are “net food buyers” of mainly urban milled grain, while own produced grain consumption is below 40%.*

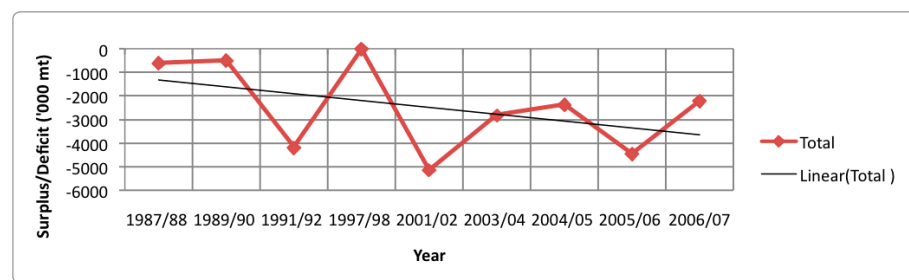
“net food buyers” of mainly urban milled grain, while own produced grain consumption is below 40%. The negative impacts on net food buyers can be gauged from the fact that wages and incomes have not risen at rates which are fast enough to keep up with price increases.

The overall annual volume (maize, small grains, wheat and rice) of cereals required by the 250 million people of the SADC region in 2008 is estimated at just under 30.5 million tonnes. During the 1980s the volume was 16 million tonnes excluding the DRC, Madagascar and

South Africa, who were not members at that time. The rate of growth in the food requirements per annum thus generally follows demographic growth, given the methodologies used to estimate requirements.

The average level of cereal consumption per capita in the SADC region ranged from a peak of 127kg/person in 1981 to 112kg/person in 1999.<sup>5</sup> In relation to the minimum calorific requirements or recommended calorie intakes per person, the trend is one of under-consumption in general (Figure 4.2).

**Figure 1: Domestic cereal surplus/deficits in SADC region<sup>4</sup>**



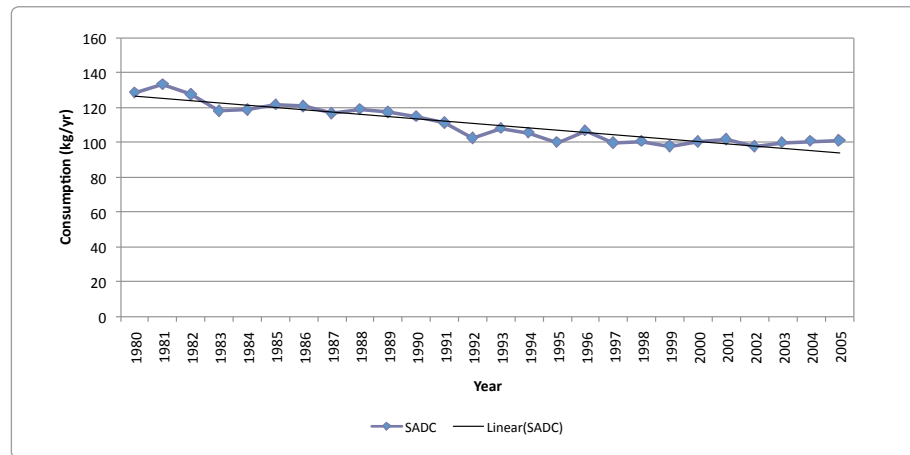
SADC/FANR 2008

<sup>4</sup> Data excludes: South Africa, DRC, Mauritius and Madagascar

<sup>5</sup> Excluding RSA, DRC and Madagascar which were not members then.



**Figure 2: SADC per capita Cereal Consumption trends**



Based on Earth Trends data

The startling fact is that per capita consumption has declined by an average of about 15kg/ person. This could have simply reflected overall population growth, and stagnant production per capita, even though the annual population growth rates had declined from an average of about 3% between 1980 and 1990 to an average of 2% thereafter. However, the steepest rate of decline in per capita consumption was more closely associated with the 1991/2 drought year, followed by persistently low per capita consumption for 12 years.

**Class based inequalities in access to food: high value foods?**

The per capita consumption of higher costing protein rich foods also varies remarkably. Countries such as Malawi, DRC and Mozambique being at the extremely low end of the scale, and South Africa consuming much more. But intra-country class based inequalities in access to high protein foods are even more pronounced, than compared to access to staple foods.

**Table 1: Consumption of meat, milk and eggs (2005)**

Country	Kg per capita		
	Meat	Milk	Eggs
Angola	19.2	28.4	1.0
DR Congo	4.4	1.4	0.1
Madagascar	14.7	28.6	0.7
Malawi	4.9	4.1	1.4
Mauritius	41.2	11.8	2.6
Mozambique	4.5	5.7	0.6
South Africa	44.4	48.9	5.5
Swaziland	22.3	4.7	2.9
Zimbabwe	16.0	14.0	1.3

Source: van der Riet, 2008

Chronic vulnerability to food insecurity is common, particularly among populations dependent on rain-fed agriculture. Household assets get eroded, resulting in weak resilience and failing livelihoods. Morbidity and mortality also rise because of increased vulnerability where there are as a result of water-borne diseases, such as malaria, cholera and diarrhea.

### The wider effects of food insecurity

The debilitating health and social effects of reduced consumption (caloric intakes) and/or consumption behaviour changes (switching the types of food consumed, reducing the number of meals, etc), have been long drawn. The absolute numbers of malnourished people between 1979 and 2003 in the SADC region are fairly high, ranging from 18 million to 38 million at various points in time. This has resulted in a complex food and social crisis, wherein the relative unavailability and high cost of food has affected millions, for decades.

These types of effects were deepened by the lingering effects of the SADC region's harvests

failure in 2001-3. This set up a complex social crisis, in which the relative unavailability and cost of food had affected over 16 million people (Wiggins, 2005), whose levels of poverty had been increasing for two decades (see table 4.3). Country percentages of the malnourished ranged from the lowest group at 6% to 12% in Mauritius and Lesotho, to the median malnourished group of 19% to 23% (Swaziland and Namibia), and to the group which had obscenely high proportions of malnourished people [Angola (38%), Botswana (30%), Madagascar (45%), Malawi (34%), Mozambique (45%), Zambia (47%) and Zimbabwe (45%)]. Apparently famine deaths then, were only recorded in Malawi! (Ibid).

**Table 2: Food poverty and malnutrition**

	Prevalence of child malnutrition, under weight (% of children under age 5)				Population below minimum dietary energy consumption	
	Surveys 1990-99		Surveys 2000-05		Share (%)	Millions
	Year	Percent	Year	Percent	2004	2004
Angola	1996	40.6	2001	30.5	35	4.8
Botswana	1996	17.2	2000	12.5	32	06
DRC	1995	34.4	2001	31.0	74	39.0
Lesotho	1996	16.0	2000	18.0	13	0.2
Madagascar	1997	40.0	2004	41.9	38	6.6
Malawi	1995	29.9	2002	21.9	35	4.2
Mali	1996	26.9	2001	33.2	29	3.8
Mauritius	1995	14.9			5	0.1
Mozambique	1997	26.1	2003	23.7	44	8.3
Namibia	1992	26.2	2000	24.0	24	0.5
Seychelles					9	0.0
South Africa	1999	11.5			3	0.0
Swaziland			2000	10.3	22	0.2
Tanzania	1999	29.4	2005	21.8	44	16.4
Zambia	1999	25.0	2003	23.0	46	5.0
Zimbabwe	1999	13.0			47	6.0

Source: World Bank Africa Development Indicators, 2007

## *These vulnerability problems persisted because interventions are poorly targeted and not addressing the main constraints or shocks of communities*

Furthermore, (SADC-VAC, 2006) while food availability tended to improve in non-drought seasons (e.g. 2005/6) there were pockets of food insecurity in most SADC countries. There was "chronic vulnerability to food insecurity, particularly among populations dependent on rain-fed agriculture ..." (Ibid, p1). Poor households' assets were eroded "... resulting in weak resilience and failing livelihoods ... due to droughts and other hazards ... and ... there was high ... morbidity and mortality as a result of water-borne diseases, such as malaria, cholera and diarrhea ..." (Ibid). High rates of malnutrition then, meant that 3.1 million people (in Lesotho, Malawi, Mozambique, Swaziland and Zimbabwe) were mostly chronically food insecure, while a few of these faced transitory food insecurity.

Apparently, these vulnerability problems persisted because interventions are poorly targeted and not addressing the main constraints or shocks of communities and programmes are poorly coordinated (health, education, HIV/AIDS, water and sanitation).

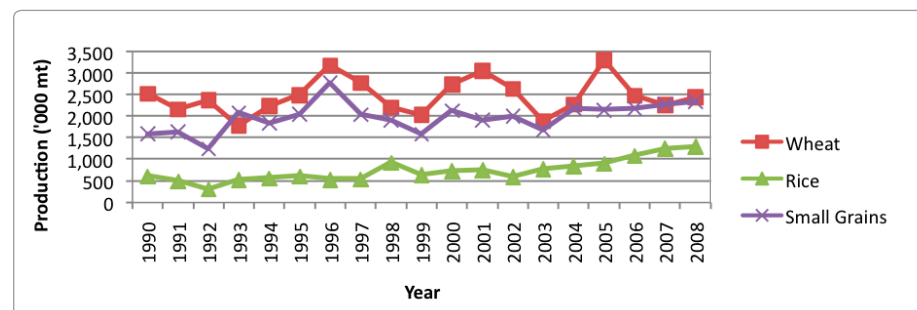
One scenario of the impacts of global food price increases on the net availability and access to food, in terms of calorific consumption (Rosegrant, 2008), which assumes expanded global production of agro-fuels, suggests that in Sub-Saharan Africa calorie intake would decrease substantially by 8%, due to cuts in household food expenditures

### **3. SADC agricultural production trends and world cereal shares**

Absolute agricultural production growth in the SADC region since the 1950s had remained positive albeit slow compared to other continents. The value of agricultural output increased by 2.5% per year in Africa compared to 2.9% in Latin America and 3.5% in developing Asia over the past 4 decades (IFPRI, 2004).

The long run patterns of cereals and maize production in per capita, and absolute volumes in the SADC region has been declining since the mid-1970s. The total production of cereals (maize, small grains, wheat and rice) in the SADC region between 1980 and 2008 is shown in figure 4.3.

**Figure 3: Cereal production (tonnes) in the SADC region**



SADC FANR, 2008

## Per capita agricultural production over the last 20 years declined by 2% a year, reflecting higher population growth rates and the limited expansion of production

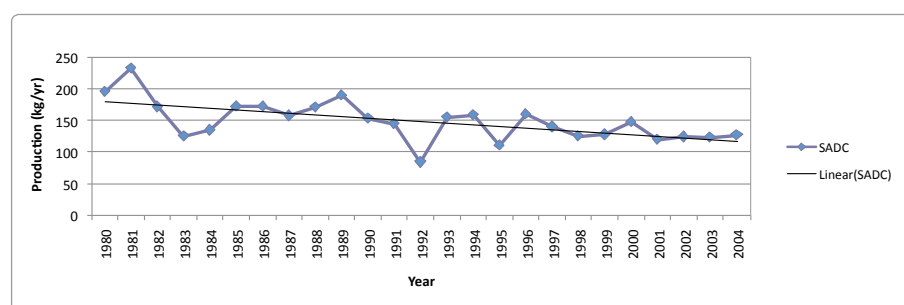
Clearly, the absolute levels of cereals production in most of the SADC countries has been declining significantly, when viewed in terms of per capita output growth rates, and the value of cereal importation.

Per capita agricultural production over the last 20 years declined by 2% a year, reflecting higher population growth rates and the limited expansion of production and a slow rate of agricultural productivity growth. SADC experienced fairly steady per capita agricultural production declines from 1997 to 2006, but the picture was mixed among the countries.<sup>6</sup>

Per capita cereal production has on average ranged from 140kg/person during the 1980s, only to dip to an average 60kg/person and 85kg/person in 1992 and 1995. Thus actual national and per capita production of cereals has not been able to satisfy the needs, particularly of the recommended levels of per capita calorific requirements are the objective (figure 4.4).

Maize output volumes (excluding RSA, DRC and Madagascar) peaked in 1981 and then again around 1996/7 (when South Africa joined the SADC) only to experience numerous major dips during the 2001 to 2006 period.

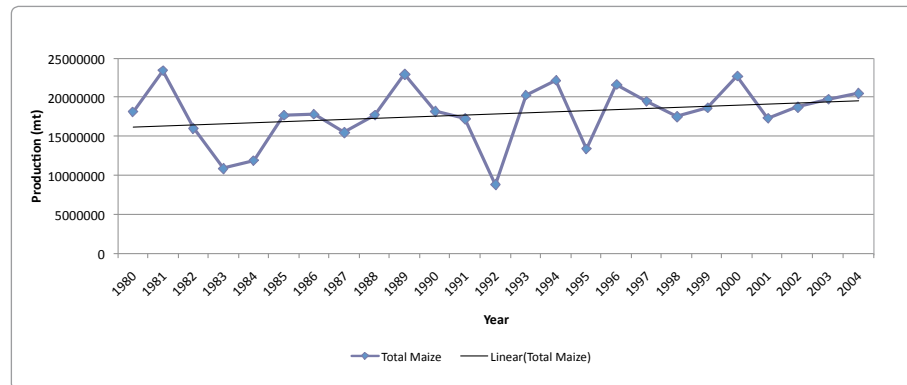
**Figure 4: SADC per capita cereal production**



Based on SADC data

<sup>6</sup> Between 1960 and 2000, crop yields in Africa grew rather slowly in general, especially in West Africa where yields grew from an average of 0.6 tonnes to 0.9 tonnes per hectare. These remained more stagnant in the semi-arid areas, particularly in southern Africa

**Figure 5: SADC Maize Production Trends**



Based on SADC data

There are four countries which are normally “food-production-deficit” countries, for various reasons. Due to aridity and arable land shortage, Botswana on average supplies about 23% of its cereal consumption requirements (Glantz et al, 2007, p3). But it afforded to import the balance from its mineral revenues, having been receiving little cereal as food aid. Namibia generally has a similar food supply status, although it has had more food aid per capita, than some SADC countries.

Due to protracted armed civil conflicts, countries such as Angola, Mozambique and DRC have over the long run (20 years) been high “food-production-deficit” countries, importing over 50% of their cereal consumption requirements (Glantz et al. 2007, citing Von Braun and Polino, 1990). However, Lesotho which has not faced extended civil strife has over the long run been importing over 50% of its cereal consumption requirements.

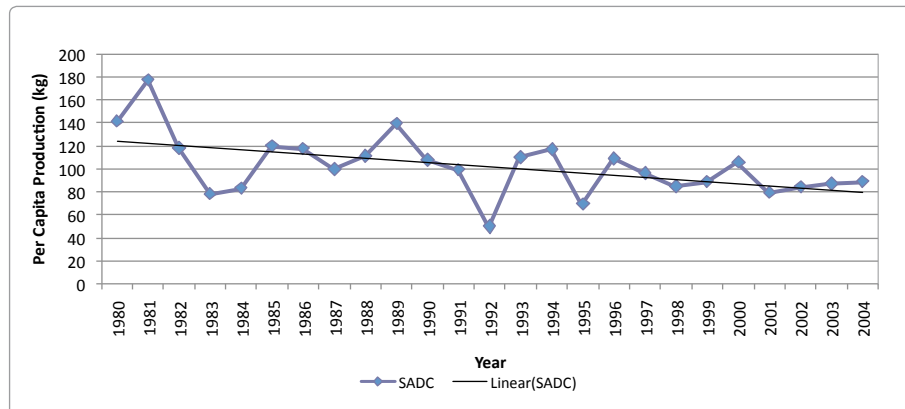
Between these two sets of countries, and South Africa which has been a net cereal exporter over the long run, are the intermediate group of six countries which might be called “relatively minor food-importing-and-occasional-exporter” countries. Their dependence on external food supplies varies widely, with imports ranging from 13% to 50% of cereal consumption requirements, depending on frequent climate induced “harvest failures”. These include Zambia, Swaziland, Zimbabwe

and Malawi, which in the long run have been importing proportionately less than the others. Since 2003, Zimbabwe has regularly imported between 30% and 60% of its cereal consumption requirements.

South Africa’s harvests of 2006 and 2007 were estimated to be 6.6 million tonnes and 7 million tonnes compared to 11 million tonnes in the 2004/5 season. These lower figures were related variously to lower areas planted, (apparently because 3 million tonnes were not sold in the previous year) and, due to lower yields from the drought (33% decline in yield). These figures suggest a decrease in gross production levels of 63.6% between 2004 and 2007, although by 2008, the harvests came to 12 million tonnes. South Africa is said to require a minimum of 8 million tonnes, such that the above maize shortfalls (82.5% to 87.5%) consumption needs were not that high given its available reserve stocks. It is suggested that in future climate change could limit the size of its maize growing areas. However, some analysts expect agro-fuels there production to return South Africa to the era of large maize surpluses (Wahenga Brief, 2007).

Per capita maize production in the SADC region has been declining dramatically from 180kg/person in 1982 (which was largely boosted by Zimbabwe’s first bumper crop) to an average of around 85kg in the late 1990’s and early 2000’s.

**Figure 6: Trends in SADC per Capita Maize Production**



Based on FAO data

### Wheat production

Only half of the SADC countries have produced wheat since the 1995/6, with Malawi and Namibia producing relatively miniscule quantities (2,000 and 11,000 tonnes at their respective peak years of 2002/03 and 2005/06). So the main wheat producer has been South Africa (which peaked at 2.8 million tonnes in the 1996/7 season only to come down to about 1.5 million tonnes and 1.9 million tonnes in the 2003/4 and 2006/7 seasons. This decline many reflect the increased incidence of wheat imports in that country? The next largest producer (usually) was Zimbabwe, which peaked only once above 300,000 tonnes mark (320,000 tonnes in the 1999/2000 season) just before fast track land reform and the agricultural droughts of 2001 to 2002),<sup>7</sup> only to decline by 75% from that to 80,000 tonnes in the 2005/6 season or by 70% from its average tonnage of 270,000 tonnes (between 1996/7 and 2002/3).

Tanzania, Zambia and Lesotho are also significant producers whose respective peak wheat output have been 115,000 tonnes (in 2005/6), 136,000 tonnes (in 2003/4) and 34,000 tonnes (in 1997/8), compared to their lowest respective outputs levels of 33,000 tonnes (2000/1), 50,000 tonnes (in 1996/7) and 10,000 tonnes (2005/6). So, Zambia and Tanzania have gradually increased wheat production, while Zimbabwean and South African wheat production has declined, with the former dropping recently and dramatically, and the latter falling substantially from its peak 1996/7 levels.

This food supply situation, reflects an agricultural productivity “crisis”, which is partly determined by the rising costs of inputs, most of which are imported from abroad, as well as from South Africa (and to a lesser extent from Malawi and Zambia).

<sup>7</sup> Zimbabwean wheat was predominantly produced by large scale (mainly white) farmers, and is an irrigated winter crop. Irrigation services to “new farmers” have become erratic, facing consistent electricity cuts, and ill-timed and short inputs supply.

*Per capita maize production in the SADC region has been declining dramatically from 180kg/person in 1982 to an average of around 85kg in the late 1990's and early 2000's.*

#### **Production of high protein and “minor” foods**

The production of protein rich and high value foods (including meats, oils and fats, milk and pulses) has generally been oriented towards narrow middle to higher class markets (except in the case of pulses), located in the more developed enclaves of the region. Most of the socially differentiated small farmers (less than 50%) do not own any livestock, but the majority produces a modicum of pulses and vegetables for their own consumption and for sale locally.<sup>8</sup> The region is both an exporter of high value beef and an importer of lower value meats.

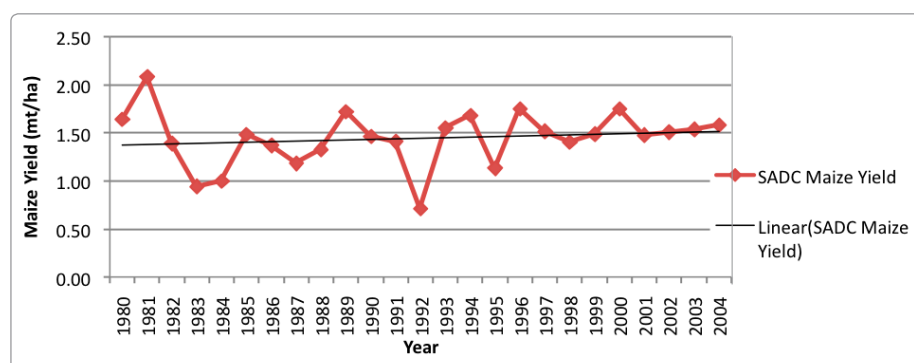
per farming unit basis. These include the direct impediments to entry into farming activities, especially access to land by small producers and/or their eviction; on-farm production constraints; off-farm infrastructural constraints; ineffective input and output markets, and low levels of state investments in the sector and support to small farmers. Weather volatility and climate change play a key part.

#### **4. Proximate causes of food production decline**

A broad range of domestic factors in the SADC region limit the potential to improve food production, particularly on a per capita and/or

The constraints imposed by increasingly inequitable access to the limited available arable and irrigation land are decisive for small producers. Race, gender and class inequities have become so explosive, and can hinder basic production. The deceleration of agricultural technological transformation, through reduced per capita utilisation of inputs (improved seed, fertiliser, etc) have constrained land and labour productivity, particularly among small producers (See figure 4.7).

**Figure 7: Trends in Regional Maize Yield**



Based on Earthtrends/FAOSTAT/SADC data

<sup>8</sup> Since the auto-consumption (production for own consumption) and local sales of pulses by small producers tends to be perceived as being “informal”, their statistics are hardly compiled by the official-doms (national and ‘international’), nor are they adequately factored into GDP indices. Staple starches data are usually estimate, while the “minor foods” are ignored, although they are an important source of cash among small and “new” farmers.

## *Limited human resources are available to support a growing food system.*

Existing public and private food and inputs markets are weak, alongside the virtual non-existence of financial (credit) markets for small producers. Farm inputs prices in the region have been increasing in sympathy with world prices, although domestic capacities to produce inputs have diminished in countries such as Zimbabwe and have been starved of public or private investments. Dependence on costly imported fertilisers has instead increased. New technologies are not being generated fast enough again because of limited public and private investments, and global markets control. As farm margins decline especially for small producers, incomes and investment also fall, extending the cycle of low productivity. The inadequacy of investments into rural and agricultural infrastructures, such as irrigation facilities (including dams, field equipment, etc), rural transport facilities (such as roads, bridges and ports, vehicles), bulk food storage (and grain reserve) facilities as well as ancillary services such as electricity, have tended to limit the expansion of food production and marketing and thus food distribution and access.

Although weather volatility (which has entailed at least one extreme drought every 5 years over the last three decades) has led to frequent harvest failures, there has been a disproportionate effort in investments to mitigate this problem. The resources required include capacities

to: breed more resistant seeds and to divert consumption to more drought tolerant but palatable crops; expanding irrigated areas through 'efficient' utilisation of scarce water and financial resources; and more effective food and seed storage systems. Moreover, the region's preparedness for the anticipated effects of climate change is not convincing. Areas of concern include: the relocation of areas with the agro-ecological potential to produce food alongside the necessary infrastructures; adapting to reduced growing seasons in some areas and their increase elsewhere; adapting to water losses and gains and so forth.

Limited human resources are available to support a growing food system. The constraints include: research and extension capacities: consumer and trade protection or enhancement in relation to food quality maintenance; farmer organizations' and rural civil society capacities etc. This constrains food policy making and implementation, and limits the equitability of outcomes. Hovering above all these constraints has been the real terms reduction of public financing of the agricultural, rural development and social welfare systems of most countries, leading to incomes deflation and reduced farm investments. Yet alongside this, the level of private investment in broad based domestic agricultural food production and processing remains low.



# SADC Food Trade and Price Formation

## 1. Food price formation

*Food price formation and trade in the SADC region involves prices transmitted from global food, inputs and financial markets, as well as from pricing processes arising from the food production and marketing processes within the region, especially in South Africa. Food prices in the SADC region seem to be inordinately influenced by the global food and energy crisis, although food consumers and producers in the SADC region are among the lowest users of energy and farm inputs.*

Since the 1990's, the "controversy" has been over whether governments should stabilize staple food prices. Some thought a liberalized market would in time achieve efficient prices and transactions between producers and consumers. However, many argue that in the fully liberalized market (open to world food trade), prices have fluctuated, while real incomes declined. Many households would have had less access to food, and the risk of famine rose. Such price fluctuations reflect the inelastic demand for staples, which constitute a fixed expenditure for the poor.

Some food security advocates in the SADC region<sup>1</sup> uncritically accept the prevailing fact that 70% of the world's trade grain comes from the USA and EU. They only lament the diversion of food to produce agro-fuels, and the increasing food prices. They believe that

national food security can be more "efficiently" achieved through freer food trade, than through state supported food production and consumption within the SADC region.

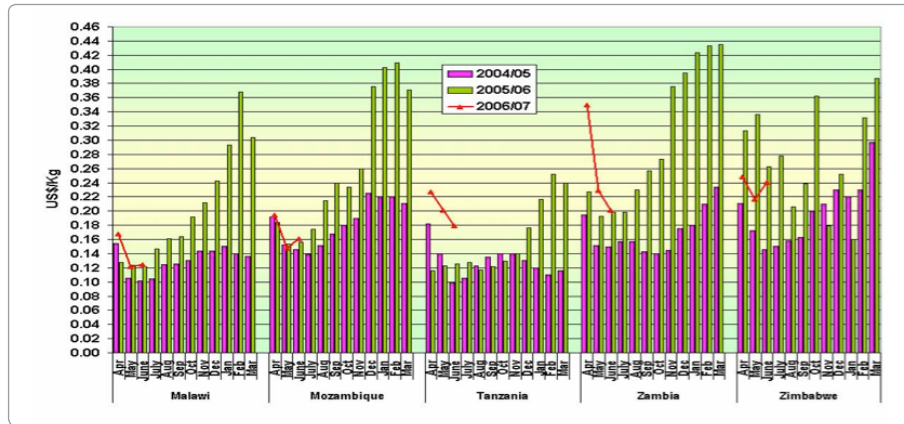
The present world food price crisis exposes the effects of inadequate food production in the south in general, including the SADC region. SADC food deficits become part of the global food supply and pricing problem.

In general, SADC food prices have risen rapidly, albeit not at exactly the same rate as we saw on world traded markets. South African bread prices have increased substantially, although wheat (producer) prices moved at a much slower pace, suggesting that food processors were taking the lion's share of the price increases.

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<sup>1</sup> such as the Regional Hunger and Vulnerability Programme –RHVP; Wahenga Brief (2007)

**Figure 8: Comparison of Regional Maize Prices**

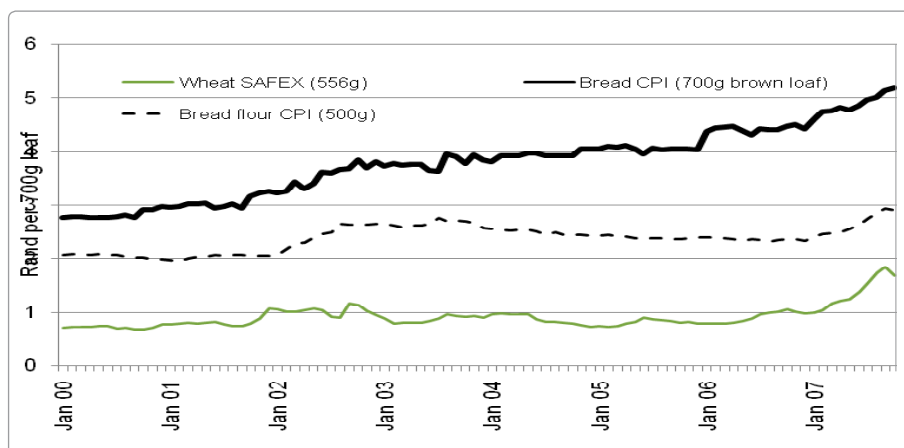


Source: FEWS NET

Indeed the temporary loss of world traded grain surpluses reflects an unfair and inequitable global food production and export system, which alongside aid conditionalities of IFIs and donors, has had a depressive impact on food production in the south (Tabb, 2008). The present food deficits and price increases in the SADC region, emphasize the fact that the SADC region is beholden to the global food supply and pricing problem. Increasing local supplies would be the only effective instrument of countervailing the transmission of external driven food price rises. So which are the intra-SADC drivers of food price?

Yet, these traded surpluses and their temporary loss, arise from an unfair and inequitable global food production and export system, which alongside aid conditionalities of IFIs and donors, has had a depressive impact on food production in the south (Tabb, 2008). The present food price crisis exposes the effects of inadequate food production in the south in general, including the SADC region, as SADC deficits become part of the global food supply and pricing problem. Increasing local supplies would be the only effective instrument of countervailing the transmission of external driven food price rises. So which are the intra-SADC drivers of food price?

**Figure 9: Wheat, Flour and Bread prices**



Source: SAGIS and SAFEX cited by Roberts, 2008

## Food import dependence increased for most of the countries over the last 18 years.

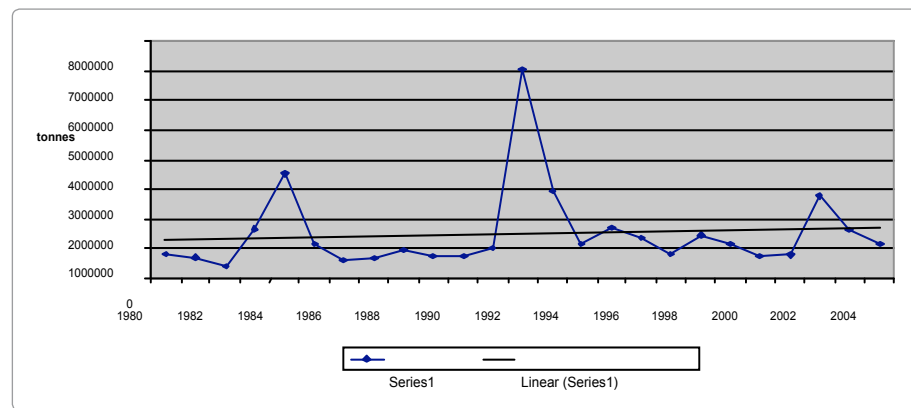
### 2. Food imports and food aid

In general food imports dependence increased for most of the countries over the last 18 years, although this trend affected Zimbabwe most since 2002. In the 2006/7 and the 2008/9 marketing years ( a non-drought long season) the total estimated commercial imports into the SADC region amount to 1.22 million tonnes, against expected food aid deliveries of 0.22 million tonnes, against the export of 0.2 million tonnes, leaving a cereal deficit of -2.63 million tonnes.

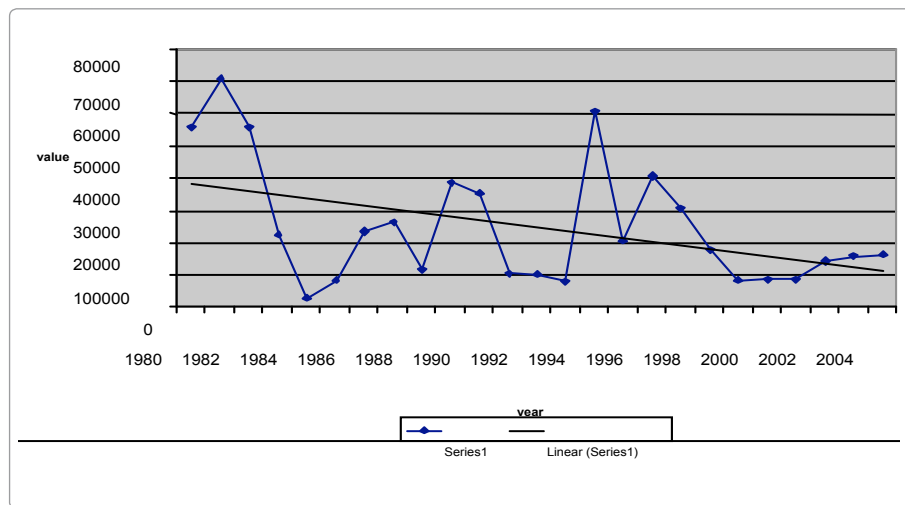
The costs (in USD) of these overall imports were above US\$1 billion. The governments on average carried most of the externally imported procured maize, although this varied among the countries. Zimbabwe has tended to carry proportionately the highest burden of commercial grain imports, since 2000, (given the soured donor-recipient relations) as well as during the 1991/2 drought.

The relative cost of food imports has been

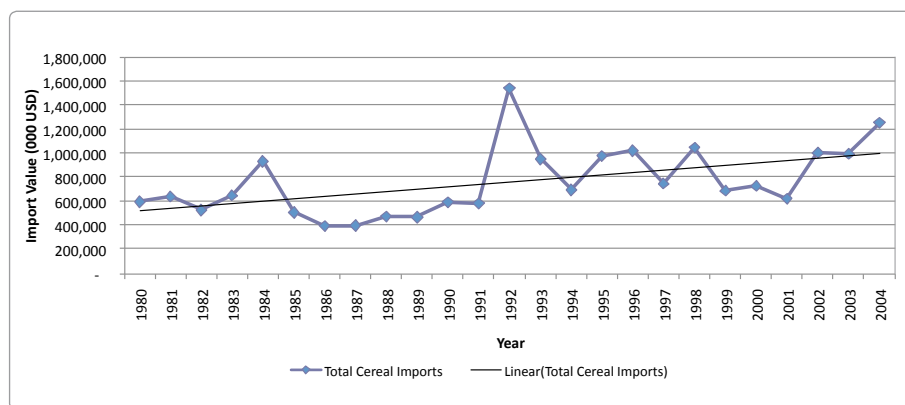
Figure 10: Maize import (tonnes) for the SADC region



**Figure 11: Maize export values (USD'000) for the SADC region**



**Fig 12: Major cereal imports (value in USD'000) for the SADC region 1980-04**

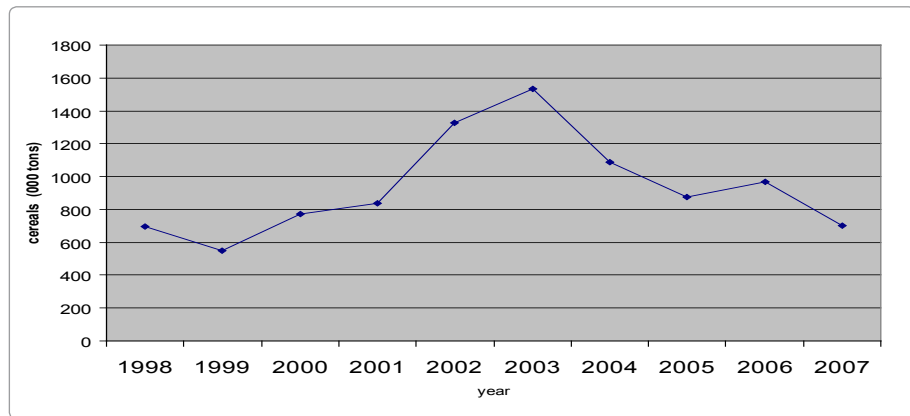


growing, and places greater pressure on the limited foreign currency resources of most SADC countries. In 1992 the costs hovered above US\$1 billion, while during 2001 and 2003 the combined imports costs were much higher. This diverted resources from social and economic investments.

Food aid deliveries to the SADC region increased sharply from 2001 until 2007, when they returned to the 1998 levels. Between 2001 and 2003 US\$1 billion had been provided (i.e. an average of \$250 million/year).

*The relative cost of food imports has been growing, and places greater pressure on the limited foreign currency resources of most SADC countries.*

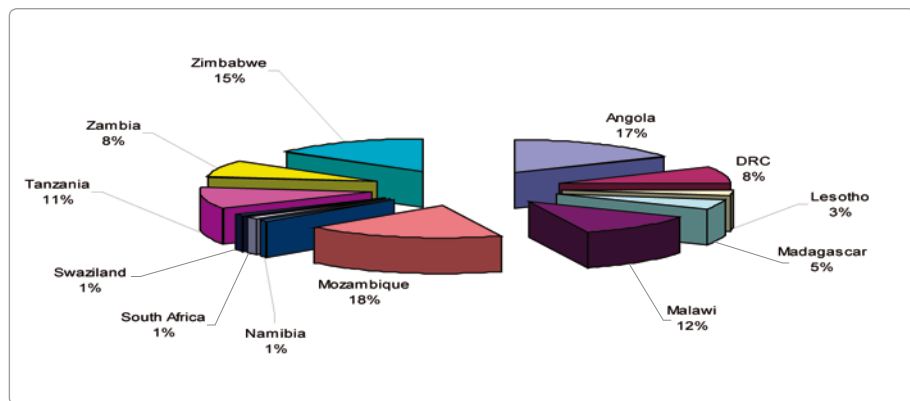
**Figure 13: Food aid deliveries to Southern Africa**



The country spread of food aid shows that their relatively uneven but high dependence on external aid affects most of the countries. Apparently the proportion of the population requiring food aid during 2001 and 2003 varied widely with 52% and 42% of Zimbabweans and Zambians in need, against 3% in Mozambique,

vis-à-vis 29% in Malawi and 37% in Lesotho. The low level requirements of Mozambique remains unexplained (Bird et al 2003), although its aid profile (including balance of payments support) is known to be high, while its remote northern regions were less affected by the droughts.

**Figure 14: Cumulative food aid by country for the period (1998-2007)**



*The time and costs of transporting traded goods, including food, within or among SADC countries is one of the key concerns regarding regional options for addressing the chronic food deficits.*

**3. Intra-SADC food and inputs trade?**

Overall trade between SADC countries increased from 2% and 3% in 1985 and 1990, to 11% in 1995, and then declined to 9% and 8% in 2000 and 2005. Regarding food trade, the five SACU countries tended to import an approximate average of over 70% of their food requirements from South Africa, while the rest intermittently import large amounts of grain, and even larger amounts of dairy products and other minor foods.

The time and costs of transporting traded goods, including food, within or among SADC countries is one of the key concerns regarding regional options for addressing the “chronic food deficits”, particularly during extreme droughts. For instance, it is paradoxical that it is easier to import grain into Dar es Salaam from the USA than from some parts of Tanzania or any other SADC country (Seim, L.T. 2007, p8). The cost of a container from Baltimore (USA) to Durban (South Africa) is US\$2,500.00, while its cost to Mbabane (Swaziland), through Durban, is US\$12,000.00 (Ibid). Even within SADC the relative costs of transporting goods varies widely. Whereas the per tonne costs of shipping goods within South Africa are US\$23.6 and US\$53.4 to Gauteng from Durban and Cape Town, it costs almost twice more from Gauteng to key SADC capitals.<sup>2</sup> Apparently is cheaper to bring maize to Gauteng from Baltimore in the USA (via Durban) than it is to bring it from any SADC capital (see ERSF, 2003). In addition, there are various time-consuming border procedures which increases export costs.

**4. South African food sub-hegemony?**

South Africa has become the dominant supplier of food to deficit countries in the SADC food markets, as well as of farming inputs. Botswana, Namibia, Lesotho and Swaziland predominantly import food and inputs from South Africa, within the SACU systems, and their currencies are pegged to the rand. South African price formation tends to influence food prices upwards in the SADC region's formal and informal trade, largely because its food and farming inputs prices tend to be parity priced. But, South Africa is both a transmitter of world prices and a sub-hegemonic pace setter of food prices in the SADC region. Its food prices rise or fall in some sympathy with global trends as well as regional food balances.

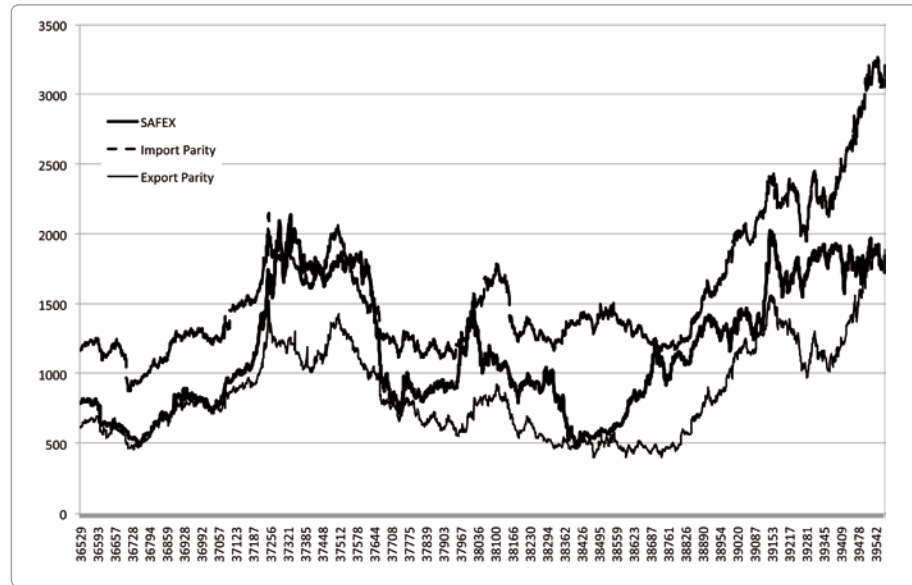
South African food producer price hikes since 2001 initially acted independently of world food prices by increasing sharply during the extreme food grain deficit situation in SADC (between 2001 to 2003), and due to speculation on the rand in 2002 (Roberts, 2008). Only later did they follow the dramatic world traded food price hikes from the 2004/5 seasons. This was possible because the entire share of the SADC region in world grain output is below 2%, while South Africa's share in the SADC market is dominant. Yet, South Africa is also bedeviled by global financial speculation on its stock exchange and financial markets.

The latest South African maize price increases cannot be fully attributed to a domestic supply and demand mismatch, except possibly to the effects of SADC maize deficits, and an increased

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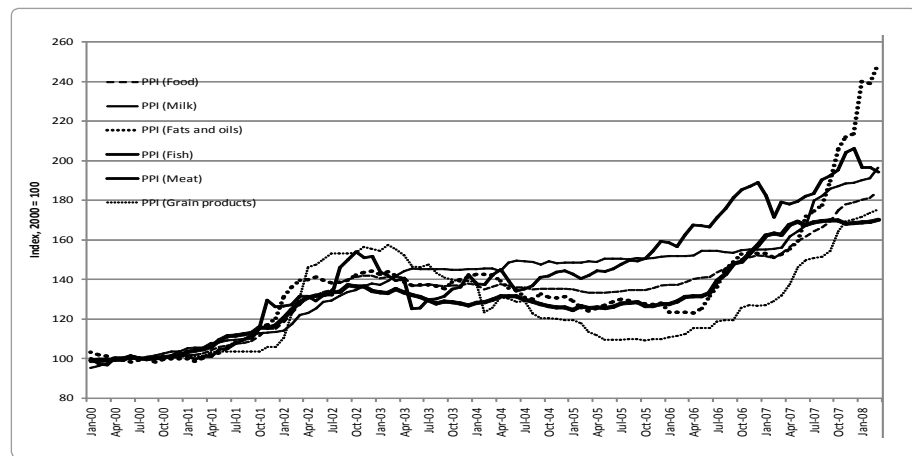
<sup>2</sup> The costs are: (US\$105.5 to Luanda, US\$55.6 to Harare, US\$73.2 to Lusaka, US\$97.7 to Lilongwe and US\$155.3 to Dar es Salaam).

Figure 15: White maize prices, Randfontein<sup>3</sup>



Source: Grain South Africa cited by Roberts, 2008.

Figure 16: Producer price trends



Source: Roberts, 2008

degree of grain imports into South Africa. The Wahenga Brief [RHVP] (2007) suggests that South Africa maize prices which were at R2,000.00, were expected to gain parity with the R2,500.00/tonne global price in 2008, and given that 8 maize agro-fuel plants are being built by 'ethanol Africa' in the Free State, we could expect maize surpluses to reappear in

the 2008/9 season. Thus, South African food price formation, including of food produced at home, is increasingly based on "parity pricing" criterion.<sup>4</sup> This policy stance is maintained in spite of the social dysfunctionality that it has and access to food at home and in the SADC region.

<sup>3</sup> Note: prices are given for inland (Randfontein) and coastal (Durban) Only the inland prices are shown here. The difference between inland and coastal prices is due to local overland transport costs, of approximately R200/t in 2007.

<sup>4</sup> This is extolled as principle of market efficiency, based on loose assertions about 'comparative advantage', whose logic is to follow global prices.

Moreover, there have recently been some allegations of collusive price fixing against the “oligopolistic agro-industrial corporations” in South Africa<sup>5</sup> by various actors, including on basic foods such as maize and basic inputs such as fertiliser. The key competition cases include one on milk, where there is alleged collusion by processors (Clover, Parmalat and others) and other abusive practices, related to their dominance in sub-national markets. Thus, price fixing alongside moving towards import parity pricing for grains, are the key price formation mechanisms, although sugar prices are regulated.

The problems of collusion also extend to the supply and pricing of farm inputs, particularly of fertiliser. Here, the alleged abusive activities include: price collusion, ‘exclusionary practices’, and ‘excessive pricing’, in an attempt to realize import parity prices. This involves Sasol, Omnia and Yara, who are also major fertiliser suppliers to the SADC region. In addition Yara (and Omnia) own significant shares in Zimbabwe’s fertiliser industry. Since 2001, the latter has been unable to meet domestic fertiliser demand, while recently exporting on a toll production basis to Malawi and Zambia. South Africa stopped producing urea, so it and Zimbabwe now import from abroad.

These price trends are undergirded by the neoliberal economic policy framework, whose wider ramifications have been to repress the own-food-production capacities of producers, particularly the smallholders, whose potential social benefits remains eclipsed. Yet the RSA government’s AGISA proposed that 3 million hectares of underutilized land in former homelands be used to produce agro-fuels and generate employment, rather than to expand own food production.

SADC countries are all partial takers of the prices formed through South Africa’s neoliberal (food) policies, since 1990, when SAP also took hold then in the SADC region. Per capita food production also decelerated from then.

## **5. The Zimbabwe, Malawi and Zambia factor: variable regional food supply and imports**

Zimbabwe had been an irregular food exporter to SADC countries, until 1999, while South Africa, even under apartheid, was the dominant grain exporter. Recently, Malawi and Zambia have been exporting significant amounts of maize. Grain supply in these three countries has tended to influence regional food price formation, by repressing maize prices when they have enough and surpluses to export to the region, and vice versa. As we saw, regional grain prices were spiked during the peak 2002 maize deficits.

The sharp increase in Zimbabwe’s cereal deficit, during the 2000’s, compared to its positive balances in most of the years during the 2 decades before is notable. This is critical if we consider that over 75% of those cereals (mainly maize and small grains) were (from 1983) being produced by small farmers. Smallholders’ access to land here increased, rather than declined as elsewhere.<sup>6</sup>

The persistent low levels of food (grain) production since 2001 in Zimbabwe, which is struggling to resuscitate the production of its maize requirements, has exacerbated the problem of the availability of adequate food supply in the SADC region, in so far as it has to now import grain and cooking oils rather than the reverse. The source of this grain

<sup>5</sup> “It is apparent that the decisions and conduct of large corporations ... in ... agro-processing... essentially shape South Africa’s economic outcomes. While these firms have adapted to the ending of apartheid and a more liberalized environment and, in many cases, have internationalized their operations, it also becoming clear that they have continued with strategies designed to extract rents through supra-competitive pricing and anti-competitive behaviour. What is not clear is the strategy on the part of the state to engage with this conduct and its implications, beyond the approach of ensuring a “business friendly investment climate” Roberts, Simon, 2008 p12. June, HSRC conference papers).

<sup>6</sup> It is often wrongly claimed that white farmers produced most of Zimbabwe’s food. They dominated wheat production and high value foods (milk, beef, fruits), and the main exports (tobacco, sugar, horticulture) while peasants dominated maize, local vegetables, cotton and pulses.



*The persistent low levels of food (grain) production since 2001 in Zimbabwe, which is struggling to resuscitate the production of its maize requirements, has exacerbated the problem of the availability of adequate food supply in the SADC region*

deficit is related to a complex combination of factors: weather induced harvest failures, the transitional effects of rapid agrarian and structural change, and economic collapse, which is partly associated with extensive “sanctions”.<sup>7</sup>

The prices of food in Zimbabwe are more heavily influenced by the global and South African food price trends, given Zimbabwe’s increased food import dependency, largely through informalised and high margin trading practises. However, Zimbabwe’s increased demand for imported food and other goods, also places price pressures on food around bordering towns. The recovery of Zimbabwe’s food supply remains critical to SADC’s food security status.

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<sup>7</sup> Richardson (2005) has been criticized for seeing: ‘expropriation of commercial farmland’ in 2000 as ‘the most important reason for the economy’s collapse’, exemplifying a popular, but problematic, perspective on Zimbabwe’s economic crisis. Characteristic of this perspective is its focus on the post-2000 collapse and the tendency to blame all of Zimbabwe’s economic ills on recent government policy. This article seeks to counter this kind of short-term cause and effect reductionism: first, because it thrives at the expense of an historically informed understanding of the underlying causes of crisis and government reaction (however malevolent such reactions may have been), and second, because it might contribute to undue optimism for a post-Mugabe era and, possibly, ill-informed policy formulation. (Andersson, J.A., 2007; African Affairs, October: 106 (425): 681-690.)

# Food Security and the SADC Regional Integration Agenda

*Addressing food security in the SADC region can benefit from a more thorough process of regional integration, using inward looking strategies that build on a variety of complementarities, including the creation of a wider regional market for agricultural inputs and outputs, as well as for industrialisation.*

The current market based functional approach to integration, not only lacks a regional industrial (and agrarian reform) policy framework, but is based on systematically opening up the SADC food markets through the SADC Free Trade Area (FTA) and Economic Partnership Agreements (EPAs), using trade and monetary harmonization, and South Africa's trade arrangements) to extra-SADC countries, in aid of SADC's unequal integration into global food and other markets.

SADC's trade and food policies reinforce a process of global 'mal-integration' (à la Samin Amin), reinforced by the sub-hegemonic tendencies of South Africa's outward looking and 'emigrant' capital.<sup>1</sup> This process continues to rely on the mobilisation of cheap labour from SADC countries, and on the skewed control of land, natural resources and minerals (platinum, gold, diamonds, etc) as well as their export of unprocessed agricultural outputs (cotton, sugar, beef, tobacco, horticulture, etc). The SADC region continues to have a

few food secure enclaves, in South Africa's agro-industrial, mining and commercial farm nodes, and smaller ones elsewhere in the region, (see Mhone, 1991). Food insecurity in the SADC reflects this uneven development, and a common pre-occupation with narrow (middle and upper class) food markets at the expense of the poor.

Food supply remains inequitably dominated by large farmers, South African capital and foreign agri-businesses, while food consumption tends to be volatile and chronically insecure.

A systemic effort to improve SADC's food security could be enhanced through regional trade and other integration strategies that have a broader vision of food consumption needs, and which aim to collectively increase the production and distribution of a wide range of required foods and agricultural inputs supply, rather than expanding their extra-SADC importation.

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<sup>1</sup> Most of South Africa's conglomerates (including many which operate in the SADC region) have long relocated to Europe and beyond. Much has been written about the effects of this on its policy processes.

*The SADC–FTA could lead to a more inequitable regional food trade and investment system, unless deliberate mutual investments are undertaken to provide cover from the vagaries of global food markets.*

**The SADC Free Trade Area, Economic Partnership Agreements (EPAs) and food security?**

The SADC-FTA is an intra-SADC trade agreement was established in August 2008 as a major landmark in SADC's regional integration agenda. The SADC–FTA could lead to a more inequitable regional food trade and investment system, unless deliberate mutual investments are undertaken to provide cover from the vagaries of global food markets.

The concern here regards the rationalization of existing trade agreements such as the Southern Africa Customs Union (SACU), Common Market for Eastern and Southern Africa (COMESA), EPAs and AGOA, in order to ensure the effective implementation of the SADC-FTA. The fact that the EPA process is incomplete and that the DOHA round collapsed, provides scope for concerted efforts to rationalize and strengthen intra-SADC food trade. Trade in foods needs to be more thoroughly treated as a "sensitive" area to be protected, and while food production by smallholders and farming technology generation need to be treated as SADC's primary "development issues" that require collective and mutually beneficial investments. A regional food development strategy is necessary to avoid the displacement of local food production and distribution systems.

In the past, environmentally deterministic proposals (AfDB, 1993) regarding SADC's regional integration, formulated partly in light of the threat of land reforms in the drier Zimbabwe and South Africa, had proposed shifting the production of grains particularly maize from these two towards the wetter, arable

land abundant northernly countries (Angola, Zambia, Mozambique and Tanzania). The relocation of (South African and Zimbabwean) a few large farmers, with some cheap labour to those countries has gradually occurred. However, food (and input) supply remains inequitably dominated by large farmers, South Africa capital and foreign agri-businesses, while food consumption tends to be volatile and is chronically insecure for the poor.

The growing tendency to import food from abroad, can be reversed by deliberate regional investments into the production of key imports (grains, beef, milk products, etc), and the required infrastructure and irrigation resources. Industrial policy should focus on reducing the exportation of agricultural value addition and, to increase regional employment, labour productivity and incomes. This would expand the aggregate regional food market (and possibly restrain uneven migration). The excessive focus on individual nation-states' food policies has led to the obverse.

The creation of state backed sustainable food reserves to combat productivity shortfalls and drought vulnerability is still out of reach, even if "early warning" has improved. Instead we see larger agro-fuel feedstock projects, financed by the west, directing resources further away from food production, especially by the poor.

Yet an excessive focus on individual nation-states' food policies restrains regional integration, since the aggregate food and inputs market remains weak, while effective food production, storage and distribution system are yet to be developed.

# Conclusion:

## Policy Options and Suggested Actions

### 1. Summary of key issues

*The root source of food insecurity in the SADC region is the declining per capita levels of own (national and household) food production, as this also shapes under-consumption in agrarian settings. The resultant food supply deficit has in turn led to increased dependence on food imports, whose speculative energy driven pricing has been exported to the south.<sup>1</sup> The liberalized SADC food system, domineered by South Africa, entrenches negative world food prices.*

Inadequate agricultural technological change and, the marginalization of small food producers is the systemic mechanism which transmits the problems of food shortages and restricted 'access' to food. Small producers' incomes lag behind the rapidly increasing prices, and their responsiveness to food price increases has been weakened, structurally. The continued decline of per capita food productivity is a source and effect of the inadequate use of inputs, and this entrenches a compression of effective demand, which in turn undermines small producer production.

State interventions are required to extend the reach of inputs and food distribution to remote and small farmers, including through subsidized transportation and storage, rural infrastructure creation and inputs subsidies. These transfers ought to be treated as the necessary tools of social protection and poverty reduction

policies, rather than simply as state distortions, given that the agricultural markets facing small producers are already weak.

Furthermore, the current SADC food system is patently irrational, mainly because instead of promoting increased own food production and expanding agricultural and related rural "livelihoods" among the poor, it amounts to the exportation of agricultural jobs and incomes, and diversion of forex resources to food importation.

### 2. Key policy options

A new concept of national and local food self-sufficiency, such as "food sovereignty", is required. This is a strategy focused on family and local processes of food production to achieve national and household food and production self-sufficiency, based on introverted national development. It particularly seeks liberation

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<sup>1</sup> But low income households have been "losing much on the food consumption side, because of food rises, and they gain little on the energy side when their prices decline, because of their limited access to and use of such energy" (von Braun Ibid).

## *Short term actions aiming to increase the consumption and production of food by poor people (such as food and cash transfers, seed and subsidized inputs, etc) are urgently required.*

from the external domination of 'western' transnational agrarian capitalist monopolies, in the production and supply of farming inputs (seed, Genetically Modified Organisms (GMO) and other technologies), and in food markets shaped within the WTO framework. It also promotes sustainable agriculture, in defense of ecological damage and the loss of local intellectual property rights in food materials.

### **Related policy options suggested include:**

- ***Promoting collective regional, national and household food security***

that SADC policies should enhance effective state interventions, through an activist industrial policy, to further develop the food sector (food production inputs, food processing, food markets, trade and pricing, and support to poor food consumers). Promoting small food producers is central to the goal of transforming food productivity to rapidly increase food supplies and consumption, so as to achieve equitable food security. State support should include disciplining measures, which regulate competition in the regional and home markets, and which ensure compliance in meeting the objectives of state support for the increased production of the region's diverse food needs.

- ***A smallholder focus based on the enhanced productivity of land and labour***

There is need to critically engage the alternative policy of expanding food production at home, focusing on enhancing smallholders productivity through the de-concentration of landholdings and state interventions in to support smallholder production in South Africa and other SADC countries of the re-

gion, where these are becoming marginalised. A smallholder food production strategy provides alternative policy options to improve strategies to address the energy, and food production needs of the poor, and to tackle the social malaise facing *all* countries in SADC.

Technologies should be promoted to enhance its less energy and capital intensive production system, and promote its labour intensive approaches to create more jobs, while rationalizing its requirements for motorized traction, harvesting and food processing. It can bring lower costs to food distribution as opposed to large scale grain storage and transportation across countries and stimulate local informal small trading, food processing and other small enterprise activities.

This agenda would require that the regional free trade agreement be supported by regional investments into food production, storage and distribution as well as expanding regional collective public investments in research and technological applications to intensify productivity among small producers in the SADC region. The collective regional generation of farm inputs technologies and the promotion of their utilisation, through subsidies are critical. The key purpose being to reduce the costs of small producers' inputs, marketing and storage.

- ***Social protection for the poor food consumers and insurance for small food producers***

Short term actions aiming to increase the consumption and production of food by

## *The SADC member states should introduce effective regulations in the financial sector to outlaw the practise of speculative futures trading on food commodities*

poor people (such as food and cash transfers, seed and subsidized inputs, etc) are urgently required, and should be financed from increased government and aid budgets. But these should not revert to food dumping activities which undermine local production, and markets, but rather reinforce the systemic development of the smallholder food production and small enterprise systems, particularly in rural areas and small centres.

An allied range of state interventions required relates to increasing rural development and social welfare transfers. These include labour intensive food or cash –for work programmes to develop rural roads and bridges, and other agricultural infrastructures such as ports (e.g. in northern Mozambique, northern Namibia, and southern Angola). Besides expanding such employment programmes, other necessary transfers would include broader school feeding, unconditional cash transfer programmes and improved social security systems.

Together, these measures should aim to improve local incomes and expenditures on smallholder agricultural production and reduce food marketing costs. By improving

the incomes of agricultural producers and workers, the process would dynamise local food production and demand.

- ***Food trade and markets in the context of the SADC-FTA***

To achieve collective (regional) food production surpluses, may require a partial degree of “delinking” from the global food system, in order to develop a collective regional food security and, a SADC food trade system, which is protected from unequal world food pricing and dumping. Improving intra-SADC food trade in terms of reducing the escalating costs of food, reducing the time wasted through ineffective cross-border trade procedures and to reduce the high costs of transporting food in the SADC region, requires moving beyond SADC-FTA tariff harmonization. SADC member states should make collective investments into the infrastructures required to move and store bulky and perishable foods, regulate the predatory pricing practises of food surplus trading nations within the region, particularly during weather induced grain deficit periods, and collective subsidies towards the transfer of food production technologies and ancillary tools of production.

- ***Regulation of speculative future trading on food commodities***

The SADC member states should introduce effective regulations in the financial sector to outlaw the practise of speculative futures trading on food commodities (especially grains) within the region. Regional strategic grain reserves should instead be developed as instruments to countervail the effects of unequal trade among its unevenly developed partners and to stabilize food supply and pricing within each country.

- ***Harmonise regulations to prevent food displacing agro-fuels production***

The SADC member states should design effective measures to monitor the development of agro-fuel processing and feedstock production activities (particularly where it alienates land from the poor) and institute regulations to prevent the displacement of food production activities by agro-fuel production. These policies should only encourage pro-poor agro-fuels production and utilisation to enhance local incomes and fuel energy needs of small enterprise and social services within remote rural areas; where surplus food production has been assured.

- ***Immediate food policy reforms in the context of climate change***

State and non-state actors need to collectively design new agricultural development and food security strategies, taking into account all the above raised issues, and the need to adapt to climate change, the increasingly more hostile 'global' food markets and the growing commercialization of regional agriculture and food distribution systems in sympathy with global markets.

### **3. Suggested actions by civil society**

Activists need to engage the food sovereignty vision, intellectually and in practise, and influence its evolving meaning, while questioning the legitimacy of existing SADC region food security policies.

Civil society advocacy should support social movements' struggles to place food and farmers rights issues (in relation to land, social and economic rights and policy making-'governance') at the centre of the poverty eradication and democratisation agenda. This activism has to move beyond narrow 'sectoral' issues and target both the state and capital.

Civil society should invest in the design and monitoring of effective state measures to increase smallholder food production, in order to advance the practise of *broad based own (national and household) food production, to create equitable food consumption platforms.*

The protection of the SADC food market, through campaigns against external food, trade and financial market "distortions", which affect the region's food system is imperative.

South-South alliances are critical to influence governments and capital internationally.

In order to achieve these objectives, civil society organizations need to invest into more rigorous analyses of the food situation and craft policy-relevant reports to enable them to mobilize regional advocacy. To do this civil society networks should also invest in various capacities for analyses and advocacy to ensure equitable food security.

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