


ILO-Alliance Africa rapid appraisal of SADC based coop potential for import and export

FINDINGS FOR DISCUSSION




Content:

- ❖ SADC trade
 - ❖ Cooperatives in SADC
 - ❖ Research question
 - ❖ Process
 - ❖ Pre-assessment outcome
 - ❖ Methodology
 - ❖ Key findings
 - ❖ Next steps
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SADC trade

- Intra-SADC trade is only 10 percent, low compared to other regions like the South-East Asian Nations (24%) and the European Union (40%).
- SADC global trade is dominated by South Africa (46.2%) followed by Angola (32.1%)
- There is a significant imbalance within the SADC region in terms of intra-SADC trade and trade from SADC to other trading partners, with Angola and South Africa dominating both types of trade, at approximately 75 per cent of the total.
- In 2016, SADC exports to the EU (28 states) were valued at €2.9 billion, which represented 1,6 per cent of all EU agri-food trade. For North Africa (5 countries): €3.4 billion (3 per cent);

Research questions

- What is the export potential of cooperatives and other self-help organizations for agricultural products in SADC countries?
 - What are the main factors currently discouraging or constraining exports of agricultural commodities from SADC region both intra-regionally as well as internationally (e.g. to Europe, East Asia and other African countries)?
 - What are the factors that determine the competitiveness of cooperatives in SADC countries?
 - What are the agricultural products that have recently been exported by SADC cooperatives and what are the recipient countries/regions?
 - What are the main agricultural products produced in SADC countries in demand by both cooperative organizations and non-cooperative organizations in Europe, East Asia and Africa?
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Process



Pre-assessment outcome

Country	Produced commodities	Exported commodities
Democratic Republic of Congo	Cassava, coffee, maize, palm oil, rice, potatoes, pineapple	Coffee
Mozambique	Peanut, corn/maize, beans, sesame, cashew nuts, potatoes, cucumber, carrot, onion, pepper, tomato	Potatoes, tomato, onion, cucumber, pepper, carrot
Namibia	Marula oil	Marula oil
South Africa	Maize, coffee	Not provided
United Republic of Tanzania	Coffee, cashew nuts, cotton, honey, maize, rice, french beans	Coffee, french beans, cashew nuts
Zambia	Maize	Maize
Zimbabwe	Maize, cotton, potatoes, onions, sorghum, banana, groundnuts	Paprika

Methodology

- Countries covered: the Democratic Republic of Congo, Mozambique, Namibia, South Africa, the United Republic of Tanzania, Zambia and Zimbabwe
 - Desk review of relevant documents related to trade and cooperative development in the selected sectors and regions;
 - 14 interviews of relevant stakeholders such as 2ndary coops and apex organisations, government representatives, chambers, etc.
 - Main objective of the interviews was to gather in-depth information, incl. perceptions, views and factual information on the current situation and potential for cooperative development in trade.
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Key findings

Tariff regime within SADC is conducive

Coops ability to overcome a range of non-tariff barriers is the key to their export potential

National logistics performance presents challenges for cooperatives

Enabling environment for trade

- ❖ Free trade agreements within SADC increasing trade opportunities
- ❖ Non-tariff barriers present the biggest problem for coops to take advantage of export opportunities
- ❖ Management and productivity of coops are the root cause of not overcoming non-tariff barriers
- ❖ Logistics performance indicators show wide variation in national levels of non-tariff barriers in export.

Key findings

Cooperatives are not competitive on:

- Price competition
- Product standards
- Quantities and consistency
- Environmental standards
- Packaging and labelling

Key competitiveness characteristics

- ❖ Price: Transaction costs for cooperatives are higher than commercial farmers
- ❖ Meeting the product standards required: i.e. being able to adhere to mandatory product characteristics and their related production methods
- ❖ Lack of processing capacity means that agricultural products are often sold at basic commodity prices
- ❖ Environmental standards and other ethical standards have become important competitiveness
- ❖ Knowhow and quality inputs lacking (seed, fertiliser, production methods, etc.)
- ❖ Consistency and productivity: that products can meet all specifications consistently in quantities required by the market.

Key findings

Demand side strong at home, in SADC and for international markets

Supply side cannot meet market demand and standards

Potential markets for ag coops

- ❖ *Domestic markets*, especially for fresh food products which could be supplied by local producers
- ❖ *Intra-SADC*, where various options for cross-border trade are available, especially in the light of the SADC Free Trade Agreement
- ❖ *EU and East Asia*, for off season and 'luxury' products incl. coop-coop trade
- ❖ Supply side challenges are preventing cooperatives meeting commodity demand

Key findings

Opportunities exist and are being exploited with tested support models

Asymmetry of information between producer and consumer coops

Fair trade certification key competitiveness factor

Coop to coop trade

- ❖ Opportunities exist for coop to coop trade in off season and luxury products, e.g.:
 - ❖ Coffee & tea, cacao, cashew & ground nuts and bananas
- ❖ Non-tariff barriers remain the most challenging for coop to coop trade
- ❖ Coop to coop trade characterised by backward chain development by consumer coops or linked separately funded projects
- ❖ Fair trade certification that secures quality and ethical standards is a key competitiveness factor in coop to coop trade
- ❖ Asymmetry of information between producer and consumer coops alongside lack of value adding activities reduce markets

Key findings

Retail and wholesale cooperatives can choose to partner with cooperatives in developing countries to import their products

Coop to coop trade

Sample of consumer and retail cooperatives

Country/region	Membership
EU	37,385,400
Japan (Japanese Consumers' Cooperative Union)	28,619,000
Korea (iCooperative Korea)	250,000
Singapore (NTUC Fairprice)	450,000

Key findings

Women are found in all commodity value chains.

Decent work deficits exist in agriculture

Climate change is disproportionately impacting on smallholders

Cross cutting themes

- ❖ Women heavily involved in producer coops and on the land, however reduce in number in cooperative leadership
- ❖ Women's roles in identified commodities tend to focus on labour intensive tasks
- ❖ Women tend to have less access to finance and other essential requirements
- ❖ Decent work deficits in agriculture sector are well documented: poor working conditions, lack of income, voice and social security safety nets
- ❖ Climate change has not only made consumers more aware of carbon footprint but has led to crop failure for those farmers without resources to mitigate.

Commodities

Main products in demand	DRC	Coffee, cocoa, fish and shellfish, sugar, fruit, nuts (cashews). Value added to all the above. Recommended: Coffee, intercropping with cocoa and palm oil recommended for further investigation.
	Mozambique	Cashew, raw cane sugar, bananas, sesame seeds, cotton, dried pigeon peas (including other leguminous vegetables), and bran chicken, maize and rice. Value added to some of the above. Recommended: Cashew nuts, ground nuts and value added to the nuts and sugar.
	Namibia	Marula, fish and shellfish, fresh grapes. Value added to all the products identified. Recommended: fresh fish and shellfish, and processed fish and shellfish. Marula oil is additionally recommended and Devil's Claw is recommended for further investigation.
	South Africa	Maize, fresh grapes, fresh or dried oranges, grape wine and fresh apples, beef and vegetables, macadamia nuts and raisins. Value added to some of the products identified. Recommended: Fish and shell fish, macadamia nuts, Raisins.
	Tanzania	Cashew nuts, coffee, cotton and French beans. Value added to some of the products identified. Recommended Coffee and Cashews, and value added and French beans.
	Zambia	Maize, Sugar, and Vegetables. cotton, soya beans, flour and chicks. Value added to some of the above. Zambia has a major locational advantage for intra-SADC trade. Recommended: Sugar and maize.
	Zimbabwe	Sugar, maize, ground nuts, bananas and sorghum. Value added to sugar. Recommended: Sugar value added, increase production and export of ground nuts by cooperatives, maize and banana.
Demand cooperative to cooperative	Existing trends show, fresh food and coffee, tea and cacao, are important items for large cooperative retailers in Europe and East Asia.	

Next steps

- ❖ Discussion with Fair Trade organizations on ways to improve coop-to-coop trade
- ❖ Identification of potential coop partners in EU & East Asia
- ❖ Design of possible interventions in SADC pilot countries

Thank you!!!

Obrigado!!!

