COMESA A JEJÍ POSTAVENÍ NA MEZINÁRODNÍCH AGRÁRNÍCH TRZÍCH

COMESA AND ITS POSITION ON THE INTERNATIONAL AGRICULTURAL MARKETS

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Abstrakt:
COMESA je zkratkou pro Společný trh zemí východní a jižní Afriky, který byl ustanoven v roce 1994. Toto regionální uskupení zahrnuje ekonomickou spolupráci společně s integračními procesy v obchodě, zaměstnání, investicích a vyjednáváních v rámci Světové obchodní organizace. V budoucnosti by se COMESA měla stát celní unií ačkoliv nyní představuje něco mezi částečným a úplným pásmem volného obchodu.

Klíčová slova:
COMESA, mezinárodní agrární trh, zemědělství, rozvojové země.

Abstract:
COMESA is an acronym for the Common Market for Eastern and Southern Africa that has been established in 1994. This regional integration includes economic cooperation together with other integration programmes, for example in trade, employment, investments and WTO negotiations. COMESA is going to be a custom union in the future, however, at the moment it represents something between the partial and full free trade areas.

Key words:
COMESA, International agricultural market, Agriculture, Developing countries.

INTRODUCTION

The process of economic regionalisation in southern Africa is commonly agreed as proceeding very slowly, with low levels of intra-regional trade and investment as well as limited progress in economic cooperation, e.g. in the fields of infrastructure and finance (Meyn, 2005). Some researchers and policy makers view regional integration schemes among developing countries as a means toward regional stability and development (Musila, 2005). In Africa, the Economic Commission for Africa (2001) has argued that regional integration can help countries to diversify their economies and reverse deindustrialisation and marginalisation. Agricultural producers in developing countries often have little political influence and are often dependent on a volatile world market, even though a large percentage of the population belongs to the agricultural sector (Koo and Kennedy, 2005).

The agricultural sector also can be a major source of capital for modern economic growth. Developing countries´ comparative advantage usually lies with natural resources or agricultural products. Thus, unless a nation is rich in natural resources, such as petroleum or copper, the agricultural sector will play a key role in providing foreign exchange with which to import capital equipment and intermediate goods that cannot be produced at home (Gillis, Perkins, Roemer and Snodgrass, 1992).

OBJECTIVES AND METHODS

The aim of this paper is to describe and analyze the situation of COMESA countries on the international agricultural markets.

Firstly, it is necessary to calculate the production levels of major ommodities and the position of COMESA countries as raw agricultural commodity producers. This will provide a proportion which is then compared with those of the world major trading blocks and some other regional groupings in Africa. The share is calculated as the part of the sum of production in selected groups to the total world production.

The analysis is based on the export supply and import demand for the above mentioned countries and then the net trade is calculated. Exports are value of goods that were dispatched abroad and crossed the borders of the member states for the purpose of being left abroad, permanently or temporarily. Imports are value of goods that were received from abroad and crossed the state border for the purpose of being left inside COMESA boundaries permanently or temporarily.

Data from the FAO, UN and World Bank databases have been used for the analysis in this study.

RESULTS AND DISCUSSION

COMESA is an acronym for The Common Market for Eastern and Southern Africa that was established in 1994. This regional integration includes economic cooperation together with other integration programmes, for example in trade, employment, investments and WTO negotiations. At present, COMESA has 19 members. These members are Angola, Burundi, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Comoros, Madagascar, Mauritius, Malawi, Namibia, Rwanda, Seychelles, Swaziland, Uganda, Zambia and Zimbabwe. COMESA is going to be a custom union in the future, however, right now it is something between partial and full free trade areas.

Despite the fact, that 11 member states of COMESA belong to the Free Trade Area, most of the countries continue with imposing barriers to intra-regional trade that include trade with agricultural commodities. These barriers include import/export bans, SPS requirements and some other changes that are not discussed in advance and sometimes are even appointed *ad hoc*. This creates unpredictable environment that cannot help anyone.

Trade is a traditional instrument through which the developing countries can integrate into the world economy. However, this integration has several constrains. All COMESA members belong to the group of the least developed countries and have a preferential access to the European market through the ACP - EU agreement. Most of these countries are also members of other regional integration agreements in Africa. When we describe the position of COMESA on the international agricultural markets, first we have to look at its position as an agricultural commodity producer. The following Table No. 1 describes COMESA´s position as an agricultural producer. When we look at this Table we can compare the positions of COMESA and some other major regional groupings in Africa. The major ones include SADC - Southern African Development Community, ECOWAS - The Economic Community of West African States and ECCAS – The Economic Community of Central African States. COMESA is also compared with the position of the European Union, USA, China and Cairn Group.

This group associates major world exporting countries. While comparing the above mentioned groups we can see that COMESA´s position is quite good when compared with African countries. Amongst them COMESA has one of the highest shares of production of sugar cane and beverages. These commodities belong to the cash crops products. This means that they earn money quite easily. However, the problem with these products is that they are very vulnerable to the fluctuation of the world prices.

Table No. 1: **Position of COMESA as an agricultural producer (%) in 2003 (World = 100%)**

Product / Country/ group	Cereals	Sugar cane and sugar beet	Beverages and other products	Livestock products	Oilseeds, oil nuts and kernels
COMESA	2,29	2,85	7,44	1,42	0,85
SADC[1)]	0,81	1,34	1,58	0,49	0,49
ECOWAS[2)]	2,50	0,27	16,35	0,83	2,40
ECCAS[3)]	0,36	0,29	2,14	0,27	0,53
EU 15	9,38	6,75	0,00	13,11	4,16
EU 25	11,61	8,02	0,00	14,18	5,06
CAIRNS GROUP[4)]	20,92	43,43	33,38	19,21	34,88
USA	14,10	3,77	0,03	15,25	23,16
CHINA	16,77	6,29	5,77	27,93	17,15

Source: Author's calculation based on FAO data

Note:

Angola, Botswana, Democratic republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe

Benin, Burkina Faso, Cape Verde, Cote d´Ivore, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo

Angola, Burundi, Cameron, Central African Republic, Chad, Republic of the Congo, Democratic republic of Congo, Equatorial Guinea, Gabon, Sao Time and Principe

Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa-Rica, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, Philippine, South Africa, Thailand, Uruguay

Table No. 2: **Share of cereals in agricultural export and import 2002 (Total export and import = 100%)**

Country	Export	Import
Angola	2,19	12,18
Burundi	0,38	23,12
Comoros	0	32,53
CDR	4,92	27,32
Egypt	13,94	41,1
Eritrea	1,66	60,95
Ethiopia	4,01	56,51
Kenya	1,27	24,32
Madagaskar	0,43	31,31
Malawi	0,12	40,36
Mauritius	2,43	19,07
Namibia	0,49	15,82
Rwanda	0	21,58
Seychelles	0	8,02
Swaziland	0,53	18,81
Uganda	2,7	37,72
Zambia	2,37	46,49
Zimbabwe	0,94	54,13

Source : FAO, UN and WTO

Note: The above mentioned data are not being monitored for Djibouti

The situation with cereals is slightly different. The above mentioned Table No.2 shows the position of COMESA countries in the cereals export and import. COMESA produces nearly

2.3% of the entire production of cereals in the world, however, this value is not sufficient. The share of cereals in agricultural export is 2.13% on average, but on the other hand, the share of cereals in agricultural import is 31.74% on average. This high share of cereals in agricultural import gives us a clear view about the position of most of the member countries on the international agricultural markets. When we look at the Table we can see totally different positions of the particular countries and it can be said that Eritrea, Ethiopia and Zimbabwe are net importers of cereals.
The following Table No3 describes the position of selected groups of countries in the international agricultural trade. When we look at the position of COMESA in the total international agricultural trade we can see that COMESA´s share in agricultural export is not even 1 % and in agricultural import it is 1.41 %. However, all the monitored African regional integration groups are nearly in the same position.

Table No. 3: **Share of selected groups of countries in the international agricultural trade in 2002**
(World = 100%)

Country/ group	Share in world agricultural export	Share in world agricultural import
COMESA	0,90	1,41
SADC	1,05	0,99
ECOWAS	1,17	1,03
ECCAS	0,16	0,31
EU 15	42,74	40,21
EU 25	44,88	42,44
CAIRNS GROUP	12,57	9,70
USA	23,63	9,27
CHINA	4,08	5,26

Source : Author´s calculation based on FAO data

The following Table No. 4 shows us the trade value of the selected groups of countries. Amongst the African countries COMESA is the only one that has a negative total trade value. It means that in general the member countries are quite vulnerable to external shocks. The net agricultural trade value is negative as well.

This can cause a major problem for the whole economic system that can collapse due to liberalization of the world agricultural trade. Liberalization will evoke an increase in world agricultural prices. Thus, in those countries which depend on import of food, this increase in prices will have to be paid from their state budgets.

Table No. 4: **Trade value of selected groups of countries in 2002**

Country/ group	Total net trade value (US $ mil.)	Net agricultural trade value (US $ mil.)
COMESA	-6 503,00	-10 771,00
SADS	4 735,00	-2 076,00
ECOWAS	4 947,00	-12 628,00
ECCAS	6 602,00	8 472,00
EU 15	101 089,30	-12 591,80
EU 25	69 922,97	-17 762,70
CAIRNS GROUP	-508 555,00	10 554,00
USA	86 257,69	65 585,84
CHINA	40 732,00	-6 354,00

Source : Author´s calculation based on FAO data

The next Table No.5 points out that the share of the four most important commodities in the countries´ import is 22.04% on average, although there is a great variation in the size of individual countries' share. The countries with the highest share include Eritrea (56.65%), Ethiopia (58.45%), Kenya (56.28%) and Zambia (46.02%). This can be compared with countries with quite a low share – Angola (5.91%), Democratic republic of Congo (7.40%), Namibia (4.30%) and Zimbabwe (3.41%). Because of the different positions of the above mentioned countries the average share of the top four commodities can be a little bit misleading. The share in agricultural import is in a different position. COMESA countries are primarily dependent of few import commodities. The most important commodities are maize, wheat, barley and flour made from these cereals, refined sugar, chicken meat, prepared food, beverages and different kinds of oil. When we look at the structure of the imported commodities we can see that most of them are food products. This is a clear signal, that some of the countries and probably the most populated ones are net importers of food products.

Table No. 5: **Share of top four commodities in value of agricultural imports and exports in 2002**

Country/ group	Share in agricultural imports	Share in agricultural exports
COMESA	22,04	63,37
SADS	17,07	48,35
ECOWAS	30,06	67,99
ECCAS	27,11	66,28
EU 15	12,90	22,01
EU 25	14,28	22,90
CAIRNS GROUP	20,98	40,87
USA	16,49	29,56
CHINA	19,05	19,63

Source : Author´s calculation based on FAO data

When we look at the structure of export commodities we can find cash crops that make a high contribution to the creation of the GDP. The highest share has been taken by green coffee, sugar (cent and row), tea, tobacco, cotton, spices (vanilla, cinnamon) and fresh fruits and vegetables. All of these products are primary products that have no added value. When there is no added value there is a lower contribution to economic growth.

CONCLUSION

Individual COMESA countries vary significantly. Some of them are net food importers without any natural resources, highly indebted and some of them are primary food exporters. Generally it can be said that COMESA is a region of both a considerable diversity and similarity and that the most important similarity is the dominance of agriculture and its contribution to the development of the countries' economies.

The primary aim of all developed countries should be to help developing countries to increase their share of processed not just agricultural products, instead of exporting primary commodities. Exporting raw products is associated with dependence on just a few commodities without any diversification. While the countries are so much dependent on few products they are much more vulnerable to external shocks caused by changes in world prices. These countries should diversify their commodity portfolios just to avoid vulnerability to international pressures. This is also closely related to liberalization of the world agricultural trade.

Agricultural sector has the potential to provide necessary impetus for faster economic growth, expanded exports and massive industrialization in all developing countries. All developed countries had to go through different development stages while experiencing economic growth. Now these countries should give the same opportunity to the developing countries.

The premise of all regional integration grouping in Africa is that these "unions" should protect regional food security through guaranteed open trade where surplus from one country should easily be sold to another country with a deficit food balance. However, this would require removing barriers for the regional trade so that agricultural commodities could be sold across their borders.

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