

A HEALTHY FARM POLICY IN A GLOBALIZED WORLD

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AFRICA AND GLOBAL AGRICULTURAL POLICIES

AFRICA'S VULNERABILITY



HIGH LEVEL OF TRADE OPENNESS



FOOD IMPORT DEPENDENCY



AG FOREX DEPENDENCY



AGRICULTURE, GROWTH, AND POVERTY NEXUS



LOW SHOCK ABSORPTION CAPACITY

THE US FARM BILL AND GLOBAL AGRICULTURAL POLICIES

LESSONS FROM URUGUAY AND DOHA

-  US AND EU POLICIES DETERMINE CURRENT/FUTURE TRADING POLICIES
-  THEY "JUSTIFY" RISING PROTECTIONISM IN EMERGING ECONOMIES
-  THEY HAVE DEMONSTRATION EFFECT ON DEVELOPING COUNTRIES
-  THEY ARE A MAIN FACTOR IN GLOBAL MARKET DISTORTIONS
-  THEY HAVE FARREACHING IMPACT ON AFRICAN ECONOMIES

EFFECTS OF GLOBAL AGRICULTURAL POLICIES

GOING BEYOND MARKET ACCESS



DEMAND EROSION AND SUBSTITUTION



WORLD MARKET PRICE DECLINE



WORLD PRICE VOLATILITY

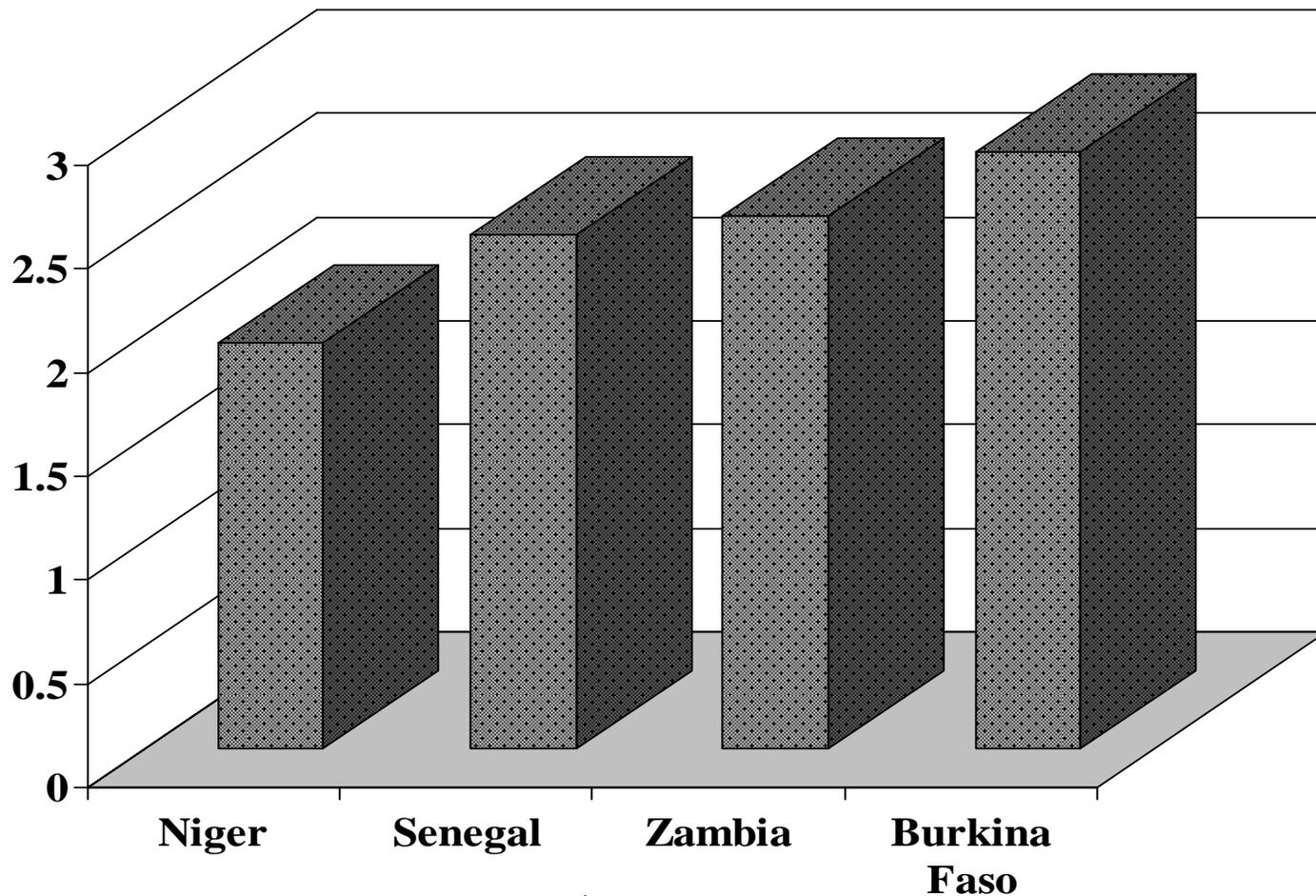


DISTORTED WORLD PRICE PATTERNS



IMPACT ON RESOURCE ALLOCATION, EFFICIENCY, AND GROWTH

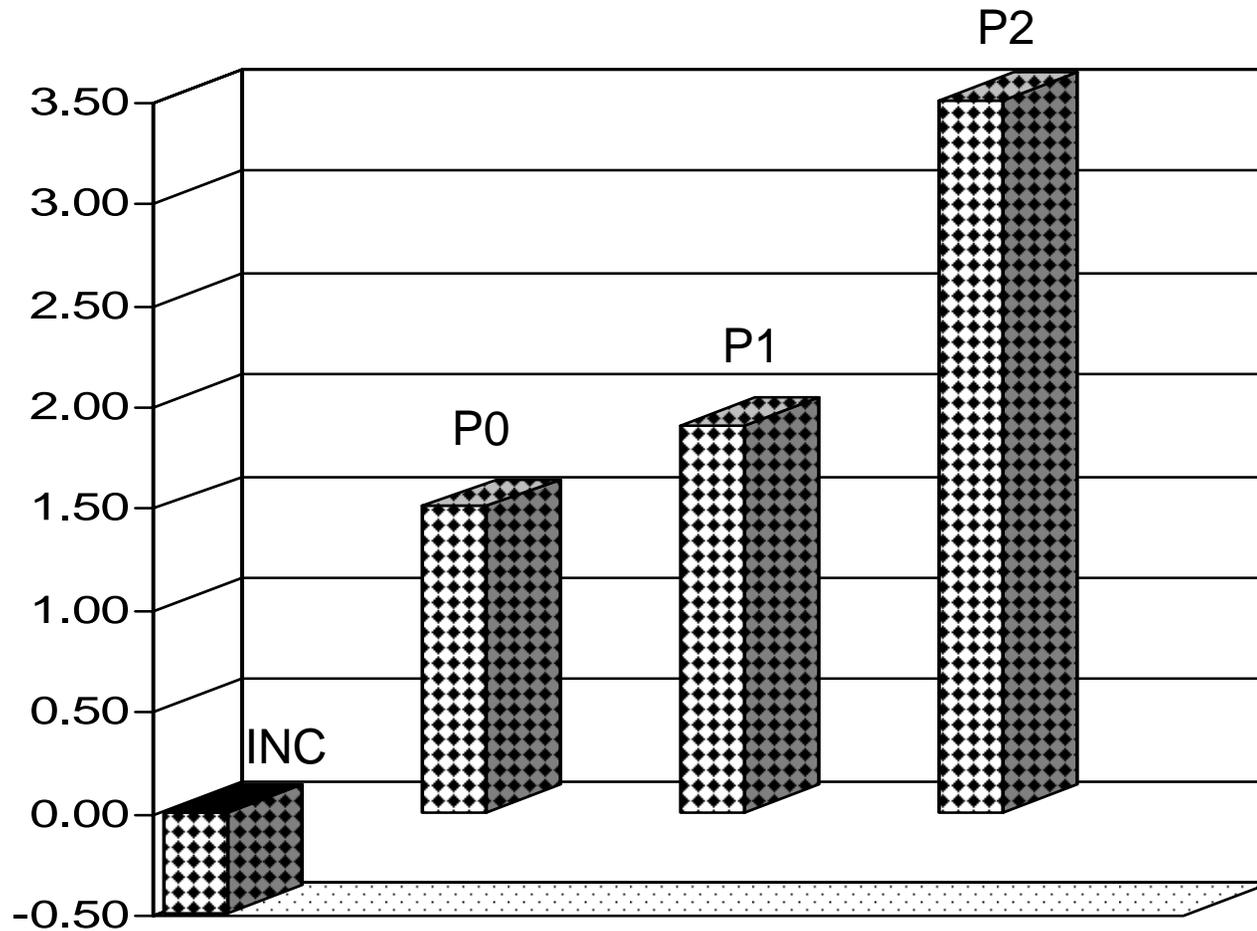
AGRICULTURAL TRADE AND RURAL GROWTH IN AFRICA



Incremental income from 1\$ additional revenue from agricultural tradables
Source: C. Delgado et al (1998)

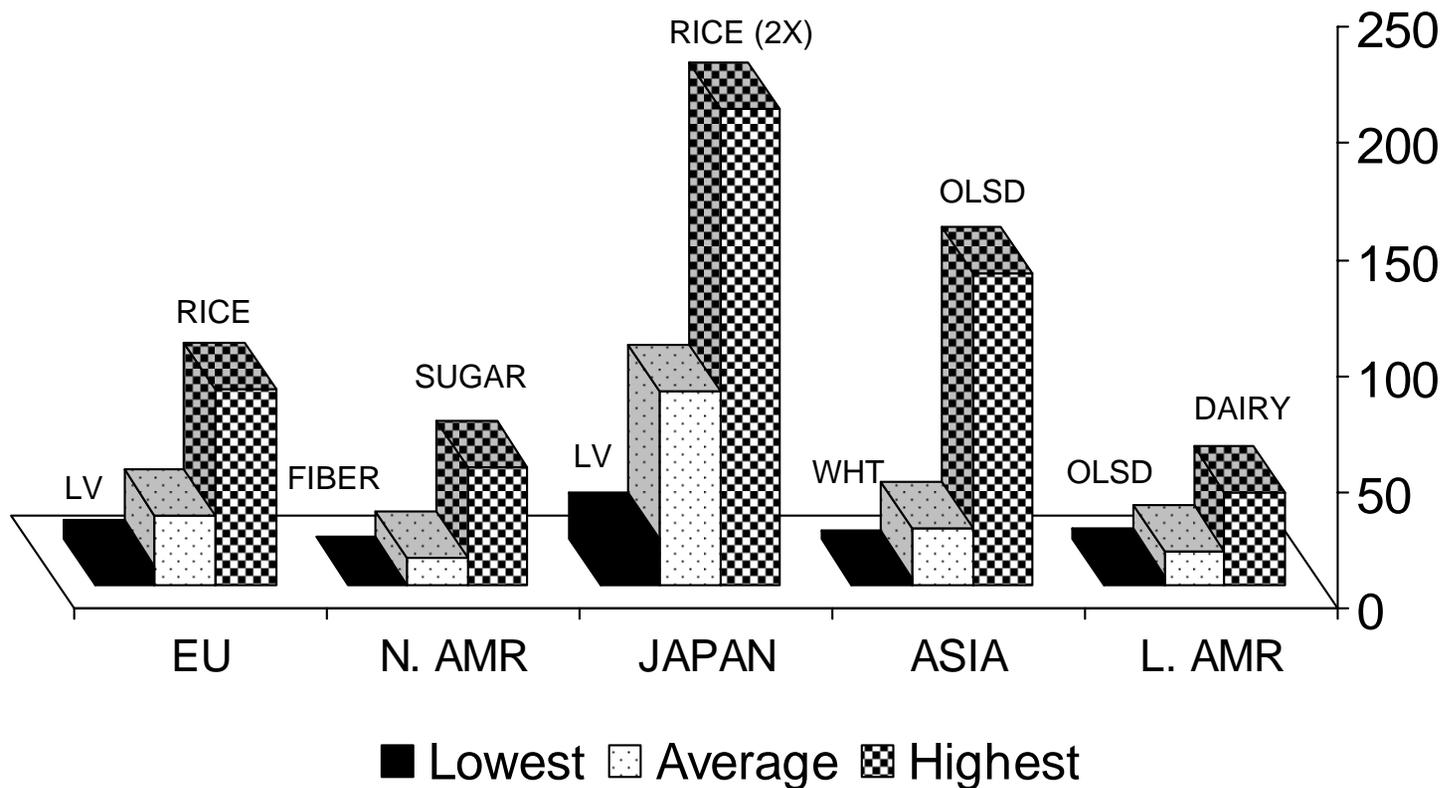
EXPORT PRICES AND POVERTY

IMPACT OF 1% FALL COTTON EXPORT PRICE ON INCOME & POVERTY IN BENIN



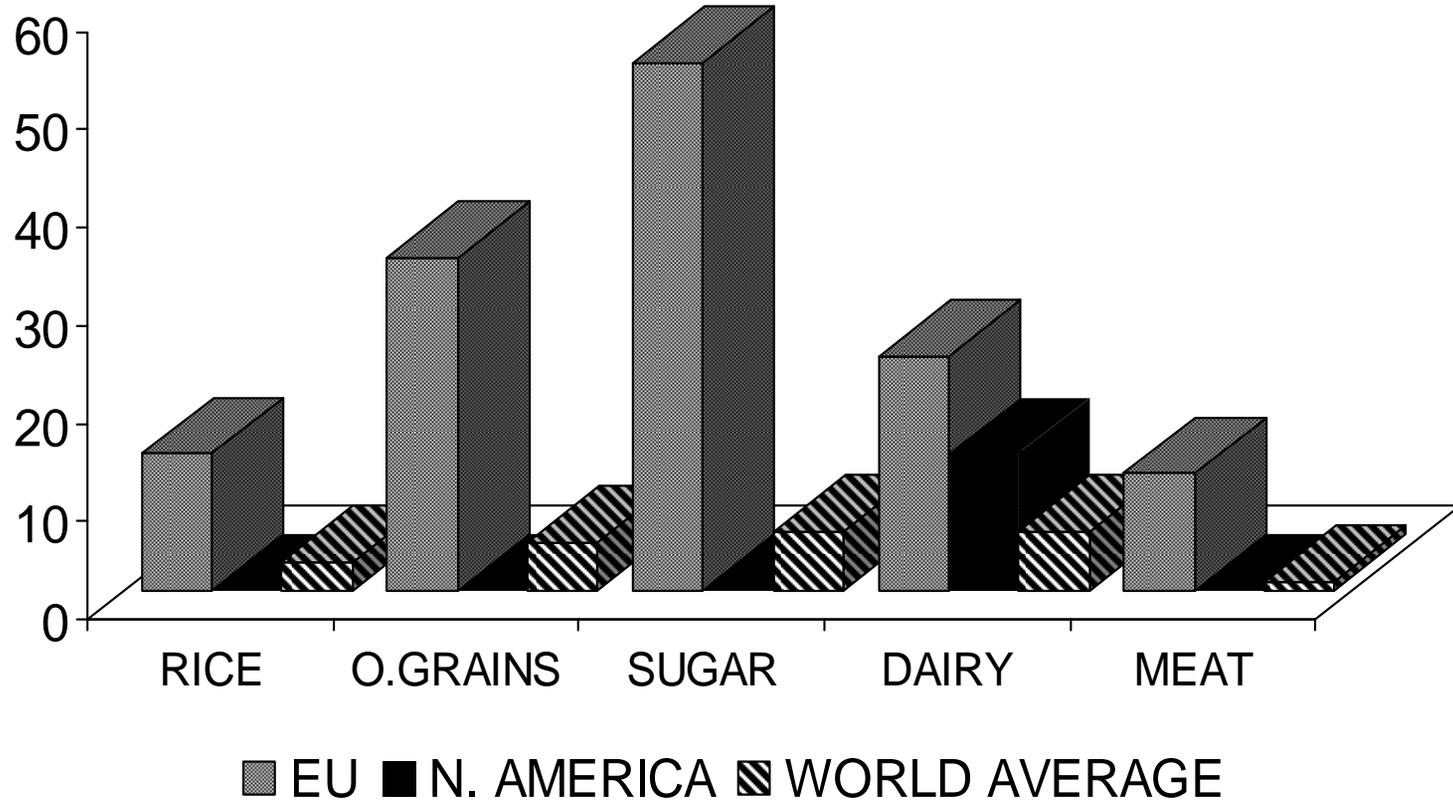
Based on Minot et al (2002)

IMPORT TAXES ON AFRICAN AGRICULTURAL EXPORTS



Source: GTAP Data Base; weighted average MFN rates (%)

SUBSIDIES ON EXPORTS TO AFRICA (PERCENT)

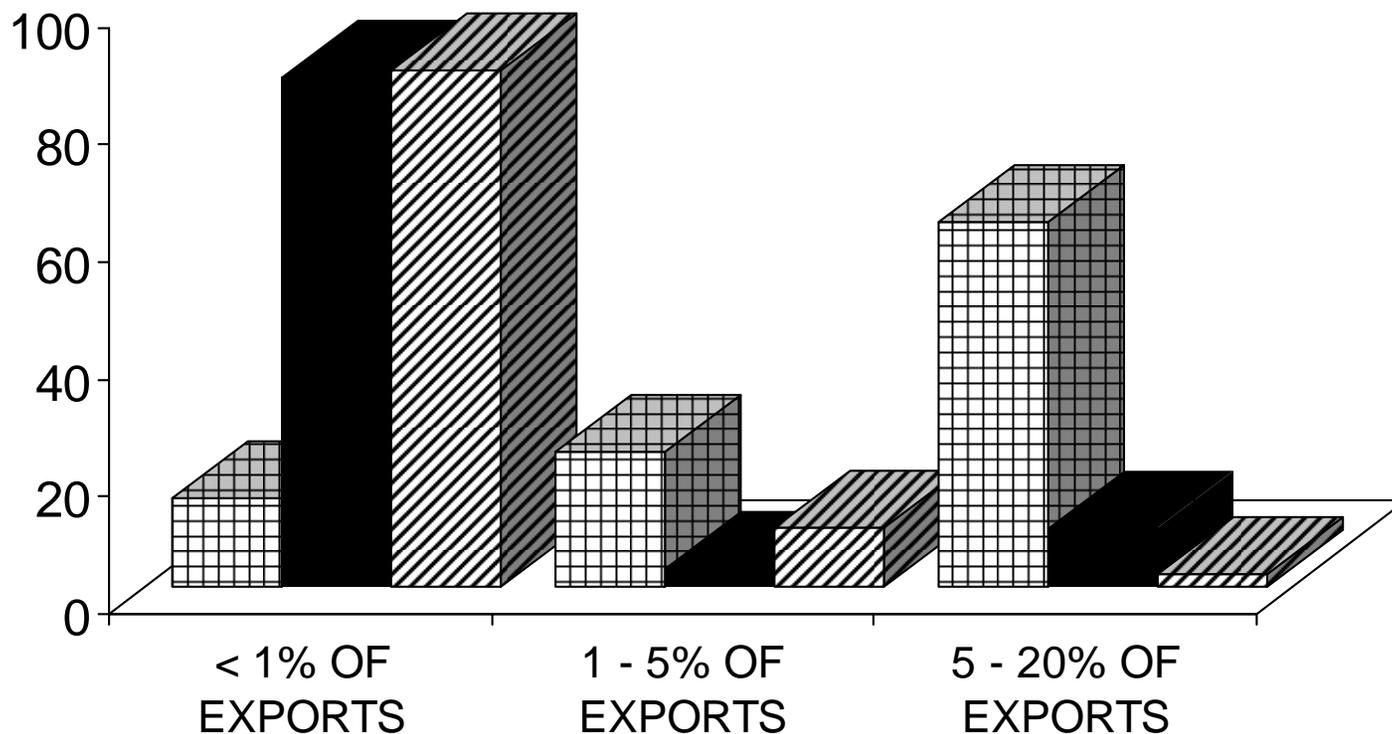


Source: GTAP Data Base

LIBERALIZATION OR PREFERENCES

PREFERENCE VALUE AS SHARE OF COUNTRY EXPORTS IN 2002

% of African
Exporters

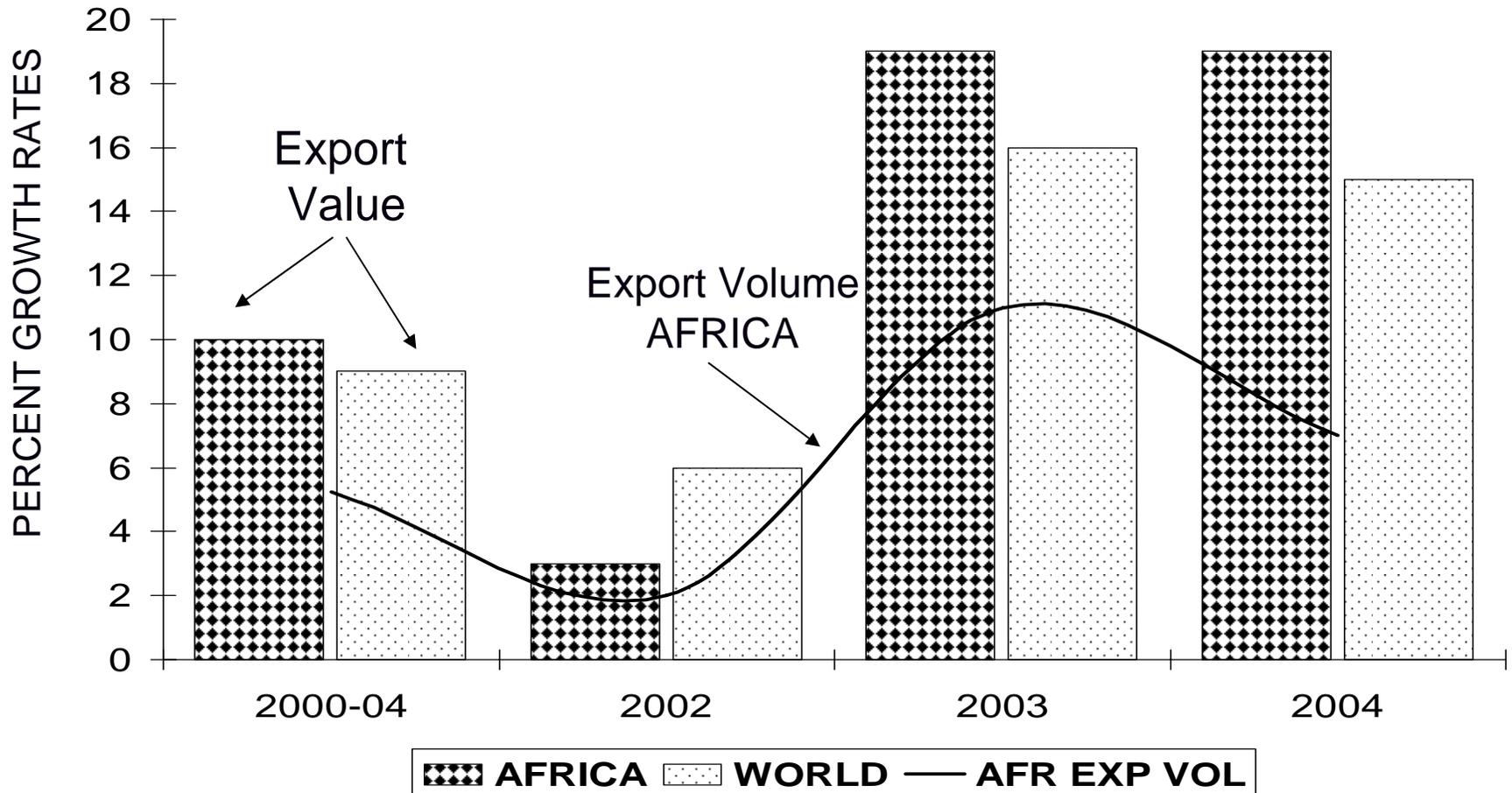


■ EU ■ JAPAN ▨ USA

Notes: Based on Brenton and Ikezuki (2004); EU: GSP & Cotonou Programs; USA: GSP & AGOA Program; JAPAN: GSP Program

LIBERALIZATION OR PREFERENCES

IS AFRICA READY TO COMPETE?



DATA SOURCE:

Export Values: WTO International Trade Statistics, 2005

Export volumes: UNCTAD Trade and Development Report, 2005

QUESTIONS THAT AN AFRICAN MAY ASK ABOUT THE US FARM BILL

DOES THE US HAVE THE EXPERTISE AND RESOURCES TO DESIGN POLICIES TO ADDRESS ITS LEGITIMATE SOCIAL AND ECONOMIC GOALS IN THE AGRICULTURAL SECTOR IN A MANNER THAT DOES NOT AFFECT AFRICAN ECONOMIES NEGATIVELY?

DOES AFRICA DESERVE THE OPPORTUNITY TO COMPETE?

DOES THE FACT THAT AFRICA CANNOT RETALIATE JUSTIFY IGNORING THE EFFECTS THAT OTHER COUNTRIES' POLICIES CAN HAVE ON ITS ECONOMIES?

WHERE IS THE COHERENCE BETWEEN DEVELOPMENT ASSISTANCE AND THE ADOPTION OF POLICIES THAT MAY UNDERMINE GROWTH AND POVERTY REDUCTION IN AFRICA?