

Technical Briefings Modules
AAMP Policy Seminar No.1
Trade in Food Staples in Eastern and Southern Africa
December 9-10, 2008

Regional trade in food staples involves a series of legal agreements between governments, which enable private sector entities to monitor markets and move food commodities within the region when price spreads make such trade profitable. The following three technical briefings, preceding this policy conference, will focus in detail on the enabling legal agreements, the price differentials among maize markets in the region and the potential impact of cross-border trade on regional farmers and consumers. The following technical sessions will devote one half day to each of these three topics.

December 9 13:00 to 17:00

Session 1.1. Trade Policy

Objectives: This session aims to examine in detail how current and proposed regional trade agreements will affect cross-border trade in staple foods. In theory, regional trade agreements encourage cross-border trade by lowering quantitative and tariff restrictions and by harmonizing standards and customs procedure. In practice, however, most governments in Eastern and Southern Africa intermittently prohibit cross-border trade in maize. This session examines in detail the legal agreements and enforcement mechanisms in place affecting trade in food staples.

Issues:

- a. Understanding the legal rules instituting free trade in food staples in the region (COMESA, ECA, the proposed combined COMESA, SADC, EAC free trade zone)
- b. In practice, what tariff and nontariff barriers are in place affecting cross-border maize trade in Eastern and Southern Africa?
- c. Legal basis for import and export bans
- d. Enforcement mechanisms and procedures

Materials:

AAMP Training Module No. 1.1 (Kenani)

December 10

8:00 to 12:00

Session 1.2. Regional Maize Trade

Objectives: This session explores the spatial dimensions of regional maize markets. Topic a begins with a presentation of a spatial map of maize market sheds in Eastern and Southern Africa to identify major surplus zones in the region. It then proceeds to a GIS presentation of how to use GIS tools to map food staple zones in three countries of Zambia, Malawi and Mozambique. Topic b explores some basic trade theory to examine the impact of open borders on domestic grain prices. Topic c involves participant computation of border prices for key regional markets. This sets up discussion, in Session 3, of cross-border links in price movements.

Issues:

- a. spatial dimensions of regional market sheds (*presentation and discussion*)
 - mapping market sheds
 - mapping food staple zones
- b. gains from trade (*presentation, discussion*)
 - moderating price volatility
 - dead weight trade distorting losses
- c. the role of import parity prices
 - computing border prices: domestic, import and export parity prices in key regional markets (*participant exercises using Excel*)
 - discussion question: why do domestic prices sometimes spike higher than import parity?

Materials:

AAMP Training Module 1.2.a. Spatial Tools for Food Policy Analysis (Haggblade)

AAMP Training Module 1.2.b. Gains from Trade (Minot)

[AAMP Training Exercise 1.2.b. Gains from Trade.xls](#)

AAMP Training Module 1.2.c. Import and Export Parity Prices (Haggblade)

[AAMP Training Exercise 1.2.c. Parity Prices.xls](#)

December 10

13:00 to 17:00

Session 1.3. Prices Movements Across Markets

Objectives: This session looks at price movements in maize markets across the region from 1990 through 2008 and compares these with international maize price movements. Topic a) begins by reviewing some basics about the underlying causes of price movements, seasonally, spatially and over time. The session then turns to two practical computer-based sessions. Under topic b) the participants compute trends in nominal, real and dollar prices for two regional markets as well as for Randfontein and US Gulf. Under topic c), the participants will compare prices in August 2008 with August 2007 for the Lusaka market. They will then compute the impact on poor urban consumers, rural net buyers and rural net sellers of maize.

Issues:

- a. measuring and decomposing price movements (nominal prices, real prices, dollar prices, cross-border prices) (*participant computer exercises using Excel*)
- b. winners and losers (net buyers, net sellers, magnitudes of the gains and losses as food prices change) (*participant computer exercises using Excel*)

Materials:

AAMP Training Module 1.3.a. Measuring Price Movements (Haggblade)

[AAMP Training Exercise 1.3.a. Measuring Price Movements.xls](#)

[AAMP Training Exercise 1.3.b. Winners and Losers.xls \(Minot\)](#)