

Maputo Corridor, Regional and Continental Integration to Mitigate Food Insecurity from Russia-Ukraine Trade Shocks

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What are the key messages?

- The disruptions of food inputs trade have a more significant impact than direct food import shocks,
- Trade shocks affect a small economy like Mozambique more than South Africa.
- While both countries rely on imports from Ukraine and Russia, alternative sources within Africa and the SADC region can mitigate the impact of trade shocks.



- The study recommends strengthening trade linkages within the Maputo Corridor, SADC, and Africa to enhance food security.
- Overall, addressing internal factors, diversifying trade partnerships, and leveraging regional cooperation are crucial to ensuring long-term food and nutrition security in the face of external shocks such as the Russia-Ukraine war.

What is the context of the problem?

Mozambique is highly food-insecure, ranked 94th globally and 37th in Africa¹, with prevalence of severe food insecurity above 40% since 2017 and episodes of very steep upward structural breaks in food price series corresponding to the Covid-19 pandemic and the Russian-Ukraine war. Consequently, Mozambique has a high level of cereal imports dependency ratio, ranging from 40 to 50% since 2012.

South Africa is the 59th most food secured country in the world with a score of 61.7 out of 100, and second in Africa after Morocco². Its prevalence of severe food insecurity ranges between 6.9% and 8% with cereal imports dependency ratio between 10% and 20% since 2017. Despite South Africa's high ratings at national level, significant household level food insecurity exists. About 25% of South Africans lack adequate access to food due to socio-economic and structural inequalities³.

In 2019/20, Ukraine accounted for 16% of global exports. The decline in agricultural production in Ukraine, and the disruptions in the related global supply chains due to the war, have contributed to higher global grain prices, with knock-on effects for countries that rely on grain imports.

Mozambique and South Africa have some degree of food and food-inputs trade dependence on Ukraine and Russia. South Africa ranked 8th in 2020 in terms of wheat imports from Russia and 24th from Ukraine, with total exposure of 646000 tons and Mozambique was 21st for Russia and 23rd for Ukraine, amounting to 237450 tons. However, in percentage terms, the overall food and food inputs import dependencies for both countries vi-a-vis Russia and Ukraine are significantly low. Russia and Ukraine consistently contribute to less than 2% of total fuel imports to Mozambique

1 EIU (The Economist Intelligence Unit). (2017). Global Food Security Index 2022: Measuring Food Security and the Impact of Resource Risks. The Economist, London.

2 EIU (The Economist Intelligence Unit). (2017).

3 Hart, T., Davids, Y., Rule, S., Tirivanhu, P. & Mtyingizane, S. (2022). The COVID-19 pandemic reveals an unprecedented rise in hunger: The South African Government was ill-prepared to meet the challenge. *Scientific African*, 6, e01169. <https://doi.org/10.1016/j.sciaf.2022.e01169>

and South Africa and 7% and 5% of fertiliser to Mozambique (2018) and South Africa (2020) respectively⁴. A good proportion of food and food-inputs imports to the two countries come from the Maputo corridor, SADC, rest of Africa and rest of the World.

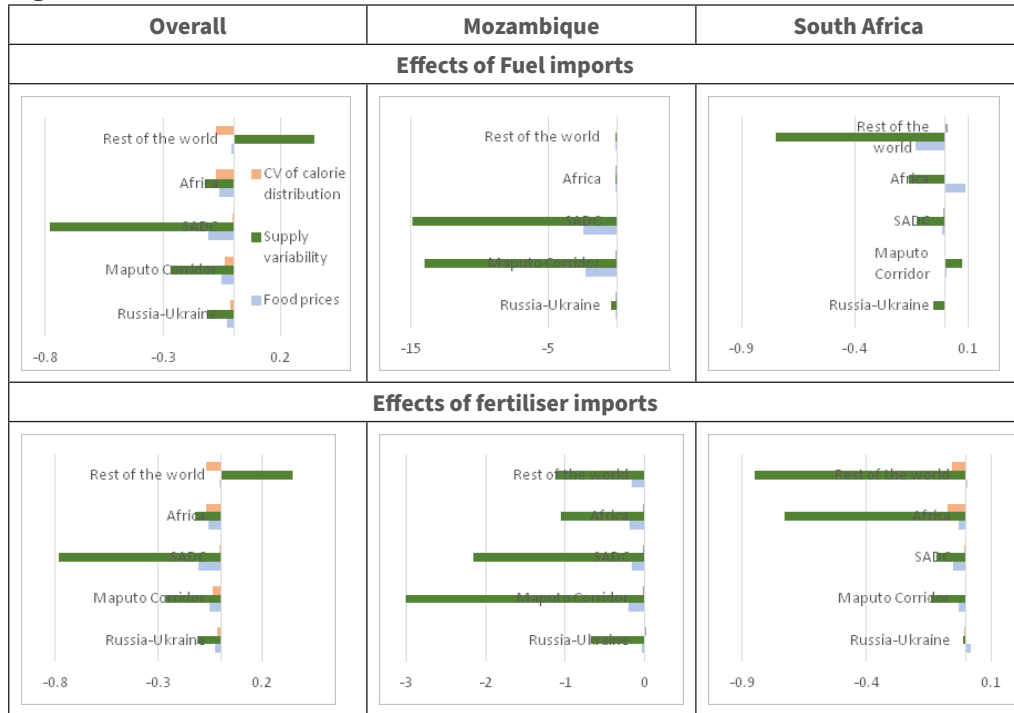
What did we do?

In statistical analyses, food insecurity is usually seen as an outcome of agricultural supply-side and demand-side; demographical factors; and economic condition. The underlying study extends this model to include international trade in food and food-production inputs. It applies appropriate analytical methods to data from United Nations Conference on Trade and Development and Food and Agricultural Organisation Statistics to derive the current findings and policy proposals.

What are the main findings?

- Levels of income and demographics are the main drivers of food insecurity. More money leads to more dietary diversity, less supply volatility, but higher food prices; higher population growth results in more food insecurity,
- Food imports from the Russia-Ukraine region do not have any direct significant effects on food security in the two countries,
- Noticeable effects are propagated through imports of food production and transportation inputs, with higher effects in Mozambique than South Africa,
- Trade flows within the Maputo Corridor, SADC and rest of Africa have more effects on food security than trade with Russia and Ukraine,
- Any shocks from the Russian-Ukraine area can be absorbed by enhancing trade linkages in the Maputo Corridor, SADC and the rest of Africa,
- A small economy like Mozambique stands to benefit more from the establishment of the Maputo corridor in terms of all food security measures than South Africa.

4 World Food Programme (WFP). (2022). Food Security Implications of the Ukraine Conflict for the Southern Africa Region. WFP Regional Bureau Johannesburg. At <https://docs.wfp.org/api/documents/WFP-0000137683/download/>

Figure 1: Estimated elasticities

What do these findings mean?

These findings mean that South Africa and Mozambique can develop and harness alternatives to dampen the effects of global shocks like that of the Russia and Ukraine war on their food security. Precisely, South Africa and Mozambique would do well to improve food security through the development and facilitation of trade linkages within the Maputo corridor, and by effective trade integration into SADC, and the rest of Africa in the light of the African continental free trade agreement.

What should policy do?

Policy efforts should focus on tackling the bottlenecks that limit the exploitation of alternative import sources within the Maputo Corridor, SADC and the rest of Africa.

The challenges relate to:

- Trade imbalance between the two countries, with Mozambique primarily exporting raw materials and importing processed goods from South Africa. This limits Mozambique's ability to invest in its agriculture sector and improve food security.

- Political instability and conflicts in some regions also deter foreign investment, further hindering efforts to address food insecurity.
- Infrastructure limitations within the Maputo Corridor, which is the primary transportation route for agricultural goods increase transportation costs and reduce efficiency.
- Limited access to credit facilities affects smallholder farmers in both countries, preventing them from investing in their farms and increasing productivity.
- Insufficient resources, low capacity and slow and bureaucratic implementation processes hamper the implementation and undermine the Corridor's impact.

Policy strategies should focus on:

- Diversification of import sources and preference for imports from regional and continental blocks
- More inputs than food imports
- Diversifying the agricultural sector by investing in high-value crops to reduce the trade imbalance and increase exports.
- Improving (especially cross-border) transportation infrastructure, such as roads and railways, to facilitate the movement of agricultural products and stimulate trade and investment.
- Collaboratively promote local and foreign investment by enhancing governance and security
- Increasing access to credit facilities for smallholder farmers, especially marginalized groups, is crucial for investment and productivity growth.
- Enhancing efficiencies and streamlining the implementation process by simplifying procedures, improving coordination and training.
- Addressing poverty and inequality through targeted initiatives to ensure equal access to resources and contribute to food security.

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