

ABSTRACT

Regional Integration of the Cereals Markets in Southern Africa: A Case of Wheat, Rice and Maize Trade

by

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To address food insecurity in southern Africa, regional policy makers have employed strategies that tap into the huge agricultural potential of individual countries, to stimulate food supply and accelerate agricultural productivity. However, by focusing on the supply side, important integral elements of comprehensive food security, such as improved food utilization and improved access to food through efficient marketing systems, were marginalized. Given that markets play a crucial role in determining food production levels and consumer access to food - through their influence on incomes, prices and commodity flows - policies that stimulate development of domestic markets and promote market integration within the region are crucial in reducing vulnerability of the poor and improving food security. Although attempts have been made towards regional integration in southern Africa, through regional institutions such as the Southern African Development Community (SADC), significant growth in intra-regional trade has been slow in coming. As a result, the region becomes increasingly dependent on international markets for food, and poor populations are left more vulnerable to sporadic supply shifts that continue to threaten regional food security. This study seeks to evaluate the extent to which the cereals markets in southern Africa are integrated, in terms of regional trade and commodity pricing. The broad objective of the study is to evaluate the level of efficiency in the marketing of cereals in southern Africa. To achieve this broad objective, this study will: (1) describe the structure of cereals markets within the region, and the level of intra-regional trade in cereals, (2) evaluate level of spatial integration in the cereals markets across the region, (3) establish the link between market integration and regional food security, and (4) recommend policy on strategies for improved efficiency in the marketing of cereals within the region and reducing vulnerability of the poor to chronic food shortages. The study will use data on commodity prices, transfer costs and trade volumes. These data will be analyzed using market integration procedures such as bivariate correlations, causality tests, cointegrations tests and parity bounds models.

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Current Status: Field work not complete.