

UNITED NATIONS

Office for the Coordination of Humanitarian Affairs (OCHA)

Integrated Regional Information Network (IRIN)

TANZANIA: Focus on impact of agricultural subsidies

[This report does not necessarily reflect the views of the United Nations]

DAR ES SALAAM, 27 September (IRIN) - Strolling around supermarkets in Dar es Salaam, it is easier to find boxes of orange juice from Dubai, lines of canned beef from the UK and butter and cheese from as far away as New Zealand, than it is to find local produce.

This, critics of the developed world's US \$380 billion agricultural subsidies say, is real proof of the impact that the policy has on the development of local markets and industries.

"Because of these subsidies, Shoprite [a supermarket in Tanzania] will find it easier to import something than buy it locally. This is because Tanzanian farmers find it very difficult to compete with western farmers because their production costs are much lower," explains Professor Pius Mbawala, Tanzania's Deputy Minister for Agriculture and Food Security.

Agricultural economists, development workers, the World Bank and the UN tend to agree. Yet, after the recent summit on sustainable development in South Africa, critics feel that the situation is no closer to being resolved and the subsidies are continuing to have "devastating" impact on development.

COTTON

According to UN figures, approximately 5 million people are involved in cotton production in Tanzania, but for the last few years, the industry has remained idle.

"It is a useful example of the impact of this issue as there are heavy cotton subsidies (50 percent) in the United States," said Justice Kabyemera, a programme officer for the UN's Food and Agricultural Organisation (FAO) in Tanzania.

"Since the farmers in the US are given subsidies, they are definitely on a better footing, in terms of productivity and production costs, than Tanzanian farmers," explains Kabyemera. "Many of their costs are covered by subsidies and, at the end of the day, the government will always make sure that farmers can sell at a price that suits them."

Tanzanian farmers, however, must wait for the prices to be fixed, without their consultation, and try and sell their cotton accordingly, often in an already flooded market, he says.

"A Tanzanian farmer will only ever benefit if there are problems for cotton producers elsewhere, and the imbalances are reversed. Otherwise, it is very difficult," Kabyemera added.

To make matters worse, he warned, following the liberalisation of the markets, it is the private sector that buys the cotton and if they don't believe the prices are good for that year, they won't even bother going to the fields to buy the crop.

"In Mwanza and Shinyanga regions, this has resulted in two or three successive years of the cotton being left in the fields without being bought, greatly affecting the farmers' livelihoods," he concluded.

HYPOCRISY

This is just one of the many examples that has spurred organisations such as Action Aid to expose "double standards and the damaging effects on the world's poor farmers" that the subsidies have.

"It is unfair that the G7 countries demand that G77 countries open their markets, while they close theirs through subsidies and dumping excess subsidised food on the developed world, therefore depressing local prices," complains the organisation's 'Farmgate' report, published last month.

"It is not just cotton. In Tanzania, we are seeing the effects of subsidies in traditional industries such as beef, wheat and dairy products, but also in non-traditional markets like spices. The market potential is not being fulfilled," Dr Andrew Temu, an agricultural economist at the Sokoine University of Agriculture in Tanzania, told IRIN.

Dr. Temu believes that removing subsidies in the US or the European Union is not a question of making people richer, but rather improving the living standards of rural populations, which account for some 85 percent of Tanzania's 31 million people and 350 million people across sub-Saharan Africa.

Tanzania was last year given HIPC (Highly Indebted Poor Country) status and, as a result, was awarded substantial debt relief. However, development workers in the country see the impact of subsidies in terms of long-term development.

"Their impact is far bigger than the small bit of aid that this country is receiving. If people are going to talk about sustainable development, then they should get rid of subsidies. That would do more for this country than anything else," Jens Kristensen, an agricultural private sector support advisor, told IRIN.

AGOA

However, the US has vigorously defended its policy, saying that "misconceptions", specifically over the latest farm bill, have led to people getting the wrong impression of its agricultural policy.

"The negative rhetoric about our policy is unfortunate, because it threatens to discourage Tanzanian farmers and exporters from taking advantage of the market openings created by the African Growth and Opportunity Act (AGOA)," Robert Royall, US Ambassador to Tanzania, wrote in a recent open letter to the press.

"I want to encourage entrepreneurs and business people in this country to keep pushing forward and investing in export-orientated agriculture and other ventures...The door to trade is open, and America is ready to do business with you," he declared.

THE WAY AHEAD

Professor Mbawala believes it is not so easy.

Faced with the economic powers of the US and EU, he says that developing nations like Tanzania are in a difficult position to call for change in agricultural policy and, when they do, are told "not to interfere".

However, others, including Dr. K.Y. Amoaka, the head of the UN's Economic Commission for Africa, believe there is a need for a more collective voice and, through regional organisations such as the New Partnership for African Development (NEPAD), change can be brought about.

"It comes to our capacity to negotiate international agreements. African countries have not been able to negotiate, but if we pool together and do our homework, this can change," he said during a visit to Tanzania last month.

"There is a crack in the door - the question is how hard we kick it open," he added.