



Monitoring African Food and Agricultural Policies

PRODUCT SELECTION FOR PRICE INCENTIVES AND DISINCENTIVES CALCULATIONS IN MOZAMBIQUE

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A. Background

According to the methodology developed by MAFAP one of the indicators to monitor agricultural policies in Africa is based on market price differential analysis for a selection of commodities. The selection of commodities has to be done taking into account two considerations. Firstly, the selected products need to cover a significant percentage of the total value of production; and, secondly, the selected products need to be representative of different category of tradability of products in terms of imported, exported, traded, non-traded, and food-security-sensitive products and, if suitable, of promising or emerging value chains. In addition, and to assure continent wide relevance of reported indicators, the list of selected commodities for each country should be complemented, if not already included, with those that represent a significant part of agricultural production in the continent or regional economic areas.

This note aims at identifying the products for which incentive and disincentive indicators should be calculated in Mozambique.

B. Data Sources

As far as production value is concerned, the relevance of individual commodities has been assessed using the data available in FAOSTAT under “Value of Agricultural Production” using the “gross production constant 2004-2006 1000 international dollars”. Once this data was downloaded from FAOSTAT the products were ordered from largest to smallest and cumulative percentages of total agricultural output calculated. The results section presents the products which account for at least 70% of total agricultural production in Mozambique.

As far as international trade is concerned the data source is also FAO TRADESTAT under “crops and livestock products” using import and export values.

As far as food security is concerned we use FAOSTAT Food Balance Sheets. Data in volume and kcal equivalent is available while data in expenditure is calculated using producer prices data from PRICESTAT. Calculations on cost of food intake are based using only those products for which prices are available. These products represent 52% of total caloric intake.

Regarding the calculation of expenditure using prices, we used the average 2005 – 2009 of producer prices in local currency by tonne (i.e. LCU/tonne). In 2010 Mozambique adjusted the nominal value of its local currency – dropping three zeros per unit. The average (2005 – 2009) of producer prices is in the old unit value of the local currency.

In addition, including a continent wide perspective we build on the analysis reported in the MAFAP technical note on “REGIONAL AND AFRICA WIDE CONSIDERATIONS ON PRODUCT SELECTION FOR PRICE INCENTIVES AND DISINCENTIVES CALCULATIONS” which provides a list of six products that should be covered in all countries were MAFAP is implemented to assure continental representativeness.

C. Results

COMMODITIES ACCOUNTING FOR AT LEAST 70 PER CENT OF AGRICULTURAL PRODUCTION VALUE (2005-2009)

<i>Commodity</i>	<i>Average production value 2005-2009 (constant 2004-2006 1000I\$)</i>	<i>Average % of total production 2005-2009</i>	<i>Average cumulative % of total production 2005-2009</i>
1.Cassava	611726.6	30.71%	30.71%
2.Maize	176622.8	8.87%	39.58%
3.Indigenous Pigeat	148265.6	7.44%	47.02%
4.Tobacco, unmanufactured	104512.6	5.25%	52.27%
5.Cotton lint	82750.8	4.15%	56.42%
6.Sugar cane	74016.6	3.72%	60.14%
7.Cashew nuts, with shell	69044.8	3.47%	63.61%
8.Sweet potatoes	67197.6	3.37%	66.98%
9.Indigenous Goat Meat	52388.2	2.63%	69.61%
10.Indigenous Cattle Meat	50290.4	2.52%	72.13%

COMMODITIES ACCOUNTING FOR AT LEAST 70 PER CENT OF AGRICULTURAL IMPORTS VALUE (2004-2009)

<i>Commodity</i>	<i>Average import value 2005-2009 (1000\$)</i>	<i>Average % of total imports 2004-2009</i>	<i>Average cumulative % of total imports 2004-2009</i>
1.Rice Milled	105608.2	20.12%	20.12%
2.Wheat	88550.2	16.87%	37.00%
3.Palm oil	52760	10.05%	47.05%
4.Maize	26255	5.00%	52.05%
5.Sugar Refined	22872.4	4.36%	56.41%
6. Food Prep Nes	22852.2	4.35%	60.77%
7.Soybean oil	20026.8	3.82%	64.58%
8.Chicken meat	13872.8	2.64%	67.23%
9.Cigarettes	12469.8	2.38%	69.60%
10.Wine	11174.6	2.13%	71.73%

COMMODITIES ACCOUNTING FOR AT LEAST 70 PER CENT OF AGRICULTURAL EXPORTS VALUE (2004-2008)

<i>Commodity</i>	<i>Average export value 2005-2009 (1000\$)</i>	<i>Average % of total exports 2005-2009</i>	<i>Average cumulative % of total exports 2005-2009</i>
1.Tobacco, unmanufactured	98565.4	34.67%	34.67%
2.Sugar Raw Centrifugal	51956.2	18.27%	52.94%
3.Cotton lint	30452.2	10.71%	63.65%
4.Sesame seed	22653.6	7.97%	71.62%

COMMODITIES ACCOUNTING FOR AT LEAST 70 PER CENT OF FOOD INTAKE (2007)

<i>Commodity</i>	<i>Daily intake (gr/capita/day)</i>	<i>% of total daily intake (gr/capita/day)</i>	<i>Average cumulative % of daily intake (gr/capita/day)</i>
1.Cassava	614.52	46.97%	46.97%
2.Maize	141.64	10.83%	57.80%
3.Sweet Potatoes	107.40	8.21%	66.01%
4.Wheat	65.21	4.98%	70.99%

<i>Commodity</i>	<i>Daily intake (Kcal/capita/day)</i>	<i>% of total daily intake (Kcal/capita/day)</i>	<i>Average cumulative % of daily intake (Kcal/capita/day)</i>
Cassava	668	29.53%	28.55%
Maize	415	18.35%	46.89%
Wheat	178	7.87%	54.76%
Rice (Milled Equivalent)	172	7.60%	62.37%
Sweet Potatoes	103	4.55%	66.92%
Sorghum	77	3.40%	70.32%

<i>Commodity</i>	<i>Daily intake (L\$/capita/day)</i>	<i>% of total daily intake (L\$/capita/day)</i>	<i>Average cumulative % of daily intake (L\$/capita/day)</i>
1.Cassava	371,67	49,18%	49,18%
2.Maize	99,78	13,20%	62,38%
3.Sweet potatoes	162,04	21,44%	83,82%

D. Analysis

The process to obtain the product list starts by taking the 10 commodities that account for 70 per cent or more of total agricultural production in value.

In addition we consider the additional criteria of adding new products which represent at least five per cent or more of their respective concept (for trade and food security criteria). Thus the following product list is obtained:

	<i>Production</i>	<i>Import</i>	<i>Export</i>	<i>Food security</i>	<i>Africa wide representativeness</i>
1.Cassava					
2.Maize					
3.Indigenous Pigeat					
4.Tobacco, unmanufactured					
5.Cotton lint					
6.Sugar cane					
7.Cashew nuts, with shell					
8.Sweet potatoes					
9.Indigenous Goat Meat					
10.Indigenous Cattle Meat					
11.Wheat					
12.Palm oil					
13.Sesame seed					
14.Rice Milled					

When taking into account their importance for production, trade and food security, it is suggested that for the market incentives and disincentives analysis, priority is given to the following key commodities: ***cassava, maize, tobacco, cotton, sugar cane, wheat and rice (milled), possibly extended by cashew nuts and sweet potatoes.***

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