

# MOSTAFA TERRAB

Chairman and CEO of OCP Group

## Nathalie DELAPALME

Mostafa Terrab, Mr. President, could you fill us in on the perspective not just of the private sector but also of Morocco, which plays a key role in Africa today? How can we convince reluctant countries or reluctant citizens within countries? Because in the end, citizens will not back public policies, which will therefore be unsustainable if they are not based on common interests rather than on moral duty or group loyalty. Our collective ability to demonstrate this agreement's benefits for individuals, its positive impact on citizens' daily lives, is fundamental. But some people seem to fear that implementing the agreement will introduce competitiveness gaps so wide that they might damage or jeopardise if not destroy certain parts of economies or even certain particularly fragile countries. Is that true and, if so, how can it be avoided? How can reluctant countries be convinced? Are adjustment and solidarity mechanisms necessary? How can the agreement's advantages be demonstrated, especially in the area of agriculture, which is essential to Africa's future? Many of us here are convinced that Africa's future lies in the agro-food sector, not just for the sake of its own food security, but also because we live in a world where demand for food is steadily rising while agricultural output is falling just about everywhere. Thank you.

## Mostafa TERRAB

The last time I made the mistake of agreeing to speak in a conference with Uri Dadush was 30 years ago. What is left to say after what you have said? I cannot compete with the 30,000-foot overview you gave, so I will go to zero feet and talk about agriculture, and, even more precisely, about our own experience in fertilisers and what we can draw from it.

Basically, what it showed us was the importance of the right policies, so beyond making sure that investment goes along with free trade, one of the prerequisites, if not the most important ingredient, is good policies. Indeed, we have to ask ourselves what good is free trade if we cannot produce the goods and services that we will trade within the continent. Today we are mainly in extractive industries and trade, and that extractive trade benefits economies outside the continent that have developed the transformation capabilities to be able to consume the raw materials. Africa, to a large extent, has not, so we will certainly not trade natural resources among ourselves.

We do not have the capabilities to transform them in the continent, and agriculture, in particular fertiliser, was a case in point. The African green revolution requires fertilisers, and the continent has all the capability to produce its own fertilisers, yet, up until 10 years ago, it was exclusively exporting these natural resources to fertiliser producers outside the continent, having to import back the finished products, sometimes at five or six times the international price. I will not go into detail, but this was the situation, and it was the same for many other goods.

Regarding the CFTA, what are the micro-economic, sectoral policies for dealing with the value change that will actually create a reality in terms of this trade? I promised to stay at ground level, so that is what I will do. I will mention an experience, and I am very happy the Prime Minister is here, because when we as an African corporation started looking at the fertiliser market, we started with Ethiopia. Ethiopia, like Morocco, used to import all its fertiliser from outside the continent, and if we are looking at encouraging industrialisation and processing activities in many sectors in the continent, let us not forget that industrial revolutions always started with agricultural revolutions, with green revolutions, in many other economies.

Therefore, it is of interest to the continent to think seriously about its green revolution and whether it will lead to agri-business, processing and other broader agricultural value chains within the continent. I will take you to the movies for a minute. Can we really talk about the African green revolution? Many NGOs and international organisations focus on this, but there is absolutely no experience of a green revolution in any other continent, whether India, Brazil or others, that did not start with a fertiliser policy. Regarding where the continent sits in terms of fertiliser consumption, arguably there is



overconsumption in China, for example, which is well recognised by policymakers, but what is important is that that translates into very low agricultural productivity.

When we started deciding to increase this, it was important, in fact the *sine qua non*, to be able to produce our own fertiliser in the continent, not just import it, for price and other reasons. We started making fertilisers with African natural resources but also customised to African soil and crops, and here is what happened. We are seeing phenomenal growth in fertiliser consumption in many African countries. Ten years ago, the heads of state in Abuja decided to set a consumption target of 50 kg per hectare, where the world average is more than 100 kg per hectare, so this is a reasonable target, yet only Ethiopia is coming close to it today. Many other countries are far from it, but with very high growth rates, something very close to the mobile revolution 15 or 20 years ago.

Why is this? The ingredient was customised fertiliser, giving ourselves the possibility to manufacture in the continent the right fertilisers for our conditions and then trade them within the continent. It started with soil fertility maps, using the right fertiliser formulas, not the imported ones. We did that in many countries, but let me just end on the Ethiopian example, because it is also an example of the right policies. We did soil fertility maps, co-financed by the Gates Foundation and the Agricultural Transformation Agency of Ethiopia. Ethiopia used to consume imported DAP, absolutely standard fertiliser. We did field trials and saw that the new fertiliser, the one that came out of this analysis, had much higher productivity than the imported DAP. This is an actual field test.

This fertiliser is 40% cheaper, and with the right policies – this has not happened in other countries – the consumption of fertiliser in Ethiopia shifted from the less-adapted one to the right one. We are doing this in many countries, and our latest experiment was in Ghana. This is the key – you need both a trade view and complementary policies to improve value chains and appropriate selective policies on industrialisation in Africa.