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Will Growing Sub-Saharan African Rice Production Reduce Imports?

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Plan of the presentation

1. The Recurring Sub-Saharan (SSA) rice challenge
2. Determining factors for promoting rice production development

1. The Recurring Sub-Saharan rice challenge

A renewed agenda for rice in SSA

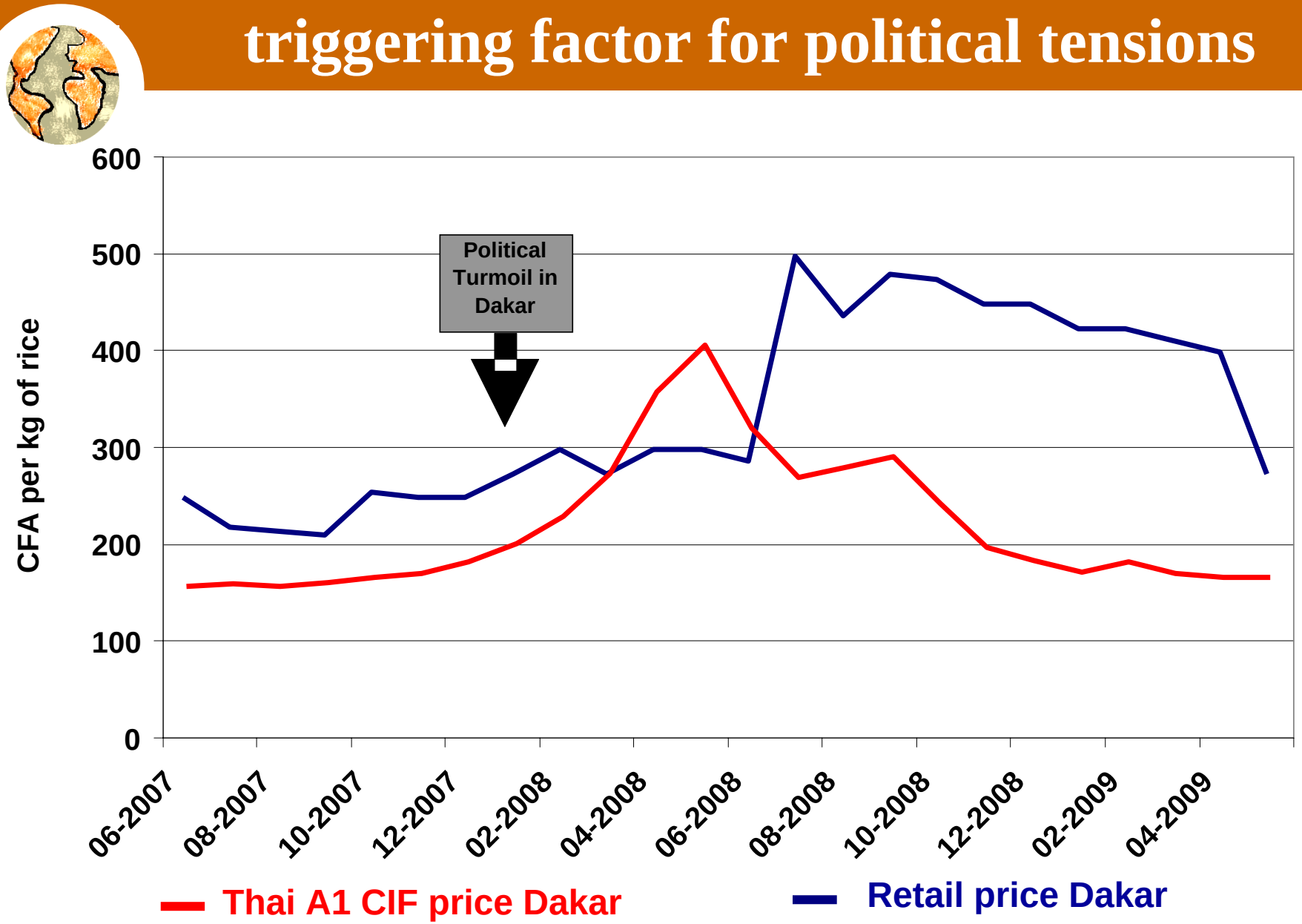
- Rice price surge put several SSA governments in a difficult political position:
  - Not able to ensure a steady supply of rice at affordable price.
  - Limited capacity to address the issue at short term:
    - Tariff and tax revision
    - Budgetary constraints

→ Renewed interest for expanding rice production since rice world market evolutions are unpredictable

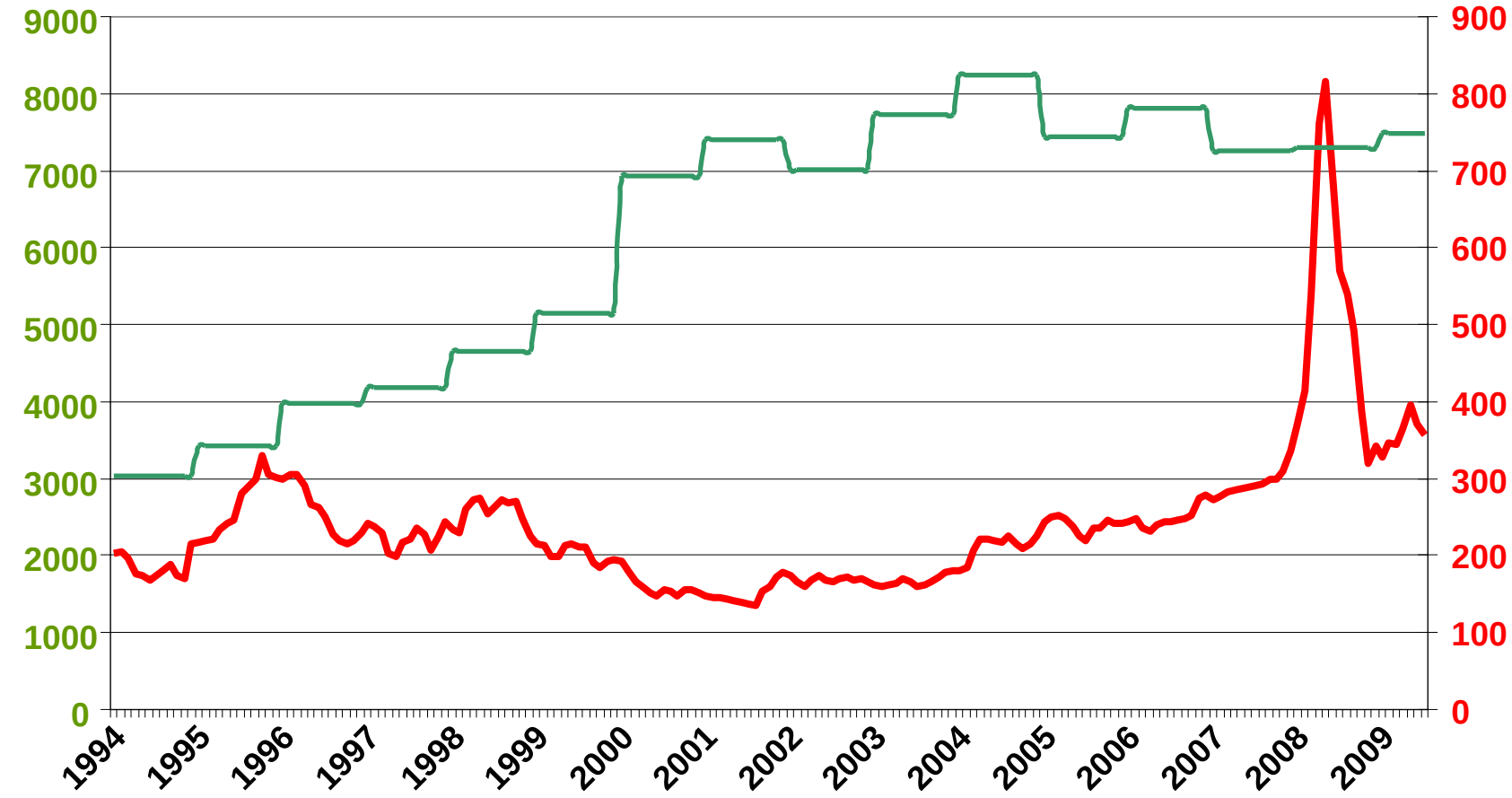
Beyond the short term perspective…

- Social unrests were not necessarily triggered by rice price increase on the world market.
  - Delay in transmission of price
- Several countries had already considered revising their rice trade policy before the price surge:
  - Common Exterior Tariff negotiation within Economic Community of West African Sate

Rice price was not necessarily the triggering factor for political tensions



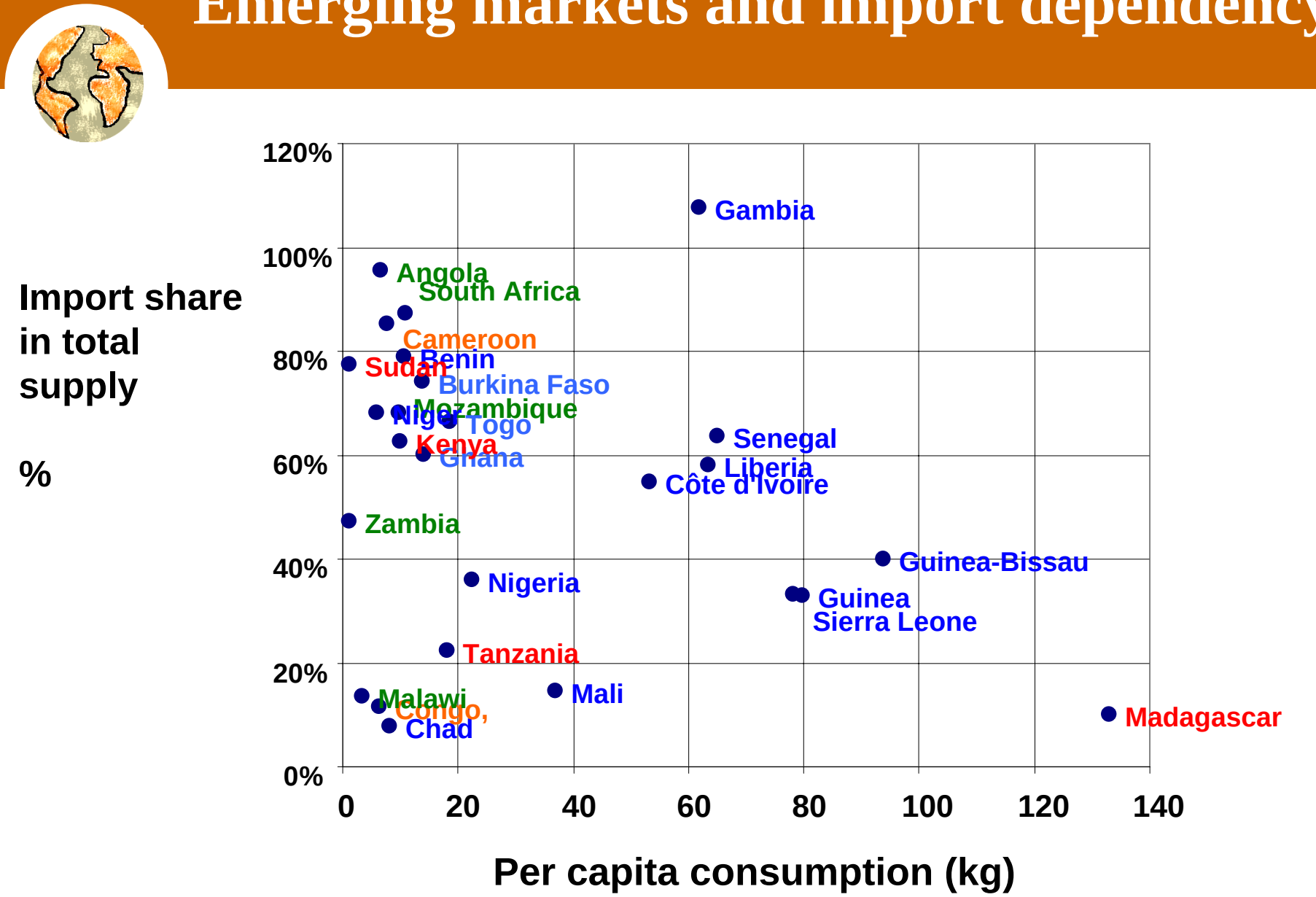
The end of the cheap rice era?



Supply and demand trends (1990-2007)

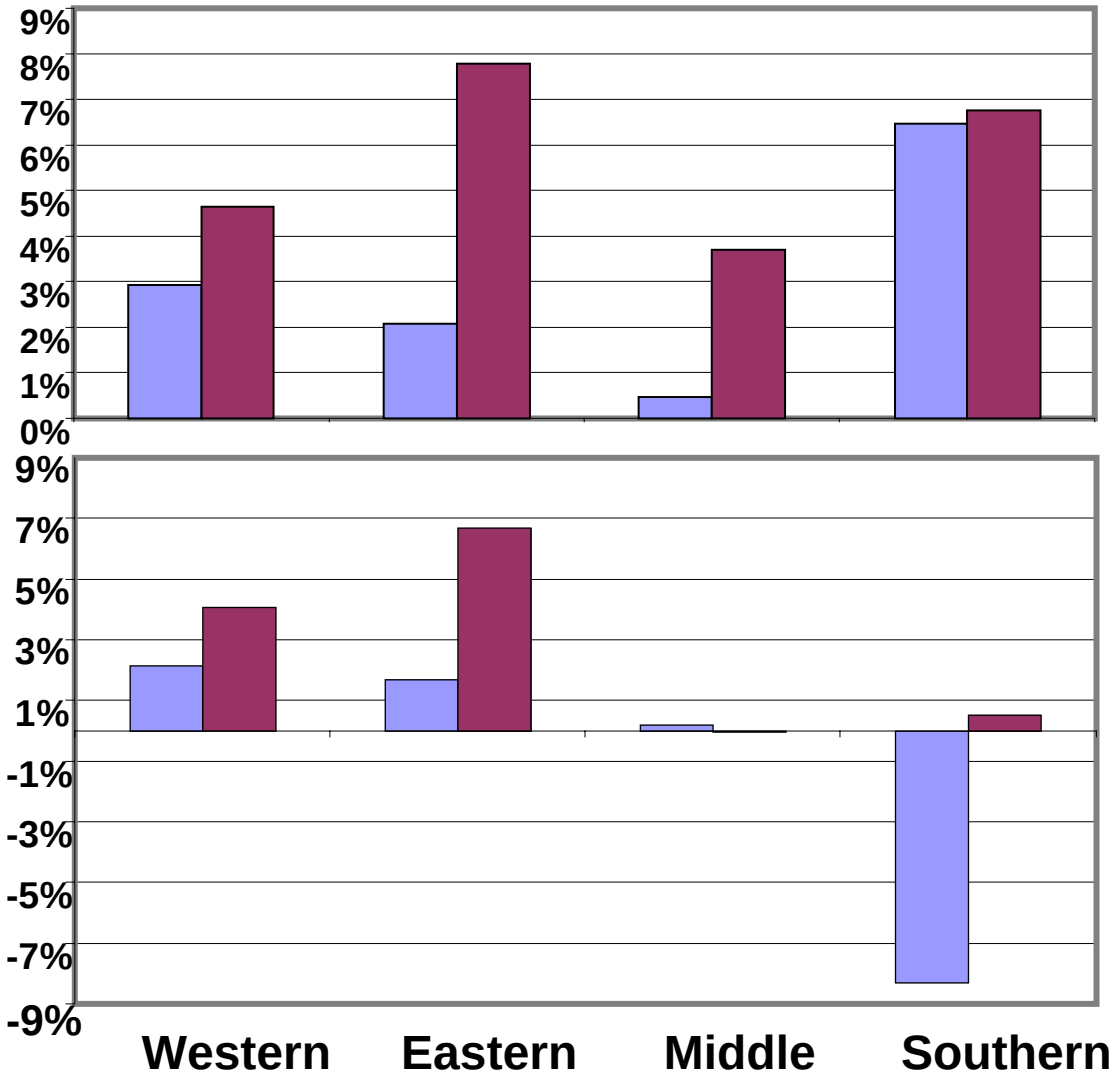
- Total SSA **production** increased at 4.8% per year:
  - Mostly because of area expansion: 3.8%
  - Limited contribution of yield increase: 1%
- Total SSA **consumption** increased at 5.4% per year due to:
  - Population growth: 2.5%
  - And per capita consumption growth: 2.9%

Emerging markets and import dependency



An accelerated rice growth in East Africa, but…

Growth rate

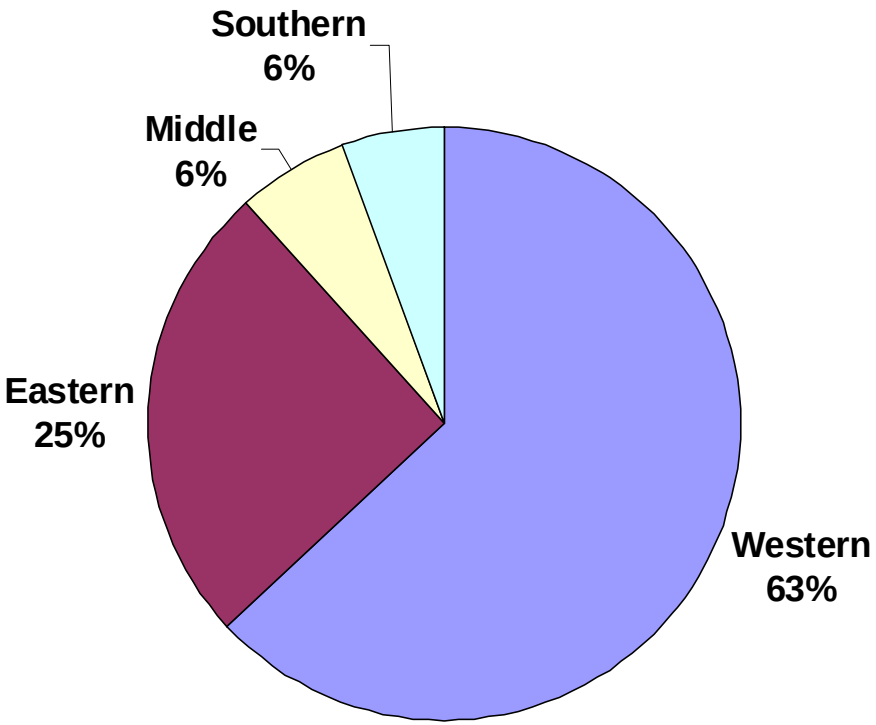


Total Consumption

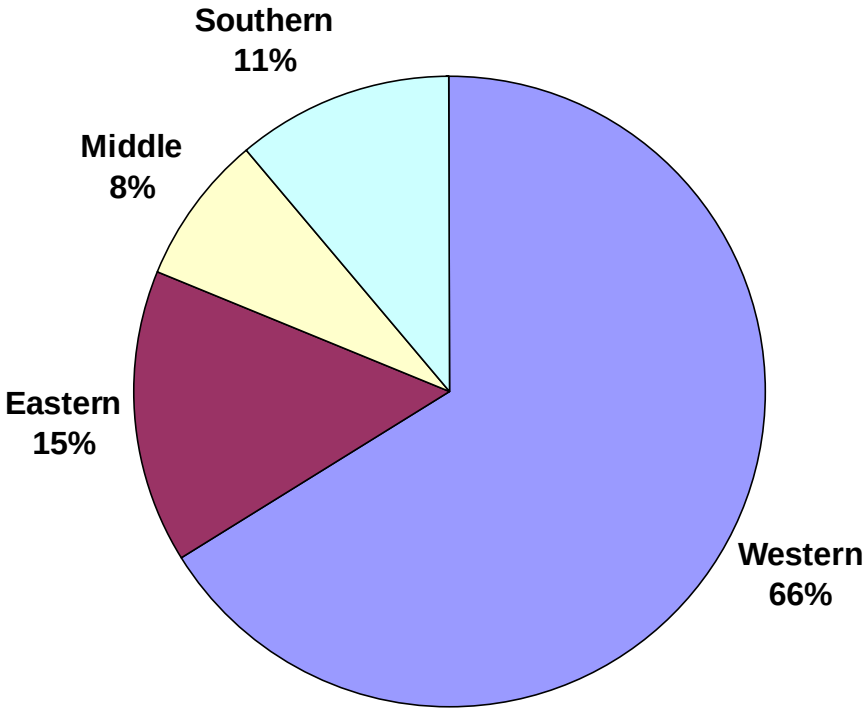
Production

….West Africa is still dominant

Total production: 14 200 000 tons



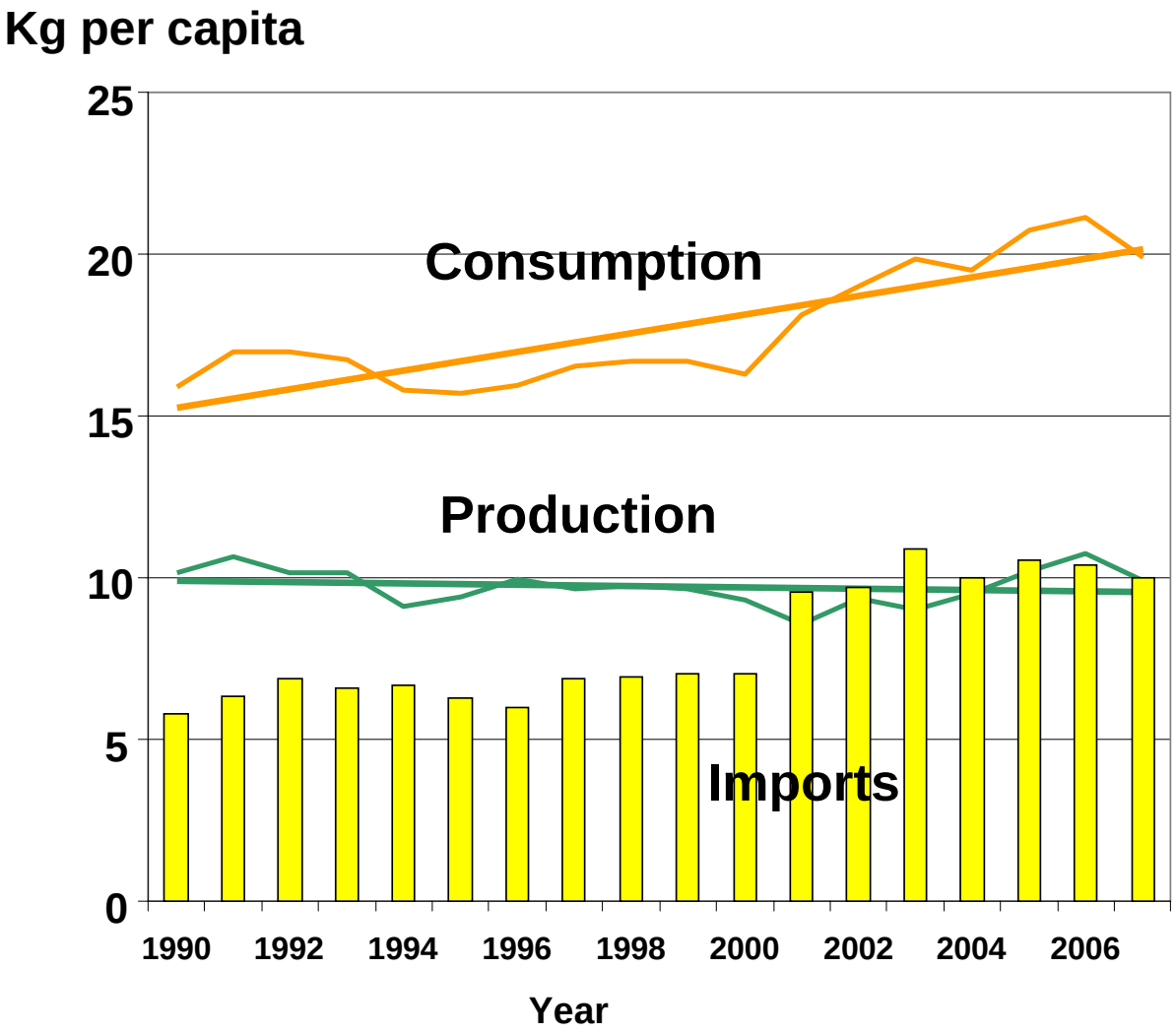
Total imports: 7 200 000 tons



Average values 2000 -2009

FAOSTAT

A widening gap between supply and demand



➔Projecting the current trend SSA would have to import 16MT of rice by 2019!

Is per capita rice consumption growth reversible?

- Example of CFA devaluation:
  - Reduction of other staple and side dishes.
- Substitution with other staples is limited due:
  - to the higher convenience of rice compared to other staples,
  - unstable supply in urban markets of locally produced staples.

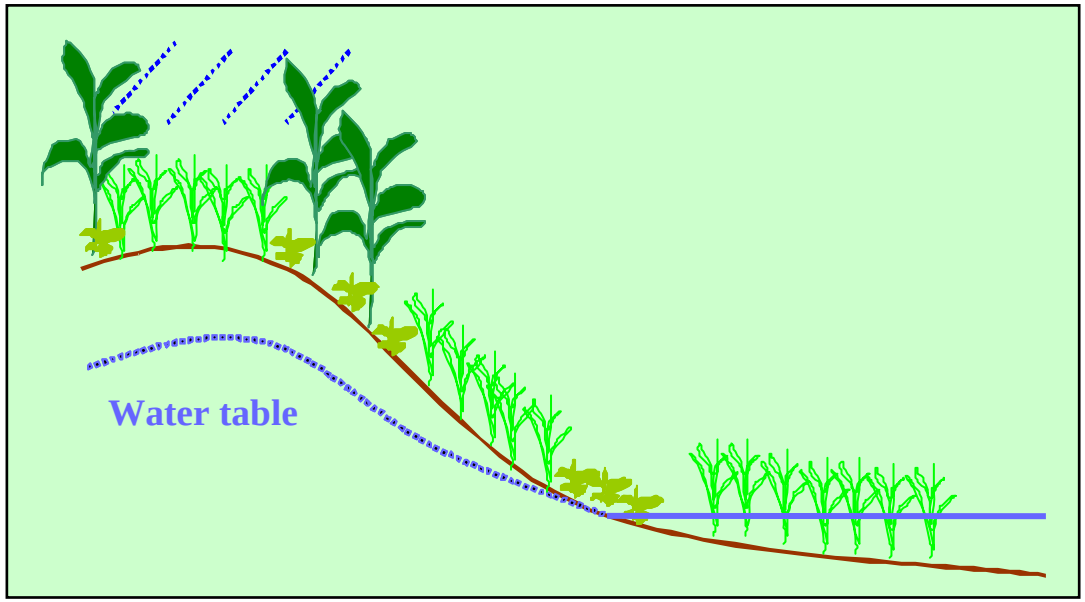
➔ Focus should be put on rice domestic supply and diet diversification.

1. The Recurring Sub-Saharan rice challenge
2. Determining factors for promoting rice production development.

Determining factors for a Sub-Saharan Rice Strategy

1. Technology development
2. Cost-effectiveness of proposed technical solutions: the macro-economic setting.
3. Institutional changes and enabling environment for building a competitive market for local rice.

Managing a wide range of rice cropping systems



-Dry Land -Hydromorphic - Low Land - Swamp
-Rainfed -Flooded

-Simple low land -Improved low-land - Irrigated

source: WARDA – 1999

Non-irrigated systems are dominant

West Africa

Agro- ecological zones	Swamp	Flooded	Irrigated	Inland valley	Rainfed	Total
Areas						
Savana and Sahel	0.1%	4.5%	7.5%	1.8%	0.2%	14.1%
Humid	3.1%	3.7%	3.1%	28.3%	47.8%	85.9%
Total	3.2%	8.1%	10.6%	30.1%	48.0%	100.0%
Production						
Savana and Sahel	0.2%	2.7%	20.4%	2.2%	0.1%	25.5%
Humid	3.7%	2.2%	5.6%	34.1%	28.9%	74.5%
Total	3.9%	4.9%	25.9%	36.3%	29.0%	100.0%

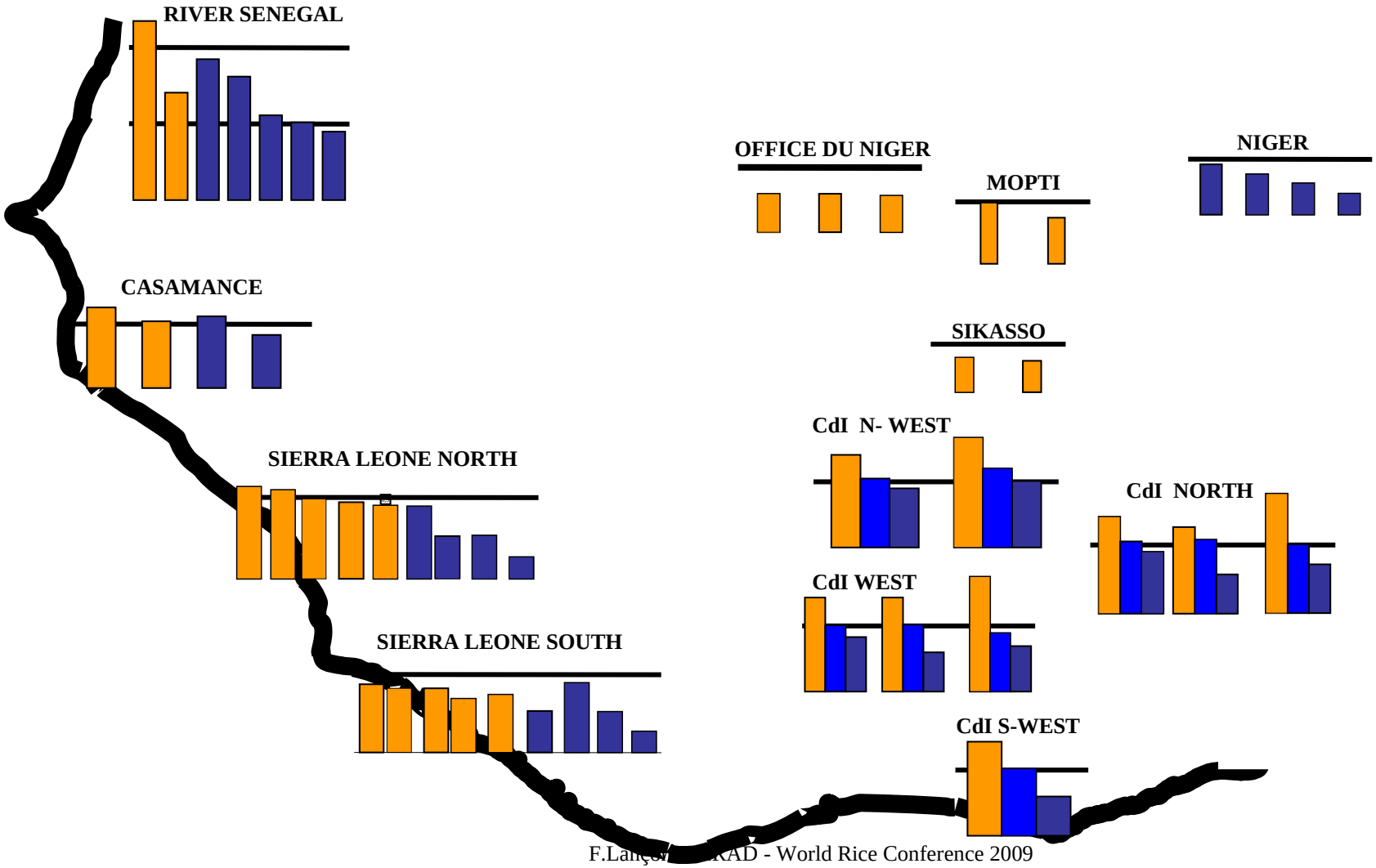
Source, WARDA, 1998

Technology development

- It is a challenging task (long term)
- Promising opportunities provided by the dissemination of the NERICA (New Rice for Africa)
- Other technologies have been developed for improving , pest and crop management.

➔ Yet, other determining factors may hindered the SSA countries capacities to benefit from the NERICA

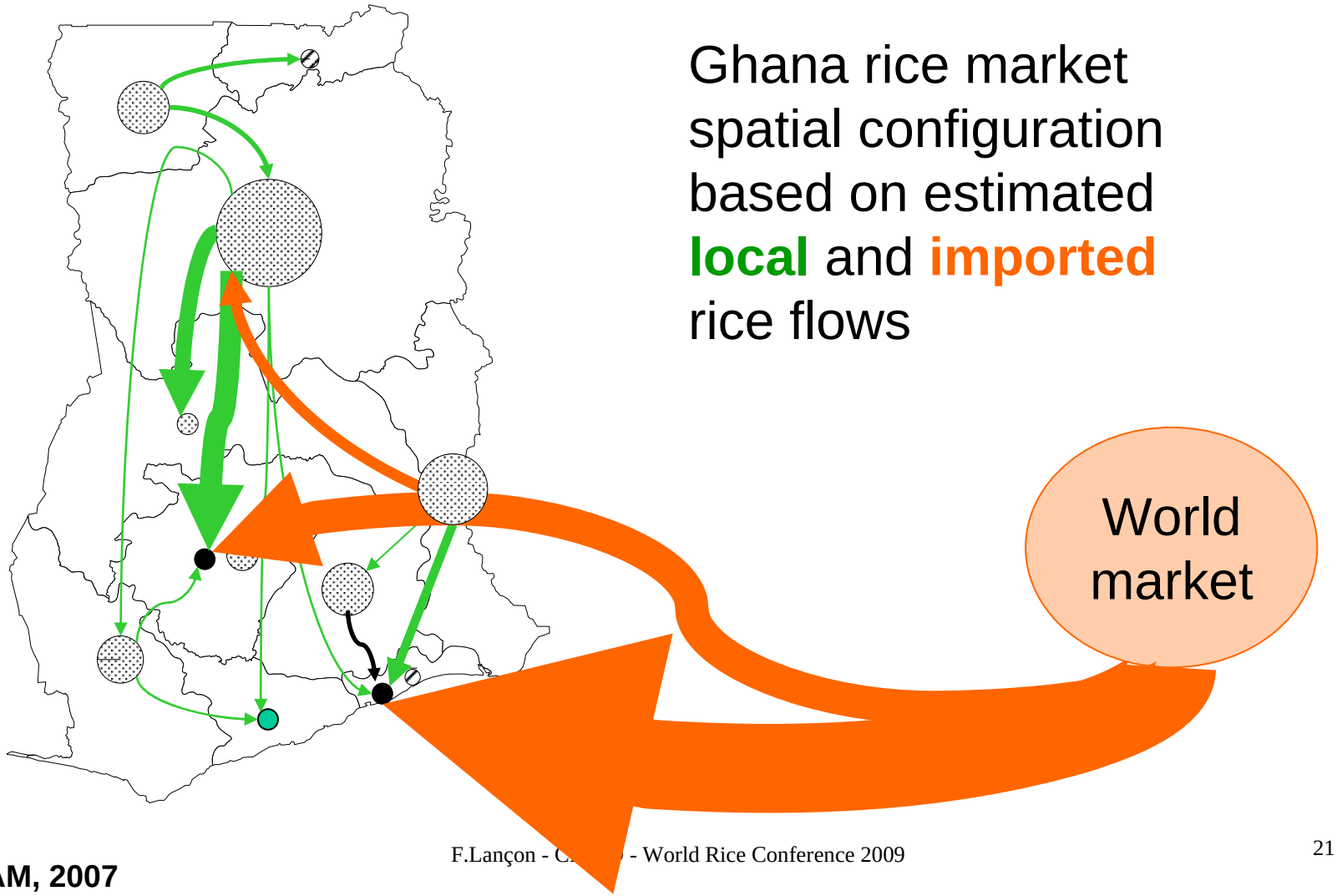
Rice variable comparative advantages across West Africa



Cost effective technical solution

- Largely determined by:
  - Yield achieved
  - Prevailing price on the world market
- Better prospects for cost-effective technologies
  - Several ecologies are achieving better economic performance.
  - Comparative advantage threshold is about USD 300 to USD 350 per ton of rice, FOB Bangkok.

A segmented market: high transportation and transaction costs

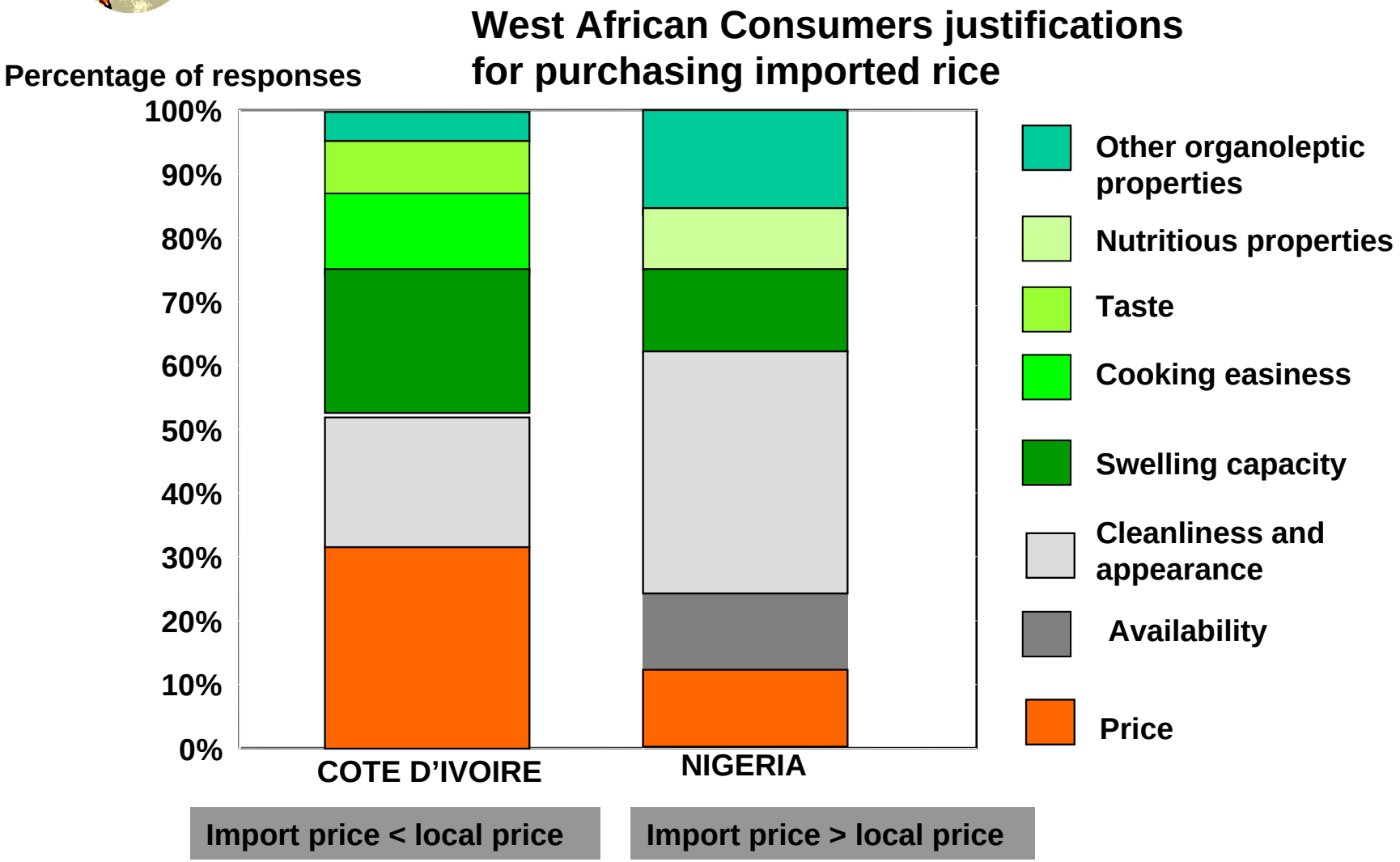


Ghana rice market spatial configuration based on estimated **local** and **imported** rice flows

World market

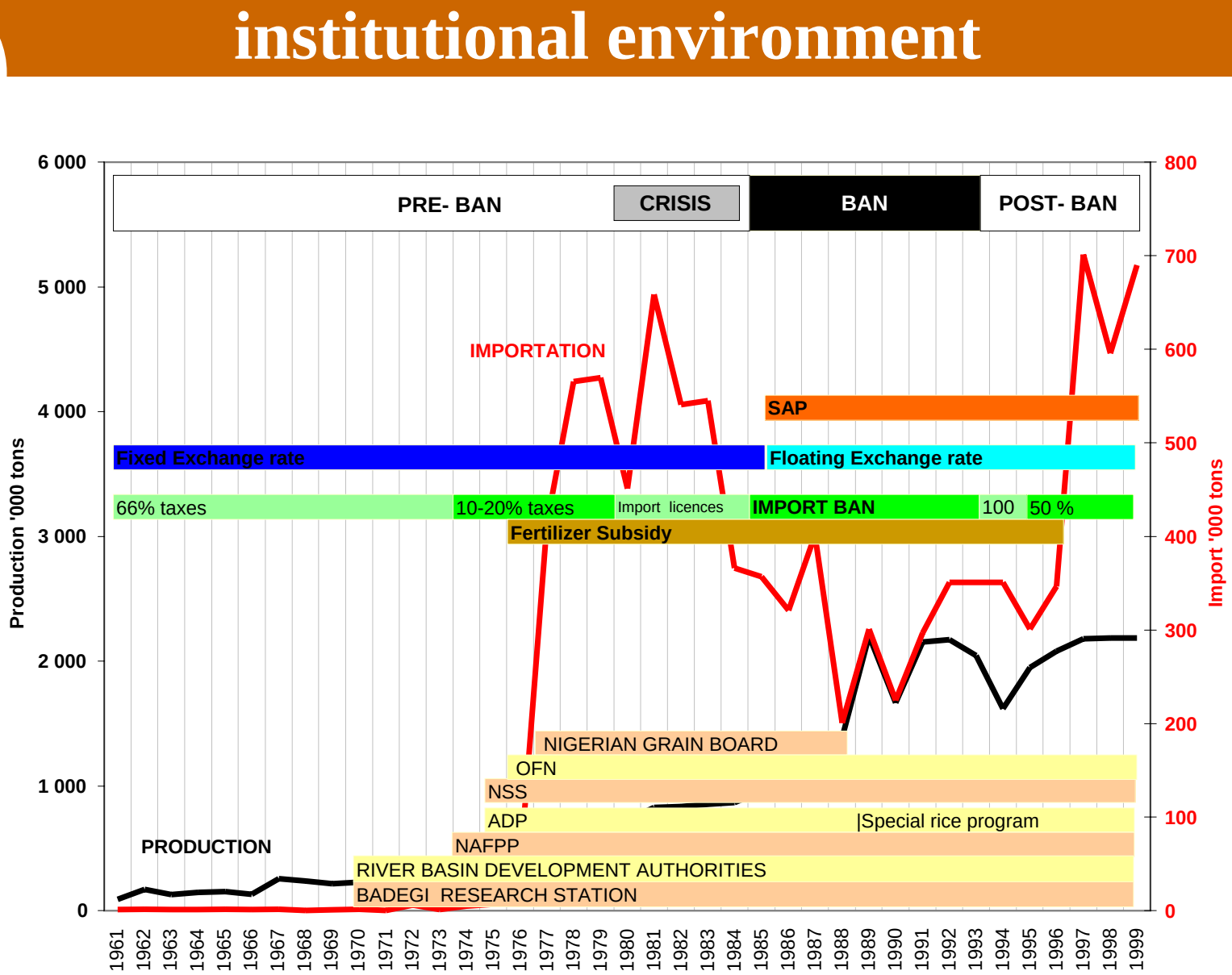
Sources: IRAM, 2007

Increasing consumers' awareness for quality



Sources: WARDA- Africa Rice Centre, 2001 and 2003

Unstable political and institutional environment



Concluding remarks

- Rice development in SSA remains a major challenge:
- Although: (+ + +)
  - Proven and promising technologies have been developed.
  - The macro-economic setting is more favorable than in the past decades
  - Policy makers and donors are more sensitive to the issue
- Yet: (- - - -)
  - Weak market linkages and institutions do not provide a competitive hedge to local rice production.
  - Quick technical integrated solution such as large scale agro-industrial rice scheme might not feasible or sustainable
  - It requires a long term commitment from decision makers.

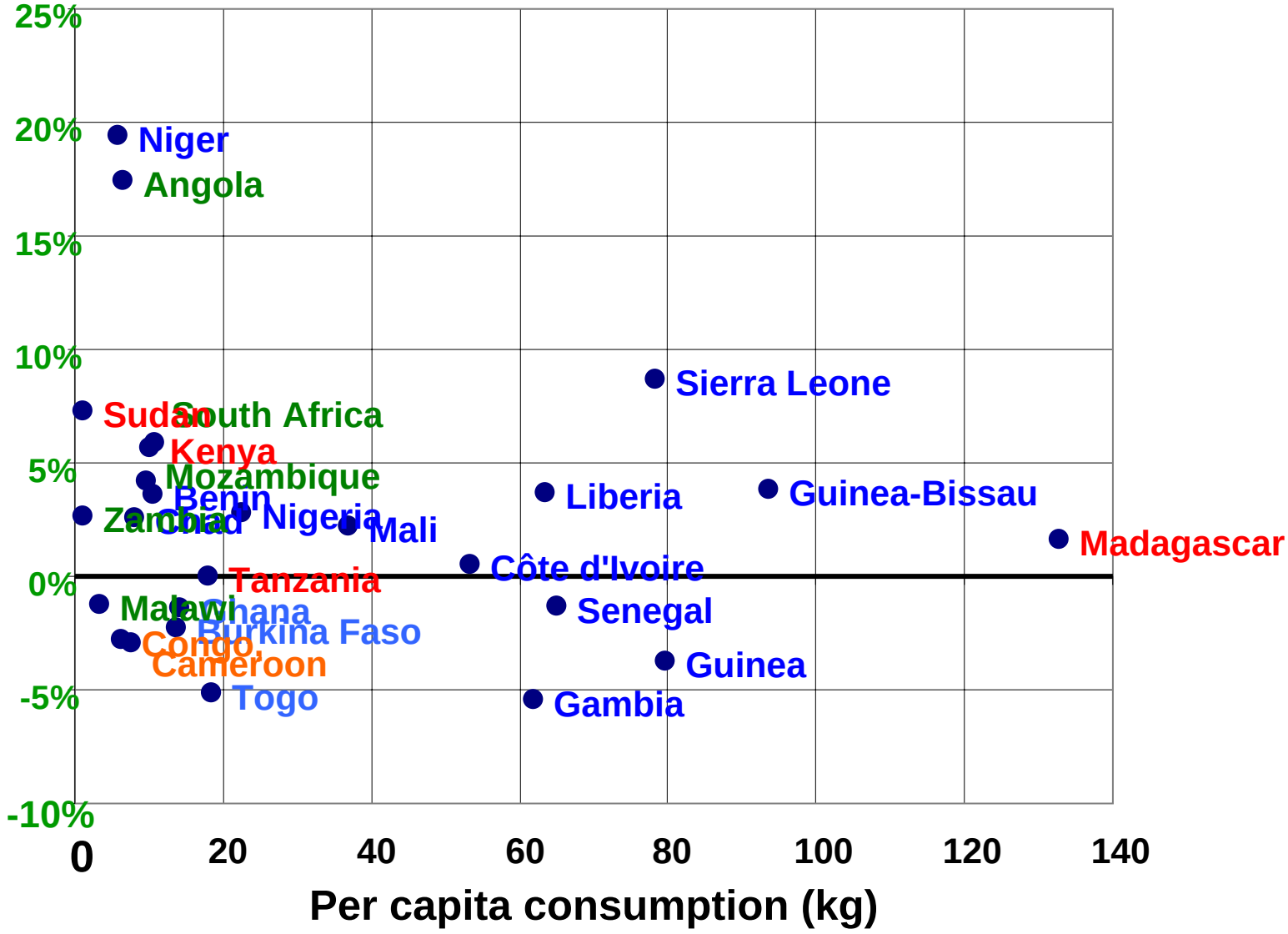
➔ If consumption expand at the same pace, stabilizing rice import volume would be an significant achievement.

Thank you

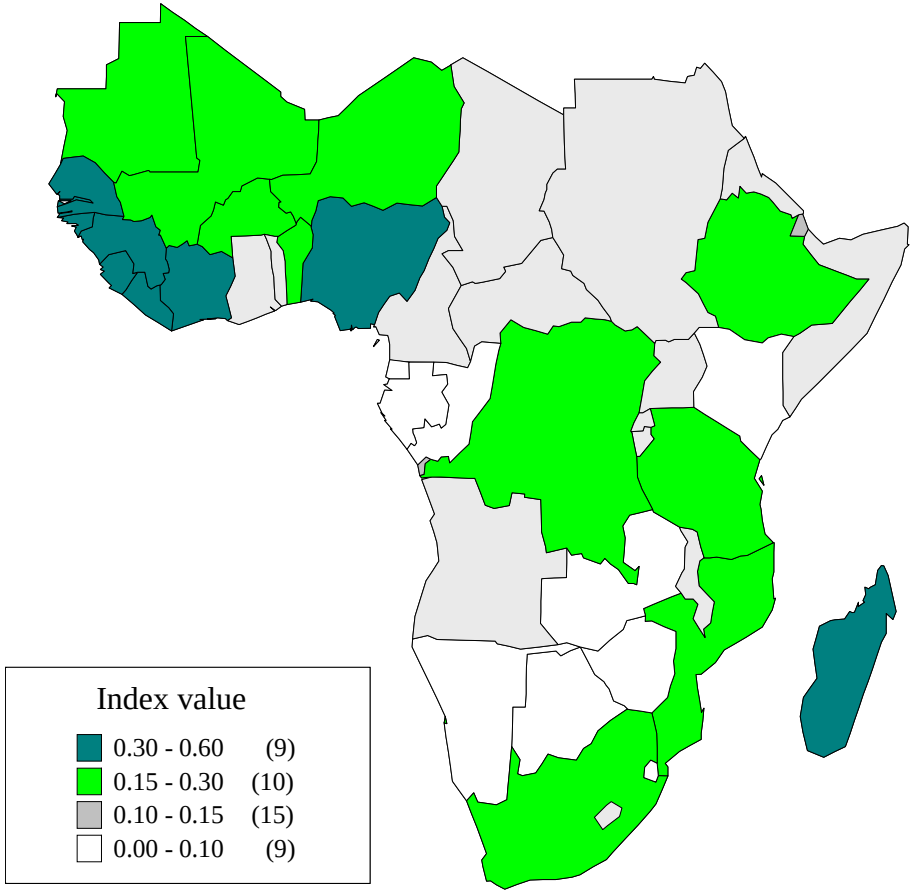
Mature and emerging markets

Per capita cons. growth rate

% per year

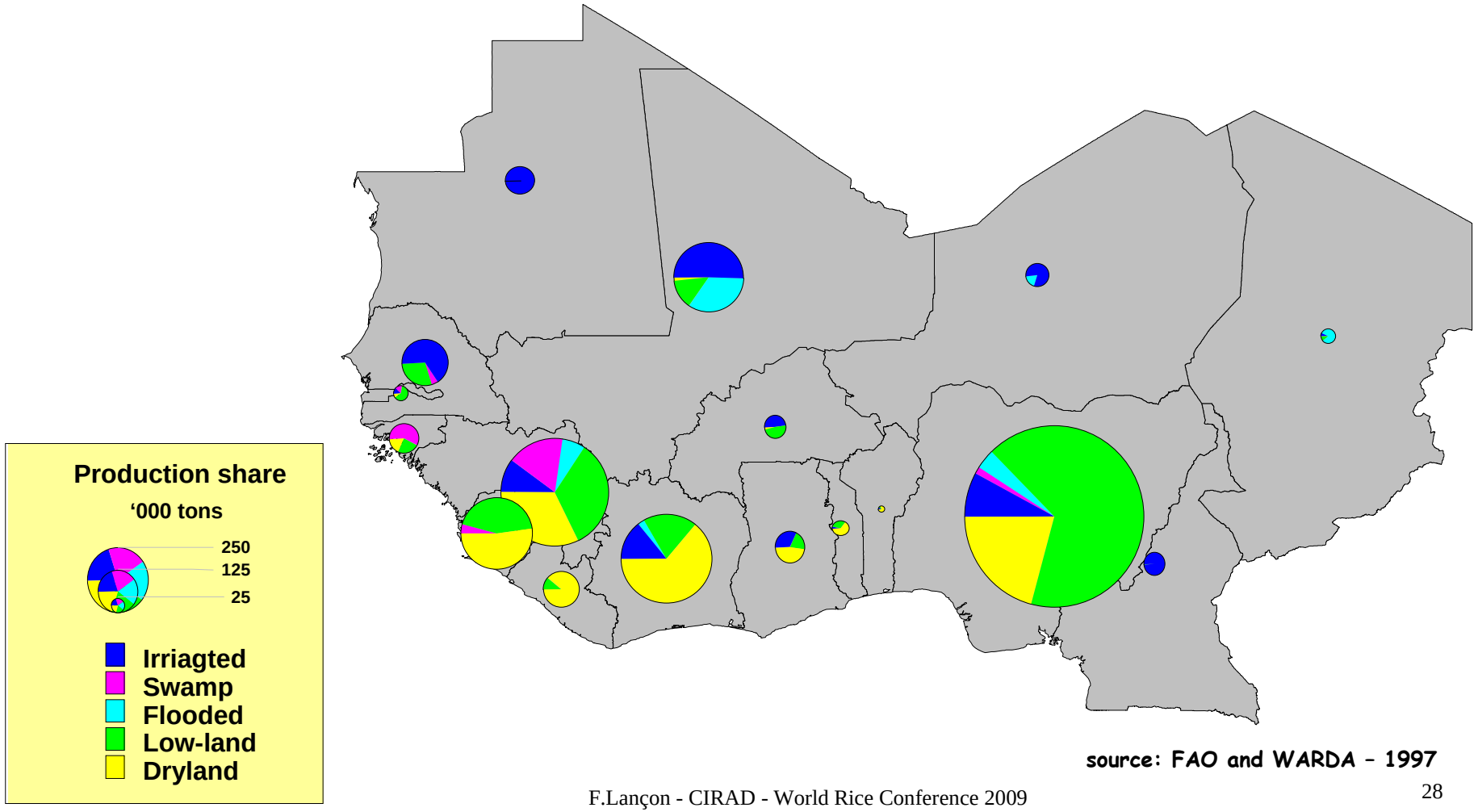


A contrasted situation across the sub-continent



source: WARDA – 2001

Diversity at a regional scale



source: FAO and WARDA – 1997