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West African rice development: Beyond protectionism versus liberalization?

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ABSTRACT

The 2008 rice-price surge provided ammunition to the opponents of rice trade liberalization in West Africa. However, a comparative analysis of the rice development history and policy changes since the 1980s across selected West African countries shows that neither protectionism nor liberalization had a sustainable impact on West Africa's rice import dependency. Both policy options wrongly assume that rice markets are efficient and able to forward price incentives to producers, while they are actually deeply segmented between local and imported rice. Without putting a higher priority on the development of an efficient local rice marketing system, rice development will likely have a limited impact on import dependency level, whatever trade policy options are chosen (protectionism or liberalization).

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1. Introduction

The rice-price surge of 2008, during which there was a threefold increase of the world price within a few weeks, put back on the policy agenda the issue of rice import tariff for supporting the revitalization of the local rice sector to ensure rice security in food-deficit countries. In West Africa in particular, governments put in place new or strengthened development programs for local rice production (Demont, 2013). While these policies launched just before or after the price surge led to 4.6% annual growth in rice production between 2000 and 2012 at the regional level (USDA FAS, 2013), rice production trends have been diverse across countries (Table 1). And, although import quantities leveled off between 2009 and 2010, they resumed their rapid growth in the following years – imports in 2011 were 20% greater than those in 2008 and those in 2012 were 60% greater. Furthermore, imports still cover about 50% of the rice consumption in West Africa, which represents about 20% of the total volume of rice traded internationally (USDA FAS, 2013).

This upward trend in imports results from an unfavorable international rice market context that is not conducive for the revitalization of the West African local-rice value chain; West African countries are again able to procure rice on the international market at a relatively low price, even if international rice prices remain above their pre-2007 level (Fig. 1). Indeed, the international rice price has been rather stable since 2011 and a new price surge is highly unlikely.

The 2008 surge nevertheless triggered a return of public interventions in the rice market, putting into question the trends toward liberalization of the rice sector initiated since the mid-1990s. It should be noted that market liberalization and macroeconomic adjustments in the 1990s also aimed at strengthening the local supply of tradable goods, including rice, and reducing the food deficit (Amoako and Guesten, 1982; Diagana et al., 1999). However, the 2008 price surge demonstrated that these liberalization policies did not fully succeed in strengthening the local rice economy's competitiveness and reduce West Africa's dependency on rice from the international market. Rice policy formulation in West Africa is at a crossroads and there is a need to review the pros and cons of these two policy options.

2. History of West African rice development

2.1. Drivers of the increase in demand

Accounting for two-thirds of the sub-Saharan African rice demand and therefore the continent's dominant rice market, West Africa has, since the late 1990s, experienced one of the highest rice-demand growth rates in the world. This expansion is a combination of demographic growth (2.7% per year over this period) and of the rapid changes in the West African diet. Per-capita annual rice

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Table 1
Main indicators of the rice sector in West Africa (USDA FAS, 2013).

Country/ region	Production (milled equivalent)		Area		Yield		Imports		Consumption	
	Average 2000–12,000 t	Yearly growth 2000–12%	Average 2000–12,000 ha	Yearly growth 2000–12%	Average 2000–10 t ha^{-1}	Yearly growth 2000–12%	Average 2000–12,000 t	Yearly growth 2000–12%	Average 2000–12,000 t	Yearly growth 2000–12%
Sub-Saharan Africa	9111	4.7	8021	2.3	1.79	2.0	8349	7.6	16,588	5.6
West Africa	5421	4.6	5038	1.6	1.72	2.6	5232	9.1	10,444	6.3
Benin	54	13.1	37	8.8	2.31	0.6	145	7.4	197	8.7
Burkina Faso	91	7.4	69	8.8	2.06	−1.1	177	10.3	265	9.3
Côte d'Ivoire	444	2.0	410	−4.0	1.88	1.6	804	8.5	1233	3.6
The Gambia	26	6.8	33	13.0	1.43	−5.2	94	21.5	113	13.8
Ghana	184	5.2	133	3.3	2.24	2.6	397	10.4	569	7.9
Guinea	698	5.7	725	3.0	1.46	2.4	285	1.0	939	4.6
Guinea-Bissau	70	3.7	78	4.6	1.42	1.8	66	43.3	131	13.0
Liberia	121	3.9	153	2.4	1.24	1.3	148	15.3	276	9.9
Mali	768	7.2	435	3.0	2.60	3.7	105	25.3	841	9.3
Mauritania	55	1.6	21	0.6	4.21	0.5	50	12.8	105	5.7
Niger	51	2.7	24	0.7	3.24	1.1	137	27.4	185	15.9
Nigeria	2209	3.2	2266	0.2	1.58	2.3	1759	10.7	3903	5.4
Senegal	205	5.8	103	1.2	2.87	4.0	840	5.2	1031	4.4
Sierra Leone	391	16.4	525	11.4	1.17	3.5	122	6.4	499	12.3
Togo	55	2.7	37	2.9	2.29	1.3	102	8.3	156	5.8

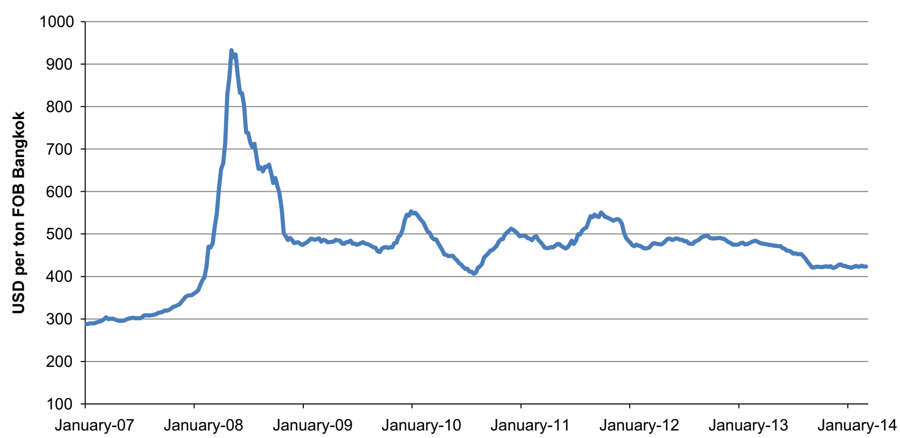

Fig. 1. Average rice price (US$/t f.o.b.), 2007–2014 (Price calculated from the average of the main exporting countries f.o.b. prices weighted by their share of the total rice internationally traded) (OSIRIZ/InfoArroz, 2014).

consumption increased from 10 kg in 1961 to 34 kg in 2009, while the global average per-capita rice consumption has stabilized at about 55 kg since 2009, an increase from 40 kg in 1961 (Fig. 2).

This rapid growth of rice consumption in West Africa is due to several factors. It was triggered by the 1970s food crisis, when constrained supply of local cereals (millet, sorghum, and maize) favored the dissemination of rice through food aid. Thus, the initial changes were broadly supported by food policy for political and social stability in urban areas through the supply of imported rice that was offered at a cheap price on the world market with the emergence and persistence of large exportable surpluses in Asia from Thailand, Vietnam, and India, allowing rice dependency under 'affordable' conditions.

The increasing share of rice in the West African diet is also due to the rapid increase in the urban population that represents 35% of the total population against 15% in the 1960s (World Bank, 2013). Urban living places specific constraints on the eating habits of households (e.g., cooking easiness, storability) to which rice can respond better than the local cereals and other staples (Kennedy and Reardon, 1994). The rapid growth of rice in the West African diet is also related to consumers' preferences and food habits, as rice has been traditionally consumed in many areas of the region since it started to be cultivated thousands of years ago (Portères, 1976). Being both a traditional component of the West African food system and a driver of its transformation, rice has a much greater role in the formulation of food policy in West Africa than in other African regions.

2.2. A recurrent rice trade deficit

West African rice production is steadily increasing but it is not yet able to match the exponential growth in demand. Rice

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