FEATURE

RICE IS KING IN WEST AND CENTRAL AFRICA

Editors Note: This is the second article of a two-part survey of the rice industry in sub-Saharan Africa. The first part appeared in World Grain's *December 2015 edition.*

by David McKee

Besides Asia, no place in the world consumes more rice than this heavily populated area

Outside of Asia, rice is as big a part of diets in west and central Africa as in any region of the world. Though cultivated for over 2,000 years in the Niger River flood plains, local rice production decades ago ceased to keep pace with the rapidly increasing consumption of burgeoning urban populations. Consequently, the 20 or so mostly coastal countries extending from arid and sparsely populated Mauritania to lushly forested Congo and anchored by regional giant Nigeria now account for more than a quarter of global rice trade.

Roughly 12 million tonnes gets imported, complementing local output approaching the same amount.

Collectively, and in most cases individually, the countries of the vast region have sufficient arable land and water resources to be self-sufficient and even generate large surpluses for export. Consequently, the majority of governments have adopted policies to speed the transition from subsistence rice farming to commercial production. However creation of a value chain that can competitively supply domestic rice to city dwellers accustomed to high quality, low cost, attractively packaged imported products is fraught with challenges.

A flatbed truck hauls 30 tonnes of parboiled rice in 50 kg bags out of the Port of Conakry in Guinea after being loaded directly from a break bulk vessel carrying 20,000 tonnes. Photos by David McKee.

One of the biggest is how to attract long-term investment in farming, inland storage and processing from food companies who are accustomed to less risky, short-term trading.

In a number of the larger countries, some success is already notable with domestic production expanding while imports level off or even decline.

The picture is highly variegated from country to country and even within them.

NIGERIA AND BENIN

Nigeria's 180 million people are estimated to consume nearly 6 million tonnes of rice per year. Just over half, or

Large stocks of rice held in port warehouses by private importers are a key aspect of food security in Liberia and other countries of West Africa.

about 3.1 million tonnes, is imported despite a tariff of 70%.

In practice, very little of the foreign rice is subject to such a high duty. According to International Grains Council data, over half of imports in 2015 entered from neighboring Benin where the duty on rice is only 12%. Most of Benin's rice imports, up to 30,000 truckloads per year, are routed via transit shipments through Niger to the northwest of Nigeria.

Since Nigeria consumes parboiled rice exclusively, but Benin prefers white rice, it is easy to deduce that the 85% share of Benin imports that are parboiled are bound for Nigeria through the orchestrations of clever traders.

Nigeria's overseas rice purchases are highly concentrated among just a few major trading houses. According to one top importer, about 60% comes in bulk vessels from the three largest rice reprocessors in Thailand with bagging at the Nigerian ports. The remaining 40% is vessel loads of break bulk bagged rice originating in southeastern or northwestern India.

Starting a few years ago, the Nigerian government has allowed these companies to pay only 30% import duty if they invest in domestic milling capacity. As a result, the small group of companies that accounts for most imports also owns a major share of the modern milling capacity.

The challenge that they and other value chain investors now face is procuring or producing enough rice to keep these mills operating.

The Rice Processors Association of Nigeria has 22 member companies who lobby the government to maintain import duties and rein in illegal shipments from Benin.

Stallion Group, a pan-African trading house headquartered in Dubai, is Nigeria's largest rice – and automobile – importer. Amit Rai, Stallion's chief of domestic rice operations, reports the company has also made the largest investment in domestic rice milling with capacity of 430,000 tonnes per year in three locations. The company is buying from 300 rice cooperatives and another 8,000 to 9,000 farmers spread across 14 of Nigeria's 36 states. Rice is grown in around 23 of them. Rai says the company is targeting 1.5 million tonnes of domestic rice milling capacity. Stallion Group is present in rice – and automobiles – in a number of West Africa countries, particularly Ghana.

MALI

Thanks to a sustained effort dating back the 1980s to develop land along the Niger River for irrigated cultivation, Mali has the made the most progress of any country in West Africa toward self-sufficiency in rice.

Farmers now grow 1.4 million tonnes, mostly in the zone a few hundred kilometers west of Bamako, known as Office du Niger. Annual imports have declined to only 100,000 tonnes according to USDA estimates.

City dwellers now mainly consume

local rice varieties that are preferred for their freshness and aroma.

Industry and government officials frequently state that the network of canals could be extended to increase irrigated rice area by several times to 1 million hectares. Double cropping and yield increases thanks to new varieties and better fertilizer application could turn the country into a large surplus producer by the end of the decade with exports flowing from the landlocked country to its neighbors on three sides.

SENEGAL

Low-cost bulk shiploads of 100% and 50% broken rice from Brazil and Uruguay make up about three quarters of Senegal's annual imports of 1.4 million tonnes. About 100,000 tonnes is re-exported. Large-scale irrigation schemes in the Senegal River valley shared with Mauritania on the northern bank have allowed national production to gain ground.

Average farm size is small at just one to two hectares but mechanized service providers help raise productivity through tractor tilling and combine harvesting for a fee.

Policy makers in Senegal have struggled to overcome the dichotomy of low cost, good quality foreign rice exclusively for urban consumers and poor quality, higher cost, domestic rice consigned to rural households.

Private sector investment in a number of modern mills in the northern rice production zone means that well-cleaned, sorted and graded domestic rice is now available, but production costs remain much higher than in major export origins.

In place of elevated import duties that only resulted in high volumes of smuggling via Gambia, the government is now requiring the 10 largest licensed rice importers to purchase the surplus domestic production based on their share of imports. If a company accounts for 10% of imports, it must buy 10% of the commercially available local rice at government-dictated prices for inclusion in their distribution channels.

There is a second rice production zone in the southwestern Casamence region of Senegal sandwiched between Gambia and Guinea Bissau. As in the neighboring countries, paddies are carved out of mangrove swamps and long-handled wooden hoes are used to laboriously turn the earth in a subsistence farm economy with little mechanization.

IVORY COAST

Cote d'Ivoire's success as one of the world's leading exporters of cashews and cocoa has retarded its development as a rice producer despite optimal growing conditions for the cereal. Subsistence farming of rice is widely practiced in all corners of the country but for cash crops, farmers prefer the more lucrative

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cultivation of export commodities.

A handful of major food companies import 1 million tonnes of mostly high quality rice from a wide range of origins for the sophisticated consumers of Abidjan. Long grain Thai and Vietnamese varieties are preferred with perfumed rice gaining share.

Since 2012, the Ivorian government has been engaging in a state planning exercise in order to bolster domestic production. The country has been divided into 10 zones that are being granted as concessions to private operators. These include the largest rice importers as well as some foreign investors. Each concessionaire will have a semi-exclusive right to install industrial rice mills in its zone and procure from local farmers. Currently there is only one large industrial mill operating.

The Ministry of Agriculture's ONDR is also reportedly managing a scheme to import 30 rice mills from India with financing from India's Ex-Im Bank. Private sector players complain that excessive intervention creates uncertainty in the sector that hinders them from going ahead with investment plans.

GHANA

In neighboring English-speaking Ghana, where the business environment is much more laisser-faire, one domestic business group, Avnash Industries Ghana Ltd., is now building one of the largest industrial rice mills on the continent. The Bühler-equipped mill located in the center of the country will have a capacity of 500 tonnes paddy per day. The company is also launching a palm oil refinery in the Port of Tema.

The challenge, according to rice mill general manager Sheeva Avnash, will be to secure enough local rice to keep the mill turning.

Timing for the venture may be good, given the 40% devaluation of the Ghanaian currency that accompanied the crash in petroleum prices. Some importers took big FX-related losses and incoming volumes have dropped by 30% year on year. Locally grown product should make inroads in urban markets.

Ghana is another country where parboiled rice is important. It is the only place in West Africa where U.S. rice is eaten, but the major importers report that low global prices could mean no shipment from the Gulf of Mexico in the coming year.

Singapore-based Olam is one of the leading importers.

GUINEA, SIERRA LEONE AND LIBERIA

The three countries struck by the Ebola pandemic in late 2014 faced some risk of food shortages when ships carrying rice refused to discharge in their ports. Unaffected countries like Senegal were not allowing vessels that had called at countries affected by Ebola to pull into Dakar. Disruption in local transport of food compounded the problem even further.

In Liberia, where annual rice imports total 300,000 tonnes and local production is just 200,000 tonnes, the largest importer fortunately had 55,000 tonnes on hand at port warehouses when supply stopped. Stocks dipped to 11,000 tonnes, less than two weeks of import supply for the country of 4.5 million, before rice vessels began calling again.

In all three of the water-abundant countries, rice is one of the main cereal crops grown by smallholders. Very little of their harvest reaches the major cities. It is either consumed by farm families or traded at the village level.

In Sierra Leone and Guinea, imports constitute less than 25% of total rice consumption. Guinea's milled rice production of 1.2 million tonnes would only need to be expanded by one-third to eliminate the roughly 400,000 tonnes of imports and fully meet the needs of the 12 million citizens. Rural Guineans eat rice that they parboil and dry in the sun. There are almost no automated mills with parboiling and drying using husk-fueled boilers and furnaces as in India. A small coterie of private rice importers with import licenses benefit from low duties granted by government officials who fear the slightest rise in the price of a staple food could lead to mass demonstrations as happened in a number of West African countries in 2008.

GAMBIA AND GUINEA BISSAU

To give a boost to local output, Gambia's autocratic government issued a decree in early 2015 stating that importation of rice would be banned starting in 2016. The country of less than 2 million imported 140,000 tonnes in 2014, while the domestic crop did not exceed 40,000 tonnes. Planting has been expanding at a steady but slow pace with much effort put into research and development of new varieties. The handful of companies controlling the trade say they will heed the ban but the result could be shortages, a big increase in smuggling, and a sharp spike in rice prices. The country's only industrial rice mill, built in 2011, was never commissioned due to a fallout between the private business group and government partner in the joint venture.

In nearby Guinea Bissau, cashews are by far the largest cash crop. The principle exporters of the raw nuts are also the leading rice importers thanks to a long tradition in the former Portuguese colony of bartering rice for cashews in bush villages.

These days, the trade is more cash based, but the same companies have mostly retained control of both commodities. Like Senegal, the two small countries get the largest share of their rice from South America in 100% or 50% broken form arriving in bulk vessels and bagged at dockside during discharge. LD Commodities dominates the supply from South America to these countries and others in West Africa. WG

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