

ECOWAS/FAO consultative meeting in response to volatile and soaring food prices in West Africa Dakar, Senegal – October 6 - 7, 2011

TRADE AND SUPPLY MANAGEMENT POLICIES TO STABILIZE DOMESTIC FOOD PRICES

By M. Yade

OUTLINE

- **INTRODUCTION**
- **CURRENT PUBLIC INSTRUMENTS**
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- **GOVERNMENT RESPONSES TO THE SOARING FOOD PRICES CRISIS IN 2007/2008 IN WA**
- **CONCLUSION**

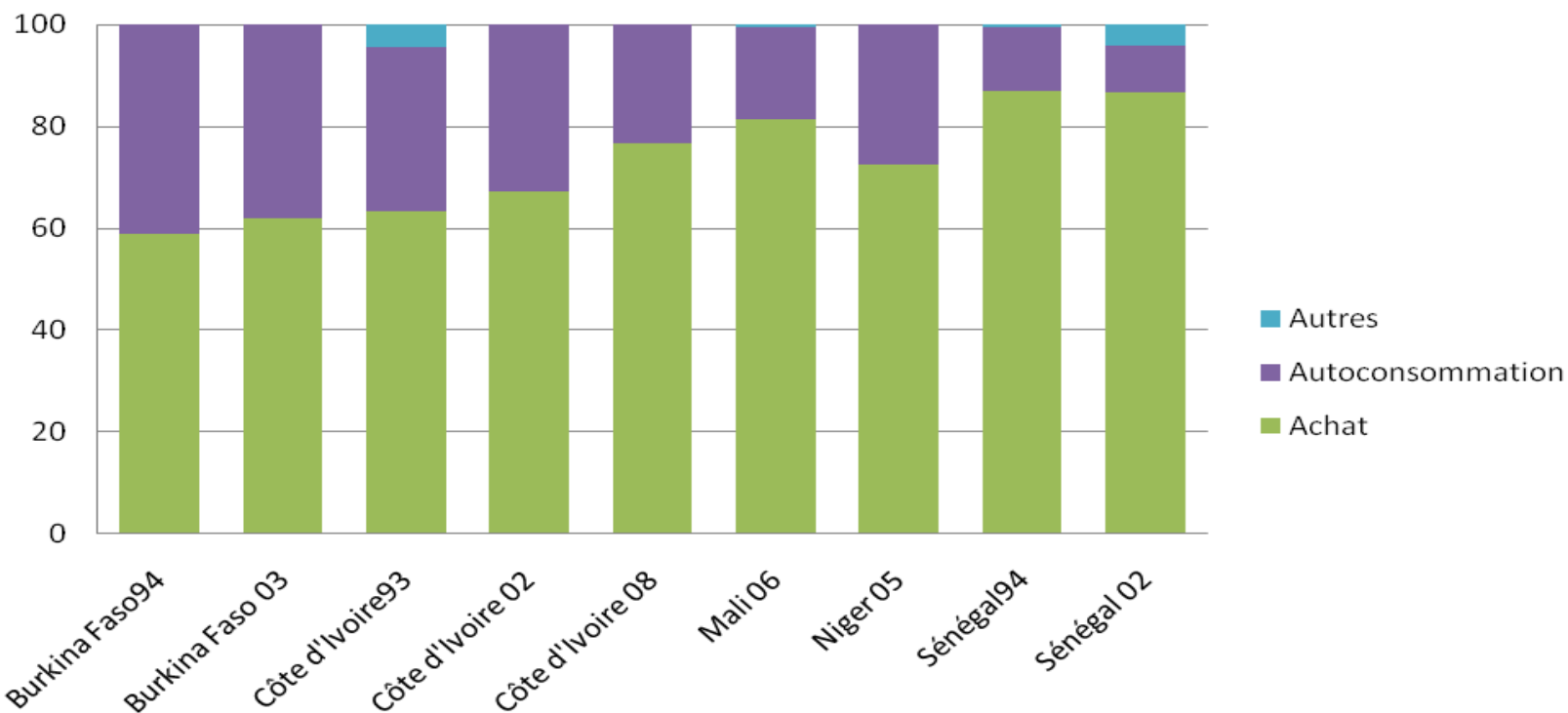
INTRODUCTION

HIGH FOOD BUDGET SHARES

- **NATIONAL FOOD BUDGET SHARES RANGED**
 - **IN THE 1990'S: BETWEEN 42.2% IN COTE D'IVOIRE AND 49.5% IN MALI AND BURKINA FASO**
 - **IN THE 2000'S; BETWEEN 41.0% IN COTE D'IVOIRE AND 53.6% IN BURKINA FASO**
- **NO MAJOR CHANGES: -6% IN MALI AND +4% IN SENEGAL**

IMPORTANCE OF TRADE FOR FOOD CONSUMPTION

Mode d'acquisition des produits alimentaires
Ensemble du pays



MAJOR FOOD PRODUCTS IN THE DIET

- **MORE THAN 10 % IN FOOD BUDGET IN AT LEAST ONE COUNTRY: MILLET/SORGHUM, RICE, FRUITS AND VEGETABLES, FISH AND SEA PRODUCTS, MEAT, AND MAIZE**
- **BETWEEN 5 AND 10%: OIL AND FAT PRODUCTS, WHEAT AND WHEAT PRODUCTS, YAM, AND SUGAR**

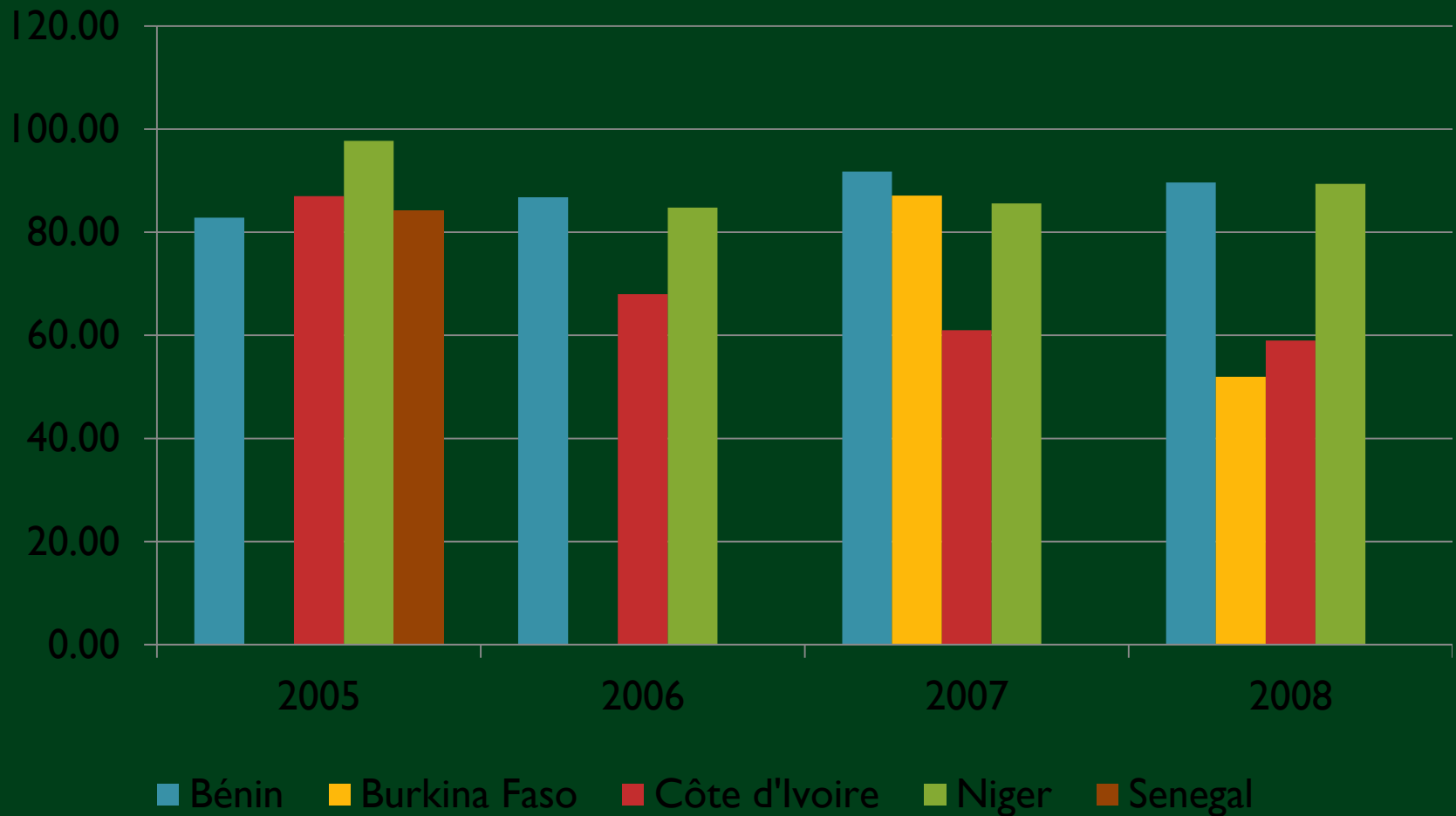
MAJOR TRENDS

- **SUBSTITUTION OF LOCAL PRODUCTS BY IMPORTED PRODUCTS TRENDS**
- **PREFERENCE FOR RICE, FRUITS AND VEGETABLES AND ANIMAL PRODUCTS IN URBAN AREAS**
- **PREFERENCES FOR MILLET/SORGHUM IN BURKINA FASO (24%) AND NIGER (42%); AND RICE FOR MALI (24%), SENEGAL (16%), AND COTE D'IVOIRE (15%)**

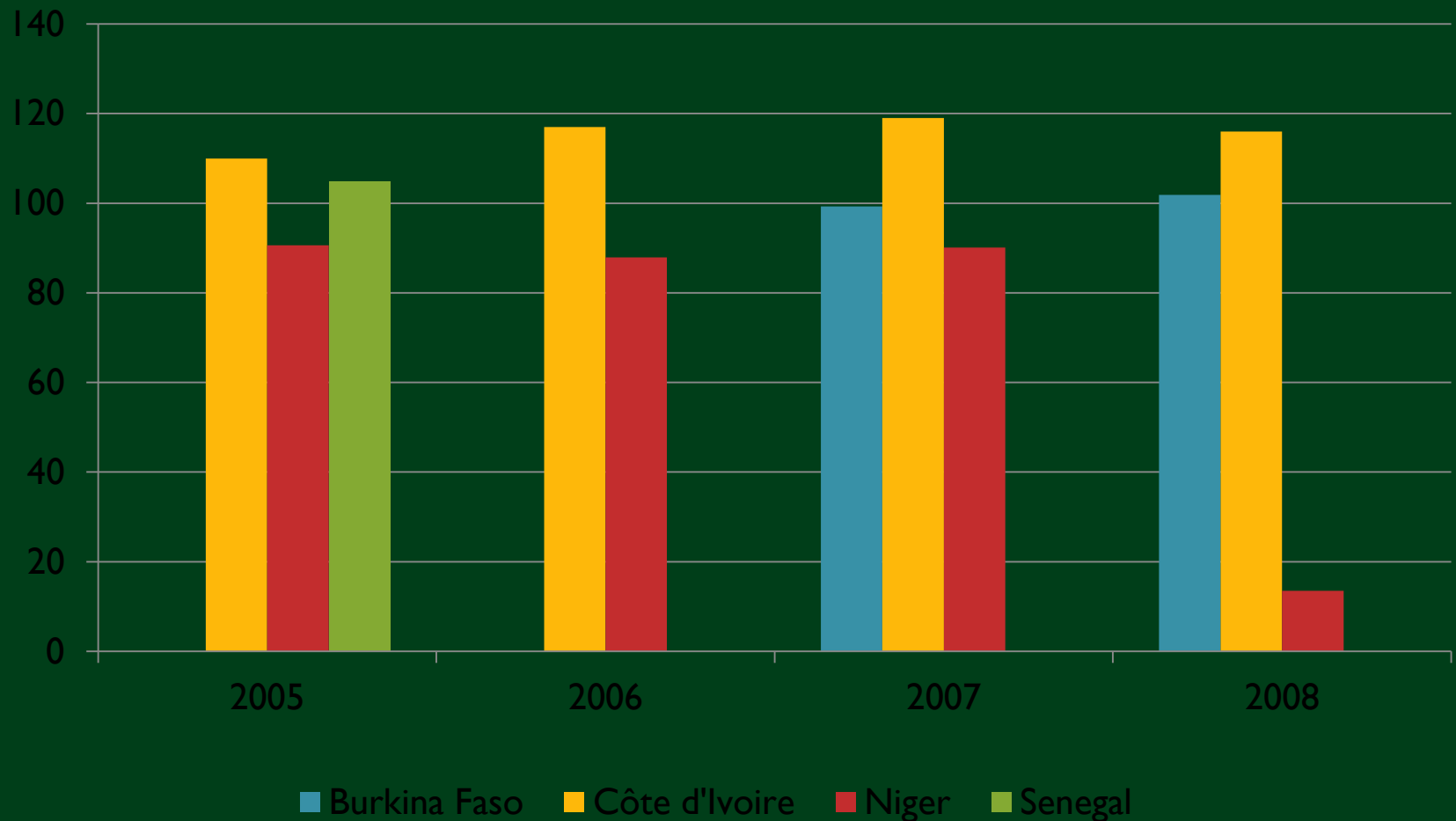
DOMESTIC FOOD PRODUCTION VARIABILITY – DETRENDED VARIATION COEFFICIENT

	Ecogas	Ecogas- Nigeria	Sahel
MILLET	0.44	0.39	0.39
SORGHU			
M	0.41	0.38	0.40
MAIZE	0.38	0.32	0.57

HEAVY DEPENDANCE ON INTERNATIONAL MARKETS FOR RICE



HEAVY DEPENDANCE ON INTERNATIONAL MARKETS FOR WHEAT



CURRENT PUBLIC INSTRUMENTS

- **IN THEORY TRENDS TOWARDS CET AND HARMONIZED VAT RATES AND FREE TRADE OF FOOD PRODUCTS WITHIN THE COMMUNITY**
- **WAEMU TEC BEING ADOPTED BY ECOWAS WITH A FIFTH BAND: 35%**
- **THE CET OBVIOUSLY PROVIDES LITTLE PROTECTION TO AGRICULTURAL DOMESTIC PRODUCTION AND HAS THEREFORE RESULTED IN MASSIVE FOOD IMPORTS IN THE WAEMU**

CURRENT PUBLIC INSTRUMENTS (CONT.)

- **ALSO SPECIFIC PROTECTION INSTRUMENTS IN ADDITION TO THE CUSTOMS DUTIES - SUCH AS:**
 - **THE REGRESSIVE PROTECTION TAX (TDP),**
 - **TRANSITIONAL IMPORT TAX (TCI) AND**
 - **SAFEGUARD MEASURES - TO ADJUST THE INADEQUATE TAXATION OF SOME PRODUCTS**

CURRENT PUBLIC INSTRUMENTS (CONT.)

- **BUT DIVERSE PROTECTION RATES
ACROSS ECOWAS COUNTRIES**

CURRENT PUBLIC INSTRUMENTS (CONT.)

- BUT DIVERSE PROTECTION RATES ACROSS ECOWAS COUNTRIES**
SOURCE: BLEIN

	UEMOA	Gambie	Ghana	Guinée	Nigeria	% max dans la région	Taux moyen pondéré	% moyen régional pondéré par les volumes importés
Blé	5%	5%	10%	5%	5%	10%	5,0%	4,8%
Farine de blé	20%	5%	20%	20%	20%	20%	18,1%	15,6%
Maïs	5%	5%	20%	5%	5%	20%	6,4%	5,1%
Riz paddy	5%	0%	20%	20%	50%	50%	10,3%	2,5%
Riz décortiqué	10%	0%	20%	10%	50%	50%	13, 4%	16,3%
Riz semi blanchi ou blanchi	10%	0%	20%	20%	50%	50%	13,8%	40,8
Riz en brisure	10%	0%	20%	10%	50%	50%	13,1%	9,0%
mil	5%	5%	5%	5%	5%	5%	4,7%	5,0%

CURRENT PUBLIC INSTRUMENTS (CONT.)

Structure des coûts de la tonne de riz rendue à la capitale (Juin 2009) – SOURCE: Diallo

Designation	RCI	Niger	Burkina	Sénégal	Mali
Prix FOB	162703	158096	120276	131000	168000
Fret maritime et Assur	65081	59356	72605	21310	22836
Transport terrestre et frais	25447	59446	72000	23800	66170
Fiscalité	4976	49199	19535	4112	66993
Marge grossiste	10000	22827	31828	69778	16200
Marge détaillant	70000	50938	35011	25000	893
Prix de vente détaillant (/kg)	325	370	385	275	375

CURRENT PUBLIC INSTRUMENTS (CONT.)

- **EXISTING FOOD STOCKS AND RESEVES MANAGED BY CEREAL OFFICES IN MOST OF THE COUNTRIES**

CURRENT PUBLIC INSTRUMENTS (CONT.)

- **ALSO DIVERSE CONSTRAINTS:**
 - **LACK OF STANDARDS AND GRADES**
 - **HIGH INFORMAL TAXES**
 - **EXPORT BANS**
 - **MARKETS NOT FULLY INTEGRATED**
 - **ETC.**

POTENTIAL TRADE AND SUPPLY MANAGEMENT RESPONSES TO FOOD CRISIS

- **SHORT TERM**
 - **REDUCE TARIFFS/TAXES ON FOOD**
 - **ADOPT FOOD PRICE CONTROLS**
 - **ADOPT CONSUMER SUBSIDIES**
 - **ADOPT FOOD EXPORT BANS OR TAXES**
 - **PURSUE GOVERNMENT FOOD IMPORTS**
 - **RELEASE FOOD RESERVE STOCKS**

POTENTIAL TRADE AND SUPPLY MANAGEMENT RESPONSES TO FOOD CRISIS

- **MEDIUM/LONG TERMS**
 - **SAME OPTIONS AS SHORT TERM PLUS:**
 - **ESTABLISH FOOD RESERVES AND
RELEASE POLICY**
 - **ESTABLISH VARIABLE TARIFFS OR
VARIABLE EXPORT SUBSIDIES/ TAXES**
 - **INVEST IN MARKETING
INFRASTRUCTURE, INSTITUTIONS, AND
INFORMATION**

REPONSES DES ETATS/ MESURES A COURT TERME

	BN	BF	RCI	GH	LIB	ML	NIG	NIGA	SN	TG
AUTHORIZATION OF IMPORTS OF RICE AND OTHER FOOD IMPORTS								x		
PRICE CONTROL										x
NEGOTIATIONS WITH WHOLESALERS FOR MARGIN REDUCTION		x			x	x		x		
ENHANCED MONITORING OF FOOD SECURITY					x	x			x	
ENERGY PRODUCTS SUBSIDIES			x						x	
TEMPORARY WITHDRAWAL OF VAT AND OTHER INDIRECT TAXES		x	x		x				x	
TEMPORARY WITHDRAWAL OF TARIFS ON IMPORTS OF STAPLE FOOD PRODUCTS		x	x			x	x	x	x	
TEMPORARY EXPORT BAN FOR CEREALS AND OTHER FOOD PRODUCTS						x				x
RELEASE OF CEREAL BANK STOCKS						x				
SUBSIDIZED SALES OF PUBLIC STOCKS	x	x			x			x	x	

CONCLUSION

- **ANALYSIS AND INFORMATION SYSTEMS**
- **COORDINATED ACTION AT REGIONAL LEVEL**
- **SOLIDARITY PRINCIPLES**
- **FLEXIBLE IMPORT TAX RATES**
- **VAT FLEXIBILITY**
- **FOOD STABILIZATION STOCKS**
- **FOOD SECURITY STOCKS**

**MERCI DE VOTRE AIMABLE
ATTENTION**