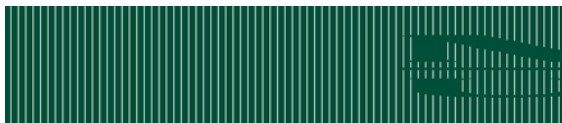


# The Changing Asian Rice Economy and its Implications for the Development of the Rice Subsector in West Africa

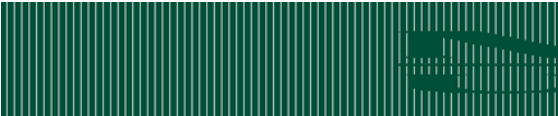
Ramziath T. Adjao and John M. Staatz

Michigan State University

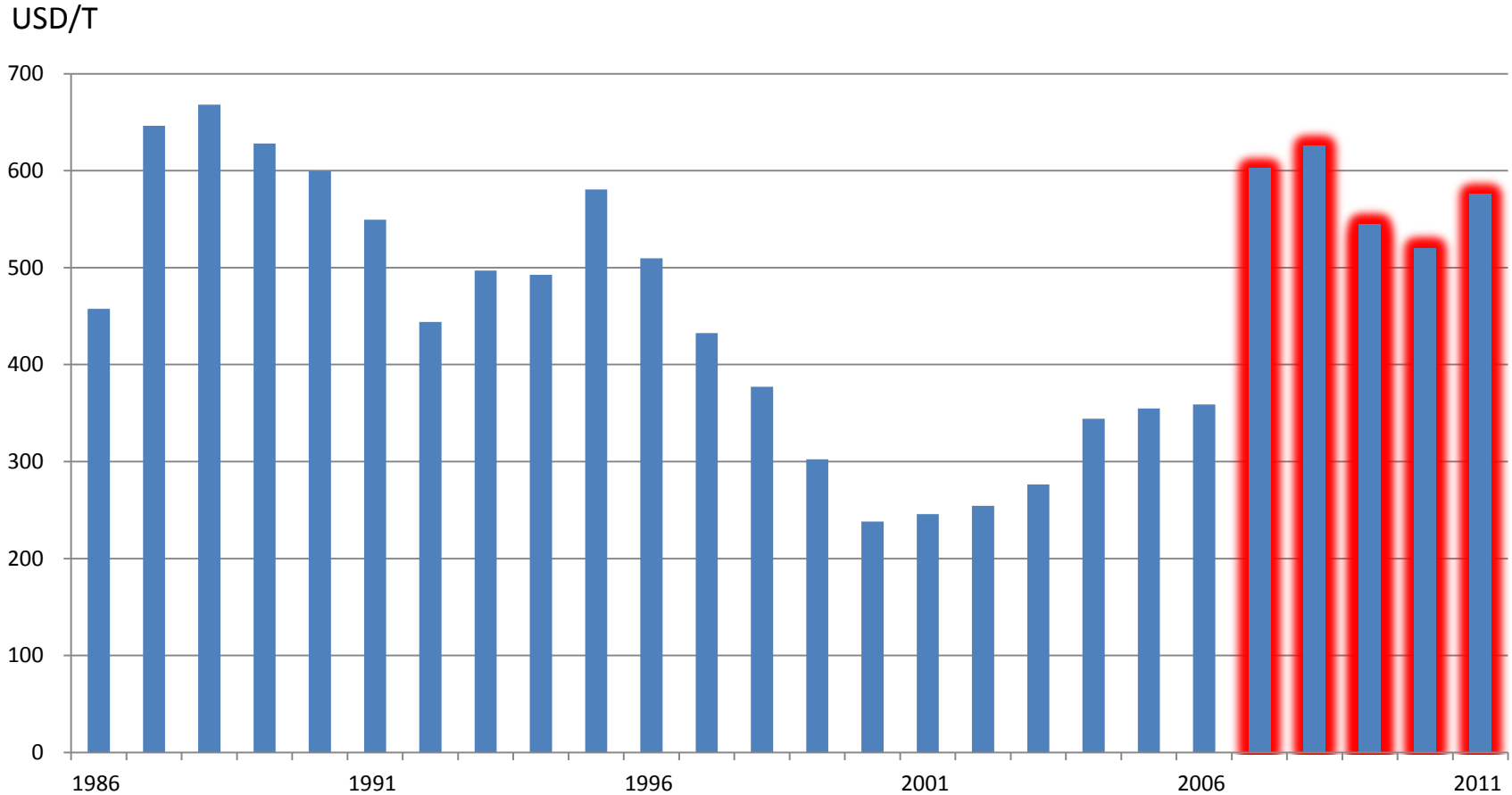
October 2013



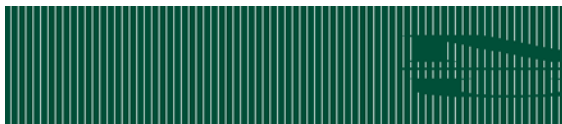
# The Importance of Asia in the Global Rice Market



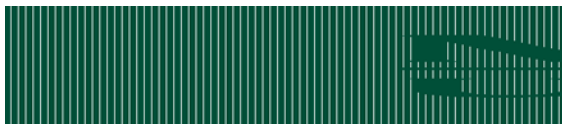
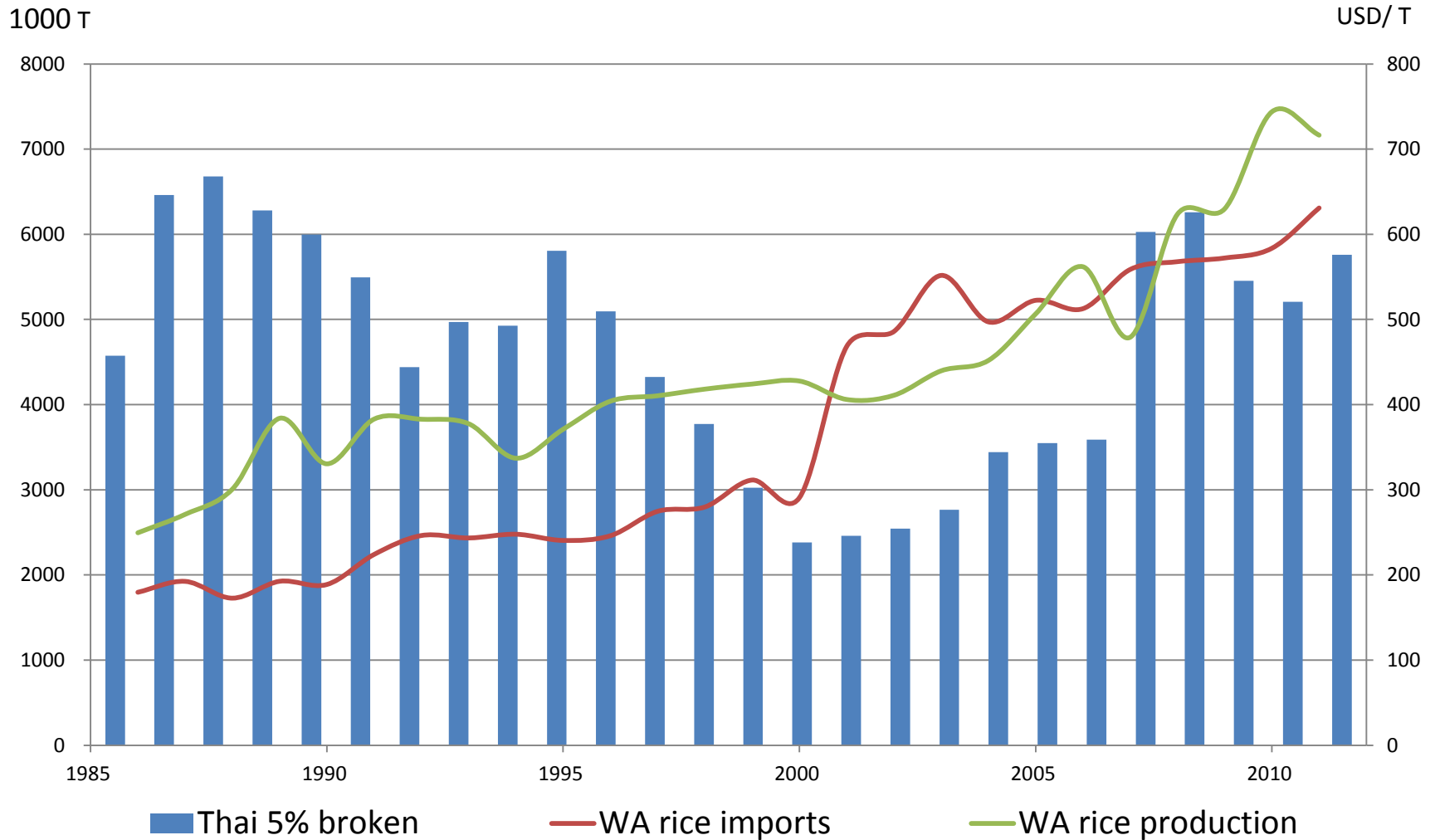
# A Thin, Segmented and Volatile World Rice Market



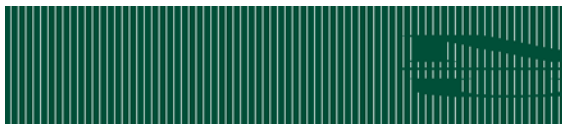
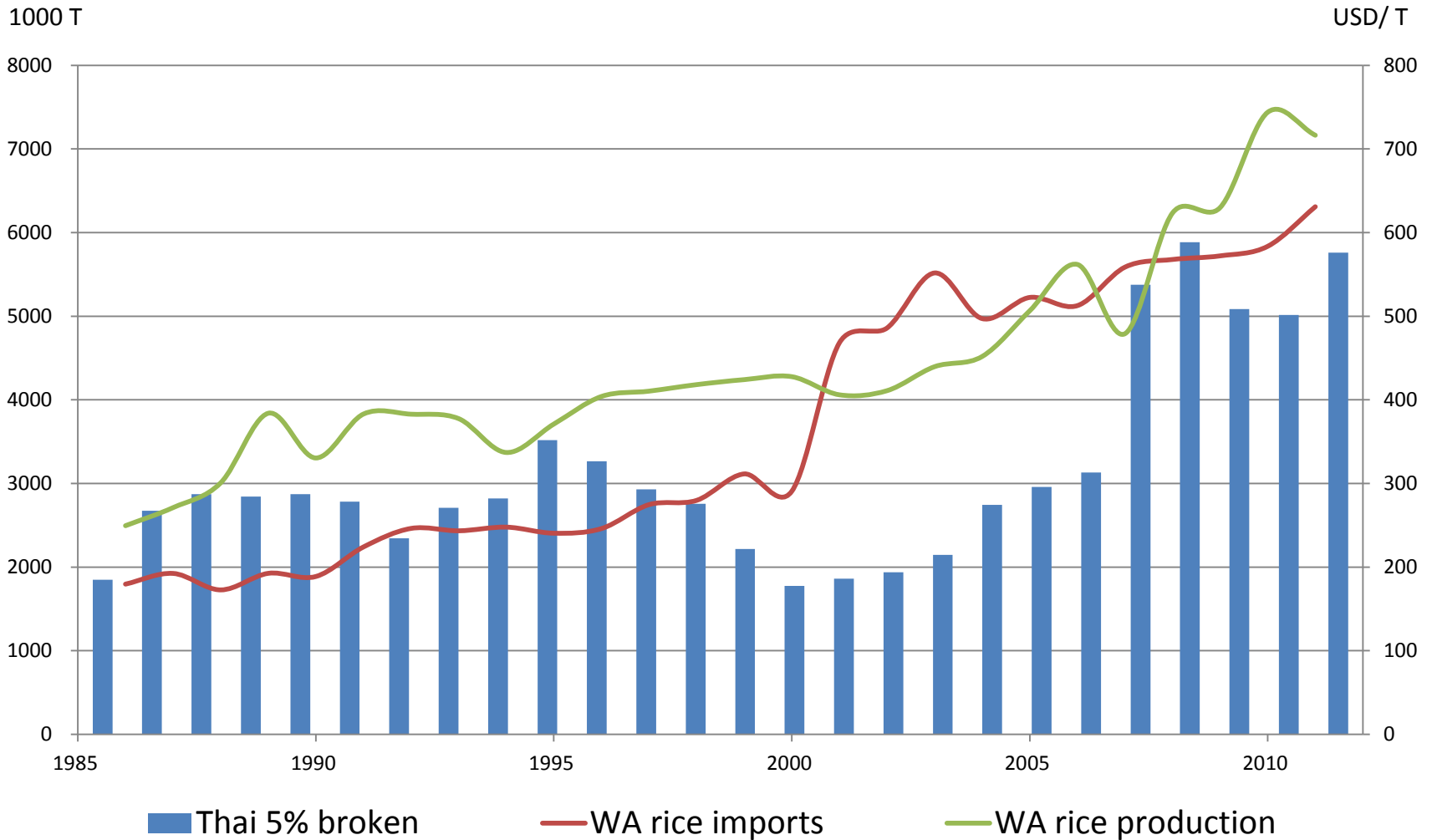
Thai 5% broken, f.o.b. price adjusted for inflation (2005=100)



# The Growing Importance of Rice in West Africa

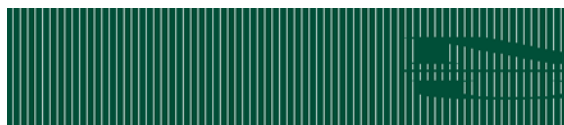


# The Growing Importance of Rice in West Africa

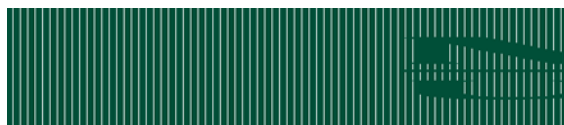
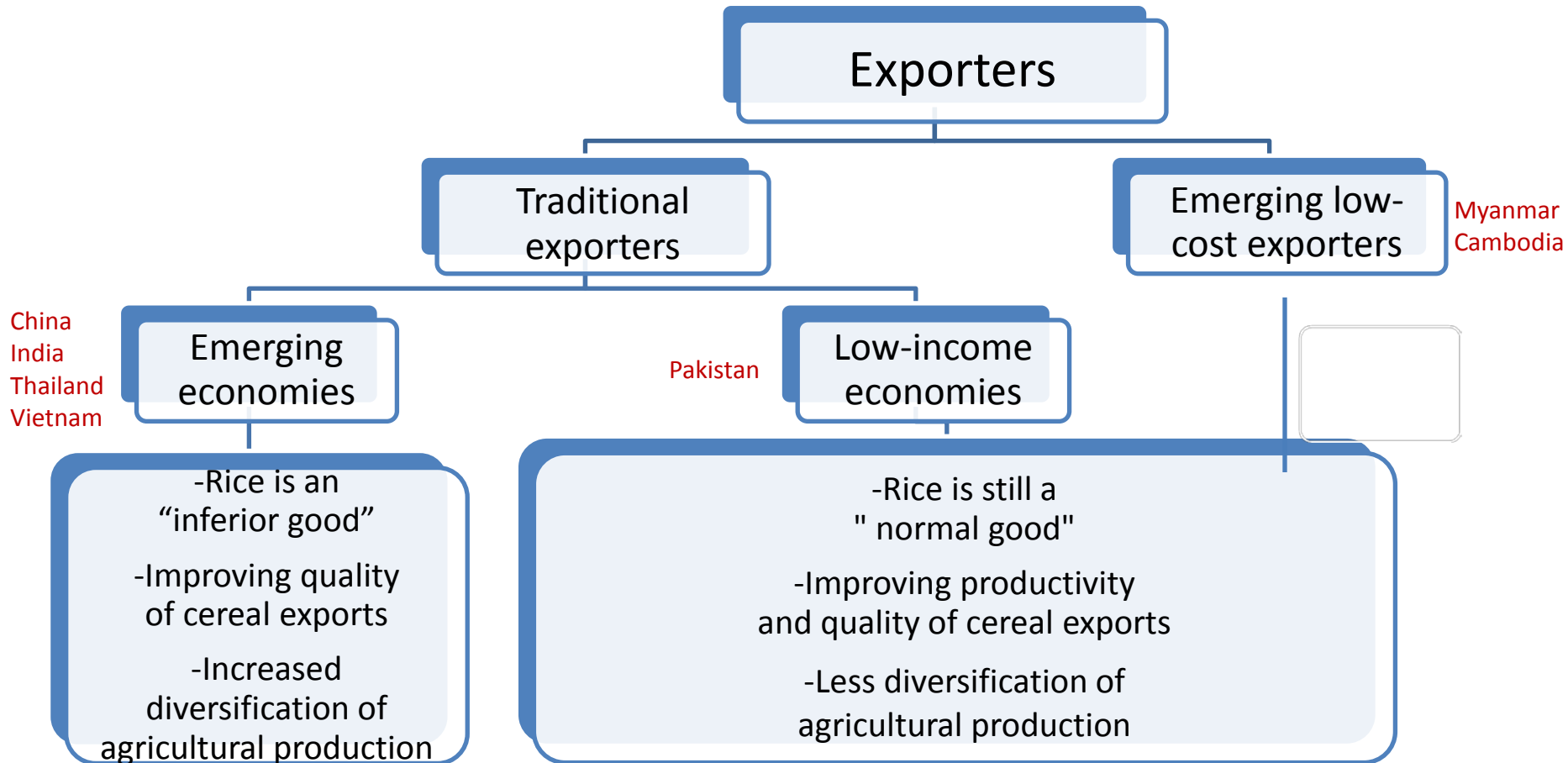


# Structural Change and Emerging Trends in Asia

- **Structural change**
  - Increased income
  - Urbanization
- **... leading to diversification of diets**
  - Decreased **per capita** consumption of rice
  - Increased **per capita** consumption of fruits, vegetables and meat
- **... and diversification of production into higher value crops**
  - Increasing **competition between rice & other crops for water and land**
  - Falling cereal prices relative to inputs costs
  - Diminishing returns to modern varieties
  - Declining TFP of rice

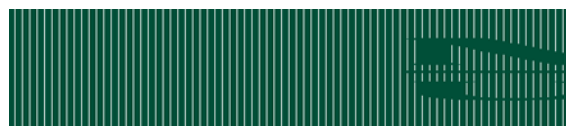


# Agricultural Trends in Asia



# Perspectives of the World Rice Markets

	Asia		West Africa	
	Current	Trend	Current	Trend
Consumption	+++	↑	+	↑↑↑
Production	+++	↑	+	↑↑
Area	+++	↓	+	↑↑
Yield	+++	↑↑	+	↑
Price of rice	+++	↓	+++	↓
Input and energy costs	++	↑	+	↑↑
Trade	++	↑	--	↓

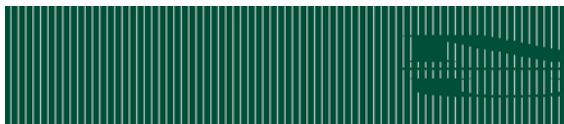




# Perspectives of the World Rice Markets

	Asia		
	Current	Trend	
Consumption	+++	↑	
Production	+++	↑	↑↑
Area	+++	↓	+ ↑↑
Yield	+++	↑↑	+ ↑
Price of rice	+++	↓	++++ ↓
Input and energy costs	++	↑	+ ↑↑
Trade	++	↑	-- ↓

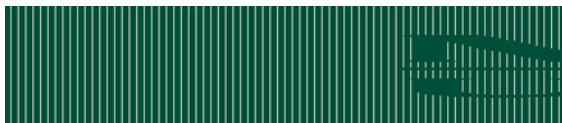
Reduction of consumption and exports from emerging Asian **economies** like China



# Perspectives of the World Rice Markets

	Asia		West Africa	
	Current	Trend	Current	Trend
Consumption	+++	▲		
Production	+++			
Area	+++			
Yield	+++			
Price of rice	+++		+++	▼
Input and energy costs	++ ●	▲	+	▲▲
Trade	++	▲	--	▼

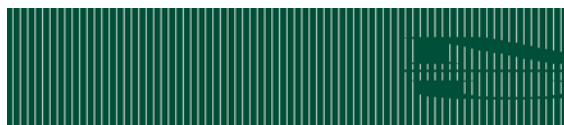
Increased maritime freight rates  
between Asia and WA



# Perspectives of the World Rice Markets

	Asia		West Africa	
	Current	Trend	Current	Trend
Consumption	+++	↑		
Production	+++	↑		
Area	+++	↓		
Yield	+++	↑↑		
Price of rice	+++	↓	+++	↓
Input and energy costs	++	↑	+	↑↑
Trade	++	↑ ●	--	↓

Expansion of output from potential low-cost producers (Myanmar and Cambodia)

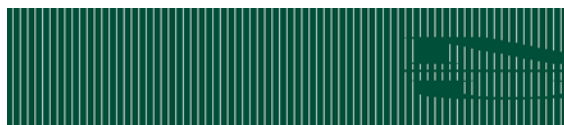


# Perspectives of the World Rice Markets

	Asia		West Africa	
			Current	Trend
Cost				↑ ↑ ↑
				↑ ↑
			+	↑ ↑
Yield		↑ ↑	+	↑
Price of rice	+++	↓	++++	↓
Input and energy costs	++	↑	+	↑ ↑
Trade	++	↑	= =	↓

Decreased relative price of rice to input cost will likely:

- 1) spur higher costs of intensification
- 2) Restrain regional trade (fuel costs)

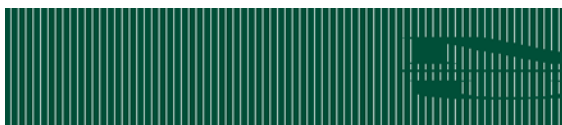


# Perspectives of the World Rice Markets

	Asia		West Africa			
	Current	Trend	Current	Trend		
Consumption	+	+	+	+	↑	↑
Production				↑	↑	
Area						
Yield						
Price					↓	
Input and energy costs		↑	+	↑	↑	
Trade	+	↑	-	-	↓	

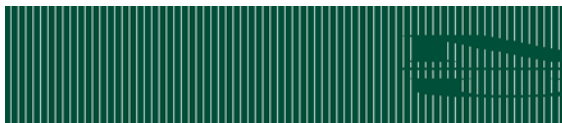
Thus, future competitiveness will depend on the ability of WA to:

- (1) Decrease per-unit farm level production costs
- (2) Reduce processing and marketing costs
- (3) Improve product quality

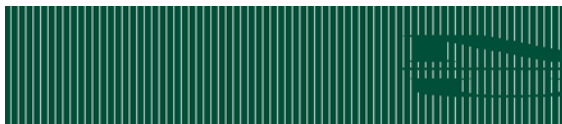


# Implications for the Future Comparative Advantage of West Africa

- **Increasing farm-level productivity**
  - Scope for productivity increase vary across ecologies (irrigated, lowland, and upland) – TFP vs yield
  - Rehabilitating lowlands would offer a favorable environment for expansion of rice production
- **Decreasing per-unit costs throughout the value chain**
  - Off-farm transaction costs and transports costs in WA remain among the highest in the world
  - Need to improve post-harvest operations by improving contractual linkages between smallholders and processors as well as wholesaling functions
- **Improving product quality and market segmentation**
  - Higher quality locally produced rice fetches a premium (up to 20%) over imported rice **in some countries**
  - Need to increase consistent supply of paddy to medium & large scale millers by improving contractual linkages between farmers and millers



# THANK YOU !!!



**syngenta** foundation  
for sustainable  
agriculture

**3<sup>rd</sup> Africa Rice Congress**  
21-24 October 2013, Yaoundé, Cameroon