Rice Market in Africa: Perspectives on Trade, Price Insulation and Effect

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Outlines

Rice market in Africa

Rice trade, import dependency and vulnerability

Price insulation behavior, transmission and volatility in rice market

Key findings

Where the rice market stands now? In the world and in Africa

Global rice production in 2025/26 are upgraded, expecting higher output for India in both seasons. Forecasts are also raised for Bangladesh, Pakistan, Viet Nam

In 2025/26, expected rice output is 559 million tons, while the supply will be around 770 million tons

Expected trade volume stands at 61.2 million tons in 2025/26

Utilization of rice in 2025/26 raised, on higher anticipated food and non-food demand in Asia

International rice prices will see downward trend month-on-month basis

5% broken white rice (Thai) fell to a more than three-year low. Similar trend is observed in Vietnam rice

Price of parboiled rice in India sees no or little change, as sales to West Africa is up

Rice market in Africa

Africa produced 26.5 million tons on average per year, against the consumption of 42.9 million tons (2020-2024), of which Sub-Saharan Africa consumes around 35 million tons

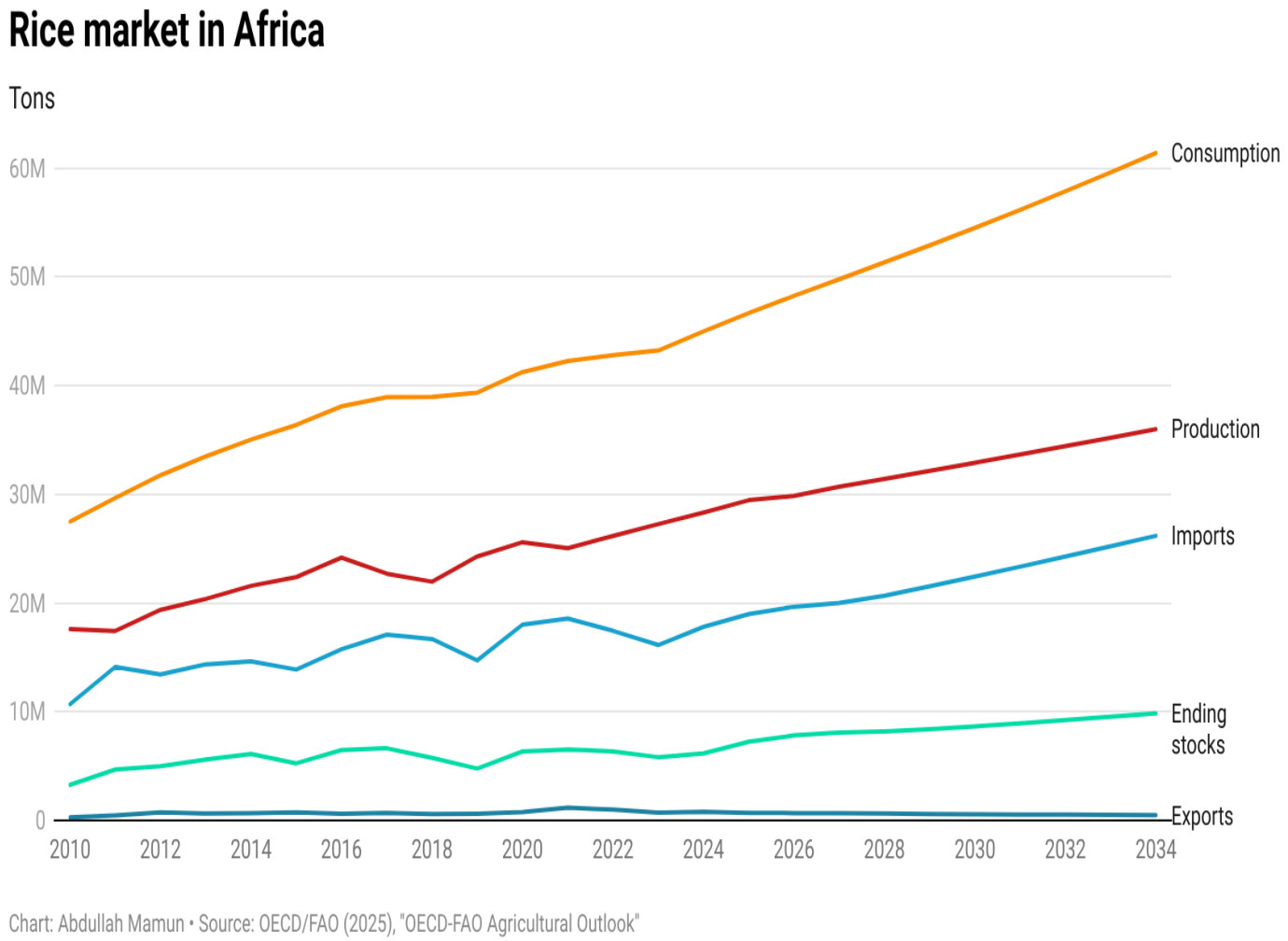
Africa had to import 17.6 million tons per year, with an import bill of 35 billion dollar annually (Source: AGRA)

African countries have very low yield, ranging from 1 to less than 2 tons per hectare

India is the dominant source of rice import by African countries, accounting almost half of total rice import on average

Thailand is the other major source countries (17%)

Comoros, Gambia, Guinea, Liberia, Senegal, Siera Leon are exposed or vulnerable to any supply shock of rice

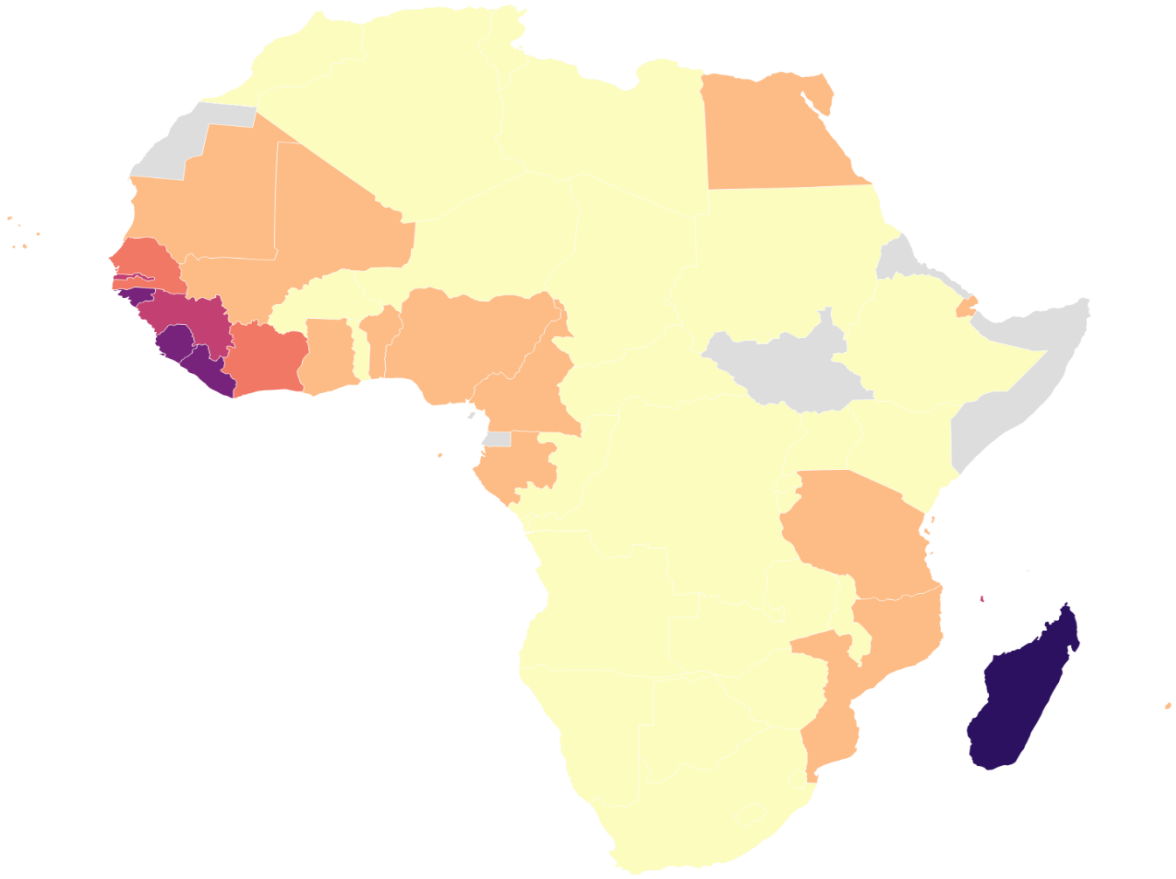


Rice dependency in diets of African countries

Importance of rice in African diets

% share of calorie intake from rice (Kcal per capita per day)

< 10 | 10–20 | 20–30 | 30–40 | 40–50 | ≥ 50



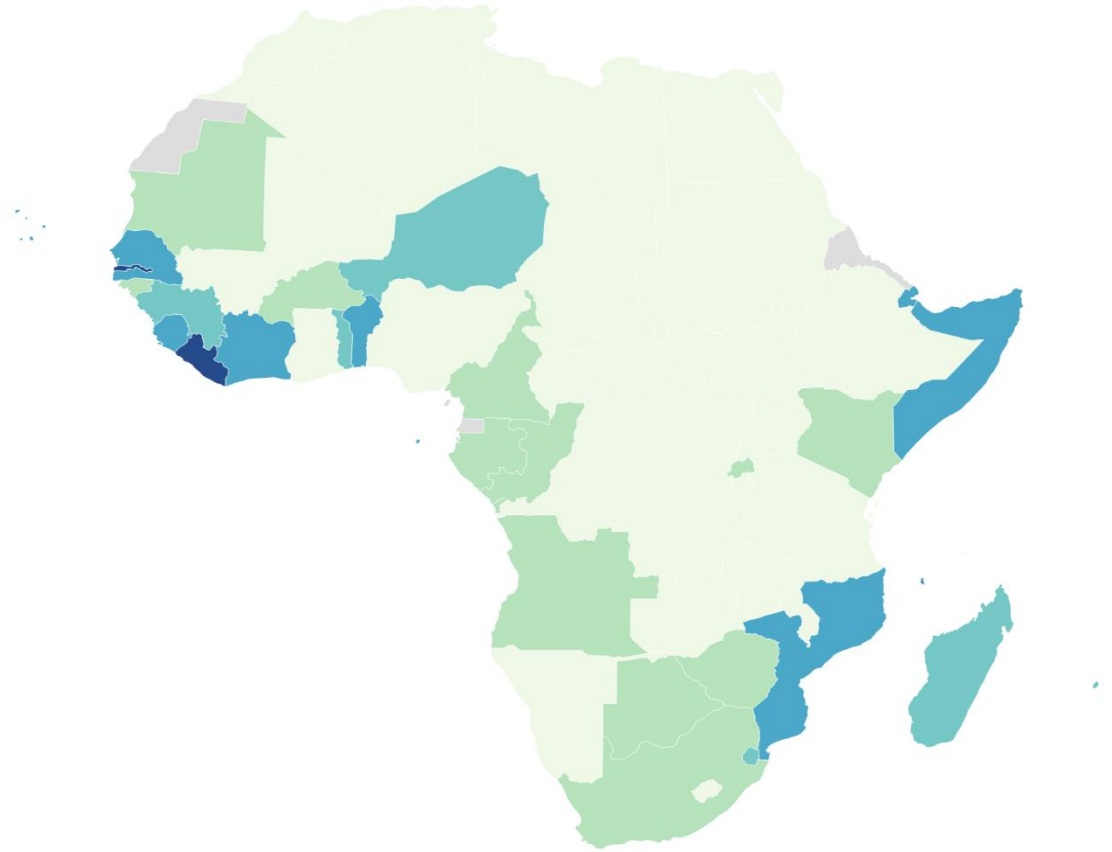
Grey areas denote no information available.

Map: Abdullah Mamun • Source: FAOSTAT FBS

Rice imports as share of total daily calories

Percentage

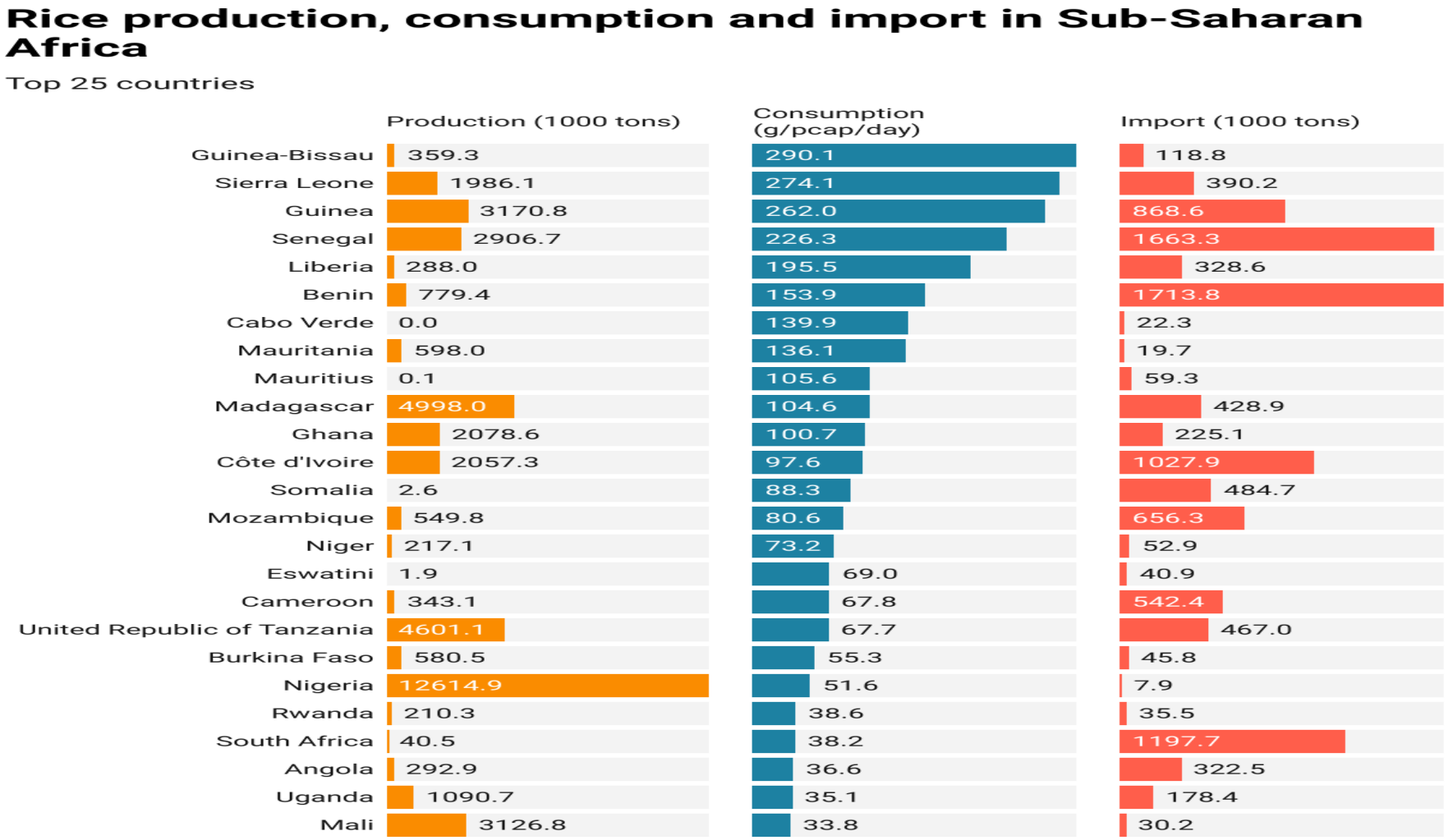
5 10 15 20 25 30



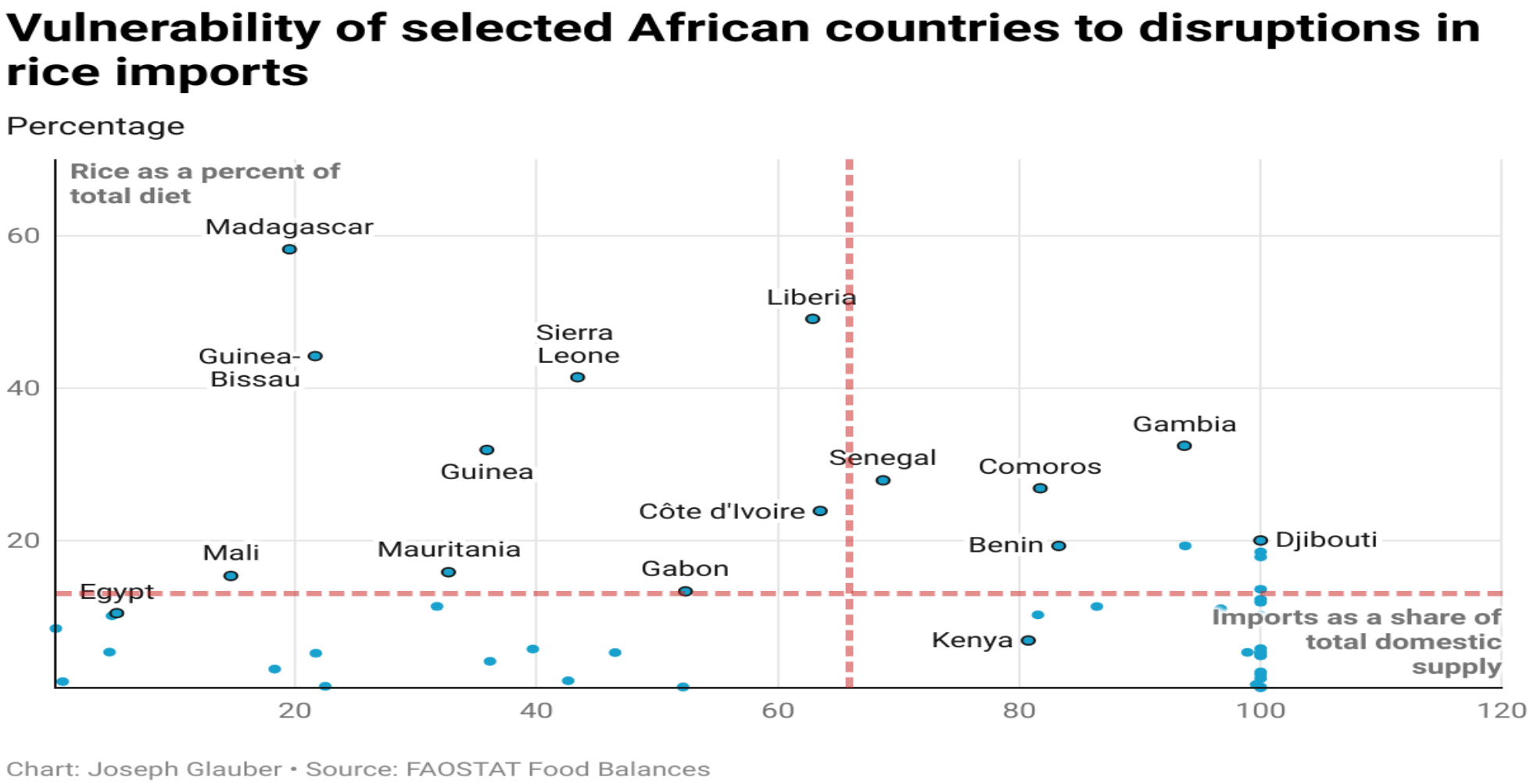
Rice imports as share of total daily calories are equal to rice imports as a percent of total rice supply times the share of rice in daily diets. Grey areas indicate no data available.

Source: FAOSTAT Food Balance

Rice production, consumption and import in Africa



Vulnerability of African countries to import disruptions



Rice import source by origination

Rice import in Sub-Saharan Africa by source

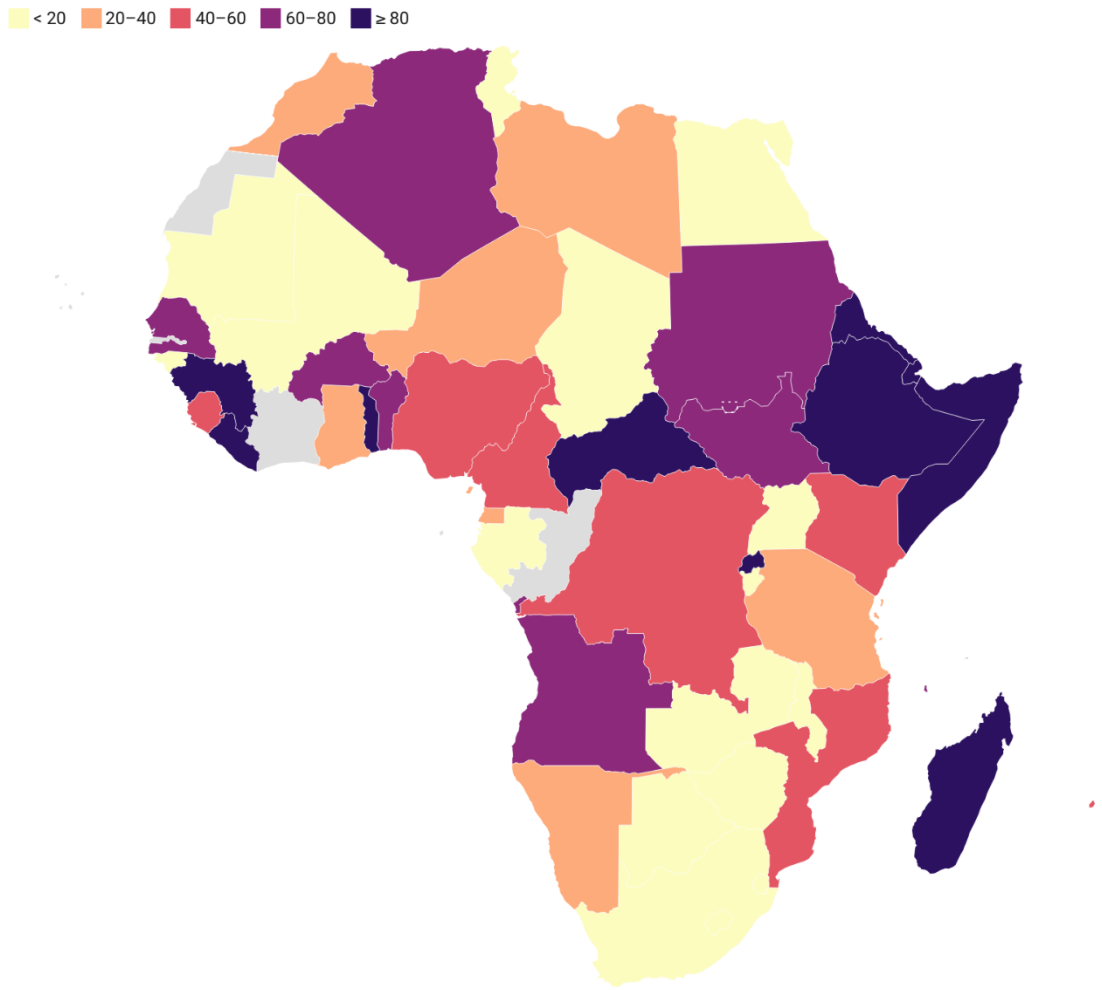
Tons, average (2019-2023)

Importing source countries	Quantity	Percent share (%)
India	7,725,205	49.2
Thailand	2,667,952	17.0
Pakistan	1,330,040	8.5
Viet Nam	1,199,248	7.6
China	890,318	5.7
Djibouti	516,243	3.3
Brazil	338,608	2.2
Others	334,875	2.1
Tanzania	315,050	2.0
South Africa	126,805	0.8
Senegal	93,559	0.6
Myanmar	92,122	0.6
United States	87,257	0.6

Table: Abdullah Mamun • Source: FAOSTAT

Importance of India in African rice trade, 2022

Percent of rice imports from India



Import share based on volume.

Map: Abdullah Mamun • Source: TDM

Temptation of price insulation

Sharp adjustments in staple food prices can be politically costly

- Literature points to loss aversion models
  - *Consumers losing from higher prices react more strongly than producers*
  - *Producers losing from lower prices react more strongly than consumers*

But there is also a political-economy equilibrium to be respected

- Grossman-Helpman: protection level is a balance between political interests
  - *On average **agricultural** producers tend to be protected in rich countries*
  - *Food consumers often favored in poor countries*

Conflict between the two motivations

- Resisting international price changes upsets the political-econ. equilibrium
- Example: If world price rises & domestic price doesn't, protection falls
- And allowing international price changes to be transmitted causes political reaction from adversely affected groups
- How do policy makers trade-off between these goals?

Volatility of prices and protection rates and tariff averages

Economies	Volatility of domestic price	Volatility of external reference price	Standard deviation of the tariff equivalent	Mean of tariff equivalent
Ghana	0.41	0.24	0.46	-0.15
Kenya	0.27	0.21	0.28	0.45
Mozambique	0.59	0.37	0.75	-0.54
Nigeria	0.26	0.26	0.31	0.21
Senegal	0.18	0.23	0.33	0.16
Tanzania	0.28	0.27	0.46	-0.33
Uganda	0.35	0.36	0.30	0.25
Zambia	0.39	0.25	0.48	-0.27

Source: Martin, Mamun and Minot (2024)

Error correction model results

Economies	Price insulation coeff. (ϕ)	Error correction (θ)	Equil. Tariff (β_0)	Trend (β_2)	Trend squared (β_3)	Structural change (β_4)	R^2	RMSE
Ghana	0.93	-0.42	-0.74	0.06	-0.001		0.43	0.32
Kenya	-0.17	-0.70	0.71	0.003	-0.004		0.73	0.17
Mozambique	0.93	-0.32	-1.02	0.03			0.47	0.44
Nigeria	0.26	-0.46	0.37	-0.01			0.27	0.23
Senegal	0.18	-0.18	0.25				0.11	0.17
Tanzania	0.47	-0.34	-0.52	-0.02		-1.04	0.36	0.24
Uganda	0.70	-0.45	0.29				0.52	0.25
Zambia	0.50	-0.30	-0.25				0.23	0.35

Source: Martin, Mamun and Minot (2024)

Key findings from this study

Trade policies for food staples respond strongly to changes in world prices
- But policy makers also have in mind political-economy influences
  - *High support in rich countries, low or negative support in poor*

Error correction model incorporates both policy influences
- And deals with statistical problems associated with integrated series

Find substantial degree of insulation
- Doubles the impacts of shocks on world market prices
  - *Quadruples the cost of volatility in world prices*

Idiosyncratic policy volatility/inefficiency varies between countries
- Almost all countries have worse outcomes than initial world market volatility
- Enormous need for policy reform

Conclusion

- Heterogenous impact of export restriction on rice trade and price in African countries
- Most impacted countries are Burkina Faso, Ghana, Kenya, Rwanda etc. in terms of trade volume
- In case of price increase, Ethiopia, Senegal, Kenya, Madagascar, Uganda, countries in East Africa and Western and Central Africa