

September 22, 1989

**Introductory Paper: CILSS/Club du Sahel Seminar on
REGIONAL CEREALS MARKETS IN WEST AFRICA
Current Dynamics and Implications for the Future**

Lomé, November 6-11, 1989

I - INTRODUCTION

One of the newer ideas that emerged from the Mindelo Conference in December, 1986 was the notion of a protected regional cereals market. Participants considered that no measures to reduce the Sahel's dependence on the outside world would be effective if "the relationships between Sahelian markets and international markets were not modified", and suggested finding "ways of introducing a regional market within which national production would be protected and trade between countries would be encouraged".

Meeting in Tucson, Arizona, in December, 1988, donor agencies from the countries belonging to the Club du Sahel acknowledged the value of recent work conducted by the Secretariats of the CILSS and the Club du Sahel, and recognized that significant progress had been achieved in discussions on the regional market. The United States organized a major meeting of researchers in Washington October 17 and 18, 1988, while France jointly undertook a series of studies with the Club du Sahel and the IRAM-UNB-INRA team in an effort to improve understanding of the realities of the regional market.

Initial discussions

One of the realities that donors and certain Sahelians have come to recognize over the last two years is that a cereals market exists - or rather, that West Africa today can be considered as a collection of de facto free-trade zones. Within these free-trade zones, flows of cereals and other goods are driven first and foremost by disparities between national policies: external trade policies, price policies, monetary policies, etc. The majority of cereals trade between the countries of West Africa falls outside the scope of official statistics, despite the large volumes of trade involved in some cases. For example, Nigeria frequently exports an estimated 100,000 tons of locally produced cereals to Niger, while re-exports of world-market rice reached approximately 65,000 tons in 1986 and 1987 between Gambia and Senegal, and close to 320,000 tons from Benin to Nigeria.

Products imported from the world market come into the region at the points of least resistance - points where official import tax is lower, or where the rates actually applied are lower because of a relatively high level of corruption, or where monetary factors make imports of these products more attractive. Informal trade networks, which are well structured and fairly independent financially, then redistribute the products throughout the regional markets.

This system offers a number of advantages: in the short term, it provides lower-cost supplies of cereals to urban population groups and to rural households that are net purchasers of cereals. Recent studies have pointed to the importance of this system. On the other hand, there are a number of disadvantages: Sahelian markets are plagued by imports, and particularly by cereals imports, which have increased annually by 6 to 7% over the last twenty-five years (from 1961-65 to 1981-85), while cereals production in the Sahel has increased by only 0.7% annually over the same period despite a 2.8% annual population growth rate. This situation has exacerbated the trade imbalance, pulls down the selling prices of local cereals and, as a result, discourages local farmers from modernizing.

Trends on both world markets and Sahelian markets suggest that these problems are not about to disappear.

Despite these trends, measures taken over the last two years by Sahelian governments to promote the idea of a regional cereals market are few and far between.

Participants at the Tucson meeting unanimously agreed that regional protection is not possible in the current state of affairs, but opinion was divided on the possibilities of increasing agricultural production and on the steps that should be taken to provide a better guarantee of food security in the Sahel - the basic objectives guiding work on the regional market. It must be said that nobody - particularly donors - has a clear vision of the cereals import policies that should be recommended to Sahelian governments.

Objectives

Today, it appears more realistic to promote what could be called a coordinated regional market, which should stretch beyond the countries of the Sahel to include the whole of West Africa. This regional market would be coordinated by West African governments, whose policies would be compatible with each other, even if they were not identical; and by bilateral and multilateral aid agencies in particular, in an effort to ensure that these agencies no longer encourage one policy in one country and an incompatible policy in another country.

The CILSS and the Club du Sahel Steering Committee thus decided to hold an informal regional seminar concentrating on the presentation of research papers but also open to decision-makers from the countries of West Africa and from the aid agencies.

II - OBJECTIVES OF SEMINAR

The seminar has two main objectives:

- to promote wide dissemination of unpublished information on cereals flows within the region, on trade flows with the world market, and on the mechanisms governing those flows;
- to draw the attention of Sahelian governments and of donors to the fact that the food security of both urban and rural population groups in the Sahel is becoming increasingly reliant on internal trade dynamics, and on imports, which are growing much faster than local cereals production. Imported cereals are growing as a

proportion of total consumption, to the detriment of local products and to the detriment of local balance-of-trade situations.

The two Secretariats intend to help decision-makers in Sahelian governments and bilateral and international aid agencies to become aware of the regional implications of the current trends both for government policy and for aid strategies. How can trade dynamics be reconciled with production dynamics at the same time as maintaining food security?

The short-term aim of the two Secretariats is to promote cooperation:

- among "politicians", researchers, private operators and aid agencies, all of whom could benefit from regular consultation and information-sharing;
- between Sahelian countries and coastal countries, whose futures are indissociable.

III - TOPICS UNDER DISCUSSION AND PRACTICAL ASPECTS

The seminar will provide an opportunity for delegates:

- to submit fresh information on cereals trade (volumes, breakdowns, sources, etc.) within West Africa (16 countries including Chad and Cameroon), on trade in certain other commodities (e.g., livestock products) and, more broadly, on all other forms of trade that counterbalance movements of grain;
- to analyze the mechanisms governing these trade flows, with particular emphasis on the impact of State policies, monetary disparities, and, in certain cases, comparative advantages;
- to examine the probable impact (positive or negative) of the current situation (porous submarkets) on the different players (producers, consumers, traders, governments, aid agencies);
- to promote an exchange of views on what could be expected from production, trade and food security policies founded on different scenarios.

IV - FOLLOW-UP TO THE SEMINAR

Policies

The seminar will be the first stage in a process that should culminate in the adoption and application of other policies aiming to increase production, and of other food security policies. The results of the seminar will be used immediately at the meetings of the Club du Sahel in Montpellier (meeting of donors, December 4-8, 1989) and Bissau (meeting of African leaders and aid agencies, January, 1990), where certain questions arising from the regional cereals market issue could be discussed by African leaders and aid agencies. For example, at the Lomé meeting, the principle of regular consultation and information-sharing between the different countries could be approved.

Research

This seminar will help to disseminate the findings of the research work that has been completed, and to encourage initiatives that have already been taken or that could be taken in the future. Both the preparative stages and the seminar itself will strengthen ties between research teams and between the institutions that finance them. The contacts made will help to coordinate and give direction to future research work. In particular, the seminar will provide an opportunity for discussion of various "areas of doubt", upon which researchers will be invited to shed new light.

V - ORGANIZATION

The seminar will be held in the BOAD premises in Lomé, Togo. Between 100 and 150 participants will be attending. The seminar will begin on Monday, November 6, and will end on the morning of Saturday, November 11. Plenary and workshop sessions will be held in French and English. Simultaneous interpreting will be provided.

VI - PARTICIPANTS AND GUESTS

The Secretariats of the CILSS and the Club du Sahel have worked with the organization subcommittee to draw up an extensive list of participants including the authors of most of the papers that will be presented, and to select a number of potential guests among research workers, political intermediaries, private operators and resource people from each country. The Secretariats of the CILSS and the Club du Sahel will issue invitations on the basis of this list and in liaison with the organization subcommittee.

VII - DRAFT AGENDA

Monday, November 6 (morning)

Opening session

Opening speeches will outline the most obvious political implications of the topic under discussion.

Part I: Description of markets and trade patterns

Plenary session. Monday, November 6 (afternoon)

Exposés: several short presentations will be made to summarize each of the papers given on the following topics:

- . inventory of foreign trade of the countries of West Africa
- . regional cereals trade

- . mechanisms governing national cereals markets
- . regional meat and cattle trade
- . movements of banknotes as an indicator of trade flows.

Discussions in Part I will be limited to requests for clarification of specific points.

Part II: Analysis of factors determining trade

3 half days in working groups

Tuesday, November 7 and Wednesday, November 8 (morning)

Each half day will be set aside for one of the following three types of determining factors: geography and traders' strategy, trade policies, monetary policies. Papers will be presented in a summary exposé prepared by a CILSS/Club du Sahel resource person, followed by an issue paper prepared in advance by a participant as an introduction to the workshop debates. Debates will then be held in working groups.

Topic 1: Geography and traders' strategies: Tuesday, November 7 (morning)

Topic 2: Trade policies: Tuesday, November 7 (afternoon)

Topic 3: Monetary policies: Wednesday, November 8 (morning)

The afternoon of Wednesday, November 8 will be set aside for writing summary reports of workshop sessions. A summary will be made of each topic under the guidance of a resource person. These summaries could go beyond the original scope of discussion by the workshops to highlight the mechanisms underpinning trade at the present time: country-specific mechanisms, donors' approaches (and disparities between approaches adopted for different countries), traders' approaches, etc.

The morning of Thursday, November 9 will be set aside for presentation of the summaries in plenary session.

Part III: What are the consequences of the existence of regional markets? What are the implications for the future? How can production and trade dynamics be strengthened in West Africa?

Thursday, November 9 (afternoon) and Friday, November 10

An overview paper will examine the impact of the regional cereals markets from various standpoints (balance of payments, agricultural production, food security, public finances) and will take the conclusions of Part II into account. Participants will then form commissions for the remainder of Thursday afternoon and Friday morning. Reports of the commissions will be presented in the plenary session of Friday afternoon.

Topic 1: How is the West African trade deficit - particularly food-related financed?

- Topic 2: What are the consequences of official or clandestine cereals trade on West Africa's agricultural output?
- Topic 3: What are the consequences of cereals trade on food security?
- Topic 4: What are the consequences of recorded and unrecorded cereals trade on the public finances of the West African States?

Part IV: Final plenary session

Saturday, November 11, 1989

Presentation, amendment and adoption of conclusions of seminar. Closing session

LIST OF PAPERS

Part I

- FAIT1 "Overview of regional cereals flows in West Africa ". Jérôme COSTE.
- FAIT2 "Cereals trade between Senegal, Gambia, Mauritania and Mali". Johny EGG, Agnès LAMBERT.
- FAIT3 "Trade in agricultural commodities in the North Nigeria-Cameroon-Chad-Niger submarket". John IGUE and Dominique HARRE.
- FAIT4 "Burkina Faso's trade with coastal countries through border markets" Honoré SOME (University of Ouagadougou).
- FAIT5 "Trade in cereals and agricultural inputs between Senegal and Gambia" Ousseynou NDOYE, Ismaël OUEDRAOGO, Stephan GOETZ, ISRA.
- FAIT7 Study of the internal obstacles to flows of cereals in Burkina Faso.
- FAIT8 "Overview of trade in cattle and meat" SOLAGRAL and USAID (to be confirmed).
- FAIT9 "The food situation and foreign trade of the countries of West Africa" G. Gherzi (Laval), F. Martin (Laval) et H. Pegatenian * (CIRES).

* to be confirmed.

Part II

- DET10 "National boundaries: regional trade supports". John IGUE.
- DET11 "Traders' strategies". Agnès LAMBERT.

- DET12 "The roles of the State and the trade networks in the food trade in Niger". Emmanuel GREGOIRE.
- DET20 "National policies for controlling foreign and regional trade". Johny EGG.
- DET21 "Can agricultural trade drive regional growth within the WAMU?" by Christopher Delgado et al.
- DET22 "Implications of the GATT negotiations (Uruguay Round) and the Lomé Convention for food security in West Africa. Dr. A. MATTHEWS, Department of Economics, Trinity College, Dublin.
- DET23 "Discussion and positions of professional players and governments with regard to GATT's preferential treatment of African countries". SOLAGRAL-RONGEAD.
- DET24 "An example of protection: regulation of rice imports to Mali". Serge COELO, BDPA.
- DET25 "The impact of trade policies on trade flows and domestic cereals trade: the case of Mali". Nango DEMBELE, Victoire D'AGOSTINO, John STAATZ.
- DET30 "The monetary dimension of regional trade". Olivier VALLEE.

Part III

- CONS1 "Impact of trade on balance of payments". Club du Sahel Secretariat.
- CONS2 "What impact does official or clandestine trade in cereals have on agricultural output in West Africa?"
- CONS3 "What impact does cereals trade have on food security". Nango DEMBELE and John STAATZ (MSU).
- CONS4 "What impact does recorded and unrecorded cereals trade have on the public finances of the countries of West Africa? J-B. VEYRON, CCCE.

Several other papers will be submitted to the seminar, but will not be used directly in the workshops. These additional papers could, however, be used in preparing the three introductory exposés, and for the different debates. Reference will also be made to these papers in the workshops themselves.

- GEN1 "The role of price information systems in building a regional information system". Jean-Paul MINVIELLE.
- GEN2 "Consequences of changes in food habits on policies governing foreign trade in rice and wheat in West Africa". Thomas Reardon et al.

- GEN3 "Detailed description of consumer habits in the countries of the Sahel".
Nicolas BRICAS (CEEMAT).
- GEN4 CILSS/Assistenza Tecnica Italiana.
- GEN5 "The commercial behavior of producers". Josué DIONE (MSU).
- GEN6 "Memo on triangular transactions. Laurent BOSSARD.
- GEN7 "Food Aid Charter".
- GEN8 "Towards Lomé", report of the September, 1989 seminar organized by
USAID.
- GEN9 "Theory and perspective of a Regional Cereals Market i n
Sahel (RCM). Ousmane RADIANE, IFPRI.