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PILOT PROJECT FOR FRUITS AND VEGETABLE MARKETING

RICE MARKETING STRUCTURE

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INTRODUCTION

Rice cultivation was introduced to Chad in the early 1930's and developed rapidly. As a result, it holds an important position among the other cereals. From 1950 to 1974, several rice development projects have been initiated:

- Casier A and B (Bongor), 1950
- SEMALK (Lai), 1960
- Casier B (Bongor) and Casier C (Doba), from 1967 to 1973
- OMVSD (Lai), 1974.

Rice processing plants existed in Bongor, Lai and Kelo.

GOAL AND OBJECTIVE OF THE REPORT

With regard to the rice marketing problem encountered by the small producers trained by Care/Chad in the Kim area (Mayo-Kebbi), CARE wanted to know whether it was possible for these producers to rent a vehicle to transport their produce to N'Djamena without the services of traders who offer them low prices in the producing area.

The objective of this report is to address a certain number of parameters that can help understand rice marketing difficulties in Chad and particularly, in N'Djamena. These parameters are related to:

- rice production
- delivery channels
- prices
- transport costs
- storage costs
- rice wholesalers

The ACDI MIS (Market Information System) organized this study for two purposes:

1) N'Djamena market survey from August 29 to 31 included.

2) Research with government institutions interested in rice marketing problems in Chad.

PADDY PRICE STRUCTURES

On recommendation of the Agricultural Conference held in Sarh in 1983, a ministerial decree dated April 1984, priced a kilogram of paddy at 60 CFA. The floor price was based on the average production costs of a kilogram of paddy in different production systems existing in Chad. These systems are as follows:

- Pump irrigation (cost of production is very expensive:

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yields are about four tones per hectare). This is the case of Kim, Koyom and Djouman;

- Gravity irrigation system (system depending on climatic conditions)

- Rain-fed systems (less expensive and yields improved through advice and seeds of good qualities);

The following are paddy producing areas:

- Tandjile (Lai, Bere and Kelo);

- Mayo-Kebbi (Casier A and B, Kim, Koyom, Djouman, Kolobo and Maroup)

Other important producing areas are not mentioned in this report.

The above 60 CFA/kilogram for paddy is not often followed simply because the government does not enforce it. Generally, the selling price between producer and trader is negotiable and goes from 25 CFA to 45 CFA according the producing areas. As the estimated average weight of a paddy sack is 80 kilograms, the sack would cost about 2,000 CFA to 3.600 CFA.

HUSKING

The three paddy husking methods most used in Chad:

- Manual pounding
- Village steel or plastic rollers called "decortiqueuses";
- Commercial rice-processing in urban centers. However,the processing plants in Lai and Bongor that are not operational at this time;

Manual pounding is the most used procedure because it accounts for more than 80% of the national production. In theory, women use two paddy sacks or 160 kilograms to produce one sack of husked rice.

Traders often require sacks of rice containing 45 coros or the equivalence of 110 kilograms. This quantity equals 176 kilograms of paddy. The estimate weight of a coro (metallic) is 2,5 kg. The weight of a rice sack depends on the rice rate of moisture in the rice.

MARKETING STRUCTURES

a) **Weekly Markets and Urban Centers**

By selling traditionally husked rice in weekly markets in small quantities, farmers avoid the transport costs. Weekly markets are

the best means to follow up Commercial operations. During the harvest period when prices are low, traders store small stocks according to their financial capacity. It is difficult to assess the quantities reaching these weekly markets and urban centers. In each producing area, there is a point of cereals assembly and shipment to weekly markets. In urban markets, commercial operations are based on the quantities of different varieties of cereals provided through national structures, and legal or fraudulent imports. In general, there is no marketing control and markets are subjected to the law of supply and demand. The Government does not control these operations. This results in a lack of standard cereal market prices and illegal imports.

b) **N'Djamena Wholesale Points**

During our survey, 21 wholesale points were recorded in N'Djamena:

- Central Market: 5
- Millet Market : 13
- Dembe Market : 3

PRICES

a) **Price Structures**

The Government decree No 601/MPT dated April 27, 1978 priced the different qualities of rice as follows:

- Luxury rice: 20,000 CFA/100 kilogram sack
- Saigon rice (25% broken): 10,000 CFA/100 kilogram sack
- Broken rice: 4,500 CFA/100 kilogram sack.

Apart from that 14 year old decree, there is no other law related to prices modification. It should be noted that this pricing was based on the quality of rice produced by Billiam-Oursi factory in Bongor and SEMALK factory in Lai.

The selling prices of the rice produced by the ex-OMVST could be considered as official prices since that institution was a government organization. These prices are as follows:

- First quality rice: 7,500 CFA/50 kilogram sack
- Second quality rice: 6,000 CFA/50 kilogram sack.

These are factory gate prices. Transport costs are being charged to customers. Based on the above manual pounding data (HUSKING section), it is shown that producers, according to the legal price (60 CFA/kg paddy), have to spend 10,560 CFA to have one sack containing 45 coros of rice as required by traders. The actual selling price (maximum price) of a coro of rice between producer and trader would be 235 CFA. Traders generally resupply

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their stocks during the major harvest seasons (December - January) when the price of a coro varies between 75 CFA and 125 CFA in the producing area weekly markets.

b) **Price Fluctuation**

During the periods of food shortage (drought), market prices are strongly subjected to fluctuations mainly in rural areas (farmers sell their stocks early due to cash needs). The lack of a marketing channel of the type available for cotton is an area of concern for the development of rice growing. Traders took the unfair advantage of this situation to negotiate less remunerated prices with producers. This results in considerable market price variations.

c) **Purchase Price Between Trader and Wholesaler**

Any market operation is aimed at profit. Trader/suppliers never let their customer/wholesalers know the purchase price between them and the producer. He may have him pay for a fair or a double price depending on the rice quantity existing in the market.

d) **Purchase Price Between Wholesaler and Retailer**

The current wholesale prices in different N'DJamena markets during our survey conducted from August 29 to 31 are as follows:

- Central Market: 19,000 CFA/100 kilogram sack
- Millet Market: 19,000 CFA/100 kilogram sack
- Dembe Market: 20,000 CFA/100 kilogram sack

These prices are related to the Chadian rice and to the rice imported from European, American and Asian countries. As for the Cameroonian rice sold in 50 kilogram sacks, it costs 9,000 CFA or 18,000 CFA/100 kilogram sack in all markets.

TRANSPORT COSTS

The rice produced in the above areas is shipped to N'Djamena prior to the rainy season to avoid road closing while make it impossible to have access to these areas. Therefore, it was impossible to meet trader/suppliers who are the only ones to give information about the prices they pay. However, according to several reliable sources, a 100 sack would cost 1,500 CFA.

STORAGE COSTS

According to the wholesalers that we interviewed, storage costs exist only when trader/supplier accompanies his rice from producing areas for search of a wholesaler. The hangar storage cost is 250 CFA/sack sold.

ECONOMICAL SITUATION OF THE COUNTRY

1) ONC (National Cereal Office), the government institution for cereal marketing policy, has no financial capacity to repurchase rice from producing areas. The initial task of the institution is to resell its stock to consumers in urban centers at a lower price than the cost price. The difference then corresponds to a subsidy.

2) Consumers Habits and Purchasing power

Farmers consume less and less rice due to their alimentary habits and also to their low purchasing power. They can consume only the rice provided as food aid. Rice is for urban consumption, but is often inaccessible to the middle class officials. Army and other institutions are major rice consumers. The urban consumers whose revenues are generally low can purchase rice only when the rice prices decrease considerably or when millet or sorghum prices increase considerably (drought periods).

APPROACH TO SOLUTIONS

The Government should closely control imports and donations of rice and with regard to the Chadian people needs, it should purchase the national production and complete it with the import of the difference as necessary. Considering the low purchasing power of some social groups to whom the international community sends food aid, donors should start purchasing the national production.

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