



The low level of efficiency of food processing industries

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The low level of efficiency of food processing industries like milling in developing countries is to a considerable extent the result of conditions external to the industries themselves, i.e. to the difficulties and inefficiencies of agriculture, transport and other infrastructure. In most developing countries these problems are now being addressed

so the milling industry is now being freed up to develop side by side with newly installed power generation, transport and other infrastructure.

Simple food processing industries have long been established in most developing countries and it comes quite often as a shock to a visitor from a developed country to witness the dearth of these industries in developing countries. However this situation is now changing under the impact of new technology and is growing side by side with increasing agricultural outputs.

The more sophisticated food industries are developing rapidly because purchases of made-up foods are forming a higher proportion of household expenditure in developing countries and therefore expand very quickly at low income levels. Food is also widely traded internationally and food processing industries can play an important role in export but this can only ethically take place once domestic demand is satisfied.

The contribution of food processing industries to value added in manufacturing in developing countries falls into different phases corresponding to different stages of overall industrialization.

The relative importance of food processing industries does reduce with industrialization, but in underdeveloped countries these industries have yet to grow in relative importance as well as in absolute size. As a result in most developing countries there is very considerable potential for growth in primary food processing industries such as milling. Of most note is that industries like milling are one of the most important industrial sectors in the developing world. So the obvious outcome is that improving milling productivity in a country will have a marked effect on the local total industrial productivity and also indirectly helps to provide the essential reserves of skilled labour which together with the vitally important areas of management and capital are often desperately needed for further industrial development. A good example of this situation is that which has been so eloquently described in the writings of Roger Gilbert who long ago identified the very clear link in the relationship between the establishment of the milling industry and efficiency of feed production for the livestock industry with

overall country development.

This is because food processing industries are the most important manufacturing subsector in developing countries, but they are invariably their least efficient. As a result a substantial improvement in their performance not only boosts the growth of manufacturing but I know from first-hand experience as a working farmer it also stimulates agricultural development and improves the associated human nutrition from improved farming. Indeed in my diplomatic position in Africa I see the growing concern with agricultural performance and this disenchantment makes the economic climate very favourable for a new emphasis on the milling industry in most developing countries. This is a situation that I believe should interest millers and skilled operators reading this article and looking for new opportunities in the industry. As the problems of food processing industries like poor quality, irregular supply and often times high delivered end cost of raw materials are solved, with substantial improvements in agricultural transport and storage then opportunities arise. Those in the milling industry can increasingly take advantage of economies of scale and by-product utilization which will enable them to manufacture products of high quality at costs comparable to those in developed countries, and to expand their share of the world's trade in processed foods.

As grain is the staple food product of developing countries, providing up to 80 percent of food intake, then it is grain milling which requires the most urgent attention in these economies. The bulk of grain in developing countries is presently milled by small mills which operate at a low level of productivity, produce low grade milled products, have low grain recovery, and do not utilize bi-products.

To ensure the maximum gains from agricultural development and improvements in agricultural practice now taking place this should be strongly linked to investment in transport, storage and in milling itself. Investment in milling is particularly important and with that importance comes huge opportunity to the milling industry.

Our charity Milling4Life, which is the brainchild of Roger Gilbert whom I mentioned earlier in this column, will work tirelessly to help improve the milling industry in developing countries. I am very happy in that respect to report that Roger is my vice-Chairman, motivator and advisor in the charity's important work in stimulating and encouraging the development of the milling industry. That is particularly so in those countries which need its support and those communities that will most benefit from its urgent establishment of suitable milling and the associated key storage facilities.