Road ahead of **RICE PRODUCTION** in East Africa

by Shem Oirere, Journalist, East Africa

Eastern Africa is struggling to meet the region's increasing demand for rice as policy constraints, an unstructured market regime and changes in global rice trade magazines hamper fast-tracking of production, processing and marketing programmes by countries in this sub Saharan market.

Although the Eastern Africa Grain Council (EAGC) says production has been increasing albeit slowly, the rice sub sector in the region does not "meet market demand partly due to inadequate market linkages from surplus to deficit regions and unfavourable trade policy."

Eastern Africa has the potential to expand rice production and trade but because of the "prevailing rice market challenges including informal, insufficient and unstructured markets coupled with policy constraints and changes in global rice trade dynamics have negatively impacted the rice trade" according to Jacinta Mwau of EAGC.

By the end of 2017 countries in Eastern Africa were importing rice worth US$500 million annually to meet the production and processing deficit according to the EAGC.

Kenya's former Permanent Secretary for Agriculture Dr Romano Kiome previously said the potential for expanding rice production and processing in the region "has not received adequate attention with regard to policy and institutional support."

Kiome said for the case of Kenya, the rice sub sector has potential "to enhance food security and livelihood for the majority of urban and rural poor" if only the constraints to increasing production, processing and marketing are effectively addressed by both the public and private sector.

Demand for rice in Kenya is estimated at 300,000 metric tonnes yet the country's production capacity is approximately 45,000 to 80,000 metric tonnes.

This huge production deficit is currently being addressed through a 10-year National Rice Development Strategy that was launched in 2008 and ends this year. However, previous efforts to narrow the deficit/supply gap may not have achieved many set targets as envisaged in the plan according to Mr Zachary Mwangi, the Director General of Kenya Bureau of Statistics.

He says in the 2017 Economic Survey, although the area under rice production increased by 4.2 percent to 14,586 hectares in 2016 up from 13,998 hectares in 2015, production dropped by 12.9 percent.

Mr Mwangi says Kenya produced 101,500 tonnes of rice in 2016, down from the 116,500 tonnes for 2015.

"The decline was precipitated by the dry weather conditions resulting in insufficient water for irrigation in rice growing areas," he said.

Rice in Kenya is produced in Nyanza, Central, Western and Coastal regions where for major rice milling plants have been developed with capacity to process more than 33 tonnes of rice.

An estimated 80 percent of the rice, which is the third most important cereal in Kenya after maize and wheat, is grown through irrigation and only 20 percent relies on rain-fed production.

Despite the constrained production, rice consumption, especially the Basmati type, has been increasing at 12 percent annually compared to four percent and one percent for wheat and maize according to the Ministry of Agriculture. The per capita rice consumption is estimated to have increased by 57 percent from seven to 11 kilogrammes by 2016.

This substantial surge in consumption has resulted in increased rice importation especially from Pakistan, Thailand, India, Vietnam and other countries within Eastern Africa to meet demand and close supply gaps.

For Eastern Africa countries, the importation of rice to meet growing deficit is a double-edged sword for the sub-sector. Whereas the rice importation is helping address the shortages in the region, it is also creating opportunities for dumping of cheap poor-quality rice and strangling domestic production.

"Incidents of importation of cheap poor-quality rice which is fraudulently repackaged presenting unfair competition to locally produced rice," says the National Rice Development Strategy 200-2018 report by Kenya's Ministry of Agriculture.

"There exists on fair trade demands by rice exporting countries who insist on dumping poor quality rice in Kenya in exchange for high quality locally produced crop commodities," the report says.

But to deal with the problem of dumping of poor quality rice in Eastern Africa, governments in the region through the East African Community (EAC), an intergovernmental organisation composed of six countries in the African Great Lakes region in eastern Africa, have introduced a 75 percent tax on rice from outside the region or US$345 per a tonne or whichever is higher, to protect the sub sector from collapsing under the pressure of imports.

However, Kenya has been allowed by the other EAC countries of Tanzania, Uganda, Burundi, Rwanda and South Sudan to impose a lesser tax of 35 percent or US$200 per tonne, to encourage slightly more rice imports to meet the acute shortage of quality rice.

As Kenya ponders on how to re-engineer the unimplemented components of the National Rice Development Strategy that comes to lapse at the end of 2018, there are several challenges that the government is expected to address if rice traders in the country are to improve their operations.

For example, land tenure system in some parts of the rice growing regions are a hindrance to growth of the sub sector. Farmers in these areas do not have titles for their farms making it difficult for them to access credit to improve their farm operations.

Other serious challenges facing the rice sub sector in Kenya include scarcity of labour, high cost of farm inputs, lack of access to financing and increasing but uncoordinated cross-border rice trade across East Africa.

Demand in the Kenyan rice market, just like in the rest of Eastern Africa is expected to continue growing driven mainly by increasing urbanisation, expanding middle class and retail market.

In addition, the national government and county governments where rice is grown are currently pushing for increased production of New Rice for Africa (NERICA) variety that was developed by the Africa Rice Center to boost rice yields in the continent.

The Kenya Agribusiness and Agroindustry Alliance says the country has far more investments opportunities in the rice sub sector than most Eastern Africa.

"NERICA variety offers Kenya a significant competitive advantage in rice production given its higher yield potential and lower production costs," the Alliance says in its report 'Agriculture Investment Opportunities in Kenya; Rice Processing Investment Case'.

It says the rice variety, which was developed through cross-breeding of disease and drought resistant cultivars in Africa, has capacity to yield 156 percent more than the average Kenyan lowland rice.

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"The introduction of the NERICA rice variety, which is able to grow in semi-arid areas, presents a significant opportunity to create prosperity for farmers and their surrounding communities through wide-scale production and processing of rice," said the Alliance.

It is apparent from the long list of achievable targets set out in the National Rice Development Strategy 2008-2018 there are several components of the plan that may not be implemented by the end of the year and this calls for close partnership between government and private sector in ensuring successful commercialisation of production, processing and marketing of rice in both Kenya and Eastern Africa.