

Making a complex subject simple grain market liberalisation and its relevance for food security in Africa

Jonathon Coulter

Natural Resources Institute, University of Greenwich, Central Avenue, Chatham, Kent ME4 4TB, United Kingdom. (E-mail J.P.Coulter@gre.ac.uk)

The author examines cereal market liberalisation in Africa, based on UK Natural Resources Institute's 30 year experience working in the Continent.

Current concerns about the performance of liberalised grain markets are reviewed, as is the performance of previous parastatal monopolies. Based on a comparison with relatively successful francophone cotton monopolies, it is concluded that the reason for the demise of grain marketing monopolies lies with inherent managerial factors. These include: the political complexities of grain marketing; the complexity of pricing decisions; Governments' difficulty in delegating managerial autonomy, and; the requirement to carry out unremunerated functions.

A review of existing grain marketing systems shows that while cereals trade is predominantly in private hands, its performance in most countries is being greatly weakened by equivocation at the policy level. This includes destabilising interventions of an ad hoc nature, and a reluctance to take the steps to address weaknesses in the private sector policy framework. Notwithstanding the disappointing performance in the cereals sector, it is however found that Africa has succeeded in diversifying into a range of new cropping opportunities involving both subsistence and cash crops, and this has impacted favourably on livelihoods and food security.

The author concludes that African countries should accept the irreversibility of liberalisation, and strive to make the liberalised system work more efficiently in the interest of food security and the enhancement of livelihoods. This will involve establishing transparent, rule-based systems, developing non-Governmental institutions of a supportive kind (e.g. warehouse receipts), encouraging regional trade and ensuring that food safety nets are of a non-distorting kind. The donor community should likewise strive for coordinated and consistent approaches in the support it provides, and use food aid as a tool to develop local marketing systems as part of a long-term exit strategy.