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Benin Coarse Grains and Rice Report

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Agricultural Situation

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Report Highlights:

Benin is predominantly a rural society -more than 70% of the population depends on agriculture which contributes around 38% of the Country's GDP. Since 2008 the Government of Benin (GOB) has been actively involved in strengthening agricultural development including promoting staple crop value chains. Corn and rice are two main staples the government is focused on to enhance food security. Coarse grains (corn, sorghum, millet) and rice production are mostly grown by independent small scale farmers, who are responsible for producing 90% of the total output while using only using 7% to 10 % of the total arable land available.

General Information:

Benin total coarse grains production for MY 2012/2013 is forecast at 1.541 million tons (including rice) a 7 percent increase from total grain output last MY 2011/2012 (1.435 million tons). Corn (1.1 million tons) accounts for 75 percent of total grain output while the remainder includes sorghum (156,000 tons, millet (27,000 tons) and rice (127,757 tons).

While Benin aims to become self-sufficient and an exporter of staple food crops given its favorable weather conditions, its agricultural potential is hindered by lack of infrastructure, lack of mechanization, lack of rural credit, inefficient and insufficient use of fertilizer, insecticides, and seeds (inputs), soil fertility, and low yields. Other problems include climate change, especially concerning rainfall. For example, a group of farmers reported that the seasonal rains have changed their pattern and most of them have not been able to adapt yet. Post harvest loss for coarse grains and vegetables remains very high at 30 percent and 60 percent respectively.

According to the Government of Benin's National Strategy to improve Agricultural Diversification and Productivity or *Le Plan Strategique de Relance du Sector Agricole* (PSRSA) grain production will increase progressively from 1.5 MT to 2.285 MT by 2015. Both improving agricultural productivity and strengthening diversification are on the top of President Boni Yayi's agenda for agricultural development and overall poverty reduction strategy.

The GOB's 2013 budget included provisions for agricultural programs to boost local production, modernize agriculture, and promoting agribusiness. The agricultural provisions represent 11.8 percent of the total budget (US\$ 2.9 billion) and include subsidies for agricultural inputs, building of an agricultural equipment assembly line, and construction of an agricultural processing plants to process perishable products for export and local consumption, and the creation of an Agricultural Development Bank.

Production:

Corn is grown throughout the country while sorghum and millet are mainly grown in the center and north of the country. Benin's average corn production ranges between 700,000 tons and 1.0 million tons. Corn is the largest staple crop in Benin and the mainstay of the diet of the majority of Beninese. In addition, corn is an important component of poultry feed and to a lesser extent used as a sorghum substitute as needed by the brewing industry.

Corn is planted in March/April and harvested in August/September for first choice corn and October/December for second choice corn.

Post forecast for corn production in MY 2012/2013 is 1.1 MT down slightly from 1.212 MT in MY 2011/2012. This projected decrease is likely due to the altered rain patterns and the inability of the

government to provide enough “free seeds” and subsidized fertilizer to farmers.

According to Post sources the national average maize yield is currently estimated at 1.0 ton per hectare. The GOB aims to reach 2.0 tons per hectare and has introduced several incentives to increase corn production, including a 50 percent subsidy for fertilizer starting in 2008 to make it affordable, increase its use, and to ensure a uniform price across the country. With the subsidy, a 50 kg bag of fertilizer is sold by the *Societe National pour la Promotion Agricole (SONAPRA)*, a government organization responsible for the distribution/sale of seeds, fertilizer, and insecticides, at FCFA 11,000 (\$21.61) when the market price is FCFA 23,800 (\$46.76).

The *Office National d'Appui a la Securite Alimentaire (ONASA)* buys and stores corn and rice to resell between harvests to smooth out market supplies and limit price surges.

According to **SONAPRA**, the current season 2012/2013 is well underway. Seed varieties utilized are adapted to the eight different agricultural zones. Production ranges from 1.1 ton to 2.1 tons per hectare in the North compared to 1.0 ton in the south. *The Institute National des Recherches Agricoles du Benin (INRAB)* provides base seeds that are then multiplied mainly by women growers and then **SONAPRA** buys the multiplied seeds and the *Centre Regional pour la Promotion Agricole (CeRPA)* distributes them to the farmers.

In the past, farmers were able to prevent/treat their corn with sulfur grain pesticide, which was purchased from Ivory Coast traders, but due to social/political conflict, farmers were not able to purchase the pesticide for the current season.

Prices for corn seeds: EVDT seeds: FCFA 800/50kg = \$78.60; Improved seeds: FCFA 450/50kg= \$35.37; Local seeds: FCFA 300/kg or FCFA 15,000/50 kg=\$29.47

The cost of production for 1.0 ton of corn is about \$148 according to some farmers; however, **CeRPA** agents argue that the actual cost of production is close to \$393. Labor is not considered part of production because it is usually family members who work on the smaller farms.

Consumption:

Post visited the main corn producing areas in Benin and confirmed that world market prices do not impact local prices for corn. Nigerian traders, however, do put pressure on price when they buy off the crop and offer higher prices than the local buyers. Corn local wholesale price of 100kg bag in July 2012 at the Azobe market, one of the most important grain markets in the south, was FCFA 32,000 or \$62.87. However, in late September 2012 at the Malanville market in the north, a 100 kg bag of corn was priced between FCFA 22,000-24,000 (\$43-\$47).

Operators, consolidators, and traders come to the farm to buy the grain or the farmers go to the grain markets to sell their entire crop. Traders/consolidators come all the way from Cotonou, Niger and Nigeria to the market and they hire the transport- trucks usually 20 footers or mini-buses.

According to sources, approximately 30 percent of the annual corn crop is loss due to inadequate post harvest practices and poor storage.

Trade:

Benin exports about half of its corn domestic production to Niger and Mali through Malanville and Ketou. According to Post sources, 5 tons of corn is transported out of northern Benin over its borders daily.

Nigerian traders are active in the main corn markets in southern Benin, pushing prices up. The price per ton to export to Niger is FCFA 185,000 (\$363.51 per ton) while the internal price is set at FCFA 150,000 (\$294.74 per ton) for first choice corn, and FCFA 120,000 (\$235.00 per ton) for second choice corn.

Exchange Rate: **US \$1 = West Africa FCFA 508.93**

Policy:

GOB's long term vision is to move towards greater diversification in order to become a major exporter of agricultural products by 2025 by increasing sustainable growth over the medium term. While the Government of Benin (GOB) aims to diversify its agricultural production, Benin remains underdeveloped and its economy remains based on subsistence agriculture heavily dependent on cotton international prices, and regional trade.

Corn, beans, rice, peanuts, cashews, pineapples and other various tubers are grown for local subsistence while cashew production is targeted mostly for the export markets. Most of the corn produced in the North of the country is exported to Niger and Nigeria. However, the PSRSA promotes value added transformation of 13 agricultural products with the aim to diversify exports and increase farmer incomes.

The 13 agricultural products include: corn, rice, tubers (cassava, yam) cotton, pineapples, peanuts, palm oil, produce (pepper, tomatoes, onions and carrots), meat, milk, eggs, fish and shrimp.

The GOB subsidizes production of cotton, rice, and corn by distributing "free seeds" and subsidized fertilizer. The subsidy support varies from year to year, however; it is almost thought it is an entitlement since small scale farmers have little or no financial means to buy either seeds or fertilizer at market prices.

Rice Policy

The government of Benin (GOB) aims to be rice self-sufficient by 2015 and to export by 2018, reaching 385,000 tons by 2015. The GOB as well as international organizations and other governments are heavily involved in the rice sector, providing free seeds, subsidized fertilizer, and pumps for tube wells. Irrigation systems are also at times provided with government and donors mainly Chinese and European. On the marketing side, *ONASA* buys the harvest, mills it, and sells it in their stores around the country. While *ONASA* has operated for many years, it started operating two rice mills in 2011. Despite this guaranteed market, an estimated 75 percent of the production in northern Benin leaves the country as traders from Niger and Nigeria offer higher prices and faster cash payments for rice paddies.

NGOs provide funding for some of the government initiatives such as the distribution of water pumps, and for other rice-related projects, as well. For example, the Rice Growers Association of Benin received funds from various international groups to promote local rice production and reinforce producers' capacity building. Though there have been some large irrigation projects in the past, most of

the donor-funded projects are relatively small. Other donors include the World Bank, IFDC, the Netherlands Government, and Belgium etc.

Since 2008 GOB as a response to the food price crisis, developed programs and initiatives to ameliorate the impact of high prices and support the production of staples by subsidizing fertilizers and distributing seeds for free.

The combination of systematic intervention by the government and support by international donors has resulted in increased cereals production.

Production, Supply and Demand Data Statistics : Corn PS&D

Corn Benin	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	700	700	700	700	700	700
Beginning Stocks	170	170	50	50	50	50
Production	980	980	1,200	1,200	1,000	1,100
MY Imports	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1,150	1,150	1,250	1,250	1,050	1,150
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	100	100	100	100	100	100
FSI Consumption	1,000	1,000	1,100	1,100	900	1,000
Total Consumption	1,100	1,100	1,200	1,200	1,000	1,100
Ending Stocks	50	50	50	50	50	50
Total Distribution	1,150	1,150	1,250	1,250	1,050	1150

1000 HA, 1000 MT, MT/HA

Sorghum PS&D

Sorghum Benin	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	150		150		150	156
Beginning Stocks	0	0	0	0	0	0
Production	107		175		150	156
MY Imports	0		0		0	0
TY Imports	0		0		0	0
TY Imp. from U.S.	0		0		0	0
Total Supply	107	0	175	0	150	156

MY Exports	0		0		0	0
TY Exports	0		0		0	0
Feed and Residual	0		0		0	0
FSI Consumption	107		175		150	156
Total Consumption	107	0	175	0	150	156
Ending Stocks	0		0		0	0
Total Distribution	107	0	175	0	150	156
1000 HA, 1000 MT, MT/HA						

Millet PS&D

Millet Benin	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	40		40		40	40
Beginning Stocks	0	0	0	0	0	
Production	50		60		50	27
MY Imports	0		0		0	0
TY Imports	0		0		0	0
TY Imp. from U.S.	0		0		0	0
Total Supply	50	0	60	0	50	27
MY Exports	0		0		0	0
TY Exports	0		0		0	0
Feed and Residual	0		0		0	0
FSI Consumption	50		60		50	27
Total Consumption	50	0	60	0	50	27
Ending Stocks	0		0		0	0
Total Distribution	50	0	60	0	50	27
1000 HA, 1000 MT, MT/HA						

Rice PS&D

Rice, Milled Benin	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	66	66	66	66	66	66
Beginning Stocks	0	0	0	0	0	0
Milled Production	90	90	96	96	96	96
Rough Production	141	141	150	150	150	150
Milling Rate (.9999)	6,400	6,400	6,400	6,400	6,400	6,400
MY Imports	185	185	200	200	200	200
TY Imports	165	165	200	200	200	200
TY Imp. from U.S.	0	0	0	0	0	0

Total Supply	275	275	296	296	296	296
MY Exports	50	50	50	50	50	50
TY Exports	50	50	50	50	50	50
Consumption and Residual	225	225	246	246	246	246
Ending Stocks	0	0	0	0	0	0
Total Distribution	275	275	296	296	296	296
1000 HA, 1000 MT, MT/HA						

Rice Production

Rice is grown throughout Benin, but the leading producing provinces are Oueme/Plateau, Borgou/Alibori, Zou/Collines and Mono/Coffo. Benin's domestic rice paddy production in MY 2012/2013 was set at 150,000 MT, unchanged from the previous year. This is due to the GOB's commitment to promote rice yields by introducing improved high yielding seeds, disease resistant rice varieties to producers and assisting them with small water pumps. According to GOB sources, fertilizer use in rice production is low due to its high cost, resulting in low productivity. The average yield of rice has been between 1-2 tons/ha paddy, and could be higher according to GOB sources. The GOB believes that subsidy will make fertilizer more affordable, thereby increasing application rates which will ultimately increase yields. The GOB intends to improve the quality of locally produced rice in order to stimulate greater demand for it. Last March 2012, the GOB went so far as to donate rice 150 tons of domestic rice to Mali, Niger, and Burkina Faso as humanitarian aid.

Rice Consumption

Rice consumption has been increasing over the years (between 28-31 kg per person), keeping pace with population growth because rice continues to be part of the main diet of most Beninese due to its easy preparation. However, consumption may be overestimated due to cross border trade between Benin, Niger and Nigeria.

The urban and rural Beninese prefers imported fragrant rice despite the fact that it is often one of the highest priced on the market. According to sources, approximately 2/3 of locally grown rice paddy is sold to Nigerian traders.

Imported rice (approximately 200,000 tons) can be seen in the traditional open air markets and supermarkets as well as on the main roadsides in the urban and coastal areas. Mainly Nigerian traders buy much of the imported rice-nearly half is sent on to Nigeria.

Benin's imported and domestic rice are sold in separate markets in urban and rural centers. Imported rice is commonly available in the traditional air-markets, while local rice is sold mainly in rural markets very close to where it is produced. The local rice (parboiled, white and brown) has a peculiar flavor and is perceived to have beneficial nutritional qualities, but it is perceived as a low quality substitute for imported rice. According to a 2003 study, more than 43 percent of the population consumes only imported rice while 37 percent makes do with local rice. Rice importers sell to wholesalers, retailers, and/or directly to consumers. Wholesale traders then retail the rice on the open market, repackaging 50 kg bags into smaller 25 kg bags.

The price for local rice at the Azareke and Malanville market is FCFA 393/kg (\$0.77) while the price of imported rice at Azareke, Dantokpa, Malanville and Natitingou markets is between FCFA 532/kg and

FCFA 612/kg (\$1.04-\$ 1.20).

Rice Trade with Nigeria

Benin rice market appears to be large with local rice production as well as sizeable rice volumes imported every year. However, this volume is misleading since the vast majority of imported rice is then transported informally across its borders with Nigeria.

These transshipments may increase in MY 2012/2013 due to the new import levies established by the Government of Nigeria (GON) to potentially take effect at the end of 2012 pushing the trade to continue to export to the Cotonou Port and then overland it by road through Benin's porous borders. Nigeria's demand for imported rice continues to increase despite GON's efforts to increase local production and milling and this creates an opportunity for increased rice imports through Benin. The countries that supply the bulk of the rice are Thailand, India, Brazil, and Pakistan. Different grades of rice are imported into Benin ranging from the more expensive fragrant (Thai) rice, U.S. rice, and parboiled rice to much cheaper 70 percent broken rice, but also 5, 10, and 35% broken. Much of the parboiled rice is destined for Nigeria, however.

However, Post interviewed several stakeholders and confirmed that the diversification program and policies established by the government are just mostly rhetoric because the government continues to support cotton production the most heavily. For example, in order to support the cotton sector, the government supplies free seeds and subsidized fertilizer if the producer also grows cotton. For instance, if the producer plants 1 hectare of cotton (2.471 acres) he/she may grow ¼ of the land with other cereals.

Stakeholders

- Private Grain Dealers
- Farmer Organizations
- Processors
- Merchants and business operators
- Chambers of Agriculture
- Public and private sector advisors

Private Grain Dealers supply the main grain markets in Benin. There are three markets of importance. The grain dealers buy the seed, fertilizer and input from *SONAPRA* using commercial credit using the guarantees from World Food Program (WFP) and *ONASA* and contracts with the producers to plant a certain amount of corn. Then, he/she sells WFP or Plan Benin. *SONAPRA* can also sell directly to the producers (mainly organized as cooperatives or unions). Grain dealers work very closely with *SONAPRA* and *ONASA*.

While this system is not new, it creates dependency on the grain dealer and reliance on the international organizations to buy the entire harvest. Post interviewed several grain dealers and they said that international prices do not affect local prices for corn.

One of the grain dealers said that his business is pretty much contracted and sold as soon as it is available.

Short term financing/ contracting scheme is a must in Benin because commercial finance is expensive at 15 percent on average and very stringent requirements to access.

ONASA is the organization responsible for food security. In addition, it controls prices and government grain stocks to distribute/sell through their stores or boutiques.

SONAPRA is responsible for distribution/sale of inputs, fertilizers, and pesticides.
The subsidized price for a 50 kg bag of fertilizer is \$21.60.

CeRPa provides advice at the regional level. There are six regional directors located throughout the country.

DANA (Food Safety Control Office) is responsible for the food safety of crops and processed products.