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Grain and Feed

Rice Update

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Report Highlights:

Posts estimates a slight increase in rice production in 2005/06 from 232 TMT to 256 TMT (up 9 percent) due to an increase in planted area, fairly good rainfall and increased government support in terms of debt relief for rice growers and subsidies for farm inputs. Rice imports in 2005 increased 5 percent compared to 2004 and reached a record level of 1,113,241 MT. Post estimates that 45 percent imports were re-exported primarily to Mali and Guinea Bissau.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Dakar [SG1]
[SG]

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Executive Summary

Post estimates a slight increase in rice production in 2005/2006 due to a 16 percent increase in total planted area. The area increased primarily in the south while there was a slight decrease in area planted and production in northern Senegal, which is the major production area along the Senegal River valley. This increase in the southern regions of the Casamance is the result of increased area planted combined with government support to farmers through provision of subsidies on farm inputs and debt relief. Irrigated rice production still dominates local production, mostly in the Senegal River Valley where 32,161 ha were planted in 2005/06.

Per capita rice consumption continues to grow and is estimated at 70 to 75 kilograms and total annual consumption is estimated at 700,000 MT. Local rice production meets about 20 percent of the country's needs and 30 percent of this production is used for subsistence, meaning it never enters the market. Rice consumption is expected to increase as the urban population continues to increase. Meanwhile in rural areas, rice consumption is also dependent on production of other food crops, especially millet and corn, which are increasing.

As of October 30, 2006 official estimates of rice stocks held by rice importers were about 64,000 MT, just enough the cover for one month of the country's rice needs. No government or NGO held stocks are reported.

Senegal is still the second largest African importer of rice after Nigeria. Rice imports represent about 34 to 39 percent of all imported food products, drinks and tobacco. Gross imports were 1,113,241 tons in 2005 up 5 percent from previous year. Post estimates that about 45% of imports were re-shipped to neighboring countries. The primary destinations of the shipments are Mali and Guinea Bissau. This record increase was mainly due to the fact that Senegal purchased unusual large quantities of broken rice from non traditional suppliers such as Argentina, Brazil and Uruguay whose import prices were lower. However, Thailand is still the major rice exporter to Senegal ahead of India and Vietnam. Imports from the U.S. dropped by about 50 percent in 2005 compared to 2004 and still consist primarily of long grain rice donated for food aid programs.

Current trends for 2006 suggest that rice imports will fall to close to the estimated 750,000 tons. This is due to carry over stocks as well as the ongoing increase in local production of rice and other food crops. 94 percent of imported rice is more than 35 percent broken rice against only 2 percent medium rice. Whole and medium rice represent only 5-6 percent of the rice market share.

A more comprehensive analysis of regional trends in rice production and trade will be included into the next annual rice report.

Exchange Rate: U.S. \$1 = CFA franc 491 on December 7, 2006.

Production

Post estimates a slight increase in rice production in 2005/06 due to a 16 percent increase in area planted and a slight increase in yield. This follows the introduction of improved rice varieties during previous years with the technical assistance of WARDA (West Africa Rice Development Agency) and SAED (the government agency responsible for developing the rice sector in the Senegal River valley).

The production increase comes despite a slight decrease in area planted and production in the Senegal River valley. This increase may be explained by an increase in production in

other rice producing regions such as the Casamance as the result of improved government support to farmers and increased rainfall in the region.

Most rice produced in Senegal is irrigated along the Senegal River Valley in the north where 32,161 ha were planted in 2005/06 and the southern region of the Casamance. Rice growers in the Casamance rely on a more humid climate but techniques are still underdeveloped, based on small scale irrigation schemes and therefore yield limited production which is mostly used for subsistence. The Senegal River Valley region remains the largest rice production region with 175,351 MT out 256,814 MT of total rice production is produced in this region, representing 68 percent of the total rice production in 2005/06.

Rice is grown and harvested twice a year in both regions, during the rainy season when the largest harvests are made (Post estimates rain fed production at 215,164 MT in 2005/06, representing 83 percent of the annual production) and during the dry season when only farmers who have access to irrigation infrastructure engage in rice production (41,650 MT).

Persisting drought and the water resources available along the Senegal, Casamance and Gambia Rivers have been the basis of the government policy to develop irrigation infrastructure and expand the production area. The irrigation schemes developed in northern Senegal and in the Casamance have been used as complementary to the rain-fed systems with the objective to expand and increase local rice production. However, despite these efforts, local rice production is still not competitive compared to imported rice although they are not of the same quality. Yields are comparatively low in the rain fed systems (1MT/ha in the Ziguinchor and part of Kolda region in the Casamance) and higher in irrigated systems (5.5 MT/ha in the Senegal River Valley region against 2 to 3 MT/ha in the Anambe region, south of Kolda). This latter region has the least competitive system because of its higher production costs resulting from the costly rudiment irrigation systems and higher use of inputs. Rice growers in the north prove to be better organized and have accumulated 20 to 25 year experience in irrigated rice production unlike producers in the Anambe region who have been involved in this system for only 10 years.

Local rice production is still second among grain production after millet, and represents only 20 to 30 percent of the total production of grains. In 2005/06 the overall production of major grains has increased 40 percent compared to the previous year. This performance is due to a 10 percent overall increase in area planted and 27 percent increase in yields. This increase has been primarily pulled by millet (517,268 MT in 2005/06 against 323,752 MT in 2004/05) which represents more than 67 percent of the area planted in grains. The production of sorghum (125,391 MT) has been stable compared to previous years and corn production has decreased slightly from 400,555 MT in 2004/05 to 359,864 MT in 2005/06).

Consumption

In Senegal the estimated per capita annual rice consumption is 70 to 75 kilograms, and total annual consumption is estimated at 700,000 MT. Local rice production covers only about 20 percent of the country's needs and 30 percent of this production is auto-consumed by rice growing communities. Local rice is milled in small processing units, most of them using equipment made by local workshops or traditional grain processing techniques. This explains the low yield (65 percent) and poor quality (mixture of grades, and impurities) of local rice. Because of this quality issue and its relatively higher price compared to imported broken rice, its marketing and consumption in major Senegalese cities is very limited.

Total consumption is expected to increase as the result of migration and a growing urban population, especially in major cities where rice is the major staple food. In rural areas, rice

consumption is expected to decrease with the steady increase in the production of other food crops, especially millet and corn.

Trade

Senegal is still the second largest rice importer in Africa, ahead of Cote d'Ivoire and behind Nigeria. Rice imports represented, over the last years, about 8 to 9 percent of total imports; 9 to 11 percent of total imports not including petroleum products; 34 to 39 percent of all imported food products, drinks and tobacco.

Gross rice imports were 1,113,241 tons in 2005 up 5% percent compared to 2004 (see table below). This record increase was mainly due to the fact that Senegal has bought usual large quantities of broken rice from non traditional suppliers such as Argentina, Brazil and Uruguay. As the result of this increase the average price was down by 0.8 percent. Imports during the first semester of 2006 totaled 385,583 tons down by 4 percent compared to imports in the previous year for the same period. However, average import price has remained unchanged. It is estimated that 20 to 25 percent of the gross imports are reshipped to neighboring countries (Mali, Guinea Bissau, Mauritania, etc). This ratio reached 45 percent in 2005.

Year	Gross IMPORTS MT	Net IMPORTS MT	Estimates of Re-exports to Neighboring countries
2002	1,036,244	709.573	326,671 (31 percent)
2003	893,602	640.739	252,863 (28 percent)
2004	735,573	518.198	217,375 (30 percent)
2005	1,113,241	605.648	507,593 MT (45 percent)
2006	238,028 (May 31)	160.498 (May 31)	77,530 (33 percent)

Source: Market Survey of grade No 5/20 Rice – Counterpart Senegal, June 2006; Estimates of reshipments to neighboring is made by Post.

Rice imports in 2006 are estimated to fall to 750,000 tons. As of October 31, 2006 imports were estimated at 710,600 tons including 10,600 tons of food aid. It is expected that imports will continue to rise significantly and will continue to outpace local production as consumption increases due to increasing urban population.

Thailand continues to be the major rice exporter to Senegal followed far behind by India, and Vietnam. These countries exported respectively 386,897 MT, 88,178 MT and 114,766 MT to Senegal in 2005. These quantities were down from 508,860 MT, and 125,038 MT for respectively Thailand and Vietnam, and up from 45,774 MT for India. The increase in 2005 has been therefore driven by the significant supply from Uruguay (25,727 MT) and Argentina (29,870 MT). As overall rice imports are expected to decrease in 2006, the imports from these countries are also forecasted to decrease in 2006. Comparison of imports in January-September 2005 to those of the same period in 2006 shows a decrease by 18 percent for Thailand, 59 percent for Vietnam and 77 percent for India.

Imports from the U.S amounted to 4,880 tons of long grain rice in 2005 down from 10,500 tons in 2004. These imports were done through a Counterpart International implemented USDA Food for Progress program (in 2004) and under the USAID Food for Peace program (in 2005).

Senegal also imports small quantities of packaged deluxe rice from various origins, mainly from Asia.

Stocks

Official estimates of stocks at the beginning of the 2005/06 growing season were estimated at about 70,000 MT and most were commercial stocks. This indicates that local rice is largely for subsistence. As of October 30, 2006 official estimates of rice stocks held by rice importers were about 64,000 MT, just enough the cover for one month of the country's rice needs. No government or NGO held stocks are reported.

Marketing

Following the liberalization of the rice market in 1996, there were about 40 rice importers. As a result of competition and the inability of some of them to face the challenges of the rice market, that number has decreased now to 8 to 10 main importers. The number of wholesalers is relatively large, and they serve as middlemen for importers for the distribution of their stocks and as suppliers for the retailers. The number of retailers is huge, and they represent the most conservative market segment in terms of price variation. Prices are usually rigid in this segment regardless of price changes in the other segments.

Import taxes for 100% broken rice is CFA 21,000 per ton regardless of the quality or the origin. For whole rice, an additional tax up to 33% CAF applies.

In the region, Senegal is the country consuming the least whole and medium rice (5-6 percent of the rice market). 94 percent of Senegal's rice imports is made up of +35 percent broken rice, only 4 percent is of less than 10 percent broken rice and only 2 % is of medium rice (these ratios are respectively 20, 10 and 70 percent for Mali, and 30, 15 and 55 percent for Ivory Coast). Importing prices for medium and whole grade rice are also higher by respectively 5 and 10 percent, which partly justifies consumers' preference for cheaper broken rice.

The commercial marketing of U.S. long grain rice is still limited since consumers are unwilling to pay the higher price of U.S. medium-quality rice. Average retail price for U.S medium long grain rice has been 37.5 to 50 percent higher than that of broken rice in major cities. However, as average income grows, the imports o whole and medium grades are gradually moving upscale with more consumers, especially middle class and southern Senegal consumers demanding better quality rice.

Senegal Rice, Milled									
	2004	Revised		2005	Estimate		2006		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate New	
Market Year Begin		08/2004	08/2004		08/2005	08/2005		08/2006	MM/YYYY
Area Harvested	95	95	83	95	95	95	95	97	(1000 HA)
Beginning Stocks	476	235	235	819	819	320	632	178	(1000 MT)
Milled Production	168	164	151	163	163	165	163	173	(1000 MT)
Rough Production	258	252	232	251	251	254	251	266	(1000 MT)
Milling Rate (.9999)	6500	6500	6500	6500	6500	6500	6500	6500	(1000 MT)
MY Imports	1225	500	735	750	750	900	850	750	(1000 MT)
TY Imports	1200	620	518	750	750	1113	850	750	(1000 MT)
TY Imp. from U.S.	3	10	10	0	0	5	0	0	(1000 MT)
Total Supply	1869	899	1121	1732	1732	1385	1645	1101	(1000 MT)
MY Exports	0	0	217	0	0	507	0	187	(1000 MT)
TY Exports	0	0	0	0	0	0	0	0	(1000 MT)
Total Consumption	1050	579	584	1100	1100	700	1125	700	(1000 MT)
Ending Stocks	819	320	320	632	632	178	520	214	(1000 MT)
Total Distribution	1869	899	1121	1732	1732	1385	1645	1101	(1000 MT)
Yield (Rough)	2.715789	2.652632	2.795181	2.642105	2.642105	2.673684	2.642105	2.742268	(MT/HA)

Import Trade Matrix Senegal Rice, Milled			
Time Period	Jan-Dec	Units:	MT
Imports for:	2004		2005
U.S.	10,500	U.S.	4,616
Others		Others	
Thailand	508,860		396,897
India	45,740		88,178
Vietnam	125,038		114,765
Total for Others	679,638		599,840
Others not Listed	57,615		508,785
Grand Total	747,753		1,113,241

Export Trade Matrix Senegal Rice, Milled			
Time Period	Jan-Dec	Units:	Jan-Dec
Exports for:	2004		2005
U.S.	0	U.S.	0
Others	217,375	Others	507,593
Guinea Bissau (estimate)	52,000		46,000
Mali (estimate)	165,375		461,593
Total for Others	217,375		507,593
Others not Listed	0		0
Grand Total	217,375		507,593