

Liberalization of Maize Marketing in the Arusha Region in Tanzania

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The government of Tanzania liberalized the grain market in 1990s by allowing private traders to participate in grain trade and seeds distribution. The government also required NMC and cooperatives to operate on commercial basis. This marketing arrangement was expected to improve the efficiency of the marketing system through competition. This thesis evaluates the performance of grain marketing system after liberalization measures. The evaluation is based on primary and secondary information obtained from NMC, cooperatives and private traders, and maize producers in Arusha region. This information was used to evaluate the emerging structure and competitiveness of the private marketing system and deliver the several economic performance dimensions, margins, spatial, and temporary price spreads, profit/losses, market integration, methods and timeline of payments. There is improvement in the competitive structure of private grain market as revealed by the increase in private market participants after liberalization. The emerging structure is however, rudimentary as the provide traders lack facilities, transport, storage and mills, and therefore they perform limited storage and transport operations. There is a decline the market margins as a percentage in the consumer price with a corresponding increase in the producer share of the consumer price during normal years. There is improvement in the market integration with spatial price spreads and seasonal price rise post liberalization. The NMC and cooperatives however did not improve their performance as they largely operated as before. Thesis also revealed the danger of relying on the market during poor harvests. Because private traders largely lack the capacity and willingness to perform operations such as famine relief and price stabilization., the study suggest the public sector role in these operations, and they should clearly be budgeted for, with proper accounting and management of stocks. Distribution of seeds was done at administered prices, thus removing the incentive to compete and reduce costs. It is suggested in this area to determine the impact of input market liberalization on output and rural incomes. The study suggests reforms of parastatals and government commitment to enable NMC and cooperatives to operate commercially.