

THE ROLE OF GRAIN STOCKS IN NATIONAL FOOD SECURITY IN TROPICAL DEVELOPING COUNTRIES

J.G. Gray

Food Study Group, Queen Elizabeth House, Oxford, UK

This paper addresses the question, what are the appropriate levels of foodgrain stocks which developing countries should aim to maintain for food security purposes? The issue is an emotive one, with national politicians typically advocating highly risk averse high-stocks policies, while the emerging "new wisdom" in the development agencies is that stabilisation of domestic food markets through trading on world markets offers both a cheaper and a more reliable form of food security strategy.

The paper analyses the specific sources of risks of food insecurity which grain stocks can address and assesses the extent to which these risks can be adequately and cost-effectively met by alternative policy instruments to grain stocks. The discussion of cost-effectiveness includes an identification of some of the factors accounting for the extremely high cost of holding security stocks, including problems of turnover and disposal of stocks in situations where grain exports incur heavy financial losses.

Issues relating to the internal geographical location of security stocks are addressed in so far as these affect the overall magnitude of the security stock requirement. This is an issue which has received inadequate attention in the literature.

The paper concludes that, while the "new wisdom" is broadly correct, it has tended to underestimate the risks associated with over-reliance on external markets as the principle source of food security. On a balanced assessment security stocks will continue to play an important role in the national food security systems of most tropical developing countries, though some reduction in the levels of such stocks from the target set in many countries would be appropriate.