



# THE RICE COMMITTEE

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## RICE IMPORTERS' DOMESTIC HANDLING PRICE RESEARCH REPORT

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RICE COMMITTEE SECRETARIATE

RICE DOMESTIC HANDLING PRICE STUDY AND  
RECOMMENDATIONS TO GOVERNMENT OF LIBERIA

## 1. INTRODUCTION

The Rice Importers' costs, which drives the price of rice in the Liberian market, was the reason Rice Importers requested in 2024, an increase in the price of imported rice, especially the wholesale price of 25 Kg bag in Liberia. All six major importers had based their request for an increase on India's levy of a tax on rice exports from that country. Importers estimated that an increase of US\$1.50 per 25 kg bag would cover their costs.

The Government reserved decision on the request of the importers, and the President established a National Rice Committee with the mandate, amongst many things, to ensure that rice is available and affordable at all time in Liberia, that Liberians also be encouraged to participate in the rice import trade, and that local rice production activities are supported by the Committee to eventually substitute rice importation.

The newly established Rice Committee promptly got to work and visited rice storage facilities in and outside of the Free Port of Monrovia, satisfying itself that there were adequate stocks in warehouses for three months and that rice was on order or enroute to Liberia to cover demand for an additional 30 to 45 days. Secondly, the Rice Committee felt that the cost of rice on the market was the next top priority. The Ministry of Commerce & Industry had already established a wholesale price of US\$17.00 and a retail price of US\$17.50 per 25 kg bag. Those prices were based upon the CIF price plus Rice Importers various payments for Insurance, Freight, Letters of Credit, Medtech Charges, Hauling & Stocking, APM Terminal Charges, Empty Bags Charges, Warehousing and other Overheads.

The Committee assigned its Secretariat to undertake a detailed study of various domestic cost drivers that are to be considered in establishing the cost of rice. The CIF prices are taken as given, but the domestic charges importers pay to have the commodity in their warehouses, secured, were the focus of the research study.

## 2. METHODOLOGY FOR THE RESEARCH

The Committee met with the Importers and solicited their cooperation and support in what was proposed: to carry out a study to establish whether the

price of rice should remain as it is, reduced somehow or be increased, as they had requested.

All six of the major importers were expected to cooperate with the study and submit relevant information needed. However, only three of them cooperated fully and one of the Importers, a member of the Committee, provided information later.

With information and figures obtained from the Ministry of Commerce and Industry, the researchers evaluated all of the costs price lists and other relevant documents presented by the importers, and arrived at the initial hypothesis that the importers' figures were not in harmony with each other; not only were their figures in harmony with each other's figures, they were not also in harmony with the figures obtained from the Ministry of Commerce and Industry as approved "Rice Price Lists"!

To empirically test the researchers' initial assumptions, the Importers were further requested to provide supporting documents for what the researchers termed "laundries domestic costs price list" provided by them. The documents, received and reviewed, included copies of payments receipts, warehouses lease, lists of their staff (employees) working on rice matters. Letters of Credits (LC) information from banks together with debits advices or copies of banks statements indicating the rates quoted in their price lists as rate for LCs and Collateral Management Arrangements (CMAs).

It is important to mention that it was discovered that beside **K& K Trading Corporation**, all of the other importers are involved in "general merchandise" businesses, which were indicated on some of their LCs and CMAs presented and reviewed for "Rice".

The Study Team did their utmost, through persistence reminders, SMS messages, letters, WhatsApp group messages, and physical visitations to the offices of the Importers, requesting their supporting documents. Only four of them were indeed willing to provide some of their supporting documents for their "laundry" domestic costs price lists presented. The four are **Fouani Brother Corporation, Supply West Africa Trading (SWAT), A to Z Corporation and Fouta Cooperation**. The Committee is grateful to the four for their cooperation.

## 1. GENERAL ANALYSES

1. Based on the supporting documents provided by the four importers, the researchers observed, analyzed and sought-after clarifications with all importers.

2. After clarifications by the researchers with the four importers on “some of their supporting documents”, the followings were the findings and recommendations of the rice domestic cost price lists research exercise with importers:

## **2. FINDINGS AND RECOMMENDATIONS:**

### **➤ FINDINGS:**

#### **➤ CTN CHARGES**

It was observed that the Government had waived CTN charges on the importation of rice. However, some importers claimed that the 3% charge on empty bags that are usually shipped along with the rice, as indicated on their bills of lading, is still being charged by CTN.

Specifically, CTN was still charging A-Z Corporation import duty, because the company imports rice in containers. Other Importers did not mention this extra CTN charge or fee payment because they do bulk cargo shipping.

Given that this charge has indeed been waived by the Government, it is very strongly recommended that this CTN Charge of 3 % on empty bags and containerized rice imported should also be waived on the other importers who are paying.

#### **➤ CXHARGES ON WAREHOUSES LEASES AGREEMENTS:**

From all of the leases presented and reviewed, it was observed that Importers usually charged for warehouses leases on every metric ton of rice imported in the Country.

Given that warehouse leases are fixed for long term and are paid annually. Based on analysis made, we are of the view that a maximum of 50,000 metric tons of rice imported by importer(s) should be the benchmark to cover the full annual cost of

warehousing. Importers should not charge for warehousing for subsequent shipments of rice above the 50,000 MT.

➤ **CHARGES ON RICE EMPLOYEE'S SALARIES**

As it is the case of warehousing indicated above, Importers charge on every MT for the cost of their employees' compensation. The analysis suggest that a benchmark of 30,000 MT should also be set as benchmark to cover the costs of their Employees' Compensation. Any additional importation above 30,000 MT, Importers make, they should not be charging for employers' compensation.

➤ **LETTER OF CREDITS (LCs) AND COLLATERAL MANAGEMENT ARRANGEMENTS (CMAs):**

On the Subject of Letters of Credits (LCs) and Collateral Management Arrangements (CMAs) charges provided by importers, the interests rates ranged from 2%, 3%, and up to 13% as LC charges. However, all of the LCs and CMAs charges provided could not be supported by debit advice from banks nor banks statements, neither any of the importers provided payments receipts.

The Researchers then made independent verifications with some commercial banks in Monrovia about their rates on credits on commodity like rice. It was discovered that the banks rates were far lower as 1.0%, 2.75%, 3.00% and 5.00%. So, the researchers are of the view that these banks rates and Charges, until supported by payments documents, the highest rate of 2% should be considered maximum cost for Letters of Credit.

In the process of the study, the Researchers learned that collateral Management Arrangement, in number of cases replace Letters of Credit and in other cases, Letters of Credit are only required for partial consignment of rice being ordered,

❖ **BLANKETED OVERHEAD /UNFORESEEN CHARGES.**

Additionally, the Importers also had what they called “unforeseen charges” on their Cost price Lists. However, when the researches evaluated all the supported documents and receipts provided, this cost of \$0.75 on a 25 KG bag or \$30.00 per MT wasn’t substantiated. The researchers concluded that this blanketed overhead or unforeseen charge was unnecessary.

#### ❖ **DOCKAGE Fee CHARGES**

The Importers indicated on their cost price List Dockage Fees, which they claimed NPA was Charging them. However, when the researches Contacted NPA Management about this charge on Rice Shipments, NPA said such charge isn’t applicable on rice shipment, especially to the importers. Therefore, dockage fee is also unnecessary.

### **3. RESEARCH SPECIFIC FINDINGS:**

After careful evaluations and analyses of the domestic costs price lists, the research team concluded that a saving of \$1.85 minimum can be made on a 25 KG bag of rice under the present price regime. Below are the details reasons why the researchers concluded on the \$1.85 saving or overcharging:

- (a) Variance between Importers’ Costs for Warehousing & Employees Compensations is estimated as: \$0.11**
  - (b) Variance between importers’ Letters of Credit & CMA Costs presented and what banks were actually charging: \$0.62**
  - (c) All other “blanketed Overhead”, which was not a legitimate charge \$ 0.62**
  - (d) Dockage Fee that is not legitimate: \$0.37**
- Total \$1.85**

### **4. RECOMMENDATIONS**

In view of the above specific findings, it is recommended that Importers pay out to the Government the number of US Dollars One Hundred and Eighty-Five Cents per bag of 25 KG bag of rice imported.

When deposited, this money, the Rice Committee propose, should be used for the following purposes:

- Rice Price Stabilization Fund,
- Local Rice Production Support, and
- Rice Committee Budget Support

In addition to the above, we are also proposing the following:

- That the Ministry of Commerce and the Liberia Revenue Authority suspend all CTN charges including those on containerized Rice imports.
- That MEDTECH Charges of \$1.00 per ton of Rice be removed and;
- that APM Terminals Charges of \$14.85 per ton be reduced by at least half (\$7.43), which will also create further saving to support local rice production

It is important to note that the six main Importers are aware of the Committee's study of Pricing and their contribution to the research study, should have no serious objection as they have been unable to effectively challenge the figures.

It should also be noted that CIF prices are presently more favorable than they were in 2024. That would provide greater margins for the Importers, enabling them to easily make the payments to Government.

We are also recommending a new IMPORTED RICE PRICING FORMULATION. Working with the Ministry of Commerce and Industry, we believe the new FORMAT offers a more effective way of reporting relevant costs, particularly as they move up and how they drive the price of the commodity up.

## **5. RATIONAL FOR THE RESEARCH RECOMMENDATIONS.**

The research study and resulting recommendations reported in this paper have been grounded on Rice Importers' request for consideration of a price increase and a professional approach to advise Government on whether the request for the increase should be granted, not granted or if the prices

should not even be reduced. While experience, especially the experience of fuel price reduction, teaches that at this point in time and given the current economic situation we face, a price reduction should not be considered. The evidence provided and the analysis made lead to the conclusion that money not required to be spent should be transferred from private sector operators to the public sector to carry out the other critical objectives of medium-term price stabilization, support for the Rice Committee, which, since its establishment, has not been receiving financial supported from the National Budget, and support for increasing local rice production.

It should be further noticed that here in Liberia no tariff is levered on imported rice, enabling this important staple food to be cheaper for consumers in Liberia than the same rice, in both volume and quality, is sold in neighboring countries.

We are fortunate to be making this report at a time even the Indian exporting authorities are interested in selling us rice at favorable terms. The market is bullish and Importers should have little difficulties, if any, to accept to pay this US\$1.85 into the appropriate rice account.

## **6. DEVELOPMENT OF THE NEW RICE PRICE FORMAT**

After the Rice Price research was conducted by the Rice Committee's Secretariat, which aimed at ensuring that both importers and consumers have what may be considered fair and factual costs and prices, for wholesale and retailed transactions for a 25 kg bag of rice, it was considered appropriate to have a 100% buy-in and full acceptance by the Ministry of Commerce and Industry. Accordingly,

- The full Rice Committee met, received and accepted the Report of the Secretariat on the research study, the findings and the recommendations;

- The Committee then appointed a Task Force, headed by the Ministry of Commerce to further examine the Report, the methodology used and the findings arrived at;
- The Task Force had a few working sessions and accepted the Report and accompany recommendations;
- Led by the Deputy Minister of Commerce, the Task Force agreed to work within the Ministry to determine the way ahead and how best to ensure full Government's acquiescence and market acceptability;
- To expedite the process the Executive Committee of the Rice Committee has elected to involved an expanded group of Heads of Agencies including the Ministry of Commerce, the Liberia Revenue Authority, the National Port Authority, the Ministry of Agriculture, the Ministry of Transport, the Chairman of the Rice Committee and the Minister of State to take the appropriate actions on behalf of Government.

In conclusion, we attach copy of the Rice Price Format, developed from the Research Study.