

Since independence in 1963, the government of Kenya has maintained rigid control over the marketing and pricing of the major cereals like maize, wheat and rice. This paper discusses some of the current policy issues regarding maize marketing in Kenya. Following an overview of the maize production and marketing system, and the process of marketing reforms and current policy reforms, the economic impact of eliminating grain movement control is evaluated. It is concluded that there are potentially sizeable economic benefits to be derived from the 'decontrol' of the informal maize trade sector. The government's 1989-93 Development Plan states that a major restructuring involving gradual liberalization of the marketing system will be carried out whereby the National Cereals and Produce Board (a parastatal organization empowered to handle all maize officially purchased or sold in Kenya) will eventually leave 75% of the market to private traders, millers and cooperative societies. However, such partial reforms are difficult to manage on a sustainable basis and there is a need for longer range solutions to market liberalization through a more complete food security strategy. Problems to be faced by the government in the 1990s include: budgetary constraints limiting the degree of producer price support and stock holding; the difficulty of 'selling' the market price fluctuations caused by decontrol politically; and the need to trust the private sector mechanism to work.