

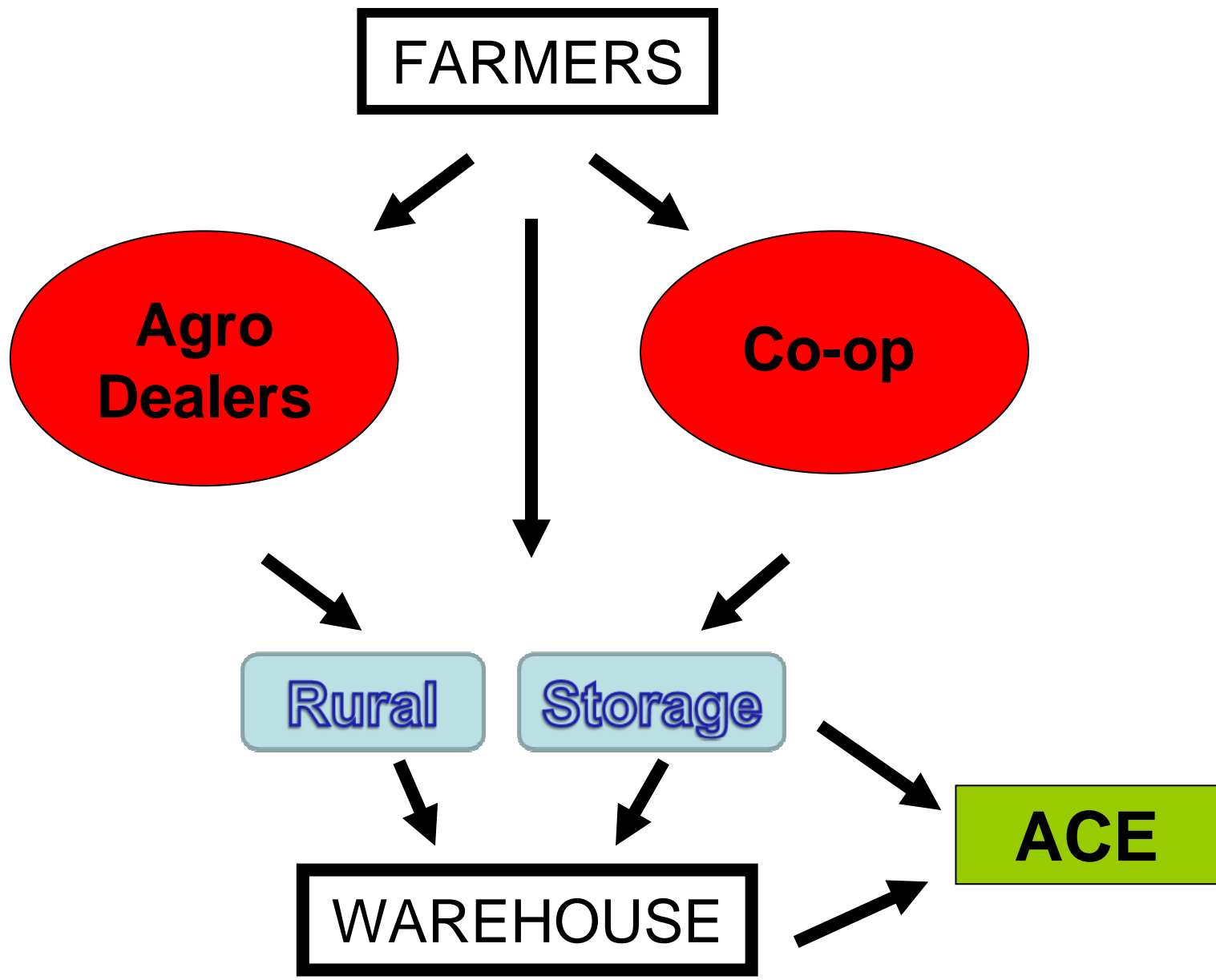
Enhancing the linkages between WRS and Exchanges

**A presentation by
Ian Goggin
ACE**

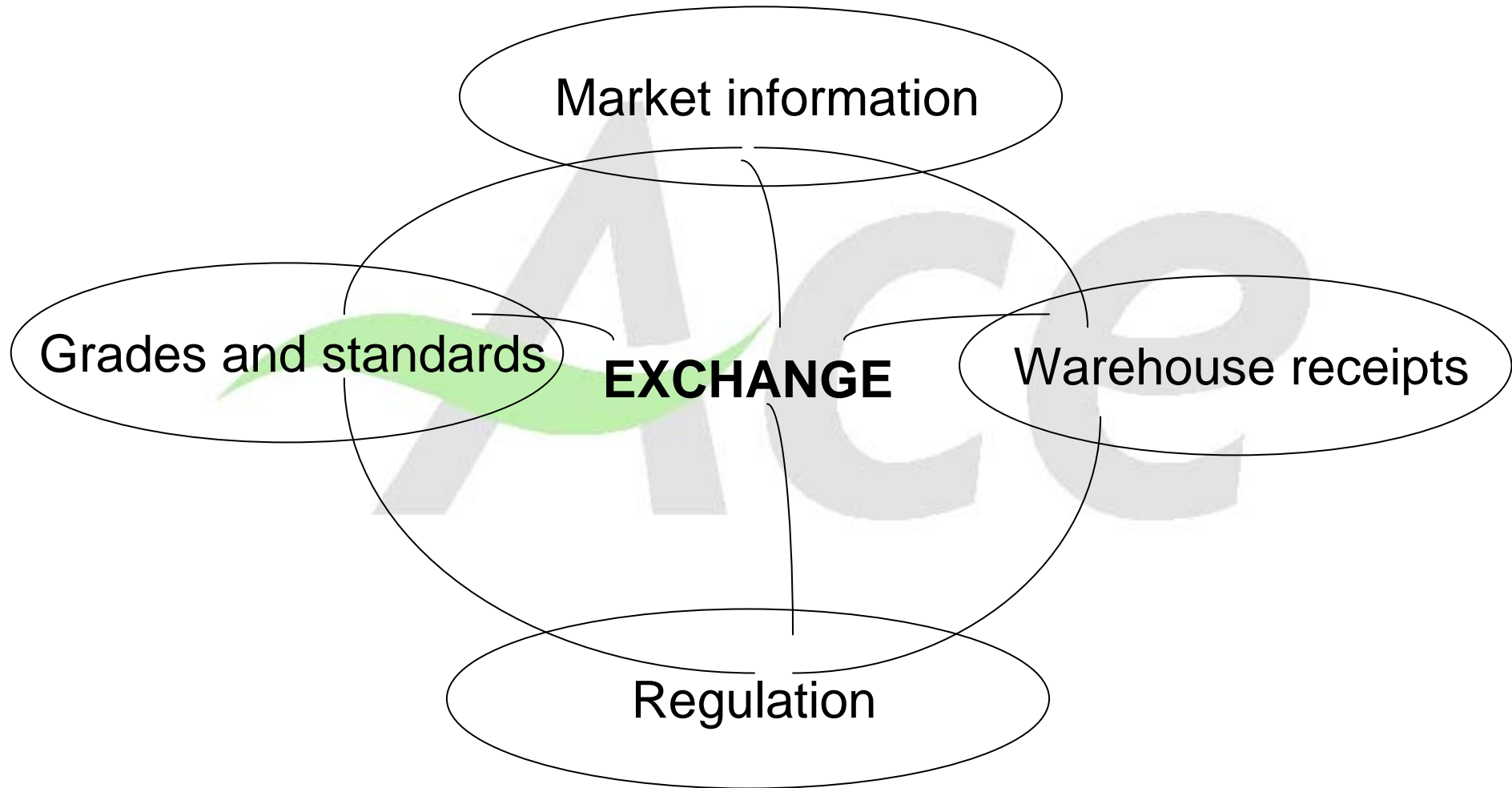
**At the Workshop on Improving the Functioning of
Commodity Markets in Eastern and Southern Africa
through Warehouse Receipt Systems and Market –
based Interventions**

Observations

- There are a number of “buzz” phrases doing the rounds at the moment; MIS, WRS and commodity exchanges. But do we all understand what we mean by these terms?
- Neither WRS or commodity exchanges are a panacea for problems in markets, but they can assist.



Links: Everything goes together



WRS Systems – Do Exchanges need them and vice versa?

- Yes, but there is debate as to which needs which more!!

Questions to be considered

- Cost of the receipt.
- Important to capture rural players.
- Common grading standards – perhaps not necessary.
- WRS NOT reliant on excess production and the system often works well in times of shortage.

Questions to be considered

- Private storage facilities, particularly those operated by traders, have a possible conflict of interest. (What benefit would they derive from providing good market advice to potential depositors)?
- Flexibility and ability to react quickly to changing circumstances.

Other thoughts

- Supply problems are often more “people related” than the lack of production ability.
- Sustainability – essential part of any business plan for commodity exchanges/WRS.
- Risk mitigation and integrity leading to acceptance of commodity exchanges and WRS are reliant on the operating systems put in place.

Other thoughts

- Buy in to the system by all participants.
- Agriculture is under-funded in many countries in Africa, WRS can bring more liquidity to markets.
- Commodity exchanges are crucial to the development of agriculture in many African countries, but they **MUST** work!
- Keep it simple.

ACE (Agricultural Commodity Exchange for Africa)

**P. O. Box 40139, Kanengo, Lilongwe 4,
Malawi.**

Ian Goggin

Email: icgoggin@gmail.com

Kristian Moller

schach1@hotmail.com

Website: www.aceafrica.org