Case Study: Tanzania Export Bans

by
Bernard Kagira
Trade Policy Advisor, USAID/COMPETE

for presentation at

3rd USAID Feed the Future East Africa Regional Meeting – Focus on Structured Trade

8 – 9 December 2011, Sea Cliff Resort, Dar es Salaam

Rationale for the Export Ban

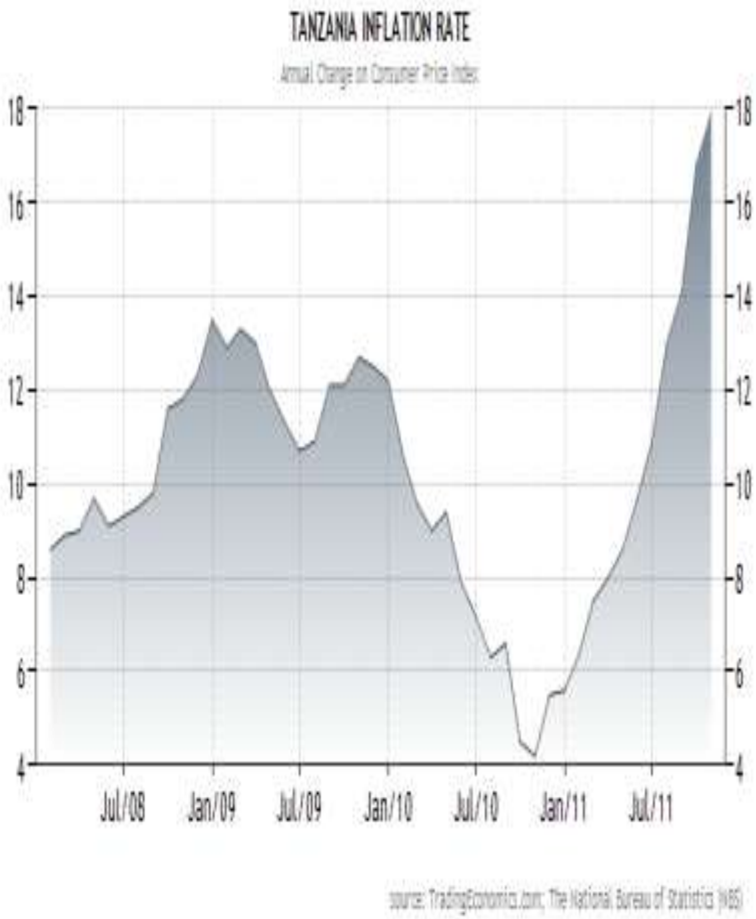
- Agricultural export restrictions comprise defensive measures pursued by countries to protect consumers or producers. They usually take a wide variety of forms: -
  - export bans (embargoes),
  - export taxes (simple and differential),
  - export quotas, and
  - export restricting measures of state trading enterprises
- In Tanzania, export bans of May 2011, according to official information was motivated by need to protect consumers. The Government was responding to the following challenges:
  - Inflationary pressure for a period of straight six months
  - Food deficit in 16 regions in Tanzania

Tanzania: Situation of Food Availability at the time of Export Ban (National FBS – April 2011) – The country had surplus in all the select commodities except wheat

	Maize	Wheat	Rice	Beans	Millet	Sorghum
(1) Carry Over Stocks - as at 31st March 2011(MT)	**289,678**	**5,077**	**40,614**	**50,768**	**10,154**	**61,238**
(2) Imports (projections for April 2011						
• From Regional sources (EAC&COMESA)	-	-	-	-	-	-
• From Extra Regional sources	-	-	-	-	-	-
Total Imports	**-**	**-**	**-**	**-**	**-**	**-**
(3) Production (projections for April 2011)						
• Long rains	2,328,340	65,580	612,930	781,418	142,504	537,363
• Short Rains	997,860	28,106	262,684	334,894	61,073	230,298
Total Production per year	**3,326,200**	**93,686**	**875,614**	**1,116,312**	**203,577**	**767,661**
(4) Post harvest loss	**346,476**	**2,342**	**21,890**	**22,326**	**15,675**	**65,251**
(5) National Availability (MT) = (1+2+3)-4	**3,269,402**	**96,421**	**894,338**	**1,144,754**	**198,056**	**763,648**
(6) Exports (projected exports for 2010						
• Exports to EAC/COMESA	-	-	-	-	-	-
• Extra regional exports	-	-	-	-	-	-
Total Exports	**-**	**-**	**-**	**-**	**-**	**-**
(7) National Consumption (MT)	**3,141,723**	**101,346**	**810,767**	**1,013,456**	**202,692**	**709,421**
(8) Available stock by end of As at 1st April 2010 (MT) = 5 – (6 + 7)	**127,679**	**(4,925)**	**83,571**	**131,298**	**(4,636)**	**54,227**

Impact of Export Ban

- Had no impact of inflation, which rose from 8.6% in May to 17.9% in November 2011
- The impact on consumer prices was marginal. Between May and August 2011, the consumer price of maize dropped by an insignificant 0.05%, rice by 2.28% and beans by 3.68%.
- Farm gate prices in Sumbawanga, for instance dropped by 43% from TShs35,000 per bag before export bans to TShs20,000 per bag after the ban.
- Farmers take home was estimated at TShs100 after taking post harvest handling costs which remained the same as was before the export ban



Impact of Export Ban (continued)

- Forgone profits if the farmers were to get their produce across the border to DR Congo where a bag of maize was selling at between TShs80,000 and 100,00, compared with the farm gate price of TShs20,000 at Sumbawanga!

- Export bans was not full proof as maize still left the country through informal routes to Kenya and other neighbouring countries. The middle men and their accomplice were the key beneficiaries and not the farmers.

Policy alternatives to export bans

- Strategic Reserve for the Food Deficit Regions in Tanzania to avoid blanket export bans

- Use Regional Available Stock using **Regional Food Balance Sheet as the basis**

- EAC Regional Policy on intra-regional trade in staple foods – the proposed EAC Green channel for staple foods