



Key Message

Export bans on selected food commodities such as rice has not achieved the intended aim of ensuring food availability and reducing consumer prices in Tanzania

Instead, export bans lead to:

- i) Low producer prices as recorded during the July – September 2016 export ban period where farm gate prices of paddy reduced by 8% compared to the pre-ban period (January – June 2016);
- ii) Decrease in the volume of rice traded. During the 2016 export ban, the volume of rice traded decreased by 35% whereas the average revenue by rice processors declined by 23% compared to the pre-ban period; and
- iii) Increase in consumer prices as processors/traders hoard rice reducing supply. As a result of the 2016 export ban, wholesale rice prices increased by 17% compared to the pre-ban period.



A Truck ready to export Rice to Zambia from RGL in Mbeya, Tanzania.
Photo Credit: Kilimo Trust, 2017



Recommendations

To increase rice availability, reduce consumer prices and ensure continued rice profitability among farmers and processors/traders, the role of free rice markets is paramount. This study recommends that, the Government of Tanzania (GoT) should abolish export bans on food staples.

Specifically for the rice sub-sector, the GoT in collaboration with other stakeholders in the rice value chain should:

- a) Establish (where lacking) and strengthen (where in existence) mechanism(s) to continuously collect timely and accurate data on the state of food sufficiency in Tanzania to inform decisions targeted at ensuring food security.
- b) Increase the capacity of government agencies to purchase and store adequate rice during times of glut for instance by providing adequate funds and on time.

Summary of findings

Rice remains an important economic crop in Tanzania employing about 20% of farming households (USDA, 2017). The sub-sector also contributes about 2.7% of the Tanzania's GDP (Trading Economics, 2017). According to Sanogo (2014), export bans on food staples including rice in Tanzania have been aimed at: i) ensuring food availability; and ii) reducing consumer prices. The main limitation of the bans has been inadequacy of accurate information about the food security status in Tanzania. Indeed, despite the government of Tanzania issuing statements that the country was self-sufficient in rice production there were five (5) export bans between 2003 and 2012, (more than any other period since 1980).

Despite the numerous export bans over time, e.g., evidence from this study shows that: i) export bans do not increase food availability locally as informal exports and malpractices such as hoarding increase significantly. During the 2016 export ban, only 5% of rice millers/exporters reported that they would stop exporting rice due to the ban.

Furthermore, rice exporters reduced the volume of the rice they sold to different market segments by 35% while they increased the amount of the rice they stored by 19%; and ii) Export bans do not reduce consumer prices. During the 2016 export ban, wholesale rice price in selected markets in Tanzania increased by 17%.

The evidence

Export bans do not ensure food availability as they result to illegal exports and hoarding of the banned commodities. Data from major¹ borders through which rice from Tanzania is exported show that during the 2016 ban, rice exports were recorded at border points despite a complete ban on export of grains including rice (Table 1).

Table 1: Rice exports before and during the 2016 export ban through some major border points in Tanzania

	Pre-ban (Apr - Jun 2016)	During-ban (Jul - Sep 2016)	After ban (Jan - Mar 2017)
Volume exported (MT)	106	68	83
% change in exports	-	(minus) 36%	(plus) 22%

Source: Author's computation from RATIN data, 2017

Moreover, data on the amount of rice stored during the 2016 export ban increased by 19% relative to the pre-ban period indicating some level of hoarding. Illegal rice exports and hoarding during export bans makes the commodity unavailable in Tanzania against the intension of export bans ensuring food availability.

There has been a degree of incoherence between government statements that Tanzania has produced more rice than the country demands and imposition of export bans to ostensibly ensure food security in the country. For example, in 2011, a food export ban lasted for 5 months (Porteus, 2012) while production of milled rice was 2,248,320 MT

¹ Gatuna, Isebania, Mutukula, Namanga, Rusizi, and Tunduma border points



(51% higher than consumption (FAO, 2015). In the same period, the government issued a statement that rice production in the country had increased overtime from 1.7 million MT in 2009/10 to over 1.9 million MT in 2014/15 during which time, supply exceeded demand (The Citizen, 2016). This points to limited reliability of data to guide such decisions.

Export bans do not reduce consumer prices of rice as supply reduces due to hoarding.

During the 2016 export ban, wholesale prices of rice increased by 17% relative to the pre-ban period (Table 2). This can be explained by the overall 35% reduction in the amount of rice supplied to the market by processors/traders during the ban.

Table 2: Wholesale price of milled rice before and during the 2016 export ban

	Pre-ban (Jan - Jun 2016)	During-ban (Jul - Sep 2016)	% Change
Average Milled Rice sold (MT)	2,741	1,795	-35
Average Paddy sold (MT)	1,622	863	-47
Average Rice stored (MT)	628	747	19
Average Wholesale price of paddy (USD/MT)	273	250	-8
Average Wholesale price of milled rice (USD/MT)	553	647	17

Export bans reduce profitability of rice farmers and processors due to reduced farm gate prices and low rice sales.

Evidence from this study shows that the volume of paddy sold by interviewed farmers reduced by 47%-from an average of 1, 622Kgs to 863Kgs during the 2016 export ban compared to the preban period. Further, prices of paddy reduced by 8% during the same period implying that farmers got less revenue from the sale of their paddy. These two aspects have a negative implication on the profitability of paddy producers. Interviewed rice processors also received lesser revenue from sales of milled rice as they reduced the amount of rice they supplied to markets by 35% during the 2016 export ban compared to the pre-ban period. Although the wholesale price per MT increased by 17% during the period of the ban, the resulting revenue reduced by 23% due to the low volumes sold. Under the same production costs regime, this has a negative impact on rice profitability among the millers.

Methodology

This policy brief is the culmination of a study conducted by Kilimo Trust between March and August 2017 to assess the effect of food export bans on rice availability, profitability and consumer prices in Tanzania. The study involved two phases: i) phase one comprised the review of literature to document existing evidence (comparing periods of export bans with periods before and after export bans) on the effect of export bans on rice availability, farm gate prices and consumer prices. Phase one also identified gaps in literature and especially with regard to rice forming the basis of phase two of the study; ii) phase two entailed collection of primary data focusing on farmers in the CARI-Tanzania² consortia and rice processors in areas where the project is implemented. Using a 90% confidence level, a sample size of 60 millers and 60 farmers was randomly selected from a population of millers and farmers estimated at 700 and 11,680 respectively in the Southern Highlands districts of Mbarali, Kyela and Momba as well as Kahama, Shinyanga Town & rural, Geita, Igunga and Mbogwe districts. A semi-structured questionnaire was used to capture the data. Analysis was conducted using STATA (13). Findings from the study were synthesized into this policy brief.

² The Competitive African Rice Initiative (CARI) is a development project with the goal to improve the livelihoods of 120,000 smallholder rice farmers in Tanzania, Nigeria, Ghana and Burkina Faso. CARI-Tanzania will contribute to the project goal by reaching at least 30,000 rice farmers in Tanzania with a daily income below USD 2. The project aims to work with rice millers and traders as value chain anchors who provide the much needed "pull" to stimulate higher rice production. Secondary beneficiaries of the project are rural service providers such as agro-dealers. CARI-Tanzania is implemented by Kilimo Trust using rice millers as the link between consumers, producers and service providers in the rice value chain through a consortium model where rice farmers and a miller work together as equal agribusiness partners for mutual benefits (Kilimo Trust, 2017).

References

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Definition of Important Terms

Export Bans - Limitations on total or a specified quantity of goods exported to a specific country or countries by a Government.

Pre-ban period - January to June 2016, period just before the 2016 ban.

Ban period - Period when the 2016 ban was in place: July to September 2017.

Ex-ban period - Period just after the 2016 ban. In this case, January-March 2017.

Kilimo Trust Head Quarters

Plot 42 Princess Anne Drive, Bugolobi
P.O.Box 71782, Kampala Uganda
Tel: +256 392 264 980/1, +256 200 926 498
Email: admin@kilimotrust.org

Website: www.kilimotrust.org

Kilimo Trust Tanzania

Plot 455, Avocado Street, Kawe
P.O.BOX 106217, Dar-es-Salaam, Tanzania
Tel: +255 22 278 1299
Email: admintz@kilimotrust.co.tz

Kilimo Trust Kenya

Ravine Road, opposite Kenya Medical Supplies Authority (KEMSA) Nakuru Depot
Office: Smallholder Dairy Commercialization Programme - Programme Coordination Unit
P.O. Box 12261-20100, Nakuru, Kenya
Tel: +254 721 748 056 | Email: admin@kilimotrust.org

Kilimo Trust Rwanda

Magerwa Street, KK 6 Avenue
House NHOB 10 -NAEB Premises
P.O Box 5448 Kigali - Rwanda
Tel: +250 788 874 901
Email: admin@kilimotrust.org