

Moyale Cross-border Market Profile Report

1. Description of the market

Location of the market: Moyale is a market town on the border of Ethiopia and Kenya, located about 595 km from Nairobi and 675 km from Addis Ababa. It is split between the two countries: the larger portion being in Ethiopia (in the Oromia Region) and the smaller in Kenya (i.e. the capital of the Moyale district) (Figure 1). It is a busy market for both informal and formal trade of food commodities and livestock.

Days and hours of operation: The food, non-food and livestock markets are open daily. The food market operates from 6am to 6pm while the livestock market operates from 6am to 11am.

Market infrastructure: The main market for food and non-food commodities comprises of an enclosed structure, but not sufficient to hold all the traders. Besides this structure, there are stores used by traders for bulking and storage of food commodities. Traders hire these stores for temporary (less than a week) storage. The capacity of these stores range between 100 and 2000bags. On the other hand, the livestock market (*Gorumesa*) comprises of a temporary fenced area that holds the livestock while on sale.

The road infrastructure from Moyale to other markets in Kenya is poor, and becomes impassable during the rainy seasons. However the road between the Addis Ababa and Moyale is motorable all year round.

Neighboring cross-border markets: Other cross border markets near Moyale are Sessi, Arbale, Somare and Lammi.

2. Commodities traded in the market

Table 1 summarizes the commodities traded and their market structure. Trade in Moyale is dominated by informal trade where commodities are smuggled from Ethiopia to Kenya in order to avoid inspection by the customs and KELPHIS officers.

Wholesalers on Ethiopia side of the border accumulate sufficient volumes of food commodities and then sell to wholesalers in Kenya. It is estimated that between January 2008 and July 2010, 12,652 Mt of beans, 691 Mt of maize, 468 Mt of soya beans and 301 Mt of green grams were imported from Ethiopia into Kenya through formal trade. About 20% of these commodities are sold locally in Moyale, while the rest is transported to other markets such as Isiolo, Masabbitt, Nairobi, Wajir and Garisa. However, it is important to note that due the porous nature of the border, volumes of trade recorded by KEPHIS may not be a true reflection of quantities traded across the border. The trends and volumes of livestock traded across the border between January 2008 and July 2010 is given in Figure 2.

Besides food commodities and livestock that are traded from Ethiopia into Kenya, non-food commodities are exported from Kenya into Ethiopia. They include manufactured items such as plastics, detergents and building materials among other items. Overall, most of the commodities crossing the border from either side are mainly on transit to other markets, but are temporarily stored in Moyale. More

Figure 1. Moyale market catchment area

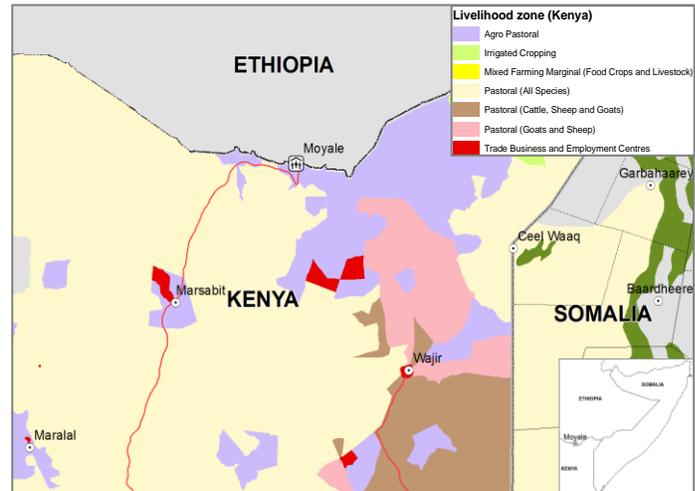
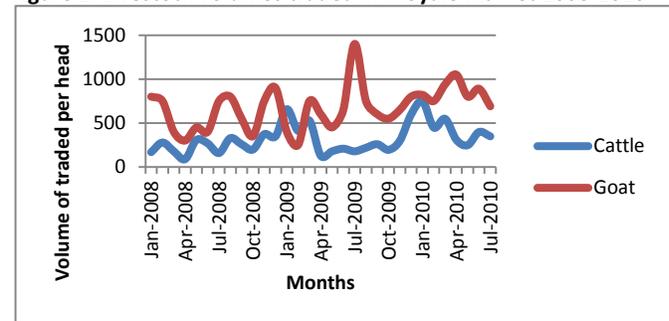


Table 1. Types and numbers of traders in Moyale market, Kenya

Main Commodity	Type of trader		
	Wholesalers	Retailers	Brokers
Maize	0	37	10
Beans and Soya bean	10	102	10
Wheat grains	10	72	10
Green grams	5	60	5
Rice	9	98	7
Maize flour	3	100	0
Cattle, goats and camels	25	45	70-160

Figure 2: Livestock volumes traded in Moyale market 2008-2010



Source: Ministry of Livestock, Moyale

often than not, lorries transporting manufactured products to Moyale often make a return trip either with livestock or food commodities (Figure 3)

Brokers play a key role in the market chain by facilitating the flow of these commodities across the border by linking sellers (Ethiopian wholesalers) to buyers (Kenyan Wholesalers), and vice versa. Some brokers also act as transporters and own Lorries while others hire the lorries and facilitate in transportation of the commodities from the source to destination markets. All the transactions are undertaken in cash, with both the Ethiopian birr and Kenyan shilling being used. The exchange rate determines the prices of most food and non-food commodities traded across the border.

3. Commodity distribution system

Most of the food commodities traded across the border originates from Ethiopia. Figure 4 shows the trade flow for these commodities. However, there are cases where livestock is also moved from Kenya into Ethiopia for export through Djibouti. The main sources for livestock are areas within Kenya such as Golbo, Sololo, Ndambela, Dambala Fadhana and Bute.

In sourcing the food commodities, Ethiopian wholesalers’ do not buy the commodities from farmers, but from other traders in Ethiopian markets including Addis Ababa. The purchased food commodities from the supply areas are then transported to stores on the Ethiopian side of Moyale by lorries. At night, the food is smuggled across the border into stores on Kenyan side of market by use of donkeys through the porous routes. Fifty kilogram bags are used in carrying food from Ethiopia, but are later repackaged into 90kg bags after reaching the Kenyan stores, before transporting to them to destination markets.

4. Seasonal variation in market supply and prices

Table 2 indicates the seasonal variation in the food commodities traded. Food commodities are available following harvest in Ethiopia (October to February), while the supply of livestock high during the dry seasons. During the wet season (April to December), there is plenty of pasture and water and many livestock keepers are reluctant to dispose off their animals. Maize and beans are the main food commodities traded in large volumes from Ethiopia. However, occasionally the Ethiopian

Figure 3: A lorry packed with food commodities leaving Moyale to Isiolo, Kenya



Figure 4. Main sources and destination of the traded commodities

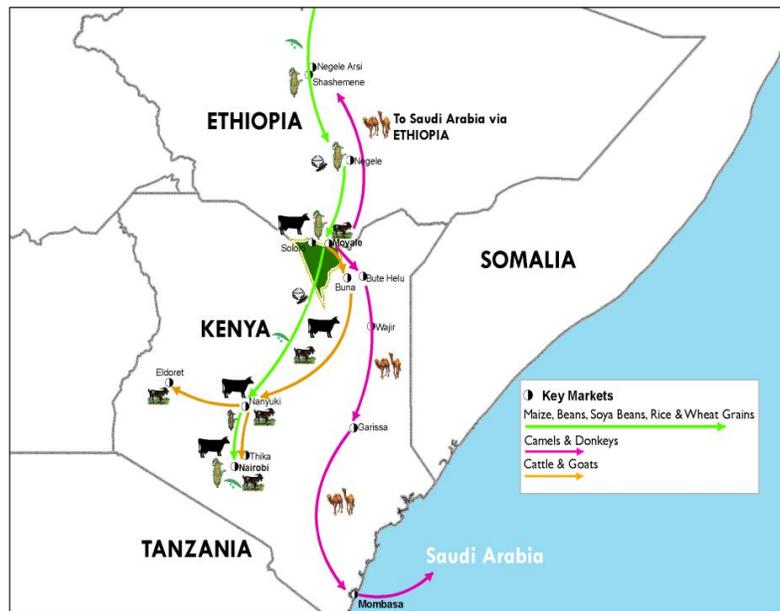


Table 2. Seasonal variation per commodity supplied in the market in a normal year

Commodity	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maize	A	A	S	S	S	S	S	S	A	A	A	A
Beans	A	A	A	A	A	A	A	A	A	A	A	A
Maize flour	A	A	S	S	S	S	S	S	A	A	A	A
Green grams	A	A	S	S	S	S	S	S	A	A	A	A
Soya beans	A	A	A	A	A	S	S	S	S	S	S	S
Rice	S	S	S	S	A	A	A	A	A	A	A	A

Note A-indicates Abundant, S-Scarce & NA- Not Available

government issues an export ban on food commodities and at that time volumes traded are significantly reduced.

5. Constraints to cross-border trade

The following are some of the major constraints limiting cross border trade in Moyale:

- i. **Poor infrastructure:** There is poor road infrastructure on the Kenyan side, which gets flooded during the rainy seasons, making the market inaccessible.
- ii. **Civil conflict:** There are occasional inter-communal conflicts within the market catchment area that often lead to closure of the border and by extension market operations. This significantly reduces the supply of food across the border
- iii. **Market dominance by brokers:** Brokers have evolved powerful market agents and at times dictate the market price to be received by sellers and buyers. This in turn affects the day to day sales of both food and livestock commodities
- iv. **High taxes:** The Ethiopian government has imposed high taxes on food export to Kenya. This is partly due to lack of a formal trade agreement between Kenya and Ethiopia which has led to informal trade of food and livestock commodities through the porous routes.
- v. **Export bans:** Occasionally, the Ethiopian government issues a total ban on food exports when food production is low. This happened in the year 2009 due to drought that hit the food production areas. Such bans lead to reduced market activity.
- vi. **Negative impacts of food aid:** Impact of food aid: Ethiopia is a recipient of large volumes of food. The food aid finds its way into the markets leading to price depressions and low trader margins. This is a disincentive to trade across the border.