

GUM ACACIA MARKET REPORT - FEBRUARY 2010

Sudan political and general situation

Sudanese First Vice-President and President of Southern Sudan government Salva Kiir Mayardit reaffirmed that Sudan's general election would be held in April 2010. The Sudanese President Omer Hassan Al-Bashir is the ruling National Congress Party (NCP) candidate for the April 2010 presidential elections.

Kiir made his remarks following a meeting with Al-Bashir to brief him on the outcome of his European tour that included Netherlands, the headquarters of the European Union in Brussels and France.

"The elections will be held as scheduled in April next year, but regarding the referendum on self-determination for Southern Sudan and its governing law, the matter is still under consultation between the two government partners, the National Congress Party (NCP) and the Sudan People's Liberation Movement (SPLM)," said Kiir.

The electoral process is facing many difficulties related to the voter registration, the funding of the elections, the difference between the two peace partners over the results of census that are used to determine the electoral constituencies for the legislative elections.

The New York-based Human Rights Watch issued a paper recently saying that violations of political and civil rights by Sudanese security forces are undermining the prospects of a free and fair election in April 2010. The rights group called for more international elections observers as one way to address these concerns.

The Sudanese government said it is ready to start negotiations with rebel groups to end the seven years conflict in the Darfur region as delegations arrived to the Qatari capital where talks have begun.

The newly appointed head of the hybrid peacekeeping mission (UNAMID) expressed his willingness to cooperate with the Sudanese authorities to establish peace and security in the restive region of Darfur.

"We reaffirmed our commitment to work jointly and cooperatively to address the remaining challenges in Darfur, so that we can do everything possible to implement UNAMID's mandate," Ibrahim Gambari said following a series of meetings with Sudanese officials in Khartoum.

The Joint Chief Mediator had invited the two parties for direct peace talks for the second time since February 2009. Last year, only the Justice and Equality Movement (JEM) took part in the talks; the other rebel groups rejected Doha as a venue for the process. However, recently JEM suspended its willingness to participate, citing the non-implementation of a goodwill agreement by the Sudanese government. Also, Libya, Egypt and USA sponsored efforts to reunite the rebel factions who now see Doha as a worthy site.

The Sudan Liberation Movement led by Abdel Wahid Al-Nur held consultations with the chief mediator but did not yet make a decision on its participation; the security of civilians remains a major concern to settle before their participation.

Gum Acacia News

The monopoly rights on production, trade and export held by the Gum Arabic Company (GAC) was ended by presidential decree in June 2009. Subsequently, new suppliers have started to emerge on the scene to fill in the vacuum as the GAC became redundant.

There is currently much talk from the Sudanese Government about fixing a minimum price for the price of Gum Acacia exports, as had been the case a few years ago before being abandoned. This has already started to influence prices at the local auctions as traders start to psychologically prepare themselves for this law to be implemented shortly.

Acacia Senegal (Kordofan)

The new season started in December 2009 with not much enthusiasm from local buyers due to good carry-over stocks from the 2008/2009 crop and already very low gum prices. The lack of GAC commercial activity meant readily available supplies of old crop Kordofan Clean and kibbled gums are already being sold in the market at low prices. This has allowed the depressed prices experienced in the last quarter of 2009 to continue. Insufficient rains have contributed to a less than average gum crop which is raising concerns about gum prices once the GAC old stocks have been depleted.

The latest indications are that gum prices in Sudan having hit rock bottom are now starting to increase.

Acacia Seyal (Talha)

The Darfur region which accounts for around 30% of the Talha crop continues to add to the shortage in Talha supplies as the conflict and humanitarian issues prevail. The continued tensions between Sudan and Chad has added to the reduction in Talha supplies.

The Talha prices are now at the same level of Acacia Senegal gum prices which this is down to reduced availability of the current Talha gum stocks in the face of constant demand.