EAGC EASTERN AFRICA GRAIN COUNCIL

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RATIN Regional Agricultural Trade Intelligence Network

EASTERN AFRICA GRAIN MARKETS AND TRADE

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Highlights

In the second quarter, shortfalls in supply was noted in most markets in Uganda and Kenya resulting to significant increase in grain staple prices. In Burundi and Rwanda, prices of Maize, Beans and Rice were relatively stable owing to improved availabilities from the second season harvest. In Tanzania, the *msimu* season harvest began in May for most grain staples with prices remaining stable amid increased regional demand. Prices are expected to trend seasonally but above last year's levels in Uganda and Kenya for maize and beans. In Tanzania, Uganda and Burundi, prices of maize and beans are likely to trend way below the five year average due to ample stocks in the markets through the end of the year.

There are concerns on the potential below average and delayed harvests of Maize in Kenya, Uganda, and South Sudan. Potential shortages in an otherwise typically surplus producing Uganda will necessitate the region to consider importing maize outside Eastern Africa to meet demand.

Policy developments in the second quarter were:

- Four of the East Africa Community Partner States presented their National Budgets for the financial year 2019/2020. Concerns over the low budget allocations to Agriculture and key fiscal reliefs;
- Hermetic storage technologies standards development in the EAC;
- Enactment of the Warehouse Receipt System Legislation and development of regulations in Kenya ;
- Concerns over maize availability in Kenya and importation from outside the EAC and Trade challenges between Kenya and Ethiopia still persist.

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1.0 Maize Markets and Trade

In the region, the season had progressed with crops at early maturity phase of development except in Tanzania and Burundi where harvest commenced in May and June respectively. In Tanzania, the *msimu* harvest was finalized in June in most parts of the southern highlands with harvest still ongoing in Burundi and expected to be completed in July. By the end of the second quarter, the highest prices were reported in Kisumu followed by Nairobi (Kenya) whereas, Iringa in southern Tanzania, recorded the lowest retail price (See figure 1.1).

A look at price parity in the second quarter (USD/MT) in the East Africa shows prices were lowest in the southern markets of **Tanzania** as the commodity averaged USD 189/MT and USD 177/MT in Iringa and Mbeya. This was a 19 and 75 percent gain quarter-on-quarter respectively; stocks tightened seasonally in the second quarter and besides, the increase was exacerbated by regional demand from both East and Southern Africa countries. Compared to other surplus producers in the region, Tanzania had relatively ample stocks because of high carry-over stocks from the 2017/18 marketing year.

Figure 1.1: Wholesale Maize Prices (USD/MT) in monitored markets in East Africa (June). Source: RATIN

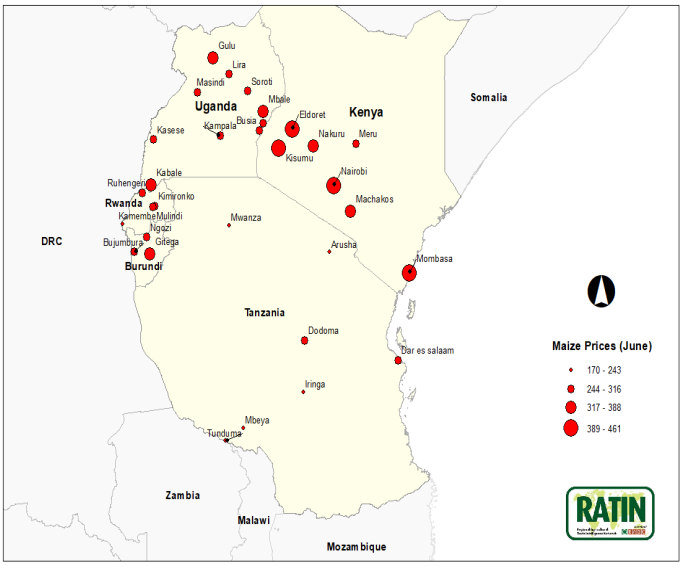
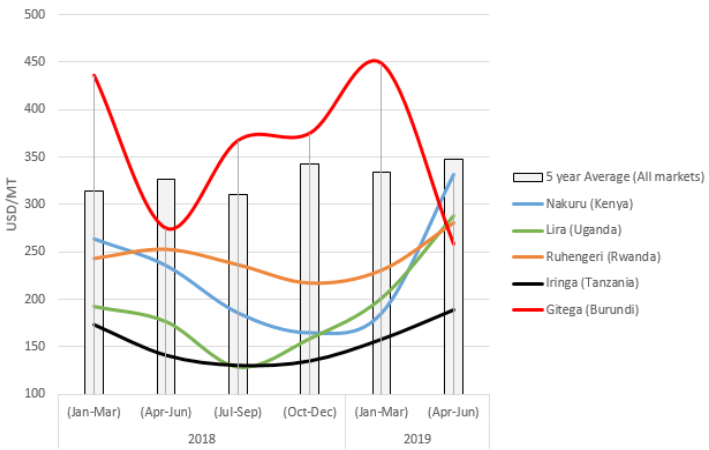


Figure 1.2: Wholesale Maize Prices (USD/MT) in selected producer markets in East Africa. Source: EAGC RATIN



The *msimu* season harvest was completed in June with yield reported to be favorable. However, there were concerns over output from the northeastern bimodal areas with the recently started *masika* harvest expected at below-average due to erratic and below-average rains (Crop Monitor). Nevertheless, aggregated national production is forecasted at above average.

Exports from Tanzania to East and South Africa is expected to increase in the third quarter with improved availability from May to August harvest. Most countries in Southern Africa were affected by seasonal rainfall deficits with maize grain supply estimated to be insufficient to cover regional food needs (GIEWS). Therefore, pressure on demand

in Tanzania's southern markets is expected to increase to meet the concomitant rise in import requirements to the southern states.

Prices are expected to trend below the five –year average and earlier-year levels, and are likely to maintain the low levels seen from the beginning of the year following expectations of an increase in harvest.

Supply in **Uganda** was reported to be low in the monitored markets as stocks tightened seasonally. Therefore, prices remained elevated and were higher than earlier-year levels. In the North, significant price gains were observed with Lira market recording a 44 percent increase Q/Q at USD 289/MT. In the easterly markets, similar margins were observed in Busia with price gains since the beginning of Q2 sustained by high demand Kenya and South Sudan. Prices in Kampala's Kisenyi market were up by 44 and 60 percent compared to the previous quarter and earlier-year levels respectively.

In the coming quarter, prices are forecasted to decrease following the start of harvest across most of the cropping regions. However, the harvest is expected to be 30-50 percent below average due to exceptional dry conditions that prevailed earlier in the season (Crop monitor). Regional demand, especially from Kenya and South Sudan is expected to peak in the third quarter with prices likely to gain towards the end of the fourth quarter.

Prices gained on account of low market supply in **Kenya**. Reports from EAGC field officers in North and South Rift showed that stocks at most aggregation centers diminished by end of Q2 with similar observations made in lower and upper eastern. In Nakuru, maize was trading at Kes 3,200/ 90kg bag (USD 32/ 90Kg bag) at the farm gate, this was a two-fold increase compared to 2018 levels of Kes 1,500/ 90Kg bag (USD 15/ 90 Kg bag). In some parts of Njoro, Elburgon, Marioshoni, Nga'rua, and Bahati, farmers had stocks but preferred selling the commodity at retail level with prices going up to Ksh 50-60/Kg in late June due to acute scarcity in the markets. In south rift, farmers commenced harvesting with the output reported to be lower compared to last year.

In central rift region, tightened market supply led to prices increasing precipitously since in Q2, compared to the previous quarter, a 78 percent gain was recorded in Nakuru. Among the consumer markets, Kisumu had the highest prices at USD 408/MT with imports from Uganda reported to be atypically low in Q2 as prices were up by 40 and 20 percent compared to the previous quarter and earlier-year levels respectively. In Nairobi and Mombasa prices increased by 31 and 37 percent respectively Q/Q.

With lingering concerns on the low supply in the production regions of Rift Valley, the government opened up the Strategic Food Reserve to Millers to help mitigate the spiraling maize flour prices. In May, about 2.6 million (90 kg) bags was released at subsidized prices to millers and in addition, the government is considering duty-free imports outside the East Africa Community in the third quarter.

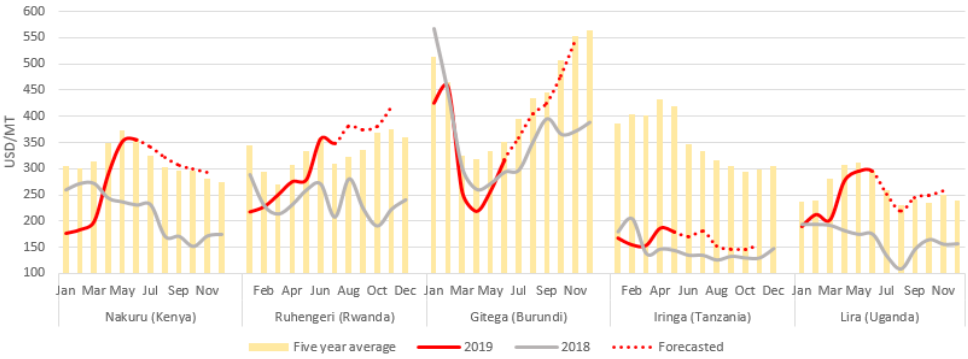
Prices are projected to trend above the five-year average with likely shortfalls in domestic supply due to poor seasonal rains. In the south/eastern areas (including Kitui, Makueni, Machakos and parts of coastal Kenya) where the season is almost closed, production is expected to be significantly below average due to rainfall deficits (JRC MARS) whereas, in the south/western "maize basket" (Bungoma, Kericho, Nakuru, Nand, Trans-Nzoia and Uasin Gishu counties) cumulative rainfall was up to 80 percent below average between February and April. Improved precipitations between early April and early June mostly offset rainfall deficits and improved crop conditions. If weather forecasts of above-average rainfall between July and August materialize, substantial recovery is possible as growing will continue up to October (Crop Mon &GIEWS). Field reports from North Rift indicate that crop has recovered however; countrywide production is likely to be lower than last year (See plate 1.1).

Table 1.1: Average Quarterly wholesale prices of Maize Grain in selected markets in Eastern Africa (USD/MT). Source: EAGC RATIN

Market	2019 Apr-Jun Average	Percentage Change		
		Five year average	Previous Quarter	Same quarter last year
Kamembe (Rwanda)	211	-	9 ▶	-11 ▼
Ruhengeri (Rwanda)	281	-16 ▼	19 ▲	11 ▲
Kigali (Rwanda)	238	-39 ▼	5 ▶	21 ▲
Ngozi (Burundi)	280	-	-29 ▼	-17 ▼
Gitega (Burundi)	258	-21 ▼	-34 ▼	-6 ▼
Dar es Sal. (Tanzania)	260	-31 ▼	-6 ▼	-2 ▶
Mwanza (Tanzania)	217	-	-11 ▼	-4 ▶
Iringa (Tanzania)	189	-53 ▼	19 ▲	34 ▲
Mbeya (Tanzania)	177	-	75 ▲	33 ▲
Lira (Uganda)	289	-7 ▼	44 ▲	64 ▲
Kampala (Uganda)	303	-4 ▶	44 ▲	60 ▲
Busia (Uganda)	309	-4 ▶	42 ▲	51 ▲
Kisumu (Kenya)	408	-2 ▶	40 ▲	20 ▲
Nairobi (Kenya)	351	-10 ▼	31 ▲	8 ▲
Nakuru (Kenya)	332	-8 ▼	78 ▲	41 ▲

Plate 1.1: Maize conditions as at 5 th July in Bahati Ward, Trans-Nzoia County. Crop recovery observed from early season moisture stress. Source: EAGC RATIN

Figure 1.3 : Projected maize prices in selected production markets of East Africa. Source: EAGC RATIN



Prices in **Burundi** declined following recently gathered stocks from the season B harvest. With ample household and market stocks, prices decreased by 29 and 34 percent in Ngozi and Gitega respectively compared to the previous quarter and were lower than the earlier-year levels. This year's production was favorable with prices forecasted to trend seasonally and below the five-year average. Imports from Tanzania are expected to augment supply later in the year.

In **Rwanda**, prices were lowest in Kamembe, averaging USD 211/MT whereas Rubavu recorded the highest price at USD 290/MT in Q2. Price gains were observed in the monitored markets as a result of seasonal decline in stocks. In Kigali's Mulindi market, the commodity traded at USD 238/MT, this was a 5 percent increase Q/Q and 20 percent more than earlier-year levels. In the northern region, prices were USD 281/MT in Ruhengeri, which was 19 and 11 percent more than the previous quarter and the earlier-year levels respectively; Low supply in the northern market could be attributed to lower inflows from Uganda due to the closure of custom border, Cyanika a key trade corridor. Rwanda usually augments domestic gaps with imports and considering Rwanda accounts for up to 28 of Uganda's total maize trade[1]. The closure meant that supply to the northern region was greatly affected in the second quarter.

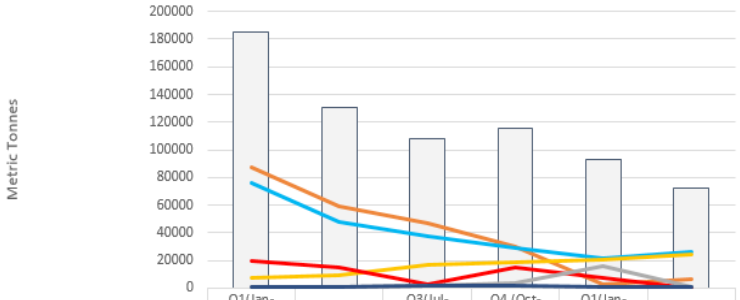
Prices are expected to trend below to near average levels through December with Tanzania playing a pivotal role in easing demand pressure following the lingering diplomatic tiff with Uganda. The ongoing season B harvest in the second quarter is expected to improve domestic availabilities as the harvest is expected to above average for the fourth consecutive season (FEWSNET).

Trade Highlights

- Intra-regional trade in Maize has declined for the third consecutive quarter following a decline in stocks.
- Tanzania exports to Kenya increased by 20 percent to 25,997 MT with stocks reported to ample. With improved availability in Tanzania, Kenya is likely to import more from the northern markets of Tanzania than from Uganda where there are concerns over potential shortages following poor seasonal rains.
- Uganda exports to Kenya were 84 percent lower than average indicative of low supplies. However, trade between Uganda and the western markets of Kenya is expected to increase seasonally in the third quarter.
- Imports from Tanzania to Rwanda decreased by 92 percent with prospects of a good season in Rwanda easing demand pressure. Rwanda's trade with Uganda decreased from 7,259 in Q1 to about 10MT in Q2 as restrictions in trade between the two countries persisted. Supply from Uganda is expected to be lower in the coming quarter if the diplomatic tiff persists.
- Exports from Uganda to South Sudan increased by 16 percent compared to Q1. This could be attributed to a reduction in conflicts and associated road harassment since the signing of the peace accord last year, resulting in lower risk and marketing cost for traders. With improved domestic supply in Uganda in Q3, trade with South Sudan is expected to maintain the momentum provided the security situation remains calm.
- There are concerns on the potential below average and delayed harvests in Kenya, Uganda, and South Sudan. Potential shortages in an otherwise typically surplus producing Uganda will necessitate the region to consider importing outside Eastern Africa.

1 This is estimated from UN COMTRADE database using HS tariff headings 1005 for maize

Figure 1.4: Quarterly Sum of Formal and Informal Cross border Trade of Maize Grain in Main Trade Corridors in Eastern Africa. Source: EAGC RATIN and FEWSNET

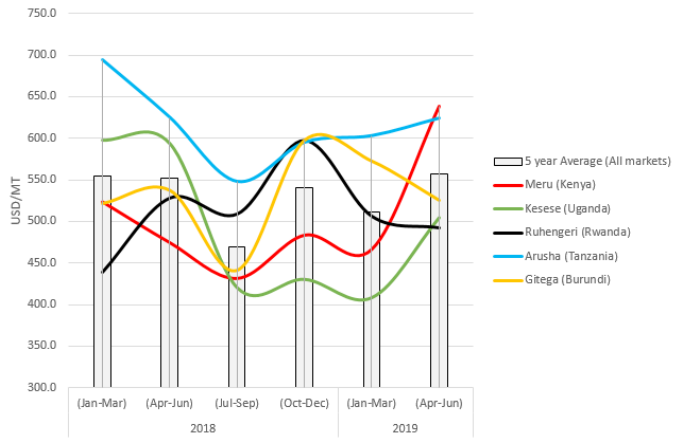


	Q1(Jan-Mar) 2018	Q2(Apr-Jun) 2018	Q3(Jul-Sept) 2018	Q4 (Oct-Dec) 2018	Q1(Jan-Mar) 2019	Q2(Apr-Jun) 2019
Total Trade in the Quarter	184950.387	130651.588	108406.523	115425.719	93208.17	72767.195
Ug-Ke	87282	59544.63	46673.51	29752.38	3120	6920
Tz-Ke	75785.47	47583.61	37337.13	29212.25	21401.04	25,948.51
Ug-SS	7232.4	9757	17070	18980	20553.5	24023
Ug-Rw	20122.4	14958.8	2708.27	14534	7259.89	10.01
Tz-Rw	1253.947	1169.468	2007.363	3353.119	15816	1194.24
Tz-Bu	1240.3	841	1341.263	1571.39	1071	821

2.0 Beans Markets and Trade

Beans production had mixed outcomes in the region. In Tanzania, the first season harvest was completed in June in the southern highlands with the yield reported to be favorable, however, the in the northeastern and central bimodal cropping areas, production is expected at below average due to erratic and below average rains (Crop Monitor). In Kenya, domestic supply remained low with poor prospects for the first season harvest in the pulses production areas in lower and eastern as severe dryness caused substantial planting delays and irreversible crop damage (Crop Monitor). Also, field reports from officers in Meru, Machakos, and Makueni highlighted the poor state of the crop due to the aforementioned climatic factors.In Uganda, according to reports from EAGC country office, the harvest of the first season crop delayed across the country with supply to the markets remaining constrained towards the end of the second quarter. Exceptional dry conditions in March and April delayed planting affected crop germination and establishment with harvest expected at below-average by 30-50 percent in addition, estimated area planted in the bimodal areas decreased by upto 60-80 percent (FEWSNET).

Figure 1.2: Wholesale Beans Prices (USD/MT) in selected producer markets in East Africa. Source: EAGC RATIN



Due to improved domestic availability in Rwanda, prices were low in most of the monitored with Kamembe in the western part of the country averaging USD 390/MT in June whereas, the highest price was recorded in northern Uganda's Gulu market at USD 804/MT (Fig 2.2).

In western **Kenya**, imports from Uganda increased supply following a decline in domestic stocks. Prices remained elevated in Kisumu at USD 712/MT, a 17 percent increase Q/Q. In Nairobi and Meru, the commodity traded at USD 522/MT and USD 639/MT; this was a 16 and 37 percent increase compared to the previous quarter respectively. Price gains in lower and upper eastern markets was exacerbated by poor crop prospects for the first season crop with domestic supply prospects looking depressed.

Prices in the western markets are forecasted to trend seasonally and below average in the coming quarter as inbounding harvest in South Rift, South Nyanza and parts of western Kenya are likely to improve supply. Of concern will be the eastern region where massive crop failure was prevalent. In the eastern markets prices are expected to remain elevated with imports from the region being central in meeting requirements.

The one-month delay of the first season harvest in **Uganda** had a bearing on supply. Prices were higher than normal in Q2 however, declined marginally in June the first season harvest commenced in the southern part of the country. Compared to the previous quarter, prices were higher in the monitored markets. In Busia and Kampala, the commodity averaged USD 595/MT and USD 678/MT with both markets recording a 29 percent gain quarter-on-quarter whereas, in Kasese, prices were up by 24 percent and averaged USD 504/MT in the second quarter.

With lower production and increased regional demand, prices are expected to level higher than last year. Additional new markets in South Sudan are expected to increase demand pressure on available stocks through trade following the recently improved security situation.

In **Tanzania**, the ongoing harvest of the first season crop lifted supply expectations in the southern highlands however in the northern region, the imminent harvest in the central region is expected at below average. Prices in the southern production markets eased marginally with the commodity leveling at USD 756/MT in Iringa. In the Lake region, prices declined marginally by 3 percent in Mwanza whereas, in Dar es Salaam, improved supply significantly eased demand pressure with prices decreasing by 11 percent compared to the previous quarter and earlier-year levels.

Prices in the southern markets are forecasted to trend well below the five-year average and earlier-year levels following improved supply from the concluded harvest. With ample domestic supply, regional demand is expected to increase in the coming quarter following entry of southern Africa countries whose production was significantly affected by tropical cyclone 'Idai' in late March.

Table 2.1: Average Quarterly wholesale prices of Beans in selected markets in Eastern Africa (USD/MT). Source: EAGC RATIN

Market	2019 Apr-Jun Average	Percentage Change		
		Five year average	Previous Quarter	Same quarter last year
Kamembe (Rwanda)	454	-	24 ▲	23 ▲
Ruhengeri (Rwanda)	492	-	12 ▲	2 ▶
Kigali (Rwanda)	482	-12 ▼	3 ▶	-2 ▶
Ngozi (Burundi)	575	-	6 ▲	22 ▲
Gitega (Burundi)	525	-	-7 ▼	7 ▲
Dar es Sal. (Tanzania)	829	-15 ▼	-11 ▼	-11 ▼
Mwanza (Tanzania)	658	-	-2 ▼	-12 ▼
Iringa (Tanzania)	756	-	-3 ▶	-5 ▶
Kasese(Uganda)	504	-14 ▼	24 ▲	-15 ▼
Kampala (Uganda)	678	-32 ▼	29 ▲	15 ▲
Busia (Uganda)	595	-10 ▼	29 ▲	42 ▲
Kisumu (Kenya)	712	-8 ▼	17 ▲	11 ▲
Meru (Kenya)	639	-17 ▼	37 ▲	35 ▲
Nairobi (Kenya)	552	-31 ▼	16 ▲	-31 ▼

Figure 2.2: Wholesale Beans Prices (USD/MT) in monitored markets in East Africa (June). Source: EAGC RATIN

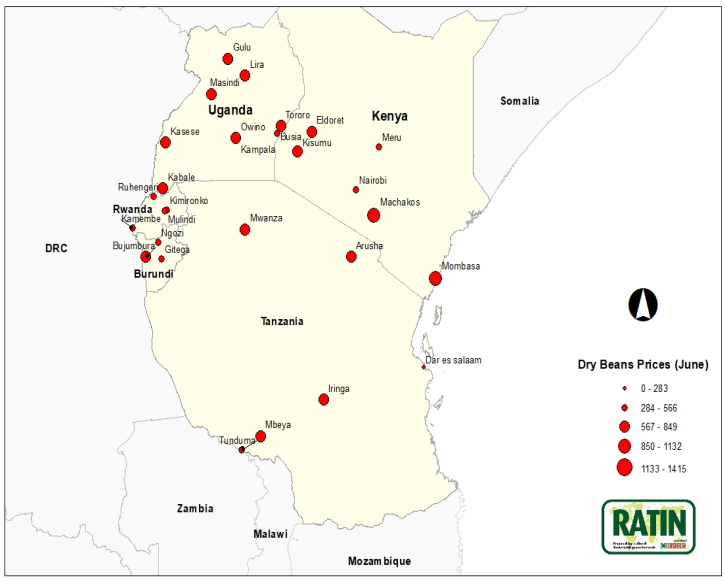
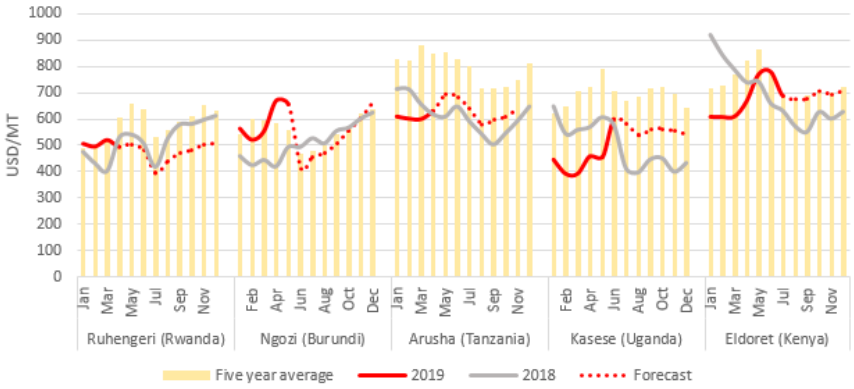


Figure 2.3 : Projected beans prices in selected production markets of East Africa. Source: EAGC RATIN

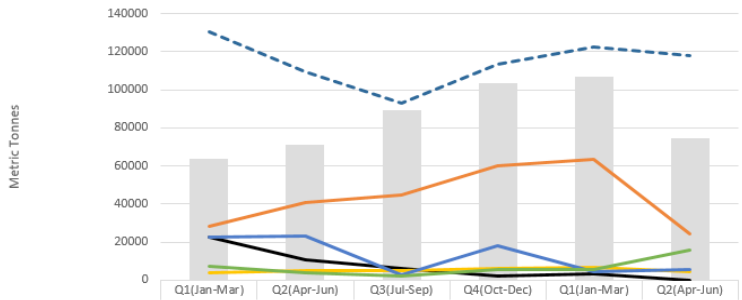


In **Burundi**, prices were stable as supply was ample in Q2. In Ngozi, prices gained marginally by 6 percent compared to Q1 trading at USD 575/MT whereas, in Gitega, a 7 percent decline was observed. Production in the past two seasons was above average resulting to good market supply. Prices are expected to trend seasonally and below the five-year average through the end of the year.

Supply in **Rwanda** was ample in the monitored markets in Q1, however, diminished seasonally in the second quarter. Imports from Uganda usually augment domestic supply however, trade restrictions led to low supplies since March. In Ruhengeri, Kigali, and Kamembe, prices settled at above the previous quarter levels by 12, 3 and 24 percent respectively. However, a look at M/M change revealed a price decrease in all markets in June with the start of second season harvest.

With above average harvest, market supply is expected to significantly improve. Prices are forecasted to trend below the five-year average in Q3. The Uganda and Rwanda trade restriction is likely to impact on supply towards the end of the year and prices may gain at a faster pace in the fourth quarter as the country enters the lean season.

Figure 1.4: Quarterly Sum of Formal and Informal Cross border Trade of Beans in Main Trade Corridors in Eastern Africa. Source: EAGC RATIN and FEWSNET



	Q1(Jan-Mar)	Q2(Apr-Jun)	Q3(Jul-Sep)	Q4(Oct-Dec)	Q1(Jan-Mar)	Q2(Apr-Jun)
	2018				2019	
Total Trade	63626.18	71254.92	89034.033	103719.55	107088.895	74551.62
Ug-Ke	28434.93	40606.37	44737.56	60035.53	63672.47	24466
Rw-Ug	22883.8	10759.74	6459.4	2339	3441.06	75
Ug-SS	3703.8	4966.7	4915.8	5929.45	6467.7	4704
Tz-Ke	22792.025	23268.7	2524.68	18181.36	4314.42	5865.21
Et-Ke	7317.9	3646.44	2197.98	5850.63	5786.46	15920.82
Historical average	130270.8141	109539.4497	93155.68559	113314.3688	122465.2017	117757.1894

Trade notes

- Compare to the previous quarter; trade in the region declined by 30 percent to about 74,551.62 MT as stocks tightened seasonally in surplus producer countries. Harvest in the region begins in earnest around May in Tanzania and Uganda however; late onset of rains in the region had a significant bearing on supply especially in Uganda where much of the cropping areas had not begun harvesting by end of the quarter.
- Due to low production late last year in Uganda, stocks tightening earlier than usual, exports to Kenya and South Sudan declined by about 62 and 27 percent respectively. Trade with Rwanda decreased because of restrictions on commodity movement at the custom borders. Trade is expected to peak in the third quarter as domestic availabilities improve however, demand from South Sudan, a deficit producer is expected to increase following reduced conflicts in the recent past.
- With improved availabilities in Tanzania, exports from Tanzania into Rwanda are likely to increase if the restrictions on goods coming from Uganda persists. Imports into Kenya from the northern Tanzania markets are expected to maintain the upward trend observed since the beginning of the year as parts of Kenya had below average output.

3.0 Rice Markets and Trade

In the region, Nairobi market had the highest prices amongst the urban markets averaging USD 1,376/MT, this was a 2 percent increase Q/Q. Supply from the international market was ample however, locally produced variety 'pishori' was in high demand due to its superior qualities (fragrance and delicate flavor). In Kisumu in western **Kenya**, the commodity prices gained marginally by 7 percent whereas, in Mombasa, supply remained ample but prices of 'pishori' were elevated as the commodity averaged USD 1,344/MT in Q2.

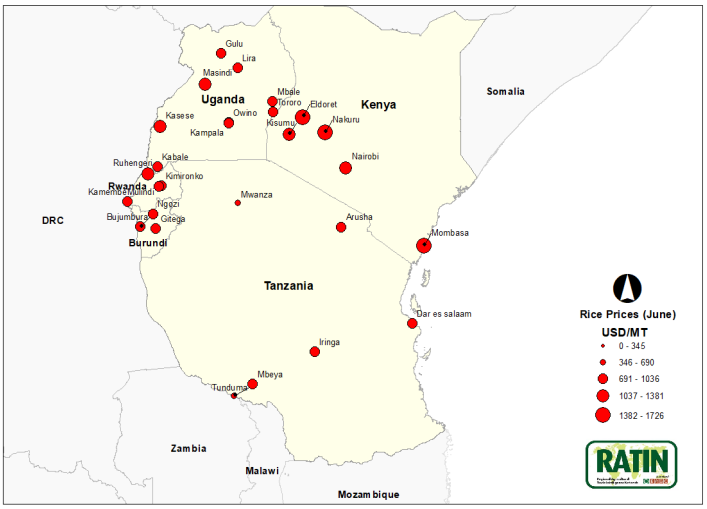
In **Tanzania**, prices gained on account of tightened supply. In the southern markets, a 10 percent increase was recorded in Mbeya as the commodity averaged USD 748/MT in Q2. This year's harvest is expected at above average therefore, prices are likely to decline in the coming quarter as market supply improves.

Notable price declines were observed in **Burundi** with stocks reported to be ample. Recently gathered harvest from Imbo plains and the central plateaux regions improved domestic supply. In Ngozi and Gitega, a 6 and 8 percent decline was observed quarter-on-quarter with the commodity trading at USD 892/MT and USD 882/MT respectively. Imports from Tanzania are expected to shore up supply in the coming quarter as domestic stocks diminish.

Supply in **Rwanda** was stable in Q2 with prices remaining relatively stable in the monitored markets. The second wet season harvest was favorable as paddy supply increased towards the end of the quarter. In Kigali's Mulindi market, a marginal decline of 5 percent was observed and prices were lower by 11 percent compared to earlier-year levels. In the western markets, prices were lowest compared to other regions with supply from Bugarama expected to ease demand in the coming quarter.

Demand were majorly met by imports from the international market in **Uganda**. Prices were stable with Kampala recording a marginal 5 percent gain from the previous quarter. Towards the end of the quarter, prices were stable in all monitored markets save for Kasese where prices were up by 10 percent. In the coming quarter, prices are expected to

Figure 3.1: Wholesale Rice Prices (USD/MT) in monitored markets in East Africa (June). Source: EAGC RATIN



remain relatively stable following improved domestic and regional supply. Imports from the Far East will still play a significant role in easing demand pressure.

Trade notes

- In Eastern Africa, trade was lower by 58 percent compared to the five-year average. In Q2 trade declined by 7 percent compared to the previous average to about 78,704MT.
- Exports from the region's top producer, Tanzania, declined in Kenya and Burundi by about 37 and 26 percent with 15,994.6 and 1,106.6MT traded in the quarter respectively. However, exports to Uganda increased by 72 percent with about 20,144.5MT exported in the quarter.
- Trade is expected to increase typically in the third quarter as supply in Tanzania improves from the recently harvested msimu crop. The international market will also play a significant role in easing demand pressure as the region is a deficit producer of rice.

4.0 Regional Agricultural Trade Policy Developments April to June 2019

4.1 Regional Trade Policy Developments

1. EAC countries announces National Budgets for 2019/2020 Financial Year

Thursday, 13th June 2019 was Budget Day in East Africa as four of the East Africa Community Partner States presented their National Budgets for the financial year 2019/2020.

As expected, Kenya unveiled the biggest budget in the EAC worth approximately US$30 billion, which is larger than the combined budgets of Tanzania (US$ 14.3 billion), Uganda (US$ 9.2 billion) and Rwanda (US$ 1.2 billion).

The common theme of all four national budgets was industrialization, job creation and prosperity, conveying a sense of harmonization and pursuit of a common goal within the EAC. This thematic focus also tallies well with existing national priorities such as "Tanzania Ya Viwanda" (An Industrialized Tanzania), the Big Four Agenda and National Strategy for Transformation (NST1) in Tanzania, Kenya and Rwanda respectively.

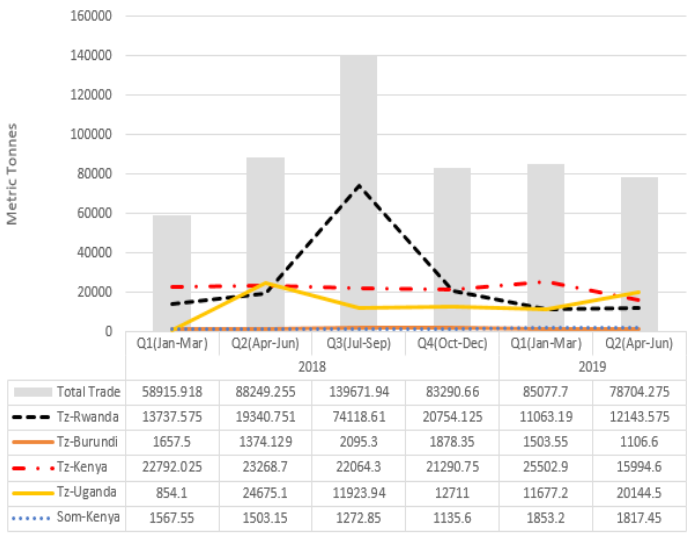
So, what do the 2019/20 national budgets mean for the East African agricultural and grain sectors?

On the positive side, the EAC governments have taken heed of several industry recommendations for improving sectoral performance, particularly in Tanzania where some of the regulatory reforms proposed in the Blueprint for Regulatory Reforms to improve Business Environment that was published in 2019 are expected to be rolled out in 2019/20. These include abolishment of 54 levies and fees during the first phase of the implementation of the Blueprint, reducing regulatory overlaps and duplications to reduce the cost of doing business. This was most notably in the Tanzania Food and Drugs Authority (TFDA), the Tanzania Bureau of Standards (TBS), the Government Chemist Laboratory Authority (GCLA), the Ministry of Livestock and Fisheries, the Ministry of Natural Resources and Tourism; and the Ministry of Water. For grain sector players, particularly processors, the duplication of regulatory functions by TFDA and TBS has been a thorn for a long time and will thus celebrate the consolidation of their regulatory functions as much-needed reduction in the cost of doing business and thus represent a boon for agricultural sector players.

Table 3.1: Average Quarterly wholesale prices of Rice in selected markets in Eastern Africa (USD/MT). Source: EAGC RATIN

Market	2019 Apr-Jun Average	Percentage Change		
		Five year average	Previous Quarter	Same quarter last year
Nirobi(Kenya)	1,376	9 ▲	-2 ▶	15 ▲
Kisumu (Kenya)	1,107	1 ▶	7 ▲	-2 ▶
Mombasa (Kenya)	1,344	-10 ▼	1 ▶	-6 ▼
Kampala (Uganda)	967	-4 ▶	5 ▶	-6 ▼
Lira (Uganda)	940	-10 ▼	8 ▲	-7 ▼
Mbeya (Tanzania)	748	-	10 ▼	-8 ▼
Mwanza (Tanzania)	702	-	5 ▶	27 ▲
Kigali (Rwanda)	817	-11 ▼	-5 ▶	-11 ▼
Ruhengeri(Rwanda)	1,119	7 ▲	7 ▲	11 ▲
Gitega (Burundi)	882	4 ▼	-8 ▼	-7 ▼
Ngozi (Burundi)	892	0 ▼	-6 ▼	-13 ▼

Figure 3.2: Quarterly Sum of Formal and Informal Cross border Trade of Rice in Main Trade Corridors in Eastern Africa. Source: EAGC RATIN and FEWSNET



The 2019/20 budgets also come with fiscal reliefs to the agricultural sector. In Kenya, pest control products are now exempt from VAT following introduction of 16% VAT in 2018/19 financial year, which was deemed contrary to the country's ambitions to stimulate agricultural output particularly in the context of the Big Four Agenda. The government has also allocated Kshs 72.3 billion (USD 72.3 million) for the agriculture and food security component of the Big Four Agenda.

In **Tanzania**, grain-drying equipment have been exempted from VAT, which is a big achievement in efforts to reduce post-harvest losses and improve quality of marketed grain produce. Additionally, input VAT credit for exports of agricultural commodities has been reinstated; the input VAT credit was due for abolishment in July 2019 if the provisions of the Written Laws (Miscellaneous Amendments) Act 2017, which amended the VAT Act, would have remained in place. Input VAT credit is seen as a vital tool to keep Tanzania's agricultural exports competitive and will primarily benefit the country's exports of pulses to the highly competitive international market. Locally manufactured seeds are also

expected to become cheaper for farmers with the introduction of a 12-month duty remission scheme for seed packaging materials whereby a duty rate of 0% shall apply instead of 25% for local producers of seeds.

In **Uganda**, the government targets an increase in agricultural exports to US$ 4 Billion by 2020 from the current USD 1.3 Billion, which is expected to be achieved partly by eliminating withholding tax on all gross payments of agricultural supplies in excess of UShs one million, VAT Exemption on agro-processing, rice mills and agricultural sprayers whilst investing in storage facilities. Linking farmers to agro-processing facilities, providing small-scale solar-powered irrigation systems and construction of micro-irrigation schemes in various areas, to name a few. These investments are expected to be funded through a 1.05 trillion shillings allocation for the agricultural sector for 2019/20, an increase of UShs 157 billion from 2018/19.

In **Rwanda**, the agricultural sector has been assigned RwF 123 Billion, which is 5% of the total budget. Tax changes relevant for the sector include extension of period to clear tax arrears to 24 months to ease business cash flow constraints and reduction of import duty on rice from 75% to 45% for a period of 1 year.

Is this enough?

The budget provisions represent important steps in the right direction in terms of supporting the agriculture and grain sectors. Nonetheless, more remains to be done to improve the business environment for agriculture. For a start, agriculture continues to receive more lip service than solid financial backing, exemplified by the fact that none of the EAC countries met the threshold of 10% of budgetary resource being allocated to the sector as per the Malabo Declaration commitments. The sector remains overwhelmed with a heavy regulatory and tax burden that undermines its growth and contribution to economic development. The positives for the agricultural sector in the budgets for 2019/20 need to be maintained and used as a foundation for sustained reforms to the business and regulatory environment for the sector and more government investment.

2. Development of harmonized East African Standards for Hermetic Storage Technologies commences in the EAC

The East African Community embarked on a process of developing harmonized East African Standards for Hermetic Storage Technologies (HST) that will be key in protecting manufacturers and end consumers (farmers) from substandard hermetic storage products.

National consultations in all the EAC countries took place in April/May in preparation for the regional harmonization meeting. This will enable all the EAC partner states to harmonize standards and come up with East Africa Standards for hermetic storage technologies. In Kenya, the standards are expected to be gazetted in July.

Standards for HSTs, particularly hermetic storage bags and plastic hermetic grain silos, are expected to play a key role reduction of post-harvest losses by ensuring that only hermetic products that meet minimum performance parameters are allowed to be marketed within the EAC. These Standards are also the first of their kind globally and are envisaged to eventually form the basis for continental and international hermetic storage standards under ARSO and ISO respectively.

B. Country level Agricultural Trade Policy Developments

1. Kenya: The WRS Act finally sees the light of day

The Warehouse Receipt System Act was signed into Law by His Excellency President Uhuru Kenyatta in June 2019, marking an end to almost 9 years of developing the legislation that provides a legal framework for the development and regulation of a Warehouse Receipt System (WRS) for agricultural commodities in the country to address marketing challenges.

The WRS Act establishes the Warehouse Receipt System Council, which shall facilitate the establishment, maintenance and development of the Warehouse Receipt System for agricultural commodities. The Council in collaboration with County Governments will oversee the issuance and transfer of warehouse receipts through a Central Registry, on-boarding warehouse operators and warehouses to participate in the WRS and stipulate the rights and obligations of key WRS actors.

With the Act now in place, the development of Regulations to support its implementation continues apace. EAGC is involved in the process and will provide regular updates to stakeholders.

2. Kenya: Government mulls duty-free maize imports from outside EAC to cover a domestic shortage

The country is facing a maize grain shortage, which is affecting supply and driving up the prices. This shortage can be attributed to below average short rains harvest and lower inflows from neighboring countries. In a bid to counter this shortage, the country is considering duty free maize imports from July to plug the grain shortage that has seen the price of flour rise 30 percent in one month. Currently, maize imports from outside the EAC is charged 50 percent import duty as per the EAC Common External Tariff.

If duty free maize is to be allowed, some important considerations need to be considered, such as duration of the duty free window, the required quantity to cover the domestic shortage and the expected harvest from the long rains season expected to hit the market from September.

3. Kenya: Grain importers decry cumbersome cross-border trade requirements

Grain importers have raised concerns regarding the conformity assessment and origin certification requirements when importing cross-border trade requirements when importing grains from outside EAC countries by road. Grain importers are now required to produce a Certificate of Conformity (CoC) and a Certificate of Origin (CoO)per vehicle load and not per consignment as was the previous practice. Considering the costs involved in obtaining the two documents, particularly the CoC, this new procedure translates into a significant increase in the cost of grain trade between Kenya and Ethiopia or Zambia, to such an extent that such trade becomes unviable.

EAGC is currently engaging the Kenya Bureau of Standards and the Kenya Revenue Authority to find a least trade restrictive means of getting the CoC and CoO so as to facilitate grain trade.

5.0 Appendices: Percentage Change in Wholesale Nominal Prices per Country

5.1: Kenya

Location	June Average	Percentage Change		
		Five year Average	Previous Month	Same month last year
Maize USD/MT				
Eldoret	223	5 ▶	18 ▲	76 ▲
Kisumu	309	3 ▶	-3 ▶	41 ▲
Machakos	231	-	7 ▲	52 ▲
Makueni	207	-	6 ▲	68 ▲
Meru	218	-	2 ▶	41 ▲
Mombasa	298	-10 ▼	-4 ▶	32 ▲
Nairobi	325	-1 ▶	13 ▲	21 ▲
Nakuru	230	-1 ▶	1 ▶	54 ▲
Beans USD/MT				
Eldoret	660	0 ▶	10 ▲	18 ▶
Kisumu	580	-16 ▼	-10 ▼	21 ▶
Machakos	638	-	-2 ▶	42 ▼
Makueni	591	-	3 ▶	52 ▼
Meru	445	-	0 ▶	56 ▼
Mombasa	513	9 ▲	-2 ▶	69 ▲
Nairobi	547	-17 ▼	-5 ▶	3 ▶
Rice USD/MT				
Eldoret	1,412	12 ▲	3 ▶	22 ▲
Kisumu	1,046	4 ▶	-1 ▶	5 ▶
Mombasa	1,468	-5 ▶	10 ▲	-1 ▶
Nairobi	1,221	7 ▲	-2 ▶	12 ▲
Nakuru	1,218	-	0 ▶	31 ▲
Sorghum USD/MT				
Eldoret	506	21 ▲	-9 ▼	2 ▶
Kisumu	350	-3 ▶	16 ▲	11 ▲
Meru	374	-	5 ▶	18 ▲
Mombasa	301	-	8 ▲	28 ▲
Nairobi	493	-19 ▼	-9 ▼	-15 ▼
Nakuru	450	48 ▲	10 ▲	33 ▲

5.2: Rwanda

Location	June Average	Percentage Change		
		Five year Average	Previous Month	Same month last year
Maize USD/MT				
Kamembe	205	-31 ▼	-6 ▶	-10 ▼
Mulindi-Kigali	258	-38 ▼	3 ▶	26 ▲
Kimironko-Kigali	280	-16 ▼	-2 ▶	13 ▲
Rubavu	301	-19 ▼	4 ▶	36 ▲
Ruhengeri	290	-	4 ▶	7 ▲
Beans USD/MT				
Kamembe	390	-	-25 ▼	17 ▲
Mulindi-Kigali	474	-10 ▼	-1 ▶	13 ▲
Kimironko-Kigali	557	-2 ▶	-7 ▼	4 ▶
Rubavu	494	-	14 ▲	5 ▶
Ruhengeri	479	-25 ▼	-5 ▶	3 ▶
Rice USD/MT				
Kamembe	835	-17 ▼	0 ▶	-5 ▼
Mulindi-Kigali	844	-15 ▼	0 ▶	-
Kimironko-Kigali	892	-	0 ▶	-4 ▶
Ruhengeri	1,113	4 ▶	0 ▶	7 ▲
Sorghum USD/MT				
Kamembe	335	11 ▲	-1 ▶	-4 ▶
Mulindi-Kigali	431	2 ▶	6 ▲	7 ▼
Kimironko-Kigali	493	-	2 ▶	-4 ▶
Rubavu	406	-20 ▼	5 ▶	7 ▲
Ruhengeri	334	-	-12 ▼	27 ▲

The red upward-facing arrow (▲)denotes an increase of five percent or greater. The blue horizontal arrow denotes no change or changes that are smaller than 5 percent, and the green downward-facing arrow denotes price decreases that are five percent or greater. The three arrows respectively correspond to the percent change in prices this month compared to last month, last year, and the five-yearaverage. The "-" symbol indicates that data are not available.

5.3: United Republic of Tanzania

Location	Jun Average	Percentage Change		
		Five year Average	Previous Month	Same month last year
Maize USD/MT				
Dar es Salaam	262	-21 ▼	7 ▲	-1 ▶
Dodoma	268	-	-	66 ▲
Iringa	170	-51 ▼	-20 ▼	27 ▲
Mbeya	174	-29 ▼	-18 ▼	32 ▲
Mwanza	226	-	-2 ▶	-3 ▶
Tunduma	184	-	8 ▲	-
Beans USD/MT				
Dar es Salaam	691	-19 ▼	0 ▶	0.1 ▶
Iringa	732	-14 ▼	-4 ▶	-11 ▼
Mbeya	632	-	0 ▶	4.3 ▶
Mwanza	698	-	4 ▶	
Tunduma	363	-	16 ▲	10 ▲
Rice USD/MT				
Dar es Salaam	814	-	-16 ▼	-10 ▼
Iringa	751	-	0 ▶	-9 ▼
Mbeya	741	-	-3 ▶	
Tunduma	654	-	3 ▶	-3 ▶
Sorghum USD/MT				
Dar es Salaam	342	-26 ▲	2 ▶	-3 ▶
Dodoma	158	-	0 ▶	-
Mwanza	312	-	-8 ▼	6 ▲

6.6: Burundi

Location	Jun Average	Percentage Change		
		Five year Average	Previous Month	Same month last year
Maize Bif/Kg				
Gitega	316	-10 ▼	31 ▲	8 ▲
Ngozi	307	-	8 ▲	0 ▶
Beans Bif/Kg				
Gitega	357	-	-40 ▼	-26 ▼
Ngozi	410	-	-38 ▼	-18 ▼
Rice USD/MT				
Gitega	793	4 ▶	-11 ▼	-8 ▼
Ngozi	858	2 ▶	-3 ▶	-11 ▼
Sorghum USD/MT				
Gitega	461	-3 ▶	-8 ▼	-14 ▼
Ngozi	475	2 ▶	-12 ▼	46 ▲

5.4: Uganda

Location	June Average	Percentage Change		
		Five year Average	Previous Month	Same month last year
Maize USD/MT				
Busia	311	-3 ▶	1 ▶	63 ▲
Gulu	321	-8 ▼	7 ▲	10 ▲
Kabale	326	3 ▶	-3 ▶	61 ▲
Kampala	315	2 ▶	2 ▶	67 ▲
Kasese	293	7 ▲	13 ▲	103 ▲
Masindi	292	-3 ▶	-2 ▶	59 ▲
Mbale	342	10 ▲	15 ▲	87 ▲
Lira	295	-1 ▶	0 ▶	70 ▲
Soroti	296	-	-22 ▼	74 ▲
Toror0	301	-2 ▶	0 ▶	67 ▲
Beans USD/MT				
Busia	527	-7 ▲	-18 ▼	50 ▲
Gulu	804	-	5 ▶	68 ▲
Kabale	620	2 ▶	-6 ▼	79 ▲
Kampala	678	16 ▲	-4 ▶	86 ▲
Kasese	599	-15 ▼	31 ▲	3 ▶
Masindi	784	14 ▲	-5 ▶	118 ▲
Lira	616	1 ▶	-7 ▼	75 ▲
Owino	685	17 ▲	-7 ▼	87 ▲
Tororo	630	10 ▲	-5 ▶	85 ▲
Rice USD/MT				
Gulu	777	-	2 ▶	-10 ▼
Kabale	965	-3 ▶	-3 ▶	-3 ▶
Kampala	965	1 ▶	-2 ▶	-4 ▶
Kasese	1,166	10 ▲	10 ▲	18 ▲
Masindi	1,048	5 ▶	1 ▶	3 ▶
Lira	1,601	3 ▶	0 ▶	31 ▲
Owino	1,010	-	-1 ▶	0 ▶
Tororo	968	-4 ▶	1 ▶	8 ▲
Sorghum USD/MT				
Busia	291	-4 ▶	-22 ▲	65 ▲
Gulu	241	-	35 ▲	130 ▲
Kabale	349	-23 ▶	-10 ▼	70 ▲
Kampala	361	22 ▲	-12 ▼	89 ▲
Kasese	570	4 ▶	15 ▲	95 ▲
Masindi	351	-15 ▼	13 ▲	7 ▲
Lira	354	32 ▲	-1 ▶	164 ▲
Soroti	269	-	3 ▶	76 ▲
Tororo	317	9 ▲	-13 ▼	109 ▲

The red upward-facing arrow (▲)denotes an increase of five percent or greater. The blue horizontal arrow denotes no change or changes that are smaller than 5 percent, and the green downward-facing arrow denotes price decreases that are five percent or greater. The three arrows respectively correspond to the percent change in prices this month compared to last month, last year, and the five-yearaverage. The "-" symbol indicates that data are not available.

Figure 6: RATIN monitored borders and markets

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Contacts

Regional & Kenya Country Office - Mbaazi Avenue, Off Kingara Rd | P.O BOX 218, 00606 Nairobi Kenya.
Tel: +254 20 374584 /37560636 | Mobile: +254 710 607 313, +254 733 44 035
Email: agts2019@eagc.org | grains@eagc.org | policy@eagc.org **Website:** www.graintradesummit.com

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Regional Head office & Kenya Country office
Lavington, Mbaazi Avenue, Off Kingara Road
P.O. Box 218, 00606 Nairobi, Kenya
Cell: +254 733 444035 +254 710 607313
Email: grains@eagc.org

TANZANIA
Dar es Salaam Office: Plot 33, Daima Street Mikocheni B, off Rose Garden Road P.O Box 33619, Dar es Salaam Tanzania
Tel:+255 754 354 582

UGANDA
Plot 958 Galukande close,
Muyenga, Opposite Kironde road
P.O. Box 28435 Kampala, Uganda
Tel: +256 393 112 854 +256 414 501 903

EAGC Malawi Office C/o Global Communities
Malawi Off Mphonongo Street, Area 43/Plot 491
P.O. Box 30209
Lilongwe, Malawi

EAGC Rwanda Office
Mulindi Grain Market
P.O. Box 4497 Kigali, Rwanda Cell: +250 788821312

EAGC South Sudan Office
Hai amarat, Dehavana lounge next to Lugali house
P.O. Box, 505 Juba- South Sudan
Tel: 0955048125/0925179680

EAGC Burundi Office C/o IFDC Offfice
Tel: +257714 80983 Bujumbura,
Burundi Email: grains@eagc.org

EAGC Democratic Repulblic of Congo Office
DRC Email: drcprograms@eagc.org