PRESS RELEASE

STATEMENT BY THE GRAIN STAKEHOLDERS IN THE EASTERN AFRICA REGION CALLING ON GOVERNMENTS TO SUPPORT INTRA-REGIONAL TRADE IN STAPLE FOODS AS A MEANS TO ACHIEVE FOOD SECURITY IN THE REGION

[NAIROBI, 22ND JULY] The Board of Directors of the Eastern Africa Grain Council (EAGC), representing the private sector actors in the grain industry, met in Nairobi to deliberate on the challenges hampering cross border trade in staple foods within the Eastern Africa Region.

The Directors underscored the critical role that trade plays in facilitating movement of food commodities from surplus production areas to deficit areas that offer markets for the producers. The Grain Council noted with appreciation the efforts and investments made by the private sector, in the production, handling, storage, trade and distribution of grains and cereals commodities in the region.

Speaking at the meeting which came in the wake of the on-going UNCTAD 14th Conference whose theme is; “from decision to action: moving toward an inclusive and equitable global economic environment for trade and development, the Directors called on the governments within the Eastern Africa region to commit to supporting regional integration and facilitating trade among the members states observing that trade was the only sure way for the people to transact and exchange value and thereby raise the standards of living of the citizens.

The Directors pointed out the challenges faced by their members in conducting cross border trade, particularly within the EAC region where some of the Governments have been taking short-term measures to block trade and thereby undoing all the efforts made towards long-term solutions. They gave an example of what this could mean for their membership within region when export permits were cancelled without notice. Some of the resultant effects of include trucks being impounded and stopped at the border points resulting to very heavy financial losses in transport waiting charges, loss of time, inability to meet contractual obligations and high expenses.

The Grain Council Directors acknowledged that each of the countries within the Eastern Africa region had different agro ecological zones and that at any one time within the year, crops were being harvested in one country and when one country was harvesting the other was not and therefore there is reason and basis for continuous trade in Grains throughout the year. Given this scenario it is noted that the Eastern Africa region, as a region, is food secure and if free trade is facilitated by the various national governments, then the entire region will always have sufficient food to feeds the citizens of Eastern Africa region.

This view is also supported by the recent studies conducted by the Eastern Africa Grain Council, in partnership with the UN FAO, whose results demonstrated the important role of trade in spurring economic growth in the region. The study notes that increased regional
trade can improve food security in various ways. The Council noted that the East Africa Community recently reported that the intra-regional trade in EAC had grown by 49 per cent in the last five years with an increased interest to liberalize and promote cross-border trade among the member states of the EAC regional bloc; Tanzania, Uganda, Kenya, Burundi and Rwanda.

As the Eastern Africa Grain Council celebrates the gains made over the last 10 Years, in which the council has emerged a decade stronger in facilitating efficient, structured, inclusive and profitable Grain trade in the region, the partners urged all governments within the Eastern Africa region, to refrain from any actions which will impede cross border trade in the region. The key recommendations include:

**Recommendation 1: Embrace the spirit of integration and free movement of Goods in the region.**

The regional governments have already ratified and endorsed free movement of goods and services through the common market treaties of EAC and COMESA. The governments should show greater commitment to the integration process, through implementing the agreed provisions of a free market, and putting in place the necessary facilitation for private sector to invest and offer services to the people through trade and to truly make the EAC or COMESA be ONE single market.

**Recommendation 2: Promote and demonstrate commitment to Structured Trading Systems**

The drive to structure grain trade in the region has been on-going for the last 10 years. Various gains have been made in this process through harmonization of standards, development of a regional food balance sheet, institutionalization of one stop cross border among others for which we laud the Governments for the efforts. These systems have demonstrated the benefits of structured trade which lead to improved inter-country distribution, increased availability, accessibility and stability as different regions will have food at different times.

However, limited investment in infrastructure development is apparent in the fact that mechanisms of structured trade such as Warehouse Receipt Systems, Commodity Exchanges and Market Information systems which can facilitate price discovery and thus reduce price volatility, have had limited success in the region. We therefore call on the Governments to address these issuing limiting the process of creating structures to facilitate grain trade so as to improve food security in the region.

**Recommendation 3: Institute a consultative process with private Sector on Policy decision**

The Council calls on the national and regional governments to institute a model of engagement with the grain stakeholders for evidence based consultative process before any ad hoc policy decisions are enacted. Most of the time private sector exporters have already
entered into contracts to supply a commodity to buyers in another country, these restrictions can result in significant losses (both financial and reputational) and reduce the willingness of the exporters to enter into such contracts in the future. This also discourages the private sectors actors in making investments in market infrastructure, including grain handling, storage and processing facilities, required to safely handle the produced grains to reduce post-harvest loses and expand volumes of trade.

The private sector is willing to work with the governments in building the confidence of governments to place greater reliance on intra-regional trade through enhanced dialogue, cooperation and coordination, not only within different government ministries but with key stakeholders, including the private sector, civil society, regional organizations as well as other governments in the region.

Recommendation 4: Non Tariff Measures should not be used as Non Tariff barriers

The Sanitary and Phyto-Sanitary (SPS) measures are always put in place by government to for the purposes of safeguarding the safety and security of the people, plants and animals and are well intended and justified. However, these measures are often times used by some officials to block trade. Therefore there is need for a clear monitoring process to be put in place to ensure that they do not shift and become non-tariff barriers which hamper trade. The Council lauds the EAC for putting in place the online NTBs reporting and monitoring mechanism which we hope will go a long way in elimination NTBs in the EAC. We however, note that despite the existence of the online NTB monitoring mechanism, NTB are still prevalent and is seems not to have achieved the expected results. There is need to review the initiative with a view of coming up with an effective system.

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The Board of Directors, Eastern Africa Grain Council (EAGC)

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