Informing Regional Agricultural Trade Policy in Eastern & Southern Africa

July 2013
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Policies on trade in agricultural food commodities are rated as the highest risk factors by investors in the agribusiness sector in Eastern and Southern Africa.

They affect trade at all levels, starting from where production takes place, to the national level, and the inter-regional trade among neighbouring countries, to the international trade in food commodities.

Policies on trade in agricultural input and output markets have a direct impact on products and productivity, as well as on the spatial distribution arbitrage from production (surplus) to consumption (deficit) areas.

At the impact level, acquisition of fertilisers and seeds by farmers is dependent on the prevailing policies regarding local production and importation of the inputs, all of which are reflected in the pricing and availability. Farmers often complain about the high prices of inputs and scarcity, especially at the time they are most needed, which is during planting.

Furthermore, the supply chain of farm inputs is generally not well regulated, and the effects are reflected in the ever-increasing supply of fake farm inputs, including seeds, fertilisers and harmful chemicals.

The persistent low productivity of farmers in Africa occasioned by a multitude of factors, including reliance on rain-fed agriculture, low usage of fertilisers and use of subsidiary cultivation methods, have, to a large extent, been blamed on the policies pursued by African governments.

At the outputs market level, trade policies determine the level of investments and private sector involvement. Investors in agribusiness, especially in the grains sector, face a constant risk to their investments, emanating from policy.

Government decisions to allow or ban exports and imports of agricultural food commodities determine the economic visibility of a private sector investment in agribusiness. Generally, there are reasons to support a decision by the government to intervene in the trade in agricultural commodities.

However, the real problems arise in the manner and timing of the interventions. Often, the decisions are made in a reactive rather than proactive way. Other decisions are taken without sufficient evidence and with minimal consultation with the stakeholders. It has also been observed that in the process of instituting interventions and because of the way it is done, opportunities for corruption arise and consumers bear the brunt of it all.

Whereas the private sector has sought dialogue with policy makers, the process has been ad hoc, usually triggered by an emergency, and when it is too late to mitigate the negative impacts, due to the long lead time and time lags. Moreover when engaged, policy makers are guided to throw back a challenge to the private sector, asking for evidence to back up policy proposals.
The Eastern Africa Grain Council (EAGC), being the leading voice of the sector, has in its mandate the role of lobbying governments to create an enabling policy environment for it to thrive. Pursuant to this mandate, the council has, in partnership with the UN Food and Agriculture Organisation (FAO) and other stakeholders, spearheaded the establishment of the Agricultural Trade Policy Advisory Forum for Eastern and Southern Africa (ATPAF - ESA).

The forum, which was launched in May 2012, provides a platform for co-coordinating initiatives and activities to improve agricultural trade policies and facilitate dialogue between the public and private sectors to achieve a better policy design and implementation.

The first activity the ATPAF-ESA forum undertook was to identify and enlist various organisations and institutions involved in various aspects of the policy. It identified four key pillars and each member named the pillars they are involved in. The four pillars are as follows:

- Policy monitoring;
- Evidence gathering;
- Capacity building in policy formulation and impact assessment, and,
- Policy dialogue.

The second activity was to commission a study on the agricultural trade policies in the Eastern and Southern African region. Funded by the FAO, through the ATPAF-ESA forum, it was conducted by Dr. Mary Mbithi, and the findings presented to the forum at its launch in May 2012, in Nairobi, Kenya.

It was decided that a regular bulletin focusing on policy be published at least twice a year to address the ATPAF-ESA forum member organisations and the wider stakeholders. The EAGC Secretariat was given the mandate and responsibility of hosting the forum and coordinating the activities, which include:

- Bi-annual publication of the ATPAF-ESA Bulletin.
- Coordinating initiatives and activities on the four (4) ATPAF-ESA pillars by the member organisations.
- Coordinating resource mobilisation and consultations by the members.
- Preparation of policy briefs, papers and research on various topical issues suggested by members.
- Coordinating platforms for dialogue between the policy makers and other stakeholders.
- Undertaking policy advocacy at the national, regional and international levels to improve trade policies.

This is meant to achieve the following objectives:

- Commercialising smallholder producers;
- Price stabilising of food commodities;
- Increased investments and participation of private sector in agribusiness and commodity trade; and
- Improving livelihoods, nutrition and food security of the most vulnerable in the region.
This is the first edition of the ATPAF-ESA Bulletin. It has been published by the Eastern Africa Grain Council (EAGC), on behalf of the forum.

We wish to thank the FAO for supporting the forum and hope they will continue so that it can grow from strength to strength and fill the wide gaps in coordination and policy formulation in the region. Special recognition goes to Mr Jamie Morrison, of the FAO, who has been a champion for this forum.

I also would like to thank Dr. Mary Mbithi for conducting a very informative study, which has become a key reference point and a benchmark for us, as we set and pursue the policy dialogue agenda.

Finally, I thank my team and colleagues at the EAGC, who have been involved since inception, the Board of Directors, led by Chairman Judah Arap Bett, the Treasurer, Mr Andy Dale, who is very passionate about policy matters, the Secretariat staff, Ms Janet Ngombalu assisted by Mr Jackson Kiraka, who coordinated the activities leading to the launch of the forum and Dr Hellen Natu, the EAGC trade policy expert, who is also the editor of the bulletin. To all my colleagues at the secretariat, who contributed in one way or another to the success of this forum, my message is that the work has just begun and more will be expected from us.

To all the readers, we wish you all an enjoyable read and welcome feedback, articles on your personal experiences when conducting agricultural trade in the region and recommendations on policy options the forum can take up. We believe that this forum will go a long way in shaping and directing the policy agenda and facilitating an organised contribution and participation by the various stakeholders and actors to improve policy formulation.

This should boost the regional trade in agricultural commodities, and most especially, cereals and pulses which are the most traded and consumed, and are synonymous with food security in the region. However, the forum will look at trade policies of the agricultural sectors of ESA, covering grains, livestock, fruits and vegetables.
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Contact Person: 

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**Grain Traders and Processors Association**
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Farmer / National Organisations

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Contact Person: Peter Kanyi, Senior Economist

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ATPAF-ESA Informing Agricultural Trade Policy

Jamie Morrison, FAO's Senior Economist, while guiding the strategic steps at the initial meeting of ATPAF-ESA, December 2011, said they were pleased to work with other partners in Africa to address some of the challenges the UN organisation had been pushing for in partnership with national governments. He reiterated the commitment of the FAO to fighting against food insecurity, saying appropriate policies held the key to enhanced trade, investment in agriculture and regional integration.

The Agricultural Trade Policy Advocacy Forum for Eastern and Southern Africa (ATPAF-ESA) was established to inform agricultural trade policy in the region. Two meetings organised by the Eastern Africa Grain Council (EAGC) and the UN Food and Agriculture Organisation (FAO), brought together key players in the policy arena, including the UN World Food Programme (WFP), the Common Market for Eastern & Southern Africa (COMESA), and the Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA). Others were the Consultative Group on International Agricultural Research (CGIAR) institutions, the Nile Basin Initiative (NBI), regional farmers' organisations, academic, research institutions, the private sector, governments and other regional organisations.

The forum agreed that there was need for a deliberate policy advisory forum to provide a platform for coordination and collaboration on the regional agricultural policy dialogue and direction, and to offer independent advice on the suitability or otherwise of prevailing policies and chosen policy responses.

Consequently, ATPAF-ESA was formed as a regional advisory body, with roles built around four pillars for improved monitoring, enhanced evidence gathering, capacity building and greater dialogue through a framework to gather and collate supportive evidence in order to recommend remedial measures.

Alongside this would be the identification of gaps where capacity building is required and linking this to enhanced dialogue in the now emerging public-private partnership framework. Focusing on the four pillars, the forum’s platform of engagement is that of
technical discourse to build on existing frameworks or platforms, in addition to using the online forum, and international conferences, as dialogue windows.

The Four Pillars of ATPAF-ESA
The four pillars are interlinked and positioned to contribute to improved policy design and implementation. It was agreed that the member organisations identify their specific roles and requirements.

The first pillar focuses on improvement of monitoring through scoping out existing agricultural trade policy monitoring systems, and policy work in the region, and enhancing existing positive systems. The second is on boosting evidence gathering through consolidation and updating of the existing evidence base, identification of issues and gaps in analysis and communication, convening expert technical meetings on specific topics, preparation of dissemination materials, and convening national and regional dissemination workshops. The third pillar focuses on capacity building through the development of a database of key public and private sector stakeholders, associated policy analysts and forum members’ capacity development requirements that enhance engagement in policy analysis and dialogue.

This entails identification of focus areas for training based on training needs in trade analysis tools, standards and product quality, simplified trade regimes, policy making, analysis & implementation framework, and dissemination mechanisms.

The fourth pillar focuses on enhancement of dialogue. Dialogue was identified as a crucial task, which all the members of the forum would seek to enhance, even as they carry out other roles. This would be promoted at all levels. As a way forward, ATPAF–ESA Forum tasks pegged on the four pillars have been built in the EAGC’s Strategic Plan 2013–2017.

The ATPAF-ESA Forum in the EAGC’s Strategic Plan, 2013–2017
The strategic thinking of this forum has been included in EAGC’s Strategic Plan 2013-2017 as a key objective, to improve the policy and regulatory environment for structured grain trade. The strategic objectives have six elements:

1. Developing structures for ATPAF-ESA coordination.
2. Establishing partnerships with relevant institutions to form the agricultural trade policy think tank on regional integration.
3. Enhancing regional policy support—evidence gathering.
4. Enhancing agricultural trade policy formulation and dialogue at the national and regional levels.
5. Facilitating the biennial Africa Grain Trade Summit to advance the policy agenda.
6. Supporting public-private dialogue mechanisms on ESA agricultural policy response hotspots. In this bulletin, maize trade policy responses are put in the spotlight.

The Interlink of the four pillars of the Forum

**ATPAF - ESA membership entails:**
- Research/Academia;
- International and Regional organisations-COMESA, EAC, SADC, WFP, FAO, Nile Basin Initiative (NBI);
- Development Partners;
- Private sector representatives;
- Governments
- East Africa Legislative Assembly;
- Civil Society
- Others
MALAWI | TANZANIA | KENYA

At the beginning of 2013, Malawi banned maize exports to neighbouring countries, including Tanzania. It also ordered tight security – a non-tariff barrier – along its borders to curb the rampant smuggling of the grain. The move followed an acute shortage of maize, which is a staple in the southern African country. The shortage had led to about two million citizens facing starvation. Hundreds of tonnes of maize were seized along the country's borders, believed to have been destined for Tanzania and Kenya.

Country information indicated that most Malawian markets had no maize, and that exports and smuggling of the commodity had caused an artificial shortage. After adverse weather affected maize production, Malawi experienced a food shortage even when the country was implementing a farm input subsidy programme aimed at enabling poor people to achieve food security. Face of Malawi – Agriculture, January 2013.

ZAMBIA | ZIMBABWE

More than 17,000 tonnes of maize worth US$7 million belonging to Zimbabwean grain millers were stuck in Zambia after the authorities imposed an export ban. As a result, Zimbabwean millers were unable to collect pre-paid white maize from the Food Reserve Agency of Zambia and from private traders. Some parts of Zimbabwe experienced maize meal shortages after the Grain Marketing Board ran out of maize to supply millers. It was hoped that the SADC protocol on free trade could help alleviate the situation. Newdze –Zimbabwe, February 17th 2013

ZIMBABWE

Zimbabwean poultry producers appealed to the Agricultural Marketing Authority (AMA) to review its ban on imports of genetically modified maize, claiming the ban affects the poultry industry. The producers said the cost of poultry production had increased because of the shortage of grain. Zimbabwe required 1,384,000 tonnes of maize for human consumption, and 350,000 tonnes for livestock and other uses. During the 2011/12 season, Zimbabwe produced nearly one million tonnes of maize, leaving a deficit of 900,000 tonnes. Crop Biotech Update, February 2013.

In addition to trade policy response hot spots, there are frequent non-tariff barriers, some of which were scoped out in ESA, as indicated in the table below.
Common Non-Tariff Barriers in ESA Region

Since COMESA, EAC and SADC member countries have moved towards FTAs, tariffs have become less important in intra regional trade. Non tariff barriers have however gained importance. These have included export and import bans of staple food products especially maize in times of deficit, among other measures. The common non tariffs barriers and measures affecting trade in ESA countries are summarized in general WTO classification.

<table>
<thead>
<tr>
<th>General WTO classification of non-tariff barrier</th>
<th>NTB identified by COMESA, EAC and SADC Tripartite Coordination Mechanism*</th>
</tr>
</thead>
</table>
| Government participation in trade and restrictive practices tolerated by governments | • Restrictive single channel marketing.  
• Varying trade regulations.  
• Non-acceptance of certificates and trade documentation.  
• Cumbersome visa requirements.  
• Restrictions to enhance National food security.  
• Restrictive Transiting Procedures  
• Road blocks  
• Business registration and licensing constraints |
| Customs and administrative entry procedures (licensing) | • Non-standard customs documentation and administrative procedures  
• Cumbersome processing of export and import licensing/permit |
| Technical barriers to trade | • Duplicated functions of agencies involved in quality, quantity of dutiable import or export. |
| Sanitary and Phytosanitary Measures (SPS) | • Constraints in quality inspection procedures. |
| Specific limitations | • Unnecessary import bans and quotas.  
• Import and export quota  
• Temporary bans on selected products. |
| Charges on exports | • Other restrictive charges which are non-export or import duty.  
• Charges in roads and border tolls. |
| Other | • Incorrect tariff classifications |
Trade policy relates to the overall structure of interventions to produce, import or export of tradable goods and services. They are linked to other sectoral policies, such as those of the agricultural sector. By definition, agricultural trade policy is the course of action by government that is directed to the farm and agricultural markets. It involves a full range of decisions that influence individuals and firms in deciding what, how and for whom to produce and trade.

For many countries, agricultural trade policies form part of agricultural sector policies, applying to input and output markets, value addition and consumption. Agricultural trade policies, which lead to more openness in trade in agricultural and food commodities, have an impact on food security, as they affect access through their effects on prices and incomes.

When such policies take into account sustainable food production, stabilisation of incomes and prices, they contribute to stabilisation of food availability and accessibility.

Here, one can say, food security exists when all people at all times have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and preferences for an active and healthy life.

Unfortunately, hunger has become one of the leading causes of death globally. About 925 million people do not have enough food to eat. Women, although accounting for slightly over half of the world's population, account for more than 60 per cent of the world's hungry, while one out of every four children is undernourished. Thirteen per cent of the world population is undernourished, with the majority living in the developing countries. This is why reducing food insecurity has become one of the most important issues in the national, regional and global development agendas of our times.

According to Mbithi & Kiio (2012), at the regional level in ESA, the policies on liberalisation of COMESA, the EAC and SADC are the main regional trade policies impacting on intra and extra regional agricultural trade. COMESA policies on agricultural trade are presented in various regional documents. The main ones are the protocols establishing COMESA rules of origin, the protocol for transit trade and transit facilities, and the council regulations governing the COMESA Customs Union.

COMESA was formed in 1994 as a Preferential Trade Area (PTA), trading on reduced tariff rates. The treaty provides for cooperation in agriculture and rural development, with the objectives of achieving regional food security within the common market area. The common agricultural policy is to ensure regional food self sufficiency, an increase in crop productivity, livestock, fisheries and forestry for domestic consumption, exports within and outside the common market and access of inputs for agro-based industries and replacement of imports on a regional basis.

The key co-operation areas include harmonisation of agricultural policies, research, extension and the exchange of information, agro-meteorology and climatology, production and supply of food products.

The treaty further provides for cooperation in staple foods and in export of agricultural commodities. The COMESA Protocol on the rules of origin sets out the originating criteria for goods traded in the Free Trade Area (FTA) and the Preferential Trade Area (PTA) trading arrangements. The protocol for transit trade and transit facilities provides levy and duty free transit of licensed carriers within the region. Also provided are transit procedures,
including cross-border procedures, expanded opportunities for agricultural production, enhanced regional food security, increased regional trade and expanded agro-exports through research, value addition and trade facilitation. The key commitment of the COMESA programme includes the allocation of at least 10 per cent of countries’ public budgets to the agricultural sector for increased investment.

The East African Community (EAC) has regional agricultural trade policies that impact on the five member states of Burundi, Kenya, Rwanda, Tanzania, and Uganda. The launch of a customs union in the EAC region in 2005, and its coming into force in 2010 has had an impact on the partner states’ agricultural trade policies.

Implementation of the free intra-EAC regional trade started in 2005, and was completed in 2010. The Customs Union Protocol (EAC Secretariat, 2004) provides for the elimination of customs duties and other charges of equivalent effect, reduction of non-tariff barriers to trade among the partner states and establishment of a Common External Tariff (CET) applicable to all goods imported into the partner states’ third countries.

It provides the EAC rules of origin, and safeguard measures for goods from partner states traded in the region. Goods benefiting from export promotion schemes are for export, duty drawback, duty and VAT remission schemes, manufacturing under bond and provisions for higher tariffs for sensitive products.

The EAC Agriculture and Rural Development Policy (EAC - ARDP) recognises the importance of hunger elimination and sustainable food security within the region as necessary steps towards poverty eradication, and consequently, as a stimulus for rational agricultural development, as well as the realisation of the aspirations of the treaty establishing the EAC. The main objectives of this strategy are to achieve food security, improve nutrition standards by increasing output, quality and availability of food; and to encourage rational agricultural production while promoting complementarity and specialisation.

They are also meant to help improve standards of living in rural areas through increased income generation from agricultural production, processing, marketing and increase of foreign exchange earnings by encouraging production and export of agricultural and fisheries products.

A look at the SADC bloc reveals regional agricultural policies that impact on its member states, including Angola, Botswana, D.R. Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, the Seychelles, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe.

The agricultural sector features prominently in the SADC regional economy, contributing between four and 27 per cent of GDP in different member states.

About 70 per cent of the population in SADC depends on agriculture for food, income and employment. It contributes on average 13 per cent of total export earnings and to 66 per cent of intraregional trade (SADC, 2010). Article 29 of the SADC Protocol (SADC, 1992) on trade provides for the coordination of trade policies by the member states. The objective of the SADC food security policy framework approved in 1997 is to ensure that all people have access to an adequate diet to lead an active and normal life.

In line with the SADC Protocol on Trade (2000), liberalisation was to be systematic, progressive and was to be achieved within eight (8) years. The protocol committed members to phasing out existing tariffs, harmonising and documenting trade procedures within the SADC, defining rules of origin and reducing other barriers. Food security, land and agriculture are some of the SADC cooperation areas. Food security policies and strategies at the regional level are aimed at member countries’ development of a disaster preparedness and management mechanism by implementing programmes and projects aimed at early detection, early warning and mitigation of disaster effects.

SADC became a Free Trade Area (FTA) in 2008, and by 2012, some 12 of the 14 member countries were party to this protocol. The Food, Agriculture and Natural Resources (FANR) Directorate of the SADC Secretariat is mandated to develop, promote, coordinate and facilitate the harmonisation of policies and programmes with a view to increasing agricultural and natural resources production; promoting trade; and ensuring food security and economic development.

There are other policies and declarations that affect agricultural trade. In 2004, SADC member countries signed the ‘Dar es Salaam Declaration on Agriculture and Food Security.’ The region’s Heads of States and governments identified inappropriate national agricultural and food policies as being among the major underlying reasons for the prevalence of hunger. Therefore, looking for evidence and setting up the platform for dialogue on the inappropriate polices will form the starting point in the efforts of the ATPAF-ESA towards evidence-based policy advice in ESA.

In general, the ESA countries have also taken decisions that affect trade in food and agricultural products. National agricultural policies generally aim at alleviating poverty, promoting food and nutrition security, promoting commercialisation of smallholder agriculture, generating foreign exchange, and increasing agricultural production and productivity. This bulletin focuses on the impact of agricultural trade policies on intra and extra regional trade in cereals in COMESA, SADC and EAC.
Regional agricultural trade policies have an impact on intra and extra regional trade.

The most commonly traded agricultural and food products among the COMESA member countries are sugar, tea, cocoa and spices; cereals, fruits and vegetables. A relatively larger proportion of the trade in these products is dutiable under the current trade regime. Sugar has the largest proportion of its intra-COMESA trade being dutiable. The products are relatively more protected through tariffs, as most countries shield their domestic producers. For sugar, almost all the duty charged is on specific bases (commonly referred to as suspended duty), further suggesting relatively more protection of the industry by the member countries. Apart from fish and related products and meat preparations, a large proportion of food imports from third countries to COMESA attract high duty. Cereals account for the largest imports of agriculture and food products from outside the common market area, according to Mbithi, M. and Kiio, A. (2012).

Analysis of trends in the intra and extra-COMESA cereal trade shows that intra-COMESA trade in cereals is lower than exports of the same products to non-COMESA member countries, see Figure, suggesting that there is a potential for the region to increase trade in these products. Imports of the same products from non-COMESA member countries have been on the increase although at a much higher import duty of 18.3 per cent as compared to the intra-COMESA average imports’ average duty rate of about 5.4 per cent. The low intra-COMESA trade in cereals is a pivotal issue of ATPAF-ESA dialogue, to enhance food security in the region.
Impact of Agricultural Trade Policies on INTRA & EXTRA Regional Trade-Cereals

Some of the EAC-identified sensitive food products, including rice, wheat flour, cane sugar and dairy products are among the top 20 most traded food items. (A product is sensitive in agriculture negotiation, when all countries will be allowed extra flexibility in market access).

Maize grain was, however, not among those most traded in the region in 2010. Policy decisions such as maize export bans by countries in the region could be one of the factors contributing to low trade. According to Mbithi, M. and Kiio, A. (2012), vegetables and fruits are among the largest extra-EAC food imports, accounting for 22 per cent of all food imports in 2010. Fish, cereals and meat also account for a significant proportion of foods imported from outside the EAC region.

The top 10 traded food products account for over 80 per cent of the total extra-EAC food imports and 70 per cent of the top 10 imports are EAC’s sensitive products. In this case, all the seven attract duties of maximum rates way above the EAC third band of the CET of the finished goods category of import duty rate of 25 per cent. The top 20 most imported foods by the EAC partner states account for 90 per cent of the total extra-EAC imports.

Intra-EAC trade in cereals and extra-EAC exports of cereals have remained low while imports of the same from outside the region have been on the increase, see figure above. The trend in cereals imports indicates an increasing demand, which currently may not be met with regional supplies. The export ban in the EAC on trade in maize is a pivotal issue of the ATPAF-ESA dialogue, with the objective of reducing market failures and enhancing trans-boundary access of cereals in the region.
Currently, tariffs in the SADC are low following trade liberalisation and achievement of the FTA in the region. The proportion of intra-SADC agriculture and food trade, which face duty, is small (18 per cent) and the average tariffs are low. However, tariffs on intra-SADC agriculture and food trade are relatively higher than those of industrial goods. This indicates that even within intra-SADC trade, agricultural products and food are more protected than industrial goods.

A larger proportion of agricultural sector and food imports also have tariffs above 15 per cent (international tariff peaks) and a larger proportion of agriculture and food trade are charged specific duty than is the case with industrial goods, further suggesting more protection of the agriculture and food sectors. Intra-SADC trade in agriculture and food has been on the increase. Imports from the rest of the world have also risen. Intra-SADC agricultural and food imports account for 19 per cent of total agricultural and food imports. The largest agricultural and food products traded among the SADC member countries are sugars, vegetables and fruits and cereals. However, the largest tariffs are charged on coffee, tea, cocoa, spices, processed vegetables & fruits, and dairy products & eggs.

Cereals, vegetables and fruits top the list of the most imported agricultural and food products. They are also among the products facing the high tariff rates on importation into the region, according to Mbithi M. & Kiio A (2012).

SADC’s regional exports of cereals and cereal preparations, intraregional trade and the region’s exports of the same products have been on the increase, as shown in the figure. Extra-SADC imports are far larger than intra-SADC trade and SADC extra regional exports put together. This indicates that the region’s demand for the cereals far exceeds domestic supply. Trade protection of agriculture and foods in SADC is an issue for ATPAF-ESA dialogue, as this has contributed towards high food prices that lead to food poverty in the region.
Warehouse Receipt System (WRS)

“Untapped Gateway to Smallholder Financing”

The Eastern Africa Grain Council (EAGC) has been implementing the “Strengthening of Warehouse Receipt System (WRS)” project in Kenya since August 2011. This is a three-year project funded by Alliance for a Green Revolution in Africa (AGRA), through its Market Access Programme. The project aims are to reduce postharvest losses, increase access to finance, and stabilise produce prices, leading to an increase in rural incomes for enhanced livelihood of smallholder farmers.

The Kenya chapter of the project is expected to be implemented in six counties, namely Nakuru, Eldoret, Kitale, Kirinyaga, Meru and Makueni. It targets 15,000 smallholders, and is meant to build their capacity and ability to participate in the WRS. This is a structured method of trading grain and allows the farmer to access professional grain storage services, reducing storage-related losses. At the same time, it allows farmers to use the value of the deposited commodities as collateral to obtain credit or loans. Over the seasons, the quantity of grain deposits has dramatically increased. However, the amount of credit obtained against the deposits is only 10 per cent, see table.

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Qty (MT)</th>
<th>Price/MT (at deposit)</th>
<th>Amount of loans issued (Kshs)</th>
<th>% of loan to value of collateral</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maize</td>
<td>2,137.65</td>
<td>59,379,277.78</td>
<td>16,200,000.00</td>
<td>9.19%</td>
</tr>
<tr>
<td>Wheat</td>
<td>3,283.78</td>
<td>116,756,444.44</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Green grams</td>
<td>43.892</td>
<td>2,633,520.00</td>
<td>2,229,981.00</td>
<td>30.32%</td>
</tr>
<tr>
<td>Cowpeas</td>
<td>57.91</td>
<td>2,895,500.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pigeon peas</td>
<td>36.538</td>
<td>1,826,900.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>5,559.77</td>
<td>183,491,642.22</td>
<td>18,429,981.00</td>
<td>10.04</td>
</tr>
</tbody>
</table>

Source: Jane Wanza, EAGC 2013

The low percentage clearly indicates untapped lending potential of the WRS, which is key to unlocking credit for smallholders, and, especially women, who have limited access to other forms of lending. With success, the project could be scaled up to other ESA states’ chapters to benefit the players. Therefore, both the EAGC members and non-members in the region are being encouraged to join and benefit from the system. For more details of the WRS login: www.eagc.org | www.ratin.net | jwanza@eagc.org
ATPAF-ESA in EAGC’s Strategic Plan 2013 - 2017

**Outputs**
- ATPAF -ESA coordinating unit operationalised.
- Support for public private dialogue mechanisms facilitated.
- Legal and regulatory frameworks to support region structured trade established.
- Support to regional policy research.

**Activities**
- Facilitating post-Budget policy synopsis platforms.
- Coordinating the 5th African Grain Trade Summit, October 1st to 3rd 2013, Mombasa.
- Organising the bi-annual technical platform conference.
- Facilitating the pre-Budget policy platforms.
- Identifying the researchable agricultural trade policy issues, throughout the plan.
- Commissioning policy analyses or studies, throughout the plan.
- Establish policy think tank group.
- Address emerging policy issues, throughout the plan.
- Support establishment of legal and regulatory frameworks for STS, throughout the plan.
- Creating awareness on new legal and regulatory frameworks, throughout the plan.
- Develop the strategy for ATPAF-ESA policy advisory.

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