



Panel 1

REGIONAL INTEGRATION

**Increasing Food Security and Economic
Development within Regional Trade
Blocks: Example of the Eastern Africa
Grain Council**

June 4, 2007

Steve Collins, ACIDI VOCA



Regional Trade is not organized, WHY:

Millions of dollars lost by Governments Marketing Boards

- **E.g USD 40M – 50M needed to purchase Strategic Grain Reserves in Kenya.**
- **Government cannot sell over and above the buying price of USD 18.5**
- **Approx. USD 5M lost annually.**
- **Situation worse in many other countries**



Liberalization:

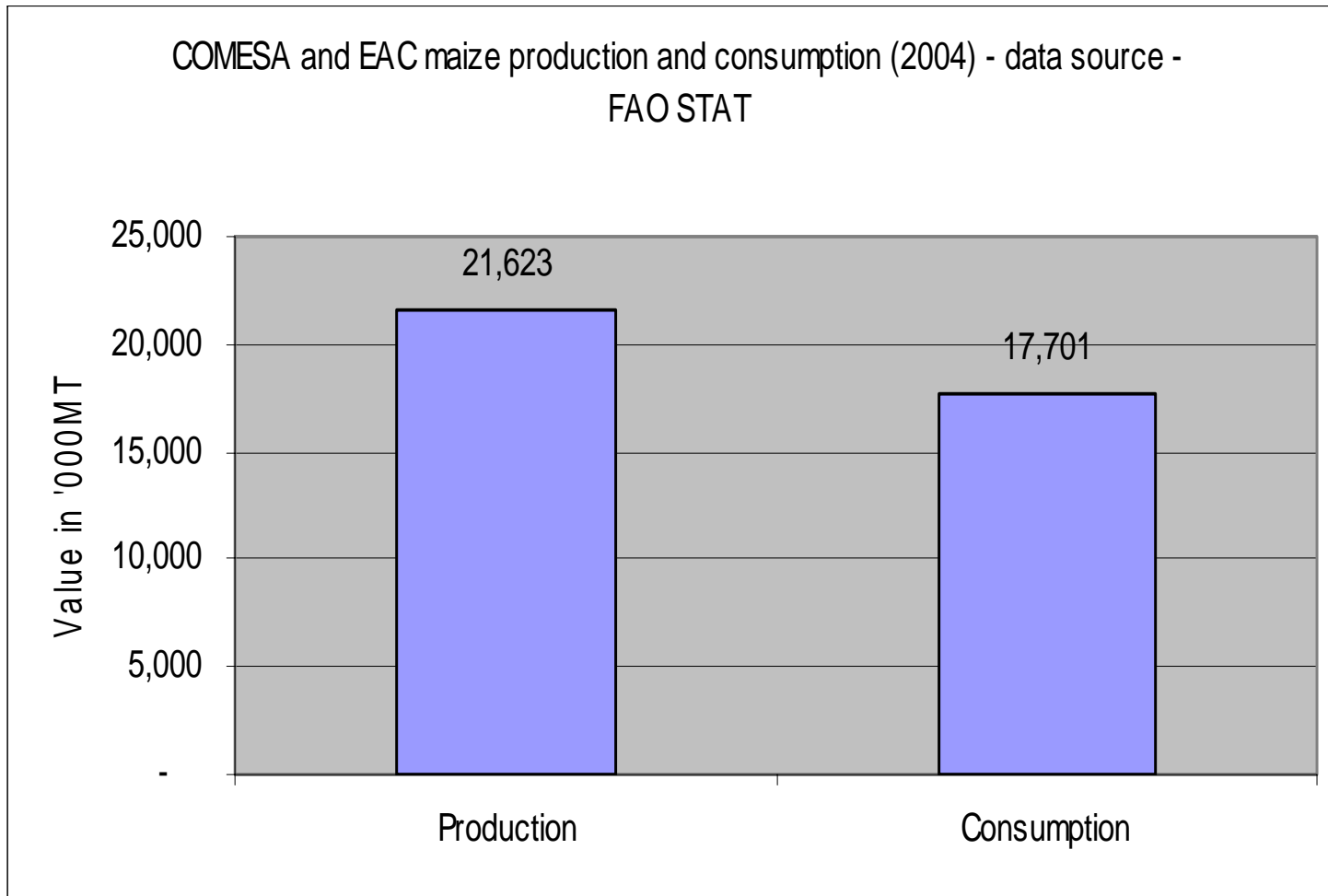
Capacity of Private Companies Low, Example;

- **In Kenya Private Co.s need USD 40M – 50M purchase maize annually.**
- **Storage Capacity Government owned.**

Forcing Governments to Intervene.



NEED ORGANIZED TRADING

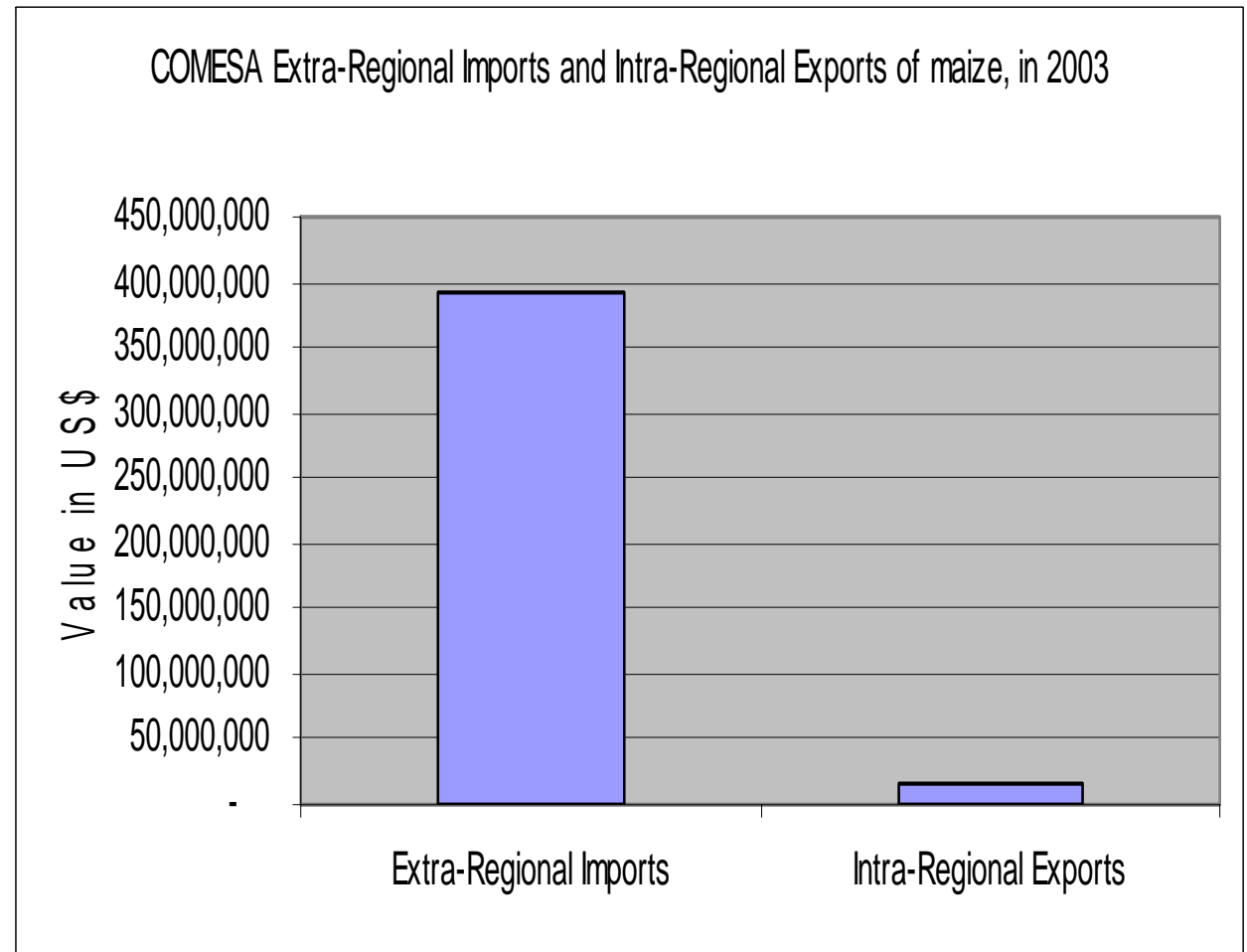




Regional Trade

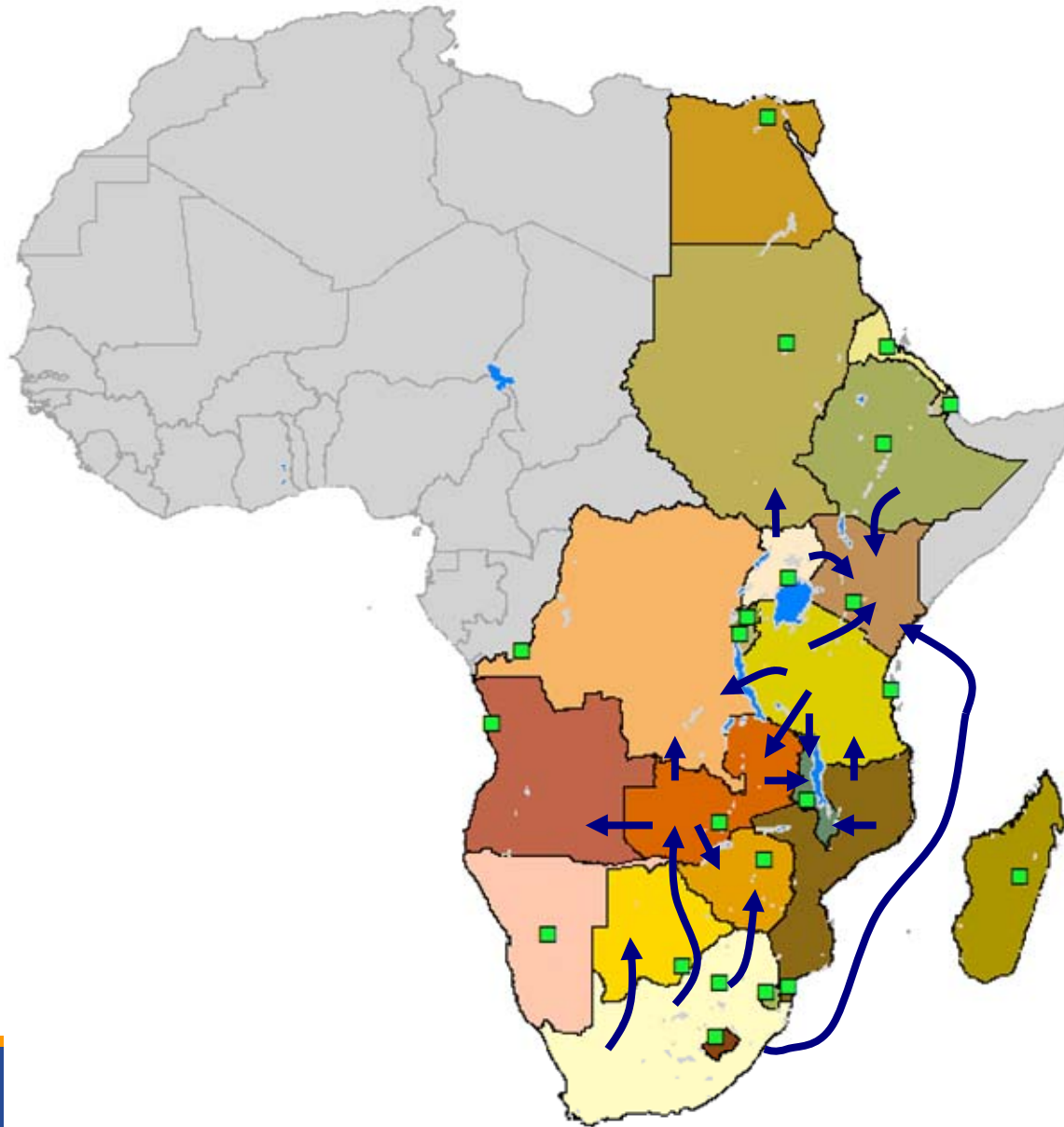


- Maize is the most traded commodity in the region
- But we only trade maize valued at less than USD 20 million among ourselves





Trade Flow



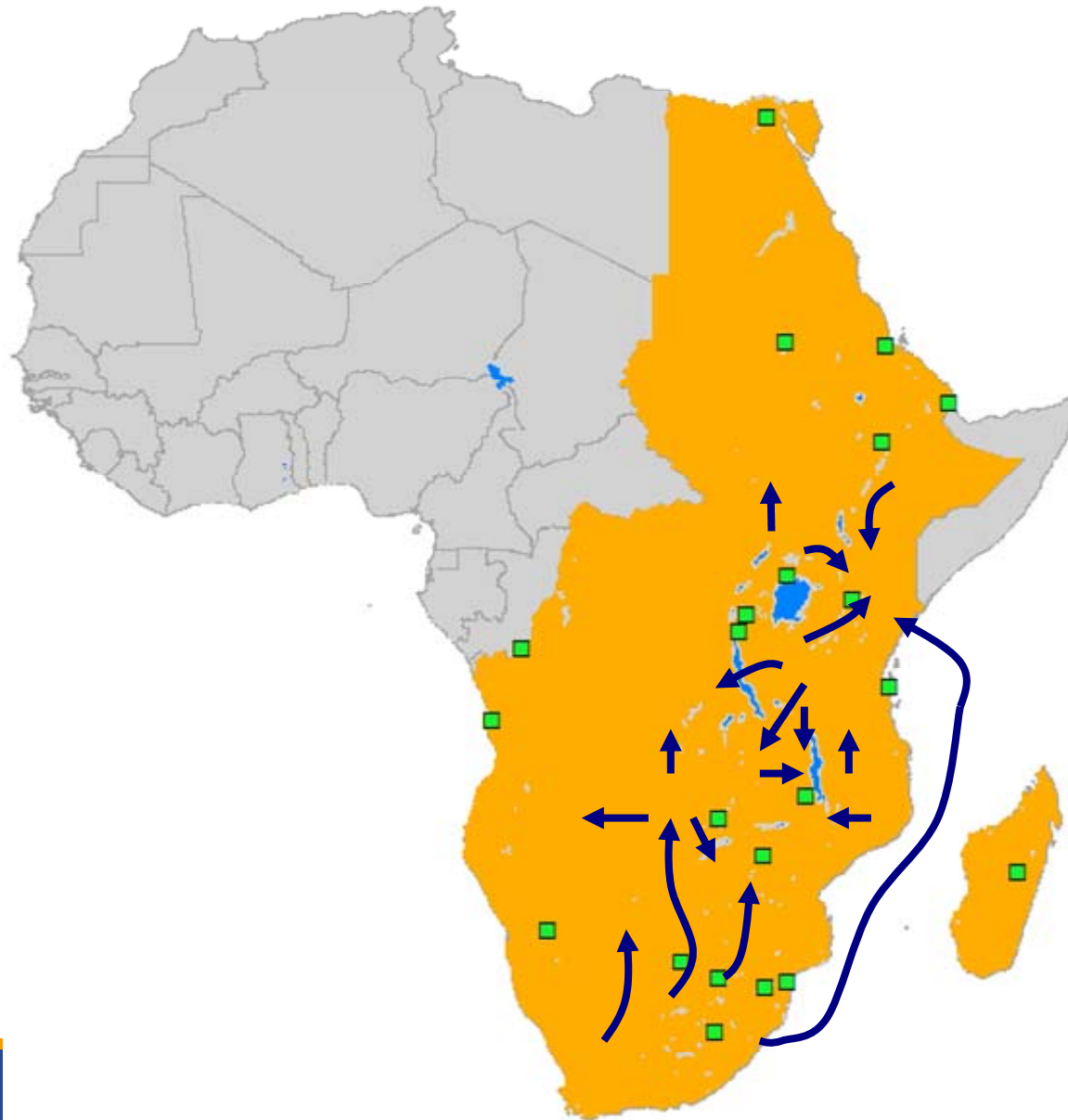


Maize without Borders



EAGGC

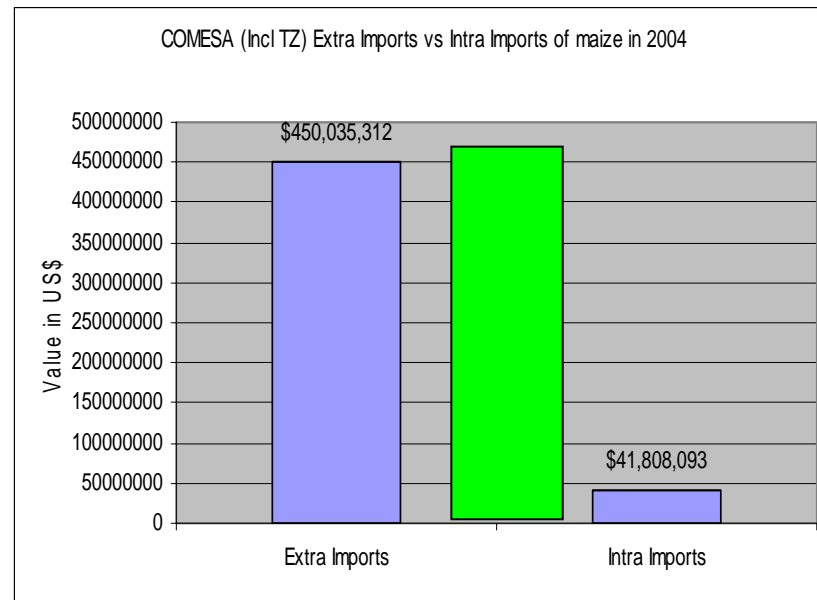
EASTERN AFRICA GRAIN COUNCIL





What are the Major Issues?

- **Infrastructure prohibits food movement**
- **Harmonization and rationalization of trade policy**
- **Market information systems**
- **Integration of food aid and trade**
- **Structured trade systems**
- **Linkage systems for more efficient trade**





Why do we still have informal trade?

Why do we still have food insecurity?

Lack of a mature trading environment

Un-harmonized grades and standards

No standardized trade rules (arbitration)

Lack of training of custom officials on how to facilitate formal trade

Member States backsliding during food crises (e.g. export bans)

Uncoordinated market information systems between donors, government and the private sector

Upkeep and upgrading of infrastructure slowing down



The Need for Organized Grain Trade



1st Grain Summit General Agreement...

mature

integrated

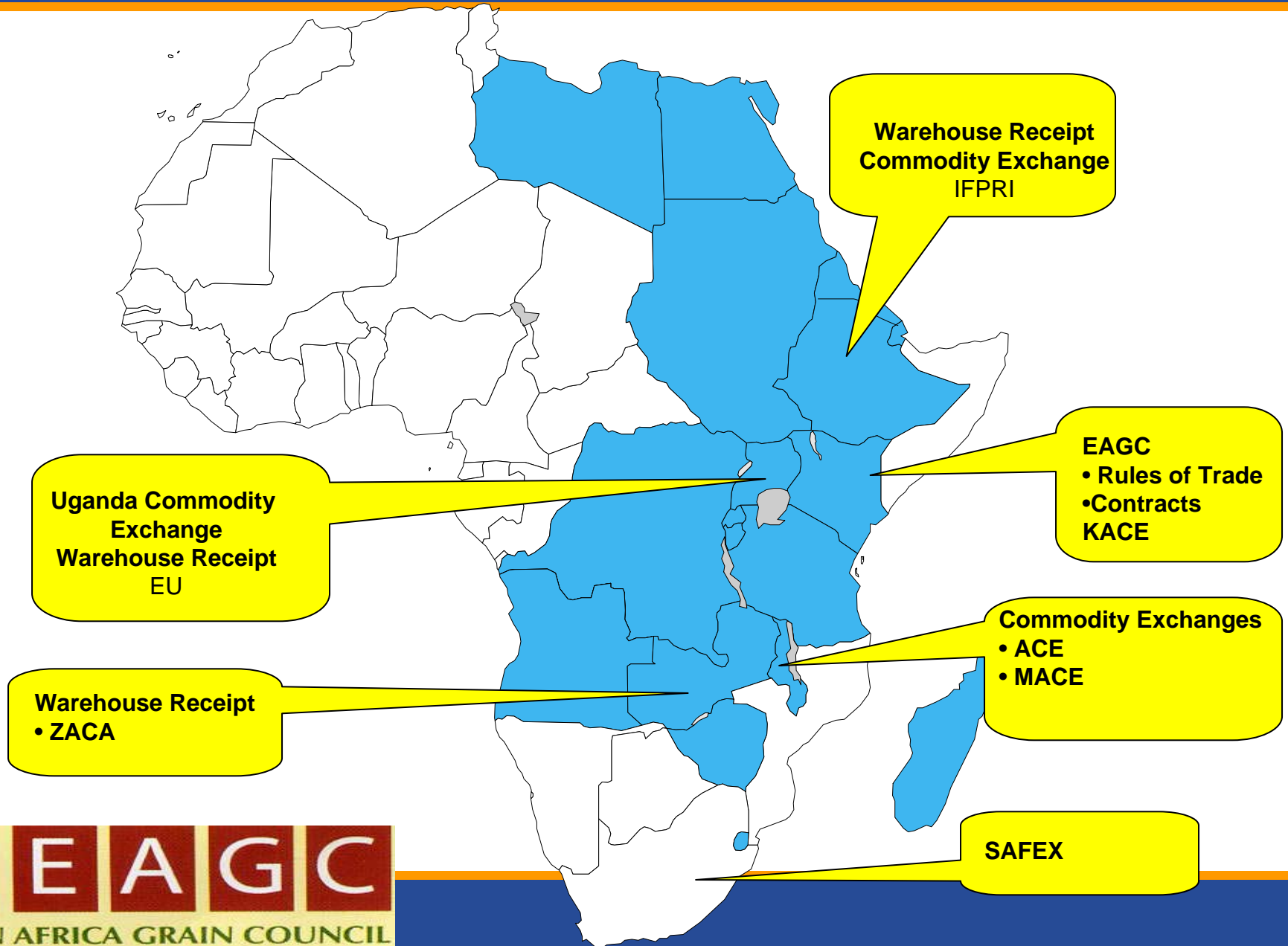
How far have we moved?

regional trading system



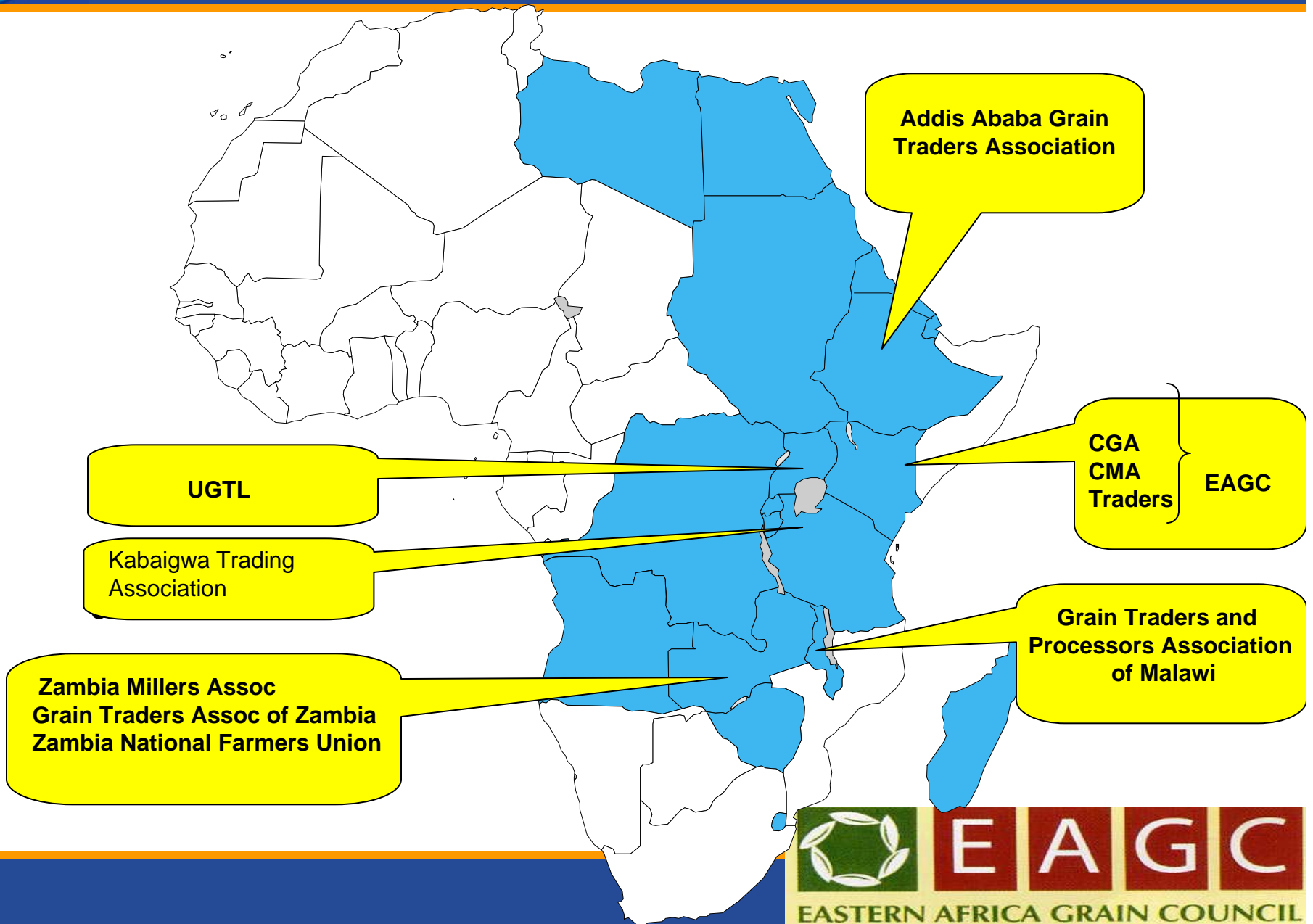


Structured trading Systems in Comesa





Organized Trade Groups In the Comesa Region





Eastern Africa
Grain Council





The Eastern Africa Grain Council (EAGC)

is a

non profit

member-based organization

**registered in Kenya as a company limited
by guarantees and without share capital.**



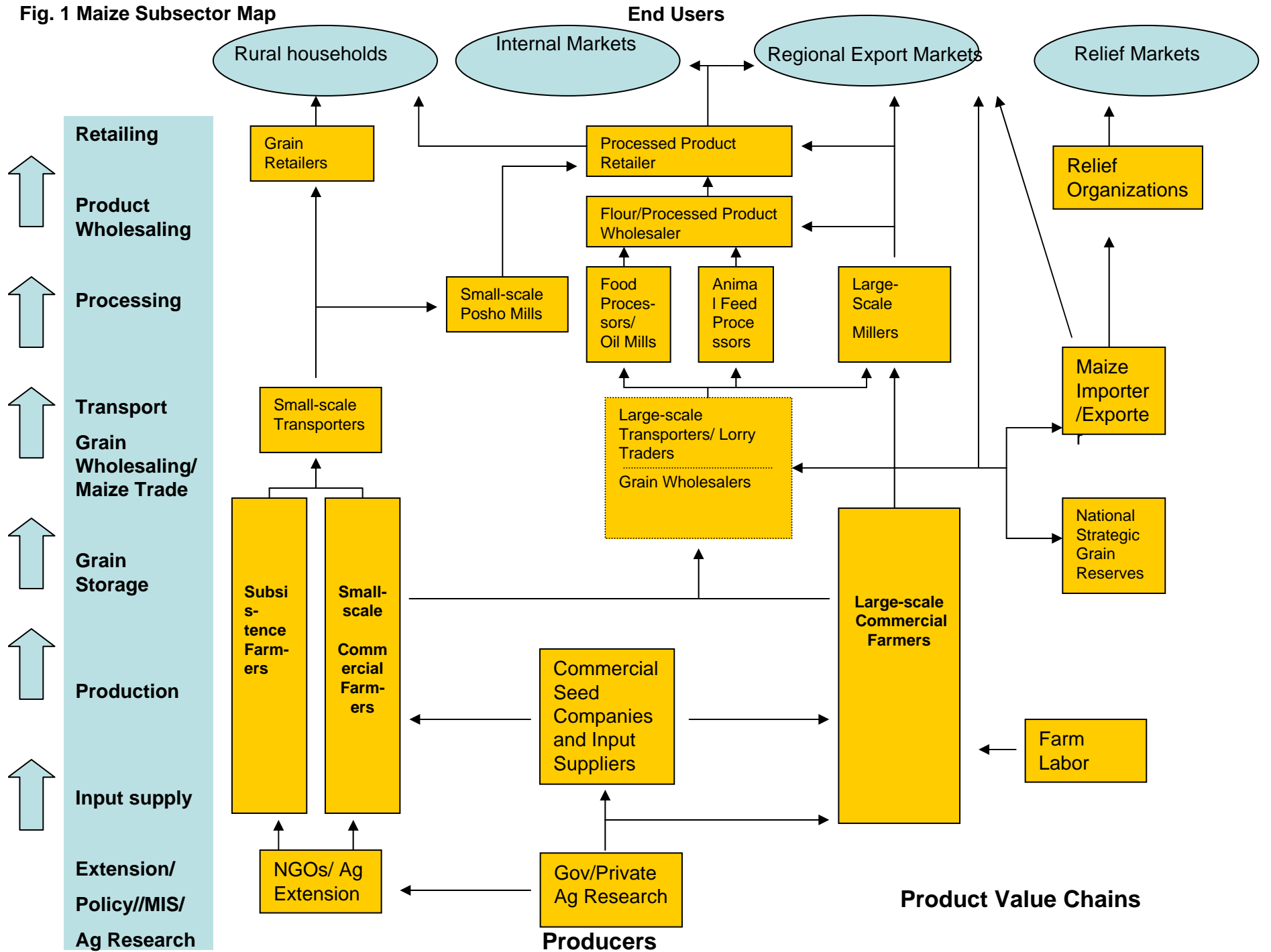
Eligible Membership:

All stakeholders along the grain value chain

- **Producers, Processors, Traders**
- **Service Providers (Whse Keepers, Transporters)**
- **Financial sector (Banks, Insurance)**

Current Members are from UG, KE, TZ, Zambia & RSA

Fig. 1 Maize Subsector Map





EAGC grain trade facilitation role

Market Intelligence

Providing market prices

Cross border trade monitoring

Short term supply and demand projections

Trade Linkage

Info. on Inquiries to buy and offers to sell



Role of EAGC Cont'

Promotion of Structured Trading System

Rules of trade – standard contracts, arbitration procedures

Warehouse receipt systems

Commodity exchange

Promotion of enabling policy environment



Role of EAGC Cont'

Regional market information dissemination

Monthly trade bulletins and website

www.ratin.net



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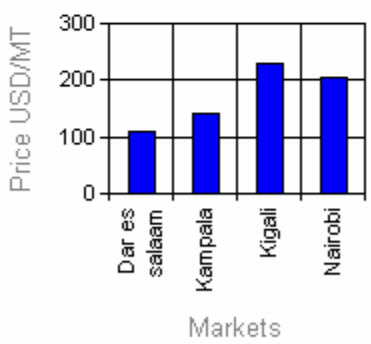
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Good long rains season progress in East Africa

The long rains season progress is good across East Africa. The crop development is in different stages from past germination to maturity. In the southern highlands which is the grain basket of Tanzania, the crop is at the maturity stage. Consumption of fresh /green maize is reported in some selected areas; however, harvesting is expected anytime after mid May 2007. From the bi-modal production areas, the crop is past the vegetative stage. In Uganda, the season is progressing well. There are reports of isolated fresh bean harvests and the maize crop is past the vegetative stage. In Kenya, long rains season started late due to the late onset of rains.



Maize: Daily Wholesale Prices



Maize: Weekly Wholesale Prices

[View the Estimated Maize, Wheat & Rice Balance Sheet](#)

- Eastern Africa Food & Trade Bulletin**
 - » May 2007 Eastern Africa food Trade Bulletin
 - » March 2007 Eastern Africa Food Trade Bulletin
 - Southern Africa Cross Border Bulletin**
 - » Feb 2007 Southern Africa Food Trade Bulletin
 - » Jan 2007 Southern Africa food Trade Bulletin
- [View More Bulletins](#)

- Crops Update**
 - » Kenya: Mixed expectations for long rains production
 - » Tanzania: Good long rains production predicted

Maize Beans Rice

Daily Wholesale Maize Prices

Market	USD/MT	Date
Dar es salaam	110	15 Mar
Kampala	141	15 Mar
Kigali	231	15 Mar
Nairobi	206	15 Mar

[View Complete Daily Charts](#)

Maize Beans Rice

Weekly Wholesale Maize Prices

Market	USD/MT	Week
Dar es salaam	118	6-12 Mar
Kampala	146	6-12 Mar
Kigali	231	6-12 Mar
Nairobi	212	6-12 Mar

[View Complete Weekly Charts](#)

Maize Beans



EAGC Activities

- MIS
 - Market prices sms
 - Production update
 - Monthly Bulletin
 - Cross-border
- Rules of Trade, Arbitration
- Co-ordinate Warehouse Receipt initiative
- Training
- Policy...



Regional trade linkage
website www.tradeafrica.biz

Member Login

Username:

Password:

[Open Account](#)

Structured Grain Trading and Commodity Risk Management; Staying the Course!

Summit Presentations

Welcome to the TradeAfrica™ Commodity Trade Link

The leading Africa grain trade online market place that provides maize prices, enquiries to buy, and offers to sell maize, beans, rice and other agricultural commodities in the Eastern and Southern African region. [Register today to initiate trade linkage!](#)

[Open an Account](#)



Market Intelligence

RATIN
Regional Agricultural Trade Intelligence Network

[More Partners](#)

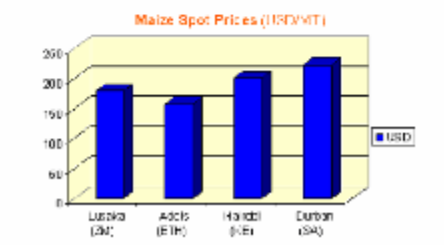
Currency Exchange Rates

currency exchange rates for African & International currencies at [The Financial Times](#)

Maize Spot Prices
(Prices in US Dollar / MT)

Terminal Market	Price	Date
Nairobi (KE)	213.00	May 7
Kampala (UG)	174.00	May 7
Dar-es-Salaam (TZ)	109.00	Apr 30
Lilongwe (MW)	128.00	May 1
Lusaka (ZM)	158.00	May 7
Kigali (RW)	229.00	May 1
Addis Ababa (ET)	158.00	May 3
Durban (SA)	231.00	Apr 23

[View Complete listing](#)



News & Information

Offers/Enquiries: Maize

	Grade	Country	Offer	Qty	Indicative Price/MT	Expiry	
Enquiries to Buy	Grade 1	Zambia	No: 233	400,000 MT	\$187.00	138 days	View
Offers to Sell	Grade 1	Kenya	No: 232	54,000 MT	\$242.39	46 days	View
Offers to Sell	Grade 1	Zambia	No: 231	15,000 MT	\$175.00	0 days	View
Offers to Sell	Grade 1	Kenya	No: 228	54,000 MT	\$254.00	16 days	View

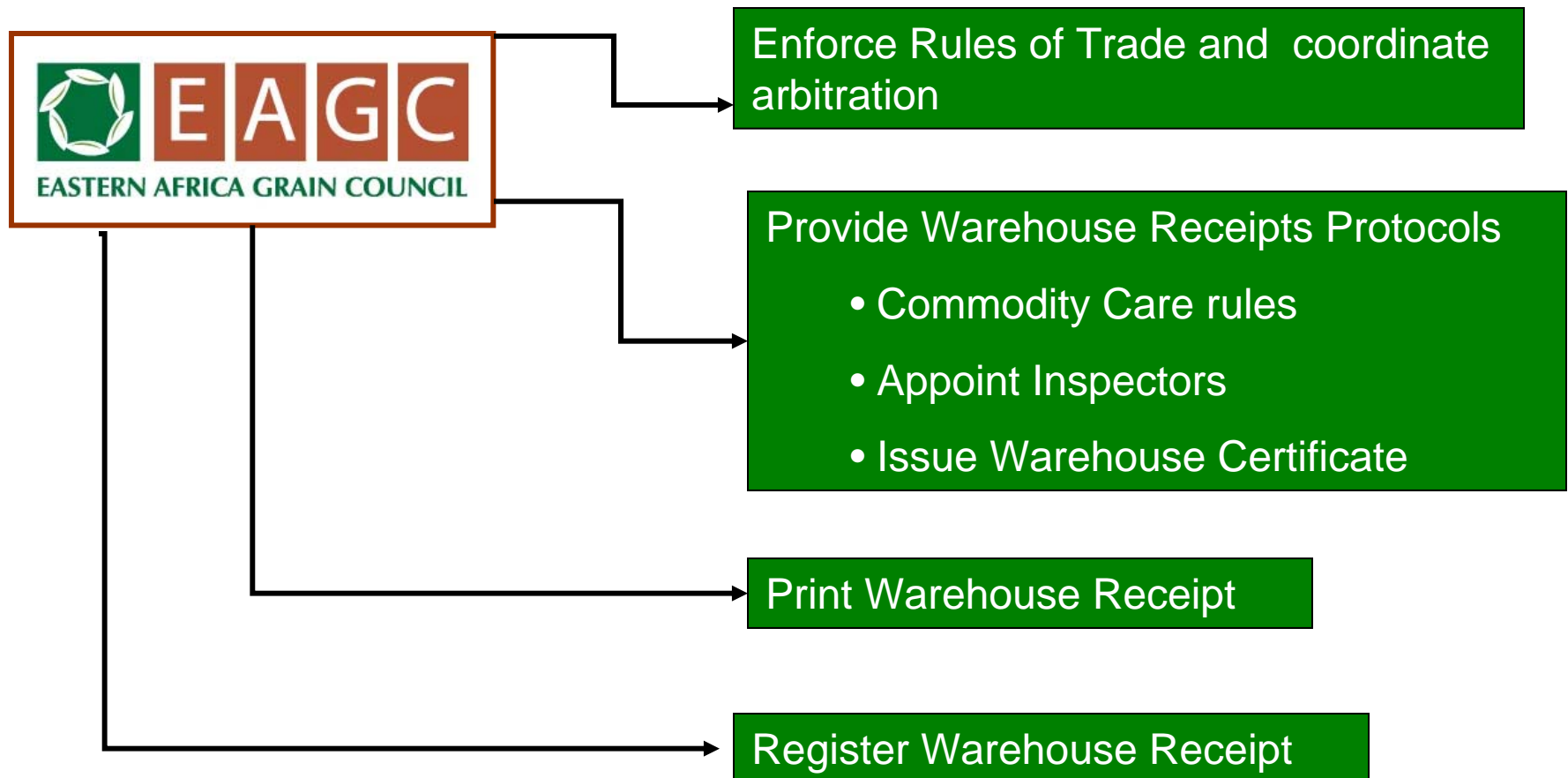
[View all Maize Offers to Sell](#) [View all Maize Enquiries to Buy](#)

Offers/Enquiries: Beans

	Grade	Country	Offer	Qty	Indicative Price/MT	Expiry	
Enquiries to		Zambia	No:	1,200.00	\$148.00	138	View

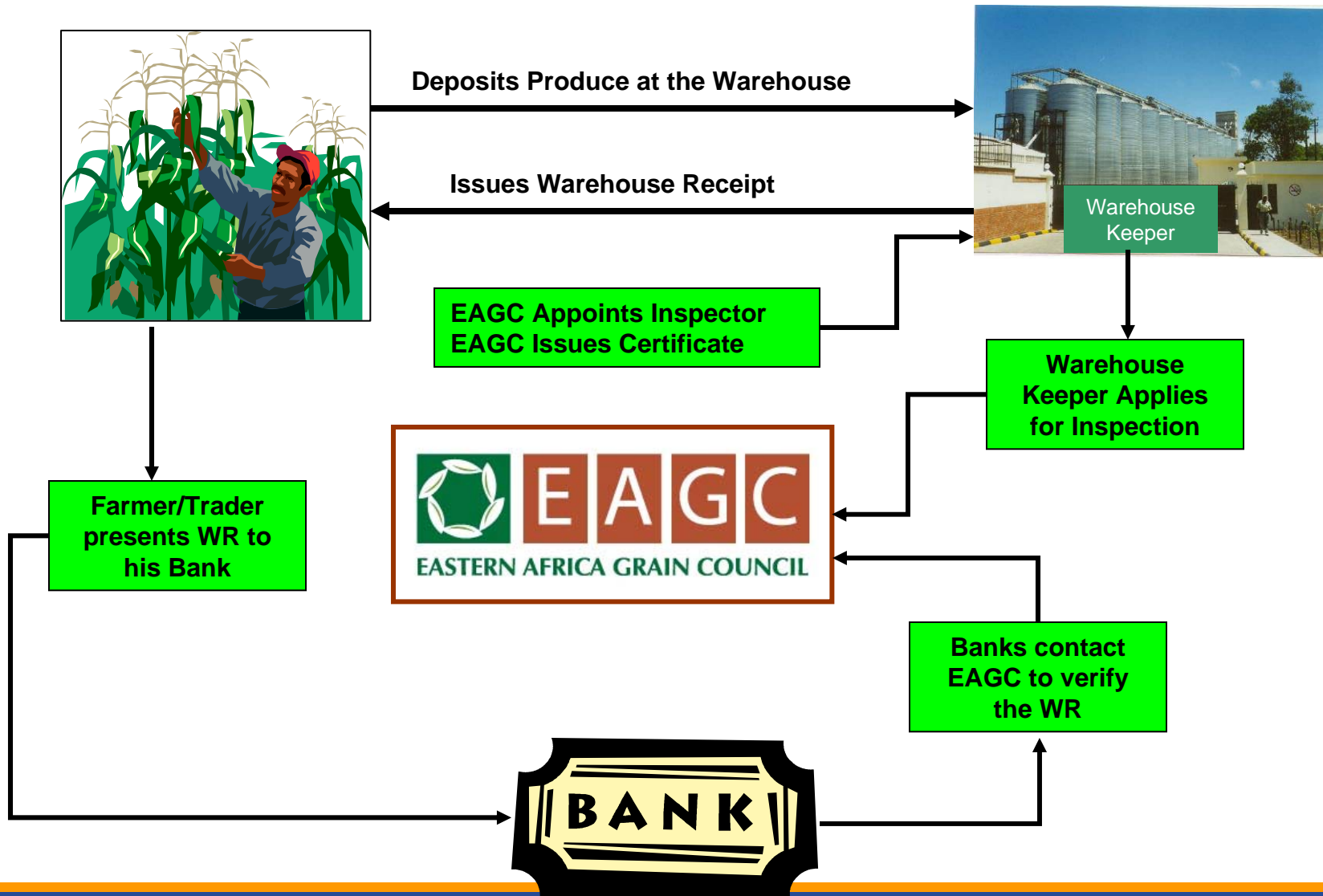


EAGC Role in GWR Program





EAGC Role if Borrowing





Sustainability

Current Funding from:

- Membership
- Services to members
- Support from donors e.g. USAID
Kenya and Regional
- Regional Trade Summits



Potential Partnerships...

- MIS
- GWR
- Financial Institution
- Training
- Policy
- Regional Harmonization (COMESA MOU)
- More organized trade organization
- Region



POLICY



- Harmonized maize standards; EAC done, COMESA under revision
- Harmonize & rationalize trade policies (import/export bans, duties, levies)

EAC Publication



A Guide for Maize Traders on
Regulatory Requirements for
Imports and Exports of Maize in
The East African Community
2005/2006

East African Community (EAC)

KENYA STANDARD

KS EAS 2:2005
ICS 07.000

Maize (grains) — Specification

© KEBS 2005

First Edition, 2005



KENYA BUREAU OF STANDARDS (KEBS)



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Eastern Africa Grain Council

The Eastern Africa Grain Council (EAGC) is a membership-based organisation registered in Kenya as a Company Limited by Guarantee and without share capital. It will operate as a non-profit, non-political, non-denominational organisation, which will prepare, disseminate, and promote the exchange of information on matters affecting the regional grain industry.

Summit Presentations 2nd African Grain Trade Summit 18th - 19th April 2007 Nairobi, Kenya

Calendar & Events

- 2nd African Grain Trade Summit, Wed, Apr 18, 2007.
EAGC Board Meeting, Thu, May 24, 2007.
EAGC Calendar]

2nd African Grain Trade Summit, 2007

EAGC, in partnership with the Regional Agricultural Trade Expansion Support (RATES) program, is organizing a Regional Grain Trade Summit that will bring all the players in the private and public sectors.

Regional Market Intelligence - RATIN

RATIN was developed to help reduce regional food insecurity by strengthening the ability of markets to provide access to affordable food to poor households and improve food availability.

Eastern Africa Grain Council Partners





**Organized Trading for
Maize; but need for
other commodities in
the region.**



Do's to Facilitate Trade

- More investments in market intelligence
 - Earmarked budget for National MIS by Govt.
- More investment in rail & road infrastructure
- Free flow of food from surplus to deficit
- Adopt structured trading systems
 - Use and honoring trade contracts

A decorative border surrounds the central text, composed of a grid of small images showing various types of grains, including red beans, yellow corn, brown rice, and wheat stalks.

www.eagc.org

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Thank You

