

Trade Policy for Staple Foods in East African Community

by

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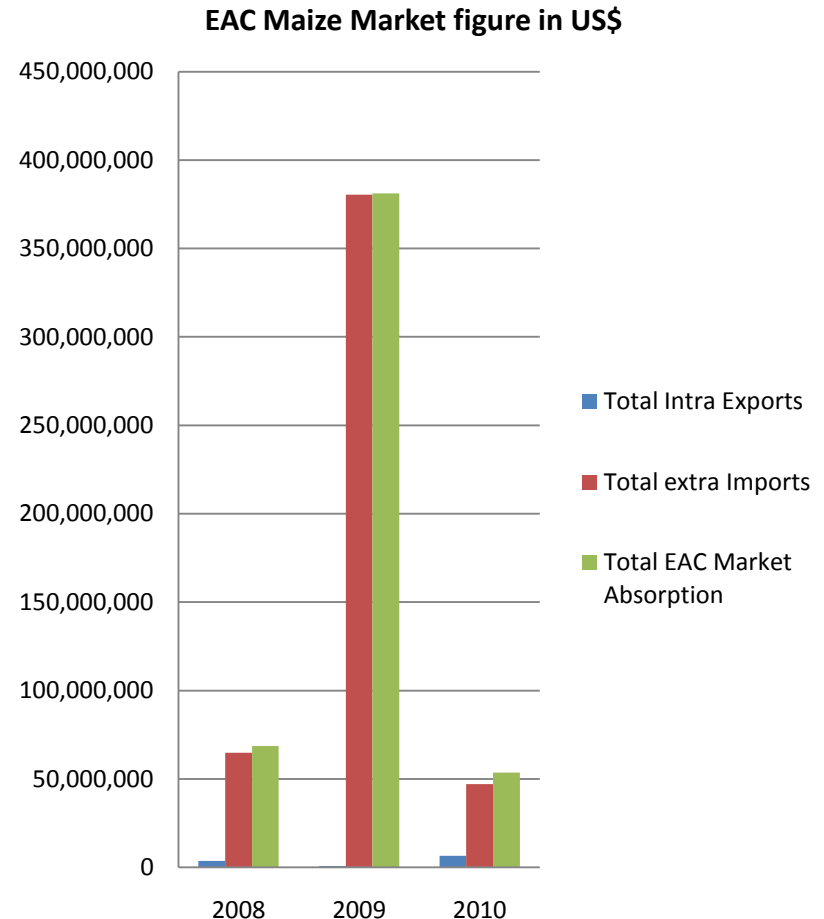
EAC Trade Policy – Focusing on Staple Foods

- The EAC Customs Union trade regime has been designed to encourage intra-regional trade in agricultural produce
- Tariffs on Intra-regional trade have been reduced to zero since 2005
- Regional Products are protected from external competition through Common External Tariff that range between 25% and 75%.
- This policy regime is expected to stimulate increase investments in the agricultural sector targeting the intra-regional market

Commodity Description	Import Duty Rates	
	CET Rate	EAC Internal Tariff
Beans and pulses	25%	0%
Maize (Corn) Other	50%	0%
Rice	75% or \$200/MT whichever is higher	0%
Wheat	35%	0%
Wheat or meslin flour.	60%	0%
Grain sorghum.	25%	0%
- Millet	25%	0%

Impact on Intra-Regional Trade – Quite Low!

- The region's response to the policy incentive has been dismal as illustrated by the share of intra-regional trade in total regional market size
- This is attributed to other policies, other than tariff which require to be addressed

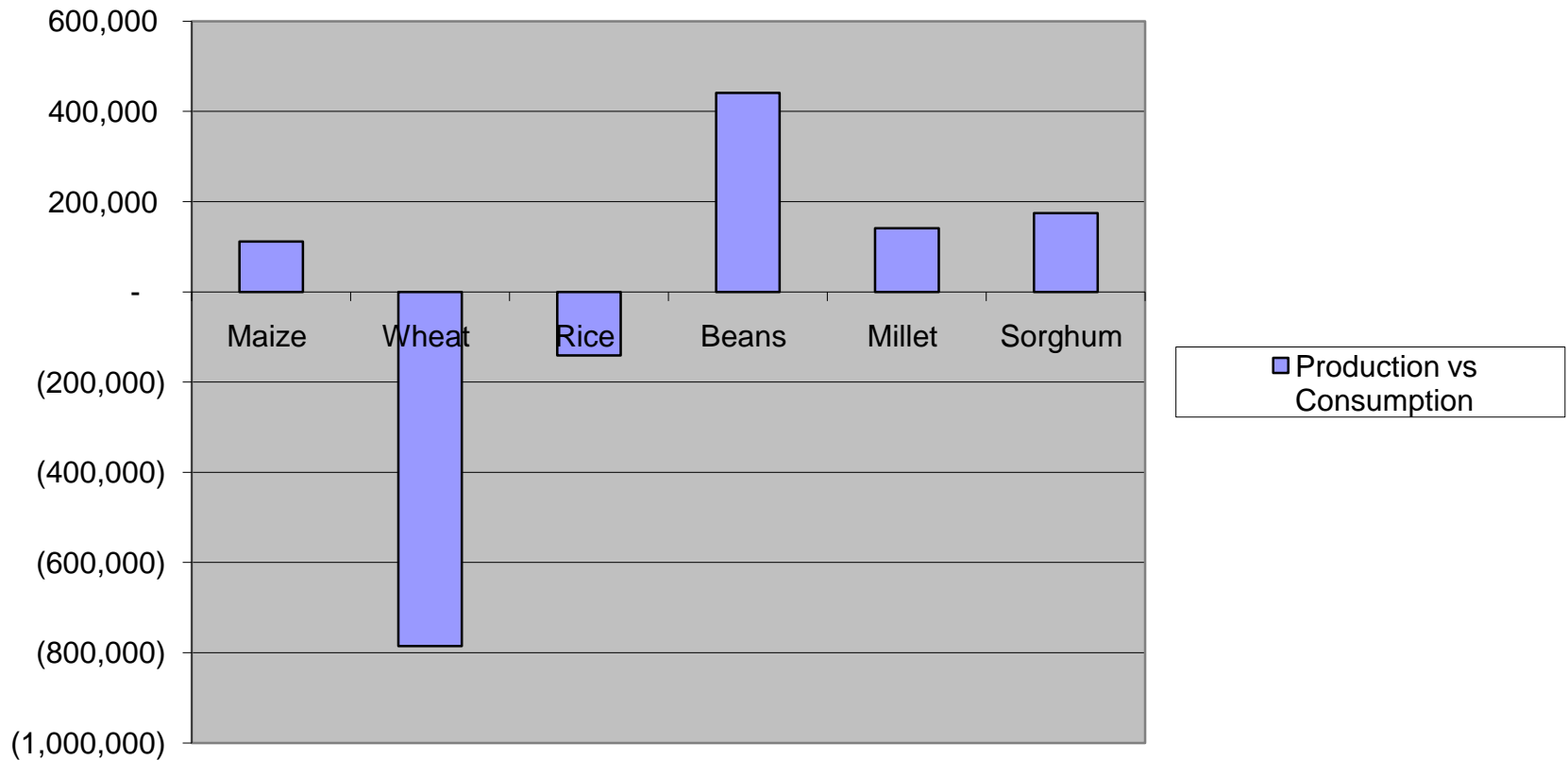


Policy Impediments to Intra-Regional Trade

Impediments	Policy Measures	Status		Required Action
		In place	Proposed	
Customs procedures	Simplified procedures	√		Publicity, awareness and Roll out at National Level
SPS measures and procedures	Regional SPS cross border trade facilitation policy and guidelines (PRA etc)		√	NPPO ownership and Roll out at National Level
Standards	Harmonized Staple Foods Standards	√		Publicity, awareness and Roll out at National Level
Export bans/restriction	Regional Food Balance Sheet and proposed predictable regime for management of export bans/restrictions		√	Due for consideration by EAC Experts and also introduction into the EAC Food Security Policy
Lack of an Integrated Regional Policy for promotion of intra-regional trade in staple foods	Green channel for intra-regional trade in staple foods - trade regulatory institutions linking origin and end markets		√	Due for consideration by EAC Experts and also introduction into the EAC Food Security Policy

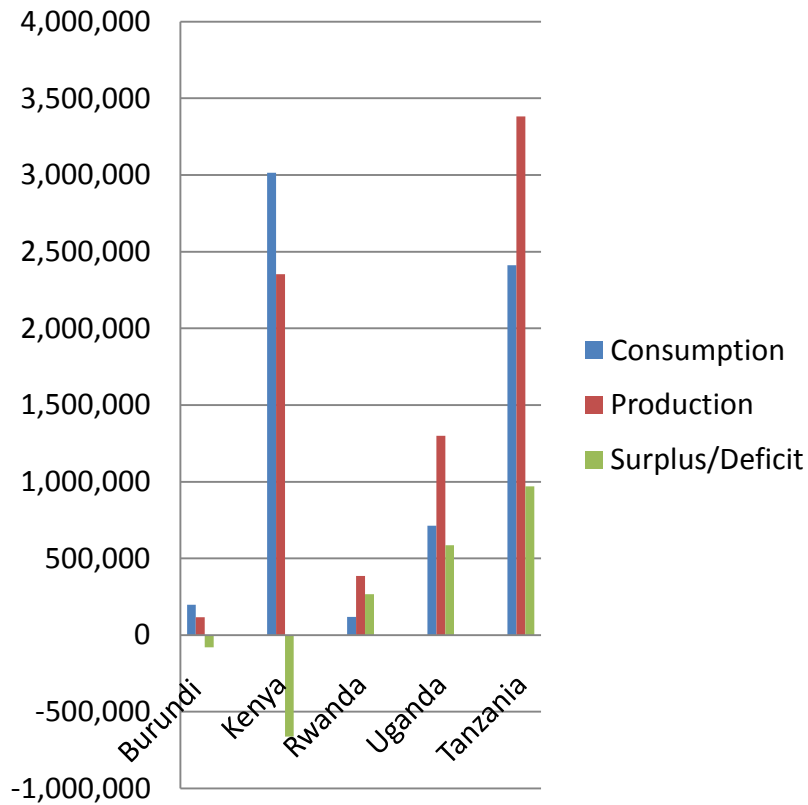
The Region's tradeable Surplus that Underscores Urgency for Policy Reform – Facts from EAC Baseline RFBS

EAC Regional Food Balance Sheet - Production vs Consumption (April 2011) -
Figures in Metric Tones

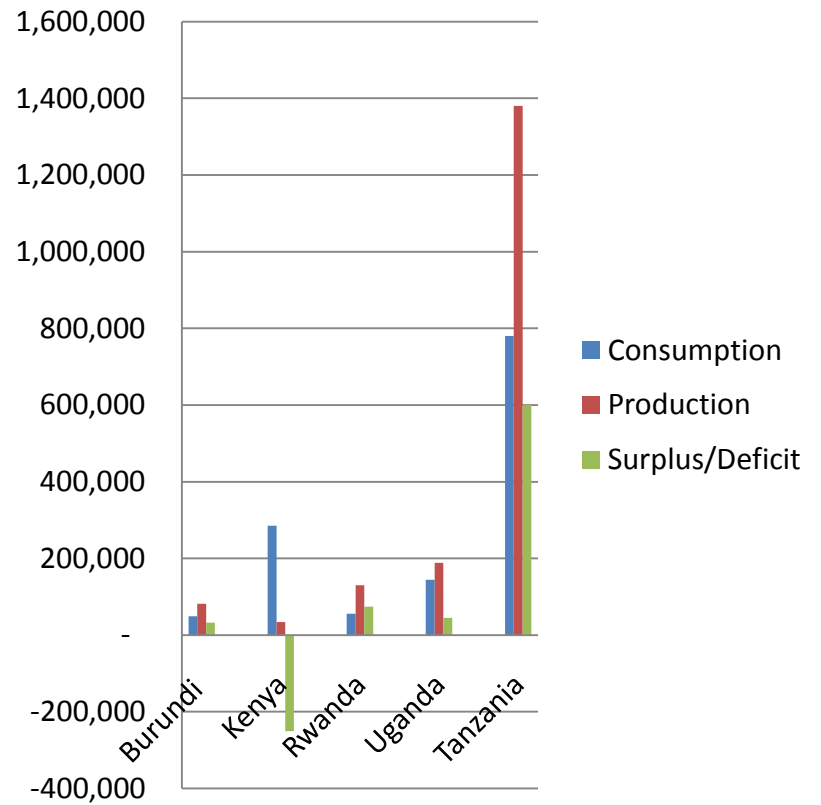


Maize & Rice Surplus EAC Countries in 2010

EAC Maize production vs consumption, 2010 (projections based on FAO data)

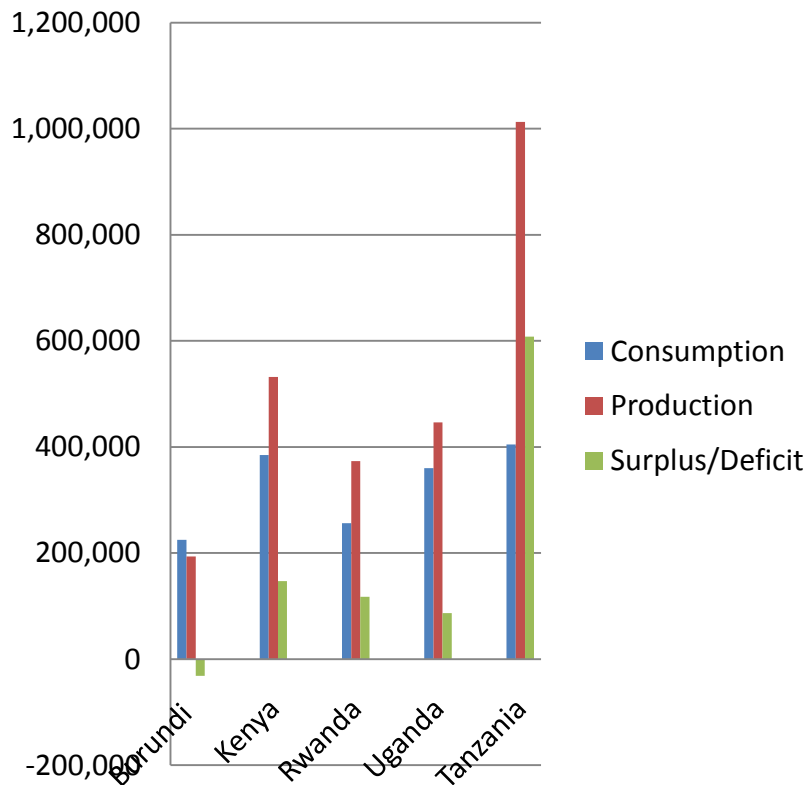


EAC Rice production vs consumption, 2010 (projections based on FAO data)

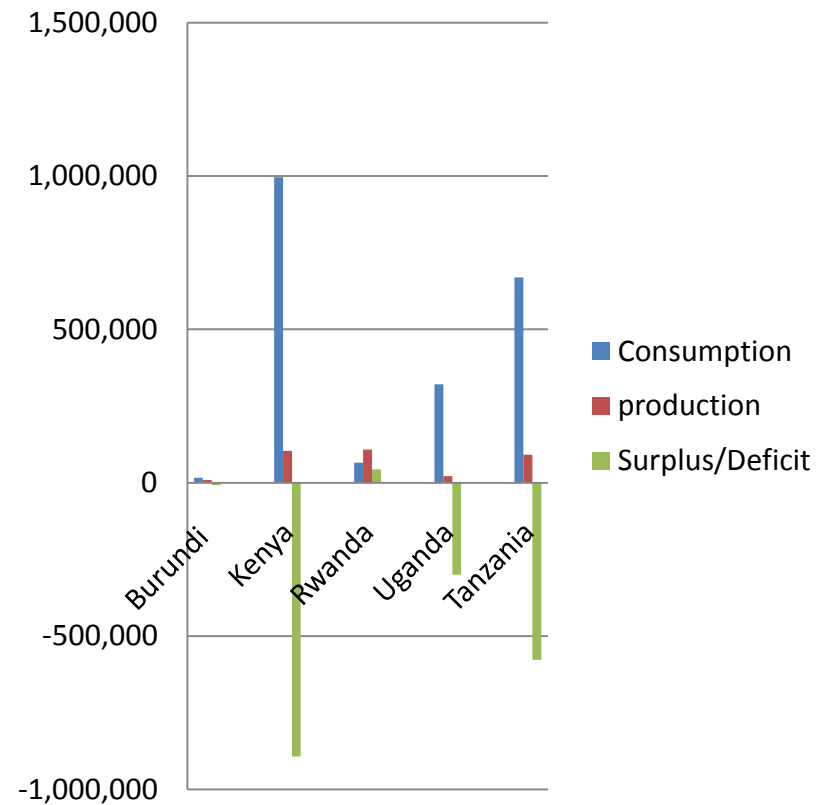


Beans & Wheat Surplus EAC Countries in 2010

EAC Beans production vs consumption, 2010 (projections based on FAO data)



EAC Wheat production vs consumption, 2010 (projections based on FAO data)



Way forward

- Integrated Regional Policy for promotion of intra-regional trade in staple foods
 - Green channel for intra-regional trade in staple foods - **trade regulatory institutions to play facilitative role in** linking origin (warehouses/traders) and end markets (processors/traders)
 - Enabling SPS and Standards trade facilitation arrangement
 - Regional FBS as a Policy Tool for Regional Food Availability and management of food security concerns