May 2017

Welcome Note:

On behalf of The Grain Council of Uganda, we welcome all readers to the May 2017 Edition of “The Grain News”!

This edition brings you highlights on activities and events in the grains subsector. During the month, you may have missed some helpful information that could your lead making informed decisions for your grain businesses.

Thanks once again to all who have provided feedback to the newsletters and also to those who have provided articles. We encourage you to keep sharing information and stories from your different areas of operation for the next issue.

Happy reading.

Editor

Highlights in this edition:

1. **The Self-Regulatory Code of Conduct rolled out.** Training of grain handlers conducted.

2. **Kenya sources grain from the wider market;** Receives grain purchased from Mexico and Ethiopia

3. **TGCU Member Annual subscription for 2017:** We remind you to renew your member subscription for 2017 accordingly.

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**The Grain Council of Uganda rolls out the Self-Regulatory Code of Conduct**

During May, The Grain Council of Uganda (TGCU) rolled out the recently launched Self-Regulatory Code of Conduct to grain handlers. This was done during training sessions conducted by Coronet Consult, with support from TradeMark East Africa.

Training sessions were conducted in Kiryandongo, Masaka and Mbale districts. A total of 110 (94 men and 16 women) were trained on aspects of warehouse management, the warehouse receipt system and the commodity exchange.

Participants were selected from the six TGCU Regional Grain Hubs under the Uganda Staples Export Capability (USEC) Project and the operators around the respective hubs, as well as other TGCU members. During the training sessions, adherence to the EAC grain standards was emphasized. They were also given a snapshot on export readiness which exposed them to requirements for grain export. During these sessions, participants were able to share experiences and business contacts. *continued on page 2*

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Above: During a training session in Mbale.

Above: Participants taken through a warehouse in Kiryandongo.
The Grain Council of Uganda rolls out the Self-Regulatory Code of Conduct (.....cont’d)

Through interactions and group discussions, trainees shared experiences on grain handling and storage. On the practical side of the training, participants were taken on a tour well-established warehouses which also have weighbridges, silos and grain processing facilities.

Participants noted that there was need for a policy to regulate the grain taken across the borders by foreign traders who collect it from the farms. This practice, they believe, contributes to poor quality of grain and could be sorted once all handlers practice what is contained in the code of conduct.

Each participant was provided with copies of the code of conduct and the export readiness and gap analysis report as well as a certificate of attendance. One of the participants, while moving a vote of thanks requested for refresher training and follow up at the respective warehouses in future. Many of them look forward to trading on the Commodity Exchange.

During May, business was low among the grain traders. Some millers continued to buy small quantities of grain to run their mills. Those who had stocks sold off most of their grain at prices above Ugx 1,500/kg. There was therefore not much activity on the chat group save for a few enquiries here and there. Below is a picture of what usually takes place on the platform.

A screenshot of the “Team Grain Traders” chat group

A snapshot on the movement of grain in four East African countries during May

The grains traded within the East African region during May were mainly maize, beans sorghum, millet, rice, beans, wheat, groundnuts and sunflower. As seen from the table below, Uganda emerged the leading net Exporter and Kenya the lead net Importer of grain.

<table>
<thead>
<tr>
<th>Country</th>
<th>Exports</th>
<th>Imports</th>
<th>Net Export</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uganda</td>
<td>27,703</td>
<td>(7,518)</td>
<td>20,185</td>
</tr>
<tr>
<td>Tanzania</td>
<td>7,032</td>
<td>(239)</td>
<td>6,793</td>
</tr>
<tr>
<td>Rwanda</td>
<td>1,183</td>
<td>(7,264)</td>
<td>(6,081)</td>
</tr>
<tr>
<td>Kenya</td>
<td>4,812</td>
<td>(25,261)</td>
<td>(20,449)</td>
</tr>
</tbody>
</table>

Source: Betta Grains
leaving them to fight for the little produce left on the market. (Maize is one of the main foods consumed in Rwandan homes, with the country’s total maize demand estimated at 900,000 tonnes per annum, according RGCC).

RGCC bought first grade maize at Rwf380 a kilo, up from Rwf280 previously; Rwf370 for second grade and third grade is at Rwf360, with the ‘under grade’ going for Rwf350 per kilogramme.

Apart from Ugandan and Tanzanian traders, new factories that opened shop in Kigali and use grains and cereals as raw materials, like Africa Improved Foods, also added pressure on the available stock sending prices up. Traders admitted that this is the first time in the history of the grain sector that prices skyrocketed immediately after the harvest season.

Produce traders and millers in the Southern and Eastern provinces attributed the increase to various reasons, including disease and drought that led to poor maize harvest and eventual shortages. It is anticipated that the price for grains and other commodities like beans and sorghum will keep high in the coming months as well.

**Exports up after harmonized East African Standards**

Export of products with East African Standards (EAS) increased by 17% indicating compliance with market requirements is fundamental for a successful market. A study on “Impact Assessment of the East African Harmonized Standards on the Business Community” recently released focused on six products out of the 20 most traded products identified by the East African Business Council (EABC) in terms of their cost, time and trade values. Results indicate that the use of harmonized standards in the region to produce the selected sampled products improved competitiveness and market access. Because of this, there was an increment in the intra-EAC trade values of the sampled products from $291.2 million (Shs1 trillion) in 2010 to $340.4 million (Shs1.2 trillion) in 2014.

The deputy executive director, Uganda National Bureau of Standards, Ms. Patricia Ejalu, noted that there is faster adoption rate of the EAS due to improved participation of private sector in standards harmonization processes. However, it was noted that lack of full recognition of quality marks by other national bureaux of standards inadequate resources and scientific data; high cost of compliance; long processes developing harmonization and review of EA standards result into use of national standards.

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The office of the Prime Minister, Under Disaster Management donated over 1,000 bags of rice as food relief to people in Muhorro and Mpefu sub-counties in Kagadi District that were been hit by drought and famine. A total of 1,000 bags were donated to the residents.

Muhorro sub-county in Kagadi district was hit by severe food shortage due to prolonged drought, hailstorm as well as environmental degradation.

The most affected villages were Kabuga, Kyankorogoto, Kasoga, Kyabasenja, Ibanda, Kambogo and Nyaburungi in Nyamacumu Parish in Muhorro sub-county Kagadi District where crops such as Bananas, Beans, Maize, cassava, Irish and sweet potatoes were damaged by hailstorm and strong winds.

**Grain sector players in Rwanda move to ease maize shortages as demand shoots up**

**Rwanda** had a good harvest for both grains and cereals last season and this attracted huge demand from regional buyers. This benefitted farmers in terms of better revenues earned, but also created big grain shortages on the local market and pushed up prices of beans and maize, according to the Rwanda Grains and Cereals Corporation (RGCC).

Traders from the region even bought grain with high moisture content to dry and clean it themselves, while local buyers waited until the produce was fully dry. One Rwandese lamented that traders from Uganda and Tanzania bought grain of 21-25 % moisture content because they have good post-harvest handling facilities and skills, yet they (Rwandese) had to wait until the moisture content was 16%. This, he said, put them at a disadvantage,
The first consignment of maize from Mexico arrived in the country on May 9, 2017. According to the Cereal Millers Association, the second vessel was to get to the Port of Mombasa in three weeks.

With the arrival of this maize, it was anticipated that this would ease the prices of maize flour which skyrocketed to KSh150 for a two-kilo packet in the last six months. In a statement, the Cereal Millers Association-CMA chairman Nick Hutchinson said the maize would cost between KSh3,500-KSh4,400 per 90kg bag, but only a small number of millers would have access from the first vessel.

The majority of millers continued purchasing from the market where a 90kg bag of maize sold at between KSh4,300 and KSh4,500. This, according to Hutchinson, means Kenyans would continue to bear with the high cost of maize flour for another two months, “until adequate imported grain stocks are distributed across all the mills, which is expected to be in late June/early July”.

“The lack of sufficient grain in the market, along with the high prices being paid for what is available, are factors responsible for increases in the ex-mill price of maize. “The shortage of maize flour in the market is resulting in incremental price increases on the retail shelf,” he said.

Kenyans are scouring the local supermarkets and kiosks in search of maize flour. The price of the treasured staple food has skyrocketed since the East African region suffered historically low rainfalls last year. Maize flour is now both scarce and costly, affecting the household food security of Kenyan families.

The first half of a 50,000MT order crossed the Kenya/Ethiopia border of Moyale. The Government of Kenya purchased the maize from an Ethiopian seller with the support of the USAID East Africa Trade and Investment Hub. The Government order follows 25,000MT of maize that has already arrived in country as a result of a March business-to-business linkage forum supported by the Hub.

The incoming supply is expected to stabilize prices and increase the amount of subsidized maize flour in the market. In December 2016, the price of a 2kg packet of maize was approximately 90ksh ($0.90); now, just 5 months later, the price is 65% higher at 150ksh ($1.50).

Ethiopia harvested a bumper maize crop this year, in stark contrast to its drought-stricken neighbors. Contrary to the maize-heavy diets of Kenyans, maize is not a staple crop in Ethiopia. Ethiopians generally grow it more for cash than consumption.
Maize flour, rice prices up

The price of maize flour shot to Ugx 3,000 from Ugx 2,400 in the recent past in various Kampala suburbs and major markets. Maize flour has taken up a big percentage on the menu of many families. A survey conducted by the New Vision shows hiked prices per a kilogram.

The hike was attributed to the long drought the country experienced early this year. The cost of rice has also increased. It ranges from Ugx 3,500 to Ugx 4,000 a kilogram.

Prices of dry beans rise to all-time high

The rise of the prices of beans was caused by the low supply caused by the recent drought. Beans used to be one of the cheapest foodstuffs anyone could afford but this is not the case anymore. Last year a kilogram cost between Ugx 2,000 and Ugx 2,500. Now the same kilogram costs Ugx 4,000.

Traders say they expect the prices to decline after the harvesting season, which started end of May. A trader explained that the rise of the prices of beans was caused by the low supply of beans to the markets especially, yellow beans.

Traders observed that although the prices of beans went up last year around October and November, they were never this high. Then, a kilogram rose from sh2000 to sh3000, There was high demand for yellow beans by Sudanese traders.

Ugandan traders also noted that Sudanese buyers usually go down to the villages and buy the produce straight from the farmers’ gardens for double the amount the Ugandan buyers are willing to part with. This leaves the farmers with no choice but to sell to the highest bidder, regardless of the quality of the product.

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Some traders complained that the price of beans was quite high and yet some customers wanted to buy them cheaply. Normally traders want to sell as fast as they can because when they overstay, no one wants to buy the old beans.

To meet the demand, the yellow bean dealers imported the beans from Tanzania, which forced the prices to go up from between Ugx 3,000 and Ugx 3,800 retail price to between Ugx 4,000 and Ugx 4,200 a kilogram.

Usually, there is a high demand from schools, so the traders use it as an opportunity to hike the prices. Many schools bought Nambale beans, which went for Ugx 3,800 per kilogram.
COMMODITY NEWS – May 2017

Maize: During May, the Kampala price of maize rose to about Ugx 1,600/kg as millers continued to purchase small volumes on a daily basis. However, this was old stock. At the Busia border, demand from Kenyan traders increased the trade volumes to about 800MT a day. Towards the end of May, some Tanzanian buyers were seen purchasing new maize, still in the gardens in Rakai district.

Beans: Newly harvested beans hit the market in May. These were yellow beans (The most preferred), red beans, mixed beans, Nambale and these came in from Mbarara, Masaka, Mubende, Kiboga, Hoima and other parts of Bunyoro region.

Others grains: Other grains on the market were sorghum, groundnuts, millet that came in from Ethiopia through Kenya and rice from Tanzania through Mutukula among others.

Commodity Average Price (Ugx/kg)

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Busia</th>
<th>K’la</th>
<th>M’b’ra</th>
<th>K’b’ga/M’bde</th>
<th>M’tukula</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maize Grain - Old</td>
<td>1,705</td>
<td>1,650</td>
<td>1,500</td>
<td>1,500</td>
<td>1,500</td>
</tr>
<tr>
<td>Yellow beans</td>
<td>2,949</td>
<td>3,400</td>
<td>3,000</td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td>Nambale beans</td>
<td>2,255</td>
<td>2,850</td>
<td>2,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mixed beans</td>
<td>1,900</td>
<td>2,350</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Red beans</td>
<td>2,012</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sorghum</td>
<td>1,850</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Groundnuts</td>
<td>4,100</td>
<td>4,800</td>
<td>3,900</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rice</td>
<td>3,000</td>
<td></td>
<td></td>
<td>3,750</td>
<td></td>
</tr>
</tbody>
</table>

EQUIPMENT/ SERVICES/ INPUTS

Source of processing equipment. (Cleaning, drying and storage - silos, etc.)


*** Special arrangements are in place for TGCU members.***

Agro-inputs- Seed, fertilizers, etc.

Pearl Seeds, FICA Seeds, Equator Seeds, Grow More Seeds, Balton (U), NASECO, etc.

Grain packaging

1. ASKAR General Merchandise Ltd- hermetic Grainpro Products (bags, cocoons, etc.)
2. Vestergaard- ZeroFly Storage Bag (with insecticide)

Are you in need of irrigation services? We have a specialist and supplier on board.

QMS Training (for ISO certification) - Aurora Quality Consultants

Most of these supply companies are members of TGCU and have offered special, concessional packages for fellow members.