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Introduction

Amidst the fight against the effect of the COVID-19 pandemic, the emergence of the rough trade relations between Uganda and Kenya is certainly not ideal news, in spite of the harmonious long trade history relations between the two countries that has been admired by many economies for past two decades since EAC revival. In the past, the two economies have effectively used their synergies that have enabled them to ascend to upper lower middle-income status and Uganda becoming a progressive economy with average GDP growth rates at 5.7 % annually before COVID-19. By 2018, Kenya export to Uganda had increased by 3.8 percent and Uganda to Kenya by 20.1percent[1]. However, the recent trade ban on maize, chicken and eggs has raised critical questions which prompted our team to explore deeply into this policy blog purposefully to unearth its implication on Uganda's economy and the EAC. As well as explore some of the policy alternatives that can be adopted by the government and other policy actors.

The Trade Embargo

On March 5th, 2021, the Kenyan government through statutory body, Kenya's Agriculture and Food Authority[2] issued an embargo on maize products from Uganda and was shortly followed by a ban on chicken products[3]. According to the authorities, the ban was premised on the acute increase of aflatoxin in the products which has led to related illnesses and death of Kenyans and outbreak of bird flu respectively. This ban, therefore, was an immediate measure by the Kenyan authorities at the expense of the already boosted trade between the two countries and the EAC regarding maize production. Grains Market (2021)[4]

Implications on Uganda and East African Community (EAC)

Lifting of the ban under a very stringent conditions on 11th March 2021 still justifie that the problem is half solved. Statistics from Bank of Uganda[5] indicates that Uganda stands to lose an estimated USD 121 million accounting for over 300,000 tons of maize following the trade ban. The weight of this decline unfortunately will rest largely on the shoulders of regions like Busoga, Bunyoro and Northern Uganda who are the major producers of maize. This will also greatly disrupt supply chain if not fully addressed.

1 The East African Community (2018). EAC TRADE AND INVESTMENT REPORT: Maximizing Benefits of Regional Integration.

2 Kenya Agriculture and Food Authority (2021). Stoppage of Maize imports into Kenya/Hon. Peter Munya, MGH

3 Trade Mark (2021). Kenya blocks chicken meat from Uganda on flu reports. https://www.trademarkea.com/news/kenya-blocks-chicken-meat-from-uganda-on-flu-reports/

4 Mordori Intelligence (2021): Grains Market in Uganda.https://www.mordorintelligence.com/industry-reports/grains-market-in-uganda

5 Bank of Uganda (2018). Total Export Data from Uganda to Kenya

A study by World Bank (2020)[6], indicates that poverty in sub-Saharan Africa continues to rise and millions of people are likely to fall back into poverty. This trade embargo therefore will make the situation worse for the populace in Uganda.

It is important to note that, this ban also comes at a time when Uganda-Rwanda relations has been tainted for the last two years, and it is already a serious disruption to trade and economic livelihood of a large percentage of the population. It ought to be noted that the trade impasse among the member states can weaken the East African Countries.

Therefore, these occurrences are a serious litmus test to the spirit of building the East African confederation. The economic policy of protectionism being exhibited by the partner states as much as the ban has been lifted with tough conditions, it is still a dangerous gesture to the regional trade growth and it contradicts East African Community protocol of free movement of goods and curtails advancement towards economic and political integration. Thus, if such tensions are not harmonized to its logical conclusions, the EAC risk losing its' past built synergies and slow the level of regional economic growth and development. It is, therefore, the mandate of the trading partners to ensure that the quality of their exports meet the required standard to upholds the objectives of the EAC but also encourage fairness while setting trading conditions.

6 World Bank (2020).The Number of Poor People Continues to Rise in Sub-Saharan Africa. https://blogs.worldbank.org/opendata/number-poor-people-continues-rise-sub-saharan-africa-despite-slow-decline-poverty-rate

Other Global Trade Blocs and Disputes Handling

In Asia, when the 1992 ASEAN Free Trade Area (AFTA) was signed among the Asian nations to facilitate economic trade, regional and international allies, they too faced several impediments but, how they dealt with the issues were critical to their success. Today, they are what the world refer to as the successful Asian tigers which were built on strong trade ties and ability to quickly resolve conflicts bilaterally among the states in their disputes. Thus, a full negotiation with Kenya on the stringent conditions of trade resumption is critical for Uganda.

If the spirit of EAC member states and the recently ratified Africa Continental Free Trade Area (AfCFTA) to which both countries are signatories are to be respected to achieve the Africa Agenda 2063[7], the ban ought to have been carefully reviewed and other proactive solution-oriented alternatives that protect citizens in both countries adopted. Nevertheless, the issue of aflatoxin is a serious concern that must be thoroughly investigated and addressed by both economies.

7 African Union Publications (2021). Africa Agenda 2063: Africa Continental Free Trade Area(AfCFTA)

On one end, this also exposed the extent to which Ugandan Authorities and Uganda National Bureau of Standards (UNBS) are doing with regard to monitoring the quality of Uganda's exports and the grain policy implementation[8] in light of these issues. We therefore, recommend two core areas that ought to be considered by both Uganda and Kenya.

Recommendations

a) Uganda ought to intensively monitor the quality of its products both exports and domestically consumed products. A ban on your products doesn't speak well to the potential markets, even if the ban has been lifted under a stringent conditions. The Committee of Agriculture, Animal Industry, Fisheries and other direct authorities like the Ministry of Trade, Agriculture and Uganda National Bureau of Standards fully account for the cause of ban. A comprehensive review of the implementation of the National Grain Trade Policy[9] may also be revisited since it is estimated that about 75% of the grains in Uganda are contaminated by aflatoxin.

b) Extensive research and investigation should be done by the National Agriculture Research Organisation (NARO) on the aflatoxin and ascertain the facts, but, more efforts should also be placed on how farmers, processing plants and millers can be supported to ensure that their post-harvest handling practices conform to the required quality standard and guarantees aflatoxin free. Since lifting of the ban doesn't actually solves the problem.

8 Mordori Intelligence (2021). Grains Market in Uganda.https://www.mordorintelligence.com/industry-reports/grains-market-in-uganda

9 Uganda National Grain Trade Policy (2015). MINISTRY OF TRADE, INDUSTRY AND COOPERATIVES: Potential for High Infestation of Grains with Aflatoxins

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