

# EAST AFRICA CROSSBORDER TRADE BULLETIN

FSNWG Food Security & Nutrition Working Group

April 2020

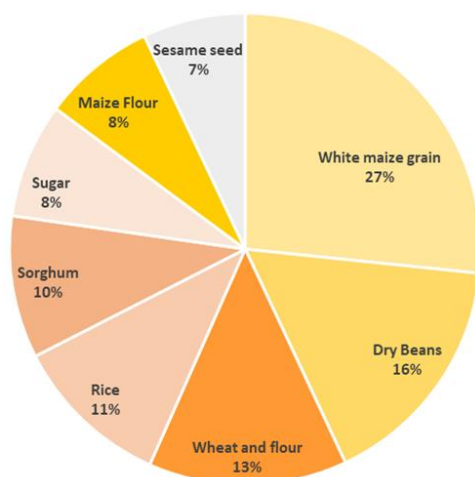
MAS Market Analysis Subgroup

Volume 29

## SUMMARY POINTS

Figure 1: Main Staple Food Commodities Informally Traded Across Selected Borders in Eastern Africa in the First Quarter of 2020.

Source: FEWSNET and EAGC



- Staple food commodity parity price trends (expressed in US dollars per MT) during the first quarter of 2020 were near or similar to five-year average levels.
- White maize remained the most traded commodity in the region followed by dry beans. The recent dry bean production performed well across most countries except in Uganda where heavy rains resulted in pre and post-harvest losses.
- Relative calm in South Sudan improved market functionality and extended trade routes pulling increasing supplies of staple food commodities including re-exports of wheat from Uganda.
- Livestock trade remained unseasonably stable in the first quarter (January-to-March) 2020 due to COVID-19 related reduced demand in the Middle East in preparation for the April-to-May Ramadan religious festivities.
- East Africa, as a region, is structurally surplus in terms of maize production. Planned imports of 360,000 MT of maize from international markets in 2020 will likely moderate price increases in the region, filling 48 percent of the estimated 757,000MT local import requirements.
- Prolonged COVID-19 related measures may strain the staple food commodity supply chain but also reduce demand due to increasing unemployment especially in the daily wage labor sector. Seasonal trends in staple food commodity prices will likely be elevated slightly.

## ABOUT THIS REPORT

The Market Analysis Sub-group of the Food Security and Nutrition Working Group (FSNWG) monitors informal cross-border trade of 88 food commodities and livestock in eastern Africa in order to quantify the impact on regional food security. This bulletin summarizes informal trade across selected borders of Tanzania, Burundi, Rwanda, Uganda, Kenya, Somalia, Djibouti, Ethiopia, Sudan, and South Sudan and DRC. Data is provided by the Eastern Africa Grain Council (EAGC), the Famine Early Warning Systems Network (FEWS NET), the Food and Agricultural Organization of the United Nations (FAO), the National Bank of Rwanda (NBR) and the World Food Program (WFP).

Informal trade represents commodity flows outside of the formal system, meaning that activity is not typically recorded in government statistics or inspected and taxed through official channels. These flows vary from very small quantities moved by bicycle to large volumes trucked over long distances. This report does not capture all informal cross-border trade in the region, just a representative sample.

### Key Commodities & Cash Crops by Country

	<b>Maize &amp; Maize Flour:</b> Ethiopia, southern Somali, South Sudan, Kenya, Uganda and Tanzania
	<b>Beans:</b> Consumed throughout East Africa
	<b>Wheat &amp; Wheat Flour:</b> Consumed throughout East Africa and is particularly important in urban areas
	<b>Rice:</b> Consumed throughout East Africa
	<b>Sorghum &amp; Sorghum Flour:</b> Sudan, South Sudan, Northern Ethiopia, Central and Northern Somalia
	<b>Sesame:</b> An important cash crop for certain livelihoods in Ethiopia and Sudan

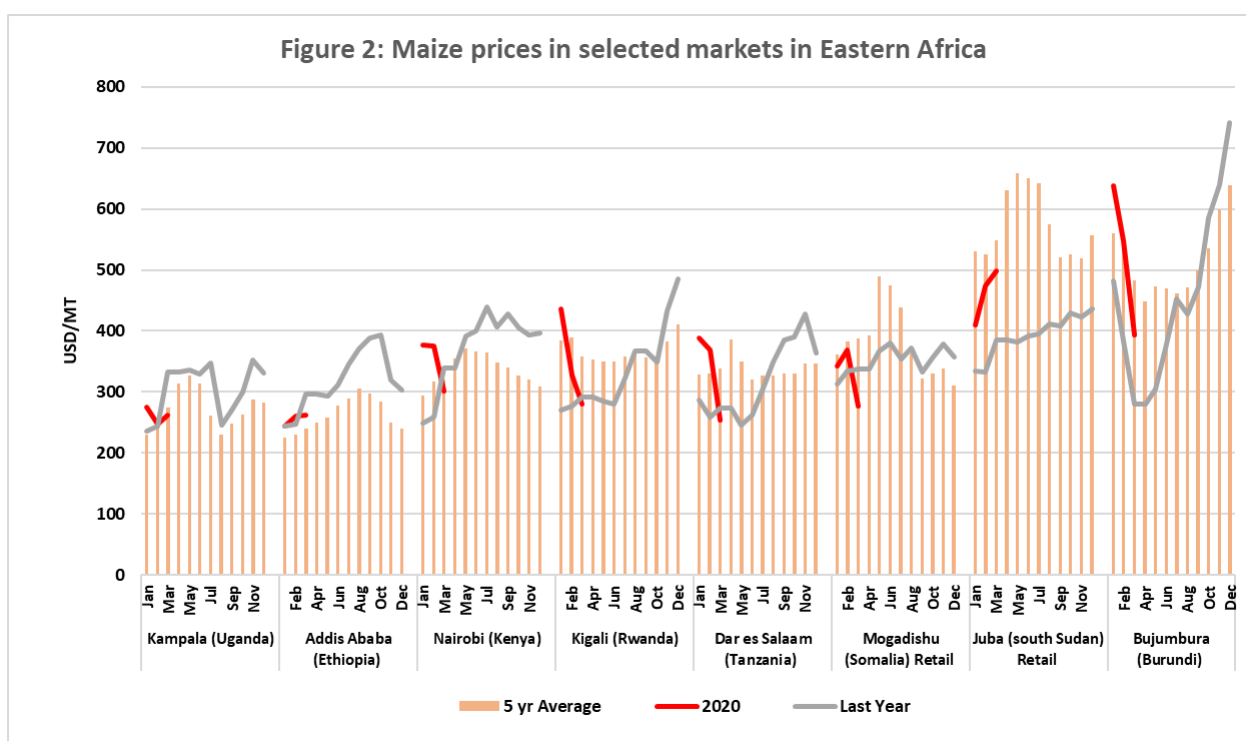
\*Additional products may be covered in the annexes.



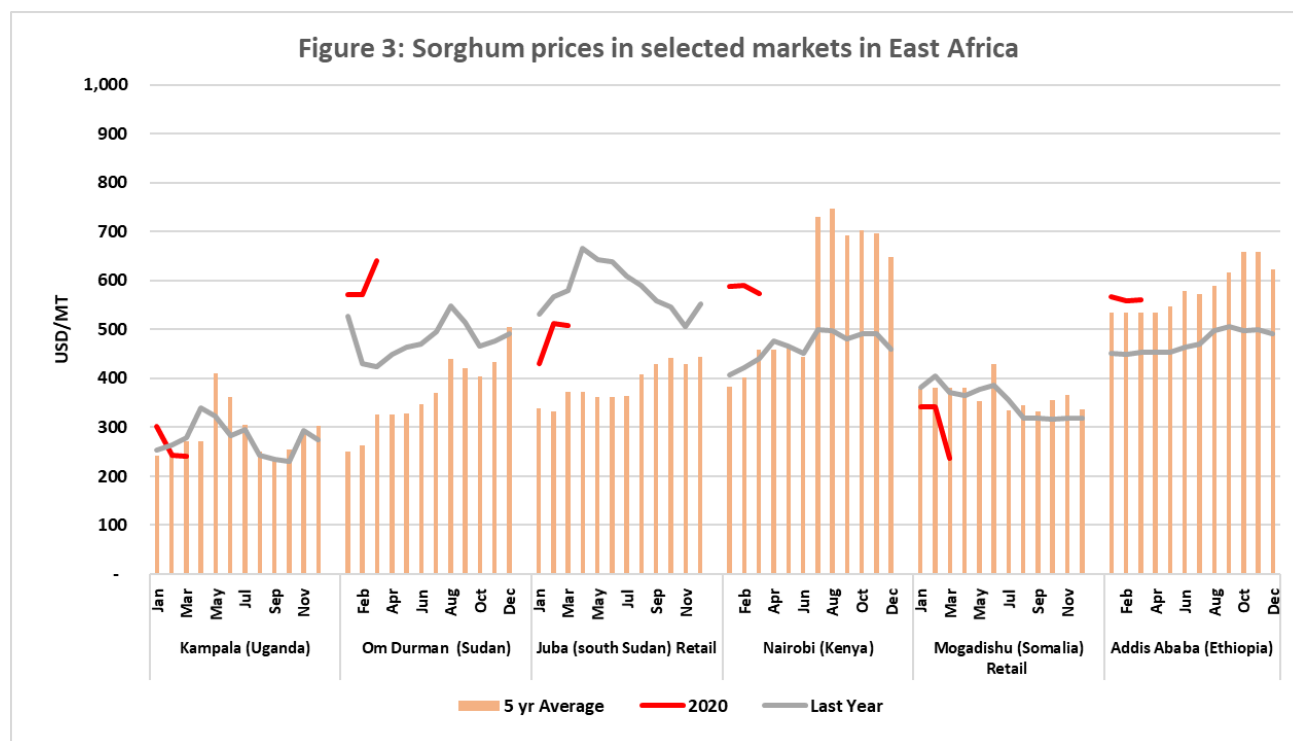
## PRICES FOR SELECTED COMMODITIES IN EAST AFRICA IN FIRST QUARTER OF 2020

Since March 2020, recently enacted COVID-19 control measures affected prices differently across the countries. On the demand side, a sizeable population especially day laborers had drastic reduction in [income and purchasing power](#), triggering governments in Kenya and Uganda to provide food and other materials to targeted urban poor who cannot fully procure food from the markets.

Staple maize commodity parity price trends (expressed in US dollars per MT) were near and below average across most markets with the exception of Ethiopia where prices were elevated because of the underlying high inflation and frequent spontaneous election-related protests that disrupted domestic and regional trade. The protests reduced drastically from March because of COVID-19 related restrictions on movement and mass gatherings. Although inflation was also high in South Sudan, increasingly high supplies from Uganda sustained typical increasing price trend that were lower than the average but still the highest in the region. See Figure 2. In Kenya, Rwanda, Burundi, Somalia and Burundi, prices declined seasonably due to increased availability from the October-to-January harvest; and in Tanzania due to imminent and or early harvest. Prices increased typically in Uganda because of high domestic and regional demand amidst slightly below average production following pre and post-harvest losses from heavy and extended rainfall.



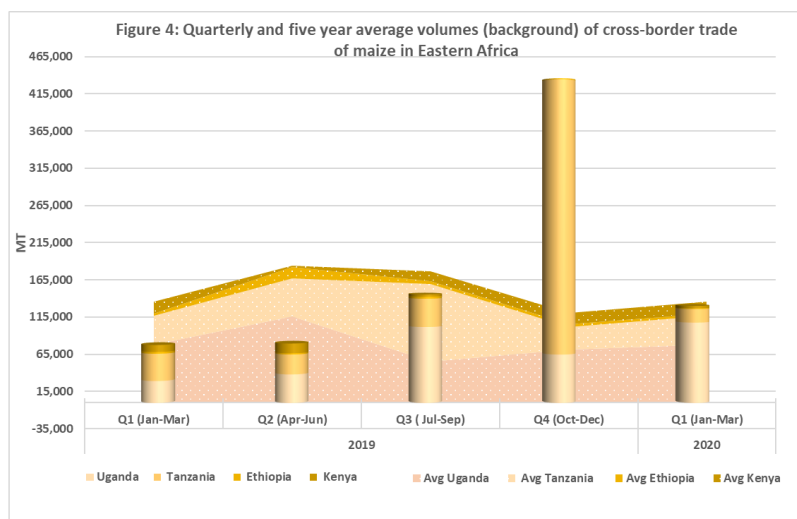
Staple sorghum commodity parity price trends (expressed in US dollars per MT) followed seasonal increasing trends in Sudan and South Sudan and remained significantly higher than the average because of high costs of production and marketing ascribed to high inflation. Panic purchases due to COVID-19 related measures, accelerated the price increase in Sudan amidst pre-stocking for the April-to-May Ramadan religious festivities; The elevated prices in Kenya were due to high demand for consumption and alcohol production amidst deficit production. See Figure 3. Prices declined atypically in the main consumption market of Mogadishu due to increased supply from the above average January harvest, and remained unseasonably stable in Uganda after late entry into the market following prolonged rainfall that hampered post-harvest preparations.



## THE STATUS OF CROSS BORDER TRADE IN THE FIRST QUARTER (JAN-MAR) OF 2020

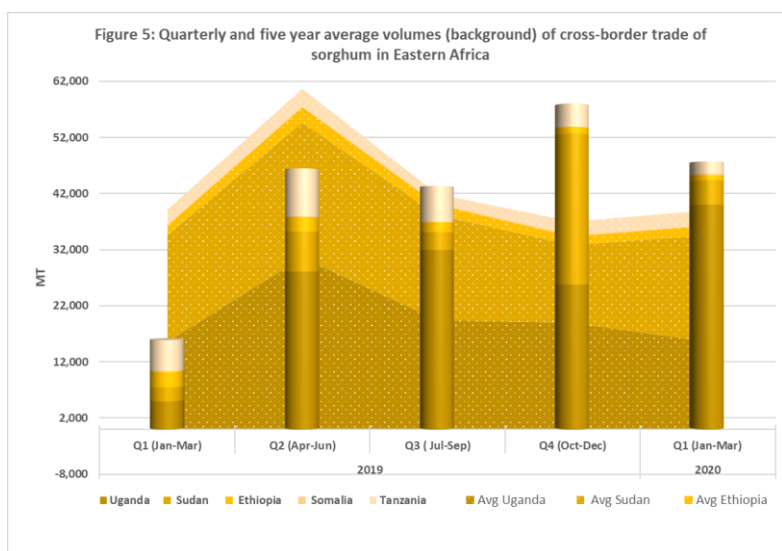
The effects of COVID-19 measures to control infection including domestic and cross-border movement restrictions except for goods, and curfews limiting working hours were enacted late from around mid-March across most countries in the region. These measures had minimal effects on regional trade between January and March 2020, except for livestock trade which was expected to gather pace in the first quarter 2020 with the oncoming Ramadan religious festivities in April but remained flat. Livestock exports to the Middle East started being affected by uncertainties arising from the suspension by Saudi Arabia for visits to Mecca and Medina in February 2020.

**Maize:** In the first quarter of 2020 (January-to-March), around 135,000 MT of maize was traded regionally. This was 70 percent lower than the previous quarter, which was exceptional, and slightly lower than the recent five-year average for the first quarter, but 62 percent higher than the first quarter of 2019. See Figure 4. The previous quarter's extraordinarily high trade was occasioned by concerted Rwanda government efforts to import maize from Tanzania to alleviate adverse effects of stopping imports from Uganda that had raised the prices of maize for both human consumption and animal feeds. Consequently, the prices of maize reduced seasonably across most markets in Rwanda in the first quarter due to availability from the January harvest which was above average following government determination to increase acreage and yields to substitute for losses from Uganda, supported by

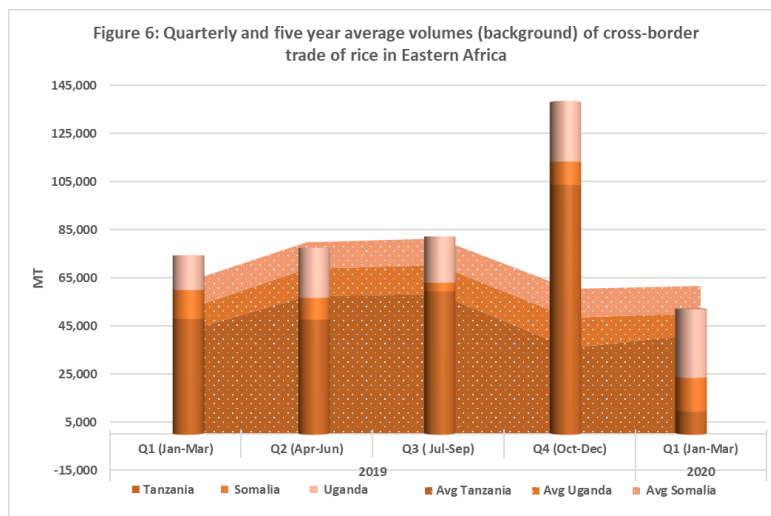


the aforementioned imports from Tanzania. In the first quarter of 2020, Uganda and Tanzania accounted for 82 and 14 percent for the total regional exports respectively. Kenya, South Sudan and Tanzania represented 36,32, and 22 percent of the total imports respectively. Uganda exports to South Sudan continued to surge and were 11 percent higher than exports to Kenya (See Annex 1) due to sustained relative calm in South Sudan, that has improved market functionality and widened trade routes; encouraging traders to pre-stock supplies before the deterioration of roads in the forthcoming May-to-October rainfall season. Supplies from Uganda to northern Tanzania also increased significantly as domestic supplies in Tanzania tightened and price differentials encouraged imports from adjacent regions of Uganda as opposed to the distant main producing southern regions of Tanzania. Exports from Tanzania to Kenya declined seasonably but were exacerbated by high levels of rejection due to aflatoxin as the maize is not yet dry enough due to early harvest and ongoing rains.

**Sorghum:** Approximately 48,000 MT of sorghum was traded in the East African region in the first quarter of 2020. This was 18 percent lower than the last quarter, 200 percent higher than 2019 first quarter, and 10 percent higher than the recent five-year average for the first quarter. Uganda and Sudan accounted for 83 and nine percent of the total exports respectively, while 86 percent of the exports were destined for South Sudan due to the overall political stability in Greater Equatoria, Bahr-el Ghazal and Upper Nile that continued to facilitate trade flows along Juba-Nimule, Juba-Torit-Kapoeta, Uganda-Tseretenya-Kapoeta, Juba-Yei, Juba-Mundri, Juba-Rubek and Juba-Bor; Sudan-Aweil through Gok Macher and Warawar, Sudan-Kuajok-Wau through Ameit of Abyei, Juba-Rumbek-Wau, Tambura-Wau routes of greater Bahr el Ghazal region; and Sudan-Fashoda-Tonga-Adok of Leer, Juba-Bor-Adok of Leer through Nile river, Sudan-Renk-Malakal and Ethiopia-Pagak through Kureng in Upper Nile State. However, persistently weak economic conditions in Sudan (including high inflation that raised the costs of production and marketing of sorghum) resulted in relatively higher export parity prices for Sudan, encouraging more exports from Uganda to South Sudan in the first quarter because the price differentials provided better economic incentives to traders (See Figure 3).



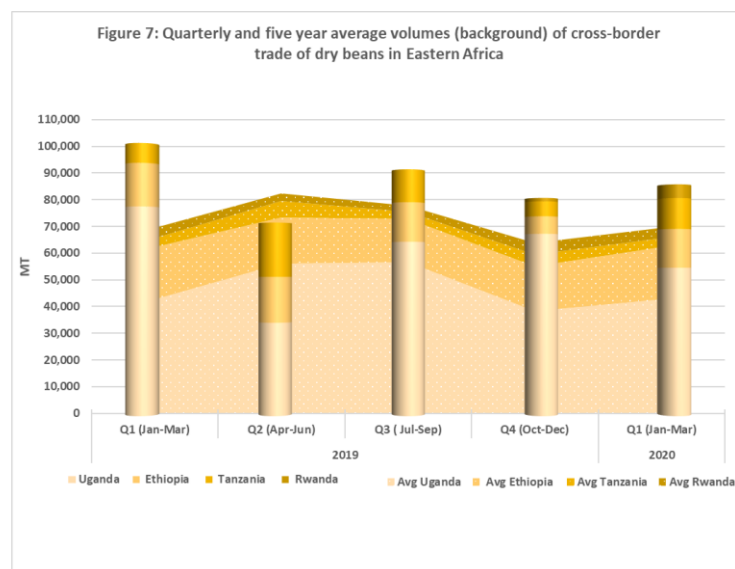
**Rice:** It estimated that around 54,000 MT of locally produced rice and re-exports of overseas imports via Somalia, were traded in the region in the first quarter of 2020. See Figure 6. This was 62 and 32 percent lower than the previous and last year's quarter respectively, and similar to the recent five-year average for the first quarter. Uganda, Somalia and Tanzania represented 55, 27 and 18 percent of the exports, while South Sudan, Ethiopia and Kenya accounted for 55, 22 and 15 percent of the total imports. The drastic reductions in exports from Tanzania especially to Kenya, were because of reduced domestic supply following domestic consumption and exceptional exports in the



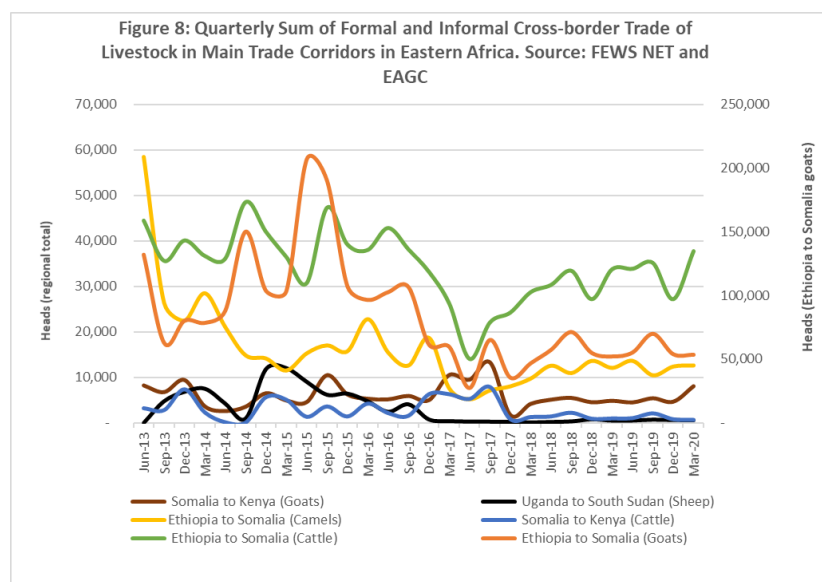


previous quarter. Increased domestic supply is expected from the ongoing harvest which started early in April as opposed to May. Rice exports from Uganda to South Sudan increased as relative calm expanded markets and trade as mentioned earlier. Increased re-exports of internationally imported rice via Somalia to the eastern regions of Ethiopia and Kenya was occasioned by additional pre-stocking for the forthcoming Ramadan religious festivities. In addition, exports to eastern Ethiopia continued to be supported by increased competition among traders in the Ethiopian region following liberalization of import trade from oligopoly by the new Ethiopian government.

**Dry beans:** Approximately 82,000MT of dry beans were traded in the region in the first quarter of 2020. This was similar to the last quarter, 21 percent lower than 2019 first quarter but 18 percent higher than the five-year average for the first quarter. See Figure 7. Uganda, Ethiopia, Tanzania and Rwanda accounted for 63, 17, 13 and six percent of the exports correspondingly, while Kenya, South Sudan, and Tanzania represented 50, 26 and eight percent of the total imports respectively; Sudan and Democratic Republic of Congo represented six percent each of the total imports. Uganda exports were diverse, destined for the structural deficit markets of Kenya and South Sudan; and seasonal exports to northwestern before the increased local supplies from the ongoing harvest. Exports of broad beans from Ethiopia to Sudan were limited by weak economic conditions in Sudan including high inflation and cost of fuel, that reduced the purchasing power increased the costs of transport. Increased exports of dry beans from Rwanda to DRC was supported by above average harvest, in addition to restricted exports to Uganda following the border closure since March 2019.



**Livestock** trade in the region remained stable and below five-year average levels in the first quarter in spite of early start of the Ramadan religious festivities in April that was expected to increase domestic and export demand to the Middle East. See Figure 8. The subdued trade was attributed to sustained development of herd size after the 2017 drought, reduced demand from the Middle East due to COVID-19 restrictions; difficulties in moving the requirements to Middle East due to screening processes for ship crews etc. The exceptions were increased goat exports from Somalia to Kenya were attributed to pre-stocking for the April Ramadan religious festivities; and cattle exports from Ethiopia to Somalia for building up sizes.

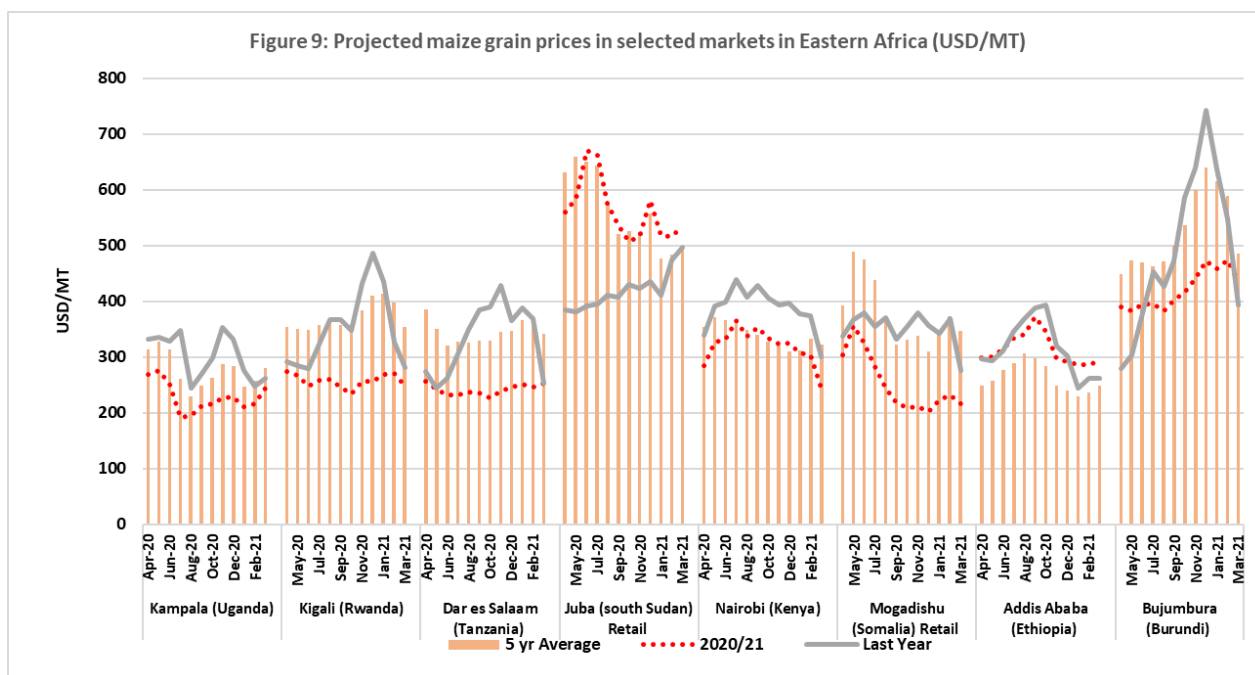


## CROSS BORDER TRADE OUTLOOK APRIL TO SEPTEMBER 2020

Prolonged COVID-19 movement restrictions on people, reduced working hours, and night curfews in many countries in Eastern Africa will likely start increasing staple food commodity prices as the supply chain efficiency faces increasing labor shortage, and slowed commodity transfer because of screenings and self-quarantines. In addition, effective demand will likely reduce as the restrictions persist because urban households who dependent on day labor would progressively face reduced incomes and purchasing power. Hence moderate elevations in seasonal price trends is likely.

Shortage of foreign currency, currency depreciation and high inflation are expected to sustain elevated prices in Northwestern Somalia, Sudan, South Sudan, Ethiopia and Burundi.

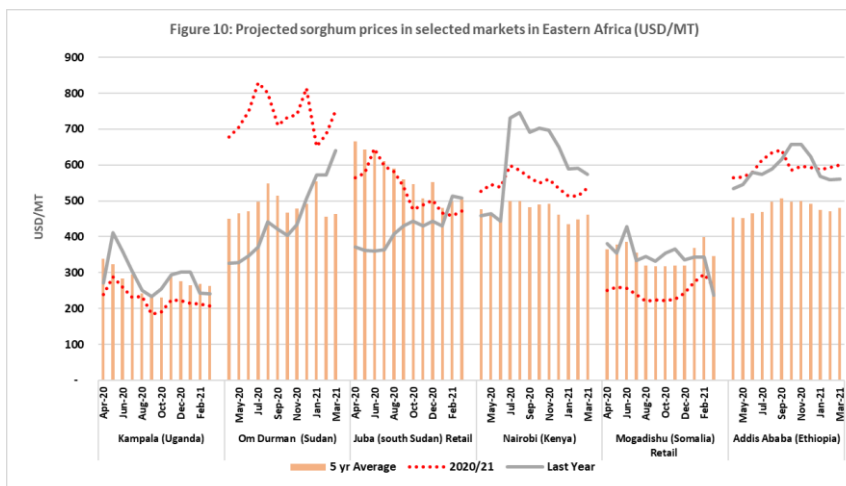
**Maize:** [The aggregate import gap for the structurally maize-deficit producing countries of Kenya, South Sudan, Rwanda, Burundi, and Somalia is estimated at 757,019 MT between July 2019 and June 2020.](#) This amount is well above the import gaps estimated for last year and recent five-year average due to poor rainfall performance that reduced area under production and yields especially in Kenya, and flooding in Somalia. Tanzania, Ethiopia, and Uganda are expected to remain the main source for maize in the East Africa region because of availability of tradeable stocks at lower prices. The deficit is expected to be filled by imports from Mexico, Ukraine and other overseas countries up to 180,000MT white maize for human consumption and another 180,000MT yellow maize for animal feeds authorized by the Kenya government. The rest of the deficit will likely be mostly from Tanzania and Uganda because of proximity to the main markets in the deficit countries, and higher market integration. Northern Kenya is expected to get supplies from Ethiopia. As a result, the net regional maize surplus is expected to be 874,579 MT, which is still positive, but 50 and 22 percent lower than last year and recent five-year average level. There is no foreseeable Tanzania government ban on exports with permits which will likely reduce demand as prices were significantly low in 2018 and early 2019 affecting farm incomes and production; and the government wants to increase farm income.



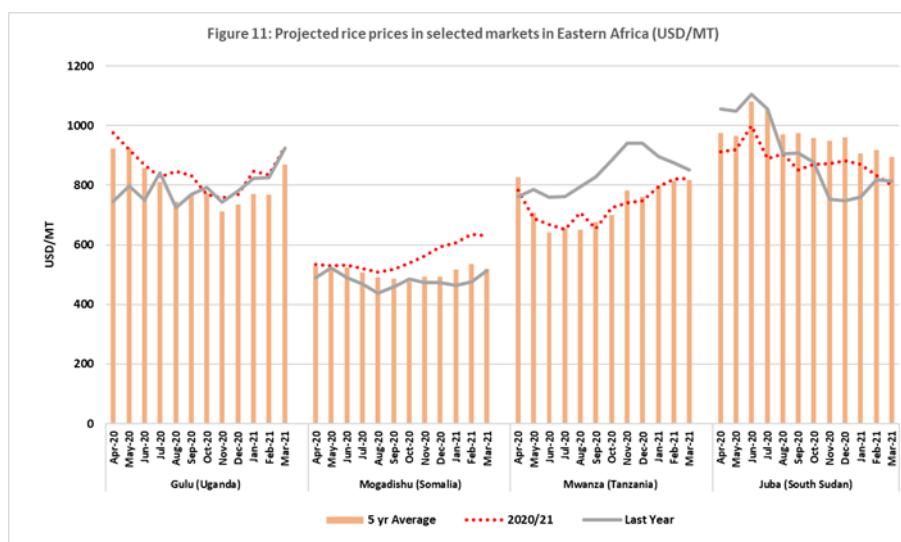
Maize prices are expected to follow season trends, remain lower than last year and recent five-year average levels due to Kenya's March COVID-19 related authorization to import 360,000 MT of maize from overseas, which will cover 48 percent of the regional shortfall in the deficit countries in the region. (See Figure 9). Maize

prices are also expected to trend lower in Rwanda because of above average January harvest, in addition to expectations of another consecutive above average harvest in June because of government efforts to expand acreage and yields after imports from Uganda were stopped, together with COVID-19 related motivations to by both urban and rural households to produce food under lockdown.

**Sorghum:** Exports from Sudan Uganda to South Sudan will likely continue to increase as relative calm settles in South Sudan following the ongoing implementation of peace agreement in South Sudan that continues to invigorate economic activities, pulling more supplies into the country. Currency depreciation, high inflation, and transport costs will likely continue to inhibit exports from Sudan to South Sudan consumption markets, boosting exports from Uganda to South Sudan. See Figure 10. Exports from Ethiopia to other regional markets is expected to be restrained because of lack of competitiveness except in localized cross border trade areas.

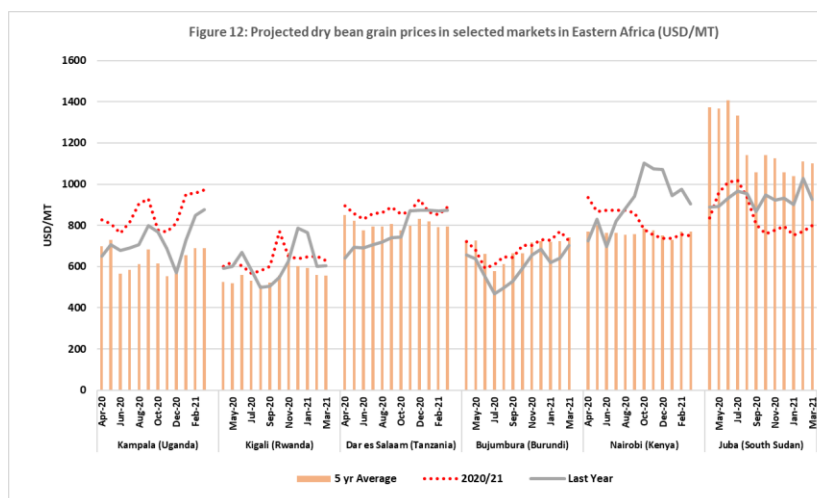


**Rice:** Regional trade in locally produced rice is expected to continue rising through the second quarter as relative calm in South Sudan provides opportunities for increased flows from Uganda in addition to increasing outflows from Tanzania following the May-to-August harvest. See Figure 11. The prices are expected to be similar or lower than the five-year average due to increased availability from above average local harvests in Tanzania and Uganda. In Somalia, rice prices are expected to increase in line with global rice prices which are projected to trend upward through second quarter of 2020 as major importers are expected to draw down significantly on stocks<sup>1</sup>.

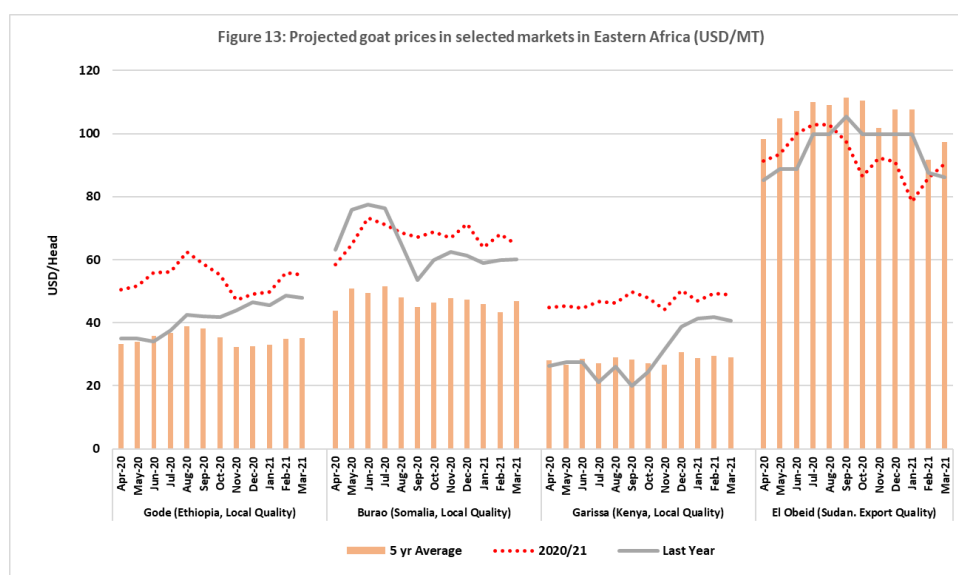


<sup>1</sup> AMIS and InterRice

**Dry bean:** The prices will most likely remain above last year and recent five-year average levels across key reference markets in most markets in East Africa because of unseasonably heavy rains that damaged maturing crops in the field in the main producing and exporting Uganda resulting in below average production; disrupted post-harvest activities including gathering, drying and storage; and delayed entry of new harvest into the market. The exception is South Sudan where relative calm from clashes will likely continue attracting supplies from Uganda, and Kenya, where increased domestic inflows from slightly above average bean production augmented by regional imports, will probably maintain prices below recent five-year average levels. Bean prices are expected to remain slightly above to near average levels in Rwanda and Burundi respectively because of high domestic demand in spite of above average production, in addition trade restrictions between Rwanda and Uganda. See Figure 12.



**Livestock:** Regional trade in livestock is expected to be constrained atypically during the April-to-May Ramadan religious festivities as exports to the Middle East will likely remain low as result of reduced demand following COVID-19 related measures to control infections. Prices are expected to follow seasonal trends, rising during the April-to-June rains when pasture and water availability improves livestock body conditions, and declining when the rangeland conditions deteriorate during the July-to-September dry season. Prices are expected to converge towards last year's levels because of the expected reduced export demand. See Figure 13.





## ANNEX

Table 1: Cross-borders trade between January and March 2020 among selected pairs of countries for some staple food commodities.

Commodity	Trade Flow Corridors (source destination)	Trade Volumes in MT (Livestock in Heads)	% Change			Historical Comparison		
			Last Quarter	Last Year	5 Year Average	Last Quarter	Last Year	Average
Maize	Uganda - South Sudan	43,881	42%	113%	369%	▲	▲	▲
	Uganda - Kenya	39,584	85%	1169%	-23%	▲	▲	▼
	Tanzania - Kenya	9,324	-71%	-57%	-72%	▼	▼	▼
	Tanzania - Rwanda	8,785	-98%	-44%	154%	▼	▼	▲
	Ethiopia - Kenya	225	-9%	7392%	-88%	▼	▲	▼
	Ethiopia - Somalia	1,416	84%	0%	26%	▲	►	▲
	Kenya - Tanzania	3,383	-3%	-75%	-78%	►	▼	▼
	Sorghum							
Sorghum	Uganda - South Sudan	37,490	60%	3016%	782%	▲	▲	▲
	Uganda - Kenya	2,937	11%	10%	-59%	▲	▲	▼
	Uganda - Rwanda	3	0%	-100%	-100%	►	▼	▼
	Ethiopia - Djibouti	4	77%	34%	-64%	▲	▲	▼
	Ethiopia - Somalia	907	66%	8%	43%	▲	▲	▲
	Somalia - Djibouti	555	81%	89%	106%	▲	▲	▲
	Sudan - South Sudan	4,386	-83%	1540%	-48%	▼	▲	▼
	Sudan - Eritrea	3	-99%	-100%	-100%	▼	▼	▼
Rice	Uganda - South Sudan	29,489	13%	98%	243%	▲	▲	▲
	Tanzania - Kenya	5,628	-64%	-78%	-76%	▼	▼	▼
	Tanzania - Rwanda	3,274	-96%	-70%	-75%	▼	▼	▼
	Somalia - Kenya	2,491	75%	32%	39%	▲	▲	▲
	Somalia - Ethiopia	12,126	41%	16%	26%	▲	▲	▲
	Tanzania - Burundi	892	-4%	-41%	-42%	►	▼	▼
	Beans							
Beans	Uganda - South Sudan	21,333	128%	230%	471%	▲	▲	▲
	Uganda - Kenya	28,118	-39%	-56%	-23%	▼	▼	▼
	Uganda - DRC	197	-75%	-88%	-76%	▼	▼	▼
	Tanzania - Kenya	4,041	74%	-6%	50%	▲	▼	▲
	Ethiopia - Kenya	8,485	70%	47%	20%	▲	▲	▲
	Ethiopia - Sudan	5,021	348%	-46%	-60%	▲	▼	▼
Camels	Somalia - Kenya	603	73%	16%	-84%	▲	▲	▼
	Ethiopia - Somalia	12,546	2%	4%	-76%	►	►	▼
Cattle	Somalia - Kenya	669	-17%	-51%	-95%	▼	▼	▼
	Ethiopia - Somalia	37,740	39%	12%	-71%	▲	▲	▼
Goats	Somalia - Kenya	8,115	73%	66%	-68%	▲	▲	▼
	Ethiopia - Somalia	53,215	-1%	3%	-82%	►	►	▼
Sheep	Somalia - Kenya	960	26%	-3%	-74%	▲	►	▼
	Uganda - South Sudan	2,336	20%	260%	-75%	▲	▲	▼

Figure 14: cross-borders points monitored by FEWS NET and East Africa Grain Council in Eastern Africa by March 2020

