

# EAST AFRICA CROSSBORDER TRADE BULLETIN

FSNWG Food Security & Nutrition Working Group

October 2020

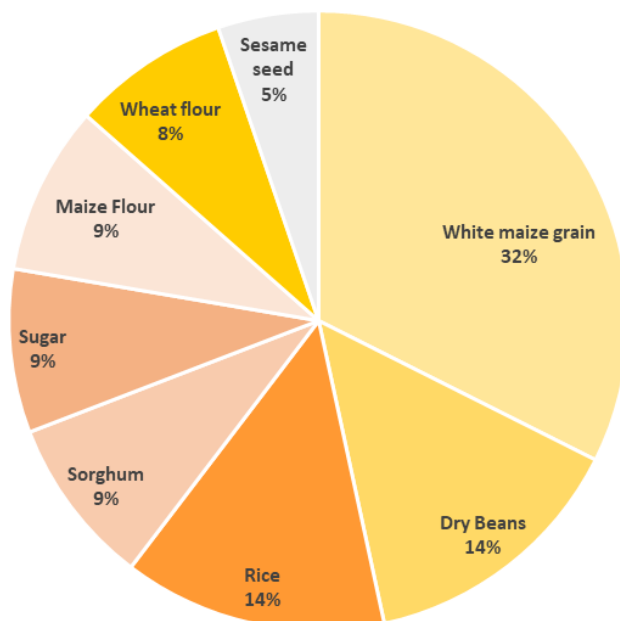
MAS Market Analysis Subgroup

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## SUMMARY POINTS

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

Source: FEWSNET and EAGC



- Maize grain was the main commodity traded in the region between July and September 2020 (third quarter of 2020) followed by dry beans, rice and sorghum as shown in Figure 1.
- Easing of some measures to contain the spread of COVID-19 infections in addition to adaptation by traders to operating under COVID-19 scenario led to increased regional trade for most commodities during the second quarter of 2020.
- Livestock trade (especially for goats and cattle) increased for some specific trade corridors despite the end of the September high season related to Hajj religious festivities in the Middle East. Livestock trade in other animals remained low due to COVID-19 related movement restrictions.
- Staple food commodity parity price trends (expressed in US dollars per MT) followed seasonal trends during the third quarter of 2020 except for Somalia where prices continued on an upward trend due to tight supplies following below average harvest and in Tanzania where prices remained on a downtrend because of increase local availability and reduced regional exports. Prices are expected to trend seasonably in the next six months.

## 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. Cross-Border trade and price data is provided by, the Famine Early Warning Systems Network (FEWS NET), the Eastern Africa Grain Council (EAGC), the Food and Agricultural Organization of the United Nations (FAO), the National Bank of Rwanda (NBR), the World Food Program (WFP), Farmgain (Uganda), FAMIS (Sudan), FSNAU (Somalia), MoA (Kenya and Burundi), RATIN all of East Africa, Tanzania Trade Development Authority.

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

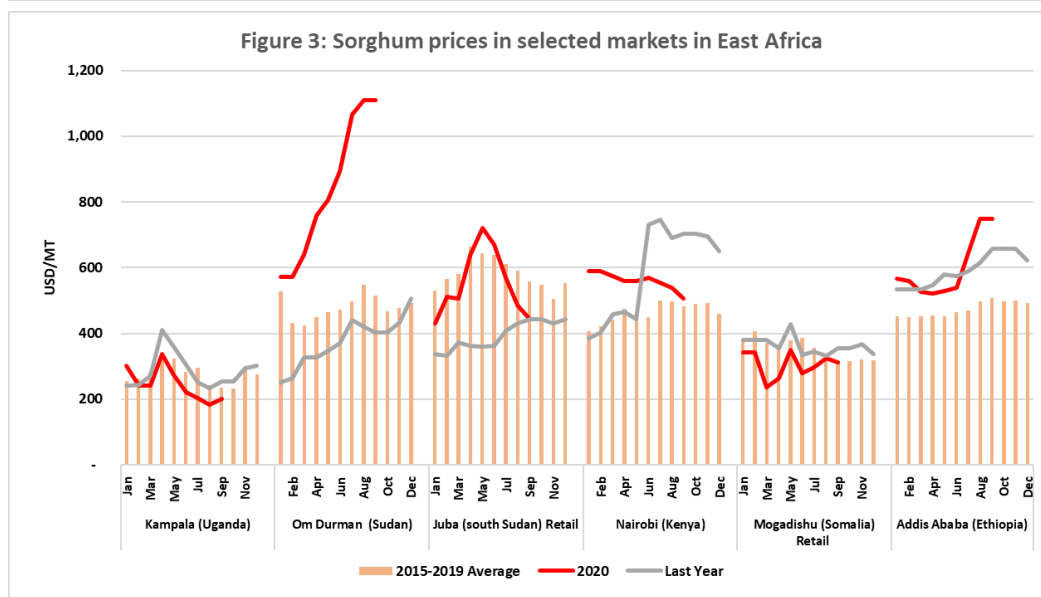
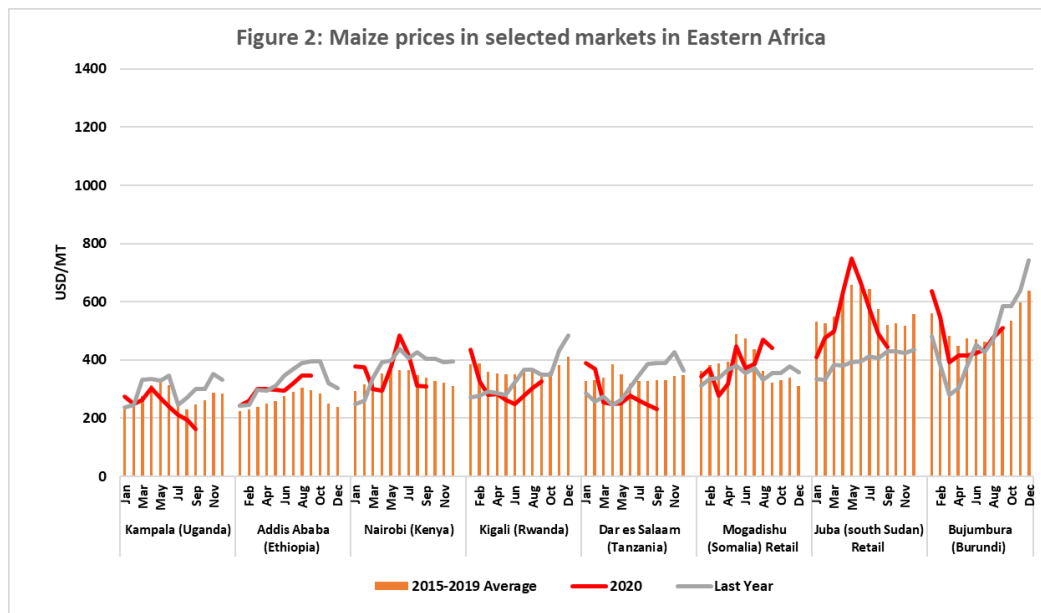
	<b>Maize &amp; Maize Flour:</b> Ethiopia, southern Somali, South Sudan, Kenya, Uganda and Tanzania
	<b>Beans:</b> Consumed throughout East Africa
	<b>Wheat &amp; Wheat Flour:</b> Consumed throughout East Africa and is particularly important in urban areas
	<b>Rice:</b> Consumed throughout East Africa
	<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 THIRD QUARTER OF 2020

Staple food commodity prices in East Africa continued to exhibit mixed trends due to varied harvesting periods. Maize prices were stable or declined month-on-month in surplus-producing Tanzania and Uganda in September due to increasing supplies from the May-to-August harvest. Similarly, prices remained stable across Burundi, Somalia and Kenya because of ample supplies from recent harvests; and in Ethiopia due to imminent start of the October-to-January harvest. Sorghum, millet, and locally produced wheat prices increased across most markets in Sudan and South Sudan as supplies tightened towards the end of the June-to-October lean season when supplies are low, and demand is high. Poor macroeconomic conditions contributed to persistently elevated prices in Sudan, South Sudan, Burundi, and Ethiopia (See Figures 2 and 3.). Livestock prices remained stable in many pastoral markets due to availability of water, pasture and browse.



## THE STATUS OF CROSS BORDER TRADE IN THE THIRD QUARTER (JUL-SEP) OF 2020

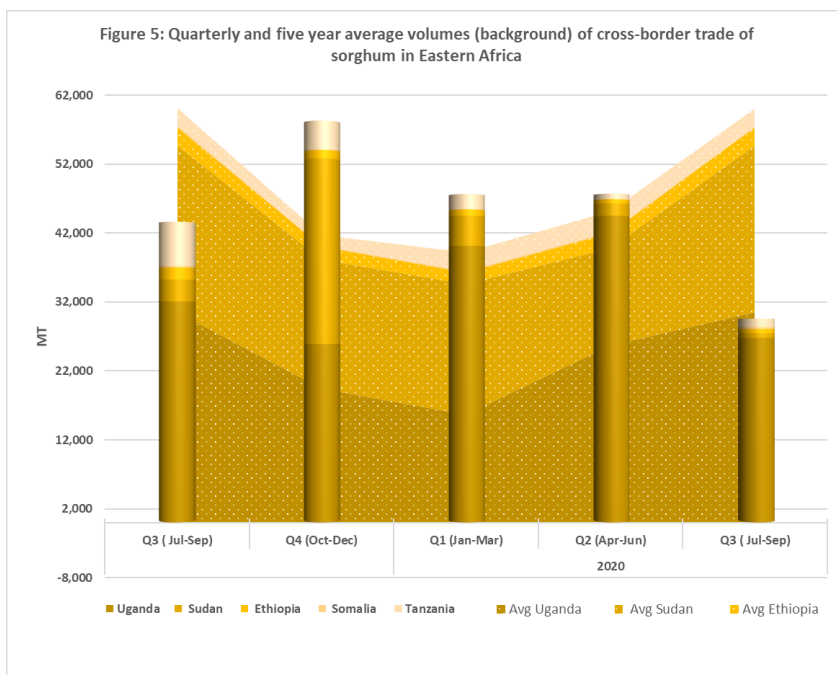
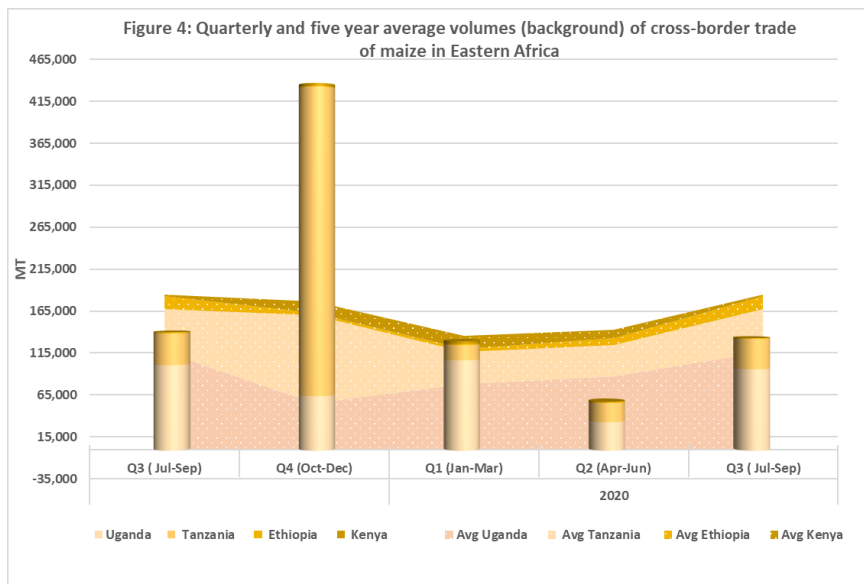
The lagging effects of measures to contain COVID-19 infections enacted at the end of the first quarter of 2020 continued to delay and increase the costs of trucking during the third quarter, especially border screening measures.

### Maize

In the third quarter of 2020 (July-to-September), around 140,000 MT of maize grain was traded in the region. This amount was 130 percent higher than in the last quarter (April-to-June), and similar to the third quarter of 2019. See Figure 4. The increased volumes from were typical for the third quarter as maize harvested in the source countries mainly Uganda and Tanzania between May and August is exported to deficit countries mostly Kenya and South Sudan when prices are high before the main harvest between October and December. Still the volumes traded 29 percent lower than the recent five-year average level of third quarters which was partially attributed to delayed effects of COVID-19 measures to control infections enacted in the first quarter, especially significant reduction of informal cross border trade with closure of borders except for formal trade, and the screening of track drivers that delayed and increased the costs of transport. Uganda and Tanzania accounted for 72 and 27 percent of the total regional exports respectively. Around 72 and 24 percent of the exports were destined for Kenya and South Sudan respectively. Exports from Uganda to South Sudan were 118 percent above five-year average for the third quarter because of relative calm and improving market functionality following ongoing implementation of the peace agreement. Ugandan exports to Kenya were 147 percent above five-year average for the third quarter as traders tried to capitalize on third quarter high prices fearing relatively lower future prices as result of the expected above average October-to-December harvest in Kenya.

### Sorghum

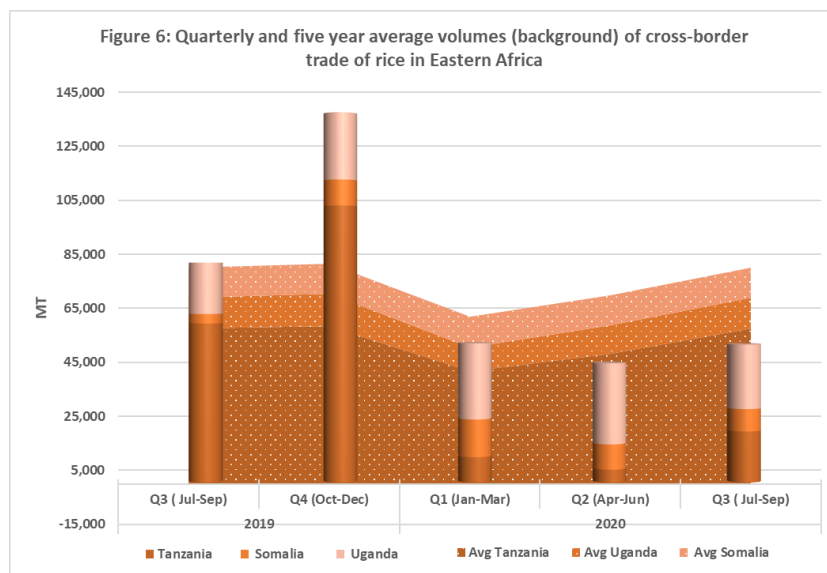
Around 31,000 MT of sorghum was traded in the region in the third quarter of 2020 which was 37, 30 and 46 percent lower than the last quarter, last year's third quarter, and recent five-year average of third quarters respectively. As seen in Figure 5, the volume traded was atypically low for the third quarter. Uganda accounted 87 percent of the exports while 86 and six percent of the exports went to South Sudan and Kenya respectively.



While sorghum exports to South Sudan were slightly above average, they were 44 and 27 percent lower than the previous quarter and similar quarter last year which was attributed mostly to currency depreciation and volatility in addition to COVID-19 related screening of truck drivers that delayed and increased the costs of supply. See Table in the Annex. Exports from Sudan remain dismally low because of below average harvest, higher prices because of escalating inflation and a ban on exports by the government.

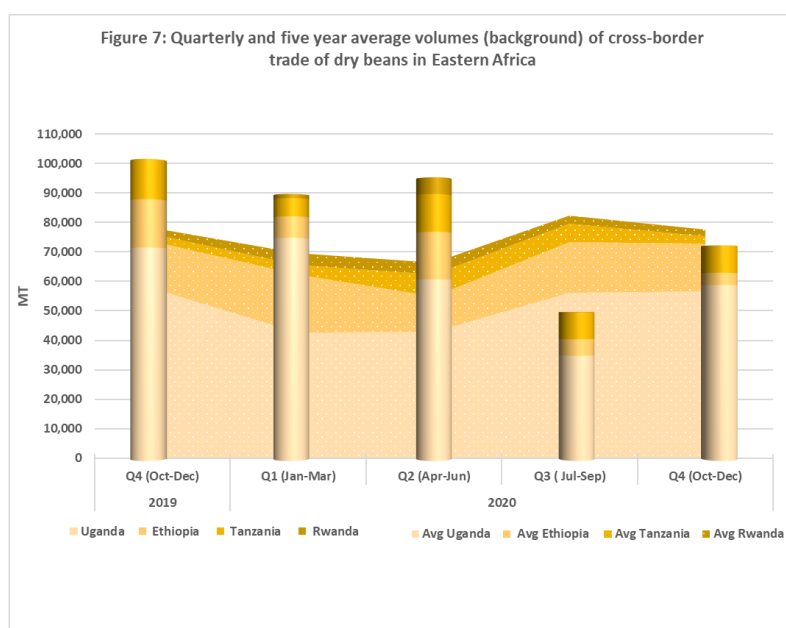
### Rice

An estimated 53,000 MT of locally produced rice and some international re-exports from Somalia were traded in the region in the third quarter of 2020. The volume was 16 percent higher than that of the second quarter, but 16 and 24 percent lower than last year and five-year average levels third quarter respectively. See Figure 6. The lower level of trade was attributed to reduced demand since the quantity demanded for rice is more sensitive to the change in real income of consumers which were adversely affected by COVID-19 related restrictions, the effects of which continued into the third quarter. In addition, supply side delays and higher costs from screenings also contributed to reduced trade. Still, rice exports from Tanzania to Burundi were 24 percent above average because of no severe COVID-19 related restrictions in both countries. Also rice exports and re-exports from Uganda to South Sudan were exceptional for reasons mentioned earlier. Uganda, Tanzania and Somalia accounted for 47, 37, and 16 percent of the exports accordingly. An estimated 47, 20, 14 and 12 percent of the exports went to South Sudan, Kenya, Ethiopia and Uganda respectively.



### Dry beans

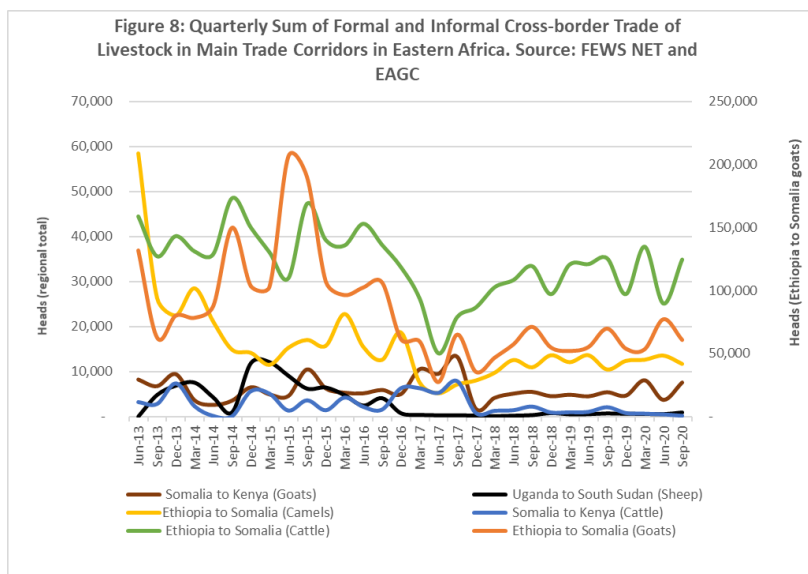
Regional trade in dry beans was approximately 61,000 MT, which was typically higher than in the second quarter by about 45 percent as more dry beans entered the regional markets from the May-to-August harvest. Figure 7. However, the level of trade was 33 and 24 percent lower than the last and five-year average level of third quarters. This was attributed to lagging effects of COVID-19 measures to contain infections as mentioned earlier in the previous sections. As observed earlier, bean exports from Tanzania to Burundi increased because there no severe COVID-19 restrictive measures in the two countries. Uganda exports to South Sudan increased for reasons mentioned earlier. Uganda, Tanzania and Ethiopia accounted for 82, 13, and six percent of the exports accordingly. An estimated 68 and 28 percent of the exports went to South Sudan and Kenya respectively.





## Livestock

Livestock trade trends in the region remained varied in the third quarter of 2020. Camel and goat exports from Ethiopia to Somalia, and cattle exports from Somalia to Kenya declined following end of the July-to-August domestic and Middle East Hajj religious festivities. However, cattle exports from Ethiopia to Somalia increased because of re-export demand to Egypt and other Middle Eastern countries besides the main Saudi Arabian market. Goat exports to Kenya also increased following the re-opening of markets in Garissa in Kenya as part of easing of COVID-19 restrictive measures that resulted in closure of livestock open air markets which affected livestock movement to assembly points and markets. See Figure 8.

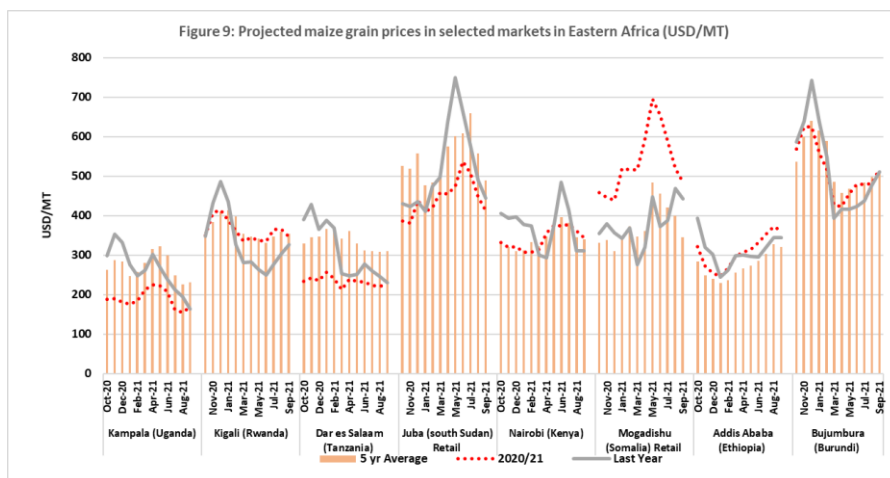


## CROSS BORDER TRADE OUTLOOK OCTOBER 2020 TO JUNE 2021

Analysis in this section uses staple food commodity parity price trends (expressed in US dollars per MT) the results of which may be different when analyzed in local currencies. Some cross-cutting expectations include:

- The consensus climate forecast released in late August by the Greater Horn of Africa Climate Outlook Forum (GHACOF56) indicates an elevated likelihood of below-average to average rainfall across Somalia during the October to December 2020 Deyr rainfall season.
- COVID-19 restriction measures at cross border points is likely to be relaxed, thus expected further facilitate trade activities and supply in the region.
- Local currencies are likely to continue depreciating in several countries as macro-economic conditions worsen in South Sudan, Sudan, Ethiopia and Burundi, increasing import inflation and sustaining above average prices.

Maize prices are expected to trend seasonably across markets in East Africa. However, the prices are expected to be elevated in Somalia because of below average June-to-July and expected below average January-to-February harvest. See Figure 9. Maize exports from Uganda and Tanzania to Kenya will likely continue at higher level although the profit margins will probably decline due to availability of imports from overseas and expected above average October-to-December harvest. Exports from Tanzania to Rwanda is expected to continue at higher level as the country continues to substitute imports from Uganda following the border closure in 2019. Exports from Uganda to South Sudan will likely continue at above average levels following the prevailing calmness as the



peace agreement is being implement. Nevertheless, continuous currency depreciation and high volatility will likely dampen the level of trade.

The prices of sorghum are expected to follow seasonal patterns through June 2021. Figure 10. However, they will likely be above last year and recent five-year average level in Sudan because of exceptionally high and increasing inflation, and in Ethiopia because of relatively high inflation, resulting in increased costs of production and marketing. Outflows from Sudan will likely remain very low because of expectations of extension of the existing export ban. Exports from Uganda to South Sudan are expected to continue to increase due to prevailing relative calmness as the peace agreement is implemented. However, persistent currency depreciation and high volatility will likely limit the volumes traded. The below average June-to-July and expectations of below average January-to-February harvest in Somalia will likely sustain higher prices across key reference markets in Somalia and encourage more exports from Ethiopia to central and northern Somalia.

The prices of locally produced rice are projected to trend seasonably and will likely be similar to recent five-year average levels because of ample supply from within the region and some re-exports of rice from international markets in the eastern parts of Ethiopia and Somalia. See Figure 11.

Dry bean prices are expected to follow seasonal trends in the next six months but will remain elevated due to high regional and domestic demand amidst some reduced production due to heavy rains that affected the previous December-to-February harvest reducing carryover stocks into July 2020 and June

Figure 10: Projected sorghum prices in selected markets in Eastern Africa (USD/MT)

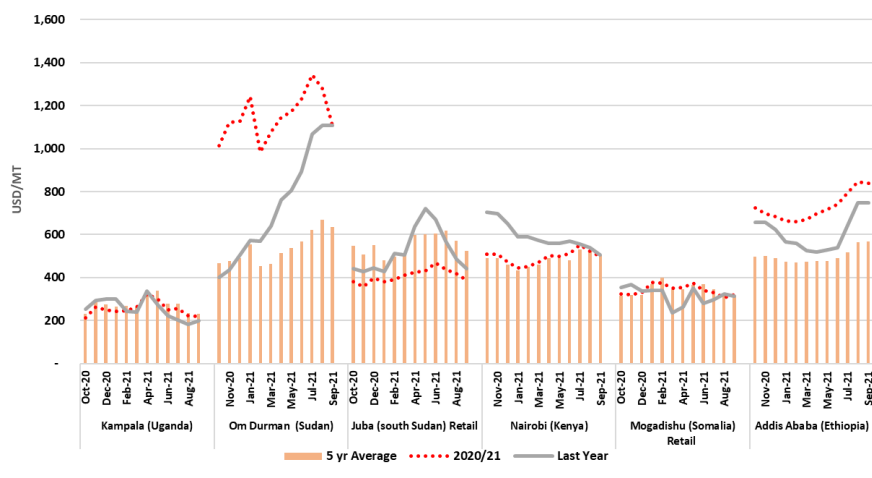


Figure 11: Projected rice prices in selected markets in Eastern Africa (USD/MT)

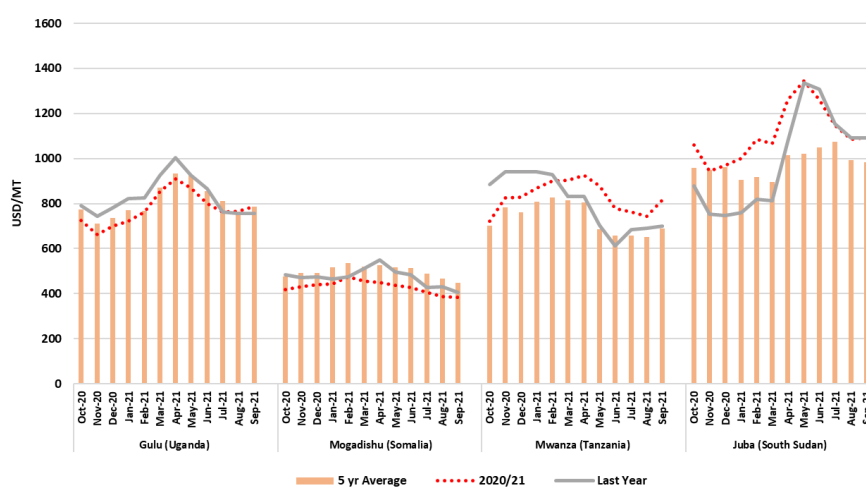
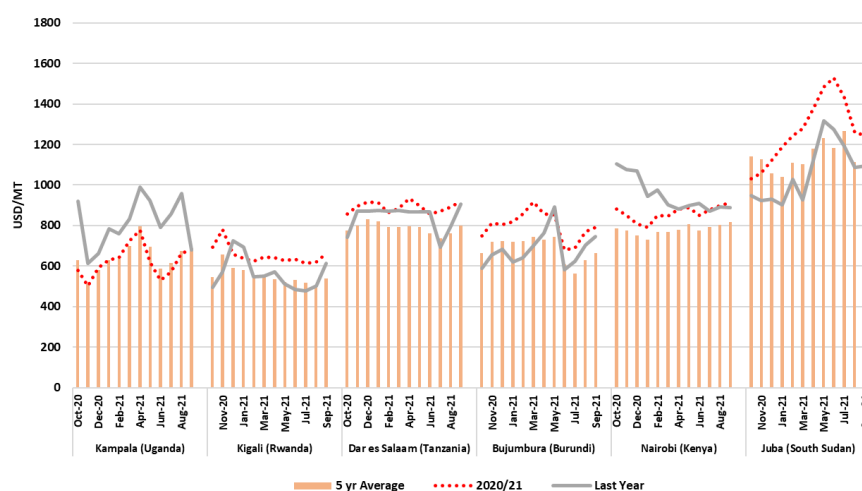
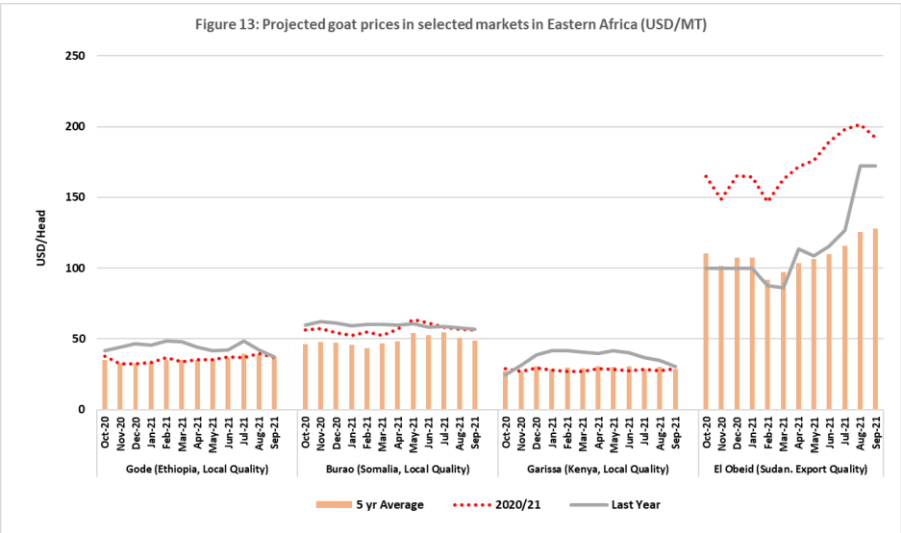


Figure 12: Projected dry bean grain prices in selected markets in Eastern Africa (USD/MT)



2021 production and marketing season. See Figure 12. Prices will likely remain significantly above average because of expected below average dry bean domestic production following excessive rains and flooding in parts of South Sudan.

Livestock prices will likely remain stable or increase slightly between October 2020 and January 2021 because of availability of green pastures and drinking water will contribute to improved animal body condition. In addition, high inflation and concomitant high costs of feed and water, drugs etc. are expected to sustain elevated but seasonal prices in Sudan. See Figure 13.



## ANNEX

Table 1: Cross-borders trade between July and September 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	33,417	207%	6%	23%	▲	▲	▲
	Uganda - Kenya	68,459	176%	1%	-15%	▲	►	▼
	Tanzania - Kenya	32,603	48%	-6%	-34%	▲	▼	▼
	Tanzania - Rwanda	4,813	173%	284%	1088%	▲	▲	▲
	Ethiopia - Kenya	119	-41%	-80%	-99%	▼	▼	▼
	Ethiopia - Somalia	707	-31%	-7%	-31%	▼	▼	▼
	Kenya - Tanzania	280	-1%	9246%	-86%	►	▲	▼
Sorghum	Uganda - South Sudan	22,843	-44%	-27%	9%	▼	▼	▲
	Uganda - Kenya	4,115	0%	296%	-36%	►	▲	▼
	Uganda - Rwanda	3	0%	0%	-100%	►	►	▼
	Ethiopia - Djibouti	3	0%	0%	0%	►	►	►
	Ethiopia - Somalia	618	3%	27%	-5%	►	▲	►
	Somalia - Djibouti	1,350	107%	416%	889%	▲	▲	▲
	Sudan - South Sudan	366	-74%	-31%	-68%	▼	▼	▼
	Sudan - Eritrea	15	-26%	-65%	-98%	▼	▼	▼
Rice	Uganda - South Sudan	24,996	-20%	25%	120%	▼	▲	▲
	Tanzania - Kenya	9,715	330%	-51%	-54%	▲	▼	▼
	Tanzania - Rwanda	2,623	70%	-92%	-91%	▲	▼	▼
	Somalia - Kenya	982	15%	0%	-65%	▲	►	▼
	Somalia - Ethiopia	7,698	-14%	184%	-8%	▼	▲	▼
	Tanzania - Burundi	1,030	-13%	3%	24%	▼	►	▲
Beans	Uganda - South Sudan	41,520	129%	395%	276%	▲	▲	▲
	Uganda - Kenya	7,550	-36%	-85%	-81%	▼	▼	▼
	Uganda - DRC	3	-90%	-97%	-100%	▼	▼	▼
	Tanzania - Kenya	6,242	9%	-33%	18%	▲	▼	▲
	Ethiopia - Kenya	3,475	-27%	-60%	-41%	▼	▼	▼
	Ethiopia - Sudan	2	-32%	-100%	-100%	▼	▼	▼
Camels	Somalia - Kenya	941	103%	31%	-12%	▲	▲	▼
	Ethiopia - Somalia	11,630	-14%	12%	-8%	▼	▲	▼
Cattle	Somalia - Kenya	191	-62%	-91%	-93%	▼	▼	▼
	Ethiopia - Somalia	34,870	39%	-1%	4%	▲	►	►
Goats	Somalia - Kenya	7,627	103%	40%	9%	▲	▲	▲
	Ethiopia - Somalia	60,590	-21%	-13%	-31%	▼	▼	▼
Sheep	Somalia - Kenya	1,463	26%	14%	48%	▲	▲	▲
	Uganda - South Sudan	3,534	21%	234%	60%	▲	▲	▲



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

