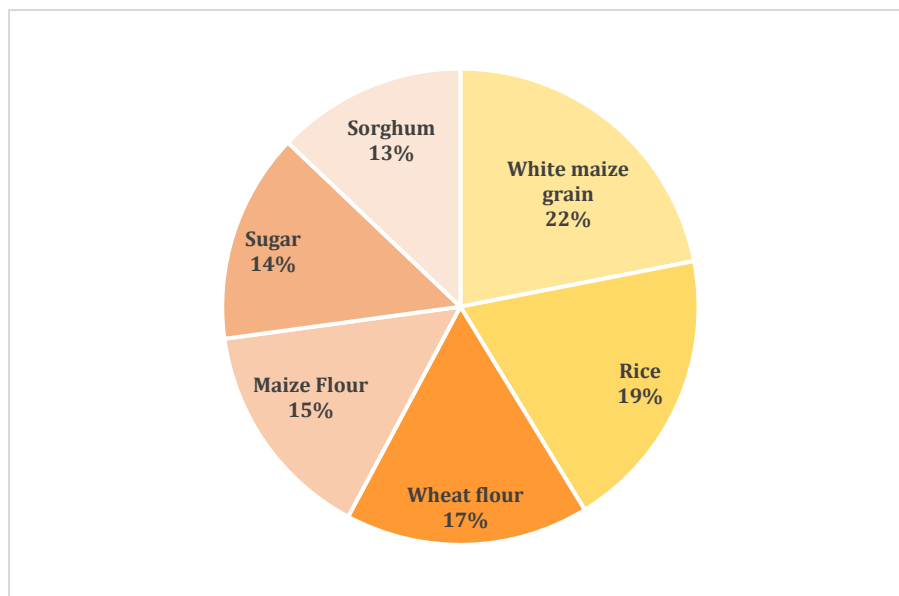


SUMMARY POINTS

Figure 1: Main Staple Food Commodities Informally Traded Across Selected Borders in Eastern Africa in the Fourth Quarter of 2021.

Source: FEWSNET and EAGC





- Maize remained the most traded food commodity in the East Africa region in the fourth quarter of 2021, followed by rice, wheat flour, sugar, sorghum, and dry beans respectively.
- Maize and dry bean trade were below average in the fourth quarter because of reduced exports to Kenya from Uganda as Tanzanian maize increasingly became more competitive and reduced availability or constricted trade from the main producing areas in Ethiopia correspondingly.
- Sorghum and rice trade increased due to higher demand in Kenya, South Sudan, and Eastern Ethiopia due to the below-average harvest of substitute crops.
- Livestock trade declined seasonally across the region and was accentuated by poor livestock body conditions due to poor rangeland conditions that increased local supplies in destination markets and reduced incentives for exports.
- The prices of most staple food commodities (expressed in US dollars per MT) are expected to be near or slightly above average in the main producing countries due to high local and regional demand. In the main structural deficit and consumption countries, the prices are projected to be significantly above average because of below-average production.

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

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

*Additional products may be covered in the annexes.

PRODUCTION AND MARKETING PROSPECTS IN EAST AFRICA OCTOBER TO DECEMBER 2021

The prices of staple food commodities in East Africa in December 2021 remained stable as fresh supplies from the October-to-December harvest continued to enter the markets supported by imports from Tanzania, Uganda, and Ethiopia. However, the prices increased atypically sharply in Somalia and Burundi because of expectations of below average harvest and in seasonably in Tanzania as supplies tightened. Livestock prices continued to decline in tandem with deteriorating body conditions due to poor rangeland conditions.

Figures two and three depict the percentage change of December 2021 prices from the 2016-2020 average for both maize and sorghum in the East Africa region. It is noticeable that the northern markets of Sudan, South Sudan, Ethiopia, and Somalia have prices that are significantly higher than the average levels. This is attributed to many factors with the underlying driver being poor economic conditions that continue to depreciate the local currency and increase import inflation especially in Sudan, South Sudan, and Ethiopia.

Expectations of a below-average harvest which for Somalia, will be the third season with substantially below-average production have partly contributed to the heightened prices.

Further contributing to the above-average prices are disrupted supply chains from source to consumption markets including:

- Civil unrest in Sudan,
- Insecurity including clashes and inter-communal conflict in some rural markets of South Sudan,
- Conflict in northern Ethiopia that adversely affected market functioning in Amahara, Afara, and Tigray regions,
- Government-controlled prices and a ban on regional imports because of phytosanitary reasons with industrial, livestock, and human consumption demand competing for limited domestic production leading to a surge in the prices of locally produced substitutes like cassava and rice.

The high domestic and regional demand started pushing prices up towards above-average levels in markets in Tanzania nearer Kenya like Arusha. Similarly, demand from South Sudan and Kenya pushed prices in many markets in Uganda's over average levels.

Figure 2: December 2021 percentage change from five-year average prices for maize in East Africa.

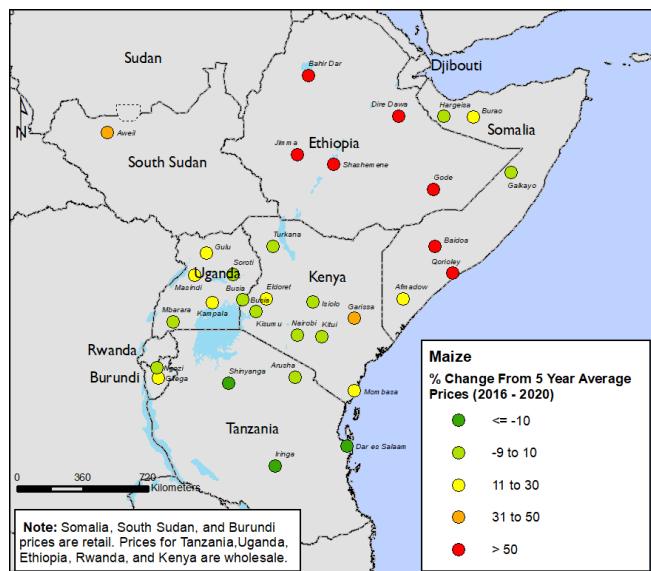
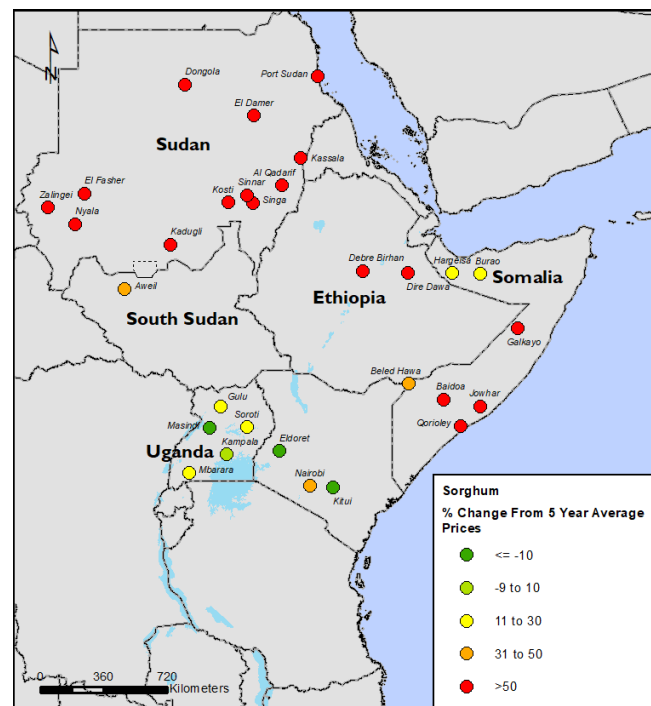


Figure 3: December 2021 percentage change from five-year average prices for sorghum in East Africa.

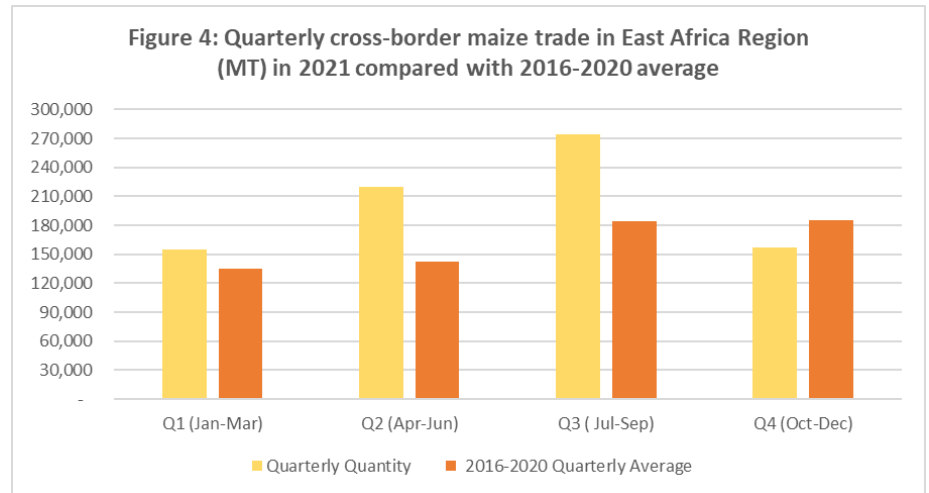


THE STATUS OF CROSS BORDER TRADE IN THE SECOND QUARTER (JUL-SEP) OF 2021

Maize

Around 157,000 MT of maize were traded in the Eastern Africa region in the fourth quarter of 2021 (October to December). While the volumes traded were 17 percent higher than the previous third quarter, they were similar to fourth-quarter 2020 and 15 percent lower than the recent five-year average of fourth quarters (Figure 4). Tanzania and Uganda represented 90 and seven percent of the exports respectively while Kenya, Rwanda, and South Sudan accounted for 88, five, and four percent of the total imports respectively.

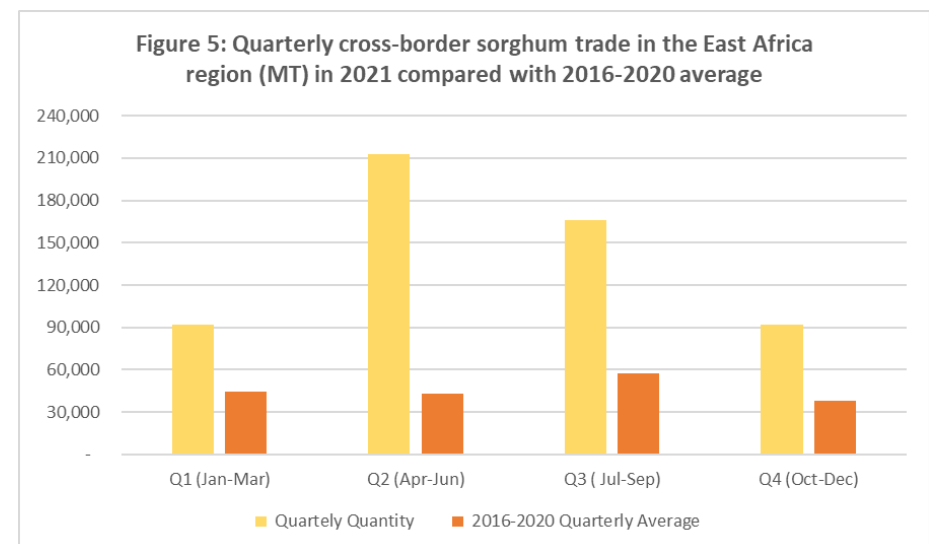
Ugandan exports to South Sudan were significantly above average because of relatively stable and available hard currencies. Tanzanian exports to the structural deficit and main consumption market of Kenya were 35 percent above average spurred by slightly above-average 2021 production and high opening stocks. Tanzanian exports to the structurally deficit Rwandan market were 202 percent higher than average as Tanzania cemented its position as the main source of food supplies to Rwanda following the closure of the Rwanda-Uganda border in 2019. Maize exports from Ethiopia to Somalia were also 85 percent above-average because of drought-related reduced supplies in the last two consecutive seasons. However, maize exports from the main producing Uganda to Kenya fell precipitously reducing fourth-quarter regional trade vis a vis average levels due increasing competitiveness of Tanzanian maize in Kenya.



Sorghum

Nearly 92,000 MT of sorghum were traded in the East Africa region in the fourth quarter of 2021. The volumes traded were 26 percent lower than the previous quarter and similar to fourth-quarter 2020 but 116 percent above the recent five-year fourth quarter average level (Figure 5). Uganda and South Sudan accounted for 94 and 88 percent of the exports and imports respectively.

The increased regional trade in sorghum was attributed to significant supplies from Uganda to South Sudan where demand has been increasing following a gradual and less volatile depreciation of the local currency as a result of corrective measures taken by the government in 2020/2021, in addition to reduced supply from the below-average October-to-December harvest. See Annex 1. Additionally, exports

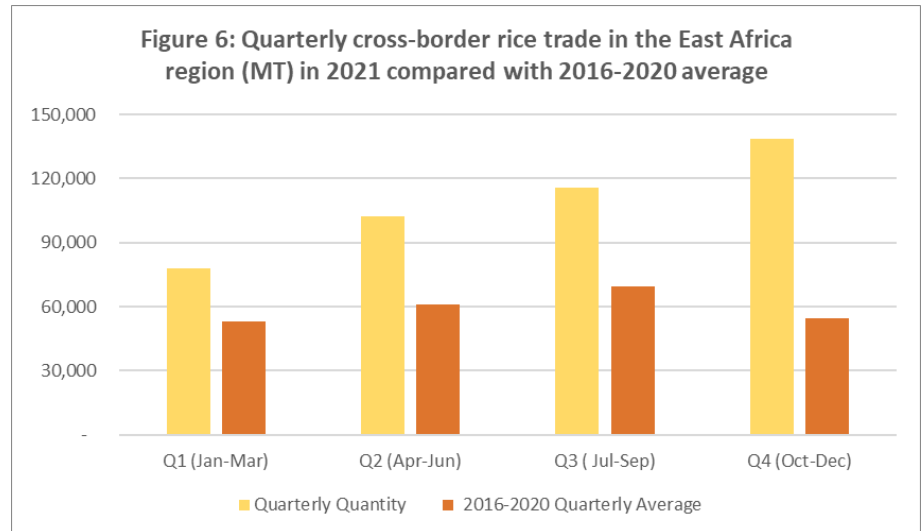


from Ethiopia to Somalia were above average following increased demand accredited to low supply from two consecutive seasons of below-average harvest. Somalia exports or re-export from Ethiopia to Djibouti were above average attracted by higher prices because of reduced regional production.

Rice

An estimated 139,000 MT of locally produced rice and around 17,000 MT of international re-exports from Somalia were traded in the region in the fourth quarter of 2021. The volumes traded were 20, 93, and 64 percent higher than the last quarter, fourth quarter 2020, and the recent five-year average of fourth quarters respectively (Figure 6). Uganda, Tanzania, and Somalia represented 57, 30, and 12 percent of the exports while South Sudan, Kenya, Ethiopia, and Uganda accounted for 57, 19, 11, and nine percent of the imports respectively.

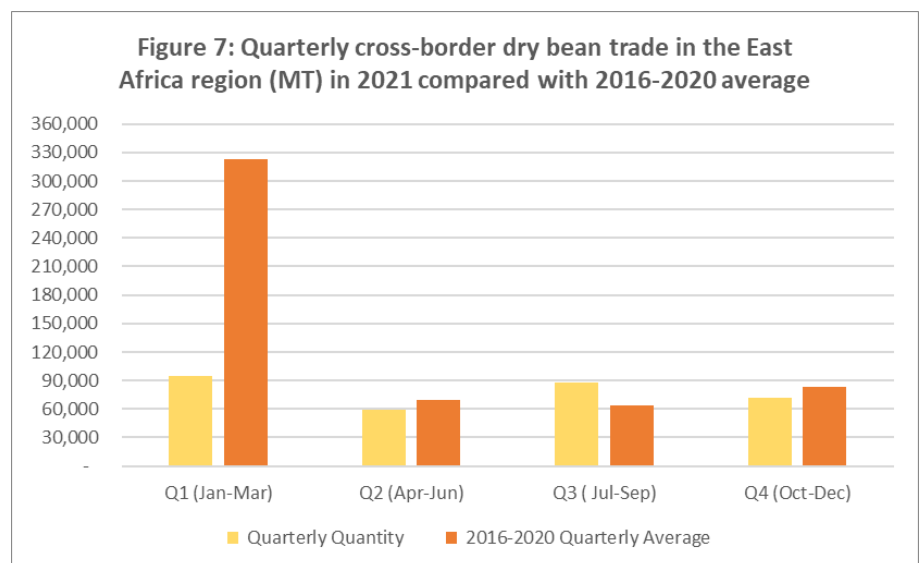
The increase in trade was due to above-average exports from Tanzania to Kenya and Uganda pulled by higher prices due to the below-average staple crop harvests and reliance on markets increased, and additionally for Uganda, to re-export to South Sudan where crop production was also below average, in addition to improved market functionality after the peace agreement that increased demand. Re-exports from Somalia to eastern Ethiopia were above average because of below-average harvests other substitute commodities in Somalia such as sorghum and maize, and trade constricting increasing the costs of transport from the western and central parts of Ethiopia due to high inflation.



Dry beans

In the fourth quarter of 2022, approximately 72,000 MT of dry beans were traded in the region. The volumes traded were 18, 34, and 18 percent lower than the previous quarter, fourth quarter 2020, and the recent five-year average of fourth quarters (Figure 7). Ugandan exports accounted for 95 percent of the total regional exports while South Sudan and Kenya represented 83 and 17 percent of the imports, respectively.

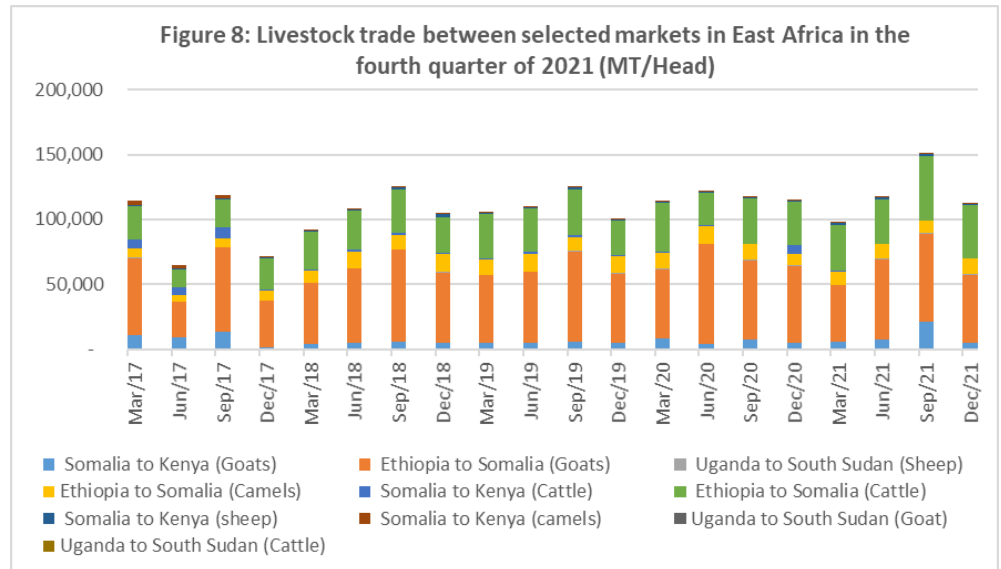
The reduced trade in dry beans was attributed to below-average regional harvests [stemming from poor rainfall performance in Kenya, Uganda, Rwanda, and Ethiopia](#). The weather-related reduction in supply from production was aggravated by conflict-related decreased production and marketing in the main producing Amhara region of north-western Ethiopia; conflict-related closure of borders between Ethiopia and Sudan, and reduced purchasing power in Sudan which is the world's 9th importer with significant quantities sourced from Ethiopia; [the announcement in October 2021 that in January 2022](#) learning institutions and the rest of the economy will be opened in the main exporting country of Uganda as part of COVID-19 easing of measures to control the spread of the pandemic which lead



traders and farmers to hold on to their new December-to-January harvest in expectation of high prices from increased domestic demand in the first quarter of 2022.

Livestock

Regional trade in livestock was mixed depending on local rangeland conditions and other factors. Goat and cattle trade declined seasonably by 10 percent while camel and sheep trade increased by 27 percent. Livestock trade was above average levels rejuvenated by the ongoing easing of COVID-19 measures across the region. However, goat and cattle exports from Ethiopia to Somalia declined 22 and 18 percent while the exports of goat and cattle from Somalia to Kenya decreased by 79 and 16 percent respectively. See Annex 1 and Figure 8. Poor feed and water availability spurred sales of livestock in consumption areas which led to a reduction in demand for imports and thus a reduction in cross border trade for livestock. In addition, the end of the Middle East export market in July 2021 when compared to around August and September in the previous years, and the start of the next in the first quarter of 2022 was interspersed with uncertain rangeland conditions due to below-average rainfall that discouraged early cross-border trade for stocking and fattening of livestock because of scarce and expensive feed and water. However, goat and sheep exports from Uganda to South Sudan continued to increase as the livestock market continues to recover from the previous conflict buoyed by relatively gradual and predictable local currency depreciation.

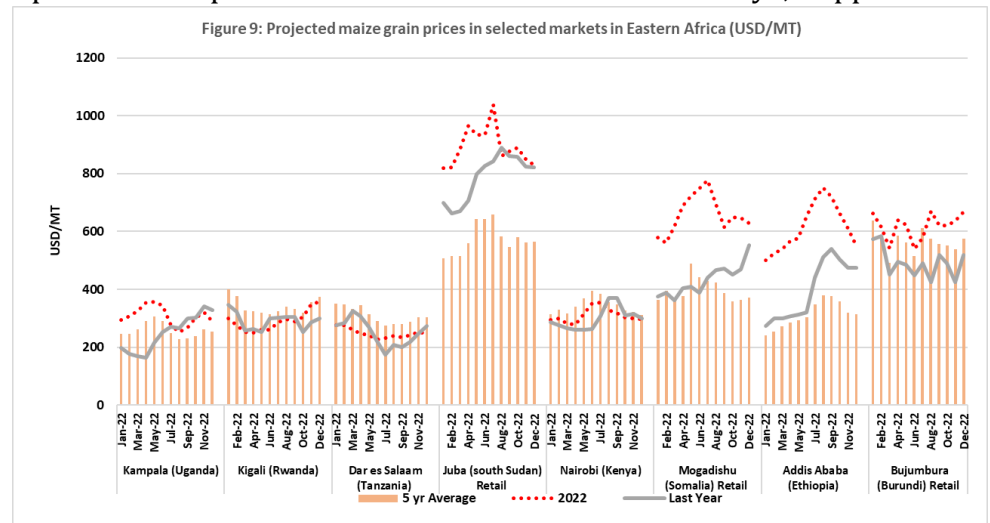


CROSS BORDER TRADE OUTLOOK JANUARY TO JUNE 2022

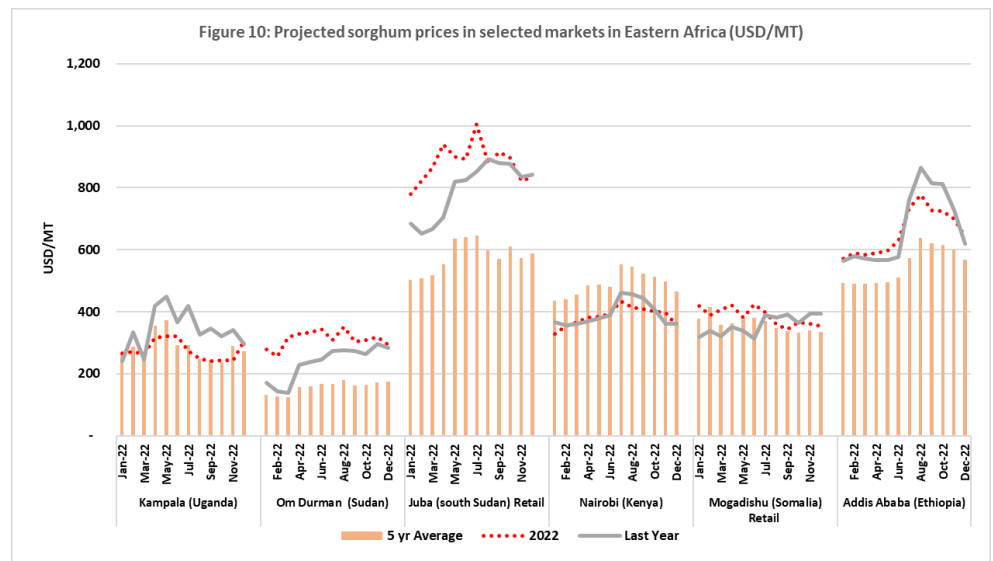
The analysis in this section uses staple food commodity parity price trends (expressed in US dollars per MT) the results of which may be different when analyzed in local currencies. Some cross-cutting expectations include:

- Regional trade is expected to increase in 2021/2022 despite a below-average harvest in many countries as regional supplies from surplus countries flow to deficit areas.
- The results of macro-economic reforms in South Sudan are starting to stabilize foreign exchange rates and reduce the rate of inflation. Nevertheless, prices are expected to respond slowly and will likely remain at above-average levels.
- Prices are also expected to remain high due to poor macroeconomic conditions in Burundi and in Ethiopia due to insecurity stemming from the conflict in the northern region.

Maize prices are expected to follow seasonal trends but remain near or slightly above average in most markets in Tanzania because of ample supply and in Rwanda due to average-to-near average January harvest supported by regional imports mitigating upward pressure on prices in the first half of 2022. In Kenya, support from regional sources to fill the structural deficit in the first half of 2022 amid high demand will likely dampen the expected price increase because of reduced production although prices are expected to be near average (Figure 9). Prices will likely remain slightly above average in Uganda due to high domestic and regional demand. Projected prices in Somalia are expected to be significantly higher than average levels due to consecutive below-average harvests and in Burundi, South Sudan, and Ethiopia because of high inflation.



Prices of sorghum are expected to follow seasonal patterns through June 2022, see Figure 10. However, they will likely be above recent five-year average levels in Sudan, South Sudan, and Ethiopia because of high and increasing inflation, and slightly above average in Uganda and Somalia because of below-average December-to-February harvest. Outflows from distant production and collection markets in Sudan to South Sudan will likely be hampered by ongoing civil unrest. Exports from Uganda to South



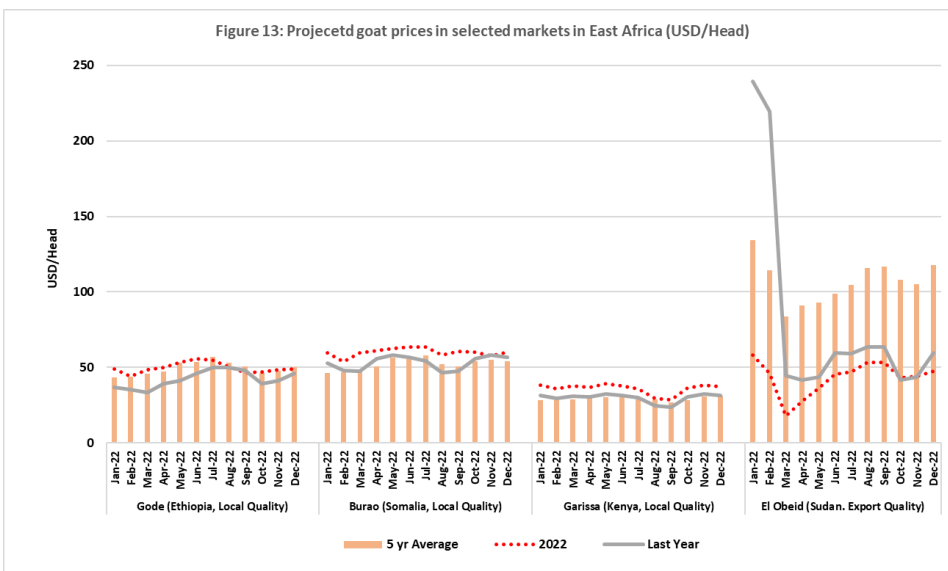
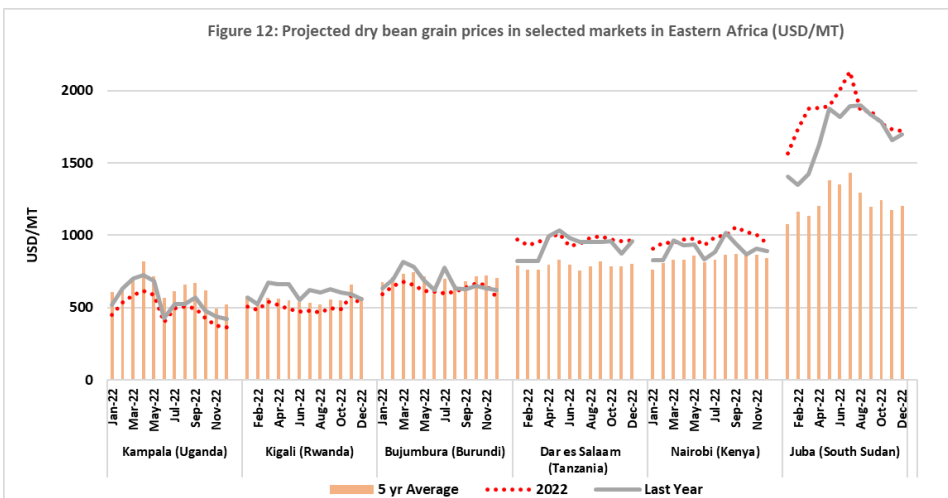
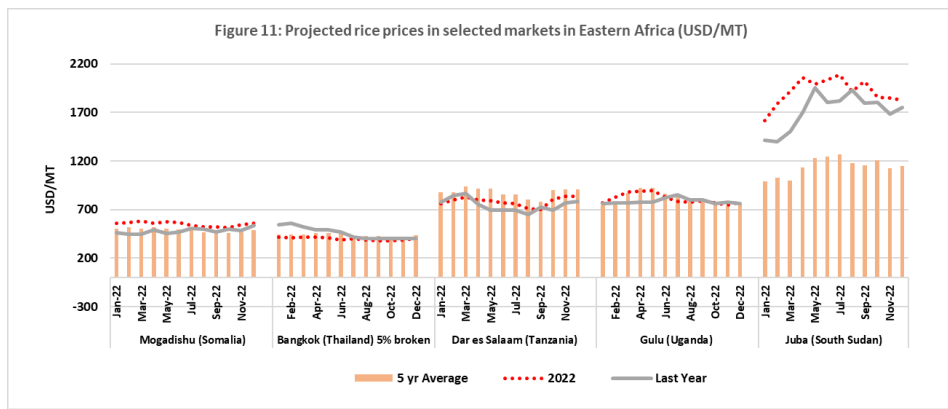
Sudan are expected to continue to increase due to prevailing relative calmness as the peace agreement holds and improvement in the availability of hard currency because of weekly auctions by the Central Bank of Sudan. The below-average January-to-February harvest in Somalia will likely encourage more imports from Ethiopia to central and northern Somalia where prices are expected to be higher than in the main producing southern Somalia markets.

Prices of locally produced rice are projected to trend seasonably across most markets in the region. Prices are expected to be near recent five-year levels in Uganda because of high demand domestically, and in South Sudan and in Somalia because of above-average international prices amid high local demand due to below-average harvest of maize and sorghum and increased demand in eastern Ethiopia and Kenya. Prices are likely to remain below average levels in Tanzania because of average-to-above average local production. (Figure 10). Prices are

expected to remain significantly above average in South Sudan due to high inflation. Rice exports from Tanzania to regional markets are expected to increase in the rest of 2022 spurred by below-average maize harvest, high demand for re-exports via Uganda to South Sudan, and above-average Asian rice prices.

Dry bean supply in the region is expected to be low because of projected below-average rainfall amidst high demand in the first half of 2022 (Figure 12). Prices are expected to be near average levels in the main producing Uganda, Rwanda, and Burundi. The prices are expected to remain above average in the main producing Tanzania because of high domestic and regional demand, and in the structural deficit countries of Kenya and South Sudan because of below-average production.

The Hajj season 2022 is still to some extent in the future with appraises and news concerning the pilgrims being scarce resulting in uncertain demand. In addition, the projected below-average rainfall in the first half of 2022 may adversely affect feed and water availability, resulting in poor animal body conditions for a significant portion of livestock in the region, and reducing livestock available for intra-regional trade and export to the Middle East for the April-to-July 2022 religious festivities. Hence livestock prices will likely continue to follow seasonal trends in 2022, be lower than last year, and slightly above or below average levels partly as a result of reduced livestock herd sizes, the lagging effect of previous droughts.



ANNEX

Table 1: Cross-borders trade between October and December 2021 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	81,927	-28%	108%	264%	▼	▲	▲
	Uganda - Kenya	2,765	-28%	-96%	-95%	▼	▼	▼
	Tanzania - Kenya	65,892	-56%	482%	35%	▼	▲	▲
	Tanzania - Rwanda	4,126	142%	-63%	202%	▲	▼	▲
	Ethiopia - Kenya	185	-58%	453%	-99%	▼	▲	▼
	Ethiopia - Somalia	1,806	37%	17%	86%	▲	▲	▲
	Kenya - Tanzania	64	-93%	-36%	-80%	▼	▼	▼
Sorghum	Uganda - South Sudan	80,693	-48%	146%	232%	▼	▲	▲
	Uganda - Kenya	1,543	-29%	-64%	-76%	▼	▼	▼
	Uganda - Rwanda	3	0%	0%	-100%	►	►	▼
	Ethiopia - Djibouti	3	-86%	11%	-16%	▼	▲	▼
	Ethiopia - Somalia	1,263	25%	31%	86%	▲	▲	▲
	Somalia - Djibouti	5,950	95%	156%	1466%	▲	▲	▲
	Sudan - South Sudan	128	-93%	-55%	-88%	▼	▼	▼
Sudan - Eritrea	4	-72%	-54%	-96%	▼	▼	▼	
Rice	Uganda - South Sudan	79,345	21%	152%	427%	▲	▲	▲
	Tanzania - Kenya	24,128	38%	170%	21%	▲	▲	▲
	Tanzania - Rwanda	4,583	111%	-15%	-83%	▲	▼	▼
	Somalia - Kenya	1,838	-18%	58%	-36%	▼	▲	▼
	Somalia - Ethiopia	15,403	2%	64%	93%	►	▲	▲
	Tanzania - Burundi	774	-88%	-70%	-13%	▼	▼	▼
Beans	Uganda - South Sudan	60,118	-15%	213%	214%	▼	▲	▲
	Uganda - Kenya	8,359	-3%	-90%	-75%	►	▼	▼
	Uganda - DRC	3	0%	0%	-100%	►	►	▼
	Tanzania - Kenya	3,075	-35%	104%	-45%	▼	▲	▼
	Ethiopia - Kenya	673	-81%	-71%	-87%	▼	▼	▼
	Ethiopia - Sudan	3	-99%	-99%	-100%	▼	▼	▼
Camels	Somalia - Kenya	995	-79%	159%	3%	▼	▲	►
	Ethiopia - Somalia	12,158	26%	42%	1%	▲	▲	►
Cattle	Somalia - Kenya	113	-16%	-98%	-95%	▼	▼	▼
	Ethiopia - Somalia	40,430	-18%	21%	38%	▼	▲	▲
Goats	Somalia - Kenya	4,496	-79%	29%	-20%	▼	▲	▼
	Ethiopia - Somalia	52,458	-22%	-11%	-20%	▼	▼	▼
Sheep	Somalia - Kenya	1,425	-31%	71%	39%	▼	▲	▲
	Uganda - South Sudan	8,827	47%	167%	470%	▲	▲	▲

Figure 13: cross-borders points monitored by FEWS NET and East Africa Grain Council in Eastern Africa by December 2021

