

# EAST AFRICA CROSSBORDER TRADE BULLETIN

FSNWG Food Security & Nutrition Working Group

January 2023

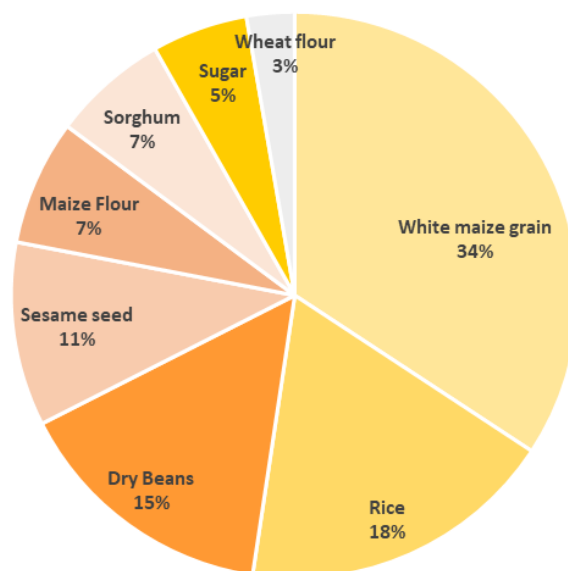
MAS Market Analysis Subgroup

Volume 40

## SUMMARY POINTS

Figure 1: Main Staple Food Commodities Informally Traded Across Selected Borders in Eastern Africa in the Fourth Quarter of 2022.

Source: FEWSNET and EAGC



- Maize grain remained the most traded commodity in the region in the fourth quarter of 2022 (October to December) (**Figure 1**). Trade flows were below average due to policy and security-related supply disruptions to South Sudan. Rice trade increased because of increased re-exports of overseas imports to Ethiopia from Somalia and as wetland production in Uganda declined due to the new policy.
- Regional trade in maize, sorghum, rice, and dry beans was below average, driven by local harvest in the main consumption markets supported by below-average harvests, high cost of production and marketing, and reduced trading margins.
- Staple food prices followed seasonal patterns but were elevated given below-average harvests, high costs of production and marketing, and the war in Ukraine conflict-related high global commodity prices.
- Livestock trade was unseasonably above-average due to varying rangeland conditions and purchasing power as traders moved animals to places with pasture and feed for fattening and export to the Middle East. Others offloaded animals in consumption markets and cut drought-related losses.

## 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, 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, and the 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

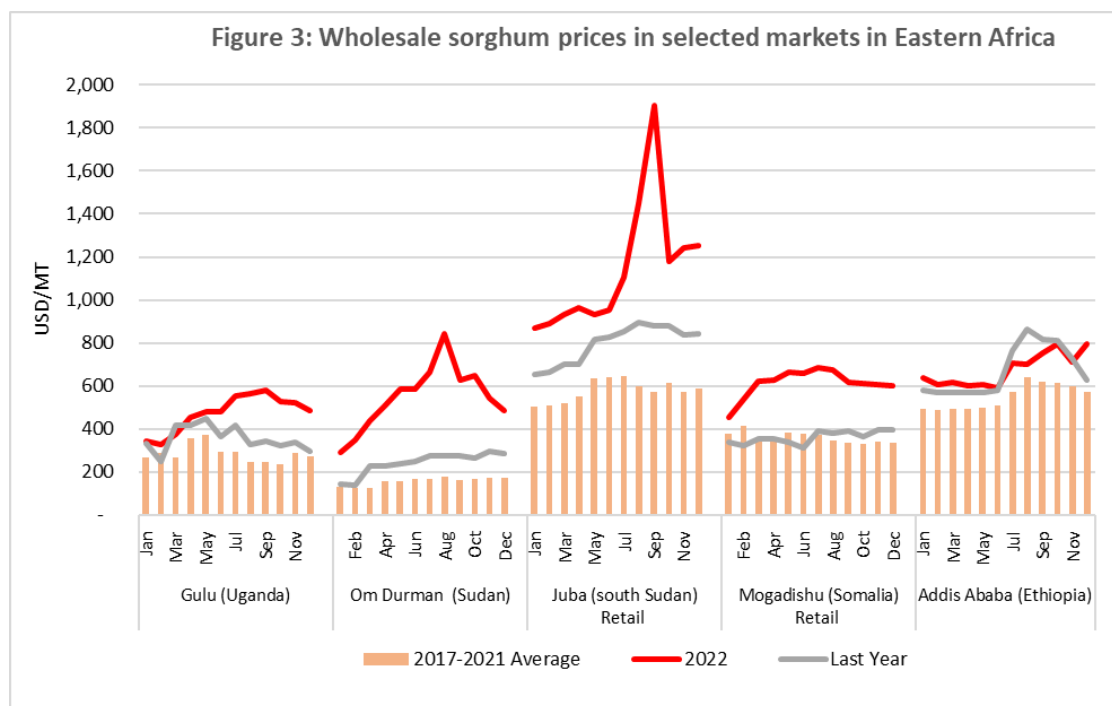
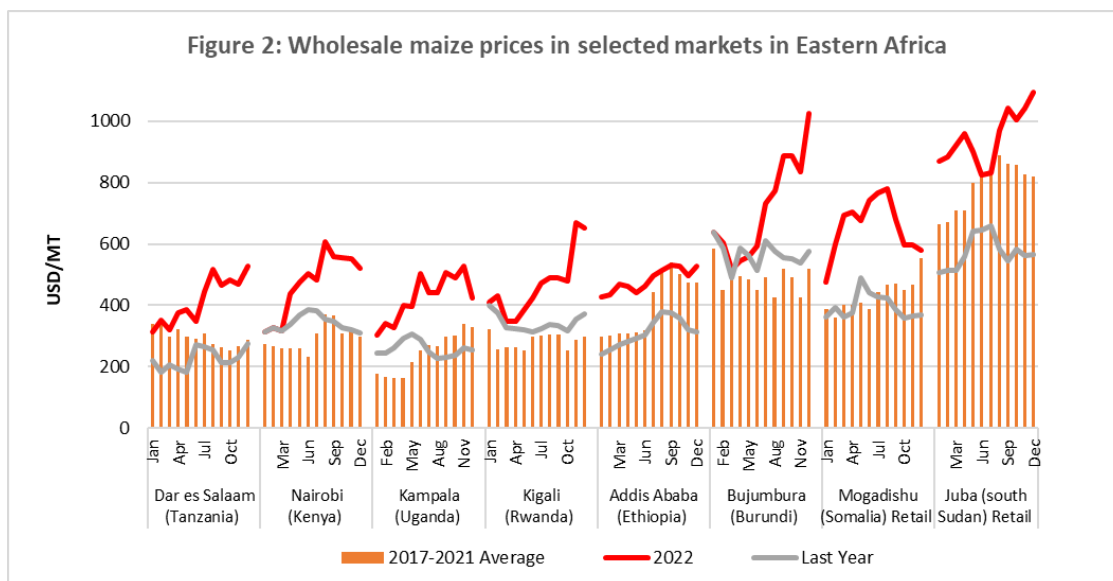
	<b>Maize &amp; Maize Flour:</b> Ethiopia, southern Somali, South Sudan, Kenya, Uganda and Tanzania
	<b>Beans:</b> Consumed throughout East Africa
	<b>Wheat &amp; Wheat Flour:</b> Consumed throughout East Africa and is particularly important in urban areas
	<b>Rice:</b> Consumed throughout East Africa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



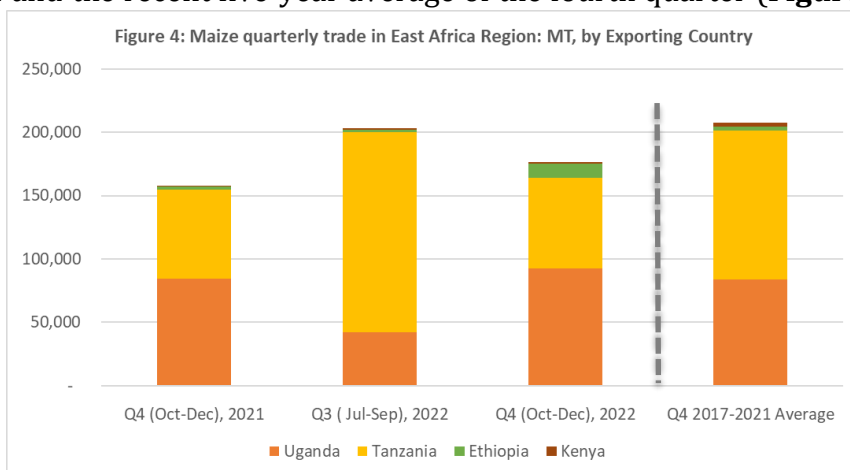
## MAIZE AND SORGHUM PRICES IN EAST AFRICA OCTOBER TO DECEMBER 2022

Maize and sorghum prices in USD (**Figures 2 and 3**) across most markets in East Africa continued rising atypically and rapidly through December 2022, with the seasonal price decline after the October-to-December harvest being gradual. These unseasonal price trends were attributed to the previous below-average harvest in most deficit-producing countries. In contrast, the rising prices in surplus-producing Uganda, Tanzania, and Ethiopia were ascribed to high domestic and regional demand. Maize prices remained significantly higher than last year and recent five-year average prices across all markets due to the high costs of production and marketing brought about by the strengthening of the USD against local currencies, increasing the costs of imports, Russia and Ukraine conflict-related high global fertilizer, and fuel prices, and high international prices of maize, wheat, and rice were purchased to compensate for local production shortfalls.

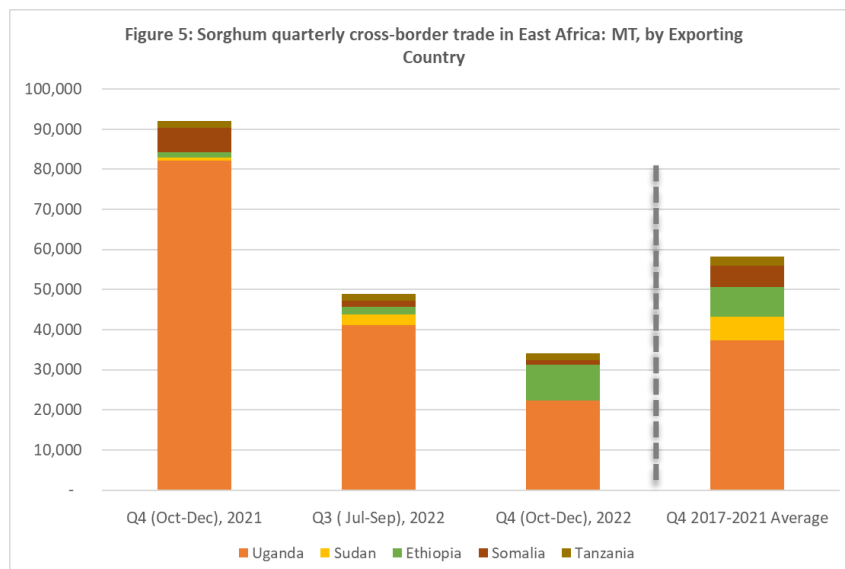


## THE STATUS OF CROSS BORDER TRADE IN THE FOURTH QUARTER (OCT-DEC) OF 2022

In the fourth quarter of 2022 (between October and December), around 176,000 MT of **maize** were traded in the East Africa Region. The traded quantities were 13 percent higher than the 2021 fourth quarter but 13 and 10 percent lower than the third quarter of 2022 and the recent five-year average of the fourth quarter (**Figure 4**), attributed to seasonal supply increases from the local October-to-December harvest in the main consumption markets. Uganda and Tanzania accounted for 42 and 53 percent of the total exports, while Kenya and South Sudan represented 81 and seven percent of the total imports. Uganda's maize exports to the South declined drastically because of security-related, high taxes, and numerous roadblocks on the Juba-Yei Road and the Juba-Nimule-roads leading to Uganda. Still, exports from Ethiopia to South Sudan and Somalia were very high compared to the average level because of high demand following reduced supply from below-average harvest. Exports from Uganda, Tanzania, and Ethiopia to Kenya were exceptional (**Annex 1**) because of below-average harvest amid high demand that raised prices and attracted regional supplies. In addition, expectations of increased supplies in Kenya from overseas imports between February and August 2023 incentivized traders to cash in on higher prices in the fourth quarter before they drop from February 2023. Maize exports from Tanzania to Burundi increased significantly following the lifting of the maize import ban and the re-opening of foreign exchange bureaus in September 2022, encouraging imports.

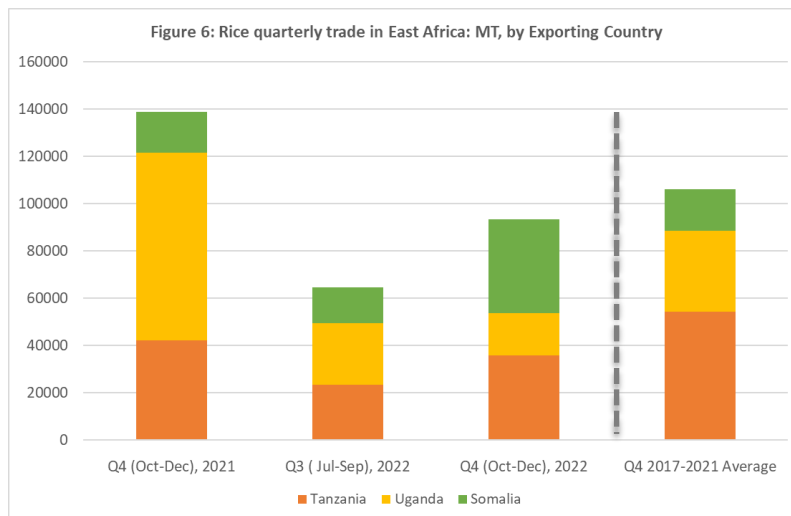


Approximately 34,000 MT of **sorghum** were traded in East Africa in the fourth quarter of 2022. The volumes traded were 30, 63, and 38 percent lower than the last quarter, the fourth quarter of last year, and the recent five-year average of fourth quarters, respectively (**Figure 5**). Uganda accounted for 65 percent of the total regional exports, while Ethiopia exported 26 percent of the entire sorghum traded. Kenya, South Sudan, and Rwanda represented 37, 33, and 12 percent of all regional imports. The reduced volumes traded were attributed to consecutive seasons of below-average harvest in Uganda that significantly reduced volumes available for regional exports, including to South Sudan, which was 76 percent below average for the fourth quarter (**Annex 1**), exacerbated by security and policy-related disruptions, as mentioned in the previous section under maize. Conversely, sorghum exports from Uganda to Kenya and Rwanda exports surged remarkably (**Annex 1**) because of high demand, especially for local brew production, in addition to the opening of the Uganda-Rwanda borders in January 2022 after three years of closure. Sorghum exports from Ethiopia to South Sudan, Djibouti, and Somalia increased exceptionally due to increased demand following below-average harvests and as Ethiopian traders tried to diversify their markets following inaccessibility to

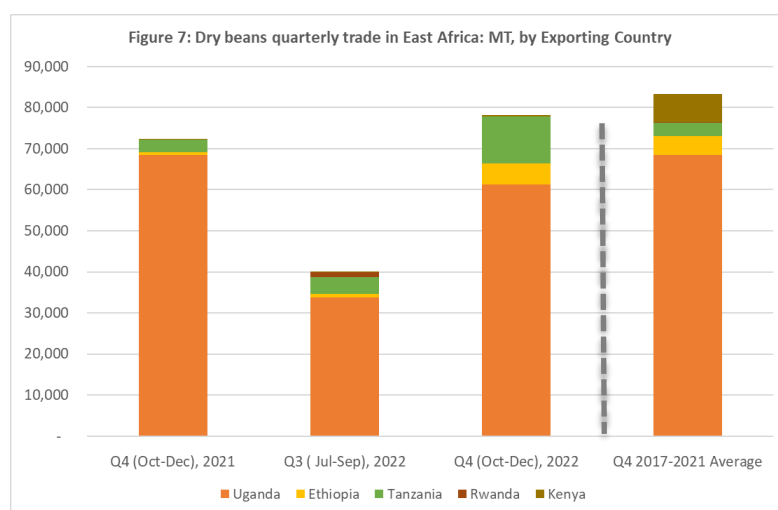


significant markets in the Tigray region because of civil conflict that has since stopped, with supplies to the area increasing again.

An estimated 93,500 MT, including 53,000 MT of locally produced **rice** and around 40,000 MT of international re-exports from Somalia, were traded in the region in the third quarter of 2022. The volumes traded were 45, 33, and six percent lower than the last quarter, the fourth quarter of 2021, and the recent five-year average of the fourth quarter, respectively (**Figure 6**). Somalia, Tanzania, and Uganda represented 43, 38, and 19 percent of the exports, while Ethiopia, Uganda, South Sudan, and Kenya accounted for 40, 28, 19, and eight percent of the imports. The reduction in trade was mainly attributed to reduced imports from Tanzania, especially Kenya and Rwanda, as household purchasing power decreased following high inflation, with more households focusing on maize, sorghum, potatoes, and cooking bananas. In addition, most households opted to purchase cheaper rice imported from overseas, although consumers prefer the taste and aroma of Tanzania's rice. Nevertheless, rice exports from Tanzania to Uganda increased remarkably because of high demand as swampy areas in Uganda have increasingly stopped producing rice since July 2021 policy to arrest negative environmental impact. Also, exports to Burundi were 85 percent above average following high demand amid near to average harvest for the country that is a deficit food producer. Somalia's re-exports of rice imported overseas to eastern Ethiopia were remarkably above average, attributed to ample imports, reduced roadblocks, and increased supplies by humanitarian organizations.



In the third quarter of 2022, approximately 78,000 MT of **dry beans** were traded in the region. The volumes traded were 16 and eight percent higher than the previous quarter, the fourth quarter of 2021, but 15 percent below the recent five-year average of fourth quarters (**Figure 7**). Ugandan, Tanzanian, and Ethiopian exports accounted for 79 and 15, and seven percent of total regional exports. Kenya, Tanzania, and South Sudan represented 49, 27, and eight percent of total imports. The main driver for the decline in regional trade was consecutive seasons of below-average harvest in Uganda that reduced stocks available for trade despite high regional demand, as depicted in **Annex 1** by above-average exports from Uganda to Rwanda, the Democratic Republic of Congo, and northwestern Tanzania. Exports from Tanzania to deficit-producing countries of Kenya and Burundi were also high. However, exports of broad beans from Ethiopia to Sudan are hindered by fluctuating currencies in both countries and security-related border issues.



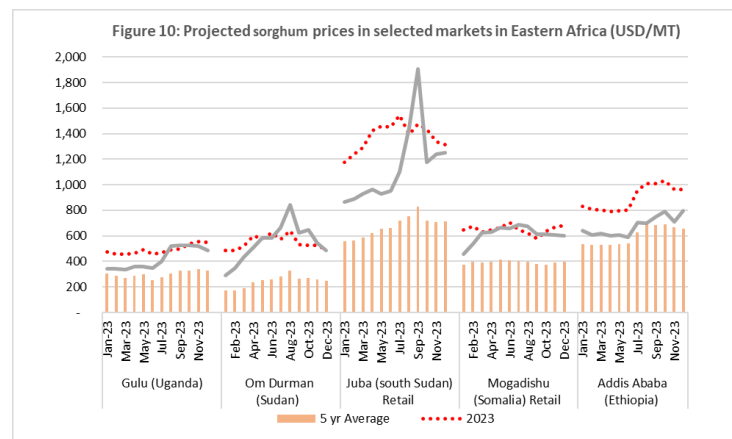
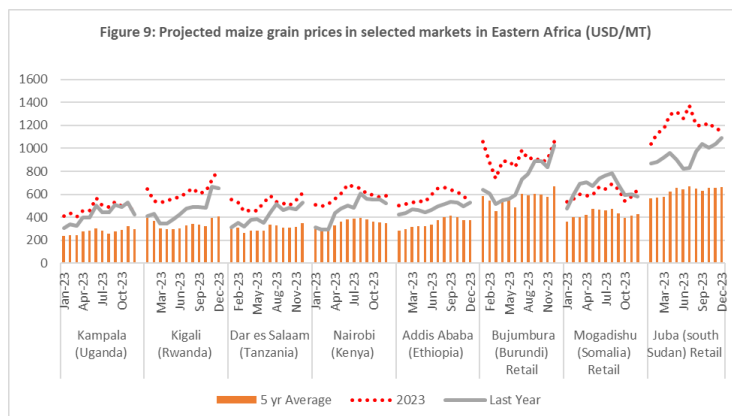
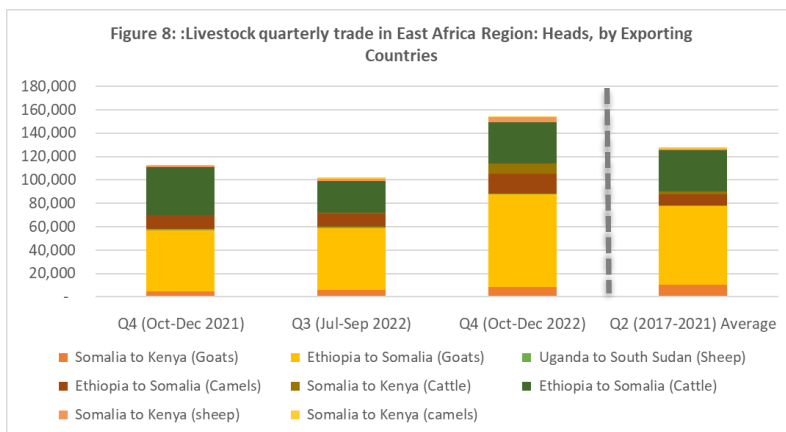


Livestock trade in East Africa was unexpectedly above the previous quarter, the fourth quarter of 2021, and the 2017-2021 average (**Figure 8**). The high levels of trade were attributed to variations in rangeland conditions and purchasing power, with animals moved across borders from Ethiopia to Somalia for fattening and re-exports. As pasture and water availability was expected to be limited, livestock was offloaded into the main consumption markets in Kenya from Ethiopia and Somalia, Uganda to South Sudan. Besides being consumed in the urban areas in South Sudan, the animals also enhanced rural restocking.

### CROSS BORDER TRADE OUTLOOK JANUARY TO SEPTEMBER 2023

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

Tanzania, Zambia, Ethiopia, and Uganda are expected to remain the primary sources of maize for the deficit-producing countries in East Africa (Kenya, South Sudan, Somalia, Rwanda, and Burundi) through March 2023, even though the 2022/2023 production is expected to be slightly below average by up to eight percent from the 2017-2021 average level except for Ethiopia where production is expected to be average. Maize prices are expected to trend seasonally across the key markets in the region, declining around January and February following the October-to-December harvest and resuming an increasing trend after that as stocks start to tighten (**Figure 9**). The prices are projected to remain significantly higher than last year and 2017-2021 average levels because of expectations of below-average harvest and high costs of production and marketing. Expectations of overseas maize imports by Kenya between February and August 2023, after waiving import duties, may dampen price increases.

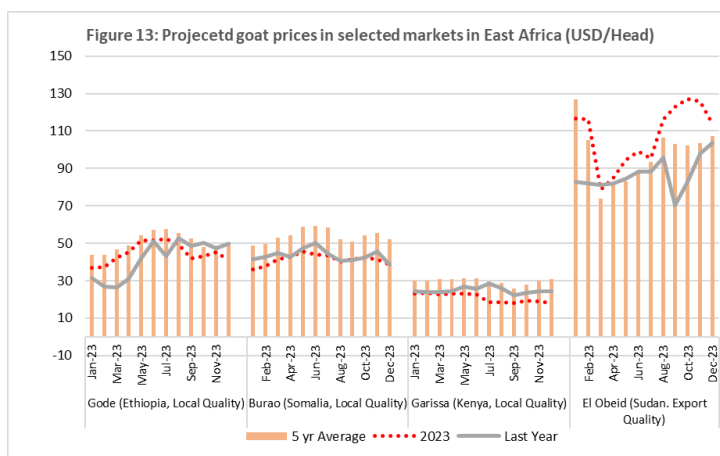
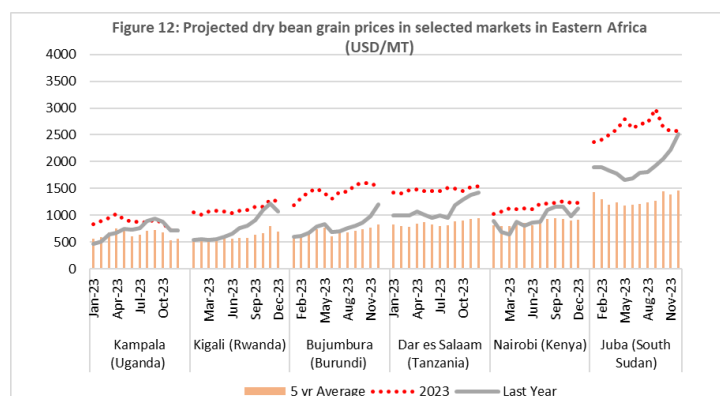
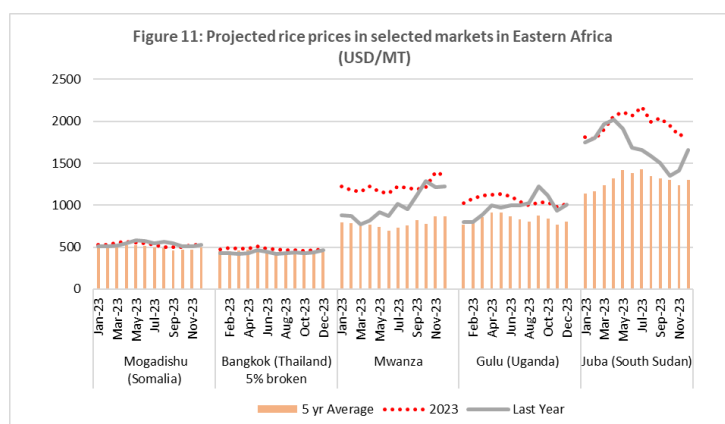


Sorghum production in Uganda and Ethiopia, the primary source countries, is expected to be below-to-near average, except in Sudan, where production will likely be above average. Exports to the other deficit countries, including South Sudan and Somalia, are expected to be below average because of high domestic demand for both human and industrial use. Due to increased production and marketing costs, prices will likely trend seasonally and be significantly above the 2017-2021 average (**Figure 11**).

Rice production is expected to be average in Tanzania, which is the main producer, and in all the other countries, which are deficit producers. The prices are expected to trend seasonally but remain significantly elevated because of high domestic and regional demand, high inflation and production costs, high prices of substitute commodities, including maize and sorghum, and high global commodity prices (**Figure 12**).

Dry bean production in East Africa is expected to be near to above average. Uganda, Tanzania, and Ethiopia are expected to be the main source countries for the rest of the countries in the region. Prices are projected to follow seasonal trends and remain higher than last year and recent five-year average levels because of increased costs of production and transport (**Figure 13**). However, in South Sudan, prices are expected to be significantly higher than last year, and the 2017-2021 average levels as currency depreciation and higher fuel prices result in increased transport costs.

Regional livestock trade is projected to increase in the first quarter of 2023 as traders take in animals for fattening and re-exports to the Middle East for religious festivities in March and July. The prices are expected to trend seasonally depending on rangeland conditions. Still, they remain below last year's and 2017-2021 average levels because of poor animal body conditions (**Figure 13**), except in Sudan, where high inflation and production costs are expected to be passed along the value chain sustaining above-average prices. The prices are expected to increase in the first half of 2023 as the stocking and fattening of animals for exports to the Middle East picks up.



## ANNEX

Table 1: Cross-border trade between October and December 2022 among selected country pairs:  
Key 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	11,599	-59%	-86%	-71%	▼	▼	▼
	Uganda - Kenya	73,855	455%	2571%	115%	▲	▲	▲
	Tanzania - Kenya	61,820	-60%	-6%	67%	▼	▼	▲
	Tanzania - Rwanda	3,525	71%	-15%	-95%	▲	▼	▼
	Ethiopia - Kenya	3,438	114500%	1761%	2857%	▲	▲	▲
	Ethiopia - Somalia	5,764	326%	219%	325%	▲	▲	▲
	Kenya - Tanzania	1,572	22%	2338%	-66%	▲	▲	▼
Sorghum	Uganda - South Sudan	7,319	-78%	-91%	-76%	▼	▼	▼
	Uganda - Kenya	12,498	180%	710%	231%	▲	▲	▲
	Uganda - Rwanda	2,458	-38%	81839%	95%	▼	▲	▲
	Ethiopia - Djibouti	6	-20%	124%	116%	▼	▲	▲
	Ethiopia - Somalia	5,072	374%	302%	424%	▲	▲	▲
	Somalia - Djibouti	1,295	-15%	-78%	-25%	▼	▼	▼
	Sudan - South Sudan	3	-100%	-98%	-100%	▼	▼	▼
	Sudan - Eritrea	3	-98%	-97%	-100%	▼	▼	▼
Rice	Uganda - South Sudan	17,989	-31%	-77%	-44%	▼	▼	▼
	Tanzania - Kenya	5,305	-61%	-78%	-72%	▼	▼	▼
	Tanzania - Rwanda	1,255	-56%	-73%	-95%	▼	▼	▼
	Somalia - Kenya	2,212	37%	20%	-8%	▲	▲	▼
	Somalia - Ethiopia	37,616	177%	144%	264%	▲	▲	▲
	Tanzania - Burundi	2,533	343%	227%	85%	▲	▲	▲
Beans	Uganda - South Sudan	6,344	-70%	-89%	-68%	▼	▼	▼
	Uganda - Kenya	24,615	141%	194%	-52%	▲	▲	▼
	Uganda - DRC	2,715	90387%	90387%	53%	▲	▲	▲
	Tanzania - Kenya	10,871	167%	254%	411%	▲	▲	▲
	Ethiopia - Kenya	2,754	733%	309%	-39%	▲	▲	▼
	Ethiopia - Sudan	2,323	276%	77343%	-53%	▲	▲	▼
Camels	Somalia - Kenya	717	37%	-28%	25%	▲	▼	▲
	Ethiopia - Somalia	16,948	45%	39%	55%	▲	▲	▲
Cattle	Somalia - Kenya	8,945	6888%	7816%	324%	▲	▲	▲
	Ethiopia - Somalia	35,189	28%	-13%	15%	▲	▼	▲
Goats	Somalia - Kenya	8,524	37%	90%	124%	▲	▲	▲
	Ethiopia - Somalia	79,119	51%	51%	55%	▲	▲	▲
Sheep	Somalia - Kenya	4,272	137%	200%	358%	▲	▲	▲
	Uganda - South Sudan	21,245	89%	141%	603%	▲	▲	▲

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

