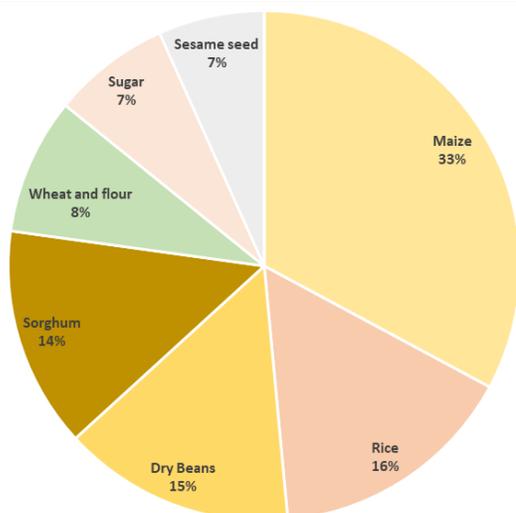


SUMMARY POINTS

Figure 1: Main Staple Food Commodities Informally Traded Across Selected Borders in Eastern Africa in the first quarter of 2017.

Source: FEWSNET and EAGC



- Maize grain was the most informally traded commodity in Eastern Africa in the first quarter of 2017 accounting for 33 percent of total trade, but volumes traded in the region were lower when compared to 2013-2016 average due to tight supplies following below average harvests across most countries.
- Locally produced rice displaced dry beans as the second most traded commodity in the region as Tanzania traders continued to move away from mixing Asian and Tanzania's rice, which had attracted higher East Africa Community external tariff.
- Trade in dry beans declined in the first quarter as most supplies tightened early following below average harvests in main producing Uganda.
- Re-exports of sugar, wheat and wheat flour in the region were mixed, increasing in eastern Kenya due to high prices of substitute commodities, and declining in eastern Ethiopia due to intensive food assistance that reduced demand.
- Sesame seeds, which are mostly exported from Ethiopia to Sudan, continued to increase seasonably in the first quarter of 2017 as supply from the October-to-January harvest in Ethiopia continued to enter the market.
- Livestock trade in the region was mixed with exports from Ethiopia to Somalia declining because of poor animal body conditions, but exports from Somalia to Kenya increasing unseasonably because of rapid destocking following expectations of poor forthcoming April-to-July rains.

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 East 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

	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.

EAST AFRICA MAIZE AND SORGHUM PRICE SUMMARIES

The lowest maize prices in the region are in markets in Ethiopia, followed by Uganda, Kenya, and finally Rwanda. The highest maize prices are in markets in Burundi, followed by South Sudan, then Somalia, and finally Tanzania. Although maize prices have been following seasonal trends between January and March 2017 across most key consumption markets in the regional capital cities, they are significantly above the 2016 and the recent five year average levels particularly in Bujumbura, Nairobi, Dar es Salaam and Kampala. See Figures 2. This is attributed to below average harvests between May 2016 and March 2017, reduced domestic market supply and regional cross-border trade, speculative trading, and for the East Africa Community, a high common external tariff that prevents competitive imports of maize from overseas. Maize prices in Addis Ababa were similar to 2016 but slightly below the 2012-2016 average prices in January and February of the first quarter of 2017, then increased to above or near average in March (see figure 3) because of average October-to-January (*Meher*) harvest that followed an earlier 2015/2016 below average *Meher* harvest. The relatively lower prices in Addis Ababa, were further strengthened by massive imports of wheat during the 2016 drought period that reduced prices of substitute commodities including maize and sorghum, resulting in prices below the recent five year average levels.

The lowest sorghum prices in the region are in markets in Uganda, followed by Kenya, then Sudan. The highest sorghum prices are in markets in South Sudan, followed by Burundi, then Somalia. Sorghum prices in the main producing Sudan and Ethiopia remained relatively flat between January and March 2017, but 2016 prices. Prices in Ethiopia were above 2012-2016 average levels while in Sudan, the prices were similar to the recent five year average prices. See Figures 4 and 5. This was attributed to average and above average October-to-January harvests in Ethiopia and Sudan respectively. However, in Uganda and other countries in the region including Burundi, Kenya, Tanzania, South Sudan, and Somalia, the prices were above last year levels due to below average production, expectations of below average oncoming harvests, reduced market supply and cross-border trade.

Figure 2: Nairobi (Kenya) Wholesale Maize Prices
Source: Ministry of Agriculture and Livestock

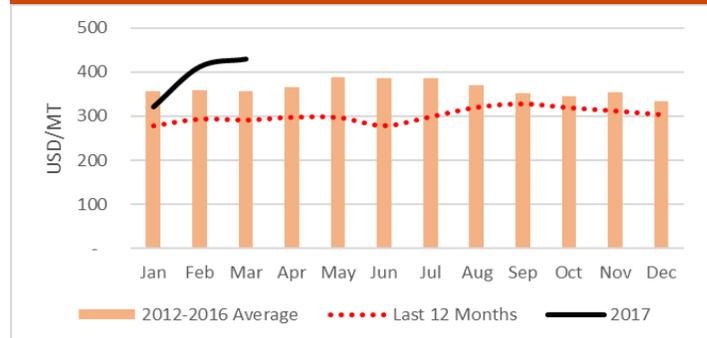


Figure 3: Addis Ababa (Ethiopia) Wholesale Maize Prices
Source: EGTE

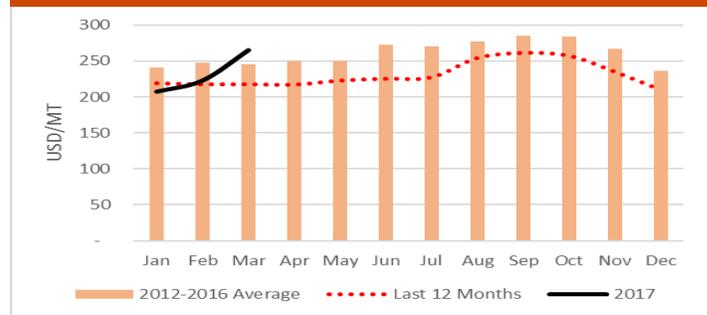
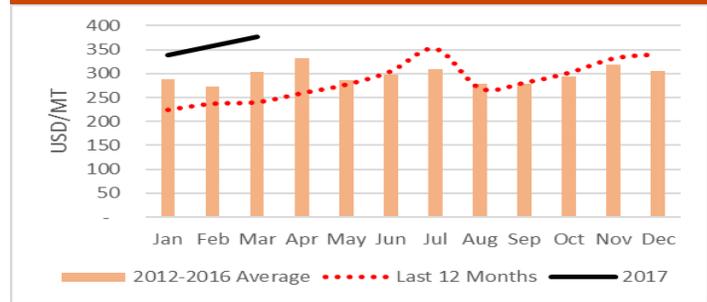
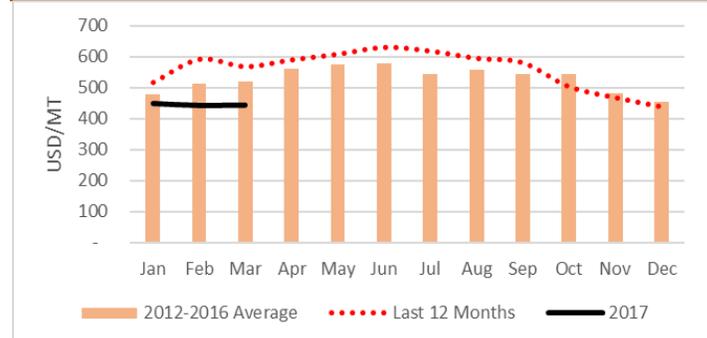


Figure 4: Kampala (Uganda) Wholesale Sorghum Prices
Source: Farmgain



Sorghum Prices Source: FAMIS/FEWSNET



THE STATUS OF CROSS BORDER TRADE IN THE FOURTH QUARTER (JAN-MAR) OF 2017

Maize: In the first quarter of 2017 (January-to-March) about 88,000 MT of maize grain was traded in the Eastern Africa region. Usually the first quarter cross-border trade accounts for 30 percent of the total commerce between June and July production and marketing year. The total amount of maize grain traded in the region by March 2017 for the July 2016 to June 2017 production and marketing period, was 426,000 MT which was 66 percent below the recent four-year average, attributable to exceptional tight supplies because of below average harvest in most countries, and uncertainty in cross-border trade caused by unclear government policies on overseas imports and cross-border exports when domestic availability is limited. Of the total amount traded in the first quarter of 2017, 44, 37, 12 and five percent were destined for Kenya, Tanzania, South Sudan, and Rwanda respectively.

Uganda was the main maize grain exporter accounting for 40 percent of the total regional maize exports, followed by Kenya, Ethiopia, and Tanzania at 38, 11, and six percent respectively. Uganda maize exports to Kenya (25,000 MT) increased exceptionally between the fourth quarter of 2016 (October-to-December) and the first quarter of 2017 because of rising prices following substantial and early tightening of supplies in Kenya occasioned by below average Long (October-to-January 2016) and Short (February-to-March 2017) harvests. See Figure 6. Nevertheless, 2017 first

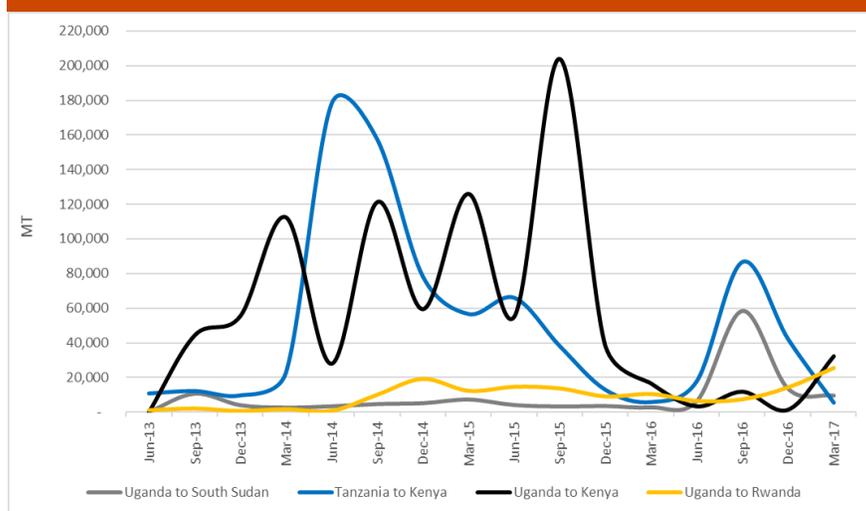
quarter exports to Kenya were 66 and 64 percent lower than 2016 first quarter and four year average levels because of significant tightening of supplies in Uganda which also had below average harvests in 2016.

Exports from Uganda to South Sudan (9,000 MT) and Rwanda (4,500 MT) declined seasonably between 2016 fourth quarter and 2017 first quarter because of availability of local supplies. The volumes exported to South Sudan were two times higher than 2016 first quarter, showing a gradual recovery of exports to South Sudan that were adversely affected after the eruption of domestic conflict in late 2013. However, the volumes were still 91 percent below the four-year average level because of conflict-related disruption in trade, non-functioning of some markets, low purchasing power, and increasing dependence on food assistance. Exports to Rwanda (4,500 MT) were 23 percent higher than 2016 first quarter due to high demand, but still 38 percent lower than the four-year average level because of tight supplies in Uganda. Maize grain exports from Tanzania to Kenya (5,500 MT) declined typically before the main harvest starting in May through August. Still the volumes traded were two and a half times higher than 2016 first quarter, but 77 percent below the four year average levels because of extraordinary tight supplies in Tanzania. Exports from Kenya to northern Tanzania and Dar es Salaam increased seasonably due to typical

tight supplies in Tanzania in the first quarter. However, the volumes exported were unseasonably higher, 68 percent more than the previous 2016 fourth quarter, similar to 2016 first quarter, but four times higher than the four year average levels because of rapid tightening of supplies in Tanzania following another below average January-to-February harvest, and initial uncertainties about the performance of the November-to-February (*Msimu*) rains.

Exports from Ethiopia to northern and northeastern Kenya (8,300 MT) were typically similar to 2016 fourth quarter but exceptionally higher than 2016 first quarter and four year average levels, due to high

Figure 6: Quarterly Sum of Formal and Informal Cross-border Trade of Maize Grain in Main Trade Corridors in Eastern Africa.
Source: FEWS NET and EAGC



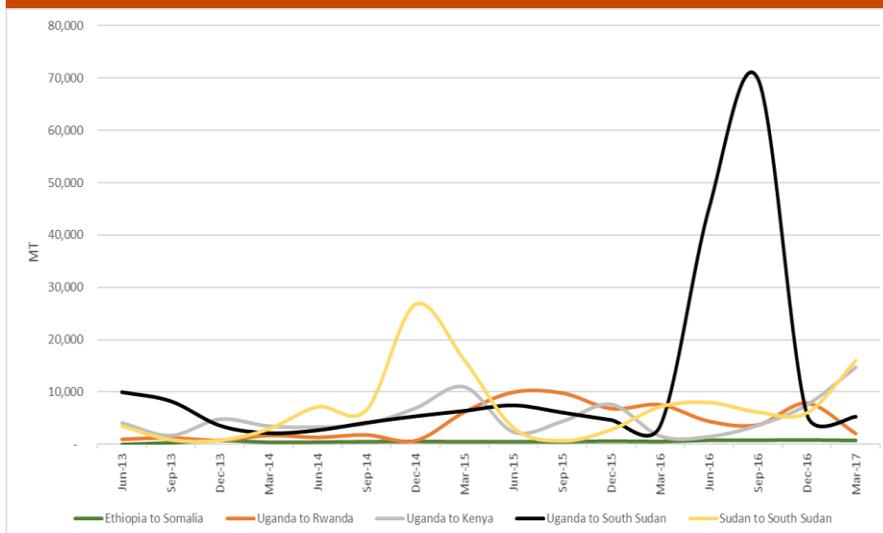
demand in these areas of Kenya following reduced supply and relatively higher prices from source markets within Kenya. Exports from Ethiopia to Somalia (860 MT) reduced typically due to limited availability from the January-to-February (*Dyer*) harvest, but were still higher than 2016 first quarter and recent four year average levels because of below average harvest in Somalia. While first quarter exports (540 MT) from Ethiopia to eastern markets of South Sudan were seasonably similar to 2016 fourth quarter because of limited availability of local produce following the October-to-February harvests, the volumes exported were higher than 2016 first quarter and 2013-2016 average volumes due to conflict-related disruptions of supplies from the main collection market of Juba in South Sudan.

Sorghum: Approximately 40,000 MT of sorghum was traded in the Eastern Africa region in 2017 first quarter, which was 36 percent of the four year average volumes. The first quarter on average accounts for 38 percent of the total cross-border trade during a July-to-June production and marketing year. Approximately 150,000 MT of sorghum has been traded during the July 2016 to June 2017 production and marketing year which is 11 percent below the four year average levels. South Sudan, Kenya, and Eritrea accounted for 41, 29 and 22 percent of the total imports of sorghum traded in the region.

The main sorghum exporting countries in the region were Sudan and Uganda, accounting for 53 and 43 percent respectively. Sorghum exports from Sudan to South Sudan (16,000 MT) increased seasonably between 2016 fourth quarter and 2017 first quarter (see Figure 7) but were exceptionally greater, 58 percent above 2016 first quarter and one and half times greater than the four-year average. These high volumes of sorghum exports to South Sudan were attributed to above average harvest in Sudan, below average harvest, and conflict-related disruption of supplies from the main producing Greater Equatoria region in the south as well as imports from Uganda. Exports to Eritrea (11,500 MT) were exceptional but still below last year and four year average. Sorghum exports from Uganda to South Sudan (5,300 MT) declined atypically by eight percent between the 2016 fourth quarter and 2017 first quarter, and were 22 and 93 percent lower than the 2016 first quarter and four year average volumes.

However, sorghum exports from Uganda to Kenya (15,000 MT) were atypically higher than the previous fourth quarter, 2016 first quarter, and four year average levels because of relatively higher prices in Kenya amidst high demand for home consumption and brewing. Exports from Uganda to Rwanda (2,000 MT), and Ethiopia to Somalia (695 MT) followed the same trend as that of maize for the same reasons.

Figure 7: Quarterly Sum of Formal and Informal Cross-border Trade of Sorghum Grain in Main Trade Corridors in Eastern Africa. Source: FEWS NET and EAGC



Rice: Cross border trade in mostly locally produced rice in Eastern Africa was around 57,000 MT in the first quarter of 2017. Usually, first quarter trade accounts for 22 percent of the trade, while the second quarter represents 25 percent. By March 2017, the estimated total regional trade in local rice between July 2016 and June 2017 was 228,000 MT, which like sorghum, was 11 percent lower than the 2013-2016 average. Of the total rice traded in the region Kenya, Rwanda, Ethiopia, and South Sudan accounted for 40,26, 15 and 12 percent respectively.

The main rice exporting country in the region in the first quarter of 2017 was Tanzania representing 64 percent of the

total exports, followed by Somalia at 21 percent which were mainly re-exports of rice imported from overseas, and then Uganda at 12 percent.

Exports of rice from Tanzania to Kenya (19,600 MT) and Uganda (3,000 MT) in the first quarter declined seasonably by 22 and 66 percent from the previous 2016 fourth quarter because of local availability as well as accessibility of substitute commodities following October 2016 to February harvests which were below average. Rice exports to Rwanda (14,800 MT) from Tanzania were atypically higher than the previous quarter due to exceptional scarcity in Rwanda of substitute commodities, a substantial portion of which is imported from Uganda which also had below average harvest. Rice exports to both Uganda and Rwanda were exceptionally higher than 2016 first quarter and four year average volumes because of increased supplies as Tanzania traders increasingly traded on locally produced rice (as opposed to mixed Asian and Tanzanian rice), which was not taxed at the higher East Africa common external tariff.

Exports from Tanzania to Kenya were nine percent lower than last year stemming from tight supplies in Tanzania but still 44 percent higher than four year average levels caused by high demand and relatively higher prices in Kenya. Rice exports from Uganda to South Sudan were unseasonably like the previous

fourth quarter instead of increasing due to conflict related trade disruptions, but still 41 percent higher than last year but 81 percent lower than then recent four year average volumes for reasons explained earlier for maize.

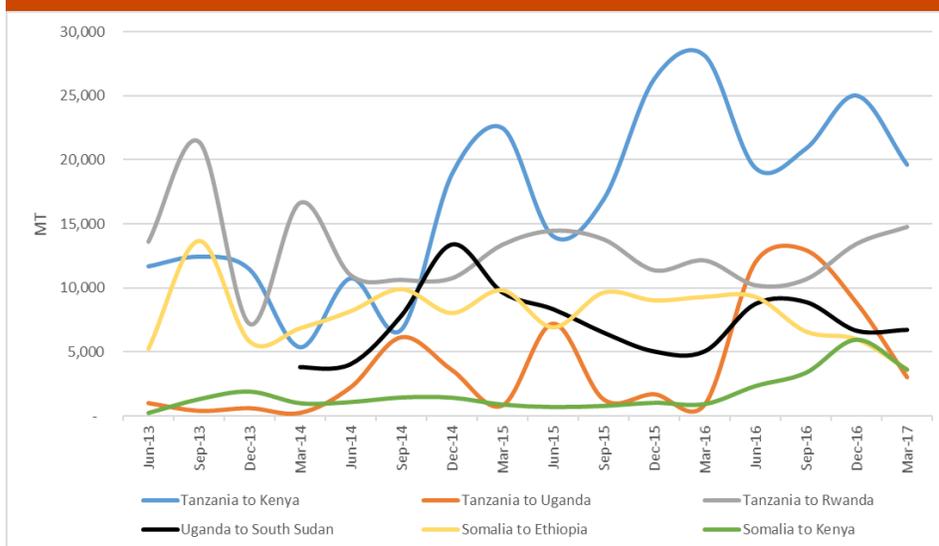
Re-exports of rice imported from overseas from Somalia to eastern Ethiopia (8,000 MT) and Kenya (3,600 MT) increased seasonably by 15 and 47 percent respectively following increased seasonal imports during the northeast monsoon in Somalia, and better inland road conditions during the January-to-March dry season. The re-imports into northeastern Kenya were considerably higher than 2016 first quarter and 2013-2016 average level because of high demand amidst increasing prices of maize following below average harvest. Re-exports to Somali region of Ethiopia were 26 percent lower than 2016 first quarter, and 13 percent higher than four-year average level because of relatively lower substitute prices and reduced demand occasioned by food assistance.

Dry Beans: Nearly 47,000 MT of dry beans were traded in Eastern Africa region in the first quarter of 2017. Usually, 31 percent of dry beans are traded in the first quarter which is the highest of any quarter between the July-to-June production and marketing year. By March of 2017 an estimated 160,000 MT of dry beans had been traded between July 2016 and June 2017, representing 55 percent of 2013-2016

average volume, for the same reasons explained earlier for maize. Kenya, Uganda, Sudan, and South Sudan accounted for 73, 11, five, and five percent respectively of the total imports in the region.

Uganda, Ethiopia, and Rwanda represented 65, 23 and 10 percent of the total exports in the region in the first quarter of 2016. Dry bean exports from Uganda to South Sudan (2,400 MT) declined seasonably but sharply due to conflict-related trade disruptions in South Sudan. See Figure 9. However, the exported amounts were still 88 percent higher than last year because of a very gradual

Figure 8: Quarterly sum of Formal and Informal Cross-border Trade of Rice in Main Markets Corridors in Eastern Africa. Source: FEWS NET and EAGC



improvement in trade as explained earlier for maize but still considerably lower than the four-year average.

Although exports from Uganda to Kenya (27,000 MT) increased seasonably by 36 percent between 2016 fourth and 2017 first quarters, following increased supply from the October-to December harvest, the volumes traded were 31 percent lower than both 2016 first quarter and recent four average levels because of early tightening of supplies from the below average October-to-December harvest. However, exports of beans from Ethiopia to northern and northeastern Kenya (7,400 MT) were typically like 2016 fourth and first 2016 first quarters but 27 percent higher than 2013-2016 average volume because of average October-to-January (*Meher*) harvest amidst high demand in these areas of Kenya following tight supplies from source markets within Kenya as explained earlier for maize.

Broad bean exports from Ethiopia to Sudan (3,700 MT) also increased seasonably but exceptionally between 2016 fourth and 2017 first quarters due to increased availability in Ethiopia from the recent harvest, but were still considerably lower than 2016 first quarter and 2013-2016 average volume, attributable to high inflation and depreciation of the Sudan currency reducing purchasing power and

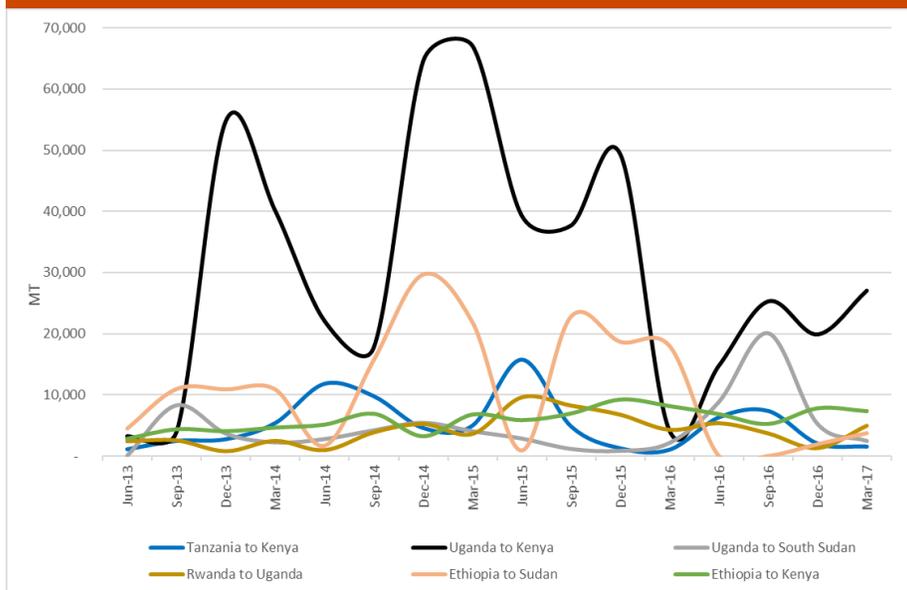
increasing the cost of imports respectively. Dry bean exports of small varieties from Rwanda to Uganda (5,000 MT) increased exceptionally in the first quarter of 2016 spurred on by high prices in the region despite below average harvest in Rwanda. Although the volumes exported were 36 percent lower than last year, they were nevertheless 31 percent above 2013-2016 average.

Livestock: While sheep exports from Somalia to Kenya (800 heads) declined seasonably by 23 percent between the 2016 fourth and 2017 first quarters, exports of goats (10,600), camels (3,000) and cattle (6,300) increased unseasonably, buoyed by heightened disposition of livestock before body conditions deteriorate following poor performance of the October-to-January (*Deyr*) rains and expectations of rapid deterioration of pasture, browse and water availability in the cause of the January-to-April dry season. Goat, cattle, and sheep exports to Kenya were 29, 57 and 12 percent lower than last year (camels two times higher), but still exceptionally higher than the four year average numbers of heads for first quarter because of rash to cash in on livestock following poor Dyer rains and expectations of another poor April-to-June (*Gu*) rains.

Goat (60,000), cattle (26,000) and camel (7,500) exports from Ethiopia to Somalia declined seasonably by up to 60 percent in the first quarter of 2016, and were reinforced by poor animal body conditions in the Somali region in eastern Ethiopia because of poor October-to-December rains. Livestock exports from Ethiopia to Somalia were up to 36 and 69 percent lower than 2016 first quarter and four-year average number of heads.

Sheep export from Uganda to South Sudan declined seasonably but were up to 90 percent lower 94 percent lower than last year and four-year average due to conflict related disruptions in trade.

Figure 9: Quarterly sum of Formal and Informal Cross-border Trade of Dry Beans in Main Markets Corridors in Eastern Africa. Source: FEWSNET and EAGC



CROSS BORDER TRADE OUTLOOK APRIL TO SEP 2017

Availability of maize in **Eastern Africa** is expected to improve because of upcoming May-to-August (*Msimu*) harvest in the main producing southern Tanzania region, the June-to-July harvests in Uganda, Rwanda, Burundi, July-to-September harvests in parts of Kenya, Somalia, and South Sudan. Still the harvest forecasts vary from below to near average due to mixed rainfall performance and crop infestation by the Fall Armyworm (*Spodoptera frugiperda*). Prices are expected to decline seasonably in many parts of the region from June, but the decrease in prices will likely be moderated by high domestic and regional demand to replenish depleted stocks. There is a high likelihood of trade in low quality maize because of a rush to cash in on the early harvest while prices are high. Consequently, there is a high likelihood of high levels of aflatoxin in most of the maize that will be traded early in the season. Sorghum availability is expected to remain high because of average harvests in Ethiopia and above average harvests in Sudan but supplies to other regional markets will most likely be compromised by trade disruptions in conflict affected South Sudan which is one of the main consumption markets for sorghum.

In **Sudan**, the prices of sorghum and millet are expected to continue increasing seasonably through August before starting to decline in September in as stocks are released in the market in preparation of restocking with the start of November harvest. The prices will likely remain below 2016 levels but be similar or slightly above recent five year average prices in both local currency and USD mostly due to high inflation which by March was 30.47 on an annual basis. Sorghum exports to **northern South Sudan** is expected to increase seasonably and be higher than last year but still below the recent five-year average level, attributable to insecurity-related trade disruptions, and low purchasing power.

In **Tanzania**, prices are expected to start declining seasonably but atypically steadily from May (June for Dar es Salaam) because of increasing supply from the May-to-August (*Msimu*), and imminent start of the July-to-September (*Masika*) harvest. In the second quarter, the higher prices will likely be still lower than prices in the key markets of Rwanda, Burundi, and southeastern and coastal Kenya, and are expected to be passed on to consumers in these markets, moderating the expected rapid increases in these markets in the absence of cross-border supplies. Also, if maize imports are sourced from overseas, regional demand by Kenya will decline moderating price increases in the region since Kenya is the main importer of regional grains. Dry bean prices are expected to start declining in May (April for southern Tanzania) as result of increased supplies from the expected below average *Msimu* harvest. Rice exports are expected to increase exceptionally as demand for substitutes of scarce maize increases in the region.

Due to uncertainties of the next harvest because of armyworm infestation in **Kenya**, and below average harvest in both **Kenya and Somalia**, staple grain supplies are expected to continue tighten early and faster leading to relatively higher prices in northern and northeastern Kenya; southern, central, and northern Somalia that will most likely continue to attract maize and sorghum inflows from Ethiopia but at higher prices which in turn will moderate the price increases slightly. If the Kenya government sees through its plan of importing yellow maize for animal feed, prices increases would likely ease further before the July-to-August harvest.

Staple food commodity prices in **Uganda** are expected to increase seasonably but atypically steeply through May as household and tradable stocks tighten early and fast following below average November-to-January harvest. Exports of maize and dry beans to Kenya, **South Sudan** and Rwanda are expected to continue seasonably but the volumes are still expected to well below last year and four year average levels; and the export parity prices relatively high.

Livestock prices are expected to start increasing seasonably following the start of the May-to-September rains as animal body conditions improve because of availability of water, pasture and browse especially in South-eastern Ethiopia, most of Somalia, Northern and North-eastern Kenya. Regional trade in livestock, especially exports to from Ethiopia to Somalia are anticipated to increase because of fattening and preparations for re-exports to the Gulf for Ramadan and Hajj religious festivities.

CROSS BORDER TRADE ANNEX JANUARY TO MARCH 2016

Commodity	Trade Flow Corridors (source destination)	Trade Volumes in MT	% Change			Historical Comparison		
			Last Quarter	Last Year	4 Year Average	Last Quarter	Last Year	Average
Maize	Uganda - South Sudan	9,391	-30%	242%	-91%	▼	▲	▼
	Uganda - Kenya	25,441	1704%	-66%	-64%	▲	▼	▼
	Tanzania - Kenya	5,474	-87%	237%	-77%	▼	▲	▼
	Ethiopia - Kenya	8,276	-4%	2726%	1381%	▶	▲	▲
	Ethiopia - Somalia	895	-32%	28%	24%	▼	▲	▲
	Kenya - Tanzania	32,292	68%	2%	401%	▲	▶	▲
	Uganda - Rwanda	4,474	-69%	23%	-38%	▼	▲	▼
Sorghum	Uganda - South Sudan	5,297	-8%	-22%	-93%	▼	▼	▼
	Uganda - Kenya	14,788	96%	137%	209%	▲	▲	▲
	Uganda - Rwanda	2,020	-74%	16%	-53%	▼	▲	▼
	Ethiopia - Somalia	695	-11%	39%	70%	▼	▲	▲
	Somalia - Djibouti	26	-52%	-58%	-94%	▼	▼	▼
	Sudan - South Sudan	15,966	167%	58%	142%	▲	▲	▲
Rice	Uganda - South Sudan	6,730	1%	41%	-81%	▶	▲	▼
	Tanzania - Kenya	19,609	-22%	-9%	44%	▼	▼	▲
	Tanzania - Rwanda	14,797	10%	61%	46%	▲	▲	▲
	Somalia - Kenya	3,638	15%	345%	200%	▲	▲	▲
	Somalia - Ethiopia	8,778	47%	-26%	13%	▲	▼	▲
	Tanzania - Burundi	722	-5%	-33%	-23%	▶	▼	▼
Beans	Uganda - South Sudan	2,414	-54%	88%	-91%	▼	▲	▼
	Uganda - Kenya	27,085	36	-31%	-31%	▲	▼	▼
	Tanzania - Kenya	1,568	-24%	184%	-53%	▼	▲	▼
	Ethiopia - Kenya	7,364	-6%	-4%	27%	▼	▶	▲
	Ethiopia - Sudan	3,743	93%	-87%	-80%	▲	▼	▼
	Rwanda - Uganda	4,996	276%	-56%	31%	▲	▼	▲
Camels	Ethiopia - Somalia	7,480	-60%	-35%	-69%	▼	▼	▼
	Somalia - Kenya	3,051	613%	-57%	473%	▲	▼	▲
Cattle	Ethiopia - Somalia	26,236	-21%	-14%	-36%	▼	▼	▼
	Somalia - Kenya	6,317	0%	185%	76%	▶	▲	▲
Goats	Ethiopia - Somalia	59,455	-3%	-38%	-10%	▶	▼	▼
	Somalia - Kenya	10,566	110%	-29%	63%	▲	▼	▲
Sheep	Uganda – South Sudan	387	-50%	-90%	-94%	▼	▼	▼

Figure 10: cross-borders points monitored by FEWS NET and East Africa Grain Council in Eastern Africa by March 2017

