

EAST AFRICA CROSSBORDER TRADE BULLETIN

FSNWG Food Security & Nutrition Working Group

April 2022

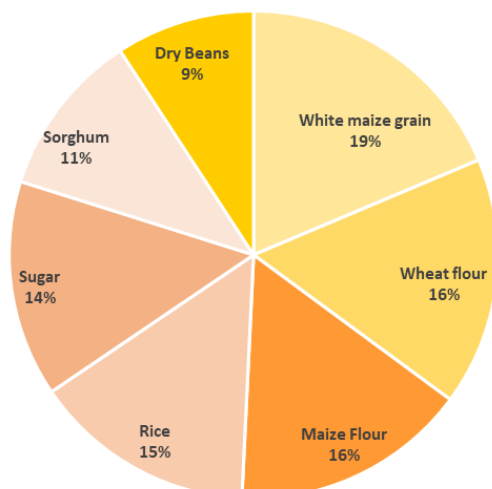
MAS Market Analysis Subgroup

Volume 37

SUMMARY POINTS

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

Source: FEWSNET and EAGC



- Maize grain remained the most traded commodity in the region in the first quarter of 2022 between January and March as shown in Figure 1. Wheat and maize flour surpassed dry beans as the second and third most traded commodities in the region while, rice, sugar, and sorghum were significantly traded.
- Regional trade in maize, sorghum, rice, and dry beans was above average driven by above-average prices in deficit countries including Kenya, Rwanda, Burundi, Somalia, South Sudan, Eritrea, and Djibouti which attracted supplies from the main surplus countries of Tanzania, Uganda, and Ethiopia.
- The prices of staple food commodities followed seasonal patterns but were elevated because of below-average harvest, supported by high inflation as COVID-related pent-up demand drove up prices, in addition to high oil, wheat, and flour prices due to the Ukraine-Russia conflict.
- Livestock trade between Ethiopia and Somalia declined because of a prolonged drought that reduced the number of quality animals in the market, but trade increased between Somalia and Kenya due to demand by large ranches for animal fattening for the April-to-July religious festivities.

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

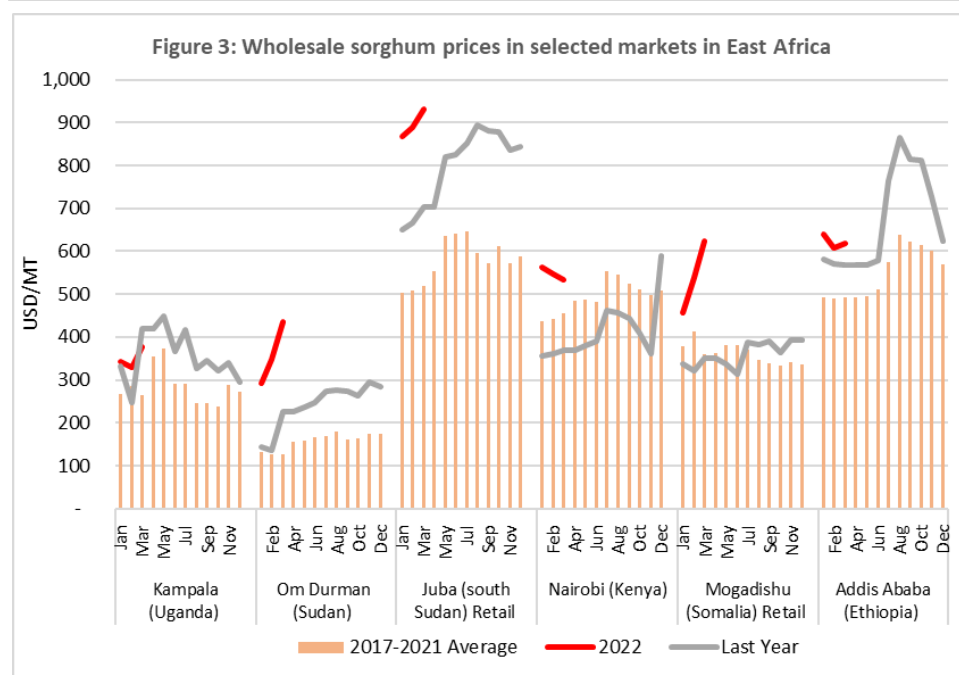
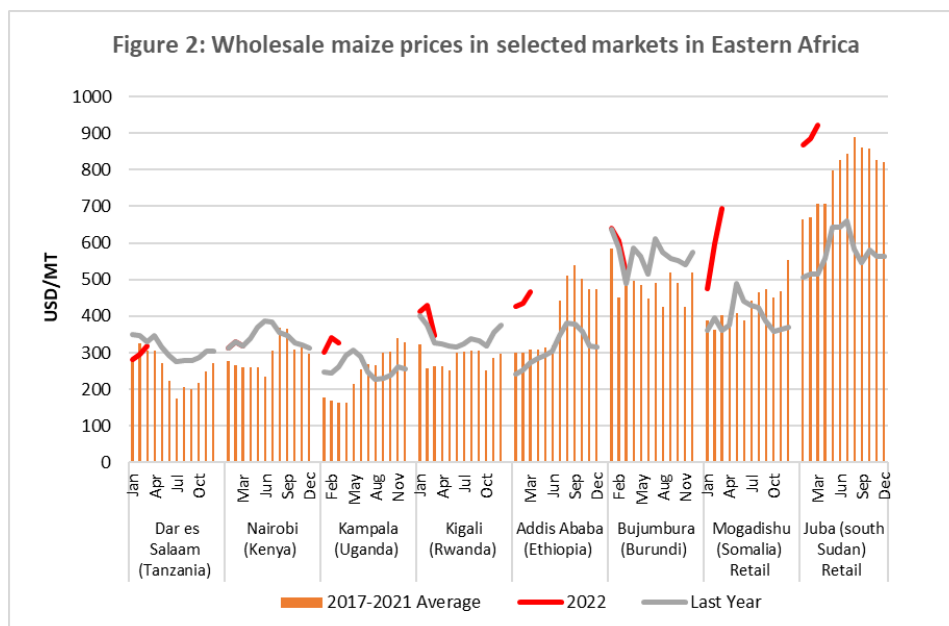
	Maize & Maize Flour: Ethiopia, southern Somali, South Sudan, Kenya, Uganda and Tanzania
	Beans: Consumed throughout East Africa
	Wheat & Wheat Flour: Consumed throughout East Africa and is particularly important in urban areas
	Rice: Consumed throughout East Africa
	Sorghum & Sorghum Flour: Sudan, South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



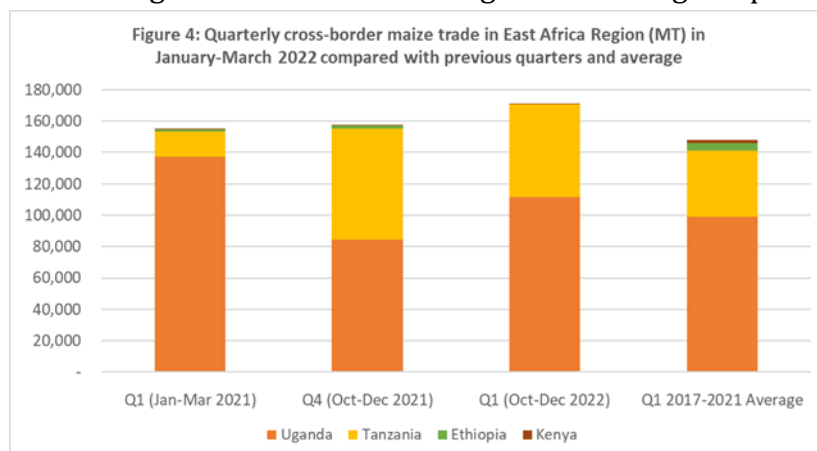
PRODUCTION AND MARKETING IN EAST AFRICA JANUARY TO MARCH 2022

Maize grain prices (**Figure 2**) in USD followed seasonal patterns in Kenya, Ethiopia, Rwanda, Burundi, Sudan, and South Sudan. The prices increased atypically in the first quarter of 2022 in Tanzania and Uganda because of increased domestic and regional demand following below-average harvest, and in Somalia because of the third consecutive below-average harvest. Similarly, sorghum prices (**Figure 3**) followed seasonal patterns for the reasons mentioned above only that in Kenya, increased regional supplies exerted downward pressure on prices. Both maize and sorghum prices were mostly higher than last year and recent five-year average levels because of the below-average harvest, supported by the depreciation of local currencies in 2022 as imports increased to meet demand after the removal of COVID-19 measures, high inflation, and high costs of oil, wheat, and flour occasioned by the conflict between Russia and Ukraine.

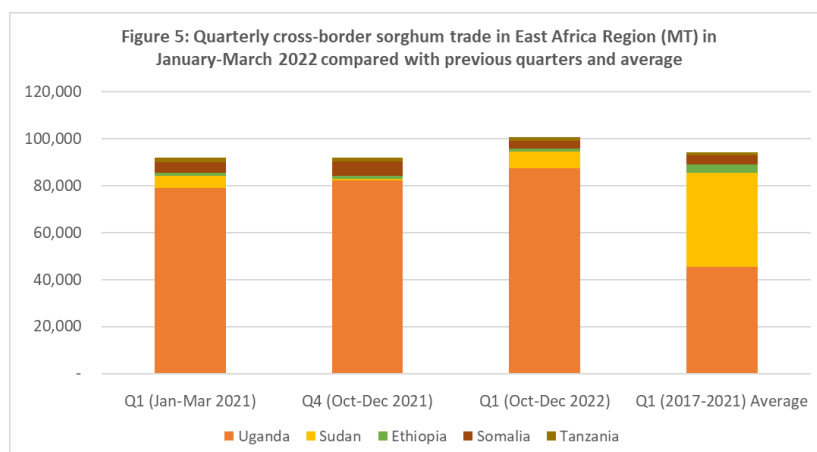


THE STATUS OF CROSS BORDER TRADE IN THE FIRST QUARTER (JAN-MAR) OF 2022

In the first quarter of 2022 (between January and March), around 257,000 MT of **maize** was traded in the East Africa Region. The traded quantities were 14, 10, and 25 percent higher than the previous quarter, first quarter of last year, and the recent five-year average of first quarters respectively, attributable to the below-average harvest amid high demand (**Figure 4**). Uganda and Tanzania accounted for 65 and 34 percent of the total exports while South Sudan and Kenya represented 57 and 40 percent of the total imports, respectively. Uganda's exports to South Sudan were 13 percent above average as the trading corridor continued to grow following the peace agreement in South Sudan, albeit with high risks of insecurity. Tanzania's exports to Kenya were 126 percent above average as Kenya continued to fill the supply deficit stemming from below-average production in 2021/2022. However, exports from Uganda to Kenya were 74 percent below average because of reduced production in Uganda and higher prices in South Sudan diverted trade from Kenya. Similarly, maize exports from Ethiopia to Somalia were above average due to increased demand following three consecutive seasons of below-average harvest.



Approximately 46,000 MT of **sorghum** were traded in the East Africa region in the first quarter of 2022. The volumes traded were nine, 25, and 117 percent higher than the last quarter, the first quarter of last year, and the recent five-year average of first quarters respectively (**Figure 5**). Uganda and Sudan accounted for 87 and seven percent of the total regional exports while South Sudan represented 85 and Eritrea five percent of all regional imports correspondingly. The increased exports from Uganda to South Sudan were attributed to improved market access by Ugandan traders or commodities after the signing of the peace agreement in South Sudan that reduced clashes and opened markets in the state capitals. The increased exports to South Sudan were also supported by the below-average harvest that reduced domestic supply and the concomitant higher prices attracted inflows from Uganda. Exports from Ethiopia to Somalia, South Sudan, Sudan to Eritrea, and Somalia to Djibouti were also above average attracted by relatively higher prices in the destination markets because of below-normal production.



An estimated 145,000 MT of locally produced **rice** and around 13,000 MT of international re-exports from Somalia were traded in the region in the first quarter of 2022. The volumes traded were four, 85, and 116 percent higher than the last quarter, the first quarter of 2021, and the recent five-year average of first quarters respectively (**Figure 6**). Uganda, Tanzania, and Somalia represented 64, 23, and 13 percent of the exports while South Sudan, Kenya, Ethiopia, and Uganda accounted for 64, 12, 12, and eight percent of the imports respectively. The increase in trade was due to above-average Tanzanian and Ugandan exports to Kenya, pulled by higher prices in Kenya because of decreased supply from the below-average harvests. Rice exports to South Sudan increased as below-average harvests drew up prices in South Sudan. As a result, exports of both locally produced

Ugandan rice and re-exports of rice from Tanzania to South Sudan increased. Re-exports from Somalia to eastern Ethiopia were above average because of the below-average harvest of sorghum and maize, supported by increasing the costs of transport from the main food-producing western and central parts of Ethiopia due to high inflation. Rice exports from Tanzania to Burundi also increased because of reduced supply and higher prices stemming from the below-average production in 2021-2022.

In the first quarter of 2022, approximately 83,800 MT of **dry beans** were traded in the region. The volumes traded were six and 16 percent higher than the previous quarter, and the recent five-year average of first quarters but 12 percent lower than last year's exceptional first quarter (**Figure 7**). Ugandan exports accounted for 94 percent of the total regional exports while South Sudan and Kenya represented 77 and 19 percent of the total imports, respectively. While regional trade declined seasonably across most trading corridors in the region, exports from Uganda to South Sudan surged for reasons mentioned earlier including below-average harvest, the opening of markets after the signing of the peace agreement in South Sudan, high risks but attractive returns to trade. Exports from Tanzania to Burundi were also above average attracted by relatively higher prices as the ongoing ban on regional maize imports reduced supply, and uplifted other food commodity prices.

Regional livestock trade remained mixed. While the volumes of goats and cattle traded between Somalia and Ethiopia declined by 14 and 11 percent from the last quarter respectively (**Figure 8**) because of reduced market supply stemming from depreciated animal body conditions and livestock deaths from lack of feed and water as the 2021-2022 drought continued. Goat exports from Ethiopia to Somalia were 12 percent below recent five-year average levels. The volumes traded were still similar to last year's quarter and 29 and 11 percent higher than the recent five-year average of the first quarter as traders started the fattening animals for the April-to-July religious festivities within the region and exports to the Middle East thus moderating price declines which were expected to be precipitous. Goat and cattle trade from Somalia to Kenya was higher than the last quarter, last year's first quarter and the recent five-year average for the first quarter as livestock keepers tried to offload animals for fattening which is increasingly carried out in the coastal marginal agricultural areas in large commercial ranches.

Figure 6: Quarterly cross-border rice trade in East Africa Region (MT) in January-March 2022 compared with previous quarters and average

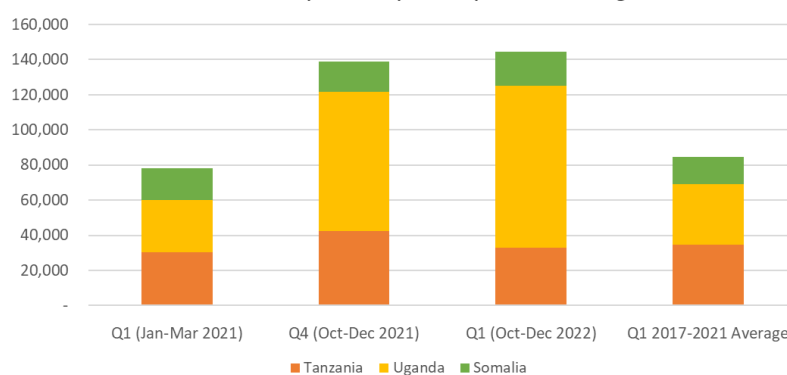


Figure 7: Quarterly cross-border dry beans trade in East Africa Region (MT) in January-March 2022 compared with previous quarters and average

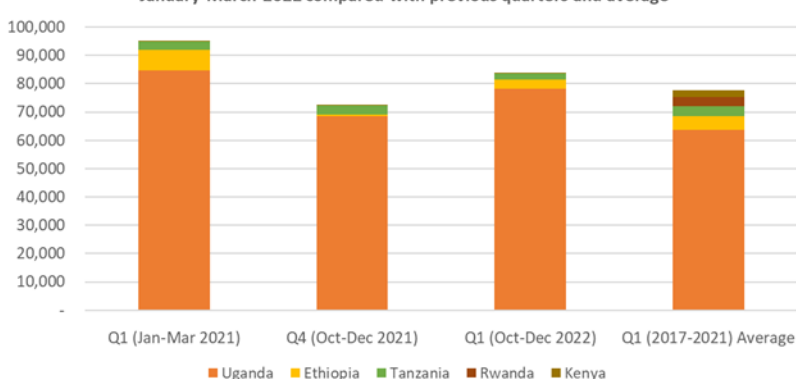
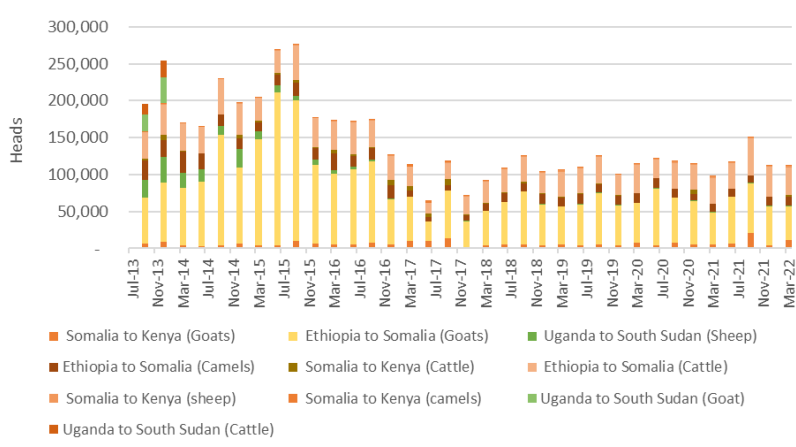


Figure 8: Livestock trade in selected cross border routes through March 2022.

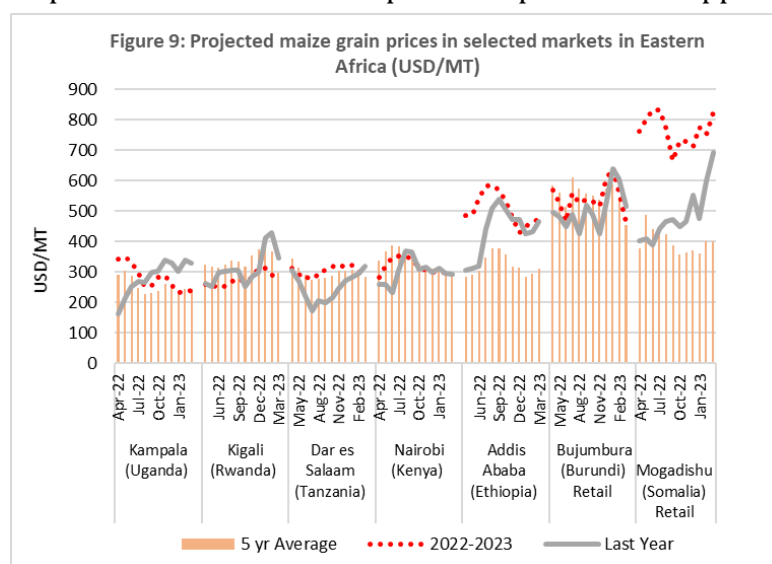


CROSS BORDER TRADE OUTLOOK APRIL TO SEPTEMBER 2022

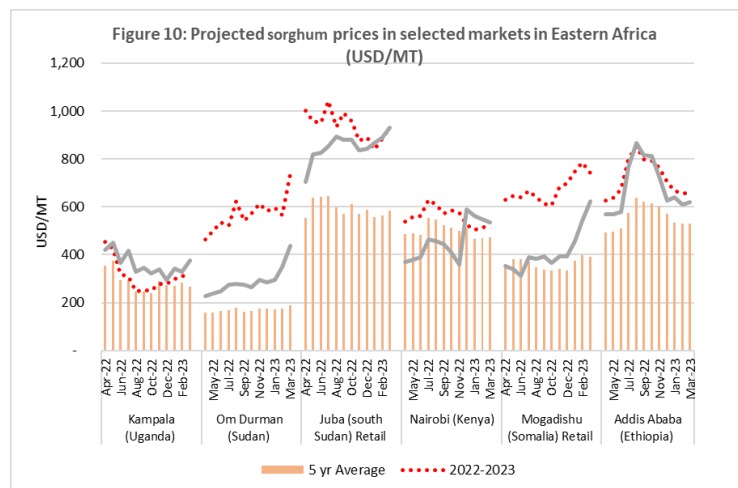
The analysis in this section uses staple food commodity parity price trends (expressed in US dollars per MT) the results of which may be different when analysed in local currencies. Some cross-cutting expectations include:

- Regional trade is expected to increase in 2021/2022 despite below-average harvest in many countries as regional supplies from surplus countries flow to deficit areas. Prices are expected to be above average in most countries due to below-average production amid strong demand.
- 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. Similarly, poor economic conditions are expected to further sustain higher prices in Sudan and Ethiopia.

From April through June 2022, comparative lower **maize** prices in Tanzania are expected to push more supplies to the Kenyan market where prices are projected to be high (**Figure 9**). As supplies tighten during the October-to-May production season in Tanzania, prices are expected to increase, squeezing the marketing margin, and result in reduced exports to Kenya. By this time, maize prices in Uganda are projected to be relatively lower in the region due to increased supplies from the June to July harvest, encouraging exports to Kenya, and replacing reduced supplies from Tanzania. Maize exports from Uganda to South Sudan are expected to continue increasing through September 2022 because of attractive marketing margins despite high insecurity-related risks and costs. Also, increased exports from Uganda to Rwanda following the opening of the borders are expected to exert downward pressure on prices in Rwanda. High maize prices in Somalia due to below-average harvest will likely attract increased supplies from Ethiopia, albeit at higher prices due to below-average production in Ethiopia, especially in the eastern production areas.



Although **sorghum** production was below average in the main producing Uganda, the country still has a surplus for export. Hence, sorghum supply from Uganda to South Sudan and Kenya is expected to continue increasing through the third quarter of 2022 because of high demand and attractive prices (**Figure 10**). Exports from Sudan to the northern markets of South Sudan are also projected to continue because of higher prices in South Sudan although the flows may be affected by high costs of transport due to fuel scarcity or high prices in Sudan. Sorghum exports from Ethiopia to Somalia will likely continue but at below-average levels because of the below-average harvest in Ethiopia.



Locally produced and imported **rice** prices are expected to follow seasonal trends and remain near 2021 and five-year average levels in most markets in eastern Africa because of ample supply (**Figure 11**). Slightly above-average production in Tanzania will likely push prices below last and five-year average levels leading to increased exports to Kenya, Uganda, and South Sudan. Higher prices of maize and sorghum due to below-average prices will likely sustain higher rice prices across most markets in Somalia.

Dry bean prices are projected to follow seasonal trends in most markets in eastern Africa through September 2022 (**Figure 12**). The prices are likely to be near or lower than the 2021 levels because of expectations of a near-to-average harvest in the main producing Uganda, Rwanda, and Burundi. Dry beans are expected to flow from Uganda to Kenya, South Sudan, and Rwanda, because of relatively higher prices in the destination markets.

Goat prices in Somalia, Kenya, and eastern Ethiopia are expected to remain relatively stable but below last and recent five-year average levels because limited availability of feed and water will likely sustain depreciated animal body conditions and lower market value. Exports from Ethiopia to Somalia and re-exports to the Middle East are expected to through the end of the religious festivities in July 2022.- In Sudan, the high costs of animal feed and water as well as other production costs will likely continue to be passed on to consumers sustaining seasonal but higher prices compared to last year and the recent five-year average level. Exports of high-quality goats to the Middle East are expected to be higher through July 2022.

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

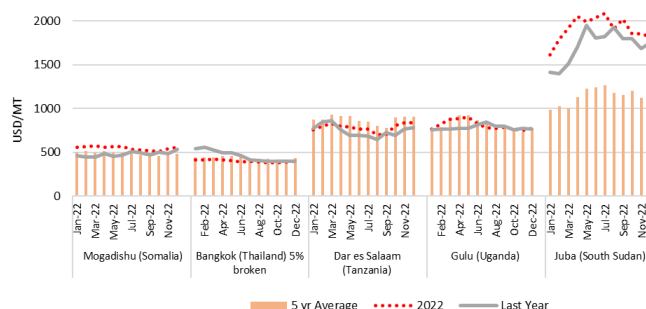


Figure 12: Projected dry bean grain prices in selected markets in Eastern Africa (USD/MT)

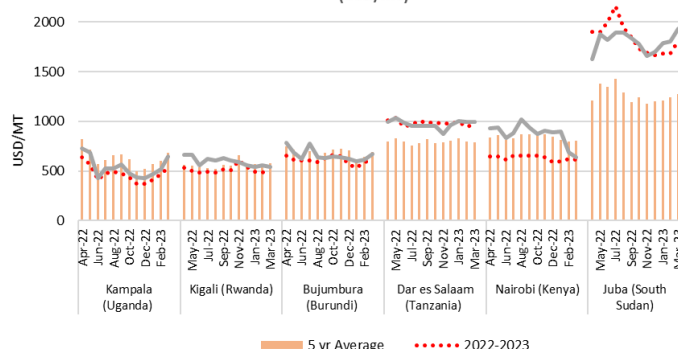
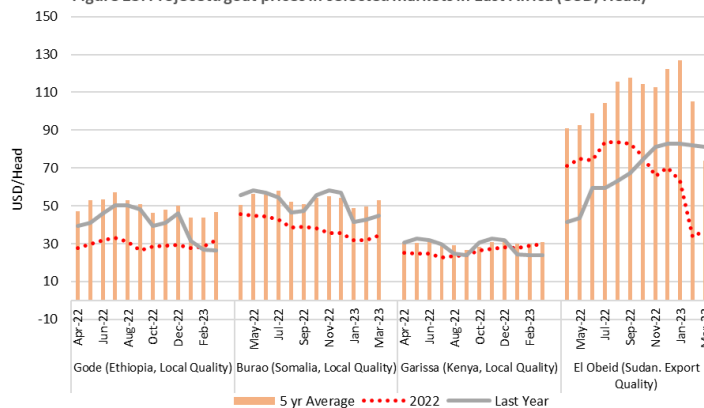


Figure 13: Projected goat prices in selected markets in East Africa (USD/Head)



ANNEX

Table 1: Cross-borders trade between January and March 2022 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	98,348	20%	128%	13%	▲	▲	▲
	Uganda - Kenya	12,836	364%	-86%	-74%	▲	▼	▼
	Tanzania - Kenya	56,686	-14%	357%	126%	▼	▲	▲
	Tanzania - Rwanda	1,988	-52%	-36%	-64%	▼	▼	▼
	Ethiopia - Kenya	245	32%	8%	-87%	▲	▲	▼
	Ethiopia - Somalia	1,984	10%	59%	55%	▲	▲	▲
	Kenya - Tanzania	0	-100%	-100%	-100%	▼	▼	▼
Sorghum	Uganda - South Sudan	84,123	4%	49%	299%	►	▲	▲
	Uganda - Kenya	3,417	121%	-85%	-65%	▲	▼	▼
	Uganda - Rwanda	3	0%	0%	-100%	►	►	▼
	Ethiopia - Djibouti	3	19%	-69%	-49%	▲	▼	▼
	Ethiopia - Somalia	1,195	-5%	31%	47%	▼	▲	▲
	Somalia - Djibouti	3,160	-47%	-30%	180%	▼	▼	▲
	Sudan - South Sudan	1,843	1340%	-18%	-64%	▲	▼	▼
	Sudan - Eritrea	3	798%	70%	60%	▲	▲	▲
Rice	Uganda - South Sudan	92,245	16%	211%	427%	▲	▲	▲
	Tanzania - Kenya	16,291	-32%	11%	-8%	▼	▲	▼
	Tanzania - Rwanda	3,322	-28%	32%	-63%	▼	▲	▼
	Somalia - Kenya	1,717	-7%	-15%	-26%	▼	▼	▼
	Somalia - Ethiopia	17,747	15%	10%	55%	▲	▲	▲
	Tanzania - Burundi	1,669	116%	16%	34%	▲	▲	▲
Beans	Uganda - South Sudan	64,689	8%	130%	422%	▲	▲	▲
	Uganda - Kenya	13,665	63%	-75%	-65%	▲	▼	▼
	Uganda - DRC	3	0%	0%	-100%	►	►	▼
	Tanzania - Kenya	2,040	-34%	-30%	-29%	▼	▼	▼
	Ethiopia - Kenya	168	-75%	-96%	-98%	▼	▼	▼
	Ethiopia - Sudan	2,971	98917%	11%	-51%	▲	▲	▼
Camels	Somalia - Kenya	1,600	159%	113%	50%	▲	▲	▲
	Ethiopia - Somalia	12,068	-1%	16%	16%	►	▲	▲
Cattle	Somalia - Kenya	2,612	2212%	1793%	33%	▲	▲	▲
	Ethiopia - Somalia	36,020	-11%	2%	11%	▼	►	▲
Goats	Somalia - Kenya	11,642	159%	120%	76%	▲	▲	▲
	Ethiopia - Somalia	44,910	-14%	3%	-12%	▼	►	▼
Sheep	Somalia - Kenya	2,620	84%	66%	163%	▲	▲	▲
	Uganda - South Sudan	6,436	-27%	88%	366%	▼	▲	▲

Figure 13: cross-borders points monitored by FEWS NET and East Africa Grain Council in Eastern Africa by March 2022

