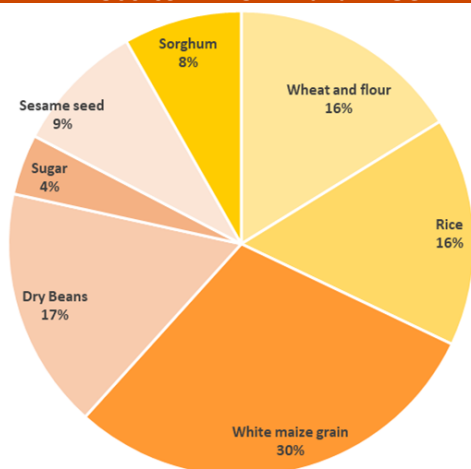


## SUMMARY POINTS

Figure 1: Main Staple Food Commodities Informally Traded Across Selected Borders in Eastern Africa in the Third Quarter of 2019.

Source: FEWSNET and EAGC



- Maize grain was the most traded commodity in the third quarter of 2019 due to increased exports from Uganda to Kenya and South Sudan because of high demand and improving market functionality respectively. See Figure 1.
- Maize availability in the Eastern Africa region between July 2019 and June 2020 is expected to be lower than last year but similar to recent five-year average levels because of below to near average June-to-July harvest especially in the main producing Uganda and main consuming Kenya and Somalia markets. Staple food commodity parity price trends (expressed in US dollars per MT) exhibited seasonal patterns across most reference markets and were relatively higher in Kenya, South Sudan, Rwanda and Burundi because lower production, poor economic conditions and or border restrictions.
- Maize trade increased atypically as traders in Uganda released more maize into the market to get better prices before the October-to-December harvest. Regional trade in dry beans exceeded recent-five-year average levels because of expanding supplies to South Sudan from Uganda, and higher exports from Tanzania and Ethiopia to Kenya. Rice trade remained high because of persistent high demand in the region.
- Maize and sorghum prices across most markets in the Eastern Africa region are expected to trend typically but remain elevated between October 2019 because of tight supplies and high costs of marketing.
- Regional trade in livestock is expected to remain low between October 2019 and March 2020 start because of reduced demand following the end of the July-to-August 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. Data is provided by the Eastern 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.

Prices are sourced from Farmgain (Uganda), Ministries of Agriculture (Kenya, and Tanzania), ETBC (Ethiopia), FAMIS (Sudan), Climis (South Sudan), FSNAU (Somalia), RATIN (Rwanda and Burundi).

### 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.

## ESTIMATED REGIONAL MAIZE SUPPLY AND DEMAND BETWEEN JULY 2019 TO JUNE 2020

The estimated amount of exportable maize surpluses available for trade between July 2019 and June 2020 is 1.6 Million Metric Tons (MMT). This is a decrease of 17 percent from last year (July 2018 to June 2019) but similar to recent five-year average levels (Table 1). Country by country breakdown is shown in Figure 14 in the annex. The reduced availability is attributed to below average rainfall, that also exhibited poor spatial and temporal distribution during the production seasons across most maize producing areas especially in Uganda which accounts for 31 percent of the tradable surplus. Tanzania and Ethiopia account for 37 and 32 percent of the tradable maize, respectively. Despite significantly below average June-to-July harvest in Uganda, the country is expected to have surplus maize for trade.

The estimated aggregate import gap for the structurally maize-deficit producing countries of Kenya, South Sudan, Rwanda, Burundi, and Somalia is estimated at 757,019 MT between July 2019 and June 2020. This amount is well above the import gaps estimated for last year and recent five-year average due to poor rainfall performance that reduced area under production and yields especially in Kenya and Somalia. The deficit is expected to be filled by imports mostly from Tanzania followed by Uganda because of proximity to the main markets in the deficit countries, and higher market integration. Northern Kenya is expected to get supplies from Ethiopia. Hence the net regional surplus is expected to be 874,579 MT, which is 50 and 22 percent lower than last year and recent five-year average level.

The anticipated tight regional maize supplies are expected to result in elevated prices. Higher prices in Uganda relative to Tanzania since February 2019 have recently been exacerbated by speculative trading, and the uncertainty regarding the outcome of Uganda's December-to-January harvest that has led to increased price volatility. See Figure 2. While prices are following seasonal patterns across the region, they are lower in many markets in Uganda, Tanzania, and Somalia; and trending higher in key reference markets in Kenya, South Sudan, Burundi, Rwanda and Ethiopia due to a combination of below last year production, ongoing currency depreciation and or high inflation.

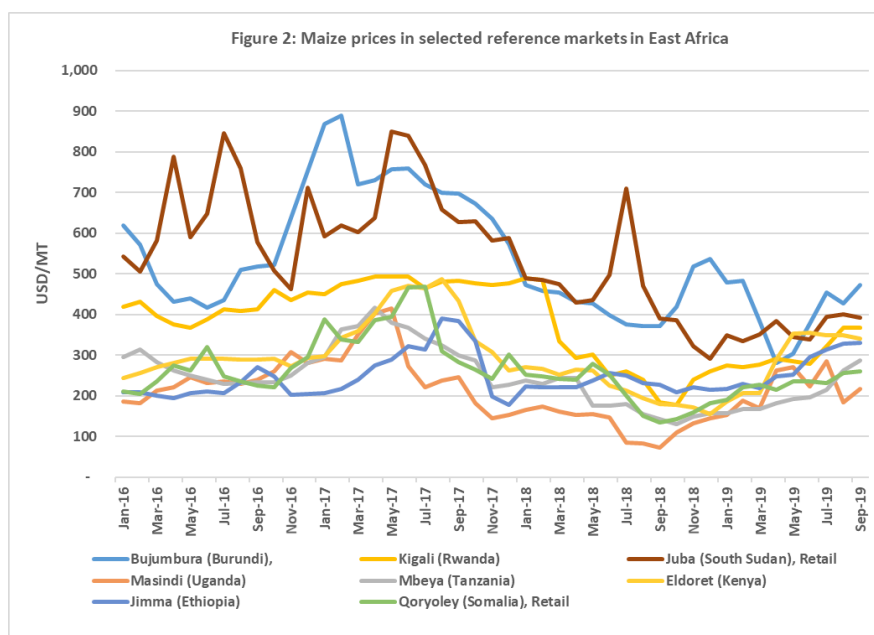
**Table 1: Estimated regional maize supply, demand and surplus**

	2018/2019	2019/2020	July 2015 to June 2019 Average	2019/2020 % change from last year	2019/2020 % change from 2015/2019 average
<b>Supply</b>	22,964,597	22,252,787	21,466,300	-3%	4%
<b>Demand</b>	21,227,940	21,378,209	20,347,817	1%	5%
<b>Availability in Surplus</b>					
<b>Countries</b>	1,976,824	1,631,597	1,649,628	-17%	-1%
<b>Requirement in Deficit</b>					
<b>Countries</b>	-240,167	-757,019	-531,145	215%	43%
<b>Net Surplus</b>	1,736,657	874,579	1,118,483	-50%	-22%

Source: FEWSNET estimates based on data from regional governments and multi-agency assessments.

Notes:

- Supply is estimated carryover stocks plus production between July 2019 and June 2020
- Demand includes human, crop losses, seed, and industrial use.
- Surplus is supply minus demand minus net regional trade.



### THE STATUS OF CROSS BORDER TRADE IN THE THIRD QUARTER (JUL-SEP) OF 2019

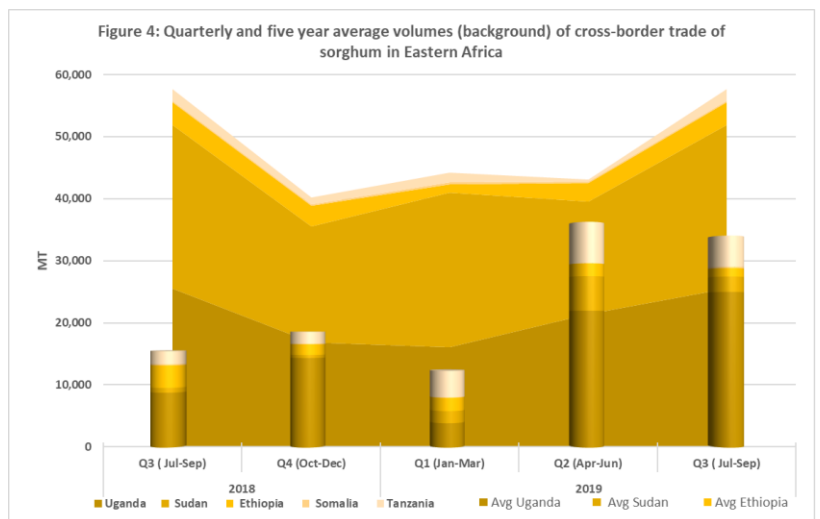
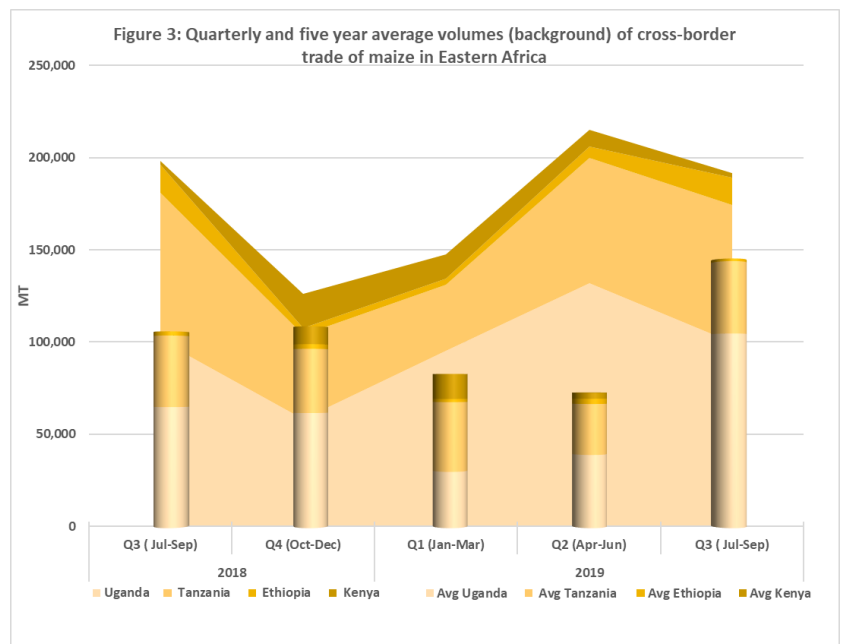
**Maize:** In East Africa, approximately 191,500 MT of maize was traded in the region during the third quarter of 2019 (July-to-September). See figure 3. The volume traded was 36 and 98 percent higher than the second quarter and similar quarter last year, but 26 percent lower than the recent five-year average. Uganda, Tanzania and Ethiopia represented 72, 27 and one percent of the total regional exports accordingly. Kenya, South Sudan, Tanzania, Rwanda and Somalia accounted for 70, 21, five, one and one percent of the imports respectively.

The increased trade was attributed to higher outflows from Uganda to Kenya as traders offloaded stocks into the market to get better returns before prices start declining with increased supplies from the October-to-December harvest in Kenya.

Although exports from Uganda to South Sudan were stable between the second and third quarters, the volumes were 84 and 47 percent higher than last year and recent five-year average because of relative calm that continued to be observed in most parts of South Sudan, despite slow implementation of critical aspects of the signed peace deal. This tranquility, enhanced market functioning and enabled traders to operate freely across most parts of the country except in some localized areas in Northern Bahr El Ghazel. Trade flows were ongoing along Nimule-Juba, Juba-Bor, Juba-Yei, Juba-Rumbek in Greater Equatoria region; Ameit-Wau-Raga and Sudan-Warwar to Aweil in Greater Bahr el Ghazal region and Sudan to Fashoda-Tonga-Adok in Leer via river; Ethiopia-through Kuergeng to Paga of Maiwut of Greater Upper Nile region.

As prices continued to rise seasonably across most markets in Tanzania as result of high domestic and regional demand, Tanzania’s northwestern greater Bukoba region attracted imports from Uganda because of proximity and low transport costs compared to supplies from the main producing southern regions of Tanzania. Seasonal exports from Tanzania to Burundi also increased. Exports from Tanzania to Rwanda remained stable at higher levels as maize from Tanzania and also Zambia continued to replace supplies from Uganda following the closure of some borders between Uganda and Rwanda in March 2019.

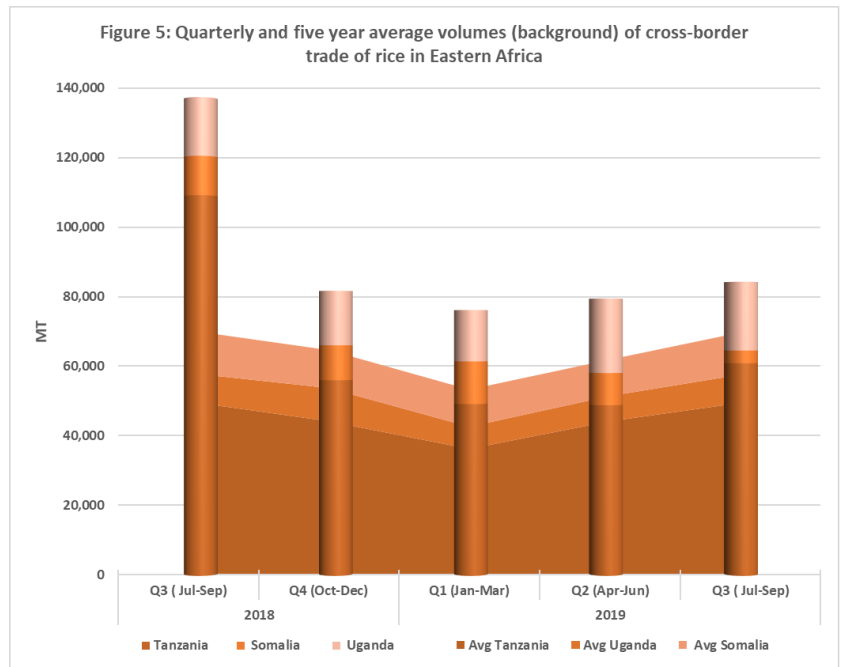
**Sorghum:** Around 43,000 MT of sorghum was traded in the East African region in the third quarter of 2019. See figure 4. The volumes traded were atypically lower by six percent from the last quarter, 118 percent higher and 25 percent lower than last year and five-year average levels respectively. Uganda, Tanzania, Sudan, Ethiopia and Somalia represented 73, 15, seven, four and one percent of the total regional exports



respectively. South Sudan, Rwanda, Ethiopia, Eritrea and Kenya accounted for 72, 10, four, two and two percent of the imports accordingly.

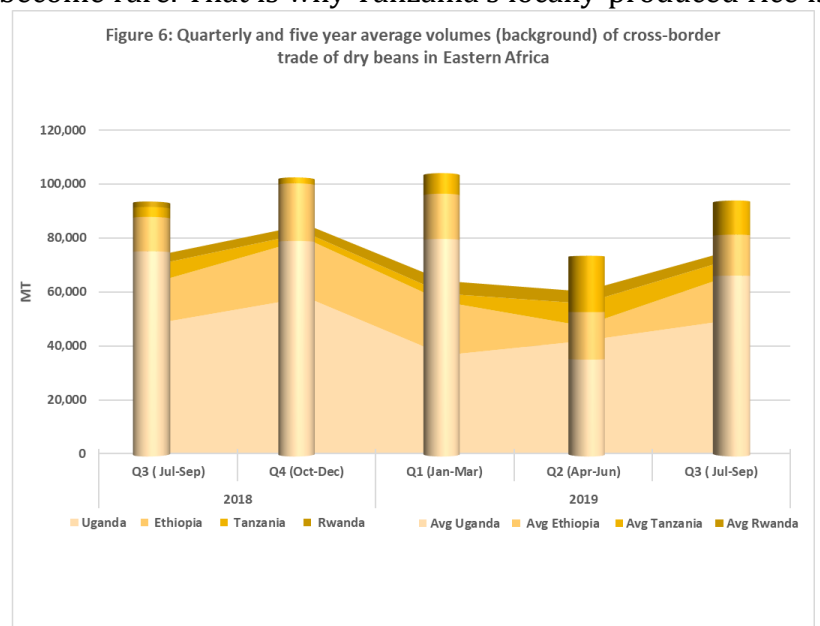
Although exports from Sudan to South Sudan and Eritrea declined seasonably, the dip was accentuated by worsening economic situation resulting in food and fuel shortages, high inflation and transports costs. Currency depreciation and high transport costs in Sudan led to some trade rerouted from the main producing eastern region into adjacent Ethiopia markets. Supplies from Uganda surged seasonably but were exacerbated by improving market functionality and expanding trade routes in South Sudan due to relative calm as mentioned earlier. Sorghum exports from Tanzania to Kenya increased because of high demand while exports to Rwanda were replacement of supplies from Uganda which are restricted by border closures as mentioned earlier.

**Rice:** Regional trade in locally produced rice and some re-exports of rice imported from overseas was about 85,000 MT in the third quarter of 2019. See figure 5. The trade as marginally but typically higher than the last quarter, 39 percent lower than the third quarter of 2018 which was exceptional and 21 percent higher than the recent five-year average level. Tanzania, Uganda and Somalia accounted for 77, 25 and 5 percent of the total regional exports respectively. South Sudan, Uganda, Kenya, Rwanda, and Ethiopia, represented 27, 25, 22, 15 and 10 percent of total regional imports accordingly.



As mentioned in earlier reports, exports of locally produced rice from Tanzania to other countries in the region has been persistently high since the second quarter of 2018. This is attributed to improved quality as cases of local rice mixed with imports from Pakistan have become rare. That is why Tanzania’s locally-produced rice is no longer subject to the East Africa common external tariffs like rice imported overseas, therefore enhancing its regional flow.

Exports to Kenya and Rwanda increased from the last quarter and were similar and 40 percent higher than recent five-year average respectively, attributed to high demand. Exports From Uganda to South Sudan reduced marginally but seasonably but were still exceptional higher than last year and recent five-year average levels as market improve and trading widens across South Sudan because of reduction significant reduction large-scale conflict incidences. Re-exports of overseas rice to the Somali regions of Ethiopia and Kenya declined seasonably following reduced demand after the end of the May-to-August religious

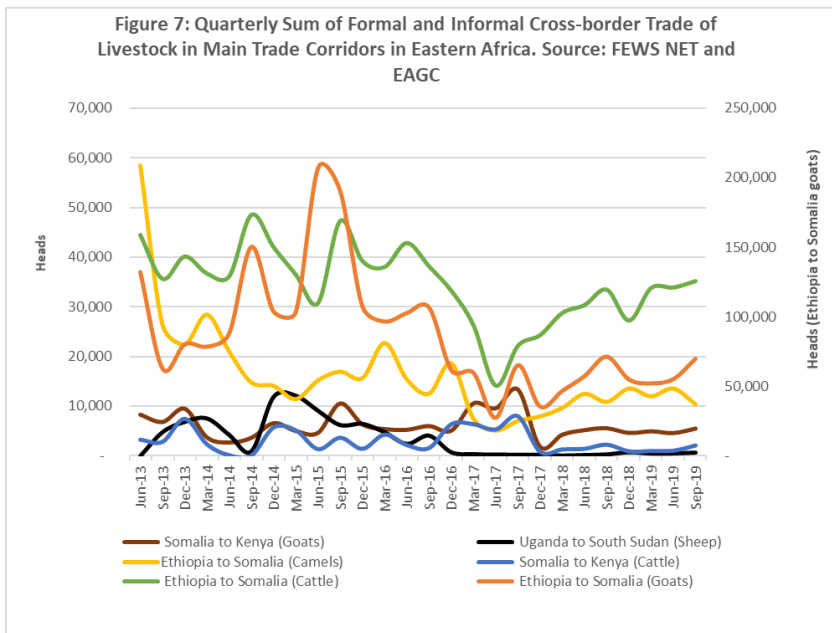




festivities but was accentuated by increasing incidence of clashes in close to the border areas of Kenya and Ethiopia.

**Dry beans:** Third quarter dry beans traded in the region was about 92,000 MT which increased (see figure 6) seasonably from the previous season by 26 percent, was similar to the third quarter of 2018, and 14 percent higher than the recent five-year average level. Uganda, Ethiopia, Tanzania, and Kenya accounted for 66, 15, 12 and seven percent of the total exports respectively. Kenya, South Sudan, Tanzania and Sudan imported 75, nine, seven and five percent of the total. The seasonal increase in trade was reinforced by improving markets in South Sudan attracting significant imports from Uganda; better May-to-August harvest in Tanzania expanding supplies to Kenya and Rwanda; and increased supplies from Ethiopia to Kenya’s northern, northeastern and coastal markets attracted by higher prices

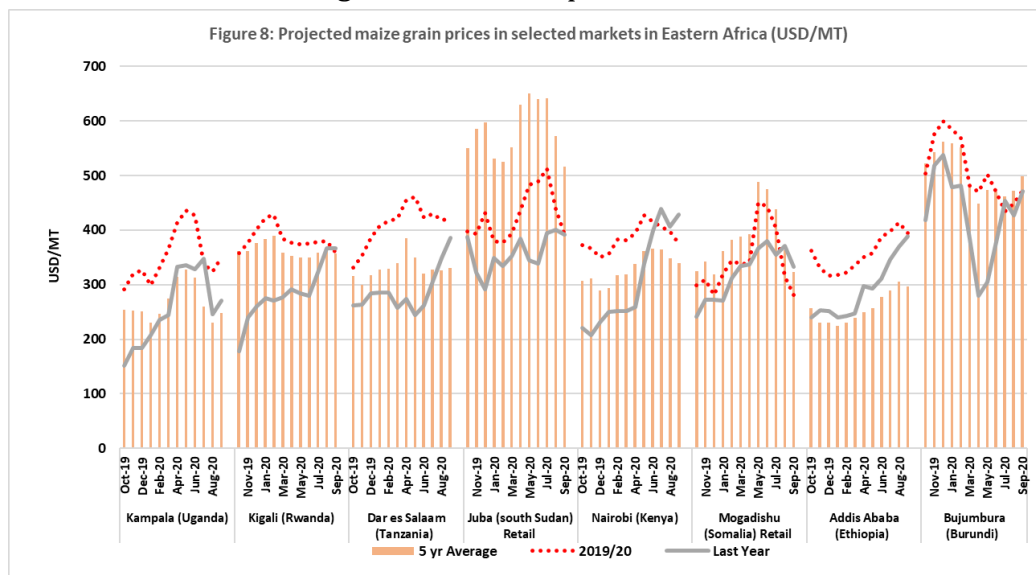
**Livestock:** Livestock trade flows in the region increased seasonably in the third quarter due to protracted high demand both regional and in Middle Eastern Gulf States during the Haj festivities in August. See figure 7. Camel trade declined typically earlier than others as demand waned following previous high levels of exports. Sheep exports from Uganda to South Sudan was exceptional but still at low levels as herdsman gradually restock with prevailing relative calm in large scale conflict.



### CROSS BORDER TRADE OUTLOOK OCTOBER 2019 TO MARCH 2020

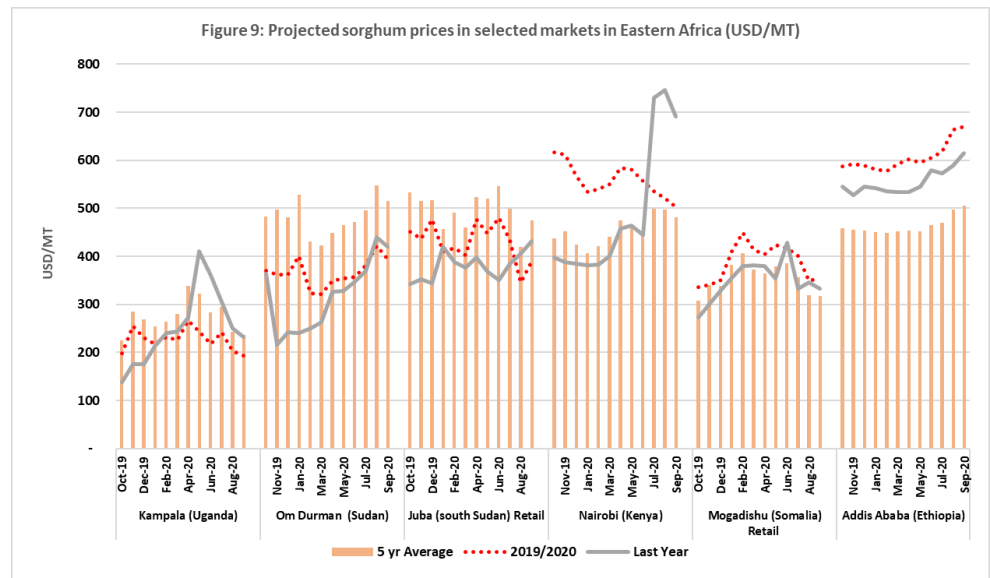
Tight **maize** supplies are expected to support elevated prices across most markets in the region as demand increases in structurally deficit countries of Kenya, Somalia, South Sudan, Rwanda and Burundi that then pulls imports from surplus producing countries of Tanzania, Uganda and Ethiopia which in addition to domestic demand, is expected to exert upward pressure on prices in these countries. Enduring currency depreciation and high inflation are expected to further reinforce higher prices in Ethiopia, South Sudan and Burundi.

Seasonal decline in prices between October and March are expected across most markets in the region. However, the decrease in prices will likely be shallow and short-lived because of tight maize supplies, and or



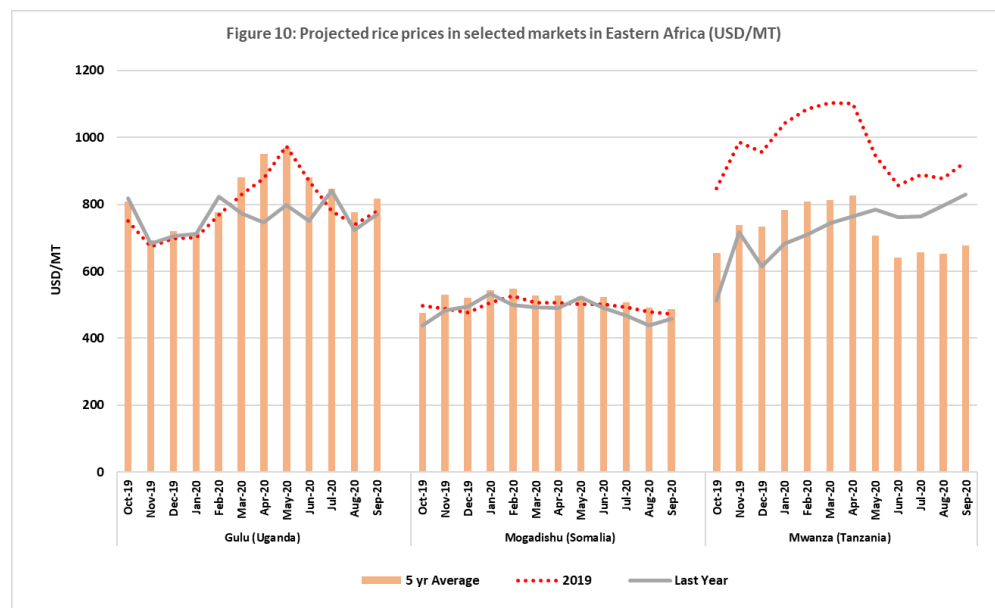
worsening economic situation; in addition to impromptu trade disruptions within South Sudan and Somalia and between these countries and adjacent source countries. See Figure 8.

Tanzania and Uganda are expected to remain the main source for maize in the East Africa region because of availability of tradeable stocks at lower and stable prices. There is no foreseeable Tanzania government ban on exports with permits as prices were significantly low affecting farm incomes and production and the government wants to reverse this trend.



**Sorghum** prices in Eastern Africa region are expected to follow season trends between October and September 2020. See Figure 9. However the prices will most likely remain higher than 2019 and recent five year average levels because of tight supplies stemming from below average June-to-July harvest in Uganda and Somalia reducing carryover stocks despite expectations of a better December 2019 to January 2020 harvest; increasing demand as market functionality expands in South Sudan from the relative tranquility following the signing of the peace agreement; ongoing currency depreciation and high inflation in South Sudan, Sudan and Ethiopia that are sustaining high production and marketing costs; and high demand across all countries.

High demand for **locally produced rice** including its substitutes maize and sorghum is expected to drive rice prices higher than last year and recent five-year average levels for some period in key reference markets in Uganda, and throughout 2020 in main markets in Tanzania. Imported rice prices are expected to remain similar to last year and recent five-year average levels across most markets in Somalia.

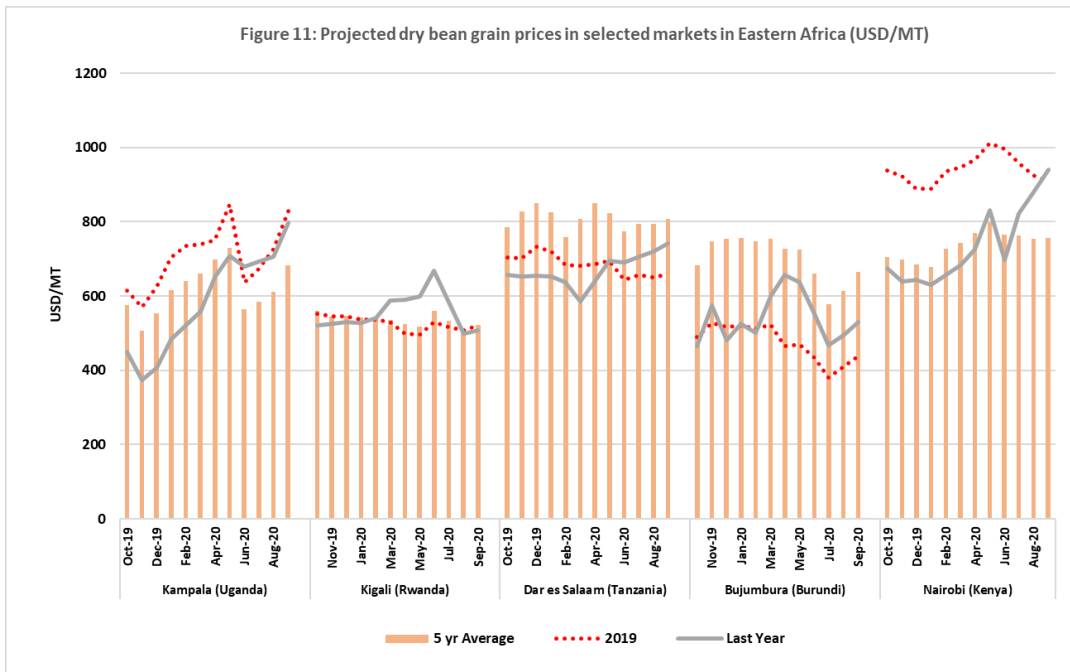


Imported rice prices are expected to remain similar to last year and recent five-year average levels across most markets in Somalia.

**Dry bean** prices will most likely remain above last year and recent five-year average levels across key reference markets in Uganda and Kenya because of low carryover stocks following below average June-to-July harvest and

high demand in the structurally deficit market respectively. Prices will likely trend lower than the recent five-year average in Rwanda, Bujumbura and Tanzania because of near-to-slightly above average harvests.

Regional trade in **livestock** is expected to remain low in the fourth d quarter of 2019 because of weak demand and declining prices following the end of the July-to-August religious festivities; and reduced market supplies as livestock keepers retain the animals for fattening during the October-to-December rainy season. Prices are expected to follow seasonal trends in 2020.



## ANNEX

Table 1: Cross-borders trade between July and September 2019 among selected pairs of countries for some staple food commodities.

Commodity	Trade Flow Corridors (source destination)	Trade Volumes in MT	% Change			Historical Comparison		
			Last Quarter	Last Year	5 Year Average	Last Quarter	Last Year	Average
Maize	Uganda - South Sudan	31,590	224%	84%	45%	▲	▲	▲
	Uganda - Kenya	67,975	14%	46%	-26%	▲	▲	▼
	Tanzania - Kenya	34,866	-29%	-7%	-53%	▼	▼	▼
	Tanzania - Rwanda	1,253	279%	88%	-27%	▲	▲	▼
	Ethiopia - Kenya	597	348%	508%	-96%	▲	▲	▼
	Ethiopia - Somalia	759	-52%	-43%	-24%	▼	▼	▼
Sorghum	Uganda - South Sudan	31,264	362%	371%	101%	▲	▲	▲
	Uganda - Rwanda	3	-100%	-100%	-100%	▼	▼	▼
	Ethiopia - Djibouti	3	-1%	0%	-46%	►	►	▼
	Ethiopia - Somalia	486	-24%	-42%	-25%	▼	▼	▼
	Somalia - Djibouti	262	125%	198%	82%	▲	▲	▲
	Sudan - Eritrea	865	-48%	26%	-95%	▼	▲	▼
	Sudan - South Sudan	527	-41%	68%	-78%	▼	▲	▼
Rice	Uganda - South Sudan	19,922	143%	17%	122%	▲	▲	▲
	Tanzania - Kenya	19,689	-15%	-11%	5%	▼	▼	▲
	Tanzania - Rwanda	34,450	78%	-54%	41%	▲	▼	▲
	Somalia - Kenya	984	-13%	-46%	-66%	▼	▼	▼
	Somalia - Ethiopia	2,707	-66%	-72%	-72%	▼	▼	▼
	Tanzania - Burundi	999	-27%	-52%	59%	▼	▼	▲
Beans	Uganda - South Sudan	8,395	69%	-15%	-18%	▲	▼	▼
	Uganda - Kenya	51,225	26%	15%	58%	▲	▲	▲
	Uganda - Rwanda	3	0%	-100%	-100%	►	▼	▼
	Rwanda - Uganda	3	-100%	-100%	-100%	▼	▼	▼
	Uganda - DRC	107	-99%	-99%	-98%	▼	▼	▼
	Tanzania - Kenya	4,555	224%	80%	-16%	▲	▲	▼
	Ethiopia - Kenya	8,799	141%	300%	60%	▲	▲	▲
	Ethiopia - Sudan	4,964	37226%	-47%	-64%	▲	▼	▼
Camels	Somalia - Kenya	718	47%	8%	-31%	▲	▲	▼
	Ethiopia - Somalia	10,380	-17%	-5%	-20%	▼	►	▼
Cattle	Somalia - Kenya	2,099	46%	-6%	-34%	▲	▼	▼
	Ethiopia - Somalia	35,140	16%	5%	-6%	▲	▲	▼
Goats	Somalia - Kenya	5,449	6%	-1%	-33%	▲	►	▼
	Ethiopia - Somalia	69,658	22%	-2%	-23%	▲	►	▼
Sheep	Somalia - Kenya	1,281	4%	-7%	51%	►	▼	▲
	Uganda - South Sudan	1,058	390%	215%	-49%	▲	▲	▼



Figure 13: cross-borders points monitored by FEWS NET and East Africa Grain Council in Eastern Africa by October 2019

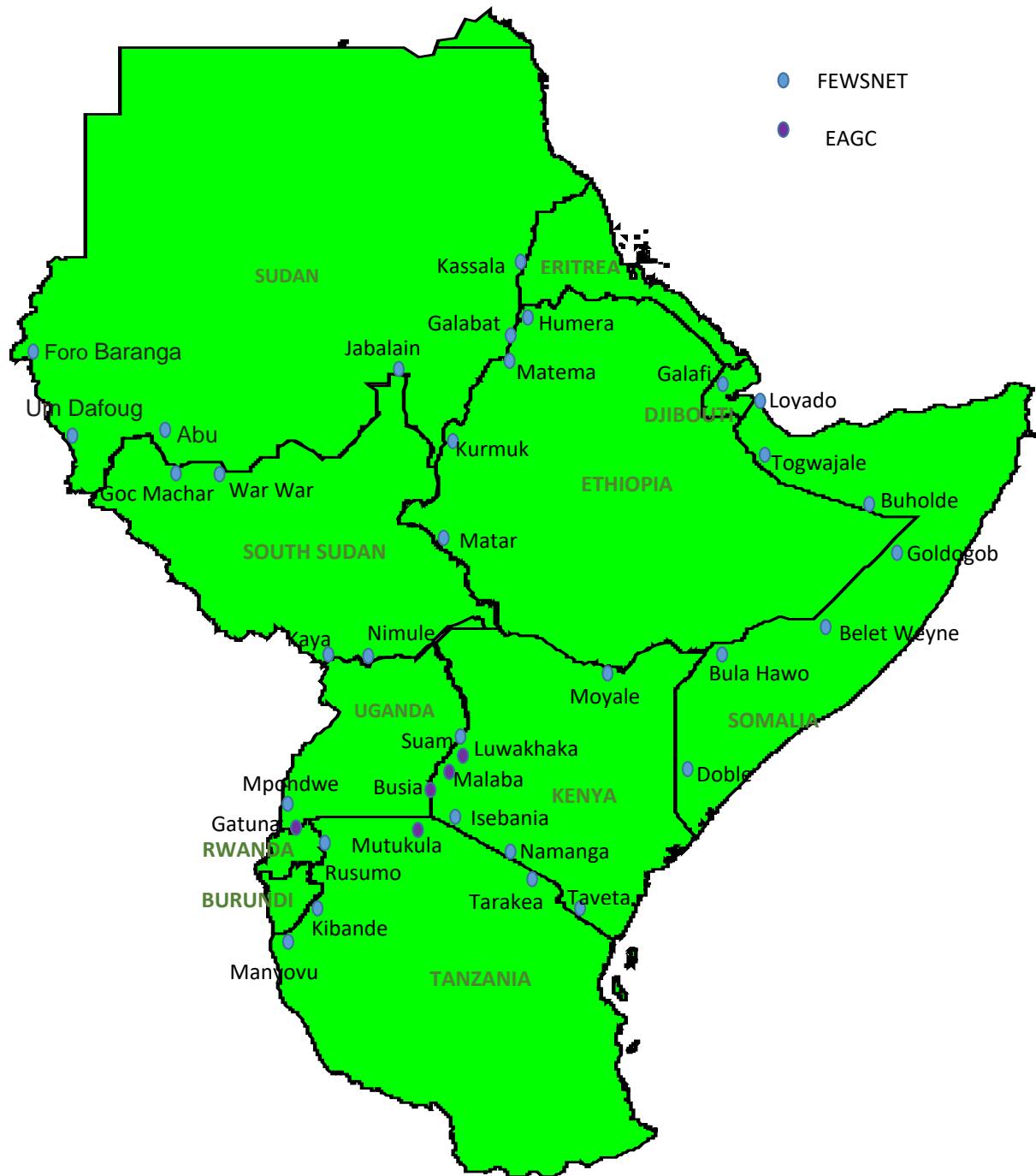


Figure 14: Estimated maize balance in Eastern Africa countries

