



## EASTERN AFRICA GRAIN MARKETS AND TRADE

July-Sep 2019 Report

### Highlights

In the third quarter, cereal crop output in Kenya, Northern Tanzania and Uganda from the first season was below average despite the season's improved rainfall. The late onset of rains affected the harvest raising the grain prices relatively higher than that of the same period last year. The harvest in Uganda, Rwanda and Burundi improved market supply which led to a decrease in prices in most of the observed markets. The June to August harvest season was completed in Tanzania. However, the maize and rice price gains in Tanzania were compounded by the firm demand from both eastern and southern Africa countries.

The grain prices in the third quarter maintained seasonal trends but higher than the similar quarter in the previous year, mainly due to tightened stocks caused by late onset of rainfall. The prices are expected to trend seasonally for Kenya and Uganda but above the last year's levels for Maize and beans. In Tanzania and Burundi, prices of maize and beans are likely to trend below the five-year average due to ample stocks through the end of year 2019.

Regional trade was key in improving supply of grains, specifically maize, beans and rice in the urban markets in Kenya as domestic stocks remained low in most of the production regions. Trade between Uganda and Rwanda was still hampered by the ongoing disputes and tensions between the two countries. This is however expected to ease following the signing of a pact between the two countries which will be key in improving the food security situation in the two countries. According to a processor in Tanzania, the country made pledges to supply 60,000 -70,000 MT of maize to Zimbabwe in bid to boost trade relations between the countries.

### East Africa Crop Season

In Kenya, the first season (long rains) was characterized by offseason rains in July and August, which compensated earlier deficits in March and most of April resulting to partial recovery of water stress and late planted crops in key growing areas of North Rift Valley and Western Kenya ([Crop Monitor](#)). Harvest in North Rift and Western Kenya is expected to delay following the late onset of rains. In the South Rift, harvest of maize commenced in July with field reports indicating lower prospects compared to those of last year due to early season moisture stress. In the eastern, parts of central and the coastal region, there was a near failure in production of cereals and pulses as rainfall was estimated at 60 percent below average. The [State Department for Crop Development \(SDCD\)](#) estimated the long rains maize production at 2.3 million MT, a 25 percent decrease compared to the average in both the medium potential areas of Western Kenya and the Rift Valley with the national maize deficit forecasted at 475,767MT by September 2019 ([KFSSG](#)).

The major harvest "Mvuli" in Tanzania was completed in June in the southern and central unimodal regions with output estimated at above average. In the central region, yield was affected by erratic temporal distribution of rains; crop output is therefore expected to be lower than last year. In most bimodal production regions in the North, North Eastern and Northern Coast, the March to May rains were below average by about 40 percent ([Crop Monitor](#)). National aggregate cereal production is forecasted at about 10.5 million MT (Maize - 6.1m MT; Rice Paddy - 3.08m MT; Sorghum - 0.8m MT and other grains - 0.46m MT), a marginal gain of 0.1 percent compared to 2018 ([FAO](#)).

In Uganda, an assessment by [FEWSNET](#) found that the first season establishment and progression was among the worst since 1981. The season was characterized by delayed onset and unusually dry conditions at the typical peak of the rainy season. However, abundant late rains led to crop recovery and according to [FAO](#), maize production in 2019 is estimated at 2.5 million MT, a 10 percent decline compared to last year. With the extended wet conditions observed at the end of the season, there is a risk of post-harvest losses in most of the bimodal production areas with field reports indicating maize traded in most markets was high in moisture content, thus attracting lower prices. According to reports from the country offices in Rwanda and Burundi, the second season harvest was completed in July with output estimated at above average in both countries. Updates from the [Crop Monitor](#) indicate that in the northern and central unimodal production region of South Sudan, crop-growing conditions were favorable in July and August as a result of adequate and well distributed rains. However, agricultural activities continue to be affected by the lingering effects of the prolonged conflict.

### Season Forecast for October November December (OND) Season

According to the [53rd Greater Horn of Africa Climate Outlook Forum \(GHACOF\)](#), wetter conditions are expected during the OND season over much of the region. However, lower than average rainfall is forecasted over eastern Kenya, and western Tanzania. Early than normal start of rains of the October November December (OND) season is indicated across Tanzania, Burundi, Rwanda, Uganda, and western Uganda.



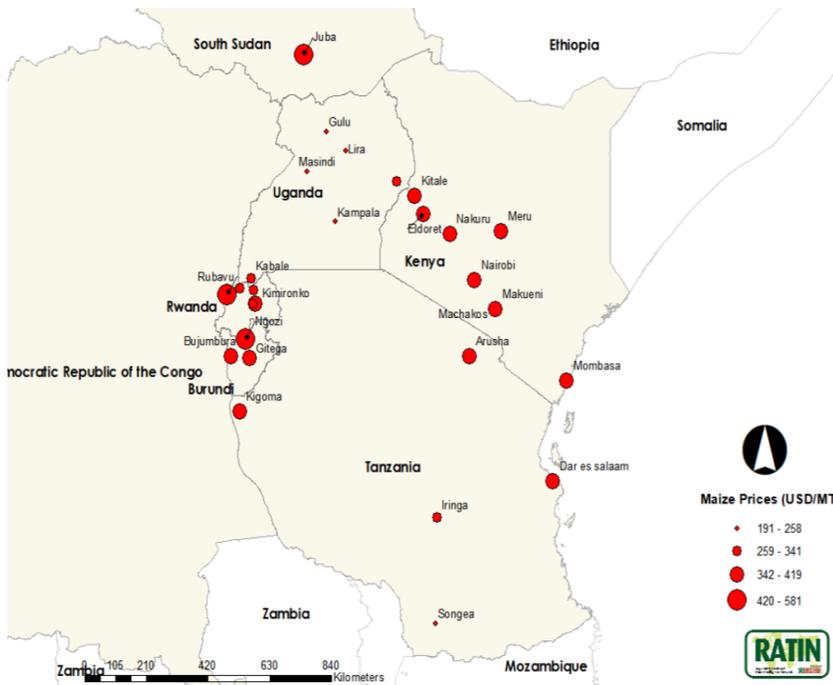
### 1.0 Maize Markets and Trade

In the third quarter, Maize prices had mixed outcomes in the region; Prices in Kenya remained significantly high across major markets in the country at an average of USD 370/MT ([RATIN](#)). A price decline was noted in most markets monitored in Uganda, which was attributable to increased domestic supply from the first season harvest. Even though prices have decreased considerably following improved domestic supply from the first season harvest, increased regional demand from countries in deficit is highly likely to exert pressure on prices in the near future.

**Plate 1: Intra EAC grain trade is happening. Maize flowing from Tanzania to Kenya from the leading bay in Arusha**

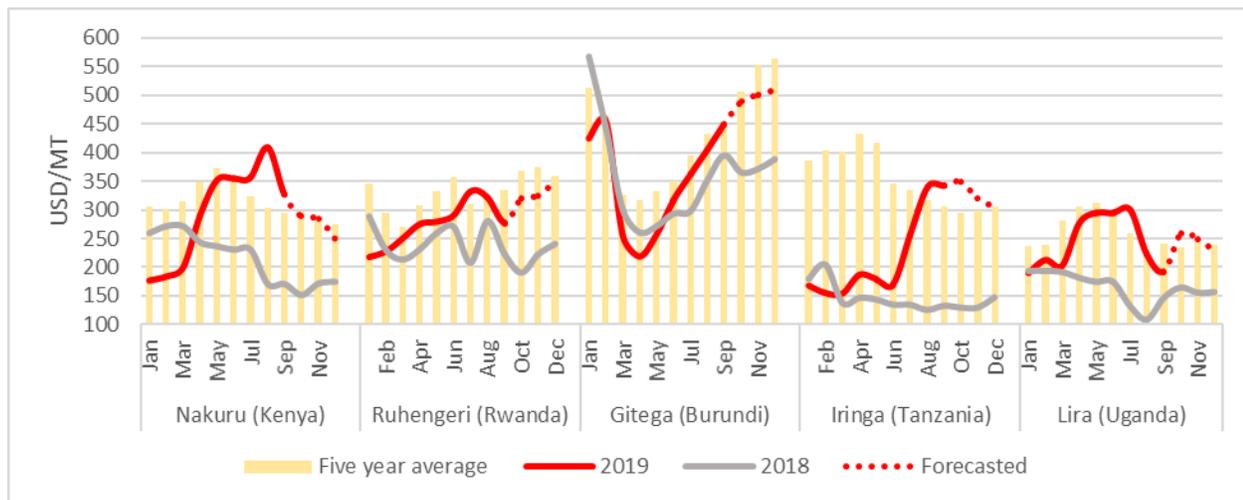


**Figure 1.1: Wholesale Maize Prices (USD/MT) in monitored markets in East Africa (August). Source: RATIN**



During the third quarter, there was a notable increase in Trade between Kenya and Uganda as compared to the same period last year, from 108,000 MT last year to 452,000 MT (FEWSNET). This trend was attributable to low stocks in Kenya due to the below average harvest in the first season owed to late onset of rainfall. However, there was a concern on the aflatoxin levels of Maize from Uganda, as many importers rejected consignments that were unfit for consumption. Poor maize quality from Uganda to Kenya has been a major concern which has led to Government to Government talks between the two countries in an effort to improve trade quality. The political will led to trade facilitation meetings between the two countries that identified challenges facing grain processors in Kenya and grain producers in Uganda and their possible solutions. Field reports indicate that the shortage of maize in Kenya will persist, as farmers remain speculative due to price parity and the upcoming harvest season, which is set to start in late October.

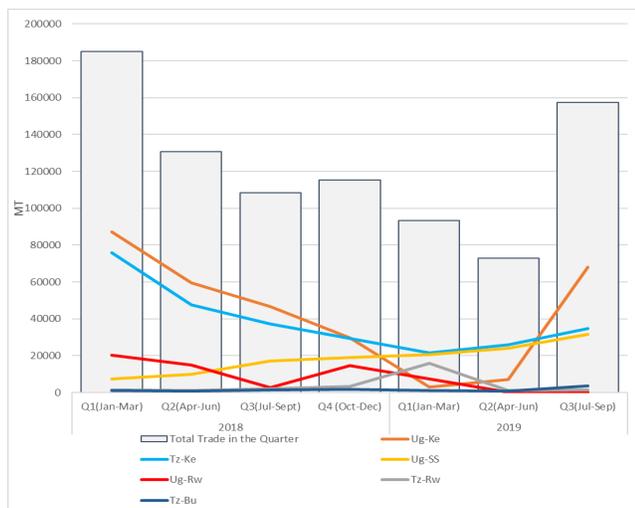
**Figure 1.2: Projected maize prices in selected production markets of East Africa. Source: EAGC RATIN**



Domestic supply improved with the recently gathered harvest in **Tanzania**. However, field reports indicate that prices gained because of external demand from eastern and southern Africa countries. In the southern production region, prices averaged USD 314/MT in Iringa, a 172 percent gain compared to earlier year levels with pressure exerted by trade between Tanzania and Malawi, Zambia and the DRC. In the Northern region, prices were up by 130 percent year on year averaging USD 358/ MT in the third quarter (RATIN). Prices are expected to maintain an upward trend in the coming months due to firm domestic and regional demand.

Prices decreased as expected at this time of the year in **Rwanda** with improved supply from the season B harvest. Trade between Uganda and Rwanda is expected to resume following signing of a pact by head of states of the two countries on August 21<sup>st</sup> 2019 to ease tensions that resulted to restrictions of commodity movement since late February. This however has taken longer than expected as both countries have delayed to honor the agreement and further meetings are set to set the bar rolling. Therefore, it is likely that in the near future, supply may be augmented with imports from Uganda once normal border operations resume. In **Burundi**, prices were lower than earlier year levels with stocks reported to be ample in the monitored markets given the recent harvest.

**Figure 1.3: Quarterly Sum of Formal and Informal Cross border Trade of Maize Grain in Main Trade Corridors in Eastern Africa.**  
Source: EAGC RATIN and FEWSNET



**Trade Notes**

Maize trade in the region significantly increased from the last quarter as shown in the graph. This increase is attributable to meeting consumption demands in the member countries due to tightened stocks in most of the major markets in Kenya and Southern African countries. Tanzania was one of the major exporters of maize with 34,795 MT to Kenya alone. Uganda exported 67,975 MT of maize to Kenya. Trade between Uganda and Rwanda is still minimal owing to the ongoing dispute resolutions between the two countries.

With the oncoming harvest in Kenya, trade is expected to go down in the coming months, as the domestic supply will be improved.



**2.0 Beans Markets and Trade**

Prices of beans in the region remained high, which was attributable to below average season performance, notably in **Uganda** where prices went to as high as USD 978/MT in Kampala for red beans and USD 798/MT in Kampala for mixed beans (RATIN). Prices in Rwanda and Burundi were the lowest in the region owing to the recent harvest, which boosted domestic supply. Mixed beans retailed at an average of USD 560/MT in Burundi while in Rwanda, the same commodity retailed at an average of USD 470/MT.

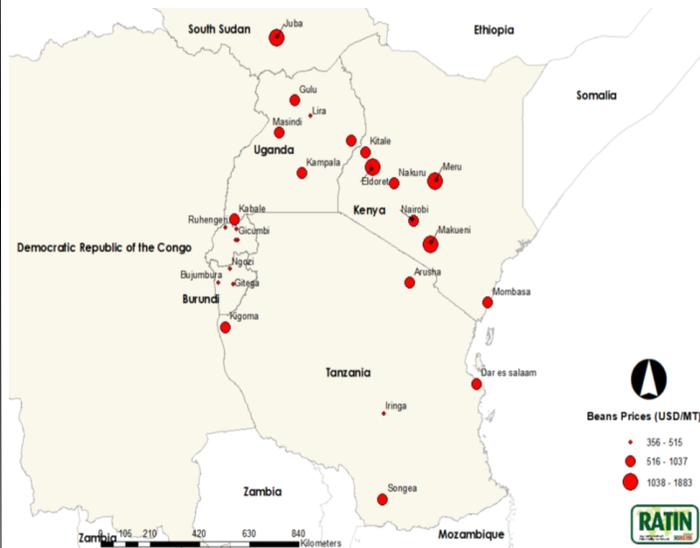
In the third quarter, trade eased significantly following a decline in tradable stocks resulting from two subsequent below average output in **Uganda**; exports to **Kenya** were 30 percent lower year-on-year at about 7984 MT.

On the other hand, 633MT of yellow beans was imported to Uganda from **Tanzania**, a 95% increase, which indicated tightened stocks in Uganda. Tanzania exported 50,000 MT of beans to Kenya during the quarter while Uganda exported 51,000 MT of beans to Kenya, indicative of how Kenya heavily relies on the region for beans to sustain its consumption. With low regional supply due to poor crop performance across the region, pressure on available stocks in Tanzania and Uganda is expected to remain high from Kenya, Rwanda and South Sudan who are likely to have shortfalls in supply towards the end of the year.

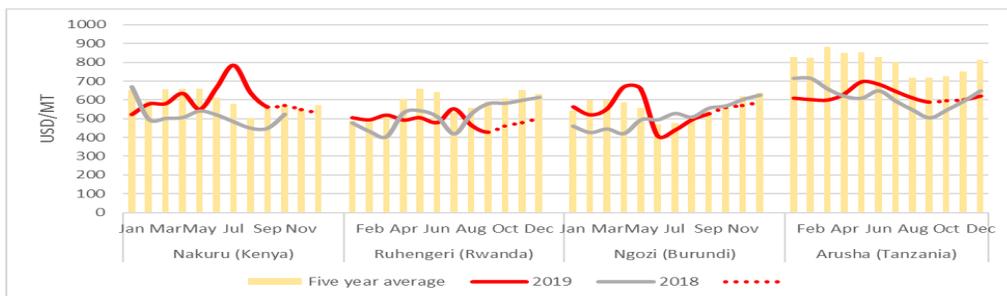
In the region, lowest prices were observed in **Burundi** as the country came out of the harvest season. Prices averaged USD 491/MT, USD 495/ MT, and USD 471/MT in Gitega, Ngozi, and Bujumbura respectively and are expected to increase seasonally as the year progresses.

Similar to Burundi, **Rwanda's** supply was ample following recent harvest from the second season. Prices averaged USD 498/MT in Kimironko, an 11 percent decline compared to the previous month. A similar downward trend was observed in Ruhengeri with the commodity averaging USD 466/ MT. Heading into the lean period of production, imports from Uganda may shore up supply following the anticipated resumption of trade through custom borders. The late harvest in **Uganda** had a bearing on market supply as stocks thinned earlier than usual in most markets, prices were unusually elevated in July but declined with improved availability as the year progressed. In Gulu, prices decreased to an average of USD 650/MT compared to USD 804/ MT in June with declines observed in Kabale and Masindi. However, Kampala has a marginal gain as mixed beans traded at USD 798/MT compared to USD 678/MT in the previous quarter.

**Figure 2.2: Wholesale Beans Prices (USD/MT) in monitored markets in East Africa (August).** Source: RATIN



**Figure 2.1: Projected beans prices in selected production markets of East Africa.** Source: EAGC RATIN



Field reports indicate there has been increased regional demand in the frontier markets and the trend is expected to persist in the coming months. Prices are expected to trend seasonally but they will be above last year's levels due to the general below average performance in the region.

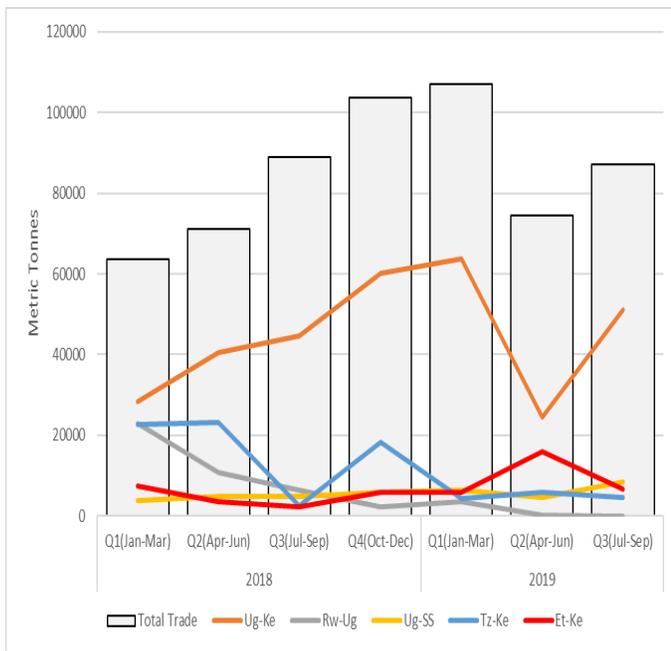
In **Kenya**, harvest from south rift eased pressure on demand in most markets in Nakuru, Kericho and Kisumu. In Nakuru, Prices went down as the year progressed as the commodity traded at USD 562/ MT. In the eastern markets, low supply in Makueni and Machakos led to price gaining by 8.5 and 16.5 percent respectively. In Machakos, red beans traded at USD 969/MT, which was a slight increase from the previous quarter.

**Trade Notes**

The third quarter saw a slight increase in trade in the region. Uganda was the largest exporter of beans to Kenya, with quantities amounting to about 51,225MT. This was a significant increase of 109% from the previous quarter and this was attributable to tightened stocks as the growing season commences in Kenya.

Tanzania exported 4,555MT of beans to Kenya while Uganda exported 8,394MT to South Sudan during the same period. Trade is expected to remain relatively high to meet demand given the below average performance of the past two seasons.

**Figure 2.3: Quarterly Sum of Formal and Informal Cross border Trade of Beans in Main Trade Corridors in Eastern Africa. Source: EAGC RATIN and FEWSNET**

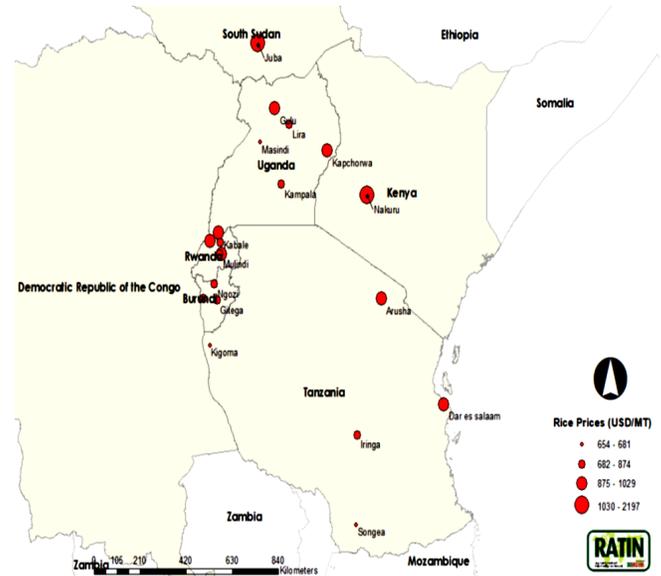


**3.0 Rice Markets and Trade**

Owing to the poor performance of the long rains in **Kenya**, rice production has been significantly low compared to the previous years, which has led to high prices as domestic supply was cut significantly. Field reports indicated that the late rains had a bearing on production, as farmers did not plant as expected due to water rationing. With production outlook looking grim, regional and international markets are expected to plug the demand gap. In the urban markets, locally produced *pishori* rice averaged USD 1570/MT in Nakuru in the past three months with demand remaining high amidst low domestic supply. In Kisumu, the commodity traded at about USD 1,076/MT with much of the supply sourced from Tanzania’s lake region through the Isebania border. Imports from the far-east are expected to play a major role in reducing demand pressure not only in Kenya, but also other deficit producer countries in East Africa.

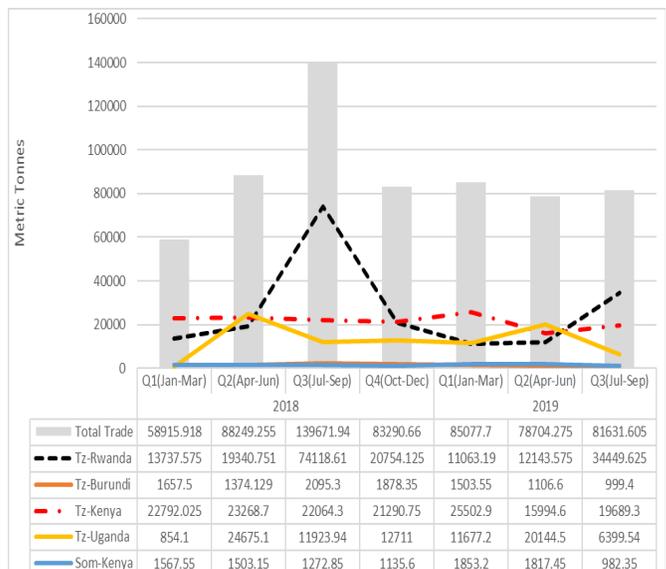
Recent harvest in **Tanzania** improved supplies, however, increased regional demand led to price gains in most markets. In Dar es Salaam, rice traded at USD 959/MT, a 9 percent increase from last year’s levels. In Arusha, there was a 35 percent increase compared to last year as the commodity prices leveled at USD 799/MT. The 2019 production is forecasted to remain stable. However, prices are expected to increase faster than usual due to increased strong regional demand.

**Figure 3.1 : Rice prices in selected markets in East Africa (Aug)**



In **Uganda**, notable price declines were recorded in most markets following improved availability from the first season harvest. However, the prices are expected to trend seasonally and thus increase as the year progresses. In Masindi, the commodity averaged USD 960/MT, a 20 percent decline compared to last year. In Kampala, supply was ample from both from domestic and regional supply. The *Kaiso* variety averaged USD 880/MT, 6 percent lower than last year. Prices are likely to trend seasonally in the coming months with price gains in October. If the second season rains materialize as forecasted, the second season harvest in December will improve domestic supply.

**Figure 3.2: Quarterly Sum of Formal and Informal Cross border Trade of Rice in Main Trade Corridors in Eastern Africa. Source: EAGC RATIN and FEWSNET**



## Trade Notes

Regional trade increased from the previous quarter with Tanzania being the largest exporter of the commodity. Kenya was the largest importer due to the below average season which led to tightened stocks that could not meet the local demand. Tanzania exported 19,689MT of Rice to Kenya during the period. Kenya also imported about 982MT from Somalia during the month of September.

## 4.0 Regional Agricultural Trade Policy Developments

### Kenya

#### 1. Standards for Hermetic Storage Technologies (HSTs) gazetted

Hermetic Storage Technology (HSTs) standards were gazetted to be Kenya Standards with effect from 9th August 2019, which is the date of publication of the gazette notice. EAGC launched the initiative to develop HSTs standards in Kenya, which began with a stakeholder inception workshop that produced broad consensus amongst stakeholders on the need for HSTs standards. The gazetted standards are:

KS 2873:2019 Kenya Standard — Hermetic storage bags — Specification, First Edition

KS 2874:2019 Kenya Standard — Portable rigid plastic Hermetic grain silo — Specification, First Edition.

The Standards were launched for onward implementation by the Chief Administrative Secretary of the Ministry of Agriculture, Livestock and Fisheries Dr. Andrew Tuimur during the 8th Africa Grain Trade Summit held at the Sarova White Sands hotel in Mombasa held on the 3rd to 5th October 2019. The Kenya Standards, have formed the basis of the East Africa Community Standards whose review is in process with by a technical committee drawn from East Africa's partner states.

#### 2. New Board to regulate animal feeds in Kenya

The Ministry of Agriculture in Kenya will establish a fertilizer and animal feeds board to ensure good quality of the commodities being sold in the market through appropriate regulations

This follows numerous complaints from farmers on the subsidized animal feeds in the market.

Animal feed manufacturers say the shortage of maize in the country has led to the increase of substandard animal feed in the market. The small-scale feed manufacturers who are the majority, and the ones affecting the quality of animal feeds in the country. entice the farmers with some cheap prices yet the quality is not up to date

The board which has been allocated funds this financial year, upon constitution, will inspect all the premises dealing with animal feeds and licensing and the also undertake recruitment of feed inspectors.

#### 3. Reduce costs of grain trading in Kenya, says EAGC

In an effort towards improving cross border trade between Kenya and its neighbors, EAGC held a discussion meeting with the Kenya Revenue Authority (KRA) and the Kenya Bureau of Standards (KEBS). The meeting aimed at finding a solution to the conformity assessment challenges that face Kenyan traders when importing grains beyond the East Africa Community borders in which they are required to obtain unique conformity certificates per vehicle load as opposed to a single certificate of conformity (CoC) per consignment. The multiple certificates increase the cost of trade. The meeting resolved that the two regulatory authorities will require only one certificate of conformity per batch or per consignment, drastically reducing the cost of doing cross border trade.

## Uganda

### 1. Rwanda, Uganda Officials meet in Kigali to discuss implementation of Memorandum of Understanding signed by the two countries

For the past few months, there have been tensions that saw the two neighbors accusing each other of espionage, political killings and attacks on trade. This had adverse effects on grain trade which is essential to food security in the two countries.

Rwanda and Uganda's ministers for foreign affairs and those in charge of internal affairs, as well as heads of intelligence met in Kigali in an attempt to normalize their deteriorating relations. This meeting was a follow up on the agreement signed by the countries in Luanda, Angola in the month of August aimed at resolving the ongoing standoff. Following no progress despite the signed agreement that was expected to take effect immediately upon signature, the meeting was set to set in motion the agreement to facilitate better relations.

The meeting ended without a major breakthrough with both sides agreeing to meet in Kampala after 30 days to review progress on the implementation of the Memorandum of Understanding.

The implementation of the MOU has a direct impact on trade relations, more so grains which has an impact on food security of the two countries. EAGC will continue to monitor the progress of the agreement and advocate for trade for agricultural commodities, particularly grains.

### 2. GMO regulation in Uganda

President Museveni rejected Genetic Engineering Regulation Bill sighting issues in the document including requiring lawmakers to review the use of poisonous and dangerous viruses and bacteria, use of genetically modified organisms (GMO) materials and seeds, benefits of sharing between the breeder, innovator and indigenous community, among others.

The US Embassy raised its disappointment that the future of the Genetically Engineered Regulatory Act (GMO bill) is still in doubt. According to the media, the Speaker of Parliament, Rebecca Kadaga threatened to arrange for the bill to be passed without the assent of the president, relying on Article 91(6b) in the constitution.

For more than 15 years, the Ugandan Government has mandated, funded and facilitated the National Agriculture Research Organization (NARO) to conduct GMO research with a view to finding solutions to the country's agricultural challenges including droughts, incurable crop diseases, food security versus national population explosion and malnutrition.

## Tanzania

### 1. Agro Dealers want permit levy scrapped

The Tanzania Agro dealers Cooperative Society (TADCOS) appealed for the government to withdraw the 170,000/- business permit levy posed to them to enable them conduct the business smoothly while selling the products to farmers at affordable prices.

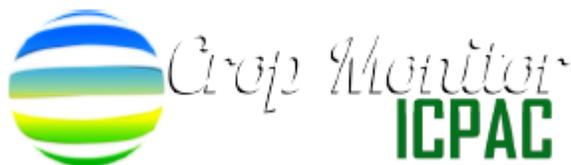
The Union's chairperson Gerald Mlenge said that the levy posed to them stands among the major reasons for high price of agriculture inputs, which would have a direct impact on the prices of various agricultural commodities.



## Partnerships



**ICPAC**  
IGAD Climate Prediction  
& Applications Centre



Prepared by members of the **GEOGLAM Community of Practice**, Coordinated by the **IGAD Climate Prediction and Application Center**



**EARTH DATA FOR INFORMED  
AGRICULTURAL DECISIONS**



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