

## East Africa Crossborder Trade Bulletin

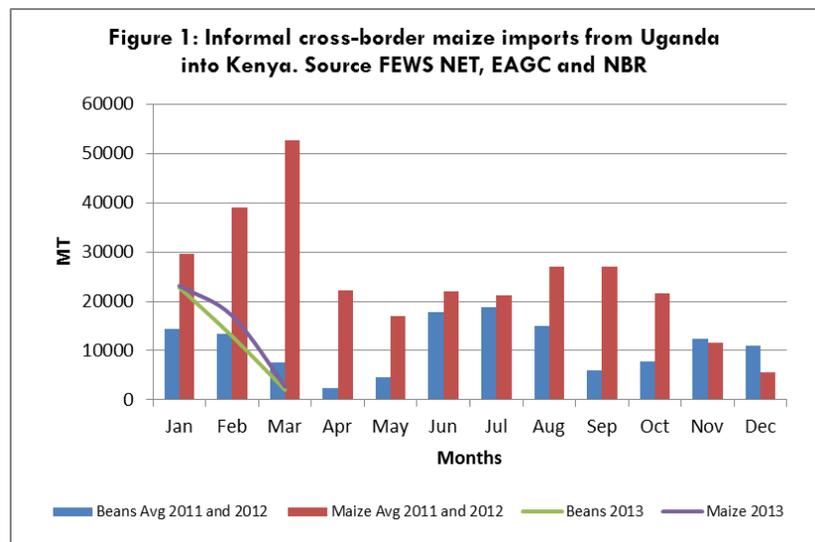
April 2013

The Market Analysis Sub-group of the Food Security and Nutrition Working Group (FSNWG) monitors cross-border trade of 88 food commodities and livestock in eastern Africa in order to quantify the contribution of formal and informal cross-border trade to food security in the region. This Bulletin provides an overview of cross-border trade across selected border of Tanzania, Burundi, Rwanda, Uganda, Kenya, Somalia, Djibouti, Ethiopia, Sudan and South Sudan and DRC. Additional data was sourced from the National Bank of Rwanda (NBR).

### Summary

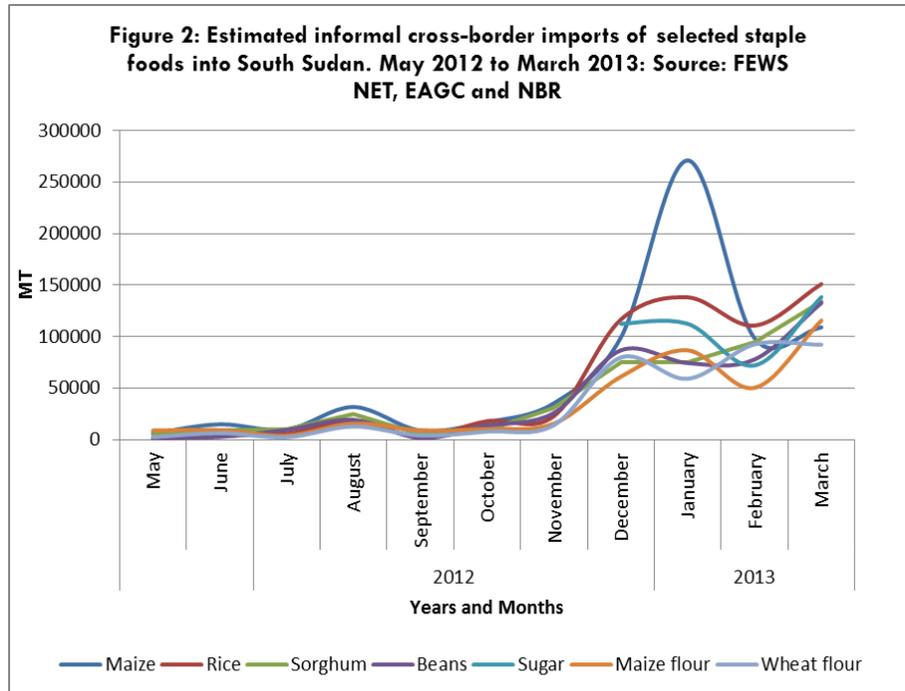
- Informal maize exports from Uganda into Kenya decreased between January and March 2013 due to uncertainty during the election period in Kenya.
- Uganda's contributions to South Sudan's informal imports increased considerably between January and March 2013 with increased tensions along the border with Sudan.
- Export of beans, maize, sorghum and wheat flour continue from Somalia (through Loyado) into drought-stricken Djibouti
- Imports of maize into Rwanda declined as they normally do after season A harvests, but were even lower than usual due to tightening foreign currency availability and the gradual depreciation of local currency, which have contributed to eroding purchasing power.
- Atypically strong rice export demand contributed to rice price increases in Tanzania.

**Kenya Imports:** The amount of maize and beans imported into Kenya from Uganda between January and March declined precipitously and atypically as shown in figure 1. In this period, bean and maize imports decreased by an average of 94 and 40 percent respectively when compared with the 2011-2012 average of the same period. This is attributed to reduction of transactions by traders to cut any potential losses stemming from election violence similar to what happened in 2007 during which traders lost stocks and missed payments. The estimated informal import of beans and maize into Kenya in March was atypically low at 24 and 5 percent respectively of the 2011-2012 average. The estimated informal bean trade was 158 and 101 percent in January and February accordingly before the elections because of speculative purchases by traders before March. Maize trade was down by 74 percent in January and 43 percent in



February because of extended harvesting into January in parts of grain producing North Rift in Kenya, and reduced exposure by traders during the three month electioneering period.

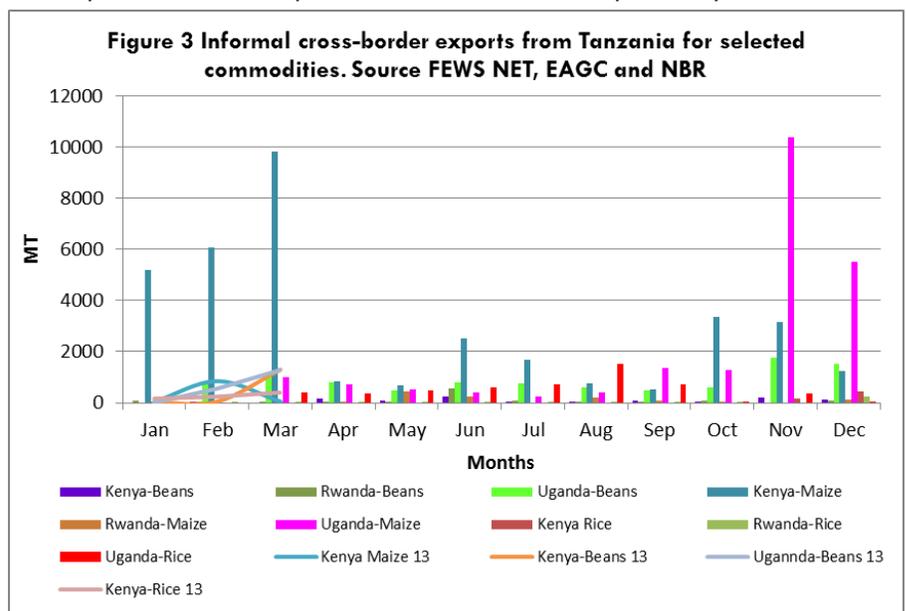
**South Sudan Imports:** Uganda remains the main source of informal staple food imports for South Sudan, which picked up considerably between January and February 2013. Indeed, informal imports into South Sudan from Uganda, Sudan, and Uganda over the first two months of the year were equivalent to over half of the volumes of commodities imported between May and December of 2012



(Annex). Uganda’s contributions to South Sudan’s informal imports increased considerably between January and March 2013 with increased tensions along the border with Sudan. Those tensions abated in April. Despite these border tensions, there still believed to be a substantial amount of sorghum flowing from Sudan to South Sudan. Those trade flows are difficult to track because they are widely dispersed along several border crossings, and with increasingly concealed to beat the trade embargo or high level of illegal taxes. Wheat flour rather than what is imported into South Sudan to reduce processing costs. This wheat flour is processed from imported wheat in Uganda or is re-exported from Kenya. Rice imports into South Sudan mainly comprise of locally grown rice in Uganda and Tanzania. Across most markets in Tanzania, the price of rice remained 28-45 percent above five year average prices due to increased regional trade including exports to Kenya with some in transit to South Sudan through Uganda.

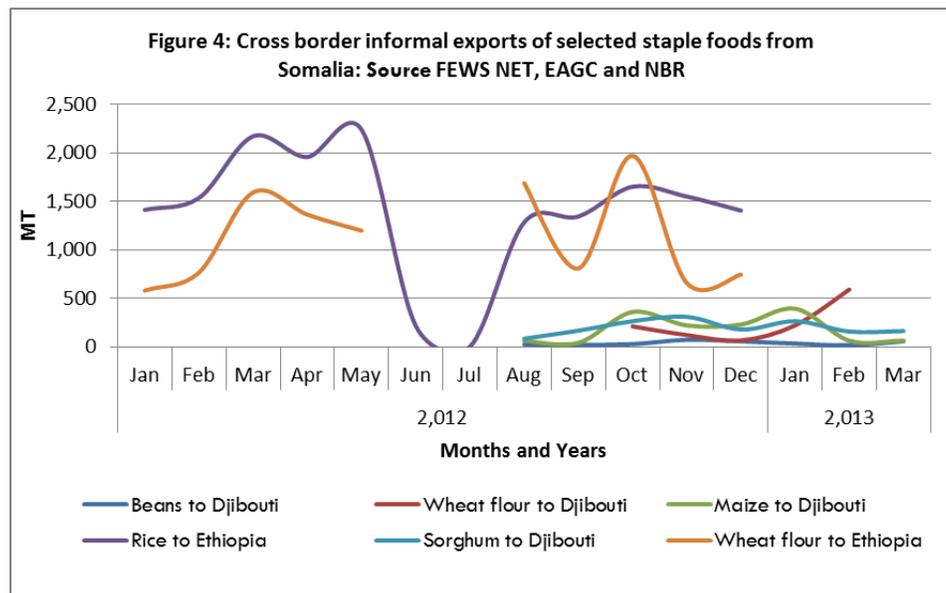
Unlike other states bordering the Sudan, imports into Warrap State seems to be hampered by the tense security situation in Abyei. The direct route into markets in Warrap through Abyei but the current tension in that area does not permit easy flow of commodities through trade. As a result, traders tend to move commodities through Northern Bahr el Ghazal into Warrap. Consequently, main markets in Warrap State still largely depend on commodities from Uganda.

**Tanzania Exports:** Similar to exports from Uganda, informal cross border maize exports from Tanzania to Kenya declined during the electioneering period in Kenya between January and March because



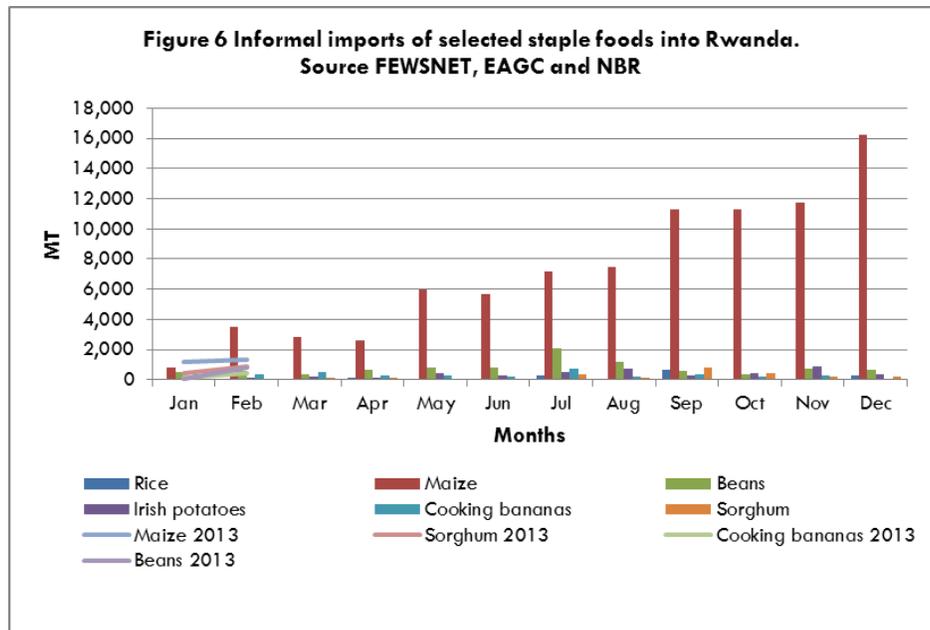
traders reduced their exposure to risks associated with election violence like in 2007 as shown figure 3. The reduction in trade was also supported by reduced availability of back-load capacity as formal trade between the two countries reduced in the same period. Bean export to Kenya from Tanzania was uncharacteristically high due to below normal output from the eastern and coastal lowlands of Kenya. In the same period, bean export to Uganda was almost similar to the 2011-2012 average. Figure 3 indicates that rice exports to Kenya were atypically high and were partly responsible for higher prices in Tanzania

**Somalia Exports:** Figure 4 reveals the erratic nature of informal cross-border exports from Somalia due to trade disruptions related to insecurity, trade in food aid, the lack of standard operational procedures including lack of freight or transport insurance, and the effects of the appreciating Somali Shilling. Staple food exports from Somalia continued to flow into higher priced areas in Eastern Ethiopia and southern eastern Djibouti including Loyado and Ali Sebieh. The strengthening of the Somalia shilling brought uncertainty and minimal informal cross-border exports of rice and wheat flour from Somalia to Ethiopia between January and March 2013. Figure 4 also indicates that the widespread drought in Djibouti continue to attract beans, maize, sorghum and wheat flour from Somalia through Loyado. These imports have since abated but wheat flour imports have continued on an upward trend.



**Exports from Ethiopia:** There are indications that the informal export of beans from Ethiopia to Sudan was average in January but the flow was erratic in February and March. See Annex 2. Informal exports of beans to northern Kenya between January and March was similar to the same period in 2012 but maize imports were up five times partly attributed to speculative purchases during the election period in Kenya. Wheat exports to northern Kenya including Moyale, Marsabit and Wajir was up three times compared to the same period in 2012 for reasons cited above. Exports of maize to Somalia declined between January and February due to average harvest in southern Somalia. Maize export to Djibouti was small but steady compared to the same period in 2012. Sesame exports to Sudan were down 25 percent between January and March after massive imports of over 150,000MT in December 2012 by Sudan traders keen on trading short term to reduce risks associated with currency availability and black market fluctuations in foreign currency exchange rate. In the first quarter of 2013, cross-border data indicates low exports of sorghum to Somalia although this may be attributed to lack of data because the Ethiopia-Somalia data is quite long and porous. Besides, northern and central Somalia regions get significant supplies from Ethiopia due to market segmentation with the main producing southern Somalia for various reasons, including distance, poor infrastructure and insecurity. In the same period, wheat flour exports to South Sudan were estimated to be around four times as much as the same period in 2012 because of conflict related trade disruptions from Sudan. However, informal cross-border trade between Ethiopia and markets in Jonglei State in eastern South Sudan bordering Ethiopia is erratic as a result of insecurity brought about by inter-ethnic conflict and cattle-rustling and poor infrastructure.

**Rwanda Imports:** Imports of staple foods into Rwanda consists of a grains, roots and tubers across several border points in small volumes but cumulatively large on a yearly basis as shown in figure 6. The 2012 lucrative rice smuggling business from Tanzania and Uganda into Rwanda and some onwards to DRC (as shown in the December report) abated in 2013 as indicated in figure 6. This is attributed to a lagged depletion of foreign currency reserves and depreciation of the Rwanda Franc following withdrawal of donor funding in



2012. Maize imports from Uganda declined seasonally in the first quarter of 2013 due to increased domestic supply from season A harvest supported by the sliding currency and eroding purchasing power. However, sorghum imports were 11 times higher between January and February compared to the 2010-2011 average with most coming from Uganda. The increased inflow of sorghum is attributed to the policy of Rwanda government that promotes maize at the expense of sorghum, which has reduced domestic supply of sorghum amidst a steady demand in some rural areas. Cooking banana production is gradually recovering from the banana wilt disease and attendant low domestic supplies continue to attract inflows from DRC and southeastern Uganda.

## Outlook

Informal cross-border trade of maize, sorghum, beans, and rice in the region are expected to continue on an upward trend between March and June 2013, as most countries get into the lean season with varied stocks of tradable staples. However, localized conflicts, tight foreign currency reserves, depreciating currency and high fuel cost may disrupt trade impeding the transmission of prices from surplus to some retail markets.

With easing of border tensions between Sudan and South Sudan, both formal and informal cross-border trade in staple grains is expected to pick-up in the next six months. Formal trade is expected to resume when the ten cross border points are officially opened as agreed upon by the two governments in the week of 22nd April. Increased inflows into South Sudan of Sudan's white sorghum, a preferred staple and substitute for maize, is expected to reduce demand for maize and maize flour imports from Uganda.

The temporary flow of maize into border markets in northern Tanzania is expected reverse between April and June following the harvest and drying of Tanzania's *Vuli* and *Masika* harvests. The flow is expected to increase gradually in line with seasonal trends and peak in June.

Uganda's maize exports to Rwanda are expected to increase in the second quarter of 2013 as is wheat flour exports from Somalia to Djibouti.

As the lean season progresses in Ethiopia, informal imports of rice and wheat flour from Somalia are expected to increase typically.

**Annex 1: Estimated informal cross-border imports of selected staple foods into South Sudan in 2013**

<b>Commodity and Source</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>Grand Total</b>
<b>Beans</b>	<b>74,206.35</b>	<b>77,718.00</b>	<b>132,593.15</b>	<b>284,517.50</b>
Sudan		8.00		8.00
Uganda	74,206.35	77,710.00	132,593.15	284,509.50
<b>Cassava</b>	<b>39,205.15</b>	<b>12,276.40</b>	<b>15,983.65</b>	<b>67,465.20</b>
Sudan				
Uganda	39,205.15	12,276.40	15,983.65	67,465.20
<b>Groundnuts</b>	<b>84,939.75</b>	<b>21,232.85</b>	<b>23,957.35</b>	<b>130,129.95</b>
Sudan				
Uganda	84,939.75	21,232.85	23,957.35	130,129.95
<b>Maize</b>	<b>270,922.50</b>	<b>98,276.30</b>	<b>108,884.00</b>	<b>478,082.80</b>
Ethiopia	323.00	1,922.80	200.00	2,503.80
Sudan	24.00			24.00
Uganda	270,575.50	96,353.50	108,684.00	475,613.00
<b>Maize flour</b>	<b>86,560.35</b>	<b>50,217.50</b>	<b>115,531.60</b>	<b>252,309.45</b>
Sudan	124.20	80.00	54.00	258.20
Uganda	86,436.15	50,137.50	115,477.60	252,051.25
<b>Rice</b>	<b>138,013.00</b>	<b>110,574.93</b>	<b>150,939.00</b>	<b>399,526.93</b>
Sudan	6.50	7.93	39.00	53.43
Uganda	138,006.50	110,567.00	150,900.00	399,473.50
<b>Sesame</b>	<b>66,382.35</b>	<b>40,065.05</b>	<b>23,950.55</b>	<b>130,397.95</b>
Sudan			5.00	5.00
Uganda	66,382.35	40,065.05	23,945.55	130,392.95
<b>Sorghum</b>	<b>74,805.90</b>	<b>94,467.20</b>	<b>133,754.15</b>	<b>303,027.25</b>
Ethiopia	437.00	607.00	88.00	1,165.50
Sudan	150.00	107.05	230.00	45.00
Uganda	74,368.90	93,840.20	133,657.15	301,850.25
<b>Sugar</b>	<b>112,300.90</b>	<b>71,867.65</b>	<b>138,315.40</b>	<b>322,483.95</b>
Sudan	46.40	175.90	408.40	630.70
Uganda	112,254.50	71,691.75	137,907.00	321,853.25
<b>Wheat flour</b>	<b>58,986.70</b>	<b>92,378.20</b>	<b>91,986.20</b>	<b>243,351.10</b>
Ethiopia	600.60	1,009.60	334.00	2,056.20
Sudan	100.30	85.00	109.65	294.95
Uganda	58,285.80	91,283.60	91,542.55	241,111.95
<b>Grand Total</b>	<b>1,006,322.95</b>	<b>669,074.08</b>	<b>935,895.05</b>	<b>2,611,292.08</b>

## Annex 2: Observed cross informal cross-border exports of selected staple foods from Ethiopia in 2012 to March 2013

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
<b>Beans</b>	15,269	1,952	2,721	4,304	643	810	1,035	8,135	727	2,529	2,969	14,192	1,254	939	
Kenya	798	495	1,089	328	643	744	727	434	727	2,529	2,969	997	1,254	939	
South Sudan															
Sudan	14,471	1,457	1,632	3,976		67	308	7,701				13,195			
<b>Fava beans</b>											6,147		5,172	8,914	198
Sudan											6,147		5,172	8,914	2,032
<b>Maize</b>	326	682	450	269	471	38	192	252	371	408	690	260	344	1,937	218
Djibouti							140	10	16	13	25	16	21	14	18
Kenya	37	20	51	73	125	7	52	25	27	55	168	51	188	184	
Somalia	279	256	399	196	346	30		216	328	340	217	194			
South Sudan	11	406									280		323	1,923	200
Sesame	52,198	29,895	84,679	840	22,739	9,846	11,969	1,890				150,614	11,641	21,254	8,256
Sudan	52,198	29,895	84,679	840	22,739	9,846	11,969	1,890				150,614	11,641	21,254	8,256
<b>Sorghum</b>	2,972	4,382	9,007	166	1,213	1,528	2,328	77	100	10	548	170	1,065	1,373	88
Djibouti										1				1	0
Kenya	36	68	36	9	54	18	32			9	27	54	9	49	
Somalia	119	309	474	157	151	33			100		93	116			
South Sudan		875									404		437	607	88
Sudan	2,817	3,131	8,497		1,008	1,477	2,296	76			24		619	717	
<b>Teff</b>			45							10	1	42	150		
Djibouti										10	1	42	150		
Sudan			45												
<b>Wheat</b>	36	240		140				40		60	250	40			
Kenya	36	170		140				40		60	250	40	230	313	
Somalia								75							
South Sudan		70													
<b>Wheat flour</b>	66	256	104	3	132	22	43		18	8	489	41	604	1,011	334
Kenya	3	4	104	3	132	22	43		18	8	10	41	4	2	
South Sudan	63	252									480		601	1,010	334
Blanks mean that informal cross-border trade was not observed															