

EAST AFRICA CROSSBORDER TRADE BULLETIN

FSNWG Food Security & Nutrition Working Group

July 2020

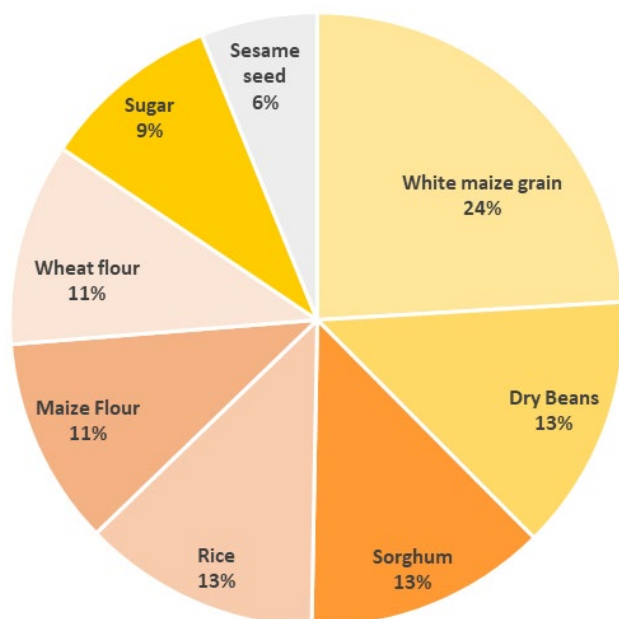
MAS Market Analysis Subgroup

Volume 30

SUMMARY POINTS

Figure 1: Main Staple Food Commodities Informally Traded Across Selected Borders in Eastern Africa in the Second Quarter of 2020.

Source: FEWSNET and EAGC



- Maize grain was the main commodity traded in the region between April and June 2020 (second quarter of 2020) followed by dry beans, sorghum, and rice as shown in Figure 1.
- The direct and indirect effects of measures to contain the spread of COVID-19 infections led to reduced regional trade for most commodities during the second quarter of 2020/
- Livestock trade (especially for goats and camels) picked up slightly in the second quarter of 2020 once the Saudi Arabian ban on livestock imports was lifted, which allowed exports from Somalia to resume. Livestock trade in other animals remained low due to COVID-19 related measures to contain infection.
- Staple food commodity parity price trends (expressed in US dollars per MT) followed seasonal trends during the second quarter of 2020 but were above average in Sudan, South Sudan and Addis Ababa due to high costs of production and marketing; and because of high demand in Kenya. Prices are expected to trend seasonably in the next six months and remain above average in countries mentioned above.

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.

Key Commodities & Cash Crops by Country

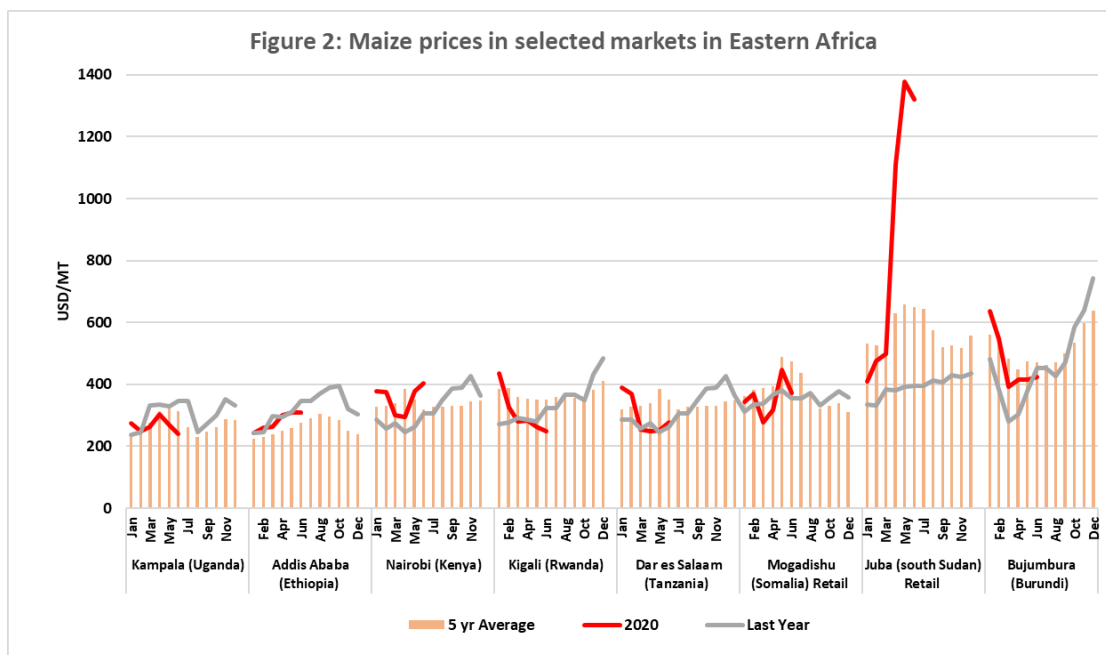
	Maize & Maize Flour: Ethiopia, southern Somali, South Sudan, Kenya, Uganda and Tanzania
	Beans: Consumed throughout East Africa
	Wheat & Wheat Flour: Consumed throughout East Africa and is particularly important in urban areas
	Rice: Consumed throughout East Africa
	Sorghum & Sorghum Flour: Sudan, South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

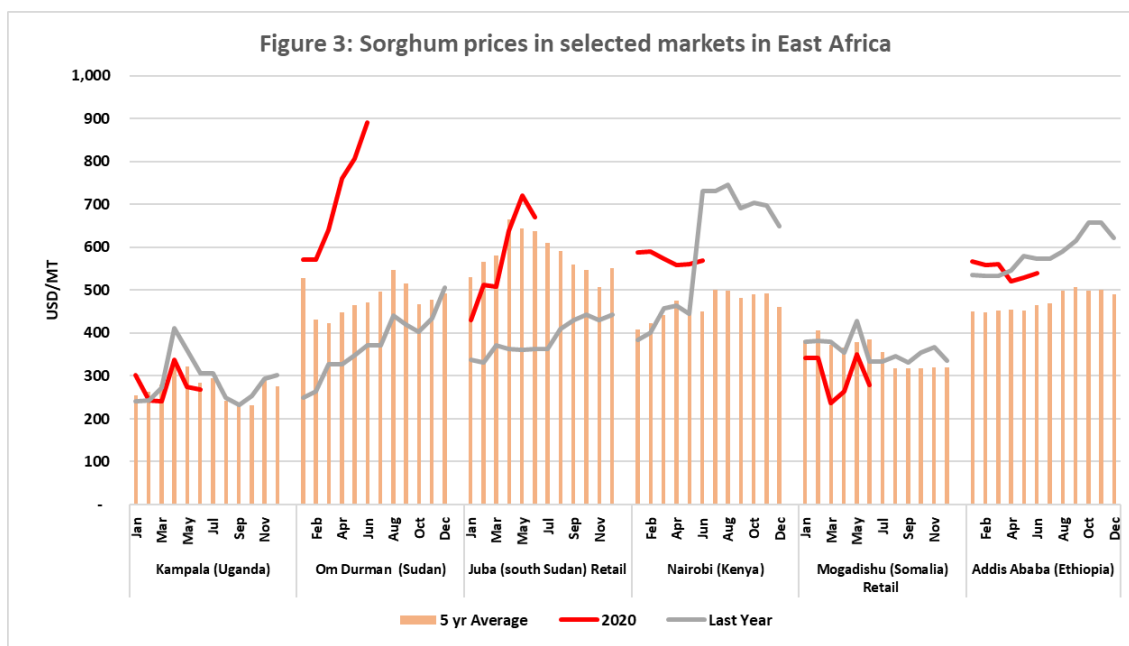


PRICES FOR SELECTED COMMODITIES IN EAST AFRICA IN SECOND QUARTER OF 2020

Maize parity prices (expressed in US dollars per MT) followed seasonal trends across key reference markets in the region and were near recent five-year average levels in most markets. However, COVID-19 related panic purchases, restrictions in Uganda, supported by uncertainty in supply, and speculative behavior by traders, increased prices exceptionally in Juba market of South Sudan. See Figure 2.



Sorghum parity prices (expressed in US dollars per MT) followed seasonal increasing trends in the key reference markets in the region as supplies tightened and were above average in Sudan, South Sudan and Addis Ababa due to high costs of production and marketing; and because of high demand in Kenya. The prices were near average in Uganda and Somalia because of local available from the ongoing June-to-July harvest. See Figure 3.

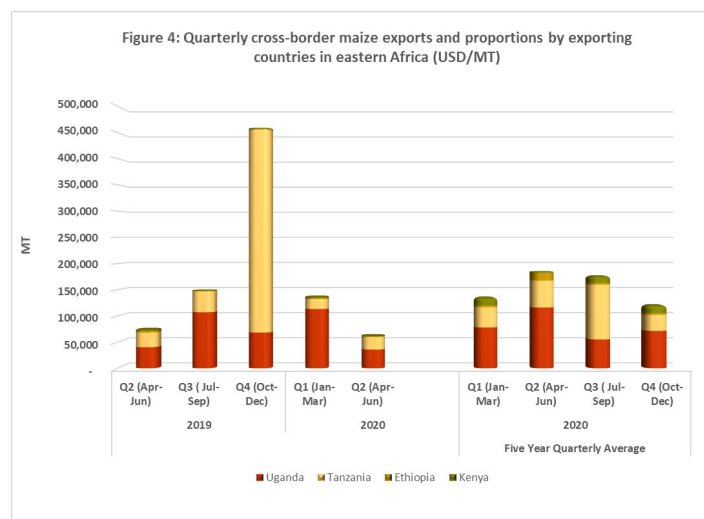


THE STATUS OF CROSS BORDER TRADE IN THE FIRST QUARTER (APR-JUN) OF 2020

The lagging effects of COVID-19 measures to contain infections enacted at the end of the first quarter of 2020 significantly reduced regional trade in the second quarter. The biggest effect was reduced demand due to reduced income earned and remittance. Supply side effects included delayed and increased costs of trucking due to screening measures, and speculative conduct by traders because of doubtful supplies that heightened prices in some markets.

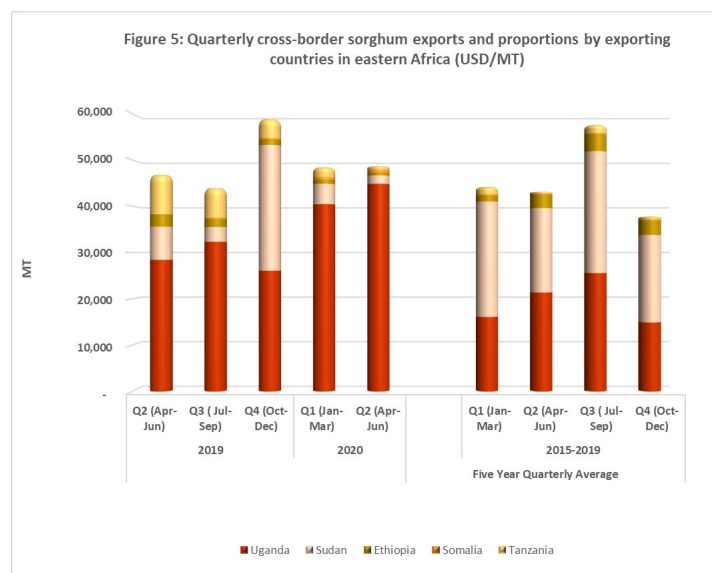
Maize

In the second quarter of 2020 (April-to-June), around 62,000 MT of maize grain was traded in the region. This amount was 55, 18, and 58 percent lower than in the first quarter, last year's second quarter, and recent five-year average for second quarters respectively. As seen in Figure 4, the volume traded was atypical for the second quarter. The reduced volume was attributed to delayed effects of COVID-19 measures to control infections enacted in the first quarter, especially significant reduction of informal cross border trade with closure of borders except for formal trade, and the screening of track drivers that delayed and increased the costs of transport. Uganda and Tanzania accounted for 58 and 39 percent of the total regional exports respectively. Around 77 and 18 percent of the exports were destined for Kenya and South Sudan respectively.



Sorghum

Around 49,000 MT of sorghum was traded in the region in the second quarter of 2020 which was similar to the first quarter and last year's second quarter; but 13 percent higher than the recent five-year average for second quarters respectively. As seen in Figure 5, the volume traded was atypical for the second quarter. Uganda accounted 92 percent of the exports while 86 and eight percent of the exports went to South Sudan and Kenya respectively. Sorghum exports from Uganda to South Sudan was the main driver of increased trade, and was nine, 45 and 94 percent higher than in the first quarter, last year's second quarter, and recent five-year average for second quarters respectively. See Table in the Annex. Unlike maize which is mostly sourced in the south and southwestern regions of Uganda, sorghum is mainly sourced in the northern areas close to South Sudan and was therefore less affected by COVID-19 screening of truck drivers. Most of the staple food cross border trade between Uganda and South Sudan is formal and reduction informal trade was inconsequential.



Rice

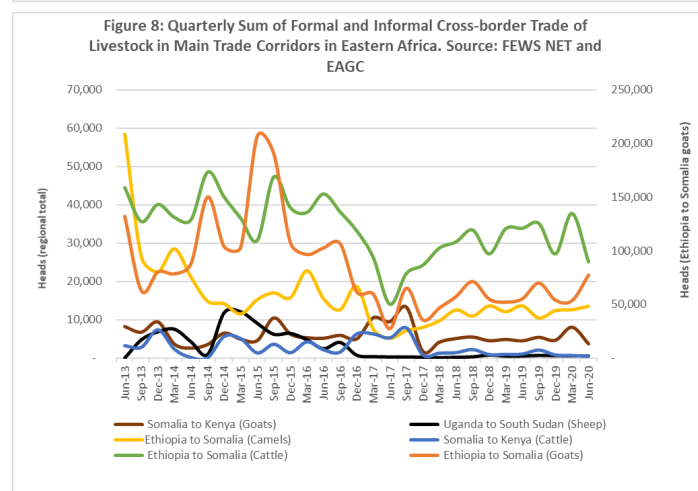
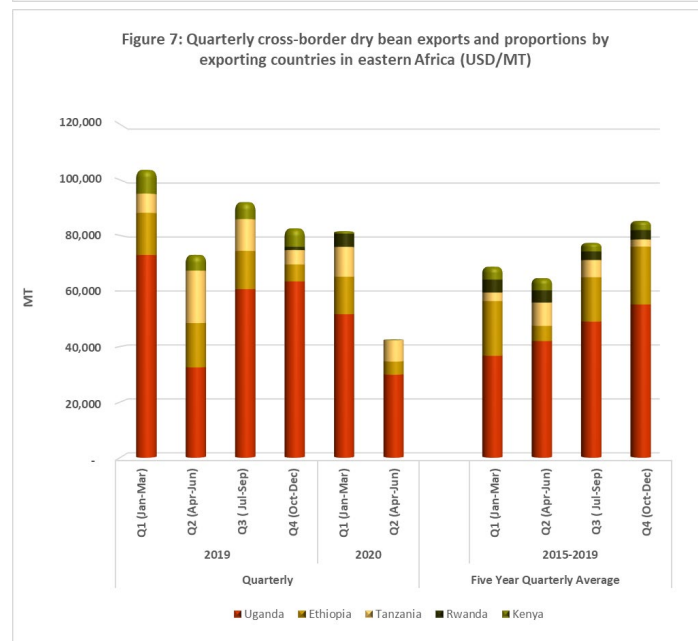
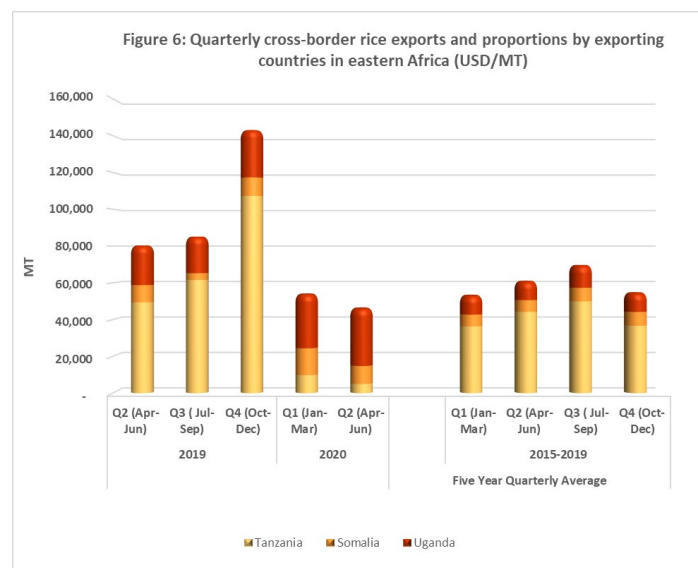
An estimated 46,000 MT of locally produced rice and some international re-exports from Somalia were traded in the region in the second quarter of 2020. The volume was 14,22, and 25 percent lower than in the first quarter, last year's second quarter, and recent five-year average for second quarters respectively. Figure 6 shows the atypical low volume of rice trade in the second quarter. This main reason for reduced trade was COVID-19 related measures described earlier. In addition, traders in Somalia faced difficulties assessing hard currency to import rice following COVID-19 lockdowns in critical countries including Dubai that have disrupted Somalia linked international money transfers. Still, rice exports from Tanzania to Burundi were higher than in the first quarter, last year's second quarter, and recent five-year average for second quarters respectively because of no severe COVID-19 related restrictions in both countries. Also rice exports and re-exports from Uganda to South Sudan increased for reasons mentioned earlier. Uganda, Tanzania and Somalia accounted for 68, 19, and 11 percent of the exports. An estimated 68, 19 and seven percent of the exports went to South Sudan, Burundi and Uganda respectively.

Dry beans

Regional trade in dry beans was approximately 42,000 MT, which was atypically low for the second quarter. See Figure 7. The volumes traded were 48,22, and 36 percent lower than in the first quarter, last year's second quarter, and recent five-year average for second quarters respectively, because of lagging COVID-19 measures to contain infections as mentioned earlier in the previous sections. As observed earlier, bean exports from Tanzania to Burundi increased because there no severe COVID-19 restrictive measures in the two countries.

Livestock

Livestock trade trends in the region varied in the second quarter of 2020. Exports from Somalia to Kenya declined because of COVID-19 restrictive measures including quarantines, restrictions on movements, night curfew, and closure of livestock markets that affected livestock movement to assembly points and markets. See Figure 8. Still goat and camel exports from Ethiopia to Somalia for re-exports to the Middle East increased as Saudi Arabia lifted a ban on livestock imports from Somalia in April with



the aim of strengthening local markets with imported livestock. Saudi's Ministry of Environment, Water and Agriculture (MEWA) projected that at least 600,000 sheep and 100,000 camels would be delivered to the Kingdom within thirty days after completion of the mandatory 30-day quarantine period.

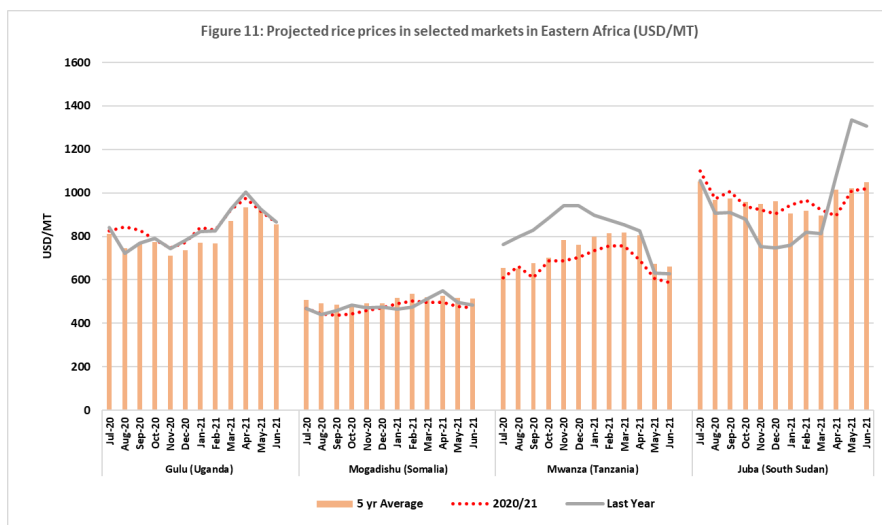
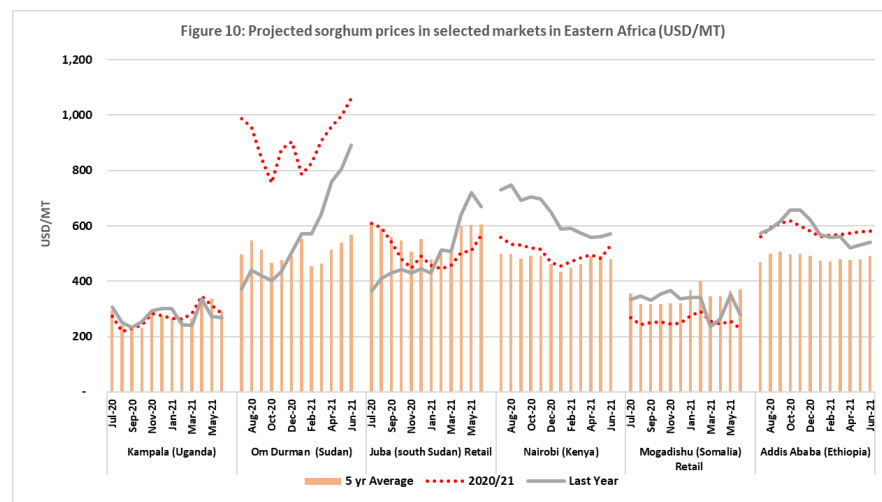
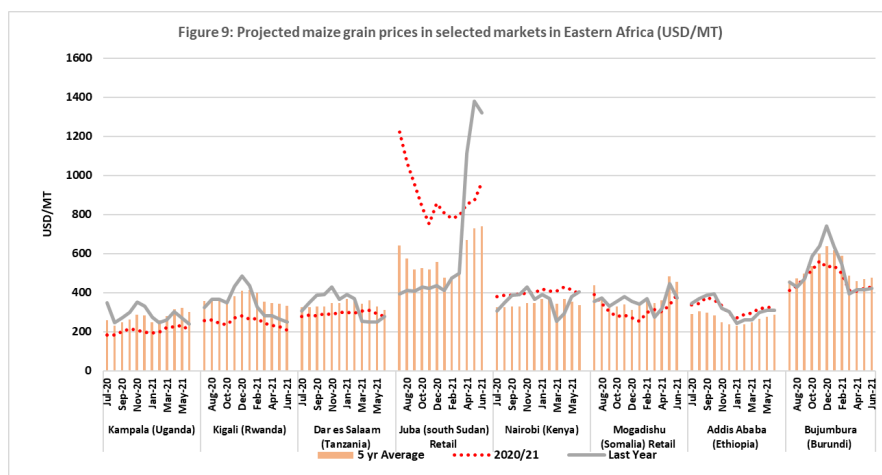
CROSS BORDER TRADE OUTLOOK JULY TO DECEMBER 2020

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 analyzed in local currencies.

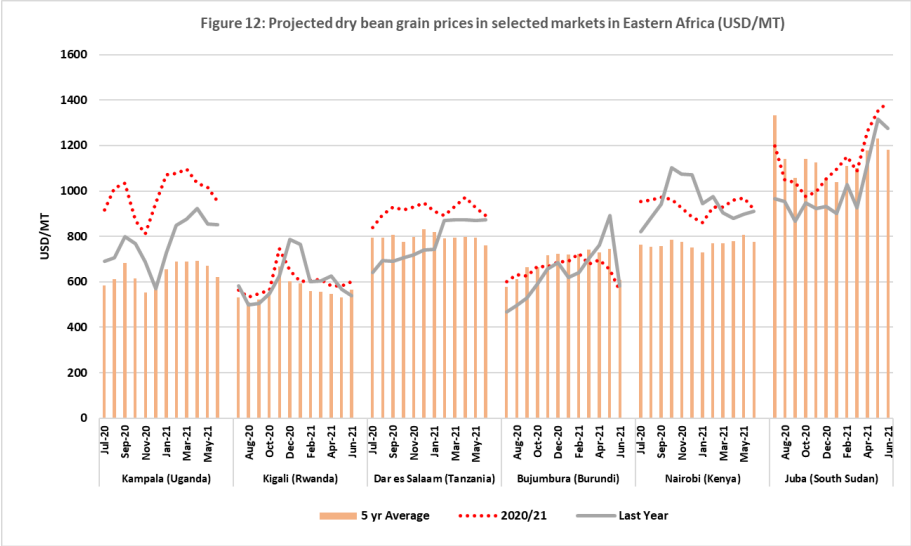
Maize prices are expected to trend seasonably across markets in Uganda, Rwanda, Tanzania, Somalia and Burundi because of local availability from the recent average-to-above average harvest. See Figure 9. The prices are expected to trend typically but remain slightly higher than the recent five-year average in Kenya as the country fills the gap in supply by imports from overseas, and in Ethiopia because of high inflation and frequent social unrests that disrupt supplies to markets. The exceptional prices in Juba (South Sudan) are expected to decline significantly in the next six months, as imports from Uganda continue to increase, assuring supplies and reducing speculative conduct by traders.

Sorghum prices are expected to trend seasonably in the next six months and will likely be above average in Ethiopia and Sudan because of high inflation. See Figure 10. The prices are expected to be below average in South Sudan due to increasing supplies from Uganda as a result of relative calm with the implementation of peace agreement; and in Somalia because of increased availability from two consecutive seasons of above average harvest.

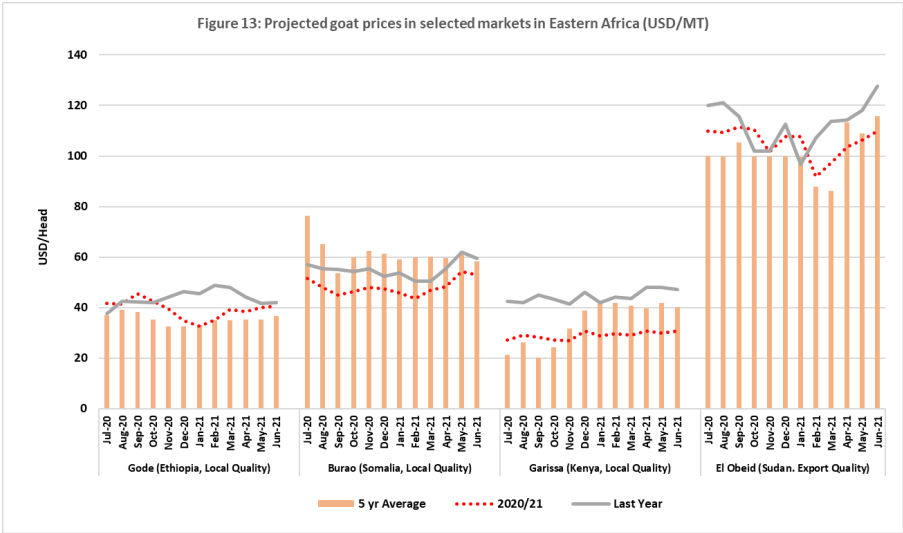
The prices of locally produced rice are projected to trend seasonably and will likely be similar to recent five-year average levels because of ample supply from within the region and some re-exports of rice from international markets in the eastern parts of Ethiopia and Somalia. See Figure 11.



Dry bean prices are expected to follow seasonal trends in the next six months but will remain elevated due to high regional and domestic demand amidst some reduced production due to heavy rains that affected the previous December-to-February harvest reducing carryover stocks into the ongoing June-to-July harvest in Uganda, Tanzania and Kenya. See Figure 12. Prices will likely remain near or slightly below average in Rwanda and Bujumbura because of near-to-above average harvest; and in South Sudan because of increasing supplies from Uganda.



Livestock prices in the reference pastoral markets in eastern Africa are expected to follow seasonal trends but track lower than last year's prices because of increased domestic and regional availability, and reduced exports to the Middle East due to reduced Hajj numbers as a result of COVID-19 restrictions. See Figure 13. The prices in Sudan and Ethiopia are projected to remain above average because of high production costs stemming from persistent high inflation.



ANNEX

Table 1: Cross-borders trade between April and June 2020 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	10,881	-75%	-67%	-60%	▼	▼	▼
	Uganda - Kenya	24,828	-37%	259%	-69%	▼	▲	▼
	Tanzania - Kenya	22,103	137%	-15%	-56%	▲	▼	▼
	Tanzania - Rwanda	1,764	-80%	48%	336%	▼	▲	▲
	Ethiopia - Kenya	201	-11%	-76%	-99%	▼	▼	▼
	Ethiopia - Somalia	1,022	-28%	-40%	-1%	▼	▼	►
	Kenya - Tanzania	283	-92%	-91%	-86%	▼	▼	▼
Sorghum Sorghum	Uganda - South Sudan	40,716	9%	45%	94%	▲	▲	▲
	Uganda - Kenya	4,106	40%	874%	-36%	▲	▲	▼
	Uganda - Rwanda	3	0%	0%	-100%	►	►	▼
	Ethiopia - Djibouti	3	-25%	0%	0%	▼	►	►
	Ethiopia - Somalia	598	-34%	-41%	-8%	▼	▼	▼
	Somalia - Djibouti	652	17%	21633%	377%	▲	▲	▲
	Sudan - South Sudan	1,393	-68%	18%	22%	▼	▲	▲
	Sudan - Eritrea	3	13583%	-89%	-98%	▲	▼	▼
Rice	Uganda - South Sudan	31,411	7%	46%	176%	▲	▲	▲
	Tanzania - Kenya	2,261	-60%	-86%	-89%	▼	▼	▼
	Tanzania - Rwanda	1,539	-53%	-87%	-95%	▼	▼	▼
	Somalia - Kenya	857	-66%	-45%	-70%	▼	▼	▼
	Somalia - Ethiopia	8,938	-26%	15%	7%	▼	▲	▲
	Tanzania - Burundi	1,183	33%	7%	43%	▲	▲	▲
Beans	Uganda - South Sudan	18,098	-15%	144%	64%	▼	▲	▲
	Uganda - Kenya	11,736	-58%	-52%	-70%	▼	▼	▼
	Uganda - DRC	30	-85%	-95%	-99%	▼	▼	▼
	Tanzania - Kenya	5,749	42%	-2%	9%	▲	►	▲
	Ethiopia - Kenya	4,732	-44%	-70%	-19%	▼	▼	▼
	Ethiopia - Sudan	3	-100%	-93%	-100%	▼	▼	▼
Camels	Somalia - Kenya	556	-54%	3%	-48%	▼	►	▼
	Ethiopia - Somalia	13,470	7%	-1%	6%	▲	►	▲
Cattle	Somalia - Kenya	504	-25%	-52%	-86%	▼	▼	▼
	Ethiopia - Somalia	25,125	-33%	-26%	-23%	▼	▼	▼
Goats	Somalia - Kenya	3,756	-54%	-17%	-37%	▼	▼	▼
	Ethiopia - Somalia	77,096	45%	22%	8%	▲	▲	▲
Sheep	Somalia - Kenya	1,157	21%	0%	37%	▲	►	▲
	Uganda - South Sudan	2,913	25%	57%	-19%	▲	▲	▼

Figure 14: cross-borders points monitored by FEWS NET and East Africa Grain Council in Eastern Africa by June 2020

