Sesame seed, was the most traded commodity in the East Africa region in the first quarter of 2016 as depicted in Figure 1. There were also significant informal cross-border trade of maize, dry beans, locally produced rice, sorghum; imported sugar, wheat grain and flour.

Sesame seed was mostly exported from Ethiopia to Sudan which is typical before exports decline from the second quarter of 2016.

The volumes of maize, sorghum and dry beans traded in the region were lower than first quarter of 2015 and the recent three year average volumes of the first quarter due to availability of maize in the destination markets following above average production enhanced by the El Nino rains, and low production in some source markets.

Volumes of cross border trade between Uganda, Sudan and Ethiopia with South Sudan remained dismally low when compared to the recent three year average volumes for the first quarter due to conflict-related trade constraints, in addition to worsening macro-economic conditions.

Livestock trade between Ethiopia and Somalia, Somalia and Kenya increased seasonably in the first quarter of 2016 following a better October-to-December rainfall season that improved animal body conditions. However trade between Uganda and South declined due to worsening business environment in South Sudan.

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 East 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.
EL NINO EFFECTS RESULTS IN DIFFERING PRODUCTION LEVELS

Staple grains production in 2015/2016 season were mixed in Eastern Africa resulting in different regional trade patterns. The El Nino phenomenon negatively but typically affected rainfall performance in the northern countries of Sudan, South Sudan and Ethiopia but positively impacted on rainfall performance in Uganda, Rwanda, Burundi, Kenya and Somalia. See Figure 2.

The average production of staple grains in Sudan is expected to be 30-35 below the recent five year average respectively due to below average rainfall that was spatially and temporally poorly distributed during the May-to-October/November rainy season. Availability of sorghum, millet, wheat, maize and rice is down by 37 percent compared to 2014, mostly due to reduction in production. However, the opening stock is almost three times higher than 2014 due to a good harvest in 2013. Use of sorghum and millet for animal feed is higher in the 2016 consumption year due to unavailability of pasture. Sudan sorghum and millet carryover stocks are 40 and 25 percent of the sorghum and millet annual requirements respectively.

South Sudan cereal production in 2015 was nine percent below that of a very good harvest in 2014 as a result of a good rainy season, but was still around 16 percent above the recent five year average levels. Total land under crop production in 2015 was similar to that of 2014, reflecting the drop in planted area in the Greater Upper Nile region caused by the conflict. Crop yield declined by 10 percent from that of 2014 as result of poor rainfall performance, but was still above the recent five year average levels. The drop in yield was mostly attributed to lower productivity stemming from mid-season dryness in the Greater Equatoria, and the spread of conflict into Western Equatoria that reduced planted area. However, cereal deficit increased by 52 percent from 250,000 MT in 2015 to 380,000 MT in 2016, which is almost similar to the average of 400,000MT in the previous years. The largest cereal deficit is expected to be in the conflict-affected Unity, Upper Nile and Jonglei States which account for about 80 percent of the total deficit (300,000 MT) which is similar to the 2015 consumption period.

Maize production in Kenya was estimated at 10 percent above the recent five year average at around 3,100,000 MT. Uganda maize production was estimated at average to slightly above average 1,800,000-2,000,000 MT, while maize production in Rwanda was 15 percent higher than 2014 production at 550,000 MT. Maize and sorghum production in 2015/2016 in Somalia was estimated at around 95,000 and 98,000 MT respectively which were above the recent five average levels. The above average production volumes in these countries were enhanced by good El Nino rains.

In Ethiopia, 2015/2016 grain production is estimated at 30 percent below the recent five year average levels with staple cereal production shortfalls of between 30 and 75 percent against 2009/2014 average levels in some affected areas that include, eastern parts of Tigray and Amhara; eastern and central parts of Oromia; and northeastern parts of SNNPR. The total staple grain (maize, sorghum, wheat, barley and teff) availability is estimated at around 4,000,000 MT after accounting for carryover stocks from the previous year which was better.
THE STATUS OF CROSS BORDER TRADE IN FIRST QUARTER (JAN-MAR) OF 2016

Maize Trade: Informal and formal maize exports within the region between the fourth quarter of 2015 (October-December) and the first quarter of 2016 (January to March), declined seasonably and were also generally lower than the recent three year average volumes of the first quarter because of availability of maize in most source and destinations markets, and tight supplies in some source markets. Maize exports from Uganda to South Sudan between 2015 fourth quarter and 2016 first quarter declined seasonably by 23 percent. See Figure 2. However, first quarter 2016 maize exports from Uganda to South Sudan were two times lower when compared to the same quarter in 2015 because of adverse macro-economic situation in South Sudan that have constrained trade including high and depreciating currency, shortage of and high fuel prices, conflict and insecurity related trade disruptions, and reduced household purchasing power. Maize exports from Uganda, Ethiopia and Tanzania to Kenya between 2015 fourth quarter and 2016 first quarter declined seasonably but atypically sharply by 57, 50 and 55 percent correspondingly due to reduced demand, and were 97 and 25 percent; and two times lower than the first quarter 2015 exports respectively. The decline in requirements in Kenya was attributed to good El Nino rains that resulted in 2015-2016 production being 17 percent higher than that of 2014-2015. In addition, below average May-August 2015 (Masimu), June-August 2015 (Masika) and January-February 2016 (Vuli) harvests in Tanzania resulted in tightened supplies and reduced exports to Kenya. Maize exports from Uganda to Rwanda between 2015 fourth quarter and 2016 first quarter, declined unseasonably by 15 percent, and were 95 percent lower than the first quarter of 2015 due reduced demand as a result of a good January-to-February (Season A) harvest in Rwanda enhanced by El Nino rains. Tanzania maize exports to Rwanda and Burundi in the first quarter of 2016, were also exceptionally lower than 2015 first due to tight supplies for reasons mentioned earlier. While maize exports from Ethiopia to Somalia between 2015 fourth quarter and 2016 first quarter were seasonably 10 percent higher, the volumes traded were marginally lower than 2015 first quarter due to tight supplies in eastern Ethiopia as a result of below average October-to-January (Meher) harvest. The short-lived seasonal reverse flow of maize from Kenya to Tanzania declined seasonably by 23 percent between 2015 fourth quarter and 2016 first quarter having peaked in 2015 fourth quarter. Still the 2016 first quarter flows were ten and five times higher than the respective first quarter of 2015 and recent three year average volumes of the first quarter following below average harvests in Tanzania in 2015.

Sorghum Trade: Sorghum exports from Sudan to Eritrea and South Sudan between 2015 fourth quarter and 2016 first quarter, increased seasonably but uncharacteristically sharply by 25 percent and almost two times respectively due to increased demand in the destination markets as a result of lower production compared to 2015. See Figure 3. Nevertheless, first quarter 2015 exports to Eritrea and South Sudan were 39 percent and almost three times lower than the first quarter of 2015 respectively due to tight supplies in Ethiopia following a Meher harvest that was 30 percent below the recent five year average levels with staple cereal production shortfalls of between 30 and 75 percent against 2009/2014 average levels in some affected areas that include eastern parts of Tigray and Amhara; eastern and central parts of Oromia; and northeastern parts of SNNPR. In addition cross-border trade was constrained by adverse macro-economic situation and the closure of borders between South Sudan and Sudan after a brief period during which the borders were officially open. Still sorghum exports to South Sudan and Eritrea were eight and 71 percent higher than the recent three year average volumes of the first quarter. This was attributed to gradually increasing trade between Sudan and South

![Figure 2: Three Month Moving Average Formal and Informal Cross border Trade of Maize Grain in Main Trade Corridors in Eastern Africa. Source: FEWS NET and EAGC](image-url)
despite closure of borders, and increasing dependence by Eritrea on sorghum supplies from Sudan especially due to proximity to the main eastern producing region of Al Gaderif.

Sorghum exports from Uganda to South Sudan between 2015 fourth quarter and 2016 first quarter, also declined seasonably by 25 percent. The exports were almost three times lower than the respective 2015 quarter due to adverse macro-economic situation mentioned earlier. However, sorghum exports to Rwanda from Uganda between 2015 fourth quarter and 2016 first quarter increased seasonably by 11 percent. In addition first quarter 2016 exports to Rwanda were 86 percent higher than the respective quarter in 2015 due to increasing demand by the formal and informal breweries.

Sorghum exports from Ethiopia to Djibouti, South Sudan and Somalia between 2015 fourth quarter and 2016 first quarter, were stable, 34 and 13 percent lower respectively. 2016 first quarter exports to South Sudan and Djibouti were 34 percent and three times, 84 and 60 percent lower than the first quarter of 2015 and recent three year average volumes of the first quarter respectively, due to reduced supplies in Ethiopia following below average harvests. Exports to Somalia were 25 percent higher than the respective 2015 quarter during which exports were uncharacteristically low.

**Rice:** Locally produced rice exports from Tanzania to Kenya and Rwanda between 2015 fourth quarter and 2016 first quarter, increased only marginally but seasonably by up to eight percent due to availability of staple grains in the destination markets. See Figure 4. First quarter 2016 rice exports from Tanzania to Kenya were however double the volumes of 2015 first quarter due to high demand for Tanzanian rice in Kenya. However Tanzania rice exports to Rwanda and Burundi decreased by seven and 13 percent respectively. This was attributed to availability of staple foods in both countries a result of average to above-average Season A harvests which were enhanced by the El Niño rains. Rice exports from Tanzania to Uganda between 2015 fourth quarter and 2016 first quarter, declined seasonably but atypically sharply by 47 percent. This sharp decline was attributed to low and erratic volumes traded between these two countries following the imposition of the East Africa Community (EAC) Common External Tariff of 75 percent on Tanzanian rice in 2013 as more Tanzania Traders mixed cheap Asian rice (via Zanzibar due to lower taxes) with local rice to escape taxes within the EAC. Still exports of rice from Tanzania to Uganda in the first quarter of 2016, were 31 percent higher than the respective quarter in 2015 but on low volumes, while exports to Burundi were almost eight times lower (also on low volumes) because of apprehension over insecurity in Burundi by traders. Also, exports of locally produced rice from Tanzania to Kenya, Uganda, Rwanda and Burundi were up to two times higher than the recent three year average volumes of the first quarter. Tanzania’s strength in rice exports to regional markets is attributed to increased production, attractive aroma (despite being 20% broken),

![Figure 3: Three Month Moving Average Formal and Informal Cross Border Trade of Sorghum in Selected Markets Corridors in Eastern Africa. Source: FEWS NET and EAGC](image1)

![Figure 4: Three Month Moving Average Formal and Informal Cross Border Trade of Rice in Selected Markets Corridors in Eastern Africa. Source: FEWS NET and EAGC](image2)
high imbibition or volume expansion ratio, and competitive prices, which attract lower and medium income rural consumers in the neighbouring countries.

Rice exports from Uganda to South Sudan between 2015 fourth quarter and 2016 first quarter, were unusually stable, and were 87 percent below the recent three year average volumes of the first quarter. This was attributed to an increasingly difficult business environment due deteriorating economic situation in South Sudan. Actually first quarter 2016 rice exports to South Sudan from Uganda were 121 percent lower than the respective quarter in 2015.

Re-exports of rice imported from overseas from Somalia to Kenya and Ethiopia from Somalia between 2015 fourth quarter and 2016 first quarter, was relatively stable or declined slightly, and were stable or declined marginally when compared to 2015 first quarter. This was attributed to intensive security operations along the borders by both the Ethiopian and Kenyan security organs which has suppressed informal cross-border trade.

**Dry beans:** Dry bean exports within the region between 2015 fourth quarter and 2016 first quarter, declined seasonably because of availability of dry beans in most source and destinations markets. See Figure 5. There were a few exceptions. Dry bean exports from Uganda to Kenya between the two quarters declined seasonably but unusually steeply by 92 percent, and were almost two times and 91 percent lower than the respective first quarter of 2015 and three year average volumes for the first quarter, due to consecutive good production supported by the El Nino rains in Kenya. Similarly, exports from Tanzania to Kenya between the two quarters were unseasonably lower by 18 percent, and were 73 and 70 percent lower than the first quarter of 2015 and three year average volumes for the first quarter respectively for the same reasons mentioned above. Dry bean exports from Ethiopia to northern, northeastern, southeastern and coastal areas of Kenya between the two quarters were also typically lower by 12 percent, but 30 and 75 percent higher than the respective first quarter of 2015 and three year average for the first quarter. The increase in exports was attributed to relatively higher prices in Kenya despite below average production in Ethiopia and relatively higher production in Kenya, and enhanced by an improving supply chain system dominated by one community.

Dry bean exports from Ethiopia to Sudan between 2015 fourth quarter and 2016 first quarter, was typically stable. The 2016 first quarter exports were 36 and 13 percent lower than the respective first quarter of 2015 and three year average volumes for the first quarter, due to below average production and increased demand within Ethiopia. Exports of the small variety of dry beans from Rwanda to Uganda were also typically lower by 36 percent between the two quarters, but were 26 and 31 percent lower than the first quarter of 2015 and three year average volumes for the first quarter respectively, because of two consecutive good harvests in Rwanda aided by El Nino rains.

Dry bean exports from Uganda to South Sudan between 2015 fourth quarter and 2016 first quarter, increased seasonably by two times but on low volumes as a result of typical high demand in South Sudan which has always had a deficit production in pulses. However, the 2016 first quarter exports were still 88 and 92 percent lower than the first quarter of 2015 and three year average for the first quarter respectively, due to adverse economic situation in South Sudan mentioned earlier. Exports of dry beans from Uganda to DRC increased unseasonably by 22 percent and were three and two times higher (albeit on low volumes) than the first quarter of 2015 and three year average volumes for the first quarter respectively because of increasing demand in eastern DRC following reduction in intensity of the conflict in the region.

**Figure 5:** Three Month Moving Average Formal and Informal Cross border Trade of Dry Beans in Selected Markets Corridors in Eastern Africa. Source: FEWSNET and EAGC
Livestock Trade: Goat exports from Ethiopia to Somalia between 2015 fourth quarter and 2016 first quarter, declined unseasonably by 10 percent, and were 24 percent lower than the first quarter of 2015. See Figure 6. This attributed to poor livestock body condition following poor performance of the rains in the northeastern areas of Ethiopia, and relatively good rains in the southeastern pastoral areas of Ethiopia. Rains reduced market supplies as more households retained animals for fattening. Still, 2016 first quarter goat exports to Somalia were 72 percent higher than the recent three year average heads for the first quarters due to early purchases for fattening and re-

exports via Somalia to the Middle East. Goat exports from Somalia to Kenya between 2015 fourth quarter and 2016 first quarter, declined typically by 15 percent and were 10 percent higher than the first quarter of 2015 attracted by relatively higher prices. Goat prices in Somalia have remained depressed as a result of low demand stemming from increasing livestock population since August 2015 following two to three consecutive seasons of good rainfall, and increased inflow of higher quality livestock from Ethiopia. First quarter goat exports to Kenya were 29 percent lower than the recent three year average for the first quarters attributed to persistent security operations along the border that have moderated exports. Exports of camels, sheep, and cattle from Somalia to Kenya between 2015 fourth quarter and 2016 first quarter, increased seasonably by 34 and 16 percent; and two times respectively. Pastoralists typically keep their

livestock in grazing areas for fattening during the rainy October-to-December season and take animals to markets during the January-to-March dry season when roads are passable and livestock do not lose much weight when trekking to markets in northern Kenya. The exports of camels, sheep, and cattle to Kenya from Somalia were double the first quarter 2015 volumes and up to 98 percent higher than the recent three year average levels respectively. This was attributed to relatively high livestock prices that are higher than the recent five year average levels in the Kenyan Counties of Wajir, Garissa and Lamu bordering Somalia because of good animal body conditions following El Nino enhanced October-to-December rainfall in 2015.

Exports of camels from Ethiopia to Somalia between 2015 fourth quarter and 2016 first quarter, increased by 45 percent due to high demand in the northern parts of Puntland and Somaliland, including the town of Hargesia where camel prices are high. Exports of camels from Ethiopia to Somalia Exports were 40 percent higher and 10 percent lower than the respective first quarter 2015 and the recent three year average levels respectively.

Cattle exports from Ethiopia to Somalia between the two quarters were stable. 2016 first quarter export volumes remained stable when compared to the first quarter of 2015, but were 13 percent lower than the recent three year average levels for the first quarter. As mentioned above, several past good seasons have improved local cattle supply hence reducing the demand from Ethiopia. Sheep exports from Uganda to South Sudan between the two quarters declined unseasonably by 26 percent and were 97 and 27 below the first quarter of 2015 and recent three year average levels first quarter respectively. This was attributed to worsening economic situation explained earlier: Taxes on shots increased from SSP 6,000 for 100 sheep to SSP 20,000. Consequently, number of main livestock in Juba declined from 15-20 main in 2015 fourth quarter to barely two in 2016 first quarter. Despite the January-to-March dry season in the source markets of Karamoja in north-eastern Uganda, livestock body conditions was were average, yet South Sudan traders were fewer in 2016 first quarter.
CROSS BORDER TRADE OUTLOOK MARCH TO SEPTEMBER 2016

Macro-economic outlook

- Decline in marketing costs (mainly determined by fuel prices) is expected to be moderated by weakening local currencies in spite of low and declining oil prices.
- The prices of imported staple food commodities especially wheat is expected to be higher or compromised by weak currencies and shortages of foreign currency especially in Sudan, South Sudan and Ethiopia.
- Import inflation is expected to continue through June 2016 due to depreciation of local currencies.

Cross-border trade assumptions

- Export of maize and sorghum from Uganda to South Sudan is expected to continue increasing but at very low volumes due to worsening economic situation including ongoing depreciation of the SSP, shortages of hard currency and fuel, high transport costs, low household purchasing power, and broadening of insecurity that is increasingly disrupting trade between many markets in South Sudan including in the non-conflict areas.
- Cross-border exports of sorghum from Sudan to Eritrea and South Sudan is expected to continue in the second quarter of 2016 in spite of Sudan sorghum prices being relatively higher than that of Uganda and Ethiopia in dollar terms. This is due to proximity of Sudan's main producing areas to consumption markets in both Eritrea and South Sudan. However, sorghum exports to Eritrea and South Sudan are expected to be moderated by tightening supplies and increasing prices in Sudan; closure of the border between Sudan and South Sudan, increasing insecurity, and worsening economic situation in South Sudan.
- Maize exports from Tanzania to Kenya is expected to typically start increasing towards the end of the second quarter of 2016 as traders try to offload the 2015 stocks in preparation of re-stocking with fresh supplies from the May-to-August harvest which is projected to be average. The seasonal reverse flow from Kenya to Tanzania is expected to taper off in the second quarter as supplies start to tighten in Kenya, in addition to increasing maize availability from the southern highlands of Tanzania.
- In Southern Africa, maize production is expected to fall below recent five-year average levels due to delays in the onset of rains, poorly distributed rainfall, and very high temperatures halfway through the 2015/2016 season. However, the government of Zambia said that the country has enough maize and is also exporting to Malawi. Hence most of the Tanzanian maize is expected to be traded within the country to replenish depleted stocks and in the Eastern Africa region including Burundi, Rwanda and Kenya in the third quarter of 2016.
- Although maize exports from Uganda to Kenya have been exceptionally low since the fourth quarter of 2015 following above average production supported by El Nino rains in Kenya, Kenya still faces a deficit that is usually partially filled by imports from Uganda. Hence, second quarter cross-border exports from Uganda to Kenya are expected to be higher than in the first quarter but will be moderated by unusually high stocks in Kenya.
- Despite expected average-to above average maize production in Rwanda due to El Nino enhanced October-to-December rains, imports from Uganda are expected to rise as a result of increasing re-exports to the Democratic Republic of Congo as maize flour.
- Exports of maize, dry beans and sorghum from Ethiopia to Kenya, Somalia and Djibouti is expected to be weakened by expected below average production, rising prices, and uncertainties brought about by government policies that temporarily ban food exports in periods of deficit production.
Figure 8: cross-borders points monitored by FEWS NET and East Africa Grain Council in Eastern Africa by March 2016