

Informal Cross Border Food Trade In Southern Africa

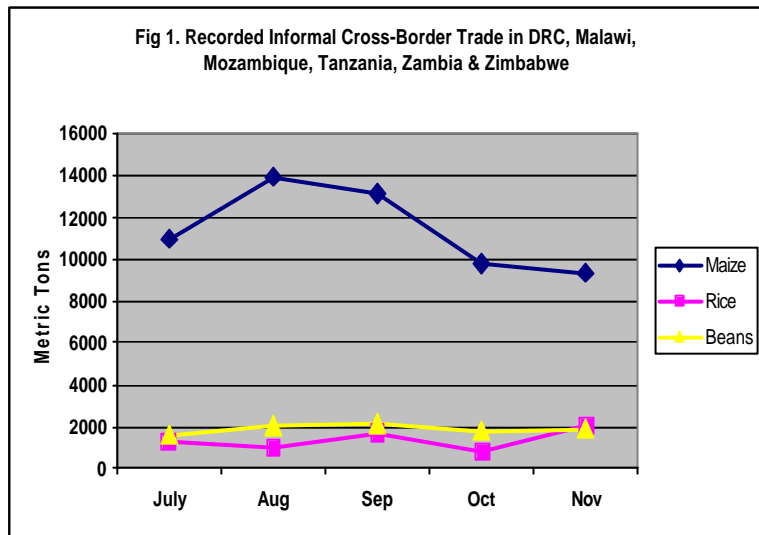
Highlights

- Informal cross border maize trade volumes decline as marketing season ends.
- Retail maize prices rise as on-farm stocks dwindle.
- The DRC remains a net importer of maize, beans and rice.

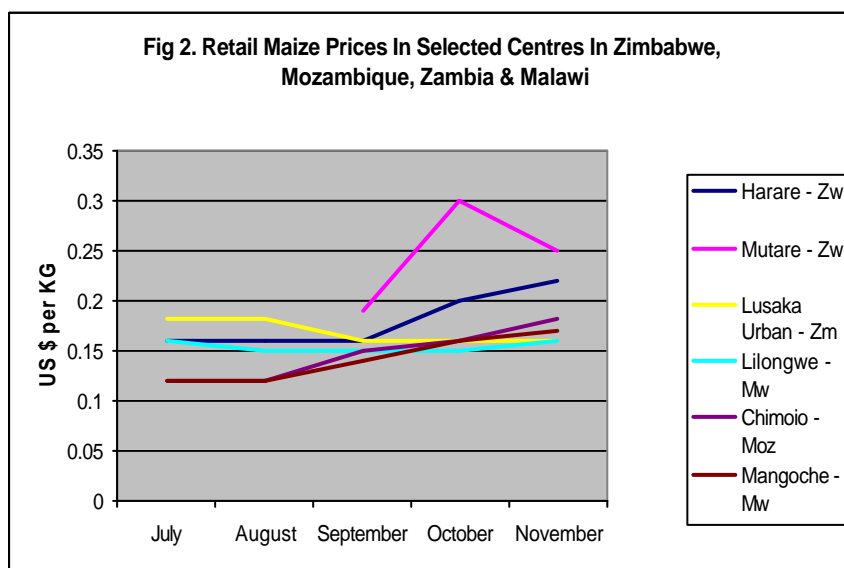
Informal Cross Border Maize Trade Flow Volumes Decline

The volume of informal cross border trade in maize continued to decline in November. The monthly trade flows have gone down from an average of 13,000 MT between July and September to 9,500 MT between October and November. The decline in trade reflects dwindling on-farm stocks as most of the monitored countries are entering their lean seasons or hunger period which normally occur between November and February depending on country.

Trade in rice, which is often used as a substitute for maize, is showing a constant volume traded during the monitored period (July – November). The rice trade flows are fluctuating



Source: FEWS NET/Malawi and IMCS/Zambia



Source: FEWS NET/Malawi, Zambia, Mozambique and Zimbabwe

between 900 MT and 1,700 MT per month. Unlike maize, the informal trade in rice includes imports from East Asia, a factor which reduces the peaks and troughs in seasonal availability of the commodity.

The informal bean trade has remained relatively constant between July and November. This could be a reflection that farmers and traders still have some bean stocks on hand.

As indicated in Fig 2, the declining maize supplies have generally exerted an upward pressure on retail maize prices except in Zambia (Livingstone

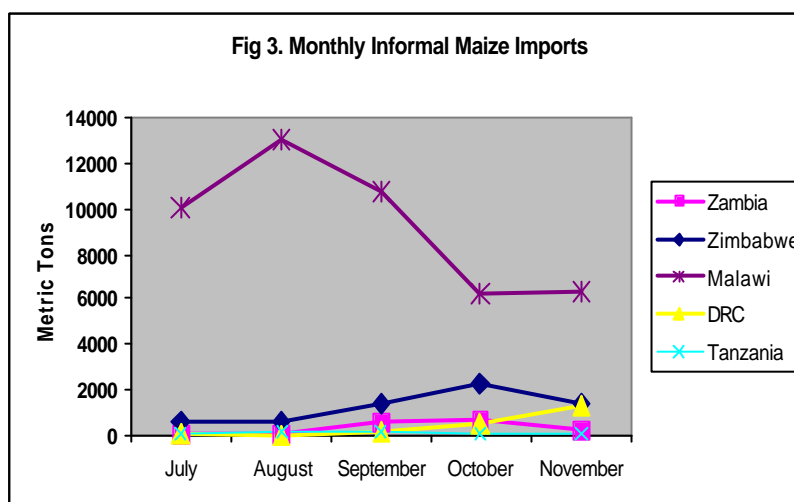
and Lusaka Urban) where prices have remained constant due to a maize production surplus. Prices in cereal deficit Malawi and Zimbabwe remain generally higher than in surplus countries of Zambia and Mozambique. From September onwards, retail prices in Zimbabwe have been increasing faster than those in the neighbouring countries partly due to restrictions on cross border trade and a slow formal imports programme. (It should be noted that these prices were calculated using the official exchange rate in Zimbabwe). The steady increase in retail prices in Chimoio (Central Mozambique) could be due to rising demand for maize from the more densely populated and urban areas of Mozambique and declining on-farm stocks. Meanwhile, a newly recruited border monitor stationed near Chimoio reports small volumes of rice trade, but virtually no trade in maize from Mozambique into Zimbabwe, due to border restrictions described in the October bulletin. Continued increases in retail prices may have a significant negative impact on the food security situation especially in the countries with a cereal deficit, as more people increasingly rely on market purchases for food during this period.

Food Trade Flows Highlights: November 2004

A summary of informal trade flows covering maize, rice and beans captured during the period July to November is presented below. Nearly 57,000 MT of maize trade, 7,000 MT of rice trade and 9,500 MT of beans trade has been captured by the informal cross border food trade monitoring initiative in Southern Africa (Malawi, Zambia, Zimbabwe, DRC, Mozambique and Tanzania) during the period July to November 2004.

Maize Trade Flows

The pattern of informal cross border maize trade remained largely unchanged in November 2004. Malawi (6,301 MT) followed by Zimbabwe (1,400 MT) were the biggest importers where as Mozambique (6,045.5 MT) followed by Zambia (2,857 MT) were the biggest exporters of maize. Zambian informal maize exports to the DRC have been steadily increasing over the past few months. The exports increased by 169% between October and November to just over 1300 MT. This increase could be a result of intensified marketing by Zambian traders looking for an outlet for their surplus stocks. Overall, the total recorded maize trade in November at nearly 9,300 MT was 4% lower than the previous month (October) and down by 29% on September.



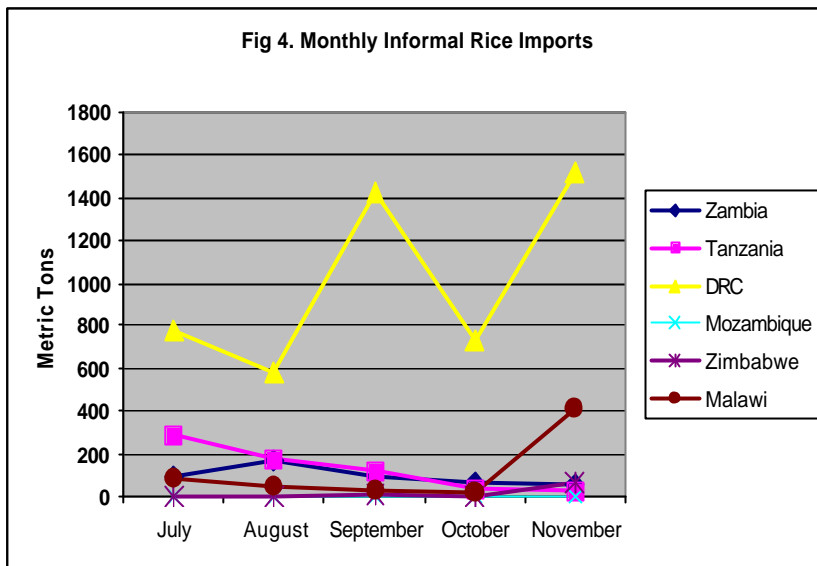
Source: FEWS NET/Malawi and IMCS/Zambia

Since July 2004, Malawi has imported close to 46,000 MT of maize through informal cross border trade. Considering that at the end of November, the government in Malawi had only received 7,300 MT against an official import programme of 70,000 MT of maize planned for commercial sale, the significant role the informal cross border maize imports have played in supplying the retail markets is clear. The delayed commercial import programme could have adverse effects on markets (including cross border trade) should imports arrive near harvest time next year. By the end of November, the government had imported 90% of the maize meant for its Strategic Grain Reserves (SGR) replenishment programme (60,000 MT).

Meanwhile, the official commercial cereal imports programme in Zimbabwe is still falling far below the estimated deficit. As at 10th December, information from the South African Grain Information Service indicated that the country had imported close to 160,000 MT of cereals (mostly wheat) against a cereal deficit estimated by the FAO/WFP Crop and Food Supply Assessment Mission at 1.29 million MT. The cross border trade monitoring initiative has recorded nearly 6,400 MT of cereal imports into Zimbabwe (about 6,300 MT in maize and 100 MT in rice) between July and November.

Rice Trade Flows

Close to 2,000 MT of rice were traded between the countries during November 2004. This was more than twice the amount that was captured in October. Exports to the DRC accounted for 73% of the amount traded in November and 74% of the total volume captured since July. Zambia is the major exporter of rice followed by Malawi. Most of the Zambian rice exports to the DRC are re-exports of rice that is initially imported from East Asia through Tanzania. Tanzania is the traditional outlet for most of Malawian rice but an export ban on cereals imposed by the Malawi government in August has steadily reduced the amount of rice exported from as high as 291 MT in July to 30 MT in November.

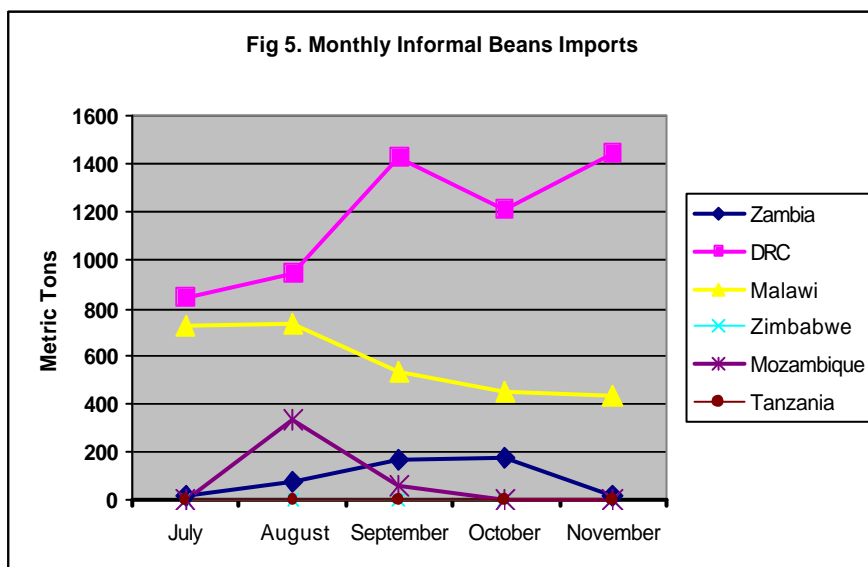


Source: FEWS NET/Malawi and IMCS/Zambia

Bean Trade Flows

The amount of informal bean trade captured during November was close to 1,900 MT, a slight increase over the 1,800 MT recorded during the previous month. Overall, close to 10,000 MT in informal bean trade have been captured since the monitoring began in July. Again, the DRC dominated the bean trade in November by importing 76% of the total traded in the month (1,889 MT). Malawi is the second biggest importer of beans accounting for 19% of the monthly captured trade.

Apart from the steadily rising bean exports to the DRC, largely from Zambia, there is a general downward trend for bean trade in the rest of the monitored countries. This is as should be expected since the marketing season has ended in most of these countries and the major activities now include land preparation and planting. Mozambique followed by Tanzania is the major exporter of beans to Malawi.



Source: FEWS NET/Malawi and IMCS/Zambia

Table 1: Informal Cross-Border Trade in Maize (MT)

Source	Destination	July	Aug	Sept	Oct	Nov	Total
Tanzania	Zambia	91.3	115.1	589.8	713.7	225.1	1,735.0
Zambia	Zimbabwe	616.8	636.0	1,409.0	2,242	1,400.0	6,303.8
Zambia	Malawi	146.0	185.0	153.0	144.0	113.9	741.9
Zambia	Tanzania	-	54.4	17.0	3.7	9.9	85.0
Malawi	Zambia	-	-	0.4	0.7	12.9	14.0
Zambia	DRC	96.2	-	160.0	495.0	1,333.0	2,084.2
Mozambique	Malawi	9,918.0	12,818.0	10,622.0	6,045.5	6,115.1	45,518.6
Malawi	Tanzania	59.0	121.3	135.0	108.1	55.1	478.5
Tanzania	Malawi	-	-	21.6	21.2	71.6	114.4
Total Traded (MT)		10,927.3	13,929.8	13,107.8	9,773.9	9,336.6	57,075.4

Table 2: Informal Cross-Border Trade in Rice (MT)

Source	Destination	July	Aug	Sept	Oct	Nov	Total
Tanzania	Zambia	94.3	172.6	93.2	68.5	58.3	486.9
Zambia	Tanzania	0.1	0.8	2.4	0	1.4	4.7
Zambia	DRC	775.0	582.5	1,428.0	724.0	1,524.6	5,033.6
Malawi	Mozambique	0.4	0.6	-	0	0	1.0
Zambia	Zimbabwe	2.8	1.6	10.7	3.3	4.4	22.8
Mozambique	Malawi	80.0	46.1	27.3	14.4	407.3	575.1
Malawi	Tanzania	291.0	174.4	118.0	35.8	30.3	650.1
Mozambique	Zimbabwe	Na	na	na	Na	58.2	58.2
Total Traded (MT)		1243.6	979.2	1,679.1	846.0	2,084.5	6,832.4

Table 3: Informal Cross-Border Trade in Beans (MT)

Source	Destination	July	Aug	Sept	Oct	Nov	Total
Tanzania	Zambia	19.8	75.8	165.5	163.9	13.7	438.7
Malawi	Tanzania	-	2.0	0.2	-	0	2.2
Tanzania	Malawi	4.5	33.2	28.9	129.1	68.3	264.0
Zambia	DRC	844.0	946.0	1,425.0	1,210.5	1,440	5,865.5
Zambia	Malawi	0	63.4	0	-	-	63.4
Malawi	Zambia	-	1.1	2.0	9.2	4.0	16.3
Zambia	Zimbabwe	0.1	0.3	0.4	0.4	0.0	1.2
Mozambique	Malawi	714.0	633.0	505.1	315.0	363.8	2530.9
Malawi	Mozambique	0.7	330.0	60.0	-	0.1	390.8
Mozambique	Zimbabwe	na	na	na	na	0.4	0.4
Total Traded (MT)		1,583.1	2,084.8	2,187.1	1,828.1	1,890.3	9,573.4

A Technical Steering Committee (TSC) of the Cross Border Food Trade Monitoring Initiative, with funding from WFP and USAID, has prepared this report based on data collected by a network of border monitors based at selected border points. Borders throughout the region have been surveyed and the most active and important borders have been selected for monitoring. The border monitors record data on a daily basis, and transmit it to a central location every week for collation and analysis. Currently, the informal cross border trade monitoring system includes 24 borders, with new borders being added as necessary. Data from borders surrounding Malawi are collected and managed by FEWS NET Malawi, while the rest of the borders are managed by IMCS Zambia on behalf of the TSC. Address comments/suggestions to the following e-mail addresses: joyce.luma@wfp.org; mmcnabb@few.net; pmdladla@few.net; and stein.vikan@wfp.org.