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SUMMARY AND IMPLICATIONS

Humanitarian assistance for the 1,232,661 vulnerable people identified by the vulnerability assessment committee (VAC) has been slow since July 2005. Preparations for the next agricultural season are well underway, and most inputs are available though inaccessible for the majority of the small scale farmers. Meanwhile, maize prices are increasing as expected at this time, and an increased demand should fuel further price increases later in the marketing season. Informal maize imports from Tanzania have increased this year, while exports to DRC have decreased. The Ministry of Finance has removed the 15 percent duty on maize imports, which should improve the flow of maize imports.

SEASONAL TIMELINE



FOOD RELIEF UPDATE

Zambia still needs assistance for 1,232,661 people between now and February 2006. Food needs were estimated at 118,000 MT to cover the period July 2005 to February 2006. This, however, did not take into account any ongoing food programs by NGOs in affected areas. Apart from just food assistance, areas hardest hit by the partial drought are also in urgent need of water as most water points have dried up. Zambia hopes to mobilize the response internally with the assistance of cooperating partners. Meanwhile, the Disaster Management and Mitigation Unit (DMMU) has been using its limited stocks to distribute batches of 100 MT to 150 MT to affected districts in order to cushion the situation while awaiting Government funding. The fact that interventions have been delayed for three months since July is worrisome. Furthermore, by the end of September, there were no formal maize imports, partly as a result of the initial underestimation of the maize shortfall, as well as the Ministry of Finance’s initial refusal to remove the 15 percent duty on imported maize, which has since been removed. Meanwhile, humanitarian assistance from other agencies and NGOs such as C-SAFE (the Consortium for the Southern Africa Food Security Emergency), OXFAM, WFP, DFID and International Federation of the Red Cross (IFRC) are implementing humanitarian activities covered under their ongoing country plans.

Livelihood based analysis in 2005 indicated growing poverty, aggravated by a steady erosion of household assets. The frequency of abnormal seasonal rainfall and subsequent reduced harvests has resulted in inconsistent and inappropriate policy interventions, such as the 15 percent maize import duty, the export ban; and market uncertainty, all of which undermined coordinated and effective responses.

FEWSNET recommends that in addition to relief interventions, stakeholders in their comprehensive response also address non emergency issues, such as basic economic and social services, farm inputs, implementation of productive safety nets, and continued support to agricultural recovery and diversification, among others.

PREPARATIONS FOR THE 2006/06 SEASON

Although there is sufficient seed and fertilizer in the country, only about 30 percent of all farmers currently have access to seed, and only 20 percent have access to fertilizer. The 50 percent input subsidy program will be continued for a third year, but only for a few selected farmers (about 10 percent of all farmers). With the limited input interventions and the high cost of inputs and transport (especially given the recent increase in fuel prices), preparations for the coming season are in jeopardy. Although the season begins earlier in northern Zambia, farmers in the north have received fewer inputs than farmers in the south under the government's input support program.

MARKET ANALYSIS

Maize prices are increasing as expected at this time of the year. A combination of low production and increased demand is expected to drive prices even higher later in the year. In the rural areas, maize prices vary, depending on the impact of the partial drought. Whereas areas in northern Zambia that received adequate rainfall are reflecting relatively stable prices, those in the southern two thirds of the country are mostly showing an upward trend in prices. In surplus areas of northern Zambia, prices are mostly stable and relatively low compared to those in the deficit areas, mostly in the south and west. As depicted in Figures 1a and 1b, prices in traditionally surplus markets (like Lundazi in Eastern Province) are still below the 1999-2004 average and prices in 2003, which was a drought year. Prices in traditionally deficit areas (like Senanga in Western Province) started rising early, and by the mid year, had even surpassed the 1999-2004 average and the 2003 rates. The supply of maize in surplus areas has also been bolstered by a steady inflow of maize informally imported from southern Tanzania, where prices have been significantly lower than those in northern Zambia. Northern Zambia also consumes cassava as a staple in addition to maize, accounting to some degree for the lower demand for maize.

Figure 1a: Real Maize Retail Prices for Senanga (Deficit Area)

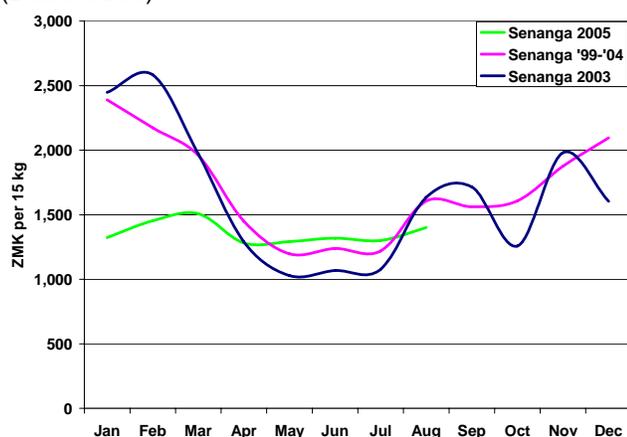
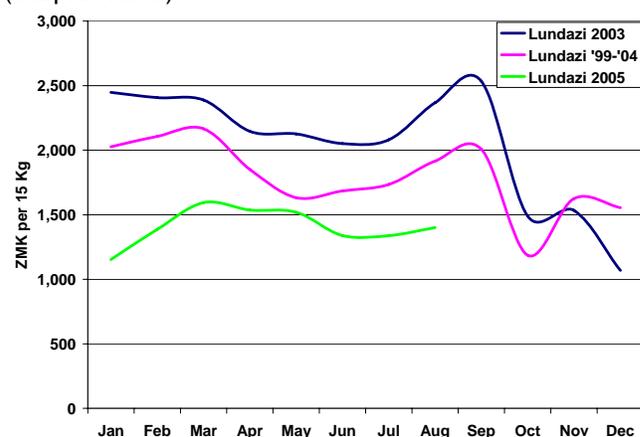


Figure 1b: Real Retail Maize prices in Lundazi (Surplus Area)



Source: FEWSNET / CSO

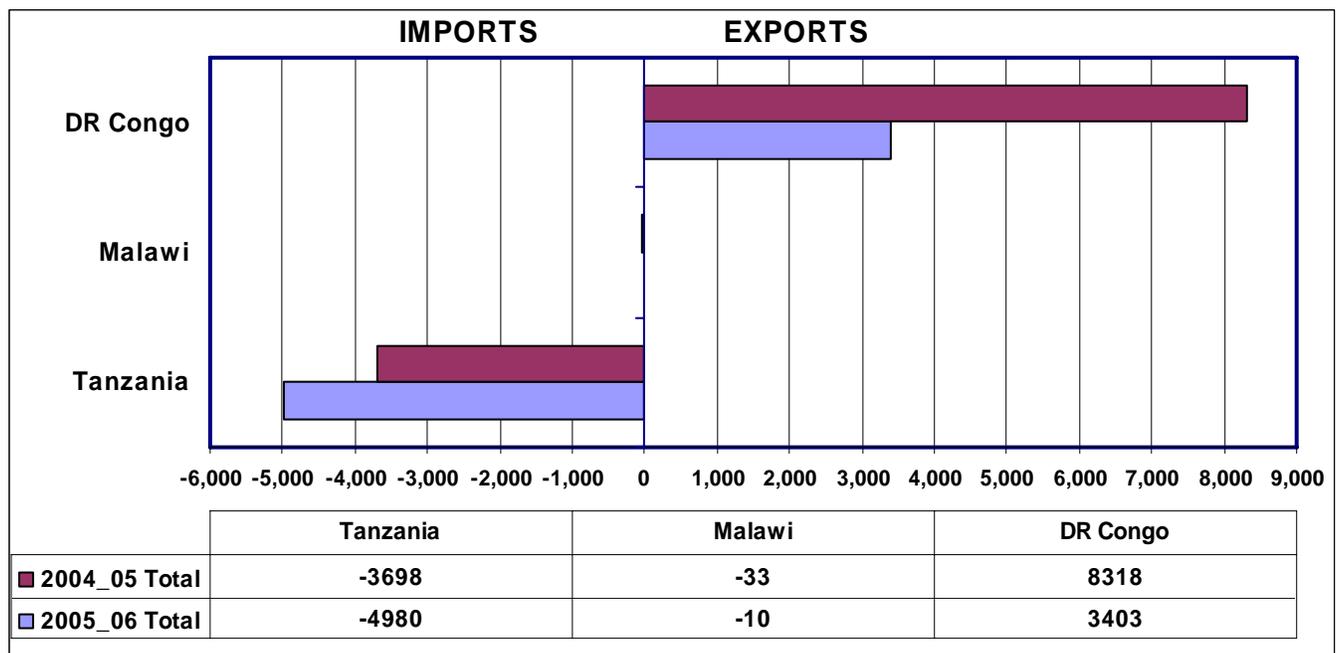
Overall, the observed trend confirms that across Zambia, maize stocks are dwindling, and prices are expected to maintain this upward trend until the new harvest, weather permitting, in April 2006, when green maize and other seasonal foods like pumpkins and sweet potatoes help to reduce pressure on maize prices and supplies, especially in areas where poor harvests were experienced. Until then, the recent removal of the import duty and expected release of FRA maize on the market will help to moderate maize prices, depending on the amount of maize entering the market from both FRA and imports.

MAIZE SUPPLY AND CROSS-BORDER TRADE

Zambia is still benefiting from informal maize imports from Tanzania (see Figure 2). The minimum maize imports between April and August 2005 was 4,980 MT, an amount that has already surpassed the estimates for the 2004/05 season (3,698 MT). Tanzania's informal maize trade exports to Zambia have risen from close to 15 MT in April 2005 to about 1,800 MT in July and 2,800 MT in August. As depicted in Figure 2, the level of exports to the DRC is fast approaching the level of imports from Tanzania, but is still far below last season's level. It is likely that a significant portion of the informal maize exports to the DRC actually consist of imports from Tanzania. This trend is likely to continue as the maize supply dwindles in Zambia. Imports from Malawi are minimal and at one third of last season's

total. Only very small movements are expected, especially given that the food security situation in southern Malawi is fast deteriorating and a maize export ban has been imposed by Malawi. Prices in Malawi are likely to rise above those of Zambia and therefore will be a disincentive for trade.

Figure 2: Informal Maize imports from Tanzania and Malawi, and exports to DR Congo



Source: FEWSNET / Cross Border Trade

With an estimated national deficit of 186,000 MT, the Zambian government has allowed importation of up to 200,000 MT of maize that is expected to be sourced from South Africa and Tanzania. Tanzania is a less expensive source at the moment. With the import duty having been removed in October, the private sector has started applying for import permits, though actual importation has not yet started.