

Informal Cross Border Food Trade in Southern Africa

Issue 26

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Monthly Highlights:

- *Overall informal trade in maize, rice and beans lower this season than past two seasons.*
- *Zambia's informal exports to DRC double in November while its imports from Tanzania continue to increase.*
- *Retail maize prices at selected border points generally decline further, and are significantly lower than last year.*

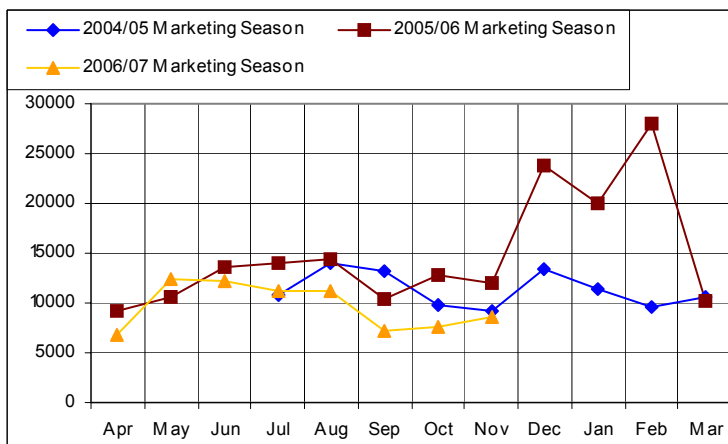
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Overall summary of trade flows

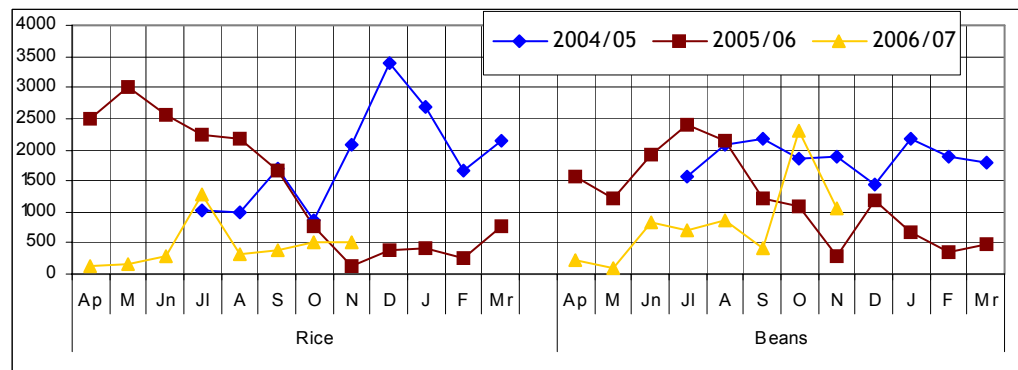
The combined volume of informal trade in maize, rice and beans captured among the six countries of Malawi, Mozambique, Tanzania, Zambia, Zimbabwe and the DRC declined slightly in November to 10,190 MT from 10,273 MT in October, representing an 0.8% drop. Compared with same period last year the overall trade in the three commodities is down by 16 percent. With only four months to go before the end of the marketing year, approximately 88,000 MT of trade in maize, rice and beans has been captured among the six countries. This amount is 28% below the volume captured over the same time period last year. As has been pointed out in previous reports, the lower volumes traded this year are attributed to

Figure 1: Recorded Informal Cross Border Maize Trade in DRC, Malawi, Mozambique, South Africa Tanzania, Zambia & Zimbabwe



above average harvests in Malawi and Zambia. On commodity by commodity basis (See Figures 1 and 2), trade in maize and rice continued on their slight upsurges that commenced in September. The volume of maize trade in November was close to 8,600 MT, which was 15% higher than the previous month. The volume of rice traded in November (500 MT) was 11% below its October levels. On the other hand, trade in beans (1,046 MT in November) declined by 55% between October and November 2006.

Figure 2: Recorded Informal Cross Border Food Trade in Rice & Beans DRC, Malawi, Mozambique, South Africa Tanzania, Zambia & Zimbabwe



A Technical Steering Committee (TSC) of the Cross Border Food Trade Monitoring Initiative, with funding from USAID and WFP, 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 29 borders, with new borders being added as necessary. Data from borders surrounding Malawi are collected and managed by FEWS NET an WFP Malawi, while the rest of the borders are managed by the TSC. Address comments/suggestions to the following e-mail addresses: pmldadla@fews.net, simon.dradri@wfp.org; eric.kenefick@wfp.org;

Summary of maize trade flows

Malawi continued to dominate the maize trade with its total imports since April amounting to nearly 67,000 MT (See Table 1), accounting for 87% of the maize trade captured. Since April, the DRC (4,000 MT) and Zambia (3,200 MT) form the second and third major importing countries. Looking at the same trade in terms of exporting countries Mozambique, which has supplied 87% of the total informal maize exports captured, is the biggest exporter this year. Last season, Tanzania was the biggest informal exporter of maize, supplying close to 100,000 MT compared to 71,000 MT from Mozambique. This season, however, Tanzania's informal exports amount to 2,400 MT so far, making the country the third major exporter after Zambia (4,400). As was the case last year, Tanzania exports have steadily increased since September. This trend is already apparent this year as that country's exports to Zambia have been rising from 250 MT in September to 860 MT in November. If this trend continues, Tanzania is likely to end the marketing season as the second largest exporter. During the month, Zambia's exports to the DRC doubled to nearly 1,400 MT over October's volumes. The trend is likely to continue due to the slight weakening of the Zambia Kwacha as well as the loosening (albeit unofficial), of maize export ban controls as evidenced by the DRC exports. Meanwhile, according to FEWSNet reports, Zambia has exported 20% of the 100,000 MT from their official maize export programme. As most of the countries being monitored are going through the lean season, it is likely that the volume of overall informal maize trade will continue to increase over the next few months but at levels lower than last year when most of the monitored countries had cereal deficits.

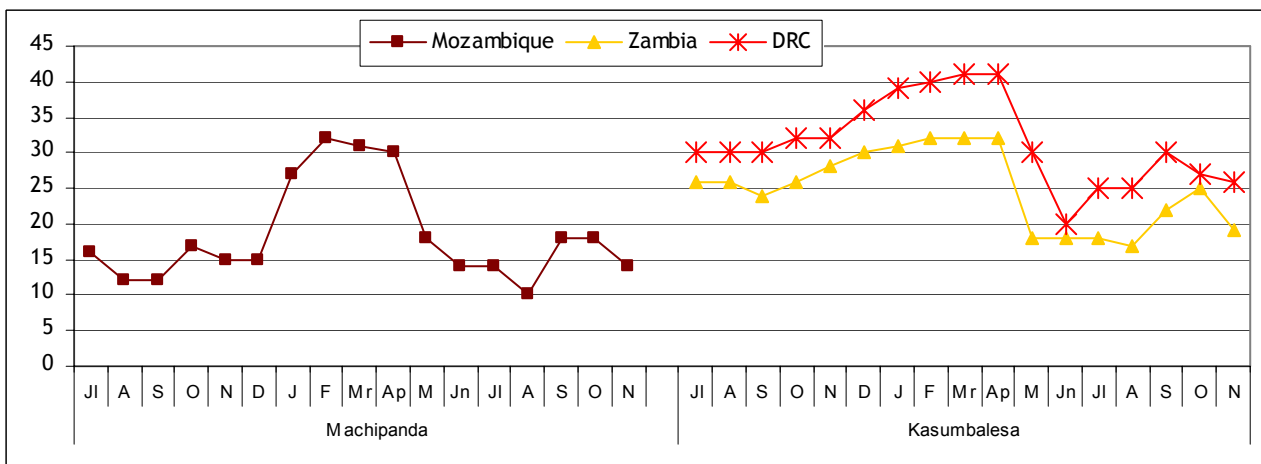
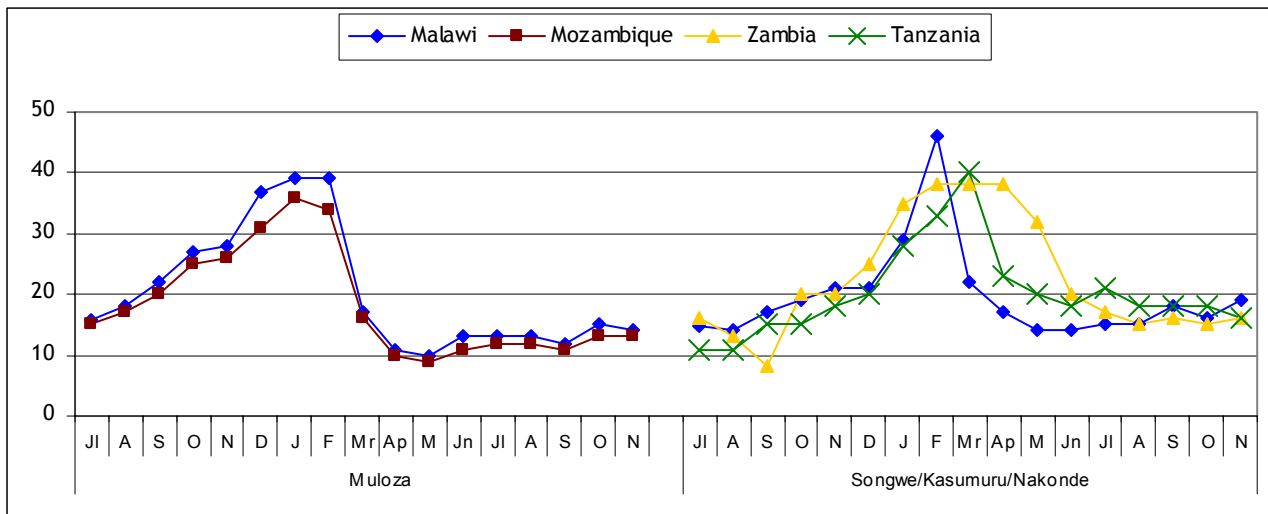
Table 1—Informal cross-border trade in maize

Source	Destination	2004/05 Season	2005/06 Season	Nov 05	Nov 06	Cumulative (Apr-Nov 06)
Tanzania	Zambia	3,699	13,556	1,556	860	2,371
Zambia	Zimbabwe	13,106	182	6	1	4
Zambia	Malawi	2,157	419	331	15	332
Zambia	Tanzania	93	0	0	0	0
Malawi	Zambia	34	81	12	18	152
Zambia	DRC	8,318	4,682	80	1396	3,960
Mozambique	Malawi	71,229	71,218	2,136	6125	66,518
Malawi	Tanzania	637	944	13	0	2,860
Tanzania	Malawi	2,656	84,862	7,663	21	21
Mozambique	Zimbabwe	2	5	0	2	6
Mozambique	Zambia	-	49	1	171	801
Malawi	Mozambique	-	133	0	14	14
Zambia	Mozambique	-	55	0	0	2
Zimbabwe	Mozambique	-	85	0	17	97
South Africa	Zimbabwe	-	1,688	14	3	31
Total Traded (MT)		101,929	177,959	11,812	8,643	77,169

Maize Price Trends at Selected Border Points

Figures 3 and 4 on the next page present retail maize prices from selected border crossing points. There was a general decrease in retail maize prices along selected border areas during November. With the exception of the Songwe (Malawi) and Nakonde (Zambia) border areas (where there were retail price increases of 19% and 7% respectively) retail prices for maize dropped during the month. Between October and November, retail maize prices dropped by 24% at Kasumbalesa (Zambia) and dropped by 28% at Muloza (Malawi) border crossing points where they were at US \$0.19 per kilogram and US \$0.14 per kilogram respectively. In Machipanda (Mozambique) retail prices dropped 22% to US \$0.14 per kilogram. As a reflection of improved supply this marketing season, retail maize prices are lower than last year at the same time across the board. The sharpest decline of 50% was registered in Muloza/Milange areas, followed by the Nakonde area where inter season prices have dropped by 36 percent. The price decline at Kasumbalesa could also be attributed to the weakening Zambia Kwacha against the United States dollar. As pointed out elsewhere in this report, this could partly also have caused the significantly increased informal exports to the DRC. On the basis of the trend established over the past two years, due to lean season demand expectations, prices may increase in the next few months.

Figures 3 and 4: Retail maize prices in selected border points (US\$ cents per kg)



Formal exports from South Africa

According to the South African Grain Information Service (SAGIS) statistics, Zimbabwe’s formal imports from South Africa declined to nearly 5,300 MT in November from close to 8,000 MT imported in October. Zimbabwe import volumes from South Africa have been up and down this year and are significantly below its import levels (average of 25,000 MT per month) achieved last year. In addition to imports from South Africa, Zimbabwe plans to import nearly 85,000 MT from Zambia. The overall magnitude of the formal import program by Zimbabwe remains unclear, however, various estimates put Zimbabwe’s grain deficit at around 800,000 MT. So far, since the marketing season began, Zimbabwe has imported close to 117,000 MT from South Africa alone. Meanwhile, Mozambique has imported close to 28,000 MT of white maize from South Africa this season - nearly 5,500 MT in November 2006. Among the monitored countries, only Mozambique and Zimbabwe are running formal imports programs with South Africa this marketing season.

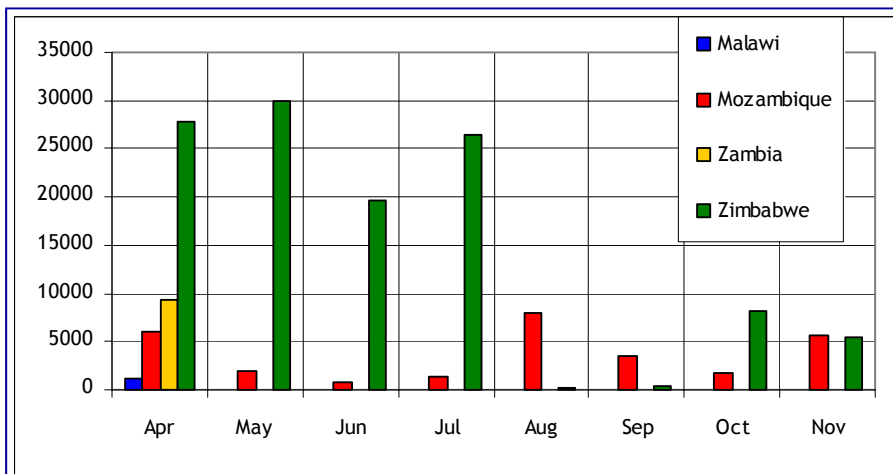


Table 3. Informal cross border trade in rice (MT)

Source	Destination	2004/05 Season	2005/06 Season	Nov 05	Nov 06	Cumulative Apr-Nov 06
Tanzania	Zambia	547	641	49	58	375
Malawi	Tanzania	450	135	0	29	838
Tanzania	Malawi	70	912	0	0	4
Zambia	DRC	12,644	12,629	0	257	699
Zambia	Malawi	0	0	0	0	0
Malawi	Zambia	1	31	0	2	14
Zambia	Zimbabwe	50	106	5	26	222
Mozambique	Malawi	2,532	1,691	0	46	1568
Malawi	Mozambique	1	12	0	0	0
Mozambique	Zimbabwe	58	399	16	80	414
South Africa	Zimbabwe	0	64	3	2	12
Total Traded (MT)		16,355	16,620	73	500	4,146

Summary of trade in rice and beans

“ Trade in rice remains erratic and difficult to predict.”

Trade in rice and beans is summarized in Tables 3 and 4. The volume of trade in rice increased slightly from 450 MT last month to 500 MT in November. Compared with November 2005, the volume traded this month has increased ten fold. Trade in rice remains erratic and difficult to predict. The past two seasons, the DRC has been the major importer, mostly from Zambia. However, this year, Malawi has imported the most rice so far. Ironically, Malawi is generally self-sufficient in rice and has had two successive surplus seasons of rice production. Most of the rice informally traded among the monitored countries is imported from Asia through Mozambique, Tanzania and South Africa. With regards to bean trade, it seems likely that this season will show the lowest volumes traded. Since April, only about 7,000 MT of bean trade has been captured compared with an average overall trade of 15,000 MT the past two seasons. At the current import rates it is unlikely that the volume of beans traded this year could come close to the levels traded in the past two seasons.

Table 4. Informal cross border trade in beans (MT)

Source	Destination	2004/05 Season	2005/06 Season	Nov 05	Nov 06	Cumulative Apr- Nov 06
Tanzania	Zambia	509	472	54	0	317
Zambia	Tanzania	0	0	0	2	2
Zambia	DRC	12,019	8,231	0	79	2,192
Malawi	Mozambique	417	76	5	0	17
Zambia	Zimbabwe	372	16	1	4	52
Mozambique	Malawi	2,997	2,741	181	117	2,663
Malawi	Tanzania	2	0	0	0	0
Mozambique	Zimbabwe	67	4	1	1	5
Malawi	Zambia	30	19	2	0	232
Tanzania	Malawi	403	2,459	30	843	1,233
South Africa	Zimbabwe	0	325	1	1	7
Total Traded (MT)		16,816	14,343	275	1,047	6,720

Annex 1: Trade Tables

Table 5: Informal Cross Border trade in Maize (MT)

Source	Destination	Jul-Sep-04	Oct-Dec-04	Jan-Mar-05	2004/05 Season	Apr-Jun-05	Jul-Sep-05	Oct-Dec-05	Jan-Mar-06	2005/06 Season	Apr-Jun-06	Jul-Sep-06	Oct-Nov-06
Tanzania	Zambia	796	1,921	982	3,699	397	7,685	4,201	1,273	13,556	318	751	1,302
Zambia	Zimbabwe	2,662	5,628	4,816	13,106	86	13	21	62	182	3	0	1
Zambia	Malawi	484	913	760	2,157	34	36	349	-	419	58	249	25
Zambia	Tanzania	71	20	2	93	-	-	-	-	-	-	0	0
Malawi	Zambia	0	19	15	34	8	5	51	17	81	64	65	23
Zambia	DRC	256	3,054	5,008	8,318	2,477	1,641	531	33	4,682	992	956	2,012
Mozambique	Malawi	33,358	20,433	17,438	71,229	29,064	26,866	8,981	6,307	71,218	27,479	27,069	11,970
Malawi	Tanzania	315	226	96	637	103	174	358	309	944	2,358	451	51
Tanzania	Malawi	22	239	2,395	2,656	471	1,211	33,601	49,579	84,862	-	0	21
Mozambique	Zimbabwe	-	-	2	2	2	3	-	-	5	4	0	2
Mozambique	Zambia	-	-	-	-	5	24	20	-	49	5	111	685
Malawi	Mozambique	-	-	-	-	-	-	-	133	133	-	0	14
Zambia	Mozambique	-	-	-	-	-	-	-	55	55	2	0	0
Zimbabwe	Mozambique	-	-	-	-	-	-	-	85	85	15	43	39
South Africa	Zimbabwe	-	-	-	-	486	921	55	226	1,688	17	8	6
Total Traded (MT)		37,965	32,452	31,512	101,929	33,133	38,579	48,168	58,079	177,959	31,315	29,703	16,151

Table 6: Informal Cross Border trade in Rice (MT)

Source	Destination	Jul-Sep-04	Oct-Dec-04	Jan-Mar-05	2004/05 Season	Apr-Jun-05	Jul-Sep-05	Oct-Dec-05	Jan-Mar-06	2005/06 Season	Apr-Jun-06	Jul-Oct-06	Oct-Nov-06
Tanzania	Zambia	360	151	36	547	99	184	172	178	641	100	168	107
Malawi	Tanzania	367	83	0	450	-	61	0	-	135	56	740	42
Tanzania	Malawi	0	0	70	70	3	4	108	797	912	4	0	0
Zambia	DRC	2786	4157	5701	12,644	6,164	5,661	690	114	12,629	46	231	422
Zambia	Malawi	0	0	0	0	-	0	0	-	0	-	0	0
Malawi	Zambia	0	0	1	1	30	1	0	-	31	-	2	12
Zambia	Zimbabwe	16	16	18	50	15	16	34	41	106	55	141	26
Mozambique	Malawi	153	1853	526	2,532	1,456	0	152	83	1,691	222	1,155	191
Malawi	Mozambique	1	0	0	1	4	2	0	6	12	-	0	0
Mozambique	Zimbabwe	0	0	58	58	188	97	45	69	399	99	166	149
South Africa	Zimbabwe	0	0	0	0	21	19	9	15	64	6	3	3
Total Traded (MT)		3683	6260	6412	16,355	8,062	6,045	1,210	1,303	16,620	588	2,606	952

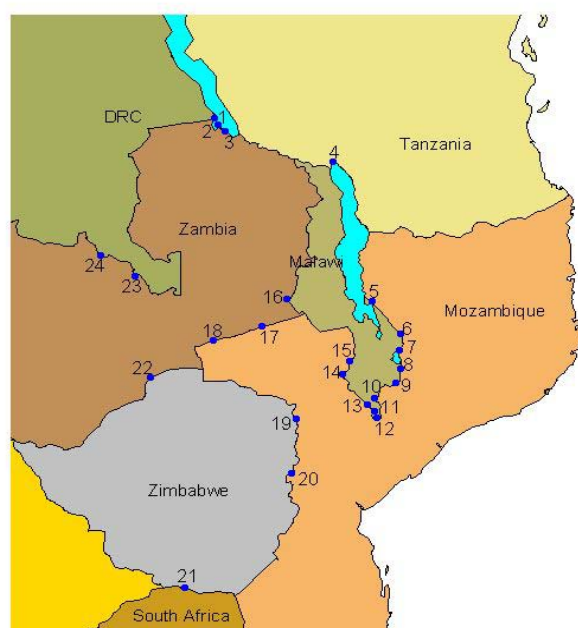
Annex I (continued)

Table 7: Informal cross border trade in beans (MT)

Source	Destination	Jul-Sep-04	Oct-Dec-04	Jan-Mar-05	2004/05 Season	Apr-Jun 05	Jul-Sep 05	Oct-Dec 05	Jan-Mar 06	2005/06 Season	Apr-Jun 06	Jul-Sep 06	Oct-Nov 06
Tanzania	Zambia	262	179	68	509	99	223	87	63	472	128	154	35
Zambia	Tanzania	0	0	0	0	-	0	0	-	0	-	0	2
Zambia	DRC	3215	3775	5029	12,019	3,593	3,740	843	55	8,231	390	350	1,452
Malawi	Mozambique	391	1	25	417	14	29	5	28	76	15	2	0
Zambia	Zimbabwe	0	364	8	372	1	6	3	6	16	28	20	4
Mozambique	Malawi	1852	571	574	2,997	683	1,530	463	65	2,741	613	1,383	667
Malawi	Tanzania	2	0	0	2	-	0	0	-	0	-	0	0
Mozambique	Zimbabwe	0	1	66	67	1	1	2	-	4	1	2	2
Malawi	Zambia	3	21	6	30	3	7	6	3	19	151	64	17
Tanzania	Malawi	67	246	90	403	18	68	1,134	1,239	2,459	-	54	1,179
South Africa	Zimbabwe	0	0	0	0	165	152	4	4	325	3	2	2
Total Traded (MT)		5792	5158	5866	16,816	4,577	5,756	2,547	1,463	14,343	1,329	2,031	3,360

UN World Food Programme Regional Bureau for Southern Africa, Johannesburg RSA and
FEWSNET Regional Office, Pretoria RSA

Cross-Border Monitoring Sites , 2006



NAME OF BORDER

- | | |
|----------------------|--------------------------|
| 1. Mulungu / Kigoma | 13. Marine |
| 2. Zombe / Kasesya | 14. Mkumaniza |
| 3. Nakonde / Tunduma | 15. Mwanza |
| 4. Songwe / Kasumuru | 16. Mchinji |
| 5. Kalanje | 17. Marowela |
| 6. Nayuchi | 18. Chadiza |
| 7. Naminkhakha | 19. Nyamapanda |
| 8. Kolowikho | 20. Machipanda |
| 9. Muloza | 21. Messina / Beitbridge |
| 10. Sankhulani | 22. Chirundu |
| 11. Tengani | 23. Mokambo |
| 12. Marka | 24. Kasumbalesa |

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