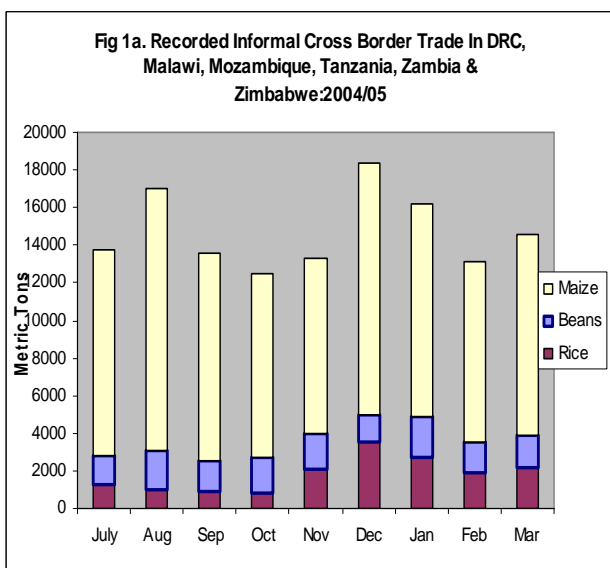


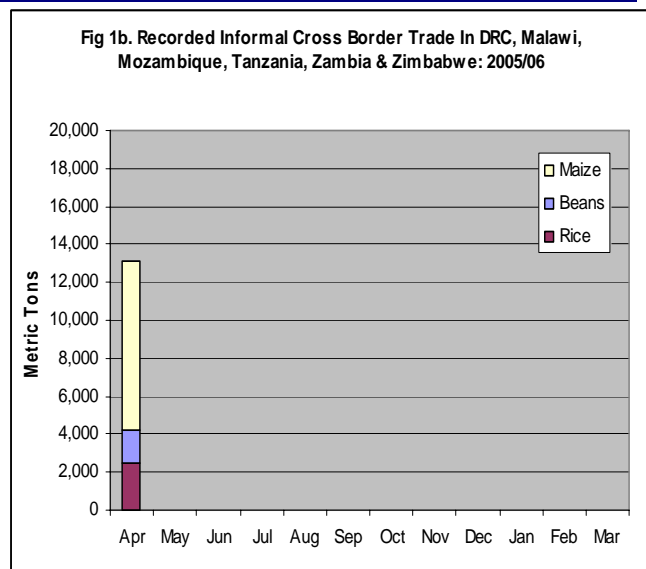
# Informal Cross Border Food Trade In Southern Africa

- New trading season for informal cross border food trade begins.
- Poor harvests in nearly all monitored countries likely to negatively impact on volumes of cross border food trade.
- Overall volumes of maize traded continue to decrease although Mozambican maize exports to Malawi resurge.

## New Informal Cross Border Food Trade Season Starts



Source: FEWS NET and WFP Malawi and TSC



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April marked the beginning of the new trading season for cereals in Southern Africa. During the month, nearly 13,000 MT of trade in maize (8,900 MT), rice (2,500 MT) and beans (1,540 MT) was captured. As the Southern Africa cross border food trade monitoring initiative only started in July 2004, it is not possible to compare the current trend of trade to a similar period last year. However, as indicated in graphs 1a and 1b, the volume traded in April is close to that traded in July 2004. Given that April is the beginning of the marketing season, it is expected that volumes traded will continue to increase as the season progresses; especially as many of the monitored countries are facing higher cereal deficits this season as a result of poor crop growing conditions.

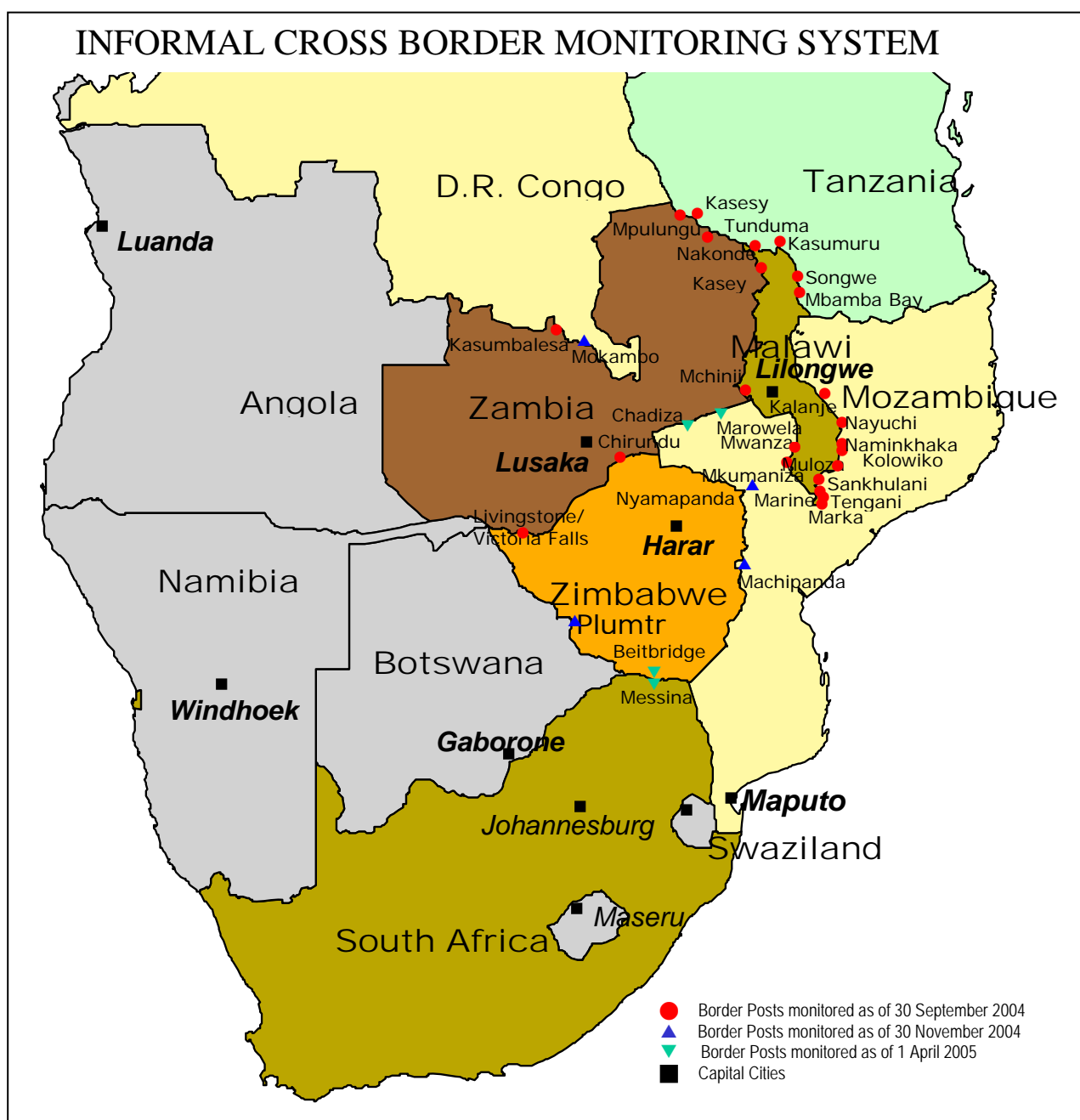


Informal cross border trade near the Zambia/Mozambique border at Chikalawa in Zambia, one of the new monitoring points.

Current crop assessments indicate that cereal deficits in Malawi and Zimbabwe will be bigger than last year while last season's major exporters, Mozambique and Zambia are likely to have reduced maize harvests. Consequently, the volume of trade amongst the countries might decline while direction of trade may vary from last year's. The precautionary ban on maize exports imposed by the Zambian authorities may reduce Zambian exports significantly. Although parts of Mozambique also suffered from erratic rainfall, exports to Malawi from the surplus northern zones are likely to continue if price incentives are strong. In fact, more than 6,800 MT of maize was exported from Mozambique to Malawi in April – the largest monthly total since December 2004.

In order to increase coverage and to capture the changing trade dynamics, the Southern Africa cross border food trade monitoring initiative has placed additional border monitors at the borders of Zambia and Mozambique (see photo) and the borders of South Africa and Zimbabwe (Beitbridge). Observations from the Zambia/ Mozambique visit are noted below, while those from Beitbridge will be covered in our May report. Additional commodities including wheat will also be included in the monitoring system over the next few months.

Anecdotal evidence suggests that in a normal year, significant volumes of trade takes place between eastern Zambia and Mozambique, an area not previously covered by the monitoring system. In most cases commodities including maize and beans flow from Mozambique to Zambia. In order to capture this trade,

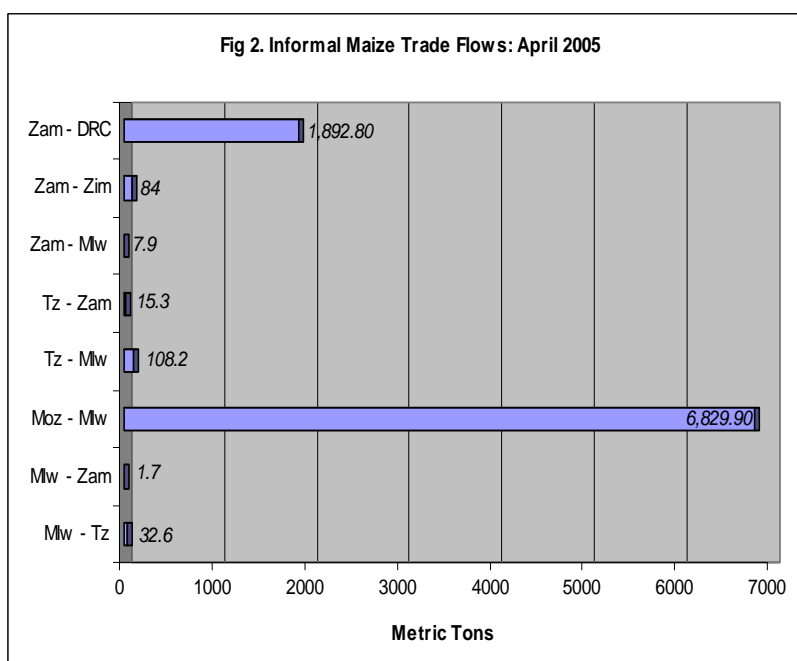


two border monitors have been placed in the area; one at the Kasakatiza (Mozambique)/Chadiza (Zambia) border and the other at the Marowela (Mozambique)/Chikalawa (Zambia) border. The Kasakatiza/Chadiza border is serviced by an all season road (tarred on the Zambian side), that connects town centres of Tete in Mozambique and Katete in Zambia. Trade at this border is mostly conducted via bicycles and trucks and commodities including maize and beans usually flow to the Zambian side as Katete is a predominantly cotton growing area. However, the Kasakatiza area in Mozambique was also negatively affected by the dry spell this season. Key informants indicated that commodity inflows from the area have drastically reduced. At the time of the visit (mid-May), not much was happening save for an occasional export of a bag or two by bicyclists from Mozambique. At the Marowela/Chikalawa border, trade is mostly conducted on foot, bicycles and ox-carts up to the Zambian side due to poor road conditions on the Mozambican side. Buyers aggregate commodities at Chikalawa (as shown on photo) and wait for lorries and trucks to ferry the commodities to Zambia's urban areas for sale. Currently trade at Chikalawa/Marowela is higher compared with that at Chadiza/Kasakatiza. However, trade is likely to increase at both borders as harvesting was still taking place in Mozambique.

## Summary of Maize Trade : April 2005

Figure 2 and table 1 summarise the flows and volumes of maize trade in April. A trade pattern similar to that of 2004/05 marketing season is emerging. Maize flows from Mozambique to Malawi accounted for 76% of the captured trade. In spite of a maize export ban, Zambia exported close to 1,900 MT of maize to DRC through the Kasumbalesa border. Tanzania's exports to Malawi and Zambia remain insignificant so far, although they could potentially increase over the next few months. Trade in maize between Mozambique and Zambia remains insignificant.

The Malawi government has announced a cereal deficit of 450,000 MT which it intends to cover, partly, through official maize imports of over 100,000 MT. This announcement by the government seems to have enhanced cross border trade between Malawi and Mozambique.



Source: FEWS NET and WFP Malawi and TSC

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

| Source                   | Destination | Jul-04 –Mar-05   | Apr            |
|--------------------------|-------------|------------------|----------------|
| Tanzania                 | Zambia      | 3,698.0          | 15.3           |
| Tanzania                 | Malawi      | 2,655.3          | 108.2          |
| Zambia                   | Zimbabwe    | 13,105.8         | 84.0           |
| Zambia                   | Malawi      | 2,156.3          | 7.9            |
| Zambia                   | Tanzania    | 92.8             | 0.0            |
| Zambia                   | DRC         | 8,318.0          | 1,892.8        |
| Mozambique               | Zimbabwe    | 2.6              | 0.0            |
| Mozambique               | Malawi      | 71,228.5         | 6,829          |
| Malawi                   | Tanzania    | 637.3            | 32.6           |
| Malawi                   | Zambia      | 33.0             | 1.7            |
| <b>Total Traded (MT)</b> |             | <b>101,927.6</b> | <b>8,971.5</b> |

Source: FEWS NET and WFP Malawi; TSC

Nearly all borders of Malawi and Mozambique have registered relatively higher maize flows than the previous three months (January to March). Overall though, volumes remain lower than last year's average of nearly 8,000 MT per month. As more harvest comes on stream in Mozambique, it is expected that volumes traded will increase to similar or higher levels than last year. It appears that large scale traders in Malawi are relying on informal maize imports from Mozambique as they position themselves for existing and up coming government tenders.

The maize export by Zambia to the DRC, despite the export ban, is attributed to the fact that traders (including the Food Reserve Agency) are fulfilling running agreements with Congolese traders. However, the export ban seems to be effective in Zambia's other borders including Chirundu (informal

exports down from a monthly average of 1,600 MT last year to 80 MT in April) and Mchinji (informal exports down from a monthly average of 40 MT to 5 MT in April). Indications are that even at Kasumbalesa, maize out flows have significantly dwindled as the ban becomes completely effective.

## Summary of Rice Trade: April 2005

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

| Source                   | Destination | Jul-04 -Mar-05  | Apr-05         |
|--------------------------|-------------|-----------------|----------------|
| Tanzania                 | Zambia      | 468.4           | 2.8            |
| Tanzania                 | Malawi      | 434.8           | 1.1            |
| Malawi                   | Tanzania    | 2.2             | 0              |
| Malawi                   | Zambia      | 28.7            | 30.0           |
| Malawi                   | Mozambique  | 391.8           | 0              |
| Zambia                   | Malawi      | 63.9            | 0              |
| Zambia                   | DRC         | 12,183.1        | 1,974.7        |
| Zambia                   | Zimbabwe    | 49.0            | 4.6            |
| Mozambique               | Malawi      | 3,346.5         | 453.2          |
| Mozambique               | Zimbabwe    | 60.8            | 33.7           |
| <b>Total Traded (MT)</b> |             | <b>17,029.2</b> | <b>2,500.1</b> |

Source: FEWS NET and WFP Malawi; TSC

the monitoring of the borders of Zimbabwe and Mozambique was operational. DRC remains the major importer of rice accounting for 79% of the trade captured followed by Malawi which had 18% share of the trade. The largest amounts of exports have been recorded from Zambia and Mozambique respectively. The two countries are basically transit routes for the rice imports by DRC and Malawi respectively. In view of the cereal deficits projected by nearly all the monitored countries, it is expected that much more rice will be traded this season than last. Many consumers in the region consume rice as a substitute for maize although it costs much more than maize.

## Summary of Bean Trade: April 2005

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

| Source                   | Destination | Jul-04 - Mar-05 | Apr-05         |
|--------------------------|-------------|-----------------|----------------|
| Tanzania                 | Zambia      | 584.7           | 50.5           |
| Tanzania                 | Malawi      | 37.8            | 0.3            |
| Zambia                   | Tanzania    | 5.3             | 0              |
| Zambia                   | DRC         | 12,479.2        | 1,319.7        |
| Zambia                   | Zimbabwe    | 46.6            | 0              |
| Zambia                   | Malawi      | 0               | 1.1            |
| Mozambique               | Zimbabwe    | 376.5           | 0              |
| Mozambique               | Malawi      | 2,547.3         | 130.7          |
| Malawi                   | Tanzania    | 667.5           | 0              |
| Malawi                   | Zambia      | 3.0             | 0.3            |
| Malawi                   | Mozambique  | 24.6            | 37.4           |
| <b>Total Traded (MT)</b> |             | <b>16,772.5</b> | <b>1,540.0</b> |

Source: FEWS NET and WFP Malawi; TSC

The pattern of informal rice trade remains unchanged. Over 97% of the rice trade captured in April at nearly 2,500 MT came from just two borders, Kasumbalesa (DRC/Zambia) and Nayuchi (Malawi/Mozambique). This rice was imported by a few traders from Malawi and DRC from eastern Asia. Table 2 gives a summary of rice trade flows during the month of April. There was a significant amount of exports by Malawi to Zambia. The 30 MT exported by Malawi to Zambia in April outstripped all the exports captured over a 9 month period last marketing season. However, it is too early to draw any conclusions or make inferences as to how the Malawi/Zambia rice trade would go this marketing season. With regards to rice trade between Mozambique and Zimbabwe, the likely scenario is that the former will export a lot more rice to the latter than the system captured last season. The amount of rice trade between the two countries captured during the last marketing season only covered the two month period (February and March) during which

Nearly 1,500 MT of bean trade was captured in April. DRC and Malawi recorded the highest import levels (as was observed last season). Anecdotal evidence suggests that there is a higher demand for beans in DRC this marketing season than there was during the previous season. Zambia and Mozambique are the main exporters so far. Due to differences in cropping season calendars, Tanzanian beans are expected to enter the market in the next few months. Bean production remains a small scale farmer crop largely produced for subsistence purposes and is thus not traded in substantial volumes as is the case with maize.

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 29 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 the TSC. Address comments/suggestions to the following e-mail addresses: [joyce.luma@wfp.org](mailto:joyce.luma@wfp.org); [mmcnabb@fews.net](mailto:mmcnabb@fews.net); [pmdlada@fews.net](mailto:pmdlada@fews.net), and [stein.vikan@wfp.org](mailto:stein.vikan@wfp.org).