Informal Cross Border Food Trade in Southern Africa

Issue 24 September 2006

Monthly Highlights:

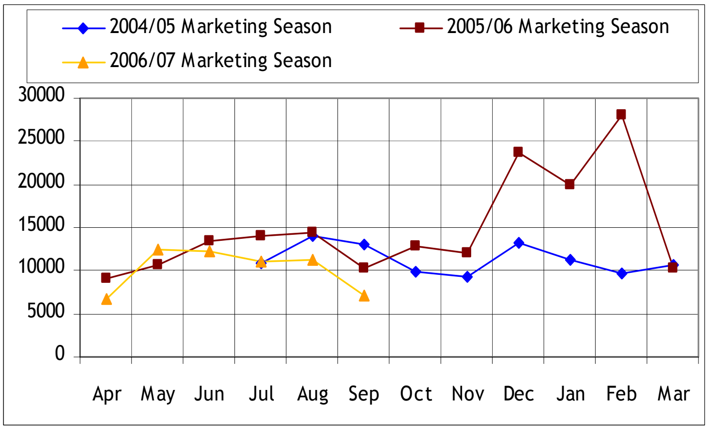
- ***Overall volumes of trade in maize and beans decline.***
- ***Rice trade resurges slightly but still significantly lower than last season, as trade in beans continues to decline.***
- ***Retail maize prices continue to rise signifying dwindling market supply in most parts of the region.***

Inside this issue:

Overall summary of trade flows

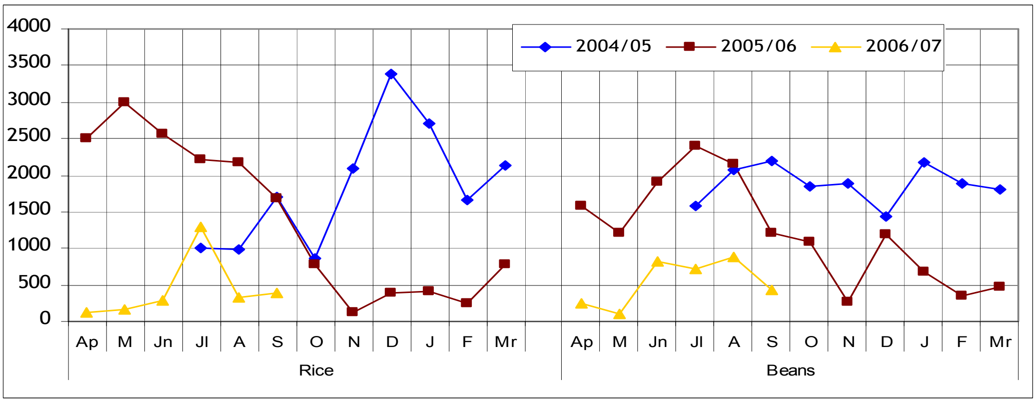
Consistent with expected seasonal trends, overall informal trade in maize, rice and beans, as recorded by the Informal Cross-border Food Trade Monitoring system in Southern Africa, declined by 36%, to nearly 8,000 MT in August. By commodity for the same time period, observed trade in maize dropped by 36%, from 11,300 MT to nearly 7,200 MT. Trade in beans also declined by 52% (from 850 MT to 420 MT). However, trade in rice increased by 29%, from 306 MT to 395 MT in September. Compared with last year at the same time, overall trade in maize, rice and beans declined (39%) from 13,000 MT in September last year to 8,000 MT this year. Maize continues to be the most traded (in volume terms) amongst the three commodities.

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



For maize and beans, the decline in overall volumes traded could be due to dwindling on-farm stocks. As the marketing season advances towards the lean period which begins around November in most of the monitored countries, it is normal that producers would have run out of their sellable surpluses. On the other hand, the trading pattern is less predictable in the case of rice, as some of the rice is imported from east Asia. In the next few months, due to lean season demand with its concomitant rising prices, it is likely that volumes traded could temporarily resurge as those producers who were able to store commodities in anticipation of higher price differentials at this period release some of their stocks onto the market.

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 o 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: pmdladla@fews.net, simon.dradri@wfp.org; eric.kenefick@wfp.org;

Summary of maize trade flows

About mid-way in the marketing season, nearly 61,000 MT of maize trade has been captured by the Monitoring system. This is 15% lower than the amount of maize recorded last year at the same time. The reduction in the volume of trade signifies a changing trade dynamics this year. During the same period last season, informal maize exports from Tanzania to Malawi and Zambia made significant contributions to the overall volumes of maize traded and accounted for 14% of the total trade while Mozambique contributed the largest share at 78% of total. This year Mozambican exports, principally to Malawi, account for 90% of the maize traded while Tanzania's contribution has dwindled to only 2 percent. As indicated in Table 1, Malawi (5%) and Zambia (3%) follow a distant second and third as exporters of maize this season. In view of the surplus maize production in both Malawi and Zambia coupled with expected high demand for maize in East Africa, it is unlikely that any maize surplus in Tanzania will be exported to its southern neighbors (Malawi and Zambia) this season. The volume of maize expected to be traded for the remainder of the season will largely depend on how much more maize Mozambique is able to export (possible exports by both Malawi and Zambia will be limited by the export bans both countries are currently maintaining). On the basis of the past two seasons' trends, it is unlikely that the overall volume of maize traded this season will reach last seasons' proportions or indeed significantly higher than 100,000 MT.

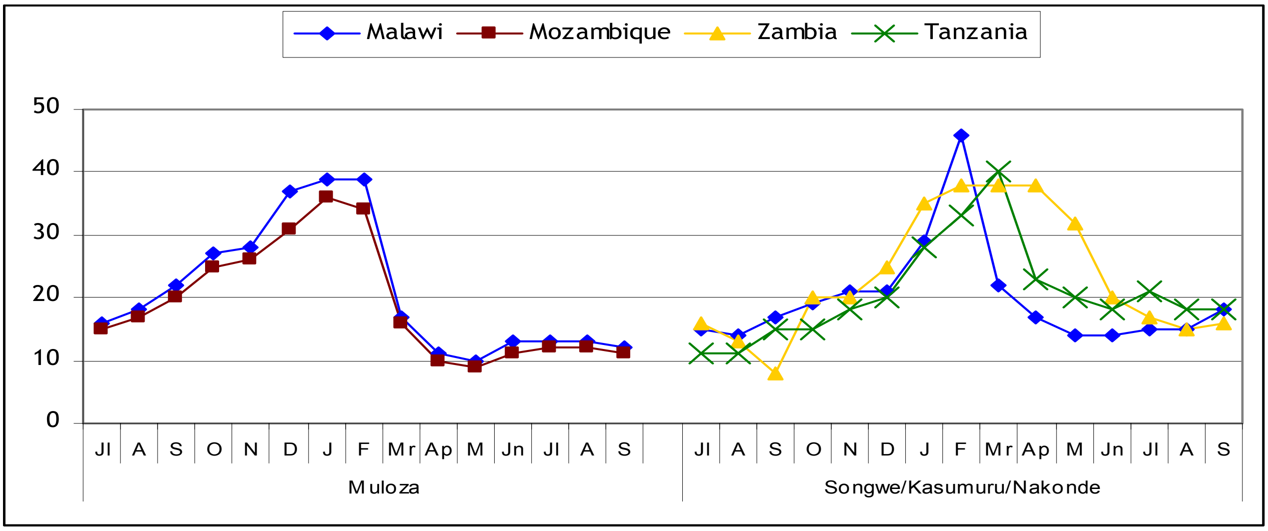
Table 1—Informal cross-border trade in maize

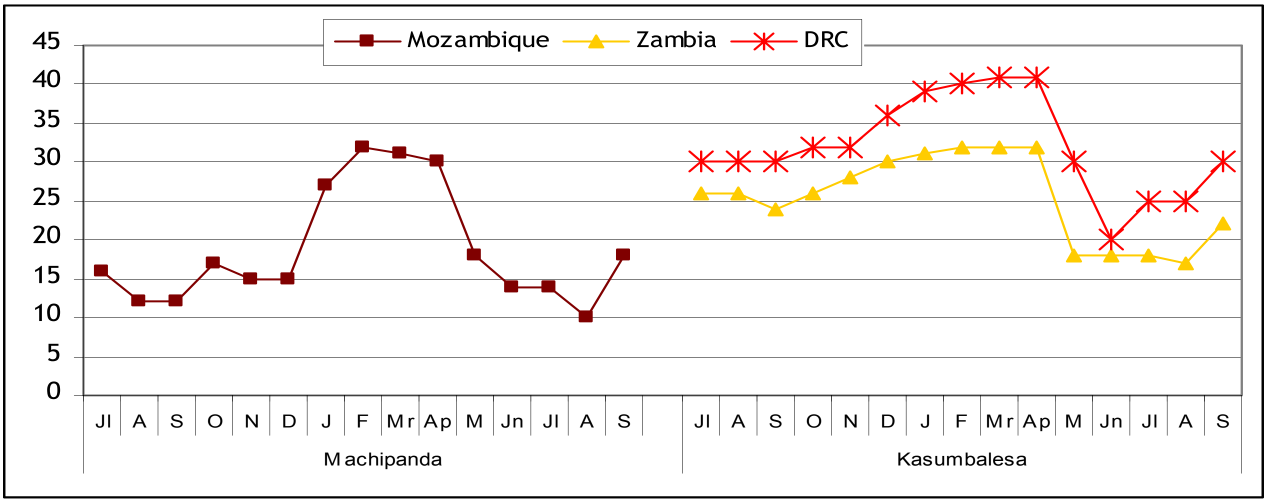
Source	Destination	2004/05 Season	2005/06 Season	Sept 05	Sept 06	Cumulative (Apr-Sept 06)
Tanzania	Zambia	3,699	13,556	3,099	253	**1,069**
Zambia	Zimbabwe	13,106	182	8	0	**3**
Zambia	Malawi	2,157	419	23	73	**307**
Zambia	Tanzania	93	0	0	0	**0**
Malawi	Zambia	34	81	3	17	**129**
Zambia	DRC	8,318	4,682	715	555	**1,984**
Mozambique	Malawi	71,229	71,218	4,998	6,120	**54,548**
Malawi	Tanzania	637	944	28	90	**2,809**
Tanzania	Malawi	2,656	84,862	1,206	0	**0**
Mozambique	Zimbabwe	2	5	0	0	**4**
Mozambique	Zambia	-	49	3	36	**116**
Malawi	Mozambique	-	133	0	0	**0**
Zambia	Mozambique	-	55	0	0	**2**
Zimbabwe	Mozambique	-	85	0	24	**58**
South Africa	Zimbabwe	-	1,688	122	3	**25**
Total Traded (MT)		101,929	177,959	10,205	7,171	**61,018**

Maize Price Trends at Selected Border Points

Retail prices for maize have started rising across all monitored borders (see Figure 3) reflecting declining market maize availability along the border areas. The only exception is the Muloza/Milange border (Malawi/Mozambique) area, where there has been a slight retail price decrease of 8 percent. Between August and September the highest increase was 80%, registered in central Mozambique where grain prices rose from US $0.10 per kilogram in August to US $0.18 per kilogram in September. This significant increase could be a reflection of the deficit situation across the border on the Zimbabwe side. Other significant increases were recorded on the Zambia/DRC border (29%) and Zambia/Malawi/Tanzania borders where prices rose by an average of 20 percent. The rising retail prices along the Tanzanian borders could be due to rising demand for maize in northern Tanzania, from where the maize is reportedly exported to drought stricken parts of Kenya. In the next few months, in line with expectations for lean season, retail prices are expected to continue increasing.

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), among the monitored countries, only Zimbabwe and Mozambique have been importing white maize from South Africa in the past 6 months as indicated in Figure 5 below. Zimbabwe has announced its intention to import maize from South Africa and Zambia.

However, the formal import program from South Africa seems to have run into some problems over the past two months. Average monthly imports from South Africa have declined from 25,000 MT per month between April and July to 200 MT between August and September. On the other hand, the planned imports from Zambia have been effected because the two countries have not finalized payment issues. On this basis, Zimbabwe would have to significantly scale up its formal import program if it is to fulfill its import requirements.

Figure 5: Official Grain Exports by South Africa

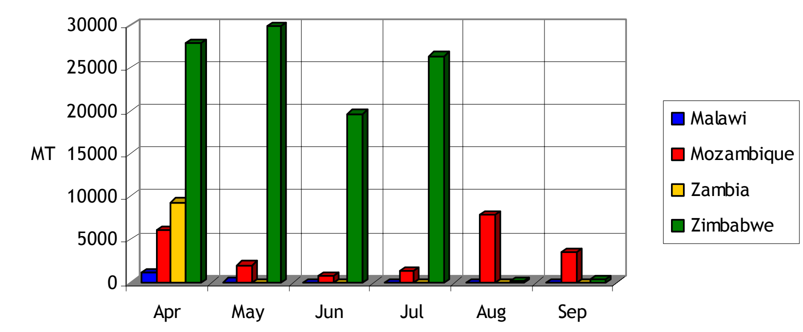


Table 3. Informal cross border trade in rice (MT)

Source	Destination	2004/05 Season	2005/06 Season	Sept 05	Sept 06	Cumulative Apr-Sept 06
Tanzania	Zambia	547	641	60	67	268
Malawi	Tanzania	450	135	20	79	796
Tanzania	Malawi	70	912	0	0	4
Zambia	DRC	12,644	12,629	2,014	101	277
Zambia	Malawi	0	0	0	0	0
Malawi	Zambia	1	31	0	2	2
Zambia	Zimbabwe	50	106	4	42	196
Mozambique	Malawi	2,532	1,691	0	35	1,377
Malawi	Mozambique	1	12	0	0	0
Mozambique	Zimbabwe	58	399	0	68	265
South Africa	Zimbabwe	0	64	6	1	9
	Total Traded (MT)	16,355	16,620	2,104	395	3,194

Summary of trade in rice and beans

"Trade in rice remains unpredictable as most of it is imported from Asia."

The trade in rice and beans is summarized in Tables 3 & 4. Trade in rice remains unpredictable as most of it is imported from Asia. The DRC remains the major importer through Zambia. Malawi is usually the next largest importer; however with a couple of surplus rice production seasons recently, the country may not be importing much rice this season. With regards to bean trade, it seems likely that this season will have the lowest volumes traded. Halfway through the marketing season, only about 3,300 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 bean traded this year could come close volumes traded in the past two seasons. It is possible that in a season of deficit, producers use bean sales to earn cash which then is used to buy grains. In addition, in a good season (as the current one for Zambia/Malawi/Mozambique), producers are under less pressure to release beans, which is also the major source of protein across the region.

Table 4. Informal cross border trade in beans (MT) - *see page 5 for summary*

Source	Destination	2004/05 Season	2005/06 Season	Sept 05	Sept 06	Cumulative Apr-Sept 06
Tanzania	Zambia	509	472	64	25	257
Zambia	Tanzania	0	0	0	0	0
Zambia	DRC	12,019	8,231	1,431	126	614
Malawi	Mozambique	417	76	7	0	17
Zambia	Zimbabwe	372	16	1	7	41
Mozambique	Malawi	2,997	2,741	576	232	1,764
Malawi	Tanzania	2	0	0	0	0
Mozambique	Zimbabwe	67	4	0	1	2
Malawi	Zambia	30	19	0	34	181
Tanzania	Malawi	403	2,459	33	1	53
South Africa	Zimbabwe	0	325	29	1	4
	Total Traded (MT)	16,816	14,343	2,141	427	2,933

Annex 1: Trade Tables

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

Source	Destination	Jul-Sep-04	Oct-Dec-04	2004/05 Season	5-Apr	5-May	5-Jun	5-Jul	5-Aug	5-Sep	2005/06 Season	6-Apr	6-May	6-Jun	6-Jul	6-Aug	6-Sep
Tanzania	Zambia	796	1921	3,699	15	123	259	1,779	2,807	3,099	13,556	168	72	78	195	303	253
Zambia	Zimbabwe	2662	5628	13,106	84	0	2	3	2	8	182	1	1	1	0	0	0
Zambia	Malawi	484	913	2,157	8	9	17	6	7	23	419	0	25	33	92	84	73
Zambia	Tanzania	71	20	93	0	0	0	0	0	0	0	0	0	0	0	0	0
Malawi	Zambia	0	19	34	2	3	3	2	0	3	81	20	20	24	24	24	17
Zambia	DRC	256	3054	8,318	1,893	329	255	185	741	715	4,682	7	914	71	157	244	555
Mozambiqu	Malawi	33358	20433	71,229	6,829	9,576	12,659	11,515	10,353	4,998	71,218	5,173	10536	11770	10,557	10,392	6120
Malawi	Tanzania	315	226	637	33	0	70	104	42	28	944	1351	847	160	156	205	90
Tanzania	Malawi	22	239	2,656	108	256	107	0	5	1,206	84,862	0	0	0	0	0	0
Mozambiqu	Zimbabwe	-	-	2	0	0	2	2	1	0	5	0	0	4	0	0	0
Mozambiqu	Zambia	-	-	0	0	2	3	1	20	3	49	0	5	0	18	57	36
Malawi	Mozambiqu	-	-	0	0	0	0	0	0	0	133	0	0	0	0	0	0
Zambia	Mozambiqu	-	-	0	0	0	0	0	0	0	55	0	1	1	0	0	0
Zimbabwe	Mozambiqu	-	-	0	0	0	0	0	0	0	85	9	0	6	5	14	24
South Afric	Zimbabwe	-	-	0	0	352	134	390	409	122	1,688	6	8	3	2	3	3
Total Traded (MT)		37,965	32,452	101,929	8,972	10,650	13,511	13,987	14,387	10,205	177,959	6,735	12,429	12,151	11,206	11,326	7,171

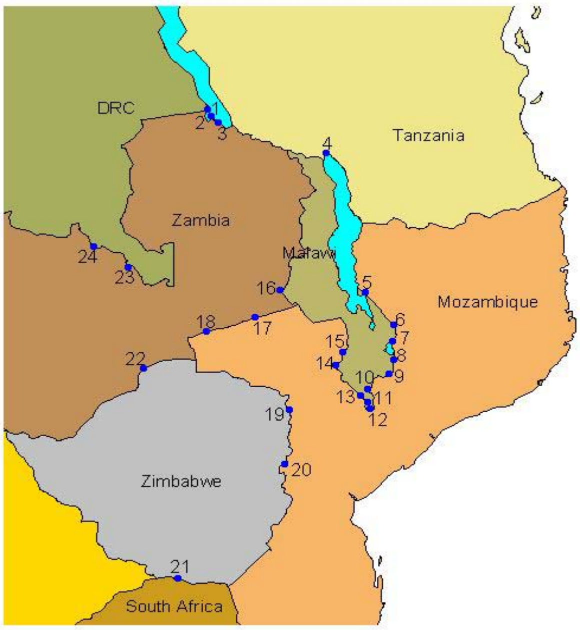
Table 2: Informal Cross Border trade in Rice (MT)

Source	Destination	Jul-Sep-04	Oct-Dec-04	2004/05 Season	5-Apr	5-May	5-Jun	5-Jul	5-Aug	5-Sep	2005/06 Season	6-Apr	6-May	6-Jun	6-Jul	6-Aug	6-Sep
Tanzania	Zambia	360	151	547	3	53	51	64	60	60	641	28	6	66	75	26	67
Malawi	Tanzania	367	83	450	0	33	41	41	20	0	135	0	56	0	550	111	79
Tanzania	Malawi	0	0	70	1	0	2	4	0	0	912	4	0	0	0	0	0
Zambia	DRC	2786	4157	12,644	1,975	1,865	2,324	2,064	2,014	1,583	12,629	13	15	18	94	36	101
Zambia	Malawi	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Malawi	Zambia	0	0	1	30	0	0	1	0	0	31	0	0	0	0	0	2
Zambia	Zimbabwe	16	16	50	5	4	6	6	4	6	106	12	25	18	75	24	42
Mozambiqu	Malawi	153	1853	2,532	453	1,000	3	0	0	0	1,691	48	29	145	1071	49	35
Malawi	Mozambiqu	1	0	1	0	0	4	2	0	0	12	0	0	0	0	0	0
Mozambiqu	Zimbabwe	0	0	58	34	25	129	72	0	25	399	26	40	33	39	59	68
South Afric	Zimbabwe	0	0	0	0	17	4	8	6	5	64	2	3	1	1	1	1
Total Traded (MT)		3683	6260	16,355	2,501	2,997	2,564	2,262	2,104	1,679	16,620	133	174	281	1,905	306	395

Table 3: Informal Cross Border trade in Beans (MT)

Source	Destination	Jul-Sep-04	Oct-Dec-04	2004/05 Season	5-Apr	5-May	5-Jun	5-Jul	5-Aug	5-Sep	2005/06 Season	6-Apr	6-May	6-Jun	6-Jul	6-Aug	6-Sep
Tanzania	Zambia	262	179	509	0	57	42	28	64	131	472	42	72	14	40	89	25
Zambia	Tanzania	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Zambia	DRC	3215	3775	12,019	1,320	844	1,429	1550	1,431	759	8,231	12	295	83	121	103	126
Malawi	Mozambiqu	391	1	417	0	5	9	16	7	6	76	11	4	0	0	2	0
Zambia	Zimbabwe	0	364	372	0	0	1	2	1	3	16	5	7	16	5	8	7
Mozambiqu	Malawi	1852	571	2,997	131	144	408	663	576	291	2,741	29	112	472	550	601	232
Malawi	Tanzania	2	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0
Mozambiqu	Zimbabwe	0	1	67	0	1	0	0	0	1	4	0	1	0	0	1	1
Malawi	Zambia	3	21	30	0	1	2	5	0	2	19	138	13	0	30	0	34
Tanzania	Malawi	67	246	403	0	0	18	14	33	21	2,459	0	0	0	0	53	1
South Afric	Zimbabwe	0	0	0	0	162	3	120	29	3	325	1	1	1	1	0	1
Total Traded (MT)		5792	5158	16,816	1,451	1,214	1,912	2,398	2,141	1,217	14,343	238	505	586	747	857	427

Cross-Border Monitoring Sites , 2006



NAME OF BORDER

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

For more information
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