# Informal Cross Border Food Trade in Southern Africa

Issue 25 October 2006

**Monthly Highlights:**

- *Overall volume of trade in maize, rice and beans is down by 30 % on last years' volumes .*
- *Maize prices at selected border points stabilize but lower than same time last season.*
- *Rice and bean trade remains significantly lower than last season.*

**Inside this issue:**



## Overall summary of trade flows

The volume of informal cross border trade in maize, rice and beans captured by the Southern Africa Informal Cross Border Food Trade monitoring system since the beginning of the marketing season in April 2006 has reached nearly 78,000 MT – 30% below the 111,000 MT recorded during the same period last year. The decline in overall volumes traded this year is attributed to better harvests in two of last season's major importing countries, Malawi and Zambia (both countries have declared grain surpluses). Zimbabwe, the other major importing country with a deficit this season, has not attracted much informal cross border activity as the other countries due to its restrictions on the trade. On the basis of the trend established over the past two seasons, lean season demand (November to February) usually stimulates some resurgence in overall volumes traded, particularly maize. It is therefore, anticipated that volumes traded will rise over the next couple of months to meet this demand although the resurgences are likely to be moderate. On commodity by commodity basis, between April and October this year, maize is the most dominant commodity being traded and accounts for 88% of the overall trade captured while rice and beans account for 5% and 7% respectively. Last year at the same time, trade in maize accounted for 76% of the overall trade where as rice and bean trade accounted for 14% and 10% of the trade respectively.

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

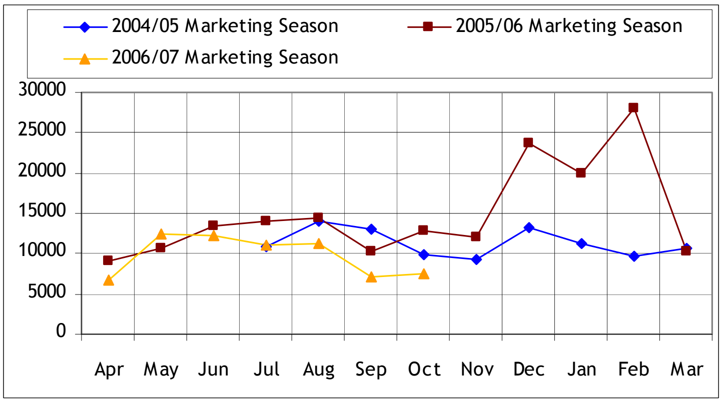
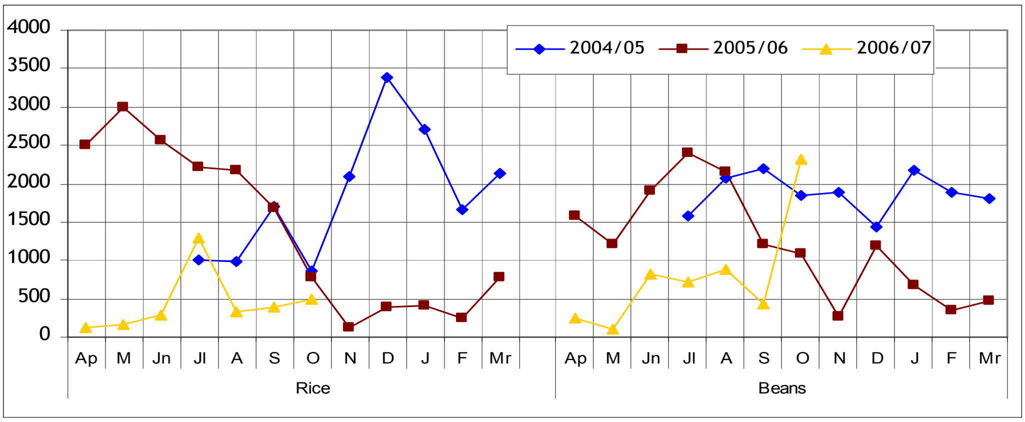



**Figure 2: Recorded Informal Cross Border Food Trade in Rice & Beans DRC, Malawi, Mozambique, South Africa Tanzania, Zambia & Zimbabwe**




*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

The cumulative volume of maize captured between April and October this year is 19 % down on the amount recorded last year at the same time. On month on month comparison, this October, the volume of maize recorded, is 41% lower than that observed last October (See Table 1). There are two major reasons for the reduction in the volume of trade. First, during the same period last season, Tanzania's informal maize exports to Malawi and Zambia were the major source of the trade while this season, Tanzania has become a net importer. Secondly, last season, both Malawi and Zambia had cereal deficits, this year both countries have declared surpluses. On the other hand, Mozambique's exports have remained at the same level, at nearly 60,000 MT since April this year compared with 59,000 MT for the same period last season. The near constant volumes exported by Mozambique (principally to Malawi) in disparate seasons, points to the fact that *exports from Mozambique are driven by factors other than merely demand and supply*. These factors include lack of a significant alternative market within Mozambique as well as the inability of most of southern Malawi to produce enough food for internal consumption. As the current marketing season is likely to continue to depend on Mozambican exports, on the basis of the past two seasons' trends, it is unlikely that the overall volume of maize traded season will reach last seasons' proportions or to significantly exceed 100,000 MT.

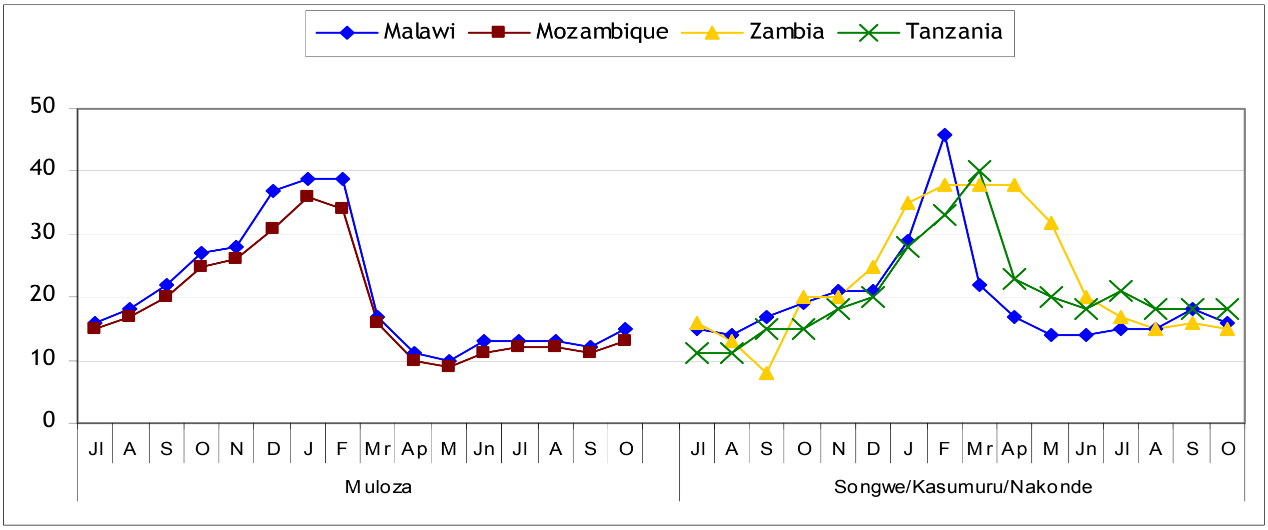
**Table 1—Informal cross-border trade in maize**

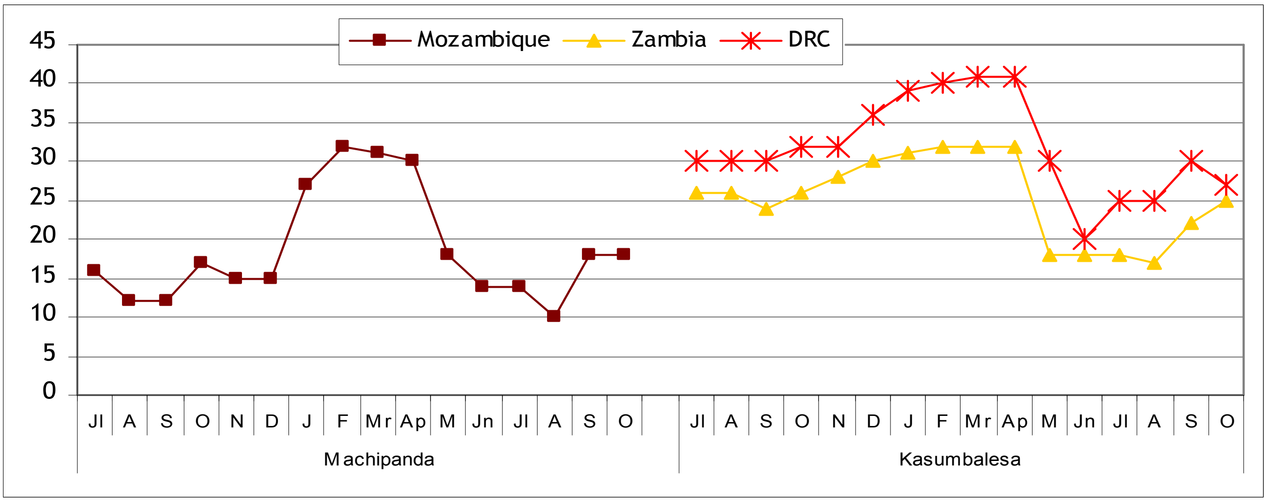
| Source | Destination | 2004/05 Season | 2005/06 Season | Oct 05 | Oct 06 | Cumulative (Apr-Oct 06) |
|---|---|---|---|---|---|---|
| Tanzania | Zambia | 3,699 | 13,556 | 1,767 | 442 | **1,511** |
| Zambia | Zimbabwe | 13,106 | 182 | 12 | 0 | **3** |
| Zambia | Malawi | 2,157 | 419 | 16 | 10 | **317** |
| Zambia | Tanzania | 93 | 0 | 0 | 0 | **0** |
| Malawi | Zambia | 34 | 81 | 0 | 5 | **134** |
| Zambia | DRC | 8,318 | 4,682 | 371 | 616 | **2,564** |
| Mozambique | Malawi | 71,229 | 71,218 | 2,673 | 5,845 | **60,393** |
| Malawi | Tanzania | 637 | 944 | 322 | 51 | **2,860** |
| Tanzania | Malawi | 2,656 | 84,862 | 7,600 | 0 | **0** |
| Mozambique | Zimbabwe | 2 | 5 | 0 | 0 | **4** |
| Mozambique | Zambia | - | 49 | 3 | 514 | **630** |
| Malawi | Mozambique | - | 133 | 0 | 0 | **0** |
| Zambia | Mozambique | - | 55 | 0 | 0 | **2** |
| Zimbabwe | Mozambique | - | 85 | 0 | 22 | **80** |
| South Africa | Zimbabwe | - | 1,688 | 39 | 3 | **28** |
| **Total Traded (MT)** | | 101,929 | 177,959 | 12,803 | 7,508 | **68,526** |

## Maize Price Trends at Selected Border Points

There were mixed price signals along selected border areas during October. However, with the exception of the Muloza (Malawi)/Milange (Mozambique) border area (where there was a retail price increase of 12%) retail prices for maize either remained stable or dropped during the month. Between September and October, retail maize prices were constant at Kasumbalesa (Zambia/DRC) and Machipanda (Mozambique) border crossing points where they were at US $0.26 per kilogram and US $0.18 per kilogram respectively (See Fig. 3). Along the Songwe (Malawi), Kasumuru (Tanzania) and Nakonde (Zambia) belt, retail maize prices dropped by 6% and closed the month at an average of US $0.18 per kilogram. As a reflection of improved supply this marketing season, retail maize prices are lower than last year at the same time across all countries. Prices are expected to increase in the next few months as the lean season approaches.

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

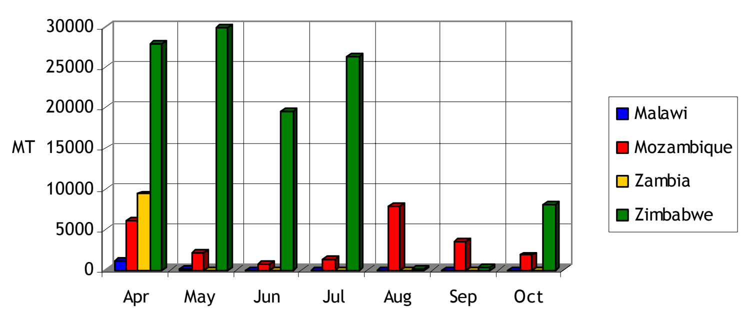



## Formal exports from South Africa

According to the South African Grain Information Service (SAGIS) statistics, Zimbabwe significantly scaled up its formal import program from South Africa in October. Zimbabwe imported nearly 8,000 MT during the month compared to 300 MT in September. In addition to imports from South Africa, Zimbabwe has begun receiving part of its nearly 85,000 MT import program 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 112,000 MT from South Africa alone. Meanwhile, Mozambique has imported close to 23,000 MT of white maize from South Africa - nearly 1,800 MT of maize in October 2006. Among the monitored countries, only Mozambique and Zimbabwe are running formal imports programs with South Africa this marketing season.

**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 | Oct 05 | Oct 06 | Cumulative Apr-Oct 06 |
|---|---|---|---|---|---|---|
| Tanzania | Zambia | 547 | 641 | 45 | 49 | 317 |
| Malawi | Tanzania | 450 | 135 | 0 | 13 | 809 |
| Tanzania | Malawi | 70 | 912 | 0 | 0 | 4 |
| Zambia | DRC | 12,644 | 12,629 | 690 | 165 | 442 |
| Zambia | Malawi | 0 | 0 | 0 | 0 | 0 |
| Malawi | Zambia | 1 | 31 | 0 | 10 | 12 |
| Zambia | Zimbabwe | 50 | 106 | 13 | 0 | 196 |
| Mozambique | Malawi | 2,532 | 1,691 | 2 | 145 | 1,522 |
| Malawi | Mozambique | 1 | 12 | 0 | 0 | 0 |
| Mozambique | Zimbabwe | 58 | 399 | 29 | 69 | 334 |
| South Africa | Zimbabwe | 0 | 64 | 4 | 1 | 10 |
| | **Total Traded (MT)** | 16,355 | 16,620 | 783 | 498 | 3,646 |

*" For the first time in two seasons, bean trade has surpassed the volume of rice trade.. most of it is imported from Asia."*

## Summary of trade in rice and beans

The trade in rice and beans is summarized in Tables 4 and 5. For the first time in two seasons, bean trade has surpassed rice trade. The volume of trade in rice has declined from 17,000 MT between April and October last year to 4,000 MT during the same period this year. Several reasons could explain this decline including general elections in DRC and surplus production in Malawi. The DRC is the major importer of rice with average imports of 13,000 MT per year from Zambia. However, with general elections taking place in both Zambia and DRC, traders might have been adopting a 'wait and see' stance before committing to imports one way or another. So far, the DRC has only imported around 500 MT from Zambia. Malawi, the next largest importer, has had a couple of surplus seasons of rice production. This might have reduced the country's demand for significant additional rice imports. With regards to bean trade, it seems likely that this season will produce the lowest volumes traded. Since April, only about 5,000 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 volumes traded in the past two seasons.

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

| Source | Destination | 2004/05 Season | 2005/06 Season | Oct 05 | Oct 06 | Cumulative Apr-Oct 06 |
|---|---|---|---|---|---|---|
| Tanzania | Zambia | 509 | 472 | 33 | 35 | 317 |
| Zambia | Tanzania | 0 | 0 | 0 | 0 | 0 |
| Zambia | DRC | 12,019 | 8,231 | 843 | 1,373 | 2,113 |
| Malawi | Mozambique | 417 | 76 | 0 | 0 | 17 |
| Zambia | Zimbabwe | 372 | 16 | 1 | 7 | 48 |
| Mozambique | Malawi | 2,997 | 2,741 | 201 | 550 | 2,546 |
| Malawi | Tanzania | 2 | 0 | 0 | 0 | 0 |
| Mozambique | Zimbabwe | 67 | 4 | 1 | 1 | 4 |
| Malawi | Zambia | 30 | 19 | 4 | 17 | 232 |
| Tanzania | Malawi | 403 | 2,459 | 0 | 336 | 390 |
| South Africa | Zimbabwe | 0 | 325 | 3 | 1 | 6 |
| | **Total Traded (MT)** | 16,816 | 14,343 | 1,086 | 2,313 | 5,673 |

## 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 06 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Tanzania | Zambia | 796 | 1,921 | 982 | 3,699 | 397 | 7,685 | 4,201 | 1,273 | 13,556 | 318 | 751 | 442 |
| Zambia | Zimbabwe | 2,662 | 5,628 | 4,816 | 13,106 | 86 | 13 | 21 | 62 | 182 | 3 | - | - |
| Zambia | Malawi | 484 | 913 | 760 | 2,157 | 34 | 36 | 349 | - | 419 | 58 | 249 | 10 |
| Zambia | Tanzania | 71 | 20 | 2 | 93 | - | - | - | - | - | - | - | - |
| Malawi | Zambia | 0 | 19 | 15 | 34 | 8 | 5 | 51 | 17 | 81 | 64 | 65 | 5 |
| Zambia | DRC | 256 | 3,054 | 5,008 | 8,318 | 2,477 | 1,641 | 531 | 33 | 4,682 | 992 | 956 | 616 |
| Mozambique | Malawi | 33,358 | 20,433 | 17,438 | 71,229 | 29,064 | 26,866 | 8,981 | 6,307 | 71,218 | 27,479 | 27,069 | 5,845 |
| 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 | - | - | - |
| Mozambique | Zimbabwe | - | - | 2 | 2 | 2 | 3 | - | - | 5 | 4 | - | - |
| Mozambique | Zambia | - | - | - | - | 5 | 24 | 20 | - | 49 | 5 | 111 | 514 |
| Malawi | Mozambique | - | - | - | - | - | - | - | 133 | 133 | - | - | - |
| Zambia | Mozambique | - | - | - | - | - | - | - | 55 | 55 | 2 | - | - |
| Zimbabwe | Mozambique | - | - | - | - | - | - | - | 85 | 85 | 15 | 43 | 22 |
| South Africa | Zimbabwe | - | - | - | - | 486 | 921 | 55 | 226 | 1,688 | 17 | 8 | 3 |
| *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* | *7,508* |

**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-Sep 06 | Oct 06 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Tanzania | Zambia | 360 | 151 | 36 | 547 | 99 | 184 | 172 | 178 | 641 | 100 | 168 | 49 |
| Malawi | Tanzania | 367 | 83 | 0 | 450 | - | 61 | 0 | - | 135 | 56 | 740 | 13 |
| Tanzania | Malawi | 0 | 0 | 70 | 70 | 3 | 4 | 108 | 797 | 912 | 4 | - | 0 |
| Zambia | DRC | 2786 | 4157 | 5701 | 12,644 | 6,164 | 5,661 | 690 | 114 | 12,629 | 46 | 231 | 165 |
| Zambia | Malawi | 0 | 0 | 0 | 0 | - | 0 | 0 | - | 0 | - | - | 0 |
| Malawi | Zambia | 0 | 0 | 1 | 1 | 30 | 1 | 0 | - | 31 | - | 2 | 10 |
| Zambia | Zimbabwe | 16 | 16 | 18 | 50 | 15 | 16 | 34 | 41 | 106 | 55 | 141 | 0 |
| Mozambique | Malawi | 153 | 1853 | 526 | 2,532 | 1,456 | 0 | 152 | 83 | 1,691 | 222 | 1,155 | 145 |
| Malawi | Mozambique | 1 | 0 | 0 | 1 | 4 | 2 | 0 | 6 | 12 | - | - | 0 |
| Mozambique | Zimbabwe | 0 | 0 | 58 | 58 | 188 | 97 | 45 | 69 | 399 | 99 | 166 | 69 |
| South Africa | Zimbabwe | 0 | 0 | 0 | 0 | 21 | 19 | 9 | 15 | 64 | 6 | 3 | 1 |
| *Total Traded (MT)* | | *3683* | *6260* | *6412* | *16,355* | *8,062* | *6,045* | *1,210* | *1,303* | *16,620* | *588* | *2,606* | *452* |

## Annex I (continued)

**Table 7: nformal 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 06 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Tanzania | Zambia | 262 | 179 | 68 | 509 | 99 | 223 | 87 | 63 | 472 | 128 | 154 | 35 |
| Zambia | Tanzania | 0 | 0 | 0 | 0 | - | 0 | 0 | - | 0 | - | - | - |
| Zambia | DRC | 3215 | 3775 | 5029 | 12,019 | 3,593 | 3,740 | 843 | 55 | 8,231 | 390 | 350 | 1,373 |
| Malawi | Mozam-bique | 391 | 1 | 25 | 417 | 14 | 29 | 5 | 28 | 76 | 15 | 2 | - |
| Zambia | Zimbabwe | 0 | 364 | 8 | 372 | 1 | 6 | 3 | 6 | 16 | 28 | 20 | - |
| Mozambique | Malawi | 1852 | 571 | 574 | 2,997 | 683 | 1,530 | 463 | 65 | 2,741 | 613 | 1,383 | 550 |
| Malawi | Tanzania | 2 | 0 | 0 | 2 | - | 0 | 0 | - | 0 | - | - | - |
| Mozambique | Zimbabwe | 0 | 1 | 66 | 67 | 1 | 1 | 2 | - | 4 | 1 | 2 | 1 |
| 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 | 336 |
| South Africa | Zimbabwe | 0 | 0 | 0 | 0 | 165 | 152 | 4 | 4 | 325 | 3 | 2 | 1 |
| ***Total Traded (MT)*** | | ***5792*** | ***5158*** | ***5866*** | ***16,816*** | ***4,577*** | ***5,756*** | ***2,547*** | ***1,463*** | ***14,343*** | ***1,329*** | ***2,031*** | ***2,313*** |

*UN World Food Programme Regional Bureau for Southern Africa, Johannesburg RSA and*

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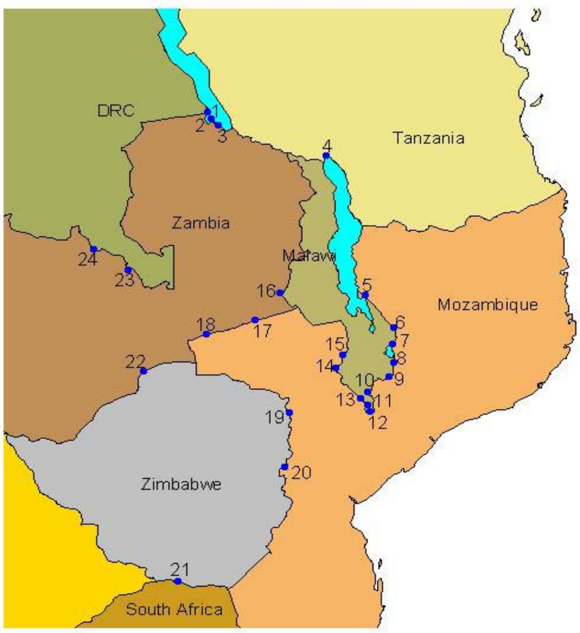
## Cross-Border Monitoring Sites , 2006




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 see: www.fews.net