Informal Cross Border Food Trade in Southern Africa

Issue 28 January 2007

Monthly Highlights:

- *Over 107,200 MT of informal cross border trade in maize, rice and beans captured in Southern Africa since the beginning of the current marketing season in April 2006.*
- *Mozambique is the largest source of informal trade in maize, rice and beans this marketing season.*
- *Retail maize prices continue to decline, as food supply situation remains satisfactory in Malawi, Zambia and parts of Mozambique.*

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Overall summary of trade flows

By the end of January, close to 107,200 MT of trade in maize (92,000 MT), rice (5,800 MT) and beans (9,400 MT) had been captured by the Southern Africa informal cross border food trade monitoring system since the start of the marketing season in April 2006. The combined volume of trade in all the three commodities is 37% down on the amount captured during a similar period in the last season. On commodity by commodity basis, the volume of maize traded is down by 34%; rice trade is down 63% and bean trade is down 30 per cent. About 80% of the maize captured (74,000 MT) was exported to Malawi by Mozambique. The DRC was the second largest importer (from Zambia) accounting for 6% of the trade followed by Zambia (importing from Tanzania) at 5%. Trade in rice was led by exports from Mozambique to Malawi (1,700 MT), followed closely by exports from Zambia (1,500 MT) to the DRC. Meanwhile Malawi imported 63% of total beans traded, comprising 2,800 MT of the imports from Mozambique and 3,000 MT from Tanzania. The DRC was the second largest importer of beans (from Zambia) accounting for 24% of the trade.

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

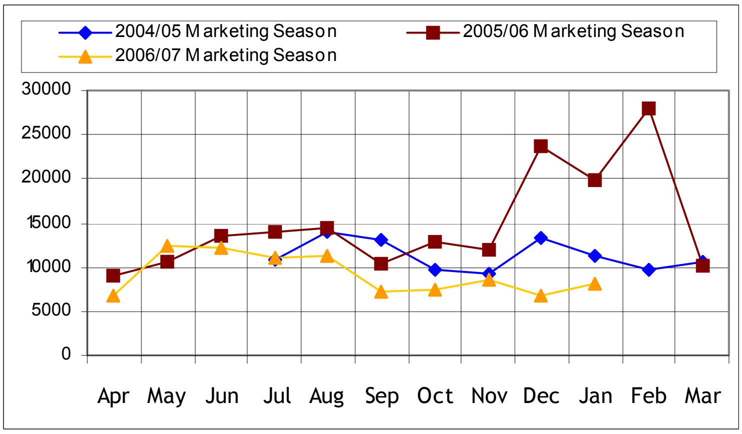
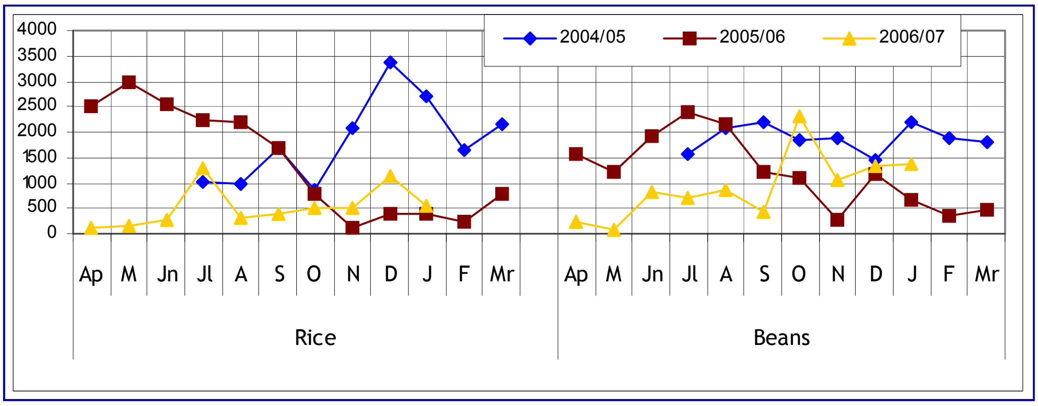


Figure 2: Recorded Informal Cross Border Food Trade in Rice & Beans DRC, Malawi, Mozambique, South Africa Tanzania, Zambia & Zimbabwe



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 volume of maize traded was 8,000 MT in January 2007 compared with 20,000 MT in the same month last year, representing a reduction of about 60%. Unlike last season, when Tanzania emerged as the largest exporter, this season the trade dynamics have changed and the trade is driven by exports from Mozambique to Malawi (80% of the trade) and by exports by Zambia to DRC (6%). As reported in previous reports, trade between northern Mozambique and southern Malawi is normally spurred by lack of internal markets in the former (and favourable price differentials) and high population and marginal maize production in the latter. With harvest prospects looking positive in Malawi (the largest importer) and Zambia, it is likely that informal maize trade volumes may decline further in the next marketing season.
Meanwhile, there was a large and unusual export of maize (2,000 MT) from Mozambique to Zimbabwe during the month through the Cuchamano border (Mozambique). This export will be investigated further in our next report.

Table 1—Informal cross-border trade in maize

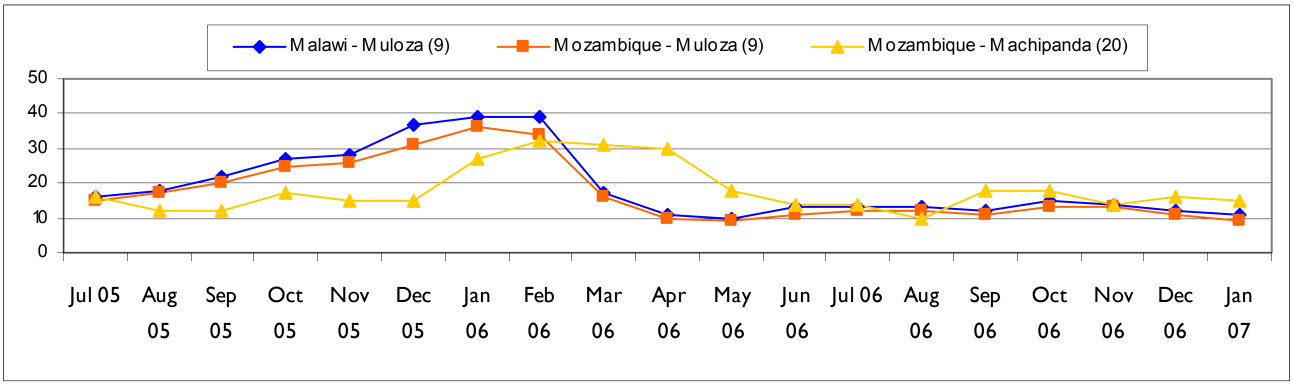
Source	Destination	2004/05 Season	2005/06 Season	Jan 06	Jan 07	Cumulative (Apr05-Jan06)	Cumulative (Apr06-Jan 07)
Tanzania	Zambia	3,699	13,556	734	1,294	13,017	**4,995**
Zambia	Zimbabwe	13,106	182	60	0	180	**4**
Zambia	Malawi	2,157	419	0	15	419	**367**
Zambia	Tanzania	93	0	0	3	0	**3**
Malawi	Zambia	34	81	0	10	64	**166**
Zambia	DRC	8,318	4,682	6.9	577	4,656	**5,714**
Mozambique	Malawi	71,229	71,218	304	3391	65,215	**73,665**
Malawi	Tanzania	637	944	7.2	45	642	**2,909**
Tanzania	Malawi	2,656	84,862	18,530	418	53,813	**601**
Mozambique	Zimbabwe	2	5	0	2,070	5	**2,080**
Mozambique	Zambia	-	49	0	39	49	**966**
Malawi	Mozambique	-	133	62	183	62	**200**
Zambia	Mozambique	-	55	24	0	24	**2**
Zimbabwe	Mozambique	-	85	28	16	28	**221**
South Africa	Zimbabwe	-	1,688	193	3	1,655	**43**
Total Traded (MT)		101,929	177,959	19,949	8,064	139,829	**91,936**

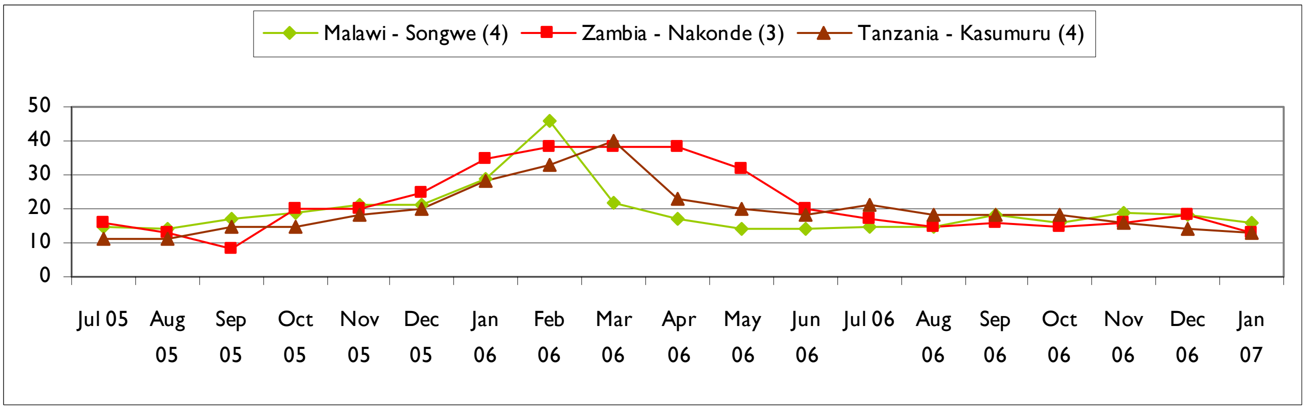
Maize Price Trends at Selected Border Points

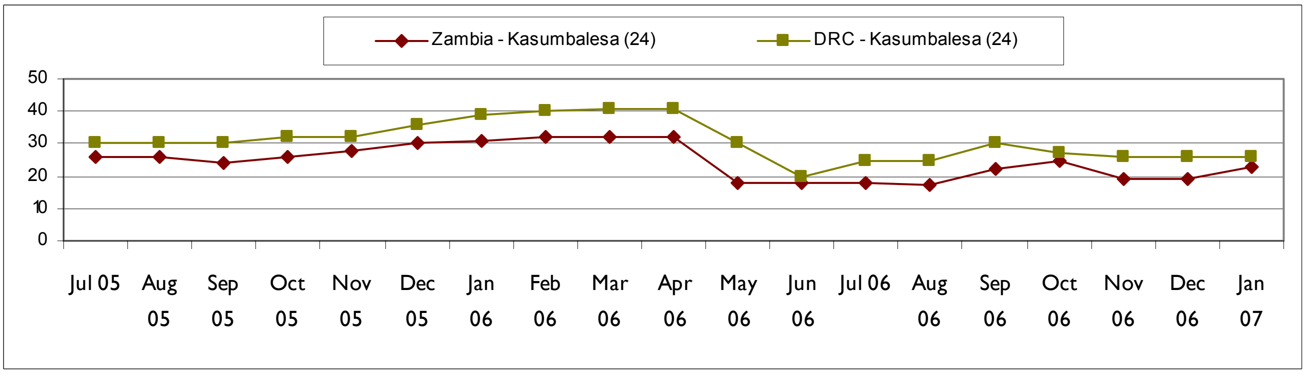
Retail maize prices remain generally stable this January (see Figures 3, 4 & 5) contrary to the expectation that prices levels would be high (and rising) during what is normally the peak of the hunger season in the monitored countries. This can be explained by the good harvests in Malawi, Zambia and Tanzania in the last growing season. In January, retail prices declined across the board, with the sharpest decline registered at Nakonde border (Zambia/DRC), where prices dipped by 28% from US$0.18 per kilogram in December to US$0.13 per kilogram in January. This is followed by the 19% price decline at Muloza border between Malawi and Mozambique (US$0.11 to US$0.09 per kilogram). Price differentials between Kasumuru (Tanzania) and Songwe (Malawi) have caused changes in the direction of flow of trade (See figure 3): Between April and October 2006, retail prices on the Tanzanian side were higher than those on the Malawian side causing a net flow of maize into Tanzania. But since November, prices in Tanzania declined (due to increased maize supply on the Tanzanian side) and remained generally lower than on the Malawi side, resulting in change of the direction of flow of trade from Tanzania into Malawi.

Inter-seasonal prices also show significant declines across the borders. Generally, the Malawi and Zambia borders have registered the biggest declines, reflecting satisfactory internal maize supplies. At Muloza (Malawi), retail prices have dropped from US$0.36 per kilogram in January last year to US$0.09 per kilogram this January, representing a difference of 75%. The second largest inter-season decrease in prices is the Nakonde (Zambia) border where prices dropped by 63% from US$0.35 per kilogram to US$0.13 per kilogram during the same periods. It is expected that prices will remain depressed over the next two months, i.e., to the end of the marketing season. With even better harvest prospects forecasted for Malawi for example, producers are likely to start dumping last year's produce in preparation for the new produce.

Figures 3, 4 & 5: Retail maize prices in selected border points (US$ cents per kg)







Formal exports from South Africa

According to the South Africa Grain Information Service as at the end of January, Zimbabwe had officially imported 132,000 MT of maize from South Africa. However, as Zimbabwe's maize shortfall is estimated at around 850,000 MT, current imports will still leave a substantial import gap to be filled. Zimbabwe's official import programme remains unclear; the country, through the Grain Marketing Board, signed a supply contract of 100,000 MT with the Food Reserve Agency (FRA) of Zambia, but only 4,000 MT had been uplifted by Zimbabwe by the end of January. In a separate arrangement, through a private trader, Zimbabwe has bought 21,700 MT from Zambia. This maize has already been delivered. In the 2005/06 marketing year, Zimbabwe imported 1.02 million MT of maize from South Africa, which represented more than 85 percent of planned cereal imports of 1.2 million MT while the projected food deficit was close to 1.4 million MT.

Meanwhile, Mozambique imported almost to 900 MT of white maize from South Africa in January, bringing this season's total to just over 27,000 MT. With the floods that has hit parts of central and southern Mozambique, and the resulting damages to crops, it is likely that formal imports from South Africa may be scaled up to meet the increased demand.

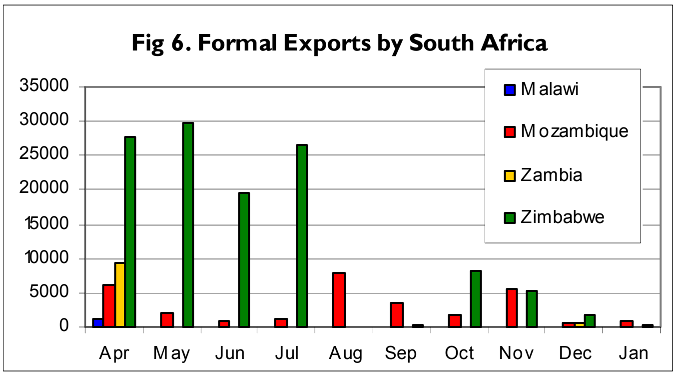


Table 2. Informal cross border trade in rice (MT)

Source	Destination	2004/05 Season	2005/06 Season	Jan 06	Jan 07	Cumulative Apr05-Jan06	Cumulative Apr06-Jan07
Tanzania	Zambia	547	641	65	26	528	**459**
Malawi	Tanzania	450	135	0	91	135	**993**
Tanzania	Malawi	70	912	135	0	250	**4**
Zambia	DRC	12,644	12,629	46	128	12,561	**1,530**
Zambia	Malawi	0	0	0	0	0	**0**
Malawi	Zambia	1	31	0	30	31	**44**
Zambia	Zimbabwe	50	106	10	117	75	**389**
Mozambique	Malawi	2,532	1,691	0	34	1,608	**1,686**
Malawi	Mozambique	1	12	0	1	6	**1**
Mozambique	Zimbabwe	58	399	14	118	344	**636**
South Africa	Zimbabwe	0	64	8	2	57	**78**
	Total Traded (MT)	16,355	16,620	278	547	15,595	**5,820**

Summary of trade in rice and beans

" there has been a resurgence of bean trade since October, driven by exports by Tanzania and Mozambique to Malawi."

The trade in rice and beans is summarized in Tables 2 and 3. As noted earlier, both commodities are trading at much lower volumes than last year at the same time. However, there has been a resurgence of bean trade since October, driven by exports from Tanzania and Mozambique to Malawi. Malawi has this season surpassed DRC as the largest importer of beans and its imports account for 63% of the trade.

In the last marketing season, DRC bean imports from Zambia accounted for 57% of the trade. Rice trade has been low this marketing season. With only two months to the end of the marketing season, nearly 6,000 MT of rice has been traded, representing a decline in trade of 64 per cent compared to the amount traded over a similar period last year. Rice is normally a substitute to maize in many of the monitored countries; some of the decline could therefore be due to the improved availability of maize.

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

Source	Destination	2004/05 Season	2005/06 Season	Jan 06	Jan 07	Cumulative Apr05-Jan06	Cumulative Apr06-Jan07
Tanzania	Zambia	509	472	27	107	436	**462**
Zambia	Tanzania	0	0	0	0	0	**2**
Zambia	DRC	12,019	8,231	24	34	8,200	**2,332**
Malawi	Mozambique	417	76	0	242	48	**259**
Zambia	Zimbabwe	372	16	2.3	5	12.3	**61**
Mozambique	Malawi	2,997	2,741	42	42	2,718	**2,775**
Malawi	Tanzania	2	0	0	0	0	**0**
Mozambique	Zimbabwe	67	4	0	0	4	**7**
Malawi	Zambia	30	19	0	10	16	**251**
Tanzania	Malawi	403	2,459	573	909	1,793	**3,190**
South Africa	Zimbabwe	0	325	0	11	321	**82**
	Total Traded (MT)	16,816	14,343	668	1,360	13,548	**9,421**

Annex 1: Trade Tables

Table 4: 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-Dec 06
Tanzania	Zambia	796	1,921	982	3,699	397	7,685	4,201	1,273	13,556	318	751	2632
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	45
Zambia	Tanzania	71	20	2	93	-	-	-	-	-	-	0	0
Malawi	Zambia	0	19	15	34	8	5	51	17	81	64	65	27
Zambia	DRC	256	3,054	5,008	8,318	2,477	1,641	531	33	4,682	992	956	3189
Mozambique	Malawi	33,358	20,433	17,438	71,229	29,064	26,866	8,981	6,307	71,218	27,479	27,069	15726
Malawi	Tanzania	315	226	96	637	103	174	358	309	944	2,358	451	55
Tanzania	Malawi	22	239	2,395	2,656	471	1,211	33,601	49,579	84,862	-	0	183
Mozambique	Zimbabwe	-	-	2	2	2	3	-	-	5	4	0	6
Mozambique	Zambia	-	-	-	-	5	24	20	-	49	5	111	811
Malawi	Mozambique	-	-	-	-	-	-	-	133	133	-	0	17
Zambia	Mozambique	-	-	-	-	-	-	-	55	55	2	0	0
Zimbabwe	Mozambique	-	-	-	-	-	-	-	85	85	15	43	147
South Africa	Zimbabwe	-	-	-	-	486	921	55	226	1,688	17	8	15
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***	**22854**

Table 5: 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-Dec 06
Tanzania	Zambia	360	151	36	547	99	184	172	178	641	100	168	165
Malawi	Tanzania	367	83	0	450	-	61	0	-	135	56	740	106
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	1125
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	76
Mozambique	Malawi	153	1853	526	2,532	1,456	0	152	83	1,691	222	1,155	275
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	253
South Africa	Zimbabwe	0	0	0	0	21	19	9	15	64	6	3	67
Total Traded (MT)		***3683***	***6260***	***6412***	***16,355***	***8,062***	***6,045***	***1,210***	***1,303***	***16,620***	***588***	***2,606***	**2079**

Annex I (continued)

Table 6: Informal cross border trade in beans (MT)

Source	Destination	Jul-Sep-04	Oct-Dec-04	Jan-Mar-05	04/05 Season	Apr-Jun 05	Jul-Sep 05	Oct-Dec 05	Jan-Mar 06	05/06 Season	Apr-Jun 06	Jul-Sep 06	Oct-Dec 06
Tanzania	Zambia	262	179	68	509	99	223	87	63	472	128	154	73
Zambia	Tanzania	0	0	0	0	-	0	0	-	0	-	0	2
Zambia	DRC	3,215	3,775	5,029	12,019	3,593	3,740	843	55	8,231	390	350	1,558
Malawi	Mozam-bique	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	8
Mozambique	Malawi	1,852	571	574	2,997	683	1,530	463	65	2,741	613	1,383	737
Malawi	Tanzania	2	0	0	2	-	0	0	-	0	-	0	0
Mozambique	Zimbabwe	0	1	66	67	1	1	2	-	4	1	2	4
Malawi	Zambia	3	21	6	30	3	7	6	3	19	151	64	26
Tanzania	Malawi	67	246	90	403	18	68	1,134	1,239	2,459	-	54	2,227
South Africa	Zimbabwe	0	0	0	0	165	152	4	4	325	3	2	66
Total Traded (MT)		***5,792***	***5,158***	***5,866***	***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

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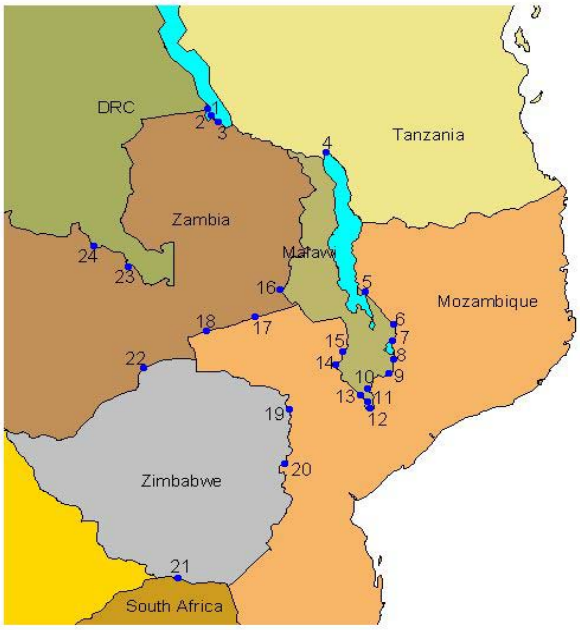
Cross-Border Monitoring Sites , 2006



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