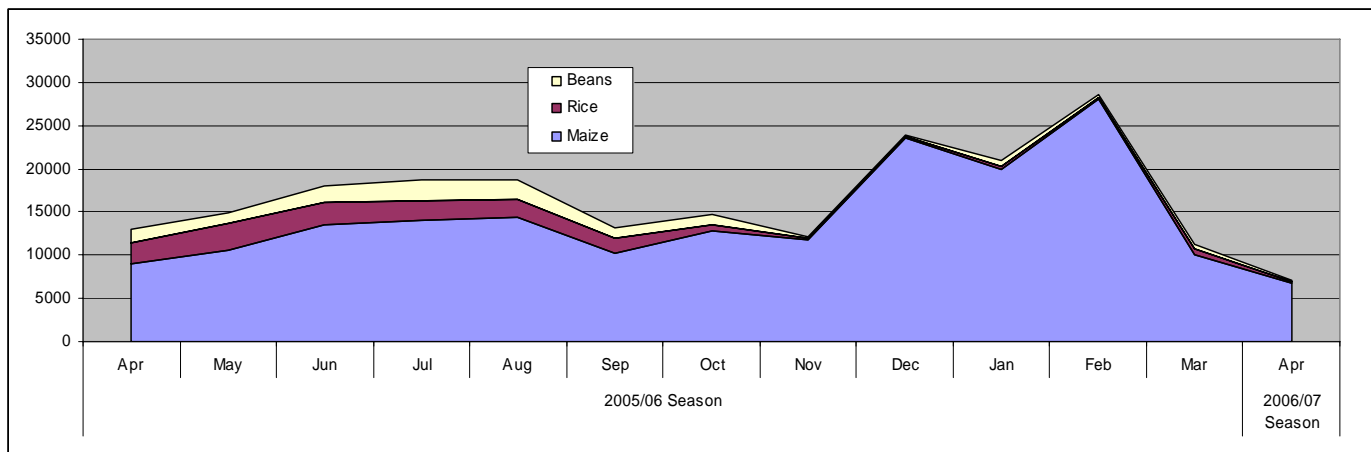


HIGHLIGHTS

- A new marketing season for cross border food trade begins in Southern Africa.
- Relatively better harvests in monitored countries likely to change trade dynamics and volume of flows.
- Maize prices fall as supply of the commodity increases with new harvest.

OVERALL SUMMARY OF TRADE FLOWS

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



Source: FEWS NET and WFP Malawi and Regional Technical Steering Committee (TSC)

April marks the beginning of the new marketing season for most agricultural commodities in Southern Africa. During the month of April, about 7,000 MT of informal trade in maize (6,700 MT), rice (133 MT) and beans (238 MT) was recorded by the Southern Africa Informal Cross Border food Trade Monitoring system. As shown in Figure 1, trade in all the three monitored commodities has begun at much lower levels compared to last year. The volume of maize traded this April is 25% down on last year's volume; trade in rice has declined from 2,500 MT to 133 MT whereas trade in beans has decreased from 1,450 MT to 238 MT. Several factors could explain the slow start of the new marketing season including the better than average production in Malawi, Mozambique and Zambia. Although Zimbabwe had a generally better season this past year, the indications are that the country will still need to import some cereals to meet its national requirements.

SUMMARY OF MAIZE TRADE FLOWS

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

Source	Destination	2004/05 Season	2005/06 Season	Apr-05	Apr-06
Tanzania	Zambia	3,699	13,556	15	168
Zambia	Zimbabwe	13,106	182	84	1
Zambia	Malawi	2,157	419	8	0
Zambia	Tanzania	93	0	0	0
Malawi	Zambia	34	81	2	20
Zambia	DRC	8,318	4,682	1,893	7
Mozambique	Malawi	71,229	71,218	6,829	5,173
Malawi	Tanzania	637	944	33	1,351
Tanzania	Malawi	2,656	84,862	108	0
Mozambique	Zimbabwe	2	5	0	0
Mozambique	Zambia	-	49	0	0
Malawi	Mozambique	-	133	0	0
Zambia	Mozambique	-	55	0	0
Zimbabwe	Mozambique	-	85	0	9
South Africa	Zimbabwe	-	1,688	0	6
Total Traded (MT)		101,929	177,959	8,972	6,735

Source: FEWS NET and WFP Malawi; Regional TSC

Table 1 summarizes the volumes of maize trade in April 2005 and 2006. A pattern of trade similar to that of last year is already emerging. Exports by Mozambique to Malawi dominate the trade and account for over 77% of overall trade in maize recorded in April, much the same as the situation observed at the same time last year. A further analysis shows that most of the maize, nearly 4,000 MT crossed into Malawi through the Muloza/Milanje border and the Tengani border point in Nsanje (Malawi) comes a distant second with 420 MT

Price differentials and possible speculation by Tanzanian traders has caused an unexpectedly high export of 1,350 MT by Malawi to

Tanzania at this early stage of the new marketing season. However, it is difficult to predict if this pattern will continue, but the situation will be closely monitored. It should be noted that Tanzania was the largest supplier of maize to Malawi last season. Meanwhile, Malawi has announced a precautionary ban on maize exports and minimum producer prices for the commodity. According to the government, the ban has been imposed in order to ensure maize self sufficiency and to 'protect' producers from low prices. However, it is unlikely that the state marketing board can adequately defend the minimum producer prices. Given the long and porous borders that Malawi shares with its neighbors, it is also unlikely that the government will be able to control cross border maize outflows if prices across the borders are higher.

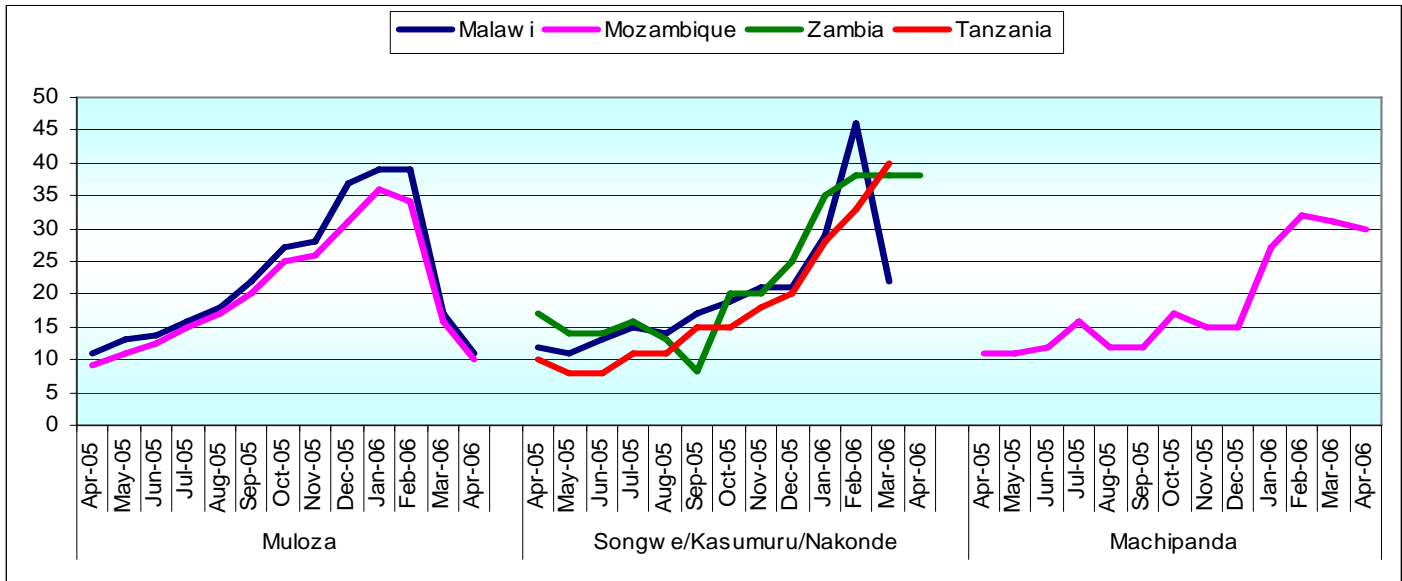
MAIZE PRICE ANALYSIS

Meanwhile, as indicated in Figure 2 below, maize retail prices at the border crossing points have started to fall in line with improved food supplies as a result of the new harvest. The sharpest declines have been registered on the borders between Malawi and Mozambique (Muloza/Milanje) and between Malawi and Tanzania (Songwe/Kasumuru). At the Muloza/Milanje border, which is also the main entry point for trade between the two countries, retail maize prices fell sharply from a peak of US \$0.39 per kilogram in February to US\$0.11 per kilogram in April –a decline of 72%. There have been price drops of a similar magnitude at the border between Malawi and Tanzania at Songwe, from US\$0.42 per kilogram in February to US\$0.22 per kilogram in March. However, there have been no similar dramatic retail price declines on the Zambian borders. This could be a reflection of a cautionary approach to the market by Zambian producers. One noteworthy aspect on the relative prices is that in Tanzania (which harvests much later than Malawi and Zambia) prices have continued to rise in April. Retail prices in Kasumuru (Tanzania) which have generally been below prices at Songwe (Malawi) and Nakonde (Zambia) increased from US\$0.33 per kilogram in February to US\$0.40 per kilogram in March.

At the Muloza/Milanje border retail prices have started at similar levels as those observed last year at the same time; but in the rest of the borders they started at much higher levels. It is however expected that as more harvests come onto the market in the coming months (reflecting the above average harvest estimates), prices in many of the monitored countries will continue to fall. However, there could be exceptions in places like Machipanda (Mozambique) which borders Zimbabwe (which will still need to

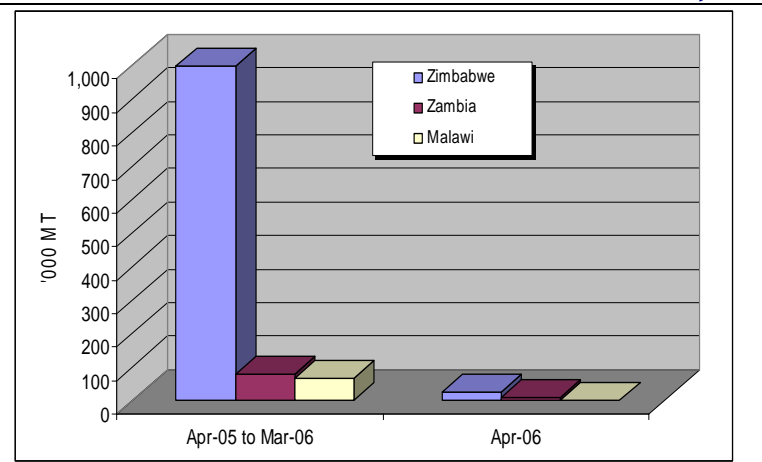
import maize) and Songwe (northern Malawi) where retail prices might be influenced by increased demand from southern Tanzania which harvests much later and also due to demand from other parts of Tanzania which have had below average production.

Figure 2: Retail Maize Prices In Selected Border Points (US\$ cents per Kg)



Source: FEWS NET and WFP Malawi; Regional TSC

FORMAL EXPORTS FROM SOUTH AFRICA TO MALAWI, ZAMBIA & ZIMBABWE



Source: South Africa Grain Information Service (SAGIS)

According to the South Africa Grain Information Service (SAGIS), South Africa was still exporting maize to Zimbabwe, Zambia and Malawi despite the new harvest and onset of the new marketing season (in those countries) - NOTE: The maize marketing season in South Africa begins in May. For the cases of Malawi and Zambia, it is likely that these exports are the last consignments of running contracts. These exports are unlikely to continue for much longer as both countries will not require formal imports this year. With regards to Zimbabwe, while the April imports could also have been to complete existing contracts, it is likely that they will continue as part of a new formal import programme as the country will still need

imports to cover its requirements. Zimbabwe imported just over a million MT of maize from South Africa last marketing season. Malawi's imports from South Africa amounted to about 66,000 MT, whereas Zambia imported some 80,000 MT.

SUMMARY OF RICE AND BEAN TRADE FLOWS

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

Source	Destination	2004/05 Season	2005/06 Season	Apr-05	Apr-06
Tanzania	Zambia	547	641	3	28
Malawi	Tanzania	450	135	0	0
Tanzania	Malawi	70	912	1	4
Zambia	DRC	12,644	12,629	1,975	13
Zambia	Malawi	0	0	0	0
Malawi	Zambia	1	31	30	0
Zambia	Zimbabwe	50	106	5	12
Mozambique	Malawi	2,532	1,691	453	48
Malawi	Mozambique	1	12	0	0
Mozambique	Zimbabwe	58	399	34	26
South Africa	Zimbabwe	0	64	0	2
Total Traded (MT)		16,355	16,620	2,501	133

Source: FEWS NET and WFP Malawi; Regional TSC

The trade in rice is summarized in Table 2. Unlike last year at the same time, trade in rice has started at very low volumes across all the monitored borders. This could be due to better availability of rice in Malawi after two successive good harvests. The majority of the trade in rice takes place between Zambia and DRC through the Kasumbalesa border. However, due to unforeseen circumstances the system has not been able to adequately monitor the trade at that border. The problem has now been resolved and from next month, a clearer picture of the rice trade will be presented.

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

Source	Destination	2004/05 Season	2005/06 Season	Apr-05	Apr-06
Tanzania	Zambia	509	472	0	42
Zambia	Tanzania	0	0	0	0
Zambia	DRC	12,019	8,231	1,320	12
Malawi	Mozambique	417	76	0	11
Zambia	Zimbabwe	372	16	0	5
Mozambique	Malawi	2,997	2,741	131	29
Malawi	Tanzania	2	0	0	0
Mozambique	Zimbabwe	67	4	0	0
Malawi	Zambia	30	19	0	138
Tanzania	Malawi	403	2,459	0	0
South Africa	Zimbabwe	0	325	0	1
Total Traded (MT)		16,816	14,343	1,451	238

Source: FEWS NET and WFP Malawi; Regional TSC

The summary of trade in beans is presented in Table 3. As is the case with rice, most of this trade occurs between the DRC and Zambia through the Kasumbalesa border. A better picture of the trends of the trade should be available from May onwards. However, on the basis of the available information, the current trade remains low due to increased supplies as a result of the new harvest. It is expected that the trade will increase over the next few months as traders identify both producer and consumer markets.

ANNEXES

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

Source	Destination	2004/05																		2005/06			
		Jul-Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Season	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Season	Apr-06
Tanzania	Zambia	796	714	225	982	441	454	87	3,699	15	123	259	1,779	2,807	3,099	1,767	1,556	878	734	369	170	13,556	168
Zambia	Zimbabwe	2662	2,242	1,400	1,986	1,624	1,764	1,428	13,106	84	0	2	3	2	8	12	6	3.3	60	1	1	182	1
Zambia	Malawi	484	144	114	655	691	43	26	2,157	8	9	17	6	7	23	16	331	1.5	0	0	0	419	0
Zambia	Tanzania	71	4	10	6	1	0	1	93	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Malawi	Zambia	0	1	13	5	8	3	4	34	2	3	3	2	0	3	0	12	39	0	17	0	81	20
Zambia	DRC	256	495	1,333	1,226	1,596	1,345	2,067	8,318	1,893	329	255	185	741	715	371	80	80	6.9	11	15	4,682	7
Mozambique	Malawi	33358	6,046	6,115	8,272	6,613	5,056	5,769	71,229	6,829	9,576	12,659	11,515	10,353	4,998	2,673	2,136	4,172	304	1,886	4,117	71,218	5,173
Malawi	Tanzania	315	108	55	63	40	34	22	637	33	0	70	104	42	28	322	13	23	7.2	302	0	944	1351
Tanzania	Malawi	22	21	72	146	293	900	1,202	2,656	108	256	107	0	5	1,206	7,600	7,663	18,338	18,530	25,350	5,699	84,862	0
Mozambique	Zimbabwe	0	-	-	-	-	2	0	2	0	0	2	2	1	0	0	0	0	0	0	0	5	0
Mozambique	Zambia	0	-	-	-	-	-	-	0	0	2	3	1	20	3	3	1	16	0	0	0	49	0
Malawi	Mozambique	0	-	-	-	-	-	-	0	0	0	0	0	0	0	0	0	0	62	63	8	133	0
Zambia	Mozambique	0	-	-	-	-	-	-	0	0	0	0	0	0	0	0	0	0	24	21	10	55	0
Zimbabwe	Mozambique	0	-	-	-	-	-	-	0	0	0	0	0	0	0	0	0	0	28	40	17	85	9
South Africa	Zimbabwe	0	-	-	-	-	-	-	0	0	352	134	390	409	122	39	14	2	193	17	16	1,688	6
Total Traded (MT)		37965	9,774	9,337	13,341	11,306	9,600	10,606	101,929	8,972	10,650	13,511	13,987	14,387	10,205	12,803	11,812	23,553	19,949	28,077	10,053	177,959	6,735

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

Source	Destination	2004/05																		2005/06			
		Jul-Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Season	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Season	Apr-06
Tanzania	Zambia	360	69	58	24	8	7	21	547	3	53	51	64	60	60	45	49	78	65	67	46	641	28
Malawi	Tanzania	367	36	30	17	0	0	0	450	0	33	41	41	20	0	0	0	0	0	0	0	135	0
Tanzania	Malawi	0	0	0	0	0	58	12	70	1	0	2	4	0	0	0	108	135	57	605	912	4	
Zambia	DRC	2786	724	1,524	1,909	2,449	1,369	1,883	12,644	1,975	1,865	2,324	2,064	2,014	1,583	690	0	0	46	35	33	12,629	13
Zambia	Malawi	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Malawi	Zambia	0	0	0	0	0	1	0	1	30	0	0	1	0	0	0	0	0	0	0	0	31	0
Zambia	Zimbabwe	16	3	4	9	7	0	11	50	5	4	6	6	4	6	13	5	16	10	14	17	106	12
Mozambique	Malawi	153	14	407	1,432	149	226	151	2,532	453	1,000	3	0	0	0	2	0	150	0	51	32	1,691	48
Malawi	Mozambique	1	0	0	0	0	0	0	1	0	0	4	2	0	0	0	0	0	0	6	0	12	0
Mozambique	Zimbabwe	0	0	0	0	0	0	58	58	34	25	129	72	0	25	29	16	0	14	18	37	399	26
South Africa	Zimbabwe	0	0	0	0	0	0	0	0	0	17	4	8	6	5	4	3	2	8	4	3	64	2
Total Traded (MT)		3683	846	2,023	3,391	2,613	1,663	2,136	16,355	2,501	2,997	2,564	2,262	2,104	1,679	783	73	354	278	252	773	16,620	133

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

Source	Destination	2004/05																		2005/06			
		Jul-Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Season	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Season	Apr-06
Tanzania	Zambia	262	164	14	1	1	61	6	509	0	57	42	28	64	131	33	54	0	27	28	8	472	42
Zambia	Tanzania	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Zambia	DRC	3215	1,211	1,440	1,124	1,942	1,545	1,542	12,019	1,320	844	1,429	1550	1,431	759	843	0	0	24	16	15	8,231	12
Malawi	Mozambique	391	0	0	1	1	2	22	417	0	5	9	16	7	6	0	5	0	0	0	28	76	11
Zambia	Zimbabwe	0	0	364	0	0	8	0	372	0	0	1	2	1	3	1	1	1	2.3	3	1	16	5
Mozambique	Malawi	1852	315	0	256	183	177	214	2,997	131	144	408	663	576	291	201	181	81	42	23	0	2,741	29
Malawi	Tanzania	2	0	0	0	0	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mozambique	Zimbabwe	0	0	0	1	0	65	1	67	0	1	0	0	0	1	1	1	0	0	0	0	4	0
Malawi	Zambia	3	9	4	8	3	0	3	30	0	1	2	5	0	2	4	2	0	0	3	0	19	138
Tanzania	Malawi	67	129	68	49	52	25	13	403	0	0	18	14	33	21	0	30	1,104	573	274	392	2,459	0
South Africa	Zimbabwe	0	0	0	0	0	0	0	0	162	3	120	29	3	3	1	0	0	2	2	2	325	1
Total Traded (MT)		5792	1,828	1,890	1,440	2,182	1,883	1,801	16,816	1,451	1,214	1,912	2,398	2,141	1,217	1,086	275	1,186	668	349	446	14,343	238

A Regional 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 and WFP Malawi, while the rest of the borders are managed by the TSC. Requests for detailed data by border point can be addressed to duncansamikwa@yahoo.ie and schimwaza@fews.net