

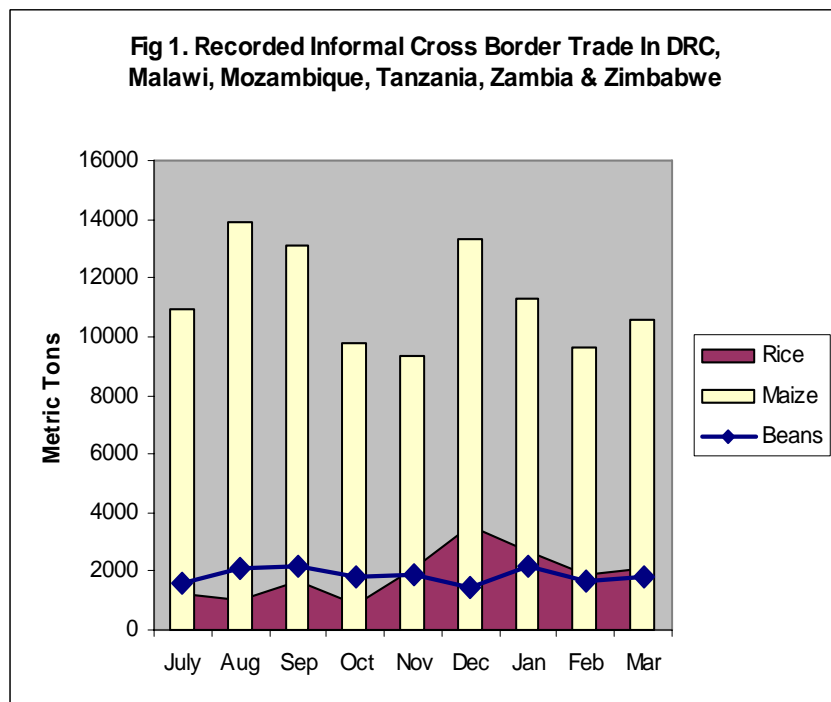
Highlights

- Over 102,000 MT of maize, 17,000 MT of rice and 17,000 MT of bean trade have been recorded since July as 2004/05 marketing season comes to an end.
- Harvest expectations and the maize export ban in Zambia will significantly influence the volume and direction of flow of trade in the new marketing season.

Informal Cross Border Trade Flow Overview

As of the end of March, the end of the agricultural marketing season for most Southern African countries, the informal cross border food trade monitoring initiative had captured nearly 102,000 MT of unrecorded trade in maize; close to 17,000 MT of trade in rice and 17,000 MT trade in beans in the six monitored countries of Mozambique, Malawi, Tanzania, Zambia, DRC and Zimbabwe. The monitoring system has been in place for only nine months (July 2004 to March 2005) and so actual volumes for the entire 2004/05 marketing season would be higher if the uncovered period April to June 2004 were included.

As shown in figure 1, maize was the most traded commodity. Nearly equal volumes of rice and beans were traded during the period and monthly variations were less significant than for maize



Source: FEWS NET and WFP Malawi and TSC

Summary of Maize Trade : July 2004 –March 2005

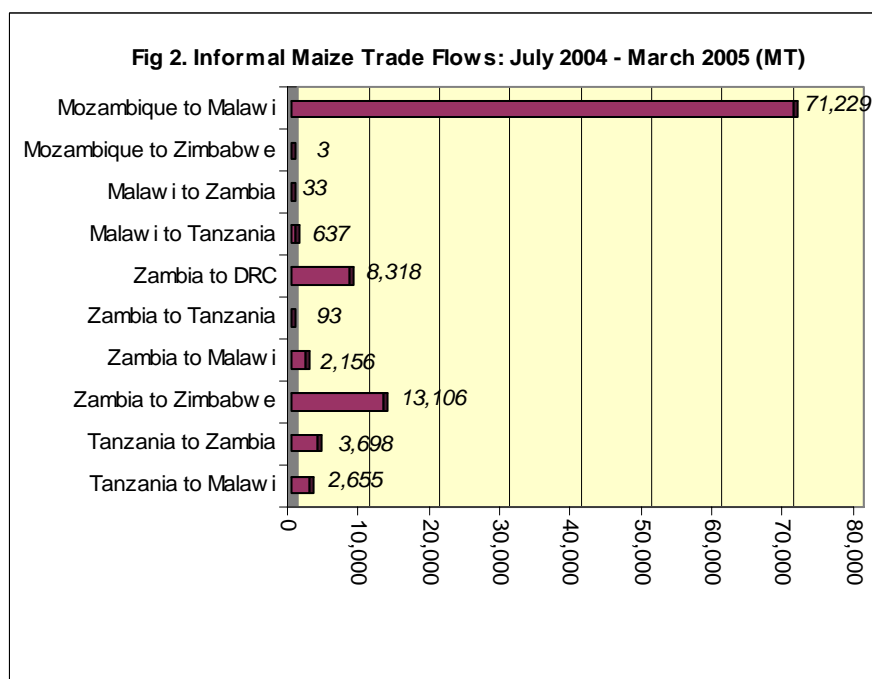
Figure 2 summarises the flows and volumes of maize trade between July 2004 and March 2005. Malawi has benefited the most from the trade, importing nearly 76,000 MT, largely from Mozambique (71,000 MT). Zimbabwe was the second biggest importer at 13,000 MT, entirely from Zambia, and DRC the third at close to 8,000 MT. The flow of trade was in the expected direction as both Malawi and Zimbabwe had cereal deficits where as the major exporters, Mozambique and Zambia had above average harvests. The large informal imports by Malawi have significantly ameliorated the food insecurity situation in that country and have helped to keep consumer prices at relatively low levels among the monitored countries (see figure 3).

The large volumes of informal imports may also have influenced the Malawi government to reduce by one half its programme to import 70,000 MT of maize for commercial sale. Informal maize exports into Zimbabwe could have been much higher had the country not imposed restrictive taxes and levies which only favoured the state owned Grain Marketing Board for imports. This could also have contributed to generally higher consumer prices in that country for most of the season as shown in figure 3. Zimbabwe had a higher level of cereal deficit than Malawi.

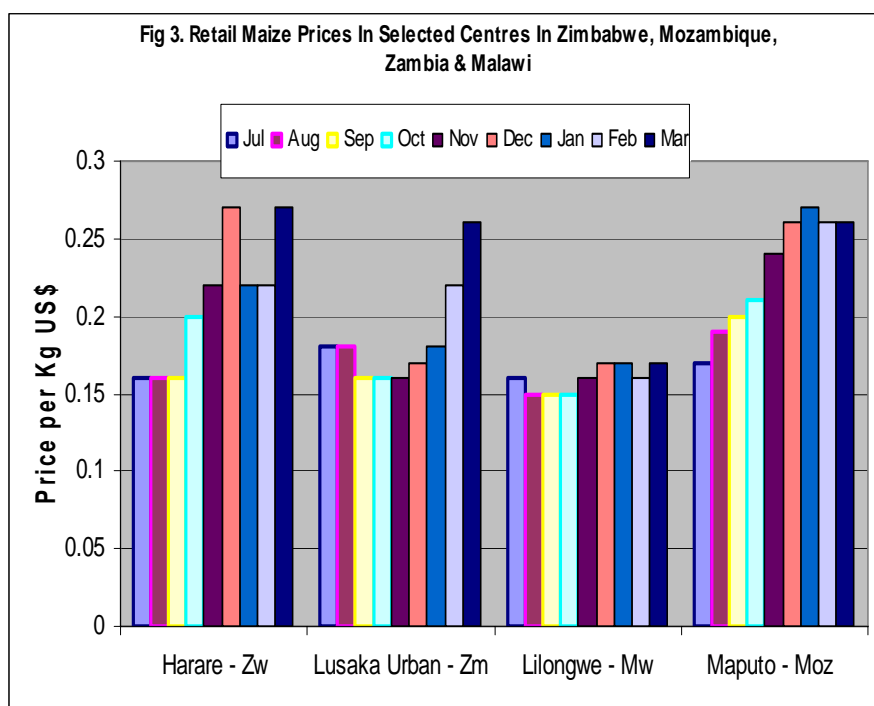
Maize Prices

Fig 3 presents retail maize prices from selected cities in the monitored countries during the period July 2004 to March 2005. The figure shows the general demand and supply situation in these major consumption areas and does not necessarily point to the direction of flow of cross border trade. However, inference could be made to the role cross border trade has played in supplying these markets and in some cases helping to keep prices down. In Zambia, as an indication of dwindling supplies as the marketing year draws to a close, retail prices in Lusaka rose by 18% between February and March. Prices in Maputo remained at the same levels in March as in February (US\$0.26 per kilogram) indicating improving availability as new season crops become available especially in northern Mozambique. Prices rose marginally in Lilongwe from US\$0.16 per kilogram in February to US\$0.17 per kilogram in March; while in Harare, prices rose sharply (22%) between February and March. Prices are expected to peak at the end of marketing year as supplies are depleted. During the next few months, starting from April, retail prices are expected to initially decline as many consumers will be relying on own produce but prices are likely to gradually increase as the season progresses. How quickly prices start an upward trend will vary across the monitored countries.

Prices are likely to rise earlier in Malawi and Zimbabwe because of successive seasons of poor harvest and due to the export ban imposed by Zambia. Although experiencing a poorer season, price increases in Zambia are expected to be cushioned by some carry over stocks from last season.



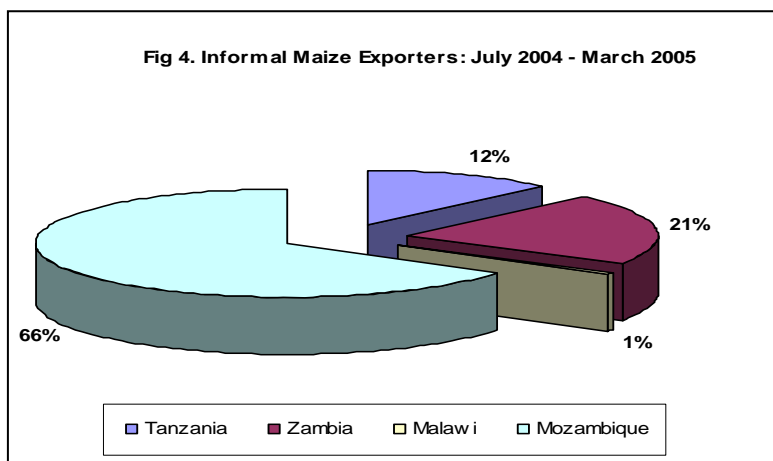
Source: FEWS NET and WFP Malawi and TSC



Source: FEWS NET/Malawi/Zambia/Mozambique/Zimbabwe

Informal Maize Trade Prospects for 2005/06 Marketing Year

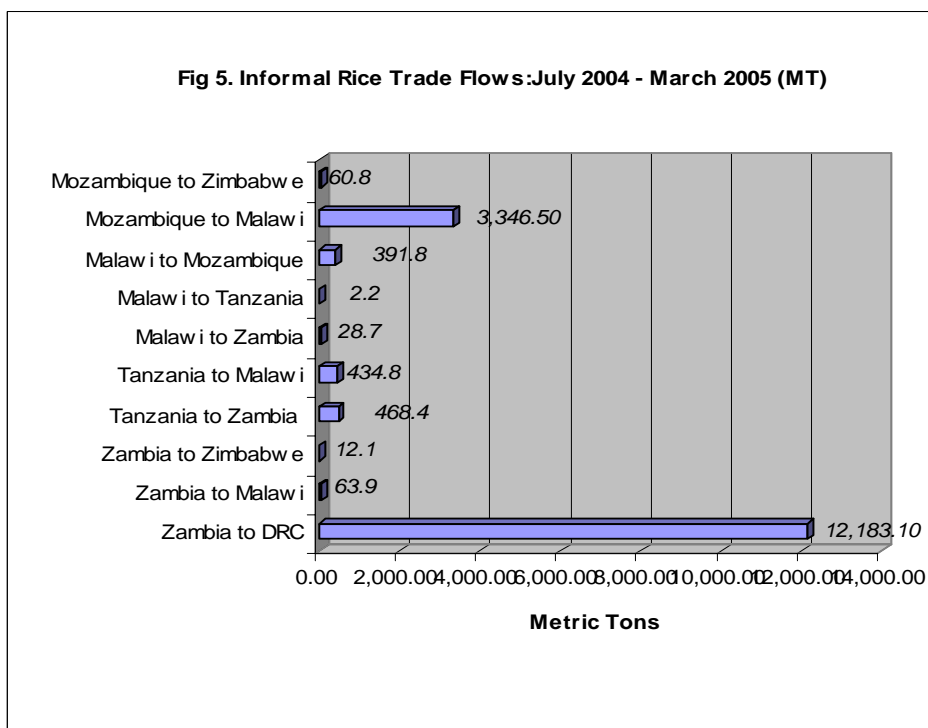
Figure 4 shows sources of informal maize trade during the 2004/05 marketing year. Mozambique dominated the trade, accounting for 66% of the total exports. Zambia contributed 21% and Tanzania, 12%. In the new marketing season starting in April, the volumes traded and direction of trade could both change significantly due to the export ban imposed by Zambia. Zambia has imposed a cautionary maize export ban until conclusive harvest assessments are available. Early assessments, however, indicate a poor harvest due to among other things, a mid season drought in the southern parts of the country. Malawi is likely to continue to informally import maize from Mozambique, although the volumes could be less than last season. Surpluses in northern Mozambique are likely to be somewhat smaller than last year due to erratic rains. Relative prices will determine the direction the Mozambican surpluses will flow. If the expected poor harvest in Malawi leads to significant price increases, Mozambican maize will flow into the country due to the proximity and historical linkages. But poor harvests in other parts of central and southern Mozambique may exert a strong pull on these supplies. There is also a possibility of increased trade between northern Tete Province of Mozambique and parts of eastern Zambia. These borders are not currently monitored by the cross border trade initiative but efforts will be made to include them in the system before the main marketing season begins. In view of the Zambian export ban, Zimbabwean traders would have to compete with internal urban consumers of Mozambique for maize produced in Central Mozambique. However, given the stringent trade barriers in Zimbabwe, informal maize imports from Mozambique remain unlikely. South eastern DRC may have to look to western Tanzania for cross border trade in maize if the export ban in Zambia remains effective.



Source: FEWS NET and WFP Malawi; TSC

Summary of Rice Trade: July 2004 – March 2005

The volume of informal cross border rice traded between July 2004 and March 2005 is close to 17,000 MT. Unlike maize, over 90% of the rice traded is imported from eastern Asia through the ports of Dar es Salaam in Tanzania, Beira in Mozambique and Durban in South Africa. DRC dominated the rice trade, importing over 12,000 MT or 71% of the total imports captured. Malawi was the second biggest importer at nearly 3,400 MT. Since most of the rice is imported, the trade is dominated by a few large scale importers in Malawi and DRC. Again because most of the rice is imported, the trade



Source: FEWS NET and WFP Malawi; TSC

takes place in a few borders that lie en route to the major importing countries such as Nakonde/Tunduma, Chirundu and Kasumbalesa for rice destined for DRC and Mwanza and Nayuchi for rice destined for Malawi. Due to the maize export ban by Zambia and poor harvests in Malawi, Zimbabwe and parts of Zambia, there is a possibility of increased rice trade among the monitored countries. Rice is used as a substitute for maize. Already, there was a marked increase of rice imports by both Zimbabwe and DRC from or through Zambia between February and March. DRC imports from Zambia increased by 46% from nearly 1,300 MT in February to close to 1,900 MT in March; Zimbabwe rice imports rose from 0 in February to 10.6 MT in March.

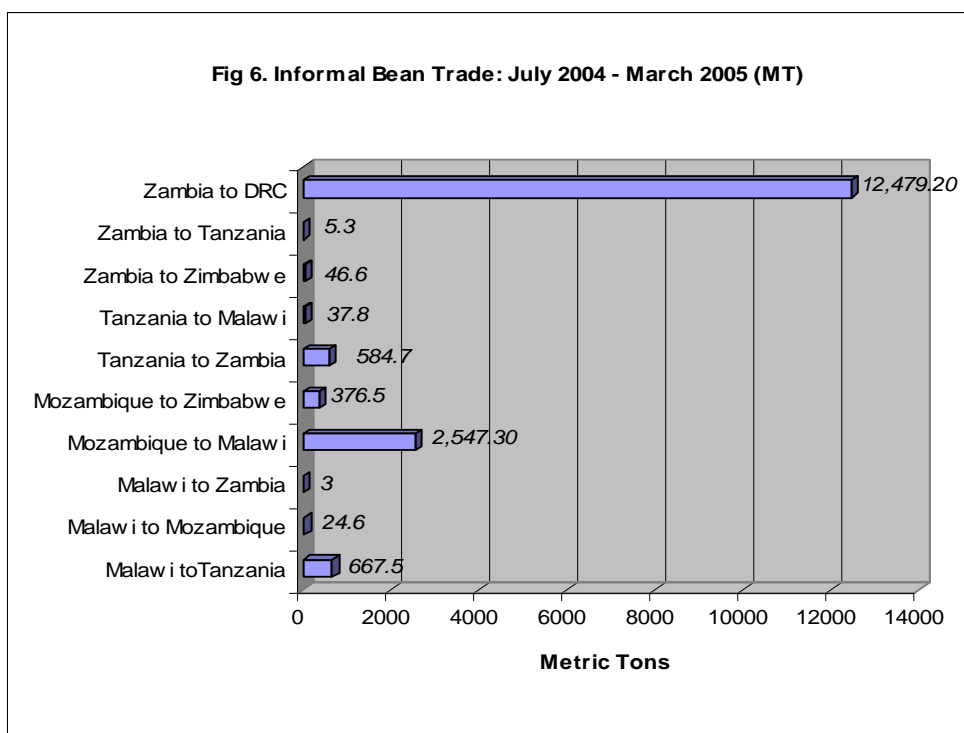
Summary of Bean Trade: July 2004 – March 2005

Nearly 17,000 MT of bean trade has been captured between July and March. The bean trade almost mirrors the rice trade with DRC (73%) followed by Malawi (15%) as the major importers. Zambia, Mozambique and Tanzania are the major suppliers

Bean production is mostly dominated by small scale farmers most of whom produce the crop for subsistence purposes and therefore only sell in situations of surplus production. As a result, bean

trade is largely confined to a few border areas

surrounding surplus production areas including Songwe (Malawi/Tanzania), Kigoma (Tanzania/Zambia), Cuchamano (Mozambique/Zimbabwe) and Kalanje (Mozambique/Malawi).



Source: FEWS NET and WFP Malawi; TSC

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

Source	Destination	Jul-Sept-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Total
Tanzania	Zambia	796.2	713.7	225.1	981.8	441.1	453.6	86.5	3,698.0
Zambia	Zimbabwe	2,661.8	2,242	1,400.0	1,986.0	1,624.0	1,764.0	1,428.0	13,105.8
Zambia	Malawi	484.0	144.0	113.9	655.0	690.6	42.5	26.3	2,156.3
Zambia	Tanzania	71.4	3.7	9.9	6.3	0.5	0	1.0	92.8
Malawi	Zambia	0.4	0.7	12.9	5.0	7.5	2.6	3.9	33.0
Zambia	DRC	256.2	495.0	1,333.0	1,226.1	1,596.1	1,345.0	2,066.6	8,318.0
Mozambique	Malawi	33,358.0	6,045.5	6,115.1	8,272.0	6,613.1	5,055.6	5,769.2	71,228.5
Malawi	Tanzania	315.3	108.1	55.1	63.0	40.0	33.9	21.9	637.3
Tanzania	Malawi	21.6	21.2	71.6	146.0	292.8	900.2	1,201.9	2,655.3
Mozambique	Zimbabwe	-	-	-	-	-	2.2	0.4	2.6
Total Traded (MT)		37,964.9	9,773.9	9,336.6	13,341.2	11,305.7	9,599.6	10,605.7	101,927.6

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

	Destination	Jul-Sept-04	Oct-04	Nov-04	Dec-04	Jan-04	Feb-04	Mar-05	Total
Tanzania	Zambia	261.1	163.9	13.7	0.8	0.5	7.1	21.3	468.4
Malawi	Tanzania	2.2	-	0	0	0	0	0	2.2
Tanzania	Malawi	66.6	129.1	68.3	49.0	52.0	57.8	12.0	434.8
Zambia	DRC	3,215.0	1,210.5	1,440	1,123.9	1,942.2	1,369.0	1,882.5	12,183.1
Zambia	Malawi	63.4	-	-	0	0.5	0	0	63.9
Malawi	Zambia	3.1	9.2	4.0	8.0	3.4	1.0	0	28.7
Zambia	Zimbabwe	0.8	0.4	0.0	0.0	0.3	0	10.6	12.1
Mozambique	Malawi	1,852.1	315.0	363.8	256.0	182.6	226.2	150.8	3,346.5
Malawi	Mozambique	390.7	-	0.1	1.0	0	0	0	391.8
Mozambique	Zimbabwe	0	-	0.4	0.8	0	1.5	58.1	60.8
Total Traded (MT)		5,855.0	1,828.1	1,890.3	1,439.5	2,181.5	1,662.6	2,135.5	16,992.3

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

Source	Destination	Jul- Sept-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Total
Tanzania	Zambia	360.1	68.5	58.3	23.6	7.9	61.4	4.9	584.7
Zambia	Tanzania	3.3	0	1.4	0.6	0	0	0	5.3
Zambia	DRC	2,785.5	724.0	1,524.6	1,909.1	2,449.0	1,545	1,542.0	12,479.2
Malawi	Mozambique	1.0	0	0	0	0.2	1.7	21.7	24.6
Zambia	Zimbabwe	15.1	3.3	4.4	8.9	6.7	8.2	0	46.6
Mozambique	Malawi	153.4	14.4	407.3	1,432.0	149.0	177.1	214.1	2,547.3
Malawi	Tanzania	583.4	35.8	30.3	17.0	1.0	0	0	667.5
Mozambique	Zimbabwe	0	-	58.2	169.2	82.9	65.4	0.8	376.5
Malawi	Zambia	-	-	-	-	-	-	3.0	3.0
Tanzania	Malawi	0	-	-	-	-	25.3	12.5	37.8
Total Traded (MT)		3,901.9	846.0	2,084.5	3,560.4	2,696.7	1,884.1	1,799	16,772.5

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 26 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; mmcnabb@few.net; pmdladla@few.net, and stein.vikan@wfp.org.