

# Informal Cross Border Food Trade in Southern Africa

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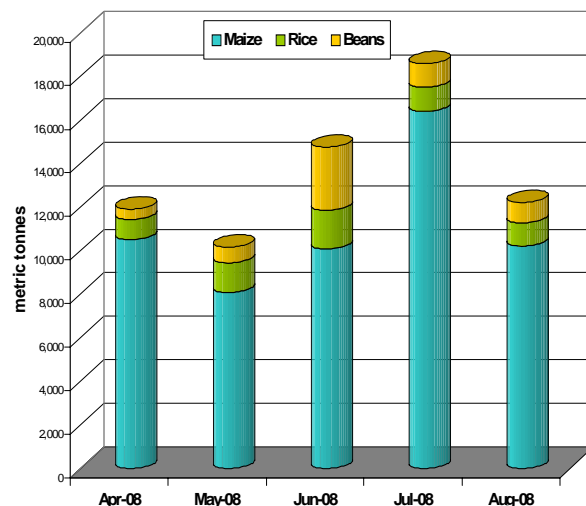
August 2008

### Summary

- The volume of maize, rice and beans traded informally dropped 34 percent from 18,587 MT in July to 12,212 MT in August 2008. This is due largely to a 44 percent drop in maize imports by Malawi whose maize imports normally account for the largest share of total imports among the monitored countries. The drop in Malawi's maize imports is partly due to a government decision to ban larger private traders from buying and selling of maize as well as fixing a maximum price at which maize is to be sold at ADMARC outlets.
- All three commodities registered drops in August but the largest drop (38 percent) was recorded in maize, while beans and rice recorded 14 percent and 5 percent drops respectively. Cumulative volumes of maize, rice and beans traded from April to August 2008 now stand at 55,277 MT (maize), 6,229 MT (rice) and 6,136 MT (beans). This represents a 6 percent drop for maize and increases of 37 percent and 52 percent for rice and beans respectively compared to same period in 2007/08.
- Average nominal prices (in US\$ equivalent) for all commodities continue to rise across most border points. However in a few instances price increases showed signs of easing and in exceptional cases even decreasing especially in Malawi, where increases had been quite steep in the past two months. This trend can be attributed to the Malawi government's decision to impose a maximum maize selling price of MK52.00/kg (or about US\$0.37/kg). Prices may however not be sustained around these levels in the next few months especially when domestic supplies begin to dwindle over the course of the hunger season.

Figure 1: Monthly volumes of maize, rice and bean trade from April to August 2008

Figure 1 compares monthly volumes of maize, rice and beans traded from April to August 2008. Cumulative volume of trade from April to August amounted to 67,642 MT, down by 19 percent from 83,051 MT captured during the same period last season. Maize accounted for about 79 percent of the total volume traded since April followed by rice at 13 percent and beans at 8 percent.



A 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. 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. Address comments/suggestions to the following e-mail addresses: [pmldladla@fews.net](mailto:pmldladla@fews.net), [echapasuka@fews.net](mailto:echapasuka@fews.net); [eric.kenefick@wfp.org](mailto:eric.kenefick@wfp.org); or [veronica.rammala@wfp.org](mailto:veronica.rammala@wfp.org)



Table 1: Informal cross border maize trade by source and destination country (MT)

Source	Destination	Total 04/05 Season	Total 05/06 Season	Total 06/07 Season	Total 07/08	Aug 07	Aug 08	Cumula- tive Apr- Aug 07/08	Cumulative Apr-Aug 08/09
Malawi	Mozambique	0	133	591	3,755	32	24	160	119
Malawi	Tanzania	637	944	2,928	1,581	225	13	364	223
Malawi	Zambia	34	81	202	1,779	151	0	1,278	97
Mozambique	Malawi	71,229	71,218	77,394	56,078	7,931	5,828	36,319	44,058
Mozambique	Zambia	0	49	1,269	2,113	526	223.2	1,411	689
Mozambique	Zimbabwe	2	5	2,085	11	0	27	4	86
South Africa	Zimbabwe	0	1,688	49	47	4	266.4	15	283
Tanzania	Malawi	2,656	84,862	1,888	1,073	0	387	0	582
Tanzania	Zambia	3,699	13,556	6,260	4,980	934	377.8	2,587	1,155
Zambia	DRC	8,318	4,682	9,481	33,424	3,217	532.4	15,674	2,732
Zambia	Malawi	2,157	419	378	2,500	4	2,495	40	5,083
Zambia	Mozambique	0	55	2	0	0	0	0	0
Zambia	Tanzania	93	0	7	4	0	0.3	4	5
Zambia	Zimbabwe	13,106	182	299	433	100	0	355	12
Zimbabwe	Mozambique	0	85	294	129	9	0	31	1
Zimbabwe	Zambia	-	-	-	166	0	43.3	0	153
<b>Total Traded (MT)</b>		<b>101,929</b>	<b>177,959</b>	<b>103,127</b>	<b>5,782</b>	<b>13,133</b>	<b>10,218</b>	<b>58,542</b>	<b>55,277</b>

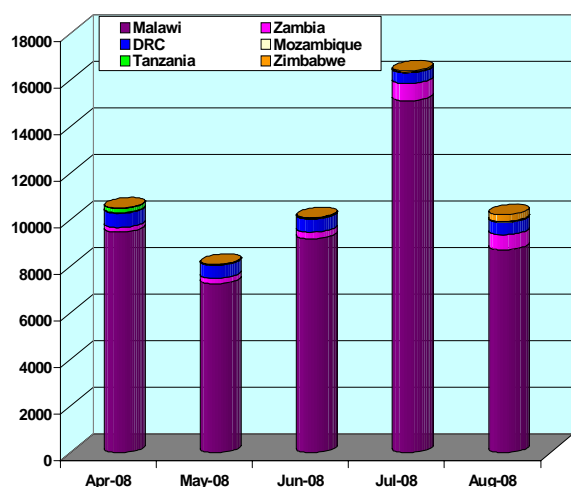
### Summary of Maize trade flows

The volume of maize traded dropped by 38 percent, from 16,390 MT in July to 10,218 MT in August 2008. This is the biggest drop ever recorded in August as shown in figure 2 which shows the trends in monthly volumes of maize trade captured by the monitoring system since the start four years ago. The volume traded is also the lowest ever recorded in August. This can largely be attributed to trade restrictions and the decline in maize prices in some border areas of Malawi which rendered them less attractive as trade destinations. Cumulative amount of maize traded from April to August 2008 stood at about 55,277 MT, some 6 percent lower than the 58,542 MT traded during the same time last season. Table 1 provides details of the maize trade.

**Exports:** Out of the 55,227 MT traded between April and August 2008, about 81 percent ( or 44,833 MT) were exports from Mozambique. This is about 19 percent more than the amount of maize exported by Mozambique during the same period last season. The

second largest exporter was Zambia with a total of 7,832 MT and accounting for 14 percent of total maize exports over this period. However these exports are almost half of Zambia's maize exports through informal trade during the same period last season.

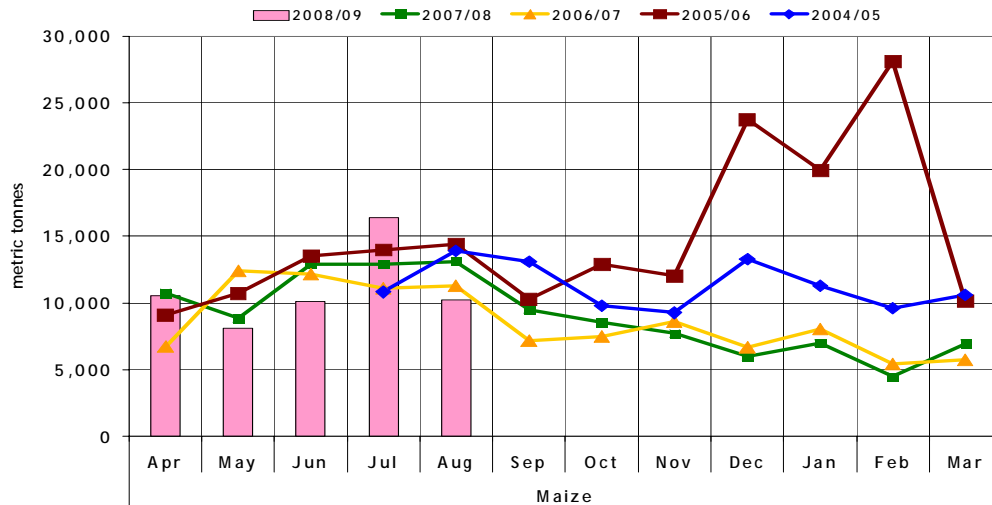
Figures 2. Monthly maize imports by country: April-Aug 2008 (metric tonnes)



**Imports:** Malawi imported by far most of the maize, accounting for 90 percent of the maize imports captured from April to August 2008. The rest of the countries accounted for less than 5 percent each. Maize imports by Malawi during this period amounted to 49,723 MT, up by 37 percent from the 36,359 MT imported during the same period last season. Malawi's maize imports increased steadily from May till July partly due to attractive prices prevailing in the country. However imports dropped by 44 percent in August, mainly as a result of the government's decision during the third week of August to ban relatively big traders from buying and selling of maize; but also due to the usual decline in the available maize surplus for sale in the countries where the maize is sourced during this time of the year. Figure 3 (page 3) shows maize import trends by country. The graph clearly shows that Malawi dominates the informal maize import market irrespective of its domestic maize production trends. Most of Malawi's maize comes from Mozambique - out of the 49,723 MT imported from April to August, about

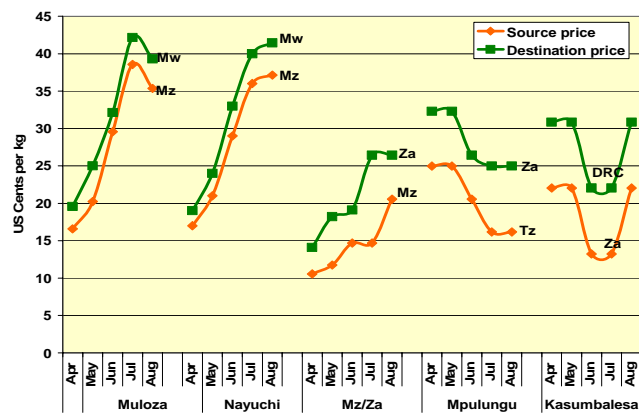
89 percent came from Mozambique. One of the reasons for this is that Malawi provides a convenient market for the maize surplus producing areas of northern Mozambique in terms of proximity and capacity. The rest of the countries - except Zimbabwe, recorded drops in their cumulative informal maize imports ranging from 37 percent in Mozambique to 83 percent in DRC. Zimbabwe recorded a 2 percent increase over the same period but quantity is small (384 MT).

Figure 3: Recorded Volumes of Informal Cross Border Maize Trade –2004/05 to 2008/09



Maize price trends at selected border points

Figures 4. Maize prices across selected border points April-Aug 2008 (US\$ cents per kg)



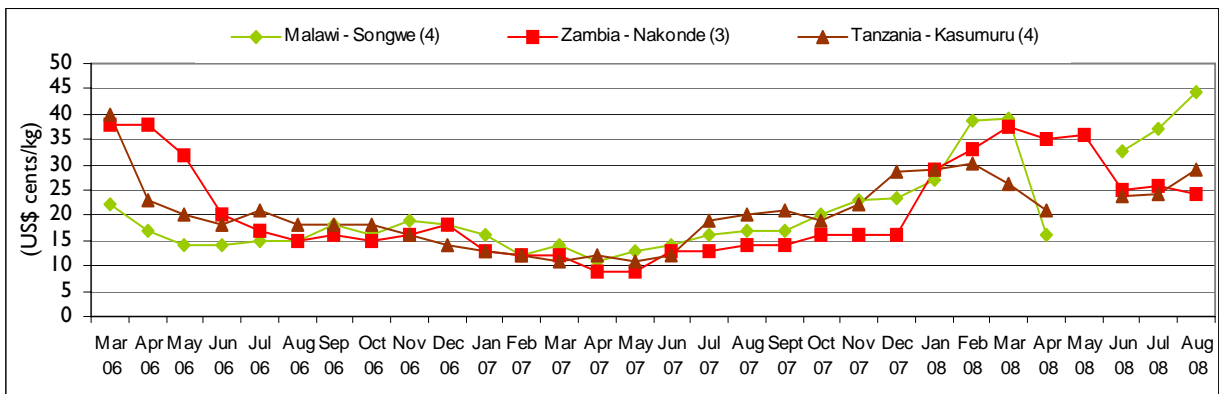
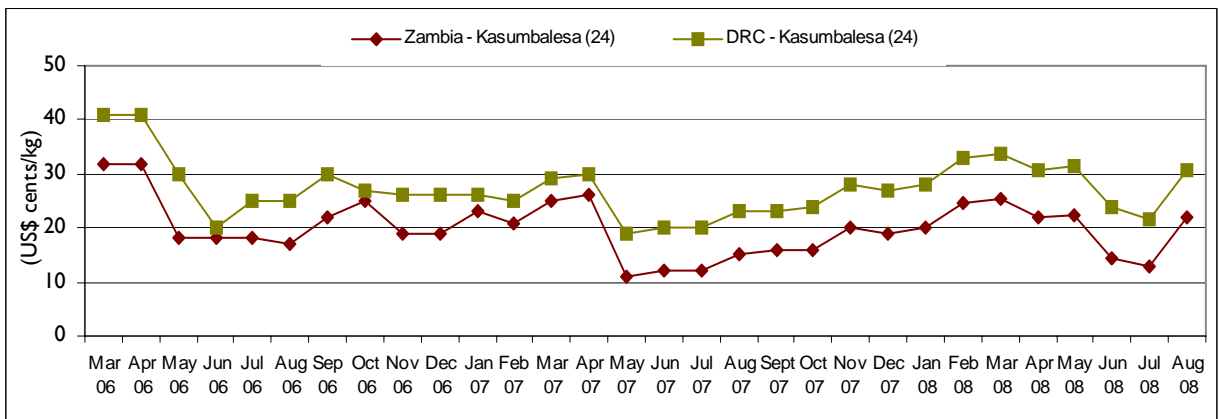
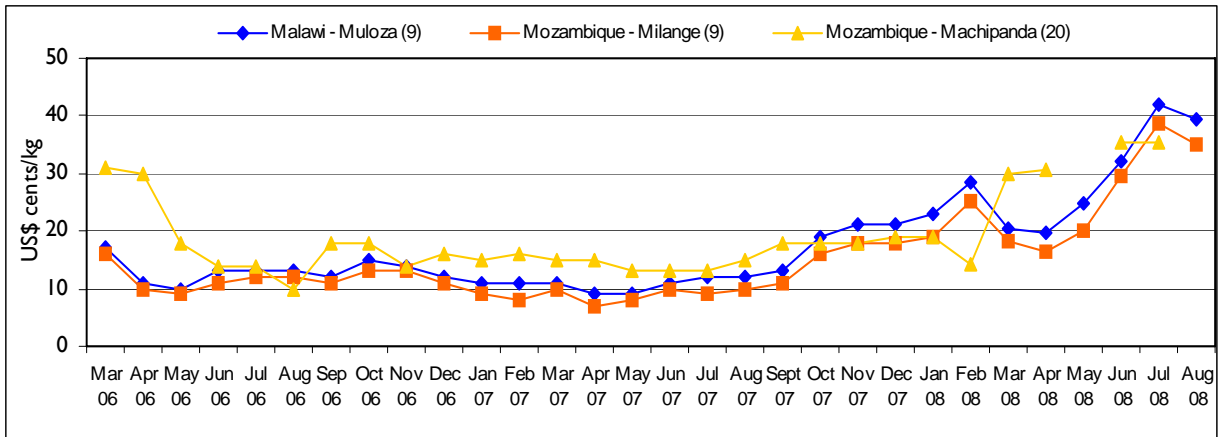
DRC=Democratic Republic of Congo, Mw=Malawi; Mz=Mozambique; Tz=Tanzania; Za=Zambia

Majority of the cross-border points continued to record nominal maize price increases in August 2008, whilst at other points, price movements reversed from the downward trend of the past two months to an upward trend. A few border points especially in Malawi showed easing of the price increases, and in some cases prices even dropped. These price developments in Malawi come against a background of the government imposed fixed maize price equivalent to about US\$0.37/kg and the banning of large scale traders from participating in the maize trade.

Figure 4 shows maize price (in US\$ equivalent) trends across selected border points where significant quantities of maize trade are recorded. Since the trends are affected both by fluctuations in the local currency exchange rate as well as changes in local currency nominal prices, the prices were converted using fixed exchange rates that prevailed at the start of the season in April so that the trends reflect as much as possible the movement of the local currency nominal prices. However the difference when the current exchange rate is used is very minimal because local currencies have remained relatively stable during this period.

Normally, prices are expected to begin rising around this time when demand for maize in the local markets begins to rise as increasingly households deplete their own-produced maize and resort to the markets to purchase food, including maize. This, coupled with supply scarcity of the commodity due to increased draw down of trader stocks, tends to push maize prices up. The average maize prices ranged from a low of US\$0.16/kg on the Tanzanian side of Zambia’s Mpulungu border to as high as US\$0.44/kg at Songwe border in Malawi. Most of the border points continued to register price increases; the biggest increase (68 percent) was recorded on the Zambian side of Kasumbalesa border where the price jumped from US\$0.13/kg to US\$0.22/kg between July and August 2008 respectively. The biggest drop (22 percent) on the other hand was recorded on the Mozambican side of Naminkhaka border with Malawi. The price in this area dropped from US\$0.34/kg to US\$0.27/kg between July and August 2008 respectively. Figure 5 (page 4) shows the maize price trends at selected border points since 2006.

Figures 5a, 5b and 5c: Retail maize prices in selected border points (US\$ cents per kg)



## Summary of Rice trade flows

There was a 5 percent drop in volume of rice traded between July and August 2008. The volume of rice captured amounted to 1,053 MT compared to 1,107 MT in July. Cumulative amount of rice traded from April to August 2008 amounted to 6,229 MT, about 37 percent higher than the 4,533 MT captured during the same period last season. Figure 6 shows the trends in rice traded since the start of the monitoring system in 2004.

Table 2. Informal cross border rice trade by source and destination country (MT)

Source	Destination	Total 04/05 Season	Total 05/06 Season	Total 06/07 Season	Total 07/08 Season	Aug 07	Aug 08	Cumulative Apr- Aug07/08	Cumulative Apr- Aug 08/09
Malawi	Mozambique	1	12	1	822	160	11	229	41
Malawi	Tanzania	450	135	1,217	1,568	132	2	653	290
Malawi	Zambia	1	31	74	2,360	210	0	495	990
Malawi	Zimbabwe	-	-	-	405	0	0	195	0
Mozambique	Malawi	2532	1,691	1,718	444	40	164	258	647
Mozambique	Zimbabwe	58	399	850	1,028	69	163	398	658
South Africa	Zimbabwe	0	64	82	33	3	2	13	9
Tanzania	Malawi	70	912	4	100	0	6	0	137
Tanzania	Zambia	547	641	557	397	34	34.7	205	194
Zambia	DRC	12644	12,629	1,697	6,746	149	582.6	626	2,504
Zambia	Malawi	0	0	0	30	0	0	0	0
Zambia	Zimbabwe	50	106	803	3,312	649	87.7	1,461	756
Zimbabwe	Zambia	0	0	0	185	0	0	0	0
<b>Total Traded (MT)</b>		<b>16,355</b>	<b>16,620</b>	<b>7,003</b>	<b>17,434</b>	<b>1,446</b>	<b>1053</b>	<b>4,533</b>	<b>6,229</b>

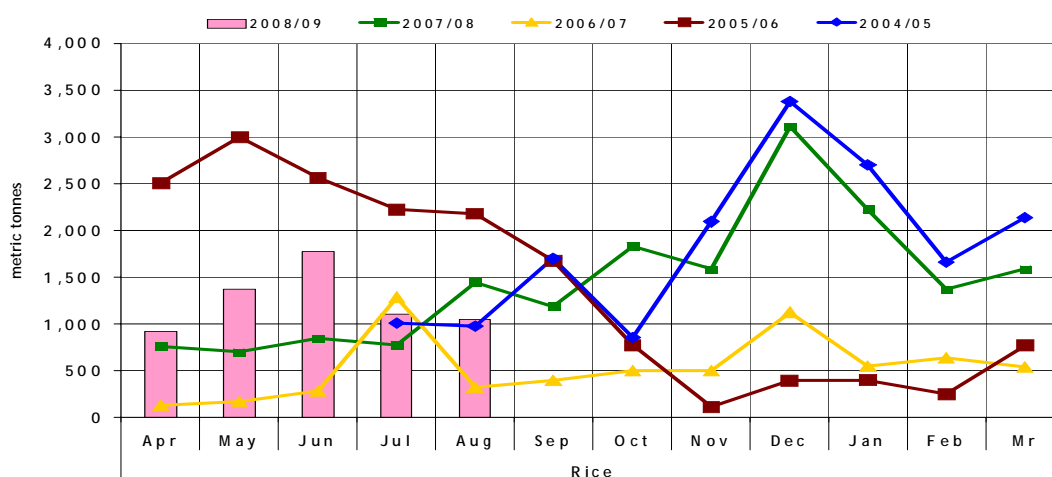
**Exports:** Zambia maintained the lead as the major supplier of the rice captured by the monitoring system from April to August 2008. Over half (3,262 MT or 52 percent) of the rice captured during this period came from Zambia. This represents a 56 percent increase over the 2,087 MT of rice exported by Zambia during the same period last season. Malawi is next with cumulative rice exports amounting to 1,321 MT, less than half of Zambia's exports. Malawi's exports are 16 percent lower than during the same period last season. Mozambique's cumulative rice exports of 1,305 MT are almost equal to Malawi's exports; but in the case of Mozambique, represent an increase of 99 percent compared to same period last season.

**Imports:** Rice imports by DRC, which comprised 40 percent of the total over this period amounted to 2,504 MT- almost five times the 626 MT it imported during the same period last season. All DRC's rice imports came from Zambia. However Zambia also imported some rice amounting to 1,184 MT, making it the third largest importer of rice after DRC and Zimbabwe. About 84 percent of the Zambian rice imports came from Malawi and the rest from Tanzania. Zimbabwe, with total imports of 1,423MT, was the second largest importer accounting for 23 percent of cumulative rice imports. About 53 percent of this rice was from Zambia and 46 percent from Mozambique. Zimbabwe's rice imports were however down by 31 percent from same period last season. Malawi, Tanzania and Mozambique accounted for 13 percent, 5 percent and 1 percent of the cumulative rice imports respectively.

**Prices:** Available price data shows slight increases in nominal rice prices. The average nominal prices for rice ranged from an equivalent of US\$0.71/kg on the Tanzanian side of Songwe border with Malawi (Kasumuru area) to US\$1.45/kg at Mpulungu border in Zambia.

**Formal imports and exports:** The monitoring system recorded 1440 MT and 21 MT of formal rice imports by Zambia in August 2008. Cumulative formal rice imports by Zambia from April to August 2008 amounted to about 7,101 MT.

Figure 6: Recorded Volumes of Informal Cross Border Rice Trade –2004/05 to 2008/09



## Summary of Bean trade flows

The volume of beans trade captured in August 2008 amounted to just 941 MT. This represents a drop of about 16 percent from the July total. Cumulatively, the volume of beans traded from April to August 2008 amounted to 6,136 MT, about 52 percent higher compared to the same period last season. The trend in beans trade so far this season has been similar to last season except in June when there was a huge increase as shown in figure 7.

Table 3. Informal cross border bean trade by source and destination country (MT)

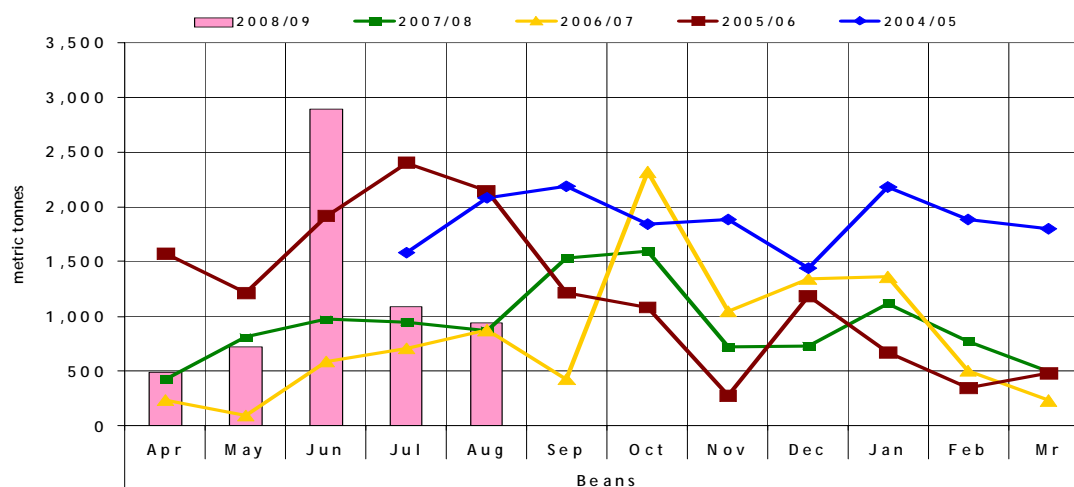
Source	Destination	Total 04/05 Season	Total 05/06 Season	Total 06/07 Season	Total 07/08 Season	Aug 07	Aug 08	Cumulative Apr-Aug 07/08	Cumulative Apr-Aug 08/09
Malawi	Mozambique	417	76	269	149	5	2	88	17
Malawi	Tanzania	2	0	0	169	49	6	169	6
Malawi	Zambia	30	19	268	338	18	26	273	91
Malawi	Zimbabwe	-	-	-	480	0	0	180	0
Mozambique	Malawi	2,997	2,741	2,798	2,375	344	226	1,314	2,542
Mozambique	Zimbabwe	67	4	8	13	1	2	4	6
South Africa	Zimbabwe	0	325	83	11	2	0	6	2
Tanzania	Malawi	403	2,459	3,646	3,468	190	229	234	1,537
Tanzania	Zambia	509	472	588	1,058	56	107.9	554	643
Zambia	DRC	12,019	8,231	2,422	2,487	186	313.6	996	1,167
Zambia	Tanzania	0	0	2	0	0	0	0	0
Zambia	Zimbabwe	372	16	69	170	19	28.3	56	125
<b>Total Traded (MT)</b>		<b>16,816</b>	<b>14,343</b>	<b>10,153</b>	<b>10,988</b>	<b>870</b>	<b>941</b>	<b>4,024</b>	<b>6,136</b>

**Exports:** Mozambique, registered the highest exports volume during the April to August period, with supplies amounting to 2,548 MT and representing 42 percent share of total bean exports. Most of these exports went to Malawi, with very little going to Zimbabwe. The beans exported by Mozambique so far this season are almost double the country's exports during the same period last season. Tanzania was the second largest exporter with a total of 2,180 MT, representing 36 percent share of the total. This figure represents 177 percent increase over Tanzania's bean exports during the same period last season. Most (71 percent) of Tanzania's bean exports went to Malawi and the remaining 29 percent to Zambia. Zambia was in third position with cumulative bean exports amounting to 1,292 MT (21 percent share), Malawi's cumulative exports this season have dropped significantly (by 87 percent), reducing her share from 21 percent (last season) to 2 percent.

**Imports:** Malawi accounted for most of the bean imports over the period April to August 2008 with a total of 4,079 MT, or 66 percent of all bean imports captured. This represents an increase of 165 percent compared to same period last season. About 62 percent of this came from Mozambique and remaining 38 percent from Tanzania. DRC is second with 19 percent share, Zambia (12 percent) and Zimbabwe (2 percent). On the sidelines, the monitoring system also captured about 8 MT of formal bean imports by Zambia from Tanzania bringing captured cumulative formal bean imports into Zambia from Tanzania to about 68 MT.

**Prices:** Bean prices in August 2008 ranged from US\$0.53/kg on the Mozambican side of Kalanje border (Niassa province) to US\$1.25/kg on the Malawian side of Songwe border with Tanzania. The border points for which price data for July and August were available, show that bean prices increased by a range of 1 to 11 percent between July and August 2008.

Figure 7: Recorded Volumes of Informal Cross Border Bean Trade—2004/05 to 2008/09



## Annex 1: Trade Tables

Table 4 Informal Cross Border trade in Maize (MT)

Source	Destination	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	Jan-Mar 07	2006/07 Season	Apr-Jun 07	Jul-Sep 07	Oct-Dec 07	Jan-Mar 08	2007/08 Season
Tanzania	Zambia	3,699	397	7,685	4,201	1,273	13,556	318	751	2,632	2,559	6,260	835	2,649	1,158	338	4,980
Zambia	Zimbabwe	13,106	86	13	21	62	182	3	0	1	295	299	243	179	11	0	433
Zambia	Malawi	2,157	34	36	349	-	419	58	249	45	26	378	22	21	3	2,454	2,500
Zambia	Tanzania	93	-	-	-	-	-	-	0	0	7	7	4	0	0	0	4
Malawi	Zambia	34	8	5	51	17	81	64	65	27	46	202	907	427	171	274	1,779
Zambia	DRC	8,318	2,477	1,641	531	33	4,682	992	956	3189	4,344	9,481	8,123	11,044	10,377	3,880	33,424
Mozambique	Malawi	71,229	29,064	26,866	8,981	6,307	71,218	27,479	27,069	15726	7,120	77,394	21,394	19,648	7,712	7,324	56,078
Malawi	Tanzania	637	103	174	358	309	944	2,358	451	55	64	2,928	71	348	137	1,025	1,581
Tanzania	Malawi	2,656	471	1,211	33,601	49,579	84,862	-	0	183	1,705	1,888	0	0	8	1,065	1,888
Mozambique	Zimbabwe	2	2	3	-	-	5	4	0	6	2,075	2,085	4	0	1	6	11
Mozambique	Zambia	-	5	24	20	-	49	5	111	811	342	1,269	475	1,084	489	65	2,113
Malawi	Mozambique	-	-	-	-	133	133	-	0	17	574	591	97	86	1,786	1,786	3,755
Zambia	Mozambique	-	-	-	-	55	55	2	0	0	0	2	0	0	0	0	0
Zimbabwe	Mozambique	-	-	-	-	85	85	15	43	147	89	294	12	48	45	24	129
South Africa	Zimbabwe	-	486	921	55	226	1,688	17	8	15	9	49	9	10	17	11	47
<b>Total Traded (MT)</b>		<b>101,929</b>	<b>33,133</b>	<b>38,579</b>	<b>48,168</b>	<b>58,079</b>	<b>177,959</b>	<b>31,315</b>	<b>29,703</b>	<b>22854</b>	<b>19,255</b>	<b>103,127</b>	<b>32,496</b>	<b>35,544</b>	<b>22,221</b>	<b>18,417</b>	<b>108,679</b>

Table 5: Informal Cross Border trade in Rice (MT)

Source	Destination	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	Jan-Mar 07	2006/07 Season	Apr-Jun 07	Jul-Sep 07	Oct-Dec 07	Jan-Mar 08	2007/08 Season
Tanzania	Zambia	547	99	184	172	178	641	100	168	165	124	557	96	140	84	77	397
Malawi	Tanzania	450	-	61	0	-	135	56	740	106	315	1,217	363	421	761	23	1,568
Tanzania	Malawi	70	3	4	108	797	912	4	0	0	0	4	0	0	0	100	100
Zambia	DRC	12,644	6,164	5,661	690	114	12,629	46	231	1125	295	1,697	253	486	2,658	3,349	6,746
Zambia	Malawi	0	-	0	0	-	0	-	0	0	0	0	0	0	0	30	30
Malawi	Zambia	1	30	1	0	-	31	-	2	12	60	74	285	510	1,055	510	2,360
Zambia	Zimbabwe	50	15	16	34	41	106	55	141	76	531	803	629	1,086	1,016	581	3,312
Mozambique	Malawi	2,532	1,456	0	152	83	1,691	222	1,155	275	66	1,718	180	95	130	39	444
Malawi	Mozambique	1	4	2	0	6	12	-	0	0	1	1	11	488	288	35	822
Mozambique	Zimbabwe	58	188	97	45	69	399	99	166	253	332	850	291	174	321	242	1,028
South Africa	Zimbabwe	0	21	19	9	15	64	6	3	67	6	82	8	8	8	9	33
<b>Total Traded (MT)</b>		<b>16,355</b>	<b>8,062</b>	<b>6,045</b>	<b>1,210</b>	<b>1,303</b>	<b>16,620</b>	<b>588</b>	<b>2,606</b>	<b>2079</b>	<b>1,730</b>	<b>7,003</b>	<b>2,311</b>	<b>3,408</b>	<b>6,533</b>	<b>5,182</b>	<b>17,434</b>

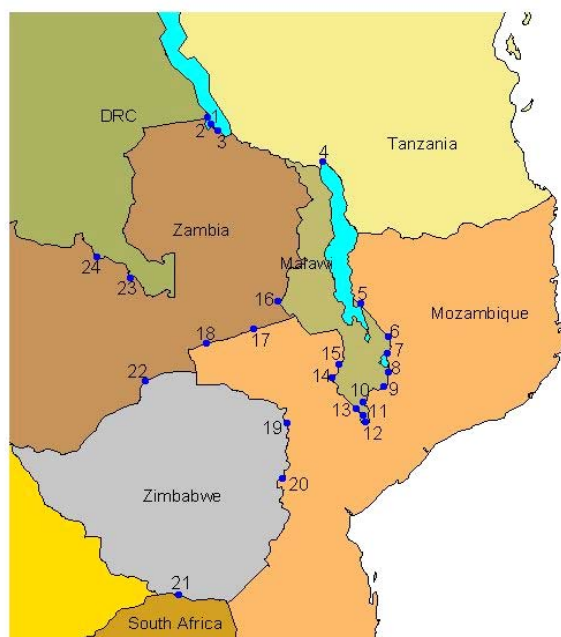
## Annex I (continued)

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

Source	Destination	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	Jan-Mar 07	2006/07 Season	Apr-Jun 07	Jul-Sep 07	Oct-Dec 07	Jan-Mar 08	2007/08 Season
Tanz	Zambia	509	99	223	87	63	472	128	154	73	233	588	433	239	82	304	1,058
Zambia	Tanz	0	-	0	0	-	0	-	0	2	0	2	0	0	0	0	0
Zambia	DRC	12,019	3,593	3,740	843	55	8,231	390	350	1,558	124	2,422	615	683	862	327	2,487
Malawi	Moz	417	14	29	5	28	76	15	2	0	252	269	79	9	29	32	149
Zambia	Zim	372	1	6	3	6	16	28	20	8	13	69	37	42	62	29	170
Moz	Malawi	2,997	683	1,530	463	65	2,741	613	1,383	737	65	2,798	524	1,038	627	186	2,375
Malawi	Tanz	2	-	0	0	-	0	-	0	0	0	0	0	169	0	0	169
Moz	Zim	67	1	1	2	-	4	1	2	4	1	8	3	2	5	3	13
Malawi	Zambia	30	3	7	6	3	19	151	64	26	27	268	184	101	38	15	338
Tan	Malawi	403	18	68	1,134	1,239	2,459	-	54	2,227	1,365	3,646	0	880	1,341	1,247	3,468
RSA	Zim	0	165	152	4	4	325	3	2	66	12	83	3	5	2	1	11
<b>Total Traded (MT)</b>		<b>16,816</b>	<b>4,577</b>	<b>5,756</b>	<b>2,547</b>	<b>1,463</b>	<b>14,343</b>	<b>1,329</b>	<b>2,031</b>	<b>3,360</b>	<b>2,092</b>	<b>10,153</b>	<b>2,208</b>	<b>3,348</b>	<b>3,048</b>	<b>2,384</b>	<b>10,988</b>

UN World Food Programme Regional Bureau for Southern Africa, Johannesburg RSA and  
FEWS NET Regional Office, Pretoria RSA

## Cross - Border Monitoring Sites, 2007



## NAME OF BORDER

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

For more information  
see: [www.fews.net](http://www.fews.net)