

Informal Cross Border Food Trade in Southern Africa

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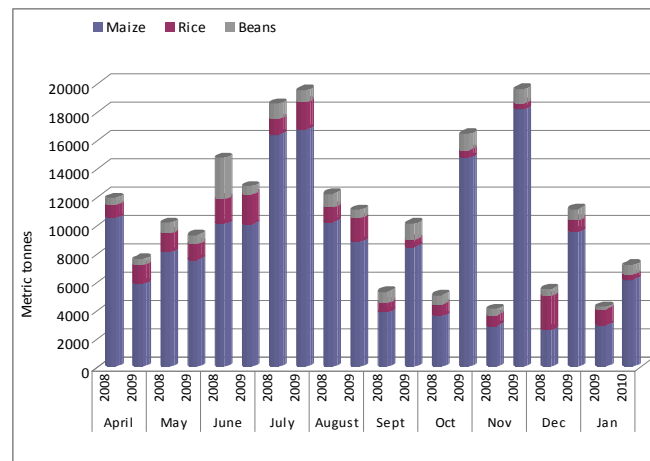
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Summary

- Total monthly volumes of informally traded maize, rice and beans continue to decline. Trade volumes typically decrease over the hunger season; this year, the decline started in November and is expected to continue until the next harvest period in May/June.
- Maize flows between Mozambique and Malawi remain significant and the most dominant. The trade flows between the two countries continue to be influenced by significant price differentials, with higher prices on the Malawi side (destination) while in Mozambique (source) prices are lower, and have been declining since October.
- The January 2010 nominal maize prices are higher than the same time last year and above the 5-year average despite the good harvests realized last season. As the hunger season peaks, prices are now expected to rise steadily until the next harvest comes on to the markets May/ June.

Figure 1: Maize, rice and bean trade volumes - 2008/09 compared to 2009/10



The monthly volumes of informally traded maize, rice and beans have continued to decline since November 2009. The declining trend is typical over the hunger season (which extends from about November to March) and is expected to continue until the newly harvested supplies peak in May/June 2010. Traded volumes for all three commodities dropped significantly from the December levels. Maize trade dropped 36 percent from 9,540 MT in December, to 6,142 MT; rice trade dropped 58 percent from 818 MT to 341 MT; while bean trade fell 11 percent from 790 MT to 702 MT. Figure 1 shows monthly volumes of informal trade since the beginning

of the current marketing year compared to the same time last year. The January 2010 trade volumes are more than double what was traded in January 2009. Cumulative volumes since April 2009 amount to 106,101 MT; 49 percent higher than the 71,090 MT recorded over the same time last year. Maize accounts for 85 percent of cumulative recorded informal trade volumes so far - underlining the importance of maize trade in the region.

TABLE 1: Summary of 2009/10 Informal Trade Flows (MT)

	April	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Total
Maize	5,853	7,505	10,051	16,772	8,838	8,476	14,757	18,165	9,540	6,142	106,101
Rice	1,300	1,135	2,156	1,939	1,652	498	547	458	818	341	10,844
Beans	457	596	646	824	589	1,137	1,152	990	790	702	7,883
Maize Meal	12	332	273	597	234	169	3,457	6,139	250	259	11,721
Total (Maize, Rice and Beans)											124,828



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: pmdlada@fews.net, itarakidzwa@fews.net; or eric.kenefick@wfp.org

Summary of Maize trade flows

Figure 2: Recorded Volumes of Informal Cross Border MAIZE Trade—2004/05 to 2009/10

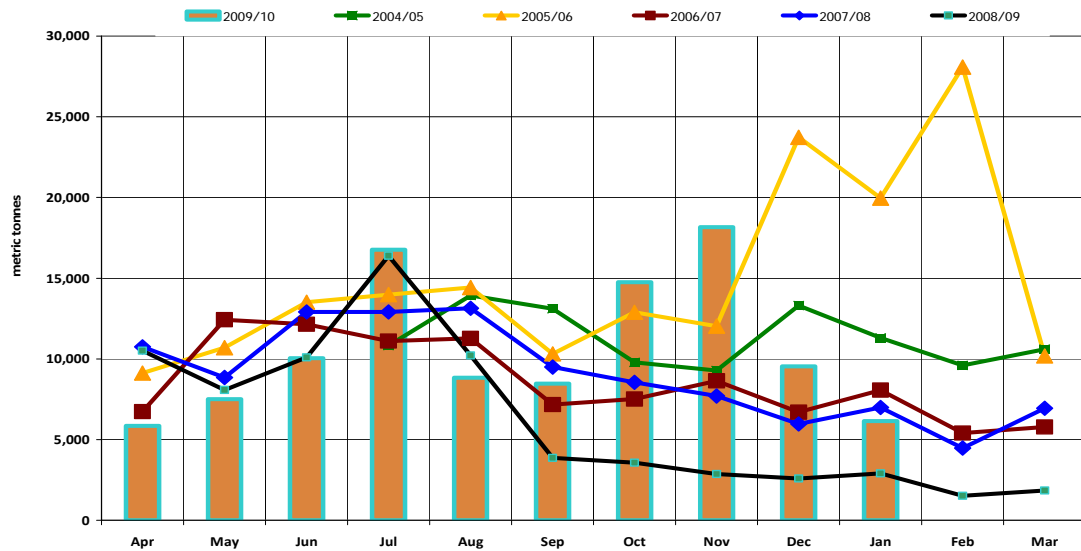
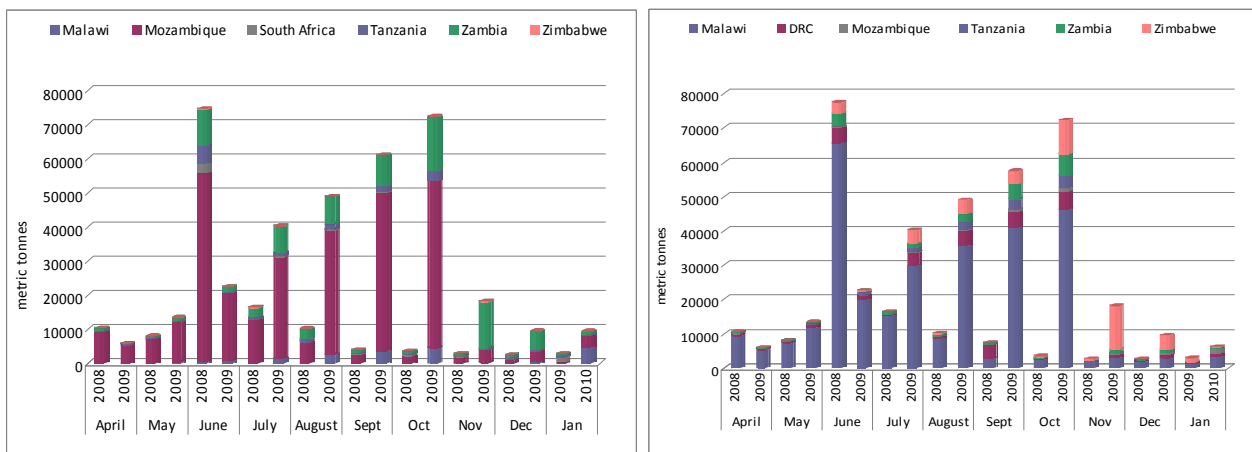


Figure 2 and 3 show trends in volumes of informal maize trade and traded maize flows by source and destination respectively. Maize volumes reached a peak in November at 18,165 MT - a record high since informal cross border monitoring began in 2004. This year unlike any other, maize trade increased significantly between September and November; after which it started to decline following the normal seasonal trends. Trade flows between Mozambique and Malawi remain the largest and the most dominant. The existing price differential between source and destination continue to provide further incentive for the robust trade. In January for example, destination prices on the Malawi side averaged USD 0.31 per kg since October, while in Mozambique (source) the prices have been going down from USD 0.28 per kg in October to USD 0.26 per kg in January 2010.

Figure 3: April–Jan 2010 monthly MAIZE by (a) exports/source and (b) imports/destination compared to April-Jan 2009



Mozambique recorded the highest maize export share at 56 percent followed by Zambia (34 percent), Malawi (7 percent) and Tanzania (3 percent). Recorded informal maize exports from South Africa remain consistently insignificant on account of difficulty faced by monitors due to the sheer size and amount of activity at the Beitbridge border. On the import side, Malawi - as usual, recorded the highest maize import share at 52 percent, followed by Zimbabwe with 26 percent. Import shares for Zambia, DRC, Tanzania and Mozambique were much smaller; ranging from 3 to 8 percent.

Table 2: Informal cross border MAIZE trade by source and destination country

Source	Destination	Total 05/06	Total 06/07	Total 07/08	Total 08/09	Jan 09	Jan 10	Cumulative Apr- Jan 08/09	Cumulative Apr- Jan 09/10
Malawi	Mozambique	133	591	3,755	203	3	1,339	170	3,036
Malawi	Tanzania	944	2,928	1,581	239	1	73	238	3658
Malawi	Zambia	81	202	1,779	129	7	0	119	176
Mozambique	Malawi	71,218	77,394	56,078	54,223	621	3,378	52,680	55,064
Mozambique	Zambia	49	1,269	2,113	865	16	127	860	4,245
Mozambique	Zimbabwe	5	2,085	11	178	7	0	171	11
South Africa	Zimbabwe	1,688	49	47	2,663	1,167	131	2,005	449
Tanzania	Malawi	84,862	1,888	1,073	2,910	640	0	1,980	13
Tanzania	Zambia	13,556	6,260	4,980	2,449	91	184	2,363	3,540
Zambia	DRC	4,682	9,481	33,424	4,589	326	837	4,502	8,313
Zambia	Malawi	419	378	2,500	5,388	0	7	5,388	524
Zambia	Mozambique	55	2	0	60	5	1	47	17
Zambia	Tanzania	0	7	4	15	2	34	10	204
Zambia	Zimbabwe	182	299	433	350	22	0	350	26,603
Zimbabwe	Mozambique	85	294	129	2	0	2	1	6
Zimbabwe	Zambia	-	-	166	207	0	31	207	240
Total Traded (MT)		177,959	103,127	108,679	74,470	2,909	6,142	71,090	106,101

Note: Volumes of maize meal trade are estimated in grain equivalent and added to the volumes of informally traded maize as presented in Table2 above

Table 3: Maize Meal trade flows: May 2009 – January 2010

Source	Destination	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Malawi	Mozambique	8	5	12	10	2	6	9	9	6
Mozambique	Zimbabwe	22	23	0	0	0	0	0	0	0
South Africa	Zimbabwe	16	99	152	3	3	7	67	3	125
Tanzania	Zambia	10	26	10	8	7	12	17	8	15
Zambia	DRC	198	482	413	206	102	150	110	164	110
Zambia	Mozambique	1	2	0	1	1	2	3	1	1
Zambia	Tanzania	1	1	2	2	2	0	0	4	3
Zambia	Zimbabwe	0	8	9	3	0	3210	5910	60	0
Zimbabwe	Zambia	0	0	0	0	52	70	22	0	0
Total Traded (MT)		332	646	597	234	169	3457	6139	250	259

As shown in Table 3, total informally traded volumes of maize meal recorded in January 2010 increased from 250 MT in December to 259 MT. Major maize meal trade flows for the month were from Zambia to DRC and South Africa to Zimbabwe. Informal flows of maize meal from Zambia to the DRC have been consistently above 100 MT per month since May 2009. Meanwhile, informal maize meal flows from Zambia into Zimbabwe were significant at the onset of the hunger period; rising from 3,210 MT captured in October to 5,910 MT in November 2009. These informal flows have since then, reduced drastically as most exports from Zambia to Zimbabwe are now done formally.

Maize Grain Prices at source/ destination points

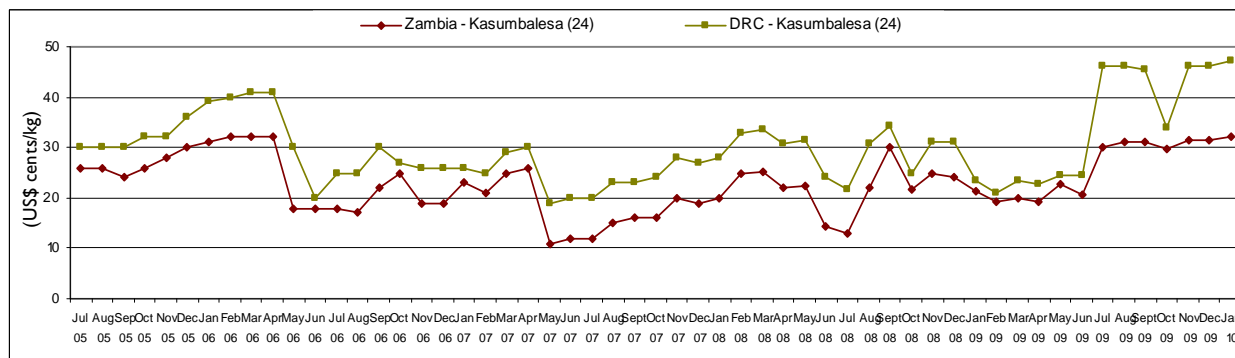
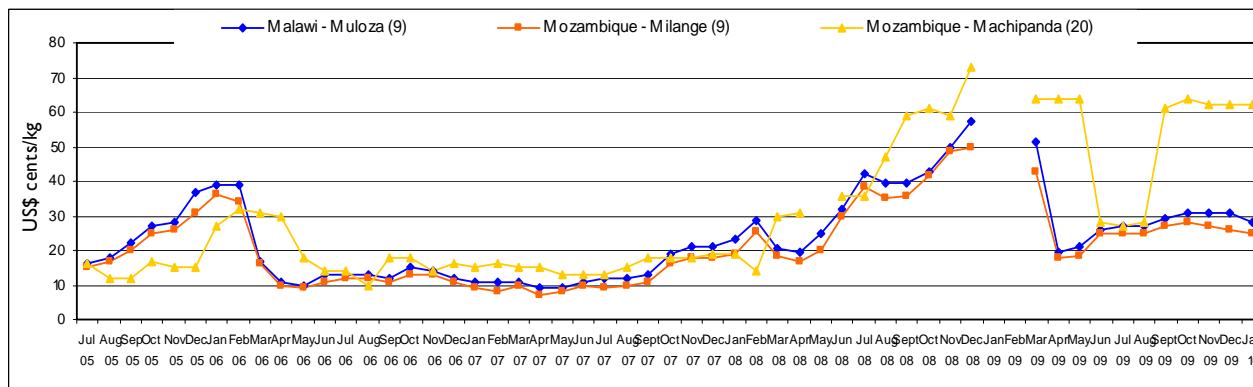
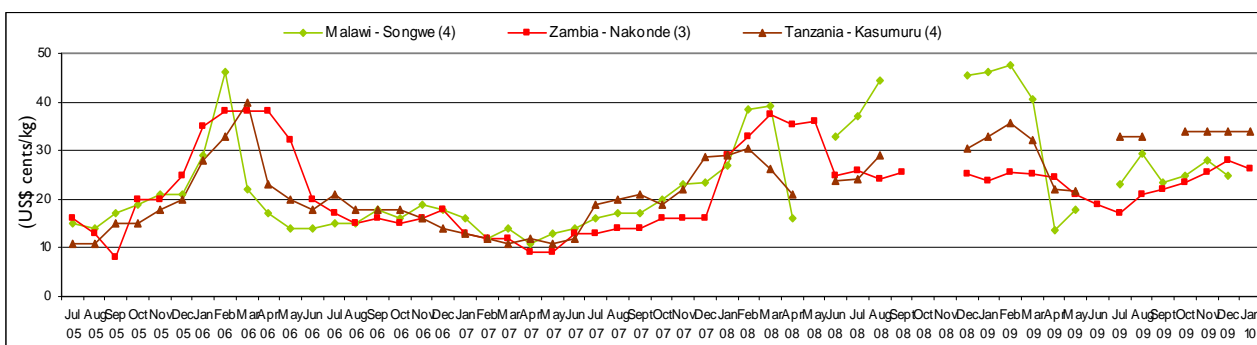
Table 4 and Figure 4 (page 4) show the nominal maize grain prices (in USD equivalent) and the associated monthly percentage changes from November 2009 to January 2010 compared to same time last year. The January 2010 nominal maize prices are higher than the same time last year despite good harvests realized in many monitored countries last season. High production costs last season, including rising fuel and transport costs have contributed in keeping prices at these higher levels. With the hunger season reaching its peak, prices are now expected to rise steadily until the next harvest comes on to the markets in May/June 2010.

Table 4: Nominal maize price trends at selected border points (US Cents per kg)

Price at Destination/Source	Nov 08	Nov 09	% change	Dec 08	Dec 09	% change	Jan 09	Jan 10	% Change
Moz/Mal: Muloza (Destination)	50	31	-38	57	31	-46	na	28	na
Moz/Mal: Milange (Source)	49	27	-44	50	26	-48	na	25	na
Moz/Zim: Machipanda (Source)	59	62	5	73	62	-15	na	62	na
Zam/DRC: Kasumba-Zam (Source)	25	32	27	24	32	30	22	32	50
Zam/DRC: Kasumba-DRC (Dest)	31	46	49	31	46	49	23	47	101
Zam/Tan: Nakonde (Source)	na	34	na	25	34	35	24	26	10

Note: Border monitors record both source (point of origin) and destination (point of delivery) prices at each border point where prices are being monitored.

Figure 4: Retail MAIZE prices in selected border points (US\$ cents per kg)



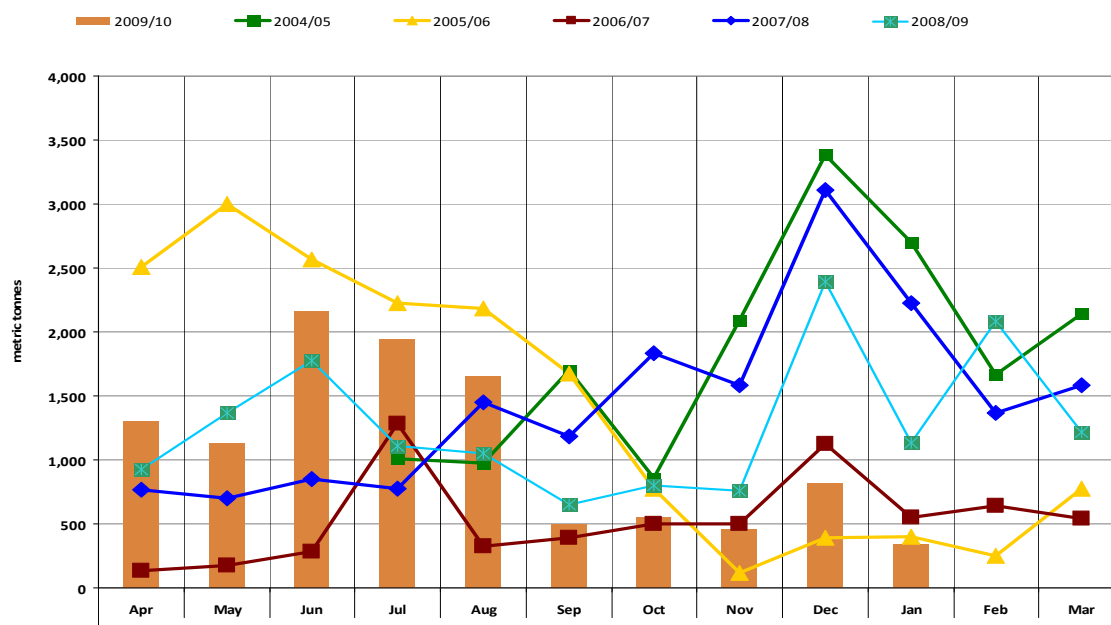
Summary of Rice trade flows

Table 5. Informal cross border RICE trade by source and destination country (MT)

Source	Destination	Total 05/06 Season	Total 06/07 Season	Total 07/08 Season	Total 08/09 Season	Jan 09	Jan 10	Cumulative Apr- Jan 08/09	Cumulative Apr- Jan 09/10
Malawi	Mozambique	12	1	822	58	0	3	53	296
Malawi	Tanzania	135	1,217	1,568	291	0	8	291	1,909
Malawi	Zambia	31	74	2,360	990	0	0	990	2,569
Malawi	Zimbabwe	-	-	405	0	0	0	0	630
Mozambique	Malawi	1,691	1,718	444	690	0	23	688	588
Mozambique	Zimbabwe	399	850	1,028	1,958	166	7	1,802	244
South Africa	Zimbabwe	64	82	33	25	1	57	24	79
Tanzania	Malawi	912	4	100	154	0	0	154	0
Tanzania	Zambia	641	557	397	374	23	56	335	523
Zambia	DRC	12,629	1,697	6,746	9,333	811	134	6,398	3,469
Zambia	Malawi	0	0	30	0	0	7	0	7
Zambia	Zimbabwe	106	803	3,312	1,387	136	45	1,228	518
Zimbabwe	Zambia	0	0	185	0	0	0	0	0
Total Traded (MT)		16,620	7,003	17,434	15,268	1,137	341	11,971	10,844

Cumulative traded volumes of rice during the April 2009 to January 2010 period are 9 percent lower compared to the same time last year. The largest cumulative export volumes over this period were from Zambia to DRC (3,469 MT), Malawi to Zambia (2,569 MT), and Malawi to Tanzania (1,909 MT). Month on month trends show total traded volumes of rice declined 58 percent from 818 MT in December 2009 to 341 MT in January 2010. Rice coming from Malawi is usually destined for Mozambique, Tanzania and Zambia with sporadic (and mostly insignificant) exports to Zimbabwe (Table 5). DRC remains the biggest recipient of rice flowing across Zambia's borders. However, between December 2009 and January 2010, there was a notable decrease in rice flows from Zambia to DRC; recorded volumes dropped 75 percent from 532.80 MT in December 2009 to 134.10 MT in January 2010.

Figure 5: Recorded Volumes of Informal Cross Border RICE Trade 2004/05 to 2009/10 (MT)



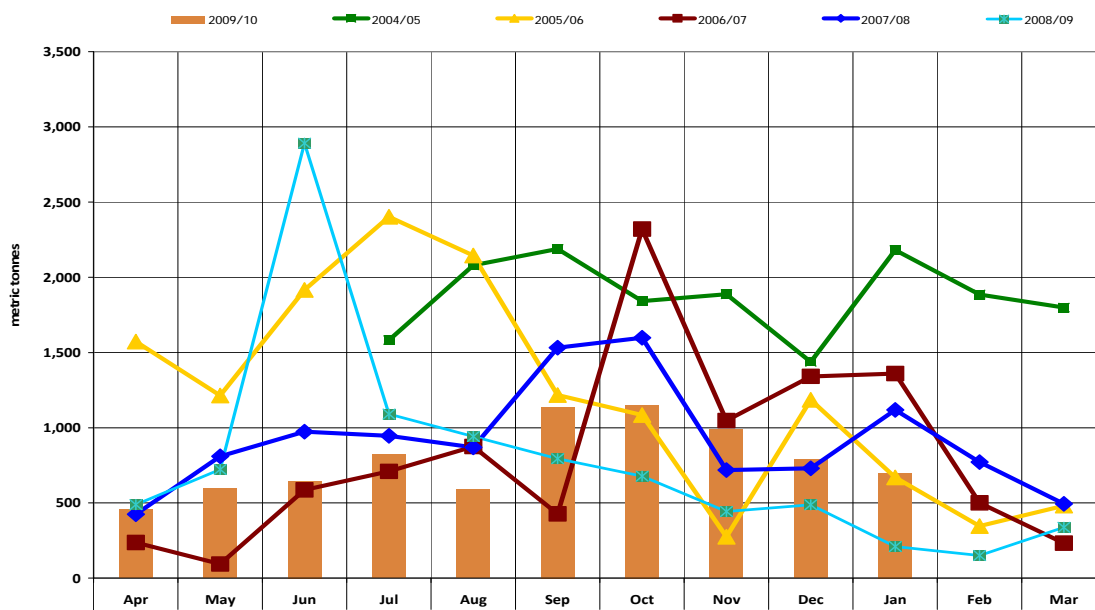
Summary of Bean trade flows

Table 6. Informal cross border BEAN trade by source and destination country (MT)

Source	Destination	Total 05/06 Season	Total 06/07 Season	Total 07/08 Season	Total 08/09 Season	Jan 09	Jan 10	Cumulative Apr- Jan 08/09	Cumulative Apr- Jan 09/10
Malawi	Mozambique	76	269	149	19	0	0	19	319
Malawi	Tanzania	0	0	169	6	0	0	6	6
Malawi	Zambia	19	268	338	124	1	5	119	46
Malawi	Zimbabwe	-	-	480	0	0	0	0	0
Mozambique	Malawi	2,741	2,798	2,375	3,045	53	129	3,003	2,294
Mozambique	Zimbabwe	4	8	13	29	0	1	27	38
South Africa	Zimbabwe	325	83	11	6	0	0	4	8
Tanzania	Malawi	2,459	3,646	3,468	2,749	54	43	2,582	483
Tanzania	Zambia	472	588	1,058	946	25	72	884	1,017
Zambia	DRC	8,231	2,422	2,487	1,880	40	402	1,816	3,263
Zambia	Tanzania	0	2	0	0.4	0	18	0	86
Zambia	Zimbabwe	16	69	170	280	36	14	256	124
Total Traded (MT)		14,343	10,153	10,988	9,235	210	702	8,748	7,883

Significant bean flows (cumulative April 2009 to January 2010) have been recorded from Zambia to DRC (3,263 MT), Mozambique to Malawi (2,294 MT), and Tanzania to Zambia (1,017 MT). Compared to the same time last year, the DRC's total April to January cumulative bean imports (at 3,263 MT) have increased significantly from last year's 1,816 MT - an 80 percent increase. Furthermore, the DRC registered the highest total import share of 41 percent. This was followed by Malawi with 35 percent, and Zambia (15 percent), with Mozambique and Tanzania coming in last at just 5 percent and 1 percent respectively. On the total export side, Zambia topped the list with a 45 percent total export share, followed by Mozambique (32 percent), and Tanzania (19 percent). Malawi's share was minimal, at just 5 percent. DRC and Malawi remain the major net importers of beans with Mozambique, and Tanzania being the main source countries. Zambia is the only country where both imports and exports are equally significant.

Figure 6: Recorded Volumes of Informal Cross Border BEAN Trade: 2004/05 to 2009/10



Annex 1: Trade Tables

Table 6 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	2632	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
Total Traded (MT)		101,929	33,133	38,579	48,168	58,079	177,959	31,315	29,703	22854	19,255	103,127	32,496	35,544	22,221	18,417	108,679

Table 7: 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
Total Traded (MT)		16,355	8,062	6,045	1,210	1,303	16,620	588	2,606	2079	1,730	7,003	2,311	3,408	6,533	5,182	17,434

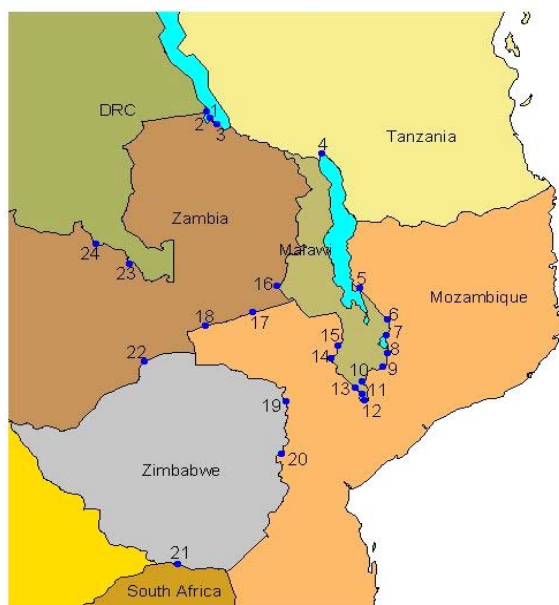
Annex 1 (continued)

Table 8: 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	1341	1,247	3,468
RSA	Zim	0	165	152	4	4	325	3	2	66	12	83	3	5	2	1	11
Total Traded (MT)		16,816	4,577	5,756	2,547	1,463	14,343	1329	2,031	3,360	2,092	10,153	2,208	3,348	3,048	2,384	10,988

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

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 |

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