WFP United Nations World Food Programme

FEWS NET FAMINE EARLY WARNING SYSTEMS NETWORK

Informal Cross Border Food Trade in Southern Africa

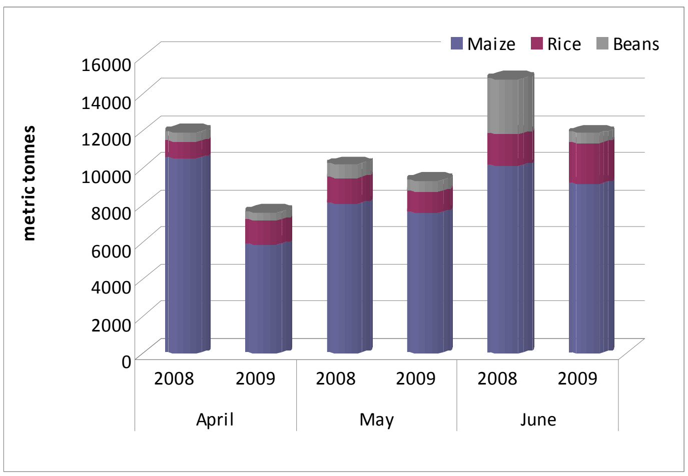
Inside this issue:

Issue 52 June 2009

Summary

- Monthly informal trade volumes of all monitored commodities have been increasing significantly since the beginning of the marketing year. Maize recorded a 34 percent increase between May and June while rice trade volumes almost doubled—increasing 90 percent during this period. Bean trade was also up by 8 percent from the May level. This is a normal trade pattern at this time of the year.
- There were no significant changes in commodity trade flow patterns among monitored countries during the month of June 2009. Mozambique and Zambia remained the major source countries with the highest export share while Malawi, Zimbabwe and the DRC remain the major recipient countries with the highest import shares.
- The 2009/10 marketing year nominal maize prices are generally lower than those recorded at the same time last year suggesting a substantial improvement in maize availability across the region. Prices have also been declining since the main harvest in May. However some unexplained disparities exist in a few border points (such as Mozambique's Milange and Malawi's Songwe borders) that have continued to record increases in nominal maize grain prices since the beginning of the current marketing year.

Figure 1: Monthly volumes of maize, rice and bean trade from April to June 2008 and 2009



The monthly volumes of informally traded in maize, rice and beans continue to increase since the start of the 2009 marketing year in April. Traded maize volumes rose by 34 percent from a volume of 7,505 MT in May to 10,051 MT in June 2009 (see Table below). Rice trade almost doubled, rising 90 percent from 1135 MT to 2165 MT. Bean trade also increased - though marginally by 8 percent. This increase in traded volumes is a normal trend observed during this period of the year and is similar to last year and previous seasons. Figure 1 shows monthly traded volumes of informal trade since the beginning of the 2009/10 marketing season compared to the same time last year. The cumulative maize volume traded from April to June 2009 amounted to 23,410 MT; 27 percent lower than the 32,496 MT recorded over the same period last year. Maize remains the most traded commodity accounting for 79 percent of informal trade captured since the beginning of the current marketing year.

	Apr 09	May 09	Jun 09	Total
Maize	5,853	7,505	10,051	23,410
Rice	1,300	1,135	2,157	4,590
Beans	457	596	646	1,698
All commodity Total				29,699

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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: pmdladla@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

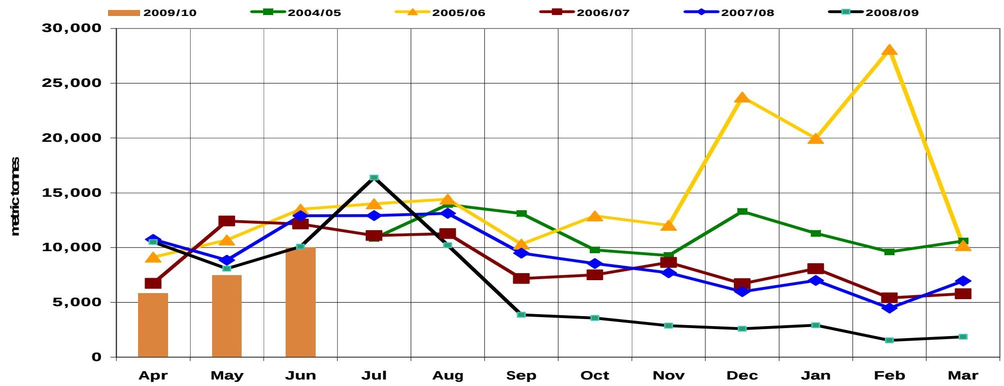
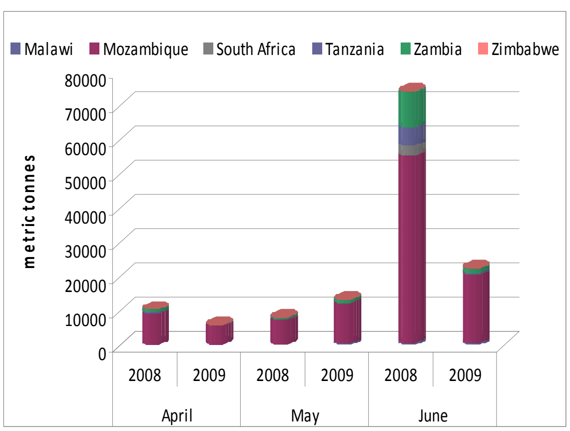
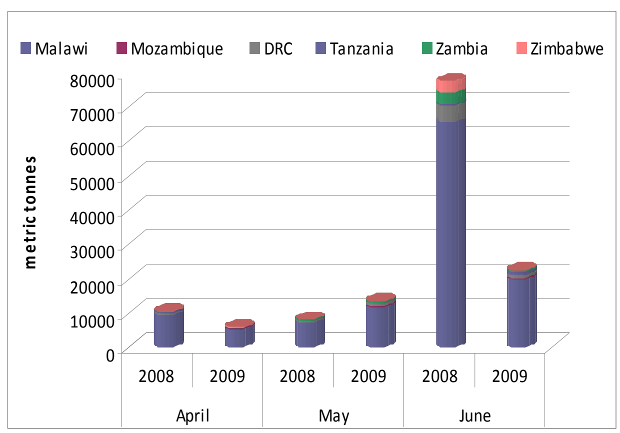


Figure 2 shows trends in the volumes of informal maize trade while Table 1 shows a summary of traded quantities of maize. Although maize volumes traded since April 2009 show a rising trend comparable to the same period for the past seasons, the actual volumes traded this year are much lower. While the June total trade is almost at par with last year's level (Table 1), cumulative volume traded so far this year is about 18 percent below last year's level. The reduced volumes of informal maize trade could be a result of good harvests achieved in many of the monitored countries this season, which is making it less lucrative to trade informally across many of the borders. Nonetheless, trade flows between Mozambique and Malawi remain significant and the most dominant. Mozambique recorded the highest share of total maize exports (85.2 percent). Zambia and Malawi came a distant second and third, with just 9.1 percent and 3.3 percent respectively. Informal export volumes captured from South Africa were quite insignificant at 0.2 percent. Meanwhile, on the imports side, Malawi had the highest maize import share (85.3 percent), followed by DRC (8.8 percent), Tanzania (2.7 percent), Zambia (2.3 percent), Mozambique (0.5 percent) and Zimbabwe (0.3 percent). Although informal trade between Mozambique and Malawi is a normal phenomenon, the sustained increase is currently spurred on by favorable maize prices on the Malawi side which in June were above USD0.26/kg while on the Mozambique side, grain prices are slightly lower averaging USD0.24/kg.

Figure 3: April—June 2009 monthly MAIZE by (a) exports/source and (b) imports/destination compared to April-June 2008





Maize Meal Trade Flows: Volumes of maize meal trade are estimated in grain equivalent and added to the volumes of informally traded maize as presented in Table 1 (page 3). Table 2 shows maize meal flows *only* during May and June 2009. There was a marked increase in traded volumes captured from the May figure of 248 MT to 612 Mt in June 2009. About 78 percent of the June trade flows were from Zambia to DRC, followed by South Africa to Zimbabwe (16 percent), Tanzania to Zambia (4 percent), and Mozambique to Zimbabwe (4 percent). Zambia's maize meal export share to neighboring countries remained the highest at 71.9 percent followed by South Africa (16.1 percent), Tanzania (4.3 percent), Malawi (4.1 percent), and Mozambique (3.7 percent). The lower quantities captured from South Africa to Zimbabwe are believed to result from the stringent border controls and the sheer volumes of cross border activity at the Musina/Beitbridge border which makes data capture quite a challenge. Meanwhile DRC remains the major maize meal importer with a total import share of 70.2 percent followed by Zimbabwe (21.1 percent), Mozambique and Malawi (4.3 percent each), and Tanzania with a negligible (0.2 percent) import share of total volume traded.

Table 1: Informal cross border MAIZE trade by source and destination country

Source	Destination	Total 05/06 Season	Total 06/07 Season	Total 07/08 Season	Total 08/09 Season	June 08	June 09	Cumulative Apr-Jun 08/09	Cumulative Apr- Jun 09/10
Malawi	Mozambique	133	591	3,755	203	25	18	67	111
Malawi	Tanzania	944	2,928	1,581	239	14	328	210	614
Malawi	Zambia	81	202	1,779	129	8	50	94	58
Mozambique	Malawi	71,218	77,394	56,078	54,223	9,139	8,131	25,604	19,938
Mozambique	Zambia	49	1,269	2,113	865	0	0	76	0
Mozambique	Zimbabwe	5	2,085	11	178	0	1	8	9
South Africa	Zimbabwe	1,688	49	47	2,663	2	9	13	54
Tanzania	Malawi	84,862	1,888	1,073	2,910	46	0	50	0
Tanzania	Zambia	13,556	6,260	4,980	2,449	241	259	477	490
Zambia	DRC	4,682	9,481	33,424	4,589	565	1228	1,735	2,069
Zambia	Malawi	419	378	2,500	5,388	0	5	255	32
Zambia	Mozambique	55	2	0	60	0	0	0	7
Zambia	Tanzania	0	7	4	15	3	21	4	26
Zambia	Zimbabwe	182	299	433	350	12	0	12	2
Zimbabwe	Mozambique	85	294	129	2	0	0	1	0
Zimbabwe	Zambia	-	-	166	207	33	0	64	0
Total Traded (MT)		**177,959**	**103,127**	**108,679**	**74,470**	**10,087**	**10,051**	**28,670**	**23,410**

Maize Grain Prices: Table 3 presents nominal maize grain prices (in USD equivalents) and the associated percentage changes for June 2009 compared to June last year, and the nominal maize price trends for the period April – May and May-June 2009 for selected border points. Border monitors record both source point of origin) and destination (point of delivery) prices at each border point where prices are also monitored. The June 2009 nominal maize prices are generally lower than the June 2008 maize prices suggesting a general improvement in maize availability across the monitored sites. However, for some border points nominal maize grain prices have been on the increase since the 2009 marketing year began. Between May and June 2009, Malawi/Muloza, Mozambique/Milange and Zambia/Nakonde border points recorded high price increases, which is very unusual for this time of the year when prices are expected to decline due to increased availability of maize from recent harvests. The reasons for this anomaly are not yet clear. However, the downward trend has begun to emerge at most border points as reflected by percentage price changes during the May – June 2009 period in some selected border points (Table 3 and Figure 3).

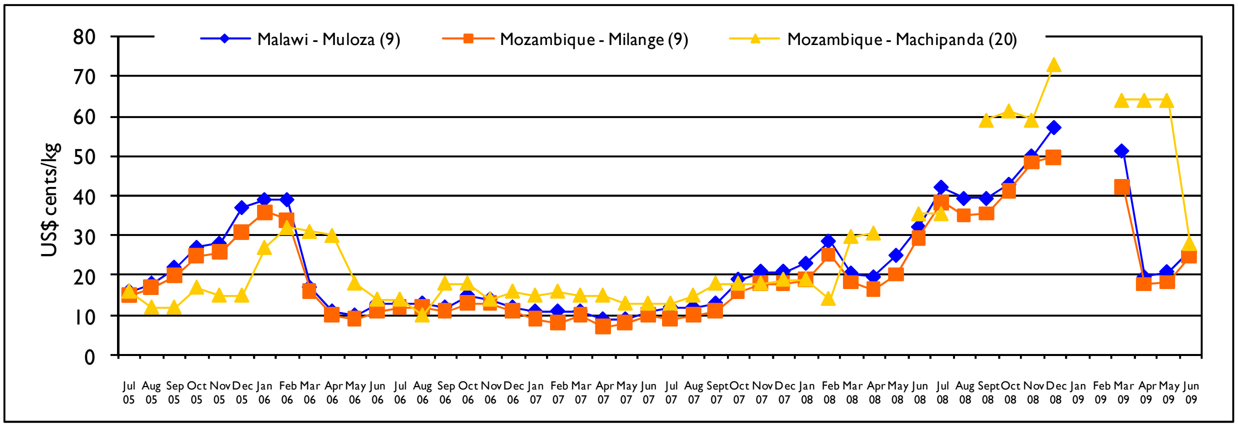
Table 2: Maize Meal trade flows: May—Jun 2009

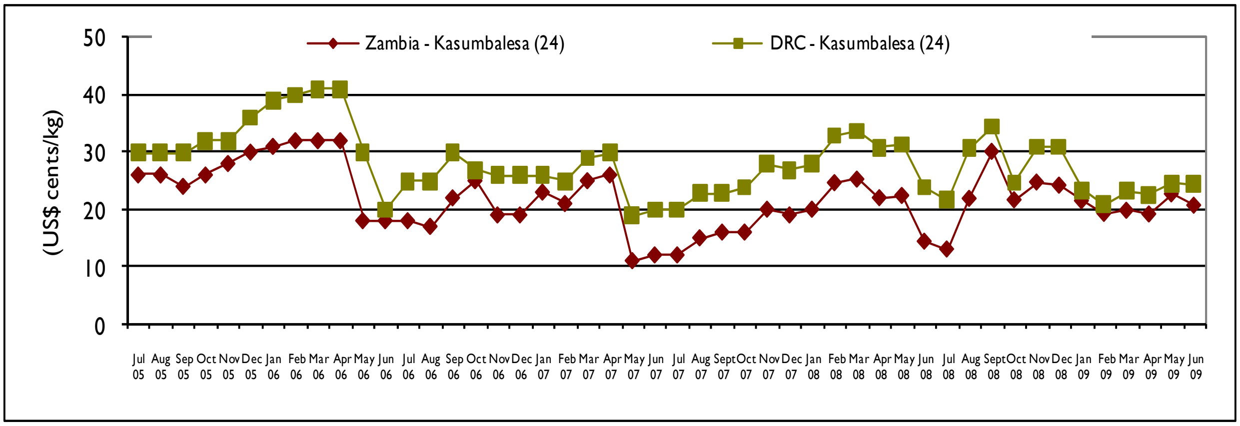
Source	Destination	May 09	Jun 09
Mozambique	Zimbabwe	22	23
South Africa	Zimbabwe	16	99
Tanzania	Zambia	10	26
Zambia	DRC	198	482
Zambia	Mozambique	1	2
Zambia	Tanzania	1	1
Zambia	Zimbabwe	0	8
Total Traded (MT)		248	612

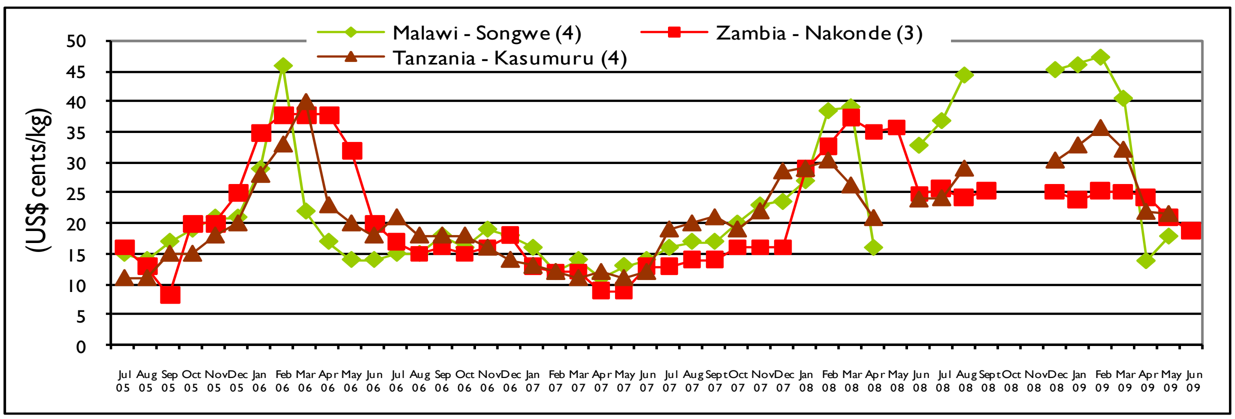
Table 3: Nominal maize price trends at selected border points (US Cents per kg)

Price at Destination/Source	April 09	May 09	% change	May 09	Jun 09	% change	Jun 08	Jun 09	% change
Moz/Mal: Muloza (Destination)	19.6	20.9	7	20.9	26	24	32.1	26	-19
Moz/Mal: Milange (Source)	17.9	18.4	3	18.4	24.8	35	29.6	24.8	-16
Moz/Zim: Machipanda (Source)	64	64	0	64	28	-56	35.4	28	-21
Zam/DRC: Kasumba-Zam (Source)	19.2	22.7	18	22.7	20.7	-9	14.4	20.7	44
Zam/DRC: Kasumba-DRC (Dest)	22.7	24.6	8	24.6	24.5	-0.5	24	24.5	2
Zam/Tan: Nakonde (Source)	24.4	17.0	-30	17.0	18.8	11	24.9	18.8	-24

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







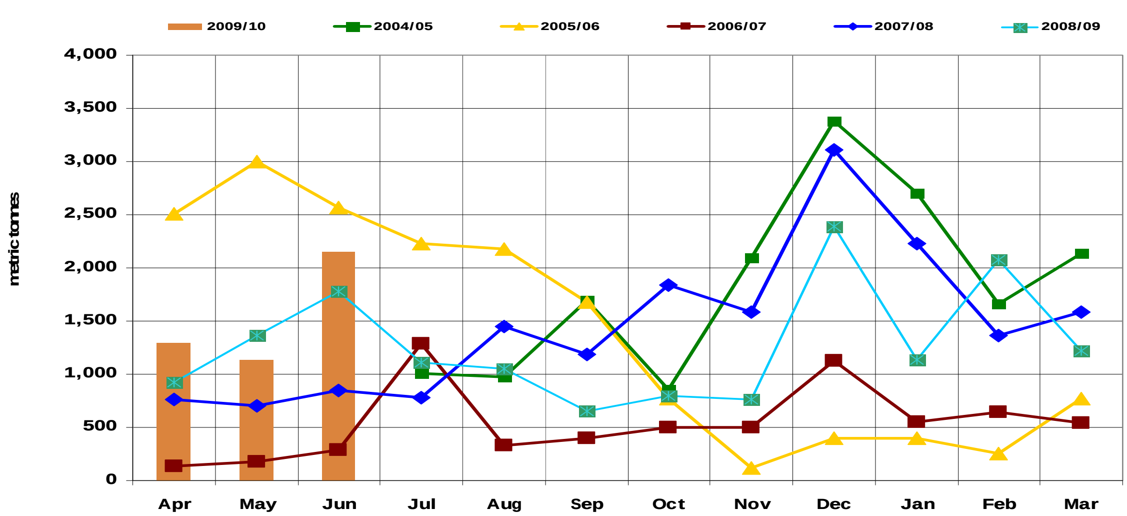
Summary of Rice trade flows

Table 4. 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	Jun 08	Jun 09	Cumulative Apr- Jun 08/09	Cumulative Apr- Jun 09/10
Malawi	Mozambique	12	1	822	58	18	52	12	54
Malawi	Tanzania	135	1,217	1,568	291	33	811	255	1,027
Malawi	Zambia	31	74	2,360	990	60	111	930	171
Malawi	Zimbabwe	-	-	405	0	0	630	0	630
Mozambique	Malawi	1,691	1,718	444	690	331	141	152	270
Mozambique	Zimbabwe	399	850	1,028	1,958	158	24	338	94
South Africa	Zimbabwe	64	82	33	25	1	0.6	7	4
Tanzania	Malawi	912	4	100	154	3	0	128	0
Tanzania	Zambia	641	557	397	374	40	62	119	138
Zambia	DRC	12,629	1,697	6,746	9,333	306	261	1,616	1,991
Zambia	Malawi	0	0	30	0	0	0	0	0
Zambia	Zimbabwe	106	803	3,312	1,387	156	62	512	210
Zimbabwe	Zambia	0	0	185	0	0	0	0	0
Total Traded (MT)		**16,620**	**7,003**	**17,434**	**15,268**	**1,107**	**2,156**	**4,069**	**4,590**

Cumulative traded volumes of rice during the April to June 2009 period are 12 percent higher compared to the same time last year. The largest export shares over this period were from Zambia and Malawi at 48 percent and 41 percent respectively. Malawi's rice exports to Zimbabwe are sporadic - in most seasons no exports at all are recorded. This season and 2007/08 are the exceptions. Zambia on the other hand remains consistently the dominant exporter of beans among the monitored countries. Mozambique's share of exports was 7.9 percent whilst Tanzania exported only 3 percent of the total respectively. In terms of imports; DRC had the highest share of the total at 43.4 percent followed by Tanzania (22.4 percent), Zimbabwe (20.4 percent), Zambia (6.7 percent) and Mozambique (1.2 percent). A total April to June 2009 cumulative volume of 1,991 MT of rice that went into DRC came from Zambia - a 23 percent increase from a total cumulative rice volume of 1,616 MT traded same time last year between the two neighboring countries. Meanwhile Tanzania imported a total cumulative volume of 1,027 MT from Malawi since beginning of the current marketing year; a 300% increase from total rice volume of 255 MT traded same time last year (Table 4). Tanzania's monthly rice imports from Malawi increased 276 percent from 216 MT in May to 811 MT in June 2009.

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



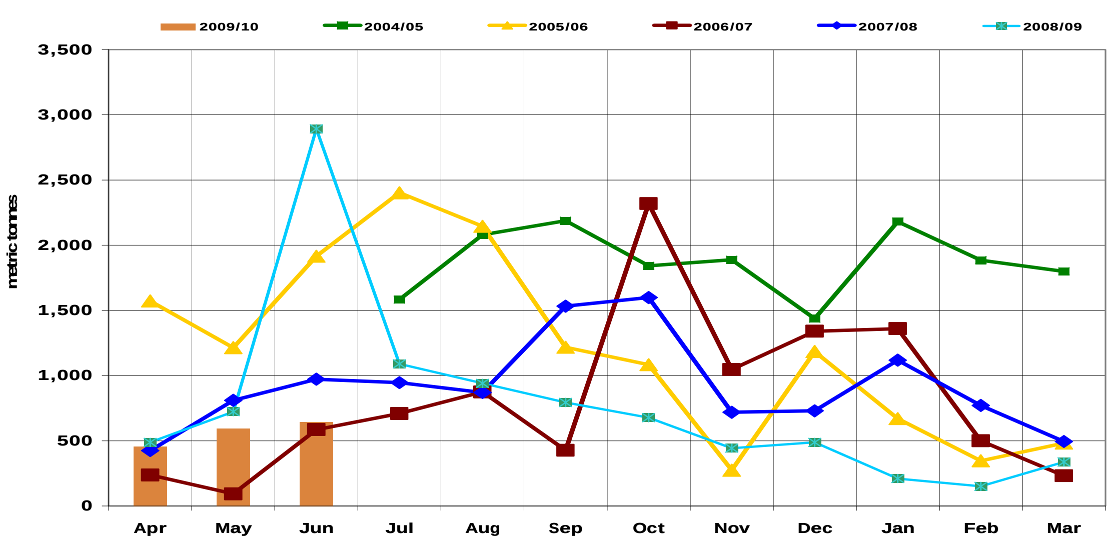
Summary of Bean trade flows

Table 5. 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	Jun 08	Jun 09	Cumulative Apr- Jun 08/09	Cumulative Apr- Jun 09/10
Malawi	Mozambique	76	269	149	19	0	75	2	153
Malawi	Tanzania	0	0	169	6	0	0	0	0
Malawi	Zambia	19	268	338	124	9	5	46	20
Malawi	Zimbabwe	-	-	480	0	0	0	0	0
Mozambique	Malawi	2,741	2,798	2,375	3,045	1,590	187	1931	432
Mozambique	Zimbabwe	4	8	13	29	1	0	2	1
South Africa	Zimbabwe	325	83	11	6	0	1	1	6
Tanzania	Malawi	2,459	3,646	3,468	2,749	947	0	1,079	47
Tanzania	Zambia	472	588	1,058	946	89	122	383	298
Zambia	DRC	8,231	2,422	2,487	1,880	226	302	587	615
Zambia	Tanzania	0	2	0	0.4	0	16	0	16
Zambia	Zimbabwe	16	69	170	280	30	13	73	50
Total Traded (MT)		**14,343**	**10,153**	**10,988**	**9,235**	**2,892**	**646**	**4,104**	**1,698**

The total volume of traded beans has also been on the increase since the beginning of the 2009/10 marketing year starting from 457 MT in April 2009 increasing to 596 MT in May 2009 and up to 646 MT in June 2009. However, the total cumulative volume for the 3 months (amounting to 1,698 MT), is 59 percent lower that the cumulative volume of 4,104 MT recorded during the same period last year. The reasons for this substantial decline are not clear. However, traded bean volumes between Mozambique/ Malawi and Tanzania/Malawi have been noticeably lower this year compared to the same time last year (Table 5). During the month of June 2009, Zambia registered the largest share of total exports of 40.1 percent followed by Mozambique (29.1 percent), Tanzania (20.3 percent), and Malawi (10.2 percent). South Africa's exports (similar to those of maize and rice) were quite negligible. On the import side, DRC had the highest share of total bean imports at 36.2 percent, followed by Malawi (28.2 percent), Zambia (22.4 percent), Mozambique (9.0 percent), Zimbabwe (2.9 percent) and Tanzania (0.9 percent). DRC, Malawi and Zambia were the major destination countries while Mozambique and Tanzania were the major source countries.

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	Desti-nation	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*

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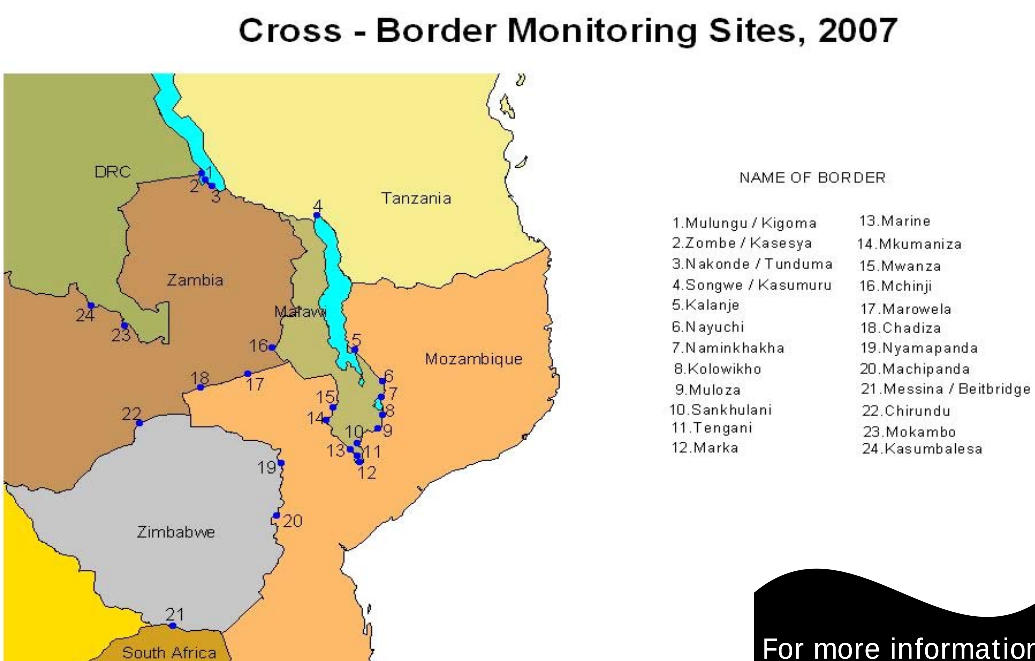

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