WFP United Nations World Food Programme

FEWS NET FAMINE EARLY WARNING SYSTEMS NETWORK

Informal Cross Border Food Trade in Southern Africa

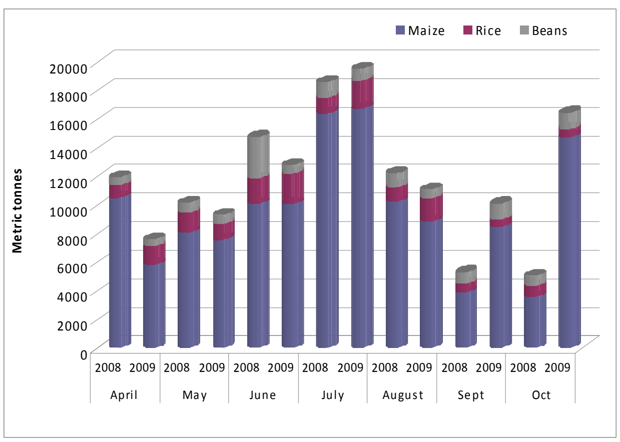
Inside this issue:

Issue 55 October 2009

Summary

- There was a significant increase in informally traded commodities in October. Trade volumes rose 63 percent from 10,111 MT in September to 16,456 MT, with maize constituting 90 percent of the total traded. The reasons for this increase could be a combination of factors including increased demand as the hunger season approaches and/ or off-loading of old stocks by private traders and farmers in readiness for the 2009/10 agricultural season.
- Trade patterns remain unchanged with Mozambique and Zambia being the major source countries while Malawi, DRC and Zimbabwe remain net importers. The informal maize trade flows from Mozambique into Malawi remain high and continue to dominate the informal cross border trade captured through the monitoring system. However, this month, the Mozambique/Malawi flows were for the first time ever, superseded by Zambia/ Zimbabwe flows.
- Price differentials (source/destination) are currently quite large, providing the needed incentive for private traders to move commodities across borders to the most lucrative destinations. Meanwhile, seasonable increases in nominal maize grain prices were observed at most monitored border points. However decreases were observed at Kasumbalesa (both Zambia and DRC); most likely in response to the ample supplies coming in from Zambia.

Figure 1: Maize, rice and bean trade volumes - April to October 2008 and 2009



October saw a significant rise in all informally traded commodities from a total of 10,111 MT in September to 16,456 MT in October, a 62.8 percent increase, with maize constituting 90 percent of all commodities traded. The increase in informal maize trade could be a combination of factors including increased demand as the hunger season approaches and/ or off-loading of old stocks by private traders/ farmers onto the market in readiness for the 2009/10 agricultural season. Traded maize volumes this October have more than tripled compared to the same time last year (Figure 1), a good indication of increased availability of tradable maize stocks as a result of a good regional harvest attained last season. Informally traded rice and bean volumes also increased between September and October. Rice volumes increased from 498 MT in September to 547 MT in October (9.8 percent increase) while bean volumes rose 1.3 percent - from 1137 MT to 1152 MT in October (1 percent increase). The rice tonnage for October 2009 is 32 percent lower than that captured at the same time last year, with notable reductions observed in the Mozambique/ Zimbabwe, Zambia/Zimbabwe as well as Zambia/DRC trade volumes. As shown in table 3, total volume of maize traded since the start of the marketing year in April is 15.2 percent higher than that recorded last year (72,253 MT against 62,716 MT last year). This is attributable to increased informal exports by Zambia to Zimbabwe, especially following approval by government for traders to export up to 100,000 MT of Zambia's surplus maize. Meanwhile, maize meal trade captured in October increased 20 fold from 169 MT captured in September to 3,457 MT, with 90 percent of the maize-meal trade coming from Zambia into Zimbabwe.

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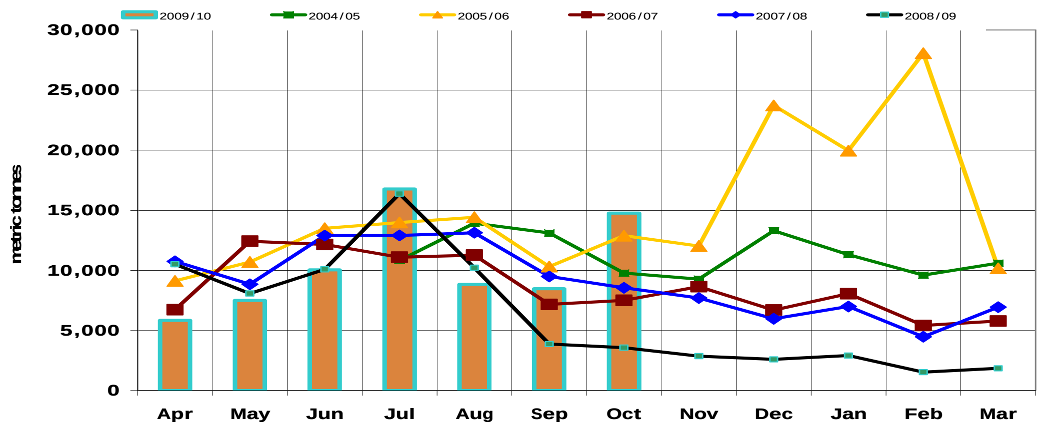
A Technical Steering Committee (TSC) of the Cross Border Food Trade Monitoring Initiative, with funding from USAID and WFP, has prepared this report based on data collected by a network of border monitors based at selected border points. The border monitors record data on a daily basis, and transmit 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

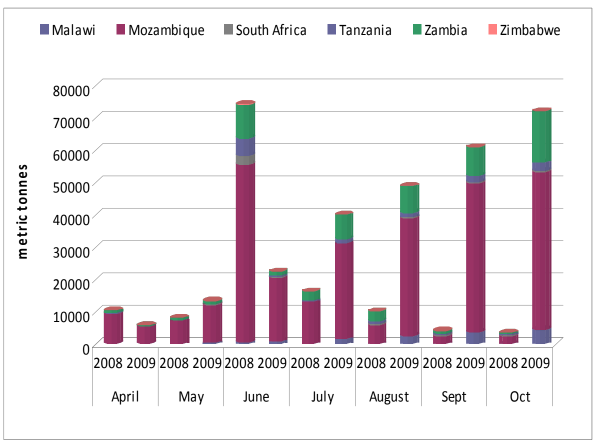
Summary of Maize trade flows

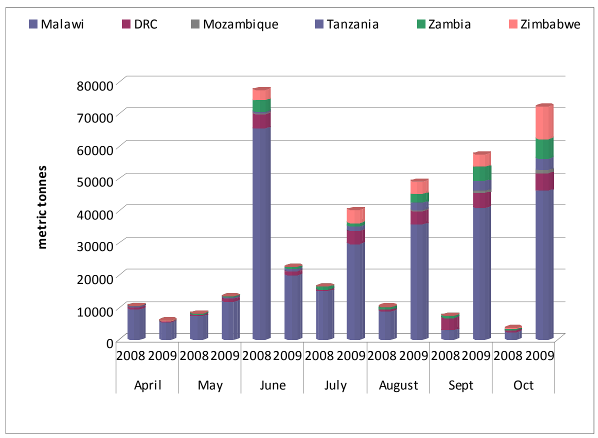
Figure 2: Recorded Volumes of Informal Cross Border MAIZE Trade—2004/05 to 2009/10



Maize trade volumes this October are the highest ever recorded for the same month since monitoring began in 2004/05, with the bulk of the maize trade flowing from Mozambique and Zambia (Figure 2). Informal maize trade flows from Mozambique into Malawi remained significant; but for the first time ever, they were superseded by Zambia/ Zimbabwe flows (Figure 3). Price differentials between the source and destination countries remain the key factor influencing informal trade; providing incentives for traders to move grain across borders to the most lucrative destinations. Table 2 summarizes the observed October average prices for maize at source and destination for selected border markets.

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





Mozambique and Zambia remained the major maize exporters in October 2009, with percentage shares of total maize export of 42.0 and 48.1 percent respectively. The surge in Zambia's informal exports has resulted in a significant drop in Mozambique's share of total maize exports drop from the 72.6 percent recorded in September. Malawi and Tanzania also recorded some exports, though their shares were quite low, at 5.4 and 3.9 percent respectively. South Africa's export share remained insignificant. On the import side, for the first time, Zimbabwe recorded the highest import share of 40.9 percent which was boosted by the more than 6,000MT imported from Zambia.. This was followed by Malawi – normally the largest importer – with a share of 35.3 percent (significantly below last month's share of 62.2 percent), Zambia (11.4 percent), DRC (6.2 percent), and Tanzania (3.6 percent much lower than 10.4 percent recorded in September).

Maize Meal Trade Flows: Total traded volume of maize meal rose by 95 percent from 169 MT recorded last Month to 3,457 MT recorded in October. The increase could indicate an increase in demand as the hunger season sets in, with 90 percent of the trade flowing from Zambia to Zimbabwe. Zimbabwe realized a below average harvest and faces a significant food gap which is being met through official imports, humanitarian food aid and through informal trade. However it is interesting to note that in September and October, a total of 52 and 70 MT of maize meal moved informally from Zimbabwe into Zambia. Recorded informal maize meal export from South Africa to Zimbabwe remained quite low; rising from 3 MT in September to 7 MT in October. Unlike previous months when DRC was the major maize meal importer, Zimbabwe has topped the list this month with a 93.0 percent share of the total - up from 1.9 percent last month. This was followed by DRC with 4.3 percent (down from 60 percent in September), Zambia (2.4 percent) and Mozambique (0.2 percent down from 1.6 percent last month).

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	Oct 08	Oct 09	Cumulative Apr- Oct 08/09	Cumulative Apr- Oct 09/10
Malawi	Mozambique	133	591	3,755	203	15	313	147	913
Malawi	Tanzania	944	2,928	1,581	239	2	482	225	3,485
Malawi	Zambia	81	202	1,779	129	3	0	100	176
Mozambique	Malawi	71,218	77,394	56,078	54,223	2,362	5,082	48,902	45,614
Mozambique	Zambia	49	1,269	2,113	865	25	1,118	801	3,265
Mozambique	Zimbabwe	5	2,085	11	178	26	0	124	11
South Africa	Zimbabwe	1,688	49	47	2,663	370	12	655	239
Tanzania	Malawi	84,862	1,888	1,073	2,910	11	0	638	0
Tanzania	Zambia	13,556	6,260	4,980	2,449	288	572	1,932	2,580
Zambia	DRC	4,682	9,481	33,424	4,589	445	910	3,570	5,506
Zambia	Malawi	419	378	2,500	5,388	15	122	5,384	501
Zambia	Mozambique	55	2	0	60	10	2	12	13
Zambia	Tanzania	0	7	4	15	1	51	8	126
Zambia	Zimbabwe	182	299	433	350	0	6,019	12	9,694
Zimbabwe	Mozambique	85	294	129	2	0	1	1	1
Zimbabwe	Zambia	-	-	166	207	0	74	207	130
Total Traded (MT)		**177,959**	**103,127**	**108,679**	**74,470**	**3,572**	**14,757**	**62,716**	**72,253**

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

Source	Destination	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09
Malawi	Mozambique	8	5	12	10	2	6
Mozambique	Zimbabwe	22	23	0	0	0	0
South Africa	Zimbabwe	16	99	152	3	3	7
Tanzania	Zambia	10	26	10	8	7	12
Zambia	DRC	198	482	413	206	102	150
Zambia	Mozambique	1	2	0	1	1	2
Zambia	Tanzania	1	1	2	2	2	0
Zambia	Zimbabwe	0	8	9	3	0	3210
Zimbabwe	Zambia	0	0	0	0	52	70
Total Traded (MT)		332	646	597	234	169	3457

Maize Grain Prices

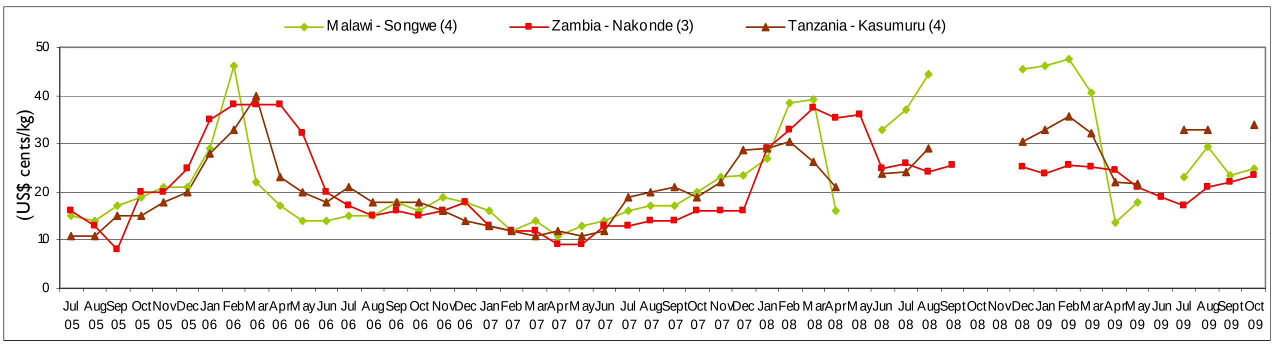
Slight seasonable increases in nominal maize grain prices were observed at most border points including Muloza and Milange (Mozambique/Malawi) and Machipanda (Mozambique/Zimbabwe) compared to September. However notable maize grain price decreases were also observed at Kasumbalesa (both Zambia and DRC) over the same period. This variation in nominal maize grain prices is in response to increased maize availability at some border points and increased demand at others. In general, the October 2009, nominal maize grain prices are much lower than those observed at same time last year which is a good sign of improved maize availability at most of the monitored border markets. In some markets however, 2009 prices are higher. For example, at Kasumbalesa (DRC and Zambia), and at Machipanda (Mozambique), prices are higher compared to the same time last year. DRC depends on Zambia to meet some of its annual food requirement. Consequently, traders are moving large quantities of food commodities across the Kasumbalesa border into DRC. Maize availability is reported good on the local markets on both sides as private traders are moving huge quantities of grain to the border (Table 3 and Figure 4).

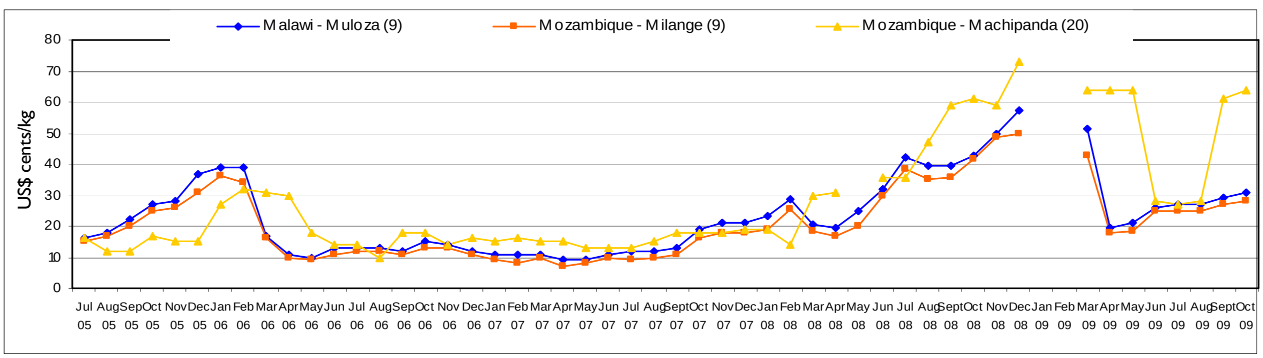
Table 3: Nominal maize price trends at selected border points (US Cents per kg)

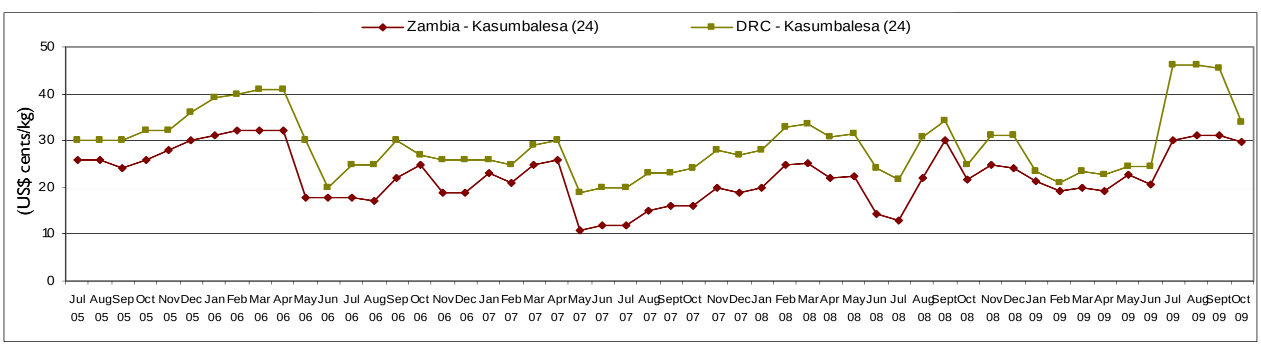
Price at Destination/Source	Aug 08	Aug 09	% change	Sep 08	Sep 09	% change	Oct 08	Oct 09	% change
Moz/Mal: Muloza (Destination)	39	27	-31	39	29	-25	43	31	-28
Moz/Mal: Milange (Source)	35	25	-30	36	27	-24	41	28	-32
Moz/Zim: Machipanda (Source)	47	28	-41	59	61	3	61	64	4
Zam/DRC: Kasumba-Zam (Source)	22	31	43	30	31	3	22	30	36
Zam/DRC: Kasumba-DRC (Dest)	31	46	50	34	46	32	25	34	

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)







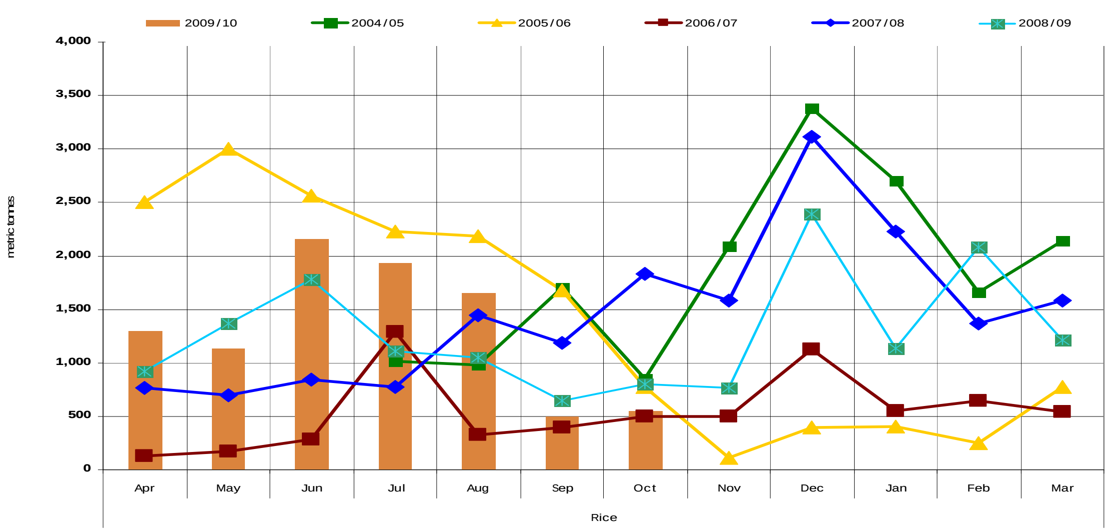
Summary of Rice trade flows

Table 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	Oct 08	Oct 09	Cumulative Apr- Oct 08/09	Cumulative Apr- Oct 09/10
Malawi	Mozambique	12	1	822	58	1	14	48	270
Malawi	Tanzania	135	1,217	1,568	291	0	85	290	1689
Malawi	Zambia	31	74	2,360	990	0	128	990	2,569
Malawi	Zimbabwe	-	-	405	0	0	0	0	630
Mozambique	Malawi	1,691	1,718	444	690	15	42	677	505
Mozambique	Zimbabwe	399	850	1,028	1,958	232	24	1,101	197
South Africa	Zimbabwe	64	82	33	25	4	1	15	20
Tanzania	Malawi	912	4	100	154	8	0	151	0
Tanzania	Zambia	641	557	397	374	33	58	268	336
Zambia	DRC	12,629	1,697	6,746	9,333	410	150	3,241	2,646
Zambia	Malawi	0	0	30	0	0	0	0	0
Zambia	Zimbabwe	106	803	3,312	1,387	96	45	893	357
Zimbabwe	Zambia	0	0	185	0	0	0	0	0
Total Traded (MT)		**16,620**	**7,003**	**17,434**	**15,268**	**801**	**547**	**7,678**	**9,227**

The total volume of traded rice continues to drop since August 2009 which could suggest a shift in consumption preference in favor of maize as it is readily available this year. Total traded volumes of rice in October are down by 31.7 percent this year as compared to the same time last year (Table 4 and Figure 5). However, this year's cumulative (April to October) traded volumes of rice rose by 20.2 percent from 7,678 MT last year to 9,227 this year , a good signal of rice availability on local markets this year. Malawi remains the major rice exporter with a total export share of 55.9 percent down from 56.8 percent recorded last month, followed by Zambia (32.6 percent), Mozambique (7.6 percent) and Tanzania (3.6 percent). The nominal rice price at source in Mozambique is currently at USD0.72 /kg and is being sold at the destination markets in Zimbabwe at USD3.50 /Kg, more than 5 times the source price. Hence it is a lucrative business for traders on both sides of the border. The authorities on both sides have imposed restrictions on the amount of rice that cross into Zimbabwe without paying duty and anything above two twenty five bags of rice per person attracts heavy duty. To circumvent payment of duty, traders use undesignated crossing points which make it difficult to monitor the actual rice volumes being traded.

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



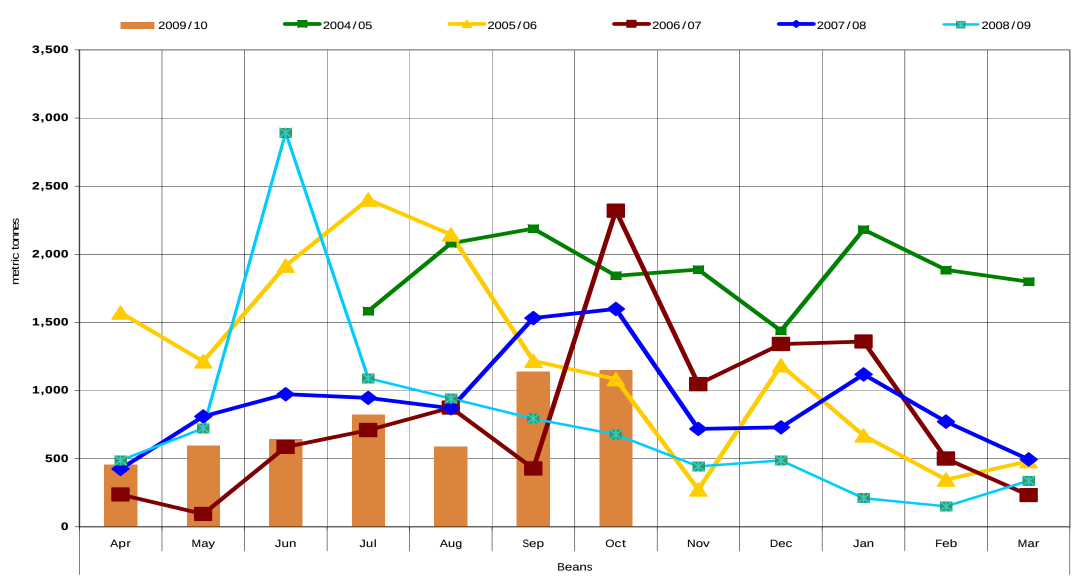
Summary of Bean trade flows

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	Oct 08	Oct 09	Cumulative Apr- Oct 08/09	Cumulative Apr- Oct 09/10
Malawi	Mozambique	76	269	149	19	2	0	19	317
Malawi	Tanzania	0	0	169	6	0	6	6	6
Malawi	Zambia	19	268	338	124	8	0	108	36
Malawi	Zimbabwe	-	-	480	0	0	0	0	0
Mozambique	Malawi	2,741	2,798	2,375	3,045	123	541	2,778	1,727
Mozambique	Zimbabwe	4	8	13	29	5	0	12	36
South Africa	Zimbabwe	325	83	11	6	0	0	2	7
Tanzania	Malawi	2,459	3,646	3,468	2,749	257	143	2,159	221
Tanzania	Zambia	472	588	1,058	946	71	102	789	705
Zambia	DRC	8,231	2,422	2,487	1,880	188	317	1,568	2,083
Zambia	Tanzania	0	2	0	0.4	0	9	0	9
Zambia	Zimbabwe	16	69	170	280	23	15	164	94
Total Traded (MT)		**14,343**	**10,153**	**10,988**	**9,235**	**677**	**1,152**	**7,607**	**5,401**

Bean trade has relatively remained high over the months of September and October with tonnages of 1,137 MT and 1,152 MT respectively. These volumes are more than double those observed during the same months last year (Table 5), a good signal of bean availability which could result in many households having access to alternative sources of proteins. However, the cumulative traded volumes of beans from April to October are 29 percent lower than those recorded at the same time last year. Zambia and Mozambique remain the major bean exporters with the highest share of total export at 41.7 percent and 34.3 percent respectively, followed by Tanzania (17.1 percent), Malawi(6.6 percent). South Africa's share of total export remains insignificant at 0.1 percent. The nominal bean price in Zambia- Kasumbalesa (source) is USD1.10 /kg and is selling for USD1.57 /kg in DRC –Kasumbalesa (destination), a 43 percent price differential. In Mozambique-Machipanda (source) the bean price is USD1.23 /Kg while selling for USD2.05 /Kg on the Zimbabwe –Forbes (destination), 67 percent more. At the Mozambique/Malawi border point (Makhanga) beans are selling for USD0.89 /kg at the Mozambique side (source) and at USD1.18 /Kg (or 33 percent more) at the Malawian side (destination).

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)

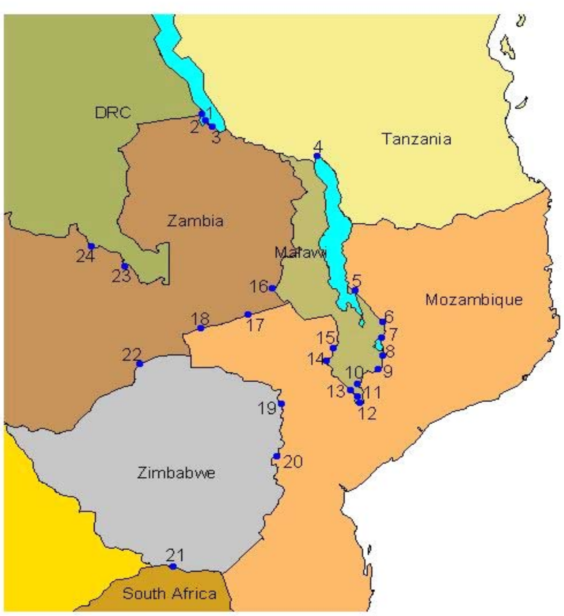
Table 8: Informal cross border trade in beans (MT)

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

For more information see: www.fews.net