

Informal Cross Border Food Trade in Southern Africa

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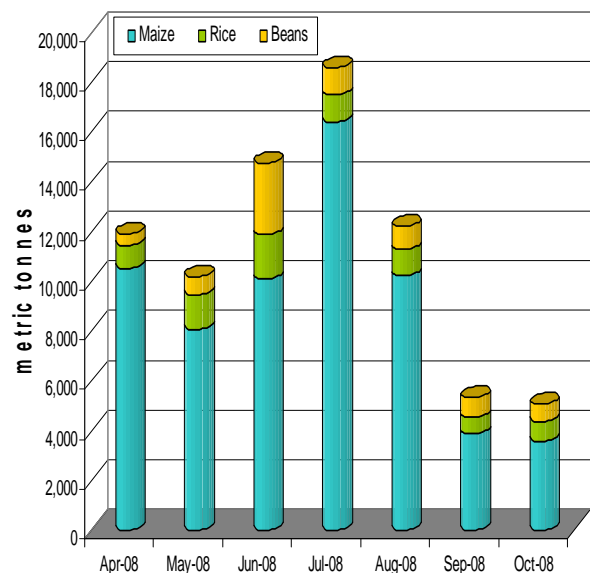
October 2008

Summary

- The volume of maize, rice and beans trade captured by the Informal Cross-border Food Trade Monitoring System continued to drop in October 2008. Total trade dropped by 5 percent from 5,310 MT in September to 5,050 MT in October 2008. This is attributed to the drop in volumes of maize and beans traded over this period. Cumulatively the volume of trade captured from April to October 2008 amounted to 78,000 MT, about 15 percent lower than the 91,300 MT captured during the same period last season. Maize accounts for about 80 percent of this trade while rice and beans account for about 10 percent each.
- Traded volumes of maize have dropped significantly after reaching the peak in July when some 16,390 MT of maize trade were captured, to 3,570 MT in October 2008, down by 78 percent in a space of three months. This is due to a decline in exports from Mozambique and Zambia - two of the major exporters among monitored countries. In the case of Mozambique, this could be due to reduced demand from Malawi as a result of the ban on large private traders of maize. In Zambia, quite apart from the export ban, supplies appear to be dwindling fast, raising concerns that national estimates which indicated a maize surplus may have been overestimated.
- Most border points recorded rising average nominal maize prices as expected around this time of the year due to increasing scarcity of the commodity *vis a vis* growing demand as households turn to the markets to access food. Sustained maize price increases may negatively affect the food security situation in the monitored countries in the few months to come.

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

Volumes of informally traded maize, rice and beans in the monitored southern African countries dropped for a third successive month in October 2008. Trade in each of the three commodities has dropped significantly since reaching the peak in June and July. The drop is due in part to dwindling supplies as stocks get depleted through consumption and sales as the season progresses. But the sharp drop in maize trade is largely due to interventions imposed by the governments of Malawi and Zambia which have restricted cross-border trade in general. Informal cross-border trade is important to livelihoods in terms of providing household incomes and ensuring food security by making commodities available. If the decline in the volume of trade indeed emanates from scarcity of these commodities within the region, then it is a matter of concern as demand is likely to increase during as the hunger season peaks from December to February. As demand rises, food prices will increase to even higher levels than at present.



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, echapasuka@fews.net; eric.kenefick@wfp.org; or veronica.rammala@wfp.org



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

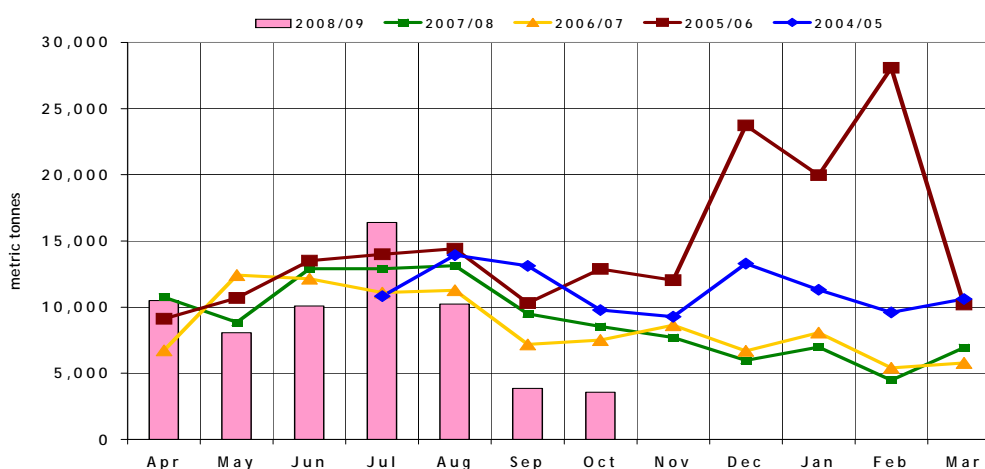
Source	Destination	Total 04/05 Season	Total 05/06 Season	Total 06/07 Season	Total 07/08	Oct 07	Oct 08	Cumulative Apr-Oct 07/08	Cumulative Apr-Oct 08/09
Malawi	Mozambique	0	133	591	3,755	35	15	218	147
Malawi	Tanzania	637	944	2,928	1,581	19	2	438	225
Malawi	Zambia	34	81	202	1,779	32	3	1366	100
Mozambique	Malawi	71,229	71,218	77,394	56,078	3,186	2,362	44,228	48,902
Mozambique	Zambia	0	49	1,269	2,113	315	25.2	1,874	801
Mozambique	Zimbabwe	2	5	2,085	11	1	25.7	5	124
South Africa	Zimbabwe	0	1,688	49	47	3	369.6	22	655
Tanzania	Malawi	2,656	84,862	1,888	1,073	8	11	8	638
Tanzania	Zambia	3,699	13,556	6,260	4,980	373.9	287.9	3,858	1,932
Zambia	DRC	8,318	4,682	9,481	33,424	4,237	444.8	23,404	3,570
Zambia	Malawi	2,157	419	378	2,500	2	15	45	5,384
Zambia	Mozambique	0	55	2	0	0	9.5	0	12
Zambia	Tanzania	93	0	7	4	0	0.8	4	8
Zambia	Zimbabwe	13,106	182	299	433	11.4	0	433	12
Zimbabwe	Mozambique	0	85	294	129	18	0	78	1
Zimbabwe	Zambia	-	-	-	166	0	0	0	207
Total Traded (MT)		101,929	177,959	103,127	108,679	8,547	3,572	76,587	62,716

Summary of Maize trade flows

A total of 3,572 MT of maize trade was captured in October, about 8 percent down from the 3,867 MT traded in September. Maize is traded both in form grain and maize meal. For ease of comparison maize flour is converted to maize grain equivalent. Traded volumes in September and October this season have been far below corresponding volumes traded in previous seasons as shown in figure 2 which provides a comparison of monthly trends since monitoring began in July 2004. Cumulative trade volumes from April to October 2008 amounted to 62,716 MT, about 18 percent lower than the 76,587 MT traded during the same period last season. Table 1 shows a summary of maize trade flows.

Imports: Out of the 3,572 MT traded in October 2008, about 67 percent were imports destined for Malawi. Cumulative maize imports from April to October 2008 amounted to 62,716 MT with Malawi accounting for the highest proportion (88 percent). Malawi's cumulative maize imports over this period amounted to 54,924 MT, which is 24 percent higher than the 44,281 MT imported during the same period last season. The main source of these imports is Mozambique (89 percent). The remainder came from Zambia and Tanzania. DRC's imports accounted for 6 percent (at 3,570 MT) of the cumulative total compared to 31 percent (23,400 MT) recorded during the same period last season. This could be due to tighter supplies in Zambia and the ban on exports as all of the DRC's maize imports come from Zambia.

Figure 2. Recorded Volumes of Informal Cross Border Maize Trade –2004/05 to 2008/09 (MT)



Exports: Out of the 3,572 MT of maize traded in October, about 68 percent or 2,413 MT were exports from Mozambique. Mozambique still accounts for the largest share at 80 percent of the cumulative maize exports. Zambia, with 14 percent - is a distant second. The export volumes from these two countries have shrunk significantly in the past two months as shown in figure 2, resulting in an overall reduction in volume of maize exports among the monitored countries. Figure 3 gives a comparison of April to October monthly volumes of informal maize exports in 2007 and 2008. The graph shows that not only have the maize exports from the major supplying countries dropped in September and October compared to the previous months, but they have also significantly dropped compared to the same period last season. This reduction, especially when compared to last season can be explained in part by tighter supplies in source areas of Mozambique and Zambia and by trade restrictions such as export and other interventions that hamper cross-border trade. Parts of south and central Mozambique experienced maize production shortfalls, while in Zambia, though the official

Figure 3: Comparison of monthly maize exports by source – April to September 2008

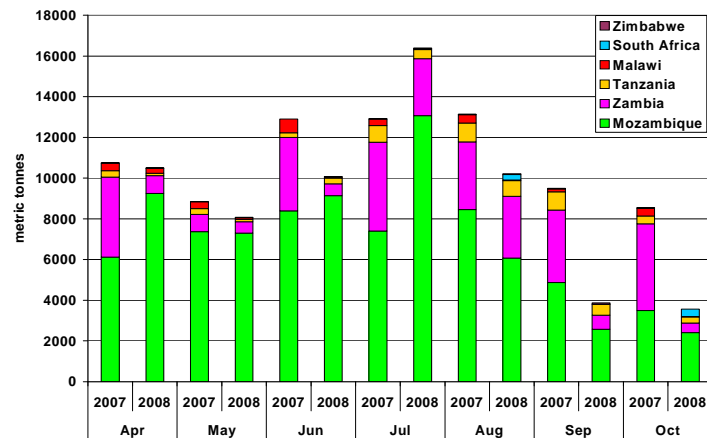
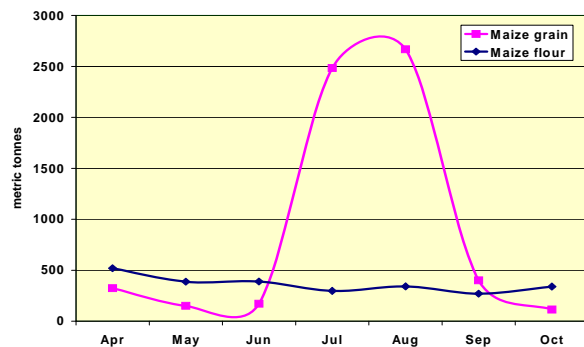


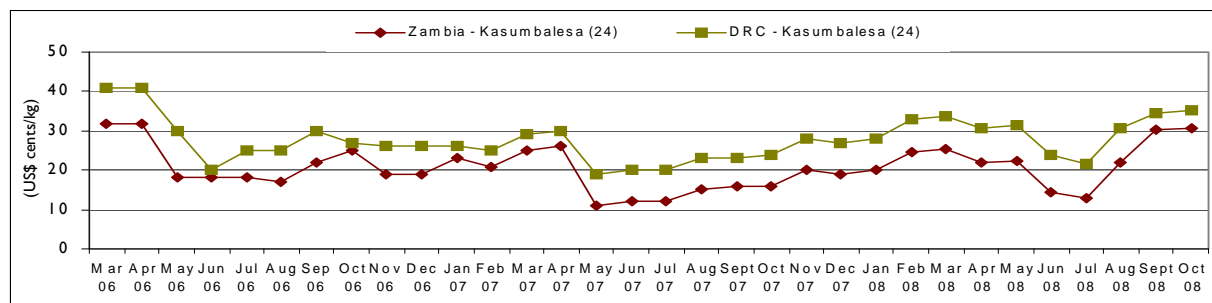
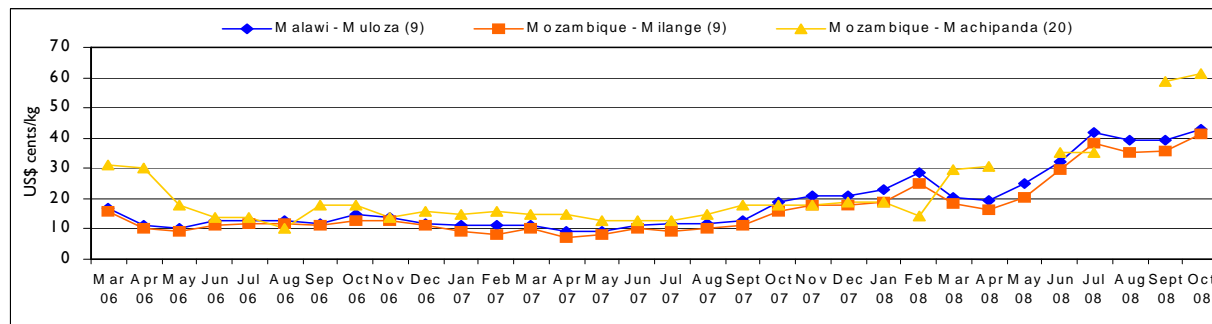
Figure 4: Zambian maize grain and flour export trends— April to October 2008



estimates indicated a maize surplus, the situation on the ground does not appear to support that. This is evidenced by the rapidly increasing maize meal prices throughout the country. At the same time, informal maize exports have remained relatively low, rising somewhat in July and August (with the export of 5,000 MT to Malawi) before dropping again in subsequent months. The high prices that prevailed in Malawi at that time provided an incentive for traders to take maize from Zambia to Malawi. The drop in September was due in part to rising prices in Zambia that have rendered maize exports to Malawi unattractive, as well as to the restrictions imposed on Malawian traders in the same month of September. Figure 4 shows the maize grain and flour export trends for Zambia from April to October 2008.

Maize price trends at selected border points

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

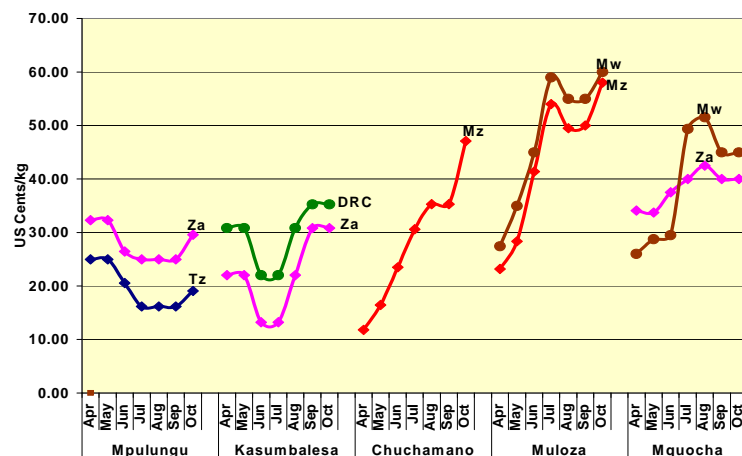


Maize price trends...

Average nominal prices in USD equivalent using the October exchange rates ranged from USD0.19/kg on the Tanzanian side of Zambia's Mpulungu border (Kigoma) to USD0.61/kg at Machipanda border in Mozambique. Most border points continued to record price increases (figure 5a and 5b). A few recorded price drops, especially in Zambia where a drop of 28 percent was recorded at Kasumbalesa border. However this drop in price is purely due to the loss in value (by about 39 percent) of the Zambian Kwacha against the USD. Otherwise prices in local currency remained constant at Kasumbalesa border while they increased by 2 to 18 percent in the rest of the border points. The biggest increase of 38 percent was recorded on the Mozambican side of Malawi's Naminkhaka border.

At country level, prices were lower along Tanzania's borders, ranging from USD0.19/kg at Kigoma to USD0.36/kg at Kishesha. Along Malawi borders, prices ranged from USD0.31/kg to USD0.47/kg at Kalanje and Marka border points in Mangochi and Nsanje districts respectively. In Mozambique they ranged from USD0.23/kg at Chadiza/Marowela border to USD0.61/kg at Machipanda border. In Zambia prices ranged from USD0.29/kg at Mpulungu border to USD0.36/kg at Zombe and Lumi border points. DRC recorded an average maize price of USD0.35/kg at Kasumbalesa border point.

Figure 6: Average nominal maize price trends in USD equivalent using fixed exchange rates: Apr - Oct 2008



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

An attempt was made to remove the impact of the fluctuation in the exchange rate on the price trends in USD equivalent by holding the exchange rate constant at the rate that prevailed at the start of the season in April 2008. This was done for each of the three countries (Malawi, Mozambique and Zambia) whose exchange rates are used in the conversion of the prices in local currency to USD equivalent. The result is that USD equivalent price trends are similar to the trends in the local currency prices which have a direct impact on access to maize in the different countries. Figure 6 shows these price trends for selected border points that record high volumes of maize trade.

Summary of Rice trade flows

The volume of rice captured in October 2008 amounted to 801 MT, representing a 23 percent increase over the previous month. However this is less than half the 1,835 MT captured in October 2007. Nonetheless, the cumulative volumes of rice trade from April to October in both seasons are almost the same (compare 7,678 MT, this year and 7,554 MT last season). Figure 7 shows the trends in the monthly volumes of rice traded since July 2004.

Imports: The DRC's imports were the largest recorded, and accounted for about 42 percent of all the rice imports captured between April and October 2008. Its cumulative imports amounted to 3,241 MT— which is more than double the 1,207 MT it imported during the same period last season. Zimbabwe, with cumulative imports of 2,009 MT (and accounting for 26 percent share) was the second highest importer. But the country's rice imports have dropped by 30 percent compared to 2,851 MT imported during the same period last season. Over half (55 percent) of this rice came from Mozambique. The rest came from Zambia (44 percent) and South Africa. Zambia and Malawi were next with shares of 16 and 11 percent respectively. Imports by Tanzania and Mozambique were negligible. Table 2 shows a summary of informal cross-border trade in rice captured since July 2004.

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

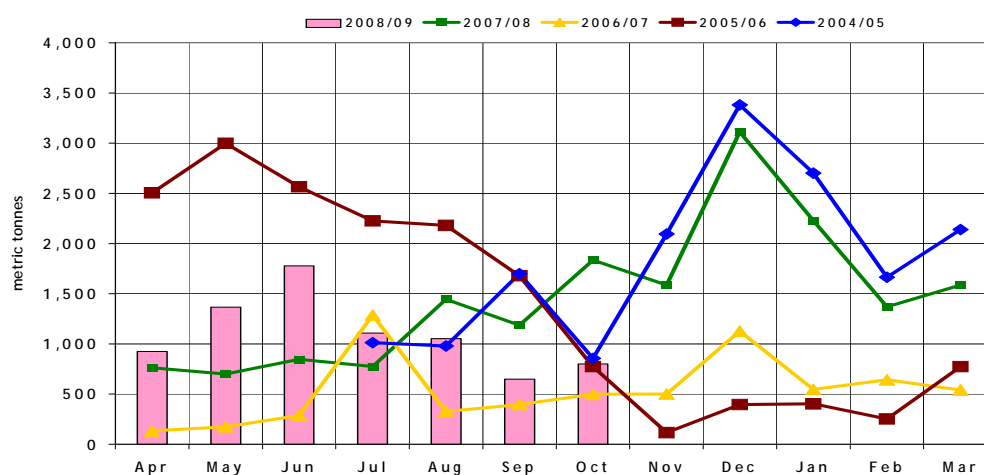
Source	Destination	Total 04/05 Season	Total 05/06 Season	Total 06/07 Season	Total 07/08 Season	Oct 07	Oct 08	Cumulative Apr-Oct 07/08	Cumulative Apr- Oct 08/09
Malawi	Mozambique	1	12	1	822	250	1	749	48
Malawi	Tanzania	450	135	1,217	1,568	274	0	1,058	290
Malawi	Zambia	1	31	74	2,360	265	0	1060	990
Malawi	Zimbabwe	-	-	-	405	0	0	195	0
Mozambique	Malawi	2,532	1,691	1,718	444	74	15	349	677
Mozambique	Zimbabwe	58	399	850	1,028	120	231.7	585	1,101
South Africa	Zimbabwe	0	64	82	33	2	4	18	15
Tanzania	Malawi	70	912	4	100	0	8	0	151
Tanzania	Zambia	547	641	557	397	44	32.8	280	268
Zambia	DRC	12,644	12,629	1,697	6,746	468	410.3	1,207	3,241
Zambia	Malawi	0	0	0	30	0	0	0	0
Zambia	Zimbabwe	50	106	803	3,312	338	95.8	2,053	893
Zimbabwe	Zambia	0	0	0	185	0	0	0	0
Total Traded (MT)		16,355	16,620	7,003	17,434	1,835	801	7,554	7,678

Exports: Zambia maintains the lead as the major source of informally traded rice among the monitored countries exporting over half (54 percent) of the total captured from April to October 2008. Zambia's cumulative rice exports amounted to 4,137 MT, up by 27 percent compared to the 3,260 MT during the same period last season. Mozambique and Malawi were next with 23 and 17 percent shares respectively. Together, the three countries accounted for 94 percent of the rice exports captured during this period.

Prices: Average nominal prices for polished rice ranged from USD0.52/kg on the Zimbabwean side of Zambia's Chirundu border to USD1.64/kg on the Mozambican side of Marka border in Malawi. However the price across Chirundu border appears that low due to loss in value of the Zambian Kwacha, otherwise the price increases to over USD0.70/kg if the exchange rate is held constant at that prevailing at the beginning of the marketing season in April.

Formal rice imports and exports: The monitoring system also recorded about 40 MT and 780 MT of formal rice imports by Zambia from Tanzania and Zimbabwe respectively. This resulted in cumulative formal rice imports by Zambia from April to October 2008 of 8,774 MT.

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



Summary of Bean trade flows

The volume of beans traded continued to decline as shown in figure 8 dropping by about 15 percent, from 794 MT in September to 677 MT in October 2008. Cumulative volumes amounted to 7,607 MT, about 6 percent more than the 7,155 MT traded during the same period last season. Table 3 shows a summary of the beans trade flows since the 2004/05 marketing season.

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	Oct 07	Oct 08	Cumulative Apr- Oct 07/08	Cumulative Apr-Oct 08/09
Malawi	Mozambique	417	76	269	149	15	2	103	19
Malawi	Tanzania	2	0	0	169	0	0	169	6
Malawi	Zambia	30	19	268	338	14	8	299	108
Malawi	Zimbabwe	-	-	-	480	0	0	360	0
Mozambique	Malawi	2,997	2,741	2,798	2,375	266	123	1,828	2,778
Mozambique	Zimbabwe	67	4	8	13	2	4.5	7	12
South Africa	Zimbabwe	0	325	83	11	1	.25	9	2
Tanzania	Malawi	403	2,459	3,646	3,468	746	257	1,626	2,159
Tanzania	Zambia	509	472	588	1,058	18	71.1	690	789
Zambia	DRC	12,019	8,231	2,422	2,487	505	188.1	1,803	1,568
Zambia	Tanzania	0	0	2	0	0	0.4	0	0.4
Zambia	Zimbabwe	372	16	69	170	32	22.6	111	164
Total Traded (MT)		16,816	14,343	10,153	10,988	1,599	677	7,155	7,607

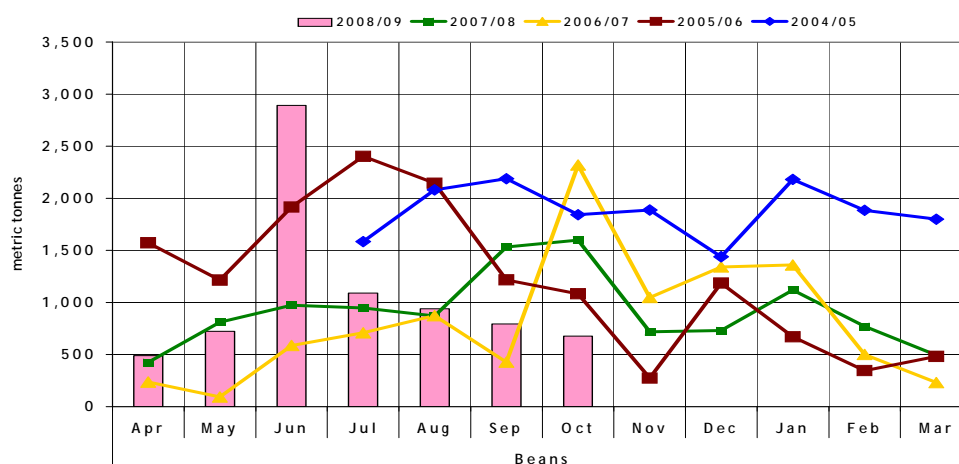
Imports: Malawi accounted for the largest share (65 percent) of bean imports captured from April to October 2008. Malawi's imports over this period amounted to 4,937 MT, about 43 percent higher than during the same period last season. About 56 percent of these came from Mozambique and the remaining 44 percent were from Tanzania. The second largest importer was DRC with 21 percent share and 1,568 MT of cumulative imports, all of which came from Zambia. Zambia and Zimbabwe accounted for 12 percent and 2 percent of the cumulative total respectively.

Exports: Tanzania accounted for 39 percent of cumulative bean exports, making it the number one bean exporter during this period. Its total exports amounted to 2,948 MT, representing a 27 percent increase over the 2,316 MT exported over the same period last season. Mozambique was in second position with 2,790 MT which was 52 percent more than the volume exported over the same period last season. Zambia came in third with cumulative bean exports of 1,733 MT. Together, the three countries accounted for almost all (99 percent) of the bean exports over this period.

Prices: Bean prices in October (across the few border points where beans were traded) ranged from USD0.62/kg on the Tanzanian side of Zambia's Mpulungu border to USD1.54/kg at Songwe border in Malawi. Bean prices remained relatively stable with most border points recording price changes (up or down) of not more than 5 percent. Price reductions (in USD equivalent) on Zambia's borders were only as a result of the loss in value of the Zambian Kwacha, otherwise the prices in local currency did not change. A large increase was however recorded at Songwe border in Malawi where the bean price increased by 14 percent from USD1.34/kg in September to USD1.54/kg in October 2008.

Formal bean imports and exports: The monitoring system recorded about 19 MT of formal bean imports from Tanzania to Zambia, resulting in cumulative (April to October) formal bean imports by Zambia of about 158 MT. All the formal bean imports captured were from Tanzania.

Figure 8: 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
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 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
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 I (continued)

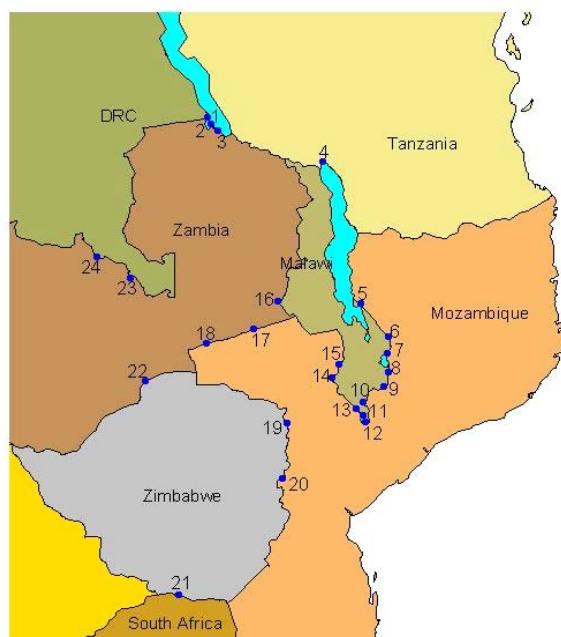
Table 6: Informal cross border trade in beans (MT)

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	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 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 |

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