Informal Cross Border Food Trade in Southern Africa

Issue 58

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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

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Summary

- The monthly volumes of informally traded maize, rice and beans peaked to an abnormal high in February but later eased off in March following regular seasonal trends. The abnormal peak in February is attributed to increased demand during the peak hunger season and also availability of tradable commodities due to the surplus realised last production season.
- Informal cross border trade remains significant across the region with Tanzania, Mozambique and Zambia being the major source countries and DRC, Malawi and Zimbabwe the major recipients. The main driver for this regional informal cross border trade remains commodity price differentials across markets.
- Informal trade between Malawi and Mozambique has largely been influenced by price differentials, with stable and favorable maize prices on the Malawi side averaging USD 0.30 per kg since October, while in Mozambique (source) the prices have gone down from USD 0.28 per kg in October to USD 0.21 per kg in March 2010.

The monthly volumes of informally traded maize, rice and beans peaked to an abnormal high in February but later eased off in March following seasonal trends (Figure 1). The abnormal peak in February is attributed to increased demand during the peak hunger season and also availability of tradable commodities due to the surplus realised last production season. However, with the hunger season gradually coming to an end due to an increasing variety of available foods from the green harvests the informally traded volumes dropped in March to normal levels - a good signal of food availability on local markets and at household level. The February 2010 volume of 4,500MT of informally traded maize is more than double the 1,852 MT captured during same time last year. Bean trade has consistently been on the decline since November 2009 while there has been month on month variations on traded rice volumes with the lowest amount of 330 MT being captured in March this year compared to the same time since the inception of cross border monitoring in 2004/05 marketing year. The 2009/10 marketing year ends with a cumulative maize volume amounting to 123,685 MT (Table 1) – 66 percent higher than the 74,470 MT recorded the previous marketing year. Maize remains the most traded commodity accounting for 85 percent of total informal trade captured since the beginning of the current marketing year – a situation attributable to improved maize harvests in 2008/09 production season.

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

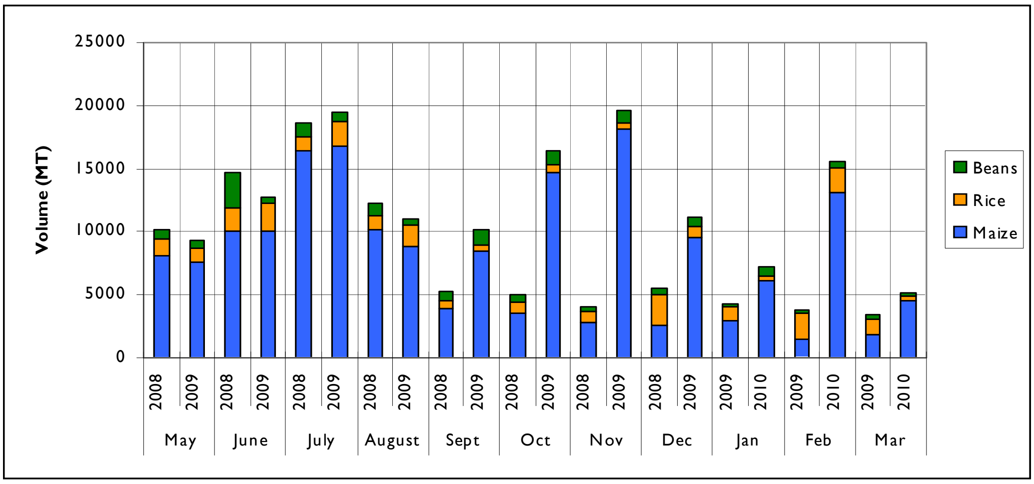


Table 1: Summary of 2009/10 informal Trade Flows (MT)

	April'09	May'09	June'09	July'09	August'09	Sept'09	Oct'09	Nov'09	Dec'09	Jan'10	Feb'10	Mar'10	Total
Maize (MT)	5853	7505	10051	16772	8838	8476	14757	18165	9540	6142	13084	4500	123685
Rice (MT)	1300	1135	2156	1939	1652	498	547	458	818	341	1936	380	13161
Beans (MT)	457	596	646	824	589	1137	1152	990	790	702	594	323	8800
Maize Meal	12	332	273	597	234	169	3457	6139	250	259	187	490	12399
All Commodity Total (MT)													158044

Summary of Maize trade flows

Figures 2 and 3a/3b show trends in monthly informal maize volumes and flows by source and destination respectively. There was a significant rise in traded maize volume in February - a record high compared to the same time for the last three years. The peak in traded maize volume usually coincides with the peak hunger period due to increased demand. However, the maize traded volume dropped to normal levels in March due to increased availability of foods from the green harvests. Informal trade flows remain significant and most dominant between Mozambique (with a total maize export share of 54 percent) and Malawi (with a total maize import share of 49 percent). Market price differentials remain the main driver of ongoing maize trade between the two countries, with stable and favourable maize prices on the Malawi side averaging USD 0.30 per kg since October, while in Mozambique (source) the prices have gone down from USD 0.28 per kg in October to USD 0.21 per kg in March 2010.

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

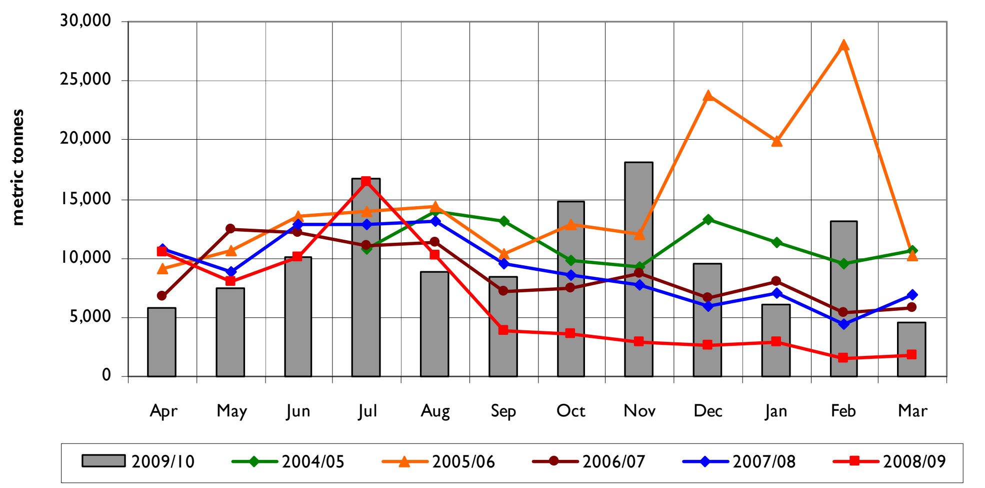
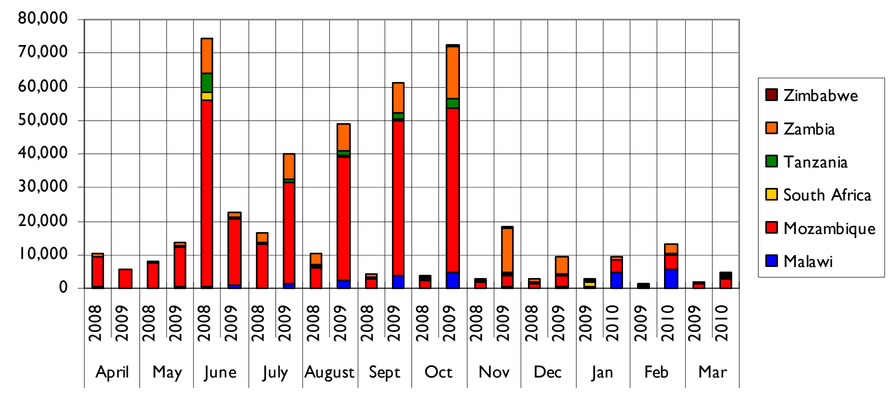


Fig 3a: April-Jan 2010 monthly maize by exports/source compared to 2009



Mozambique recorded the highest share of maize **export** at 54 percent followed by Zambia (32 percent), Malawi (10 percent) and Tanzania (3 percent). South Africa's informal maize export share within the region rose from 0.4 percent in January to 0.9 percent in March. On the import side, Malawi, as usual, recorded the highest maize import share at 49 percent, followed by Zimbabwe (25 percent), Zambia and DRC (7 and 8 percent respectively), Tanzania and Mozambique (5 percent each).

Fig 3b: April-Jan 2010 monthly maize by imports/destination compared to 2009

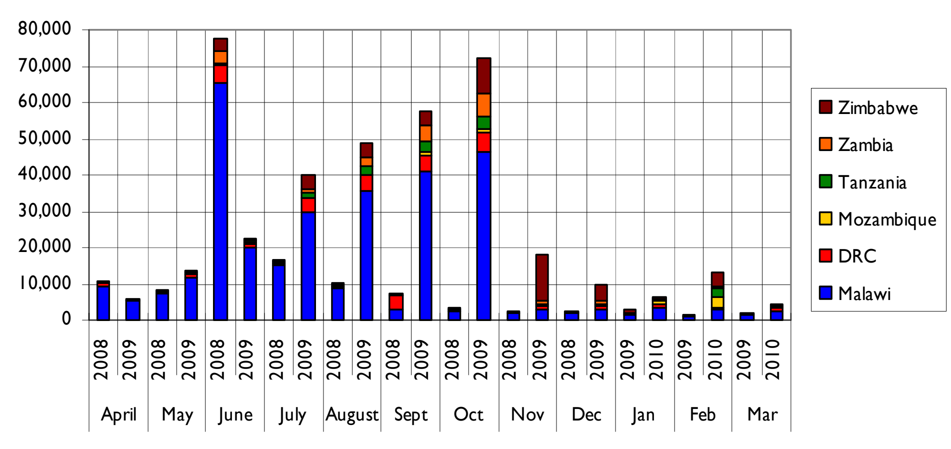


Table 2: Informal cross border MAIZE trade by source and destination country (MT)

Source	Destination	Total 05/06	Total 06/07	Total 07/08	Total 08/09	Feb-Mar 09	Feb-Mar 10	Cumulative Apr-March 08/09	Cumulative Apr- March 09/10
Malawi	Mozambique	133	591	3,755	203	33	3,088	203	6,124
Malawi	Tanzania	944	2,928	1,581	239	1	2,373	239	6,031
Malawi	Zambia	81	202	1,779	129	10	138	129	314
Mozambique	Malawi	71,218	77,394	56,078	54,223	1,543	5,335	54,223	60,399
Mozambique	Zambia	49	1,269	2,113	865	5	218	860	4,463
Mozambique	Zimbabwe	5	2,085	11	178	7	1,750	178	1,761
South Africa	Zimbabwe	1,688	49	47	2,663	659	685	2,664	1,134
Tanzania	Malawi	84,862	1,888	1,073	2,910	930	75	2,910	88
Tanzania	Zambia	13,556	6,260	4,980	2,449	85	190	2,448	3,730
Zambia	DRC	4,682	9,481	33,424	4,589	87	1,548	4,589	9,861
Zambia	Malawi	419	378	2,500	5,388	0	33	5,388	557
Zambia	Mozambique	55	2	0	60	13	112	60	129
Zambia	Tanzania	0	7	4	15	5	53	15	257
Zambia	Zimbabwe	182	299	433	350	0	1,890	350	28,493
Zimbabwe	Mozambique	85	294	129	2	1	2	2	8
Zimbabwe	Zambia	-	-	166	207	0	104	207	344
Total Traded (MT)		177,959	103,127	108,679	74,470	3,379	17,584	74,469	123,685

Note: Volumes of maize meal trade are estimated in grain equivalent and added to the volumes of informally traded maize as presented in Table 2 above

Since January, South Africa and Zambia have been the major source countries for maize meal with Zimbabwe and DRC being the destination countries (Table 3). The overall monthly informal trade volume for March almost tripled the 187 MT recorded in February. The maize meal tonnage destined for Zimbabwe from South Africa has increased from 82 MT captured in February to 362 MT in March – a 336 percent increase; a very significant rise which signifies increased informal trade activities and /or an improvement in the monitoring system since the posting of a new monitor at Beitbridge – the Zimbabwe side.

Table 3: Maize Meal trade flows: May 2009 — March 2010

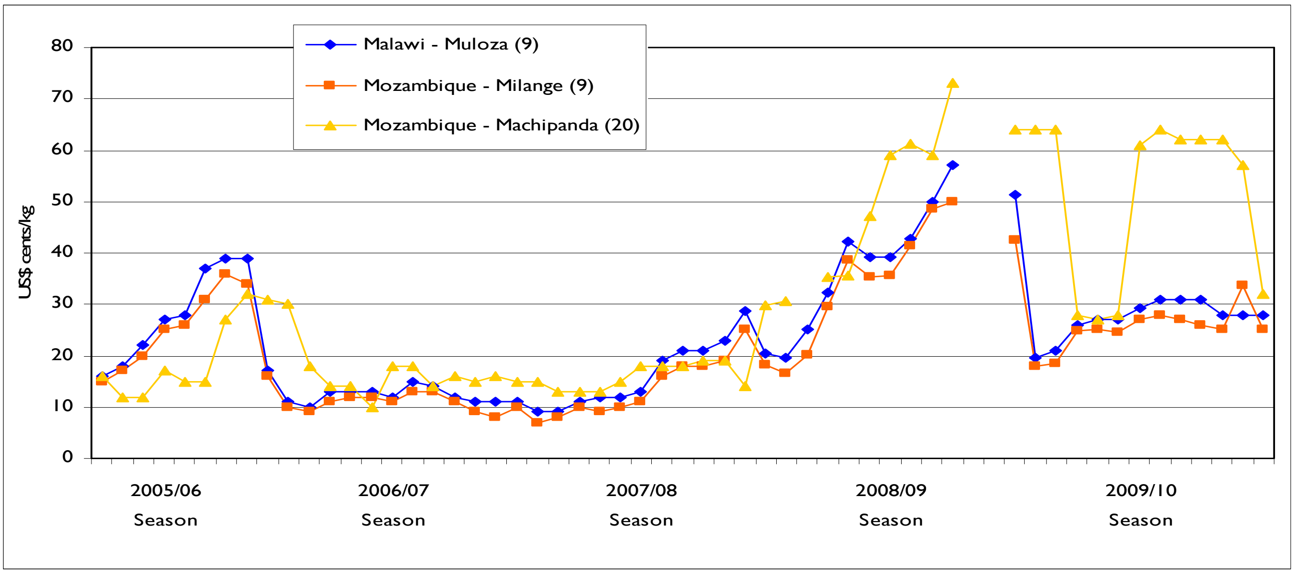
Source	Destination	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Malawi	Mozambique	8	5	12	10	2	6	9	9	6	3	10
Mozambique	Zimbabwe	22	23	0	0	0	0	0	0	0	0	0
South Africa	Zimbabwe	16	99	152	3	3	7	67	3	125	83	362
Tanzania	Zambia	10	26	10	8	7	12	17	8	15	0	0
Zambia	DRC	198	482	413	206	102	150	110	164	110	95	113
Zambia	Mozambique	1	2	0	1	1	2	3	1	1	1	0
Zambia	Tanzania	1	1	2	2	2	0	0	4	3	5	6
Zambia	Zimbabwe	0	8	9	3	0	3210	5910	60	0	0	0
Zimbabwe	Zambia	0	0	0	0	52	70	22	0	0	0	0
Total Traded (MT)		**332**	**646**	**597**	**234**	**169**	**3457**	**6139**	**250**	**259**	**187**	**490**

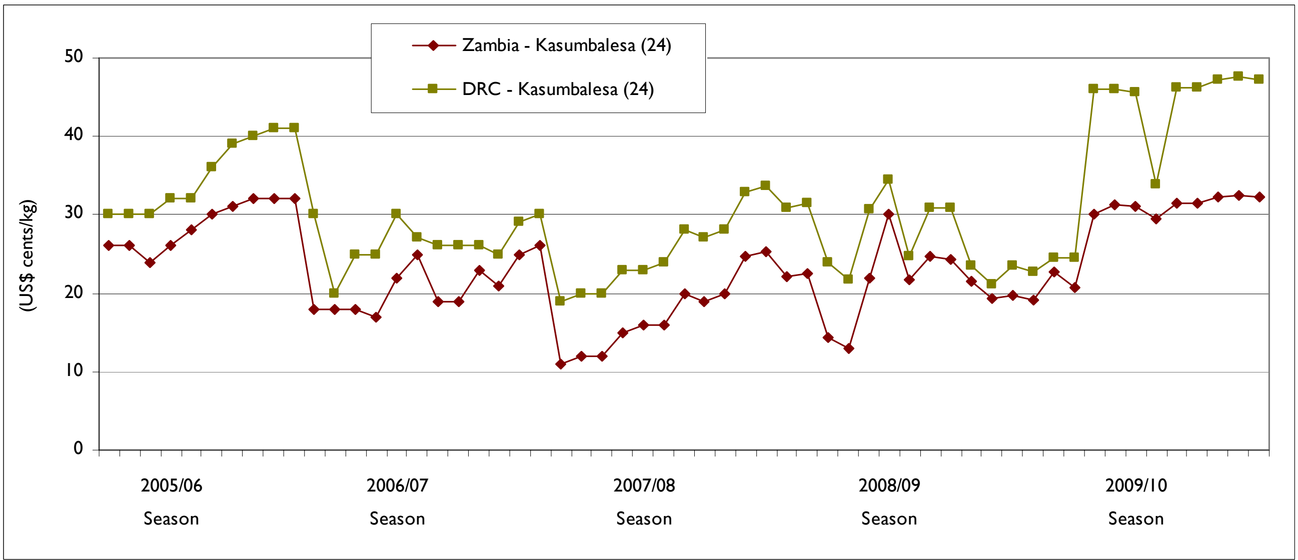
Maize Grain Prices at source/ destination points

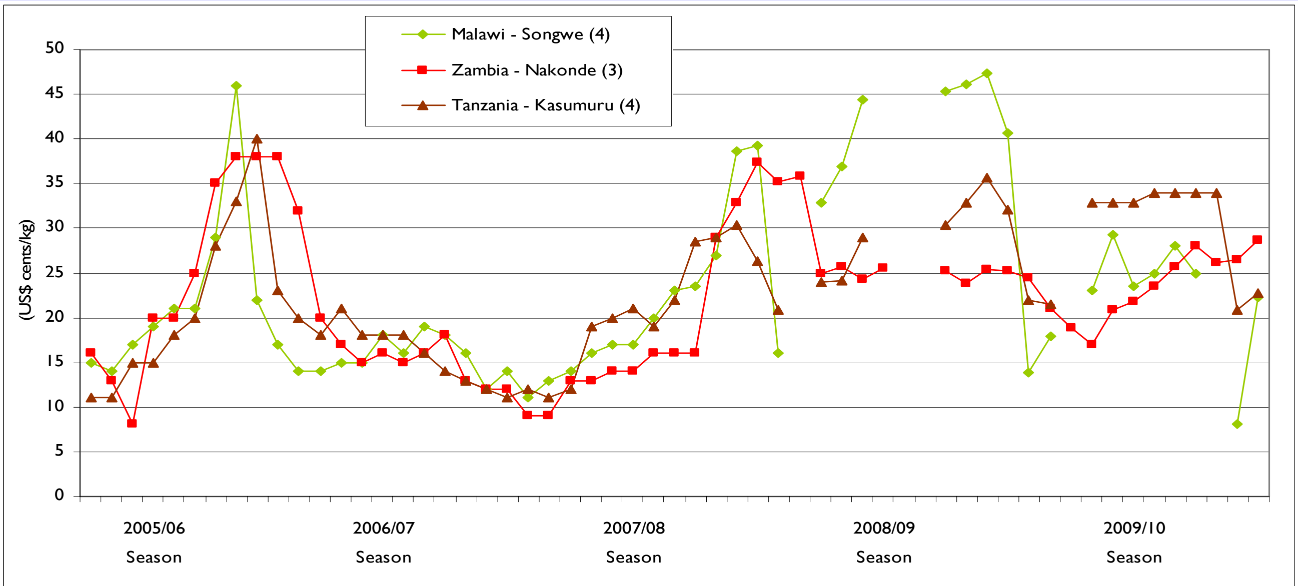
Table 4 and Figure 4 (page 4) show the nominal maize grain prices (in USD equivalent) and the associated monthly percentage changes from November 2009 to January 2010 compared to same time last year. The January 2010 nominal maize prices are higher than the same time last year despite good harvests realized 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	Jan 09	Jan 10	% change	Feb 09	Feb 10	% change	Mar 09	Mar 10	% change
Moz/Mal: Muloza (Dest)		28	-		28	-	51	28	-45
Moz/Mal: Milange (Src)		25	-		34	-	43	25	-41
Moz/Zim: Machpnda (S)		62	-		57	-	64	32	-5
Zam/DRC: Kasumba (S)	22	32	50	19	32	68	20	32	62
DRC/Zam: Kasumba (D)	23	47	101	21	48	126	19	47	145
Zam/Tan: Nakonde (S)	24	26	10	25	26	4	25	29	13

Figures 4a-4c: Retail MAIZE prices in selected border points (US$ cents per kg)







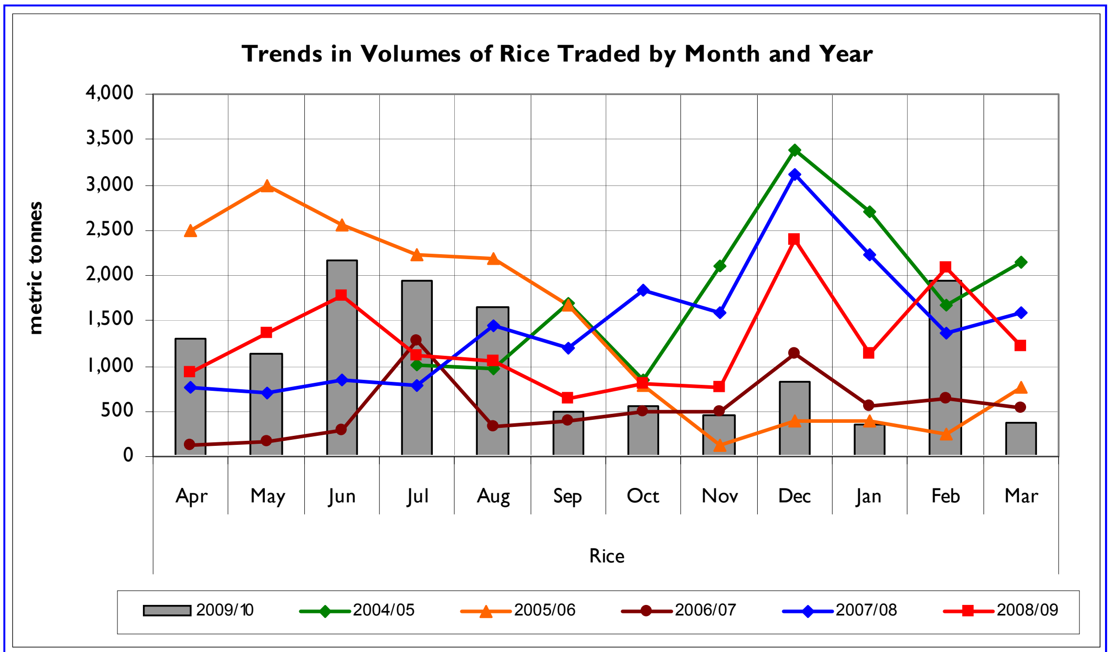
Summary of Rice trade flows

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

Source	Destination	Total 05/06	Total 06/07	Total 07/08	Total 08/09	Feb-Mar 09	Feb-Mar 10	Cumulative Apr– March 08/09	Cumulative Apr– March 09/10
Malawi	Mozambique	12	1	822	58	5	222	58	518
Malawi	Tanzania	135	1,217	1,568	291	0	0	291	1,909
Malawi	Zambia	31	74	2,360	990	0	38	990	2,607
Malawi	Zimbabwe	-	-	405	0	0	0	0	630
Mozambique	Malawi	1,691	1,718	444	690	2	0	690	588
Mozambique	Zimbabwe	399	850	1,028	1,958	155	31	1957	275
South Africa	Zimbabwe	64	82	33	25	2	135	26	214
Tanzania	Malawi	912	4	100	154	0	0	154	0
Tanzania	Zambia	641	557	397	374	39	26	374	549
Zambia	DRC	12,629	1,697	6,746	9,333	2,935	192	9,333	3,661
Zambia	Malawi	0	0	30	0	0	7	0	7
Zambia	Zimbabwe	106	803	3,312	1,387	156	50	1,384	568
Zimbabwe	Zambia	0	0	185	0	0	1,620	0	1,620
Total Traded (MT)		**16,620**	**7,003**	**17,434**	**15,268**	**3,297**	**2,316**	**15,268**	**13,160**

There was a rise in traded rice volume in February – very close to the volumes captured at the same time last marketing year, with the biggest traded volume of rice coming from Zimbabwe into Zambia in transit to DRC. However, cumulative volumes of traded rice for the current year are 13.8 percent lower compared to the previous marketing year. The monthly traded volumes of rice dropped from 1,936 MT captured in February to 380 MT in March – an 80.4 percent reduction. This drop in informally traded rice could be a result of availability of a variety of foods from the green harvests translating into less consumption of rice at household level making it less lucrative to trade. Informal rice trade originating in South Africa increased significantly from 2.45 MT captured in February to 133.48 MT in March (Table 5). Malawi continue to top the export list with an total export share of 43 percent followed by Zambia (32 percent) and Zimbabwe (12 percent). Zambia and DRC are top on the import list with total import shares of 36 and 28 percent respectively. However, DRC remains the biggest recipient of rice moving from Zambia.

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



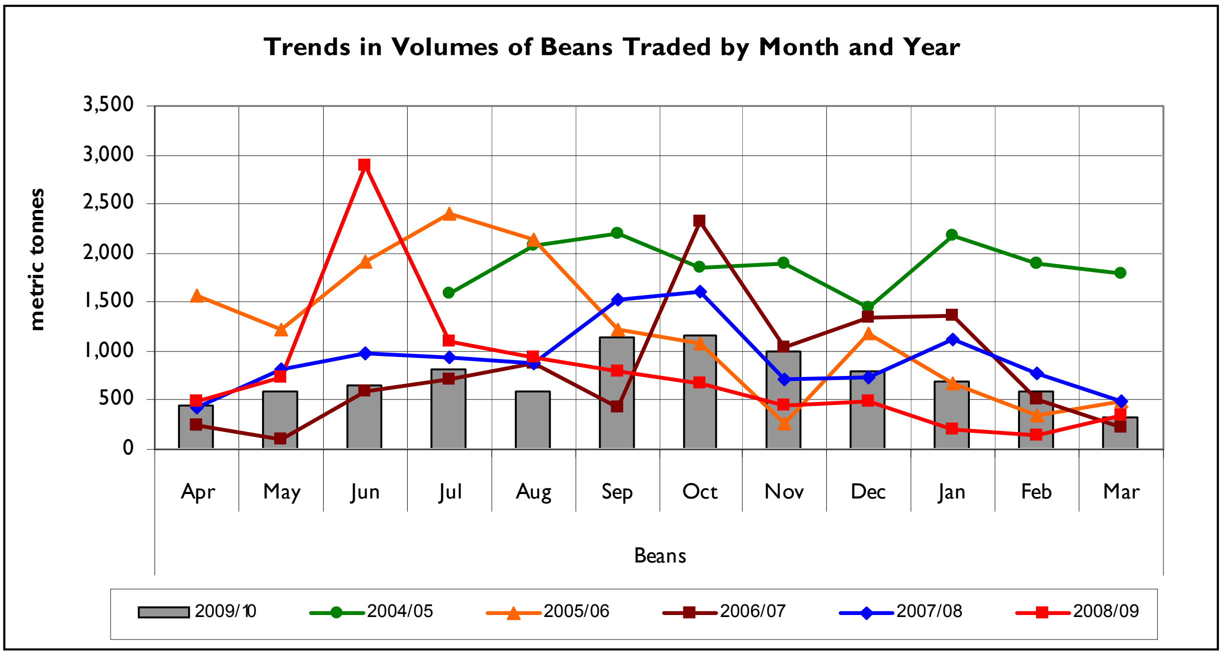
Summary of Bean trade flows

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

Source	Destination	Total 05/06	Total 06/07	Total 07/08	Total 08/09	Feb-Mar09	Feb-Mar 10	Cumulative Apr– March 08/09	Cumulative Apr– March 09/10
Malawi	Mozambique	76	269	149	19	0	9	19	328
Malawi	Tanzania	0	0	169	6	0	0	6	6
Malawi	Zambia	19	268	338	124	5	6	124	52
Malawi	Zimbabwe	-	-	480	0	0	0	0	0
Mozambique	Malawi	2,741	2,798	2,375	3,045	42	325	3,045	2,619
Mozambique	Zimbabwe	4	8	13	29	2	0	29	38
South Africa	Zimbabwe	325	83	11	6	3	9	7	17
Tanzania	Malawi	2,459	3,646	3,468	2,749	167	139	2,749	622
Tanzania	Zambia	472	588	1,058	946	62	82	946	1,099
Zambia	DRC	8,231	2,422	2,487	1,880	64	285	1,880	3,548
Zambia	Tanzania	0	2	0	0.4	0	0	0	86
Zambia	Zimbabwe	16	69	170	280	24	19	280	143
Total Traded (MT)		**14,343**	**10,153**	**10,988**	**9,235**	**488**	**917**	**9,236**	**8,800**

Bean trade has consistently been on the decline since November 2009 (Figure 6) probably due to improved bean harvest last season in the usual destination countries. Significant bean flows for the 2009/10 marketing year (Table 6) have been recorded from Zambia to DRC (3,548 MT), Mozambique to Malawi (2,619 MT), Tanzania to Zambia (1,099 MT) and Tanzania to Malawi (622 MT). Meanwhile DRC registered the highest total bean import share of 40 percent, followed by Malawi (37 percent) and Zambia (15 percent). On the total bean export side, Zambia topped the list with a 44 percent share, followed by Mozambique (32 percent) and Tanzania (20 percent). Malawi and Zambia remain the major recipients of informally traded bean from Mozambique and Tanzania.

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*

UN World Food Programme Regional Bureau for Southern Africa, Johannesburg South Africa and

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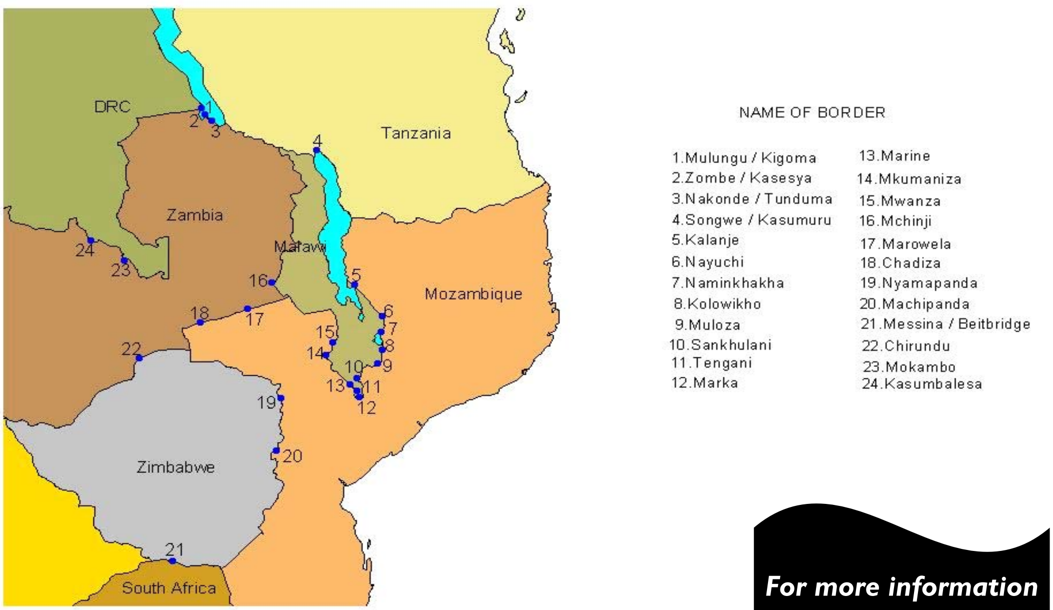
Cross - Border Monitoring Sites, 2007



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