

Informal Cross Border Food Trade in Southern Africa

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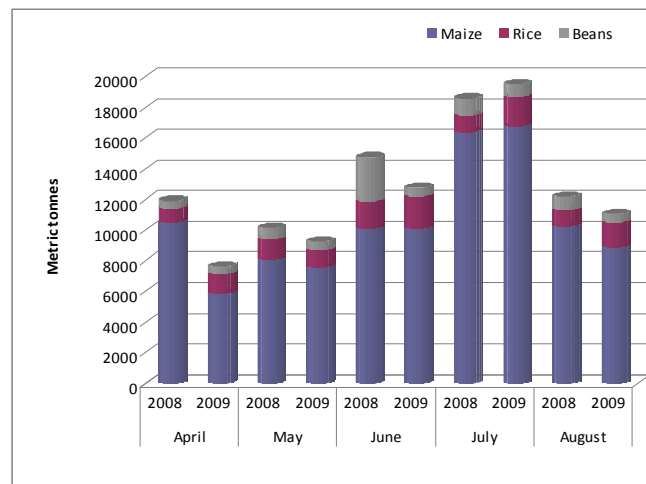
Issue 53

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Summary

- Monthly volumes of informal traded maize, rice and beans rose a significant 67 percent from 10,051 MT in June to 16,772 MT in July 2009. However, there was a notable decrease in total traded volumes of all commodities in August 2009 with informal maize trade falling by 47 percent while rice and bean trade fell by 15 and 29 percent respectively.
- The direction of commodity trade flows remained unchanged with Mozambique and Zambia being the major source countries while Malawi, DRC and Zimbabwe remained the major destination countries.
- August 2009 nominal maize grain prices at selected border areas are generally lower than at the same time last year. This is an indication of improved maize availability at most monitored sites. However, at the Zambia and DRC border points nominal maize grain prices have been increasing steadily since June 2009.

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



The monthly volumes of informally traded maize, rice and beans rose 67 percent from 10,051 MT in June to 16,772 MT in July 2009. However, there was a notable decrease in total tonnage for all commodities traded in August (Table 1). Informal maize trade fell by 47 percent from the July level, while traded volumes of rice and beans fell by 15 and 29 percent respectively over the same period. Although the reasons for the sharp drop in trade are not immediately clear; a similar dip in all commodity traded volumes observed during the same time last year seems to indicate a seasonal pattern. Traded volumes appear to peak around July, and then begin to taper off gradually. Figure 1 shows monthly informally traded volumes of maize, rice and beans since the start of the current marketing season comparing it to the same time last year. A total all commodity volume of 60,314 MT was traded between April and August 2009 compared to the 67,642 MT recorded at the same time last year (Table 1). Total traded volumes this season have been consistently below those traded in similar months last season. The only exception was July, when total trade was about 2 percent above July 2008 levels. Cumulatively, the 2009/10 volumes as at the end of August are 11 percent below those captured over the same period last year. Maize remains the most traded commodity, accounting for 82 percent of cumulative informal commodity trade captured since April 2009.

	Apr 09	May 09	Jun 09	Jul 09	Aug 09	Total
Maize	5,853	7,505	10,051	16,772	8,839	49,021
Rice	1,300	1,135	2,157	1,939	1,652	8,182
Beans	457	596	646	824	589	3,112
All commodity Total						60,314

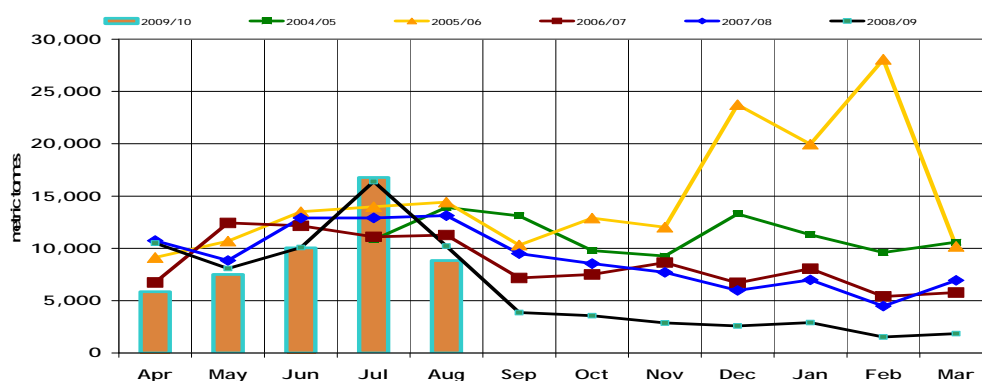


A Technical Steering Committee (TSC) of the Cross Border Food Trade Monitoring Initiative, with funding from USAID and WFP, has prepared this report based on data collected by a network of border monitors based at selected border points. The border monitors record data on a daily basis, and transmit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

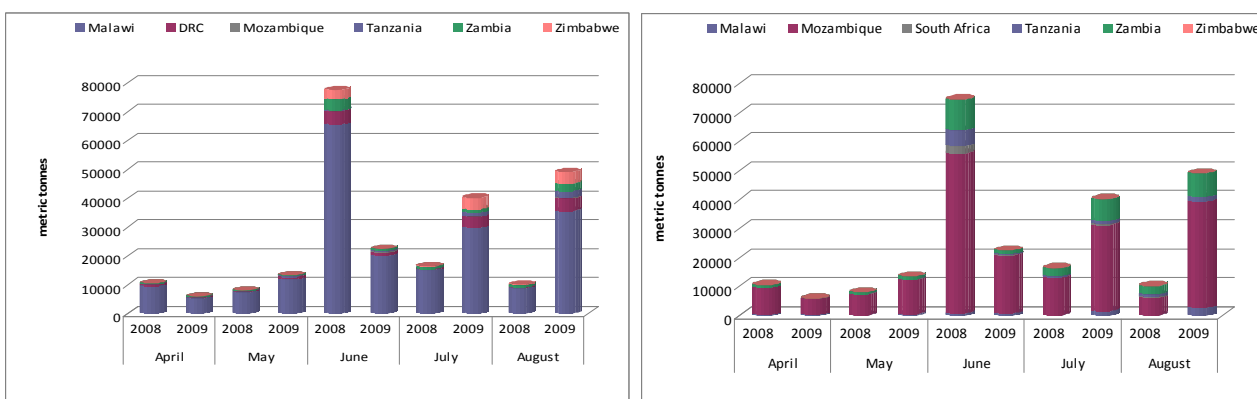
Summary of Maize trade flows

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



The total volume of informally traded maize declined significantly from the 16,772 MT recorded in July to 8,839 MT in August 2009. The decline observed over this period follows a similar pattern to that observed at the same time last year and other previous seasons. This pattern (declining August volumes—figure 2) seems to suggest that informally traded maize reaches its peak in July when maize harvests are nearing completion, and many farm households have ample on-farm stock to sell. In August, such sales begin to taper off in response to, (1) increased availability at local markets and falling prices, and (2) farmers beginning to hold on to available stocks for own consumption. In years of good harvest, informal trade volumes tend to decrease substantially when compared to years of poor production. As shown in figure 2, total trade in good years (as 2009/10) is significantly lower than in poor years (such as 2005/06). The abundance of local food supplies in years of good harvest make it less lucrative to trade informally across many of the borders in the monitored countries. Nonetheless, informal trade flows between Mozambique and Malawi remain significant and dominate the

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



informal cross border trade (Figure 3). Mozambique recorded the highest share of total maize export (75 percent) followed by Zambia (17 percent) and Malawi (5 percent). On the other hand, Malawi recorded the highest import share (73 percent most of which was from Mozambique) followed by DRC (9 percent), Zimbabwe (8 percent), Zambia (6 percent) and Tanzania (5 percent). South Africa's informal export share remained insignificant. The significant informal maize flows between Mozambique and Malawi continue to be influenced both by the high demand for the commodity in southern Malawi where some areas (in the Lower Shire Valley) are facing reduced harvests as a result of poor rainfall performance, and by the price differentials between the two countries, with favorable maize prices on the Malawi side. The average maize price in Malawi (destination) for August was above USD0.26/kg while in Mozambique (source) it has been slightly lower averaging USD0.24/kg since June 2009.

Maize Meal Trade Flows: Table 2 (page 3) shows maize meal flows since May 2009. The volumes of traded maize meal peaked in June 2009 at 646 MT with about 75 percent of the total traded volume coming from Zambia into DRC. Since then traded maize meal volumes have been on the decline with a total of 597 MT in July and 234 MT in August. South Africa's informal maize meal exports to Zimbabwe reached the lowest figure of 3 MT in August. This is largely due to general under reporting due to the busy nature of the border; but also due to the failure by one of the monitors to report as he was not on site during the month of August. Maize meal trade remains the highest between the Zambia/DRC and the South Africa/Zimbabwe border points. DRC remains the major maize meal importer with a total import share of 70 percent in June, 70 percent in July and 73 percent in August. On the export side, Zambia dominated the August informal maize meal trade with a total export share of 75 percent, followed by South Africa (18 percent), Malawi (3 percent), Tanzania (3 percent) and Mozambique (2 percent). Volumes of maize meal trade are converted into maize grain equivalent and added to the volumes of informally traded maize grain that are presented in Table 1 (page 3).

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	Aug 08	Aug 09	Cumulative Apr-Aug 08/09	Cumulative Apr- Aug 09/10
Malawi	Mozambique	133	591	3,755	203	24	141	119	258
Malawi	Tanzania	944	2,928	1,581	239	13	848	223	2,143
Malawi	Zambia	81	202	1,779	129	0	2	97	175
Mozambique	Malawi	71,218	77,394	56,078	54,223	5,828	5,750	44,058	35,454
Mozambique	Zambia	49	1,269	2,113	865	223	1,073	689	1,073
Mozambique	Zimbabwe	5	2,085	11	178	27	1	86	10
South Africa	Zimbabwe	1,688	49	47	2,663	266	6	283	222
Tanzania	Malawi	84,862	1,888	1,073	2,910	387	0	582	0
Tanzania	Zambia	13,556	6,260	4,980	2,449	378	472	1,155	1,448
Zambia	DRC	4,682	9,481	33,424	4,589	532	379	2,732	4,310
Zambia	Malawi	419	378	2,500	5,388	2,495	151	5,083	189
Zambia	Mozambique	55	2	0	60	0	1	0	9
Zambia	Tanzania	0	7	4	15	0	11	5	53
Zambia	Zimbabwe	182	299	433	350	0	4	12	3,675
Zimbabwe	Mozambique	85	294	129	2	0	0	1	0
Zimbabwe	Zambia	-	-	166	207	43	0	153	0
Total Traded (MT)		177,959	103,127	108,679	74,470	10,218	8,838	55,277	49,021

Maize Grain Prices: The associated percentage price changes in selected border areas for August 2009 compared to August 2008 and the nominal maize price trends for the June to August 2009 are presented in Table 3. The August 2009 nominal maize prices (in USD equivalent) are generally significantly lower than the same time last year which is a sign of improved maize availability at most of the monitored sites. However, for the Zambia and DRC border points nominal maize grain prices have been increasing steadily since June 2009. On the DRC border, nominal maize grain prices were USD0.24/kg in June, rose to USD0.46/kg in July with no change in August, while on the Zambia side, price increases recorded amounted to 45 percent between June and July and 4 percent between July and August 2009. Historical price trends (from July 2005) are provided in Figure 4 (page 4).

Table 2: Maize Meal trade flows: May– August 2009

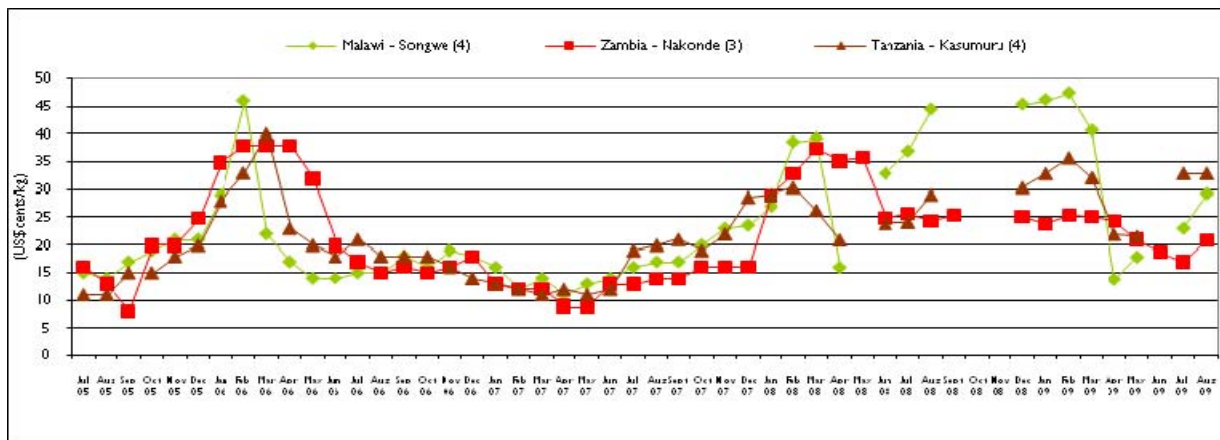
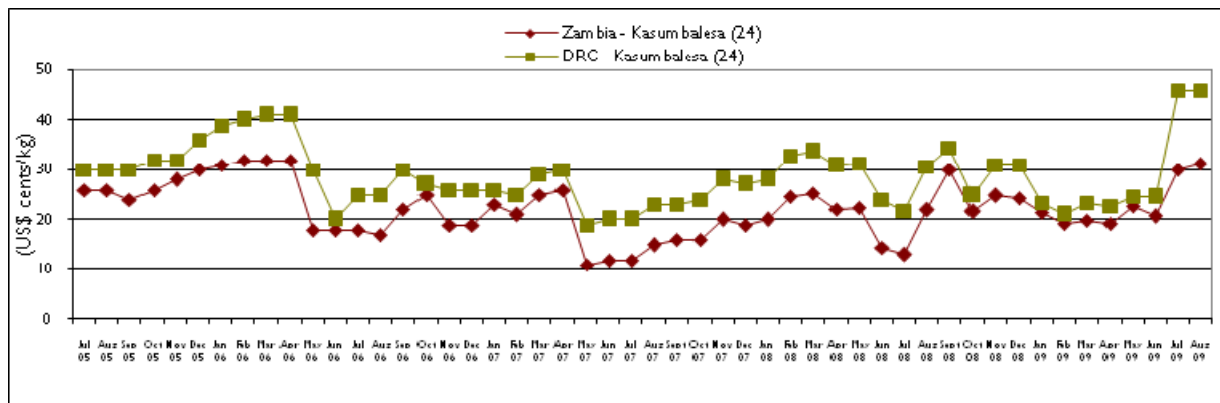
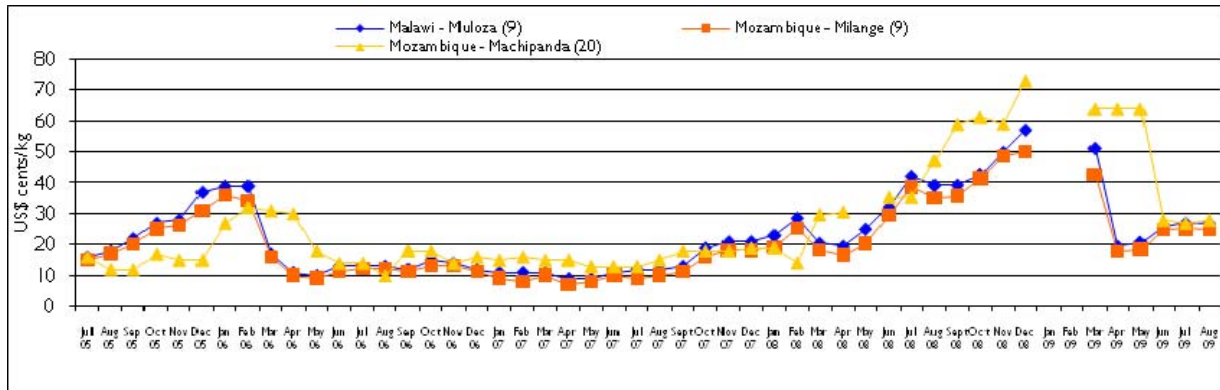
Source	Destination	May 09	Jun 09	Jul 09	Aug 09
Malawi	Mozambique	8	5	12	10
Mozambique	Zimbabwe	22	23	0	0
South Africa	Zimbabwe	16	99	152	3
Tanzania	Zambia	10	26	10	8
Zambia	DRC	198	482	413	206
Zambia	Mozambique	1	2	0	1
Zambia	Tanzania	1	1	2	2
Zambia	Zimbabwe	0	8	9	3
Total Traded (MT)		332	646	597	234

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

Price at Destination/Source	Jun 09	Jul 09	% change	Jul 09	Aug 09	% change	Aug 08	Aug 09	% change
Moz/Mal: Muloza (Destination)	26	27	4	27	27	0	39	27	-31
Moz/Mal: Milange (Source)	25	25	1	25	25	-1	35	25	-30
Moz/Zim: Machipanda (Source)	28	27	-4	27	28	4	47	28	-41
Zam/DRC: Kasumba-Zam (Source)	21	30	45	30	31	4	22	31	43
Zam/DRC: Kasumba-DRC (Dest)	24	46	88	46	46	0	31	46	50
Zam/Tan: Nakonde (Source)	19	17	-10	17	21	23	24	21	-14

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)



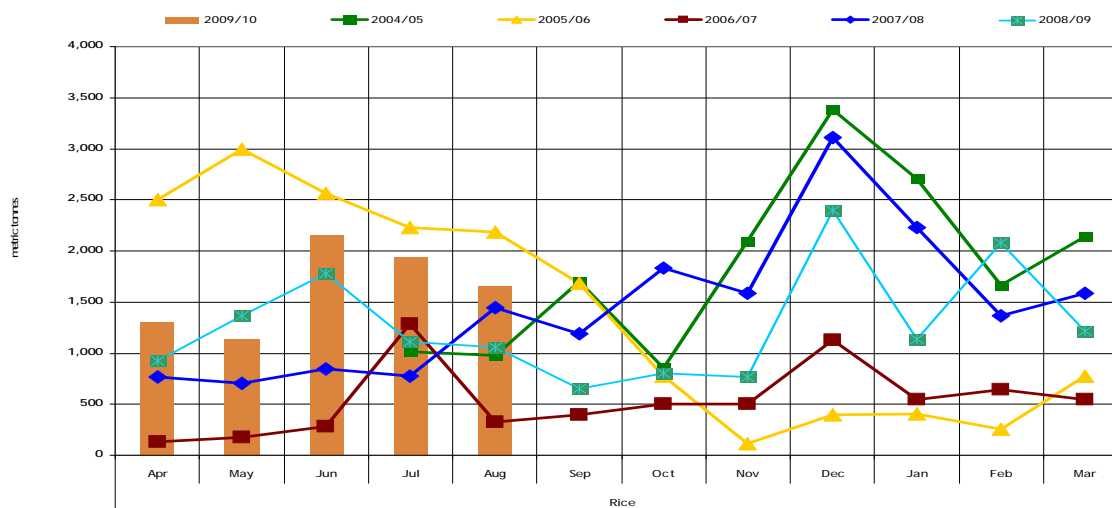
Summary of Rice trade flows

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	Aug 08	Aug 09	Cumulative Apr- Aug 08/09	Cumulative Apr- Aug 09/10
Malawi	Mozambique	12	1	822	58	11	90	41	199
Malawi	Tanzania	135	1,217	1,568	291	2	141	290	1511
Malawi	Zambia	31	74	2,360	990	0	1,036	990	2,353
Malawi	Zimbabwe	-	-	405	0	0	0	0	630
Mozambique	Malawi	1,691	1,718	444	690	164	144	647	414
Mozambique	Zimbabwe	399	850	1,028	1,958	163	24	658	151
South Africa	Zimbabwe	64	82	33	25	2	1	9	17
Tanzania	Malawi	912	4	100	154	6	0	137	0
Tanzania	Zambia	641	557	397	374	35	41	194	232
Zambia	DRC	12,629	1,697	6,746	9,333	583	147	2,504	2,386
Zambia	Malawi	0	0	30	0	0	0	0	0
Zambia	Zimbabwe	106	803	3,312	1,387	88	28	756	285
Zimbabwe	Zambia	0	0	185	0	0	0	0	0
Total Traded (MT)		16,620	7,003	17,434	15,268	1,053	1,652	6,229	8,182

Malawi recorded the largest rice export shares in July and August; with 53 percent in July, and 57 percent in August. Rice from Malawi is usually destined for Mozambique, Tanzania and Zambia, with sporadic and at times insignificant exports to Zimbabwe (Table 4). Although Zambia informally imports significant amounts of rice from both Malawi and Tanzania, it also exports almost similar amounts into the DRC, making DRC the biggest importer of rice from Zambia with import shares of 34 percent and 32 percent for the months of July and August 2009 respectively. In August alone, Zambia imported 2,353 MT of rice from Malawi and exported 2,386 MT of rice into DRC. Tanzania's import share of rice from Malawi remains high at 21 percent and 19 percent in July and August respectively. The cumulative traded volumes of rice during the April to August 2009 period are 31 percent higher compared to the same time last year.

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



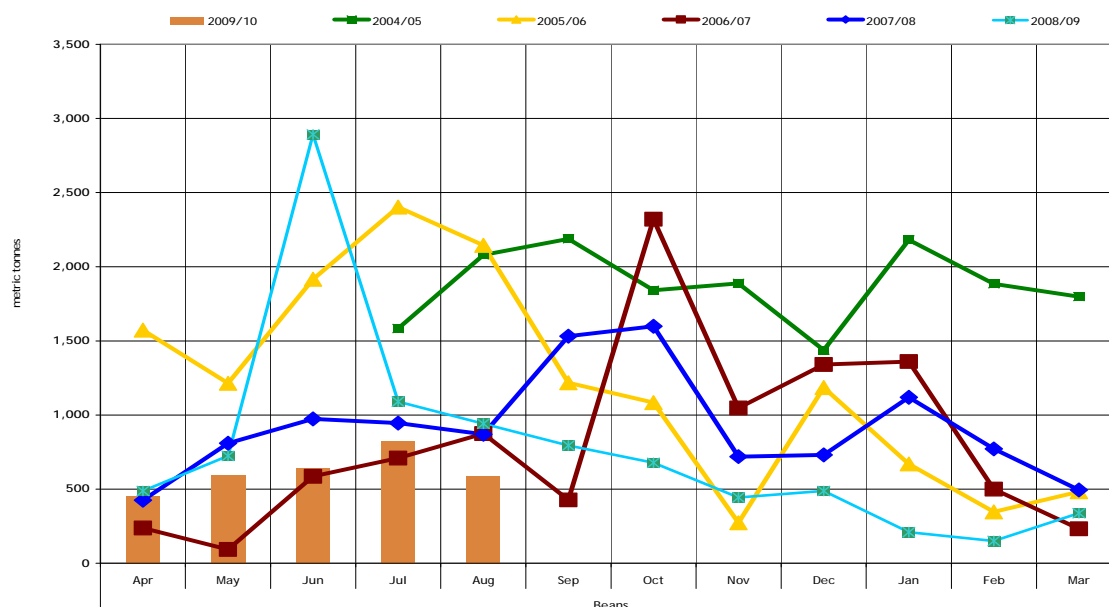
Summary of Bean trade flows

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	Aug 08	Aug 09	Cumulative Apr- Aug 08/09	Cumulative Apr- Aug 09/10
Malawi	Mozambique	76	269	149	19	2	0	17	315
Malawi	Tanzania	0	0	169	6	6	0	6	0
Malawi	Zambia	19	268	338	124	26	4	91	29
Malawi	Zimbabwe	-	-	480	0	0	0	0	0
Mozambique	Malawi	2,741	2,798	2,375	3,045	226	42	2,542	474
Mozambique	Zimbabwe	4	8	13	29	2	0	6	36
South Africa	Zimbabwe	325	83	11	6	0	0	2	7
Tanzania	Malawi	2,459	3,646	3,468	2,749	229	0	1,537	47
Tanzania	Zambia	472	588	1,058	946	108	93	643	491
Zambia	DRC	8,231	2,422	2,487	1,880	314	407	1,167	1,514
Zambia	Tanzania	0	2	0	0.4	0	8	0	36
Zambia	Zimbabwe	16	69	170	280	28	4	125	72
Total Traded (MT)		14,343	10,153	10,988	9,235	941	589	6,136	3,112

While the total volume of traded beans increased steadily between April and July 2009, there was a notable decrease during the month of August. The major flows of beans have been from Zambia to DRC (407 MT), Tanzania to Zambia (93 MT) and from Mozambique to Malawi (42 MT). The quantities of traded beans have been at their lowest this August compared to the same time last year and other previous years dating back to 2004/05 marketing year. The cumulative April to August 2009 volume of traded beans is 50 percent less than the total traded volume recorded in August last year. The reason for this substantial decline is unclear, but could be related to the good harvests of summer crops in the monitored countries. DRC registered the highest import share of 49 percent, followed by Zambia (20 percent), Malawi (17 percent), Zimbabwe (2 percent) and Tanzania (1 percent). On the export side, Zambia topped the list with a 52 percent export share, followed by Mozambique (19 percent), Tanzania (17 percent) and Malawi (11 percent).

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

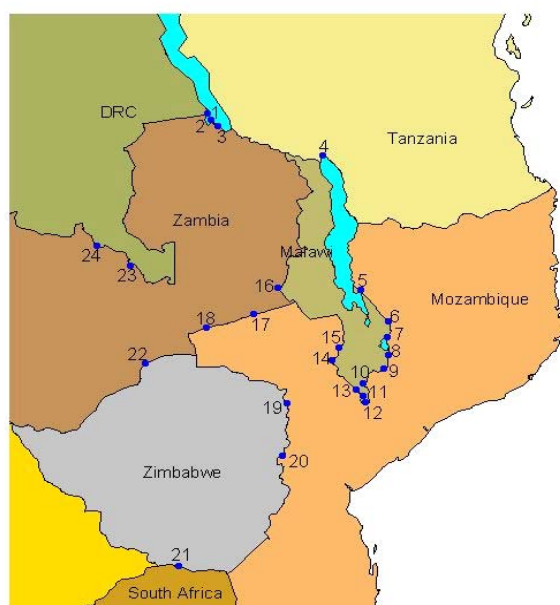
Annex 1 (continued)

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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