Informal Cross Border Food Trade in Southern Africa

Issue 41 April 2008

Inside this issue:

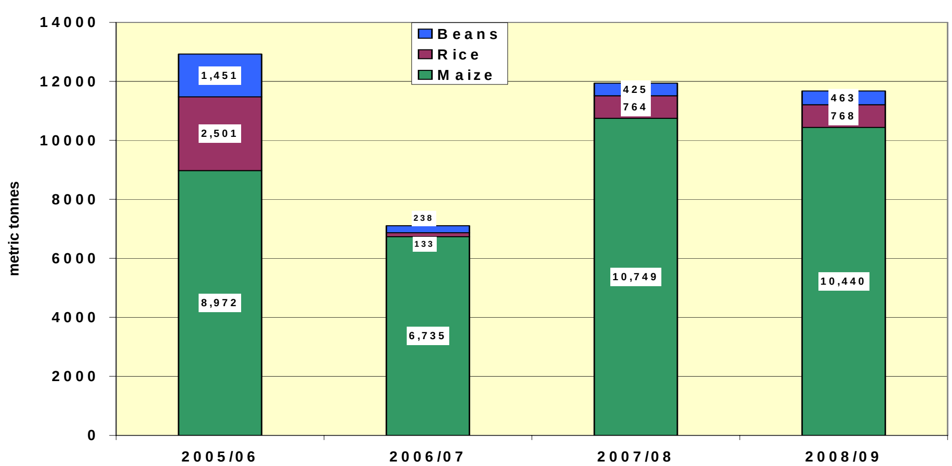
Summary

- The 2008/09 marketing season began with trade flows at similar levels as last season. Maize continues to dominate the informal cross-border food trade contributing about 89 percent of the 11,670 MT traded. This is because maize is the main staple food in the region. Rice and bean trade contributed only 7 and 4 percent respectively.
- Anecdotal reports indicate that Zambia, Malawi and Tanzania have imposed export bans or trade restrictions in maize and other food crops in order to protect domestic food stocks. Although this will help prop up local food supplies, it may negatively affect food availability in areas that rely on formal and informal food imports from these countries.
- Mozambique remains the largest source of maize most of which (99 percent) is destined for Malawi. Compared to the same time last season, Mozambique's share of maize exports has increased from 57 percent to 89 percent this season. Actual volumes recorded rose from 6,119 MT to 9,242 MT.
- Although average nominal maize prices (in US Dollar equivalent) have declined with the onset of this year's harvest, they are significantly higher than at the same time last season. This has raised fears of even higher prices during this year's lean period that lasts from December to February.

Overall summary of trade flows

This report covers observed trade volumes in April 2008; the first month of the 2008/09 marketing season. Trade volumes this season appear to have started at similar levels as last season (Figure 1). A total of 11,670 MT of maize, rice and beans were captured by the monitoring system and this is only 2 percent lower than at the same time last season. Coincidentally in both periods, many countries in the region were just coming out of marketing seasons where the food security situation was generally favorable, with a few exceptions such as Zimbabwe and parts of southern Mozambique.

Figure 1: Comparison of April informal trade volumes amongst the monitored countries in the 2005/06, 2006/07, 2007/08 and 2008/09 marketing seasons



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, echapasuka@fews.net; eric.kenefick@wfp.org ; andrzej.golebiowski@wfp.org; OR simon.dradri@wfp.org

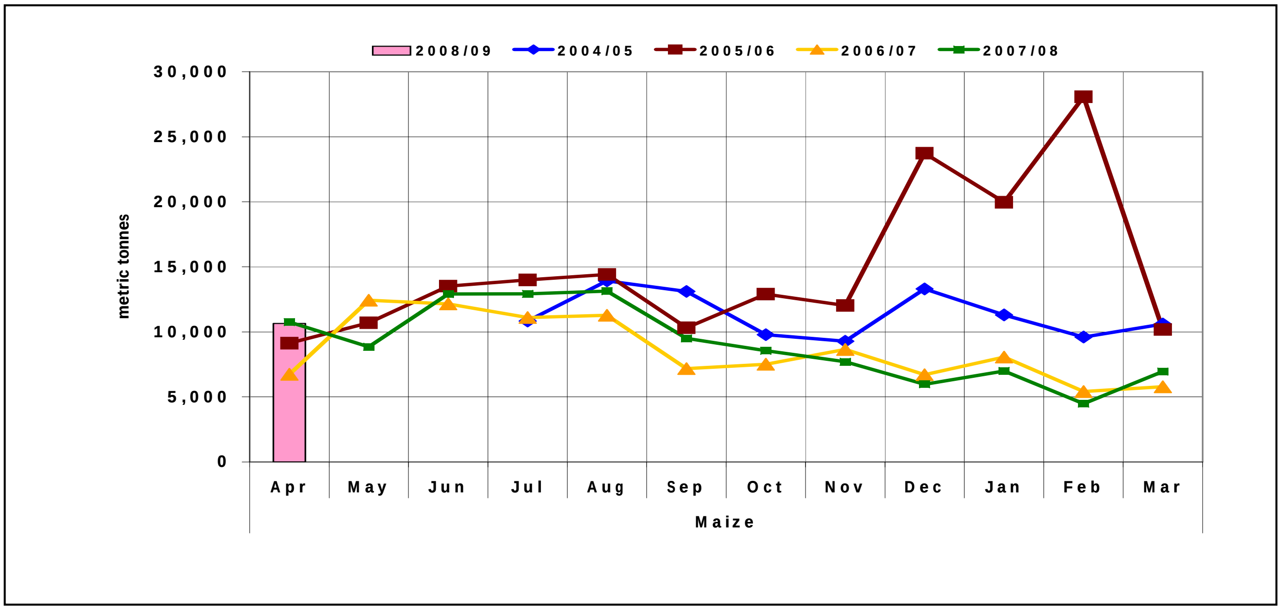
Summary of maize trade flows

The total amount of maize captured in April 2008 amounted to 10,440 MT, almost the same as the 10,749 MT traded during the same period last season. Judging from the previous trends, the volume of maize traded is expected to gradually increase up to around August, other things being equal as shown in figure 2. The April trade volumes are already significantly higher (89 percent) than the volume of maize captured in the previous month (March 2008). This is attributed to improved maize supplies as a result of the new crop currently being harvested. Harvesting of maize in many parts of the southern Africa region normally starts from around April and finishes in June/July.

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

Source	Destination	Total 04/05	Total 05/06	Total 06/07	Total 07/08	April 07	April 08
Malawi	Mozambique	0	133	591	3,755	37	19
Malawi	Tanzania	637	944	2,928	1,581	21	134
Malawi	Zambia	34	81	202	1,779	11	28
Mozambique	Malawi	71,229	71,218	77,394	56,078	6,058	9,217
Mozambique	Zambia	0	49	1,269	2,113	61	30
Mozambique	Zimbabwe	2	5	2,085	11	0	2
South Africa	Zimbabwe	0	1,688	49	47	3	8
Tanzania	Malawi	2,656	84,862	1,888	1,073	0	1
Tanzania	Zambia	3,699	13,556	6,260	4,980	313	119
Zambia	DRC	8,318	4,682	9,481	33,424	3774	614
Zambia	Malawi	2,157	419	378	2,500	8	255
Zambia	Mozambique	0	55	2	0	0	0
Zambia	Tanzania	93	0	7	4	1	0
Zambia	Zimbabwe	13,106	182	299	433	150	0
Zimbabwe	Mozambique	0	85	294	129	12	1
Zimbabwe	Zambia	-	-	-	166	-	12
Total Traded (MT)		**101,929**	**177,959**	**103,127**	**5,782**	**10,749**	**10,440**

Figure 2: Recorded Volumes of Informal Cross Border Maize Trade—2004/05 to 2008/09



Exports: About 89 percent of the 10,440 MT of maize traded in April came from Mozambique. This was followed by Zambia (8 percent), Malawi (2 percent) and Tanzania (1 percent). Exports by South Africa and Zimbabwe were insignificant. Compared to the same time last season, Mozambique is the only country that has recorded a significant increase in her share of maize exports from 57 percent in April 2007 to 89 percent this season. This is due to a 51 percent increase in Mozambique's maize exports from 6,119 MT in April 2007 to 9,242 MT this season. Zambia, Tanzania and Malawi on the other hand recorded significant drops in informal exports ranging from 57 percent in Malawi to 78 percent in Zambia. All three countries have in the recent past imposed maize export bans or restrictions which would probably explain the decrease in their informal maize exports. The export bans are intended to protect domestic food supplies in light of anticipated localized food deficits as a result mediocre production due to prolonged dry spells and floods experienced in some parts of these countries. Table 1 shows details of maize trade from 2004/05 marketing year to date.

Imports: Maize imports by Malawi amounted to 9,473 MT, which accounts for 91 percent of the total maize imports in April this season. About 97 percent of these imports came from Mozambique. Malawi's share and volume of maize imports have increased by 35 percent and 56 percent respectively compared to same time last season. There is a lot of speculation about very high maize prices later in the season due to several factors and this has provided impetus for traders to import larger quantities now in order to sell later in the season when prices are expected to be even higher. DRC was the second major importer of maize. However her share and volume of imports has dropped from 38 percent in April 2007 to 6 percent in April 2008 due to an 85 percent drop in maize imports from 4,074 MT in April 2007 to a very low 614 MT in April 2008. This is probably due to the maize export restrictions imposed by Zambia; the DRC's main source of informal maize imports.

Formal maize imports and exports

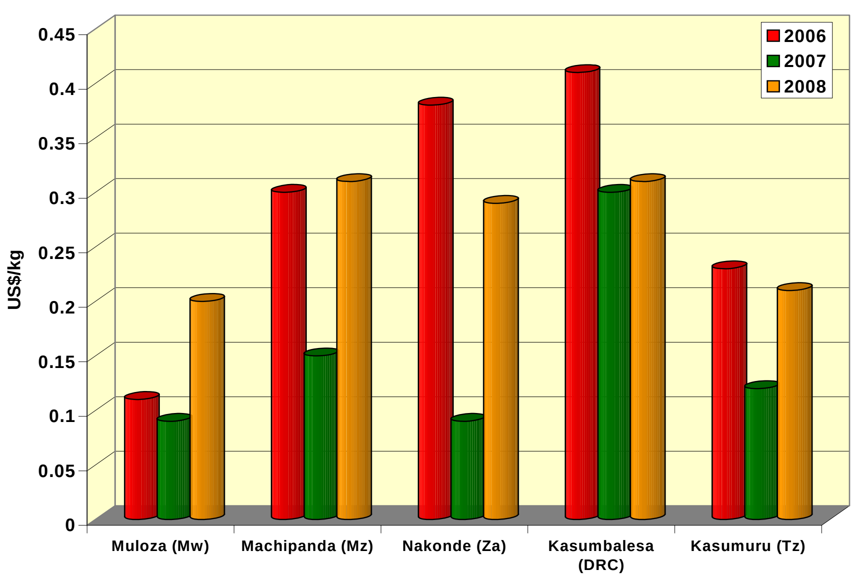
This section presents available data on formal trade flows in an attempt to provide a comprehensive picture of trade flows (both formal and informal) among the monitored countries. This data is sourced from official sources in each country as well as from the South African Grain Information Service (SAGIS), which provides weekly data on South Africa's imports and exports of grain. In addition, border monitors also record whatever formal flows that they see occurring. In the month of April, the monitoring system captured 21,916 MT of official maize exports from Zambia to Zimbabwe. According to SAGIS data, during the month of April (29 March – 2 May), Mozambique and Zimbabwe also formally imported maize from South Africa amounting to 5,588 MT and 23,667 MT respectively. Although informal maize imports by Zimbabwe have been relatively small, Zimbabwe has received a lot of maize through official maize trade.

Maize price trends at selected border points

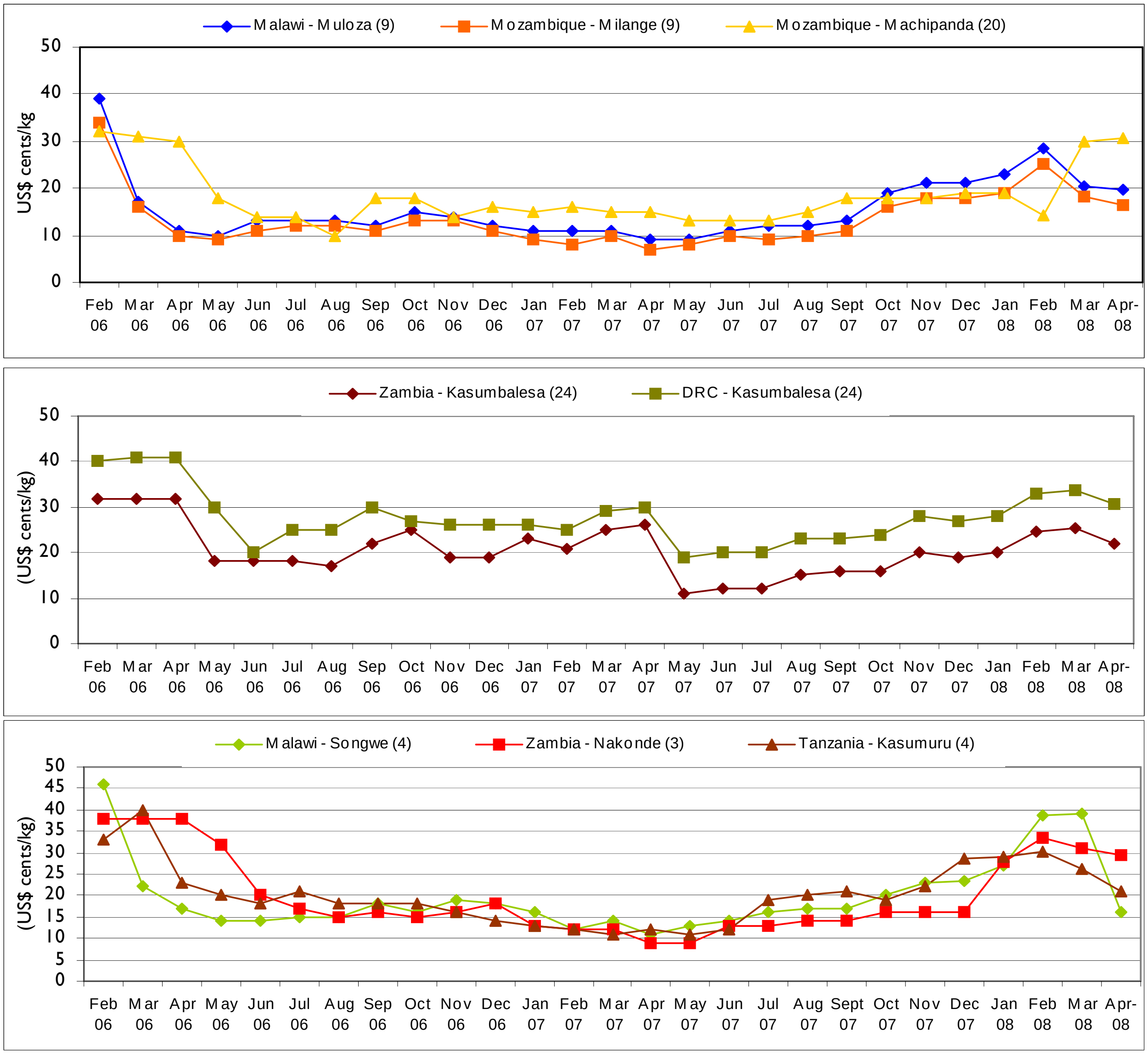
Average nominal maize prices in US$ equivalent ranged from US$0.09/kg on the Mozambican side of Malawi's Marine border point with Mozambique (Zambezia province in Mozambique) to US$0.31/kg on the DRC side of Kasumbalesa border with Zambia. The majority of border points registered maize price decreases compared to March 2008. The decreases ranged from 5 percent at Muloza border point in Malawi to 59 percent at Songwe border with Tanzania again in Malawi. The decreases in most markets are attributed to improved maize supplies as a result of the onset of the harvest season. Figures 4a, 4b an 4c (page 4) show the maize price trends across selected border points.

Despite the maize price decreases registered in most border points between March and April 2008, the prices are generally higher than at the same time last season. Prices in areas across the various border points are higher compared to the same time last season except for the Mozambican side of Marine border and Zambian side of Kasumbalesa border with DRC where the prices show a decline of 2 percent and 15 percent respectively. The rest of the areas have experienced significant price increases ranging from 3 percent on the DRC side of Kasumabalesa border with Zambia and 276 percent on the Mozambican side of Kolowiko border between Malawi and Mozambique. This season's April prices (as shown in figure 3) are only comparable to April 2006, when most of the monitored countries were just coming out of extremely high food deficits during the 2005/06 consumption season.

Figure 3: Average nominal price comparison in April for the 2006/07, 2007/08 and 2008/09 marketing seasons



Figures 4a, 4b and 4c: Retail maize prices in selected border points (US$ cents per kg)



Summary of rice trade flows

The volume of rice trade captured amounted to 768 MT, almost the same as the 764 MT captured during the same period last season. However this represents a significant drop (about 52 percent) from the March 2008 trade. This could be attributed to dwindling supplies on the market as most of the rice had not yet been harvested by April 2008. Figure 5 compares the trends in volume of rice traded per month.

Exports: Zambia still leads in informal rice exports accounting for 67 percent of the rice traded in April this season. This was followed by Mozambique and Tanzania at 15 percent each and Malawi (3 percent). Tanzania and Zambia recorded significant increases in informal rice exports this April compared to last season. Mozambique's rice exports remained almost the same while Malawi's exports dropped significantly by 94 percent. Malawi experienced some shortage of maize in the market and where it was available; it was very expensive during the lean period of January and February. This was blamed on maize exports that eventually resulted in maize shortage on the domestic market. The households that had rice therefore may have opted to consume rather than sell, resulting in the drop in rice exports by Malawi.

Imports: Most of this rice went DRC which accounted for 48 percent all rice imports captured. Zimbabwe was next with a 31 percent share of the imports. Malawi accounted for 16 percent while Zambia and Tanzania accounted for 3 percent each.

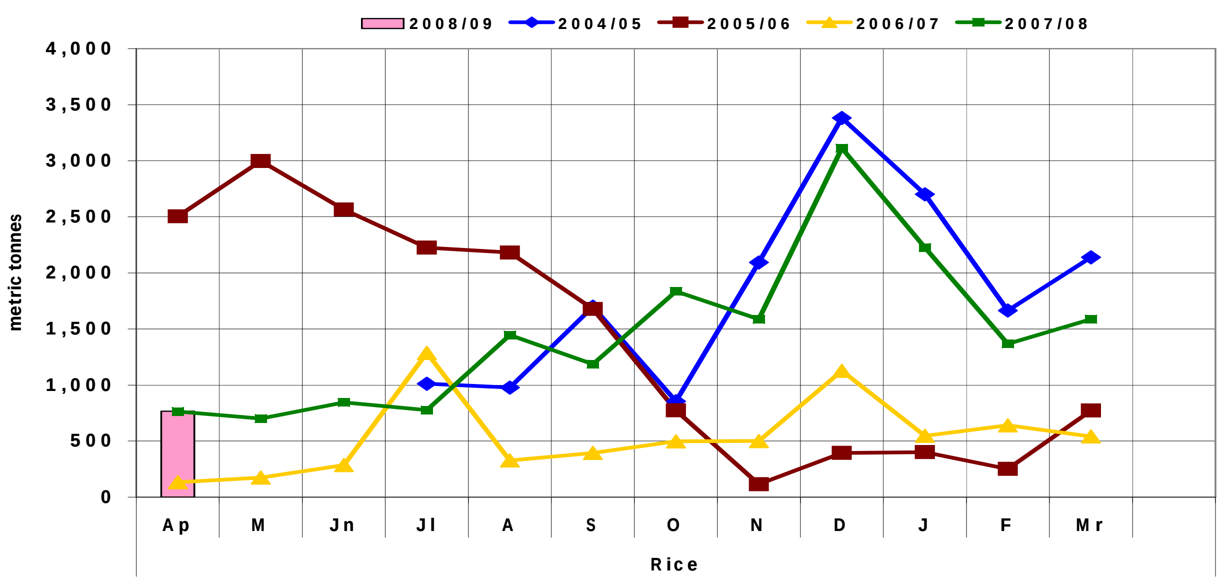
Prices: The few data points where rice price data was available show that rice prices in April 2008 ranged from US$0.57/kg on the Mozambican side of Marka border with Malawi to US$2.14/kg on the Zambian side of Mchinji border with Malawi. The rice prices are generally higher than at the same time last season ranging from a low of 7 percent increase on the Mozambican side of Marka border with Malawi (Zambezia province) to 172 percent around Songwe border in Malawi.

Official rice trade: The monitoring system also captured 4,680 MT of official rice exports from Zimbabwe to Zambia in April 2008.

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	April 07	April 08
Malawi	Mozambique	1	12	1	0	0	1
Malawi	Tanzania	450	135	1,217	76	3	1,217
Malawi	Zambia	1	31	74	30	120	74
Malawi	Zimbabwe	-	-	-	-	0	-
Mozambique	Malawi	2532	1,691	1,718	17	12	1,718
Mozambique	Zimbabwe	58	399	850	87	95	850
South Africa	Zimbabwe	0	64	82	2	3	82
Tanzania	Malawi	70	912	4	0	100	4
Tanzania	Zambia	547	641	557	61	25	557
Zambia	DRC	12644	12,629	1,697	113	1,014	1,697
Zambia	Malawi	0	0	0	0	30	0
Zambia	Zimbabwe	50	106	803	156	0	803
Total Traded (MT)		**16,355**	**16,620**	**7,003**	**542**	**1,587**	**7,003**

Figure 5: Recorded Volumes of Informal Cross Border Rice Trade —2004/05 to 2008/09



Summary of bean trade flows

The volume of beans traded informally dropped slightly from 495 MT in March to 463 MT in April 2008. However, the amount of beans traded this April is 9 percent above the 425 MT recorded during the same period last season.

Exports: Tanzania supplied over half of the beans that traded in April with an overall share of 52 percent of the trade. The rest was supplied by Zambia (23 percent), Malawi (21 percent) and Mozambique (3 percent).

Imports: Most of the beans (46 percent) were imported by Zambia. Almost all of these beans came from Tanzania. DRC, Malawi and Zimbabwe accounted for 25 percent, 24 percent and 5 percent of total imports respectively. All the beans imported by DRC came from Zambia while Malawi's bean imports came from Mozambique (66 percent) and Tanzania (33 percent).

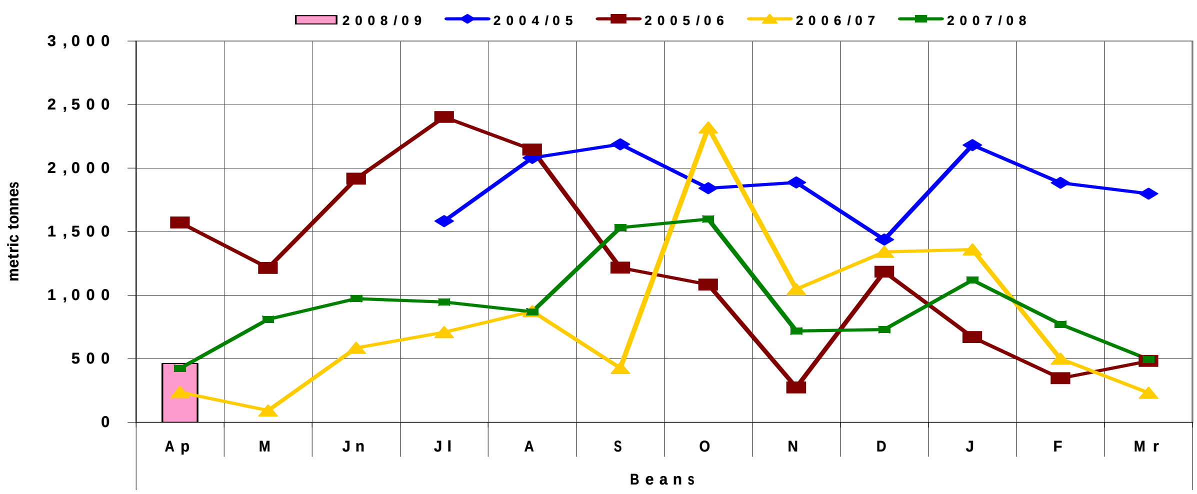
Prices: Bean prices in April 2008 ranged from US$0.53 on the Mozambican side of Kalanje border between Malawi and Mozambique to US$1.25/kg on the Zambian side (Lundazi area) of Mquocha border with Malawi. The bean prices generally continued to rise in April 2008. In addition, the prices are higher than at the same time last season ranging from the lowest increase of 36 percent on the Malawian side of Kalanje border with Mozambique to 114 percent on the Zambian side of Mquocha border with Malawi

Official bean trade: The monitoring system also captured 29 MT of formal bean exports from Tanzania to Zambia.

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	Mar 07	Mar 08
Malawi	Mozambique	417	76	269	149	69	2
Malawi	Tanzania	2	0	0	169	0	0
Malawi	Zambia	30	19	268	338	20	14
Malawi	Zimbabwe	-	-	-	480	-	0
Mozambique	Malawi	2,997	2,741	2,798	2,375	12	73
Mozambique	Zimbabwe	67	4	8	13	1	0.5
South Africa	Zimbabwe	0	325	83	11	1	1
Tanzania	Malawi	403	2,459	3,646	3,468	0	36
Tanzania	Zambia	509	472	588	1,058	223	197
Zambia	DRC	12,019	8,231	2,422	2,487	93	118
Zambia	Tanzania	0	0	2	0	0	0
Zambia	Zimbabwe	372	16	69	170	6	22
Total Traded (MT)		**16,816**	**14,343**	**10,153**	**10,988**	**425**	**463**

Figure 6: 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	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 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	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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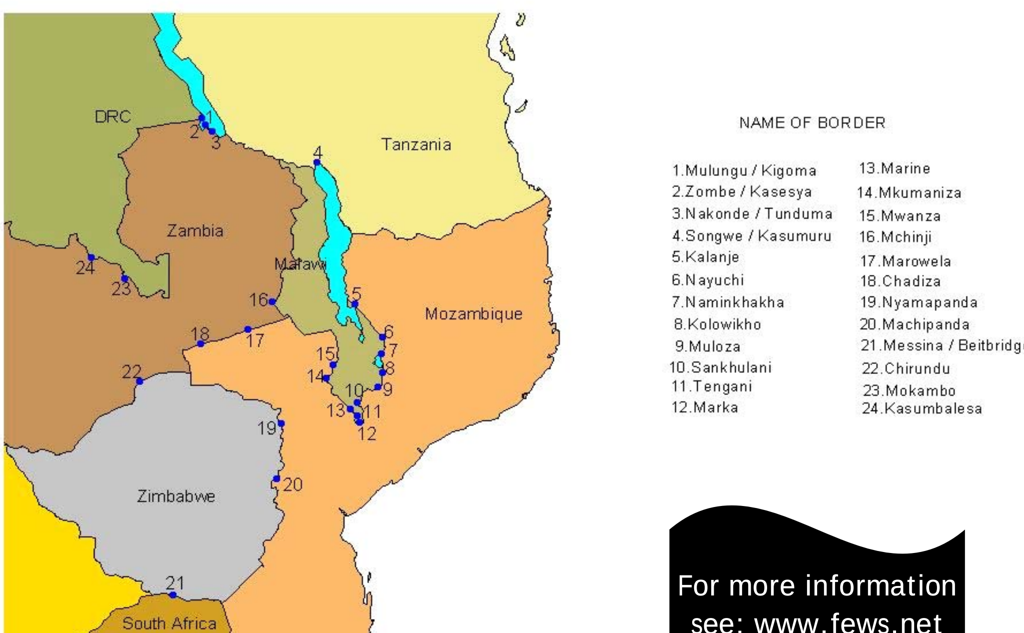

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