Informal Cross Border Food Trade in Southern Africa

Issue 29 | February 2007

Monthly Highlights:

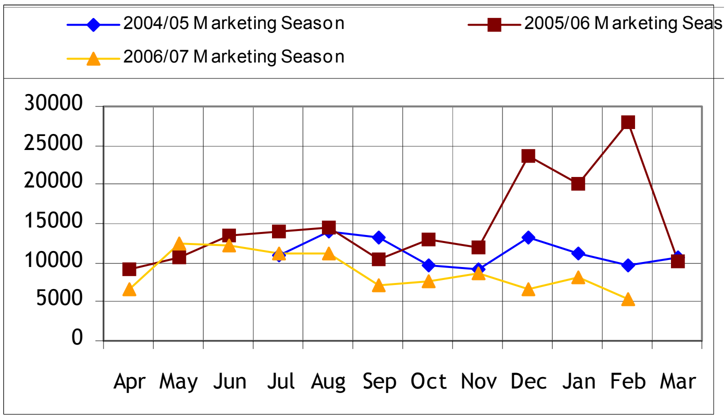
- *Over 113,800 MT of informal cross border trade in maize, rice and beans recorded through the Southern Africa informal Cross Border Food Trade Monitoring System since April 2006*
- *Mozambique remains this season's major source of informal trade*
- *Retail maize prices decline further as food supply situation remains satisfactory in Malawi, Zambia and parts of Mozambique.*

Inside this issue:

Overall summary of trade flows

With one month to go before the end of the 2006/07 marketing season, the Southern Africa informal cross border food trade monitoring system has captured close to 113,800 MT of trade in maize (97,000 MT), rice (6,500 MT) and beans (10,000 MT) since the start of the marketing season in April 2006. The overall maize trade in February at 5,400 MT was the lowest ever recorded by the monitoring system. The February trade in maize was 33% lower than the previous month and nearly five times lower than last year at the same time.

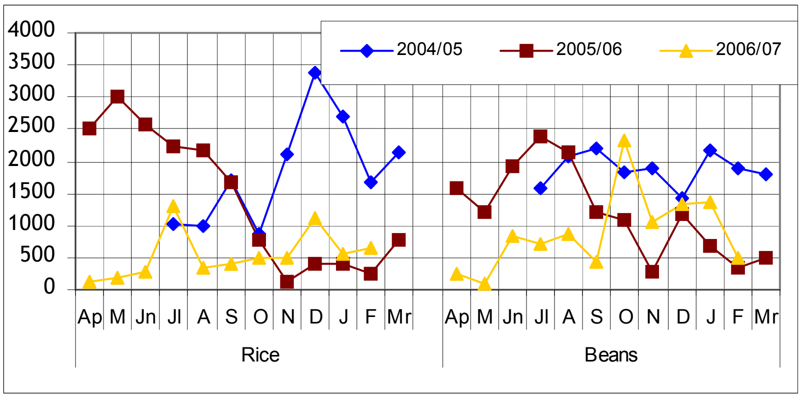
Figure 1: Recorded Informal Cross Border Maize Trade in DRC, Malawi, Mozambique, South Africa Tanzania, Zambia & Zimbabwe



Trade in **rice** continued to be erratic. In February, trade in rice rose to 641 MT compared to 547 MT in January. In December, trade in rice was recorded at 1,127 MT. In general, the pattern of trade in rice this year shows that from April to October, the volume traded has been lower than the past two years but from November, the volume of rice traded has been higher than last year but still way below the volume traded two years ago.

Trade in **beans** dipped (by 63%) to 500 MT in February from 1,360 MT January. The volume of bean trade between April 2006 and February 2007 is 29% below the volume traded during a similar period last marketing season (see Figure 1). February is one month to the close of the agricultural marketing season in Southern Africa and given the satisfactory maize supply situation in major importing countries such as Malawi and Zambia even before the new harvest comes on stream, the general decline in trade (maize and beans) is expected.

Figure 2: Recorded Informal Cross Border Food Trade in Rice & Beans DRC, Malawi, Mozambique, South Africa Tanzania, Zambia & Zimbabwe



A Technical Steering Committee (TSC) of the Cross Border Food Trade Monitoring Initiative, with funding from USAID and WFP, has prepared this report based o data collected by a network of border monitors based at selected border points. Borders throughout the region have been surveyed and the most active and important borders have been selected for monitoring. 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 an 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, simon.dradri@wfp.org; eric.kenefick@wfp.org; andrzej.golebiowski@wfp.org

Summary of maize trade flows

As shown in Table1, the highest levels of informal maize exports were from Mozambique during this marketing season— accounting for 80% of the total trade, as compared to 40% for the same period last year. However, the cumulative volume of maize exports from Mozambique this year at 78,500 MT is just 17% higher than last year's (67,150 MT). The major difference between this marketing season and the last is that Tanzania's exports have not been significant this year and have declined from 92,500 MT last season to 7,500 MT this season. Malawi has received the majority of the imports (79%) followed by Zambia and DRC at 7 percent each.

Although Zimbabwe was probably the most affected by the food shortages, its share of informal imports remained low at 2% largely due to the import restrictions maintained along all borders. The lower volumes traded this marketing season are a reflection of weak internal demand for maize in Malawi and Zambia due to good harvests. Malawi declared a maize surplus of over 400,000 MT this marketing season and with a month to go before the close of the season, combined official stocks held by the National Food Reserve Agency and the grain marketing board ADMARC, are estimated at around 150,000 MT.

In the case of Zambia, demand for maize from the market also remains low as most millers seem to have good stock on hand. FEWS NET reports indicate that an attempt by the Food Reserve Agency in that country to sell 50,000MT on the market, met a poor response, with the agency managing to sell only 5,000MT. With harvest prospects looking positive in Malawi (the largest importer) and Zambia (although floods which affected parts of that country could have also negatively affected harvest prospects), it is likely that informal maize trade volumes may decline further in the next marketing season.

Table 1—Informal cross-border trade in maize

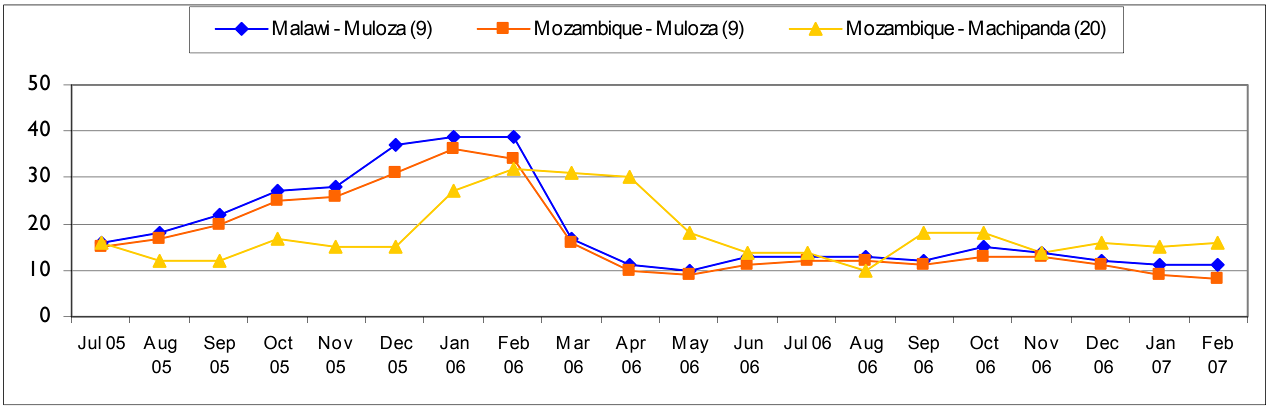
Source	Destination	2004/05 Season	2005/06 Season	Feb 06	Feb 07	Cumulative (Apr05-Feb 06)	Cumulative (Apr06-Feb 07)
Tanzania	Zambia	3,699	13,556	369	43	13,386	5,738
Zambia	Zimbabwe	13,106	182	1	145	181	149
Zambia	Malawi	2,157	419	0	8	419	375
Zambia	Tanzania	93	0	0	3	0	6
Malawi	Zambia	34	81	17	17	81	183
Zambia	DRC	8,318	4,682	11	1,213	4,667	6,927
Mozambique	Malawi	71,229	71,218	1,886	1,580	67,101	75,245
Malawi	Tanzania	637	944	302	2	944	2,911
Tanzania	Malawi	2,656	84,862	25,350	1,114	79,163	1,715
Mozambique	Zimbabwe	2	5	0	0	5	2,080
Mozambique	Zambia	-	49	0	212	49	1,178
Malawi	Mozambique	-	133	63	308	125	508
Zambia	Mozambique	-	55	21	0	45	2
Zimbabwe	Mozambique	-	85	40	61	68	282
South Africa	Zimbabwe	-	1,688	17	3	1,672	46
Total Traded (MT)		101,929	177,959	28,077	5,409	167,906	97,345

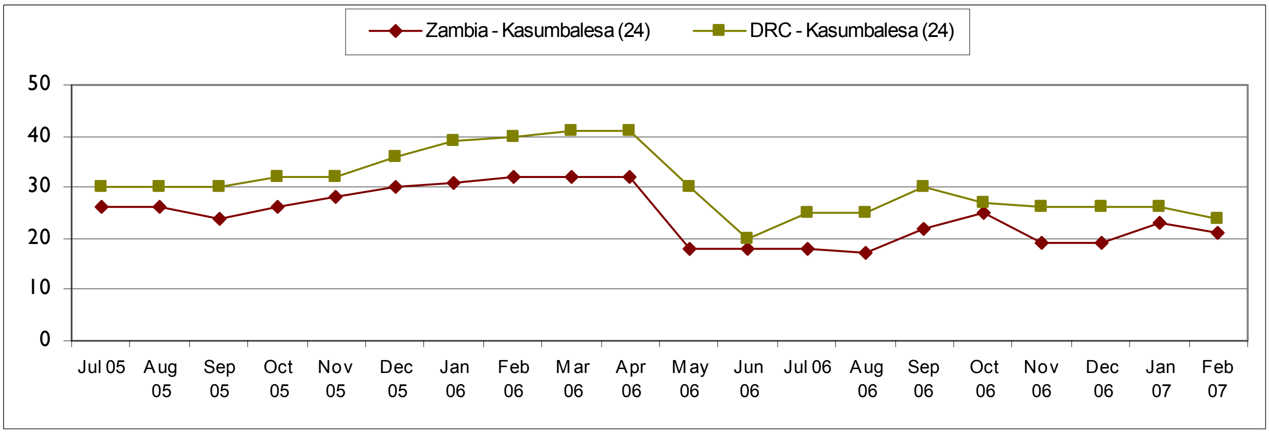
Maize Price Trends at Selected Border Points

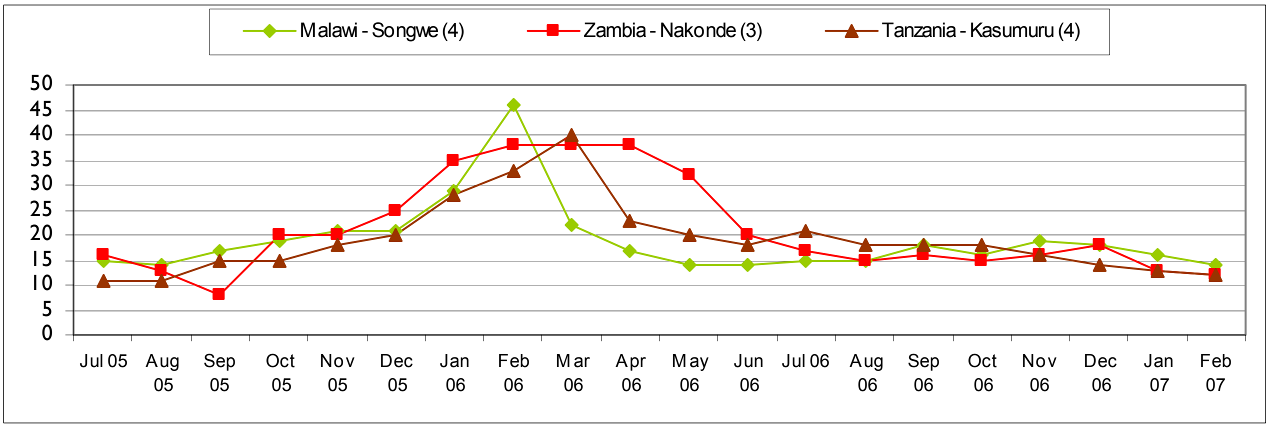
As shown in Figures 3-5, retail prices declined across the board in February with the sharpest decline of 13% registered at Songwe border (Malawi/Tanzania) where prices dipped from US$0.16 per kilogram in January to US$0.14 per kilogram this month. Another notable price decline was at Milange border (Malawi/Mozambique) where prices declined from US$0.09 per kilogram in January to US$0.08 per kilogram in February. The current price at Milange (US$0.08 per kilogram) is the lowest recorded since the monitoring began, which again confirms the favourable maize supply situation obtaining in Malawi and that part of Mozambique. Meanwhile, price differentials between Kasumuru (Tanzania) and Songwe (Malawi) continue to spur grain movement between the two areas (see Figure 3c).

From April until October, retail prices on the Tanzanian side were higher than on the Malawi side causing a net flow of 2,860 MT of maize into Tanzania. However, since November, prices in Tanzania declined (due to increased maize supply) and have generally been lower than on the Malawi side, thus causing a change of direction of flow of trade from Tanzania into Malawi. Maize exports by Tanzania to Malawi have increased almost three-fold from 418 MT in January to 1,114 MT in February. Inter seasonal retail prices also show significant declines across the board. Consistent with favorable maize supply situations, Areas bordering Malawi have registered the biggest declines. At Milange (Mozambique), retail prices have dropped by 78% from US$0.36 per kilogram in February last year to US$0.08 per kilogram this February followed Songwe (Malawi/Tanzania) where inter-year retail prices are down by 70%, from US$0.46 per kilogram to US$0.14 per kilogram. Prices are likely to remain depressed until the end of the marketing season.

Figures 3, 4 and 5: Retail maize prices in selected border points (US$ cents per kg)







***Legend**: Figures in brackets, refer to the position of the border on the map at the back of the report.*

Formal Trade

Zimbabwe's official import programme remains unclear; According to the South Africa Grain Information Service at the end of February, Zimbabwe had officially imported 132,000 MT of maize from South Africa since April 2006, with the bulk coming in the period up to July 2006. Since August almost all SAGIS figures would appear to correspond to food aid. However, reports indicate that Zimbabwe is importing some maize meal from Mozambique, but the level of these imports are not known. Zimbabwe also signed a supply contract of 85,000 MT with the Food Reserve Agency (FRA) of Zambia but it appears that only 25,000 MT had been uplifted by the end of January.

Meanwhile, in order to deal with its grain surplus, Malawi has announced a 'managed' 80,000 MT grain export programme for private traders wishing to export maize. The government will issue export permits only to those traders whose supplies the government has verified. With regards to Zambia, it is not clear whether or not the government will ease its maize export ban in the wake of devastation caused by floods in some parts of that country.

Table 3. Informal cross border trade in rice (MT)

Source	Destination	2004/05 Season	2005/06 Season	Feb 06	Feb 07	Cumulative Apr05-Feb06	Cumulative Apr06-Feb07
Tanzania	Zambia	547	641	67	37	595	496
Malawi	Tanzania	450	135	0	148	135	1,141
Tanzania	Malawi	70	912	57	0	307	4
Zambia	DRC	12,644	12,629	35	54	12,596	1,584
Zambia	Malawi	0	0	0	0	0	0
Malawi	Zambia	1	31	0	0	31	44
Zambia	Zimbabwe	50	106	14	258	89	647
Mozambique	Malawi	2,532	1,691	51	15	1,659	1,701
Malawi	Mozambique	1	12	6	0	12	1
Mozambique	Zimbabwe	58	399	18	127	362	763
South Africa	Zimbabwe	0	64	4	2	61	80
	Total Traded (MT)	16,355	16,620	252	641	15,847	**6,461**

" Trade in rice and beans remains confined to a few border points."

Summary of trade in rice and beans

The trade in rice and beans is summarized in Tables 2 and 3. Both commodities are trading at much lower volumes than last year at the same time. Trade in rice and beans remains confined to a few border points.

During February, trade in beans was dominated by Tanzanian exports to Malawi and Zambia. On the other hand trade in rice was dominated by exports from Zambia to Zimbabwe and from Malawi to Tanzania. Expectations of better harvest prospects in both Malawi and Zambia portend reduced trade in both commodities in the new marketing season.

Table 4. Informal cross border trade in beans (MT)

Source	Destination	2004/05 Season	2005/06 Season	Feb 06	Feb 07	Cumulative Apr05-Feb06	Cumulative Apr06-Feb07
Tanzania	Zambia	509	472	28	69	464	531
Zambia	Tanzania	0	0	0	0	0	2
Zambia	DRC	12,019	8,231	16	26	8216	2358
Malawi	Mozambique	417	76	0	2	48	261
Zambia	Zimbabwe	372	16	3	0	15.3	61
Mozambique	Malawi	2,997	2,741	23	13	2741	2788
Malawi	Tanzania	2	0	0	0	0	0
Mozambique	Zimbabwe	67	4	0	1	4	8
Malawi	Zambia	30	19	3	7	19	258
Tanzania	Malawi	403	2,459	274	382	2067	3572
South Africa	Zimbabwe	0	325	2	0	323	82
	Total Traded (MT)	16,816	14,343	349	500	13,897	**9,921**

Annex 1: Trade Tables

Table 5: Informal Cross Border trade in Maize (MT)

Source	Destination	Jul-Sep-04	Oct-Dec-04	Jan-Mar 05	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
Tanzania	Zambia	796	1,921	982	3,699	397	7,685	4,201	1,273	13,556	318	751	2632
Zambia	Zimbabwe	2,662	5,628	4,816	13,106	86	13	21	62	182	3	0	1
Zambia	Malawi	484	913	760	2,157	34	36	349	-	419	58	249	45
Zambia	Tanzania	71	20	2	93	-	-	-	-	-	-	0	0
Malawi	Zambia	0	19	15	34	8	5	51	17	81	64	65	27
Zambia	DRC	256	3,054	5,008	8,318	2,477	1,641	531	33	4,682	992	956	3,189
Mozambique	Malawi	33,358	20,433	17,438	71,229	29,064	26,866	8,981	6,307	71,218	27,479	27,069	15,726
Malawi	Tanzania	315	226	96	637	103	174	358	309	944	2,358	451	55
Tanzania	Malawi	22	239	2,395	2,656	471	1,211	33,601	49,579	84,862	-	0	183
Mozambique	Zimbabwe	-	-	2	2	2	3	-	-	5	4	0	6
Mozambique	Zambia	-	-	-	-	5	24	20	-	49	5	111	811
Malawi	Mozambique	-	-	-	-	-	-	-	133	133	-	0	17
Zambia	Mozambique	-	-	-	-	-	-	-	55	55	2	0	0
Zimbabwe	Mozambique	-	-	-	-	-	-	-	85	85	15	43	147
South Africa	Zimbabwe	-	-	-	-	486	921	55	226	1,688	17	8	15
Total Traded (MT)		***37,965***	***32,452***	***31,512***	***101,929***	***33,133***	***38,579***	***48,168***	***58,079***	***177,959***	***31,315***	**29,703**	**22,854**

Table 6: Informal Cross Border trade in Rice (MT)

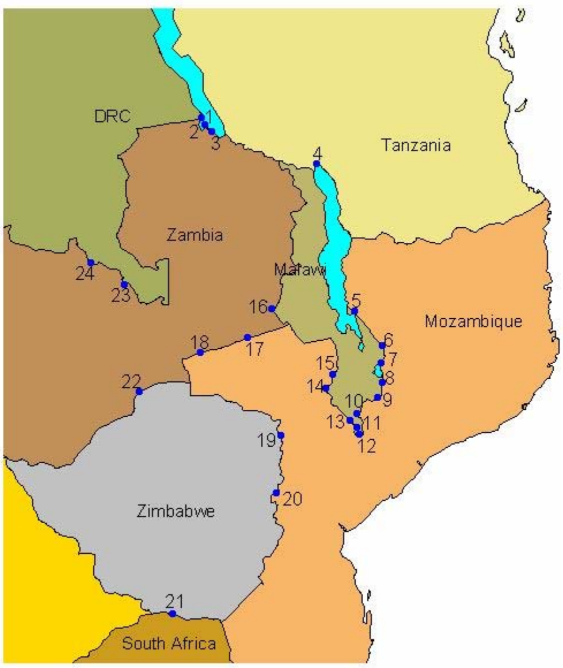
Source	Destination	Jul-Sep-04	Oct-Dec-04	Jan-Mar-05	2004/05 Season	Apr-Jun 05	Jul-Sep 05	Oct-Dec 05	Jan-Mar 06	2005/06 Season	Apr-Jun 06	Jul-Oct 06	Oct-Dec 06
Tanzania	Zambia	360	151	36	547	99	184	172	178	641	100	168	165
Malawi	Tanzania	367	83	0	450	-	61	0	-	135	56	740	106
Tanzania	Malawi	0	0	70	70	3	4	108	797	912	4	0	0
Zambia	DRC	2786	4157	5701	12,644	6,164	5,661	690	114	12,629	46	231	1,125
Zambia	Malawi	0	0	0	0	-	0	0	-	0	-	0	0
Malawi	Zambia	0	0	1	1	30	1	0	-	31	-	2	12
Zambia	Zimbabwe	16	16	18	50	15	16	34	41	106	55	141	76
Mozambique	Malawi	153	1853	526	2,532	1,456	0	152	83	1,691	222	1,155	275
Malawi	Mozambique	1	0	0	1	4	2	0	6	12	-	0	0
Mozambique	Zimbabwe	0	0	58	58	188	97	45	69	399	99	166	253
South Africa	Zimbabwe	0	0	0	0	21	19	9	15	64	6	3	67
Total Traded (MT)		***3683***	***6260***	***6412***	***16,355***	***8,062***	***6,045***	***1,210***	***1,303***	***16,620***	***588***	**2,606**	**2,079**

Table 7: Informal cross border trade in beans (MT)

Source	Destination	Jul-Sep-04	Oct-Dec-04	Jan-Mar-05	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
Tanzania	Zambia	262	179	68	509	99	223	87	63	472	128	154	73
Zambia	Tanzania	0	0	0	0	-	0	0	-	0	-	0	2
Zambia	DRC	3215	3775	5029	12,019	3,593	3,740	843	55	8,231	390	350	1558
Malawi	Mozambique	391	1	25	417	14	29	5	28	76	15	2	0
Zambia	Zimbabwe	0	364	8	372	1	6	3	6	16	28	20	8
Mozambique	Malawi	1852	571	574	2,997	683	1,530	463	65	2,741	613	1,383	737
Malawi	Tanzania	2	0	0	2	-	0	0	-	0	-	0	0
Mozambique	Zimbabwe	0	1	66	67	1	1	2	-	4	1	2	4
Malawi	Zambia	3	21	6	30	3	7	6	3	19	151	64	26
Tanzania	Malawi	67	246	90	403	18	68	1,134	1,239	2,459	-	54	2227
South Africa	Zimbabwe	0	0	0	0	165	152	4	4	325	3	2	66
Total Traded (MT)		***5792***	***5158***	***5866***	***16,816***	***4,577***	***5,756***	***2,547***	***1,463***	***14,343***	***1,329***	***2,031***	***3,360***

UN World Food Programme Regional Bureau for Southern Africa, Johannesburg RSA and FEWSNET Regional Office, Pretoria RSA

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

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