

# Informal Cross Border Food Trade in Southern Africa

## Monthly

### Highlights:

- *Informal maize trade volume down by 18 percent from last month due to satisfactory cereal supply situation in many of the monitored countries.*
- *Maize retail prices rise at Milange (Mozambique and Malawi) border due to increased demand from other parts of Mozambique.*
- *Malawi formally exports 50,000 MT to Zimbabwe between April and May while Zambia formally exports 4,300 MT to South Africa in May.*

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Issue 32

May 2007

## Overall summary of trade flows

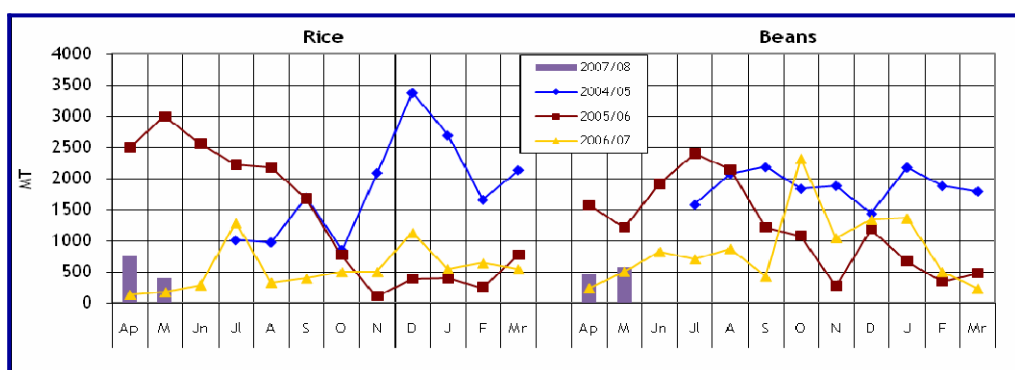
Figure 1: Recorded Informal Cross Border Maize Trade in DRC, Malawi, Mozambique, South Africa Tanzania, Zambia & Zimbabwe



rising until around June/July when it then drops. If the declining trend holds over the next few months it would likely mean that surpluses in Malawi and Zambia are especially high. Malawi imports the highest volumes of maize among the monitored countries.

Between April and May, overall trade in rice has declined from nearly 750 MT to close to 400 MT; but this is more than double the amount of 174MT captured last May.. The trend established over the past two years shows that trade in rice generally increases late in the calendar year.

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



Source: FEWS NET and WFP Malawi; TSC



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. 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 and WFP Malawi, while the rest of the borders are managed by the TSC. Address comments/suggestions to the following e-mail addresses: [pmdladla@few.net](mailto:pmdladla@few.net), [simon.dradi@wfp.org](mailto:simon.dradi@wfp.org), [eric.kenefick@wfp.org](mailto:eric.kenefick@wfp.org) or [andrzej.golebiowski@wfp.org](mailto:andrzej.golebiowski@wfp.org)

## Summary of maize trade flows

Table 1: Informal Cross Border Maize Exports By Country

Source	Destination	2004/05 Season	2005/06 Season	2006/07 Season	May 2006	May 2007
Malawi	Zambia	34	81	202	20	30
Malawi	Tanzania	637	944	2,928	847	20
Malawi	Mozambique	-	133	591	0	16
Mozambique	Zimbabwe	2	5	2,085	0	0
Mozambique	Malawi	71,229	71,218	77,394	10,536	7,130
Mozambique	Zambia	-	49	1,269	5	234
South Africa	Zimbabwe	-	1,688	49	8	3
Tanzania	Zambia	3,699	13,556	6,260	72	282
Tanzania	Malawi	2,656	84,862	1,888	0	0
Zambia	Zimbabwe	13,106	182	299	1	0
Zambia	Malawi	2,157	419	378	25	267
Zambia	Tanzania	93	0	7	0	3
Zambia	DRC	8,318	4,682	9,481	914	844
Zambia	Mozambique	-	55	2	1	0
Zimbabwe	Mozambique	-	85	294	0	0
Total Captured (MT)		101,931	177,959	103,127	12,429	8,829

Source: FEWS NET and WFP Malawi; TSC

Figure 3: Informal Cross Border Maize Trade at Muloza, Malawi/Mozambique Border



Maize being ferried from Mozambique to Malawi at Muloza Border

## Formal Maize Trade

In an attempt to present a holistic picture of maize trade in the region, alongside informal maize trade, the monitoring system is able to pick some formal maize trade flows. This section presents some of the formal trade flows captured and includes formal flows from other data sources. By the end of May, South Africa, Mozambique and Zimbabwe among the monitored countries had received formal maize imports. On the other hand, Malawi and Zambia were running formal maize export programmes. According to the Southern Africa Grain Information Service (SAGIS), between April and May, Zimbabwe and Mozambique had formally imported 1,541 MT and 4,003 MT (respectively) of white maize from South Africa. In a separate programme, by the end of May Zimbabwe had imported close to 50,000 MT from Malawi as part of its 400,000 MT maize import programme from Malawi. On the basis of the current trends (and the agreement signed with Malawi), it is likely that Zimbabwe will significantly rely on Malawi for its maize imports this marketing season. Zimbabwe and Malawi hope to complete the export/import programme within a period of 10 months at an average flow of 40,000 MT per month. Meanwhile, the monitoring system picked up a formal export of close to 4,300 MT by Zambia to South Africa during the month. Parts of the South African maize triangle (especially the north and north west) experienced poor harvests due to poor rains. Last month, the monitoring system picked up close to 6,000 MT of formal exports by Zambia to Zimbabwe.

Table 1 summarises maize trade flows, according to source and destination in May. Mozambique was the biggest informal exporter of maize in May. Its exports accounted for 83 percent of the overall maize trade captured during the month of May. About 97 percent of the maize exports were destined for Malawi. Mozambique remains the leading informal exporter of maize since the monitoring began except during the 2005/06 marketing season when Tanzania emerged as the biggest exporter. In the past 3 years, most of the exports from Mozambique were destined for Malawi.

Among the Mozambique and Malawi borders, being monitored, the Milange (Mozambique) / Muloza (Malawi) border is the most significant because it handles the highest volume of maize trade in the monitoring system (See figure 3). During a recent supervisory visit to the area, it was observed that the Milange area is this year not only supplying maize to Malawi but also to other parts of Mozambique. There is a 3 way competition for maize from this northern part of Mozambique between Malawi on the one hand and Queilimane and Beira districts in Mozambique on the other. As a result of the increased demand for maize at the border area, Mozambique's exports to Malawi have started the new marketing season at a slower pace compared with last season at the same time. Maize exports rose marginally from 5,300 MT in April to 5,400 MT in May.

Last year, maize trade rose quite markedly from 3,922 MT in April to 6,981 MT in May at the Milange/Muloza Border. Malawi, despite registering two successive bumper harvests, still imports a sizeable proportion of its grain from Mozambique especially in the agriculturally poor southern Malawi. The continued imports from Mozambique could in part, be deriving from Malawi's maize export programme with Zimbabwe.

Figures 4: Formal Intra-Country Trade at Milange, Mozambique



Readying maize for a WFP Contract at Milange, Mozambique

Mozambique. Retail prices however, remained unchanged at US\$0.09 per kilogramme between April and May on the Malawi side of the border at Muloza. Due to the huge surplus Malawi has (about 1 million MT), domestic retail prices in that country are depressed. This has implications for cross border maize imports from Mozambique. It is likely that Malawian importers will turn to internal sources for maize should prices at Milange continue to rise. Meanwhile, the Malawi Government has indicated that it will be announcing a farm gate price for maize soon. This is the price at which the state grain marketing agency, ADMARC, will be buying maize from farmers. Although the price level is not known yet, it is likely that the farm gate price will be higher than retail prices currently obtaining in the market. This is likely to put upward pressures on retail prices across the country.

Besides the formal cross border maize trade, a significant amount of internal formal trade is taking place in northern Mozambique at Milange. A World Food Programme (WFP) contractor is procuring a significant amount of maize from the border area. As at the end of May, close to 6,360 MT of maize has been moved from the area for Beira through Southern Malawi (See figure 4). This internal trade has implications on informal cross border trade volumes. As noted earlier, informal export volumes into Malawi have dropped indicating rising internal demand.

### Maize Retail Prices

Figures 5a to 5c depict retail price movements across selected border points grouped according to proximity to each other or catchment area. Maize retail prices at Milange (Mozambique) have risen from US\$0.07 per kilogramme in April to US\$0.08 per kilogramme in May in response to the high tripartite demand for maize in the area from Malawi and Queilimane and Beira districts in

Fig.5 (a) Maize Retail Prices at Malawi/Mozambique and Mozambique/Zimbabwe Border

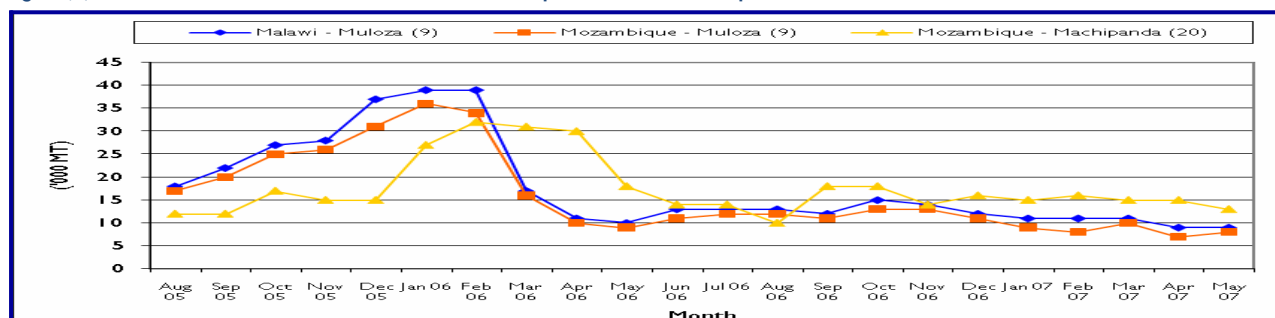


Fig.5 (b) Maize Retail Prices at Malawi/Zambia; Tanzania/Zambia and Malawi/Tanzania Borders

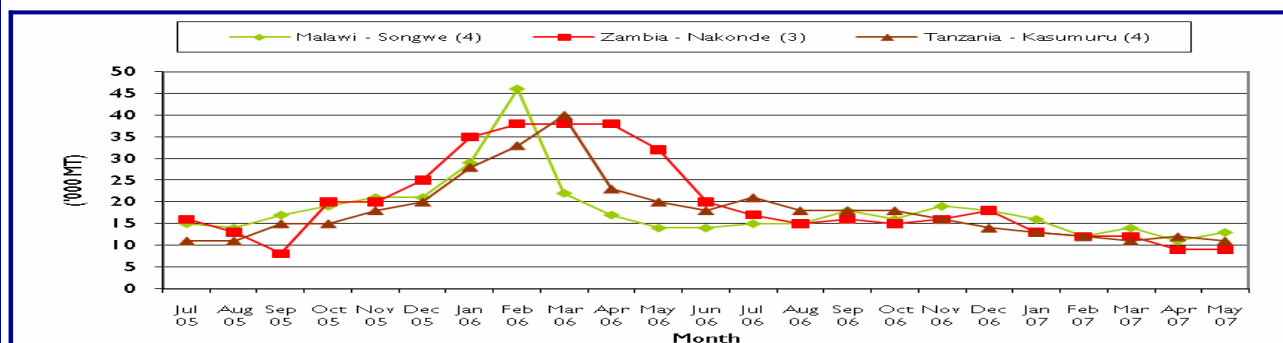
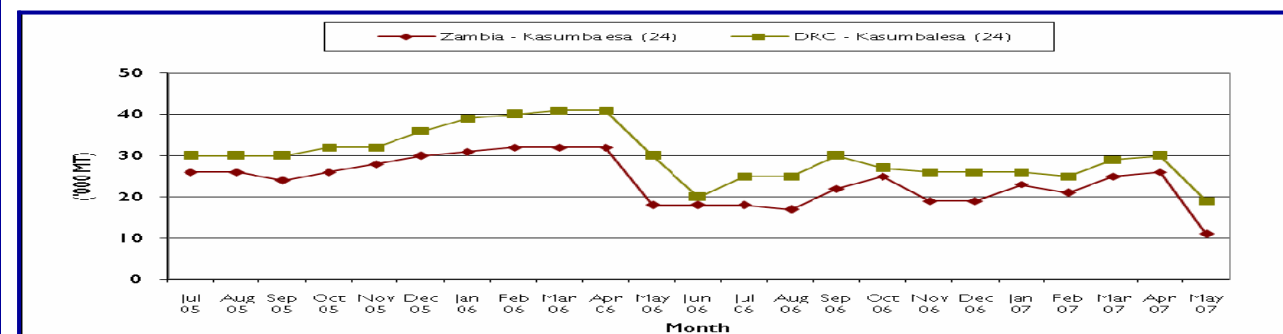


Fig.5 (c) Maize Retail Prices at Zambia/DRC Border



Increased supply from the new harvest and large carryover stocks has depressed retail prices along the Zambia borders with DRC and Tanzania. Prices have declined at Kasumbalesa (DRC/Zambia) from US\$0.30 per kilogramme to US\$0.19 per kilogramme between April and May. At Nakonde (Zambia/Tanzania), retail prices have remained at US\$0.09 per kilogramme. Apart from the case of Milange, the price trends observed in May are normal and expected at this time of the year in a good year.

## Summary of trade in rice and beans

Table 2. Informal cross border trade in rice (MT)

Source	Destination	2004/05 Season	2005/06 Season	2006/07 Season	May 2006	May 2007
Tanzania	Zambia	547	641	557	6	38
Malawi	Tanzania	450	135	1,217	56	0
Tanzania	Malawi	70	912	4	0	0
Zambia	DRC	12,644	12,629	1,697	15	35
Zambia	Malawi	0	0	0	0	0
Malawi	Zambia	1	31	74	0	50
Zambia	Zimbabwe	50	106	803	25	180
Mozambique	Malawi	2,532	1,691	1,718	29	0
Malawi	Mozambique	1	12	1	0	0
Mozambique	Zimbabwe	58	399	850	40	99
South Africa	Zimbabwe	0	64	82	3	2
Total Captured (MT)		16,355	16,620	7,003	174	404

Tables 2 and 3 present summaries of trade flows in rice and beans. Trade in rice is confined to a few border crossing points, especially those that are en route to the Ocean ports of Dar es Salaam, Beira or Durban since most of the rice traded is imported from East Asia. During the month of May, the only significant import was made by Zambia (180 MT) through Zimbabwe. It is likely that this rice was sourced from outside the region.

The start of the new marketing year points to another season where Zambia is likely to remain the leading exporter of beans.

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

"The start of the new marketing year points to another season where Zambia is likely to remain the leading exporter of beans."

Source	Destination	2004/05 Season	2005/06 Season	2006/07 Season	May 2006	May 2007
Tanzania	Zambia	509	472	588	72	190
Zambia	Tanzania	0	0	2	0	0
Zambia	DRC	12,019	8,231	2422	295	352
Malawi	Mozambique	417	76	269	4	0
Zambia	Zimbabwe	372	16	69	7	21
Mozambique	Malawi	2,997	2,741	2798	112	3
Malawi	Tanzania	2	0	0	0	0
Mozambique	Zimbabwe	67	4	8	1	1
Malawi	Zambia	30	19	268	13	2
Tanzania	Malawi	403	2,459	3646	0	0
South Africa	Zimbabwe	0	325	83	1	1
Total Traded (MT)		16,816	14,343	10,153	505	570

Table 4: Informal Cross Border trade in Maize (MT)

Source	Destination	Apr 06	May 06	Jun 06	Jul 06	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06	Jan 07	Feb 07	Mar 07	2006/07 Season	Apr 07	May 07
Tanzania	Zambia	168	72	78	195	303	253	442	860	1330	1294	743	522	6260	313	282
Zambia	Zimbabwe	1	1	1	0	0	0	0	1	0	0	145	150	299	150	0
Zambia	Malawi	0	25	33	92	84	73	10	15	20	15	8	3	378	8	267
Zambia	Tanzania	0	0	0	0	0	0	0	0	0	3	3	1	7	1	3
Malawi	Zambia	20	20	24	24	24	17	5	18	4	10	17	19	202	311	30
Zambia	DRC	7	914	71	157	244	555	616	1396	1177	577	1213	2554	9481	3774	844
Mozambique	Malawi	5173	10536	11770	10557	10392	6120	5845	6125	3756	3391	1580	2149	77394	6058	7130
Malawi	Tanzania	1351	847	160	156	205	90	51	0	4	45	2	17	2928	21	20
Tanzania	Malawi	0	0	0	0	0	0	0	21	162	418	1114	173	1888	0	0
Mozambique	Zimbabwe	0	0	4	0	0	0	0	2	4	2070	0	5	2085	0	0
Mozambique	Zambia	0	5	0	18	57	36	514	171	126	39	212	91	1269	61	234
Malawi	Mozambique	0	0	0	0	0	0	0	14	3	183	308	83	591	21	16
Zambia	Mozambique	0	1	1	0	0	0	0	0	0	0	0	0	2	0	0
Zimbabwe	Mozambique	9	0	6	5	14	24	22	17	108	16	61	12	294	12	0
South Afri	Zimbabwe	6	8	3	2	3	3	3	3	9	3	3	3	49	3	3
Total Traded (MT)		6735	12429	12151	11206	11326	7171	7508	8643	6703	8064	5409	5782	103127	10733	8829

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

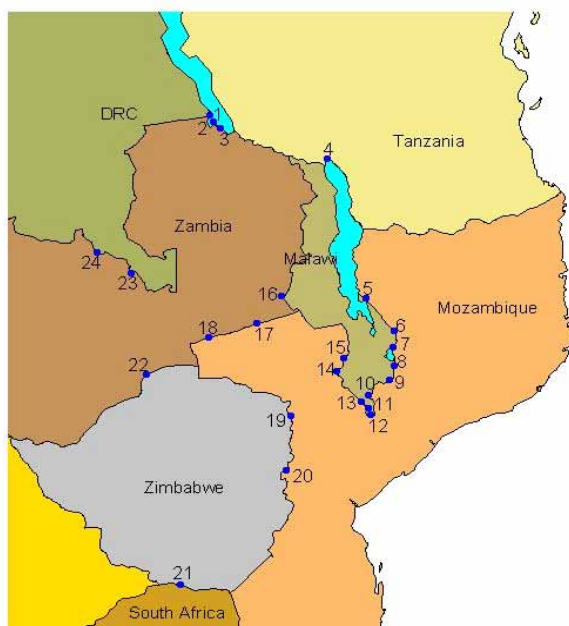
Source	Destination	Apr 06	May 06	Jun 06	Jul 06	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06	Jan 07	Feb 07	Mar 07	2006/07 Season	Apr 07	May 07
Tanzania	Zambia	28	6	66	75	26	67	49	58	58	26	37	61	557	26	38
Malawi	Tanzania	0	56	0	550	111	79	13	29	64	91	148	76	1217	3	0
Tanzania	Malawi	4	0	0	0	0	0	0	0	0	0	0	0	4	3	0
Zambia	DRC	13	15	18	94	36	101	165	257	703	128	54	113	1697	207	35
Zambia	Malawi	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Malawi	Zambia	0	0	0	0	0	2	10	2	0	30	0	30	74	90	50
Zambia	Zimbabwe	12	25	18	75	24	42	0	26	50	117	258	156	803	119	180
Mozambique	Malawi	48	29	145	1071	49	35	145	46	84	34	15	17	1718	14	0
Malawi	Mozambique	0	0	0	0	0	0	0	0	0	1	0	0	1	195	0
Mozambique	Zimbabwe	26	40	33	39	59	68	69	80	104	118	127	87	850	92	99
South Afri	Zimbabwe	2	3	1	1	1	1	1	2	64	2	2	2	82	2	2
Total Traded (MT)		133	174	281	1905	306	395	452	500	1127	547	641	542	7003	751	404

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

Source	Destination	Apr 06	May 06	Jun 06	Jul 06	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06	Jan 07	Feb 07	Mar 07	2006/07 Season	Apr 07	May 07
Tanzania	Zambia	42	72	14	40	89	25	35	0	38	107	69	57	588	223	190
Zambia	Tanzania	0	0	0	0	0	0	0	2	0	0	0	0	2	0	0
Zambia	DRC	12	295	83	121	103	126	1,373	79	106	34	26	64	2422	93	352
Malawi	Mozambique	11	4	0	0	2	0	0	0	0	242	2	8	269	60	0
Zambia	Zimbabwe	5	7	16	5	8	7	0	4	4	5	0	8	69	6	21
Mozambique	Malawi	29	112	472	550	601	232	550	117	70	42	13	10	2798	72	3
Malawi	Tanzania	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mozambique	Zimbabwe	0	1	0	0	1	1	1	1	2	0	1	0	8	1	1
Malawi	Zambia	138	13	0	30	0	34	17	0	9	10	7	10	268	20	2
Tanzania	Malawi	0	0	0	0	53	1	336	843	1048	909	382	74	3646	0	0
South Afri	Zimbabwe	1	1	1	1	0	1	1	1	64	11	0	1	83	1	1
Total Traded (MT)		238	505	586	747	857	427	2313	1047	1341	1360	500	232	10153	476	570

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  | 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          |