

Informal Cross Border Food Trade in Southern Africa

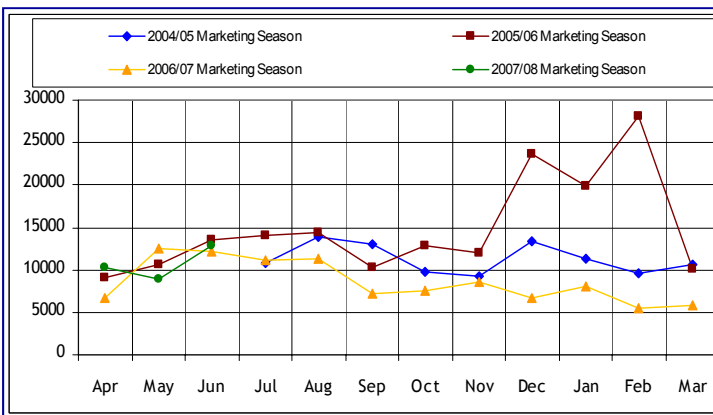
Monthly Highlights:

- Close to 36,700 MT of informal trade in maize (32,500 MT), rice (2,500 MT) and bean (1,700 MT) were captured in the first quarter of the 2007/08 marketing season (April 2007 to March 2008) representing a 10 percent rise over last year's volumes.
- Maize retail prices rose across selected border points, but the rises were normal for the period.
- Malawi formally exported 82,500 MT to Zimbabwe between April and June but the rate of exportation was lower than planned export rate of 40,000 MT per month.

Overall summary of trade flows

At the end of the first quarter of the 2007/08 marketing season (April to June), nearly 32,500 MT of trade in maize were captured by the informal cross border food trade monitoring system, representing a marginal 4 percent increase over the amount of nearly 31,300 MT captured last year in the same period.

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

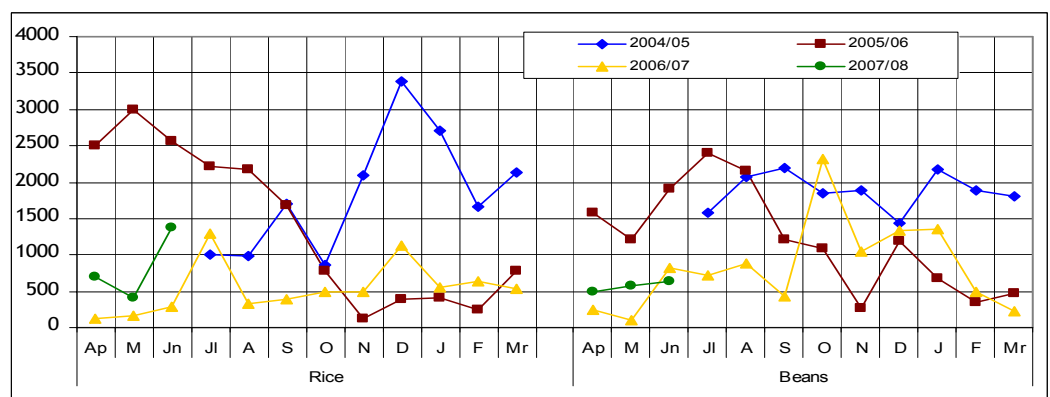


As shown in Figure 1, maize trade increased by 46% from 8,830 MT in May to 12,900 MT in June. Cumulatively, the current level of trade in maize is normal and consistent with the generally satisfactory cereal supply situation in all monitored countries except Zimbabwe. Trade in maize is expected to peak during the next two months and then stabilise between 5,000 MT and 10,000 MT per month for the rest of the marketing season.

Nearly 2,500 MT of trade in rice were captured during the first quarter of this marketing season. This is four times higher than the amount of 588 MT captured in the corresponding quarter last year. Between May and June trade in rice also increased three-fold from 404 MT to 1,382 MT. The trade in rice so far is higher than normal in comparison with the trend over the past two years where increases occurred late in the marketing year.

Meanwhile trade in beans in the first quarter of the 2007/08 marketing season is 27% higher than during the same quarter last year. Bean trade captured between April and June is 1,689 MT compared with 1,329 MT last year. Between May and June trade in beans rose by 13% from 570 MT to 643 MT. However, the current level of bean trade is normal for this period of the marketing season.

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



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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. 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 at WFP Malawi, while the rest of the borders are managed by the TSC. Address comments/suggestions to the following e-mail addresses: pmladla@few.net, simon.dradri@wfp.org; eric.kenefick@wfp.org or orandzej.golebiowski@wfp.org

Summary of maize trade flows

Table 1 and Figure 3 summarise maize trade flows, according to source and destination. Mozambique's quarterly maize exports have declined by 28% (from 27,480 MT to 21,400 MT) during the first quarter of the 2007/08 marketing season compared with the corresponding period last season.

Table 1: Informal Cross Border Maize Exports By Country

| Source | Destination | 2004/05 Season | 2005/06 Season | 2006/07 Season | Apr-Jun 2006 | Apr-Jun 2007 |
|----------------------------|-------------|----------------|----------------|----------------|---------------|---------------|
| Malawi | Zambia | 34 | 81 | 202 | 64 | 954 |
| Malawi | Tanzania | 637 | 944 | 2,928 | 2,358 | 68 |
| Malawi | Mozambique | - | 133 | 591 | 0 | 47 |
| Mozambique | Zimbabwe | 2 | 5 | 2,085 | 4 | 4 |
| Mozambique | Malawi | 71,229 | 71,218 | 77,394 | 27,479 | 21,394 |
| Mozambique | Zambia | - | 49 | 1,269 | 5 | 475 |
| South Africa | Zimbabwe | - | 1,688 | 49 | 17 | 9 |
| Tanzania | Zambia | 3,699 | 13,556 | 6,260 | 318 | 835 |
| Tanzania | Malawi | 2,656 | 84,862 | 1,888 | 0 | 0 |
| Zambia | Zimbabwe | 13,106 | 182 | 299 | 3 | 243 |
| Zambia | Malawi | 2,157 | 419 | 378 | 58 | 278 |
| Zambia | Tanzania | 93 | 0 | 7 | 0 | 4 |
| Zambia | DRC | 8,318 | 4,682 | 9,481 | 992 | 8,123 |
| Zambia | Mozambique | - | 55 | 2 | 2 | 0 |
| Zimbabwe | Mozambique | - | 85 | 294 | 15 | 12 |
| Total Captured (MT) | | 101,931 | 177,959 | 103,127 | 31,315 | 32,446 |

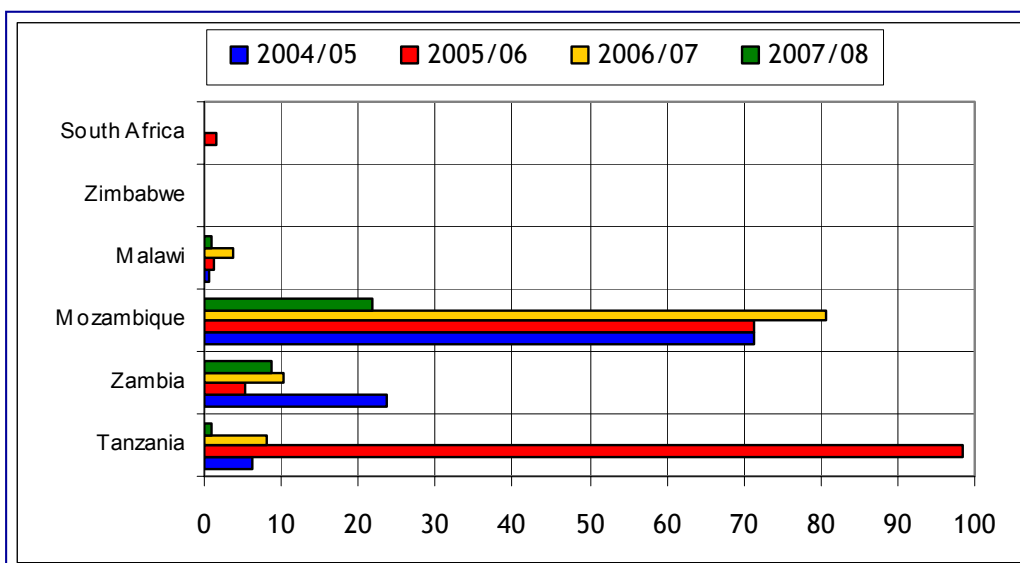
However, on a month to month basis, maize exports rose to nearly 12,900 MT in June 2007 from close to 12,150 MT in May. In the current quarter, most of the maize exports captured for the region, were destined for Malawi, with negligible quantities exported to Zambia (475 MT) and Mozambique (4 MT). This trend was also observed during the same quarter last year. The overall reduction in maize exports from Mozambique is expected. This in part, reflects an increase in internal demand for maize in Mozambique due to reduction in cereal production caused by the floods in the central part of the country. In addition, Malawi, the largest importer from Mozambique, has had two successive seasons of surplus cereal production, leading to a fall in demand. It should be noted that

there was a similar reduction in demand for maize imports from Mozambique in the last season.

Meanwhile, Tanzania's quarterly exports to Zambia have increased to 835 MT in the current quarter compared to 318 MT over the corresponding quarter last season. Zambia had a good growing season and registered a surplus. It is therefore expected that most imports from Tanzania will be destined for DRC. The most active borders for maize trade in Zambia are *Zombe*, *Mpulungu* and *Mokambo*. These borders lie close to major exit (transshipment) routes to DRC, including the Kasumbalesa border post. This supposition is supported by the eightfold increase in informal maize flows from Zambia to DRC in the first quarter of this year; 8,123 MT up from 992 MT last year. It should be noted that Zambia had

a maize export ban last season and the current rise in exports to DRC would in part reflect the partial lifting of that ban. Over 70 percent of Zambia's maize exports to the DRC are in the form of mealie meal through Kasumbalesa border. This contrasts with all other monitored borders, where trade is mostly in maize grain in part, be deriving from Malawi's maize export programme with Zimbabwe.

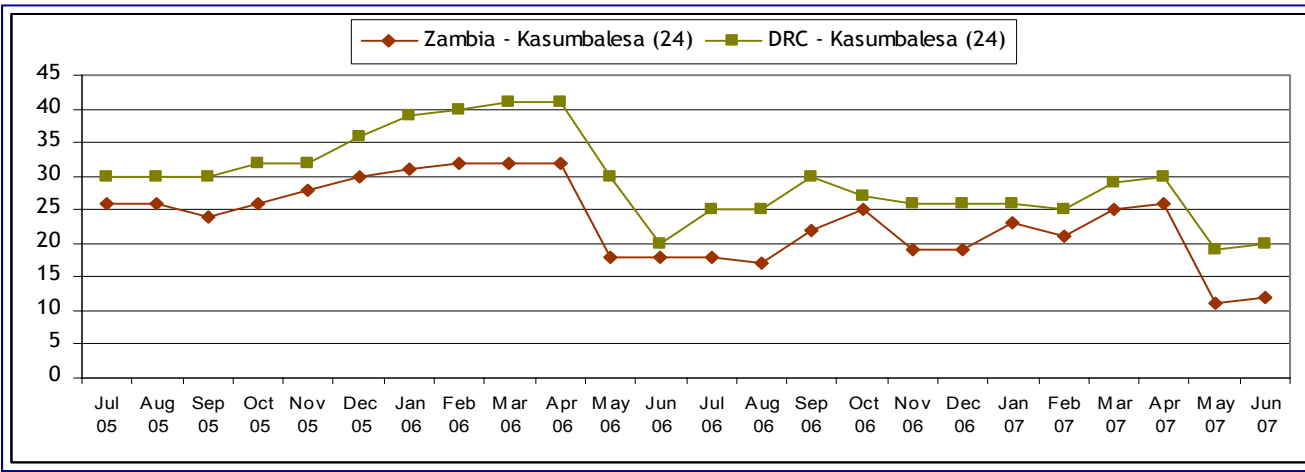
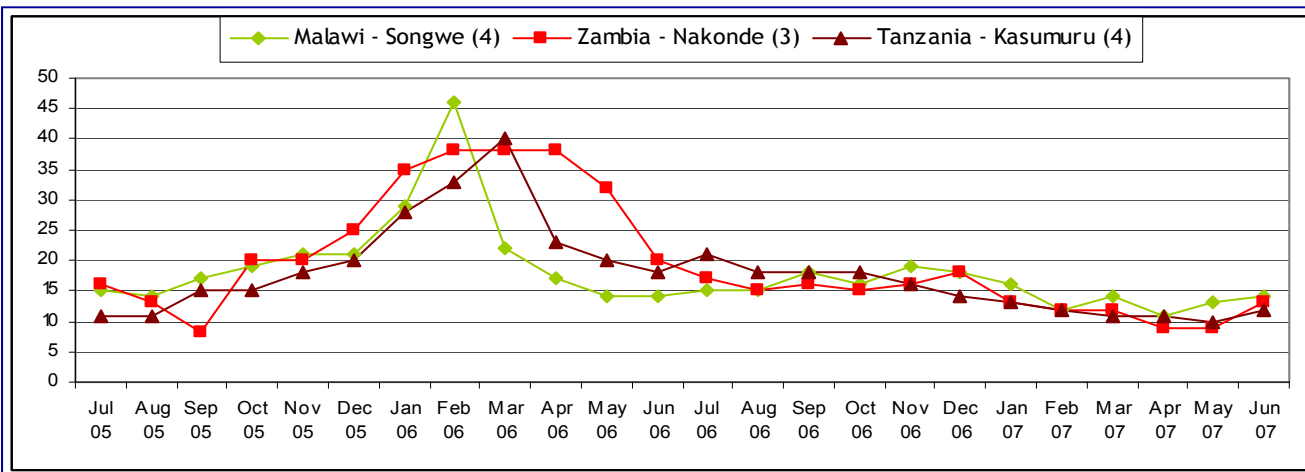
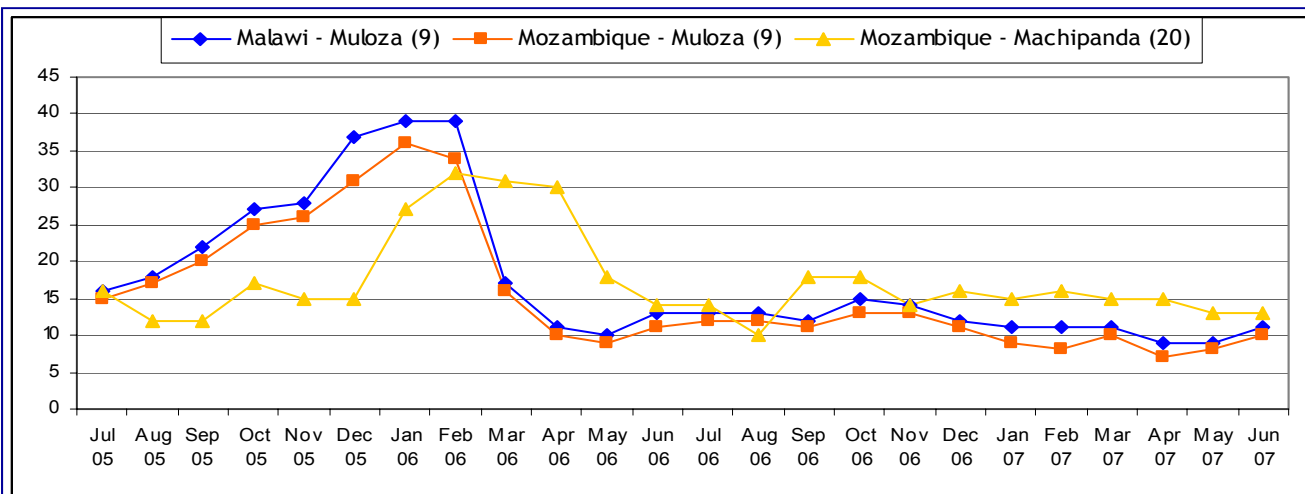
Figure 3: Informal Cross Border Maize Exports By Country ('000 MT)



Maize Price Trends at Selected Border Points

Figures 4a to 4c depict retail price movements across selected border points grouped according to proximity to each other or to catchment area. Maize retail prices at Milange (Mozambique) have continued the rise that began in April. The price of maize rose from US\$0.07/kg in April to US\$0.08/kg in May, and further to US\$0.10 /kg in June. Retail prices that had remained unchanged at US\$0.09/kg between April and May on the Malawi side of the border at Muloza, have now risen to US\$0.11/kg in June. These price increases have spurred a 12 percent increase in imports from Mozambique (from 10,536 MT in May to 11,770 MT in June). The rise in prices along this border area could be due to several factors including the high demand for maize in the surrounding area in Malawi and from other parts of Mozambique. The recently announced ADMARC farm gate price (pegged at US0.12/kg) in Malawi could have contributed to this rise.

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



Formal exports

Formal trade flows are presented in order to provide a more comprehensive picture of both formal and informal trade flows in the region. Available formal maize trade data is sourced from the South African Grain Information Service (SAGIS), which provides weekly data on South Africa's imports and exports of grain. In the month of June, Mozambique and Zimbabwe (among the monitored countries) received formal maize imports, while Malawi and South Africa made formal maize exports. According to the SAGIS data, Mozambique imported 2,896 MT from South Africa while Zimbabwe did not import from South Africa during the month of June. For the full first quarter of the 2007/08 marketing season, Zimbabwe and Mozambique had formally imported 1,541 MT and 6,899 MT (respectively) of white maize from South Africa. It should be pointed out that South Africa's maize production has declined this year due to poor rainfall in some parts of the country, especially in the maize growing areas. This could partly explain the reduced exports by South Africa to Zimbabwe.

Meanwhile, under a separate 400,000 MT import programme with Malawi, between April and June, Zimbabwe imported close to 82,250 MT (32,250 MT in June) from Malawi. Nearly half (40,000 MT) of Malawi's exports to Zimbabwe have come from the state run Agricultural Development and Marketing Corporation, ADMARC, while the rest has been supplied by private traders. On the basis of the current export trends, Malawi will need to significantly scale up its export flows if it is to meet its commitment within a period of 10 months as announced by both Malawi and Zimbabwe.

Source: South African Grain Service (SAGIS)

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

| Source | Destination | 2004/05 Season | 2005/06 Season | 2006/07 Season | June 2006 | June 2007 |
|----------------------------|-------------|----------------|----------------|----------------|------------|--------------|
| Malawi | Zambia | 1 | 31 | 74 | 0 | 30 |
| Malawi | Mozambique | 1 | 12 | 1 | 0 | 11 |
| Malawi | Tanzania | 450 | 135 | 1,217 | 0 | 354 |
| Mozambique | Malawi | 2,532 | 1,691 | 1,718 | 145 | 510 |
| Mozambique | Zimbabwe | 58 | 399 | 850 | 33 | 100 |
| South Africa | Zimbabwe | 0 | 64 | 82 | 1 | 4 |
| Tanzania | Zambia | 547 | 641 | 557 | 66 | 32 |
| Tanzania | Malawi | 70 | 912 | 4 | 0 | 0 |
| Zambia | DRC | 12,644 | 12,629 | 1,697 | 18 | 11 |
| Zambia | Malawi | 0 | 0 | 0 | 0 | 0 |
| Zambia | Zimbabwe | 50 | 106 | 803 | 18 | 330 |
| Total Captured (MT) | | 16,355 | 16,620 | 7,003 | 281 | 1,341 |

Summary of trade in rice and beans

Tables 2 and 3 present summaries of trade flows in rice and beans. Comparison of trade in rice between this June and last June shows that this June, rice trade has quadrupled to 1,341 MT from 281 MT in June last year. A comparison of quarters also indicates that trade in rice has increased significantly from 588 MT in the first quarter of the 2006/07 marketing season to 2,537 MT in the first quarter of this marketing season. Rice is mainly consumed by urban populations in many of the monitored countries. It is also traded by a few larger scale traders in a few border points which makes the trade flows erratic from one month to another. Meanwhile trade in beans also increased from 586 MT recorded last June to 643 MT this June. A comparison of quarters suggests that bean trade is also higher this quarter (at 1,689 MT) compared to the corresponding quarter last year (1,329 MT). The increase in bean trade reflects better production in the major exporting countries of Zambia and Mozambique.

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

| Source | Destination | 2004/05 Season | 2005/06 Season | 2006/07 Season | June 2006 | June 2007 |
|----------------------------|-------------|----------------|----------------|----------------|------------|--------------|
| Malawi | Zambia | 1 | 31 | 74 | 0 | 30 |
| Malawi | Mozambique | 1 | 12 | 1 | 0 | 11 |
| Malawi | Tanzania | 450 | 135 | 1,217 | 0 | 354 |
| Mozambique | Malawi | 2,532 | 1,691 | 1,718 | 145 | 510 |
| Mozambique | Zimbabwe | 58 | 399 | 850 | 33 | 100 |
| South Africa | Zimbabwe | 0 | 64 | 82 | 1 | 4 |
| Tanzania | Zambia | 547 | 641 | 557 | 66 | 32 |
| Tanzania | Malawi | 70 | 912 | 4 | 0 | 0 |
| Zambia | DRC | 12,644 | 12,629 | 1,697 | 18 | 11 |
| Zambia | Malawi | 0 | 0 | 0 | 0 | 0 |
| Zambia | Zimbabwe | 50 | 106 | 803 | 18 | 330 |
| Total Captured (MT) | | 16,355 | 16,620 | 7,003 | 281 | 1,341 |

Annex 1: Trade Tables

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 | 06/07 Season | Apr 07 | May 07 | Jun 07 |
|----------------------------|-------------|--------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|---------------|--------------|---------------|
| Tanzania | Zambia | 168 | 72 | 78 | 195 | 303 | 253 | 442 | 860 | 1,330 | 1,294 | 743 | 522 | 6,260 | 313 | 282 | 240 |
| Zambia | Zimbabwe | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 1454 | 150 | 299 | 150 | 0 | 93 |
| Zambia | Malawi | 0 | 25 | 33 | 92 | 84 | 73 | 10 | 15 | 20 | 15 | 8 | 3 | 378 | 8 | 267 | 3 |
| Zambia | Tanzania | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 3 | 1 | 7 | 1 | 3 | 0 |
| Malawi | Zambia | 20 | 20 | 24 | 24 | 24 | 17 | 5 | 18 | 4 | 10 | 17 | 19 | 202 | 311 | 30 | 613 |
| Zambia | DRC | 7 | 914 | 71 | 157 | 244 | 555 | 616 | 1,396 | 1,177 | 577 | 1,213 | 2,554 | 9,481 | 3,774 | 844 | 3,505 |
| Mozambique | Malawi | 5,173 | 10,536 | 11,770 | 10,557 | 10,392 | 6,120 | 5,845 | 6,125 | 3,756 | 3,391 | 1,580 | 2,149 | 77,934 | 6,058 | 7,130 | 8,206 |
| Malawi | Tanzania | 1,351 | 847 | 160 | 156 | 205 | 90 | 51 | 0 | 4 | 45 | 2 | 17 | 2,928 | 21 | 20 | 27 |
| Tanzania | Malawi | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 21 | 162 | 418 | 1,114 | 173 | 1,888 | 0 | 0 | 0 |
| Mozambique | Zimbabwe | 0 | 0 | 4 | 0 | 0 | 0 | 0 | 2 | 4 | 2,070 | 0 | 5 | 2,085 | 0 | 0 | 4 |
| Mozambique | Zambia | 0 | 5 | 0 | 18 | 57 | 36 | 514 | 171 | 126 | 39 | 212 | 91 | 1,269 | 61 | 234 | 180 |
| Malawi | Mozambique | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14 | 3 | 183 | 308 | 83 | 591 | 21 | 16 | 10 |
| Zambia | Mozambique | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 |
| Zimbabwe | Mozambique | 9 | 0 | 6 | 5 | 14 | 24 | 22 | 17 | 108 | 16 | 61 | 12 | 294 | 12 | 0 | 0 |
| South Africa | Zimbabwe | 6 | 8 | 3 | 2 | 3 | 3 | 3 | 3 | 9 | 3 | 3 | 3 | 49 | 3 | 3 | 3 |
| Total Captured (MT) | | 6,735 | 12,429 | 12,151 | 11,206 | 11,326 | 7,171 | 7,508 | 8,643 | 6,703 | 8,064 | 5,409 | 5,782 | 103,217 | 10,733 | 8,829 | 12,884 |

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 | 06/07 Season | Apr 07 | May 07 | Jun 07 |
|----------------------------|-------------|------------|------------|------------|--------------|------------|------------|------------|------------|--------------|------------|------------|------------|--------------|------------|------------|--------------|
| Tanzania | Zambia | 28 | 6 | 66 | 75 | 26 | 67 | 49 | 58 | 58 | 26 | 37 | 61 | 557 | 26 | 38 | 32 |
| Malawi | Tanzania | 0 | 56 | 0 | 550 | 111 | 79 | 13 | 29 | 64 | 91 | 148 | 76 | 1,217 | 3 | 0 | 354 |
| Tanzania | Malawi | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 3 | 0 | 0 |
| Zambia | DRC | 13 | 15 | 18 | 94 | 36 | 101 | 165 | 257 | 703 | 128 | 54 | 113 | 1,697 | 207 | 35 | 11 |
| Zambia | Malawi | 0 | 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 | 30 |
| Zambia | Zimbabwe | 12 | 25 | 18 | 75 | 24 | 42 | 0 | 26 | 50 | 117 | 258 | 156 | 803 | 119 | 180 | 330 |
| Mozambique | Malawi | 48 | 29 | 145 | 1,071 | 49 | 35 | 145 | 46 | 84 | 34 | 15 | 17 | 1,718 | 14 | 0 | 510 |
| Malawi | Mozambique | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 1 | 195 | 0 | 11 |
| Mozambique | Zimbabwe | 26 | 40 | 33 | 39 | 59 | 68 | 69 | 80 | 104 | 118 | 127 | 87 | 850 | 92 | 99 | 100 |
| South Africa | Zimbabwe | 2 | 3 | 1 | 1 | 1 | 1 | 1 | 2 | 64 | 2 | 2 | 2 | 82 | 2 | 2 | 4 |
| Total Captured (MT) | | 133 | 174 | 281 | 1,905 | 306 | 395 | 452 | 500 | 1,127 | 547 | 641 | 542 | 7,003 | 751 | 404 | 1,382 |

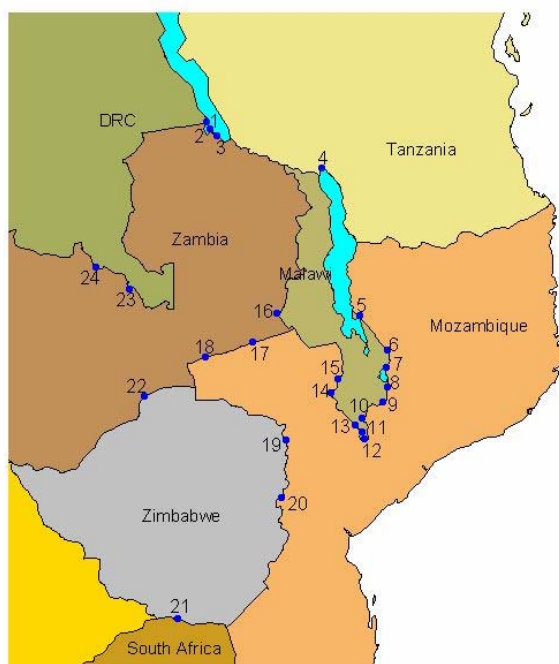
Annex I (continued)

Table 6: Informal cross border trade in beans (MT)

| Source | Desti- nation | Apr 06 | May 06 | Jun 06 | Jul 06 | Aug 06 | Sep 06 | Oct 06 | Nov 06 | Dec 06 | Jan 07 | Feb 07 | Mar 07 | 06/07 season | Apr 07 | May 07 | Jun 07 |
|--------------------------------|------------------|------------|------------|------------|------------|------------|------------|-------------|-------------|-------------|-------------|------------|------------|-----------------|------------|------------|------------|
| TZ | ZAM | 42 | 72 | 14 | 40 | 89 | 25 | 35 | 0 | 38 | 107 | 69 | 57 | 588 | 223 | 190 | 20 |
| ZAM | TZ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 |
| ZAM | DRC | 12 | 295 | 83 | 121 | 103 | 126 | 1373 | 79 | 106 | 34 | 26 | 64 | 2422 | 93 | 352 | 170 |
| MAL | MOZ | 11 | 4 | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 242 | 2 | 8 | 269 | 60 | 0 | 0 |
| ZAM | ZIM | 5 | 7 | 16 | 5 | 8 | 7 | 0 | 4 | 4 | 5 | 0 | 8 | 69 | 6 | 21 | 10 |
| MOZ | MAL | 29 | 112 | 472 | 550 | 601 | 232 | 550 | 117 | 70 | 42 | 13 | 10 | 2798 | 72 | 3 | 360 |
| MAL | TZ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MOZ | ZIM | 0 | 1 | 0 | 0 | 1 | 1 | 1 | 1 | 2 | 0 | 1 | 0 | 8 | 1 | 1 | 1 |
| MAL | ZAM | 138 | 13 | 0 | 30 | 0 | 34 | 17 | 0 | 9 | 10 | 7 | 10 | 268 | 20 | 2 | 81 |
| TZ | MAL | 0 | 0 | 0 | 0 | 53 | 1 | 336 | 843 | 1048 | 909 | 382 | 74 | 3646 | 0 | 0 | 0 |
| RSA | ZIM | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 64 | 11 | 0 | 1 | 83 | 1 | 1 | 1 |
| Total captured (MT) | | 238 | 505 | 586 | 747 | 857 | 427 | 2313 | 1047 | 1341 | 1360 | 500 | 232 | 10153 | 476 | 570 | 643 |

*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 |

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