

Informal Cross Border Food Trade in Southern Africa

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Highlights:

- Close to 63,700 MT of informal trade in maize (56,300 MT), rice (4,500 MT) and beans (2,900 MT) were captured in the first quarter of the 2007/08 marketing season representing a 10% rise over last year's volumes.
- Maize retail prices rose across selected border points, but the increases are normal for the period.
- Formal exports from Malawi to Zimbabwe at the end of August amounted 93,200 MT.

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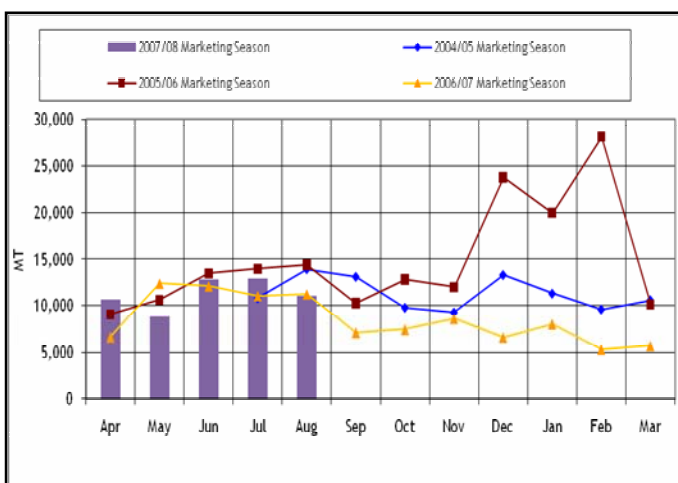
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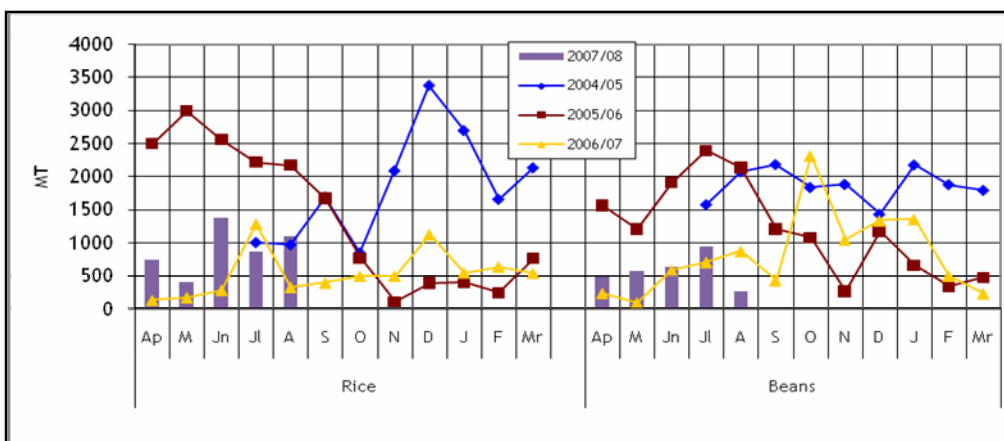
Overall summary of trade flows

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



By the end of August, close to 63,700 MT of trade in maize, rice and beans was captured through the Southern Africa informal cross border food trade monitoring system since the start of the marketing year in April, representing a 7 percent increase over the 59,600 MT captured over a similar period last season. As shown in figures 1 and 2, on a commodity by commodity basis, between April and August this year, trade in maize has increased to 56,348 MT (or by 5 per cent) compared to 53,847 MT over the corresponding period last year; trade in rice has increased by 61 percent (from 2,799 MT to 4,518 MT); while trade in beans marginally declined to 2,933 MT from 2,898 MT during the same period. Overall, the current informal trade pattern mirrors last season's. That season was characterized by generally satisfactory rainfall pattern and production levels in many of the monitored countries including Malawi, Zambia, Mozambique and southern Tanzania and can be described as one of the better seasons since the monitoring started in July of the 2004/05 season.

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 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 in Malawi, while the rest of the borders are managed by the TSC. Address comments/suggestions to the following e-mail addresses: pmdlada@fews.net, simon.dradri@wfp.org; eric.kenefick@wfp.org or andrzej.golebiowski@wfp.org

Summary of maize trade flows

Table 1: Informal Cross Border Maize Exports By Country

Source	Destination	04/05 Season	05/06 Season	06/07 Season	Jul 2006	Jul 2007	Aug 2006	Aug 2007
Malawi	Zambia	34	81	202	24	220	24	49
Malawi	Tanzania	637	944	2,928	156	68	205	169
Malawi	Mozambique	-	133	591	0	13	0	9
Mozambique	Zimbabwe	2	5	2,085	0	0	0	0
Mozambique	Malawi	71,229	71,218	77,394	10,557	6,994	10,392	6,067
Mozambique	Zambia	-	49	1,269	18	410	57	526
South Africa	Zimbabwe	-	1,688	49	2	2	3	4
Tanzania	Zambia	3,699	13,556	6,260	195	818	303	934
Tanzania	Malawi	2,656	84,862	1,888	0	0	0	10
Zambia	Zimbabwe	13,106	182	299	0	12	0	100
Zambia	Malawi	2,157	419	378	92	135	84	3
Zambia	Tanzania	93	0	7	0	0	0	0
Zambia	DRC	8,318	4,682	9,481	157	4,334	244	3,217
Zambia	Mozambique	-	55	2	0	0	0	0
Zimbabwe	Mozambique	-	85	294	5	10	14	9
Total Captured (MT)		101,931	177,959	103,127	11,206	12,895	11,326	11,097

Source: FEWS NET and WFP Malawi; TSC

Table 1. summarizes maize informal trade flows according to source and destination.

Total maize trade increased during the months of July and August this year compared with the corresponding period last year. However, exports from Mozambique to Malawi in July and August declined by 38% compared to July and August last year. The substantial drop in volumes traded is attributed to surplus production in Malawi and increased internal demand for maize from northern Mozambique partly as a result of the flood-induced decreased production in central Mozambique. Another notable anomalous trade flow between July and August is the increased maize exports by Zambia to DRC this year compared with last year. Between April and August this year, Zambia's informal maize exports to DRC are at nearly 15,700 MT, a significant increase from the 1,393 MT captured during the same period last year. Increased Zambian exports are due to the higher than average maize production last growing season as well as the partial lifting of the maize export ban by the Zambian government. This also appears to have spurred more trade between southern Tanzania and northern Zambia as some of the maize from Tanzania finds its way to DRC through Zambia. Meanwhile, Tanzania's informal maize exports to Zambia have increased three-fold from 816 MT (April to August) last year to 2,587 MT (April to August) this year.

Formal Maize Trade

This section presents formal trade flows in an attempt to provide a comprehensive picture of current trade flows (both formal and informal) among the monitored countries. Available formal maize trade 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 the months of July and August, among the monitored countries, Mozambique and Zimbabwe received formal maize imports, while Malawi and South Africa made formal maize exports. According to SAGIS, Mozambique imported 4,312 MT and 4,286 MT of white maize from South Africa in July and August, respectively; bringing its total imports since April to 15,497 MT. Zimbabwe did not import anything from South Africa during this period. Zimbabwe's total white maize imports from South Africa since April remained at 1,171 MT.

Meanwhile, in separate import contracts, Malawi is to supply Zimbabwe with 480,000 MT of maize (400,000 MT under a government to government contract and 80,000 MT under a World Food Programme contract). As at the end of August, the Malawi Government had delivered 158,194 MT of maize on its contract while WFP had delivered 35,000 MT on its contract. With the volumes of formal trade amongst the monitored countries estimated only at 210,000 MT at the end of August, and the volume of informal trade estimated at 64,000 MT, shows that officially unrecorded/informal trade in maize makes a significant contribution (30%) to the movement of grain in the region.

Maize Retail Prices

Figures 4a to 4c depict retail price movements across selected border points grouped according to proximity to each other or catchment area. Maize retail prices around the Milange (Mozambique)/Muloza (Malawi) border area have continued the rise that began in May (averaging US\$0.09/kg in May and US\$0.11/kg in August). As a reflection of generally better supply situation this year, the current price rises are lower than last year at the same time. In August last year prices at this border area averaged US\$0.13/kg but are now averaging US\$0.11/kg. The current rising price trend at this time of the year is expected as it generally reflects dwindling supplies which happens the further the marketing season moves from harvesting season (April to June). Between July and August, informal trade between Malawi and Mozambique at this border declined from 4,681 MT to 4,150 MT.

Meanwhile, the reduction in production in central Mozambique due to floods among other factors is being reflected in increasing maize retail prices in that area. In Machipanda (Mozambique/Zimbabwe), between July and August retail prices have risen by 15% (from US\$0.13/kg to US\$0.15/kg). This year's August retail prices of US\$0.15/kg are 50% higher than last year at the same time. On the Zambia/DRC border, retail prices also continued to increase. Retail prices are at US\$0.15/kg on the Zambia side and at US\$0.23/kg on the DRC side. Year to year comparison shows that retail prices on the Zambian side have declined from US\$0.17/kg last August reflecting improved maize supplies this season, in part due to the partial lifting of the maize export ban by the Zambian authorities. In the meantime, the DRC remains a net importer of cereals including maize.

Fig.4 (a) Maize Retail Prices at Malawi/Mozambique and Mozambique/Zimbabwe Border

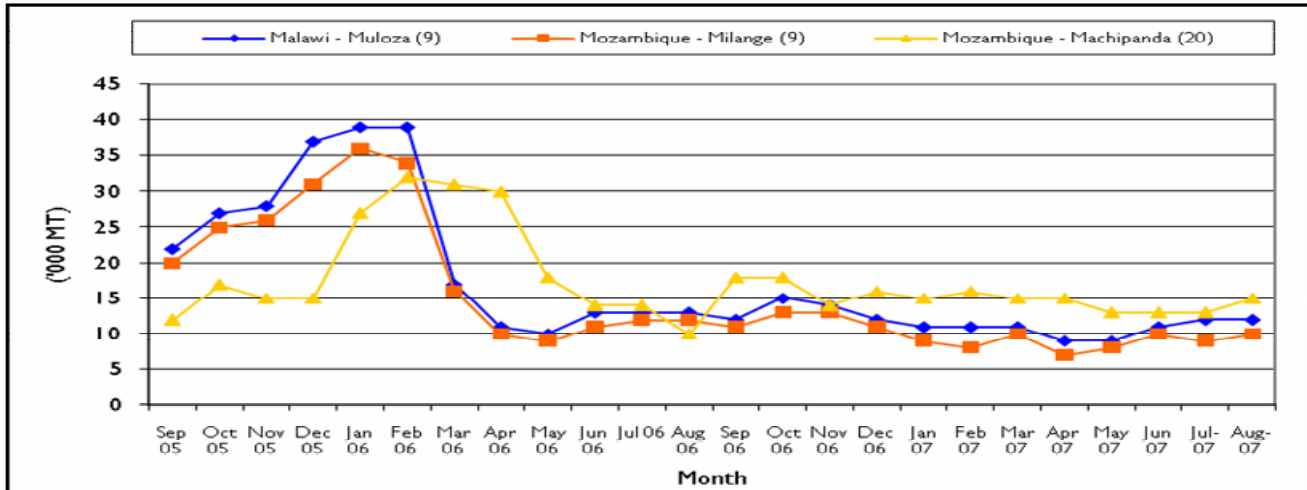


Fig.4 (b) Maize Retail Prices at Malawi/Tanzania and Tanzania/Zambia Border

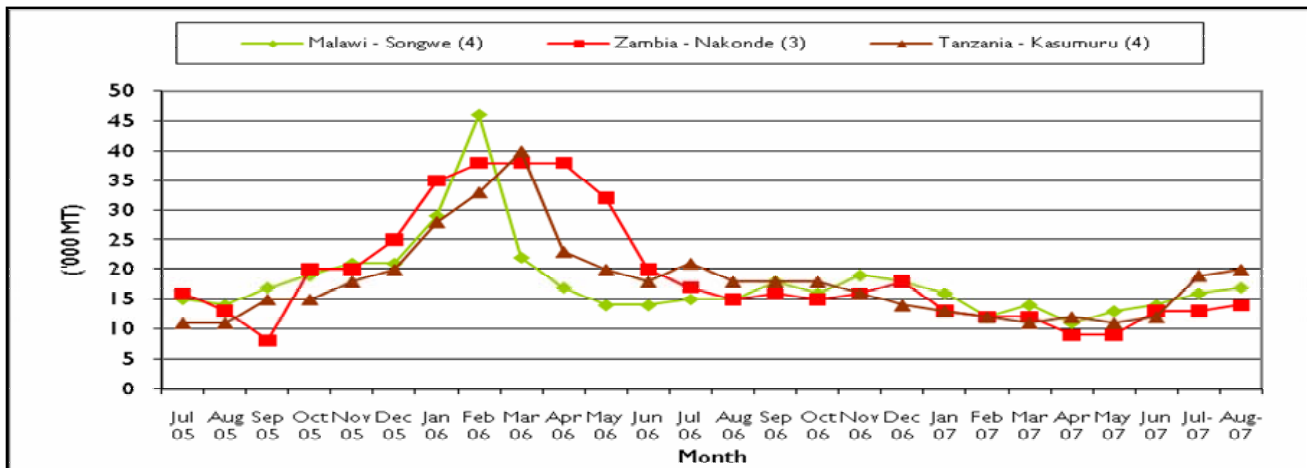
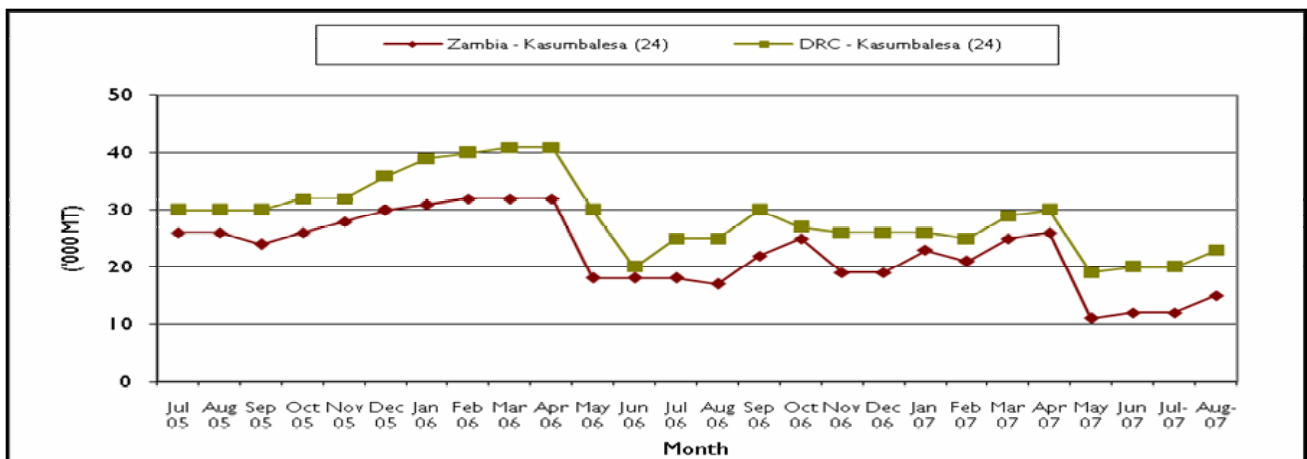


Fig.4 (c) Maize Retail Prices at Zambia/DRC Border



Source: FEWS NET/WFP Malawi and TSC. Figures in parenthesis refer to the map at the back of the report

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

Source	Destination	2004/05 Season	2005/06 Season	2006/07 Season	Jul 2006	Jul 2007	Aug 2006	Aug 2007
Malawi	Zambia	1	31	74	0	0	0	0
Malawi	Mozambique	1	12	1	0	58	0	58
Malawi	Tanzania	450	135	1217	550	243	111	131
Mozambique	Malawi	2,532	1,691	1718	1,071	52	49	13
Mozambique	Zimbabwe	58	399	850	39	38	59	69
South Africa	Zimbabwe	0	64	82	1	2	1	3
Tanzania	Zambia	547	641	557	75	75	26	34
Tanzania	Malawi	70	912	4	0	0	0	0
Zambia	DRC	12,644	12,629	1,697	94	224	36	149
Zambia	Malawi	0	0	0	0	0	0	0
Zambia	Zimbabwe	50	106	803	75	183	24	649
Total captured		16353	16620	7003	1,905	875	303	1,106

Summary of trade in rice and beans

Tables 2 and 3 present summaries of trade flows in rice and beans. The year to year comparison of trade in rice shows that this August there was more trade in rice 1,106 MT compared with 306 MT traded in August last year. Noteworthy in the trade in rice is that Zambia's exports to Zimbabwe have been steadily increasing, reaching 649 MT in August (183 MT in July and 330 MT in June). Due to the cereal deficit in Zimbabwe, the rising rice exports from Zambia are expected, and are likely to continue in the next few months as the lean season (December to February) approaches.

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

Source	Destination	2004/05 Season	2005/06 Season	2006/07 Season	Jul 2006	Jul 2007	Aug 2006	Aug 2007
Malawi	Mozambique	417	76	269	0	4	2	0
Malawi	Tanzania	2	0	0	0	120	0	0
Malawi	Zambia	30	19	268	30	71	0	0
Mozambique	Malawi	2,997	2,741	2,798	550	445	691	0
Mozambique	Zimbabwe	67	4	8	0	0	1	1
South Africa	Zimbabwe	0	325	83	1	1	0	2
Tanzania	Malawi	403	2,459	3,646	0	44	53	0
Tanzania	Zambia	509	472	588	40	65	89	56
Zambia	Tanzania	0	0	2	0	0	0	0
Zambia	DRC	12,079	8,231	2,422	121	195	103	186
Zambia	Zimbabwe	372	16	69	5	0	8	19
Total captured		16,816	14,343	10,153	747	945	857	264

Meanwhile trade in beans decreased from 857 MT recorded last August to 264 MT this August. Zambia's exports to DRC dominated the trade, accounting for 186 MT of the captured trade. Tanzania exported 56 MT to Zambia but it is likely that some of this trade was destined for the DRC. Zambia and Mozambique are the major exporting countries for beans.

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	2006/07 Season	Apr 07	May 07	Jun 07	Jul 07	Aug 07
Tanzania	Zambia	168	72	78	195	303	253	442	860	1,330	1,294	743	522	6260	313	282	240	818	934
Zambia	Zimbabwe	1	1	1	0	0	0	0	1	0	0	145	150	299	150	0	93	12	100
Zambia	Malawi	0	25	33	92	84	73	10	15	20	15	8	3	378	8	267	3	14	3
Zambia	Tanzania	0	0	0	0	0	0	0	0	0	3	3	1	7	1	3	0	0	0
Malawi	Zambia	20	20	24	24	24	17	5	18	4	10	17	19	202	311	30	613	220	49
Zambia	DRC	7	914	71	157	244	555	616	1396	1177	577	1,213	2,554	9481	3774	844	3,505	4,334	3,217
Mozambique	Malawi	5,173	10536	11770	10,557	10,392	6120	5845	6125	3756	3391	1,580	2,149	77394	6058	7,130	8,206	6,994	6,067
Malawi	Tanzania	1351	847	160	156	205	90	51	0	4	45	2	17	2928	21	20	27	68	169
Tanzania	Malawi	0	0	0	0	0	0	0	21	162	418	1,114	173	1888	0	0	0	0	10
Mozambique	Zimbabwe	0	0	4	0	0	0	0	2	4	2,070	0	5	2085	0	0	4	0	0
Mozambique	Zambia	0	5	0	18	57	36	514	171	126	39	212	91	1269	61	234	180	410	526
Malawi	Mozambique	0	0	0	0	0	0	0	14	3	183	308	83	591	21	16	10	13	9
Zambia	Mozambique	0	1	1	0	0	0	0	0	0	0	0	0	2	0	0	0	0	0
Zimbabwe	Mozambique	9	0	6	5	14	24	22	17	108	16	61	12	294	12	0	0	10	9
South Africa	Zimbabwe	6	8	3	2	3	3	3	3	9	3	3	3	49	3	3	3	2	4
Total Captured (MT)		6,735	12,429	12,151	11,206	11,326	7,171	7508	8643	6,703	8,064	5,409	5,782	103127	10,733	8,829	12,884	12,895	11,097

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

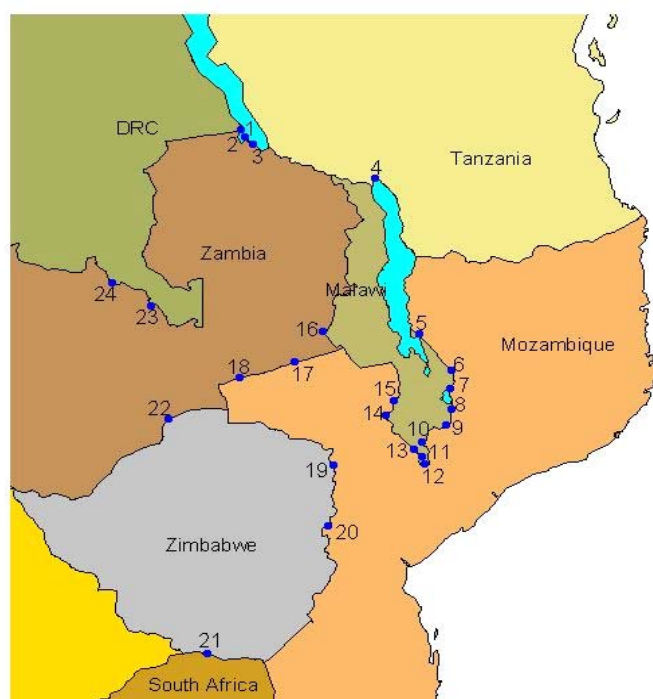
Source	Destination	Apr 06	May 06	Jun 06	Jul 06	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06	Jan 07	Feb 07	Mar 07	2006/07 Season	Apr 07	May 07	Jun 07	Jul 07	Aug 07
Tanzania	Zambia	28	6	66	75	26	67	49	58	58	26	37	61	557	26	38	32	75	34
Malawi	Tanzania	0	56	0	550	111	79	13	29	64	91	148	76	1,217	3	0	354	243	131
Tanzania	Malawi	4	0	0	0	0	0	0	0	0	0	0	0	4	3	0	0	0	0
Zambia	DRC	13	15	18	94	36	101	165	257	703	128	54	113	1,697	207	35	11	224	149
Zambia	Malawi	0	0	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	0	0
Zambia	Zimbabwe	12	25	18	75	24	42	0	26	50	117	258	156	803	119	180	330	183	649
Mozambique	Malawi	48	29	145	1,071	49	35	145	46	84	34	15	17	1,718	14	0	510	52	13
Malawi	Mozambique	0	0	0	0	0	0	0	0	0	1	0	0	1	195	0	11	58	58
Mozambique	Zimbabwe	26	40	33	39	59	68	69	80	104	118	127	87	850	92	99	100	38	69
South Africa	Zimbabwe	2	3	1	1	1	1	1	2	64	2	2	2	82	2	2	4	2	3
Total Captured (MT)		133	174	281	1,905	306	395	452	500	1,127	547	641	542	7,003	751	404	1,382	875	1,106

Annex 1 (continued)

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

Source	Destination	2006												2006/07 Season	2007				
		Apr 06	May 06	Jun 06	Jul 06	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06	Jan 07	Feb 07	Mar 07		Apr 07	May 07	Jun 07	Jul 07	Aug 07
Tan	Zam	42	72	14	40	89	25	35	0	38	107	69	57	588	223	190	20	65	56
Zam	Tan	0	0	0	0	0	0	0	2	0	0	0	0	2	0	0	0	0	0
Zam	DRC	12	295	83	121	103	126	1373	79	106	34	26	64	2422	93	352	170	195	186
Mal	Moz	11	4	0	0	2	0	0	0	0	242	2	8	269	60	0	0	4	0
Zam	Zim	5	7	16	5	8	7	0	4	4	5	0	8	69	6	21	10	0	19
Moz	Mal	29	112	472	550	601	232	550	117	70	42	13	10	2798	72	3	360	445	0
Mal	Tan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	120	0
Moz	Zim	0	1	0	0	1	1	1	1	2	0	1	0	8	1	1	1	0	1
Mal	Zam	138	13	0	30	0	34	17	0	9	10	7	10	268	20	2	81	71	0
Tan	Mal	0	0	0	0	53	1	336	843	1048	909	382	74	3646	0	0	0	44	0
RSA	Zim	1	1	1	1	0	1	1	1	64	11	0	1	83	1	1	1	1	2
Total Captured (MT)		238	505	586	747	857	427	2,313	1,047	1,341	1,360	500	232	10,153	476	570	643	945	264

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. Naminkhakra | 19. Nyamapanda |
| 8. Kolowikho | 20. Machipanda |
| 9. Muloza | 21. Messina / Beitbridge |
| 10. Sankhulani | 22. Chirundu |
| 11. Tengani | 23. Mokambo |
| 12. Marka | 24. Kasumbalesa |

For more information
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