Informal Cross Border Food Trade in Southern Africa

Issue 38 January 2008

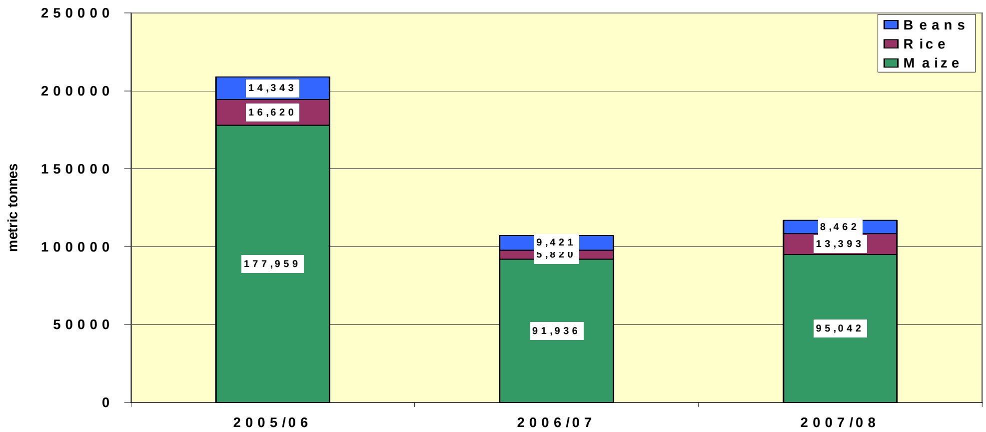
Monthly Highlights:

- *Informal trade in maize and beans increased in January compared to December 2007, while that of rice decreased. Cumulatively, maize traded from April to January remained at almost the same level as last season, but rice more than doubled while beans were down by 9 percent .*
- *Official maize export deliveries from Malawi to Zimbabwe slowed down in January due to a general tightening of supplies. Similarly formal exports from Zambia to neighboring States also slowed down.*
- *Nominal prices for the three commodities (maize, rice and beans) continued to increase in January as expected during this time of the season due to reduced levels of supply .*

Inside this issue:

Overall summary of trade flows

Figure 1: Comparison of informal trade volumes amongst the monitored countries over the period April—January : 2005/06, 2006/07 and 2007/08 marketing seasons



A total of about 10,115 MT of maize, rice and beans were captured by the Southern Africa informal cross border food trade monitoring system in January 2008, almost the same as the 9,971 MT traded at the same time last season. Cumulatively, a total of 117,014 MT were informally traded from the start of the marketing season in April 2007 to end of January 2008. This represents about a 9 percent increase over the 107,177 MT of maize, rice and beans traded during the same period last season. The increase in the overall total trade this season is as a result of increases in volumes of maize and rice traded. Maize and rice experienced, respectively, 3 percent and 130 percent increases in volumes traded while beans experienced a drop of about 9 percent over the same period.

Although the current figures show that the overall volume of trade has increased by 9 percent over the same period last season, the volumes traded from April to January in the 2006/07 and 2007/08 seasons are significantly lower than at the same period in the 2005/06 marketing season. This is clearly indicated in Figure 1, which compares the total volumes of maize, rice and beans captured by the Informal Cross-border Trade Monitoring System from April to January in the past three seasons. The figure shows that the volume traded was highest in the 2005/06 season when many countries in the region faced food deficits. This points to the importance of informal cross border food trade in addressing food insecurity within the region in poor seasons. As shown in the chart, the trade continues to be dominated by maize, which is the main staple food in the countries covered by the monitoring system. Out of the total volume traded so far this season, more than 80 percent of this was maize.

Summary of maize trade flows

The volume of maize traded in January 2008 was about 6,994 MT, representing an increase of about 17 percent over December 2007. The month of January is peak hunger season and market demand for food including maize is at its highest level and this probably explains the increase in the amount of maize traded in January. The cumulative amount of maize traded through informally from April 2007 to January 2008 amounted to 95,042 MT, slightly up by about 3 percent from 91,936 MT during the same period last season.

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

The trends in volume of maize traded informally so far this season is generally similar to last season as shown in Table 1 and figure 2 (page 3). The two seasons have generally been good in terms of maize production amongst the monitored countries with the exception of Zimbabwe and a few localized pockets that experienced maize production deficits. While this season follows the normal pattern, the trend in maize traded in the later part of the 2005/06 season appears very different from the other seasons as shown in the graph. This is attributed to the fact that many parts of the region experienced food deficits during that season.

Table 1: Informal Cross Border Maize Trade By Country

Source	Destination	Total 04/05 Season	Total 05/06 Season	Total 06/07 Season	Jan 07	Jan 08	Cumulative Apr-Jan 06/07	Cumulative Apr-Jan 07/08
Malawi	Mozambique	0	133	591	183	1,758	200	3,629
Malawi	Tanzania	637	944	2,928	45	1,025	2,909	1,486
Malawi	Zambia	34	81	202	10	226	166	1,863
Mozambique	Malawi	71,229	71,218	77,394	3,391	1,520	73,665	48,410
Mozambique	Zambia	0	49	1,269	39	25	966	2,073
Mozambique	Zimbabwe	2	5	2,085	2,070	4	2,080	9
South Africa	Zimbabwe	0	1,688	49	3	4	43	40
Tanzania	Malawi	2,656	84,862	1,888	418	0	601	18
Tanzania	Zambia	3,699	13,556	6,260	1,294	185	4,995	4,827
Zambia	DRC	8,318	4,682	9,481	577	2,134	5,714	31,678
Zambia	Malawi	2,157	419	378	15	0	367	354
Zambia	Mozambique	0	55	2	0	0	2	0
Zambia	Tanzania	93	0	7	3	0	3	4
Zambia	Zimbabwe	13,106	182	299	0	0	4	433
Zimbabwe	Mozambique	0	85	294	16	10	221	115
Total Traded (MT)		**101,929**	**177,959**	**103,127**	**8,064**	**6,994**	**91,936**	**95,042**

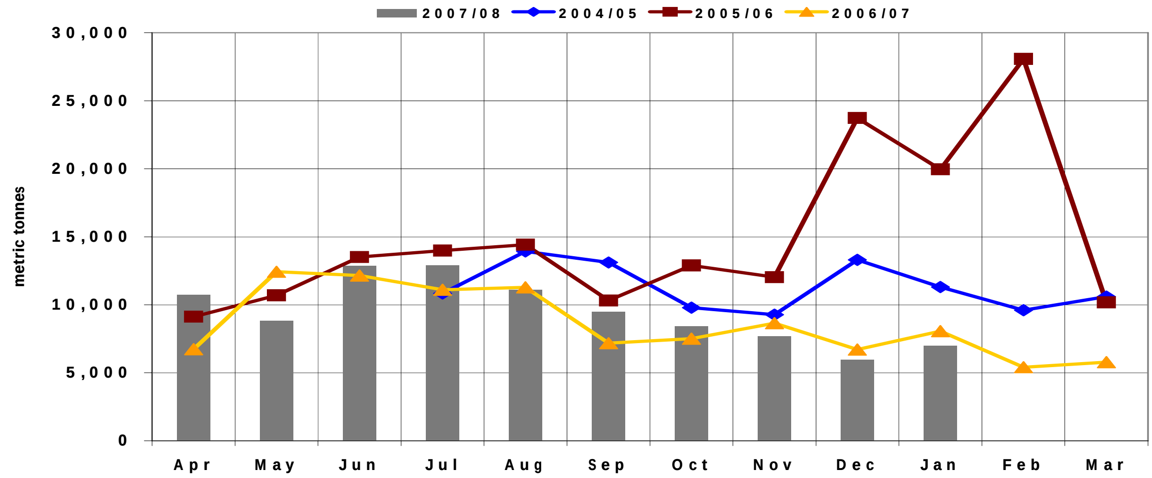
EXPORTS: Over half (53 percent) of the maize that was traded was exported by Mozambique, followed by Zambia (34 percent), Malawi (7 percent) and Tanzania (5 percent). Exports from South Africa and Zimbabwe were insignificant. Although Mozambique has exported the largest share of the total maize exports, its share of exports has in fact declined from 83 percent last season to the 53 percent recorded so far this season. The drop in Mozambique's share of exports is attributed to the drop in maize production in some parts of that country and the bumper harvest in Malawi (the major importer of Mozambican maize).

Zambia's share of total exports over this period increased from 7 percent last season to 34 percent. In terms of volume, Malawi and Zambia are the only countries that have registered increases in maize exports this season compared to the same period last season. Zambia's maize exports from April 2007 to January 2008 amounted to 32,469 MT, about 5 times the amount exported during the same period last season. Malawi's maize exports from April 2007 to January 2008 amounted to 6,978 MT, almost double the amount exported during the same period last season. This figure would have probably been much higher had it not been that most traders managed to export their maize through the formal channels this season: the majority of these formal exports went to Zimbabwe. The rest of the monitored countries in the region registered decreases in informal maize exports. Mozambique registered the biggest drop (34 percent) from 76,711 MT last season to 50,492 MT this season. Tanzania and South Africa registered declines of 13 percent and 7 percent respectively. Although maize exports from Zimbabwe to neighboring countries remained insignificant, the system, for the first time captured some 104 MT of maize meal exports to Zambia this January.

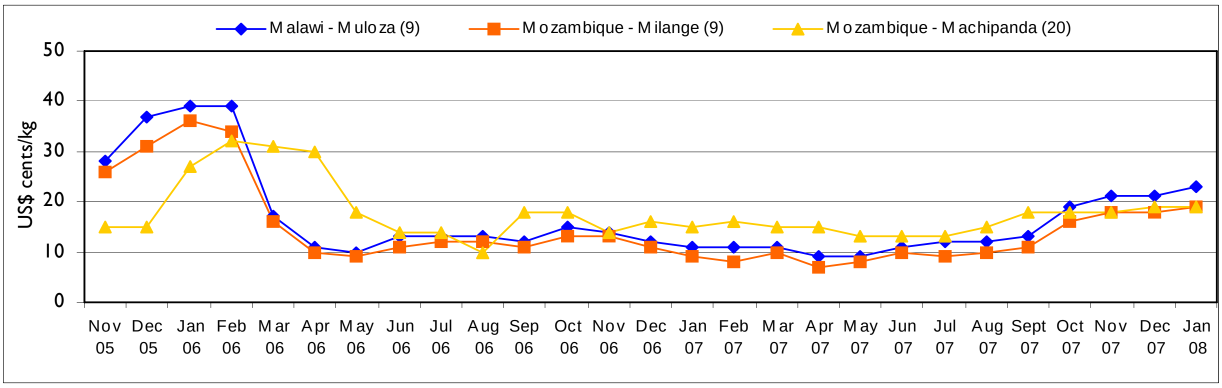
IMPORTS: On the demand side, Malawi is still the major informal importer accounting for 51 percent of all informal maize imports over the period April 2007 to January 2008. Most of Malawi's imports are from Mozambique. This is because Malawi provides a convenient maize market for most parts of northern Mozambique, hence significant quantities of Mozambican exports still go to Malawi despite any surpluses produced there. It is suspected that some of the imported maize is re-exported to other parts of Mozambique and possibly other countries as well. However, the volume of imports dropped by 35 percent from 74,633 MT during April 2006 to January 2007 to 48,782 MT during the same period this season. The DRC, with a 33 percent share of imports is the second largest importer. Volumes imported between April 2007 and January 2008 amounted to 31,678 MT, a big jump from 5,714 MT imported during the same period last season. All the DRC's imports were from Zambia.

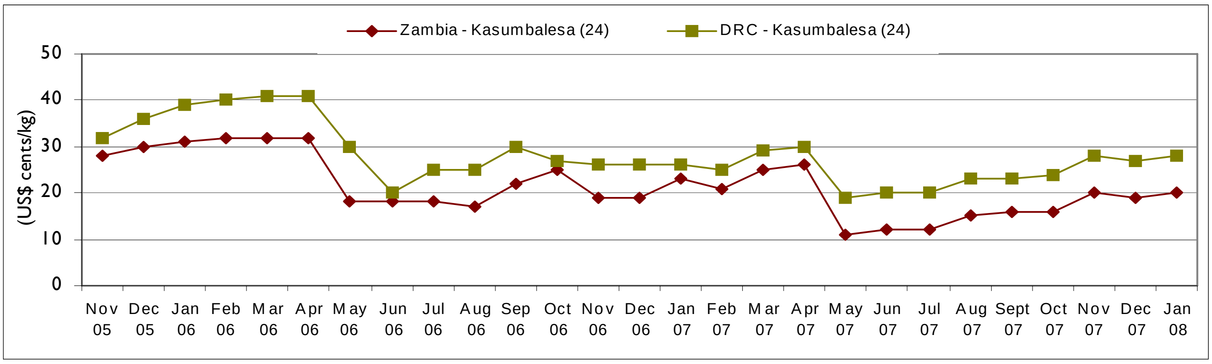
PRICES: Most of the border points registered average maize price increases between December and January. The increases, which ranged from 3 percent around Marine border in Malawi to 75 percent at Nakonde border in Zambia can be attributed to dwindling maize supplies and increased market demand for maize during the hunger season months of December to February. Average maize prices as captured by the monitoring system at the various border points ranged from about US$0.16/kg in some parts of Mozambique bordering the southern end of Malawi (across Tengani and Marine border points in Malawi's Nsanje district) to US$0.34/kg at Nayuchi border in Machinga district in Malawi that borders on parts of Nyasa province in Mozambique (refer to the map of border points on page 7). Relatively high average maize prices were registered at Nakonde border in Zambia (US$0.28/kg), Kasumbalesa in DRC (US$0.28/kg), Kasumuru border in Tanzania (US$0.29/kg), across Nayuchi border in Mozambique (US$0.30/kg) and at Nayuchi border in Malawi (US$0.34/kg). Figures 3a, 3b and 3c show a comparison of maize prices around the various border points in the past three seasons.

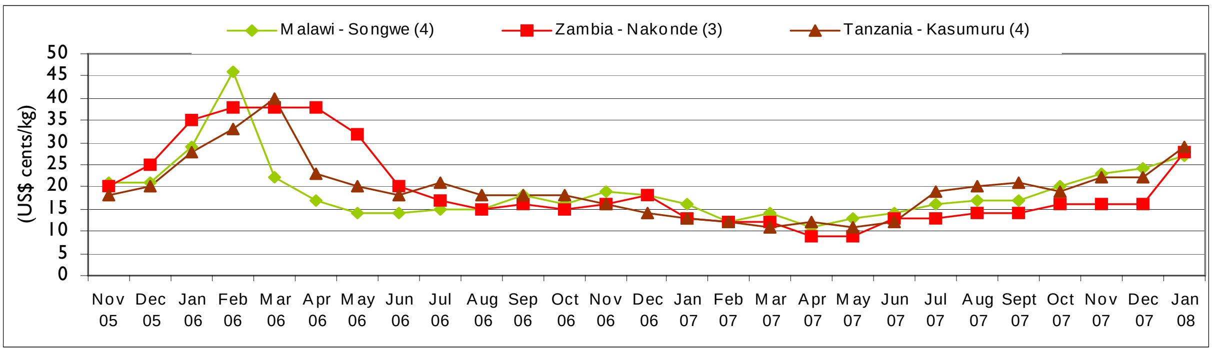
Figure 2: Recorded Volumes of Informal Cross Border Maize Trade—2004/05 to 2007/08



Maize Price Trends at Selected Border Points







Figures 3a, 3b and 3c: Retail maize prices in selected border points (US$ cents per kg)

Formal Maize Exports

Malawi's official maize exports to Zimbabwe have generally slowed down due to dwindling supplies from traders. Official maize exports to Zimbabwe dropped from about 20,000 MT in December to about 15,000 MT in January. Cumulative official maize exports to Zimbabwe by end of January amounted to about 300,700 MT. It seems unlikely (at the current level of traders' maize stocks) that Malawi will be able to supply the remaining close to 100,000 MT by the end of February 2008 as stipulated in the contract between the two Governments. The 32,400 MT maize exports to Zimbabwe by WFP raises the total official maize exports to Zimbabwe to about 333,100 MT at the end of January 2008. By the end of January, Zambia's official exports reported at about 200,000 MT had not significantly increased over the December levels. Most Zambia's exports went to Zimbabwe and South Africa.

Summary of rice trade flows

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

Source	Destination	Total 04/05 Season	Total 05/06 Season	Total 06/07 Season	Jan 07	Jan 08	Cumulative Apr-Jan 06/07	Cumulative Apr-Jan 07/08
Malawi	Mozambique	1	12	1	1	33	1	718
Malawi	Tanzania	450	135	1,217	91	8	993	1,593
Malawi	Zambia	1	31	74	30	0	44	715
Malawi	Zimbabwe					0		405
Mozambique	Malawi	2532	1,691	1,718	34	33	1,686	767
Mozambique	Zimbabwe	58	399	850	118	56	636	842
South Africa	Zimbabwe	0	64	82	2	3	78	27
Tanzania	Malawi	70	912	4	0	0	4	3
Tanzania	Zambia	547	641	557	26	29	459	349
Zambia	DRC	12644	12,629	1,697	128	1,404	1,530	4,801
Zambia	Malawi	0	0	0	0	0	0	0
Zambia	Zimbabwe	50	106	803	117	435	389	3,166
Total Traded (MT)		**16,355**	**16,620**	**7,003**	**547**	**2,002**	**5,820**	**13,389**

EXPORTS:The volume of rice traded dropped by 25 percent from 2,662 MT in December to 2002 MT in January 2008. Figure 4 shows the trends in rice trade from 2004/05 to 2007/08 marketing seasons. Cumulative rice traded from April 2007 to January 2008 amounted to 13,389 MT. This is more than double (130 percent) the amount of rice traded during the same period last season. The increase is attributed to favourable rice production last season in the primary exporting countries such as Zambia. In fact, most of the rice that was exported came from Zambia (7,970 MT), which accounted for about 60 percent of all exports, followed by Malawi (26 percent), Mozambique (12 percent) and Tanzania (3 percent). Zambia and Malawi continue to be the only countries that have so far exported more rice than they did last season. Compared to last season, Zambia and Malawi rice exports have gone up by 315 percent and 231 percent, respectively. Mozambique's share of rice exports has on the other hand dropped from 40 percent over the period April 2006 to January 2007 to 12 percent over the same period this season (2,322 MT last season to 1,609 MT this season).

IMPORTS: Rice imports over the period were still dominated by DRC and Zimbabwe, with shares of total rice imports of 36 percent and 33 percent, respectively. All of the rice imports to DRC were from Zambia while the rice imports to Zimbabwe were from Zambia (71 percent), Mozambique (18 percent) and Malawi (9 percent). Only 27 MT out of the 4,440 MT of rice imported by Zimbabwe came from South Africa. Malawi's share of total rice imports has dropped from 29 percent during April to January last season to only 6 percent over the same period this season.

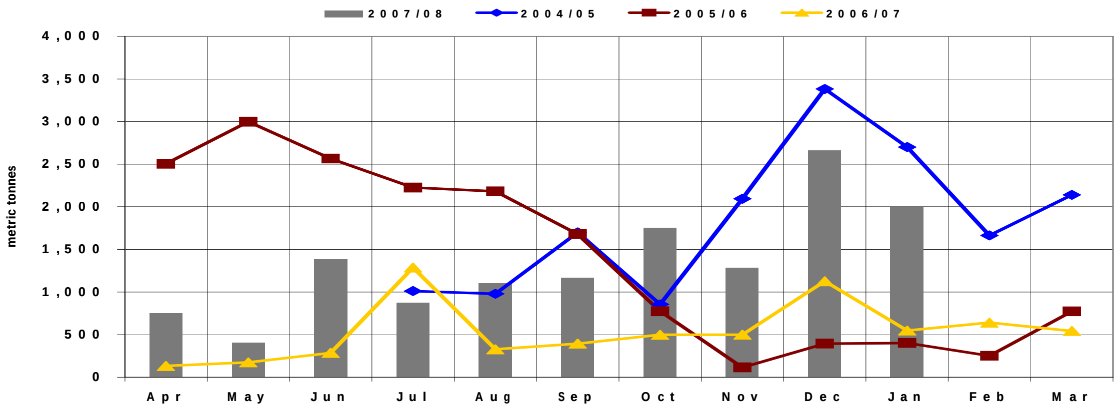


Figure 4: Recorded Volumes of Informal Cross Border Rice—2004/05 to 2007/08

RICE PRICES: Price data, where available indicates that nominal rice prices increased between December and January 2008. The price increases ranged from 4 percent around Kigoma in Tanzania to 33 percent across Nayuchi border in Mozambique. The lowest rice prices were recorded around Nayuchi and Marka border points in Malawi. At Nayuchi border, the rice was bought at US$0.64/kg and sold across in Mozambique at about US$0.86/kg. At Marka border in Mozambique, rice was also bought at US$0.64/kg and sold across the border in Malawi at US$0.79/kg. The highest price was recorded at Mpulungu border point where the rice was sold at US$1.12/kg. This rice came from Tanzania (around Kigoma) where it was bought at about US$0.77/kg. Generally prices of rice have been rising, and this is attributed to dwindling supplies as households and traders deplete their rice stocks through consumption and sales.

Summary of bean trade flows

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

Source	Destination	Total 04/05 Season	Total 05/06 Season	Total 06/07 Season	Jan 07	Jan 08	Cumulative Apr-Jan 06/07	Cumulative Apr-Jan 07/08
Malawi	Mozambique	417	76	269	242	9	259	282
Malawi	Tanzania	2	0	0	0	0	0	120
Malawi	Zambia	30	19	268	10	10	251	222
Mozambique	Malawi	2,997	2,741	2,798	42	65	2,775	1,820
Mozambique	Zimbabwe	67	4	8	0	0	7	10
South Africa	Zimbabwe	0	325	83	11	1	82	11
Tanzania	Malawi	403	2,459	3,646	909	757	3,190	2,786
Tanzania	Zambia	509	472	588	107	24	462	778
Zambia	DRC	12,019	8,231	2,422	34	120	2,332	2,280
Zambia	Tanzania	0	0	2	0	0	2	0
Zambia	Zimbabwe	372	16	69	5	12	61	153
Total Traded (MT)		**16,816**	**14,343**	**10,153**	**1,360**	**1,118**	**9,421**	**8,582**

EXPORTS: The volume of informal trade in beans increased by 53 percent from 730 MT in December 2007 to 1,118 MT in January 2008. Cumulative volumes traded however declined 9 percent (Table 3). Figure 5 shows the trends in the volume of beans traded in the past four seasons. Tanzania is the main supplier of beans and has so far this season accounted for 42 percent of exports. This is followed by Zambia (28 percent), and Mozambique (21 percent). Only Malawi registered an increase (46 percent) in the amount of beans exported during this period compared to last season. Mozambique exports dropped 34 percent resulting in the overall drop in beans traded among the monitored countries.

IMPORTS: Malawi remains the largest importer of beans accounting for 49 percent of total informal imports. This is followed by the DRC at 24 percent, Zambia (11 percent), and Mozambique and Zimbabwe (with 3 percent each). Malawi's imports of 4,606 MT (supplied by Tanzania (60%) and Mozambique (40%), were 13 percent lower compared to the same period last season. DRC imports of 2, 280 MT (which were all from Zambia) were almost at the same level as those received over the same period last season. Zambia imported about 1,000 MT of beans over this period, while the rest of the countries including Mozambique, Tanzania and Zimbabwe have so far imported less than 300 MT each.

BEAN PRICES: Average nominal bean prices, just like with the other commodities, have been increasing. This again is due to dwindling supplies on the market. For those border areas where data were available, bean prices in January ranged from US$0.55/kg at Songwe border Tanzania to US$1.41/kg at Mquocha border in Zambia (Lundazi area). All the markets registered increases in bean prices, rising by as much as 44 percent at Mquocha border in Malawi for example.

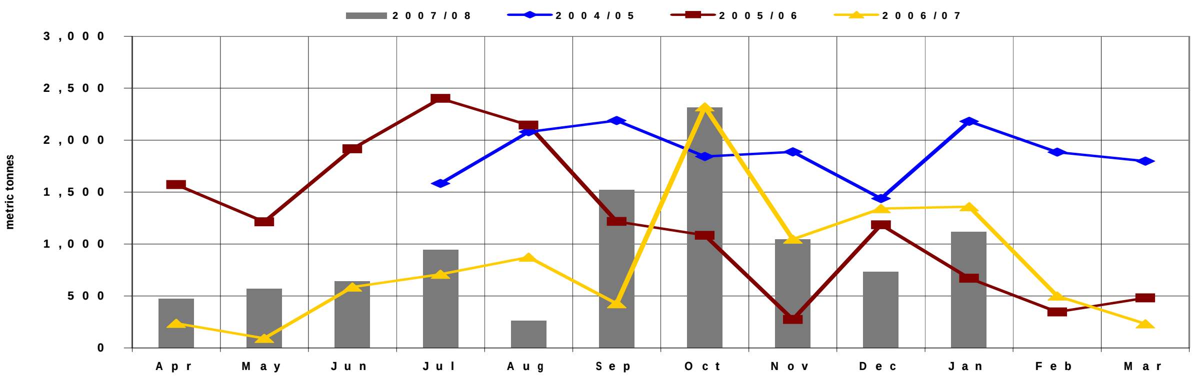


Figure 5: Recorded Volumes of Informal Cross Border Bean Trade

Annex 1: Trade Tables

Table 4 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	Jan-Mar 07	2006/07 Season
Tanzania	Zambia	796	1,921	982	3,699	397	7,685	4,201	1,273	13,556	318	751	2632	2,559	6,260
Zambia	Zimbabwe	2,662	5,628	4,816	13,106	86	13	21	62	182	3	0	1	295	299
Zambia	Malawi	484	913	760	2,157	34	36	349	-	419	58	249	45	26	378
Zambia	Tanzania	71	20	2	93	-	-	-	-	-	-	0	0	7	7
Malawi	Zambia	0	19	15	34	8	5	51	17	81	64	65	27	46	202
Zambia	DRC	256	3,054	5,008	8,318	2,477	1,641	531	33	4,682	992	956	3189	4,344	9,481
Mozambique	Malawi	33,358	20,433	17,438	71,229	29,064	26,866	8,981	6,307	71,218	27,479	27,069	15726	7,120	77,394
Malawi	Tanzania	315	226	96	637	103	174	358	309	944	2,358	451	55	64	2,928
Tanzania	Malawi	22	239	2,395	2,656	471	1,211	33,601	49,579	84,862	-	0	183	1,705	1,888
Mozambique	Zimbabwe	-	-	2	2	2	3	-	-	5	4	0	6	2,075	2,085
Mozambique	Zambia	-	-	-	-	5	24	20	-	49	5	111	811	342	1,269
Malawi	Mozambique	-	-	-	-	-	-	-	133	133	-	0	17	574	591
Zambia	Mozambique	-	-	-	-	-	-	-	55	55	2	0	0	0	2
Zimbabwe	Mozambique	-	-	-	-	-	-	-	85	85	15	43	147	89	294
South Africa	Zimbabwe	-	-	-	-	486	921	55	226	1,688	17	8	15	9	49
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**	**22854**	**19,255**	**103,127**

Table 5: 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	Jan-Mar 07	2006/07 Season
Tanzania	Zambia	360	151	36	547	99	184	172	178	641	100	168	165	124	557
Malawi	Tanzania	367	83	0	450	-	61	0	-	135	56	740	106	315	1,217
Tanzania	Malawi	0	0	70	70	3	4	108	797	912	4	0	0	0	4
Zambia	DRC	2786	4157	5701	12,644	6,164	5,661	690	114	12,629	46	231	1125	295	1,697
Zambia	Malawi	0	0	0	0	-	0	0	-	0	-	0	0	0	0
Malawi	Zambia	0	0	1	1	30	1	0	-	31	-	2	12	60	74
Zambia	Zimbabwe	16	16	18	50	15	16	34	41	106	55	141	76	531	803
Mozambique	Malawi	153	1853	526	2,532	1,456	0	152	83	1,691	222	1,155	275	66	1,718
Malawi	Mozambique	1	0	0	1	4	2	0	6	12	-	0	0	1	1
Mozambique	Zimbabwe	0	0	58	58	188	97	45	69	399	99	166	253	332	850
South Africa	Zimbabwe	0	0	0	0	21	19	9	15	64	6	3	67	6	82
Total Traded (MT)		*3683*	*6260*	*6412*	*16,355*	*8,062*	*6,045*	*1,210*	*1,303*	*16,620*	*588*	**2,606**	**2079**	**1,730**	**7,003**

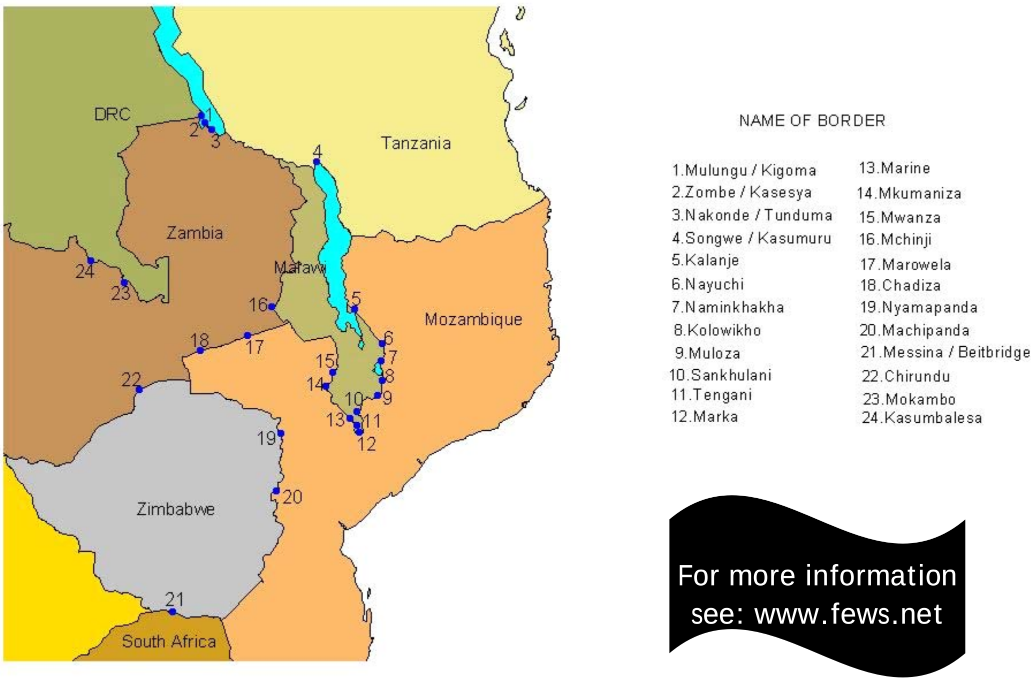
Annex I (continued)

Table 6: 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	Jan-Mar 07	2006/07 Season
Tanz	Zambia	262	179	68	509	99	223	87	63	472	128	154	73	233	588
Zambia	Tanz	0	0	0	0	-	0	0	-	0	-	0	2	0	2
Zambia	DRC	3215	3775	5029	12,019	3,593	3,740	843	55	8,231	390	350	1558	124	2,422
Malawi	Moz	391	1	25	417	14	29	5	28	76	15	2	0	252	269
Zambia	Zim	0	364	8	372	1	6	3	6	16	28	20	8	13	69
Moz	Malawi	1852	571	574	2,997	683	1,530	463	65	2,741	613	1,383	737	65	2,798
Malawi	Tanz	2	0	0	2	-	0	0	-	0	-	0	0	0	0
Moz	Zim	0	1	66	67	1	1	2	-	4	1	2	4	1	8
Malawi	Zambia	3	21	6	30	3	7	6	3	19	151	64	26	27	268
Tan	Malawi	67	246	90	403	18	68	1,134	1,239	2,459	-	54	2227	1,365	3,646
RSA	Zim	0	0	0	0	165	152	4	4	325	3	2	66	12	83
Total Traded (MT)		*5792*	*5158*	*5866*	*16,816*	*4,577*	*5,756*	*2,547*	*1,463*	*14,343*	*1329*	*2,031*	*3,360*	*2,092*	*10,153*

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

Cross - Border Monitoring Sites, 2007



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