Informal Cross Border Food Trade in Southern Africa

Issue 39 February 2008

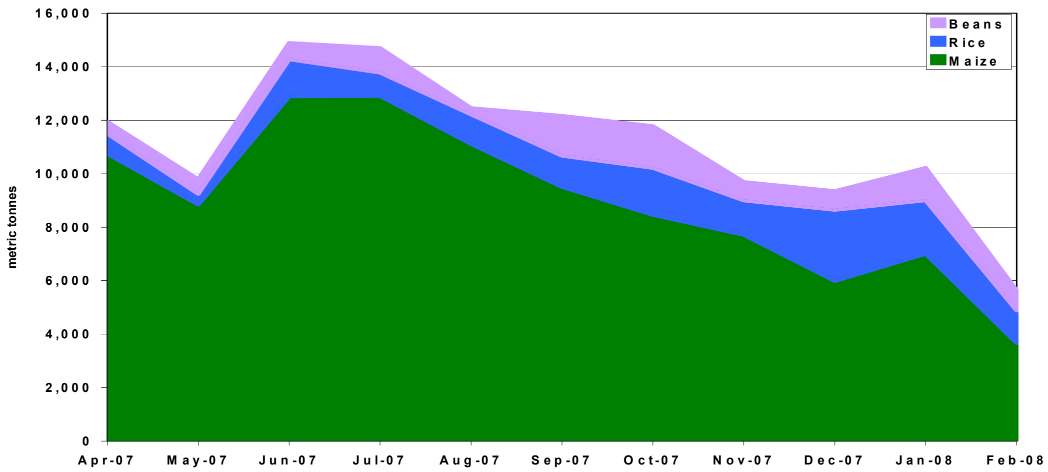
Monthly Highlights:

- *A significant reduction in the volumes of maize, rice and beans traded informally is recorded in February compared to January 2008. This is attributed to reduced supplies on the market as on farm food stocks get depleted.*
- *Official maize exports from Malawi to Zimbabwe also drop significantly, with only about 300 MT recorded in February 2008. Total exports fall short of the contractual 400,000MT that were to be imported over the May 2007 - February 2008 period by some 99,000 MT*
- *Nominal prices for the three commodities (maize, rice and beans) continued to increase in February 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



Total maize, rice and beans traded through informal cross-border trade among the monitored countries, in February 2008 amounted to 5,644 MT, down by about 45 percent from over 10,000 MT traded in January 2008. Cumulative volume traded from April 2007 to February 2008 amounted to about 122,778 MT. This represents about 8 percent increase over the 113,727 MT traded during the same period last season. The trade continues to be dominated by maize. Out of the 122,778 MT traded, maize accounted for about 80 percent, followed by rice (12 percent) and beans (8 percent). Maize is the main staple food among the monitored countries, hence its domination of the trade. The monthly trends in volumes of traded commodities are similar as shown in Figure 1. The peak was around June/July and this is supply driven as harvesting of these crops is mostly around this time. The supplies start dwindling as the season progresses and farmers continue depleting their stocks through household consumption, sales, post-harvest losses and other uses. This is why the number of households dependent on the market increases with time from one harvesting period to the next one. The dwindling supplies coupled by increase in market demand for food results in excess demand which eventually exerts upward pressure on market prices for these commodities.

Summary of maize trade flows

Total amount of maize traded as captured through the monitoring system in February 2008 amounted to 3,655 MT, almost half of what was traded in January 2008. The drop is probably due to continued dwindling of maize stocks available for sale. Cumulative volumes traded amounted to 98,697 MT, almost the same as the 97,345 MT traded during the same period last season. Both the cumulative amount and the trend in volume of maize traded informally so far this season is generally similar to last season as shown in figure 2.

Exports: Mozambique still leads in terms of maize exports traded informally. Mozambique accounts for over half (53 percent) of the maize exports captured by the monitoring system from April 2007 to February 2008. Mozambique has exported about 52,718 MT, down by about 32 percent from the same period last season (78,503 MT). Mozambique's share of total maize exports has declined from 81percent last season to 53 percent this season, mainly due to a decrease in demand by Malawi, the main export market for Mozambican maize. This is mainly a result of the successful harvests Malawi has experienced in the past two seasons.

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. 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.
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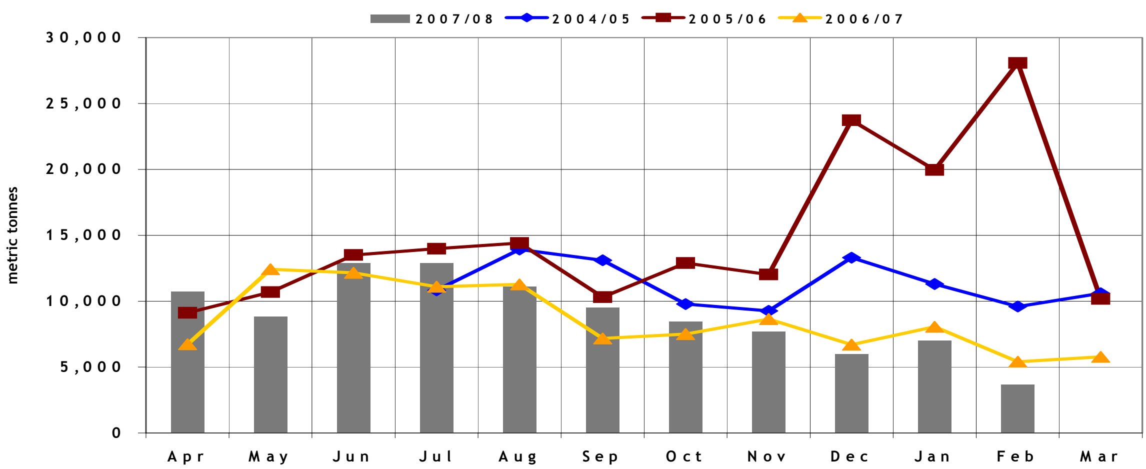
Table 1: Informal cross border maize trade by source and destination country (MT)

Source	Destination	Total 04/05 Season	Total 05/06 Season	Total 06/07 Season	Feb 07	Feb 08	Cumulative Apr-Feb 06/07	Cumulative Apr-Feb 07/08
Malawi	Mozambique	0	133	591	308	28	508	3,657
Malawi	Tanzania	637	944	2,928	2	0	2,911	1,486
Malawi	Zambia	34	81	202	17	33	183	1,896
Mozambique	Malawi	71,229	71,218	77,394	1,580	2,212	75,245	50,622
Mozambique	Zambia	0	49	1,269	212	14	1,178	2,087
Mozambique	Zimbabwe	2	5	2,085	0	0	2,080	9
South Africa	Zimbabwe	0	1,688	49	3	3	46	43
Tanzania	Malawi	2,656	84,862	1,888	1114	316	1,715	334
Tanzania	Zambia	3,699	13,556	6,260	743	77	5,738	4,904
Zambia	DRC	8,318	4,682	9,481	1213	931	6,927	32,609
Zambia	Malawi	2,157	419	378	8	0	375	354
Zambia	Mozambique	0	55	2	0	0	2	0
Zambia	Tanzania	93	0	7	3	0	6	4
Zambia	Zimbabwe	13,106	182	299	145	0	149	433
Zimbabwe	Mozambique	0	85	294	61	10	282	125
Zimbabwe	Zambia	-	-	-	-	31	-	135
Total Traded (MT)		**101,929**	**177,959**	**103,127**	**5,509**	**3,655**	**97,345**	**98,697**

In addition, some parts in central and southern Mozambique did not have a good harvest thereby increasing demand internally. Last season, over the same period, the rest of the monitored countries accounted for less than 10 percent share each of the total maize exports.. However, this season Zambia recorded a tremendous increase in informal maize exports. Total exports increased fivefold, from 7,459 MT last season to 33,399 MT this season, which increased the Zambian share of total exports from 8 percent to 34 percent. This is attributed to favorable crop production in Zambia and the relaxing of export controls. Almost all (98 percent) of the Zambian maize went to DRC and the role of this in ensuring food security in a country ravaged by conflict is obviously very crucial. Although Zimbabwe faced a serious food deficit this season, maize exports to Zimbabwe through informal trade remain insignificant and this is attributed to huge official maize exports to Zimbabwe from countries such as Malawi and Zambia. Table 1 shows the sources and destination of the maize traded through informal cross-border trade so far this season.

Imports: Over the period April 2007 to February 2008, Malawi has accounted for the largest share (52 percent or 51,310MT) of total maize imports captured by the monitoring system. Although Malawi still leads in maize imports through informal trade, both its amount and share of the total has significantly decreased compared to the same period last season. During the same period last season imports were 77,335 MT accounting for 79 percent of the total, while this year the amount of maize imported by Malawi has dropped by 34 percent while its share has dropped by 27 percentage points. The Malawian bumper harvest this season greatly reduced the need for maize imports. DRC is the second largest maize importer with 32,609 MT imported so far this season, accounting for 33 percent share of the total. Maize imports by DRC have significantly increased compared to same period last season when the country had imported only 6,927 MT (or 7percent of the total) almost the same as Zambia. Zambian maize imports this season have again remained low, accounting for only 9 percent share of the total.

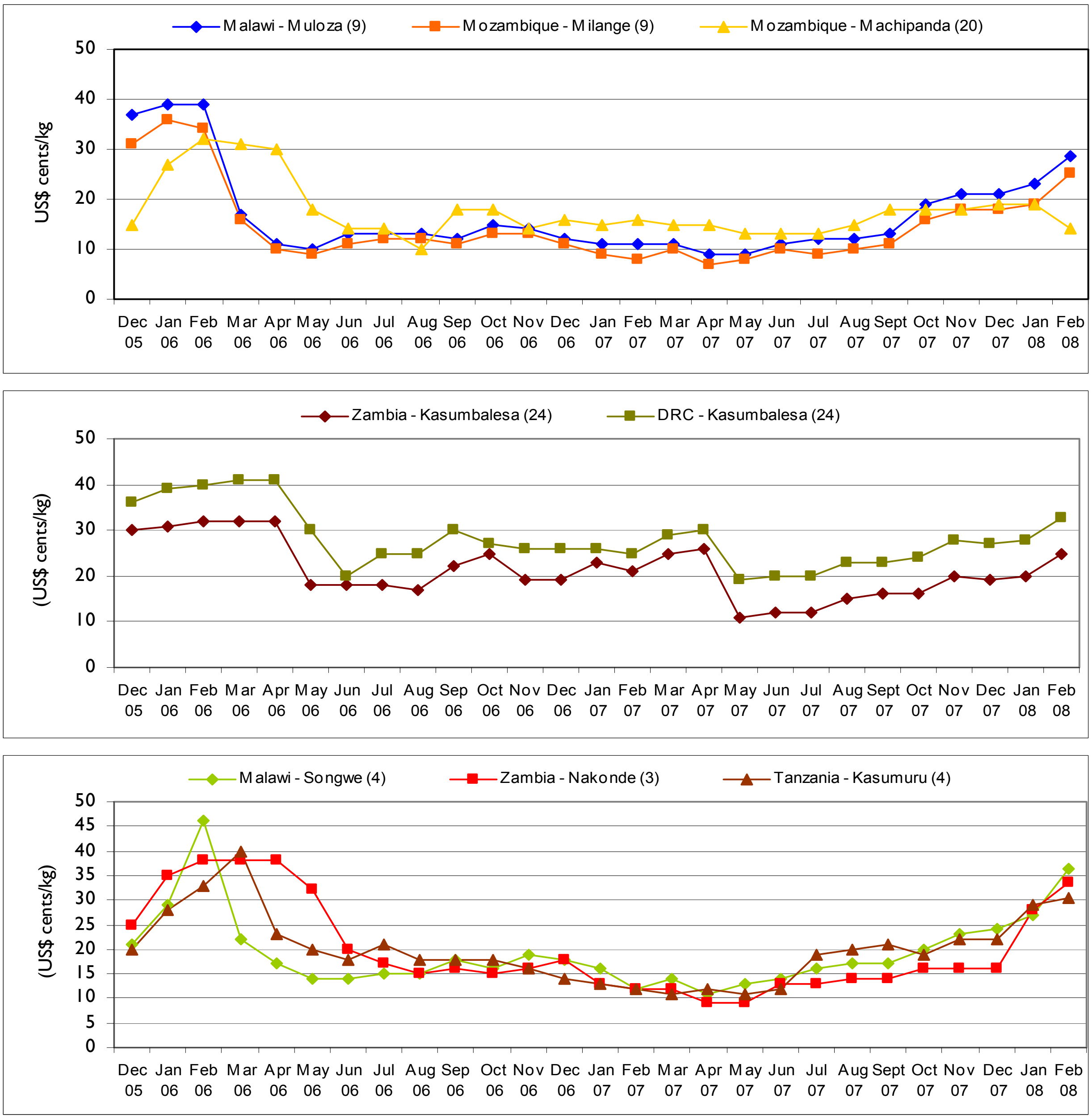
Figure 2: Recorded Volumes of Informal Cross Border Maize Trade—2004/05 to 2007/08



Maize price trends at selected border points

Prices: With only a few exceptions, average nominal maize prices generally continued to rise in February, even after converting the prices to US$ equivalent. This is because the currencies in the countries under the monitoring system have remained relatively stable except Zimbabwe whose exchange rate is not used in the analysis. The average maize prices ranged from an equivalent of US$0.12/kg across Sankhulani border point in Mozambique to US$0.37/kg at Nayuchi border in Malawi. The majority of the border points continued to register price increases with the biggest increase (35 percent) registered on the Malawian side of Songwe border with Tanzania. The maize price in the area increased from US$0.27/kg to US0.36/kg from January to February 2008. This increase in maize price is probably what has influenced the change in direction of maize flows between the two countries. From April 2007 to January 2008, maize was flowing into Tanzania from Malawi, but as from February, maize is now flowing back into Malawi. A lot of Tanzanian traders come to buy maize in Malawi during harvest time when prices are generally low and take it to Tanzania and bring it back to sell during the lean period when prices are high. Figures 3a b and c show maize price trends in selected border points. Although the majority of markets registered price increases, a few markets registered price decreases ranging from 5 percent (Malawi's Tengani border point with Mozambique) to 25 percent at Machipanda border point again in Mozambique. The drop in these markets is probably due to decreasing pressure on markets as some households begin to consume this season's food crops. For instance, in Malawi, reports from the field indicate that the new maize crop is selling at lower prices than the old crop, in some cases with a 30 percent difference. pressure on markets as some households begin to consume this season's food crops. For instance, in Malawi, reports from the field indicate that the new maize crop is selling at lower prices than the old crop, in some cases with a 30 percent difference.

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 significantly dropped from about 15,000 MT in January to only about 300 MT by 20th February 2008. Many traders reported facing difficulties to source maize to supply the NFRA for export to Zimbabwe as many farmers had depleted their maize stocks. Cumulative official maize exports to Zimbabwe amounted to 300,988 MT by 20th February 2008, just about ten days to end of contract. This leaves a balance of about 99,000 MT from the total contract of 400,000 MT. Additional data from the monitoring system shows that 9,120 MT of maize were officially exported from Zambia to Zimbabwe which raises total official maize exports by Zambia during this season to about 209,000 MT. Most of Zambia's official exports went to Zimbabwe. The maize deficit in Zimbabwe therefore is being addressed largely through the official maize imports from Malawi and Zambia.

Summary of rice trade flows

The volume of rice traded informally continued to drop after reaching the peak in December. February trade volumes amounted to 1,218 MT, down by 39 percent from 2,002 MT in January. Cumulative rice traded from April 2007 to February 2008 amounted to 14,607 MT, more than double the amount of rice traded during the same period last season. Generally the volume of rice trade this season is higher than last season as shown in table 2.

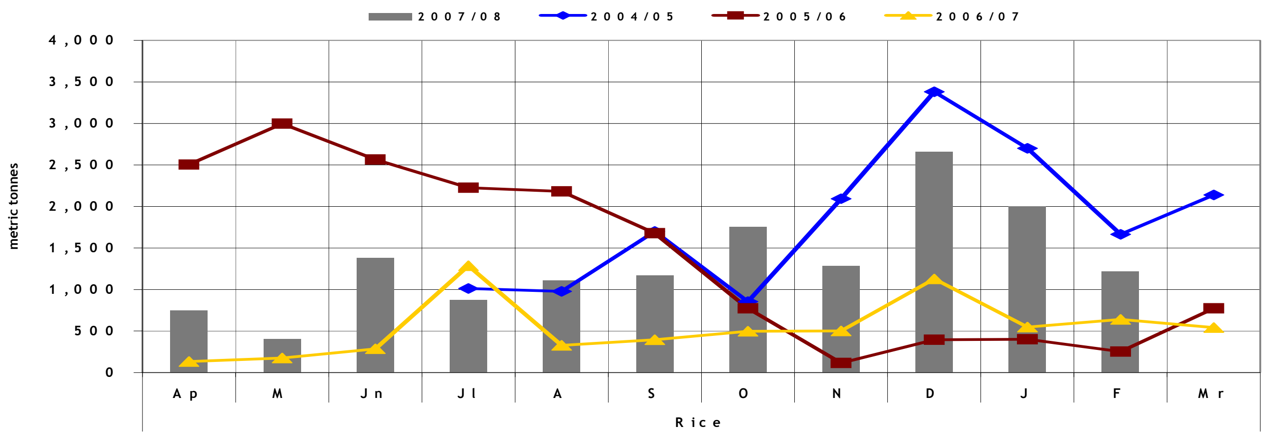
Table 2. Informal cross border rice trade by source and destination country (MT)

Source	Destination	Total 04/05 Season	Total 05/06 Season	Total 06/07 Season	Feb 07	Feb 08	Cumulative Apr-Feb 06/07	Cumulative Apr-Feb 07/08
Malawi	Mozambique	1	12	1	0	2	1	720
Malawi	Tanzania	450	135	1,217	148	12	1,141	1,605
Malawi	Zambia	1	31	74	0	0	44	715
Malawi	Zimbabwe	-	-	-	-	0	-	405
Mozambique	Malawi	2532	1,691	1,718	15	9	1,701	776
Mozambique	Zimbabwe	58	399	850	127	91	763	933
South Africa	Zimbabwe	0	64	82	2	3	80	30
Tanzania	Malawi	70	912	4	0	0	4	3
Tanzania	Zambia	547	641	557	37	23	496	372
Zambia	DRC	12644	12,629	1,697	54	931	1,584	5,732
Zambia	Malawi	0	0	0	0	0	0	0
Zambia	Zimbabwe	50	106	803	258	146	647	3,312
Total Traded (MT)		**16,355**	**16,620**	**7,003**	**641**	**1,218**	**6,461**	**14,607**

Exports: Zambia still dominates informal rice exports with a cumulative total (from April 2007 to February 2008) of 9,048 MT, representing 62 percent of all the rice exports captured by the monitoring system during this period. Mozambique was the largest exporter of rice during the same period last season accounting for 38 percent of the total. Zambia and Malawi are the only countries that registered increases in rice exports compared to last season, mainly due to favourable production in the two countries. Zambian rice exports have almost quadrupled from 2,231 MT last season to 9,048 MT this season while Malawi's rice exports have almost tripled from 1,186 MT to 3,445 MT during the same period. In addition, the monitoring system captured some 2,970 MT of rice that were exported ***officially*** by Zambia to Zimbabwe in February 2008.

Imports: The DRC and Zimbabwe together account for 71 percent (DRC – 39 percent and Zimbabwe – 32 percent) of the informally imported rice among the monitored countries. Cumulative rice imports by DRC and Zimbabwe amounted to 5,732 and 4,681 MT respectively. All the rice imported by DRC came from Zambia while 71 percent of the rice imported by Zimbabwe also came from Zambia.

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



Summary of bean trade flows

The volume of beans traded has remained almost the same since November 2007 except for January 2008 when volumes increased as shown in figure 4. The volume of beans traded in February was 772 MT, down by 38 percent compared to the volumes traded January 2008. Cumulative bean trade from April 2007 to February 2008 amounted to 9,474 MT, down by 5 percent compared to the same period last season. Figure 5 compares the trends of beans treaded in the past four seasons.

Table 3. Informal cross border bean trade by source and destination country (MT)

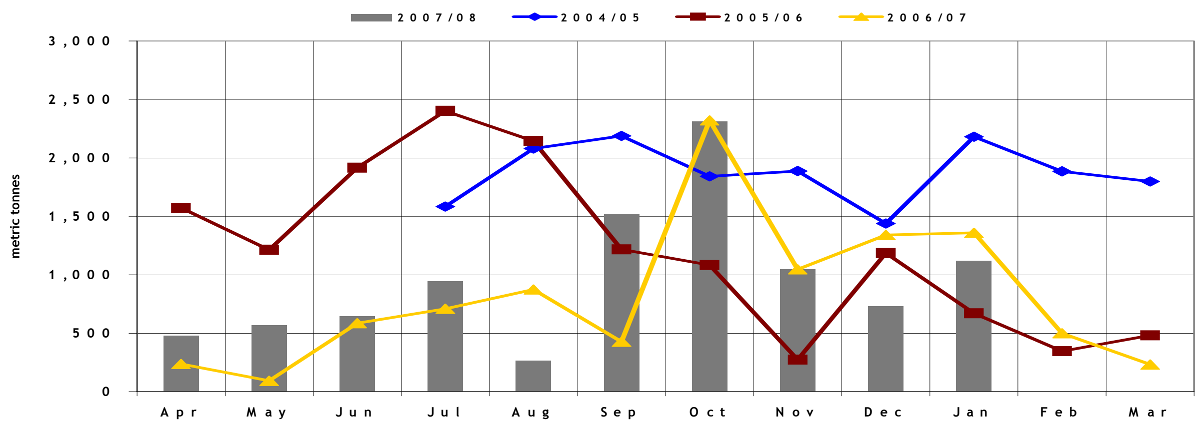
Source	Destination	Total 04/05 Season	Total 05/06 Season	Total 06/07 Season	Feb 07	Feb 08	Cumulative Apr-Feb 06/07	Cumulative Apr-Feb 07/08
Malawi	Mozambique	417	76	269	2	131	261	533
Malawi	Tanzania	2	0	0	0	0	0	120
Malawi	Zambia	30	19	268	7	4	258	226
Malawi	Zimbabwe	-	-	-	-	0	-	120
Mozambique	Malawi	2,997	2,741	2,798	13	37	2,788	1,857
Mozambique	Zimbabwe	67	4	8	1	2	8	12
South Africa	Zimbabwe	0	325	83	0	.1	82	11
Tanzania	Malawi	403	2,459	3,646	382	408	3,572	3,194
Tanzania	Zambia	509	472	588	69	59	531	837
Zambia	DRC	12,019	8,231	2,422	26	121	2,358	2,401
Zambia	Tanzania	0	0	2	0	0	2	0
Zambia	Zimbabwe	372	16	69	0	9.44	61	162
Total Traded (MT)		**16,816**	**14,343**	**10,153**	**500**	**772**	**9,921**	**9,474**

Exports: Tanzania accounts for 43 percent of beans exports recorded from April 2007 to February 2008., This is followed by Zambia (27 percent), Mozambique (24 percent) and Malawi (11 percent). Although Malawi's share of exports is small, the country has registered the highest increase (92 percent) in volume of beans exports so far compared to same period last season. The only other country that registered an increase in beans exports is Zambia (6 percent). Tanzania in addition, also **officially** exported 8 MT of beans to Zambia.

Imports: Over half (53 percent) of the imports from April 2007 to February 2008 went to Malawi which has now received a cumulative amount of 5,051 MT. Although Malawi accounts for the biggest share of bean imports, the volume imported has decreased by 11 percent compared to last season. This is due to favourable bean production in the country last season. The beans imported by Malawi came from Tanzania and Mozambique, with Tanzania supplying over half (63 percent)..

Prices: Bean prices generally continued to rise in February just like the other commodities.. This again is attributed to reduced supplies as farmers/traders stocks available for sale dwindle with time. Out of the five border points with regular bean trade, only Kalanje border point between Malawi and Mozambique recorded drops in bean prices by 3 percent and 4 percent on the Mozambican and Malawian side of the border respectively. The rest of the border points registered increases ranging from 2 to 10 percent. Bean prices in February ranged from US$0.59/kg across Songwe border in Tanzania (Kasumuru area) and across Kalanje border in Mozambique to US$1.44/kg across Mquocha border in Zambia (Lundazi area).

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**

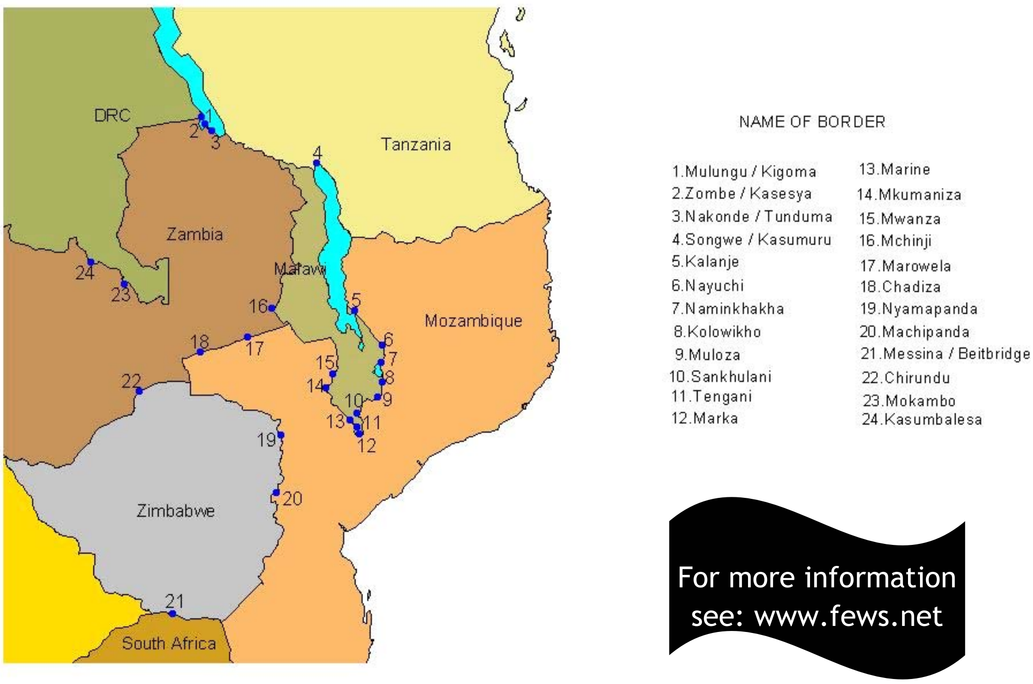
Annex I (continued)

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

Source	Desti-nation	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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