Issue 73 August 2011

Informal Cross Border Food Trade in Southern Africa

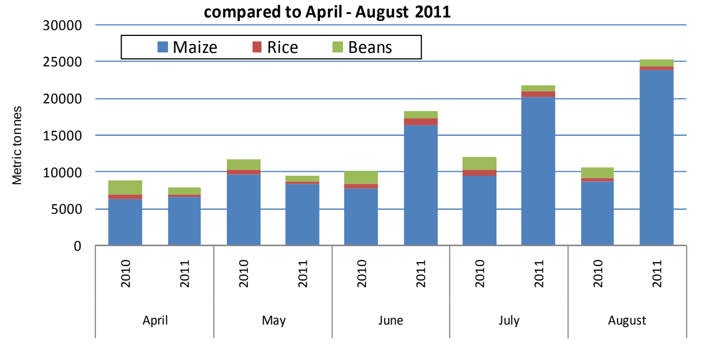
Inside this issue:

A Technical Steering Committee (TSC) of the Cross Border Food Trade Monitoring Initiative, with funding from USAID, 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 for collation and analysis. Currently, the informal cross border trade monitoring system includes 29 borders, with new borders are added as necessary. The Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA) has since March 2011, been collaborating with WFP and FEWS NET on this initiative. Please address comments/suggestions to the following e-mail addresses: pmdladla@fews.net; itarakidzwa@fews.net.; or joao.manja@wfp.org;

Summary

- *Monthly volumes of informally traded maize, beans and rice have been on the increase since June 2011. Maize trade increased 18 percent from 20,184 MT in July to 23,754 MT in August.*
- *Maize remains the most traded commodity captured through the system underlining its importance as a main staple in the region. By the end of August, maize trade accounted for 94 percent of the total informal trade captured since the beginning of the 2011/12 marketing year.*
- *Nominal maize grain prices continue to rise in trade centers near the Muloza and Milanje border posts in Southern Malawi and central Mozambique respectively. This is due to increasing demand at these centers as on-farm stocks begin to deplete. Elsewhere prices in monitored markets remain stable and below last year's levels.*

Figure 1: Maize, Rice and Bean Trade Volumes: April - August 2010 compared to April - August 2011



Monthly volumes of informally traded maize, beans and rice have been increasing since June 2011 (Figure 1). The volume of maize trade increased 18 percent from 20,184 MT captured in July to 23,754 MT in August. Similarly bean trade also rose significantly from a tonnage of 803 MT in July to 1,026 MT in August - a 28 percent increase. This rising trend in food trade (especially maize) reaffirms increased availability as a result of consecutive years of good harvests. Trade in rice on the other hand has declined over this period; this is partly due to the abundance of maize since rice is mainly consumed as a substitute. The highest informal trade flows for **maize** have been captured along the Malawi/Mozambique, Malawi/Tanzania, Zambia/DRC, and South Africa/ Zimbabwe borders. Although the Malawi exports are captured as imports into Mozambique and Tanzania, anecdotal evidence suggests the final destinations are Zimbabwe and Kenya. For **rice**, the most significant flows were captured along the Zambia/ DRC and Tanzania/Zambia borders while for **beans** significant flows were along the Zambia/DRC, Tanzania/Zambia and Mozambique/ Malawi borders.

Table 1 shows monthly volumes of informal trade in maize, rice and beans since the beginning of the current marketing year. The cumulative April to August traded volume of maize is a significant 80 percent above what was traded over the same period last year (Table 2; page 3). Maize remains the most traded commodity accounting for 94 percent of the informal trade captured up to August.

Table 1: Summary of 2011/12 informal Trade Flows MT)

	April 2011	May 2011	June 2011	July 2011	August 2011	Cumulative Total
Maize (Incl. maize meal)	6,538	8,272	16,271	20,184	23,754	75,018
Maize meal (only)	474	595	546	380	727	2,721
Rice	282	358	1,043	791	446	2,920
Beans	947	824	911	803	1026	4,511

Summary of Maize trade flows

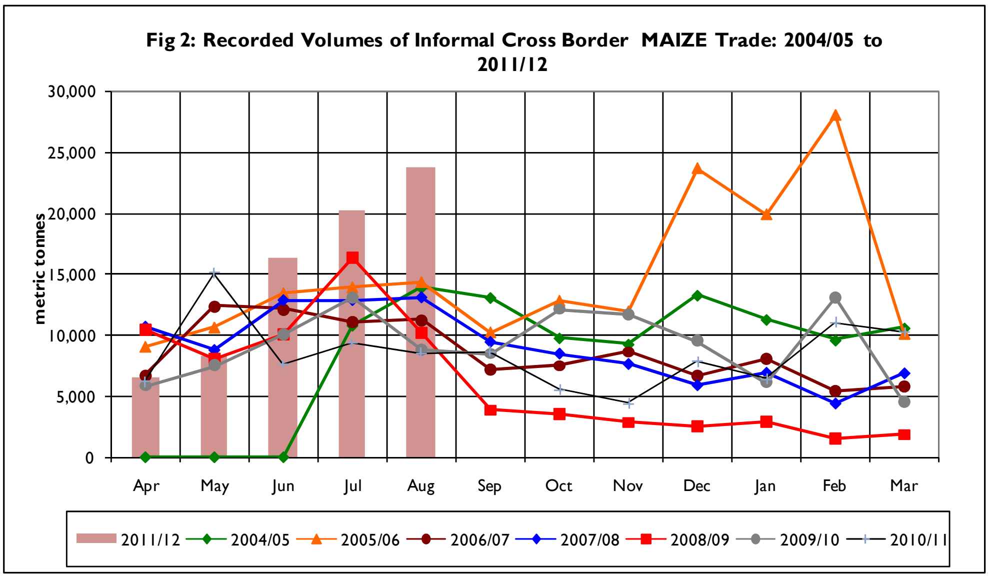
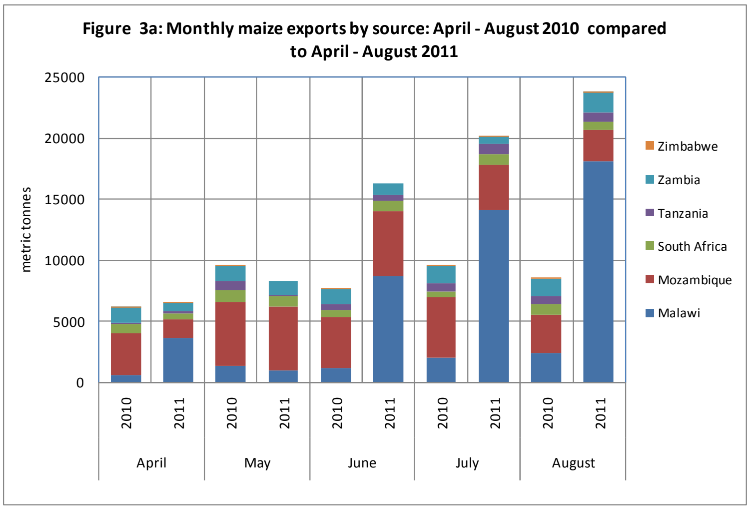
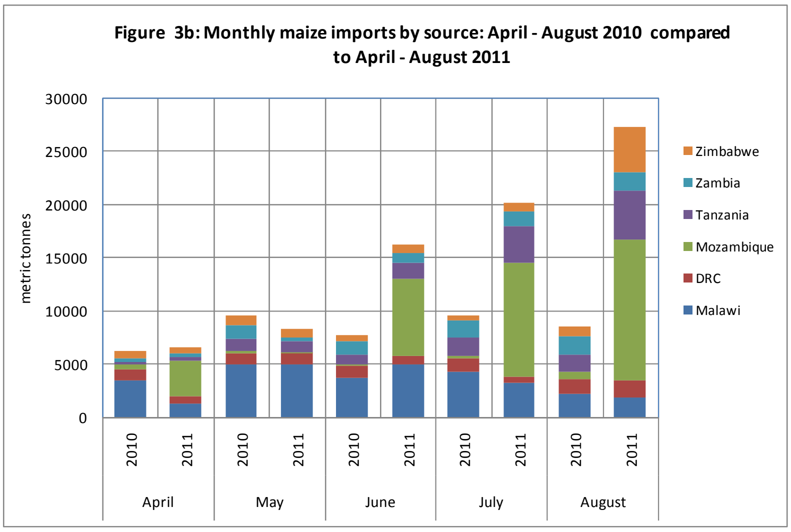


Figure 2 shows trends in volumes of informal maize trade (includes maize meal converted to grain equivalents) among the monitored countries while Figure 3 (a and b) shows the trade flows by source and destination. The monthly volumes of informally traded maize are rising steadily upwards since the beginning of the current marketing year and are significantly larger than any flows recoded in the months of June, July and August since monitoring began (Figure 2).

The August volume of 23,754 MT has superseded the July record of 20,184 MT and it has become the highest record since the inception of informal cross border monitoring during the same month. The lifting of the maize export ban in Malawi remains the single most important determinant of the increasing volumes of exports from Malawi. Other contributing factors are the existence of export markets in food deficit countries eastern Africa, and Zimbabwe in the south, as well as the existence of large surpluses following several years of above average harvests in the monitored countries.



Exports: Malawi exports continue to dominate informal cross border trade with a total share of 61 percent followed by Mozambique with 25 percent.



Zambia, South Africa and Tanzania total shares of exports stood at 6.9, 4.9 and 3.2 percent respectively. In August alone Malawi's exports constituted 76 percent of total regional exports up from 70 percent in July.

Imports: Although Mozambique topped the list of net importers with a 46 percent share of total of imports, most of these were destined for Zimbabwe and Kenya. Imports into Malawi came in second at 22 percent of the total followed by those going into Tanzania which stood at 14 percent. The DRC and Zambia each recorded 6.3 percent share while Zimbabwe recorded a mere 4.9 percent share of total imports mostly maize meal from South Africa.

Table 2: Informal cross border MAIZE trade by source and destination country (MT)

Source	Destination	Total 05/06 season	Total 06/07 season	Total 07/08 season	Total 08/09 season	Total 09/10 Season	Total 10/11 Season	August 2010	August 2011	Cumulative April—August 2010	Cumulative April—August 2011
Malawi	Mozambique	133	591	3,755	203	6,124	27,209	710	13,236	1,469	34,388
Malawi	DRC	0	0	300	0	0	0	0	0	0	0
Malawi	Tanzania	944	2,928	1,581	239	6,031	7,073	1595	4,567	5,685	10,590
Malawi	Zambia	81	202	1,779	129	315	444	27	234	185	394
Malawi	Zimbabwe	0	0	306	0	0	0	0	0	0	0
Mozambique	Malawi	71,218	77,394	56,078	54,223	60,399	23,557	2147	1,877	18,105	16,385
Mozambique	Zambia	49	1,269	2,113	865	4,462	8,341	987	676	2,776	1,983
Mozambique	Zimbabwe	5	2,085	11	178	1,761	55	1	1	51	3
South Africa	Zimbabwe	1,688	49	47	2,663	1,135	9,430	924	708	3662	3,675
Tanzania	Malawi	84,862	1,888	1,073	2,910	89	261	0	0	14	27
Tanzania	Zambia	13,556	6,260	4,980	2,449	3,730	5,034	654	798	2,682	2,336
Zambia	DRC	4,682	9,481	33,424	4,589	9,861	12,754	1,312	1,528	5,871	4,689
Zambia	Malawi	419	378	2,500	5,388	546	515	74	0	415	0
Zambia	Mozambique	55	2	0	60	130	583	29	62	286	302
Zambia	Tanzania	0	7	4	15	257	307	30	65	162	221
Zambia	Zimbabwe	182	299	433	350	28,493	0	0	0	0	0
Zimbabwe	Mozambique	85	294	129	2	8	10	0	0	1	0
Zimbabwe	Zambia	0	0	166	207	345	508	67	2	283	24
Total Traded (MT)		177,959	103,127	108,679	74,470	123,685	96,081	8,557	23,754	41,648	75,018

Note: Volumes of maize meal trade are estimated in grain equivalent and added to the volumes of informally traded maize as presented in Table 2 above

Table 3: Informal MAIZE MEAL trade flows by source and destination country (MT)

Source	Destination	Total 09/10 season	Total 10/11 season	April 2011	May 2011	June 2011	July 2011	August 2011	Cumulative April to August 2011
Malawi	Mozambique	91	383	25	24	34	8	309	401
Mozambique	Zimbabwe	25	51	0	0	0	0	1	2
Mozambique	Malawi	0	540	180	210	120	0	0	510
South Africa	Zimbabwe	904	5,327	145	243	260	229	245	1122
Tanzania	Zambia	104	545	9	10	10	9	9	47
Zambia	DRC	1,895	1,446	111	106	117	133	160	626
Zambia	Mozambique	11	63	0	0	0	0	0	0
Zambia	Tanzania	24	37	4	2	5	2	2	14
Zambia	Zimbabwe	9,200	0	0	0	0	0	0	0
Zimbabwe	Zambia	0	0	0	0	0	0	0	0
Total Traded (MT)		12,254	8,392	474	595	546	380	727	2,721

Captured volumes of traded maize meal increased two fold from 380 MT in July to 727 MT in August. This was due to an abnormally high volume of maize meal exports from Malawi into Mozambique - possibly in transit to Zimbabwe. Informally traded maize meal from South Africa into Zimbabwe constituted 41 percent of total cumulative trade in the April to August period (Table 3).

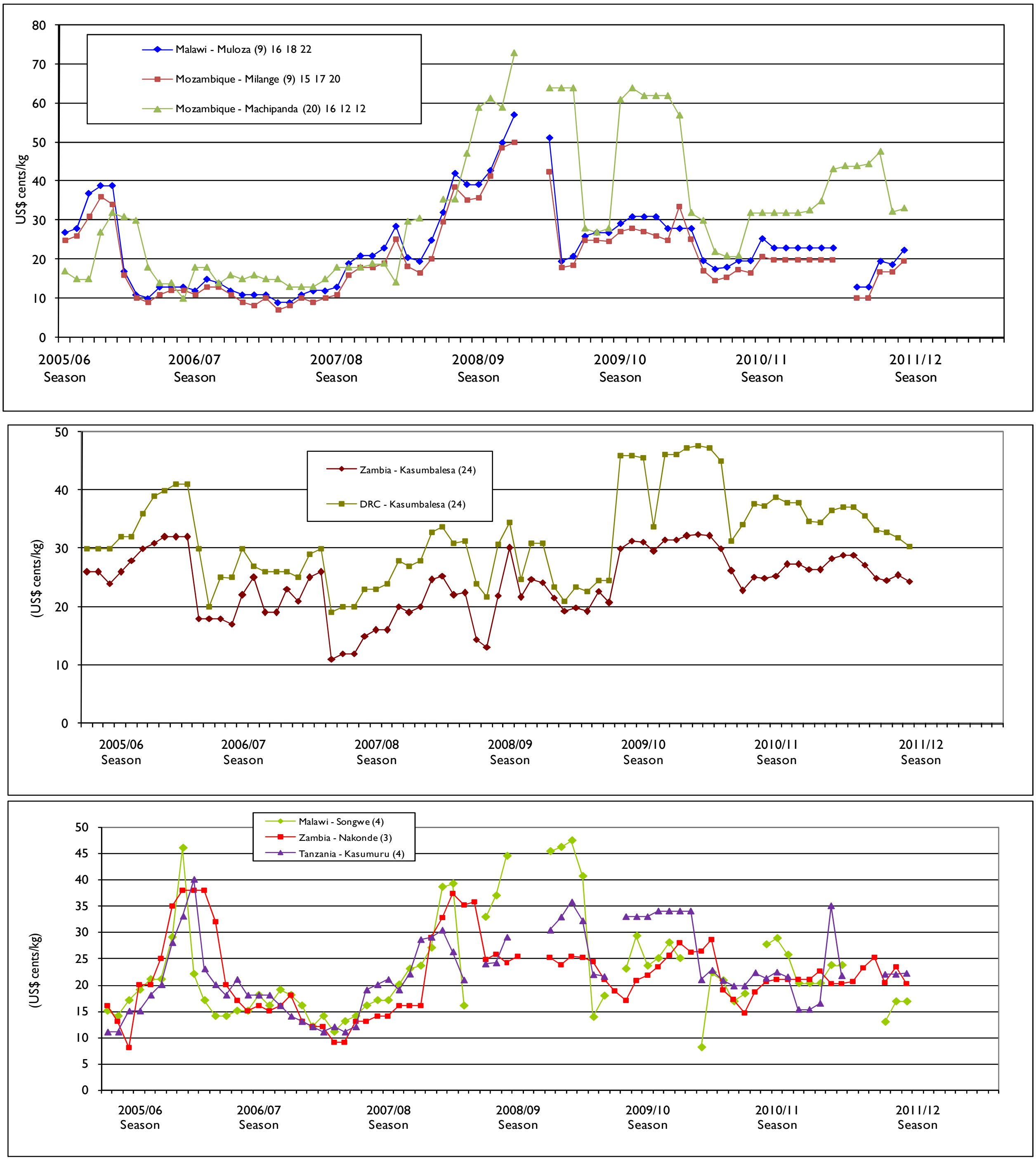
Nominal maize grain prices at source and destination points:

Figures 4 a to c (page 4) present monthly nominal maize grain prices (in USD equivalent) for selected border points, while Table 4 shows the monthly percentage changes for the current marketing year as well as the year on year changes for the period ending August 2011. August 2011 maize grain prices recorded along the Muloza border (southern Malawi) and the Milanje border (central Mozambique) have increased to levels significantly above those recorded in the same month last year (Figure 4a). This could be due to increased demand mainly by traders on the markets in these particular areas as they exploit export opportunities. At most other monitored markets, prices still remain below last year's levels. This suggests good availability of the commodity. For example, on both sides of Kasumbalesa (Zambia/ DRC), prices are significantly lower (6 and 19 percent respectively) while at Nakonde border in Tanzania, prices were 5 percent below last year's levels. Month on month trends also show similar trends with price increases between July and August at trading centers along the Malawi/ Mozambique boarders, and decreases along the Tanzania/ Zambia and Zambia/ DRC borders.

Table 4: Percent change in nominal maize grain prices at source/ destination points (USD cents/kg)

Price at Source (S) and Destination (D)	% change Mar to Apr 2011	% change Apr to May 2011	% change May to June 2011	% change June to July 2011	Maize Price July 2011 (cents/ Kg)	Maize Price August 2011 (cents/ kg)	% change July to August 2011	Maize Price August 2010 (cents/ kg)	Maize Price August 2011 (cents/kg)	% change July 2010 to July 2011
Mal/Moz: Muloza (D)	-	0	51	-5	19	22	18	20	22	10
Moz/Mal: Milanje (S)	-	0	67	0	17	19	14	16	19	19
Moz/Zim:- Machipanda (S)	0	1	6	-33	32	33	4	32	33	3
Zam/DRC: Kasumbalesa (S)	-6	-8	-2	0	25	24	-3	25	24	-4
DRC/Zam: Kasumbalesa (D)	-4	-7	-1	-3	32	30	-5	37	30	-19
Tan/Zam: Nakonde (S)	13	9	-18	20	24	20	-16	21	20	-5

Figures 4a-4c: Retail MAIZE prices in selected border points (USD cents/ kg)



Summary of Rice trade flows

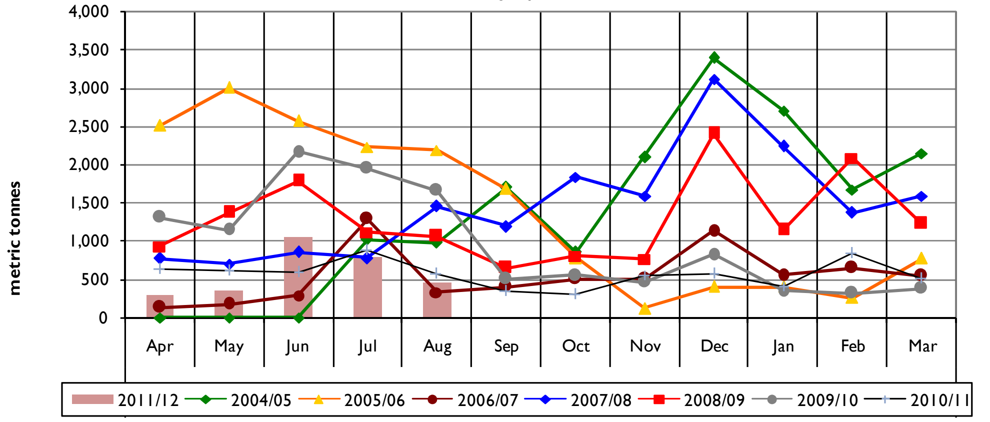
Table 5. Informal cross border RICE trade by source and destination country (MT)

Source	Destination	Total 05/06 season	Total 06/07 season	Total 07/08 season	Total 08/09 season	Total 09/10 Season	Total 10/11 Season	August 2010	August 2011	Cumulative April—August 2010	Cumulative April—August 2011
Malawi	Mozambique	12	1	822	58	518	921	118	58	191	252
Malawi	Tanzania	135	1,217	1,568	291	1,909	403	23	53	385	816
Malawi	Zambia	31	74	2,360	990	2,607	201	62	0	142	0
Malawi	Zimbabwe	0	0	405	0	630	0	0	0	0	0
Moz	Malawi	1,691	1,718	444	690	588	250	12	4	241	376
Moz	Zambia				3	4	15	0	2	3	10
Moz	Zimbabwe	399	850	1,028	1,958	276	148	39	11	71	67
RSA	Zimbabwe	64	82	33	25	215	1,254	49	63	329	273
Tanzania	Malawi	912	4	100	154	0	320	0	0	320	0
Tanzania	Zambia	641	557	397	374	549	753	63	106	312	434
Zambia	DRC	12,629	1,697	6,746	9,333	3,660	1,839	146	131	1,014	583
Zambia	Malawi	0	0	30	0	7	0	0	0	0	0
Zambia	Tanzania	0	0	3	6	9	10	1	0	3	4
Zambia	Zimbabwe	106	803	3,312	1,387	568	595	51	18	228	104
Zimbabwe	Zambia	0	0	185	0	0	0	0	0	0	0
Total Traded (MT)		16,620	7,003	17,434	15,268	11,541	6,708	562	446	3,240	2,919

Table 5 and Figure 5 summarize informal cross border rice trade trends. Monthly volumes of traded rice continue to dwindle following the peak in June of 1,043 MT (Figure 5). In July the total traded rice volume fell by 22 percent from 1,043 MT captured in June to 791 MT and dropped a further 44 percent in August to 446 MT. The April to August cumulative volume of traded rice at 2,919 MT also reflects a10 percent decrease from the 3,240 MT recorded at the same time last year (Table 5). The low volumes of trade in rice is typical in years of good maize harvests as it confirms increased availability of maize grain as most rural households consume rice mainly as a substitute to maize. Significant flows in August were recorded between Tanzania/ Zambia and Zambia/DRC; rice flows from Malawi (to Tanzania and Mozambique) were much less in August when compared to July.

Trends in Volumes of Rice Traded by Month and Year

Figure 5: Recorded Volumes of Informal Cross Border RICE Trade: 2004 /05 to 2011/12



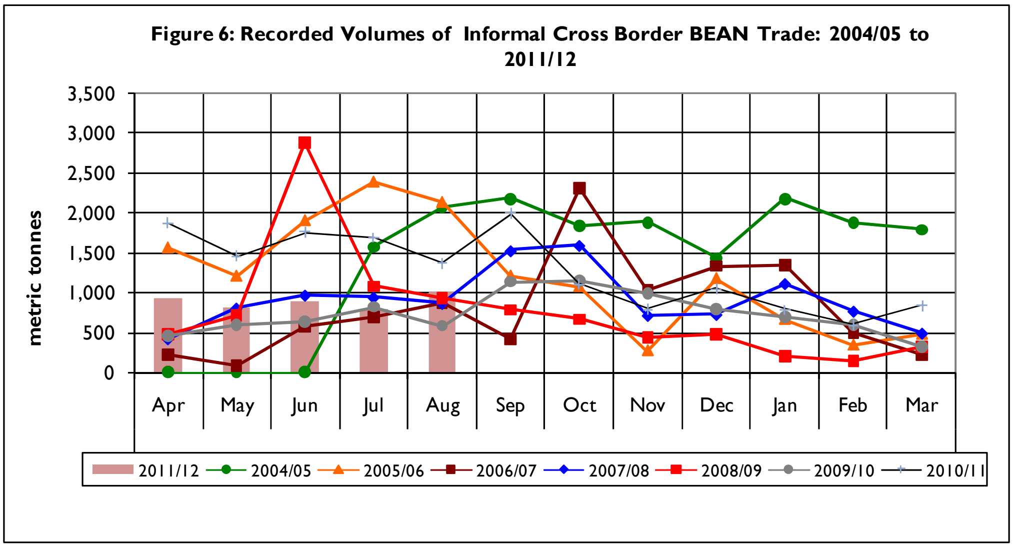
Summary of Bean trade flows

Table 6. Informal cross border BEAN trade by source and destination country (MT)

Source	Destination	Total 05/06 season	Total 06/07 season	Total 07/08 season	Total 08/09 season	Total 09/10 Season	Total 10/11 Season	August 2010	August 2011	Cumulative April—August 2010	Cumulative April—August 2011
Malawi	Mozambique	76	269	149	19	328	12	0	0	2	0
Malawi	South Africa	0	0	270	0	0	0	0	0	0	0
Malawi	Tanzania	0	0	169	6	6	423	0	0	122	0
Malawi	Zambia	19	268	338	124	52	91	8	6	43	33
Malawi	Zimbabwe	0	0	480	0	0	0	0	0	0	0
Mozambique	Malawi	2,741	2,798	2,375	3,045	2,619	6,950	765	239	4,158	1,169
Mozambique	Zambia				151	152	0	0	0	0	0
Mozambique	Zimbabwe	4	8	13	29	38	106	1	0	102	1
South Africa	Zimbabwe	325	83	11	6	17	255	13	11	102	64
Tanzania	Malawi	2,459	3,646	3,468	2,749	622	1,460	65	137	510	539
Tanzania	Zambia	472	588	1,058	946	1,099	1,775	106	262	850	1,244
Zambia	DRC	8,231	2,422	2,487	1,880	3,548	3,788	369	322	2,044	1,254
Zambia	Mozambique				0	90	188	16	22	91	72
Zambia	Tanzania	0	2	0	0	86	122	8	21	49	81
Zambia	Zimbabwe	16	69	170	280	143	209	20	7	87	55
Total Traded (MT)		14,343	10,153	10,988	9,236	8,800	15,380	1,371	1,026	8,160	4,511

August volumes of bean trade rose 28 percent from the July total of 803 MT to 1,026 MT in August. The highest volume captured was trade (exports) from Zambia into the DRC (322 MT) followed by exports from Tanzania into Zambia (262 MT), Mozambique into Malawi (239 MT) and Tanzania into Malawi (137 MT). Trade in beans is expected to continue rising following seasonal trends before declining during the peak lean season as supplies dwindle. Malawi has been the major bean importer in the period April to August with the highest share of total imports at 38 percent, followed by Zambia and DRC at 28 percent each. Mozambique and Zimbabwe have the lowest shares of imports at 1.6 and 2.7 percent respectively. On the export side, Tanzania topped the list with a significant 40 percent share of total export followed by Zambia and Mozambique at 32 and 26 percent respectively. Malawi and South Africa had the least shares of total exports at 0.7 and 1.4 percent respectively.

Trends in Volumes of Bean Traded by Month and Year



Annex 1: Trade Tables

Table 7 Informal Cross Border trade in Maize (MT)

Source	Destination	2005/06 Season	2006/07 Season	2007/08 Season	Apr-Jun 08	Jul-Sep 08	Oct-Dec 08	Jan-Mar 09	2008/09 Season	Apr-Jun 09	Jul-Sep 09	Oct-Dec 09	Jan-Mar 10	2009/10 Season	Apr-Jun 10	Jul-Sep 10	Oct-Dec 10	Jan-Mar 11	2010/11 Season
Tanzania	Zambia	13,556	**6,260**	**4,980**	477	1,167	628	177	**2,449**	490	1,891	1,348	374	**4,103**	1,388	1,891	1,235	520	5,034
Zambia	Zimbabwe	182	**299**	**433**	12	0	316	22	**350**	2	0	13,833	1,890	**15,726**	0	0	0	0	0
Zambia	Malawi	419	**378**	**2,500**	255	5,114	19	0	**5,388**	32	334	138	29	**533**	182	334	0	0	515
Zambia	Tanzania	-	**7**	**4**	4	3	1	7	**15**	26	81	95	87	**288**	106	81	68	52	307
Malawi	Zambia	81	**202**	**1,779**	94	1,167	15	17	**1,293**	58	114	0	138	**311**	111	114	125	93	444
Zambia	DRC	4,682	**9,481**	**33,424**	1,735	1,389	1,051	413	**4,588**	2,069	3,793	2,879	2,385	**11,126**	3,288	3,793	3,063	2,610	12,754
Mozambique	Malawi	71,218	**77,394**	**56,078**	25,604	20,936	5,519	2,164	**54,223**	19,938	9,333	11,154	8,713	**49,137**	11,887	9,333	1,423	914	23,557
Malawi	Tanzania	944	**2,928**	**1,581**	210	13	14	2	**239**	614	4,077	582	2,446	**7,718**	2,364	4,077	351	281	7,073
Tanzania	Malawi	84,862	**1,888**	**1,888**	50	577	713	1,570	**2,910**	0	0	13	76	**89**	14	0	85	162	261
Mozambique	Zimbabwe	5	**2,085**	**11**	8	90	66	15	**178**	9	51	0	1,750	**1,810**	1	51	3	0	55
Mozambique	Zambia	49	**1,269**	**2,113**	76	699	68	21	**864**	0	3,223	1,972	344	**5,539**	943	3,223	3,261	914	8,341
Malawi	Mozambique	133	**591**	**3,755**	67	65	35	36	**203**	111	1,510	1,097	4,427	**7,144**	556	1,510	5,386	19,758	27,209
Zambia	Mozambique	55	**2**	**0**	0	2	40	18	**60**	7	78	6	113	**204**	230	78	101	174	583
Zimbabwe	Mozambique	85	**294**	**129**	1	0	0	1	**2**	0	4	6	2	**12**	0	4	6	0	10
South Africa	Zimbabwe	1,688	**49**	**47**	13	272	552	1,826	**2,663**	54	2,159	91	817	**3,122**	2,277	2,159	2,660	2,334	9,430
Total Traded (MT)		*177,959*	**103,127**	**108,679**	**28,606**	**31,494**	**9,037**	**6,288**	**75,426**	**23,410**	**26,647**	**33,215**	**23,590**	**106,862**	**23,347**	**26,647**	**17,767**	**27,812**	*95,574*

Table 8: Informal Cross Border trade in Rice (MT)

Source	Destination	2005/06 Season	2006/07 Season	2007/08 Season	Apr-Jun 08	Jul-Sep 08	Oct-Dec 08	Jan- Mar 09	2008/09 Season	Apr-Jun 09	Jul-Sep 09	Oct-Dec 09	Jan- Mar 10	2009/10 Season	Apr-Jun 10	Jul-Sep 10	Oct-Dec 10	Jan- Mar 11	2010/11 Season
Tanzania	Zambia	641	557	397	119	116	77	312	625	138	140	189	82	549	179	192	193	189	753
Malawi	Tanzania	135	1,217	1,568	255	35	1	0	291	1027	577	297	8	1909	229	174	0	0	403
Tanzania	Malawi	912	4	100	128	15	11	0	154	0	0	0	0	0	0	320	0	0	320
Zambia	DRC	12,629	1,697	6,746	1,616	1,215	2,757	3,746	9,334	1991	506	838	326	3660	731	393	339	376	1839
Zambia	Malawi	0	0	30	0	0	0	0	0	0	0	0	7	7	0	0	0	0	0
Malawi	Zambia	31	74	2,360	930	60	0	0	990	171	2270	128	38	2607	62	79	60	0	201
Zambia	Zimbabwe	106	803	3,312	512	285	294	295	1,386	210	101	161	95	568	126	163	201	106	595
Mozambique	Malawi	1,691	1,718	444	152	510	26	2	690	270	193	102	23	588	226	15	0	9	250
Malawi	Mozambique	12	1	822	12	35	6	5	58	54	202	37	225	518	34	160	268	460	921
Mozambique	Zimbabwe	399	850	1,028	338	531	767	321	1,958	94	79	63	38	276	20	62	37	29	148
South Africa	Zimbabwe	64	82	33	7	5	12	2	25	4	16	3	193	215	198	202	301	553	1254
Total Traded (MT)		*16,620*	**7,003**	**17,434**	**4,067**	**2,808**	**3,952**	**4,684**	*15,511*	**3959**	**4085**	**1818**	**1035**	*10898*	**1804**	**1761**	**1397**	**1722**	*6684*

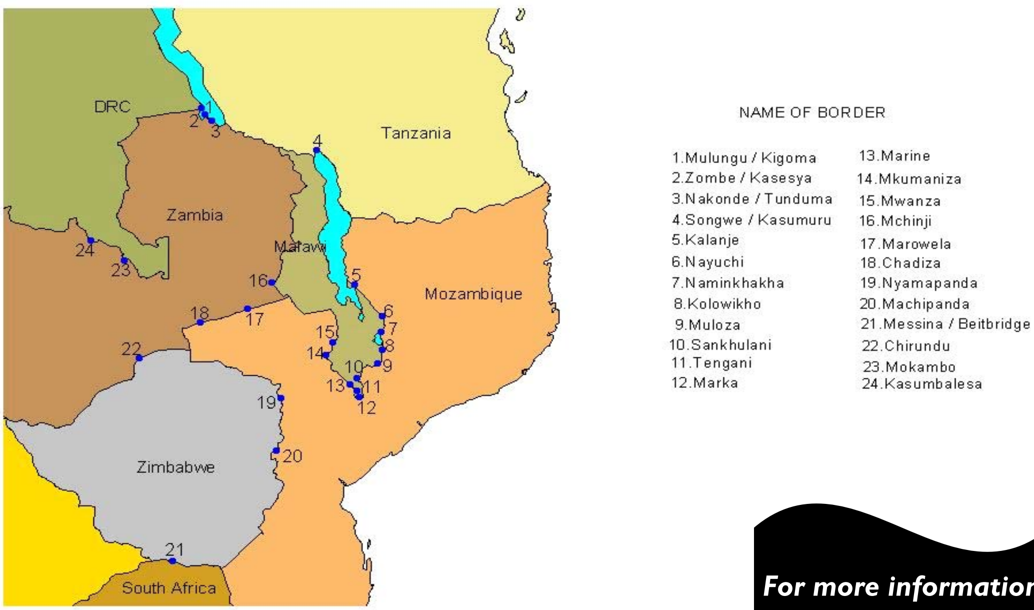
Annex 1 (continued)

Table 9: Informal cross border trade in beans (MT)

Source	Destination	2005/06 Season	2006/07 Season	2007/08 Season	Apr-Jun 08	Jul-Sep 08	Oct-Dec 08	Jan-Mar 09	2008/09 Season	Apr-Jun 09	Jul-Sep 09	Oct-Dec 09	Jan-Mar 10	2009/10 Season	Apr-Jun 10	Jul-Sep 10	Oct-Dec 10	Jan-Mar 11	2010/11 Season
Tanz	Zambia	**472**	**588**	**1,058**	383	336	141	86	**946**	298	305	342	154	**1,099**	641	342	397	396	**1,775**
Zambia	Tanz	**0**	**2**	**0**	0	0	0	0	**0**	16	34	18	18	**86**	34	26	27	36	**122**
Zambia	DRC	**8,231**	**2,422**	**2,487**	587	793	397	104	**1,881**	615	1,151	1,095	688	**3,548**	1,296	1,026	779	686	**3,788**
Malawi	Moz	**76**	**269**	**149**	2	15	2	0	**19**	153	164	2	9	**328**	2	3	7	0	**12**
Zambia	Zim	**16**	**69**	**170**	0	69	78	60	**207**	50	29	30	34	**143**	47	61	56	45	**209**
Moz	Malawi	**2,741**	**2,798**	**2,375**	1,931	0	295	95	**2,321**	432	754	979	454	**2,619**	2,452	2,681	1,273	544	**6,950**
Malawi	Tanz	**0**	**0**	**169**	0	6	0	0	**6**	0	0	6	0	**6**	122	262	0	38	**423**
Moz	Zim	**4**	**8**	**13**	2	6	19	2	**29**	1	35	1	1	**38**	1	102	3	1	**106**
Malawi	Zambia	**19**	**268**	**338**	46	54	18	6	**124**	20	16	5	11	**52**	25	25	27	15	**91**
Tan	Malawi	**2,459**	**3,646**	**3,468**	1,079	823	626	221	**2,749**	47	31	362	182	**622**	399	392	302	367	**1,460**
RSA	Zim	**325**	**83**	**11**	1	1	1	3	**6**	6	1	1	9	**17**	25	87	54	89	**255**
Total Traded (MT)		*14,343*	*10,153*	*10,988*	*4,031*	*2,102*	*1,577*	*577*	*8,288*	1,637	2,520	2,841	1,560	*8,558*	5,043	5,006	2,926	2,217	*15,192*

ACTESA -COMESA, Lusaka, Zambia; UN World Food Programme Regional Bureau for Southern Africa, Johannesburg South Africa and FEWS NET Regional Office, Pretoria South Africa

Cross - Border Monitoring Sites, 2007



For more information see: www.fews.net