Zimbabwe Food Security Update: June 2000

SUMMARY

- Maize available in Zimbabwe for the 2000/01 marketing year (April – March) is expected to reach about 2.54 million tons. This supply is made up of an estimated gross harvest in 2000 of about 2.1 million tons, 357,000 tons of monitored opening stocks held by the Grain Marketing Board (GMB) and the three big millers and 50,000 tons of unmonitored stocks held by farmers and small traders.
- Zimbabwe anticipates a domestic wheat shortfall of about 155,000 tons due to production uncertainty and foreign currency shortages to import wheat. Wheat exports have been suspended in view of the likely shortage of foreign exchange to pay for imports later in the year.
- The Ministry of Lands and Agriculture has increased the floor price of maize by more than 30 percent to Z$5.50 per kg. The Cotton Marketing Company (COTCO) has increased the price of cotton by 17 percent to about Z$17.00 per kg compared to early in the season and last year.
- Communal areas that rely on cotton for their food security require close monitoring. These include southern Chipinge, Gokwe, Hurungwe, Makonde, lower Muzarabani, lower Guruve and Bindura districts. Households in communal areas that rely on purchased maize for their food security also require close monitoring. These include areas affected by Cyclone Eline in all six districts of Matebeleland South province, Chipinge district in Manicaland province, and Chiredzi district in Masvingo province and Mvuma district in Midlands province.
- The General Agricultural Plantation Workers' Union of Zimbabwe (GAPWUZ) estimates that about 500 people have been completely displaced due to the invasions of large-scale commercial farms beginning in March. An additional 40,000 people have gone without their wages since May on the run up to the June elections where owners have vacated their farms or where the workers have not been able to carry out their duties. Displacement and lack of pay threatens the food security of these farm workers.
- Farm occupations have continued, raising fears that wheat production is likely to decrease by 20 to 30 percent, and the area planted to tobacco is likely to decrease next season (2000/01). The beef industry is also likely to shrink.

1. NATIONAL FOOD AVAILABILITY AND OUTLOOK FOR 2000/2001

A Maize Consumption workshop to discuss grain consumption patterns in the country, held in June, agreed on a set of figures to be used in the grains balance sheet for the 2000/01 marketing year (April 2000 – March 2001), from which the following outlook is derived.

1.1. Maize

The supply of maize in Zimbabwe for the 2000/01 marketing year is expected to reach about 2.54 million metric tons (MT). This supply is comprised of (a) 357,000 MT of opening stocks held by the Grain Marketing Board (GMB) and the three big millers, (b) 50,000 MT of unmonitored stocks held by farmers and small traders and (c) an estimated gross harvest production of about 2.1 million MT. Discussions are still underway to determine the size of the maize harvest for this marketing year as production might have been affected by the late rains in May and June that resulted in cob rot and the sprouting of grain on the cob.

Based on a revised population for the mid-marketing year of about 12.7 million people and maize consumption of 120 kilograms per person per year, Zimbabwe has an annual maize consumption requirement of about 1.5 million tons. The consumption figure of 120 kilograms was adopted at a forum held in June that sought to determine the contribution of maize to human energy supplies. Taking other requirements for maize into account, such as livestock and industrial uses (485,000 MT) and the Strategic Grain Reserve (500,000 MT), results in an estimated total annual requirement for 2000/2001 of about 2.51 million tons. This leaves a small domestic balance of about 32,000 MT for the marketing year. However, this small balance is reduced further by an estimated deficit of 16 800 MT of millets and sorghum, as the maize surplus is used to meet the millet deficit. This leaves an exportable maize surplus of about 14,758 MT. If no maize is exported, and requirements for the Strategic Grain Reserve (SGR) are met, it is forecast that Zimbabwe will have closing stocks of about 514,758 MT (Table 1).

Table 1. Preliminary Maize and Millets Food Balance Sheet for 2000/01 Consumption Year

	Maize	Millets	Wheat	Rice	All Grain
A. Potential Domestic Availability	2,540,029	153,343	405,864	6,198	3,105,434
Formal Opening Stocks (April 2000)	357,449	2,124	181,864	6,198	547,635
Gross Harvest Production	2,132,580	146,219	224,000	-	2,502,799
Unmonitored Stocks: Farmers, small traders & others (estimate)	50,000	5,000	-	-	55,000
B. Annual Requirements	2,508,491	170,123	560,560	12,569	3,251,742
Est. mid-year population	12,695,758	12,695,758	12,695,758	12,695,758	12,695,758
Est. Human Annual Consumption Reqt.	120	13	28	1	163
Gross Consumption Requirement	1,523,491	170,123	360,560	12,569	2,066,742
Livestock, other uses and losses	485,000	-	-	-	485,000
Strategic Grain Reserve Requirement	500,000	-	200,000	-	700,000
C. Domestic Balance (A – B)	31,538	(16,780)	(154,696)	(6,371)	(146,308)
D. Cross Substitution (maize for millets)	(16,780)	16,780	-	-	-
E. Cereal Exports carried over	-	(1,388)	(1,036)	-	(2,424)
F. Cereal Imports carried over	-	-	-	-	-
G. Uncovered Imports/Exports Likely (March 2001)	14,758	-	(155,732)	(6,371)	(147,344)
H. Forecasted Closing Stocks (March 2001)	514,758	-	44,268	(6,371)	552,656

Source: Consumption Workshop held at the Zimbabwe Grain Producers Association.

1.2. Other Coarse Grains

Domestic availability of the small grains (particularly millets and sorghum) is estimated at 153,000 MT, while annual requirements are about 170,000 MT. This leaves a shortfall of about 16,800 MT that can be made up by the maize surplus (section 1.1).

1.3. Cereals

Availability of wheat during the current marketing year is likely to be much less than the annual requirement due to a decrease in the area planted. Although it is too early to forecast with certainty, wheat production is expected to decrease by about 20 to 30 percent from last year's level to about 224,000 MT. Thus, total wheat available is estimated to be about 406,000 MT, made up of carryover stocks of about 182,000 MT. and the estimated gross production. By comparison, Zimbabwe needs over 560,000 MT of wheat each year, of which about 361,000 MT is for consumption requirements and 200,000 MT for the Strategic Grain Reserve. Consequently, a domestic shortfall of about 155,000 MT is anticipated. This shortfall is manageable as Zimbabwe imported such volume before in 1995/96 and 1997/98. The Ministry of Agriculture has suspended wheat exports this year. The estimated supply and demand for rice results in a national shortfall of about 6,400 MT. As in previous years, this shortfall has to be covered from imports by the Grain Marketing Board (GMB) and private traders.

2. SUB-NATIONAL FOOD AVAILABILITY AND ACCESS

2.1 Food Availability

The National Early Warning Unit (NEWU) and the USAID Famine Early Warning System Network (FEWS NET) are currently working on the Zimbabwe Food Security and Vulnerability Report covering the period April 2000 to March 2001. Until the Report has been completed, the current food security situation in the communal areas is based on impressions gathered through field visits and other reports.

Generally, grain availability will not be a problem in most communal areas despite cob rot in maize due to the off-season rainfall and the effects of Cyclone Eline in the southern and eastern districts of the country. A recent FEWS NET field visit to Chipinge district in Manicaland Province, indicated that households in the cyclone-affected wards are buying maize or trading vegetables for maize within the communal area. Traders in the area were observed with large quantities of maize on the roadside and at one of the service centers. Traders who were paying Z$50 per 18 kg bucket of maize (Z$2.78 per kg) towards the end of June paid double the amount (Z$100) per bucket at the beginning of July. Grain availability is likely to be a problem for some households later in the marketing year in the usual deficit communal areas of Masvingo and Matebeleland South and North provinces because:

1. Their crops from the recent harvest in March will run out from August;
2. Some communal areas are inaccessible to traders as a result of cyclone damage to the road infrastructure; and
3. Relief food supplies to the cyclone-affected areas have dried up as the NGO community concentrates on medium to long-term development issues in these areas.

2.2. Food Access

2.2.1. Rural Areas

The high water table and availability of water in most dams and rivers has enabled most of the rural areas to produce vegetables for home consumption and sale. This is contributing to food security in most areas, even those that do not normally produce vegetables.

Producer prices for most commodities in the 2000/01 marketing year are low compared to the announced price of maize. For an example, the floor price of maize was increased by 30 percent to Z$5.50 per kg whilst cotton price increased by 17 percent to about Z$17,00 per kg compared to the beginning of the marketing year and last year. The low cotton yield this year, combined with this marginal increase in the producer price and the high cost of inputs mostly taken on credit from the cotton companies, threatens the food access of most communal cotton farmers this year. Close monitoring is required of households in communal areas that rely on cotton for their food security, particularly in southern Chipinge, Gokwe, Hurungwe, Makonde, lower Muzarabani, lower Guruve and Bindura districts. Close monitoring is required as well for households that rely on purchased maize for their food security in those areas affected by Cyclone Eline in Chipinge, Matebeleland South, Chiredzi and Mvuma districts. The state of food security in these areas will become apparent when NEWU and FEWS complete the Food Security and Vulnerability Report for 2000/01.

2.2.2. Farm Workers

A number of farm workers have either been displaced or are going without wages due to the current invasions of large-scale commercial farms and political violence leading up to the elections of June 24-25. Despite the Government's announcement that the invaders should move to the 160 farms compulsorily acquired for resettlement, about 1,116 farms are still occupied by war veterans and landless people. The General Agricultural Plantation Workers' Union of Zimbabwe (GAPWUZ) estimates that about 500 people have been completely displaced due to farm invasions. An additional 40,000 people have gone without their wages since May where owners have vacated their farms or where farm workers have not been able to perform their duties.

Displacement and lack of pay threatens the food security of these farm workers. They have limited coping mechanisms, as most of them do not own land to cultivate food crops and depend almost entirely on wage employment for their livelihood. A recent survey by Save the Children Fund (SCF/UK) indicates that about 50 percent of the farm workers are 2nd and 3rd generation immigrants of foreign origin, while 40 percent have no reciprocal exchange relations with nearby rural areas. These factors weaken the social safety net of the displaced farm workers, some of whom are squatting on unaffected neighboring farms. Response to the plight of farm workers has so far been slow. The Government is not recognizing this problem, probably because farm workers sector has long been marginalized and is of no political significance. International donors and NGOs have not yet assisted farm workers, possibly due to the political sensitivity of the sector. So far the United Nations have started discussing contingency plans to respond to the difficulties of farm workers and other people from the rural areas whose displacement appears to be politically motivated. The Commercial Farmers Union has established separate trust funds to cater for both the farm workers and the farm owners.

2.2.3. Urban Areas

Despite the increase in the retail price of maize at GMB to Z$6,200 per MT, the price of maize meal has remained at Z$224 per 20 kg bag due to Government regulation. The regulated price of Z$10.90 per kg of maize meal is much higher than the unregulated price of maize grain, which ranged from Z$3.90 to Z$5.30 per kg in the major urban markets in early July. These maize grain prices represent decreases between 10 and 25 percent between May and July (see Table 2.). These price decreases have benefited urban consumers who rely on market purchases for their food security. The decrease in price may be attributed to seasonally low market demand from poor urban consumers who obtain their grain from peri-urban production and from relatives in the communal areas.

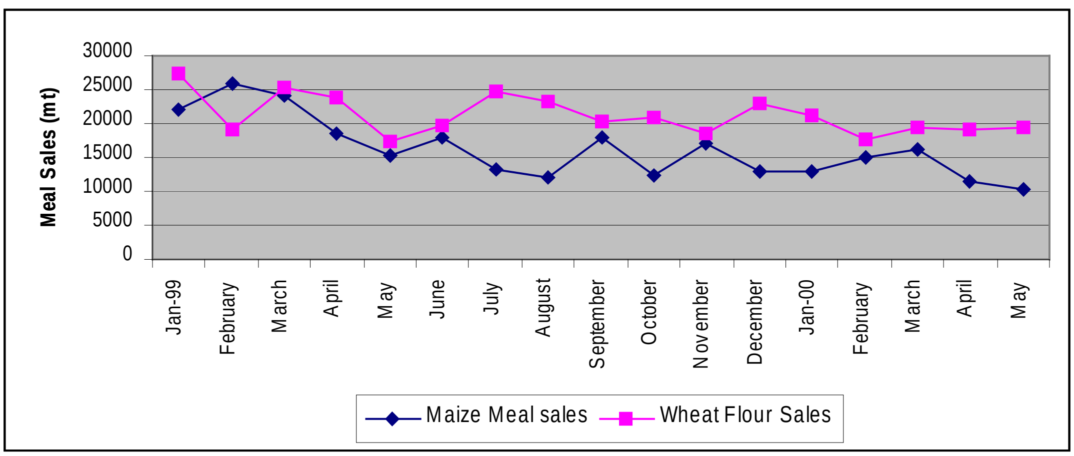
Table 2. Unregulated Maize Grain Prices per Kilogram for Urban Markets

	Mash East	Mash Central	Mash West	Bulawayo	Midlands	Manicaland	Harare	ZIMACE
May-99	4.72	3.61	3.89	4.44	4.17		4.17	4.55
May-00	5.00	4.72	4.72	6.67	5.56	5.00	5.56	5.17
Jul-99	4.17	3.11			3.61	4.17	3.61	4.71
Jul-00	4.44		3.89		4.17	4.44	5.00	5.30
% Increase Jul 99 to Jul 2000	6.50				15.5	6.5	38.5	12.5
% Decrease May to July	-11.2		-17.6		-25.0	-11.2	-10.1	2.5

Source AGRITEX – Farm Management Services

The improved affordability of maize in the urban market may also explain the general decrease in the commercial sales of maize meal and wheat flour by the three big millers and the GMB, as indicated in the Figure 1. The volume of maize meal sales dropped 33 percent between May 2000 and May last year. The decrease could also be attributed to rising urban food insecurity, as more people cannot afford all three meals per day due to economic hardships. Urban workers and mine workers have faced increased job losses and underemployment in recent months, reducing their incomes as mines and industries are closed or operate half weeks due to foreign currency and fuel shortages. The Employers Confederation of Zimbabwe estimates that 200,000 people have lost their jobs due to the deteriorated economic environment.

Figure 1. Maize Meal and Wheat Flour Sales by Major Millers and GMB



Source: Ministry of Agriculture

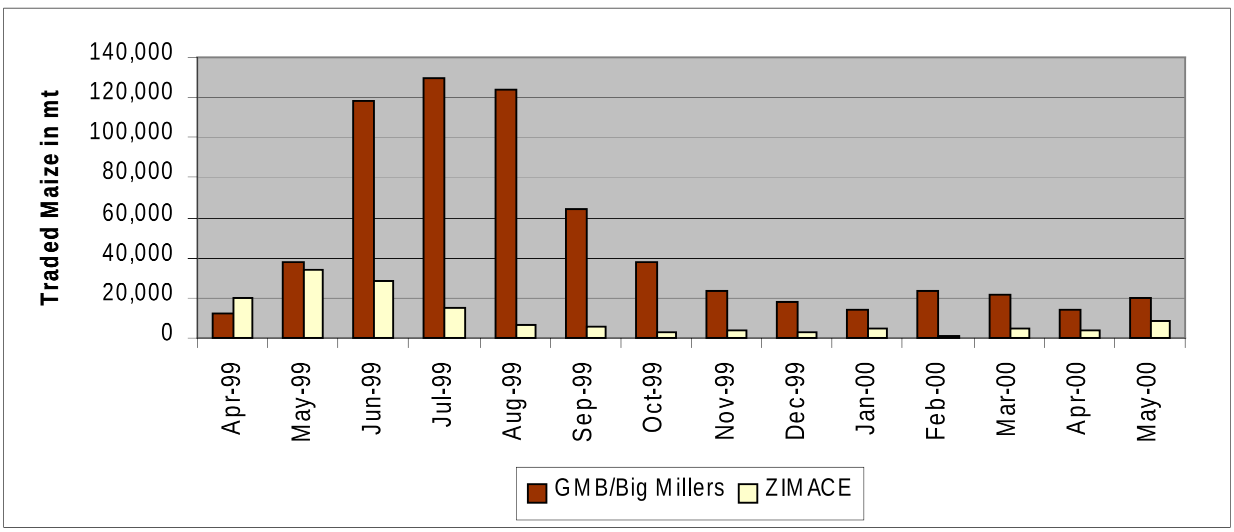
3. MARKETS

3.1. Market Development

The Acting Minister in the Ministry of Lands and Agriculture announced the Policy Statement for the 2000/2001 Agricultural Marketing Year on 7 July 2000, setting the maize producer floor price at Z$5,500 per MT, a 31 percent increase from last year's floor price of Z$4,200. The announced floor price is slightly above the current trading price of between Z$5,200 per MT and Z$5,300 per MT on the Zimbabwe Agricultural Commodity Exchange (ZIMACE). However, the farming communities are not happy with the floor price because they had expected the price to be raised above Z$6,000 per MT, based on production costs that average between Z$5,000 and Z$5,200 per MT. Smallholder farmers will therefore realize little profits, given that transport costs are likely to be very high due to the shortage of diesel and the poor state of rural feeder roads.

Nonetheless, it is hoped the announcement of the floor price will restore confidence and activate the maize market that has been depressed since the beginning of the marketing year in April. For example, purchases of domestic maize by the three major millers and GMB was approximately 20,000 tons at the end of May 2000 compared to about 38,000 tons by the same time last year. Moreover, maize volumes traded on ZIMACE have also decreased. About 33,000 tons were traded in May 1999 compared to about 8,000 tons this year (see Figure 2. below). The current macro-economic environment (see sections 5.2. and 5.3.) will also continue to exert a negative impact on the marketing of agricultural commodities during this marketing year.

Figure 2. Maize Purchases and Trade at GMB, Millers and ZIMACE



Source: Ministry of Agriculture and ZIMACE

4. AGRO-METEOROLOGICAL CONDITIONS

4.1. Weather Summary

Slight frost continued to affect the central and southern areas from the end of May into the first three days of June. This kind of weather is typical when a continental high-pressure area gets established over South Africa. The frost episode was brought to a halt on the fourth day when there was an increase in cloud cover that was associated with widespread rains though very light in most areas. A high-pressure ridge along the southeast coast fed a cool and moist southeasterly airflow that introduced a very cold air mass into Zimbabwe. At the same time a low developed in the middle levels resulting in cloudy, cold and wet conditions across the whole country though the rains were rather light. This signaled the end of the frost episode. The weather system described above resulted in the coldest day of the month on the 5th when most temperatures especially in the central areas were below 18 °C. The lowest maximum temperatures recorded were at Kadoma, Plumtree and Wedza with 13°C. Gweru recorded 14°, Harare airport 16° and Harare Belvedere 18 °C. The cold weather was accompanied by significant rain over the southern parts where Buffalo Range recorded the highest fall for the month, 53mm and breaking the highest 24-hour record for June of 1988 that was 44mm. Kezi followed with 40mm and West Nicholson 29mm. The rains became lighter as the low weakened moving to the west. Temperatures started rising slowly towards the end of the first dekad as both the cloud amount and the rainfall activity decreased.

Conditions became generally mild throughout the country because of the change in the wind direction from southeasterly to northeasterly. The air mass became drier with frost prone areas around Gweru and Marondera recording slight frost for a couple of days between the 11th and the 18th. Temperatures were in the lower twenties along the high veld and slightly warmer over the low-lying areas of the Zambezi and the Limpopo valleys.

After the 18th onwards another low developed in the middle levels over Botswana but this time less intense than the first one. Only the southern areas were affected significantly between the 19th and the 20th otherwise the rest of the country received widespread light showers. Masvingo had the heaviest rain 26mm with Zaka recording 19mm. Weather conditions were rather cool due to the southeasterly moist air but the situation quickly changed reintroducing sunny weather as the airflow backed to a warmer east-northeasterly airflow. The low levels of humidity and the establishment of a weak high over South Africa gave rise to slight frost between the 26th and the 27th and this time spreading as far as Makonde, Mazowe and even Gwayi. The frost was again short-lived as another pressure rises over the southeast coast resulted in Guti weather to the east and the northeast towards the end of the month.

5. SOCIO ECONOMIC ENVIRONMENT

5.1. Occupation of Commercial Farms and the Land Issue

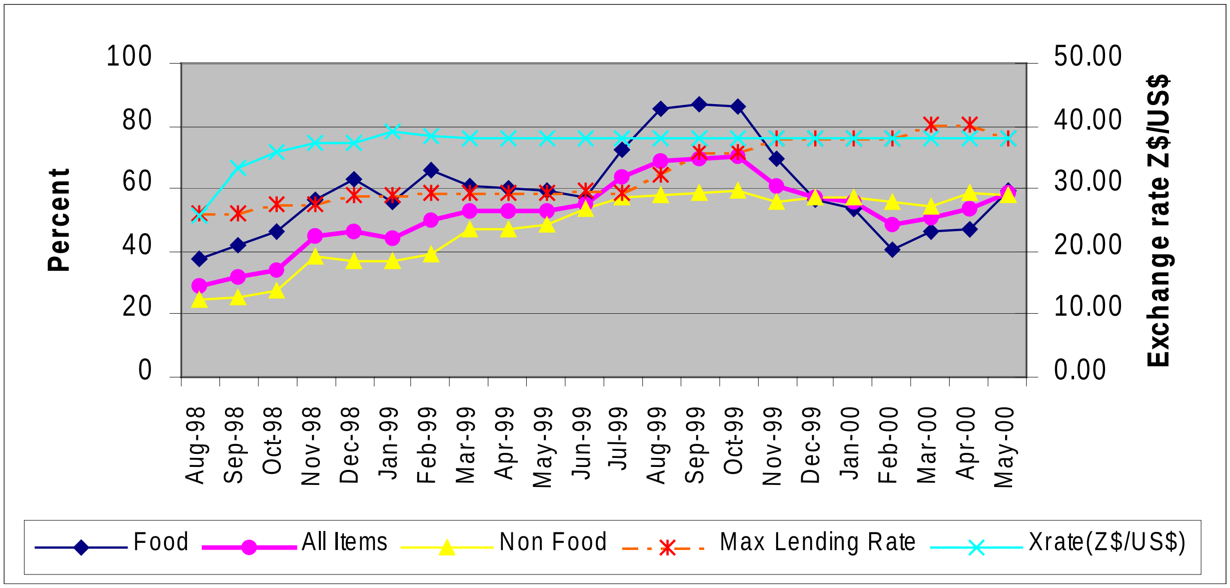
Disruptions of commercial farm operations, due to continuing farm occupations, raise fears that the wheat harvest might decrease by 20 to 30 percent, the area planted to tobacco might decrease in 2000/01, and the beef industry might also shrink. Reports from the livestock auction markets indicate an increase in the sale of the beef-breeding herd for slaughter as large-scale farmers face an uncertain future. Such developments, if borne out, would decrease tobacco and beef export earnings, further limiting the foreign currency earning capacity of the country and its ability to import fertilizers and other agricultural inputs.

5.2. Inflation and Interest Rates

Increasing interest and inflation rates add to Zimbabwe’s economic woes (see Figure 3). From 48.9 percent in February, the inflation rate increased steadily to 58.7 percent in May. The Central Statistical Office largely attributed the increase in inflation to an increase in food inflation over the past three months. The increase in inflation has had an adverse effect on food security in the country, as workers’ wages have not been adjusted upwards at the same rate due to economic hardships being faced by industry.

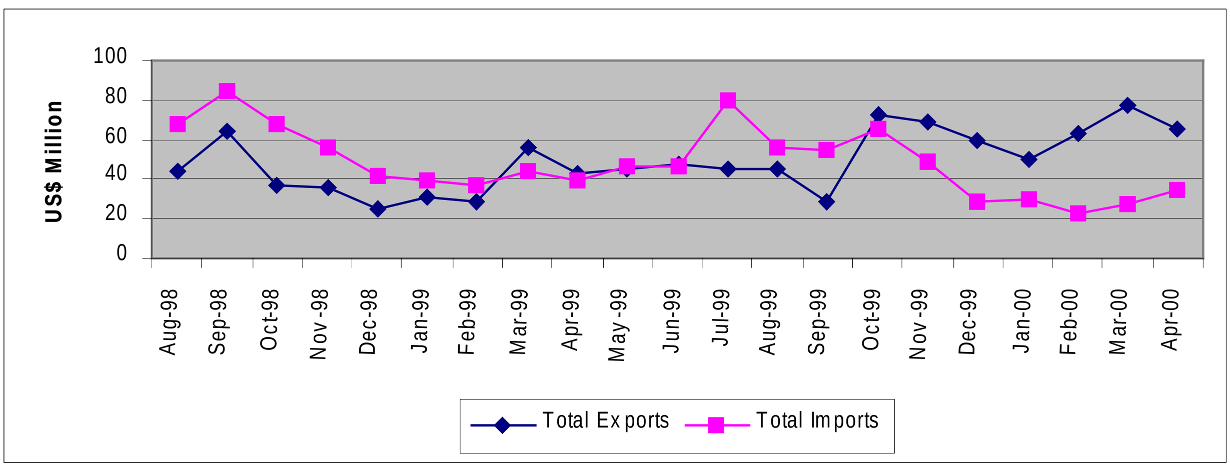
Interest rates increased from negative real interest rates in October 1999 to positive real rates in May. This increase in the rate of interest is likely to reduce loans to farmers who will find it too expensive to borrow money for production in 2000/01, hence affecting food production and food security.

Figure 3. Nominal Interest and Inflation Rate in Zimbabwe



Source: Central Statistical Office and the Reserve Bank of Zimbabwe

Figure 4. Recent Trend in Export and Import Receipts



Source: Reserve Bank of Zimbabwe

5.3. The Foreign Exchange Rate

Zimbabwe is currently facing foreign currency shortages for its import requirements. The shortage in hard currency may be attributed to the official pegging of the Zimbabwean dollar at Z$38 per US$ for the last eighteen months. However, a comparison of the export and import receipts over the past several months indicates that Zimbabwe has earned more export revenues than it has paid out for imports, as shown in Figure 4. The analysis indicates that the country is expected to have an increase in foreign reserves, depending on the level of foreign debt servicing. Availability of foreign currency has to be monitored closely to ensure that the country has sufficient hard currency for importing wheat and other food items in the 2000/01 marketing year.

6. FOOD SECURITY ISSUES TO CONSIDER IMMEDIATELY

There is urgent need to:

- Assess and render assistance to the displaced farm workers;
- Render assistance to cyclone victims in the form of food for work;
- Carry out a detailed analysis of vulnerability conditions in communal areas by NEWU, FEWS and other interested parties;
- Complete the resettlement of the war veterans and the landless currently in the large-scale commercial farms so that farm operations and planning for next season is not disrupted.