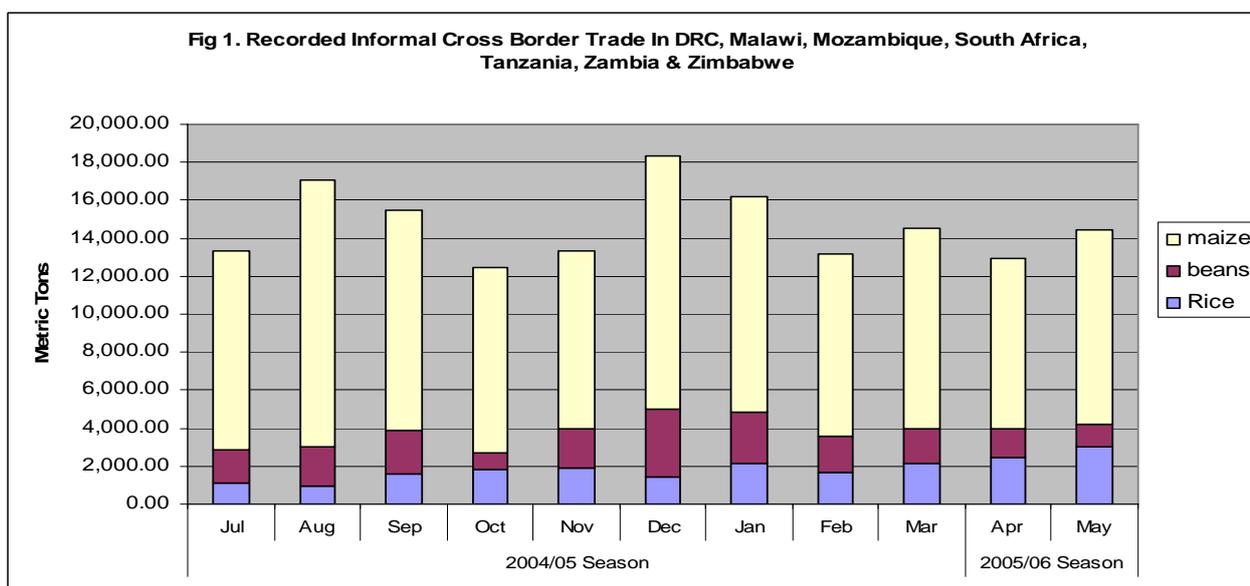


# Informal Cross Border Food Trade In Southern Africa

## Highlights

- Close to 500 MT of informal food imports into Zimbabwe recorded in the first month of informal trade monitoring at the Beitbridge border post.
- Zambia maize exports significantly decline as export ban becomes effective.
- Trade recorded in May rises to 15,000 MT as monitoring at the South Africa/Zimbabwe Beitbridge border takes off.

## Informal Cross Border Food Trade Flow Overview - May 2005



Source: FEWS NET and WFP Malawi; TSC

By the end of May, close to 15,000 MT of trade in maize, rice and beans was captured by the informal cross border food trade monitoring initiative in Southern Africa. This represents a 15% rise in the trade over the amount captured in April. This increase can be partly explained by the additional monitoring that has been effected along the borders of Zambia and Mozambique (as reported last month), as well as along the Zimbabwe/ South Africa border (see photograph below). Overall, the volume of maize traded at 10,600 MT was 17% higher than last month; rice at 3,000 MT was 20% higher, but the bean trade at 1,200 MT declined 19% compared to April. The increase in maize trade in May was also to be expected as harvesting intensifies across the region.

## Informal Food Imports from South Africa observed in Zimbabwe

In spite of the restrictions to informal food trade, nearly 500 MT of food commodities were recorded as having been informally exported from South Africa into Zimbabwe through the Beitbridge border post. Recorded food trade included 317 MT of maize meal (352 MT grain equivalents), 160 MT of beans, 16 MT

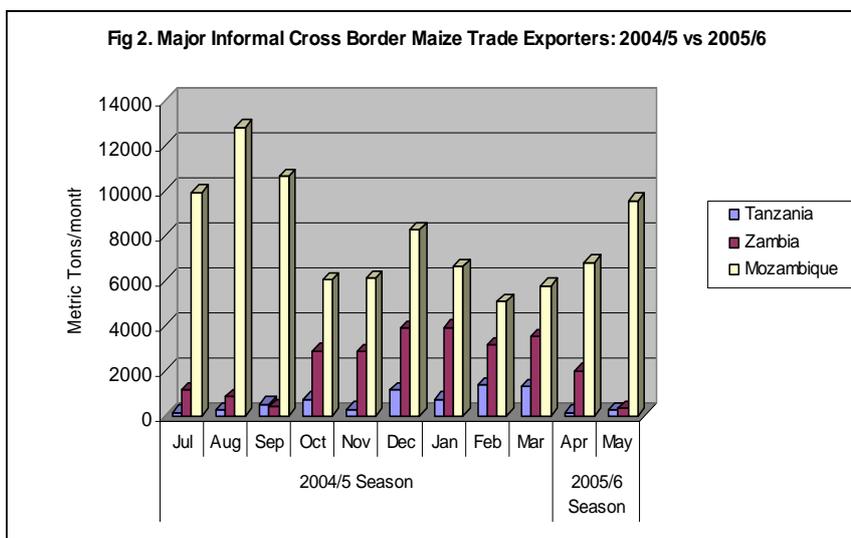
of rice and 9 MT of wheat flour (11 MT grain equivalents). Despite having experienced consecutive seasons of poor harvests, the Zimbabwean authorities have consistently maintained the strict controls that were placed on informal food imports. Zimbabwe imposes import levies for any trader or consumer that crosses into its borders with more than a single bag of maize grain, maize meal or rice. Each extra bag (50kg) of any of these commodities attracts import levies of up to US\$3.50. As a result, informal food trade between Zimbabwe and its neighbours is not conducted openly, and occurs at very low volumes at a time. Informal food imports of maize and wheat is mainly in the form of processed products that are purchased from supermarket shelves in South Africa and then transported across the border through concealed travel bags. Those involved in the trade are forced to make several trips to and from nearby South African towns carrying 5-10 Kilogram packs of maize meal, rice, beans and/or wheat flour in order not to incur heavy levies from Zimbabwean customs authorities. In a typical day, hundreds of Zimbabweans criss-cross the borders carrying small packs of food. It would appear need transcends the high transaction costs of this trade. Unlike in most countries where informal trade is dominated by small scale traders, in Zimbabwe, it is mostly consumers who cross the borders to get food. The 500 MT of food imports captured in May only represents day-time trading. Anecdotal evidence suggests that since Beitbridge is a 24 hour-access border, a lot more food trade could be taking place at night.



*Informal cross border trade at the South Africa/Zimbabwe border at Beitbridge, South Africa*

### Summary of Maize Trade Flows : May 2005

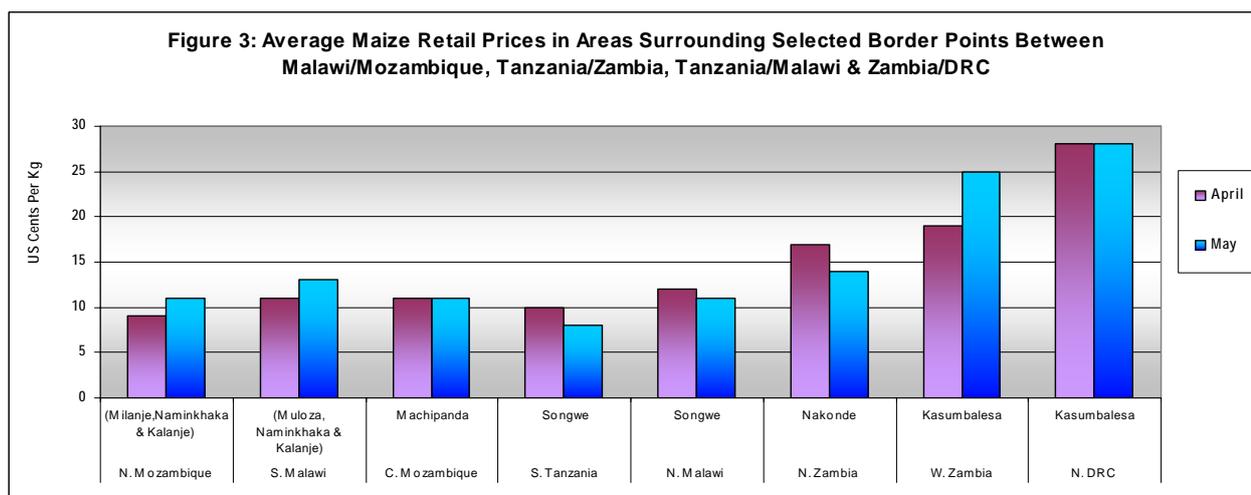
Nearly 10,600 MT of maize trade was captured during May. Exports to Malawi (9,576 MT from Mozambique and 256 MT from Tanzania) accounted for 92% of the trade. Border trade observations last marketing season revealed that Mozambique, followed by Zambia were the major exporters of maize. However, the situation has changed this season; Zambia which has had a poor harvest, and has since banned maize exports, is not among the major exporters. Recorded volumes of exports indicate that the export ban has become more effective resulting in exports dropping by 83% compared to April (from 1,985 MT to 338 MT). With Malawi (450,000 MT cereal deficit) and Zimbabwe (estimated cereal deficit of 1.2 million MT) experiencing poor harvests again this season, only Mozambique remains as the major source of informal maize trade this marketing season.



*Source: FEWS NET and WFP Malawi; TSC*

Figure 3 below shows average retail prices of maize at border areas in selected countries. Current price levels at these border points indicate that Southern and Central Malawi will continue to rely on Northern Mozambique for supply of maize. Northern Malawi and Northern Zambia are likely to look to Southern Tanzania for maize imports. Overall, retail maize prices are highest in Western Zambia and DRC. However, with the ban in place in Zambia, the DRC will have to look to Tanzania and beyond for its maize supplies. On the other hand, due to the 'attractive prices' in the DRC, the possibility of some maize being smuggled from Zambia to DRC cannot be ruled out. The contribution of Tanzania to the trade is expected to increase with the advent of harvests there between June and September. Zimbabwe's informal maize imports are

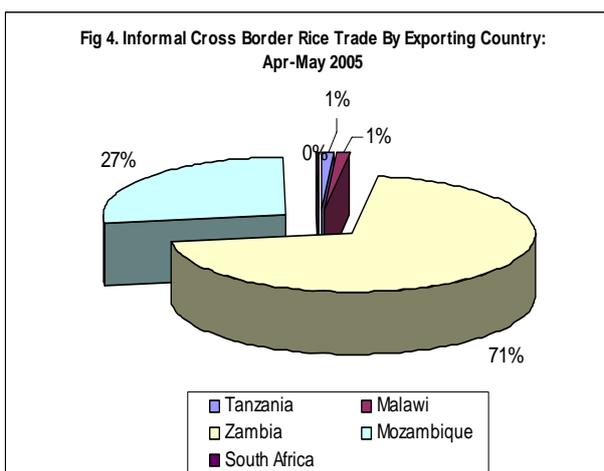
expected to derive mainly from South Africa as the Zambia ban remains in place, and trade with Mozambique continues to be insignificant.



Source: FEWS NET and WFP Malawi; TSC

### Summary of Rice Trade: April - May 2005

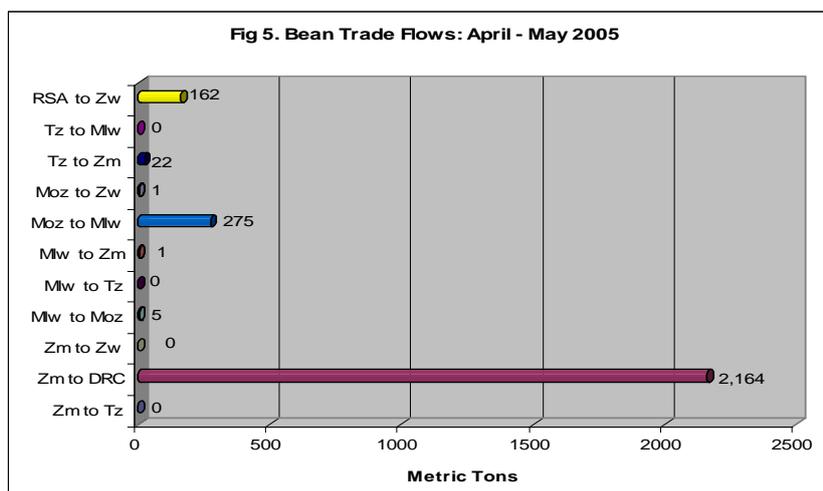
Zambia and Mozambique remain the major suppliers of rice with DRC and Malawi as the major importers. In May, close to 3,000 MT of rice was traded, bringing the total recorded in the year to 5,500 MT. Zambia's rice exports of 1,865 MT to DRC accounted for 62% of the captured trade. Mozambique's exports (1000 MT) to Malawi accounted for 33% of the trade. With most of the rice being imported from Asia, the trading pattern is unlikely to change. The trade will continue to be a domain of a few medium to large scale importers from Malawi and DRC who use Mozambique and Zambia respectively as transit routes. Exports of rice to DRC by Zambia have been steadily increasing since January. The rice imports into Malawi in May are the highest recorded since the monitoring began in July last year.



Source: FEWS NET and WFP Malawi; TSC

### Summary of Bean Trade: April - May 2005

Nearly 2,600 MT of bean trade has been captured in April and May 2005. However, the volume of bean trade in May declined by 19% compared to April, from 1,451 MT to 1,179 MT. The DRC continues to dominate the trade as the major importer followed by Malawi. Zambia followed by Mozambique is the major exporter of beans. South Africa is now the third major exporter, exporting 162 MT to Zimbabwe during May, the first month of recording for this border. Bean trade among the rest of the countries remains



Source: FEWS NET and WFP Malawi; TSC

insignificant. Volumes of bean trade since the new season began remain lower than those traded per month between November and March last year. This could indicate that bean trade is likely to pick up in the next few months.

#### ANNEX 1: TRADE FLOW DATA

**Table 1: Informal Cross Border Trade in Maize (MT)**

Source	Destination	2004/05 Season							2005/06 Season	
		Jul-Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Tanzania	Zambia	796	714	225	982	441	454	87	15	79
Zambia	Zimbabwe	2,662	2,242	1,400	1,986	1,624	1,764	1,428	84	0
Zambia	Malawi	484	144	114	655	691	43	26	8	9
Zambia	Tanzania	71	4	10	6	1	0	1	0	0
Malawi	Zambia	0	1	13	5	8	3	4	2	3
Zambia	DRC	256	495	1,333	1,226	1,596	1,345	2,067	1,893	329
Mozambique	Malawi	33,358	6,046	6,115	8,272	6,613	5,056	5,769	6,829	9,576
Malawi	Tanzania	315	108	55	63	40	34	22	33	0
Tanzania	Malawi	22	21	72	146	293	900	1,202	108	256
Mozambique	Zimbabwe	-	-	-	-	-	2	0	0	0
South Africa	Zimbabwe	-	-	-	-	-	-	-	-	352
<b>Total Traded (MT)</b>		<b>37,965</b>	<b>9,774</b>	<b>9,337</b>	<b>13,341</b>	<b>11,306</b>	<b>9,600</b>	<b>10,606</b>	<b>8,972</b>	<b>10,608</b>

**Table 2: Informal Cross Border Trade in Rice (MT)**

Source	Destination	2004/05 Season							2005/06	
		Jul-Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Tanzania	Zambia	261	164	14	1	1	7	21	3	53
Malawi	Tanzania	2	-	0	0	0	0	0	0	33
Tanzania	Malawi	67	129	68	49	52	58	12	1	0
Zambia	DRC	3,215	1,211	1,440	1,124	1,942	1,369	1,883	1,975	1,865
Zambia	Malawi	63	-	-	0	1	0	0	0	0
Malawi	Zambia	3	9	4	8	3	1	0	30	0
Zambia	Zimbabwe	1	0	0	0	0	0	11	5	4
Mozambique	Malawi	1,852	315	364	256	183	226	151	453	1,000
Malawi	Mozambique	391	-	0	1	0	0	0	0	0
Mozambique	Zimbabwe	0	-	0	1	0	2	58	34	25
South Africa	Zimbabwe	-	-	-	-	-	-	-	-	17
<b>Total Traded (MT)</b>		<b>5,855</b>	<b>1,828</b>	<b>1,890</b>	<b>1,440</b>	<b>2,182</b>	<b>1,663</b>	<b>2,136</b>	<b>2,500</b>	<b>2,997</b>

**Table 3: Informal Cross Border Trade in Beans (MT)**

Source	Destination	2004/05 Season							2005/06 Season	
		Jul- Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Tanzania	Zambia	360	69	58	24	8	61	6	0	22
Zambia	Tanzania	3	0	1	1	0	0	0	0	0
Zambia	DRC	2,786	724	1,525	1,910	2,449	1,545	1,542	1,320	844
Malawi	Mozambique	1	0	0	0	0	2	22	0	5
Zambia	Zimbabwe	15	3	4	9	7	8	0	0	0
Mozambique	Malawi	153	14	407	1,432	149	177	214	131	144
Malawi	Tanzania	583	36	30	17	1	0	0	0	0
Mozambique	Zimbabwe	0	-	58	169	83	65	1	0	1
Malawi	Zambia	-	-	-	-	-	-	3	0	1
Tanzania	Malawi	0	-	-	-	-	25	13	0	0
South Africa	Zimbabwe	-	-	-	-	-	-	-	-	162
<b>Total Traded (MT)</b>		<b>3,902</b>	<b>846</b>	<b>2,085</b>	<b>3,560</b>	<b>2,697</b>	<b>1,884</b>	<b>1,799</b>	<b>1,451</b>	<b>1,179</b>

*A Technical Steering Committee (TSC) of the Cross Border Food Trade Monitoring Initiative, with funding from WFP and USAID, 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 26 borders, with new borders being added as necessary. Data from borders surrounding Malawi are collected and managed by FEWS NET Malawi, while the rest of the borders are managed by the TSC. Address comments/suggestions to the following e-mail addresses: [joyce.luma@wfp.org](mailto:joyce.luma@wfp.org); [mmcnabb@few.net](mailto:mmcnabb@few.net); [pmdladla@few.net](mailto:pmdladla@few.net), and [stein.vikan@wfp.org](mailto:stein.vikan@wfp.org).*