

## Summary

- Cumulative informal maize imports from April to December 2007 amounted to 48,808 MT, about 31 % lower than at the same time last season. Almost all the maize was from Mozambique. Informal maize exports in the same period amounted to 4,361 MT, about 40% higher than at the same time last season.
- Maize prices, just like prices for other commodities, have been going up. The average source prices for the maize imports averaged about MK23.52/kg in December while the destination prices at the border points in Malawi averaged about MK28.26/kg.
- Cumulative rice exports from April to December 2007 amounted to 3,777 MT of polished rice equivalent, almost double the 1,837 MT exported during the same period last season.
- Cumulative beans imports from April to December amounted to 4,411 MT, about 16% lower than the 5,267 MT imported during the same period last season. However, there was a big jump in beans exports from 298 MT last season to 1,119 MT this season.
- Malawi is almost entirely dependent on imports when it comes to wheat due to very low production of wheat vis-à-vis high domestic demand for wheat products. Cumulative wheat grain imports from April to December amounted to 20,030 MT, almost similar to 19,929 MT imported during the same period last season. However, there was a huge drop in wheat flour imports from 5,634 MT during the same period last season to only 627 MT this season. For the first time the country recorded some wheat flour exports, possibly due to increased wheat milling capacity from the local milling companies.
- Fertilizer imports continued to flow into the country through informal and official trade. Cumulative fertilizer imports from April to December amounted to 104,947 MT, the highest ever recorded during this period for the past three seasons. Only 65,007 MT had been imported during the same period last season. The system also captured about 286 MT of fertilizer exports during the same period, an increase compared to the 64 MT during the same period last season. Despite the export ban, traders are attracted by high fertilizer prices in the neighbouring countries while some of the local farmers are simply taking the fertilizer to their fields across the borders.



\*Few border points in the south not drawn to scale for clarity.

**1.0 Introduction**

This report covers the performance of cross-border trade in various agricultural commodities between Malawi and its neighbouring countries which include Mozambique, Zambia and Tanzania for the period April to December 2007. The ultimate objective is to track the quantities of food exported and imported into and from the country and assess the impact of that on food security in the country. Although the monitoring system was set to monitor informal cross-border trade, later on it was recommended to include official trade. This was because both sets of information are important and the official trade statistics were not easily available on time for effective monitoring of food security at national level. Note that all the trade in either imports or exports by government and other recognized agencies such as World Food Programme (WFP) are considered official and the rest is considered under informal trade. Where official data is available from the agency importing or exporting the commodity, the agency’s information takes precedence unless otherwise. A total of sixteen border points are monitored making Malawi the country with the largest number of monitored border points in terms of cross-border trade within the SADC region. FEWSNET is exploring the possibility of expanding border points being monitored to include areas where significant quantities are involved such as Dedza border point with Mozambique.

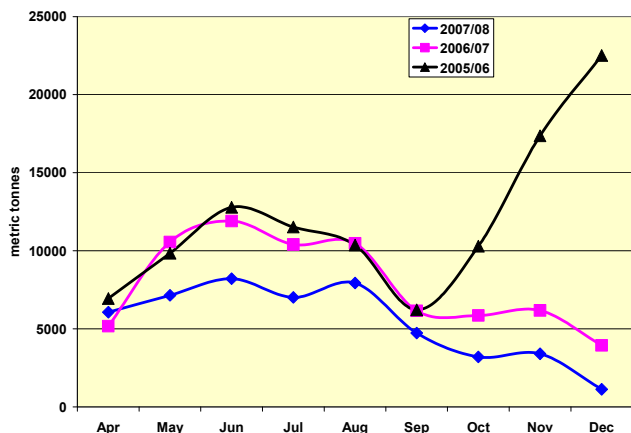
**2.0 Trade Flows**

The trade dynamics so far remain similar to last season’s but the volumes of trade appear to be generally high. Most of the agricultural commodities continue to flow in both directions, except for a few, such as wheat and cotton, which have so far been imported and exported respectively. The following sections discuss the trade flows in detail for the various agricultural commodities monitored in December 2007.

**2.01 Maize/Maize flour**

Maize imports through informal cross-border trade dropped significantly from 3,399 MT in November to 1,128 MT in December. Generally maize import trends this season and last season are very similar although there has been a declining trend in maize imports since July. The drop could be attributed to reduced maize supplies as household maize stocks get depleted in neighbouring countries. Cumulative maize imports from April to December amounted to 48,808 MT. This represents about 31% drop from the 70,643 MT imported during the same time last season.

**Figure 1: Informal maize imports trends: 2005/06 to 2007/08 marketing seasons**



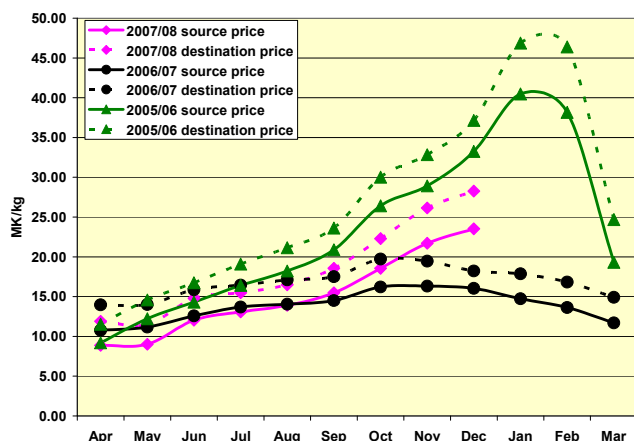
Source: FEWSNET/Malawi

Almost all the maize came from Mozambique. Close to 70% of this maize passed through Muloza border in Mulanje district from the Milange area in Mozambique. The drop in maize imports is attributed to favourable food security situation in the country due to two consecutive good crop harvests experienced in the country in 2006 and 2007. However, the two trends are very different from the trend experienced in 2005/06 season as shown in figure 1. Figure 1 compares the maize import trends from April to December during the period 2005 through 2007. The last two seasons appear to follow what looks like the normal trend. Although Malawi has experienced another food surplus season, the figures confirm that Malawi still gets some maize imports through informal cross-border trade even in good years. The imports only increase beyond the normal trend during bad years as was the case in 2005/06

season as shown in figure 1.

Both the source and destination prices for the imported maize show a rising trend. This is a normal trend due to the fact that as maize supplies get reduced or depleted at household level there is an increased market demand for maize and consequently this pushes up prices. The buying or source price from the various buying points in Mozambique averaged about MK23.52/kg in December,, up by 8% from the November average price of MK21.71/kg. The selling or destination prices at the border points in Malawi averaged MK28.26/kg, an increase of also 8% from MK26.15/kg in November. The increases in price are similar since there is no significant variation in the monthly price differentials between the source price and destination prices. Figure 2 shows the trends in the

**Figure 2: Source and destination maize price trends : 2005/06 to 2007/08 marketing seasons**



Source: FEWSNET/Malawi

Mozambique and 13% to Tanzania). This is about 40% higher than the 3,098 MT exported through informal cross-border trade during the same period last season. The increase in maize exports in December is attributed to a big jump in maize exports to Mozambique by one of the local companies. In addition to the informal maize exports, the National Food Reserve Agency (NFRA) had officially exported 286,589 MT to Zimbabwe by the end of December 2007. WFP has also been exporting maize to Zimbabwe and by end December 2007, WFP maize exports to Zimbabwe amounted to 32,363 MT. Total maize exports, therefore, including both informal and official exports since April 2007 amounted to 321,406 MT.

Maize flour exports increased by 33% from 15 MT in November to 20 MT in December. Cumulative maize flour exports since April amounted to 151 MT. All exports were to Mozambique and mostly in exchange with dried fish.

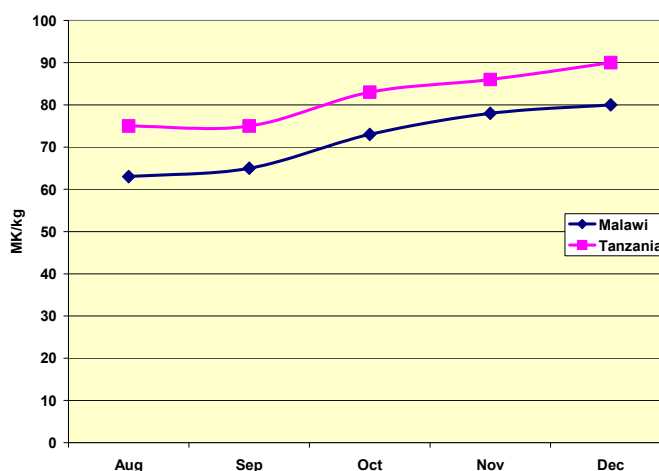
## 2.02 Rice

Rice is traded either as paddy or polished rice. Imports and exports of polished rice in December amounted to 13 MT and 484 MT respectively, resulting in cumulative imports and exports of about 167 MT and 3,079 MT respectively. Imports and exports of paddy rice on the other hand amounted to 27 MT and 91 MT, resulting in cumulative imports and exports of about 397 MT and 1,163 MT respectively. Converting paddy rice to polished rice brings cumulative rice imports and exports to 405 MT and 3,777 MT of polished rice equivalent respectively. The cumulative exports this year have doubled compared to the amount of rice exports in the same period last season. Rice is one of the few commodities where Malawi is a net exporter. Some of the rice is destined for overseas markets but since Malawi is a landlocked country these exports usually pass through Mozambique and may be mistaken for exports to Mozambique if there is no adequate information. Actual rice exports to

Mozambique may therefore be lower than what is reported here. However, the system managed to capture some rice exports to Zimbabwe that passed through Mozambique totalling 405 MT (195 MT in April and 210 MT in December). Most of the rice from Malawi though goes to Tanzania. Out of the 3,777 MT of rice exports, about 40% went to Tanzania, 28% to Zambia 21% to Mozambique and 11% to Zimbabwe .

The prices of rice, just like with other commodities, have also been going up as supplies dwindle. The source price of rice in December on the Malawian side averaged about MK80.00/kg while the destination or selling price across the border in Tanzania was about MK90.00/kg. Figure 3 shows the trends in rice prices in Malawi and across the border in Tanzania.

**Figure 3: Polished rice price trends: Apr – Dec 2007**



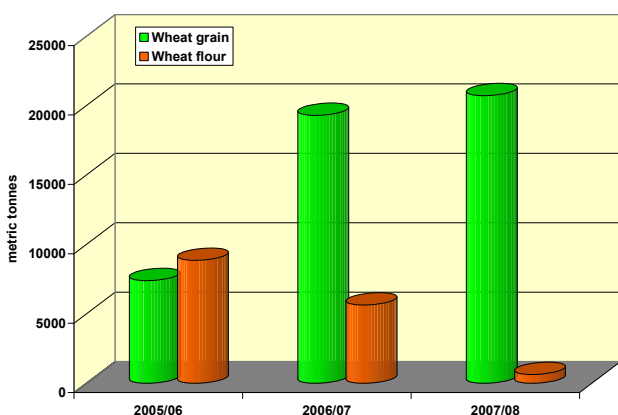
Source: FEWSNET/Malawi

**2.04 Sorghum and millet**

About 3 MT and 2 MT of millet were imported and exported, resulting in cumulative millet imports and exports of 3 MT and 106 MT, respectively. There was no trade in sorghum, as such cumulative sorghum imports and exports remained at 25 MT and zero respectively. The figures show that cumulative millet exports this year have increased to 106 MT compared to only 13 MT during the same period last season. Out of this, 60% went to Tanzania sometime in July and the remaining 40% to Zambia.

**2.05 Wheat and wheat flour**

**Figure 4: Wheat grain and wheat flour imports from April to December: 2005/06 to 2007/08**



Source: FEWSNET/Malawi

Wheat in the form of grain is mainly imported by one of the milling companies. Wheat imports in December amounted to 1,260 MT. Cumulative wheat imports from April 2007 amounted to about 20,030 MT, compared to 19,299 MT during the same period last season. All the wheat was from Germany. Wheat flour on the other hand is imported by both the big companies and individual traders. Wheat flour imports in December amounted to 11 MT resulting in cumulative wheat flour imports of about 627 MT compared to 5,634 MT during the same period last season. There have also been exports of wheat flour to Zambia amounting to 15 MT in December, down from 79 MT in November. Cumulative wheat flour exports from April amounted to 720 MT. Almost all this wheat flour went to Zambia. Last season there were no exports of wheat flour. Over the past three seasons, there appears to be an increase in wheat grain imports while wheat flour imports are declining as shown in figure 4. For the first time since the monitoring system was established this season Malawi

has recorded exports of wheat flour. However, Malawi still remains highly dependent on imports of wheat due to very low production levels locally.

The source price of wheat flour ranged from MK60.00/kg to MK90.00/kg while the selling price in Malawi ranged from MK90.00/kg to MK110.00/kg. Wheat flour prices have remained relatively stable. For the wheat that was exported to Zambia, the buying price in Malawi was about MK109/kg and the selling price in Zambia was MK120/kg.

## 2.06 Fresh/Dry Cassava

After registering no imports of fresh cassava in the past three months, about 27 MT of fresh cassava were imported from Mozambique in December through Kolowiko and Naminkhaka border points in Phalombe district. Therefore, cumulative fresh cassava imports from April to December 2007 amounted to 75 MT, much less than the 226 MT recorded during the same period last season. Exports of fresh cassava were insignificant at only 1 MT in the whole period. About 8 MT of dry cassava were imported from Mozambique in December, bringing cumulative dry cassava imports to 132 MT. This is a lot compared to only 2 MT of dry cassava imports during the same period last season. Exports were insignificant at only 2 MT.

The source price of the dry cassava in Mozambique in December ranged from MK21.07/kg to MK22.86/kg and this cassava was sold in Malawi at Kolowiko and Naminkhaka border points at MK32.15/kg and MK24.65/kg respectively. The source price of fresh cassava in the same areas and during the same period ranged from an average price of MK6.66/kg to MK8.18/kg while the selling prices at the above places in Malawi ranged from MK9.39/kg to MK20.00/kg.

## 2.08 European potatoes

There have been no imports of European potatoes this season compared to cumulative imports of 16 MT during the same period last season. However, Malawi has been exporting some European potatoes to Mozambique through Nayuchi border in Machinga district. Although there were no exports in December, cumulative exports of European potatoes from April to December 2007 amounted to 2,012 MT. Last season, only 2 MT of European potatoes had been exported by the same time.

## 2.09 Sweet Potatoes

There were no imports of sweet potatoes in December but some potatoes were imported over the course of the marketing season amounting to 500 MT cumulatively. All the sweet potatoes came from Mozambique. This is almost double the amount of sweet potatoes (258 MT) imported during the same period last season. Exports of sweet potatoes on the other hand amounted to 15 MT in December, resulting in cumulative sweet potato exports of about 80 MT, which is slightly lower than 105 MT exported during the same period last season. All the sweet potato exports were to Mozambique.

The sweet potatoes were exported to Mozambique through Marka border in Nsanje district where they were bought at about MK25.00/kg and sold across the border in Mozambique at MK30.00/kg.

## 2.10 Pulses

### *(i) Beans*

There was an increase of beans imports by almost 26% from 422 MT in November to 534 MT in December, resulting in cumulative beans imports of 4,411 MT since the start of this marketing season. This represents a 16% drop compared to 5,267 MT imported during the same period last season. The main sources of beans imports were Mozambique (50%) and Tanzania (50%). Generally the beans from Tanzania start entering the country later than beans from Mozambique. As the beans from Mozambique start declining, the beans from Tanzania start picking up. Figure 5 compares beans imports trends from Mozambique and Tanzania between this and last season.

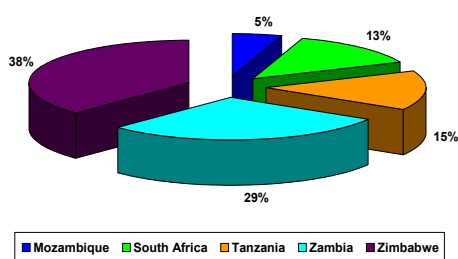
On the other hand, beans exports in December amounted to only 19 MT, almost the same as in November. Cumulative beans exports therefore amounted to 1,119 MT. This represents a big increase over the 298 MT exported during the same period last season. Like for other crops, some of the exports are destined beyond the immediate neighbouring country. According to the statistics collected by the enumerators, for instance, some of the beans that Malawi exported went to Zimbabwe and South Africa. Figure 6 shows the percentage of Malawi's beans exports that went to each country.

Beans prices, just like with the other commodities, have been going up. The source price of beans across Kalanje border in Mozambique reached MK75.55/kg in December from MK47.82/kg in April 2007. Similarly, the destination or selling price of these beans increased from MK60.86/kg to MK85.87/kg during the same period.

(ii) Cowpeas

There have been no imports of cowpeas these last two months as such cumulative cowpeas imports remained at 603 MT and all of it from Mozambique. Cowpeas exports on the other hand have remained stable since July, at 10 MT to 12 MT per month. Cowpeas exports in December amounted to 10 MT. This resulted in cumulative exports of cowpeas of 187 MT. All the trade in cowpeas was with Mozambique. The exports were recorded at Marka border where the cowpeas were bought at MK45.00/kg and sold across the border in Mozambique at about MK60.00/kg as of December 2007.

**Figure 6: Percentage of Malawi's beans exports by country: Apr-Dec 2006 and 2007**



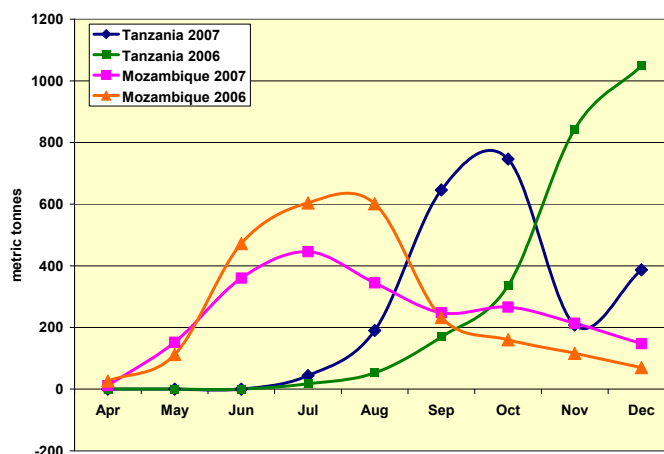
Source: FEWSNET/Malawi

totalling about 23,860 MT during the period April to December. Over half of these (56%) were sent to Zimbabwe, Mozambique (28%) and Tanzania (16%).

(iv) Pigeon Peas

There were no imports of pigeon peas in December; as such cumulative pigeon peas imports remained at 9,712 MT. This represents almost 30% increase over the 7,488 MT imported during the same period last season. All the imports were from Mozambique. The country exported about 1,640 MT of pigeon peas in December which resulted in cumulative pigeon peas exports of 10,612 MT. This is about three times the 3,615 MT exported during the same period last season. Pigeon peas are one of the commodities that are also exported beyond the immediate neighbouring countries. Most of the pigeon peas exports (79%) went to Mozambique, followed by

**Figure 5: Beans Imports trends by source: Apr-Dec 2006 and 2007**



Source: FEWSNET/Malawi

(iii) Soya beans/Corn-Soya Blend (CSB)

There were no imports and exports of soybeans or CSB in December 2007. Cumulative imports of soybeans and CSB since April remained at 1,224 MT and zero respectively. All the imports were from Zambia. Cumulative exports of soybeans and CSB on the other hand amounted to 390 MT and 139 MT, respectively. However, there were additional exports of CSB by WFP

South Africa (14%), India (6%) and Zambia (1%) according to the information from the enumerators. In addition, WFP exported a total of about 2,872 MT of pigeon peas during the same period to Zambia (70%), Mozambique (23%) and Zimbabwe (6%).

### 2.11 Groundnuts

There was no trade in unshelled groundnuts in December. As such, cumulative imports and exports of unshelled groundnuts remained at 15 MT and 20 MT respectively. However, about 9 MT of shelled groundnuts were imported in December, bringing cumulative imports of shelled groundnuts to 948 MT. This is much higher than the 111 MT imported during the same period last season. These imports came from Mozambique (70%) and Zambia (30%). On the hand, about 289 MT of shelled groundnuts were exported in December resulting in cumulative shelled groundnuts exports of 7,816 MT. This is almost 49% higher than the 5,258 MT exported during the same period last season. Most of these groundnuts (89%) went to Tanzania, followed by Zambia (5%), Mozambique (4%) and South Africa (1%).

### 2.12 Green grams

About 190 MT of green grams were exported to Mozambique through Nayuchi border. This brings cumulative green grams exports since the start of the marketing season to 1,488 MT. Although all of it is shown to have gone to Mozambique, it could as well be destined for countries overseas, especially in Asia.

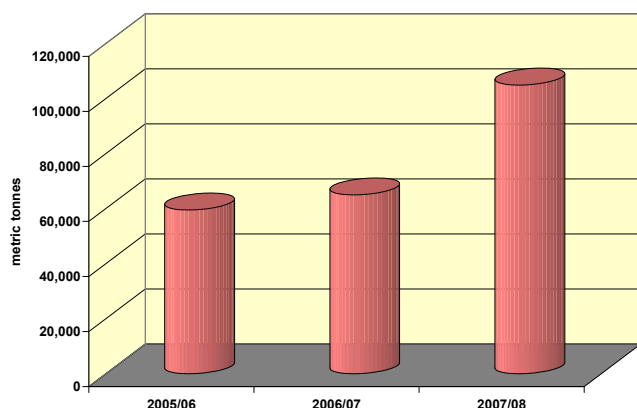
### 2.13 Cotton

Cotton exports dropped from 22 MT in November to zero in December. Cumulative cotton exports from April to December 2007 amounted to 1,046 MT. This is much less than the 5,878 MT exported during the same time last season. All the exports were to Tanzania.

## 3.0 Fertilizer

About 13,059 MT of fertilizer imports were recorded in December 2007. This resulted in cumulative fertilizer imports of 104,947 MT since April 2007. This represents about 61% increase in fertilizer imports compared to the 65,007 MT imported during the same period last season. This season's fertilizer import performance in terms of quantity has been much better compared to the past two seasons as shown in figure 7. It should be reiterated that these imports do not include imports through Dedza border point which is not covered by the monitoring system and

Figure 7: Fertilizer imports: Apr-Dec: 2005 to 2007



Source: FEWSNET/Malawi

the figure could be higher than the one being reported. Apart from the neighbouring countries, the fertilizer came from far countries such as South Africa, United Arab Emirates and Egypt. Just like last season, first fertilizer exports were recorded this December amounting to 286 MT. This is almost five times what was exported (64 MT) during the same period last season. Most of this fertilizer (76%) went to Zambia while the remaining 24% went to Tanzania.

The fertilizer that was exported was being bought in Malawi at prices ranging from MK900 to MK1,000 per 50kg bag and sold at MK2,000 to MK2,500 and MK3,800 to MK4,000 per 50kg bag in Tanzania and Zambia, respectively. The fertilizer subsidy programme in Malawi has made fertilizer prices in the country to be relatively cheaper compared to neighbouring countries; hence some traders still find some ways of exporting the commodity to these

countries despite the export ban.

#### 4.0. Implications on the food balance sheet

The official domestic food balance this season stood at about 1.3 million MT surplus. However, after taking into account planned official exports of 400,000 MT maize exports to Zimbabwe, WFPs planned exports of 50,000 MT, projected informal trade imports and exports equivalent to 143,614 MT and 1,475 MT respectively, the domestic food balance is reduced to about 1.0 million surplus by the end of the marketing season in March 2008. However, as of end December 2007, with the imports and exports that had actually taken place, the food balance stood at about 1.1 million MT of maize equivalent. It is important to understand that the food balance sheet emphasizes on maize equivalent because other foods are also included in the calculation as shown in table 1 below. Table 1 is a summarized version of the food balance sheet by the end of December 2007.

Table 1: SUMMARISED FOOD BALANCE SHEET FOR APRIL TO DECEMBER 2007

ITEM	Maize	Rice	Sorghum/Millet	Wheat	Cassava	MAIZE EQUIVALENT
<b>DOMESTIC AVAILABILITY</b>	<b>3,188,295</b>	<b>84,258</b>	<b>86,442</b>	<b>4,145</b>	<b>778,772</b>	<b>4,077,761</b>
Net production	3,000,295	82,724	84,243	4,145	778,772	3,886,094
Official opening stocks	188,000	1,534	2,199	0	0	191,667
<b>DOMESTIC UTILIZATION</b>	<b>2,255,163</b>	<b>106,868</b>	<b>29,946</b>	<b>39,507</b>	<b>346,480</b>	<b>2,749,134</b>
Food Use	2,133,002	103,208	29,470	39,347	346,480	2,622,798
Seed Requirement	42,161	3,660	476	160	0	46,336
SGR Replenishment	60,000	0	0	0	0	60,000
Feed and Industrial uses	20,000	0	0	0	0	20,000
<b>DOMESTIC FOOD BALANCE</b>	<b>933,131</b>	<b>(22,609)</b>	<b>56,496</b>	<b>(35,363)</b>	<b>432,292</b>	<b>1,328,627</b>
<b>TOTAL PROJECTED NET IMPORTS</b>	<b>(350,500)</b>	<b>2,000</b>	<b>290</b>	<b>37,000</b>	<b>1,500</b>	<b>(307,861)</b>
<b>ACTUAL NET IMPORTS (30/09/07)</b>	<b>(272,755)</b>	<b>(3,372)</b>	<b>(78)</b>	<b>21,165</b>	<b>153</b>	<b>(253,616)</b>
<b>TOTAL FOOD GAP (APR 07-MAR08)</b>	<b>582,631</b>	<b>(20,609)</b>	<b>56,786</b>	<b>1,637</b>	<b>433,792</b>	<b>1,020,766</b>
<b>ACTUAL FOOD GAP (APR07-DEC07)</b>	<b>660,376</b>	<b>(25,981)</b>	<b>56,418</b>	<b>(14,198)</b>	<b>432,445</b>	<b>1,075,011</b>

FEWSNET/Malawi, Source: MoAFS