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Zimbabwe

Grain and Feed

Monthly Update

2006

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Report Highlights:

Despite good rainfall, Zimbabwe is likely to suffer a basic food deficit again in MY 2006/07. Corn production is expected to reach 900,000 tons compared to 550,000 tons for the crop planted in 2004. Input shortages and excessive late rains have impacted on the crop prospects. In MY 2005/06 shortages were mainly met by imports from South Africa but the South African stock situation for white, non Biotech, corn has tightened and the price sky rocketed to about US\$185+/MT. Supplying Zimbabwe's demand will thus be more expensive this year.

**Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Pretoria [SF1]
[RH]**

SUMMARY

Indications are that Zimbabwe will again suffer a food deficit in 2006 despite the good rainfall season currently being experienced. Corn production is expected to reach about 900,000 MT from an estimated area of 1.3 million hectares, an improvement on the 2004/2005 season. Poor availability of fertilizer and leaching of nutrients due to the incessant heavy rains have reduced yield potential in most corn producing areas.

Fertilizer availability is unlikely to improve as the industry faces a severe shortage of foreign currency to import raw materials. Poor availability of fertilizer will adversely affect wheat production and yield of the 2006 winter wheat crop.

CORN

PSD Table

Country	Zimbabwe					
Commodity	Corn					
1000 HA	2003	Revised	2004	Estimate	2005	Forecast
1000 MT	USDA [Old]	Post [New]	USDA [Old]	Post [New]	USDA Official	Post [New]
Market Year Begin	05/2004		05/2005		05/2006	
Area Harvested	1365	1365	1200	1200	1300	1300
Beginning Stocks	46	130	33	0	133	0
Production	900	900	550	550	900	900
TOTAL Mkt. Yr. Imports	287	400	800	1050	300	600
Oct-Sep Imports	233	300	700	1185	400	600
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	1233	1430	1383	1600	1333	1500
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Oct-Sep Exports	0	0	0	0	0	0
Feed Dom. Consumption	25	125	25	75	25	75
TOTAL Dom. Consumption	1200	1430	1250	1600	1250	1500
Ending Stocks	33	0	133	0	83	0
TOTAL DISTRIBUTION	1233	1430	1383	1600	1333	1500

Production

Zimbabwe is currently experiencing an above average rainfall season. The month of February was generally wet, with good rainfall in all areas, including the southern part that had remained relatively dry in January. The good rains currently being experienced have enhanced prospects for a better harvest than in the 2004/05 season. However, the eastern part of the country (Manicaland Province) suffered a mid-season drought in February and most crops in the province have been severely affected by the dry spell.

Most of the corn crop has flowered and is in the early to mid grain filling stage. About 15 to 20% of the crop was planted late, in mid January to early February, and is still in the vegetative stage. Its peak moisture demand period will coincide with the rainfall tail-off period thereby reducing the probability of any meaningful harvests from the late-planted corn crop. Success of this late crop is dependent on an extended rainfall season beyond April. It can be assumed that most of the late-planted crop will produce a low yield if at all.

This season the country experienced an acute shortage of nitrogen based top-dressing fertilizer and this will also adversely affect yields. Due to a severe shortage of foreign currency, the local fertilizer industry only obtained 15% of its required foreign currency to purchase the necessary raw materials. As a result, the industry only produced 40% of compound basal fertilizer requirements and 30% of the national requirement for nitrogen top-dressing fertilizer. As a result a significant

proportion of the crop did not receive any fertilizer this season, greatly reducing plant development, vigor and yield potential. Consequently, a high proportion of the crop is showing nitrogen deficiency. The incessant rains have also resulted in leaching of nutrients particularly from sandy soils that were already at sub-fertile conditions, compounding the effects of the fertilizer deficit.

Communal farmers, who traditionally produce between 60 to 70% of the nation's corn, are predominantly on sandy soils where substantial leaching took place this season due to the high rainfall. Only those crops where inorganic fertilizer and or manure was applied and those growing on anthill soils are performing better in the communal areas.

Although the newly resettled A1 and A2 farmers are on clay soils that have reduced leaching, land utilization by these farmers was poor, reducing the proportion of maize that will come from this sector.

The government reported importing 30 000 MT of urea and ammonium nitrate fertilizer for distribution to communal farmers through the Grain Marketing Board in February. However, the fertilizer may reach most of the intended beneficiaries late. As a consequence of poor planning by government, fertilizer that could have been manufactured cheaper locally if the fertilizer companies had been allocated foreign currency timely is now being imported. The government has halted its plans to merge the fertilizer companies into the National Fertilizer Company.

It is estimated that communal farmers will achieve yields of between 0.5t/ha and 1t/ha. On the other hand, newly resettled farmers, dubbed A1 and A2, despite farming on good soils in high potential areas may attain yields of 1MT/ha and 1 to 2 MT/ha respectively. Currently these farmers lack the technical capacity to produce crops on a commercial level. Yield improvement in this sector will be a function of good cultural practices, timely inputs availability and effective extension services.

According to the seed industry about 40,000 MT of hybrid corn seed was available for the 2005/2006 season as shown on the table below.

Hybrid Corn seed availability 2005/2006 season

Hybrid corn seed	
Imports	13,559 MT
Local production	26,000 MT
Total hybrid available	39,559 MT
Area covered by seed *	1,582 360 HA

* Seeding rate is assumed to be 25kg/ha

It is apparent that hybrid seeds were not always available. Seed distributions by the government were late and erratic, with some areas particularly in the southern part of the country (Matebeleland South) not receiving government inputs. In some areas farmers planted second and third generation seeds of hybrids and the latter have lower yield potential than open pollinated varieties.

No official estimate of area planted is available from AREX. Our estimate of production for the 2005/06 season is 900,000MT from an estimated area of 1.3 million hectares. Zimbabwe will experience another corn deficit in the 2005/06 season.

Consumption

The maize grain supply situation remains critical in most parts of the country where erratic supply of grain and meal is being experienced. Although the government is currently importing an average of 85,000MT/month of corn, clogged supply lines and shortage of fuel locally is slowing down movement and supply of corn to millers.

Trade

Between 1 May 2005 and February 24, 2006, 864,500 MT of corn was imported from South Africa. The table below shows the monthly imports since May 2005.

Monthly imports of corn (May 2005 to February 2006)

Month and Year	Corn imported from South Africa
2005	MT
May	76,567
June	99,281
July	95,274
August	87,327
September	97,237
October	77,650
November	102,209
December	77,356
2006	
January	54,407
February (up to 02/24)	93,816
Total	864,500
Average monthly imports	86,500

The import figures include World Food Program imports of about 70,000MT.

The 45% cut back in corn production area by South African farmers this season will affect trade between the two countries. South African corn meets two of Zimbabwe's important requirements: it is white and GMO free. Fortunately the white corn situation is not expected to be so tight with about 750,000 tons available for export, while the South African yellow corn deficit will be covered by imports. The main result of the South African production cutback is the increased prices, July 2006 white corn was trading at R1150/ton (US\$187/ton) on March 6, 2006. Zimbabweans will have to look at yellow corn and whatever white corn is available (Biotech or not) elsewhere to cover the projected deficit.

Stocks

All the corn imports are being milled and deployed to the markets. There are no stocks of corn being held in the country.

WHEAT

PSD Table

Country	Zimbabwe					
Commodity	Wheat					
1000 HA	2003	Revised	2004	Estimate	2005	Forecast
1000 MT	USDA [Old]	Post [New]	USDA [Old]	Post [New]	USDA [Old]	Post [New]
Market Year Begin	07/2003		07/2004		07/2005	
Area Harvested	30	30	35	35	46	35
Beginning Stocks	100	0	100	0	100	0
Production	90	90	140	105	140	95
TOTAL Mkt. Yr. Imports	170	170	130	130	150	115
Jul-Jun Imports	170	170	130	130	150	115
Jul-Jun Import U.S.	6	6	0	21	0	0
TOTAL SUPPLY	360	260	370	235	390	210
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Jul-Jun Exports	0	0	0	0	0	0
Feed Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	260	260	270	235	290	210
Ending Stocks	100	0	100	0	100	0
TOTAL DISTRIBUTION	360	260	370	235	390	210

Production

The estimate for the 2005 wheat crop is 95,000MT.

Availability of fertilizer will be a major constraint to wheat production in winter of 2006. Currently, there are minimal stocks of fertilizer for the forthcoming winter wheat crop as fertilizer industry is still facing serious shortages of foreign currency. If this situation continues, the outlook for the winter crop looks dim.

Consumption

Due to the limited availability, GMB has been rationing wheat to millers. Since the beginning of January 2006 weekly allocations of wheat to millers have been reduced to 4000 MT or 208,000 MT per annum against an optimum national requirement of about 350,000 MT per year.

Trade

In 2004/05 Zimbabwe imported 40,738Mt of wheat compared to 102,598 in 2003/04. Since August the country has been unable to import any wheat due to unavailability of foreign currency. The three major millers have also failed to raise the foreign currency to pay for about 15,000 MT of wheat that is has been held in a local bonded warehouse for over 10 months. Should the government, through the Grain marketing Board, fail to take over the parcel and pay for it, the wheat would have to be re-exported.

