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Zimbabwe, Republic of

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Report Highlights:

Zimbabwe's 2007/8 corn harvest is expected to remain the same as the previous estimate at 600,000 MT, which is about 43% of the expected national requirement. The decline in output is because of drought and shortage of critical inputs. However, the country's ability to import enough corn to cover the food deficit will be seriously constrained by the critical shortage of foreign currency facing the country. Winter wheat is expected to reach less than 35,000 Ha, because the area already planted totaled 18,000 Ha on May 25, 2007, compared to the government's expectation of 75,000 Ha. Zimbabwe expects to import a total of 215,000 MT of wheat in MY 2007/8 to augment local production and meet the national requirement.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Zimbabwe's rainfall season has ended, and only the northern areas, mainly the corn area, received fairly good rains. However, the areas to the south of Harare experienced widespread corn crop failure because of a prolonged drought, especially during the second half of the season. The Zimbabwe Electricity Supply Authority (ZESA), which is the power utility firm, expects to supply consistent and reliable power to the wheat farming areas, to ensure that the wheat irrigation schedules are not hindered by erratic power, as was the case in previous seasons.

The 2007 national corn harvest is expected to total 600,000MT, which is about 43% of national requirements expected around 1.4 million MT. Zimbabwe's corn deficit in MY 2007/8 is expected at 800,000MT. The government expects to augment the deficit through imports, although its ability to import enough corn to cover the food deficit will be seriously constrained by the critical shortage of foreign currency facing the country.

The Zimbabwean government expected the 2007 winter wheat plantings to total 75,000 hectares because of enough available seed stocks. However, the actual total area planted will not likely exceed 35,000 Ha, because the wheat area already planted reached only about 18,000 hectares in May 25, 2007 (AREX estimates). Zimbabwe expects to import a total 215,000 MT of wheat in MY 2007/8 to augment local production and meet the national requirement.

The joint World Food Program (WFP)/ Food and Agriculture Organization (FAO) field crop assessments as part of the crop and food security assessment mission (CFSAM) were completed around Mid-May. It is hoped that the final report will be available in early June.

Exchange rate:	Z\$250	=	US\$1 (official)
	Z\$38,000	=	US\$1 (parallel market)

CORN

Zimbabwe Corn (1000 HA)(1000 MT)(MT/HA)										
	2004	Revised		2005	Estimate		2006	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		05/2005	05/2005		05/2006	05/2006		05/2007	05/2007	MM/YYYY
Area Harvested	1200	1200	1200	1300	1400	1300	1400	1450	1200	(1000 HA)
Beginning Stocks	0	0	0	0	25	0	0	0	0	(1000 MT)
Production	550	550	550	900	1000	900	1000	1100	600	(1000 MT)
MY Imports	1033	1040	1002	500	500	200	500	500	450	(1000 MT)
TY Imports	731	550	731	900	900	900	600	600	350	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	1583	1590	1552	1400	1525	1100	1500	1600	1050	(1000 MT)
MY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
TY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Consumption	75	75	75	75	125	75	75	75	50	(1000 MT)
FSI Consumption	1508	1490	1477	1325	1400	1025	1425	1475	1000	(1000 MT)
Total Consumption	1583	1565	1552	1400	1525	1100	1500	1550	1050	(1000 MT)
Ending Stocks	0	25	0	0	0	0	0	50	0	(1000 MT)
Total Distribution	1583	1590	1552	1400	1525	1100	1500	1600	1050	(1000 MT)
Yield	0.458333	0.458333	0.458333	0.692308	0.714286	0.692308	0.714286	0.758621	0.5	(MT/HA)

Production

Zimbabwe's rainfall season has ended. The bulk of the corn crops are now mature and harvesting is in progress and in some cases is complete. Generally, the corn crop performed poorly due to a combination of the El Nino induced drought and a shortage of critical inputs. The national corn harvest is projected to be around 600,000MT, about 43% of national requirements.

Only the northern areas received fairly good rains although the shortage of critical inputs such as fertilizer negatively affected yields. The areas to the south of Harare experienced widespread crop failure due to the prolonged drought, particularly in the second half of the season.

The joint World Food Program (WFP)/ Food and Agriculture Organization (FAO) field crop assessments as part of the crop and food security assessment mission (CFSAM)

were completed around Mid-May. It is hoped that the final report will be available in early June.

Consumption

Human and feed requirements are estimated at about 1.4 million MT of corn annually but this is unlikely to be reached in MY 2007/08 due to a number of factors such as emigration and the hyperinflation prevailing in the country. The emigration of people to neighboring countries particularly South Africa will reduce domestic demand. Unofficial estimates are that up to 25% of Zimbabwe's population has emigrated (mainly to neighboring countries) in search of better living conditions. Inflation will also affect consumption in MY2007/8. The annual inflation rate for April increased 1,513.7%, the highest margin so far, to 3,713.4%. This high rate of inflation will severely restrict consumer purchasing power. Coupled with that, corn prices are likely to remain high in most parts of the country after the poor harvests, further limiting ability to purchase corn.

Trade

The corn deficit for MY2006/7 was about 500,000MT and the government had intended to import 480,000MT from South Africa. However, imports from South Africa from 1 May 2006 up to 31 April 2007 only reached 111,691MT.

The following table contains monthly shipments of corn from South Africa to Zimbabwe in MY2006/7.

Monthly imports of corn from South Africa in MY2006/7

Zimbabwe's Corn imports from South Africa MY2006/7			
Year and Month	White corn (MT)	Yellow corn (MT)	Total (MT)
2006			
May	36,879	264	37,143
June	24,022	Nil	24,022
July	27,293	Nil	27,293
August	100	Nil	100
September	304	Nil	304
October	8,072	Nil	8,072
November	5,371	Nil	5,371
December	1,726	Nil	1,726
2007			
January	1,772	Nil	1,772
February	Nil	Nil	Nil
March	4,319	Nil	4,319
April	1,569	Nil	1,569
Total	111,427	264	111,691

The corn deficit for MY 2007/8 will be about 800,000MT and the government is expected to cover this gap through imports. Zimbabwe's ability to import enough corn to cover the food deficit will be seriously constrained by the critical shortage of foreign currency facing the country.

Due to the high corn prices in South Africa, Zimbabwe has shifted its focus on corn imports to Zambia and Malawi. Both Zambia and Malawi have the capability to supply Zimbabwe with white corn that is GMO free, the two key requirements that Zimbabwe demands. Malawi has surplus corn of about 1.1 million MT from two good years of corn production. Zambia's surplus is yet to be determined.

Zambia corn price at US\$250/MT is higher than Malawi's price of US\$198/MT. Zimbabwe has announced plans to import about 400,000MT of corn from Malawi. With the critical shortage of foreign currency facing the country, it had been reported that the Zimbabwean government would barter sugar for corn from Malawi. However, verification of this report revealed that this barter-trade plan has not and is unlikely to come into effect as Malawi is a net exporter of sugar. Zimbabwe will have to pay for the Malawian corn with scarce foreign currency.

WHEAT

Zimbabwe Wheat										
(1000 HA)(1000 MT)(MT/HA)										
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		07/2005	07/2005		07/2006	07/2006		07/2007	07/2007	MM/YYYY
Area Harvested	35	35	35	35	45	35	0	0	35	(1000 HA)
Beginning Stocks	100	0	100	100	0	100	100	0	100	(1000 MT)
Production	120	120	120	135	135	135	0	0	140	(1000 MT)
MY Imports	125	90	125	125	100	125	0	0	125	(1000 MT)
TY Imports	125	90	125	125	80	125	0	0	125	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	345	210	345	360	235	360	100	0	365	(1000 MT)
MY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
TY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Consumption	0	0	0	0	0	0	0	0	0	(1000 MT)
FSI Consumption	245	210	245	260	235	260	0	0	265	(1000 MT)
Total Consumption	245	210	245	260	235	260	0	0	265	(1000 MT)
Ending Stocks	100	0	100	100	0	100	0	0	100	(1000 MT)
Total Distribution	345	210	345	360	235	360	0	0	365	(1000 MT)
Yield	3.428571	3.428571	3.428571	3.857143	3	3.857143	0	0	4.000000	(MT/HA)

Production

Currently, winter wheat planting is in progress. This year the country has enough wheat seed stocks for a crop size of 75,000 hectares. AREX estimates that by 25 May 18,000 hectares of wheat had been planted ahead of the planting cut-off date at the end of May. The recommended planting dates for the winter wheat varieties are from 1st to May 31. Planting after the end of May lowers yields by an estimated 10 to 15% for every week's delay. Adherence to the recommended planting dates and agronomic practices will ensure that optimum yield potential is attained.

Government had set an ambitious target of 76,000 hectares of winter wheat but by 25 May only 18,000 hectares had been planted. It is likely that the total area under winter wheat in 2007 will not exceed 35,000 hectares. Failure to achieve the target wheat area is due to a number of problems.

Major constraints to wheat production include inadequate fuel supplies and tillage capacity, late planting, absence of a producer price for the commodity, high production cost, controlled market for the commodity and inability by the GMB to effect timely payments to farmers. Currently maize and wheat are controlled commodities that must only be sold to the GMB. The wheat producer price has still to be announced.

The acute shortage of fuel and tractors negatively affected tillage activities, resulting in much less area prepared for planting. There is a critical shortage of tillage machinery particularly tractors, to support the newly resettled A1 and A2 farmers, most of whom do not own farm machinery but rely on hiring tillage services. A large percentage of the national tractor fleet, combine harvesters and other implements cannot be rehabilitated after breaking down owing to a shortage of spare parts. Imported spares availability remains a problem because of foreign exchange shortages. In an effort to address the problem of tillage capacity the government through a loan from China imported 400 tractors this year that are yet to be distributed. Tobacco farmers, some of whom rotate tobacco with winter wheat were chosen as the main beneficiaries of the machinery as they have the capacity to contribute towards the generation of foreign currency for repayment of the loan from China.

The limited availability of fuel further compounded tillage activities as only 40% of the fuel required for tillage was made available to wheat farmers. Also, there is a shortage of ammonium nitrate fertilizer, with the deficit estimated at 15,000MT.

In order to ensure that irrigation schedules for the wheat crop are not hindered by erratic power supplies as was the case in previous seasons, The Zimbabwe Electricity Supply Authority (ZESA), the power utility firm, is endeavoring to supply consistent and reliable power supplies to the wheat farming areas. Urban households are bearing the brunt of frequent power outages as priority in power allocation is given to the farms.

With the tillage constraints being experienced, it is unlikely that the total area under wheat will exceed 35,000 hectares. Our estimate is for a wheat area planted

of between 30,000 and 35,000 hectares and production of between 120,000MT and 140,000MT

Consumption

Zimbabwe consumes about 350,000MT of wheat annually. The country produced 135,000MT in 2006 and the deficit of 215,000MT has to be imported to meet domestic needs. However, consumption in 2007 may be limited by supply constraints. The Grain Marketing Board (GMB) is currently allocating 5,000MT wheat per week to millers (or 260,000MT per annum) because of limited wheat availability. In addition, the prevailing hyperinflationary environment is seriously eroding purchasing power and consumption in MY2007/8 will be lower than 350,000MT.

Trade

Wheat imports have been very slow. For the national requirements to be met, the country has to import a total of 215,000MT to augment local production. The GMB wheat import figure for 2006/7 is 66,720MT