



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 2/5/2008

GAIN Report Number: RH8001

Zimbabwe

Grain and Feed

Annual

2008

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Report Highlights:

Corn area planted is estimated at 1.5 million hectares. Although Zimbabwe is experiencing a favorable rainfall season a critical shortage of basal and top dressing fertilizers will affect corn production. Wheat production for 2007 is estimated at 137,000MT from a harvested area of 45,000 hectares. Around 211,000MT of wheat will have imported to meet local demand.

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

Executive Summary

Zimbabwe is experiencing a favorable rainfall season, with most parts of the country having received normal to above normal rainfall to date. However, the incessant rains experienced in December and most of January disrupted agricultural activities such as land preparation and planting in most parts of the country.

Corn area planted is estimated at 1.5 million hectares, an increase of 7.14% from last year's estimate of 1.4 million hectares. A critical shortage of basal and top dressing fertilizers will affect production. Official corn production forecasts are not yet available, but our projection is for an improvement in corn production from last year due to the favorable season being experienced and an increased area planted.

Wheat production for 2007 is estimated at 137,000MT from a harvested area of 45,000 hectares. This is against a national demand of about 348,000MT. The deficit of 211,000MT will have to be made up through commercial imports.

Exchange Rate:

Z\$30,000	= US\$1 (Official)
Z\$6,500,000	= US\$1 (Parallel Market)

CORN

PSD Table

Country Zimbabwe

Commodity Corn

(1000 HA)(1000 MT)(MT/HA)

	2005 Revised			2006 Estimate			2007 Forecast		
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin	05/2006		05/2006	05/2007		05/2007	05/2008		05/2008
Area Harvested	1300	1300	1300	1200	1200	1400	1300	1250	1500
Beginning Stocks	0	0	0	0	0	0	0	0	0
Production	900	900	900	600	600	800	850	1000	1050
MY Imports	150	200	150	450	450	450	250	250	250
TY Imports	671	671	671	300	350	300	300	0	300
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	1050	1100	1050	1050	1050	1250	1100	1250	1300
MY Exports	0	0	0	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0	0	0	0
Feed Consumption	50	75	50	50	50	50	50	50	50
FSI Consumption	1000	1025	1000	1000	1000	1200	1050	1200	1250
Total Consumption	1050	1100	1050	1050	1050	1250	1100	1250	1300
Ending Stocks	0	0	0	0	0	0	0	0	0
Total Distribution	1050	1100	1050	1050	1050	1250	1100	1250	1300
Yield	0.6923	0.6923	0.6923	0.5	0.5	0.57	0.65384	0.8	0.7
	08	8	8				6		

Production

The 2007/8 season has started well. To date most parts of the country have received normal to above rainfall, with December receiving record amounts of rainfall, making it the wettest December on record. Most of the country received continuous heavy rains starting 3 December and to date have received between 125% and 180% of their normal rainfall. The incessant rains disrupted agricultural activities such as land preparation and planting as the lands were inaccessible to machinery and draught power. Tillage operations were largely incomplete when the continuous rains started in early December mainly due to a shortage of diesel. Water logging, particularly on poorly drained soils has been a problem in some corn growing areas. Some low lying areas such in the Zambezi basin (Mzarabani), the south and south-eastern parts of the country (Chiredzi and Chipinge South respectively) and the western parts of the country (Tsholotsho) experienced floods between December and January are but they are not major corn growing areas.

About 80% of the corn crop was planted late, that is in December and early January and is in the vegetative stage. Only 20% of the crop was planted early, i.e. from mid to late November and is now at the reproductive to early grain filling stage. The crop condition of the early planted corn is generally good. However, the late planted crop condition is largely satisfactory to poor, most of the crop showing signs of nitrogen deficiency due to a combination of leaching and fertilizer shortage.

The country is facing a serious shortage of both basal and top-dressing fertilizers and this will reduce corn yields. The total available fertilizer stocks (locally manufactured and imported) at

the beginning of the 2007/8 summer season were 157,000MT of basal fertilizers and 140,000MT of top-dressing fertilizers, leaving a huge deficit in supply. In comparison, in 1999 and 2000 when there was no economic crisis, the country's fertilizer consumption was 560,000MT and 450,000MT respectively. In 2007 the local fertilizer industry drastically scaled back production, only producing 164,000MT out of a capacity of 600,000MT, citing scarcity of foreign currency, high costs of raw materials, unviable government imposed prices and power outages as the major reasons for the production decline.

The country had about 44,000MT of corn seed available, adequate to meet national seed requirements. Of this quantity, 29,600MT was locally produced corn seed, whilst 15,000MT was imported mainly from Zambia. At a rate of 25kg/ha, the available seed was enough to plant 1.7 million hectares.

'Operation Maguta/Inala', a program run by the military to contract growers to produce corn distributed a large proportion of the corn seed as well as fertilizers.

The government estimate of corn area planted is about 1.5 million hectares, a 7.14% increase from last year's area estimate of 1.4 million hectares. Official projections for corn production are not yet available. The Department of Agricultural Research and Extension (AREX) will conduct the first crop survey in early to mid February. For this report, production estimates have been based on an increased area planted and an assumption of an improved yield due to the favorable season. However, this projection is preliminary and will be revised after the crop survey.

Consumption

A significant proportion of the corn crop is consumed at subsistence level and does not reach the silos, making it difficult to make accurate consumption computations. Total annual domestic consumption is therefore estimated based on national population and per capita consumption. Based on a population of 12million people and a per capita consumption of 120kg/person, a national seed requirement of 50,000MT and a feed requirement of 250,000MT, the estimate for total annual domestic consumption for MY2007/8 is 1.74 million MT. However, in reality it is likely that consumption is lower.

The two main factors that would lower national consumption are grain availability and disposable income. Grain availability is being limited by poor distribution logistics by the Grain Marketing Board (GMB), the state-controlled body with the mandate for buying and distributing corn. The widespread deterioration in road infrastructure as well as the unavailability of fuel for road and rail transport is hampering movement of grain.

Disposable income is falling as the annual rate of inflation continues to rise. Annual inflation rate continued on an upward trend increasing from 1,593% in January 2007 to 26,470% for the month of November. Incomes have seriously lagged behind inflation, drastically reducing consumer purchasing power.

The Zimbabwe Vulnerability Assessment Committee (ZimVAC) estimated that approximately 4.1 million people (about a third of the population) are food insecure and need food aid until next harvest in April 2008.

Trade

The WFP/FAO crop assessment estimates corn output for the 2006/7 crop at about 800,000MT against an optimum national requirement of 1.8 million MT. This leaves a corn deficit for MY 2007/8 of about 1million MT. The government of Zimbabwe contracted the

government of Malawi to supply of 400,000MT of corn. Corn deliveries from Malawi between May and the end of December reached about 300,000MT or an average of 8,500MT per week. The importation program is continuing. Corn imports from Malawi are transported by road and the poor state of roads and intermittent fuel shortages have tended to slow down the rate importations.

Of the planned importation of 352,000MT of food aid by various humanitarian organizations, 228,000MT have been imported to date.

Corn imports from South Africa from 1st May 2007 to the end of January 2008 only reached a total of 5,916MT.

Prices

The price of corn is set by the government. In October, the government announced that as an incentive to producers, targeted crops including corn (starting from 2008 harvest) and wheat (starting from 2007 harvest) would be paid import parity prices. The corn a floor price is US\$200 per ton of which 50% will be in US dollars and 50% in local currency. This is a pilot program whose long term implementation and sustainability remains to be seen in view of the foreign currency constraints facing the country.

WHEAT

PSD Table

Country Zimbabwe
Commodity Wheat

	2005			2006			2007		
	USDA	Revised	Post	USDA	Estimate	Post	USDA	Forecast	Post
	Official	Estimate	Estimate New	Official	Estimate	Estimate New	Official	Estimate	Estimate New
Market Year Begin		07/2005	07/2005		07/2006	07/2006		07/2007	07/2007
Area Harvested	35	35	35	35	45	35	0	0	45
Beginning Stocks	100	0	100	100	0	100	100	0	100
Production	120	120	120	135	135	135	0	0	137
MY Imports	125	90	125	125	100	125	0	0	125
TY Imports	125	90	125	125	80	125	0	0	125
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	345	210	345	360	235	360	100	0	362
MY Exports	0	0	0	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0	0	0	0
Feed Consumption	0	0	0	0	0	0	0	0	0
FSI Consumption	245	210	245	260	235	260	0	0	262
Total Consumption	245	210	245	260	235	260	0	0	262
Ending Stocks	100	0	100	100	0	100	0	0	95
Total Distribution	345	210	345	360	235	360	0	0	362
Yield	3.42857	3.42857	3.42857	3.85714	3	3.8571	0	0	3.044

Production

Wheat is planted in winter (May/June) and is harvested between September and October.

In 2006 an estimated 137,000MT of wheat was produced from a harvested area of approximately 45,000 hectares. The national average wheat yield was 3MT/ha.

Erratic power supplies experienced during the wheat growing season disrupted irrigation cycles and reduced the crops' yield potential. Shortages of inputs, particularly top dressing fertilizer and chemicals also negatively affected production.

Prices

The government has set the floor price of wheat at US\$250 per ton, 50% of which will be paid in foreign currency and the remainder in local currency at a price of Z\$71.5 million per ton. However, producers have not yet been paid for wheat deliveries made from September.

Consumption

Wheat supplies to millers and bakers have been erratic and inconsistent. Supplies have been hampered by low level of local production and a shortage of foreign currency to import the large quantities of wheat needed to fill the gap. Government price controls that were imposed on most basic foods and commodities in June 2007 led to a nationwide shortage of bread, bakers citing erratic supplies of flour and unviable prices as the principal causes for the shortage. These government price controls imposed in June saw prices of basic commodities being slashed by at least 50%, resulting in nationwide unavailability of most basic commodities including bread and maize meal.

Based on a population of 12 million and a per capita consumption of 29kg/ha, the country's annual requirement is estimated at about 348,000MT. Wheat allocations by the GMB to millers were increased from 4,000MT per week in October to the current 6,000MT a week, resulting in an improvement of bread supplies.

Trade

The country's production of 137,000MT of wheat in 2007 is short of the national requirements. In order to satisfy local demand, Zimbabwe has to import 211,000MT but this import target is unlikely to be met because of the foreign currency constraints that the country is facing.

Wheat import data obtained from SAGIS gives a total of 19,404MT imported between August 2007 and end of January 2008 as shown on the table below.

Wheat imports from August 2007 to January 2008

Country of importation	Quantity (MT)
Canada	12,865
Argentina	6,300
South Africa	239
Total	19,404