



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 3/7/2008

GAIN Report Number: RH8002

Zimbabwe

Grain and Feed

Monthly update

2008

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Report Highlights:

The area planted with corn was set at 1.7 million hectares for the 2007/08 production year. Given the lack of rainfall in February and the shortage in the supply of fertilizer it is anticipated that the 2007/08 corn crop will be lower than the domestic demand. Wheat production for the 2007/08 season is estimated at 137,000Mt, which is 60 percent less than the domestic requirements.

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

SUMMARY

After a good start to the season, the month of February was largely dry. The whole country experienced a dry spell up to the third week of February, when rainfall activity resumed.

The government estimate for the area planted with corn was revised to 1.7 million hectares, up from the preliminary estimate of 1.5 million hectares. A critical shortage of basal and top dressing fertilizers will affect production. Official corn production forecasts are not yet available, but by evaluating the current crop condition, it is most likely that yields will be low. It is anticipated that 2007/08 corn production will be lower than domestic corn requirements and that Zimbabwe will have to import corn to cover the potential deficit.

Wheat production for 2007 is estimated at 137,000MT, compared to a domestic demand of around 348,000MT. The deficit, 60.6 percent of domestic requirements, will have to be imported. The wheat seed stocks available for the 2008 plantings are adequate for an area of between 70,000 and 80,000 hectares. However, preparations for planting the 2008 winter wheat crop are still slow.

Exchange Rate:

Z\$30,000 = US\$1 (Official)

Z\$12,000,000 = 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	0.7	0.7	0.7	0.5	0.5	0.6	0.7	0.8	0.7

Production

Rainfall in the month of February was below average. The whole country experienced a dry spell in the first three weeks of the month, with rainfall activity resuming in the last week of February in some parts of the country. The south-western parts of the country did not receive any rainfall during February.

The Ministry of Agriculture in conjunction with FEWSNET and FAO conducted the first crop assessment in the early parts of February. The thrust of this assessment was to evaluate crop area planted, as well as, crop stage and crop condition, all indicators for potential production.

After the assessment the government's estimate of corn area planted has been revised upwards to 1.7 million hectares, a 21.4 percent increase from last year's area estimate of 1.4 million hectares. However, area under seed corn production this season fell to 9,000 hectares from 14,800 hectares last season mainly due to poor viability. Persistent rains at the time of planting also contributed to the reduction in seed corn area planted.

About 86 percent of the corn crop was planted in December and January which is relatively late in the season. These crops are currently in the vegetative to early flowering stage. Only 14 percent of the crop was planted early, i.e. from mid to late November and is now at the grain filling stage. The crop condition of the early planted corn is generally good. However, the late planted crop's condition differs from largely satisfactory to poor, with most of the crop showing signs of nitrogen deficiency.

While the persistent rains in January led to widespread water-logging, the crop condition was further worsened by the prevailing shortage of fertilizers. There is a critical shortage of basal and top dressing fertilizer, with the majority of the corn crop not receiving inorganic fertilizers. Basal fertilizer available at the beginning of the season was very low, at only 7 percent of the national requirement for corn. Similarly, top dressing fertilizer was only adequate to cover around 10 percent of national requirements for corn. The bulk of the national corn crop will not get top dressing fertilizer and this will negatively impact on corn yields, reducing prospects of a good harvest.

Official corn production forecasts for 2007/08 are not yet available. The crop assessment report released on 11th February did not give production estimates as the majority of the crop (86 percent) was planted late and was still in the vegetative stage. A second assessment will be carried out in early April to estimate corn production. However, by evaluating the current crop condition, it is most likely that yields for the 2007/08 production season will be low and corn production will be inadequate to meet domestic requirements. Hence, Zimbabwe will need to import corn to meet domestic demand.

Consumption

The worsening economic situation is affecting national consumption through drastically reducing disposable income. The latter is falling as the annual rate of inflation continues to rise. Year on year inflation for January surged to 100,580.2 percent from 66,212.3 percent in December.

Whilst the government has imported over 300,000MT of maize from Malawi to cover the corn gap, corn meal is not readily available in retail outlets. Corn meal availability is particularly limited in the drought-prone southern districts. Grain availability is limited by poor distribution logistics from the Grain Marketing Board (GMB), the state-controlled body with the mandate for buying and distributing corn. The widespread deterioration in road infrastructure also impact on the availability of grain to the market.

Trade

The Government of Zimbabwe (GoZ) has concluded a contract with the Government of Malawi for the supply of 400,000MT of corn to Zimbabwe. The contract ended on February 29, 2008. Corn deliveries from Malawi from May 2007 until the beginning of February reached 300,747MT, leaving a balance of 99,253MT. From the beginning of 2008, corn deliveries from Malawi have slowed down significantly and it is unlikely that the 99,253MT balance remaining under the contract has been delivered by the end date of the contract.

The GoZ has reported spending US\$142 million to finance corn imports in the period May to December 2007.

Various food aid and humanitarian organizations have brought in 228,000MT out of the planned importation of 352,000MT to date.

Corn imports from South Africa from 1st May 2007 to the end of January 2008 only reached a total of 7,666MT.

Prices

The price of corn is set by the government. The corn floor price is US\$200 per ton of which 50 percent will be in US dollars and 50 percent 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								
(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		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	3.4	3.4	3.4	3.9	3.0	3.9	0	0	3.0

Production

Wheat production in 2007 is estimated at 137,000MT from a harvested area of approximately 45,000 hectares.

For the 2008 production year Zimbabwe has adequate wheat seed stocks to plant an area of between 70,000 to 80,000 hectares. Water for irrigation is also adequate, with major dams in most wheat production areas reported to be 100 percent full. However, preparations for the 2008 winter wheat planting are still slow.

Prices

The government has set the floor price of wheat at US\$250 per ton, 50 percent 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, 2007.

Consumption

Wheat supplies to millers and bakers are below optimum levels. The major constraints to this low level of wheat supply are the decrease in local production and a shortage of foreign

currency to import the large quantities of wheat needed. The optimum weekly requirements by millers are 7,000MT per week while wheat allocations by the GMB are currently only 6,000MT per week.

Trade

The country's production of 137,000MT of wheat in 2007 is short of the domestic requirements. In order to satisfy local demand, Zimbabwe will have to import 211,000MT or 60.6 percent of its national requirement. However, this import target is unlikely to be met because of the foreign currency constraints facing the country.

Available wheat import data shows a total of 70,505MT imported between June 2007 and end of January 2008. Of these imports, 51,101MT came through Beira, Mozambique whilst 19,404 came through South Africa as in the table below.

Monthly wheat imports (MT) from June 2007 to February 2008

Month and Year	Arrival port and Quantity (MT)		
	South Africa	Beira (Mozambique)	Total
2007			
June	2,529	0	2,529
July	0	18,601	18,601
August	610	30,500	31,110
September	0	0	0
October	7,581	0	7,581
November	4,712	0	4,712
December	3,972	0	3,972
2008			
January	0	0	0
February	0	2,000	2,000
Total	19,404	51,101	70,505