

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date: 7/26/2017

GAIN Report Number:

Zimbabwe

Post: Pretoria

GRAIN AND FEED ANNUAL REPORT

Report Categories:

Grain and Feed

Approved By:

Suzanne Heinen

Prepared By:

Dirk Esterhuizen

Report Highlights:

Zimbabwe's corn crop for the 2017/18 MY is estimated at around 2.2 million tons, up more than 300 percent from the 2016/17 MY's corn crop of 512,000 tons. This major increase in corn production was mainly due to favorable weather conditions and a special program for import substitution, commonly termed as "Command Agriculture", which was implemented by the Zimbabwean government. For the first time in over a decade, Zimbabwe will be self-sufficient in corn production and will not have to import any corn in the 2017/18 MY. Due to the "Command Agriculture" program, post estimates Zimbabwe's winter wheat production in the 2017/18 MY at 105,000 tons, which is five times more than the wheat produced in the 2016/17 MY. However, Zimbabwe will still have to import about 200,000 tons of wheat in 2017/18 MY.

Executive Summary

The 2016/17 agriculture season has been one of the best experienced in Zimbabwe in the last decade in terms of annual rainfall. Well above normal rains were received throughout the country. In addition, the Zimbabwean government implemented a special program for import substitution, commonly termed as “Command Agriculture”. As a result, the area planted with corn increased 142 percent from the 775,000 hectares planted in 2016/17 MY to 1.9 million hectares in the 2017/18 MY. Due to the favorable weather conditions and the increase in area planted, Zimbabwe’s corn production in 2017/18 MY improved significantly to an estimated 2.2 million tons in the 2017/18 MY, up more than 300 percent from the 2016/17 MY’s corn crop of 512,000 tons and three times more than 742,000 tons produced in the 2015/16 MY. For the first time in more than 15 years, Zimbabwe will be self-sufficient in corn production and will not have to import any corn in the 2017/18 MY.

Due to the “Command Agriculture” program to help stimulate production, post estimates Zimbabwe’s winter wheat production at 105,000 tons on 35,000 hectares in the 2017/18 MY. This is five times more than the wheat produced in the 2016/17 MY and 2015/16 MY. However, Zimbabwe will still have to import about 200,000 tons of wheat in 2017/18 MY to augment domestic production.

Corn

Production

Zimbabwe experienced one of its wettest summer seasons in the last decade. Although the onset of the 2016/17 rainfall season (November to April) was variable across the country, the season's total rainfall was above normal and well distributed and favorable for corn production in most areas. The central and eastern parts of the country received effective planting rains in the 3rd week of November 2016, while the bulk of the country received effective planting rains in the first and second week of December 2016. The period from January 2017 to March 2017 was characterized by incessant heavy rains with above normal rainfall recorded across the country. Cumulative rainfall in most parts of the country was between 50 percent and 100 percent above the average annual rainfall.

The good rainfall contributed significantly to increasing the area planted with corn in the 2017/18 MY to an estimated 1.9 million hectares, an increase of 142 percent from the 775,000 hectares planted in 2016/17 MY. In addition, The Zimbabwean government, in a drive to stimulate corn production, implemented a special program for import substitution, commonly termed as "Command Agriculture".

The program aimed at supporting irrigated and dry land farmers to produce two million tons of corn to cover the country's annual requirement for human consumption and livestock feed. The program was implemented at the beginning of the 2017/18 MY. Similar to a contract arrangement, each farmer participating in the program received a full production input package, including seed, fertilizers, chemicals and fuel to plant a specified area under corn. After harvesting the corn, the farmers have an obligation to deliver a specified corn tonnage to the Grain Marketing Board as repayment for the loan.

Farmers responded favorably to the "Command Agriculture" program and to the government's guaranteed corn producer price of \$390 per ton. According to the Ministry of Agriculture's First Crop and Livestock Assessment Report (March 2017), a total of 168,666 hectares were planted under the program and 6,319 tons of seed, 10.1 million liters of fuel, 50,150 tons of basal fertilizers and 31,465 tons of top dressing fertilizers were distributed.

Another support program that is used by the Zimbabwean government to enhance corn production is the Presidential Input Scheme. Through this scheme the Zimbabwean government distributed free inputs for corn production to 820,000 smallholder farmers, where each farmer received seed and fertilizer for 0.4 hectares of corn. Inputs distributed under this scheme in the 2017/18 MY were 8,839 tons of corn seed, 7,665 tons of basal fertilizer and 2,4831 tons of top dressing fertilizers.

In mid-June the Ministry of Agriculture released the results of a second round crop assessment carried out from April 2017 to May 2017 to assess crop area and estimate national production. The Zimbabwean government estimates the national corn crop in the 2017/18 MY at around 2.2 million tons, up more than 300 percent from the 2016/17 MY's corn crop of 512,000 tons and three times more than the 742,000 tons produced in the 2015/16 MY. For the first time in over a decade, Zimbabwe will be self-sufficient in corn production. The 2017/18 MY's national average corn yield is estimated at around 1.2 tons per hectare compared to the less than 0.7 tons per hectare of the previous two seasons.

Cases of fall army worm (*Spodoptera frugiperda*) were reported on corn and sorghum in the country. Information on the extent of yield reduction was difficult to obtain. Yield reduction estimates by some field extension personnel range from five percent to 15 percent due to the pest. A number of registered chemicals have been recommended for control of the pest and are available on the market.

Zimbabwe's policy on Genetically Engineered (GE) corn has not changed. Cultivation of GE corn is prohibited, but GE corn for consumption can be imported if milled into flour under government supervision.

Table 1 shows the estimated corn area planted, production and yield in the different provinces of Zimbabwe for the 2016/17 MY and 2017/18 MY. Figure 1 is a map of Zimbabwe indicating the different provinces.

Table 1: Corn area planted, production and yield for the 2016/17 MY and 2017/18 MY

Province	2016/17 MY			2017/18 MY		
	Corn area planted (ha)	Production (tons)	Yield (tons/ha)	Corn area planted (ha)	Production (tons)	Yield (tons/ha)
Mashonaland East	122,546	89,338	0.72	218,559	274,491	1.26
Mashonaland Central	136,201	110,316	0.81	229,917	455,666	1.98
Mashonaland West	123,651	143,573	1.16	279,456	543,622	1.95
Midlands	163,273	52,049	0.32	392,777	321,394	0.82
Manicaland	99,285	71,774	0.72	264,695	267,369	1.01
Masvingo	66,668	11,818	0.18	245,178	150,938	0.62
Matabeleland South	18,521	7,793	0.42	117,531	74,287	0.63
Matabeleland North	44,281	15,155	0.34	127,184	67,759	0.53
Total	774,426	511,816	0.66	1,875,297	2,155,256	1.15

Source: Ministry of Agriculture

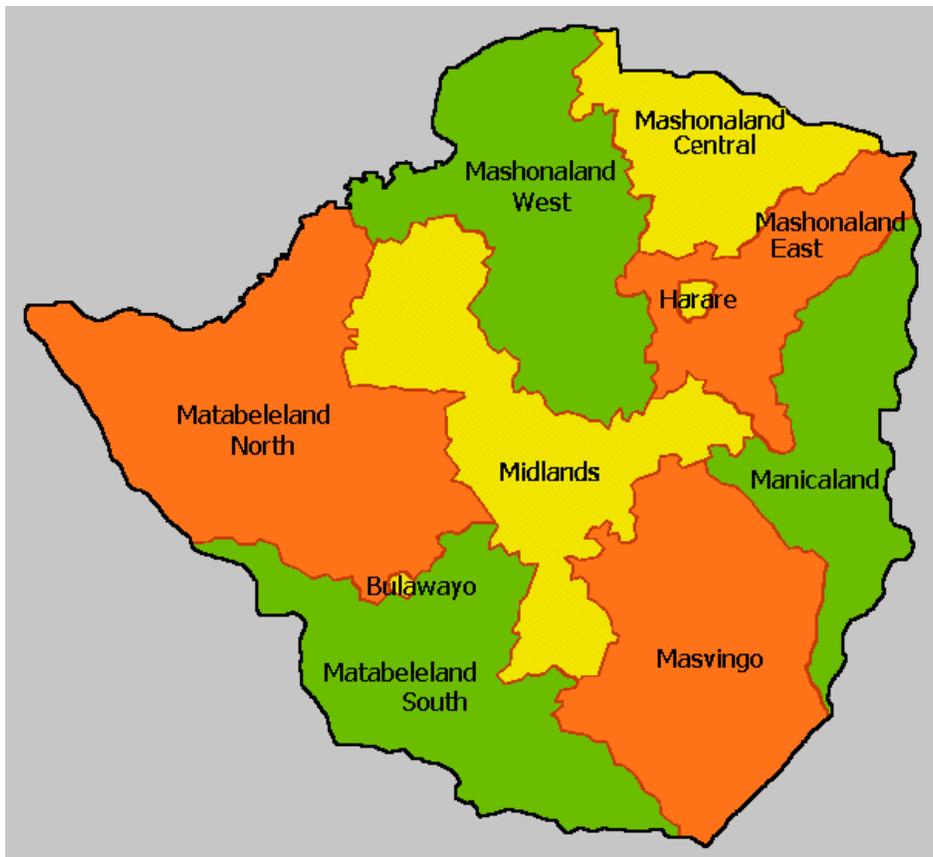


Figure 1: Map of Zimbabwe indicating the different provinces

Consumption

White corn is grown for human consumption as the staple diet whilst the livestock industry utilizes yellow corn in the manufacturing of stock feed. Per capita consumption of corn is estimated at about 110kg per annum. Hence, post estimates Zimbabwe's annual corn requirement for human consumption at around 1.6 million tons. In addition, 350,000 tons of corn is required for livestock feed. Thus, the total national demand for corn in the 2017/18 MY is estimated at 2.0 million tons, up marginally from the estimated 1.9 million tons consumed in the 2016/17 MY. Given Zimbabwe's slow economic growth, consumption patterns are unlikely to change drastically.

The Zimbabwean government passed Statutory Instrument 120 of 2017, a regulation making the fortification of the country's four main food commodities namely corn flour (meal), wheat flour, sugar and cooking oil mandatory. The regulation requires millers to fortify corn flour and wheat flour with vitamin A, B1, B3, B6, B12, folic acid, iron and zinc with effect from July 1, 2017. This regulation was passed as part of the Zimbabwe National Food Fortification Strategy that aims to prevent micronutrient deficiencies amongst Zimbabweans. However, the Grain Millers Association of Zimbabwe requested an indefinite postponement of the food fortification program due to challenges with the import of the required fortification equipment. The Zimbabwean government has indicated its willingness to consider

waiver applications. As a result, post believes that the mandatory fortification regulation will not impact corn consumption patterns in the 2017/18 MY.

Trade

As a result of the good harvest this season, post estimates that Zimbabwe will not have to import any corn in the 2017/18 MY. In fact, the Zimbabwean government stopped issuing corn imports permits as of March 2017. Zimbabwe has been a net importer of corn for the last 15 years. Surplus corn in the 2017/18 MY is unlikely to be exported and will be included in Zimbabwe's strategic grain reserve.

Post estimates that Zimbabwe had to import about 1.4 million tons of corn between May 2016 and April 2017 due to the impact of the drought. A total of 210,279 tons, 26 percent of corn imports, were from South Africa (120,743 tons white corn and 89,536 tons yellow corn). Corn was also imported from Mexico, Zambia, Mauritius, United Kingdom, Russia and Mozambique in the 2016/17 MY. In the 2015/16 MY, Zimbabwe imported about 800,000 tons of corn.

Local Prices

Government, through the Grain Marketing Board, is offering US\$390 per ton for corn, the highest price in the southern African region. Government has defended the high corn price as an incentive for farmers to grow more corn. However, the Grain Marketing Board has serious liquidity constraints and hence limited capacity to buy large volumes of corn. Private grain traders on the other hand are offering lower prices for corn of between US\$280 and US\$310 per ton.

Table 2: PS&D table for corn

Corn Market Begin Year	2015/2016		2016/2017		2017/2018	
	May 2015		May 2016		May 2017	
Zimbabwe	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1530	1530	800	774	1200	1875
Beginning Stocks	178	178	40	40	102	102
Production	742	742	512	512	1000	2155
MY Imports	800	800	1400	1400	900	0
TY Imports	800	800	1400	1400	900	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1720	1720	1952	1952	2002	2257
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	200	200	300	300	300	350
FSI Consumption	1480	1480	1550	1550	1600	1600
Total Consumption	1680	1680	1850	1850	1900	1950
Ending Stocks	40	40	102	102	102	307
Total Distribution	1720	1720	1952	1952	2002	2257
Yield	0.485	0.485	0.64	0.6615	0.8333	1.1972
(1000 HA) ,(1000 MT) ,(MT/HA)						

Wheat

Production

The Zimbabwean government and private sector are currently trying to revive winter wheat production which has been on a declining trend for the last decade. Major production constraints are the high cost of production coupled with relatively low capital returns.

As with corn, the Zimbabwean government put up a special import substitution wheat loan scheme to fund wheat production inputs such as wheat seed, fertilizers, chemicals and tillage services for producers with irrigation facilities. After harvesting the wheat, the farmers have an obligation to deliver a specified wheat tonnage to the Grain Marketing Board as repayment for the loan. Post estimates wheat area planted under government support in 2017 at about 20,000 hectares, well below the government target of 50,000 hectares. Private sector players contracted about 15,000 hectares of wheat and are projecting yields of four to five tons per hectare.

The wheat crop in Zimbabwe is fully irrigated and is harvested in October. Currently, most dam levels are high following the good rainfall season. Hence, post estimates that farmers planted 35,000 hectares of wheat for the 2017/18 MY, up 250 percent from the 10,000 hectares planted in the 2016/17 MY. Based on normal climatic conditions and a possible national yield of three tons per hectare, wheat production in the 2017/18 MY is estimated at about 105,000 tons. A wheat crop of 105,000 tons is five times more than the wheat crops produced in the 2016/17 MY and 2015/16 MY.

Consumption

Wheat is widely consumed by over 10 million people in Zimbabwe, which is about 70 percent of the country's population, predominantly as bread. It is the second most important cereal for food security after corn. Daily bread production by the bakeries is currently estimated at about 850,000 loaves. Millers estimate the country's monthly wheat consumption at about 25,000 tons. Post forecasts that wheat consumption patterns in 2016/17 MY and 2017/18 MY will remain at 300,000 tons per annum, due to slow economic growth in Zimbabwe. Local bread prices have remained stable at between US\$0.85 and US\$1.00 per standard and superior loaf, respectively.

Trade

With Zimbabwe relying on imports to meet domestic requirements, wheat imports in the 2015/16 MY reached 280,000 tons after 20,000 tons was harvested from the 2015 winter wheat crop. ZIMSTAT data shows that for the first six months of the 2016/17 MY i.e. between October 2016 and March 2017, Zimbabwe imported 150,511 tons wheat mainly from Poland, Russia, Canada and South Africa. Imports in the 2016/17 MY are expected to also reach 280,000 tons. In 2017/18 MY imports are estimated to decline to 200,000 tons due to improved production and an increase in area planted.

Table 3: PS&D table for wheat

Wheat Market Begin Year	2015/2016		2016/2017		2017/2018	
	Jul 2015		Jul 2016		Jul 2017	
Zimbabwe	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

Area Harvested	10	10	10	10	10	35
Beginning Stocks	11	11	11	11	11	11
Production	20	20	20	20	20	105
MY Imports	280	280	280	280	280	200
TY Imports	280	280	280	280	280	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	311	311	311	311	311	316
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	0	0	0	0	0	0
FSI Consumption	300	300	300	300	300	300
Total Consumption	300	300	300	300	300	300
Ending Stocks	11	11	11	11	11	16
Total Distribution	311	311	311	311	311	316
Yield	2	2	2	2	2	3
(1000 HA) ,(1000 MT) ,(MT/HA)						