

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Report Highlights:

Zimbabwe experienced one of its driest seasons since the 1992/93-season, due to a strong El-Nino-induced drought. As a result, corn production in the 2016/17 MY declined by an estimated 43 percent to 400,000 tons. This is after an estimated 700,000 tons of corn was produced in the 2015/16 MY. Zimbabwe will have to import an estimated 1.4 million tons of corn in the 2016/17 MY to meet the production shortfall. Prospects for wheat production in Zimbabwe are also gloomy and production in the 2016/17 MY is estimated to reach only about 16,000 tons. Hence, Zimbabwe's wheat imports are forecast to reach about 280,000 tons in 2016/17 MY.

Executive Summary

The 2015/16 agriculture season (2016/17 MY) has been one of the worst agricultural seasons experienced in Zimbabwe, since the drought of the 1992/93-season. The country experienced an El-Nino induced drought, characterized by a late season start, low rainfall that was erratic and poorly distributed and higher than average temperatures during the growing season. Most areas in the country experienced two to three weeks of dry weather conditions and high temperatures for the greater part of January and February. As a result, Zimbabwe's corn production, estimated at around 400,000 tons, will fall short of meeting the annual national requirement estimated at 1.8 million tons. Hence, Zimbabwe will have to import up to 1.4 million tons of corn to augment domestic production.

Wheat production is on a declining trend annually. Post estimates Zimbabwe's planted area under wheat in the 2016/17 MY at around 7,000 hectares, that will produce a wheat crop of around 16,000 tons. Wheat imports are expected to reach 280,000 tons in the 2016 /17 MY, as Zimbabwe continues to depend on wheat imports to meet domestic requirements of about 300,000 tons per annum.

Corn

Production

Zimbabwe experienced one of its driest seasons since the 1992/93-season, due to a strong El-Nino induced drought. Not only was the onset of the 2015/16 rainfall season late, but rainfall was below average and poorly distributed. Over 95 percent of Zimbabwe received less than 75 percent of their normal rainfall. Higher than average temperatures in January and February created unfavorable conditions for crop growth and negatively affected corn production. The most affected areas by the drought were parts of the Midlands, Masvingo, the southern parts of Manicaland provinces, as well as the provinces of Matabeleland North and South. These areas had high rates of corn crop failure of more than 65 percent. Consequently, effective from February 3, 2016, the Zimbabwe government declared the 2015/16 farming season a "state of disaster". The 2016/17 MY El-Nino induced drought is the second consecutive dry season in Zimbabwe after the drought of the 2015/16 MY. Corn production in the 2015/16 MY declined by 52 percent to 700,000 tons, due to last year's drought, that was particularly severe in the south of the country.

The El-Nino induced drought contributed significantly to the decline in corn production in 2016/17 MY. In the 2016/17 MY, an estimated 774,426 hectares were planted to corn, a 49 percent decline from the 2015/16 MY area of 1.5 million hectares. In all provinces of Zimbabwe, there was a significant decline in area planted under corn. This decline in area under corn was mainly attributed to the late start of the rainfall season and the poor distribution of rainfall. Table 1 indicates the estimated corn area planted in the different provinces of the country.

Table 1: Corn area planted in the 2015/16 MY and 2016/17 MY by province

Province	Corn area planted in 2015/16 MY	Corn area planted in 2016/17 MY	Percentage decline
Mashonaland East	191,335	122,546	36%
Mashonaland Central	182,894	136,201	26%
Mashonaland West	224,548	123,651	45%
Midlands	291,443	163,273	44%
Manicaland	216,469	99,285	54%
Masvingo	193,183	66,668	65%
Matabeleland South	101,995	18,521	82%
Matabeleland North	129,796	44,281	66%
Total	1,531,663	774,426	49%

Agricultural inputs (corn seed, fertilizers and agro-chemicals) were abundantly available on the market. However, only about 40 percent of the 360,000 tons locally produced fertilizer was taken up because of the low corn area planted.

The Ministry of Agriculture has not yet released results of the Second Round Crop Assessment carried

out post-harvest from April to May 2016, to assess crop area harvested and national production. However, experts in the agriculture sector estimate that because of the drought, Zimbabwe's corn production will decline to an estimated 400,000 tons in the 2016/17 MY, with an average corn yields of around 0.6 tons per hectare. This is after an estimated 700,000 tons of corn was produced in the 2015/16 MY. Zimbabwe will have to import an estimated 1.4 million tons of corn in the 2016/17 MY to meet the production shortfall.

The Zimbabwean government policy on Genetically Engineered (GE) corn has not changed. Cultivation of GE corn is prohibited, but GE corn for consumption can be imported as long it is milled into meal under government supervision.

Consumption

White corn is grown for human consumption as the staple diet while the livestock industry utilizes yellow corn in the manufacturing of stock feed. Post estimates Zimbabwe's annual corn requirement at around 1.8 million tons, which comprises of about 1.4 million tons for human consumption and 400,000 tons for the livestock sector.

Due to the current economic problems such as liquidity shortages and high unemployment and consequently low household incomes, post does not foresee significant growth in corn consumption in the 2016/17 MY. However, as a result of the poor grazing conditions, due to two successive droughts, demand for livestock feed is expected to increase by about 30 percent, to 400,000 tons, in the 2016/17 MY.

Trade

In the recent past, Zimbabwe's neighboring countries; specifically South Africa, Zambia and Malawi have been major sources of corn imports to Zimbabwe. However, the El-Nino weather phenomenon disrupted rainfall in most southern African countries leading to reduced corn harvests. South Africa, the continent's largest producer of corn had its production significantly reduced by the El-Nino-induced drought and will have a corn deficit to be met through corn imports. Similarly, corn production in Zambia was also affected by the drought and has suspended corn exports. Hence, there will be limited quantities of corn available in the region. The Zimbabwe government and the private sector are targeting corn imports mainly from Mexico, the United States, Ukraine, Brazil and Argentina, of approximately 1.4 million tons. The Zimbabwean government is expected to import about 700,000 tons, while the private sector will import the balance. Zimbabwe will import both GE and non-GE corn for human consumption.

The unprecedented level of grain imports by Zimbabwe and other southern African countries of an estimated record of 6.2 million tons of corn and an additional five million tons of other grains will put pressure on the ports. Zimbabwe, in addition to the South African ports, plans to use the Mozambican ports of Maputo and Beira. Although there are logistical bottlenecks, the Beira port is a good option for yellow corn imports from Eastern Europe to Harare. The Beira Grain Terminal can handle about 30,000

tons per month. However, corn imports will compete for berths with wheat imports for Mozambique, Malawi and Zimbabwe. There is also limited road and rail capacity to Zimbabwe from Beira. On the other hand, the Maputo port is a good option for rail to both Harare and Bulawayo, but was recently affected by fire and currently only a private facility can be used with a limited grain storage capacity of 20,000 tons. The South African ports of Durban and Richards Bay are anticipated to handle the bulk of white and yellow corn imports into Zimbabwe. Durban has a monthly discharge rate capacity of 130,000 tons.

The Zimbabwean government and private sector have drawn up a logistics system to manage the importation of grain. The logistics arrangement stretches from receiving the grain at various ports in the region to transporting it by road and rail into Zimbabwe and the movement of the grain locally.

The declaration by the Zimbabwean government, that with effect from February 3, 2016, the 2015/16 farming season was a state of national drought disaster, was also aimed at mobilizing resources to alleviate food shortages. The Zimbabwean government subsequently issued an international appeal of US\$1.5 billion. The Zimbabwean government has secured US\$200 million lines of credit from Afrexim Bank and US\$46 million from Treasury for corn imports.

Table 2 indicates corn imports in 2015/16 MY. ZIMSTAT data shows that 617,421 tons corn was imported from Zambia between May 2015 and March 2016. Imports data for April was not yet available. Data compiled by SAGIS shows that Zimbabwe imported 43,874 tons of white corn and 5,014 tons of yellow corn from South Africa in the 2015/16 MY.

Table 2: Monthly corn imports to Zimbabwe in the 2015/16 MY

Year and month	Country of import and volume (tons)			Total
	South Africa (White)	South Africa (Yellow)	Zambia (White)	
2015				
May	0	97	36,353	36,450
June	0	0	48,689	48,689
July	0	0	72,809	72,809
August	0	0	57,310	57,310
September	0	0	75,628	75,628
October	0	67	65,186	65,253
November	0	0	55,716	55,716
December	0	0	54,746	54,746
2016				
January	7,480	33	58,424	65,937
February	13,024	0	56,827	69,851
March	13,110	0	35,733	48,843
April	10,260	4,817	Nd ¹	15,077
Total	43,874	5,014	617,421	666,309

Sources: SAGIS and ZIMSTAT, Ministry of Finance

¹ No data available

In addition to grain imports, the government issued 68 import permits for the importation of 140,000 tons of corn meal from South Africa and Zambia for supply to retail outlets in the drought affected southern parts of the country. This has drawn criticism from the Grain Millers Association of Zimbabwe, who argue that permits should only be given for grain imports to enable local millers to value add. The millers who are importing grain for milling fear that they will not be able to compete with the imported corn meal. Local millers have made presentations to the government to stop arbitrary issuing of import permits for corn meal as it threatens viability of the local milling industry.

Local Prices

Government through the Grain Marketing Board (GMB) is offering US\$390 per ton for corn, the highest price in the southern African region, as an incentive for farmers to grow corn. Millers and grain traders, on the other hand, are offering lower prices of between US\$300 and US\$350 per ton. About 200,000 tons of the estimated local production of 400,000 tons is expected to enter the formal market for sale. Millers and grain traders are expect to buy most of the grain available on the local market because they have the funds to pay for the grain, unlike the GMB that has serious liquidity constraints.

Table 3: PSD table for corn

Corn Market Begin Year	2014/2015		2015/2016		2016/2017	
	May 2014		May 2015		May 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Zimbabwe						
Area Harvested	1500	1500	1530	1530	800	775
Beginning Stocks	65	65	121	321	63	121
Production	1456	1456	742	700	350	400
MY Imports	500	500	800	800	1000	1400
TY Imports	700	700	800	800	1000	1400
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	2021	2021	1663	1821	1413	1921
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	300	300	200	300	100	400
FSI Consumption	1600	1400	1400	1400	1250	1400
Total Consumption	1900	1700	1600	1700	1350	1800
Ending Stocks	121	321	63	121	63	121
Total Distribution	2021	2021	1663	1821	1413	1921

(1000 HA) ,(1000 MT)

Wheat

Production

The wheat planting period in Zimbabwe is between end of April and end of May and the crop is harvested in October. Indications are that very few farmers took up wheat production in the 2016/17 MY, due to high cost of production, financial constraints and poor viability. Unlike the past seasons, the government does not have a financial scheme to fund wheat production. Some private sector players have ventured into wheat contract farming arrangements.

The drought coupled with very high temperatures which increased evaporation, negatively impacted on water supplies for irrigation of the winter wheat crop and will result in reduced production of the crop in 2016. Dam levels are low due to the poor rainfall season and the national average dam levels are currently at 51 percent.

As a result, prospects for wheat production in Zimbabwe are gloomy and production in the 2016/17 MY is forecast to decline. Post estimates production to reach only about 16,000 tons.

Wheat production in 2015/16 MY (October 2015 to September 2016) is estimated at 30,000 tons. Output from contract farming arrangements by millers accounted for the bulk of wheat produced and is estimated at about 25,000 tons. Generally farmer confidence in wheat production is low due to historical problems with power outages during the winter production period.

Government through the Grain Marketing Board is offering US\$500 per ton for wheat to incentivize farmers to grow the crop.

Consumption

Wheat is widely consumed by over 10 million people in Zimbabwe, about 77 percent of the country's population, predominantly as bread. Daily bread is currently estimated at about 850,000 loaves. Millers estimate the country's monthly wheat consumption at about 25,000 tons.

Local bread prices have remained stable at between US\$0.85 and US\$1.00 per standard and superior loaf, respectively. Post estimates wheat consumption in 2016/17 MY at about 300,000 tons per annum, the same level as 2015/16 MY. The country will import an estimated shortfall of 280,000 tons or 93 percent of its requirement to meet the country's estimated annual requirement in the 2016/17 MY.

Trade

Traditionally the milling industry has imported about one third of its requirements for mixing with the local flour, as the local wheat grain is soft and has poor baking quality. Imported wheat currently makes up more than 90 percent of national wheat requirements.

ZIMSTAT data shows that Zimbabwe imported 94,285 tons wheat mainly from South Africa, Russia, Mauritius, Canada and Mozambique (see also Table 4) between October 2015 and April 2016. Imports of wheat flour mainly from South Africa reached 48,436 tons.

With Zimbabwe relying on imports to meet domestic requirements, wheat imports are estimated to reach 280,000 tons in the 2015/16 MY.

Table 4: Wheat import destinations and quantities (October 2015 to March 2016)

Import supplier	Import quantity (MT)
South Africa	38,902
Mauritius	40,428
Russia	3,744
Canada	1,690
Mozambique	9,521
Total	94,285

Sources: SAGIS and ZIMSTAT, Ministry of Finance

Table 5: PSD table for wheat

Wheat Market Begin Year	2014/2015		2015/2016		2016/2017	
	Oct 2014		Oct 2015		Oct 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Zimbabwe						
Area Harvested	15	8	10	10	10	7
Beginning Stocks	2	2	11	7	11	17
Production	34	25	20	30	20	16
MY Imports	300	300	325	280	335	280
TY Imports	300	300	325	280	335	280
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	336	327	356	317	366	313
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	325	320	345	300	355	300
Total Consumption	325	320	345	300	355	300
Ending Stocks	11	7	11	17	11	13
Total Distribution	336	327	356	317	366	313

(1000 HA) ,(1000 MT)