USDA Foreign Agricultural Service
GAIN Report
Global Agricultural Information Network

Required Report - public distribution

Date: 6/12/2019
GAIN Report Number: ZW1902

Zimbabwe

Grain and Feed Annual

Corn production estimated to drop by 54 percent

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Report Highlights:
Due to drought conditions, Zimbabwe's corn crop for the 2019/20 MY is estimated to drop by 54 percent to 776,635 tons. In the 2018/19 MY Zimbabwe farmers produced 1.7 million tons of corn, which represent a 21 percent decrease from the previous year. As a result of the decrease in corn production, Post estimates that Zimbabwe will have to import about 1.0 million tons of corn in the 2019/20 MY to meet local demand and maintain the mandated strategic grain reserve of 500,000 tons. Due to stable production in the 2018/19 MY, Zimbabwe only imported an estimated 100,000 tons of corn.

Executive Summary

Zimbabwe's 2018/19 summer crop season was extremely challenging and climatically sub-optimal which impacted negatively on crop yields. The Zimbabwe government estimates the corn crop for the 2019/20 MY at 776,635 tons, 54 percent less than the 1.7 million tons that was produced in the 2018/19 MY. In the 2017/18 MY, Zimbabwe produced a 20-year high corn crop of 2.2 million tons.

Post estimates Zimbabwe's annual corn requirement for human consumption at around 1.6 million tons. In addition, 300,000 tons of corn is required for livestock feed. Corn stocks at the end of the 2018/19 MY is estimated at about 560,000 tons. As a result, Post estimates that Zimbabwe will have to import about 1.0 million tons of corn in the 2019/20 MY, if the mandated strategic grain reserve of 500,000 is maintained. This is 900,000 tons more corn imports than the estimated 100,000 tons imported in the 2018/19 MY. Countries that could supply Zimbabwe with corn (mostly white corn) include Tanzania, Mexico and limited amounts from South Africa. Zimbabwe's policy on Genetically Engineered (GE) corn allows for imports if milled into flour under government supervision. Cultivation of GE corn is still prohibited.

Corn

Production

Zimbabwe's 2018/19 summer crop season was extremely challenging and climatically sub-optimal which impacted negatively on yields. The season started with delayed rains and late plantings followed by a long dry spell from the end of December to end of January in the southern, southeastern and northwestern parts of the country. These regions account for about 60 percent of Zimbabwe's total corn production. More dry spells were experienced from mid-February to April in parts of the corn producing areas. As a result, cumulative rainfall for the 2018/19 season across most areas of Zimbabwe was significantly below average, although heavy rainfall was recorded in the eastern areas due to the Tropical Cyclone Idai in mid-March.

In addition to climatic challenges, high prices and cash availability limited the purchases of inputs by most farmers. Fertilizer was in short supply due to foreign exchange challenges. The Zimbabwe government could also not roll out its support programs i.e. Command Agriculture and the Presidential Input Scheme optimally due budget limitations.

Due to the drought conditions, the Zimbabwe government estimates the corn crop for the 2019/20 MY at 776,635 tons, 54 percent less than the 1.7 million tons produced in the 2018/19 MY. Due to the late rains and dry spells, corn area decreased by 6 percent to 1.6 million hectares. Post visited Zimbabwe's crop producing areas in March, and it was evident that Zimbabwe would record below average yields. Zimbabwe's long term (20 years) average corn yield is calculated at 0.78 tons per hectare, while a yield of 0.48 tons per hectare is estimated for the 2019/20 MY (see also Figure 1). In the 2017/18 MY, Zimbabwe produced a 20-year high corn crop of 2.2 million tons at an average yield of 1.1 tons per hectare.

Figure 1: The trend in Zimbabwe's corn yields

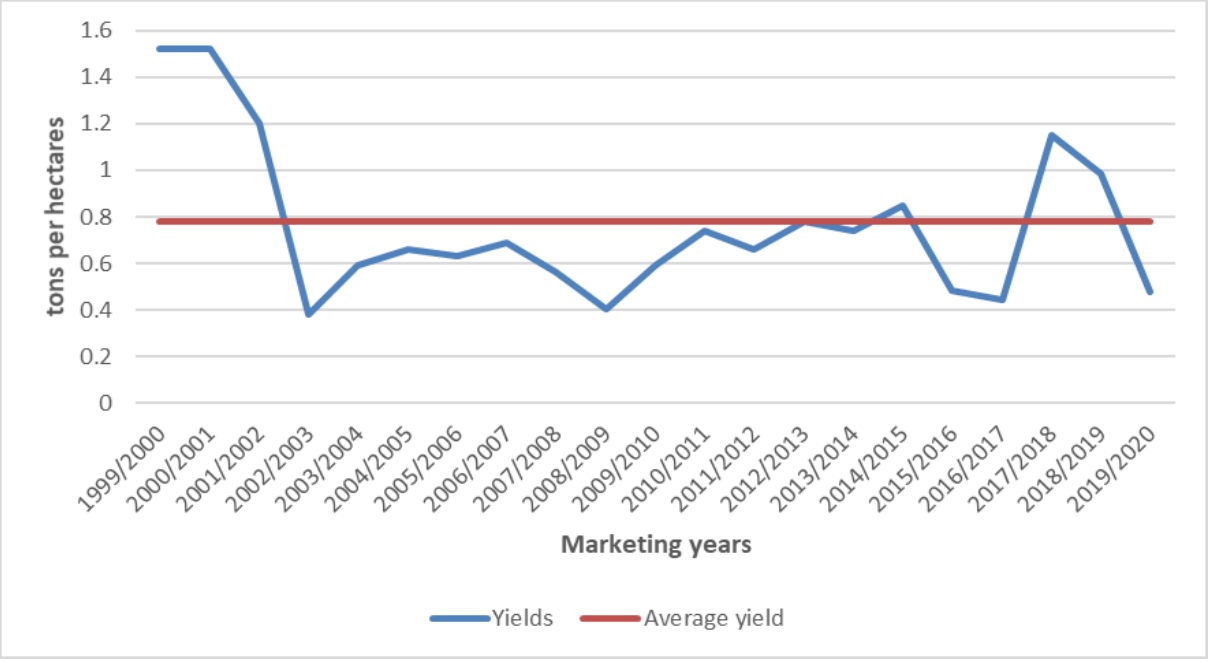


Table 1 indicates the area harvested, yield and production of corn in Zimbabwe for the past three marketing years.

Table 1: Area harvested, yield and production of corn in Zimbabwe

MY	Area (1,000 hectares)	Yield (tons/ha)	Production (1,000 tons)
2017/18	1,875	1.15	2,155
2018/19	1,723	0.99	1,701
2019/20	1,624	0.48	776

Sources: Zimbabwean Ministry of Lands, Agriculture, Water, Climate and Rural Resettlement

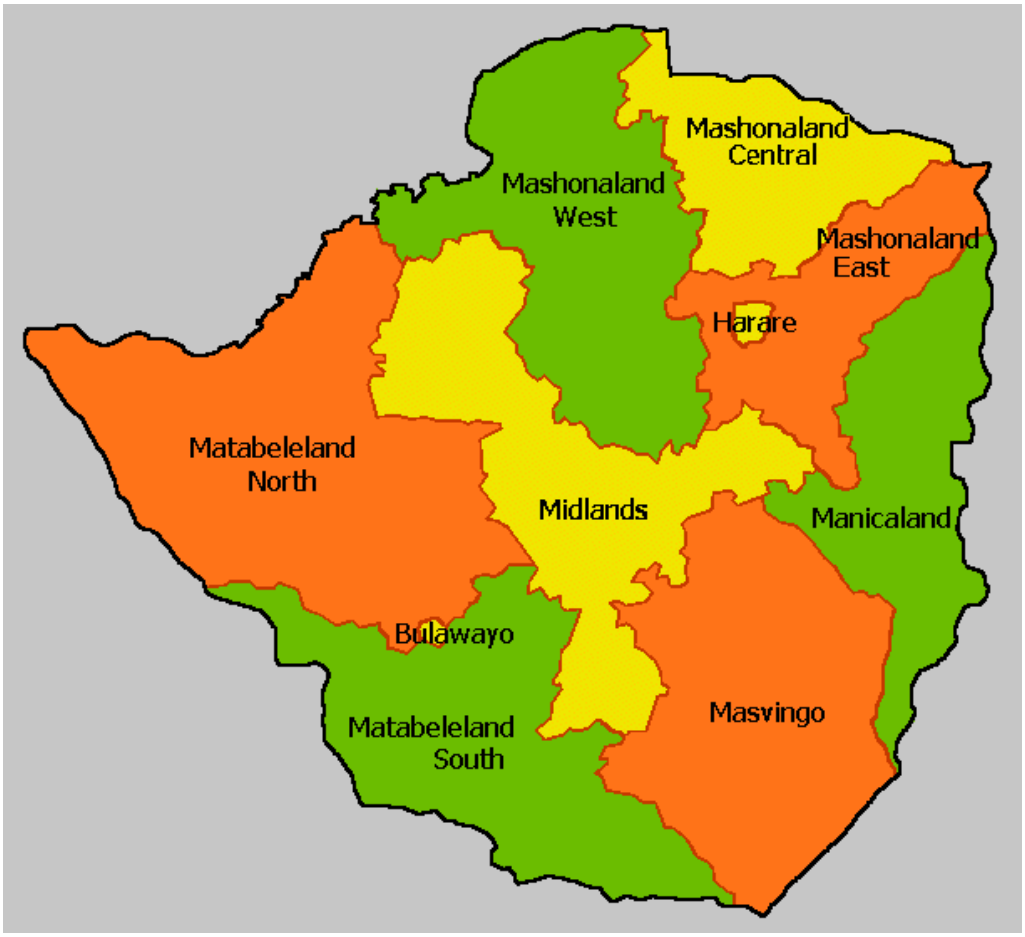
Table 2 indicates the estimated corn area, production and yield in the different provinces of Zimbabwe for the 2018/19 MY and 2019/20 MY. Figure 2 is a map of Zimbabwe illustrating the different provinces.

Table 2: Corn area, production and yield in the different provinces of Zimbabwe for the 2018/19 MY and 2019/20 MY

	2019/20 MY			2018/19 MY		
Province	**Area (1,000 hectares)**	**Yield (t/ha)**	**Production (1,000 tons)**	**Area (1,000 hectares)**	**Yield (t/ha)**	**Production (1,000 tons)**
Mashonaland East	207	0.74	154	219	1.03	225
Mashonaland Central	209	0.76	159	208	1.73	360
Mashonaland West	297	0.77	228	298	1.55	461
Midlands	333	0.28	94	337	0.68	229
Manicaland	233	0.22	51	257	0.82	211
Masvingo	158	0.39	61	191	0.54	103
Matabeleland South	88	0.19	17	98	0.67	66
Matabeleland North	99	0.13	13	114	0.40	46
Total	**1,624**	**0.48**	**777**	**1,723**	**0.99**	**1,701**

Sources: Zimbabwean Ministry of Lands, Agriculture, Water, Climate and Rural Resettlement

Figure 2: Map of Zimbabwe indicating the different provinces



Cases of fall army worm *(Spodoptera frugiperda*) were reported on corn and sorghum in all the provinces of Zimbabwe. A number of registered chemicals have been recommended for control of the pest and are available on the market. In most cases, through chemicals applications, producers managed fall army worm effectively. Training of farmers and awareness campaigns of fall army worm were rolled out to all the provinces by the Zimbabwean government.

The Zimbabwean government introduced a special support program in the 2016/17 production season that continued through to the 2018/19 production season, commonly termed as "Command Agriculture". The "Command Agriculture" program aims 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. 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 corn in a specified area. After harvesting the corn, the farmers have an obligation to deliver a specified tonnage to the Grain Marketing Board (GMB) as repayment for the loan.

The Presidential Input Scheme is another support program used by the Zimbabwean government to enhance corn production. The program supports 1.8 million small-scale and communal farmers. Through this scheme the Zimbabwean government distribute free inputs for corn production, which include 10kg corn seed, 50kg basal fertilizer and 50kg top dressing fertilizer.

Consumption

In order to understand consumption in Zimbabwe there must first be an explanation of the currency and foreign exchange dynamics in the country. In 2009, Zimbabwe adopted the use of a basket of international currencies led by the US dollar to end an unprecedented period of hyperinflation that devastated the value of the Zimbabwean dollar. In 2016, the bond note as alternate equivalent of the US dollar and local transactional instrument was introduced by the Zimbabwean government to challenge physical shortages of the US dollar. In February 2019, Zimbabwe introduced another new currency called the Real-Time Gross Settlement dollar (RTGS), in the process abandoning the 1:1 parity between the US dollar and the bond note by allowing it to trade on an interbank market. The RTGS dollar, is made up of bond notes and deposits in the bank and no new notes were issued.

At introduction, on February 22, the exchange rate was RTGS$2.50 for every US$1, and the rate remained there for more than a week before, as was expected, it started to depreciate. The official rate at the beginning of June was RTGS$5.5 for every US$1, while the black market rate was around RTGS$8.1 for every US$1. For ordinary Zimbabwean citizens and businesses, street traders remain the easiest source for currency exchange, due to restriction put on banks to trade the RTGS dollar, creating a second unofficial exchange rate. In theory all local transactions must be settled in RTGS dollars, putting an end to the multi-tier pricing system. In practice, however, businesses and shops display prices in both RTGS dollars and US dollars.

Corn is the main staple food crop for the majority of Zimbabweans. Since February 2009, the marketing of all agricultural commodities has been deregulated, with the GMB maintaining a minimum floor price. In early April 2019, the Zimbabwean government increased the corn producer prices by more than 80 percent from $390 RTGS to $726 RTGS. The government provided a 38.5 percent subsidy to commercial millers. However, despite the Zimbabwean government's efforts, commercial millers still increased corn meal prices by 30.0 percent. Zimbabwe's official year-on-year inflation rate for food released in April 2019 was 92.5 percent, while the month-on-month food inflation rate was 7.9 percent.

White corn is grown for human consumption as the staple diet, while the livestock industry utilizes yellow corn in the manufacturing of stock feed. Per capita consumption of corn is estimated at about 110kg per annum. At a population of almost 15 million, Post estimates Zimbabwe's annual corn requirement for human consumption at around 1.6 million tons. In addition, 300,000 tons of corn is required for livestock feed. Thus, the total national demand for corn is estimated at 1.9 million tons. Given Zimbabwe's slow economic growth, liquidity constraints and high inflation rate, the consumption of corn is unlikely to increase.

Trade

Production and productivity of grain crops in Zimbabwe has been on the decline since the early 2000s due to policy influences e.g. aggressive land reform. After previously enjoying the status as a surplus producer of corn, Zimbabwe has become a net food importer over the past 15 years.

Post estimates that Zimbabwe will have to import about 1.0 million tons of corn in the 2019/20 MY, due to a 54 percent decrease in production and based on the mandated strategic grain reserve of 500,000 tons. This is 900,000 tons more corn imports than the estimated 100,000 tons imported in the 2018/19 MY. Media articles suggest that Tanzania could export 700,000 tons of white corn to Zimbabwe. However, according to FAS/Dar es Salaam estimates, Tanzania might not have enough stocks to supply the full amount. Other countries that could supply Zimbabwe with white corn include Mexico and to a lesser extent South Africa. South Africa's commercial corn production also suffered from drought and is estimated at 13 percent lower than the previous marketing year. However, due to carry-over stocks South Africa could have surplus white corn available for exports (see South Africa Grain and Feed).

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.

Post estimates that Zimbabwe imported about 300,000 tons of corn in the 2017/18 MY. Surplus corn in the 2017/18 MY was not exported but rather stored as part of Zimbabwe's strategic grain reserve.

Stocks

The GMB has the mandate to maintain a minimum strategic reserve of 500,000 tons of grain in physical stock. More than 90 percent of the strategic grain reserve consists of corn. Except for the past two marketing years, low production has made it difficult for the GMB to maintain the strategic grain reserves at the 500,000 tons level over the past 15 years.

Industry contacts estimated Zimbabwe's corn stocks at around 800,000 tons at the end of February 2019. Out take is estimated at 120,000 tons per month, hence corn stocks at the end of the 2018/19 MY is estimated at about 560,000 tons. This is 15 percent lower than the carry-over stocks of 658,000 tons in the 2017/18 MY. With expected imports of 1.0 million tons, corn ending stocks for the 2019/20 MY could be close to the mandated minimum strategic reserve of 500,000 tons.

Table 3: PS&D table for corn

Corn	2017/2018		2018/2019		2019/2020	
Market Begin Year	May 2017		May 2018		May 2019	
Zimbabwe	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1875	1875	1723	1723	1400	1624
Beginning Stocks	102	102	458	658	359	559
Production	2156	2156	1701	1701	800	777

MY Imports	100	300	200	100	600	1000
TY Imports	100	100	200	200	600	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	2358	2558	2359	2459	1759	2336
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	300	300	300	300	200	300
FSI Consumption	1600	1600	1700	1600	1500	1600
Total Consumption	1900	1900	2000	1900	1700	1900
Ending Stocks	458	658	359	559	59	436
Total Distribution	2358	2558	2359	2459	1759	2336
Yield	1.1499	1.1499	0.9872	0.9872	0.5714	0.4784
(1000 HA) ,(1000 MT) ,(MT/HA)						