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Grain and Feed Annual

The supply and demand for corn in Zimbabwe

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Report Highlights:
Due to the climatic challenges, Post estimates that Zimbabwe's corn area harvested decreased by 36 percent to 1.2 million hectares in the 2018/19 MY. As a result, Post estimates Zimbabwe's national corn crop in the 2018/19 MY at around 1.2 million tons, down 46 percent from the 2.2 million tons of corn produced in the 2017/18 MY. Despite a 15-year high corn carry-over stock of about 500,000 tons, Zimbabwe will still have to import about 300,000 tons of corn in the 2018/19 MY.

Executive Summary

After a good start to the season, Zimbabwe experienced erratic rainfall and a 6-week dry spell from mid-December through the end of January negatively impacting crop growing conditions. Fortunately, a period of sufficient rain started again in February and continued through April. This good rainfall in the second part of the season impacted positively on corn yields, and many farmers also replanted after the dry spell damaged the early crop. However, due to the climatic challenges, Post estimates that corn area harvested decreased by about 36 percent to 1.2 million hectares in the 2018/19 MY. Post estimates Zimbabwe's national corn crop in the 2018/19 MY at around 1.2 million tons, down 46 percent from the 2.2 million tons of corn produced in the 2017/18 MY. In the 2016/17 MY, Zimbabwe's corn crop was recorded at 512,000 tons due to drought.

Zimbabwe's policy prohibiting the cultivation of Genetically Engineered (GE) corn has not changed. Although Zimbabwe does import GE corn for local consumption, it must be milled under government supervision. Despite a 15-year high corn carry-over stock of about 500,000 tons, Zimbabwe will still have to import about 300,000 tons of corn in the 2018/19 MY.

Corn

Production

Due to the climatic challenges, Post estimates that corn area harvested decreased by about 36 percent to 1.2 million hectares in the 2018/19 MY. However, corn area harvested is still 55 percent higher than the drought reduced 774,000 hectares that was harvested in the 2016/17 MY.

Post estimates Zimbabwe's national corn crop in the 2018/19 MY at around 1.2 million tons, down 46 percent from the 2.2 million tons of corn produced in the 2017/18 MY, mainly due to area and yield declines. In the 2016/17 MY, Zimbabwe's corn crop was recorded at 512,000 tons due to drought. The 2018/19 MY's national average corn yield is estimated at around 0.98 tons per hectare compared to 1.20 tons per hectare the previous season. 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)
2016/17	774	0.66	512
2017/18	1,875	1.15	2,155
2018/19 (estimate)	1,200	0.98	1,175

Sources: Post estimates and Zimbabwean Ministry of Lands, Agriculture and Rural Resettlement

Zimbabwe's 2017/18-planting season started early with steady rain in October. Unfortunately, the early season rain was followed by erratic rainfall and a 6-week dry spell from mid-December through the end of January impacting negatively on crop growing conditions. Many fields had permanent damage. Fortunately, good rain started again in February and continued through April. In fact, February month's rainfall was the highest since 1981. This increased rainfall in the second part of the season positively impacted corn yields and many farmers also replanted after the dry spell damaged the early crop.

Cases of fall army worm *(Spodoptera frugiperda*) were reported on corn and sorghum especially on early and late planted corn. Information on the extent of yield reduction is difficult to obtain, however, the Zimbabwean Ministry of Lands, Agriculture and Rural Resettlement estimated the affected corn area at about 125,817 hectares (about 10 percent of corn area planted). Yield reduction estimates by some field extension personnel range from 5 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. In many cases where chemicals were effectively sprayed and applied the corn crop resumed growth. Training of farmers and awareness campaigns of fall army worm were rolled out to all the provinces by the Zimbabwean government.

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.
The Zimbabwean government introduced a special support program in the 2017/18 MY that continued through to the 2018/19 MY, 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.

Farmers responded favorably to the "Command Agriculture" program and to the government's guaranteed corn producer price of US$390 per ton. According to the Ministry Lands, Agriculture and Rural Resettlement Assessment Report (January 2018), a total of 235,256 hectares of corn were planted under the program in the 2018/19 MY and 37,088 hectares of soybeans. Under the program 5,563 tons of seed, 57,440 tons of basal fertilizers and 21,387 tons of top dressing fertilizers were distributed.

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 distributed free inputs for corn production, which included 10kg corn seed, 50kg basal fertilizer and 50kg top dressing fertilizer. Inputs distributed under this scheme in the 2018/19 MY were 16,060 tons of corn seed, 71,802 tons of basal fertilizer and 26,890 tons of top dressing fertilizers. In addition, most agricultural inputs were available on the open market since the beginning of the season compared to previous seasons. However, high prices and cash availability limited the purchases of the inputs by most farmers.

Since 2000, Zimbabwe's farming sector has undergone fundamental transformation under the Land Reform Program. As a result, Zimbabwe's land ownership can now be divided in the following categories: Communal, Old Resettlement, A1-farmers (new beneficiaries of land reform on small plots to decrease land pressure in the communal areas), Small-Scale Commercial and A2-farmers (new beneficiaries of land reform that are classified as medium to large scale commercial). In the 2018/19 MY, communal farmers produced about 32 percent of the corn crop, followed by A2 farmers (31 percent of the corn crop) and A1 farmers (26 percent of the corn crop). The rest of the corn crop was produced by the small-scale commercial and previous resettled farmers.

Table 2 indicates the estimated corn area harvested in the different provinces of Zimbabwe for the 2016/17 MY, 2017/18 MY and 2018/19 MY. Figure 1 illustrates the different provinces in Zimbabwe.

Table 2: Per province corn area for the 2016/17 MY, 2017/18 MY and 2018/19 MY

	Corn area harvested		
Province	**2016/17 MY**	**2017/18 MY**	**2018/19 MY (estimate)**
Mashonaland East	122,546	218,559	175,000
Mashonaland Central	136,201	229,917	156,000

Mashonaland West	123,651	279,456	200,000
Midlands	163,273	392,777	240,000
Manicaland	99,285	264,695	183,000
Masvingo	66,668	245,178	124,000
Matabeleland South	18,521	117,531	58,000
Matabeleland North	44,281	127,184	64,000
Total	**774,426**	**1,875,297**	**1,200,000**

Sources: Post estimates and Zimbabwean Ministry of Lands, Agriculture and Rural Resettlement

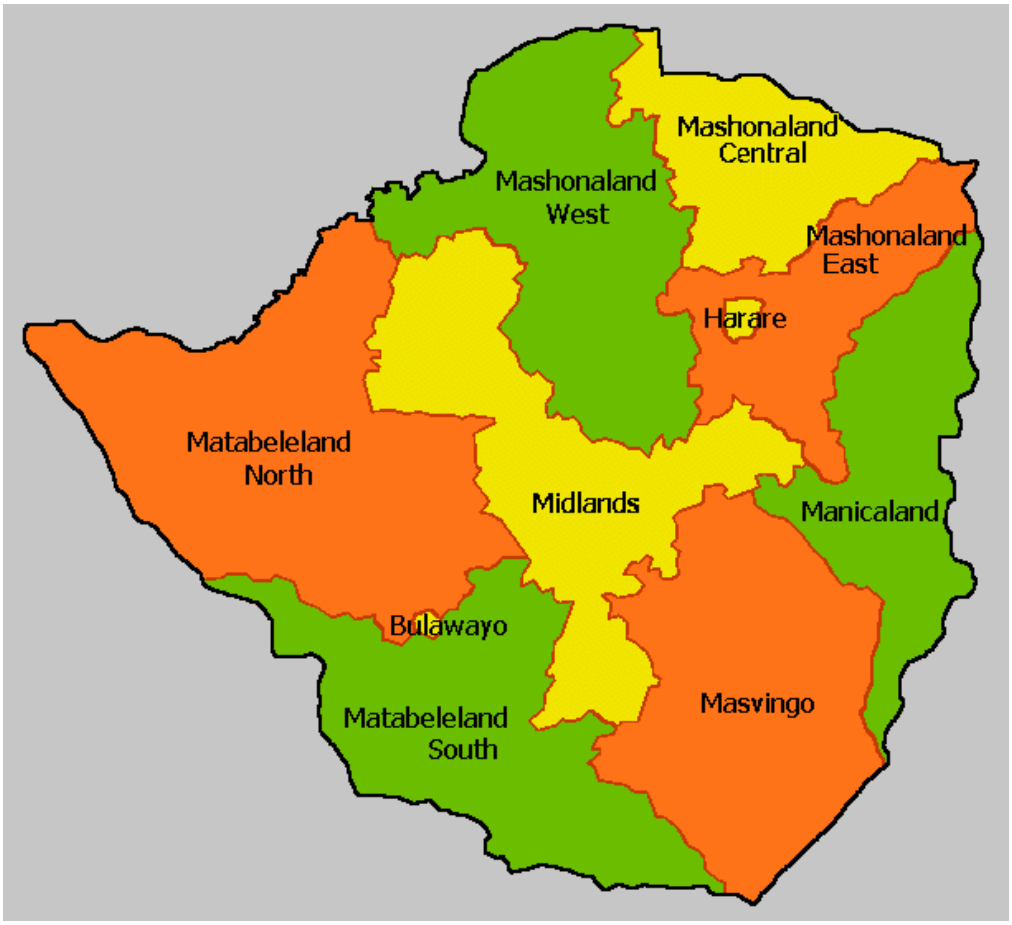

Figure 1: Map of Zimbabwe indicating the different provinces

Consumption

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. The GMB also has the mandate to maintain a minimum strategic reserve of 500,000 tons of grain in physical stock. However, low productivity and production in the past 15 years has made it difficult to maintain strategic grain reserves at that level. Production and productivity of grain crops in Zimbabwe has been on the decline since the early 2000s due to policy influences, for example,

aggressive land reform. After previously enjoying the status as a surplus producer of corn, Zimbabwe has become a net food importer during the past 15 years.

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. Hence, 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 in the 2018/19 MY is estimated at 1.9 million tons, on the same level as in the 2017/18 MY. Given Zimbabwe's slow economic growth and liquidity constraints, consumption patterns are unlikely to change drastically. In addition, the GMB is still offering farmers US$390 per ton for corn, the highest price in the southern African region impacting negatively on consumer prices. To illustrate how high the GMB price is, by comparison, the price for corn in South Africa is market driven and trade around US$155.

Trade

Post estimates that Zimbabwe will have to import about 300,000 tons of corn 2018/19 MY. Over the last 15 years, Zimbabwe has been a net importer of corn. Although 15-year high corn carry-over stock of about 500,000 tons is estimated, the 46 percent decrease in production will drive Zimbabwe to import corn again in the 2018/19 MY. This means that the Zimbabwean government will have lift the import ban that is currently in place.

The Zimbabwean government stopped issuing corn imports permits in March 2017, as a result of the 2017/18 MY's good harvest. Despite the ban, international and regional imports continued, most likely as a result of unfulfilled import commitments of the previous marketing year. As a result, Post estimates that Zimbabwe imported about 160,000 tons of corn in the 2017/18 MY. Surplus corn in the 2017/18 MY were not exported but stored as part of Zimbabwe's strategic grain reserve.

Post estimates that Zimbabwe imported about 1.4 million tons of corn in the 2016/17 MY, 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. No imports from the United States were reported.

Local Prices

The Zimbabwean government, through the GMB, is offering farmers US$390 per ton for corn, the highest price in the southern African region. The Zimbabwean government has defended the high corn price as an incentive for farmers to produce more corn, reducing the reliance on imports. However, the Grain Marketing Board has serious liquidity constraints, resulting in farmers receiving late payments. The GMB has been selling corn to millers at a subsidized price of between US$240 and US$270 per ton to improve its liquidity. Private grain traders, on the other hand, are offering lower prices for corn of between US$240 and US$300 per ton. Many farmers opt for this option as payments are on time.

Table 3: PS&D table for corn

Corn	2016/2017		2017/2018		2018/2019	
Market Begin Year	May 2016		May 2017		May 2018	
Zimbabwe	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	774	774	1875	1875	1200	1200
Beginning Stocks	40	40	102	102	157	517
Production	512	512	2155	2155	1000	1175
MY Imports	1400	1400	100	160	700	300
TY Imports	1400	1400	100	160	700	300
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1952	1952	2357	2417	1857	1992
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	300	300	500	300	200	300
FSI Consumption	1550	1550	1700	1600	1600	1600
Total Consumption	1850	1850	2200	1900	1800	1900
Ending Stocks	102	102	157	517	57	92
Total Distribution	1952	1952	2357	2417	1857	1992
Yield	0.6615	0.6615	1.1493	1.1493	0.8333	0.9792
(1000 HA) ,(1000 MT) ,(MT/HA)						