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Report Highlights:

Zimbabwe is facing another corn deficit in the 2010/11 marketing year (beginning May 2010) with output of the current crop estimated at 600,000MT from 920,000 hectares. Corn production could even be lower if the current dry weather persists. The shortage of top-dressing fertilizer is also negatively impacting the corn yields. However, access to agricultural inputs to communal farmers was greatly improved due to the implementation of the Humanitarian Input Support Scheme. Zimbabwe also has a wheat deficit in the 2009/10 marketing year with only 18,000MT of wheat produced on 10,000 hectares.

Executive Summary:

Much of the country is experiencing prolonged dry-spells that are threatening corn production. Corn planting took place between mid-November and mid-December 2009 and the bulk of the

crop is currently in the vegetative stage and in need of top-dressing fertilizer. The shortage of top-dressing fertilizer in the country could also limit the yield potential of the crop.

Access to agricultural inputs (seeds and fertilizers) by communal farmers was greatly improved for the current crop due to the implementation of the Humanitarian Input Support Scheme. Its funding was provided by 16 donors and it was implemented by 35 non-governmental organizations (NGOs), UN Agencies, other humanitarian organizations and coordinated by the Food and Agriculture Organization (FAO). About 740,000 households of the country's 1.3 million communal area population received seed and fertilizer adequate to plant approximately 0.5 hectares/household of maize or a suitable cereal. The estimated total area planted to cereals from Humanitarian Inputs Support Scheme is about 300,000 to 350,000 hectares. The preliminary government estimate of national corn area planted is about 920,000 hectares with an estimated production level of 600,000MT.

Zimbabwe is also facing a wheat deficit with only 18,000MT of wheat produced on 10,000 hectares in the most recent crop.

CORN

Production

The 2010/11 marketing year (the 2010/2011 split year in the PSD table) started well as most inputs were more available than was the case last year; decent rainfall also began around mid-November for most parts of the country and continued until mid-December. Most of the 2010/11 marketing year's corn crop was planted between early and mid-December. From the third decade of December, most of the southern parts of the country i.e. Manicaland, Masvingo, Midlands, Matabeleland North and Matabeleland South Provinces have been experiencing prolonged dry spells of about three weeks or longer. However, most parts of the Mashonaland provinces, the traditional grain producing areas and some northern parts of Midlands have had satisfactory rains to date. Weather forecasts for the remainder of the season show satisfactory rainfall activity in the northern parts of the country whilst the southern parts will be dominated by reduced rainfall activity.

In contrast to last season, there was adequate corn planting seed at the start of the season. The seed industry estimates that a total of about 35,000MT corn seed (mostly hybrid and some open-pollinated varieties) were available. Assuming a seed planting rate of 25kg/hectare, 35,000MT corn seed would be adequate to plant 1.4 million hectares. Of the available seed, 20,000MT corn seed (mostly hybrid) was from local production whilst the balance was imported mainly from

South Africa, Malawi and Zambia. However, the major constraint to production this season was the inability of farmers, particularly the small scale producers, to afford corn seed due to liquidity constraints. Therefore, input support programs accounted for a significant proportion of corn seed planted. The planting of retained seed from the previous harvest (first generation hybrid seed and open pollinated varieties) was also practiced and this will compromise corn yields.

Availability of compound fertilizer at the start of the season was improved compared to last season. However, top dressing fertilizer is currently scarce. Production of ammonia, the raw material for manufacture of top-dressing fertilizer has been seriously constrained by operational challenges (frequent breakdowns and power outages) facing the sole producer of this product. Only 5,000 to 6,000MT of ammonia, out of a potential monthly capacity of 18,000MT, are currently being produced. With the bulk of the corn crop at the vegetative stage, the limited availability of top-dressing fertilizer will likely limit yields and reduce output.

Government as well as non-government input schemes were implemented this season to assist farmers, many of whom failed to secure adequate funding for crop production following the 'dollarization' of the economy.

For the 2010/11 marketing season (crop planted in December 2009), the donor community ran its largest inputs support program yet, where it is assisting thousands of vulnerable households in the country with agricultural inputs. A total of 35 civic organizations working with 16 donors mobilized funds for the procurement of fertilizers and seed for distribution to marginalized households. This program was coordinated by the Food and Agriculture organization (FAO) and has benefitted about 740,000 small holder households (about 55% of the country's communal population). Of these, 621,000 households are receiving free inputs, and 86,000 households are receiving inputs for conservation agriculture.

The inputs support is in the form of grain seed (maize, sorghum and millet), fertilizer and a legume suitable for an average area 0.5 hectares per recipient. There are small variations in packs distributed by different NGOs, some contain maize and legume seeds whilst others contain maize and sorghum seeds but all packs contain fertilizer.

The bulk of the inputs were delivered on time and total area planted is estimated at between 300,000 and 350,000 hectares of grain, predominantly corn. Geographical coverage of the inputs scheme was good, with about 85% of communal wards receiving some assistance. The communal farmers in the traditional grain producing areas were the most assisted.

The table below shows a breakdown of the main inputs distributed through the Humanitarian Inputs Support Scheme.

Input	Quantity (MT)	Area (Ha)	Rate (kg/ha)
Top dressing fertilizer	38,000	380,000	100
Compound fertilizer	12,000	120,000	100
Corn seed	6,150	246,000	25
Small grains	818	82,000	10

Source: Agricultural Coordination Working Group presentation.

In addition to the donor community program, the government input scheme this season saw a departure from free-handouts of the past to the introduction of loans to purchase inputs. The deadline for loan repayment is the end of July 2010. Having entered into agreements with two South African companies (African Investments Group and ASP Marketing), the government put together a US\$210 million agricultural loan facility for A1, A2 and commercial farmers to purchase farming inputs. The companies agreed to supply the following inputs: 125,000MT of compound fertilizer; 185,000MT of top-dressing fertilizer; 13,500 MT of corn seed and 5,580MT of small grain seed and offered the government 180 days agriculture input supply lines of credit.

Under this facility, farmers had to apply for letters of credit from banks for the purchase of fertilizer and successful farmers were issued with vouchers or bank cheques to facilitate collection of inputs from the nearest Grain Marketing Board (GMB) depot.

However, despite signing an agreement with the government in September to supply the first tranche of inputs valued at US\$100 million, comprised of 90,000MT compound D, 23,850MT urea, 32,000MT ammonium nitrate, 1,000MT sorghum seed and 7,500MT hybrid corn seed, only very small quantities of the inputs have been delivered to GMB depots. It seems that the two South African companies did not offer 180-day lines of credit as agreed to earlier and instead supplied Zimbabwe with inputs against cash payments. Government had limited cash, hence the low quantities of inputs delivered.

The table below compares the inputs supplied under this facility in September 2009 with the contracted and ordered quantities.

Input	Contractual Quantity (MT)	Ordered Quantity (MT)	Quantity supplied in September 2009
Compound D	125,000	90,000	581
Urea	185,000	23,850	0
Ammonium	185,000	32,000	28

Nitrate			
Maize seed	13,500	7,500	46
Sorghum seed	5,500	1,000	10

Source: Agricultural Coordination Working Group presentation

Government launched another scheme where inputs at subsidized prices were to benefit small scale, old resettlement, A1 and communal farmers who had not received inputs from any other program and A2 farmers who had failed to access loans from banks. Quantities of inputs to be accessed under this scheme were limited in order to reduce opportunities for arbitrage. Performance of the scheme was mediocre because of shortages of basal and top-dressing fertilizers.

Subsidized prices for the inputs were as follows:

<u>Input</u>	<u>Subsidized price</u>	<u>Normal price</u>
Fertilizer	\$7/50kg	\$27/50kg
Corn seed	\$5/10kg	\$10/10kg
Sorghum seed	\$3/10kg	\$6/10kg

The preliminary government estimate by the department of Agricultural Research and Extension (AREX) puts total corn area planted at about 920,000 hectares for the 2010/11 marketing year. AREX plans to conduct the first round national crop assessment towards the end of January to mid-February and results of this assessment would be available by the end of February.

Due to improved availability of inputs, production of corn in the communal areas is likely to improve from last season provided rainfall quantity and temporal distribution are favorable. Currently, the main constraint to production include moisture stress due to the prolonged dry spell (of up to four weeks in most areas) affecting the country and the shortage of top-dressing fertilizer. Furthermore, continued farm invasions in commercial farming areas are disrupting farming activities and negatively impacting production.

The country faces a corn deficit and the preliminary national corn production forecast for the 2010/11 marketing year is 600,000MT from about 900,000 hectares. Indications are that corn production may decrease from this level if the dry weather persists. Poor temporal and spatial

rainfall distribution being experienced in most of the country, in particular the southern parts of the country and the shortage of top-dressing fertilizer will negatively impact on corn yields.

Consumption

Corn and corn meal availability were generally stable. A number of factors such as the liberalization of grain trade, waiver of import duties on basic foods and the dollarization of the economy have contributed positively to food availability.

For the majority of households, corn purchases are the major source of grain consumed after exhausting grain stocks from last year's harvest.

Overall, corn grain and corn meal prices have remained stable since May 2009, with corn grain prices averaging about US 28 cents per kg whilst straight-run and refined corn meal prices average US 40 cents/kg and US 60 cents/kg respectively.

Zimbabwe has an estimated annual corn requirement of 1.200 million MT.

Trade

Dollarization of the Zimbabwe economy has made private sector imports easier. In 2009, the country imported corn grain and corn meal both formally and informally through individuals and retailers. Whilst this move has been positive and has contributed to food security, it has made monitoring of corn meal imports difficult. One of the main reasons is that the government waived all duties and import restrictions, including the need for import permits for all basic food including corn and wheat grain and meal. Hence, there is no revenue collection from such imports and not all grain and meal imports are recorded at the points of entry.

The trade figures presented below only capture grain imports through South Africa as monitored by SAGIS and do not capture private and individual imports. Data on corn imports from Zambia and Malawi could not be captured as currently there is no mechanism to collect data on these imports. Therefore, the imports data presented below do not give the complete picture. Imports of corn meal are not captured in this data.

The table below gives SAGIS monthly imports of corn grain through South Africa from May 2009 to date.

Year and Month	Corn Imports (MT)
2009	
May	7029

June	6356
July	14377
August	5593
September	4418
October	3325
November	7484
December	1247
2010	
January 1-15	963
Total	50792

Corn ZIMBABWE	2007			2008			2009		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: May 2008			Market Year Begin: May 2009			Market Year Begin: May 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		Jan
			Data			Data			Data
Area Harvested	1300	1250	1300	900		900	1100		920
Beginning Stocks	0	0	0	0		0	0		0
Production	525	1000	475	400		400	600		600
MY Imports	600	250	500	550		550	500		600
TY Imports	550	0	350	600		600	500		500
TY Imp. from U.S.	0	0	0	0		0	0		0
Total Supply	1125	1250	975	950		950	1100		1200
MY Exports	0	0	0	0		0	0		0
TY Exports	0	0	0	0		0	0		0
Feed and Residual	50	50	50	50		50	50		50
FSI Consumption	1075	1200	925	900		900	1050		1150
Total Consumption	1125	1250	975	950		950	1100		1200
Ending Stocks	0	0	0	0		0	0		0

Total Distribution	1125	1250	975	950		950	1100		1200
Yield	0.4	0.8	0.4	0.4		0.4	0.5		0.6

WHEAT

Production

For the 2009/10 marketing year the wheat area planted is estimated at 10,000 hectares. Wheat production for the 2009/10 marketing year was very low and is estimated at 18,000MT against the government production target of 100,000MT.

Lack of liquidity by farmers as a result of the country's changeover to multi-currencies was the major constraint to production. About 6,000MT of wheat seed, adequate for a crop area of 60,000 hectares was available on the market at the beginning of the season, but a large proportion of wheat farmers failed to secure funding for production. Inability by most financial institutions to access external lines of credit severely constrained their capacity to fund the winter wheat program. Financial institutions could only offer short-term (predominantly 30-90 day) credit at high interest rates that was unsuitable for agricultural projects. Generally banks were mostly able to provide tail-end finance for harvesting and labour costs.

The lack of wheat input support schemes also contributed to the very low seed purchases and consequently low wheat area planted. The high risk of power outages and the resultant disruption of irrigation activities was another factor that contributed to the low wheat area planted.

Grain marketing was liberalized early in 2009, putting an end to GMB's monopoly in the purchase of corn and wheat that were formerly classified as controlled products. The GMB now has to compete with millers for the purchase of corn and wheat at prices not lower than import parity. In October, the GMB announced the 2009 wheat producer price of US\$400 per ton. However, the GMB had problems mobilizing adequate funds and failed to pay farmers cash on delivery of their product and largely failed to pay for wheat delivered at its depots within the stipulated two week period.

Consumption

Zimbabwe's estimated annual requirement for wheat is 238,000MT. The 2009/10 marketing

year national wheat production estimate of 18,000MT is 7.5% of national requirements. Wheat imports in the region of 200,000MT will have to be made in order to meet national requirements.

Bread and flour are now widely available with current bread prices ranging between US 50 cents to US\$1.00 per loaf.

Trade

The country will have to import a large proportion of its wheat requirements. Liberalization and the waiver of grain imports have resulted in the private sector dominance in importation of wheat grain and flour. Throughout 2009, large volumes of flour imported from South Africa were available in all major retail outlets. However, currently there are no systems to capture these informal imports and they are therefore excluded from official import data.

The table below shows post-harvest wheat imports from October 2009 to mid-January 2010 from various import destinations as captured by SAGIS but this is not the complete picture.

Monthly wheat imports through South Africa from October 2009 to mid-January 2010

Month and Year	Import Destination	Import Quantity (MT)
2009		
October	Germany	9761
	South Africa	2536
	Poland	1189
	Brazil	1975
November	Germany	10209
	South Africa	1035
	Poland	744
	USA	1373
	Australia	661
December	Germany	15257
	South Africa	984
	Australia	1323
January 2010 (to 15 January)	Germany	1691
	South Africa	34
Total		48,772

Zimbabwe imported 48,772MT wheat through South Africa in the period between October 2009 and mid-January 2010.

In the period October 2008 to September 2009, SAGIS recorded a total of 162,756MT wheat

imports into Zimbabwe from various destinations as shown on the table below.

Wheat imports through South Africa from October 2008 to September 2009

Country	Quantity imported (MT)
South Africa	30,936
Argentina	24,801
Germany	82,092
Poland	23,927
Australia	1,000
Total	162,756

Wheat Zimbabwe	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009		
	USDA Official Data		New Post Data	USDA Official Data		New Post Data	USDA Official Data		Jan Data
Area Harvested	45	45	45	9		9	9		10
Beginning Stocks	100	100	100	100		100	100		100
Production	135	135	135	38		38	38		18
MY Imports	69	69	125	200		175	200		200
TY Imports	69	69	125	200		175	200		200
TY Imp. from U.S.	0	0	0	0		0	0		0
Total Supply	304	304	360	338		313	338		318
MY Exports	0	0	0	0		0	0		0
TY Exports	0	0	0	0		0	0		0
Feed and Residual	0	0	0	0		0	0		0
FSI Consumption	204	204	260	238		260	238		238

Total Consumption	204	204	260	238		260	238		238
Ending Stocks	100	100	100	100		100	100		80
Total Distribution	304	304	360	338		313	338		318
Yield	3	3	3	4.2		4.2	4.2		1.8