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MALAWI/ZAMBIA: Food crisis looming in early 2009

Photo: Jaspreet Kindra/IRIN

Despite a decline in global prices, maize is still expensive in some southern African countries

JOHANNESBURG, 23 December 2008 (IRIN) - Zambia and Malawi may face a food crisis in early 2009, a regional food security study has warned, as Zambia announced it was importing maize as a pre-emptive measure.

"There is some evidence of a potential food crisis emerging in Zambia and possibly Malawi in early 2009, not because of world food price levels, but because of potential physical shortages, which are likely to send maize prices sharply higher over the coming months," said the US-based Michigan State University (MSU) study, The 2008/09 Food Price and Food Security Situation in Eastern and Southern Africa: Implications for Immediate and Longer Run Responses.

"In both countries, national maize supplies may be depleted before the 2009 harvest and maize imports may be required to avoid rationing of government stocks".

Indications are the food security problems have been compounded by inaccurate projections in Malawi and lack of coordination between the private and public sector on food requirements in Zambia, found the study.

Isaac Phiri, Zambia's permanent secretary for agriculture confirming the possibility of shortages said, "As a pre-emptive measure we are importing 100,000 metric tonnes of maize [from Latin America, as Zambia only buys non-GMO maize]".

Zambia consumes 60,000 mt every month. "We estimate that private traders have hoarded at least 100,000 mt of maize – so the country will have 200,000 mt which should see us through three months until the early March harvest," explained Phiri.

> "In both countries [Malawi and Zambia], national maize supplies may be depleted before the 2009 harvest and maize imports may be required to avoid rationing of government stocks"

Andrew Daudi, principle secretary in the Malawian ministry of agriculture and food security told IRIN, "We [Malawi] have enough food," and then hung-up the phone.

Maize prices in Malawi are or are near historic highs in inflation-adjusted terms, found the MSU study.

Inaccurate crop forecasts

Inaccurate crop estimates exacerbated food insecurity in Malawi in 2007/09, said the study authors . The Malawian government had forecast a bumper harvest in 2007 with a projected surplus of 1.2 million mt. On the basis of this projection, the government made plans to export over 400,000 mt of maize in the region, including Zimbabwe. The government, noted the study, however, was able to source only 300,000 mt.

The information sent "the price of maize rocketing to levels seen only in the most severe drought years...If the government had been able to produce a more accurate estimate of crop production, it might not have arranged to export maize, which in turn might have avoided the huge price surge in late 2007/early 2008 which caused great hardship for maize buying households".

By late 2007/early 2008, maize prices in Malawian markets were US $100 to $150 per tonne higher than in other regional markets.

The local grain marketer, Agriculture Development and Marketing Corporation (ADMARC), began to ration the maize sold in its outlets; and localised food shortages were reported.

In May 2008, the government announced yet another surplus – 500,000 mt and in an effort to provide a floor price instructed ADMARC to buy more maize, said the study.

ADMARC began buying maize at 20,000 kwacha ($140) per tonne at the start of the 2008 harvest, but raised eventually to $280 per tonne to outbid private traders. These actions pushed the price of maize to "historic highs" according to the study.

The government then imposed a ban on private maize trade, however going on to allow small scale traders to sell, but at up to 52 kwacha per kg. As this selling price is less than the market price in most parts of the country, traders have held on to their stocks, according to the authors.

Aid operations of NGOs and food relief agencies such as the World Food Programme have been affected by the food price hike, according to the study, " because they are forced to tender at prices below 52 kwacha per kg, which both large traders and ADMARC are refusing to sell at".

As the government does not acknowledge there is a food problem,the aid agencies cannot even ask for finanicial support.

In early October, 2008, the Malawi Vulnerability Assessment Committee said at least 1.5 million people could face food shortages. "Speculation that them country may not have adequate supplies to last till the 2009 harvest may push prices much higher," said the study

Shortages in Zambia

The food security situation in Zambia is "worrying" as prices of staple food continue climbing steeply, especially in southern Zambia, where prices are significantly above the five-year average, according to USAID-funded the Famien Early Warning Systems Network (FEWS NET).

Zambian agriculture secretary Phiri blamed hoarding of maize by private traders for the high prices.

The MSU study says there were series of actions which tipped the food security situation in Zambia to worrying levels. The country produced less maize in 2008. The Zambian grain marketing board, the Food Reserve Agency (FRA), set a buying price of 45,000 kwacha per tonne (about $260 per tonne) and banned private exports. The “nervousness of the markets” prompted traders to buy at prices higher than the FRA floor price. FRA in turn hiked prices again.

The Grain Traders Association of Zambia warned the government that about 200,000 mt would be needed to keep up with the country’s requirements in early 2009. Traders are free to import, noted the study, but fear that government will import as well and subsidise the sale price to milliers.

Phiri said when the government placed the order for the 100,000 mt, "Private traders were asking us why we were not buying from them – the problem is that these people have hoarded locally produced maize and passing it off as imported maize.”

The government has already begun to release 20,000 mt of subsidised maize through the FRA every month, said Phiri.

To avert a “potential catastrophe”, the MSU study called for coordination between the public and private sector over the quantities of maize to be imported and the price at which imported maize will be sold .”

The study has been authored by Thom Jayne, who teaches international development at MSU, Antony Chapoto, with MSU's Food Security Research Project in Zambia; Isaac Minde, principal economist with a joint Southern African Development Coordination Committee and the international crops research Institute for the Semi-Arid Tropics venture based in Zimbabwe and, Cynthia Donovan of MSU.

Zimbabwe's harvest in 2009, if not worse than in 2008, is expected to be less, which will further strain the region's food security.

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Themes: (IRIN) Early Warning, (IRIN) Food Security, (IRIN) Governance

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