

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Zimbabwe

**Post:** Pretoria

### Grain and Feed Annual Report

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### Report Highlights

Post expects that Zimbabwe's corn imports will be significantly higher in the 2015/16 MY and may reach 900,000 tons, after a mid-summer drought reduced corn output by almost 50 percent, from 1.3 million tons in the 2014/15 MY to about 700,000 tons in the 2015/16 MY. Wheat imports are expected to be around 280,000 tons in the 2015/16 MY, after a 28 percent decrease in wheat production to 18,000 tons as a result of a 20 percent drop in hectares planted.

## **Executive Summary**

Corn production in 2015/16 MY was negatively affected mainly by the late start of the rainfall season and drought conditions in the second half of the season. Late onset of seasonal rains delayed plantings and reduced area planted. Poor rainfall distribution and prolonged dry and hot weather conditions in most parts of the country, especially the southern regions negatively impacted on corn yields and production. Dry spells in February and March, during the critical period for corn grain development, resulted in lower yields. Zimbabwe's corn production is estimated at 700,000 tons which will fall short of meeting annual national demand which is estimated at 1.7 million tons. Zimbabwe will have to import up to 900,000 tons of corn to augment domestic production.

Wheat production in Zimbabwe is on a declining trend. Post estimates Zimbabwe planted around 6,500 hectares of wheat in the 2015/16 MY, that will produce a wheat crop of around 18,000 tons. Wheat imports are expected to be around 280,000 tons in the 2015/16 MY as Zimbabwe continues to depend on wheat imports to meet domestic requirements.

## **Corn**

### **Production**

The 2015/16 MY's rainy season started later than normal in most parts of Zimbabwe. A quarter of the corn producing areas received good rain in the first week of December 2014 and the remainder of the country received sufficient rain to start plantings from mid-December 2014. For a two week period between the last week of December 2014 to the first week of January 2015 most areas received normal to above normal rain with flash floods in the low lying Muzarabani area of the Mashonaland Central Province, although it is not a major corn producing area.

However, from late January, most parts of Zimbabwe experienced extreme hot and dry conditions, negatively affecting the bulk of the corn crop that was at the critical pollination stage. The dry spell was prolonged in most parts of the country, particularly in the southern regions (Matabeleland North and Matabeleland South provinces, Masvingo, the south of the Midlands province and the south of the Maicaland province) where the dry spell persisted from the end of January to the end of March resulting in severe wilting and crop loss.

Agricultural inputs (corn seed, fertilizers and agro-chemicals) were abundantly available on the market. However, there was low buying power by farmers partly due to delayed payments by the Grain Marketing Board (GMB) for corn delivered in the 2014/15 MY and due to the tight liquidity situation in the country. Farmers benefitted from promotions and discounts introduced by major input suppliers to move stock. Apart from the government's Presidential Input Scheme to smallholder farmers, there were no other programs supplying free agricultural inputs. The government scheme was limited to 10kg of corn seed (adequate to plant 0.4 hectares of corn) per selected household with a few households also receiving one 50kg bag of basal fertilizer.

The Ministry of Agriculture's Second Round Crop and Livestock Assessment Report published in April 2015 estimates corn area planted at 1.5 million hectares, 11 percent less than the 1.7 million hectares planted the previous season. However, post estimates farmers planted 1.2 million hectares in the 2015/16 MY, eight percent less than the previous season, mainly as a result of the late onset of the rainfall season.

Post's corn production estimate of 700,000 tons for the 2015/16 MY is in line with the Ministry of Agriculture's production estimate of 742,226 MT, released in the Second Round Crop Assessment Report of April 22, 2015. In the 2014/15 MY, Zimbabwe produced about 1.3 million tons of corn. Table 1 below details corn production and yield per province based on data published in the Ministry of Agriculture's Second Crop and Livestock Assessment Report.

**Table 1: Corn area, production and yield by province**

<b>Province</b>	<b>Corn area planted (hectares)</b>	<b>Corn production (tons)</b>	<b>Contribution to total corn production (percent)</b>	<b>Average corn yield (t/ha)</b>
Mashonaland West	230,880	215,827	29	0.93
Mashonaland Central	180,652	190,117	26	1.05
Mashonaland East	186,058	102,978	14	0.55
Manicaland	209,392	89,384	12	0.43
Midlands	295,450	80,362	11	0.27
Masvingo	193,680	27,946	4	0.14
Matabeleland North	128,430	23,532	3	0.18
Matabeleland South	109,968	12,080	1	0.11
<b>Total</b>	<b>1,534,510</b>	<b>742,226</b>	<b>100</b>	<b>0.48</b>

**Source:** *Ministry of Agriculture, Mechanization and Irrigation Development Second Round Crop Assessment Report, April 2015*

National average corn yields are below one ton per hectare, with the government's estimates at 0.5 tons per hectare and post's estimates at 0.6 tons per hectare. Drought in the second half of the season, from mid-January across the bulk of corn producing areas was the major production constraint. Application of lower than recommended fertilizer rates and heavy leaching of nutrients due to the early season high rainfall also contributed to low yields and production levels.

Corn production will fall short of meeting annual national demand estimated at 1.7 million tons and Zimbabwe will have to import up to 900,000 tons of corn to augment domestic production of which about 700,000 tons will be targeted for human consumption.

Government policy on genetically engineered (GE) corn has not changed. Cultivation of GE corn is still prohibited in Zimbabwe. However, GE corn for consumption can be imported and milled into meal under government supervision.

### **Consumption**

Zimbabwe's estimated annual requirement for corn is 1.7 million tons, comprised of about 1.3 million tons for human consumption, 300,000 tons for the livestock sector and about 30,000 tons for planting seed.

While some households particularly in the high corn production areas in the north of the country are still consuming corn from the previous harvest season, the majority of households are now relying on market purchases for grain and corn meal.

## **Trade**

In order to avert food shortages, The Zimbabwean government is issuing import permits for the importation of corn, to private sector companies that have applied. To augment current production and satisfy national demand, corn imports in the 2015/16 MY may reach 900,000 tons. In January 2015, the Zimbabwean government lifted a ban on corn imports, which was imposed in June 2014, following the good corn harvest in the 2014/15 MY.

Zimbabwe could be forced to look for alternative sources of corn imports after South Africa recorded a sharp reduction in corn output as the result of drought in the major corn production areas. In the recent past, the neighboring countries South Africa, Zambia and Malawi have been major sources for corn imports to Zimbabwe. Corn production in southern Malawi was hampered by flooding and Malawi is unlikely to export corn in the 2015/16 MY. Zambia's 2015/16 MY corn production estimate is 21 percent lower than the previous year, mainly as a result of erratic rainfall. Despite the production decrease in the 2015/16 MY, Zambia has enough corn stock, following a record crop in the 2014/15 MY, and could potentially export about 800 000 tons of corn in the 2015/16 MY. In the southern Africa region, Zambia may be Zimbabwe's largest source of corn imports in the 2015/16 MY.

According to recent press reports, between January and March 2015 the Ministry of Agriculture issued permits to private sector companies to import about 200,000 tons corn meal. The imported corn meal is mainly distributed in the low production areas south of the country and is selling at lower prices than locally produced corn meal. Grain millers have lobbied government to suspend issuing import permits for corn meal, arguing that capacity utilization in the grain milling sector has fallen significantly, threatening about 8,000 jobs in the sector.

Expectations are that corn imports will be significantly higher in the 2015/16 MY and may reach 900,000 tons after the country suffered a drought that reduced corn output from around 1.3 million tons in the 2014/15 MY to about 700,000 tons in the 2015/16 MY.

## **Local Prices**

Statutory Instrument (SI) - SI 122 of 2014 published in August 2014, set a controlled corn floor price of US\$390 per ton. However, after strong challenges by grain millers and buyers the Zimbabwean government repealed the regulation under SI 38 of 2015. Grain millers and buyers are now free to buy corn at market prices.

Currently, buyers in the private sector are paying between US\$220 per ton and US\$308 per ton of domestic white corn (see also Table 2). Although GMB is still offering a price of US\$390 per ton, it is currently not buying corn as it is facing a serious lack of liquidity. GMB still owes farmers about US\$50 million for corn delivered in the 2014/15 MY. GMB depends on government treasury to provide funds for grain purchases but government is facing fiscal problems and has not provided funds to GMB.

**Table 2: White corn prices of formal buyers as at 29 May 2015**

Commodity Trader/ Buyer	White corn price \$/ton
GMB	390
Kurima Gold A/B	300
ETG	220
Pro Group	308

**Source:** *Market Linkages Association: Agricultural Commodity Price Trends*

**Table 3: PSD table for corn**

Corn Market Begin Year Zimbabwe	2013/2014		2014/2015		2015/2016	
	May 2013		May 2014		May 2015	
	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	900	900	1,300	1,300	1,530	1,200
Beginning Stocks	65	65	65	65	165	165
Production	800	800	1,300	1,300	700	700
MY Imports	900	900	500	500	800	900
TY Imports	600	600	700	700	800	900
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1,765	1,765	1,865	1,865	1,665	1,765
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	1,400	1,400	1,400	1,400	1,400	1,400
Total Consumption	1,700	1,700	1,700	1,700	1,600	1,700
Ending Stocks	65	65	165	165	65	65
Total Distribution	1,765	1,765	1,865	1,865	1,665	1,765

1000 HA, 1000 MT, MT/HA

## **Wheat**

### **Production**

The wheat planting period in Zimbabwe is from the end of April to the end of May. Indications are that very few farmers took up wheat production in the 2015/16 MY, due to the high cost of production and financial constraints. Financial institutions are reluctant to fund wheat production due to the lack of security of tenure as banks do not accept the 99-year lease contract of land as security. Other constraints facing wheat producers are the higher costs of utilities compared to their regional counterparts as well as erratic power supply and high water charges. Electricity cost of farmers in Zimbabwe is around US\$0.0986 per kilowatt hour and is more expensive if compared to the US\$0.05 per kilowatt in other neighboring countries. Water charges are around US\$9.45 per million liters in Zimbabwe compared to US\$0.21 to US\$0.23 per million liters in neighboring countries.

Post estimates that Zimbabwe's area planted with wheat in the 2015/16 MY declined by almost 20 percent to around 6,500 hectares after 8,000 hectares were planted in the 2014/15 MY. Of this area, the private sector (bakers and millers) supported production of about 3,500 hectares of wheat under contract farming arrangements where they provided working capital to producers and guaranteed a market for the commodity. Yield of the contract wheat crop is estimated at 2.8 tons per hectare on provision of adequate production inputs supply through the contract farming arrangements.

Projections are that Zimbabwe will produce about 18,000 tons of wheat in the 2015/16 MY, 28 percent lower than the 25,000 tons produced in the 2014/15 MY. Farmers in Zimbabwe are moving away from wheat production mainly due to low profit margins.

### **Consumption**

Wheat is widely consumed predominantly as bread. The baking sector's current installed capacity is estimated at two million loaves daily after increasing 22 percent in 2014 through revamp and re-tooling of operations by some bakery companies. However, according to the National Bakers Association, economic challenges in Zimbabwe have reduced consumer buying power and bread consumption. Bread production is currently 850,000 loaves per day, a decline of 18 percent from an estimated consumption of one million loaves in the 2014/15 MY.

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 the 2015/16 MY at about 300,000 tons per annum, six percent lower than approximately 320,000 tons per annum consumed in the 2014/15 MY. Zimbabwe will have to import an estimated shortfall of 280,000 tons or 93 percent of its requirement to meet annual demand in the 2015/16 MY.

## Trade

ZIMSTAT data indicates that Zimbabwe imported 136,537 tons of wheat mainly from South Africa, Russia, Ukraine, Canada and Mozambique (see also Table 4), between October 2014 and April 2015 MY. Imports of wheat flour mainly from South Africa reached 48,436 MT.

**Table 4: Wheat import destinations and quantities (October 2014 to April 2015)**

Import supplier	Import quantity (MT)
South Africa	56,025
Russia	22,446
Ukraine	19,202
Canada	7,278
Mozambique	19,260
Others	12,326
<b>Total</b>	<b>136,537</b>

**Sources:** *SAGIS and ZIMSTAT, Ministry of Finance*

Post estimates Zimbabwe will import about 300,000 tons wheat in the 2014/15 MY. Wheat imports are forecast to be around 280,000 tons in the 2015/16 MY, as Zimbabwe continues to depend on wheat imports to meet domestic requirements.

**Table 5: PSD table for wheat**

Wheat Market Begin Year Zimbabwe	2013/2014		2014/2015		2015/2016	
	Jul 2013		Jul 2014		Jul 2015	
	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	10	10	10	8	10	7
Beginning Stocks	12	12	2	2	7	7
Production	25	25	25	25	25	18
MY Imports	250	250	300	300	325	280
TY Imports	250	250	300	300	325	280
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	287	287	327	327	357	305
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	285	285	320	320	350	300
Total Consumption	285	285	320	320	350	300
Ending Stocks	2	2	7	7	7	5
Total Distribution	287	287	327	327	357	305

1000 HA, 1000 MT, MT/HA



