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Report Highlights:

Zimbabwe's corn production estimate for the 2011/12 MY is 1.4 million MT on an area of 1.6 million hectares compared to 900,000 MT on 1.35 million hectares the previous season. The main reasons for the increase in corn production were the availability of subsidized seed and fertilizer, early planting in the northern main corn producing area, and above average rainfall. However, Zimbabwe will have to import more than 100,000 tons of corn to meet local demand. Preliminary estimates are that only about 6,000 hectares of wheat had been planted for the 2011/12 MY, compared to 12,000 hectares in the 2010/11 MY. Zimbabwe will have to import at least 280,000 tons of wheat to meet local demand.

Executive Summary:

The 2011/12 MY started well, but a dry spell varying in duration from 10 days to about six weeks set in at the end of January and affected the corn area. However, the 2011/12 MY corn crop will improve compared to last season. Timely availability and improved supply of inputs contributed to the improved corn production, estimated at about 1.4 million MT from an area planted of approximately 1.6 million hectares. The projected corn deficit of about 100,000 MT is expected to be met mainly through commercial imports.

The declining trend in wheat production is continuing. A preliminary estimate of wheat area planted in 2011 is 6,400 hectares compared to the 2010 area planted of about 12,000 hectares. Wheat production in 2011 is forecast at about 12,000 MT, a decline of more than 50 percent from the previous season.

CORN

Production

The season for corn planted for the 2011/12 MY started well with most parts of Zimbabwe receiving above average rainfall around mid-November. The bulk of the corn crop was planted from November to mid- December. Rainfall was well distributed from November to the end of January when a dry spell set in throughout the country. Most parts of the country experienced dry spells of at least 10 days between February and March. The southern half of the country covering the provinces of Masvingo, Matabeleland South and the southern parts of Manicaland and Midlands provinces were the most affected and had pro-longed dry spells that lasted up to six weeks in some areas. However, the major corn producing provinces of Mashonaland West and Mashonaland Central in the northern part of the country did not experience long dry spells and corn production was not adversely affected. Corn production from these two provinces contributes approximately 46 percent of Zimbabwe's corn harvest.



Seed corn production up

During planting season Zimbabwe had adequate corn seed available after local seed companies produced an estimated 48,000MT of corn seed, comprising of 38,000MT of hybrid seed and 10,000MT of open pollinated varieties. This was in contrast to the 2010/11 MY when 40 percent of the country's corn seed requirement was imported from South Africa, Zambia and Malawi, while in the 2009/10 MY only 6,000MT of corn seed was locally produced. National corn seed requirements are estimated at around 30,000MT per annum. The country's largest seed company produced 24,000MT of hybrid corn seed, but sold only 9,000MT and currently has 15,000MT carryover corn seed in stock. The company expects 30,000MT corn seed from its 2011/12 marketing season corn seed production contractors. The other seed companies expect 15,000MT corn seed, bringing the total corn seed available for the 2012/13 marketing season to 60,000MT, in excess of national requirements. Dollarization of the economy and the lifting of price controls encouraged many growers to resume seed production. Intensive training of small scale seed growers by individual seed companies also led to increased seed production.

Government subsidized corn seed was also available to small scale farmers through various Grain Marketing Board (GMB) depots around the country. The subsidized seed cost was \$5 to \$10/10kg compared to the commercial market price of \$22/10kg. It is estimated that government subsidized seed accounted for about 60 percent of seed sales this season.

Fertilizer situation

There was also significant improvement in availability of fertilizer this season due to increased local production. The local industry supplied the market with approximately 330,000MT of fertilizer for the summer crop, compared to only 200,000MT the previous season and 100,000MT two seasons back. Though it was not possible to fully quantify, substantial quantities of fertilizer were also imported to augment local production. In 2009, the Zimbabwean government relaxed duties on fertilizer imports. An estimated 78,000MT of ammonium nitrate was imported after the sole local producer of ammonium nitrate failed to meet local requirements because of constraints of power outages and constant equipment breakdowns. It only produced 40 percent of its capacity.

Subsidized fertilizer was also available to small scale farmers at \$15/50kg bag compared to the market price of \$27/50kg bag. The larger scale farmers were not beneficiaries of subsidized inputs.

Corn production prospects improved but deficit persists

The outlook is for an improved corn harvest in 2011/12 MY compared to the 2010/11 MY harvest premised on improved seed availability, early planting in the northern main corn producing area and improved availability of fertilizer. Post's corn production estimate for the 2011/12 MY is 1.4 million MT on an area of 1.6 million hectares, compared to 900,000 MT on 1.35 million hectares the previous season. In the 2009/10 MY, corn production was only 650,000 MT on 1.1 million hectares. The average yield in the 2011/12 MY was 0.88 MT/ha compare to 0.66 MT/ha and 0.59 tons/ha in the 2010/11 MY and 2009/10 MY, respectively. A national corn deficit of about 200,000MT is estimated and it will be covered through commercial and food aid imports. The official government estimate of corn production in the 2011/12 MY is 1.452 million MT from a planted area of 2.096 million hectares

with a national average yield of 0.69 MT/ha.

The current producer price for corn in Zimbabwe is between US\$220/MT and US\$250/MT, slightly lower than the April grain prices. The usual trend is that corn prices decline between April and June due to improvements in cereal availability following the harvests. The GMB corn floor price was increased in May from US\$275/ton to US\$285/ton and is above the import parity price of US\$220/ton. However, the GMB currently has a budget to buy only about 230,000 MT of grain. In the 2010/11 MY season, the GMB did not have adequate cash flow and took a long time to pay farmers for their deliveries, hence ending up giving famers corn seed equivalent in value to corn deliveries made.

Consumption

Consumption complicated by population estimates

Corn consumption is estimated at 120kg per person per year. Computation of the country's human domestic consumption is complicated by the country's population estimate. The lack of official data on the extent of emigration from Zimbabwe over recent years has resulted in different population estimates being used by different organizations. The Central Statistical Office (renamed ZIMSTATS) has the lowest estimate of 350,000 emigrants, while the Ministry of Finance has the highest estimate of about 4 million emigrants. The Central Statistics Office projects a national population estimate of 12,336,046 for 2010. The basis of the 2011/12 MY consumption calculations are on a population estimate of 12 million. Hence, Zimbabwe's human corn consumption for the 2011/12 MY is estimated at 1.4 million MT. Zimbabwe's fourth population census will be conducted in August 2012.

Feed use down on declining livestock numbers

Feed use is estimated at 50,000 MT annually and is limited mainly to dairy, poultry and pigs. The beef and dairy sectors are in decline following the culling of livestock in recent years due to the land reform program and in response to droughts. The dairy herd has declined from a peak of about 192,000 in 1990/91 season to the current 20,000. The commercial beef herd has also gone down from about 800,000 pre-land reforms to about 200,000 currently. Pig production is also declining mainly due to the shortage of soybean, a major component of pig stock feed.

Annual corn seed requirement is estimated at between 30,000MT and 33,000MT, but for planning purposes government calculates seed requirements using the recommended seed rates and area forecast to be planted in the following season. Hence, the official corn seed requirement for next season is approximately 50,000MT, i.e. adequate to plant 2 million hectares at the recommended rate of 25kg/ha. Thus, the total corn consumption in 2011/12 MY is estimated at 1.5 million MT.

Consumption of newly harvested grain from own production has started in most corn producing areas, contributing to improvement of the food security in most parts of the country. The southern parts of the country will have to rely on purchases for consumption due to the anticipated poor harvests. Food aid

assistance ended in March 2011, although USDA's Local and Regional Purchase Pilot Program distributed South African corn through a grant with UMCOR.

Trade

The Commodities Exchange in Zimbabwe (COMEZ) that was launched in Harare in mid-January 2011 is still not trading. Indications are that COMEZ may start trading only in the next agricultural season.

The large grain milling companies are now major importers of white corn from other SADC countries like Zambia, Malawi, South Africa and Mozambique, where corn imports from these countries is generally cheaper than the locally produced corn. The table below shows monthly corn imports from SADC countries as captured by ZIMSTATS from May 2010 to April 2011.

Table 1: Monthly corn imports to Zimbabwe from May 2010 to April 2011

Year and month	Corn Imports (MT)				
2010	Zambia	Malawi	South Africa	Mozambique	Total
May		144	20,900		21,044
June			8,927		8,927
July	93		3,060		3,153
August	387	120	1,338		1,845
September	1,080	60	1,186		2,326
October	4,426		9,092	2,560	16,078
November	12,811		1,246	55	14,112
December	22,442	4,802	132		27,376
2011					
January	32,585	8,913	30	1,429	42,957
February	39,272	14,418	2,502	1,172	57,364
March	41,236	12,304	1,517	410	55,467
April	44,496	13,381	2,179		60,056
Total	198,828	54,142	52,109	5,626	310,705

Source: ZIMSTATS - Ministry of Finance

Zimbabwe imported about 310,705MT corn mainly from Zambia, South Africa and Malawi in MY 2010/11. Although money market liquidity in the country is tight because of the absence of direct foreign investment and credit lines, the major importers make other financial arrangements with their suppliers to ensure consistent supply of the commodity.

The import data excludes informal cross border corn trade that is assumed to be of a significant magnitude. The latter will be monitored by COMESA starting in June 2011 and this will improve the current corn trade estimates.

Zimbabwe corn PSD table

Corn Zimbabwe	2009/2010		2010/2011		2011/2012	
	Market Year Begin: May 2009		Market Year Begin: May 2010		Market Year Begin: May 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,100	1,100	1,350	1,350	1,600	1,600
Beginning Stocks	0	0	25	0	25	0
Production	650	650	1,000	900	1,400	1,400
MY Imports	300	550	200	400	100	100
TY Imports	300	500	200	400	100	100
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	950	1,200	1,225	1,300	1,525	1,500
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	50	50	50	50	50	50
FSI Consumption	875	1,150	1,150	1,250	1,300	1,450
Total Consumption	925	1,200	1,200	1,300	1,350	1,500
Ending Stocks	25	0	25	0	175	0
Total Distribution	950	1,200	1,225	1,300	1,525	1,500
1000 HA, 1000 MT, MT/HA						

WHEAT

Production

Wheat in Zimbabwe is produced in the cool dry winter months completely under irrigation. The Government's target for winter wheat in 2011 of 45,000 hectares has not been achieved. Preliminary

estimates are that about 6,000 hectares of wheat had been planted prior to the planting deadline of 15th May compared to about 12,000 hectares in the 2010 winter cropping season. Wheat area planted and production have been sharply declining over the last decade mainly due to low profit margins, funding challenges and unreliable power supplies. Unavailability of long term loans, high rates of interest, ranging between 14 percent and 30 percent, and unavailability of cheap lines of credit have contributed to the steep decline in area planted in the last two years. Local financial institutions are offering short-term loans with high interest rates.

To address the problem of funding the government in March announced a US\$10 million financial support facility for the 2011 wheat crop, enough to support an estimated 10,000 hectares. Under the initiative, wheat producers would procure wheat seed and fertilizer at subsidized prices of US\$15/25kg and US\$15 /50kg respectively, compared to the market prices of US\$30/25kg and US\$32 /50kg. However, the disbursement of inputs to GMB depots was delayed and the majority of farmers did not have access to inputs during the recommended planting period.

Consumption

The wheat consumption trend has gone up due to the stable supplies of the commodity following dollarization and liberation of grain trade. Per capita wheat consumption is estimated at 25kg per annum. Based on the population estimate of 12 million, the country's estimated annual requirement for wheat is about 300,000MT, against the 2011 national wheat production forecast of about 12,000MT.

Local price of bread has remained consistent throughout the year with a standard loaf costing on average US85 cents and a superior loaf costing US\$1.00.

Trade

Between May 2010 and April 2011 the country imported about 194,067MT wheat from a range of countries as shown on the table below.

Country of import	Quantity imported (MT)
South Africa	61,127
Germany	25,044
Lithuania	20,797
USA	13,496
Australia	12,696
Argentina	11,066

Canada	10,962
Mozambique	11,860
Malawi	7,982
Zambia	2,582
Brazil	1,152
United Arab Emirates	9,229
Singapore	6,074
Total	194,067

Source: ZIMSTATS – Ministry of Finance

Until 2006, Zimbabwe was producing over 250,000MT wheat annually, but production has fallen drastically in the last few years and the country is now an importer of wheat. Large grain milling companies play a key role in importing wheat and make financial arrangements with their suppliers to ensure consistent supply of wheat to the domestic market. In addition, considerable quantities of flour are being imported mainly from South Africa and sold through local retail outlets.

PSD Table: Wheat

Wheat Zimbabwe	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	4	10	5	12	5	6
Beginning Stocks	18	28	5	56	8	31
Production	12	18	18	25	18	12
MY Imports	250	250	250	250	250	280

TY Imports	250	250	250	250	250	280
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	280	296	273	331	276	323
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	275	240	265	300	256	300
Total Consumption	275	240	265	300	256	300
Ending Stocks	5	56	8	31	20	23
Total Distribution	280	296	273	331	276	323
1000 HA, 1000 MT, MT/Ha						