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Tight supplies of corn in Zambia

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Grain and Feed

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Report Highlights:

The Zambian government estimates a 16 percent drop in the production of corn in the 2019/20 MY to 2.0 million tons, due to drought that impacted the southern parts of the country. However, Zambia should have enough corn to meet local demand after carry-over stocks from the previous marketing year are taken into account. In the 2018/19 MY, Zambia produced 2.4 million tons of corn. Due to the projected decrease in production, Zambia's corn supplies in the 2019/20 MY will be tight and exports will be limited.

Executive Summary

Due to the dry conditions in the southern parts of Zambia and a reduction in area harvested, the Zambian government estimates a 16 percent drop in the production of corn in the 2019/20 MY to 2.0 million tons. Carry-over corn stocks from the 2018/19 MY are estimated at almost 500,000 tons. Post estimates local food and feed demand at 2.1 million tons, meaning that Zambia's corn supplies in the 2019/20 MY will be tight.

In March 2019, the Zambian government lifted the export ban of corn and corn products to neighboring countries after it was introduced in October 2018. Only 120,000 tons of corn and corn products may be exported. However, Post expects that Zambia's corn exports to the region will be limited. After producing 2.4 million tons of corn in the 2018/19 MY, Zambia exported an estimated 600,000 tons of corn, which included cross-border informal trade.

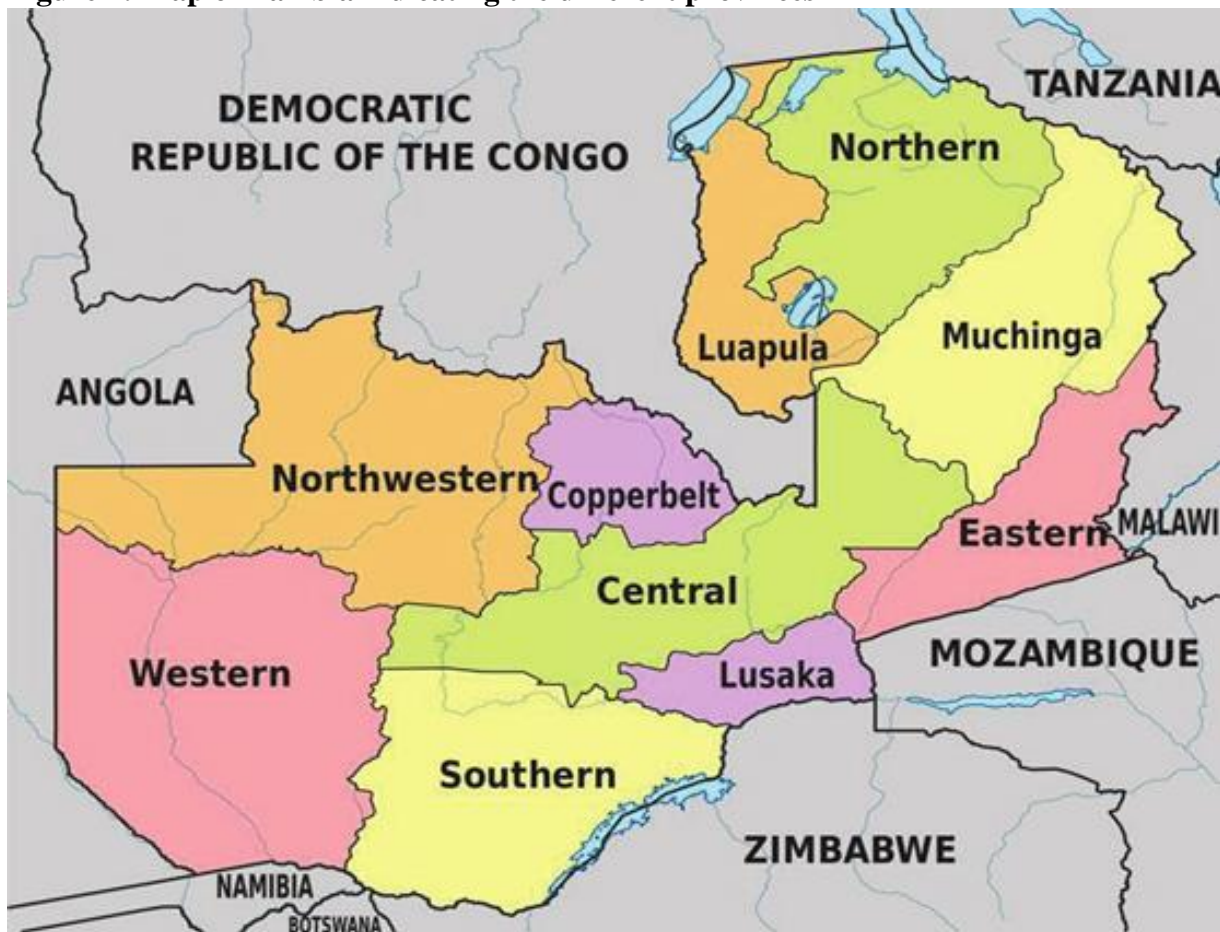
Corn

Production

Zambia's 2018/19 production season was characterized by extended dry spells between January and March 2019, which affected the Southern and Western provinces especially, and also parts of the Lusaka and Central provinces (also see Figure 1). As a result, corn output in these provinces, which produce about 40 percent of Zambia's total corn crop, reduced by as much as 50 percent. However, growing conditions in the Northern, Eastern and Muchinga provinces (also producing about 40 percent of Zambia's total corn crop) were better, especially during pollination and grain filling stages, which impacted positively on yields. The total impact of the drought causes a 25 percent drop in the national average corn yields to 1.3 tons per hectare if calculated on area planted. The area harvested reduced by 22 percent from 1.1 million hectares in the 2018/19 MY to 841,693 hectares in the 2019/20 MY.

Due to the dry conditions and a reduction in area harvested, the Zambian government estimates a 16 percent drop in the production of corn in the 2019/20 MY to 2.0 million tons. In the 2018/19 MY, Zambia produced 2.4 million tons of corn. Almost all of the corn planted in Zambia is white corn for human consumption and produced by smallholder farmers.

Figure 1: Map of Zambia indicating the different provinces



Fall army worm was recorded in all ten provinces of Zambia and affected about 215,000 hectares or 20

percent of the planted corn area. However, due to improved management by producers the severity of the infestations was reduced. In Zambia the cultivation of Genetically Engineered (GE) corn is prohibited.

Table 1 summarize the area planted, area harvested, production and yield of corn in Zambia for the 2017/18 MY, 2018/19 MY and 2019/20 MY (estimate).

Table 1: Area planted and production of corn in Zambia

Marketing years (MY)	Area planted (1,000ha)	Area harvested (1,000ha)	Yield (t/ha)	Prod. (1,000 tons)
2017/18	1,645	1,434	2.5	3,607
2018/19	1,392	1,086	2.2	2,395
2019/20	1,557	842	2.4	2,004

Source: Zambia’s Ministry of Agriculture

Consumption

Corn is the staple food for many of Zambia’s population of 17.6 million in the form of a porridge called “nshima”. Post estimates that Zambia will consume about 1.6 million tons of corn for human consumption in the 2019/20 MY, marginal lower than in the 2018/19 MY due to higher domestic prices (see also Table 2). Industrial requirements are estimated at about 130,000 tons, while Zambia’s animal feed for the poultry and livestock industries is estimated at around 280,000 tons. Post-harvest losses are estimated at about five percent of production.

Table 2: The usage of corn in Zambia (1,000 tons)

Marketing years (MY)	Food	Animal feed	Industrial	Losses	Other	TOTAL
2017/18	1,640	270	120	180	90	2,300
2018/19	1,600	280	120	120	80	2,200
2019/20	1,560	280	130	100	30	2,100

Source: Post estimates based on information from the Zambia’s Ministry of Agriculture

Trade

In March 2019, the Zambian government lifted the export ban of corn and corn products to neighboring countries after it was introduced in October 2018. The decision was met with mixed reaction with some industry role-players welcoming the move, saying it will allow Zambia to take advantage of demands in neighboring countries and earn some foreign exchange, while others have questioned the rationale as it may affect food security. Only 120,000 tons of corn and corn products will be allowed to be exported as Zambia’s corn supplies will be tight in the 2019/20 MY.

In the 2018/19 MY, Zambia exported an estimated 600,000 tons of corn, which included cross-border informal trade, mostly to the Democratic Republic of the Congo (DRC) and Malawi, that occurs on a

continuing basis.

Stocks

The Zambian government estimated corn stocks at the end of the 2018/19 MY at about 475,000 tons. Of the 475,000 tons of corn, Zambia's Food Reserve Agency (FRA) held about 303,000 tons, the Grain Traders Association 51,000 tons and the grain millers 21,000 tons. The rest of the corn stock of about 100,000 tons was held by farmers. Zambia has formal storage capacity in excess of two million tons.

FRA has the mandate to buy at least 500,000 tons of corn annually to keep as a national strategic food reserve. This amount is equal to about three months of domestic consumption. The purpose of the national strategic food reserve is to ensure a reliable supply of designated agricultural commodities for Zambia during shortfalls in the supply as a result of drought, floods, or any other natural disaster. Due to the drought that impacted corn availability in Zambia and the Southern Africa region, FRA will find it difficult to keep corn stocks at the 500,000 tons level in the 2019/20 MY.

Table 3: The production, supply and demand for corn in Zambia

Corn Market Begin Year Zambia	2017/2018		2018/2019		2019/2020	
	May 2017		May 2018		May 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1434	1434	1086	1086	842	842
Beginning Stocks	773	773	1285	880	885	475
Production	3607	3607	2395	2395	2000	2004
MY Imports	5	0	5	0	5	10
FY Imports	5	0	5	0	5	0
FY Imp. from U.S.	0	0	0	0	0	0
Total Supply	4385	4380	3685	3275	2890	2489
MY Exports	700	1200	300	600	150	100
FY Exports	700	1200	300	600	150	100
Feed and Residual	500	450	500	400	450	380
FSI Consumption	1900	1850	2000	1800	2000	1720
Total Consumption	2400	2300	2500	2200	2450	2100
Ending Stocks	1285	880	885	475	290	289
Total Distribution	4385	4380	3685	3275	2890	2489
Yield	2.52	2.52	2.21	2.21	2.38	2.38

(1000 HA) ,(1000 MT) ,(MT/HA)