

## Zimbabwe's maize imports could rise markedly in the 2023/24 marketing year

From a maize supply perspective, South Africa is in a relatively strong position. According to recent estimates by the Crop Estimates Committee, the country's 2022/23 commercial maize production could reach 16,1 million tonnes, up 5% year-on-year and the third largest on record. Given South Africa's annual maize needs are roughly 12 million tonnes; the country could have over 3 million tonnes for export markets in the 2023/24 marketing year that started in May (this marketing year corresponds with the 2022/23 production year). This ample harvest materialized through farmers' persistent efforts to plant even beyond the optimal planting window, which closed in December before the entire area of 2,6 million hectares was planted as heavy rainfall disrupted farmers' activity. Thus, farmers planted some hectares outside this window, and some feared there would be poor yields and frost risks later in the season. Fortunately, the worst did not materialize, and South Africa expects an ample maize harvest.

However, neighbouring Zimbabwe was not as fortunate as South Africa. Initially, Zimbabwe's 2022/23 maize production season had a better start than South Africa's. The favourable rainfall from October to November allowed farmers to till the land and start planting. But the season hit a dry spell in December, adversely affecting the maize crop in the southern and western areas of the country. Zimbabwe's fortunes worsened when the country was hit by Cyclone Freddy in late January 2023, leading to crop damage. Hence, Zimbabwe's 2022/23 maize production could reach 1,5 million tonnes, almost half of the ample harvest of 2,7 million tonnes in the 2020/21 production season, according to the latest estimates by the Pretoria Office of the United States Department of Agriculture (USDA). With that said the expected harvest of 1,5 million tonnes is a mild improvement from the 2021/22 production season's maize harvest of 1,4 million tonnes but 32% lower than the annual maize needs of 2,2 million tonnes. At face value, Zimbabwe might have to import about half a million tonnes to fulfil the yearly maize needs in the marketing year 2023/24.

It is also worth considering that the Zimbabwe Grain Marketing Board is mandated to maintain a minimum of half a million tonnes of strategic maize reserve in physical stocks. Therefore, Zimbabwe will likely require a million tonnes of imports in the 2023/24 marketing year. Still, given the poor economic conditions in Zimbabwe, it is unclear at this stage if the Zimbabwe Grain Marketing Board will procure the half million tonnes strategic reserve in full within the 2023/24 marketing year. We will closely monitor the country's maize import pace in the coming months, as it would lead to a substantial increase in regional maize demand.

Fortunately, South Africa's 2023/24 marketing year maize surplus of over 3 million tonnes will help meet the potential rise in imports in Zimbabwe. While Zimbabwe could import a particular share of maize from Zambia, the country will likely rely more on South Africa. In the previous season, when Zimbabwe was not prominent in South Africa's maize markets, the country had decent stocks from the last good harvests and only required maize imports of about 220 000 tonnes in the 2022/23 marketing year, according to data from the USDA. This also means there will likely be increased demand for South Africa's maize towards the end of the year. South Africa also has established markets in the Far East and Europe, which have consistently remained active in the maize import business. This may spell good news for

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Everything has been done to ensure the accuracy of this information, however, Agbiz takes no responsibility for any loss or damage incurred due to the usage of this information. South African maize farmers and traders, but for grain users, the potential increased demand at the end of the year could add upside pressure on prices. Importantly, unlike Kenya, which prohibits the importation of genetically modified maize, Zimbabwe allows imports, which further opens room for South African grain exporters.

In addition to this solid regional maize demand, the added upside factor to maize prices at the end of the year into the new year will also be the uncertainty about the new season crop on the back of an expected El Niño event. The uncertainty could be an issue, although we hope El Niño will have a mild impact on the 2023/24 production season because of better soil moisture on the back of four consecutive rainy seasons. With that said, the effect of the expected El Niño on Zimbabwe could again be severe as the country is not using similar farming inputs as South Africa regarding seeds and certain agrochemicals, and even the level of fertilizer use is lower. All these issues influence the yield level, especially in potentially drier seasons.

While Zimbabwe borders South Africa, its 2022/23 maize harvest turned out relatively poorer and thus leading to a higher dependency on its neighbour. Zimbabwe's 2023/24 maize imports will likely reach levels that we last saw in 2016, but this time around, it may not be a struggle to secure supplies from South Africa and even Zambia.

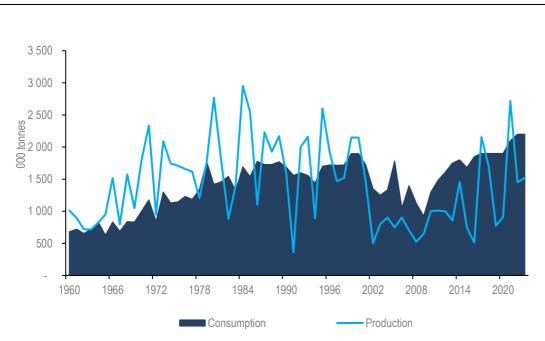


Exhibit 1: Zimbabwe's maize needs

Source: USDA and Agbiz Research