OPINION PIECE:

Tanzania maize surplus comes to the rescue of neighbours

By Wandile Sihlobo, Business Day, 26 June 2019

Tanzania is likely to emerge as Southern and East Africa's saviour in its maize shortfall. Zimbabwe, Kenya and Mozambique are experiencing a maize deficit and will collectively need to import about 2.5-million tons in the 2019/2020 marketing year to satisfy domestic demand.

The dilemma, as I argued in these pages on June 19, is that it is uncertain where the three countries will source the maize, especially the white maize I suspect they will need most. The likes of SA and Zambia, which are typically the region's maize suppliers, are expected to have tight supplies themselves due to lower production in the 2018/2019 production season on the back of droughts. But neither country will be out of the market completely.

SA could have about 1.1-million tons for export, about 620,000 tons being white maize, but this will largely be destined for Botswana, Namibia, Lesotho and Eswatini. But there might be some volumes available for Zimbabwe. In addition, Zambia could have about 400,000 tons of maize for export, according to data from the US agriculture department. Outside Southern Africa, the most reliable white-maize supplier could be Mexico, which will have about 1-million tons of maize for export markets in the 2019/2020 marketing year.

However, SA, Mexican and Zambian maize supplies might not be sufficient to cover the potential shortfall in Zimbabwe, Kenya and Mozambique. I have been mulling the possibility of rice imports as a substitute for maize, but it is more expensive, which makes it an unlikely candidate for poor nations. There will, however, be an uptick in Mozambique and Kenya rice imports in 2019. My back-of-envelope calculations suggest that Mozambique's 2019 rice imports could amount to 700,000 tons, which would be 17% up on the previous year. Kenya's 2019 rice imports could amount to 687,640 tons in 2019, up 10%. Meanwhile, Zimbabwe's rice imports are likely to remain unchanged from the previous year, at about 180,000 tons.

Fortunately, these developments are occurring at a time when there are large global rice supplies. The 2019/2020 global rice harvest is estimated at 505-million tons, marginally up from the previous season, according to the International Grains Council. Moreover, the global rice stocks are solid, estimated at 62-million tons in 2019/2020, up 4% year on year. These developments have weighed on global rice prices over the past few months, which is beneficial for the importing countries of the sub-Sahara African regions even though prices will be relatively higher than maize.

In this confusion a bit of light has emerged from the East African region. On June 24 a Bloomberg article noted that Tanzania is set to sell 1-million tons of maize to neighbouring Kenya. At first glance one would think it unlikely that Tanzania could export that much maize. After all, its annual production is set to be about 5.5-million tons, which is 2% up on the previous season against an annual consumption of 5.3-million tons. Also, Tanzania has never exported that much maize in its history.

But Tanzania has had a good harvest over the past few years and has managed to accumulate large stocks. Tanzania’s 2019 maize stocks are estimated at 944,000 tons. Therefore, if one adds the ending-stocks data with the expected harvest it is conceivable that Tanzania could emerge as the saviour in the Southern and East African maize supply challenge.

One hopes Tanzania can supply Kenya so that SA, and possibly Mexico and Zambia’s white maize supplies, can mainly help cushion Zimbabwe. The Kenyans have already sent a formal request for imports to the Tanzanian authorities.

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