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FOOD SECURITY SNAPSHOT

- Lower cereal harvest in 2012
- Maize prices rise following seasonable declines earlier in the year
- Food insecurity aggravated by production losses in 2012 in southern and central areas

Cereal harvest decreases in 2012 compared to last year

Harvesting of the 2012 main season's cereal crops was finalised under generally dry conditions in June; however, localized heavy rains were observed in parts of the north that may have disrupted harvesting activities.

In the large northern producing provinces, which account for between 30-40 percent of the total national maize output (the country's main cereal), favourable rains were received during much of the cropping season (October-May). However, generally poor rains were observed in southern and central provinces, particularly the interior areas of Inhambane, Gaza, Tete and Sofala, impacting negatively on crop production. In addition, the passing of four consecutive tropical cyclones during the first quarter of 2012 resulted in localised flooding, affecting 141 000 hectares of cropped land in southern and central parts. As a result of the generally erratic weather conditions, provisional production estimates for the 2012 main cropping season point to a national cereal harvest of approximately 2.3 million tonnes, which is below last year's record output. The poor rains and a smaller area harvested contributed to a lower maize output, with production estimated to be near the previous five-year average, while declines for millet and sorghum are also estimated. However, rice production, put at 280 000 tonnes (milled terms), is estimated to be slightly up on 2011's harvest. Increased investment in irrigation schemes in southern provinces supported higher yields, despite some damage from heavy rains.

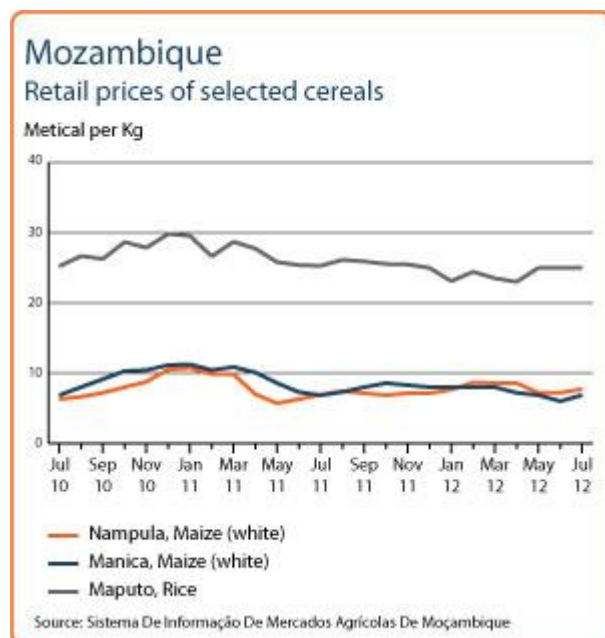
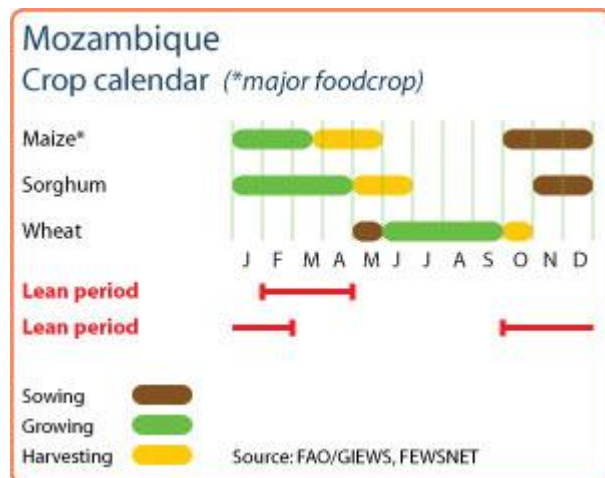
Furthermore, the second season crops, currently being harvested, were affected by poor residual moisture following the lack of sufficient rains in southern areas during the main rainy season (October-March). Rainfall levels since April – the start of the planting period for the second season – have also been generally below average and may further limit production.

Investment supports cash crop production gains

Sustained investment and an expansion in sugarcane cultivation have supported production growth, with strong gains recorded in the past three seasons. Production is estimated to have increased to approximately 4 million tonnes in 2011/12 and forecasts indicate a continued increase in subsequent seasons. Exports of sugar are forecast to rise in the 2012/13 marketing year (April/March), with the EU representing the largest market.

Prices begin to rise following seasonable declines

The 2012 harvest augmented market supplies and resulted in declining



maize prices to June. However, prices began to rise moderately from July corresponding to seasonable patterns and generally remain at levels above last year. Although most markets across the country exhibited normal seasonable patterns, prices in the southern cities of Chokwe and Maputo have shown more stable movements during 2012, fluctuating by less than MZN 1 between January and July. However, at MZN 10 (Chokwe) and MZN 12 (Maputo) per kg in July, they remain one of the highest prices in the country. Rice prices in Chokwe and Maputo have also remained unchanged in 2012, but while they have decreased marginally in Maputo since 2011, prices in Chokwe registered a 31 percent year-on-year increase in July 2012.

Larger import requirement for 2012/13 marketing year

Given the reduced maize output, imports are forecast to exceed 100 000 tonnes in the 2012/13 marketing year (April/March), compared to the estimated 87 000 tonnes imported in 2011/12. In addition, the record harvest last year, as well as the previous bumper harvests, resulted in high stock levels, which will help to partially cover the larger national deficit this year and limit further increases in imports. The difficulty still remains in transporting supplies from the surplus producing regions in the north to deficit areas in the southern provinces. Between April and July 2012, an estimated 12 000 tonnes of maize had been imported from South Africa, compared to 24 000 tonnes for the same period in 2011.

Production shortfalls in southern and central provinces aggravate food insecurity

Production losses caused by climatic shocks (dry spell and cyclone damage) in late 2011 and early 2012 aggravated food insecurity conditions in central and southern areas. According to the recent findings from the 2012 vulnerability assessment, which focused its evaluation in the Limpopo and Zambezi river basins, more than 255 000 persons are estimated to be food insecure in 11 districts. Of those, nearly 140 000 persons require urgent assistance to bridge their food deficits, estimated at approximately 7 500 tonnes of cereal. In addition to the low agricultural output, a depletion of productive assets and low income levels, combined with higher food prices, have also negatively impacted on food security conditions. Supplies from the minor second season harvest are expected to partly alleviate pressure on existing low household food stocks. However, generally unfavourable rainfall is likely to limit production in central and southern regions.