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The crunch time for maize supplies in Southern Africa is coming

- The full impact of the 2023/24 mid-summer drought in the Southern Africa region's maize supplies will likely show more acutely towards the end of the year and into the first quarter of 2025. In the near term, the limited maize volume some countries managed to harvest will cushion the consumers. The Southern African countries in a more precarious position will likely be Zimbabwe and Zambia. The Pretoria office of the United States Department of Agriculture (USDA) recently released its 2023/24 maize production forecast for Zimbabwe. The harvest is expected to fall roughly 60% year-on-year to an estimated 635 000 tonnes. This is the lowest harvest since the 2015/16 production season when the country experienced a drought.
- Although a significant factor, the drought is not the only reason for the fall in Zimbabwe's maize harvest. There is the decline in fertilizer usage that has also contributed to poor yields. Fertilizer prices, while down from the previous year, remain well above the pre-COVID-19 levels, thus adding financial strain on farmers. Fertilizer makes up roughly a third of the grain farmers' input costs.
- This significant decline in Zimbabwe's maize production means that the import needs will increase sharply. Zimbabwe's domestic maize consumption is typically at about two million tonnes. Thus, we find the USDA's estimates that Zimbabwe may need to import at least a million tonnes in the new marketing year of 2024/25 convincing (the 2024/25 marketing year corresponds with the 2023/24 production season). Such an import figure will be a significant increase from Zimbabwe's maize imports of 637 327 tonnes in the 2023/24 marketing year, all from South Africa. This is reflected in the South African Grain Information Services (SAGIS) data and the USDA's balance sheet of Zimbabwe's maize market.
- In the 2024/25 marketing year that started in May, Zimbabwe had already imported 125 347 tonnes of the expected million tonnes by June 14. All this maize originated from South Africa and has accounted for 49% of South Africa's maize exports since the beginning of maize. Unlike the 2023/24 marketing year, where South Africa's overall maize exports were 3,4 million tonnes, in the new 2024/25 marketing year, South Africa's maize exports will likely fall to 1,4 million tonnes. This is on the back of a poor domestic harvest. South Africa's maize harvest is down 19% year-on-year, estimated at 13,3 million tonnes, because of the mid-summer drought.
- Admittedly, South Africa did not experience a sharp fall in maize production, like what we see in Zimbabwe or Zambia, where the domestic maize harvests are down by over 50%. Part of the reason is differences in farming practices, better timing of the planting window, and the improved seed cultivars in South Africa, among other factors. The significant difference is using improved seed cultivars, fertilizer, and agrochemicals. Irrigation is not a major factor, as only 10% of South African maize is under irrigation, and the rest is rainfed. We also see similar proportions of maize under irrigation in Zimbabwe.

- The 1,4 million tonnes of South African exportable maize surplus is not reserved for any particular country but for exports to the whole region and world market. About 840 000 tonnes will likely be white maize, with 600 000 tonnes likely to be yellow maize, according to data from the South African Grains and Oilseed Supply and Demand Estimates Committee. Still, Zimbabwe will likely be the significant beneficiary if the country's private sector stakeholders and government places orders timely. Zambia, another Southern African country with a maize import need of a million tonnes, insists that the imports should only be non-genetically modified. Over 85% of South Africa's maize is genetically modified, which means that, under the current rules, Zambia may not consider South Africa to be a supplier of maize.
- One would have expected Zambia to ease its regulations in such seasons of major maize needs. Quite remarkably, the government authorities have maintained this prohibition. It is already a challenge to find white maize in the world market regardless of whether it is genetically modified or not, as the primary producers are the Southern African region (South Africa specifically) and Mexico. Most of the world's maize is yellow maize for animal feed. The drought has hit the entire Southern Africa region.
- Therefore, Zambia faces a tough challenge for the months ahead and is another country to watch closely towards the last quarter of this year and into the first quarter of 2025. It is all possible that, confronted with the realities of higher domestic food prices and scarcity of non-genetically modified maize supplies, Zambia may adjust its policy. This is something to keep a close eye on. Still, it is difficult to ascertain whether such a possible temporary policy change would benefit the South African consumer as the maize supplies are constrained even domestically, as illustrated by the decline in maize exports compared with the previous season.
- We are reading the headlines about the significant decline in Southern Africa's maize supplies. However, the full impact of the poor harvest on the consumer will likely be more pronounced towards the end of this year and into the first quarter of 2025. This was when the major maize consumers in the Southern African region would have used much of the domestic harvest, which provided a much-needed cushion in the near term. When such times come, the eyes will be on South Africa, and the country will play its role through the 1,4 million tonnes of maize available for exports.
- However, South Africa's maize for exports may be insufficient to fulfil the regional demand, particularly if Zambia does not successfully secure their desired non-genetically modified maize supplies from the world market and decides to adjust its policy and permit imports. If it were to happen, such a policy move would intensify the competition for South African maize. Thus, we believe that significant upside risks remain to maize prices, mainly white maize, towards the end of this year and into 2025 because of this possible regional maize demand.