Production of maize forecast to surpass average in 2020

Harvesting of the 2020 cereal crops started in April and is expected to conclude in July.

Following a delayed start of seasonal rains, precipitation between November 2019 and early April 2020 was generally conducive for normal crop growth. However, in parts of the Southern and Western provinces, rainfall was unevenly distributed in temporal terms, including heavy downpours that caused localized floods and this is expected to curb crop productivity. Localized floods were also reported in Northern and Luapula provinces in early March that are likely to have caused limited damage to standing crops.

It is reported that infestations of Fall Armyworm (FAW) affected about 15 percent of the area planted with maize, mostly in Southern and Central provinces. Although pesticides to treat the affected crops were distributed by the Government, supply shortages were noted in some areas, which could increase crop damage.

Yield prospects are generally positive for the 2020 maize crop, except in the Southern and Western provinces due to the combined impact of FAW infestations and a poor distribution of rains. Nationally, the maize yield is expected to return to a near-average level, following a low level in 2019 caused by rainfall shortages.

Overall, the 2020 maize production is expected at an above-average level of 3 million tonnes, reflecting near-average yields and an increase in plantings. Official production forecasts will be available in May.
Import needs rose slightly in 2019/20

Import requirements of cereals in the 2019/20 marketing year (May/April) are estimated at an above-average quantity of approximately 80,000 tonnes, reflecting the tight domestic supply situation following the reduced harvests in 2018 and 2019. A larger increase in import requirements was avoided by the drawdown of existing stocks of maize and wheat.

In consideration of an upturn in the 2020 cereal production, import requirements are foreseen to contract in the 2020/21 marketing year.

Prices of maize at record highs

Prices of maize grain and maize products were at record high levels in March 2020. Prices increased steeply during the second semester of 2019 but slowed at the beginning of 2020 as price control measures, introduced in late 2019, contained the upward pressure from the tight supply situation. Reports from the country indicate relatively steeper price increases for maize products from the informal market, where there is less availability or negligible supplies of subsidized products compared with formal outlets.

Although the expected above-average 2020 maize production is likely to exert downward pressure on prices in the coming months, the sharp depreciation of the country’s currency in March and the adverse impact of the COVID-19 pandemic on supply chains could still result in localized price hikes.

Estimated 2.3 million people food insecure

According to the latest IPC analysis, conducted in June 2019, the total number of people facing severe acute food insecurity (IPC Phases 3 and 4) in the October 2019-March 2020 period was estimated at 2.3 million, more than double the number in the corresponding period in 2018/19. The districts with the highest prevalence of food insecurity were located in the south and west, where households experienced large food consumption gaps due to the impact of shortfalls in the 2019 cereal production and high prices of staple foods.

Notwithstanding the anticipated recovery in maize production, the COVID-19 pandemic could trigger an increase in the prevalence of malnutrition. The effects of the pandemic are expected to be primarily channeled through a reduction in economic activities and associated income losses, while potential breakdowns in food supply chains represent additional concerns for food security across the country. With the main harvest period underway, travel restrictions due to the pandemic could reduce the ability of farmers to access markets and sell their produce, with a reduction of their incomes and a knock-on effect for local market supplies.
COVID 19 and measures adopted by the Government

On 26 March 2020, the Government announced a set of directives to address the outbreak of the COVID-19 virus for an initial two-week period, but this was subsequently extended until 24 April. Regulations included restrictions on public gatherings with more than 50 people and the closure of restaurants and bars. The Government announced some easing of restrictions on 24 April, but adherence to strict sanitary regulations must be followed.

To help tackle the economic impact of the pandemic, the Bank of Zambia has implemented a number of measures to improve liquidity for commercial banks and private sector borrowers, while it is also encouraging the use of digital payments to lessen person-to-person contacts. In addition, the Government is encouraging food stores to explore the option of increasing the procurement of locally produced foods as an alternative to importing products.

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