Mail & Guardian, 06 November 2015, Page 04

Business

Drought-resistant maize key to food security

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October 16 was World Food Day, and it was commemorated by the AfricaBio stakeholders' association with a business breakfast with the theme, Water-efficient Maize for Africa (Wema): Delivering the Promise to African Smallholder Farmers.

Wema is a drought-resistant maize variety developed for dryland farmers, particularly smallholders, who are mainly dependent on rainfall.

The variety was bred to diminish the risk of dryland farming because of climate change and the increasing incidence of droughts.

During the breakfast, conversations were mainly about the potential benefits of Wema to household food security in the region. The meeting could not have come at a better time, given that the Southern African region experienced a drought in the 2014-2015 season, which has led to a 26% drop in maize production.

According to the Food and Agricultural Organisation (FAO), grain production fell to 21.1-million tonnes, from 28.5-million tonnes in the preceding season. This places many of the region's population at risk of hunger, especially in households that are dependent on agriculture for their livelihoods.

South Africa's dominance of the regional market contributes to the precarious situation. The country supplies 42% of Southern African maize production, and accounts for 69% of the region's maize imports.

The concentration of production in and imports from South Africa means the effects in domestic market are transmitted throughout the region. With South Africa's maize production down by 30% year on year, and with estimates that maize imports will be up to 770 000 tonnes, higher domestic maize prices are likely to spread through the region.

At the time of writing, the South African Futures Exchange (Safex) white maize spot price was R3 070 a tonne, 57% higher than at the same time a year ago, and higher food prices are expected to persist into the next season. There are fears that the El Niño phenomenon will not abate soon and consumers are likely to continue to be faced with high food prices. The broader economic slowdown in South Africa's major trading partners such as China has added further inflationary pressures on food in Southern Africa and regional currencies continue to depreciate against the dollar.

Low grain stocks in net import countries such as Botswana, Namibia, Lesotho, Swaziland and Zimbabwe are expected to keep prices in these countries above import parity. Collectively, these countries normally import between 30% to 83% of their annual maize consumption, depending on the season.

This year, Zimbabwe will need more maize imports than last year. This follows a 50% year-on-year decrease in the annual maize production to 742 226 tonnes, according to the FAO estimates. As a result, it is forecast that imports will be 700 000 tonnes, which is 41% of their annual maize consumption.

The only glimmer of hope for maize supplies in the region this season is Zambia, which has recently been exporting small volumes of white maize to South Africa and other regional markets. The Zambian government announced earlier this year that the country had about 800 000 tonnes of white maize surplus for export markets, which would improve the maize supply in the region.

But, in mid-October, the Zambian media reported the country was afraid of depleting its stocks and is raising food prices, and could ban maize exports. Zambia is among the African countries hit hardest by the economic slowdown in China and falling global copper prices, which has led to a significant depreciation of the Zambia kwacha against the dollar. A ban on exports would aggravate worsening regional food security.

Despite a regional shortage of maize, there are large supplies on the world market. The International Grains Council estimates the 2015-2016 global maize production and ending stocks will be 967-million tonnes and 199-million tonnes, respectively.

However, poor infrastructure and high logistical costs associated with landing maize imports from overseas markets result in high regional maize prices. In South Africa, the import parity price of white maize is about R3 400 a tonne, which is 10% higher than the Safex-traded white maize spot price.

Drought makes efforts such as Wema very relevant to resolving the region's food security challenges. Developing varieties that can tolerate dry conditions and give better yields provide much-needed hope, and research and development institutions should be given incentives to take up this challenge.

Organised agriculture will invariably also be key to better soil and water conservation.

The agricultural industry is high-risk and subject to many external and natural factors, but continuous innovation and adaptation could lead to consistently higher yields and social development.

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