

Maize storage: For food security or for profits?



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Traders that store their maize until the lean periods of the year in Malawi may be viewed as interested in profit-making but the practice plays an important role in ensuring food security in the country, a research has established.

“The harvest comes only once a year, but humans must eat continuously throughout the year. Hence, storage from the harvest till the months directly preceding the new harvest is necessary [for food security],” says a research report dated February 6, 2010.

The document, titled “Malawi’s Maize Marketing System”, is a product of a collaborative research of food security research experts from Malawi, Zambia and the United States of America.

The report was prepared under the Evaluation of the 2008/9 Agricultural Input Subsidy Programme in Malawi and was undertaken for the Ministry of Agriculture and Food Security. It was funded by Department for International Development (DFID).

According to the report, while seasonal price rises are sometimes taken as evidence of hoarding and profiteering, the development actually plays “a socially valuable function in ensuring food security.”

The report says storage involves costs in terms of fumigation, rent on storage facilities, interest charges on the inventory and on security guards. These expenses thus justify higher maize prices during lean periods, the research suggests.

“[Prices] must rise throughout the season to compensate people for storing the commodity at harvest,” it says.

Based on interviews with traders, the researchers learnt that traders spend from MK650 per tonne per month to K1,300 per tonne per month in storage costs.

The report says storage costs were relatively high in the urban areas of Lilongwe and Blantyre where rental costs were high.

However, the report indicates that only medium to large scale traders afford the costs of storage.

“Small traders are typically not in a position to store their own maize because this requires access to finance. Purchasing maize in bulk requires a loan, on which they must pay interest until they sell the maize and repay the loan. Hence, small traders tend to sell maize soon after they have bought it,” it says.

The study found that medium traders were able to store maize for longer periods in anticipation that the price would rise more so than storage expenses.

But the report says an important question to deal with is how the rate at which prices rise through the year compares to actual storage costs.

According to the report, national food security in Malawi relies on improving the performance of maize markets. But it highlights the difficulty of balancing between ensuring that maize is consistently available at



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