



Republic of Zambia

MINISTRY OF AGRICULTURE

MINISTERIAL STATEMENT

BY

HON. GIVEN LUBINDA, MP,

MINISTER OF AGRICULTURE,

ON

**"MAIZE MARKETING AND THE PRICE OF MEALIE MEAL
AND OTHER COMMODITIES"**

NOVEMBER, 2015

MR. SPEAKER,

I THANK YOU FOR GIVING ME THIS OPPORTUNITY TO DELIVER A MINISTERIAL STATEMENT ON 'MAIZE **MARKETING AND THE PRICE OF MEALIE MEAL AND OTHER COMMODITIES**'.

LET ME START BY STATING THAT GOVERNMENT HAS OBSERVED WITH CONCERN THE INCREASE IN MEALIE MEAL PRICES BY MILLERS. MEMBERS OF THE PUBLIC HAVE ALSO RAISED CONCERNS ON THE RISING PRICE OF MEALIE MEAL AND OTHER ESSENTIAL COMMODITIES IN THE COUNTRY.

AS THE HOUSE MAY RECALL, THE MILLERS ASSOCIATION OF ZAMBIA RECENTLY ANNOUNCED AN INCREASE IN MEALIE MEAL PRICES. THE MILLERS STATED THAT THIS INCREASE IN THE PRICE WAS PRECIPITATED BY LIMITED AVAILABILITY OF MAIZE STOCKS. SOME MILLERS DECLARED TO GOVERNMENT THAT THEY ONLY HAD MAIZE STOCKS TO LAST THEM UP TO NOVEMBER OR DECEMBER OF 2015. SEVERAL MILLERS HAVE ALREADY RUN OUT OF STOCKS AND ARE WAITING FOR MAIZE TO BE RELEASED BY THE FRA.

MR SPEAKER

GOVERNMENT MARKETING POLICY IN TERMS OF MAIZE AND OTHER CROPS HAS BEEN VERY CLEAR. THE PRIVATE SECTOR IS EXPECTED TO TAKE THE LEAD IN CROP MARKETING. TO THIS EFFECT, MILLERS AND GRAIN TRADERS ARE EXPECTED TO ACTIVELY PARTICIPATE IN MAIZE MARKETING. THE FRA IS NOT EXPECTED TO PURCHASE LARGE VOLUMES OF MAIZE AND PLAY THE ROLE OF SUPPLIER TO MILLERS AND OTHER TRADERS.

EARLIER THIS YEAR WHEN I ANNOUNCED THE CROP FORECAST SURVEY RESULTS FOR THE 2014/2015 SEASON, I DID INDICATE THE LOCATION OF THE MAIZE STOCKS IN THE COUNTRY AND I DIRECTED THE PRIVATE SECTOR TO FULLY PARTICIPATE IN CROP MARKETING BY ENSURING THAT THEY BOUGHT SUFFICIENT MAIZE FOR THEIR OPERATIONS.

THIS INFORMATION WAS GIVEN TO ALL THE PLAYERS IN THE INDUSTRY. THE GRAIN TRADERS DID ADHERE TO GOVERNMENT'S DIRECTIVE AND PURCHASED EVEN MORE MAIZE THAN THE FRA. MANY FARMERS SOLD THEIR MAIZE TO THE PRIVATE SECTOR AT K65 PER 50KG BAG, AND IN SOME INSTANCES EVEN LOWER THAN THIS PRICE.

IT IS TRUE THAT THE COUNTRY DID EXPERIENCE SIGNIFICANT PRESSURE ON AVAILABLE MAIZE ALONG THE LINE OF RAIL. HOWEVER, THERE WAS PLENTY OF MAIZE IN OTHER PARTS OF THE COUNTRY THE PRIVATE SECTOR INFORMATION ON THE LOCATION OF THESE SURPLUS STOCKS. MILLERS MUST THEREFORE TAKE FULL RESPONSIBILITY FOR THE MANAGEMENT OF THEIR RAW MATERIALS. MILLING IS AN AGRO-PROCESSING BUSINESS JUST LIKE ANY OTHER BUSINESS. AS AN EXAMPLE, HARVESTING OF SUGAR IS NOT DONE THROUGH-OUT THE YEAR BUT THE SUGAR INDUSTRY IS ABLE TO MANAGE ITS RAW MATERIAL REQUIREMENTS FOR THE ENTIRE YEAR. THIS IS ALSO TRUE FOR THE EDIBLE OIL INDUSTRY AND MANY OTHER AGRO-PROCESSING INDUSTRIES. EVEN CATTLE FARMERS MAKE HAY WHILE THE SUN SHINES, THEY STOCK UP FOR THE DRY SEASON. IT IS AMAZING THAT MILLERS SEEM TO BE UNABLE TO DO THE SAME.

MR SPEAKER

POOR MANAGEMENT ON THE PART OF SOME MILLERS HAS LED US TO THIS POINT. RESPONSIBILITY FOR MAIZE PROCUREMENT AND STORAGE SHOULD LIE SQUARELY WITH THE MILLER. MILLING IS A BUSINESS JUST LIKE ANY OTHER BUSINESS. GOVERNMENT IS NOT HAPPY ABOUT THE FRA BEING TURNED INTO A MAIZE BUYER

ON BEHALF OF MILLERS.

MR SPEAKER

ARISING OUT OF THESE DEVELOPMENTS, GOVERNMENT HAS DECIDED THAT IT WILL GET INVOLVED IN THE BUSINESS OF MILLING. THIS INVOLVEMENT IS NOT MEANT TO CROWD OUT THE PRIVATE SECTOR BUT RATHER TO SET STANDARDS OF OPERATION THAT ENSURE THE INDUSTRY OPERATES IN A SUSTAINABLE MANNER. THE ZAMBIA COOPERATIVE FEDERATION (ZCF) HAS STARTED INSTALLING SOLAR MILLING PLANTS THROUGHOUT THE COUNTRY AND THREE PLANTS ARE ALREADY OPERATIONAL. IT IS ANTICIPATED THAT ANOTHER 100 PLANTS WILL BE OPERATIONAL BY JANUARY 2016. THESE PLANTS ARE IN ADDITION TO THE 10 LARGE SCALE MILLING PLANTS TO BE INSTALLED UNDER THE PRESIDENTIAL MILLING INITIATIVE. THESE MILLS WILL BE OPERATED BY THE ZCF AND THE ZAMBIA NATIONAL SERVICE (ZNS).

LET ME STATE THAT ONCE THESE PLANTS ARE OPERATIONAL THOSE PLAYERS IN THE INDUSTRY WHO ARE PRACTICING POOR MANAGEMENT TERMS OF FINANCING AND PROCUREMENT OF MAIZE SHALL FIND IT DIFFICULT TO SURVIVE. THE FRA WILL NO LONGER BE A WAREHOUSE FOR MILLERS AND GOVERNMENT WILL NO LONGER BE ARM-

TWISTED INTO RELEASING MAIZE TO MILLERS ON THE THREAT OF INCREASING MEALIE MEAL PRICES.

MR SPEAKER

THE FRA PURCHASE PROGRAMME CAME TO AN END ON 31ST OCTOBER 2015. AS OF THIS DATE, THE FRA HAD PURCHASED 595,883 METRIC TONNES OF MAIZE. WHEN CARRY-OVER STOCKS ARE ADDED TO THIS FIGURE, THE TOTAL FRA MAIZE AVAILABLE IS 930,000 METRIC TONNES. THIS IS THE MAIZE WHICH THE FRA WILL NOW MAKE AVAILABLE FOR SALE TO MILLERS, GOING FORWARD.

MR SPEAKER

AFTER EXTENSIVE CONSULTATIONS WITH THE MILLERS ASSOCIATION OF ZAMBIA, GRAIN TRADERS ASSOCIATION OF ZAMBIA, THE ZAMBIA NATIONAL FARMERS' UNION AND OTHER STAKEHOLDERS AND UNDER THE GUIDANCE OF HIS EXCELLENCY PRESIDENT EDGAR CHAGWA LUNGU, GOVERNMENT HAS DECIDED AS FOLLOWS:

1. WITH IMMEDIATE EFFECT, THE FOOD RESERVE AGENCY (FRA) WILL MAKE AVAILABLE MAIZE GRAIN TO MILLERS. THE FRA WILL ENTER INTO LEGALLY BINDING

CONTRACTS WITH MILLERS WHO ARE INTERESTED IN PARTICIPATING IN THE PROGRAMME;

2. LET ME EMPHASIZE THAT THIS PROGRAMME IS VOLUNTARY. MILLERS ARE FREE NOT TO PARTICIPATE IN THE PROGRAMME;

3. THE FRA WILL MAKE AVAILABLE MAIZE GRAIN TO MILLERS UP TO 30TH APRIL 2016;

4. FOR THOSE MILLERS WHO ADHERED TO GOVERNMENT'S DIRECTIVE TO FULLY PARTICIPATE IN MAIZE MARKETING THIS SEASON, THE FRA WILL EXTEND THE PERIOD IT SUPPLIES MAIZE TO SUCH MILLERS FOR A FURTHER TWO MONTHS, THAT IS, UP TO 30TH JUNE 2016. THIS MEASURE IS INTENDED TO ACT AS AN INCENTIVE FOR CONTINUED PARTICIPATION IN MAIZE MARKETING BY MILLERS;

5. THE FOOD RESERVE AGENCY (FRA) BOUGHT MAIZE FROM FARMERS ACROSS THE COUNTRY AT K75 PER 50KG BAG OR K1,500 PER METRIC TONNE. THE FRA WILL IN TURN SELL THE MAIZE GRAIN TO MILLERS AT THE PRICE OF K85.00 PER 50KG BAG OR K1.700 PER METRIC TONNE;

6. MILLERS WHO PARTICIPATE IN THIS PROGRAMME WILL MAINTAIN THEIR WHOLESALE PRICE OF MEALIE MEAL AS FOLLOWS:

- (i) NOT MORE THAN K70.00 PER 25KG BAG FOR BREAKFAST MEAL;
- (ii) NOT MORE THAN K55 PER 25KG BAG FOR ROLLER MEAL; AND
- (iii) NOT MORE THAN K30 PER 25KG BAG OF MAIZE BRAN; AND
- (iv) IT HAS BEEN ESTABLISHED THAT MILLERS WILL CONTINUE TO ALLOW RETAILERS TO MAINTAIN A RETAIL MARGIN OF NOT MORE THAN K5 PER 25KG BAG.

7. MILLERS THAT ACCESS FRA MAIZE WILL NOT BE ALLOWED TO EXPORT MAIZE AND MEALIE MEAL AS THIS PROGRAMME IS MEANT FOR ZAMBIANS ONLY;

8. MILLERS THAT FLOUT THE ABOVE PROVISIONS WILL BE PENALIZED;

9. GOVERNMENT HAS EMPHASIZED TO MILLERS THE NEED FOR THEM TO INCREASE ON THE NUMBER OF DISTRIBUTION POINTS THE MILLERS OPERATE;

10. THE FRA WILL ALSO MAKE AVAILABLE MAIZE TO THE ZCF FOR THE SOLAR MILLING PLANTS THAT ARE CURRENTLY OPERATIONAL AS WELL AS FOR THE 100 SOLAR PLANTS THAT ARE EXPECTED TO BE OPERATIONAL BY JANUARY 2016;

11. THE FRA WILL MAKE AVAILABLE MAIZE FOR COMMUNITY SALES WITH THE INVOLVEMENT OF DISTRICT COMMISSIONERS AND MEMBERS OF PARLIAMENT;

12. THE DISASTER MANAGEMENT AND MITIGATION UNIT UNDER THE OFFICE OF THE VICE PRESIDENT IS ALREADY DISTRIBUTING RELIEF MAIZE TO VULNERABLE HOUSEHOLDS

MR SPEAKER

GIVEN THE LIMITED QUANTITY OF MAIZE STOCKS HELD BY THE FRA, AND THE SIGNIFICANT PRESSURE FOR MAIZE EXPORTS, TRADERS WILL NOT BE ALLOWED TO ACCESS MAIZE FROM THE FRA. A STRICT MONITORING MECHANISM HAS BEEN PUT IN PLACE TO ENSURE THAT THE MILLERS FOLLOW THE AGREED UPON REGULATIONS.

PRESIDENT LUNGU IS A LISTENING PRESIDENT AND HAS ACTED TO SERVE THE INTERESTS OF THE COUNTRY. WITH THESE MEASURES, GOVERNMENT EXPECTS THE PRICE OF MEALIE MEAL TO STABILIZE AT THE AGREED PRICES.

MR SPEAKER

LET ME NOW ADDRESS THE ISSUE OF COMMODITY PRICES FOR OTHER PRODUCTS SUCH AS EDIBLE OILS AND WHEAT PRODUCTS.

I WISH TO REMIND THE HOUSE THAT EARLIER THIS YEAR, GOVERNMENT TOOK MEASURES TO REGULATE THE IMPORTATION OF EDIBLE OILS WITH A VIEW TO PROMOTING THE LOCAL INDUSTRY. HOWEVER, IT HAS BEEN OBSERVED THAT SOME LOCAL OIL PROCESSORS TOOK ADVANTAGE OF THIS GOVERNMENT POSITION AND INCREASED PRICES. OTHER PROCESSORS DID SUPPORT GOVERNMENT AND REDUCED THEIR PRICES. I WISH TO COMMEND THOSE THAT REDUCED THEIR PRICES.

MR SPEAKER

TO HELP MITIGATE AGAINST RISING DOMESTIC PRICES FOR EDIBLE OILS, GOVERNMENT HAS DECIDED TO ALLOW LIMITED IMPORTATION OF PROCESSED EDIBLE OILS. THIS MEASURE IS INTENDED TO MEET DOMESTIC DEMAND AND TO BRING IN A LEVEL OF COMPETITION ON THE LOCAL MARKET. STRICT CONTROL MEASURES HAVE BEEN PUT IN

PLACE TO ENSURE THAT ALL IMPORTERS ADHERE TO THE AGREED UPON PROCEDURES AND PAY THE NECESSARY DUTIES IN ORDER TO CURB AGAINST ABUSE.

MR SPEAKER

WITH REGARD TO WHEAT AND WHEAT PRODUCTS, THE PRELIMINARY WHEAT PRODUCTION ESTIMATE FOR 2015 IS ESTIMATED AT 330,000 METRIC TONNES. HOWEVER, THE NATIONAL WHEAT REQUIREMENT IS ESTIMATED AT 390,000 METRIC TONNES FOR THE 2015/2016 MARKETING SEASON. THE FINAL WHEAT PRODUCTION ESTIMATES WILL BE ANNOUNCED IN DUE COURSE. ALTHOUGH MARKETING OF THE 2015 WHEAT CROP HAS COMMENCED, GOVERNMENT IS STILL ENGAGING THE ZAMBIA NATIONAL FARMERS UNION, MILLERS ASSOCIATION OF ZAMBIA AND THE BAKERS ASSOCIATION ON PRICING OF WHEAT AND WHEAT PRODUCTS. ONCE THESE DISCUSSIONS ARE CONCLUDED, GOVERNMENT WILL ANNOUNCE THE POLICY POSITION ON WHEAT MARKETING.

MR. SPEAKER,

ALL PLAYERS IN THE VARIOUS COMMODITY VALUE CHAINS ARE URGED TO BE CONSIDERATE OF CONSUMER DEMAND

IN THEIR PRICING. IF THE PRICES OF AGRICULTURAL COMMODITIES CONTINUE TO RISE, GOVERNMENT WILL CONTINUE TO TAKE THE NECESSARY MEASURES TO ADDRESS THE SITUATION IN ORDER TO BRING STABILITY IN THE MARKET.

I SHALL CONTINUE TO PROVIDE THE HOUSE WITH PERIODIC UPDATES ON THIS VERY IMPORTANT MATTER.

MR. SPEAKER, I THANK YOU.