



**REPUBLIC OF ZAMBIA**

**MINISTRY OF AGRICULTURE AND LIVESTOCK**

---

**MINISTERIAL STATEMENT**

**BY**

**HONOURABLE ROBERT K.K. SICHINGA, MP,  
MINISTER OF AGRICULTURE AND LIVESTOCK**

**STATUS OF THE BAN ON EXPORTS OF MAIZE  
GRAIN AND MAIZE MEAL**

**6<sup>TH</sup> MARCH, 2013**

**MR. SPEAKER,**

I WISH TO THANK SIR YOU FOR GRANTING ME PERMISSION TO MAKE A MINISTERIAL STATEMENT TO THIS AUGUST HOUSE, ON THE **STATUS OF EXPORTS OF MAIZE AND MEALIE MEAL**, AFFECTING THE 2012/2013 AGRICULTURAL MARKETING SEASON. I MAKE SPECIFIC REFERENCE TO THE ADEQUACY OR OTHERWISE OF THE STRATEGIC MAIZE RESERVES, HELD BY THE FOOD RESERVE AGENCY (FRA).

DURING THE 2011/12 AGRICULTURAL SEASON, ZAMBIA RECORDED AN ESTIMATED **2,850,000 METRIC TONNES** OF MAIZE PRODUCTION. THIS PRODUCTION CAME ON THE BACK OF UNFAVOURABLE MAIZE PRODUCTION IN MOST COUNTRIES OF THE SADC AND COMESA ECONOMIC REGION.

**MR. SPEAKER,**

LET ME BEGIN BY EXPLAINING THAT AT THE COMMENCEMENT OF THE MARKETING SEASON OF 2012/2013, THE **CARRYOVER STOCKS**, HELD BY THE FOOD RESERVE AGENCY, MILLERS, GRAIN TRADERS AND OTHER MAJOR PLAYERS, STOOD AT **770,931 METRIC TONNES**. THE BROUGHT FORWARD QUANTITIES, PLUS NEW OUTPUT (OF 2012) RESULTED IN A MARKETABLE MAIZE SURPLUS OF **MORE THAN ONE MILLION AND THIRTY FIVE THOUSAND METRIC TONNES (1,035,333 METRIC TONNES)**. DUE TO THE HUGE CARRY-OVER OF MAIZE STOCKS; MAINLY HELD BY THE FOOD RESERVE AGENCY, THE AGENCY WAS ENCOURAGED TO SELL ABOUT **1,517,000 METRIC TONNES** OF BROUGHT FORWARD MAIZE

STOCKS IN ORDER TO PROVIDE SPACE FOR THE NEW OUTPUT PURCHASED DURING THE LAST (2012) MARKETING SEASON.

DURING THE 2012 MARKETING SEASON, THE FOOD RESERVE AGENCY PURCHASED **1,045,897 METRIC TONNES** OF MAIZE, FROM SMALLHOLDER FARMERS, VALUED AT **ONE BILLION THREE HUNDRED AND FIFTY NINE, SIX HUNDRED AND SIXTY-SIX THOUSAND ONE HUNDRED KWACHA REBASED (ZMW1,359,666,100).**

**MR. SPEAKER,**

DUE TO MOST OF THE COUNTRIES IN THE SADC, GREAT LAKES AND PARTS OF EAST AFRICAN REGION, EXPERIENCING MAIZE DEFICITS, OUR COUNTRY EXPERIENCED AN UNPRECEDENTED HIGH DEMAND FOR MAIZE FROM THE REGIONAL MARKET. IT SHOULD BE NOTED THAT WHILE THE ABOVE MAIZE SURPLUS WAS A MAJOR BLESSING FOR ZAMBIA, IT PRESENTED A NUMBER OF CHALLENGES. THE RESULTANT OF WHICH WAS A RISE IN MAIZE AND MEALIE MEAL PRICES, WHICH THOUGH WELCOME FOR OUR FARMERS, MEANT THAT CONSUMER PRICES WOULD RISE EVEN IN THE DOMESTIC MARKET.

A COROLLARY, TO THIS WAS THAT DEMAND EXERTED IMMENSE PRESSURE ON THE ZAMBIAN MAIZE STOCK AND THREATENED NATIONAL FOOD SECURITY. THERE WERE ALSO REPORTS OF SHORTAGES OF MAIZE BRAN ON THE OPEN MARKET, DUE TO INCREASED DEMAND FROM THE EXPORTERS, OF WHOLE GRAIN

WITHOUT THE BENEFIT OF (PROCESSED) MILLING FOR PRODUCTS SUCH AS BRAN.

**MR. SPEAKER,**

IN ORDER TO ADDRESS THE SITUATION, THE MINISTRY INTRODUCED AN ADMINISTRATIVE RESTRICTION ON MAIZE EXPORTS; WITH THE EXCEPTION OF EXPORTS MEANT FOR HUMANITARIAN REQUIREMENTS, UNDER THE WORLD FOOD PROGRAMME (WFP).

IN ADDITION, TO ENHANCE GOVERNMENT DECISION-MAKING POSITION, A MAIZE STOCK VERIFICATION EXERCISE WAS UNDERTAKEN TO ASCERTAIN THE QUANTITIES OF MAIZE STOCKS WHICH WERE PHYSICALLY HELD BY FRA. THIS EXERCISE WAS CONCLUDED TWO WEEKS AGO AND THE RESULTS OF THE VERIFICATION INDICATED THAT AT THE BEGINNING OF JANUARY 2013, FRA HELD **916,934.44 METRIC TONNES** OF MAIZE, IN STORAGE FACILITIES THROUGHOUT THE COUNTRY.

IT SHOULD BE ALSO NOTED, MR. SPEAKER, THAT ALTHOUGH THE COUNTRY HAS A TOTAL STORAGE CAPACITY OF ABOUT **1,814,000 METRIC TONNES**, ONLY **1,515,350 METRIC TONNES** (REPRESENTING **84%**), IS USABLE. FURTHER, INCLUDED IN WHAT IS DESCRIBED AS USABLE, LESS THAN **HALF (743,200 METRIC TONNES)** IS UNDER SECURE STORAGE IN SHEDS AND SILOS, WHILE ABOUT **52%** IS ON HARDSTANDING SURFACES. SOME OF THE SO-CALLED

HARDSTANDING SURFACES, COMPRISE BASES MADE OF LOGS. THE MAIZE STOCK STORED ON THESE SURFACES, IS COVERED WITH TARPAULINS AND EXPOSED TO RAPID DETERIORATION DURING THE RAINY SEASON, DUE TO HIGH HUMIDITY, BOTH FROM THE GROUND AND FROM OPENING IN THE TENTS.

**MR. SPEAKER,**

IN ORDER TO MITIGATE THE RISING MAIZE AND MEALIE MEAL PRICES, ON THE DOMESTIC MARKET, THE AGENCY WAS ALLOWED TO OFFLOAD SOME MAIZE TO MILLERS, FROM ITS NEW MAIZE STOCKS, COMMENCING DECEMBER 2012. IN AN EFFORT TO CONTAIN MAIZE AND MEALIE MEAL PRICES. THE AGENCY WAS AUTHORISED TO SELL A TOTAL OF **JUST UNDER 184,000 METRIC TONNES (183,405.28 METRIC TONNES)** TO MILLERS AND COMMUNITIES, BETWEEN 1<sup>ST</sup> JANUARY AND 26<sup>TH</sup> FEBRUARY 2013, WHICH LEFT A BALANCE OF **733,529 METRIC TONNES** OF GOOD QUALITY MAIZE GRAIN, PURCHASED IN 2012. THIS QUANTITY IS MORE THAN SUFFICIENT TO LAST UP TO THE 2013/2014 FARMING HARVEST, BASED ON CURRENT AVERAGE CONSUMPTION OF ABOUT **100,000 TONNES** PER MONTH; AND TO MEET CONTRACTUAL OBLIGATIONS, BOTH PUBLIC AND PRIVATE.

**MR. SPEAKER,**

BASED ON THE ABOVE, THERE ARE THEREFORE SUFFICIENT MAIZE RESERVES FOR THE FRA TO EXPORT SOME OF THE EXCESS, WHICH WOULD OTHERWISE JUST DETERIORATE, DUE TO POOR STORAGE, AS

ALREADY EXPLAINED ABOVE. THIS WILL NOT ONLY CONTRIBUTE TO REQUIRED REVENUES FOR THE REPAYMENT OF BANK LOANS OBTAINED BY FRA UNDER GUARANTEE FROM THE TREASURY, BUT WILL ALSO FREE THE MUCH NEEDED STORAGE SPACE TO ACCOMODATE, THE 2013 (NEW MARKETING SEASON) HARVEST STOCKS.

FURTHER, MR SPEAKER, I AM CONCERNED THAT DUE TO SHORTAGE OF SECURE STORAGE, IN FORM OF SHEDS AND SILOS, MORE THAN **30%** OF THE CROP WHICH IS PURCHASED ANNUALLY, SPOILS. MY WORRY IS THAT EVEN THE CURRENT STOCKS WILL SIMILARLY SPOIL, AS IT IS ON STANDING HARD SLABS OR AT WORSE, ON LOGS, COVERED WITH TARPAULINS.

IT SHOULD ALSO BE NOTED THAT WE ARE OBSERVING DECLINING TRENDS IN MAIZE (GRAIN) PRICES ON THE SOUTH AFRICAN FUTURES EXCHANGE (SAFEX), DUE TO THE ANTICIPATED FAVOURABLE MAIZE PRODUCTION BY SOUTH AFRICAN PRODUCERS. THIS POSES YET ANOTHER CHALLENGE DUE TO DIMINISHED VALUE OF THE CURRENT MAIZE STOCKS.

**MR. SPEAKER,**

ALTHOUGH, THE OFFICIAL CROP FORECAST SURVEY RESULTS FROM THE JOINT MINISTRY OF AGRICULTURE AND LIVESTOCK/CENTRAL STATISTICAL OFFICE EXERCISE, WILL ONLY BE KNOWN TOWARDS THE END OF APRIL, 2013, OUR INITIAL ANALYSIS OF MAIZE PRODUCTION

AND THE FIVE-YEAR ROLLING AVERAGE TRENDS, AND I MUST EMPHASISE THAT THESE ARE VERY PRELIMINARY AT THIS STAGE, HENCE THEY WILL BE REVISED SIGNIFICANTLY; ARE THAT THE 2012/13 FARMING SEASON IS LIKELY TO YIELD ABOVE **2 MILLION METRIC TONNES**. IF WE ASSUME A TOTAL CONSUMPTION REQUIREMENT OF ABOUT **2.5 MILLION METRIC TONNES**, ANNUALLY, THE COUNTRY WILL HAVE AN A SHORTFALL OF **AROUND 500,000 METRIC TONNES**, WHICH WILL BE MET BY THE CURRENT CARRY OVER STRATEGIC RESERVES, OF AROUND 500,000 METRIC TONNES.

SIR, MAY I TAKE THIS OPPORTUNITY TO INFORM THIS HOUSE THAT BY POLICY, THE FOOD RESERVE AGENCY WILL NOT OFFLOAD ITS MAIZE STOCKS ON THE DOMESTIC MARKET AFTER THE END OF APRIL EACH YEAR, SINCE THERE IS NORMALLY NEW MAIZE OUTPUT FROM FARMERS ONTO THE OPEN MARKET. THIS MEASURE IS INTENDED TO ENSURE THAT MAIZE PRICES AT HARVEST TIME, ARE NOT DAMPENED BY THE ACTIVITIES OF THE AGENCY.

**MR. SPEAKER,**

IN VIEW OF THE FOREGOING, IT IS MY INTENTION TO ALLOW THE FOOD RESERVE AGENCY TO EXPORT UP TO ABOUT **200,000 METRIC TONNES**, OF EXCESS MAIZE STOCKS; AND ONLY MAINTAIN **500,000 METRIC TONNES** OF MAIZE FOR STRATEGIC RESERVES, TO SUPPLEMENT THE 2013 CROP HARVEST. THIS MEASURE WILL MINIMIZE FURTHER LOSSES

OF MAIZE AND WILL ALSO HELP TO CREATE STORAGE SPACE FOR THE NEW STOCKS.

IN THE LIGHT OF THE FOREGOING FACTS AND STOCKS, I HEREBY WISH TO ANNOUNCE THAT THERE WILL A PARTIAL LIFTING ON THE RESTRICTION, BUT THIS WILL BE INTENDED TO FULFILL OUTSTANDING CONTRACTUAL OBLIGATIONS. ACCORDINGLY, WITH IMMEDIATE EFFECT ALL DEALERS WITH **(ALREADY)**, I MUST EMPHASISE EXISTING OUTSTANDING CONTRACTUAL COMMITMENTS, WILL BE ALLOWED TO EXPORT MAIZE GRAIN, MEALIE MEAL, MAIZE GRITS AND UNDER-GRADE MAIZE.

GOING FORWARD, ONLY PROCESSED, VALUE-ADDED MAIZE GRAIN PRODUCTS AND UNDER-GRADE MAIZE, WILL BE ALLOWED TO BE EXPORTED. I EMPHASISE, ONLY FOR EXISTING CONTRACTUAL COMMITMENTS; AND AUTHENTIC PROOF OF THIS WILL BE REQUIRED, BY OUR MINISTRY, BEFORE EXPORT LICENCES WILL BE ISSUED.

**MR. SPEAKER,**

I THANK YOU AND I AM NOW READY TO RESPOND TO MEMBERS' QUESTIONS AND TO PROVIDE CLARIFICATIONS.