



**Republic of Zambia**

**MINISTRY OF AGRICULTURE AND LIVESTOCK**

**MINISTERIAL STATEMENT**

**BY**

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**ON**

**"THE STATUS OF MAIZE MARKETING AND MEALIE MEAL  
PRICES"**

**OCTOBER, 2015**

**MR. SPEAKER,**

I THANK YOU FOR GIVING ME THIS OPPORTUNITY TO DELIVER A MINISTERIAL STATEMENT ON **'THE STATUS OF MAIZE MARKETING AND MEALIE MEAL PRICES'**. THIS STATEMENT HAS BEEN NECESSITATED BY THE NEED TO INFORM PARLIAMENT AND THE PUBLIC AT LARGE ON PROGRESS MADE IN MAIZE MARKETING THIS SEASON AS WELL AS ADDRESS THE ISSUES BROUGHT OUT IN THE PRESS BY THE MILLERS ASSOCIATION OF ZAMBIA THIS PAST WEEKEND.

**MR. SPEAKER,**

ACCORDING TO THE 2014/2015 CROP FORECASTING SURVEY RESULTS, ZAMBIA RECORDED A TOTAL MAIZE PRODUCTION OF 2,618,221 METRIC TONNES AS COMPARED TO THE 3,350,671 METRIC TONNES PRODUCED IN THE 2013/2014 FARMING SEASON, REPRESENTING A REDUCTION OF 21.86 PERCENT. DESPITE THIS REDUCTION, ZAMBIA RECORDED A SURPLUS OF 876,768 METRIC TONNES. THE TRADITIONAL MAIZE GROWING AREAS OF SOUTHERN AND EASTERN PROVINCES DID RECORD REDUCED PRODUCTION. HOWEVER, THE NORTHERN PARTS

OF THE COUNTRY DID RECORD SOME SIGNIFICANT SURPLUS PRODUCTION.

**MR. SPEAKER,**

THE SADC REGION HAS GENERALLY FARED MUCH WORSE THAN ZAMBIA WITH DEFICITS BEING EXPERIENCED IN SEVERAL OF OUR NEIGHBOURING COUNTRIES.

THE HOUSE WILL RECALL THAT AT THE START OF THE MARKETING SEASON, GOVERNMENT ANNOUNCED THAT THE FOOD RESERVE AGENCY **AND** THE PRIVATE SECTOR WOULD PURCHASE ALL THE MAIZE FROM FARMERS. THE FOOD RESERVE AGENCY HAS BEEN PURCHASING MAIZE AT K75 PER 50KG BAG WHILST THE PRICES PAID BY THE PRIVATE SECTOR HAVE RANGED BETWEEN K55 TO K80 PER 50KG BAG. THE K75 PAID BY THE FOOD RESERVE AGENCY HAS GENERALLY BEEN AN ATTRACTIVE PRICE ESPECIALLY IN THE OUTLYING AREAS WHERE THE PRIVATE SECTOR DOES NOT REACH.

**MR SPEAKER**

THE FOOD RESERVE AGENCY COMMENCED THE PURCHASE OF MAIZE ON 17<sup>th</sup> AUGUST, 2015 AND AS AT 1<sup>ST</sup> OCTOBER 2015, THE AGENCY HAD PURCHASED IN EXCESS OF **587,004** METRIC TONNES OF MAIZE WHILST THE PRIVATE SECTOR HAS PURCHASED IN EXCESS OF **567,000** METRIC TONNES.

THE PROVINCIAL PURCHASES BY THE FOOD RESERVE AGENCY ARE BROKEN DOWN AS FOLLOWS:

<b>Province</b>	<b>Quantity (mt)</b>
Central	65,886
Copperbelt	25,716
Eastern	94,286
Luapula	70,102
Lusaka	22,532
Muchinga	65,550
Northern	120,571
Northwestern	59,499
Southern	52,980
Western	9,882
<b>Total</b>	<b>587,004</b>

THE HIGHEST PURCHASES ARE FROM NORTHERN, LUAPULA AND MUCHINGA PROVINCES WHERE THE RAINS WERE MORE FAVOURABLE COMPARED TO THE SOUTHERN HALF OF THE COUNTRY. THESE THREE PROVINCES ACCOUNT FOR **252,504** METRIC TONNES OF MAIZE PURCHASED. TOTAL PHYSICAL MAIZE STOCKS HELD BY THE FRA AS OF 1<sup>ST</sup> OCTOBER, 2015 AMOUNT TO **1,004,979** METRIC TONNES.

**MR. SPEAKER**

THE VALUE OF THE MAIZE PURCHASED BY THE FRA AS AT 1<sup>ST</sup> OCTOBER SEPTEMBER, 2015 STOOD AT **K880,506,675.00**. THE FRA HAS THUS FAR PAID **K96, 800,000.00** AND THIS AMOUNT

HAS ALL BEEN PAID TO FARMERS. THIS MEANS THAT FARMERS ARE OWED A TOTAL OF **K783, 706,675.00**.

**MR SPEAKER,**

I WISH TO TAKE THIS OPPORTUNITY TO CORRECT THE RECORD ON HOW MUCH THE FOOD RESERVE AGENCY HAS PURCHASED. WHEN INTERVIEWED OVER THE WEEKEND I HAD INDICATED THAT THE FRA HAD PAID OUT K186,800,000.00 TO FARMERS. THE CORRECT POSITION IS THAT THE FRA HAS PAID OUT K96,800,000.00.

**MR SPEAKER**

I AM HAPPY TO REPORT THAT THE MINISTRY OF FINANCE HAS RELEASED TO THE BANK OF ZAMBIA, THE FULL AMOUNT OWED TO FARMERS FOR PAYMENT OF ALL OUTSTANDING ARREARS. GOVERNMENT WOULD LIKE TO ASSURE THE NATION THAT FARMERS SHALL BE PAID WITH MINIMAL DELAY.

**MR SPEAKER**

ACCORDING TO THE FOOD RESERVE AGENCY ACT THE MAIZE MARKETING SEASON ENDS ON 31<sup>ST</sup> OCTOBER 2015

AND I SHALL CONTINUE TO PROVIDE THE HOUSE WITH UPDATES ON THE NATIONAL STOCKS POSITION AS WELL AS THE NATIONAL FOOD SECURITY SITUATION FOR THE 2015/2016 MARKETING SEASON.

**MR SPEAKER,**

LET ME NOW TURN TO THE ISSUE OF MEALIE MEAL PRICES. THIS PAST WEEKEND, THE MILLERS ASSOCIATION OF ZAMBIA HELD A PRESS BRIEFING AT WHICH THEY REQUESTED GOVERNMENT TO SUSPEND MAIZE EXPORTS TO NEIGHBOURING COUNTRIES. THE ASSOCIATION FURTHER ANNOUNCED A MAIZE PRICE INCREASE OF BETWEEN K10 AND K15 PER 25KG BAG OF MEALIE MEAL. THE JUSTIFICATION FOR THE REQUEST TO BAN MAIZE EXPORTS WAS THAT THE MILLERS WERE NOT ABLE TO ACCESS MAIZE DUE TO PRESSURE FROM THE EXPORT MARKET.

I WOULD LIKE TO INFORM THE HOUSE THAT MEALIE PRICES ARE A RESULT OF THE INTERACTION OF SEVERAL FACTORS, NAMELY:

- 1) THE AVAILABILITY OF MAIZE;
- 2) THE PURCHASE PRICE OF MAIZE;
- 3) THE COST OF MILLING;
- 4) DOMESTIC DEMAND AND SUPPLY FORCES;

- 5) TRANSPORTATION, LOGISTICAL AND FINANCING COSTS; AND
- 6) REGIONAL DEMAND AND SUPPLY FORCES AMONGST ZAMBIA'S NEIGHBOURS.

LET ME EMPHASIZE THAT MAIZE AVAILABILITY IS A MAJOR DRIVER OF MAIZE AND ULTIMATELY MEALIE MEAL PRICES. WE ARE AWARE THAT PRICES IN LUSAKA ARE AS HIGH AS K1, 950 PER METRIC TONNE. HOWEVER, FARMERS ARE STILL DELIVERING MAIZE TO THE FRA IN OTHER PARTS OF THE COUNTRY AT K1, 500 PER METRIC TONNE. THE PRIVATE SECTOR IS ENCOURAGED TO PURCHASE MAIZE FROM OUTLYING AREAS WHERE IT IS CHEAPEST.

**MR SPEAKER,**

I WISH TO INFORM THE HOUSE THAT MY MINISTRY CHAIRS THE NATIONAL STOCKS COMMITTEE WHICH MEETS ONCE EVERY MONTH TO DELIBERATE ON AGRICULTURAL COMMODITIES. THE STOCKS COMMITTEE IS A FORUM AT WHICH ALL STATISTICS AND CHALLENGES REGARDING MAJOR FOOD STOCKS AVAILABILITY IN THE COUNTRY ARE DISCUSSED. MEMBERS OF THE STOCKS COMMITTEE INCLUDE:

- 1) THE OFFICE OF THE VICE-PRESIDENT THROUGH THE DISASTER MANAGEMENT AND MITIGATION UNIT;
- 2) THE BANK OF ZAMBIA;
- 3) THE CENTRAL STATISTICAL OFFICE;
- 4) THE GRAIN TRADERS ASSOCIATION OF ZAMBIA;
- 5) ZAMBIA NATIONAL FARMERS UNION;

- 6) THE FAMINE EARLY WARNING SYSTEMS NETWORK (FEWSNET);
- 7) THE WORLD FOOD PROGRAMME;
- 8) THE INDABA AGRICULTURAL POLICY RESEARCH INSTITUTE (IAPRI); AND;
- 9) THE MILLERS ASSOCIATION OF ZAMBIA AMONG OTHERS.

THE NATIONAL STOCKS COMMITTEE HELD A MEETING ON 15TH SEPTEMBER 2015, AT THE MINISTRY HEADQUARTERS. HOWEVER, THE MILLERS ASSOCIATION DID NOT ATTEND THIS MEETING DESPITE SEVERAL REQUESTS TO DO SO. IT IS, THEREFORE, DISAPPOINTING THAT OUR COLLEAGUES DECIDED TO RUSH TO THE PRESS BEFORE DISCUSSING MATTERS IN THE NATIONAL STOCKS COMMITTEE AND INDEED WITH MY OFFICE.

**MR SPEAKER,**

AT THE NATIONAL STOCKS COMMITTEE HELD ON 15TH SEPTEMBER 2015, STAKEHOLDERS REPORTED THAT THE COUNTRY HAD MAIZE STOCKS IN EXCESS OF 1,594,710 METRIC TONNES. OF THIS AMOUNT, THE FRA HAD 957,930 METRIC TONNES WHILST THE REST WAS HELD BY THE PRIVATE SECTOR. IN ADDITION, LET ME EMPHASIZE THAT THE FOOD RESERVE AGENCY AND THE PRIVATE SECTOR ARE STILL IN



THE MARKET BUYING MAIZE FROM OUR FARMERS. AS I EARLIER REPORTED, THE FOOD RESERVE AGENCY HAS SINCE INCREASED ITS PHYSICAL STOCK POSITION TO 1,004,979 METRIC TONNES AS AT 1ST OCTOBER 2015. FURTHER, SOME MILLERS AND TRADERS ALSO HAD CARRY-OVER STOCKS FROM THE 2014/2015 MARKETING SEASON. GIVEN THE ABOVE SITUATION, THERE IS NO JUSTIFICATION FOR MILLERS TO INCREASE MEALIE MEAL PRICES.

I WISH TO CATEGORICALLY STATE THAT AT THE NATIONAL LEVEL, ZAMBIA IS FOOD SECURE. THE COUNTRY DOES HAVE SUFFICIENT STOCKS OF MAIZE TO MEET DOMESTIC REQUIREMENTS WITH A REASONABLE SURPLUS FOR EXPORT.

**MR SPEAKER,**

THE MAIZE MARKETING SEASON RUNS FROM 1ST MAY TO 31ST OCTOBER EACH YEAR. AS PART OF GOVERNMENT POLICY, I ANNOUNCED TO THE NATION THAT THE PRIVATE SECTOR, INCLUDING MILLERS, SHOULD TAKE THE LEAD IN CROP MARKETING AND THAT THE FOOD RESERVE AGENCY WOULD ENTER THE MARKET MUCH LATER. INDEED THIS WAS THE CASE AS THE FOOD RESERVE AGENCY ONLY STARTED CROP PURCHASES ON 17TH AUGUST 2015.

THE FIGURE OF 567,000 METRIC TONNES GIVEN TO THE NATIONAL STOCKS COMMITTEE AS PURCHASES BY THE PRIVATE SECTOR INDICATES THAT THE PRIVATE SECTOR DID ACTIVELY PARTICIPATE IN CROP PURCHASES. AT THE START OF THE MARKETING SEASON, THE PRIVATE SECTOR WAS OFFERING FARMERS PRICES RANGING FROM AS LOW AS K55 TO K80 PER 50KG BAG. THEREFORE THE UNJUSTIFIED CALL FOR INCREASING MEALIE MEAL PRICES HAS NOTHING TO DO WITH LACK OF AVAILABILITY OF MAIZE ON THE MARKET. SOME SECTIONS OF THE PRIVATE SECTOR SIMPLY DID NOT FULLY PARTICIPATE IN MAIZE MARKETING WHEN MAIZE WAS CHEAPER AND READILY AVAILABLE.

**MR SPEAKER,**

THE COST OF ELECTRICITY AND FUEL HAS BEEN USED AS JUSTIFICATION FOR INCREASING MEALIE MEAL PRICES. I WISH TO STATE THAT THERE HAS BEEN NO INCREASE IN THE COST OF FUEL IN THE RECENT PAST.

THE MILLERS ASSOCIATION HAS ARGUED FOR A BAN ON MAIZE EXPORTS AND STATED THAT GOVERNMENT SHOULD ONLY ALLOW THE EXPORT OF MEALIE MEAL. GOVERNMENT IS AWARE THAT SOME MILLERS HAVE BEEN EXPORTING MEALIE MEAL TO THE DEMOCRATIC REPUBLIC OF CONGO.

AT NO TIME HAS GOVERNMENT STOPPED THE EXPORT OF MEALIE MEAL. LET ME STATE THAT GOVERNMENT IS HAPPY WITH THESE MEALIE MEAL EXPORTS AND ENCOURAGES MILLERS TO CONTINUE EXPORTING MEALIE MEAL, FLOUR AND STOCKFEED.

**MR SPEAKER,**

MY OFFICE RUNS AN OPEN DOOR POLICY AND I AM ALWAYS AVAILABLE TO DISCUSS MATTERS OF NATIONAL IMPORTANCE SUCH AS MEALIE MEAL PRICES. IT IS THEREFORE VERY DISAPPOINTING THAT OUR COLLEAGUES FROM THE MILLERS ASSOCIATION DECIDED TO GO TO THE PRESS BEFORE PRESENTING THEIR POSITION TO THE NATIONAL STOCKS COMMITTEE OR MAKING THE NECESSARY EFFORT TO MEET ME.

I WISH TO REMIND THE HOUSE THAT WHEN GOVERNMENT REDUCED THE PRICE OF MAIZE, IT DID SO AFTER THOROUGH CONSULTATION WITH STAKEHOLDERS SUCH AS THE ZNFU, MILLERS AND GRAIN TRADERS. WE WOULD THEREFORE LIKE TO MAINTAIN A SPIRIT OF MUTUALITY WITH ALL THE PLAYERS.

**MR SPEAKER,**

THE CENSUS AND STATISTICS ACT OF THE LAWS OF ZAMBIA HAS PROVISIONS FOR THE COLLECTION OF DATA FROM ALL STAKEHOLDERS ON MAJOR FOOD CROP STOCK POSITIONS. HOWEVER, IT HAS BEEN NOTED WITH DISMAY THAT SOME OF OUR STAKEHOLDERS ARE RELUCTANT OR REFUSING TO PROVIDE STATISTICS TO GOVERNMENT ON AGRICULTURAL COMMODITIES. THIS MAKES IT DIFFICULT FOR POLICY MAKING BY MY MINISTRY AND INDEED GOVERNMENT AT LARGE.

LET ME TAKE THIS OPPORTUNITY TO INFORM OUR STAKEHOLDERS THAT GOVERNMENT WILL ENFORCE THE PROVISIONS OF THE CENSUS AND STATISTICS ACT TO ENSURE COMPLIANCE BY ALL STAKEHOLDERS. GOVERNMENT IS ALSO CONSIDERING AMMENDING THE FOOD RESERVE ACT TO OBLIGE PLAYERS IN THE INDUSTRY TO SUBMIT INFORMATION ON THEIR STOCK LEVELS. THIS WILL ENABLE GOVERNMENT IMPROVE OVERSIGHT OVER FOOD RESERVES IN THE COUNTRY.

**MR. SPEAKER,**

ZAMBIA IS RUNNING A LIBERAL ECONOMY AND GOVERNMENT CAN NOT IMPOSE OR DICTATE PRICES OF ANY COMMODITIES LET ALONE MEALIE MEAL PRICES.

HOWEVER, GOVERNMENT IS TAKING SEVERAL MEASURES TO ENSURE THAT PRICE STABILITY AND STOCKS AVAILABILITY ARE MAINTAINED. THESE MEASURES INCLUDE:

1) GOVERNMENT WILL CLOSELY MONITOR THE REGIONAL TRADE IN MAIZE GRAIN AND OTHER COMMODITIES SUCH AS MAIZE AND WHEAT BRAN, WHEAT AND EDIBLE OILS TO ENSURE THAT THE NATION DOES NOT EXPORT BEYOND THE DECLARED SURPLUS POSITION. LET ME EMPHASIS THAT GOVERNMENT WILL NOT BAN THE EXPORT OF MAIZE. IT IS IMPORTANT THAT EXPORTS CONTINUE AS THEY BRING IN THE MUCH NEEDED FOREIGN EXCHANGE AND STIMULATES PRODUCTION;

WHEN I RECENTLY LAUNCHED THE HARVEST OF WHEAT FOR THE CURRENT SEASON, I DID REMIND WHEAT GROWERS THAT I WOULD NOT ALLOW THE IMPORTATION OF WHEAT. HOWEVER, THIS IS PRECEDENT ON FARMERS AND MILLERS NOT INCREASING THEIR PRICE ABOVE THE IMPORT PRICE. ANY ATTEMPT TO DO SO MAY COMPELL GOVERNMENT TO REVIEW THIS POSITION SO AS TO PROTECT CONSUMERS;

2) THE FOOD RESERVE AGENCY WHICH IS CURRENTLY

PURCHASING MAIZE, WILL ONLY ENTER THE MARKET TO SELL MAIZE AT THE CLOSE OF THE MARKETING SEASON WHICH IS ON 31<sup>ST</sup> OCTOBER AND AFTER WIDE CONSULTATION WITH ALL STAKEHOLDERS IN THE INDUSTRY;

3) LET IT BE KNOWN THAT THE FRA'S MAIN RESPONSIBILITY IS TO MAINTAIN STRATEGIC RESERVES AND THE AGENCY WILL ONLY SELL COMMODITIES WHEN THERE ARE COMPELLING CIRCUMSTANCES TO DO SO. GOVERNMENT WOULD LIKE TO ADVISE ALL MILLERS AND TRADERS TO ENSURE THAT THEY HAVE THEIR OWN STOCKS TO LAST THEM UNTIL THE NEXT MARKETING SEASON AND NOT DEPEND ON STOCKS FROM THE FRA. LET ME ALSO EMPHASIZE THAT **THE FRA ALSO RESERVES THE RIGHT ON WHO TO SELL MAIZE TO;**

4) THE NATIONAL STOCKS MONITORING COMMITTEE CHAIRED BY MY MINISTRY WHICH IS CONVENED ONCE A MONTH, WILL CONTINUE TO MEET AND PROVIDE UPDATES ON THE NATIONAL STOCKS POSITION. ALL PLAYERS ALONG THE MAIZE VALUE CHAIN WILL BE COMPELLED TO PROVIDE INFORMATION ON THE STOCK LEVELS THEY ARE HOLDING IN ACCORDANCE WITH EXISTING LEGISLATION UNDER THE CENSUS AND

STATISTICS ACT OF THE LAWS OF ZAMBIA;

5) MEMBERS OF THE MILLERS ASSOCIATION OF ZAMBIA HAVE AGREED TO PROVIDE FIGURES TO GOVERNMENT ON THE STOCK LEVELS THEY ARE HOLDING AS WELL AS THE COST STRUCTURE ON MEALIE MEAL PRODUCTION;

6) THE PRICE OF MEALIE MEAL SHOULD BE BASED ON THE COST OF MAIZE. USING THE REPLACEMENT AND SPECULATIVE COSTING IS HIGHLY OPPORTUNISTIC AND NOT SENSITIVE TO CONSUMERS PLIGHT AND WE URGE ALL THOSE INVOLVED IN THE AGRICULTURAL VALUE CHAIN TO DESIST FROM THIS BEHAVIOUR.

7) GOVERNMENT WILL MAKE A VERY CLEAR MARKETING POLICY ON ALL COMMODITIES IN THE AGRICULTURAL SECTOR. THIS IS TO ENSURE A PREDICTABLE AND TRANSPARENT POLICY ENVIRONMENT WHICH, IN THE LONG RUN, WILL RESULT IN ENHANCED GROWTH FOR THE SECTOR

**MR SPEAKER,**

I WISH TO EMPHASIZE THAT OUR FARMERS CAN ONLY MAKE THE NECESSARY LONG TERM INVESTMENT DECISIONS, IF THE MARKETING POLICY IS CLEAR AND CONSISTENT. MY

MINISTRY IS COMMITTED TO DEVELOPING ZAMBIA AS A MAJOR EXPORTER OF AGRICULTURAL COMMODITIES TO THE REGION. THIS WILL CREATE JOBS LOCALLY AND STIMULATE INVESTMENT IN VALUE ADDITION. GOVERNMENT WILL CONTINUE TO ENSURE THAT THE INTERESTS OF FARMERS, TRADERS, PROCESSORS AND CONSUMERS ARE TAKEN CARE OF. HOWEVER, I ALSO WISH TO ASSURE THE NATION THAT MY MINISTRY IS FULLY COMMITTED TO ENSURING THAT NATIONAL FOOD SECURITY IS NOT COMPROMISED.

IT MUST BE CLEAR FROM WHAT I HAVE PRESENTED THAT THERE ARE NO JUSTIFIABLE REASONS TO PUSH PRICES OF MEALIE MEAL HIGHER THAN THEY CURRENTLY ARE. I WISH TO APPEAL TO ALL PLAYERS IN THE FOOD VALUE CHAIN FROM FARMERS, TRADERS, PROCESSORS AND RETAILERS TO BE ALIVE TO THE FACT THAT THEY ARE IN BUSINESS TO SERVICE CONSUMERS.

ON THE OTHER HAND GOVERNMENT HAS THE RESPONSIBILITY TO ENSURE THAT ALL PLAYERS IN THE AGRICULTURAL VALUE CHAIN ARE PROVIDED WITH AN ENVIRONMENT THAT ENABLES THEM TO OPERATE PRODUCTIVELY AND EFFICIENTLY, FOR THE SATISFACTION OF THE CONSUMER.



ANY PLAYER WHO ENGAGES IN PRACTICES THAT EXPLOIT CONSUMERS GOES AGAINST THE COMMON AIM OF IMPROVING CONSUMER WELFARE AND MUST BE STOPPED. I THEREFORE WISH TO APPEAL TO ALL PLAYERS AND IN PARTICULAR THE PRIVATE SECTOR NOT TO TEST GOVERNMENT'S RESOLVE ON THIS MATTER.

GOVERNMENT, THROUGH MY MINISTRY IS KEENLY WATCHING THE MARKET IN RELATION TO MEALIE MEAL PRICES AND STANDS READY TO USE VARIOUS OPTIONS AT OUR DISPOSAL TO PROTECT THE CONSUMERS FROM UNJUSTIFIED PRICE INCREASES. IN THE SAME WAY WE INTERVENED IN MARCH THIS YEAR, WE SHALL NOT HESITATE TO DO SO AGAIN.

THE PATRIOTIC FRONT GOVERNMENT EXISTS PRIMARILY TO SERVE THOSE WHO CAN NOT PROTECT THEMSELVES FROM EXPLOITATION AND PROFITEERING. WE ARE A GOVERNMENT FOR THE PEOPLE-THE POOR PEOPLE OF ZAMBIA.

THE PF GOVERNMENT SHALL WORK WITH THOSE IN INDUSTRY WHO ARE PATRIOTIC, GENUINE AND ARE WILLING TO PARTNER WITH US.

**MR. SPEAKER, I THANK YOU**