



REPUBLIC OF ZAMBIA

MINISTRY OF AGRICULTURE AND CO-OPERATIVES

MINISTERIAL STATEMENT TO PARLIAMENT

BY

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ON

**THE PREPARATIONS FOR THE CROP MARKETING AND INPUT
DISTRIBUTION FOR THE 2011/2012 SEASON**

8TH JUNE, 2011

MR SPEAKER,

I WISH TO THANK YOU FOR ALLOWING ME TO MAKE A MINISTERIAL STATEMENT TO THIS AUGUST HOUSE ON THE PREPARATIONS FOR CROP MARKETING AND INPUT DISTRIBUTION ARRANGEMENTS FOR THE 2011/2012 SEASON.

1. CROP PRODUCTION AND NATIONAL FOOD BALANCE SHEET

MR SPEAKER,

AS THE HOUSE IS NOW AWARE, ZAMBIA HAS YET AGAIN PRODUCED A BUMPER HARVEST IN THE 2010/2011 AGRICULTURAL SEASON. LAST YEAR, THE COUNTRY ATTAINED A RECORD MAIZE HARVEST OF 2,795,483 METRIC TONNES. THIS YEAR, MAIZE PRODUCTION HAS EXCEEDED LAST YEAR'S PRODUCTION BY 8 PERCENT, TO REACH A RECORD 3,020,380 METRIC TONNES.

THE NATIONAL FOOD BALANCE SHEET FOR THE 2011/2012 MARKETING SEASON BASED ON THE CROP FORECASTING SURVEY COVERING 2010 TO 2012 SHOWS THAT THE COUNTRY HAS PRODUCED SUFFICIENT MAIZE FOR BOTH HUMAN CONSUMPTION AND INDUSTRIAL USE. AS ALREADY STATED, TOTAL MAIZE PRODUCTION IN THE 2010/2011 SEASON HAS BEEN ESTIMATED TO BE 3,020,380 METRIC TONNES.

DUE TO THE GOOD PRODUCTION EXPERIENCED IN THE PREVIOUS SEASON, THE COUNTRY HAS A MAIZE CARRY-OVER STOCK AMOUNTING TO 848,606 METRIC TONNES AS AT 1ST MAY, 2011. WHEN WE ADD THIS MAIZE CARRY-OVER STOCK FROM LAST SEASON TO THE MAIZE PRODUCTION FOR THE 2010/2011 AGRICULTURAL SEASON, THE TOTAL SUPPLY OF MAIZE AVAILABLE FOR THE 2011/2012 MARKETING SEASON IS 3,868,986 METRIC TONNES.

FOR AN ESTIMATED POPULATION OF 13.4 MILLION PEOPLE, THE FOOD BALANCE SHEET SHOWS THAT TOTAL MAIZE REQUIRED FOR HUMAN CONSUMPTION AMOUNTS TO 1,396,341 METRIC TONNES. THE ESTIMATED MAIZE REQUIREMENT FOR INDUSTRIAL USE, SPECIFICALLY STOCK-FEED AND BREWERIES IS 270,000 METRIC TONNES.

WHEN TOTAL MAIZE REQUIREMENTS ARE SUBTRACTED FROM TOTAL MAIZE AVAILABILITY, THE NATIONAL FOOD BALANCE SHEET INDICATES THAT THE COUNTRY HAS RECORDED A MAIZE SURPLUS OF 1,661,626 METRIC TONNES.

THIS HAS BEEN POSSIBLE BECAUSE OF THE MMD GOOD AGRICULTURAL POLICIES AND PROGRAMMES AND THE HARD WORK OF OUR FARMERS.

MR SPEAKER,

THIS YEAR'S RECORD MAIZE HARVEST PROVIDES THE COUNTRY WITH A GOOD OPPORTUNITY TO ADEQUATELY FEED THE NATION AND THE POTENTIAL TO EXPORT THE SURPLUS CROP.

FRA HAS SO FAR EXPORTED 290,000 MT TONNES, VALUED AT US \$48.2 MILLION. THE AGENCY ALSO SOLD 168,000 MT OF MAIZE VALUED AT \$27.9 MILLION TO THE LOCAL MILLERS.

MR SPEAKER,

MY MINISTRY UNDERSTANDS THAT WE NEED TO EXPLORE OTHER WAYS OF UTILISING OUR SURPLUS MAIZE CROP. WE THEREFORE, NEED TO LOOK AT PUTTING IN PLACE MECHANISMS AND INCENTIVES THAT WILL RESULT IN EFFECTIVE VALUE ADDITION TO MAIZE, SUCH AS PRODUCTION OF AFFORDABLE STOCK-FEED. THIS WILL HELP TO BOOST THE LIVESTOCK INDUSTRY. I AM AWARE THAT DEMAND FOR POULTRY AND OTHER LIVESTOCK PRODUCTS IS VERY HIGH IN THE SADC AND COMESA REGION. THE PRIVATE SECTOR SHOULD THUS BE ENCOURAGED TO INVEST IN VALUE ADDITION. THE PROMOTION OF THE LIVESTOCK INDUSTRY WILL INCREASE INCOMES FOR MANY OF OUR FARMERS ENGAGED IN LIVESTOCK AND POULTRY PRODUCTION AND ENABLE THE COUNTRY TO INCREASE FOREIGN EXCHANGE EARNINGS.

2. CROP MARKETING AND FINANCING ARRANGEMENTS

MR SPEAKER,

GIVEN THE UNPRECEDENTED BUMPER HARVEST THAT THE COUNTRY HAS RECORDED, IT IS IMPORTANT THAT ADEQUATE MEASURES ARE PUT IN PLACE TO ENSURE THAT THE MAIZE IS PROPERLY MARKETED AND STORED.

LAST YEAR, THE FOOD RESERVE AGENCY (FRA) PURCHASED 883,000 METRIC TONNES. THIS YEAR, FRA INTENDS TO PURCHASE 1.3 MILLION METRIC TONNES OF MAIZE VALUED AT K1.69 TRILLION. IN ADDITION, FRA WILL PURCHASE PADDY RICE AMOUNTING TO 5, 000 MT VALUED AT K7.5 BILLION.

IN TERMS OF FINANCING FOR THE CROP THIS YEAR, MEASURES ARE ALREADY BEEN TAKEN TO SOURCE FINANCING TO PURCHASE THE SURPLUS MAIZE AND RICE CROPS. FRA WILL USE FUNDS ALLOCATED IN THE 2011 BUDGET, COMMERCIAL BANK BORROWING AND AND CROP SALES.

FRA HAS SET UP BUYING POINTS IN ALL THE 74 DISTRICTS IN THE COUNTRY. ON AVERAGE, 15 SATELLITE DEPOTS PER DISTRICT WILL BE OPENED TO ENSURE THAT FARMERS HAVE ACCESS TO THE MARKET. THE OFFICIAL CROP MARKETING PROGRAMME STARTED ON 1ST JUNE, 2011. HOWEVER, FRA WILL ONLY PURCHASE MAIZE WITH MOISTURE LEVEL BELOW 12.5%. IN TERMS OF OTHER LOGISTICS NOTABLY, SECURING OF GRAIN BAGS, TARPAULINS, AND APPOINTMENT OF WAREHOUSE MANAGERS, FRA IS ALREADY TAKING THE NECESSARY STEPS. AS ALREADY ANNOUNCED BY FRA, IT WILL PURCHASE MAIZE AT K65,000 PER 50KG BAG.

MR SPEAKER,

MY MINISTRY EXPECTS THE PRIVATE SECTOR TO ACTIVELY PARTICIPATE IN THE CROP MARKETING EXERCISE. FURTHER, MY MINISTRY WILL CONTINUE TO ISSUE EXPORT PERMITS TO VARIOUS PRIVATE SECTOR PLAYERS TO EXPORT OUR SURPLUS GRAIN TO REGIONAL MARKETS. THIS WILL BE DONE WITHOUT COMPROMISING NATIONAL FOOD SECURITY. LET ME ENCOURAGE THE PRIVATE SECTOR TO FULLY PARTICIPATE IN CROP MARKETING BOTH LOCALLY AND INTERNATIONALLY. I AM AWARE THAT POTENTIAL MARKETS EXIST IN ZIMBABWE, DEMOCRATIC REPUBLIC OF CONGO, KENYA AND SUDAN. ALL POSSIBLE MARKET OPPORTUNITIES MUST BE EXPLORED PARTICULARLY BY THE PRIVATE SECTOR.

THIS HOUSE RECENTLY PASSED THE AGRICULTURE CREDIT ACT WHICH AIMS TO PROMOTE AGRICULTURAL MARKETING THROUGH THE USE OF THE WAREHOUSE RECEIPT SYSTEM. I WOULD LIKE TO ENCOURAGE THE PRIVATE SECTOR TO TAKE ADVANTAGE OF THE PROVISIONS OF THIS ACT.

3. CROP STORAGE

MR SPEAKER,

DUE TO THE CONSECUTIVE BUMPER HARVESTS, THE COUNTRY IS FACED WITH THE CHALLENGE OF LIMITED STORAGE SPACE. APPROXIMATELY TWO (2) MILLION METRIC TONNES OF STORAGE CAPACITY IS NEEDED TO MEET THE NATION'S DEMAND. THE CURRENT SERVICEABLE CAPACITY OF STORAGE SHEDS OF 1.3 MILLION TONNES IS INADEQUATE TO MEET FRA AND THE PRIVATE SECTOR'S NEEDS.

GOVERNMENT IS CURRENTLY IMPLEMENTING A LONG-TERM PROGRAMME TO INCREASE THE CAPACITY OF STORAGE FACILITIES IN THE COUNTRY. THIS INVOLVES THE CONSTRUCTION AND REHABILITATION OF VARIOUS TYPES OF STORAGE FACILITIES. UNDER THE CHINESE CONCESSIONAL LOAN PHASE 1 PROJECT, EIGHT (8) NEW STORAGE SHEDS WERE CONSTRUCTED IN 2010 WHICH HAVE A TOTAL CAPACITY OF 98,096 METRIC TONNES AT A TOTAL COST OF US\$11.6 MILLION.

THESE SHEDS ARE IN CENTRAL, COPPERBELT, SOUTHERN, NORTHERN, NORTH-WESTERN AND EASTERN PROVINCES. GOVERNMENT THROUGH THE FOOD RESERVE AGENCY (FRA) ALSO EMBARKED ON A PROGRAMME TO REHABILITATE, UPGRADE AND CONSTRUCT STORAGE FACILITIES IN VARIOUS PARTS OF THE COUNTRY. THE TOTAL COST FOR THIS UNDERTAKING WAS K76.6 BILLION. THIS PROGRAMME HAS INCREASED USABLE STORAGE SPACE BY 187, 300 METRIC TONNES.

GRAIN STORAGE IN SILOS IS THE BEST FORM OF STORAGE AS THE GRAIN CAN BE STORED FOR BETWEEN FIVE (5) TO SEVEN (7) YEARS WITHOUT SUBSTANTIAL LOSS IN QUALITY. THE LUSAKA SILO WAS REHABILITATED IN 2008 AT A TOTAL COST OF K11.5 BILLION. OVER TIME, GOVERNMENT INTENDS TO REHABILITATE ALL THE REMAINING FIVE SILOS IN THE COUNTRY.

THIS YEAR, AS A SHORT TERM MEASURE, THE AGENCY HAS EMBARKED ON A PROGRAMME TO BUILD 98 SLABS IN STRATEGIC LOCATIONS. THE TOTAL CAPACITY OF THE SLABS IS 450,000 METRIC TONNES. THE AGENCY WILL CONTINUE TO REHABILITATE EXISTING STORAGE FACILITIES AND ALSO RENT PRIVATE STORAGE FACILITIES.

4. FARMING INPUTS DISTRIBUTION ARRANGEMENTS FOR THE 2011/12 SEASON

MR SPEAKER,

THE NUMBER OF FARMERS WHO RECEIVED SUPPORT UNDER FARMER INPUT SUPPORT PROGRAMME (FISP) WAS 890,000 IN 2010/2011 SEASON. THE PROGRAMME HAS IMPROVED THE TARGETING OF BENEFICIARIES BY INVOLVING THE COMMUNITIES IN THE SELECTION OF BENEFICIARIES. A TOTAL OF 178,000 METRIC TONNES OF FERTILISER WAS DISTRIBUTED UNDER THE FISP IN THE 2010/2011 SEASON. MAIZE SEED DISTRIBUTION UNDER FISP STOOD AT 8,790 METRIC TONNES. THE USAGE OF FERTILISER FROM BOTH THE FISP AND THE PRIVATE SECTOR HAS INCREASED NATIONALLY OVER THE LAST TWO SEASONS.

FOR THE COMING 2011/12 SEASON, THE FISP WILL TARGET 902,400 FARMERS WITH 180,000 METRIC TONNES OF FERTILISER AND 8,985 METRIC TONNES OF MAIZE SEED AND 39 METRIC TONNES OF NEW VARIETY OF RICE. THE TENDERING PROCESS FOR PROCUREMENT OF THE INPUTS FOR THE COMING SEASON HAS REACHED AN ADVANCED STAGE. IT IS GOVERNMENT'S PLAN THAT ALL INPUTS WILL REACH THE FARMERS BY 30TH SEPTEMBER, 2011.

MR SPEAKER,

THE MMD GOVERNMENT WILL CONTINUE TO PROVIDE INPUT SUBSIDIES TO FARMERS TO ENHANCE NATIONAL FOOD SECURITY AND IMPROVE THE WELFARE OF OUR FARMING COMMUNITY AS WELL AS TO ACCORD CONSUMERS AFFORDABLE FOOD PRICES. AS THIS AUGUST HOUSE MAY BE AWARE, WORLD FOOD PRICES ARE RISING. ACCORDING TO OXFAM AND FAO, THE AVERAGE COST OF FOOD COULD INCREASE BY BETWEEN 120% AND 180% BY 2030. THIS WILL INCREASE THE SQUEEZE ON THE POOR WHO SPEND OVER 80% OF THEIR INCOME ON FOOD. GIVEN THIS SCENARIO, IT IS IMPORTANT THAT THE COUNTRY CONTINUES TO RECORD SURPLUS FOOD PRODUCTION TO MITIGATE AGAINST HIGH PRICES. TO THE SCEPTICS WHO THINK THAT WE ARE WASTING RESOURCES IN SUBSIDISING OUR AGRICULTURAL SECTOR, I WISH TO INFORM THEM THAT ZAMBIA IS BETTER OFF WITH SURPLUS MAIZE THAN IMPORTING IT AT ASTRONOMICAL PRICES.

5. CROP DIVERSIFICATION

MR SPEAKER,

GOVERNMENT IS COMMITTED TO CROP DIVERSIFICATION. TO THIS END, SEVERAL POLICY MEASURES ARE BEING IMPLEMENTED BY MY MINISTRY. LAST SEASON, THE FISP INCLUDED RICE SEED FOR THE FIRST TIME. GOVERNMENT WILL FACILITATE EXPLOITATION OF THE FULL POTENTIAL OF CASSAVA AS IT IS NOT ONLY A FOOD CROP BUT AN IMPORTANT INDUSTRIAL CROP WHICH CAN GENERATE INCOME OF OUR FARMERS, CREATE EMPLOYMENT AND EARN FOREIGN EXCHANGE FOR OUR COUNTRY AND THEREFORE CONTRIBUTE TO THE ECONOMIC GROWTH AND DEVELOPMENT. MY MINISTRY WILL CONTINUE TO PROMOTE THE PRODUCTION AND MARKETING OF OTHER FOOD AND CASH CROPS TO MITIGATE AGAINST THE EFFECTS OF CLIMATE CHANGE AS WELL AS TO HEDGE AGAINST PRICE VOLATILITY AND TO PRESERVE OUR RESOURCE BASE.

6. CONCLUSION

MR SPEAKER,

IN CONCLUSION, IT IS CLEAR THAT WITH THESE MEASURES PUT IN PLACE BY GOVERNMENT FOR CROP MARKETING AND FARMING INPUT DISTRIBUTION, AGRICULTURE IS POISED TO GROW AND SIGNIFICANTLY CONTRIBUTE TO ECONOMIC GROWTH, EMPLOYMENT CREATION, FOOD SECURITY AND POVERTY REDUCTION IN ZAMBIA.

I THANK YOU.
