

Introduction

- Theme: “Building Agricultural Competitiveness”
- Restore Zimbabwe’s ‘Bread Basket’ status
- Zimbabwe ranked 126 out of 138 on Global Competitive Index
- Items measured
 - Institutional efficiency
 - Infrastructure
 - Macroeconomic environment
 - Health and education
 - Market efficiency
 - Labor market efficiency

Introduction Continued.

- GDP: 2015, 1.1% 2016, 1.2% (MoF): IMF, -0.3%
- Sub-Saharan Africa 4.3%
- High Country Risk (7%)
- 60% of manufacturers have ties to agriculture
- Traditionally agriculture contributed;
 - 15-20% to GDP
 - 40% of export earnings

Agric-Competitiveness Definition

- refers to the ability to produce quality products at competitive prices and provide adequate returns on production resources used.
- Competitiveness enhances productivity
 - Strengthens food security
 - Boosts employment
 - Improves incomes
 - Reduces poverty

Threats to Agric-Competiveness

- Funding Challenges

 - Liquidity crisis, High interest rates,

 - Short term nature of loans

 - Lack of acceptable collateral/ poor farm track records

- High and Uncompetitive Costs of Production

 - Input cost, labour, fertiliser, stock feeds

 - Diesel, Electricity, water charges

 - High Taxes and levies

 - EMA charges, RDC, rural electrification levy

Output vs Cost of Production

COMMODITY	ZIMBABWE		SOUTH AFRICA (US\$1/R14.28)		ZAMBIA (US\$1/K9.87)	
	Price (\$/ton)	Yield (ton/ha)	Price (\$/ton)	Yield (ton/ha)	Price (\$/ton)	Yield (ton/ha)
MAIZE/ tonne	GMB \$390 Proposed \$240 Market \$340	0.7 to 1	\$249	3.70 GMO inclusive	\$222.90	2.10
SOYABEANS	\$550/ton	1.2	\$449	2.5	\$526.85	1.75
WHEAT	\$500/ton	2.5	\$291	3.5	\$385/ton	7.25
BEEF Commercial	\$3.60 /kg		\$1.48/kg		\$5.85/kg	

Cost of Production

	Zimbabwe Price	South Africa Price	Zambia Price
Water/Mega Litre Commercial	\$12.00	\$3.46	\$6.99
Electricity	\$0.15	\$0.10	\$0.03
Labour cost	\$5.07	\$8.98	\$4.11
Diesel	\$1.07/ Litre	\$0.85/Litre	\$1.04/Litre
Fertiliser			
Ammonium Nitrate (\$/Tonne)	\$590	\$450	\$560
Compound D (\$/Tonne)	\$550	\$430	\$530

Threats to Agric-Competiveness

- Low Productivity
 - Low yields
 - Poor product quality
 - Low land utilization levels
 - Deteriorating national and farm infrastructure
 - Limited Farmer Skills
- Depreciation of SA Rand vs. US Dollar
 - Uncompetitive exports
 - Competition with cheap imports

Suggested Recommendations

- Currency Management
 - Reduce Imports; Increase Exports
 - Reduce costs of production; Increase productivity,
 - Protect against subsidised imports
- Promote Value Addition
- Management of Quality Standards & Certifications
- Create an Enabling Environment
 - Regulatory, legal and policy environment

Suggested Recommendations Cont.

- Rehabilitate and Develop Infrastructure
 - Roads, rail, cold chains, silos, wholesale storage facilities
- Reduce Utility Charges and Taxation
 - Remove VAT on all primary products and inputs
- Improve Economies of Scale & Business Linkages
 - Through Farmer Unions and Associations

Suggested Recommendations Cont.

- Promote Marketing of Produce
 - Resuscitate Agricultural Commodity Exchange
- Lower Investment Risk
 - Long term tenure security
 - Encourage investment in agriculture
 - Offer tax incentives eg Special Initial Allowance

Conclusion

