

FRIDAY BRIEF

WEEK 32, 2017

HIGHLIGHTS

- FRA SHOCKS ZNFU; STICKS TO K60
- POLICY RATE DROPS FURTHER TO 11%
- ... AS PMRC LAUDS DEVELOPMENT
- NOW FARMERS SEEK ALTERNATIVE MARKETS

IN DETAIL....

FRA SHOCKS ZNFU; STICKS TO K60

In a new turn of events, the Union has received a letter from the FRA stating ...” It is therefore the considered view of the board that the price of K60 per 50 Kg bag of white maize be maintained because it is a market price.”

This is after the ZNFU and FRA met on Friday 4th August 2017, where the Union made it very clear that the K60 set by the FRA was below the cost of producing maize and the FRA decided to commute the matter to the FRA Board.

According to ZNFU president Mr. Jervis Zimba, the Union has now decided to escalate the matter to the Minister of Agriculture: “The Union is shocked by this development and we have escalated this matter to the Minister of Agriculture because of the inconsistencies at play. Last season, market conditions were interfered with because after the maize was bought from farmers exports were stopped through an export ban and introduction of a 10% export tax. Resulting from this, traders who would have exported the maize and would have been liquid to buy the maize this season are out of the equation as they have no money to participate. As we speak FRA is also selling to some traders ostensibly for exports.”

He said what the Union can deduce is that farmers have been sacrificed after interfering with market prices last season.

“We must fore warn against such piece meal and short-sighted benefits that will arise because of paying farmers paltry prices. The mealie meal price may drop now but the clear signal to farmers is DON'T GROW MAIZE going forward. Being a staple food maize production cannot be left to the vagaries of unpredictable interventions. A case in point of our neighbours, Malawi and Zimbabwe shows that the farmers there have been offered prices that translate to US\$240 per tonne and US\$380 per tonne respectively which translates to US\$12 (K120) and US\$19 (K190) per 50Kg bag against the FRA price which amounts to US\$120 per tonne or US\$6 (K60) per 50Kg bag. It is evident that our neighbours are incentivising maize production while our situation is to the contrary.





Unless a careful review is done to improve the FRA producer price, the country will find itself having to import maize in the seasons ahead," Mr. Zimba said.

Mr. Zimba said the consequences of the announced FRA producer price are just too severe to even contemplate, saying as such, it should be revisited immediately without any hidden agendas.

He warned that if nothing is done, there would be disastrous ripple effects that will follow on all other businesses that deal with the farmers such as banks, agribusinesses and many more.

"To us, passing a verdict the FRA price is premised on market prices is literally spitting on the farmer for having grown the staple food leading to the huge supply is utterly short sighted. The Union has written to the Minister of Agriculture to sanitize this unfortunate state of affairs. At this juncture, my appeal to the farmers is that let us give Government a chance to hear our plea and review this matter failure to which the crusade to make Zambia the bread basket will remain the usual rhetoric and pipe dream," he said.

POLICY RATE DROPS FURTHER TO 11%

THE Bank of Zambia (BoZ) Monetary Policy Committee (MPC) has reduced the Policy Rate by 150 basis points from 12.5 percent to 11 percent.

The Central Bank has also reduced the Statutory Reserve Ratio by 300 basis points from 12.5 per cent to 9.5 per cent.

Central Bank Governor Dr. Denny Kalyalya has pinpointed lower inflation as the driver for the Monetary Policy Committee to arrive at the decision.

Dr. Kalyalya said overall inflation ended the second quarter at 6.8 percent, up from 6.7 percent at the end of the first quarter, but well within the medium-term target of six to eight percent.

He said inflation forecast indicates that it will remain at current levels for the remainder of the year and trend towards the lower bound of the target range of the medium term.

... AS PMRC LAUDS DEVELOPMENT

The Policy Monitoring and Research Centre (PMRC) says the reduction in the policy rate has the potential to alter short-term interest rates in an economy, thereby influencing a level of economic growth and inflation.

Reacting to the BoZ decision to reduce the policy rate to from 12.5 per cent to 11 per cent, the PMRC says although a low policy rate signifies economic growth, it may lead to slight but minimal increases in inflation in some cases.

"On the other hand, the reduction in the Statutory Reserve Ratios signifies that the Bank of Zambia has managed to stabilize the exchange rate of the kwacha, as evidenced over the past few months. This is highlighted in the MPC statement released by the Bank of Zambia stating that exchange rates remained relatively stable during the quarter under review. The statement validates this by stating that the Kwacha appreciated by 4.5 per cent against the US dollar to K9.32. This has been attributed to the improved supply of foreign exchange from the mining sector and non-resident investors in government securities," the PMRC states.

The Centre hopes that the continued implementation of monetary policy by the Bank of Zambia would eventually reduce the prevailing high real lending rates, increase growth



in credit to the private sector, increase economic growth and further stabilize the financial sector.

“We are cognizant of some of the challenges faced by banks from the liquidity crunch that resulted in expensive fixed deposits and high interest rates which in turn resulted in increased non-performing loans and impairments but we are also hopeful that banks will move in line with the Central Bank’s decision and offer the much-needed relief to consumers and the business community. This will no doubt help alleviate poverty and improve the status of households through access to finance for shelter and business, among other things. We also urge government to speed up its efforts on measures to improve fiscal consolidation which is critical to achieving macroeconomic stability,” the PMRC says.

FROM THE REGIONS

NORTHERN

ZAMBEEF/MUSIKA LAUNCH SMALLHOLDER CATTLE DEVELOPMENT PROJECT

Zambeef PLC and Musika have jointly launched a smallholder cattle development project in Mbala District.

The project is meant to familiarize all stakeholders with cattle development programs in Northern Province.

Mbala District Commissioner Sikombe Kendrick is elated saying this will help turn around the livestock sub sector in the province as it is relatively under exploited. Mr. Sikombe underlined the increasing importance of livestock saying it plays important economic and social roles in the livelihoods of many smallholder farmers.

And Mbala District Farmers’ Association chairperson Hector Chonya highlighted the important role livestock plays for the provision of draft power, organic fertilizers and other by products such as hides used as raw materials in the leather industry. Mr. Chonya also advised farmers to protect and maintain good standards at the livestock service centre.

MUNGWI FARMERS RESOLVE TO HOARD

Farmers in Mungwi are holding onto their resolution which they made last week to hoard their maize until a better price is effected, or better priced buyers are found.

This resolution was made at a meeting called by the Northern Province Cooperative Union (NPCU) which had representation from cooperative chairpersons of NPCU affiliates to discuss the way forward in the face of the maize purchase price announced by the FRA.

The meeting chaired by the NPCU chairperson resolved to look for alternative markets through bulking and urged the farmers to hearken to this call. A price of K110 was proposed as the only price which would receive the support of farmers.





Mungwi District Farmers Association (MDFA) was represented by the chairperson, Mr David Ng'andu.

FRA COMMENCES MAIZE PURCHASES

FRA has finally commenced the purchases of the 2016/17 crops of maize and soya beans albeit at a sluggish note.

As generally expected, the turnout is low. However, it being commencement and this happening at the end of the week, FRA hopes that activities at the satellite depots would pick up. With the dispute on the price set by government, it remains to be seen what sort of quantities will be purchased at the depots.

COPPERBELT

NOW FARMERS SEEK ALTERNATIVE MARKETS

Lufwanyama farmers on the Copperbelt are now seeking new markets for their produce following a miserly K60 market price for a 50-kg bag announced by the Food Reserve Agency (FRA).

The farmers have decried that compared to the cost of inputs plough in, the K60 is totally a pittance. The farmers have also bemoaned the distances they have to cover to find an FRA depot because of the reduction in numbers from 16 to 10, and the transport costs they have to incur.

Meanwhile, only three agro-dealers in the area will participate in the 2017/2018 farming season's e-voucher. In Kalulushi out of 13, 000 registered farmers only 7, 340 will benefit.

CENTRAL

FARMERS RESOLVE NOT TO SELL MAIZE TO FRA

Most farmers in Mkushi district have resolved not to sell the maize to the FRA opting to keep the produce and find alternative buyers at a later stage who will offer higher prices.

Speaking to some farmers in Luano District, the farmers have given up on growing maize in the coming season and are trying to divert to cash crops such as potatoes. The farmers are looking to the ZNFU to include more cash crops on the Lima Credit Scheme.

This year's market price for maize has prompted private buyers to take advantage of the situation with some buying the commodity at as low as K48 per 50 kg bag of maize.

ALERTS! ALERTS! ALERTS!

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ULTRAVETIS TO HOLD TRAINING FOR POULTRY FARMERS

ULTRAVETIS will be hosting a training on poultry production for farmers in September, tentatively 30th September 2017. ULTRAVETIS is now inviting interested farmers to attend this training AT ZERO COST.

Those interested can call Dr. Mzota Lungu on 0968 222 976.

INVITATION TO PARTICIPATE AT THE WORLD EXPORT DEVELOPMENT FORUM

The Ministry of Commerce, Trade and Industry wishes to inform business entities, including farmers, that the International Trade Centre (ITC) of the United Nations will be hosting the 17th World Export Development Forum (WEDF) in Budapest, Hungary from 24th to 25th October 2017.

The Forum will involve policy discussions, practical workshops and facilitated Business To Business (B2B) meetings, which gathers farmers, manufacturers, exporters, importers, wholesalers, retailers and investors.

If interested, kindly follow the link the below to complete registration and obtain more information; <http://www.intracen.org/WEDF-2017-Business-to-Business-meetings-24-and-25-October-2017/>

Kindly note that the cost of participation will be covered by the entity wishing to participate.

For further details contact Ms. Zungaye Phiri or Ms. Lina Mutandwa in the Department of foreign Trade on +260 211 224 115.

INTELECTAUL PROPERTY AND GENTIC RESOURCES – INTERNATIONAL TRAINING PROGRAMME

On behalf of the Swedish International Development Corporation Agency (SIDA), the Embassy of Sweden in Zambia is inviting Zambians to nominate candidates for the INTELECTAUL PROPERTY AND GENTIC RESOURCES – INTERNATIONAL TRAINING PROGRAMME, scheduled for 12th to 1st December 2017 in Sweden, and a regional follow up in one of the participating countries in June 2018.

Closing date for applications is 4th September 2017.

Members that are interested should send their applications (including an extra copy) to:

The Embassy of Sweden
Haile Selassie Avenue
Opposite Ndeke House
P.O Box 50264, RW
LUSAKA

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