

FANRPAN

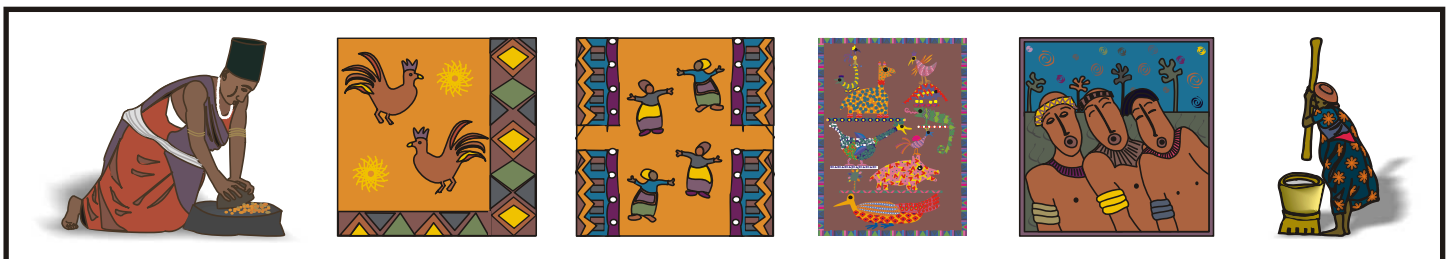
Food Agriculture and Natural Resources Policy Analysis Network

IN-COUNTRY STAKEHOLDER WORKSHOP
FOR ZAMBIA FANRPAN NODE

PROCEEDINGS OF THE WORKSHOP ON ZAMBIA'S AGRICULTURAL SECTOR'S EXPERIENCES AND PROSPECTS IN REGIONAL TRADE

Funding of this publication was made possible by USAID

Lusaka, Zambia
May 2000



Copyright FANRPAN 2002

ISBN 0-7974-2472-5

Published By: Food Agriculture and Natural Resources Policy Analysis Network of Southern Africa
P O Box CY 2765, Causeway, ZIMBABWE
Tel: 263-4-792348/50
Fax: 263-4-794311
E-mail: policy@fanrpan.org
Website: [http:// www.fanrpan.org](http://www.fanrpan.org)

Workshop facilitated by Agricultural Consultative Forum
Proceedings report prepared by the University of Zambia, Department of Agricultural Economics


Editing and production: Mabel Ndakaripa Hungwe

Origination & Printing: Sable Press (Pvt) Ltd

FANRPAN

Food Agriculture and Natural Resources Policy Analysis Network

P.O. Box CY 2765, Causeway, Harare, Zimbabwe
Tel: 263-4-792348/50 Fax: 263-4-792411 E-mail: policy@fanrpan.org Website: <http://www.fanrpan.org>



**PROCEEDINGS OF THE
WORKSHOP ON ZAMBIA'S
AGRICULTURAL SECTOR'S
EXPERIENCES AND
PROSPECTS IN
REGIONAL TRADE**

FANRPAN
Food Agriculture and Natural Resources Policy Analysis Network



Food Agriculture and Natural Resources Policy Analysis Network (FANRPAN)

The origins of the Food, Agricultural and Natural Resources Network (FANRPAN) for Southern Africa can be traced to the first Conference of Ministers of Agriculture of Eastern and Southern Africa held in Harare in April 1994. At the meeting Ministers agreed to support the establishment of a regional agricultural policy network to enhance the capacity for policy formulation and analysis in the region.

While the original understanding of the geographic coverage of the network was the whole of Eastern and Southern Africa, a subsequent meeting proposed to establish separate networks for Eastern and for Southern Africa. At a follow-up of a meeting held in July 1994, SADC Ministers of Agriculture approved the establishment of an agricultural policy network for Southern Africa. FANRPAN was then launched in July 1997.

FANRPAN's mission is to co-ordinate, influence and facilitate policy research, analysis and dialogue at the national, regional and global levels in order to develop the Food, Agriculture and Natural Resources sector through networking, capacity building and generation of information for the benefit of all stakeholders in the SADC region.

The FANRPAN objectives are to:

- ▶ Promote appropriate agricultural policies in order to reduce poverty, increase food security and enhance sustainable agricultural development in the SADC region.
- ▶ Improve policy analysis, research and formulation of priority SADC agricultural research themes.
- ▶ Develop human and institutional capacity for co-ordinated dialogue among stakeholders.
- ▶ Improve policy decision-making through the generation, exchange and use of policy related information.



Summary



The FANRPAN network operates its program of action through in-country nodes. The country nodes implement in-country stakeholders consultation meetings to define agenda, policy research and analysis, advocacy and training. Specifically, the functions of the nodes are to: Coordinate the regional network agenda at national level through organizing national stakeholder dialogue forums; Manage action-oriented research activities in the country; Coordinate advocacy activities; Manage training, information exchange and communication at national level. The nodes have initially been established in eight SADC countries of Botswana, Malawi, Mozambique, Namibia, South Africa, Tanzania, Zambia and Zimbabwe.



FANRPAN nodes held in-country stakeholder consultations to define the research agenda. Participants to the stakeholder consultations were drawn from the Ministries of Agriculture, Non-governmental organisations, farmer organizations, parastatals, agricultural institutions, universities, research institutions and extension and private sector representatives. Funding of the in-country stakeholder consultation was made possible by USAID through a World Bank facility, SPAAR.



The First FANRPAN Zambian node consultative meeting organized by the node, University of Zambia Department of Agricultural Economics was held on 4 May 2000. The meeting was held in collaboration with the Agricultural Consultative Forum (ACF) an existing platform for discussion on agricultural policy issues. Key stakeholders from government ministries, COMESA Secretariat, Export Board of Zambia and the farmers union attended the consultative meeting. The Permanent Secretary in the Ministry of Agriculture, Food, and Fisheries spoke on the urgent need for Zambia to evaluate its current status in agricultural trade as well as future prospects under the COMESA Free Trade Area (FTA).



There was concern that with the implementation of the COMESA FTA, some of the infant industries in Zambia would disappear, as they were not competitive in the region. There was also a need for government to provide the necessary infrastructure to encourage investment in the agricultural sector along the rail and the outlying rural areas. The extension-research linkage needed to be strengthened, as smallholder productivity had remained low, below the potential yields achieved at commercial farms. The session concluded that it was important for Zambia to concentrate on commodities it had a comparative advantage on such as groundnuts and rice production.



Mabel Hungwe

FANRPAN Communication Specialist



TABLE OF CONTENTS

ABBREVIATIONS	iv
INTRODUCTION	1
OPENING REMARKS	4
PRESENTATIONS	6
Presentation by the Ministry of Commerce, Trade and Industry	7
Presentation by the Ministry of Agriculture, Food and Fisheries	8
Presentation by the COMESA Secretariat	9
Presentation by the Export Board of Zambia	11
Presentation by the Zambia National Farmers' Union	12
RESEARCHABLE AREAS	14
CLOSING REMARKS	16
ANNEX	18





Abbreviations



ACF

Agricultural Consultative Forum



ACP

African Caribbean and Pacific countries



ASIP

Agriculture Sector Investment Programme

CET

Common External Tariff



COMESA

Common Market for Eastern and Southern Africa

EBZ

Export Board of Zambia



EU

European Union

FANRPAN

Food Agriculture and Natural Resources Policy Network



FAO

Food Agriculture Organisation

FTA

Free Trade Agreement



IMCS

Independent Management Consulting Services

MAFF

Ministry of Agriculture, Food and Fisheries



MCTI

Ministry of Commerce, Trade and Industry

NGO

Non Governmental Organisation

NTBs

Non Trade Barriers



NTE

Non-traditional Exports

SADC

Southern African Development Community



USA

United States of America

USAID

United States Agency for International Development



WTO

World Trade Organisation

ZNFU

Zambia National Farmers Union



Section One
INTRODUCTION





Introduction



After a thorough examination of the proposed FANRPAN Action Plan, the Zambian node, hosted by the Department of Agricultural Economics at the University of Zambia decided to hold workshop on Zambia's experiences and prospects of the agricultural sector in regional trade. The workshop was held in collaboration with the Agricultural Consultative Forum (ACF). The workshop was the first initiative of the FANRPAN Zambia node and focused on the current status of Zambia's agricultural trade, as well as future prospects for Zambia's agricultural sector, via-a-vis the forthcoming Common Market for Eastern and Southern Africa (COMESA) Free Trade Area. The output of this workshop would feed into the work on the formulation of a Development Strategy for the Agricultural Sector that would be undertaken under the ACF, in conjunction with the Zambia National Farmers Union. In addition to this consultative meeting, the Zambian node also held another stakeholder consultative workshop in the same year.



The other stakeholder workshop was held under the theme of "The Southern Africa Seeds Regulation and Harmonization study." This was held at Lilayi Lodge in Lusaka, Zambia from 10 to 11 February 2000. This workshop was funded by the USAID.



At this Seed workshop, representatives from the World Bank and the private sector from Zambia, Mozambique, Malawi, Zimbabwe and South Africa outlined issues involved and experiences from their countries. Representatives of government and government related institutions raised issues on policy, research initiatives, seed testing, monitoring and regulations.



A work program was presented. The key purpose of this workshop was to have well functioning regional national seed companies and to ensure that farmers would access adequate quality seeds. A national compendium was to be formed and country reports would elaborate interests, opportunities and key players.



Key Research Themes and Plan of Action Resulting from Stakeholder Meetings were as follows: A number of research themes were proposed and these focused on quality aspects of international trade such as grades (for both inputs and outputs) and phyto-sanitary regulations. Other areas of focus included government marketing and pricing policies, and information provision.



A proposal for funding was submitted to the FANRPAN secretariat for actioning. This was a proposal for a study on non-tariff measures and technical barriers to trade applied within the Common Market for Eastern and Southern Africa (COMESA), implications on Zambia's agricultural sector to enhance



intra-regional free trade and investment activities that would result in economic growth within the COMESA FTA by full utilization of the comparative advantage of member states.

Since Zambia had complied with this COMESA Free Trade Area protocol since October 2000, the rationale for the study would be to try and see how best the country could cope with and adjust to the COMESA Free Trade Area.

Other Stakeholders Issues

The agribusiness private sector and the Zambian National Farmers Union identified the following possible research areas by the policy network:

1. How best to help smallholder agribusinesses in capacity building in extension for their outgrower schemes. The farmer approach had worked well in countries such as Ghana. Stakeholders would like FANRPAN to help in this extension issue.
2. The smallholder farmers would like assistance in sourcing and managing irrigation systems for their winter crops such as paprika. The FANRPAN Zambia node could probably team up with other nodes in the region that have had experience dealing with smallholder irrigation projects.



Section Two

OPENING REMARKS

Opening Remarks

The workshop to consult Zambian stakeholders on the agricultural research agenda was officially opened by Mr M R Mulele, Permanent Secretary in the Ministry of Agriculture, Food and Fisheries. In his opening remarks, the Permanent Secretary pointed out that the timing of the workshop was appropriate, given the fact that the COMESA Free Trade Area would come into effect on 31 October, 2000. Mr Mulele further noted that there was an urgent need to evaluate the current status of Zambia's agricultural trade, as well as the future prospects for Zambia's agriculture under the COMESA Free Trade Area. The participants were urged to actively participate in the discussions during the workshop, and ensure that the proposed solutions were practical and would provide solutions to problems affecting Zambia's agricultural trade. This would enable Zambia to effectively participate in the COMESA Free Trade Area.

A number of key stakeholders and institutions were invited to make presentations at the workshop namely:

- The Ministry of Agriculture, Food and Fisheries (MAFF)
- The Ministry of Commerce, Trade and Industry (MCTI)
- The Export Board of Zambia (EBZ)
- The Common Market for Eastern and Southern Africa (COMESA) Secretariat
- The Zambia National Farmers Union (ZNFU)

The breakdown of the subject areas presented by the five institutions mentioned above is as follows:

- Ministry of Commerce, Trade and Industry: Overview of policies towards regional trade
- Ministry of Agriculture, Food and Fisheries: Incentives Towards the Agricultural Sector
- Export Board of Zambia: Trends of Zambia's Agricultural Exports
- The COMESA Secretariat: Trade Opportunities for Zambia's Agricultural Sector within the COMESA region
- Zambia National Farmers Union: Responsiveness and Constraints to Trade in the COMESA region: Experiences of Farmers in Zambia.



Section Three **PRESENTATIONS**

Presentation by the Ministry of Commerce, Trade and Industry

The paper was presented by Mrs Irene B M Tembo, Chief Economist in the Foreign Trade Section of the Ministry of Commerce, Trade and Industry. The main issues discussed during the presentation were as follows:

- There was need to clearly define industries that qualify to be infant industries and the time period within which these industries could be defined a being infant. This would ensure that there was no protection of industries within the COMESA FTA based on the fact that they were infant industries.
- The report by Independent Management Consulting Services (IMCS) pointed that the majority of the industries in Zambia would "disappear" once the COMESA FTA was implemented. This was mainly due to the fact that these industries were not competitive within the region, due to lack of adequate investment. Additional investment was needed for industries to be competitive within the COMESA FTA.
- It was felt that policy on Rules of Origin would be difficult to implement once the COMESA FTA was in place. This was mainly due to the fact that the legislation on Rules of origin was weak, and it was envisaged that it would be difficult to enforce because verification missions would have to rely on the COMESA member states to provide information on the content of value added for it to qualify as a local good. Thus there was a total reliance on goodwill. It would also be difficult to determine the content of value added to a product for it to qualify as a local good or imported good.

The feeling was that COMESA member states might not possess the required technical and administrative capacity to implement the policy on Rules of Origin. The above scenario could be utilized by non-COMESA states as a launch pad for exporting their goods into the COMESA FTA.



Presentation by the Ministry of Agriculture, Food and Fisheries

The paper was presented by Mr Richard Sikananu, Senior Planner in the Agricultural Policy Analysis Unit, Ministry of Agriculture, Food and Fisheries (MAFF).

The presentation highlights were as follows:

- The agricultural policy framework prepared by MAFF had not yet been ratified by Cabinet. The workshop provided an opportunity for key stakeholders to have input in the formulation of agricultural policy before it was ratified by Cabinet.
- It was pointed out that there was need for government to provide the necessary infrastructure that would encourage investment in the agricultural sector, both along the line of rail and in the rural outlying areas. This included rehabilitation of dilapidated infrastructure such as main trunk roads and feeder roads. This would have a positive effect of reducing the cost of transport and encouraging further investment in the agricultural sector.
- The onus of developing the agricultural sector did not fall on MAFF alone. There was need for cooperation with other key line Ministries such as Ministry of Health, Ministry of Transport and Communication, Ministry of Works and Supply, and Ministry of Health. In addition, the private sector also had a key role to play in the development of the agricultural sector. It was pointed out that the private sector could play a key role in the provision of extension and research services.
- The workshop discussed the ASIP implementation that was based on the programme documents formulated in 1995. It was noted that MAFF had completed the formulation of the policy framework for the successor programme to ASIP-I.
- On the issue of production, the Ministry was concerned that agricultural yields for small-scale farmers had remained low, below potential levels achieved in research station trials and commercial farms. There was need to strengthen the research extension linkage, to ensure that the yield levels achieved on research stations were reciprocated in the field. Yields could also be improved through the application of conservation farming techniques and better farm management practices.

It was concluded that there was need for studies to be undertaken to identify areas in which Zambia had a maximum comparative advantage, so that these were accorded priority status as Zambia braced itself for the implementation of the COMESA FTA.

Presentation by the COMESA Secretariat

The paper was prepared by Mr Prosper T Matiwanyuka, Agricultural Consultant at the COMESA Secretariat. The summary of the presentation is as follows:

- Zambia would reap maximum crop benefits if farmers planted early so as to ensure crop reached maturity.
- Zambia had a comparative advantage in groundnut production. Zambia could thus take advantage of the unfulfilled demand for groundnuts within the COMESA region. An attempt should be made to export groundnuts that have some value added through preliminary processing.
- There was need for the development of irrigation schemes in Zambia. This was a pre-requisite in the development of the wheat sub-sector in the country. Zambia had the potential to satisfy its wheat demand from local production, and produce a surplus for export within the COMESA region.
- It was pointed out that all countries within the COMESA region imported a high proportion of their rice needs. Zambia had high potential for rice production in the western and northern provinces. A challenge was issued to Zambia researchers to develop rice varieties that could be exported within the COMESA region. It was pointed out that in COMESA member states, there was a particular demand for brown rice.
- There was potential for Zambia to penetrate the market for beans within the COMESA region. There was a high demand for beans as it is a cheap source of protein. In addition, there was little or no application of insecticides and inorganic fertilizer, making it attractive to health conscious consumers.
- Zambia was encouraged to explore the possibility of exporting cashew nuts and pineapples to other COMESA member states under the FTA. However, there was need to revisit the strategies employed in the production and marketing of these two products. It was learnt that there was a demand for these crops in Namibia, Democratic Republic of Congo and Zimbabwe.
- Zambia needed to explore the possibility of exporting avocado pears within the COMESA region as the demand for this fruit was very high.
- Within the COMESA region, there was a high demand for fish. This demand could not be solely met through the supply of fish from fresh water bodies. Zambia could thus promote aquiculture as a way of penetrating the market for fish within the COMESA region. However, there was need to identify the species of fish which were preferred most by consumers in the COMESA region.



- The need for Zambian exporters to comply with conditionalities set by the importing countries was highlighted. These procedures, if not complied to, could act as NTBs. Some of these included the impact of the production process on the environment, and the use of child labour.
- Zambian Exporters were encouraged to invest in modern machinery to ensure that their products conformed to the specifications set by the importing countries.
- Zambian exporters must also invest in modern training facilities to enable entrepreneurs to acquire management skills in international trade. This would enable them to participate more effectively in the COMESA FTA.
- The high cost of production had put Zambian agriculture at a disadvantage in the COMESA region. For instance, electricity tariffs were very high, and continued to rise, despite numerous protests from the farming community and agro-processors.
- There was also need to determine the level of profits that were repatriated by the foreign firms involved in the export of agricultural NTE's. Furthermore, there was also need to acquire information on the number of people employed, and the level of inputs procured by these firms. The purpose of this exercise would be to determine their contribution to the Zambian economy.

Discussion:

A question was raised as to whether statistics on crops exported from Zambia were readily available. A further query on the level of seed exports was also raised. It was learnt that this information could be obtained from Export Requisition Forms.

Presentation by the Export Board of Zambia

by Mr Johnson Mwenya, Executive Director - Export Board of Zambia

Highlights of the presentation were as follows:

- Zambia was over-dependent on non-traditional exports (NTE's) for its agricultural exports;
- The Southeast Asia economic crisis in 1998 led to a fall in the prices of NTE's, resulting in an overall reduction in the earnings from NTE's during the 1998/99 season;
- There was a limited number of products comprising NTE's. The collapse of one product had a negative impact on the overall level of revenue from agricultural NTE's;
- The meeting felt the need to take stock of the agricultural policy in Zambia and determine whether or not Zambia was ready to effectively participate in the COMESA FTA. This would be a possible research area for the Zambian node.
- It was pointed out that there was need to carefully assess the policy of market liberalization. This called for a thorough examination of the marketing chain. This especially applied to institutions such as ZEGA. This included issues such as flying rights and financing. These factors would have an impact on the hectarage cultivated and the volumes of produce. An assessment of the marketing chain could assist in the determination of opportunities for the future.
- The need to tackle the issues of high cost of production and low yields in Zambia's agricultural sector was stressed.
- Mr Mwenya felt that the country needed to harmonise data collection on agricultural exports. A number of institutions were currently collecting data on exports. These included the Export Board of Zambia and the Bank of Zambia. There was need to obtain accurate information, as these statistics would be utilized by key decision makers.
- It was felt that Government had not sufficiently consulted with the private sector during negotiations on the COMESA FTA and SADC FTA. It was felt that the private sector could have provided vital information that could have been utilized by Government during these negotiations.
- There was need to identify the countries Zambia would be able to trade with at the onset of the COMESA FTA (i.e. COMESA member states whose markets Zambia producers will have access to).
- The need to harmonize trade policies within the COMESA region was highlighted. This would involve the harmonization of fiscal and monetary policies. In addition, there was need to put in place a Common External Tariff (CET) within the COMESA region.



Presentation by the Zambia National Farmers' Union

by Mr Alfred Mwila, Economist, Zambia National Farmers' Union

Highlights and discussions included;

- The farming community in Zambia was faced with the major challenge of reducing its costs structure if it was to be competitive within the COMESA FTA. A key issues was on whether an assessment of Zambia's whole agricultural sector should be undertaken or whether there was need to pinpoint the industries in which Zambia possessed a comparative advantage.
- Zambia needed to address the issues of inadequate marketing and the general rundown of infrastructure. It was felt that it would take longer for the benefits of the FTA to accrue to Zambia due to the above-mentioned factors (i.e Zambia had not met the pre-conditions for take-off into the COMESA FTA).
- There was need to identify industries that were in existence solely due to the application of NTBs. The existence of such industries might be undesirable, as it was an indirect promotion of monopolies, to the detriment of the Zambian consumer. There was need to encourage free trade on a level playing field. However, this might require the protection of infant industries.
- Zambia had the potential to satisfy its demand for milk, and produce a surplus for export within the COMESA region, from its local dairy herd, which had been estimated at 400,000.
- Certain parts of Zambia have been infested with tsetse fly making it difficult to rear cattle in these regions. There was thus justification for the promotion of goat rearing in these regions. The node was tasked to explore the possibility of exporting goat meat and other products within the COMESA region.
- The forestry and wildlife sub-sectors were identified as possessing great potential for exports within the COMESA region. It was pointed out that there was substantial demand for timber in the Democratic Republic of Congo and Namibia. Currently, Zambia was exporting mainly raw timber. There was need for investment in the forestry sub-sector that would result in the exportation of finished timber products.
- On issues of natural resources, Zambia could play a role in re-stocking game reserves/parks by exporting particular species of wildlife to some COMESA countries.
- It was pointed out that there was need for the private/agribusiness sector, farmer representatives and farmers, and Government to come together to formulate strategies on how they could penetrate and effectively participate in the COMESA FTA.

Discussion

A question was raised on the commitment of COMESA member states to implement the policy on zero tariffs once the COMESA FTA came into effect. It was felt that a clearer picture would emerge following the COMESA summit to be held in May, 2000.

The possible application of non-tariff barriers, non-tariff measures and technical barriers to trade following the implementation of the COMESA FTA was an issue of great concern to the COMESA Secretariat and member states. This was a possible research area for the FANRPAN node.

In conclusion, ZNFU pointed out that it would advocate for the sub-sector approach to determine which sub-sectors to prioritize as the implementation of the COMESA FTA drew closer.





Section Four

RESEARCHABLE AREAS

Researchable areas:

A number of factors / gaps that were adversely affecting the agricultural sector in Zambia were identified during the meeting. These were summarized as follows:

- Harmonisation of Non Tariff Barriers and Technical Barriers to Trade
- Identification of crops in which Zambia had a comparative advantage in relation to specific countries
- Lack of adequate farming skills
- Lack of market and input information
- Lack of harmonized / synchronized intra fiscal and monetary policies (macro economy)
- Lack of finance
- Lack of adequate skills to identify new market opportunities
- Lack of improved technology for adding value
- Lack of organized alliances
- Lack of adequate incentives
- Under utilization of state land
- Low volumes
- Limited productive capacity
- Lack of infrastructure

One of the main agenda items of the workshop was the establishment of a Core Team that would be responsible for technical backstopping and monitoring of activities. The Core Team's composition is as follows:-

- Agricultural Consultative Forum Chairperson
- Zambia National Farmers' Union
- Ministry of Agriculture, Food and Fisheries
- Export Board of Zambia
- Agro-based NGO Forum
- University of Zambia

The ACF Secretariat would provide secretarial and technical backstopping to the Core Team. The role of the Core Team would be to:

- Develop a main theme for trade;
- Draw up a research proposals;
- Integrate wildlife and forestry issues.



Section Five

CLOSING REMARKS

Closing Remarks

The Chairman extended his gratitude to all the workshop participants for their active participation and closed the meeting at 16:45 hours.





Section Six

ANNEX

Program for The FANRPAN Workshop: 4 May 2000

09:00hrs	Official Opening of the Workshop	Permanent Secretary
09:15-10:00 hrs	Overview of Policies Towards Regional Trade	Ministry of Commerce, Trade And Industry
10:-10:45 hrs	Incentives Towards the Agricultural Sector	MAFF/Department of Planning & Cooperative Development
10:45-11:00 hrs	Tea Break	
11:00-11:45 hrs	Trade Opportunities for Zambia's Agricultural Sector within COMESA Region	COMESA
11:45-12:30 hrs	Trends of Zambia's Agricultural Exports	Export Board of Zambia
12:30-14:00 hrs	Lunch Break	
14:00-14:45 hrs	Responsiveness and Constraints to Trade in the COMESA Region; Experiences of Farmers in Zambia	Zambia National Farmers' Union
14:45-15:45 hrs	Plenary Session to come up with programmes solutions	
15:45-16:00 hrs	Tea Break	
16:00-17:00 hrs	Plenary Session Continues and Formation of Core Team to Consolidate Findings and Draft Proposal for Further Research	
17:00 hrs	Closing of Workshop and Cocktail	



