

*Press Statement*

17<sup>th</sup> July 2019

**New Crop Price to Positively Impact Farmers and Cost of Living**

On the 5<sup>th</sup> of July, 2019, the Food Reserve Agency (FRA) announced its prices for the 2019 crop marketing season. The FRA announced the price for white maize at K110 per 50kg bag from last year's K75 per 50kg bag of maize. Given the many challenges faced by farmers in the last harvest season including the rising costs of inputs such as fertilizer, the FRA's maize floor price increment of K35 is welcomed and highly appreciated, especially that farmers have long voiced dissatisfaction on previous low prices against high production costs.

JCTR is of the view that the increment is likely going to positively affect farmers who have complained of high input costs and low harvest yields due to economic market strains and climatic changes the country has experienced. The increment might give farmers reasonable returns on their investment, though the increment has not been to some farmers' satisfaction. The Zambia National Farmers' Union (ZNFU) has said, the announced price is nowhere near the range recommended by stakeholders in a consultative meeting with the Ministry of Agriculture (MOA), based on prevailing market price indications.

Releasing the basic needs basket for June, JCTR notes that the cost of Living for Lusaka reduced by K172 from K 5, 458 in May to K 5, 286 in June. Drastic reductions were recorded in the prices of Fish and Kapenta, largely due to the abundance of the commodities on the market. This is largely due to the growing fish farming with players like Lake Harvest, Capital Fisheries and Yalelo who breed and sell their fish countrywide. The price of kapenta reduced by K73 per kg from K190 in May to K117 in June whilst the price of fish reduced by K15 per kg from K134 in May to K119 in June. Another reasonable reduction was recorded in the price of tea bags which reduced by K8 per kg from K90 in May to K82 in June. However, inflation rate as released by the Central Statistics Office (CSO) was on the rise for the same month largely due to the increase in prices of items such as motor vehicle prices which do not have direct positive bearing in living conditions of households, especially the poor.

The price of mealie meal has remained high at an average price of K100 per 25 kg bag of breakfast. The government's decision to increase the maize floor price will likely push more farmers into maize production, leading to improved food security and an increase in the market supply of maize, which will most likely reduce the price of maize and subsequently mealie meal on the market and have a positive impact on the cost of living. It will also promote export of maize and mealie meal to other countries and positively contribute to our balance of payments; these positive effects are likely to be seen in the long term. On the other hand though, we expect the price of mealie meal to remain high in the short term because millers will be buying maize at a slightly higher price.

JCTR urges the government to see to it that all consultation processes are not only thorough but also that it makes an effort to live up to agreements of such processes. It is clear that there is a need to have in place a binding policy that protects the farmers and that guarantees a fair price for their produce, and substantial profit margins. JCTR also urges the government to renew its efforts to ensure market-linkages so that even farmers in rural and far areas have access to private sector markets and can sell their maize at more profitable prices. Further, JCTR urges government to put up measures that will promote and encourage well-organised and wide spread private sector investment in agricultural produce marketing business.

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