

Import/Marketing Policy Options for Consumer Price Mitigation Actions in the 2008/09 Maize Marketing Season in Zambia

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By The Food Security Research Project

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MACO

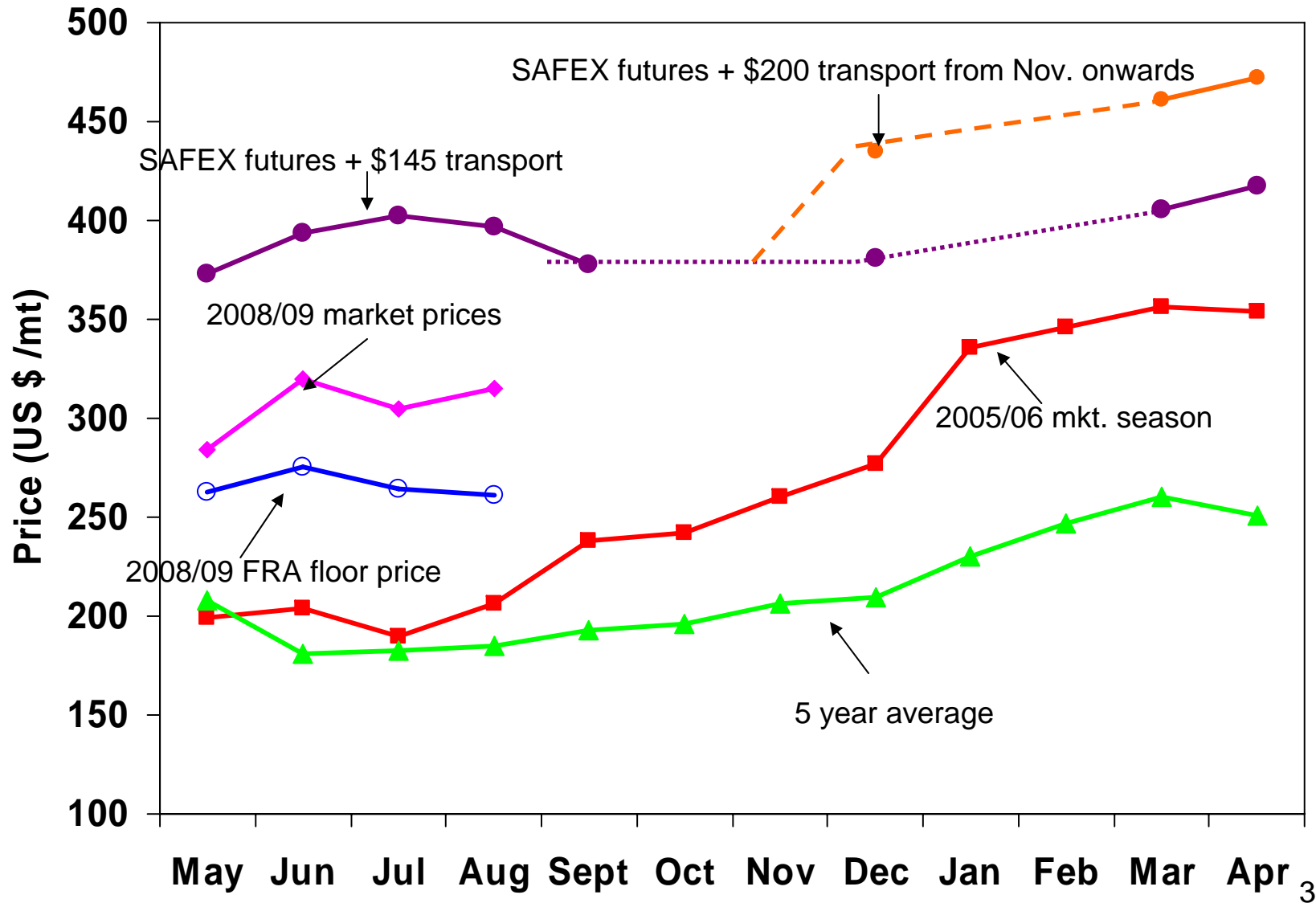
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Outline

- What is the 08/09 seasonal maize price story?
- Possible explanations of higher maize grain seasonal prices
- Challenges underlying policy choices
- Options for discussion – win/win ways forward

What Story do Zambia Market Prices Tell for the 2008/2009 Maize Marketing Season?



What Explains Higher than “Expected” Prices Between Harvest & Lean Season 2008/2009?

- Smaller 07/08 crop than was estimated
- Increased domestic demand, feed & brew
- Private grain trader’s aggressiveness to acquire stocks earlier than normal
- Rising regional/world grain prices & import needs in the region, eg. Malawi/Zimbabwe
- Underlying problems of rising fuel and electricity prices, and electricity instability

Challenges Underlying Policy Choices

- Keep incentive prices for farmers to help stimulate supply response in the 2008/2009 production season, **AND**
- Protect urban/rural net buyers of maize grain against much greater than normal seasonal prices increases for maize meal
- Keep maize grain supplies available in rural markets during the lean season for rural grain consumers and traders
- Find options for positive roles for both GRZ & private traders
- Avoid very high costs to government and consumers of delayed action to import
- Opportunity – GRZ & Donors cover the cost of special safety net to keep consumer prices of roller meal from raising unacceptably high in Jan-March, 2009

What Are The Options?

1. Allow private imports-various alternatives?
2. Dedicate FRA stocks for Chigayo custom milling clients in the Provinces?
3. Only allow FRA to import maize & sell to millers?
4. GRZ/Donor special emergency fund to subsidize costs of milling roller meal?
5. Patrol borders to prevent exports?
6. Combination of 1, 2 and 4 above for win/win