



ZAMBIA NATIONAL POSITION PAPER
Video Conference on High Value Agriculture in Eastern and Southern Africa:
Increased Regional Trade: Opportunities and Issues (23 September 2010)
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1. Present status of regional trade for horticultural produce

The Horticulture sub-sector in Zambia, which largely covers fresh agricultural produce including fresh vegetables such as asparagus, mange tout, sugar snap peas, fine and bobby beans, baby corn, currettes, tender stem broccoli, okra, passion fruit, spring onions, patty pan squash, eggplant, mushrooms, cucumbers, baby carrots, leeks and various types of chilies, reached its peak in 2003 with export earnings amounting to US \$45,969,290 but has since been experiencing a decline in both export volume and earnings. The general decrease in exports over the past years had largely been attributed to decline in production volumes following the collapse of a few of the main players in the industry. This had also seen reduced out-grower activity in the sector.

According to the Zambia Development Agency (ZDA), export earnings in the sector recorded a 50 percent decrease in 2009 from US\$ 36.3 million recorded in 2008 to US\$ 18.3 million in 2009, making a contribution of 0.8% to overall non traditional exports (NTEs) as shown in Figure 1 below.



The main markets for fresh vegetables in 2009 was the UK, accounting for 47%, followed by Congo DR, which absorbed 15% and South Africa accounted for 13%. Other markets included Angola, Netherlands, Spain and Zimbabwe. In 2009, the regional markets accounted for 36% of all the horticultural exports.

Detailed data to analyse regional trade in horticulture was not available at the time of this report, but analysis of the export and import permits given by the Ministry of Agriculture and Cooperatives in January 2007¹ gives as indicators on the level of this trade. Out of a total of 5,391 import permits issued 90% were meant for imports from within the region while 45% were meant for importation of horticultural products. In addition, 45% of all imports intended from the region were for horticultural products. In value terms, 48% of all intended imports were for horticultural products; 69% of all imports were to come from the region; and 45% of the imports from the region were for horticultural products.

With regard to exports, only 2% of the 2,285 permits issued were for horticultural products. Fifty-six percent of all the permits were for exports within the region, and 3% of the exports to the region were for horticultural products. It is widely known that informal exports of horticultural produce such as tomatoes and onions into countries such as the DRC are not captured by official records.

With regard to institutional arrangements, there is no national organizational apparatus dedicated to addressing issues on regional horticulture trade in Zambia. However, the ZDA as part of Ministry of Commerce Trade and Industry which has departments dedicated to general domestic and foreign trade issues. The Zambian Government sees potential for dynamic growth from exports, which could be one of the engines of economic growth that can liberate society economically. Export earnings can considerably provide revenue to the nation for the stimulation of growth and national development. In order to promote regional and international exports, Government established the Export Promotion and Market Development Division under the ZDA for all types of products.

The Zambia Export Growers Association (ZEGA) articulates interests of their members' exports some of which go into regional markets. Specifically, ZEGA coordinates the buying of inputs and the organization of technical assistance; advises on sources of finance and assists with information on the marketing opportunities.

The Cross Borders Traders Association (CBTA) articulates interests relating to small cross border traders (its member) who also trade in horticultural products in addition to many others. Specifically the association promotes increased and sustainable cross-border trader across COMESA and SADC member states and facilitate the marketing of agricultural, industrial and other products in larger markets and contribute to regional food security and industrialization; assists in the implementation of the COMESA, SADC and AEC treaties and protocols by facilitating the utilization of the human resources in cross-border trade to increase intra COMESA and SADC trade.

- There have been no national programs or protocols put in place to enhance the regional trade of horticultural produce. Horticultural produce trade enhancement is included in

¹ The Central Statistical Office officials were conducting the national census such that there were no officers to act on our request for data. Entering of export and import permits data at the agricultural ministry is not up date and this is the only month which seemed to have been completely entered for both import and export permits.

programmes for all commodities e.g. the COMESA Simplified Trade Regime (STR) which overcomes problems in proving goods originate in a country and therefore are not subject to duty.

With regard to data availability and management, there is an existing database the Central Statistical Office primarily collected by the Zambia Revenue Authority (ZRA) for Government revenue purposes. The Ministry of Agriculture and Cooperatives (MACO) has data relating to this trade through applications for import and export permits and the electronic database is not being updated. Periodic useful analysis could have been generated with regard to pledged and effected imports and exports with large discrepancies indicating to problems which needed being resolved.

On the research front, the University of Zambia (UNZA), which is funded by Government, is dedicated to teaching as well as research in the economics production and marketing of horticultural products. The Natural Resources Development College has a similar mandate at diploma level.

The Zambia Agricultural Research Institute (ZARI) conducts socio-economic research on farming systems which includes marketing and trade of all farm products, and another one dedicated to Sanitary and Phytosanitary (SPS) inspections. The institute is also Government funded and was originally a branch of MACO.

The Food Security Research Project has over the past 5 years conducted applied analysis in domestic horticulture value/supply chain which has included region trade perspectives. The project is a collaboration effort between MACO, the Agricultural Consultative Forum and other key institutions and Government ministries and the Michigan State University and is funded by the United States Agency for International Development (USAID) and the Swedish International Development Agency (SIDA).

2. Present management of the constraints to regional trade

Local expertise for identification and characterization of specific constraints, technical or organizational relating to regional horticultural trade such as insufficient records about trans-boundaries exchanges due to informal transactions and lack of standards; too many trade agreements carbon food miles; tax policy; growing urban population and inadequate distribution systems is generally available but there is lack of commitment at strategic policy level to effect or implement this.

No ad hoc committee for bringing together public entities and private sector to address these constraints exists. However, stakeholders are in the process of forming a Horticultural Working Group whose objective is to lobby the development of the horticultural sector, through the development of the wholesale markets and through the development of strategic policy.

On the donor assistance front, the ZDA and its cooperating partners in export promotion and market access have launched the first ever Zambia Export Product Catalogue in order to stimulate demand for Zambia's products abroad and to broaden the country's revenue base, the. In addition, the Zambia Export product portal created with support from the USAID funded Market Access and Trade Enabling Policy (MATEP) programme is one way of

improving visibility of Zambian export products on the regional and international markets. This is an important window for Zambia to market its products regionally and globally and will provide a forum through which the business community can promote their exportable products.

3. On-going strategy at regional level (management of opportunities)

The horticultural industry in the country has contacts in the region through COMESA harmonization efforts. For example:

- COMESA Council of Ministers adopted the COMESA Model Energy Policy Framework which provides the COMESA members States with harmonized guidelines that would facilitate energy policy harmonization in the COMESA region in efforts to improve efficiency and increased investments. And the process of establishing the harmonized consumer price index for the COMESA region has started.
- Programmes that facilitate identification of commodities that should be exempted duty e.g. the COMESA Simplified Trade Regime (STR) which overcomes problems in proving good originality and therefore are not subject to duty – this covers goods worth \$500 or less.
- Regional Trade Facilitation Programme is seeking to make regional trade much faster and more cost effective through the establishment of 3 One Stop Border Post (OSBP) one of them being at Chirundu between Zambia and Zimbabwe, the second busiest border along the North-South Corridor
- One Stop Border Post at Chirundu (with Zimbabwe). One of the busiest inland border crossings in the whole southern and eastern Africa with an average of 270 trucks carrying goods between Zambia, DR Congo, Tanzania and Malawi and the countries south. Before the OSBP private vehicles had to weave their way, for several kilometers, for several kilometers on both sides of the border, in and out of queues of trucks which had to wait an average of 4 days to clear custom. With an average of 581 travellers a day passing through Immigration, the level of congestion was very high. Things are reportedly improving with the implementation of the OSBP for which new appropriate buildings and a bridge which erected as a prelude to this. The RTFP is also working with COMESA, EAC and SADC under the Tripartite Task Force to consider the design of a common regional customs document; regional transit bond guarantee; Customs Best Practices, harmonized Rules of Origin etc all aimed at reducing further the time and cost of trade passing through the borders and time gained from OSBP would still be lost if traders have to complete a myriad of documents for different economic communities and others which often fulfill the same function.

There are no attempts to stimulate peri-urban horticulture and linkages between rural and urban areas and also beyond the country borders at Government level in the country. In fact Urban Consumption Survey data generated by CSO/MACO/FSRP in 2007/8 showed very little contribution of urban agriculture in urban households' fresh produce consumption. However, localized and quite often donor funded initiatives have been put in place such as:

- The Japanese International Cooperation Agency (JICA) is in the process of developing a Master and Action Plan, promotion of irrigated agriculture for smallholders in the peri-urban areas in Zambia which is focusing on linkages to local markets and those beyond.
- The Ministry of Agriculture and Cooperatives and Corporating Partners have been funding the Project that assists smallholder farmers' access water for irrigation in some three districts namely Chongwe, Mazabuka, and Sinazongwe.

- International Development Enterprise, IDE Zambia has found that low-cost irrigation is a very practical way to address the poverty and hunger that have accompanied two decades of recurring droughts and economic decline in Zambia. Treadle pumps, drip-irrigation systems, and other affordable technologies have been adapted to the local context and distributed through a sustainable network of local private-sector manufacturers and dealers. Zambia's low population density and long distances between settlements pose a challenge to smallholders wishing access markets for their produce. To help farmers overcome these barriers, IDE Zambia has facilitated linkages between smallholder groups and local supermarkets, vegetable export companies, and other output markets.
- FSRP through applied analysis of the horticultural supply chain and stakeholder engagement,
- International Water Management Institute's Agriculture Water Management (AWM) Solutions Project working with the Farming Systems Association of Zambia promotes investments in smallholder irrigated agriculture (horticulture) as well as resolving supply chains constraints.