

Farmer Incentives for producing surplus for export ZNFU



Commercial imperative

- ONLY motivation to produce commercially is **PROFIT**
- Returns minus costs **MUST** yield margin.
- Maize margins must rank highly against alternatives.
- Production costs must be competitive in the region.
- Low margin, high volumes can yield significant profit.

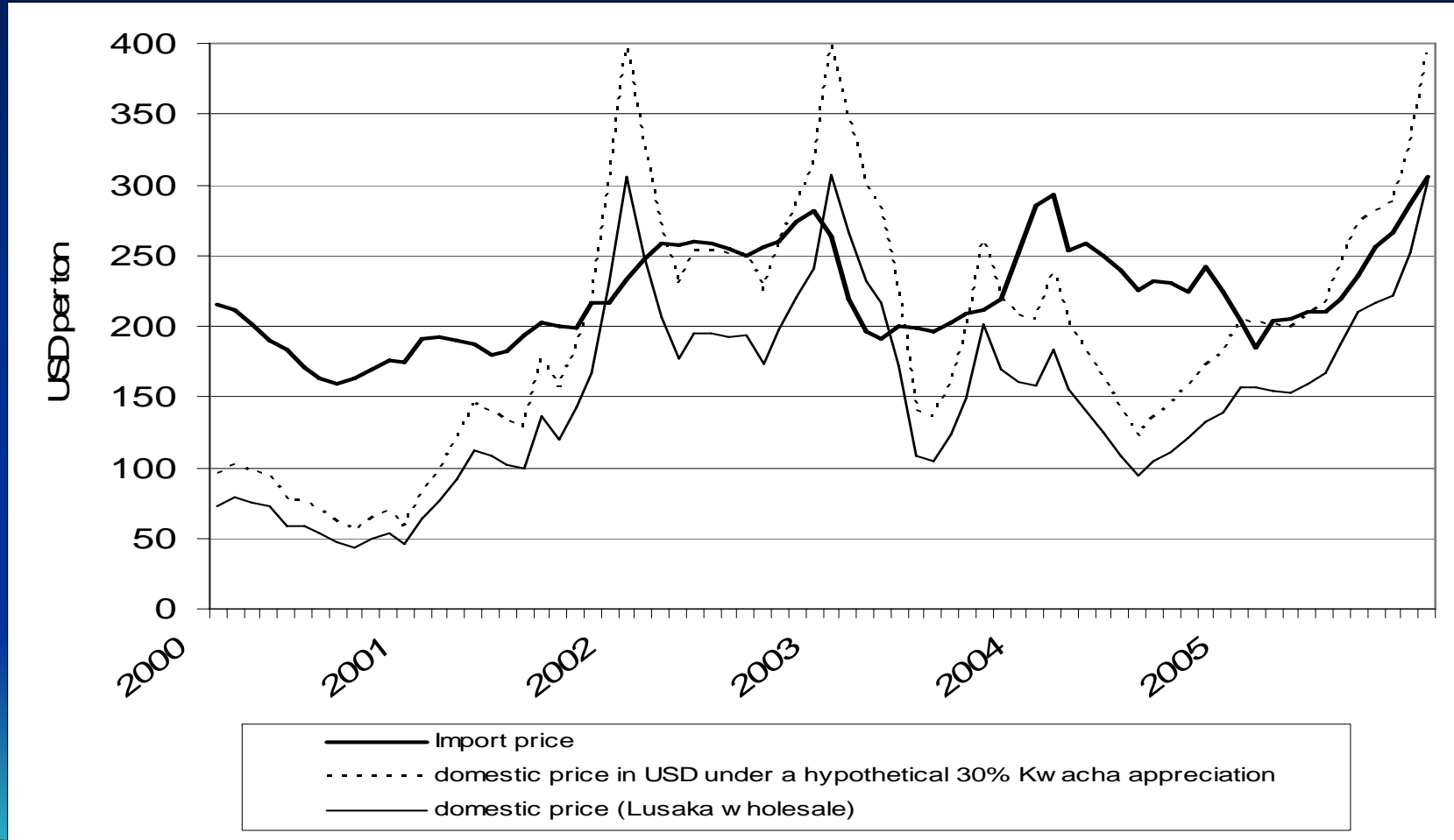


Assumptions in planning to produce surplus

- Ability to price competitively in export market.
- Stable economic and trading environment from plan conception to sale (predictable exchange rate, interest rates).
- No adverse market distortions (export bans, NTBs, competing donor activity, political pressure).
- Possible favourable guaranteed export incentives/subsidies.
- Logistical considerations/transport costs.



Historical perspective Border prices



Farmers' judgement on scope for exports

- Policies on maize trade favour consumers over producers for political reasons.
- Maize price is political icon, vulnerable to electioneering.
- Export of maize is politically emotive, therefore insecure.
- However, there is sustained demand from Congo and Angola and periodic opportunities in Tanzania, Zimbabwe, Mozambique and Malawi.
- Viability is vulnerable to donor activity.
- Misjudgement of opportunity can lead to price collapse.



Incentives to export

- Guarantees on unrestricted exports – let price determine the direction of trade.
- Safeguards against measures to suppress maize price.
- Contracted production for export market.
- Export credit guarantee scheme.
- Political acceptance of export trade.

