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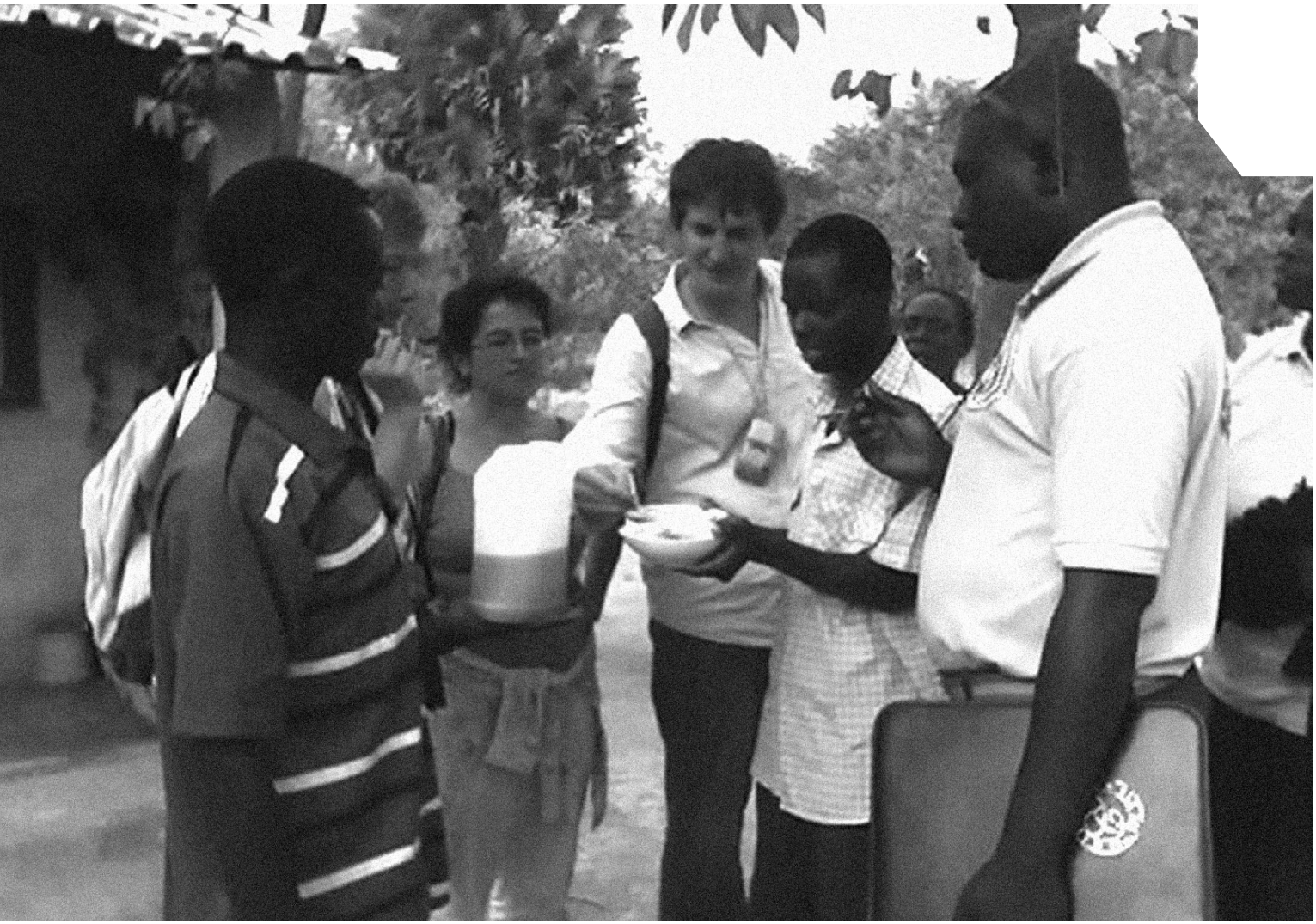
RIGHT TO FOOD OF MILK AND HONEY FARMERS

Report of an investigative mission to Zambia



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Authors
Civil Society Trade Network of Zambia
Plot 181B bishop road, Kabulonga
Phone: +260-211-266234
Fax: +260-211-261600
Mail: cstnz@coppernet.zm

Editors
FIAN International Secretariat
Willy-Brandt-Platz 5
69115 Heidelberg
Phone: +49-6221-6530030
Fax: +49-6221-830545
E-mail: fian@fian.org

http://www.fian.org

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Acronyms

ACP
Africa, Caribbean and the Pacific

AIDS
Acquired Immune Deficiency Syndrome

AGOA
African Growth Opportunity Act

CEMAC
Central and Eastern African Monitoring Community

CIF
Cost Insurance Freight

COMESA
Common Market for Eastern and Southern Africa

CSO
Civil Society Organizations

CSTNZ
Civil Society Trade Network of Zambia

CPA
Cotonou Partnership Agreement

CTI
Commercial, Trade and Industrial Policy

DFID
Department For International Development

DTIS
Diagnostic Trade Integrated Study

DPB
Dairy Processing Board

EBA
Everything But Arms

EAC
East African Community

EU
European Union

EPA
Economic Partnership Agreements

ESA
Eastern, Southern Africa

FAO
Food Agricultural Organisation

FIAN
FoodFirst Information and Action Network

FDG
Focus Group Discussion

FNDP
Fifth National Development Plan

GART
Golden Valley Agriculture Research Project

GATT
General Agreement on Trade and Tariffs

GDP
Growth Domestic Product

GSP
Generalized System of Preferences

HIV
Human Immune Virus

IOC
Indian Ocean Community

IGAD
Intergovernmental Authority on Development

IMF
International Monitory Fund

IPSEP
Identification of Priority Sectors for Export Promotion in Zambia

LDC
Least Developed Country

LCMS
Living Condition Monitoring Survey

MACO
Ministry of Agriculture and Cooperatives

MBA
Munkulungwe Beekeeper Association

MCTI
Ministry of Commerce Trade and Industry

MOFED
Ministry of Finance and Economic Development

MFN
Most Favored Nations

MSDFC
Magoye Smallholder Dairy Farmers Cooperatives

NAP
National Agriculture Policy

NGO
Non Governmental Organisation

NTE
Non Traditional Exports

OPPAZ
Organic Producers Association of Zambia

PRSP
Poverty Reduction Strategy Paper

PSD
Private Sector Development

SADC
Southern Africa Development Community

SAP
Structural Adjustment Programme

SDDP
Smallholder Dairy Development Project

SSA
Sub-Sahara Africa

TDCA
Trade and Development Cooperation Agreement

UK
United Kingdom

US
United States

WFP
World Food Programme

WTO
World Trade Organisation

ZATAC
Zambia Agribusiness Technical Assistance

ZBPA
Zambia Bee Producers Association

ZIC
Zambia Investment Centre

ZNFU
Zambia National Farmers Union

Executive Summary

The year 2007 was supposed to mark the end of the trade negotiations between the Africa Caribbean and Pacific (ACP) countries and the European Union (EU) which has been going on for five years. Economic Partnership Agreements (EPAs) are free trade arrangements based on the principle of reciprocity, which means that countries like Zambia will have to progressively open up their markets for European products. This will have political, social and economic implications on smaller economies and poses serious risks for the struggling small-scale farmers and local producers in these countries because their local markets are likely to be flooded with subsidized products from the European Union (EU) especially milk products.

Further opening up of the ACP economies will also imply that governments in these countries will lose the tax revenue which is much needed to support the social sectors such as education, health, road construction and maintenance among other things. This later will force the government to go on a borrowing plea and later fall back to the debt trap. The impacts of the Structural Adjustment Programmes (SAP) are still being felt and the EPAs are expected to have more severe impacts than the SAPs. Not only that trade agreements like EPAs will reduce the policy space for ACP governments to support vital sectors like agriculture which are very important in any country's strategic and long term development, but they are expected also to put a strain on the social and political climate of the ACP economies.

Civil Society Organizations in Zambia and outside are very skeptical about the impact such a trade arrangement will have on the poor countries like Zambia. For this matter a consortium of organizations comprising Civil Society Trade Network of Zambia (CSTNZ) , Germanwatch, Ghanaian Peasant Farmers Association and FoodFirst Information and Action Network (FIAN) Germany and International, embarked on a fact finding mission to the Munkulungwe and Magoye areas of Ndola and Mazabuka respectively in September 2007.

The overall objective of the research was to investigate whether the right to food of the milk and honey farmers is being violated by the current and future trade agreements in Zambia and to assess the impact EPAs will have on the selected sectors.

The fact finding mission concluded that both honey and milk are emerging sectors that have potential to lift many rural people out of abject poverty through providing income, employment and a source of food for the communities.

Despite the two sectors' potential to contribute favorably to uplift farmers out of poverty, the farmers' right to food is still not realized, the reasons being that the current trade agreements have put the producers of milk and honey in stiff competition with cheap imported products from within the region and from far. Producers have unfavorable contracts that do not allow them to sell their products to any other buyer and usually do not take part in price negotiations. In addition, farmers both in the milk and honey sectors lack support in terms of access to credit and find it difficult to access the local market because the market is flooded with imported products and because the standards demanded by the supermarkets are too much for the farmers who do not receive any support to meet such conditions . There was evidence of high level of poverty among the farming communities visited with most of the families failing to access social services like education and medical facilities.

On the basis of the above outcome the fact finding mission to Zambia demands that the right to food be respected by both the current and future trade agreements. Since both Zambia and all members of the European Union are states parties to the human rights covenants, they have the obligation to respect the rules enshrined in these treatiesr. Countries like Zambia have implemented the structural adjustment programmes of the early 1990's and these have had severe implications on the economy such as the closure of companies, loss of both revenue and employment by the people. Since EPAs are based on the principle of reciprocity, their impact will be far more severe than the SAPs, hence precautions have to be taken when negotiating and implementing such trade agreements between two unequal powers.

1. Introduction

This is the report of a Fact Finding Mission to Zambia which took place between the 25th of September and the 3rd of October 2007. In an effort to find out the impact of trade agreements on the right to food in Zambia, a consortium of organizations made up of the Civil Society Trade Network of Zambia (CSTNZ), FoodFirst Information & Action Network International (FIAN International), FoodFirst Information and Action Network Germany, Germanwatch and the Peasant Farmers Association of Ghana stood tall and embarked on a research to determine the vulnerability of the small scale farmers vis a vis the current trade regimes. Research was done in two provinces targeting milk producers in Southern province and honey producers on the Copperbelt province. Moreover, the mission also aimed at investigating whether the EPAs being negotiated between the EU and 77 ACP countries will negatively affect the Right to Food of the smallscale milk and honey producers in Zambia. The Right to Adequate Food is a fundamental human right enshrined in article 11 of the International Covenant on Economic, Social and Cultural Rights (ICESCR).

For the purpose of this research, milk and honey were chosen because they are important products that support the livelihoods of some of the most marginalized people of Zambia.

Milk is one of the agricultural products which are likely to be affected by the signing of the EPAs due to the fact that the EU's dairy sector is highly subsidized and its products are likely to flood the Southern African market with fresh, powdered and other milk products. This would most likely disadvantage Zambian small-scale farmers whose production is not subsidized to the same level as their counterparts in the EU. As for honey, the sector is growing very fast and is a major income supplement and a strategic product on which farmers hedge themselves from the disasters in conventional agriculture as well as the unattractive prices of other food crops.

The mission visited milk and honey farmers both in Magoye and Munkulungwe in Mazabuka and Ndola respectively. Focus group discussions were held with the communities collectively and with individual farmers. Further interviews were conducted with the ministry of commerce, trade and industry, with the ministry of agriculture and cooperatives and with COMESA officials. This report presents the findings of the fact finding mission. It does not claim to follow academic standards of research. The intention is rather to share our findings from the discussions we had and present our assessment from a human rights perspective.

2. Background

2.1 General information

Zambia is a locked country with an estimated population of 11.4 million people of which 70 % engage in agriculture. Although Zambia has a relatively high urban population for a country of the southern African region, approximately 45 %(4.6 million people) of her total population are poor people, living in rural areas and deriving their livelihoods from agriculture. The share of the population living below the poverty line increased from 70% in 1991 to 75% in 1999 and was down to 65% in the 2005-2006 period, with much higher rates in remote rural areas. The country has also experienced high levels of HIV/ AIDS with statistics indicating that 16% of the total population is living with the virus.

Zambia has a total land size of about 752,000 square kilometers. 58% of that land is arable but only 14% are utilized. The country possesses a conducive climate, abundant labor and water resources. Much literature emphasizes Zambia's under-utilized resources that appear to offer the country many alternatives for diversifying the economy away from the mineral sector and for increasing agricultural production. Growth in the small-scale agriculture sector would potentially impact poverty reduction and national economic growth, based on the strong linkages between agriculture and poor people's livelihoods in Zambia, provided that sufficient numbers of the rural poor are actually able to access the benefits of agricultural commercialization (FNDP 2006). Zambia's Gross Domestic Product (GDP) has been growing at an average rate of 5% in the past five years as a result of increase in copper prices on the world market with agricultural sector contributing about 18 to 20% (Bank of Zambia 2007).

The government has achieved a major fiscal consolidation and has undertaken public-sector reforms that triggered the cancellation of 90% of the $7.1 billion owed to the international financial institutions. This has led to restored donor's confidence translated into larger inflow of aid, increasingly as direct budgetary support. The sharp appreciation of the kwacha (Zambian currency) experienced later in 2005 and early 2006, coupled with the bumper harvest in agriculture, eased inflationary pressures, which now averaged 8.2 percent: For the first time in about 30 years that Zambia has achieved single digit inflation.

2.2 Food Security and Agriculture in Zambia

Food security is the key subject of concern to most developing countries as it can enhance economic growth and poverty reduction (Docars 2006). Food security can be defined as the situation when all people at all times have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life (World Food Summit 1996).

Zambia's agriculture can be divided into cash and food crops. Maize being the major food and cash crop in the farming communities. It receives a lot of support from the government in terms of subsidized fertilizer and guaranteed markets after harvest. Other cash crops include fresh flowers, paprika, tobacco, cotton, sugar, honey, wheat, soybeans, sorghum, milk and tea among others. In the case of Zambia, the country is considered to be food secure if there is enough maize stocked in the country and this has been perpetuated by the fact that from time immemorial maize has received a lot of support from the government and because most of the people in urban areas consume a lot of maize. Despite the fact that small-scale farmers contribute greatly to the national food security they are the most food insecure in most parts of the year. With the change in the rain pattern in Southern Africa, food security is under massive challenge as the region continues to experience frequency droughts. A large part of the southern Africa region is severally affected by systematic droughts that lead to food insecurity for a larger number of people in rural areas (response from CSO's in the ESA region 2006).

Since 1992 Zambia has been pursuing agricultural reforms, necessitated by the deteriorating economic situation and by donor demands, requiring total government withdrawal from direct involvement in agricultural marketing. However, while pursuing an overall policy of liberalization, the government has continued to participate in agriculture markets though at reduced scale. Government participation has been necessitated, to a greater extent, by the duality of the agricultural sector and perceived imbalances in agricultural service delivery as well as the limited capacity of the private sector to serve the small-scale farmers with location disadvantage (Mwanaumo 1999).

The reforms and changes in the agricultural sector were expected to improve farm productivity, reduce poverty through farmer participation in product markets and improve the effectiveness of delivery services. The reforms were also intended to enhance private sector participation in the agriculture sector. However, rural communities have experienced a consistent decline in the provision of agricultural services. A poverty and vulnerability study conducted in Mumbwa and Katete showed that social economic conditions in rural areas have deteriorated and rural communities are unable to support their families because they cannot increase their farm income (Banda.et.al 2005).

While liberalization is perceived to have widened the choice of markets, this has disadvantaged small-scale farmers in the sense that they have much less access to the required market information and credit compared to commercial farmers. Moreover relatively few farmers are surplus producers and only those able to market their surplus produce have benefited from producer prices.

Under the current agricultural policy reforms, small-scale farmers have not benefited as expected since it is very difficult for rural farmers to sell farm produce to generate the income they need. This is particularly the problem for the remote areas where the private sector is unable to service the farming community due to lack of capacity to do so (Banda. ibid). Formal market systems are lacking in most rural areas and the urban traders take advantage of the vulnerability of small-scale farmers by purchasing the output at very low prices while most of them exchange their produce with second hand clothes (FAO/WFP 2002).

Zambia is one of the countries that have implemented structural adjustment programs under the auspices of the IMF and World Bank in the early 1990s. The reforms led to the country being one of the most open economies ranked 2 on the IMF restrictiveness scale as indicated by ODI in the impact assessment paper in 2006. Due to the SAP producers have experienced problems in terms of accessing the local market as the imports seem to have taken an edge over locally produced goods.

The government of the republic of Zambia has recognized the important role agriculture can play in as far as reducing poverty amongst the rural communities and ensuring sustainable economic growth are concerned. Currently the agricultural sector contributes on average between 20 to 22 % to the national GDP and has been growing at an average of between 3 to 5%. Currently the agriculture sector accounts for 85% of total employment (formal and informal).

The agricultural sector continues to receive an increase in terms of budgetary allocation. The year 2007 saw agriculture receiving about 8% of the national budget (National Budget 2007) - 2% lower than what the countries are committed to under the Maputo declaration where they promised to increase agricultural allocation to 10% of the national budget (Maputo declaration 2004).

Maize (corn) is the principal cash crop as well as the staple food of Zambia. Other important crops include soybean, cotton, sugar, sunflower seeds, wheat, sorghum, pearl millet, cassava, tobacco and various vegetables and fruit crops. Floriculture, honey and the dairy sector are a growth sector with potential to be traded at the international market.

The government has considered agriculture an engine for economic growth because of its dual role of providing food security and providing employment - hence the formulation of National Agriculture Policy (NAP) and the enjoyment of much emphasis in the Fifth National Development Plan. The goal of the NAP is to promote

increased and sustainable agricultural productivity and competitiveness in order to ensure food security, income generation, creation of employment opportunities and reduction in poverty levels. The NAP has set clear targets such as the attainment of food security for the majority of the households: At least 90% of the population should be food secure by 2010, the contribution of the agriculture sector to total foreign exchange earning should increase from the current 3-5% to 10-20% by 2010, the overall agricultural contribution to GDP should rise from 18-20 to 25% by 2010 and increase the income of those involved in the agriculture sector (FNDP 2006).

These are good goals but whether the intended targets will be achieved depends fully on the effective implementation by the government and inclusiveness of the intended beneficiaries in the implementation process.

Small-scale farming in Zambia still remains a major avenue that can help reduce poverty and create meaningful income for the communities that depend so much on agricultural activities. Currently there are more than 800,000 registered small-scale farmers - double the number of people in formal employment. 70 % of the population is engaged in agriculture and the majority of them at small-scale level. Small-scale farming can be described in many ways, but typical African small-scale farmers are those that own 2 acres or less and most of them are engaged in subsistence agriculture but contribute greatly to national food security. They are marginal farmers with bigger families and face high levels of poverty - especially among female farmers. Furthermore they depend very much on natural rains for their agriculture production, they lack access to affordable finance and face difficulties in accessing the domestic market as well because the markets are flooded by imported goods. The table below adapted from the integrated diagnostic study shows the share of the agriculture sector to GDP in relation to other sectors.

TABLE 1: MAIN ECONOMIC INDICATORS AND THE CONTRIBUTION OF THE AGRICULTURE SECTOR TO GDP COMPARED TO OTHER SECTORS

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
GDP growth (%)	-0.5	0.0	-1.7	6.8	-8.8	-2.5	6.6	3.3	-1.9	2.2	3.6	4.9	3.3	5.1
Composition of GDP (%)														
Agriculture	20.6	17.4	23.8	34.1	15.5	18.4	17.6	18.7	21.1	24.2	22.3	22.1	22.2	22.8
Mining	10.2	9.2	6.3	9.8	19.2	16.4	13.7	11.3	7.1	4.2	4.6	4.4	3.9	3.0
Industry	41.1	41.8	42.7	32.1	20.7	19.5	21.1	22.9	22.1	20.6	20.7	21.3	22.2	24.0
Services	28.1	31.6	27.2	24.0	44.7	45.7	47.7	47.1	49.7	51.0	52.4	52.3	51.7	50.2
Inflation (%)	109	93	191	138	38	46	35	19	31	21	30	19	27	17

Adapted from the Zambia Diagnostic Trade Integration Study 2005

2.3 Poverty in Zambia

Poverty in simple terms can be described as the inability to meet one's basic needs including food, clothing, shelter, health care, safe water and sanitation services. Poverty is largely associated with features like lack of income, lack of land, unemployment, inability to feed oneself and the family, lack of proper housing, poor health and the inability to educate children and pay medical bills. Poverty therefore influences the availability of food and the nutritional status of individuals (Dorcus 2006 ibid). In Zambia poverty can be classified as income and non income poverty. Income poverty can be sub-divided in three ways: depth, severity and incidence of poverty. In spite of the Poverty Reduction Strategy Paper (PRSP) and positive growth trends during the last few years, Zambia is yet to register significant decline in income poverty levels. According to the Living Condition Monitoring Survey (LCMS) IV of 2004, as much as 68% of the population fell below poverty lines, earning less than K 111, 747.

Depth and severity of poverty also remain high despite the slight decline since 1998. The national level, the depth of poverty dropped to 36% from 40% in 1998 while severity of poverty declined from 26% in 1998 to 23% in 2004. Extreme poverty (covering people earning less than K78, 223 per month) fell from 58% in 1998 to 53 5% in 2004. The decline in depth and severity of poverty was driven primarily by rising per capital consumption among the non-farm households (FNDP 2006).

In terms of incidence of poverty amongst various strata, the table below shows that small-scale farmers had the highest incidence of poverty at 79% with 66% being extremely poor. This was followed by rural medium scale farmers where poverty incidence was 73%. In the urban areas, the highest incidence was among the low cost households at 58%. In terms of the current status of poverty, high levels of poverty continue to be associated with more remote areas.

The preceding analysis indicates that poverty remains concentrated in rural areas. The majority of rural households in Zambia depends on the consumption of own produce. Therefore, the high poverty levels in rural areas could be as a result of not having adequate food by the majority of the households. The rural areas have poor infrastructure and marketing systems while labour productivity among the small-scale farmers is quite low (FNDP 2006 ibid).

TABLE 2: CHANGES IN POVERTY, 1998-2004

	Population (1000s)		Incidence (P0))		Depth (P1)		Severity (P2	
	1998	2004	1998	2004	1998	2004	1998	2004
National	10,183	10,954	73	68	40	36	26	23
Rural	6,359	6,662	83	78	49	44	34	30
Small-scale farms	-	-	84	79	50	45	35	31
Medium/large-scale farms	-	-	73	73	38	36	25	22
Large-scale farms	-	-	-	37	-	-	-	-
Non-farm households	-	-	79	69	48	36	35	24
Urban	3,824	4,292	56	53	23	22	13	12
Central	1,019	1,136	77	76	44	43	31	28
Copperbelt	1,823	1,661	65	56	31	24	19	13
Eastern	1,304	1,514	81	70	46	40	31	27
Luapula	701	863	82	79	47	42	32	26
Lusaka	1,526	1,534	52	48	22	19	13	10
Northern	1,237	1,407	82	74	45	41	31	27
North-Western	549	654	76	76	41	40	27	26
Southern	1,268	1,360	76	69	42	35	28	22
Western	756	826	89	83	57	53	42	38

Source: Central Statistical Office
Note: These official poverty estimates are based on the Priority Surveys (1991, 1993) and Living Conditions Monitoring Surveys (1996, 1998 and 2004), GDP per capita is based on National Accounts

Zambia got political emancipation from the colonialists in 1964. Despite the massive agricultural potential and huge labour force in Northern Rhodesia, the British did not develop the sector. Nevertheless, for several years after independence, Zambia produced enough food to feed her own people and even to export to her neighbors. The major producers and consequently major contributors to food security were and still are small-scale farmers most of whom were and still are situated in rural areas (FNDP 2006 ibid).

In the subsequent years, the 1970s and 1980s, inefficiencies in the agriculture sector emerged. In the 1990's two major blows owing to the inconsistencies in the climate and the liberalisation process hit the agricultural sector. Severe droughts alternating with excessive rains destroyed crops in several parts of the country. At the same time the IMF and World Bank pushed and rushed the liberalisation of the agricultural among other sectors in a bid to fully implement the Structural Adjustment Programmes (SAPs). Among other things, SAPs called on the government to phase out maize subsidies, liberalise maize markets, limit bank credits and remove tariff bans. These limited the potential of the farmers to produce adequate food. Consequently, Zambia began to import foodstuffs and became increasingly dependent on foreign assistance (FNDP 2006 ibid).

As a land-locked country, Zambia does have inherently high transaction costs. Low population density away from the 'line of rail' means that infrastructural development is less likely to be economically viable; this is where high concentrations of poor farmers operate. Bad roads, long distances to markets, lack of available cheap inputs and the collapse of channels for providing credit, all impact on the poor people operating in these areas.

Transaction costs in fertilizer marketing are particularly high and especially sensitive to transportation costs. The small number of firms participating in the import and wholesale stages of distribution also limit price competition; double handling reshipment and high fuel taxes further increase the farm gate price of fertilizer to smallholders (MACO, 2002).

Fuel pump prices show high costs in Zambia relative to other neighboring Southern Africa Development Community (SADC) countries. Gasoline and diesel is respectively US$ 0.53 and US$ 0.49 per litre, compared to South Africa (0.43 and 0.39), Botswana and Namibia; although Zambian prices do compare favorably against Malawi and Mozambique for example (Metschies, 2001).

Further, there are other factors that have contributed to the problems of poverty in Zambia. The Department For International Development (DFID) in the assessment of the trends in Zambia's agriculture outlined the following issues as the factors that affect the agriculture sector especially the small-scale farmers (DFID 2002).

Environment: Zambia is a victim of tropical storms (November to April), dry spells and drought, and increasing incidence of livestock diseases. There are also human related problems of chemical runoff into watersheds, deforestation, soil erosion and desertification (World Fact book, 2002).

- Infrastructure: Poor roads, limited credit facilities for small-scale farmers, high nominal interest rates, and the narrow range of export crops continue to affect agricultural performance (WTO, 2002).
- Gender Inequality: In spite of the predominance of women in agriculture, their participation in commercial production is inhibited by lack of access to production inputs such as land, capital and extension services (MOFED, 2002).
- High Production Cost: High production cost for both the small-scale, emergent and commercial farmers. Prices of inputs, especially energy and fertilizer are some of the factors contributing to high poverty levels as farmers can not afford to buy inputs for their production.
- Trade and Investment: The PRSP cites 'unfair trade practices with the country's regional neighbours; low competitiveness; and an overall reduction in investment flows in the sector' as the most significant constraints to growth. It also notes an increasing crime rate, raising the costs of farm security, weak contract enforcement and weakness in business confidence attributable to the limited progress in the developments of markets for land.

Since the government's removal of support to traditional agricultural credit, parastatals and cooperatives in the early 1990's, the availability of agricultural credit from financial institutions has improved considerably. However, poorer farmers have limited chances of obtaining loans from financial institutions. This is mainly due to the high risks and transaction costs associated with lending to small-scale farmers. A vicious circle of high interest rates and limited financial resources for agricultural credit makes it difficult for most small-scale farmers to procure inputs in a timely fashion. Thus they depend on government supported input credit, donor funded projects and micro-credit from Non Governmental Organizations (NGO). Out-grower schemes targeting specific crops provide a limited amounts of credit.

The government through the Zambia Investment Centre (ZIC) has continued to promote both local and foreign direct investments in all sectors of the economy by providing various incentives under the Investment Act as well as through fiscal measures (Hantuba (2002).

Fertilizer and seed are the major inputs in Zambian agriculture, with a fundamental impact on food production. Fertilizer consumption consists mainly of basal (D, X, and C compounds) and top dressing (Urea and Ammonium Nitrate) fertilizers. Prices have generally risen in line with the exchange rate over the last 10 years, with consumption increasing from 20,181 tonnes in 1997/8 to 35,128 in 1999/00 (Govereh et al, 2000).

In an effort to help small-scale farmers to reduce production costs, the government has currently subsidized fertilizers at half the market price.

2.4 Zambia's Trade Regimes and Trade Policy

Zambia is a member of different bi- and multilateral trade agreements - with the World Trade Organisation (WTO), COMESA (Common Market of South Africa), and the SADC (South African Development Community) being the most important ones. The WTO is promoting free trade through the establishment of multilateral trade rules. The SADC and COMESA aim at achieving it through the establishment of a free trade area amongst their member states.

Zambia in the WTO

Zambia has been a member state of the GATT (General Agreement on Tariffs and Trade) since 1982 and its successor, the WTO, since January 1st, 1995. The WTO is a multilateral trade organisation which aims at liberalising world trade by limiting the use of instruments such as tariffs, quotas and other limits to trade in goods and services. Currently the WTO has 153 member countries. All SADC members and 13 members of COMESA are currently WTO members. Nine countries hold overlapping memberships of SADC and COMESA.

In the WTO each member state commits itself to upper limits for the tariffs on its imports. These bound tariffs are set specifically for each good, and define the maximum tariff that a country can levy on the respective good. In most developing countries, the tariffs applied in practice are much lower.

In Zambia, the bound average import tariff for all products is 106.40 %, but the average applied tariff in 2007 was only 13.9 % (WTO, 2008). Industrial tariffs are bound at an average rate of 42.2 % but only 13.1 % are applied. More importantly, only 4 % of all non-agricultural tariffs are bound at all (WTO, 2008). Hence Zambia can increase tariffs on 96% of these goods without a legal limit in the WTO. Under the Agreement on Agriculture (AoA) binding commitments cover 100 % of agricultural products since this was required when the agreement entered into force. However, the import duties for agricultural goods are bound at a much higher rate at 123.3 % on average, while only 19.4 % are applied.

Import duties for dairy products in the WTO are set by a final bound rate at 125 %. The average applied tariff is 22.5 % with a maximum rate at 25%. The maximum rate is basically applied to liquid milk and cream products, yoghurt, buttermilk, as well as whey and cheese products. The rates are little lower for concentrated and solid milk and cream products (WTO, 2008).

TABLE 3:
MFN TARIFFS, SIMPLE AVERAGE OF IMPORT DUTIES

	Final bound	Applied 2007
All goods	106.4	13.9
Agricultural goods	123.3	19.4
Industrial goods	42.2	13.1

Source: WTO, 2008

Consequently under WTO rules, Zambia has the opportunity to increase its tariffs to a higher level, if it decides to do so, and without having to meet the conditions set by the safeguard clauses described below.

Safeguards under WTO law

Under WTO law, a government is allowed to take safeguard action if its domestic industry is injured or threatened to be injured by import surges. Under GATT Article 19, allowable measures are identified – mainly the temporary increase of tariffs beyond the bound rate and the use of quantitative restrictions. In the new WTO agreement the conditions for the application of safeguards are defined more precisely. Import surges that allow safeguard actions are defined as increases in imports (absolute increase or relative increases defined as a higher share in a shrinking market). Safeguard measure shall only be applied to the extent and for the time necessary to prevent or remedy the injury.

Anti-dumping measures are also allowed if the importer's industry may be hurt. Dumping is defined as the export of a product at a price "less than its normal value". The extent to which a product is dumped can be calculated in three methods according to WTO law: The main one is based on the price in the exporter's market. If that method is not possible, the other measure is the price charged by the exporter in a third country or a calculation based on the exporters' production costs, expenses and normal profit margins. If dumping occurs, countervailing duties can be imposed to the extent necessary to prevent injury, but at a maximum to offset the margin of dumping.

Anti-dumping measures are allowed to apply for five years. Extensions can be made if there still is the threat of heavy injuries to the importing country. The measures have to be stopped if the margin of dumping is smaller than 2% of the export price of the product or the import volume of that product is very small (the volume from one country is less than 3 % of all imports of that product, or each supplying countries share is less than 3% but together account for 7% or more of total imports).

The WTO Agreement allows also countervailing actions against subsidies. Subsidies have to be "specific": They are available only to a group of industries, an enterprise, an industry, given by the country or state. Countervailing measures normally last no longer than five years.

Developing countries receive special and differential treatment under the safeguard mechanism. Developed countries cannot apply safeguard measures against imports from a developing country whose share is lower than 3 % of the total imports of that product or if imports from different developing countries have a share of total imports of this product not more than 9%). Developing countries as users of safeguards are also allowed to extend the application of a safeguard for an extra two years beyond the period normally permitted (eight years, developing countries ten years). Currently Zambia does not apply safeguards under WTO law.

COMESA

Zambia is a member state of the COMESA (Common Market for Eastern and Southern Africa). COMESA was established in 1994 to strengthen regional integration through promoting inter-regional trade and investment. The COMESA developed from the "Lusaka Declaration of Intent and Commitment to the Establishment of a Preferential Trade Area for Eastern and Southern Africa" (PTA) which came into force in 1982. The treaty was ratified by seven signatory states and envisaged the transformation of the PTA into a common market. COMESA has currently twenty member states.[1] The overall goal of COMESA is the PAN-African vision of total economic integration of the African continent as defined in the Treaty Establishing the African Economic Community (AEC), formulated by the Organisation of African Union (OAU) in 1991. COMESA aims at promoting inter-regional trade, improving productivity and greater competitiveness for African products on the global market. COMESA does not only work on trade in goods and investment issues but on transport facilitation, trade in services, free movement of persons, as well as on gender issues, conflict prevention and the establishment of a Common Court of Justice.Sixteen members of COMESA are WTO members as well. Fifteen of the COMESA members are least developing countries under the UN definition (LDCs). The COMESA follows a "variable asymmetry" approach in realising regional integration, allowing progress to be made at different speeds.

In October 2001 a COMESA Free Trade Area was established but of the then nineteen member states only 11 confirmed to the FTA. Zambia, like Egypt, Sudan, Djibouti, Malawi, Madagascar, Mauritius and Zimbabwe started to implement zero tariffs, followed by Burundi and Rwanda in 2004. In 2007 thirteen countries were participating in the Free Trade Area. The other six members reduced their tariffs between 60 % and 90 % (COMESA in Brief, 2007).

1 Angola, Burundi, Comoros, Democratic Republic of Congo (DRC), Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe.

The intra-COMESA trade accounted for US$ 7.5 billion in 2006, US$ 3.0 billion of intra-COMESA trade is food and agricultural raw materials (about 40 %).

COMESA Imports from the EU in 2006 were around US$ 12 billion (COMESA Statistical Database, 2008).

TABLE 4:
COMESA EXPORT/IMPORT WITH EU 2004-2006, IN MIO US$

	2003	2004	2005	2006
Import	6,595	7,782	11,075	12,217
Export	5,686	6,452	7,141	9,535

Source: COMESA Statistical Database

In November 2001 the member countries developed and adopted the Trade Remedy Regulations for the invocation of safeguard, anti-dumping, subsidies, and countervailing measures on their Twelfth Meeting of the Council of Ministers. A Committee on Trade Remedies was established and had to be integrated into national law of all COMESA member states. Trade remedies concluded are:

Safeguards: Basically safeguard provisions under COMESA law are similar to WTO legislation. Safeguards are allowed as emergency measures to limit imports temporarily. If there is an increase of imports absolute over past imports or relative to domestic production which may cause serious injury or implicates the threat of serious injury, safeguards may be taken. They may be applied as tariff-type measure or quantitative restriction to limit the import of a product for the duration of maximum four years. Member states should apply the measures just as long as necessary to remedy the injury or prevent serious injury to their economy or to facilitate adjustment of the industry. An extension of this period for another four years is possible if the member state can prove that the safeguard measure is still necessary and that the industry is adjusting. If an action is used for a period of more than one year the member state must review it by mid-term.

The agreement provides a regulation for Provisional Safeguard Measures which can be applied for a maximum of 200 days for critical circumstances where delay would cause damage from increased imports. The measure may be taken has to be in form of tariff increases. It has to be under constant investigation.

Subsidies: As a second measure action can be taken against subsidies. A member state economy can take action against subsidies if the domestic industry is hurt by the import of the subsidised product, or the member state is hurt as an competing exporter of the same product in a third country or on the domestic market of the subsidising country. Measures against subsidised products can be applied, if the product is subsidised more than 2 % of the products value, the import of the subsidised product from one country accounts for more than 4 % of the imports of like products. If several countries subsidise and each have a market share of less than 4 % countervailing measures can be applied if their combined market share is 9 % or higher. There must be a connection between the injury or threat of injury to an economy and the subsidised product.

Dumping: An economy is violated by dumping and can take countervailing action if the export price is more than 2 % lower than the normal export price. Another precondition is that the dumped exports from one country constitute more than 3 %, or if dumping occurs in several countries with individual market shares of less than 3 % if the combined imports are more than 7 % of total imports. Also it must be proven that this causes an injury to domestic industry or provides a threat of serious injury for domestic industry.

Provisional measures against dumping may be applied not earlier than 60 days from the date of initiation of the investigations and may not last longer than four months, maximum six months.

Domestic industries can report to governments when action is needed. Before a measure is taken, investigations have to be carried out by a competent authority. This authority has to take into account the views of interested parties as exporters, importers and others. There has to be a public notice and also the possibility to the interested parties to express their views if the proposed measure is accurate and in public interest. After the report is received the member states government can impose higher tariffs or additional similar charges, quantitative restrictions like import quotas, anti-dumping duties or countervailing duties.

If a country applies measures as import quotas or quantitative restrictions it should be based on the import level of the last three years. Also, the applying country has to take arrangements with other countries with an interest in supplying that product, or allot the quotas on the base of a representative period in the past.

External Trade Regime in COMESA

Article 47 of the COMESA Treaty provides for the establishment of Common External Tariffs of all goods imported into member states from third countries. Regarding external trade policies, in 2004, on the Eighteenth Meeting in Lusaka, the Council of Ministers decided that COMESA member states should harmonise their Common External Tariffs (CET) by the year 2008. At the last COMESA summit in 2007 in Nairobi, Kenya, the Heads of States planned to launch the Customs Union by December this year. They adopted the COMESA Common External Tariff (CET) Structure of four-band categories. The first category of raw materials and capital goods should have a CET of zero per cent. The tariff for the second category of intermediate products shall be 10 per cent and for the third, finished goods, 25 per cent. The fourth category of sensitive products which attain special tariff treatment under the CET is to be defined by a special list which is currently discussed by Trade Ministers.

SADC

Zambia is a founding member of the SADC (South African Development Community)[2]. The community aims to promote regional integration and sustainable development.

Like 12 other member states[3], Zambia ratified the SADC Protocol on Trade in 1996 and began with the implementation of the SADC Free Trade Area in 2000. The reduction of tariffs is asymmetrical, which means that more developed countries like South Africa, Botswana and Namibia removed most tariffs already in 2000, middle income countries between 2000 and 2008 and least developed countries such as Zambia started in 2007-2008. Until 2012 the implementation of the Free Trade Area should be fully complete, except for Mozambique (2015). The liberalisation schedule for the internal trade of all SADC members has three categories: Category A products have to go to zero-duty immediately upon implementation, duties of category B products have to go down to zero over a period of 8 years and category C products 12 years after implementation. Thus, trade in category C products, which are deemed to be sensitive by members, need only to be liberalised until 2012. Dairy products are identified as sensitive products in Zambia, so the average tariff on products under the Harmonised System code 04 (Dairy products; birds, eggs; honey) is 20.7 % (Zambia Country Report, 2003), therefore slightly lower than the tariff applied to imports from other WTO members.

Under the SADC Trade Protocol, the average applied tariff on all products with origin of goods in SADC countries (except South Africa) is 0.9 % from 2006 with 95.5 % duty free tariff lines and will be 0 % in 2012. On agricultural products the average applied tariffs from 2006 on are 0.9 % with 96.5 % duty free tariff lines. On industrial products the tariff rate is 1.9 % with 95.8 % duty free tariff lines (WTO 2007, Report by the secretariat).

The Protocol on Trade (Article 18-20) establishes that every member state can adopt anti-dumping measures, measures against subsidies and countervailing action, and safeguard measures. The scope and duration has to be in accordance with Article 7 of the respective WTO agreements. To protect and promote an infant industry, concession can be temporarily suspended in terms and conditions aimed at preventing or minimizing excessive disadvantages to other countries.

By August 17 2008, 12 of the 14 SADC members will have established the FTA. In this 12 countries producers and consumers will not face import tariffs on estimated 85 per cent in all trade in goods. Angola and DR Congo will follow later to join the FTA. The next steps that are envisaged after establishing the FTA are to launch a Customs Union by 2010, a Common Market by 2015, a Monetary Union by 2016 and a single currency by 2018. With regard to overlapping memberships of some countries with COMESA and the launching of the Customs Union there in the end of 2008, currently ideas are discussed about a Free Trade Area and the harmonising of the different trade policies among SADC, COMESA and EAC[4] (East African Community)(Business Daily, Nairobi, 18.05.08). A Joint Task Force was established. It works on harmonisation of customs and trade co-operation, harmonised customs declaration documents, time frames for the elimination of customs and excise tariffs on goods.

Trade Flows

Zambia's main trading partners are European countries, such as Germany and the United Kingdom, Japan, India, Saudi Arabia, Egypt, and Thailand. Within Southern Africa, South Africa, Malawi, Zimbabwe, United Republic of Tanzania and more recently, the Democratic Republic of Congo, are the leading trading partners. The SADC is the leading trading partner to Zambia, with South Africa having the biggest share (See table 5).

Exports of Zambia are still not very diversified. The total exports to the world are dominated by base metal exports (68 % of total exports in 2003), mainly copper and cobalt. The efforts to add value are very slow, copper plate sheet and copper wire production is still very limited.

Total exports in merchandise products rose from US$ 944 mio in 2002 to US$ 3.819 mio in 2006 (IMF, 2008).

As can be seen in Table 5, Zambian exports increased significantly during the last years. This can be explained through increased copper output and prices since 2004. Investment, especially from China in the copper sector, the opening of new mines and the increase of copper prices since 2001, as well as increased exports of floriculture and agriculture non-traditional exports are the main reasons which generated the export growth (African Business, March 2007).

2 All SADC member states: Angola, Botswana, DR Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Zambia, Zimbabwe, South Africa, Swasiland, Tansania.

3 Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe; Angola and Madagascar followed later.

4 The East African Community (EAC) established a Customs Union in 2005, its' member states are Kenya, Uganda, Tanzania, Burundi, Rwanda.

TABLE 5: IMPORT/EXPORT ZAMBIA TO WORLD, EU, SADC, COMESA, SOUTH AFRICA 2003-2006, IN 1000 US$

Partner		2001	2002	2003	2004	2005	2006
World	Export	990,049	885,785	935,035	1,604,519	1,854,947	3,682,462
	Import	1,817,267	1,257,041	1,584,389	2,184,333	2,565,886	3,069,796
EU	Export	535,474	445,637	332,646	419,496	371,344	471,539
	Import	296,017	180,632	227,500	493,897	559,967	379,703
SADC	Export	325,846	308,125	412,855	776,764	735,245	1,293,740
	Import	1,035,955	854,068	1,041,489	1,224,209	1,469,142	1,779,640
COMESA	Export	86,006	66,780	84,632	269,294	327,990	276,677
	Import	137,083	125,431	266,652	201,548	246,388	310,657
South Africa	Export	250,711	196,250	200,745	387,384	347,206	792,696
	Import	879,673	721,555	761,007	1,015,965	1,170,652	1,435,700

Source: COMESA Statistical Database, 2008

According to WTO data, agricultural products accounted for 18.6 %, fuels and mining accounted for 63.9 % and manufactured goods for 17.5 % of all Zambian exports in 2006 (WTO 2008).

On the import side, by far the biggest exporter to Zambia is South Africa with 47.1 % of all Zambian imports. The EU 27 is a distant second with 12.2 % of all imports to Zambia originating from there. The main imports to Zambia are manufactured goods, accounting for 77.9 % followed by fuel and mining products with a share of 14.3 % and agricultural products with 7.5 % of all imports (WTO, 2008).

In 2006, according to IMF total imports were worth US$ 3,022.4 million with a share in food and live animals of worth US$ 175.1 million (5.8 %) (IMF, 2008). In 2006 most imports to Zambia came from SADC countries, worth US$ 1,750.5 million, of which US$ 1,430.6 million were from South Africa followed by Zimbabwe (US$ 171.5 million) and Tanzania (US$ 54.1 million).The largest exporter from outside SADC is the EU with a volume of US $ 289.7 million. In the EU the main trading countries to Zambia are the United Kingdom (US$ 111.4), the Netherlands (US$ 45.5 million), Germany (US$ 44.1), and France (IMF, 2008).

As can be seen in Table 6, imports of dairy products (Note: including birds' eggs, honey and edible products of animal origin, not elsewhere specified.) are much bigger than exports. Most imports derive from the SADC region, predominantly from South Africa.

TABLE 6: IMPORT/EXPORT (CHAPTER 1/HEADING 04) (DAIRY PRODUCE; BIRDS' EGGS; NATURAL HONEY; EDIBLE PRODUCTS OF ANIMAL ORIGIN, NOT ELSEWHERE SPECIFIED OR INCLUDED) ZAMBIA TO WORLD, EU, SADC, COMESA, SOUTH AFRICA, IN 1000 US$

		2001	2002	2003	2004	2005	2006
World	Export	4,515	1,122	836	1,691	8,946	2,391
	Import	7,325	3,548	4,778	5,152	5,674	7,469
EU	Export	348	186	422	811	549	464
	Import	1,121	1,013	941	405	638	348
SADC	Export	3,763	880	348	668	8,260	1,746
	Import	2,959	1,690	3,229	3,444	4,463	6,514
COMESA	Export	1,253	626	387	792	8,1911	397
	Import	758	47	286	599	1,159	2,617
South Africa	Export	2,113	67	0,1	45	8	132
	Import	2,201	1,661	3,113	2,841	3,310	3,443

TABLE 7 :IMPORT/EXPORT, MILK EQUIVALENT, QUANTITY, VALUE, 1996-2004

	1996	1997	1998	1999	2000	2001	2002	2003	2004
Milk Equivalent, import quantity, tonnes	6666.50	32844.3	8065.1	11043.0	12155.2	11632.7	6459.9	6672.5	15138.5
Milk Equivalent import value, 1000 US$	1742	5820	2183	4338	3398	3751	2545	3231	5271
Milk Equivalent, export quantity, tonnes	266.6	441.8	441.8	513.2	642.0	1943.20	709.3	2053.1	854.0
Milk Equivalent, Export value, 1000 US$	100	56	61	95	119	125	144	557	259

Source: FAOStat, 2008

In the Zambian dairy sector, the biggest imports are whole milk powder, accounting for around 80 % of dairy imports. South Africa, New Zealand and the EU are the main exporters to Zambia. Skimmed milk powder, butter and condensed milk derive mainly from Zimbabwe, and again South Africa.

TABLE 8: IMPORTS OF WHOLE MILK POWDER TO ZAMBIA, IN MT, 3-YEAR AVERAGE 1999-2005

	1997-99*	2000-2002	2003-2005
Australia	-	15	15
Mauritius a), b)	-	-	24.7
New Zealand	218	508.7	142.7
South Africa a)	288	277.7	678.7
Switzerland	-	10	60.7
Zimbabwe a), b)	1724	19	10.7
EU	20.5	104.3	133
Others	2	8.47	15.77
Total imports	**2252.5**	**953.3**	**1078.7**

SADC b) COMESA
** Average of 1997 and 1999, no data available for 1998*

Source: FAOStat, In: AbL/Germanwatch (2007): Chancen zur ländlichen Entwicklung in Sambia, Fallstudie 12/2007

African Growth Opportunity Act

The African Growth Opportunity Act (AGOA) provides export from eligible countries in the sub-Sahara African (SSA) countries with duty free market access to the USA. This is in addition to the generalized preferences (GSP) scheme provided to these countries. In total, under both AGOA and GSP, approximately 4,650 products both agricultural and manufactures have duty free market access to the USA (Dr. Mbithi Mary 2006). The USA's share in Zambia's trade is very small and is decreasing. Through the period of 1990-92 and 2000-02, its share in Zambia's exports and imports fell from 3.6 percent to 1.8 percent and from 6.5 percent to 2.2 percent, respectively.

Zambia's Trade with the European Union

The first trade agreement between Zambia and the EU dates back to 1975 when the Lomé Convention was signed granting preferential access to African Caribbean Pacific Countries (ACP). The Lomé Convention was then replaced in 2000 by the Cotonou Partnership Agreement (CPA), which extended the degree of preferential access to the EU market and provided also for the negotiations of Economic Partnership Agreements (EPAs). Currently, Zambia's trade with the European Union is governed by the CPA. In addition the country is a beneficiary of the Everything But Arms (EBA) initiative which grants tariff and quota free market access for all exports from LDC, except for rice and sugar for which a transition period applies. Therefore, virtually all current Zambian exports to the EU are duty-free and currently 55% of Zambian exports to the EU enjoy a significant degree of preference relative to other countries (ODI 2006). Further the EU has provided more than euro 1.5 billion in grants since 1975 for the development of the country. This is in addition to the substantial assistance programmes agreed bilaterally by individual EU member states and supported by the European investment bank, the EU's soft loan window, for either government or private sector projects. The sectors that EU has supported include roads, education, health, rural development, mining, private sector, water supply, governance, tourism and emergence relief among other things (Sakala and Ntombo. 2006).

The trade pattern between Zambia and the EU follows a standard factor endowments-based specialization, with the former exporting primary products and the latter exporting capital and manufactured goods. Zambian exports to the EU are concentrated in a few sectors. The EU has become the most important market for Zambian Non Traditional Exports (NTE), which may constitute an opportunity for further diversification in the future. NTEs represent three quarter of exports, with important shares for sugar, floriculture products, coffee, cotton and tobacco (ODI 2006 ibid).

Zambian imports from the EU are much more diversified than its exports. The main imports are concentrated in capital equipment, processed and semi-processed materials for productions, vehicles and pharmaceutical products. Second hand clothing and furniture are also of some importance (ODI 2006 ibid).

A formal evaluation of the effectiveness of the Lomé agreement has never been carried out for Zambia; however, looking at the downward pattern of Zambian exports to the EU since 1990, the feeling is that the extended market access provided by both Lomé and CPA does not seem to have played an important role in stimulating Zambian exports (ODI 2006 ibid).

Cotonou Partnership Agreement (CPA)

Zambia together with 76 other African Caribbean and pacific (ACP) countries are implementing the CPA agreement which was singed in 2000. This is a successor to the Lomé convention which provided duty and quota free access for ACP countries to the European Union market for most products. This agreement will last up to 2020. The unilateral preferences of the Lomé conventions were challenged in the WTO by other developing countries which do not receive the same amount of preferences. As a result the EU and 77 ACP countries have to negotiate a new trade agreement that will be WTO compatible and provide a provision for development which was not catered for in the Lome agreement. The trade chapter of the Cotonou agreement calls for the negotiations of the Economic Partnership Agreements (EPAs) - free trade agreements based on the principle of reciprocity.

Zambia and Economic Partnership Agreements

Zambia is negotiating the EPAs with the European Union under the Eastern and Southern Africa (ESA) configuration. The group comprises of sixteen members of COMESA. The group opened its negations in 2004 in Mauritius and expected to complete the negotiations by the end of December 2007. The ESA group was the first amongst the six sub groups negotiating the EPAs with the EU to come up with text based negotiations. There are six clusters under negotiation which include agriculture , development, services, market access , trade related issue and fisheries (inland and marine).

An EPA with the ESA region – or any other of the original African regions - was not concluded by the end of 2007. Instead, interim agreements were initialed between individual countries or smaller groups of

countries and the EU. They establish a timeframe for the opening of the ACP markets to the EU, determine the products which can be excluded from full liberalisation and set more general rules for the trade in goods. This was especially important for non LDCs since the EU had argued that without such interim agreements it would have been incompatible with WTO rules to maintain the current level of preferences and it in fact did withdraw them from those countries which did not initial one.

Zambia did initial an agreement, but without the schedule for the liberalisation of its markets. Therefore the EU does not consider this as a valid agreement. As an LDC Zambia is covered by the EBA and therefore does not face any increase in tariffs for its exports to the EU. However, the rules of origin, which determine under which conditions products are considered to be "Made in Zambia" and therefore benefit from the duty and quota free access, are more restrictive in EBA than under the CPA. This is one of the reasons why Zambia still wants to enter an EPA, which would also accelerate the unlimited access of its sugar exports, to the European market (MCTI 2007). It is therefore hoped, that an EPA will provide a wider range of guaranteed market access with simplified rules of origin, quota free and duty free access for all products, especially those where Zambia has a comparative advantage (CTNZ 2005).

To achieve and maintain this access to the European market would however come at a high price. The EU demands that ACP countries need to provide full market access with zero tariffs for at least 80% of European imports. Well beyond the current rate, where about 50% of all imports enter Zambia duty free (see below). In addition, a standstill clause included in all interim agreements would lock in all tariffs at the currently applied level, e.g. 15% for whole milk powder. This would severely restrict the policy space even for those products which are excluded from the free market access commitments in the EPA.

Several authors have expressed sentiments that as a result, EPA will lead to the closure of many companies in ACP countries due to the flooding of the local markets by the imported products. Because of the high level of subsidy given to the European farmers and producers by their governments, they will be able to export to ACP markets at a cheaper price such that local farmers will be forced to abandon production because they will not have a market for their produce. In addition the government will lose the much needed revenue that can be used to support sectors like agriculture which are important to the national development.

With the current configuration, regional integration will be complicated, since the membership of those regions that negotiate an EPA are not identical with the existing trade agreements SADC and COMESA. The overlapping membership of these two is in itself likely to create problems even in the absence of an EPA. Also, some countries within the same region might choose not to be part of an EPA in order to protect themselves agaist imported European goods. This would then in fact require them to keep their borders with the neighboring country protected by tariffs. If this occurs, free trade amongst the neighbors especially under COMESA and SADC will be a pipedream.

Zambia's Trade Policy

The Zambian economy experienced significant institutional and policy reforms in the early to mid-1990s. The various structural reforms were aimed at transforming the planned, state-centered economy to one with more market-based institutions and policies. The policy framework in the 1990s was designed to encompass the structural adjustment programs, and included trade and financial liberalization, privatization of some state-owned companies, and general macroeconomic stabilization programs. These reform programmes were broadly aimed at improving economic growth, and contributing to poverty reduction in Zambia. There were significant initial gains following the period of reform, such as reduction in inflation, growth of non-traditional exports, and diversification of agricultural production. Tight monetary and fiscal policies were also introduced, and the increased discipline resulted in improvements in various macroeconomic indicators (TIC 2005).

In 1994, the Commercial, Trade and Industrial Policy was introduced, which spelled out the Government's long term vision for the industrial sectors, domestic trading activities, and Zambia's participation in international trade arrangements. The initial gains from the reforms were however not sustained. Despite the modest economic growth rates, the incidence of poverty increased and various macroeconomic indicators lagged behind projected targets. Moreover, the increasing integration of the economy into the southern African region implied that the direction and pattern of Zambia's trade also changed significantly. In general, had been a contraction in industrial output in the decade following liberalization. In international trade, the country's export supply capacity was inadequate to take full advantage of available preferential schemes such as AGOA, and the EU EBA. Consequently in 2004, the Government launched a comprehensive Private Sector Development (PSD) Program which was aimed at reducing various administrative barriers to commerce, and providing an enabling environment for investments.

By 2005, it became necessary to provide a new Government *Commercial, Trade and Industrial Policy*, which reflected progress and challenges of the past decade, and also discussed the future direction of government activities to support private sector enterprise in Zambia. This policy document provides a discussion on various strategies and measures to be implemented by the Government in the next decade to support the growth of a competitive, export-led, Zambian economy (TIC 2005 ibid).

The trade reform programmes of the early 1990's significantly reduced Zambia's trade barriers, cutting tariffs, repealing imports and export licenses, export bans as well as introducing a package of export incentives. This policy has resulted in Zambia having one

of the most open trade regimes in Africa with a rating of 2 on the IMF's restrictiveness scale, which ranges from 0 to 10 (10 being the most restrictive) (ODI ibid).

Currently Zambia's imports are subject to tariffs of 0, 5, 15, and 25%, plus some specific duties. The simple average Most Favored Nation (MFN) tariff is 13.2%, while weighting tariffs according to trade, and taking FTA induced preferential tariff rates into account, the average applied rate falls to 8.0% (DTIS 2005). Custom duties represent about 12% of total Zambia's tax revenue (IMF, 2004).

TABLE 9: MAIN INDICATORS OF TARIFFS, (PERCENT)

	Tariff bands	Share of tariff lines	Share of imports	Share of customs revenue
Raw Materials	0–5	21	30	0
Capital Goods	0–5	14	24	15
Intermediate Goods	15	33	26	36
Finished Goods	25	32	2,1	48

Source: CSO, quoted in DTIS 2005

The general break down of tariffs by macro-categories is presented in Table 9 above. Over 50% of imports are subject to very low tariffs (between 0 and 5%). The highest tariffs are applied to consumer goods, in particular light manufactures, beverages and tobacco, textiles, apparel, leather and food products. The DTIS study argued that although capital goods tend to face low tariffs (thus not penalizing Zambian producers), some features of the actual tariff structure, such as the high average tariffs (19–23%) on light manufactures, tend to create an anti-export bias on the export of these products, both statically (incentives for domestic producers to serve the higher price domestic market rather than the world market) and dynamically (by shielding the producer from world competition, high tariffs reduce incentives to innovate) (DTIS 2005).

Summary

Zambia's membership in the WTO does not impose major constraints on its policy space in the field of tariffs. This is due to the fact the most industrial tariffs remain unbound, and the bound tariffs for agricultural products are on average five times as high as the applied level.

Therefore, the regional trade agreements of COMESA and SADC have a much greater effect on Zambia, especially once the tariffs on imports from its biggest trading partner South Africa will be removed in 2012. The Common External Tariffs that are envisioned for both trade blocs could lead to a further reduction of Zambia's tariffs in trade with third countries, but at least on average probably not to a very large extent, since the current applied average tariff of 13 per cent is close to the mid range of the proposed tariff bands between 0 and 25 percent. The effects could be greater in the agricultural sector, where applied tariffs are close to 20 percent on average. This depends partly on how some agricultural products will be classified, e.g .whether milk powder will be considered a raw material for the dairy industry or an intermediate or even finished product. It also depends on which and how many agricultural products will be considered sensitive and at what level the tariffs for these sensitive products will be set.

If Zambia enters into an EPA, the limitations will go even further, with the elimination of all tariffs on 80% of EU imports and freezing of the current applied rate for the remaning 20%. This would effectively lock in and expand Zambia's status as one of the most open economies in the world, and leave no room for a change in strategy. In spite of the fact that so far there was only limited benefits from the free market access to the EU and to the US, and open markets in Zambia pose a serious risk for farmers and the vulnerable industries.

2.5 The Right to Food in the EPA negotiations

The International Covenant on Economic, Social and Cultural Rights (ICESCR) is the most important international Human Rights instrument protecting the Right to Adequate Food. The ICESCR is one of the two core covenants translating the UN Declaration of Human Rights into binding international law. Zambia ratified the ICESCR in the year 1984.

General Comment No 12 by the UN Committee on Economic, Social and Cultural Rights (CESCR) is the authoritative legal interpretation of the Right to Food as it is laid down in the ICESCR. In this General Comment, the CESCR defined the normative content of the Right to adequate Food as follows:

> *"The right to adequate food is realized when every man, woman and child, alone or in community with others, has physical and economic access at all times to adequate food or means for its procurement."*

It also defined the obligations that States parties have to meet in order to implement the right to adequate food at the national level. These are as follows:

- Obligation to respect – this means that states should respect existing access to food and not to take any measures that will make it difficult or prevent access to food.
- Obligation to protect – this means that states or governments must pass laws and take other measures to prevent powerful individuals or enterprises from negatively affecting the enjoyment of the right to adequate food of individuals.
- Obligation to fulfill (facilitate) – this means that states or government must take pro-active actions intended to strengthen people's access to adequate food and resources - especially the vulnerable groups.
- In addition, in situations where an individual's or group's access to adequate food is threatened for reasons beyond their control, states have the obligation to fulfill (provide) directly food or the means to procure it.

The CESCR stated very clearly that states do not only have international human rights obligations towards their own population but also towards people living outside these states' borders and that they have to act according to these obligations during international negotiations on trade or other agreements:

> *"States parties should take steps to respect the enjoyment of the right to food in other countries, to protect that right, to facilitate access to food and to provide the necessary aid when required. States parties should, in international agreements whenever relevant, ensure that the right to adequate food is given due attention and consider the development of further international legal instruments to that end.5"*

All member states of the EU have ratified the ICESCR, therefore all EU states and the EU itself have to respect, protect and contribute to the fulfilment of the Right to Food in other countries when negotiating trade agreements like the EPA. A key aspect is that not only shall no trade agreement undermine the ability of people in other countries to feed themselves directly, states must also ensure that any such agreement does not undermine the ability of states to protect and fulfil the Right to adequate Food of its population. A state like Zambia must in turn not enter an agreement that limits its ability to protect and fulfil the Right to Food nationally. Entering such an agreement can be seen as an act in breach of obligations under the International Covenant on Economic, Social and Cultural Rights.

5 http://www.unhchr.ch/tbs/doc.nsf/0/3d02758c707031d58025677f003b73b9?Opendocument

3. Field visits

This section outlines the findings of the visits to Magoye and Munkulungwe in Mazabuka and Ndola respectively.

3.1 Magoye Small-Scale Dairy Producers

Location and Profile

The word Magoye means blue skies. The Magoye Smallholder Dairy Farmers Cooperative (MSDFC) is located in Mazabuka District in the Southern Province of Zambia, 180km south of the capital Lusaka. The area covers a total of about 45 kilometers in radius from the depot. The communities in the district are predominantly small scale farmers engaged in crop cultivation and cattle rearing. Most of their produces are for consumption and a source of income.

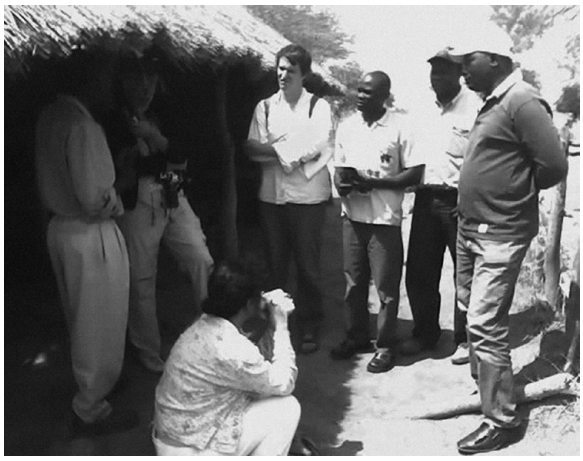
Members of MSDFC during the focus group discussion with CSTNZ staff for the spotlight on the marginalized

The MSDFC was established on the 2nd of August 1995 with the mission to be a major producer of milk and reduce poverty through income generation from the sales of milk. Mr. Mweemba indicated during the focus group discussion that Magoye dairy cooperative was initially a small group of farmers who came together to see how they could get some income from the milk which they collected from their animals. The cooperative was registered as a farmers' association in 1995 when the Dairy Produce Board (DPB) was the institution that used to buy milk through the Smallholder Dairy Development Project. The Smallholder Dairy Development Project (SDDP) used to act as agent for the farmers, because dairy farmers had no direct link to the Dairy Produce Board.

Due to some operational difficulties, the SDDP collapsed, leaving the farmers without a market to sell their milk. In 1997, the farmers in Magoye re-established their dairy project with the help of the sitting Zambia National Farmers Union (ZNFU) president, Guy Robinson, who provided them with a cooler tank on condition that they found their own building with electricity supply. By the year 2000, the membership rose to 88 with a daily

collection of 500 litres. He indicated that to date there is a combined daily collection of about 1800 litres during dry seasons and 3000 litres per day during rain seasons. Currently the membership has risen to about 400 members with at least 50 being women. Mr. Mweemba further indicated that the increase in membership and absolute milk volumes are attributed to the appreciation of the dairy sector as an alternative and continuous source of income for the farmers owing to the changes in rain pattern in Zambia and unfavorable pieces for the agricultural commodities (FGD ibid 2007).

In terms of sustainability, the cooperative sustains its daily operations through the subscription and contribution from the members in the form of milk levies. The cooperative allows its member to buy up to a maximum of 10 shares worth K100, 000 per share. The cooperative also operates a shop that supplies feed, drugs for animals and other dairy equipment.



Members of the fact finding mission at Mr. Hapeela's farm

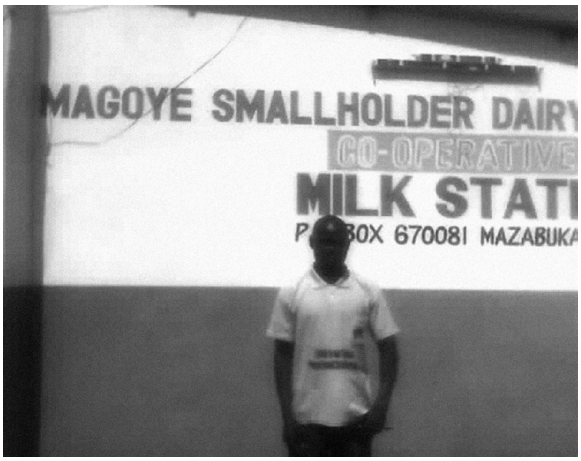
During the interview the chairperson of the cooperative Mr. Hapeela indicated that a number of organizations have been helping the MSDFC to improve their animal herds and increase milk production. Several projects have been sponsored by the Ministry of Agriculture and Cooperative, Zambia Agriculture Technical Assistance (ZATAC), Plan Zambia, the Land O Lakes provided the cooler tank the association is using at the moment, Golden Valley Agriculture Research Project (GART) has also provided the association with extension services organization. He indicated that other assistance came from the Germany Embassy which provided the transport the cooperative is using to transport milk from Magoye to Parmalat offices, while Parmalat provides a guaranteed market for milk (FGD 2007). The chairperson indicated that MSDFS is affiliated to Mukulu dairy cooperative which is a mother board of all the dairy producers especially the small scale farmers in Zambia. Mukulu dairy board helps in determining the price of milk on behalf of members.

Overview Picture of the Dairy Sector

Zambia's dairy sector is presently characterized by three categories of milk producers: Commercial farmers, emergent and traditional/smallholder dairy farmers. The smallholder dairy farmers' contribution is about 40% of all marketed milk (190 million litres per annum) and large-scale commercial and emergent farmer's supply 60%. In total, all these farmers produce approximately 190 million litres of milk per year compared to the country's total milk requirement of 253 million litres of milk per year. This yields a milk deficit, which renders Zambia to about 25% of its milk requirement. It is important to note that out of the 190 million litres of raw milk produced approximately 22% (41 million litres) is processed by the dairy processing industry. The balance is marketed through informal channels directly to the consumers (Alexandra.V. 2004)

The dairy industry in Zambia is also characterized by processing industries which presently number 20, producing the following products: Liquid milk products (pasteurized, UHT, and flavoured milk), fermented milk products (yoghurt, lacto – Mabisi), butter, cheese, ice cream and diary blend fruit juices.

It is worth noting that only 40% of milk produced by the traditional sector is marketed through formal marketing channels. Imports of powdered milk have also increased due to the lack of a powdered milk processing plant in Zambia. Due to the inadequate supply of liquid raw milk, some dairy processing companies make up the deficit by recombining powdered milk for further processing into UHT milk, yoghurt and other products that would otherwise not be produced in the desired quantities (Alexandra .V. ibid).



Above is the milk collection center building for members of the MSDFC.

During the focus group discussion, members highlighted that MSDFS has a formal and guaranteed market in the sense that all the collected milk is sold to Parmalat Zambia at a board agreed price. There are no other markets for milk collected as this is sold on a contract bases. Each collection goes to the fulfillment of the contract requirements.

The farmers indicated that currently (September 2007) they are getting a total of about ZM K1300 per litre of milk after paying the subscription fee to the cooperative (FGD ibid 2007). Currently all the farmers take their milk to one collection centre. Due to longer distances from the collection centre, the cooperative with the help of Land 'O Lake has set up two sub-centers at Sianjila school, which is 20 kilometers from the main collecting centre, to cater for the farmers around that area. Another sub-centre is established at Pelusa which is about 15 kilometer from the main center. This has at least reduced the distances farmers have to travel to take their milk to the centre.

The MSDFS have a well equipped lab courtesy of the Land O Lakes which helped them with an electronic cooler container. The testing of milk collections for adulteration is done at the MSDFS offices. The storage is done in the same cooler container. Currently the cooperative doesn't process the milk instead they sell raw milk to Parmalat. However the cooperative has a vision to embark on value addition.

Sources of Milk Imports into Zambia

Table 10 below clearly indicates that the major actor in the export of milk products to Zambia is South Africa. Whilst the EU is one of the major producers of milk products, its export to Zambia is restricted by the imposition of tariff. However the EU region is able to export varying quantities into Zambia and the situation might even be worse if the tariffs are reduced.

This picture depicts some of the milk and butter product s in South African chain stores in Zambia.

The land locked nature of Zambia and the dominant role of South Africa as a source of supply (South African companies increasingly control the retail chain) as indicated in Table 10 below is probably a major factor in the patterns of trade. There are several factors that can be considered in the patterns of trade above. South Africa having signed the Trade Development Cooperation Agreement

(TDCA) with the European Union and its investment in the chain stores in Zambia could be the channels through which milk products find their way to Zambia. These products tend to lose their EU identity in South Africa and this has been a feature of trade in dairy products elsewhere in southern Africa, with reports of EU butter being imported in bulk into South Africa from Ireland. Then the butter is being cut up and repacked in smaller quantities (125 gram blocks) before being exported to Zimbabwe, with the benefit of a rebate on the import duties originally paid on the imported Irish butter. However Goodson in his paper indicated that the history of smuggling of EU milk powder across borders in Southern Africa needs to be borne in mind. There would thus appear to be grounds for concern in Zambia over the possible disruption of local markets by imports from the EU despite the projected overall decline in EU exports of dairy products over the coming period (Goodson 2007).

TABLE 10. ZAMBIA IMPORT OF MILK AND ITS PRODUCTS FOR VARIOUS TRADING BLOCKS IN US$ VALUE

MILK NOT CONCENTRATED NOR SWEETENED < 1% FAT

	1998	1999	2000	2001	2002	2003	2004
SADC	397287	134874	41973	85770	8677	10969	10888
European Union	5	0	0	0	274	0	0
Eastern Africa	288525	59337	34627	85660	345	25	5721
Southern Africa	108762	75537	7346	110	8332	10944	5167
Total	**794579**	**269748**	**83946**	**171540**	**17628**	**21938**	**21776**

MILK POWDER < 1.5% FAT

	1998	1999	2000	2001	2002	2003	2004
SADC	96408	67408	66322	159356	53088	107800	345257
European Union	386442	17174	3599	921	350902	3135	480
Eastern Africa	63089	32950	4244	4798	0	9223	160161
Southern Africa	33319	34458	62078	154558	53088	98510	184558
Total	**579258**	**151990**	**136243**	**319633**	**457078**	**218668**	**690456**

YOGURT

	1998	1999	2000	2001	2002	2003	2004
SADC	64784	106154	40073	30436	12444	76856	85148
European Union	0	0	0	0	0	0	0
Eastern Africa	0	17	672	0	0	0	0
Southern Africa	64784	106137	39401	30436	12444	76856	85148
Total	**129568**	**212308**	**80146**	**60872**	**24888**	**153712**	**170296**

WHEY

	1998	1999	2000	2001	2002	2003	2004
SADC	5164	714	6916	29123	9367	10444	9660
European Union	0	6070	250	0	0	6699	0
Southern Africa	5164	714	6916	29123	9367	10444	9660
Total	**10328**	**7498**	**14082**	**58246**	**18734**	**27587**	**19320**

BUTTER AND OTHER FATS AND OILS DERIVED FROM MILK

	1998	1999	2000	2001	2002	2003	2004
SADC	232393	234112	148660	86343	207325	275840	175409
European Union	5160	0	0	344	0	0	0
Eastern Africa	33151	26597	27699	5158	3431	30504	9791
Southern Africa	199242	207515	120961	81185	203894	245336	165618
Total	**469946**	**468224**	**148660**	**86687**	**207325**	**275840**	**175409**

BUTTER

	1998	1999	2000	2001	2002	2003	2004
SADC	228949	229656	146438	82358	193625	265539	154550
European Union	0	0	0	0	0	0	0
Eastern Africa	32821	24968	27699	3089	0	22942	9791
Southern Africa	196128	204688	118739	79269	193625	242597	144759
Total	**457898**	**459312**	**292876**	**164716**	**387250**	**531078**	**309100**

CHEESE AND CURD

	1998	1999	2000	2001	2002	2003	2004
SADC	341693	309612	230041	133368	122002	358215	344950
European Union	7334	6489	5489	4554	10416	4947	32352
Eastern Africa	506	50587	15024	32553	0	0	0
Southern Africa	341429	259025	215017	100815	122002	358215	344950
Total	**690962**	**625713**	**465571**	**271290**	**254420**	**721377**	**722252**

Source: SADC Trade Database: Beyond 2020
This table contains all dairy products except the most important one: Whole Milk Powder (> 1,5% fat)

Concerns of the Dairy Farmers

The Magoye Dairy Farmers highlighted in the interviews held with the mission the problems they are facing as follows: Production is hampered by the ever-increasing cost of inputs. There are no export restrictions on the cottonseed cake, a vital ingredient in the stock feed making. Other problems are the lack of appropriate technologies, poor breeds, poor stock feeds, inadequate agriculture extension services, lack of credit schemes for small producers, unattractive prices set by monopoly buyers and the threat of milk import surges due to trade agreements with the EU.

Mr. Namakobo (50 years) is a an engineer by profession but now a dairy farmer and a member of the Magoye Smallholder Dairy Farmers Cooperation with a capacity to produce around 60 liters of milk a day in two sessions with a weekly own consumption of 70 litres. The first milking, according to him, is done as early as 6 o'clock in the morning and the average collection is usually 45-50 litres in dry seasons and over 50 litres in rainy seasons. "The dry season evening session usually gives us 15-20 litres. We are now able to buy food supplements for ourselves and for the animals even though it's not always enough. Our worry is that of poor breeds and if the government could look into that, then we will be better off," reiterated the farmer. On opening up the market as designed in the EPAs, he indicated that " my life and that of my family is in danger because milk is our only source of income, the government should protect us".

Mrs. Matambo Monica is a widow involved in dairy farming and a member of the MSDFC. She has been in the dairy industry for a couple of years ever since her husband passed away. Her biggest challenge as she puts it is the lack of good breeds of cattle for milk and the pressing need to feed the extended family she is looking after. She has a daily average collection of 15 litres and only milks once a day. "From the little we get from milk, I have been able to take my son to the University of Zambia and will soon be completing his studies" she indicated. Even though we don't have everything we need and are sometimes forced to skip meals because we cannot afford them, the milk has been of great help to the family". Her wish as she indicated is " to see the government put up policies that will enable them to produce more. milk to meet the country's shortfall, have more sustenance and be able to take her children to school. She is one of the farmers doing much better than others in the community.

Mr. Mhvwela (73 years) and his wife in the picture have only one dairy cow which was donated to them by Heifer International. The evidence of hunger is very visible at the couple's home. However the effect of hunger has been reduced by the little money the family gets at the end of the month after selling their milk. The couple collects about one to two liters a day from one cow they own and the husband above transports that one liter to the depot on foot which is about 15 kilometer every day. The family gets a little of the milk for home consumption while the remaining is taken to the depot. In terms of assistance the family indicated they would be happy if they were assisted with one or two pieces of dairy cattle so that the quantity of milk to be sold can be increased. The couple has a son who is in grade nine and is being sponsored by the social welfare. This family is a true example of most of the farmers in this community. "The money we realize from the milk sale is used to buy the basic commodities such a salt, soap etc". It is families like this whose livelihoods are in more danger if their only source of income is affected.

3.2 Munkulungwe Bee Keepers Association

Location and Profile

The Munkulungwe agricultural development area lies in Bwana Mkubwa constituency which is 10km south of Ndola city centre and the Ndola / Kabwe road transverses through the area. The area was opened for agricultural purposes by the government of Zambia in 1978. Currently the whole Munkulungwe block has a total number of 920 registered small scale farmers who are actively involved in the production of maize, cassava, honey, soy beans, groundnuts, vegetable, chicken and in cattle rearing and cattle fish farming among other activities (MACO 2006). There are currently more than 30 small-scale farmers of which 13 are females who are involved in honey production and all are members of the Munkulungwe bee keepers association.

The picture above was captured during the first visit to Munkulungwe by CSTNZ staff.

The association has been in existence since 2003 and was registered under the registrar of societies on 15th May 2003 in Ndola. Currently the association is headed by Mr Benjamin Chirwa, chairman of the association. In terms of sustainability, the association is currently relying on the contribution of its members. Munkulungwe bee keeping association aims to promote the honey production in the area, source funds, process and package the honey for delivery to the market (MBA strategic plan 2003).

The association is hankered on three broad objectives: To train members in the identication of opportunities, in the production of beehives, beekeeping and harvesting of honey as well as production of the honey by-products. To develop a market strategy including identification of new markets both local and international. To Deal with aspects of quality, labeling and packaging.

From its inception the association had plans to increase the number of beehives to 315 for the period of 3 years. The plan included the construction of the processing plant in order to guarantee market desired quality. Further more since this is a potential venture the association hoped to be purchasing honey and its products from the members while at the same time encouraging the immediate community to sell their bee-keeping products to the cooperative society as a way of engaging community participation in order to uplift the standards living of the people.

Overview Picture of the Honey Sector

Honey production is an activity that can contribute to poverty reduction among most farming communities. This product has a high export potential to major markets and is normally produced by small-scale farmers in Zambia. There are two types of bee-keeping being practiced in Zambia, traditional bee-keeping and modern bee-keeping. Traditional "tree- hive" bee-keeping has been in existence for a long time and is mainly practiced by the rural folks, the majority being small-scale producers (JITAP 2005).

Statistics show that at the international market, the demand for honey is very dynamic. From 1999 to 2003 world honey imports increased in volume by only 1.9% but greatly in value by 22.1% per annum. World import of honey amounted to USD 967 million in 2003 with Germany, United States, United Kingdom, Japan and France making up the largest importers. Global demand for honey fluctuates with the global economy though greater interest in natural honey products has increased consumption.

The price of honey at the international markets is classified according to the quality and in general prices have remained stable. In 2002, the EU imposed a ban on Chinese honey and production in the EU and United States was affected by poor weather conditions. This combination of factors led to a worldwide shortage, resulting in the surge in prices (JITAP 2005).

In general the market for honey is largely tariff free for Zambia in contrast to the majority of its competitors. Zambia produces about 12,000 metric tones of honey and about 10 metric tones of beeswax. Zambia has free access to all EU countries (who have a share of 53% of the world market) and the United States. (IPSEP, 2005). Zambia only faces substantial discriminatory conditions in Norway where the tariff is 186% - almost double the tariff it applies to the 5% of the counties to which Norway offers its lowest tariff. Zambia has an above average current export performance for honey. Zambia exports mostly to EU (JITAP 2005).

Zambia has benefited from preferential market access conditions for its honey. As indicated in the Table 11 below, the EU is by far the largest export market for honey from Zambia. Amongst the European countries, the UK is Zambia's largest single destination for honey and beeswax; other considerable markets are Germany and South Africa, which have progressively grown over the last few years and account for about 95% of the total honey produced in Zambia (IPSEP 2005). The remainder is sold locally through supermarkets and other retail shops. Because of its high quality and organic nature, Zambian honey and beeswax has found niche markets

in the mentioned countries. Strides are being made to break into the US, which is the largest single honey market in the world, accounting for 24% (ZBPA, 2005). Global prices for beeswax and honey average US$4,700 per ton and US$2,200 per ton CIF, respectively.

TABLE: 11: HONEY EXPORT FROM ZAMBIA

	Measures: Value(USD)				
	2000	**2001**	**2002**	**2003**	**2004**
SADC	1734	44001	49068	1157	123241
European Union	105208	76645	182430	419576	690285
Eastern Africa	0	0	225	330	77063
Northern Africa	1984	0	0	0	0
Southern Africa	1734	44001	48843	827	46178

Source: SADC Trade Data Base: Beyond 2020

Despite the fact that Zambia exports its honey both to southern Africa and the European Union, statistics indicate that the country also imports the same products from southern Africa, with South Africa being the single most important exporter of honey to Zambia. As indicated in the table 12 below, in 2003, the country imported about US$ 19477 worth of honey from South Africa whilst in the same year as indicated in the Table 11 above, the country exported honey worth US$1157.

TABLE 12: HONEY IMPORT INTO ZAMBIA

	Measures: Value(USD)						
	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**
SADC	1277	575	324	1872	1492	19477	8269
Africa	1277	575	324	1872	1492	19477	8278
Southern Africa	1277	575	313	1872	1492	19477	8269
Western Asia	0	65	7	0	0	0	0
Angola	0	0	11	0	0	0	0
Botswana	0	0	0	206	0	0	0
China	0	0	0	0	13	0	0
Jordania	0	0	7	0	0	0	0
Lebanon	0	65	0	0	0	0	0
South Africa	1277	575	313	1666	1492	19477	8269

Source: SADC Trade Data Base: Beyond 2020

Honey Production Processes

The Munkulungwe Beekeepers Association (MBA) has a total number of fifteen beehives and produces on average of about 600litres of honey per harvesting season and a total of about 1200 litres per year. The beehives were given to the association after farmers were trained on bee keeping and processing by the forestry department in 2003. There are several individual farmers as well who have their own beehives and the association still hopes to be selling the honey on behalf of members on commission when production goes up. The picture above shows some of the beehives of the Munkulungwe Bee Association in Ndola. Each of the beehives in the picture can produce up to 20litres of honey per harvest.

The picture above shows some of the beehives owned by Munkulungwe bee keepers association.

Harvesting is done twice a year and is dependant on the flowering of the forests, everything happens naturally. March to April, the forests receive the first flowering and the immediate following months are for harvesting that is May to June. The second flowering happens in August to October just before the start of the rain season. Harvesting for this flowering stage is done in October and November. The hives are designed with segments in them where the combs are lined up in those compartments. Harvesting begins by plucking the cells from one hive to the other manually. The harvested honey combs are then carefully placed in a transporting container to where the honey is extracted. The extraction involves squeezing the honey combs and the honey is safely collected in a clean container for purification. The purification process involves seeing off the honey juice to remove honey comb remains and traces of wax. The resulting honey is run through a warm water bath to give it consistence and the needed finish.

Simple testing methods are employed. Pure honey responds to change in temperature while adulterated honey does not. Running the honey over a water bath and varying temperatures will cause pure honey to respond to temperature. The higher the temperature, the lighter the honey becomes while for low temperatures the honey becomes compact and turns a little dark for freezing temperatures.

Member of the fact finding mission testing honey at one of the farmers houses in Munkulungwe, Ndola.

Most of the harvested honey is stored in 2.5litre, 5litre and 20 litre containers however MBA have no brand under which they sale their products. This is the stage where most of the honey producers in Zambia face problems as they package their harvested honey in any containers ranging from Coca-cola bottle, mineral water bottle etc as depicted in the picture above. Lack of proper cooling storage facilities has also affected the communities in the sense that most of it ends up going bad due to lack of immediate formal markets for the products. The picture above depicts honey being sold along the road Ndola-Lusaka in different bottle sizes meant for other products. With such capturing both local and international markets become a problem.

Honey packed in different containers for sale along Ndola-Kapiri road.

During the focus group discussion farmers indicated that labeling is often done during trade fairs and agriculture shows only. Honey sold on a daily bases is seldom labeled because of the way the marketing process is conducted. Farmers at times may decide to sell as individuals to any one interested by-passing the cooperative. Under such circumstances, labeling in the name of the cooperative becomes nearly an offence for products that do not pass through the cooperative.

The Munkulungwe bee association has not found a formal market where they can sell their honey. Most of it is sold informally to interested individuals and this has affected the community negatively. The only market accessible by the community is the domestic market which in most cases is the informal market whereby the farmer's sell the honey in the streets of Ndola. The community has not been able to sell honey to well established supermarkets due to the fact that standards, quality and packaging demanded by the chain stores are too hard to be met by the producers. Due to the fact that the community does not have adequate storage facilities to store enough to capture high prices at the peak period, they cannot access major markets such as Shoprit stores, Spars among others. Further the standards and packaging has also affected them negatively as depicted in the pictures above.

During the focus group discussion farmers highlighted that a market for honey is available but the price is not stimulating. 2.5 litres of honey are sold at 25,000 kwacha (5 Euros) compared to the honey sold in the EU market at a very high price of about $20 per litres of honey. Farmers indicated that it is not always the fact that they sell all the honey when they take it to the market due to the fact that people prefer to buy other substitutes in the shops such as butter, jam and other imports from outside the country.

The opening up of the market has affected the honey sector in the sense that the market is open in such a way that anyone can import anything they want into the economy. Due to this the economy has experienced a surge in the importation of honey and its substitute from other countries. The only period at which the community is able to sell in bulk is during the agricultural shows and trade fair periods.

Concerns of the Munkulungwe Farmers

In the case of the honey sector in Munkulungwe, it was highlighted that honey has the potential to lift the majority of the farmers out of poverty. However from the households visited, there was evidence of hunger. Farmers, although they have the affinity to continue with honey production, lack support in terms of new and improved hives for honey production. Further more farmers have no access to the formal market because of the standards of supermarkets as they cannot afford the packaging procedure demanded by the market. Further the farmers have no access to financial credits to expand their production. In addition there is lack of social security while farmers have to foot bills in terms of school fees and medicine. Termites and other mites have taken their toll also. Some of the hives are severely attacked by termites due to their near contact with the ground. Besides these, bush fires are a constant threat during the dry and windy periods of the year. They threaten not only the survival of the hives and the bees but they destroy the pastures for the animals. Further liberalisation and opening up of the market poses a threat to the potential honey sector and the producers. The impact that the honey substitutes will be having on a small market such as Zambia cannot be overemphasized.

Moreover, lack of adequate access to farming inputs such as fertilizers, seeds and credits for agricultural production greatly affects the food security of the Munkulungwe community.

Mr. Axwell Chimuti (73) returned to his home village after retirement in 1996. He has got 76 ha land from his son-in-law who lives in the UK. He has to look after 5 persons in his household. He plants 1-5 ha maize, groundnuts, vegetables and fruit trees. His main source of income is maize which is sold to the Food Reserve Agency. Three years ago the government started subsidizing fertilizers but the amount of subsidized fertilizers which one producer is allowed to acquire is limited to 8 bags. He needs 8 bags for 1 ha planted with maize. The costs of production for maize are increasing more than the price of maize. His income is not enough for feeding his family, for school fees and for health care costs. In this context, honey became for him and his family an important supplementary income source.

Mr. Derick Chansa (31) is the oldest male member of a 12 person household. The family possesses 25 ha of land but can plant 1-2 ha with maize and groundnuts only. When they came into this region in 1984 it was possible to cultivate plenty of maize and the income was enough to keep them going. After the agricultural reforms in the 1990's production of maize went down so that the family has not had enough income for basic needs like food, health care and school fees ever since. The family started bee-keeping in 2005 as an alternative source of income which does not need much costs of production. Notwithstanding they used to have 19 hives but ants destroyed 9 boxes. They need to replace the destroyed boxes but it is not easy to do it. Since they have problems with packaging and no access to supermarkets, they sell the honey on the road. "Due to the failure of maize and the usual bad seed we receive, compounded by the unattractive price we are paid for maize, my family have seen bee-keeping as the only way to sustain our family. We use the same money for medication, school fees supplements and for our daily needs. The advantage with honey over maize is that the income flow is stable and spread through out the year. The problem we are facing is that of poor hives and the un-guaranteed markets".

4. The Right to Food of Farmers in Munkulungwe and Magoye

As was mentioned in chapter 2, Zambia is one of the poorest countries in the world. The UN Committee on Economic, Social and Cultural Rights has already expressed its deep concern that the extent of extreme poverty in Zambia has negatively affected the enjoyment of economic, social and cultural rights as enshrined in the ICESCR especially by the most disadvantaged and marginalized groups, including girl children and those afflicted by HIV/AIDS (CESCR, 2005).

According to the testimonies received by the mission, interviewees expressed that life was much better for them and their families in the 1990s than presently. This indicates that the structural adjustment measures in the agricultural sector in the 1990s have had a great negative impact in the enjoyment to economic, social and cultural rights of the rural population. Even though this is a major finding, we will not look closer into this here given the fact that the focus of the present mission was to analyse the potential impact of further trade liberalisation on the right to food of small dairy farmers and bee-keepers.

The observations made during the mission revealed that the visited communities might be doing better than other small-scale farmers or other social groups because they have found a source of alternative income which has improved their living conditions. Nevertheless, the visited communities still face insecure access to adequate food in terms of quantity and quality at all terms in order to realize the right to food as enshrined in the relevant international instruments.

As was described above, the government of Zambia with support of bilateral development aid has been doing significant efforts in meeting its obligation related to the right to food in the case of the Munkulungwe and Magoye farmers. Nevertheless further support in terms of access to credits, appropriate extension services, better breeds and improved infrastructure is still urgently needed in order to make the relative success of these communities sustainable.

As further trade liberalization measures are concerned, caution and protective measures for small scale producers should prevail. According to the evidence collected, massive EU milk imports in the course of a free trade

agreement would pose a serious threat to the survival of the small-scale dairy farmers. There are strong reasons to suppose that EU milk is already finding its way into Zambia due to milk imports into South Africa under the South Africa EU TDAC pact. In South Africa they lose their Designated Area of Origin/Identity and are exported from South Africa to Zambia. Angola and the Democratic Republic of Congo are also major recipient of EU milk, which finally finds its way into Zambia through the porous borders by smugglers. Zimbabwe on the southern border is also a source of concern. The milk producers are exporting milk into Zambia because of the favorable exchange rate and the quest for their continued survival in the turbulent economy.

The milk and the milk products that find their way into Zambia are cheaper than local milk and of high quality. Locally produced milk is finding it difficult to compete given that the country is gripped by a poor road network, poor breeds which often produce less milk than the expected averages and the inadequacy of the monitoring institutions such as the standard board of Zambia and the Import Licensing Authority. These constraints have to some extent guaranteed the continuous import of powdered milk without restrictions and the smuggling of milk products into Zambia without monitoring. This adversely affected the milk market in Zambia.

Another factor which needs to be taken into account in the EPA context is the changing nature of the dairy trade. Traditionally no tariffs were applied on liquid milk products, since given the perishable nature of this product, there was very little international trade and no transcontinental trade. However, with the emergence of long life milk the liquid milk market is being transformed. The EU, as it is one of the major producers of milk and other dairy products, cannot be underrated in the EPAs. The impact the EPA will pose will be very devastating to the smallholder farmers in this sector as most of them will give up milk production. This is the case with some of the commercial farmers who have started shifting from dairy production into sugarcane production in Mazabuka due to the stiff competition the sector has been facing in the last decade (FGD 2007). With the removal of tariffs within an EPA, the country will be a dumping ground of milk products both directly from the EU and indirectly from South Africa.

The declining milk sales will not only constrain the farmers from acquiring other necessary food stuff to supplement their dietary needs but will definitely be more far reaching. The medical expenses, the school fees and the other needs will have to be shelved, as people will be grasping for survival.

Such is happening under the non-reciprocal trade arrangement. The reduction or removal of tariffs on milk and dairy products imported from the EU could further displace the locally produced milk of small-scale farmers such as the Magoye Cooperative in the local markets. Removal of tariffs would also deprive the government of revenue essential for the realization of the Right to Food and other human rights.

Regarding honey, the statistics above have shown that Zambia does not import any quantity of honey from the European Union. However, the country is likely to face difficulties in the EU if the EPAs are implemented in the sense that Zambia will now be competing on an equal footing with some of its major competitors who are currently facing higher tariffs in the EU markets compared to Zambia.

EU rules of origin, packaging and chemical analysis on organic products (including honey and beeswax) are another challenge to the industry with regard to EPAs. Currently the exporters are required to provide proof of the source of honey-comb (raw material), chemical analysis conducted by an EU accredited institution and the products have to be packaged in properly labelled material and this might be worse if the above aspects are not changed in the EPA negotiations.

The other factor is that the EU regularly reviews policies that govern minimum quality standards for food products entering their market. Taking stock of the problems the honey sector faces in Zambia with regard to quality control, processing and packaging, the sector will not be able to capture the EU market.

Given the extraterritorial obligations of the EU and its member states regarding the Right to Adequate Food of farmers in Zambia, the EU is obliged to accept that Zambia retains the policy space and instruments it needs to protect small scale dairy and honey producers from unequal competition.

5. Conclusions

Despite the challenges facing the agricultural sector in Zambia, it still has a great potential to uplift the majority of the small-scale farmers out of poverty owing to its multiplier effect on the economy. Therefore it is the combined responsibility of the government of Zambia and of the international community to ensure that favorable trade and related policies are formulated and implemented in way that ensures the realization of economic, social and cultural rights of the small-scale farmers. If agriculture is to thrive in Zambia and Africa as a whole, then national governments must address the bottle necks hindering the growth of the small-scale farmers such high cost of productive assets, lack of market for the produce, lack of value addition, post harvest losses, lower prices for the agricultural goods, lack of access to affordable finances, exploitative and unfair trade policies, insecurity of the traditional land tenure system. In case of failure to tackle the bottlenecks above, addressing poverty, ensuring national food security and the right to food of the small-scale farmers will remain pipe dreams.

Liberalisation policies that were implemented by the country in the early 1990's under the auspices of the IMF and the World Bank led to opening up the economy. This has for quite some time led to flooding of the local market with imported products from outside the country. Farmers have faced difficulties in terms of accessing the local market. This is due to the fact that most of them are unable to have the necessary income needed to take their children to school, buy the basic food stuffs to keep them going. Liberalisation of the economy led to the closure of many companies in Zambia and the majority of the people lost their jobs. Whilst this policy led to a wider variety of products on the market for the consumer, its grave consequences has outweighed its benefits.

The impact of liberalisation has set a good example to what is expected in the EPA once implemented. The impact of the EPAs will be more than that of liberalisation due to the fact that in addition to closing up the companies and farms due to stiff competition, the government will lose the much needed revenue to support the social sectors. This later will force the government to borrow and go back to the debt trap. Further even though there will be cheaper product on the market, most of the people will not have the purchasing power due to the fact that most of them will lose their jobs. A free trade agreement with the EU will not only have an impact on the commercial relations but will also limit the policy space in the field of support policies for the agriculture sector which employees about 70% of the population. This would compromise the country's ability to feed it own population.

From the fact finding mission, it can be recommended that both government of Zambia and the European Union should protect and fulfil the economic, social and cultural rights of the small-scale farmers in the on going EPAs negotiations. Measures should be put in place by the negotiating camps to protect the interests of the small-scale farmers by addressing the supply side constraints that have hindered the small-scale farmers to participate effectively in both local and international trade. Small-scale producers both in the dairy and honey sector still face difficulties in terms of high cost of production, strict and difficult market requirements such as labeling and safety standards. If the supply side constraints are not addressed, farmers will continue wallowing in poverty and will not reap any benefit if they are there in the EPAs. Further their right to food will continue to be violated despite the fact that they are the major producers of national food in the country.

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FIAN INTERNATIONAL
Willy-Brandt-Platz 5
69115 Heidelberg, Germany
Tel.:+49-6221-6530030
Fax:+49-6221-830545
E-mail: fian@fian.org
http://www.fian.org