

**Speech by, H.E. Ambassador Mr Gilles Hervio, Head of Delegation of the European Union to Zambia and Representative to COMESA, at the 107<sup>th</sup> ZNFU Annual Congress, Thursday 11<sup>th</sup> October 2012, Mulungushi International Conference Centre**

The Honourable Dr Guy Scott, Vice President of the Republic of Zambia  
Honourable Cabinet Ministers,  
Mr. Jervis Zimba, President of Zambia National Farmers' Union  
The vice presidents of ZNFU  
Mr. Ndambo Ndambo, Executive Director of ZNFU  
Colleagues from the diplomatic corps  
Distinguished guests,  
Representatives of the media,  
Ladies and gentlemen,  
All protocol observed

It is a pleasure and an honour to be here and to address you today at Your Annual congress.

It is also a challenge to speak on a subject that most of you here in the room know far better than I do. Agriculture is a very important sector for Zambia. A sector that the EU has supported in the past, still supports and intend to support even more in the future. I therefore gladly accepted the invitation to speak at the Congress. But then I wondered: what can I bring to this audience?

I am not sure I have found the right answer. The only thing I can ensure you is that my presentation comes from an honest and candid observer who tries to understand this fascinating country.

It seems that all the good things have already been said and written on agriculture and livestock in this country.

- That there is a huge agricultural and livestock potential in Zambia
- That there is a need to limit the role of government, leaving space to the private sector
- That there is a need to diversify away from maize, maize, maize and to balance the sector with increased emphasis on livestock
- The livestock sector despite its importance receives less budget and less attention than the crop sector
- That the cost of doing business, trade and transaction costs are far too high in Zambia

However, despite the fact that it seems very clear what needs to be done, the expected radical changes did not occur yet.

But it is well known that it is never enough to know what to do; it is necessary to find the way to be stronger than the conservative forces that aim at maintaining the situation as it is.

All this you know much better than I do.

Ladies and gentlemen

I have decided not to speak today about the current maize policy. Speaking about maize in Zambia seems to be as emotional and sensitive as to speak of pasta in Italy, bread (La Baguette) in France or Frite (French Fries) in Belgium.

I have decided not to speak about the FRA. I could not say more than the Minister of Finance, Hon Chikwanda did, on what a waste of public money the previous policies and behaviour were. And I cannot say more than the Vice-President, Dr Scott did, when he appealed to change the current policy, to move away from this inefficient subsidy. I am sure that as farmers, or members of the government or simply Zambians, you were even more shocked than I was, seeing the image showing piles of maize bought at too high price, stocked in terrible conditions, going to waste.

I have decided not to speak of the FISP either. I am sure that everybody here recognises the need to move from these expensive government tenders to the e-voucher system, more open, more transparent, more efficient. I understand that the Minister of Agriculture, Hon. Emmanuel CHENDA is committed to introduce this new policy and I am convinced that next year the resolve to change will be stronger than the resistance of those who advocate for maintaining the status quo.

So I will focus my intervention on four areas where the EU should be ready to support the country:

- Information and transparency
- Conservation agriculture
- Regional integration,  
and fourth and finally,
- The medium/long term challenge of managing land

### **Information and transparency**

Information is an essential part of any decision making process. This is true for government as it is for farmers. We very much welcome government's will to improve the monitoring of essential data.

I have to confess that I am surprised by the lack of publicly available information including basic data on the production, the consumption, the commercialisation, on exports and imports of various crops and livestock. I am sure some, or most, of these data are available somewhere, and that some others may need to be produced. In this context I welcome the idea of the ZNFU making up-to date commodity prices available to farmers using mobile phone technology. Still, this is an area where big improvements need to be done.

We are ready, together with other partners, to provide support to improve information and transparency.

Transparency is indeed crucial for the management and use of public money. We are supporting any initiative which will reinforce the control of the implementation of public policies, which could for example include supervision by external international audit firms of key institutions.

### **Conservation agriculture**

I am pleased that the EU has succeeded in playing a role in the recognised success story of Conservation Agriculture in Zambia. We have had the privilege of good cooperation with Zambian counterparts, such as the Farmer Union and the Ministry of Agriculture and Livestock.

Conservation agriculture or No Till agriculture requires an important change of mind of the farmers. The idea to reduce soil disturbance to the minimum possible, to maximise soil protection to the highest degree possible by preserving the previous harvest's residues, to rotate crops, are not exactly what has been transmitted from farmer to farmer throughout the generations. However, evidence shows the big impact that conservation agriculture has on increasing the yield, reducing the cost of production as well as improving the protection of the soil. This explains the extraordinary growth of conservation agriculture all over the world with more than 100 millions ha under No Till agriculture.

This sustainable agricultural method has already been adopted by 20% of Zambian farmers (250,000) which is better than many African countries but far from what we can see in other parts of the World. In the US 25%, in Argentina 69%, in Brazil 70% of the total cultivated area, are now using No-Till Agriculture.

The results in Zambia are more than promising and show us the way forward: fields using this system produce up to three times more and need less inputs than those using conventional agricultural methods. Furthermore, the use of Conservation Agriculture also directly contributes to diversification – a priority for the country.

We intend to continue our support to the government expecting that this policy, which has until now been mostly financed by external support, will become one of the priorities within the government budget.

**The need to open the borders to make Zambia more competitive.**

This may perhaps not surprise you, as I am representing the EU, which is still the biggest integrated market in the world. We are the world's largest importer, we have the largest stocks of FDI abroad and we are the largest host of FDI. But I am not here to boost about the EU.

Zambia is a land-locked country (or land-linked if you wish) that depends on its neighbours for imports and exports. It therefore confronts difficulties and costs in sourcing and accessing global markets. At the same time the regional market is under-developed: most trade is still North-South. Although above COMESA average, in Zambia only 15% of exports go to the region.

Many of the import tariffs have gone. But there are other costs. High trade costs, non-tariff barriers and underdeveloped services sectors are some of the factors that limit Zambia's ability to perform better. We all know that regional trade still suffers from very high transaction costs, caused mostly by delays and 'red tape'. The number of certificates and licences required, the absence of harmonised rules, the multiplicity of trade regimes (SADC, COMESA) adds up to overly complicated customs procedures, increasing the opportunities for abuse, and in general build up the cost of trading. A lot could be done in this respect that will reduce the costs of doing business, making Zambian businesses, including agricultural operators, more competitive.

Most of the attention in the past has been going to the trade in goods, but we believe it is time to put more emphasis on services as an increasingly important element of trade integration.

Finally I would like to highlight the importance of predictability on government policy and decisions. This is essential to allow farmers, investors and traders to take the right decision in term of production, investment or export-import. This is crucial to improve the flow of trade in and out of Zambia.

The EU will continue its support to COMESA and SADC to further regional integration and building of the regional market in future.

### **Zambia and the medium/ long term challenge of land management**

My last point will be on the need to have a medium/long term vision on the management of land. We all know that Zambia is quite a special country. There are not so many countries in the world with such a vast area of arable land and good rains and low population density. Zambia has the same population density (17/km<sup>2</sup>) as vast, empty, desert Sudan almost on a par with big agriculture producing countries like New Zealand and Argentina. Zambia possesses an incredible 53 million hectares of uncultivated land suitable for rain-fed production of crops or for livestock

The demand for agriculture and livestock products will increase to feed the global population which is expected to grow by 2 billion people over the next 25 years. Urbanisation, the development of the emerging economies and increased bio-energy production will further increase this demand. In turn, this demand will lead to an increasing competition for land. We have seen recent land acquisitions by foreign investors worldwide, including sovereign funds, also here in Zambia.

This new situation, which is offering new opportunities but also new risks, calls for a new vision on the future of agriculture in Africa. And I would argue: especially here in Zambia. Topics would include land tenure and rights, the conditions under which land can be transferred, how effectively the land is administered. But also: how does Zambia see the role of big foreign investment, how to assess the sustainability of these investment, how to welcome the development of commercial farms, while strongly increasing the role of smallholders and having an impact both on export and reducing poverty?

Secure land ownership is a vital condition for boosting the financing for agriculture. All over the world it is only when land can be used as collateral for securing loans that the private sector can really take off at all levels of the farming community.

These are all questions for which a grand vision, a long term view is needed. Because one thing is certain: high agricultural prices are an opportunity for Zambia and this will develop appetite for investment. And it will have great effects on the way the agricultural sector looks like in 10, 20, 50 years or so.

Honourable VP, ladies and gentlemen

The EU is committed to increasing its support to agriculture. We have plans to interact with all the main actors in the agricultural sector, in particular ZNFU. I hope to receive your feedback on our analysis and views, and I also invite you to make me aware of all the errors I may have included in this statement.

Thank you for your attention