

Consumer Watch

CUTS
International

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EDITORIAL

Bumper Harvest Triggers Mealie-meal Price Reduction

The reduction in mealie-meal prices, which resulted from high productivity, indicates the positive output of the agriculture sector in the country, said Consumer Unity and Trust Society (CUTS) International.

A few months ago, a 25-kg bag of breakfast mealie-meal was fetching between K96 and K106 and in some cases as high as K120. But a check in retail outlets past week revealed that the prices of mealie-meal have significantly dropped to between K58 and K65 for roller and breakfast. CUTS Lusaka, Coordinator Chenai Mukumba attributed the drop in prices to the bumper harvest as well as the market forces of demand and supply as most millers are currently buying maize grain from farmers at lower prices.

“CUTS International acknowledges the positive outlook of the agriculture sector with regard to the drop in mealie-meal prices as a result of high productivity of maize”, Mukumba said. “The price reduction will benefit consumers but small-scale farmers who grew the grain at a high cost as compared to the price they are selling to millers will be negatively affected” she added.

(Zambia Daily Mail, 24.07.17)



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NEWS

ZAMBEEF Suffers Huge Drop in Profits

Shares in agricultural retail giant ZAMBEEF Products collapsed by as much as 30 percent in early trading soon after the company published its financial results for the first half of the year



2017. The shares fell after its interim profit was sharply reduced by lower commodity prices and economic slowdown in Zambia.

The year 2017 has got off to a bad start for ZAMBEEF with profits falling from US\$6.8mn to US\$590,000 for the year to March 31. However, its headline revenue, which many analysts believe is a better indicator of growth, rose around 20 percent from US\$98.8mn to US\$118.4mn but gross profit dipped slightly from US\$39.3mn to US\$38.5mn. This was then compounded by a rise in administrative expenses to US\$34.1mn from US\$28.6mn.

ZAMBEEF trades both on the London Alternative Market and the Lusaka Securities Exchange. ZAMBEEF stated that it expects conditions to improve in the second half of its financial year, with improving economic indicators in Zambia. However, ZAMBEEF still expects its full-year results will be 'materially below previous market expectations'.

(Lusaka Times, 09.06.17)

Subsidising Electricity Tariffs for the Productive Sector Commended

Juba Sakala, Acting Executive Secretary of Zambia Consumer Association (ZACA) has commended Zambian President Edgar Lungu's decision to subsidise electricity tariff for the productive sector in Zambia. Sakala said that the move will not only enhance the competitiveness of the local industry but will also increase production leading to more job opportunities and greater consumer welfare.

"We urge the local businesses to reciprocate this generous gesture by increasing production and passing on the benefits of such move to consumers", Sakala said.

Meanwhile, African Consumer Union's (ACU's) first Vice President Muyunda Ililonga has welcomed Zambian Government's move to establish the Management Boards for Markets and Bus Stations. Ililonga said the Markets and Bus Stations Act 2007 seeks to introduce orderly



management of these facilities by the local authorities working together with members of the local community, which is a far-sighted law whose implementation is long overdue.

Ililonga also observed that the law which was passed in 2007 remained dormant because of fierce opposition, which vested selfish interests that benefited from the chaotic *status quo*. "We welcome Government's move to establish the Management Boards for Markets and Bus Stations", Ililonga stated.

(Lusaka Times, 16.06.17)

Smuggled Sugar Affecting Local Industry

Zambia Sugar Plc – largest sugar producer in Zambia has called on the Zambian Government to intervene in the influx of cheap smuggled sugar into the country, as it is negatively affecting the local industry. Company's Marketing Director Chembe Kabandama said last year, about 20,000 tonne of sugar valued at over K2 million was allegedly smuggled into the country.

Smuggling creates a black economy, which is out of the Government's tax net and regulator's net. This can lead to loss of revenue to the Government and also hurt the domestic industry. Kabandama said in 2016, the country witnessed increased imports of cheap sugar from neighbouring countries.



"We had a lot of imports from Malawi coming in through Chipata, while other products came in through Namibia via Sesheke and from Zimbabwe into Livingstone. We also had a lot of imports coming from Tanzania through Nakonde", Kabandama said. He also stated that sugar is a protected product, which means that one can import the commodity only after acquiring a permit from the Government.

Kabandama mentioned that the imported sugar poses a huge challenge because even if the company had to cut its sugar prices, it cannot compete with the smuggled commodity. Globally, sugar is subsidised but not in Zambia, and this makes it difficult to compete with imported cheap sugar.

(Zambia Daily Mail, 06.07.17)

Zambians Should Pay Attention to Product Labels: ZABS

The Zambia Bureau of Standards (ZABS) is advising consumers in Zambia



to give product labelling the required attention and seriousness it deserves by ensuring that they read all product details before making the final decision to buy.

ZABS' Head Marketing and Public Relations Officer, Hazel Zulu stated that this is because product labelling is in fact a form of consumer protection that is aimed at informing the consumer about the quality and safety of the product they are about to buy.

"As a Bureau we have noted with concern that a number of consumers only realise that the product they have bought meets the quality standards or ensures its safety during or after its consumption, which can be avoided. ZABS has recorded 21 customer complaints between January and May in 2017", stated Zulu.

Zulu noted that it is for this reason that the Bureau has decided to remind all consumers in Zambia to ensure that they read the product details before buying to avoid being in the state of inconvenience.

"We also wish to advise manufacturers to ensure that product labelling is given priority in their product development processes", Zulu added.

(Lusaka Times, 13.07.17)

ZNFU Unhappy with the Maize Price Announced by the FRA

The Zambia National Farmers' Union (ZNFU) is saddened with the maize price of K60/50 kg bag announced by the Food Reserve Agency (FRA).



It is obvious that this price will not benefit the farmer in any way. With a breakeven price for a 50 kg bag of maize estimated at K75, the K60 FRA market price leaves a farmer bearing a loss of K15 per 50 kg bag.

In reality, the FRA is offering farmers K1.20 per kg, way below full cost recovery price. This, really, is a morale dampener for farmers, coming from a season where they experienced Fall Army Worms (FAW), red locusts and flush floods, but withstood the odds.

Affected farmers had to replant, meaning more seed, more fertilisers, and more chemicals to spray farms against pestilences and hire labour. The cost of production has clearly been overlooked. Farmers have been on the bad receiving end of the value chain all the time as opposed to consumers.

This development is disheartening to the farmers who worked extremely hard to ensure that maize bumper harvest of 3.6 million metric tonne was attained, even against the pestilences outbreaks and climate change vagaries.

(Lusaka Times, 26.07.17)