

**Assessment of the Structural and Political Economy Issues in the Zambia
Sugar Industry Project Breakfast Meeting Held at Mulungushi Conference
Centre
30th July, 2014**

1. Introduction

Consumer Unity and Trust Society (CUTS) international has been implementing a project entitled Assessment of the Structural and Political Economy Issues in the Zambia Sugar Industry, with support from Zambia Economic Advocacy Programme (ZEAP). CUTS undertook a scoping study on the project with the aim of reviewing what research has been done and the authenticity of the studies and also finding out the research gaps of these previous studies. The motivation behind the scoping study is the need to establish whether the prices of sugar are indeed too high or excessively priced in Zambia. The main focus of this scoping study was therefore to review previous studies on the subject matter and in the process identifying research gaps which can help in coming up with a more extensive and accurate study that can inform policy for the benefit of consumers. What the scoping study points out is that sugar prices in Zambia are high, however its clear as to the cause of these high prices.

2. PROCEEDINGS

Welcoming Remarks by Simon N'gona, Coordinator, CUTS International

The breakfast meeting was opened by CUTS International Zambia Coordinator, Simon N'gona. While welcoming and thanking the participants for their attendance, he stated that sugar prices affect everybody from the individual to the family level hence the importance of undertaking this scoping study.

2.1 OPENING SESSION

Presentation of the Study by Musonda Mseteka

Musonda Mseteka started the presentation by first giving a brief overview of CUTS International Lusaka. CUTS international was established in Zambia in 2000 and functions as a centre of excellence for policy research, advocacy and networking. She stated that CUTS has distinguished itself through its stress on the consumer which has enabled it to become a leading voice in this area. She highlighted some of the cases such as the Lusaka Water case, the Zambeef case and the issue of No Refund No Return case to mention just few that CUTS has been able to pursue vigorously over the years in its bid to protect the welfare of consumers.

She further gave a brief insight on the sugar sub-sector, according to her, the Sugar sub-sector in Zambia contributes about 1% to GDP and about 4% to total merchandise exports and employs over 8000 permanent and seasonal workers. She also highlighted several concerns about the market structure of the industry and the prices of sugar prevailing in the market place. It is on these grounds that CUTS, under the ZEAP programme identified the sugar sector as sector for detailed analysis by undertaking the Scoping Study. She stated that the objectives of the scoping study were to review the existing literature on the Zambia sugar sector to identify research gaps where information is needed. Other objectives were to collect general statistics in the sugar industry in Zambia and to review the current policy context on import and export tariffs on sugar, competition law and the position with respect to new investments in the sector. According to her, a simple methodological approach of the literature review, basic data collection on wholesale and retail prices and in depth interviews with key stakeholders was employed. Furthermore literature review was done undertaken for general understanding of the market structure of the sugar industry in Zambia and was mostly on previous research into the issue by various researchers.

She further stated that the expected outcome of the scoping study was to obtain an informed overview of what has been covered in the sector and the gaps which exist so as to identify immediate concerns of the consumers. She concluded by stating that the scoping study was an open process and interested stakeholders can participate in the research.

Presentation of the Press Statement by Mike Muleba, CUTS International Lusaka Board Chair

The presentation was given by **Mike Muleba** who shared the findings of the scoping study. In his presentation, he stated that the scoping study revealed that sugar prices in Zambia are high. He went on to say that the report presents original analysis of JCTR's Basic Needs Basket (BNB) to show that between June 2009 and June 2014 sugar prices in Zambia have increased by nearly 50 percent. However, the report argues that it is not clear what is driving high prices in the sugar Sector and that previous studies which have suggested that prices are excessively priced are not robust enough to substantiate the claim.

Furthermore, he stated that the scoping report identifies three possible factors which could affect prices: cost of production, retail and wholesale pricing and market structure and protection, all of which will be explored in more detail through further research. He added that the report discusses the impact of Vitamin A fortification policy on the sugar sector. He went on to say that the fortification requirement could be a significant cost driver and a possible barrier to entry for prospective market entrants.

Therefore, in its future research, CUTS International Lusaka will explore these different factors to try and better understand why prices are high and what the impact of high prices is having on consumers in Zambia and business. He concluded by saying that CUTS hopes to engage all stakeholders especially sugar producers to see how best we can present an accurate picture of the sugar industry and to address the information gaps highlighted by the scoping study.

Floor Discussion

- **Richard Phiri**-Hot FM wanted to find out what should be expected if sugar prices continue to rise and also why pick on sugar when the price of other commodities such as cement are also rising. **Kabanda Chulu** from Daily Mail also wanted to find out why the findings are not explicit and conclusive enough. He also wondered how

CUTS International would address the challenges of the rising prices of sugar if they did not know what was causing it. **Richard** further added by asking how the issue of the findings not being clear is going to be addressed.

- **Mr. Muleba** in response said that CUTs is not demeaning any other product in the country but sugar is close to maize meal as it is consumed in almost all households, therefore having wide-ranging implications and in a way touches the most vulnerable households in society in a way that very few other products can. He went on to say that when sugar prices rise, the impoverished households suffer in terms of malnutrition. Hence we want to address sugar prices in order to address malnutrition. He further added that the commodity is vital and if the price continues to rise, there will be serious implications as regards malnutrition and food security. He went on to add that there is need for the relevant authorities to mitigate the rising prices of sugar as it has negative ripple effects on the household and food security of the nation at large.
- In response to why the study results are not explicit and conclusive enough, **Simon N'gona** stated that this was a scoping study that was pointing out the different dynamics affecting the rising prices of sugar by reviewing research that was done before and finding the gaps in knowledge in these researches so that an extensive accurate research can now be done which will be conclusive on what is causing the underlining problem. He concluded by saying that the scoping study however does agree that the sugar prices are high in Zambia.