

SPEECH BY THE PRESIDENT OF MCCI, MR KARL CHOKOTHO, AT THE OFFICIAL OPENING OF THE 14TH NATIONAL AGRICULTURAL FAIR; 16TH AUGUST 2017, CHICHIRI TRADE FAIR GROUNDS, BLANTYRE

- **Your Excellency Professor Arthur Peter Mutharika, President of the Republic of Malawi;**
- **Your Excellency Dr. Gertrude Mutharika, First Lady of the Republic of Malawi**
- **Your Honour Dr. Saulos Klaus Chilima, Vice President of the Republic of Malawi;**
- **Your Lordship Justice Andrew Nyirenda, SC, Chief Justice of the Republic of Malawi;**
- **Hon. Joseph Mwanamvekha, MP, Minister of Agriculture, Irrigation, and Water Development, and all Cabinet Ministers Here Present;**
- **Trustees and Fellow Councillors of the Malawi Confederation of Chambers of Commerce and Industry;**
- **Mr. Lloyd Muhara, Chief Secretary to the Government and all Senior Government officials Here Present;**
- **Excellencies Members of the Diplomatic Corps;**

- **Hon. Themba Mkandawire, Members of Parliament for Blantyre City Central Constituency and all Members of Parliament Here Present;**
- **Your Worship Councillor Wild Ndipo, Mayor of the City of Blantyre and all Councillors Here Present;**
- **The District Commissioner of Blantyre District Council, Mr. Bennet Mkasala;**
- **Distinguished Exhibitors**
- **Members of the Press,**
- **Ladies and Gentlemen**

Your Excellency, we are honoured to have you in our midst this morning, to grace the official Opening of the 14th National Agriculture Fair. On behalf of the business community and indeed on my own behalf, I would like to extend a warm welcome to you, Sir.

The Malawi Confederation of Chambers of Commerce and Industry (MCCCI) attaches great importance to the agriculture sector because of its span of economic influence. Every economic sector in this country is impacted by what happens in the agriculture sector. As we are all aware, the agriculture sector is a source of food. Without food, we cannot work. This sector is a source of

employment and income for the majority of the population. Income enables all of us to buy our other needs. Without income we would need to make everything we need by ourselves, like in the olden times. We now know that, with the milliard of needs of each one of us, this is an impossibility. As such we all need this income. The agriculture sector is also a major source of foreign exchange that is earned through exports. We all need foreign exchange in order to import those things that we do not make ourselves. Agriculture is a source of industrial raw materials. Our factories need to be running. During lean times, factories slow down. But during the times of plenty, the wheels of these factories keep turning. Agriculture is also a source of taxes for Government both directly and indirectly. The sector is a source of economic growth. The list goes on, Your Excellency

Indeed Agriculture can be equated to being a source of economic life for Malawians. Because of its widespread linkages in the economy, agriculture deserves to be isolated from the rest of the sectors and be given the prominence that it deserves. That is why we hold a sectoral trade fair we call National Agriculture Fair, Sir. We are grateful that you have graced this Fair with your personal presence.

Your Excellency:

Like any other sector of the economy, agriculture has a value chain that starts with inputs, proceeding to production processes, and ending with outputs. The monetary value of the agriculture sector is determined in the market, i.e. what customers and consumers are able and willing to pay for the end product. As such the size of the market is a major determinant of what a farmer gets from her labour and toil. The theme for this year's National Agriculture Fair is thus **“Unleashing Full Agriculture Potential: The Role of Markets”**, and has been chosen to recognize the crucial role played by the market in determining the value of farming outputs.

Your Excellency:

The year has been exceptionally unfortunate from the perspective of the farmer in as far as the market is concerned, despite enjoying excellent harvest. Let me start with pigeon peas. The Government has been rightly encouraging farmers to grow pigeon peas to encourage diversification of exports from tobacco as tobacco is surely seeing its sunset. Legumes are one of the priorities in the National Export Strategy. To this end, the Government went to the extent of signing a Memorandum of Understanding with India, the largest market of pulses like pigeon peas, in the world.

Your Excellency:

It is sad that having worked so hard, pigeon peas farmers are now faced with the prospect of unprecedentedly low prices because of abrupt import restrictions expected to be imposed by the Government of India, with a view to supporting domestic prices of its own pigeon peas in India. According to International Trade Centre statistics, in 2016 Malawi, in total, exported goods worth US\$41 million. The majority of these exports were pulses and similar agricultural commodities. However, during the same year, Malawi imported goods worth US\$171 million, mostly in the form of manufactured goods. Clearly the trade balance is in favour of India. We therefore ordinarily do not expect the Indian Government to reduce the amount of pulses it imports from us in order to widen the trade deficit further against Malawi. We expect the Malawi Government to take up the matter with Indian authorities and ensure that we do not end up as losers, as the impact will fall heavily especially on our poor rural farmers. The bigger the market for pulses, the better the prices for our pigeon peas. As we all know, farmers who face this possibility are actually members of the private sector. We therefore feel obliged to speak for them.

Your Excellency:

We have taken note of the Press Release issued by Government last week, announcing that ADMARC and the National Food

Reserve Agency (NFRA) would start buying maize in earnest as soon as possible. We would like to applaud Government for the direction taken. We are also aware that you harbor best intentions for your people . all the people of Malawi. You do not want them to suffer from avoidable famine. At the same time you do not want your enterprising people to continue to be poor. We join you in ensuring that Malawi should be hunger free and therefore should not sell all its harvest of basic food which is maize. That is why we as Private Sector have been talking of the need to allow export of only excess maize.

We welcomed the news that private sector will be allowed to export maize after the Silos have been filled, and that ADMARC and NFRA will buy maize off those maize producers who do not have foreign markets. We are delighted that this decision has been taken partly as a result of a roundtable discussion on excess which we had with the current Minister of Industry, Trade and Tourism. We hope that such discussions can be held on a biannual basis, with one such meeting held before April or May each year to ensure that immediately maize is harvested, ADMARC and NFRA are ready to support the farmer and that those wanting to export also catch the vital window for exports. The timing of such meetings is crucial as the export window for this year may have been lost.

Your Excellency:

Malawi was blessed with an excellent rain season during the season gone by, which was conducive to the growing of maize and other crops. In addition to the good rains the selling price of K250 per Kilogram which was set last year acted as a great incentive to both existing and potential farmers last year. These two factors - good rains and a good price, attracted many people, including urban dwellers, to grow maize. As a matter of fact, the majority of the abundant maize yield that Malawi has got this year is a result of injection of capital by these urban dwellers into maize growing. It is not necessarily a result of Farm Input Subsidies as some people may claim.

The maize harvest in excess of our consumption needs, should ordinarily be allowed to be exported Your Excellency. However, the imposition of export restrictions in the months when the crop was ready for the market, i.e. April and May, has resulted in maize prices collapsing. This has unfortunately left the very farmer we want to support to be impoverished. Maize prices currently range from K50 to about K100 per kilogram, despite the minimum price set by Government being K170 per kilogram. ADMARC, as a market leader, has also not been buying the produce because of lack of funds. The consequences have been catastrophic as I

mentioned. Ordinary farmers have completely lost out to vendors, or middlemen, who have mopped out almost all the maize they grew, at a loss to the farmers of course. This Your Excellency has happened when just across the border in Mbeya, Tanzania, maize has been selling at double the Malawi official minimum price, and three times as much in Dar es Salaam. Zimbabwe and Zambia have now taken advantage of the maize shortage in East Africa and are exporting their surplus there.

Your Excellency:

We would like to thank you and your Government again for reconsidering the stance on the export restriction on maize. We strongly feel that ADMARC, and a few commercial farmers who grow their own maize, should be allowed to export the surplus maize harvest to prop up the maize price on the local market in good time. That would ensure that the vendors would not abuse the market.

Your Excellency:

The root cause of the restriction of maize exports are provisions in two laws . the Control of Goods Act and the Special Crops Act. These laws give powers to the responsible minister to restrict tradability of the so called special crops. Such powers would be relevant where local buyers such as Government were able to buy

the commodities at export parity prices. Without such facilities, the invocation of such a legal provision depresses domestic prices of the agricultural commodities affected, such as has happened to maize prices this year, and ends up bankrupting local producers. Such provisions must therefore be taken out from the relevant laws as they may be abused. For example, whilst these laws provide for issuance of export licences when the country has plenty, this is not normally done transparently. This year, there are a number of our members such as commercial farmers who grew their own maize and applied for licences but have up to now not been given such licences to export their commercial maize. The result will be that they are unlikely to grow maize again.

Your Excellency:

For the potential of agriculture to be unleashed, we must minimize interference in the market. Whilst at times the interference may be justified, it should really be evidence based, not wanton. As a sector in which the largest proportion of the population is engaged, agriculture has the potential to transform the fortunes of this country, but only if we do the right things.

Your Excellency:

This year's Fair has attracted overwhelming response from exhibitors. We actually still have a lot of potential exhibitors on the

waiting list. There are 53 exhibitors occupying 108 stands. This participation is unprecedented at an Agriculture Fair. This has happened because of the enormous support we got from our members, cooperating partners and government, in addition to a good harvest.

With your permission, Your Excellency, let me express our indebtedness to the United States Agency for International Development (USAID) for supporting us to the extent of taking up 20 pavilions for various projects which they support. In this respect we extend our gratitude to the Ambassador of the United States to Malawi Her Excellency Ms. Virginia Palmer for making this possible.

Your Excellency:

We are equally obligated to recognize the participation of the European Delegation funded projects that occupy 8 stands. The EU Ambassador to Malawi Mr. Marchel Germann therefore also deserves our appreciation. We are greatly honoured to have his backing.

We also do not want to underplay the role played by the Ministry of Agriculture, Irrigation, and Water Development, Your Excellency. The Ministry has occupied 11 pavilions, in addition to the animal

pens which they have erected. We are similarly beholden to them for this level of support.

Exhibitors from the private sectors, Non-Governmental Organisations (NGOs), other Government departments, and other sections of society all deserve special recognition. They are the reasons we have gathered here. I would like to urge them to patronize the Fair again next year.

Your Excellency:

In conclusion, I would like to register my appreciation to Management and Staff of MCCCCI for a job well done. This level of work appears simple but it does require a lot of planning and execution. As such encouraging them to do the same in future is in order.

Having said these remarks, I would like to thank everyone for listening to me attentively.

I thank you Your Excellency. May God Bless Malawi and Bless Us All.