



Livestock & Meat Advisory Council

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Industry Update for week ending 13th October 2017

Maize Supply to the Open Market from the Grain Marketing Board

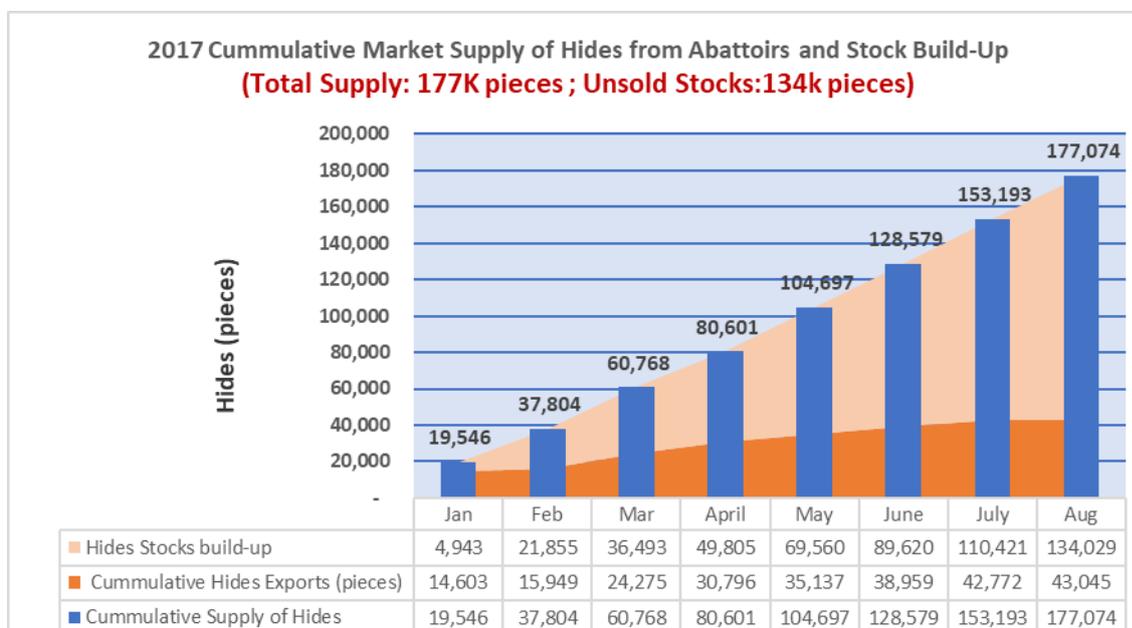
A number of stockfeed manufacturers have reported that they have been unable to secure grain purchases from the Grain Marketing Board (GMB). In following this up, the Stockfeed Manufacturers Association met with the Marketing Department at the GMB who confirmed that the unexpected upsurge in demand for maize in September had exhausted the quota of 50 000mt that government had allocated to GMB to sell to the open market. Thus, GMB is awaiting authorisation from Ministry of Agriculture, Mechanisation and Irrigation Development for an additional maize quota to sell during the fourth quarter of 2017. LMAC has also made representation to the Ministry of Agriculture and their response is awaited.

The only maize that GMB continues to sell is the consignment stocks allocated to the Grain Millers Association of Zimbabwe (GMAZ) and milling companies affiliated to GMAZ. Furthermore, the ongoing probes on GMB's maize buying and selling operations are also contributing to government delays in extending GMB authorisation to continue selling maize to open market players.

Review of the Surtax on Export of Raw (Unbeneficiated) Hides

Following the suspension of SI129 of 2016 in March 2017, LMAC intensified its advocacy efforts to convince the relevant authorities to permanently suspend the surtax of \$0.75/kg on exports of surplus raw hides beyond the effective demand from local tanners. This policy position is informed by the study of the domestic market supply of salted hides and effective demand for hides by local tanners who are primarily in the business of exporting wet-blue hides. The majority of tanners are only interested in buying heavy hides (more than 20kg) which constitute about 40% of the national supply. Thus, out of the 177 00 cattle slaughtered between January and August 2017, data from ZimSTAT shows that tanners bought only 43 000 hides (or 24% of gross supply) exporting only 947mt, primarily wet blue. These exports earned the country only \$1.02million

Given the average annual export of 3 000mt, nearly 134 000 hides are being held in stock, the bulk of which (between 60% and 80%) are "light" hides. Potentially, \$1.25million could be earned by allowing the export of these unbeneficiated hides.



In addition to providing this information to the Ministry of Industry and Commerce and other strategic policy allies, LMAC has held meetings with representatives from the tanning industry to sensitise them on the importance of securing an export permit for surplus stocks of raw hides – both light and heavy – which is critical in avoiding a recurrent problem of stakeholders lobbying against such exports in excess of their demand requirements.

The industry is expecting that a statutory instrument will be gazetted to suspend the surtax on the export of raw hides for another four-month period. The sector has been extolled to come up with a transparent system of jointly monitoring the domestic supply and demand of heavy and light raw hides to optimise export earnings from the beef and leather value chain. The Zimbabwe Association of Abattoirs and LMAC is ready to partner government and the Confederation of Zimbabwe Industries to develop this mechanism.

In the News

<http://www.herald.co.zw/riot-act-for-gmb>

<http://www.sundaynews.co.zw/mat-north-identified-for-2m-beef-support>

<http://www.financialgazette.co.zw/cooking-oil-firms-raise-alarm-over-dwindling-forex>

<http://www.zimbabwesituation.com/news/zim-sets-up-first-donkey-abattoir-70-beasts-of-burden-to-be-slaughtered-dressed-per-day/#more>

<http://www.zimbabwesituation.com/news/zfu-distances-itself-from-fofu/#more>

Schedule of forthcoming meetings and events: October

Wednesday 18th October

Meeting of the Stockfeed Manufacturers' Association

Tues 24th and Wed 25th October

Beef School 2017

Friday 27th October

Meeting of Meat Processors Association of Zimbabwe