

BNNB Statement

7<sup>th</sup> April, 2021

### Importation Ban Leads to a 100% Price Increase on Onion

The cost of living for a family of five as measured by the Jesuit Centre for Theological Reflection (JCTR) Basic Needs and Nutrition Basket (BNNB) for Lusaka in the month of March increased to K8, **644.50 from** K8, 512.31 in February. This shows an increase of K132.19. The rise in the basket is mainly attributed to increase in the prices of both food and non-food items. From the basic food items, the price of onion increased by K70.66 from K70.75 to K141.41 for 4kg, 40kg of vegetables increased by K47.41 from K444.31 to K491.72. From the non-food but essential items, the price of charcoal increased by K114 from K558 to K672. There was a K14 increase in the price of 2kg beef from K130 to K144, cassava moved from K79.87 to K91.96 an increase of K12.09 for 6kg, the price of cooking oil has further increased to K164.26 from K153.77 for 3.6 litres.

On the other hand the basket recorded some notable price reductions. 2kg of soya pieces reduced by K83.15 moving from K179.50 to K96.35, the price of 3Kg beans moved from K186.14 to K108.77, a decline of K77.37, kapenta moved from K278.28 to K256.11 a reduction of K22.17, for a kg, the price of 4kg of tomatoes reduced by K12.97 moving from K73.21 to K60.24, pounded groundnuts moved from K53.86 to K41.09 a reduction of 12.77 for 1kg and the price of bananas moved from K240.53 to K230.08 showing a K10.47 reduction.

Notable price increases and reductions in some BNNB items was on the basis of key contextual issues. Firstly, year on year inflation as measured by the Zambia Statistics Agency has been on a rise throughout the first quarter of 2021. It stands at 22.8% for March increasing from 22.2% in February 2021. Annual food inflation in particular, for March 2021 was recorded at 27.8%. Secondly, as the rain and planting season is coming to a close, certain food items are showing price reductions. For example, food items such as tomatoes which do not grow well in the rain season are showing a price decline. Beans and groundnuts are other examples that have become available on the market pushing the prices downwards. Essential non-food items like charcoal on the other hand experience restricted supply in the rain season which tends to push the price upwards. Thirdly, one key development noted in the month of March was the effect of the onion and Irish potatoes importation ban. While well intended, the ban has had ramifications that could have been avoided as local producers were unable to meet the demand of specifically onion. This led to a 100% increase in the price of onion. However, the effect of the ban was not the same for potatoes as the commodity may not be as widely consumed by households.

JCTR does note that the aim of importation bans anchors on a commendable intervention of protecting local businesses in order to encourage local production as well as support local farmers. JCTR however, urges Government that such interventions require detailed consideration and all fall outs anticipated with safeguards put in place to ensure local demand can still be met. While local farmers do demand for importation bans on the basis that foreign imports make their produce go to waste,

evidently, we do not produce enough of particular commodities to meet local demand. It was for this reason that Government had to lift the ban on the importation of onion and allow 100000 tonnes of onions to be imported under emergency. Further JCTR urges that sustainable solutions be sought that maintain prices of basic essential items within the capacity of many ordinary households. These include measures to keep the cost of production low and those that ensure constant supply and availability of basic essential items. The continued rise in the cost of living continues to compound challenges to households' access to basic needs thus negatively affecting families' abilities to live dignified lives. More so given that considerable price increases such as is the case for onion, further erodes individual and household incomes. It therefore remains imperative that any adopted interventions protect the availability and affordability of key consumption items at the household level to promote human dignity.

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