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Running head: The Effect of EPAs on the Dairy Sector in Zambia

**THE EFFECT OF EPAs ON THE DAIRY SECTOR
IN ZAMBIA?"**

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RESEARCH PAPER

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DATE

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B. ABSTRACT

The study's objective was to analyze the effect of the Economic Partnership Agreements (EPAs) on the dairy sector through the use of the grounded theory process. The central thread of reasoning in the entire paper is based on the S-C-Q-A-R-E [Situation, Concern, Question, Answer, Rationale and Evaluation] principle.

The Situation is that Zambia has chosen to negotiate the EPAs under the group called Eastern and Southern Africa (ESA) configuration comprising 16 member countries that belong to COMESA with the exclusion of Egypt, Libya and Tanzania. Out of the six main areas of negotiations, Agriculture has been one of the most contentious clusters because of the high levels of subsidies on the part of the EU and it is also one of the sectors ESA has considered to be a sensitive sector. Because of the high levels of subsidies on various agricultural products on the part of the EU, milk and its products have been placed under the sensitive product list meaning that the region will not reduce tariffs on this as a way of protection.

Negotiations on trade in services began in June 2008. ESA is prioritizing the regional integration process, including finalization of the regional frameworks. The focus is also on development cooperation, in order to tackle supply-side constraints and develop regulatory frameworks that will ensure actual benefits accrue from the liberalization process.

The Concern is that subsidized imports from the EU will not be able to compete with local small holder farmer's dairy products in an industry that is still very young and has the potential to grow and expand. The implications are tremendous because the sector is able to contribute to poverty eradication and greatly assist peasant farmers' livelihood. Developed countries, and especially the EU subsidize their dairy farmers who then export their surpluses to foreign markets and compete with locally produced dairy products in developing countries such as Zambia. Locally produced milk cannot compete against subsidized imports because the dairy industry in Zambia is still in its infancy and finds it difficult to expand due to stiff competition from subsidized powdered milk. Hence, by enabling 'dumping' of subsidized dairy products, the Common Agriculture Policy (CAP) undermines developing countries' dairy sector's ability to grow which has led to the increase in exports of milk from the EU recently. Furthermore, globalization and the liberalization policy reforms have also adversely affected the dairy sector development because of easy importation of powdered milk from the developed world in the 1990s. This meant that smallholder milk producers had to compete with cheap powdered milk imported from countries where dairy farmers benefit from agricultural subsidies. Hence, the smallholder farmers generally receive fairly unattractive prices for their fresh milk from the formal dairy processing sector as a result of the cheap powdered milk. They prefer to market fresh milk directly to consumers in the

traditional or informal, open markets in order to realize a better return on their investments, no matter how small.

The overall Question of the entire research paper is 'I low will the Economic Partnership Agreement affect the Dairy Sector in Zambia?' The questions for each of the research papers that led to the final Answer of the overall dissertation in order of sequence, are as follows:

- i. I low can Subsidies affect the Dairy Sector in Zambia?
- ii. How does Symmetrical Liberalization and dairy development constraints or supply-side constraints lead to less dairy production?
- iii. How can the development of the dairy sector in Zambia be encouraged/enhanced to grow?

The overall Answer of the entire research paper of EPAs being a threat to the dairy sector in Zambia can be addressed through Government invoking protectionist measures in order to protect the infant dairy sector to be further enhanced by adopting a national policy to be evidenced by increased investment in technology and infrastructure development so as to enable the sector to develop to a stage where it is able to compete with its EU counterparts. This can only be carried out through total commitment by Government. Hence, the need for a steady pace of liberalization or opening up the dairy sector after a specified period of capital injection and investment in the sector, with political will from Government being a priority, is necessary for its success to be a reality. The conception of the threat can thus be said to be misguided based on the steady conclusions drawn from the first, second and final research paper based on the grounded theory method and literature review extensive]) applied under each one of them. Political will, from Government, will involve addressing particular constraints, amongst others, in order for the sector to develop.

The Rationale for the research paper can be summarized by the research paper trying to arrive to the Answer and future strategic intent of the current concern through the emerging core variables from each of the three research papers, commencing with the first one in order of sequence, by using the grounded theory method which involved collecting data through conversational research interviews targeted towards a selected group of participants that specialize in the dairy sector in Zambia. The data was coded and analyzed simultaneously at three levels until saturation was achieved and a core variable emerged which resulted in the underlying theories behind the application of the grounded theory for each of the individual research papers. The first research paper logically evolved to the next research paper which logically also evolved to the final research paper, which in unison, led to the overall answer or theory to the current concern. The initial conception of the threat of the EPAs having a detrimental effect on the dairy sector has led to the logical realization that political will (2" research paper) by the Government of

Zambia is necessary in order for the infant dairy industry to be preserved and eventually expand and grow. The political will involves investment in research and technology, training, breeding of more productive cattle, infrastructure development, access to capital/credit, better means of transportation (most farmers use bicycles) legislative and policy frameworks, to name but a few. Serious commitment by the Government will enable the infant industry to grow to a level where it will be able to compete with its EU counterparts (3rd research paper). The third research paper which also led to the final answer, in unison of the others, is that opening up the Zambian market to EU products after a prescribed period would logically not only help the sector to grow to an advanced acceptable level but also ensure sustainability of individual farmers, hence, assisting in the eradication of poverty and encouraging efficiency of local firms through healthy fair competition.

The Evaluation of the paper entails the Relevance, Utility, Validity and Ethical implications of the study and can be summarized as the need to be certain about the pace of liberalization through political will by government to enable the dairy sector to be given an opportunity to grow and develop. This in fact answers the overall Question of "How can EPAs affect the dairy sector in Zambia?" It also deals with the underlying Concern of the threat of EPAs to the dairy sector in Zambia. The grounded theory method and meta-synthesis process were correctly applied and followed throughout. Ethically, the research paper was morally applied, followed and due care was clearly exhibited.

C. RESEARCH OBJECTIVES OF THE STUDY

- To land out the effect that the EPAs or increased imports from the EU will have under EPAs on the dairy sector in Zambia.
- How viable the dairy industry is in relation to small-scale farmers' contribution to GDP especially peasant farmers.
- To make recommendations to encourage its development if it makes positive contributions to economic growth and greatly assists small-scale farmers.

D. ASSUMPTIONS AND DELIMITATIONS/LIMITATIONS

It is assumed that by the time the study is completed, the EPAs will not be signed by the Zambian Government as negotiations will still be ongoing and may be further extended beyond the agreed deadline.

For purposes of the analysis of this research paper, the small-scale farmers included both male and female in Magoye, Mazahuka and Mapepe, Chilanga in the Southern part of Zambia as the the focus of discussions as opposed to various other parts of Zambia due to transportation and time constraints.

E. ORGANISATION OF THE REPORT

The organization of the report consists of Chapter one (1) which is the Introduction to the study, followed by Chapter two (2) which deals with Literature Review. Chapter three (3) explains the Methodology involved in the research study and Chapter four (4) presents the Research Results or Analysis of the data followed by Conclusions and Recommendations under Chapter five (5).

CHAPTER I

INTRODUCTION

1.1 INTRODUCTION

Chapter I takes the form of the Situation, Concern, Question, answer, rationale and evaluation [S-C-Q-a-r-e]. This means that the primary purpose of this Chapter is to set the context which is the Situation in the Concern < >Question -22 >Answer of the research. It also establishes the C< >Q< >A as well as its relevance by briefly introducing the [answer — rationale —evaluation] of the S-C-Q-a-r-e. The evaluation of the C42.> QC > R is carried out in terms of Relevance, Utility, Validity and Ethics.

1.2 SITUATION

1.2.1 BACKGROUND INFORMATION

Zambia is a landlocked country in Central Africa situated between S and 18 ° south and 22 and 34² east. It has a land area of 750,000 km² The land is mostly flat and varies in altitude between 900 and 1400 metres above sea level. The surface relief is moderate to gentle with low river gradients. o

The climate and vegetation are subtropical with three distinct seasons; a warm wet season from November to April, accounting for 95% of the annual rainfall, a cool dry winter (from May to August) with mean temperatures ranging between 15 ° c and 27 ° and a hot dry season (September to October) with temperatures ranging from 27° to 32⁰. Annual rainfall varies from less than 760 mm in the South to over 1270 min in the north (Planning Division, 1988).

The predominant vegetation is woodland savannah dominated by trees of the *Brachystgia*, *Julbernadia* and *Isoberlinia* type. Forests are confined in a few areas in the north and west of the country. Extensive grasslands occur in the swamp and floodplain areas too wet for trees.

1.2.2. THE DAIRY SECTOR IN ZAMBIA

Zambia's dairy sector is characterized by three categories of milk producers; commercial farmers, small-scale farmers and traditional farmers. Together these farmers produce approximately 190 million litres of milk per year but the country requires a total of 253 million liters of milk. The gap in production is mainly due to the many challenges both at national and international level. The potential for these farmers, especially small-scale farmers to close this shortfall is possible only with real assistance from Government and other sectors. C.)

It is estimated that out of the 268 million cattle, about 60,000 are dairy cattle, mainly Holsteins, Friesians and their crosses. Milk in the traditional sector is produced from local cattle, mostly of the Sanga and Zebu types crossed with Tonga, Barotse and Angoni, Milk yields are relatively low and range from three to five litres per day. The milk produced in this sector is consumed at home and it is estimated that this amounts to about 31.5 million litres per annum. ⁽³⁾ Milk is produced and consumed in areas where cattle-keeping is a tradition.

Generally, cattle on commercial and state farms are kept mainly for cash and for provision of animal protein to the farm household. In the emergent small holder sector, cattle are kept for cash, manure, traction and milk, whereas in the traditional sector cattle are still kept for prestige, traction, manure, milk and security.

1.2.3 THE ECONOMIC PARTNERSHIP AGREEMENT (EPA) PROCESS

The Cotonou Agreement provides for the negotiation of Economic Partnership Agreements which are Free Trade Agreements between the European Union (EU) and the Africa, Caribbean & Pacific Countries (ACP) regions. These negotiations are underway and were meant to be concluded by December 2007. Trade between the EU and the ACP countries has all along been based on preferential terms under various unilateral preferential trade arrangements for decades and currently they are enshrined in the Cotonou Agreement. The preferences allow ACP countries to export products into the EU on favourable terms.

When the Cotonou Agreement was signed, a provision was made that the Preferences which the EU was extending to ACP countries should be phased out and replaced by EPAs which would be in conformity with the rules of the World Trade Organisation (WTO). In January, 2008, all preferences would be phased out and replaced by a Free Trade Area between the EU and ACP Countries called the SPAS. In a Free Trade Area, goods from the EU to ACP Countries and vice versa will be required to trade freely with no customs duties because duties are regarded as barriers to trade. In addition, other barriers to trade besides customs duties will need to be removed.

Zambia has chosen to negotiate the EPAs with selected countries who are all members of COMESA forming an Eastern and Southern Africa (ESA) group configuration. The ESA group is comprised of Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Uganda, Zambia and Zimbabwe.

Out of the six main areas of negotiations, Agriculture has been one of the most contentious clusters because of high levels of subsidies on the part of the EU and agriculture is also one of the sectors ESA

has considered to be a sensitive sector. Because of high levels of subsidies on various agricultural products on the part of the EU, milk and its products have been placed under the sensitive product list meaning that the region will not reduce tariffs on these, so as to protect these products.

On the 30th of September 2008, Zambia initialed its market access offer for the Interim Economic Partnership Agreement (IEPA) with the European Commission. Completion of the negotiations on the market access offer allows Zambia to be party to the Trade in Goods Chapter and related annexes of the ESA IEPA of the Interim EPA (IEPA). Negotiations on market access have been ongoing since the tabling of the first market access offer in November 2007. Preparation of the offer, however, dates back to 2003, when the Ministry of Commerce, Trade and Industry (MCTI) began intensive consultations with all relevant stakeholders at national and regional level.

In the Zambia — EU case, the EU will liberalize 100% of its imports from Zambia, while Zambia will liberalize almost 79.62% of its imports from the EU in 15 years. The EU made an offer of duty free quota free market access to all countries in Africa, the Caribbean and the Pacific region, except South Africa. This means that the negotiations focused simply on what market access Zambia (and other countries) would offer the EU. In this offer, 20.38% of imports from the EU form Zambia's Sensitive List of Products, i.e. the products that are excluded from liberalization. This list includes 406 tariff lines, selected for two main purposes: -

- 1) To protect infant industries, and
- 2) To minimize revenue losses.

Overall, the parties will liberalize 90% of their trade, which is deemed to meet the "substantially all trade" requirement, required in terms of the General Agreement on Tariffs and Trade (GATT) of the WTO - A precautionary approach was taken, protecting potential or nascent industries and sectors with minimum levels of current imports, but in areas where the EU is increasing its competitiveness. The Sensitive list broadly covers: agricultural products, processed food and beverages, plastic and rubber products, clothing and footwear, engineering and wooden products. Products on the sensitive list would be excluded from the Free Trade Agreement when it takes effect and, hence, continue to enjoy some level of protection although the requirement is that most of the items under the customs register of a country would trade freely in the free trade area. Zambia's market access offer backloads liberalization on products that attract 15% and 25% customs duties. The effects of trade diversion will be partly offset by the launch of the SADC Free Trade Agreement (FTA) in August 2008, which will level the playing field between the EU and Zambia's major source of imports, South Africa. no

Negotiations on trade in services began in June 2008. ESA is prioritizing the regional integration process, including finalization of the regional frameworks. The focus is also on development cooperation, in order to tackle supply-side constraints and develop regulatory frameworks that will ensure actual benefits accrue from the liberalization process.

On August 29th 2009, in Mauritius, the EC signed the IEPA which had earlier been initialed with four ESA countries: Mauritius, Seychelles, Zimbabwe and Madagascar. Zambia and Comoros did not sign the agreement and as an WC, Zambia continues to have access to the EU market under the EBA initiative, an option not open to Mauritius, Zimbabwe or the Seychelles. The main impact of the signing will be the start of implementation of tariff reductions on EU exports to the signatory countries, which are scheduled to take place over the next 15 years between 80% and 92% of exports from the EU depending on the country concerned. This also excludes a range of sensitive agricultural products such as milk, meat and vegetables from the liberalization process.

Discussions are still ongoing on the issues of export taxes, infant industry protection, tariff standstill commitments, quantitative restrictions, agricultural safeguards, the Most Favoured Nation (MFN)' clause and the treatment of outermost regions. Regarding market access issues, it has been agreed that any preferences granted to the EU will automatically be extended to the other ESA members as well as many other outstanding issues.

The complexity and breadth of areas to be negotiated in the coming months present challenges and opportunities for Zambia. Challenges stem from the fact that regional integration in the area of trade in services, for example, has yet to be completed. Zambia's priorities are to build domestic and regional capacity to regulate sectors, enforce legislation, monitor investors and administer government procurement in a transparent manner. Zambia has a direct interest in tackling beyond the border measures at the regional level to deepen the common economic area. Sequencing between national, regional and EPA frameworks and setting adequate implementation periods and accompanying measures in an EPA are critical. The level of ambition should not be measured by the depth of WTO commitments undertaken by ESA, but by the EPA's potential to raise the regulatory and enforcement capacity of the region. If this objective is achieved, real economic and social benefits will trickle down to consumers, firms, farmers and the government treasury.(5)

The restrictive role played by sanitary and Phytosanitary measures (SI'S), as well as technical barriers to

The MFN clause requires that, if Zambia negotiates a Free Trade Agreement with another party and it offers that party better market access than the EU enjoys, this better market access must be extended to the EU as well.

(TM') and rules of origin on actual market access opportunities is widely acknowledged. For Zambia, EPA negotiations are expected to result in SPS and TBT provisions that respond to the country's needs. Moreover, relaxing rules of origin would increase the competitiveness of Zambian firms and boost their incentive to integrate into regional and global value chains. As a result, regional cumulation with African countries is an important aspect of these negotiations. Finally, trade facilitation and developing Information Technology infrastructure will complement the regulatory aspects contained in goods and services provisions, by making it possible to move both across borders in a cost effective and efficient manner. (s)

1.2.3 DEFINITION OF IMPORTANT TERMS

African, Caribbean and Pacific (ACP): There are six AD' regional trading blocs, namely; the Southern African Development Community (SADC), East and Southern Africa (ESA), Central Africa (CEMAC), the Economic Community of West African States (ECOWAS), Caribbean and Pacific regions taking part in these negotiations. Zambia is part of the ESA configuration. The member states of COMESA are Angola, Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Swaziland, Zambia and Zimbabwe. The aims and objectives of COMESA as defined in the Treaty are to facilitate the removal of structural and institutional weaknesses of member states so that they are able to attain collective and sustained development

COMESA: Common Market for eastern and Southern Africa is a preferential trading area with 21 member states from Libya to Zambia. COMESA was formed in December 1994 replacing a preferential trade area that had existed since 1981. Nine of the member states formed an FTA in 2000 with Rwanda and Burundi joining the ETA in 2004 and Libya in 2006. The member states of COMESA are Angola, Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Swaziland, Zambia and Zimbabwe. The aims and objectives of COMESA as defined in the Treaty are to facilitate the removal of structural and institutional weaknesses of member states so that they are able to attain collective and sustained development.

Common Agricultural Policy (CAP): Common Agricultural Policy is the agricultural policy of the European Union, which came into force in 1962. It aims to ensure reasonable prices for Europe's consumers and fair incomes for farmers, in particular by establishing common

agricultural market organisations and by applying the principles of single prices, financial solidarity and Community preference. A reform package was adopted in 1999 for the period 2000-2006. The purpose of the reform of the common agricultural policy under Agenda 2000, which basically involves cutting market support prices and increasing direct aid to farmers, is to preserve the European model of agriculture by ensuring that farming throughout the Union, even in the regions with special problems, is:

- sustainable and competitive,
- capable of maintaining the landscape, conserving nature, and contributing to the vitality of the countryside and
- responding to the concerns and demands of consumers in terms of food quality and safety, environmental protection and animal welfare.

The reform involves not only farmers, but also country-dwellers in general, consumers and wider society.

Cotonou Agreement: A partnership agreement between the EU and the ACP Group, signed in June 2000. The Agreement replaces the Lome agreements. The main objective of the agreement is to reduce poverty, consistent with the objectives of sustainable development and the integration of the ACP countries into the world economy. The Agreement includes political dialogue and in addition civil society and social and economic actors are actively involved. Regarding trade, the Agreement provides for setting up a new trade arrangement, characterised by reciprocal liberalisation in accordance with WTO rules. The system of financial co-operation has been reformed to improve its effectiveness. Regional co-operation between ACP countries is an important aspect of economic and trade co-operation in the Agreement and is put forward as a development co-operation strategy.

Economic Partnership Agreements (EPA :) is a scheme to create a free trade area (FTA) between the European Union and the ACP countries based on the principle of reciprocity, which means that countries like Zambia will have to progressively open up their market for the European products and vice versa. They are a response to continuing criticism that the non-reciprocal and discriminating preferential trade agreements offered by the EU are incompatible with the WTO rules. The EPAs are a key element of

the Cotonou Agreement, the latest agreement in the history of ACP-EU Development Cooperation was meant to take effect in December 2008.

Eastern and Southern Africa (ESA): Group of 1() Southern African Countries negotiating under the EPAs configuration under the Common Market for eastern and Southern Africa (COMESA) with the exclusion of Egypt, Tanzania and Libya.

Everything hut Arms Agreement (ERA): The Everything hut Arms initiative is a proposal of the European Commission to the European Council that would grant duty-free access to the world's 48 least developed countries. The proposal would cover all goods except the arms trade: "everything but arms". The proposal, which would extend duty and quota free access for a further 919 lines, would come into effect as soon as it is agreed by the Council. For three products (bananas, sugar and rice) implementation will take effect in three progressive stages to be completed within three years. The initiative covers many products that are not currently imported into the EU at present because of the high level of protection. The proposed new list leaves out 25 tariff lines that relate to arms trade.

European Union (EL): The EU is a common market with 15 member states: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom. It is a common market, i.e. it allows the free movement of capital and persons. In addition, member states have eliminated tariffs among themselves and established a common external tariff against non-members.

The objectives of the EU are:

- to promote economic and social progress;
- to assert the identity of the European Union on the international scene;
- to introduce European citizenship;
- to develop an area of freedom, security and justice;
- to maintain and build on established EU law

Economic Partnership Agreement: (IEPA): is a scheme to create a free trade area (ETA) between the European Commission of the European Union and the least developed countries which are the poorest countries in the world. The UN definition of "least developed countries is commonly accepted. The General Assembly of the United Nations officially designates countries as "least developed", on the basis of a number of agreed criteria. The criteria underlying the current list of LDCs arc: a low income, as

measured by the gross Union and the Group of African, Caribbean and Pacific (ACP) countries. They are a response to continuing criticism that the non-reciprocal and discriminating preferential trade agreement offered by the Eli are incompatible with WTO rules. The EPAs are a key element of the Cotonou Agreement, the latest agreement in the history of ACP-EU Development Cooperation and were supposed to take effect in 2008.

Least Developed Country: (LDC): are characterized by:

- very low levels (defined by the United Nations) of domestic product (GDP) per capita;
- weak human resources, as measured by a composite index (Augmented Physical Quality of Life Index) based on indicators of life expectancy at birth, per capita calorie intake, combined primary and secondary school enrolment, and adult literacy;
- a low level of economic diversification, as measured by a composite index (Economic Diversification Index) based on the share of manufacturing in GDP, the share of the labour force in industry, annual per capita commercial energy consumption, and UNCTAD's merchandise export concentration index. In January 2001, 48 countries were considered to be "least developed".

Ministry of Commerce Trade and Industry (MCTI):

MCTI is the Republic of Zambia's principal Government body responsible for administering national policy for private sector development. It coordinates industrial, commercial and trade matters and liaises with various public and private sector organizations to facilitate the implementation of government sector policies related to trade and industry in line with the Ministry's mission statement.

Ministry of Agriculture and Cooperatives (MOAC):

A Government institution in the Republic of Zambia whose main focus is to liberalize the agricultural sector and to promote private sector development and participation in the production and distribution of agricultural goods and services. To also endeavor to create an enabling environment for private sector participation through measures such as withdrawal of direct government involvement in production, marketing and distribution of inputs and produce, privatization of parastatal companies, elimination of price controls and direct subsidies in the sector.

Special and Differential Treatment:

These are preferential provisions applied under the WTO to developing countries and least developing countries. The principle of special and differential (S&D) treatment is that international trade rules should be adapted to the particular economic situation of developing countries.

Within the WTO. S&D treatment has taken two main forms:

- With respect to market access commitments, S&D treatment has been implemented through non-reciprocal trade preferences designed to provide preferential access for developing country exports to the markets of developed countries.
- With respect to trade rules and disciplines, S&D treatment means that developing countries can be exempted from the need to implement multilaterally agreed rules or might be asked to accept less onerous obligations. In the Uruguay Round, S&D treatment also meant offering developing countries longer implementation periods and possibly technical assistance to help them meet multi laterally-agreed commitments

1.3. CONCERN — THE EFFECT OF ECONOMIC PARTNERSHIP AGREEMENTS (EPAs) ON THE DAIRY SECTOR IN ZAMBIA

The EPAs will affect farmers directly. Whatever the outcome of the negotiations, farmers will be faced with greater competition in the domestic or regional markets from agricultural products (whether primary or processed) originating from the EU. As an example, Zambian cheese processed from milk supplied by small scale farmers in Monze would have to compete with cheese from the EU and hope to compete favourably. If they do not, the dairy farmer could lose out on market if the cheese processor buying the dairy farmers milk is not able to sell their products. They will then be forced to reduce the cheese production or shut down if they become totally unprofitable especially if the cheese from the EU lands in Zambia cheaper than the locally produced cheese because they are more competitive. This scenario spells out what is on the horizon in EPAs, hence, survival of agricultural producers, processors or the whole agriculture value chain in Zambia would depend on whether local industries are able to with stand this competition. Therefore, depending on how the negotiations are concluded, a farmer in Zambia could be worse off than they are today.

which is very crucial for the dairy sector in Zambia which has been faced with a number of challenges and serious supply-side constraints.

Some of the anticipated threats of EPAs are that Zambia may remain an exporter of low value unprocessed agricultural products into the EU with little manufacturing because the EU industrial base is already developed. At regional level, trade could be undermined due to the unequal level of development between the EU and ACP countries. As a result, the whole process could lead to significant loss of revenue which a country like Zambia cannot afford, therefore, negotiations should strike an agreement on a mechanism for compensation in the form of resources to meet adjustment costs.

1.4. RESEARCH QUESTION —HOW WILL THE EPAS AFFECT THE DAIRY SECTOR IN ZAMBIA?

The overall question of the entire research paper is 'How will the Economic Partnership Agreement affect the Dairy Sector in Zambia?' The questions for each of the research papers that led to the final Answer of the overall dissertation in order of sequence, are as follows:

- i. How can Subsidies affect the Dairy Sector in Zambia?
- ii. How does Symmetrical Liberalization and dairy development constraints or supply-side constraints lead to less dairy production?

How can the development of the dairy sector in Zambia be encouraged/enhanced?

The question flows from the concern of the first research paper because it seeks to establish exactly how subsidies can impact the dairy sector in Zambia by trying to analyze what the repercussions of the EU products flooding the market will have on the infant industry that has been a source of sustenance for a number of peasant farmers. The market price is distorted due to the subsidies afforded to EU farmers which makes competition unfair considering the infant industry still has a number of supply side constraints to deal with as well as various national reforms including technology investment in order to make it more competitive. The answer to the question deals with the concern because it explains that unfair competition will arise as a result of the distorted market price which is influenced by the subsidies provided to the EU farmers who are more established farmers than their Zambian counterparts who require the necessary technology infrastructure and dairy institutional framework to make it more competitive.

The question flows from the concern of the second research paper because it seeks to establish exactly how the dairy sector in Zambia can be developed in view of the fact that the concern is such that there is lack of political will regarding the infant industry which needs a specified period of time to grow and establish itself into a more competitive industry. The answer to the question deals with the concern because it explains that a national policy driven by government will enhance/encourage the development of the dairy sector in Zambia. Only a national policy can guide a country to a higher milk consumption level and hence an enhanced local milk production capacity as a result of the development of a legal and institutional framework flowing out of the dairy policy.

The question flows from the concern because it seeks to find out or establish exactly how symmetrical liberalization and supply-side constraints causes a decrease in dairy production. The answer to the question deals with the concern of the third research paper because it explains that investment in infrastructure through investment and technology should decrease the constraints that impede dairy production as well as asymmetrical liberalization which should enable the local farmers to be able to compete favorably. eventually.

1.5. RESEARCH ANSWER— PROTECTION OF THE INFANT DAIRY INDUSTRY IN ZAMBIA.

The Answer to the first research paper is if the level of market price is distorted as a result of subsidies granted to a few farmers in the market, the level of competition would be adversely affected as this would not be a true reflection of the prevailing market price that does not take into account the cost of production and problems faced by the general market, especially poor infant industries, such as the dairy sector in Zambia. This means that Zambia would adopt protectionist measures in the infant industry or take trade restrictive measures so as to protect its domestic industry and employment in the dairy sector from stiff competition arising from subsidized dairy products. A country, such as Zambia, can also invoke a protectionist trade policy so as to protect an infant industry by means of a customs duty or other import restrictions so that temporary protection is given to the national producers to allow them to become strong enough to compete with other well established producers.

A protectionist trade policy forces an economy to reform its outdated legislative framework so as to enable it to implement or put in place an institutional framework with harmonized stakeholders to develop the infant industry by way of investing in research and development so as to have the right technology in place as well as skilled personnel. As a result, this validates the causal relationships that underpin my answer A being:

-A decrease in the level of market price will lead to a decrease in the level of fair competition (in this case — because EU dairy products are subsidized — not necessarily because they are produced more efficiently) which in turn will lead to an increase in the level of product protection which will result in an increase in the level of legislative reform which in turn will lead to an increase in the degree of harmonized stakeholders which will result in an increase in the level of technology investment and training of skills.

The Answer to the second research paper is if the level of policy implementation/political will is negligible, the level of milk consumption in the economy will be low. This means that the standard of dairy programs will equally be poor. The number of Milk Collection Centers and cold chains will remain low and the level of the cost of production will remain high with the level of diversification being very small as well as the level of re-investment into the dairy sector. As a result, this validates the causal relationships that underpin my answer A being: - an increase in the level of policy implementation/political will, will lead to an increase in the level of consumption which in turn will lead to an increase in the standard of dairy programs. This will cause an increase in the quantity of Milk Collection Centers and Cold Chains which in turn will influence a decrease in the level of cost of production, which in turn will cause an increase in the level of diversification and hence an increase in the level of re-investment into the dairy industry.

The Answer to the third research paper reveals that asymmetrical liberalization and minimal supply-side constraints leads to enhanced dairy production. A low level of development of the dairy policy will mean that the level of asymmetrical liberalization will be less gradual which will automatically influence the level of access to credit which will be minimal and hence the level of technology will be less and so will the amount of re-investment also be less. Automatically the number of imports flowing into the country will be high and hence influence the level of policy implementation as a result of the increase in competition which government will want to cushion. This in turn will again determine the level of development of the dairy policy.

The overall answer of the entire research paper to the initial conception of EPAs being a threat to the dairy sector in Zambia can be said to be addressed through Government invoking protectionist measures in order to protect the infant dairy sector to be further enhanced by adopting a national policy to be evidenced by increased investment in technology and infrastructure development so as to enable the sector to develop to a stage where it is able to compete with its EU counterparts. This can only be carried out through total commitment by Government. Hence, the third and final Research Paper conveyed the need for a steady pace of liberalization or opening up the dairy sector after a specified period of capital

injection and investment in the sector with the bottom line being political will from Government in order for its success to be a reality. The conception of the threat can thus be said to be misguided based on the steady conclusions drawn from the first, second and final research paper based on the grounded theory method and literature review under each one of them. Political will from Government will involve addressing the following particular constraints, amongst others, in order for the sector to develop.

1.6 RATIONALE

The Rationale of the C < > Q < > A in the Situation is that it is imperative for the dairy industry to be protected because a large number of small scale farmers depend on the income made from dairy farming for their daily subsistence. This, therefore, greatly assists poverty eradication in the country in accordance to the National Development Goals.

1.7 EVALUATION

The Evaluation of the C < > Q < > A < > is carried out in terms of Relevance, Utility, Validity and Ethics. The Relevance is the urgent need to protect the dairy sector from subsidized products from the EU so as to enable the dairy industry to grow and expand to a level where it can grow and compete. This will not only enable poverty eradication, in accordance with the National Development Plan, hut farmers to also be able to sustain themselves and not rely on Government.

1.8 CONCLUSION

The Chapter has tried to set the context of the C < > Q < > A through the Situation, established it as well as argued for its relevance in the Situation. The answer, relevance and evaluation has also been briefly introduced and the rest of the dissertation will deal with the Answer, Relevance and Evaluation in more detail.

The Situation is that Zambia has chosen to negotiate the EPAs under the ESA configuration in one the contentious clusters of Agriculture. The Concern is that there are high levels of subsidies on the part of the EU dairy products which are causing the local small holder farmers' dairy products not able to compete. The industry is still very young and has the potential to grow and expand as well as to contribute to poverty eradication. The lack of competition can wipe out the local industry by undermining the livelihood of the small scale Farmers. The Question is 'flow will the Economic Partnership Agreement affect the Dairy Sector in Zambia? The Answer is that it is necessary for Government to invest in the industry so as to enable it to grow and expand to a level where it is able to compete on an international level. The infant dairy industry requires assistance in order to help maintain and enhance the industry for

purposes of increasing the production of milk, its value addition and farmers' livelihood. The farmers really work hard to make ends meet and it's quite admirable to see how independent they are. An enabling environment in which to produce the milk would certainly help to sustain them a lot better. The Relevance Of the C < Q > R is the necessity of Government to protect the sector so as to enable it to grow and assist in the eradication of poverty in the country by sustaining the small scale farmers, The Evaluation is carried out in terms of Relevance, Utility, Validity and Ethics.

This summary concisely sets out the challenge that Zambia faces: an infant dairy industry under threat in the EPA negotiations, This industry also has important development impact — small scale farmers especially in the rural areas rely on this industry (few other options are available). A key issue is that a country such as Zambia cannot afford the kind of support programmes that the EU offer to dairy (even if they would be allowed under WTO agreements).

Reference to government attempting to increase demand for dairy products is perhaps a peripheral issue in this context,

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CHAPTER 2

LITERATURE REVIEW

2.1. INTRODUCTION

The purpose of the literature review is to locate the C < > Q < > A based on the broad body of knowledge that is relevant to the research topic and to locate the research findings within this body of knowledge which is the Answer in the C < > Q < > A. This means that the research answer A of each of the three papers, including the core variables from which it was constructed is the basis of the literature review.

The literature review of the research papers were based on the Grounded Theory at three levels. The first level was based upon the parts of the answer A as reported in Section 1.4 above of the research process in the grounded theory under Chapter 4 Research Results of each of the research papers. The second level was based on the broad field area of the research context and the final level was based on the parent discipline of the research topic.

In the same way the literature review of the entire paper is based on three levels. The first level is the parent discipline of the research topic which is the 'Agricultural developments in the Dairy Sector in Developing Countries'. The second level is based on the literature of the research topic of the Concern and Question in C < > Q < > A which is the 'EPAs and the Dairy Sector in Zambia'. Finally, the third level is based on the research findings which is the Answer in the C < > Q < > A entitled 'the Protection of the Dairy Sector in Zambia'.

2.2 AGRICULTURAL DEVELOPMENT IN THE DAIRY SECTOR IN DEVELOPING COUNTRIES

(Simons, 1978) (8) reports on an experiment in partnership between international industry and the United Nation's system which started in Rome almost 10 years ago. The experiment was called the Food and Agriculture Organization (FAO)/Industry Cooperative Programme (ICP) and its objective was to stimulate the expansion of agricultural industries in developing countries. A main strength of ICP has been its working groups, each formed around a major agro-industrial sector such as dairy, livestock, pesticides, plastics, fisheries and forestry with each focusing on policy and technical matters of common interest to industry, the UN system and developing country governments. Most ICP members belong to at least one working group. These groups sponsor projects, publications and send out working parties to

explore specific field situations and frequently take on the role of spokesmen for industry views in high-level political meetings within the UN system.

The progression illustrated by the Pesticides Working Group (PWG) and pattern of technical and political cooperation set by PWG was being followed by other Working Groups. The Dairy Industry Working Group (DWG) completed a publication with FAO on standardized milk plants for developing countries which will guide governments in expanding their dairy industry.

(Martin, W Brando, A.S.P, 1993) states that direct assistance to agriculture for developing countries was always positive for both border protection measures and domestic subsidies. Commodities such as dairy products and sugar were heavily supported in virtually all developed countries and beef, veal and sheep meats were heavily assisted by border measures in all but Australia/New Zealand.

He goes on to state that the picture is less clear cut for dairy products and meat where many developing countries provide positive assistance. The estimates of the consequences of including developing country liberalization alone, in part because of the poor quality of the estimates of developing country policy distortions available to these studies and in part because of the frequently offsetting nature of the distortions in developed and developing economies, is still less clear.

(Agritrade, 2004) states that growth in milk production is expected to slow down in Africa as drought affects pasture quality and milk yields. Nevertheless, in 2010 African milk production is projected to increase by 2%. In terms of dairy sector development in Africa, a critical issue remains the availability of policy tools to support and nurture local dairy-sector development. In some countries, traditional trade-policy tools such as infant industry protection and import licensing are used to nurture local dairy sector development. The continued availability of such tools is likely to be important to the further development of the dairy sector in these countries. These dairy concerns may be a factor in some of the positions being adopted in the EPA negotiations where measures have been proposed by the EU which would limit the use of these traditional trade-policy tools in support of dairy sector development such as Asian countries such as Bangladesh, Nepal, Pakistan and Sri Lanka.

The issue of unequal power relationships within supply chains is an issue of vital importance to agricultural development in ACP countries. However, the policy tools available to ACP governments differ considerably from the policy tools available to the EC. Generally, ACP governments lack the financial resources to use the types of financial support tools used by the EU to rebalance power relations within specific supply chains. More commonly, in those ACP countries where supply chain issues are taken up and addressed, more active use is made of trade policy tools such as the use of import-licensing

arrangements in the Namibian horticultural sector which are used to rebalance power relationships between producers, traders and retailers with the aim of fostering a process of dialogue which expands local production for local markets.

It further reports that the Court of Auditor's report was broadly supportive of the EC's efforts to ensure that the concentration of market power in the hands of dairy processors and major retailers do not undermine the position of EU dairy farmers. The report implies a far more limited global role for the EU dairy sector in the future, with dairy exports to be concentrated in higher value products. However, this is likely to prove a long transition (up to 2015 and beyond) so much so that ACP governments wishing to promote local dairy sector development may well need to carefully review the pace of liberalization in the dairy sector in terms of their trade relationship with the EL

The observation that the EU net dairy exports are expected to rise in a context of increases competition from other suppliers potentially has important implications' for African dairy sectors. Usually, when EU exporters come under increased competitive pressure from third country suppliers in more profitable markets, they tend to fall back on serving African markets, which in many respects are seen as 'markets of last resort'. For example, in Nigeria, the EU already accounts for 72% of dairy products. Such a course of developments, targeting African markets in the face of intensified competition elsewhere, could serve to further complicate African efforts to develop their own dairy sectors to serve domestic markets.

Further, the declining role of the EU in the dairy sector to Africa, alongside rising world prices, offers a window of opportunity for the expansion of domestic dairy production in a large number of African countries. I lowever, this will be critically influenced by the policy framework for the expansion of dairy production established in individual African countries.

Independent Evaluation Group (2001) ,, n The inauguration of Operation Flood was among the five Indian dairy projects approved by the Board in March, 1974 at a time when India was following a self-reliant macro-economic development policy with heavy emphasis with import substitution. The inauguration of Operation of Operation Flood corresponded to a turn around in per capita incomes, which had been falling to a period of sustained, if modest, growth. Rising per capita incomes, together with rising population and a high income elasticity of demand for milk, resulted in a rapid growth in the demand for milk (technically, a rapid shift in the demand function for milk). In the absence of supply-side adjustment, this would have led to a rapid escalation in the price of milk or the need for extensive imports. In fact, the shift in the supply function from the policy changes introduced with Operation Flood resulted in an even larger shift in the supply (function) and declining real prices.

Knips (2) (2005) Different developments are occurring in the global dairy sector at the moment: Production in developed countries is falling (together with the number of dairy cows and farms), while productivity is rising. Simultaneously milk production in developing countries is growing strongly and numbers of cows are increasing. With consumer demand in developing countries rising faster than domestic production, global dairy trade volumes are increasing as well with import demand of developing countries being the major driver.

Land O' Lakes fit) (2007) states still, quality and safety are essential requirements for a thriving dairy value chain . Sale milk handling practices, the ability to test milk quality in the supply chain and industry standards that are embraced by all stakeholders are important ingredients in forming a vibrant commercial scale dairy sector. Milk may be 'nature's perfect food', however, it can be a vector for life threatening diseases and other health risks, especially for children. Therefore, compliance is necessary throughout the production, collection, processing and distribution systems. In fact, food retailers are placing requirements on the dairy processors to meet their own high-quality standards as a requirement for market access.

2.3 ECONOMIC PARTNERSHIP AGREEMENT AND THE DAIRY SECTOR IN ZAMBIA

2.3.1 Unfair Competition/ Subsidies

(Khor, 2004) p 4) reported that the agriculture sector and small farmers in developing countries are being adversely affected by a web of global trade rules that ironically protect big farms in rich countries but pressurize the developing countries to open up their markets. A Third World Network forum in Rome on 17 February, 2004 heard the views of experts, policy makers and NGOs on the unfair global regime, the effects on small farmers and what developing countries are trying to do to rectify the situation.

Agriculture is in the doldrums in many developing countries, as small farmers find it hard to survive. Some are ruined by cheap imports as governments reduce their tariffs. Others find stiff competition in export markets as the subsidized products of the rich countries take away their market share. The plight of Third World agriculture is linked to a system of unfair global rules that allow rich countries to protect and subsidize their big farms and food companies, at the same time pressurizing developing countries to open their markets to cheap food imports. The developing countries are fighting back, forming their own coalitions to press the developed countries to end their subsidies, and to allow the poor countries to defend their own farmers' interests.

The battle over agriculture lies at the heart of the current impasse in the World Trade Organization talks. TWN Director, Martin Khor, who chaired the Forum, said the aim was to bring together experts to share

their knowledge on how excessive or ill-timed liberalization of agricultural imports had been adversely affecting the small farmers in developing countries. This had become a hot topic in view of the current WTO agriculture negotiations, in which there are proposals (especially from the US and EU) that developing countries be subjected to further steep tariff cuts, even as they are planning to continue the high protection (through subsidies and high tariffs on selected sensitive products) of their own agriculture sector.

The international agriculture trade regime impinges on the lives of the rural poor, and International Fund for Agricultural Development (IFAD) wants to reflect on how to reduce their vulnerability and help them take advantage. The Agreement on Agriculture, established in 1994 by Bhagirathi Lal Das, an international trade expert and previously India's Ambassador to the General Agreement on Tariffs and Trade (GATT) is grossly unfair to developing countries, which had not been aware of its implications during the negotiations, which had been dominated by the United States and Europe. 'Be Agreement on Agriculture allows the rich countries to maintain or even increase their very high domestic farm subsidies (which total about US\$300 billion a year) and to keep much of their export subsidies. Developing countries are constrained by lack of funds and by the rules to match these subsidies. As a result, the rich countries are able to keep their own markets and to export to global markets, even though their agriculture is less efficient.

The solution is to revise the Agreement on Agriculture so as to correct the imbalances. The rich nations' export subsidies should end immediately (these are due to be phased out by 2013), and all types of domestic subsidies should be subjected to reduction. Because of their weaknesses, developing countries should be given special and differential treatment, a principle recognized in the WTO so as to protect small farmers and promote rural development. Developing countries should not be asked to reduce their bound tariffs on food products further but be allowed to raise the tariff levels if they are threatened by cheap imports.

In the current situation, the G20 (which comprises 5 African, 6 Asian, and 8 Latin American countries) continues to maintain its cohesion, and their demands remain the phasing out of export subsidies, reducing domestic support overall and improving market access in the North, whilst ensuring that developing countries can meet their need for rural development, food security and farmers' livelihood security. The accusation that developing countries were insufficient was unfair because if the rich countries eliminated their subsidies, many developing countries would be able to compete with them successfully and thus correctly be seen as more efficient.

The forum helped to raise awareness of the unfair rules of the game in agricultural production and trade, the current talks in WTO, the positions of the two major groupings of developing countries, and the views of some NGOs.

(Knips, 2005) first states that globally, the dairy sector is probably one of the most distorted agricultural sectors because producer subsidies are in place in many developed countries, encouraging surplus production, export subsidies are paid by governments to place the excess production on the world markets, and tariff and non-tariff barriers are erected both by developed and developing countries to protect their dairy sector from unfair competition. These market distortions are having significant and different impacts on producers and consumers in developing and developed countries, which are however, extremely difficult to quantify. Oxfam, in a recent paper, claimed that Europe's dairy regime is devastating livelihoods in the developing world, such as Kenya, Dominican Republic and Jamaica where livelihoods of thousands of poor small-scale farmers have been destroyed by imports of cheap subsidized EU dairy products.

As demand for dairy products is not rising at equal rates all over the world but hardly at all in developed and strongly in some developing regions, the challenges dairy companies face vary depending on the market they operate in. Companies operating in the big but mature dairy markets of Europe and the US face limited market growth opportunities in volume terms as per capita consumption levels that are among the highest in the world and growth can only occur by increasing market shares or switching to higher value-added products. Due to these limited market opportunities in developed countries, multinational dairy companies are often attracted by strong growth markets in developing countries. To benefit from the growth of their own domestic markets, local companies will have to raise product quality and efficiency to be able to withstand foreign competition.

Since 1990, a shift in world dairy exports from high export subsidizing countries, such as the EU and US towards non-subsidizing countries such as New Zealand and Australia has been taking place. The developed countries account for 62% of the world's dairy imports [measured in milk equivalents] and 93% of the exports, indicating clearly that the major part of the global dairy trade takes place among developed countries.

In countries where domestic prices for dairy products are supported well above world market prices, as a consequence, the domestic market has to be protected against foreign competition in order to ensure the market outlet for domestic farmers who would otherwise have difficulties to sell their overpriced products. The major policies countries put in place to limit imports are tariffs and tariff rate quotas and other non-tariff barriers. Globally, dairy products are among the agricultural commodities with the highest

tariff protection with an average protection level of over 80 % [the average over all agricultural commodities being 62%].

The most import measure promoting exports are export subsidies. The most significant user of export subsidies on dairy is the European Union, accounting for over 80% of the total value of export subsidies on dairy granted during the period 1995-2001. Over the same period, values of export subsidies have been reduced considerably, and in the case of the EU, subsidies for dairy exports in 2001 were only slightly more than 40% of those in 1995.

though the standards were initially developed by the public sector to reduce transaction costs and ensure product quality and safety, they have become a strategic instrument of competition of differentiated product markets. Particularly, but not exclusively in developing countries, it can be very difficult for farmers to meet private standards for milk quality and safety which might require investment in mechanical milking, on farm cooling, new feeds and genetic improvement. Apart from the initial investment cost a dairy farmer faces to meet those standards, also high operating costs might render small and even medium-scale units unprofitable in the long run.

(Nightingale, 1971) (6) states that agricultural economists concerned with the level and distribution of rural income justify dairy development with reference to high income and price elasticity of demand for dairy products and labor intensity of the enterprise. Unfortunately, bulkiness and perishability of the product impede realization of these gains. Reliance on international transfer of transport and processing technology in India has resulted in a generally poor economic performance. While geographically expanding market access, modernized fluid milk marketing systems are not competitive with old established milk marketing systems and fail to achieve wide distribution of nutritional benefit to segments of the population in greatest need. Transferred capital-intensive processing and packaging systems have been supplemented with labor-intensive procurement and distribution arrangements. Resulting improvement in labor productivity has been minimal despite extremely large increased investment per unit of labor employed.

Civil Society Trade Network in Zambia (CS [NZ] (2007) (10) state that developed countries, and especially the EU subsidize their dairy farmers who then export their surpluses to foreign markets and compete with locally produced dairy products in developing countries such as Zambia.

Locally produced milk cannot compete against subsidized imports. The dairy sector in Zambia is in its infancy and finds it difficult to expand due to stiff competition from subsidized powdered milk. Hence, by enabling 'dumping' of subsidized dairy products, the Common Agriculture Policy (CAP) undermines

developing countries' dairy sector's ability to grow which has led to the increase in exports of milk from the EU, in recent years.

2.3.2 Lack of Adequate Policies

Mukumbuta, L. & Sherchand, B. (2006) us) state that globalization and the liberalization policy reforms have also played their part in Zambia's dairy sector development or lack thereof For example, the policy reforms of the 1990s made it easier for dairy processing companies to import powdered milk from the developed world. This meant that smallholder milk producers had to compete with cheap powdered milk imported from countries where dairy farmers benefit from agricultural subsidies. This unfair competition that smallholders in Zambia are enduring against developed economies subsidies remains an issue. Because of cheap powdered milk, the smallholder farmers therefore generally receive fairly unattractive prices for their fresh milk from the formal dairy processing sector. They consequently prefer to market fresh milk directly to consumers in the traditional or informal, open markets in order to realize a better return on their investments, no matter how small.

Times of Zambia (2005)9 reported that the Zambia National Farmers Union (ZNFU) has called upon the World Trade Organization (WTO) to phase out subsidies to exporters in developed countries to assist farmers in least developed countries (LDCs) gain market access. It was noted that developed countries had continued to provide producer support to their farmers and this had resulted in continued dumping of subsidized goods exports on the Zambian market. Subsidized exports from developing countries have played a role in the surge of most commodities and have had adverse impact on the domestic market. Urgent production and marketing decisions have to be made in order to restore farmers' competitive advantage and facilitate in free trade. The country is not able to provide immediate budgetary allocations to support farmers enjoyed by their counterparts in developed countries due to the rate of growth of the Zambian economy.

Knips, 2005 (20) Though standards were initially developed by the public sector to reduce transaction costs and ensure product quality and safety they have become a strategic instrument of competition of differentiated product markets. Especially in developing countries, but not exclusively there, it can be very difficult for farmers to meet private standards for milk quality and safety which might require investment in mechanical milking, on farm cooling, new feeds and genetic improvement. Apart from the initial investment cost, a dairy farmer faces to met those standards, also high operating costs might render and even medium-scale units unprofitable in the long run.

2.3.3 Asymmetrical Liberalization

Mulemba, 2009 (21) says that in 1992. structural adjustment programs that liberalized the agricultural sector were introduced on the advice of the International Monetary Fund and World Bank. The recommendation was made on the grounds that the post-independence regime's programs, characterized by widespread government intervention, were unsustainable. Zambia's economy could not withstand the pressures of falling copper prices — copper was a major source of government revenue — high price oils. The loss of revenue in the mining sector led to an increase in the level of borrowing from the international community, which failed to support state enterprises due to the market inefficiencies present in the system.

Mulemba, 2009 (22) There was a gradual decline in national livestock numbers during the period 1990-95 and a second sharp decline during 2001-02. This was partly due to the extent and rate of liberalization, which sharply outstripped the ability of livestock farmers to adjust to the free market system, coupled with drought and disease in some instances. Since the process was not supported with socioeconomic safety nets that may have offset some of the adverse effects of liberalization and adverse circumstances, some farmers remain critical of the free market system.

Mulemba, 2009 (23) The liberalization of products excluding those on the sensitive list will be gradual. Zambia will not undertake any liberalization in the first five years. By the sixth year, duty will be eliminated on capital goods and raw materials. In the ninth year, Zambia will start reducing duties on intermediate goods, and by the eleventh year, on final goods. A situation where 'substantially all trade' will have been liberalized will gradually be achieved by the year 2023 after a period of 15 years.

2.4 PROTECTION OF THE DAIRY SECTOR IN ZAMBIA

2.4.1 Trade Restrictive Measures

(Currant, 2008) (24) states the EPA, which was initiated by chief negotiators on December 16, 2007, may be said to hold the following advantages for the agricultural and fisheries sector, namely:

- a) It preserves Cotonou preferences. The alternative would have been the Generalized Scheme of preferences (GSP), which excludes most important preference-related exports and would have meant the demise of certain exports to the EU.
- b) It provides additional market access by allowing for duty free and quota free access for all products — under the Cotonou Agreement, the EU maintained tariffs/tariff quota restrictions on a range of agricultural products including almost all cereals, sugar, meat, dairy, and a range of fruit and vegetables.

- c) It allows the region to continue protecting all its sensitive agricultural products (e.g. sugar, rice, and poultry, citrus). Agriculture and fisheries are the sectors in which CARIFORUM excluded the most products from tariff elimination commitments measuring 75% of the value of imports from the EU. Major exclusions are live animals, fresh fruits and vegetables, dairy and cheese, wines and spirits, non-alcoholic beverages, and various processed agricultural products.
- d) Provides for safeguards, which recognize the special conditions under which agricultural products are traded.
- e) The agreement explicitly provides for development assistance in a number of areas.

(EU Business 2, 2007) (25) stated that the EU has offered to remove all remaining quota and tariff limitations on access to the EU market for all African, Caribbean and Pacific regions. This offer covers all products, including agricultural goods like beef dairy, cereals and all fruit and vegetables. It will only apply immediately following the signing of an agreement with a phase in period for rice and sugar. The only exception will be South Africa where a number of globally competitive products will continue to pay import duties.

This offer will give all African Caribbean and Pacific countries the same access to EU markets under EPAs that Least Developed Countries have under the 'Everything But Arms' duty and quota free system. It also means all ACP countries would have the same market access conditions as each other. This encourages collaboration in regional markets and supply chains and responds to the concerns of agricultural exporters in countries like Kenya or Ghana that face a disadvantage compared to their neighbors. Key differences between EBA and EPA will be in the rules of origin .

ACP regions are being asked to liberalize their tariffs because if ACP traders are to get the legal certainty they need and the ACP are going to enter the trade mainstream, then the EU and ACP need to negotiate the tariff reductions necessary to arrive at a WTO compatible Free Trade Agreement. Although this means removing duties on 'substantially all trade' the precise way in which this is done will set by mutual agreement. Liberalization is no EU ideological imposition but their priority is to work within the limits set by WTO compatibility to help the ACP maximize the development benefits.

There was never any question that the ELI market access offer would be tied in any way to the requirement of equivalent openness from the ACP countries. In fact the greater liberalization that the EU undertakes then the less liberalization is expected of the ACP. A 100% EU market access offer also

means that, under WTO rules, the ACP can phase in liberalization slower and have greater flexibility to protect local producers where liberalization could threaten livelihoods. Peter Mandelson (Chief Negotiator for the EU during the early phase of the EPA negotiations) has made clear he will be both defend such exemptions in the WTO and support longer transition times than those used in existing EU Free Trade Agreements.

This doesn't mean the change is easy — it involves a shift from the current situation where most of ACP exports enter the EU at zero tariff duty but most EU products exported into the ACP are charged duties. But experience in emerging Asian economies also shows this shift can bring benefits as a progressive and targeted reduction of customs tariffs helps both consumers and companies. Lower prices mean wages go further and cheaper machinery, raw materials and parts for assembly help local products stay competitive compared to foreign competition.

Although the EU is often accused of having an aggressive liberalization agenda in ACP markets, it is important to bear in mind that the EU exports to ACP markets represent a tiny fraction of its external trade, and most agricultural goods from the EU already enter at low or zero tariff rates. It has no mercantilist agenda in these markets. We have made clear that we will remove export subsidies on any product where the ACP removes tariffs.

(Alpha et al) (26) states that as expected from a region composed of many small islands, trade plays a dominant role in the economies of the Caribbean countries. Imports from the EU to the Caribbean countries are comprised mainly of machinery, electrical equipment, vehicles and other non-agricultural products, although some specific agricultural products are exported notably dairy products.

Market access for ACP Caribbean goods to the EU is already almost totally duty free. The market access regimes governing the entry of EU products into Caribbean countries vary from one country to another. In general, high tariffs are applied on agricultural products, many of which are important for the EU, such as sugar and dairy products, both of which benefit from a favorable policy environment within the EU for the moment through their Common Market Organization (CMO).

Lower tariffs are likely to increase competition from EU imports for local Caribbean production since EU products will likely be cheaper and some are already relatively inexpensive because they benefit from support in the EU. On the basis of the trade structure, it seems that the agricultural sector is likely to be the most affected by reciprocity, notably the dairy sector. Besides potentially negative economic and social impacts, reciprocity might strengthen vulnerability in terms of increased dependency for food

security. Some domestic industries are also likely to be further damaged and maybe simply disappear if they are not able to take advantage of low-cost imports because of their supply-side constraints.

2.4.2 Policy Implementation/Political Will

(Black, F) (27) states that in 2003, civil society organizations from five ACP countries joined Euro step (European Solidarity Towards Equal Participation of People) in carrying out a study on the impact on poverty of the Economic Partnership Agreements (EPAs) being negotiated between Europe (EU) and African, Caribbean and Pacific (ACP) countries. The study focused on agricultural sectors such as dairy that have the greatest impact on the poor and to what extent EPAs, as proposed by the EU, would effectively contribute to poverty eradication. The study concluded that if EPAs are based on free trade as proposed by the EU, they will increase poverty in the ACP.

ACP negotiators fear they will have to reduce import duties and open ACP markets further when their countries do not have subsidies and price support to protect their producers like the EC producers have. People in ACP countries are skeptical about the promises for development support being a higher priority than market access by the European Community because of past experiences.

Some problems that Jamaica and other ACP countries face with EPAs regarding the dairy sector included the lack of human or financial resources to engage with government on trade, as indicated by dairy farmer representatives. While the dairy industry is smaller, it has the resources and potential to save U S\$48million on dairy products and could employ 10,000 people directly, and more indirectly, to meet the demand in the local market alone. Providing for the demands of the local dairy market is valued at US\$9billion by the Dairy Board. The dairy farmers are pushing government to increase import duties on all dairy products to encourage processors to use local milk. The dairy farmers were alarmed by the prospect of losing the already inadequate import duties to protect their local milk sales through a free trade-based EPA.

The latest poverty statistics for Jamaica have poverty worsening from 2001 to 2002 by 16%. Agriculture is cited as one of the main employment areas of the poor. Of the rural population, 27% are poor and 73% of the poor live in rural areas. In 2001, the majority of small farmers supplying inilk lost their market as processors turned to imported milk powder.

Bossche (2005) (2S) propounded that a prime reason for a country to take trade restrictive measures is to protect a domestic industry and employment in that industry from competition arising from imported products or commercial services. Despite the fact that these protectionist measures benefit the few to the detriment of the many, such measures eventually leave everyone worse off

Land O'Lakes (2007) (2c) In many, and predominantly in developed countries, the dairy market is one of the most heavily regulated agricultural markets. Government interventions in the domestic dairy market are most commonly aimed at controlling quantities of production, establishing minimum prices and guaranteeing farmers' incomes. Frequently, governments also intervene through public purchases and storage of oversupply or apply policies to foster dairy consumption.

In countries where domestic prices for dairy products are supported well above world market prices, as a consequence, the domestic market has to be protected against foreign competition in order to ensure the market outlet for domestic farmers who would otherwise have difficulties to sell their overpriced products. The major policies countries put in place to limit imports are tariffs and tariff rate quotas (TRQs) and other non-tariff barriers. Globally, dairy products are among the agricultural commodities with the highest tariff protection with an average protection level of over 80% (the average over all agricultural commodities being 62%).

2.4.3 Symmetrical Liberalization

The other reason given here is that of infant industry protection by means of a customs duty or other import restriction where temporary protection is given to the national producers to allow them to become strong enough to compete with well-established producers.

Bhir et al (2006) (31) This liberalization, however, is expected to favour countries whose exports are currently impeded by multilateral protection through tariffs and non-tariff measures. At the same time, the liberalization is expected to be a challenge to the Least Developed Countries (LDCs) and some developing countries, especially those from Africa, that currently enjoy preferential market access through different schemes set up by the developed countries. Therefore, for Africa, a key issue has been whether MFN liberalization under the Doha Round will adversely affect their market access to developed countries, through erosion of the preference margins that they currently enjoy. For the African countries, preference erosion from any multilateral liberalization needs to be treated not just as a market access issue, but a development issue.

Bossche (2005) (cc) Developing countries' governments and third-world activists commonly argue: first, that developing countries are being forced to open their markets too far, too fast; secondly, that rich countries are conspiring to keep their markets closed to products from developing countries which compete with their products (agricultural products, textiles and clothing); and thirdly, that developing countries lack the resources and the information to negotiate effectively, to implement trade agreements and to exploit world trade rules to their advantage.

2.5 CONCLUSION

This Chapter was based on a body of knowledge relevant to the research topic and located the research findings within the body of knowledge which is the Answer in the C < > Q < > A. The literature review was based on three levels, namely; firstly, the parent discipline of the research topic; secondly, the research topic of the Concern and Question in the C < > Q < > A and finally; the research findings which is the Answer in the C < > Q < > A.

The key conclusion from the literature review is that direct assistance to agriculture for developing countries is necessary for both border protection measures and domestic subsidies. The availability of policy tools to support and nurture local dairy-sector development remains a critical issue in terms of dairy sector development in Africa. Such trade policy tools include infant industry protection and import licensing. There is also need for ACP governments, wishing to promote local dairy sector development, to carefully review the pace of liberalization in the dairy sector in terms of their trade relationship with the EU. In Zambia, local dairy farmers do find it difficult to compete with their EU counterparts whose products are subsidized. As a result the dairy sector in Zambia is in its infancy and finds it difficult to expand due to stiff competition from subsidized powdered milk. Hence, infant industry protection will give temporary protection to the national producers to allow them to become strong enough to compete with well established producers

CHAPTER 3

METHODOLOGY

3.1. INTRODUCTION

The purpose of Chapter 3 is to design the process that was followed in the research in order to arrive at the research Answer A that answers the research Question Q that deals with the Concern C in the C<>Q<>A link.

3.1.2 GROUNDED THEORY AS A METHOD

According to Glaser and Strauss (1967) (33) grounded theory is a practical method for conducting research that focuses on the interpretive process by analyzing the 'actual production of meanings and concepts used by social actors in real settings'. They argue that new theory could be developed by paying careful attention to the contrast between the daily realities (what is actually going on) of substantive areas and the interpretations of those daily realities made by those who participate in them (the 'actors'). They also describe an organic process of theory emergence based on how well data fit conceptual categories identified by an observer, by how well the categories explain or predict ongoing interpretations, and by how relevant the categories are to the core issues being observed. Most significantly, Glaser and Strauss offered a compromise between extreme empiricism and complete relativism by articulating a middle ground in which systematic data collection could be used to develop theories that address the interpretive realities of actors in social settings. (34)

According to Haig (35) Grounded Theory is a general theory of scientific method concerned with the generation, elaboration, and validation of social science theory and should meet the accepted canons for doing good science (consistency, reproducibility, generalizability, etc), although these methodological notions are not to be understood in a positivist sense. The general goal is to construct theories in order to understand phenomena. A good grounded theory is one that is inductively derived from data, subjected to theoretical elaboration, and judged adequate to its domain with respect to a number of evaluative criteria. Haig reconstructs grounded theory as a problem-oriented endeavor in which theories are abductively generated from robust data patterns, elaborated through the construction of plausible models, and justified in terms of their explanatory coherence.

Struebert, Hi., and Lippincott Carpenter, D.R.,(1999) (36) (state that grounded theory as a method of qualitative research is a form of field research which refers to qualitative research approaches that explore and describe phenomena in naturalistic settings such as hospitals, outpatient clinics, or nursing

homes. Strauss and Corbin (1990) (37) have explained grounded theory as one that is inductively derived from the study of the phenomenon it represents. That is, it is discovered, developed, and provisionally verified through systematic data collection and analysis of data pertaining to that phenomenon. 'therefore, data collection, analysis, and theory stand in reciprocal relationship with each other. One does not begin a theory, then prove it. Rather one begins with an area of study and what is relevant to that area is allowed to emerge.

Sudbrey (2006) as) states that Grounded theory is built upon two key concepts: 'constant comparison' in which data are collected and analyzed simultaneously, and 'theoretical sampling' in which decisions about which data should be collected next are determined by the theory that is being constructed. Both concepts violate long standing positivist assumptions about how the research process should work. Constant comparison contradicts the myth of a clean separation between data collection and analysis. Theoretical sampling violates the ideal of hypothesis testing in that the direction of new data collection is determined, not by a priori hypotheses, but by ongoing interpretation of data and emerging conceptual categories. Hutchinson (1986) (39) states that Grounded theorists continue to collect data until they achieve saturation. In terms of grounded theory, saturation refers to the completeness of all levels of codes when no new conceptual information is available to indicate new codes or the expansion of existing ones. The researcher, by repeatedly checking and asking questions of the data, ultimately achieves a sense of closure.

Sampling data occurs throughout the study, not only during the initial design stages. The in-process analytic categories and the in-process frame in which they are arranged directly shape further sampling activity hence the process of being analytically driven. The logic of theoretical sampling comes from researcher commitment to developing a theory about a substantive topic, and it is this commitment to developing a theory that sets the terms of sampling throughout the study. The rationale of theoretical sampling is to direct all data gathering efforts towards gathering information that will best support development of the theoretical framework. Data collection, therefore, commences as an open ended and flexible process likely to be modified over the course of the study as it is composed, worked to clarify, develop and refine conceptual categories and conceptual scheme. As stated earlier, the logic of theoretical sampling requires researchers to flexible pursue data collection to support category development to the point of theoretical saturation and the attending development of the conceptual scheme until it stabilizes. The selection data is, therefore, a recurring on at many levels both during the initial set up of observations or interviews and throughout the study as analysts begin composing and relating their theoretical categories. Theoretical sampling, then, identifies those comparison groups that are useful to refine as well as increase the robustness of the emerging substantive theoretical framework. Further, by sampling across

quite different comparison groups, analysts can develop their substantive theory into more abstract and potentially formal ones. duo

Glauser & Strauss (1967) go on to state that constant comparative analysis is another fundamental characteristic that guides data generation and treatment. Constant comparative analysis of qualitative data combines an analytic procedure of constant comparison with an explicit coding procedure for generated data. The constant comparative method is concerned with generating and plausibly suggesting many categories, properties and hypotheses about general problems. They state that the constant comparative method is conceptualized and described in terms of four stages which span the entire study, moving from assigning meaning to incidents of recorded data to refining and writing up the completed theoretical framework. Each stage is categorized by a slightly different form and fears of analytic activity which are comparing incidents applicable to each category; integrating categories and their properties; delimiting the theory; and writing the theory .

According to Stern et al., (1982) top comparing categories allows researchers to see how they cluster or connect and can be fit under another broader category during data analysis when an overwhelming number of categories emerge that researchers need to reduce in number.

3.2 RESEARCH PROCESS FOR RESEARCH PAPER TWO

The grounded theory process was carried out three times for each of the three different research papers. At the end of each cycle a presentation was carried out to the tutor totaling three [3] presentations in all which were then followed up by three written research papers. As a result, only the research process of one research paper will be demonstrated, namely that of research paper two (2).

The grounded theory process consisted of data generation through interviews and field notes and data analysis by transcribing audio — tapes and cross checking the field notes. Meaning was assigned to the data information through a constant comparative method. This involved composing conceptual elements that focused their development through close reading comparison and attendant conceptualization of data. The constant comparative method conceptualized and described terms consisted of four stages.

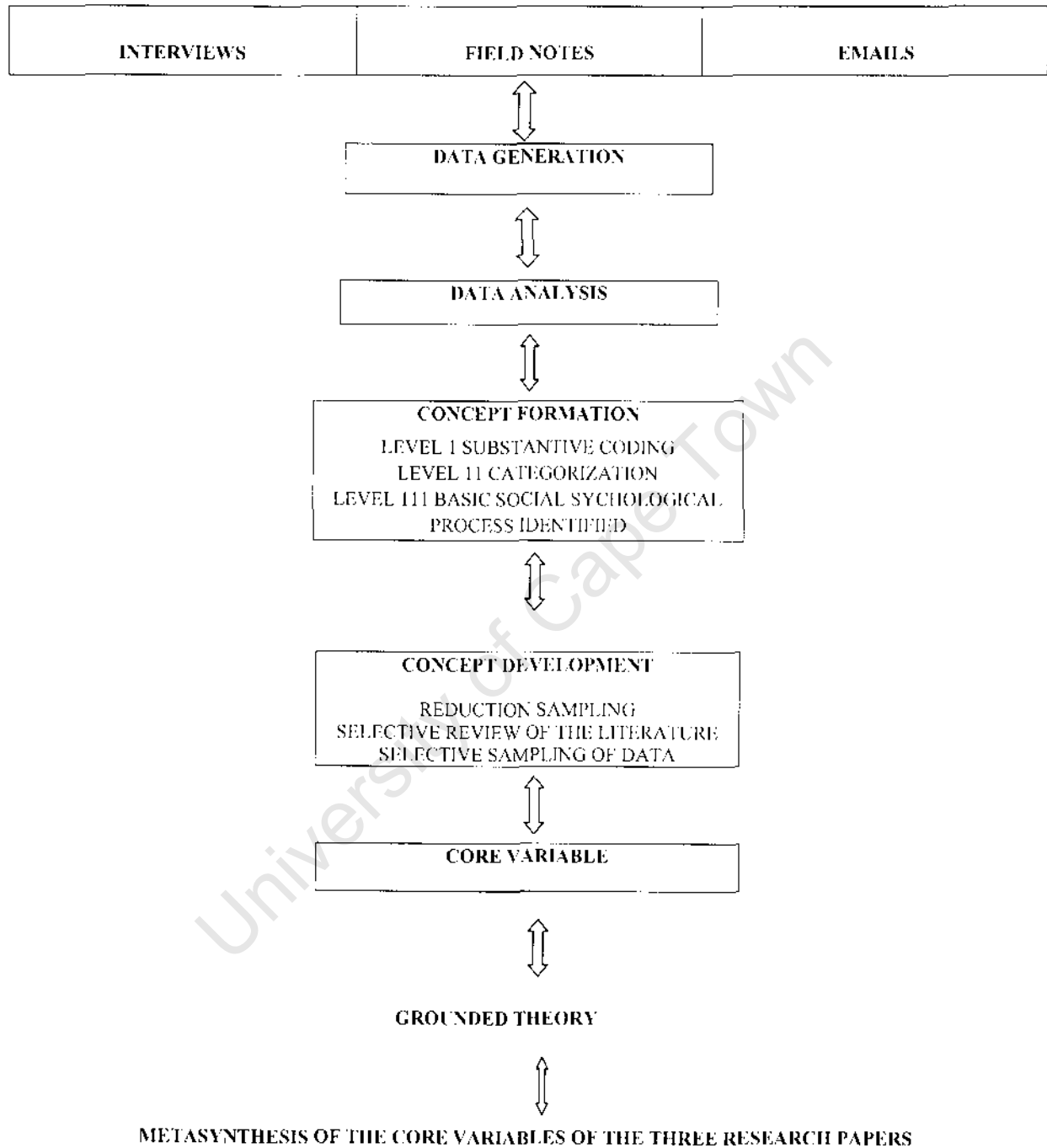
Throughout the four stages, in each of the research papers, memos were used to help capture ideas as and when they formed to develop lines of thought about what was happening in the data, to transition between the emerging theoretical framework and existing relevant disciplinary theory, and as vehicles to compose initial drafts of documents to be submitted for publication on the Tralac Website.

The research outcome/answers for each of the three papers led to the inputs of the metasynthesis process which involved an overall analysis of the three research papers forming/leading to a logical sequence of cycles commencing from research paper one to research paper two to research paper three as opposed to having to apply the concept analysis process.

The research process followed to get to the Answer A in the C<>Q<>A was as follows:

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Figure 1. Grounded Theory and Connections Among Data Generations, Treatment and Analysis



Source: *Qualitative Research in Nursing* by Helen J Strubert and Dona R Carpenter, Lippincott, 1999

The same research process for the grounded theory was carried out for each of the three papers. As a result, only one research process for one research paper, namely; Research Paper 2 will be followed. Conversational semi-structured face to face research interviews were conducted towards the same sample group of participants related to the dairy sector in each of the three research papers. The first set of conversational research questions were based on the Concern and Question of the first research paper, whilst the second set of questions were taken from the literature review of the first research paper and the third set were obtained from the literature review of the second research paper.

3.3 DATA GENERATION FROM INTERVIEWS, FIELD NOTES AND EMAILS

Conversational semi-structured face to face research interviews, under section 4.2.1, were conducted towards the sample group indicated under Research Tool section 4.2.2 above for research paper one.

The data was both transcribed and recorded for purposes of clarity. In cases where interviews could not be conducted face to face, emails were used for the convenience of the participants.

14. DATA TREATMENT

The Conversational interviews were generally tape-recorded as well as field notes taken at the same time. The data was later transcribed verbatim and field notes typed as well immediately. A two-inch margin on the right side of the transcribed data sheets was left for coding purposes.

3.5 DATA ANALYSIS

In this stage, the researcher's aim was to assign to multiple data observations a common meaning that captured or composed conceptual categories through data incidents that were collected from interviews and field notes with a view to understanding the particular substantive problem at hand. The researcher engaged the data during this and other forms of the constant comparative method by participating in two activities of naming data incidents and comparing data incidents and names for each of the research papers.

3.6. CONCEPT FORMATION

This involved collecting, coding and analyzing data from the beginning of the study which occurred simultaneously.

3.6.1 NAMING /CODING

The researcher attempted to conceptualize and develop abstract meaning to the observation or incidents in

the data documents by articulating what was perceived to be happening or was being expressed in these incidents. Glaser and Strauss (1967) (42) use the word 'coding' and describe this process as data incidents coded into categories either casually in the margins or Field notes or interview transcripts or more formally on index cards. (See Table I Concept Formation under Appendix B) The coding of the data involves examination of data line by line, identification processes and conceptualizing underlying patterns. Coding occurred at three levels.

3.6.1.1. LEVEL I CODING

Level I Coding required the researcher to look for process so that as data was received, a system of open coding was applied. This involved the examination of data line by line and identifying the processes in the data. Each sentence and incident was coded using as many codes as possible to ensure a thorough examination of the data. The researcher wrote the code words in the wide margins of the field notes for easy identification.

Comparing occurred at the same time as naming and was critical to the act of creating conceptual categories because it helped the researcher to develop a common name or category for multiple observations or incidents in the data leading to the creation of more general conceptual categories and it also supported the act of naming conceptual categories by helping to sharpen and clarify what was perceived in the data in each of the research papers.

The two types of descriptive/substantive codes created from the data were those from the language of the participants who were interviewed constructed out of their own language and those created out of the language of the research situation or implicit codes constructed by the researcher based on concepts obtained from the data. (See Table I Conception Formation/ level I Coding under List of Tables in Appendix B in each of the research papers).

From the beginning of the study, the researcher attempted to discover as many categories as possible and compared them with new indicators to uncover characteristics and relationships. Early codes were discarded that lacked foundation in the data and more codes were added as data gathering progressed.

16.1.2 LEVEL II CODING/INTERGRATING CATEGORIES AND THEIR PROPERTIES

This required the use of the constant comparative method in the treatment of data. The data was coded, compared to other data and assigned the data to clusters or categories according to obvious fit. The categories consisted of coded data that were clustered together and resulted from the condensing of Level I Coding. In order to decide on specific categories, each Level I Coding indication was questioned and

then each Level I Code was compared to other Level I Codes. This process enabled the researcher to determine what particular category would be appropriate for the grouping of similar Level I Codes. Thereafter, comparison of each category with every other category ensured that the categories were mutually exclusive.

In this stage of analysis, the researchers' aim was to fully develop and provide an organization for the conceptual categories drafted by making further progress in articulating conceptual categories to the point that they accounted for both similarity and variation in the exemplifying data incidents as well as to make progress in formulating the conceptual plan. More time was spent comparing data incidents to the drafted conceptual category and thinking about all the elements, such as its properties or dimensions that made it up.

In order to arrange the categories so that they begin to add up to a conceptual whole or theoretical framework, the various conceptual elements composed were arranged in relation to each other. This analysis was intended to bring some integration and organization to the conceptual categories that the previously discussed form of analysis generated. This helped the researcher to conceptualize the data into a framework in the research setting. (See Table 2 Level I Coding under List of Tables in Appendix B in each of the research papers)

3.6.1.3 LEVEL III CODING/ DELIMITING THE THEORY

Level III Coding or delimiting the theory entails titles being given to central themes that emerge from the data. This essentially was done through a comparative process by development at the level of the broader theoretical framework and at the level of the theoretical categories composed from the data incidents. The theory solidified at the level of the framework as major modifications became fewer and fewer through the comparison of the next incidents of a category to its properties. Simultaneously, a conceptual reduction occurred by making a commitment to tell a particular story regarding what to speak about in detail and what to ignore. (See Table 3 level III Coding under List of Tables in Appendix B in each of the research papers)

3.7 CONCEPT DEVELOPMENT

The emerging theory was expanded and defined through three major steps, namely; reduction sampling, selective sampling of the literature and selective sampling of the data, The core variable emerged from these three processes for each of the research papers.

3.7.1 REDUCTION SAMPLING

A similar limiting process occurred at the level of the conceptual categories towards the end of the analysis. Moving through the analytic process led to a number of data incidents that expressed conceptual categories and their various properties. The researcher had to reduce in number a large number of categories that emerged during data analysis. This was done by comparing categories so as to see how they clustered or connected and could be fit under another broader category. This led to a clustering of categories that, when combined, formed a category of broader scope.

Theoretical saturation occurred where subsequent data incidents examined provided no new information, either in properties or of its relationship to other categories. (See Table 4 Level I V Reduction Sampling under List of Tables in Appendix B for each of the research papers)

3.7.2 SELECTIVE SAMPLING OF THE LITERATURE

The selective sampling of the literature occurred following the data analysis. This entailed reviewing literature pertinent to the concepts under study that emerge. The literature review was conducted so as to learn about what had been published about the emerging concepts. The existing literature was used as data which was weaved into a matrix consisting of data, category and conceptualization. The literature review helped the researcher become familiar with works published on the concepts under study and fill in the missing pieces in the emerging theory. It helped to expand the theory and relate it to other theories. The literature filled the gaps in the emerging theory and added completeness to the theoretical description.

The literature review in the grounded theory process was at three levels. The first level was based upon the four core variables obtained from the reduction sampling or reduced categories under the research process in the grounded theory under Chapter 4 of the Research Results. The second level was based on the broad field area of the research context and the final level was based on the general field area of research. Each level consisted of four [4] different authors under each category in each research paper.

3.7.3 SELECTIVE SAMPLING OF THE DATA

Comparison with the data determined under which conditions they occurred and if the concepts or variables seemed central to the emerging theory as they became apparent. Saturation of the categories occurred through selective sampling.

3.8 EMERGENCE OF TILE CORE VARIABLE

The core variable for the investigation occurred through the process of reduction and comparison. This was the category that accounted for most of the variation in the pattern of behavior and which helped to integrate other categories that had been discovered in the data. Modification and integration then occurred through the use of theoretical codes where the conceptual framework moved from a descriptive to a theoretical level.

3.9 METASYNTHESIS

Metasynthesis is an up-and-coming process of fusing or combining findings of qualitative studies. The ultimate outcome is qualitative integration or the merging or bringing together a group of qualitative studies. It, therefore, comes subsequent to and transcends the original principal studies. The method develops new knowledge based on thorough analysis of existing qualitative research findings. Qualitative Meta-synthesis has been more precisely defined as 'the theories, grand narratives, generalizations, or interpretive translations produced from the integration or comparison of findings from qualitative studies'. (Sandelowski, Docherty, & Emden, 1997, p.366) It has also been said by Barroso et al., p.154) (44) that more specifically, the aim of qualitative meta-synthesis is to create larger interpretative renderings of all the studies examined in a target domain that remain faithful to the interpretative renderings in each particular study'. Basically, the method of research refers to a study of studies that attempts to synthesise or integrate findings of qualitative studies so as to seek new insight beyond the findings of each included primary study, hence theoretically achieving the outcome of the whole being superior to the amount of the parts. This, therefore, means that meta-synthesis can recognize gaps in the existing knowledge base and achieve insight at a higher level that cannot be obtained from single primary studies.

Meta-synthesis has the potential to influence policy and practice since its aim is to build upon and develop theory to higher concept. Meta-synthesis may also be used as a stage for the often remote and theoretically distinct findings from qualitative studies. Hence, useful information from qualitative enquires can be added to the evidence foundation and used by policy makers and practitioners. (Jensen & Allen, 1996) (45) state that the meta-synthesis stresses the significance in maintaining credibility, auditability, and fittingness. Credibility highlights the 'truth value' of a meta-synthesis in its ability to remain faithful to the original qualitative research in addition to the human experience at the foundation of all qualitative research. Auditability recognizes that the same or similar conclusions might be drawn by other researchers given the available data. Fittingness involves the broader generalizability of the meta-

synthesis in whether the finding might fit into contexts outside of the studies at hand and are grounded in both 'typical' and 'atypical' life experiences.

The chosen method of Metasynthesis involved an overall analysis of the three research papers so as to decide which process to carry out. The options that were open to the researcher were either to carry out a Concept Analysis process or follow the logical sequence pattern commencing from research paper one to research paper two to research paper three. The second option was chosen as opposed to the first because the results of the first research paper led to a logical flow onto the next research paper which in turn also led to a conclusive final result. The emphasis was placed on the interpretation of the findings from the three primary research papers. This led to the combining and merging of information from the individual research papers by developing and refining theories while retaining the uniqueness of individual research papers.

The meta-synthesis was carried out through comparison, translation and analysis through a process of deconstruction, translation, and reconstruction of each of the research papers. The process enabled the researcher to develop new interpretations and gain a deeper understanding of the process of work being examined. The use of translation to create ideas, metaphors and themes preserved the meaning of the original studies of the research papers. The parameters of the meta-synthesis was maintained by the main objectives of the research study and by continual application/foremost reminder of the overall research question which helped to provide focus and determine preliminary search criteria. Since the objective of the synthesis was to develop theory, grounded formal theory was the most useful form of method of synthesis as a result of the findings in the three primary research papers which learnt themselves to theoretical development and higher level abstraction. In the synthesis, the research papers related to one another representing a line of argument taken together.

This process is what eventually led to the high level overall Answer to the overall Question of the Concern of the overall research paper.

4.0 CONCLUSION

The research process that was followed to reach the Answer A in the Cc >Q< >A commenced from the Data generation from research interviews, field notes and emails, to Data analysis, Concept Formation (consisting of Level 1 Coding, Level I I Coding and Level 111 Coding), Concept Development (consisting of (Reduction Sampling, Selective Review of the Literature and \$elective Sampling of Data) which result led to the emergence of the core variable/grounded theory. The core variable/grounded theory of each of the three research papers led to the inputs of the metasynthesis process which was the

overall Answer to the overall underlying Question of the Concern in the C < > Q < > A. This enabled the researcher to arrive to the future strategic intent of addressing the current Concern as a result of the linear argument formed from the first research paper to the second research paper and finally to the third research paper. consecutively. This in turn led the appropriate meta-synthesis process to be applied as a result of the logical sequence or the conclusions of each particular paper.

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CHAPTER 4

RESEARCH RESULTS

4.1. INTRODUCTION

The purpose of this chapter is to apply the process that was designed in Chapter 3 in order to find the Answer A to the research Question Q that deals with the Concern C in the C < > Q < > A link. The chapter further develops and expands upon how the Chapter applies the research process from Chapter 3 to produce the result results which is the Answer A to the research Question.

The research design employed throughout each of the research papers was based on semi-structured research interview questions ranging between four and six in number between six to eight week periods during the year 2008. The research paper research interviews for the first paper/cycle were conducted between April 3rd and June 10th, the research paper interviews for the second paper/cycle were conducted between August 1 to September 18th and November 17th to December 19th for the third research paper. The questions for the first research paper were based on current issues affecting the EPA negotiations, whilst the questions for the second research paper was based on the literature review from the 1st Cycle Reduction Sampling of the four core variables and 2nd Cycle Reduction Sampling of the four core variables for the third research paper. The size of the sample involved all relevant NGOs, government ministries, private enterprises and individuals involved in the dairy industry in Lusaka, Zambia. (Please see list of selection of participants under Research Tool Two Appendix C of any of the research papers) The method employed in gathering the data was audio taping, extensive field notes and emails whilst the treatment of data involved transcribing the tapes and cross-checking the field notes.

4.2 RESULTS OF THE SECOND RESEARCH PAPER

4.2.1 Conversational Research Interviews

As stated in Chapter 3 Methodology, only the research process of one research paper shall be demonstrated as opposed to all three papers. However, Key results, not the processes, of research papers 1 and 3 will be illustrated at each stage of the process being demonstrated by research paper 1.

The data generation for the second research paper was obtained from the following conversational research interviews to the following selection of participants under Section 4.2.2.

1. How or why is the low consumption of milk and milk products in the country a major limiting factor to Unproved da/ry production,'

2. What do you think are the implications of a policy that introduces tax on agricultural produce including milk)?

3. flow adequately are gender and HIV/AIDS issues incorporated in the general agricultural framework especially at Provincial, District and Camp level? lug. in the agricultural extension system or places of work etc) If this is not known, kindly give any experience regarding the adequate sensitization of both men and women in the area of HIV/AIDS and Gender in the (lairy sector)?

I Are you for or against (or both) there being regional product protection and reduced subsidies in the dairy industry"?

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4.2.2 SELECTION OF TRADE RELATED PARTICIPANTS

1. Ministry of Finance and National Planning.
2. Ministry of Agriculture and Cooperatives (MOAC).
3. Golden Valley Agricultural Research Trust (GART).
4. Agricultural Development Planner/Natural Resource, University of Zambia, School of Veterinary Medicine – Department of Disease Control.
5. Land O' Lakes International Development.
6. Parmalat Zambia Ltd.
7. Zambia National Farmers' Union (ZNFU).
8. Zambia Competition Commission (ZCC).
9. Zambia Bureau of Standards.
10. Civil Society Trade Network of Zambia (CSTNZ).
11. Zambia Dairy Processors Association (ZIDPA).
12. Organization Development & Community Management Trust (ODCMT).
13. Eastern and Southern Africa Small Scale Farmers Forum Zambia (ESAFFZ).
14. Pelum Regional Office.
15. Mapepe Dairy Association.
16. Magoye Small Holder Dairy Farmers Cooperative.
17. Ministry of Commerce Trade and Industry (MCTI).
18. Common Market for Eastern and Southern Africa COMESA).

4.2.3. DATA TREATMENT/ANALYSIS & LEVEL I CODING/CONCEPT FORMATION

The data treatment entailed transcribing the responses from the conversational research questions and placing codes in the side margins of transcribed field notes as can be seen in Table I Concept Formation/Level 1 Coding below. level I coding was therefore generated from the transcribed field notes/ responses to the six semi-structured questions addressed to the 25 selected participants.

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Table 1.

CONCEPT FORMATION OF RESEARCH POAPER 2

CONCEPT FORMATION/LEVEL 1 CODING

Field Notes	Level-1 Coding
<p>The Researcher interviewed twenty four (24) participants associated to the dairy Sector between August the 11th and September the 15th 2008. The responses to the four (4) semi - structured questions were summarized as follows: -</p> <p>Zambia, countrywide has not had a milk <u>drinking</u> culture and the <u>level of milk</u> consumed has not been as high as other countries especially because milk was originally used as sour, as a <u>cheap source</u> of relish. A farmer or anyone can only produce if the <u>market</u> is ready <u>available</u> because they know they can sell and get <u>cash</u>. Hence in the <u>Livestock Development Plan</u>, major emphasis is on <u>livestock</u>, <u>marketing</u> and trade (export). Once a market is Available, a multiplier effect will occur, namely, the farmer will <u>borrow</u> money to either <u>buy animals</u>, feed, necessary <u>ingredients</u> or build <u>infrastructure</u> to improve production. If the market is not available, farmers will not Produce as was the case when there were no <u>milk collection centers</u> (MCC). Hence the need for ZDPA to sensitize the public on the importance of consuming milk in the various provinces in Zambia through mobile vehicles and so on. Out of the eight (8) <u>provinces</u> in Zambia only one (1) has the culture of consuming dairy products. As a result, <u>milk consumption</u> went up, <u>processing</u> capacity improved by 40 - 50 % because farmers were able to produce more.</p>	<p>Low consumption</p> <p>Substitute, farmer</p> <p>available market</p> <p>Cash</p> <p>Livestock Development plan</p> <p>Livestock, trade marketing</p> <p>Borrow</p> <p>inputs</p> <p>Infrastructure ,Improved production</p> <p>Produce</p> <p>MCC</p> <p>ZPA, Sensitize</p> <p>Provinces</p> <p>Milk consumption</p> <p>processing</p>

Field Notes	Level-I Coding
<p>There is now increased <u>diversification</u> of dairy products such as ice-cream, yogurt and so on. The increase in <u>expenditure</u> on dairy products is due to <u>sensitization</u> and not increases in <u>income</u>. Hence, milk consumption is a key stimulate for a chain reaction for a <u>healthy economy</u> in consuming milk. However, the reasons why there can below consumption is because: -</p> <ol style="list-style-type: none"> i. The <u>income base</u> of the people or would be consumers is not big enough; ii. The <u>standard of management</u> of animals is very low among the cattle keepers such that they do not get enough milk. iii They do not know the <u>value of consuming milk</u> iv. It may not be available. <p>Although consumption has improved, there is <u>no systematic promotion strategy of milk consumption</u> either in schools, villages and so on. Unlike in many other countries such as Kenya, Botswana, South Africa, Swaziland and Lesotho that have school <u>feeding programs</u> with a component of milk consumption. It can thus be said that is both <u>production</u> and <u>culture</u> of milk consumption that is the major limiting factor. A big negative factor has been the <u>lack of cold chains</u> in the past. The new <u>supermarkets</u> and <u>provincial centers</u> have improved the cold chain dramatically as well as with the advent of the <u>VHT milk</u>. The improved <u>refrigeration</u> and cooling systems have greatly improved consumption. Low consumption is also attributed to the <u>expansion capacity</u> of small scale farmers who have very little <u>access to finances</u> to expand their businesses.</p>	<p>Diversification</p> <p>Expenditure, Sensitization income Healthy, economy</p> <p>Poverty</p> <p>Management levels</p> <p>Nutrition</p> <p>Availability of milk</p> <p>Marketing</p> <p>feeding programs Production Culture Cold chains Supermarkets, Provincial Centers</p> <p>VHT milk, Refrigeration Cooling systems Expansion capacity Funding</p>

Field Notes	Level-1 Coding
<p><u>Expansion</u> is basically based on their <u>sales</u> or their <u>production</u> so that low consumption would make this situation worse. For most people in southern and western Province, for example dairy farming is a major source of <u>income</u> with only a small percentage of milk being utilized for <u>home consumption</u>. <u>Distribution costs</u> are high and <u>infrastructure</u> is not there. The delicate nature of milk and hence its <u>transportation</u> hinders people to invest as it does not make economic sense. The <u>distribution chain</u> plays a huge role in actually expanding the sector because if people find it <u>expensive</u>, they will look for other <u>alternative</u> ways of either forgetting it or just doing away with other types of food stuff around. The <u>cost of dairy animals</u> in Zambia is Extremely high fetching over US\$ 3,000 per calf, hence further deterrent in keeping dairy animals. The <u>cost of imputes, such as Feed, milk canes, medication</u> and so are also very high, further putting pressure on farmers to shut. Imports such as powdered milk and <u>smuggled goods</u> from Zimbabwe don't help the situation.</p> <p><u>Cooperatives</u> or <u>outgrown schemes</u> such as <u>Magoye</u> have given a lot of farmers some <u>dairy animals</u> and feed, hence making them <u>cost effective</u> by delivering at very <u>nearest points</u> where there are <u>cold facilities and processors</u> and are able to come and collect milk in bulk. It's very difficult if it's an individual unless it's on a <u>large scale</u> like Galunia, Zambeef and so on. Any <u>tax policy</u> put in place should not be seen to constrain the <u>dairy development</u> in the country because small scale farmers need the income earned from the sale of milk to <u>sustain the dairy activities</u>. It should hence <u>stimulate production</u> and <u>increase cash flow</u>.</p>	<p>Expansion, sales Production</p> <p>Dairy income farming Home consumption, Distribution costs</p> <p>Transportation</p> <p>Distribution chain Expensive Substitute</p> <p>Cost of production</p> <p>Cost of production Imports goods smuggled</p> <p>Cooperatives, outgrown schemes, Magoye Dairy animals cost effective MCC</p> <p>Large scale Tax policy Dairy development</p> <p>Maintenance Production growth</p>

Table 2

CONCEPT FORMATION OF RESEARCH PAPER 1

CONCEPT FORMATION/ LEVEL 1 CODING

Field Notes	Level-1 Coding
<p>The Researcher interviewed twenty – five (25) participants associated to the dairy sector between April 3rd and June 10th 2008. The responses to the six (6) structured questions were summarized as follows: -</p> <p>The EU Dairy products flooding the Zambian market should the EPAS be signed will lead to <u>unfair competition</u> because these products will be selling at <u>lower prices</u> than <u>locally</u> produced milk. The EU milk products are <u>cheaper</u> because the <u>farmers</u> from Europe benefit from <u>subsidies</u> under the common Agriculture Policy (CAP). Hence the <u>dumping</u> of cheap dairy products would <u>disadvantage</u> Zambia producers/processors who may not be able to <u>compete on equal grounds</u> and may even be driven out of business. In the short to medium term, there should not be <u>free trade</u> in dairy products between Zambia and EU. This should be done by placing dairy products on the <u>list of sensitive products</u> for a certain period so as to allow the industry to develop. The <u>Diary Sector</u>, in <u>Zambia</u>, is not able to <u>compete</u> with these products at the moment because the support given to EU diary processors, under the CAP makes EU products <u>very competitive</u>.</p>	<p>Unfair competition</p> <p>Lower prices, locally</p> <p>Cheaper, Farmers</p> <p>Subsidies</p> <p>CAP, Dumping</p> <p>Disadvantage</p> <p>unfair competition</p> <p>Free trade</p> <p>Protection</p> <p>Compete</p> <p>Unfair competition</p>

Field Notes	Level-1 Coding
<p>Until the CAP is reformed and <u>domestic support eliminated</u> and until Zambian producers operate in a <u>conducive environment</u> with <u>appropriate skills</u>, <u>machinery</u> lower <u>production costs</u> and <u>infrastructure</u> for the <u>storage</u>, <u>collection</u> and <u>transportation</u> of dairy products, particularly raw milk, the dairy sector in Zambia will not be <u>competitive</u> to EU products. The competitive edge of Zambian dairy small scale farmers can be helped through: -</p> <p><u>Government intervention</u> by creating an <u>enabling policy frame work</u>, good <u>extension system</u>, access to drugs (which are currently very expensive) alleviate cattle dying from controllable diseases and so on.</p> <p>Available <u>resources</u> being channeled into overcoming <u>supply side constraints</u> by improving infrastructure in the sector, like feeder roads, so that farmers can get their products to the <u>market</u> faster and at a <u>cheaper cost</u>, including laboratory facilities for <u>testing</u> and <u>certifying</u> the <u>quality</u> of dairy products before they are <u>exported</u> and/ or <u>sold locally</u> for consumption. The Dairy Sector should be willing to spend resources on <u>human resource development</u> and <u>technology</u> and <u>resource development</u>.</p>	<p>Policy, Domestic support</p> <p>Enabling environment</p> <p>Supply side constraints, Cost of production</p> <p>Competitive</p> <p>Assistance Policy, extension system</p> <p>Supply side constraints</p> <p>Funding</p> <p>Supply side constraints</p> <p>market</p> <p>Verification , quality</p> <p>Trade</p> <p>Improvement</p>

4.3. LEVEL II CODING

Level II coding consisted of nine (9) categories with a number of properties underneath each code. Some concepts were not relevant under the main code headings and were therefore left out as can be seen under Appendix B Table 111 as they did not fit in to telling the story under the various codes. The researcher had to wrestle for a period of time with the data in order to come up with the appropriate code names.

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Table 4

LEVEL II CODING (CORRECTED VERSION) OF RESEARCH PAPER 2

<p>AFFORDABILITY OF A NUTRITIONALLY HEALTH NATION Dairy Products Cheap Products Purchasing power Healthy Nation Nutrition Income base</p>	<p>ENCOURAGING DEVELOPMENT OF DAIRY PRODUCTION Protectionism Foreign competition Comparative advantage Market development Market linkage Liberalization Market share Production promotion GDP</p>
<p>GOVERNMENT SUPPORT PROGRAMS Feeding programs Cooperatives Out grower schemes 5th NDP NAP MAGOYE MCC Resource allocation program HIV/AIDS policy SADC gender policy Gender sensitive action Fertilizer support program Livestock development plan Sensitization</p>	<p>PUBLIC AWARENESS OF DAIRY PRODUCTS Relish labor dependent Gender insensitive practice Unfair distribution of resource Nurse the sick</p>
<p>DEVELOPMENT OF DISTRIBUTION CHAIN Processors Supply side constraints Refrigeration Cooling systems</p>	<p>TECHNOLOGY & INVESTMENT Budget Re-investment Incentives Subsidies Uniform custom Youth accessibility Empowerment Land allocation Extension services Technology Farming methods Funding Management levels Feeding programs</p>
<p>ALTERNATIVE SUPPLY OF DAIRY PRODUCTS Diversification Imported milk Reallocation Cheaper price Dumping Surplus Smuggled goods</p>	<p>COMPULSORY CHARGES ON THE DAIRY SECTOR Balanced Tax policy Punitive Retrogressive Tax waiver Expansion Disincentives Import taxes Indirect taxes Levy Policy clearance VAT Measures</p>
<p>PRODUCTION OF DAIRY PRODUCTS Feed Milk canes Medication Dairy animals Cost of production Local production, bicycles, employees</p>	

Table 5

LEVEL 2 CODING OF RESEARCH PAPER 1

LEVEL II CODING

<p>COMPETITION</p> <p>Unfair competition</p> <p>Dumping</p> <p>Competition</p> <p>Competitive</p> <p>High quality</p> <p>Quality</p> <p>Removal</p>	<p>PRICE VARIATION</p> <p>Better price</p> <p>Lower prices</p> <p>Cheaper</p> <p>Subsidies</p> <p>Cost of production</p> <p>Low price</p> <p>Credit</p> <p>Purchase</p>
<p>INTERNATIONAL TRADE</p> <p>Imports</p> <p>Locally produced milk</p> <p>International trade negotiation</p> <p>Trade</p> <p>Dairy products</p> <p>Raw milk</p>	<p>MARKET SHARE</p> <p>Free trade</p> <p>protection</p> <p>Enabling environment</p> <p>Market</p> <p>Infant industry</p>
<p>FRAMEWORKS</p> <p>CAP</p> <p>Policy</p> <p>SPS</p>	<p>GOVERNMENT INTERVENTION</p> <p>Domestic support</p> <p>Supply side constraints</p> <p>Assistance</p>

Agreement	Funding Market research Infrastructure
TECHNOLOGY Verification Investment Value addition Processing milk Productivity	DEVELOPMENT Skills Extension system Development & Technology Research development Expansion Training skills Improvement
STAKEHOLDERS Producers Processors Farmers	

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Table 6

LEVEL 11 CODING OF RESEARCH PAPER 111

TABLE 2 - LEVEL II CODING

INTENSIVE DAIRY DEVELOPMENT	DAIRY PRODUCTION
Benefits Value chain Value addition Long life Productivity Shelf stable Quality of products Development Intensive dairy Large scale intensive dairies Commercial agriculture Commercial Artificial insemination	Storage facilities Processed facilities Food storage Improving storage Cold storage Insufficient milk Excess milk Les milk production Deficit Milk production Low milk supply Consistent Less milk supply Stabilizing supply Lower production
<u>DAIRY FARM MANAGEMENT TECHNIQUES</u> Drastic methods Sustainable Grazing Roughage Better animal feeding Animal yield Nutrition Proper management Good management High yielding Better attitude Loans Dramatic charges Strategic considerations International agreements Disease control Harmonizing standards Strategy Better milk yield Optimum yield	<u>DAIRY MARKET POLICIES</u> Demand and supply Growing markets Inflationary Structure Price differential Policies Market based Regulated financial system Cross border Competitive Price Government campaigns Sensitizing Lower price Foreign market forces Costly Protection Expensive Economic Pricing mechanism Trade measures Quotas Subsidies Asymmetrical Market segments Duty Tariff Liberalization Saving
<u>DAIRY DEVELOPMENT CONSTRAINTS</u> Input costs Feeding Forder Access to facilities Inputs Supply side constraints Inadequate feed	

Feed pins Maize silos Cost of protection	Taxes Security Import regulation Implementation
BREEDS OF DAIRY ANIMALS	DAIRY EMPOWERMENT COOPERATIVES
Import Sources of supply Breed Crossing /crossbred /crosses Improved Exotic Offspring Indigenous Traditional Local cow Export	Dairy Development Fund Economic empowerment Cooperatives Empowerment Small scale farmers Proper planning Pastoralists Less intensive dairies Traditional Farmer's association
<u>DAIRY LIBERALIZATION CONSEQUENCES</u>	<u>INVESTMENT & TECHNOLOGY</u>
Detrimental Dump Damaged Unfair competition Unfair trade Safeguards Countervailing duties SPS NTB Liberalization schedule Sensitive list Import surge Import data Significant Trace Casual link Price triggers Threshold Volume Disruptions Minimal impact Time bound Developmental benchmark	Trained Education Capacity Building Investment Technology Irrigation Diversification Skills Support Laboratories Accredited Information Pasture Preservation conservation Infrastructure Development Vet services Training and Extension Services
	<u>DAIRY WEATHER PATTERN</u>
	Dry season Rainy season Seasonal Seasonality of supply Uncomfortable weather Summer Off season production Changing environment

4.4. LEVEL III CODING

Level III coding consisted of nine (9) core categories as can be seen under Appendix B Table V. These included affordability of the nutritionally healthy nation, government support programs, and public awareness of dairy products and so on.

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Table 7

LEVEL III CODING (CORRECTED VERSION) OF RESEARCH PAPER 2

<p><u>AFFORDABILITY OF THE NUTRITIONALLY HEALTHY NATION</u></p> <p>Healthy nation income base nutrition</p>	<p><u>ENCOURAGING DEVELOPMENT OF DAIRY PRODUCTION</u></p> <p>Production Promotion</p>
<p><u>GOVERNMENT SUPPORT PROGRAMS</u></p> <p>Development of Dairy Industry</p>	<p><u>PUBLIC AWERANESS OF DAIRY PRODUCTS</u></p> <p>Gender sensitive practices</p>
<p><u>DEVELOPMENT OF DISTRIBUTION CHAIN</u></p> <p>Production Development</p>	<p><u>TECHNOLOGY & INVESTMENT</u></p> <p>Funding</p>
<p><u>ALTERNATIVE SUPPLY OF DAIRY PRODUCTS</u></p> <p>Substitution</p>	<p><u>COMPULSORY CHARGES ON THE DAIRY SECTOR</u></p> <p>Measures and policies</p>
<p><u>FACTORS OF PRODUCTION</u></p> <p>Input costs</p>	

Table 8

LEVEL 111 CODING FOR RESEARCH PAPER 1

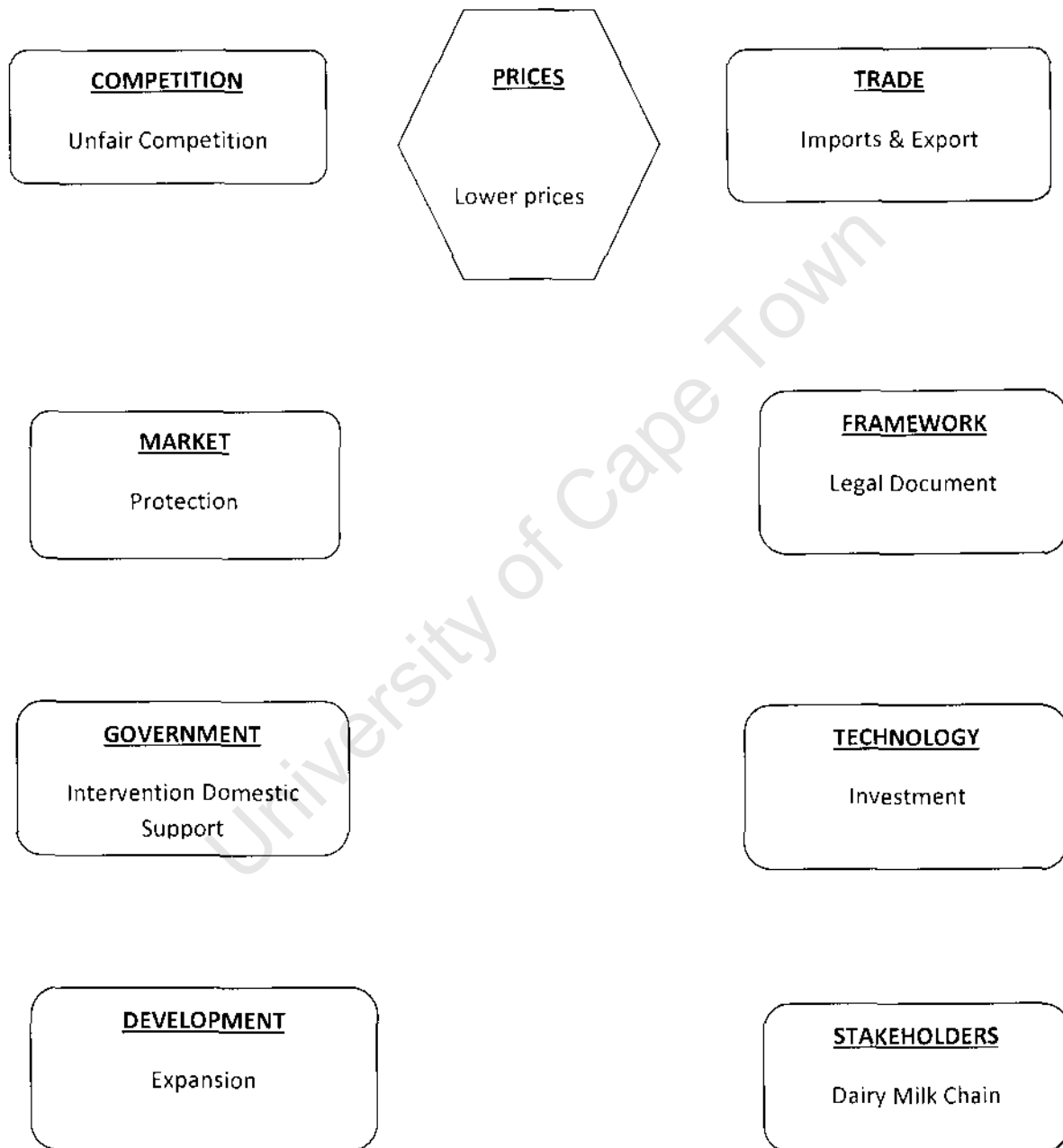


Table 9

LEVEL 111 CODING FOR RESEARCH PAPER 3

<p><u>BREEDS OF DAIRY ANIMALS</u> Offspring & Sources of Supply</p>	<p><u>DAIRY EMPOWERMENT COOPERATIVES</u> Economic Empowerment Associations</p>
<p><u>DAIRY LIBERALISATION CONSEQUENCES</u> Safeguards & Countervailing Measures</p>	<p><u>INVESTMENT & TECHNOLOGY</u> Education & Capacity Building</p>
<p><u>INTENSIVE DAIRY DEVELOPMENT</u> Development & Productivity</p>	<p><u>DAIRY WEATHER PATTERNS</u> Seasonality of Supply</p>
<p><u>DAIRY PRODUCTION</u> Storage & Supply of Milk</p>	<p><u>DAIRY FARM MANAGEMENT TECHNIQUES</u> Optimum Yield & Harmonizing Standards</p>
<p><u>DAIRY MARKET POLICIES</u> Regulations, Programs & Measures</p>	<p><u>DAIRY DEVELOPMENT CONSTRAINTS</u> Costs of Production & Supply-Side Constraints</p>

4.5. CONCEPT DEVELOPMENT

4.5.1 REDUCTION SAMPLING - THE FOUR CLUSTERED CATEGORIES FOR RESEARCH PAPER 2

Reduction sampling evolved from Level III Coding which led to a reduction of four clustered categories that formed a category of broad scope when combined together as can be seen below.

Table 10

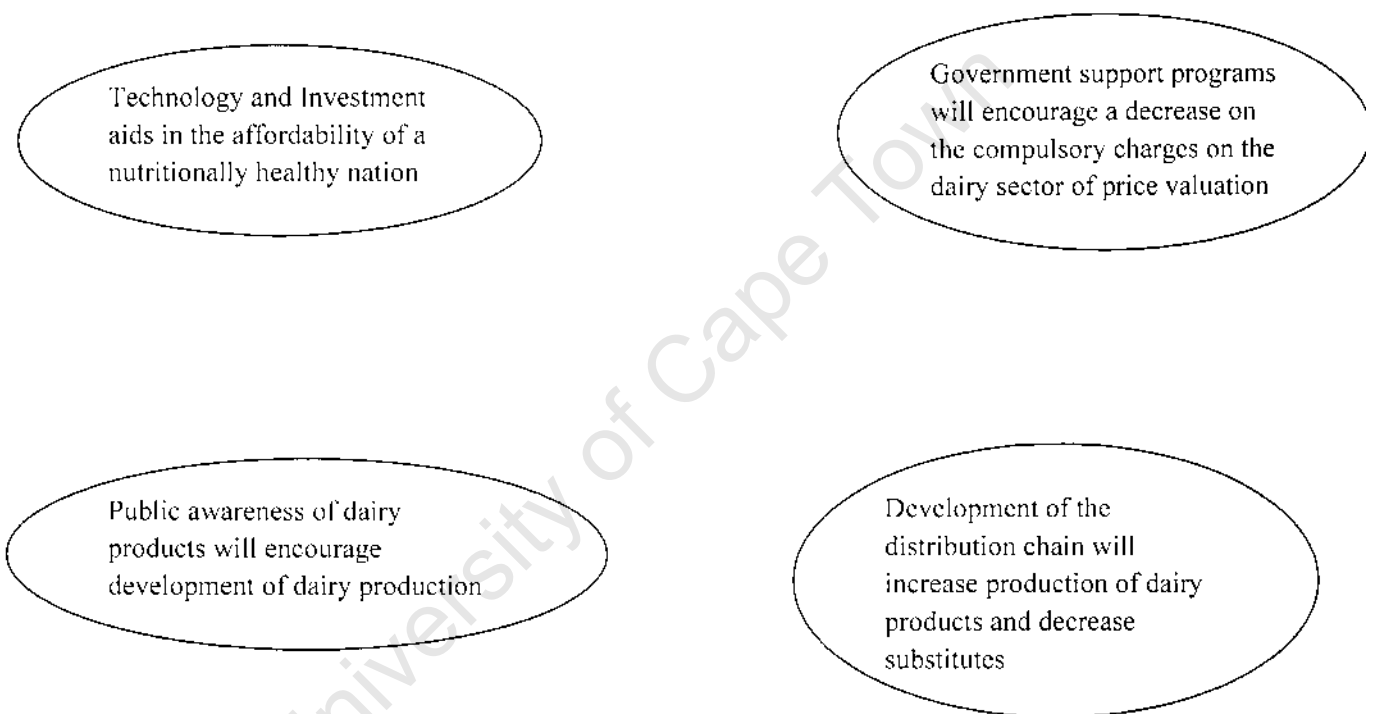


Table 11

**REDUCTION SAMPLING – THE FOUR CLUSTERED CATEGORIES FOR RESEARCH
PAPER 1**

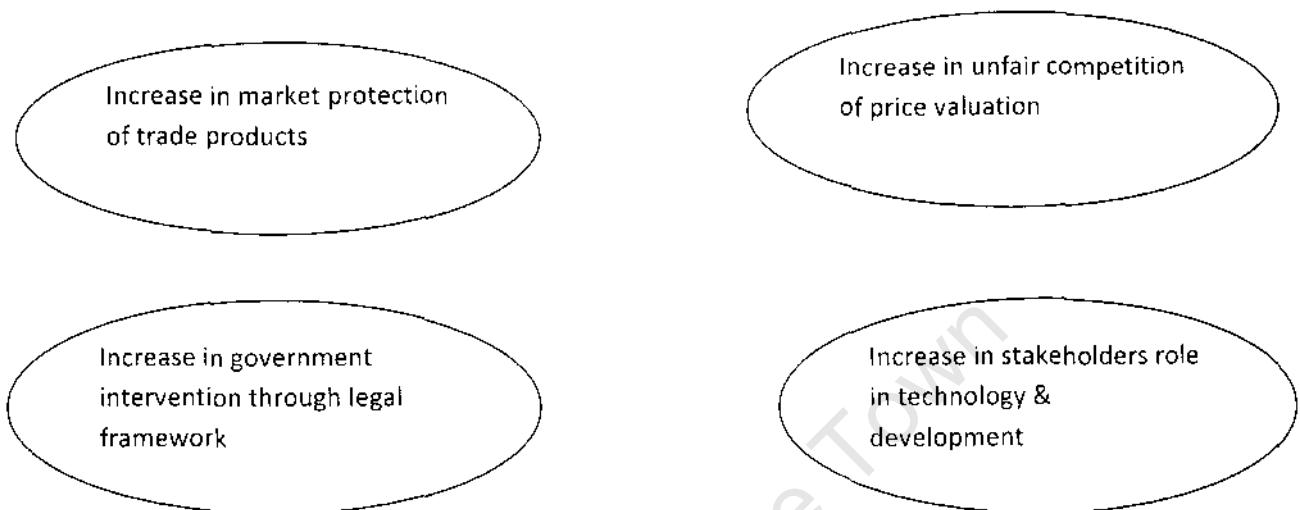
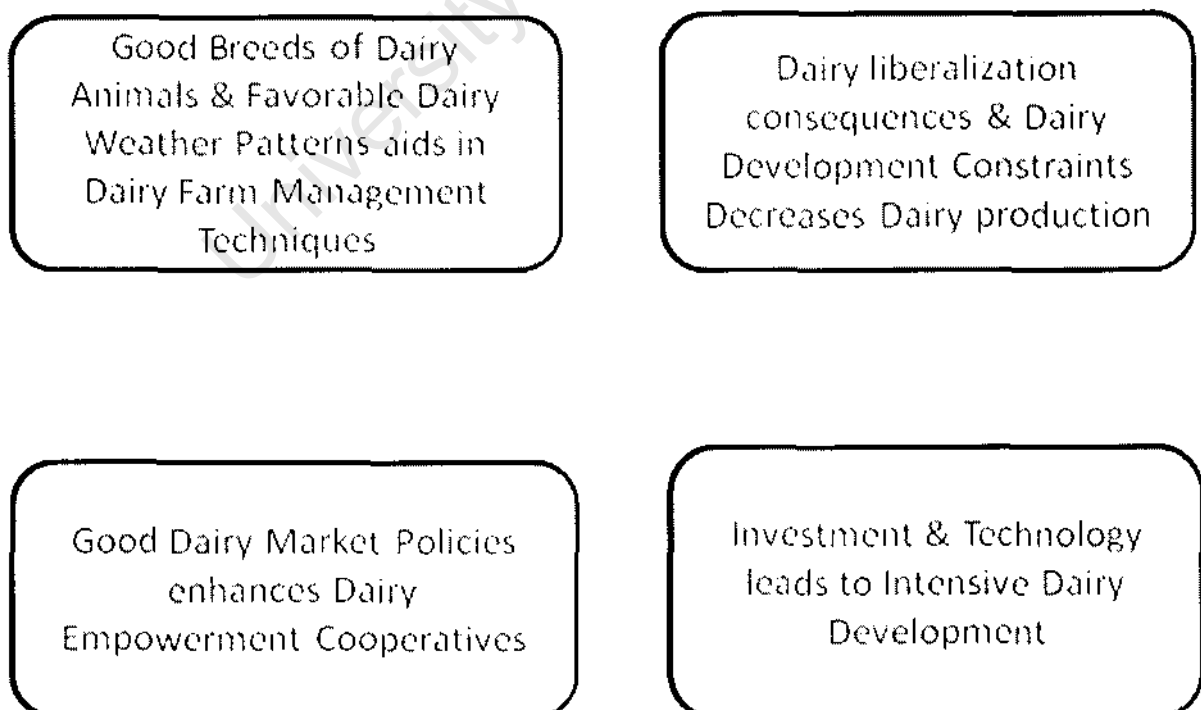


Table 12

**REDUCTION SAMPLING – THE FOUR CLUSTERED CATEGORIES FOR RESEARCH
PAPER 111**



4.6. SELECTIVE SAMPLING OF LITERATURE

4.6.1 THE FOUR CORE VARIABLES FOR RESEARCH PAPER 2

The Selective Sampling of the Literature Review based on the four Core Variables of the Reduction Sampling based on Table 5 Level III Coding under List of Tables in Appendix B are as follows:

- ✓ Technology and investment aids in the diversification of new products/markets and hence a nutritionally healthy nation
- ✓ Government support programs (national policy) assist in the development of the dairy industry and hence cause a decrease on the compulsory changes on the dairy sector.
- ✓ Public awareness of dairy products, including gender mainstreaming encourages development of dairy production.
- ✓ Development of the distribution chain will increase production of dairy products and decrease supply of substitutes.

4.6.2 TILE FOUR CORE VARIABLES FOR RESEARCH PAPER 1

The selective sampling of the Literature Review based on the four core variables of the Reduction Sampling based under Table four. Level III Coding under List of Tables Three in Appendix B are as follows: -

- ✓ Increase in Market Protection of Trade Products.
- ✓ Increase in Government Intervention through Legal Framework.
- ✓ Increase in Unfair Competition of Price Valuation.
- ✓ Increase in Stakeholders' Role in Technology and Investment.

4.6.3 THE FOUR CORE VARIABLES FOR RESEARCH PAPER 111

The selective sampling of the Literature Review based on the four core variables of the Reduction Sampling are based under Table four. Level III coding under list of Tables three in Appendix B are as follows: -

- ✓ Excellent breeds of dairy animals coupled with favourable weather patterns enhance Dairy Farm Management Techniques.
- ✓ Symmetrical liberalization, dairy development constraints or supply-side constraints lead to less dairy production.
- ✓ Good dairy market policies enhance dairy empowerment cooperatives.
- ✓ Investment and technology eventually graduates small farmers towards intensive Dairy Development,

4.7. SELECTIVE SAMPLING OF THE DATA/GROUNDED THEORY

4.7.1. RESEARCH PAPER 2 - NATIONAL POLICY AND DAIRY PRODUCTION

"The generating grounded theory that emerged from the discovery of the core variable was that a national policy driven by government is the best way of encouraging increased dairy production and the consumption of milk as this would encourage the legal and institutional framework of the dairy sector to be formed. The emergence of the core variable established that the lack of a national policy (Government support programs) driven by government will affect the consumption and hence the development of the dairy sector in Zambia which will automatically lead to a decrease on compulsory charges on the dairy sector.

4.7.2. RESEARCH PAPER 1- SUBSIDIES AND UNFAIR COMPETITION

The core variable that emerged was that subsidies as a result of the CAP led to unfair competition in the dairy sector. This was seen in the responses given by the participants and Literature Review which states local produced milk is not able to compete against subsidized imports and as a result not able to expand. The grounded theory that emerged from the discovery of the core variable was that protection of the infant dairy industry would be the ideal measure to enable the sector to grow and expand so as to encourage further individual sustenance and income generation for peasant farmers.

4.73. RESEARCH PAPER 3 - PROTECTION OF THE DAIRY INDUSTRY

The core variable that emerged was symmetrical liberalization and dairy development constraints or supply-side constraints leads to less dairy production. This was seen in the responses given by the participants and Literature Review which stated that poor infrastructure, low per capital income and low average herd size are among the barriers in increasing consumption of dairy in the country. The grounded theory that emerged from the discovery of the core variable was that symmetrical liberalization as opposed to asymmetrical liberalization coupled with dairy development constraints or supply-side constraints is what leads to or triggers a decrease in dairy production, not only in Zambia but the rest of Africa as well.

4.8. EMERGENCE OF THE CORE VARIABLE - NATIONAL POLICY WILL ENCOURAGE DAIRY DEVELOPMENT IN ZAMBIA

The emergence of the core variable established that the lack of a national policy (Government support programs) driven by government will affect the consumption and hence the development of the dairy sector in Zambia which will automatically lead to a decrease on compulsory charges on the dairy sector. This was seen in the responses given by the participants in the conversational interviews as well as the literature review which states that it is only a national policy that can lead a country to a higher milk consumption level and hence an enhanced local milk production capacity.

4.9. OUTCOME OF ALL THREE RESEARCH PAPERS

The outcome that emerged from the three research papers were as follows:

4.9.1 SUBSIDIES

The Concern of the First research paper was level of supply-side constraints affect the level of cost of production which in turn determines the number of imports coming into the country. This will have an effect on the level of market price which in turn will affect the level of CAP reform and hence level of subsidies which in turn will determine the level of fair competition.

The Question of the paper was 'how can subsidies affect the dairy sector in Zambia?

The grounded theory/Answer that emerged from the first research paper of the discovery of the core variable was that protection of the infant dairy industry would be the ideal measure to enable the sector to grow and expand so as to encourage further individual sustenance and income generation for peasant farmers. The core variable that emerged was that subsidies as a result of the CAP lead to unfair competition in the dairy sector. This was seen in the responses given by the participants and Literature Review which states that locally produced milk is not able to compete against subsidized imports and as a result not able to expand.

4.9.2. NATIONAL POLICY

The Concern of the second research paper was the level of policy implementation/lack of political will by Government to develop the dairy sector will affect the level of consumption which in turn will affect the standard of dairy programs which will also affect the quantity of Milk Collection Centers (MCCs) and Cold Chains. This will affect the level of the cost of production which in turn will affect the level of diversification and hence automatically the level of re-investment into the dairy sector.

The Question of the paper was 'how can the development of the dairy sector in Zambia be encouraged/enhanced to grow?'

The grounded theory/Answer that emerged from the discovery of the core variable was that a national policy driven by government is the best way of encouraging increased dairy production and the consumption of milk as this would encourage the legal and institutional framework of the dairy sector to be formed. The emergence of the core variable established that the lack of a national policy (Government support programs) driven by government will affect the consumption and hence the development of the dairy sector in Zambia which will automatically lead to a decrease on compulsory charges on the dairy sector

4.9.3 SYMMETRICAL LIBERALIZATION

The Concern of the third research paper was the level of symmetrical liberalization will have an effect on the level of supply-side constraints which in turn will have an effect on the level of cost production which in turn will affect the number of imports coming into the

Influence the level of per capital income which will have an impact on the level of dairy production which in turn will modify the level of supply-side constraints.

The Question of the paper was 'how does symmetrical liberalization and dairy development constraints or supply-side constraints lead to less dairy production?

The grounded theory/Answer that emerged from the third research paper was the discovery of the core variable that symmetrical liberalization as opposed to asymmetrical liberalization coupled with dairy development constraints or supply-side constraints is what leads to or triggers a decrease in dairy production, not only in Zambia but the rest of Africa as well. The core variable that emerged was symmetrical liberalization and dairy development constraints or supply-side constraints leads to less dairy production. This was seen in the responses given by the participants and Literature Review which stated that poor infrastructure, low per capital income and low average herd size are among the barriers in increasing consumption of dairy in the country.

4.10. META-SYNTHESIS OF THE THREE RESEARCH PAPERS

The outcomes of each of the three research papers led to the input of the metasynthesis process where a line of argument could be developed due to the fact that the relationships linking them seemed to be in a linear sequence. The result/output of the meta-synthesis which k the research Answer that answers the research Question in the $C \leftrightarrow Q \leftrightarrow A$, is that the EPAs will affect the Dairy the Sector in Zambia in an unfair manner as a result of the subsidies provided by the EU to their dairy products. The cheaper EU dairy products on the Zambian market will certainly wipe out the local dairy industry unless a dairy policy, coupled with political will by the Government, including liberalizing the dairy sector at a slow steady pace (symmetrical liberalization) is activated or instilled urgently. This will enable the sector to grow and expand so as to encourage further individual sustenance and income generation for small scale farmers both for consumption and profit purposes. Hence, the development of the dairy sector in Zambia will encourage the legal and institutional framework of the dairy sector to be formed. Further, symmetrical liberalization would enable the dairy sector to develop at a steady pace so as to enable it to compete with its EU counterparts.

4,11 CONCLUSION

The metasynthesis or output of Chapter 4 was, therefore, formed the overall Answer A to the overall research Question Q and Concern C in the $C_c \rightarrow Q \rightarrow A$.

production, not only in Zambia but the rest of Africa as well, symmetrical liberalization and dairy development constraints or supply-side constraints leads to less dairy production because poor infrastructure, low per capital income and low average herd size are among the barriers in increasing consumption of dairy in the country.

The overall research Answer was therefore established as the output of the meta-synthesis of the three research papers as a result of the grounded theory process followed in each of the three papers which was able to address the overall research Question Q and Concern C in the Cc >Q< >A link.

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CHAPTER 5

CONCLUSIONS & RECOMMENDATIONS

5.1. INTRODUCTION

The purpose of Chapter 5 argues the significance of the research results or Answer A in the research context or Situation S in the S-C-Q-A-R-E. The Chapter further explores the significance of the Answer A in the Situation S and evaluates the Answer A in the Situation in terms of Relevance, Utility, Validity and Ethics.

The dairy industry in Zambia is very much in its infancy' in comparison to the EU who is able to subsidize their dairy farmers to enable them to export their surpluses to the Zambian market so as to compete with the locally produced dairy products in the country. The locally produced milk is not able to compete against subsidized imports because the young dairy industry in Zambia finds it difficult to expand due to stiff competition from subsidized powdered milk. Hence, by enabling 'dumping' of subsidized dairy products, the Common Agriculture Policy (CAP) undermines Zambia's potentially vibrant dairy sector's ability to grow.

The problem needs to be addressed because the dairy sector in Zambia is an infant industry that needs a specified period of time to grow and establish itself into a more competitive industry. The Dairy Sector is a viable industry that can contribute to poverty reduction especially in the rural areas of Zambia through income generation from the sale of milk.

The literature review of the three individual research papers which was based on the Grounded Theory process at three levels helped to address this problem. The first level was based upon the four core variables obtained from Reduction Sampling under the research process in the grounded theory under Chapter 4 Research Results of each of the research papers. The second level was based on the broad field area of the research context and the final level was based on the general field area of research.

main core variable that emerged from the four core variables of the first research paper was unfair competition of price valuation which led to unfair competition in the dairy sector in Zambia as the broad field in the research area and unfair competition in the dairy sector in third world countries as the general field in the research area. The main core variable that emerged from the four core variables of the second research paper was government support programs and compulsory charges on the dairy sector which led to the lack of political will on the dairy sector in Zambia as the broad field in the research area and unfair competition in the dairy sector in third world countries as the general field in the research area. The main

core variable that emerged from the four core variables of the third research paper was dairy liberalization consequences and dairy development constraints decreases dairy production which led to symmetrical liberalization and supply-side constraints on the dairy sector in Zambia as the broad field in the research area and symmetrical liberalization and supply-side constraints as the general field in the research area.

Each of the three research papers underwent the same grounded theory process which consisted of data generation through semi-structured research interview questions and field notes and data analysis by transcribing audio — tapes and cross checking the field notes The questions ranged between four and six in number within six to eight week periods during the year 2008 at three different intervals.

Each of the three research papers had concerns which the questions managed to address by providing answers through the grounded theory method that managed to lead the researcher to its final strategic intent and hence conclusion.

5.2 SIGNIFICANCE/IMPLICATIONS ABOUT THE RESEARCH PROBLEM

The overall Concern of the research paper was locally produced milk not being able to compete with EU subsidized dairy exports in Zambia due to the infancy of the dairy sector in Zambia which manages to sustain a number of peasant farmers in Zambia.

The overall Question of the research paper *'How will the EPAs affect the Dairy Industry in Zambia?'*

The overall Answer/Outcome of the research paper/meta-synthesis is that the misconception of EPAs being a threat to the dairy sector in Zambia can be said to be addressed through Government invoking protectionist measures in order to protect the infant dairy sector to be further enhanced by adopting a national policy to be evidenced by increased investment in technology and infrastructure development so as to enable the sector to develop to a stage where it is able to compete with its EU counterparts. This can only be carried out through total commitment by Government. Hence, the third and final Research Paper conveyed the need for a steady pace of liberalizing or opening up the dairy sector after a specified period of capital injection and investment in the sector with the bottom line being political will from Government in for its success to be a reality. The conception of the threat can thus be said to be misguided based on the steady conclusions drawn from the first to the second and final research paper based on the grounded theory method and literature review under each one of them. Political will from Government will involve addressing the following particular constraints, amongst others, in order for the sector to develop.

These results are able to add value on the basis of informing not only the Government but the general public at large about the infant dairy industry that requires assistance in order to help maintain and enhance the industry for purposes of increasing the production of milk, its value addition and their

livelihood. The farmers really work hard to make ends meet and it's quite admirable to see how independent they are by being able to sustain themselves. An enabling environment in which to produce the milk would certainly help to sustain them a lot better. Enhancing/encouraging the dairy sector to grow and develop will increase the GDP of the country as more money will be flowing into the economy. The farmers will also not be a burden on the Government.

5.3. CONCLUSIONS ABOUT THE RESEARCH PAPERS

5.3.1 THE FIRST RESEARCH PAPER

The Concern in the first Cycle Research Paper is that locally produced milk is unable to compete fairly due to subsidized imported dairy products in the dairy sector in Zambia. The Question that therefore flows from the concern is "How can subsidies affect the dairy sector in Zambia? " The Answer/Core Variable that emerged from the question or research analysis is that the Government has to invoke or adopt protectionist measures in order to protect the dairy sector from collapsing or being totally eradicated as it still in its infancy and requires a certain period of time to grow before it can compete with its EU counterparts. The generating grounded theory that emerged from the discovery of the core variable was the protection of the infant dairy industry would be the ideal measure to enable the sector to grow and expand so as to encourage further individual sustenance and income generation for peasant farmers. The core variable that emerged was that subsidies as a result of the CAP led to unfair competition in the dairy sector. This was in line with the responses given by the participants and Literature Review which states that local produced milk is not able to compete against subsidized imports and as a result not able to expand.

5.3.2 THE SECOND RESEARCH PAPER

The Concern in the Second Cycle Research Paper is the lack of political will by government in adopting dairy support programs so as to encourage the growth and development of the dairy industry in Zambia. The Question therefore that flows from the concern is "how can the development of the dairy sector in Zambia be enhanced /encouraged to grow?" The Answer/Core Variable that emerged from the question/research analysis is that a national policy driven by government will encourage or enhance the development of the dairy sector in Zambia. Only a national policy driven by Government can lead a country to a higher milk consumption level and hence an enhanced local milk production capacity. The grounded theory that emerged from the discovery of the core variable was that a national policy driven by government is the best way of encouraging increased dairy production and the consumption of milk as this would encourage the legal and institutional framework of the dairy sector to be formed. The research

analysis established that the lack of a national policy (Government support programs) driven by government will affect the consumption and hence the development of the dairy sector in Zambia which will automatically lead to a decrease on compulsory charges on the dairy sector. This was in line with the responses given by the participants in the conversational interviews as well as the literature review which states that it is only a national policy that can lead a country to a higher milk consumption level and hence an enhanced local milk production capacity.

5.3.3 TITLE THIRD RESEARCH PAPER

The Concern in the Third Cycle Research Paper is that Symmetrical liberalization and dairy development constraints or supply-side constraints leads to less dairy production in Zambia. The Question that therefore flows from the concern is 'How does symmetrical liberalization and dairy development constraints or supply-side constraints lead to a decrease in dairy production?' The Answer/Core Variable that emerged from the question/research analysis is that the level of development of the dairy policy will determine the level of technology and access to credit which in turn will instigate the level of re-investment into the dairy industry so as to enhance dairy production in Zambia. The grounded theory that emerged from the discovery of the core variable was that symmetrical liberalization as opposed to asymmetrical liberalization coupled with dairy development constraints or supply-side constraints is what leads to or triggers a decrease in dairy production, not only in Zambia but the rest of Africa as well. The core variable that emerged was symmetrical liberalization and dairy development constraints or supply-side constraints leads to less dairy production. This was seen in the responses given by the participants and literature Review which stated that poor infrastructure, low per capital income and low average herd size are among the barriers in increasing consumption of dairy in the country. Investment is therefore fundamental in infrastructure development so as to enhance dairy production as indicated therein.

5.3.4 SIGNIFICANCE OF THE METASYNTHESIS OF THE THREE RESEARCH PAPERS/OVERALL RESEARCH RESULTS

The significance of the results of the meta-synthesis is that cattle rearing for milk will be preserved and, hence, milk, can continue to be a financial pillar especially for those who do not own very much. Cooperatives such as those in Magoye add real gain to the economy. For example, during the famine that affected the whole country in 2005/2006, the dairy farmers were the only ones who did not become entirely dependent on state food aid as a result of the continuous income resulting from the sale of milk.

(46)

Without the cooperative, numerous smallholders in the region of Magoye would not be able to secure their living, let alone finance the education of their children. There are plans to expand the network of producers, setup milk collection centres and increase the production with the rearing of native dairy cows through cross breeding with Friesian cows. (17)

Lanje et al (2009) (45) state that the volume and selection of 'sensitive products' that are to be excluded from the liberalization list are disputed for Zambia, this concerns dairy products, meat, vegetables, shoes and textiles. Having to protect local markets against cheap agricultural imports from the EU heavily restricts the scope of action for other young industries that are worthy of protection and could possibly arise if there are 110 external competition. Also controversial are the standstill clauses that freeze tariffs to their present levels and thus ban any tariff increase, also for sensitive products. Furthermore, the adjustment periods called for by the EU - the time period during which the market for all other products should be opened to competition — are the subjects of heated debates: while the EU the demands an adjustment period of maximum 15 years, African economic experts and politicians reckon that complete liberalization cannot be achieved in less than 25 years products.

Professor Seshamani (49) states that the Zambia Poverty Reduction Strategy paper 2002-2004 recognizes the following aims of trade policy and export promotion in particular:

'Trade policy and export promotion are key to the expansion of the markets for domestically manufactured goods and ensuring international competitiveness in local production. The key issues here include the establishment of a fair domestic and foreign trade regime that facilitates trading to take place on a common set of agreed rules as opposed to discretion, and one that does not stifle domestic production and employment. The government will deal with matters of a symmetric access to markets, dumping, or export subsidies from major trading partners. In order to further encourage exports, bilateral, regional and multilateral trade regimes will be used to ensure that reciprocity is observed in the leveling the playing field.

In addition to its contribution to national income, agro-processing has the potential to increase income and access to food for the poor who largely depend on agriculture for their livelihood, by establishing small-scale processing businesses that can be carried out at homes and do not require huge investment. Thus through the transmission mechanism agro-processing can potentially reduce poverty in a sustainable manner. (The agro-processing sector includes dairy products, sugar processing, fruit and vegetable drying and so on)

The respondents observed that the agro-processing sector has recorded growth and expansion in the recent past years. This particularly attributed to the deliberate efforts by government to support the agricultural sector, which is the key resource sector for the agro-processing industry. The agriculture sector has enjoyed a lot of support from the government in its deliberate effort to diversify the economy from the mining sector to other sectors deemed to have business potential. In this sense, farmers have been given a lot of security. The sector has grown in terms of the number of players and thus productivity has risen. As a result of competition, the agro-producers have been forced to increase the ranges of their products, which have been made possible through increased mechanization of the processing plants. Thus, the sector has witnessed a facelift in terms of new technology that has led to significant reduction in the cost structures.

In the same study, supporters of trade liberalization generally maintained that in a globalizing world liberalizing trade was inevitable. They further argued that trade liberalization was a good policy in that it raises the income of the poor by raising overall income, with insignificant effects on the distribution of income. All the people interviewed were in favour of trade liberalization but were against the manner in which it was implemented in Zambia. They observed that trade liberalization should have been implemented slowly and with extra caution to allow local industries to adapt to the liberalized environment. Liberalization should have been implemented over a period of time. Opening up to trade meant that Zambian industries had to make adjustments to deal with greater international competition. Thus, the government should have began by building capacity in all the domestic firms, by way of re-evaluating the existing capital as a deliberate measure of the ability of the local industries to adapt to greater international competition that was necessitated by trade liberalization. {50}

One of the strongest messages respondents voiced was that local industries were not prepared for competition necessitated by trade liberalization, and thus needed support in terms of easier access to credit in order to enable them to restructure their operations to suit the new environment. The government overlooked the fact the local industries required re-orientation to enable them to withstand competition that was brought about by trade liberalization. The local industries initially enjoyed lucrative domestic markets under a protected economy. Since the advent of the free market doctrine of trade liberalization, which has seen the lifting of restrictions on imports, the domestic market has experienced an excessive supply of imported products that are sold cheaply due to their lower production cost structures as compared to those of our local products. This problem is exacerbated by Zambia's geographical position. Zambia is a landlocked country and thus local industries do not have ease access to other foreign markets and if they do, they incur huge land costs.

It should be realized that trade liberalization is just one necessary condition for economic growth and a sufficient condition to reduce poverty, especially given the asymmetrical relationship between economic growth and poverty reduction. Generally, the objective function of most businesses is to maximize profits and thus in order for trade liberalization to benefit the poor, there has to be coherence between trade policies and national development policies.

Hicks, (1995) (511) states that both quantities of dairy products imported commercially and as food aid have to be considered seriously as they may affect domestic production through unstable prices. It may not be immediately clear how the Zambian government can develop the domestic dairy and beef sector other than by reducing imports and increasing domestic producer prices. It is rather perplexing and paradoxical that while Farmers struggle to improve production, the government continues importing milk and other cattle products which could be easily produced by Zambian commercial farmers. Certainly the government ought to meet some international trade agreements. but this has to be met through fair trade not at the expense of Zambia farmers.

Foreign assistance to agriculture should not go to the state sector or be used to subsidize consumption, but instead to research, support services and stimulation of production in both small and commercial sectors. It is also important to see to it that ecological balance and environmental protection are maintained using either statutory or legislative powers vested in government. This is a key element in modern agricultural development as it would be wrong to satisfy the present generation at the expense of future generations.

Technology transfer can be used to improve breeding, and productivity of local cattle. This should be done by first improving indigenous cattle. However, if exotic breeds suit production and marketing conditions and are genetically as good as or better than domestic stock then as pointed out by Smith, (1988) (2) a policy of continuous importation can be recommended particularly in the commercial sector.

According to the simple model of world trade and investigating the economic impacts of various group membership options (COMESA, SADC) for Zambia for the negotiation of an Economic Partnership Agreement with the European Union by DeRosa and Roningen (2003) (53), the model shows that Zambia benefits the most from world trade liberalization. The maximum possible gains from free trade for Zambia are 2.8% of gross domestic product annually while the completion of COMESA and SADC free trade areas provides economy-wide benefits of 1.2% and 1.0% of GDP respectively. However, if the EU negotiates a free trade area with Zambia independently or as a member of SADC or COMESA, Zambia gains about 2.7% of GDP annually. The major conclusion is that for the purpose of free trade area negotiations with the EU, the economic gains for Zambia are about the same for all types of negotiating instruments.

they further state that it has become increasingly and widely recognized that adjustment support to trade and trade-related shocks, reform, liberalization, and trade capacity-building should be integrated ex ante into trade agreements to facilitate the implementation for liberalization commitments and promote the beneficial participation of developing countries in world trade. A specific mechanism to meet the financial requirements for adjustments challenges arising from, *inter alia*, preference erosion, textile quota elimination, the commodities problem and government revenue losses could be met through the creation of an 'Aid for Trade' fund.

5.4 RECOMMENDATIONS/IMPLICATIONS FOR POLICY AND PRACTICE

5.4.1 RECOMMENDATIONS TO THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA

The following are recommendations to the Government of Zambia to enhance small holder producers' trade in dairy products.

1. Zambia should develop a national dairy trade policy development policy which takes into consideration the challenges of small producers so that they can develop closer to the level of commercial producers. This policy should act as a guide to the decision on promoting and protection to the dairy sector.
2. A deliberate policy on training of small dairy farmers on safety and quality of milk should be introduced so that they understand the role of this plays in international trade in as far as consumer health is concerned. The programme should be designed in local languages as well.
3. There is need to put in place a mechanism for detecting cases of dumping and subsidies so that complaints can be highlighted by the Magoye community about cheap subsidized imports flooding the Zambian market can be addressed.
4. There is need to harmonize quality standards on dairy products and testing methods both at national and EU/ESA level.
5. In order to overcome the challenges of meeting sanitary and food safety standards, a system for sharing of information on disease and disease control systems needs to be developed as soon as an EPA is signed.
6. The need for greater coherence among key Ministries such as the Ministry of Agriculture and Cooperatives and the Ministry of Commerce, Trade and Industry.^{t54})

7. Within the EPA negotiations, the Government should seek to obtain assurances of financial and other support to cushion the country from the effects of further liberalization, unlike the 1991 liberalization whose consequences were borne fully by the Zambian people, especially the poor and those in rural areas.
8. Government must not rush into signing an EPA agreement as envisaged by the European Commission Road map but seek to deepen dialogue with CSOs on a development friendly EAP strategy.
9. Government must address the likely dangers of an EPA on loss of revenue so that the process of national development is not disrupted. The EU should be made to pay for the revenue losses. (55)

5.4.2 RECOMMENDATIONS TO THE EC AND EU

1. The EC should assist the Zambian Government and the small dairy farmers to develop the technical and financial capacity of the dairy sector.
2. EPAs should not undermine the Zambian government's space to protect the dairy sector from imports, The government is in process of looking into policies such as the dairy sector regulatory board, drug regulatory bodies and the private sector development initiative under which different value chain analyses including milk are being conducted. The implementation of these policies should be supported.
3. EPAs should be based on non-reciprocity especially for sensitive products such as dairy products.
4. The timing of the introduction of reciprocity trade rules should take account of the level of development of ACP countries. (56)
5. Show some flexibility regarding Zambia's right to decide whether, how and when to liberalise the economy and sectors.
6. Ensure that trade liberalization and market opening in Zambia and other ACP countries is linked to development benchmarks and should not be undertaken unless it will contribute to poverty reduction. ism

5.5 IMPLICATIONS FOR FURTHER RESEARCH

Further research study can be pursued in comparison to other similar third world countries facing the same challenges as Zambia is facing so as to appreciate the magnitude of the problem and varying

solutions offered in the circumstances. The research can also include larger parts of the country so as to get more of an impact of the research area and its objectives which were thoroughly addressed!

5.6. CONSTRAINTS FACED BY THE DAIRY SECTOR IN ZAMBIA

- Vat paid on inputs, such as animal feed, cannot be afforded/claimed; hence cost of production is high. These costs, therefore, need to be reduced drastically.
- There are no export restrictions on the intermediate products such as cottonseed cake required for the manufacture of stock feed, hence leading to shortages. There is need for Government to impose export restrictions so that there is sufficient stock feed for the cattle to feed on.
- Imported milk poses stiff competition to local producers and the low level customs enforcement does not help. It is necessary to enhance the level of customs enforcement and increase the tariffs on imported milk.
- Lack of appropriate milk production technology to produce large quantities of milk. There is need for Government to invest in milk production technology so as to encourage increased consumption and sustenance of small scale farmers.
- Poor breed of dairy cows. Cross breeding of cattle must be encouraged and proper stock feed/graze for the new breed should be readily available.
- Poor cattle stock feed sources. There is need to encourage/enhance more production of stock feed with a variety of incentives.
- Inadequate agricultural extension services. These need to be increased extensively in order to ensure increased quality production.
- Lack of credit schemes. It is imperative that credit schemes be introduced because small scale farmers are not eligible to access loans.
- Unattractive milk prices and monopoly pricing set by bulk milk purchasing companies. Government should introduce a dairy board to set standard prices across the board. Subsidized milk products from the EU. The dairy industry in Zambia should be protected through a dairy policy, and symmetrical liberalization which can only occur through political will.
- Lack of quality testing equipment at the local level. It is necessary to invest in fresh milk testing facilities to ensure/encourage freshness of the milk.

5.7 EVALUATION

The Evaluation of the research project can be summarized as follows :

5.7.1 REVELVANCE

There is urgent need to protect the infant dairy industry from foreign subsidized dairy products through political will, Government support programs including the liberalization of the market economy gradually. This will include, among other measures, the elimination of supply-side constraints such as infrastructure. This will enable farmers to continue to have an income that will be able to sustain them as well as enable them to eventually compete favorably with their EU counterparts.

As Lanje et al (2009) (s) also states that 70% of the Zambian population live on agriculture, as in many African countries, 52% of which are smallholder farmers with less than 2 hectares of land. 64% of the people earn less than a dollar a day, and every second person is considered undernourished. For many farmers, milk production is the only constant source of income, especially as maize and vegetable growing have become increasingly risky over the past years due to climate change. There are hardly any other options for earning a living , let alone social security systems.

The strength of the relevance of this concern is that dairy production needs to be encouraged to grow and expand so as to enable the small — scale farmers to continue sustaining themselves as opposed to depending on the government. It therefore needs to be brought to the attention of Government that their support in this sector is equally required as in the maize sector where a tremendous amount of support is clearly given. A conducive environment to enhance dairy production, through infrastructure development and liberalization in small phases, will certainly improve production. The weakness of the relevance of this concern is that Government may favor the term 'Comparative Advantage' and hence encourage the subsidized dairy products to flood the market on the reasoning that the consumer should be allowed to choose the better product and/or to leave its production to those who can produce it better. Further, the elimination of supply side constraints for the dairy sector may not necessarily be a priority on the agenda of Government even though agriculture is a number one priority for the current ruling party.

5.7.2 UTILITY

There is a lot of confidence that the Answer adequately answers the Question and adequately deals with the Concern because there is now a better understanding that unfair competition will arise as a

result of the distorted market price which is influenced by the subsidies provided to the EU farmers who are more established farmers than their Zambian counterparts who require the necessary technology infrastructure and dairy institutional framework to make it more competitive. It explains that there is need for political will or government support programs in order for the industry to be vibrant and eventually be as competitive as its EU counterparts. This can only be done through a national policy to support the industry so that more and more stakeholders are brought on board to assist the industry and livelihood of the farmers whose main income support is dairy farming. In this way dairy production in the industry can be improved mainly through infrastructure development or the elimination of supply side constraints. Asymmetrical liberalization will also assist the small scale farmers to adjust to the competition of foreign products at a steady pace.

As a result the answer can now assist that in order for the dairy sector in Zambia to be competitive, Zambian producers need to operate in a conducive environment with appropriate skills, machinery, lower production costs, improve infrastructure for storage, collection and transportation of dairy products, especially raw milk, so that their competitive edge can be helped through Government intervention by creating an enabling policy framework, good extension system, access to drugs to alleviate cattle dying from controllable diseases as well as access to loans/credit which is essential for the expansion of productivity and purchase of better machinery and investment in better facilities such as milk sheds and milking machines. This includes investment in value addition which will ensure better profitability as opposed to selling the milk raw and hence leading to the import of milk powder and cheese.

Lanje et al (2009) (99) further states that a dairy production aligned with demand would put a stop to surplus artificially cheapened by subsidies on the world market. Dairy firms here should instead be receiving producers' prices that cover the costs. This is a decisive condition for more sustainable production methods such as cattle rearing on pasture, and thus for a dairy production that is compatible with the climate. 'Milk does not travel well', according to an African saying. Hence, in order to create fair conditions for German and European farming, women and men as well as support the setting up of dairy production in developing countries, the EU must at last adapt its volumes of produced milk to demand on the domestic market. This is the only way the scandalous butter mountains and milk lakes can be durably abolished.

The strength of the utility is that the CLD illustrates how political commitment from Government can eventually lead to a well established dairy industry in a short period of time as well as how investment and technology can enhance or improve dairy production and the weaknesses in its utility

is where the Answer does not deal with the Concern where this commitment or political will is not a priority on the agenda of the government.

As Jacques Diouf, Director General of the FAO, has cautioned,' The present situation of world food insecurity cannot leave us indifferent. Poor countries must be given the developmental, economic and policy tools required to boost their agricultural production and productivity. Investment in agriculture must be increased because for the majority of poor countries a healthy agricultural is essential to overcome poverty and hunger and is a pre-requisite for overall economic growth. The World Bank (WB) and the International Monetary Fund (IMF) on the other hand continue to insist on more free trade, liberalization and privatization. Even in times of hunger and financial crises, their main worry remains that countries could refuse further liberalization and return to protectionism. Instead they persist in thinking that only liberalized food markets and free world trade can guarantee food security — even though the last three years proved this wrong. tsot

5.7.3 VALIDITY

The process followed in reaching the answer was correct and rigorous. Enough attention was paid to detail, the mind was adequately applied to the process as well as due diligence was clearly demonstrated. The paper tried to answer the question by using the grounded theory method which involved collecting data through a conversational research interview (See Research Tool I in Appendix C) toward a selected group of participants that specialized in the dairy sector in Zambia for each of the three research papers. (See Research Tool 2 in Appendix C). The strength of the validity is that the core variable was identified because it accounted for most of the variation in the pattern of behavior that emerged and it also helped integrate the other categories discovered in the data as well as coincided with the theory behind Figure 5 Answer CLD in Appendix A for each of the three research papers.

The core variables that were established in each of the three research papers led to the logical sequence of the meta-synthesis of the three papers which displayed the overall Answer to the overriding question.

The weakness of the utility was the non-availability of the Permanent Secretaries at Ministry of Agriculture and Cooperatives and Ministry of Commerce Trade and Industry as their valuable contributions would have also been beneficial to the study especially as the Ministry actually spearheading the EPA negotiations.

Transcribing the tapes of the 24 participants interviewed was very time consuming and a great challenge in the process.

5.7.4. ETHICS

The benefits that each course of action will take is that the dairy industry will be preserved and developed. This is necessary especially since majority of the livelihood of small scale farmers is in the dairy production, hence not being morally obliged to develop, invest and protect the dairy industry will lead to depriving farmers of their daily subsistence. The best alternative that will lead to the best overall consequences is where Government is totally committed and is the driving force behind the preservation, development and expansion of the dairy sector.

The moral rights that the farmers, as affected parties have, is to have their livelihood sustained or preserved and so that poverty can be avoided as well as dependency on government aid. The course of action that best respects these rights is in helping to determine or assist in the Poverty Reduction Program as well as the Fifth National Development Plan.

The course of action that treats everyone the same is through the provision of an increase in the standard of living of the peasant farmers as a result of value addition of milk through improved technology development and skills and so on. Basically, the overall protection of the dairy sector as a result of political will by Government.

The course of action that advances the common good is enabling the small-holder farmers to have excess dairy products to consume by maintaining a healthy life style which will lead to more productivity both at school and at work and not for purposes of profit making as a daily sustenance.

The course of action that develops moral virtues is that it encourages a healthy, vibrant and productive dairy industry. It also encourages a higher standard of living and achievement of development goals.

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APPENDICES

APPENDIX C — LIST OF CONTINUING TABLES

Table 1. Continuation of Level 1 Coding of Research Paper 2

Field Notes

Level-1 Coding

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<p>Tax should be <u>balanced</u> and not become <u>punitive</u>. Tax should be <u>waived</u> on small scale farmers as majority of them are retired. There is a school of thought that States that tax is introduced and then <u>ploughed back</u> into that sector as a positive benefit especially where it is used to <u>reinvest</u> into the <u>agricultural Sector</u> so that the people who contribute to the sector can also have some benefit (i.e. to improve infrastructure) Placing tax at the <u>level of production</u>, will lead to <u>stifflment of production</u>, placing it at consumption will be a <u>disincentive</u> for <u>consumers</u> to purchase the <u>dairy products</u>.</p> <p>However, placing <u>import taxes</u> on milk will give local small scale farmers an <u>incentive</u> or <u>competitive advantage</u> against the <u>imported milk</u>. Imposing tax on <u>domestic products</u> will make local farmers <u>less competitive</u> to the milk coming in from the <u>EU</u>.</p> <p>It's important to have as <u>cheap food prices</u> as possible in a country where one is trying to reduce <u>poverty levels</u> in a country which is estimated to have 65% of the poor amongst its ranks and <u>agriculture</u> plays an important role. Increasing or <u>decreasing poverty levels</u> depends on the dynamics of the <u>taxation Regime</u>. Where <u>disposable income</u> is limited, it would mean <u>foregoing</u> some things to consume milk or doing away with it. In short, introducing a tax on agricultural produce means having to <u>reallocate</u> your disposable <u>income</u>. Since majority of Zambians cannot <u>afford to buy milk</u>, the <u>increase in price of milk</u> will reduce the market <u>access</u> that the product</p>	<p>Balanced, punitive Tax waiver</p> <p>Re-invest</p> <p>Agricultural Sector</p> <p>Inputs, Low production Disincentive Dairy products</p> <p>Import taxes Incentive, competitive Advantage imported milk, domestic products less competitive EU</p> <p>Cheap products Poverty level</p> <p>agriculture Low poverty level Taxation, Expenditure Substitutes Relocation , income Reallocation income Poverty, Expensive Market share</p>
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Field Notes	Level-I Coding
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Product has because of the decrease in people purchasing it, hence reducing its market share to only the rich few who can manage to purchase it. This will lead to cheaper products coming in from elsewhere, which have undergone subsidized production, having a good market share which can be said to be in the interest of consumers at the detriment of the small scale farmers.

If a tax policy is introduced, most small scale farmers will shy away from it or end up not going into it as a business because farmers will fail to purchase the taxed equipment including feed, Vaccines and so on which are already very expensive. Tax is not justified when you intend to benefit the healthy nation. It would be better for the Government to tax the inputs but not the outputs i.e. tax production but not consumption because of the need of a healthy nation. The more a country produces locally, the more it is a healthy Nation.

Purchasing power
Imports

Subsidized
Market share, Interest of consumers
Detriment
Expensive

expensive
Cost of production

Healthy Nation
Inputs, outputs

Local production

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Field Notes	Level-I Coding
<p>Already there are <u>indirect taxes</u> on milk. Every time milk goes from a farm to a <u>Processor</u>, a <u>levy</u> is paid to <u>local Government</u>, dairy animals sold and becoming <u>unproductive</u>, a <u>levy is</u> paid to government i.e. the police, to get a <u>police clearance</u>, pay to the <u>council</u> where the animals are moving from one council to another. A tax is also paid when purchasing bicycles which are the most common form of <u>transport</u> by the small scale farmers. <u>Vat</u> is paid on <u>milk canes</u>, <u>buckets</u>, <u>veterinary medicines</u>, <u>chemicals</u> and so on. Indirect taxes on milk can thus be said to be much more than any other <u>agricultural product</u> such as maize which is highly subsidized. Government should consider all agricultural commodities and provide them with the same <u>incentives</u>. Otherwise subsidies should be removed on all <u>commodities</u> so as to enable them to face the same taxation levels or incentives.</p>	<p>Indirect taxes Processor, levy , local government Unproductive, levy Police clearance, council Bicycles Transport Vat inputs Agricultural product Incentives Commodities</p>
<p>A further constraint are increased daily <u>Transport costs</u> due to the increase in <u>electricity problems</u> of load shedding at ZESCO causing farmers to acquire <u>generators that require the most expensive source of energy, namely Diesel</u>. The switch by consumers to buy <u>imported products</u> due to the <u>increase in price</u> means that either firms will wind up or close down. This will not only Affect the owner of the firm but each <u>Employee</u> working in that firm with an average family of 6. There will be a <u>multiplier effect</u> because there are those who <u>depend solely on</u> the dairy industry for survival and are supporting big families. They would then go back to being dependent on <u>world vision</u> and <u>donors</u> that give <u>relief food</u>.</p>	<p>Transport costs High input costs Substitution Expensive Employee Multiplier effect Source of income World vision, dependent Donors, relief food</p>

Field Notes	Level-1 Coding
<p>The <u>small dairy development</u> has <u>exceeded</u> the <u>30% policy</u> of involving <u>women</u> in all <u>activities</u> at all <u>levels</u> under <u>SADC</u>. In the Copperbelt, its <u>80%</u> including <u>blind</u> people. <u>Women are able to handle dairy animals</u> by <u>feeding them, milking them and even record keeping</u>. On average there are 60% in small holder dairy. There are a group of HIV positive women who are able to look after the animals or are into dairy and are also able to actually <u>improve their health and status</u>. More <u>resources are required to be allocated</u> towards this <u>program</u>. Although there was enough allocated in 2007, this was not the case in 2008. As result, a lot was achieved and legislation will be pushed in parliament which covers <u>small holders farming</u>. In theory <u>HIV/Aids policies</u> are very well <u>mainstreamed</u> in agricultural programs but in practice, there are a number of <u>problems</u>.</p> <ol style="list-style-type: none"> i. The <u>staff members</u> themselves are <u>victims</u> and at times there are <u>no adequate extension services</u> due to HIV/AIDs. ii. The stimulation of <u>agricultural technology</u> including milk production is one of the tools for fighting HIV/AIDs which is not robust or clear enough. iii. There is room for improvement and HIV/AIDs should not be the subject of a one day <u>workshop</u>. It should be mainstreamed and the role of agriculture is to <u>promote production</u> and also to contribute to the <u>mitigation</u> of <u>HIV/AIDs</u>. <p>The <u>National Agricultural Policy</u> does not pronounce much in terms of gender and HIV/Aids and how it will be <u>incorporated or integrated</u> despite a lot of pronouncement from the MOAC and more so with the non status <u>NGO work</u>. There are no Gender and <u>HIV/AIDs structures</u> at Provincial, District and Camp level in Agriculture. Gender structures are only at <u>cabinet level</u>. There is actually very little happening in practice. For example:</p>	<p>Small Dairy Development SADC policy gender Vulnerable</p> <p>Gender sensitive activities</p> <p>Improve, health, status Resource allocation, Program</p> <p>legislation Small holder farming HIV/AIDS policies Mainstreamed Lack of implementation Staff members , Victims Limited extension services</p> <p>Agricultural technology</p> <p>Workshop Promote production Mitigation of HIV/AIDs</p> <p>NAP</p> <p>Implementation MOAC NGO work Structures</p> <p>Cabinet level</p>

Field Notes	Level-1 Coding
<p>i. There is no introduction of <u>technologies</u> that are aimed at benefiting the HIV/AIDs individuals or households.</p> <p>ii. There is no <u>elimination of traditional gender insensitive practices</u> where women find it difficult to <u>invest</u> in serious agricultural issues such as <u>extensive farming</u> or investing in any <u>land</u> because when the heads of households die or there is separation/divorce, women are taken <u>off the land and told to go back to their parents' home</u>.</p> <p>iii. The <u>distribution of resources</u> in our communities is unfair as most times it is the man who determines how the money will be used after selling the produce.</p> <p>In the area of Agriculture, small scale farmers are <u>dependent on household labor</u> which is a cheaper source of <u>Labor</u>, but if one person falls <u>sick</u>, <u>much</u> of the time is spent looking after sick <u>HIV/AIDs patient</u> meaning that they end up only <u>cultivating 30%</u> of their fields. <u>Assets</u> at some points will have to be sold in order to cater for looking after the sick persons due to <u>medical expenses</u>. Hence the saying, "if you are not infected then you are Affected". Women who contribute a significant amount to <u>agricultural output</u> should be recognized and appreciated through <u>measures</u> and policies. The tools, technology and extension <u>support</u> must be <u>suitable</u> for the female gender and should not be identical to the male gender because of both their <u>biological and physical make up</u>. Hence <u>access to credit, to land, to equity and wealth Creation</u>.</p>	<p>Lack of sufficient technologies</p> <p>Traditional gender insensitive practices</p> <p>Invest extensive farming, land allocation</p> <p>Culture</p> <p>distribution of resources</p> <p>Labor dependent</p> <p>Sick patient</p> <p>Cultivating, assets</p> <p>Medical expenses</p> <p>Agricultural input Measures Policies Suitable support</p> <p>Accessibility, empowerment</p>

Field Notes	Level-1 Coding
<p>There is also focus on the <u>youth</u> and HIV/AIDS because the youth will <u>anchor the nation</u> tomorrow. There is therefore need for a healthy nation so as to develop.</p> <p>Dairy greatly helps to <u>reduce poverty</u> which is one of the <u>government's development goals</u>. Milk, as an essential <u>protein</u>, is required in HIV/AIDS patients who are very useful and intelligent and hence add to our Developing country.</p> <p>The dairy industry requires <u>protection</u> because it is a young and <u>growing industry</u>, in its <u>infant</u> stage, where <u>imported</u> products coming into the country are <u>subsidized</u> where they come from and are therefore at much <u>cheaper prices</u> than locally produced products. This is to prevent the issues of <u>dumping</u>, as a way of getting rid of <u>surpluses</u> by other countries, and <u>uncompetitiveness of Local products</u>. The industry should be exposed to the same <u>technology, farming methods</u> until they are able to <u>compete effectively and produce efficiently</u>.</p> <p>It is necessary to have <u>uniform customs union</u> or <u>uniform subsidy policy</u> level within the <u>region</u> because subsidies can become <u>retrogressive, punitive</u> and create <u>unfair competition</u>. Trade must therefore be seen to be fair especially with countries that have much bigger production. Under <u>SADC and COMESA</u>, <u>production protection</u> should only be in context of <u>sensitive list</u> kind Of guidelines, where a particular product</p>	<p>Youth Anchor, nation</p> <p>Poverty reduction 5th NDP Nutrients</p> <p>Protection Infant industry Imported products Subsidized Cheaper prices Dumping Surplus Uncompetitiveness ,Local products Technology</p> <p>Sufficient competition, production</p> <p>uniform customs Uniform subsidies Punitive, retrogressive Unfair competition, fair trade</p> <p>SADC, COMESA, production Protection, Sensitive</p>

Field Notes	Level-1 Coding
<p>Having said that, the objectives of the treaty/regional <u>agreements</u> to which the parties belong have a general understanding that whatever exemptions/exceptions countries may have in relation to a particular sector of the economy should not, in the main, adversely or to a substantial extent affect the <u>objectives</u> of the <u>treaty</u> or the regional agreement to which they belong otherwise it does not make sense if each one is going to have a <u>protected product</u> in almost every sector or if each one is going to give <u>Unlimited subsidies</u> to the farmers or other productive areas of the economy, then it defeats the whole concept of <u>regional integration</u> so that there is need to have a balance between <u>national level</u> country actions and its <u>obligations</u> in relation to the trade agreement or regional arrangement to which it is a party. Hence, subsidies in relation to the dairy industry and regional integration should be such that it will benefit each of the countries and each of the sectors especially in the <u>Agricultural Sector</u>.</p> <p>Further, subsidies should be done in a manner that will not make a person a <u>perpetual beggar</u> or comfortable with constantly receiving <u>funds</u>. Money must expend the <u>public good infrastructure</u> with <u>market linkage</u> and <u>market development</u> as an indirect subsidy to farmers, including the purchase of generators and fuel, due to <u>electricity</u> problems because whatever the Government <u>invests</u> in will in actual fact <u>return through taxes as a result of empowering</u> farmers who will be able to spend.</p>	<p>Agreements</p> <p>Objectives, treaty</p> <p>Protected product Subsidies</p> <p>Regional integration</p> <p>Obligations</p> <p>Agricultural sector</p> <p>Perpetual beggar Funds Infrastructure, market linkage Market development</p> <p>Cost of production Investment, re-invest Empowerment levels</p>

Field Notes	Level-1 Coding
<p>Most governments in the region are not willing to increase <u>allocation of resources</u> to the Agricultural sector as was the aim of the Maputo Declaration in 2003 when African Governments committed to progressively increase their national <u>Agricultural budget</u> at least 10% of their national GDP. A research done by the <u>AU</u> last year showed that out of 19 countries only 6 had reached the 10% and even then it was mostly subsidies. Zambia, last year, reached about 8% mainly through the fertilizer support programs.</p> <p>International trade is seen as means of getting the consumer to be able to access quality, quantity and affordable goods. An African <u>COMESA</u> should have all borders open so that all exploit <u>competitive advantage</u> by each economy specializing in what it can do best. Zambia should maintain <u>comparative advantage</u> by concentrating and producing commodities she is good at and importing those she is not efficient at. International trade with the <u>EU</u> will <u>open up</u> the market and flood the country with dairy products that will be available and affordable for the Zambian population. There is hence a need to provide government with an analysis as to the contribution of the dairy sector in the economy in terms of its affordability and <u>employment levels</u> the country with dairy products that will be available and affordable for the Zambian population. There is hence a need to provide government with an analysis as to the contribution of the dairy sector in the economy in terms of its affordability and <u>employment levels</u>.</p>	<p>Resource allocation</p> <p>Budget GDP AU</p> <p>COMESA Borders, Competitive advantage</p> <p>Comparative advantage</p> <p>EU, liberalize</p> <p>Employment levels</p>

Table 2 – Continuation of Level 1 Coding of Research Paper 1

Field Notes	Level-1 Coding
<p><u>Access to credit</u> is essential in <u>expansion</u> of productivity and <u>purchase</u> of better machinery and <u>investment</u> in better <u>facilities</u> like milking sheds milking machines etc. <u>Investment</u> into industries is important to ensure that there is value addition, for example <u>processing</u> the milk into <u>butter</u>, <u>milk powder</u> and <u>cheese</u>. <u>Value addition</u> will ensure a <u>better price</u> for the product as opposed to only <u>selling</u> raw milk.</p> <p><u>Training skills</u> for farmers in <u>improved productivity</u> and skills to ensure their products are of a <u>high quality</u> and conform – Sanitary and Phytosanitary (SPS) conditions. Greater skills development, <u>policy analysis</u> <u>market research</u> and policy dialogue and <u>negotiation</u> skills are key areas that dairy producers in Zambia should devote resources with a view to becoming more competitive.</p> <p>Zambia signing the EPAS or other similar <u>agreements</u> causing these <u>products to enter the market</u> is that in as much as Zambia needs to engage in <u>international trade</u>, it is essential that <u>infant industries</u> are protected. Zambia needs to <u>consult</u> the relevant <u>stakeholders</u> widely including the small scale <u>farmers</u>, <u>processors</u> and the like. The <u>benefits</u> of entering into these <u>agreements</u> need to be <u>thoroughly analyzed</u> so as to guard against <u>unfair trade</u>. In this regard, Zambia should <u>negotiate</u> EPAS or similar <u>agreements</u> but should be <u>careful</u> to ensure that <u>liberalization</u> of <u>trade</u> for all products in which Zambia is <u>not competitive</u> is <u>phased</u> to allow Zambian products to get more <u>competitive</u>. This means uncompetitive Zambian producers must be given some <u>protection</u>, but such protection should not be indefinite but should be for a <u>specific</u></p>	<p>Access, Funding, Expansion Purchase, Investment, Equipment, Investment Value addition, Processing Dairy products ,Better price Selling Training skills, Improvement High quality SPS, Skills Policy analysis, Market research Negotiation Agreement Imports International trade, Infant industries Consultation Stakeholders Stakeholders, Advantages Agreements, Caution Unfair trade Negotiate , Caution Liberalization, trade not competitive, Delay Competitive Protection Time limit</p>

<p><u>period of time.</u></p> <p>The dairy sector currently faces <u>competition</u> from other international <u>products</u>, but it is not fierce, mostly from within the <u>region</u>, particularly from Kenya, Zimbabwe and to a lesser extent, from Malawi. The lack of <u>value addition</u> has created a market for <u>import</u> of products like milk powder and cheese.</p>	<p>competition</p> <p>products</p> <p>region</p> <p>value addition</p> <p>Import</p>
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	Level-1 Coding
<p>The following <u>obstacles</u> to trade more effectively and <u>productively</u> have yet to be <u>addressed/faced</u> :- <u>cost of feeding of the dairy cows, genetics of the cows, cost of constant improvement of the cows, disease control, electricity failures and increased productivity. Dealing with infrastructure challenges</u> like access to cheap communication, well maintained <u>feeder roads, quality control centers</u> and <u>milk collection pointes</u> at convenient places will insure that farmers are able to supply a <u>high quality</u> product to <u>the market</u>.</p>	<p>Hindrances</p> <p>Productively, Solution</p> <p>Cost of production</p> <p>Infrastructure</p> <p>Supply side constraints</p> <p>High quality</p> <p>Market</p>

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Table 3 – Continuation of Level 1 Coding of Research Paper 3

FIELD NOTES	LEVEL 1 CODING
<p>Season despite the fact that it is <u>seasonal</u> as well as support in <u>irrigation</u>.</p>	<p>Seasonal, irrigation</p>
<p>There is also need to <u>plan</u> for some of <u>their calves to calf during the dry season since most calving</u> takes place during the rainy season when milk is usually high. Hence proper planning by the farmers will enable them to produce milk throughout the year.</p>	<p>Proper planning</p>
<p>ii Look at other <u>sources of supply</u>. If supply is seasonal in one area because of <u>climatic conditions, behavioural patterns of pastoralists</u>, one would start to influence those factors so that supply is less seasonal. It may be more costly, but it would help address/ even out the <u>seasonality of supply</u>.</p>	<p>Sources of supply Climatic conditions, pastoralists Seasonal of supply</p>
<p>iii Some small – scale processors tend to use <u>drastic methods</u> which may be <u>sustainable</u> where they simply lessen they dairy activities and begin to focus on other activities. That type of <u>diversification</u> in a <u>commercial environment</u>, may not be very sustainable. The easiest ways would be to address the limited supply in those seasons when raw milk production is low and that can be done through <u>good animal husbandry techniques</u>, low supply of raw milk maybe as a result of <u>inadequate food, not enough grass, folder to feed the animals</u>, that can be addressed by providing the required dietary needs of the cattle so that they continue production.</p>	<p>Drastic methods Sustainable Diversification, Commercial environment Education Inadequate Feed</p>
<p>In the short – term, the adequate storage facilities, in terms of quantity and keeping the raw milk in good state would be the more feasible option of the three.</p>	
<p>Normally with <u>intensive dairy or large scale farmers</u>, there is <u>little variation in the seasonal supply</u>, far less variation than you would find with the small scale farmers. This is because their cattle is intensively fed on the <u>large scale intensive dairies</u> so the cattle do not go out to obtain their food. Their food is supplied in full and they never leave the feeding grounds. Everything is mixed and supplied to the cows. As opposed to <u>less intensive dairies</u> where the farmers supply some food and rely on <u>grazing</u> for their cattle to collect their <u>roughage</u> requirements. In extremely intensive systems, like Kousheer, when they have very adverse rainy seasons, their production is definitely affected because their cattle are not completely housed and in the <u>feed pins</u>, where they are, although feed is supplied, the cattle get very <u>uncomfortable with too much mud and slush and the wetness factor</u>. In such systems, they suffer a lot more than their counterparts in less intensive systems from foot problems with their cows due to them being confined in very small wet area. As a result, they will <u>drop slightly more in the rainy season</u> as compared to less intensive farmers.</p>	<p>Large scale farmers, consistent Large – scale intensive dairies Less intensive dairies Grazing, roughage Feed pins Uncomfortable Weather Less supply of milk</p>

FIELD NOTES	LEVEL 1 CODING
<p>The less intensive farmers rely more on grazing and hence tend to pick up in the <u>summer</u> because the cattle have nice green grass to eat and their cattle are out where as intensive farmers keep their cattle in very small areas that can be very wet. So the variation is there but it's not very big in comparison to less intensive farmers. They maintain in the dry period as they do not need rain for the cows but they need rain to grow the crops.</p> <p>There are three levels of support, namely:</p> <ol style="list-style-type: none"> i. <u>Commercial agriculture</u> farmers get more milk in the dry season because there is very little stress on the animal in the dry season because they <u>prepare</u> and <u>conserve</u> feed. In order to get more milk during the dry season, the farmers are <u>trained how to grow feed, process and conserve it</u>. They also need to buy <u>improved formula</u> continuously in order to support the activities. ii. If these farmers are well trained they can move away from <u>less productive animals to more productive animals</u>. iii. General support is required in Magoye – Monze to have access to water so that their livestock can have water. iv. <p>Food production can be increased even given the situation that production is seasonal by: -</p> <ol style="list-style-type: none"> i. <u>Improving storage</u> of raw materials ii. <u>Improving off season production</u> through irrigation. <p><u>Stabilizing supply</u> is a way of supporting feed processing when supply is strongly seasonal. In Zambia 80% of milk being processed comes from approximately 20% of suppliers who are <u>commercial</u> and the rest from <u>traditional</u>. However, most of the so called traditional farmers have been transforming into commercial by pooling their production and amalgamating into cooperatives/ <u>farmers association</u>. Seasonal differences are being addressed by encouraging (through training and material support from private sector) mainly the farmers associations in better <u>animals feeding methods</u> such as <u>pasture preservation</u> to deal with the long dry months. When there is less pasture for cows to feed and hence <u>lower production</u>.</p>	<p>Summer</p> <p>Commercial agriculture</p> <p>Feed storage</p> <p>Trained</p> <p>Technology</p> <p>Productivity</p> <p>Improving storage</p> <p>Off season production</p> <p>Stabilizing supply</p> <p>Commercial, traditional</p> <p>Farmers' association</p> <p>Better animal feeding method, pasture preservation</p> <p>Lower production</p>

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<p>Past experience has shown that this can only work in the case of farmers' associations and not with the commercial farmers. In Zambia, commercial farmers have mainly been European settlers/ descendants of the European/ Dutch settlers who came into the country in the colonial era. These have kept a certain <u>breed</u> of cattle whose production has a tendency to vary with seasonal conditions.</p> <p>Food processing can be supported by improving dry season milk flow extensive and possible <u>price differentiation</u> to encourage <u>conservation</u> of food.</p> <p>Food processing can be supported by a set of <u>coordinated agricultural policy measures</u> which should include ensuring a <u>market based but regulated financial system, infrastructure development</u> and capacity building in agro processing. Seasonality can be countered by ensuring that under infrastructure, irrigation is supported and financed at both individual and community levels.</p> <p>An obvious way to support food processing for seasonal products is to have a systematized system of national storage whether in the dry format e.g. the <u>maize silos</u> under the Food Reserve Agency or in the cold format e.g. <u>cold chain or cold storage</u>.</p> <p>The other would be to import the required food products by taking advantage of regional and / or global seasonal variations. It may be winter in Zambia when it is harvest season for a particular crop in Kenya or South Africa. However, this would require building of long – term <u>cross – border</u> or regional business relationships where forecasts are built into planning and implementation of required imports to support the food processing industry.</p> <p><u>Animal yield</u> does strongly influence production and supply of milk in the following ways: -</p> <p>a) Total milk production is a function of productivity and total number of animals producing milk. These two functions influence total production and supply and at times even influence <u>price</u>.</p>	<p>Breed</p> <p>Price differentiation ,conservation</p> <p>Policies Market based, regulated financial System, infrastructure development,</p> <p>Maize silos Cold storage</p> <p>Cross border</p> <p>Animal yield</p> <p>Price</p>

FIELD NOTES	LEVEL 1 CODING
<p>The <u>strategies</u> to increase milk production can either be to improve the productivity of an animal either by crossing the animals to improve the breed e.g. <u>crossing</u> the indigenous animal which does not produce much milk, with an <u>improved</u> breed or <u>exotic</u> breed, so that the <u>offspring</u> will give <u>better milk yield</u> than the indigenous animal but which is resistant to diseases.</p> <p>b) By substituting the breed, instead of having an <u>indigenous</u> breed, one can import or buy pure breed animals which produce a lot of milk.</p> <p>c) By improving the <u>nutrition</u> of that animal.</p> <p>The above will improve the productivity of an animal as well as a combination of all three including increasing the number of animals producing milk.</p> <p>Animal that produces 10 litres of milk a day is different from one that produces 25 litres of milk a day. This is key or critical for a dairy processing unit/enterprise as processors want to ensure they have sufficient raw material / milk to process so as to fulfill their capacity. Most of the farmers in Magoye and Mapepe have <u>traditional</u> cows which tend to produce between 0.5 to 2 litres per day per cow. The exotic breeds produce much more but find it hard to survive in our environment /climate. They require <u>proper management, medication and food</u>.</p> <p>In Zambia, there are four different types of animals:- There is the <u>local cow</u> which usually does not produce more than 5 litres per day. Secondly, there are <u>crosses</u> or cross breed animals which are a product of an <u>indigenous</u> cow and a pure <u>dairy bull</u>. With good management, it is able to produce between 8 – 12 litres per day. As an <u>improved</u> animal, it is able to give slightly more than the local cow. Thirdly, a pure dairy animal or <u>jersey</u> is a <u>better</u> milk yielding cow than a cross- breed and indigenous cow. It's a <u>high yielding</u> animal and very ideal for the small scale farmer. It gives not less than 15 litres of milk per day and under good management, it gives a maximum of 20 – 22 litres. It is ideal because it is easier to look after in comparison to the other s, it doesn't eat very much, it can <u>tolerate seasons</u> to some extent and it doesn't get seriously affected with the dry season.</p>	<p>Strategies</p> <p>Crossing Improved, exotic, offspring Better milk yield</p> <p>Indigenous</p> <p>Nutrition</p> <p>Traditional</p> <p>Proper management</p> <p>Inputs</p> <p>Crosses Indigenous, Dairy bull, good management Improved</p> <p>Jersey High yielding</p> <p>Tolerate seasons</p>

FIELD NOTES	LEVEL 1 CODING
<p>The fourth type is the <u>Heifer</u>, which is an exotic huge black and white cow. It produces up to 40 litres of milk under good management. They are, however, difficult animals as experience proved in Magoye in the past. They were easily affected by diseases and animals didn't have enough food. It is not an ideal animal for a small scale farmer although it's been argued that anyone can manage these, it's a matter of <u>improving /changing attitudes</u> and adjusting to the requirements of the animal. The second and third, cross breed and jerseys, are the ideal ones for the majority of small scale farmers in Zambia</p> <p>Animal yield does strongly influence production but it is tied to management. The more intensive the management the farmer is able to supply, the more higher yielding cows the farmer can afford to have. It is absolutely pointless to put a high producing, high bred cow on to a farm, large or small, where the management and the feeding is not able to fulfill the full potential of that animal. The strongest influence on milk supply is really management of the type of cow that a farmer is going to have. Whatever breed of cow or level of potential production of a cow one has, it is imperative to sustain milk production whereby one can cover their <u>cost of production</u> to always get the <u>optimum yield</u> from the cow that one has in their system. The very highly intensive farmers all use <u>artificial insemination</u> and spend large sums of money on semen from <u>world class bulls</u>. This should only be done where the farmers can supply management to manage those cows to full potential.</p> <p>In Mapepe, there is lack of <u>animal health veterinary services</u> stationed in the area. There is need for the association to buy medicines, feed, dip and so on, to be located there so that those who cannot afford to go in to town can buy their supplies in the area. There is also need for a fully trained artificial inseminator because most animals go up to 7 – 10 months without getting pregnant. This will enable artificial insemination every 2 -3 months and improve the quality of milk. On one hand, there is desire to support dairy small holder farmers and on the other hand there are technically demanding animals/breeds which small holder farmers cannot look after. So the way around this is to commence with the cross – bred (f1) and after learning, the farmers can then slowly graduate to commercial dairy farming or the next type of breed.</p> <p>Animal feed does encompass food crops such as <u>soya, cotton seed, maize which crops</u> are also a major raw material in <u>edible oils</u> and <u>maize meal</u>. A higher animal yield would entail a higher consumption of these products by animals through stock-feed and may affect production and supply to the human consumer.</p>	<p>Heifer</p> <p>Better attitudes</p> <p>Cost of production, optimum yield</p> <p>Artificial insemination Bulls</p> <p>Vet services</p> <p>Feed</p>

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<p>Further, higher animal yield for the rural farmer may entail that the farmer may not readily be pre – occupied with the actual land tilling to grow food crops when a good income may be sustained through possible sale of animals.</p> <p>The kind of strategy responses that can be undertaken/adopted to address changing demands of the dairy environment are as follows: -</p> <p>To promote more utilization of the dairy products by carrying out <u>Government Campaigns</u> on the importance of milk as a source of protein as opposed to beef, chicken and fish. The result of an earlier promotion carried out by MOAC led to an increase in the consumption of milk due to the increased public awareness. Despite this sensitisation, Zambia still consumes much less than the recommended level. Hence, MACO must continue <u>sensitizing</u> people on the importance of milk and milk products as opposed to taking fizzy drinks. Taking milk in various forms of products will increase consumption of milk.</p> <p>In order to increase milk and its consumption, farmers need to be assisted to get better yielding cows through <u>loans</u>, not free, to produce more milk for the nation. The government should encourage every province to do dairy farming so that there will be no need to import milk which can be of poor quality as people may choose to <u>dump</u> their products into the country which may not be good for the people or nutrition.</p> <p>Quite obviously, the long-term production of milk is dependent on the market as to the fact of supply and demand. If there is a <u>good demand</u> for milk, this obviously makes it much easier to manage production. In contrast to that, if there is a fall in demand, the farmer usually suffers because immediately the buyers of milk want that milk at a <u>lower price</u>. This is really a case of <u>demand and supply</u>.</p> <p>The problem dairy farmers have is that they can't just suddenly switch on and switch off production. Dairy is a long term , very <u>costly</u> investment and this is what destroys dairy industries throughout the world is when there are sudden <u>dramatic changes</u> in the marketing factor particularly when supply exceeds demand. The farmer is unable to just suddenly stop production. This is probably where dairy farming needs possibly more protection than other agricultural industries particularly importations of milk from other countries that directly affects the local producers.</p> <p>Importation of milk is only viable if there is a shortage of supply of milk, then the local farmers will not be <u>damaged</u>. But if the local industry is supplying sufficient milk to the market, it is extremely damaging when imports of dairy products and milk are dumped into that country.</p> <p>The problem is once farmers leave dairy production, they will never come back to it because it is <u>extremely expensive</u> to start production all over again. This problem is faced by all producers of milk and processors of milk and milk products worldwide.</p>	<p>Government Campaigns</p> <p>Sensitizing</p> <p>Loans</p> <p>dump</p> <p>demand</p> <p>Lower price, demand and supply.</p> <p>Costly dramatic changes</p> <p>Damaged</p> <p>Expensive</p>

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<p>Diversification would only be important where a processor starts thinking of getting out of the field because the projection for the medium and long – term portrays that demand for the milk will go down to <u>uneconomic</u> levels. It is not a one off blip that shows today it goes up or tomorrow it goes down and it will go back to normal. But it is <u>structural</u> and one can see the demand for the product weighing to a level where it is no longer economic and in situations like that there is a strong need for a factory to diversify. Diversifying has strong strategic considerations that go with them such as <u>financing</u>, <u>internal</u> and <u>external capabilities</u>, looking at the <u>linkages with the market</u>, the <u>supply chain</u> and so on.</p> <p>Government should look into assisting women with more animals because it's the woman who looks after the children, husband, orphans and entire family. Currently, they are lucky because they have a number of NGOs teaching them how to look after animals even to make their own feed. So once a woman gets <u>knowledge</u>, it spreads even to children. They need <u>assistance</u> with soft loans or loans with good terms. As retired officers, they are not able to obtain loans instead they do receive monthly pensions which can barely sustain them due to not adjusting the monthly figures to current inflationary figures.</p> <p>Diversification is best because fresh milk being a highly perishable product, there is need for every processor to invest in equipment which will convert the fresh liquid milk into products such as long life milk and / or powdered milk which are <u>shelf stable</u>. Powdered milk can be converted back to liquid milk with increasing demand for liquid milk. Long life can easily be exported in its liquid form to countries such as Mozambique, DRC and Angola which have presently little or no dairy infrastructure.</p> <p>Diversification is ok but <u>growing markets</u> makes more sense as we have a very low base of consumption.</p> <p><u>Training and extension services</u> can ensure that farmers are made aware of the market requirements and not produced blindly. Zambia currently is not well suited to supply EU and USA agricultural markets because those markets are very highly developed requiring a good understanding of the various <u>market segments</u>, such as low fat foods, organic foods and low carbon foot print products. The farmers will need to eventually acquire those <u>skills</u> if they are to survive the harsh international trade area.</p>	<p>Uneconomic</p> <p>Structural</p> <p>Strategic Considerations</p> <p>Education, Assistance</p> <p>Shelf stable</p> <p>Growing market</p> <p>Training and extension services</p> <p>Market segments</p> <p>Skills</p>

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<p>i. If imports threaten local industry, <u>countervailing duties</u> may be imposed.</p> <p>ii. If <u>SPS</u> issues (i.e. to control disease spread) then SPS measures or other <u>non – tariff barriers</u> may be instituted.</p> <p>iii. <u>Anti – competitive trade practices</u> such as abuse of dominance by dominant, sole or “monoposony” buyers of e.g. milk from cooperative small – scale farmers may need to be investigated and addressed within the domestic economy.</p> <p>iv. Training of small – scale dairy farmers by the commercial dairy processors in SPS measures would be required to meet the ‘<u>changing environment</u>’ for higher quality dairy products.</p> <p>v. Organizations such as Dairy Processors Association would need to lobby Government for relevant <u>support</u> e.g. through extension services, control of diseases and then outbreak, restocking of dairy cattle review or enactment of relevant legislation etc.</p>	<p>Countervailing duties SPS NTBs Unfair competition</p> <p>Changing environment</p> <p>Support</p>
<p>The length of the <u>asymmetrical liberalization</u> for the dairy sector should the EPAs be signed can be as follows: -</p>	<p>asymmetrical liberalization</p>
<p>Zambia is signatory to a number of <u>international agreements</u> such as the WTO which we have to abide by which also contains <u>safe guards</u> that can be used to protect our industries, though we must not protect our industries forever as we have to be <u>competitive</u>.</p>	<p>Safe guards Competitive</p>
<p>The determination of the length of time to protect the dairy industry would depend on the exert of <u>subsidies</u>, level of dumping and <u>quality of the products</u> before opening up the industry to other <u>foreign market forces</u>. It is not dependent on the number of specific years but for as long as the products are coming from a heavily subsidized country, protection can be sought from such forces because Zambia does not provide much subsidies for its dairy farmers and the cost of inputs are very high.</p>	<p>Subsidies, quality of products Foreign market forces</p>
<p>Furthermore, the <u>pricing mechanism</u> of the processors could be wrong; hence they must not be protected but be allowed to go through competition to enable efficiency in their operations. There is therefore need, to improve the technology by improving on the breed, nutrition, <u>disease control</u> and processing so as to enable costs to decrease.</p>	<p>pricing mechanism Disease control</p>
<p>Fresh milk and dairy products are on the <u>sensitive list</u> because Europeans are becoming more competitive. It will therefore not be included into the <u>liberation Schedule</u>.</p>	<p>Sensitive list Liberation schedule</p>

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<p>The issue of safe guards is being negotiated under the EPA because as a region it will be easier to apply if there is an <u>import serge</u>. This requires (standard/ traditional safeguards) that a country proves that there is (i) an import serge. (This can easily be done through the sudden increase in imports due to <u>import data</u>) and (ii) demonstrate that there is damage to your local industry which must be <u>significant</u> or a <u>trace</u>. This is more complicated as it depends on the share of these industries in comparison to the local size of the domestic market. There is need to have sufficient data and capacity to demonstrate the damage to the industry. The <u>casual link</u> between the import serge and damage to local industry is the most difficult. Hence, the region would prefer to negotiate for 'automatic volume' or 'price triggers' so that a trigger by <u>volume</u> of products entering into the country or by price of the products in the domestic market at a certain <u>threshold</u> would entail the application of safeguards.</p> <p>Under the Capacity Building /Development aspect, it was established that there was a need for <u>capacity building</u> for the small holder sector, healthier breed, health improvement, veterinary services and disease control.</p> <p>There was also need to have a dairy strategy that would help producers upgrade the <u>value chain</u> through the <u>equivalence of standards</u>. However, current negotiations on SPS are not really looking into harmonizing standards with the EC but it's looking more into the capacity to meet the EU standards when exporting there. The region does not want to have the same SPS standards or same rules but want assistance to upgrade the capacity when exporting to the European market.</p> <p>There is need for Governments to place <u>import regulations</u> for the import of milk powder as this was proving to be cheaper and disrupting the local market.</p> <p>Under the Technical Barriers to Trade (TBT) when Zambia is ready to sell value added dairy products, there are requests for assistance to meet the EU standards or exchange of information on ensuring that <u>laboratories</u> are <u>accredited</u> at the international level.</p> <p>The <u>Development</u> component deals with the supply side constraints and what is required for farmers to produce more and better quality products such as extension services, fertilizer, investments and so on.</p>	<p>Import serge</p> <p>Import data</p> <p>Significant</p> <p>Trace</p> <p>Casual link</p> <p>Price trigger, volume</p> <p>Threshold</p> <p>Capacity building</p> <p>Value chain, harmonizing standards</p> <p>Import regulations</p> <p>Laboratories, accredited</p> <p>Development</p>

<p>Under the Agriculture chapter, there is need to ensure that <u>trade</u> measures are put in place so as to avoid <u>disruptions</u> to food security in the region e.g. if world milk prices are very high, milk quota restrictions can be put in place to ensure producers satisfy the local market first before exporting.</p>	<p>Trade measures Disruption</p>
<p><u>Liberalization</u> of the dairy sector is between two markets– the African Caribbean Pacific (ACP) <u>markets</u> and the EU <u>markets</u> – both of which must be liberalized in order to encourage more trade in processed dairy products. As a result of the difference in the levels of development between these two regions, it is proposed that the <u>pace of liberalization</u> must be different. Those ACP countries that are less developed must be liberalised over a longer time frame whereas the EU countries /EU as a single market which is more developed, should open up within a shorter time frame. Hence, there is no dispute with regard to the principle / concept of asymmetrical liberalization.</p>	<p>Liberalization Markets Asymmetrical</p>
<p>Taking into account all relevant factors such as the <u>minimal impact</u> of dairy products of the ACP on the EU market if the EU were to open up immediately or in 5 – 10 years time, the <u>benefits</u> of opening up the markets, developmental issues and so on, liberalization should take place at the barest minimum of 5 years before the sector begins to liberalize, not to open up immediately but begins to liberalize or begins to accept dairy processed products from the EU either in terms of specific quantities / <u>quotes</u> per year especially to address any shortfalls in the market or with a certain amount of <u>duty</u> on it or <u>tariff</u> on it to give room for or give a competitive edge to ESA producers so that they can continue to improve.</p>	<p>Minimal impact Benefits Quotes Duty, tariff</p>
<p>It therefore must be done in doses / stages or quantities of dairy products so that the processors are able to withstand the competition that arises from the commencement of <u>partial liberalization</u>. This will encourage the processors to learn new technologies, encourage technology transfer for those processors using outdated <u>equipment or machinery</u>, encourage trade, greater choice for consumers and more importantly making the processor realize that he needs to improve and match the quality of the imported product, if he does not do so, he runs the risk of eventually going out of business.</p>	<p>Liberalization Technology</p>
<p>The fundamental points about asymmetrical liberalization is that from the date that the EPA Agreement is signed, from the date that the asymmetry is agreed, <u>information</u> needs to be distributed to all processors, constantly, repeated,</p>	<p>Information</p>

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<p>Consistently, that they have a limited amount of time to improve and match the levels of efficiency of processors in the EU. The implications need to be understand i.e. that they will be treated as equals and competing on the same footing.</p> <p>One of the serious problems is that processors are informed as a by the way when free trade agreements are entered into and they are therefore seen as government documents. They need to be part of the process and preferably be involved even in the determination of the period of asymmetry.</p> <p>The less the environmental resources that are available to ESA countries , the longer the <u>asymmetrical</u> period is likely to be as <u>transport networks, level of education, handling of animals</u> and so on could take longer to develop than if the resources were immediately available. The period to be sought can be 20 – 30 years before thinking of serious liberalisation on the part of the ESA countries especially where this involves <u>generation change</u>.</p> <p>The EU states that the period of 25 years requested for by ESA countries is too long and would prefer the period of 12-15 years to aid the ESA countries to improve their <u>supply-side constraints</u>.</p> <p>The period of asymmetry can be 5 - 6 years upon the satisfaction of the <u>sanitary requirements</u> or freedom from diseases protection can be removed once Zambia is able to import at the standard where it can go abroad, hence the market can be opened up after 6 – 7 years.</p> <p>Instead of having a <u>time bound</u> liberalisation, it's better to have a <u>developmental benchmark strategy</u> where the farmers are able to not only to meet the standards but also the harmonization of standards.</p> <p>With about 8000 small scale farmers in Zambia today, most of whom are in the rural areas, through genuine self-propelled <u>economic empowerment</u> (with no involvement, whatsoever, from government), with the increase in MCCs, with the fight for and inception of the new Ministry of Livestock, Government should never open up but encourage the farmers to produce milk for their own people as a way of empowering the farmers and making those people less dependent on the Government. It should be understood that the money government is <u>saving</u> by not feeding these farmers is much more than the few <u>taxes</u> that may be received from imported milk and in SADC there is no tax. Hence lack of protection will end up <u>costing</u> the government more.</p> <p>There should be a period observation which should last for a minimum period of 10 - 15 years and there should specifically be a '<u>Dairy Development Fund</u>'.</p>	<p>Asymmetrical, training</p> <p>Change</p> <p>Supply-side constraints</p> <p>SPS</p> <p>Time bound, Developmental benchmark</p> <p>Economic empowerment</p> <p>Saving Taxes</p> <p>Costing</p> <p>Dairy Development Fund</p>

FIELD NOTES	LEVEL 1 CODING
<p>Farmers shouldn't be given free money but should have access to reasonable priced money so as to assist in artificial insemination services. If the comparison was on the same basis i.e. technologies, animals and so on, the Zambian farmers would be more competitive / productive because of the environment/climate, labour costs and more land. There should therefore be a long gestation period due to not playing on the same field.</p> <p>EPA's are important, on the other hand, and we must not close our doors on them due to the market that Europe provides. The policies should also not be unnecessarily stifling / controlling. The government's role should be to do with controlling the effect that the excesses of the market are controlled.</p> <p>Trade must be a fair arrangement. Zambia should not give a time frame. It has taken 6 years for Agriculture to change; therefore a lot of time is needed to put confidence in the system. The <u>unfairness of trade</u> is making third world countries not exploit their potential. Political will is greatly required. Relying heavily on imports can lead to a <u>detrimental</u> situation. Therefore any clever nation must be able to ensure they can make all their requirements and only import what they think is a shortfall, food and state <u>security</u> should be inseparable and be seen on an equal footing.</p> <p>The dairy sector is in its infancy and important to the livelihood and health of the people. Hence the period for opening up of the market under the EPA must be 30 years and in any case the sector should be excluded.</p> <p>The length of time it should take for the <u>asymmetric liberalisation</u> will depend on how soon the Government helps to tackle issues of <u>input costs</u> in the sector, in order to make local products competitive. The efficient and effective implementation of the set of <u>policy measures</u> to kick start dairy farming is important than the time allocated e.g. the Fifth National Development Plan, Citizens Economic Empowerment Policy etc. Ten years of effective and efficient <u>implementation</u> of targeted measures to the dairy sector can transform the sector completely.</p> <p>A period of within 5 years would appear to be reasonable for any country serious with "catching up" with the best <u>international practices</u>. Where a country is not able to meet the requirement, then it should also have the option to extend the period within the framework of the EPA by justifying its special circumstances as at that time.</p> <p>For less developed countries such as Zambia, there is need to expand the market and since 1992, the sector has been liberalized internally and the industry should begin to strategically re – position itself in terms of "<u>export – orientation</u>" i.e. go beyond the borders. Quality is likely to be enhanced with an <u>outward strategy approach</u> (i.e. international market) than an inward approach (i.e. domestic).</p>	<p>Unfairness of trade</p> <p>Detrimental</p> <p>Security</p> <p>Asymmetric liberation</p> <p>Input costs</p> <p>Policy measures</p> <p>Implementation</p> <p>international practices</p> <p>Export Strategy</p>

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APPENDIX 4 – Continuation of Level 11 Coding for Research paper 2

LEVEL II CODING Table II

<p>CONSUMPTION</p> <p>Dairy Products Cheap Products Purchasing power Healthy Nation National interest /level Nutrition Interest of consumers Income base</p>	<p>MARKETING</p> <p>Protectionism Foreign competition Comparative advantage Regional integration Market development Market linkage Liberalization Market share Production promotion Uncompetitiveness GDP</p>
<p>PROGRAMS</p> <p>Feeding programs Cooperatives Out grower schemes 5th NDP NAP MAGOYE MCC World vision Mitigation of HIV/AIDS Resource allocation program HIV/AIDS policy Lack of implementation Limited extension services Workshops SADC gender policy Vulnerable group Gender sensitive action Fertilizer support program Livestock development plan Sensitization</p>	<p>CULTURE</p> <p>Relish labor dependent Gender insensitive practice Unfair distribution of resource Nurse the sick</p>
<p>DISTRIBUTION CHAIN</p> <p>Processors Transport costs Supply side constraints Distribution costs Refrigeration Cooling systems</p>	<p>INVESTMENT</p> <p>Budget Re-investment Incentives Subsidies Uniform custom Youth accessibility Empowerment Land allocation Extension services Technology Farming methods Funding Management levels Feeding programs</p>
<p>SUBSTITUTION</p> <p>Diversification Imported milk Reallocation Multiplier effect Medical expenses</p>	<p>TAXATION</p> <p>Balanced Tax policy Punitive Retrogressive Tax waiver</p>

<p>Cheaper price Dumping Surplus Smuggled goods</p>	<p>Expansion Disincentives Import taxes Indirect taxes Levy Policy clearance VAT Measures</p>
<p>FACTORS OF PRODUCTION</p> <p>Feed Milk canes Medication Dairy animals Expensive Cost of production Local production, bicycles, employees</p>	

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APPENDIX D — LIST OF RESEARCH PAPERS

Paper I

RESEARCH PAPER ONE

The SCQARE of the first research paper can be summarized as follows:

The Situation of the first research paper is that Economic Partnership Agreements (EPAs) are free trade arrangements based on the principle of reciprocity, which means that countries like Zambia will have to progressively open up their market for the European products and vice versa. This will have political, social and economic implications on smaller economies and will harm the struggling small-scale farmers and local producers in these countries because their local markets will be flooded with subsidized products from the European Union (EU) especially milk product.

There is urgent need to increase production by rectifying all supply-side constraints and by taking advantage of all opportunities that exist. So far the small holder producers have only been limited to trading on the domestic market (raw milk) due to their limited capacity, sanitary and phytosanitary issues, lack of processing plants and market information.

The dairy sector is a viable industry that could contribute to poverty reduction especially in rural areas of Zambia and despite programmes and projects of assistance from the Ministry Of Agriculture and Cooperatives: the industry's growth is still being undermined by a number of factors at national and international levels such as subsidized milk imports from the EU. There is therefore need to protect the infant industry so as to enable it to grow and compete favorably on the international market.

The Concern is that the concern is a concern because the level of supply-side constraints affects the level of cost of production which in turn determines the number of imports coming into the country. This will have an effect on the level of market price which in turn will affect the level of CAP reform and hence level of subsidies which in turn will determine the level of fair competition.

It needs attention because the dairy sector in Zambia is an infant industry that needs a specified period of time to grow and establish itself into a more competitive industry. The Dairy Sector is a viable industry that can contribute to poverty reduction especially in the rural areas of Zambia. The farmers have reached higher living standards than most other farmers in the surrounding areas and most have improved over the last years and contributed greatly to milk production in terms of growth and poverty reduction.

The consequences of not dealing with this concern will lead to the imports from the EU strangulating the farmer's efforts especially if an EPA leads to cuts in import tariffs and exposes them to an open market

with highly subsidized competitors. It is very unlikely that Zambian farmers will be able to compete with their European colleagues. This threat would be even higher if the quota system in the EU would be removed by 2015, like the EC intends to do. Experts estimate that this would lead to an increase in production and cheap exports from the EU, even if export subsidies are abolished (3).

The Question is 'How can subsidies affect the Dairy Sector in Zambia?' The question flows from the concern because it seeks to establish exactly how subsidies can impact the Dairy Sector in Zambia by trying to analyze what the repercussions of the EU products flooding the market will have on the infant industry that has been a source of sustenance for a number of peasant farmers. The market price is distorted due to the subsidies afforded to EU farmers which makes competition unfair considering the infant industry still has a number of supply side constraints to deal with as well as various national reforms including technology investment in order to make it more competitive.

The Answer is if the level of market price is distorted as a result of subsidies granted to a few farmers in the market, the level of competition would be adversely affected as this would not be a true reflection of the prevailing market price that does not take into account the cost of production and problems faced by the general market, especially poor infant industries, such as the dairy sector in Zambia. This means that Zambia would adopt protectionist measures in the infant industry or take trade restrictive measures so as to protect its domestic industry and employment in the dairy sector from stiff competition arising from subsidized dairy products. A country, such as Zambia, can also invoke a protectionist trade policy so as to protect an infant industry by means of a customs duty or other import restrictions so that temporary protection is given to the national producers to allow them to become strong enough to compete with well established producers.

This forces an economy to reform its outdated legislative framework so as to enable it to implement or put in place an institutional framework with harmonized stakeholders to develop the infant industry by way of investing in research and development so as to have the right technology in place as well as skilled personnel.

The Rationale can be summarized by the research paper trying to arrive to the answer/emergence of the core variable by using the grounded theory method which involved collecting data through a conversational research interview targeted towards a selected group of participants that specialize in the dairy sector in Zambia. The data was coded and analyzed simultaneously at three levels until saturation was achieved and a core variable emerged which resulted in the underlying theory behind the application of the grounded theory.

The Evaluation entails Relevance, Utility, Validity and Ethical implications of the study is further elaborated under Chapter 5 and can be summarized as the result of unfair competition arising from the fact that locally produced milk cannot compete against subsidized imports hence the need for Zambia to adopt/invoke protectionist measures so as to protect the infant industry so as to enable it to expand which in actual fact answers the question 'how can subsidies affect the dairy sector in Zambia?' which does also deal with the concern of the dairy sector. The grounded theory method was correctly applied and followed throughout. Ethically, the research paper was morally applied, followed and due care was clearly exhibited.

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RESEARCH PAPER TWO

The SCQARE of the second research paper can be summarized as follows:

The Situation is that the Economic Partnership Agreements (EPAs) are free trade arrangements based on the principle of reciprocity, which means that countries like Zambia will have to progressively open up their market for the European products and vice versa?

Zambia has chosen to negotiate the EPAs under the group called Eastern and Southern Africa configuration comprising of 16 member countries that belong to COMESA with the exclusion of Egypt, Libya and Tanzania. Out of the six main areas of negotiations, Agriculture has been one of the most contentious clusters because of high levels of subsidies on the part of the EU and it is one of the sectors ESA has considered to be a sensitive sector. Because of high levels of subsidies on various agricultural products on the part of the EU and its products have been put under the sensitive product list meaning that the region will not reduce tariffs on this as a way of protection. There is, therefore, urgent need for the Zambian Government to come up with a Dairy Policy for the dairy industry so as to regulate the legal and institutional framework of the dairy sector in Zambia as well as to encourage the increase in milk production.

The Concern is the level of policy implementation/lack of political will by Government to develop the dairy sector will affect the level of consumption which in turn will affect the standard of dairy programs which will also affect the quantity of Milk Collection Centers (MCCs) and Cold Chains. This will affect the level of the cost of production which in turn will affect the level of diversification and hence automatically the level of re-investment into the dairy sector.

It needs attention because the dairy sector in Zambia is an infant industry that needs a specified period of time to grow and establish itself into a more competitive industry. The Dairy Sector is a viable industry that can contribute to poverty reduction especially in the rural areas of Zambia. The farmers have reached higher living standards than most other farmers in the surrounding areas and most have improved over the last years and contributed greatly to milk production in terms of growth and poverty reduction. The consequences of not dealing with this concern will lead to the industry not expanding and possibly being wiped out due to the costs of production, supply side constraints and imports from the EU especially if Can EPA leads to cuts in import tariffs and exposes them to an open market with highly subsidized competitors. Government support of the dairy sector will help the industry become competitive eventually so that it Will be able to compete with their

European colleagues.

The Question is 'How can the development of the Dairy Sector in Zambia be encouraged/enhanced to grow? The question flows from the concern because it seeks to establish exactly how the dairy sector in Zambia can be developed in view of the fact that the concern is such that there is lack of political will which is an infant industry needing a specified period of time to grow and establish itself into a more competitive industry.

The Answer reveals the theory of a national policy implementation backed by political will. If the level of policy implementation/political will is negligible, the level of milk consumption in the economy will be low. This means that the standard of dairy programs will equally be poor. The number of Milk Collection Centers and cold chains will remain a few and the level of the cost of production will remain high with the level of diversification being very small as well as the level of re-investment into the dairy sector.

As a result, this validates the casual relationships that underpin my answer A being: - an increase in the level of policy implementation/political will, will lead to an increase in the level of consumption which in turn will lead to an increase in the standard of daily programs. This will cause an increase in the quantity of Milk Collection Centers and Cold Chains which in turn will influence a decrease in the level of cost of production, which in turn will cause an increase in the level of diversification and hence an increase in the level of re-investment into the dairy industry.

The Rationale can be summarized by the research paper trying to arrive to the answer/emergence of the core variable by using the grounded theory method which involved collecting data through a conversational research interview targeted towards a selected group of participants that specialize in the dairy sector in Zambia. The data was coded and analyzed simultaneously at three levels until saturation was achieved and a core variable emerged which resulted in the underlying theory behind the application of the grounded theory.

The Evaluation entails the Relevance, Utility, Validity and Ethical implications of the study is further elaborated under Chapter 5 and can be summarized as the urgent need for political will so as to encourage consumption, dairy production and hence development which in actual fact answers the question 'how can the development of the dairy sector in Zambia be enhanced/encouraged to grow?' which does also deal with the concern Of the lack of political will by Government to encourage the

growth of the dairy sector. The grounded theory method was correctly applied and followed throughout. Ethically, the research paper was morally applied. followed and care was clearly exhibited.

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RESEARCH PAPER THREE

The SCQARE of the third research paper can be summarized as follows:

The Situation is that Economic Partnership Agreements (EPAs) are free trade arrangements based on the principle of reciprocity, which means that countries like Zambia will have to progressively open up their market for the European products and vice versa.

In the Zambia— EU case, the EU will liberalize 100% of its imports from Zambia, while Zambia will liberalize almost 79.6% of its imports from the EU. 20.38% of imports from the EU form Zambia's Sensitive List of products, i.e. the products that are excluded from liberalization. This list includes 406 tariff lines, selected for two main purposes: -

- 1) To protect infant industries and
- 2) To minimize revenue losses

Overall, the parties will liberalize 90% of their trade, which is deemed to meet the "substantially all trade" requirement.

Negotiations on trade in services began in June 2008. ESA is prioritizing the regional integration process, including finalization of the regional frameworks. The focus is also on development cooperation, in order to tackle supply-side constraints and develop regulatory frameworks that will ensure actual benefits accrue from the liberalization from the liberalization process.

The Concern the level of symmetrical liberalization will have an effect on the level of supply-side constraints which in turn will have an effect on the level of cost production which in turn will affect the number of imports coming into the country. This will cause the level of the price of dairy products to be affected and hence influence the level of per capital income which will have an impact on the level of dairy production which in turn will modify the level of supply-side constraints.

It needs attention because the dairy sector in Zambia is an infant industry that needs a specified period of time to grow and establish itself into a more competitive industry. The Dairy Sector is a viable industry that can contribute to poverty reduction especially in the rural areas of Zambia. The farmers have reached higher living standards than most other farmers in the surrounding areas and most have improved over the last years and contributed greatly. The consequences of not dealing

with this concern will lead to the industry not expanding and possibly being wiped out due to the costs of production, supply side constraints and imports from the EU especially if an EPA leads to cuts in import tariffs and exposes them to an open market with highly subsidized competitors. Government support of the dairy sector will help the industry become competitive eventually so that it will be able to compete with their European colleagues.

The Question is 'How does Symmetrical Liberalization and Dairy Development Constraints or Supply-Side Constraints lead to less Dairy Production?'

The question flows from the concern because it seeks to find out or establish exactly how symmetrical liberalization and supply-side constraints causes a decrease in dairy production.

The Answer reveals the theory of asymmetrical liberalization and minimal supply-side constraints lead to enhanced dairy production. A low level of development of the dairy policy will mean that the level of asymmetrical liberalization will be less gradual which will automatically influence the level of access to credit which will be minimal and hence the level of technology will be less and so will the amount of re-investment also be less. Automatically the number of imports flowing into the country will be high and hence influence the level of policy implementation as a result of the increase in competition which government will want to cushion. This in turn will again determine the level of development of the dairy policy.

The Rationale can be summarized by the research paper trying to arrive to the answer /emergence of the core variable by using the grounded theory method which involved collecting data through a conversational research interview targeted towards a selected group of participants that specialize in the dairy sector in Zambia. The data was coded and analyzed simultaneously at three levels until saturation was achieved and a core variable emerged which resulted in the underlying theory behind the application of the grounded theory.

The Evaluation entails Relevance, Utility, Validity and Ethical implications of the study and can be summarized as the decrease in dairy production is a result of supply-side **constraints** and symmetrical liberalization which in fact answers the question "How does symmetrical liberalization and dairy development or supply-side constraints lead to less dairy production?" It also deals with the concern of the causes of decrease in dairy production. The grounded theory method was currently applied and followed throughout. Ethically, the research paper was morally applied, followed and care was clearly exhibited.

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APPENDIX E — LIST OF RESEARCH TOOLS

RESEARCH TOOL 1 FOR RESEARCH PAPER 1

CONVERSATIONAL RESEARCH INTERVIEWS

1. How do you feel about the EU dairy products flooding the Zambian market should the EPAS be signed?
2. Is the Dairy sector, in Zambia, able to compete with these products?
3. If not, what could help their competitive edge?
 - Government intervention?
 - Available resources, labor, income?
 - Training, skills?
4. What do you think about Zambia signing the EPAs or other similar agreements causing these products to enter the market?
5. Does the Dairy sector face fierce competition currently from other international products?
6. How does the Dairy sector face their obstacles to trade more effectively and productively?

CONVERSATIONAL RESEARCH INTERVIEWS

1. How can one support dairy processing when supply is strongly seasonal?
2. Does animal yield strongly influence production and supply of milk?
3. What kind of strategy responses can be undertaken/adopted to address the changing demands of the dairy environment i.e. diversification?
4. How long should the asymmetrical liberalization be for the dairy sector should the EPAs be signed (period of time to open up the market i.e. 10 years)?

COMMENT

This thesis presents a very detailed analysis of a very real problem facing Zambia. Zambia is Negotiating an Economic Partnership Agreement (EPA) as part of a regional group (the East and Southern African Group or ESA group) with the European Union (EU). This is necessary because the unilateral preferential market access that the EU accorded the countries in the African, Caribbean and Pacific (ACP) regions (under a series of Lome Conventions, is not WTO compatible. The EU and the ACP countries had signed the Cotonou Agreement (successor to Lome) agreeing to negotiate WTO- compatible reciprocal trade liberalization agreements by end 2007 (when the Cotonou Preferences expired). Zambia as a Least Developed Country had also benefited from specific preferential access to the EU under the Everything but Arms arrangement (everything but arms could enter the EU duty free, but stringent rules of origin prevented this arrangement from offering real market access to these LDCs)

The author has identified a specifically a specifically vulnerable industry in Zambia (agriculture generally is considered a sensitive sector), and given the consumption/ demand profile in Zambia. The potential of significant import competition from EU dairy products posed a real threat. The Dairy sector is characterized by many small scale farmers (many in rural areas), and the production for commercial purposes is relatively new (most dairy farming had been subsistence or for sale in nearby locations); hence the author's description of the dairy industry as an infant industry is important. An infant industry faced with significant competition may encounter challenges and many smaller producers may well exit the market. This situation is compounded by the fact that the EU offers support to domestic agricultural production

under the Common Agricultural Polity (CAP). Dairy products are therefore heavily subsidized and even if dairy production in Zambia were internationally competitive, it would find it very difficult to compete with subsidized import, from the EU.

The Fey research question is 'Will EPAs affect the Zambian dairy industry?' Different facets of this question are then assessed consecutively using the grounded theory approach. This intensive approach assesses responses from key stakeholders, and adopts different perspectives (focusing on domestic challenges that the dairy industry faces in Zambia, focusing on the impact of the EPA negotiations etc). The conclusion reached is that the increased import competition (which would follow liberalization of trade with the EU) would pose a significant threat to the development of the domestic dairy industry.

This is a very comprehensive research process, reflecting a good understanding of grounded theory, of the dynamics of the Zambian dairy industry, international trade theory and trade rules, as well as the EPA negotiations process, and the likely impact of the EPA negotiations.

Chapters in the research process are prepared consecutively and as the research process narrows and hones in on key issues, key conclusions start to emerge. It's similar to a distillation process.

There are parts of the thesis that would benefit from editing - some indications are provided in the document.

Conclusion: Some parts of the thesis (including the representation of emergent issues in tables) could be provided to policy makers in Zambia to assist them to prepare for the negotiations with the EU.