

Name of Project:

Establishment of a pineapple canning factory in Mwinilunga District in the North-Western part of Zambia.

Name/s of promoters:

Ministry of Agriculture

Name of the sector:

Agriculture

Name of the sub sector:

Agro-processing

1. Location of the project:

Mwinilunga District is located in North Western Province. The District has the highest potential for pineapple production in the country together with other areas like Nyimba in Eastern Province and Kawambwa in Luapula Province.

Project Description:

This project would be a Greenfield since the Mwinilunga Cannery Factory closed down.

North Western Province and western province is known to be the only producer of pineapples in the country. According to statistics obtained from the Mwinilunga District Cooperative Union, there are about 600 farmers involved in growing of pineapples in Mwinilunga District with a total hectareage of 453, producing 3, 171 tonnes in 2004 while Solwezi district has 120 farmers with a total hectareage of 75ha. The estimated production for Solwezi is estimated at 322 metric tonnes for 2004/2005 season. A lot of pineapples produced in the region go to waste since the collapse of the pineapple processing plant in the 1990s. In 1991/92 season, prior to the collapse of the pineapple factory the total area cultivated were 1,421 hectares, with production of 11, 368 tonnes. Currently most of the pineapple fields have been left unattended to by most farmers because of lack of markets.

Markets and Market Analysis:

World production of fruit and vegetables grew by 30 percent between 1980 and 1990 and by 56 percent between 1990 and 2003, reaching 1,274 million tons by 2003. Much of this growth occurred in China, where production grew by 134 percent in the 1980s and by 200 percent in the 1990s. China is currently the world's largest producer of fruits and vegetables, with a share of 34 percent, followed by Latin America and the Caribbean (11 percent), India (10 percent), and Africa and the European Union (EU) (both at 9 percent). The structure of world trade in fruits and vegetables, however, does not fully mirror that of production.

Many of the largest producers are not significant traders due to a combination of domestic demand and geographical and logistical factors. For example, in China and India, where strong domestic demand is fueled by growing income and a large and rapidly growing urban population, only a small percentage of fruit and vegetable production is exported. In contrast, Latin American countries (such as Mexico, Chile, and Costa Rica) are among the world's leading exporters of fruits and vegetables, mainly because of their proximity to the large U.S. market. World trade in fruits and vegetables, fresh and processed, has increased by 30 percent since 1990; reaching \$71.6 billion in 2001.

Regulating market access is the main instrument currently in use to protect the fruit and vegetable sub sectors. The European Union, Japan, and the United States use, to varying degrees, similar protection tools: low but highly dispersed ad valorem tariffs, specific duties, seasonal tariffs, tariff escalation, and preferential access along with tariff-rate quotas. Tariffs for a specific range of products depend on numerous factors, including the date of entry (seasonality factor), the degree of processing (escalation phenomenon), and the relationships with exporting countries (preferential agreements and regional and bilateral free trade agreements—FTAs).

Organic and ethically produced food is a huge growth market in the UK, with consumers increasingly aware of the issues. Sales of organic produce rose by 22% in 2006, according to the Soil Association which is a certification body. This kind of growth is great, but means that demand may well outstrip supply. There is already an organics shortfall in the fruit and vegetable market. This has opened the door for imports to the UK, and this in turn is driving the growth of organic farming in Africa.

Availability of inputs:

There are currently 1,420 farmers growing pineapples on total area of 1,176 hectares of land, producing 13,752 tons of pineapples annually. This production would be increased if an out growers scheme is put in place and all these farmers would supply their produce to the cannery once established.

Infrastructure:

The presence of a co-operative structure in the pineapple producing areas, in form of primary societies, suggests that a workable system is already in place.

Expectations of the project promoters:

To have the a canning factory in North Western Province that will processes the pineapples that are grown in the area, thereby giving the locals a source of income as well as the investor/s in the sector making profits that will sustain the industry.

Incentives Available:

- Zero percent tax rate on dividends for a period of five years from the year of first declaration of dividends;
- Zero percent tax rate on profits for the first five years for years six to eight, only 50 percent of the profits will be taxed and for years nine to ten, only 75 percent of the profits will be taxed;
- Zero percent import duty rate on raw materials, capital goods, machinery including trucks and specialized motor vehicles for five years for enterprises operating in the MFEZ; and
- Deferment of value added tax (VAT) on machinery and equipment including trucks and specialized motor vehicles imported for investment in MFEZ and/or priority sector.

12. Licences needed:

- a. Environmental Impact Assessment (EIA)
 - All investment projects may require an EIA that is done by the Environmental Council of Zambia (ECZ)
- b. Manufacturing projects require a manufacturer's license from local Municipalities.

13. Contact:

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