

# Fertiliser prices drop globally, rise locally

By Justin Mkweu

While fertiliser prices have in recent months been dropping globally, the case is different in Malawi.

A Market Intelligence report for December 2022 published by the Reserve Bank of Malawi (RBM) shows that Urea traded lower at \$519.4 per metric tonne in December 2022 than \$588.8 per metric tonne recorded in the preceding month and \$890.0 per metric tonne for December 2021.

This represents an 11.8 percent drop between November and December 2022 and a 41.6 percent drop between December 2021 and December 2022.

"The average (Di-Ammonium Phosphate) DAP price for the last quarter of 2022 of \$582 per metric tonne was also below that of the preceding quarter at \$623 per metric tonne and \$714.86 per metric tonne recorded in the last quarter of 2021," the report reads.

In Kwacha terms, the development means that Urea prices dropped to K538,098 (at the current official exchange rate) per metric tonne, representing K26,904 per 50 kilogramme bag in December 2022.

However, prices of the commodity on the local scene have been rising from between K55,000 and K60,000 per 50 kg bag in November to between K70,000 and K75,000 currently for the same quantity.

Fertiliser Association of Malawi spokesperson Mbawaka Phiri said the global trend has not been reflected on the local scene because the current stock of fertiliser was purchased at an elevated price, months ago.

She said the situation has been exacerbated by persisting foreign exchange scarcity.

"Malawians will have to wait a little longer to benefit from the global price decline because even if this current stock is done, we will still cough more to order fertiliser as we are accessing the foreign exchange at ranges of K1,400 to K1,600



FERTILISER—Fetching high prices on the local market —File photo

to a dollar. Unless the foreign exchange issue is resolved, it will take time for what is happening globally to reflect on the local scene," Phiri said.

Speaking in an earlier interview, economist from

Malawi University of Business and Applied Sciences Betchani Tchereni said scarcity of foreign currency drives prices of goods and services up.

"When foreign exchange is scarce and importers are

accessing it at a higher rate, they peg their prices in line with that rate which makes prices of the imported goods to be higher," Tchereni said.

Malawi is an agriculture-based economy.

By Chimwemwe Mangazi

The government has indicated that the second phase of the Shire Valley Transformation Programme is facing a financing shortfall of about \$91 million owing to project variations and the recent devaluation of the Kwacha.

This came out over the weekend when the Budget and Finance Committee of Parliament toured the project site to appreciate how the initial financing approved by the August House was being used.

But in an interview, Principal Secretary in the Ministry of Agriculture responsible for irrigation, Geoffrey Mamba, said the first phase has not faced any funding challenges.

"We expect a deficit as we go into phase two of the project. The World Bank has already given us \$134 million for phase two but we have a shortfall of \$91 million and have been engaging the African Development Bank (AfDB). We held an appraisal mission and they have assured us they

## SVTP phase II faces \$91 million deficit



APPRECIATING PROGRESS — Members of the committee being briefed by an SVTP official

will come back with resources close to \$50 million and when these resources come, they will have to go through Parliament for approval," Mamba said.

Chairperson for the

committee Gladys Ganda disputed the reasoning behind the deficit saying devaluation should not affect the project as the funding has been quoted in dollars.

"One key gray area that we have noticed as a committee is price escalations. We have noted that they are increasing prices that are already in dollars and the explanation is devaluation.

"We, as a committee, are not impressed because the project is already in dollars; in fact, they are supposed to benefit from the devaluation and not otherwise.

"If the project is in dollars, when they were given, for example, \$1 million they got K1 billion but because of the devaluation the same \$1 million gives them K1.5 billion; so, this argument doesn't hold, perhaps the impact of the cyclones experienced last year on the intake holds," Ganda said.

Objectives of the second phase include increasing agricultural productivity in targeted smallholder-owned commercial farm enterprises, support value chain and value addition, extend areas supported with irrigation and farm development, and continue and expand efforts to address land degradation and sustainable management of forests, wetlands and protected areas.