

AFRICAN MARKET OBSERVATORY (AMO): PRICE TRACKER

Welcome to the monthly food price tracker. This is an initiative of the African Market Observatory (AMO) of the [Centre for Competition, Regulation and Economic Development](#), at the University of Johannesburg, and with the support of the [Shamba Centre for Food and Climate](#). It summarises key trends in prices in East and Southern Africa (ESA) for selected staple food products, focusing on highlighted areas.

Online version of the [JANUARY 2024 PRICE TRACKER](#)

Focus – Malawi/Tanzania Trade restrictions

Key Developments

- Impromptu trade restrictions keep affecting staple food prices negatively in the region.
- Mid-December 2023, [Malawi banned Tanzania maize imports](#), Tanzania followed by initiating a [ban against Malawi soybean](#).
- Malawi maize prices were the highest in the region in December at US\$670/Mt.
- Excess margins of 46% and 55% in Rwanda and Malawi's fertilizer prices, respectively, continue to be made at the expense of farmers.
- Kenya government is targeting subsidies for [over 75% of all Kenya's fertiliser requirements](#).
- Rice prices in the region are much higher than international prices.

Malawi/Tanzania Trade restrictions - Maize price developments

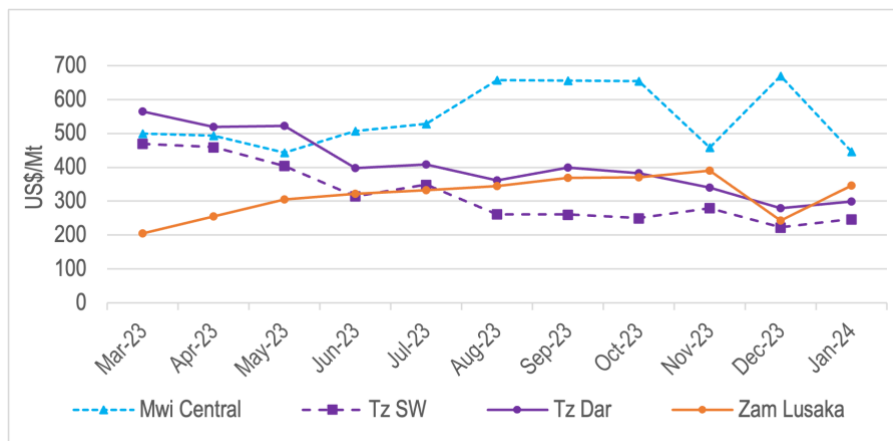
On 14 December 2023, [Malawi banned maize imports from Tanzania](#) due to concerns about a maize disease. This occurred when maize imports were required following [cyclone Freddy](#) and the challenges with [fertilizer supply](#) that affected the 2023 harvest. It meant Malawian maize prices increased back up to extremely high levels (*Figure 1*). On [18 and 19 December 2023](#), Tanzania responded by banning soybean and maize imports from Malawi.

Typically, Malawi is [a net exporter of maize](#). However, the country had a shortfall in its maize production in 2023. To address the shortfall, Malawi imported 40 000 metric tonnes (Mt) of maize from Mozambique in November to be distributed throughout Malawi by the ADMARC[1] – this led to a decrease in the maize price in November[2]. However, the ban on Tanzania maize imports coupled with restrictions on trade from Zambia, meant maize prices

rose sharply again in December. The high prices from August to December coincide with the period of the year when Malawi households are [most vulnerable](#).

[1] *Agricultural Development and Marketing Corporation*; [2] *Insights from market participants*.

Figure 1. Maize Grain prices, selected countries



Source: AMO based on price tracker data from multiple sources.

While extreme weather can impact Malawi maize production, the region has good supplies. [Tanzania](#) and [Zambia](#), neighbours to Malawi, have had good harvests with enough to supply to Malawi. However, due to the ban on Tanzania maize imports initiated by Malawi and the [recent export regulations initiated by Zambia](#), trade between these countries was stifled.

From August 2023, maize prices in Malawi were above US\$650/Mt, much higher than reasonable import parity prices – the overcharges in Malawi between August and October were around US\$200-300/Mt (around 46% of the maize price in that period). In November 2023, after ADMARC imported and distributed maize from Mozambique, the price of maize decreased to US\$458/Mt, closer to import parity prices which we estimate at around US\$360-440/Mt.

The December 2023 price hike in Malawi meant even higher overcharges compared with prices in neighbouring countries, around 55% excess margins at the expense of buyers. This is further evident when we see the price adjusted in January 2024 as market participants reported an influx of maize to the market – both from imports and the release of stocks from traders with access to storage facilities. Maize prices came down by 33% in January to US\$446/Mt, although these prices are still higher than they should be given prices in neighbouring countries around \$280-350/Mt and reasonable transportation costs of US\$50-80/Mt [3].

The short-term maize import ban by Malawi had the effect of a short-term dip in prices in south-west Tanzania down to US\$223/Mt as suppliers could no longer access the Malawi

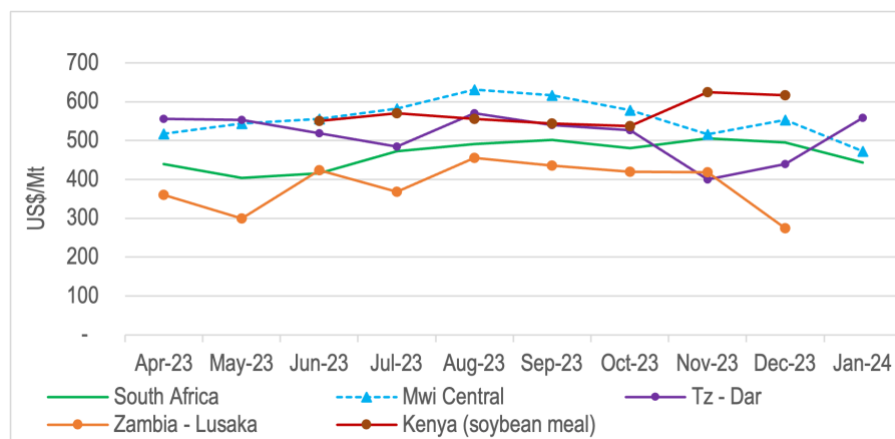
market. There was also a knock-on effect on prices in Dar es Salaam, however, prices in January 2024 adjusted to more normal levels of around US\$280/Mt.

[3] Insights from field interviews

Soybean price developments

In contrast with maize, the region has reasonable soybean market prices which have remained around the regional benchmark of South Africa (*Figure 2*). A notable exception are soybean prices in Zambia which declined from US\$418/Mt in November 2023 to US\$275/Mt in December 2023. This reflects export restrictions in Zambia - as a large producer, Zambia could otherwise achieve good prices by selling to markets in Kenya, Tanzania or South Africa. The Zambian government also [sold about 100 000Mt](#) of soybean reserves which had been held since 2022. Suppressed prices could lower production in Zambia for the forthcoming harvest season – the opposite of what is required for regional food security.

Figure 2. Soybean prices, selected countries



Source: AMO based on price tracker data from multiple sources.

In contrast, Tanzania’s soybean prices increased from US\$400/Mt in November to US\$598/Mt in January 2024. This appears partly to reflect Tanzania retaliating to Malawi maize import by [banning the imports of soybeans from Malawi](#) (due to the Tobacco Ringspot Virus being found in Malawi soybeans). This ban was initiated despite an [earlier commitment to procure 100 000Mt](#) of soybeans from Malawi.

Tanzania is a net importer of soybeans, while Malawi is one of the [biggest producers of non-GMO soya beans](#) in Southern Africa and a consistent exporter to Tanzania. The ban also [extended to other transit shipments](#) which use Tanzania as the main corridor to import produce into the Eastern African market (e.g. Kenya). The ban did not affect the large companies that trade in soymeal and cake for feed, but mostly affected smaller processors that rely on imports from Malawi to process into feed and cake.

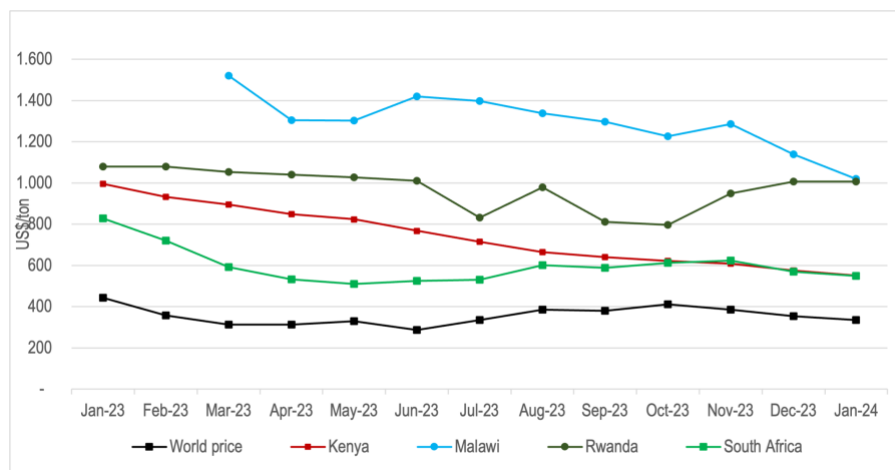
On 23 January 2024 both Malawi and Tanzania [lifted the ban on maize and soya](#) beans respectively following diplomatic discussion between the two countries.

These price dynamics in Malawi and Tanzania show how vulnerable the market systems are to the geopolitical environment. Regional integration is essential to allow trade to improve food security and dampen shocks from extreme weather, but ad hoc trade restrictions are having the opposite effects making small-holder producers and households more vulnerable.

Fertiliser Developments

Malawi fertiliser prices (reflected by the benchmark urea product) are finally on a declining trend (*Figure 3*) although they remain far above reasonable levels. Malawi and Rwanda (whose prices are fixed by the government) fertiliser prices are more than three times higher than the world price. After taking account of reasonable transport costs and trader margins the prices are around 50% higher than they should be. Rwanda fertiliser prices have been increasing from US\$950/Mt in November 2023 to US\$1008/Mt.

Figure 3. Urea Prices, selected countries



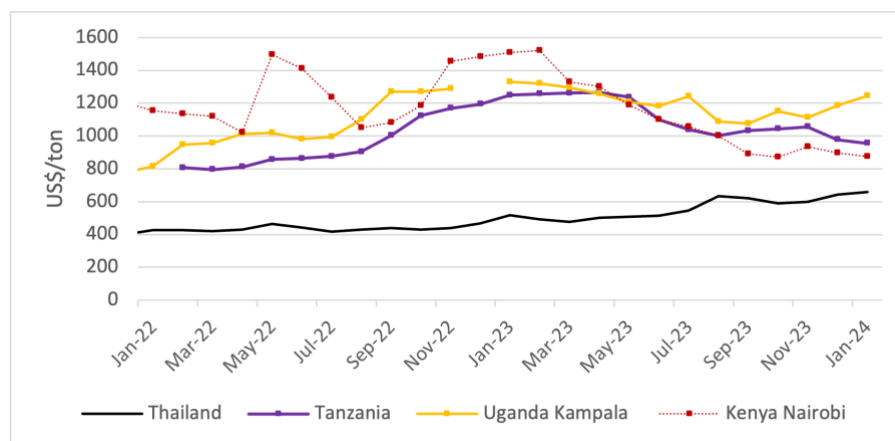
Source: AMO based on price tracker data from multiple sources. World price is from the World Bank.

By comparison, Kenya fertiliser prices are now at reasonable levels and have converged with South Africa's price at US\$550/Mt, or close to half those in Malawi and Rwanda. In Kenya this may reflect the Kenyan government's intention to provide [600 000 Mt of subsidised fertiliser](#), equivalent to over 75% of all Kenya's annual fertiliser requirements. However, efficient trade would mean the same prices as South Africa, without subsidies (as both countries rely on imports).

Rice price developments

International prices reflected in the Thailand benchmark increased to a [15 year high](#) at US\$660/Mt in January 2024 (*Figure 4*). This is impacted by India's continued export ban on rice along with concerns about a potential decline in production in the 2023/24 season resulting from the [impact of El Niño](#). However, [Pakistan is exploiting](#) India's export ban to serve markets for non-basmati white rice such as Kenya.

Figure 4. Rice Prices, selected countries

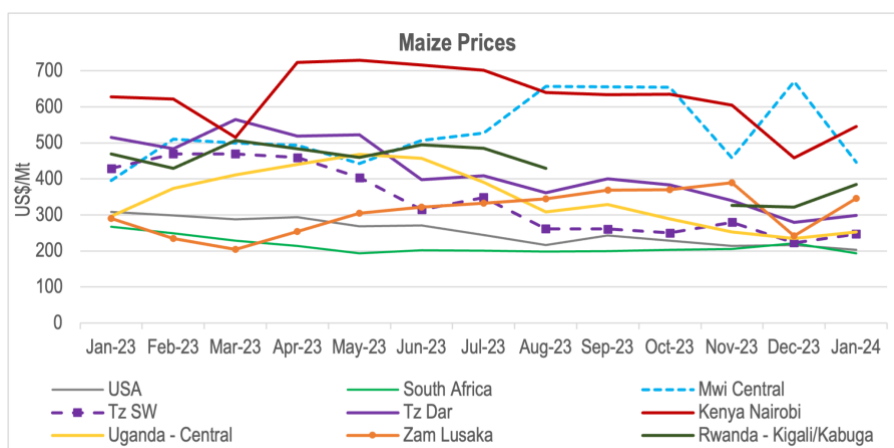


Source: AMO based on price tracker data from multiple sources Thailand prices from World Bank.

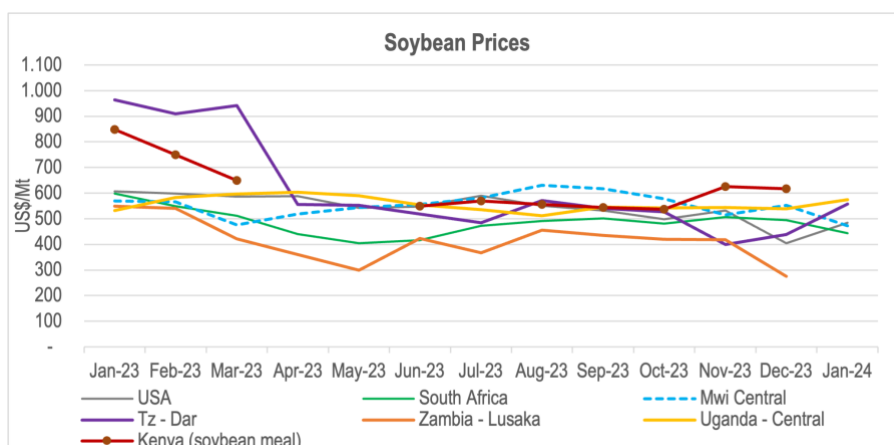
Regional prices continue to be much higher than international prices. Throughout 2023, Tanzania's rice prices were, on average, more than double the international price despite Tanzania's status as a net exporting country of rice. Tanzania's average price of rice was US\$1127/Mt in 2023 compared to US\$554/Mt in Thailand. These differences point to big margins being exploited by intermediaries across the region, raising food security concerns.

Rice prices in Kenya are the lowest in the region at US\$875/Mt. Throughout 2023, Kenya had multiple duty interventions to increase food supply in the country. The Ministry of Agriculture started with an import duty waiver from March 2023, thereafter in [August 2023](#), Kenya reduced the rice import duty from 75% to 35% which led to the further price declines observed. This affected imports from countries such as Pakistan, as Kenyan imports from Tanzania fell due to Tanzania's export restrictions of cereals to Kenya in June 2023.

Detailed price charts – International & selected countries



Source: AMO based on price tracker data from multiple sources; South Africa is SA Futures Exchange price; USA is fob prices from SAGIS.



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African Market Observatory (AMO)

The AMO is an initiative by the Centre for Competition, Regulation and Economic Development (CCRED) at the University of Johannesburg



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