

**27th United Nations Climate Change Conference – COP27**

October 2022

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 its partners. It summarises key trends in prices in East and Southern Africa (ESA) for selected staple food products, focusing on highlighted areas. Please also see the [previous trackers](#).

As the 27th United Nations Climate Change Conference (COP27), is currently underway in Egypt, this issue of the price tracker looks at the importance of the conference and its relevance in the African context, particularly in relation to food and agricultural markets. Adaptation to the extreme weather already being experienced is the [big issue for African](#) countries.

In addition to the countries we have been reporting on, we now include price information from Rwanda.

**Key developments**

- UN secretary-general has warned that the planet is fast approaching [irreversible climate chaos](#)
- Developing countries need about [US\\$2tn a year by 2030](#) to cope with climate change effects while reducing emissions
- Trade has a huge role to play in strategies for climate change adaptation to dampen effects of weather shocks, with the WTO proposing a [global environmental trade deal](#)
- But, cross-border markets are not working well for Africa, e.g. fertilizer and food prices in Africa remain at historic highs far above international prices which have fallen in recent months
- In October, soybean prices in Dar es Salaam rose significantly, reaching their 2022 peak at over \$1100/t
- Malawi maize and soybean in October prices increased, diverging from the prices in neighbouring Zambia
- Kenya's demand for maize is likely to cause Uganda maize flour [shortage next year](#), with price dependent on competitive regional markets and trade
- US agribusiness team lands in Kenya to forge partnerships over [Kenya's GMO market](#)
- Zambia allows [unrestricted exports](#) of agriculture and livestock products to assist the country with recovery from COVID-19
- Counterfeit seeds in Zimbabwe as 2022/23 planting season starts may result in [80% harvest loss for the affected](#) farmers
- Zimbabwe Farmers Union (ZFU) is pushing for maize and cotton marketing [policy reforms](#)

**COP 27 Conference currently underway in Egypt**

The current effects of climate change include droughts, floods, heatwaves and other extreme weather events. These are expected to intensify and occur more frequently in the absence of urgent action. The Paris Agreement, an international treaty on climate change, was adopted in December 2015 and its goal is to limit global warming to [1.5 degrees Celsius](#). However, a new report from UN Climate Change indicates that current efforts to reach this goal are [insufficient to limit global warming](#) to the targeted temperature and the current trajectory is for massive climate change. In addition to the detrimental environmental effects, there will be dramatically increased negative impacts on food production

- with volatility and rising food insecurity. The effects on food prices will depend on how markets operate across the region.

It is highly unjust that Africa has contributed the least to carbon emissions, the driver of climate change, but is the most severely impacted. [62% of carbon emissions](#) since the Industrial Revolution have been from North America and Europe, while Africa's contribution has only been 3%. Yet Africa is the most vulnerable continent in the face of the climate crisis. The continent loses up to [15% of GDP growth](#) each year to the effects of climate change.

The 27<sup>th</sup> United Nations Climate Change Conference i.e., Conference of the Parties of the UNFCCC, or COP27, is being held in Sharm El Sheikh, Egypt from 6 to 18 November 2022. This year's conference has been named the African COP and presents an opportunity for key African issues to be at the forefront. It is also the first COP that puts a focus on the link between climate change and [food systems transformation](#). This is timely considering the [current drought](#) in Kenya and the Horn of Africa which is severely affecting crop production, livestock and causing threats of starvation.

Africa's food systems are fragile and urgently need to become more resilient to external shocks, including climate change. An additional challenge that the East and Southern Africa region faces is [broken food markets](#). Competitive markets are central to supporting resilient food markets. However, farmers are increasingly becoming [reliant on a small group](#) of suppliers and buyers. Key markets at different levels of agri-food value chains are dominated by relatively few companies. This is exacerbated by the climate emergency, which COP27 has a significant role to play in addressing.

Since the inception of COP in [1992](#) during the Earth Summit in Brazil, COP has brought together governments, businesses, civil society groups (including activists, thought leaders and members of the public) as well as members of the media to confront the climate crisis. During the negotiations, governments agree on [legally binding limits on emissions](#). Following the 2015 Paris Agreement, many pledges to increase efforts towards limiting global warming and boost climate action financing have unfortunately not been fulfilled.

COP27 aims to move from promises to implementation, focusing on [practical actions to reduce carbon emissions](#) and plans on how to adapt to climate consequences. Mitigation as well as adaptation involves large sums of money that the most affected nations generally do not have. The richer nations that are responsible for almost all emissions are called on to compensate the more vulnerable countries for climate related damages that they can't avoid or "adapt" to, the so-called [loss and damage payments](#).

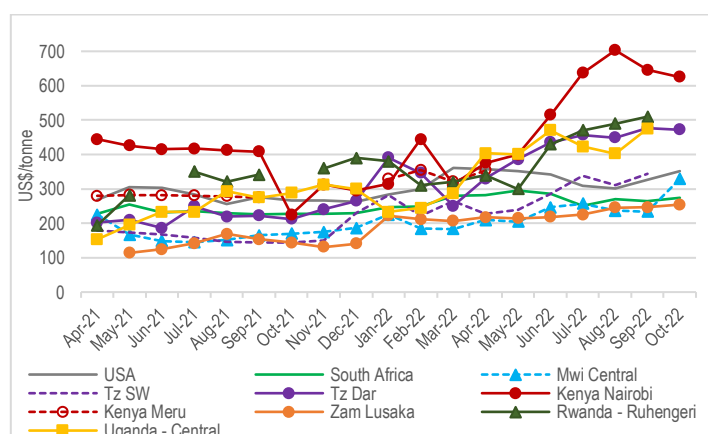
Governments need to work together to combat the climate emergency by implementing [immediate climate mitigation actions](#) which need to drive a just transition to net-zero emissions. In the context of African food systems, adaptation is the most urgent matter and requires a regional approach given the differing impacts within and across different countries, and for groups of producers. It is imperative that steps are taken to ensure African

food value chains become resilient and build capabilities to be better positioned in global agricultural markets. The interventions need to be made urgently given the accelerating pace of the climate emergency. Therefore, it is important that governments deliver on the actions to be agreed upon at COP27.

**Maize prices**

In October, maize prices in Kampala, Dar es Salaam and Rwanda (Ruhengeri) remain at elevated levels (Figure 1). In Kenya, although Nairobi prices have declined since their 2022 peak in August at US\$700/t due to the [maize harvest](#), they remain at high levels, with the Kenya Agriculture Market Information System reporting prices of US\$780/t in some markets such as Nairobi. Meanwhile, prices in Zambia have remained relatively stable in 2022, averaging at US\$254/t in October, just above their year-to-date average of US\$226/t. This means that farmers in Zambia continue to receive relatively low prices and there are still excess margins for exports to East Africa.

**Figure 1. Maize prices, ESA and international**



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

Prices in Malawi averaged US\$330/t, a 40% increase from the prices in September. The price in Malawi Central is now above the South African price and in line with international benchmarks which have been increasing over the past three months, as well as with the price in south west Tanzania. AMO users reported prices as high as US\$378/t in Lilongwe.

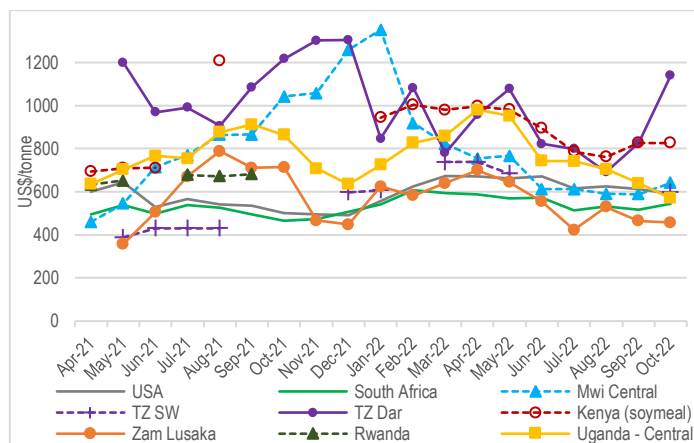
Trade and climate change are interrelated and leveraging trade to address climate change presents opportunities for development and growth, particularly for transforming economies and putting the planet on a sustainable trajectory. [Trade can help alleviate food insecurity](#) as food will flow between regions so that where there is a shortage, the demand gaps will be filled. This would enhance resilience in the face of climate emergencies.

**Soybean prices**

Soybean prices in Dar es Salaam rose significantly to US\$1130/t from US\$825/t in September, a 38% change. This is the trend that we saw in October 2021 when prices increased to US\$1200/t in Dar es Salaam. Prices in Malawi rose above international benchmarks, while Zambian prices dropped slightly. Ugandan

prices have tipped from highs at import levels close to \$1000/t in April/May to under \$600/t in October.

**Figure 2. Soybean prices, ESA and international**



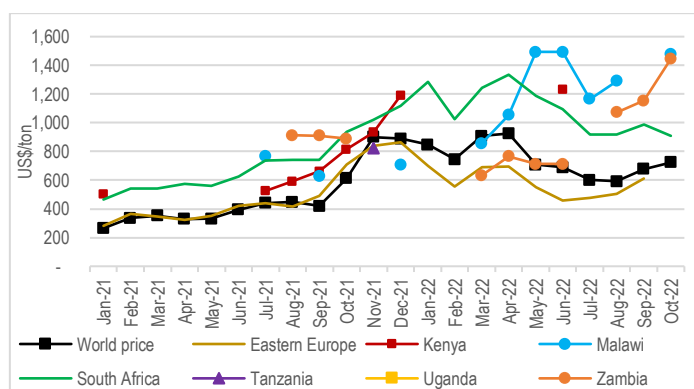
Source: based on price tracker data from multiple sources. South Africa is SA Futures Exchange price; USA is fob prices from SAGIS.

There are substantial excess margins between exporters Malawi, Zambia and now Uganda, and the net importing areas in Kenya and Tanzania. After reasonable transport costs, prices are \$200-500/t higher than they should be in Nairobi and Dar es Salaam.

**Fertilizer prices**

Urea fertilizer prices in Zambia and Malawi rose to levels above US\$1400 in October, double the international price of US\$725/t and far above prices in South Africa of \$909. This has massive negative implications for production in the next harvest.

**Figure 3. Urea prices**



Source: World price is from the World Bank. Eastern Europe & South Africa prices are from Grain SA. Kenya and Uganda are from AfricaFertilizer. Malawi, Tanzania and Zambia are from AfricaFertilizer and from POKET app users.

**Market Observatory App**

For crowd-sourcing data, we use a Market Observatory App which is available for download on the Google play store (POKET, only available on android devices), please contact [gnsomba@uj.ac.za](mailto:gnsomba@uj.ac.za) or +27 65 9965936 for the relevant country code.

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