NAMC

Promoting market access for South African agriculture

Regional Multi-stakeholder Dialogue on Vulnerable Farmers' Access to Fertilizers

Sharing good practices, innovations and viable options, and advocate for actions to ensure fertilizer access by vulnerable smallholder farmers in Africa

Mbabane, Eswatini, 4-6 October 2022

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Introduction and Background

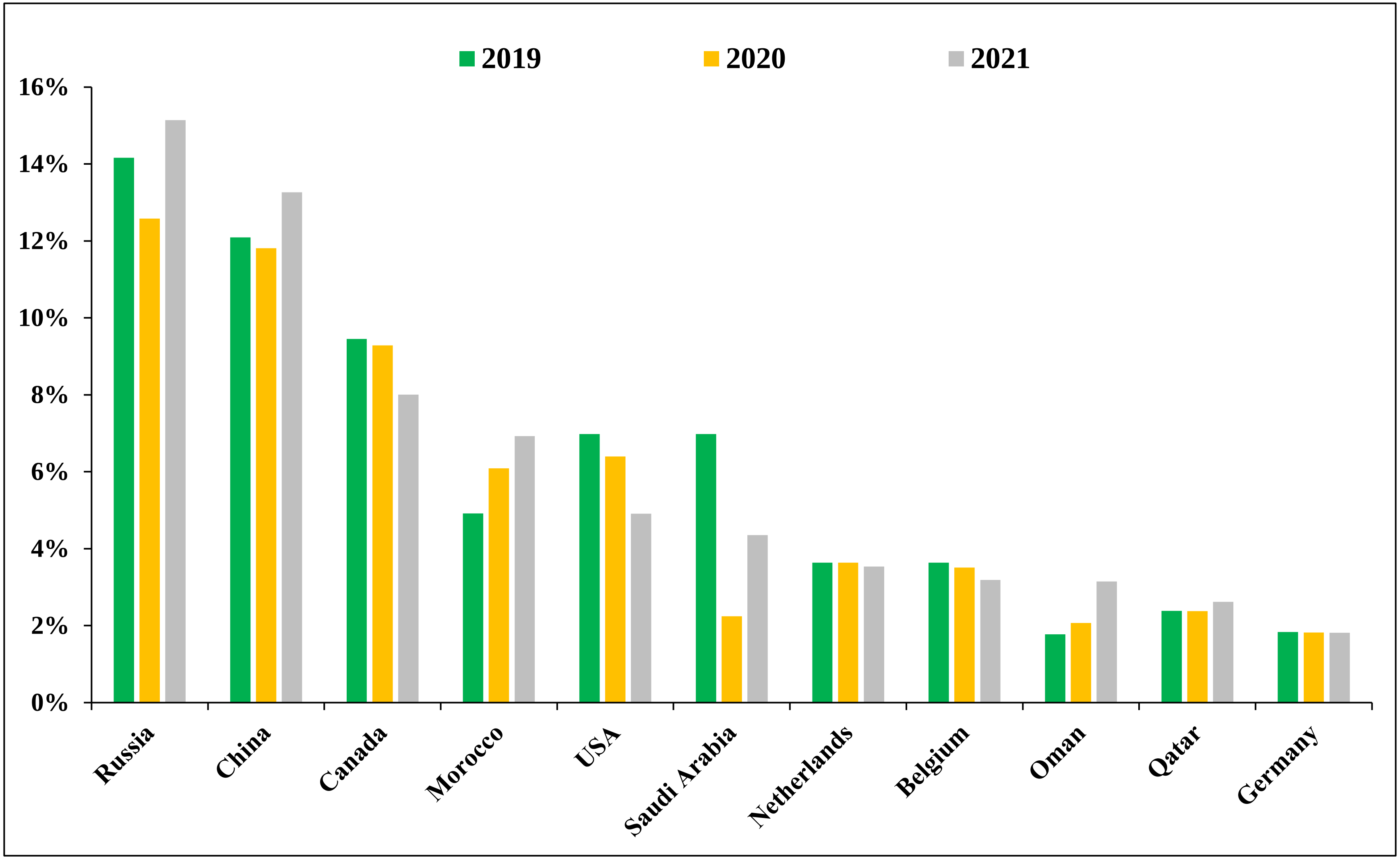
Fertilizer prices have been noticeable elevated since 2020 and accessibility has become a problem especially for smallholder farmers across the world.

Underpinning factors:

- Disruptions in the industrial production
- Prolonged supply chain bottlenecks
- Higher shipping costs
- Fertilizer exports restrictions, and
- Russia-Ukraine conflict

Africa has been impacted in one way or another depending on each country's macroeconomic status, logistics, and integration into the global market.

Global Fertilizer Suppliers



Source: UN-ITC Trademap, 2022

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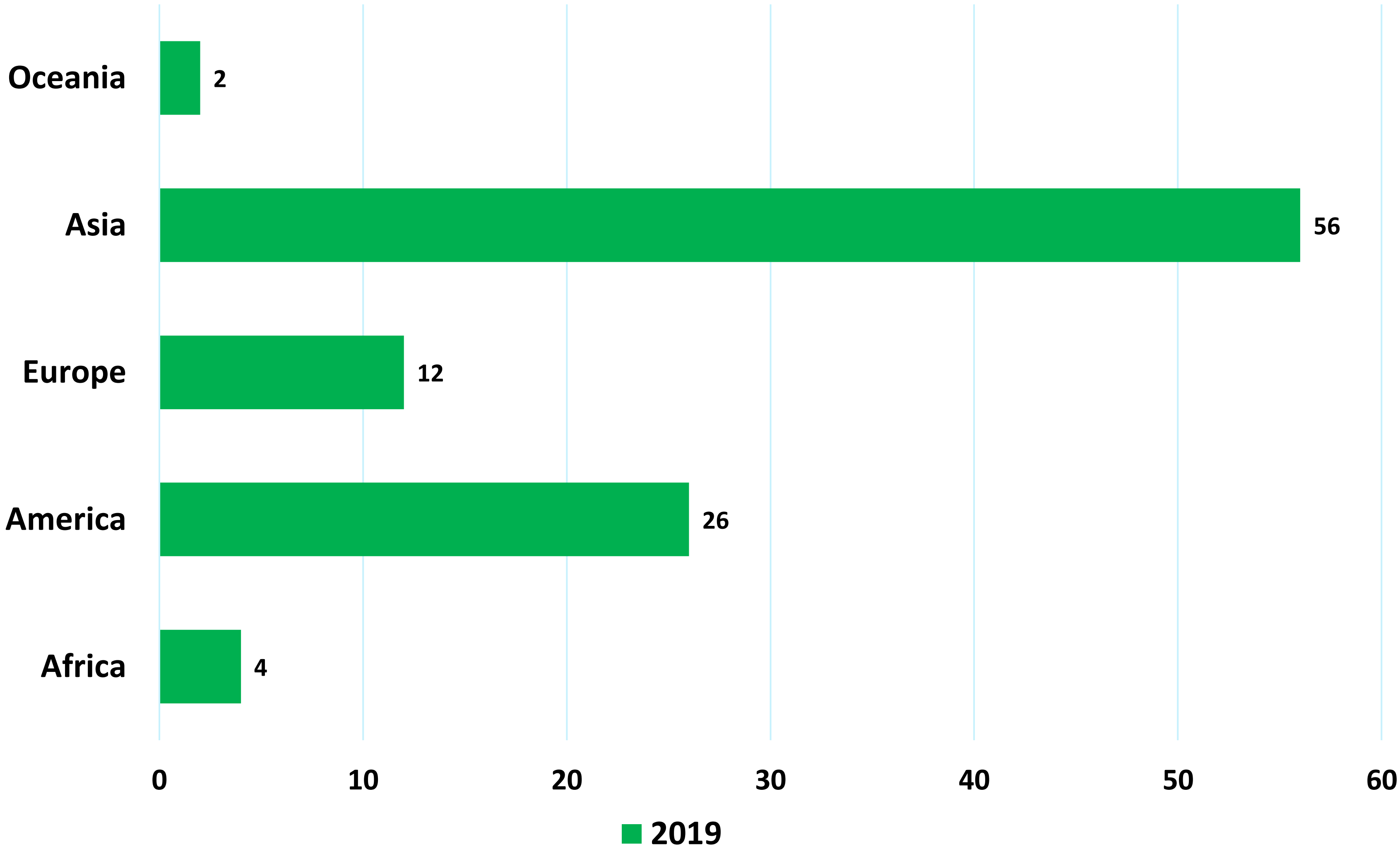
Global Fertilizer Price Trends

Fertilizer	Global average price (USD)	m/m (%change)	y/y (%change)
Ammonia	1 077.8	+4.8	+74.1
Urea	600.1	+0.7	+30.1
DAP-US Gulf	757.5	-4.8	+24.4
DAP-Baltic	867.5	-3.9	+37.7
Potash-US Gulf NOLA	681.1	-7.7	+22.7

Source: AMIS September, 2022

Global Fertilizer Consumption By Region, 2019 (%)



Source: FAO STATISTICAL YEAR BOOK, 2021

SADC Country Fertilizer Imports in Value Terms

Country	3 year Average (USD million)	2021 (USD million)	% change: 2021 vs 2020
Madagascar	25.5	28.9	28.0
Mauritius	15.0	22.9	134.3
Mozambique	92.2	123.5	74.2
South Africa*	707.2	1.033	101.1
Tanzania	181.9	205.8	2.7
Zimbabwe	291.6	441.3	87.2

***NOTE**: South Africa's value is in USD billion

Source: UN-ITC Trademap, 2022

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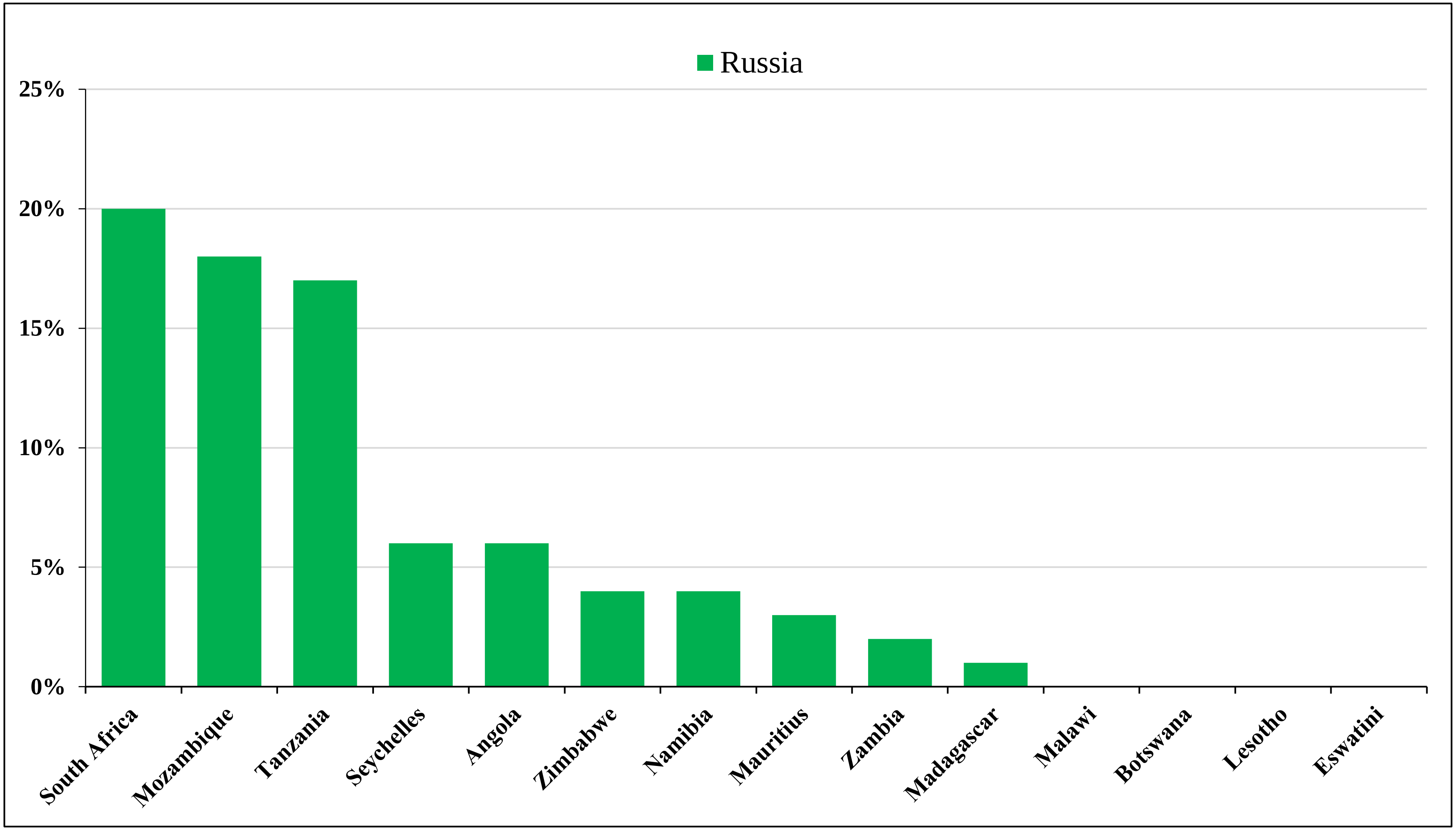
SADC Fertilizer Imports Dependency from Russia, (%)



Source: UN-ITC Trademap, 2022

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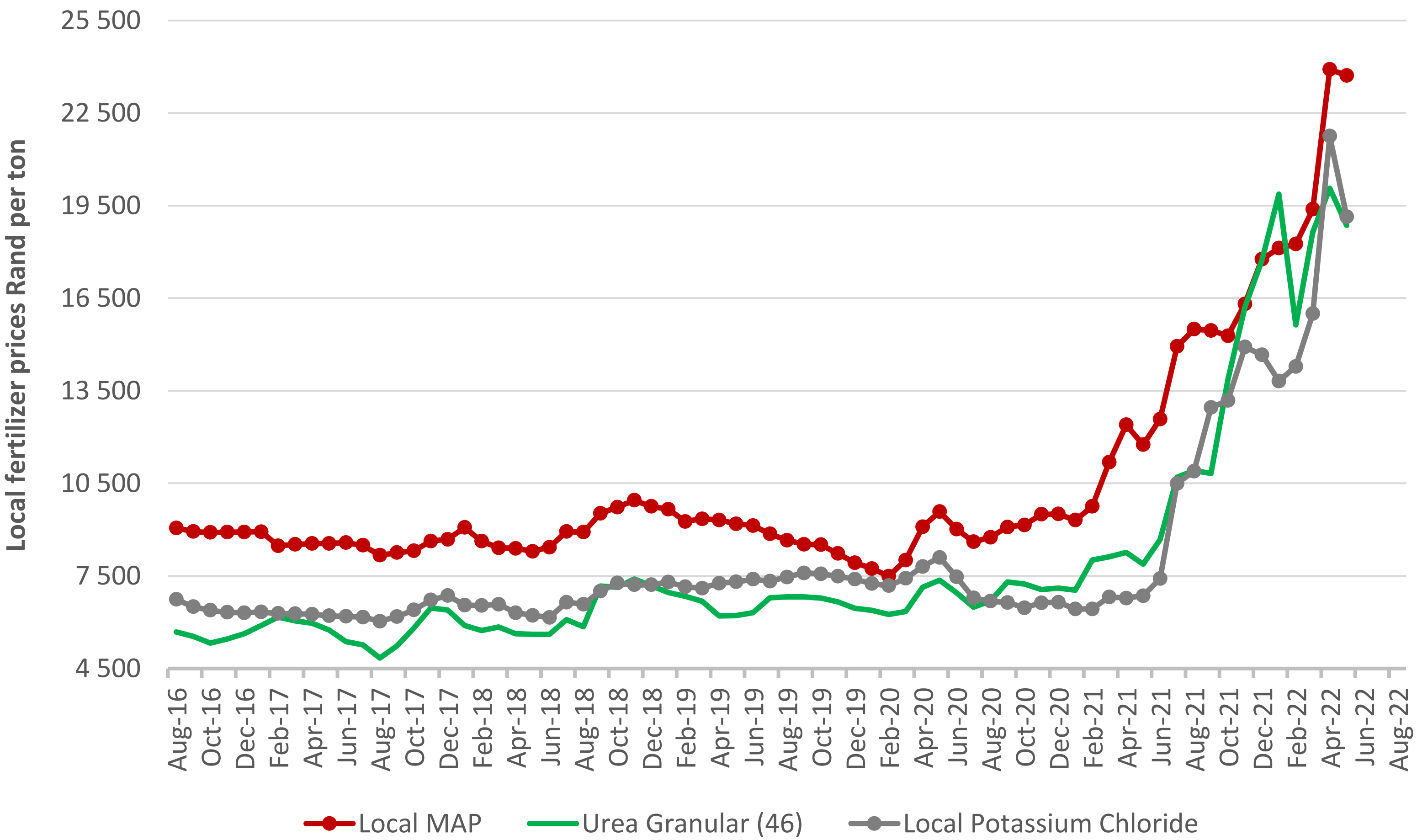
SADC Country Fertilizer use per ha

Country	Kilogram per ha, 2020
Global average	137
Botswana	51.3
Congo, Democratic Republic (DRC)	2.1
Madagascar	10.6
Malawi	32.6
Mauritius	150.5
Mozambique	11.2
Namibia	3.7
South Africa	63.5
Tanzania	16.4
Zambia	79.8
Zimbabwe	33.2

Source: World Bank, 2022

SADC's Fertilizer Price Trends

South Africa August, 2022



Source: Grain-SA, 2022

Projected Fertilizer Use by Region in 2022

Region	Fertilizer use
Africa	-15%
East Asia	-5%
Emerging Europe and Central Asia (EECA)	-6%
Oceania	-9%
South Asia	-10%
Latin America	-4%
WCE	-5%
North America	-2%
West Asia	-9%

Source: International Fertilizer Association (IFA), 2022

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Concluding Remarks

The SADC's cereal-producing countries, mainly South Africa and Tanzania, are major users of fertilizer. Due to the current fertilizer price situation, some farmers in these countries may choose to grow crops that require less fertilizer in order to make a profit.

SADC is primarily dominated by smallholder farmers who used significantly low fertilizer application rates even before the current fertilizer crises, with the exception of South Africa, which is dominated by large commercial producers.

Fertilizer application in SADC has increased from 6kg/ha in 2000 to 19kg/ha in 2021 (estimation), which is still far behind the 137kg/ha average for the world or the 50kg/ha agreed upon under the Abuja Declaration.

Reduced fertilizer use will have a short-term effect on crop yields in the following harvest, which will lead to decreased food supply and ultimately increase the number of people at risk of hunger and starvation.

According to an IFA report published in July 2022, a global drop in maize, rice, and wheat production of 1.4%, 1.5%, and 3.1% would result from using less nitrogen fertilizer.

Recommendations

Africa's ability to feed itself is threatened by rising fertilizer prices and limited access to it. Regionally, there is a need to identify areas where there is potential of fertilizer shortages for the current production season and provide aids to enhance food production and limit the risk of lower yields.

Countries are still struggling with COVID-19's aftereffects with growing debt, however this differs between countries. Cash transfers to the underprivileged consumers may be used to support countries like Madagascar, who are isolated from the rest of the region's supply chains and are tiny fertilizer users.

Smallholder farmers, predominate in the SADC region, and may not always possess the skills necessary to use fertilizers effectively. Given the climate difficulties and policies surrounding them, critical abilities in this area would decrease fertilizer waste while improving better yields.

Greater regional integration is necessary so that countries can pool resources as needed.

Take-home

- Smallholder farmers are estimated to produce about 70% of the food in Africa (IFAD), but this food supply is now under tremendous risk.

- Smallholder farmers that are net sellers are likely to see little to no profit from the sale of their products due to high fertilizer prices and low yield, and some may even become net purchasers themselves.

- The current status of the global fertilizer market is almost impossible to predict and no one knows when or how things will change for the better.

Thank you

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