

PROVIDING WEEKLY INFORMATION ON THE IMPACT OF COVID-19 ON THE WEST AFRICA FERTILIZER MARKET

# Focus on Fertilizer Prices & Costs



# WEST AFRICA FERTILIZER WATCH

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## FOCUS ON FERTILIZER PRICES AND COSTS

- This week, the number of new COVID-19 cases in the region rose by only 12 percent compared to 21 percent the previous week, confirming a decline that is leading countries in the region to further ease movement, economic and health restrictions.
- Six weeks after our first assessment, published on April 27, 2020, we look again at global and domestic prices. International prices are stable, after a drop of around 20% over the last 12 months, and with a more marked drop for urea precipitated by the fall in oil prices (-7% since January). In the short- and medium-term, this may allow countries, including Guinea, Togo, and Nigeria, to import more fertilizers at affordable prices for this season, and further take advantage of lower prices during the second half of the year to rebuild stocks for the 2021 season.
- According to WAFA and AFO collection agents, retail prices have remained stable in the region, while the prices of subsidized or contracted fertilizers are now known for this season and taken into account. With the exception of Mali, stocks are being built up at distributor- and retailer-level in the major consuming countries, who expect strong demand in the coming weeks, particularly in Côte d'Ivoire, Nigeria, and Senegal.

STATUS										
	Covid -19	Public Measures	Status of fertilizer supply chain				Fertilizer Markets			
Country										
BENIN	↑									
BURKINA FASO	↑			↑						
CAPE VERDE		↑	↑							
CHAD	↑									
CÔTE D'IVOIRE										
GAMBIA										
GHANA										
GUINEA BISSAU	↑									↓
GUINEA	↑	↑								↑
LIBERIA	↑	↑								↓
MALI										
MAURITANIA										
NIGER				↑						↓
NIGERIA	↑									
SENEGAL										↑
SIERRA LEONE	↑	↑								↓
TOGO	↑									↓

Legend	COVID-19 pandemic: diagnosed cases on a week-on-week basis	Economic status: public health and economic measures, fertilizer logistics	Fertilizer market indicators:		
	% stock coverage	% subsidized/total market	Retail/FOB urea price ratio		
Stable	No impact &/or improvement	80% +	< 30%	80% +	
< 25%	Limited impact	50 - 80%	30 - 50%	50 - 80%	
25% - 50%	Moderate impact	30 - 50%	50 - 80%	30 - 50%	
> 50%	Strong impact	< 30%	80% +	< 30%	
No data (N.D.)	N.D.	N.D.	N.D.	N.D.	

	COVID-19 % CHANGE		HEALTH MEASURES		ECONOMIC MEASURES		PORT OPERATIONS		DOMESTIC TRANSPORT
	BORDER CROSSING		AGRO INPUT RETAIL SHOPS		INVENTORIES & STOCKS		FERTILIZER SUBSIDIES		RETAIL/FOB PRICE RATIO

- An estimate of distribution costs from port to farmers shows that Ghana and Nigeria offer the best prices in the region to their farmers. Locally produced, blended fertilizers cost \$35 to \$40 less than imported compounds.

# Fertilizer prices and markets news from

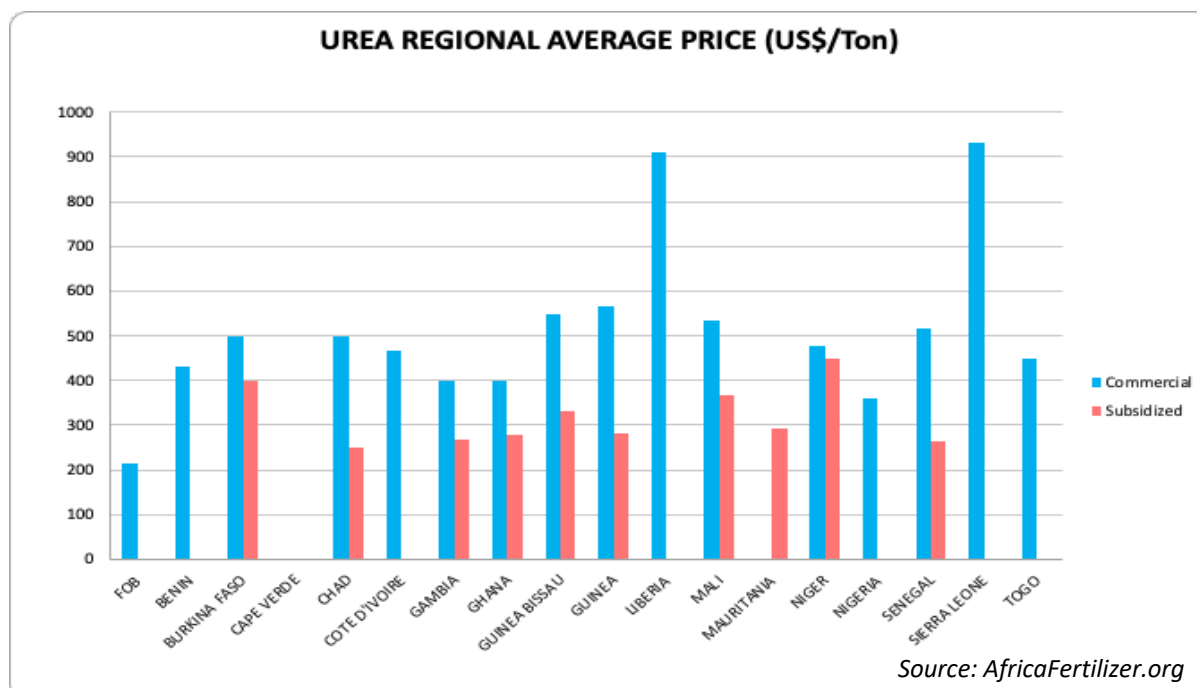
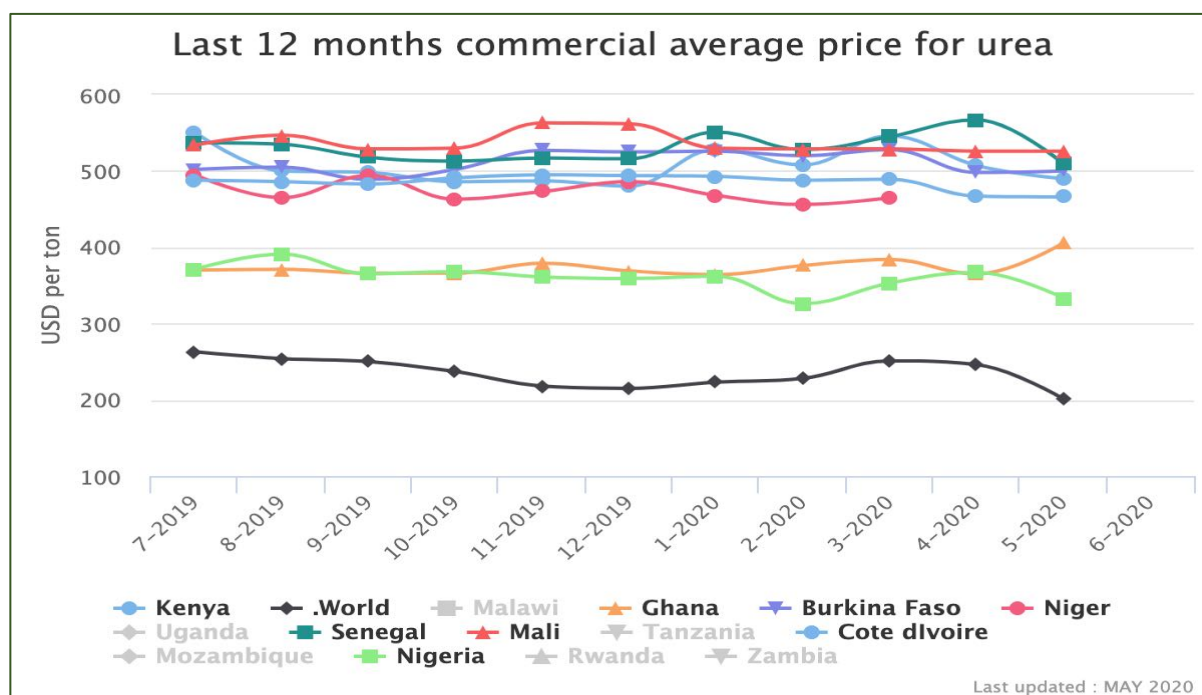


AfricaFertilizer.org

Since 2010, AFO has been monitoring prices every month in 6 countries, including retail prices for main fertilizers both subsidized and unsubsidized, and reporting on other market news. From late 2019, WAFRA is fully engaged in this effort as a co-publisher

of *FertiNews*. You will find below information from the latest edition published on June 3, 2020.

More at <https://africafertilizer.org/>



## BURKINA FASO

It is the beginning of the planting season, so land preparation is in progress. Overall, trade is still slow between retailers and farmers, but wholesalers and importers are actively stocking their fertilizer shops. They hope to receive many visitors to their shops by mid-June. Regarding subsidized fertilizer, supplies have started. This year, the volume of subsidized fertilizer is 30,000 tons. The selling price of the subsidized fertilizer is 12,000 FCFA per 50 kg bag and that goes for all types of fertilizers (Urea and NPK), while commercial prices range from 15,000 to 17,500 FCFA per 50 kg bag. [Read more](#)

## COTE D'IVOIRE

The agricultural season has begun and sowing of all crops is in progress. During this period, agro-dealers are making good sales of fertilizers. The fear of the COVID-19 sales slump is gradually disappearing, and everything is getting back to normal. There are only a few known delays in fertilizer supply, resulting in partial shortages of some types of fertilizer in some markets. Fertilizer prices have remained stable in all shops monitored. [Read more](#)

## GHANA

The government of Ghana has started easing restrictions that were put in place because of the COVID 19 pandemic. The fertilizer sector is taking advantage of this opportunity to bounce back to normal business. Movement and access to fertilizer is improving gradually. The 2020 Planting for Food and Jobs program has also commenced and is expected to run until November 2020.

The package for this year's subsidy program is offered only in 25kg branded bags. This is done to reduce smuggling of fertilizers to neighboring countries, so that the fertilizer will be more accessible to smallholder farmers throughout the country.

The government has maintained subsidy prices across the country by giving agro-dealers at locations farther from the ports and blending plants more commission to balance transport cost effects on prices than those that are close to the plant.

At the Tema Port, cargo congestion, occasioned by disconnection of the technology cargo clearance systems of service providers (GCNet), caused delays

in vessel berthing and caused increases in demurrage costs. As a result, open market prices of fertilizers were affected and caused fertilizer companies to hold off on sales due to lack of competitive prices.

Delays from port activities and untimely arrivals of fertilizers prevented most farmers from applying NPK fertilizers because they felt the basal application window had passed. They only did top dressing applications using Urea. [Read more](#)

## MALI

No major changes have been recorded from last month. This is the harvest period for potatoes and onions in Koutiala, Koulikoro, and Sikasso, where a drop in fertilizer sales was noted. In Ségou, quantities sold are for vegetable farming. The security crisis in some towns is impacting the fertilizer trade negatively. The latest deliveries for the CMDT company's agricultural season and the build-up of stocks by fertilizer suppliers, who are waiting for results of bids submitted to the Ministry, have been noted. [Read more](#)

## NIGERIA

Reports show that demand for fertilizer is on the increase despite various COVID 19-related restrictions across the country. Fertilizer production for the Presidential Fertilizer Initiative (PFI) has commenced fully and products have been supplied to most markets in the country. However, NPK 15 15 15 is still expensive due to its scarcity and high demand by farmers. Increases in transportation costs have also contributed to increases in prices of fertilizer products. Gradually, the fertilizer business is getting back on track because restrictions are being eased in some states.

- **South West:** According to agro dealers in this region, sale of fertilizers is ongoing, but patronage is low compared to the same period last season. In some states in this region, sales are beginning to improve due to easing of restrictions and the continuous increase in rainfall. NPK 20 10 10 fertilizer is still the predominantly available fertilizer in this region compared to other products.
- **South East:** According to reports, there is low patronage of fertilizer products. Farmers are complaining of price increases due to scarcity of



the product on the market. The price of NPK 15 15 15, for instance, is high because of low supplies to the market. Prices are expected to go down soon due to supplies being made by the PFI into the markets, as well as the gradual easing of movement restrictions.

- **South South:** Fertilizer prices in this region are also affected by the COVID-19 restrictions, but the market is gradually returning to normal as restrictions are being lifted. In most cases, transportation costs affect fertilizer availability and prices in this region. Farmers are willing to buy the fertilizers, but the price hike is preventing them from getting the quantity they require, so they end up buying the quantity they can afford. NPK 15 15 15 is, however, not available in the market.
- **North Central:** Reports from this region show that demand for fertilizer has increased, as the rains have remained constant in the past few weeks. Some fertilizers are scarce, especially the NPK 15 15 15, but the recent supply of the PFI into the markets is expected to ease the scarcity and stop the price hike.
- **North East:** Except for NPK 15 15 15 which is still scarce, fertilizers are still available in the market despite restrictions. Prices are, however, high compared to other regions in the country.
- **North West:** With restrictions now being eased, the fertilizer market is bouncing back, but NPK 15 15 15 is still scarce and expensive. PFI products are available in the market, even though they are yet to start selling at government approved prices. [Read more](#)

## SENEGAL

The fertilizer market has started getting lively even before the farming season sets in fully. Fertilizer suppliers are working hard to increase stocks to meet the expected strong demand. This year, the State has planned to subsidize 150,000 tons of fertilizer, including 60,000 tons of Urea. The first notifications of the lists of approved fertilizer distributors have been available since mid-May. Fertilizer distributors have started to set up their quotas at the level of distribution commissions. [Read more](#)

*FertiNews is a monthly publication by AfricaFertilizer.org, reaching since 2016 over 3,800 stakeholders across Africa and the world, involved in fertilizer, agro inputs, agricultural and food systems.*

May 2020 Edition

français

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française

Dear Partners,

We are glad to come your way again with information to guide your decisions and choices that will help boost your businesses and ultimately boost agricultural productivity and production, even in the face of COVID 19. As countries are beginning to ease restrictions at various levels and in various forms, we advise our readers and partners to continue to observe the necessary protocols to protect themselves and their families.

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**Fertilizer Watch in Africa**

Our commitment to provide weekly updates on the fertilizer industry to stakeholders throughout ECOWAS countries, including Chad and Mauritania, and East African countries, in response to COVID-19, remains strong.

We have so far published eight editions of the West Africa Fertilizer Watch and four editions of the East Africa Fertilizer Watch, covering various themes including Fertilizer Subsidy Management, Compliance with ECOWAS Directive and Levels of COVID-19 Restrictions in Eastern and Southern Africa in our recent editions.

Subscribe to get weekly updates.

**Regional Fertilizer Retail Price May 2020**

WEST AFRICA

Product	Type	BEA	CIV	GHA	MAL	NER	NGA	SEN
NPK	com	535	476	383	593		557	455
15-15-15	sub	398		292				
NPK	com	537		415				
23-10-5	sub	398		292				
Urea	com	501	467	406	527		333	509
46-0-0	sub	398		278				

Legend: Commercial Market Prices (com) vs. Subsidized Prices (sub)  
All prices in US\$/ton. More on our methodology.

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Argus Strategy Report - Sub Saharan Africa

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**News**

**LIBERIA:** (May 24, 2020)  
The Ministry of Agriculture has alarmed an acute shortage of fertilizers in the country which has hampered farmers' production for this farming season. According to Ministry, the closure of neighboring countries' borders with Liberia and the restricted inter-country movements of people during lockdown is creating huge demand for fertilizers to enhance crops, fruits, legumes, cocoa, and coffee farming at planting early stages. [Read more](#)

**ZAMBIA:** (May 24, 2020)  
NITROGEN Chemicals of Zambia in Kafue has started delivering Fertilizer for the 2020/2021 farming season to districts where it has been contracted by government to distribute farming



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# Fertilizer Cost Build Ups from Ports to Farms - An estimate for urea and NPKs along 4 main trade corridors in West Africa

In 2019, IFDC conducted with Nitidae a study on **import processes and cost build up** on 4 main ports and corridors (Lomé, Tema, Abidjan, Dakar) serving mainly 6 countries (Togo, Ghana, Cote d'Ivoire, Mali, Burkina Faso and Senegal).

In this analysis, we used a **cost build up simulator** developed by Nitidae to reassess estimated costs to supply various grades of fertilizers, from ports to farms.



[Download the full report](#) (English, pdf)

## Assumptions and sources

We have estimated the current costs and prices for urea (granular from Nigeria), NPK 15-15-15 (imported compound from Morocco), and locally blended NPK 15-15-15 (otherwise, the most common blend used), using the most current (May 2020) freight rates and pricing of fertilizers on

international markets (source: Argus Media) and at retail level (source: AfricaFertilizer.org, WAFA).

Urea price is for Granular Urea from Nigeria (Indorama), which has become over the past years a major supplier of Urea in West Africa. This is a major change from previous years where markets and models were using Prilled Urea from Baltic. On average, Granular Urea prices from Nigeria are \$20-25 more expensive than prilled.

Local prices are those reported by AFO/WAFA for local retail prices (subsidized or commercial), as published in Fertinews. This price is an average or modal price across the country. We are using domestic transport costs from port to major areas of consumption (e.g. Bobo Dioulasso in Burkina, Sikasso in Mali, Korhogo in Cote d'Ivoire, Thies in Senegal, Kumasi in Ghana, Atakpame in Togo)

We used [Afriqom](#) freight assessments, for mid-size tonnage vessels (10-15 000 t). Freight costs have also decreased from \$35-40 last year, to be now in the range of \$20 (17-21) per ton from Africa and \$22-25 ton from other origins.

## General comments

The combined effect of the drop in international FOB Prices and the reduction of freight cost is making the current period favorable to import of fertilizers.

Indeed, according to our estimates based on 2019 cost build up study and current FOB and freight Costs, if the fertilizers were imported in the current conditions and sold at the current prices, there would be 20 to 30% difference between the price at wholesale and the price at retail level.

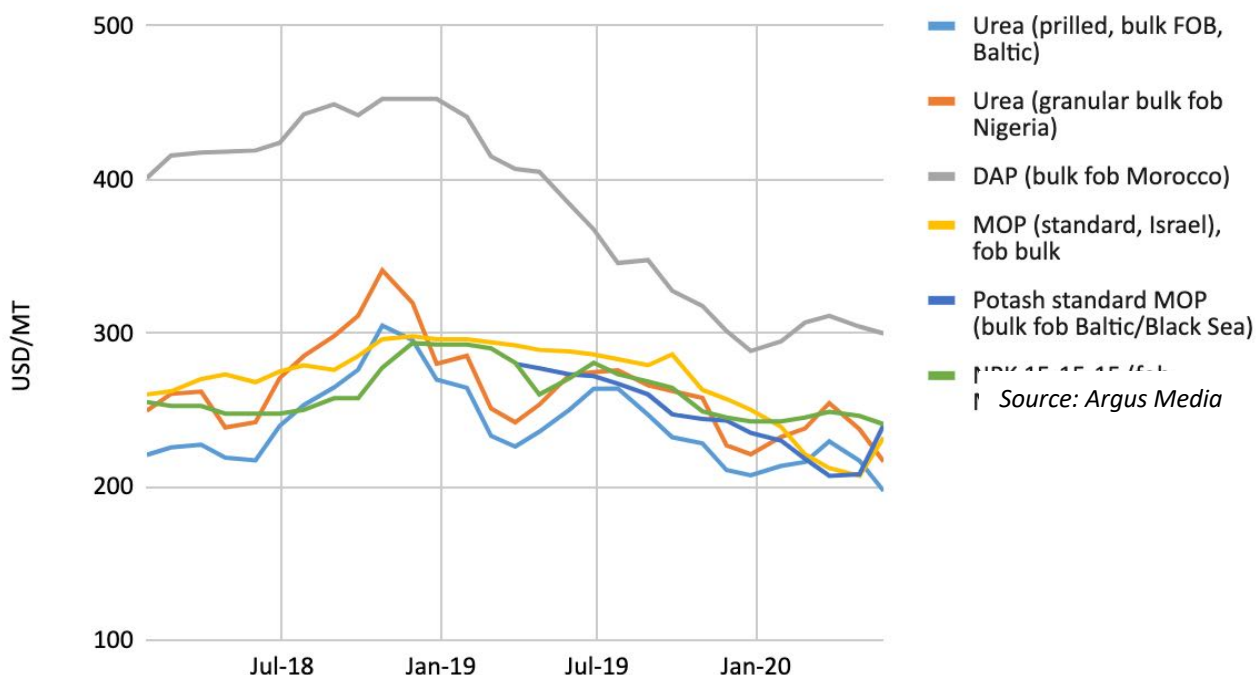
However, this favorable situation will most likely have little effect on the current season, because, the planting season has already started in the region.

In most countries, farmers are buying today, from stocks that were sourced a few months ago when the international market was less favorable.

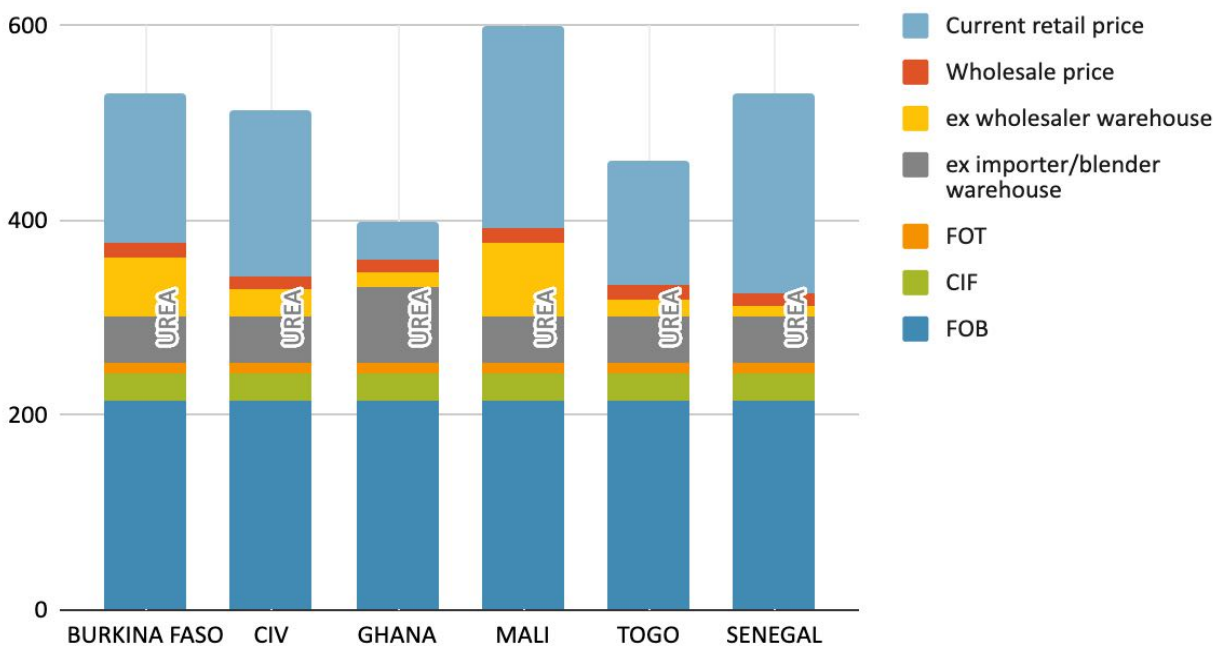
Thus, despite low FOB and low freight induced in part as a silver lining to the COVID19 pandemic, the prices in the local markets remain generally unaffected. If prices were to remain this low till the next season, then we would see an effect on the fertilizer prices at farm gates.

In May 2020, urea prices to farmers in relatively large SSA markets were between 400 and 550 USD per ton. This is at least twice the average international FOB price that was hovering around 200 USD per ton.

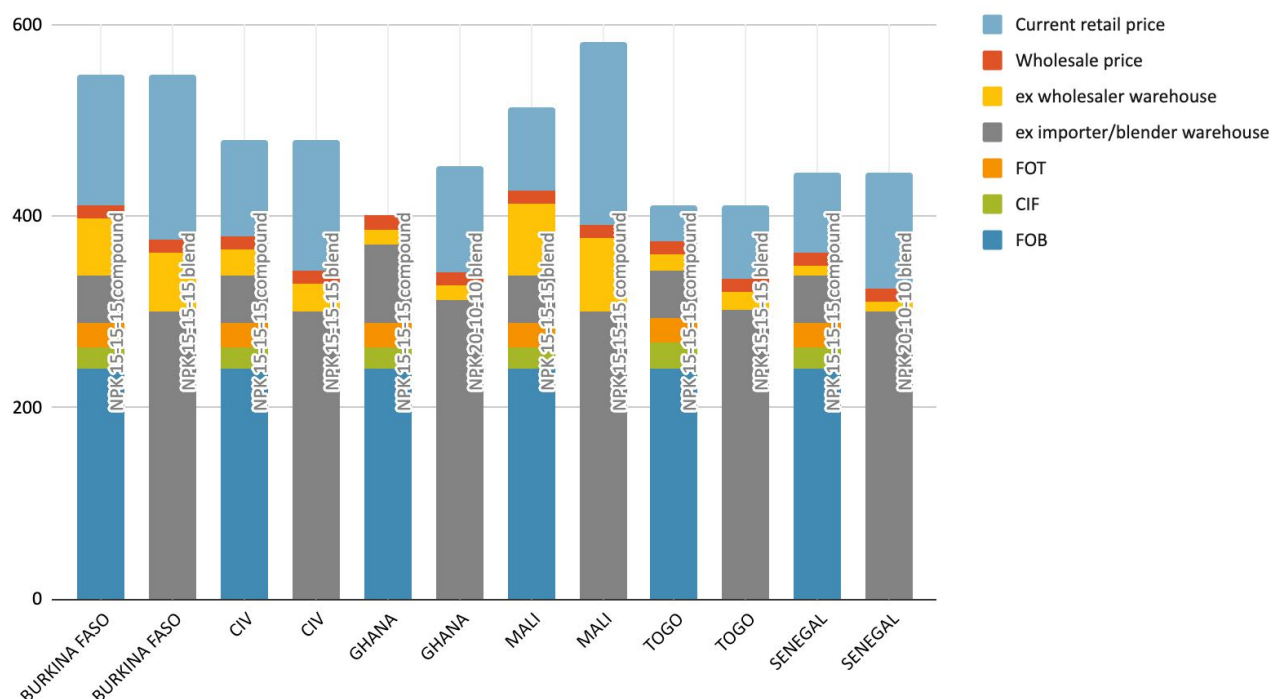
## FOB prices from Jan 2018 to May 2020



## COST BUILD FOR (GRANULAR) UREA IN 6 WEST AFRICAN COUNTRIES



## COST BUILD UP FOR NPK COMPOUND OR BLENDED LOCALLY IN 6 WEST AFRICAN COUNTRIES



The lowest costs for urea are observed in Nigeria where farmers can access the fertilizer for about \$350 per ton. This low cost is explained by the strong local production. Indeed, the country is a net exporter of urea.

Among countries that import urea, Ghana has the lowest retail prices. In the case of the Black star of Africa, the low cost is explained by a strong subsidy policy that puts a downward pressure on all the fertilizer commercial prices. In Ghana, about 80% of the fertilizer market is subsidized, and subsidy rates go as high as 50%.

The three highest prices for urea among these countries, in descending order, are in Mali, Senegal and Burkina Faso. The proximity of the latter with Ghana that has a large subsidy, combined with the relatively high fertilizer cost on the local market favors spillage of Ghanaian subsidized fertilizers to Burkina Faso Market in order to benefit from the price difference.

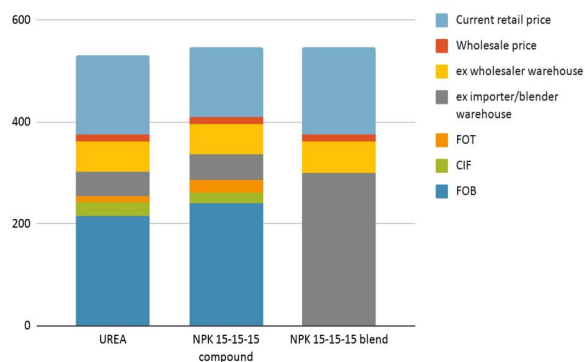
### Legend

FOB	Free on Board
CIF	Cost, Insurance and Freight
FOT	Free on Truck



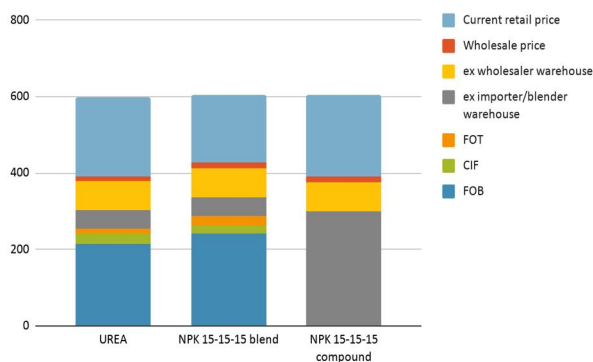
## BURKINA FASO

UREA, NPK 15-15-15 blend and NPK 15-15-15 compound



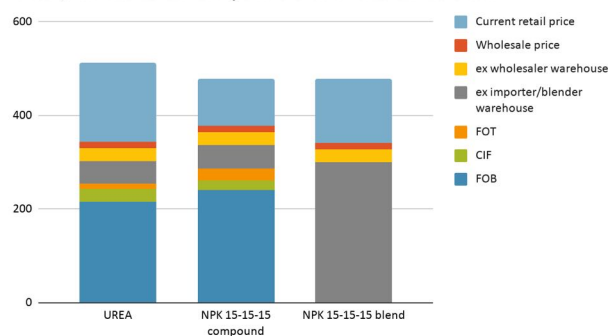
## MALI

UREA, NPK 15-15-15 blend and NPK 15-15-15 compound



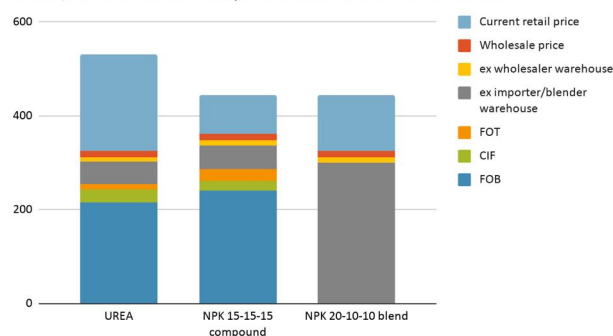
## COTE D'IVOIRE

UREA, NPK 15-15-15 compound and NPK 15-15-15 blend



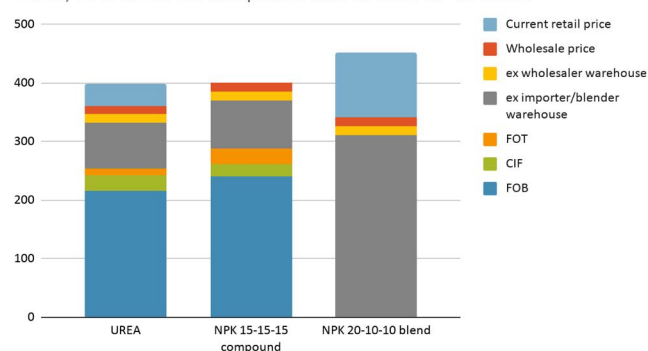
## SENEGAL

UREA, NPK 15-15-15 compound and NPK 20-10-10 blend



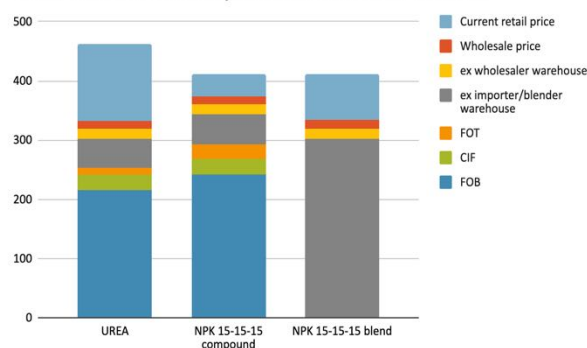
## GHANA

UREA, NPK 15-15-15 compound and NPK 20-10-10 blend



## TOGO

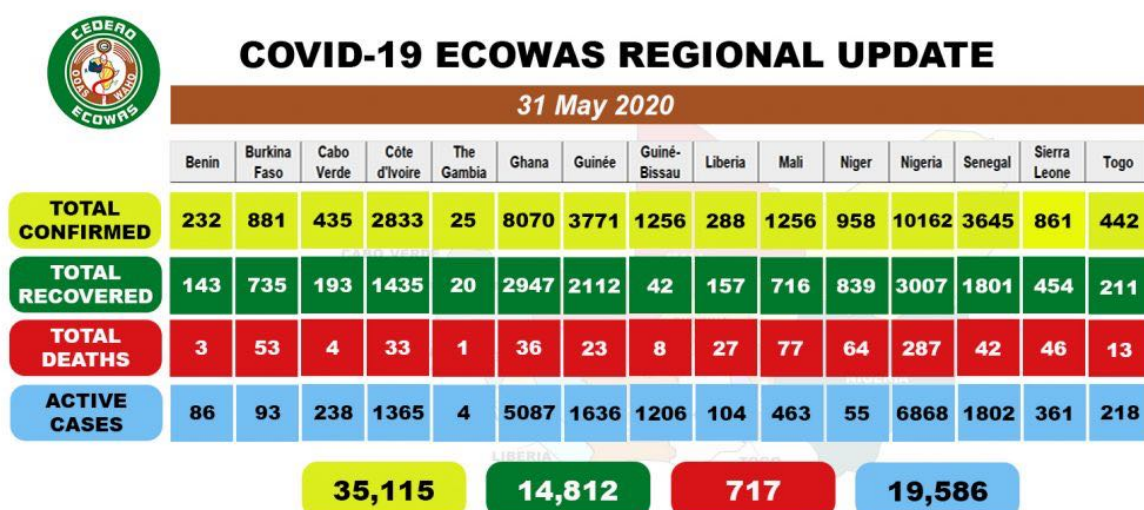
UREA, NPK 15-15-15 compound and NPK 15-15-15 blend



# Situation of COVID-19 within ECOWAS Member States

In one week, reported cases of COVID-19 increased only by 12% in the region, and by

more than 50% in only one (Mauritania) of the 17 countries.



Source: ECOWAS for the 15 States and Johns Hopkins for Chad and Mauritania

<https://www.ecowas.int/covid-19/the-status-within-ecowas-member-states/>

<https://coronavirus.jhu.edu/map.html>

## About the West Africa Fertilizer Watch

In response to the COVID-19 pandemic, the West Africa Fertilizer Association (WAFA), the International Fertilizer Development Center (IFDC) and its AfricaFertilizer.org (AFO) initiative have launched the West Africa Fertilizer Watch on April 10<sup>th</sup>, 2020. The West Africa Watch has been greatly appreciated by private sector businesses all along the value chain, public sector and development partners responsible for policy and food security interventions, including Government Ministries, Regional Economic Communities (ECOWAS, CILSS, UEMOA), and the African Union as a valuable tool to monitor actions and analyze data to help in decision making related to fertilizer availability and use.

More info at

<https://ifdc.org/2020/04/10/west-africa-fertilizer-watch/>



An independent non-profit organization, IFDC works throughout Africa and Asia to increase soil fertility and develop inclusive market systems. Combining science-backed innovations, an enabling policy environment, holistic market systems development, and strategic partnerships, the organization bridges the gap between identifying and scaling sustainable agricultural solutions, resulting in improved household food security and enriched family livelihoods around the world. Using an inclusive approach, IFDC employs locally driven solutions that are environmentally sound and impact oriented that bring change at local, regional, and national levels.



## About WAFA, IFDC & AfricaFertilizer.org



The West African Fertilizer Association (WAFA) is a non-profit private sector initiative established to address the challenges of the fertilizer industry in West Africa. Representing all the ECOWAS countries, the member companies combine resources to find solutions to market challenges and promote best practices in fertilizer production and use in order to optimize the region's potential for crop production and food security. Established in 2016, the association has 58 member companies in 11 different countries.

The AfricaFertilizer.org (AFO) initiative is the premier source for fertilizer statistics and information in Africa. It is hosted by IFDC and supported by several partners, key among them being IFA, Argus Media, and Development Gateway. Since 2009, AFO has been collecting, processing, and publishing fertilizer production, trade, and consumption statistics for the main fertilizer markets in sub-Saharan Africa. AFO has an extensive network of fertilizer industry players in the main fertilizer trade corridors and maintains key information on the major producers, their production facilities and capacities, importers/suppliers, various distribution channels, and agricultural service suppliers (laboratory services, research, credit providers, and warehousing/storage services).