



**Malawi Government
Ministry of Agriculture and Food Security**

PRESS STATEMENT

**2019/2020 MINIMUM FARMGATE PRICES
FOR SELECTED AGRICULTURAL
COMMODITIES**

BY
HONOURABLE FRANCIS KASAILA, MP
MINISTER OF AGRICULTURE AND FOOD
SECURITY

AT

**SUNBIRD CAPITAL HOTEL - MULANJE
ROOM**

7th April 2020

- THE PRINCIPAL SECRETARY FOR AGRICULTURE AND FOOD SECURITY, MR. GRAY NYANDULE-PHIRI
- THE CHIEF DIRECTOR, DR YANIRA MTUPANYAMA
- THE CONTROLLER OF AGRICULTURE EXTENSION AND TECHNICAL SERVICES (CAETS), MRS MARGARET ROKA MAUWA
- THE ACTING CHIEF EXECUTIVE OFFICER FOR ADMARCK, DR FELIX JUMBE
- ALL DIRECTORS AND DEPUTY DIRECTORS IN THE MINISTRY OF AGRICULTURE AND FOOD SECURITY
- MEMBERS OF THE PRESS PRESENT HERE
- LADIES AND GENTLEMEN

Introduction

I wish to welcome you all to this important press briefing on the 2019/2020 minimum farmgate prices for selected agricultural commodities.

Brief Background

Distinguished Members of the Press, Ladies and Gentlemen, the Government through the Ministry of Agriculture and Food Security is mandated under the General crops Act Cap 65:05 of the laws of Malawi to regulate prices of agricultural commodities in the country. This is achieved through the release of minimum farmgate prices at the start of each selling season to ensure that farmers are not exploited by the unscrupulous traders.

At the same time, this measure ensures affordable prices to consumers. Regulation of agricultural commodity prices ultimately is key in improving incomes of farmers and achieving food and nutrition security in the country.

My Ministry in consultation with stakeholders and other players in the sector is planning to revert to early release of these minimum farm gate prices just prior to the onset of an agricultural season. This will help the farmers and all stakeholders in making decisions on agricultural enterprises to venture into during the season.

Determination of Minimum Farmgate Prices

Before I proceed to announcing the minimum farmgate prices for the 2019/2020 agriculture season, allow me to give a brief

background on how these prices are determined.

The minimum farmgate prices are determined through a consultative process involving key stakeholders in the agricultural sector. Every year, the Ministry undertakes a cost of production survey in all districts across the country. This survey involves collecting data on production costs from sampled smallholder farmers on selected crop enterprises. The data is then used to compute gross margins and break-even prices.

Gross margins, as some of you may know, are simply revenue less variable costs incurred. Break-even price on the other hand, is a price at which the farmer is neither making a profit nor a loss or simply,

breaking even. Break-even prices are key in formulation of minimum farmgate prices.

To determine minimum farm gate prices, the Task Force team comprising key stakeholders such as members from the public, private, civil society and farmer organizations further scrutinize the break-even prices for the selected crops. A mark-up profit usually set between 10-30 percent on the break-even price is considered to arrive at the minimum farm gate price.

Let me also highlight that this process also takes into consideration other economic factors including price movements in the last growing season as well as the prices at the regional and world markets.

2019/20 Season Minimum Farmgate Prices

At this juncture, distinguished Members of the Press, Ladies and Gentlemen, allow me to announce the minimum farmgate prices for selected crops for the 2019/2020 agricultural season, as follows:

ID NO.	CROP/COMMODITY	MINIMUM FARMGATE PRICE (MK/ KG)
1	Maize	200
2	Rice (Polished)	600
3	Rice (Unpolished)	280
4	Sorghum	210
5	Finger Millet	400
6	Pearl Millet	220
7	Wheat	390
8	Soya Beans	300
9	Pure Beans	450
10	Mixed Beans	350
11	Groundnuts (Shelled)	480
12	Groundnuts (Unshelled)	300

13	Pigeon Peas	240
14	Cowpeas	310
15	Grams	220
16	Bambara Nuts	380
17	Chickpeas	320
18	Sesame	550
19	Castrol Oil	250
20	Sunflower	330
21	Paprika (Grade A)	800
22	Paprika (Grade B)	700
23	Chillies (Grade A)	1000
24	Chillies (Grade B)	900
25	Cassava (Dried)	240
26	Cassava (Wet)	100
27	Cotton (Grade A)	389
28	Cotton (Grade B)	310

Members of the Press, Ladies and Gentlemen, these prices are going to be applied with immediate effect. As such, all agro-dealers, agro-processors and other

stakeholders dealing with marketing of agricultural commodities are expected to adhere to the set minimum prices and purchase the stated commodities at no less than the above prices.

Implementation Arrangements

Let me mention here that anyone who wants to buy these crops from farmers must have a licence. These licences can be obtained from the Ministry's offices of Programme Managers at Karonga, Mzuzu, Kasungu, Lilongwe, Salima, Machinga, Blantyre and Shire Valley Agricultural Development Divisions (ADDs) as well as from the Director of Crops Development at the Ministry's Headquarters in Lilongwe. The licence fee remains MK10,000 per commodity.

Monitoring and Enforcement

To enforce these minimum prices, the Ministry in conjunction with relevant authorities will continuously monitor and enforce compliance to the set minimum prices across the country.

Distinguished Members of the Press, Ladies and Gentlemen, the Government has given money to ADMARC to start buying maize this Thursday 9th April, 2020 in all markets in the Southern Region and this includes Ntcheu district. It is expected that ADMARC will open markets on 20th and 27th April, 2020 for maize purchases for the Central Region and Northern Region respectively. However, for selected commodities, such as beans and soyabeans, ADMARC will open markets earlier in Central Region. My expectation is that markets for these selected commodities such as beans in

Dedza – Chimbiya will be opened as early as 14th April, 2020. Early entry of ADMARC into the market will ensure that the minimum farmgate prices for maize and selected commodities are supported and therefore, discourage traders who exploit the farmers by offering low prices for them.

Let me appeal to every trader entering the market that they are strictly expected to buy the commodities at no less than the recommended minimum farmgate prices. I repeat, no one should sell or buy the above selected crop commodities at below the set minimum prices. Failure to adhere to these minimum prices is a criminal offense under the laws of the country and will be dealt with accordingly.

With these remarks, I would like to thank you all members of the press and assure

you that my office is open to address any queries on the subject matter.

I thank you All and may God Bless Malawi.