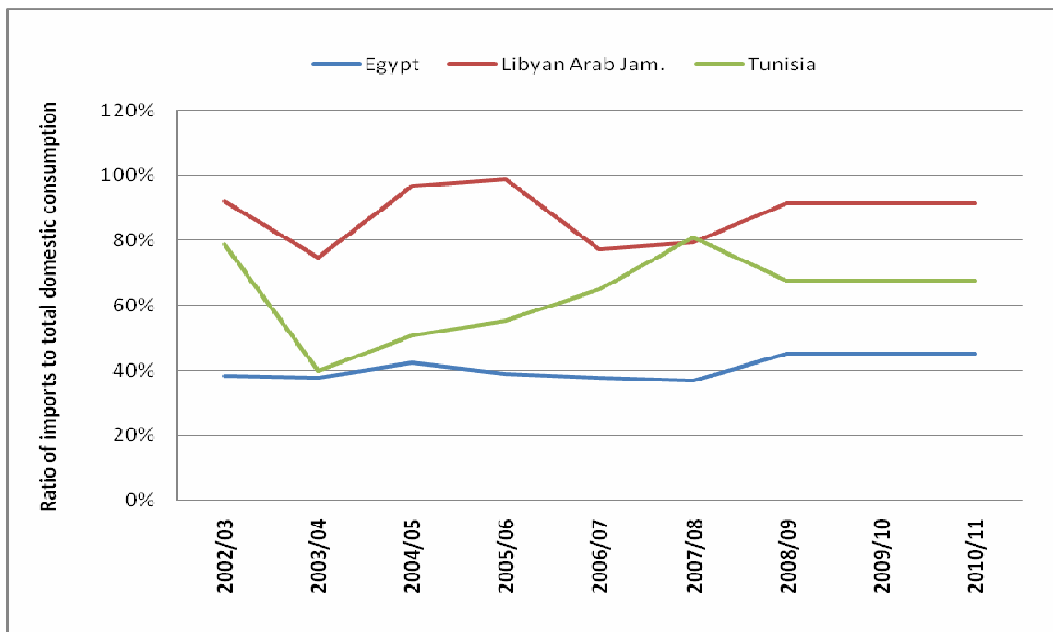


11 March 2011

North Africa Brief

Civil unrest in **Tunisia**, **Egypt** and **Libyan Arab Jamahiriya** that began at the start of the current year has resulted in increasing levels of internal insecurity and population displacement, both within and between countries. Current estimates indicate over 200 000 people have fled Libyan Arab Jamahiriya since 19 February. Food security conditions of the vulnerable population, particularly migrants, are of grave concern. The situation is further aggravated given the high import dependence of these countries, particularly Libyan Arab Jamahiriya, for cereals (Figure 1) and the rising international prices, which have contributed to enlarging national import bills and consumer prices - outside of the national safety net programmes. As an immediate response to the humanitarian situation, WFP has initiated an emergency operation to provide food aid to about one million people in the affected countries for a period of three months, to commence as soon as possible.

Figure 1: Ratio of Imports to Total Domestic Consumption (MY 2002/03 – 2010/11) (%)



Early prospects for the 2011 cereal crops, for harvest from late April/May, remain overall favourable, except in Tunisia where dry conditions in January have dampened prospects for an improved wheat harvest following last year's poor production.

Situation by Country

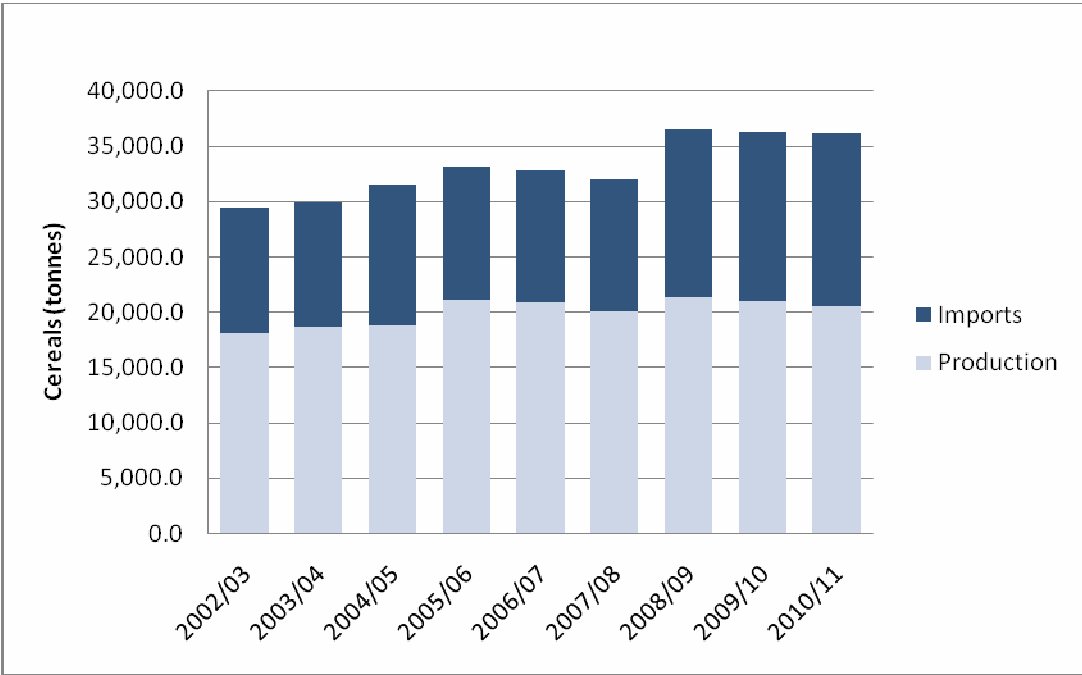
EGYPT

The large influx of people from Libyan Arab Jamahiriya since 19 February, currently estimated at 90 306, has increased the need for food, and other emergency supplies, at border camps; however the majority are Egyptian migrant workers and have utilised the border area as a transitory site. Emergency supplies and shelter are being provided to between 5 000 and 7 000 people.

At the national level, the sharp rise in wheat prices, as well as other food products, will add substantially to the cost of Egyptian wheat imports in 2010/11 and to the expenditure for the Government’s bread subsidy programme. The country is the world’s largest wheat importer with an estimated import requirement of 10 million tonnes for the current 2010/11 marketing year, and a total cereal import requirement of 15.6 million tonnes. Over 50 percent of wheat imports had been sourced from the Russian Federation; however, in view of the reduced supply from the Russian Federation in 2010/11, alternative sources are being used. For most consumers, while the high cost of imported wheat will not be felt in view of the country’s safety net programme, increases in the non-subsidized wheat flour price has caused prices of other wheat products to go up. At national level, nominal wheat prices increased by 32 percent in the year to December 2010 and rising food prices, particularly for rice (price rose 42 percent during 2010 following a decline in production driven mainly by the Government policy to reduce area planted to rice in order to restrict water use), continued to push up inflation in January.

Harvesting of the winter crops will commence in April/May and weather conditions have been generally satisfactory. Preliminary indications point to an average to above-average cereal output in 2011.

Figure 2: Egypt Cereal Import and Production (MY 2002/03 – 2010/11)

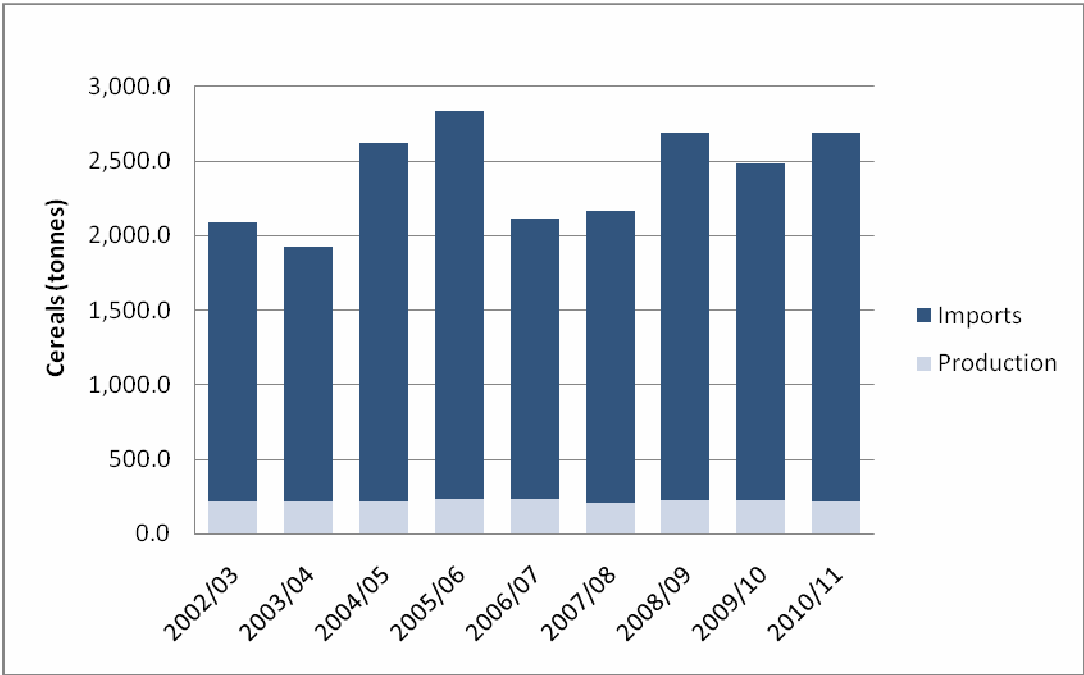


LIBYAN ARAB JAMAHIRIYA

Food is the dominant component of consumer price inflation. Annual average inflation dropped to 2 percent in 2009, down from 10.4 percent in 2008, driven mainly by international commodities prices. Annual inflation is estimated to have risen to 2.5 percent in 2010, and is forecast to reach 4 percent in 2011, according to the Economist Intelligence Unit, driven by rising international food prices. Planting of the winter cereals to be harvested from June 2011 was completed in November. Rainfall has been generally adequate since the start of the growing season in October, allowing satisfactory crop development in main producing zones, according to satellite imagery analysis.

However, environmental constraints place a severe limit on Libyan Arab Jamahiriya’s agricultural potential. The country is over 90 percent desert. A large proportion of Libyan Arab Jamahiriya’s land is not suitable for agriculture and most parts of the country receive inadequate rainfall for agricultural production. Most of the country’s arable and permanent pasture land is limited to western strip of the coastal belt, where 75 percent of the population is located. Wheat and barley are the major cereals grown in the country. Other important crops include olives, grapes, dates, almonds and oranges. The livestock sector also relies heavily on subsidized imports of animal feed.

Figure 3: Libyan Arab Jamahiriya Cereal Import and Production (MY 2002/03 – 2010/11)



TUNISIA

The crisis in Libyian Arab Jamahiriya has led to a sustained influx of refugees into Tunisia. Current figures from the IOM indicate that over 110 000 people have crossed the Tunisian-Libyian Arab Jamahiriya border since 19 February. Of those crossing, the majority are Egyptian nationals, and the remainder include Tunisians returning to their home country and other foreigners.

Tunisia relies heavily on wheat imports from the international market to cover its consumption needs (Figure 4). In spite of the good crop gathered in 2009, the country imported about 1.4 million tonnes of wheat, 47 percent of its domestic utilization, in the 2009/10 (July/June) marketing year. Import levels are anticipated to be much higher during 2010/11, due to last year's reduced crop – wheat output dropped by about 46 percent in 2010. Consequently, the recent sharp rises in food prices have raised serious concerns over the food supply outlook in the country. So far, however, the hike in international food prices has not been transferred to domestic prices. The consumer price index of food declined slightly from 131 to 130 between November and December 2010. The year-on-year inflation rate in the food sector was estimated at 4.8 percent in December 2010. Nonetheless, the country's food import bill is expected to increase significantly. Moreover, the internal economic slowdown and the influx of refugees from Libyan Arab Jamahiriya have led to a serious deterioration of the food security situation in parts of the country.

Early prospects for the 2011 winter wheat and coarse grain crops, to be harvested from around June, are uncertain. Prior to the current political crisis, the Government has increased its support to the agricultural sector mostly through distribution of improved seeds and debt rescheduling for farmers affected by last year drought and poor harvest.

Figure 4: Tunisia Cereal Import and Production (MY 2002/03 – 2010/11)

