No. 1 ■ February 2010

Crop Prospects and Food Situation

HIGHLIGHTS

- **Latest information confirms a further improvement in global cereal supply situation in the current 2009/10 marketing year**. Another above-average production in 2009 should exceed consumption by a significant margin and total cereal inventories are forecast to climb to an 8-year high.
- **In several Sahelian and Eastern Africa countries, however, cereal and pasture production declined sharply** and a difficult food security situation is anticipated this year in parts of Niger, Chad and northern Nigeria. Pastoralist and agro-pastoralist populations in Kenya, Ethiopia and Eritrea, also face food difficulties due to successive seasons of poor rains.
- **In Haiti, the food security situation has worsened dramatically following the earthquake on 12th January**, despite a generally good food production in 2009. Food assistance is being provided to 2 million people. Provision of agricultural inputs for the next main planting from March is urgently needed.
- **Overall, food emergencies currently affect 33 countries around the world.**

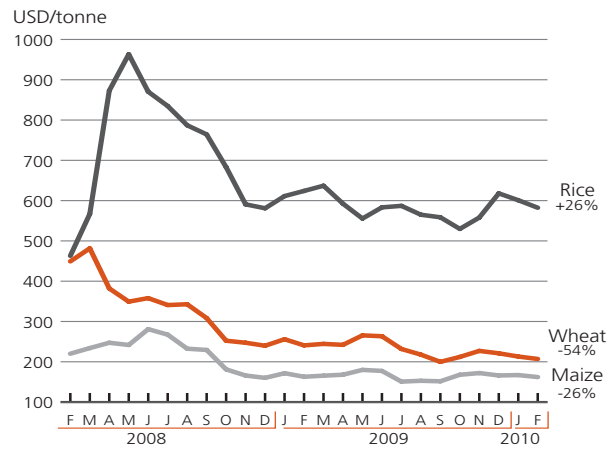
CONTENTS

Outlook for 2010 cereal production

- **Early prospects for the 2010 new season point to a reduction in global wheat output reflecting smaller plantings**, due to lower prices and adverse weather in parts. However, early indications of larger maize crops in some major producers suggest an increase in global coarse grain output might occur. The 2010 rice season just started in the southern hemisphere countries and a first global production outlook will only become available in a few months.
- **In Low-Income Food-Deficit countries, prospects for the early 2010 cereal crops are uncertain**. In North Africa, dry weather delayed plantings of 2010 winter crops and more rains are needed. In Southern Africa, prolonged dry spell is likely to have reduced maize yields in some countries. In Far East Asia, the outlook for the mostly irrigated wheat crop is being adversely affected by erratic precipitation since the beginning of the season.

International cereal prices[1]

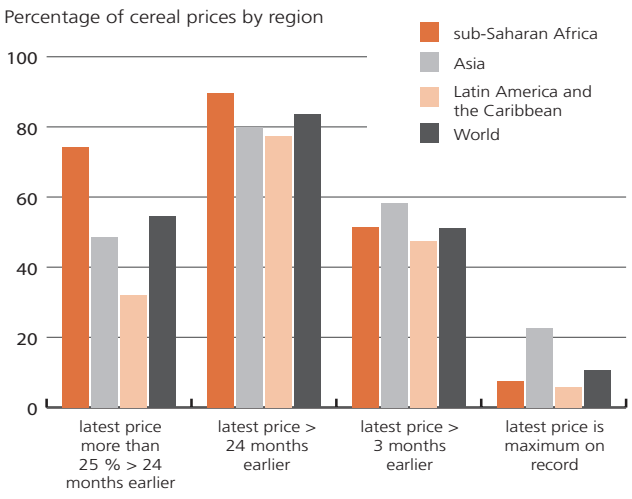
International prices of wheat and maize have declined in the past months and are well below the levels of two years ago. World prices of rice that increased at the end of 2009 declined slightly in the past months.



[1] Prices refer to monthly average. Percentage indicates change from 24 months earlier.

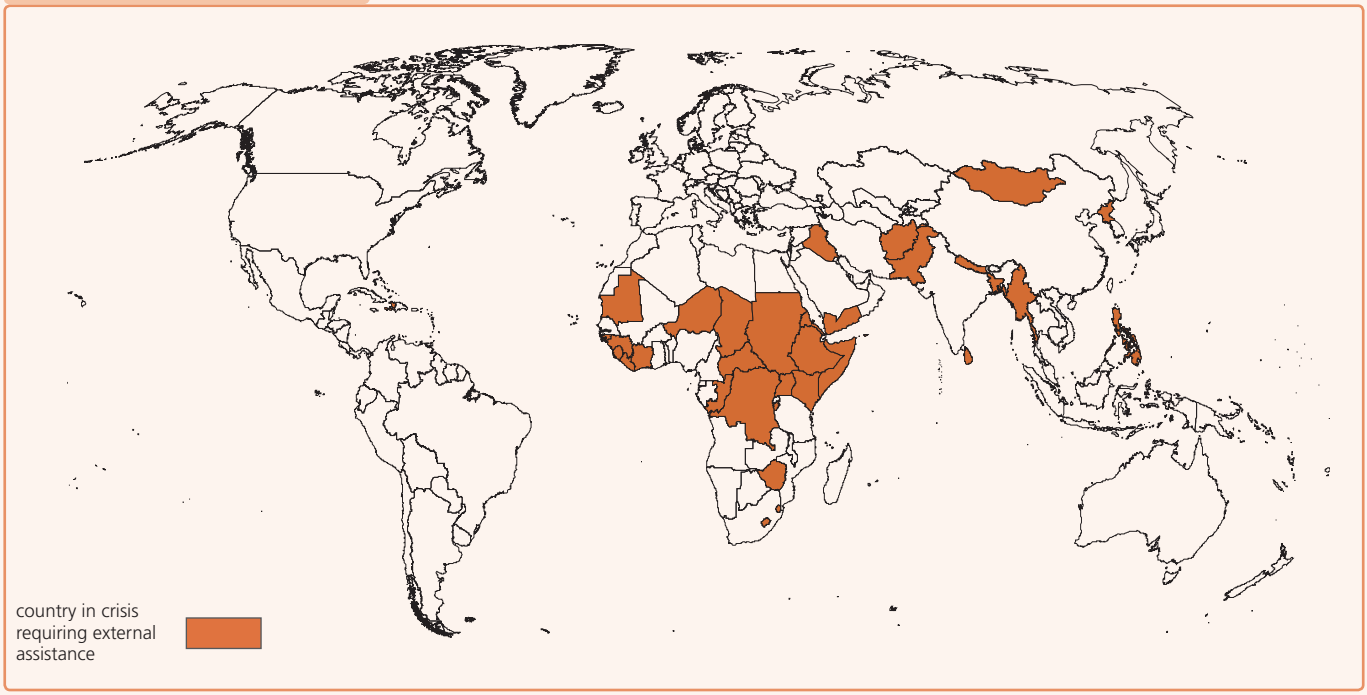
National cereal prices

Prices of staple food cereals in developing countries generally remain well above the pre-crisis levels of early 2008, although down from their peaks reflecting the good 2009 cereal harvest and lower international export prices.



Countries in crisis requiring external assistance[1]

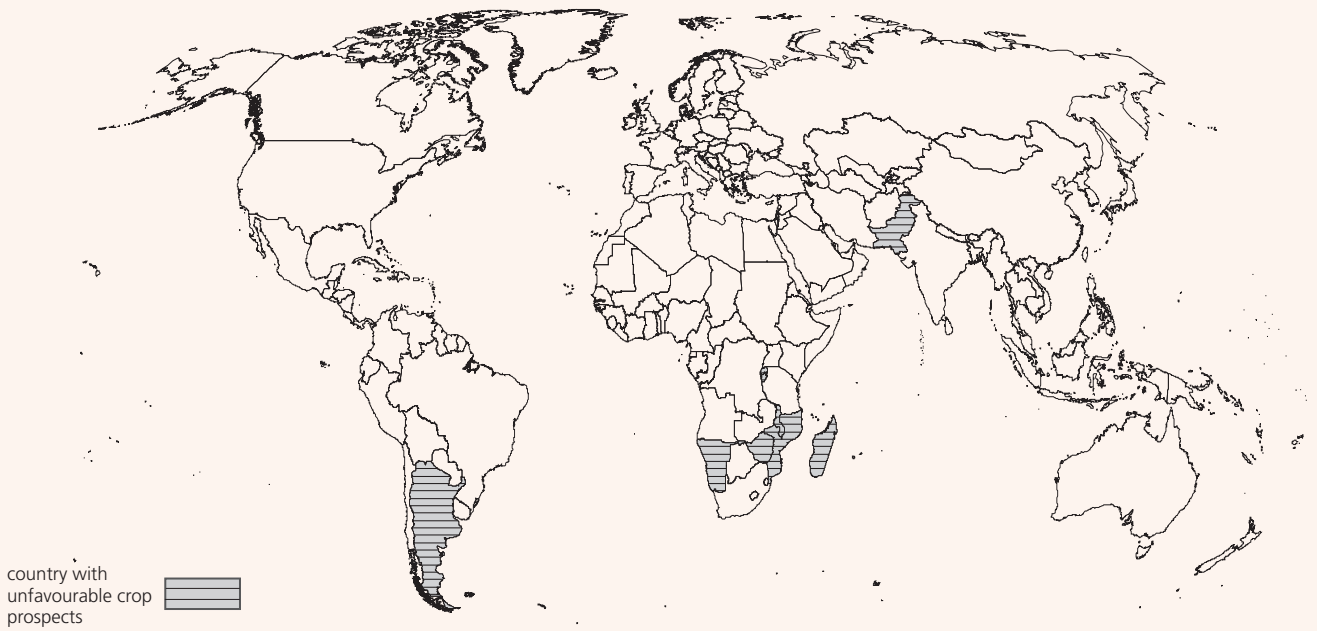
World: 33 countries



Country/Nature of food insecurity	Main reason for food insecurity	Change since last report (November 2009)
AFRICA (21 countries)		
Exceptional shortfall in aggregate food production/supplies		
Kenya	Adverse weather, lingering effects of civil strife	▲
Lesotho	Low productivity, HIV/AIDS pandemic	■
Swaziland	Low productivity, HIV/AIDS pandemic	■
Zimbabwe	Problems of economic transition	▼
Widespread lack of access		
Eritrea	Adverse weather, IDPs, economic constraints	■
Liberia	Slow recovery from war-related damage	■
Mauritania	Several years of drought, adverse weather in 2009	▼
Sierra Leone	Slow recovery from war-related damage	■
Somalia	Conflict, economic crisis, adverse weather in parts	■
Severe localized food insecurity		
Burundi	IDPs and returnees	■
Central African Republic	Refugees, insecurity in parts	▼
Chad	Refugees, conflict, inadequate rainfall	▼
Congo	IDPs, refugees	▼
Côte d'Ivoire	Conflict related damage	■
Dem. Rep. of Congo	Civil strife, returnees	▼
Ethiopia	Adverse weather, insecurity in parts	▼
Guinea	Insecurity	▼
Guinea-Bissau	Insecurity in parts	■
Niger	Adverse weather in parts	✚
Sudan	Civil strife (Darfur), insecurity (southern Sudan), adverse weather	■
Uganda	Adverse weather, insecurity in parts	▲
ASIA/NEAR EAST (11 countries)		
Exceptional shortfall in aggregate food production/supplies		
Iraq	Severe insecurity and poor past harvest	■
Widespread lack of access		
DPR Korea	Economic constraints, continued lack of inputs	▼
Mongolia	*Dzud* (severe adverse weather)	✚
Severe localized food insecurity		
Afghanistan	Conflict and insecurity	▼
Bangladesh	Past cyclones	▲
Myanmar	Past cyclone	▲
Nepal	Poor market access, past disasters	▲
Pakistan	Conflict, IDPs	▲
Philippines	Past tropical storms, localized conflict	▲
Sri Lanka	IDPs, post-conflict reconstruction	▲
Yemen	Conflict, IDPs	✚
LATIN AMERICA AND THE CARIBBEAN (1 country)		
Haiti	Major disaster and loss of livelihood	✚

Countries with unfavourable prospects for current crops[2]

World: 9 countries



Country	Main reason for unfavourable prospects	Change since last report (November 2009)
AFRICA (7 countries)		
Burundi	Inadequate rainfall followed by floods	✚
Madagascar	Inadequate rainfall in the south	✚
Malawi	Inadequate rainfall in the south	✚
Mozambique	Inadequate rainfall in centre and south	✚
Namibia	Erratic rainfall in northern producing areas	✚
Rwanda	Inadequate rainfall	✚
Zimbabwe	Dry spell since late December	✚
ASIA/NEAR EAST (1 country)		
Pakistan	Poor rainfall	✚
LATIN AMERICA AND THE CARIBBEAN (1 country)		
Argentina	Inadequate rainfall in key farming areas	▼

Key to tables

No change ■ Improving ▲ Deteriorating ▼ New Entry ✚

Terminology

[1] **Countries in crisis requiring external assistance** are expected to lack the resources to deal with reported critical problems of food insecurity. Food crises are nearly always due to a combination of factors but for the purpose of response planning, it is important to establish whether the nature of food crises is **predominantly** related to lack of food availability, limited access to food, or severe but localized problems. Accordingly, the list of countries requiring external assistance is organized into three broad, not mutually exclusive, categories:

- Countries facing an **exceptional shortfall in aggregate food production/supplies** as a result of crop failure, natural disasters, interruption of imports, disruption of distribution, excessive post-harvest losses, or other supply bottlenecks.
- Countries with **widespread lack of access**, where a majority of the population is considered to be unable to procure food from local markets, due to very low incomes, exceptionally high food prices, or the inability to circulate within the country.
- Countries with **severe localized food insecurity** due to the influx of refugees, a concentration of internally displaced persons, or areas with combinations of crop failure and deep poverty.

[2] **Countries facing unfavourable prospects for current crops** are countries where prospects point to a shortfall in production of current crops as a result of the area planted and/or adverse weather conditions, plant pests, diseases and other calamities, which indicate a need for close monitoring of the crop for the remainder of the growing season.

Food emergencies update

In **Western and Central Africa**, a difficult food security situation is anticipated in 2010 in several locations, notably in the eastern part of West Africa including **Niger**, **Chad** and **northern Nigeria**, following poor rains and a significant decline in crop and pastures production in 2009. In **Niger**, official estimates indicate 2.7 million people will need food assistance this year, while an additional 5.1 million are considered at risk of food insecurity. Safety net interventions, such as targeted food distributions, sales at subsidized prices, food for work or cash for work activities, will be required during the lean season. Urgent actions are also required to protect livestock assets of affected pastoralists' communities in Niger and Chad. These include de-stocking as well as the provision of feed and veterinary services. In the **Republic of Congo**, insecurity in neighbouring **Democratic Republic of Congo** has led recently to the influx of more than 100 000 people, putting significant strain on already limited local food supplies. An Emergency Operation to distribute food aid to the affected population is currently underway, for an initial period of six months

In **Eastern Africa**, food availability has generally improved following the arrival on markets of the newly harvested cereal and pulse crops. However, this improvement is expected to be only temporary as the 2009 main season harvests were below normal in most countries. Access is also a major problem for millions of vulnerable people. In addition, there are drought-affected areas in the subregion where stock levels are already low. The number of people in need of emergency food assistance in eastern Africa is estimated at about 20 million. This follows several consecutive years of crop failures and loss of livestock in parts due to adverse weather conditions but also due to continuing armed conflicts and population displacements. In **Somalia**, despite the good prospects for secondary season crop currently being harvested, the persistent civil conflict continues to negatively impact the food security situation as well as disrupt the distribution of essential food aid. The population in need of emergency food and non-food assistance is estimated at 3.2 million people or nearly 50 percent of total population. In **Kenya**, about 3.8 million people mainly located in pastoral and marginal agricultural areas, are estimated to be highly or extremely food insecure. Current levels of food insecurity are driven by the cumulative affects of several factors, such as four to five seasons with inadequate rainfall, high food prices and escalating conflicts for grazing resources, which were all highly detrimental to households' resilience. In **Eritrea**, adverse weather conditions in different parts of the country have affected crop, pasture and forage availability. In **Ethiopia**, late and below-average rains in the last "meher" season have affected the 2009 long cycle crops such as sorghum and reduced availability of pastures in many parts of the country. However, there has been some improvement, with the number of people requiring emergency food assistance in 2010 officially reported in January at 5.2 million compared to 6.2 million in 2009. In **Sudan**, the intermittent civil conflict in southern Sudan and the continued civil insecurity in Darfur continue to aggravate the already dire food security situation. In the whole country, about 5.9 million people are estimated to be in need of food assistance. In **Djibouti**, some 100 000 people are in need of emergency assistance, especially in pastoral areas bordering Ethiopia. In **Uganda**, as a consequence of successive periods of drought and civil insecurity, approximately 1.4 million people require food assistance in the Karamoja region.

In **Southern Africa**, despite a generally improved food security situation following good 2009 harvests, areas of vulnerability and food insecurity persist in many countries. In **Zimbabwe**, the latest estimates put the number of food insecure people requiring food assistance in the January-March 2010 lean period at 2.17 million people (20 percent of the total population), a figure about 25 percent higher than in the October-December 2009 period but still much lower than a year earlier when 6 million people required food aid. However if current poor prospects for 2010 crops materialize the food security situation could rapidly deteriorate in several parts of the country.

In **Malawi, Mozambique and Madagascar** overall food security remains much better than in previous years but a total of 1.1 million people in southern regions of the three countries are still food insecure and require food assistance at least until the new harvest. In **Namibia**, a December 2009 Government assessment in the northern communal areas indicates that most households had depleted own food supplies from the 2009 harvest, but that the lean season was less severe than in previous years because of ongoing relief assistance programmes. In **Swaziland** and **Lesotho** the Vulnerability Assessment Committees estimated that a total of 256 000 and 450 000 people, respectively, are still facing food difficulties and require assistance at least until the new harvest in April. Reduced remittance transfers from South Africa, have also worsened the food security situation for recipient households. Over 50 000 nationals of **Angola** expelled from the Democratic Republic of Congo had been repatriated as of late November and were in need of emergency assistance.

In the **Great Lakes** region, the continued uncertain security situation in the several parts of the **Democratic Republic of the Congo (DRC)** affects large numbers of people who require food and agricultural assistance. According to latest OCHA estimates 1.8 million people are still displaced throughout the country due to conflicts. The latest outbreak of communal

violence in the Equater province in western DRC has displaced tens of thousands and many more have fled to the Republic of Congo Even areas not affected by conflicts record high rates of mortality and malnutrition due to structural limitations. High child mortality and chronic malnutrition rates are reported with about two thirds of the population facing a situation of food insecurity. In **Burundi**, high food prices since mid-2009 have resulted in a serious deterioration of the food access for the poorer households in most parts of the country. Food distributions continue to support the vulnerable population including returnees, and those affected by drought last year. During December WFP distributed a total of 3 500 tonnes of food to about 594 000 beneficiaries. In **Rwanda,** about 45 000 refugees mostly from the Democratic Republic of Congo are being assisted by WFP through a PRRO with emergency food relief.

In the **Far East**, the lingering effects of past cyclones and floods in addition to ongoing conflicts continue to affect a large number of people. The rise in food prices in recent months has also worsened the food security situation for a large proportion of the population especially those with low incomes in several countries of the region. In **Mongolia**, according to the Ministry of Food, Agriculture and Light Industry, extreme cold temperatures under the ongoing *Dzud* have killed 2.2 million heads of livestock nationwide as of 12 February 2010. If the weather does not improve, 3 to 4 million animals could die this season. In Mongolia, a third of the population is dependent on livestock farming, of which the majority are small herders with no alternative sources of income and are, therefore, severely affected. In the **Philippines,** recovery is underway for the nearly 2 million people who were affected by the tropical storm Ketsana in the main rice producing area, the northern island of Luzon in September 2009. International assistance including 25 800 tonnes of food for 1 million most affected people is still needed. In **Myanmar,** the Government and partners appealed in October 2009 for USD 103 million to help meet critical recovery needs in the 2008 cyclone Nargis affected areas. In **Sri Lanka,** security situation has dramatically improved after the end of the 25-year old internal war in May 2009. However, a significant number of refugees are yet to be resettled. Despite the above-average food supply at the national level, food insecurity exists in the northern and eastern war-affected areas of the country, as the resettlement of IDPs and recovery of the productive systems are underway. In the **Democratic People's Republic of Korea**, chronic food insecurity continues due to inadequate food production, high food prices and revaluation of the old currency by a new legal tender. In **Pakistan,** serious insecurity in the Federally Administered Tribal Areas and the North West Frontier Province had triggered a significant displacement of nearly 2 million IDPs. A joint UN-Government assessment in September 2009 reported food insecurity problems due to the high food prices in the country. Furthermore, the prospects for the current wheat crop seem unfavourable due to the ongoing drought in most parts of the country. In **Nepal,** following the high wheat crop losses of 2008/09 winter crop, food security in many parts of the country has deteriorated. Up to 2.7 million people have been reportedly affected by past natural disasters, the winter drought and high food prices. In **Bangladesh,** localized food supply and market access difficulties persist. Cyclone Aila hit parts of coastal Bangladesh on 25 May 2009, triggering tidal surges and floods affecting about 4 million people.

In the **Near East**, in **Afghanistan,** with a bumper wheat harvest gathered in May-June, food supply conditions have improved significantly but food insecurity remains a concern given the long-standing and continuing conflicts, which have resulted in loss of incomes and assets over past several years. In **Yemen**, the food security situation continues to be tight in the northern governorates of Saada and Amran due to the escalating conflict. In these two governorates the number of IDPs is estimated at 250 000 people, more than double the number before the start of fighting in August 2009.

In **Central America and the Caribbean**, In **Haiti**, the food security situation has worsened dramatically following the earthquake on 12th January, despite a generally good food production in 2009. Food assistance is being provided to 2 million people. Provision of agricultural inputs for the next main planting from March is urgently needed.

Global cereal supply and demand brief

Global cereal supplies are higher but markets remain cautious

Latest indications continue to point to a further improvement in the overall cereal supply and demand situation in the 2009/10 marketing season. The estimate of world cereal production in 2009 has been raised further since the already good outlook envisaged in the previous report and total cereal inventories by the end of the current season are now expected to climb to an 8-year high. However, in spite of these positive developments, international prices of major cereals have continued to decline only very modestly, and rice prices even increased at the end of 2009. This suggests that markets remain cautious about the outlook for the 2010 cereal seasons, which so far remains mixed. While a smaller wheat area looks likely, as a result of adverse weather and lower price prospects, which would bring production down after two bumper years, early indications of larger maize crops in some major producers suggest an increase in global coarse grain output might occur. As for rice, a return to a normal monsoon pattern would likely sustain a recovery of global production in 2010 after erratic rains hampered some 2009 crops. However, a first global production forecast will only become available in a few months.

Notwithstanding these factors, the decline in average world cereal prices since the start of the current season coupled with significantly lower cereal import requirements have reduced the cost of imports in many countries, particularly in the Low-Income Food-Deficit Countries (LIFDCs), where the overall cereal import bill this season is forecast to fall by as much as 25 percent compared to 2008/09.

PRODUCTION – 2010 prospects

Mixed outlook for 2010 wheat crops

Prospects for the world's 2010 wheat crop remain very mixed so far. In the northern hemisphere, conditions are generally favourable for the winter wheat in the United States but the area sown declined sharply to the lowest level in almost a century, reflecting adverse weather at planting time combined with low price prospects. In Europe, contrary to earlier indications, the winter wheat area in the EU is estimated to have increased marginally with farmers taking advantage of favourable planting conditions and conditions have been generally satisfactory.

In the European CIS countries, plantings of winter cereal crops for harvest in 2010 were delayed in most countries due to a combination of dry weather followed later by heavy rains. In the Russian Federation, the winter wheat area for harvest in 2010 is forecast similar to the previous year's level: plantings were reported to have increased but a period of severe low temperatures and low snowcover has likely increased the percent of winterkill this year. Yields

Figure 1. World cereal production by type

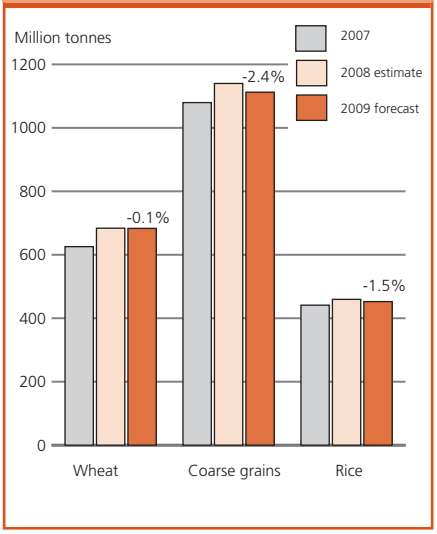


Figure 2. World cereal production and utilization

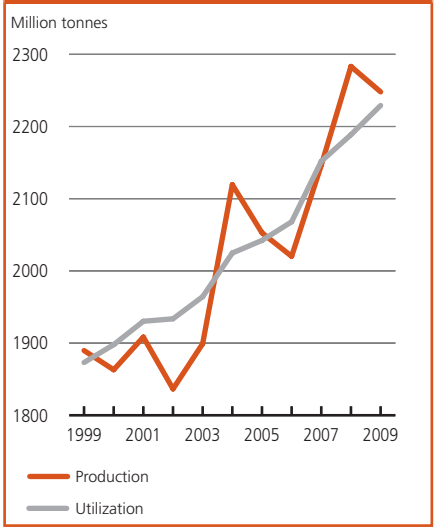
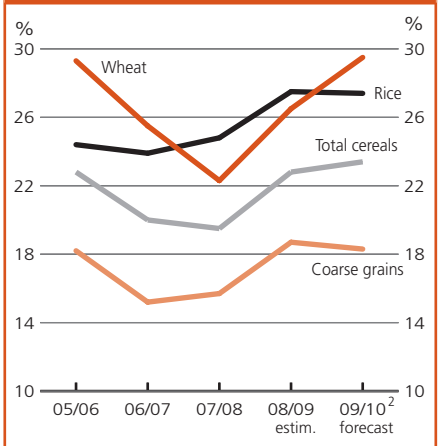


Figure 3. Ratio of world cereal stocks to utilization[1]



1 Compares closing stocks with utilization in following season
2 Utilization in 2009/10 is a trend value based on extrapolation from the 1998/99-2008/09 period.

are also likely to be down. In Ukraine, the winter wheat area was also reported to be similar to the previous year's level but because of the early season dryness and reduced use of inputs yields could be negatively affected.

In Asia, the 2010 winter wheat area in China (Mainland) is estimated to have equalled the record level of the previous year, reflecting the strong government support for wheat production. Weather conditions to date have been favourable in the major wheat producing provinces but extreme dry conditions have been reported in some southwestern parts. Elsewhere in the Far East, prospects for the 2010 winter wheat crops (mostly irrigated) are uncertain in India, Pakistan and Bangladesh due to prolonged dry spells and erratic rainfall since the beginning of the season that are likely to have adversely affected yields in non-irrigated areas and may have reduced water reserves available for irrigation.

In North Africa, dry weather delayed planting and the wheat area is estimated to have slipped back from last year's about-average level. However, the final global wheat area for the 2010 harvest will also depend on some crops still to be planted later this year. This includes three of the major wheat exporting countries – Argentina, Australia and Canada – and in all cases early indications point to reductions in wheat area because of ample inventories and/or expectations of better returns from other crops. Although it is too early to make a firm forecast, based on the information already available, a reduction in the global wheat harvest is likely in 2010 after the record crop in 2008 and the near-record again last year.

South America maize output should increase in 2010 with major recovery in Argentina

In South America, the harvest of the first 2010 maize crops is already underway or due to start in March in southern parts of the region. In Argentina, the area for harvest should be sharply up from the previous year's reduced level and growing conditions have been generally favourable pointing to a significant recovery in production this year. In Brazil, plantings are estimated down somewhat from the previous year but conditions are favourable and output is tentatively forecast to remain virtually unchanged and above the five-year average. In southern Africa, the outlook for the main season coarse grain crops (mainly maize) for harvest from April remains satisfactory overall, despite the adverse impact of a prolonged period of dry weather in some countries. Any losses in these smaller producing countries look likely to be more than offset by an increase in South Africa, the largest producer in the subregion, where plantings are estimated up by 8 percent from last year, close to

Figure 4. Ratio of major grain exporters supplies to normal market requirements[1]

1 Normal market requirements for major grain exporters are defined as the average of domestic utilization plus exports in the three preceding seasons.

Table 1. World cereal production[1] (*million tonnes*)

	2007	2008 estimate	2009 forecast	Change: 2009 over 2008 (%)
Asia	**957.6**	**975.8**	**974.9**	**-0.1**
Far East	854.0	888.7	874.0	-1.7
Near East in Asia	69.6	54.8	66.1	20.5
CIS in Asia	33.8	32.2	34.8	8.0
Africa	**128.4**	**143.6**	**151.2**	**5.2**
North Africa	28.5	30.2	39.5	30.7
Western Africa	41.9	49.6	48.4	-2.5
Central Africa	3.2	3.3	3.2	-3.6
Eastern Africa	32.6	32.6	30.2	-7.4
Southern Africa	22.2	27.9	29.9	7.4
Central America & Caribbean	**39.2**	**41.7**	**40.4**	**-3.3**
South America	**131.9**	**134.7**	**116.5**	**-13.5**
North America	**461.1**	**456.8**	**466.9**	**2.2**
Europe	**404.2**	**496.4**	**462.6**	**-6.8**
EU	260.1	315.5	296.1	-6.2
CIS in Europe	129.5	162.4	148.4	-8.7
Oceania	**25.2**	**35.5**	**36.7**	**3.6**
World	**2 146.4**	**2 283.2**	**2 248.0**	**-1.5**
Developing countries	1 204.4	1 238.7	1 224.2	-1.2
Developed countries	942.0	1 044.5	1 023.8	-2.0
- wheat	625.6	683.8	683.2	-0.1
- coarse grains	1 079.6	1 139.9	1 112.3	-2.4
- rice (milled)	441.2	459.5	452.5	-1.5

[1]Includes rice in milled terms.
Note: Totals computed from unrounded data.

the 2008 level when production was a record level, and growing conditions have been mostly favourable.

The 2010 rice harvest is approaching in the southern hemisphere

The 2010 paddy season is well advanced in the southern hemisphere rice producing areas with the harvest due to commence from March-April. In Indonesia, by far the largest rice producing country in the southern hemisphere, drought associated with El Niño may reduce the crop area this year after record plantings in 2009. In South America, early prospects are somewhat unfavourable after drought in some parts and excessive rainfall in others delayed sowing of the main crops.

PRODUCTION – 2009 roundup

Good cereal production in 2009 although slightly below 2008 record

Global cereal production in 2009 is estimated at 2 248 million tonnes (including rice in milled terms), 1.5 percent down from the previous year's record. Wheat production remained unchanged but outputs of coarse grains and rice are estimated down by 2.4 percent and 1.5 percent respectively. By region, cereal output increased in North America, where production of maize in the United States rose back to the exceptionally high level of 2007. Larger crops were also gathered in the Near East and CIS subregions of Asia, and North Africa where production generally recovered from drought-affected levels in 2008. In Oceania, Australia's winter grain crop also increased reflecting a season of favourable rainfall. By contrast, aggregate cereal output fell in Far East Asia, where smaller coarse grain crops in China and India and a sharp drop in India's rice output because of an erratic monsoon more than offset a bumper wheat crop. Cereal output also declined in Europe in 2009, but remained relatively high following a bumper crop in the previous year. In South America, 2009 saw a sharp drop in cereal output: while output of maize, nevertheless, remained about the average of the past five years, the wheat crop fell to the lowest level in the past 15 years.

TRADE

World trade falls sharply below the previous season's record

World trade in cereals is forecast to fall to 261 million tonnes in 2009/10, down nearly 8 percent, or 22 million tonnes, from the record in 2008/09. The expectation of sharply reduced trade in wheat is largely responsible for the forecast contraction in world cereal trade this season while trade in coarse grains and rice are expected to remain close to the previous season's estimated volumes. At the current forecast level, total cereal imports by the LIFDCs are down 12 percent from the previous season. The bulk of this reduction in imports is driven by reduced import requirements of wheat in several countries in Africa and Asia due to larger harvests. With international prices of most cereals below the previous season's average, the cereal import bill of the LIFDCs, as a group, is expected to decline for the second consecutive season, to USD 22.7 billion, down 25 percent from 2008/09 and 40 percent below its all-time high in 2007/08.

World trade in wheat is forecast to decline to 118 million tonnes in 2009/10 (July/June), down 21 million tonnes from 2008/09. Higher production and generally improved domestic supply levels are expected to result in sharp cuts in wheat imports in several Asian (particularly the Near East) and North African countries. Responding to this anticipated fall in import demand, shipments by many exporting countries are forecast to decline. Sales from the United States are likely to be cut by 17 percent (or 4.6 million tonnes) while exports from the EU could drop by as much as 27 percent (or 6.7 million tonnes). In Argentina, where supplies have shrunk following reduced production for two years, shipments are expected to plunge by 77 percent (or 6.2 million tonnes), hitting their lowest level in over three decades. Among other exporters, Australia and Canada are seen to export more wheat this season while the Russian Federation is expected to export as much wheat as in the previous season (18.5 million tonnes), thus maintaining its ranking as the world's third largest wheat exporter after the United States and the EU. Slightly higher exports are also forecast from Kazakhstan but sales from Ukraine are expected to decline.

World trade in coarse grains in 2009/10 (July/June) is forecast at 112 million tonnes, marginally below the previous season's level and sharply (14 percent) lower than the all-time high of nearly 131 million tonnes in 2007/08. With coarse grains production following relatively the most in 2009 compared to other cereals, import requirements in many countries remain strong. However, in view of large feed wheat supplies and given the impact of the prevailing difficult economic conditions on feed demand in many markets, the potential for higher imports of coarse grains is considered limited. In fact, imports by most regions are forecast to decline compared to the previous season while higher demand in Central America, mostly driven by lower maize production in Mexico, is expected to keep the overall world trade level unchanged from last season. In Asia, smaller imports are forecast for the Islamic Republic of Iran, the Philippines and Syria, which more than offset larger anticipated purchases by China, Israel and the Republic of Korea. To meet this season's expected import demand and cover the supply shortfall (of maize) in Argentina, shipments (of maize) from the United States are forecast to increase by nearly 6 million tonnes, or 11 percent. While exports from Brazil (maize) are also forecast to rise, smaller shipments

are anticipated from South Africa (of maize) and sales from the EU (of barley) and the Russian Federation (of barley and maize) are also forecast down from the previous season's levels

World trade in rice in 2010 is forecast to reach 30.5 million tonnes, slightly less than previously anticipated but half a million tonnes more than in 2009. Imports by Asian countries, especially the Philippines, but also Bangladesh, China (Mainland), Nepal and Iraq are anticipated to increase, in many cases to compensate for weather-related losses. Purchases by Brazil and the United States are also likely to rise, while sizeable production gains in several parts of Africa could depress import volumes in the course of the year. The 2010 trade recovery would be sustained by increased exports by Thailand which look set to rebound, but also by China, Myanmar and Viet Nam, compensating for reduced shipments from Cambodia, India and Uruguay. Despite the anticipated increase, trade in 2010 will remain well short of the 32 million tonne record exchanged in 2007.

UTILIZATION

World cereal utilization will continue to grow in 2009/10 at similar pace to previous year

World cereal utilization in 2009/10 is now forecast to increase by 1.8 percent, to 2 229 million tonnes, a similar growth to that of the previous year but below the exceptional growth of 2007/08 when it expanded by over 4 percent. Globally, world food consumption of cereals is forecast to keep pace with the rising population and, as a result, the world per caput consumption of cereals is forecast to stabilize at around 152 Kg. World food consumption of wheat is put at 462 million tonnes, up 2 percent from the previous season. At this level, this season's per caput consumption of wheat could approach a five-year high of 68 kg; slightly higher than in the previous season. The increase is mostly driven by a relatively strong growth in consumption in North Africa following a doubling of wheat production from the reduced level of 2008. Higher per caput consumption is also forecast for several countries in Asia. By contrast, the global per caput consumption of coarse grains in 2009/10 is forecast to decline slightly, to 27 kg, while for rice it is expected to remain stable at around 57 kg.

World feed utilization of cereals in 2009/10 is expected to reach 772 million tonnes, 1 percent more than in 2008/09. The bulk of this small anticipated increase is driven by higher feed utilization of maize, mostly in the United States, and larger feed use of wheat, mainly in the EU. While feed demand is negatively affected by the

Table 2. Basic facts of the world cereal situation (*million tonnes*)

	2007/08	2008/09	2009/10	Change: 2009/10 over 2008/09 (%)
PRODUCTION[1]				
Wheat	625.6	683.8	683.2	-0.1
Coarse grains	1 079.6	1 139.9	1 112.3	-2.4
Rice (milled)	441.2	459.5	452.5	-1.5
All cereals	**2 146.4**	**2 283.2**	**2 248.0**	**-1.5**
Developing countries	1 204.4	1 238.7	1 224.2	-1.2
Developed countries	942.0	1 044.5	1 023.8	-2.0
TRADE[2]				
Wheat	112.1	139.7	118.0	-15.5
Coarse grains	130.8	112.8	112.0	-0.7
Rice	30.1	30.0	30.5	1.6
All cereals	**273.0**	**282.5**	**260.6**	**-7.8**
Developing countries	85.2	73.3	63.7	-13.0
Developed countries	187.8	209.3	196.8	-6.0
UTILIZATION				
Wheat	643.5	649.1	663.7	2.3
Coarse grains	1 071.8	1 093.9	1 111.2	1.6
Rice	436.6	445.9	453.8	1.8
All cereals	**2 151.8**	**2 188.9**	**2 228.8**	**1.8**
Developing countries	1 307.5	1 339.5	1 357.4	1.3
Developed countries	844.4	849.4	871.4	2.6
Per caput cereal food use *(kg per year)*	*151.3*	*152.0*	*151.7*	*-0.2*
STOCKS[3]				
Wheat	144.8	175.8	193.8	10.3
- main exporters[4]	29.2	46.5	56.0	20.5
Coarse grains	172.2	207.4	206.2	-0.6
- main exporters[4]	69.0	80.1	81.1	1.2
Rice	110.8	124.6	123.0	-1.3
- main exporters[4]	26.5	32.4	24.5	-24.3
All cereals	**427.8**	**507.8**	**523.1**	**3.0**
Developing countries	305.9	341.8	344.1	0.7
Developed countries	122.0	166.0	179.0	7.8

[1] Data refer to calendar year of the first year shown.
[2] For wheat and coarse grains, trade refers to exports based on July/June marketing season. For rice, trade refers to exports based on the calendar year of the second year shown.
[3] Data are based on an aggregate of carryovers level at the end of national crop years and, therefore, do not represent world stock levels at any point in time.
[4] The major wheat and coarse grain exporters are Argentina, Australia, Canada, the EU and the United States.The major rice exporters are India, Pakistan, Thailand, the United States and Viet Nam.

global economic downturn, the decline in prices of major feed grains is expected to keep demand firm. After a contraction in 2008/09, total feed utilization of coarse grains is expected to reach 637 million tonnes in 2009/10, up 7 million tonnes, or 1 percent, from the estimated volume of 2008/09.

However, the industrial use of cereals (mostly for the production of starch, sweeteners and biofuels) is forecast to increase sharply in 2009/10, by at least 20 million tonnes. Based on the latest (January) forecast from the International Grain Council, total utilization of grains for the production of ethanol (including non-fuel ethanol) could reach 135.7 million tonnes, up 14 percent from the previous season. Maize accounts for most of this increase and that mainly in the United States where, based on the latest reports, this season's usage of maize for ethanol production could reach 107 million tonnes, 13 million tonnes more than in 2008/09.

STOCKS

Global cereal stocks climbing to an eight year high

World cereal stocks by the close of the seasons ending in 2010 are expected to reach 523 million tonnes, up 15 million tonnes, or 3 percent, from the start of the season and the highest in 8 years. At the current forecast level, the ratio of world cereal stocks to utilization, a leading indicator for global food security, is seen to improve further from its already relatively high level of 22.8 percent in 2008/09 to 23.4 percent in 2009/10.

World wheat stocks at the close of seasons in 2010 are forecast to increase to a 7-year high of about 194 million tonnes, up nearly 18 million tonnes, or 10 percent, from their already high opening level. This forecast has been raised by 11 million tonnes, or 6 percent, since the previous report, mostly in response to evidence that some of the last 2009 wheat crop harvests have turned out better than earlier anticipated. Larger stocks are anticipated in China and in a number of major wheat producing countries of the CIS and North Africa. Total wheat inventories held by the major exporters are forecast to reach 56 million tonnes, up 20 percent, or 9.5 million tonnes, from the previous season and the highest since 2006. The bulk of this increase is expected in the United States where, despite a sharp reduction in production in 2009, wheat carryovers are forecast to increase by as much as 50 percent, or 9 million tonnes, due to slack exports and a decline in domestic feed utilization of wheat. Overall, closing stocks of major exporters as a percentage of their total disappearance (defined as domestic utilization plus exports), another important indicator for global food security, is expected to hit a 4-year high of almost 22 percent, almost 5 percentage points, higher than in the previous season and 10 percentage points above the near-historic low of 11.8 percent in 2007/08.

World stocks of coarse grains at the close of seasons in 2010 are forecast at 206 million tonnes, slightly below their high opening levels. The main factor behind this anticipated decline is the drop in 2009 world production in the face of expanding demand. Total stocks held by major exporters are forecast to reach 81 million tonnes, up slightly from their opening levels and this mainly reflects a rebound in maize production in the United States which would more than offset a decline in total coarse grains production and inventories in both Canada and the EU. At the current forecast level, the ratio of major exporters' stocks to their total disappearance is expected to remain unchanged from the previous season, at 14.4 percent, but 2.4 percentage points above its low in 2007/08. Among other leading coarse grains markets, reduced inventories are forecast in Brazil, Mexico and India while stocks in China are likely to remain unchanged in spite of a decline in production.

Regarding rice, following the improved 2009 production outlook, the FAO forecast of world stocks at the close of countries' marketing years ending in 2010 has been raised slightly since November and now stands at 123 million tonnes, which represents a marginal decline from their opening level of about 125 tonnes. However, rice inventories held by the five major exporting countries as a group (Thailand, Viet Nam, India, Pakistan and the United States) are forecast to register a much sharper contraction of 24 percent to 24.5 million tonnes. Conversely, rice importing countries, such as Indonesia and the Republic of Korea, are expected to build up their inventories.

INTERNATIONAL PRICES

Most international prices fell in recent months

In January, the FAO Cereal Price Index averaged 170 points, down 1 point from December 2009 but 38 percent below its all time high of 274 points in April 2008.

Following a modest gain in November, international wheat prices fell slightly in December and have remained under downward pressure since the beginning of the year. In January, the US wheat price (No.2 Hard Red Winter) averaged USD 213 per tonne, down 4 percent from December and 8 percent down from the beginning of the current season in July. Wheat prices have fallen by 56 percent from their peaks in March 2008. Several factors have contributed to the gradual decline in international wheat prices this season, among which are large inventories in several exporting countries and recent gains in the US dollar.

International maize prices have also remained under generally downward pressure in recent months, driven by large world supplies, particularly a bumper 2009 crop in the United States, close to the 2007 record, as well as the slump in world economy and the recent appreciation of the US dollar. In January, the US maize price (No. 2 Yellow, Gulf) averaged USD 167 per tonne, nearly unchanged from December but down

3 percent since November and some 41 percent below their peaks in June 2008.

After falling for several months, world rice prices generally strengthened in November and December but declined slightly in January 2010. The renewed strength was partly due to the launching of large tenders by the Philippines to import close to 2 million tonnes of lower quality indica rice and the FAO All Rice Price Index (2002-2004=100) to increase by 4 percent to 251 points between November 2009 and January 2010, its highest value since June last year. For instance, the benchmark Thai white rice 100B, fob Bangkok, at USD 608 per tonne in January, was up 9 percent from its November value. However, tendencies diverged across the various types and qualities of rice: prices of the lower quality Indica rice firmed the most, by 16 percent, between November and early January; the increases were much more contained for the higher quality indica and for aromatic rice varieties, while prices were down for Japonica rice.

Table 3. Cereal export prices* *(USD/tonne)*

	2009				2010	
	Feb.	Oct.	Nov.	Dec.	Jan.	Feb.
United States						
Wheat [1]	241	212	227	221	213	207
Maize [2]	163	168	172	166	167	162
Sorghum [2]	145	174	182	182	177	169
Argentina [3]						
Wheat	218	214	214	240	236	224
Maize	158	175	175	177	177	165
Thailand [4]						
Rice white [5]	624	530	558	618	601	582
Rice, broken [6]	333	301	338	394	426	417

*Prices refer to the monthly average. For February 2010, three weeks average.
[1] No.2 Hard Red Winter (Ordinary Protein) f.o.b. Gulf.
[2] No.2 Yellow, Gulf
[3] Up river, f.o.b.
[4] Indicative traded prices.
[5] 100% second grade, f.o.b. Bangkok.
[6] A1 super, f.o.b. Bangkok.

Low-Income Food-Deficit Countries food situation overview[1]

Prospects for the early 2010 cereal crops are uncertain in LIFDCs

In Southern Africa, the mid-season prospects for the 2010 main maize crop are mixed, with prolonged dry weather likely to have affected yields in Zimbabwe, central Mozambique, southern Malawi and southern Madagascar. Rains in late January may have arrived too late to avoid reduction in this year's harvests in these countries. Elsewhere in the sub-region, weather conditions have been normal and good crops are expected also reflecting continuation of input subsidies and relatively high prices at planting time.

In the Great lakes subregion, the recently harvested 2010 A beans and maize crops are estimated sharply reduced because of poor rains.

In North Africa, early prospects for the 2010 winter wheat and barley crops, to be harvested from June, are uncertain in Morocco due to dry spells early in the season. By contrast, the outlook is positive in Egypt where the crop is irrigated.

In Far East Asia, prospects for the 2010 mostly irrigated wheat crop in Pakistan and India and Boro paddy crop in Bangladesh, to be harvested from March/April, are uncertain. Dry weather since the beginning of the season in these countries has reduced yields in non-irrigated areas and is affecting irrigation water supplies. By contrast, in China (Mainland), the outlook for the main wheat crop is satisfactory, with plantings unchanged from last year's record levels reflecting strong government production support and favourable weather so far.

In the Near East and CIS countries in Asia and Europe, the outlook for the 2010 winter wheat and barley crops, to be gathered form July, is generally positive reflecting favourable weather so far.

Elsewhere, planting of the 2010 crops has not yet started.

2009 cereal production declined marginally in LIFDCs as a group

With the 2009 cereal harvests almost completed around the world, FAO's latest estimates put the 2009 cereal output for the group of LIFDCs, marginally below the record level of last year. This mainly reflects declines in production in China and, particularly, in India. When these largest producers are exclude, the aggregate output of the remaining LIFDCs rise by a significant 4 percent, which follows an increase of 5 percent in the previous year. Above average or record harvests were obtained in North and southern Africa countries, CIS in Asia and Central America and the Caribbean, while production recovered markedly in the Near East countries.

However, in Western Africa, latest cereal production estimates have been revised down, most notably in the Sahelian countries, where the aggregate output is put 13 percent lower than the 2008 bumper crop, with significant reductions in Chad, Niger and northern parts of Nigeria. In Eastern Africa, production dropped slightly in 2009, but sharp reductions in cereal harvests were experienced in Kenya and Sudan affected by dry weather. Similarly in countries of Far East Asia, the 2009 aggregate cereal crop is estimated 2 percent lower than the record level of the previous year, but significant losses were recorded in India, Bangladesh and Nepal. In Europe, the 2009 cereal output also

Table 4. Basic facts of the Low-Income Food-Deficit Countries (LIFDCs)[1] cereal situation (*million tonnes*)

	2007/08	2008/09	2009/10	Change: 2009/10 over 2008/09 (%)
Cereal production[2]	**907.9**	**945.7**	**939.2**	**-0.7**
excluding China Mainland and India	*294.3*	*309.1*	*322.0*	*4.2*
Utilization	**962.8**	**988.3**	**1 002.9**	**1.5**
Food use	660.2	674.5	681.8	1.1
excluding China Mainland and India	*280.3*	*289.7*	*294.9*	*1.8*
Per caput cereal food use *(kg per year)*	154.4	155.5	154.9	-0.4
excluding China Mainland and India	*156.5*	*158.5*	*158.2*	*-0.2*
Feed	174.4	176.8	180.5	2.1
excluding China Mainland and India	*44.8*	*46.8*	*48.0*	*2.6*
End of season stocks[3]	**252.3**	**287.2**	**289.1**	**0.7**
excluding China Mainland and India	*50.2*	*57.8*	*56.7*	*-2.1*

[1] Includes food deficit countries with per caput annual income below the level used by the World Bank to determine eligibility for IDA assistance (i.e.USD 1 735 in 2006).
[2] Data refer to calendar year of the first year shown.
[3] May not equal the difference between supply and utilization because of differences in individual country marketing years.

[1] **The Low-Income Food-Deficit (LIFDC) group of countries** includes food deficit countries with per caput annual income below the level used by the World Bank to determine eligibility for IDA assistance (i.e. USD 1 735 in 2006), which is in accordance with the guidelines and criteria agreed to by the CFA should be given priority in the allocation of food aid.

declined sharply in Moldova, Georgia and Armenia.

Cereal import bill to decline by one-quarter in 2009/10 in LIFDCs

As a result of generally good cereal crops, particularly in the larger importer countries of North Africa and the Near East, and high carry-over stocks, imports from LIFDCs in marketing year 2009/10 or 2010 are forecast to decline by 12 percent to 82 million of tonnes.

The reduction in cereal import requirements, coupled with the decline in the average world cereal prices since the start of the current season, will result in a substantial projected decline of 25 percent in the overall cereal import bill of LIFDCs in 2009/10 as compared to the previous year.

Food prices remain high in LIFDCs countries although mostly below their peaks of 2008

Prices for food staples in LIFDCs countries have fallen from peak levels, reflecting the 2009 good cereal harvest and lower international export prices. However, they generally remain well above the pre-crisis levels of early 2008.

In Eastern Africa, prices of cereals have declined with the new harvest in late 2009 but remained at above average levels, between 50 to 100 percent higher than in December 2007. In particular, in Kenya and Sudan that gathered reduced crops, prices of main staples maize and sorghum respectively are at highest levels. In Somalia, price of sorghum is twice its level of two years ago.

In Western Africa, prices remain higher than two years earlier in most countries and after having decreased shortly with the harvest of 2009 they have resumed to increase in 2010 in several countries.

In Southern Africa, prices of main staple maize declined in 2009 with

Table 5. Cereal production[1] of LIFDCs (*million tonnes*)

	2007	2008	2009	Change: 2009 over 2008 (%)
Africa *(43 countries)*	**112.6**	**123.9**	**127.3**	**2.7**
North Africa	22.5	26.6	31.0	16.6
Eastern Africa	32.6	32.6	30.2	-7.4
Southern Africa	12.3	11.9	14.6	23.3
Western Africa	41.9	49.6	48.4	-2.5
Central Africa	3.2	3.3	3.1	-3.6
Asia *(25 countries)*	**792.5**	**818.2**	**808.0**	**-1.2**
CIS in Asia	13.9	13.3	14.3	7.4
Far East	763.3	796.0	780.8	-1.9
- China (Mainland)	400.2	419.8	416.2	-0.8
- India	213.4	216.9	201.0	-7.3
Near East	15.3	8.9	12.9	45.6
Central America *(3 countries)*	**1.9**	**1.8**	**1.9**	**5.9**
Oceania *(5 countries)*	**0.0**	**0.0**	**0.0**	**0.0**
Europe *(1 country)*	**0.9**	**1.8**	**2.0**	**10.1**
Total *(77 countries)*	**907.9**	**945.7**	**939.2**	**-0.7**

[1] Includes rice in milled terms.
Note: Totals computed from unrounded data.

Table 6. Cereal import position of LIFDCs (*thousand tonnes*)

	2008/09 or 2009	2009/10 or 2010			
		Requirements[1]		Import position[2]	
	Actual imports	Total imports:	*of which food aid*	Total imports:	*of which food aid pledges*
Africa *(43 countries)*	**46 073**	**40 295**	***2 977***	**12 886**	***762***
North Africa	20 817	15 947	*0*	9 532	*0*
Eastern Africa	8 355	8 179	*2 217*	1 639	*471*
Southern Africa	3 701	3 047	*355*	1 689	*265*
Western Africa	11 373	11 334	*336*	12	*12*
Central Africa	1 828	1 789	*69*	14	*14*
Asia *(25 countries)*	**45 147**	**39 445**	***936***	**17 793**	***164***
CIS in Asia	6 089	5 000	*20*	2 154	*11*
Far East	22 751	20 987	*800*	9 813	*139*
Near East	16 307	13 458	*116*	5 827	*15*
Central America *(3 countries)*	**1 774**	**1 816**	***183***	**829**	***112***
Oceania *(5 countries)*	**431**	**431**	***0***	**0**	***0***
Europe *(1 country)*	**88**	**81**	***0***	**38**	***0***
Total *(77 countries)*	**93 513**	**82 068**	**4 096**	**31 545**	**1 038**

[1] The import requirement is the difference between utilization (food, feed, other uses, exports plus closing stocks) and domestic availability (production plus opening stocks).
[2] Estimates based on information available as of end January 2010.
Note: Totals computed from unrounded data.

bumper harvests in most countries but remained above the pre-crisis levels of early 2008 and are increasing with the lean season.

In Asia, prices of main staple rice and wheat remain 30 to 50 percent above their levels of the pre-crisis and are on the increase in India, Pakistan and Myanmar. After having declined to normal levels in 2009, prices of rice have also resumed an upward trend in Bangladesh.

In Central America, prices of staple foods have returned to normal levels in Nicaragua and Honduras. By contrast, in Haiti, food prices that had declined and stabilized with the good cereal harvest of 2009, increased significantly with economic and market disruption caused by the earthquake of 12 January 2010. By mid- February prices of the main food staple, imported rice, in Port-au-Prince and Jacmel were quoted 25 percent higher than prior to the disaster. Prices of maize (local and imported) have also risen by some 30 percent in these two markets.

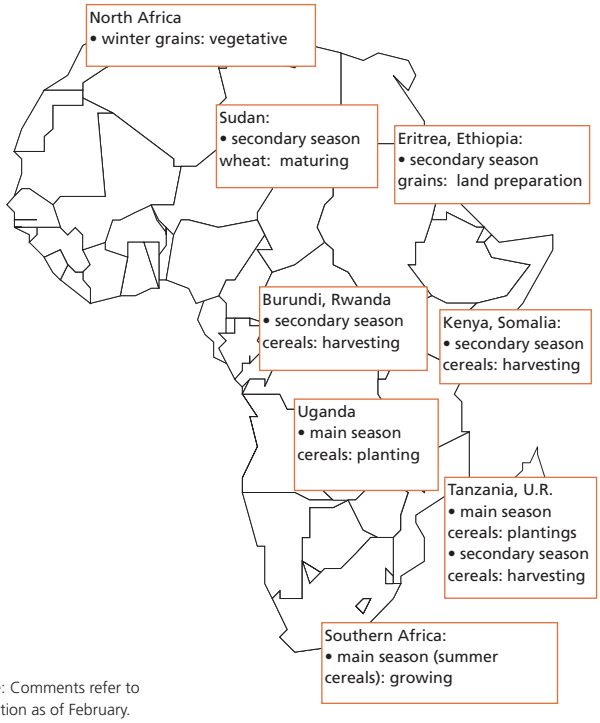
Regional reviews

Africa

North Africa

In **North Africa**, early prospects for the 2010 winter wheat and coarse grain crops, to be harvested from around June, are mixed. Land preparation and plantings were delayed by below-normal rains in October and November in most countries, notably in Morocco and Tunisia. Although precipitation arrived in December, somewhat improving soil moisture conditions, timely rains will be crucial during the next few months to allow crops to recover and avoid loss of yield potential. In Egypt, the largest producer in the subregion, where most crops are irrigated, early prospects are generally favourable.

Poor rainfall and low yields have kept production low in recent years but cereal output rebounded in 2009 to 41.3 million tonnes with aggregate wheat harvest for the subregion increasing by nearly 50 percent compared to 2008. The good wheat production, combined with a significant decline in international commodity prices, have helped to reduce inflation and have improved the access to food in the subregion.



Note: Comments refer to situation as of February.

Western Africa

In **Western Africa**, there is little agricultural activity in this period, except for limited cultivation of recession or off-season crops.

The 2009 aggregate cereal production in the subregion fell by about 2 percent from the 2008 record to 52.8 million tonnes.

Table 7. Africa cereal production (*million tonnes*)

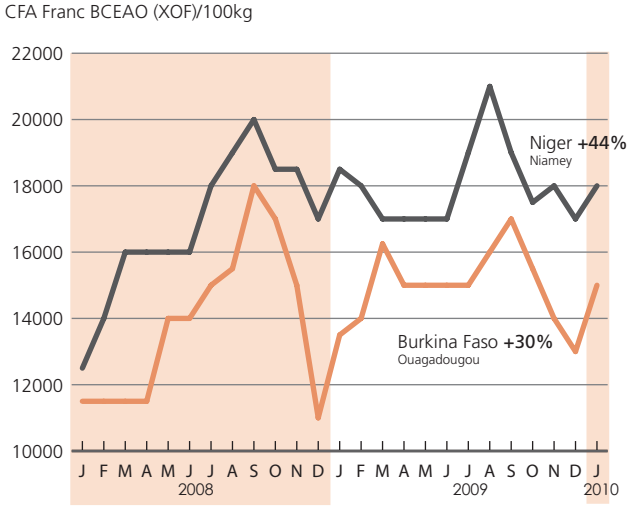
	Wheat			Coarse grains			Rice (paddy)			Total cereals		
	2007	2008 estim.	2009 f'cast	2007	2008 estim.	2009 f'cast	2007	2008 estim.	2009 f'cast	2007	2008 estim.	2009 f'cast
Africa	**19.1**	**20.6**	**27.7**	**94.9**	**106.4**	**107.5**	**22.0**	**25.3**	**24.5**	**136.0**	**152.3**	**159.6**
North Africa	**13.2**	**14.3**	**21.3**	**10.5**	**10.9**	**14.2**	**6.9**	**7.3**	**5.7**	**30.6**	**32.5**	**41.3**
Egypt	7.4	8.0	8.8	7.9	8.4	8.0	6.9	7.3	5.7	22.2	23.6	22.4
Morocco	1.6	3.7	6.4	0.9	1.5	3.9	0.0	0.0	0.0	2.5	5.2	10.3
Western Africa	**0.1**	**0.1**	**0.1**	**36.3**	**42.4**	**40.8**	**8.9**	**11.3**	**11.9**	**45.3**	**53.8**	**52.8**
Central Africa	**0.0**	**0.0**	**0.0**	**2.9**	**3.0**	**2.9**	**0.4**	**0.4**	**0.4**	**3.4**	**3.4**	**3.3**
Eastern Africa	**3.5**	**3.7**	**4.1**	**27.9**	**27.7**	**25.0**	**1.8**	**1.8**	**1.8**	**33.2**	**33.2**	**30.8**
Ethiopia	2.5	2.7	3.0	12.5	12.7	11.2	0.0	0.0	0.0	15.0	15.3	14.2
Sudan	0.6	0.6	0.6	4.7	4.9	3.5	0.0	0.0	0.0	5.3	5.6	4.2
Southern Africa	**2.2**	**2.4**	**2.2**	**17.3**	**22.5**	**24.6**	**3.9**	**4.4**	**4.6**	**23.5**	**29.4**	**31.5**
Madagascar	0.0	0.0	0.0	0.4	0.4	0.4	3.6	4.1	4.2	4.0	4.5	4.6
South Africa	1.9	2.2	1.9	7.8	13.7	13.2	0.0	0.0	0.0	9.7	15.9	15.1
Zimbabwe	0.1	0.0	0.0	1.1	0.8	1.4	0.0	0.0	0.0	1.3	0.8	1.4

Note: Totals computed from unrounded data.

In the Sahelian countries, cereal output is estimated at some 15.3 million tonnes (including provisional estimates for Mali), 13 percent lower than the 2008 bumper crop but 6 percent above the average of the previous five years. Compared to 2008, cereal output is estimated to have declined in all Sahelian countries, with the exception of the Gambia, Guinea Bissau and Senegal. In the coastal countries along the Gulf of Guinea coarse grain production is estimated to have declined in northern **Nigeria** due to late and poorly distributed rains.

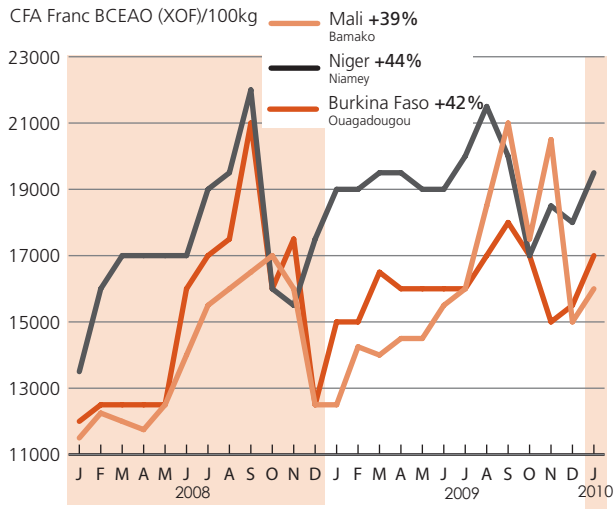
A difficult food security situation is anticipated this year in several locations, notably in the eastern part of the subregion including **Niger**, **Chad** and northern **Nigeria**. In addition to the decline in cereal production, pastures were seriously affected. For instance, biomass production in pastoral areas of Niger in 2009 was estimated to be 62 percent below domestic requirements. This deficit is three times as severe as in the previous year. Moreover, cereal prices have remained high in most countries over the past two years, and the reduced millet crop in northern Nigeria could lead to further rise in prices across the subregion with a serious negative impact on rural food-deficit households and urban consumers. This is particularly so in **Niger** where the combination of reduced cash crop returns, poor rangeland conditions, unfavourable prospects for imports from northern Nigeria, and the continuing combination of poverty and persistently high food prices, could lead to sharp increases in malnutrition. Several parts of the country may experience acute food insecurity should a sharp rise in prices occurs. Niger's Early Warning System (SAP) estimated that about 2.7 million people located mostly in Maradi, Zinder, Diffa and Tahoua regions will need food assistance this year. An additional 5.1 million are at risk of food insecurity and may also need assistance according to SAP.

Figure 5. Sorghum prices in selected Western African markets



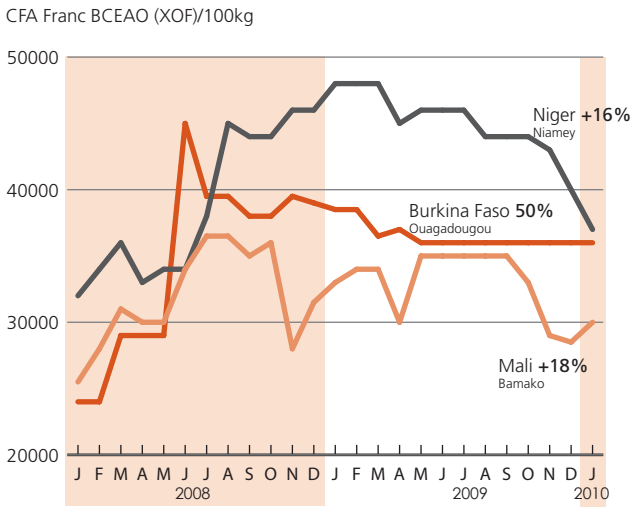
Source: Afrique Verte.
Note: Percentages indicate change from 24 months earlier.

Figure 6. Millet prices in selected Western African markets



Source: Afrique Verte.
Note: Percentages indicate change from 24 months earlier.

Figure 7. Imported rice prices in selected Western African markets



Source: Afrique Verte.
Note: Percentages indicate change from 24 months earlier.

Central Africa

In **Cameroon** and the **Central African Republic** (CAR), harvesting of the 2009 main and secondary maize crops is

complete. Favourable rainfall levels were recorded in the southern regions of both countries, but insecurity and erratic precipitation has resulted in lower crop yield in northern areas. Satellite based analysis confirms poor vegetative growth during the main cropping season and estimates indicate that national cereal production for the 2009 season will be lower than the previous year's harvest. A decline in the mining industry in southwest CAR, as a result of the economic crisis, has led to unemployment and a loss of income, negatively impacting households' purchasing power and aggravating the precarious food security situation. The conditions have been exacerbated due to high food prices, further restricting food access, with reports indicating high levels of malnutrition. Moreover, insecurity throughout the region is hampering access to agricultural inputs and disrupting normal trade routes, impeding agricultural recovery. Recent armed clashes in the Equateur province in the Democratic Republic of Congo has led to more than 100 000 civilians crossing the border into the **Republic of Congo** and CAR in October and November 2009. This has placed additional demand on the already insufficient food supply in the Likoula Province, in north-east Congo, causing a rise in prices during the end of 2009.

Eastern Africa

Significant drop in 2009 aggregate cereal output, especially sorghum

Harvesting of the 2009 main season cereal crops has been completed in the sub-region, while harvesting of secondary season crops has started in southern parts. The subregion's aggregate 2009 cereal output (main and secondary crop seasons) is forecast at nearly 30.8 million tonnes, some 2.4 million tonnes less than the harvest obtained in 2008 and 2 percent below the previous five-year average. This is mainly due to late and below-average rains from March to July that affected agricultural activities and hindered crop growth in most of the countries of the subregion. Sorghum has been the most affected crop, with a reduction of more than 2 million tonnes compared to the 2008 output. In 2009, well-below average cereal outputs are estimated for **Kenya** (-22 percent) and **Sudan** (-21 percent). In **Ethiopia**, an FAO/WFP Crop and Food Security Assessment Mission (CFSAM), that visited the country at the end of 2009, estimated "meher" cereal and pulse production from peasant holdings at 15.7 million tonnes, almost 5 percent less than previous year's bumper crop, but still 11 percent above the last five years average. In **Somalia** and **Uganda**, despite the impact of unfavourable weather conditions in some areas during the main season, the 2009 aggregate cereal production is estimated at above-average levels.

Harvesting of the 2009 second season crops is underway in bimodal areas of **Uganda** and the **United Republic of Tanzania** and the production outlook is favourable following good rains over most producing areas. In **Somalia**, the production of the 2009 secondary "deyr" season crops, to be harvest by mid-March, is projected to be near normal in most southern producing areas as a result of favourable rains that benefited yields and induced farmers to increase the area planted. By contrast, in **Kenya**, production prospects for the 2009 short-rains season crops are mixed. A prolonged dry spell in November affected south-eastern and coastal marginal agricultural areas and southern and north-western pastoral areas where about 20-30 percent of the crops needed to be replanted. In addition, during the second half of December, heavy rainfall has caused massive flooding in low lying areas of Northern, Central and Western provinces, washing away crops (mainly sorghum and maize) and livestock.

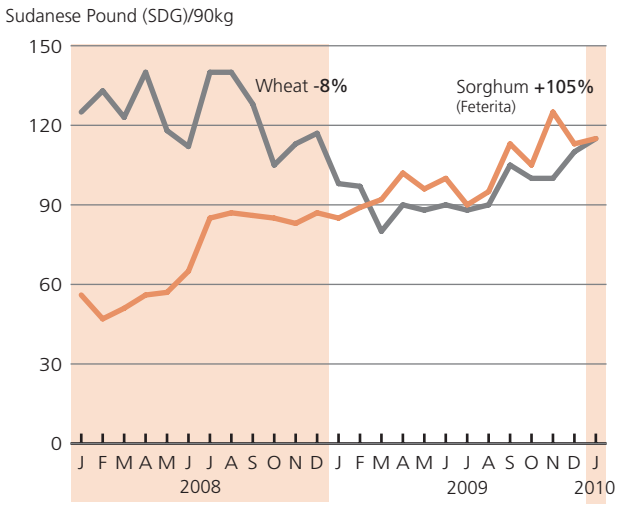
Pastoralist and agro-pastoralist groups have been seriously impacted by the low cumulative rainfall in the last three to four seasons that reduced water and pasture availability especially in parts of northern and south-eastern **Kenya**, south-eastern **Ethiopia**, **Eritrea** and some inland regions of **Djibouti**. Animal prices have decreased due to widespread poor livestock body conditions and the terms of trade with cereals turned against pastoralists thus limiting their access to food. Some improvements in pasture conditions are reported in areas of north-western, northern and southern **Kenya** and in central to southern **Uganda** that received abundant rains since mid-December.

Civil conflicts and displacements continue to negatively impact on the food security situation of the subregion, disrupting markets and hampering food aid distribution. However, in the short term, the general food security will improve somewhat as the newly harvested crops become available in the markets. This positive trend may be short lived, especially in most drought-affected food deficit areas, when the limited food stocks become exhausted.

Price levels decrease with increased supply of newly harvested crops, but still remain at well above-average levels

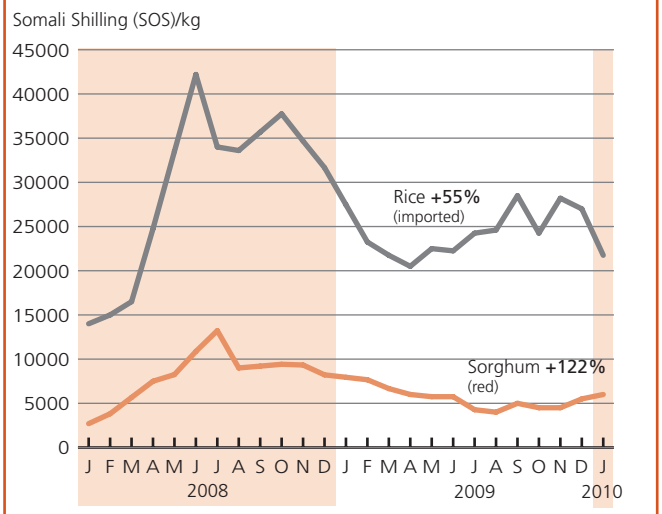
Generally, despite an overall declining trend observed in the last months, several eastern African countries continue to experience well above-average prices. The majority of food prices in December 2009 are between 50 and 100 percent higher than December 2007, before the food price crisis (with some cases, such as sorghum price in **Sudan**, which is currently reported about 200 percent higher than two years ago). In **Ethiopia**, cereal prices have declined and stabilized following the record levels experienced in September 2008. However, prices still remain above the pre-crisis price levels of 2007. Government restrictions

Figure 8. Wholesale prices in Khartoum, Sudan



Source: Ministry of Agriculture, Sudan.
Note: Percentages indicate change from 24 months earlier.

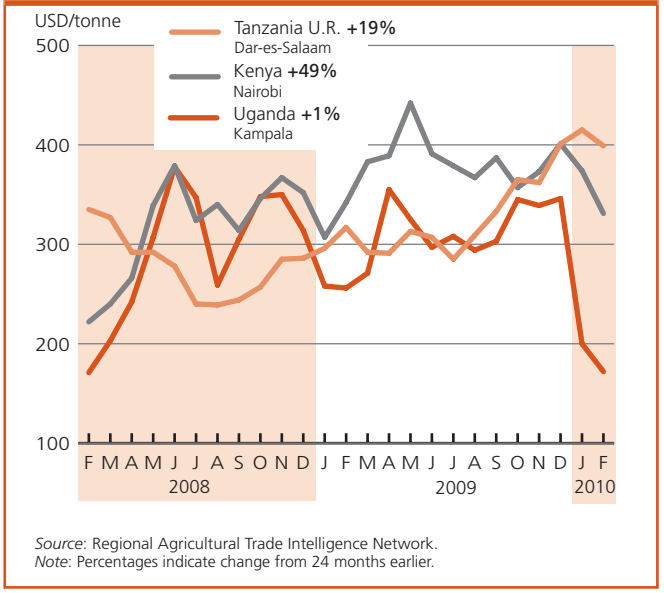
Figure 9. Selected cereal prices in Mogadishu, Somalia



Source: Food Security Analysis Unit.
Note: Percentages indicate change from 24 months earlier.

for bulk purchases of cereals from local markets have partly contributed to easing of maize prices. At the same time, wheat prices dropped by about 36 percent between September 2008 and November 2009 with retail prices currently ranging from 560 to 655 ETB/quintal. The availability in the market of 822 000 tonnes of wheat imported by the Government since July 2008, helped the decrease in prices. The decrease and stabilization of the wheat price influenced also the markets for other cereals such as teff and sorghum. In **Kenya**, food prices remain at above average levels, partly due to inflated transportation costs for imported maize following the congestion at Mombasa port. In Nairobi, the February 2010 wholesale price of maize was USD 331 per tonne compared to USD 222 per tonne in February 2008. In **Somalia**, between July and November 2009, maize and sorghum retail prices declined by about 10 to 25 percent respectively in Shabelle, Bay and the riverine areas of Juba regions due to increased supply. This follows the good off-season production last year, reduced road blocks and the stability of the local currency against the US dollar. However, high cereal prices are reported in some pastoral areas in Lower Juba as well as in Gedo, Bakool and parts of Middle Shabelle regions mainly due to high transportation costs, poor 2009 main "gu" cereal production, harvested in August, and markets disruption caused by civil insecurity. In **Sudan**, wholesale prices of sorghum have stabilized at high or record levels during the last quarter of 2009. In **Uganda**, the supply of green maize in October and the prospects of a good

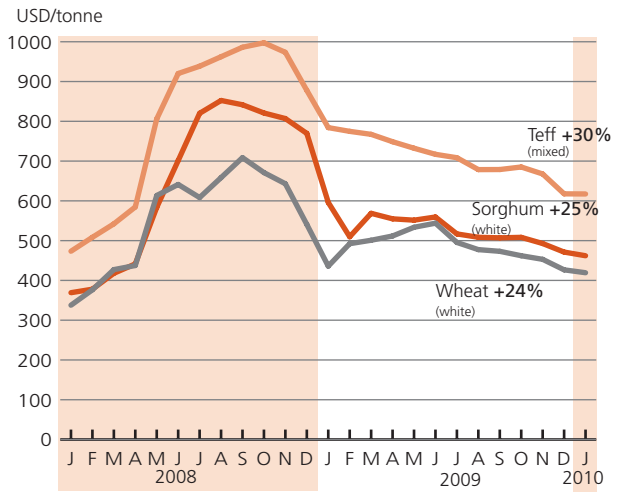
Figure 10. Maize prices in selected Eastern African markets



Source: Regional Agricultural Trade Intelligence Network.
Note: Percentages indicate change from 24 months earlier.

second season harvest induced traders to release stocks. This accelerated the decline in food prices observed since September 2009. In February 2010, wholesale maize price dropped to USD 172 per tonne, about half the average price of last quarter of 2009 and 50 percent less than a year earlier. In the **United Republic of Tanzania**, wholesale prices of maize, rice and beans in Dar es Salaam market have reached record levels. In February 2010, the maize

Figure 11. Wholesale prices in Addis Ababa, Ethiopia



Sources: Ethiopian Grain Trade Enterprise.
Note: Percentages indicate change from 24 months earlier.

price was more than 26 percent higher than in February 2009.

Southern Africa

Prospect for 2010 cereal crops unfavourable to poor in six out of eleven countries in the subregion

The outlook for the main season cereal crops for harvest from April has deteriorated sharply in several **Southern African** countries since mid-December. The season had started favourably in October in most countries with early rains and improved availabilities of inputs favouring plantings of maize and other cereal crops. Moisture conditions remained favourable in most countries until mid-December when in a band spanning from southern **Madagascar** to central/south **Mozambique**, central/south **Zimbabwe,** north–eastern **Botswana** and southern **Malawi** rains stopped almost completely for about a month, during the critical flowering stage for maize. As of late January, crops, especially in affected areas of Zimbabwe and Mozambique, were wilting and in southern Madagascar and southern Malawi under stress. Crop conditions are also uncertain in the main agricultural areas of northern **Namibia** where plantings were seriously delayed until late in December because of insufficient and erratic rains.

In some of the affected areas replanting has taken place and crops could still recover if precipitation was received soonest and if the rainy season extends its duration beyond the normal April ending date. In fact in the last dekad of January above average rains were received in several areas (see chart) but it is too early to know if they had any effect on crops, many of which had already wilted.

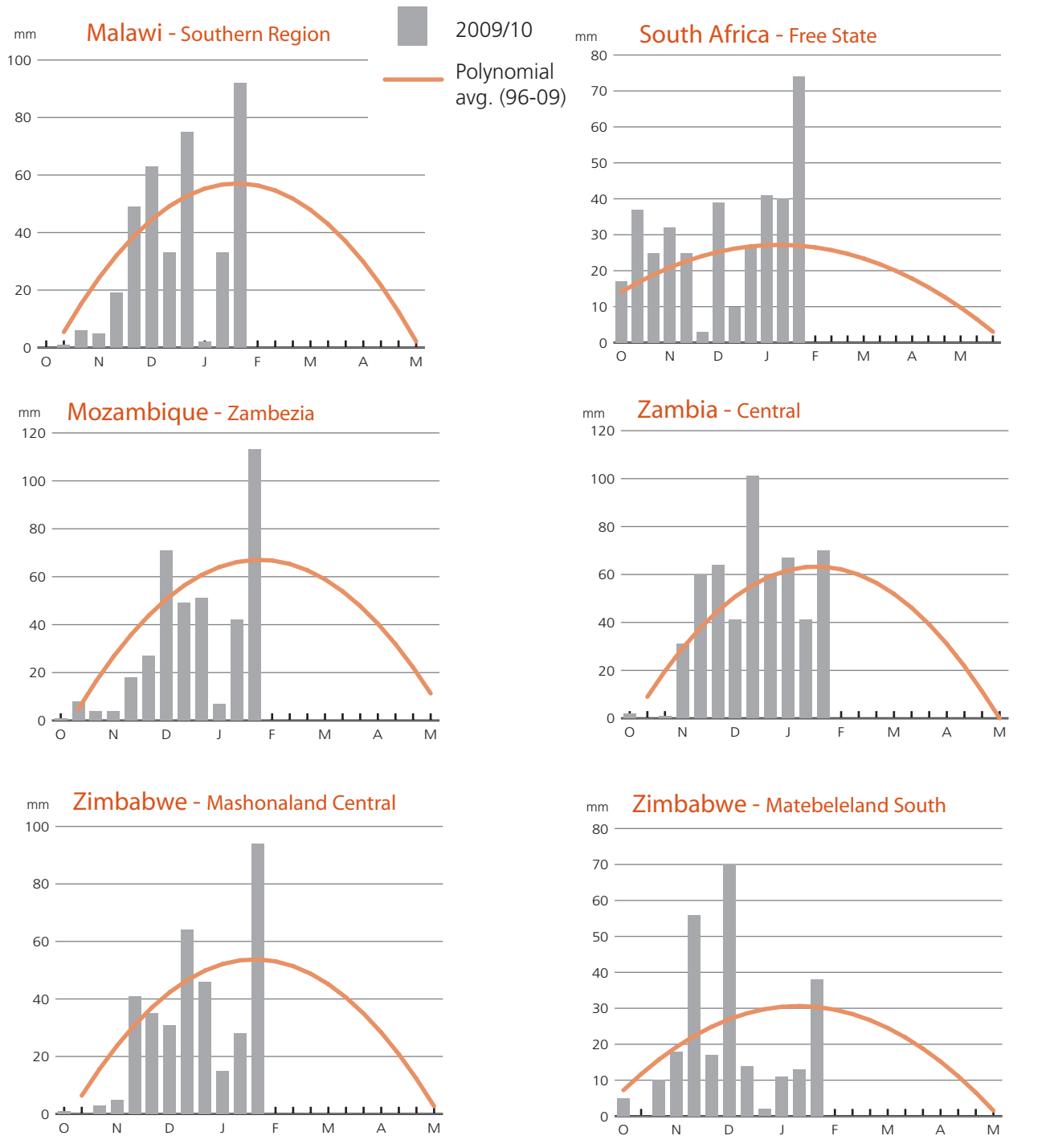
However, weather conditions during the growing season have been mostly normal elsewhere in the subregion. As of late January the crop outlook was mostly favourable in **Angola, Lesotho, South Africa, Swaziland and Zambia** following about normal rains that benefited plantings and crop development. Government programmes to sustain agricultural production through the distribution of subsidized inputs continued also this year in **Angola** and **Zambia**. In the latter, larger plantings of maize and other crops were anticipated also reflecting favourable prices. In **South Africa**, the largest producer in the region, the first estimate of the area planted to maize indicate a rise of over 8 percent from the previous year, a larger increase than anticipated in the farmer's intention report of October 2009. Assuming normal weather until harvest, maize production in South Africa could rebound this year after having declined in 2009 by some 9 percent from the 2008 record due to lower plantings. The first official production estimate will be released in late February. In Lesotho and Swaziland crop condition were reported generally satisfactory, but a further drop in area planted is preliminarily estimated for Lesotho.

Table 8. Cereal production, imports and stock changes in Southern Africa (*million tonnes*)

	2007/08	2008/09	2009/10 Estimated	Change: 2009/10 over 2008/09 (%)
Southern Africa				
Production [1]	22.2	27.9	29.9	+7
Imports	7.7	6.8	6.0	-12
Stock change from previous year	-1.7	0.5	1.7	+40[2]
Southern Africa, *excl. South Africa*				
Production [1]	12.5	12.0	14.8	+24
Imports	4.1	4.7	3.8	-19
Stock change from previous year	-0.5	-0.2	+0.7	+39[2]

Source: FAO/GIEWS estimates
[1] Includes rice in milled terms.
[2] Percent change in estimated cereal stock levels.
Note: Marketing year mostly April/March. Percentages computed from unrounded data

Figure 12. 2010 main cereal crop season - Rainfall pattern in main selected growing areas in Southern Africa



Cereal import in 2009/10 marketing year lower and stocks increased

In the current 2009/10 marketing year (April/March) about to end, the aggregate cereal import requirement declined in several countries of the subregion reflecting the increased domestic availabilities from the record 2009 cereal harvest. In aggregate for all countries in the subregion, total cereal import requirement fell by 12 percent in 2009/10 to 6 million tonnes, the lowest recorded volume since 2001/02. For the subregion excluding **South Africa** the decline in imports in 2009/10 was even sharper at 25 percent. Most of the decline was concentrated in **Malawi**, **Mozambique**, **Zambia** and **Zimbabwe** were the maize production was

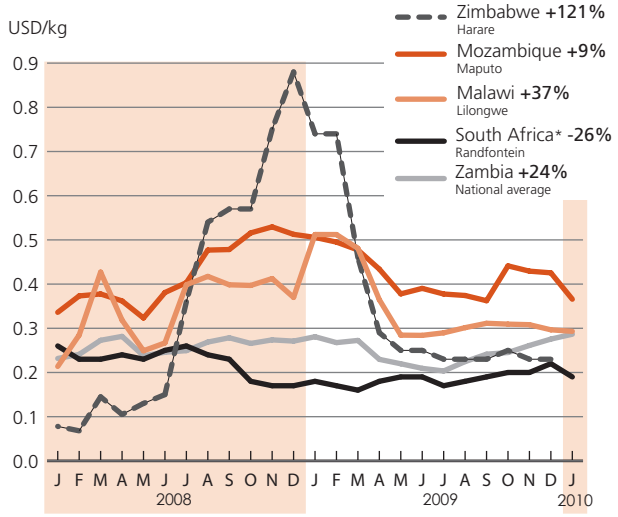
particularly good in 2009 and in **Botswana** where, in addition to the larger production, cereal imports fell also on account of the abnormally high level of the previous year.

The large cereal production in 2009 has led to an overall improvement in the food security situation in several countries in the subregion, in a general decline in food prices from the 2008 peaks (see Table 8), and in a substantial replenishment of carryover stocks mostly in **South Africa**, but also in the other countries in the subregion such as **Angola**, **Malawi** and **Zambia**. If current unfavourable prospects for 2010 cereal crops in several countries materialize, the subregion will be better prepared to cope with any additional needs in the coming 2010/11 marketing season. Several countries will be able to draw on their own carryover stocks or obtain supplies from neighbouring countries in the subregion to meet part of their consumption requirements.

PRICES

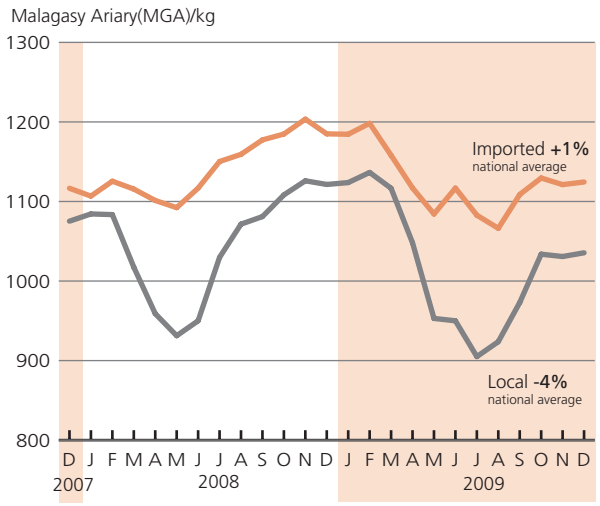
Prices of staple foods (in US dollar terms) have declined in the first part of the 2009/10 marketing season with the harvest of a good crop in most southern African countries. In recent months they have stabilized or started to rise seasonally as most countries enter the lean period before the new harvest becomes available and consumers have to rely on the market for most of their food needs. However, although prices of maize, the main cereal consumed in the subregion, are lower than their peaks during the food price crisis of 2008, they are still, with the exception of **South Africa**, above their US dollar equivalent level of two years earlier in spite of the 2009 bumper harvests.

Figure 13. White maize prices in selected Southern African markets



*Wholesale prices, all others retail prices.
Sources: WFP/CFSAM/FEWSNET, Zimbabwe; Sistema de Informação de Mercados Agrícolas de Moçambique, Mozambique; Ministry of Agriculture and Food Security, Malawi; Central Statistical Office, Zambia; SAFEX Agricultural Products Division, South Africa.
Note: Percentages indicate change from 24 months earlier.

Figure 14. Rice prices in Madagascar



Source: Observatoire du Riz.
Note: Percentages indicate change from 24 months earlier.

Cereal price movements in the subregion will be increasingly influenced in the next two to three months by prospects for the new 2010 crops currently in the ground, and in fact they will be a good indicator of likely crop outcome. There are already reports of a sharp increase in the consumer price for maize in **Zimbabwe** in January following indications of possible crop damage due to dry weather since late December but quantitative information is not yet available.

Great Lakes Region

The secondary 2010 A season beans and maize crops, being harvested, are anticipated poor in **Burundi** and **Rwanda** owing to unfavourable weather since the start of the growing season. In Burundi plantings were delayed, by two months in some areas, because of insufficient rains early in the season which continued until November severely affecting crops. From December heavy rains and floods brought additional crop losses in several parts. In Rwanda early rains favoured plantings, but severe moisture deficits from mid-November to mid-December have reduced crop expectations in several parts and overall a below normal production is anticipated from this season.

In both Burundi and Rwanda the main season 2009 B crops had been good and prices of beans and maize fell soon after harvest around mid-2009. They have remained relatively low in Burundi but in Rwanda they started to rise again since October because of the failure of the minor 2009 C crop that normally provides part of the food needs in the lean season.

In the **Democratic Republic of Congo** planting and development of main season maize crop for harvest in 2010 in the centre and southern parts and cassava and rice in the south benefited from above average rains in the October-December 2009 period. Although no official figures are available, cereal production for 2009 is estimated to have increased as compared to the previous year and the five-year average owing to generally favourable weather. Prices of maize and cassava flour have declined from the early 2009 peaks, but remain relatively high mainly reflecting the depreciation of the national currency which has increased the cost of the mostly imported food stuffs available in the markets.

Africa - policy developments from December 2009 to January 2010

Egypt
16/12/2009: The Minister of Trade and Industry announced new measures aimed at improving inspection and quality control of imported wheat. The measures include a state inspection certificate, doubled financial guarantee deposited by international cargo firms and penalties on firms that are found violating Egyptian wheat standards

Madagascar
18/01/2010: The Government has suspended the series of incentives to farmers, including subsidizes to fertilizers and seeds, and technical assistance, provided in the previous years.

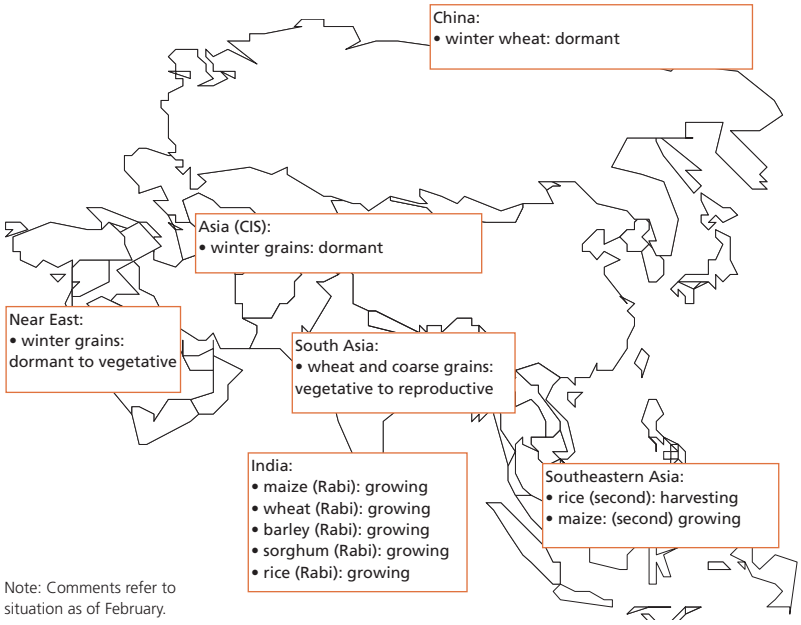
Morocco
01/09/2009: In the framework of the implementation of the Government's "Plan Maroc Vert" Programme launched in 2008, the Ministry of Agriculture announced new measures to boost agricultural production. These measures included increased seeds subsidies, increased support to agricultural mechanization as well Government assistance in case of natural disasters.

Asia

Far East

Uncertain prospects for 2010 wheat crop in some countries

The 2010 mostly irrigated main wheat and second rice crops, sown from October onwards, are in growing condition in most countries of the region. Prospects for the harvests are unfavourable in **Pakistan** due to emerging drought and uncertain in **India**, **Bangladesh** and **Myanmar** due to prolonged dry spells and erratic rainfall since the beginning of the season. Much reduced precipitation will adversely affect yields in non-irrigated areas and may have reduced water reserves available for irrigation.



Note: Comments refer to situation as of February.

By contrast, in **China** (Mainland), the winter wheat crop, which accounts for about 95 percent of annual wheat production, is still dormant. The area planted is preliminarily estimated unchanged from the record 22.5 million hectare in the previous year, reflecting the strong government support with direct subsides and increased minimum purchase prices (increased by 60 yuan per tonne for white wheat, red wheat, and mixed wheat in 2010 from the previous year) The weather conditions to date have been favourable in the major wheat producing provinces (Hebei, Shanxi, Jiangsu, Anhui, Shandong, Henan, and Shaanxi), with rainfalls from November 2009 to the early February 2010, some 30 to 100 percent above normal. However, extreme dry conditions have been reported in some regions of the southwestern provinces (Sichuan, Yunnan and Guizhou).

Table 9. Asia cereal production (*million tonnes*)

	Wheat			Coarse grains			Rice (paddy)			Total cereals		
	2007	2008 estim.	2009 f'cast	2007	2008 estim.	2009 f'cast	2007	2008 estim.	2009 f'cast	2007	2008 estim.	2009 f'cast
Asia	**285.5**	**278.6**	**296.8**	**270.8**	**280.9**	**270.0**	**601.5**	**623.8**	**611.7**	**1 157.7**	**1 183.3**	**1 178.5**
Far East	**211.9**	**216.2**	**223.4**	**244.4**	**259.6**	**246.0**	**595.8**	**618.4**	**606.1**	**1 052.1**	**1 094.3**	**1 075.5**
Bangladesh	0.7	0.8	1.0	0.9	1.4	0.5	43.4	47.0	45.8	45.1	49.2	47.2
China	109.3	112.5	115.0	163.6	175.9	167.2	187.4	193.4	197.2	460.3	481.7	479.4
India	75.8	78.6	80.6	40.9	39.1	33.2	145.0	148.7	130.8	261.7	266.4	244.6
Indonesia	0.0	0.0	0.0	13.3	16.3	17.7	57.2	60.3	63.8	70.4	76.6	81.5
Myanmar	0.2	0.2	0.2	1.3	1.3	1.3	31.5	30.5	31.5	32.9	32.0	33.0
Pakistan	23.3	21.5	24.0	4.2	3.7	3.7	8.3	10.4	9.6	35.8	35.6	37.3
Philippines	0.0	0.0	0.0	6.7	6.9	7.1	16.6	17.1	16.7	23.4	24.0	23.8
Thailand	0.0	0.0	0.0	4.1	4.5	4.5	32.1	31.7	31.5	36.2	36.1	36.0
Viet Nam	0.0	0.0	0.0	3.6	3.7	3.7	35.9	38.7	38.9	39.5	42.4	42.6
Near East	**45.9**	**35.6**	**44.7**	**20.6**	**16.2**	**18.3**	**5.0**	**4.8**	**4.9**	**71.5**	**56.6**	**67.9**
Afghanistan	4.3	2.6	5.1	0.8	0.6	0.8	0.6	0.6	0.7	5.7	3.9	6.6
Iran (Islamic Republic of)	15.0	9.8	13.0	5.1	2.9	3.2	3.3	3.2	3.3	23.5	15.9	19.5
Turkey	17.2	17.8	20.5	11.4	10.8	12.1	0.6	0.8	0.8	29.2	29.3	33.3
CIS in Asia	**27.5**	**26.7**	**28.6**	**5.8**	**5.1**	**5.7**	**0.7**	**0.6**	**0.7**	**34.0**	**32.4**	**35.0**
Kazakhstan	16.4	16.0	17.0	3.2	2.7	3.3	0.3	0.3	0.3	19.9	19.0	20.6

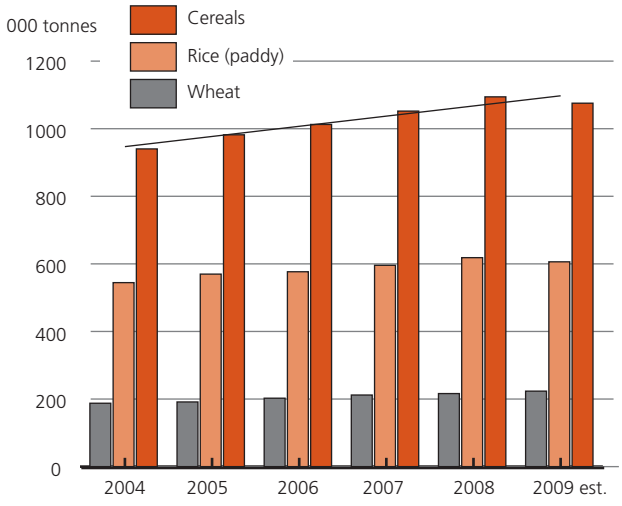
Note: Totals computed from unrounded data.

2009 aggregate regional cereal harvest below the trend line

Harvesting of the 2009 main season rice crop was completed towards the end of the year in most countries of the region.

FAO estimates 2009 aggregate output of cereals (including rice in paddy terms) at 1 076 million tonnes, just below the previous year's record harvest of 1 094 million tonnes but still above average of the previous five years (see Figure 15). The average annual growth rate in cereal production for the region as a whole has been about 4 percent from 2004 to 2008 but it dropped to -1.7 percent in 2009. Output of rice paddy, the major staple cereal in the sub-region accounting for about 50 percent of the total, is estimated at 606 million tonnes, or 2 percent below the bumper harvest of 2008 due to significant losses as a result of adverse weather in some countries. Failure of the monsoon season in **India, Bangladesh,** and **Nepal** and floods in the **Philippines** resulted in the drop of their paddy outputs and the regional aggregate despite an increase in production in China. Last year's winter and spring wheat harvested from April to July 2009 produced a record aggregate harvest of 223 million tonnes. However, overall, the 3.3 percent growth in the wheat crop, harvested earlier in the year, was not enough to compensate for the loss in the rice crop harvested later in the year. However, some countries namely, **Indonesia**, **Myanmar, China, Pakistan, Cambodia, Bhutan, Mongolia** and **Timor-Leste** gathered good cereal harvests in 2009 due to relatively favourable weather and favourable prices at sowing time.

Figure 15. Far East cereal production trend



Net cereal imports by countries in the subregion expected to decrease in 2009/10 marketing year

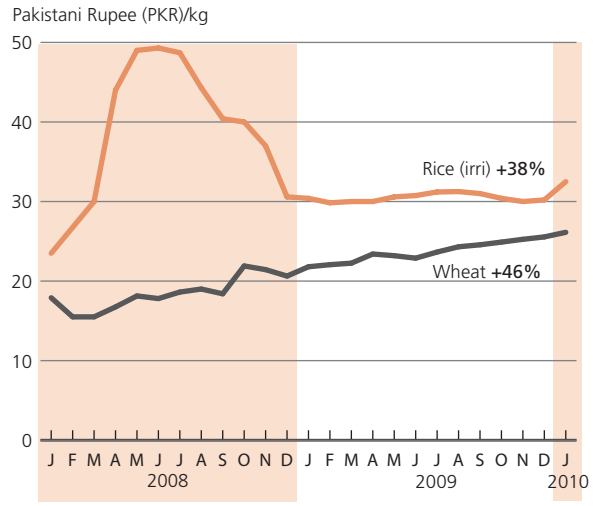
The Far East subregion, in general, is a net exporter of rice and net importer of wheat; however, imports of wheat outweigh the exports of rice by a significant margin by the countries of the region in aggregate. Thus, the countries of the subregion are net importers of cereals. In spite of some decline in 2009 rice production, the larege carryover stocks are estimated to contribute to a rise in rice exports from the major rice exporting countries, in particular, **Thailand** and **Viet Nam** in 2010. A record aggregate harvest of wheat in the region in 2009, on the other hand, is estimated to increase exports of some countries and reduce the regional imports for the 2009/10 marketing year (mostly in 2010) over the corresponding figures of the year before of several countries (see Table 10). As a result, the net cereal imports by countries of the region are expected to fall in the 2009/10 marketing year.

Table 10. Far East – Indicative anticipated trade of rice and wheat in 2009/10 *(thousand tonnes)* [1/]

	2008/09	Avg. 2004/05-2008/09	2009/10	2009/10 over 2008/09 (%)	2009/10 over average (%)
Exports[2]					
Rice (milled)	23 724	23 673	24 490	3.2	3.5
Wheat	2 694	2 994	2 440	-9.4	-18.5
Rice (milled) + wheat	26 418	26 667	26 930		
Imports[3]					
Rice (milled)	7 714	8 195	8 314	7.8	1.5
Wheat	30 666	30 722	28 283	-7.8	-7.9
Rice (milled) + wheat	38 380	38 917	36 597		
Net position					
Net exports of rice	16 010	15 478	16 176	1.0	4.5
Net imports of wheat	27 972	27 728	25 843	-7.6	-6.8
Net imports of rice and wheat	11 962	12 250	9 667	-19.2	-21.1

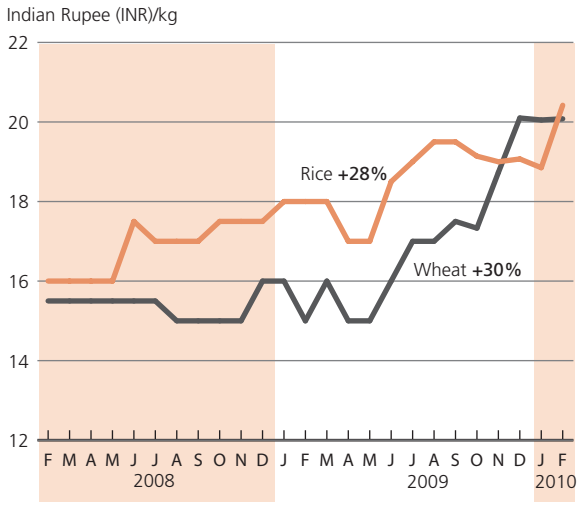
1/ Rice trade figures for most countries are for the second year shown; wheat is for July/June marketing year for most countries.
2/ Total exports is the sum of quantities exported by the countries in the region to other countries, within and outside the region.
3/ Total imports is the sum of quantities exported by the countries in the region to other countries, within and outside the region.

Figure 16. Retail prices in Multan, Pakistan



Source: Pakistan Bureau of Statistics.
Note: Percentages indicate change from 24 months earlier.

Figure 17. Retail prices in Mumbai, India

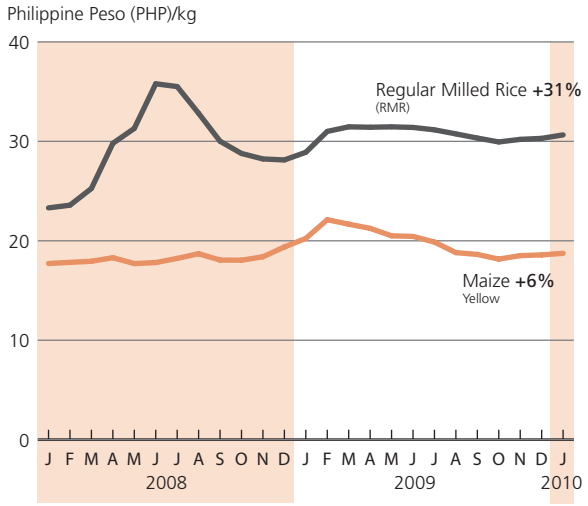


Source: Ministry of Consumer Affairs.
Note: Percentages indicate change from 24 months earlier.

Food prices are still high in several countries

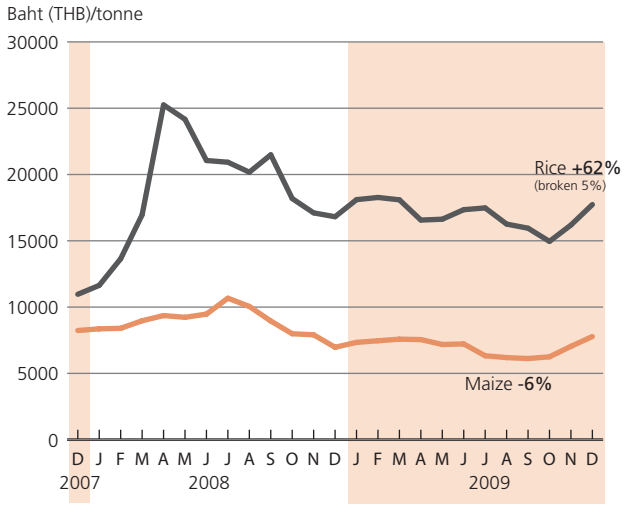
Nominal prices of staple food commodities, mainly rice and wheat, have generally declined from the 2008 peak but remain significantly above their pre-2008 food-crisis levels in several countries. The price impact on overall food consumption of the vulnerable population is still expected to be substantial. Prices of rice have been increasing in **India** since the second half of 2008 and are above their levels of a year ago (5 percent in Mumbai to 22 percent in Chennai in last 12 months) in line with general inflation. Prices of rice are generally stable in the **Philippines**, **Pakistan** and **Myanmar** but are between 30 to 40 percent higher than two years earlier. In **Bangladesh**, prices of rice have been increasing in the last three months. In exporting countries such as **Thailand** and **Viet Nam**, the latest month rice prices are also 62 percent and 52 percent higher than they were

Figure 18. Retail prices in the Philippines



Source: Bureau of Agricultural Statistics.
Note: Percentages indicate change from 24 months earlier.

Figure 19. Wholesale prices in Bangkok, Thailand



Source: Bank of Thailand.
Note: Percentages indicate change from 24 months earlier.

24 months ago in exporting countries, respectively, due to strong international demand.

Prices of wheat in **India** and **Pakistan** have also been rising in recent months in spite of relatively good production gathered in early 2009, possibly reflecting concerns over the uncertainty of the anticipated 2010 Rabi harvest.

Near East

Favourable prospects for 2010 winter crops

Across the subregion, bulk of the planting of 2010 winter cereal crops was completed in November-December under more or less normal seasonal precipitation.

Planting of 2010 winter wheat and barley, for harvest from next July, has been completed under generally favourable weather conditions. Crops are currently dormant and abundant precipitation during the last few weeks has boosted soil moisture, in particular in **Turkey**, **Syrian Arab Republic**, **Lebanon** and **Israel**. However, unseasonably warm weather is affecting parts of the sub-region since mid-December, with temperatures averaging 5 to 12 degrees C above average. This has reduced the protective snow cover and may expose the crops to frost damage. Nevertheless, current winter crop prospects are generally favourable due to timely beneficial rainfall and the absence, so far, of winterkill.

The region's cereal production in 2009 is estimated at 67.9 million tonnes, a substantial recovery from the previous year's output of 56.6 million tonnes, when extreme drought conditions decimated crops. However, even at this level production levels were still 3.6 percent below the previous five-year average. Above-average and well distributed rains favoured wheat and barley crops, harvested last summer, especially in main producing countries of **Turkey**, the **Islamic Republic of Iran** and **Afghanistan**. By contrast, in **Iraq**, generally poor weather conditions for most of the season led to a drastic reduction of winter cereal yields, with an aggregate 2009 cereal production estimated slightly above 2 million tonnes, the smallest crop in recent history. Eastern and northeastern parts of the **Syrian Arab Republic** were also affected by drought in 2009, causing the displacement of about 300 000 households from rural to urban settlements.

Asian CIS

Record cereal production in 2009

The cereal production for the sub-region in aggregate was in 2009 a record 35 million tonnes, 8 percent higher than in 2008. Production rose in all Central Asian countries mostly due to an increase by 7 percent in area and favourable weather. By contrast the cereals harvest was significantly lower compared to the good crop in 2008 in Armenia Azerbaijan and Georgia.

In **Kazakhstan**, the 2009 year's cereals production was 20.6 million tonnes, 8.4 percent higher than in the previous year and almost 27 percent above the previous five years average. The increase reflects larger planted area (by 8.8 percent) while yields were about the same as the previous year. The export of cereals from Kazakhstan, which had declined in the 2008/09 marketing year to about 6.7 million tonnes, are forecast to rise in 2009/10 by some 12 percent reflecting the larger availabilities.

In **Kyrgyzstan**, total cereal production in 2009 increased by 11.5 percent reflecting increased yields for wheat. Nevertheless, wheat imports will continue to be required. Even in good years Kyrgyzstan imports a large portion of its domestic wheat needs mainly from Kazakhstan because the quality of the country's wheat is poor and not efficient for processing. Cereals production increased markedly also in **Turkmenistan** in 2009 compared to 2008 but it was still 19 percent less than the previous five years average due to lower yields. **Uzbekistan** produced a record 7 million tonnes cereal harvest, 10 percent above the five year average also due to better yields. In spite of the larger output this year, Turkmenistan and Uzbekistan still depend on imports of wheat to meet part of their food requirement. Both countries are considering increasing the area planted to wheat but face irrigation constraints.

In 2009 the **Tajikistan**'s cereal (mostly wheat) production reached the record level of over 1 million tonnes, 33 percent above the 2008 production and sharply above the previous five-year average. In spite of the higher domestic output, Tajikistan will still need to import over two thirds of its wheat requirements in 2009/10.

In **Armenia**, it is estimated that cereal output fell in 2009 by 23 percent due to unfavourable weather in several regions. As a consequence wheat import requirement for 2009/2010 marketing will increase considerably. Cereal output fell by 9 percent in **Azerbaijan** from the previous year bumper level, but remained close to the five-year average. Unfavourable weather, lack of equipment and macroeconomic instability have resulted in reduced plantings and a low harvest of cereals in **Georgia,** some 9 percent below that of 2008 and 19 percent below the average output for the previous five years. As a result, cereal import needs, mostly wheat, are forecast to increase by over 50 percent to about 900,000 tonnes in 2009/10.

Prospects for 2010 crops mostly favourable so far

In the Asian CIS countries, planting of the 2010 winter cereals was completed in October-November under mostly favourable weather conditions. In spite of the cold winter, crop conditions are still satisfactory. A small increase in area planted to winter crops from the previous year is estimated for **Kyrgyzstan, Uzbekistan** and **Turkmenistan** while it is estimated to be unchanged in **Azerbaijan**. According to official reports frost has not affected crops in **Armenia**, while due to poor weather a reduced wheat

harvest is expected in **Georgia**. Both countries are facing a decline in agriculture activities due to the unfavourable macroeconomic situation.

In **Kazakhstan**, where most of the cereals are sown in the spring, plantings of the 2010 crop are planned to increase by 8.8 percent and production is preliminarily forecast to be some 8 percent above the previous year. Kazakhstan has a great potential to increase cereals production and its export but the country faces transport and storage problems. Since 1 January 2010 Kazakhstan has formed a customs union with the Russian Federation and Belarus. This will require Kazakhstan to comply with some new trade regulations.

Asia - policy developments from December 2009 to January 2010

Bangladesh
01/12/2009:The Government re-imposed rice export ban until the end of December 2009.

25/12/2009: The Government has raised the minimum support price of paddy for the new 2010 boro cropping season by 11.76 percent to RS 950 (USD 13.77) per quintal.

The Democratic People's Republic of Korea
13/12/2009: The Government has set new prices for staple goods after its shock currency redenomination (when two zeros were removed from the currency), but reportedly prices of most items have been rising significantly in the small open market.

India
16/12/2009: The Government has confirmed the minimum export price of USD 900 per tonne for Basmati rice, 18 percent lower than the one imposed in January 2009, and has banned all non-basmati rice exports.

15/12/2009: The Government allocated 1 million tonnes of wheat from federal reserves for "bulk consumers" (such as, flour millers and other processors which make flour and other wheat products for sale to consumers in the open market) and has reduced the price by INR 200 (USD 4.25) to INR 1 200 - 1 600 (USD 26 - 34.7) per quintal.

Indonesia
01/01/2010: The Government has raised the minimum support price for unprocessed paddy and unhusked rice by 10 percent, respectively to IDR 2 640 (USD 0.28) and IDR 3 345 (USD 0.35) per kilogram.

Kazakhstan
01/01/2010: The Customs Union formed by Russia, Kazakhstan and Belarus has set common sugar import tariff: in accordance with the Russian scheme, the tariff will be pegged to sugar price in New York and calculated on monthly basis by the Russian Economic Development Ministry

30/01/2010: The Government has simplified the requirements to qualify grain exporters and has simplified the license obtaining process (the licences were introduced in season 2007/2008, when Kazakhstan exported all-time great volumes of grain and the country faced a deficit). The new qualifying requirements include the following: the grain exporter has to have experience of domestic or export sales of grain during one calendar year and an explanatory note is required defining the exporter as small, medium-size or large business entity.

01/01/2010: The Government has planned to spend more than USD 33 million to subsidise the high transport cost of grain exports to make them competitive on the global market.

Malaysia
07/12/2009: The Government has confirmed its policy of import permits for sugar and rice to control supply and prices of the commodities and to encourage local refining of row sugar.

Pakistan
01/12/2009: The Government re-imposed the ban on rice export until the end of the year (31 December 2009) to keep the rising domestic rice price under control

Philippines
07/12/2009: The National Food Authority announced to build up its rice stock inventory to 4.4 millions tonnes by the end of the year 2009 to avoid the need of additional imports in 2010.

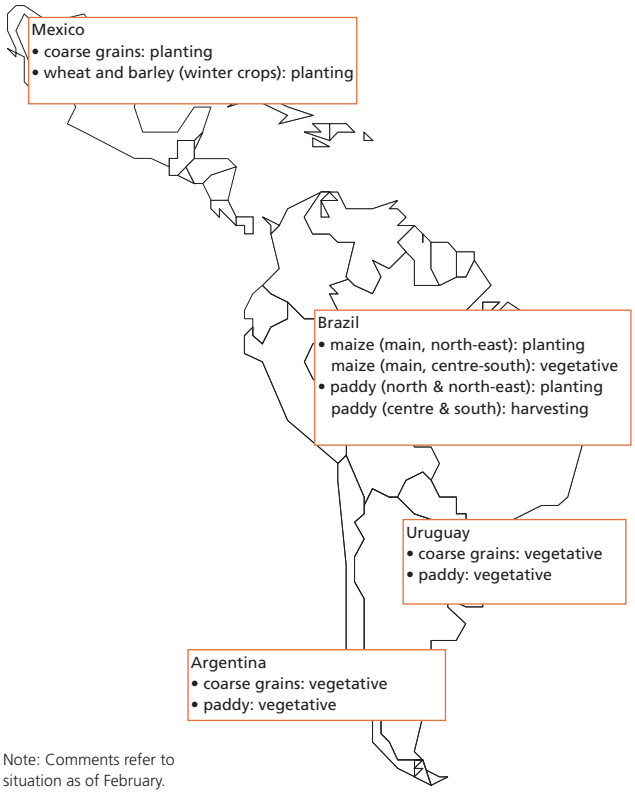
Sri Lanka
07/01/2010: The Government allowed import of 25 000 tonnes of rice for the festive season, of which high quality varieties (Basmathi and Ponni Samba) were duty free. Import tax on sugar has been reduced.

Thailand
16/12/2009: In the framework of the new Price Insurance Scheme, which replaces the previous Mortgage Scheme, the Government has approved insured prices for glutinous rice (USD 301 per tonne), and white rice and Plathum fragrant rice (USD 361 per tonne)

Latin America and the Caribbean

Central America and the Caribbean

The 2009 aggregate cereal output in the sub-region is estimated at approximately 40 million tonnes, 3 percent below the record level of almost 42 million tonnes achieved last year but still 6 percent above the last five years' average. In **Mexico,** 2009 summer coarse grain crops have been recently harvested and early estimates indicate aggregate production at 30 million tonnes, about 6 percent less than the record crop obtained in 2008. This reduction is mainly due to the prolonged drought conditions that affected the key producing states of Jalisco, Puebla, Aguascalientes and Guanajuato. Planting of the mostly irrigated 2010 winter wheat is underway in north-western states of Sonora and Baja California and in the central states of Guanajuato and Michoacan. Official planting intentions for wheat point to 386 000 hectares, approximately the same good level of 2009. Elsewhere in Central America, harvesting of the second season maize crop and beans is complete. In **Guatemala**, despite the prolonged dry spell in July/August and the first planting stages of the second season in September, aggregate 2009 maize production is estimated to be average, while food access for vulnerable groups is reported to be worsening in the Central and Oriental Plateau. In **Nicaragua**, **El Salvador** and **Honduras**, harvesting of 2009 third season maize and bean crops is about to start. Despite localised losses due to unfavourable dry weather conditions that affected Nicaragua at planting time in the *postrera* season and the impact of Hurricane IDA in El Salvador during the second season, aggregate maize production in the sub-region (excluding Mexico) is estimated at a similar level to last year, at approximately 3.9 million tonnes.



Note: Comments refer to situation as of February.

Prices are increasing in Haiti following the earthquake, but elsewhere do not raise concern

Prices of staple foods have generally continued to fall in Central American and Caribbean countries. Quotations for white maize in **Honduras** and **Guatemala** declined significantly between September and October and remained at a stable level for the last three months of 2009. This trend reflects the increased market

Table 11. Latin America and Caribbean cereal production (*million tonnes*)

	Wheat			Coarse grains			Rice (paddy)			Total cereals		
	2007	2008 estim.	2009 f'cast	2007	2008 estim.	2009 f'cast	2007	2008 estim.	2009 f'cast	2007	2008 estim.	2009 f'cast
Latin America & Caribbean	**27.0**	**21.1**	**20.4**	**127.7**	**137.7**	**118.1**	**24.5**	**26.4**	**27.4**	**179.2**	**185.2**	**165.9**
Central America & Caribbean	**3.6**	**4.0**	**4.1**	**34.0**	**36.1**	**34.5**	**2.4**	**2.5**	**2.6**	**40.0**	**42.6**	**41.2**
Mexico	3.6	4.0	4.1	29.7	31.9	30.1	0.3	0.2	0.2	33.5	36.1	34.4
South America	**23.4**	**17.1**	**16.3**	**93.7**	**101.7**	**83.6**	**22.1**	**23.9**	**24.8**	**139.2**	**142.6**	**124.7**
Argentina	16.3	8.3	7.5	26.6	27.0	16.7	1.1	1.2	1.4	44.0	36.6	25.6
Brazil	4.1	5.9	4.9	53.9	61.6	53.5	11.3	12.1	12.6	69.3	79.6	71.0
Colombia	0.0	0.0	0.0	1.9	1.9	1.8	2.4	2.4	2.6	4.3	4.3	4.5

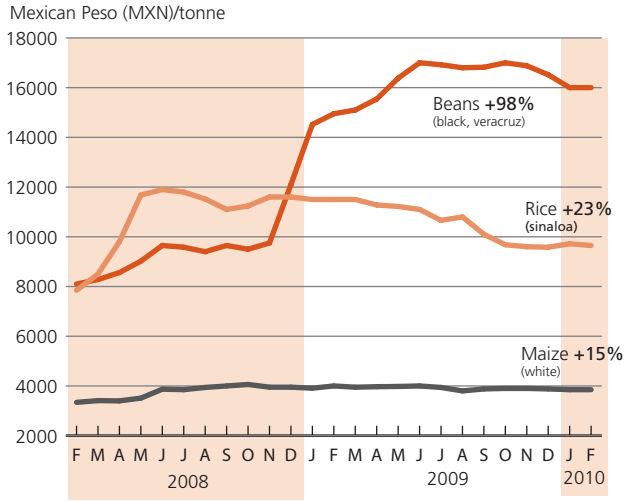
Note: Totals computed from unrounded data.

supplies following the main harvest, although in January, prices seem to start rising again in Guatemala. Despite the contraction in production, prices of maize in **Mexico** also show a similar stable trend.

In **Haiti,** following the earthquake on 12 January, the food security situation has worsened dramatically, although cereal production in 2009 was generally good. Prices of staple foods in Port-au-Prince and Jacmel have risen significantly, although the magnitude of this increase has not yet been estimated in the different areas of the country. Prior to the earthquake, staple food prices had been declining since the end of 2008.

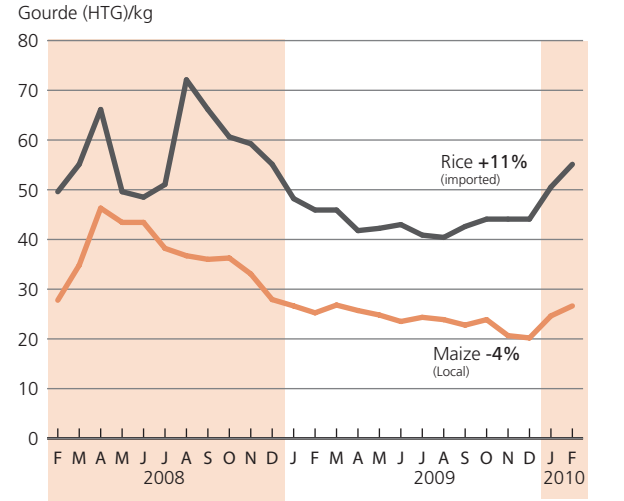
As an immediate response to the food crisis situation, a FAO/WFP jointly approved Emergency Operation (EMOP) will support 2 million people requiring food aid. Estimates indicate that about 500 000 Internal Displaced People (IDPs) are moving from the devastated urban areas to the rural countryside. Provision of seeds, fertilisers as well as agricultural tools is urgently needed to support the forthcoming main cropping season, which is to start in March.

Figure 20. Wholesale prices in Mexico City, Mexico



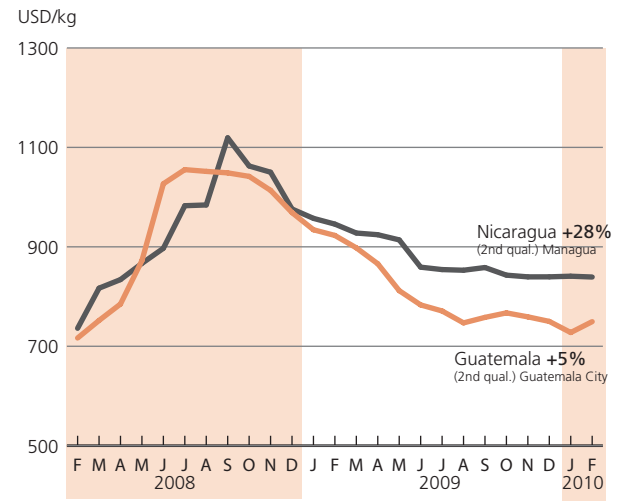
Source: Sistema Nacional de Información e Integración de Mercados.
Note: Percentages indicate change from 24 months earlier.

Figure 21. Retail prices in Port-au-Prince, Haiti



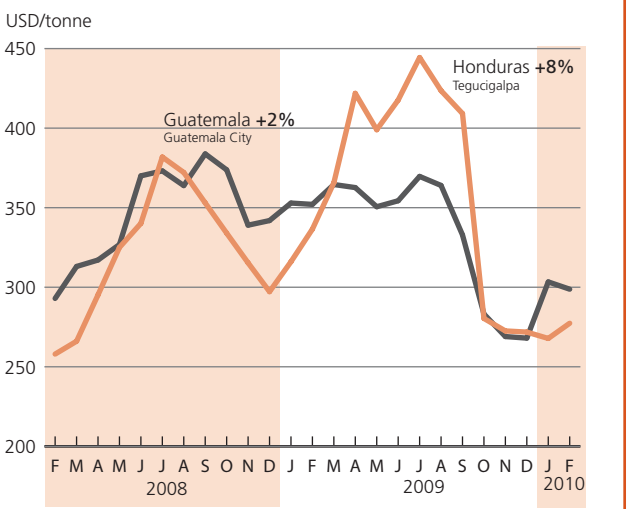
Source: Coordination nationale de la sécurité alimentaire.
Note: Percentages indicate change from 24 months earlier.

Figure 22. Wholesale rice prices in selected countries in Central America



Sources: Ministerio Agropecuario y Forestal, Nicaragua; Ministerio de Agricultura, Ganadería y Alimentación, Guatemala.
Note: Percentages indicate change from 24 months earlier.

Figure 23. Wholesale white maize prices in selected countries in Central America



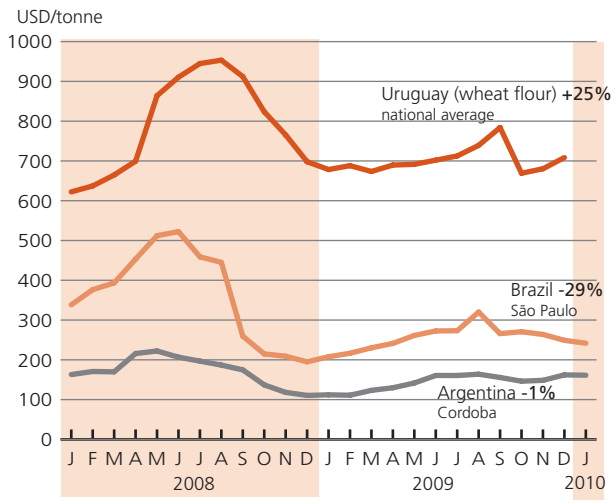
Sources: Secretaria de Agricultura y Ganaderia, Honduras; Ministerio de Agricultura, Ganadería y Alimentación, Guatemala.
Note: Percentages indicate change from 24 months earlier.

South America

Harvesting of the 2009 winter wheat crop has recently been completed in southern countries, while it is still underway in some areas of Uruguay and Brazil. Aggregate 2009 wheat production for the sub-region is tentatively forecast to be slightly above 16 million tonnes, approximately 4.5 per cent below last year's production and more than 20 percent less compared to the last five years' average. The largest cereal producers, Argentina and Brazil, experienced a prolonged drought at the beginning of the cropping season and heavy rains during the last phases of the crop which reduced yields and delayed harvesting operations.

In **Argentina**, official estimates indicate that wheat was harvested from 2.7 million hectares, compared to the total planted area of 3 million hectares. Extremely low yields were recorded in the southern growing areas of Buenos Aires, La Pampa and parts of Cordoba. In these provinces the reported average productivity was less than 1000 kg/hectare, a decrease of approximately 60 percent if compared to the national average yields of the last five years. Preliminary estimates for total wheat production point at are 7.5 million tonnes, almost 10 percent lower than last year's already low output and almost half compared to the last five years' average. In **Uruguay,** the wheat harvest, which started in November, is underway in the major producing western departments. Despite some delays in the harvesting operations due to unfavourable weather conditions, preliminary estimates indicate a record harvest of 1.6 million tonnes, more than double of previous year. The record output is due to the increased planted acreage (almost 80 million hectares more if compared to 2008) and higher yields (estimated in 3.0 tonnes/hectare, 20 percent above average) boosted by an increase use of inputs available at lower costs at the beginning of the planting season. In **Brazil,** 2009 wheat production is preliminarily estimated at 4.9 million tonnes, some 15 percent less than the good production of 2008, This result is mainly due to a reduction in planted area and to the unseasonable abundant rainfall, in the southern producing states of Rio Grande do Sul and Paraná (where most of the Brazilian wheat production is concentrated), that are hampering the harvest and are likely to affect the grain quality.

Figure 24. Wholesale wheat prices in Argentina, Brazil and Uruguay



Sources: Bolsa de Cereales, Argentina; Instituto de Economía Agrícola, Brazil; Ministerio de Ganadería Agricultura y Pesca, Uruguay.
Note: Percentages indicate change from 24 months earlier.

Early prospects favourable for 2010 maize crops

In **Argentina** planting of 2010 maize crop is complete (except for some localized areas in the Province of Santa Fe), and the sown area is estimated at 3.1 million hectares. This represents a significant recovery compared to last year's low level when maize cultivation was severely affected by drought. In the main maize producing provinces, namely Cordoba and Buenos Aires, crop growth is reported to be good and well advanced, due to favourable precipitation levels at the end of January. Similarly, sowing of sorghum is nearly complete, with more than 90 percent of the total expected area already planted. In **Brazil**, the total area planted with maize is estimated at 13.4 million hectares, marking a 3 percent decrease compared to the 2009 good level. However, the increased use of fertilizers (reported to have decreased by 30 percent in price) and favourable weather conditions throughout the first stages of the growing season should lead to better yields.

In **Paraguay**, planting of 2010 second season *zafrinha* maize crop is expected to start soon. Paraguay is experiencing above normal rainfall volumes that are forecast to continue for the first quarter of 2010, hampering planting operations and causing floods in areas surrounding the main rivers. In Uruguay, 108 000 hectares are estimated to be planted, between the first and the second maize season, with consistent increase in the total maize acreage, compared to the previous year.

In **Peru**, the planting of the 2010 wheat crop is complete in the highlands of Cajamarca, Ancash and La Libertad departments (that represent about 65 percent of national production) and planted area is slightly above-average level. Planting of 2010 wheat is also completed in the Interandean valleys of **Bolivia** and Governmental price support for wheat producers is expected to lead to higher yields and production levels.

The general outlook for 2010 paddy crop production is favourable. In **Argentina,** despite the excessive precipitation volumes in some areas of Santa Fe and Chaco, paddy rice crop planting is complete and the total planted area is 216 000 hectares, 5 percent more than last year. Sowing of the 2010 rice crop has been completed in December in the southern states of **Brazil** (while it has just started in the northern states) and harvesting is about to

begin. Planted area is estimated at 2.9 million hectares, representing a small expansion compared to the previous year. Increased use of fertilizers, following a drop in prices is also expected to boost yields. In **Ecuador**, planting of main 2010 rain-fed paddy crop in coastal provinces of Guayas, Los Rios and Manabi, is underway. In **Venezuela**, severe drought conditions persist in the Southeast and western regions of the country, which might cause scarcity of water for the major irrigation systems.

Wheat prices stable or declining

In South America, wheat quotations are reported to be generally stable, influenced by low international prices, favourable exchange rates for some countries and abundant world stocks. In **Argentina,** despite the drop in wheat production, prices have not changed notably in the last quarter and are even slightly below the level of two years ago. In fact, the domestic supply is reported to be stable despite the decreasing production that reduced exportable surplus of Argentinean production and diverted traditional importers to other international markets. In **Brazil**, wheat quotations declined in the last quarter and are 29 percent lower than the level of 2 years ago. Prices are stabilized by governmental programmes that provide minimum guaranteed prices and support transport costs.

Latin America and Caribbean - policy developments from December 2009 to January 2010

Bolivia

04/01/2010: The Government, with the financial support of the Inter-American Development Bank (IDB), will allocate USD 25 million to improve irrigation system and provide technology and technical assistance to small farmers

Brazil

08/01/2010: The Government has enacted the Technical Assistance and Rural Extension Law which includes a National Policy to provide support to family farms production.

Chile

13/01/2010: The Government has enacted the Environment Act (Ley de Medioambiente) to establish a new institutional framework aimed at this sector as well as the creation of an ad hoc Ministry.

01/01/2010: The Government will support a programme of CLP 1 thousand millions (USD 76 701 thousand) developed by the Foundation for Agrarian Innovation (Fundación para la Innovación Agraria) to supply internet access to rural and low income communities of Petorca, Catemu-Panquehue, Peumo-Pichidegua,Nancagua-Placilla, Molina-Rio Claro, Sur Maule, Cloudy, Pocoyo.

01/01/2010: The Agricultural Policy Office (Oficina de Políticas Agrarias) and Cotrisa will disseminate information on wheat import price from various origins, including Canada and the United States to improve information on import cost. Meanwhile, the Agricultural Development Institute will support the marketing of wheat from small producers, covering wheat storage cost and delivering credits until the time of sale.

Ecuador

01/01/2010: The Government has extended subsidies on fertilizers imports to reduce input prices to farmer. The Government planned to import 250 thousand tonnes of urea by the end of 2010, with an investment of USD 25 million.

01/01/2010: The Government announced an increase of USD 22 in the unified basic salary, setting the basic wage at USD 240 in urban and rural areas.

Guatemala

25/01/2010: The Government announced an increase of USD 0.50 on minimum daily wage that will allow, for the first time, the minimum wage to reach the value of the basic food basket.

Mexico

01/01/2010: The Ministry of Agricultural Development and Fisheries (Secretaría de Fomento Agropecuario y Pesquero) will supply MXN 254 million (USD 19 482 275) for 2010 to support agriculture and implement irrigation systems in more than 3 000 hectares for the planting of sorghum, soybeans and wheat.

Venezuela

31/12/2009: The Government, through the "red de Mercados de Alimentos" (Mercal) sold 880 tonnes of basic food basket, with prices 40 percent below regulation.

08/01/2010: The Government has fixed the new following exchange rate: 2.6 BEV/USD for essential goods, as food import, and 4.3 BEV/USD for non essential goods and all other good and services that are not categorized as luxury items by the Government. These exchange rates imply devaluation respectively of 20 and 100 percent from the 2.14 BEV/USD fixed in 2003. At the same time, the Government is enforcing fixed prices on staple food.

North America, Europe and Oceania

North America

Winter wheat area falls sharply in the United States

In the **United States**, the area sown to winter wheat for the 2010 harvest is officially estimated at just 15 million hectares, 14 percent down from the previous year and the lowest level on record in almost a century. Poor weather conditions for planting, late harvesting of preceding crops and low price prospects have all contributed to the decrease. Although the likely size of this year's spring wheat area remains very uncertain, and will depend largely on wheat price developments in the coming weeks, prospects for net returns of competing crops and spring weather conditions, with the winter crop accounting for about 70 percent of total production, a significant decline in the overall wheat area is certain. Currently the total US wheat area for harvest in 2010 is tentatively forecast at 18 to 19 million hectares, about 10 percent down from 2009. Regarding maize, also to be planted this spring, early indications would suggest that an increase in area is likely given the large amount of land available that was not planted to wheat. However, much will still depend on prospects for competing spring crops and on weather conditions for spring fieldwork. In **Canada**, the bulk of the wheat is spring planted and the 2009 crop will not be sown until March-April. However, early indications point to a significant reduction of area. The minor winter wheat crop has already been reduced, with plantings officially reported down by 20 percent, while the prospect of better returns for oilseeds and pulses this year are expected to see the spring wheat sowings decline also. Overall, the total wheat area for harvest is tentatively expected to be down by about 2.5 percent compared to 2009.

Europe

Winter grain plantings up in the EU but down in European CIS countries

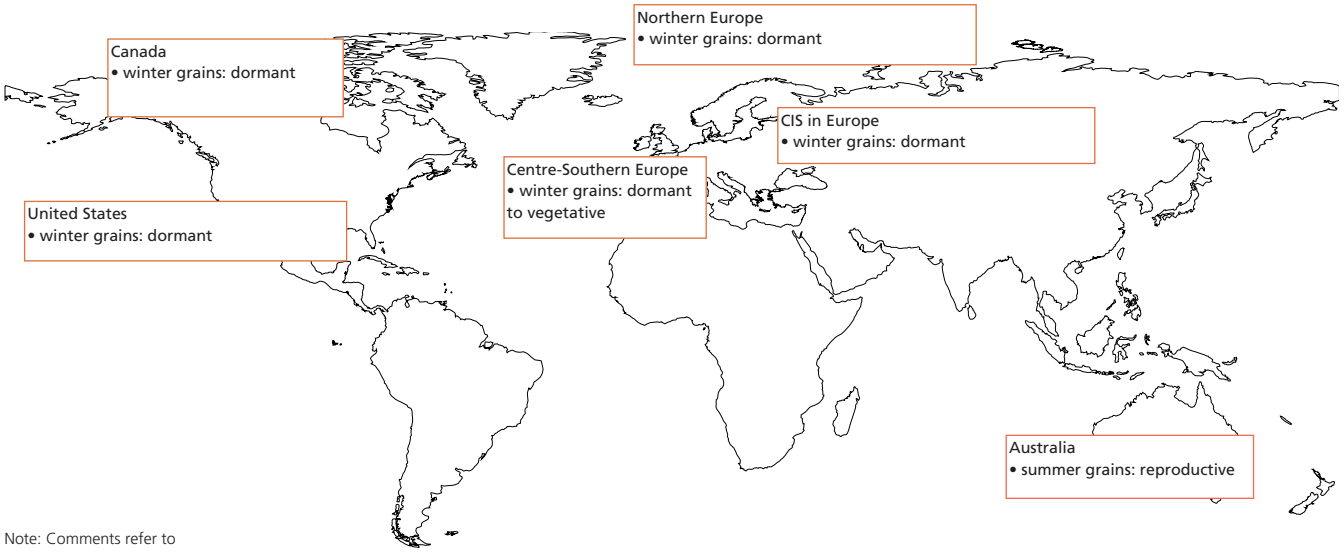
In the **EU**, conditions for the 2010 winter grain crops have been generally favourable throughout the region so far, with widespread rain and snow providing abundant soil moisture reserves for spring growth. The winter wheat area, which accounts for the bulk of the winter grain area, is estimated slightly up from last year's already relatively high level. Plantings are estimated to be up in the three largest producing countries **France**, **Germany** and the **United Kingdom** as well as in some other smaller producing States. Regarding barley, after two years of above-average crops, plantings are expected to be down this year. The area sown to winter varieties is estimated to have fallen significantly by about 5 percent, particularly in **France** and **Germany**.

In the **European CIS** countries, plantings of winter cereal crops for harvest in 2010 were delayed in most countries due to a combination of first dry weather and later heavy rains. In the **Russian Federation**, weather conditions after the initial planting delays have been mostly favourable so far for 2010 winter cereal production. According to preliminary official estimates, the total planted area (winter and spring) for 2010 crops is expected be about the same as for the 2009 crop. That for winter crops (grains and rapeseed), which represent about 45 percent of annual production, is reported at 17.8 million hectares, about the same as in 2009, while an increase is expected in spring plantings. After above normal temperatures in December which reduced the protective snow cover, snowfalls in January improved the situation and reduce the threat of winterkill. As of early February conditions of the winter crop was reported to be good, but reduced yields are expected especially for wheat because of

Table 12. North America, Europe and Oceania cereal production (*million tonnes*)

	Wheat			Coarse grains			Rice (paddy)			Total cereals		
	2007	2008 estim.	2009 f'cast	2007	2008 estim.	2009 f'cast	2007	2008 estim.	2009 f'cast	2007	2008 estim.	2009 f'cast
North America	**75.9**	**96.6**	**86.8**	**378.9**	**353.6**	**373.1**	**9.0**	**9.2**	**10.0**	**463.8**	**459.5**	**469.9**
Canada	20.1	28.6	26.5	28.0	27.4	22.5	0.0	0.0	0.0	48.1	56.0	49.0
United States	55.8	68.0	60.3	350.9	326.3	350.5	9.0	9.2	10.0	415.7	403.5	420.8
Europe	**204.7**	**246.1**	**229.6**	**197.0**	**247.9**	**230.1**	**3.6**	**3.4**	**4.3**	**405.3**	**497.5**	**463.9**
EU	120.1	150.4	139.2	138.0	163.3	154.7	2.8	2.6	3.1	260.9	316.3	297.0
Serbia	2.1	2.1	2.2	4.4	7.0	6.9	0.0	0.0	0.0	6.5	9.2	9.0
CIS in Europe	**79.5**	**90.5**	**85.0**	**49.5**	**71.4**	**62.6**	**0.8**	**0.8**	**1.1**	**129.8**	**162.7**	**148.8**
Russian Federation	63.8	63.8	61.7	30.2	41.8	33.1	0.7	0.7	1.0	94.7	106.3	95.8
Ukraine	13.9	24.2	21.0	13.8	23.0	22.7	0.1	0.1	0.1	27.8	47.3	43.8
Oceania	**13.9**	**21.2**	**22.3**	**11.2**	**14.2**	**14.4**	**0.2**	**0.0**	**0.1**	**25.3**	**35.5**	**36.8**
Australia	13.6	20.9	22.0	10.7	13.6	13.8	0.2	0.0	0.1	24.4	34.6	35.9

Note: Totals computed from unrounded data.



Note: Comments refer to situation as of February.

the delayed plantings. In **Ukraine**, winter crop sowing was also hampered first by drought and then by heavy rains. Nevertheless, although delayed, winter cereal planted area was about the same as for the 2009 crop. However, because of the early season dry weather, grain germination was obtained on only 80 percent of area planted. Unusually warm weather in December melted some of the protective snow cover in southern parts, but crop conditions were still reported to be mostly good in early February. With subsurface moisture reserves significantly below normal, yields could be negatively affected also because of the late plantings and reduced use of inputs.

Cereal production in 2009 reduced, but still above average

The **EU's** aggregate cereal output in 2009 is now estimated at 297 million tonnes, about 6 percent down from the previous year. Output of wheat fell by 7 percent while that of coarse grains fell by about 5 percent compared to the 2008 bumper harvests, but in both cases the outputs remained well above the five-year average.

In the **European CIS** countries, cereal production in 2009 is now estimated at 148 million tonnes, substantially below the 2008 record but still higher than the average for the previous five years. The decline reflected mostly a return to average yields after bumper levels in 2008. In **Belarus,** total cereal production in 2009 was about 2 percent less that in 2008 but still 12 percent above the average for the previous five years. The area planted was about the same as in 2008 but yields were lower. The decline in output reflects reduced coarse grain production, while that for wheat was almost unchanged. In the **Russian Federation,** output of cereals in 2009 was 95.8 million tonnes, some 10 percent below the bumper year of 2008. The planted area increased by 2.1 percent but yields were lower by 12 percent due to unfavourable weather and localized drought. In spite of the decline in production, cereal exports for the 2009/10 marketing year are estimated to fall only by about 8 percent because of the availability of ample stocks from the previous year. The reduction in exports from 2008/09 reflects increased competition and decreased demand in the world grain market. In **Ukraine**, the 2009 cereal harvest, at about 44 million tonnes, was 7 percent less than the 2008 record, but still higher than average output in the previous five years. In the marketing year 2009/10 cereals exports from Ukraine are expected to decline from over 23 million tonnes in 2008/09 to about 19 million tons due to the lower harvest and the decreasing demand in the world grain market. In the **Republic of Moldova**, following localized summer drought, total

European CIS - policy developments from December 2009 to January 2010

Belarus
01/01/2010: The Customs Union formed by Russia, Kazakhstan and Belarus has set common sugar import tariff: in accordance with the Russian scheme, the tariff will be pegged to sugar price in New York and calculated on monthly basis by the Russian Economic Development Ministry

Russian Federation
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cereal production in 2009 decreased sharply by about 25 percent from the previous year to about 2 million tonnes, 5 percent below the average of the previous five years. The import requirements for 2009/2010 marketing year are estimated at around 94 000 tonnes, mostly wheat, similar to the previous year's level despite the decline in production. The shortfall in production is expected to be made up from stocks, which had increased in the previous year following the good 2008 harvest.

Oceania

Australia completes good 2009 harvests but early indications point to smaller crops in 2010

The recently completed **2009** wheat harvest in Australia, which account for the bulk of the annual grain production, is officially estimated at 22 million tonnes, some 5 percent up from 2008 and the largest crop since the bumper harvest in 2005. Barley production also increased again this year, rising some 16 percent to reach almost 9 million tonnes. Regarding the first of the **2010** crops, the summer coarse grains (mostly sorghum and maize), rainfall received during Christmas and New Year arrived too late to significantly expand the total area planted, which is forecast to have declined from last season. Sorghum plantings in northern New South Wales and southern Queensland have been particularly reduced and good rainfall is urgently needed to improve growing conditions. Early indications for the 2010 wheat crop, which will be planted from April to June, point towards a marked decline in area. Lower prices, combined with replenished inventories, are likely to see an increase in the area planted to break crops such as pulses and oilseeds.

Statistical appendix

Table A1. Global cereal supply and demand indicators

	Average 2002/03 - 2006/07	2005/06	2006/07	2007/08	2008/09	2009/10
	(. . . . . *percentage* . . . . .)					
1. Ratio of world stocks to utilization						
Wheat	28.9	29.3	25.5	22.3	26.5	29.5
Coarse grains	17.0	18.2	15.2	15.7	18.7	18.3
Rice	25.3	24.4	23.9	24.8	27.5	27.4
Total cereals	22.3	22.8	20.0	19.5	22.8	23.4
2. Ratio of major grain exporters' supplies to normal market requirements	123	133	116	120	124	121
3. Ratio of major exporters' stocks to their total disappearance						
Wheat	20.9	23.1	15.9	11.8	17.2	21.9
Coarse grains	15.2	17.7	12.0	12.0	14.4	14.4
Rice	17.4	16.1	15.4	17.5	20.9	15.6
Total cereals	17.8	19.0	14.4	13.8	17.5	17.3

	Annual trend growth rate 1999-2008	Change from previous year 2005	2006	2007	2008	2009
	(. . . . . *percentage* . . . . .)					
4. Changes in world cereal production	2.1	-1.0	-1.6	6.2	6.4	-1.5
5. Changes in cereal production in the LIFDCs	1.6	4.9	4.5	2.2	4.2	-0.7
6. Changes in cereal production in LIFDCs less China and India	3.1	6.5	4.3	-0.6	5.0	4.2

	Average 2002-2006	Change from previous year 2005	2006	2007	2008	2009
	(. . . . . *percentage* . . . . .)					
7. Selected cereal price indices:						
Wheat	104.6	-1.4	17.1	49.1	31.5	-34.6
Maize	101.7	-12.1	23.3	34.1	36.5	-25.5
Rice	112.3	5.7	9.9	17.3	83.7	-14.1

Notes:
Utilization is defined as the sum of food use, feed and other uses.
Cereals refer to wheat, coarse grains and rice; **Grains** refer to wheat and coarse grains.
Major Grain Exporters are Argentina, Australia, Canada, the EU, and the United States; Major Rice Exporters are India, Pakistan, Thailand, the United States and Viet Nam.
Normal Market Requirements for major grain exporters are defined as the average of domestic utilization plus exports in the three preceding seasons.
Disappearance is defined as domestic utilization plus exports for any given season.
Price indices: The **wheat** price index has been constructed based on the IGC wheat price index, rebased to 2002-2004 = 100; For **maize**, the U.S. maize No. 2 Yellow (delivered U.S. Gulf ports) with base 2002-2004 = 100; For **rice**, the FAO Rice Price Index, 2002-2004 = 100, is based on 16 rice export quotations.

Table A2. World cereal stocks[1] (*million tonnes*)

	2005	2006	2007	2008	2009 estimate	2010 forecast
TOTAL CEREALS	**471.7**	**471.4**	**431.2**	**427.8**	**507.8**	**523.1**
Wheat	**180.7**	**182.2**	**163.8**	**144.8**	**175.8**	**193.8**
held by:						
- main exporters [2]	57.2	58.6	39.0	29.2	46.5	56.0
- others	165.3	123.6	124.8	115.6	129.3	137.8
Coarse grains	**191.8**	**185.0**	**163.1**	**172.2**	**207.4**	**206.2**
held by:						
- main exporters[2]	92.7	89.9	59.8	69.0	80.1	81.1
- others	107.6	95.0	103.4	103.2	127.3	125.2
Rice (milled basis)	**99.2**	**104.2**	**104.3**	**110.8**	**124.6**	**123.0**
held by:						
- main exporters[2]	19.3	23.4	23.1	26.5	32.4	24.5
- others	97.3	80.8	81.2	84.3	92.2	98.5
Developed countries	**188.6**	**189.0**	**129.8**	**122.0**	**166.0**	**179.0**
Australia	10.0	13.5	6.2	5.3	5.2	6.0
Canada	14.5	16.2	10.5	8.5	13.0	11.8
European Union [3]	47.6	44.3	30.0	25.8	41.9	40.8
Japan	4.7	4.8	4.4	4.0	3.9	3.9
Romania [4]	5.0	5.6	3.8	-	-	-
Russian Federation	9.1	9.3	6.5	6.9	15.7	14.3
South Africa	4.1	4.1	2.7	1.8	2.5	3.5
Ukraine	4.2	4.8	4.2	4.4	6.1	6.8
United States	74.7	71.7	49.9	54.3	65.9	77.7
Developing countries	**283.1**	**282.4**	**301.4**	**305.9**	**341.8**	**344.1**
Asia	**237.1**	**238.8**	**254.7**	**263.6**	**294.2**	**297.7**
China	152.8	149.0	163.0	167.6	188.5	199.5
India	26.7	25.8	28.5	35.5	41.7	34.0
Indonesia	5.3	4.7	5.3	5.7	7.4	9.1
Iran, Islamic Republic of	3.2	3.6	3.5	2.9	3.9	4.1
Korea, Republic of	2.5	2.5	2.2	3.0	2.7	2.8
Pakistan	2.1	3.2	2.4	3.1	2.9	2.6
Philippines	2.3	2.9	2.8	3.4	4.5	4.2
Syrian Arab Republic	4.3	4.4	3.5	2.2	1.8	1.4
Turkey	6.7	6.0	7.0	5.1	3.8	4.6
Africa	**23.1**	**24.3**	**28.6**	**24.1**	**27.4**	**27.6**
Algeria	3.6	3.7	3.8	4.0	3.5	5.0
Egypt	3.1	4.5	4.6	3.9	6.4	5.7
Ethiopia	0.1	0.1	0.2	1.1	1.5	1.0
Morocco	4.8	2.6	4.0	2.2	1.9	2.9
Nigeria	1.3	1.4	2.1	1.0	1.5	1.1
Tunisia	1.2	1.4	1.3	2.0	1.6	1.5
Central America	**6.3**	**4.8**	**5.0**	**5.0**	**4.8**	**4.4**
Mexico	4.6	2.9	3.0	3.1	3.1	2.7
South America	**16.3**	**14.3**	**12.9**	**12.9**	**15.3**	**14.3**
Argentina	5.3	4.9	4.1	5.9	2.2	2.8
Brazil	6.6	4.5	3.6	2.2	8.5	6.7

[1] Stock data are based on an aggregate of carryovers at the end of national crop years and do not represent world stock levels at any point in time.
[2] The major **wheat** and **coarse grains** exporters are Argentina, Australia, Canada, the EU and the United States. The major **rice** exporters are India, Pakistan, Thailand, the United States and Viet Nam.
[3] Up to 2007 25 member countries, from 2008 27 member countries.
[4] From 2008 included in the EU.
Note: Based on official and unofficial estimates. Totals computed from unrounded data.

Table A3. Selected international prices of wheat and coarse grains (*USD/tonne)*

Period	Wheat			Maize		Sorghum
	US No.2 Hard Red Winter Ord. Prot.[1]	US Soft Red Winter No.2[2]	Argentina Trigo Pan[3]	US No.2 Yellow[2]	Argentina[3]	US No.2 Yellow[2]
Annual (July/June)						
2003/04	161	149	154	115	109	118
2004/05	154	138	123	97	90	99
2005/06	175	138	138	104	101	108
2006/07	212	176	188	150	145	155
2007/08	361	311	318	200	192	206
2008/09	270	201	234	188	180	170
Monthly						
2008 – February	449	403	365	220	207	222
2008 – March	482	397	395	234	216	233
2008 – April	382	301	-	248	224	243
2008 – May	349	258	-	242	207	240
2008 – June	358	249	363	281	258	268
2008 – July	341	245	329	267	252	232
2008 – August	343	253	307	232	217	209
2008 – September	308	222	280	229	203	208
2008 – October	252	183	235	181	169	158
2008 – November	247	182	189	166	156	146
2008 – December	240	182	177	160	152	151
2009 – January	256	193	213	172	160	148
2009 – February	241	183	218	163	158	145
2009 – March	244	186	214	165	163	153
2009 – April	242	180	211	168	166	149
2009 – May	265	201	210	180	186	167
2009 – June	263	201	228	177	185	167
2009 – July	232	175	234	151	164	145
2009 – August	218	161	229	153	166	154
2009 – September	200	158	208	152	163	152
2009 – October	212	175	214	168	175	174
2009 – November	227	204	214	172	175	182
2009 – December	221	207	240	166	177	182
2010 – January	213	197	236	167	177	177
2010 – February (three weeks average)	207	191	224	162	165	169

[1] Delivered United States f.o.b Gulf.
[2] Delivered United States Gulf.
[3] Up River f.o.b.
Sources: International Grain Council and USDA.

Table A4a. Cereal import requirements of Low-Income Food-Deficit Countries[1], 2009/10 or 2010 estimates (*thousand tonnes*)

		2008/09 or 2009 Actual imports				2009/10 or 2010 Import position[2]		
	Marketing year	Commercial purchases	Food aid	Total commercial and aid	Total import requirements (excl. re-exports)	Total commercial and aid	Food aid allocated, committed or shipped	Commercial purchases
AFRICA		**43 270.0**	**2 802.9**	**46 072.9**	**40 295.0**	**12 885.7**	**762.1**	**12 123.6**
North Africa		**20 817.0**	**0.0**	**20 817.0**	**15 947.0**	**9 531.8**	**0.0**	**9 531.8**
Egypt	July/June	15 196.0	0.0	15 196.0	12 826.0	8 010.2	0.0	8 010.2
Morocco	July/June	5 621.0	0.0	5 621.0	3 121.0	1 521.6	0.0	1 521.6
Eastern Africa		**6 451.6**	**1902.9**	**8 354.5**	**8 179.0**	**1 638.7**	**471.0**	**1 167.7**
Burundi	Jan./Dec.	104.2	39.8	144.0	142.0	4.5	4.5	0.0
Comoros	Jan./Dec.	46.4	0.0	46.4	48.0	0.0	0.0	0.0
Djibouti	Jan./Dec.	97.3	5.7	103.0	87.0	0.0	0.0	0.0
Eritrea	Jan./Dec.	329.3	0.0	329.3	332.0	0.0	0.0	0.0
Ethiopia	Jan./Dec.	486.0	864.0	1 350.0	1 386.0	309.2	309.2	0.0
Kenya	Oct./Sept.	2 440.3	214.1	2 654.4	2 690.0	838.3	0.0	838.3
Rwanda	Jan./Dec.	103.7	23.3	127.0	175.0	0.0	0.0	0.0
Somalia	Aug./July	192.2	401.3	593.5	415.0	50.2	28.2	22.0
Sudan	Nov./Oct.	1 749.4	295.4	2 044.8	2 121.0	168.7	98.2	70.5
Uganda	Jan./Dec.	213.3	12.1	225.4	190.0	26.0	26.0	0.0
United Rep. of Tanzania	June/May	689.5	47.2	736.7	735.0	241.8	4.9	236.9
Southern Africa		**3 237.9**	**463.2**	**3 701.1**	**3 047.0**	**1 689.0**	**264.9**	**1 424.1**
Angola	April/March	836.7	0.0	836.7	763.0	285.9	0.0	285.9
Lesotho	April/March	200.6	0.3	200.9	222.0	160.1	0.2	159.9
Madagascar	April/March	206.4	10.8	217.2	262.0	52.5	8.3	44.2
Malawi	April/March	121.3	68.5	189.8	123.0	112.3	24.3	88.0
Mozambique	April/March	889.5	85.9	975.4	785.0	492.4	81.0	411.4
Swaziland	May/April	122.0	6.0	128.0	124.0	81.1	0.9	80.2
Zambia	May/April	133.3	6.6	139.9	33.0	10.7	1.6	9.1
Zimbabwe	April/March	728.1	285.1	1 013.2	735.0	494.0	148.6	345.4
Western Africa		**11 072.7**	**299.8**	**11 372.5**	**11 333.5**	**12.3**	**12.3**	**0.0**
Coastal Countries		***8 450.9***	***84.7***	***8 535.6***	***8 475.2***	***6.7***	***6.7***	***0.0***
Benin	Jan./Dec.	68.0	9.2	77.2	85.0	0.0	0.0	0.0
Côte d'Ivoire	Jan./Dec.	1 229.2	20.8	1 250.0	1 260.0	0.0	0.0	0.0
Ghana	Jan./Dec.	904.0	8.3	912.3	920.0	3.7	3.7	0.0
Guinea	Jan./Dec.	467.0	12.0	479.0	484.0	0.0	0.0	0.0
Liberia	Jan./Dec.	360.0	18.8	378.8	383.0	0.0	0.0	0.0
Nigeria	Jan./Dec.	5 180.0	0.0	5 180.0	5 080.0	0.0	0.0	0.0
Sierra Leone	Jan./Dec.	149.5	14.5	164.0	170.0	3.0	3.0	0.0
Togo	Jan./Dec.	93.2	1.1	94.3	93.2	0.0	0.0	0.0
Sahelian Countries		***2 621.8***	***215.1***	***2 836.9***	***2 858.3***	***5.6***	***5.6***	***0.0***
Burkina faso	Nov./Oct.	283.6	30.9	314.5	301.0	0.9	0.9	0.0
Chad	Nov./Oct.	63.3	85.5	148.8	188.0	0.0	0.0	0.0
Gambia	Nov./Oct.	121.5	5.1	126.6	124.5	0.0	0.0	0.0
Guinea-Bissau	Nov./Oct.	129.2	9.1	138.3	119.3	0.0	0.0	0.0
Mali	Nov./Oct.	258.4	9.4	267.8	266.5	1.3	1.3	0.0
Mauritania	Nov./Oct.	432.7	36.2	468.9	448.0	1.0	1.0	0.0
Niger	Nov./Oct.	293.1	32.1	325.2	342.0	0.0	0.0	0.0
Senegal	Nov./Oct.	1 040.0	6.8	1 046.8	1 069.0	2.4	2.4	0.0
Central Africa		**1 690.8**	**137.0**	**1 827.8**	**1 788.5**	**13.9**	**13.9**	**0.0**
Cameroon	Jan./Dec.	635.9	4.3	640.2	630.0	0.0	0.0	0.0
Cent.Afr.Rep.	Jan./Dec.	40.4	19.1	59.5	60.5	0.0	0.0	0.0
Congo	Jan./Dec.	321.5	3.7	325.2	334.0	0.0	0.0	0.0
Dem.Rep.of the Congo	Jan./Dec.	657.0	104.0	761.0	721.0	13.9	13.9	0.0
Equatorial Guinea	Jan./Dec.	25.0	0.0	25.0	28.0	0.0	0.0	0.0
Sao Tome and Principe	Jan./Dec.	11.0	5.9	16.9	15.0	0.0	0.0	0.0

Table A4b. Cereal import requirements of Low-Income Food-Deficit Countries[1], 2009/10 or 2010 estimates (*thousand tonnes*)

		2008/09 or 2009 Actual imports			2009/10 or 2010			
						Import position[2]		
	Marketing year	Commercial purchases	Food aid	Total commercial and aid	Total import requirements (excl. re-exports)	Total commercial and aid	Food aid allocated, committed or shipped	Commercial purchases
ASIA		**43 636.2**	**1 510.4**	**45 146.6**	**39 444.9**	**17 793.2**	**164.3**	**17 628.9**
CIS in Asia		**6 006.0**	**83.0**	**6 089.0**	**5 000.0**	**2 153.6**	**10.7**	**2 142.9**
Armenia	July/June	394.4	1.6	396.0	491.0	214.5	0.0	214.5
Azerbaijan	July/June	1 653.2	0.8	1 654.0	877.0	304.3	0.0	304.3
Georgia	July/June	539.9	19.1	559.0	863.0	329.7	3.3	326.4
Kyrgyzstan	July/June	540.2	9.8	550.0	352.0	140.5	0.0	140.5
Tajikistan	July/June	967.3	51.7	1 019.0	891.0	429.5	7.4	422.1
Turkmenistan	July/June	449.0	0.0	449.0	84.0	32.5	0.0	32.5
Uzbekistan	July/June	1 462.0	0.0	1 462.0	1 442.0	702.6	0.0	702.6
Far East		**21 946.1**	**804.5**	**22 750.6**	**20 986.9**	**9 812.8**	**139.1**	**9 673.7**
Bangladesh	July/June	3 113.9	236.8	3 350.7	2 650.0	2 212.4	27.2	2 185.2
Bhutan	July/June	56.9	0.0	56.9	53.0	0.0	0.0	0.0
Cambodia	Jan./Dec.	38.7	1.3	40.0	40.0	0.0	0.0	0.0
China (Mainland)	July/June	2 282.0	0.0	2 282.0	2 327.0	910.5	0.0	910.5
D.P.R. of Korea	Nov./Oct.	720.4	383.4	1 103.8	1 250.4	101.1	91.0	10.1
India	April/March	111.0	22.5	133.5	824.6	75.9	1.6	74.3
Indonesia	April/March	5 695.3	0.0	5 695.3	5 634.0	3 152.8	0.0	3 152.8
Lao, P.D.R.	Jan./Dec.	32.6	2.3	34.9	29.9	0.0	0.0	0.0
Mongolia	Oct./Sept.	254.1	41.9	296.0	108.0	25.8	0.0	25.8
Nepal	July/June	165.0	25.0	190.0	340.0	3.6	3.6	0.0
Pakistan	May/April	3 007.9	38.7	3 046.6	1 236.0	87.9	11.1	76.8
Philippines	July/June	5 218.9	10.3	5 229.2	5 340.0	3 239.5	4.6	3 234.9
Sri Lanka	Jan./Dec.	1 181.3	36.4	1 217.7	1 080.0	0.0	0.0	0.0
Timor-Leste	July/June	68.1	5.9	74.0	74.0	3.3	0.0	3.3
Near East		**15 684.1**	**622.9**	**16 307.0**	**13 458.0**	**5 826.8**	**14.5**	**5 812.3**
Afghanistan	July/June	2 420.0	588.3	3 008.3	1 180.0	878.3	12.6	865.7
Iraq	July/June	4 660.3	18.7	4 679.0	5 100.0	2 801.6	0.0	2 801.6
Syrian Arab Republic	July/June	5 094.5	11.9	5 106.4	4 065.0	2 146.9	1.9	2 145.0
Yemen	Jan./Dec.	3 509.3	4.0	3 513.3	3 113.0	0.0	0.0	0.0
CENTRAL AMERICA		**1 603.1**	**170.9**	**1 774.0**	**1 816.0**	**828.5**	**111.6**	**716.9**
Haiti	July/June	504.5	142.5	647.0	636.0	380.7	109.7	271.0
Honduras	July/June	713.1	9.2	722.3	765.0	308.5	1.1	307.4
Nicaragua	July/June	385.5	19.2	404.7	415.0	139.3	0.8	138.5
OCEANIA		**431.3**	**0.0**	**431.3**	**431.3**	**0.0**	**0.0**	**0.0**
Kiribati	Jan./Dec.	8.7	0.0	8.7	8.7	0.0	0.0	0.0
Papua New Guinea	Jan./Dec.	380.0	0.0	380.0	380.0	0.0	0.0	0.0
Solomon Islands	Jan./Dec.	29.5	0.0	29.5	29.5	0.0	0.0	0.0
Tuvalu	Jan./Dec.	1.1	0.0	1.1	1.1	0.0	0.0	0.0
Vanuatu	Jan./Dec.	12.0	0.0	12.0	12.0	0.0	0.0	0.0
EUROPE		**88.0**	**0.0**	**88.0**	**81.0**	**37.9**	**0.0**	**37.9**
Republic of Moldova	July/June	88.0	0.0	88.0	81.0	37.9	0.0	37.9
TOTAL		**89 028.6**	**4 484.2**	**93 512.8**	**82 068.2**	**31 545.3**	**1 038.0**	**30 507.3**

[1] Includes food deficit countries with per caput income below the level used by the World Bank to determine eligibility for IDA assistance (i.e. USD 1 735 in 2006).
[2] Estimates based on information available as of end January 2010.

NOTE: This report is prepared by the FAO's Global nformation and Early Warning Service, with information from official and unofficial sources. None of the information in this report should be regarded as statements of governmental views.

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