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Crop Prospects and Food Situation

HIGHLIGHTS

- **Favourable prospects for 2007 world cereal crops,** mainly following expansion of plantings in Europe and North America, coupled with generally satisfactory weather conditions.

- **FAO's latest estimates put global cereal output in 2006 at just under 2 billion tonnes,** 2.7 percent lower than in the previous year but still above average. In percentage terms production of wheat declined the most, then coarse grains, while the reduction for rice is seen to be marginal.

- **The bulk of the decline in the 2006 world cereal output was among the major producing and exporting countries**.

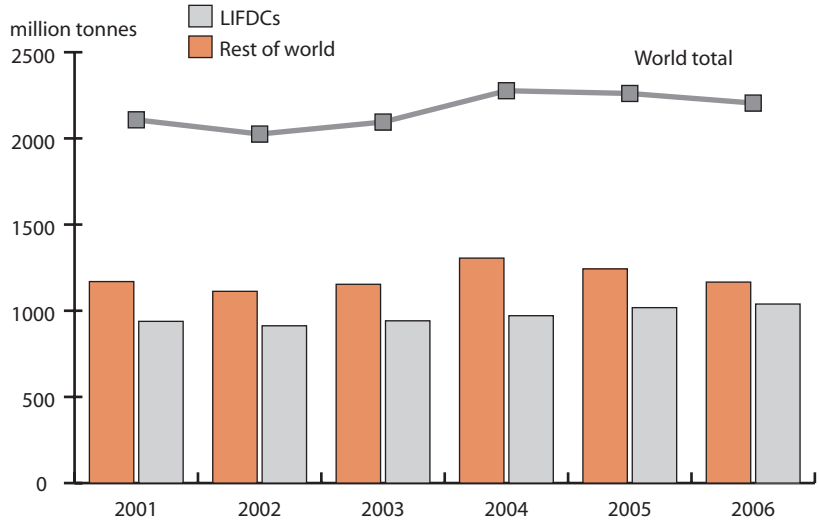
- **The 2006 cereal production in the group of LIFDCs increased significantly,** with record or good crops in most regions of the world. As a result, cereal import requirements, including food aid, have declined in 2006/07 in many of these countries, mostly in Africa.

- **Record or above-average 2006 cereal crops have been gathered in North, Western, Central, Eastern and most countries of Southern Africa, as well as in Far East Asia and the Asian CIS.** Local purchases of cereals are recommended for food aid programmes in order to support prices.

- **Despite the overall favourable food supply outlook for 2007,** food security problems persist in several countries due to localized crop losses and or civil conflict.

CONTENTS

World cereal production



Countries in crisis requiring external assistance[1] (34 countries)

Country	Category of crisis	Main reasons
AFRICA (24 countries)		
Angola	C	Drought in parts
Burundi	C	Civil strife, IDPs, returnees and recent dry spells
Central Afr. Rep.	C	Civil strife, IDPs
Chad	C	Refugees, insecurity
Congo, Dem.Rep.	C	Civil strife, IDPs and refugees
Congo Rep. of	C	IDPs, Refugees
Côte d'Ivoire	C	Civil strife, IDPs
Eritrea	B	IDPs, returnees, high food prices
Ethiopia	B	Low incomes, localized floods
Guinea	C	IDPs, refugees, high food prices
Guinea-Bissau	C	After effects of floods, localized insecurity
Kenya	C	Drought and floods in parts
Lesotho	A	Multiple year droughts, HIV/AIDS impact
Liberia	B	Post-conflict recovery period, IDPs
Madagascar	C	Dry weather in southern areas
Mauritania	B	Multiple year droughts
Niger	B	After effects of 2004 drought and locusts
Sierra Leone	B	Post-conflict recovery period, refugees
Somalia	B	Conflict, floods and drought
Sudan	C	Civil strife, returnees, drought in parts
Swaziland	A	Multiple year droughts, HIV/AIDS impact
Tanzania, U.R.	C	Drought in parts, refugees
Uganda	C	Civil strife, IDPs, drought in Karamoja
Zimbabwe	A	Deepening economic crisis
ASIA (9 countries)		
Afghanistan	B	Conflict, IDPs and returnees, localized drought
Azerbaijan	A	Drought
Iraq	C	Conflict and insecurity, IDPs
Korea, DPR	B	Economic constraints, floods
Nepal	B	Civil strife and drought
Pakistan	C	After effects of the Kashmir earthquake, floods
Philippines	C	Successive typhoons
Sri Lanka	C	After effects of the Tsunami, deepening conflict and floods
Timor-Leste	C	Civil strife, IDPs and drought
LATIN AMERICA (1 country)		
Haiti	B	Economic crisis

Countries with unfavourable prospects for current crops[2]

Country	Main reasons
AFRICA	
Somalia	Conflict, floods
ASIA	
Iraq	Conflict, displacement
Timor-Leste	Drought

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:

- **A** 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.
- **B** 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.
- **C** 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.

Emergency update

Despite record or bumper 2006 cereal crops in several regions of the world, including most countries of Africa, and Asia, FAO's latest assessment indicates that food emergencies persist in 34 countries worldwide. In 18 of the cases, the food crisis is wholly or partially a result of current or recent civil strife or conflict, while in the remainder, the impact of adverse weather on one or more of the most recent foodcrop production seasons, is the main cause.

In **Western and Central Africa**, in **Chad**, the deteriorating security situation and increasing population displacement could compromise the berebere (off-season millet) crop and are seriously hampering access to the Sudanese refugees. In **Mauritania** and **Niger**, localized populations, already suffering the compounded effects of reduced production in recent years, have yet again had poor harvests, because of adverse weather, and their food security situation will remain precarious. Emergency food assistance continues to be needed in **Côte d'Ivoire**, **Guinea**, **Liberia**, **Sierra Leone** and the **Central African Republic** for large numbers of IDPs and refugees as a result of civil conflicts.

In **Eastern Africa**, the effects of floods, the current outbreak of Rift Valley Fever (RVF) that affects both livestock and humans, localized drought, and past or ongoing conflicts, continue to undermine the food security of a large number of people. In **Somalia**, conditions in pastoral and agro-pastoral districts of the Lower Juba region, especially in Afmadow and Badhadhe districts, are particularly alarming due to floods in late 2006. Current estimates put the number of affected people at more than 450 000. Following a reduced main gu harvest in August, it was estimated that at least 1.8 million people will face food difficulties. In **Eritrea**, a large number of people rendered vulnerable by the effects of past conflicts and drought still require assistance. In **Ethiopia**, despite a good harvest, the Food Security Bureau (FSB) tentatively estimates that about 7.3 million chronically food insecure people need cash or food assistance through the Productive Safety Net Program and a further 2.3 million people require emergency food assistance. In **Kenya**, exceptionally heavy rains and floods that devastated parts of the country, have been followed by a recent outbreak of RVF, exacerbating the already extreme levels of food insecurity in pastoral areas. In **Sudan**, more than 4 million people, mostly in southern and western regions, continue to depend on emergency food assistance, mainly as a result of conflict. In the **United Republic of Tanzania,** heavy rains and floods in parts have affected hundreds of households. In **Uganda**, conflict coupled with a poor cropping season continues to affect the food security of a large number of people in the Karamoja region.

In **Southern Africa**, the next few weeks until the start of the next harvest in April will be particularly critical for vulnerable populations in several countries due to exhaustion of stocks and rising food prices. In **Zimbabwe**, the economic crisis continues to deepen with an estimated 1.4 million rural people unable to meet their minimum cereal needs during the 2006/07 season. In **Lesotho** and **Swaziland**, poor cereal harvests again in 2006 preclude an improvement in the food security of these countries. In **Angola**, despite economic growth and increased oil revenues, localized food insecurity persists for an estimated 800 000 vulnerable people. In **Madagascar**, the food security situation has worsened in southern parts because of drought last season and continuing dry weather this season. In the **Great Lakes region**, the continuing civil strife in the **Democratic Republic of the Congo**, has affected large numbers of people who need food assistance. Food aid is also needed in **Burundi** following the reduced 2006 total food crops harvest, combined with resettlement of returnees and IDPs.

In **Far East Asia**, serious food security problems persist in **Sri Lanka**, as a result of political instability in the northeast districts and abnormal monsoon rains in the central, southern and eastern districts. In **Timor-Leste**, the food supply situation remains critical for some 100 000 displaced people who are still unable to return to their homes. A tight food supply situation has been reported in **Nepal**, especially in the districts seriously affected by droughts and floods last year. In the **Philippines**, some 100 000 people in the Bicol region, devastated by four successive typhoons, still need food aid. The food supply situation for millions of people in the **Democratic People's Republic of Korea** remains a serious concern as a result of the sharp reduction of food aid. In the **Near East**, in **Iraq,** conflict and insecurity continues to affect the lives of large number of people triggering the displacement of hundreds of thousands people. In the **Asian CIS**, large numbers of people in **Armenia** have been rendered food insecure as a result of drought-reduced harvests last year. In **Central America**, assistance continues to be required in **Haiti**, due to long-term problems of insecurity and economic crisis.

Global cereal production brief

Favourable prospects for 2007 world cereal production

Good prospects for the 2007 **wheat** crops already in the ground in the northern hemisphere augur well for an overall recovery in global wheat output during the year. In Europe, the winter wheat area has expanded in several major producing countries and crops are generally reported to be developing well throughout the region, favoured by mostly adequate moisture supplies and mild temperatures. Of particular note is the early potential for a strong recovery in the east of the region (the Russian Federation and Ukraine) after below-average harvests last year. The exceptionally advanced state of crop development in many parts (compared to a normal year), and lack of protective snowcover, gives rise to some concern over the resistance of plants should temperatures suddenly drop, but for the moment at least, output prospects are good. In North America, the winter wheat area in the United States has expanded to the largest since 2003, and the condition of the crop is generally good. Improvements have even been reported in previously dry southern parts after the arrival of beneficial rains in December. In Asia, a smaller winter wheat crop is in prospect in China: the planted area decreased somewhat and a return to average yields after last year's record levels is expected. By contrast, a larger output is expected in India, where the crop is already well developed: plantings increased sharply and conditions have been generally favourable. In North Africa, the wheat crop prospects are good in Egypt, the subregion's major wheat producer, but less certain in other parts where, following a dry planting season, good rains will be necessary during the remainder of the season to avoid significant yield reductions.

The first of the major 2007 **coarse grain** crops are already planted in some countries. In South America, early estimates suggest the area planted has remained unchanged from last year but yield prospects are reported to be very good following abundant precipitation in key producing areas of Argentina and Brazil. In southern Africa, outlook is generally favourable at the level of the subregion but uncertain in some countries. Largely contributing to the favourable outlook is a significant increase in the area planted in South Africa, the subregion's major producer. Recent heavy rainfall has been mostly beneficial for developing crops, after erratic precipitation in the early part of the season, although it caused localized floods and crop damage in some parts.

The 2007 **paddy** season is well advanced in the southern hemisphere rice producing areas, with the harvest due to commence from March-April. The outlook is still rather mixed. Production forecasts are unfavourable for Australia due to persisting drought, but more promising in Indonesia in view of increased government support to

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

	2005 estimate	2006 forecast	Change: 2006 over 2005 (%)
Asia	**891.4**	**901.4**	**1.1**
Far East	790.6	798.7	1.0
Near East in Asia	72.6	71.9	-1.0
CIS in Asia	28.0	30.6	9.5
Africa	**133.7**	**142.0**	**6.2**
North Africa	31.3	35.4	13.1
Western Africa	45.4	47.6	4.7
Central Africa	3.3	3.4	1.3
Eastern Africa	30.6	34.6	13.0
Southern Africa	23.0	21.1	-8.6
Central America & Caribbean	**34.8**	**36.2**	**4.2**
South America	**109.7**	**108.1**	**-1.4**
North America	**416.6**	**386.7**	**-7.2**
Europe	**424.1**	**403.1**	**-5.0**
EU 25	260.0	248.1	-4.6
CIS in Europe	122.3	118.6	-3.0
Oceania	**40.6**	**18.4**	**-54.6**
World	**2 050.9**	**1 996.0**	**-2.7**
Developing countries	**1 117.9**	**1 138.7**	**1.9**
Developed countries	**932.9**	**857.3**	**-8.1**
- wheat	625.0	597.7	-4.4
- coarse grains	1 004.0	978.2	-2.6
- rice (milled)	421.9	420.0	-0.4

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

the sector. In Brazil, where harvesting is underway, the 2006 output is forecast about average, below last year's bumper level due to lower plantings and yields.

World cereal production down 2.7 percent in 2006

Global cereal output in 2006 is estimated at 1 996 million tonnes (rice in milled terms), up slightly since the previous report, mostly on account of revisions for wheat, but still 2.7 percent down from the previous year. The forecast for world wheat production in 2006 now stands at almost 598 million tonnes, 4.4 percent less than in 2005, largely due to reduced plantings and/or adverse weather in some of the world's major producing and exporting countries, including the United States, several European countries and Australia. For coarse grains, the estimate of output in 2006 is now put at 978.2 million tonnes, which would be 2.6 percent down from 2005. Reduced plantings and adverse weather in some of the afore-mentioned countries is again the principal cause of the reduction.

FAO's forecast for global rice production in 2006 has been revised downward marginally since the last report and now stands at 420 million tonnes (in milled terms), 0.4 percent below the 2005 level. As more of the 2006 rice crops reached completion, latest information indicated somewhat smaller than expected crops in some major Asian producing countries, namely Bangladesh, Pakistan, Thailand and Viet Nam. However, these downward revisions were partially offset by higher final official production estimates for Japan and the Republic of Korea.

Low-Income Food-Deficit Countries food situation overview

Early prospects for the 2007 cereal crop generally favourable in LIFDC's

In the group of 82 LIFDCs the early outlook for the 2007 main winter wheat crop, to be harvested from June, is favourable in Europe, CIS countries in Asia, as well in Egypt but prospects are uncertain in Morocco where plantings were delayed by insufficient rains. In Southern Africa, prospects for the main maize crop, to be harvested from April, improved with good rains in the past month but in some areas of the subregion, in particular southern Mozambique, central Zimbabwe and southern Zambia, erratic and below average precipitation since the beginning of the season are likely to have compromised yield potential. In Asia, growing conditions for the 2007 dormant wheat crop have been generally favourable so far. In Eastern Africa, prospects for the secondary "short rains" cereal crops are generally favourable, except for Somalia affected by severe floods at the beginning of the season. Elsewhere, planting of the 2007 cereal crops has not yet started.

With the 2006 cereal harvests almost complete in Eastern Africa and Asia, FAO's latest estimate of the cereal production of the group of 82 LIFDCs has been further revised up to some 880 million tonnes, an increase of 2.4 percent from the previous year's good level. When the two largest countries, China and India, accounting for two-thirds of the total production are excluded, the cereal output of the rest of LIFDCs increased at a more pronounced rate of 4.4 percent. Record or above-average cereal crops have been obtained in most regions of the world, including North, Southern, Western and Eastern Africa, as well as in Far East Asia and the Asian CIS, while good harvests were gathered elsewhere.

Cereal import requirements in 2006/07 decline in most regions

Reflecting the good cereal harvests in 2006, import requirements in marketing years 2006/07 or 2007 are lower than actual imports in the previous year in most LIFDCs. At aggregate level, however, the imports of the LIFDCs are forecast at 87 million tonnes, virtually unchanged from 2005/06. This is the result of high imports from India, where requirements were estimated at 6.6 million tonnes, against some 759 000 tonnes in the previous year, mainly to replenish wheat stocks. The significant increase in the Democratic People's Republic of Korea cereal import requirements, amounting to 1 million tonnes, mainly reflects the low level of imports in 2006 following sharp reductions in food aid allocations. In LIFDCs in Africa as a whole, import requirements in 2006/07 or 2007, both on commercial basis and as food aid, have declined by 10 percent.

Slow import progress in Southern Africa

In Southern Africa, where the marketing years end in March in most cases, cereal imports reported to FAO as to mid-January, have covered only one-quarter of the estimated requirements. By contrast, food aid pledges have been adequate so far, covering three-quarters of the needs. Elsewhere, in Northern Africa and Central America, good progress has been made in fulfilling the cereal deficits. In Eastern Africa and Western Africa the marketing years have just started. In Asia, the largest importers of the region India and Indonesia, have already covered some 80 percent of the national deficits, estimated both at 6.6 million tonnes.

Table 2. Cereal import position of the Low-Income Food-Deficit Countries[1] (*000 tonnes*)

	2005/06 or 2006 Actual imports	2006/07 or 2007			
		Requirements[2]		Import position[3]	
		Total imports:	*of which food aid*	Total imports:	*of which food aid*
Africa (44)	**39 314**	**35 082**	***2 393***	**9 189**	***1 286***
North Africa	16 843	14 840	*24*	6 098	*24*
Eastern Africa	5 488	4 761	*1 292*	1 178	*615*
Southern Africa	4 234	3 014	*502*	1 651	*385*
Western Africa	11 218	10 910	*509*	241	*241*
Central Africa	1 532	1 557	*67*	22	22
Asia (25)	**42 839**	**47 057**	***1 911***	**21 193**	***486***
CIS in Asia	2 871	2 704	*227*	1 614	*35*
Far East	28 521	34 058	*1 459*	16 200	*350*
Near East	11 447	10 295	*225*	3 379	*101*
Central America (3)	**1 757**	**1 715**	***184***	**786**	***179***
South America (1)	**1 011**	**936**	***30***	**440**	***30***
Oceania (6)	**416**	**416**	***0***	**0**	***0***
Europe (3)	**1 619**	**1 800**	***60***	**447**	***0***
Total (82)	**86 956**	**87 005**	***4 579***	**32 055**	***1 980***

[1] For more details see Table A1 in the Statistical appendix.
[2] For definition of **import requirements** see terminology on back cover.
[3] Estimates based on information available as of mid-January 2007.

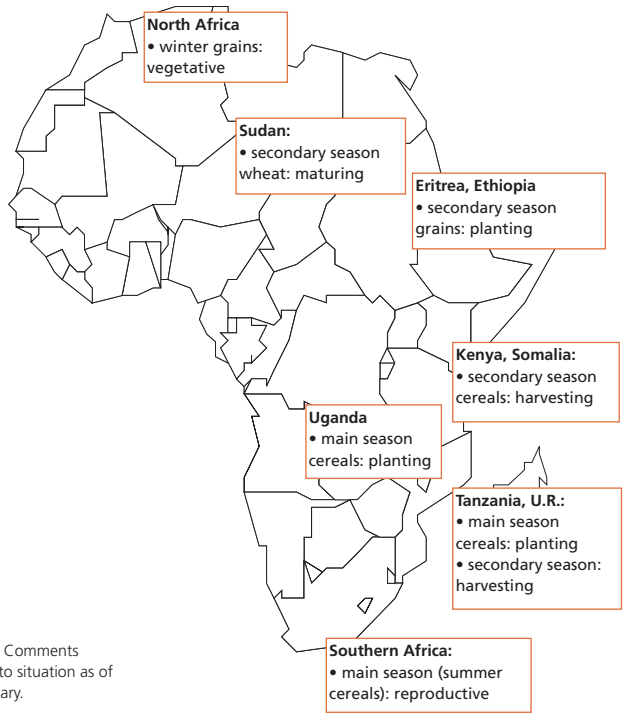
Regional reviews

Africa

North Africa

Favourable 2007 winter grain prospects in Egypt but more rains needed elsewhere

In **North Africa**, early prospects for the 2007 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 Algeria, Morocco and Tunisia. Although precipitation arrived in December, somewhat improving soil moisture conditions, timely rains will be crucial during the next few months to ensure a good recovery of crops after the poor start of the season in these countries. In Egypt, the largest producer in the subregion, where most crops are irrigated, weather conditions were reported to be generally favourable and the areas planted to both wheat and barley are estimated to have increased. The food supply situation is satisfactory in the subregion, reflecting good harvests in 2006.



Note: Comments refer to situation as of February.

Table 3. Africa cereal production (*million tonnes*)

	Wheat			Coarse grains			Rice (paddy)			Total Cereals		
	2004	2005 estim.	2006 f'cast	2004	2005 estim.	2006 f'cast	2004	2005 estim.	2006 f'cast	2004	2005 estim.	2006 f'cast
Africa	**22.4**	**21.2**	**26.1**	**90.0**	**99.1**	**101.7**	**19.2**	**20.4**	**21.7**	**131.5**	**140.7**	**149.4**
North Africa	**17.2**	**15.4**	**18.7**	**12.9**	**11.7**	**12.2**	**6.4**	**6.2**	**6.6**	**36.5**	**33.2**	**37.4**
Egypt	7.2	8.2	8.3	7.8	8.7	7.7	6.4	6.1	6.5	21.3	23.0	22.5
Morocco	5.5	3.0	6.3	3.0	1.3	2.7	0.0	0.0	0.0	8.6	4.3	9.0
Western Africa	**0.1**	**0.1**	**0.1**	**35.2**	**39.9**	**41.7**	**7.9**	**8.8**	**9.3**	**43.2**	**48.7**	**51.0**
Nigeria	0.1	0.1	0.1	20.9	22.4	24.1	3.3	3.6	3.9	24.3	26.0	28.1
Central Africa	**0.0**	**0.0**	**0.0**	**2.9**	**3.0**	**3.1**	**0.4**	**0.4**	**0.4**	**3.3**	**3.5**	**3.5**
Eastern Africa	**3.2**	**3.6**	**4.9**	**21.2**	**26.1**	**28.7**	**1.2**	**1.4**	**1.6**	**25.6**	**31.1**	**35.1**
Ethiopia	2.2	2.7	3.7	8.4	10.3	11.8	0.0	0.0	0.0	10.6	13.0	15.5
Sudan	0.4	0.4	0.6	3.1	5.1	6.0	0.0	0.0	0.0	3.5	5.6	6.6
Southern Africa	**1.9**	**2.2**	**2.4**	**17.7**	**18.4**	**16.1**	**3.3**	**3.7**	**3.8**	**22.9**	**24.2**	**22.3**
Madagascar	0.0	0.0	0.0	0.4	0.4	0.3	3.0	3.4	3.5	3.4	3.8	3.8
South Africa	1.7	1.9	2.2	10.3	12.3	7.3	0.0	0.0	0.0	12.0	14.2	9.5
Zimbabwe	0.1	0.1	0.1	1.1	0.7	1.4	0.0	0.0	0.0	1.2	0.8	1.5

Note: Totals computed from unrounded data.

Western Africa

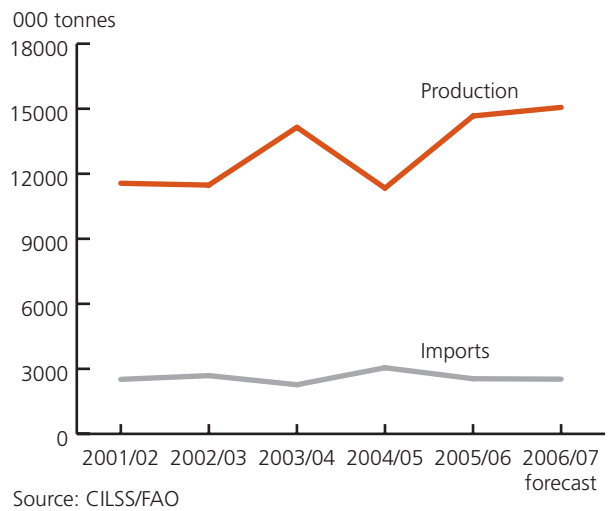
Food outlook for 2007 is generally favourable

In **Western Africa**, currently there is little agricultural activity, except for limited cultivation of recession or off-season crops, for which prospects are generally favourable. However, in **Chad**, the outcome of the berebere (off-season millet) crop, mostly cultivated in the east and harvested in January-February, risks being compromised by the deteriorating security situation and increasing population displacement in the eastern part of the country. Berebere production represents about one-fifth of the country's aggregate cereal production in a normal year.

The food outlook for 2007 is generally favourable in the subregion, following above-average to record harvests in most Sahelian countries and satisfactory crops elsewhere. In **Nigeria**, the largest producer in the subregion, whose agricultural sector can strongly affect the food supply position of its neighbouring Sahel nations, cereal prices reportedly remain low, reflecting the bumper crop harvested in 2006. In addition to the good harvest, the low prices are due to the devastating effects avian flu has had last year on the Nigerian poultry sector, which absorbs an important share of domestic maize production. The re-emergence of avian flu in recent weeks in the northern part of the country has dampened hope for a strong recovery of the poultry sector in the near future. In spite of a government plan to buy 150 000 tonnes of maize in 2007 in order to support declining producer prices, a sustainable recovery of the cereal sector will depend largely on the evolution of the avian flu epidemics in Nigeria and the subregion.

Despite the generally favourable food supply outlook for the subregion as a whole, localized food security problems persist in most countries. In **Mauritania**, erratic precipitation caused localized crop losses again in 2006, giving little hope of improved food security in the near term for large sections of the population already affected by reduced incomes and assets after several consecutive years of crop failure. In **Burkina Faso**, **Mali** and **Niger**, 2006 crop yields were sharply reduced in several areas because of delayed rains or floods, and some populations may be at risk of food shortages. In **Guinea-Bissau** and **Senegal**, persisting marketing problems in the cashew and groundnut sectors, the main sources of cash income for rural households, continues to threaten food security in these countries. Joint CILSS/FAO/FewsNet post-harvest assessment missions are scheduled to visit Chad, Guinea-Bissau, Mauritania and Senegal in February-March to assess the food situation.

Figure 1. Sahel cereal production and imports



Source: CILSS/FAO

Central Africa

Satisfactory 2006 second maize crops have been gathered

In **Cameroon** and the **Central African Republic**, harvesting of the second 2006 maize crop is complete. Satellite imagery indicates that rains have been abundant throughout the cropping season and the 2006 aggregate output is forecast to be about average. In the Central African Republic, however, any improvement in the food security situation continues to be hampered by persistent insecurity and inadequate availability of agricultural inputs, notably in northern parts. About 20 000 people have fled the country to southern Chad over the past year, bringing the number of Central African refugees in the latter country to over 45 000. Another 50 000 people have been internally displaced.

Eastern Africa

Record 2006 cereal harvest but conflict and adverse weather in parts continue to affect the food security of large number of people

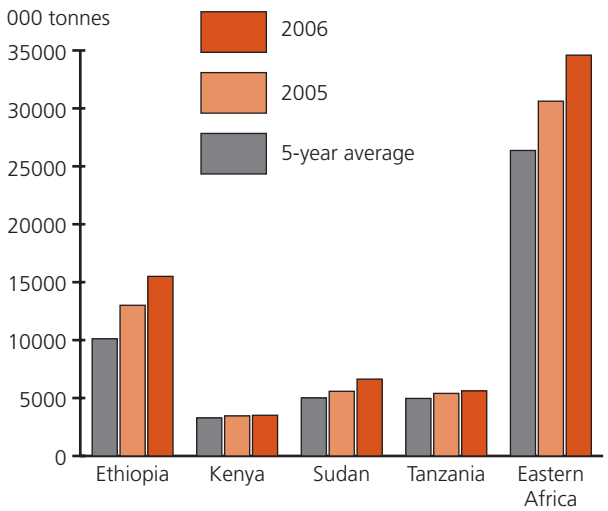
Harvesting of the 2006/07 main season cereal crops is complete in northern parts of the subregion while harvesting of secondary season crops is about to start in southern parts. The subregion's aggregate 2006/07 cereal output (main and secondary crop seasons) is forecast at 34.6 million tonnes, 13 percent higher than in the previous year, mainly reflecting bumper crops in Ethiopia and Sudan, the largest producer countries of the subregion (Figure 2). Despite this favourable outcome, however, heavy rains and floods in the second half of 2006 have caused havoc in several parts of eastern Africa resulting in loss of life and property, and damaging crops and livestock. It is estimated that up to 1.8 million people have been affected by the floods, particularly in Somalia, Kenya and Ethiopia.

While at subregional level a record cereal crop was gathered in 2006, the situation varies from country to country.

In **Eritrea**, harvesting the 2006 main season, "Kiremti", crops is over. Official estimates have not yet been provided but

the output is preliminary estimated to be good. However, even in favourable years, Eritrea produces only a fraction of its total food requirements and largely depends on imports. The improved production is expected to ease somewhat the tight food situation as a result of consecutive poor harvests in the last years, lingering effects of war with neighbouring Ethiopia and serious macro-economic imbalances. In **Ethiopia**, preliminary results from an FAO/WFP Crop and Food Supply Assessment Mission (CFSAM) which visited the country late last year indicate a record 2006 main season grain production. This reflects abundant rains during the growing season, increased use of fertilizer and improved seeds, and very low pressure from pests and diseases, together with expansion in cultivated area. The 2006 cereal output is the third consecutive bumper harvest. The report of the FAO/WFP Mission is expected to be issued soon. Despite the succession of bumper cereal harvest and the overall satisfactory food supply situation, preliminary assessments from the Food Security Bureau (FSB) indicate that about 7.3 million chronically food insecure people, or about 9 percent of the total population, will need cash or food assistance through the Productive Safety Net Program. In addition, 2.3 million people will require emergency food assistance due to crop failure or loss of animals due to dry weather and floods. Results from the recent Government-led multi-agency "meher" season humanitarian needs assessment are expected to provide an update on the number of people requiring assistance in 2007. In particular, in the Somali Region, heavy rains and serious floods last October, which followed earlier floods in July and August, exacerbated the humanitarian crisis in pastoral areas. Overall, about 700 people are reported to have been killed by the floods and more than half a million people are reported to have been adversely affected. While the waters have receded, recovery of pastoral households who lost their herds takes considerable more time and humanitarian assistance will be still required in the short term. Notwithstanding three consecutive good harvests, grain prices remain firm or are rising in major markets (see Box). Several factors are postulated to have resulted in this unusual behaviour in the last years including increased liquidity in the economy due to the partially cash based assistance in the safety net programs; the spread of the credit repayments by farmers throughout the year rather than immediately after harvest; budgetary support at "woreda"(district) level; increased formal and informal cross-border exports of grains; local purchases by cooperatives and relief agencies; and increased overall economic activity specially construction of roads and housing in urban areas. The prevailing high prices are making it more difficult for poor household to secure access to adequate food supplies. In **Kenya**, harvest of the secondary cropping season, accounting for about 20 percent of the total annual cereal production, is about to start. Prospects are generally favourable following a timely onset and adequate "short rains". The preliminary estimates for the "short rains" season maize crop indicate a good output of about 270 000 tonnes. The main "long rains" season maize crop, harvested until last November, was also above average. As a result, the overall food supply position is satisfactory and prices of maize have been declining in the past months. However, in pastoral areas bordering Somalia and Ethiopia, which were devastated by torrential rains and floods between October and December 2006, large sections of the population remain in conditions of food insecurity. Overall, it is estimated that 41 people died and 300 000 were negatively affected by the floods. These populations suffered severe losses of livestock and assets and continue to need emergency and rehabilitation assistance. Furthermore, a recent outbreak of Rift Valley Fever (RVF), an acute, fever-causing viral disease that affects domestic animals and humans, has exacerbated the already extreme levels of food insecurity in pastoral areas. RVF has already claimed about 100 lives, and restrictions to lessen the spread of the disease have disrupted the livestock market.

Figure 2. Eastern Africa cereal production



In **Somalia**, the conflict between the Ethiopian-backed Somali transitional government and the Union of Islamic Courts (UIC) in the Somalia/Kenya border, coupled with a likely spread of Rift Valley Fever (RVF), give cause for serious concern about food security, in particular in pastoral and agro-pastoral areas of the Lower Juba region. In most districts, especially in Afmadow and Badhadhe, the food situation is reported to be alarming as a result of multiple shocks, including low-intensity conflict over the past 16 years, the 2005-2006 drought, crop failure in mid-2006 and floods in October-November that prompted large numbers of population to move to refugee camps in Kenya. Current estimates indicate that 450 000 people have been displaced by the floods and up to 900 000 people directly affected by loss of housing, crops and livestock.

High cereal prices in Ethiopia, despite successive bumper harvests

Ethiopia has enjoyed three consecutive years of above average grain production from 2004 to 2006 due mainly to favourable rainfall, but also to increased use of fertiliser and improved seeds, as well as an expansion in cultivated area. Normally, above average harvests are followed by a drastic decline in grain prices which can adversely affect producers, especially smallholder farmers who are compelled to sell early-on to settle debts and buy other consumer goods. The last three years, however, have seen an unusual increase in grain prices, which have been well above their average levels. The figure shows the trends in prices of major cereals in Addis Ababa. More pronounced increases are observed in teff and wheat and by the end of 2006, real monthly wholesale prices for most cereals in the Addis Ababa market registered record levels, with an increase of between 30 and 20 percent on the previous year, which already was above average. The price behaviour in Addis Ababa has been replicated throughout the country, in both deficit and surplus crop producing areas.

Several factors are postulated to have resulted in this unusual behaviour in the last two to three years.

On the demand side, these factors include:

- Increased liquidity in the economy due to the partially cash based assistance in the safety net programs, involving more than 5 million vulnerable people, with a concomitant reduction in food based assistance and enhanced budgetary support at district (woreda) level which includes salary payments of public officials;
- Increased income from strong economic growth in the last few years which in turn is expected to have augmented per-capita consumption of grains;
- Increased poverty-targeted expenditures, especially in education, agriculture and road construction;
- Enhanced cross-border trade, particularly to Somalia and Djibouti;
- High livestock prices which resulted in higher purchasing power for pastoralists and agro-pastoralists. According to Ethiopian Custom Authority, formal exports of live animals increased from about 3 000 tonnes in 2003/04 to 21 000 tonnes in 2004/05 and to 33 000 tonnes in 2005/06. In addition, significant numbers of animals are exported informally through cross-border trade through Somalia, Djibouti, Kenya and Sudan. To a lesser extent, exports of meat products also doubled from 2003/04, reaching 8 000 tonnes in 2005/06;
- Local purchases by varied institutions such government agencies, agricultural cooperatives and major relief agencies; although limited in relative volume compared to total marketable surplus of grains.

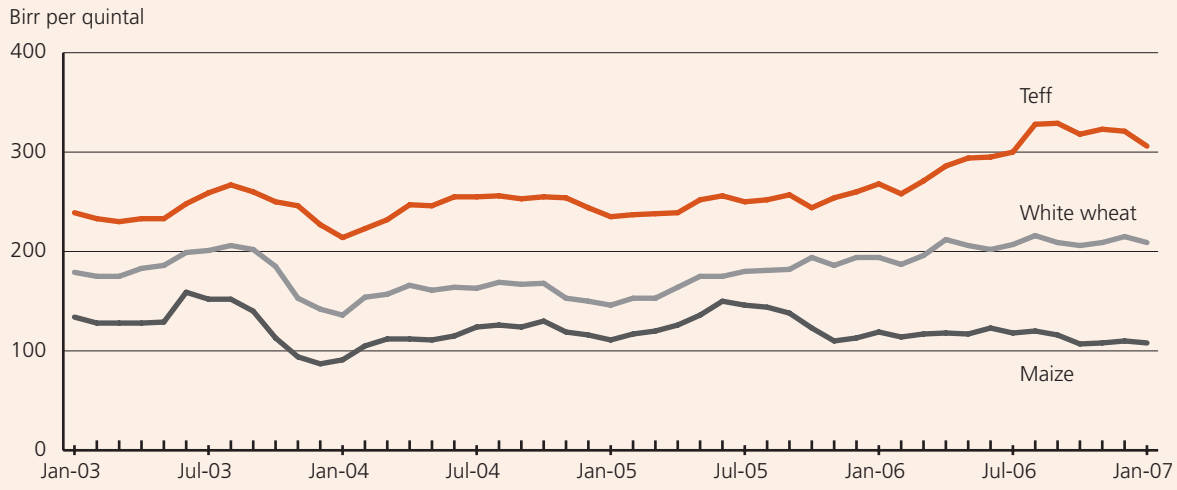
On the supply side:

- Farmers staggered sales of produce following the relaxation of the credit repayment requirements that allowed them to delay repayments thus avoiding the pressure to sell immediately after harvest.

Implications:

- The sustained and relatively high grain prices, although beneficial to surplus crop producing households, will negatively affect the poorer households that are net buyers of grains and may not have benefited from the economic expansion.

Real monthly wholesale prices of maize, teff and wheat in Addis Ababa



Source: Ethiopian Grain Trade Enterprise

The secondary "deyr" season crop, for harvest from February, is projected to be below average, as much of the riverine cereal crops were destroyed by floods. However, rangeland conditions, including pasture, browse and water sources have improved, as result livestock body conditions, production and values are improving. In southern areas worst affected by severe drought in the first half of 2006, however, pastoralists will not fully benefit from these gains due to their previous livestock losses. The report of a 2006/07 "deyr" season crop assessment, led by the Somalia Food Security Assessment Unit (FSAU) is expected to be released soon. The 2006 main "gu" season cereal crop, harvested last August, was also reduced due to poor rains. The FSAU estimated the "gu" cereal output, accounting for some 70 to 80 percent of the annual production, at about 113 000 tonnes, better than the previous year's reduced crop but still 29 percent below average. The FSAU estimated that 1.8 million people throughout the country would face serious food difficulties as a result of the reduced main cereal harvest. Further information and analysis can be accessed at: www.fsausomali.org.

In **Sudan**, a recently concluded FAO/WFP Crop and Food Supply Assessment Mission (CFSAM) indicates a record 2006 cereal crop of 6.64 million tonnes, about 19 percent higher than last year's good production and 32 percent above the average of the previous five years. The good outcome, of which 78 percent is sorghum, is the result of favourable rains and relatively few outbreaks of pests or diseases. The good cereal production, together with high levels of carryover stocks, is expected to result in large cereal surplus in 2007. In view of the ample domestic cereal availability, the CFSAM recommended, timely local purchases of cereals by the Sudan Strategic Reserve Corporation (SRC) and for food aid programs. This will support markets and ensure locally-acceptable varieties of cereals. In addition, timely rehabilitation assistance in the agricultural sector is required, including emergency support to returnees and to other vulnerable farming communities. The assistance should be delivered before the start of the next cropping seasons in April-May in southern Sudan, and June-July in northern Sudan. Reflecting the bumper harvest, market prices for sorghum have begun falling in the main producing areas, which is expected to improve access to food by low income groups of population; however, as a result of the abundant supplies, concern has been raised about a continuing decline in prices which could result in farmers financial difficulties and reductions in the area planted next season. Livestock and pasture conditions are also good over most of the country and the water levels in water holes (*hafirs*) are generally satisfactory. In addition, increased export earnings from oil, rising to US$4.2 billion in 2005, have continued to boost overall economic activity. Despite the overall good food supply situation and strong economic growth, problems of physical and financial access to food due to war, displacement, poor infrastructure, weak marketing system and economic isolation continue to render millions of vulnerable people dependent on food assistance. The recent escalation of conflict in Darfur region alone is estimated to have resulted in substantial losses of cropped areas and the displacement of about 1.6 million people.

In the **United Republic of Tanzania**, harvesting of the 2006/07 short rainfall "vuli" season crops in the bi-modal northern areas is about to start and the outlook is favourable. In the uni-modal central and southern areas, the 2007 long rainfall "msimu" season crops, for harvest from May-June are at different stages of development. The 2006 aggregate cereal production (long rains and short rains season) is forecast at 5.6 million tonnes, about 4 percent above the previous year's good harvest due to favourable rains. The good output has resulted in a satisfactory overall food supply situation with an improved cereal availability in all markets. There has also been an increase in non-cereal crop availability, mainly root crops and pulses. In 2006, several parts of the country, have received heavy rains. Torrential rains in the Misungwi district, northern region of Mwanza, in mid-December have left almost 900 people homeless and destroyed almost 5 000 hectares of farmland. Earlier heavy rains resulted in serious localized flooding, especially in the country's central region of Shinyanga. Relief supplies were distributed to an estimated 1 500 people uprooted by floods. Wholesale maize prices have remained significantly low in most markets in the United Republic of Tanzania due to the increased domestic supplies, as well as government restrictions on exports of agricultural commodities. Kenya normally imports about 55 000 tonnes of maize from Tanzania between June and November but in the same period in 2006, imports amounted to about 40 000 tonnes In **Uganda**, land preparation is underway for the 2007 main season crops for sowing in the next few weeks. Harvesting of the 2006/07 secondary season crops is almost complete. Heavy rains had impeded harvesting and drying of secondary season crops in some areas. Overall, however, an average to above-average crop is expected from the secondary season. Conflict and insecurity, coupled with drought-affected harvest late last year, continues to affect the food security position of the population in the north-eastern Karamoja region. It is estimated that at least 40 percent of the population lacks adequate, if any, food stocks, and is at risk of rising food insecurity. The World Food Programme (WFP) plans to provide food assistance to some half a million people. Elsewhere in northern Uganda, a better security situation has improved access to food and other productive resources by large number of IDPs. The slow progress of the peace process, however, continues to hamper their return home.

Steady increase in wheat imports in Sudan

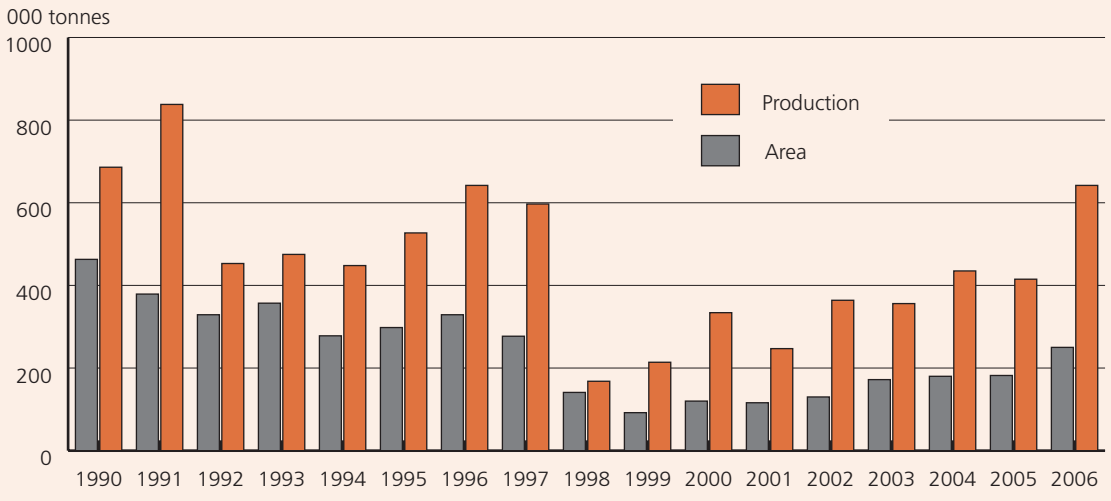
Wheat is the second most important cereal in Sudan in terms of both production and consumption, particularly in urban areas. Wheat production is almost entirely irrigated. Areas sown to wheat have declined from their peak in 1991/92 reflecting government policy to concentrate wheat in the most productive areas. In the public agricultural corporations (Gezira, White Nile, Rahad and New Halfa irrigation schemes), which accounted for about 70 percent of total wheat production, areas of low fertility, or with irrigation problems or low yields records, have been excluded from cultivation. Government policy was switched to support the expansion of wheat production in northern areas, where temperatures are cooler and higher yields are obtained. The total area harvested in Northern and River Nile States has increased proportionally following government programmes of financial support for rehabilitation of pumps and for opening up new areas of wheat cultivation, including the stated intention to pay farmers a grant per hectare of wheat planted in these states.

Overall, however, the area planted to wheat declined drastically since 1998 in response to the liberalisation of wheat production (Figure i). The removal of government directives for farmers to commit a proportion of their land under wheat cultivation, the scrapping of the support programmes in the main irrigation schemes of Gezira, Rahad, and New Halfa, as well as the abolishing of the repayment arrangements for the use of seeds and fertilizer, prompted many farmers to either switch to more lucrative cash crops, such as vegetables and oil seeds, or leave land fallow. Nevertheless, in 2006, in an apparent reversal of the liberalization of wheat production, the Government introduced the "National Wheat Programme" which offers incentives to farmers who grow wheat. Under the programme, urea, which normally retails at Sudanese Dinar (SD) 4 500 per bag, is provided to wheat growers at SD 3 500, while diesel, which retails for approximately SD 24 000 per barrel, is provided at SD 13 000. As a result, a rise in wheat cultivated was recorded last November and, although the wheat crop will not be harvested until March-April 2007, it is forecast that there will be almost 50 percent increase in wheat production compared to the previous year.

As a result of steady demand for wheat in urban areas, the volume of imported wheat has been increasing in the last decade and is expected to augment further in 2007 despite the anticipated increased production. The significant increase in imports is partly to offset the decline in domestic production from 1998, but is also a reflection of changing consumer taste fostered by urbanisation and income increase in some segments of society.

As levels of affluence rose slowly, demand for wheat-based products (rather than those made from

Figure i. Sudan wheat production

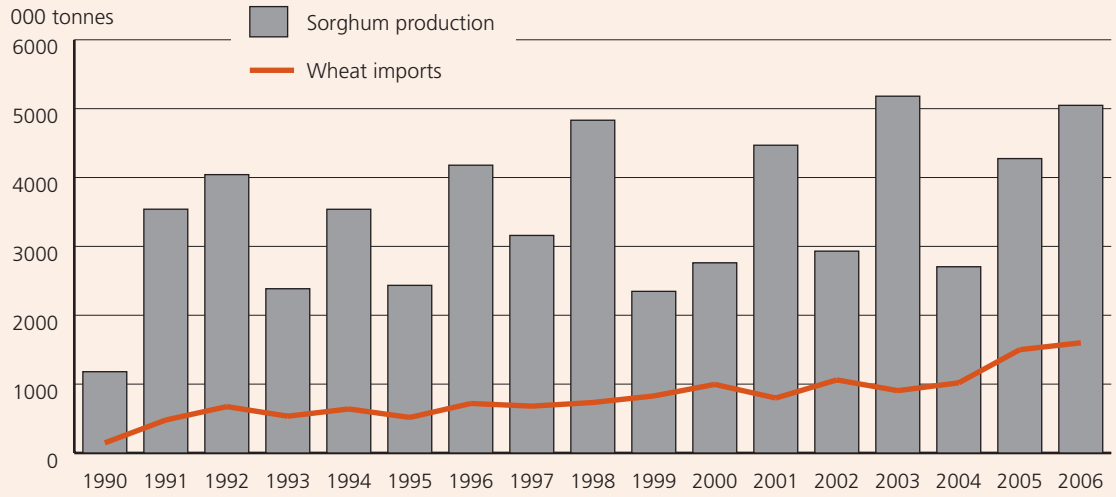


Source: Sudan Federal Ministry of Agriculture

cont'd.

Sudan's staple cereal, sorghum) has picked up. Imports of wheat have risen nearly seven-fold from 1990 to 2006 (Figure ii). The continued upward trend in wheat imports can be noticed even in the years following bumper sorghum harvest. Another relatively minor but growing cereal import is rice, which increased from a mere 5 600 tonnes in 1990 to nearly 60 000 tonnes in 2006.

Figure ii. Sudan - production of sorghum and imports of wheat



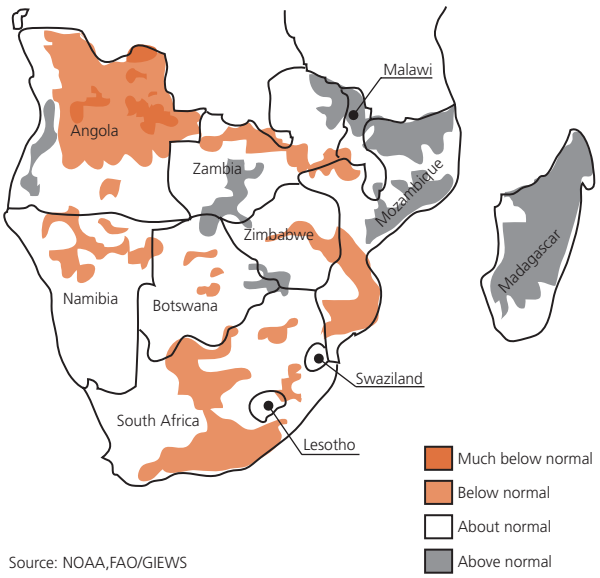
Source: Sudan Customs Police, Sudan Federal Ministry of Agriculture

Southern Africa

Early prospects for the 2007 cereal crops in Southern Africa are overall favourable but the outlook is uncertain in some countries

As the 2006/07 agricultural season in **Southern Africa** nears the mid-point, heavy rains were reported through much of the region in the third dekad of December and first two dekads of January, causing localized floods in Namibia, Botswana, Zambia, Zimbabwe, Malawi, Mozambique and Madagascar. Despite crop damage in some of the affected areas, the abundant precipitation of December and January improved overall growing conditions. However, the rains may have arrived too late to avoid reductions in plantings and yields in areas affected by erratic rains and dry spells, since the beginning of the season in late October, particularly in north-western Angola, central and southern Mozambique, western Zambia and central parts of Zimbabwe. The cumulative rainfall picture has significantly improved due to the heavy rains since late December particularly in eastern parts. The cumulative rainfall difference from the average of past eight years for the first three months of the season (October dekad 3 to January dekad 2) shows normal to above-normal precipitation through the eastern and central parts of the region and most of

Figure 3. Southern Africa - cumulative rainfall difference from normal (3 months) as of dekad 2, January 2007



Source: NOAA,FAO/GIEWS

Madagascar but below-normal in northern Angola and northern and central Mozambique (see Figure 3.). The vegetative growth at the second dekad of January 2007, as indicated by the NDVI difference from the long-term average, also reflects improved vegetative growth throughout the region except some areas of central and southern Mozambique and northern Angola. In spite of generally satisfactory regional rains during the season, the forecast for the second half of the season points to a drier than normal climatology primarily due to the El-Niño conditions and the rain situation needs to be closely monitored in the coming weeks.

At the regional level, early prospects are also favourable reflecting an increase in the area planted to the main maize crop. This is mainly due to higher plantings in **South Africa,** where latest official estimates indicate an increase in the area under commercial maize of 68 percent from last year's reduced level, to some 2.7 million hectares, in response to high prices. Overall, input availability at planting time was normal in most countries. Large input subsidy schemes were implemented in **Zambia** and **Malawi,** enabling farmers to use quality seed and fertilizer. This is expected to have a significant positive effect on the total maize harvest later this year. However, in **Zimbabwe,** continuous shortages and/or high prices of key inputs such as fertilizer, fuel, draft animal power and spare parts are expected to result in relatively low yields, as in previous years. In **Lesotho** and in several farming districts in Eastern Cape and Free State in **South Africa,** an outbreak of Brown Locust affected maize and other crops in December. Aerial spraying to combat the large swarms was undertaken in both countries. In **Mozambique,** an outbreak of Trypanosomiasis, a parasitic disease caused by tsetse fly, has reportedly affected cattle in the Central Region of the country, including Manica, Sofala, Zambezia and Tete Provinces.

Food imports slow but expected to pick-up during the lean period

With improved 2006 productions in the majority of the countries of the region, the aggregate cereal import requirement for the 2006/07 marketing year (April/March in most cases) was estimated about 13 percent lower than in the previous year at 6.3 million tonnes. If South Africa and Mauritius are excluded, the reduction in the total cereal import requirements of the region is more pronounced, declining from the actual imports of 5 million tonnes in 2005/06 to about 3.5 million tonnes in 2006/07 (see Table 4). Food assistance needs in 2006/07, estimated at about 547 000 tonnes are also lower than the average annual food aid of the previous five years, calculated at about 700 000 tonnes. Available figures by late December 2006 or late January 2007 show that so far only some 56 percent of import requirements of all cereals and about 54 percent of maize have been received and/or pledged. However, cereal imports in the form of food aid have reached almost three-quarters of the estimated total needs in 2006/07. Imports are likely to pick-up during this last quarter characterized as the food-deficit period.

Staple food prices lower than last year but showing seasonal rise

Current prices of maize, the most important staple foodstuff, in most deficit countries of the sub-region are well below their corresponding levels a year earlier, when food shortages were experienced in several countries. For example, as shown in Figure 4, in **Zambia** and **Mozambique,** wholesale prices of white maize in the capital city markets by mid-January 2007, were about US$200 and US$232 per tonne, down from US$345 and US$385 per tonne respectively at the same time a year ago. However, prices have been showing a seasonal positive trend since September after a long and steady decline from US$354 and US$390 per tonne, respectively, during the peak of the hunger season in February 2006. By contrast, in **South Africa**, the region's main exporting country, current maize prices in US dollar terms are higher than the corresponding levels last year, reflecting a reduced harvest in 2006 and lower maize supplies. There has been a steady increase in the SAFEX maize price since September 2005. This increase is expected to continue until the new harvest in April 2007.

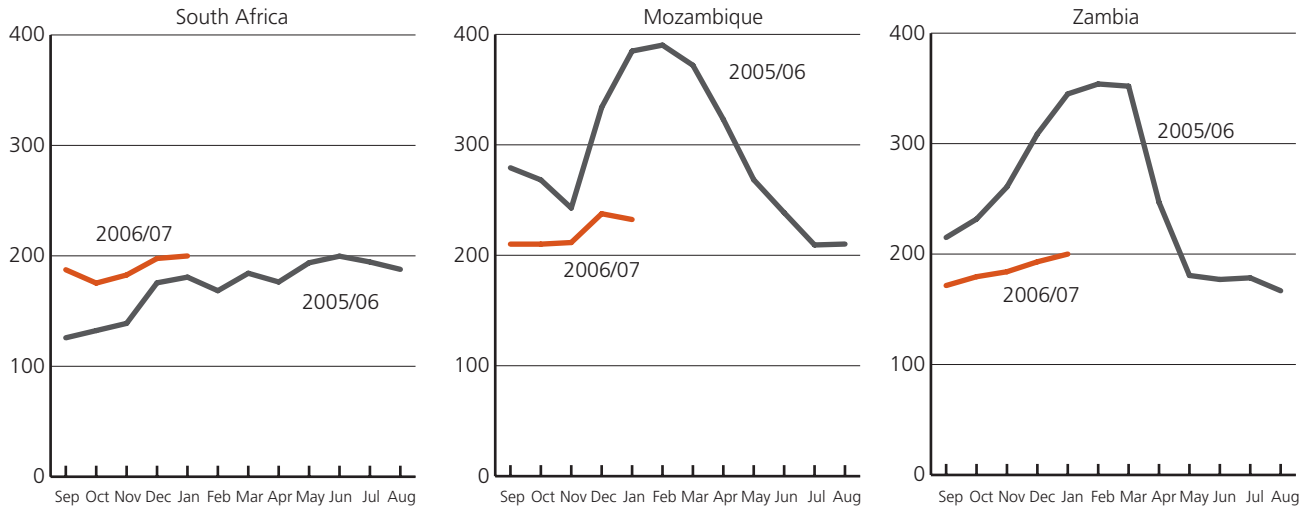
Changes in the maize prices in local currency have been a little more pronounced as compared to the changes in US dollar prices as a result of the weakened Rand in South Africa, but less marked in Zambia due to the strengthening of the Kwacha against the US dollar. In Mozambique, variation in the Metical prices have more or less mirrored changes in

Table 4: Import requirements and current import position (as of end-January 2007), for Southern Africa, excluding South Africa and Mauritius, 2006/07

	Import Requirements	Covered Imports	
	('000 tonnes)	('000 tonnes)	(%)
Total Cereals			
Total	3 489	1 899	54%
Commercial	2 985	1 514	51%
Food Aid	504	385	76%
Maize			
Total	1 236	622	50%
Commercial	1 003	546	54%
Food Aid	233	76	33%

*Available import data varies from November 2006 to end-January 2007. Marketing year mostly April/March.
Source: FAO/GIEWS estimation.

Figure 4. White maize wholesale prices (US dollars per tonne)



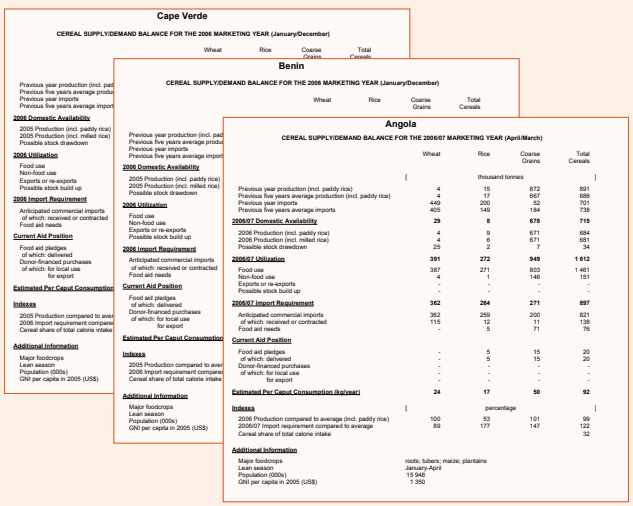
the US dollar prices primarily due to this currency's relative stability during this period.

Regional food availability good but food security situation remains of concern for vulnerable populations in several countries

Overall, aggregate food supply in the region this marketing year has been quite favourable. In **South Africa**, the region's major exporter, supplies of white maize were estimated at 6.3 million tonnes at the beginning of the marketing season in May which, compared with a domestic utilization of 4.3 million tonnes, left a surplus of about 2 million tonnes. Assuming the level of the strategic reserves at about 600 000 tonnes, the potential exportable surplus of white maize from South Africa was estimated at about 1.4 million tonnes. In addition, some sizeable exportable quantities were also estimated from Malawi (200 000 to 350 000 tonnes), Zambia (180 000 to 280 000 tonnes) and Mozambique (150 000 to 250 000 tonnes) after accounting for a build-up of stocks in each of these three countries to a level of about 100 000 tonnes. Thus in aggregate, the regional surplus is more than enough to cover the commercial import requirements of the other maize deficit countries in the region estimated at just under 1 million tonnes. However, official information on South Africa exports by the end of December indicate that only 318 000 tonnes of white maize have been exported since May 2006. Significant quantities are available for local and regional purchases of food aid for distribution in the region.

Cereal supply and demand balances for sub-Saharan Africa

Detailed cereal supply and demand balances for the current marketing year for all the countries of Western, Eastern, Central and Southern Africa are available in the **Early Warning Indicators** section of the GIEWS web pages at: http://www.fao.org/giews/.


Cape Verde

CEREAL SUPPLY/DEMAND BALANCE FOR THE 2006 MARKETING YEAR (January/December)

Benin

CEREAL SUPPLY/DEMAND BALANCE FOR THE 2006 MARKETING YEAR (January/December)

Angola

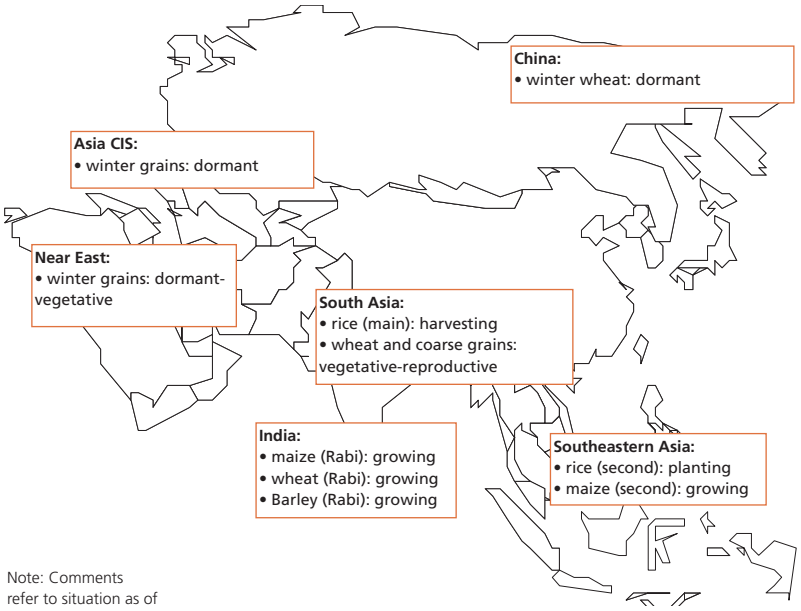
CEREAL SUPPLY/DEMAND BALANCE FOR THE 2006/07 MARKETING YEAR (April/March)

	Wheat	Rice	Coarse Grains	Total Cereals
	thousand tonnes			
Previous year production (incl. paddy rice)	4	15	872	891
Previous five years average production (incl. paddy rice)	4	17	667	688
Previous year imports	449	200	52	701
Previous five years average imports	405	149	184	738
2006/07 Domestic Availability	**29**	**8**	**678**	**715**
2006 Production (incl. paddy rice)	4	9	671	684
2006 Production (incl. milled rice)	4	6	671	681
Possible stock drawdown	25	2	7	34
2006/07 Utilization	**391**	**272**	**949**	**1 612**
Food use	387	271	803	1 461
Non-food use	4	1	146	151
Exports or re-exports	-	-	-	-
Possible stock build up	-	-	-	-
2006/07 Import Requirement	**362**	**264**	**271**	**897**
Anticipated commercial imports	362	259	200	821
of which: received or contracted	115	12	11	138
Food aid needs	-	5	71	76
Current Aid Position				
Food aid pledges	-	5	15	20
of which: delivered	-	5	15	20
Donor-financed purchases	-	-	-	-
of which: for local use	-	-	-	-
for export	-	-	-	-
Estimated Per Caput Consumption (kg/year)	**24**	**17**	**50**	**92**
Indexes		percentage		
2006 Production compared to average (incl. paddy rice)	100	53	101	99
2006/07 Import requirement compared to average	89	177	147	122
Cereal share of total calorie intake				32
Additional Information				
Major foodcrops	roots; tubers; maize; plantains			
Lean season	January-April			
Population (000s)	15 948			
GNI per capita in 2005 (US$)	1 350			

Asia

Far East

Favourable outlook for the 2007 winter grain crops



Note: Comments refer to situation as of February.

The outlook is generally favourable for the 2007 winter grain crops (mainly wheat) that were planted from September to December 2006. In **China**, the winter wheat crop, which accounts for about 95 percent of China's total wheat production, is still dormant. The area planted is estimated at 21.3 million hectares, some 2 percent lower than last year, but still above the five-year average. Dry and mild weather has prevailed in most winter wheat areas and provided favourable overwintering conditions. Based on the winter wheat area estimate and assuming normal conditions for the remainder of the season, early tentative forecasts point to a total wheat output in 2007 of about 100 million tonnes, some 3 million tonnes smaller that last year's good production. In **India**, the winter wheat area is estimated up 6.7 percent from last year, encouraged by a 15 percent increase in the government support price for the 2007 wheat crop. In northern India, rain and snow in December increased irrigation reserves for winter wheat crops already in the ground. In central and southern India, dry weather at the end of 2006 was beneficial for late summer crop (kharif) harvesting as well as late winter grain planting. In **Pakistan**, prospects for the 2007 wheat crop have improved as the arrival of rain and snow in December increased irrigation reserves. Current indications suggest that the 2007 output may equal last year's bumper crop.

In most rice growing countries in the region, the main paddy crop has already been harvested or harvesting is nearly complete. The 2006 paddy production of the subregion

Table 5. Asia cereal production (*million tonnes*)

	Wheat			Coarse grains			Rice (paddy)			Total Cereals		
	2004	2005 estim.	2006 f'cast	2004	2005 estim.	2006 f'cast	2004	2005 estim.	2006 f'cast	2004	2005 estim.	2006 f'cast
Asia	**255.6**	**263.2**	**271.4**	**232.7**	**246.8**	**249.9**	**549.5**	**571.2**	**569.3**	**1 037.8**	**1 081.1**	**1 090.6**
Far East	**187.6**	**191.5**	**198.2**	**208.1**	**221.0**	**224.1**	**544.5**	**565.9**	**563.6**	**940.2**	**978.4**	**985.9**
Bangladesh	1.3	1.1	1.0	0.3	0.5	0.5	37.7	39.8	40.5	39.3	41.4	42.0
China	92.0	97.4	103.0	140.4	150.4	153.0	180.5	182.1	182.2	412.9	429.9	438.2
India	72.2	68.6	69.5	33.6	34.6	34.3	124.7	136.6	135.0	230.4	239.8	238.8
Indonesia	0.0	0.0	0.0	11.2	12.5	12.1	54.1	54.2	54.7	65.3	66.7	66.8
Pakistan	19.5	21.6	22.0	3.3	3.8	3.8	7.5	8.3	8.1	30.3	33.7	33.9
Thailand	0.0	0.0	0.0	4.4	3.7	4.0	28.5	30.3	29.4	33.0	34.0	33.5
Viet Nam	0.0	0.0	0.0	3.4	3.8	3.8	36.2	35.8	35.8	39.6	39.5	39.6
Near East	**46.2**	**48.2**	**47.7**	**19.9**	**21.5**	**21.1**	**4.3**	**4.6**	**5.0**	**70.4**	**74.3**	**73.8**
Iran (Islamic Republic of)	14.0	14.5	14.5	4.4	4.4	5.2	3.1	3.3	3.6	21.5	22.2	23.3
Turkey	21.0	20.5	20.5	12.6	13.4	12.5	0.5	0.5	0.6	34.1	34.5	33.6
CIS in Asia	**21.7**	**23.3**	**25.4**	**4.6**	**4.2**	**4.7**	**0.7**	**0.6**	**0.7**	**26.9**	**28.2**	**30.9**
Kazakhstan	9.9	11.5	13.7	2.4	2.2	2.6	0.3	0.3	0.3	12.6	14.0	16.6

Note: Totals computed from unrounded data.

is estimated at 563.6 million tonnes, close to the record production in the previous year, while the 2006 total cereal output in the subregion remains at a record 986 million tonnes, some 7.5 million tonnes above the previous harvest, mainly as a result of bumper wheat and maize crops.

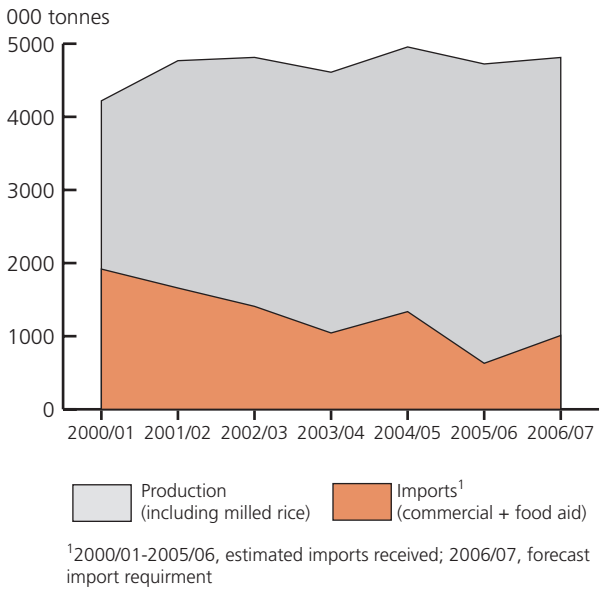
Food supply difficulties persist in several countries

Despite an overall satisfactory food supply situation in the subregion, vulnerable populations in a number of countries are still affected by serious food supply difficulty. In **Sri Lanka**, despite a record crop gathered last year, the food security in the northeast still significantly affected by the deterioration of the political and security situation. In the central, southern and eastern districts, particularly Nuwara Eliya and Hambantota, agricultural production has been affected by unusual monsoon rains. Up to 90 000 people are reportedly affected, including 60 000 displaced, and emergency food aid is needed. In **Timor-Leste**, although the political and security situation has stabilized following the deployment of international forces at the end of last May, the food security situation still gives rise for concern, especially for displaced persons unable to return to their homes. In January, the United Nations and the Government of Timor-Leste launched an appeal for US$16.6 million to help the resettlement of 100 000 IDPs.

In **Nepal**, cereal production in 2006 decreased to some 5 percent below the recent average, reflecting the drought and floods during the summer crop season. A tight food supply situation has been reported in the country, especially in the Eastern Terai districts, Siraha and Saptari, where the paddy crop losses were very high and the retail price of rice in January was reported to be over 40 percent higher compared to the same period of the previous year. In the **Philippines**, although the food supply situation is generally satisfactory following a record crop in 2006, hundreds of thousands of people, in the Bicol region and other regions that were devastated by four successive typhoons, are still in need of emergency assistance including food. Some 100 000 people in three provinces are reportedly receiving food aid from WFP in conjunction with non-governmental organizations (NGOs).

In the **Democratic People's Republic of Korea**, the 2006 cereal harvest is tentatively estimated at some 3.8 million tonnes (rice in milled terms), some 300 000 tonnes lower than the previous year's record production, but still a good, above-average crop. With the steady recovery in cereal production in the last few years, imports of cereals (mainly food aid and some commercial imports), have declined. However, despite the improvements in domestic production, it still falls well below the minimum food needs and the cereal import requirement in 2006/07 is estimated at some 1 million tonnes. The rapid reduction in food aid shipments to the country since last summer, give rise to some concern over how much of the import requirement for the current year may be met. Since the start of the current marketing year last November, only some 8 000 tonnes cereals have been imported (including food aid).

Figure 5. Democratic People's Republic of Korea - cereal production and imports[1]



[1]2000/01-2005/06, estimated imports received; 2006/07, forecast import requirment

Near East

Moisture conditions improve in December and January for winter grain crops

In the **Near East**, rain and snow in several major producing parts during December and January have benefited the 2007 winter grains after a dry start to the season. In **Afghanistan,** the **Islamic Republic of Iran** and **Iraq,** agro-meteorological conditions during land preparation/ sowing were reported to be unfavourable for winter crop sowing due to insufficient moisture. By contrast, in **Turkey**, conditions at sowing were more favourable, but thereafter, dry weather set in for a prolonged period, which was unfavourable for establishment and early crop development. Elsewhere in the subregion, among the smaller producers, planting conditions were reported to be generally favourable and the condition of emerged crops before the onset of winter was generally better than in the previous year.

Asian CIS

Favourable prospects for 2007 winter grain crops

Prospects remain generally favourable for the 2007 winter grain crops after an optimal sowing period last autumn and mostly favourable conditions since then. Winter grains (mostly wheat) are the most important crops in the subregion, with the exception of **Kazakhstan**, where most of the grains are spring sown. The subregion's 2006 aggregate cereal output is now estimated at 30.9 million tonnes, well above the average of the past five years. Kazakhstan, the region's main producer harvested a bumper wheat crop, which should promote an increase in exports, currently forecast to reach about 5 million tonnes during the 2006/07 marketing year. However, while the 2006 harvests were favourable in most countries, localized drought affected **Armenia** and **Georgia** during part of the season, having a negative impact on crop yields. As a result, Armenia in particular is expected to have to rely more on imported wheat (the main food cereal) during the 2006/07 marketing year, and the country's estimated food aid requirement for the year is significantly higher than estimated deliveries in the past few years.

Figure 6. Kazakhstan wheat production and exports

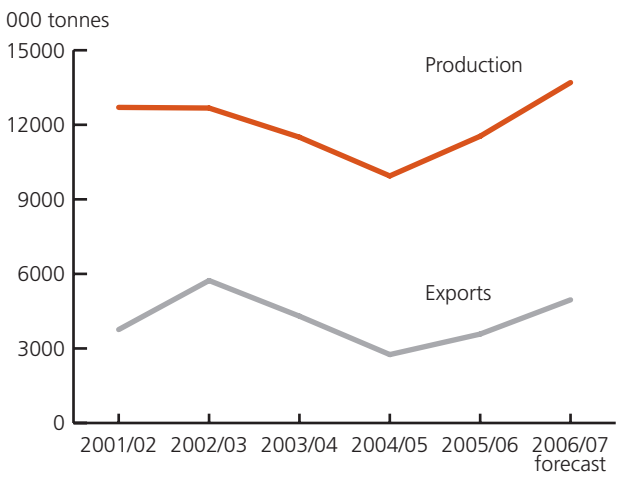


Table 6. Cereal production in Asian CIS (*000 tonnes*)

	Wheat			Total Cereals		
	2004	**2005**	**2006**	**2004**	**2005**	**2006**
Armenia	296	305	210	380	378	244
Azerbaijan	1 625	1 566	1 665	2 042	1 905	2 082
Georgia	186	190	177	670	688	673
Kazakhstan	9 942	11 540	13 700	12 636	14 002	16 645
Kyrgyzstan	998	1 075	1 065	1 718	1 748	1 729
Tajikistan	635	747	730	862	954	942
Turkmnenistan	2 600	2 600	2 650	2 790	2 782	2 877
Uzbekistan	5 370	5 320	5 240	5 848	5 744	5 671
Asian CIS	**21 652**	**23 343**	**25 437**	**26 947**	**28 201**	**30 863**

Latin America and the Caribbean

Central America and the Caribbean

Early prospects favourable for 2007 wheat crop and 2006 coarse grain production estimated above average

Planting of the 2007 important winter maize crop in **Mexico,** the only producer of the subregion, is about to be completed. Planting intentions pointed to an above average level of about 578 000 hectares and, providing favourable weather conditions persist during the growing season, production is officially forecast at 2.9 million tonnes, very similar to the good output obtained in the same season in 2006.

Harvesting of the 2006 second season coarse grains and bean crops has been recently completed. Despite some localized losses due to dry weather conditions during the second season in **Belize,** northern **Guatemala** and some central regions of **Honduras** and **Nicaragua,** the aggregate coarse grains output in 2006 is estimated at a good level of 31 million tonnes. This result is mainly due to the good summer season maize production in **Mexico**, which at 16.2 million tonnes increased 19 percent from

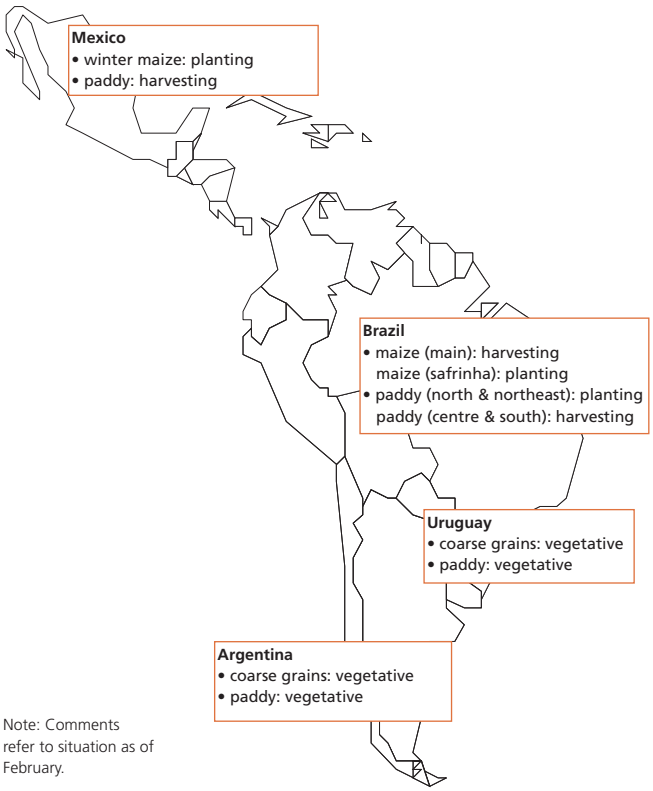
the same season's output in 2005, which was seriously reduced by insufficient rains during the growing season. Elsewhere in Central America, average or above average 2006 coarse grain crops were obtained in **El Salvador**, **Guatemala** and **Honduras** but production declined sharply in **Nicaragua**, due to dry weather, and in **Costa Rica,** due to a reduction in plantings following trade liberalization policies. In Caribbean countries, 2006 production of coarse grains, rice and beans has been above average reflecting moderate and well-distributed rains during the hurricane season (from June to October).

South America

Good prospects for the 2007 maize crop but 2006 wheat crop reduced

Planting of 2007 main season maize crop has been recently completed. Although planted area is preliminary estimated at the same level as in 2006, very good yields are expected as abundant precipitation is benefiting key producing areas in **Argentina** and **Brazil**. In Andean countries, despite some localized floods in **Peru** and **Bolivia**, prospects for 2007 cereal crop production are favourable as abundant rains are improving soil moisture for wheat, maize and rice crops to be harvested by mid-March.

Harvesting of 2006 winter wheat crop has been completed in southern key growing areas. The 2006 aggregate wheat output is estimated at a low 19 million tonnes, 8 percent lower than the 2005 level and 13 percent below the average of the past five years. This mainly reflects the very low production obtained in **Brazil**, only about 50 percent of the five-year average, following a decline of one-quarter in both the area planted and yields. The reductions were the result of low prices and dry weather conditions at planting, coupled with frosts during the flowering and maturing phases. By contrast, in **Uruguay**, the production of wheat reached a record level of nearly 570 000 tonnes due to a substantial increase in planted area. In **Argentina**, the largest producer of the subregion, the wheat output recovered from the reduced level of the previous year but remained below average due to dry spells during the season.



Note: Comments refer to situation as of February.

Table 7. Latin America and Caribbean cereal production (*million tonnes*)

	Wheat			Coarse grains			Rice (paddy)			Total Cereals		
	2004	2005 estim.	2006 f'cast	2004	2005 estim.	2006 f'cast	2004	2005 estim.	2006 f'cast	2004	2005 estim.	2006 f'cast
Latin America & Caribbean	**27.7**	**23.7**	**22.2**	**108.3**	**103.4**	**105.6**	**25.7**	**26.4**	**24.9**	**161.7**	**153.4**	**152.8**
Central America & Caribbean	**2.4**	**3.0**	**3.2**	**33.5**	**30.2**	**31.4**	**2.3**	**2.3**	**2.4**	**38.2**	**35.6**	**37.1**
Mexico	2.4	3.0	3.2	29.7	26.2	27.5	0.3	0.3	0.3	32.4	29.5	31.0
South America	**25.3**	**20.7**	**19.0**	**74.8**	**73.1**	**74.2**	**23.3**	**24.1**	**22.5**	**123.5**	**117.8**	**115.7**
Argentina	16.0	12.6	13.7	18.7	24.5	18.2	1.1	1.0	1.2	35.7	38.0	33.0
Brazil	5.8	4.7	2.4	44.9	37.7	44.8	12.8	13.2	11.6	63.5	55.6	58.8
Colombia	0.0	0.0	0.0	1.6	1.7	1.6	2.7	2.5	2.3	4.4	4.2	3.9

Note: Totals computed from unrounded data.

North America, Europe and Oceania

North America

United States' 2007 winter wheat plantings up from 2006

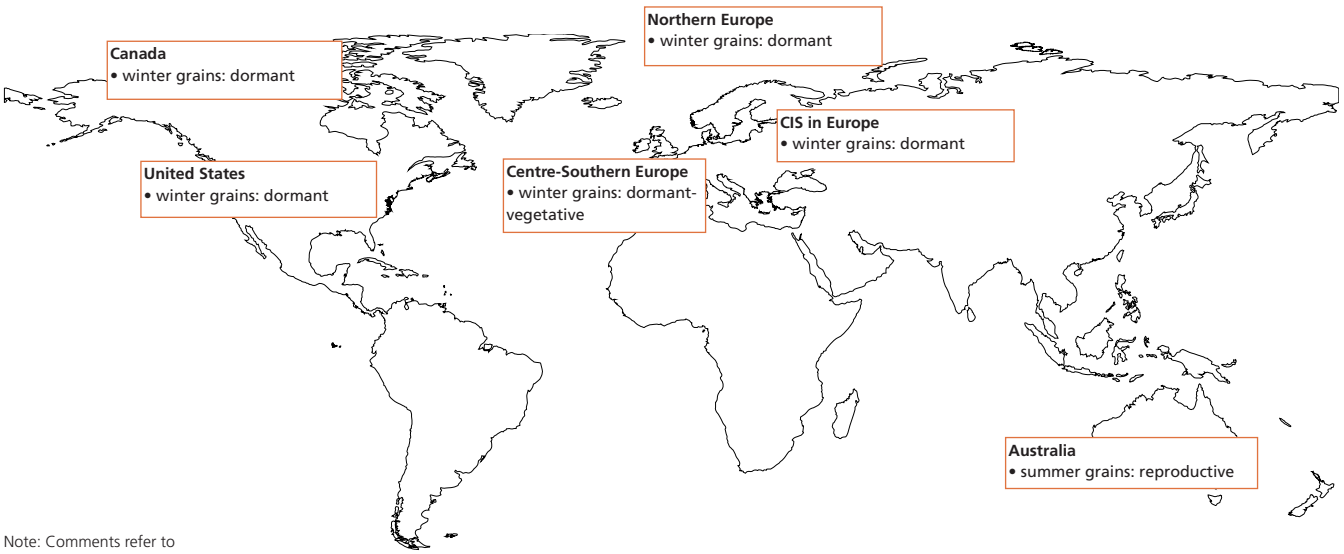
The area sown to winter wheat in the **United States** for harvest in 2007 is officially estimated to have increased by 9 percent from the previous year to some 17.8 million hectares, the largest area since 2003. Strong prices encouraged farmers to increase their plantings, even in many areas of the Great Plains where dry weather prevailed but producers took the risk in the anticipation of moisture arriving later. The condition of the crop at the end of November, reported in the last Crop Progress Report of 2006, was rated at 53 percent good to excellent, similar to the previous year at the same time, and indications since then point to improving conditions in central and southern plains where much needed precipitation arrived in December. Based on the satisfactory condition of crops going into the winter, and in absence of any significant winterkill risk so far in the major producing areas, the prospects are good for a significant increase in the country's wheat harvest in 2007 from the below-average output last year. Harvesting of the 2006 maize crop (the major coarse grain), was completed by the end of November, just slightly behind the normal pace. Estimates at that time already pointed to a significant reduction in output for the year because of adversely hot and dry conditions in some major producing areas. The official Annual Crop Report in January put the final estimate even smaller than earlier expected at 267.6 million tonnes, 5 percent below the previous year's crop.

In **Canada**, apart from a small amount of winter wheat grown in Ontario, wheat is spring sown in March-April. In its official January outlook paper, Agriculture and Agri-Food Canada forecasts a significant decline, by 10 percent, in the wheat (excluding durum) area in 2007. Canadian farmers' planting decisions are expected to be influenced by the relatively better returns expected for other crops in 2007/08, as well as a technical need for crop rotation (the non-durum wheat area expanded sharply in 2006). The area of the minor winter wheat crop in Ontario is reduced by about 25 percent compared to the previous year but this was also a result of a wet autumn and delays with the soybean harvest. By contrast, the durum wheat area, which normally accounts for about 20 percent of the total, is projected to rise sharply by 15 percent as a result of declining domestic stocks and higher returns expected compared to wheat other than durum. Likewise, the areas sown to the main coarse grains (barley, oats and maize) are projected to increase because better returns are expected relative to wheat.

Europe

Larger 2007 winter cereal area but unseasonable weather creates difficult conditions for crops

In the **European Union**, a generally favourable planting season saw larger winter grain crops sown in most of the main producing countries. Crops established well in most northern parts but lack of moisture compromised early development in southern parts of Italy and Spain. With unseasonably mild weather prevailing through late 2006 and most of January 2007 crops developed ahead of normal but without their winter hardiness or any

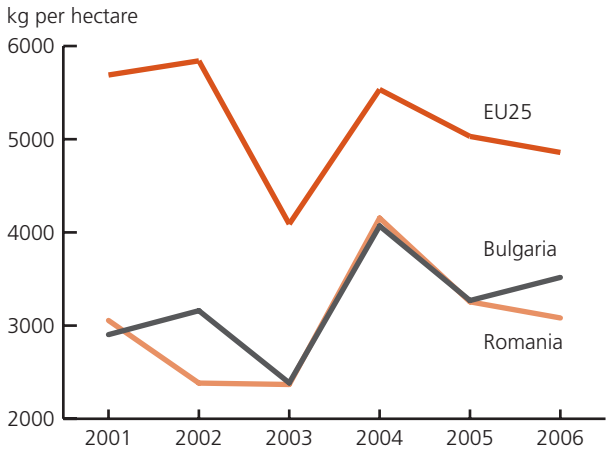


Note: Comments refer to situation as of February.

Table 9: EU Cereal production, average 2004-2006 (million tonnes)

	Wheat	Maize	Others	Total
France	37.3	14.2	13.8	65.3
Germany	23.9	3.8	19.2	46.9
Poland	8.6	1.9	15.7	26.1
UK	15.0	0.0	6.3	21.3
Italy	7.8	10.6	3.3	21.7
Others	33.9	20.0	32.2	111.9
EU 25	**126.5**	**50.4**	**90.5**	**267.4**
Romania	6.8	11.1	1.6	19.6
Bulgaria	3.5	1.7	1.0	6.2
EU 27	**136.9**	**63.3**	**93.1**	**293.2**

Figure 7. Average cereal yields in EU25, Bulgaria and Romania



significant snowcover, they stand more vulnerable than normal should freezing temperatures arrive. The levels of pest and disease infestations are also reported to be higher than normal as a result of the exceptionally mild weather. The arrival of wintery storms across most of western Europe in late January, while beneficial for soil moisture reserves, especially in southern parts, has raised the concern over possible crop damage from freezing temperatures.

The accession of **Bulgaria** and **Romania** to the EU from 1 January 2007 (taking the membership to 27 countries) will bring with it a significant increase in the group's grain production. Based on recent data, Bulgaria and Romania will add about 10 percent to the EU25's total grain output, the bulk of which will be in wheat and maize. Table 9 compares the two countries' grain outputs in the past three years with the top producers in the EU25. However, it should be noted that the grain yields in the two acceding countries are relatively low compared to the EU25 average (see figure 7). This stems largely from inadequate irrigation (in the case of maize) and limited use of fertilizer and plant protection inputs.

In the **European CIS**, as in other parts of the region, the early part of the winter was also characterized by unseasonably mild weather. As a result, crops are generally more advanced in their development than normal but have less winter hardiness. In the absence of significant protective snowcover, this situation gives rise to considerable concern because should temperatures

Table 8. North America, Europe and Oceania cereal production (*million tonnes*)

	Wheat			Coarse grains			Rice (paddy)			Total Cereals		
	2004	2005 estim.	2006 f'cast	2004	2005 estim.	2006 f'cast	2004	2005 estim.	2006 f'cast	2004	2005 estim.	2006 f'cast
NorthAmerica	**84.6**	**84.1**	**76.6**	**346.6**	**325.4**	**304.0**	**10.5**	**10.1**	**8.8**	**441.7**	**419.6**	**389.4**
Canada	25.9	26.8	27.3	26.7	26.3	23.6	0.0	0.0	0.0	52.6	53.0	50.9
United States	58.7	57.3	49.3	319.9	299.1	280.4	10.5	10.1	8.8	389.1	366.5	338.5
Europe	**219.5**	**207.4**	**191.3**	**245.5**	**214.4**	**209.4**	**3.4**	**3.4**	**3.4**	**468.5**	**425.1**	**404.1**
EU	137.5	123.8	118.2	152.2	134.3	128.0	2.8	2.7	2.6	292.5	260.8	248.9
Romania	7.8	7.3	5.3	16.8	11.5	9.9	0.0	0.0	0.0	24.5	18.9	15.3
Serbia	2.8	2.0	1.9	7.1	7.5	6.2	0.0	0.0	0.0	9.9	9.5	8.1
CIS in Europe	**64.8**	**68.5**	**60.6**	**60.3**	**53.4**	**57.5**	**0.6**	**0.7**	**0.8**	**125.6**	**122.5**	**118.9**
Russian Federation	45.4	47.7	44.9	30.3	28.3	31.1	0.5	0.6	0.7	76.2	76.5	76.7
Ukraine	17.5	18.7	13.9	23.1	18.7	20.1	0.1	0.1	0.1	40.7	37.4	34.1
Oceania	**22.2**	**25.4**	**10.1**	**12.7**	**15.0**	**7.7**	**0.6**	**0.3**	**1.1**	**35.4**	**40.8**	**18.8**
Australia	21.9	25.1	9.7	12.1	14.5	7.1	0.5	0.3	1.0	34.6	39.9	17.9

Note: Totals computed from unrounded data.

drop suddenly significant damage can be expected. A further consequence of the unusually mild winter and advance plant growth is expected to materialize in the spring, when a leafier crop, and the likely increased presence of weeds, could favour increased disease and pest infestations.

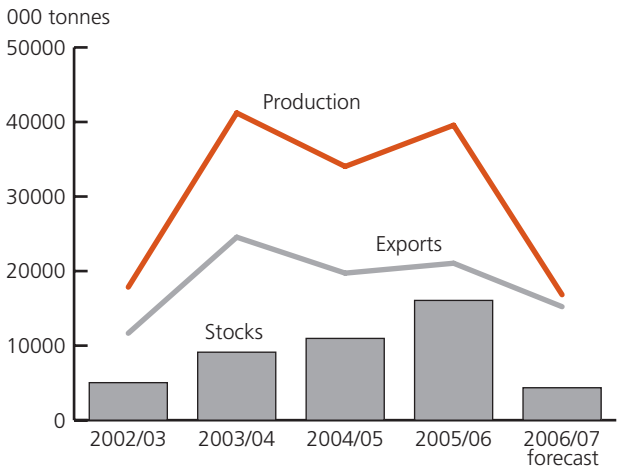
Although, in the light of the above, much could change before the end of the winter, the available information on planting points to a significant increase in the region's overall winter grain area, which, for the moment at least, gives the potential for a significant rise in output also. In the **Russian Federation**, the area planted to winter wheat is estimated to have risen by about 10 percent, while in **Ukraine**, a 9 percent increase is reported.

Oceania

Australia's 2006 winter grain crop lowest in ten years

The recently completed 2006 harvest of winter grains (mostly wheat and barley) in **Australia**, which account for the bulk of the annual grain production, is officially estimated to have fallen by over 60 percent because of extreme drought and high temperatures. The latest estimates (see Table 8), date from early December when a large proportion of the crop had already been gathered and are unlikely to change significantly after final revisions, due in February. Prospects are also poor for the minor 2007 summer cereals (mostly sorghum maize and rice), as soil moisture profiles and irrigation water reserves are severely depleted in the main growing areas of Queensland and northern New South Wales.

Figure 8. Australia cereal production, exports and stocks



Australia ranks among the world's top five grain exporters, normally exporting some 60 percent of its annual production. While grain exports in the 2006/07 marketing year are expected to be below average, the impact of the reduced 2006 harvest on the volume of shipments from the country will be somewhat offset by large stocks built up in the preceding three years.

GIEWS Workstation Global Administrative Unit Layers (GAUL) initiative

The GIEWS Workstation team of the EC-FAO Food Security Programme has released the 2007 version of the Global Administrative Unit Layers (GAUL). The GAUL is an initiative which aims at compiling and disseminating the most reliable spatial information on administrative unit boundaries for all the countries in the world. The GAUL always maintains global geospatial layers with a unified coding system at country, first (e.g. regions) and second (e.g. districts) administrative levels. In addition, when data are available, it provides layers down to third, fourth and lowers levels. The GAUL initiative keeps track of changes in administrative units and an updated version of the GAUL is released once a year. Each new set of boundaries in these yearly releases is created in a new layer in the GAUL, thus creating a record of the changes over time. In the latest version (GAUL 2007), 26 countries have been updated at country, province or district level. Updates have been carried out either because more reliable and accurate data is available or because administrative units changed.

Authorized users[1] can download the layers from the FAO Geonetwork at the site: http://www.fao.org/geonetwork/srv/en/main.search

Other useful links:

The GIEWS Workstation: http://www.fao.org/giews/workstation/

The EC-FAO Food Security Programme: http://www.foodsecinfoaction.org/News/news_06_06.htm

Contacts:

Fabio Grita fabio.grita@fao.org

Michela Marinelli michela.marinelli@fao.org

[1]Authorized users include the UN community and many international and national institutions and agencies. Contact the GIEWS Workstation team for details.

Terminology

- **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. US$1 465 in 2003), which is in accordance with the guidelines and criteria agreed to by the CFA should be given priority in the allocation of food aid.
- The **import requirement** is the difference between **utilization** (food, feed, other uses, exports plus closing stocks) and **domestic availability** (production plus opening stocks). Utilization is based on historical values, adjusted upon assessment of the country's current economic situation.
- **The main wheat and coarse grain exporters** are Argentina, Australia, Canada, the EU and the United States. The main **rice** exporters are China (including Taiwan Province), Pakistan, Thailand, the United States and Viet Nam.
- **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.
- **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.

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GIEWS The Global Information and Early Warning System on Food and Agriculture

continuously monitors crop prospects and food security situation at global, regional, national and sub-national levels and warns of impending food difficulties and emergencies. Established in the wake of the world food crisis of the early 1970's GIEWS maintains a unique database on all aspects of food supply and demand for every country of the world. The System regularly provides policy makers and the international community with up-to-date and accurate information so that timely interventions can be planned and suffering avoided.

Enquiries may be directed to:

Henri Josserand, Chief, Global Information and Early Warning Service,
Trade and Markets Division, (EST), FAO, Rome
Direct Facsimile: 0039-06-5705-4495, E-mail: GIEWS1@FAO.ORG.
Or find us on the FAO World Wide Web site (www.fao.org) at:
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