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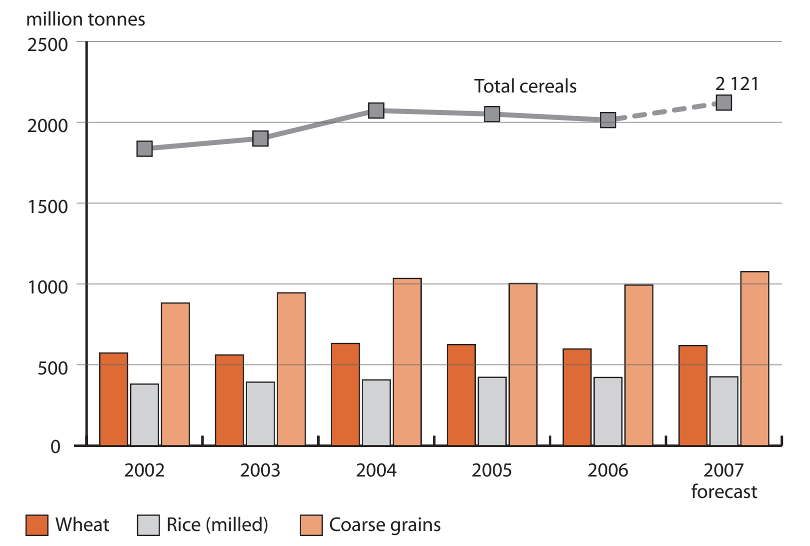
Crop Prospects and Food Situation

HIGHLIGHTS

- **FAO's latest forecast for world cereal production in 2007 continues to point to a record output, now put at 2 121 million tonnes**. The bulk of the increase is expected in maize but a sharp rise in wheat production and a larger rice crop would also contribute to the record harvest.
- **The record 2007 world cereal production forecast is largely supported by the prospect of an all-time high maize harvest in the United States**, where producers have planted the largest area since 1940, in response to strong demand from the biofuel industry. However, elsewhere among the main cereal producers in the developed country group, prospects for the 2007 harvest have deteriorated significantly in **Europe** after drought set-in in south-eastern parts of the region.
- **For the LIFDCs as a group, after four successive years of relatively strong growth, cereal production in 2007 is forecast to increase by just 1.2 percent from 2006, which is below the rate of population growth**. If the largest producers China and India are excluded, the aggregate cereal output of the rest of LIFDCs is forecast to decline slightly from last year.
- **In North Africa, in Morocco**, this year's cereal crop has been devastated by drought and is estimated at just one-quarter of the previous year's level. **In Southern Africa**, the outcome of the recent main season cereal harvest was mixed with a sharply reduced output in **Zimbabwe** but a record production in **Malawi**.
- **In Western Africa**, the cropping season has been slow to start in the **Sahel** due to irregular rains so far. **In Eastern Africa**, prospects for the 2007 cereal crops are favourable in most countries, with the exception of **Somalia** where the output is anticipated to be reduced by irregular rains in the main growing areas.
- **In Asia, prospects for the main 2007 coarse grain and rice crops are reported to be generally favourable in the Far East**, following the timely arrival of the seasonal monsoon rains.
- **In South America, planting of the 2007 wheat crops is already completed or well underway in most countries. Early indications point to an area similar to the reduced level of the previous year**. However, the final outcome will depend very much on the outcome in **Argentina**, the largest producer, where lack of rainfall is hampering planting in some parts.
- **Prices of staple foods are soaring in Bolivia**, largely as a result of severe adverse weather earlier in the year, which had a significant negative impact on crop production and infrastructure.

World cereal production



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Countries in crisis requiring external assistance[1] (28 countries)

AFRICA (20 countries)

Exceptional shortfall in aggregate food production/supplies

Lesotho	Multiple year droughts, HIV/AIDS impact
Somalia	Conflict and drought
Swaziland	Multiple year droughts, HIV/AIDS impact
Zimbabwe	Deepening economic crisis, drought

Widespread lack of access

Eritrea	IDPs, returnees, high food prices
Ethiopia	Low incomes, high food prices
Liberia	Post-conflict recovery period, IDPs
Mauritania	Multiple year droughts
Sierra Leone	Post-conflict recovery period, refugees

Severe localized food insecurity

Burundi	Civil strife, IDPs, returnees and recent dry spells
Central African Republic	Civil strife, IDPs
Chad	Refugees, insecurity
Congo, Dem. Rep.	Civil strife, IDPs and refugees
Congo, Rep. of	IDPs, refugees
Côte d'Ivoire	Civil strife, IDPs
Guinea	IDPs, refugees, high food prices
Guinea-Bissau	After effects of floods, localized insecurity
Kenya	Drought in parts
Sudan	Civil strife, returnees
Uganda	Civil strife, IDPs

ASIA (7 countries)

Exceptional shortfall in aggregate food production/supplies

Iraq	Conflict and insecurity, IDPs

Widespread lack of access

Afghanistan	Conflict, IDPs and returnees, floods
Korea, DPR	Economic constraints
Nepal	Market access and effects of conflict and drought/floods

Severe localized food insecurity

Pakistan	After effects of the Kashmir earthquake, floods
Sri Lanka	After effects of the Tsunami, deepening conflicts and floods
Timor-Leste	IDPs and drought

LATIN AMERICA (1 country)

Severe localized food insecurity

Bolivia	After effects of adverse weather conditions (floods in lowlands; drought, hail and frost in highlands)

Countries with unfavourable prospects for current crops[2]

AFRICA

Morocco	Lack of rainfall
Somalia	Conflict

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.

Emergency update

FAO's latest assessments indicate that serious food difficulties still persist in 28 countries worldwide.

In **Western and Central Africa**, in spite of an overall good food supply situation, serious localized food insecurity continues to be reported in several countries, notably in **Mauritania** due to the lingering effects of several years of drought, and in **Chad** as a result of insecurity due to civil strife. In the **Central African Republic**, persistent unrest continues to compromise the food situation of thousands of people and nearly 200 000 people are in need of urgent food assistance. In **Côte d'Ivoire**, **Guinea**, **Liberia**, **Sierra Leone** large numbers of IDPs and refugees continue to require emergency food aid as a result of civil conflicts.

In **Eastern Africa**, notwithstanding the general improvements in food availability in major producing countries, millions of people still face serious food difficulties. The situation in southern **Somalia** is of particular concern due to the impact of the ongoing violence, mainly in the capital Mogadishu where hundreds of thousands of people are displaced and trade and economic activity are restricted. Prices of food and other essentials have increased drastically affecting many households, especially in urban areas. Recent nutrition assessments in South and Central Somalia indicate a continuing critical situation with Global Acute Malnutrition (GAM) levels above the emergency threshold of 15 percent. In **Eritrea**, high food prices continue to impact on the wellbeing of a large number of vulnerable people. In **Ethiopia**, an estimated 7.3 million chronically food insecure people need cash or food assistance through the Productive Safety Net Program and a further 1.3 million people, mainly in the pastoralist areas of the Somali Region, require emergency food assistance for the rest of the year. In **Kenya**, a large number of people, particularly in pastoral areas, continue to receive food assistance due to drought or floods. In **Sudan**, conflict remains a major factor in inhibiting access to food, particularly in the troubled Darfur region. In **Uganda**, effects of conflict and earlier poor seasonal rains, mainly in northern parts of the country, continue to negatively affect the food security of thousands of people. Peace negotiations between the Government of Uganda and Lord's Resistance Army (LRA) resumed in April, improving northern Uganda's still unpredictable civil security situation. About 1.4 million people remain displaced in camps where humanitarian conditions are poor, and where moderate to high levels of food insecurity prevail. About 500 000 drought-affected persons in Karamoja Region also continue to receive food aid.

In **Southern Africa**, prolonged dry spells and erratic rainfall in **Zimbabwe**, **Swaziland** and **Lesotho**, have resulted in one of their worst harvests of the main season crops. The 2007 production of the main staple crop, maize, in these countries, is estimated to decline by about 44 percent in Zimbabwe, 51 percent in Lesotho and 60 percent in Swaziland, compared to 2006. Lower food production and rising domestic and regional prices are expected to adversely affect food security of up to 4.1 million, 401 200, and 407 000 vulnerable people in these 3 countries, respectively (FAO/WFP CFSAM results). In the **Great Lakes region**, civil strife in the **Democratic Republic of the Congo** continues to affect a large number of people who need food assistance. Food aid is also needed in **Burundi** following the reduced 2006 aggregate foodcrops output, combined with resettlement of returnees and IDPs.

In **Far East Asia**, in the **Democratic People's Republic of Korea,** the food supply outlook remains precarious. However, on a positive note, it is reported that the first shipment of a 400 000 tonnes pledge of rice food aid from the Republic of Korea has been sent in late June. A total of 42 out of the 75 districts in **Nepal** are estimated to be food deficit and chronic and widespread food insecurity prevails in the Far-Western and Mid-Western mountain regions where food assistance to those vulnerable populations remains limited. Production of the major crops in **Timor-Leste** has been severely affected by unfavourable weather and more than 200 000 vulnerable rural people require emergency food assistance. The food security of a large number of people in **Sri Lanka** continues to be affected by the conflict and in addition, some 50 000 people in south-western area were made homeless by the flooding in the May. A number of countries have been affected by floods, and emergency aid, including food, is needed in the affected areas.

In the **Near East**, in **Iraq**, the overall food security situation continues to be adversely affected by conflict and security problems. According to humanitarian agencies, there are more than 1.8 million internally displaced people and over 2 million have fled the country.

In **South America**, humanitarian assistance has been provided to the most vulnerable rural families in Bolivia that were affected by serious crop and livestock losses following drought and floods during the 2007 main cropping season.

Global cereal production brief

Global cereal production set to reach a record high

FAO's latest forecast for world **cereal** production in 2007 continues to point to a record output, now put at 2 121 million tonnes (including rice in milled terms), up 5.3 percent from 2006. The bulk of the increase is expected in maize, reflecting bumper crops already gathered in South America and a record production expected in the United States. However, a sharp rise in wheat production and a larger rice crop would also contribute to the record output expected.

Wheat production in 2007 is forecast to rise sharply

FAO's forecast for the world **wheat** harvest in 2007, as of early July, stands at some 619 million tonnes, 3.6 percent up from the previous year. In the northern hemisphere, where harvests are already underway in many parts, bigger crops are expected in Asia and North America. In Asia, India's production is forecast to rise well above trend, a record crop is in prospect in Pakistan and, contrary to earlier expectations, the harvest in China is also turning out larger than in the previous year. In North America, a bumper crop is expected in the United States, where the harvest is well underway in southern parts, but in Canada, farmers have sharply reduced the area sown to wheat, mainly because of better price prospects for competing crops, and subsequently a much smaller production is expected later this year. In Europe, prospects have deteriorated significantly in the past several weeks in south-eastern parts of the region because of drought conditions that developed over the spring and early summer, in particular in Bulgaria, Romania and Ukraine. As a result, the region's aggregate wheat crop is now expected to fall 1 percent below last year's already reduced level. Elsewhere in the northern hemisphere, drought has devastated this year's wheat crop in Morocco, so despite about-average harvests elsewhere in North Africa, the subregion's aggregate output is sharply down from last year and the average of the past five years. In the southern hemisphere, planting of the major 2007 wheat crops is underway, or already completed, in some parts. In South America, the aggregate area planted is forecast to remain similar to the previous year's reduced level. However, with planting still to be completed in some major producing parts of Argentina, where unfavourable dry conditions are reported, the final outcome is still uncertain. In Oceania, the outlook for the recently planted wheat crop is generally favourable. The area did not increase as much as earlier expected because of continuing dry conditions in some parts, but is, nevertheless, estimated to be well above the five-year average.

Huge rise in global coarse grain production spurred by strong demand from biofuel industry

FAO's latest forecast for world production of **coarse grains** in 2007 is about 1 076 million tonnes, up 8.3 percent from last year and a record high. The bulk of the increase is expected in maize, which

Table 1. Cereal Production[1] (*million tonnes*)

	2006 estimate	2007 forecast	Change: 2007 over 2006 (%)
Asia	**904.4**	**921.8**	**1.9**
Far East	803.2	821.5	2.3
Near East in Asia	71.7	71.8	0.1
CIS in Asia	29.4	28.4	-3.5
Africa	**143.5**	**135.0**	**-6.0**
North Africa	35.5	28.8	-18.7
Western Africa	48.7	47.8	-1.9
Central Africa	3.6	3.4	-4.1
Eastern Africa	34.5	33.6	-2.7
Southern Africa	21.3	21.4	0.3
Central America & Caribbean	**36.9**	**39.1**	**5.8**
South America	**109.0**	**128.6**	**18.0**
North America	**386.8**	**451.8**	**16.8**
Europe	**414.3**	**409.0**	**-1.3**
EU [2]	258.5	281.4	8.9
CIS in Europe	118.5	110.8	-6.5
Oceania	**18.5**	**35.9**	**93.9**
World	**2 013.5**	**2 121.1**	**5.3**
Developing countries	**1 146.1**	**1 178.0**	**2.8**
Developed countries	**867.3**	**943.1**	**8.7**
- wheat	598.1	619.3	3.6
- coarse grains	993.5	1 075.7	8.3
- rice (milled)	421.9	426.0	1.0

[1]Includes rice in milled terms.
[2]EU-25 in 2006 and EU-27 in 2007.
Note: Totals computed from unrounded data.

accounts for about 70 percent of total coarse grain production, with output set to reach a record 778 million tonnes in 2007. In the southern hemisphere, the main 2007 harvests are mostly complete. In South America, record or above-average coarse grain crops have been harvested in most countries. In particular, maize production increased sharply in the major producing countries of Argentina and Brazil, reflecting increased plantings in response to strong demand for ethanol production, and favourable growing conditions, which led to bumper yields. The secondary crop in Brazil also looks set to increase to a record level. In Southern Africa, however, the outcome of the coarse grain harvest was less favourable, and output is estimated similar to the previous year's below-average level. In the northern hemisphere, planting of the maize crops is mostly complete. An exceptionally large area is reported in the United States, in response to strong demand for maize from the biofuel industry, while increases in Europe and Asia are also noted. However, yields in these regions will still depend much on weather conditions during the remainder of the season.

Global rice production to recover in 2007

FAO's forecast for global rice production (milled terms) in 2007 stands at 426 million tonnes, 1 percent up from 2006 and just marginally less than the record of 2005. However, this figure remains highly tentative, as so far, only countries situated in the southern hemisphere have harvested their main 2007 crops. While the results of these completed harvests have been somewhat lower than earlier expected, the prospects for the northern hemisphere crops remain quite positive as relatively high prices are expected to boost plantings, and thus production, assuming weather patterns are normal.

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

Cereal production of LIFDCs to increase only marginally in 2007

After four successive years of relatively strong growth, the cereal production of LIFDCs in 2007 is forecast to increase by just 1.2 percent from 2006, which is below the rate of population growth**.** This, coupled with higher international export prices of cereals, is likely to result in a less comfortable supply situation of the LIFDCs in the new 2007/08 marketing year. Moreover, once the largest producers China and India are excluded, the aggregate cereal output of the rest of LIFDCs is forecast to decline slightly from last year.

In the LIFDCs in North Africa, preliminary estimates of the recently harvested 2007 cereal crops point to a decline of 25 percent from last year's level, which mostly reflects a 75 percent reduction in Morocco, severely affected by drought. In Southern Africa, where harvesting of the 2007 main season cereal crops is completed, the aggregate cereal output is estimated 2 percent higher than the good crop of last year and one-quarter above average. However, the outcome is mixed with sharply drought-reduced crops in Zimbabwe, Namibia, Lesotho and Swaziland, and record or above-average harvests in Malawi, Angola, Mozambique, Madagascar and Zambia. In Eastern Africa, the overall prospects for the 2007 cereal crops are favourable so far, but the aggregate output is forecast to decline slightly from last year, when record harvests were obtained in several countries. Planting is well advance in the main producers Ethiopia and Sudan, as well as in Eritrea, and the early outlook is positive. In Kenya, Tanzania and Uganda, where the 2007 main season crops are being harvested, or about to be harvested, overall prospects are satisfactory despite dry weather and anticipated reduced crops in parts. By contrast, in Somalia, the outcome of the main season cereal crops, to be harvested from August, is anticipated to be poor due to erratic and below average rains. In Asia, Far East timely monsoon rains benefited planting and early development of the main rice and coarse grains, while bumper 2007 wheat crops have been gathered in China, India and Pakistan. Only in Bangladesh, the wheat crop was reduced by unfavourable weather conditions. Overall, cereal production is forecast to increase from last year's above average level. In the three LIFDCs of Central America, another good cereal harvest is in prospects in Haiti, and the outlook for the main season cereal crops, to be harvested from August, are favourable in Honduras and Nicaragua following good weather conditions since planting.

[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. US$1 575 in 2004), which is in accordance with the guidelines and criteria agreed to by the CFA should be given priority in the allocation of food aid.

Table 2. Cereal Production[1] of LIFDCs (*million tonnes*)

	2005	2006	2007	Change: 2007 over 2006 (%)
Africa *(44 countries)*	**113.9**	**127.9**	**118.8**	**-7.2**
North Africa	25.4	29.5	22.1	-25.1
Eastern Africa	30.6	34.5	33.6	-2.7
Southern Africa	9.1	11.7	11.9	1.9
Western Africa	45.4	48.7	47.8	-1.9
Central Africa	3.3	3.6	3.4	-4.2
Asia *(25 countries)*	**733.9**	**745.7**	**764.7**	**2.5**
CIS in Asia	14.1	12.9	13.4	3.4
Far East	705.7	719.1	737.5	2.6
- China	372.7	387.0	395.8	2.3
- India	193.8	192.5	199.9	3.9
Near East	14.1	13.7	13.9	1.3
Central America *(3 countries)*	**1.7**	**1.6**	**1.7**	**6.5**
South America *(1 country)*	**1.7**	**1.6**	**1.7**	**1.3**
Oceania *(6 countries)*	**0.0**	**0.0**	**0.0**	**0.0**
Europe *(3 countries)*	**7.6**	**7.4**	**7.7**	**4.6**
Total *(82 countries)*	**858.8**	**884.3**	**894.6**	**1.2**

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

Further improvement in 2006/07 food aid allocations

The aggregate cereal import requirements of the 82 LIFDCs in marketing years 2006/07 or 2007 (calendar basis) are currently forecast by FAO at 90.3 million tonnes, some 3 million tonnes above the previous year's actual imports, including a food aid requirement of 4.6 million tonnes. This mainly reflects an increase of about 7 million tonnes of wheat imports expected in India, which would more than offset lower volumes anticipated in most of the other LIFDCs, notably in North, Eastern, Southern and Western Africa, where record or bumper crops were gathered in 2006. Based on information received by GIEWS as of mid-June, nearly three-quarters of the food aid requirements for 2006/07 or 2007 have been covered by donors' deliveries or pledges. In Southern Africa, where countries have just entered their new marketing year, import requirements, both commercial and food aid, were fully covered. In countries of North Africa and in the four countries of Latin America, food aid deliveries/pledges have more than covered the requirements in 2006/07. Good progress has also been made in Western and Eastern Africa where pledges/distributions of food aid covered about two-thirds of the requirements.

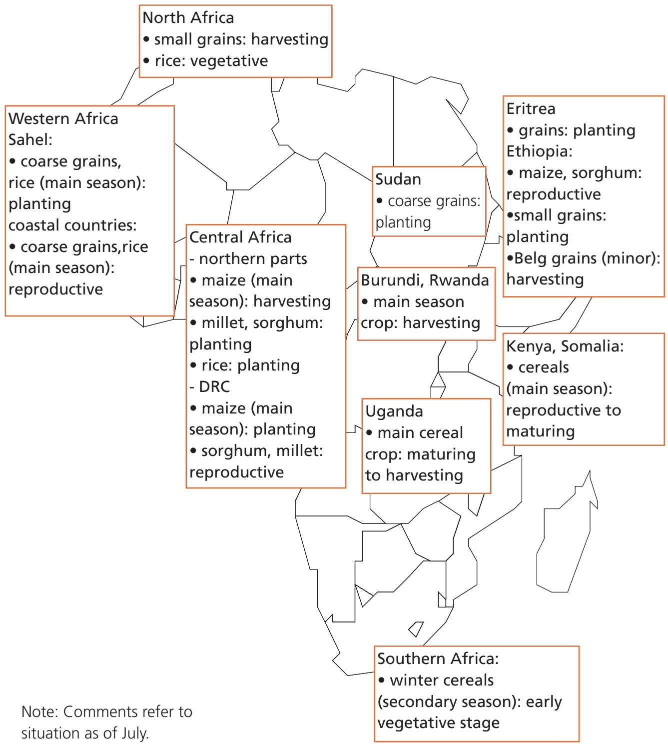
Table 3. Cereal import position of LIFDCs (*thousand tonnes*)

	2005/06 or 2006 Actual imports	2006/07 or 2007			
		Requirements[1]		Import position[2]	
		Total imports:	*of which food aid*	Total imports:	*of which food aid*
Africa *(44 countries)*	**38 972**	**35 639**	***2 538***	**21 204**	***1 833***
North Africa	16 353	15 238	*25*	12 387	*25*
Eastern Africa	5 772	4 876	*1 585*	2 837	*1 057*
Southern Africa	3 846	3 078	*344*	3 078	*344*
Western Africa	11 339	10 820	*509*	2 718	*363*
Central Africa	1 662	1 627	*77*	184	45
Asia *(25 countries)*	**43 481**	**49 855**	***1 847***	**35 731**	***1 220***
CIS in Asia	2 888	2 826	*177*	2 862	*162*
Far East	28 734	36 619	*1 438*	27 052	*886*
Near East	11 859	10 410	*232*	5 818	*173*
Central America *(3 countries)*	**1 757**	**1 774**	***164***	**1 504**	***272***
South America *(1 country)*	**1 011**	**1 038**	***30***	**868**	***30***
Oceania *(6 countries)*	**416**	**416**	***0***	**142**	***0***
Europe *(3 countries)*	**1 619**	**1 550**	***60***	**852**	***0***
Total *(82 countries)*	**87 255**	**90 272**	***4 640***	**60 302**	***3 355***

[1] 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.
[2] Estimates based on information available as of mid-June 2007.
Note: Totals computed from unrounded data.

Regional reviews

Africa



Note: Comments refer to situation as of July.

North Africa

Early harvest results confirm severely drought-reduced cereal output in Morocco

In North Africa, harvesting of the winter grains (mainly wheat and barley), which make up the bulk of the subregion's cereal crop, is underway. Latest forecasts point out to a sharp reduction in **Morocco's** cereal output due to drought throughout most of the season. Output of the main crop, wheat, is forecast to drop by 76 percent, the lowest level of the past five years. In **Algeria** and **Tunisia** by contrast, increased and better distributed rains during spring improved crop prospects after a quite unfavourable start to the season, notably in the major producing areas, and this year's cereal harvest is expected to be above the 2006 crop. In **Egypt**, the largest producer in the subregion, where most of the wheat is irrigated, production is forecast to be lower than last year's bumper crop but above the average of the previous five years. Overall, FAO forecasts the subregion's aggregate wheat output at 13.4 million tonnes, 28 percent down from the good crop of 2006 and below average. Production of barley is put at 2.7 million tonnes, a decrease of over 38 percent.

Western Africa

Slow start to cropping season but the outlook is still favourable so far

In Western Africa, the cropping season has been slow to start in the Sahel due to irregular rains across most countries. However, according to the African Centre of Meteorological Applications for Development (ACMAD) and the Agrhymet Centre in their annual climate prediction exercise, precipitations are expected to improve in the coming months. For the Sahelian region which receives about 80 percent of its annual precipitation in the months July-September, there is an increased probability this year of normal to above-normal rainfall. Seed availability should also be adequate following the generally good harvests in 2006.

In the coastal countries along the Gulf of Guinea where the rainy season is now well established, the main season maize crop is developing satisfactorily in the south and the centre while the single-season millet and sorghum are emerging in the north. However, satellite imagery for late June-early July indicates significant rainfall deficits in northern Côte d'Ivoire and eastern Guinea, which may have affected crops.

The food supply situation remains generally satisfactory in most parts of the subregion reflecting the bumper 2006 cereal harvest. However, serious localized food insecurity is reported in few countries due mostly to lack of access. In **Mauritania** which relies heavily on coarse grain (millet and sorghum) imports from neighbouring Senegal and Mali and wheat imports from the international market, coarse grain supplies remain tight, reflecting poor harvest in Senegal, seriously affecting poor rural households. In **Senegal**, high prices of millet and sorghum continue to be reported in several regions, limiting the food access of poor households.

Central Africa

In Central Africa, in **Cameroon** and the **Central African Republic**, where rains have been adequate since the beginning of the cropping season in April, harvesting of the first 2007 maize crop is about to start. In the latter country, however, agricultural recovery and food security continue to be hampered by persistent civil unrest and inadequate availability of agricultural inputs, notably in northern parts.

Eastern Africa

Mixed outlook for the 2007 cereal crops

In **Eastern Africa**, harvesting of the 2007 main season cereal crops is about to start in southern parts, while in northern parts, crops are in the early stages of development or still being planted. The outlook is generally mixed with eastern Kenya, parts of southern Somalia and parts of Uganda experiencing varying degrees of crop stress due to poor and/or erratic seasonal (March to May) rainfall. Similarly, below-normal rainfall in the

Afar region of Ethiopia and nearby areas of Tigray and Amhara together with parts of Djibouti and Eritrea have affected mainly pastoralists. By contrast, favourable rains have benefited crops, and the replenishment of water and pasture in areas stretching from western and north-western Kenya, through southern Sudan into western and south-central Ethiopia.

In **Somalia**, prospects for the 2007 main "gu" season cereal crops, for harvest from August, are poor. According to the Somalia's Food Security Analysis Unit (FSAU), the performance of the current gu season rains (April to June), the most critical rains of the year, have been well below normal and erratically distributed for most of the country. Exceptions are the northwest and localized areas in the northeast, central region and Juba Valley. The gu season crop establishment conditions vary from region to region, but generally are well below normal in the main agricultural areas in the south, both for rainfed and irrigated cereal crops. Rangelands, however, are near normal in most regions due to last season's above normal rains and a mild dry season. Several swarms of desert locust have formed in eastern Ethiopia and north-west Somalia in early June and by the end of the month, moved further east, damaging orchards in the Bosaso area. Although some adults are likely to remain in northern Somalia, most of the populations are expected to migrate to southwest Asia.

In **Kenya**, the outlook for the 2007 main season cereal crops is mixed. Normal to above normal cropping conditions have prevailed in the western portion of the country, including the breadbasket areas near Lake Victoria. However, in eastern portions of the country severe drought conditions due to the failure of the long rains (March to May) season have devastated crops and pastures throughout the region. Rains are not expected until the start of the next wet season in October.

In **Eritrea**, recent rains in the central highlands and parts of the western lowlands heralded the beginning of the main (kremti) season and have prompted extensive land cultivation. It is too early to determine the outlook of the current main season but the spring (short) rains from March to May that are necessary for early land preparation and regeneration of pasture were generally poor. Pastoral southern parts of the country, bordering Djibouti and the Afar region of Ethiopia, have been particularly affected. Rainfall is expected to return to the area in July.

In **Ethiopia**, prospects for the secondary "belg" season crop, being harvested, are generally favourable, particularly in western and central parts, following adequate rains. Early prospects for the 2007 main season "meher" crops are generally favourable in major producing areas but largely depend on weather conditions until harvest in November-December. By contrast, poor rainfall in the Afar region of Ethiopia, and nearby sections of Tigray

Table 4. Africa cereal production (*million tonnes*)

	Wheat			Coarse grains			Rice (paddy)			Total Cereals		
	2005	2006 estim.	2007 f'cast	2005	2006 estim.	2007 f'cast	2005	2006 estim.	2007 f'cast	2005	2006 estim.	2007 f'cast
Africa	**21.3**	**25.9**	**20.1**	**99.4**	**103.4**	**100.4**	**20.4**	**21.6**	**22.1**	**141.1**	**151.0**	**142.6**
North Africa	**15.4**	**18.7**	**13.4**	**11.7**	**12.2**	**10.8**	**6.2**	**6.6**	**6.6**	**33.2**	**37.5**	**30.9**
Egypt	8.2	8.3	7.4	8.7	7.7	8.0	6.1	6.5	6.6	23.0	22.5	22.0
Morocco	3.0	6.3	1.5	1.3	2.7	0.7	0.0	0.0	0.0	4.3	9.1	2.2
Western Africa	**0.1**	**0.1**	**0.1**	**39.8**	**42.8**	**41.7**	**8.8**	**9.3**	**9.6**	**48.7**	**52.2**	**51.4**
Nigeria	0.1	0.1	0.1	22.4	24.8	23.9	3.6	3.9	4.3	26.0	28.7	28.2
Central Africa	**0.0**	**0.0**	**0.0**	**3.1**	**3.3**	**3.1**	**0.4**	**0.4**	**0.4**	**3.5**	**3.7**	**3.6**
Eastern Africa	**3.6**	**4.7**	**4.6**	**26.1**	**28.7**	**27.9**	**1.4**	**1.6**	**1.6**	**31.1**	**35.1**	**34.2**
Ethiopia	2.7	3.7	3.5	10.3	11.8	11.5	0.0	0.0	0.0	13.0	15.5	15.0
Sudan	0.4	0.5	0.6	5.1	5.9	5.9	0.0	0.0	0.0	5.6	6.4	6.5
Southern Africa	**2.2**	**2.4**	**1.9**	**18.8**	**16.5**	**16.9**	**3.7**	**3.7**	**3.9**	**24.6**	**22.5**	**22.7**
Madagascar	0.0	0.0	0.0	0.4	0.3	0.4	3.4	3.4	3.6	3.8	3.7	4.0
South Africa	1.9	2.1	1.7	12.3	7.3	7.7	0.0	0.0	0.0	14.2	9.4	9.3
Zimbabwe	0.1	0.1	0.1	1.1	1.7	1.0	0.0	0.0	0.0	1.2	1.8	1.2

Note: Totals computed from unrounded data.

and Amhara has negatively affected crops but mainly the replenishment of pasture and water. Rains in July will be critical for recovery. The rainfall forecast from the Ethiopian National Meteorological Agency (NMA) for the 2007 main season (June to September) indicates a normal onset and cessation over most parts of the country.

In **Sudan**, early prospects for the 2007 main season cereal crops now being planted are generally favourable due to the near-normal progress of seasonal rains so far. The rainfall season in southern Sudan improved considerably from mid to late April, following a slow start from March to early April, providing suitable conditions for crop planting and growth. Above average vegetation levels are being observed for the time of year over most parts of the country, except in Darfur where pre-season rains has been below normal.

In the **United Republic of Tanzania,** harvesting of the 2007 main season maize crop is well underway in the uni-modal regions. The outlook is generally favourable.

In **Uganda**, harvesting of the 2007 first season crops has begun in the southern bi-modal areas. Prospects are uncertain following a delayed start to the season. Some rains later in the season improved prospects but remained patchy in many locations. In the northern uni-modal area of Karamoja, the main season rains are expected to reach their peak in August. Generally normal to above normal rains are forecast which in turn are expected to improved prospects for crops. Recent reports indicate that cattle are slowly moving back closer to kraals following the onset of the rains in the area. However, many livestock still remain in dry season grazing areas in the wet agriculture belt to the west of the region, where pasture and water are still adequate.

Southern Africa

Mixed outcome of the 2007 cereal harvest

Harvest of the 2007 main season cereal crops completed in April-June period indicates mixed results for the subregion as a whole. The 2007 total cereal production (including forecasts for small amounts of wheat output of the secondary season currently underway in a few countries) registered increases over the previous year in some countries, including Angola, Malawi, Madagascar and Mozambique while in Zimbabwe, Swaziland, Lesotho, Namibia and South Africa it decreased. In Zambia and Botswana cereal harvests were lower than last year's good crops but remained at average to above average levels (see Table 5). The aggregate production of cereals in the subregion is forecast at 22.7 million tonnes marginally better than last year's about-average level. Maize, the main staple crop in the subregion is estimated at 15 million tonnes, 3 percent higher than last year's less than satisfactory outcome. Much of this poor performance, however, is due to another below-average crop in South Africa. Excluding South Africa, thanks largely to bumper crops in Malawi and Angola, the rest of the region has experienced a record harvest with more than a third increase in maize and a quarter increase in cereal production compared to the respective averages for the previous five years.

In **South Africa**, by far the largest producer of the subregion, the 2007 maize harvest shows some recovery over last year's reduced crop but remains about 25 percent below the average level of 2002-06, caused primarily by drought in the main maize growing areas of the country in spite of very favourable maize prices.

Planting of the 2007 wheat crop in South Africa, which accounts for about 90 percent of the subregion's total production, and other secondary season crops has been carried out in May-

Table 5. Southern Africa – Maize and total cereal production (*000 tonnes*)

	Maize			Total Cereals		
	2007 forecast	Change: 2007 over 2006 %	Change: 2007 over 5-yr ave. %	2007 forecast	Change: 2007 over 2006 %	Change: 2007 over 5-yr ave. %
Increase in total cereals from 2006						
Angola	700	33.1	24.6	863	26.3	22.4
Madagascar	390	30.0	30.9	3 951	6.5	17.6
Malawi	3 219	24.9	77.3	3 427	24.0	74.7
Mozambique	1 579	3.0	15.5	2 168	3.3	13.3
Decrease in total cereals from 2006 but near or above average						
Botswana	10	-22.5	11.1	37	-18.0	2.5
Zambia	1 366	-4.1	29.7	1 535	-4.1	25.1
Decrease in total cereals from 2006						
Lesotho	51	-50.7	-45.4	72	-45.9	-41.0
Namibia	52	1.2	37.1	114	-37.1	-5.8
South Africa	7 264	4.7	-24.6	9 340	-0.9	-22.7
Swaziland	26	-61.3	-62.3	27	-60.5	-61.4
Zimbabwe	849	-42.8	-6.4	1 153	-37.6	-3.5
Total Southern Africa	**15 506**	**3.3**	**-2.1**	**22 687**	**0.6**	**-0.4**
Total excluding South Africa	**8 242**	**2.0**	**32.7**	**13 347**	**1.7**	**24.7**

Source: FAO/WFP CSFAM for Zimbabwe, Lesotho and Swaziland; others – national government estimates.
Note: Totals computed from unrounded data.

Figure 1. Southern Africa (excluding South Africa) maize imports

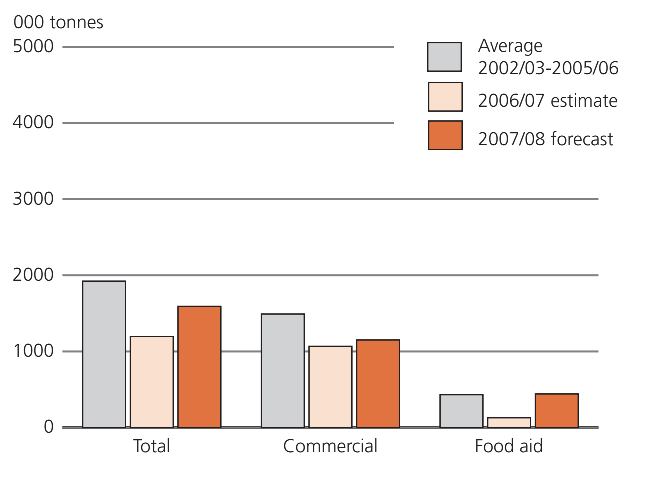
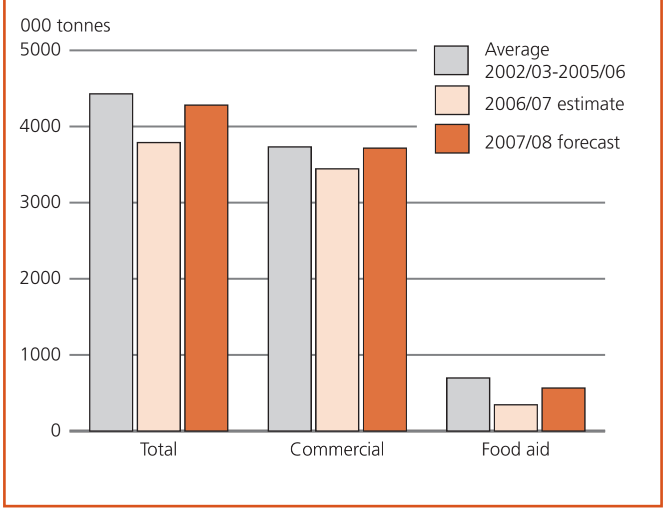


Figure 2. Southern Africa (excluding South Africa) total cereal imports



June in southern and central growing areas. The revised wheat planting intentions indicate a decrease in the area of about 14 percent from the year before and 20 percent from the five-year average. Planting intentions are pessimistic, in spite of the current high domestic and international prices, due to producers' concerns about weather conditions.

Import requirements for 2007/08:

In spite of the record maize and total cereal harvests in the region (excluding South Africa) this year, due to the highly uneven domestic production performance across the region and some anticipated stock adjustments, total import requirements for 2007/08 marketing year are estimated to be slightly higher than the level of year before (see Table 6 and Figure 1). These are, however, expected to stay below average.

Maize market prices:

Reflecting another below average harvest and a tightening international market, maize prices in **South Africa** have remained consistently higher than last year's season. The SAFEX nearby futures white maize price peaked at R 1 965/t (US$ 271/t) in March 2007 (see Figure 3). This price has come down since then with current price around R 1 770/t (US$ 252/t), but future's prices show continuation of this positive trend till March 2008. A comparison of nearby white maize SAFEX prices with that of US yellow maize export prices in the last two years indicates a similar general trend. However, over the last

Table 6. Southern Africa – Import requirements for 2007/08 and estimated imports for 2002/03- 2006/07 (*000 tonnes*)[1]

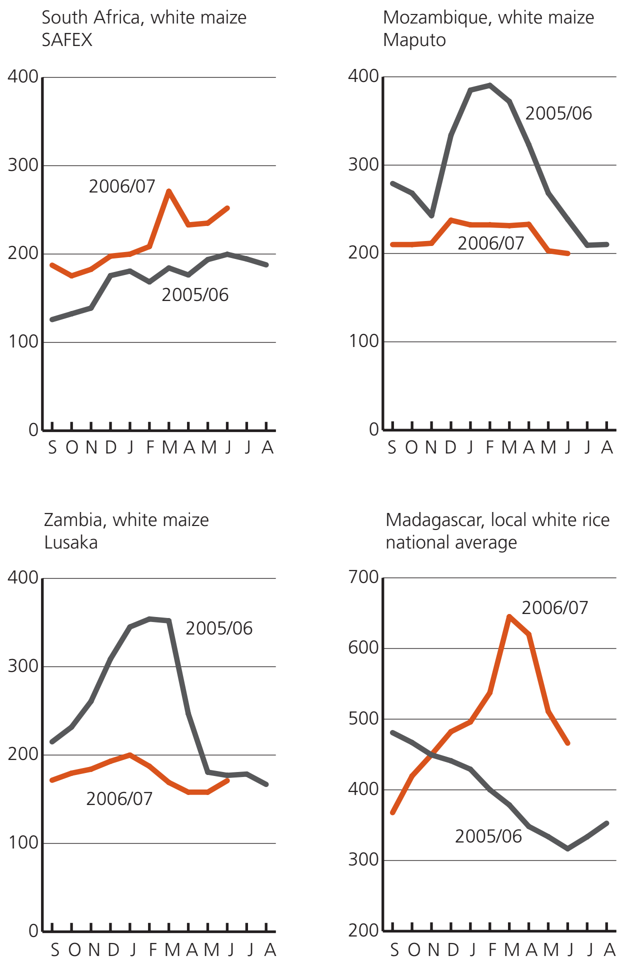
	Maize			Total Cereals		
	2007/08 forecast	Change: 2007/08 over 2006/07 %	Change: 2007/08 over 5-yr ave. %	2007/08 forecast	Change: 2007/08 over 2006/07 %	Change: 2007/08 over 5-yr ave. %
Increase in cereal imports from 2006/07						
Lesotho	174	100	54.9	257	35.8	28.7
Namibia	67	-1.2	-25.8	127	9.2	-22.2
South Africa	1 000	11.1	75.7	3 122	13.0	23.4
Swaziland	119	60.6	79.7	174	32.5	41.0
Zimbabwe	801	169.7	15.7	1 052	146.9	26.7
Near average						
Angola	112	-56.1	-43.2	780	-10.7	-1.9
Botswana	160	14.3	7.6	290	7.4	3.7
Mauritius	85	0.0	1.7	314	-3.1	3.0
Mozambique	60	-9.1	-60.2	863	1.5	0.3
Decrease in cereal imports from 2006/07						
Madagascar	5	-16.7	-56.1	284	-7.8	-11.5
Malawi	10	-90.9	-95.9	80	-64.2	-75.4
Zambia	0	-100.0	-100.0	60	-22.2	-73.4
Total Southern Africa	**2 593**	**23.7**	**4.0**	**7 403**	**13.0**	**6.4**
Total excluding South Africa	**1 593**	**33.1**	**-17.2**	**4 281**	**13.0**	**-3.3**

[1] Marketing year April/March except for South Africa, Zambia and Namibia – May/April, and Mauritius – January/December.
Source: FAO/WFP CSFAM for Zimbabwe, Lesotho and Swaziland; others – national government estimates.
Note: Totals computed from unrounded data.

few months South African prices have risen more rapidly than the US export prices. This is partly due to strengthening of the Rand against the US dollar since October 2006 and partly due to domestic production prospects and supply demand situation.

High prices in South Africa, the region's main exporting country, have affected other dependent markets in the region, especially, **Swaziland,** and **Lesotho**. However, a bumper maize harvest in **Malawi** has resulted in post harvest prices being considerably lower than in the past. The government minimum support price is expected to halt the slump in most markets in that country. Maize prices in **Zambia** and **Mozambique** have remained close to last year's levels due to generally stable supplies in the markets.

Figure 3. Wholesale prices of white maize and rice in selected markets (*US dollars per tonne*)



Sources
South Africa: SAGIS; Zambia: CHC Commodities Ltd.; Mozambique: SIMA; Madagascar: Observatoire du riz.
Notes
South Africa: Futures prices in 3rd or 4th week of the month (i.e. as close to the spot prices as possible). Zambia: Average of weekly prices from selected available series for wholesale prices in Lusaka. Monthly average wholesale prices in Maputo. Madagascar: monthly national average.

Assessment of Current Food Security in Zimbabwe

According to the FAO/WFP Crop and Food Supply Assessment Mission (CFSAM) to Zimbabwe, from 25 April to 18 May 2007, the combined impacts of adverse weather and severe economic constraints have induced food insecurity and hardship among both rural and urban populations, especially in southern areas where the current season's production losses were greatest. This year, in continuation of a structural decline in national agricultural production over the last 6-7 years (see panel 1 in the figure), the newly settled farmers were able to cultivate only about 30 to 55 percent of their total arable land due to shortages of tractor/draught power, fuel, and fertilizers, under-investment in infrastructure, lack of incentive because of price controls, and absenteeism on the part of settler beneficiaries. Following the land reform programme, based on the official data, the large-scale commercial sector now produces less than one-tenth of the maize that it produced in the 1990s and currently accounts for less than 5 percent of the country's total maize production.

Hyperinflation which surpassed 4 500 percent in May and has drastically reduced the purchasing power of households, greatly limiting access to available supplies for low- and middle-income and vulnerable people. In parallel, the ever-plummeting exchange rate of the local currency in parallel markets has caused shortages of foreign currency and reduced the country's ability to import fuel, electricity and other capital goods. Consequently, given the acute shortage of foreign exchange, the dwindling export base, and current very high prices for maize in the region, the Mission estimated that a total cereal import requirement of 1.052 million tonnes (This is shown in relation to the actual imports during the previous six years in Figure B below).

To help improve short and medium term food security in the country, the Mission also made the following recommendations:

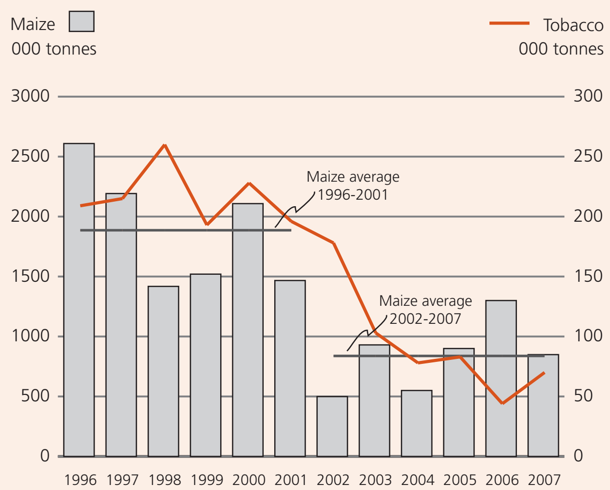
1. International assistance to provide about 352 000 tonnes of cereals and 90 000 tonnes of other foods in 2007/08 for the estimated 4.1 million vulnerable people, both urban and rural.

2. Urgent Government and international community assistance to supply good quality seed and fertilizer, and dipping chemicals for the control of tick-borne livestock diseases.

3. In line with the government's newly stated goal of moving to a market based economy, specific measures could include a reassessment of producer price controls, allowing farmer-to-farmer grain sales, lifting the ban on private sector imports, and removing restrictions on cross-border trade, and finally,

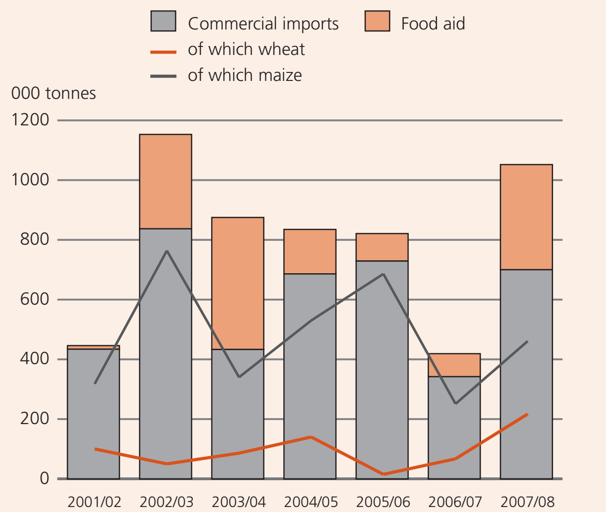
4. To deal with the structural food deficit and chronic shortage, the government and the international community are urged to work jointly towards improving food security by investing in farm mechanization and infrastructure, including tractors and rehabilitated irrigation systems.

Figure A. Zimbabwe: Production of maize and tobacco



Source: FAO/GIEWS, USDA

Figure B. Zimbabwe: Commercial imports and food aid of cereals



Source: FAO/GIEWS, WFP

Asia

Far East

Timely monsoon rains favour planting and early development of main rice and coarse grains

Harvesting of the 2007 main winter wheat and first rice crops is almost complete throughout the subregion, while land preparation and planting of the main rice and coarse grain crops have started with the generally timely arrival of monsoon rains. In countries around the equatorial belt, the main rice season is well advanced.

In **China**, harvesting of the 2007 winter wheat crop has virtually been completed under favourable conditions. The country's aggregate output, which includes some 5.5 million tonnes of spring wheat, is now tentatively estimated at a record 107 million tonnes, 2.5 million tonnes above the previous high set last year. Weather conditions have also been favourable for the coarse grain (mainly maize) planting, which has been completed in the major producing regions. A bumper maize production is expected, at 149 million tonnes, 3.5 million tonnes above the high output last year, reflecting an increase in the area dedicated to the crop, which is expected to be relatively more profitable than soybeans, the normal alternative. Regarding rice, harvesting of the 2007 early crop is underway while planting of the intermediate crop has just been completed. Planting of the late rice has started as of late June. Based on official forecasts, the aggregate rice area is expected to increase by 1 percent in 2007 compared to the previous year, reflecting the higher paddy price (mainly due to government minimum procurement prices) and government direct subsidies to grain farmers. However, productivity may be affected by recent floods in major rice producing areas.

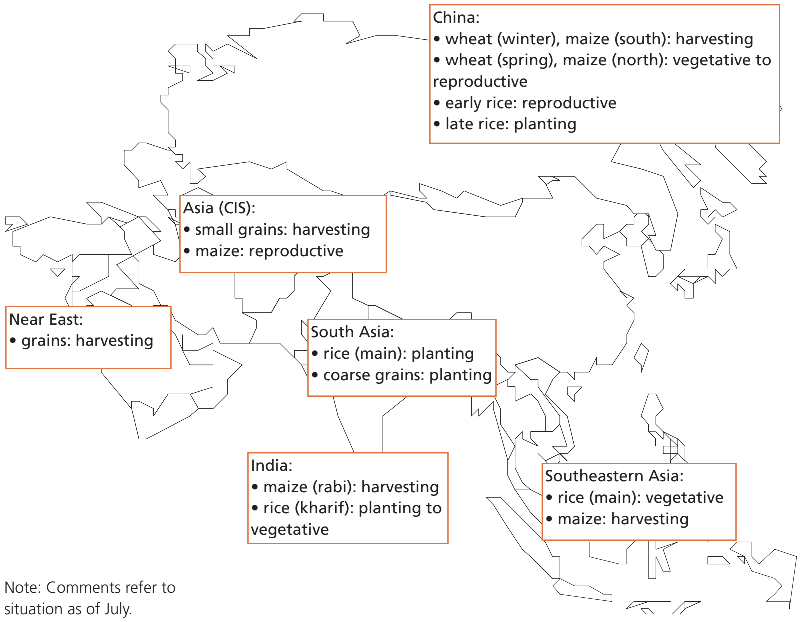
In **India**, as of late June, harvesting of the 2007 wheat crop is almost complete and output is tentatively estimated at a bumper 73.5 million tonnes, reflecting increased plantings and favourable weather during most of the growing season. As a result, the country's wheat imports in 2007/08 are forecast to decline significantly, to about 3 million tonnes, from the exceptionally high 6.6 million tonnes in the previous market year. Sowing of the main Kharif coarse grains and rice crops, for harvest from September, has begun. The early outlook is satisfactory with the timely arrival of the southwest monsoon to the country's southern coast and 7 percent above average rainfall in June. However, the outcome of Kharif season will still depend greatly on the performance of the southwest monsoon rains in July and August.

In **Indonesia**, prospects for the 2007 rice production may be slightly down from the previous year's bumper level because of the late arrival of rains but, by contrast, a larger maize crop is expected. Output is forecast to rise to about 12.4 million tonnes reflecting an increased use of higher-yielding hybrid seeds.

The wheat harvest is also finished in the main wheat-growing provinces of **Pakistan**, and the country's production in 2007 is now estimated at record 23 million tonnes. Output has been boosted by favourable weather but also increased use of fertilizers made possible by government subsidies for their purchases. Given the good crop, the country is expected to export some 1.5 million tonnes of wheat in 2007/08.

In the **Philippines**, paddy production in the first half of 2007 is officially estimated at a record 6.7 million tonnes, marginally above last year's level, reflecting ample irrigation water and government subsidies for the purchase of inputs. Output of maize is also forecast to remain high in 2007, similar to the previous year's record level at about 6.3 million tonnes. Output in the first three months of the year is estimated at 1.7 million tonnes, up 11.4 percent on the previous year, reflecting increased plantings due to the incentive of high prices. Maize output in the April-to-June period, however, is expected to drop somewhat to about 1 million tonnes following a probable decline in plantings due to lower rains in February and March in Mindanao, a major producing region.

In **Bangladesh**, contrary to generally favourable conditions in most other parts of the region, the 2007 wheat crop was negatively affected by above-normal winter temperatures and output is estimated well below average. As a result, the country's



Note: Comments refer to situation as of July.

imports in 2007/08 are estimated to rise to almost 3 million tonnes, well above the average in the past five years.

Food supply difficulties persist in several countries

In the **Democratic People's Republic of Korea**, the food supply outlook for the remainder of the 2006/07 marketing year (November/October) remains precarious. Although domestic cereal production in 2006 was relatively high, the deficit to meet expected utilization for the year was estimated at some 900 000 tonnes. Of this amount, 400 000 tonnes of rice food aid was pledged by the neighbouring Republic of Korea, with the first shipment of 3 000 tonnes sent in late June. Prospects for the main 2007 food crops of rice and maize, which have recently been planted in May-June, are generally reported to be favourable so far, their early development benefiting from above-average rainfall.

In **Sri Lanka**, the Maha paddy crop harvested earlier this year, which accounts for more than 60 percent of aggregate paddy output, was officially estimated at about 1.9 million tonnes, 8 percent below the record of last year, but some 4 percent above the average of the past five years. However, the food security situation in the northeast of the country is still significantly affected by the deterioration of the political and security situation. Aggravating the situation in south-western areas, an estimated 50 000 people were made homeless by the flooding in the early May.

In **Timor-Leste**, a tight food supply situation and a need for international food aid is forecast to continue in the next several months, following a sharp drop in the main season crop production and also the after effects of conflict last year, which include 100 000 people still displaced from their homes. Based on an FAO/WFP Crop and Food Supply Assessment Mission earlier this year, the cereal deficit in 2007/08 (April/March) is estimated at 86 364 tonnes. With commercial imports anticipated at 71 000 tonnes, including expected government purchase of 16 000 tonnes for strategy reserve, there remains an uncovered import requirement of 15 000 tonnes. The IDPs and over 200 000 rural people are estimated to be the most vulnerable and in need of food assistance until March 2008. Serious short-term food shortages and chronic food insecurity persists in **Nepal**. (see box for details).

Adverse weather in June affects some countries necessitating emergency assistance

A number of countries in this subregion have been affected by tropical storms, typhoons, and floods, in particular Pakistan, India and China. The official death toll from floods in Pakistan rose to 240 and the number of IDPs reached 250 000 up to 3 July. In India, some 270 people have reportedly been killed and millions of people are affected by the recent heavy monsoon rains. Emergency aid, including food, is needed in the affected areas.

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

	Wheat			Coarse grains			Rice (paddy)			Total Cereals		
	2005	2006 estim.	2007 f'cast	2005	2006 estim.	2007 f'cast	2005	2006 estim.	2007 f'cast	2005	2006 estim.	2007 f'cast
Asia	**263.2**	**270.9**	**278.2**	**245.2**	**251.4**	**256.4**	**572.3**	**572.2**	**579.8**	**1 080.7**	**1 094.5**	**1 114.4**
Far East	**191.5**	**199.1**	**207.0**	**219.6**	**225.4**	**230.8**	**567.0**	**566.8**	**574.2**	**978.2**	**991.4**	**1 012.0**
Bangladesh	1.1	0.8	0.7	0.5	0.5	0.5	39.8	39.5	40.5	41.4	40.8	41.7
China	97.5	104.5	107.0	150.4	156.5	159.8	182.1	184.0	188.3	429.9	444.9	455.1
India	68.6	69.4	73.5	33.4	32.1	34.4	137.7	136.6	138.0	239.7	238.0	245.9
Indonesia	0.0	0.0	0.0	12.5	11.6	12.4	54.2	54.4	53.1	66.7	66.0	65.6
Pakistan	21.6	21.7	23.0	3.5	3.8	3.1	8.3	8.2	8.5	33.4	33.7	34.7
Thailand	0.0	0.0	0.0	3.7	4.0	4.2	30.3	30.3	30.5	34.0	34.3	34.7
Viet Nam	0.0	0.0	0.0	3.8	3.8	3.6	35.8	35.8	36.0	39.5	39.6	39.6
Near East	**48.2**	**47.4**	**47.5**	**21.3**	**21.3**	**21.2**	**4.6**	**4.7**	**4.9**	**74.1**	**73.4**	**73.6**
Iran (Islamic Republic of)	14.5	14.5	15.0	4.4	5.2	5.0	3.3	3.3	3.5	22.2	23.0	23.5
Turkey	20.5	20.5	19.5	13.4	12.3	12.4	0.5	0.6	0.6	34.5	33.4	32.4
CIS in Asia	**23.3**	**24.2**	**23.5**	**4.2**	**4.7**	**4.4**	**0.6**	**0.7**	**0.7**	**28.2**	**29.6**	**28.6**
Kazakhstan	11.5	13.7	12.5	2.2	2.5	2.3	0.3	0.3	0.3	14.0	16.5	15.1

Note: Totals computed from unrounded data.

Nepal - Major findings of FAO/WFP Food Security Assessment Mission

Nepal experienced a turbulent socio-economic situation during the 11 year-old insurgency that cost an estimated 13 000 lives and inflicted considerable physical, psychological, social and economic damage. The historic agreement of November 2006 between the Seven Party Alliance (SPA) and the Nepal Communist Party (Maoists) paved the way for a promising opportunity to achieve lasting peace and to address the underlying causes of the conflict. It has also opened a window of opportunities for agricultural and rural development.

Agriculture is the mainstay of the economy, providing livelihood for more than 80 percent of the population and accounting for some 40 percent of Gross Domestic Product (GDP). Industrial activities are dominated by the processing of agricultural products including jute, sugarcane, tobacco, and grains. Adverse climatic conditions in 2006 significantly affected cereal production and cereal supply and demand situation in 2006/07 (November/October).

At the request of the Ministry of Agriculture and Cooperatives of Nepal, a joint FAO/WFP Crop and Food Security Assessment Mission (CFSAM) visited the country in March-April 2007. The overall objective of the assessment was to have a better understanding of chronic and transitory (disaster-affected, short-term) food insecurity by assessing the 2007 winter cereal crops, current food availability, market access and food utilization situation in the country. Extensive interviews were conducted with farmers, millers, local Government officers, agricultural research institutes, seeds and fertilizer companies, and local NGOs regarding short- and long-term food production and supply problems. The Mission conducted food consumption, poverty, and under-nourishment analysis by using sub-national and household survey data.

The main findings of the Mission are as follows:

- Prolonged dry spells and floods in 2006 caused a significant reduction, by 13 percent from the previous year, in rice production, Nepal's main cereal crop. Production in some districts of the Eastern and Central regions was reduced by 20 to 50 percent. As a partial compensation, this year's wheat harvest is estimated to increase by more than 7 percent due primarily to favourable weather conditions.
- Total cereal output, including potatoes in cereal equivalent, in 2006/07 is estimated at 6.35 million tonnes, 3.4 percent below the previous year. Total import requirement in cereal equivalent is estimated at 225 000 tonnes, compared to 140 000 tonnes the year before. Furthermore, a total of 42 out of the 75 districts are expected to be food-deficit.
- With commercial imports, formal and informal, anticipated at 110 600 tonnes into the urban areas and in some districts of the Terai, there remains an uncovered food import requirement of about 114 000 tonnes. The food aid imports by the Nepal Food Corporation (NFC) and WFP are estimated at 101 800 tonnes and will cover most of the uncovered import deficit.
- Food security in the areas of Terai has been severely affected by 2006 drought and floods. However, lack of economic access to food is the core problem in the Hill and Mountain areas of the Far- and Mid-Western regions because of very low purchasing power and extremely high market prices. Food deficits in these areas will not automatically lead to an increase in private imports, and are not expected to be fully met from either NFC or WFP due to very high transportation costs.
- To address drought-induced acute food insecurity in the Far- and Mid-Western regions, the ongoing food assistance needs to be expanded to provide 5 380 tonnes of emergency relief for 110 000 people over a period of up to four months.
- Cereal markets in most of the Terai and Hill areas are integrated with Indian markets, with prices mainly determined by the latter. However, rice prices in the Mountains are consistently much higher, and food markets are highly isolated.
- The Mission concluded that the incidence of undernourishment, as measured by insufficient caloric intake, is very high at the national level (40.7 percent), given a minimum caloric intake requirement of 2 124 kilocalories per day. It is as high as 50 percent in the Far- and Mid-Western regions.
- With chronic food insecurity in many parts of the country, substantial and widespread gains in food security are a precondition to achieving sustainable peace, and it is important to closely monitor vulnerability factors that could jeopardize the peace process.
- Low agricultural productivity is the major cause of food insecurity in Nepal. The Mission reviewed broader policies in agriculture and made a number of recommendations towards addressing food shortages and chronic food insecurity.

Near East

In **Afghanistan** recent flash floods from torrential rains and fast snow-melt, following a sudden rise in temperatures, have caused significant damages to lives and livelihoods in most regions of the country. However, despite localized damages from floods, prospects are favourable for this year's crop. Aggregate cereal output is now forecast at about 4.5 million tonnes, which is above average. The outlook for winter cereal crops, being harvested, is generally favourable in the subregion with average to slightly above average yields forecast for most countries. In **Iraq**, weather conditions during the growing season were generally favourable for winter crops. In **Yemen**, the Desert Locust situation is serious in the interior where substantial breeding was reported following unusually heavy rains. Hopper bands have formed over a large and remote area on the southern edge of the Empty Quarter. FAO, in collaboration with WFP, is mounting aerial operations that will commence in mid-July. Planting of the main season crops, which normally start in June, may be affected in parts.

Asian CIS

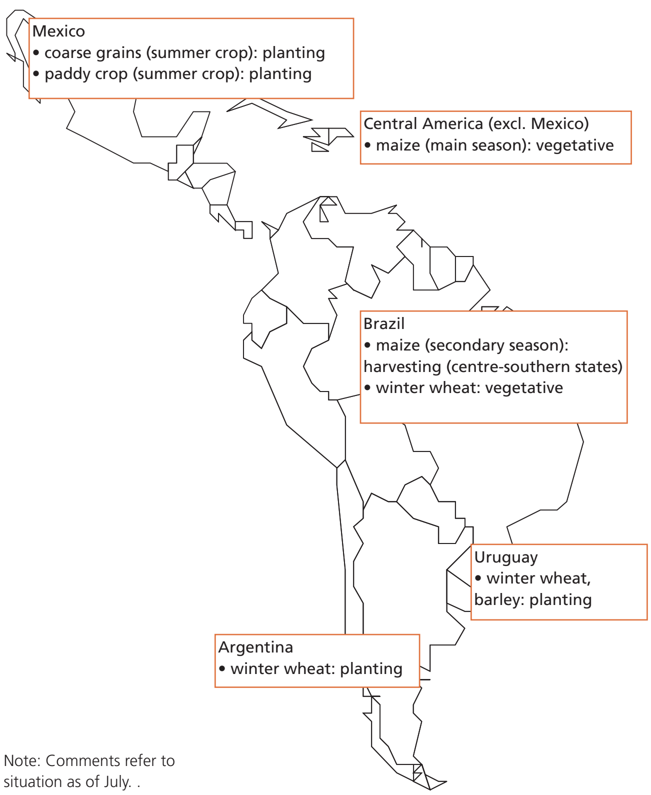
In southern parts of the subregion, cereal harvesting is underway. Reduced precipitation, relatively hot temperatures and late spring cereal planting in northern **Kazakhstan** (New Lands), have dashed hopes for a record crop. Aggregate cereal output in the subregion is now estimated at about 28.6 million tonnes, 1 million tonnes down from last year's harvest. Wheat output in Kazakhstan is now estimated at about 12.5 million tonnes compared with 13.7 million tonnes in 2006. Aggregate coarse grains output in the subregion is now estimated at about 4.4 million tonnes, slightly down from last year's harvest.

Latin America and the Caribbean

Central America and the Caribbean

Current indications point to a record cereal output in 2007

Harvesting of the 2007 main irrigated winter wheat crop is well advanced in **Mexico**, under favourable dry weather conditions, and the output is expected at an average 3 million tonnes. Planting of the 2007 first season coarse grain and bean crops is underway in all Central American countries. In the Caribbean, planting is still underway in **Cuba**, but harvesting has already stared in **Haiti** and the **Dominican Republic** where production prospects are favourable following timely and abundant precipitation. The 2007 aggregate coarse grain area is expected to reach 12.2 million hectares, about 5 percent above the previous year's level, mostly reflecting higher planting intentions for the first season maize crop in **Mexico**, in response to high international prices. In Mexico, however, despite the forecast increase in production, maize imports in 2007/08 (July/June) are expected to reach a record level of between 7 000 and 7 500 tonnes, after a high level also in the previous year, with the aim to increase national supply and control prices in local markets. Regarding rice, planting of the 2007 main summer season crop is underway throughout the subregion and planting intentions point to an area of about 720 000 hectares, slightly above the planting program of same season in 2006. Based on the results of harvests already underway and assuming normal conditions and average yields for the crops just being sown, the subregion's aggregate cereal production is tentatively forecast at a record 40 million tonnes, 2.2 million tonnes more than last year's output and about 6 percent above the average of the past five years.



Note: Comments refer to situation as of July. .

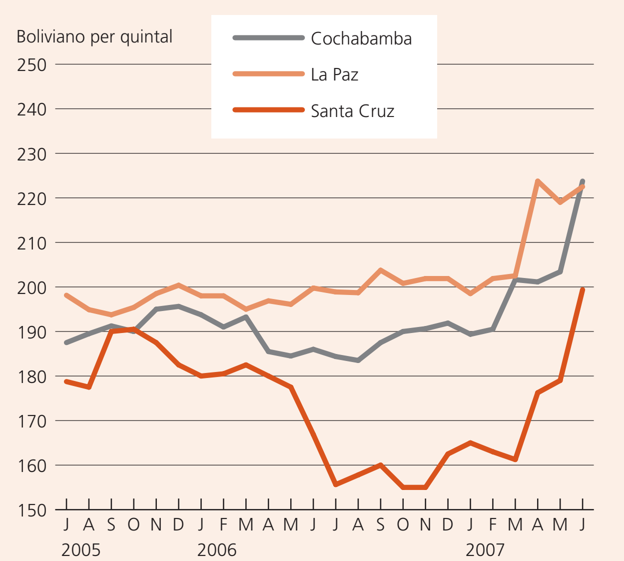
Prices of basic staple food soaring in Bolivia

Prices of main staple foods in Bolivia have been experiencing an unusual and sustained upward trend since February. In general, prices of cereals reach their highest level in January-February, as stocks gradually deplete before the main season harvest from April. The lowest level of prices is normally registered between April and June, when farmers sell the bulk of their production in order to get cash to cover various financial needs. This year, however, food prices are showing a counter trend. Prices rose sharply in February when widespread torrential rains, floods and landslides interrupted road communication between producing areas and markets, with consequent increase in transportation costs and reduction in food availability. Despite the normalization of the flood situation, prices of several components of the basic food basket have continued to rise until now. The rise in prices is due to the 2007 rice, potatoes and other food crops losses to floods and, in the highland reas, to drought and frosts, coupled with traders' speculation following expectations of reduced supplies, and to increased transport costs.

Between the first week of February and the last week of June, weekly wholesale prices of potatoes, rice, onions, chicken and pigmeat in main urban markets have registered extraordinary and continuous increases and are well above their levels of a year ago (see graph). During the last five months, prices of rice have increased by 22-24 percent in the main growing departments of Santa Cruz and Cochabamba and by 12.5 percent in the capital, La Paz. This compares with a general inflation of almost 5 percent in 2006. Last year, during the same period, prices of rice decreased between 4 and 9 percent in the main growing Santa Cruz and Cochabamba areas, while they remained stable in La Paz. Regarding potatoes, prices have increased by about 50 per cent in the producing departments of La Paz and Cochabamba and up to about 80 per cent in the deficit department of Santa Cruz. In the same period of 2006, prices of potatoes increased, but at a marked lower pace. At the same time, regarding chicken and pigmeat, main food staples, specially in urban areas, prices between February and June in the producing department of Cochabamba have increased by 18-20 per cent and by 8-10 per cent respectively, as a consequence of the higher prices of main feed components (maize, soy flour and sorghum) reflecting higher domestic prices.

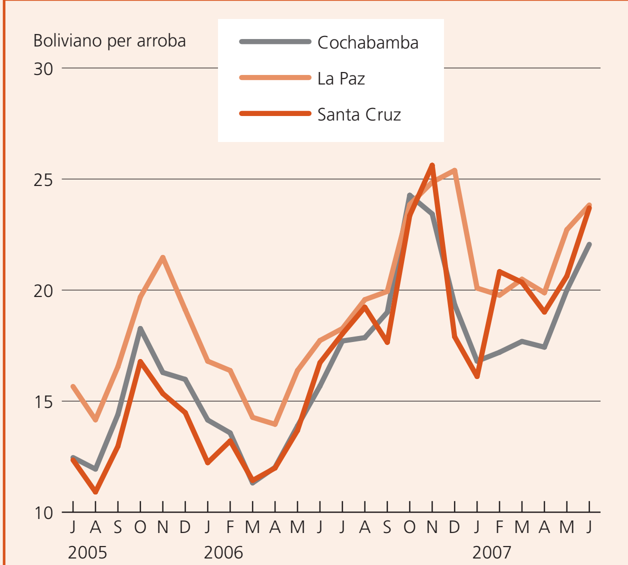
A joint FAO/WFP Crop and Food Supply Assessment Mission (CFSAM) in April this year found that retail food prices in remote and dispersed rural markets, especially in the highlands, are even higher than in urban areas. This situation is due to the limited production in these areas, which is mainly devoted to self-consumption and it is only marginally marketed, to the high transportation costs due to the poorly developed road network. In addition, the lack of market information and the

Bolivia - Monthly wholesale prices of rice in selected markets (Grano de Oro variety)



Note: One Bolivian quintal is equivalent to 46 kg

Bolivia - Monthly wholesale prices of potatoes in selected markets (Huayacha variety)



Note: One Bolivian arroba is equivalent to 11.5 kg

Contd.

strong power of few middlemen and transporters which buy food in surplus areas and sell it in deficit areas, fixing their final price practically as monopolists are some other reasons behind the larger increase in food prices in rural areas.

Price upward trends are explained a by number of factors that have an impact on the supply and effective demand in the country. Production of several staple food crops is expected to be reduced compared to previous year due to adverse weather conditions. In particular, 2007 paddy crop production has been estimated to be about 65 per cent of the level obtained in 2006, while tubers output is expected to fall by 13 per cent. In addition, in view of a reduced prospective supply, some market operators, such as traders, assemblers and transporters, are buying vast amounts of grains to gradually sell them in the coming months according to the market conditions. Finally, the recent growth in remittances from abroad has increased cash availability with the consequent boost in effective demand.

The sharp increase in prices threatens the food security of vulnerable households that are net buyers of food, in both urban and rural areas. In particular, there is a high risk for the nutritional status of the poorest communities in the highlands, which even in a normal year are not able to produce enough food for their own needs and heavily depend on markets.

South America

Above-average to record coarse grain crops have been gathered in most countries

Harvesting of the 2007 main season coarse grain and rice crops is virtually completed and record or above-average production is expected in most countries. At aggregate level, preliminary estimates put the subregion's coarse grain output at a record 93 million tonnes, about 18.6 million tonnes above the previous year's average level. This result is due to a combination of a 7.6 percent increase in maize plantings in response to strong demand for ethanol production, and to a 16 percent increase in average yields following favourable weather conditions throughout the growing season. In **Brazil**, output of first season maize crop is officially forecast at a record 36.4 million tonnes, about 15 percent above last year's drought-affected first season crop. In particular, maize crop productivity increased sharply in key producing southern states of Parana, Rio Grande do Sul and Santa Catarina, where average yields have been estimated at an exceptionally high 5.25 tonnes per hectare, about 30 percent above the average of the past five years. Current dry weather conditions are favouring maturation and harvesting of 2007 second season (*safrinha*) winter maize crop in Centre-West states. Output from the second season is tentatively forecast at a record level also, of 16 million tonnes; mainly reflecting high international prices at planting time, which led farmers to increase the area sown to 4.5 million hectares, from 3.3 million hectares in 2006. In addition, yield prospects for the *safrinha* crops are good due to early planting in key producing areas, which was made possible

Table 8. Latin America and Caribbean cereal production (*million tonnes)*

	Wheat			Coarse grains			Rice (paddy)			Total Cereals		
	2005	2006 estim.	2007 f'cast	2005	2006 estim.	2007 f'cast	2005	2006 estim.	2007 f'cast	2005	2006 estim.	2007 f'cast
Latin America & Caribbean	**23.7**	**22.8**	**23.9**	**104.0**	**106.9**	**127.7**	**26.5**	**24.7**	**24.3**	**154.1**	**154.3**	**175.9**
Central America & Caribbean	**3.0**	**3.3**	**3.0**	**30.2**	**32.1**	**34.4**	**2.3**	**2.4**	**2.5**	**35.5**	**37.7**	**39.9**
Mexico	3.0	3.2	3.0	26.2	28.2	30.3	0.3	0.3	0.4	29.5	31.8	33.7
South America	**20.6**	**19.5**	**20.9**	**73.8**	**74.7**	**93.3**	**24.2**	**22.3**	**21.7**	**118.6**	**116.5**	**136.0**
Argentina	12.6	14.0	14.0	24.5	18.3	26.7	1.0	1.2	1.1	38.0	33.5	41.8
Brazil	4.7	2.5	4.0	37.7	45.0	55.0	13.4	11.7	11.4	55.7	59.2	70.5
Colombia	0.0	0.0	0.0	2.1	1.5	1.6	2.5	2.3	2.5	4.7	3.8	4.1

Note: Totals computed from unrounded data.

by an early completion of the soybean harvest under favourable weather conditions.

In **Argentina**, harvesting of the maize crop is practically complete and preliminary official estimates point to a record production of 22 million tonnes, with average yields that may even pass the record level of 8 tonnes per hectare. A record 2007 maize crop is also being gathered in **Chile** and **Uruguay**.

The subregion's aggregate output of paddy is tentatively estimated at average level of 21.7 million tonnes, more than 10 percent below the record output obtained in 2005 as a consequence of the reduced area following unattractive prices.

The 2007 winter wheat planting progresses but conditions are unfavourable dry in parts of Argentina

Planting of the 2007 winter wheat crop, to be harvested by the end of the year, has been recently completed in central and southern states of **Brazil**, while it is still underway in **Argentina**, **Chile** and **Uruguay**. The subregion's aggregate planted area is tentatively forecast at nearly 8 million hectares, very similar to the previous year's level, but still below the five-year average of 9 million hectares. However, with insufficient precipitation reported in some main growing areas of Argentina, which may prevent farmers from realizing their planting intentions, especially for long-term varieties, the final outcome is still somewhat uncertain.

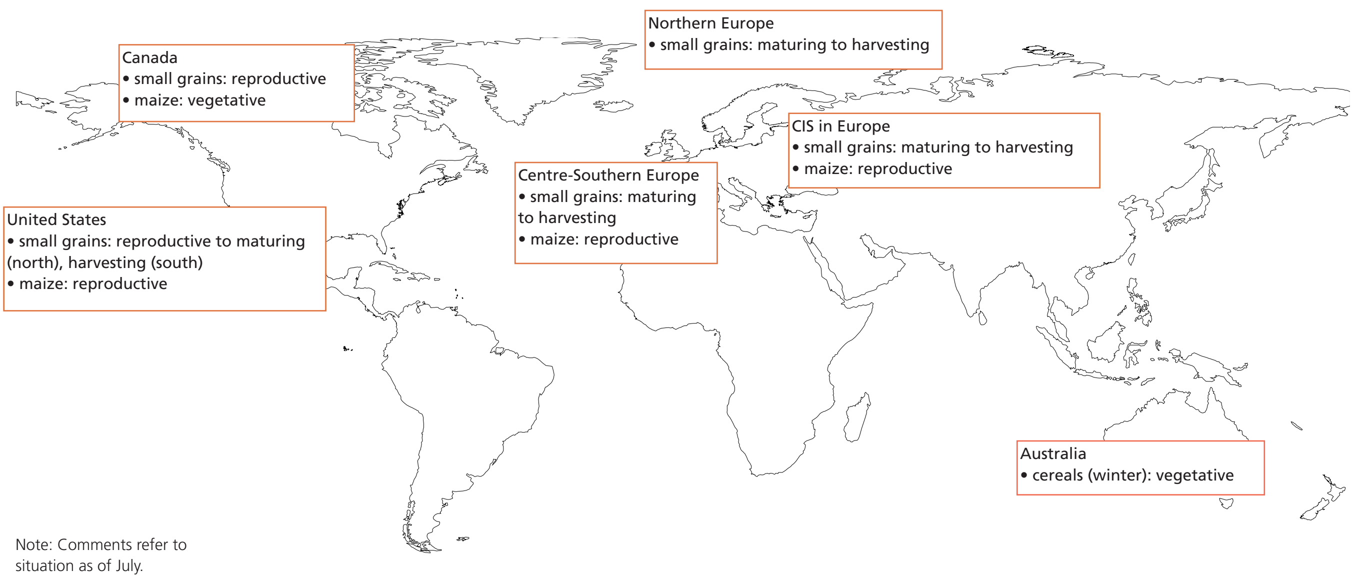
Adverse weather causes damage to agriculture in Peru

On June 15, the Peruvian Government declared a state of emergency due to frosts and low temperatures that affected 13 departments. Although an official assessment is not yet available, some localized losses of livestock and basic staple crops are expected especially in the southern highlands.

North America, Europe and Oceania

North America

Prospects for 2007 cereal production in the **United States** are favourable. In late June, winter wheat harvesting was well underway in the southern states, although progressing a little behind the average pace because of some heavy rainfalls. After some earlier uncertainty about the extent of damage caused by an April freeze, latest indications show the adverse impact to have been minimal and the latest official forecast puts the winter wheat output at almost 44 million tonnes, some 24 percent up from the previous year. Latest indications also continue to point to a larger spring wheat harvest, with the bulk of the crop reported to be in good to excellent condition in late June, and the area not changed much from the previous year. Thus, aggregate wheat output is forecast to reach a bumper 59 million tonnes, compared



to 49 million tonnes in 2006. This would be the largest harvest since the record in 2003. Regarding coarse grains, the country is on track to produce its biggest ever maize crop in 2007. Maize planting was mostly finished by the end of May under mostly favourable conditions, and early estimates point to the largest area since 1944. The sharp expansion is mostly in response to exceptionally strong domestic demand for maize-based ethanol production. As of late June, the bulk of the crop was reported to be in good to excellent condition, and on current indications, the output could reach some 320 million tonnes, although much will depend on the weather during the remainder of the season.

In **Canada**, planting of the main 2007 grain crops has mostly been completed. The area planted to wheat this spring is officially estimated to have dropped by nearly 20 percent, to just about 6.2 million hectares, the smallest area since 1970. The main reasons resulting in this decrease were better prices for competing crops combined with high costs of fertilizer and planting delays, which meant farmers planted more shorter-season crops like barley and oats. The crops are generally reported to be in good condition so far, and sub-soil moisture levels throughout much of the Prairies are reported to be satisfactory to ensure good growth through the season. However, some areas are giving rise for concern: parts of southern Manitoba and Saskatchewan are too wet because of heavy spring rains, which could favour damp-related diseases, while the durum wheat-growing region of south-western Saskatchewan is reported to be too dry and needs rain through the rest of the growing season to achieve good yields.

Europe

In the **European Union**, latest forecasts still point to a likely increase in cereal production in 2007 compared to the aggregate crop of the 27 countries in 2006, and almost 6 percent above their average for the past 5 years. However, prospects in some countries have deteriorated over the past few weeks due to unfavourably dry conditions/drought. The worst affected countries are in the east of the region. In **Romania**, the total cereal output may remain close to last year's reduced level, but the wheat crop may be the lowest since the severe drought year of 2003. In **Bulgaria**, the harvest prospects are very uncertain after unusual and rapidly changing weather throughout the season. However, on balance, it seems that some major producing areas have suffered from predominantly dry conditions and a below-average cereal crop is expected.

Elsewhere, although not as severe as in the east, several other countries have also reported some yield reduction, compared to earlier prospects, due to dry conditions. In **France**, predominantly dry conditions in central and northern parts throughout the spring are expected to have had a significant impact on yields. In **Germany** and **Hungary**, rain in May improved conditions for developing crops after a very dry April but it probably arrived too late to avoid some loss of the yield potential. In **Italy**, where the Government declared a drought emergency in early May, good rains later in the month have reduced fears for severe crop losses but yields may not be as good as was earlier expected.

Table 9. North America, Europe and Oceania cereal production (*million tonnes*)

	Wheat			Coarse grains			Rice (paddy)			Total Cereals		
	2005	2006 estim.	2007 f'cast	2005	2006 estim.	2007 f'cast	2005	2006 estim.	2007 f'cast	2005	2006 estim.	2007 f'cast
North America	**84.1**	**76.6**	**81.1**	**325.4**	**304.0**	**364.8**	**10.1**	**8.8**	**8.3**	**419.6**	**389.4**	**454.2**
Canada	26.8	27.3	22.1	26.3	23.6	28.5	0.0	0.0	0.0	53.0	50.9	50.6
United States	57.3	49.3	59.0	299.1	280.4	336.3	10.1	8.8	8.3	366.5	338.5	403.6
Europe	**207.7**	**191.8**	**193.1**	**213.9**	**220.1**	**213.5**	**3.4**	**3.4**	**3.4**	**425.0**	**415.3**	**410.1**
EU [1]	124.1	118.4	130.3	134.3	138.3	149.2	2.7	2.6	2.6	261.1	259.2	282.2
Romania [2]	7.3	5.3	0.0	11.5	9.9	0.0	0.0	0.0	0.0	18.8	15.3	0.0
Serbia	2.0	1.9	2.1	7.1	6.9	7.0	0.0	0.0	0.0	9.1	8.8	9.1
CIS in Europe	**68.5**	**60.5**	**58.2**	**53.4**	**57.5**	**52.1**	**0.7**	**0.8**	**0.7**	**122.5**	**118.8**	**111.0**
Russian Federation	47.7	44.9	44.3	28.3	31.1	29.6	0.6	0.7	0.7	76.5	76.7	74.5
Ukraine	18.7	13.9	12.1	18.7	20.1	15.6	0.1	0.1	0.1	37.4	34.1	27.8
Oceania	**25.7**	**10.1**	**22.8**	**15.0**	**7.7**	**13.0**	**0.3**	**1.1**	**0.2**	**41.0**	**18.9**	**36.0**
Australia	25.4	9.8	22.5	14.4	7.1	12.4	0.3	1.0	0.2	40.1	18.0	35.1

[1] Eu-25 in 2005, 2006; EU-27 in 2007.
[2] In 2007 included in EU-27.
Note: Totals computed from unrounded data.

In other parts of the EU prospects remain close to earlier expectations. Good rains in the late spring in the **United Kingdom** and **Poland** reduced the likelihood of irreversible damage to crops in these two countries also. **Spain** continued to have favourable weather conditions this season with regular rain and mild temperatures and a sharp increase in cereal production is forecast this year following the last two years drought-reduced crops.

In the **European CIS** (The Russian Federation, The Ukraine, Belarus and Moldova), earlier hopes of a bumper cereal harvest in the subregion have faded to be replaced by the prospect of a much reduced crop, forecast at 111 million tonnes, some 7.8 million tonnes down from last year's already relatively poor level. Heavy rains in spring hindered spring cereal planting in Ukraine and the Russian Federation then, subsequently, reduced precipitation and unusually hot weather conditions during the growing period compromised all cereal crops and induced early maturity with loss of yield in parts of the Russian Federation, southern Ukraine and Moldova. Worst affected has been Ukraine, where the aggregate 2007 cereal output is now forecast to be down by more than 6.3 million tonnes, or 19 percent, compared to 2006. In the **Russian Federation**, the crop is forecast down by about 2.2 million tonnes, or 3 percent, compared with 2006, while in **Moldova** the 2007 cereal output could be up by about 13 percent. In addition to this year's losses in terms of quantity, the quality of the crops, wheat in particular, has also been affected and the proportion of food quality cereals is likely to be significantly lower than normal.

Oceania

The outlook for the 2007 winter cereal crops in **Australia** is mixed across the country but the aggregate production is set to recover strongly from last year's very poor drought-reduced level. In its June Crop Report, the Australian Bureau of Agricultural and Resource Economics (ABARE) reported that widespread autumn rainfall across the majority of New South Wales, Victoria and South Australia provided an ideal start to the season. However, continued dry conditions in Queensland and parts of Western Australia mean that winter crop prospects in those states are below average. The total area planted to wheat is forecast to rise by 11 percent to 12.5 million hectares, and assuming a return to average yields, total wheat production in 2007 is forecast to be around 22.8 million tonnes, more than double the 2006 output. The area planted to barley, the other main winter cereal, is also forecast to increase, by around 10 percent, and production to increase to over 9 million tonnes.

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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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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