No. 6 ■ December 2007

Crop Prospects and Food Situation

HIGHLIGHTS

- **Early prospects for the 2008 wheat crop are favourable**. With the winter wheat planting virtually complete in the northern hemisphere, latest estimates point to a significant increase in the global wheat area, in response to current high prices and the removal of the compulsory land set-aside for 2008 in the EU, the world's largest producer.
- **FAO's latest forecast of the 2007 world cereal production has been revised downwards to 2 101 million tonnes**, which is still record and substantially higher than last year. Most of the increase is in coarse grains, especially maize in the United States.
- **In the LIFDCs, as a group, 2008 cereal production is forecast to increase only marginally**. However, if the largest countries, China and India, are excluded, the aggregate cereal output of the remaining countries is seen to register a significant decline.
- **International cereal export prices remain high and volatile reflecting sustained demand**, in particular from the fast growing bio-fuels industry, coupled with historically low levels of stocks and insufficient increases in the 2007 production, mainly for wheat, in exporter countries.
- **In spite of an anticipated reduction in quantities imported, the cereal food import bill of LIFDCs in 2007/08 is forecast to increase sharply for the second consecutive year**. Rises in international prices have translated into higher retail prices of basic food in many countries across the world.
- **The per caput food and feed consumption of cereals is forecast to decline in 2007/08 in LIFDCs**. Most affected by the reduction will be low-income population groups.
- **Good cereal harvests, although slightly lower than last year's bumper crops, are being gathered in most of the Sahel and Eastern Africa, with the exceptions of Senegal, Cape Verde and Somalia**. Elsewhere in Western Africa, production is also anticipated to decline significantly in Nigeria, which can affect cereal prices in the subregion.
- **In Far East Asia, despite floods, landslides and cyclones during the growing season in several countries, a record 2007 cereal output has been obtained**. In Bangladesh, the livelihood of over 8.5 million people was adversely affected by damage caused by Cyclone Sidr in mid-November.

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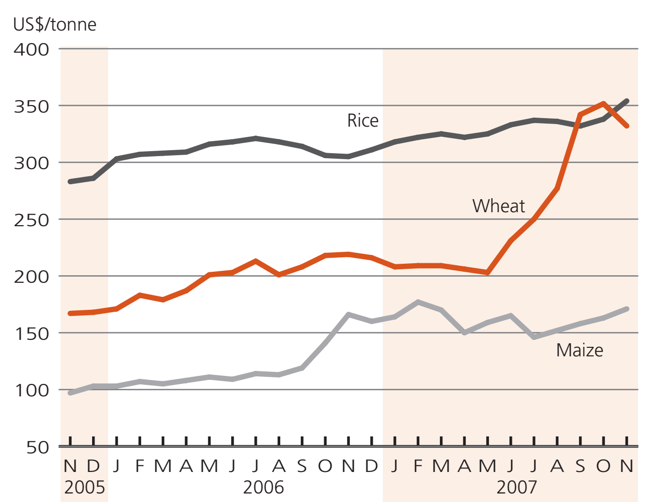


Countries in crisis requiring external assistance[1] (37 countries)

AFRICA (20 countries)

Exceptional shortfall in aggregate food production/supplies

Lesotho	Multiple year droughts, HIV/AIDS impact
Somalia	Conflict, drought, high food prices
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, insecurity in parts
Liberia	Post-conflict recovery period, IDPs
Mauritania	Multiple year droughts, floods in parts
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
Ghana	Floods
Guinea	IDPs, refugees
Guinea-Bissau	Localized insecurity, marketing problems
Sudan	Civil strife, returnees
Uganda	Civil strife in the north, IDPs, floods in parts

ASIA (9 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, floods
Timor-Leste	IDPs, drought/floods, market access

Severe localized food insecurity

Bangladesh	Floods and cyclone
Indonesia	Earthquakes
Nepal	Market access and effects of conflict and floods
Pakistan	After effects of the Kashmir earthquake, floods, cyclone
Sri Lanka	After effects of the Tsunami, deepening conflicts and floods

LATIN AMERICA (6 countries)

Exceptional shortfall in aggregate food production/supplies

Dominica	Hurricane
Jamaica	Hurricane
St. Lucia	Hurricane

Severe localized food insecurity

Dominican Rep.	Floods
Haiti	Floods
Nicaragua	Floods

Europe (2 countries)

Exceptional shortfall in aggregate food production/supplies

Moldova	Drought and lack of access to inputs for winter cropping

Severe localized food insecurity

Russian Federation (Chechnya)	Civil conflict

Countries with unfavourable prospects for current crops[2]

AFRICA

Somalia	Conflict, drought in parts

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

In **Western Africa**, a relatively good crop is expected in the Sahel (with the exception of Senegal and Cape Verde) but crop prospects are less favourable in the countries along the Gulf of Guinea, notably in northern **Nigeria** and northern **Ghana**, which may have a significant impact on regional cereal markets and push up prices. In some localized areas of the subregion, where yields were severely reduced by delayed rains or floods, populations may be at risk of food shortages, and may require assistance. In **Ghana**, the hardest hit country, the food security situation of several northern areas affected by floods was already precarious after poor rainfall and reduced harvests during the 2006 cropping season. In the western part of the Sahel, low domestic production in a context of tight international markets has generated high inflationist pressure on the domestic food market, eroding the purchasing power of urban and rural consumers. This situation has already caused social unrest in **Mauritania** and **Senegal** which rely heavily on cereal imports from the international market.

In **Eastern Africa**, following two years of above-average harvests in many countries, the overall food security situation has improved somewhat. The number of people identified in mid-2006 as highly and extremely food insecure and needing humanitarian assistance, have decreased by some 7 million to about 6 million currently, with the biggest declines in **Kenya** and **Ethiopia**. By contrast, in **Somalia**, after a temporary reduction, a poor main season crop, renewed conflicts and displacements have again raised the affected population figure to some 1.5 million people. In **Eritrea**, cereal prices remain high affecting the food security of large sections of the population. In **Ethiopia**, despite an easing of restrictions on trade in the Somali Region, households in vast areas of the region will remain food insecure. In most other areas the anticipated good harvest is expected to improve the food supply position. However, the security situation of the poorer households continues to be threatened by high food prices. In **Kenya**, for the first time in more than 45 years, several small swarms of adult Desert Locust have invaded areas in the northeast causing damage to crops near the Dawa River on the Ethiopian border. Food assistance continues to be provided to a large number of people in the pastoral areas affected by earlier drought and continued pastoral conflicts. In **Sudan**, as a result of continuing insecurity in Darfur, displacement and loss of livelihoods are expected to continue and malnutrition rates are likely to deteriorate in the coming months because of lack of proper access to food. In south Sudan, despite an overall adequate supply of cereals, an inadequate transport and marketing system will prevent any significant movements from surpluses to deficit areas. In **Uganda**, the population at risk, estimated at some 1.5 million, will remain highly food insecure and largely dependant on humanitarian support.

In **Southern Africa**, owing to reduced harvests and significant increases in cereal domestic and import prices, food insecurity has worsened in several countries. In **Zimbabwe**, with the latest inflation at a world record level of 7 983 percent, extremely high unemployment and shortages of food and non-food goods, the economic crisis continues to deepen, affecting the estimated 4.1 million food insecure people. In **Lesotho** and **Swaziland**, poor cereal harvests for the third year in succession due to droughts, preclude an improvement in the food security of these countries, afflicted by problems of poverty and the impact of HIV/AIDS.

In the **Great Lakes** region, the continuing conflict in the north-eastern parts of 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 poor 2007 total food crops harvest, combined with resettlement of returnees and IDPs.

In **Far East Asia**, emergency food aid is needed in **Bangladesh** after a super cyclonic storm (category 4) in mid-November, caused extensive damage and affected close to 8.5 million people in 30 districts. Localized food emergency assistance is also needed in **Viet Nam, Philippines**, and **Nepal** as a result of the floods and landslides. After receiving over half a million tonnes of food aid in the last several months, the food security situation in the **Democratic People's Republic of Korea** has improved. However, a large gap between domestic cereal supply and requirements is expected for 2007/08 (November/October) as a result of long-term economic constrains and severe floods in July and September. In **Mongolia**, the food security prospects this winter for the rural populations have been negatively affected by reduced wheat and hay output in 2007. In **Sri Lanka**, the food security situation of vulnerable population has deteriorated due to the resurgence of civil conflict, the reduction of this year's cereal production and rising cereal import prices. The food security situation in **Timor-Leste** has recently deteriorated due to high cereal world market prices, reduced cereal production due to adverse weather and an outbreak of locusts.

In the **Near East,** in **Iraq**, reflecting some slight improvement in the security situation, a few hundred Iraqi refugees in Syrian Arab Republic have recently joined the steady modest flow of refugees who have returned to their homes in Iraq in recent months. The expatriates who sought asylum in neighbouring countries are estimated at about two million while a similar number of people have been internally displaced.

In **Central America and the Caribbean**, precipitations have been well above normal levels during September and October. Major flooding and mudslides occurred in **Nicaragua**, the **Dominican Republic**, **Haiti** and the south-eastern states of Tabasco and Chiapas in **Mexico**, with localized severe losses of cash and food crops as well as deaths of thousands of head of cattle. Food security situation appears to be particularly difficult in the Northern Autonomous Atlantic Region (RAAN) of **Nicaragua** where the fragile livelihood systems of local population have already been disrupted by the passage of powerful hurricane Felix in September.

In **South America**, after the most severe fire of **Paraguay's** history that destroyed in September almost one million hectares of forest, pasture and cropland, a prolonged dry weather period has seriously affected the important livestock sector of El Chaco region.

Global cereal supply and demand brief

Tight cereal supplies keep prices at high levels

FAO's latest forecast for world cereal **production** in 2007 has been revised downward further in the past few weeks and now stands at 2 101 million tonnes (including rice in milled terms), although still a record level and significantly (4.6 percent) up from the previous year. With the last of the 2007 wheat harvests underway in the southern hemisphere, the estimate of world wheat production for the year is more firm now and stands at about 1.3 percent above the previous year's about-average level. Prospects at the start of the year had pointed to a much larger harvest but as the year progressed some of the world's main crops were severely compromised by drought, especially in eastern parts of Europe and Australia. While coarse grain crops in these drought-affected areas have also turned out less than early potential suggested, generally good to bumper crops have been confirmed elsewhere, particularly for maize in the United States, contributing to a better overall coarse grain harvest at the world level than was expected earlier in the year. Regarding rice, latest indications continue to point to an output close to the previous year's level. World cereal **utilization** in 2007/08 is forecast to expand to 2 103 million tonnes, or nearly 2 percent above the previous season. Based on the latest forecasts for world production and utilization, global cereal **stocks** by the close of the seasons ending in 2008 are expected to fall to about 420 million tonnes, nearly 2 percent down from their already reduced opening level and still the lowest since 1983. World cereal trade in 2007/08 is currently forecast at around 252 million tonnes, about 1 percent, below the volume in 2006/07. However, at this level, world cereal trade in 2007/08 would still be the second highest after last season's record. International prices for all major cereals remain high and some registered considerable gains from the previous season. Tight supply amid strong demand is the underlying factor for the continuing strength in prices of most cereals. This is particularly the case for wheat, the price of which soared to record highs in September and October and remained high and volatile in November.

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

	2006 estimate	2007 forecast	Change: 2007 over 2006 (%)
Asia	**911.0**	**928.2**	**1.9**
Far East	809.2	824.4	1.9
Near East in Asia	71.8	70.2	-2.2
CIS in Asia	29.8	33.4	12.1
Africa	**144.0**	**134.1**	**-6.9**
North Africa	35.8	28.9	-19.2
Western Africa	49.1	46.9	-4.5
Central Africa	3.6	3.5	-2.7
Eastern Africa	34.0	33.1	-2.6
Southern Africa	21.5	21.6	0.4
Central America & Caribbean	**37.1**	**39.3**	**6.0**
South America	**110.5**	**129.0**	**16.7**
North America	**384.5**	**465.3**	**21.0**
Europe	**404.4**	**385.7**	**-4.6**
EU[2]	246.9	258.2	4.6
CIS in Europe	118.6	113.9	-4.0
Oceania	**18.5**	**21.1**	**13.7**
World	**2 008.8**	**2 101.3**	**4.6**
Developing countries	**1 154.5**	**1 178.7**	**2.1**
Developed countries	**854.3**	**922.6**	**8.0**
- wheat	594.4	602.2	1.3
- coarse grains	985.9	1 069.3	8.5
- rice (milled)	428.6	429.7	0.3

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

The 2007 wheat seasons approach conclusion with an output close to last year's about-average level

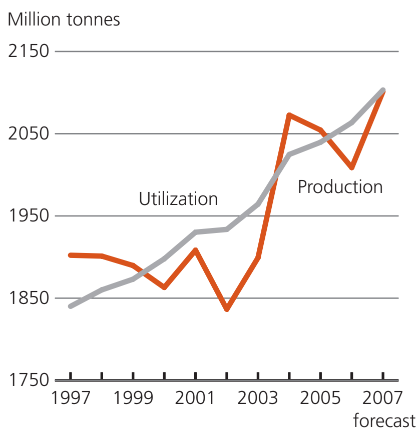
FAO's latest forecast puts aggregate world wheat production in 2007 at 602 million tonnes, significantly below expectations earlier in the season and representing an increase of just over 1 percent from 2006. Harvesting of the last of the 2007 wheat crops is well underway in the southern hemisphere with few surprises. South America's main producers – Argentina and Brazil – are reaping larger crops than a year ago: a strong recovery in **Brazil**, after a reduced crop in 2006, was already predicted early in the season but the increase in **Argentina** materialized more recently with better than expected yield prospects emerging as the season progressed. In **Australia**, widespread rainfall in early November arrived too late to change the outlook for the drought-affected crops there, and as expected, wheat output this year will be about half of the normal level. Elsewhere, the past few weeks have seen mostly only minor adjustments to harvest estimates as they've been finalized. In North America, a downward revision has been made in the latest estimate of this year's output in the **United States** but the harvest was still good and sharply up from the previous year. In **Canada**, as expected, the crop turned out well down on last year with hot and dry conditions compounding the impact of reduced area. In **Europe**, latest estimates point to a 2.3 percent decline in production, contrasting with the early season prospects for a sizeable increase. The worst losses were encountered in many eastern parts of the region where several weeks of exceptionally hot and dry weather severely compromised yields, in particular, in **Romania**, **Bulgaria** and **Moldova**. However, latest information indicates that the most easterly producing area - the Siberian region of the **Russian Federation** – escaped the drought and as the harvest progressed a larger crop was revealed there. Similarly, **Kazakhstan**, in the Asian CIS region to the south of Siberia also escaped the drought, and yields turned out much better than earlier expected. As a result, the aggregate estimate for Asia has been raised from earlier forecasts and now stands at almost 4 percent up compared to the 2006 crop and well above the average of the past five years. Elsewhere in the northern hemisphere, drought devastated this year's wheat crop in **Morocco**, and despite about-average harvests elsewhere in North Africa, the subregion's aggregate output is sharply down from last year as well as from the average of the past five years.

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

	2005/06	2006/07	2007/08	Change: 2007/08 over 2006/07 (%)
PRODUCTION[1]	**2 054.4**	**2 008.8**	**2 101.3**	**4.6**
Wheat	626.3	594.4	602.2	1.3
Coarse grains	1 003.7	985.9	1 069.3	8.5
Rice (milled)	424.4	428.6	429.7	0.3
SUPPLY[2]	**2 522.5**	**2 480.9**	**2 529.2**	**1.9**
Wheat	804.3	775.3	761.2	-1.8
Coarse grains	1 194.8	1 171.5	1 231.6	5.1
Rice	523.4	534.1	536.4	0.4
UTILIZATION	**2 039.6**	**2 063.5**	**2 103.2**	**1.9**
Wheat	620.4	621.0	619.2	-0.3
Coarse grains	1 000.8	1 016.6	1 053.8	3.7
Rice	418.5	425.9	430.1	1.0
Per caput cereal food use *(kg per year)*	*152.2*	*152.6*	*152.3*	*-0.2*
TRADE[3]	**246.7**	**254.2**	**252.1**	**-0.8**
Wheat	110.3	112.8	107.5	-4.7
Coarse grains	107.2	111.5	114.0	2.3
Rice	29.2	29.9	30.6	2.5
END OF SEASON STOCKS[4]	**472.1**	**427.8**	**419.7**	**-1.9**
Wheat	180.9	158.9	141.6	-10.9
- main exporters[5]	59.8	39.6	25.0	-36.9
Coarse grains	185.7	162.2	170.8	5.4
- main exporters[5]	91.3	63.3	76.6	20.9
Rice	105.6	106.7	107.2	0.5
- main exporters[5]	22.9	24.6	24.5	-0.4
Low-Income Food-Deficit Countries (LIFDCs)[6]				
Cereal production[1]	**858.9**	**885.5**	**890.5**	**0.6**
excluding China and India	293.6	305.2	296.6	-2.8
Utilization	**918.5**	**935.3**	**947.6**	**1.3**
Food use	645.4	655.8	663.6	1.2
excluding China and India	271.6	278.6	282.8	1.5
Per caput cereal food use *(kg per year)*	157.0	157.2	156.8	-0.3
excluding China and India	158.6	159.4	158.6	-0.5
Feed	161.8	162.1	164.3	1.4
excluding China and India	46.4	48.8	47.4	-2.8
End of season stocks[4]	**228.1**	**238.6**	**243.0**	**1.8**
excluding China and India	53.5	55.0	48.5	-11.8

[1] Data refer to calendar year of the first year shown.
[2] Production plus opening stocks.
[3] For wheat and coarse grains, trade refers to exports based on July/June marketing season. For rice,trade refers to exports based on the calendar year of the second year shown.
[4] May not equal the difference between supply and utilization because of differences in individual country marketing years.
[5] The main wheat and coarse grain exporters are Argentina, Australia, Canada, the EU and the United States.
The main rice exporters are India, Pakistan, Thailand, the United States and Viet Nam.
[6] 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.

Figure 1. World cereal production and utilization (1997-2007)



Favourable outlook for 2008 wheat crops

With the winter wheat sowing in the northern hemisphere virtually complete, the latest indications point to a significant increase in the world wheat area for 2008. In the **United States**, early tentative estimates put the winter wheat area up by about 3.5 to 4 percent from the previous year, in response to high prices. The spring wheat area may also increase if the price incentives for this crop at planting time next year remain relatively better than for competing spring-sown crops. In **Canada** the wheat is predominantly spring sown but early indications suggest plantings may increase by some 10 percent after a reduced area this year. The minor winter crop has already been sown and plantings are tentatively estimated to have increased by about 5 percent. Throughout Europe, conditions have been mostly favourable for winter wheat planting and early growth. The wheat area in the **EU** is seen to rise by some 6 percent following the removal of the 10 percent compulsory set-aside for 2008, combined with the current high price incentive to plant wheat. In the CIS region of Europe, the area sown to winter grains (mostly wheat) in the **Russian Federation** has increased by about 5 percent, to the highest level since 2001, while in **Ukraine**, an increase of at least 9 percent is expected. In North Africa, widespread rains in northern **Algeria** and eastern **Morocco** and have favoured winter wheat planting. However, precipitation has not been sufficient so far in southwestern parts of Morocco where, following the past season's drought, conditions remain too dry for widespread sowing. Planting normally continues through December in the subregion so there is still time for crops to be sown should adequate precipitation arrive. In Asia, planting conditions are generally favourable in the main winter wheat producing areas. The wheat area in **China** is expected to match the previous year's good level. In **India**, the previous year's large area is expected to be repeated, with the incentive of a 17.6 percent rise in the wheat support price for 2008. In **Pakistan** conditions for planting are reported to be generally favourable with adequate soil moisture. In the Near East, planting conditions are favourable in **Turkey** but dry conditions prevail in the **Islamic Republic of Iran**.

Downward revisions for some 2007 coarse grain harvests but still record crop

Despite some recent slight downward revision, FAO's latest estimate of world coarse grains production in 2007, at 1 069 million tonnes, would still represent an increase of 8.5 percent from last year and a record high crop. Most of the recent revision has been on account of adjustments for the United States, where the maize harvest has recently concluded with slightly lower output than earlier predicted. However, the United States crop is still estimated at its highest ever level, in response to high prices and strong demand from the biofuel industry and the huge increase in this crop accounts for the bulk of the increase in the global coarse grains harvest this year. Bumper crops have also been harvested in South America, reflecting increased plantings and favourable growing conditions that led to exceptional high yields. The secondary crop just gathered in Brazil was estimated at 25 percent above last year's already good level. A record crop is also expected in Central America, where plantings expanded in Mexico, the major producer. Elsewhere, the 2007 coarse grain crops are seen to remain relatively unchanged in Asia and Africa, while unfavourable dry and hot conditions compromised the crops in Europe and Australia, reducing 2007 production in these parts. With regard to the first of the major **2008** maize crops, planting of the important summer crop is already underway in South America. Early indications point to a continued expansion in area because of the incentive of attractive returns relative to other crops.

Global rice production to change little in 2007, remaining close to last year's above average output

According to the latest FAO estimates, global rice production (milled terms) is set to reach about 430 million tonnes, only marginally above the latest estimate for 2006. Generally, the 2007 outlook is positive in Asia, where production is expected to increase by 3.7 million tonnes, to about 585 million tonnes driven by sizeable gains in **China** and **Indonesia**, two of the leading rice producing countries. Large increases are expected in **India** and **Myanmar** as well, although the final outturn of the season in these countries is still uncertain, as it will much depend on the secondary winter crops, which are just being planted. The season is anticipated to end positively also in the **Islamic Republic of Iran**, **Japan**, **Lao People's Democratic Republic**, **Malaysia**, **Nepal** and **Thailand**. By contrast, crop prospects have deteriorated in **Bangladesh** and **Cambodia**, which are now expected to harvest a much smaller crop than last season, reflecting in the first case large losses incurred to floods and, in the second, pest and diseases which depressed yields.

Most of the other producers in the region are anticipated to face a drop in production. Although still subject to some uncertainty, the outlook in Africa points to a slight overall contraction of production, largely reflecting expectations of poor crops in **Côte d'Ivoire**, **Mali** and **Nigeria**, more than offsetting positive crop prospects in **Guinea** and **Madagascar**. Indeed, although precipitation over the continent was particularly abundant this season, the rainfall was ill-distributed over time, depressing rice yields and eroding prior expectations of production gains. By contrast, the early season outlook for reduced output in the United States has been reversed in the light of record yields that are forecast to boost production by 2 percent this year. Elsewhere, paddy production is likely to change little in Europe, while it is set to fall in Latin America and the Caribbean and in Oceania.

Prices of cereals remain high and volatile

International **wheat** export prices that have been increasing since June remain at high levels. In November, the United States wheat No 2 (HRW, fob) averaged US$332 per tonne, a slight decline from its peak in October, but still US$113 per tonne, or 52 percent, above the price a year earlier. Firmer estimates for 2007 production, and less possibility of any major changes regarding the remainder of the crops that are now being harvested, coupled with indications of a larger 2008 wheat area planted, prompted the downward movement of prices in November. However, the tight supply/demand situation following a second consecutive reduced global wheat crop, particularly in exporter countries, and the very low levels of stocks, have kept wheat prices at historically elevated levels. High wheat prices and soaring freight rates have resulted in sharp increases in retail prices of bread and other basic food in large number of importing countries all over the world, particularly affecting low-income sections of the population.

Export prices of **maize** that have remained volatile since February, when they reached a ten-year high of US$177 per tonne, have risen in the past two months. The United States yellow maize No 2 (Gulf, f.o.b) averaged US$171 per tonne in November, US$5 per tonne more than in the same period a year ago. Prices of maize reacted to recent downward revisions of the 2007 world coarse grains output, following completion of the maize harvest in the United States, which however is still a record crop. Despite this high level of production, the market remains tight mainly reflecting the continuing expansion of demand from the bio-fuel industry in the United States. Strong maize prices, combined with shortages of feed wheat, have pushed up the values of most other feed grains.

Consistent with the general trend that has dominated since the beginning of the year, international **rice** price have strengthen in the past two months, notwithstanding the arrival in the markets of the bulk of the 2007 season paddy crop since November. Sustained by limited supply availability in major exporting countries and strong import demand around the world, the firmness of prices was generalized, affecting rice of all qualities and from all origins. Since August, the imposition of export restrictions by Egypt, India and Viet Nam injected further strength to the market, which was already buoyed by the weakening of the US Dollar.

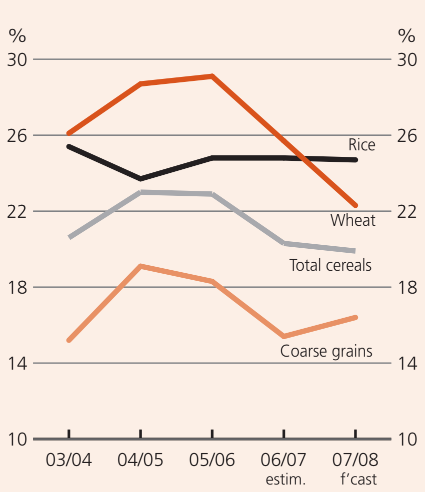
Table 3. Cereal export prices* *(US$ per tonne)*

	2007					2006
	Nov.	Oct.	Sept.	Aug.	July	Nov.
United States						
Wheat [1]	332	352	343	277	250	219
Maize [2]	171	163	158	152	146	166
Sorghum [2]	171	172	177	171	157	169
Argentina [3]						
Wheat	290	321	325	273	249	185
Maize	179	180	170	157	141	172
Thailand [4]						
Rice white [5]	354	338	332	336	337	305
Rice, broken [6]	308	297	279	269	261	218

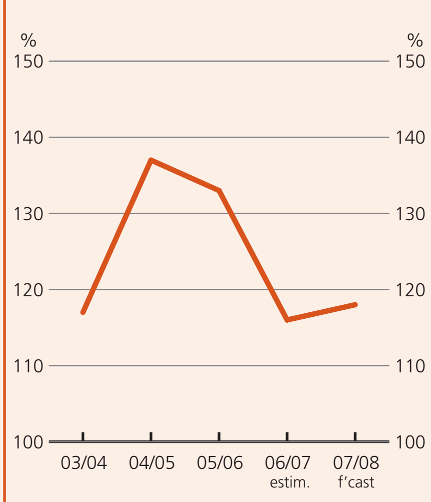
*Prices refer to the monthly average.
[1] No.2 Hard Red Winter (Ordinary Protein) f.o.b. Gulf.
[2] No.2 Yellow, Gulf
[3] Up river, f.o.b.
[4] Indicative traded prices.
[5] 100% second grade, f.o.b. Bangkok.
[6] A1 super, f.o.b. Bangkok.

FAO's global cereal supply and demand Indicators

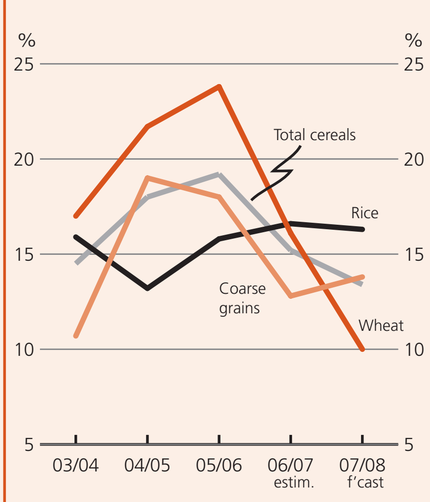
1. Ratio of world cereal stocks to utilization



2. Ratio of major grain exporters supplies to normal market requirements



3. Ratio of major exports stocks to their total disappearance



■ The ratio of world cereal ending stocks in 2007/08 to the trend world cereal utilization in the following season is forecast to fall to 19.9 percent, the lowest level of the past five years. Surging utilization is likely to absorb most of the anticipated gain in world 2007 cereal production, hence keeping world ending stocks at very low levels. The ratio for wheat is forecast to plummet further to 22.3 percent, well under 34 percent observed during the first half of the decade. However, for coarse grains, the ratio is expected to register a small recovery from 2006/07, which was one of the lowest levels since the early 80s, to 16.4 percent. The ratio for rice should remain virtually unchanged.

■ Based on the latest production estimates, and assuming no further significant revisions for important southern hemisphere harvests still to be completed, aggregate supplies of the major grain exporters in 2007/08 are expected to exceed their normal market requirements by just 18 percent, marginally up from the previous season, but still a relatively low level, considering the figure was over 30 percent in the mid-2000s. This indicates only a small improvement in the ability of these exporters to meet the global demand for wheat and coarse grains imports and points to a likely continuation of a tight market situation in the new season.

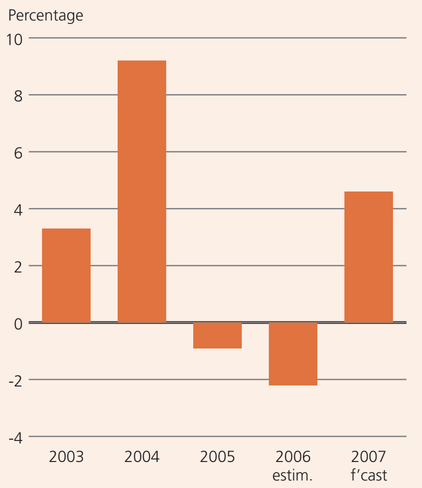
■ The ratio of the major exporters' ending wheat stocks to their total disappearance is forecast precariously low at just 10 percent at the end of the 2007/08 seasons. High wheat prices on international markets are already leading to increased import bills for the low-income food-deficit countries and should production not increase significantly in 2008 there could be major implications for the supply/demand outlook. For coarse grains, the ratio is expected to increase from the previous year's low. The fast growing demand for biofuels is expected to keep maize exportable supplies at exceptionally tight levels even with a record harvest. The ratio for rice is expected to change relatively little remaining at just over 16 percent.

1 The **first indicator** is the ratio of world cereal ending stocks in any given season to world cereal utilization in the following season. Utilization in 2008/09 is a trend value based on extrapolation from the 1997/98-2006/07 period.

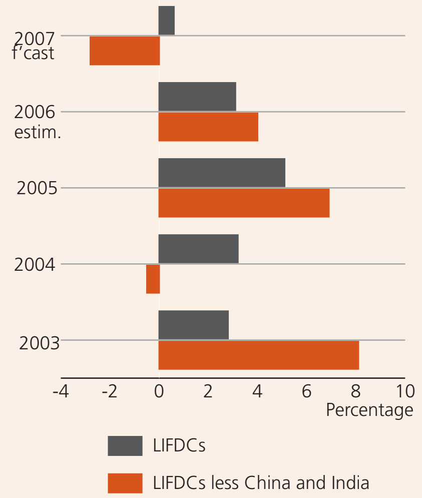
2 The **second indicator** is the ratio of the exporters' grain (wheat and coarse grains) supplies (i.e. a sum of production, opening stocks, and imports) to their normal market requirements (defined as domestic utilization plus exports of the three preceding years). The major grain exporters are Argentina, Australia, Canada, the EU and the United States.

3 The **third indicator** is the ratio of the major exporters' ending stocks, by cereal type, to their total disappearance (i.e. domestic consumption plus exports). The major **wheat** and **coarse grain** exporters are Argentina, Australia, Canada, the EU and the United States. The major **rice** exporters are India, Pakistan, Thailand, the United States, and Vietnam.

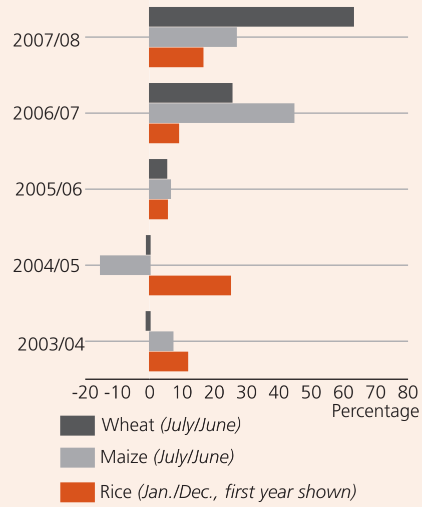
4. Year-to-year change in world cereal production



5 & 6. Year-to-year change in cereal production in the LIFDCs



7. Year-to year change in selected cereal price indices



■ World cereal production is forecast to increase 4.6 percent in 2007, which would represent a relatively strong rebound after two consecutive years of contraction. However, in view of the tightly balanced situation demonstrated by the first 3 indicators, another good year is needed in 2008, especially for wheat.

4 The **fourth indicator** shows the aggregate cereal production variation from one year to the next at the global level.

■ Following four years of sustained growth, the cereal production of LIFDCs in 2007 is forecast to increase only marginally from 2006, which means a less comfortable supply situation in the new 2007/08 season. Excluding China and India, which account for some two-thirds of the aggregate cereal output, production in the rest of LIFDCs would decline by nearly 3 percent after two consecutive years of substantial increases. This, coupled with population increases, is likely to result in several LIFDCs having to resort to larger imports to cover their consumption needs, which, at a time when international cereal prices are at very high levels, will put a heavy burden on the financial resources of these countries.

5&6 In view of the fact that the Low-Income Food-Deficit Countries (LIFDCs) are most vulnerable to changes in their own production and therefore supplies, the FAO's **fifth indicator** measures the variation in production of the LIFDCs. The **sixth indicator** shows the annual production change in the LIFDCs excluding China and India, the two largest producers in the group.

■ The tightening of the global cereal balance in 2007/08 has pushed up prices of all cereals. The most significant increase has been for wheat, for which the price index during the first 5 months of the current marketing year (July 2007 to November 2007), has averaged 63 percent above the average for 2006/07. For maize, the price surge has been less significant, with the index rising by nearly 27 percent, but this follows an increase of nearly 45 percent also in the previous year. For rice, a modest 16.4 percent increase has been registered in 2007 so far. These increases are contributing to a significant rise in the cereal import bill of the LIFDCs in 2007/08, which is forecast to jump 27 percent to reach some US$31 billion. Following a sharply increased cereal import bill also in the previous year, makes the current situation all the more burdensome for the LIFDCs, especially for those countries needing larger imports to cover domestic production shortfalls.

7 The **seventh indicator** demonstrates cereal price developments in world markets based on changes observed in selected price indices.

High cereal prices are hurting vulnerable populations in developing countries

Prevailing high international cereal prices, coupled with soaring freight rates and record world fuel prices, have resulted in substantial rises in retail prices of cereal based food staples, such as bread, pasta and tortillas, as well as milk and meat, in countries across the world, generating inflationary pressure on domestic food markets and fuelling social unrest. In the past months, food riots have broken out in such countries as **Mexico**, **Morocco**, **Uzbekistan**, **Yemen**, **Guinea**, **Mauritania** and **Senegal**.

Most affected by the higher cereal prices are those developing countries that depend heavily on imports from the world market to cover their cereal consumption requirements. Poor populations are anticipated to bear the heaviest burden, because their diets consist of a very high proportion of cereals. In addition, the poor spend a higher share of their income on food than do wealthier sections of populations: the most vulnerable groups can spend up to 80 percent of their total expenditures on basic foods alone. As a result, the higher cereal prices are not only leading to the deterioration of their diets in terms of quantity and quality, but also significantly eroding their overall purchasing power.

Governments around the world have implemented a series of policy measures to limit the increase of domestic food prices and prevent consumption from falling, including price controls, subsidies, reduction/waiving of import barriers and imposition of export restrictions. The impact of these measures on the food security of vulnerable households will vary widely and is yet to be assessed.

In **North Africa**, in **Algeria**, **Egypt** and **Morocco**, which have imported on average 66 percent, 50 percent and 36 percent respectively of their total wheat utilization over the past 5 years, soaring international prices have pushed up domestic prices of bread, the main staple, seriously affecting food security of vulnerable households. The Government of Morocco recently cut wheat import tariffs to the lowest level ever, while Egypt has significantly raised food subsidies.

In the **CIS countries**, there is concern about wheat supplies in **Tajikistan** and **Kyrgyzstan**. In the latter country, where poor people spend over 70 percent of their incomes on food alone, the price of bread in the capital, Bishkek, has increased by 50 percent. Salaries and pensions, on the other hand, have increased only by 10 percent this year. It is roughly estimated that 500 000 people in the poorest strata of the population are directly affected by the increase in bread and other basic products. In an attempt to ease the situation, the Government has released wheat from the emergency reserve in the poorest areas but without any effect on inflation. With spiralling food costs, the Government has revised the country's 2007 annual inflation estimate from 5-6 percent up to 9 percent.

In **Central America**, production of the main food staple, tortilla, depends on large imports of maize, retail prices for which are well above the previous year's level in most markets of the subregion. In **Guatemala**, the price of maize in September was almost 50 percent higher than a year earlier. Bread from wheat flour (fully imported except in Mexico), another important component of the food basket in Central America, has also increased sharply, eroding the purchasing power of the poorest households and hampering their access to food.

In **Andean countries of South America**, where production of the basic staple bread heavily depends on imported wheat flour, the current high level of international wheat prices is also raising concern about the food security of low-income households. In **Peru**, the price of imported wheat has increased by 50 percent since the beginning of the year with resulting increases in the price of bread; the local Bakers Association has proposed the adoption of "bread-coupons" in order to subsidize bread for the poorest families. In **Ecuador**, the Government has authorized imports with no levy for wheat and wheat flour from Argentina in order to control local bread prices. In **Bolivia**, the Government has empowered the national army to run some industrial bakeries to produce bread at affordable prices for the most vulnerable population groups.

Elsewhere in the world, cereal import dependent countries such as **Cape Verde**, **the Gambia**, **Eritrea**, **Somalia**, **Lesotho** and **Swaziland** in Africa, or **Mongolia**, **Sri Lanka** and **Timor-Leste** in Asia, which, even in good agricultural years import at least 50 percent of their total cereal consumption, are among those more affected by the high levels of international cereal prices.

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

Bumper 2007 cereal harvests in China and India but aggregate production to decline in the rest of LIFDCs

With the 2007 cereal harvests complete or near completion in all regions of the word, FAO's latest forecast of the LIFDCs' total output still points to a marginal growth of less than 1 percent from 2006, which follows increases of 5.1 and 3.1 percent in the previous two years. When the largest countries China and India are excluded, the aggregate production of the rest of countries declined by about 2.8 percent to 297 million tonnes. This mainly reflects a sharply reduced production in North Africa, where drought in Morocco caused a drop of 76 percent in cereal output this year, but also declines in the other African subregions, with the exception of Southern Africa where an aggregate bumper cereal crop was obtained. Elsewhere, LIFDCs gathered larger harvests in 2007, particularly in Asia.

Cereal import bill goes up by over one-quarter

The aggregate cereal import requirement of the LIFDCs, as a group, in marketing year 2007/08 is estimated at 81.6 million tonnes, slightly below the level of 2006/07. Most of the decline is in Far East Asia, notably in India that is forecast to import 4.7 million tonnes less cereals than in 2006/07. By contrast, larger imports are forecast in North Africa, as Morocco is expected to increase imports this season by over 2 million tonnes. In Southern Africa, despite the good aggregate cereal harvest of this year, higher imports in 2007/08 are projected mainly reflecting requirements from Zimbabwe, where maize production declined by 43 percent from 2006. In other LIFDCs in the world, cereal imports are anticipated to remain around the levels of 2006/07. Notwithstanding the reduction in quantities to be imported, the cereal import bill of the LIFDCs is forecast to increase by 27 percent to US$31.2 millions, after having increased by 35 percent in the previous season. This reflects the prevailing high cereal export prices, as well as soaring freight rates that have doubled since last year.

Cereal food consumption to decline, vulnerable populations most affected

Higher international cereal prices have already translated into substantial rises in retail prices of basic food, such as bread, pasta, maize based products, milk and meat, in LIFDCs that depend heavily on imports to meet their consumption requirements. Most affected by the food price inflation are the low-income groups of population, as their daily energy intake depends more on cereal based products and the share of food in their total expenditures is higher than that of wealthier sections of population.

Table 4. Cereal production[1] of LIFDCs (*million tonnes*)

	2005	2006	2007	Change: 2007 over 2006 (%)
Africa *(44 countries)*	**114.3**	**128.4**	**117.9**	**-8.2**
North Africa	25.4	29.9	22.2	-25.8
Eastern Africa	31.0	34.0	33.1	-2.6
Southern Africa	9.1	11.8	12.2	2.9
Western Africa	45.4	49.1	46.9	-4.5
Central Africa	3.3	3.6	3.5	-2.8
Asia *(25 countries)*	**733.4**	**746.3**	**761.8**	**2.1**
CIS in Asia	14.8	13.3	13.1	-1.5
Far East	704.6	720.4	735.5	2.1
- China (Mainland)	371.5	386.1	391.2	1.3
- India	193.8	194.2	202.7	4.4
Near East	14.1	12.6	13.1	3.9
Central America *(3 countries)*	**1.7**	**1.7**	**1.7**	**1.9**
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**	**7.5**	**1.1**
Total *(82 countries)*	**858.9**	**885.5**	**890.5**	**0.6**

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

[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 5. Cereal import position of LIFDCs (*thousand tonnes*)

	2005/06 or 2006	2006/07 or 2007				2007/08 or 2008	
		Requirements[1]		Import position[2]		Requirements[1]	
	Actual Imports	Total Imports	of which food aid pledges	Total Imports	of which food aid pledges	Total Imports	of which food aid
Africa *(44 countries)*	**38 998**	**36 367**	***2 355***	**30 983**	***2 222***	**38 644**	***2 421***
North Africa	16 353	16 038	*25*	16 038	*25*	18 651	*0*
Eastern Africa	5 839	5 183	*1 321*	4 715	*1 295*	4 742	*1 310*
Southern Africa	3 846	3 074	*362*	3 074	*362*	3 579	*614*
Western Africa	11 298	10 412	*545*	6 391	*434*	9 964	*424*
Central Africa	1 662	1 660	*103*	767	108	1 708	*73*
Asia *(25 countries)*	**36 649**	**42 746**	***1 376***	**41 706**	***1 376***	**38 360**	***1 538***
CIS in Asia	2 958	3 729	*394*	3 729	*394*	3 122	*167*
Far East	21 832	28 259	*781*	27 911	*781*	24 243	*1 196*
Near East	11 859	10 758	*200*	10 066	*200*	10 995	*175*
Central America *(3 countries)*	**1 750**	**1 694**	***147***	**1 694**	***147***	**1 741**	***175***
South America *(1 country)*	**1 011**	**944**	***30***	**944**	***30***	**1 020**	***20***
Oceania *(6 countries)*	**416**	**416**	***0***	**222**	***0***	**416**	***0***
Europe *(3 countries)*	**1 619**	**1 609**	***0***	**1 609**	***0***	**1 420**	***60***
Total *(82 countries)*	**80 442**	**83 775**	***3 908***	**77 158**	***3 775***	**81 600**	***4 214***

[1] The import requirement is the difference between utilization (food, feed, other uses, exports plus closing stocks) and domestic availability (production plus opening stocks).
[2] Estimates based on information available as of mid-November 2007.
Note: Totals computed from unrounded data.

As a result of the more expensive cereal imports and lower domestic productions, the aggregate consumption of the LIFDCs (excluding China and India) is projected to increase at a rate lower than that of the population growth, which would lead to a slight reduction i n the per caput cereal food consumption, a decline in the quality of the diet of the vulnerable population and to a significant decline in the per caput cereal feed use. The reduction in the aggregate consumption of LIFDCs (excluding China and India) could be more pronounced than forecast if the price increases prompt further reduction in demand for cereal based food products.

Cereal stocks to decline in 2008

At the current 2007 production estimates and projected imports in 2007/08, cereal stocks of the group of LIFDCs (excluding China and India) by the close of their crop seasons in 2008 are forecast to drop by 12 percent from their opening levels, after steadily increasing in the past few years.

Table 6. Cereal import bill in LIFDCs by region and type *(July/June, million US$)*

	2002/03	2003/04	2004/05	2005/06	2006/07 estimate	2007/08 forecast
LIFDC	**14 034**	**15 813**	**18 838**	**18 108**	**24 509**	**31 247**
Africa	6 501	7 098	8 422	8 401	10 333	14 640
Asia	7 014	8 052	9 722	8 938	13 252	15 434
Latin America and Caribbean	317	389	415	477	565	691
Oceania	69	76	78	82	99	118
Europe	133	198	201	209	260	365
Wheat	7 762	8 802	10 768	10 643	14 032	19 062
Coarse grains	3 290	3 309	3 402	3 094	4 744	5 158
Rice	2 982	3 702	4 667	4 371	5 734	7 028

Source: FAO.

Regional reviews

Africa

North Africa

Winter grain planting underway but conditions remain too dry in Morocco

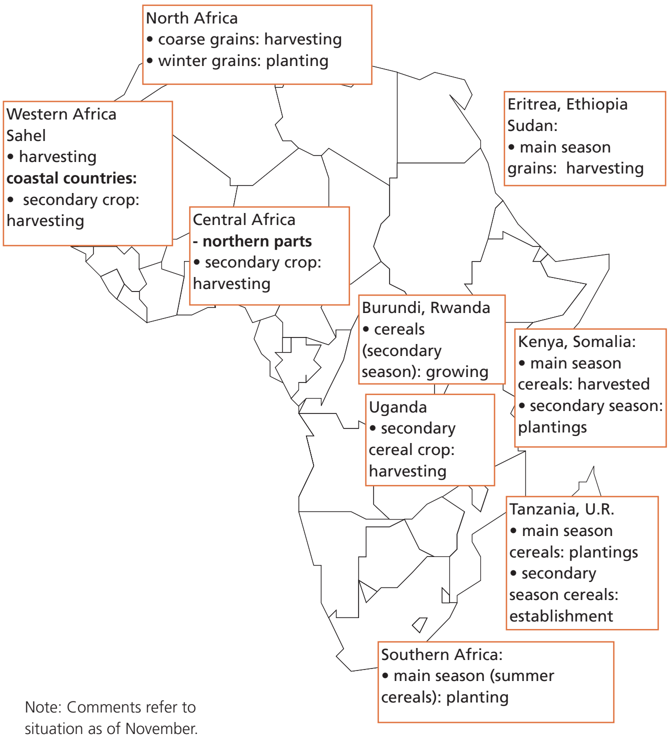
Planting of the **2008** winter wheat and coarse grains is underway throughout the subregion. In northeastern growing areas, adequate rainfall combined with cool temperatures has been favourable for planting. In **Morocco**, however, where soil moisture reserves are seriously depleted after drought in the past season, precipitation has not been sufficient so far, and conditions still remain too dry for widespread sowing. The subregion's **2007** wheat crop is estimated at 13.5 million tonnes, 28 percent down from the good crop of 2006 and below average, largely due drought. In **Morocco**, worst hit by the dry conditions, wheat output was sharply reduced by 76 percent from the previous year, to the lowest level of the past five years. In **Egypt**, the largest producer in the subregion, where most of the wheat is irrigated, production returned to an average level of about 7.4 million tonnes, after a bumper crop in 2006. Also reflecting the drought, the subregion's 2007 coarse grains crop is estimated at 10.8 million tonnes, about 8 percent below the five-year average.

Governments in the subregion move to counter rising food prices

North African countries rely heavily on wheat imports from the international market to cover their consumption needs. Over the past 5 years, Algeria, Egypt and Morocco imported about 66 percent, 50 percent and 36 percent of their total wheat utilization respectively. Soaring international prices have increased imports bills and pushed up domestic prices of bread and other basic food causing social unrest in most countries of the subregion. The problem was compounded in Morocco by the extremely low level of domestic production in 2007. Governments have implemented a series of measures aimed at offsetting the sharp increase in world prices, including the waiving of tariffs, price controls and subsidies. **Morocco** recently cut wheat import tariffs to the lowest level ever, while **Egypt** has significantly increased food subsidies. The impact of these measures on household food security is yet to be assessed.

Western Africa

Joint CILSS/FewsNet Crop Assessment Missions to the nine Sahelian countries (Burkina-Faso, Cape Verde, Chad, The Gambia, Guinea-Bissau, Mali, Mauritania, Niger and Senegal) have recently been completed. The Missions reviewed the evolution of the 2007 cropping season and preliminary cereal production estimates prepared by the national agricultural statistics services. This year, the exercise was extended to three coastal countries - Benin, Ghana and Nigeria. FAO participated in some of these missions.



Note: Comments refer to situation as of November.

Another good cereal output in most of the Sahel in 2007 but less favourable prospects in the coastal countries

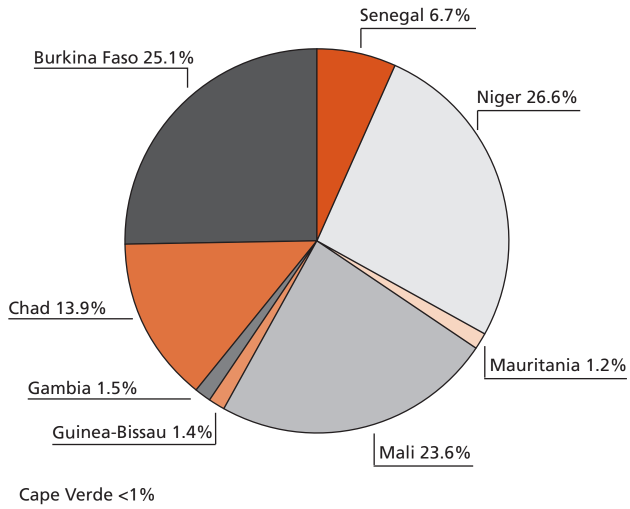
According to preliminary findings, a relatively good crop is being gathered in the Sahel in spite of this year's erratic rains. The 2007 aggregate cereal production in the nine countries is provisionally estimated at about 14.9 millions tonnes, mostly millet and sorghum (see Figure 2), which is slightly lower than last year's bumper output, but still some 12 percent above the average of the last five years. At national level, above-average harvests are forecast in all Sahelian countries with the exception of **Cape Verde** and **Senegal**, where, compared to the average of the past five years, output is expected to decline by 46 percent and 11 percent respectively (see box).

In the countries along the Gulf of Guinea, generally less favourable harvest outcomes are expected, notably in **northern Nigeria**, where coarse grain production is anticipated to decline significantly due to late and poorly distributed rains, and in **Ghana** where a long dry spell was followed by floods negatively affecting crops during the season. Nigeria is the largest producer in Western Africa and given the high level of market integration in the subregion, a reduction in this country's cereal production can push up cereal prices in some other poorer and more vulnerable of the Western African nations. There are already reports of rising food prices in northern Nigeria and GIEWS will continue to monitor closely price trends in neighbouring countries. Another important trade flow in the subregion is that between Burkina Faso and Ghana, thus, the reduced production in the northern Ghana is expected to be offset with inflows from Burkina Faso.

Central Africa

In **Cameroon** and the **Central African Republic**, harvesting of the second 2007 maize crop (planted from March-April) is about to start in the south and overall prospects are favourable reflecting adequate rains throughout the cropping season. In the north, characterized by only one rainy season, harvesting of millet and sorghum is underway and output is forecast to be about average. While the overall food supply situation is expected to be satisfactory in Cameroon, any improvement in the food security situation in the Central African Republic continues to be hampered by persistent insecurity and inadequate availability of agricultural inputs, notably in northern parts.

Figure 2. Sahel - 2007 cereal production by country



Eastern Africa

Good cereal crops in 2007 throughout most of the subregion

In **Eastern Africa,** harvesting of the 2007 main season cereal crops has ended or is about to be completed in all

Table 7. 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	**20.9**	**25.0**	**19.7**	**100.2**	**104.6**	**100.1**	**20.4**	**21.9**	**21.7**	**141.5**	**151.6**	**141.5**
North Africa	**15.3**	**18.7**	**13.5**	**11.7**	**12.5**	**10.8**	**6.2**	**6.8**	**6.7**	**33.2**	**37.9**	**31.0**
Egypt	8.2	8.3	7.4	8.7	7.9	8.0	6.1	6.8	6.7	23.0	23.0	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**	**43.2**	**41.2**	**8.8**	**9.3**	**9.0**	**48.7**	**52.6**	**50.3**
Nigeria	0.1	0.1	0.1	22.4	24.8	22.9	3.6	4.0	3.9	26.0	28.9	26.8
Central Africa	**0.0**	**0.0**	**0.0**	**3.1**	**3.3**	**3.2**	**0.4**	**0.4**	**0.4**	**3.5**	**3.7**	**3.6**
Eastern Africa	**3.3**	**3.8**	**4.1**	**26.8**	**29.2**	**27.9**	**1.4**	**1.6**	**1.6**	**31.5**	**34.5**	**33.7**
Ethiopia	2.3	2.6	3.0	11.0	12.2	11.6	0.0	0.0	0.0	13.4	14.8	14.6
Sudan	0.4	0.7	0.8	5.1	5.9	5.3	0.0	0.0	0.0	5.6	6.6	6.1
Southern Africa	**2.2**	**2.5**	**2.0**	**18.8**	**16.5**	**16.9**	**3.7**	**3.8**	**3.9**	**24.6**	**22.7**	**22.8**
Madagascar	0.0	0.0	0.0	0.4	0.3	0.4	3.4	3.5	3.6	3.8	3.8	4.0
South Africa	1.9	2.1	1.7	12.3	7.3	7.5	0.0	0.0	0.0	14.2	9.4	9.2
Zimbabwe	0.1	0.2	0.1	1.1	1.7	1.0	0.0	0.0	0.0	1.2	1.9	1.2

Note: Totals computed from unrounded data.

countries of the subregion. Notwithstanding floods earlier in the season in some areas of Sudan, Eritrea, Ethiopia and Uganda, which resulted in casualties and serious localized food shortages, crop prospects in most countries are favourable and above-average crops have been gathered, or are being gathered, in most countries. The subregion's aggregate cereal production in 2007 is provisionally estimated at 34 million tonnes, slightly lower than the record 2006 output but about 17 percent higher than the average of the previous five years.

The main exception to the otherwise generally satisfactory food outlook in the subregion is **Somalia**, where output from the main "Gu" crop, harvested earlier in the season, was estimated at about 49 000 tonnes, only one-third of the post-war average 1995-2006, and the worst in thirteen years. The reduction is largely the result of drought conditions, coupled with conflict and intense insecurity since the beginning of 2007. These combined factors have led to the worst humanitarian crises in Africa at present. Currently, a total 1.5 million people in the country need urgent humanitarian assistance. The humanitarian situation is

Successive poor harvests and high prices threaten food security in the western part of the Sahel

In **Cape Verde**, production of maize (virtually the only cereal grown in the country) has been severely limited by reduced and irregular rainfall for the third year in succession. Production of haricot beans, another important food, which are normally intercropped with maize, has also been badly affected by the adverse growing conditions.

Although Cape Verde is a food-deficit country and usually imports the bulk of its consumption requirements, any shortfalls in the domestic production can have serious implications for the food security of small-scale producers, who normally consume their entire crop at home, and for whom it forms an important part of the diet. After three years of reduced production a large proportion of farmers are finding themselves in a situation of increased vulnerability.

Moreover, the implementation of the country's safety net program may now be constrained by the reduced allocations of food aid. Until recently, food aid played a major role in Cape Verde's food policy, accounting for over 50 percent of total cereal consumption in some years. Monetisation of food aid to finance "cash-for-work" activities has been the main instrument used by the Government to deal with food emergencies. However, the amount of food aid received has declined sharply in recent years due to various factors, including the upgrading of Cape Verde to medium-developed country status from least-developed country, and the shift of several donors' aid policy to direct budget support. As of late September the country had received only 3 500 tonnes of food aid in 2007 compared to 22 000 tonnes by the same period last year. Moreover, food imports and distribution, which were handled by a parastatal food supply agency, have been completely liberalized, increasing the exposure of the domestic food market to the variability of international commodity markets. Therefore, the food situation during the 2007/08 marketing year will depend on two major factors: (i) The capacity of the Government to finance and implement an effective safety net program in the short term, to assist affected populations and restore their production capacity for the next agricultural season, and (ii) the evolution of international food prices and actions the Government may take to mitigate their impact on consumers' purchasing power.

In **Senegal**, another poor harvest is gathered and 2007 cereal production is estimated to have declined by 11 percent compared to the five-year average. Large segments of the rural population, already suffering from the effects of last year's low production, have yet again had poor harvests because of adverse weather. Their food security status will remain precarious and may even deteriorate further in the 2007/08 marketing year due to high and rising international food prices. Senegal is a food-deficit country whose domestic production covers only about half of the country's cereal utilization requirements, so it relies heavily on rice and wheat imports, amounting to and average of about 900 000 tonnes per annum, from the international market. Food prices are thus a key determinant of access to food for the majority of the population. Lower domestic production in a context of tight international market is likely to lead to high inflationary pressure on the domestic food market and erode the purchasing power of urban and rural consumers.

Mauritania is also likely to be seriously affected by increased international prices due to its high import dependence and low per caput income levels.

further aggravated by continued increases in staple food prices that limit food access for displaced and poor families who have lost income-earning opportunities and have limited food stocks. These rising prices mainly reflect disruption of markets and depreciation of the Somali shilling against the US dollar which in the Shabelle Valley -- the centre of the current humanitarian crisis -- has depreciated by 50 percent since January. Prospects for the "deyr" secondary cereal crop to be harvested from February 2008 are favourable. After a late start, rainfall in southern Somalia has been increasing benefiting developing crops. A successful "deyr" harvest is needed to improve food security in the region. Cereal import requirement in the current marketing year (ending July 2008) is estimated to increase by some 10 percent to 480 000 tonnes.

In **Sudan,** the outlook for the 2007 coarse grain harvest, currently underway, is good reflecting favourable growing conditions. Rainfall was above-normal and availability of agricultural inputs is reported to have been normal to above normal. However, after a bumper crop in the previous year, plantings returned to more normal levels this season and output is expected to decrease slightly, although remaining well above the average for the previous five years. The targeted area for the wheat crop, now being sown and for harvest from March 2008, has been increased by about 13 percent to 347 000 hectares.

As a result of continuing violence in Darfur, insecurity, displacement and loss of livelihoods are expected to continue over the next months and, concomitant with this, malnutrition rates are likely to deteriorate due to lack of access to food. An FAO/WFP Post-Harvest Assessment Mission is scheduled to visit northern Sudan early next year to review the estimates of the 2007 coarse grains harvest, the 2008 wheat crop and review the cereal supply/demand situation in 2008.

Overall cereal surplus in southern Sudan but internal trade possibilities limited

An FAO/WFP Crop and Food Security Assessment Mission which visited south Sudan recently, has estimated cereal production in 2007 in the south to be fractionally higher than last year with higher than normal yields. However, since the anticipated increase in output will not entirely meet the requirement of the spontaneous and organized returnees, the 2007/08 food supply position in southern Sudan is expected to show a generally negative balance. Moreover, lack of infrastructure and of a developed trade network, will limit the movement of large quantities of cereals from some of the surplus areas to the deficit ones in Upper Nile, Jonglei, Unity, East Equatoria and Bahr el Ghazal.

In **Ethiopia,** the prospects for the 2007 main "meher" crop now being harvested remain favourable. Output is estimated somewhat lower than last year but about 20 percent higher than the five-year average. Notwithstanding an easing of restrictions on trade in the Somali Region, households in vast areas of this region will remain food insecure due to civil conflict. In most of the rest of the country the anticipated good harvest is expected to improve food security. However, the food security of the poorer households continue to be affected by high food prices which have increased in the last two years despite three consecutive years of good harvests.

In **Uganda,** the outlook for the secondary season coarse grain crops now being harvested is favourable. The aggregate cereal output in 2007 is estimated to remain similar to last year's crop and marginally above the average of the past five years. Good main crop harvests earlier in the year have generally increased food supply to markets and prices remain within the reach of most households. However, in eastern parts, where heavy rains earlier in the year caused damage and displacement of hundreds of families, the affected population, especially in Teso Region, will face moderate food insecurity in early 2008. The population at risk, including internally displaced people, is estimated at some 1.4 million, continue to remain highly food insecure and largely dependant on humanitarian support**.**

In **Kenya,** the harvesting of the 2007 long-rains season grain crops is completed. Reflecting favourable weather conditions and increased plantings production is expected to increase by about 200 000 tonnes, to 2.6 million tonnes. Prospects for the short rains season crop, which normally accounts for about 20 percent of total cereal output and is due for harvest from February next year, are also favourable. As a result of expected above-average cereal crops the national food supply situation is good and maize prices are expected to decline in early 2008. The food security of drought-affected pastoralists has improved in several areas and it is expected to get better as long as seasonal rainfall continues. However, food assistance continues to be assured to a large number of people in the pastoral areas affected by previous drought and continued pastoral conflicts.

In the **United Republic of Tanzania,** the output from the 2007 main coarse grains crop harvested earlier in the year was estimated similar to last year's crop of some 4 million tonnes and above average. The sowing of the secondary crop due for harvest early next year has been completed under overall favourable weather conditions and pasture and water availability remains above normal. The food supply situation is therefore generally satisfactory. Markets are well supplied and on-farm stocks in rural areas are adequate except in localized areas of the 22 districts that were affected by floods or an early end of rains. However, despite the overall good availability, wholesale market prices for many foodstuffs are higher than last year reflecting rising transport costs following fuel price increases and government campaigns to buy crops using standardized weight methods at the farm gate. These high prices are likely to limit food access for low-income households in urban areas.

In **Eritrea,** the prospects for the main cereal crop, now being harvested, are good reflecting one of the best growing conditions in the last eight seasons. The output is estimated to reach the level of last year's crop of some 230 000 tonnes, sharply higher than the average for the previous five years. However, the country depends largely on imports - mostly commercial - to cover its total cereal consumption requirements of about 550 000 tonnes. Despite good domestic production, cereal prices remain high affecting food security of large sections of the population.

Cereal prices show mixed trends in the subregion

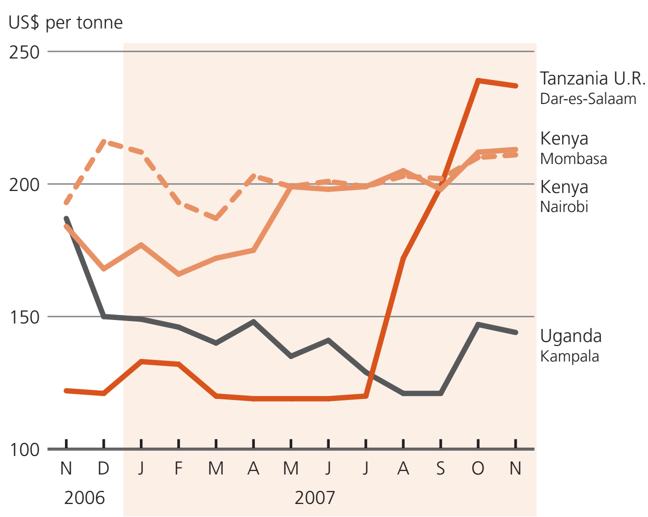
In **Kenya** the price of maize (Figure 3), which had remained stable in recent months, fluctuated in the Nairobi market between US$199 per tonne and US$202 per tonne in the period May to September, increased in October and November to US$210 per tonne and US$ 211 per tonne, respectively. Prices reacted to the Government's announcement of a purchase price of US$215 per tonne for the crop recently harvested. Spillover effects of higher import prices also influenced the market. However, prices have started to drop in the main maize producing areas and are expected to decline also in Nairobi reflecting the favourable supply situation.

In the **United Republic of Tanzania**, wholesale maize prices in Dar-es-Salam - quite low since the beginning of the year averaging US$123 per tonne - began to increase sharply since August, to reach US$ 237 per tonne in November. This increase is explained by high demand from neighbouring countries and increased transportation costs attributed to the rising international fuel prices. Moreover, the decision of the Government of the United Republic of Tanzania to buy a targeted 30 000 tonnes of food-grains for state reserves from farmers in the remote surplus production area, also gave support to prices. However, prices have dropped in the markets of southern highlands maize production areas and are expected to fall in the capital city in the coming months reflecting the good harvest this year.

In **Uganda**, that had been declining since the beginning of the year and at low levels in September, increased sharply in October despite abundant supplies. This has been attributed to reduced maize purchases from humanitarian agencies.

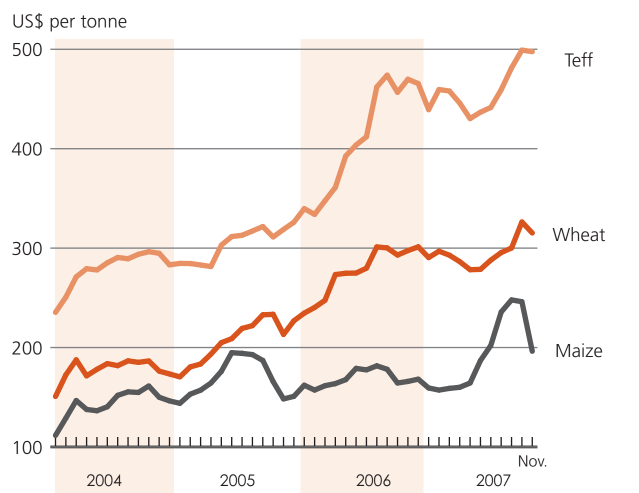
In **Ethiopia**, prices of cereals and other commodities have been unusually high since early 2004 despite consecutive seasons of bumper harvests. Notwithstanding the measures taken by the Government in March 2006 to stabilize prices, including sales at subsidized prices to the needy in selected urban areas, ban on grain exports and various financial measures, prices have continued to increase. The rate of increase has been extraordinarily high prior to the harvest of the 2007 main season crop from November when the wholesale maize and wheat prices in the capital reached a record US$248 per tonne and US$326 per tonne, respectively (see Figure 4). Possible reasons for the recent price trend include: rise in earnings - being helped by the rapid increase in government expenditure - commercial credits, export receipts and transfers in the form of remittances, withholding of cereal supplies by smallholder farmers and the decline of food aid distributed in the country. In contrast to 2006, when no significant post-harvest reduction of prices were observed, this year maize wholesale price in Addis Ababa in the first weeks of November has shown

Figure 3. Maize prices in selected Eastern Africa markets



Source: Eastern AFrica Regional Agricultural Trade Intelligence Network

Figure 4. Selected cereal prices in Addis Ababa, Ethiopia



Source: Ethiopian Grain Traders

a reduction of about 20 percent compared to the previous three-month average of US$243 per tonne.

Southern Africa

Good start of the 2008 cereal season

Planting of the 2007/08 main season cereal crops, mainly maize, is underway. Rains in the last dekad of October and November have been generally favourable for planting operations, with heavy precipitation in Angola and localized areas of South Africa and Zimbabwe. Maize and other cereals planting in the subregion will continue till end of December. The long-range rainfall forecast for the 2008 main crop growing season is overall positive for Southern Africa.

While it is still too early to estimate the sub-region's area planted this year, in South Africa, a farmer's planting intentions survey indicates that the maize area could expand from last year's below average level of 2.55 million hectares to some 2.67 million hectares, encouraged by current high domestic and international prices.

Higher cereal import requirements in 2007/08 with large deficit in Zimbabwe

The 2007 aggregate production of cereals in the subregion was estimated only somewhat higher than the about-average level of the previous year. This reflects a second consecutive poor crop in South Africa, by far the largest producer, and a good aggregate output of the rest of countries. However, while bumper crops were gathered in several countries, particularly in Malawi, production was reduced in net-importing countries, namely Zimbabwe, Namibia, Lesotho, Swaziland and Botswana. As a result, in spite of the increase in the aggregate production of cereals this year (excluding South Africa), the total cereal import requirement for the 2007/08 marketing year (April/March in most cases) has been estimated to be some 15 percent higher than in the previous year at 4.36 million tonnes, which includes some 614 000 tonnes of food aid (Figure 5). Zimbabwe accounts for almost a quarter of the anticipated aggregate imports, following a sharp decline in cereal output this year.

Against total food aid cereal import requirements for 2007/08 (April/March), pledges or deliveries until early November are estimated at 394 000 tonnes or some 64 percent of the requirement. The total cereal food aid need, calculated at 614 000 tonnes, is lower than the average annual food aid of the previous five years of about 708 000 tonnes.

Satisfactory regional food supply

Overall, maize supply in Southern Africa this marketing year is quite satisfactory. A sizeable exportable surplus is estimated from **Malawi** (around 1 million tonnes), **South Africa** (around 1 million tonnes), **Zambia** (about 250 000 tonnes) and **Mozambique** (about 150 000 tonnes). This compares with the subregion's aggregate maize import requirements (commercial and food aid for both white and yellow) of 2.6 million tonnes. Hence local and regional purchases of food aid, direct or through triangular arrangements are highly recommended.

Reflecting high international prices, a reduced harvest in the major producer South Africa and below-average harvests in several countries, quotations of maize prices are above their levels of a

Figure 5. Southern Africa - Total cereal import requirements for 2007/08 and percent change from 2006/07

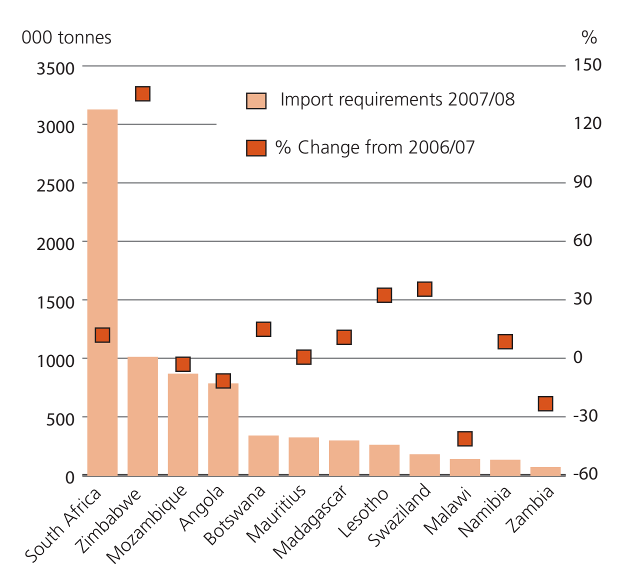
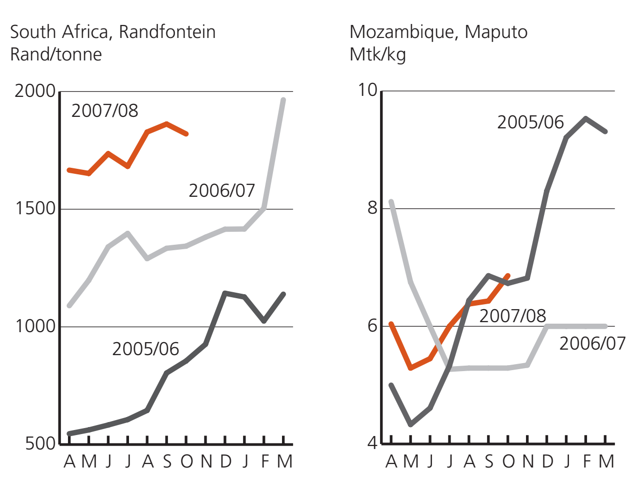


Figure 6. Southern Africa: wholesale prices of white maize in selected markets



Sources:
South Africa: Randfontein spot price (www.safex.co.za).
Mozambique: SIMA, Monthly average wholesale prices in Maputo.

year earlier in most countries of the subregion, with the exception of **Malawi**, (Figure 6) and continuing the general upward trend started during the post-harvest months of April-May. In **South Africa** the Randfontein spot price of white maize, has risen from R 1 652/tonne (US$ 235/tonne) in May 2007 to a high of R 1 862/tonne (US$253/t) in September 2007 showing a slight, and most likely a temporary, decline in October at R 1 820. SAFEX future's prices show continuation of this positive trend until March 2008. High prices in South Africa, the region's main exporting country, have affected domestic prices in other importing countries in the region, especially **Swaziland, Lesotho** and **Zimbabwe**.

By contrast, in **Malawi**, a bumper maize harvest has resulted in post-harvest prices being considerably lower than in the past two years.

In **Madagascar** prices of rice, the main staple food, need watching carefully as the current levels have remained much higher than the year before, despite an increase in the 2007 production, and are potentially heading upwards to the levels which caused serious crisis last year. Increased rice importation would be required to avoid further escalation of this price.

Asia

Far East

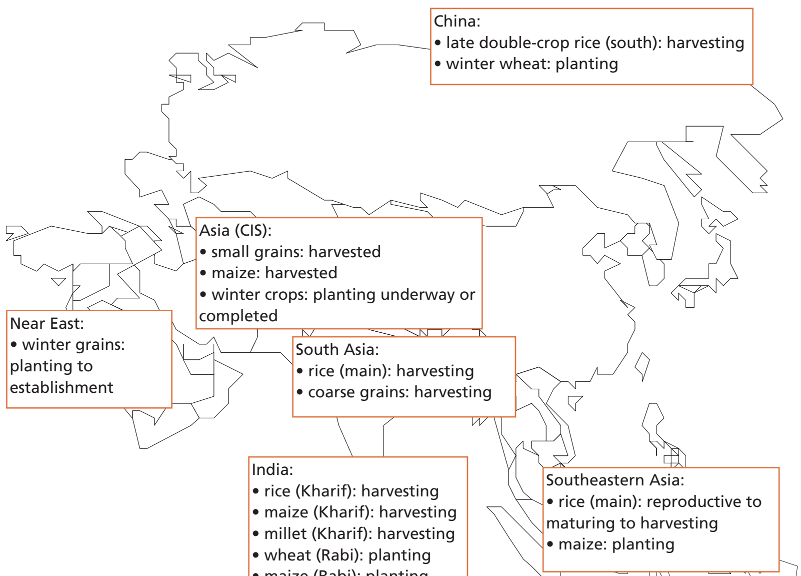
Record 2007 cereal harvest with bumper crops in China and India

Harvesting of the main rice and coarse grains crops is complete or drawing to a close. Based on latest information, the 2007 aggregate output of paddy is forecast at a record 580 million tonnes, slightly above the previous year's high. The aggregate maize output is forecast at 198.1 million tonnes, marginally up from last year's already bumper crop. Harvesting of the 2007 secondary spring/summer wheat crop has just been completed, while the main winter crop was gathered earlier in the year. The 2007 aggregate wheat output of the subregion is estimated at 207 million tonnes, 4 percent up from last year's high production and 10 percent above the average of the previous five years. Most of the increase comes from India. Planting of the 2008 winter wheat crops is underway or complete in the major wheat producing countries of the subregion under favourable conditions so far, and a larger overall area is expected in response to high prices.

In **China (Mainland)**, harvesting of the late rice and coarse grains has been complete. The estimate of the 2007 aggregate paddy production remains unchanged at 184 million tonnes, about 1 percent up from last year's level. Harvesting of maize is complete and the 2007 maize output is estimated at 148 million tonnes, some 2.5 million tonnes above the record high of 2006, reflecting an increase in area planted, due to relative higher profit, and favorable weather. The aggregated 2007 wheat output was estimated at a record 106 million tonnes. Overall, China's 2007 cereal output is estimated at some 449 million tonnes, an increase of about 1.2 percent from last year and 9 percent compared to the five-year average. As a result, the country is expected to increase its net cereal export in 2007, while closing stocks are expected to increase in 2007/08.

Planting of the **2008** winter wheat crop is complete in the major wheat producing regions of China. The area is estimated marginally above last year's already large area due to the incentive of high wheat prices and continued government support for grain production. The growing condition in the major wheat producing provinces is close to normal and the soil moisture is adequate.

In **India**, the 2007 paddy production is forecast at about 140 million tonnes, close to last year's good harvest, while the 2007 maize is forecast at 15.5 million tonnes, some 2 million tonnes above last year's reduced output. Based on the latest information, the 2007 wheat output is estimated at 75 million tonnes which is some 5 million tonnes higher than in 2006 and the five-year average. As a result of this good outturn, the country's wheat imports in 2007/08 (April/March) has been revised down from 3 million tonnes to 2 million tonnes. The country imported some 6.7 million tonnes of wheat in 2006/07.



Note: Comments refer to situation as of November.

Planting of the **2008** winter wheat crops is underway in India. Agro-meteorological conditions were favourable for winter crop sowing in most rain-fed wheat growing regions. The area is expected to be marginally above last year's, reflecting the Government's early announcement of a significant increase in the support price for the 2008 wheat crop.

Harvesting of paddy crop in **Pakistan** is underway and the prospects for this year's output are satisfactory. The 2007 wheat output, gathered earlier in the year, was estimated at a record 22.5 million tonnes. Total cereal exports in 2007/08 are forecast at some 4 million tonnes, of which 3 million tonnes of rice. Following government support to increase use of the hybrid rice technology, a bumper 2007 paddy crop is expected in **Indonesia**, which is expected to lead to a reduction in rice imports to less than 1 million tonnes, next year. In **Cambodia**, the 2007 rice output is officially forecast at 6 million tonnes, 4 percent below the previous season's level. The country is expected to export some 1 million tonnes in 2008.

Food insecurity persists in several countries

The **Democratic Peoples Republic of Korea** continues to suffer chronic food shortages due to the economic difficulties and natural disasters. Harvesting of the 2007 main season cereal crops was completed in November and the 2007 cereal output is tentatively estimated at 3.8 million tonnes (including rice in milled terms), some 7 percent below the flood-affected level of last year and 10 percent below the good harvest in 2005 caused by heavy floods in August and September. Given this production, the cereal import requirement in 2007/08 marketing year (November/October), to maintain per caput cereal consumption close to the status quo at some 160 kg per caput, is estimated at more then 1 million tones. Despite political and economic difficulties, the country imported an estimated 556 000 tonnes of cereals in 2006/07 (November/October), of which 353 000 as food aid for vulnerable and flood-affected population.

In **Timor-Leste**, food security has recently deteriorated due to the high cereal world market prices, which is having a significant negative impact on food security of the vulnerable population in urban and rural areas. The country is dependent on rice imports which account for more than 50 percent of total consumption in a normal year. Following the increase in prices, the major private rice importers have left the market due to the low purchase power of consumers. The private rice stock is reportedly at very low level. The 2007 food production, including cereals, cassava and other tubers, has been severely affected by adverse weather conditions and an outbreak of locusts.

In **Sri Lanka**, the resurgence of civil conflict and the deterioration of security situation is having a severely negative impact on the country's economy and food security, particularly in northern and eastern parts of the country. The revenue from tourism in the first 10 months of 2007 reportedly fell by 20 percent due to insecurity. The reduction in this year's cereal production and rising cereals import prices are also negatively impacting the vulnerable population's access to food. The cost of basic commodities, including bread, rice, and cooking gas has reportedly risen exponentially.

Table 8. 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	**264.9**	**270.1**	**280.9**	**246.2**	**252.7**	**256.8**	**574.5**	**581.7**	**585.4**	**1 085.7**	**1 104.5**	**1 123.0**
Far East	**191.5**	**199.1**	**207.1**	**219.6**	**225.5**	**230.2**	**569.7**	**576.1**	**579.8**	**980.9**	**1 000.7**	**1 017.2**
Bangladesh	1.1	0.8	0.8	0.5	0.5	0.5	39.8	40.3	39.0	41.4	41.6	40.3
China	97.4	104.5	106.0	150.4	156.7	159.3	182.1	184.1	185.5	429.9	445.3	450.8
India	68.6	69.4	75.0	33.4	32.1	34.4	137.7	139.1	140.0	239.7	240.5	249.4
Indonesia	0.0	0.0	0.0	12.5	11.6	12.4	54.2	54.5	57.0	66.7	66.1	69.5
Pakistan	21.6	21.7	22.5	3.5	3.8	3.1	8.3	8.2	8.1	33.4	33.7	33.7
Thailand	0.0	0.0	0.0	3.7	4.0	3.9	30.3	30.3	30.5	34.0	34.3	34.4
Viet Nam	0.0	0.0	0.0	3.8	3.8	3.6	35.8	35.8	35.6	39.6	39.6	39.1
Near East	**49.5**	**46.2**	**45.9**	**22.1**	**22.6**	**21.3**	**4.1**	**4.8**	**4.9**	**75.7**	**73.6**	**72.0**
Iran (Islamic Republic of)	14.5	14.5	15.0	4.4	5.2	5.0	2.7	3.3	3.5	21.6	23.0	23.5
Turkey	21.5	20.0	18.5	14.3	13.9	12.7	0.6	0.7	0.5	36.4	34.6	31.7
CIS in Asia	**23.7**	**24.7**	**27.7**	**4.5**	**4.6**	**5.2**	**0.7**	**0.7**	**0.7**	**28.9**	**30.0**	**33.6**
Kazakhstan	11.5	13.7	17.0	2.2	2.5	3.0	0.3	0.3	0.3	14.0	16.5	20.4

Note: Totals computed from unrounded data.

In **Mongolia**, lack of rain and drought during the critical summer months has adversely affected grain and fodder production. The 2007 wheat output, normally planted in May-June for harvest in October, is estimated at 109 000 tonnes, a decrease of 15 percent and 12 percent compared to the previous and the five-year average respectively. Even in good years, the country imports some two-thirds of its wheat consumption needs.

Near East

In **Afghanistan** winter wheat plantings for the 2008 harvest are reported to be underway using high quality wheat seed supplied with financial and technical assistance by the EU and FAO. The 2007 cereal harvest, provisionally estimated at over 4.6 million tonnes, was well above the relatively poor harvest of 2006 (3.9 million tonnes) and above average. Wheat production reached an estimated 3.8 million tonnes but, nevertheless, the import requirement of cereals in 2007/08 (July/June) is estimated at nearly 700 000 tonnes, including 550 000 tonnes of wheat. High cereal prices are likely to cause hardship for vulnerable populations. At this stage, the food aid requirement for the marketing year is put at 100 000 tonnes.

Asian CIS

Bumper 2007 cereal production

Pending receipt of the official 2007 cereal production data, (which may not be available until well into 2008) FAO estimates the subregion's aggregate 2007 cereal production at 33.6 million tonnes (including rice in paddy equivalent), 11 percent up from last year's and 16 above the average of the past five years. Aggregate production of wheat, which is the main cereal crop and principal foodcrop in the subregion, is estimated at 27.7 million tonnes, 3 million tonnes more than in 2006. The bulk of the increase is accounted for by **Kazakhstan**, the largest producer in the subregion, where better than expected yields in the northern producing areas (adjoining the Siberian region of the Russian Federation) resulted in a 3.3 million tonnes jump in the wheat harvest to an estimated 17 million tonnes. Given the high international cereal prices and the recurrent import needs in many CIS countries, this increase in production has been a welcome development. The subregion's coarse grain output is provisionally estimated at 5.2 million tonnes, up from 4.6 million tonnes in the preceding year, reflecting a recovery from last year's drought-reduced crops in **Armenia** and **Georgia** and somewhat higher output in Kazakhstan. The paddy harvest in the subregion is estimated at 697 000 tonnes, marginally less than last year,

Several countries in Far East suffer from floods/landslides and cyclones

In **Bangladesh**, a super cyclonic storm (category 4) on 15 November caused extensive damage, affecting close to 8.5 million people in 30 districts. Latest official estimates (dated 28 November) indicate more than 3 256 people were killed and 880 missing. More than 1.43 million houses were completely or partially destroyed. The impact on agriculture is also severe, with 823 000 hectares of paddy and other crops damaged and 1.2 million animals, mostly cattle, killed. Already in June-July this year, the country suffered from severe floods and landslides which affected some 10 million persons across 39 districts. http://www.fao.org/giews/english/index.htm

In early November, **Viet Nam** suffered the fifth major flood since August this year, with hundreds of people killed and more than 61 000 houses submerged, increasing the needs of already vulnerable communities.

Some 300 000 people in **Philippines** have been evacuated in response to the Typhoon Mitag, which hit the country on November 26, causing some human casualties, destroying homes and flooding rice fields.

In **Nepal,** heavy flooding and landslides in July affected 106 214 families and displaced 25 857 families in 62 districts (out of 75 districts). The distribution of ready-to-eat food has been completed and the second phase of food distribution is now in progress in the Central Terai districts: Siraha, Saptari, Rrautahat, Dhanusa, Parsa, Sarlahi and Mahottari.

Despite the severe localized damage to paddy fields, overall the abundant precipitation benefited crops of the 2007 main growing season, being harvested. The 2007 paddy production is expected to be above the average level, while the aggregate 2007 cereal production is tentatively forecast at 6.2 million tones, compared to 5.9 million tonnes last year, which will result in lower cereal imports in 2007/08 (November/October).

as the provisional estimate for output in **Uzbekistan** is slightly down.

High cereal prices will impact on food security of poor and vulnerable populations

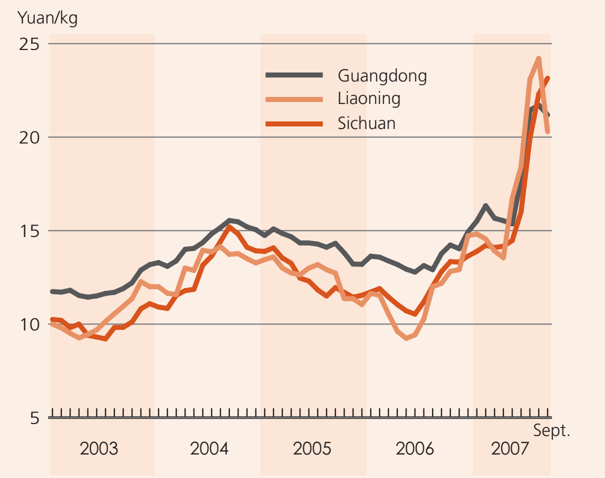
The subregion's cereal import requirement in 2007/08 (July-June) is estimated at 3.1 million tonnes, including 2.8 million tonnes of wheat. In most countries in the subregion, commercial wheat imports are likely to be less than last year, reflecting significantly higher prices, which will translate into less availability of wheat for human consumption and particularly feed. Commercial wheat imports in 2006/07 were 3.3 million tonnes. In **Azerbaijan** and **Georgia** wheat imports are expected to decline reflecting better harvests and higher prices. Elsewhere, the reduction is mainly due to the high prices. Wheat is a basic staple in the subregion and cereals account for up to 70 percent of the daily calorie intake of the poor and vulnerable populations. Coupled with higher fuel prices, food and consumer price inflation is rising in most countries, which will undermine the ability of the poorest to access adequate food and heating during the cold winter months.

Rising pork prices is negatively impacting food consumption in China

Pork prices in China rose significantly during the third quarter of 2007 compared to the same period in 2006, with increases of up to 98 percent in Liaoning province, 81 percent in Sichuan province, and 62 percent in Guangdong province (Figure i). This reflects a substantial reduction in China's 2007 pig numbers due to an outbreak of the Porcine Reproductive and Respiratory Syndrome (PRRS) disease, also known as Blue Ear Disease in China. Over 1 million pigs have reportedly been lost as a result of PRRS. Piglet prices have surged and by August 2007 were 2.6 times higher than a year earlier (Figure ii) Other factors contributing to the pigmeat reduction include higher feed prices, with quotations of maize 15 percent more expensive than a year ago and 25 percent above their levels of two years earlier as well as increasing non-agriculture job opportunities that has resulted in shortages/higher cost of labour in rural areas.

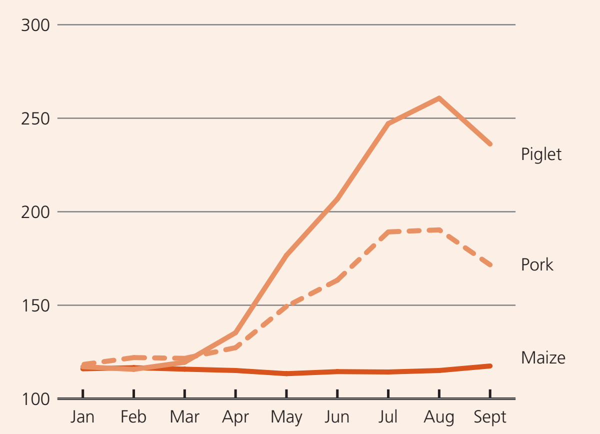
Pork is the major meat product in China in terms of both production and consumption. In 2005, production of pigmeat, estimated at 50.1 million tonnes, accounted for some 65 percent of total meat output. Consumption data for the same year indicate that pigmeat represents three-quarters of all meat consumption. Rising prices have reportedly had a significant negative impact on meat consumption, especially for the low-income populations whose share of food in

Figure i. Monthly pork wholesale prices in China, 2003-2007



Source: Calculated based on data from China National Grain & Oils Information Center

Figure ii. Pork, piglet and maize price index in China, January-September 2007 (same month in previous year=100)



Source: Calculated based on data from China National Grain & Oils Information Center

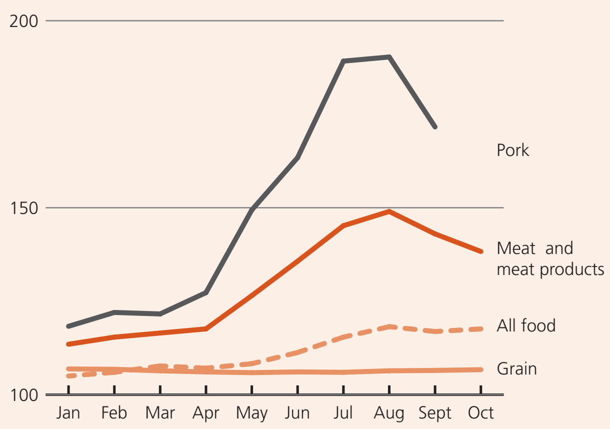
continued

total expenditures is almost 50 percent. Although Chinese consumers have shifted pork consumption to other meats, this substitution has been limited since the rising pork price has pushed other meat and all food stuff prices up significantly (Figure iii). The all-meat price index average 44 percent more over the period from July to October 2007 than during the same period a year ago, the average all-food price index was 17 percent up during the same period.

The pork shortage in China is also expected to strongly impact world meat and feed markets since China produces and consumes about half of the world's pork. Tentative unofficial information indicates that China's pigmeat output could decline by up to one-third this year. As a result, China would need larger imports to meet consumption requirements. Pork imports, including formal and informal trade, are already reported to be substantial throughout southern China this year, which may be one of the reasons why there has been a relatively lower increase in pork prices in Guangdong province.

In order to support pork production, the Chinese Government has recently adopted several policy measures, including direct cash and insurance subsidies for sows, improvements to the swine breeding system, subsidies to counties with large swine and pork quantities exported to other counties, and new solutions for land and loan issues related to pork production. However, how effective these policies will be in raising pork production will depend on control of the PRRS disease.

Figure iii. Food price index in China, January-October 2007 (same month in previous year=100)



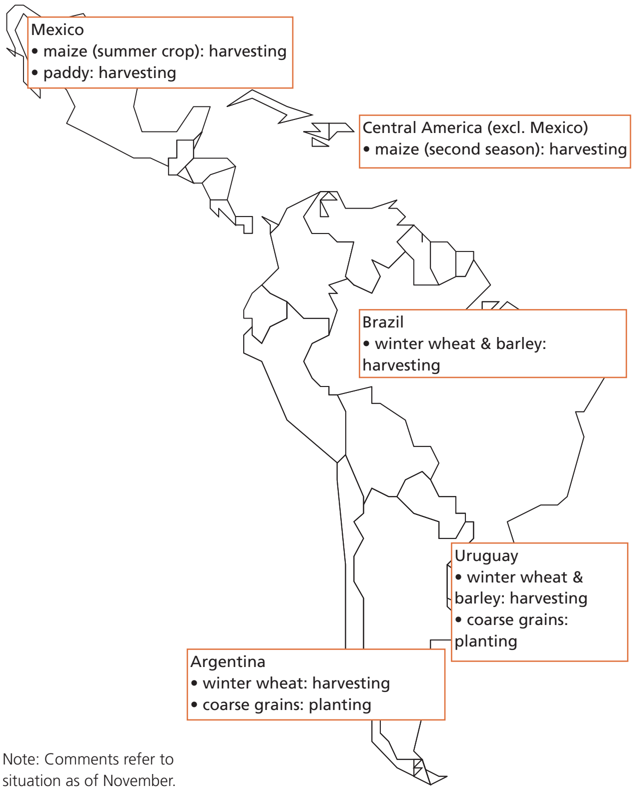
Source: Calculated based on data from China National Statistical Bureau of China.
* Calculated based on data from China National Grain & Oils Information Center

Latin America and the Caribbean

Central America and the Caribbean

Subregion's 2007 cereal output to reach record level

The 2007 aggregate cereal output of the subregion (including rice in milled terms) is forecast by FAO at record 39.3 million tonnes, about 2.2 million tonnes above the previous year's level and 3.3 million tonnes above the average of the last five years. Harvesting of the 2007 main rain-fed summer coarse grain crops just started in the main producing areas of **Mexico** and early official forecasts point a record output of more than 30 million tonnes, 7.4 percent up from the previous year's already good level, mainly due to an expansion in the areas planted. Elsewhere in the sub-region, good cereal crops have been obtained despite severe localized losses to floods.



Note: Comments refer to situation as of November.

Weather adversities affect agriculture and infrastructure in many parts of the subregion

Exceptionally high rainfall throughout most of October in many parts of the subregion has caused serious damage to agriculture and infrastructure. In **Nicaragua**, some 220 000 people have been affected in several Atlantic and Pacific northern departments by the passage of Hurricane Felix in September. Losses of 2007 second season maize and bean crops are provisionally estimated by official sources at 4 and 14 percent of the annual production, respectively. Emergency food assistance is been provided by the international community to the most vulnerable population of the Northern Autonomous Atlantic Region (RAAN). In **Costa Rica**, the North Pacific, Central Pacific and Central Valley regions suffered extensive flooding and mudslides, with serious damage to road infrastructure and some localized damage to sugar cane plantations and melon crops. Floods and landslides have also been reported in eastern **El Salvador**, southern **Honduras** and western **Guatemala** as well as in the **Mexican state of Chiapas**, with localized damage to food (maize and beans) and cash (banana and vegetables) crops.

At the beginning of November, strong winds and torrential rain associated with Tropical Storm Noel resulted in major flooding and mudslides in the **Dominican Republic**, **Haiti**, **Cuba** and **southern Mexico**. Severe losses of important cash crops have been reported in the Dominican Republic and Haiti, especially in banana, coffee and cocoa plantations as well as tubers and vegetables. However, having almost completed harvesting of the 2007 second season maize and paddy crops in the whole Hispaniola Island, production losses of these important staple crops have been limited and localized. In Mexico, the south-eastern state of Tabasco has suffered the worst floods in more than 50 years, with severe losses of paddy, maize, beans, plantains, cocoa, coffee and pineapple as well as 300 000 head of cattle lost and some 200 000 hectares of grazing land affected. Flooding has also affected the northeastern part of the Mexican state of Chiapas, causing damage to summer season maize and bean crops that were expected to be harvested soon. Localized losses of second season maize and bean crops as well as banana and coffee plantations are reported in the eastern provinces of Guantanamo, Holguin, Las Tunas, Santiago and Granma in Cuba. In addition, harvesting of sugar cane in Cuba has been postponed from late November to December-January, because of damage to plantations and infrastructure by excessive recent rainfall.

High international prices threaten food security

The rising trend in international cereal prices is fuelling domestic inflation rates in several countries, with serious consequences in terms of food security of the most vulnerable groups whose access to important staple foods, such as bread or tortillas, has been dramatically reduced in the last few months. Coupled with the increase in transport costs due to hikes in oil price, the increased international prices of maize and soybean are also affecting the poultry, swine and dairy sectors.

South America

Record wheat crops in some countries but 2007 aggregate output in the subregion will be about average

In South America, harvesting of the 2007 winter wheat and barley crops has just started in key growing areas of Argentina and Uruguay, while it is well advanced in central and southern states of Brazil and in eastern Paraguay. The aggregate output of wheat in the subregion is forecast at 22.1 million tonnes, about average and some 10.5 percent above the previous year's reduced level, largely due to a recovery in Brazil's output. In **Argentina**, good precipitation in September benefited yields in key growing provinces of Buenos Aires, Córdoba and Santa Fe, and official forecasts point to a record crop of 15 million tonnes this year, some 7 percent above average. Given the improvements in this year's crop prospects, Argentina is expected to resume exports by mid-November after a government suspension of wheat and wheat flour exports since March 2007 in response to rising domestic flour and bread prices, as well as the fast pace in export declarations. In the 2007/08 marketing year (July/June), exports from Argentina are expected to decline by 2 million tonnes compared to previous year, to no more than 9 million tonnes. If favourable weather conditions persist during harvesting, record wheat crops are also expected in **Uruguay** and **Chile**, reflecting record areas planted. Regarding barley, following an expansion of about 10 percent in planted area, especially in Argentina, Brazil and Uruguay, the subregion's aggregate production of barley is tentatively estimated at a record 2.6 million tonnes.

Early prospects favourable for 2008 main season coarse grains

Recent precipitation has improved moisture conditions and favoured planting of the 2008 main season coarse grain crops in several growing areas of **Argentina**, **Brazil**, **Bolivia**, **Chile** and **Uruguay**. Early indications point to a continued expansion in area planted in response to the attractive price of maize, as well as the strong demand for sorghum as feed, following the gradual diversion of maize to the biofuel industry. The 2008 paddy season is also underway and planting intentions point to an increase in area to about 5 million hectares, especially in Argentina, centre-south Brazil and Uruguay, in response to good price prospects and abundant availability of water in the main reservoirs.

Difficult conditions persist for Paraguay's livestock sector

After the largest grass and forest fire ever recorded in **Paraguay** in September, a prolonged dry period has further affected the important livestock sector in El Chaco region. The very limited availability of water and pasture has already led to losses of thousands of heads of livestock, a decrease in milk and meat production and lower rates of livestock pregnancy.

Table 9. 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**	**23.3**	**25.5**	**103.2**	**107.7**	**126.7**	**26.5**	**24.9**	**24.1**	**153.4**	**155.9**	**176.3**
Central America & Caribbean	**3.0**	**3.3**	**3.4**	**29.6**	**32.2**	**34.3**	**2.4**	**2.5**	**2.4**	**35.0**	**37.9**	**40.2**
Mexico	3.0	3.2	3.4	25.8	28.2	30.3	0.3	0.3	0.4	29.1	31.8	34.1
South America	**20.7**	**20.0**	**22.1**	**73.6**	**75.5**	**92.4**	**24.1**	**22.4**	**21.7**	**118.4**	**118.0**	**136.1**
Argentina	12.6	14.5	15.0	24.5	18.3	26.5	1.0	1.2	1.1	38.0	34.1	42.6
Brazil	4.7	2.5	4.0	37.7	45.0	53.6	13.4	11.7	11.3	55.7	59.2	68.9
Colombia	0.0	0.0	0.0	1.8	1.7	1.7	2.5	2.3	2.4	4.4	4.1	4.2

Note: Totals computed from unrounded data.

North America, Europe and Oceania

North America

Winter wheat plantings expand in the United States

In the **United States**, by late November, 89 percent of the area planted with winter wheat for the **2008** harvest had emerged, slightly behind last year's progress and the average, due to dry conditions in the south-western plains. Early tentative estimates put the winter wheat area up by about 3.5 to 4 percent from the previous year, in response to high prices. However, the condition of the crop in late November was rated lower than at the same time in the previous year, with 44 percent rated good to excellent compared to 53 percent last year. Early indications point to a likely increase also in the United States spring wheat area, to be sown next year, but this will depend largely on price developments for wheat and competing crops such as barley, oats and soybeans in the coming months, as producers will make firmer decisions on there spring cropping plan nearer the time.

After some further small adjustments the latest official estimate of the United States **2007** wheat crop stands at 56.2 million tonnes, still a good level and sharply up from the previous year. The completion of the maize harvest in the past weeks has confirmed this year's crop as the largest ever, at 334.5 million tonnes, 25 percent up from 2006. Maize plantings expanded sharply in response to exceptionally strong domestic demand for maize-based ethanol products and, moreover, favourable growing conditions led to record yields.

In **Canada**, the bulk of the wheat is spring planted and the **2008** crop will not be planted until March-April next year. Weather conditions permitting, early indications all point to a substantial increase in area. After rotating a lot of land out of wheat in 2007, producers are well placed for a shift back into this crop next year and with the current high prices as an incentive tentative forecasts indicate an expansion in area of some 10 percent is likely. The small winter wheat crop, which normally accounts for about 10–15 percent of the total has been planted under favourable conditions and tentative estimates put the area up by about 5 percent from last year.

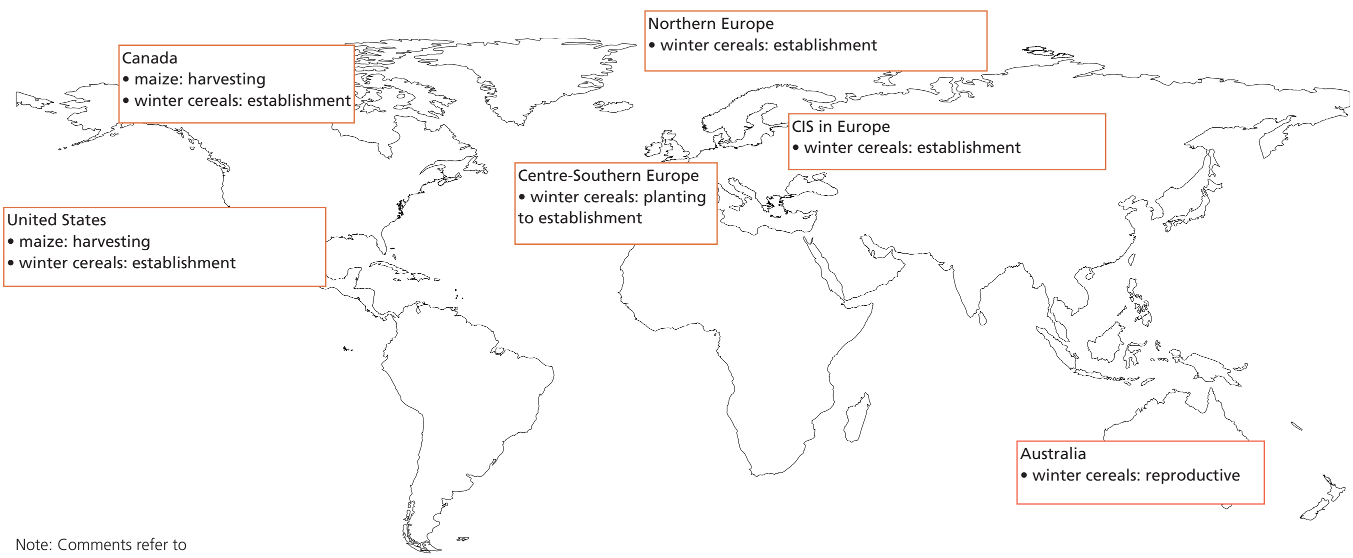
Latest information regarding the **2007** cereal harvest mostly confirms earlier expectations: output of wheat has fallen to 20.6 million tonnes, almost 20 percent below last year's crop and 12 percent below the five-year average, reflecting reduced plantings and lower yields because of exceptionally hot and dry summer weather. In contrast, a sharp increase in production of coarse grains (mainly barley, maize and oats) has materialized, with latest official estimates putting output at 28.1 million tonnes, 20.7 percent up on last year.

Europe

Large expansion in EU winter wheat area

The wheat area for the **2008** harvest in the **EU** is seen to rise by some 6 percent following the removal of the 10 percent compulsory set-aside for 2008, combined with the current high price incentive to plant wheat. Among the largest producers, preliminary estimates indicate substantial wheat area increases in France (5 percent), Germany (6 percent), Italy (13 percent) and the United Kingdom (13 percent). Among the newer member states in the east of the region, the wheat area in Hungary is estimated up by about 8 to 10 percent. In Romania, an average wheat area is reported.

The **EU**'s aggregate cereal output in **2007** is now estimated at 259 million tonnes, well below the expectations at the start of the year and nearly 4 percent down from the aggregate output



Note: Comments refer to situation as of November.

of the 27 countries in 2006. Crop yields were compromised as the season progressed in northern parts by a combination of moisture shortages followed by excessive rains, and in southeastern Europe by a heat wave and drought. Latest estimates put the aggregate wheat production at just 120 million tonnes, the lowest production since the severe drought-affected year of 2003. Regarding coarse grains, the EU's maize crop has also been badly hit by the drought in the southeastern countries, which account for a large share of the production, but this has been partially compensated by slightly better crops of the other major coarse grains (barley, rye and oats). The latest estimate of the EU's aggregate 2007 coarse grains production stands at 136 million tonnes, 2.5 percent down from the 27 countries' aggregate output in 2006 and 10 percent below the average of these countries in the past five years.

Expansion of winter grain area for 2008 and early growing prospects favourable

As of late November, the **2008** winter grain planting (mostly winter wheat and some barley) is mostly complete in the subregion. The aggregate area sown is estimated to have increased, in response to high prices and as of late November, conditions for establishment and growing were reported to have been mostly favourable. In the **Russian Federation** the area sown to winter grains has increased by about 5 percent, to an estimated 14.7 million hectares, the highest level since 2001. In **Ukraine**, the area sown to winter grains is estimated to have reached 7.5 million hectares, 9 percent more than at the corresponding time in the preceding year.

The aggregate **2007** cereal harvest (with rice in paddy equivalent) in the subregion is provisionally estimated at 114 million tonnes, nearly 5 million tonnes less than last year and about average. The reduction was due to sharply reduced coarse grain crops as a result of the severe summer drought in southern **Ukraine** and **Moldova**. Aggregate coarse grain production in the subregion fell 7 million tonnes to 50 million tonnes. Wheat production, by contrast increased by 1 percent to 63 million tonnes reflecting satisfactory growing conditions for winter crops and better than average harvests in the Siberian region of the **Russian Federation**, an area not affected by drought this year.

Reduced cereal supply in 2007/08 leads to restrictive export measures

The **Russian Federation** and **Ukraine** have become significant cereal exporters, supplying international markets as well as other CIS states. However, in the 2007/08 marketing year (July/June) their combined exportable surplus is estimated to fall by more than 5 million tonnes (with wheat exports down 4 million tonnes) as a result of drought. High international wheat prices, which have caused panic and increasing food price inflation domestically, have led many countries in the CIS to impose restrictions on exports. In the Ukraine these are currently operative and likely to constrain exports until February-March, once the condition of winter crops is known. The Russian Federation has imposed an export tariff on wheat and barley and more restrictive measures are likely to become operative once the estimated exportable surplus is shipped.

Table 10. 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	**83.0**	**74.6**	**76.9**	**324.3**	**303.7**	**382.1**	**10.1**	**8.8**	**9.0**	**417.5**	**387.1**	**468.0**
Canada	25.7	25.3	20.6	25.2	23.3	28.1	0.0	0.0	0.0	50.9	48.6	48.7
United States	57.3	49.3	56.2	299.1	280.4	354.0	10.1	8.8	9.0	366.5	338.5	419.2
Europe	**208.4**	**191.6**	**187.2**	**215.7**	**210.4**	**196.1**	**3.4**	**3.4**	**3.5**	**427.5**	**405.5**	**386.7**
EU [1]	124.3	117.8	120.3	134.5	127.3	136.0	2.7	2.6	2.6	261.5	247.7	259.0
Romania [2]	7.3	5.3	0.0	12.0	10.2	0.0	0.0	0.0	0.0	19.3	15.6	0.0
Serbia	2.0	1.9	1.5	7.1	6.9	4.4	0.0	0.0	0.0	9.1	8.8	5.9
CIS in Europe	**68.6**	**60.6**	**63.0**	**53.6**	**57.5**	**50.4**	**0.7**	**0.8**	**0.8**	**122.8**	**118.9**	**114.1**
Russian Federation	47.7	45.1	47.6	28.3	31.2	30.9	0.6	0.7	0.7	76.5	76.9	79.2
Ukraine	18.7	13.8	13.7	18.7	20.1	14.1	0.1	0.1	0.1	37.4	34.0	27.9
Oceania	**25.7**	**10.1**	**12.4**	**15.0**	**7.7**	**8.5**	**0.3**	**1.1**	**0.2**	**41.0**	**18.9**	**21.1**
Australia	25.4	9.8	12.1	14.4	7.1	8.0	0.3	1.0	0.2	40.1	18.0	20.2

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

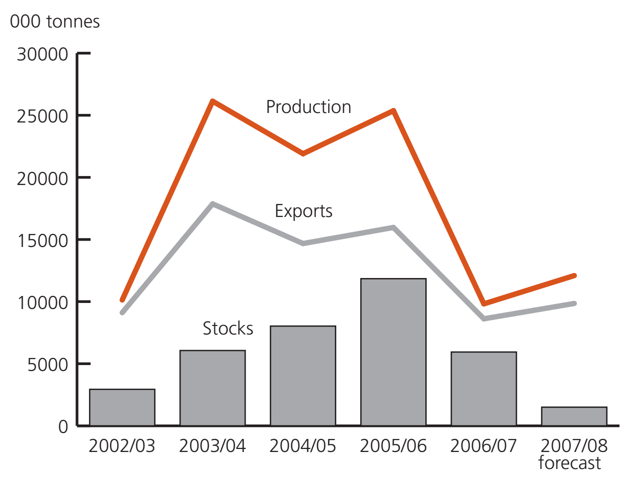
At the same time **Moldova**, usually virtually self-sufficient in cereals, needs to import over 700 000 tonnes, including 400 000 tonnes of wheat, as a consequence of severe drought. As the total cereal harvest fell by two-thirds, and the livestock industry plays an important economic role, the country is receiving donor assistance to help cushion the effects of the drought. However, many small farmers are likely to experience difficulties in mobilizing funds for planting of the 2008 crops and keeping their animals alive. In **Belarus**, total imports are estimated to decline by a third, in response to high prices for both wheat and coarse grains.

Oceania

Rains arrive too late to benefit ailing Australian wheat crop

Widespread rains in early November in many parts of eastern **Australia**, arrived too late to improve the poor yield prospects of the winter crops that suffered from drought during most of the growing season. With the harvest already underway, rainfall now could do more harm than good by threatening the quality of the crop. With no let-up in the dry weather and above-average temperatures continuing through the critical September-October growing period, the latest official forecast in late October reduced the wheat crop forecast to 12.1 million tonnes. While some 2 million tonnes up from the even more severely reduced crop in 2006, this level is about half of what the country can produce in a normal year and means that three out of the last six years have seen severely reduced crops, with a significant impact on the country's export volumes and stocks (see Figure 7). Australia normally features among the world's largest grain exporters. Apart from wheat, the other winter crops (mostly barley) have been similarly affected by the adverse weather conditions and significantly below average outputs are expected. However, the November rainfall could prove favourable for the minor summer grain crops (mostly maize and sorghum), which are planted from September to December for harvest around from March to June next year.

Figure 7. Australia wheat production, exports and stocks



Statistical appendix

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Table A1. Global cereal supply and demand indicators

	Average 2000/01 - 2004/05	2003/04	2004/05	2005/06	2006/07	2007/08
	(. . . . . percentage					*. . . . .)*
1. Ratio of world stocks to utilization						
Wheat	33.7	26.1	28.7	29.1	25.7	22.3
Coarse grains	19.0	15.2	19.1	18.3	15.4	16.4
Rice	30.1	25.4	23.7	24.8	24.8	24.7
Total cereals	25.9	20.6	23.0	22.9	20.3	19.9
2. Ratio of major grain exporters' supplies to normal market requirements	121	117	137	133	116	118
3. Ratio of major exporters' stocks to their total disappearance						
Wheat	20.4	17.0	21.7	23.8	16.1	10.0
Coarse grains	15.2	10.7	19.0	18.0	12.8	13.8
Rice	19.2	15.9	13.2	15.8	16.6	16.3
Total cereals	18.3	14.5	18.0	19.2	15.2	13.4

	Annual trend growth rate 1997-2006	Change from previous year 2003	2004	2005	2006	2007
	(. . . . . percentage					*. . . . .)*
4. Changes in world cereal production	0.6	3.3	9.2	-0.9	-2.2	4.6
5. Changes in cereal production in the LIFDCs	1.3	2.8	3.2	5.1	3.1	0.6
6. Changes in cereal production in LIFDCs less China and India	3.4	8.1	-0.5	6.9	4.0	-2.8

	Average 2000/01 - 2004/05	Change from previous year 2003/04	2004/05	2005/06	2006/07	2007/08
		(. . . . . . percentage				*. . . . . .)*
7. Selected cereal price indices:						
Wheat (July/June)	110.8	-1.1	-1.0	5.2	25.4	63.0
Maize (July/June)	100.2	7.1	-15.2	6.4	44.6	26.7
Rice (Jan./Dec.)	83.1	11.7	24.9	5.4	8.9	16.4

Notes:
Utilization is defined as the sum of food use, feed and other uses.
Cereals refer to wheat, coarse grains and rice; **Grains** refer to wheat and coarse grains.
Major Grain Exporters are Argentina, Australia, Canada, the EU, and the United States; Major Rice Exporters are India, Pakistan, Thailand, the United States, and Viet Nam.
Normal Market Requirements for major grain exporters are defined as the average of domestic utilization plus exports in the three preceding seasons.
Disappearance is defined as domestic utilization plus exports for any given season.
Price indices: The **wheat** price index has been constructed based on the IGC wheat price index, rebased to July/June 1997/98-1999/00 = 100; For **maize**, the U.S. maize No. 2 Yellow (delivered U.S. Gulf ports) with base July/June, 1997/98-1999/00 = 100; For **rice**, the FAO Rice Price Index, 1998-2000=100, is based on 16 rice export quotations. Rice index refers to the first year shown.

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

	2003	2004	2005	2006	2007 estimate	2008 forecast
TOTAL CEREALS	**486.1**	**417.2**	**468.1**	**472.1**	**427.8**	**419.7**
Wheat	**203.3**	**161.5**	**178.0**	**180.9**	**158.9**	**141.6**
held by:						
- main exporters [2]	39.1	39.0	56.4	59.8	39.6	25.0
- others	164.2	122.5	121.7	121.1	119.4	116.6
Coarse grains	**163.8**	**150.5**	**191.1**	**185.7**	**162.2**	**170.8**
held by:						
- main exporters[2]	55.3	48.5	92.8	91.3	63.3	76.6
- others	108.5	102.0	98.3	94.3	98.8	94.3
Rice (milled basis)	**119.0**	**105.2**	**99.0**	**105.6**	**106.7**	**107.2**
held by:						
- main exporters[2]	21.7	22.5	18.9	22.9	24.6	24.5
- others	97.3	82.7	80.2	82.6	82.1	82.7
Developed countries	**145.3**	**123.6**	**189.7**	**192.0**	**137.6**	**128.2**
Australia	5.2	9.2	11.1	15.9	7.6	2.8
European Union [3]	33.7	21.5	47.7	45.8	34.2	27.3
Canada	8.9	10.3	14.5	16.2	10.5	9.0
Hungary [4]	1.4	0.8	-	-	-	-
Japan	5.4	4.9	4.7	4.8	4.4	4.4
Poland [4]	2.9	2.4	-	-	-	-
Romania [5]	2.0	1.2	5.0	5.0	3.2	-
Russian Federation	12.5	7.3	9.1	9.3	8.5	8.6
South Africa	3.8	3.5	4.1	4.1	2.9	1.4
Ukraine	5.1	2.8	4.2	4.8	4.3	4.2
United States	45.1	44.4	74.7	71.7	49.9	60.8
Developing countries	**340.8**	**293.6**	**278.4**	**280.2**	**290.2**	**291.5**
Asia	**306.4**	**252.3**	**234.0**	**235.9**	**243.1**	**247.9**
China	209.4	163.3	152.4	150.0	156.0	164.0
India	39.8	32.9	26.7	25.8	28.7	31.5
Indonesia	5.7	6.0	5.7	5.1	5.6	5.8
Iran, Islamic Republic of	4.4	3.5	2.7	3.2	3.2	2.3
Korea, Republic of	2.8	2.9	2.4	2.9	3.3	2.5
Pakistan	2.9	1.9	1.8	3.1	3.2	3.5
Philippines	2.2	1.9	2.2	2.7	2.6	2.7
Syrian Arab Republic	4.1	4.2	4.5	4.6	3.2	2.9
Turkey	8.0	7.2	6.5	5.3	5.6	3.9
Africa	**20.0**	**21.4**	**23.8**	**26.7**	**32.0**	**27.0**
Algeria	2.5	2.6	3.6	4.4	4.7	4.9
Egypt	3.2	2.7	3.1	4.2	4.1	3.5
Ethiopia	1.1	0.4	0.3	1.2	2.0	2.4
Morocco	1.8	3.0	4.9	2.7	4.0	1.5
Nigeria	2.0	1.6	1.3	1.4	2.1	1.0
Tunisia	0.6	1.0	1.2	1.4	1.5	1.1
Central America	**5.6**	**5.8**	**6.3**	**4.6**	**4.4**	**4.9**
Mexico	3.7	3.9	4.6	2.8	2.6	3.2
South America	**8.5**	**13.8**	**14.0**	**12.7**	**10.6**	**11.5**
Argentina	3.3	3.8	3.2	3.8	2.7	3.4
Brazil	1.6	5.8	6.2	4.0	2.9	3.8

[1] Stock data are based on an aggregate of carryovers at the end of national crop years and do not represent world stock levels at any point in time.
[2] The major **wheat** and **coarse grains** exporters are Argentina, Australia, Canada, the EU and the United States. The major **rice** exporters are India, Pakistan, Thailand, the United States and Viet Nam.
[3] Up to 2004 15 member countries, from 2005 to 2007 25 member countries, in 2008 27 member countries.
[4] From 2005 included in the EU.
[5] In 2008 included in the EU.
Note: Based on official and unofficial estimates. Totals computed from unrounded data.

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

Period	Wheat			Maize		Sorghum
	US No.2 Hard Red Winter Ord. Prot.[1]	US Soft Red Winter No.2[2]	Argentina Trigo Pan[3]	US No.2 Yellow[2]	Argentina[3]	US No.2 Yellow[2]
Annual (July/June)						
2003/04	161	149	154	115	109	118
2004/05	154	138	123	97	90	99
2005/06	175	138	138	104	101	108
2006/07	212	176	188	150	145	155
Monthly						
2006 – November	219	192	185	166	172	169
2006 – December	216	190	186	160	162	169
2007 – January	208	176	183	164	161	173
2007 – February	209	175	175	177	165	178
2007 – March	209	168	187	170	160	171
2007 – April	206	171	209	150	144	145
2007 – May	203	180	219	159	147	155
2007 – June	231	205	239	165	156	166
2007 – July	250	223	249	146	141	157
2007 – August	277	254	273	152	157	171
2007 – September	342	323	325	158	169	177
2007 – October	352	323	321	163	180	172
2007 – November	332	307	290	171	179	171

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

Table A4a. Cereal Import Requirements of Low-Income Food-Deficit Countries[1] , 2006/07 or 2007 estimates (*thousand tonnes*)

	Marketing year	2005/06 or 2006 Actual imports: Commercial purchases	2005/06 or 2006 Actual imports: Food aid	2005/06 or 2006 Actual imports: Total commercial and aid	2006/07 or 2007: Total import requirements (excl. re-exports)	2006/07 or 2007 Import position[2]: Total commercial and aid	2006/07 or 2007 Import position[2]: Food aid allocated, committed or shipped	2006/07 or 2007 Import position[2]: Commercial purchases
AFRICA		**36 290.8**	**2 707.0**	**38 997.8**	**36 367.2**	**30 983.4**	**2 222.4**	**28 761.0**
North Africa		**16 347.7**	**5.3**	**16 353.0**	**16 038.0**	**16 038.0**	**24.5**	**16 013.5**
Egypt	July/June	12 019.7	5.3	12 025.0	12 120.0	12 120.0	24.5	12 095.5
Morocco	July/June	4 328.0	0.0	4 328.0	3 918.0	3 918.0	0.0	3 918.0
Eastern Africa		**4 154.6**	**1 684.3**	**5 838.9**	**5 183.1**	**4 714.6**	**1 294.6**	**3 420.0**
Burundi	Jan./Dec.	60.1	56.9	117.0	126.0	44.2	43.9	0.3
Comoros	Jan./Dec.	57.0	0.0	57.0	41.0	7.1	0.0	7.1
Djibouti	Jan./Dec.	62.1	9.9	72.0	74.0	38.7	5.8	32.9
Eritrea	Jan./Dec.	176.6	42.0	218.6	256.0	84.0	7.0	77.0
Ethiopia	Jan./Dec.	9.5	552.1	561.6	382.0	432.4	432.2	0.2
Kenya	Oct./Sept.	1 206.7	230.7	1 437.4	1 184.3	1 184.3	182.0	1 002.3
Rwanda	Jan./Dec.	167.8	30.8	198.6	192.0	48.4	17.0	31.4
Somalia	Aug./July	317.3	102.7	420.0	440.0	440.0	116.8	323.2
Sudan	Nov./Oct.	1 227.0	508.8	1 735.8	1 522.0	1 522.0	355.4	1 166.6
Uganda	Jan./Dec.	126.7	116.5	243.2	232.0	179.7	94.0	85.7
United Rep.of Tanzania	June/May	743.8	33.9	777.7	733.8	733.8	40.5	693.3
Southern Africa		**3 389.1**	**456.9**	**3 846.0**	**3 073.8**	**3 073.8**	**362.0**	**2 711.8**
Angola	April/March	654.4	32.8	687.2	876.0	876.0	20.7	855.3
Lesotho	April/March	193.7	15.6	209.3	191.4	191.4	10.1	181.3
Madagascar	April/March	279.8	34.7	314.5	262.1	262.1	34.3	227.8
Malawi	April/March	287.2	91.3	378.5	224.2	224.2	62.8	161.4
Mozambique	April/March	945.6	107.0	1 052.6	883.0	883.0	103.5	779.5
Swaziland	May/April	106.5	15.3	121.8	128.0	128.0	5.8	122.2
Zambia	May/April	167.9	68.3	236.2	83.9	83.9	28.1	55.8
Zimbabwe	April/March	754.0	91.9	845.9	425.2	425.2	96.7	328.5
Western Africa		**10 849.5**	**448.2**	**11 297.7**	**10 411.9**	**6 390.5**	**433.8**	**5 956.7**
Coastal Countries		***8 555.7***	***172.3***	***8 728.0***	***7 842.2***	***3 820.8***	***132.8***	***3 688.0***
Benin	Jan./Dec.	96.7	7.2	103.9	102.8	87.0	0.3	86.7
Côte d'Ivoire	Jan./Dec.	1 492.1	14.7	1 506.8	1 264.1	593.4	16.6	576.8
Ghana	Jan./Dec.	812.1	39.7	851.8	724.7	367.1	40.9	326.2
Guinea	Jan./Dec.	497.7	22.9	520.6	522.2	103.6	11.3	92.3
Liberia	Jan./Dec.	205.8	58.8	264.6	265.0	156.7	34.9	121.8
Nigeria	Jan./Dec.	5 080.0	0.0	5 080.0	4 580.0	2 374.8	0.0	2 374.8
Sierra Leone	Jan./Dec.	260.3	28.7	289.0	299.0	61.8	28.1	33.7
Togo	Jan./Dec.	111.0	0.3	111.3	84.4	76.4	0.7	75.7
Sahelian Countries		***2 293.8***	***275.9***	***2 569.7***	***2 569.7***	***2 569.7***	***301.0***	***2 268.7***
Burkina faso	Nov./Oct.	294.0	26.4	320.4	268.7	268.7	25.7	243.0
Cape Verde	Nov./Oct.	54.0	23.8	77.8	70.7	70.7	8.6	62.1
Chad	Nov./Oct.	68.8	50.4	119.2	130.0	130.0	72.0	58.0
Gambia	Nov./Oct.	105.7	7.6	113.3	102.5	102.5	9.7	92.8
Guinea-Bissau	Nov./Oct.	70.8	4.4	75.2	103.8	103.8	8.4	95.4
Mali	Nov./Oct.	243.4	27.5	270.9	373.5	373.5	46.6	326.9
Mauritania	Nov./Oct.	301.5	59.7	361.2	347.3	347.3	33.9	313.4
Niger	Nov./Oct.	252.7	62.1	314.8	287.1	287.1	83.0	204.1
Senegal	Nov./Oct.	902.9	14.0	916.9	886.1	886.1	13.1	873.0
Central Africa		**1 549.9**	**112.3**	**1 662.2**	**1 660.4**	**766.5**	**107.5**	**659.0**
Cameroon	Jan./Dec.	619.3	7.0	626.3	630.0	268.8	1.6	267.2
Cent.Afr.Rep.	Jan./Dec.	40.6	11.1	51.7	58.4	46.7	27.2	19.5
Congo	Jan./Dec.	326.0	4.5	330.5	310.0	83.9	7.0	76.9
Congo, Dem.Rep.	Jan./Dec.	521.9	88.7	610.6	627.0	349.1	70.4	278.7
Equatorial Guinea	Jan./Dec.	27.5	0.0	27.5	23.0	12.4	0.0	12.4
Sao Tome and Principe	Jan./Dec.	14.6	1.0	15.6	12.0	5.6	1.3	4.3

Table A4b. Cereal Import Requirements of Low-Income Food-Deficit Countries[1] , 2006/07 or 2007 estimates (*thousand tonnes*)

	Marketing year	2005/06 or 2006 Actual imports			2006/07 or 2007			
						Import position[2]		
		Commercial purchases	Food aid	Total commercial and aid	Total import requirements (excl. re-exports)[1]	Total commercial and aid	Food aid allocated, committed or shipped	Commercial purchases
ASIA		**35 336.7**	**1 312.2**	**36 648.9**	**42 745.9**	**41 706.0**	**1 375.6**	**40 330.4**
CIS in Asia		**2 772.0**	**186.0**	**2 958.0**	**3 729.0**	**3 729.0**	**394.0**	**3 335.0**
Armenia	July/June	174.0	3.0	177.0	368.0	368.0	86.0	282.0
Azerbaijan	July/June	1 062.0	6.0	1 068.0	1 384.0	1 384.0	119.0	1 265.0
Georgia	July/June	878.0	15.0	893.0	1 002.0	1 002.0	95.0	907.0
Kyrgyzstan	July/June	140.0	30.0	170.0	272.0	272.0	0.0	272.0
Tajikistan	July/June	226.0	132.0	358.0	371.0	371.0	94.0	277.0
Turkmenistan	July/June	13.0	0.0	13.0	4.0	4.0	0.0	4.0
Uzbekistan	July/June	279.0	0.0	279.0	328.0	328.0	0.0	328.0
Far East		**20 860.1**	**972.1**	**21 832.2**	**28 259.4**	**27 911.0**	**781.2**	**27 129.8**
Bangladesh	July/June	2 348.0	183.0	2 531.0	2 550.0	2 550.0	166.1	2 383.9
Bhutan	July/June	70.7	0.3	71.0	71.0	71.0	0.4	70.6
Cambodia	Jan./Dec.	37.5	4.4	41.9	40.0	24.1	7.5	16.6
China (Mainland)	July/June	4 214.0	0.0	4 214.0	2 569.0	2 569.0	0.0	2 569.0
D.P.R. of Korea	Nov./Oct.	94.3	533.6	627.9	556.0	556.0	353.3	202.7
India	April/March	721.6	37.0	758.6	6 765.3	6 765.3	35.3	6 730.0
Indonesia	April/March	5 896.4	48.3	5 944.7	8 192.8	8 192.8	32.9	8 159.9
Lao, P.D.R.	Jan./Dec.	18.1	9.5	27.6	27.8	9.2	8.5	0.7
Mongolia	Oct./Sept.	235.3	29.7	265.0	259.0	259.0	34.3	224.7
Nepal	July/June	150.5	9.7	160.2	240.0	240.0	7.6	232.4
Pakistan	May/April	932.1	0.0	932.1	423.7	423.7	19.9	403.8
Philippines	July/June	4 901.0	71.0	4 972.0	5 354.8	5 354.8	83.0	5 271.8
Sri Lanka	Jan./Dec.	1 190.6	45.6	1 236.2	1 150.0	836.1	32.4	803.7
Timor-Leste	July/June	50.0	0.0	50.0	60.0	60.0	0.0	60.0
Near East		**11 704.6**	**154.1**	**11 858.7**	**10 757.5**	**10 066.0**	**200.4**	**9 865.6**
Afghanistan	July/June	433.4	47.6	481.0	782.5	782.5	151.0	631.5
Iraq	July/June	5 980.2	28.8	6 009.0	4 430.0	4 430.0	7.4	4 422.6
Syrian Arab Republic	July/June	2 267.8	7.0	2 274.8	2 736.0	2 736.0	7.8	2 728.2
Yemen	Jan./Dec.	3 023.2	70.7	3 093.9	2 809.0	2 117.5	34.2	2 083.3
CENTRAL AMERICA		**1 527.6**	**222.6**	**1 750.2**	**1 693.5**	**1 693.5**	**147.1**	**1 546.4**
Haiti	July/June	569.7	80.3	650.0	642.2	642.2	90.9	551.3
Honduras	July/June	623.8	105.3	729.1	686.8	686.8	33.1	653.7
Nicaragua	July/June	334.1	37.0	371.1	364.5	364.5	23.1	341.4
SOUTH AMERICA		**993.7**	**17.0**	**1 010.7**	**944.0**	**944.0**	**30.0**	**914.0**
Ecuador	July/June	993.7	17.0	1 010.7	944.0	944.0	30.0	914.0
OCEANIA		**415.7**	**0.0**	**415.7**	**415.7**	**222.1**	**0.0**	**222.1**
Kiribati	Jan./Dec.	8.7	0.0	8.7	8.7	0.0	0.0	0.0
Papua New Guinea	Jan./Dec.	358.0	0.0	358.0	358.0	220.9	0.0	220.9
Solomon Islands	Jan./Dec.	29.5	0.0	29.5	29.5	0.0	0.0	0.0
Tonga	Jan./Dec.	6.4	0.0	6.4	6.4	1.2	0.0	1.2
Tuvalu	Jan./Dec.	1.1	0.0	1.1	1.1	0.0	0.0	0.0
Vanuatu	Jan./Dec.	12.0	0.0	12.0	12.0	0.0	0.0	0.0
EUROPE		**1 617.7**	**1.2**	**1 618.9**	**1 609.0**	**1 609.0**	**0.0**	**1 609.0**
Albania	July/June	458.8	1.2	460.0	440.0	440.0	0.0	440.0
Belarus	July/June	578.0	0.0	578.0	599.0	599.0	0.0	599.0
Bosnia and Herzegovina	July/June	580.9	0.0	580.9	570.0	570.0	0.0	570.0
TOTAL		**76 182.2**	**4 260.0**	**80 442.2**	**83 775.3**	**77 158.0**	**3 775.1**	**73 382.9**

[1] Includes food deficit countries with per caput income below the level used by the World Bank to determine eligibility for IDA assistance (i.e. US$ 1 575 in 2004), which is in accordance with guidelines and criteria agreed to by the CFA should be given priority in the allocation of food aid.
[2] Estimates based on information available as of mid-November 2007.

Table A5. Cereal Import Requirements of Low-Income Food-Deficit countries[1] , 2007/08 estimates (*thousand tonnes*)

	Marketing year	2006/07 Actual imports: Commercial purchases	2006/07 Actual imports: Food aid	2006/07 Actual imports: Total commercial and aid	2007/08: Total import requirements (excl. re-exports)[1]	2007/08 Import position[2]: Total commercial and aid	2007/08 Import position[2]: Food aid allocated, committed or shipped	2007/08 Import position[2]: Commercial purchases
AFRICA		**24 179.4**	**1 382.2**	**25 561.6**	**28 077.2**	**9 238.9**	**591.7**	**8 647.2**
Northern Africa		**16 013.5**	**24.5**	**16 038.0**	**18 651.0**	**7 411.2**	**0.0**	**7 411.2**
Egypt	July/June	12 095.5	24.5	12 120.0	12 630.0	5 114.5	0.0	5 114.5
Morocco	July/June	3 918.0	0.0	3 918.0	6 021.0	2 296.7	0.0	2 296.7
Eastern Africa		**3 185.4**	**694.7**	**3 880.1**	**3 437.0**	**172.9**	**170.9**	**2.0**
Kenya	Oct./Sept.	1 002.3	182.0	1 184.3	1 022.0	71.0	71.0	0.0
Somalia	Aug./July	323.2	116.8	440.0	480.0	38.1	38.1	0.0
Sudan	Nov./Oct.	1 166.6	355.4	1 522.0	1 480.0	26.7	26.7	0.0
United Rep.of Tanzania	June/May	693.3	40.5	733.8	455.0	37.1	35.1	2.0
Southern Africa		**2 711.8**	**362.0**	**3 073.8**	**3 579.0**	**1 627.7**	**393.7**	**1 234.0**
Angola	April/March	855.3	20.7	876.0	780.0	221.4	5.8	215.6
Lesotho	April/March	181.3	10.1	191.4	254.0	115.4	16.9	98.5
Madagascar	April/March	227.8	34.3	262.1	292.0	185.2	38.4	146.8
Malawi	April/March	161.4	62.8	224.2	143.0	116.2	52.1	64.1
Mozambique	April/March	779.5	103.5	883.0	863.0	263.9	48.3	215.6
Swaziland	May/April	122.2	5.8	128.0	174.0	68.1	9.7	58.4
Zambia	May/April	55.8	28.1	83.9	66.0	13.6	4.4	9.2
Zimbabwe	April/March	328.5	96.7	425.2	1 007.0	643.9	218.1	425.8
Western Africa		**2 268.7**	**301.0**	**2 569.7**	**2 410.2**	**27.1**	**27.1**	**0.0**
Sahelian Countries		***2 268.7***	***301.0***	***2 569.7***	***2 410.2***	***27.1***	***27.1***	***0.0***
Burkina faso	Nov./Oct.	243.0	25.7	268.7	312.6	4.9	4.9	0.0
Cape Verde	Nov./Oct.	62.1	8.6	70.7	73.6	3.0	3.0	0.0
Chad	Nov./Oct.	58.0	72.0	130.0	105.0	3.2	3.2	0.0
Gambia	Nov./Oct.	92.8	9.7	102.5	100.5	0.3	0.3	0.0
Guinea-Bissau	Nov./Oct.	95.4	8.4	103.8	86.9	2.5	2.5	0.0
Mali	Nov./Oct.	326.9	46.6	373.5	308.7	1.1	1.1	0.0
Mauritania	Nov./Oct.	313.4	33.9	347.3	320.2	9.4	9.4	0.0
Niger	Nov./Oct.	204.1	83.0	287.1	236.7	0.3	0.3	0.0
Senegal	Nov./Oct.	873.0	13.1	886.1	866.0	2.4	2.4	0.0
ASIA		**37 426.1**	**1 293.0**	**38 719.1**	**34 017.4**	**9 701.2**	**405.7**	**9 295.5**
CIS in Asia		**3 335.0**	**394.0**	**3 729.0**	**3 122.0**	**812.7**	**12.7**	**800.0**
Armenia	July/June	282.0	86.0	368.0	280.0	115.5	0.0	115.5
Azerbaijan	July/June	1 265.0	119.0	1 384.0	1 052.0	336.0	1.0	335.0
Georgia	July/June	907.0	95.0	1 002.0	767.0	224.4	5.1	219.3
Kyrgyz Republic	July/June	272.0	0.0	272.0	165.0	28.2	0.0	28.2
Tajikistan	July/June	277.0	94.0	371.0	404.0	33.0	6.6	26.4
Turkmenistan	July/June	4.0	0.0	4.0	29.0	0.0	0.0	0.0
Uzbekistan	July/June	328.0	0.0	328.0	425.0	75.6	0.0	75.6
Far East		**26 308.8**	**732.8**	**27 041.6**	**23 025.4**	**6 629.5**	**309.8**	**6 319.7**
Bangladesh	July/June	2 383.9	166.1	2 550.0	2 950.0	916.7	158.1	758.6
Bhutan	July/June	70.6	0.4	71.0	71.0	0.0	0.0	0.0
China (Mainland)	July/June	2 569.0	0.0	2 569.0	3 377.0	77.5	0.0	77.5
D.P.R. of Korea	Nov./Oct.	202.7	353.3	556.0	1 020.0	99.9	99.9	0.0
India	April/March	6 730.0	35.3	6 765.3	2 050.0	1 088.4	21.6	1 066.8
Indonesia	April/March	8 159.9	32.9	8 192.8	7 041.4	3 099.6	17.2	3 082.4
Mongolia	Oct./Sept.	224.7	34.3	259.0	269.0	0.0	0.0	0.0
Nepal	July/June	232.4	7.6	240.0	290.0	4.5	4.5	0.0
Pakistan	May/April	403.8	19.9	423.7	921.0	200.6	0.0	200.6
Philippines	July/June	5 271.8	83.0	5 354.8	4 976.0	1 142.3	8.5	1 133.8
Timor-Leste	July/June	60.0	0.0	60.0	60.0	0.0	0.0	0.0
Near East		**7 782.3**	**166.2**	**7 948.5**	**7 870.0**	**2 259.0**	**83.2**	**2 175.8**
Afghanistan	July/June	631.5	151.0	782.5	690.0	82.1	82.1	0.0
Iraq	July/June	4 422.6	7.4	4 430.0	4 430.0	1 646.3	0.0	1 646.3
Syrian Arab Republic	July/June	2 728.2	7.8	2 736.0	2 750.0	530.6	1.1	529.5
CENTRAL AMERICA		**1 546.4**	**147.1**	**1 693.5**	**1 741.0**	**398.6**	**102.4**	**296.2**
Haiti	July/June	551.3	90.9	642.2	661.0	113.5	58.2	55.3
Honduras	July/June	653.7	33.1	686.8	675.0	179.1	21.3	157.8
Nicaragua	July/June	341.4	23.1	364.5	405.0	106.0	22.9	83.1
SOUTH AMERICA		**914.0**	**30.0**	**944.0**	**1 020.0**	**179.9**	**0.0**	**179.9**
Ecuador	July/June	914.0	30.0	944.0	1 020.0	179.9	0.0	179.9
EUROPE		**1 609.0**	**0.0**	**1 609.0**	**1 420.0**	**203.0**	**0.0**	**203.0**
Albania	July/June	440.0	0.0	440.0	440.0	83.0	0.0	83.0
Belarus	July/June	599.0	0.0	599.0	420.0	4.6	0.0	4.6
Bosnia and Herzegovina	July/June	570.0	0.0	570.0	560.0	115.4	0.0	115.4
TOTAL		**65 674.9**	**2 852.3**	**68 527.2**	**66 275.6**	**19 721.6**	**1 099.8**	**18 621.8**

[1] Includes food deficit countries with per caput income below the level used by the World Bank to determine eligibility for IDA assistance (i.e. US$ 1 575 in 2004), which is in accordance with guidelines and criteria agreed to by the CFA should be given priority in the allocation of food aid.
[2] Estimates based on information available as of mid-November 2007.

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