



Crop Prospects and Food Situation

HIGHLIGHTS

- **Early prospects point to the possibility of a significant increase in world cereal production in 2008**, mainly following expansion of winter grain plantings in Europe and the United States coupled with generally satisfactory weather conditions.
- **International prices of most cereals remain high and some are still on the increase.** Continuing strong demand and dwindling stocks are providing the backdrop to a prevailing tight global cereal supply and demand situation in the current 2007/08 marketing season, keeping upward pressure on international markets.
- **Cereal imports of the LIFDCs as a group in 2007/08 are forecast to decline by about 2 percent** but as a result of soaring international cereal prices and freight rates, the cereal import bill is projected to rise by 35 percent for the second consecutive year. A higher increase is projected for Africa. Prices of basic food have increased in many countries across the world mostly affecting vulnerable populations.
- **The aggregate level of world trade in cereals is expected to peak in 2007/08**, driven mainly by a sharp rise in demand for coarse grains, especially for feed use in the EU.
- In **North Africa**, early prospects for the 2008 winter cereal crops are mixed but in **Southern Africa** the overall outlook is satisfactory, despite severe localized floods. In **Eastern Africa**, another bumper cereal crop was gathered in 2007 but poor secondary crops are been harvested in **Kenya** and **Somalia**.
- In **Asia**, early indications point to a 2008 aggregate wheat crop around last year's record level. However, in some central Asian countries, particularly **China, Mongolia, Afghanistan** and **Tajikistan**, extreme cold weather has caused crop and livestock losses. In **South America** overall prospects for the 2008 maize crop are satisfactory, but the outlook is uncertain in **Argentina**. In **Bolivia**, severe floods have resulted in crop and livestock losses.

FAO World Food Situation Portal

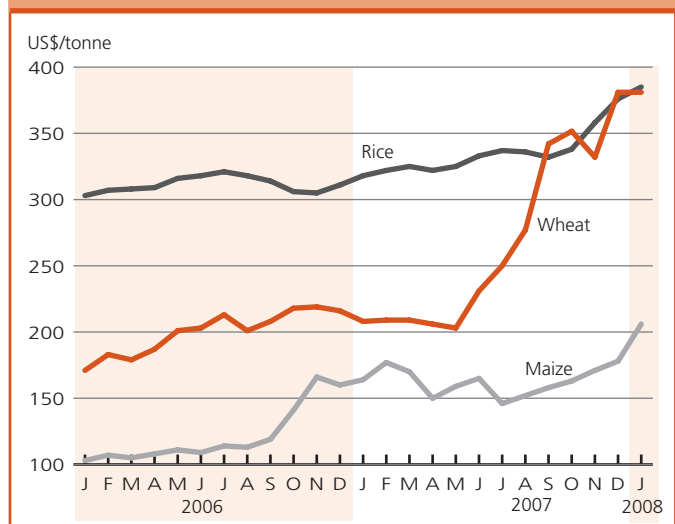
High food prices and market uncertainties have become a major global concern. As a result access to up-to-date information and analysis is becoming increasingly important. FAO has created an internet portal that brings together all relevant studies produced by the organisation with the view to facilitate research on the current developments in world food markets. The portal, named World Food Situation, is accessible from the FAO main web page at:

www.fao.org/worldfoodsituation.

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Selected international cereal prices



Countries in crisis requiring external assistance¹ (36 countries)

AFRICA (21 countries)

Exceptional shortfall in aggregate food production/supplies

Lesotho	Multiple year droughts
Somalia	Conflict, adverse weather
Swaziland	Multiple year droughts
Zimbabwe	Deepening economic crisis, drought, recent floods

Widespread lack of access

Eritrea	IDPs, economic constraints
Liberia	Post-conflict recovery period
Mauritania	Several years of drought
Sierra Leone	Post-conflict recovery period

Severe localized food insecurity

Burundi	Civil strife, IDPs and returnees
Central African Republic	Refugees
Chad	Refugees, conflict
Congo, Dem. Rep.	Civil strife
Congo, Rep. of	IDPs
Côte d'Ivoire	Civil strife
Ethiopia	Insecurity in parts, localized crop failure
Ghana	Drought and floods
Guinea	Refugees
Guinea-Bissau	Localized insecurity
Kenya	Civil strife, adverse weather
Sudan	Civil strife
Uganda	Civil strife in the north

ASIA (9 countries)

Exceptional shortfall in aggregate food production/supplies

Iraq	Conflict and insecurity
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Widespread lack of access

Afghanistan	Conflict and insecurity
Korea, DPR	Economic constraints and effects of recent floods

Severe localized food insecurity

Bangladesh	Floods and cyclone
Indonesia	Landslides/floods, earthquakes
Nepal	Poor market access, conflict and floods
Pakistan	Insecurity and past floods
Sri Lanka	Conflict
Timore-Leste	IDPs, past drought and floods

LATIN AMERICA (4 countries)

Severe localized food insecurity

Bolivia	Floods
Dominican Rep.	Past floods
Haiti	Past floods
Nicaragua	Past floods

Europe (2 countries)

Exceptional shortfall in aggregate food production/supplies

Moldova	Drought and lack of access to inputs for winter crops
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Severe localized food insecurity

Russian Federation (Chechnya)	Civil conflict
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Countries with unfavourable prospects for current crops²

AFRICA

Kenya	Insufficient rainfall
Somalia	Adverse weather and insufficient rainfall

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 cereal crop was gathered in 2007 in the Sahel (with the exception of Senegal and Cape Verde) but coarse grain production declined significantly in a few countries along the Gulf of Guinea, notably in northern **Nigeria** and **Ghana**, leading to a tight food supply situation at regional level with reports of rising food prices in **Benin, Burkina Faso, Ghana, Niger, Nigeria** and **Togo**. In the western part of the subregion where food prices are influenced mainly by international markets due to the high dependence of these countries on wheat and rice imports, both rural and urban consumers have been affected by the prevailing high international cereal prices, notably in **Guinea-Bissau, Mauritania** and **Senegal**. Throughout the subregion the impact of high food prices will be more severe in localized areas where yields were severely reduced by delayed rains or floods. In these areas populations may require assistance.

In **Eastern Africa**, notwithstanding good harvests in the last couple of years, mainly in the major producing countries, millions of people still depend on food assistance due to conflict, unrest, adverse weather and/or a combined effect. The situation in southern **Somalia** is of particular concern due to the large and continued displacement of civilians following the escalating conflict, mainly in Mogadishu, coupled with the impact of two consecutive seasons of well-below average crop production. Current estimates put the number of IDPs from Mogadishu alone at nearly a million since February 2007. Overall, nearly 2 million people are considered to be at risk of food insecurity of which nearly one-fifth are classified as Humanitarian Emergency (HE) requiring life saving interventions while a third are in Acute Food and Livelihood Crisis (AFLC) requiring livelihood support. 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 affected by high and rising food prices. In **Kenya**, the post-electoral violence has resulted in a serious humanitarian situation. Hundreds of people are reported to have been killed and more than a quarter of a million people displaced. Overall, up to 500 000 people are estimated to be in need of food assistance. Food assistance also 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 improvement in the supply

of cereals, inadequate transport and marketing systems will prevent any significant movements from surplus 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**, vulnerable populations in several countries due to exhaustion of stocks and rising food prices are going through the peak hunger period until the start of the next harvest in April. Agricultural assistance is urgently required for people affected by recent floods to salvage the current main crop season and the next secondary season. In **Zimbabwe**, excessive rains in late December-early January caused flooding and delayed effective planting of the main season crops. Even with generous rainfall throughout the country, deepening economic crisis leading to shortages of seed, fuel, tillage power and fertilizer are expected to have a serious negative impact on the upcoming harvest. Current shortages of food and non-food items affecting the estimated 4.1 million vulnerable people are a cause for concern. In **Lesotho** and **Swaziland** poor consecutive cereal harvests for the past three years compounded by problems of poverty and the impact of HIV/AIDS have led to serious food insecurity.

In the **Great Lakes** region, serious fighting in the north-eastern parts of the **Democratic Republic of the Congo** over the past several months has displaced large numbers of people who need food assistance. The current peace agreement would help many IDPs to return but they need substantial assistance to restart farming activities. Food and agricultural aid is also needed in **Burundi** especially for resettlement of returnees and IDPs.

In **Far East Asia**, following two years of above-average harvests in many countries, the overall food supply situation has improved. However, a new weather-related emergency has arisen in China and serious food security problems persist in some countries. In **China**, since 10 January, 14 provinces in the southern and eastern parts of the country have been affected by the most disastrous ice rain, snow and freezing weather since 1951 in terms of geographical extension, intensity and related damage. As of the end of January, about 90 million people were reported to be directly affected and millions of hectares of crops, especially vegetables and oil crops are reported to be severely damaged. **Mongolia** is experiencing a particularly harsh winter, which may have a significantly negative impact on livestock. In **Bangladesh**, emergency food aid continues to be needed for the poor households severely affected by a super cyclonic storm in mid-November, which caused extensive damage and affected some 8.9 million people in 30 districts. The food supply situation for millions of people in the **Democratic People's Republic of Korea** remains a serious concern as a result reduced crop production and economic constraints. The food security situation in **Timor-Leste** has been negatively affected by reduced cereal production and rising cereal prices.

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In the **Near East**, in **Iraq**, reflecting some improvement in the security situation, a few hundred Iraqi refugees in the 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 2 million, while a similar number of people have been internally displaced.

In **Central America and the Caribbean**, tropical storms Noel in mid-December and Olga in September hit **Haiti**, **Dominican Republic** and **Cuba**, causing major landslides with losses of human lives and serious damage to principal food and cash crops. In **Nicaragua**, the villages of the

Northern Atlantic Autonomous Region that were affected by powerful hurricane Felix in September are receiving international food assistance for the gradual recovery of their livelihood systems.

In **South America**, adverse weather related to the "La Niña" meteorological phenomenon, has caused severe floods in **Bolivia**, affecting about 42 000 families, especially in the departments of Cochabamba, Santa Cruz, Chuquisaca and Beni. While current crop losses are under assessment, the national Meteorological Service forecasts more precipitation in the following weeks. Consequently the food security situation of the country needs to be closely monitored.

Global cereal supply and demand brief

World cereal market remains tight

In spite of the increase in world cereal production in 2007, a tight global cereal supply and demand situation prevails in the current 2007/08 marketing season. Cereal supplies are low mainly because of dwindling stock levels carried over from the previous season. With world demand showing little sign of abating, international prices of most cereals remain high, and some are still on the increase, while world reserves are heading for yet another decline from their already low levels. International trade of cereals is expected to peak in 2007/08, driven mainly by a sharp rise in demand for coarse grains. Although a significant expansion in winter wheat plantings in the northern hemisphere is likely to result in much higher wheat production in 2008, assuming normal weather conditions, the current situation is such that it may require significant increases in production of more than one season's cereal crop for markets to regain their stability and for prices to decline significantly below the recent highs.

PRODUCTION Early prospects favourable for 2008 world cereal production

Good prospects for the 2008 **wheat** crops already in the ground in the northern hemisphere auger well for a significant increase in global wheat output during the year. In Europe, the winter wheat area has expanded in most major producing countries and crops are generally reported to be developing well throughout the region, providing good potential for yields to recover from last year's below-average levels, especially in some eastern parts that were hit by severe drought in 2007. In North America, the winter wheat area in the United States has expanded again for the 2008 harvest although the increase was not as large as had been earlier expected following dry weather in the southern Plains that interrupted planting. In Asia, prospects for the winter wheat crops are favourable and current indications point to production remaining similar to last year's record levels in the region's three major producers, China, India and Pakistan. In North Africa, the wheat crop prospects are satisfactory in Egypt, the subregion's

major wheat producer, but less certain in other parts where conditions have been somewhat dry, especially Morocco where soil moisture reserves were greatly depleted by drought last year.

The first of the major 2008 **coarse grain** crops are already planted in some countries. In South America, early estimates suggest the area planted has remained similar to last year's record level. In Argentina, scarce precipitation and high temperatures since mid-December could have a significant negative impact on yields should good rains not come soon, but elsewhere among the key producing areas, conditions are reported to be mostly favourable. In southern Africa, despite recent heavy rains and flooding in some parts, the outlook for the season overall is mostly favourable. In South Africa, the major producer and main exporter in the subregion, maize plantings increased in response to high prices. Elsewhere, ample supply of inputs, including good quality seeds, at planting time, sometimes a restraint in these countries, and subsidies to farmers in some countries, ensured good levels of planting and should reflect positively on the outcome at harvest time.

Planting of the 2008 **rice** crops in the southern hemisphere is well underway or already complete in some parts. Prospects are favourable in South America, where increased areas are expected. In southern

Africa, Madagascar is seen to continue a drive to increase its domestic production but in Mozambique more heavy rainfall is threatening to impair plantings.

World cereal production up 4.6 percent in 2007

FAO's estimate of global **cereal** output in 2007 now stands at some 2 102 million tonnes (rice in milled terms), virtually unchanged since the previous report in December, and representing a 4.6 percent increase from 2006. The bulk of the increase came from a record maize crop in the United States, which helped to raise world **coarse grains** output by 8.4 percent to 1 069 million tonnes. **Wheat** production also increased compared to the previous year but not by as much as had been hoped

at the outset of the seasons. The 2007 wheat output is now estimated at 603 million tonnes, 1.2 percent up from 2006, with virtually all of the increase among the larger producers in Asia. Although the 2007 secondary **rice** crops (mostly in Asia) will not be harvested until March-April, the bulk of the 2007 paddy crops have already been gathered and FAO's latest forecast for the aggregate global output is already quite firm at 430 million tonnes (milled terms), representing a marginal increase of just 0.5 percent from the previous year. Virtually all the expansion is seen in Asia, while contractions are anticipated in Africa, Latin America and the Caribbean and Oceania, where crops have been constrained by adverse weather.

UTILIZATION

Cereal utilization set to grow strongly in 2007/08

World cereal utilization is forecast to reach 2 120 million tonnes in 2007/08, pointing to a growth of 2.6 percent from the previous season. This relatively strong growth (about 1.6 percent above the 10-year average) reflects higher food and feed utilization as well as a significant increase in industrial use. Total **food** consumption of cereals is forecast to reach 1 006 million tonnes, up around 1 percent from 2006/07. The increase is mainly concentrated in the developing countries and mostly driven by population growth. However, a slight decrease in food consumption on a per caput basis is expected to occur in the developing countries, particularly for wheat consumption in the Low-Income Food-Deficit Countries (LIFDCs). Total world wheat utilization is forecast to reach 620 million tonnes, down marginally from 2006/07. On a per caput basis, wheat consumption is forecast to decline by about 0.5 percent in the developing countries to just below 60 kg. A small decrease is also forecast for rice consumption. On a per caput basis, rice consumption is estimated to remain in the order of 57 kg. However, a small decline is foreseen in the developing countries where rice intake is expected to fall slightly to 68.5 kg.

Total world **feed** utilization of cereals is forecast to increase by nearly 2 percent in 2007/08, to 754 million tonnes. Most of this increase would reflect a sharp expansion in world utilization of coarse grains (maize and sorghum in particular) which is forecast to reach a record 633 million tonnes, up 2.8 percent from 2006/07. This strong expansion, which in part reflects a gradual recovery in animal production, is expected to occur in both developed and developing countries. However, feed use of wheat is forecast to contract by 2.7 percent in 2007/08, to 109 million tonnes. In spite of a sharp

Table 1. World cereal production¹ (million tonnes)

	2006 estimate	2007 forecast	Change: 2007 over 2006 (%)
Asia	912.6	928.0	1.7
Far East	810.0	825.8	2.0
Near East in Asia	72.8	68.7	-5.6
CIS in Asia	29.7	33.3	12.2
Africa	144.1	135.6	-5.9
North Africa	36.0	28.9	-19.8
Western Africa	49.1	47.4	-3.5
Central Africa	3.6	3.5	-2.7
Eastern Africa	33.9	33.9	0.0
Southern Africa	21.5	21.9	2.1
Central America & Caribbean	37.2	39.6	6.4
South America	110.8	130.4	17.8
North America	384.5	462.2	20.2
Europe	404.5	386.1	-4.6
EU ²	246.8	257.9	4.5
CIS in Europe	118.6	114.6	-3.4
Oceania	18.5	22.1	19.4
World	2 010.9	2 102.6	4.6
Developing countries	1 156.6	1 181.5	2.2
Developed countries	854.2	921.1	7.8
- wheat	596.1	603.2	1.2
- coarse grains	986.6	1 069.0	8.4
- rice (milled)	428.1	430.4	0.5

¹Includes rice in milled terms.

²EU-25 in 2006 and EU-27 in 2007.

Note: Totals computed from unrounded data.

anticipated growth of 7.7 percent in feed use in the developing countries, total feed use of wheat in the developed countries is forecast to decline by as much as 4.4 percent from the previous season due to tight supplies.

In addition to food and feed, the **industrial usage** of cereals is also growing. While traditionally this usage category was mostly related to production of starch and sweeteners and therefore largely stable, in recent years the rapidly growing biofuel sector is emerging as a leading source of demand. It is estimated that at least 100 million tonnes of cereals are currently used for production of biofuels, of which maize accounts for at least 95 million tonnes, representing 12 percent of its total world utilization. Maize is the main cereal used for the production of ethanol and the United States is the world leader of maize-based ethanol sector. In 2007/08, the United States is expected to put at least 81 million tonnes of maize into the production of ethanol. This would be up 32 million tonnes, or 37 percent, from the previous season.

STOCKS

Cereal stocks forecast to reach lowest level in more than two decades

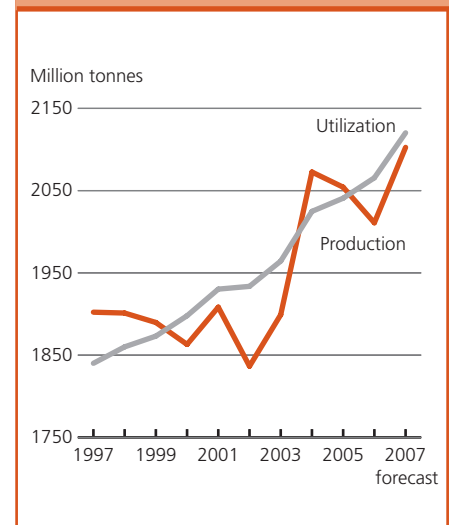
As a result of strong demand and a shortfall in overall cereal production in 2007 compared to utilization needs, world cereal stocks by the close of the seasons ending in 2008 are expected to fall to just 405 million tonnes, down 22 million tonnes, or 5 percent, from their already reduced level at the start of the season and the smallest since 1982. This latest forecast is also about 15 million tonnes less than was reported in December. At the current forecast levels, the ratio of world cereal stocks to utilization also declines by 1 percent from the previous season's low to only 19.2 percent.

This anticipated drop in world cereal reserves is likely to be most significant in the case of wheat. World **wheat** stocks by

the close of seasons in 2008 are expected to shrink to 147 million tonnes, down 15 million tonnes from their already reduced opening level. This sharp decline puts world wheat reserves at the lowest level since 1983. Most of the reduction reflects smaller supplies in major exporters this season where a combination of below-average production, strong domestic demand, and exports, would result in a drop of at least 11 million tonnes in their combined carryovers. In the United States, in spite of the rise in its production, wheat stocks are forecast to fall to no more than 8 million tonnes, the smallest in 60 years according to official estimates. A sharp increase in exports from the United States, to cover for the global shortfall caused by reductions in export availabilities in other major exporters, is the main reason for this development. Wheat stocks in the EU-27 are also forecast to drop to 9.5 million tonnes, more than 3 million tonnes below the previous season and well below the levels when EU had just 15 members. This season's sharp contraction in EU stocks mostly originates from production shortfalls in 2007 which are expected to curb its exports. Among other countries, a sharp fall in stocks is most notable in Morocco, where severe drought last year cut its domestic production by 75 percent, and inventories are likely to drop by at least 1.7 million tonnes in spite of large imports which are forecast to double from the previous season's level.

The latest forecast for **coarse grains** stocks at the close of seasons in 2008 is 156 million tonnes, down 6 million tonnes from their reduced opening level and nearly 15 million tonnes smaller than was anticipated in December. The decline from the previous season is expected in spite of a record maize harvest in the United States which boosted world coarse grain production by more than 8 percent over 2006. Higher utilization is responsible for the decline in world coarse grains stocks during the current season. Inventories of all major coarse grains are forecast to be

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



reduced. Barley carryovers are expected to decline the most, by 4 million tonnes to 24 million tonnes, and that mainly in the EU, Morocco, Turkey, Ukraine and North America. World maize stocks are forecast to reach 117 million tonnes, down 1.2 million tonnes from the previous season. As the season progressed, the shortage of feed wheat in global markets increased the demand for coarse grains, resulting in higher utilization and consequently smaller stocks than were originally anticipated. Total coarse grains stocks held by major exporters are currently put at 64 million tonnes, slightly above their opening levels despite an increase of about 21 percent in their total production. In fact, stocks could have declined even more but two major producers, China and Brazil, harvested good to record crops and this has helped in improving the supply.

Global **rice** carryover stocks at the end of seasons in 2008 are estimated at 102.4 million tonnes, which would represent a 1.2 million tonnes drop from their opening levels. The expected decline suggests that production in 2007 would fall short of utilization and that drawing from world reserves would be needed to bridge the gap. The expected year-to-year contraction is anticipated to affect mostly the major importing countries, with the

exception of Indonesia. Although as a group, the traditional exporting countries are foreseen to end their seasons in 2008 with larger inventories, much of the increase would be concentrated in China. The situation in the other traditional exporting countries is less buoyant, since Australia, Cambodia, Thailand, the United States and Viet Nam are all anticipated to end the season with smaller inventories.

TRADE

International cereal trade to reach record high in 2007/08

World cereal trade is expected to approach 258 million tonnes in 2007/08, a new record after last season's peak. This latest forecast represents an upward revision of some 6 million tonnes since the previous report in December, largely associated with the recent surge in imports of maize and sorghum by the EU. At the current forecast level, the total volume of cereal imports by the LIFDCs, however, is down by about 2 million tonnes from the previous season.

World trade in **wheat** is forecast to decline to 107 million tonnes in 2007/08 (July/June), down 6 million tonnes from the estimated imports in 2006/07. The reduction is mainly due to lower purchases by India which, following an increase in production and improved levels of government stocks, is expected to import at least 4 million tonnes less than in the previous season. Other countries importing significantly less wheat this season include Algeria, Brazil, Indonesia, Pakistan, and Nigeria. However, several countries are also expected to increase their purchases from world markets despite the high prices. Hit by a severe drought, Morocco is forecast to double its imports in 2007/08. Imports by the EU are also forecast to increase significantly as a result of a tighter domestic supply situation this season.

The global wheat market continues to suffer from tight export supplies. Among the five major wheat exporters, only the United States is forecast to be able to export more this season than last, reflecting

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

	2005/06	2006/07	2007/08	Change: 2007/08 over 2006/07 (%)
PRODUCTION¹	2 054.2	2 010.9	2 102.6	4.6
Wheat	626.7	596.1	603.2	1.2
Coarse grains	1 003.2	986.6	1 069.0	8.4
Rice (milled)	424.3	428.1	430.4	0.5
SUPPLY²	2 524.1	2 483.5	2 530.0	1.9
Wheat	806.3	778.9	765.0	-1.8
Coarse grains	1 194.0	1 172.0	1 231.1	5.0
Rice	523.7	532.7	534.0	0.2
UTILIZATION	2 040.8	2 065.6	2 120.3	2.6
Wheat	620.1	621.3	619.9	-0.2
Coarse grains	1 000.9	1 016.7	1 068.0	5.0
Rice	419.8	427.6	432.4	1.1
Per caput cereal food use (kg per year)	152.2	152.7	152.4	-0.2
TRADE³	246.7	254.6	257.8	1.3
Wheat	110.5	113.3	107.0	-5.5
Coarse grains	107.0	111.4	120.5	8.1
Rice	29.2	29.9	30.3	1.5
END OF SEASON STOCKS⁴	472.6	427.4	405.3	-5.2
Wheat	182.8	161.8	146.8	-9.3
- main exporters ⁵	59.8	39.5	28.8	-26.9
Coarse grains	185.3	162.0	156.1	-3.7
- main exporters ⁵	90.6	62.2	63.6	2.2
Rice	104.6	103.6	102.4	-1.1
- main exporters ⁵	22.9	23.5	22.9	-2.5

Low-Income Food-Deficit Countries (LIFDCs)⁶

Cereal production¹	859.7	888.1	894.4	0.7
<i>excl. China Mainland & India</i>	294.3	306.6	299.9	-2.2
Utilization	920.0	938.3	953.7	1.6
Food use	644.6	655.0	662.7	1.2
<i>excl. China Mainland & India</i>	271.8	279.4	284.6	1.9
Per caput cereal food use (kg per year)	157.0	157.3	156.8	-0.3
<i>excl. China Mainland & India</i>	159.2	160.5	160.4	-0.1
Feed	164.6	166.4	170.5	2.4
<i>excl. China Mainland & India</i>	46.2	48.4	48.1	-0.7
End of season stocks⁴	228.0	238.1	240.1	0.8
<i>excl. China Mainland & India</i>	54.5	56.9	49.6	-12.8

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.

a rebound in its domestic production. A sharp fall in exports is expected in Australia as a result of drought. Lower sales are forecast for Canada and the EU because of below average harvests. Exports from Argentina are also seen to decline due to delays in the reopening of its export registry, which remained closed between March 2007 and January 2008, to guarantee supplies for the domestic market. Most other exporters have also slowed down their shipments this season. Exports from Turkey and the Syrian Arab Republic are forecast down sharply as a result of lower domestic production. Ukraine reduced sales through a strict quota system because of low domestic supplies. By contrast, exports from the Russian Federation surged during the first half of the season but the recent hike in export taxes has slowed or may even halt sales. China recently introduced further export restrictions but the overall wheat sales from China are likely to exceed the previous season's level. China has become a major source of wheat flour in Asia and in 2007 its wheat flour exports increased 5 fold compared to 2006, to almost 1 million tonnes.

The forecast for world trade in **coarse grains** in 2007/08 has been revised sharply upward since the previous report and it is now put at a record 120.5 million tonnes, up 9 million tonnes, or 8 percent, from the previous season and over 6 million tonnes more than was anticipated earlier. This sudden increase in world trade of coarse grains in 2007/08 is primarily driven by unexpected large imports of sorghum (3.5 million tonnes) and maize (10.5 million tonnes) by the EU. Total coarse grains imports by the EU are now put at 14.5 million tonnes, up nearly 8 million tonnes, or 116 percent, from the previous season. High feed demand and tighter supplies of feed wheat have boosted coarse grains purchases by the EU. In December, the EU suspended import duties on major cereals until the end of the season in June 2008. Imports are also forecast to increase

by Morocco (mostly barley) and Mexico (mostly maize and sorghum). However, a combination of larger domestic output and/or high world prices are expected to result in smaller imports by several countries, including Colombia, Indonesia and the Republic of Korea.

The surge in this season's import demand for coarse grains could be met in part because of a record maize crop in the United States which made it possible for the United States to export more maize. Total coarse grains exports from the United States are forecast to increase by at least 8 million tonnes while sales from most of the five other major exporters are likely to increase slightly. Australia is seen to cut its exports of barley but shipments from both the EU and Canada are forecast to increase. Higher exports of maize are expected from Argentina. Among other exporting countries, Brazil is forecast to emerge as the world third largest maize exporter this season (after the United States and Argentina) following a record harvest, increasing its sales two-fold to over 10 million tonnes. However, maize exports from China are forecast to be more than halved, to 2 million tonnes, due to strong domestic demand, while Ukraine which last season exported 5 million tonnes of barley may not export any this season because of export restrictions due to tight domestic supplies.

Since last September, the FAO estimate of world **rice trade in 2007** has been cut to 29.9 million tonnes, which would nevertheless still be 2.4 percent larger than in 2006. The year-to-year increase would be sustained by larger imports by Asian countries, in particular Bangladesh and Indonesia, but also the Democratic People's Republic of Korea, the Philippines and Sri Lanka. South American countries also imported more, but deliveries to African countries dropped for the second consecutive year. Much of the increase in world trade is expected to be met through larger exports from Thailand, but also Cambodia, China, Egypt and Guyana. By

contrast, Argentina, Brazil, India, Pakistan, the United States, Uruguay and Viet Nam are estimated to have cut deliveries, a reflection of limited supplies and, in some cases, of the imposition of government restrictions in the form of export quota, export taxes or minimum export prices.

The FAO forecast of global **rice trade in 2008** has been also lowered since September to 30.3 million tonnes, which would be 1.5 percent up from the estimated level in 2007. In Asia, imports to Bangladesh, China, Iraq, the Democratic People's Republic of Korea, Nepal and Turkey are forecast to rise, while they may fall in Indonesia, the Islamic Republic of Iran, the Philippines and Sri Lanka. Shipments to African countries are forecast to rebound in 2008, sustained by larger deliveries to Côte d'Ivoire and Nigeria, while those to Latin America and the Caribbean may fall somewhat, given expectations of smaller purchases by Brazil and Colombia. As for exports, Argentina, Brazil, China, Guyana, Myanmar, Pakistan, the United States, Uruguay and Viet Nam are expected to be in a position to sell more, as opposed to Egypt and India, where government restrictions may depress sales. Deliveries from Thailand, the leading exporter, may also fall, as supply availability from public inventories dwindled.

PRICES

International cereal prices remain high

International prices for all major cereals remained high, and some strengthened even further since December. Tight export supplies amid strong demand continued to provide support to cereal markets. International grain prices benefited from the weak US dollar, which increases demand for the US origin wheat, and a sharp decline in freight rates which helped accelerating purchasing activities by several countries in recent weeks. Export restrictions by China and the Russian Federation coupled with the closure of the export registry in Argentina also

provided support. In January, the United States' hard **wheat** (HRW, No. 2, f.o.b.) averaged US\$381 per tonne, unchanged from December 2007 but almost US\$50 per tonne more than in November 2007 and as much as US\$173 per tonne, or 83 percent, higher than in January 2007. Prices in the futures markets also remained firm although with continuous high volatility. Weaknesses in the financial markets, fund liquidation, and growing fear of a possible economic slow-down put downward pressure on wheat futures at Chicago Board of Trade (CBOT) but brisk international demand sustained high prices for nearby March delivery. Looking further ahead, with reports of significant expansion in plantings, early expectations point to a strong increase in wheat production in 2008 and this outlook has started to put some downward pressure on futures prices for the new wheat crop to be harvested in the summer. By late January, wheat futures prices at CBOT for delivery in September 2008 were quoted at around US\$320 per tonne, US\$140 per tonne above the corresponding period a year ago whereas futures prices for May delivery stood at US\$322 per tonne, US\$170 per tonne more than in the corresponding period a year earlier.

International prices of all major **coarse grains** have strengthened further since December. Strong demand in Europe provided support for maize and sorghum prices while limited supplies of barley combined with this season's continuing shortage of feed grains also kept barley prices well above the previous season. Maize prices continued their upward trend for the fifth consecutive month. The United States' yellow maize (US No.

2 Gulf, f.o.b.) averaged US\$206 per tonne in January, up US\$42 per tonne, or 26 percent, from January 2007. Also by late January, the CBOT nearby March contract was quoted at around US\$200 per tonne, up 23 percent from the corresponding period last year. However, prices in the futures market are extremely volatile given the uncertainty over this year's planting intentions for northern hemisphere countries connected to strong demand for soybeans, the general concern over a possible economic slowdown that could lower demand for feed, and the arrival of new supplies from Brazil and Argentina.

Although several major producing countries harvested their main paddy crop over the last quarter of 2007, world **rice** prices have continued to strengthen since September, as much of the new supplies reaching the market had already been committed for sale. Based on the

FAO All Rice Price Index, prices gained 14 percent between September and December 2007. On average, prices were 17 percent higher in 2007 than in 2006. Prospects for the next few months point to further price gains at least until March 2008, when new rice supplies will become available from the 2007 secondary crops in northern hemisphere countries and from the first 2008 paddy crops in southern hemisphere countries. Until then, prices are expected to make further inroads, especially after several countries took action either to restrict exports or to facilitate imports. Moreover, reduced stocks in Thailand and in other major rice trade players could render prices more volatile in 2008. The price strength exhibited by other major agricultural products could lend further steam to international rice prices in the course of the year.

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

	2007					2008
	Jan.	Sep.	Oct.	Nov.	Dec.	Jan.
United States						
Wheat ¹	208	343	352	332	381	381
Maize ²	164	158	163	171	178	206
Sorghum ²	173	177	172	171	192	225
Argentina ³						
Wheat	183	325	321	290	310	330
Maize	161	170	180	179	171	207
Thailand ⁴						
Rice white ⁵	318	332	338	358	376	385
Rice, broken ⁶	245	279	297	318	342	365

*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.

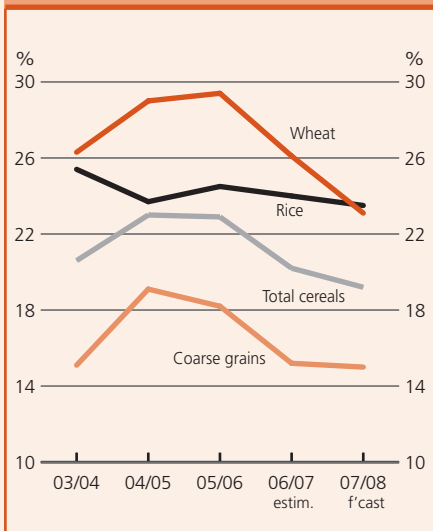
⁴ Indicative traded prices.

⁵ 100% second grade, f.o.b. Bangkok.

⁶ A1 super, f.o.b. Bangkok.

FAO's global cereal supply and demand Indicators

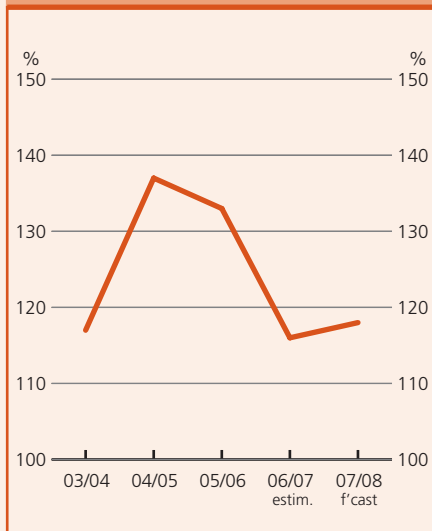
1. Ratio of world cereal stocks to utilization



■ 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 19.2 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 to 23.1 percent, well under 34 percent observed during the first half of the decade. Contrary to expectations earlier in the season the ratio for coarse grains is now also expected to decrease further from last year's already low level, to just 15 percent. Likewise, for rice, latest information points to a tighter supply and demand situation than earlier predicted and the stock to use ratio is now forecast to decline to 23.5 percent, also the lowest level in the past five years and well below the average during the first half of the decade.

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.

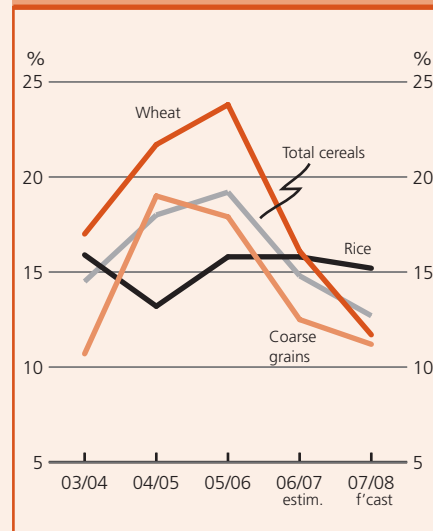
2. Ratio of major grain exporters supplies to normal market requirements



■ With the 2007 harvests now complete in the major grain exporters, the estimated ratio of their aggregate cereal supplies in 2007/08 compared to normal market requirements has become firmer and confirms earlier expectations for a surplus of 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.

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.

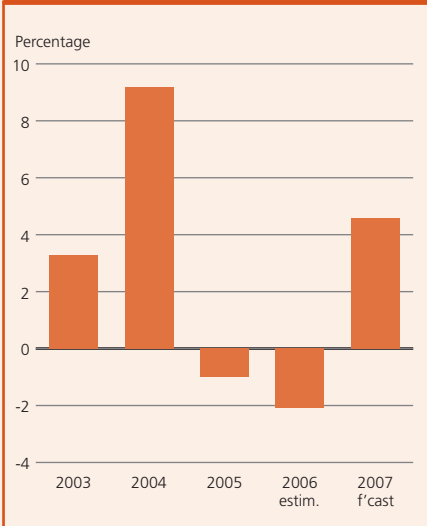
3. Ratio of major exports stocks to their total disappearance



■ The ratio of the major exporters' ending wheat stocks to their total disappearance is forecast precariously low at just 11.7 percent at the end of the 2007/08 seasons. High wheat prices on international markets are already leading to increased import bills for the LIFDCs 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 decrease further from the previous year's already low level. 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 also expected to decrease, but relatively less than for the grains.

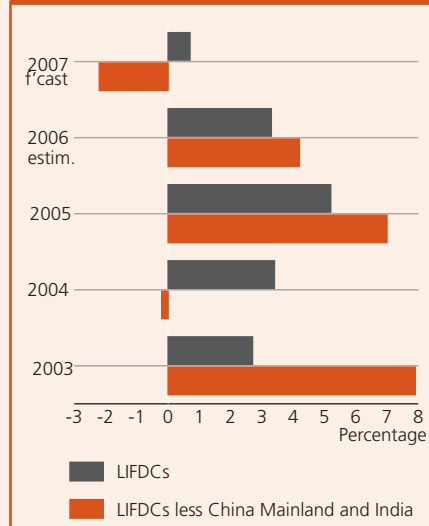
3 The **third indicator** is the ratio of the major exporters' ending stocks, by cereal type, to their total disappearance (i.e. domestic consumption plus exports). The major **wheat** and **coarse grain** exporters are Argentina, Australia, Canada, the EU and the United States. The major **rice** exporters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

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



World cereal production is estimated to be up 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.

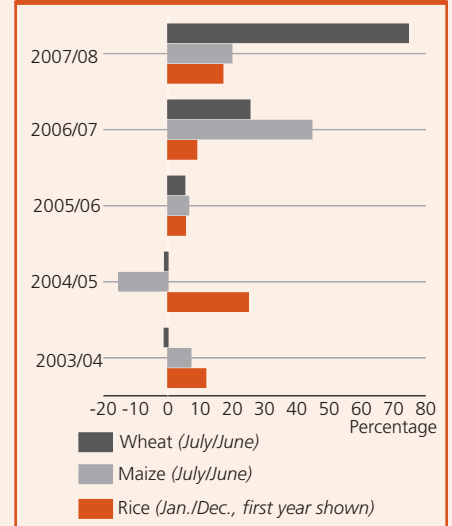
5 & 6. Year-to-year change in cereal production in the LIFDCs



Following four years of sustained growth, the cereal production of LIFDCs in 2007 is estimated marginally up from the previous year's level, which means a less comfortable supply situation in the new 2007/08 season. Excluding China (Mainland) and India, which account for some two-thirds of the aggregate cereal output, production in the rest of LIFDCs is estimated down by 2.2 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.

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



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 7 months of the current marketing year (July 2007 to January 2008), has averaged 74.5 percent above the average for 2006/07. For maize, the price surge has been less significant, with the index rising by nearly 20 percent, but this follows an increase of almost 45 percent also in the previous year. For rice, a modest 17 percent increase has been registered in 2007. These increases are contributing to a significant rise in the cereal import bill of the LIFDCs in 2007/08, which is forecast to jump 35 percent to reach some US\$33 billion. Following a sharply increased cereal import bill also in the previous year, this 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.

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

Measures taken by governments to limit the impact of soaring international cereal prices on food consumption

International cereal export prices have increased significantly since early 2007. This combined with substantial higher oil prices and freight rates, has sharply driven up the cost of basic food in countries all over the world. In order to limit the impact of rising cereal prices on domestic food consumption, governments from both cereal importing and exporting countries have taken a series of policy measures. Recent developments are listed below:

In **North Africa**, in **Morocco**, the Government has cut wheat import tariffs to the lowest level ever. It is also considering privatizing soft wheat imports and providing state subsidies to importers purchasing above a certain benchmark price. In **Egypt**, the Government has significantly raised food subsidies and signed a bilateral agreement with Kazakhstan for 1 million tonnes of wheat at a preferential price to be delivered during 2008. In **Western Africa**, in **Benin** and **Senegal**, the Governments have taken a series of measures aimed at offsetting a sharp increase in cereal prices, including price controls and the waiving of tariffs. In **Eastern Africa**, in **Ethiopia**, the Government has banned exports of the main cereals and grain stockpiling, as well as suspended WFP's local purchases for emergency interventions. It has also imposed a temporary ten percent surtax on luxury imports to fund food subsidies interventions, including the distributing of wheat at subsidized prices to low income urban households. In **Southern Africa**, in **South Africa**, adjustments to the amounts paid in social grants to the poor are planned to mitigate the impact of rising food prices. In **Zambia**, following the recent floods in the country, and in spite of a large exportable surplus of maize in the 2007/08 marketing year (May/April), the Government has reinstated the export ban applicable for any new contracts. In **Zimbabwe**, the Government continues to control imports of maize, wheat and sorghum which are sold at subsidized prices. Although the increase in import prices has been partially mitigated this year by early import contract of 400 000 tonnes of maize from Malawi, domestic consumer price inflation, measured at over 26 000 percent in November 2007, drastically erodes the consumers' purchasing power.

In **Asia Far East**, In **China (Mainland)**, following removal of the VAT export rebate on wheat, rice, maize and soybeans in December 2007, the Government introduced export duties of 20 percent on wheat, buckwheat, barley and oats and of 5 percent on rice, maize, sorghum, millet and soybeans starting 1 January 2008. It has also put in place a 25 percent export

duty on wheat flour and starch and 10 percent on the flours of maize, rice and soybeans. At the same time, it has announced its intention to increase the minimum purchase prices of wheat and rice, as well as subsidies to farmers to encourage grain production in 2008. **India** has removed a 36 percent import duty on wheat flour until April 2009 and has extended duty free imports by private traders. It has also suspended the ban on exports but increased the minimum export price of rice to US\$500 per tonne from US\$425. **Indonesia** has removed the 5 percent duty on wheat import and suspended a 10 percent duty on imported soybeans. **Pakistan**, which started the 2007/08 season exporting large volumes of wheat, mostly wheat flour to Afghanistan, has now banned private wheat exports to Afghanistan and imposed a 35 percent duty on wheat and wheat products exports. It is also purchasing wheat from world markets. In the **Republic of Korea**, from January 2008 and for six months, import duties on milling wheat have been reduced from 1 percent to 0.5 percent; on maize from 1.5 percent to 0.5 percent, and on soybeans and feed maize from 2 percent to nil. Concerned about the rising food prices, **Japan** has announced the establishment of a special department in charge of food security and urgent measures to diversify its purchases from world markets. **Malaysia** is reported to be soon introducing plans for increasing production of wheat flour in response to domestic shortages. In **Mongolia**, the Government has removed value-added tax from imported wheat and flour with effect from 1 January 2008. In **Asia Near East**, in **Saudi Arabia**, the Government announced its plan to reduce the purchasing price of wheat by 12.5 percent per year from 2008, due mainly to limited water resources. Saudi Arabia heavily subsidizes wheat production that averages 2.6 million tonnes of wheat per year but based on the new policy, the country is likely to become an importer of at least 3 million tonnes of wheat within the next 10 years. The Government also earlier announced plans to raise the price of wheat sold on local market by 20 to 30 percent from April 2008. **Turkey** cut import duties on wheat from 130 percent to 8 percent; on maize from 130 to 35 percent, and on barley from 100 percent to nil. In **Jordan**, the Government continues to subsidize wheat but its subsidy on barley has been partially lifted since October 2007. It has also stepped up its wheat purchases in world markets and announced its plan to increase stocks up to a 6 months consumption level.

In **Latin America and the Caribbean**, in **Mexico**, starting January 2008, the Government completed removal of quotas

continued

and tariffs that were in place since 1994 to protect maize, pulses, milk and sugar under the North American Free Trade Agreement (NAFTA) with Canada and the United States.

Argentina reopened its grain export registry. A maximum of 400 000 tonnes of wheat exports will be authorized on a monthly basis over a period of five months, while maize exporters will be able to register exports for shipments starting from mid-February but quantities have not yet been announced.

Brazil is considering a reduction or removal of the 10 percent import tax on wheat from origins different than Argentina which is already tax-free. In **Peru**, tariffs on imports of wheat and maize and all flours, which ranged from 17 to 25 percent, have been removed. In **Ecuador** and **Bolivia**, the Governments have introduced subsidies to bread production.

In **Europe**, the **EU** removed the 10 percent compulsory set-aside requirement for the 2008 cropping season and

subsequently suspended cereal import duties (excluding oats, buckwheat and millet) from last December until the end of the current marketing season in June 2008. Starting from the end of January 2008, the **Russian Federation** has raised wheat export duties from 10 percent to 40 percent (or no less than €105 per tonne). However wheat flour exports are not subject to a duty and the country is reported to have boosted its flour exports. The Government is also considering the extension of the price freeze on basic foodstuffs, including bread, milk, sunflower oil and eggs to May 2008. **Ukraine** is considering adding wheat and rye flour to the list of commodities under state price control. The Government is also considering increasing grain export quotas from 1.2 million tonnes set in September 2007 to 2.4-2.9 million tonnes from March 2008.

Low-Income Food-Deficit Countries food situation overview¹

Early outlook for 2008 cereal crops generally favourable in LIFDCs

In Southern Africa, despite severe localized floods in Mozambique, Zambia, Zimbabwe and Malawi, prospects for the 2008 main season cereal crops, to be harvested from April, are overall favourable following abundant rains during the first half of the season. In North Africa, the outlook for the 2008 winter cereal crops is mixed: prospects are satisfactory in Egypt but uncertain in Morocco where more rains are needed after a prolonged dry spell. In Asia, early forecasts point to record wheat crops for the second consecutive year in several countries, including China, India and Pakistan. However, the main rice crop is still to be planted. In Eastern Africa, harvesting of the 2007/08 secondary crops is underway in Somalia and Kenya, where outputs are anticipated to be sharply reduced due to dry weather. Elsewhere, the 2008 main cropping seasons have not yet started in countries of Eastern and Western Africa, Central America and Asia.

2007 cereal production increases marginally in LIFDCs as a group but declines when China and India are excluded

FAO's estimate of the LIFDCs 2007 aggregate cereal output has been revised marginally upwards to 894.4 million tonnes, which still is less than 1 percent above the good level of 2006. However, excluding the largest producers China and India, the output of the rest of LIFDCs

declines by 2 percent to 300 million tonnes. The decrease is mainly due to a sharply reduced harvest in Morocco and smaller crops in Western Africa, where the aggregate cereal output declined from the 2006 record level although remaining well above average. The most significant reductions at national level were in Senegal, Cape Verde and Ghana. In Eastern Africa, 2007 aggregate cereal production is estimated unchanged from last year's bumper crop, with average or above-average crops in most countries, except in Somalia, which was adversely affected by dry weather. In Southern Africa, good cereal outputs were generally obtained, but in Zimbabwe, Lesotho and Swaziland harvests were reduced by drought. In the

Asian Far East, cereal outputs were record high in China, India and Indonesia. In the Near East and CIS countries, the outturn was mixed with reduced harvests in several countries, mainly Iraq, the Syrian Arab Republic, Azerbaijan, Kyrgyzstan and Tajikistan. In Central America, a bumper cereal crop was gathered in Honduras, in response to production support policies, but in Nicaragua the output was reduced by the adverse effect of hurricanes during the growing season. In Haiti an average cereal crop was harvested prior to the passage of hurricanes that badly damaged other food crops.

Cereal imports to decrease in 2007/08 but cereal import bill increases significantly

Cereal imports of the LIFDCs as a group in 2007/08 are expected to decline by about 2 percent following a sharp reduction in shipments to India, (which in the previous year imported high volumes to increase stocks), and overall good harvests in

Table 4. Cereal production¹ of LIFDCs (million tonnes)

	2005	2006	2007	Change: 2007 over 2006 (%)
Africa (44 countries)	114.3	128.5	119.2	-7.2
North Africa	25.4	30.1	22.3	-25.8
Eastern Africa	31.0	33.9	33.9	0.0
Southern Africa	9.1	11.8	12.2	2.9
Western Africa	45.4	49.1	47.4	-3.5
Central Africa	3.3	3.6	3.5	-2.8
Asia (25 countries)	734.3	748.9	764.0	2.0
CIS in Asia	14.8	13.2	13.1	-1.3
Far East	704.6	721.6	737.2	2.2
- China (Mainland)	371.5	386.1	391.2	1.3
- India	193.8	195.3	203.2	4.0
Near East	14.9	14.1	13.8	-2.1
Central America (3 countries)	1.7	1.7	1.7	4.0
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)	7.7	7.4	7.7	3.8
Total (82 countries)	859.7	888.1	894.4	0.7

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.

¹ Includes rice in milled terms.

Note: Totals computed from unrounded data.

most regions. However, imports will rise markedly in countries where crops were reduced by drought, including Morocco, Zimbabwe, Lesotho and Swaziland, that even in normal years rely heavily on imports to fulfil consumption needs. Elsewhere, substantially higher imports are needed in the Democratic Republic of Korea to avoid deterioration of the nutritional status of the population, as well as in Tajikistan and Iraq, which experienced significant drops in production. Increased imports are also forecast in Pakistan, to replenish stocks.

Despite the reduction in quantities to be imported by the LIFDCs as a group, their cereal import bill is projected at US\$33 million, an increase of 35 percent for the second consecutive year, as a result of soaring international cereal prices and freight rates. A higher increase of 50 percent is estimated for the LIFDCs in Africa, which will be putting a heavy financial burden on several countries.

Fast import progress in North Africa

Available information in GIEWS by the end of January 2008 indicates that against the LIFDCs' estimated aggregate cereal import requirement of 82 million tonnes in the 2007/08 marketing years, 42 percent has already been covered by commercial imports and food aid deliveries/pledges. Despite the higher international prices, the pace of imports this season is higher than in the previous one when only 37 percent of the needs were covered at the same time of the year. This mainly reflects faster imports by Morocco and Egypt in North Africa. In all other subregions, imports are progressing at about the same speed as in the previous year, except in Central America because of delays in Haiti.

Substantial drawdown on stocks

Due to lower 2007 cereal production in the group of LIFDCs (excluding China and India) and lower and more expensive imports in the 2007/08 marketing seasons, a significant drawdown of cereal stocks

will be necessary to maintain per caput food and feed consumption levels, which, however, are forecast marginally lower. After having increased significantly in the past two years, cereal stocks of the group

of LIFDCs (excluding China and India) at the end of the 2007/08 marketing seasons are forecast at about 50 million tonnes, which is some 13 percent lower than their opening levels.

Table 5. Cereal import position of LIFDCs (thousand tonnes)

	2006/07 or 2007 Actual imports	2007/08 or 2008			
		Requirements ¹		Import position ²	
		Total imports:	of which food aid	Total imports:	of which food aid pledges
Africa (44 countries)	36 159	38 493	2 316	14 566	1 222
North Africa	15 768	18 451	0	11 181	0
Eastern Africa	5 295	4 598	1 185	1 093	593
Southern Africa	3 084	3 601	614	2 052	481
Western Africa	10 339	10 141	441	198	118
Central Africa	1 674	1 702	76	42	30
Asia (25 countries)	42 909	39 155	1 655	18 341	594
CIS in Asia	3 740	3 507	167	1 990	24
Far East	28 835	24 703	1 313	12 679	469
Near East	10 335	10 945	175	3 672	101
Central America (3 countries)	1 647	1 633	166	563	111
South America (1 country)	944	1 010	20	580	0
Oceania (6 countries)	416	416	0	0	0
Europe (3 countries)	1 614	1 435	0	314	0
Total (82 countries)	83 689	82 141	4 157	34 365	1 927

¹ The import requirement is the difference between utilization (food, feed, other uses, exports plus closing stocks) and domestic availability (production plus opening stocks).

² Estimates based on information available as of end January 2008.

Note: Totals computed from unrounded data.

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

	2002/03	2003/04	2004/05	2005/06	2006/07 estimate	2007/08 f'cast
LIFDC	14 025	15 804	18 870	18 040	24 460	33 113
Africa	6 501	7 098	8 417	8 400	10 212	15 210
Asia	7 014	8 052	9 767	8 880	13 337	16 658
Latin America and Caribbean	308	380	407	468	553	723
Oceania	69	76	78	82	99	124
Europe	133	198	201	209	260	397
Wheat	7 762	8 802	10 814	10 581	14 034	20 729
Coarse grains	3 281	3 300	3 394	3 088	4 614	5 490
Rice	2 982	3 702	4 662	4 370	5 812	6 894

Source: FAO.

Regional reviews

Africa

North Africa

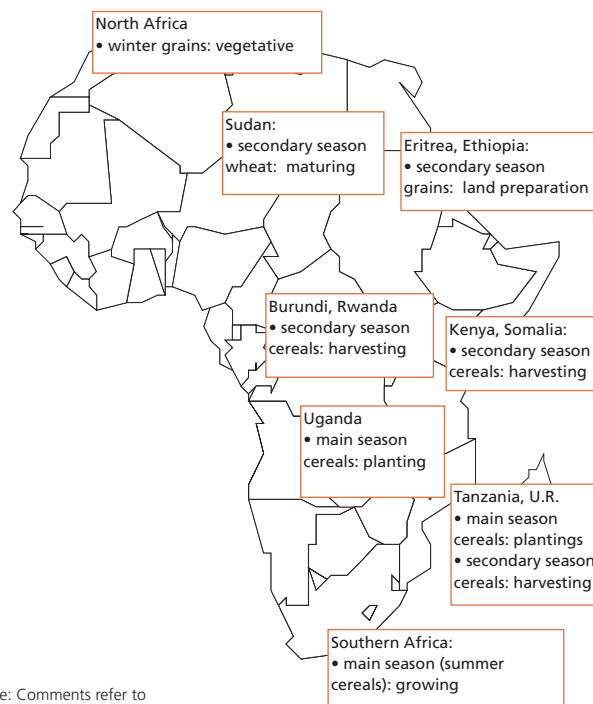
Favourable 2008 winter grain prospects in Egypt but more rains needed elsewhere

In **North Africa**, early prospects for the 2008 winter wheat and coarse grain crops, to be harvested from around June, are mixed. Land preparation and plantings were delayed by below-normal rains in October and November in most countries. Although precipitation arrived in December, somewhat improving soil moisture conditions, timely rains will be crucial during the next few months to allow crops to recover and avoid loss of yield potential, notably in Morocco where soil moisture reserves were seriously depleted after drought in the past season. In Egypt, the largest producer in the subregion, where most crops are irrigated, early prospects are generally favourable.

Soaring international cereal prices are having serious consequences on food situation

North African countries rely heavily on wheat imports from the international market to cover their consumption needs. Algeria, Morocco, Egypt and Tunisia are expected to import from 47 to 56 percent of their domestic wheat utilization in their 2007/08 marketing years (see Figure 2).

Soaring international cereal prices have pushed up domestic prices of bread and other basic food causing social unrest in most countries of the subregion. The problem was compounded in



Note: Comments refer to situation as of February.

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. Notwithstanding the high prices, wheat imports in marketing year 2007/08 (July/June) are expected to increase by some 4 percent to 7.3 million tonnes in Egypt and more than double to 3.5 million tonnes in Morocco (due to last year poor harvest) which means significantly higher wheat import bills in these countries.

Western Africa

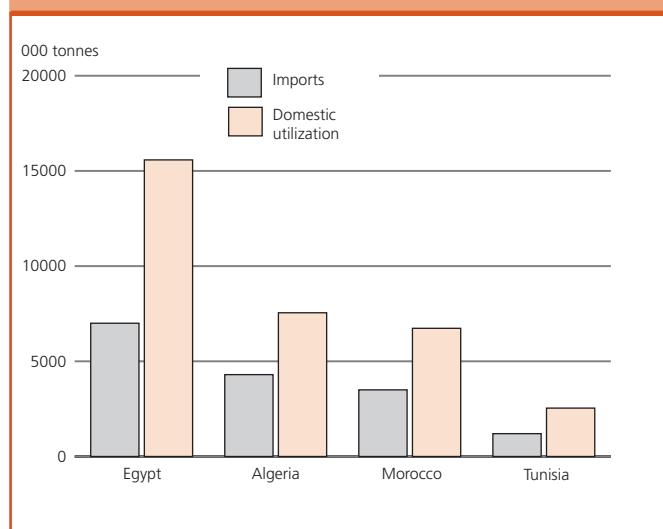
Food outlook for 2008 is mixed

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

The 2007 aggregate cereal production in the nine Sahelian countries was provisionally estimated to be some 12 percent higher than the average of the last five years. At national level, above-average harvests are forecast in all countries with the exception of **Cape Verde** and **Senegal**. However, in the countries along the Gulf of Guinea, coarse grain production declined significantly in **northern Nigeria** 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.

Markets are highly integrated in West Africa and prices changes due to supply or demand shocks are easily transmitted among neighbouring countries. Due to the size of Nigeria's economy and agricultural sector, a reduction in this country's cereal production usually pushes up regional cereal prices, seriously affecting food

Figure 2. Estimated wheat imports and domestic utilization in 2007/08



security in neighbouring countries, notably in the eastern part of the subregion. Weather-induced price increase at regional level is being exacerbated this year by the current commodity price hike on the international market. There are currently reports of rising food prices in northern **Nigeria** as well as in parts of **Benin, Burkina Faso, Ghana, Niger** and **Togo**.

In the western part of the subregion including **Cape Verde, Guinea Bissau, Mauritania** and **Senegal**, food prices are driven mainly by international market trends due to the high dependence of these countries on wheat and rice imports from the international market. **Senegal's** domestic production, for instance, covers only about half of the country's cereal utilization requirements, so its rice and wheat imports amount to an average of about 900 000 tonnes per annum, from the international market. Both rural and urban consumers have been affected last year by high food prices, following a poor domestic harvest in 2006 and increasing cereal prices on the international market. Although the Government has implemented a series of measures aimed at offsetting the impact of the continuing sharp increase in world prices during this season, including subsidizing the purchase of wheat flour by 40 percent, waiving of import tariffs and price controls, another low domestic production in 2007 in the context of the tight international market is exacerbating inflationist pressure on the domestic food market, which will further erode the purchasing power of urban and rural consumers. The price of millet in Dakar

in November 2007 was 30 percent higher than in November 2006. **Mauritania** also relies heavily on coarse grain (millet and sorghum) imports from neighbouring Senegal and Mali, and wheat imports from the international market. Consequently, food prices are a key determinant of access to food for the majority of Mauritians. The prices of both coarse grains and wheat remained relatively high in 2007, reflecting the poor harvest in Senegal and the high price of wheat on the international market. Food prices are likely to remain high in 2008 due to another poor harvest in Senegal and the persisting high wheat prices on the international market.

The impact of high food prices will be more severe in some localized areas of the subregion, where yields were severely reduced by delayed rains or floods. In these areas populations may require assistance. A series of joint CILSS/FEWSNet/FAO/WFP post-harvest Assessment Missions will visit most West African countries in February-March 2008 to update the market and food situation in the subregion.

Central Africa

Planting of the first maize crop for harvest from July will begin in March in the south. In **Cameroon**, 2007 cereal production is estimated to be similar to the previous year's good crop, reflecting overall favourable growing conditions, notably in the southern part of the country, although in the North production was affected

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	20.8	100.2	104.7	100.5	20.4	21.9	21.6	141.4	151.6	143.0
North Africa	15.3	18.7	13.4	11.7	12.6	10.9	6.2	6.8	6.6	33.2	38.1	30.9
Egypt	8.2	8.3	7.4	8.7	7.9	7.9	6.1	6.8	6.5	23.0	23.0	21.8
Morocco	3.0	6.3	1.6	1.3	2.9	0.9	0.0	0.0	0.0	4.3	9.2	2.5
Western Africa	0.1	0.1	0.1	39.8	43.2	41.6	8.8	9.3	9.1	48.7	52.6	50.8
Nigeria	0.1	0.1	0.1	22.4	24.8	23.3	3.6	4.0	3.9	26.0	28.9	27.2
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	5.2	26.8	29.1	27.6	1.3	1.6	1.7	31.4	34.4	34.5
Ethiopia	2.3	2.6	4.0	11.0	12.2	12.1	0.0	0.0	0.0	13.4	14.8	16.1
Sudan	0.4	0.7	0.8	5.1	5.9	4.9	0.0	0.0	0.0	5.6	6.6	5.7
Southern Africa	2.2	2.5	2.1	18.8	16.5	17.2	3.7	3.8	3.9	24.6	22.7	23.2
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	1.8	12.3	7.3	7.8	0.0	0.0	0.0	14.2	9.4	9.6
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.

in several localities by erratic rains and floods. While the overall food supply situation is expected to remain satisfactory during marketing year 2008 (January-December), vulnerable groups in areas that have experienced significant declines in production due to dry spells or floods need to be continuously monitored and assisted as necessary. In the **Central African Republic**, farming activities continue to be hampered by persistent insecurity with large-scale population movements both within the country and to neighbouring countries, notably in the north, where nearly 300 000 people have reportedly been uprooted from their homes over the past two years. Continuing insecurity in both Chad and the Darfur region of Sudan threaten to further destabilize the situation in northern parts of the country.

Eastern Africa

In Eastern Africa, mixed prospects for current crops

In **eastern Africa**, harvesting of the 2007/08 main season cereal crops is complete in northern parts of the subregion while harvesting of secondary season crops has started in southern parts except in Ethiopia where planting is about to commence. The outlook is poor for the secondary season crops in Kenya and Somalia while an above average main season grain output is forecast for Eritrea, Ethiopia, and Sudan.

The subregion's aggregate 2007/08 cereal output is estimated at about 34.5 million tonnes, virtually unchanged from the previous year but still 20 percent above the average of the previous five years (Figure 3).

In **Eritrea**, harvesting of the 2007/08 main season "Kiremti" crops is over. Official estimates have not yet been provided but the outlook is generally favourable. The last few years have been

characterised by generally favourable weather conditions which boosted crop production. However, even in good years, Eritrea produces only a fraction of its total food requirements and largely depends on imports. High food prices continue to affect large number of vulnerable people.

In **Ethiopia**, preliminary results from an FAO/WFP Crop and Food Supply Assessment Mission which visited the country late last year indicate another bumper main season grain production reflecting abundant rains during the growing season, increased use of fertilizer and improved seeds, and very low pressure from pests and diseases, together with expansion in cultivated area. This represents the fourth consecutive year of bumper harvest.

In **Kenya**, prospects for the secondary cropping season, for harvest from February, are also unfavourable following inadequate short rains. Northern pastoral areas of Kenya have experienced a below-normal short-rains season. In addition, while control operations are underway, locust swarms in northern Kenya also threaten pastoralists' access to pasture and browse. Some locations have experienced two consecutive failed seasons.

The important long season rains normally begin in February-March in south-eastern Kenya and intensify to the eastern and northern parts. Disruptions in land preparations and planting of seasonal crops due to continuation of current post election disturbances and displacements may cause a severe humanitarian crisis.

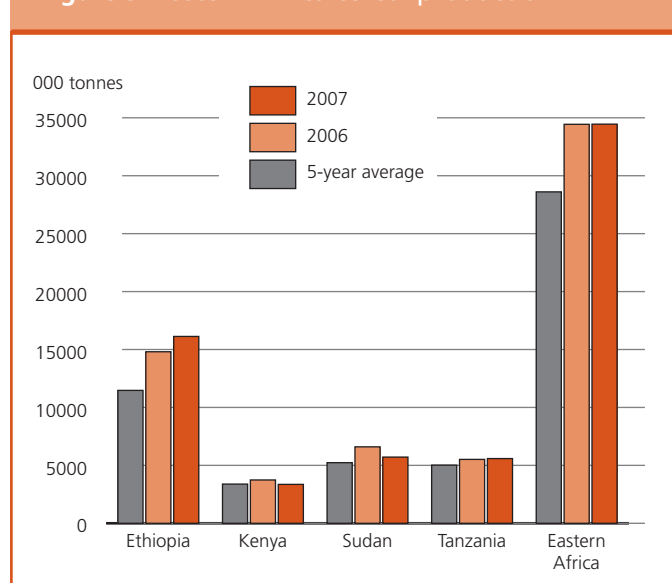
In **Somalia**, the secondary "deyr" season crop, for harvest from February, is projected to be below average. Rainfall has been below normal in central Somalia and the eastern part of the Somali region of Ethiopia. This will not allow pastures to regenerate adequately to last pastoral populations through the dry season. Some of the cropped areas close to the coast have also experienced a significantly below-normal season.

Cereal production in the main gu cropping season in southern Somalia, harvested last August, was also estimated at a poor 48 600 tonnes, representing only 31 percent of the 1995 to 2006 post-war average (PWA) and 43 percent of the previous year's gu production.

In **Sudan**, the main season coarse grains harvest has just been concluded. 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, for harvest from March, has been increased by about 13 percent to 347 000 hectares.

An FAO/WFP Crop and Food Security Assessment Mission which visited southern 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

Figure 3. Eastern Africa cereal production



increase in output will not entirely meet the requirement of the spontaneous and organized returnees, the 2008 food supply/demand position in southern Sudan is expected to show a generally deficit 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 the **United Republic of Tanzania**, harvesting of the short rainfall "vuli" season crops in the bi-modal northern areas is about to start. In the uni-modal central and southern areas, the long rainfall "msimu" season crops, for harvest from May-June are at different stages of development. The 2006/07 coarse grains production, estimated at 4.3 million tonnes, is slightly above the previous year's good harvest and about 10 percent above the previous five years average, due to favourable rains. This has improved cereal availability in all markets. There has also been an increase in non-cereal crop availability, mainly root crops and pulses. Recent heavy seasonal rains which began on 10 January affected thousands of people in areas including Kigoma, Rukwa Ruvuma, and parts of Pwani provinces. The situation warrants monitoring as rains continue.

In **Uganda**, Eastern and Northern Uganda experienced heavy rains during the three months of July, August and September 2007 that resulted in severe floods in many locations. In response and following a request from the Government of Uganda, a joint FAO/WFP Mission was fielded to assess the impact of the floods on food production and household food security in the affected areas. The target areas were to be Eastern and Northern regions.

The Mission found that excessive rains in the period July-September 2007 caused extensive flooding in certain areas of Uganda, particularly in Amuria and Katakwi districts of Teso subregion where crop losses, both pre- and post-harvest, were very high. Immediate action is required to avert impending human suffering and possible loss of life. Food prices are rising fast and are double their levels a year ago in some rural markets. The Mission noted that 312 118 people in the worst affected sub-counties received a one-month food ration during September-November 2007. The Mission recommended immediate implementation of General Food Distribution to 320 924 people living in the worst affected sub-counties until the next harvest or full market recovery. The Mission further recommended that well before the start of the next planting season in March 2008, seeds, cassava cuttings and sweet potato vines should be distributed to targeted households.

Karamoja is next in need of assistance, but not primarily because of flood damage. Here, food security problems stem mainly from prolonged insecurity, drought in 2006, a late start to the 2007 cropping season, falling livestock prices and a severe attack of honeydew on sorghum, the main staple. In the Northern

region, the impact of floods on agriculture was not significant, being confined to localized low-lying swampy areas and river courses. Second season planting has been normal and long-cycle sorghum and pigeon peas planted during the first season are due for harvest in January 2008. Thus, no additional food assistance is necessary over and above the ongoing assistance to IDPs. However, certain sub-counties in Lira district, particularly those bordering Amuria in Teso, would need food assistance as an immediate measure. In the medium to longer term, the Mission recommends restocking in Teso, a nation-wide programme to improve on-farm food storage and one to improve the collection of agricultural statistics which are grossly inadequate and unreliable at present.

Conflict and unrest continue to afflict the food security of large numbers of people in several Eastern African countries

In **Somalia**, in addition to the worst main cropping "gu" season in thirteen years, disruptions in trade, displacement, high inflation and continued civil insecurity are drastically reducing household food access. The humanitarian situation, especially in the Shebelle Valley, Hiran and Mogadishu regions where households are already extremely food insecure, continues to deteriorate. Staple food prices have been rising since May 2007, and are exacerbated by disruptions of Bakara market in Mogadishu (the main market in southern Somalia), depreciation of the Somali shilling and increased fuel and transport costs.

Nutrition surveys in South Central Somalia conducted in the last two weeks of November 2007 indicate sustained critical levels of acute malnutrition in most areas, without any significant change from previous surveys conducted in the same areas. The number of people in need of humanitarian assistance has increased in the last six months from 1 million to about 2 million people. Nearly one-fifth of these people are classified in Humanitarian Emergency (HE) requiring life saving interventions while a third are in Acute Food and Livelihood Crisis (AFLC) requiring livelihood support. Further information and analysis can be accessed at: www.fsasomali.org.

In **Ethiopia**, conflict and insecurity since mid-June in large parts of Somali Region continue to restrict movement and cross-border trade, severely constricting the livelihoods of pastoral and agro-pastoral populations in the area. These populations are relying heavily on unsustainable consumption of milk and meat from their own livestock and on wild foods. While the Government of Ethiopia has agreed to ease restrictions and implement a joint response plan with the UN and other humanitarian agencies, delays in food aid dispatches, reduced food aid delivery points and problems with food aid targeting and the implementation of other relief efforts have allowed for very little improvement in the situation. The resumption of commercial activities remains critical to improving food security in the region. One million people in

Somali Region (642 000 in restricted areas) need immediate food assistance. In addition, poor October and November rains, high cereal prices and ongoing restrictions on trade and movement in some zones continue to restrict food access for pastoral and agro-pastoral populations. Locust swarms also continue to pose a threat along the Somali region. Recent reports have asserted that locusts have migrated from Gode area of Ethiopia towards northern Kenya. However, efforts have been made to cease locust migration through the dispersion of chemical pesticides.

In **Kenya**, post-electoral violence has resulted in serious humanitarian situation. Hundreds of people are reported to have been killed and more than quarter of a million people displaced. Overall, up to 500 000 people are estimated to be in need of food assistance. The United Nations has authorized US\$ 7 million from its Central Emergency Response Fund (CERF) to support relief efforts. This initial allocation, designed to make resources available quickly for relief operations, is expected to enable UN agencies on the ground to provide vital aid in the areas of food, health, shelter, water and sanitation to those affected by the violence. To respond to the current crisis, WFP is also drawing on stocks from its other operations in Kenya – feeding 700 000 people hit by drought and a Country Programme for 1.1 million children in 3 800 schools and an HIV/AIDS project in Nairobi and Eldoret.

In **Sudan**, as a result of recent escalation of violence in Darfur, insecurity, displacement and loss of livelihoods are expected to continue over the next months.

Concern over high cereal prices in the subregion

In **Kenya** the market price of maize, 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. However, prices began to increase between October and December 2007 to an average of US\$211 per tonne and in the first dekad of January 2008 increased to US\$ 219 per tonne. 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. Recent post election disturbances are expected to exacerbate the situation.

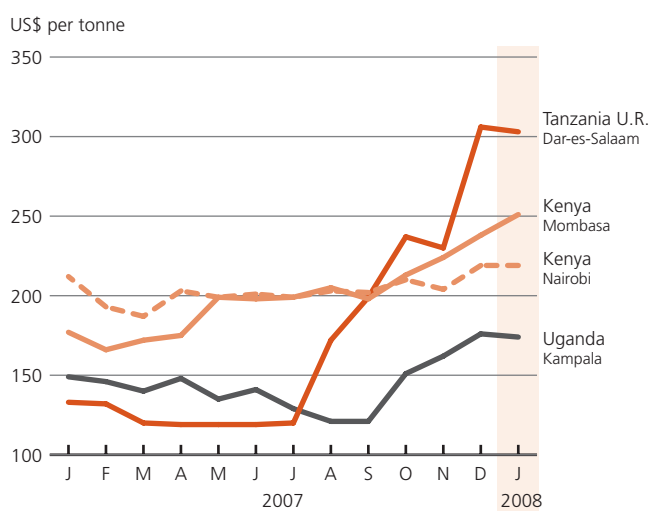
In the **United Republic of Tanzania**, wholesale food prices in all markets are higher than normal for this time of year, due to a combination of increased transport costs from rising fuel prices and a government campaign for standardization of grain weights at the farm gate. Wholesale maize prices in Dar-es-Salaam - quite low in the middle of 2007 averaging US\$120 per tonne - began to increase sharply since August, to reach US\$306 per tonne in December 2007.

In **Uganda**, prices of maize that had been declining since the

beginning of last year reaching their low levels of US\$121 per tonne in September 2007, increased sharply and averaged at US\$168 per tonne in December 2007. Recent post election disturbances in Kenya are reported to have disrupted the movements of goods and services to and from the port of Mombasa. No assessments of impact are as yet available but the food security implications can be significant.

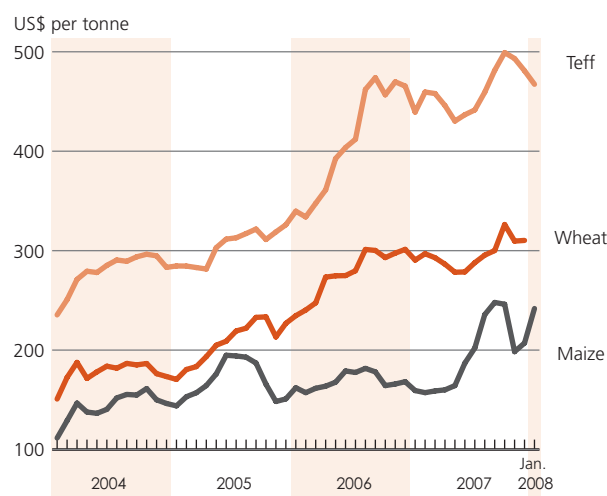
In **Ethiopia**, notwithstanding the good harvest prospect, grain prices remain firm in major markets. Several factors are postulated to have resulted in this unusual behaviour in the last

Figure 4. Maize prices in selected Eastern Africa markets



Source: Eastern Africa Regional Agricultural Trade Intelligence Network

Figure 5. Selected cereal prices in Addis Ababa, Ethiopia



Source: Ethiopian Grain Traders

two to three years including, increased liquidity in the economy due to the partially cash based assistance in the safety net programs which in turn reduced in-kind food aid; the spread of the credit repayments by farmers throughout the year rather than immediately after harvest which allowed farmers to manage their sales better; budgetary support at district (Woreda) level which increased effective demand through salary payments; increased formal and informal cross-border trade in grains; local purchases by cooperatives and relief agencies; and increased overall economic activity, especially construction of roads and housing in urban areas. With the prevailing high prices, poor households are expected to find it more difficult to secure access to adequate food supplies.

In **Somalia**, record high food prices threaten food access for the rural poor, IDPs and urban populations. In southern Somalia, recent reports indicate that maize and sorghum prices have increased by more than 100 percent since January 2007. Rice prices in the central and northeast regions are at an all time high, having doubled since January 2007.

Southern Africa

Early prospects for 2008 cereal crops are favourable but the outlook is uncertain in flooded areas

As the 2007/08 agricultural season in **Southern Africa** nears the mid-point, heavy rains were reported through much of the region from late October 2007 to mid-January 2008. Excessive rains during late December-early January caused localized but severe flooding in Mozambique, Zambia, Zimbabwe and Malawi (see Box for more details on the floods). However, despite crop damage in some of the affected areas, the abundant precipitation has generally benefited crops, particularly those planted early, and helped improve pastures and livestock conditions. Barring any disasters during the remainder of the season, good harvests are likely to be gathered later in April. No serious dry spells are reported from the region yet. However, significant rises in international prices of fuel and fertilizer are expected to limit the use of these key agricultural inputs, dampening somewhat otherwise bright harvest prospects.

The area planted to maize this season in **South Africa** is estimated at about 3.1 million hectares, 8 percent higher than the previous year. This mainly reflects high maize prices this year and the so far good and well distributed rainfall in the main maize growing areas (the maize triangle). A bumper crop is forecast for this season. Elsewhere in the subregion overall, input availability at planting time was normal in most countries. Large input subsidy schemes were again implemented in **Zambia** and **Malawi**, enabling farmers to use quality seed and fertilizer. This is expected to have a significant positive effect on the total maize outputs. However, in **Zimbabwe**, in spite of the abundant rain,

shortages and high prices of key inputs such as fertilizer, seed, fuel, and tillage power, compounded by severe flooding in several districts, are expected to result in relatively low harvests.

Rate of food imports slow but expected to pick-up during the lean period

In spite of the increase in the subregion's aggregate production of cereals in 2007 (excluding South Africa and Mauritania), the total cereal import requirement for the 2007/08 marketing year (April/March in most cases) has been estimated at 4.1 million tonnes, including some 614 000 tonnes of food aid, some 17 percent higher than in the previous year. Zimbabwe accounts for almost a quarter of the anticipated aggregate imports, following a sharp decline in cereal output last season.

Available figures by late January 2008 show that so far only some 59 percent of the import requirement of all cereals has been received and/or contracted/pledged since the beginning of the marketing year in April 2007. So far, maize import requirement coverage and, to some extent, that of total cereals have improved this marketing year compared to the last, mainly because of the high import flow into Zimbabwe (see Table 8). Imports are likely to pick up during this last quarter characterized as the main hunger period.

Prices of main cereals this marketing year have been generally much higher than at the same period last year due to international and regional strong demand and low supplies. Current prices of maize, the most important staple foodstuff in

Figure 6. Southern Africa - Total cereal import requirements for 2007/08 and percentage change from 2006/07

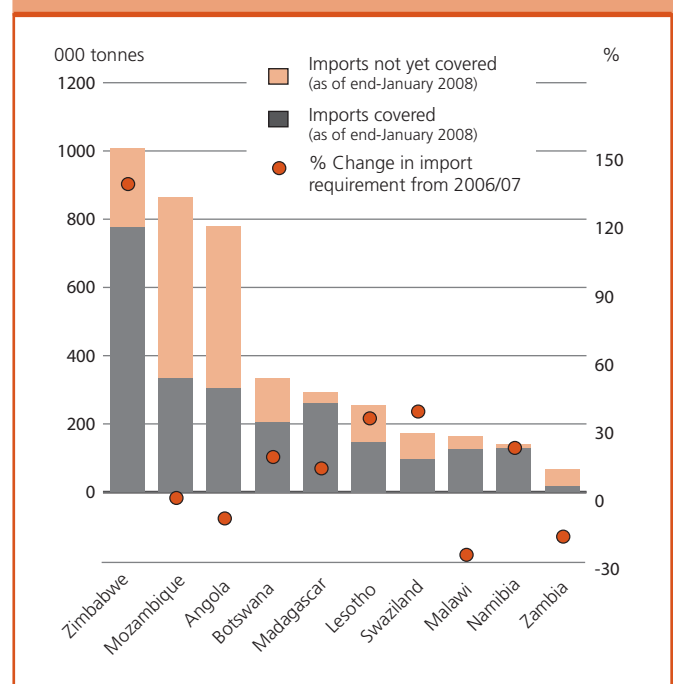


Table 8. 2007/08 import requirements and current import position for Southern Africa, (excluding South Africa and Mauritius) and comparison with import cover in 2006/07*

	2007/08 Import requirements	2007/08 Import requirements covered** by end January 2008		2006/07 Import requirements covered** by end Jan.2007
	(000 tonnes)	(000 tonnes)	(%)	(%)
Total cereals				
Total	4 075	2 385	59	54
Commercial	3 461	1 904	55	51
Food aid	614	481	78	76
Maize				
Total	1 519	988	65	50
Commercial	1 167	770	66	54
Food aid	352	218	62	33
Zimbabwe: Maize				
Total	764	592	77	53
Commercial	508	421	83	64
Food aid***	256	171	67	33

Source: FAO/GIEWS estimation.

*Available import data varies from November to end January. Marketing year mostly April/March.

** Contracted and/or received.

*** Including small amount of sorghum.

Localized floods in Southern Africa

In Southern Africa, the flood season began almost a month earlier than usual in the 2007/08 agricultural season. Heavy rains since mid-December and from 8 through 11 January caused severe flooding in **Mozambique, Zimbabwe, Zambia** and **Malawi**. According to the latest figures from national authorities over 122 200 people have been affected by floods since October 2007. In **Mozambique** within the Zambezi watershed, the Cahora Bassa reservoir reached very high water levels and had to discharge large quantities of water, worsening the situation. The flooding has affected about 87 000 people, 30 000 of whom were evacuated. Early estimates from the joint assessment of the Provincial Directorates of Agriculture and FAO indicated that some 89 500 hectares of land have been destroyed by these floods. The worst hit areas are in the Zambezi river valley, including several of its tributaries in parts of Manica, Sofola, Tete and Zambezia Provinces. Heavy rains are likely in January-February and the situation requires continued close monitoring.

Serious flooding and related deaths were also reported due to

heavy rains in **Zimbabwe** (Matabeleland North, Matabeleland South, northern parts of Midlands, Mashonaland West, and parts of Mashonaland Central). Over 10 000 people have been affected in these areas. Local estimates in Muzarabani area in the north report a crop loss of up to 9 000 hectares. In **Zambia**, excessive rains in the normally dry south have caused serious flooding in the Mazabuka area affecting 16 680 people. Zambia Vulnerability has estimated crop losses of 40 to 50 percent in the six districts in Southern Province. In **Malawi**, very heavy rains in the first week of January caused some localized flooding in southern areas including Mzimba, Dedza, Mangochi and Chirdzulu districts and have reportedly affected 8 520 people. Further damage assessments are expected shortly.

In the affected areas of the region, farmers are in urgent need of seeds for replanting during this main cropping season. Farmers in these low-lying areas usually also plant second season crops in June. Having lost their meagre assets to floods, they would require urgent agricultural assistance to take advantage of residual moisture and produce subsistence food.

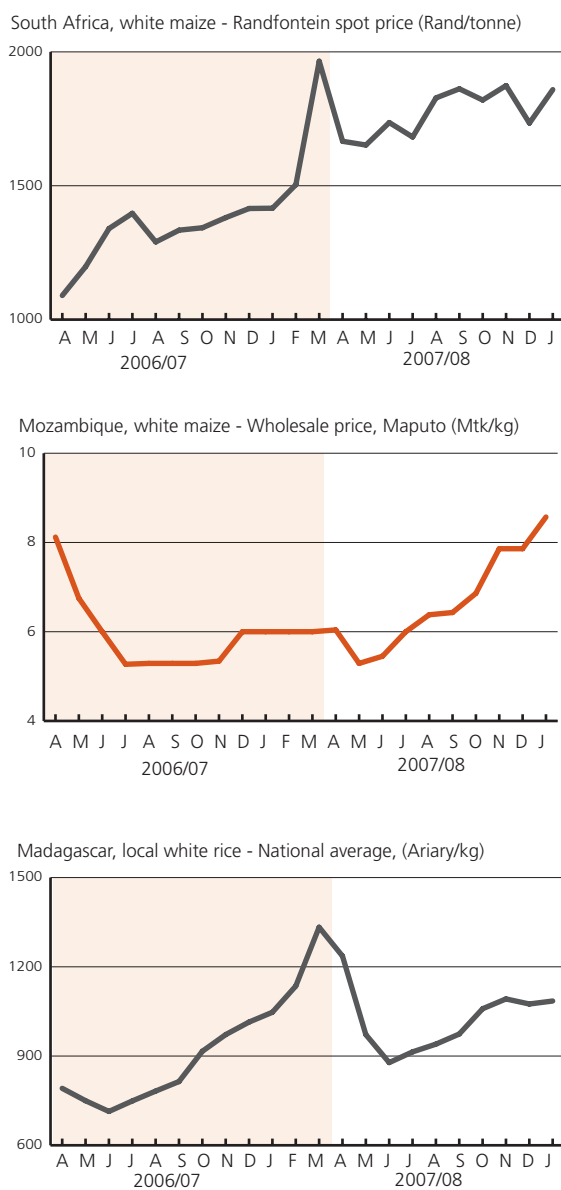
southern Africa, except for **Malawi** where significant exportable surplus exists, are well above their corresponding levels a year earlier. For example, as shown in Figure 7, in **South Africa**, the region's main exporting country, the price in early January 2008 (Randfontein spot), at Rand 1 859/t was 31 percent higher and in **Mozambique** (Maputo wholesale price) at Mtk 8.59/kg was 43 percent higher than the corresponding prices a year earlier. The April 2007 to January 2008 average price of rice, the main staple in **Madagascar**, has been about 20 percent higher than

the average of the same period the year before.

Rising cereal import costs and staple food prices

As a result of soaring international cereal prices, combined with increases in oil prices and freight rates, the cost of imports for food importing countries in the subregion has risen sharply as shown in Table 9. A potential impact of this on the costs of cereal imports is shown in Figure 8.

Figure 7. Wholesale prices of white maize in selected markets



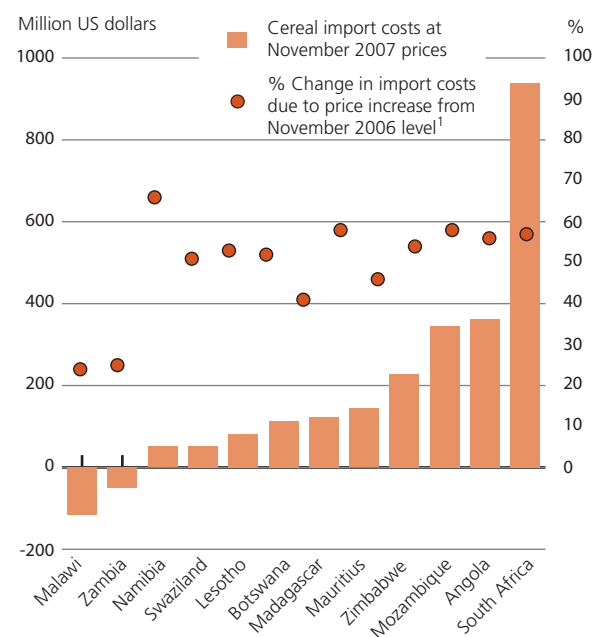
Sources:
 South Africa: Randfontein spot price (www.safex.co.za).
 Mozambique: SIMA, Monthly average wholesale prices in Maputo.
 Madagascar: Observatoire du riz.

Table 9. Indicative import parity prices at Durbin-Randfontein in South Africa (US\$/tonne)

	Nov. 2006	Nov. 2007	Change: 2007 over 2006 (%)
Maize	228	302	32
Wheat	266	516	94
Rice	421	489	16
Average	305	436	43

Sources: Maize (US No.3) and wheat (US HRW no.2) – Sagis – Indicative Import parity price at Durbin-Randfontein from [HTTP://WWW.SAGIS.ORG.ZA/](http://WWW.SAGIS.ORG.ZA/); Rice (Thailand white rice) fob Bangkok – FAO/GIEWS plus 38% (average import cost of wheat and maize)

Figure 8. Southern Africa - Potential cost of net imports of major cereals (maize, wheat and rice) in 2007/08



¹ Assuming import parity prices in the subregion similar to that of South Africa.

Asia

Far East

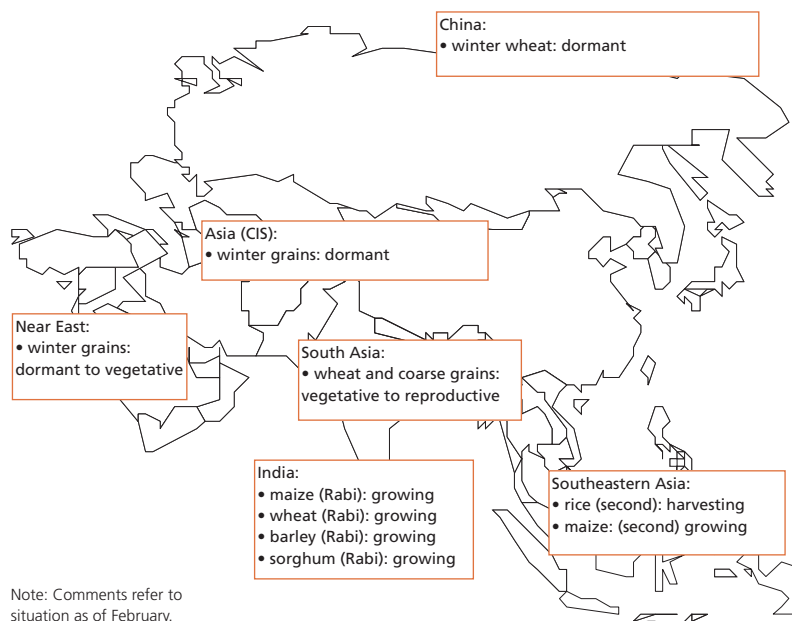
Favourable outlook for the 2008 winter grain crops

The outlook is generally favourable for the 2008 winter grain crops (mainly wheat) that were planted from September to December 2007. In **China** (Mainland), the winter wheat crop, which accounts for about 95 percent of China's total wheat production, is still dormant. The area planted is estimated at 23 million hectares, marginally above last year's already large area due to the incentive of high wheat prices and continued government support for grain production. Heavy snow coverage prevailed across the major winter wheat growing regions, beneficial as a protection from frost damage and ensuring there will be abundant soil moisture this spring. Based on the estimated area and assuming normal conditions for the remainder of the season, early tentative forecasts point to a total wheat output in 2008 of some 105 million tonnes, marginally higher than last year's record production. In **India**, the winter wheat area is estimated to be similar to last year's large area and prevailing weather conditions are favourable for crop development. Output in 2008 is expected at 75 million tonnes, close to last year's record. Similarly, wheat prospects for 2008 wheat crop in **Pakistan** are also good. Current indications suggest that the 2008 output may equal last year's record crop.

In most rice growing countries in the region, the main paddy crop has already been harvested or harvesting is nearly complete. The 2007 paddy production of the subregion is estimated at 580.9 million tonnes, 5.4 million tonnes above the record production in the previous year. Latest estimates of the 2007 aggregate cereal output in the subregion now stand at a record of 1 019 million tonnes, some 18 million tonnes above the previous year, mainly reflecting bumper crops in China, India, and Indonesia.

Food supply and market access difficulties persist in several countries

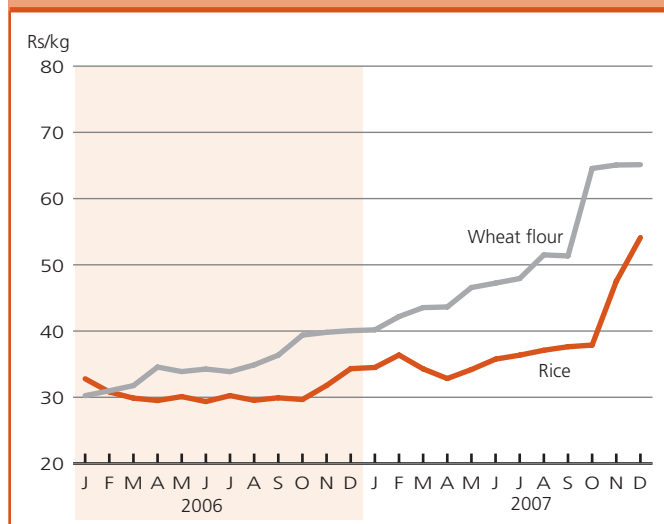
Despite an overall satisfactory food supply situation in the subregion, vulnerable populations in a number of countries are still affected by serious food supply difficult and/or rising market prices. In **Sri Lanka**, the resurgence of civil conflict and the deterioration of the security situation continue to have a severely negative impact on the country's economy and food security, particularly in northern and eastern parts of the country. The reduction in this year's paddy production and rising cereal import prices, especially for wheat, are also negatively impacting the vulnerable population's food access in both urban and rural



areas. In **Timor-Leste**, the food security situation has continued to deteriorate in the past months. The 2007 food production of the country was severely affected by adverse weather conditions and an outbreak of locusts. Thus, the country which normally depends on rice imports to meet more than 50 percent of its total consumption, has found itself facing even higher import needs at a time when world cereal market prices are exceptionally high. In addition, large numbers of IDPs are still reportedly dependent on the food aid.

In **Bangladesh**, losses of food production (in rice equivalent) due to last year's cyclone and floods is estimated at some 1.23 million tonnes, with more than half million tonnes in the four most severely affected districts. The Government has estimated food aid needs at some 490 000 tonnes in the first six months

Figure 9. Retail food prices in Colombo, Sri Lanka



of 2008. WFP is planning to distribute 19 537 tonnes in January, reaching 2.3 million beneficiaries. The early recovery period is scheduled to last for ten months, and over US\$260 million has been committed for cyclone relief and recovery operations.

The **Democratic People's Republic of Korea** continues to suffer chronic food shortages due to the economic constraints and affected by floods in 2007. The cereal import requirement in 2007/08 marketing year (November/October) is estimated at more than 1 million tonnes in order to maintain per caput cereal consumption close to the status quo at some 160 kg per caput. The country imported an estimated 568 000 tonnes of cereals in 2006/07 (November/October), including 353 000 tonnes food aid for vulnerable and flood-affected population.

Near East

Freezing temperatures threaten dormant winter crops

Dry, extremely cold weather prevailed across the region in the last few weeks, although showers returned to the western half of Turkey in mid-January. A persistent ridge of high pressure north of the Black Sea maintained bitter cold weather from central Turkey into Iran. In north-western Iran, night time readings plunged to as low as -31 degrees C, with most stations between -30 and -20 degrees C. Iran's primary winter wheat areas were protected by 8 to 30 cm or more of snow. While widespread winterkill was averted due to the snow, some winterkill is likely to have occurred in areas where wheat was exposed to the extreme cold. In **Turkey**, which typically experiences incursions of cold weather during the winter months, temperatures did not reach the threshold for crop

damage in most growing areas. However, portions of central Turkey's Anatolia Plateau saw night time readings as low as -27 degrees C, which coupled with a locally shallow snow cover may have caused some burn-back or pockets of winter-kill. The freezing temperatures were also severe in **Israel, Iraq, Jordan** and the **Syrian Arab Republic**.

Less hardy winter crops may have also sustained some damage in northern portions Iraq and the Syrian Arab Republic, where temperatures dropped to -11 degrees C. While most of the Middle East was dry during mid-January, some rain and mountain snow (2-20 mm liquid equivalent) boosted moisture reserves for dormant winter grains in western Turkey.

In **Afghanistan**, early prospects for the 2008 wheat crop are favourable following heavy snowfall in January that helped to make up for below-normal precipitation at the beginning of the season. However, more rains are still needed in north-eastern provinces. Aggregate output of cereals in 2007 is tentatively estimated at over 4.6 million tonnes, well above the relatively poor harvest of 2006 (3.9 million tonnes) but short of the bumper crop expected at the end of winter due to poor weather conditions in the spring/summer. Extreme low temperatures last month have caused human casualties and loss of livestock.

Prices of wheat, the country's main staple, have risen significantly and by the end of December were quoted well above their average levels, mostly affecting vulnerable populations in urban areas.

Table 10. 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	265.3	271.4	280.4	246.9	253.5	256.4	574.5	581.0	586.5	1 086.8	1 105.9	1 123.2
Far East	191.5	199.1	207.1	219.6	226.7	230.9	569.7	575.5	580.9	980.9	1 001.2	1 019.0
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	33.2	34.9	137.7	139.1	140.0	239.7	241.7	249.9
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	8.2	33.4	33.7	33.9
Thailand	0.0	0.0	0.0	3.7	4.0	3.9	30.3	29.6	29.9	34.0	33.7	33.8
Viet Nam	0.0	0.0	0.0	3.8	3.8	3.6	35.8	35.8	35.9	39.6	39.6	39.4
Near East	49.9	47.6	45.5	22.8	22.2	20.2	4.1	4.8	4.9	76.8	74.6	70.5
Iran (Islamic Republic of)	14.3	14.5	15.0	4.9	4.7	5.1	2.7	3.3	3.5	21.9	22.5	23.6
Turkey	21.5	20.0	17.3	14.3	13.9	11.7	0.6	0.7	0.5	36.4	34.6	29.5
CIS in Asia	23.7	24.6	27.6	4.5	4.6	5.2	0.7	0.7	0.7	28.9	29.9	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.

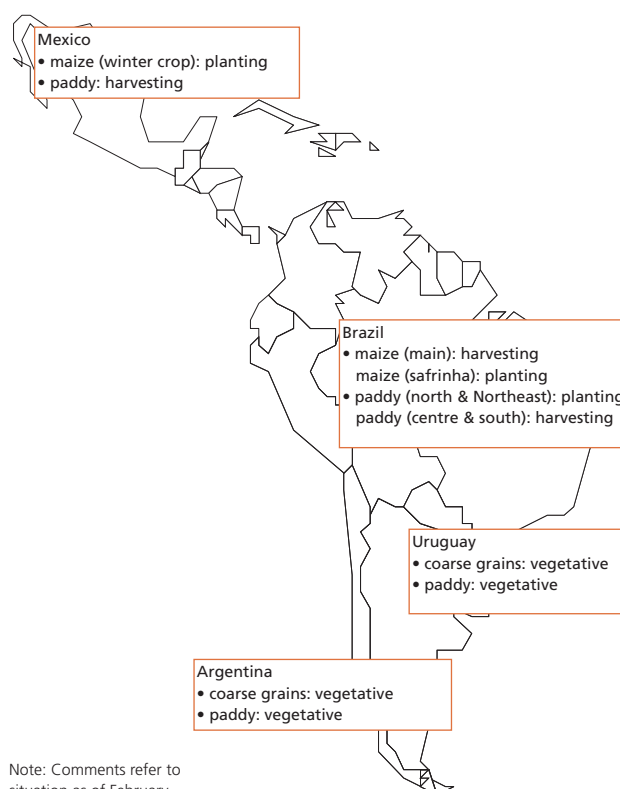
Latin America and the Caribbean

Central America and the Caribbean

Planting of 2008 winter maize crop in **Mexico**, accounting to about 15 percent of national production, is underway. Planting intentions point to level of about 1.2 million hectares above last year and the average levels. Harvesting is due to start from April and, if favourable weather conditions persist during the growing season, production is officially early forecast at 6.7 million tonnes, some 4 percent higher than the good output obtained in 2007. This result is partially the consequence of the economic support by the Mexican Government to producers of white corn in the state of Sinaloa.

Harvesting of the 2007 second season coarse grains and bean crops has been recently completed in the subregion. Despite some localized losses due to floods in southern **Honduras** and north-western **Nicaragua** and to cold temperatures in **Guatemala**'s western highlands, the subregion's 2007 aggregate cereal output is estimated at record 40.4 million tonnes. This result is mainly due to the record maize crop production in **Mexico**, with estimated 23.6 million tonnes, consequence of both increased planted area and yields. In **Nicaragua**, the international community continues providing food assistance to poor communities of the Northern Atlantic Autonomous Region that were affected by Hurricane Felix last September. In late October and mid-December, tropical storms Noel and Olga caused heavy rainfall and severe flooding in **Dominican Republic**, **Haiti** and **Cuba**, with severe losses of important food and cash crops such as rice, beans, plantains, cassava and sugar cane.

Countries of the subregion are highly dependent on imports to cover their cereal consumption needs and domestic cereal prices are essentially driven by international markets and several free trade agreements. In marketing year 2007/08, the subregion's



Note: Comments refer to situation as of February.

average cereal imports/domestic utilization ratio is expected at 41 per cent (with a peak of 86 percent in Costa Rica) and, therefore, the soaring international prices are expected to substantially increase the import bill and limit the access to food of most vulnerable population.

South America

In southern growing areas of the subregion, planting of 2008 main season maize crop has been completed by the end of last year, while harvesting is about to start in **Brazil**. Planted area is early forecast to be very similar to the record level of 2007, slightly

Table 11. 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	23.6	23.5	25.7	101.9	107.8	128.2	26.5	24.9	24.1	151.9	156.2	178.0
Central America & Caribbean	3.0	3.3	3.4	28.3	32.3	34.7	2.3	2.5	2.3	33.7	38.1	40.4
Mexico	3.0	3.2	3.4	24.4	28.3	30.5	0.3	0.3	0.3	27.7	31.9	34.2
South America	20.5	20.3	22.3	73.6	75.5	93.6	24.1	22.4	21.8	118.2	118.2	137.6
Argentina	12.6	14.5	15.4	24.5	18.3	26.5	1.0	1.2	1.1	38.0	34.1	43.0
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	1.8	2.5	2.3	2.4	4.4	4.1	4.3

Note: Totals computed from unrounded data.

above 20 million hectares. In **Argentina**, scarce precipitations and high temperatures since mid-December, due to "La Niña" meteorological phenomenon, have affected maize crop at flowering stage in the main producing provinces of Buenos Aires, Córdoba and La Pampa. Additional crop losses were also due to a late spring frost in November. If precipitations do not resume in the following weeks, reducing damages at least on late-planted varieties, it is likely that the initial official expectations about average yields of coarse grains need to be downward revised. At the same time, despite some brief dry spells in December, recent favourable precipitations have benefited maturing maize crop in key producing areas in **Brazil**, **Paraguay** and **Uruguay**. Severe floods are reported in **Bolivia**, affecting so far some 42 000 families, especially in the departments of Cochabamba, Santa Cruz, Chuquisaca, Beni and La Paz. While current crop losses are still to be assessed, precipitations are expected to continue in February and the food security situation of the country needs to be closely monitored; at the beginning of February, the Government was considering to declare the status of national emergency. In Andean countries, the bulk of the planting of wheat crop is underway in southern highlands of **Peru** and planting intentions point to above-average area; in **Ecuador**, planting of the main 2008 rain-fed paddy crop has been virtually completed in the main producing provinces of Guayas, Los Rios and Manabi. Heavy precipitations at the end of January have

flooded coastal departments of Ecuador, especially Guayas, with damages to infrastructures and losses of about 15 000/20 000 hectares of food and cash crops such as paddy, banana, cocoa and sugar cane.

Harvesting of 2007 winter wheat crop has been completed and aggregate output is early estimated at good level of 22.3 million tonnes, 10 percent above 2006 production and 3.3 percent above the average of the past five years. It essentially shows the recovery in Brazilian wheat production that in 2006 suffered a sharp decline because of reduction in planted area following unattractive prices and adverse weather conditions along the growing season. It is reported, however, that in some areas of southern **Brazil** wheat quality is lower than expected due to the negative effect of abundant precipitations at the end of November.

The increase in cereal international prices is pushing up domestic prices, especially in those countries that rely more on imports to meet their consumption needs. In the Andean countries, with the exception of Bolivia, cereal imports are expected to cover between 40 and 60 per cent of the cereal needs in marketing year 2007/08, with negative consequences on the balance of payments as well as the food security of the poor. In some cases, governments have already implemented policy measures to improve food access for the most vulnerable population.

Severe floods affected agriculture and livestock sectors in Bolivia

As a consequence of the "La Niña" meteorological phenomenon, floods, hail and frost started last November, affecting several municipalities in all nine departments of Bolivia. By the beginning of February 2008, the worst-hit areas were the Chapare province in the department of Cochabamba, the valleys of Chuquisaca, the city of Trinidad in the department of Beni and the province of Pailón in the department of Santa Cruz. So far the number of casualties is 48, while about 42 000 adversely-affected families are in need of emergency assistance, essentially food, drinking water and sanitation.

While an overall assessment of the situation is not yet available, it is reported that main agricultural losses are concentrated in the "Norte Integral" region in the department of Santa Cruz and in the Chapare province in the department of Cochabamba. More than 600 000 hectares of the 2007 main summer season food and cash crops, normally scheduled to be harvested from mid-March to May, have been totally or partially lost. Soybean is the most affected crop, with almost half a million hectares damaged, but rice, maize, sugar cane, sesame and sorghum have also been affected. In the northern department of Beni, only some 80 000 heads of cattle have

been moved to drier and safer highlands of Santa Cruz department, while about 1 million animals are still considered at risk. If water levels continue to increase, the spread of diseases due to excessive humidity and the lack of pasture may have a devastating impact on the livestock sector. Several landslides have caused damage to the transport infrastructure, closing important roads connecting food-producing sites with main markets. In particular, the closure of the eastward export road that links the city of Santa Cruz with Brazil has caused important losses to the agro-industry sector, as perishable products have not been able to reach markets in time. However, the abundant precipitations are expected to have a positive impact on some crops cultivated in western highlands. In the case of quinoa, yields are early forecast above the level of the previous year, which was severely affected by drought and frosts.

The National Meteorological Service forecasts that precipitation may continue in February and that the situation may worsen. Consequently, the food security situation of the most vulnerable families, already in the lean period and with limited food stocks from the previous season, also affected by adverse meteorological events, needs to be closely monitored.

North America, Europe and Oceania

North America

United States' winter wheat plantings up again in 2008, but not as much as expected

According to the latest official data released in early January, the aggregate area sown to winter wheat in the **United States** for harvest in **2008** has increased by 4 percent from the previous year to almost 19 million hectares. The increase was not as large as had earlier been forecast, mostly a reflection of dry weather in the southern Plains that led to an estimated 1 percent reduction of the Hard Red Winter wheat area.

Regarding the spring wheat crop that will be sown later in the year, at this stage, no significant change in the area compared to last year is foreseen. A slight increase expected in Durum plantings would probably be offset by a reduction of the non-Durum spring wheat area. Spring wheat competes with other crops that offer similar returns and may be chosen in preference because of other factors such as technical rotation. Thus, assuming an average rate of abandonment (and so far there are no indications to the contrary) the overall wheat area for harvest in 2008 could increase to 21.5 to 22 million hectares compared to 20.6 million hectares in 2007. With normal yields, this would translate to an aggregate wheat output of about 60 to 62 million tonnes, some 7 to 10 percent up from 2007.

The final official estimates of the **2007** cereal production were released in the USDA Annual Crop Report in January. Aggregate wheat output was put at 56.2 million tonnes, about 14 percent above the previous year's level, and 3 percent above the five-year average, while aggregate coarse grains output rose to a record 351.5 million tonnes, most of which was maize (332 million tonnes).

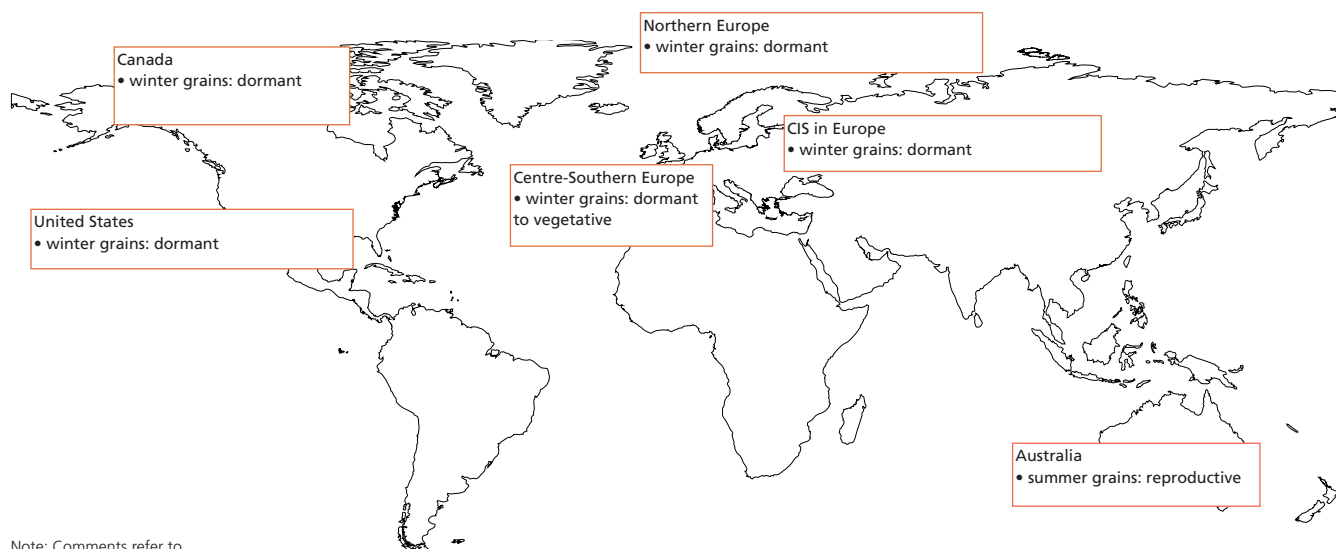
In **Canada**, the bulk of the wheat is spring sown in March-April. After a significant decline in 2007, the aggregate wheat area in **2008** is expected to recover, increasing by about 10 percent. An increase in the area already sown to the minor winter wheat crop has already been registered, but the bulk of the increase is expected in the durum plantings this spring, at the expense of the other spring wheat area, which is seen to decline. Latest official estimates regarding the **2007** harvest confirmed a 20 percent decrease in wheat production while outputs of all the main coarse grains were sharply up.

Europe

Larger 2008 winter cereal area

In the **European Union**, a generally favourable planting season saw larger winter grain crops sown in most of the main producing countries. The area sown to wheat, by far the most important winter grain, is tentatively estimated to be up by about 5 percent from the previous year at some 26 million hectares, largely due to the removal of the compulsory 10 percent set-aside for 2008 crops, but also reflecting a shift to wheat from other crops such as rapeseed because of the prospect of better returns. In addition to the larger plantings, yields could also increase this year, as there is good potential for a recovery from poor levels in several countries that were affected by adverse weather last year. Among the western EU member countries, this is the case in France, Germany and the United Kingdom, while in eastern parts yield recoveries could be even larger in Hungary, Romania and Bulgaria after severe drought last year.

In the **European CIS**, larger winter grain plantings are estimated in the main producing countries. In the Russian Federation the winter wheat area is estimated to be up by about 7 percent but assuming a return to normal yields after last year's bumper levels



Note: Comments refer to situation as of February.

then production may actually decrease marginally compared to 2007. In Ukraine, however, where plantings are estimated to be up by 12 percent, a significant recovery in production is forecast after last year's drought-reduced level.

Oceania

Another drought-reduced crop in 2007 in Australia

The recently completed **2007** harvest of winter grains (mostly wheat and barley) in Australia, which account for the bulk of the annual grain production, was well below average for the second year in succession because of drought. Despite a good start to the season at planting time, lack of follow-up rains caused crops to gradually lose potential as the season progressed. The latest official estimate of the 2007 wheat output stands at 12.7 million tonnes, representing a small recovery from the extremely low level in 2006 but still well below the potential in a season with favourable weather such as in 2005 when the output topped 25 million tonnes.

Prospects for the minor **2008 summer cereals** (mostly sorghum and maize) improved greatly in late November and December with the arrival of heavy rains in many of the main growing areas in Queensland and northern New South Wales. Latest forecasts put sorghum output at about 2 million tonnes, more than double 2007's drought-reduced level.

The **2008 winter grains** will not be sown until April or May but indications already point to the potential for a large increase in plantings. Significant amounts of land are available to come into arable production after further reductions in livestock

numbers in 2007 because of drought. Although the final amount sown will hinge on weather conditions at planting time, should the current price outlook persist, farmers are expected to plant an exceptionally large area, and will be making preparations in the coming weeks with a view to this possibility.

Table 12. 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	76.3	324.3	303.7	379.5	10.1	8.8	9.0	417.5	387.1	464.8
Canada	25.7	25.3	20.1	25.2	23.3	28.0	0.0	0.0	0.0	50.9	48.6	48.1
United States	57.3	49.3	56.2	299.1	280.4	351.5	10.1	8.8	9.0	366.5	338.5	416.7
Europe	208.6	191.8	187.4	215.8	210.3	196.3	3.4	3.4	3.5	427.8	405.5	387.1
EU ¹	124.4	117.7	120.1	134.5	127.2	136.0	2.7	2.6	2.6	261.6	247.6	258.7
Romania ²	7.4	5.5	0.0	12.1	10.2	0.0	0.0	0.0	0.0	19.5	15.8	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	63.4	53.6	57.5	50.7	0.7	0.8	0.8	122.8	118.9	114.9
Russian Federation	47.7	45.1	48.0	28.3	31.2	31.0	0.6	0.7	0.7	76.5	76.9	79.7
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	13.0	15.0	7.7	9.0	0.3	1.1	0.2	41.0	18.9	22.2
Australia	25.4	9.8	12.7	14.4	7.1	8.5	0.3	1.0	0.2	40.1	18.0	21.3

¹ Eu-25 in 2005, 2006; EU-27 in 2007.

² In 2007 included in EU-27.

Note: Totals computed from unrounded data.

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	33.8	26.3	29.0	29.4	26.1	23.1
Coarse grains	19.0	15.1	19.1	18.2	15.2	15.0
Rice	30.1	25.4	23.7	24.5	24.0	23.5
Total cereals	25.9	20.6	23.0	22.9	20.2	19.2
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	11.7
Coarse grains	15.2	10.7	19.0	17.9	12.5	11.2
Rice	19.2	15.9	13.2	15.8	15.8	15.2
Total cereals	18.3	14.5	18.0	19.2	14.8	12.7
	Annual trend		Change from previous year			
	growth rate					
	1997-2006	2003	2004	2005	2006	2007
	(..... percentage.....)					
4. Changes in world cereal production						
	0.6	3.3	9.3	-1.0	-2.1	4.6
5. Changes in cereal production in the LIFDCs						
	1.4	2.7	3.4	5.2	3.3	0.7
6. Changes in cereal production in LIFDCs less China Mainland and India						
	3.5	7.9	-0.2	7.0	4.2	-2.2
	Average		Change from previous year			
	2000/01 -					
	2004/05	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	74.5
Maize (July/June)	100.2	7.1	-15.2	6.4	44.6	19.8
Rice (Jan./Dec.)	83.1	11.7	24.9	5.4	8.9	17.0

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 stocks¹ (million tonnes)

	2003	2004	2005	2006	2007 estimate	2008 forecast
TOTAL CEREALS	486.3	417.5	469.9	472.6	427.4	405.3
Wheat	204.4	162.5	179.6	182.8	161.8	146.8
held by:						
- main exporters ²	39.1	39.0	56.4	59.8	39.5	28.8
- others	165.3	123.5	123.3	122.9	122.3	117.9
Coarse grains	162.9	149.8	190.8	185.3	162.0	156.1
held by:						
- main exporters ²	55.3	48.5	92.7	90.6	62.2	63.6
- others	107.6	101.3	98.2	94.7	99.8	92.5
Rice (milled basis)	119.0	105.2	99.4	104.6	103.6	102.4
held by:						
- main exporters ²	21.7	22.5	18.9	22.9	23.5	22.9
- others	97.3	82.6	80.6	81.6	80.1	79.5
Developed countries	145.3	123.6	189.7	192.1	136.9	118.8
Australia	5.2	9.2	11.1	15.9	7.3	6.8
European Union ³	33.7	21.5	47.6	45.1	33.0	26.9
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	4.3
Poland ⁴	2.9	2.4	-	-	-	-
Romania ⁵	2.0	1.2	5.0	5.6	3.8	-
Russian Federation	12.5	7.3	9.1	9.3	8.5	8.6
South Africa	3.8	3.5	4.1	4.1	2.7	1.2
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	48.1
Developing countries	341.0	293.9	280.2	280.6	290.5	286.5
Asia	307.5	253.2	236.2	236.7	242.7	245.6
China	209.4	163.3	152.8	149.0	153.2	160.0
India	39.8	32.9	26.7	25.8	29.2	31.6
Indonesia	5.7	6.0	5.7	5.1	5.6	5.8
Iran, Islamic Republic of	4.4	3.5	3.2	3.6	3.5	2.8
Korea, Republic of	2.8	2.9	2.5	2.8	3.0	2.5
Pakistan	2.9	1.9	1.8	3.1	3.2	3.6
Philippines	2.2	1.9	2.2	2.7	2.6	2.7
Syrian Arab Republic	4.1	4.2	4.5	4.6	3.9	3.7
Turkey	8.0	7.2	6.5	5.5	6.4	3.6
Africa	19.1	20.8	23.3	26.2	31.4	25.2
Algeria	2.5	2.6	3.6	4.4	4.7	4.6
Egypt	3.2	2.7	3.1	4.3	4.1	3.2
Ethiopia	0.7	0.1	0.1	0.8	1.8	1.8
Morocco	1.8	3.0	4.9	2.7	4.0	1.7
Nigeria	1.9	1.6	1.3	1.4	2.1	0.9
Tunisia	0.6	1.0	1.2	1.4	1.4	1.3
Central America	5.6	5.7	6.3	4.6	4.5	4.7
Mexico	3.7	3.9	4.6	2.8	2.6	3.0
South America	8.5	13.8	14.1	12.7	11.7	10.8
Argentina	3.3	3.8	3.2	3.8	3.0	3.2
Brazil	1.6	5.8	6.3	4.1	3.1	2.3

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						
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
2007 – December	381	345	310	178	171	192
2008 – January	381	343	330	206	207	225

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 Countries¹, 2007/08 or 2008 estimates (thousand tonnes)

	Marketing year	2006/07 or 2007 Actual imports			Total import requirements (excl. re-exports)	2007/08 or 2008 Import position ²		
		Commercial purchases	Food aid	Total commercial and aid		Total commercial and aid	Food aid allocated, committed or shipped	Commercial purchases
AFRICA		33 947.9	2 211.1	36 159.0	38 492.9	14 566.4	1 222.4	13 344.0
North Africa		15 743.5	24.5	15 768.0	18 451.0	11 181.2	0.0	11 181.2
Egypt	July/June	11 895.5	24.5	11 920.0	12 430.0	7 363.2	0.0	7 363.2
Morocco	July/June	3 848.0	0.0	3 848.0	6 021.0	3 818.0	0.0	3 818.0
Eastern Africa		4 015.3	1 279.2	5 294.5	4 598.0	1 092.8	593.3	499.5
Burundi	Jan./Dec.	74.9	45.1	120.0	139.0	2.9	2.9	0.0
Comoros	Jan./Dec.	41.0	0.0	41.0	41.0	0.0	0.0	0.0
Djibouti	Jan./Dec.	67.7	5.8	73.5	72.0	0.0	0.0	0.0
Eritrea	Jan./Dec.	216.0	0.0	216.0	326.0	7.0	7.0	0.0
Ethiopia	Jan./Dec.	14.7	430.5	445.2	241.0	76.3	76.3	0.0
Kenya	Oct./Sept.	999.9	179.0	1 178.9	1 022.0	311.1	110.2	200.9
Rwanda	Jan./Dec.	176.0	16.0	192.0	206.0	8.7	8.7	0.0
Somalia	Aug./July	323.2	116.8	440.0	480.0	84.1	84.1	0.0
Sudan	Nov./Oct.	1 248.1	358.3	1 606.4	1 436.0	357.5	216.4	141.1
Uganda	Jan./Dec.	160.5	87.2	247.7	180.0	52.6	52.6	0.0
United Rep.of Tanzania	June/May	693.3	40.5	733.8	455.0	192.6	35.1	157.5
Southern Africa		2 711.4	372.2	3 083.6	3 601.0	2 052.4	480.9	1 571.5
Angola	April/March	855.3	20.7	876.0	780.0	303.7	5.8	297.9
Lesotho	April/March	181.3	10.1	191.4	254.0	147.0	17.0	130.0
Madagascar	April/March	227.4	34.3	261.7	292.0	259.2	63.3	195.9
Malawi	April/March	161.4	73.0	234.4	163.0	123.6	52.8	70.8
Mozambique	April/March	779.5	103.5	883.0	863.0	333.5	58.8	274.7
Swaziland	May/April	122.2	5.8	128.0	174.0	94.9	12.0	82.9
Zambia	May/April	55.8	28.1	83.9	68.0	15.9	4.4	11.5
Zimbabwe	April/March	328.5	96.7	425.2	1 007.0	774.6	266.8	507.8
Western Africa		9 905.3	433.9	10 339.2	10 141.4	197.7	117.8	79.9
Coastal Countries		7 582.0	133.2	7 715.2	7 768.0	74.3	30.9	43.4
Benin	Jan./Dec.	102.5	0.3	102.8	97.0	0.0	0.0	0.0
Côte d'Ivoire	Jan./Dec.	1 146.8	17.3	1 164.1	1 240.0	36.6	1.4	35.2
Ghana	Jan./Dec.	687.4	35.0	722.4	735.0	13.6	13.6	0.0
Guinea	Jan./Dec.	508.9	13.6	522.5	502.0	8.2	0.0	8.2
Liberia	Jan./Dec.	202.6	37.4	240.0	240.0	14.9	14.9	0.0
Nigeria	Jan./Dec.	4 580.0	0.0	4 580.0	4 580.0	0.0	0.0	0.0
Sierra Leone	Jan./Dec.	270.1	28.9	299.0	289.0	0.0	0.0	0.0
Togo	Jan./Dec.	83.7	0.7	84.4	85.0	1.0	1.0	0.0
Sahelian Countries		2 323.3	300.7	2 624.0	2 373.4	123.4	86.9	36.5
Burkina faso	Nov./Oct.	248.4	25.9	274.3	279.0	6.3	6.3	0.0
Cape Verde	Nov./Oct.	65.1	8.7	73.8	73.6	3.0	3.0	0.0
Chad	Nov./Oct.	65.5	72.0	137.5	126.0	47.4	47.4	0.0
Gambia	Nov./Oct.	92.8	9.6	102.4	100.5	1.2	1.2	0.0
Guinea-Bissau	Nov./Oct.	95.4	8.4	103.8	86.9	3.3	3.3	0.0
Mali	Nov./Oct.	326.9	46.5	373.4	308.7	1.1	1.1	0.0
Mauritania	Nov./Oct.	318.4	33.2	351.6	296.0	12.4	12.4	0.0
Niger	Nov./Oct.	204.1	83.1	287.2	236.7	7.2	7.2	0.0
Senegal	Nov./Oct.	906.7	13.3	920.0	866.0	41.5	5.0	36.5
Central Africa		1 572.4	101.3	1 673.7	1 701.5	42.3	30.4	11.9
Cameroon	Jan./Dec.	628.4	1.6	630.0	630.0	12.4	0.5	11.9
Cent.Afr.Rep.	Jan./Dec.	42.6	19.7	62.3	43.5	8.9	8.9	0.0
Congo	Jan./Dec.	310.9	6.1	317.0	317.0	1.1	1.1	0.0
Congo, Dem. Rep.	Jan./Dec.	554.6	72.4	627.0	675.0	19.9	19.9	0.0
Equatorial Guinea	Jan./Dec.	24.0	0.0	24.0	24.0	0.0	0.0	0.0
Sao Tome and Principe	Jan./Dec.	11.9	1.5	13.4	12.0	0.0	0.0	0.0

Table A4b. Cereal import requirements of Low-Income Food-Deficit Countries¹, 2007/08 or 2008 estimates (thousand tonnes)

	Marketing year	2006/07 or 2007 Actual imports			Total import requirements (excl. re-exports)	2007/08 or 2008 Import position ²		
		Commercial purchases	Food aid	Total commercial and aid		Total commercial and aid	Food aid allocated, committed or shipped	Commercial purchases
ASIA		41 479.5	1 429.5	42 909.0	39 154.8	18 340.5	593.6	17 746.9
CIS in Asia		3 345.0	394.6	3 739.6	3 507.0	1 989.7	23.5	1 966.2
Armenia	July/June	282.0	86.4	368.4	318.0	171.7	4.2	167.5
Azerbaijan	July/June	1 265.0	118.8	1 383.8	1 052.0	853.2	2.8	850.4
Georgia	July/June	907.0	95.3	1 002.3	862.0	359.4	6.9	352.5
Kyrgyzstan	July/June	272.0	0.0	272.0	310.0	245.7	0.0	245.7
Tajikistan	July/June	277.0	94.1	371.1	506.0	286.6	9.6	277.0
Turkmenistan	July/June	4.0	0.0	4.0	29.0	0.0	0.0	0.0
Uzbekistan	July/June	338.0	0.0	338.0	430.0	73.1	0.0	73.1
Far East		28 000.6	834.3	28 834.9	24 702.8	12 679.0	469.4	12 209.6
Bangladesh	July/June	2 880.5	166.1	3 046.6	3 550.0	1 892.3	268.5	1 623.8
Bhutan	July/June	70.6	0.4	71.0	71.0	0.0	0.0	0.0
Cambodia	Jan./Dec.	31.3	8.7	40.0	40.0	1.5	1.5	0.0
China (Mainland)	July/June	2 566.0	0.0	2 566.0	2 877.0	406.3	0.0	406.3
D.P.R. of Korea	Nov./Oct.	214.7	353.3	568.0	1 120.0	173.6	123.0	50.6
India	April/March	6 730.0	35.3	6 765.3	2 100.0	1 991.4	21.6	1 969.8
Indonesia	April/March	8 159.9	32.9	8 192.8	7 041.4	4 307.9	17.2	4 290.7
Lao, P.D.R.	Jan./Dec.	16.4	11.4	27.8	27.4	0.0	0.0	0.0
Mongolia	Oct./Sept.	224.7	34.3	259.0	279.0	29.6	5.0	24.6
Nepal	July/June	232.4	7.6	240.0	160.0	8.1	8.1	0.0
Pakistan	May/April	357.7	65.9	423.6	1 521.0	1 000.8	2.1	998.7
Philippines	July/June	5 271.8	83.0	5 354.8	4 676.0	2 853.5	14.0	2 839.5
Sri Lanka	Jan./Dec.	1 184.6	35.4	1 220.0	1 180.0	8.4	8.4	0.0
Timor-Leste	July/June	60.0	0.0	60.0	60.0	5.6	0.0	5.6
Near East		10 133.9	200.6	10 334.5	10 945.0	3 671.8	100.7	3 571.1
Afghanistan	July/June	631.5	151.0	782.5	690.0	292.8	92.4	200.4
Iraq	July/June	4 022.6	7.4	4 030.0	4 230.0	2 332.1	6.5	2 325.6
Syrian Arab Republic	July/June	2 728.0	8.0	2 736.0	2 750.0	1 046.2	1.1	1 045.1
Yemen	Jan./Dec.	2 751.8	34.2	2 786.0	3 275.0	0.7	0.7	0.0
CENTRAL AMERICA		1 500.2	147.1	1 647.3	1 633.0	563.4	111.3	452.1
Haiti	July/June	492.1	90.9	583.0	593.0	172.5	61.6	110.9
Honduras	July/June	666.7	33.1	699.8	680.0	221.5	21.3	200.2
Nicaragua	July/June	341.4	23.1	364.5	360.0	169.4	28.4	141.0
SOUTH AMERICA		914.0	30.0	944.0	1 010.0	580.0	0.0	580.0
Ecuador	July/June	914.0	30.0	944.0	1 010.0	580.0	0.0	580.0
OCEANIA		415.7	0.0	415.7	415.7	0.0	0.0	0.0
Kiribati	Jan./Dec.	8.7	0.0	8.7	8.7	0.0	0.0	0.0
Papua New Guinea	Jan./Dec.	358.0	0.0	358.0	358.0	0.0	0.0	0.0
Solomon Islands	Jan./Dec.	29.5	0.0	29.5	29.5	0.0	0.0	0.0
Tonga	Jan./Dec.	6.4	0.0	6.4	6.4	0.0	0.0	0.0
Tuvalu	Jan./Dec.	1.1	0.0	1.1	1.1	0.0	0.0	0.0
Vanuatu	Jan./Dec.	12.0	0.0	12.0	12.0	0.0	0.0	0.0
EUROPE		1 613.8	0.0	1 613.8	1 435.0	314.3	0.0	314.3
Albania	July/June	440.0	0.0	440.0	440.0	168.1	0.0	168.1
Belarus	July/June	599.0	0.0	599.0	435.0	4.8	0.0	4.8
Bosnia and Herzegovina	July/June	574.8	0.0	574.8	560.0	141.4	0.0	141.4
TOTAL		79 871.1	3 817.7	83 688.8	82 141.4	34 364.6	1 927.3	32 437.3

¹ Includes food deficit countries with per caput income below the level used by the World Bank to determine eligibility for IDA assistance (i.e. 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 end January 2008.

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