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in the Near East and North Africa region

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SUMMARY

- The FAO Food Price Index (FFPI) averaged 135.7 points in November 2022, virtually unchanged from October, although remaining higher than the year before. Wheat and maize prices were 10.6 percent and 12.8 percent higher respectively; natural gas prices were more than three times higher in August 2022 than a year before, which has inflated fertilizer prices considerably as their production requires massive energy. Increased food and fertilizer prices, slower growth, and currency fluctuations still severely strain food security, especially in the Near East and North Africa (NENA) region, which has a high reliance on international food markets and is highly exposed to global price surges. High international food prices increase import bills and negatively affect NENA countries' trade balances and foreign exchange reserves.
- The Russian Federation and Ukraine are major suppliers of sunflower oil, wheat and other cereals in the Arab region. The two countries combined accounted for about 75 percent of Egypt and Lebanon's total wheat and wheat flour imports in 2021. Thus, the Ukraine crisis poses a severe supply side challenge to Arab countries, in addition to further inflating global food prices.
- Although many countries in the NENA region subsidize several essential commodities to limit price transmission from the global markets, the year-on-year food inflation rates exploded in some cases (Lebanon and Sudan (the)), and increased substantially in others (Algeria, Djibouti, Egypt, Morocco and Tunisia). The food price inflation in the region is mainly driven by price increases of non-subsidized staples (fruits, vegetables, meat and dairy), the spillover effect of higher oil and energy prices, and supply chain bottlenecks.
- World cereal production is anticipated to be 2756 million tonnes in 2022, a 2.0 percent decline from the previous year due to persistent drought conditions in the northern hemisphere countries. The bulk of the decline concerns coarse grains, with maize yields in the European Union expected to drop significantly due to the exceptionally hot and dry weather conditions. Similarly, prospects for maize production in the United States of America are downgraded moderately. In contrast, FAO's estimate for global wheat production is 781.2 million tonnes, almost the same amount as in 2021.
- In the Near East and North Africa, harvesting of winter wheat yields finalized under mixed conditions with below to well below-average yields in Morocco, central and western Algeria, central Tunisia, The Syrian Arab Republic, Iraq due to persistent dryness as well as conflict in the Syrian Arab Republic. In North Africa, aggregate cereal production in 2022 is estimated at 11 percent below the average and 16 percent below the production of the previous year. In Sudan (the), the 2021 aggregate cereal production is estimated at 35 percent below the output obtained in the previous year.

- Due to the droughts and reduced domestic production, cereal import requirements have increased in 2022/23 in Arab countries. However, various factors limit the room for manoeuvre of regional governments to procure cereals from abroad, such as high international grain and transport prices, the Ukraine crisis, more expensive alternative import sources, and reduced production or export bans implemented by some major exporting countries.
- Countries in the region have implemented a wide range of measures to tackle food security challenges and increase resilience to global shocks, such as supporting domestic agriculture, increasing the area of the wheat crops to raise self-sufficiency (Egypt), reference price increases for purchasing local production (Algeria, Iraq and Tunisia), establishing a storage premium for wheat (Morocco), creating an irrigation water subsidy (Algeria) or providing feed at reduced prices to offset the rising costs of animal feed (Morocco). In addition, many countries in the region have increased subsidies to vulnerable people. In some cases, however, the reduction of seed and fertilizer subsidies has negatively affected wheat output (Iraq). Many countries are boosting food stocks; for example, increased food reserves in Jordan have limited recent food price inflation.
- Most of the trade policy measures in the food and agriculture sector introduced by NENA countries since the beginning of the Ukraine crisis were trade restricting (23 measures). Only four measures had trade liberalizing effect. Most trade-related measures were export bans (13 measures), followed by production subsidies (6 measures). In addition, some measures restricted export licensing requirements (Tunisia) or obliged farmers to sell a certain share of their crop to the government (Egypt). In some instances, import tariffs have been liberalized (Morocco: oil seeds), or the import ban lifted (Saudi Arabia: poultry) to enhance food supply in the domestic market. In other instances, import tariffs have been raised (Saudi Arabia) to promote domestic production (livestock, fish, and vegetables), or an import ban has been introduced (Algeria: seeds).
- Due to their dependence on international commodities markets including the Russian Federation and Ukraine to a large extent, several countries in the region aim to increase the diversification of imports (Egypt, Morocco) from countries such as Brazil, Argentina or India.
- Budgetary constraints often limit regional countries' ability to mitigate food security risks. As a result, national and international financial institutions have been stepping up efforts to raise funds for Arab countries to support vulnerable households, strengthen countries' resilience to food crises and enhance reforms in food security policies.

Section I: Food security situation in the Near East and North Africa region¹

Global food markets²

The [FAO Food Price Index](#) (FFPI) declined for the eighth consecutive month in November 2022 and averaged 135.7 points in November, remaining 0.3 percent above its value a year before. [The Grains and Oilseeds Index](#) (GOI) of the International Grains Council (IGC), which tracks the price movement across seven key commodities, was 12 percent higher in August 2022 than 2021 (Figure 10, Table 1). The wheat and maize sub-indices of GOI were 10.6 percent and 12.8 percent higher, respectively, than 2021. However, the IGC GOI wheat sub-index dropped by 3.2 percent from July 2022. The opening of the Black Sea safe shipping corridor improved production prospects in North America and the Russian Federation, and concerns about global economic growth have pushed the wheat sub-index in August to a seven-month low. However, wheat prices were somewhat firmer in the second half of August and the beginning of September (Figure 12) amid signs of resurgent international demand, news of increased tensions in the Black Sea region, and worries about expensive fertilizers and soil moisture conditions ahead of the 2023/24 planting in the European Union (EU) and the United States of America (USA).

The World Bank natural gas index was more than three times higher in August 2022 (349 percent) than 2021. Fertilizers, particularly nitrogen fertilizers, are significantly affected by high natural gas prices as their production requires massive energy. After their peak in April 2022, the cost of several nitrogen fertilizers increased in August 2022 (Figure 15 and 16). Diammonium phosphate (DAP), urea, and potassium chloride prices were **24 percent, 32 percent, and 155 percent higher, respectively, in August 2022** than 2021.

Persistent drought conditions in northern hemisphere countries prompted a significant cutback in [FAO's cereal production forecast](#) for 2022. As a result, global cereal production is anticipated to be 2756 million tonnes in 2022 (Figure 18), a 2.0 percent decline from 2021. World wheat production is estimated to be 781.2 million tonnes (Figure 19).

Increased food and fertilizer prices, slower growth, and currency fluctuations still severely strain food security, especially in the Near East and North Africa (NENA) region. The region relies heavily on international food markets and is highly exposed to global price surges. High international food prices increase import bills and negatively affect trade balances and foreign exchange reserves of NENA countries.

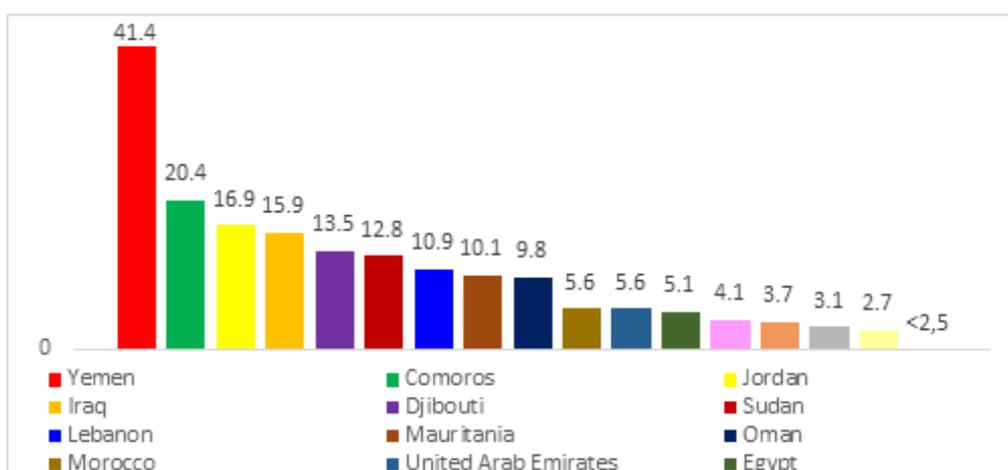
¹ The maps presented in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of FAO concerning the legal status of any country, territory, or the delimitation of its frontiers or boundaries.

² See Annex I for details.

Food security challenges in the Arab region

Hunger in the Arab region has continued to rise since 2014. The number of undernourished people reached 54.3 million in 2021, or 12.2 percent of the population. This is a consistent increase in the past two decades and is close to the peak of 2011 when the region suffered from a major shock of popular uprisings. In addition, the COVID-19 pandemic, which hit the region in 2019, surged hunger across the region, affecting all countries at all income levels, conflict-affected, and non-conflict countries. Yemen, a conflict-affected, low-income country, had the highest prevalence of undernourishment (41.4 percent) in the region in 2021, followed by Comoros (the) (20.4 percent) and Jordan (16.9 percent) and Jordan (16.9 percent) and Jordan (16.9 percent) (Figure 1). Ongoing conflicts in Yemen and the Syrian Arab Republic have significantly increased poverty and food insecurity.

Figure 1: Prevalence of undernourishment (percent) (3-year average: 2019–21)



Source: FAOSTAT, FAO: [The State of Food Security and Nutrition in the World 2022](#).

About 132 000 people were estimated to be severely food insecure in [Djibouti](#) between March and June 2022 mainly due to insufficient rains in 2021 and 2022, which affected rangelands and pastoral livelihoods and caused high food prices.

[Jordan](#) hosted around 676 000 Syrian refugees and 86 500 other refugees as of June 2022. According to WFP, almost 81 percent of refugees in communities and 90 percent in camps are either food insecure or vulnerable to food insecurity. In addition, female-headed households, small households, and households with disabilities have disproportionately poor nutrition.

In [Lebanon](#), the ongoing financial and economic collapse since the end of 2019, aggravated by the pandemic and more recently by the increase in international commodity prices, has worsened the food security situation. Over 80 percent of the population was in a multi-dimensional poverty condition in 2021, up from 42 percent in 2019 (according to UNESCWA). In addition, it is estimated that almost 1.8 million Lebanese citizens (46 percent of the total population) and 735 000 Syrian refugees

(49 percent of the entire Syrian refugee population) are food insecure in 2021 (WFP).

In **Libya**, about 0.9 million people (10 percent of the population, and down from 1.3 million people one year earlier) are estimated to be in need of humanitarian assistance, including 500 000 people who require food assistance.

The food security situation in **Sudan (the)** is critical, with about 11.7 million people estimated to be severely food insecure between June and September 2022, about 20 percent more on a yearly basis. The main drivers are political instability and macroeconomic challenges resulting in rampant food and non-food inflation, tight supplies due to a poor 2021 harvest, and the escalation of intercommunal violence.

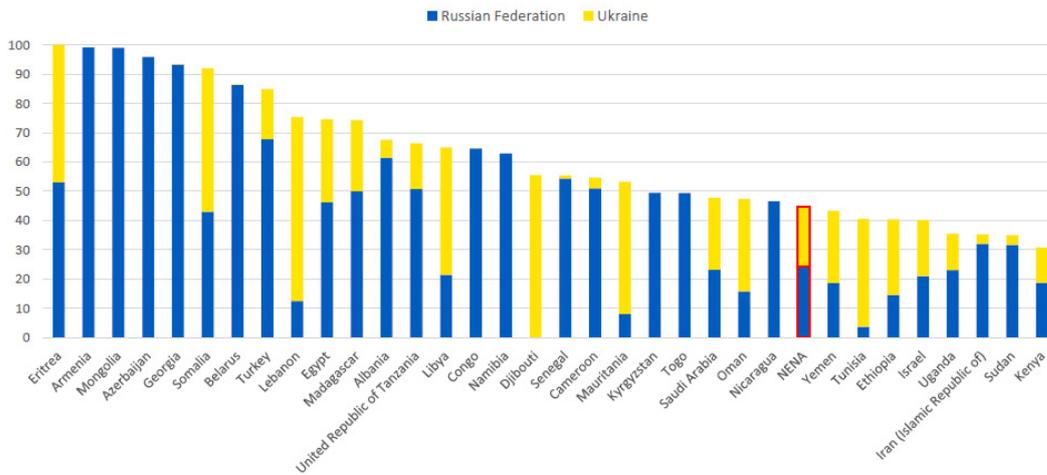
In the **Syrian Arab Republic**, **60 percent of the population is severely or moderately food insecure**. According to WFP's CARI (Consolidated Approach for Reporting Indicators of Food Security) methodology, about **12 million people faced acute food insecurity** in June 2021, with a slight decline compared to 2020. Of these, 2.5 million people were severely food insecure, including 1.8 million people living in Internally displaced people (IDP) camps. Additionally, 1.9 million people are classified as at risk of sliding into food insecurity. The main drivers are the combined effects of an economic crisis, ongoing conflict, and population displacements.

In **Yemen**, the acute food insecurity and malnutrition situation has continued to deteriorate in 2022, with 17.4 million people in IPC Phase 3 (Crisis) and above in need of assistance between January and May 2022. This number is projected to increase to 19 million people by the end of the year. The severity of both food insecurity and acute malnutrition is expected to increase dramatically in the projection period. Of greatest concern are the 31 000 people facing IPC Phase 5 (Catastrophe), that were expected to rise to 161 000 by June. Conflict and economic crisis remain the main drivers of acute food insecurity and malnutrition, further exacerbated by the instability of humanitarian assistance.

The effect of the Ukrainian crisis on the NENA region's food security and nutrition situation

The Russian Federation and Ukraine are among the world's most important producers of agricultural commodities. Before the conflict, the two countries supplied 30 percent and 20 percent of global wheat and maize exports, respectively. They also accounted for close to 80 percent of global exports of sunflower seed products. Furthermore, the Russian Federation is a world-leading exporter of nitrogen, potassium, and phosphorous fertilizers. Many countries of the Near East and North Africa (NENA) region heavily depend on imported foodstuff and fertilizers from the Russian Federation and Ukraine, including wheat as a staple food (Figure 2). In 2021 **the Russian Federation and Ukraine together accounted for about 75 percent of the total wheat and wheat flour imports of Egypt and Lebanon**, close to 40 percent in Tunisia, more than 30 percent in Jordan and around 20 percent in Morocco.

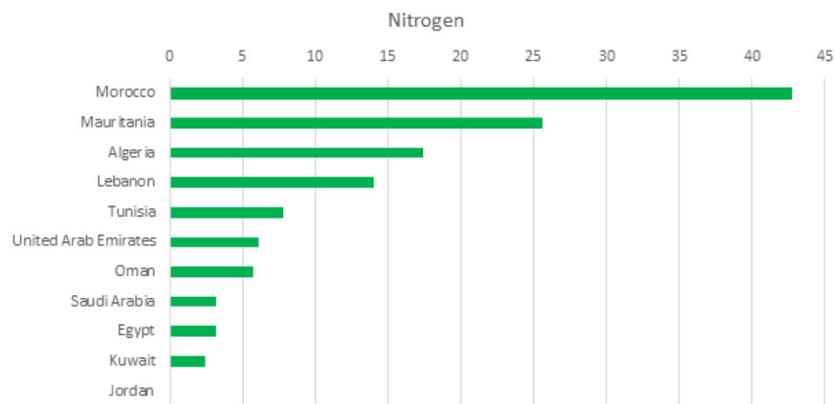
Figure 2. Wheat import dependency, net importers, 2021 (percent)



Source: FAO: Addressing food security challenges faced by Near East and North Africa region due to the Ukraine crisis, 2022.

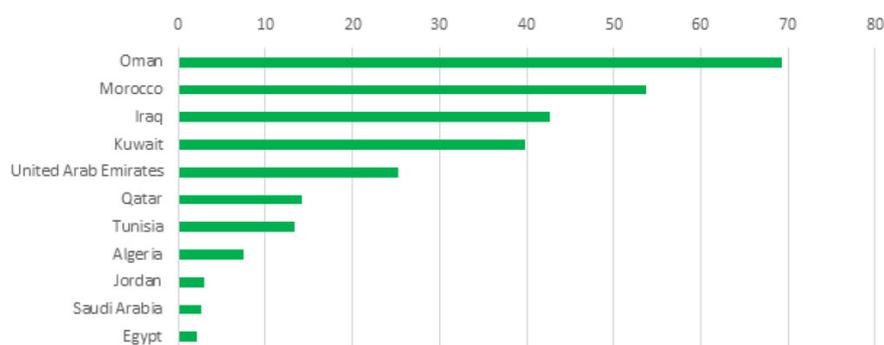
The Arab region has high reliance on nitrogen and potassium fertilizers from the Russian Federation and Belarus in NENA region countries (Figures 3 and 4).

Figure 3: Percentage of the Russian Federation and Belarus in nitrogen fertilizer imports by country (2018–2020 average)



Source: FAO: Addressing food security challenges faced by Near East and North Africa region due to the Ukraine crisis, 2022.

Figure 4: Percentage of the Russian Federation and Belarus in potassium fertilizer imports by country (2018–2020 average)



Source: FAO: Addressing food security challenges faced by Near East and North Africa region due to the Ukraine crisis, 2022.

Overall, it is expected that the crisis in Ukraine will worsen the food security situation in the NENA region, weakening opportunities for economic recovery, threatening political stability, and raising the need for international or state-funded relief.

The Russian Federation and Ukraine reached an [agreement](#) on 22 July brokered by the United Nations and Turkey to reopen Ukraine's seaports and guarantee safe passage for the ships carrying Ukrainian grain in the Black Sea. In November this year, the parties to the deal will have to decide to extend it or let it lapse. Some 20 million tonnes are already stuck in silos in Ukraine, and up to 60 million tonnes more is expected from this summer's harvest.

Until 1 September, [56 ships have left Ukraine under the deal](#) carrying 1.36 million tonnes of grains, mainly corn (0.86 million tonnes) and wheat (0.2 million tonnes). Almost third of the shipments (28.7 percent) have been destined for the NENA region, to Egypt (158 500 tonnes), Sudan (the) (65 340 tonnes), Djibouti (23 300 tonnes), and Lebanon (16 500 tonnes). World Food Programme (WFP) also has been able to restart purchasing Ukrainian wheat for its humanitarian operations in countries such as Ethiopia and Yemen. While the cargoes from Ukraine's Black Sea ports are little more than a quarter of pre-conflict volumes, Ukraine hopes shipments will pick up in the coming months. Before the crisis, 5 million to 6 million tonnes of grain were typically shipped monthly via Ukraine's Black Sea ports.

[Ukraine](#) is expected to export 10 million tonnes of wheat and 17.0 million tonnes of maize in 2022/23. In 2021/22, [Egypt](#) remained one of the key importers of Ukrainian wheat, with 2.9 million tonnes (16 percent of Ukrainian wheat exports).

The opening of Ukraine's Black Sea ports also [significantly impacted global grain markets](#). International prices of wheat and maize fell in July by 15 and 11 percent, respectively, mainly in response to the announcement of the Black Sea Initiative. However, that price drop has already slowed in August for wheat and ultimately stopped in the case of maize. Opening Ukraine's Black Sea ports was clearly crucial for market sentiment, but the current export volumes coming out of Ukraine may not be enough to bring international grain prices down further, considering that prices are still above last year's already elevated levels. Moreover, Ukraine's wheat is typically cheaper than other origins, helping moderate global wheat price levels and

offering a more viable option, especially for many countries in NENA, where wheat is an important staple food.

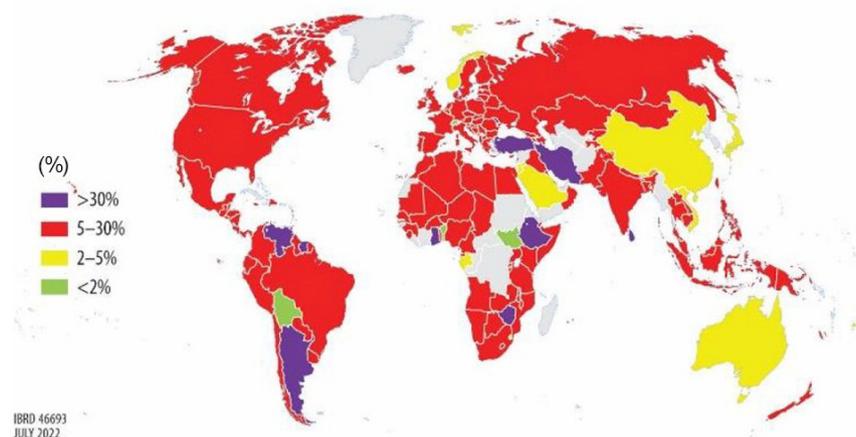
Increased maize exports from Ukraine will also be essential for global maize markets, which are currently relatively thin due to an expected fall in global production and higher-than-earlier-anticipated import demand from the European Union. With the maize export market concentrated in just four leading exporters (Argentina, Brazil, United States of America, Ukraine), global markets depend on seaborne exports continuing to flow from Ukraine. Therefore, any disruption or further reduction in those exports could spell big trouble for maize markets.

On 19 July 2022, the [European Union amended its package of sanctions](#) to unblock funding by Russian banks that may be required to ease food supply bottlenecks and enhance food security. The exceptions apply exclusively to purchasing, importing, or transporting agricultural and food products, including wheat and fertilizers.

Domestic food prices in NENA countries

Domestic food price inflation (measured as a year-on-year change in the food component of a country's Consumer Price Index) remains high worldwide. Information from April and July 2022 for which food price inflation data are available shows that 92.9 percent of low-income countries, 92.7 percent of lower-middle-income countries, and 89 percent of upper-middle-income countries have seen inflation levels above 5 percent, with many experiencing double-digit inflation (Figure 5).

Figure 5: Food Inflation Heat Map



Dashed lines on maps represent approximate border lines for which there may not yet be a full agreement.

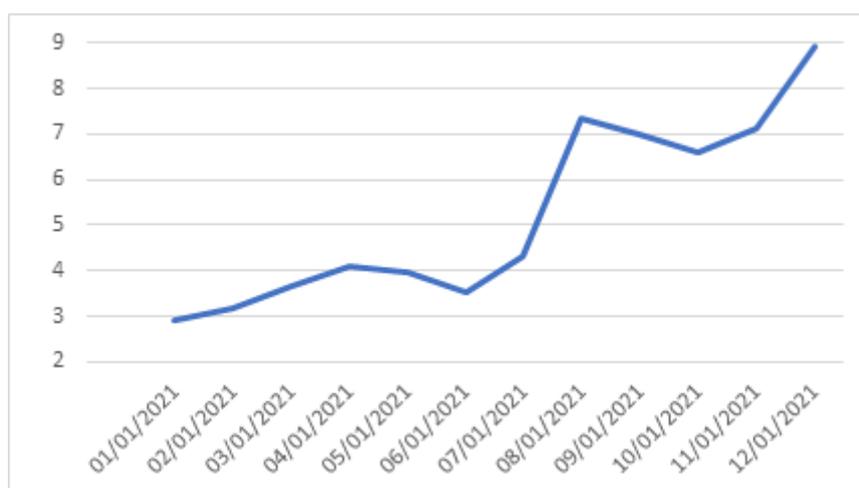
Source: [World Bank](#): Food Security Update, 2022 (Accessed: September 2022).

Note: Food inflation for each country is based on the latest month from April to July 2022 for which the food component of the Consumer Price Index (CPI) and overall CPI data are available. Real food inflation is defined as food inflation minus overall inflation.

Although many countries in the region subsidize several essential commodities to limit price transmission from the global markets to the country level, the year-on-year food inflation rates in some countries recently exploded (Lebanon and Sudan (the)), and increased substantially in others such as in Algeria, Djibouti, Egypt, Morocco and Tunisia. **The food price inflation in the region is driven by price increases of non-subsidized staples** (fruits, vegetables, meat and dairy), the spill-over effect of higher oil and energy prices, and supply chain bottlenecks. It is more of an exception where food price inflation in the region remained moderate, like in Jordan or Libya.

In **Algeria**, the annual rate of general price inflation was recorded at 10 percent in April 2022, the highest level since 2012. In the first quarter of 2022, food prices increased by 13 percent year-on-year. **Egypt's annual inflation rate rose to 14.6 percent** in July 2022; annual **food price inflation was estimated at 22.4 percent** or about the same as in previous month but well above the single-digit values registered in 2021. The increases were driven by high international commodity prices and the weakening of local currency. In **Jordan**, price inflation remains relatively low. In July 2022 (latest available information), the annual food price inflation rate was estimated at 3.8 percent, down from the 5.5 percent recorded in May 2022. The national currency is pegged to the United States dollar, which has helped buffer more significant domestic price gains. In **Libya**, the annual food price inflation in March 2022 was recorded at 5.5 percent, relatively stable since September 2021. In **Morocco**, the consumer price index recorded an increase of 7.7 percent during July 2022 compared to the same month of the previous year due to the increase in the index of food products by 12 percent. In **Tunisia** the general Consumer Price Index in June 2022 increased by 8.1 percent on a year-on-year basis, increasing for the ninth straight month and reaching the highest levels since the early 1990s. The food price inflation in June rose by 9.5 percent compared to June 2021, mainly driven by the high prices of edible oils (+19.2 percent), fruits (+15.9 percent) and vegetables (+12.1 percent).

Figure 6: Lebanon, retail price of wheat (flour), national average, USD/kg



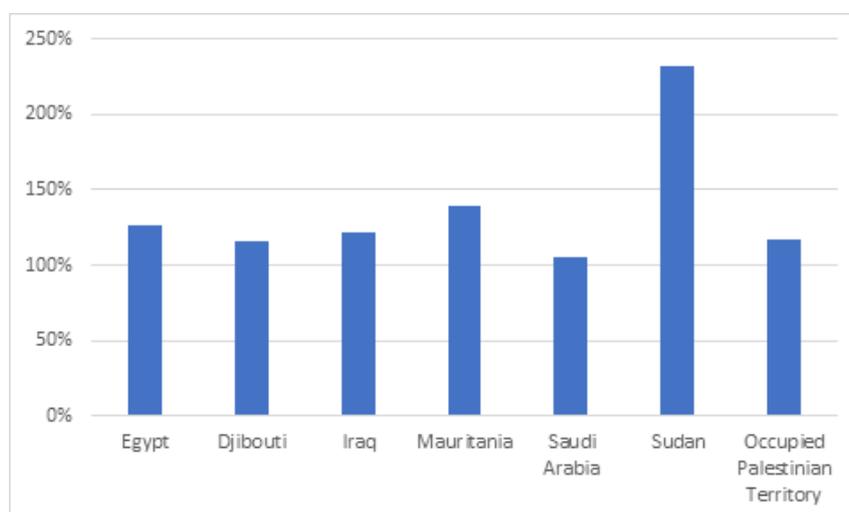
Source: FAO FPMA Tool. Available at: <https://fpma.fao.org/giews/fpmat4/#/dashboard/tool/domestic> (Accessed: September 2022).

With only one month of grain reserves, Lebanon faces extremely **high food costs**, which had already increased by nearly 400 percent prior to the conflict in Ukraine, and bread prices by more than 600 percent (Figure 6). Most goods and services prices have risen dramatically since the Lebanese currency collapsed in 2019 amid the unprecedented economic crisis. In the Syrian Arab Republic, average wheat flour retail prices increased by 44 percent, **rice prices by 43 percent** and cooking oil prices by 98 percent between January and July 2022.

Djibouti is particularly susceptible to external disruptions in the food supply chain, with **90 percent of its food consumption coming from imports**.

In **Sudan (the)**, between July and August 2022, staple food prices increased seasonally by 10 to 15 percent, remaining approximately 170 to 235 percent higher than in August 2021. In **Sudan (the)**, prices of cereals in June 2022 were at record levels, between two and three times their year-earlier values, mainly due to tight domestic availabilities of locally produced cereals, high prices of wheat prevailing on the international market, a weak national currency, and high prices of fuel and agricultural inputs inflating production and transportation costs. Heightened political instability and inter-communal clashes since late October 2021 exerted further upward pressure on prices. Prices of sorghum and millet more than doubled in several markets between January and June 2022 due to a faster-than-normal stock depletion after the poor 2021 harvest.

Figure 7: Wheat (flour) domestic price increase between May 2022 and May 2021, retail (for Sudan (the): wholesale) prices (USD/kg)



Source: FAO FPMA Tool. Available at: <https://fpma.fao.org/giews/fpmat4/#/dashboard/tool/domestic> (Accessed: September 2022).

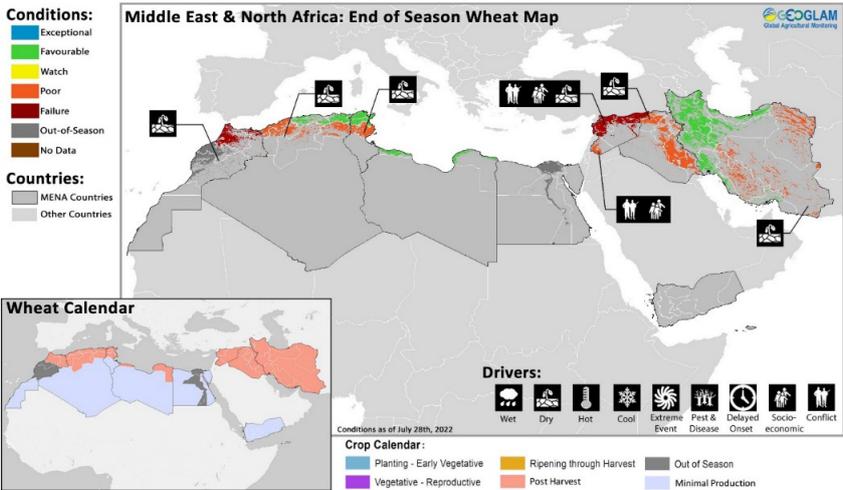
In Egypt, the retail price of wheat (flour) increased in May 2022 by 27 percent. It increased by 21 percent in Iraq, 132 percent in Sudan (the), by 40 percent in Mauritania, and by 16 percent in Djibouti on a year-by-year basis (Figure 7). In Saudi Arabia, the wheat price increase was a moderate 6 percent during the same period. In March 2022, **Jordan** announced that the country had a **15-month wheat reserve**, allowing

the Kingdom to maintain low prices with only a 4.8 percent increase in wheat (flour) prices in July 2022 on a year-per-year basis. In the Occupied Palestinian Territory, the wheat price inflation was 12 percent in July 2022 in comparison to 2021.

Cereal production in the Arab region in 2022

The year 2022 is well on track to rank among the 10 warmest years on record, according to the American National Oceanic and Atmospheric Administration (NOAA). The period from January to July ranks as the sixth hottest on record; this may affect agricultural productivity significantly.

Figure 8: Wheat crop conditions in Near East and North Africa



Dashed lines on maps represent approximate border lines for which there may not yet be a full agreement.

Source: www.cropmonitor.org.

In the **Near East and North Africa region**, the winter 2021/22 wheat harvest was completed under mixed conditions with below to well-below-average yields in Morocco, central and western Algeria, Iraq, The Syrian Arab Republic and central Tunisia due to persistent dryness and conflict in the Syrian Arab Republic (Figure 8).

In **Algeria**, vegetation conditions varied across regions, resulting in near-average yields in central and eastern areas to lower production in western parts of the country. At the national level, wheat production is expected at a slightly below-average level of 3 million tonnes but exceeding the previous year's low wheat output by about 20 percent. Total cereal production in 2022 is estimated at 4.1 million tonnes, about 12 percent below the five-year average but 17 percent more than the previous year's weather-stricken harvest.

In **Egypt**, cereal production is almost entirely irrigated, resulting in stable yields. As a result, the total cereal output in 2022 is estimated at a slightly above-average level of 24 million tonnes and about 350 000 tonnes above the 2021 crop. At 9.7 million tonnes, the government reported wheat production to be about 7 percent above the previous year's harvest and almost 10 percent above the five-year average due to area expansion and broader use of improved seeds.

In **Iraq**, cereal production in 2022 in the northern part of the country (including the main wheat-producing Ninewah Governorate) declined compared to the average level

in 2021. In addition to the negative impact of drought conditions, the government decided to halve the area planted with irrigated crops to reduce water demand amidst increasing water scarcity. Consequently, the 2022 cereal harvest in Iraq is expected at 3.4 million tonnes (including 2.7 million tonnes of wheat), almost 35 percent below the near-average harvest in 2021.

In [Jordan and Lebanon](#), domestic production is constrained by the landscape and water scarcity and is very small relative to domestic needs. Difficult socioeconomic circumstances caused by conflict or economic crises prevailed in [Yemen](#) and Lebanon, where farmers' access to inputs remains constrained by the lack of liquidity. Cereal output in the [Syrian Arab Republic](#) is expected to remain close to the below-average levels of 2021 due to drought and difficult economic conditions that also constrained farmers' ability to purchase inputs.

Environmental conditions in [Libya](#) limit agricultural production; production of cereals in 2022 is estimated at an average level of 209 000 tonnes.

As a result of the prolonged and widespread drought conditions in [Morocco](#), wheat production is estimated at about 2.5 million tonnes, over 55 percent below the five-year average and over 65 percent less than the exceptional production in 2021. Barley output in 2022 is estimated at 690 000 tonnes, one-third of the five-year average and about one-fourth of the 2021 harvest.

In [Sudan \(the\)](#), the 2021 aggregate cereal production is estimated at about 5 million tonnes, 35 percent below the output obtained in the previous year and about 30 percent below the average of the previous five years. Wheat production is estimated at about 600 000 tonnes. The planting of 2022 summer crops to be harvested in November was concluded in July. However, there are concerns over the 2022 cropping season due to high prices of inputs, including seeds, fuel and fertilizers, and floods despite favourable weather forecasts.

Despite decreases in the sown area in [Tunisia](#), the 2022 cereal production is estimated at close to the average level of 1.8 million tonnes, about 9 percent above the 2021 harvest, because of relatively favourable weather conditions. Due to significant rainfall variations, domestic crop production varies markedly from year to year; the irrigated wheat area represents less than 15 percent of the total wheat planted area.

Altogether, in [North Africa](#), aggregate cereal production in 2022 is estimated at 33.3 million tonnes, including 16.4 million tonnes of wheat and 2.4 million tonnes of barley. However, the total output in 2022 is almost 11 percent below the average and 16 percent below the outturn of the previous year. As a result, the subregion's aggregate cereal import requirement in the 2022/23 marketing year (July/June) is estimated at 55.2 million tonnes (wheat accounts for 60 percent of this quantity), about 10 percent more than the five-year average as countries need to compensate for decreased domestic production.

The [USDA](#) projects the production of 17.6 million tonnes of wheat in 2022/23 in North Africa (Algeria, Egypt, Libya, Morocco and Tunisia), 14 percent lower than its estimate for 2021/22 (20.43 million tonnes). In parallel, it projects a 12 percent higher import requirement for 2022/23 (30.2 million tonnes) than for 2021/22 (26.85 million tonnes). For selected Middle East countries (Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Saudi Arabia, the United Arab Emirates (the) and Yemen), the USDA projects 7 percent higher production for wheat in 2022/23 (17.59 million tonnes) than in 2021/22 (16.5 million tonnes). It foresees a 2 percent increase in the import requirements for 2022/23 (23.32 million tonnes) than in 2021/22 (22.9 million tonnes).

Section II: Food policy-related developments in the NENA region

As net food importers, NENA countries rely highly on internationally traded food commodities and are exposed to global price surges. Countries in the region have implemented a wide range of measures to increase resilience to global shocks, such as increased support for domestic agriculture, trade-related measures, diversification of imports, boosting food reserves, and increasing subsidies to mitigate food security risks for people in vulnerable situations. In addition, international and national financial institutions are providing financial assistance to overcome regional food security challenges.

Annex II contains a detailed overview of trade policy changes related to agricultural and food products introduced by NENA countries since the beginning of the Ukraine crisis (from February 2022) based on the [Global Trade Alert September 2022 Report](#). Most trade-related measures were export bans (13 measures), followed by production subsidies (6 measures). In addition, some measures restricted export licensing requirements (Tunisia) or obliged farmers to sell a certain share of their crop to the government (Egypt). In some instances, import tariffs have been liberalized (Morocco, oil seeds), or the import ban lifted (Saudi Arabia, poultry) to enhance food supply in the domestic market. In other instances, import tariffs have been raised (Saudi Arabia) to promote domestic production (livestock, fish, and vegetables), or an import ban has been introduced (Algeria - seeds). Most of the measures (23), however, have restricted trade in the region. There have been only four trade liberalizing measure.

Algeria

Despite the expected slight recovery of the domestic harvest in 2022, wheat import requirements for the 2022/23 marketing year (July/June) are forecast at 8.1 million tonnes, about 25 percent above the imports of the previous year and 7 percent above average. In addition, about 5 million tonnes of maize and 1 million tonnes of barley for feed are expected from imports. The country imports wheat from Canada, France, Germany, Mexico, Spain, and the United States of America. Although no significant quantities of wheat are sourced from the Russian Federation or Ukraine, the countries supply about 20 percent of barley imports and less than 10 percent of maize. Overall, Algeria imports cereals from various origins, making it less vulnerable to disruptions in exports from the Russian Federation and Ukraine.

In January 2022, in response to high international prices and aiming to increase local procurement, the government increased the purchasing prices for the 2022 cereal crop. As a result, compared to the previous year, the procurement price of durum wheat increased from DZD 45 000 to DZD 60 000/tonne (equivalent to USD 423 at the official exchange rate of DZD 142 per USD 1), standard soft wheat from DZD 35 000 to DZD 50 000/tonne (USD 352) and barley from DZD 25 000 to DZD 34 000/tonne (USD 240).

Due to concerns about sufficient food availability on domestic markets due to increasing international prices, in March 2022 the country decided to ban exports of processed food that uses imported ingredients, including sugar, vegetable oil, pasta, semolina and other wheat products.

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Egypt

In Egypt, the government, in early 2022, provided incentives to local farmers to increase production in light of Russia's invasion of Ukraine, threatening about 80 percent of the country's imports. Some 4.2 million tonnes of the local wheat were procured by the government since the outbreak of the Ukraine crisis, against the 6 million tonnes targeted. The Egyptian Minister of Supply, Ali Al-Moselhi, announced that the [strategic reserve of wheat is sufficient for up to 7.3 months](#). He added that since the outbreak of the Ukraine crisis, about 1.8 million tonnes of wheat of various origins had been imported. India has been recognized as a new country of origin for importing wheat within the state's plan to open new sources of importing wheat as a strategic commodity. Egypt received 1.056 million tonnes of wheat from the Russian Federation in the March-May 2022 period, compared to about 573 000 tonnes in the same period a year earlier. Egypt contracted with India to buy 180 000 tonnes before exporting was banned, and it has not been released so far to meet its internal needs. [Serbian President Aleksandar Vucic announced](#) his country's approval to sell grain and wheat to Egypt.

The Egyptian government aims to raise the country's self-sufficiency in wheat. To increase domestic production, the government is targeting to increase the area of the wheat crops by 1.5 million feddans over the next three years. In addition, the Ministry of Supply plans to establish nine silos in Upper Egypt, with a total storage capacity of up to 600 000 tonnes, to raise the wheat storage capacity of Egypt to 5.2 million tonnes. In addition, six other field silos would be established in Menoufiya, Sharqiya, and Minya, with a storage capacity of 5 000 tonnes each, with operations expected to begin by the next wheat harvest season. In March 2022, the Ministry of Trade and Industry banned the export of all types of wheat flour, wheat grain, pasta, beans, and lentils for three months. The ban was extended for another three months.

To tackle food security challenges, the Egyptian government allocated LE 1 billion to subsidize food commodities and bread to ensure availability for about 71 million citizens, over 70 percent of the country's population. The subsidy card program entitles beneficiaries to EGP 21 (USD 1.1) worth of goods per month and five loaves of bread per day. In addition, in July 2022, the government announced that it would add a bonus of EGP 100 (USD 5.29) per month to each ration card for six months to help citizens from more vulnerable social groups (pensioners, families, and public employees on low salaries) to cope with the increasing food prices.

Iraq

The government implemented a reduced agricultural plan to prioritize drinking water and restricted the plantation in irrigated areas to 50 percent only. As a result, much lower production is forecasted for the 2021/22 season. Consequently, **imports in 2022–23 are expected to reach 3.4 million tonnes**, a 1.2-million-tonne increase over 2021–22. It will take a high toll on the Iraqi import bill. Import dependency on cereal in Iraq reached already 56 percent during March 2022.

The government is trying to respond to the looming Ukraine crisis with subsidies and market interventions. It has increased the subsidy on wheat procurement for farmers. However, a change in government policy regarding input subsidies has impacted negatively wheat production in Iraq. Before the 2021–22 marketing year, farmers operating within the Ministry of Agriculture's annual plan received certified and registered seeds at a subsidized rate of 70 percent. The rate has now been reduced to 30 percent. Fertilizer subsidies also changed from 120 kg per hectare to 20 kilograms per hectare. According to **USDA**, most farmers refused to acquire fertilizers due to their small amount and the bureaucratic challenges involved in receiving them.

Jordan

In previous years **Jordan** subsidized the price of bread, but in 2018 it switched to providing direct cash subsidies to target low-income families. The government, however, now sets the retail price of *Mowahad* bread (flat bread) at USD 0.45/kg (compared to USD 0.22/kg before the reform). In addition, to offset the increased cost of several inputs used in bread production, including energy, the government lowered the price of wheat flour which is sold to bakers. The policy switch has eliminated 90 percent of waste in consumption and subsidy abuse.

Over 97 percent of the domestic cereal food and feed requirements are satisfied through imports. Cereal import requirements in the 2022/23 marketing year (July/June) are forecast at an average level of 3 million tonnes. Wheat and barley imports are usually sourced from the Black Sea Region, given the lower freight costs compared to other origins, with the largest share originating from Romania. Between 2016 and 2020, the country sourced about 20 percent of its wheat imports from Ukraine and the Russian Federation. During the same period, over 35 percent of barley imports originated from the Russian Federation and 14 percent from Ukraine. The start of the crisis in Ukraine halted marine exports from Ukraine. Although food shipments from the Russian Federation were not subject to direct sanctions, restrictions on the financing and insurance coverage slowed down the pace of exports.

Despite the elevated global cereal prices, the country continued tendering, primarily for wheat and barley. Current wheat stocks cover 15 months of the national consumption requirements. Stocks of rice and maize usually cover about one month of consumption needs and feed barley for 12 months. To avoid future market turbulences, the government plans to maintain strategic wheat stocks (both in the country and in transit) to cover two years of food consumption needs.

Libya

Libya relies heavily on imports (up to 90 percent) to cover its cereal consumption requirements (mostly wheat for human consumption and barley for feed), and changes in domestic cereal production have a limited impact on the magnitude of the import requirement. In the 2022/23 marketing year (July/June), the import requirement is projected at 3.2 million tonnes, about the same as in the previous year and close to average.

Between 2016 and 2020, the country sourced over 30 percent of its wheat imports from Ukraine and 20 percent from the Russian Federation. In addition, almost 65 percent of total maize imports of 650 000 tonnes and 50 percent of total barley imports of 1 million tonnes originated from Ukraine, making the country vulnerable to disruptions in shipments from the Black Sea region.

According to the 2022 Libya Humanitarian Needs Overview, about 0.8 million people (10 percent of the population) are estimated to need humanitarian assistance, down from 1.3 million one year earlier. It includes 500 000 people requiring food assistance, about a third less than in 2021.

Morocco

Morocco relies heavily on cereal imports to cover its consumption needs. Because of droughts and reduced domestic production, the 2022/23 cereal import requirement is forecast at 10.4 million tonnes, about 35 percent more than the average import requirement in 2021/22. With current high international energy, grain, and fertilizer prices it has the consequence, **Morocco's external trade deficit is reaching its highest level in more than five years.**

Wheat constitutes roughly 60 percent of cereal imports. In the past, the European Union and Black Sea countries supplied most of the standard "soft" wheat, although the share of Argentina and Brazil has been increasing. During the past four years, wheat imports from Ukraine and the Russian Federation were about 20 and 7 percent, respectively, of total imports. Canada is the traditional supplier of "durum" wheat. Due to the ongoing crisis between Ukraine and the Russian Federation – until recently the second and third largest wheat exporters to Morocco –, the North African country **has decided to diversify its wheat supply sources** to mitigate the effects of the ongoing fluctuation in the international market and shift its focus to new markets, notably Brazil and Argentina. During the first half of the 2021/22 season, Morocco ordered food supplies from 15 countries, with Brazil and Argentina accounting for 41 percent of Moroccan imports. Due to droughts in the EU, France and the rest of **Europe will be less likely to fill the supply gap** left by reduced supply from conflict-stricken Eastern Europe.

Morocco's wheat reserves can sustain the country for six months after being affected by this year's diminished domestic output, Moulay Abdelkader El Alaoui, the President of the National Wheat Mill Federation, said. To counter the record low crop production, **Morocco's government took several measures**, including scrapping taxes on imported wheat and an emergency anti-drought program for Moroccan farmers. Under the program, the government will distribute 700 000 tonnes of barely for

USD 200 per tonne, covering the cost of transport to remote areas. The program will also provide 400 000 tonnes of compound feed to farmers to offset the rising prices of animal feed.

The government supports wheat production through the establishment of a reference price for purchasing local production, currently at MAD 3 000/tonne, up from MAD 2 800/tonne between 2017 and 2021. As of mid-June, the amount was equivalent to USD 300/tonne, down from USD 318/tonne in the previous season due to the weakening of the national currency. The government also provides a storage premium to farmers that decide to store wheat grain in licensed facilities.

The country applies tariffs on wheat imports to protect local producers from international competition and revises the duties periodically depending on the domestic supply and demand situation. Usually, import duties are set at the highest levels at harvest time. However, since November 2021, import duties on the "soft" (standard) and "durum" wheat have been suspended.

In February 2022, the National Inter-Professional Office for Cereals and Legumes reinstated a restitution system intended to keep "soft" (common) wheat prices below USD 270/tonne. Wheat importers are reimbursed for the difference between a baseline wheat price, calculated every two weeks based on prices from four origins, and the target price of USD 270/tonne. The system was extended until the end of 2022.

Tunisia

Tunisia aims to reach an annual domestic production of 3 million tonnes of cereals to achieve self-sufficiency. Policy instruments used by the government include guaranteed farmgate prices, subsidized certified seeds, an irrigation water subsidy, and technical assistance to farmers producing wheat in irrigated areas.

In 2022, the guaranteed farmgate prices of durum wheat increased to TDD 900 (USD 300 using the exchange rate of TDD 3.1 for USD 1 applied in May 2022), up from TDD 620/tonne (USD 225, using an exchange rate of TDD 2.7 for USD 1 applied in May 2021). The guaranteed farmgate prices of soft (common) wheat increased from TDD 500 to TDD 700/tonne and those of barley from TDD 410 to TDD 550. In 2022, the government purchased 700 000 tonnes of grains, compared to 808 000 tonnes in 2021.

The country relies heavily on grain imports, even in years with good production. Cereal import requirements in the 2022/23 marketing year (July/June) are forecast at a slightly above-average level of about 3.8 million tonnes, about 5 percent above the import requirements of the previous year. More than half of the imported cereals are wheat. Between 2016 and 2020, the country sourced almost 40 percent of its wheat imports from Ukraine, 7 percent from the Russian Federation, and the rest from various European Union countries. Almost 60 percent of total maize imports of 900 000 tonnes originated from Ukraine.

According to the National Observatory of Agriculture (Onagri), the food trade balance almost doubled in the past 12 months, posting a deficit of TDD 1 559.7 million in June 2022 against TDD 806.9 million during the same period in 2021.

Saudi Arabia

On 2 July, [Saudi Arabia's State Grain Buyer](#) (SAGO) announced that wheat farmers would be refunded for any price increases should international tenders be awarded at prices exceeding the established procurement price. Amid increasing international prices, SAGO has already revised wheat procurement prices twice during the current procurement season ending in October.

Sudan (the)

Import requirements for the 2022 marketing year (January/December) are forecast at about 2.48 million tonnes, including 2.05 million tonnes of wheat and 353 000 tonnes of sorghum. Wheat is mainly imported and consumed in urban areas, where about 40 percent of the population resides.

In past years, over half of wheat imports were sourced from the Russian Federation. However, due to soaring shipping rates and the financial sanctions imposed on the Russian Federation following the crisis in Ukraine, the country will likely need to import wheat from farther and hence costlier sources, leading to higher domestic prices. In addition, the impact of the Ukraine conflict exacerbated the existing challenges affecting the country's capacity to import, including low foreign currency reserves and the continued depreciation of the national currency.

Section III: International support to improve food security in the NENA region

Members of the Gulf Cooperation Council (GCC) and the United States of America announced on July 16 that they would provide USD 11 billion in support to overcome regional and international food security challenges. In addition, 10 Arab and national specialized financial institutions will provide a minimum of USD 10 billion in response to food security challenges," the USD 1 billion for near- and long-term food security assistance for the Middle East and North Africa region.

In response to a series of shocks facing countries in the Near East and North Africa, the new World Bank (WB) commitments topped over USD 5 billion in the fiscal year 2022, which ended June 30. The investments, among others, help people across the region to mitigate the impacts of the conflict in Ukraine on food and energy prices and build resilience to climate and other shocks. According to the World Bank, as many as 23 million people in the NENA region are at risk of falling into deeper poverty. In Egypt, the World Bank approved a USD 500 million loan to help ensure that vulnerable households have uninterrupted access to bread while strengthening the country's medium-term resilience to food crises and supporting reforms in food security policies. In Tunisia, the World Bank approved a USD 130 million loan to provide emergency support to help finance vital wheat imports, help dairy producers and smallholder farmers, and support medium-term policy changes. In Lebanon, the World Bank approved a USD 150 million project to finance wheat imports and help put the sector toward greater resilience. In addition, the WB has released USD 100 million for the World Food Program to tackle "deep food insecurity" for 2 million people. In Sudan (the), 2 million people will benefit from the program with cash and food.

The African Development Bank Board of Directors approved a loan of USD 271 million to support Egypt to mitigate the impact of the global shocks on the domestic economy from the Ukraine crisis and to preserve resilience. The program seeks to increase national agricultural productivity, mitigate food security risks for people in vulnerable situations, and help enhance Egypt's private sector and fiscal resilience.

Section IV: Highlight from FAO RNE

The launch of the Zero Hunger initiative in the Arab region

Achieving Sustainable Development Goal (SDG) 2, Zero Hunger (Ending hunger, achieving food security, improving nutrition, and promoting sustainable agriculture), is particularly important for the Arab region. FAO has supported Regional Zero Hunger Initiatives in Africa, Latin America, the Caribbean, and the Asia and the Pacific regions. With the help of FAO, the Arab region – North Africa and Near East – launched a similar initiative during the Arab Sustainable Development Week, organized between 13–15 February 2022 in Cairo.

In February 2017, the Economic and Social Council of the League of Arab States approved the establishment of "The Arab High-Level Sustainable Development Committee" to coordinate the region's efforts in implementing the Sustainable Development Goals. The same year, the Committee approved the establishment of the Subcommittee for Hunger Eradication, Food Security, and Sustainable Agriculture. The Subcommittee's mandate is to monitor SDG 2 to end hunger and malnutrition and promote sustainable agriculture and other related goals in the Arab region. The Subcommittee represents an excellent opportunity to advance FAO's Zero Hunger Initiative in NENA. FAO provided technical support to develop the Arab Regional Strategic Framework and Action Plan for Zero Hunger.

The Zero Hunger Initiative represents a step towards promoting an initiative to eradicate hunger in the region and draw lessons from other regional initiatives to end hunger. It requires a solid commitment to advancing regional and country policy dialogue, and it is, therefore, essential to mobilize political support at the country and regional levels. The initiative shows a strategic direction for the region's governments and other stakeholders on key priorities to be considered in their policies, plans, and programs to achieve SDG 2 while ensuring integration with other related SDG goals and targets. The initiative stimulates regional cooperation through exchanging knowledge, science, modern and intelligent techniques, collective actions to address cross-border issues, and joint investments based on the principle of "profitable for all."

The framework identifies seven priority areas for eradication of hunger in the region and achievement of SDG 2 and related goals:

- ➔ Enhance agriculture and water productivity to at least double yields by 2030 by providing support to smallholders, improving resource-use efficiency, combating land degradation and desertification, and reducing food loss and waste from farm to fork.
- ➔ Promote integrated rural development to close the urban-rural gap by developing rural infrastructure and promoting rural food processing, and facilitating access to markets.

- Strengthen social protection programmes to provide targeted and untargeted as well as conditional and unconditional assistance, allowances, food-based programs, basic services, and subsidies to safeguard the welfare of the most vulnerable while responding to temporary shocks.
- Promote a strategic shift towards healthier, affordable, and more sustainable diets by developing dietary guidelines linked to social safety nets, promoting, promoting nutrition labeling and food fortification, and regulating food-related advertisement and marketing.
- Build resilience to shocks and pressures by strengthening governance to manage disaster risk, enhancing the resilience of the agricultural sector through climate-smart technologies and farming methods, setting early warning systems, and enhancing preparedness.
- Achieve lasting peace and mitigating the effects of conflicts by upholding humanitarian principles, working along the Humanitarian-Development-Peace Nexus (HDPN), developing a hazard early warning system, and promoting sustainable livelihood.
- Promote trade and investment for enhanced food security by ensuring trade facilitation and functioning of agriculture-related markets, removing export restrictions to minimize supply disruptions and price volatility, and promoting greater regional economic integration.

ANNEX I:

Recent developments in international food and commodity markets

FAO Food Price Index

The [FAO Food Price Index](#) tracks monthly changes in the international prices of a basket of commonly traded food commodities. The Index declined for the fifth consecutive month in August 2022 as quotations for most benchmark items dropped (Figure 9).

Figure A1.1: FAO Food Price Index



Source: FAO, Available at: www.fao.org/worldfoodsituation/foodpricesindex/en/ (Accessed: September 2022).

The FAO Cereal Price Index decreased by 1.4 percent from the previous month, a drop driven by a decline in international wheat prices. The Cereal Price Index is, however, still 11.4 percent above its August 2021 value and global wheat prices remained 10.6 percent above their values in August last year. International prices of coarse grains increased marginally (+0.2 percent) in August due to firmer maize prices, averaging 12.4 percent above their values a year ago. Conversely, global barley and sorghum prices decreased by 3.8 percent and 3.4 percent, respectively. The FAO All Rice Price Index held steady in August.

The FAO Vegetable Oil Price Index decreased by 3.3 percent from July, reaching slightly below the August 2021 index value. The FAO Dairy Price Index fell by

2.0 percent in August while remaining 23.5 percent above its August 2021 value. The FAO Meat Price Index declined by 1.5 percent from July but stayed 8.2 percent higher than its value a year ago. Finally, the FAO Sugar Price Index decreased by 2.1 percent to its lowest level since July 2021, triggered mainly by high export caps in India and lower ethanol prices in Brazil.

International grain prices

Figure A1.2: International Grains Council (IGC) Grains and Oilseeds Index (GOI) & wheat and maize sub-Indices



Source: International Grains Council (IGC). Available at: www.igc.int/en/markets/marketinfo-go.aspx (Accessed: September 2022).

Table A1.1: International Grains Council (IGC) Grains and Oilseeds Index (GOI) and sub-Indices

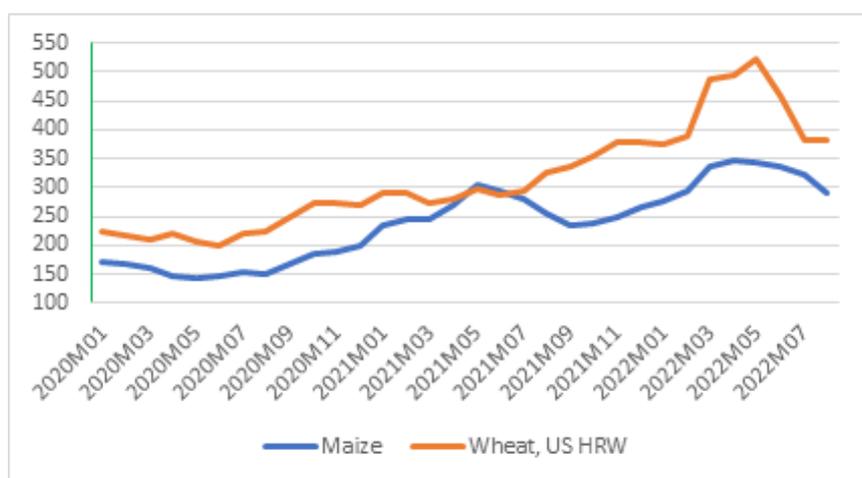
	Aug 2022 Average*	Change	
		M/M	Y/Y
GOI	309.4	+0.4%	+12.0%
Wheat	292.8	-3.2%	+10.6%
Maize	306.7	+2.3%	+12.8%
Rice	174.1	-0.1%	+5.1%
Soybeans	313.0	+2.2%	+13.9%

*Jan 2000=100, derived from daily export quotations

Source: AMIS Market Monitor. Available at: www.amis-outlook.org/fileadmin/user_upload/amis/docs/Market_monitor/AMIS_Market_Monitor_current.pdf (Accessed: September 2022).

The **Grains and Oilseeds Index (GOI)**³, which tracks the price movement across seven key commodities, was 12 percent higher in August 2022 than a year ago (Figure 10 Table 1). Its wheat and maize sub-Indices were 10.6 percent and 12.8 percent higher, respectively, than a year before. However, the IGC GOI wheat sub-Index dropped by 3.2 percent from July 2022. The opening of the Black Sea safe shipping corridor, improved production prospects in North America and the Russian Federation, and concerns about global economic growth have pushed the wheat sub-Index in August to a seven-month low.

Figure A1.3: Monthly rice of wheat (United States of America Hard Red Winter - HRW) and maize price (USD/tonne)

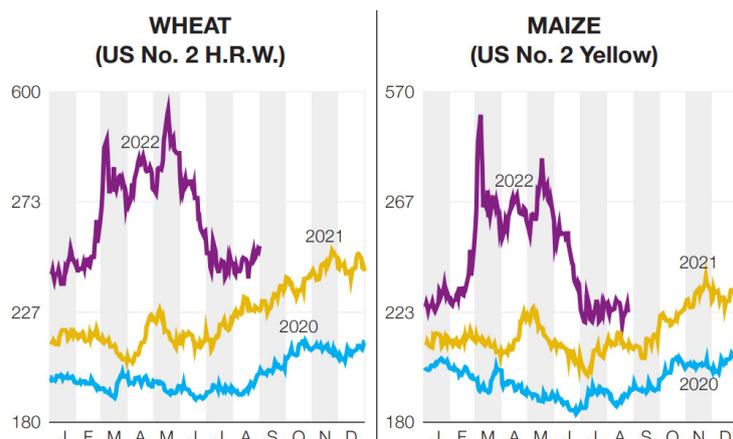


Source: World Bank. Available at: www.worldbank.org/en/research/commodity-markets (Accessed: September 2022).

The average price of wheat (United States of America Hard Red Winter) was 382.86 USD/tonne in August 2022 (Figure 11). Wheat price dropped 27 percent from its peak in May 2022; however, it was still 18 percent above its price a year ago. Wheat prices were somewhat firmer in the second half of August (Figure 12) and beginning of September amid signs of resurgent international demand, news of increased tensions in the Black Sea region, and worries about soil moisture conditions ahead of 2023/24 planting in some areas (USA, EU) and expensive fertilizers. Furthermore, Ukraine will plant at least 20 percent less winter wheat this fall.

³ The Grains and Oilseeds Index (GOI) is a trade-weighted measure of international price movements across seven essential commodities – wheat, maize (corn), barley, sorghum, rice, soybeans, and rapeseed/canola. The GOI is based on a value of 100 for January 2000.

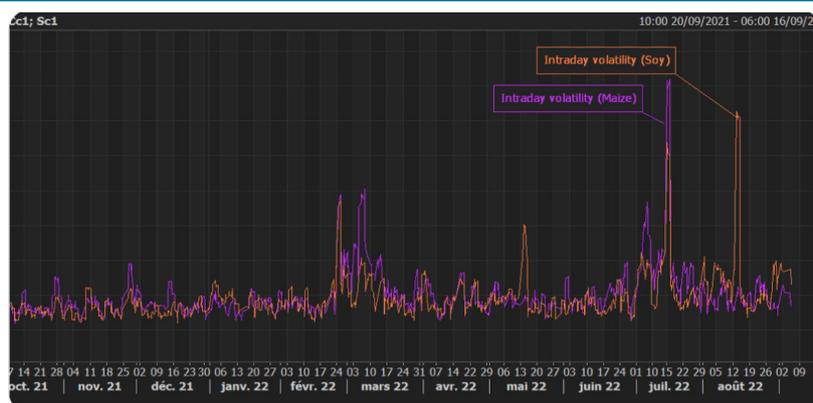
Figure A1.4: Daily quotations of wheat and maize export prices (USD/tonne, 2022–22



Source: AMIS Market Monitor, Available at: http://www.amis-outlook.org/fileadmin/user_upload/amis/docs/Market_monitor/AMIS_Market_Monitor_current.pdf (Accessed: September 2022).

The IGC GOI **maize sub-Index has gained** 2.3 percent since July 2022, mainly boosted by lower production prospects in the European Union and the United States of America due to hot, dry conditions. Prices in Brazil increased on overseas solid demand and hopes for an early start to shipments to China. Quotations in Argentina advanced amid firming buying interest, with worries about La Nina potentially persisting into 2023. The resumption of shipments from Ukraine's Black Sea ports weighed slightly on prices in early August but exerted little pressure after that. The average price of maize was 289.84 USD/tonne in August 2022, 13 percent higher than a year before (Figure 11-12). However, maize price has dropped 16 percent from its May 2022 record height.

Figure A1.5: Increased volatility on maize and soybean futures



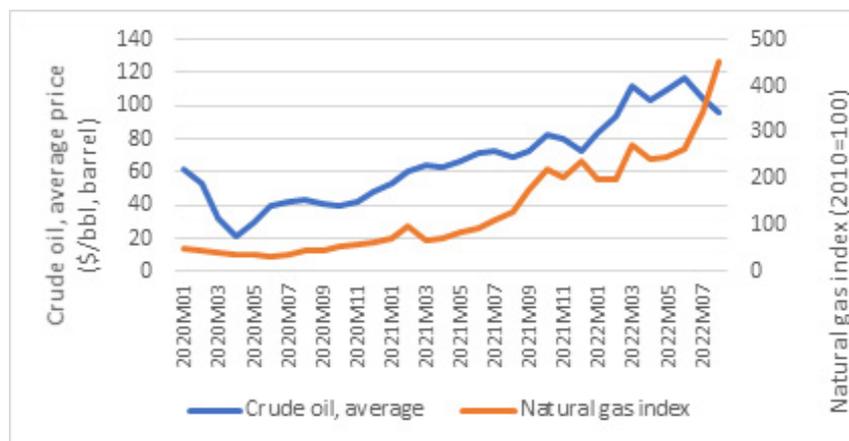
Source: AMIS Market Monitor, Available at: <http://www.amis-outlook.org/amis-monitoring#.Y34mDffMI2w> (Accessed: September 2022).

Grains and oilseeds markets registered acute intra-day amplitudes of price variation during the summer, especially on the maize and soybean futures, exceeding the

March 2022 peak (Figure 13). Such volatility suggests that the **current price equilibrium** is precarious.

Fertilizer prices

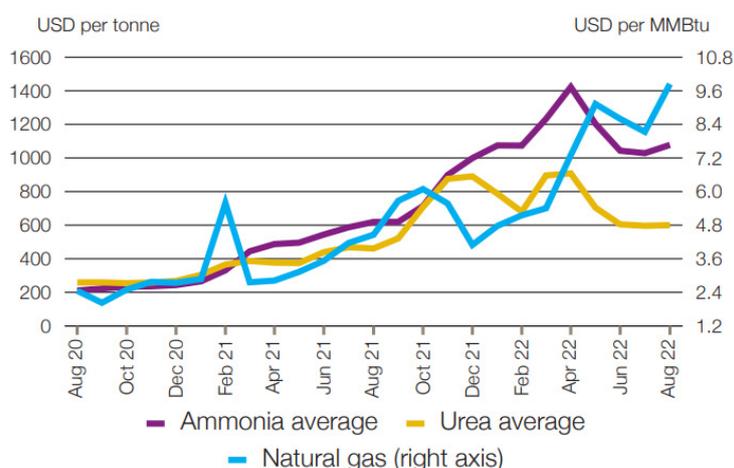
Figure A1.6: Crude oil and natural gas index (World Bank)



Source: World Bank. Available at: www.worldbank.org/en/research/commodity-markets (Accessed: September 2022).

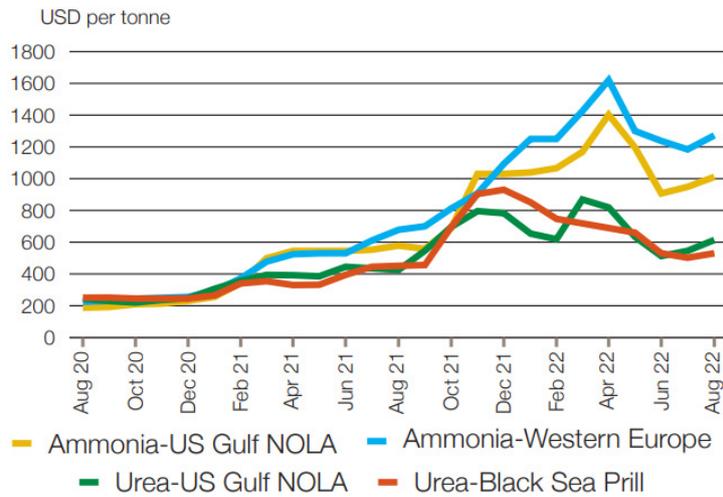
The average crude oil price was 95.97 USD in August 2022, 18 percent lower than its June 2022 peak, albeit 39 percent higher than a year ago (Figure 14). Global growth concerns, sluggish Chinese recovery, and a strong dollar put downward pressure on oil prices. In contrast, natural gas pricing has been soaring in recent months due to geopolitical tensions and sanctions. As a result, the World Bank natural gas index was more than three times higher (349 percent) in August 2022 than a year ago.

Figure A1.7: Ammonia average, urea average, and natural gas (spot prices)



Source: AMIS Market Monitor. Available at: http://www.amis-outlook.org/fileadmin/user_upload/amis/docs/Market_monitor/AMIS_Market_Monitor_current.pdf (Accessed: September 2022).

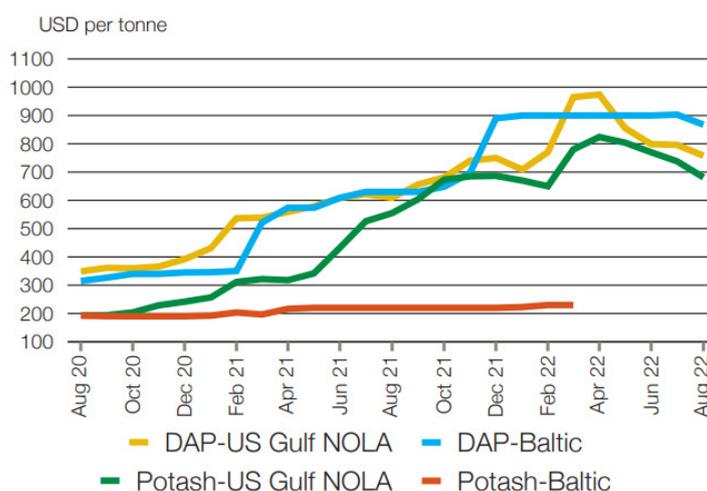
Figure A1.8: Ammonium and urea (spot prices)



Source: AMIS Market Monitor, Available at: http://www.amis-outlook.org/fileadmin/user_upload/amis/docs/Market_monitor/AMIS_Market_Monitor_current.pdf (Accessed: September 2022).

Fertilizers, particularly nitrogen fertilizers, are particularly affected by high natural gas prices, as their production requires massive energy. After their peak in April 2022, the cost of several nitrogen fertilizers increased in August 2022 (Figure 15-16). In Europe, as natural gas prices have been soaring, many fertilizer producers have cut production. About **70 percent of Europe's production capacity has been suspended**, further increasing fertilizer prices. The pick-up in European prices spills over globally as Europeans are expected to turn from net exporters to net importers of fertilizers, thus bringing additional demand to international markets. Ammonia prices in August increased, driven mainly by announcements of plant closures in Europe. Increased demand from European buyers has led to high-priced sales out of Egypt and the Arab Gulf and has also put upward pressure on prices in other regions. Exports from China continue to be limited by the country's export restrictions. Urea price increases were limited given the relatively weak demand for ammonia, as exemplified by lower imports by China.

Figure A1.9: Potash and Diammonium phosphate (DAP) (spot prices)



Source: AMIS Market Monitor, Available at: http://www.amis-outlook.org/fileadmin/user_upload/amis/docs/Market_monitor/AMIS_Market_Monitor_current.pdf (Accessed: September 2022).

Prices for other fertilizers were mainly stable or even decreased in August following low seasonal demand, though prices for all fertilizer types remain elevated compared to a year ago (Figure 17). Diammonium phosphate prices were down slightly in August in the United States of America Gulf and Baltic in line with low seasonal demand, though prices are still considerably higher compared to a year ago. Exports from **China** remain limited due to measures aimed at keeping domestic prices in check. Potash prices reduced slightly in August following low seasonal demand and reportedly more Russian and Belarussian products making their way to international markets.

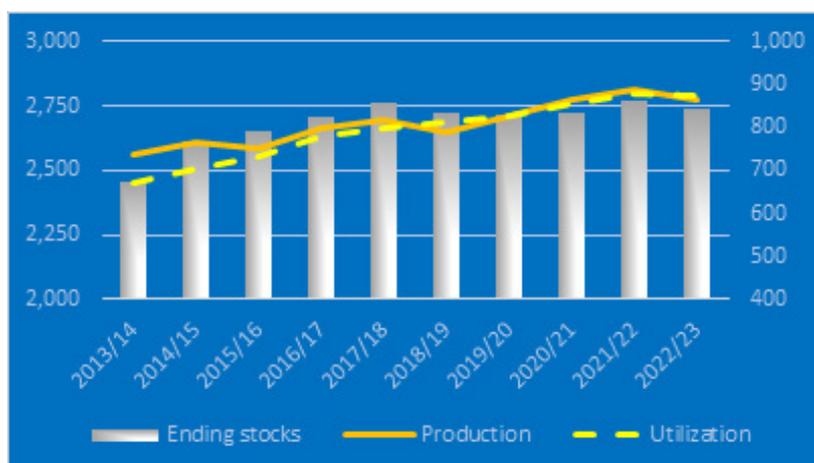
Apart from reduced fertilizer availability, trade policy measures and disruptions also support the upward price trajectory for fertilizers. **China**, one of the world's leading exporters of diammonium phosphate and urea, has introduced a ban on phosphate rock export and export licensing on fertilizers since September 2021. In addition, fertilizer supplies from the Russian Federation and Belarus, both leading exporters of nitrogen and mineral fertilizers, continue to be limited due to international sanctions.

Diammonium phosphate (DAP), Urea, and Potassium chloride prices were 24 percent, 32 percent, and 155 percent higher, respectively, in August 2022 than a year ago. However, uncertainties remain in international fertilizer markets due to the Ukraine conflict and its impact on energy supplies. Rising fertilizer costs for grain producers will squeeze profit margins and ultimately limit production. Such higher production risks would increase food price tensions and contribute to food security concerns.

FAO has lowered the global cereal production outlook for 2022

Persistent drought conditions in northern hemisphere countries have prompted a significant cutback in **FAO's latest cereal production forecast** for 2022. As a result, global cereal production is anticipated to be 2756 million tonnes in 2022 (Figure 18), a decline of 57 million tonnes, or 2.0 percent, from the previous year.

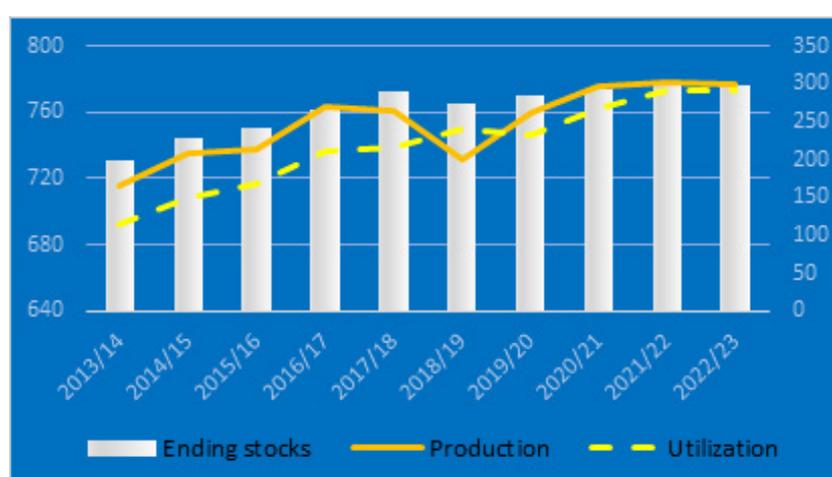
Figure A1.10: World cereal market: production, utilization, and ending stocks



Source: FAO, Available at: www.fao.org/worldfoodsituation/csdb/en/ (Accessed: September 2022).

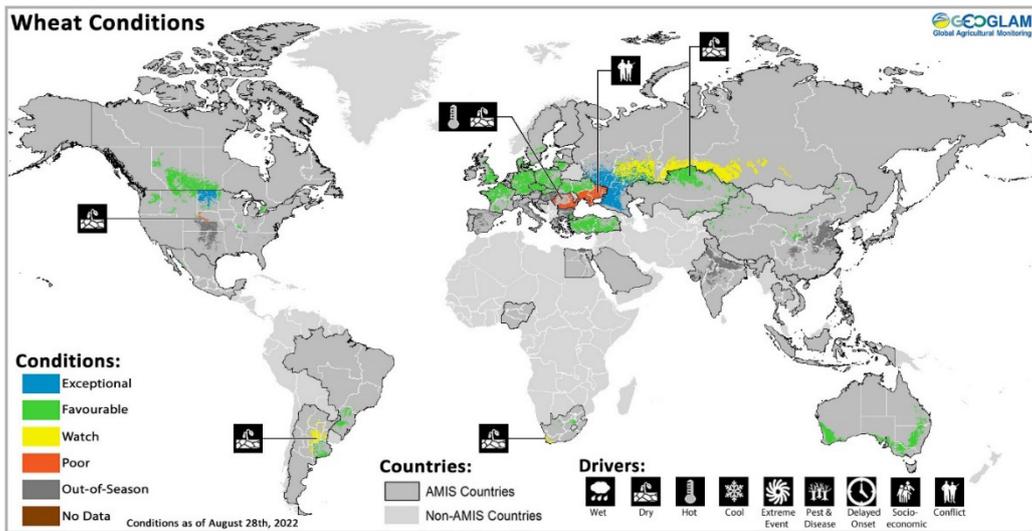
The bulk of the downward revision concerns coarse grains, with maize yields in the European Union expected to drop 16 percent below their five-year average level due to the exceptionally hot and dry weather conditions (Figure 21). Similarly, prospects for maize production in the United States of America are downgraded moderately, mainly owing to unfavorable weather in the Midwest that has curbed yield prospects. FAO forecasts a record high 781.1 million tonnes global wheat production in 2022. (Figure 19), on the back of expected record harvests in the [Russian Federation](#) and conducive weather conditions in Canada and the United States of America, and [Australia](#) (Figure 20). Conversely, the continued rainfall shortages across much of the European Union adversely impacted wheat production. Global rice production is expected to drop by 2.4 percent from its all-time high reached in 2021.

Figure A1.11: World wheat market: production, utilization, and ending stocks



Source: FAO, Available at: www.fao.org/worldfoodsituation/csdb/en/ (Accessed: September 2022).

Figure A1.12: Wheat crop conditions

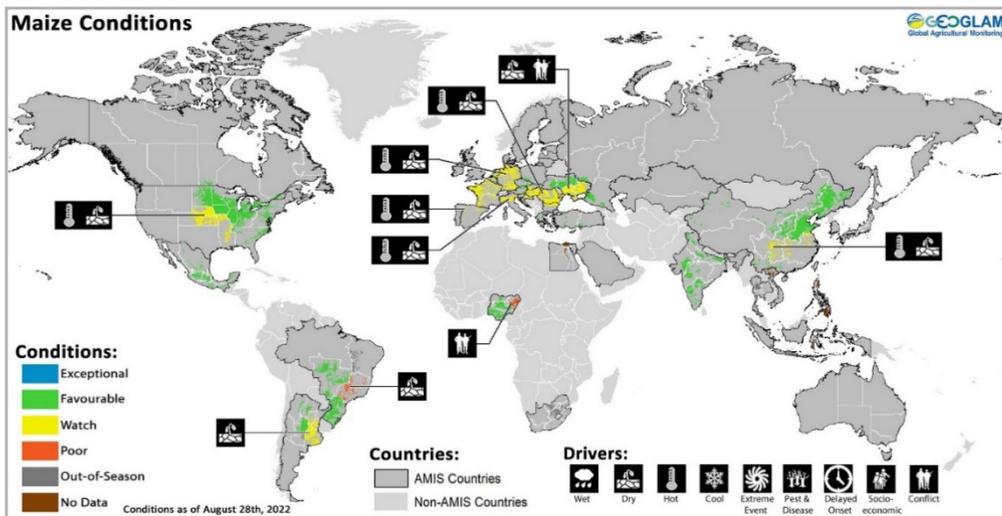


Dashed lines on maps represent approximate border lines for which there may not yet be a full agreement

Source: www.cropmonitor.org (Accessed: September 2022).

Note: Crops that are in other than favorable conditions are displayed on the map with their crop symbol.

Figure A1.13: Maize crop conditions



Dashed lines on maps represent approximate border lines for which there may not yet be a full agreement.

Source: www.cropmonitor.org (Accessed: September 2022).

World cereal utilization for 2022/2023 is now pegged at 2777.4 million tonnes, while global cereal stocks at the close of the 2023 seasons are expected to contract by 2.2 percent to 839.4 million tonnes (Figure 18). As a result, the world cereal stocks-to-use ratio is expected to fall slightly from 30.7 percent in 2021/22 to 30.2 percent; a level FAO notes is still relatively high from a historical perspective.

World trade in cereals is predicted to decline by 1.9 percent in 2022/2023 from the year-earlier period to 471.6 million tonnes. The forecast for world wheat trade in 2022/23 is 194.0 million tonnes. More excellent wheat export prospects for Canada and the Russian Federation, boosted by higher production forecasts, are balanced by lower expected shipments from the European Union, as a result of lower production prospects, and India, where the country's efforts to control rising domestic prices through wheat export restrictions are tempering exports.

Larger-than-earlier-expected maize shipments are also seen for Argentina and Brazil, with near-record and record harvest levels, respectively. These revisions, along with more significant maize purchases forecast for the European Union to compensate for the foreseen lower production,

ANNEX II:

Trade policy changes related to agricultural and food products in the NENA region

This Annex contains a detailed overview of trade policy changes related to agricultural and food products introduced by NENA countries since the beginning of the Ukraine crisis (from February 2022) based on the [Global Trade Alert September 2022 Report](#).

As far as **export policies** are concerned, policy interventions involving unilateral changes in the following policy instruments are included:

- Outright export bans.
- Export control policies, including export authorisation policies.
- Export quotas.
- Non-automatic export licensing requirements.
- State requisition policies that de facto frustrate exports.
- State exhortation to local producers not to export.
- Requirements that local producers reserve a minimum amount or percentage of their production for the local market.

In terms of **import policies**, policy interventions involving unilateral changes included:

- Import bans.
- Import tariffs.
- Import quotas.
- Tariff rate quotas for imports.
- Import licensing regimes.
- Import monitoring regimes.
- Customs-related trade facilitation measures.
- Internal taxation of imports, including any changes in value-added taxes paid by importers.

Table A2.1: Trade policy changes related to agricultural and food products introduced by NENA countries since the beginning of the Ukraine crisis (from February 2022)

Jurisdiction	Restrictive or Liberalising	GTA intervention type	Announcement date	Implementation date	Removal date	Description
Egypt	Restrictive	Export ban	10.03.2022	11.03.2022	10.06/2022	On March 10, Egypt's Ministry of Trade and Industry (MTI) issued decree No. 141 of 2022, banning the exports of wheat, fava beans, lentils, pasta, green wheat, corn, all kinds of wheat flour, and all kinds of edible oils for a period of three months. This is to ensure adequate supplies in the domestic market, preserve the local strategic reserves of these commodities and prevent price hikes.
Libya	Restrictive	Export ban	22.03.2022	22.03.2022		Libya imposed a total ban on the export of all types of fish effective immediately. It also announced the plan to create a three-month strategic stock of basic foods.
Algeria	Restrictive	Export ban	15.03.2022	15.03.2022		Algeria's President Abdelmadjid Tebboune has banned the export of foodstuffs that the country import, the state news agency has said. The commodities include sugar, oil, pasta, semolina, and wheat derivatives. The president's decision also bans the importation of frozen meat products.
Morocco	Restrictive	Production subsidy	18.02.2022	18.02.2022	31.12.2022	The budget allocated for subsidies rose to MAD 3.2 billion (USD 340.8 million) in 2021, MAD 2 billion (USD 213 million) more than pre-pandemic level. With transport fees on the rise, public spending on subsidies in Morocco is showing no sign of slowing down, as grain subsidies are expected to reach MAD 3.8 billion (USD 404.8 million) throughout 2022.

Jurisdiction	Restrictive or Liberalising	GTA intervention type	Announcement date	Implementation date	Removal date	Description
Egypt	Restrictive	Export quota	17.03.2022	17.03.2022		Egyptian farmers will have to sell at least 60% of their wheat to the government this season or risk losing financial support amid efforts by the state to offset disruption to Black Sea wheat imports. The government has taken several steps to protect wheat supplies since the Russian Federation invaded Ukraine. The Supply Ministry document said farmers would have to sell at least 12 ardebs (150 kg) of wheat per feddan (acre). A feddan usually produces an average of 20 ardebs. The rules also apply to any third party that purchased wheat from farmers before the decision was taken.
Lebanon	Restrictive	Export ban	11.03.2022	11.03.2022		On 11 March 2022 Lebanon banned the export of some locally-produced foods. The export ban includes over 20 food items, such as processed fruits and vegetables, milled grain products, sugar, bread, and some types of alcohol. The ban also covers meat, dairy products, coffee beans and animal feed.
Egypt	Restrictive	Financial grant	04.04.2022	04.04.2022		The Egyptian government allocated EGP 1.1 billion (approx. USD 60.1 million) for the General Authority for Supply Commodities and the Agricultural Bank of Egypt in order to finance local wheat crop procurement from farmer. Minister of Finance Mohamed Maait announced.
Kuwait	Restrictive	Export ban	20.03.2022	20.03.2022	20.06.2022	Kuwait suspended the export of vegetable oils and all kinds of grains for three months due to the shortage of supplies caused by the Ukraine crisis.

Jurisdiction	Restrictive or Liberalising	GTA intervention type	Announcement date	Implementation date	Removal date	Description
Kuwait	Restrictive	Export ban	23.03.2022	23.03.2022		On March 23 Kuwaiti Commerce Minister Fahad Al-Shariaan said his country intends to ban the export of frozen chicken to maintain price stability. He said that the decision aims to maintain price stability and rein in high prices.
Tunisia	Restrictive	Export ban	11.04.2022	11.04.2022		April 11 2022.- The Tunisian government has banned the export of fresh vegetables and fruits to all foreign destinations to combat scarcity in the local market and adjust prices after recording a record high in their prices since the beginning of Ramadan. The ministry issued a decision banning the export of all kinds of vegetables and fruit without specifying the time period for restricting exports.
Saudi Arabia	Liberalising	Import ban	14.03.2022	14.03.2022		On 14 March 202. Saudi Arabia lifted the ban on Thai poultry meat and related products after 17 years. Livestock Development Department chief Sorawit Thaneeto added that this is good news for Thai livestock exports at the beginning of 2022 following the restoration of diplomatic ties between Thailand and Saudi Arabia.
Egypt	Restrictive	Export ban	14.03.2022	14.03.2022	13.06.2022	<p>On 14 March 2022 Egypt has announced that it has imposed a three-month export ban on green wheat, cooking oil and corn.</p> <p>This comes as the African country attempts to secure citizens' need for basic commodities as the month of Ramadan approaches amid concerns over global supply issues exacerbated by the Ukraine crisis. Egypt imports over 80 percent of its wheat from the Russian Federation.</p>

Jurisdiction	Restrictive or Liberalising	GTA intervention type	Announcement date	Implementation date	Removal date	Description
Tunisia	Restrictive	Export ban	14.04.2022	14.04.2022		On 14 April 2022 Tunisia banned the export of fresh fruits and vegetables to all countries. The rationale for the export ban is to mitigate local shortages and reduce prices after record level of prices were recorded since the beginning of the fasting month of Ramadan. The length of the ban was not specified. However, the Tunisian Ministry of Trade and Export Development suggested that the export ban would continue until the market stabilizes and a balance between supply and demand is reached, and prices fall once the new crops reach full maturity.
Iraq	Restrictive	Import ban	15.03.2022	15.03.2022	03.05.2022	Industry Minister Georges Bouchikian praised on Tuesday Iraq's decision to allow the re-importation from Lebanon of foodstuffs that had been banned. Bouchikian was informed by the Central Agency for Standardization and Quality Control of the Iraqi Ministry of Planning of the decision "to lift the ban on importing the foodstuffs mentioned below under Iraqi Council of Ministers Resolution No. 72 of 2022, and to reconsider the ban on materials or allow their import after examining the developments of the crisis, knowing that this decision is executed as of 15/3/2022. The foodstuffs covered by the ban lift are: beer, soft drinks of all kinds, juices, energy drinks, mineral water, pasteurized milk, chips made of corn and potatoes, ice cream, table salt, vermicelli and pasta, table eggs, and chicken.

Jurisdiction	Restrictive or Liberalising	GTA intervention type	Announcement date	Implementation date	Removal date	Description
North African countries	Restrictive	Production subsidy	20.05.2022	20.05.2022		<p>On 20 May 2022 the African Development Bank (AfDB) Group's Board of Directors approved the USD 1.5 billion African Emergency Food Production Facility to support African agriculture. The AfDB launched the support scheme to address the disruption of food supplies created by the Ukraine crisis. The Facility is based on providing certified seeds to around 20 million African farmers. The support should enable African farmers to produce 38 million tonnes of food specifically 11 million tonnes of wheat, 18 million tonnes of maize, 6 million tonnes of rice, and 2.5 million tonnes of soybeans. In addition to seed, the African Emergency Food Production Facility includes the provision of fertilizer extension services as well as post-harvest management. The AfDB also commits to providing fertilizers to small farmers over the next 4 farming seasons.</p>
Tunisia	Restrictive	Export licensing requirement	11.05.2022	11.05.2022		<p>New rules in Tunisia stipulate that the country's olive oil producers must obtain specific authorization to participate in the country's duty-free export quota program with the European Union.</p> <p>The new Tunisian presidential decree extends to all Tunisian companies already registered in the official list of olive oil exporters.</p> <p>As a result, interested exporters will have to receive permission from the Ministry of Agriculture at least a week before the shipment.</p>

Jurisdiction	Restrictive or Liberalising	GTA intervention type	Announcement date	Implementation date	Removal date	Description
Morocco	Liberalising	Import tariff	02.06.2022	03.06.2022		On 2 June 2022 the government of Morocco eliminated the import tax on some oilseeds and crude oils to allow businesses to deal with the increase in the prices of raw materials caused by the war in Ukraine. This 0% import tariff will apply until further notice.
Egypt	Restrictive	Export ban	31.05.2022	31.05.2022	31.08.2022	Egypt banned the trading of wheat by third parties until the end of August preventing any sales other than to the government. The government aims to buy the whole harvest from local farmers, as it targeted 6 million tonnes of domestic wheat this year.
Saudi Arabia	Restrictive	Import tariff	12.06.2022	12.06.2022		<p>Import tariffs on a range of livestock, fish and vegetables have all been increased by Saudi Arabia as the Kingdom seeks to promote domestic industries and products. Minister of Finance Mohammed Al-Jadaan has signed off the levy rise on 99 commodities in line with World Trade Organization rules.</p> <p>Among the changes are tariffs on sheep and goats, rising from zero to 7 percent. Customs duties of twelve types of fish and shrimp were also raised, with a minimum of 6 percent and a maximum of 15 percent respectively. A number of vegetables, including onion, cucumber, carrot, eggplant and zucchini now have import tariffs of 5 percent up from zero. The decision came into force on June 1 2022.</p>

Jurisdiction	Restrictive or Liberalising	GTA intervention type	Announcement date	Implementation date	Removal date	Description
The Syrian Arab Republic	Restrictive	Export ban	19.05.2022	19.05.2022		On 19 May 2022 the interim government issued a decision to ban the export of strategic crops. It prohibited the export or transport of any of the strategic crop, primarily the wheat crop, outside the liberated Syrian lands (under the opposition control). The statement explained that this decision was due to the global food crisis aggravated by the spread of the coronavirus pandemic and, more recently, the Russian Federation war on Ukraine.
United Arab Emirates (the)	Restrictive	Export ban	15.06.2022	15.06.2022	15.10.2022	The UAE has placed a ban on the export and re-export of all varieties of Indian wheat for four months. This will not allow Indian wheat sold to the UAE from being used for any other purposes other than UAEs domestic consumption The resolution applies to all varieties of Indian wheat and wheat flour, which were imported into the country before 1. May 2022. UAE's economy ministry said that companies wishing to export and re-export wheat of Indian origin, w which were imported into the country before 13 May 2022, must obtain the ministry's permission to export outside of the UAE.
Egypt	Restrictive	Production subsidy	27.06.2022	27.06.2022		Egypt plans to cut wheat imports by 500 000 tonnes per year, or about 10%, by eking out more subsidized bread from its grain, Supply Minister Aly El-Moselhy said. Egyptian officials are looking to boost their reliance on local wheat production in a bid to reduce the import bill. Authorities are calling on millers who produce the flour for the subsidy program to increase the amount of wheat bran used.

Jurisdiction	Restrictive or Liberalising	GTA intervention type	Announcement date	Implementation date	Removal date	Description
Comoros (the)	Restrictive	Price stabilisation	04.08.2022	04.08.2022		On 4 August 2022 Comorian Ministry of the Economy announced 1.600 million Comorian franc. or 3.4 million euros. Of this sum, 400 million Comorian francs (814 000 euros) will be allocated to bakers and 1.2 billion to ONICOR (Office national d'importation et de commercialisation du riz). The subsidy aims to avoid the increase of price of two strategic products widely consumed by the population: bread and ordinary rice.
Comoros (the)	Liberalising	Internal taxation of imports	04.08.2022	04.08.2022		On 4 August 2022 Comorian local media reported the government then decided to waive the single tax that the National Rice Import and Marketing Office (ONICOR) would have to pay. The latter receives an average of 6 000 tonnes of rice each year for 2.4 billion in taxes paid to the state. This subsidy aims to avoid the increase in these two strategic products widely consumed by the population: bread and ordinary rice.
Algeria	Restrictive	Import ban	11.08.2022	01.01.2023		The Prime Minister announced the stopping from next year of the importation of market gardening seeds.
Saudi Arabia	Liberalising	Price stabilisation	10.08.2022	10.08.2022		Saudi Arabia's Agricultural Development Fund has signed a SR150 million (USD 39.8 million) contract to finance the import of around 13 000 tonnes of barley. It is part of the fund's initiative to finance the import of agricultural product. The fund aims to enhance the strategic stock of agricultural products and compensate for any agricultural commodities supply shortage. as well as ensuring the stability of food supply chains.

Jurisdiction	Restrictive or Liberalising	GTA intervention type	Announcement date	Implementation date	Removal date	Description
Morocco	Liberalising	Production subsidy	29.09.2022	29.09.2022		On 29 Sep 2022 Morocco's Ministry of Agriculture and Fisheries and the Ministry in charge of the budget have decided to cease irrigation subsidies on the cultivation of avocado, watermelon and citrus fruit.
Egypt	Restrictive	Export ban	20.10.2022	20.10.2022		On 20 October 2022 Egypt's Prime Minister Mostafa Madbouly ordered extending a ban on rice export to meet local market need, affirming the importance of tightening control over crossing points.

Food Security Snapshot of NENA countries are available at website
<https://www.fao.org/giews/countrybrief/index.jsp>



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