



Crop Prospects and Food Situation

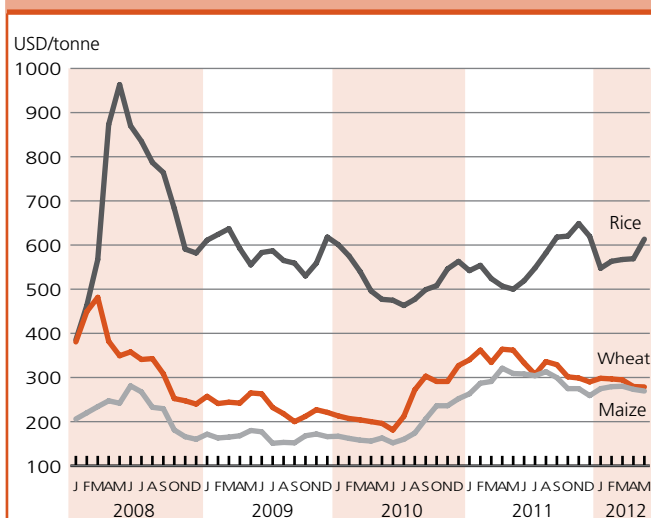
HIGHLIGHTS

- **The outlook for world cereal production in 2012 improved further in recent weeks largely on expectation of a much bigger maize crop in the United States.** World cereal production is now forecast to increase by 3.2 percent to a new record. At 2 419 million tonnes, global cereal production would exceed the anticipated utilization in 2012/13 and lead to a significant replenishment of world stocks, which could keep international prices under downward pressure.
- **Wheat and coarse grains prices eased in May, mostly during the second half, driven by good supply prospects.** Rice prices were supported by a temporary surge in import demand and large Government purchases in Thailand, the number one exporter of the commodity.
- **Aggregate cereal imports of the 66 LIFDCs for 2012/13 are forecast to decrease slightly,** mainly due to the generally favourable prospects for the 2012 domestic harvests.
- **In North Africa, early forecasts point to a sharp decline in cereal production in Morocco** as a result of erratic and insufficient rains, while in the remaining countries of the subregion above-average harvests are expected.
- **In West Africa, a sharp drop in last year's cereal and pasture production combined with high food prices and civil strife has led to increasing food insecurity and malnutrition in several countries.** The escalation of armed conflict in northern **Mali** in April 2012 has resulted in a large displacement of people and serious disruption in commodity movement, worsening food security in the subregion.
- **Desert Locust outbreaks have been reported in North Africa and could potentially pose a serious threat to the 2012 agricultural production in the Sahel, particularly in Niger, Mali and Chad.**
- **In the Near East, the deteriorating food security situation is a major concern in the Syrian Arab Republic and Yemen as a result of the civil unrest.**
- **In Eastern Africa, the main season rains started late, shortening the crop growing period.** Furthermore, floods affected areas in **Kenya, Somalia, the United Republic of Tanzania and Uganda,** while severe dry conditions persist in parts of northeastern and coastal districts in Kenya.
- **In Southern Africa, a prolonged dry spell contributed to reduced production, aggravating food insecurity in the affected areas of the subregion.**
- **In Far East Asia, the aggregate 2012 wheat harvest is estimated at a new record, with both China and India reporting bumper harvests.**
- **In Central America, early prospects point to a recovery in maize production this year on account of an anticipated increase in the area planted.**
- **In South America, a record 2012 maize harvest is anticipated while early indications point to a reduced area planted to wheat.**
- **In the CIS, the 2012 wheat production is anticipated to drop significantly from the previous year's level, particularly in Ukraine and Kazakhstan.**

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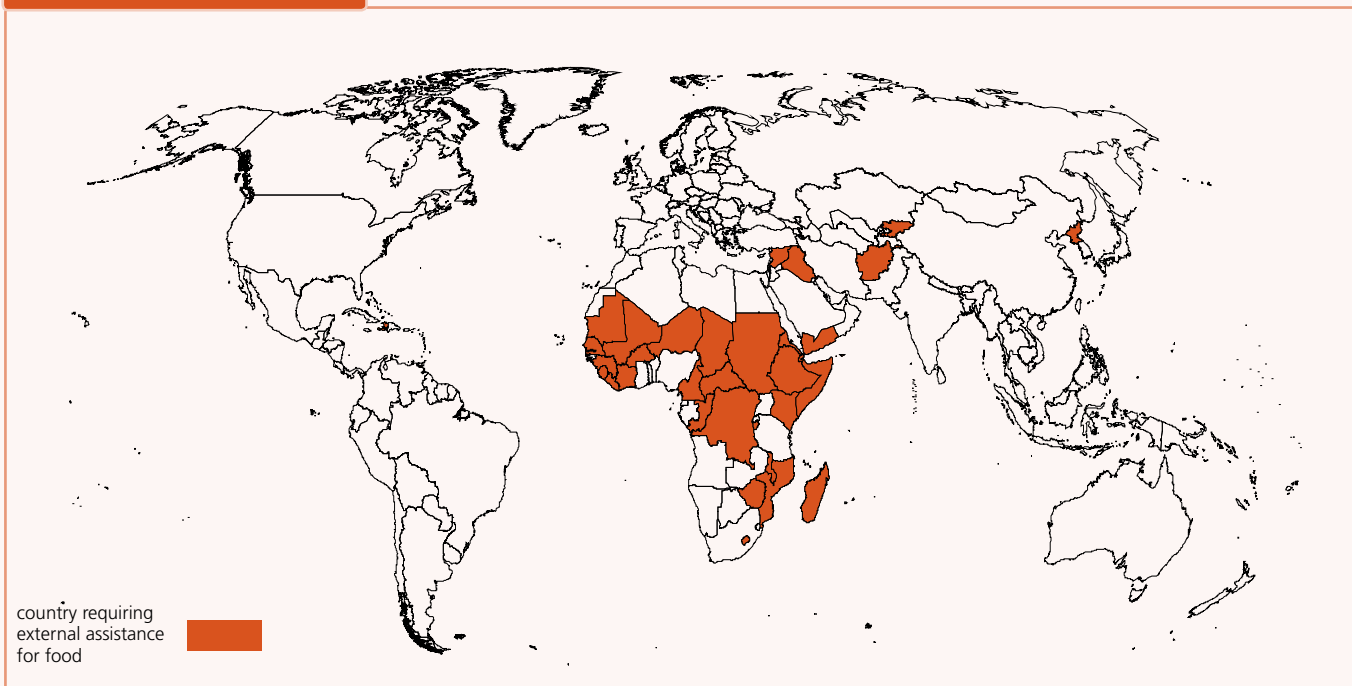
Selected international cereal prices



Note: Prices refer to monthly average. See Table 3 for details

Countries requiring external assistance for food¹

World: 35 countries



AFRICA (28 countries)

Exceptional shortfall in aggregate food production/supplies

Burkina Faso

Erratic rains and extended dry spells throughout the growing season caused cereal production to fall by nearly 20 percent in 2011. Cereal prices increased sharply across the country. About 1.7 million people are estimated to be at risk of food insecurity. Massive influx of refugees from Mali has put additional pressure on already tight local food markets

Chad

Irregular rains and extended dry spells led to a sharp decline in cereal and pasture output in 2011 in both the southern Sudanian and northern Sahelian zones of the country. Cereal production dropped by 49 percent in 2011 compared to the previous year. Moreover, large numbers of refugees are located in southern and eastern regions of Chad (over 300 000 people from the Sudan's Darfur region and the Central African Republic). Also, the return of an estimated 79 000 Chadians from Libya is putting additional pressure on the local food supply

Gambia

Cereal production is officially estimated to have dropped by 56 percent in 2011 compared to the previous year. Production shortfalls and high food prices led to a deterioration of the food security situation in several parts of the country. About 500 000 people are estimated to be seriously affected

Mali

Civil strife and insecurity in northern Mali forced over 190 000 people to leave the country and seek refuge in neighbouring countries, while 200 000 more were internally displaced as of early May. This has worsened the already precarious food security situation created by last year's poor harvest. Cereal production declined by 10 percent in 2011 compared to 2010, leaving about 3 million people at risk of food insecurity

Mauritania

Cereal production dropped by 34 percent in 2011 due to poor distribution of rainfall. Pasture conditions were also severely affected in the pastoral and agropastoral zones of the country. The country is also affected by high international food prices due to its high import dependency. About 700 000 people are estimated to be at risk of food insecurity. Moreover, 64 000 Malian refugees have been registered in the small town of Fassala in the southeastern part of the country, as of early May 2012

Niger

After the severe food crisis that struck the country in 2009/10, erratic rains and extended dry spells throughout the growing season led to a sharp decline in 2011 cereal and pasture output. In addition, large numbers of refugees and returning national migrant workers from Libya and Mali placed an increasing demand on food: 5.5 million people are estimated to be at risk of food insecurity

Zimbabwe

Dry spells in late 2011 and early 2012 are expected to result in a 31 percent decrease in cereal production, particularly impacting southern areas, which were also affected by poor harvests in 2011. However, economic stability has improved the country's import capacity, while sizeable carryover stocks will help stabilise domestic supplies

Widespread lack of access

Djibouti

About 300 000 people are estimated to be in need of humanitarian assistance due to high food prices and several consecutive poor rainy seasons affecting pastoralists

Eritrea

Vulnerability to food insecurity due to economic constraints and high international food and fuel prices

Liberia

Slow recovery from war-related damage. Inadequate social services and infrastructure, as well as poor market access and high food prices. Massive influx of refugees from Côte d'Ivoire: about 67 000 Ivorian refugees were still living in Liberia as of mid May 2012

Sierra Leone

Slow recovery from war-related damage. Depreciation of currency led to higher inflation rates negatively affecting households' purchasing power and food security conditions

Severe localized food insecurity**Burundi**

Poor rains in 2012 expected to result in a successive poor harvest, while persistent high food prices continue to erode purchasing power of low-income households

Cameroon

About 400 000 individuals in need of relief food assistance due to production shortfalls in some northern areas

Central African Republic

Civil conflict and insecurity caused the displacement of more than 100 000 individuals and restricted access to agricultural land and food

Congo

Influx of more than 100 000 refugees since the end of 2009, mostly from DRC, has increased pressure on limited local food resources

Côte d'Ivoire

Conflict-related damage to agriculture in recent years and the lack of support services mainly in the northern regions. The recent post-election crisis has forced thousands of people to leave the country and seek refuge, mostly in eastern Liberia, where about 67 000 Ivorian refugees were still living as of mid-May 2012

Democratic Republic of the Congo

Civil conflict has displaced an estimated 2 million people, hindering agricultural activities, while high food prices continue to impede food access. A total of 4.5 million are estimated to be in food and livelihood crisis

Ethiopia

About 3.2 million people are in need of relief food assistance due to lingering effects of the 2011 drought in southern and southeastern pastoral areas and in some secondary *belg* season crop producing areas

Guinea

Access to food is negatively affected by high food prices and general inflation

Kenya

Acute food insecure population is estimated at 2.2 million (plus about 555 000 refugees) in agropastoralist areas in northern, southeastern and coastal districts that had three to four consecutive dry seasons

Lesotho

Poor rains and late planting likely to result in poor harvest, while increasing cereal prices aggravate food insecurity conditions for low-income households

Madagascar

Cyclones in early 2012 damaged homesteads and crops, deteriorating food security conditions of the affected populations, particularly in eastern districts

Malawi

Rapid rise in maize prices aggravated food insecurity conditions in southern areas in early 2012, while recent currency devaluation worsens food access of affected households

Mozambique

An estimated 146 500 people require assistance, mostly in central provinces, following weather-related shocks that negatively affected production during the 2011/12 season

Senegal

Production shortfalls and high food prices led to a deterioration of the food security situation in several parts of the country

Somalia

About 2.3 million people are in need of emergency assistance due to the past severe drought, the ongoing civil conflict and limitations in delivering humanitarian assistance

South Sudan

About 3.2 million people are estimated to be food insecure due to low 2011 cereal production, civil insecurity, trade restrictions, high food prices and increasing demand by IDPs and returnees

Sudan

About 4.7 million people are in need of food assistance (including about 2 million IDPs in Darfur), due to a very low 2011 cereal production, civil insecurity (mainly in South Kordofan, Blue Nile and Darfur) and high food prices

ASIA (6 countries)**Exceptional shortfall in aggregate food production/supplies****Iraq**

Severe civil insecurity

Widespread lack of access**Democratic People's Republic of Korea**

In spite of the improved food production in 2011, economic constraints, late season floods and lack of agricultural inputs continue to lead to inadequate food supplies

Yemen

The severely food insecure population in need of emergency food assistance is estimated at about 5 million people as a result of high levels of poverty, prolonged conflict and high food and fuel prices

Severe localized food insecurity**Afghanistan**

Drought, conflict, insecurity and high food prices. Moderately food insecure areas are in the centre and northeast of the country. The poor 2011 wheat harvest has exacerbated food insecurity

Kyrgyzstan

Lingering effects of socio-political conflict since June 2010 in Jalalabad, Osh and Batken Oblasts hinder access to food and causing vulnerability and tension

Syrian Arab Republic

An estimated 1 million people are in need of humanitarian assistance due to the impact of the prolonged social unrest on household economy and food distribution channels in several markets

LATIN AMERICA AND THE CARIBBEAN (1 country)**Severe localized food insecurity****Haiti**

Lingering effects of devastating earthquake of January 2010. Food insecurity deteriorates with an increase in the cholera fatalities, associated with the onset of the rainy season in April 2012

Countries with unfavourable prospects for current crops²

AFRICA (1 country)

Morocco

Erratic and insufficient rains during late 2011 and early 2012 are expected to reduce crop production

Key - Changes since last report (March 2012)

No change ■ Improving ▲ Deteriorating ▼ New Entry +

Terminology

¹ **Countries requiring external assistance for food** 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 a reduction of the area planted and/or yields due to adverse weather conditions, plant pests, diseases and other calamities.

Global overview

GLOBAL CEREAL SUPPLY AND DEMAND SUMMARY

Global cereal supplies in 2012/13 more abundant than expected earlier

The forecast for world cereal production has been raised by 48.5 million tonnes since last month, mainly on the expectation of a bumper maize crop in the United States. At the current forecast level, world production would exceed the anticipated utilization in 2012/13 (which has been revised up since last month by 19 million tonnes or 1 percent) and lead to a significant replenishment of world stocks, up 36 million tonnes, or 7 percent, from the previous season.

FAO's new forecast for world **cereal production** in 2012 stands at 2 419 million tonnes, a record level, 3.2 percent up from the previous high level registered last year. The bulk of the increase is expected to originate from just one crop in one country - maize in the United States –

amid an early start to the planting season, prevailing favourable growing conditions and attractive price prospects. As a result, the global coarse grains production is forecast at 1 248 million tonnes, a huge 85 million tonnes increase from the previous year. However, with planting still to be completed and much of the crop at very early stages of development, the final outcome will depend greatly on weather conditions in the coming months. With the main northern hemisphere rice crops now in the ground in several countries, the forecast of global rice production in 2012 is firmer and points to a 2.2 percent increase, to some 490 million tonnes, mostly reflecting larger plantings in Asia.

For wheat, by contrast, latest indications confirm a contraction of global production this year, by about 3 percent to 680 million tonnes, slightly more than earlier anticipated and well above the average of the past five years.

Global **cereal utilization** is forecast to expand by at least 2 percent in 2012/13, to 2 376 million tonnes, with feed utilization growing by 3.8 percent, while food consumption is expected to increase by just over 1 percent, largely keeping pace with the world population growth. Total industrial use of cereals is also likely to increase by around 1 percent, mostly on stronger demand from the starch industry, while the use of cereals for production of biofuels could remain at around the 2011/12 level. The main feature in 2012/13 is likely to be a return to more normal feed wheat utilization, after a sudden surge in 2011/12, in response to reduced maize

Table 1. World cereal production¹
(million tonnes)

	2010	2011 estimates	2012 forecast	Change: 2012 over 2011 (%)
Asia	1 017.1	1 066.7	1 078.1	1.1
Far East	921.2	956.2	979.2	2.4
Near East	70.0	69.9	66.2	-5.2
CIS in Asia	25.9	40.6	32.7	-19.5
Africa	163.3	157.0	157.7	0.4
North Africa	32.5	35.9	32.8	-8.7
Western Africa	55.9	50.4	54.0	7.0
Central Africa	3.6	3.6	3.6	-0.8
Eastern Africa	39.8	36.6	38.3	4.7
Southern Africa	31.4	30.5	29.1	-4.7
Central America and Caribbean	41.3	37.1	39.5	6.5
South America	143.7	146.2	151.5	3.6
North America	443.8	431.5	507.9	17.7
Europe	404.5	461.8	444.4	-3.8
EU	278.8	288.3	279.9	-2.9
CIS in Europe	109.1	157.3	147.6	-6.1
Oceania	40.8	44.2	40.2	-9.2
World	2 254.5	2 344.3	2 419.1	3.2
Developing countries	1 315.8	1 344.1	1 371.4	2.0
Developed countries	938.7	1 000.2	1 047.7	4.7
- wheat	655.7	700.6	680.4	-2.9
- coarse grains	1 130.8	1 163.6	1 248.2	7.3
- rice (milled)	468.1	480.1	490.5	2.2

Note: Totals and percentage change computed from unrounded data.

¹ Includes rice in milled terms.

Figure 1. World cereal production and utilization

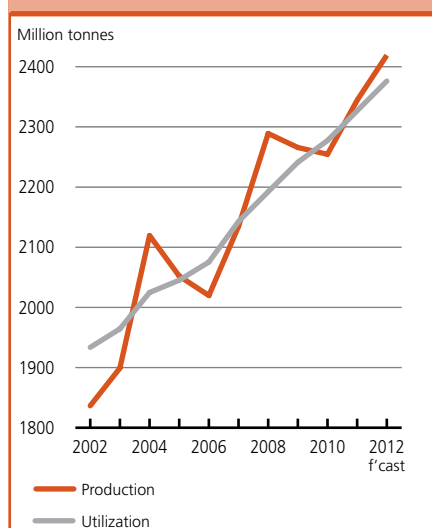
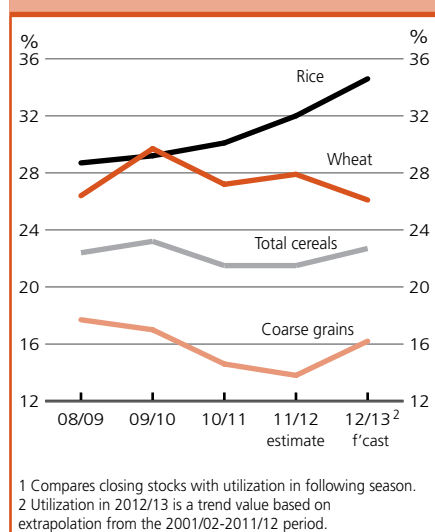


Figure 2. Ratio of world cereal stocks to utilization¹

supplies. The sharp increase in world maize production in 2012 is projected to boost maize feed utilization to a record level of 521 million tonnes, 7.5 percent higher than in 2011/12.

World cereal **stocks** for crop seasons ending in 2013 are forecast to increase to 548 million tonnes, up 7 percent from their opening levels and the highest since 2002. This forecast is 4 percent (23.5 million tonnes) higher than was reported last month, entirely due to an increase in the forecast for world coarse grain inventories, which is now put at 201 million tonnes, up 20 percent from the previous season's low of 167 million tonnes. Most of the anticipated build up from the previous season is forecast for maize stocks in the United States (up 26 million tonnes), China (up 5 million tonnes) and Brazil (up 4 million tonnes). Among other cereals, world rice stocks are predicted to approach 166 million tonnes, 13 million tonnes above their opening level with most of this anticipated replenishment concentrated in net rice exporting countries, mainly China, India and Thailand. By contrast, the forecast for world wheat inventories has been lowered since last month by 1.5 million tonnes to 181 million tonnes. At this level, wheat stocks would be around 6 percent

(11 million tonnes) lower than their opening levels. Much of the anticipated drawdown is forecast to be concentrated in the CIS where the aggregate wheat inventories could decline by 8 million tonnes because of a sharp (16 percent) anticipated fall in the 2012 production.

World **trade** in cereals in 2012/13 is forecast to reach 296.6 million tonnes, only 1 million tonnes above the estimated trade volume in 2011/12. While international trade in rice is anticipated to remain nearly unchanged in 2013 compared to 2012, trade prospects for coarse grains are pointing to a significant expansion which would more than offset a decline in world wheat trade. At 127 million tonnes, world trade in coarse grains in 2012/13 would be the second highest on record after the 131 million tonnes peak reached in 2007/08. The anticipated strong rebound

in maize trade after its dip in the previous season (due to an exceptionally tight supply situation) is the main driver behind the trade expansion of coarse grains with maize exports from the United States up 4.5 million tonnes.

GLOBAL PRODUCTION ROUNDUP

Smaller global wheat harvest in 2012

FAO's latest forecast of global wheat production in 2012 stands at 680 million tonnes, some 5 million tonnes up from the previous forecast a month ago, reflecting raised estimates for China and India, where growing conditions remained particularly favourable in the past weeks and bumper crops are already being gathered. In addition, the first official forecast of the

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

	2010/11	2011/12 estimate	2012/13 forecast	Change: 2012/13 over 2011/12 (%)
PRODUCTION¹				
World	2 254.5	2 344.3	2 419.1	3.2
Developing countries	1 315.8	1 344.1	1 371.4	2.0
Developed countries	938.7	1 000.2	1 047.7	4.7
TRADE²				
World	281.5	295.5	296.6	0.4
Developing countries	90.9	88.5	90.1	1.7
Developed countries	190.6	207.0	206.6	-0.2
UTILIZATION				
World	2 277.4	2 326.9	2 376.3	2.1
Developing countries	1 429.8	1 468.4	1 492.3	1.6
Developed countries	847.5	858.4	884.0	3.0
Per caput cereal food use (kg per year)	153.5	153.6	154.2	0.4
STOCKS³				
World	499.9	511.8	547.6	7.0
Developing countries	349.6	366.6	385.0	5.0
Developed countries	150.3	145.2	162.6	12.0
WORLD STOCK-TO-USE RATIO%	21.5	21.5	22.7	5.4

Note: Totals and percentage change computed from unrounded data.

¹ Data refer to calendar year of the first year shown and include rice in milled terms.

² 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.

³ Data are based on an aggregate of carryovers level at the end of national crop years and, therefore, do not represent world stock levels at any point in time.

aggregate wheat crop in the United States released in May, based on the winter wheat crop conditions and projections for spring crops, pointed to a larger output than earlier forecasts predicted. These upward adjustments more than offset downward revisions in Europe, for some EU countries and the Russian Federation in particular. At the new forecast level, global wheat output in 2012 would be about 3 percent down from last year's near record crop, although still well above the average of the past five years. Wheat production remained a relatively attractive option for producers around the globe in 2012, reflecting continuing high prices, and thus encouraging plantings to be maintained. However, unfavourable weather has lowered winter crop survival rates in some major producing areas and average yields are expected to be lower after record levels last year.

In **North America**, latest indications for wheat production in the **United States** confirmed a strong recovery is likely from the below-average 2011 crop following increased plantings and generally better weather conditions, which should translate to higher yields, especially in areas affected by the drought last year. In early May, the USDA forecast the aggregate 2012 wheat output at 61 million tonnes. In **Canada**, latest estimations indicate a larger wheat area has been planted this spring under favourable weather conditions, pointing to an increased output. In the **EU**, this year's wheat production prospects have been compromised by severe winter weather in many parts and average yield prospects could deteriorate further if rains do not arrive soon to alleviate dry conditions in the central EU countries, Hungary and Slovakia in particular. As of late May, the EU's total wheat crop in 2012 is forecast at 133 million tonnes, 3.6 percent below last year's level. Elsewhere in Europe, in the **Russian Federation**, latest indications point to a 4 percent reduction in wheat production to 54 million tonnes in 2012 after last year's good crop. More rains are

needed in southern producing areas or yields could drop below currently forecast levels. In **Ukraine**, a sharp decline in wheat output is expected, reflecting particularly adverse conditions this season. Some major producing areas have been severely affected by drought since the planting period last autumn, while winterkill has been more pronounced than normal due to severe low temperatures and limited snow cover. With the harvested area forecast to fall sharply and lower yields expected, production is forecast at 14 million tonnes, nearly 40 percent below last year's bumper crop and well below the average of the past five years.

In **Asia**, the harvesting of the 2012 wheat crops in the **Far East** subregion is nearing completion and latest estimates point to a new record output of 239 million tonnes, 2.5 percent up from the previous high last year. In **China** and **India**, record wheat harvests have been achieved reflecting the incentive of high prices for producers, combined with favourable conditions and adequate supply of irrigations water, fertilizers and other inputs. By contrast in **Pakistan**, a slight reduction after last year's record is expected because of less satisfactory growing conditions. In the **Asian CIS** subregion, wheat production in **Kazakhstan** (the major producer in the subregion) is forecast to fall sharply by about one-third from last year to 14.7 million tonnes, reflecting a reduction in plantings coupled with dry weather and high temperatures, having an adverse effect on yield potential. In the **Near East**, the aggregate wheat harvest of the subregion is forecast at 44 million tonnes, some 5 percent below last year's good level but about the average of the past five years. In **North Africa**, wheat crop prospects remain mixed: the outlook is unfavourable in **Morocco**, where severe drought has sharply reduced yield prospects, but more favourable in **Algeria** and **Tunisia**.

In the Southern Hemisphere, winter grain planting is underway in some parts

of **Australia** but rainfall is needed in the northeast and eastern producing areas before fieldwork can commence. Early indications point to a reduction in the area sown to wheat after last year's high level and yields are expected to return to average levels after last year's highs. Thus, the output of 2012 is tentatively forecast to fall by almost 12 percent to about 26 million tonnes. In **South America**, the sowing of the 2012 wheat crop is underway in most countries of the subregion. The early forecast points to a decline of 7 percent from last year's level, following a decline in the area planted in the main producing countries, **Argentina**, **Brazil** and **Uruguay**, as a result of land diversion to more profitable crops.

Global output of coarse grains in 2012 set to reach a new record

FAO's new forecast for world production of coarse grains in 2012 stands at about 1 248 million tonnes, which would be a substantial 7.3 percent increase from last year's already record crop of 1 164 million tonnes. The bulk of the increase is anticipated in the **United States**, the world's largest producer, where a bumper maize area is expected and yield prospects are particularly good after an early start to the season. Assuming planting intentions materialize and normal conditions prevail throughout the season, the United States' output of maize in 2012 is officially forecast to reach a record 376 million tonnes. In Europe, coarse grains output in the **EU** is forecast to decline this year by about 2 percent to some 145 million tonnes. Although plantings of maize in particular are forecast to increase, yields are expected to return to average after high levels last year. In Asia, the planting of the 2012 coarse grains crop is underway in the Far East. Early prospects so far are favourable and the aggregate output is tentatively forecast to increase some 2 percent from last year. This mainly reflects a significant increase foreseen in **China**,

the main producer in the subregion and the world's second largest maize producer, where firm price prospects are expected to support an area increase.

In the Southern Hemisphere, the main 2012 maize harvests are already complete or in the final stages. In South America, **Brazil's** aggregate maize output in 2012 is forecast at a record 67 million tonnes, up 20 percent from the previous high in 2011, due to a sharp increase in aggregate plantings, more than offsetting the negative impact of prolonged dry weather for the main crop in some key southern growing areas. By contrast, in **Argentina**, the 2012 maize output is forecast at about 20 million tonnes, down 12 percent from the record level of 2011, due to the adverse affects of prolonged dry weather. In southern Africa, harvesting of the main season coarse grain crops is well underway and prospects are mixed. In **South Africa**, the largest producer in the subregion, a 7 percent increase in maize output to 11.7 million tonnes is forecast, with larger plantings more than offsetting a drop in yields due to a protracted period of below-normal rains since the start of 2012. Elsewhere in the subregion, mostly smaller maize crops are estimated reflecting irregular and generally below-average rains during the season but also a switch to alternative crops, for example, in the case of **Zambia**, and constrained access to inputs in some cases.

Early forecast for 2012 global rice production points to a new record high

At this time of the year, several northern hemisphere countries, including some top producers, are still awaiting the arrival of the main rains to plant their 2012 main paddy crops, however, in some countries the crop is already in the ground. The season is far more advanced in the southern hemisphere, where most of the main 2012 crops have recently been harvested.

FAO has raised its forecast of global paddy production in 2012 by 3.3 million

tonnes since last month to 735.7 million tonnes (490.5 million tonnes, milled basis). Most of the adjustment follows the release of improved expectations in China, but prospects were also raised for Argentina, Brazil and the United States. As a result, worldwide production is now foreseen to increase by 15.7 million tonnes, or 2.2 percent compared to 2011. This increase is anticipated to rest mainly on a 1.8 percent expansion of area planted to rice to 165.4 million hectares, as average yields are only expected to rise by 0.4 percent to 4.45 tonnes per hectare. This relatively favourable outlook assumes a normal unfolding of the season in the next few months, which are particularly critical to crops grown in the northern hemisphere. In this connection, La Niña conditions, which started to surface in June 2011 dissipated in April this year, while forecasts generally tend to point to neutral ENSO (El Niño-Southern Oscillation) conditions at least until the end of August, with some indicating a possible resurgence of El Niño conditions.

In Asia, all the major producing countries are forecast to harvest bumper crops, with large absolute increases expected in Bangladesh, China, India, Myanmar, Pakistan, the Philippines and, especially, Thailand, where high prices are expected to foster a strong recovery from last year's devastating floods. Along and south of the equator, where the main 2012 crops have been harvested already, the production is favourable in Indonesia, Malaysia and Sri Lanka, which have benefited from generally good growing conditions so far this season. In addition, these three countries have launched ambitious programmes to promote rice cultivation. China's latest forecast shows a 2.1 percent gain from the outstanding performance of last year, on expectation of a bumper intermediate crop, now at a planting stage. The rice sector, along with grains, continues to occupy a privileged position in the government development plans, especially compared to soybeans.

Production in India also looks poised to progress beyond the excellent 2011 results, on expectation of a normal June to September monsoon season. It also assumes that last year's success in raising productivity in the more marginal eastern parts of the country would be consolidated in the current season under the "Bringing the Green Revolution to Eastern India" (BGREI) programme.

Production is expected to recover in Africa, sustained by improved results in West Africa. Countries such as Burkina Faso, Cote d'Ivoire, Ghana, Mali and Senegal, where erratic weather conditions depressed production in 2011 may see this rebound over the current season, with some increases also expected in Nigeria and Sierra Leone. On the other hand, in Southern Africa, crops in Madagascar have suffered since January from successive storms, which may curb the country's output by 7 percent this season.

Despite a recent upgrading of production in Argentina and Brazil, prospects continue to be negative in Latin America and the Caribbean (LAC), with a 6 percent forecast decline for the region. The below-normal precipitation under La Niña, late last year, combined with rising production costs and falling prices, is reported to have curbed plantings in Argentina, Brazil, Paraguay and Uruguay, where production is now anticipated to slide by 7 to 16 percent this year, more than offsetting sizeable gains expected in Colombia, Cuba, Guyana, Peru and Venezuela.

In the other regions, production is expected to fall for the second consecutive year in both the European Union and the United States, reflecting a price-induced contraction of plantings. Following good crop progress, prospects for yields have been revised upwards in the United States, which would limit the expected production decline to 1.1 percent from 2011, which itself was 24 percent below 2010 output. By contrast, in Oceania, ample irrigation water enabled Australia to reap its best rice crop since 2006.

INTERNATIONAL PRICE ROUNDUP

International prices of cereals soften

The **FAO Cereal Price Index** stood at 221 points in May 2012, down 1.3 points (1 percent) from April. Wheat and maize prices were generally weaker, while rice quotations were up slightly.

After a sharp increase during the first half of May, on unseasonably dry weather conditions in several major growing regions, international **wheat** prices fell during the second half of the month, following the arrival of rains in some major growing areas and also influenced by weaker maize prices. The benchmark US wheat price (No.2 Hard Red Winter, f.o.b.) averaged USD 279 per tonne in May, down slightly from April and 23 percent from a year earlier.

Maize export prices, which had followed an upward trend since January due to a tightening of global supply, also fell in May, reflecting prospects of a bumper maize crop in the United States following the release of the USDA report. The benchmark US maize price

(Yellow, No.2, f.o.b.) averaged USD 269 per tonne, down 1.4 percent from April and the lowest monthly average since December 2011.

International **rice** prices strengthened slightly in May, supported by active buying ahead of the Ramadan period. Prices of the benchmark Thai white rice 100% B averaged USD 613

per tonne in May, 8 percent more than in April, sustained by new sales to Iraq and Nigeria. In addition, prices in Thailand have been sustained by Government procurement under the rice pledging programme, which is reported to have surpassed 12 million tonnes since the programme was launched in October 2011.

Table 3. Cereal export prices*

(USD/tonne)

	2011				2012		
	May	Dec.	Jan.	Feb.	March	April	May
United States							
Wheat ¹	362	290	298	297	294	279	279
Maize ²	309	259	275	279	280	273	269
Sorghum ²	277	261	271	268	266	242	219
Argentina³							
Wheat	351	224	249	263	260	252	251
Maize	303	242	258	267	270	256	246
Thailand⁴							
Rice, white ⁵	500	620	548	563	567	569	613
Rice, broken ⁶	419	560	515	530	543	546	554

*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.

Low-Income Food-Deficit Countries food situation overview¹

Favourable cereal harvest expected for 2012 for LIFDCs as a group with mixed performance in individual countries

Harvesting of the main winter cereal crops, primarily wheat and barley, in countries of the northern hemisphere and of the main summer (wet) season crops, primarily coarse grains, in countries of the southern hemisphere is expected to continue until July. Land preparation/sowing of the main rainy season summer crops (mainly rice and coarse grains) is well underway in the northern hemisphere countries. The rainfall so far has relatively normal in most parts. Similarly, in the southern hemisphere countries the secondary season winter crops are currently being planted.

With the planting of the 2012 main cereal crops season still to be concluded, the forecast of cereal output is too early. However, FAO's preliminary indications point to a record crop which could reach about 536 million tonnes, 2.4 percent over the bumper harvest of 2011, on account of increased plantings so far, favourable weather forecast, and adequate availabilities of fertilizer and other inputs in most LIFDCs.

Most of the estimated increase is expected to come from the **Far East** countries, where the latest projections point to an aggregate crop for the

subregion's LIFDCs of approximately 378.1 million tonnes, 8.5 million tonnes or some 2.3 percent higher than last year's record level. Prospects for record cereal harvest are foreseen in **Bangladesh, India, Indonesia, the Philippines and Sri Lanka**, where generally favourable weather conditions, good availability of irrigated water, as well as adequate input supplies, boosted wheat and first season rice crops and early forecast of the second season crop are considered favourable. Similarly, following satisfactory weather conditions, the early outlook for good harvests are forecast in **Egypt** and the majority of **CIS Asia** countries; the cereal production is likely to decline slightly in Kyrgyzstan due to delays in the planting of the spring season. By contrast, the biggest decline is foreseen in **Southern Africa**, where a prolonged dry spell has compromised cereal production in most countries. As a result, the subregion is anticipated to end the 2012 year with a

14 million tonnes harvest, 9 percent less than in 2011. Similarly, in the **Near East**, the continued civil unrest in Syria, which began in March 2011, and a prolonged dry spell in December-January that affected wheat crop in Iraq, are responsible for a 4.7 percent contraction in the 2012 total cereal outturn to 12.7 million tonnes. In **Eastern, Central and Western Africa**, where planting of the main season cereal crops is well underway, the overall prospects for the 2012 cereal crops are uncertain depending on the performance of the seasonal rains in the next few months. The early outlook for the 2012 cereal harvest in **Central America** is likely to be satisfactory. In the **Republic of Moldova**, the only LIFDC in Europe, a dry spell, during autumn months and severe frosts during winter, may have partially affected winter wheat and barley crops, while spring maize production is estimated to rise, due to an increase in plantings.

The 2011 cereal production of the LIFDCs as a group remains as reported in the March issue of this publication at 524.0 million tonnes, slightly above the previous record output in 2010. However, the 2011 cereal production in Africa is estimated down by nearly 5 percent from 2010, reflecting lower outputs in most subregions, mainly due to adverse weather conditions.

Table 4. Basic facts of the Low-Income Food-Deficit Countries (LIFDCs) cereal situation (million tonnes, rice in milled basis)

	2010/11	2011/12 estimate	2012/13 forecast	Change: 2012/13 over 2011/12 (%)
Cereal production¹	518.3	524.0	536.3	2.4
<i>excluding India</i>	298.2	291.9	299.4	2.6
Utilization	578.0	586.9	597.7	1.8
Food use	459.7	468.2	477.5	2.0
<i>excluding India</i>	270.6	275.8	282.4	2.4
Per caput cereal food use (kg per year)	0.2	0.2	0.2	1.2
<i>excluding India</i>	0.2	0.2	0.2	0.9
Feed	51.9	53.2	53.6	0.8
<i>excluding India</i>	45.0	46.1	46.5	0.7
End of season stocks²	110.4	114.0	116.2	2.0
<i>excluding India</i>	66.2	65.1	63.1	-3.1

¹ Data refer to calendar year of the first year shown.

² May not equal the difference between supply and utilization because of differences in individual country marketing years.

¹ The Low-Income Food-Deficit (LIFDC) group of countries includes net food deficit countries with annual per caput income below the level used by World Bank to determine eligibility for IDA assistance (i.e. USD 1905 in 2009). The 2012 FAO list of LIFDCs includes 66 countries as opposed to 70 on the 2011 list. The countries that graduated from the list are Pakistan, due to reduced imports, Turkmenistan, Tuvalu and Vanuatu due to income criteria. For full details see: <http://www.fao.org/countryprofiles/lifdc.asp>.

Table 5. Cereal production¹ of LIFDCs
(million tonnes)

	2010	2011 estimate	2012 forecast	Change: 2012 over 2011 (%)
Africa (39 countries)	132.8	126.4	130.8	3.4
North Africa	18.8	20.5	21.0	2.3
Eastern Africa	39.8	36.5	38.3	4.7
Southern Africa	14.8	15.4	14.0	-9.0
Western Africa	55.9	50.4	54.0	7.0
Central Africa	3.6	3.6	3.5	-0.8
Asia (20 countries)	381.1	392.9	401.0	2.1
CIS in Asia	10.1	9.9	10.2	3.1
Far East	356.5	369.6	378.1	2.3
- India	220.2	232.1	236.9	2.0
Near East	14.5	13.3	12.7	-4.7
Central America (3 countries)	2.0	2.1	2.1	-0.3
Oceania (3 countries)	0.0	0.0	0.0	0.0
Europe (1 country)	2.4	2.6	2.4	-4.9
LIFDC (66 countries)	518.3	524.0	536.3	2.4

Note: Totals and percentage change computed from unrounded data.

¹ Includes rice in milled terms.

Cereal imports of LIFDCs as a group for 2012/13 forecast to decrease, mainly due to weaker demand in major importing countries

An early forecast of total cereal imports by the LIFDCs in the marketing year of 2012/13 indicates a slight decrease to 84.4 million tonnes, 1.5 percent below the 2011/12 record. This is based on the expectation of declines in cereal imports, particularly in large importing countries such as **Egypt, Indonesia** and **Nigeria**. In Egypt, a 4.4 percent decline in cereal imports is forecast, mainly on account of a favourable estimate of the 2012 output of wheat and reduced use of wheat for feed. Egypt's decline in cereal imports is mostly in wheat, representing 60 percent of the country's total cereal imports. In Indonesia and Nigeria, larger supplies from the good 2011 cereal harvests are expected to reduce their import requirements by 13 and 10.1 percent respectively. Similarly, in CIS Asia, import requirements are

Table 6. Cereal import position of LIFDCs
(thousand tonnes)

	2010/11 or 2011	2011/12 or 2012				2012/13 or 2013		
		Actual imports	Requirements ¹		Import position ²		Requirements ¹	
			Total imports:	of which food aid	Total imports:	of which food aid pledges	Total imports:	of which food aid
Africa (39 countries)	39 940	43 006	2 084	23 491	979	42 246	2 276	
North Africa	16 081	16 971	0	13 513	0	16 231	0	
Eastern Africa	6 639	8 190	1 458	2 218	643	8 484	1 663	
Southern Africa	1 758	2 080	186	1 554	168	2 361	181	
Western Africa	13 450	13 784	296	5 513	155	12 742	288	
Central Africa	2 013	1 982	144	693	13	1 914	144	
Asia (20 countries)	39 038	40 441	961	20 455	210	39 802	853	
CIS in Asia	3 822	4 230	0	3 809	0	3 656	38	
Far East	23 197	21 891	684	11 862	159	21 144	688	
Near East	12 018	14 320	277	4 784	51	15 002	165	
Central America (3 countries)	1 825	1 791	135	937	39	1 791	135	
Oceania (3 countries)	434	442	0	30	0	442	0	
Europe (1 country)	81	97	0	76	0	82	0	
Total (66 countries)	81 318	85 777	3 180	44 988	1 227	84 362	3 264	

Note: Totals computed from unrounded data.

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

² Estimates based on information available as of end of May 2012.

estimated to decrease by 13.6 percent, mainly due to high imports and carryover stocks last year. Conversely, following an estimated decline in cereal production, import requirements in the Near East and Southern Africa, are forecast to rise. In Eastern Africa, mostly in Ethiopia and Kenya, import requirements are projected to increase slightly. Elsewhere, in Central Africa, Central America and Oceania, cereal purchases are anticipated to remain virtually unchanged from 2011.

Despite an overall improved 2011 cereal production, the aggregate import requirements of LIFDCs for the 2011/12

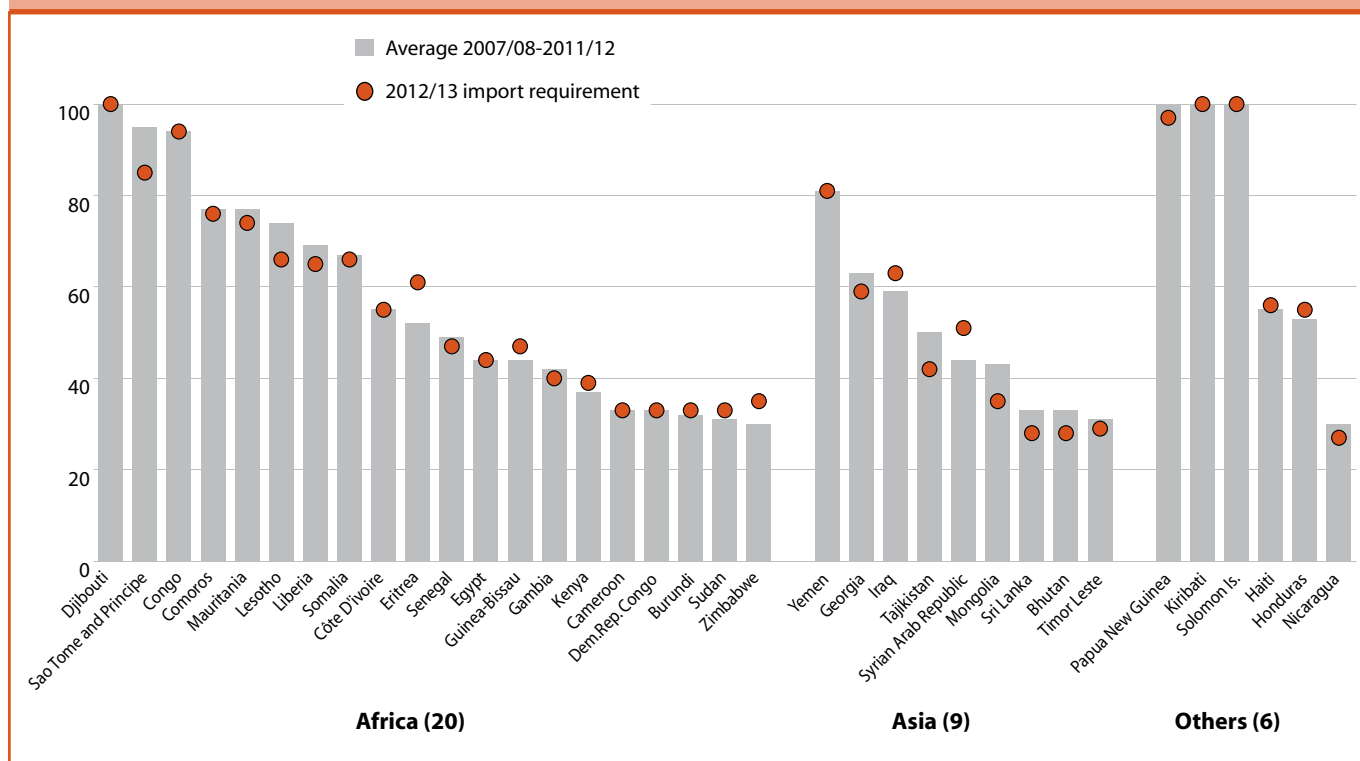
marketing year are estimated to reach a record level at 85.6 million tonnes, some 5.3 percent above 2010/11 level. This has been revised slightly upwards from the 84.3 million tonnes estimate reported in March. The high level of import requirements reflects the lower 2011 production in the African continent, which led to a 7 percent increase in cereal imports from the 2010/11 level.

More than half LIFDCs face very high import requirements

As shown in Figure 3, some 35 countries of the LIFDCs have a very high cereal import

dependency as measured by the share of imports in total domestic utilization over the past five years, averaging at 30 percent or higher. The bulk of these countries are in Africa (20); the rest are found in Asia (9) and elsewhere (8). Sudan has increased its five-year average of the share of cereal imports in total domestic utilization, due to civil conflicts, which continue to negatively affect the food security of the most vulnerable households. These LIFDCs are highly vulnerable to food insecurity caused by high international food prices and thus require constant monitoring.

Figure 3. Share of imports in total domestic utilization of cereals (where average share is 30 percent or more)



Regional reviews

Africa

North Africa

Early prospects for the 2012 crops are mixed

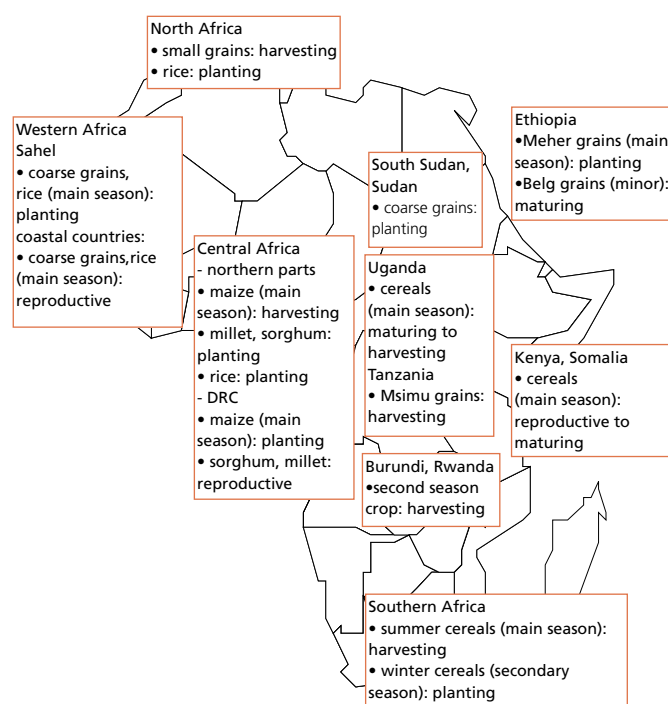
The crop prospects for the 2012 winter wheat and coarse grains, to be harvested from June, are mixed. In the western part of the subregion, particularly in **Morocco**, early forecasts for wheat production point to a sharp decline of 55 and 40 percent from the previous year and the average of the previous five years, respectively. The shortfall in production follows poor rains that negatively impacted on the planted areas and on yields. By contrast, in the rest of the subregion, from Algeria to Egypt, the rainfall has been abundant and timely, and thus wheat production prospects are favourable. In **Algeria**, wheat production is forecast to increase from last year and from the last five-year average, despite insufficient precipitation in the western growing areas near the Moroccan border. Similarly, in **Egypt**, the largest producer of the subregion, the 2012 irrigated wheat crop is forecast favourably, to be close to the above-average 2011 output, due to satisfactory weather conditions. Prospects are also favourable in **Tunisia**, where an above-average wheat harvest is forecast

Overall, FAO forecasts the subregion's aggregate wheat output at 16.6 million tonnes, 12 percent down on last year's good crop but close to the average level. The barley crop is put at about 3.6 million tonnes, 21 percent less than last year and 16 percent below average.

Major outbreaks of foot and mouth disease likely to affect the livestock sector

In February, major outbreaks of foot-and-mouth disease were reported in **Libya** and **Egypt**, while sick animals have been detected in neighbouring areas of the Gaza Strip, in late April.

The disease, which affects all cloven-hoofed animals, including cattle, buffalo, sheep, goats, and pigs, may seriously



Note: Comments refer to situation as of June.

affect the livestock sector, causing weight loss and a reduction in milk production which could be lethal, particularly to younger animals. Meat and milk from sick animals are deemed unsafe for human consumption.

Egypt, the main livestock producer in the subregion, has been affected by the disease. Outbreaks have been reported in 8 out of 27 governorates, mainly in the Delta area. An FAO emergency team, jointly with the Government, has set up a first line of containment measures.

Cereal import requirements expected to decline slightly in Egypt, while livestock imports to go up

North African countries rely heavily on wheat imports from the international market to cover their consumption needs, with **Egypt** being the world's largest importer.

Table 7. North Africa cereal production
(million tonnes)

	Wheat			Coarse grains			Rice (paddy)			Total cereals			
	2010	2011 estim.	2012 f'cast	2010	2011 estim.	2012 f'cast	2010	2011 estim.	2012 f'cast	2010	2011 estim.	2012 f'cast	Change: 2012/2011 (%)
North Africa	16.1	18.8	16.6	12.9	13.0	12.4	5.2	5.9	6.0	34.2	37.7	35.0	-7.1
Algeria	3.1	2.8	3.5	1.6	1.5	1.8	0.0	0.0	0.0	4.7	4.2	5.3	25.2
Egypt	7.2	8.4	8.5	8.0	8.2	8.4	5.2	5.8	5.9	20.4	22.3	22.8	2.3
Morocco	4.9	6.0	2.7	2.8	2.6	1.3	0.1	0.1	0.1	7.7	8.6	4.0	-53.1
Tunisia	0.8	1.6	1.8	0.3	0.7	0.8	0.0	0.0	0.0	1.1	2.3	2.6	12.8

Note: Totals and percentage change computed from unrounded data.

Desert Locusts could pose a serious risk in the Sahel*

A Desert Locust outbreak which developed in early February along the Algerian-Libyan border is still ongoing. Swarms formed in southwest **Libya** and southeast **Algeria**, away from the main cropping zones along the coast. In Algeria and Libya about 41 000 and 21 000 hectares, respectively, have been treated to limit damage to crops and pastures and no serious damage to crops is reported.

FAO projects that the swarms are likely to move southwards and pose a serious threat to agricultural production in the northern Sahel in West Africa, particularly in **Niger, Mali** and **Chad**, with the onset of seasonal rains in June. Locusts have already been reported in northern Niger in late May.

It is too early to estimate the impact, if any, on agricultural production and food security of the people in the potential locust zone. However, countries potentially under threat must remain on high alert to adopt adequate strategies to limit damages to crops, which will be planted in late June. The situation needs to be monitored closely.

*More information on Desert Locust Situation Updates is available at: <http://www.fao.org/ag/locusts/en/info/info/index.html>

Given the good prospects for 2012 crops in several countries, the import requirements for the 2012/13 marketing year (July/June) are forecast to be slightly lower than 2011/12.

By contrast, livestock, meat and milk imports are expected to increase in the 2012/13 marketing year due to possible shortages in the local supply. However, dwindling foreign exchange reserves could result in increased restrictions on transactions by the Central Bank of Egypt, thus constraining the growing import demand.

West Africa

Seasonal rains help start the cropping season

In **West Africa**, rains started in April in southern parts of the coastal countries, allowing the sowing of the first maize crop of 2012. The planting of coarse grains will progress northwards in these countries following the onset of the rains. By contrast, for now, seasonably dry conditions prevail in most of the Sahelian zone where planting is scheduled later this month. Close monitoring of the potential impact, if any, of the currently developing Desert Locust infestation on food security is required.

Irregular rains in 2011 affected cereal production and pastures across the Sahel

Latest official estimates put the 2011 aggregate cereal production in the nine Sahelian countries at some 16.4 million tonnes, 27 percent lower than the 2010 bumper crop and 5 percent below the average of the previous five years. Adverse

weather conditions led to a significant drop in production across the Sahel belt from Cape Verde to Chad. The most seriously-affected countries include **the Gambia, Chad, Senegal, Niger, Mauritania** and **Burkina Faso**. In addition to the decline in cereal production, pasture conditions were severely affected in the pastoral and agropastoral zones of these countries. However, the weather conditions were more favourable in the coastal countries along the Gulf of Guinea, which partially compensated for the drop in production in the Sahelian countries. Thus, the aggregate 2011 cereal production in the West Africa subregion is estimated at about 55 million tonnes, 9 percent below the previous year.

High cereal prices persist across the subregion

The impact of the drop in the 2011 cereal production in several countries in the subregion has been exacerbated by several other factors. Civil strife and insecurity in parts of the subregion, notably in northern Mali, has led to significant population displacement and caused substantial trade disruption. Moreover,

Table 8. Western Africa cereal production
(million tonnes)

	Coarse grains			Rice (paddy)			Total cereals ¹			
	2010	2011 estim.	2012 f'cast	2010	2011 estim.	2012 f'cast	2010	2011 estim.	2012 f'cast	Change: 2012/2011 (%)
Western Africa	47.7	42.7	45.7	12.8	12.2	13.1	60.6	55.0	58.8	7.0
Burkina Faso	4.3	3.4	3.8	0.3	0.2	0.3	4.6	3.7	4.1	10.6
Chad	3.0	1.5	2.0	0.2	0.2	0.2	3.2	1.7	2.2	31.6
Ghana	2.4	2.2	2.5	0.5	0.5	0.5	2.9	2.6	3.0	13.9
Mali	4.1	4.0	4.0	2.3	1.7	2.0	6.4	5.8	6.1	4.8
Niger	5.5	3.5	4.5	0.1	0.1	0.1	5.6	3.6	4.6	26.7
Nigeria	22.4	22.3	22.8	4.5	4.5	4.7	27.0	26.9	27.5	2.4

Note: Totals and percentage change computed from unrounded data.

¹ Total cereals includes wheat, coarse grains and rice (paddy).

other countries have imposed trade restrictions in response to the lower harvests and limited supplies. Institutional purchases by governments, international organizations and NGOs, mostly in coastal countries along the Gulf of Guinea, have supported high prices in local markets. Increased fuel costs have also exerted an upward pressure on cereal prices. As a result, unlike normal seasonal patterns, prices of locally-produced cereals (maize, millet and sorghum) rose sharply during harvest in October-December. Although prices have increased at a slower pace from January to March in the Sahelian countries, they remain well above the levels of the same time last year in most monitored markets of the subregion.

In the eastern part of the subregion, millet prices in **Mali** (Bamako), **Burkina Faso** (Ouagadougou) and **Niger** (Niamey) in May 2012 were, respectively, 104, 73 and 32 percent higher than in May 2011. The exceptionally high prices in **Mali** are also due to the prevailing security problems and population displacements. In **Chad**, millet prices in April 2012 were about 58 percent above their levels of the previous year in the capital, N'Djamena, and 41 percent higher in the Moundou market, located in a major cereal production area in the Southern Sudanian zone. Similarly, in Dawanau regional cereal market in Kano, **Nigeria**, prices of maize and sorghum increased over the same period by 24 and 51 percent respectively. Price increases in Nigeria are driven mainly by a higher demand from Sahelian countries and institutional purchases. In the western part of the subregion, in Nouakchott, **Mauritania's** capital, the price of sorghum increased by 50 percent in April 2012 compared to the same month the previous year, while the millet price in **Senegal** (Dakar) rose by 26 percent over the same period.

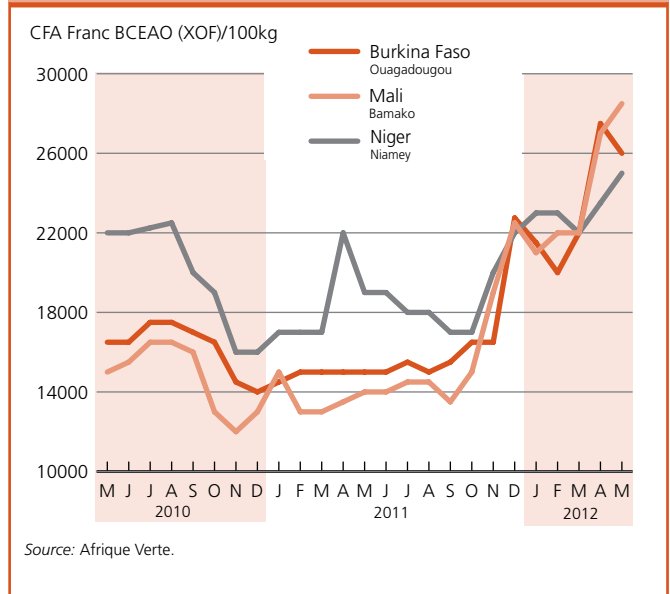
Prices of imported food commodities have also remained firm in domestic markets of the subregion, despite the relative stabilization of international food prices in recent months. This was mainly due to the depreciation of local currencies against the US dollar and increased transport costs.

In **Mauritania**, the country with the highest import dependency ratio (at 90 percent) in the subregion, although the domestic wheat prices in March 2012 were similar to the same period the year before, they were some 35 percent higher than in March 2010. In Monrovia, the capital of **Liberia**, another highly import-dependent country, rice prices in April 2012 were 40 percent higher than the levels of the same month last year. In **Guinea** (Conakry) and **Ghana** (Accra) imported rice prices increased by 35 percent over the same period. Similarly, imported rice prices have been following an upward trend in recent months in **Chad**.

Insecurity and armed conflict in Mali aggravate food insecurity

In addition to the reduced crop harvests and high food prices, unrest and conflict in **Mali** have had a serious impact on the

Figure 4. Millet prices in selected Western African markets



food security situation of the subregion. The escalation of armed conflict in northern Mali in early April 2012 has dramatically altered the overall security situation, resulting in large displacements of people in the Gao, Kidal and Timbuktu regions and leading to serious disruptions in commodity movement and cross-border trade flows. According to the UNHCR, over 200 000 people were internally displaced, while an additional 160 000 people were forced to flee to neighbouring **Burkina Faso** (about 58 000), **Mauritania** (64 000) and **Niger** (39 000). Many local weekly markets have reportedly been closed in northern Mali due to widespread theft and banditry leading to serious supply shortages and significant food price increases. Furthermore, the considerable drop in remittances following the crises in Libya and Côte d'Ivoire that led to the return of thousands of migrant workers, notably to Niger, Mali and Chad, has put additional pressure on households' access to food.

Assessments by national early warning systems point to increased food insecurity and malnutrition of millions of people due to a combination of the shocks mentioned above. Overall, more than 16 million people are at risk of food insecurity in the Sahel. This includes 5.5 million people in **Niger** (35 percent of the population), 3.6 million in **Chad** (28 percent of the population), 3 million in **Mali** (20 percent), around 1.7 million in **Burkina Faso** (10 percent) and 700 000 in **Mauritania** (22 percent). In particular, **Niger** and **Chad** were already affected by a severe food crisis in 2009/10 that caused a drop in incomes, substantial loss of livestock and other assets, increased levels of household indebtedness and the deterioration of the nutritional status of pastoralists, agropastoralists and other farming groups.

A Cadre Harmonisé analysis (IPC-type analysis) conducted in early June has classified several areas of the Sahel in phase 3 (critical food insecurity). These include most of agropastoral zones in **Mauritania, Mali, Burkina Faso, Niger** and **Chad**. Northern Mali, northern Chad and the eastern part of Mauritania along the Mali border are classified as phase 4 (extreme food insecurity). Urgent actions are needed in the affected countries to prevent further deterioration of the food security situation.

Central Africa

Mixed weather conditions at the start of the 2012 cropping season

The sowing of the 2012 main maize crop began in March in southern regions of **Cameroon** and the **Central African Republic**. Unusually abundant rainfall during February was followed by below-average precipitation in March and April. This may negatively impact on the total planted area and early crop development.

Satisfactory 2011 harvests following favourable weather

The harvesting of the 2011 secondary season maize crop was completed last January. In **Cameroon**, despite prolonged dry spells in the north, estimates of overall production point to an average cereal output. In the **Central African Republic**, the 2011 harvest is forecast at above-average levels, mainly due to adequate rainfall. Similarly, overall growing conditions were favourable in **Gabon** and the **Republic of the Congo**, where the cereal production is limited and the bulk of the national cereal utilization requirement is imported.

Civil strife exacerbating food insecurity

Persistent civil insecurity continues to impede agricultural recovery and restrict humanitarian efforts in the subregion, depriving households of the means of their livelihoods and putting additional pressure on already limited resources.

In the **Central African Republic**, as of late April 2012, about 75 000 persons were internally displaced, while the number of returnees is put at about 40 000. An estimated 25 500 of the

total are newly displaced during 2012 due to internal conflicts, banditry and attacks by the Lord's Resistance Army in southeastern parts of the country. Critical malnutrition conditions are reported in the country, with the Global Acute Malnutrition (GAM) rate estimated at 7.4 percent at the national level, but exceeding the emergency threshold of 10 percent set by the World Health Organization in four of the country's 14 prefectures.

In the **Republic of the Congo**, a significant part of the refugees who fled the civil conflict in neighbouring Democratic Republic of the Congo (DRC) since late 2009 remain in precarious conditions in Likouala province, a structurally food-deficit region in the far north of the country. Less than 2 000 individuals of the total of 115 000 had returned to DRC, as of October 2011. In addition, the explosion of a weapon depot in Brazzaville in early March affected 125 000 people, 13 000 of which are without resources and live in nine displacement sites receiving basic relief from the humanitarian community.

In **Cameroon**, the chronic food insecurity situation in the northern regions has been aggravated further by the recent crop failure in the Logone and Chari Division in Extreme North Region, affecting about 400 000 people. An Emergency Operation (EMOP) has been initiated by WFP aiming to deliver 19 000 tonnes of food assistance to 258 000 most-affected people for a nine month period (April-December 2012).

Eastern Africa

Planting of the main season crops underway

The planting of the 2012 main season crops is well underway in **Kenya** (*long rains*), **Somalia** (*gu*), **South Sudan**, northern **United Republic of Tanzania** (*masika*) and **Uganda**, while in **Ethiopia**, **Eritrea** and the **Sudan**, the main cropping season is expected to start in June-July. In most countries the onset of the seasonal rains was late by two to six weeks, often leading to the replanting of crops. However, abundant and persistent rains since mid April benefitted crop and rangeland conditions in most western and central parts of the subregion. In particular, recent rains have substantially improved soil moisture conditions in key cropping areas of Oromiya, Amhara and Benishangul-Gumuz departments in western Ethiopia and in the "green belt" of South Sudan. At the same time, localized floods in southern Somalia, western and central Kenya, coastal Tanzania and Uganda (including Karamoja region) have caused the displacement of people and damage to infrastructure and crops. In **Kenya**, pastoral and agropastoral areas of the greater Mander triangle have

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Table 9. Central Africa cereal production
(million tonnes)

	Coarse grains			Rice (paddy)			Total cereals ¹			
	2010	2011 estim.	2012 f'cast	2010	2011 estim.	2012 f'cast	2010	2011 estim.	2012 f'cast	Change: 2012/2011 (%)
Central Africa	3.3	3.2	3.2	0.5	0.5	0.5	3.8	3.8	3.7	-0.5
Cameroon	1.8	1.7	1.7	0.1	0.2	0.2	1.9	1.8	1.9	1.6
Central Africa Rep.	0.2	0.2	0.2	0.0	0.0	0.0	0.2	0.2	0.2	0.0

Note: Totals and percentage change computed from unrounded data.

¹ Total cereals includes wheat, coarse grains and rice (paddy).

generally benefitted from the timely onset of the current rainy season and its general good performance. However, significant soil moisture deficits persist in some areas where the rainy season has completely failed or has been very poor, including northeastern and coastal Kenya (Tana River, Isiolo and Garissa districts). In **Somalia**, beneficial rains were reported in parts of the southern/central regions. However, severe moisture deficits were observed in mainly pastoral areas of northeastern Somalia. Similarly, pastoral areas of northeastern **Ethiopia** (Afar region), northwestern **Djibouti** and southern lowlands of **Eritrea** have experienced a lack of seasonal rains.

The overall performance of the 2012 cereal production will depend on the adequacy of seasonal rains until next September; close monitoring of the rainfall situation in the remainder of the season is, therefore, warranted.

In **Ethiopia**, delayed rains in major *belg* cropping areas of SNNPR (Southern Nations, Nationalities and People's Region) and the northeastern highlands of Amhara and Tigray, have affected production prospects. The start of the 2012 *belg* (mid-February to May) rainy season was late by two to eight weeks, with a significant delay in planting operations and consequently reducing the growing period, especially for long maturing crops. The *belg* season harvest, normally starting in July, is expected to be delayed with an increased risk of losses due to excessive soil moisture following the start of the June-September *kiremt* rains. The delayed harvest of *belg* crops is likely to interfere with the planting operations of the 2012 *meher* short-cycle crops in June/July. According to a recent multi-agency assessment, a near complete failure of the sweet potato harvest is expected in the major growing areas of SNNPR.

In 2011, the subregion's aggregate cereal production (including the recently harvested second season crops in Kenya, the United Republic of Tanzania, Uganda, and a forecast for the *belg* crop in Ethiopia) is estimated at 37.2 million tonnes, about 8 percent below the record 2010 output but still about 6 percent above the last five-year average.

Table 10. Eastern Africa cereal production

(million tonnes)

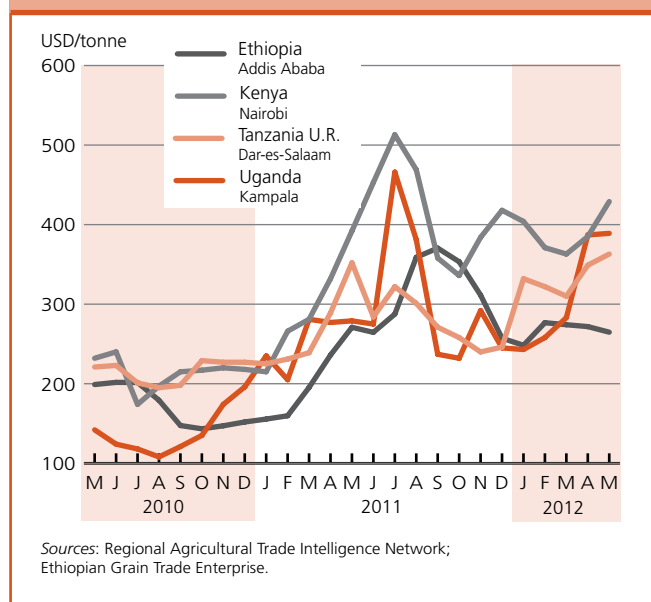
	Wheat			Coarse grains			Total cereals ¹			
	2010	2011 estim.	2012 f'cast	2010	2011 estim.	2012 f'cast	2010	2011 estim.	2012 f'cast	Change: 2012/2011 (%)
Eastern Africa	4.1	4.2	4.4	34.4	31.1	32.6	40.5	37.2	39.0	4.7
Ethiopia	3.1	3.4	3.3	16.0	17.1	16.4	19.2	20.7	19.9	-3.9
Kenya	0.5	0.2	0.3	3.5	3.0	3.1	4.1	3.3	3.5	6.3
Sudan ²	0.3	0.3	0.6	5.3	2.3	4.2	5.6	2.7	4.8	79.4
Tanzania U.R.	0.1	0.1	0.1	5.5	4.6	4.8	7.0	6.0	6.2	3.5
Uganda	0.0	0.0	0.0	2.7	2.6	2.7	2.9	2.8	3.0	4.3

Note: Totals and percentage change computed from unrounded data.

¹ Total cereals includes wheat, coarse grains and rice (paddy).

² Including South Sudan.

Figure 5. Maize prices in selected Eastern African markets



Cereal prices at record high in the Sudan and South Sudan

Overall, cereal prices are on the rise in several countries of eastern Africa. In the **Sudan** and **South Sudan**, record price levels were registered in all monitored markets following market disruptions and the decline in production in 2012. In Sudan, in April 2012, the main staple sorghum was traded in Khartoum and in El Gadarif (a major surplus producing region), at record USD 730 and USD 620 per tonne respectively, more than twice during the same time in 2011. Similarly in South Sudan, prices of sorghum in April 2012 were up by some 145 percent compared to a year earlier.

In **Uganda**, prices of maize continued their rising trend which had started at the end of 2011. In mid-May 2012, maize prices in Kampala, at USD 390 per tonne, were about 40 percent higher than a year earlier. In **Kenya**, maize prices have begun to increase

recently as supplies from the *short rains* harvest (completed last March) have started to gradually run out. Recent heavy rains and floods have also disrupted trade flows in some areas. Between March and May, the average wholesale price of maize increased by 18 percent in Nairobi. Similarly, in the **United Republic of Tanzania**, prices of the main staple maize increased from March to May (+17 and +28

percent) in Dar es Salaam and Arusha, respectively, on account of higher energy and transport costs, and the renewed flow of maize exports following the recent lifting of the export ban. In **Ethiopia**, prices of maize have remained stable in recent months, while prices of other cereals continued to increase. In the Addis Ababa wholesale market, prices of wheat, red sorghum and mixed teff increased by 19, 21 and 30 percent respectively since the beginning of the year. In May 2012 mixed teff reached a record level of ETB 11 500 per tonne.

By contrast, cereal prices continued to decline in **Somalia**, mainly due the commercialization of the bulk of 2011/12 *deyr* crops harvested at the beginning of the year and the impact of food aid distribution. Wholesale maize and sorghum prices in Mogadishu, Marka and Baidoa declined sharply from the peaks reached in June 2011, and in April 2012, they were about 65 percent below their levels of one year earlier.

Severe food insecurity a major concern

The overall food security situation has significantly worsened in **Sudan** (in Darfur, South Kordofan and Blue Nile states) following poor 2011 cereal production, high food prices, the conflict with South Sudan and the economic impact of the loss of revenue from oil production. Civil conflict and insecurity have also continued to negatively affect the food security situation in most areas of southern and central **Somalia** and in areas along the Sudanese border in **South Sudan**. Food access to most vulnerable households, including an increasing number of IDPs, is severely constrained by restrictions to trade flows and humanitarian aid delivery.

As the lean season progresses in most countries of the subregion, with next harvests expected only from August/September onwards, the overall food security situation is expected to deteriorate during the next few months. Of particular concern are the marginal agricultural areas in southeastern and coastal Kenya, the *belg* dependent and southeastern pastoral areas in Ethiopia, south-central

Somalia, and the conflict-affected areas of the Sudan and South Sudan.

In addition, the number of refugees hosted in camps in Kenya and Ethiopia, mainly from Somalia, has reached the unprecedented levels of 572 000 and 308 000 people respectively, and their access to basic necessities is often precarious due to the high concentration of people. Some 55 000 Sudanese and South Sudanese refugees are also hosted in Ethiopia.

The total number of food-insecure people in need of humanitarian assistance in the subregion is currently estimated at about 13.9 million people (including 4.7 million in the Sudan, 2.2 million in Kenya, 3.2 million in Ethiopia, 2.5 million in Somalia, 1 million in South Sudan and 300 000 in Djibouti), about 750 000 people less than in February 2012.

Southern Africa Prolonged dry spell to reduce the 2012 cereal harvest

Harvesting of the 2011/12 main season cereal crops is underway and is expected to continue until July. Official production estimates are still pending for some countries, but under the prevailing conditions, the 2012 subregional cereal harvest is forecast by FAO at 30.5 million tonnes, 5 percent below the 2011 output, but slightly above the preceding five-year average (2007-2011).

In **South Africa**, the subregion's dominant producer, despite below-average rains during the second half of the cropping season (January-April), an expansion in area planted to maize resulted in an increase in the 2012 output to 11.7 million tonnes, marking a year-on-year increase of 7 percent. Similarly, in **Namibia**, beneficial rains during the cropping season are expected to support a larger cereal output in 2012.

In the rest of the subregion, irregular rains at the start of the 2011/12 cropping season (October-December) partly contributed to a general contraction in maize plantings, while a protracted period of below-average rains at the start of 2012 negatively impacted on potential yields. The main areas

Table 11. Southern Africa cereal production

(million tonnes)

	Wheat			Coarse grains			Rice (paddy)			Total cereals			
	2010	2011 estim.	2012 f'cast	2010	2011 estim.	2012 f'cast	2010	2011 estim.	2012 f'cast	2010	2011 estim.	2012 f'cast	Change: 2012/2011 (%)
Southern Africa	1.7	2.3	2.0	26.2	25.0	24.1	5.2	4.8	4.5	33.2	32.1	30.6	-4.6
- excl. South Africa	0.3	0.3	0.4	12.5	13.5	11.9	5.2	4.8	4.5	17.9	18.6	16.8	-9.6
Madagascar	0.0	0.0	0.0	0.4	0.4	0.4	4.8	4.3	4.0	5.2	4.7	4.4	-6.7
Malawi	0.0	0.0	0.0	3.5	4.0	3.7	0.1	0.1	0.1	3.6	4.1	3.8	-7.1
Mozambique	0.0	0.0	0.0	2.5	2.6	2.5	0.3	0.3	0.3	2.8	2.9	2.8	-5.7
South Africa	1.4	2.0	1.6	13.8	11.5	12.2	0.0	0.0	0.0	15.2	13.5	13.8	2.3
Zambia	0.2	0.2	0.3	2.9	3.1	2.9	0.1	0.0	0.0	3.1	3.4	3.2	-6.2
Zimbabwe	0.0	0.0	0.1	1.6	1.6	1.1	0.0	0.0	0.0	1.6	1.7	1.2	-30.4

Note: Totals and percentage change computed from unrounded data.

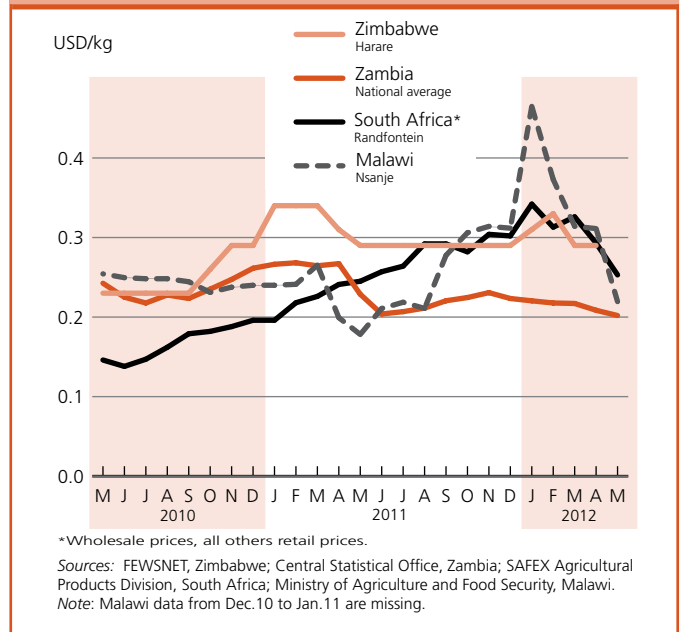
affected by consequent water deficits include southern areas of **Zimbabwe**, **Malawi** and **Madagascar**, central and southern parts of **Botswana**, northern and coastal regions of **Angola**, and western parts of **South Africa's** maize triangle. Elsewhere in the subregion, rainfall patterns were generally normal and stable, favouring crop development. The collective effect of the dry spell and smaller plantings contributed to an overall decrease in maize production in Zimbabwe and Malawi by 33 and 7 percent, respectively, compared to 2011. In Zambia, commercial farmers' decision to switch to alternative crops, including soybeans – prompted by an increase in demand from the poultry industry – caused a contraction in maize plantings and ultimately a 6 percent decrease in production to 2.85 million tonnes. In **Mozambique**, **Madagascar**, **Lesotho**, **Botswana** and **Swaziland**, a combination of unfavourable weather patterns, including strong winds and floods caused by successive tropical cyclones, and restricted access to farming inputs resulted in production declines in the main cereals. In **Angola**, a prolonged period of below-average rains in coastal, northern and some central regions is estimated to have reduced the 2012 cereal output. However, in southern regions of the country average production levels are expected.

Sorghum production is estimated to decline across the subregion, while estimates indicate a comparable millet harvest to the previous year. The winter wheat crop, to be harvested from September/October 2012, is projected to decrease, reflecting lower planting intentions in South Africa, despite an expected increase in plantings in Zambia.

Newly harvested supplies result in lower market prices

The arrival of new supplies from the ongoing 2012 harvest has improved household and market stocks, resulting in lower prices since February/March 2012. The declining seasonal trend follows comparatively stable conditions during the 2011/12 marketing year (April-May/March-April) across most of the subregion; however, exceptions include Malawi, where rapid price increases of maize were recorded at the end of 2011 and the start of 2012, coinciding with the annual lean period. Prices weakened from February through to the start of May, following the imposition of an export ban that prompted increased supplies to deficit markets, to levels near their three-year average. However, the devaluation of the Malawi Kwacha in May, by nearly 33 percent against the US dollar, is expected to provoke an increase in import inflation in addition to raising fuel prices, with subsequent implications to domestic food prices. In contrast, the average national price of maize in Zambia has been below the previous three-year average since the start of 2012, owing to abundant domestic supplies. Following seasonable patterns, prices in Mozambique began to decline from February but in May were generally above

Figure 6. White maize prices in selected Southern African markets



their three-year average for the same month. Prices of maize in Zimbabwe (Harare), as well as rice prices in Madagascar (national average) exhibited seasonal declines since February, benefiting from increased supplies from the continuing harvest.

In the main exporting country of the subregion, South Africa, robust international demand and a significant reduction in closing stocks (down 1.3 million tonnes compared to the previous season) for the 2011/12 marketing year, fuelled price increases to record levels in January 2012. In response, South Africa imported maize to help buffer supply levels. Following a marginal increase in March, prices of yellow and white maize declined by 19 and 14 percent in May, to ZAR 2 000 (USD 246) and ZAR 2 059 (USD 253) per tonne, respectively. At these levels, prices remained below their record highs of January 2012 but were approximately 17 and 22 percent higher than one year earlier. Prices in Lesotho and Swaziland have risen since the last quarter of 2011, closely corresponding to the higher prices in South Africa, their main trading partner.

Larger import requirements estimated for 2012/13 marketing year

Following the estimated decline in cereal production, import requirements for the subregion are forecast to rise in the 2012/13 marketing year (April-May/March-April), although expected to remain below the last five-year average (2007/08-2011/12). Overall and based on current production estimates, the subregional maize supply is still forecast to satisfy the anticipated import requirement of importing countries within the subregion.

Food security conditions expected to deteriorate in parts of the subregion

Production shortfalls in parts of the subregion are likely to add to the effect of earlier poor harvests and weigh heavily on households' coping capacities and livelihoods. Areas affected include southern Malawi, southern Zimbabwe, southern and central interior regions of Mozambique and Lesotho. Lower rice production in Madagascar, particularly in eastern districts, is also expected to negatively impact on food security, resulting in an earlier than normal start of the lean season in 2012. The prolonged dry spell in Angola, and its consequent impact on agricultural production, has affected an estimated 366 780 households across ten provinces in the country. In response, the Government approved an emergency programme in April 2012 to distribute food to the affected households and provide agricultural inputs for the subsequent cropping season, beginning in October 2012. Vulnerability assessments are currently being conducted and will provide a clearer picture of the food security situation, as well as the possible food assistance requirements.

Great Lakes Region Erratic weather dampens production prospects in Burundi and Rwanda while continued conflict affects agricultural activities in the Democratic Republic of Congo

In **Burundi** and **Rwanda**, harvesting of the 2012 B season's crop is underway and is expected to continue until July. Generally poor rains were recorded during the 2012 B cropping season (February-May), denting production prospects. As a result, in Burundi this may signal a third successive poor harvest. In Rwanda, however, although below-average rains have also affected crop growth, heavy rains in mid-April helped to alleviate water deficits in parts, benefiting crop development mainly in areas not affected by floods. The flooding has affected some districts in the Northern and Western provinces, damaging cropped fields.

In Rwanda, the 2012 A season cereal crop, harvested in February, increased by 13 percent to approximately 460 000 tonnes compared to the corresponding season in 2011. However, in Burundi excessive rains resulted in a 15 percent decrease in maize production, to about 70 000 tonnes, in the 2012 A season, while overall food production was 47 percent below the previous five-year average. In DRC, rains during 2011/12 October-March

cropping season in southern areas have been normal. This is expected to result in favourable production of the cereal crops.

In the **Democratic Republic of the Congo (DRC)**, persistent and deteriorating civil insecurity has severely undermined agricultural activities in eastern areas of the country, particularly impacting the provinces of Orientale, South Kivu and North Kivu. In addition, since the start of 2012, below average rains across the country, except in the far southern areas of Katanga province, are expected to negatively impact on land preparation and planting activities for the main season's cereal crop, to be harvested from September. Shortages of basic inputs and the inadequate rural infrastructure pose further constraints to food production, while the banana crop, an important food staple, continues to be affected severely by bacterial banana wilt, especially in North and South Kivu provinces. Programmes are currently being implemented to control and prevent the further spread of the disease.

Food security conditions deteriorate in several areas

Successive poor harvests in Burundi (2011 C and 2012 A seasons), combined with persistently high cereals prices, have aggravated food insecurity conditions. About 1.7 million persons (18 percent of the population) are estimated to be in need of food assistance, according to a joint Government and United Nations crop and food security assessment, conducted in January 2012. Restricted import opportunities from the United Republic of Tanzania, Burundi's main trading partner, have also contributed to the unstable domestic food supplies.

In DRC, the continued conflict in eastern parts of the country has resulted in the displacement of over two million people, as of March 2012. Nationally, a total of 4.5 million people are estimated to be in acute food and livelihood crisis, with global acute malnutrition rates exceeding the alert threshold of 10 percent in a several regions in eastern provinces.

In Rwanda, although food security conditions are generally stable, food prices remain high thereby eroding the purchasing power of low-income households. In April 2012, at USD 1.25 per kg, rice prices were 62 percent higher than the same month last year, while maize and bean prices, despite remaining relatively firm since mid-2011, were respectively, 23 and 15 percent above their levels of the previous year.

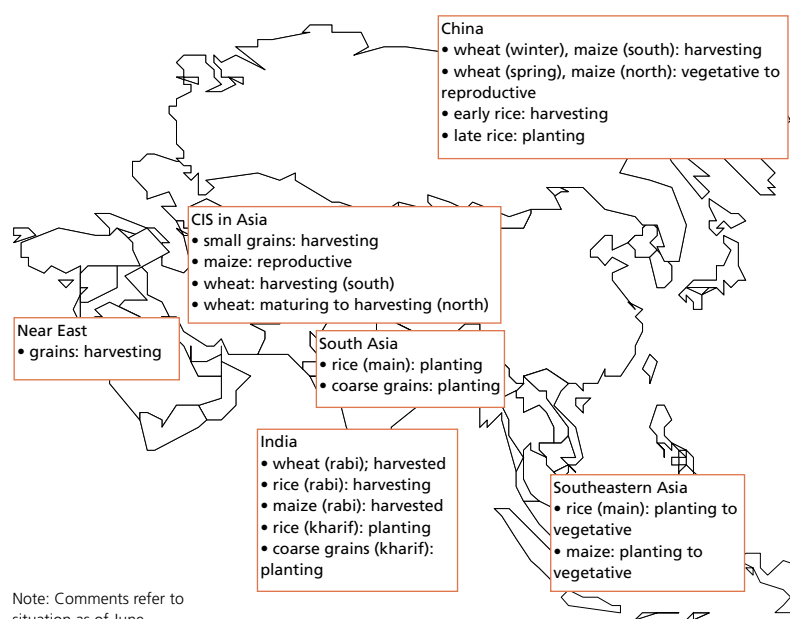
Asia

Far East

Record harvest of 2012 wheat crop estimated

Harvesting of winter crops, mainly wheat and barley, and the first rice crop, is nearing completion in most countries in the Far East subregion, while land preparation or planting of the main rainy season rice and coarse grains, to be harvested from September 2012, is well advanced.

The subregion's aggregate 2012 wheat harvest, including the forecast for small amounts of spring wheat currently underway in China, is estimated at a new record of 239 million tonnes, up by 2.4 percent from the previous 2011 record crop. In general, the subregion benefitted from well-distributed rainfall during the growing period from November 2011 to April 2012. Record wheat harvests are officially estimated for **China** and **India** at 120.3 and 90.2 million tonnes respectively, reflecting good availability of irrigation water, fertilizers and other inputs as well as high domestic and international prices. Similarly, in **Bangladesh** and **Nepal**, favourable weather conditions boosted wheat production to a record level. By contrast, a slightly smaller wheat crop is in prospect in **Pakistan**, following a period of cool weather during March 2012, a protracted period of below-average rains, floods in the Sindh province, and reduced availability of fertilizers and irrigation water. The latest official estimate puts 2012 wheat production at about 24 million tonnes, 1 percent below the



record harvest of 2011, but still some 3.7 percent above the previous five-year average.

Overall favourable prospects for the 2012 first season rice crop in most countries

The harvesting of the early-planted 2011/12 secondary rice (dry season) in most countries of the subregion and the main rice crop in **Indonesia** is almost complete. The current outlook for the early rice crop harvest is favourable in most countries due to the beneficial weather, adequate irrigation and input availability. In **Bangladesh**, the 2012 irrigated *Boro* paddy estimated at 27.9 million tonnes is an improvement over the

Table 12. Far East cereal production
(million tonnes)

	Wheat			Coarse grains			Rice (paddy)			Total cereals			
	2010	2011 estim.	2012 f'cast	2010	2011 estim.	2012 f'cast	2010	2011 estim.	2012 f'cast	2010	2011 estim.	2012 f'cast	Change: 2012/2011 (%)
Far East	223.0	233.4	239.2	278.0	291.0	297.3	629.8	646.9	663.4	1 130.8	1 171.3	1 199.9	2.4
Bangladesh	1.0	1.1	1.2	1.1	1.2	1.3	50.3	50.6	51.8	52.3	52.9	54.3	2.5
Cambodia	0.0	0.0	0.0	0.8	0.7	0.8	8.2	8.8	9.0	9.0	9.5	9.8	3.1
China	115.2	117.9	120.3	186.6	200.4	206.4	197.2	202.3	206.5	499.0	520.6	533.2	2.4
India	80.8	86.9	90.2	43.4	41.9	41.7	144.0	155.1	157.5	268.1	283.8	289.4	2.0
Indonesia	0.0	0.0	0.0	18.3	17.6	17.7	66.5	65.4	68.0	84.8	83.0	85.7	3.3
Japan	0.6	0.7	0.8	0.2	0.2	0.2	10.6	10.5	10.5	11.4	11.4	11.5	0.6
Korea Rep.of	0.0	0.0	0.0	0.4	0.3	0.3	5.8	5.7	5.6	6.2	6.0	5.9	-1.2
Myanmar	0.2	0.2	0.2	1.4	1.5	1.5	30.8	30.0	31.0	32.4	31.7	32.7	3.3
Nepal	1.6	1.8	2.0	2.4	2.5	2.4	4.5	5.1	4.8	8.4	9.3	9.2	-1.9
Pakistan	23.3	24.3	24.0	3.9	4.1	4.1	7.2	10.3	10.8	34.4	38.8	38.9	0.5
Philippines	0.0	0.0	0.0	6.4	7.3	7.3	16.7	17.0	17.5	23.1	24.3	24.8	2.1
Thailand	0.0	0.0	0.0	5.0	4.9	5.0	35.6	31.6	35.0	40.6	36.6	40.0	9.3
Viet Nam	0.0	0.0	0.0	4.7	4.7	4.8	40.0	42.3	42.5	44.6	47.0	47.3	0.6

Note: Totals and percentage change computed from unrounded data.

previous year's record harvest, in spite of high energy prices and power shortages. Production of the main 2012 *Maha* season paddy crop in **Sri Lanka** is officially anticipated to reach a record level of 3 million tonnes, largely reflecting a 12 percent increase in plantings and high yields. This represents a recovery of approximately 50 percent above the 2011 flood-affected output of the same season. Similarly, in **Indonesia** the output of the main wet season paddy crop is officially estimated at 68 million tonnes, some 4 percent higher than the 2011 poor outturn.

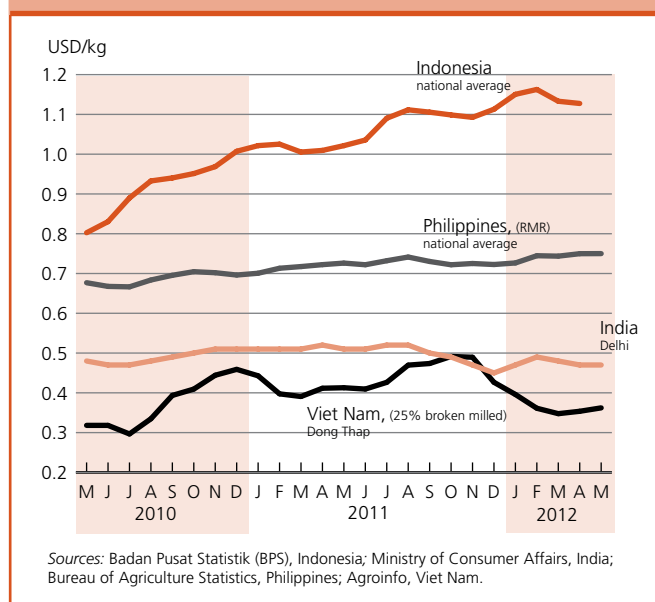
Another record cereal harvest expected in 2012

Although still preliminary, based on production estimates of the winter crops already harvested in most countries as well as assuming a relatively normal upcoming monsoon season and favourable weather conditions, FAO tentatively sets its 2012 aggregate annual cereal production for the Far East subregion at 1 200 million tonnes (including rice in paddy terms), some 2.4 percent above the 2011 revised estimate. Similarly, based on preliminary indications, the aggregate 2012 annual paddy production for the region is tentatively estimated to reach a record level of 663.4 million tonnes, some 2.5 percent above the 2011 record harvest. However, given that the bulk of the 2012 paddy and coarse grain crops are currently being planted, the situation could change as the season progresses.

Cereal imports to decrease slightly, while exports to increase in 2012/13

Based on the overall anticipated increase in cereal production in most countries of the subregion, the aggregate cereal imports of the 2012/13 marketing years, are expected to decrease slightly compared to 2011/12, but to remain 9.4 percent above the preceding five-year average level. On the other hand, aggregate cereal exports by countries in the Far East subregion

Figure 7. Rice retail prices in selected Far East countries



are preliminarily forecast to jump significantly by almost 10 percent from the previous year, following the estimated increase in exportable surplus, particularly from **India** (by 18.7 percent), **Pakistan** (by 11 percent) and **Thailand** (by 6.1 percent). Total wheat imports are forecast to decrease in most countries, given favourable wheat production projections, with the exception of **Bangladesh, Malaysia** and **Thailand**. On the export side, wheat exports are anticipated to reach a record level from **India**, given the anticipated bumper harvest and large carryover stocks. The Government lifted a four-year export ban in September 2011. With regards to rice, the largest exported cereal, mainly from Thailand, Viet Nam and India, latest export estimates for 2012/13 show an increase of about 600 000 tonnes over the 2011/12 level, due to the anticipated record paddy harvests in the main producing countries.

Prices of rice follow a mixed trend while wheat prices have begun to fall in recent months

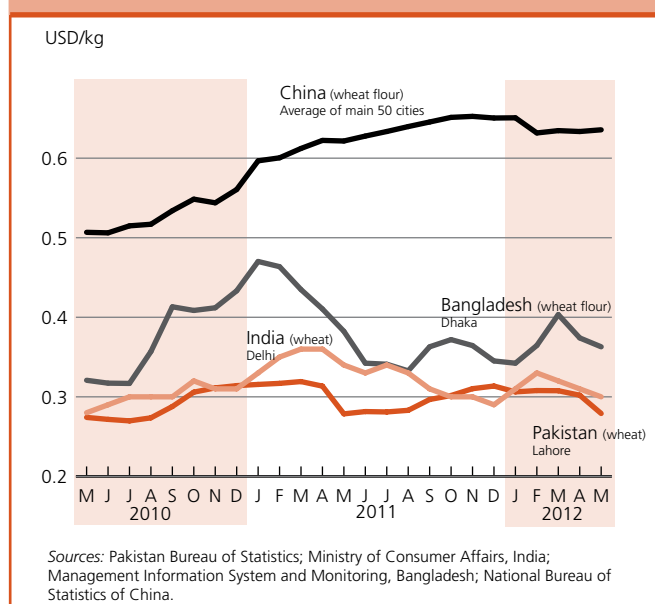
Prices of rice in recent months have increased in some countries such as **Pakistan, the Philippines** and **Viet Nam** but have declined slightly in **Bangladesh, Indonesia**, and **Sri Lanka** as a result of improved availabilities from the good 2011 production and anticipated bumper harvest of the current season. In

Table 13. Far East cereal production and anticipated trade in 2012/13¹ (thousand tonnes)

	Avg 5-ys (2007/08 to 2011/12)	2011/12	2012/13	2012/13 over 2011/12 (%)	2012/13 over 5-yr avg (%)
Cereals - Exports	31 875	34 720	38 056	9.6	19.4
Cereals - Imports	83 054	91 233	90 867	-0.4	9.4
Cereals - Production	901 453	956 176	979 158	2.4	8.6
Rice-milled - Exports	25 009	27 025	27 623	2.2	10.5
Rice-milled - Imports	8 838	10 152	9 384	-7.6	6.2
Rice-milled - Production	414 143	431 766	442 687	2.5	6.9
Wheat - Exports	2 468	3 500	6 160	76.0	149.6
Wheat - Imports	31 768	33 962	32 781	-3.5	3.2
Wheat - Production	221 542	233 441	239 180	2.5	8.0

¹ Marketing year July/June for most countries. Rice trade figures are for the second year shown.

Figure 8. Wheat and wheat flour retail prices in selected Far East countries



Cambodia, prices for rice dropped sharply in last several months; in April in Phnom Penh market price for rice was 27 percent below its level in December 2011. In Viet Nam prices have increased slightly in the last two months after they decreased since November 2011 and were some 12 percent lower than a year earlier. In **India**, the nominal rice prices in local currency have been increasing since March 2012 and in May 2012 reached a record level averaging INR 25.14 (about USD 0.6) per kg. However, due to the weakening of the Indian Rupee, prices in US dollar terms show a decreasing trend since August 2011, and in May 2012 were 9 percent below their level a year ago. In **India** and **Pakistan**, the main wheat exporting countries of the subregion, wheat prices in USD have declined for several months, reflecting an increase in domestic availability after the good 2011 wheat harvest, the anticipated bumper harvest of winter wheat of the current season and strengthening of USD against local currencies.

Similarly, in Bangladesh, linked to the Indian export price, wheat flour prices decreased by 10 percent since March 2012. In some other countries, such as **China, Indonesia** and **Sri Lanka**, prices have remained stable in recent months.

Near East

Wheat production is forecast down for 2012

Harvesting of 2012 winter wheat and barley crops is currently underway throughout the subregion, while it is expected to start by mid-June in Central Anatolia and Aegean regions in **Turkey**. Aggregate 2012 wheat production for the subregion is forecast at 44.1 million tonnes, about 5.4 percent below the good output of 2011, but similar to the previous five year average. Following a timely start of the rainy season across the subregion, abundant rains and snowfall led to a moderate to deep snow pack reducing the risk of winterkill and boosted moisture availability for the crops. However, below average wheat production is expected in **Iraq** following a prolonged dry spell in December/January that affected crop establishment in the key producing governorates of Ninevah, Salaheldin, Ta'meem, Dahuk, Arbil and As Sulaymaniyah, with significant reduction in planted area and likely decrease in final yields. In Turkey, some crop losses are also reported in the Anatolia's Plateau due to the extreme low temperatures at the end of the dormancy period in March. In the **Islamic Republic of Iran**, the second biggest wheat producer in the region after Turkey, the 2012 production is anticipated to remain unchanged from last year's level at 14 million tonnes.

Yemen and Syria continue to face a humanitarian crisis

In Yemen, despite the improved political situation following recent elections, the food security situation remains highly critical. According to the preliminary findings of a recent Comprehensive Food Security Survey by WFP, more than 10 million Yemenis (almost 45 percent of population) are food insecure due to high levels of poverty, prolonged conflict and high food and fuel prices. The severely food insecure population in need of

Table 14. Near East cereal production
(million tonnes)

	Wheat			Coarse grains			Rice (paddy)			Total cereals			
	2010	2011 estim.	2012 f'cast.	2010	2011 estim.	2012 f'cast.	2010	2011 estim.	2012 f'cast.	2010	2011 estim.	2012 f'cast.	Change: 2012/2011 (%)
Near East	46.4	46.6	44.1	21.0	20.7	19.5	4.0	4.2	4.2	71.5	71.4	67.8	-5.1
Afghanistan	4.5	3.3	3.8	0.7	0.6	0.7	0.7	0.7	0.7	6.0	4.6	5.2	13.3
Iran (Islamic Rep. of)	15.0	14.0	14.0	4.5	4.3	4.4	2.3	2.4	2.4	21.8	20.7	20.8	0.6
Iraq	2.4	2.1	1.9	1.4	1.3	0.8	0.2	0.2	0.2	3.9	3.5	2.8	-19.8
Syrian Arab Republic	3.1	3.9	3.5	0.8	0.8	0.7	0.0	0.0	0.0	3.9	4.7	4.2	-9.6
Turkey	19.7	21.8	19.4	12.2	12.5	11.8	0.9	0.9	0.9	32.8	35.2	32.1	-8.8

Note: Totals and percentage change computed from unrounded data.

emergency food assistance is currently estimated at about five million, nearly double the level in 2009. Included in the total are nearly one million children under five. The country relies heavily on imports to cover its domestic demand for food (about 90 percent of cereals needs are imported) and the overall value of the food import bill is increasing significantly in recent months due to the continued depreciation of the local currency against the US dollar. In addition, the country's capacity to import is also being curtailed by the record low levels of foreign exchange reserves.

In Syria, the continued civil unrest which began in March 2011 has raised serious concerns over the state of food security in the country, particularly for vulnerable groups. According to the Syrian Bureau of Statistics, year-on-year average food inflation in March 2012 reached 38 percent, with an increase in prices of bread and cereals by about 30 percent. Economic and trade sanctions imposed by the international community together with the strong depreciation of the local currency and lack of credit facilities are negatively affecting the country's ability to import food commercially. It is estimated that about one million Syrians are in need of humanitarian assistance. This figure includes about 300 000 IDPs and those who have lost access to essential services (essentially security, food, health and education). The total number of Syrian refugees in the neighbouring countries has reached 70 000 and their survival depends on availability of humanitarian assistance.

In Afghanistan, food insecurity remains a concern especially in the central and north-eastern areas affected by poor harvests of the past two years.

CIS in Asia¹

Aggregate 2012 cereal production to decline from last year but still average

Sowing of spring cereals is virtually complete under generally satisfactory weather conditions, while winter crops are at maturing stage. The 2012 aggregate cereal production for the subregion is forecast at some 33 million tonnes, 19 percent down on last year's bumper harvest but still around

Table 15. CIS in Asia cereal production
(million tonnes)

	Wheat			Coarse grains			Total cereals ¹			
	2010	2011 estim.	2012 f'cast	2010	2011 estim.	2012 f'cast	2010	2011 estim.	2012 f'cast	Change: 2012/2011 (%)
CIS in Asia	21.1	33.9	26.3	4.2	6.1	5.8	26.2	40.9	33.0	-19.3
Azerbaijan	1.3	1.6	1.7	0.6	0.7	0.8	1.9	2.4	2.5	4.3
Kazakhstan	9.9	22.7	14.7	2.0	3.5	3.0	12.3	26.6	18.1	-31.9
Kyrgyzstan	0.8	0.9	0.9	0.7	0.7	0.7	1.5	1.6	1.6	-1.9
Tajikistan	0.8	0.8	0.9	0.2	0.2	0.2	1.1	1.0	1.2	12.0
Turkmenistan	1.3	1.3	1.4	0.1	0.1	0.1	1.5	1.5	1.6	6.7
Uzbekistan	6.7	6.4	6.5	0.3	0.3	0.4	7.2	6.9	7.1	2.8

Note: Totals and percentage change computed from unrounded data.

¹ Total cereals includes wheat, coarse grains and rice (paddy).

the five-year average. Production of the main wheat crop is expected to decline by 22 percent, to around 26 million tonnes. This mainly reflects a lower crop in **Kazakhstan**, the major cereal producer in the subregion, where wheat production is put at 14.7 million tonnes, one-third below its last year's level. A slight reduction in plantings, in response to large stocks after the 2011 record harvest, coupled with dry weather and high temperatures during the growing season, account for the anticipated decline in production.

By contrast, despite a prolonged winter, the cereal production is forecast to increase in Caucasian countries, particularly in Armenia. Overall, cereal production in the past few years in Caucasian countries has been supported by government interventions and relatively favourable weather conditions. However, the three countries still remain heavily dependent on cereal imports. Imports of wheat, the main cereal, represent 50 to 95 percent of the domestic utilization. Cereal production is also expected to increase in the other Central Asian countries, such as Uzbekistan, Turkmenistan and Tajikistan, while in Kyrgyzstan, it is likely to decline slightly from last year's level due to delayed plantings of the spring season.

Import requirements in 2011/12 (July/June) remained high in importing countries

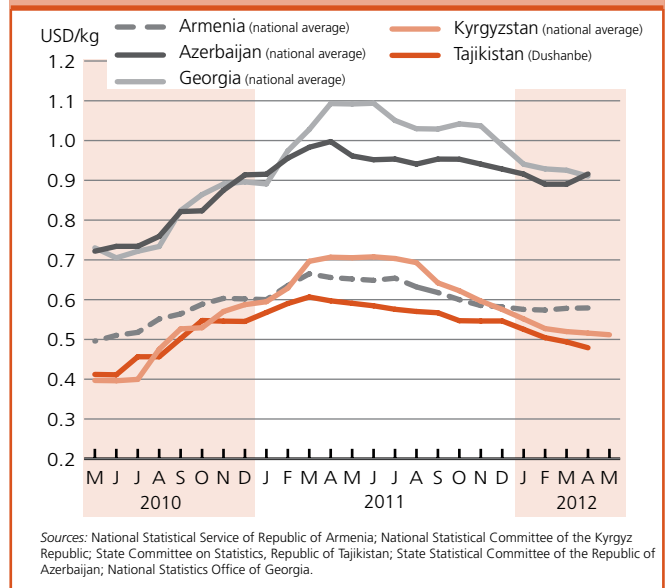
Except for Kazakhstan, countries of the subregion heavily depend on cereal imports, mostly wheat. The aggregate cereal import requirements of the subregion for the 2011/12 marketing year (July/June) is estimated at over 6 million tonnes, slightly higher than the year before, mainly driven by the increase in population. Kazakhstan, the main wheat exporter of the subregion, has a large exportable surplus of 10.6 million tonnes in 2011/12 marketing year. A high level of ending stock is anticipated, which may enable the country to satisfy the needs of neighbouring countries even in the new 2012/13 marketing year.

¹ Georgia is no longer a member of CIS but its inclusion in this group is maintained for the time being.

Wheat flour prices decreasing but still high in importing countries

Domestic prices of wheat flour, which started to decline in the second half of 2011, have continued to fall moderately in the first months of 2012 in most countries of the subregion. Although the April 2012 prices in Armenia, Azerbaijan, Georgia, Kyrgyzstan and Tajikistan were 15 to 20 percent lower than their peaks in mid-2011, they remain well above their levels of two years earlier, reflecting rising cost of energy and fertilizer, as well as the trends in the export markets.

Figure 9. Retail wheat flour prices in selected CIS in Asia countries



Latin America and the Caribbean

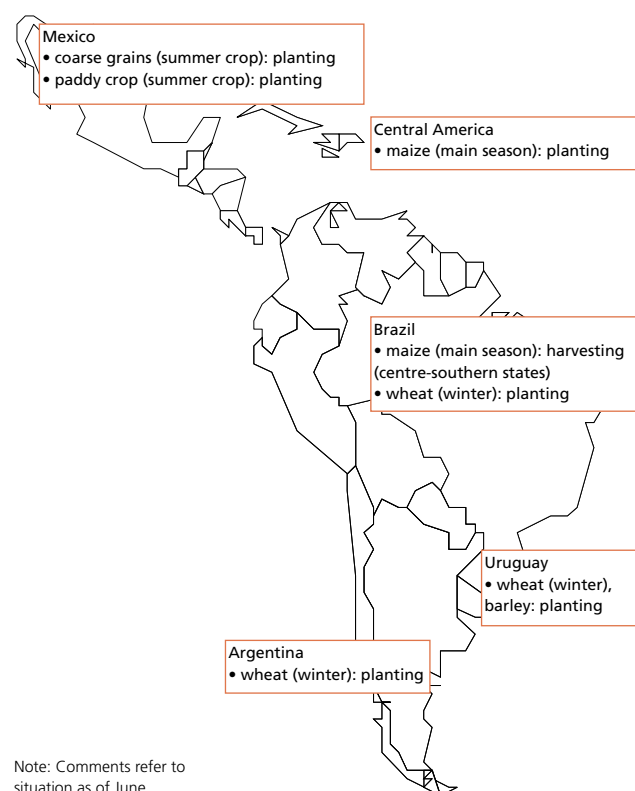
Central America and the Caribbean Decrease in the 2012 wheat output is anticipated

Harvesting of the 2012 mainly irrigated winter wheat crop is well advanced in **Mexico**, virtually the only producer in the subregion. The output is estimated at about 3.6 million tonnes, marginally below its level in 2011 and 6 percent down from the average of the past five years. This is mainly the result of reduced plantings and lower levels of water reservoirs in the key producing areas of Sonora and Guanajuato.

Early prospects for the 2012 main season coarse grains favourable

Planting of the 2012 main season coarse grains crops began in May in all Central American countries and is expected to continue until the end of June. The *La Niña* climate phenomenon weakened in April and a return to normal conditions is expected during the season. Although rains in the first decade of May were below average, official weather forecast indicates that precipitation in the subregion will be normal in the next few months and the 2012 hurricane season activity (June–November) will be slightly below average. In several countries, governments have provided support to farmers for the 2012 main season, including the distribution of seeds and fertilizers, in an effort to increase production.

In **Mexico**, the largest producer of the subregion, the 2012 aggregate maize production (autumn–winter, already harvested and spring–summer seasons) is forecast at 21.8 million tonnes, 14 percent above the reduced crop of 2011, affected by adverse weather, and close to the past five year average. The recovery mainly reflects an increase in the area planted and government measures to support production, including improved water



availability, provision of agricultural input subsidies and credit facilities. Also in other countries of the subregion, assuming normal weather conditions throughout the growing season, a good 2012 maize crop is expected.

Early forecast of the subregion 2012 aggregate paddy crop points to an output of 2.7 million tonnes (1.8 million tonnes on milled basis), similar to the level of 2011. This reflects an expected decline in production in **Costa Rica** and **Panama**, as a result of a contraction in the area planted, offset by an anticipated recovery in production in **Mexico**, **El Salvador** and

Table 16. Latin America and Caribbean cereal production

(million tonnes)

	Wheat			Coarse grains			Rice (paddy)			Total cereals			
	2010	2011 estim.	2012 f'cast	2010	2011 estim.	2012 f'cast	2010	2011 estim.	2012 f'cast	2010	2011 estim.	2012 f'cast	Change: 2012/2011 (%)
Central America & Caribbean	3.7	3.7	3.6	35.8	31.6	34.1	2.8	2.7	2.7	42.3	38.0	40.4	6.3
El Salvador	0.0	0.0	0.0	0.9	0.9	1.2	0.0	0.0	0.0	0.9	0.9	1.2	25.1
Guatemala	0.0	0.0	0.0	1.7	1.7	1.7	0.0	0.0	0.0	1.7	1.7	1.7	-1.6
Honduras	0.0	0.0	0.0	0.5	0.6	0.6	0.0	0.0	0.0	0.6	0.7	0.7	1.8
Mexico	3.7	3.7	3.6	31.1	26.7	29.0	0.2	0.2	0.2	35.0	30.5	32.8	7.3
Nicaragua	0.0	0.0	0.0	0.6	0.7	0.7	0.4	0.4	0.4	1.0	1.1	1.1	3.3
South America	26.7	24.1	22.4	101.3	104.3	112.4	23.5	26.5	24.8	151.5	154.9	159.6	3.1
Argentina	15.9	13.2	13.0	30.0	31.9	29.0	1.2	1.7	1.6	47.2	46.8	43.6	-6.8
Brazil	6.0	5.7	4.8	58.3	59.0	69.8	11.7	13.6	11.8	76.0	78.3	86.4	10.3

Note: Totals and percentage change computed from unrounded data.

Guatemala after the reduced harvest of 2011. In the Caribbean, prospects for 2012 paddy crops are favourable in **Cuba** and in the **Dominican Republic**, mainly as a result of government support to farmers with agricultural inputs and higher paddy producer prices. However, in the **Dominican Republic** above average rains since April caused severe localized damage to agriculture, particularly in the northern areas of the country where official reports indicate that about 1 300 hectares of crops were affected. In **Haiti**, below average rains delayed planting activities of the 2012 main season cereal crops, but beneficial rains since late March favoured field operations in most parts of the country and crop development is assessed to be satisfactory so far.

Overall, the subregion's 2012 aggregate cereal harvest is tentatively forecast at 40 million tonnes, 6 percent above the 2011 reduced output and close to the average of the past five years.

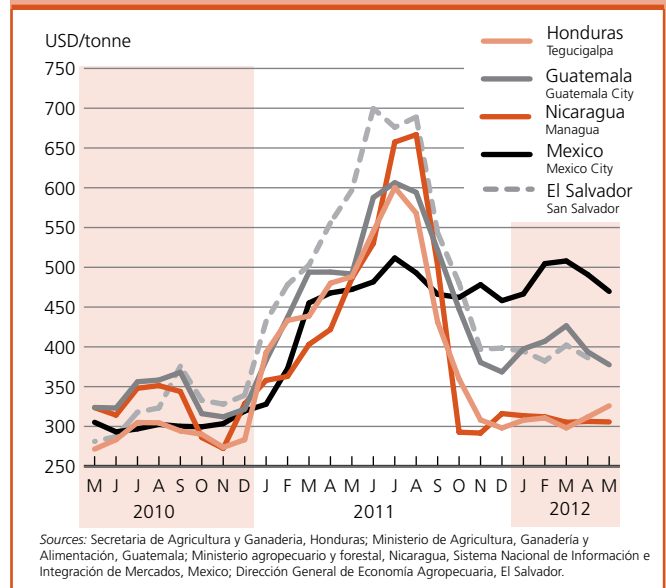
Prices of white maize and beans declined in the past two months with the arrival of secondary harvests

In most countries of the subregion, prices of white maize declined in April and first half of May with the arrival into the markets of the 2011/12 secondary season harvests and, overall, were up to 35 percent below their levels a year before. In **Guatemala**, maize prices in early May declined by 4 percent compared to April and were 20 percent below their levels at the same time a year earlier, following favourable supply from in the northern region of *Petén*. Similarly, in **Mexico**, white maize prices decreased in April and first two weeks of May, but were 15 percent higher than in May 2011. By contrast, in **Honduras**, maize prices increased in April and May, although remained well below the levels of a year before, mainly due to higher costs of fuel and transportation.

Prices of the other main food staple, red beans, declined in May in **Nicaragua**, reflecting the good 2011 *apante* season harvest completed in April. In **Honduras** and **El Salvador**, prices increased slightly as a result of the rise in fuel prices and transportation costs. Overall, however, in most countries of the subregion, prices of red beans in May were 30 to 40 percent below their levels at the same time a year earlier. In **Mexico**, prices of black beans remained relatively unchanged in May after a sharp decline in the previous months following the good 2011/12 secondary season harvest, completed in April. However, prices were still at high levels as a result of the drought-reduced main 2011 harvest, which had pushed prices up in the second half of the year.

In **Haiti**, prices of main staple, imported rice, remained relatively unchanged or decreased somewhat in the past two months following the recent weakening of export prices from the United States. Despite the recent declines, in the main urban market of Port-au-Prince, prices in the

Figure 10. Wholesale white maize prices in selected countries in Central America



first half of May were still 13 percent above their level at the same time a year ago.

South America

Record 2012 coarse grains production anticipated, but wheat crop forecast to decline

Harvesting of the 2012 main season coarse grains crops and rice is almost complete in most countries of the subregion. Preliminary estimates put the coarse grains output at an all time high of 112 million tonnes or 8 percent above last year's good level. This mainly reflects a bumper maize harvest in **Brazil**, the largest producer of the subregion, where the 2012 aggregate maize production (main season and second season) is forecast at 67 million tonnes, 20 percent up from the 2011 previous record level. This is mainly the result of a 25 percent increase in the area planted of the second season in response to relatively high prices. With yields expected to increase by 14 percent, the output is officially forecast 49 percent above the same season's level last year. By contrast, in **Argentina**, despite a 10 percent increase in maize plantings, a prolonged dry spell in December 2011 and early January 2012 significantly reduced the yield potential. Thus the 2012 maize output is officially forecast at 20.1 million tonnes, 12 percent down from the record level of 2011. In **Paraguay**, prospects for the 2012 main season maize crop, to be harvested in July and August, remain uncertain after prolonged dry weather earlier in the season. Heavy rains in April, which caused severe floods in the Western Region, brought some relief to crops in the key growing areas of Alto Paraná (Eastern Region), but were too late to avoid yield reductions.

However, precipitation has been beneficial to the 2012 wheat crops currently being planted.

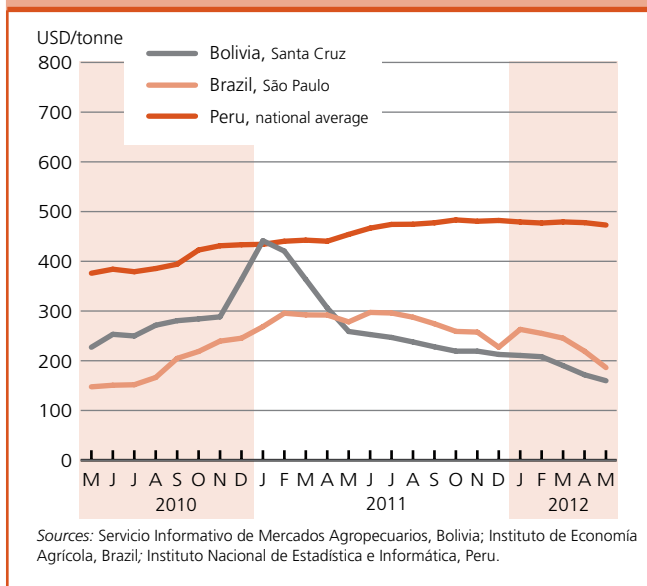
The 2012 rice output of the subregion is preliminarily estimated at 24.8 million tonnes, 6 percent lower than last year's record level but still at average. The decrease in production mainly reflects a 13 percent decline of the paddy output in **Brazil**. Reduced crops are also estimated in **Argentina, Paraguay** and **Uruguay** mainly due to a contraction in the planted area and some yield reduction dry weather conditions during the growing period. By contrast, a slight increase in the 2012 paddy output is anticipated in **Bolivia, Colombia** and **Peru**.

Sowing of the 2012 wheat crop is underway in most countries of the subregion. Early forecasts point to an aggregate production of 22.4 million tonnes, a decline of 7 percent from last year's level. The forecast is based on the decline in the area planted in the main producing countries, **Argentina, Brazil** and **Uruguay**, as a result of diversification into other more profitable crops for example barley.

Prices of yellow maize and wheat flour generally down while those of rice show mixed trends

In several countries of the subregion, prices of yellow maize continued to decline in the first half of May, following the downward trend that began in February. In **Brazil**, they were some 10 percent lower than in April and almost 20 percent below their levels at the same time a year earlier. This reflects the arrival of the 2012 main season maize harvest into the markets and the anticipated record new harvest. Similarly, in **Bolivia**, maize prices showed marked declines in the past three months, and in May they were 40 percent lower than a year earlier. In **Peru**, yellow maize quotations slightly decreased in the past few months and in May were close to their levels of a year ago.

Figure 11. Wholesale maize (yellow) prices in selected countries in South America



Prices of wheat and wheat flour in the past months declined in the importing countries **Bolivia** and **Peru**, reflecting trends in the international market. Wheat flour quotations in most countries of the subregion were below their levels of May 2011.

In **Bolivia**, rice prices in May declined reflecting the good outlook for the 2012 paddy crops, currently being harvested. Similarly in **Peru**, prices dropped in the past four months and in May were 10 percent below their levels at the same time a year ago. By contrast, in **Brazil** and **Ecuador**, prices strengthened further in the past months following expectations of a reduced crop this year.

North America, Europe and Oceania

North America

Bumper cereal crops forecast in the United States

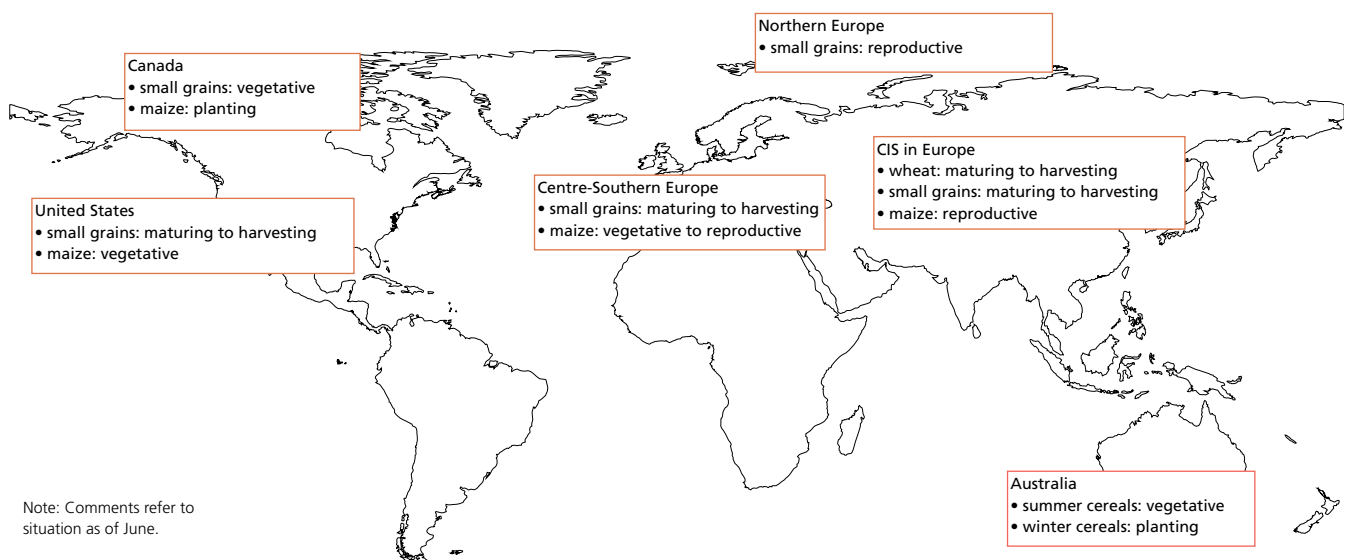
Prospects for the 2012 wheat production in the **United States** remain generally favourable despite recent concern over dry weather in the southern Great Plains where crops are nearing harvest. It is, however, too early to assess the potential impact of the dry spell on yield levels in the affected areas. In early May, USDA forecast the aggregate 2012 wheat crop at 61.1 million tonnes, slightly above earlier forecasts, reflecting the generally favourable conditions that had prevailed for the winter wheat season up to that point. Regarding coarse grains, the USDA's first forecast of 2012 maize production points to a record crop of 376 million tonnes, a huge increase of 43 million tonnes from the previous record in 2009. The forecast is based on an 11 percent increase in plantings compared to last year, to the largest area since 1937, and trend yields adjusted to account for the benefit of early planting as evidenced by the 2012 planting progress. With favourable conditions allowing early fieldwork in many parts, there is a possibility that plantings might increase even more than the Prospective Plantings Report indicated and that average yields could turn out above trend should growing conditions remain generally favourable. In **Canada**, prospects for the 2012 wheat crop are favourable: planting intentions were raised by attractive prices for this season's crop and satisfactory weather conditions allowed fieldwork to get underway even earlier than normal in some parts. Wheat output is forecast to increase by 3.2 percent compared to last year to reach some 26 million tonnes.

Europe

European Union

Prospects for EU cereal crops deteriorate slightly with persisting dry conditions in parts

In the **EU**, overall prospects for the 2012 cereal harvest have deteriorated further, albeit slightly, in the past month, reflecting persisting dry conditions in some central EU countries that were combined with exceptionally high spring temperatures, particularly in Hungary and Slovakia. This year's potential cereal output had already been compromised by severe winter weather affecting the winter grains in several countries namely, France, Germany, Poland, the Czech Republic, Bulgaria and Hungary. However, the threat of drought in the United Kingdom, France and northern Italy has been alleviated with the arrival of plentiful rains in the past few weeks. Also in Spain, the winter drought was broken by the arrival of rains since late March, and although too late to benefit crops in the south, should help to limit yield loss of crops in the major producing northern part of the country which are sown later and thus could still benefit from improved moisture availability. Based on information as of late May, and assuming normal conditions for the remainder of the season, the EU's total wheat crop in 2012 is now forecast at 133 million tonnes, 3.6 percent below last year's about-average level. Regarding the maize crop sown in the spring, plantings are forecast to increase this year, and may increase more than anticipated, given the larger-than-expected loss of winter wheat area. However, assuming a return to average yields after high levels last year, output is expected to decrease by about 4 percent to about 64 million tonnes.



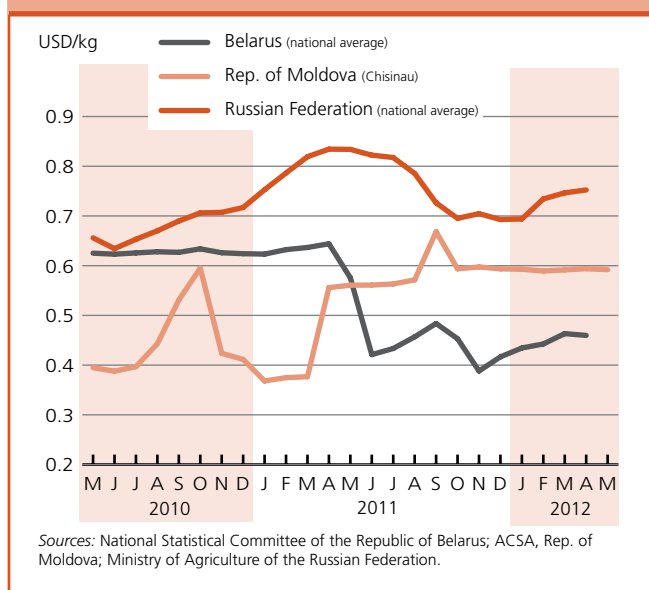
CIS in Europe

Cereal production forecast to decline in 2012

The 2012 winter cereal crops, wheat and barley, are maturing, while the sowing of spring grain crops is nearing completion. FAO's latest forecast for the subregion's cereal production stands at 148 million tonnes, 6 percent down compared to last year's level. Wheat production is expected at 71 million tonnes, 13 percent down from last year's good level and 8 percent below the average of the past five years. This mainly reflects the unfavourable prospects in **Ukraine**, where a sharp decline in the output is anticipated due to the adverse weather conditions experienced during winter cropping season; some major producing areas have been severely affected by drought last autumn, while winterkill has been higher than normal due to severe low temperatures and limited snow cover. Wheat production is forecast at 14 million tonnes, nearly 40 percent below last year's bumper crop level and well below the average of the past five years. Planting of the spring crops such as maize, buckwheat and millet has been completed. In the Northern and Western regions the spring crops are mostly in satisfactory conditions, while in the Southern regions early crop development is hampered by low soil moisture, due to the mixed performance of rains. The tentative forecast of the 2012 aggregate cereal production points to some 46.8 million tonnes, about 16 percent below last year's record harvest.

In the **Russian Federation**, the sudden increase in temperatures from early May is likely to have a negative impact on winter cereal yields. The sowing of spring crops is almost close to completion. However, inadequate soil moisture is of concern in a number of cereal growing regions, in particular in the Trans-Urals, Volga Federal District and Southern Russia. The aggregate wheat output is tentatively forecast at 54 million

Figure 12. Retail wheat flour prices in Belarus, Russian Federation and Republic of Moldova



tonnes or 4 percent below the 2011 good harvest. However, more rains are needed in southern parts in the coming weeks, during the critical flowering stage of the crop, for this forecast to materialize. In **Belarus**, prospects for this year's winter cereal crops, accounting for about one-quarter of the annual cereal production, are also favourable. Spring sowing has been completed and crops are reported in satisfactory conditions. In the **Republic of Moldova** the outlook for winter wheat and barley crops is still uncertain due to the drought which affected some parts of the country during the autumn months and the severe frost during winter. Plantings of spring maize

Table 17. North America, Europe and Oceania cereal production

(million tonnes)

	Wheat			Coarse grains			Rice (paddy)			Total cereals			
	2010	2011 estim.	2012 f'cast	2010	2011 estim.	2012 f'cast	2010	2011 estim.	2012 f'cast	2010	2011 estim.	2012 f'cast	Change: 2012/2011 (%)
North America	83.2	79.7	87.2	353.0	345.9	414.9	11.0	8.4	8.3	447.2	434.0	510.4	17.6
Canada	23.2	25.3	26.1	22.4	21.9	24.8	0.0	0.0	0.0	45.6	47.2	50.9	7.8
United States	60.1	54.4	61.1	330.6	324.0	390.1	11.0	8.4	8.3	401.7	386.8	459.5	18.8
Europe	201.3	223.9	208.5	200.5	235.1	233.2	4.4	4.5	4.4	406.2	463.5	446.1	-3.8
Belarus	1.7	2.0	2.3	4.9	5.8	6.6	0.0	0.0	0.0	6.6	7.8	8.9	14.6
EU	136.5	137.9	133.0	140.4	148.5	145.2	3.1	3.1	3.0	280.0	289.5	281.1	-2.9
Russian Federation	41.5	56.2	54.0	19.9	34.2	34.7	1.1	1.2	1.2	62.4	91.6	89.9	-1.9
Serbia	1.7	2.1	2.0	7.6	6.8	7.3	0.0	0.0	0.0	9.2	8.9	9.3	4.3
Ukraine	16.9	22.3	14.0	21.0	33.3	32.7	0.2	0.2	0.2	38.0	55.7	46.8	-16.0
Oceania	28.2	29.8	26.3	12.4	13.9	13.2	0.2	0.7	0.9	40.8	44.5	40.5	-9.0
Australia	27.9	29.5	26.0	11.9	13.4	12.7	0.2	0.7	0.9	40.0	43.6	39.6	-9.2

Note: Totals and percentage change computed from unrounded data.

have increased to compensate for the anticipated decline in wheat production.

Exportable surplus of the subregion in 2011/12 is high but forecast to decline in 2012/13

The good 2011 cereal harvest in the Russian Federation and Ukraine resulted in significant exportable surplus in both countries for the 2011/12 marketing year (July/June). The potential surplus for export of Russia is estimated at 25.8 million tonnes, including 21 million tonnes of wheat. For Ukraine the total cereal export potential stands at 21.7 million tonnes, including 13.7 million tonnes of maize. However, given the forecast for the reduced 2012 cereal production the exportable surplus from the subregion in 2012/13 is expected to decline.

Export prices of wheat slightly down in May

In the Russian Federation and in Ukraine, export prices of milling wheat decreased slightly in May after having risen by 13 percent in the period from January to April 2012. However, prices remain at relatively high levels, despite the drop recorded in the second half of 2011, due to the anticipated reduced production in

Ukraine and uncertain prospects in Russia. The high level of prices in these countries is affecting domestic prices in the importing countries of the CIS region, in particular Caucasus countries, that are heavily dependent on regional cereal imports.

Oceania Smaller wheat crop expected in Australia after last year's record

In **Australia**, planting of winter grains was reported to be well underway as of mid-May. Good rainfall in early May in parts of Western Australia was particularly welcome, as this region remained relatively dry in the past two seasons. In mid-May, adequate planting rains had still to arrive in many parts of the north, northeast and eastern winter grain areas. However, even assuming satisfactory planting conditions, early indications point to a reduction in the area sown to wheat, after a particularly large area last year and because of expectations that some land will be shifted to other crops, canola in particular, with better returns prospects this year. Furthermore, with yields expected to return to average levels after last year's highs, output in 2012 is tentatively forecast to fall by almost 12 percent to about 26 million tonnes.

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Table A1. Global cereal supply and demand indicators

	Average 2005/06 - 2009/10	2008/09	2009/10	2010/11	2011/12	2012/13
1. Ratio of world stocks to utilization (%)						
Wheat	26.3	26.4	29.7	27.2	27.9	26.1
Coarse grains	16.5	17.7	17.0	14.6	13.8	16.2
Rice	26.5	28.7	29.2	30.1	32.0	34.6
Total cereals	21.4	22.4	23.2	21.5	21.5	22.7
2. Ratio of major grain exporters' supplies to normal market requirements (%)						
	125.0	128.5	124.1	115.3	117.4	119.7
3. Ratio of major exporters' stocks to their total disappearance (%)						
Wheat	17.3	17.9	21.4	19.9	19.8	17.3
Coarse grains	14.3	15.7	15.1	10.6	9.6	13.2
Rice	17.7	23.0	20.8	20.0	22.6	24.8
Total cereals	16.4	18.9	19.1	16.8	17.3	18.5
	Annual trend growth rate 2002-2011	2008	Change from previous year			
			2009	2010	2011	2012
4. Changes in world cereal production (%)						
	2.7	7.2	-1.0	-0.5	4.0	3.2
5. Changes in cereal production in the LIFDCs (%)						
	3.6	4.0	-0.3	7.1	1.1	2.4
6. Changes in cereal production in the LIFDCs less India (%)						
	3.6	5.8	4.6	6.4	-2.1	2.6
	Average 2005-2009	2008	Change from previous year (%)			
			2009	2010	2011	2012*
7. Selected cereal price indices:						
Wheat	158.3	31.5	-34.6	9.6	31.5	-20.7
Maize	146.0	36.5	-25.5	12.0	57.6	-6.4
Rice	194.2	82.9	-14.0	-9.4	9.5	-6.0

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 Wheat Exporters are Argentina, Australia, Canada, the EU, Kazakhstan, Russian Fed., Ukraine and the United States; Major Coarse Grain Exporters are Argentina, Australia, Brazil, Canada, the EU, Russian Fed., Ukraine 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 2002-2004=100; For maize, the U.S. maize No.2 Yellow (delivered U.S. Gulf ports) with base 2002-2004=100; For rice, the FAO Rice Price Index, 2002-2004=100, is based on 16 rice export quotations.

*January-May average.

Table A2. World cereal stocks¹
(million tonnes)

	2008	2009	2010	2011	2012 estimate	2013 forecast
TOTAL CEREALS	419.7	503.1	527.5	499.9	511.8	547.6
Wheat	140.4	174.4	197.4	188.4	192.4	181.2
held by:						
- main exporters ²	41.5	65.7	76.0	69.0	73.1	62.9
- others	98.9	108.7	121.4	119.4	119.3	118.3
Coarse grains	165.4	200.2	195.7	170.4	166.7	200.7
held by:						
- main exporters ²	77.4	105.2	102.7	71.7	65.5	95.3
- others	88.0	95.0	93.0	98.7	101.2	105.4
Rice (milled basis)	113.9	128.5	134.4	141.0	152.7	165.8
held by:						
- main exporters ²	28.3	35.4	32.2	32.1	36.7	41.4
- others	85.6	93.1	102.2	108.9	116.0	124.4
Developed countries	126.2	175.8	188.1	150.3	145.2	162.6
Australia	5.5	6.2	6.6	9.0	9.7	8.5
Canada	8.5	13.0	13.6	10.8	9.1	10.2
European Union	30.3	46.9	44.0	32.5	32.2	29.9
Japan	4.8	4.6	4.8	4.9	4.7	4.7
Russian Federation	5.2	17.7	20.0	15.7	12.9	10.7
South Africa	1.8	2.7	3.6	4.5	3.2	2.4
Ukraine	4.9	8.0	6.7	5.2	11.1	7.7
United States	54.3	65.9	75.9	57.3	46.2	72.0
Developing countries	293.5	327.3	339.4	349.6	366.6	385.0
Asia	247.4	272.6	284.5	291.3	308.2	325.2
China	145.1	158.5	168.0	172.8	182.6	195.6
India	40.9	47.9	43.3	44.2	48.8	53.1
Indonesia	6.1	7.4	8.7	10.9	11.9	11.6
Iran (Islamic Republic of)	3.0	5.6	5.4	5.2	5.6	5.2
Korea, Republic of	3.0	2.9	4.1	4.1	4.2	3.9
Pakistan	3.2	3.5	4.1	2.2	3.0	3.2
Philippines	3.2	4.2	5.0	4.1	3.5	3.2
Syrian Arab Republic	3.6	2.5	3.0	1.6	1.0	1.0
Turkey	5.2	4.1	4.2	4.2	4.6	4.3
Africa	24.1	26.3	30.6	33.6	33.3	31.1
Algeria	3.4	2.7	3.6	3.9	3.7	3.9
Egypt	3.3	5.6	6.9	6.4	7.5	7.6
Ethiopia	0.7	0.8	1.5	1.6	1.9	2.0
Morocco	1.9	1.3	2.7	3.2	3.9	2.8
Nigeria	1.2	1.6	1.6	1.8	1.8	1.2
Tunisia	1.9	1.5	1.5	1.0	1.3	1.3
Central America	5.3	5.9	4.4	5.5	4.0	4.5
Mexico	3.2	4.1	2.7	3.6	2.2	2.5
South America	16.3	22.2	19.6	18.8	20.8	23.8
Argentina	7.3	3.7	2.2	5.3	7.1	5.8
Brazil	2.3	10.9	10.2	6.6	6.6	10.7

Note: Based on official and unofficial estimates. Totals computed from unrounded data.

¹ Stocks 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 Major Wheat Exporters are Argentina, Australia, Canada, the EU, Kazakhstan, Russian Fed., Ukraine and the United States; Major Coarse Grain Exporters are Argentina, Australia, Brazil, Canada, the EU, Russian Fed., Ukraine and the United States; Major Rice Exporters are India, Pakistan, Thailand, the United States, and Viet Nam.

Table A3. Selected international prices of wheat and coarse grains
(USD/tonne)

	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
2007/08	361	311	318	200	192	206
2008/09	270	201	234	188	180	170
2009/10	209	185	224	160	168	165
2010/11	316	289	311	254	260	248
Monthly						
2010 - May	196	190	243	163	170	164
2010 - June	181	183	206	152	163	156
2010 - July	212	218	212	160	171	168
2010 - August	272	257	277	174	198	185
2010 - September	303	276	299	206	229	215
2010 - October	291	266	294	236	248	231
2010 - November	291	276	295	236	246	234
2010 - December	327	310	300	252	260	251
2011 - January	340	317	317	263	272	262
2011 - February	362	336	347	287	288	276
2011 - March	334	302	348	291	288	279
2011 - April	364	318	352	321	314	302
2011 - May	362	309	351	309	303	277
2011 - June	333	282	341	308	306	285
2011 - July	307	264	310	304	300	279
2011 - August	336	280	292	313	312	304
2011 - September	329	270	300	300	294	285
2011 - October	301	255	260	275	276	265
2011 - November	299	256	239	275	271	275
2011 - December	290	246	224	259	242	261
2012 - January	298	258	249	275	258	271
2012 - February	297	262	263	279	267	268
2012 - March	294	259	260	280	270	266
2012 - April	279	255	252	273	256	242
2012 - May	279	252	251	269	246	219

Sources: International Grains Council and USDA.

¹ Delivered United States f.o.b. Gulf.

² Delivered United States Gulf.

³ Up River f.o.b.

Table A4a. Cereal import requirements of Low-Income Food-Deficit Countries¹, 2011/12 or 2012 estimates
(thousand tonnes)

	Marketing year	2010/11 or 2011 Actual imports			Total import requirements (excl. re-exports)	2011/12 or 2012 Import position ²		
		Commercial purchases	Food aid	Total commercial and aid		Total commercial and aid	Food aid allocated, committed or shipped	Commercial purchases
AFRICA		38 176.5	1 763.6	39 940.1	43 006.0	23 490.6	979.0	22 511.6
North Africa		16 081.0	0.0	16 081.0	16 971.0	13 512.6	0.0	13 512.6
Egypt	July/June	16 081.0	0.0	16 081.0	16 971.0	13 512.6	0.0	13 512.6
Eastern Africa		5 618.5	1 020.2	6 638.7	8 190.0	2 218.0	643.3	1 574.7
Burundi	Jan./Dec.	104.6	28.5	133.1	135.0	17.5	10.7	6.8
Comoros	Jan./Dec.	53.0	0.0	53.0	53.0	3.8	0.0	3.8
Djibouti	Jan./Dec.	94.0	9.0	103.0	92.5	56.6	9.3	47.3
Eritrea	Jan./Dec.	367.0	0.0	367.0	383.0	0.0	0.0	0.0
Ethiopia	Jan./Dec.	515.0	534.1	1 049.1	851.0	284.7	168.8	115.9
Kenya	Oct./Sept.	1 328.0	127.2	1 455.2	2 110.0	684.0	119.3	564.7
Rwanda	Jan./Dec.	155.0	8.1	163.1	72.0	1.1	1.1	0.0
Somalia	Aug./July	367.4	28.3	395.7	473.0	190.3	186.0	4.3
Sudan ³	Nov./Oct.	1 658.4	214.2	1 872.6	2 710.0	568.6	135.6	433.0
Uganda	Jan./Dec.	367.9	37.9	405.8	450.0	25.4	3.6	21.8
United Rep. of Tanzania	June/May	608.2	32.9	641.1	860.5	386.0	8.9	377.1
Southern Africa		1 532.3	225.3	1 757.6	2 079.5	1 554.0	168.4	1 385.6
Lesotho	April/March	208.5	0.5	209.0	264.0	215.8	0.0	215.8
Madagascar	April/March	166.8	19.9	186.7	320.0	159.6	23.6	136.0
Malawi	April/March	82.2	24.4	106.6	144.2	144.2	29.1	115.1
Mozambique	April/March	721.6	137.2	858.8	937.3	937.3	93.8	843.5
Zambia	May/April	28.9	2.0	30.9	44.0	29.6	1.3	28.3
Zimbabwe	April/March	324.3	41.3	365.6	370.0	67.5	20.6	46.9
Western Africa		13 090.7	359.1	13 449.8	13 783.5	5 513.0	154.5	5 358.5
Coastal Countries		10 261.5	125.4	10 386.9	10 317.5	4 649.5	15.4	4 634.1
Benin	Jan./Dec.	439.1	16.9	456.0	397.0	276.0	6.6	269.4
Côte d'Ivoire	Jan./Dec.	1 351.7	18.3	1 370.0	1 385.0	1 170.9	2.3	1 168.6
Ghana	Jan./Dec.	853.2	25.0	878.2	875.0	611.8	0.9	610.9
Guinea	Jan./Dec.	517.0	30.0	547.0	547.0	14.5	0.0	14.5
Liberia	Jan./Dec.	330.0	15.7	345.7	374.0	13.2	0.1	13.1
Nigeria	Jan./Dec.	6 420.0	0.0	6 420.0	6 420.0	2 338.9	0.0	2 338.9
Sierra Leone	Jan./Dec.	150.0	19.0	169.0	119.0	74.3	5.5	68.8
Togo	Jan./Dec.	200.5	0.5	201.0	200.5	149.9	0.0	149.9
Sahelian Countries		2 829.2	233.7	3 062.9	3 466.0	863.5	139.1	724.4
Burkina Faso	Nov./Oct.	336.4	13.6	350.0	385.0	43.3	8.5	34.8
Chad	Nov./Oct.	115.9	92.6	208.5	193.0	103.8	55.8	48.0
Gambia	Nov./Oct.	165.0	0.0	165.0	180.5	6.2	1.9	4.3
Guinea-Bissau	Nov./Oct.	112.0	7.0	119.0	154.3	11.9	0.0	11.9
Mali	Nov./Oct.	119.2	2.6	121.8	301.2	95.5	25.3	70.2
Mauritania	Nov./Oct.	451.0	43.0	494.0	504.0	154.5	10.2	144.3
Niger	Nov./Oct.	323.8	53.9	377.7	373.0	51.5	31.6	19.9
Senegal	Nov./Oct.	1 205.9	21.0	1 226.9	1 375.0	396.8	5.8	391.0
Central Africa		1 854.0	159.0	2 013.0	1 982.0	693.0	12.8	680.2
Cameroon	Jan./Dec.	883.8	5.2	889.0	845.0	392.0	0.0	392.0
Cent.Afr.Rep.	Jan./Dec.	53.7	9.3	63.0	63.0	11.8	2.4	9.4
Congo	Jan./Dec.	321.5	6.5	328.0	327.0	148.6	0.4	148.2
Dem.Rep. of the Congo	Jan./Dec.	577.5	137.5	715.0	730.0	135.5	9.6	125.9
Sao Tome and Principe	Jan./Dec.	17.5	0.5	18.0	17.0	5.1	0.4	4.7

Table A4b. Cereal import requirements of Low-Income Food-Deficit Countries¹, 2011/12 or 2012 estimates
(thousand tonnes)

	Marketing year	2010/11 or 2011 Actual imports			2011/12 or 2012 Import position ²			
		Commercial purchases	Food aid	Total commercial and aid	Total import requirements (excl. re-exports)	Total commercial and aid	Food aid allocated, committed or shipped	Commercial purchases
ASIA		38 431.7	606.0	39 037.7	40 441.4	20 455.4	209.5	20 245.9
Cis in Asia		3 797.8	24.5	3 822.3	4 230.3	3 809.0	0.0	3 809.0
Georgia ⁴	July/June	689.2	0.4	689.6	733.0	631.0	0.0	631.0
Kyrgyzstan	July/June	372.8	24.1	396.9	469.3	413.4	0.0	413.4
Tajikistan	July/June	961.8	0.0	961.8	972.0	852.6	0.0	852.6
Uzbekistan	July/June	1 774.0	0.0	1 774.0	2 056.0	1 912.0	0.0	1 912.0
Far East		22 766.3	430.7	23 197.0	21 890.7	11 862.1	158.6	11 703.5
Bangladesh	July/June	5 644.9	170.6	5 815.5	3 390.0	1 278.7	102.0	1 176.7
Bhutan	July/June	66.3	0.0	66.3	62.2	0.0	0.0	0.0
Cambodia	Jan./Dec.	34.6	6.4	41.0	40.4	0.0	0.0	0.0
D.P.R. of Korea	Nov./Oct.	390.5	144.5	535.0	751.1	376.3	43.0	333.3
India	April/March	338.7	0.0	338.7	283.5	3.5	0.0	3.5
Indonesia	April/March	9 525.6	2.0	9 527.6	11 404.1	6 812.1	0.2	6 811.9
Lao, P.D.R.	Jan./Dec.	35.5	8.2	43.7	44.9	25.8	1.6	24.2
Mongolia	Oct./Sept.	138.0	5.0	143.0	115.8	70.4	0.0	70.4
Nepal	July/June	427.0	10.0	437.0	291.8	20.8	3.3	17.5
Philippines	July/June	4 683.7	50.0	4 733.7	4 240.4	3 023.6	0.0	3 023.6
Sri Lanka	Jan./Dec.	1 414.3	30.0	1 444.3	1 192.0	250.9	8.5	242.4
Timor-Leste	July/June	67.2	4.0	71.2	74.5	0.0	0.0	0.0
Near East		11 867.6	150.8	12 018.4	14 320.4	4 784.3	50.9	4 733.4
Afghanistan	July/June	1 010.4	96.9	1 107.3	2 250.4	195.2	42.3	152.9
Iraq	July/June	4 609.9	0.1	4 610.0	5 110.0	1 301.6	0.0	1 301.6
Syrian Arab Republic	July/June	3 187.3	3.8	3 191.1	3 510.0	2 881.1	1.4	2 879.7
Yemen	Jan./Dec.	3 060.0	50.0	3 110.0	3 450.0	406.4	7.2	399.2
CENTRAL AMERICA		1 711.0	114.4	1 825.4	1 790.5	936.6	38.5	898.1
Haiti	July/June	525.0	110.4	635.4	655.5	248.8	24.1	224.7
Honduras	July/June	794.0	1.0	795.0	795.0	516.2	12.7	503.5
Nicaragua	July/June	392.0	3.0	395.0	340.0	171.6	1.7	169.9
OCEANIA		433.7	0.0	433.7	441.9	29.7	0.0	29.7
Kiribati	Jan./Dec.	8.7	0.0	8.7	8.7	2.7	0.0	2.7
Papua New Guinea	Jan./Dec.	382.2	0.0	382.2	390.2	25.2	0.0	25.2
Solomon Islands	Jan./Dec.	42.8	0.0	42.8	43.0	1.8	0.0	1.8
EUROPE		81.2	0.0	81.2	97.1	76.1	0.0	76.1
Republic of Moldova	July/June	81.2	0.0	81.2	97.1	76.1	0.0	76.1
TOTAL		78 834.1	2 484.0	81 318.1	85 776.9	44 988.4	1 227.0	43 761.4

Source: FAO

¹ The Low-Income Food-Deficit (LIFDC) group of countries includes net food deficit countries with annual per caput income below the level used by the World Bank to determine eligibility for IDA assistance (i.e. USD 1 905 in 2009); for full details see <http://www.fao.org/countryprofiles/lifdc.asp>.² Estimates based on information as of end of May 2012.³ Including South Sudan.⁴ Georgia is no longer a member of CIS but its inclusion in this group is maintained temporarily.

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