



HIGHLIGHTS

- In August, the FAO Global Food Price Index had its sharpest monthly decline since December 2008.
- In Pakistan, prices for potatoes in August were 3.5 percent higher than the previous month but were 58.9 percent lower than a year ago.
- In China, prices for many fresh vegetables including tomatoes, cucumbers, and kidney beans increased by double digit.
- Pakistan will resume rice exports to Iran in October, after six years of international trade sanctions on the Islamic Republic.
- Thailand's Ministry of Commerce launched a programme to provide cheaper packed rice for low-income people using public rice stocks.

REGIONAL OVERVIEW

FOOD AND GENERAL INFLATION

General inflation in the region rose by 2.2 percent, and food price inflation was up by 2.6 percent in August compared to one year ago.

In August, general inflation in Bangladesh rose by 1.1 percent, and food prices by 1.8 percent. Consumer prices registered a 0.5 percent increase in China, and food prices rose 1.6 percent. In India¹, general inflation was up 7.03 percent, and food price increased by 8.7 percent driven by price increases for vegetables, particularly onion.

In Indonesia, general inflation was up 0.4 percent, and food prices rose 0.9 percent. In Pakistan, general and food inflation were up 0.2 percent and 0.3 percent, respectively. General inflation in the Philippines increased by 0.1 percent, and food price inflation rose by 0.4 percent.

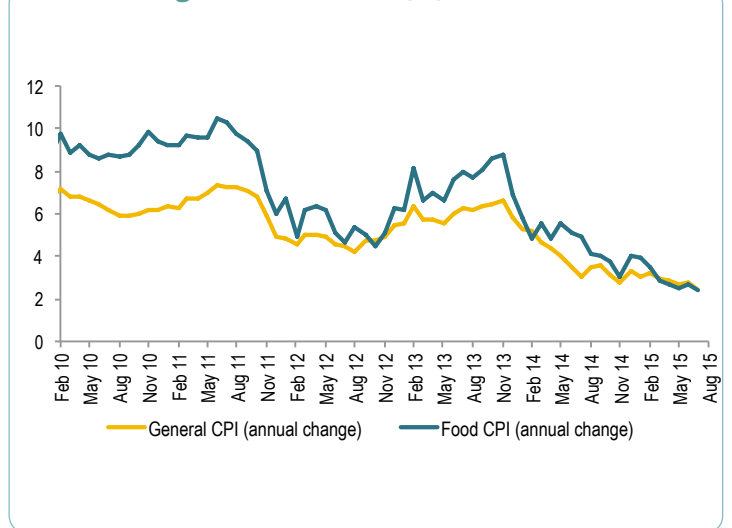
Samoa's general inflation dropped 2.5 percent, and food prices also declined 2.8 percent. Sri Lanka's general inflation was down 0.5 percent and food price inflation dropped 1.5 percent.

In Thailand, general inflation fell by 0.2 percent, but food price inflation rose by 0.1 percent. Viet Nam's general inflation dropped 0.1 percent but food prices were up 0.1 percent.

FOOD PRICES

The FAO Food Price Index had its sharpest decline since December 2008 and averaged 155.7 points in August, down 8.5 points (5.2 percent) from July, and 42.5 points (21.5 percent) from August 2014. Vegetable oil prices hit

Food and general inflation (%)



Source: FAOSTAT, World Bank, and government statistics.

Note: The consumer price index (CPI) measures changes in the consumer basket of goods and services purchased by households. Regional estimates for the CPI are aggregated by a weighted geometric average of each respective national CPI and its corresponding regional GDP share (deflated by purchasing power parity estimates) as its weight. The regional index includes contributions from ten countries, comprising: Bangladesh, China, India, Indonesia, Pakistan, Philippines, Samoa, Sri Lanka, Thailand, and Viet Nam.

Note: Prices in US dollars (US\$) are converted from local currencies using the average exchange rate for the corresponding month of publication supplied by the IMF International Financial Statistics.

¹These figures are reported by the Ministry of Statistics and Programme Implementation. Regional price indices use the agricultural laborers series from the Labour Bureau as our source for the CPI figures in India.

a six-and-a-half year low, falling 12.7 points (8.6 percent) due to slowing import demand in India and China and higher expectations of increased production. Sugar prices declined by 18.1 points (10 percent) reflecting a continued depreciation of the Brazilian Real against the US Dollar.

Maize prices were down 8.8 percent on strong production in South America and the United States, and were 7 percent lower than one year ago. Wheat prices dropped by 9.2 percent in August, and were down 24 percent year on year. Thai rice prices (white 100% grade B) declined 5 percent, and were 16.7 percent lower than a year ago. Production prospects improved slightly in Asia, as plantings in India were progressing despite El Niño. Global rice production for 2015 is expected to be 7 percent higher than 2014, and the world rice trade is projected to stay historically high in 2016, with China as the biggest buyer.

The **regional rice price index** was down by 0.4 percent in nominal terms in August and was 1.1 percent lower than one year ago. The real price of rice was 1.9 percent lower than last month, and 4.2 percent lower than one year ago. On a monthly basis, the nominal price of rice declined in India by 3 percent followed by a 0.9 percent drop in South Asia. In East Asia, nominal rice prices remained unchanged, but in Southeast Asia they increased by 2.8 percent.

Year-on-year nominal prices fell 8.2 percent in South Asia and 6.2 percent in India, but rose by 3.7 percent and 3.2 percent in Southeast Asia and East Asia, respectively. Real prices dropped across the board, led by declines in South Asia of 13.4 percent, India, by 7.8 percent, followed by a 2.3 percent fall in Southeast Asia and a 0.5 percent slide in East Asia

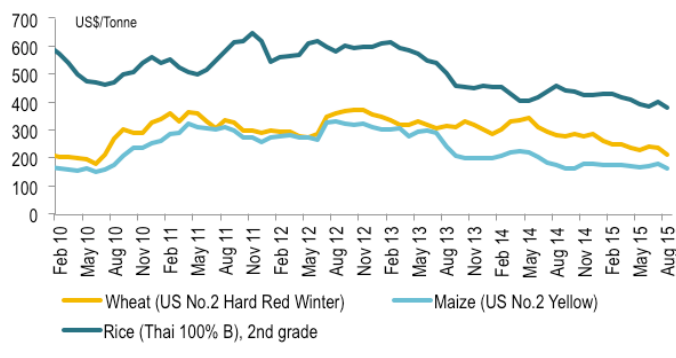
The **regional wheat price index** was 0.2 percent higher than July in nominal terms, and was 1.5 percent higher than a year ago. Month on month, nominal prices declined 0.1 percent in South Asia, and increased 0.6 percent in India and 0.1 percent in Southeast Asia. Wheat prices in East Asia remained unchanged. Year on year, nominal prices were down 7.4 percent in South Asia and 0.5 in Southeast Asia. Wheat prices in East Asia and India increased by 4.6 percent and 2.6 percent, respectively.

Real wheat prices in the region decreased by 0.5 percent during August, and were 0.6 percent lower than one year ago. Compared to one month ago, prices were down 0.9 percent in East Asia, 0.8 percent in Southeast Asia, and 0.2 percent in South Asia. In India, prices increased by 0.3 percent. Year-on-year real prices dropped by 11.9 percent in Southeast Asia and 6.4 percent in South Asia, but rose by 0.9 percent in East Asia and 0.7 percent in India.

Note: The regional price indices are aggregated using weights defined by the national Food Balance Sheet (FAOSTAT). Weights are defined as the availability of rice and wheat for domestic consumption for each respective index. Sub-regional groupings in the rice index are Cambodia, Indonesia, Lao PDR, Myanmar, the Philippines, Thailand and Viet Nam for Southeast Asia; Bangladesh, Nepal, Pakistan, and Sri Lanka for South Asia; China and Mongolia for East Asia. Prices for India represent an average of 4 markets in Chennai, Delhi, Mumbai and Patna.

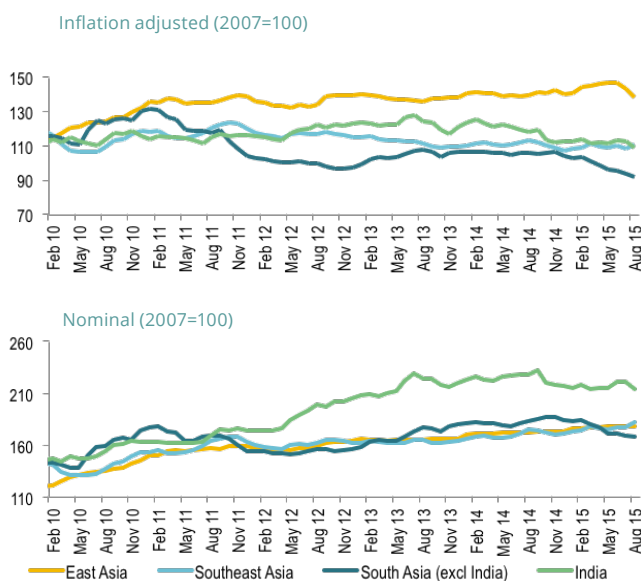
For the wheat index, South Asia also includes Afghanistan whereas Southeast Asia includes only Indonesia. East Asia is also only represented by China. Retail prices are used where available - with the exception of wholesale prices for Cambodia and Thailand in the rice index; as well as India and Indonesia for the wheat index. Prices for India represent an average of 4 markets in Chennai, Delhi, Mumbai and Patna.

Global benchmark prices

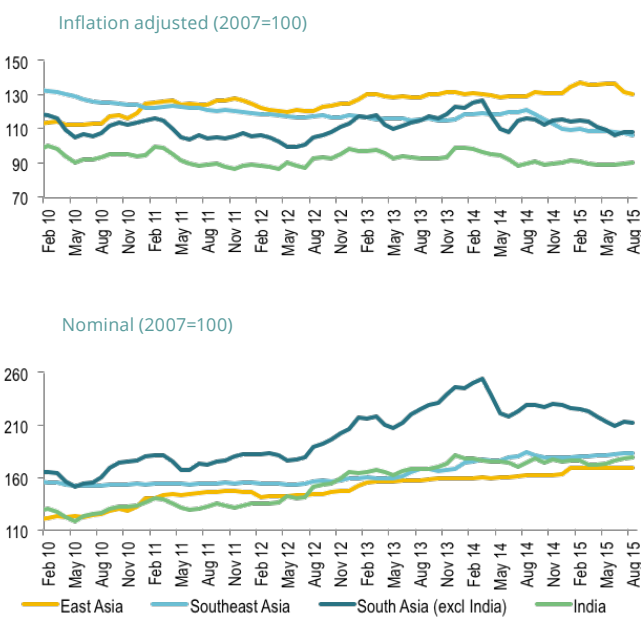


Source: FAO, International commodity prices

Subregional price indices: rice



Subregional price indices: wheat



Source: FAO GIEWS, national government and IMF International Financial Statistics.

COUNTRY OVERVIEW

FOOD PRICES

In **Bangladesh** (Dhaka markets), retail rice prices were relatively stable with a monthly decrease of 0.7 percent. In contrast, wholesale prices dropped over 10 percent during the same period. On an annual basis, retail rice prices were down 9.1 percent and wholesale prices dropped 21.1 percent. In May, the Government set a 1.1 million tonne target for public procurement of boro rice at BDT 32 (US\$0.41) per kg, and so far 72 percent of the target has been achieved.

Some media reports indicate that a rice surplus, stemming from increased imports and local production, may have put downward pressure on domestic prices, which ultimately affects farmers' incomes.

Retail and wholesale prices for wheat increased by 3.9 percent and 5.7 percent, respectively. Retail prices for wheat flour were down 1.4 percent, but wholesale prices were up 3.0 percent. On a yearly basis, prices for both commodities in both markets have been trending down, led by declines in wholesale markets of 13.8 percent for wheat flour and 13.3 percent for wheat, and followed by declines in retail markets of 11.7 percent for wheat flour and a 11.5 percent for wheat.

During the 2015/16 marketing year (July/June), wheat imports are forecast to reach 950 000 tonnes, three times higher than the level of wheat imported during the previous marketing year. The Government mainly imports wheat to meet the requirements of its Open Market Sale programme, which sells wheat below the market price to vulnerable populations in major metropolitan areas. In addition to the Government, private traders import on average 2.7 million tonnes of wheat yearly. Average domestic utilization totals 4 million tonnes per year, of which around 1.3 million tonnes are produced nationally.

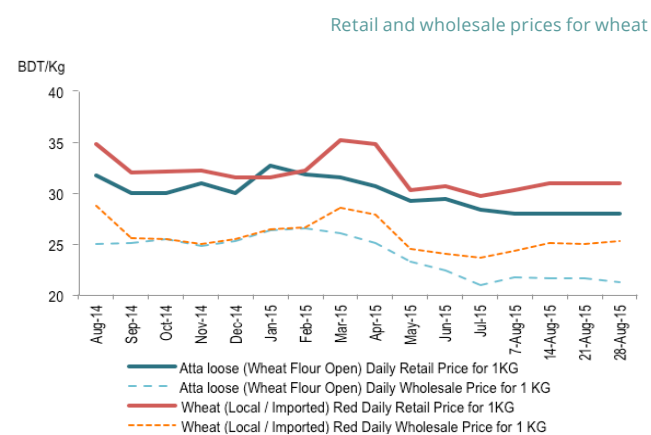
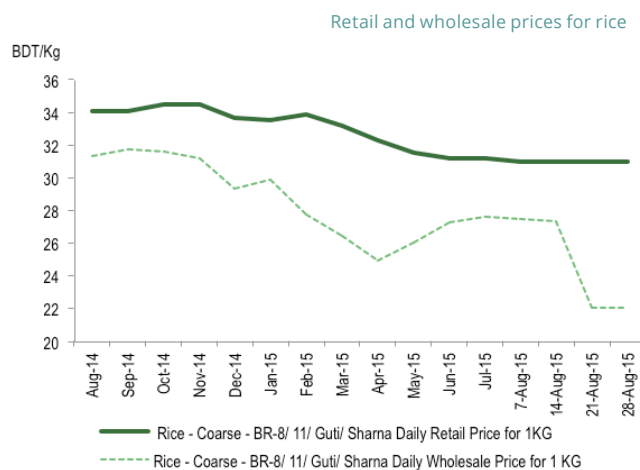
In **China** (average of 50 markets), rice prices (not shown in graph) remained stable in August. Increases in prices for fresh vegetables were led by tomatoes at 16.4 percent, cucumbers at 15.7 percent, kidney beans by 15 percent, rapes by 13.1 percent, followed by a 2.5 percent increase in celeries and a 2.1 percent increase in Chinese cabbages. Annual rises have been higher for cucumbers, tomatoes and kidney beans at 29.5 percent, 26.6 percent and 20.6 percent, respectively. In contrast, prices for fruits registered an annual decline, with bananas falling 34.4 percent and apples falling 6.9 percent (not shown in graph).

Against this backdrop, a memorandum of understanding (MoU) between China and Australia was signed to explore horticultural trade interests between the two countries. This MoU falls into the framework of the recently signed China-Australia Free Trade Agreement (ChAFTA).

Month on month, prices for pork (not shown in graph) continued to increase, rising by 6.9 percent (for rump) and 7.1 percent (for belly).

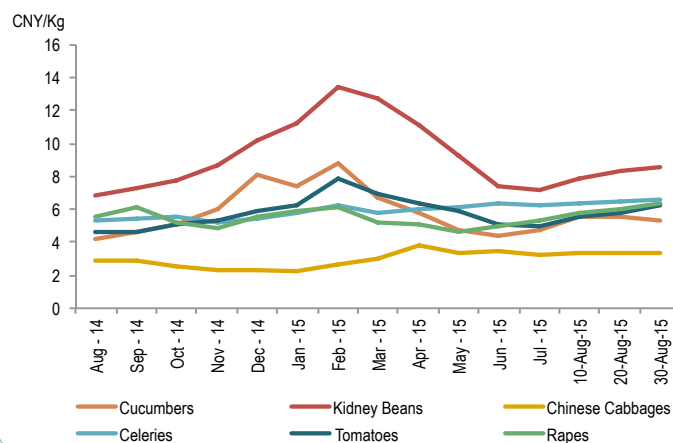
In **Pakistan** (national average) prices for wheat and wheat flour dropped by 1.2 percent and 1 percent, respectively. Rice prices (basmati variety) were stable. On a yearly basis, prices for wheat and wheat flour were 7.9 percent and 7 percent lower, and basmati prices were 8.6 percent lower.

Bangladesh



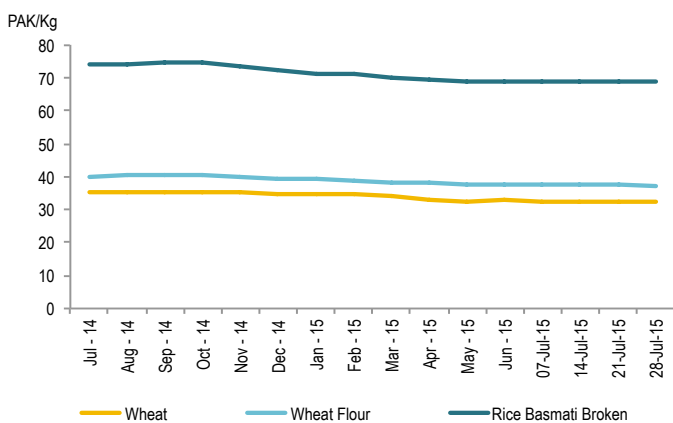
Source: National Food Policy Capacity Strengthening Programme, 2015.

China



Source: National Bureau of Statistics, 2015.

Pakistan



Source: Pakistan Bureau of Statistics, 2015.

Prices for the pulses gram and mash, food staples in Pakistan, were 1 percent and 5 percent higher than the previous month, respectively, and compared to a year ago were 52.2 percent and 20.1 percent higher, respectively.

Prices for potatoes were 3.5 percent higher in August, but were 58.9 percent lower than a year ago. Since April, potato farmers had been demanding that the Government ban potato imports from India. In mid-August, farmers held further protests. The Government opened official communication channels with farmers and the protests came to an end. Additional markets and trade mechanisms are being pursued, including the Preferential Trade Agreement (PTA), to increase agricultural exports to the Russian Federation where potatoes remain one of the priority items.

Tomato prices were 30.8 percent and 29.5 percent higher than a month and a year ago, respectively.

In **Samoa** (national average), the average price of local market commodities decreased by 13 percent in August as the local market volume expanded by 28 percent over the previous month. Volume in the local market was driven by the increase in the supplies of banana, taro palagi, breadfruit, yam, and several vegetable products.

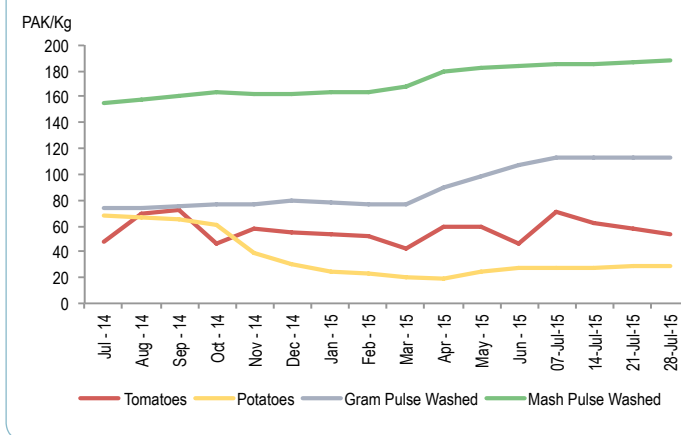
The overall fall in local market prices was driven primarily by fruits and tubers including breadfruit, which fell by 28 percent, ta'amu by 17.1 percent, banana by 14.3 percent, yam by 9.1 percent and taro by 5.4 percent. Prices for fresh vegetables were also affected by increases in local market supplies over the previous three months, with prices for head cabbage and Chinese cabbage falling 22.7 percent each, and prices for tomato down by 20.5 percent.

Despite the overall decrease in local market prices, prices for some commodities increased over the previous month, such as taro palagi and coconut that were up by 24.6 percent and 4 percent, respectively.

In **Thailand** (Bangkok markets), rice prices in wholesale markets were stable (not in graph).

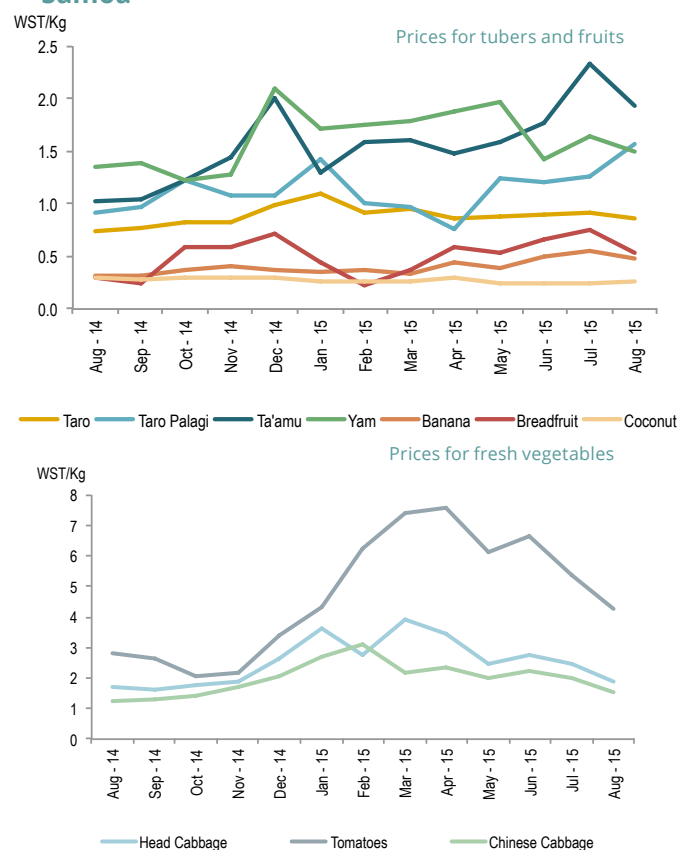
Month on month, prices for seafood were stable except for banana squid whose price increased by 3.5 percent but was 11.3 percent lower than a year ago. On an annual basis, prices for white shrimp were down by 12.3 percent, but mussels were up by 27.3 percent. The European Union denied media reports that it extended the original six-month period, ending in October, it had given Thailand to address illegal, unreported and unregulated fishing (IUU). In order to avoid a ban on seafood exports to the EU, the Government of Thailand has amended a new fishing law, is implementing a fishing management plan and measures to increase traceability of catches.

Pakistan



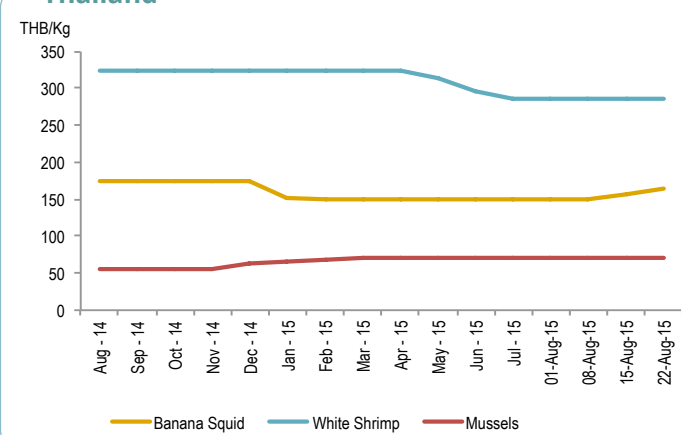
Source: Pakistan Bureau of Statistics, 2015.

Samoa



Source: Samoa Bureau of Statistics, 2015.

Thailand



Source: Ministry of Commerce, 2015.

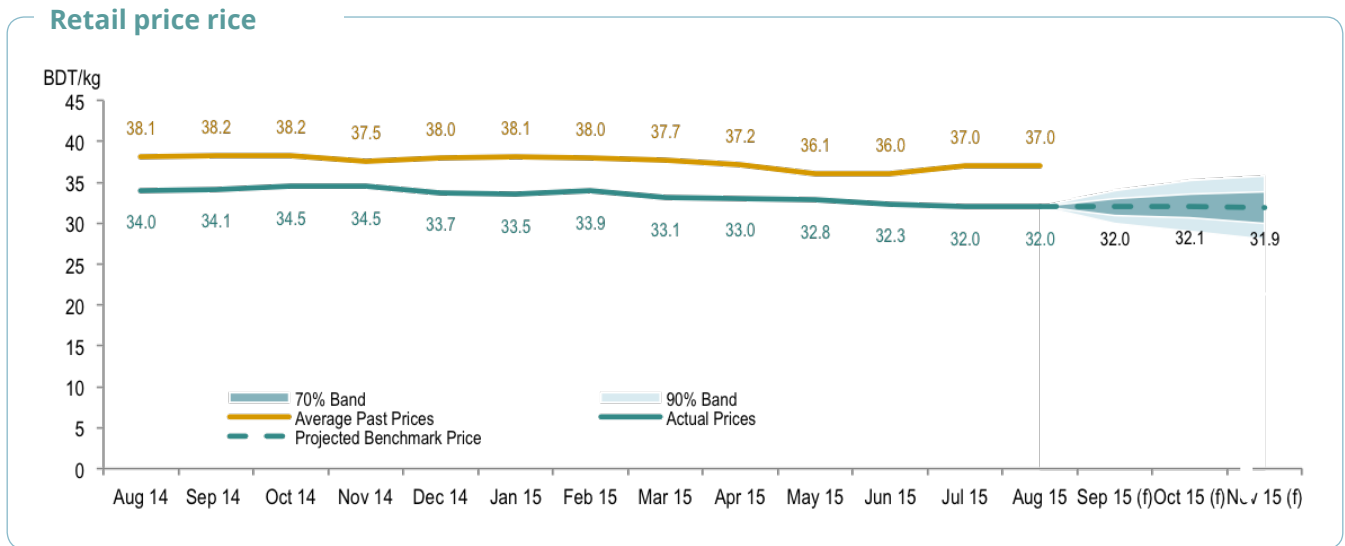
Note: Month-on-month changes are calculated as the price average of the current publication month from the price average of the previous month. Year-on-year changes are likewise reported as the price average of the current publication month from the price average of the same month in the previous year.

PRICE FORECAST

Bangladesh (retail rice)

Retail prices for rice in Bangladesh were BDT 32 (US\$ 0.41) per kg in August and were unchanged from July but 5.9 percent lower than August 2014. Prices have been in line with the trend in average past prices as they were down 3 percent from April to August 2015 compared to an average decline of 0.5 percent experienced over the past 7 years during the same period of time. The benchmark future price for September is forecast at BDT 32 (US\$ 0.41) per kg within

a 70% benchmark band of BDT 30.9 - 33 (US\$ 0.40 – 0.42) per kg representing no change from the price forecast in August 2015 but a 6.2 percent decline from the price in September 2014. If prices follow normal seasonal patterns during the next three months, the model forecasts that retail prices for rice are likely to remain unchanged within a benchmark band of BDT 30.9 – 33.8 (US\$ 0.40 – 0.43) per kg.

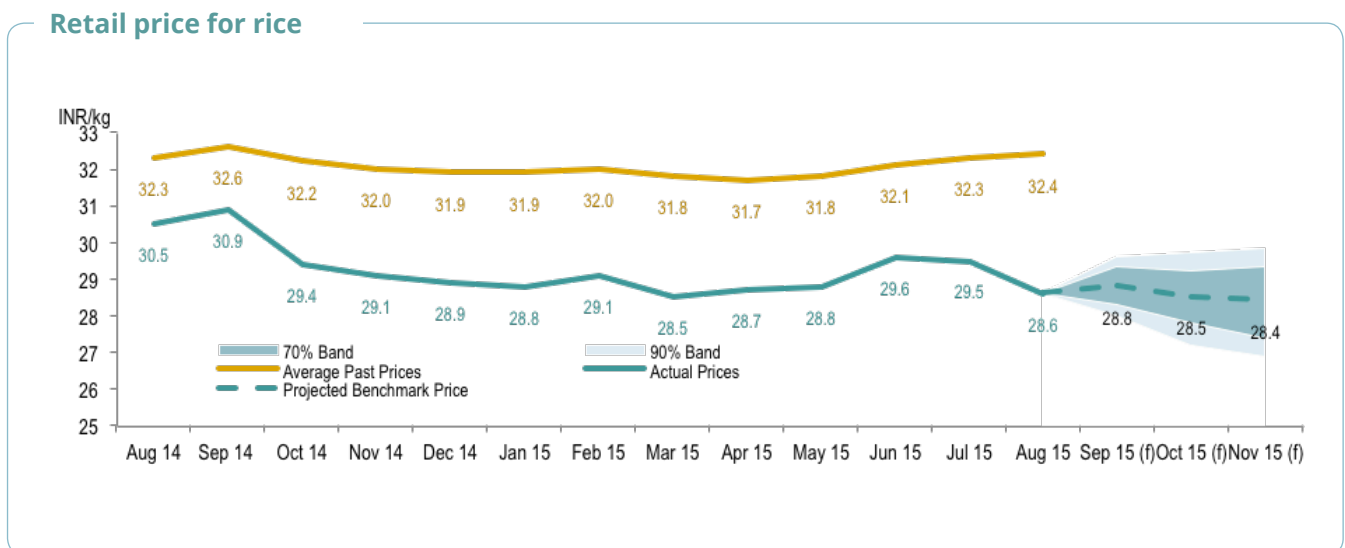


Source: FAO GIEWS and FAO RAP calculations.

India (retail rice)

Retail prices for rice in India were INR 28.6 (US\$ 0.44) per kg in August and were 3.1 percent lower from July and 6.2 percent lower than August 2014. Prices have not been in line with the trend in average past prices as they were down 7.4 percent from September 2014 to August 2015 compared to an average decline of 0.6 percent experienced over the past 7 years during the same period of time. The benchmark future price for September is forecast at INR 28.8 (US\$ 0.44) per kg

within a 70% benchmark band of INR 28.3 -29.3 (US\$ 0.43 – 0.45) per kg representing an increase of 0.7 percent from the price forecast in August 2015 but a 6.8 percent decline from the price in September 2014. If prices follow normal seasonal patterns during the next three months, the model forecasts that retail prices for rice are likely to decline within a benchmark band of INR 28.3 – 29.3 (US\$ 0.43 – 0.45) per kg.



Source: FAO GIEWS and FAO RAP calculations. Note: Note: Average prices for markets in Chennai, Mumbai, New Delhi, and Patna.

Technical notes: The ESA Price Monitoring Model is a simple tool designed to assist policy makers, farmers and traders in assessing whether recent price trends are in line with those typically observed in the past. The purpose of the model is to determine whether short-term price movements of a commodity exceed a benchmark which takes into consideration seasonality, inflation and historic variability. The model uses only data on past prices and the consumer price index (CPI) to capture these characteristics. It establishes an expected level of price for the following month along with a range of uncertainty generated by past deviations from expected prices. Price movements can be interpreted as “excessive” if prices fall outside the benchmark band. The difference between the actual price and the “benchmark price” (1 month in advance) that was forecasted for that same month is also calculated by the model although not shown in the graph. An additional feature of the model is to show the current level of prices relative to an average of past prices during the past four years (adjusted for inflation). For details on the model, please see: <http://www.foodsec.org/web/publications/briefs/>.

NATIONAL POLICY DEVELOPMENTS

Production oriented policies

In a bid to reduce the country's heavy dependence on imported edible oils, the Government of **India** will expand its procurement scheme to purchase oil crops from farmers starting from October 2015 through the state-owned Food Corporation of India (FCI). Traditionally, the FCI only purchases rice and wheat.

Since 2008, the Ministry of New and Renewable Energy (MNRE) of **India** has put into effect a national biofuel policy with a target of 20-percent of biodiesel and bioethanol use by 2017. To ensure the achievement of this target, as well as to improve employment opportunities for farmers, the MNRE is proposing to encourage farmers to plant non-edible oil seeds and guarantee procurement by public or private companies through the Minimum Support Price mechanism. In this proposal, landless farmers are expected to use government/community wasteland, degraded or fallow land in forest and non-forest areas, and private wasteland through contract farming.

To keep rice prices stable in times of drought, the Government of **Indonesia** is implementing a combination of market management measures and setting aside IDR 3.5 trillion (US\$ 258 million) for the purpose. IDR 1.5 trillion (US\$ 105 million) will be used to procure more rice from domestic farmers and the remaining IDR 2 trillion (US\$ 153 million) to stabilise prices for staple foods. In addition, the Government allocated IDR 150 billion (US\$ 10.4 million) to subsidise the insurance premium payments from October 2015 to March 2016. Rice farmers remain the priority recipient.

On 15 September, the Government of **Pakistan** approved a relief package worth PKR 341 billion (US\$ 3.3 billion) for smallholder farmers in the wake of heavy losses to cotton growers from floods and heavy rains, and compensating rice farmers for falling earnings because of surpluses in the market. Rice and cotton smallholder farmers are eligible for a cash transfer of PKR 5 000 (US\$ 48) per acre (0.4 ha). The relief package also includes fertiliser subsidies and a payment scheme for crop insurance for smallholder farmers.

The Rice Research Institute of the **Philippines** Department of Agriculture released guidelines in September to help rice farmers cope with extreme climate events, such as El Niño. The guidelines encourage rice growers to plant drought-tolerant varieties and early-maturing varieties. The guidelines also inform farmers on how to use water-saving technologies.

In **Thailand**, the Ministry of Agriculture and Cooperatives has formulated a contingency plan to help farmers cope

with an ongoing and severe drought that forecasters expect to continue into the middle of next year. The Department of Agricultural Extension, in coordination with the Royal Irrigation Department (RID), will identify drought-prone provinces and a list of water-saving crops. So far, the RID has built reservoirs capable of storing 79.9 million cubic meters of water within irrigated areas. However, it will increase the volume of water in the country's reservoirs by another 9.5 million cubic meters in 10 years time.

Trade and market related policies

In August, **China's** General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) granted access to the Chinese market for Thai wax apples, Sri Lankan bananas and the Republic of Korea's (ROK) grapes. All three fruits should comply with phytosanitary protocols agreed to by the relevant authorities of each country. AQSIQ also announced that the ROK granted Chinese lychees access to its market under a similar protocol.

After a 6-year period of international trade sanctions on the **Islamic Republic of Iran, Pakistan** will resume rice exports to the Islamic Republic of Iran in October. Pakistan is the fourth largest exporter of rice in the world, and was the largest rice exporter to Iran in the past. Iran is one of the largest importers of rice, buying up \$2.5 billion worth of the grain each year, or roughly 11 percent of the total world rice trade.

In the **Philippines**, El Niño is expected to disrupt the ongoing paddy rice production. To maintain the level of public rice reserves, the National Food Authority (NFA) will import 750 000 additional tonnes of rice that will be delivered over a five-month period starting in November. Among the expected tenders for the sale of 25-percent broken rice are the Governments of Cambodia, Thailand and Viet Nam.

In August, the Ministry of Commerce of **Thailand** launched a programme to provide cheaper packed rice for low-income earners. A total of 1 000 tonnes of stockpiled rice in government warehouses will be packed into 2 kg bags and sold at THB 30 (US\$ 0.83) for 5-percent white rice and at THB 50 (US\$ 1.39) for 10-percent sticky rice.

The Ministry of Industry and Trade of **Viet Nam** decided to maintain a safeguard import tariff on refined vegetable oils (soy and palm). This decision was made following the midterm review of the application of official safeguard duties on refined vegetable oil imports as a way to protect domestic oil production.

Sources: Policy developments for the Asia-Pacific region are collected by FAO from official and non-official websites. For China, the Official Government News Portal of Sri Lanka and Fruit Net; for India, FAO, Ministry of New and Renewable Energy and Clean Technica; for Indonesia, Oryza and Jakarta Globe; for Pakistan, the Express Tribune, Daily Pakistan and The Nation; for Philippines, Philippine Rice Research Institute and Oryza; for Thailand, Public Relations Department of Thailand; for Vietnam, United States Foreign Agriculture Service.

OTHER UPDATES

Crowdsourcing on seeds helping recovery in Nepal

As farmers and agriculture in Nepal struggle to recover in the aftermath of April's earthquake, the alpine nation's seed banks are under stress. Although with help from the U.N. Food Security Cluster the number of people in need of immediate food assistance has dropped from 1.4 million to 539 000 people, farmers short on resources are tapping seeds from banks outside their districts. Using seeds that may be unsuitable to local conditions could result in poor harvests and an extended period of food insecurity, according to NGOs. With no baseline studies on seeds lost after the earthquake, scientists at the Nepal Agricultural Research Council (NARC) in conjunction with Bioversity International (BI), a research-for-development organization, are turning to crowdsourcing to solve the problem.

"Crowdsourcing is a tool to know farmers' preferences," according to Krishna Hari Ghimire, senior scientist at NARC. By distributing a limited number of seeds to farmers in different locales and allowing them to report back on which varieties produce the best results, NARC will know which varieties to scale up and where they should be distributed. NARC, BI, Local Initiatives for Biodiversity, Research and Development, and the Swiss Development Corporation will sponsor and oversee the effort.

BI has used crowdsourcing in similar ways in 11 other countries. Advocates of the method say it helps with conservation by making use of local agricultural biodiversity. They warn, however, that completely replacing seed varieties in a particular area with ones popular through crowdsourcing could reduce farmers' resiliency among other possible negative consequences. Using crowd-sourced seeds along with those traditionally used in an area, and rigorously assessing the results, would be the best approach, according to researchers.

Sources: For Nepal story, WFP and SciDev website. For the second story, SciDev website.

Mapping of Indian Ocean ecology to support food security

A team of 16 marine scientists from 11 countries has sailed from Jakarta on the first of two ground-breaking studies of the ecology of the Indian Ocean from the coasts of Africa to Indonesia. Researchers believe findings should support food security, sustainable fisheries and poverty reduction because communities and nations derive their livelihoods and wealth from the sea.

FAO and Norway's Institute of Marine Research (IMR) are organizing the project. Funding is coming from the Norwegian Agency for Development Cooperation. The trip is a preparatory journey ahead of the December launch of the 2nd International Indian Ocean Expedition, which is scheduled for completion in 2018. "We expect that the project will strengthen regional efforts to reduce poverty and create conditions to assist in the achievement of food security through the development of sustainable fisheries management," said Mark Smulders, the FAO representative in Indonesia.

Reidar Toresen, the project's lead scientist from IMR, says the initial goal is to understand how the Indian Ocean gyre affects the ecosystem and fisheries. Gyres are large areas with rotating currents where marine debris and plastics tend to accumulate. "We'll survey the gyre for ecological factors such as oceanic features — temperatures, oxygen, chlorophyll and biological processes like plankton production and fish distribution. We also want to survey the amount of plastic particles in the surface," Toresen told the SciDev.Net website.

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