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### Strong biosecurity measures needed to contain bird flu

Implementing strong biosecurity measures coupled with good hygiene are required to contain the spread of the H7N9 strain of avian influenza virus, Hiroyuki Konuma, the UN Food and Agriculture Organization's Regional Representative for Asia and the Pacific told a press conference in Bangkok on April 11. The virus had infected 82 people and killed 17 in China by April 19.

The latest strain of the virus presents a more difficult challenge for farmers and public health officials because infected birds show almost no symptoms of the virus. "It is likely that farmers do not realize that the new virus is circulating in their flock, because their chickens are not dying off in large numbers like they were when they contracted the H5N1 virus," Konuma said. "Good biosecurity and hygiene represent the first line of defense for the food chain."

Among measures that can prevent the spread of the disease are housing poultry in secure pens that ensure they cannot mix with wild birds that may be carrying the virus.

The FAO Regional Representative commended China's response to the outbreak. He praised Chinese authorities'

quick notification of human cases and subsequent release of detailed information to the public on the nature of the virus and what precautionary measures to take. FAO and the international scientific community have used this information to analyze the virus sequence trying to better understand its behavior and its potential impact on humans and animals.

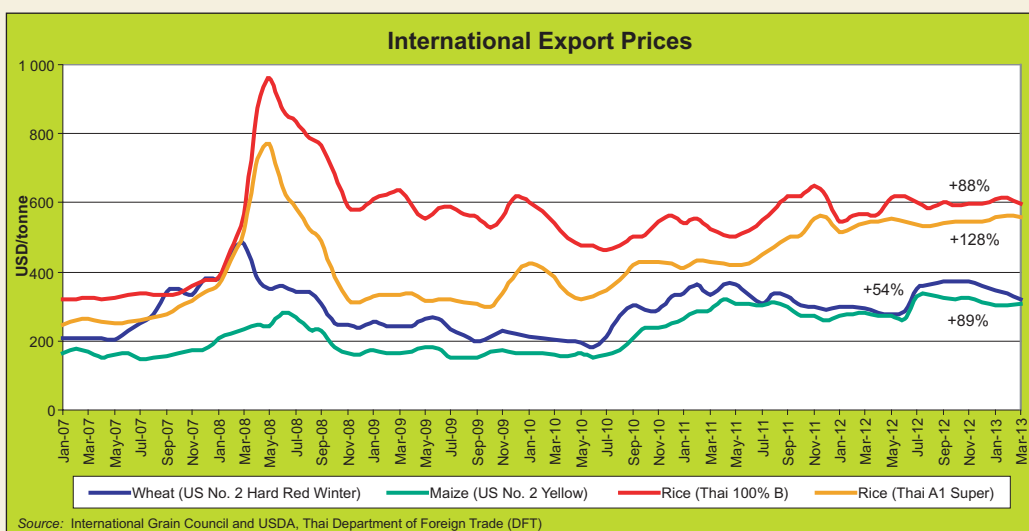
Konuma said that FAO is monitoring the situation closely through its network of country and regional offices and key partners, including the World Health Organization (WHO) and the World Organization for Animal Health (OIE).

### Global food prices up slightly on rising dairy prices

Average global food prices rose by 1 percent in March on an 11 percent surge in dairy prices, but overall food prices were 1.7 percent lower than during March last year and 11 percent lower than their peak in February 2011.

Cereal prices, however, held steady as falling wheat prices cancelled out gains in the price of maize. "Importantly for Asia, rice prices remained generally unchanged as falling prices in Asia were compensated by rising US quotations," said Hiroyuki Konuma, FAO Regional Representative for Asia and

Figure 1: Selected international cereal prices



the Pacific. The FAO estimate for world cereal production in 2012 was revised upward by nearly 3 million tonnes since March, to 2.309 billion tonnes, including rice in milled terms. "The upward revision reflects adjustments for coarse grains and rice, while wheat was revised downward slightly," Konuma said, adding that it was too early to forecast global cereal production for the coming season.

Dairy prices registered one of the largest recorded commodity price jumps because of prolonged hot, dry weather in Australia and New Zealand, which has negatively affected production and reverberated in other markets also driving prices higher.

Among other commodities in the basket that FAO monitors for the index, meat prices fell by 2 percent in March, prices for oils and fats fell by 2.5 percent, while sugar prices rose by 1 percent.

### Domestic rice and wheat prices remain stable or decline

Although the price of wheat remained at high levels around the region, prices were

generally stable during March, as rice prices also held steady or slightly declined, according to the Global Information and Early Warning System (GIEWS) Food Price Monitor.

In **Afghanistan**, the price of wheat rose 2 percent in Kabul and Herat markets, while wheat flour rose by 3 percent. Trends were mixed in **Pakistan**, where wheat prices rose by 1 percent in Lahore, but fell by 1 percent in Multan. Wheat flour prices were basically unchanged. In **Sri Lanka**, wheat prices were unchanged in March, but 17 percent higher than one year ago, while in **India** wheat prices did not move in March, but were 33 percent higher than one year ago. The yearly differences were less dramatic in **Bangladesh** and **China**. Wheat flour rose 1 percent in price in Bangladesh in March and was just 4 percent more expensive than a year ago, while no movement in wheat flour prices was detected in China as prices were 6 percent higher than in March last year.

The price of rice rose by 1 percent in **Bangladesh** and was 8 percent more expensive than last year. In **Cambodia**

rice prices were generally unchanged, but ranged between 8 and 16 percent more expensive than during March last year depending upon the region of the country, with the steepest rises in Battambang near the border with **Thailand**. Rice prices were unchanged in **China** but 6 percent higher than last year. The average national price for rice in **Indonesia** fell by 1 percent in March and was 3 percent more expensive than at the same time last year. In **India** prices for rice in Mumbai were unchanged but fell by 5 percent in Chennai, although they were still 46 percent more expensive than last year in that city. **Myanmar's** rice prices were down by 2 percent, but 24 percent higher than in March 2012. In **Sri Lanka** rice prices fell by 2 percent but were 9 percent higher than last year. And in **Viet Nam** rice prices were generally unchanged from last month and from last year.

### Thailand to zone farming, reform rice support scheme

Thailand's government is preparing to implement a zoning policy for rice

Figure 2: Trends in domestic prices for key commodities in selected countries

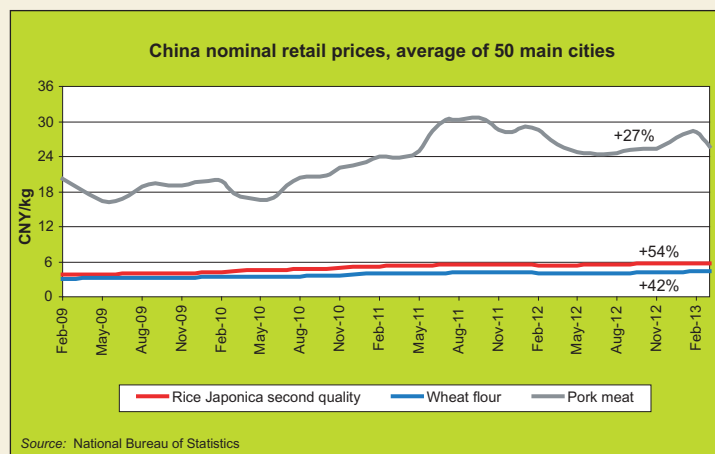
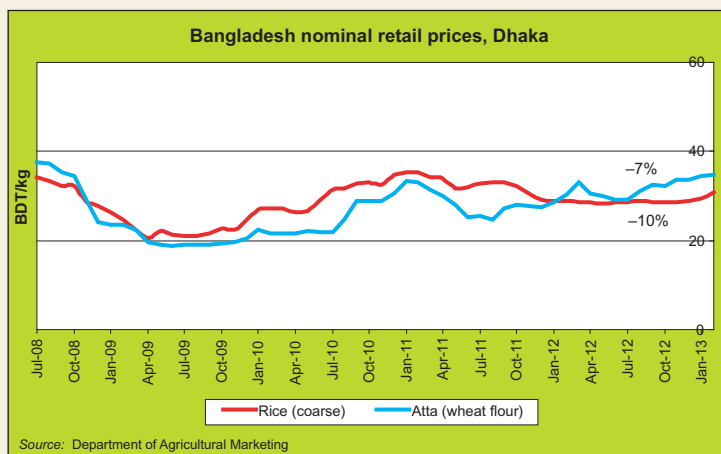
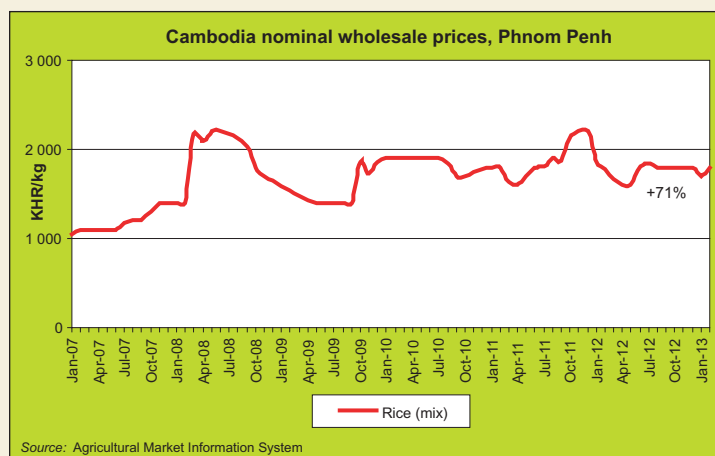
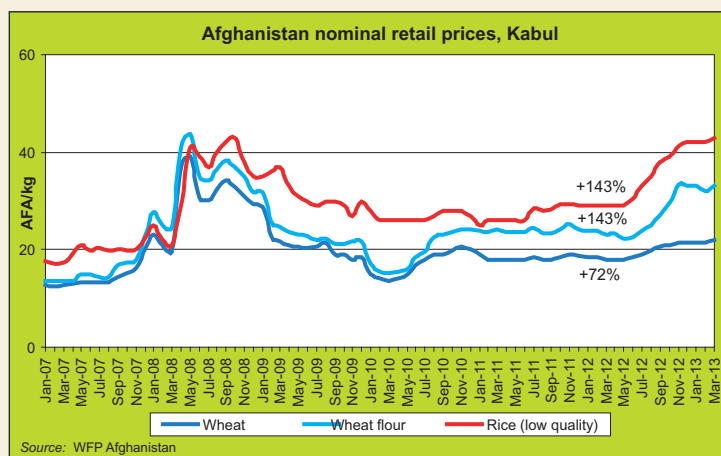
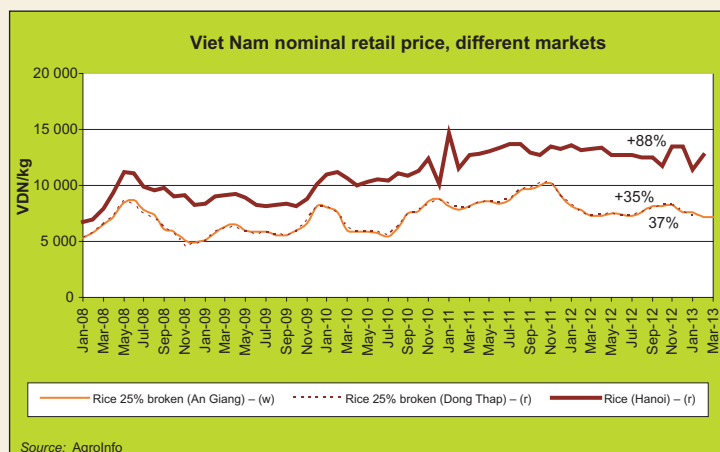
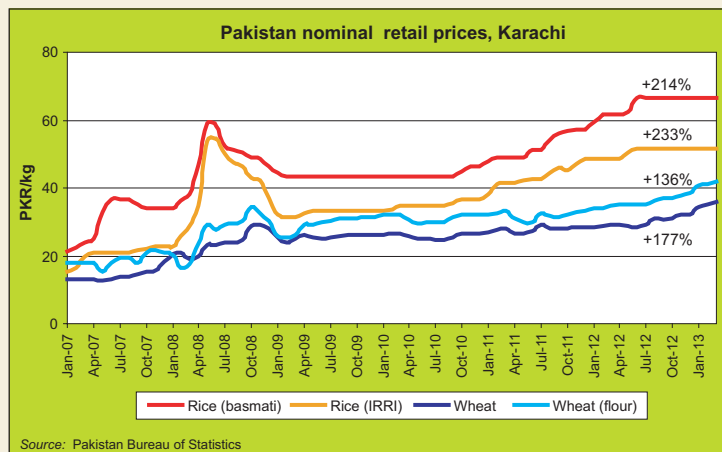
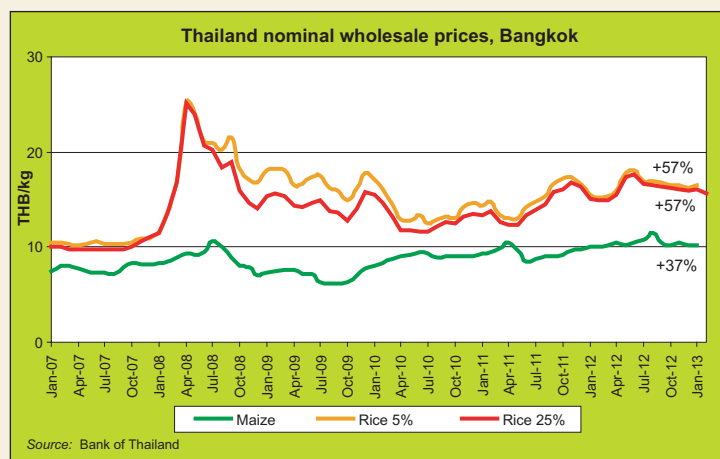
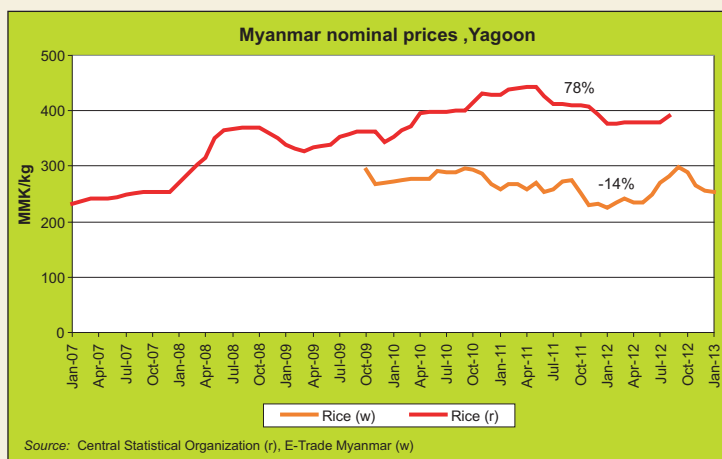
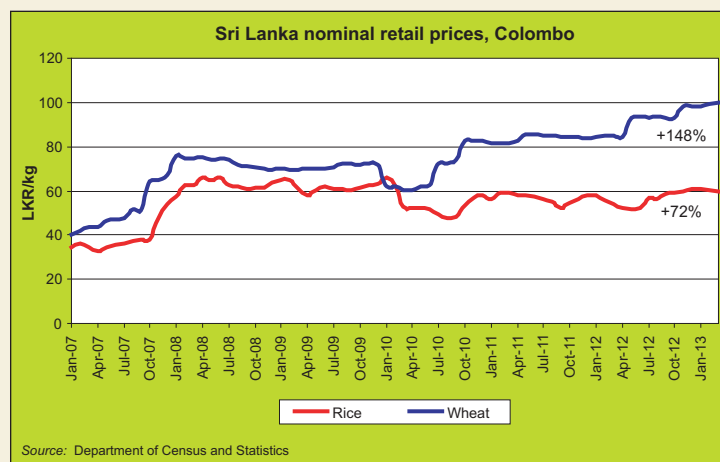
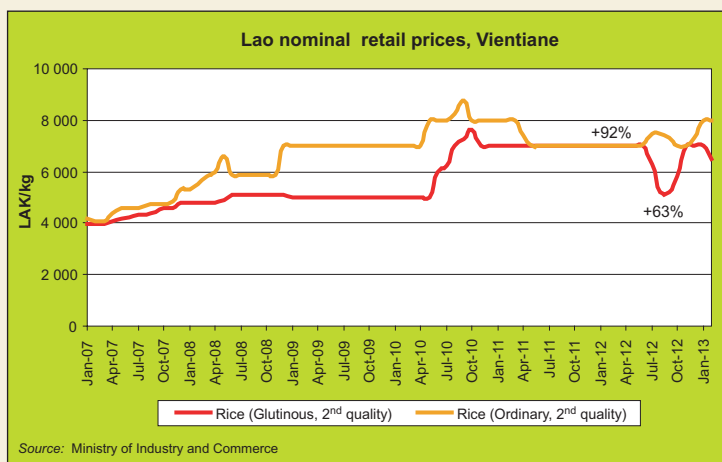
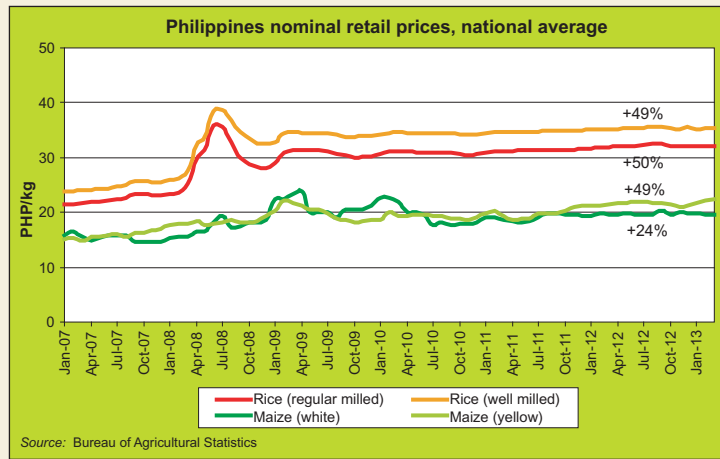
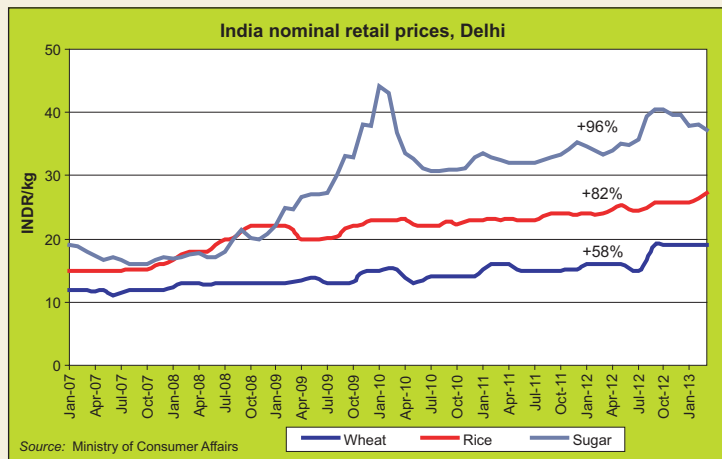


Figure 2: Trends in domestic prices for key commodities in selected countries (continued)



farming and is studying a plan to designate zones for five other crops, the Bangkok Post reported. The Minister of Commerce said that the government will adjust its controversial rice support programme to comply with the new zoning rules and also pay farmers less for their second crop of the year, which is usually lower quality.

The minister said that the support programme for the main crop would remain unchanged. Farmers staged protests recently on reports that the government was considering lowering the price it pays for each tonne of rice. The programme pays farmers as much as 40 percent above market prices for their paddy and has been blamed for the country's falling rice export totals and incurring roughly US\$ 5 billion in losses since its inception in late 2011. The purpose of the programme was to increase the income of rice farmers and reduce social disparities.

The new zoning policy is intended to discourage farmers from planting rice in areas deemed inappropriate because of poor soil quality or lack of irrigation. The Ministry of Agriculture is also studying a plan to zone tapioca, sugar cane, maize, rubber and oil palm. The ministry's aim is to boost productivity, farm incomes, reduce long-term subsidies and reduce imbalances between growing crops for food and biofuels. The ministry has long desired a comprehensive zoning plan for crops but has yet to succeed in implementing one, the paper said.

In related news, the Commerce Ministry said it plans to set up a "rice trade zone" project in eastern Thailand to process rice from neighbouring Cambodia for export. Several Thai rice export companies have been sourcing rice from Cambodia because of the high price of Thai rice resulting from the support programme.

### **Indian basmati rice price surges on demand from Iran**

Prices for basmati rice from India have reached record highs because of large purchases by Iran, according to the Wall Street Journal. India is one of few nations that have engineered payment mechanisms to be able to trade with Iran, which because of its nuclear programme is under heavy sanctions from the United States and European

Union that hinder banking and financial transactions. India barter rice and other goods for Iran's oil.

Prices for Pusa, a popular variety of basmati rice, have reached US\$1,500 a tonne, a 140 percent increase over the price one year ago, the Journal said. Prices for unhusked basmati hit US\$675 a tonne, up from US\$422 at the same time last year. Slight shortages now exist in the domestic market, traders told the paper. Iran could import as much as 1.2 million tonnes of basmati rice this year in exchange for its crude oil. Iran already accounts for about one-third of all Indian basmati rice exports. Strong sales volumes to Iran could propel India to retain its position as the world's top rice exporter, a title it attained last year after Thailand had held the number one ranking for three decades.

### **US and Chinese scientists map key genetic code of wheat**

Two teams of scientists from China and the United States have collaborated in research that has unlocked a key genetic code for wheat, raising the prospect that varieties of the grain could be developed that could produce higher yields and withstand more extreme climate conditions. The research results were published on the website of the journal Nature and reported by China Daily.

The wheat genome is extremely large and complex, and that has posed stiff challenges to scientists seeking to unlock its code. The two teams succeeded, however, in mapping the A genome, one of the three basic genomes of wheat. The research was initiated by the Institute of Genetics and Development Biology under the Chinese Academy of Sciences, and was conducted by Shenzhen-based BGI, a leading genomics organization, and the University of California, Davis.

Dr. Zhang Aimin of the Chinese Academy of Sciences said the breakthrough means that "in the near future, we can breed more varieties of wheat that are more productive and of higher quality." China is the world's largest producer of wheat.

Bread wheat feeds about 40 percent of the people on the planet and can provide 20 percent of a person's recommended daily intake of calories and protein. It is regarded as the world's most important food crop. Because

wheat is so important to the human diet, several research institutes around the world have been engaged in research aimed at increasing yields for wheat and developing varieties that can endure droughts and extreme heat or cold.

### **China rice imports rise sharply in early 2013**

China's rice imports more than quadrupled during the first two months of the year, rising 318 percent compared to the same period in 2012, according to government statistics. China imported 424 400 tonnes of rice in January and February, with the bulk of it, 304 400 tonnes, coming in the first month of the year. The Beijing-based Customs General Administration, which released the statistics, did not give a reason for the sharp increase. China was the world's second-largest importer of rice in 2012, bringing in 2.3 million tonnes.

Unrelated to rising imports, reports have emerged that some of China's rice has been contaminated with heavy metal pollution, and an infestation of crayfish is threatening some growing areas. According to a report from EpochTimes, a Chinese news website, escalating contamination of rice with heavy metals in Hunan, China's top rice-growing province, has resulted in the closure of several mills and a 60 percent drop in rice sales. Lead and cadmium from industrial wastewater has seeped into irrigation systems used by rice farmers, according to researchers. Meanwhile, an infestation of crayfish in southwestern Yuanyang is threatening the area's spectacular rice terraces, which are a UNESCO World Heritage Site. The infestation began when a farmer in the area decided to raise the crustaceans, which are not native to the region, in his rice paddies about seven years ago and some escaped from his farm.

### **Viet Nam removes rice floor price**

The Viet Nam Food Association stopped setting a floor price for 5 percent broken rice at the end of March, putting more downward pressure on global rice prices, according to Reuters. The news agency reported that prices for Viet Nam's 5 percent broken rice dropped to US\$398-400 a tonne from US\$405-410 a tonne in the last week of the month.

Traders told the agency that demand remained steady from traditional buyers, but in general buyers were looking further afield for lower prices. They said they were having a difficult time selling to African nations because competitors from India and Pakistan were selling at lower prices than they could offer. Both India and Thailand have amassed large stocks of rice that need to be sold to make room in storage for rice from the coming harvest. "The market is quiet and prices could drop further," a trader in Ho Chi Minh City told Reuters.

### **India rice exports may set new record this year**

A normal monsoon season in India is set produce a strong rice harvest that would result in a new export record, Bloomberg business news agency reported. Polling of major exporters, government officials and industry executives resulted in a view that shipments will increase by 5 percent to 10.5 million tonnes in the agricultural year beginning in April.

India is the world's second largest grower of rice, and output is expected to reach 110 million tonnes. Last year, the country became the world's top rice exporter after Thailand, which had been the leader for three decades, raised its prices and lost export orders. "There is no reason why we cannot boost exports when the monsoon will be normal," said Vijay Setia, a former president of the All India Rice Exporters Association. The only potential problem he foresaw was the possibility that Thailand would be successful in offloading its huge surplus in storage, which would cut into sales by India.

### **Researchers say "big rice" destroying Cambodia's wetlands**

The steady expansion of large rice farms owned by agrobusiness ventures during the past decade is having a "catastrophic" effect upon Cambodia's wetlands around the Tonle Sap great lake in the country's northwest, according to British researchers, the Bangkok Post reported. They warned that the loss of an entire ecosystem is imminent.

"Intensive commercial rice production by private companies, involving the construction of huge channels and reservoirs for irrigation, is denying local communities access to the grasslands on which their livelihoods depend and destroying a very important habitat for threatened wildlife. This high-speed conversion and land-grabbing has intensified pressure on already threatened species and on the marginalised rural communities that depend on the grassland ecosystem," said a report from scientists at the University of East Anglia in England.

They said the area is a vital fishing, grazing and traditional rice-growing resource for 1.1 million people. Cambodia is determined to increase its rice output and companies from Thailand and other countries in the region have been looking to Cambodia as a good prospect for forming joint venture and producing rice at lower cost.

### **Pakistan expecting bumper wheat crop**

Policymakers in Pakistan are expecting a bumper wheat crop this year because of good weather conditions, sufficient availability of inputs and better management practices, the Pakistan Observer newspaper reported. Rauf Chaudhry, the head of the country's Agriculture Policy Institute said that expanding use of certified seeds and more productive use of fertilizers would result in significantly higher yields this year.

Declining prices for fertilizers and herbicides, along with more canals having been dug for irrigation had prompted farmers to increase areas under cultivation, he said. Total area under cultivation increased by 0.4 percent to nearly 8.7 million hectares. But the most important factor would still be climatic conditions, he added, noting that regular amounts of rainfall during the first three months of the year boded well for a healthy crop seasons. He predicted that yields per hectare would increase by 5 percent and that the wheat crop would total 25 million tonnes.

### **Indonesian official urges end to rice imports**

A rising rice surplus has prompted an official at Indonesia's Ministry of Agriculture to urge Bulog, the state procurement agency, to end rice imports, Reuters reported. Tunggul Iman Panudju, director of land development and management, said the country's rice surplus will increase by as much 22 percent to 8.3 million tonnes this year, well on track for the government target of a 10 million tonne surplus by 2014. Indonesia is striving for self-sufficiency in food production.

In order to guard against food inflation, Indonesia typically imports between 1-2 million tonnes of rice each year, usually from Thailand, Viet Nam, Cambodia or India. One of Bulog's functions is to source rice to maintain surplus stocks of at least 2 million tonnes. Panudju said that favourable weather, better farming techniques and an increase in area under cultivation would result in increase output and therefore a greater surplus.

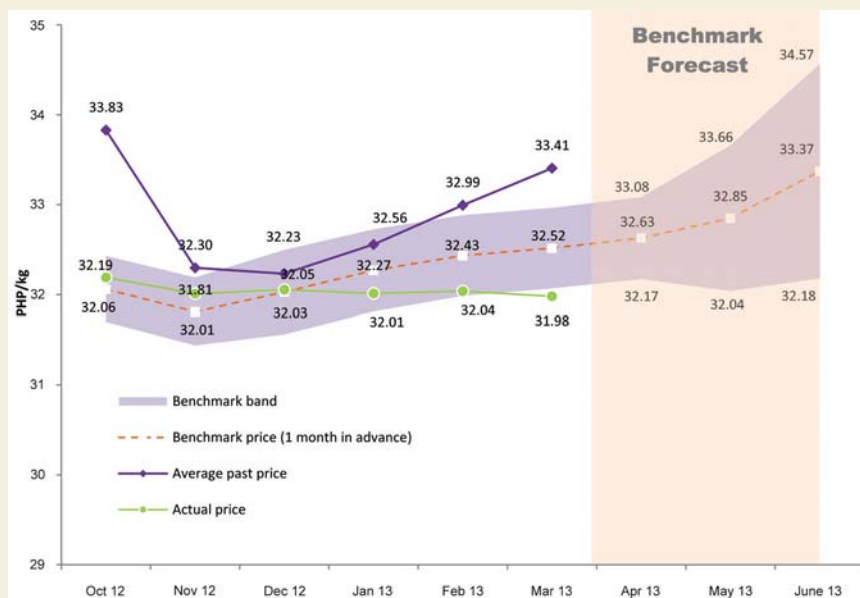
### **Philippines to stop importing rice by 2014**

The Agriculture Secretary of the Philippines has said that his country will stop importing rice by 2014, and will reduce imports this year, the Philippine Star newspaper reported. "We will achieve zero rice importation by 2014," Agriculture Secretary Proceso Alcala said at a seminar in Manila. Although the secretary had previously targeted zero rice imports for 2013, he said imports of 187 000 tonnes by the National Food Authority had been approved in order to build buffer stocks. President Benigno Aquino III had said earlier this year that he expected his country will soon start exporting rice.

Alcala said that the government will conduct bidding for the 187 000 tonnes of imports in April so the stocks would arrive by June, which is the start of what he termed the "lean season." Prospective suppliers include Viet Nam, Thailand and Cambodia.

**In focus: Price Forecast for Philippines (regular milled rice, National Average\*)**

The benchmark future price for April 2013 is PHP 32.63 inside a benchmark band of PHP 32.17-33.08 per kilo. From October 2012 to February 2013, actual prices have been inside the benchmark band with an average 0.5 percent difference from the benchmark price (1 month in advance). It is noted that actual prices in March 2013 fell below the benchmark band; indicating a possibility that actual prices may be deviating from benchmark price trends since December 2012. If prices however follow normal seasonal patterns during the next three months, the model forecasts that regular milled rice retail nominal prices for Philippines are likely to slightly increase within a benchmark band of PHP 32.18-34.57 per kilo.

**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/>.

Actual prices have remained below average past prices (the green line is below the purple line) and more recently under the benchmark price (1 month in advance) since January 2013.

The Agriculture Department of Philippines has recently announced that current rice stocks have fallen 1.94 million metric tons in March 2013, a six-month low from September 2012. As a main importer of rice, the low stocks of rice in the Philippines reflects upon stronger domestic demand and may likewise lead to some upward price changes in the near future if current rice stock trends remain the same.

Sources: Price Sitioner – 24/02/12  
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 Rice Market Monitor: <http://www.fao.org/economic/est/publications/rice-publications/rice-market-monitor-rmm/en/>

**Economic, Social and Policy Assistance Group (ESP)****FAO Regional Office for Asia and the Pacific**

39 Phra Atit Road, Bangkok 10200, THAILAND

**Phone:** +66-2-697-4250**E-mail:** [FoodAsia@fao.org](mailto:FoodAsia@fao.org)To subscribe, please e-mail [listserv@listserv.fao.org](mailto:listserv@listserv.fao.org), leave the subject blank and type subscribe Food-Asia-L**Disclaimer and Acknowledgements**

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