

Price Monitoring and Analysis Country Brief

Sri Lanka

June-August 2010

Key Messages

- **Bumper harvest has led to significant drop in rice prices; on the other hand wheat prices have increased, mainly due to policy interventions on wheat imports.**
- **The government is continuing the resettlement process, but the country is undergoing some political tensions.**
- **Overall food security has improved thanks to a record paddy harvest which has lowered rice prices.**
- **The government is supporting domestic production with inputs and taxation of wheat imports.**

Background

The total population was 20.15 million in 2008, with a 0% annual growth rate. The proportion of people living in rural areas was 85%, however the agricultural value added to the GDP was 13%, while the undernourished population was 21% in 2005.

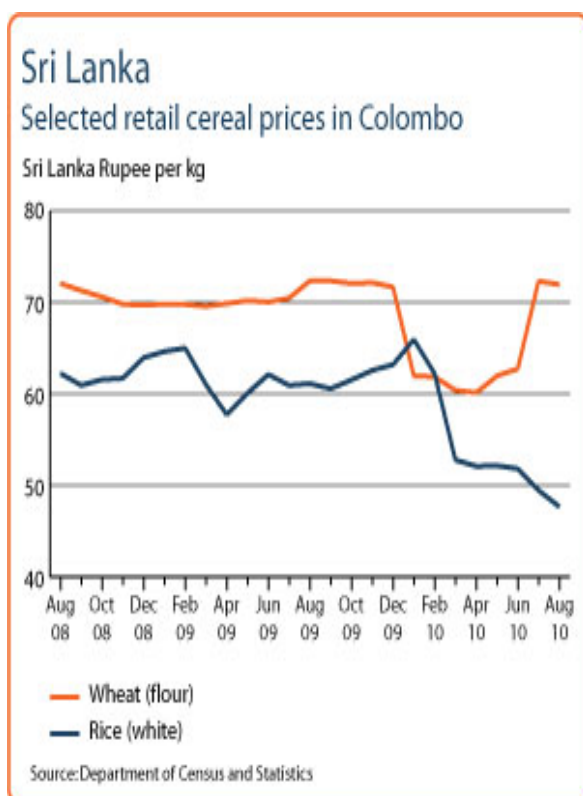
| Economic Indicators | View Data |
|---|-----------|
| Total Population (millions) - 2008 (WB) | 20.156 |
| Population growth rate - 2008 (WB) | 0% |
| GNI per capita, \$ PPP - 2008 (WB) | 4460 |
| Population below 1\$ PPP per day - 2002 (MDGI) | 13% |
| Rural population - 2008 (WB) | 84% |
| Agriculture, value added (% of GDP) - 2008 (WB) | 13% |

| Food Consumption | |
|---|------|
| Undernourished Population - 2005/2007 (FAO) | 19% |
| Cereal share in total dietary energy consumption - 2007 (FAO) | 56% |
| Meat share in total dietary energy consumption | n.a. |

| Health Indicators | |
|--|-----|
| Pop. with sustainable access to improved sanitation - 2008 (WHO) | 91% |
| Life expectancy at birth (years) both sexes - 2008 (WHO) | 69 |
| Pop. with access to improved drinking water sources - 2008 (WHO) | 90% |
| Prevalence of HIV among adults aged >= 15 years - 2005 (WHO) | 0% |

Prices

Rice prices in Colombo have come down significantly during the past few months. The retail price of rice was quoted at 49.45 LKR/KG in July, and decreased to 47.38 LKR/Kg in August. On the contrary, wheat prices have sharply increased since June: in July and August one kg of wheat was sold at 72 LKR, compared to 62.7 LKR/Kg in June. The rise in wheat prices in recent months is mainly due to the levy of an import duty of 10 LKR/kg on wheat grain. In August rice prices in Colombo (420.35 USD/T) were 13% higher than Rice Thai A1 Super sold on the international market at 372.5 USD/T.



Source: GIEWS Country Briefs

Natural Disasters, Drought and Conflicts

According to UNHCR the resettlement activities have been carried out successfully during the first six months of 2010 and are now near completion. Thanks to the Government's speedy resettlement programme, the total number of Internally Displaced Persons (IDPs) in the Menik Farm relief village, once a major camp in Vavuniya district hosting 228,000 people, has dropped to 28,659 as of the beginning of September 2010. In mid August, figures showed that 852 refugees returned to Sri Lanka from India thanks to UNHCR's help. Some 73,000 Sri Lankan refugees are living in 112 camps in the southern Indian state of Tamil Nadu, with a further 34,000 living outside the camps. The Supreme Court in Sri Lanka has also paved the way for a constitutional amendment which would abolish limits on the number of presidential terms and increase the president's powers. The opposition is unhappy about the changes and tensions are expected in the future.

| Refugees and IDPs | 2007 | 2008 | 2009 |
|---------------------------|--------|--------|--------|
| Total in the country | 620547 | 528001 | 531578 |
| Total outside the country | 761099 | 672148 | 684276 |

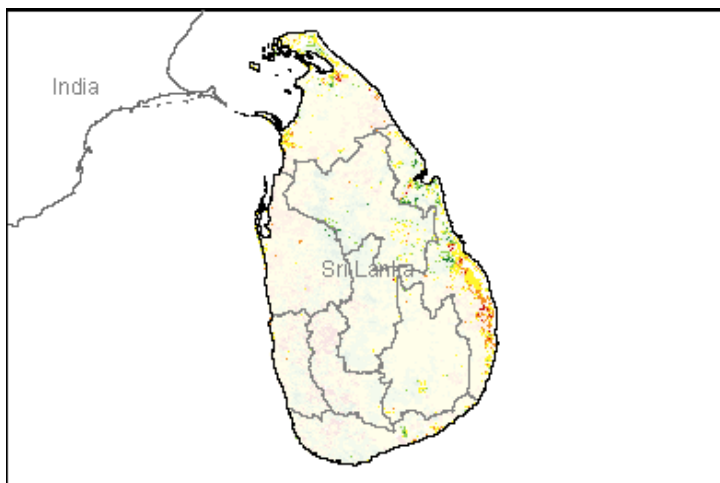
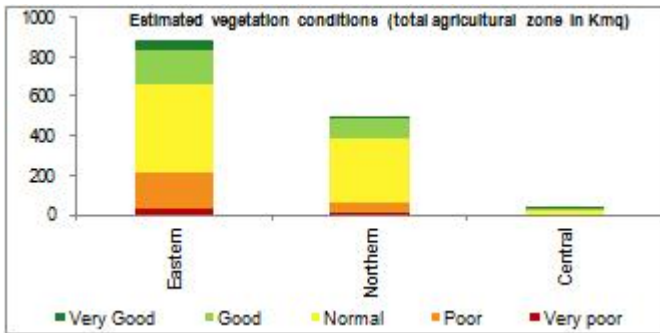
Source: UNHCR Statistical Online Population Database, United Nations High Commissioner for Refugees (UNHCR), Data extracted on 22/09/2010.

| Disaster Type (last year) | Date | Location | Alert |
|---------------------------|------------|-------------------|-------|
| Flood | 2009-12-14 | Eastern Province | 2/3 |
| Flood | 2010-05-08 | Central and South | 2/3 |
| Flood | 2009-11-21 | Colombo | 2/3 |

Source: Global Disaster Alert and Coordination System - 3 = 1000 or more people killed or 800000 or more people displaced. 2 = 100 or more people killed or 80000 or more displaced.

Vegetation Condition

Contrasted situation is observed ranging from poor to good conditions. The general indicator of vegetation condition provided below is the relative difference between the NDVI for August 2010 and the average of the last 10 years, calculated on the agricultural zones derived from the GLOBCOVER land cover database (2005).



Source: JRC MARS – FoodSec

Food Security Situation Assessment

The reduction in rice prices will help improve food security. Sri Lanka is not included by GIEWS among the countries requiring external assistance for food in the short term. WFP reports a situation of moderately high hunger while IFPRI describes a serious hunger problem.

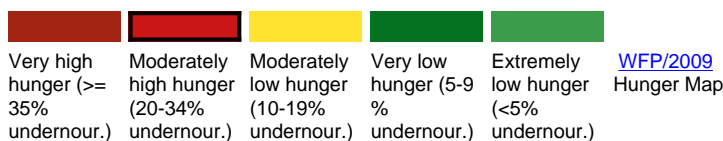
CURRENT EMERGENCY ASSESMENT



Sri Lanka is not covered by FEWSNET.

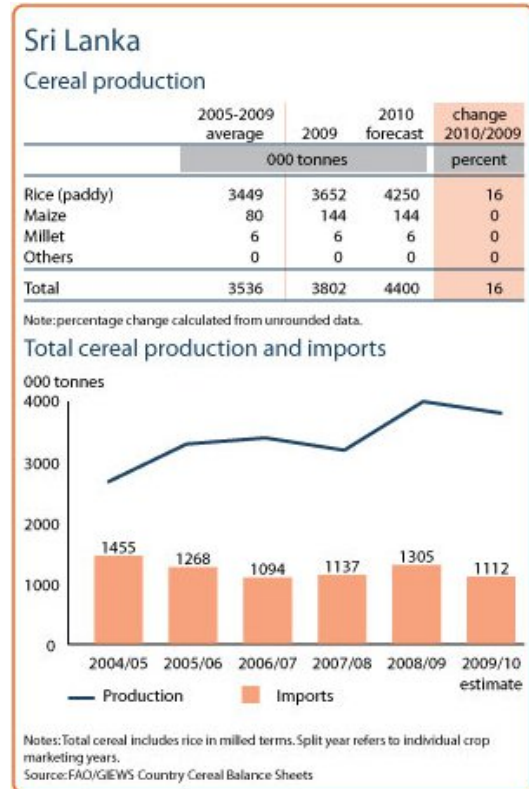
FEWSNET

SCALE OF HUNGER



Food Balance Sheet

Second season paddy rice (Yala) harvest is forecasted at a bumper level of 1.6 million tonnes, 27% over the previous year. The first season (Maha) paddy is estimated at a record level of 2.65 million tonnes, 12% above last year's reduced harvest. With this level of production very little if any, import of rice is expected. Wheat requirements are estimated at some 1 million tonnes.



Source: GIEWS Country Briefs

Government Policies

The Government has re-imposed an import tax of 15% on imported wheat to reduce consumption of flour and support rice prices in anticipation of the bumper Yala harvest. Farmers are provided with fertilizer subsidies which resulted in increased rice production.

| | |
|---------------------------------------|--|
| Consumer and market oriented measures | n.a. |
| Producer oriented measures | Support to inputs for crop production. |
| Trade policy measures | Rice import tax re-imposed. |
| Safety net (increased or introduced) | n.a. |

Different sources

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For more information, contact: Information-for-action@fao.org
Website: www.foodsec.org

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