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## DPRK in need of food aid because of drought

The Democratic People's Republic of Korea will be in need of additional food aid during the next four months because of the impact of drought on agricultural areas that produce the bulk of the country's non-paddy crops, according to a report by the Global Information and Early Warning System on Food and Agriculture (GIEWS).

The report issued in mid-June said that 40 days of drought in five provinces had inflicted widespread damage on crops, mainly maize, potatoes, wheat and barley. Early estimates from the National Coordinating Committee said 196 882 hectares, or about 17 percent of the total national area under main season cultivation of food crops had been affected. Aside from food aid, attempts to replant crops will require additional seeds, and an urgent examination of needs and actions is needed if the maize crop is to be saved. Maize accounted for 52 percent of the total cereal crop in 2011. No serious damage to the paddy crop has been reported yet, as planting has just begun.

A joint FAO/WFP Crop and Food Security Assessment Mission estimated total cereal import requirements for the 2011/12 marketing year at 739 000 tonnes. That figure was based,

however, on a 500 000 tonne harvest. The drought is likely to cause a serious shortfall in coming months until the main season harvest takes place in October and November.

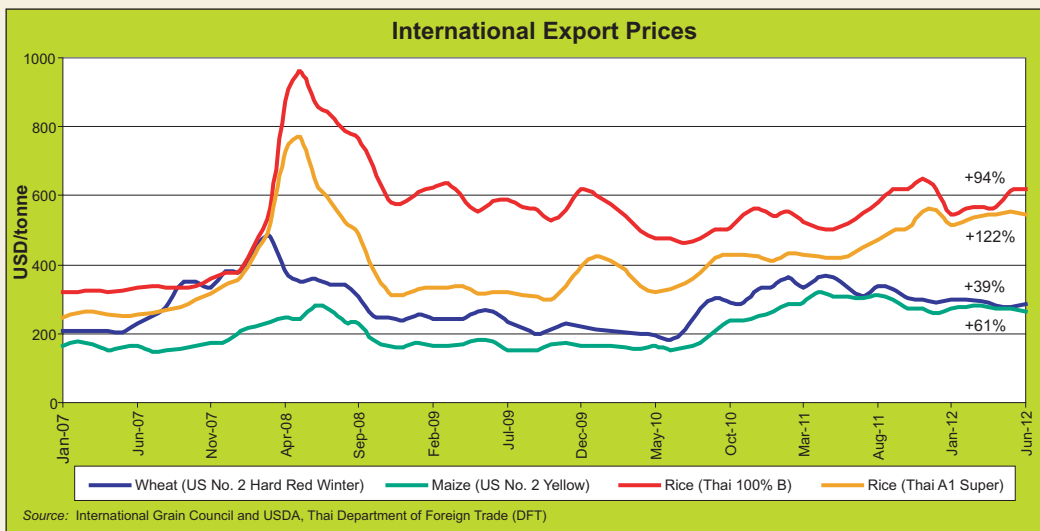
## Food prices fall for third consecutive month

Global food prices fell in June for the third consecutive month, with the FAO Food Price Index edging downward by 1.8 percent. The index is at its lowest point since September 2010 as continuing economic uncertainties and adequate supplies of most commodities exerted downward pressure on prices, particularly for oils and fats.

The FAO Cereal Price Index remained unchanged from June, although prices were volatile during the month. FAO has adjusted its cereals production forecast for 2012 downward by 23 million tonnes to 2 396 million tonnes, although that would still be a record. Dry weather in the United States is expected to affect the maize harvest, and similar conditions in the Russian Federation should negatively affect its grain output.

Oils and fats fell most sharply with the FAO Index plummeting by 5.6 percent in June after having fallen 6.8 percent in May. Large oilcrop plantings and a decline in crude oil prices were the cause, as energy suppliers moved

Figure 1: Selected international cereal prices



away from vegetable oils for their sector. Meat prices fell by 1.3 percent on weak demand, dairy prices declined by 1.5 percent in June and 16.1 percent since the start of the year, and sugar prices slid by 1.6 percent on ample supplies. Sugar prices are 19 percent lower than in June last year.

## Domestic price roundup

Rice prices rose in several countries around the region during June, while wheat prices generally fell. Maize shot up sharply in **Viet Nam** and **Myanmar**, which has experienced a high degree of price volatility in recent weeks.

In **Afghanistan**, rice prices rose by 6.5 percent, while wheat dropped by 8.9 percent. **Bangladesh** saw more limited price movements with rice rising by 1.3 percent as floods hit parts of the country, and wheat falling by 2.5 percent. The price of rice in **Cambodia** surged by 11 percent, largely the result of cyclical fluctuations between harvests that is considered relatively normal. **China's** battle against inflation was helped to some degree by a 1.5 percent fall in the price of

rice and a 1.4 percent fall in the price of wheat. **India's** inflation woes were also eased as rice prices dropped by 5 percent and wheat prices slide by 6.3 percent.

Rice moved upwards in **Indonesia** by 1.9 percent, as vegetable oils prices also increased by 1.3 percent. Vegetable oils prices fell by 6.8 percent, however, in **Myanmar**, but prices for other commodities rose sharply, with rice increasing by 7 percent, wheat by 11 percent and maize by 27.7 percent. **Pakistan's** rice prices also increased by 7 percent. In **Sri Lanka**, wheat increased by 3.5 percent. Rice prices were up by 2.5 percent in **Thailand**, while maize increased by 20 percent in **Viet Nam**.

In the Pacific, root crop prices generally declined, as cassava and taro fell in **Fiji** by 1.3 percent and 5.6 percent respectively, while taro dropped by 7 percent in **Samoa**.

Meat prices were down in countries where data was available. Chicken dropped by between 3 and 4 percent in **Afghanistan**, **Bangladesh** and **Cambodia**, while pork prices declined by 4 percent in **Viet Nam**.

## Iran's barter deals for grain in doubt

Attempts by Iran to secure wheat from India and Pakistan through barter agreements for oil are running into trouble, traders and officials have told Reuters news agency. Sanitary, credit and pricing problems have thrown the trade deals into doubt and Iran will most likely have to buy wheat and other grains on international markets at premium prices, the news agency reported.

Although food purchases are not prohibited under economic sanctions imposed by Western nations on Iran because of its nuclear development programme, the sanctions' restrictions on financial transactions have made Iran's normal trading procedures more complex. Barter deals are one method of navigating the restrictions.

India is Iran's second-largest buyer of oil, and has received an exemption from the United States to purchase Iranian oil despite the sanctions. Iran had hoped to obtain up to 3 million tonnes of wheat from India using

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

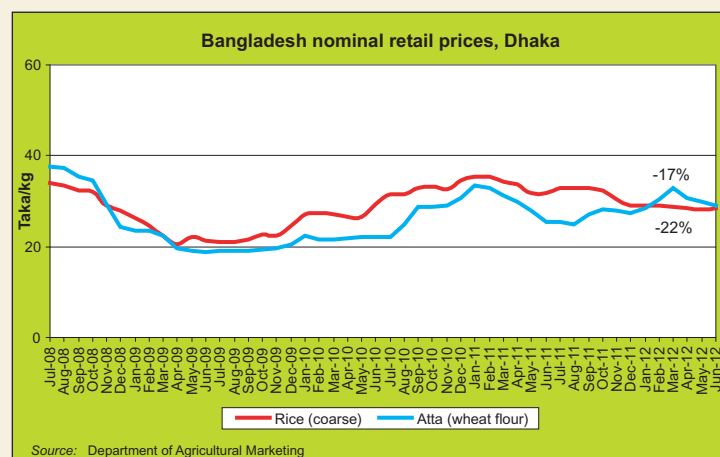
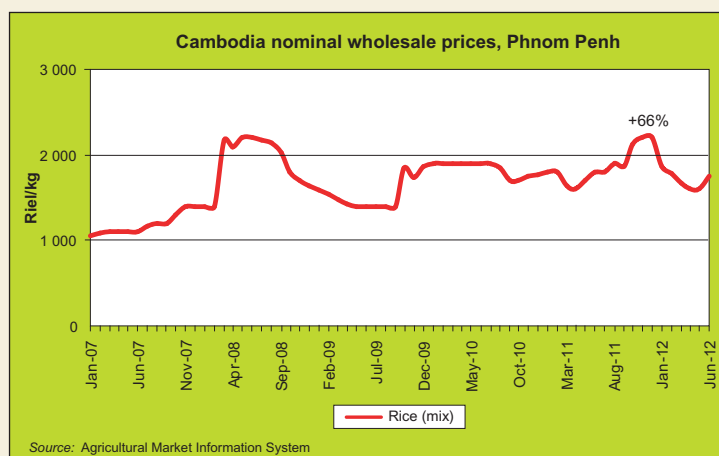
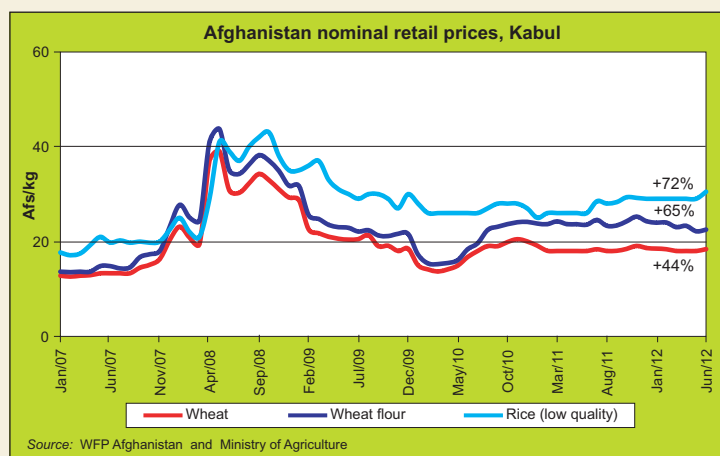
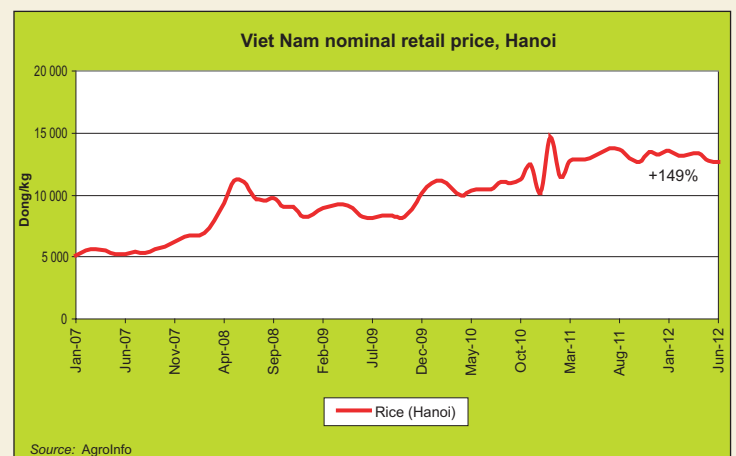
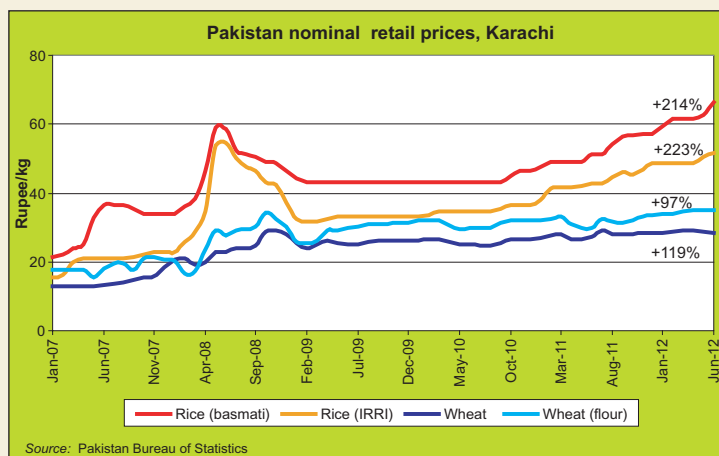
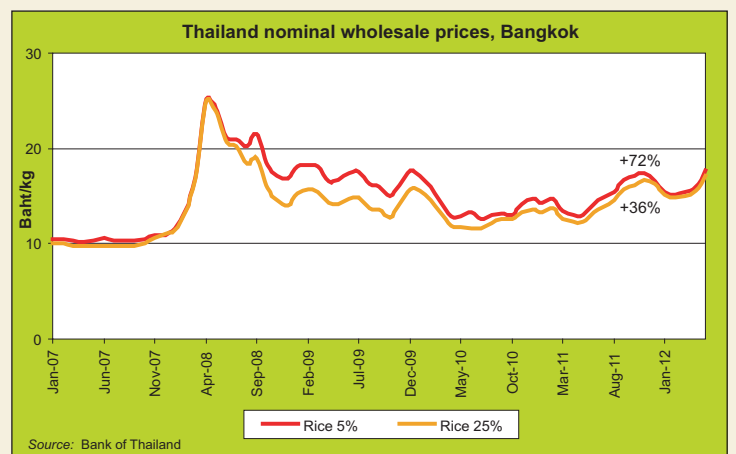
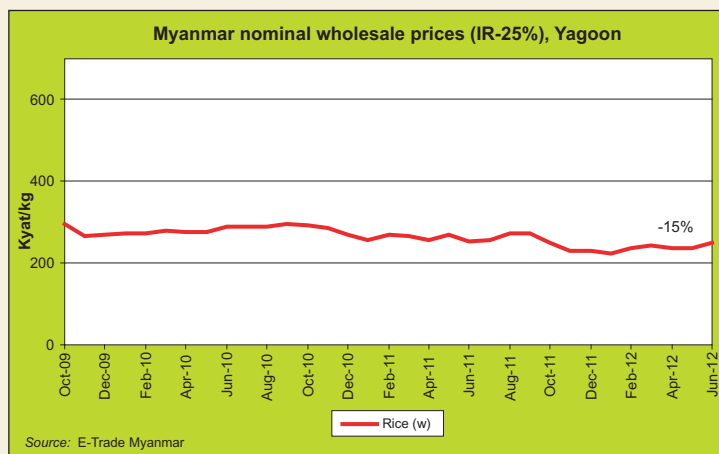
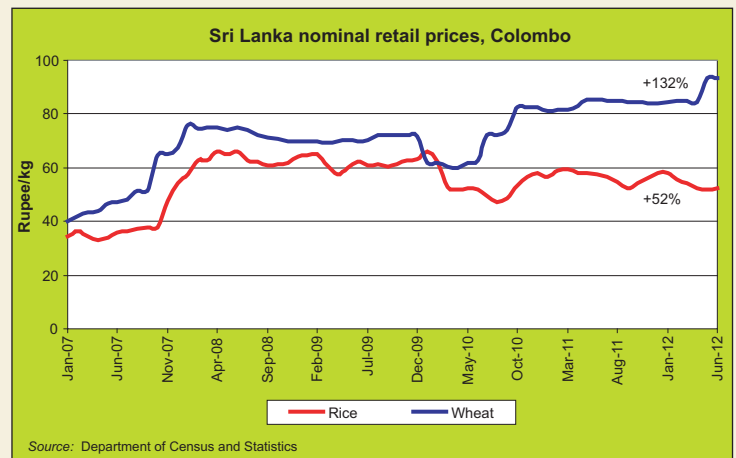
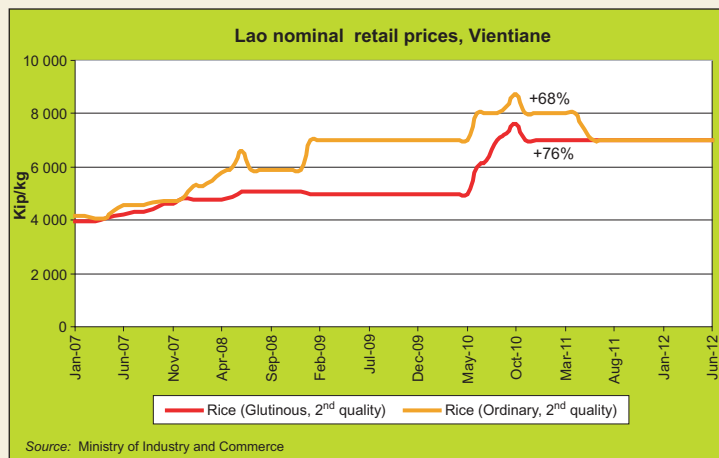
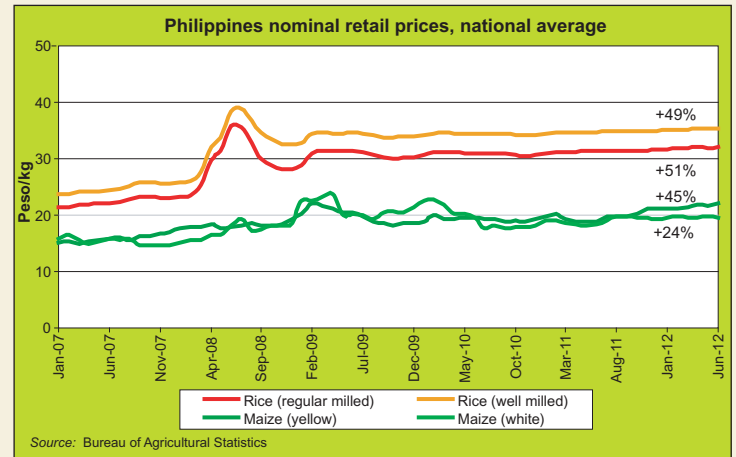
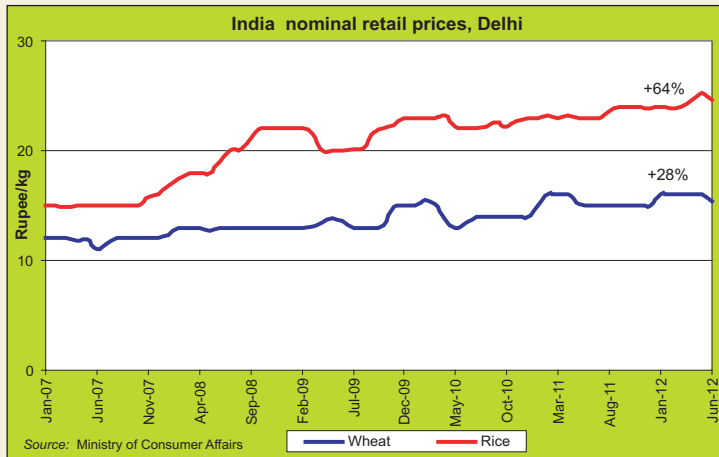


Figure 2: Trends in domestic prices for key commodities in selected countries (continued)



a rupee-based barter mechanism. But in mid-June Iran's Bank Parsian stopped issuing payment guarantees for Iranian importers who buy Indian goods, because the account set up to skirt sanctions did not have the necessary funds. Furthermore, traders told Reuters that it was doubtful that India would be able to meet the sanitary standards Iran demands for imports because of high levels of Karnal bunt, a fungal disease, commonly found in Indian wheat.

A barter deal with Pakistan for 1 million tonnes of wheat has also run into problems, Pakistani officials said, over a range of issues including pricing. Traders told the news agency that Iran was making price inquiries, indicating it would need to make wheat purchases starting in July, most likely from Black Sea sources in government-to-government deals.

### **Dry weather damaging crops in US and Russian Federation**

Unusually hot weather in the United States and Russian Federation, that some scientists say is an indicator of climate change, is damaging grain crops and may contribute to rising prices.

SovEcon, an influential think tank, cut its forecast for Russia's grain harvest for the second time in one month, predicting a total of 85 million tonnes, down from 88.5 million tonnes, according to Black Sea Grain, an industry website. Hot and dry weather in many regions, including the Urals and Siberia, was responsible, the think tank said. Farmers were harvesting crops earlier than usual to avoid losses. They followed a similar pattern during 2010 when a severe drought forced the Russian Federation to ban grain exports, fuelling a rise in the global price of wheat. SovEcon said that the situation is not as severe as 2010 at this point in time.

Hot and dry weather in the United States has also led Rabobank to predict lower harvests for maize, Agrimoney, an industry website reported. Rabobank, an international financial services provider specializing in agriculture and commodities, cut its yield forecasts for US corn based on expectations of continued high temperatures throughout the summer months of July and August. The bank said that global maize prices could test record highs this year because of the reduced output from the US.

### **Moves afoot to amend new Myanmar land laws**

The chairman of parliament's Reform and Development Monitoring Committee has announced that he will seek to amend two recently passed land laws following complaints over land grabbing and ownership rights, the Myanmar Times reported.

The laws, passed in March, were regarded as both a sign of democratic progress and flawed approaches to legislation that had the potential to create rather than solve problems.

Aung Thein Linn, the committee chairman and a former mayor of Yangon, said the laws contained "mistakes, weaknesses and were incomplete," following a fact-finding trip to rural areas. Activists and economists, including Joseph Stiglitz, had warned that the Farmland Law and the Vacant, Fallow and Virgins Lands Management Law contained flaws that could result in farmers and poor people losing their land, and urged parliament to delay passing them.

Aung Thein Linn said that during his trip he had found that landowners in some areas had, in fact, lost control of their own property and become tenants. "We have received complaints from thousands of farmers. Our farmers are severely suffering because of this," he said. Another member of parliament told the paper that any amendments proposed by the chairman, who is a member of the majority Union Solidarity and Development Party, should have no problem being passed by the legislature.

### **Deadly Indian monsoons wash away rice fields**

The worst monsoon flooding to strike the Indian state of Assam in a decade has taken 81 lives, driven 2 million people from their homes and washed away rice fields raising concerns about food security, according to The Associated Press news agency.

Half a million people are taking shelter in relief camps set up across Assam while other displaced persons have taken refuge with relatives or are living under tarpaulin sheets, the agency quoted Prime Minister Manmohan Singh as saying. Assam has a population of 26 million. The prime minister announced that the central government

was allocating USD 90 million to the state for immediate relief.

Assam is a prime tea-growing region, but the tea crops were largely unaffected because they are cultivated in hilly areas. The rice crop, however, has suffered extensive damage, although no figures were immediately available. Thousands of cattle also perished in the floods and officials were concerned about contamination of water supplies from their rotting carcasses.

### **Census shows agriculture expanding in Lao PDR**

Results from Lao PDR's Census for Agriculture 2010-2011, supported by FAO, Swiss Development Cooperation (SDC), AusAID and other partners, show that agriculture is expanding with area under cultivation for some crops doubling during the past 12 years, the Vientiane Times newspaper reported. Agriculture's social and economic importance was underscored by the finding that 77 percent of households are involved in the sector.

The census represents a continuing effort by Lao authorities to improve statistical capacity and provide accurate and fundamental data to guide policy formation. Emphasizing the importance of agriculture, President Choummaly Sayasone has asked the Ministry of Agriculture to allocate more land for commercial cultivation. "Agriculture and forestry is an important sector contributing to socio-economic development," he told a press conference, adding that poverty can be reduced by expanding agriculture.

Purishottam Mudbhary, the FAO representative to Laos, said the census showed the government's achievements during the past decade in developing agriculture and improving living standards in rural areas. He added that the information would also be used to study climate change, land use patterns, land ownership, environmental sustainability, food security, agricultural marketing and fisheries.

Not all farming activities are open for expansion, however. In related news, the government also announced that it would not grant any new land concessions for rubber plantations or allow investment in mining until 2015 because of concerns over land grabbing and encroachment. The government will use the interim to



re-examine concessions already granted and how land is being used to assess whether land has been unfairly appropriated from local people, and impacts on the environment from existing projects.

### **Myanmar fishers struggling, coastal ban relaxed**

The Myanmar government has responded to the pleas of thousands of coastal fishers and partially relaxed a ban on coastal fishing as both coastal fishers and inland fisheries are struggling to earn a living during difficult times, the Myanmar Times newspaper reported.

Representatives of thousands of coastal fishers had asked the Ministry of Livestock and Fisheries to allow them to ply their trade off Myanmar's southern coast, where the government had instituted a ban in February to conserve natural resources and allow fish stocks that have been depleting a chance to recover. The fishers had said the ban was severely affecting their livelihoods.

As a compromise, the Department of Fisheries agreed to allow small-scale fishers to make one-day fishing trips, rather than ban all activity. Larger ships can venture to waters beyond the protected zone and so

were not as affected. Nyunt San of the Fisheries Department said the government had no intention of hurting small-scale fishers but wanted to give stocks a chance to rebuild so that the industry can be sustainable. Fishers said they understood but were disappointed they had not received any financial support from the government when the ban was in effect.

Fish farmers have also been experiencing hard times because of rising production costs and fluctuating currency exchange rates. Than Lwin, an official with the Fish Farmers Association told the paper that although exchange rates had recently improved, prices for transport, wages and feed had all been rising. The result has been less fish available in markets, and some fishers switching to other forms of agriculture to earn a living. Exports have also suffered. Through mid-June, 13 830 tonnes of freshwater fish had been exported compared to over 18 000 tonnes during the same period the previous year, according to Department of Fisheries statistics.

### **Cambodia government and activists at odds over land rights**

Cambodian rights groups and the government are disagreeing over whether land concessions issued during June are in

violation of the government's own ban on new land grants. Prime Minister Hun Sen said the grants announced in June were agreed to before the ban. Opponents say, however, that the government is using loopholes to award plots to private companies at the expense of natural parks, wildlife sanctuaries and local people, Reuters news agency reported. Disputes over land rights and evictions have sparked protests and violent clashes in recent months.

Naly Pilorge, the director of Licadho, a Cambodian rights group, called on Prime Minister Hun Sen to close the loopholes and institute a true ban on new land concessions after Hun Sen signed off on 12 concessions in June granting 44 052 hectares to agro-business companies and privatized 35 461 hectares that had been set aside as wildlife sanctuaries and a national park.

Hun Sen had signed an order in May suspending all new concessions. The prime minister justified the 12 concessions granted since then by saying they had already been agreed to prior to the ban and so the concessions had to be approved to maintain legal principles. He insisted he had not granted any concessions for new lands since the May order.

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