



INTRODUCTION

The September edition of the Liberia Market Price Monitor¹ provides a synopsis of the rapidly changing prices and food security situation in the wake of tightening food markets arising from high global prices of essential commodities.

Highlights

- The previous upward pressure on domestic prices of imported rice has somewhat slowed during the month of September;
- However, the world rice prices continue its upward trend as Thailand pricing plan creates global uncertainty on the international market;
- Casual laborers are experiencing unfavorable terms of trade due to high prices for imported rice.

NOMINAL "WHOLESALE" PRICE OF IMPORTED RICE

In September 2011, with the exception of Foya Market in Lofa County, no local rice trade was witnessed in other markets of Liberia, even in the surplus producing areas of Bong and Nimba Counties. Additionally, Foya remains the only market that is not yet trading in imported rice this year – an indication that producing households in this region still have enough stocks from the previous harvest.

As shown in the Table 1, with exception of Gbarnga and Voinjama markets, the rest of Liberian markets exhibited stability in the prices of imported rice between August and September 2011. Since the beginning of 2011, domestic markets have witnessed an upward pressure on price of rice. At the global scene, price of rice is still increasing, thus the September market development may only be but temporary stability as traders await next consignment. On the other hand, a year-to-year comparison in prices shows a general price rise in all markets with Gbarnga and Saclepea markets in central Liberia indicating the most dramatic increase of 40% and 38% respectively between 2010 and 2011. As expected, rural markets continued to report relatively higher prices than markets around Monrovia, the main entry point for imports. The most expensive markets are Voinjama (23 percent) and Pleebo (17 percent) higher than prices in Monrovia. It is also notable that new

	Sep-10	Aug-11	Sep-11	% increase Aug 2011 and Sep 2011	% increase Sep 2010 and Sep 2011
Gbarnga	2,092	2,583	2,933	14%	40%
Pleebo	2,800	2,942	2,950	0%	5%
Red Light	1,885	2,600	2,512	-3%	33%
Saclepea	2,025	2,850	2,800	-2%	38%
Tubmanburg	1,908	2,509	2,533	1%	33%
Voinjama	2,417	2,875	3,100	8%	28%

¹ The market price monitoring is a component of the Food Security and Nutrition Monitoring System as coordinated by the Food Security and Nutrition Programme at the Ministry of Agriculture, with technical support and funding from the World Food Programme (WFP). Prices are collected by the county staff of the Liberia Institute of Statistics & Geo-Information Services (LISGIS) in 10 of the largest food markets in 9 different counties.

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varieties of imported rice, significantly the Thai rice, the US long grain rice, Brazilian Parboiled Rice, and Vietnamese White Rice are emerging in the markets in huge quantities, a development linked to tightening rice markets in China—the main source of imported rice into the country. Liberian traders and market analysts are yet to establish which one of the new imported brands or existing varieties would gain the demand of consumers in place of the Chinese “butter rice” that is expected to be absent from the market until the export restrictions imposed by China are lifted.

GLOBAL TRENDS IN PRICE OF RICE

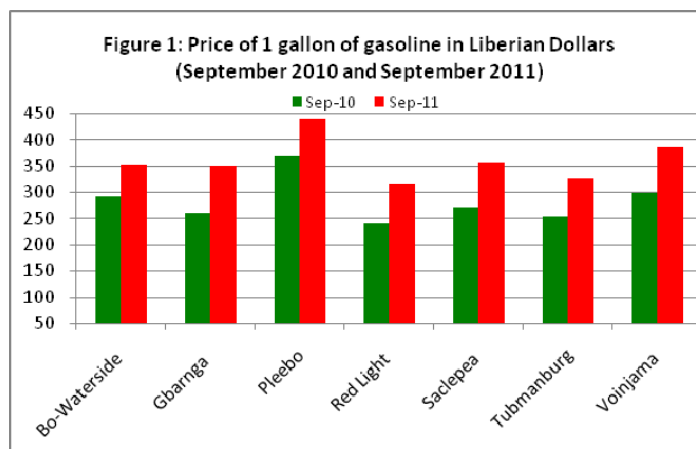
In Liberia, a country in which rice imports currently represent about two thirds of estimated national consumption requirement, domestic markets continue to reflect global price levels and trends. In its September issue, InterRice reported that world prices of rice rose again due to uncertainties about future export supply, especially from Thailand, world’s top exporter of rice since 1981. The OSIRIZ price index for rice rose by 9.1 points during the month reaching 269.9 points in September 2011 against 260.8 points in previous month. At the beginning of October, the IPO index was at 270 points. Thailand is preparing to stir the pot in the International rice market with its fragrant jasmine rice nurtured by a new policy. The spike in the price of rice could inch further as the government is expected to begin a major new pricing scheme soon at rates nearly 50% higher than the current market rates that could have a big impact on the world’s biggest rice exporter. Many analysts believe the higher prices paid to farmers will mean a decline in Thai rice exports, opening opportunities to rival exporters, such as India and Vietnam. China may also return to the international market due to attractive prices and the fact that it has more than 50% of global stocks.²

The Thai Rice Exporters Association (TREA) says the price for Thai rice could reach 800 dollars per ton in the global market later this year, a figure dramatically higher than the 629 dollars per ton in mid-September. The price of rice recorded in September 2011 is the highest since December 2009. This has become a big risk to all rice importing countries from Thailand. But the prevailing supply of rice from emerging exporters like Burma, Cambodia and Brazil, however, are likely to prevent a repeat of the 2008 rice crisis.³

Both China and Thailand accounts for over 75% of imported stocks in Liberia. But the scarce supply of Chinese “butter rice” on Liberian markets due to export restrictions imposed by China earlier this year coupled with the prospects of a sharp increase in Thailand prices has led major importers in Liberia to look for alternative suppliers in Brazil, Vietnam and Pakistan. The local markets remain well supplied with imported rice.

PRICES OF OTHER COMMODITIES

As shown in Figure 1, the average domestic price of gasoline is 27% higher than it was a year ago, with an average price across all markets being 361 Liberian dollars per gallon. Gasoline is considerably more expensive in Pleebo (Maryland) and Voinjama (Lofa) Markets. It is 39 percent and 22 percent more expensive to purchase



² InterRice September 2011, www.infoarroz.org

³ <http://ipsnews.net/news.asp?idnews=105319>

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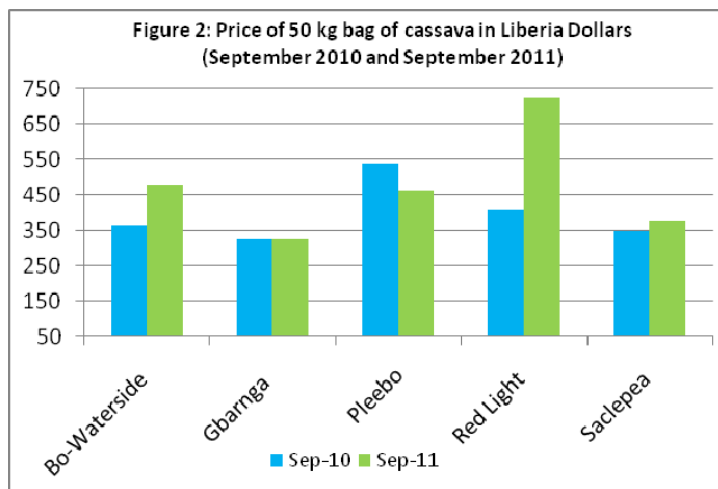
a gallon of gasoline in Pleebo and Voinjama markets respectively, than Monrovia. This huge price differential in gasoline is reflected in food commodity prices in those markets and is mainly attributed to poor road linkages with the Liberian capital.

Market	Palm oil price in 2010	Palm oil price in 2011	% Increase
Bo-Waterside	408	446	9%
Gbarnga	275	280	2%
Pleebo	293	397	35%
Red Light	306	336	10%
Saclepea	294	290	-1%
Tubmangurg	350	375	7%
Voinjama	393	450	14%

Palm oil is a major source of income for smallholder farmers and also a common ingredient in most food recipes in Liberia. The prices of Palm oil have increased in all markets compared to the same period last year with the exception of Saclepea where prices remained stable. High domestic demand and informal cross-border trade are likely contributors to Palm oil price increases. Traders also reported that the current increase in prices of gasoline makes it very expensive to

transport the commodity from where it is produced to Red Light market in Monrovia where the demand is usually high.

Cassava is the second most consumed cereal in Liberia. The current retail price of cassava is higher in most markets across Liberia compared to a year ago with the exception of Pleebo market which showed a marginal decline. Red Light records the highest increase in price, mainly arising from strong demand and better purchasing power of households. It is significant that as stocks of local rice produce declines in the markets, rural households normally shift to consumption of cassava, a cheap substitute for rice. Cassava production is also lowest during the rainy season, which explains the increasing price trend tightening the supply side of the equation.



TERMS OF TRADE (TOT) BETWEEN WAGE RATES AND IMPORTED RICE

Markets	Sep,10	Sep,11	Main Activity
Gbarnga	2.7	2.1	Agriculture
Pleebo	4.3	4.2	Construction
Red Light	5.8	5.1	Agriculture
Saclepea	2.6	3.1	Construction
Tubmanburg	3.9	3.0	Agriculture
Voinjama	3.3	2.2	Agriculture

Many rural households purchase rice using wages obtained from casual labour available to households in various parts of the country. For majority of the rural households, daily wage rate is derived from agricultural activities (or from charcoal production in the case of Tubmanburg) while urban areas in Monrovia and Buchanan depend on construction as the dominant source of casual work. The terms of trade (TOT) reported here reflects the amount of rice in

kilogram that individuals or households may purchase in exchange for earnings from daily work either in

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construction sites (Red Light and Buchanan Markets), or from agricultural activities for the rest of the markets. Currently, the available agricultural activities are fencing, scaring birds and weeding, primarily undertaken by both men and women. The average daily wage rate for agricultural and construction labourers is estimated at 172 and 256 Liberian Dollars respectively. In most parts of the country, casual work is not readily available considering that individual households tend to accommodate such requirements in-house.

Table 3 shows that terms of trade for casual labourers in exchange for rice deteriorated in most markets in September 2011 compared to September 2010 with the exception of Saclepea Market which indicates slight improvement over the period under review. The high price of imported rice against stable or low wage rates could be responsible for the decline for TOT across the country.

OUTLOOK AND CONCLUSION

There was no sign of local rice across all markets in Liberia during the month of September 2011. The local markets including those within high rice producing areas only traded in imported rice. The increased reliance on imported rice has heightened the risks to food insecurity especially for smallholder farmers whose cash crop holdings are insignificant and also lack alternative income sources to purchase the staple commodity. Compounding the access difficulties is the limited physical access to markets in most remote areas of the country that are characterized by poor road conditions, and that have worsened during the rainy season. The month of September is the end of lean season in most parts of the country—usually followed by harvesting in October to December. It is therefore tougher for poor families during this particular month but also characterized by optimism. The exception is southeastern counties that usually begin harvesting during this month.

On the positive local rice is expected in domestic markets within these areas. This may lead to improved access to food, at least for a while and the reliance of households on imported rice could begin to lessen. The immediate food security situation in South Eastern Liberia and other remote parts of the country is therefore expected to be influenced by the outcome of the expected rice harvest and the duration of the on-going rainfall, which makes travelling difficult and contributes to the high transportation costs. The harvest outcome will also inform dependence on markets within the coming months.

It is notable that the Government of Liberia had undertaken pragmatic measures to cushion the poor against the rising commodity prices including encouraging importers to increase the in-country stock of rice, engaging friendly governments for concessionary terms on rice imports, pre-positioning of stocks in rural Liberia using existing trader distribution networks and maintaining suspension of tariffs on low-end rice among others. Meanwhile, the government of Liberia through the Ministry of Agriculture and the Liberia Institute of Statistics and Geo-Information Services (LISGIS) in collaboration with World Food Programme (WFP) will continue to closely monitor food prices in the country.

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