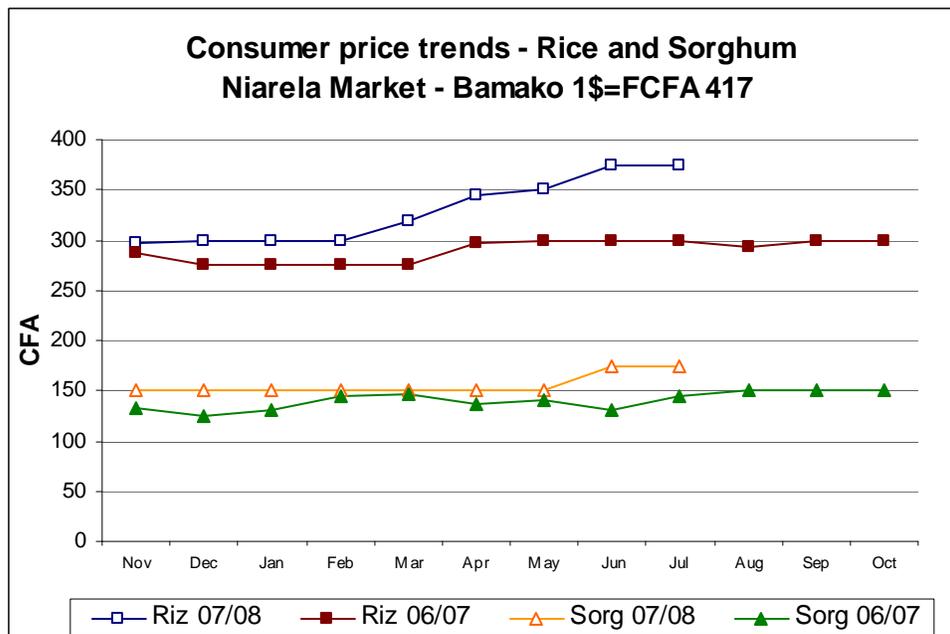




Mali – Periodic Update on the domestic food security situation USAID/Mali Summary --- situation as of July 7, 2008

Director’s perspective: Fuel prices subsidies are reported to have cost the Government of Mali FCFA 5 billion in the month of June 2008 in terms of forgone revenues from the fuel sector. Though subsidization of the fuel sector has lessened, it still continues, drawing down the national budget.

With respect to rice, even though the consumer price of **Gambaka**, the preferred local variety (FCFA 375/kilo in Niarela) has remained stable over the past two week, it is 25% higher than last year’s at the same period and 31% higher than the past five year average. The **subsidized imported rice** is currently scarce in the market and remains the “least preferred” variety of rice.



Source: Observatoire des Marchés Agricoles - OMA

More Details:

Fuel prices: Between May and June 2008, the price of a barrel of oil on the international market increased from US\$ 122 to US\$ 135. By adopting a series of measures such as waiving taxes and duties on petroleum products and negotiating a reduction in petroleum importers’ margins, the Government of Mali has been able to cushion Malian consumers from the full impact of the increase in the price of oil and continues to subsidize fuel for consumers. Nonetheless, on June 24, 2008, the National Petroleum Products Office announced a CFA 45/liter increase in the price of gasoline (from FCFA 650 to FCFA 695) and a FCFA 15/liter increase in the price of diesel (from FCFA 570 to FCFA 580). The Ministry of Economy, Commerce and Trade estimates the cost of in terms of forgone revenues from the fuel sector for the month of June 2008 at FCFA 5 billion and for the period January-May 2008 at FCFA 18 billion.

It is noteworthy that the Government of neighboring Cote d'Ivoire has in the past week increased the price of fuel by 29,2% for a liter of gasoline and by 44% for a liter a diesel, the first increase since July 2005. In Cote d'Ivoire, gasoline is currently selling at FCFA 795/liter compared to FCFA 695/liter in Mali, a difference of FCFA 100/liter. More significantly, diesel is selling at FCFA 785/liter in Cote d'Ivoire compared to FCFA 585/liter in Mali, a difference of FCFA 200/liter.

The **2008-2009 agricultural campaign** was officially launched on June 26, 2008 by the Malian Head of State. The objective of projected 2008-2009 crop year plan, including the government's rice initiative is to reach an overall cereal production of 4.6 million tons, with about 1.6 million tons for paddy rice. Good rainfall is anticipated.

Producer prices of rice: The increase in per kilo producer prices in the last two weeks has ranged from 9% to -6% for millet, from 10% to 4% for sorghum and from 1.6% to 4% for maize. Over the same period, the increase in the price paid to producers of Gambiaka, the preferred local variety of rice has ranged between 2% and 3.2%.

Consumer prices of rice: Since June 20, 2008, the consumer price of **Gambiaka** (FCFA 375/kilo in Niarela) has remained stable in the markets surveyed by the Observatoire des Marchés Agricoles. This price is however 25% higher than last year's at the same period and 31% higher than the past five year average. With respect to **imported rice exempted from duties**, it will be recalled that on April 1, 2008, the Government of Mali reached an agreement with rice importers whereby 127,000 tons of imported rice would be sold wholesale at FCFA 300,000 per ton (FCFA 300/kilo) and retail at CFA 310,000 per ton (FCFA 310/kilo). 10,822 tons, 26,218 tons, 23,705 tons are reported to have entered the market, in April, May, and June respectively. Consumers are however complaining about the quality of this imported rice which has sold very poorly. As a result, retailers are reported to be refusing to pay importers who in turn are experiencing difficulties reimbursing the banking sector for the loans taken on the first shipments. Thus the current availability of this variety of imported rice is very low in the surveyed markets.

**Consumer price at regional level are as follows as of June 25, 2008:
Per kilogram, \$1= 420 Fcfa**

	Bamako/Niaréla Mali	Ouaga/Sankaryare Burkina Faso	Niamey/Katoko Niger	Dakar/Tiléné Senegal	Adjamé RCI
Millet	175	189	203	240	-
Sorghum	175	169	225	225	-
Maize	175	189	242	250	-
rice – imp	375	400	400	300	-

The data from the week of June 19-25 have been carried over as OMA was unable to get cereal prices in neighboring countries

Source: OMA

Additional local prices available on request see contact below.

Additional Sources of Information

- Observatoire du Marché Agricole (OMA) Market Information Office Mali www.oma.gov.ml/
- Système d'alerte précoce (SAP) National Early Warning System of the Government of Mali (www.sap.gov.ml)

Ministère de l'Economie, Industrie et Commerce
Office National des Produits Pétroliers (www.onopmali.com)

Points of contact: Halima Ouattara-Ayanou (houattaraayanou@usaid.gov), Jean Harman (jharman@usaid.gov) or Gaoussou Traore (gtraore@usaid.gov) USAID/Mali – Economic Growth Team 223 270-2741 - let us know if you want to be added to the mailing list.