INTRODUCTION

The Liberia Market Price Monitor\(^1\) provides a synopsis of the rapidly changing prices and food security situation in wake of tightening food markets arising from high global prices of essential commodities. It is based on bi-monthly market price monitoring in 10 main food markets across the country.

Highlights
- Price of imported rice in Liberia increased again due to seasonal high demand and huge cross border flows to Guinea;
- The renewed upsurge in global rice prices and rising fuel prices could further impact the precarious food security situation in Liberia
- Casual laborers are experiencing unfavorable terms of trade due to increasing prices for imported rice.

NOMINAL “WHOLESALE” PRICE OF IMPORTED RICE:

<table>
<thead>
<tr>
<th>Market</th>
<th>August-10</th>
<th>August-11</th>
<th>% increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bo Waterside</td>
<td>2,210</td>
<td>2,675</td>
<td>21%</td>
</tr>
<tr>
<td>Buchanan</td>
<td>1,992</td>
<td>2,600</td>
<td>31%</td>
</tr>
<tr>
<td>Pleebbo</td>
<td>2,671</td>
<td>2,983</td>
<td>12%</td>
</tr>
<tr>
<td>Red Light</td>
<td>1,888</td>
<td>2,600</td>
<td>38%</td>
</tr>
<tr>
<td>Saclepea</td>
<td>2,058</td>
<td>2,850</td>
<td>38%</td>
</tr>
<tr>
<td>Voinjama</td>
<td>2,463</td>
<td>2,875</td>
<td>17%</td>
</tr>
</tbody>
</table>

In August 2011, retail prices of imported “butter” rice were higher in all domestic markets compared to a year ago. Across the board, prices have increased between 13 and 38 percent (mean increment of 26 percent) above the August 2010 prices (see Table 1). Red Light and Saclepea markets reported the most dramatic price increases over the period, an observation attributed to limited availability of imported “butter” rice (most preferred staple) on national markets characterized by the growing demand. The shortage in supply of Chinese imported “butter” rice in most Liberian markets is because of export restrictions imposed by China earlier in the year due to prolonged drought conditions and subsequent flooding which negatively impacted paddy production in 2011. In addition, rice price increases could be associated with huge cross border flows to neighboring Guinea coupled with the usual seasonal high demand. Key findings from a rapid market assessment undertaken by the Ministry of Commerce and Industrialization (MOCI) and WFP in July 2011 at the markets along the Liberia-Guinea border reported an estimate of over 2000MT of imported rice crossing from Liberia into Guinea every month. Finally, current domestic prices could be a reflection of the renewed upsurge in global rice trends and concomitant increase in international food and oil prices.

Overall, the peak of the hunger season coincides with a period marked by exhaustion of local rice stocks, deplorable roads and price rises in the markets. The poor households are usually vulnerable during this particular period and will have to rely on the usual coping strategies (casual labor, wood

---

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.
sales, collection of wild foods, and reduced consumption). Though rice prices are higher than last year, domestic markets are still well supplied with imported rice mainly from Thailand.

GLOBAL TRENDS IN PRICE OF RICE

In August 2011, world prices increased again due to uncertainties about future export supply, especially in India. The OSIRIZ price index for rice rose by 16.6 points during the month to 260.8 points against 244.2 points in July. The new policy to support domestic prices in Thailand also tends to strongly push up international prices. Moreover, this measure may enter in effect by October, one month earlier than expected. With the perspective of a sharp increase in Thailand prices, importers have looked for alternative suppliers, leading prices to grow in all markets, including those from the West Hemisphere. India’s return to the non-fragrant export market is gradually happening. However, India’s export supply may be smaller than the projected.²

Thailand, a major supplier of imported rice in Liberian markets also reported a substantial price increase of 11%. Thai rice 100 percent B Grade rose from around USD 550 to USD 610 between mid-July and late August. Thai paddy rice is expected to reach $500/ton, what could mechanically raise export prices to $850/ton FOB, making it unfeasible for Thailand to compete with Asian exporters. Thailand supplies close to a third of the world rice exports. The price of rice has also increased in Pakistan.³

World rice production is forecast to increase slightly more than consumption in 2011/2012 as production prospects are good (International Grain Council). Unless trade in rice is disrupted by national policies, prices should remain relatively stable. If, however, rice prices were to increase further, this development would have an adverse impact on food security in low-income and food-deficit countries, especially in the context of high oil prices and a global slowdown in economic activity.⁴

PRICES OF OTHER COMMODITIES

 Domestic fuel prices have also risen sharply between 9 – 38 percent in the last one year, in line with global trends. In August this year, the price of gasoline reached record high to US$400 per MT with intermittent fluctuation in price due to change in the Platt’s globally; where as in August 2010 the price of gasoline was much better, US$250 per metric ton. Basically, the current extremely high oil price trend is primarily attributable to the political instability in the Arab region particularly Libya and Syria, and OPEC’s⁵ decision to reduce its production in order to boost oil price upward.

On the local scene, the rise in price of gasoline is leading to consequent increases in transport costs and continues to push up domestic food and other commodity prices, creating a further decline in access to

---

² http://www.infoarroz.org
³ http://www.infoarroz.org
⁴ FEWSNET – Price Watch: July Food Prices, published August 31, 2011
⁵ OPEC is an acronym for Organization of the Petroleum Exporting Countries – a permanent intergovernmental organization, currently consisting of 12 oil producing and exporting countries, spread across three continents America, Asia and Africa. The members are Algeria, Angola, Ecuador, the Islamic Republic of Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela.
food and other essential commodities. As reported in previous publications, Figure 1 shows that fuel is considerably more expensive in Zwedru, Foya and Voinjama markets as compared to other areas, mainly due to transportation costs.

Palm oil is a major source of income for smallholder farmers and also a common ingredient in most food recipes in Liberia. Generally, prices of palm oil in all markets are higher compared to last year. Apart from the seasonal tightness in production during the rainy period, transport costs to markets associated with surging fuel prices and high regional demand by Guinean traders is currently exerting upward pressure on prices. Palm oil prices may likely continue its upward trend into the last quarter of the year because of high domestic demand, huge cross border outflows to neighboring Guinea and change in rainfall patterns that could disrupt production.

Charcoal is produced in most of rural Liberia as a complementary source of income for households. The majority of the people residing in Tubmanburg, and Bo-waterside depend considerably on charcoal production as a means of livelihood. Figure 2 shows that current prices of charcoal are higher in all markets across Liberia compared to the previous year with the exception of Foya market in Northern Liberia. The enforcement of Forestry tax by the government of Liberia that resulted to increase in production cost and poor supply of charcoal to markets could explain this observation. On the other hand, seasonal factors such as heavy rainfall which reduces production levels, increasing demand for the product and difficulties of transportation due to high fuel prices and debilitating road condition are responsible for the charcoal price increase.

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

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 as presented in Table 3. 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 construction sites (Red Light and Buchanan Markets), or from agricultural activities from the rest of the markets (currently fencing, swamp brushing and weeding primarily undertaken by both men and women).

Table 3 show that terms of trade for casual laborers in exchange for rice have deteriorated in most markets in comparison to last year with the exception of Bo-waterside market which appears to be stable between the reported periods. The decline for TOT across the country could be associated with the increasing rice prices against stable or low wage rates especially in refugee affected counties. Refugees are highly vulnerable and are ready to take on any income generating activity. The host communities are offering them opportunities at reduced labour rates thus impacting on the general labour market within these areas.

OUTLOOK AND CONCLUSION

At this time of the year, local rice is less available on the domestic markets as farming households’ food stocks have been exhausted, thus the demand for imported rice may likely have increased – especially in markets like Foya and Voinjama in Lofa County where households increasingly rely on the purchase of local rice. In addition, the reporting period also coincides with the peak of the hunger season as a result of declining availability of food stock at household’s levels. On the other hand, the higher than normal demand for imported rice mainly due to refugee influx from Ivory Coast coupled with huge outflows of rice into neighboring Guinea could reverse the narrowing price differentials between Monrovia, the main entry point for all rice imports, and far off markets (differential at 12% for Pleebo and 23% for Foya). As Liberia is strongly dependent on international markets and highly vulnerable to high food price shocks, the renewed upsurge in global rice prices and higher oil prices could exert upward pressure on prices of food and other essential commodities, consequently lead to an adverse impact on the precarious food security situation in the country.

Since late 2010, Liberia has experienced rising food and fuel prices. With reports of renewed upsurge in world prices for rice, it is critical for strengthen monitoring of global grain prices as continued instability on the oil market could have serious repercussions on food prices and other commodities. Such an outcome may further affect the cost of the food basket, which has remained persistently high since the 2008 food price crisis in Liberia. However, periodic local rice harvests expected to begin in October could lessen the reliance of rural households on markets. Meanwhile, poor households in Liberia will continue to heavily rely on external support to meet their food needs. It is also important to note that the shortage in supply of imported “butter” rice (most preferred staple which originates from China) on national markets could lead to further price rise for this particular variety in the coming months.

The government of Liberia through the Ministry of Agriculture and the Liberia Institute of Statistics and Geo-Information Services (LISGIS) in collaboration with its partners will continue to closely monitor food prices in the country.

FOR MORE INFORMATION CONTACT

1. Food Security and Nutrition Secretariat, Ministry of Agriculture, Email tdkoiwou@yahoo.com on 2316 550237 or sayb.tambyawa@gmail.com on 2316914915
2. Price Statistics Section, LISGIS, E-mail: Mariah.quaye@lisgis.org, Tel. +231 6560087
3. WFP VAM Unit, E-mail: emmanuel.anderson@wfp.org or bernard.owadi@wfp.org