

**UN: High Food Prices Exacerbate Crisis In Drought-Hit Horn Of Africa  
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ROME, Aug 11 (BERNAMA- NNN-UNNS) -- The prices of grain and milk in the drought-hit Djibouti, Ethiopia, Kenya and Somalia have risen to record highs, exacerbating hardship for the estimated 12.4 million people in the region who are facing severe food shortages and famine in some parts of Somalia, the United Nations reported Wednesday.

According to the August food price monitor of the UN Food and Agriculture Organization (FAO), the high prices of cereals such as sorghum and maize in the Horn of Africa have resulted from a combination of factors, including drought, reduced secondary season harvests earlier this year and high fuel prices that have driven up transport costs.

In Somalia, where famine has been declared in five areas in the south-central region, prices of domestically produced staples, sorghum and maize showed some signs of decline last month. The prices of the two commodities were, however, 150 and 200 per cent higher, compared to July last year, according to the FAO report.

The prices of milk in Somalia decreased or stabilized in several markets last month, but remained well above last year's levels. In the southern region where some parts are experiencing famine conditions, milk prices in June were twice the levels of the similar period year earlier.

In Kenya, prices of maize, the country's staple food, rose sharply last month, reaching new peaks. Maize prices have been on the increase since February and are currently double what they were a year ago.

The high prices are a consequence of a poor 2010-2011 secondary season maize production and an anticipated reduction of the 2011 main "long rains" crop, to be harvested beginning later this month, following the late onset of the rains in many areas.

Higher domestic fuel prices and a food export ban imposed by neighbouring Tanzania are exerting additional upward pressure on food prices in Kenya, the FAO report pointed out.

In Ethiopia, the prices of maize rose again last month in most of the monitored markets, with increases from June of 23 per cent in the Bahirdar main growing area and of nine per cent in the capital, Addis Ababa.

Maize prices have been on the rise since February, and the July quotations were generally well above their levels a year earlier (from 50 to 75 per cent up), although still below the peaks reached during the 2008 food price crisis.

Prices of wheat in Ethiopia eased in July from record levels of June in Addis Ababa, but were still 76 per cent higher than at a similar period last year.

Despite improved prospects for the main "Meher" season cereal crops, to be harvested from October, a spike in the fuel prices and transport costs has contributed to keeping food prices high.

The price of diesel in Ethiopian was 69 per cent higher in June compared to a similar period last year.

The price of milk, a key staple in the drought-affected pastoralist areas, has surged with the deteriorating conditions of the livestock in recent months.

In Djibouti, where imported wheat is a staple, prices remained stable in June for the third consecutive month after surging earlier in the year.

However, wheat flour prices were 67 per cent higher than a year ago and similar to the peaks of July 2008 during the global food price crisis. The sharp increase is mainly attributable to higher international wheat prices.

Internationally, the prices of wheat - which had fallen in May and June - continued to decline in July.

The benchmark United States wheat price averaged \$308 per ton, down eight per cent from its June level. However, wheat prices remained 45 per cent higher than a year earlier, although they were 36 per cent below the 2008 peak.

The decline in July mainly reflected pressure from the 2011 winter wheat harvest in the US and Europe, as well as large export availabilities expected in the Black Sea region during the 2011-2012 marketing season.

Export prices of maize declined somewhat in July, with the benchmark US maize price averaging US\$304 per tonne, still 89 per cent above its level of a year ago.

Maize fell early last month after the US revised upwards the estimates of its 2011 planted area and 2010-2011 carryover stocks. However, concerns about dry weather in the key growing areas of the US in the second half of the month provided support.

Export prices of rice increased for the second consecutive month in July. The benchmark Thai rice price averaged \$556 per ton, six percent higher than in June and 20 per cent above its level in July 2010.

The recovery was mainly supported by the prospect of changes in the support price policy in Thailand, the largest rice exporter, which could result in much higher export quotations, and the prospect of a sharp cut in production in the US, the third largest rice supplier.

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