



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 2/5/1999

GAIN Report #NU9002

Nicaragua

Grain and Feed

NICARAGUA, HURRICANE MITCH AND GRAIN AND FEED 1999

Prepared by:

AgAtt:CRBertsch

U.S. Embassy

Drafted by: AgSpec:SCastellon

Report Highlights:

Hurricane Mitch crop damage in Nicaragua was generally less than initially thought for most grain and feed production. Only damage to sorghum appears to have been worse. Ministry of Agriculture and Forestry forecasts for 1999/2000 are much more optimistic than the views of growers. The Ministry expects all crop production with the exception of beans to be better than the pre-Mitch estimates for 1998/99.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
San Jose [CS1], NU

NICARAGUA, HURRICANE MITCH AND GRAIN AND FEEDS

Ref: FAS WashDC 35783

PRODUCTION ESTIMATES

The Ministry of Agriculture and Forestry (MAGFOR) has revised its Hurricane Mitch crop damage assessment. For some crops, such as white corn (damage estimate was 22%; now 9% loss), rice (50%; 27%) and beans (50%; 29%), the actual damage was considerably less than early estimates. For other crops, the actual damage was more than originally thought. These crops include sorghum (damage estimate was 31%; now 52%).

The MAGFOR forecast for the 1999/2000 season is very optimistic for most crops with only a dip occurring during 1998/99 as a result of Hurricane Mitch. Of the grains, only the bean production forecast is lower than the original (i.e., pre-Mitch) 1998/99 estimate. While FAS/Managua has not worked up its own estimates, given the infrastructure damage and damage to farm instruments caused by Hurricane Mitch, it appears doubtful whether the MAGFOR production numbers can be reached.

HURRICANE MITCH EFFECTS ON PRODUCTION OF VARIOUS NICARAGUAN CROPS (UNIT: METRIC TONS)

Commodity	1998/99 Planted area (Ha)	1998/99 Damaged area (Ha)	1998/99 Production Estimate Before Mitch	1998/99 Production Estimate After Mitch	1998/99 Percentage losses in production	1999/2000 Production Forecast
Rice	90,652	18,484	185,111	134,944	27.1%	200,500
Beans	193,768	43,839	132,853	93,975	29.2	108,900
Corn	273,088	12,252	326,405	296,477	9.2	400,100
Sorghum	51,912	9,136	108,980	52,748	51.6	110,200

Source: Nicaraguan Ministry of Agriculture and Forestry

Hurricane Mitch hit at the worst time for Nicaragua's agriculture, just as the country was about to harvest the second and largest planting known as "Postrera," and just before the third planting season for basic grains known as "Apante," which begins in November and runs through February-March. The hurricane caused extensive crop losses in the north and northwest regions of Nicaragua.

In addition, it caused widespread soil erosion and deforestation and destroyed/damaged agricultural infrastructure, secondary and tertiary roads, including soil and water conservation works, watersheds, storage facilities, fences, wells and irrigation systems. An estimated 11,550 hectares (some 0.9 percent of the country's total crop land, excluding forest and pasture) were permanently destroyed. Another 308,000 hectares (25 percent) were seriously damaged.

RICE

Rice producers lost almost 30% of their crop, a drop in the original damage assessment of around 50%. Although the GON forecasts that 1999/2000 production will be over 200,000 tons, rice farmers believe production will be closer to 180,000 tons due to problems accessing credit from private banks that are afraid of

being able to recover previous loans. Also, inefficient mills (existing old equipment) will bring down processing yield. The biggest infrastructure problem caused by Hurricane Mitch has been damage to secondary roads. Producers report that mills and warehouses did not suffer much damage.

The local rice association is seeking \$2 million aid from the GON or an interested international donor to rehabilitate the rice sector. The funds would be used to buy new mills, seeds and to help in modernizing rice cultivation techniques. These were priorities of the rice association prior to Hurricane Mitch.

BEANS

Nicaragua lost about 30% of its bean crop to Hurricane Mitch. Some local producers believed early on that losses were as much as 80% to the Apante crop.

USAID scheduled \$770,000 in local currency generation from the Title III to support the efforts of the GON to increase the planted area of beans for the Apante season. These funds were given to local organizations, which provided seeds and related support to 5,285 farmers for the planting of over 4,300 hectares of beans. Reportedly the secondary roads are now accessible.

In December 1998, the GON carried out a small red beans planting implementation program to benefit small producers for the third, or "Apante" crop that is sown only in the wet parts of the country. Harvest will be around March-April, and is estimated to produce about 20-24,000 tons of beans in Nicaragua. The GON is building upon an existing micro-credit incentive program for small farmers by expanding the coverage from about 20,000 to 60,000 producers. The incentive will consist of food, seed and basic agricultural tools. While this program will help generate employment in the "Apante" growing region, it will not have a great effect on many of the worst hit areas, which are located in the drier Pacific region.

CORN

Nicaragua produces only white corn for human consumption. Hurricane Mitch crop losses amounted to just over 9% of expected annual production. Early damage estimates had been in the range of 22%.

The Government of Nicaragua expects the 1999/2000 production to rebound to over 400,000 tons. FAS/Managua believes that production will be closer to 300,000 tons due mainly to problems with credit to farmers. It will be difficult for small farmers to obtain new loans when they are facing difficulties paying current outstanding loans.

SORGHUM

Sorghum losses appear to have been over 50% (up from a previous estimate around 30%) from Hurricane Mitch. Nicaragua's sorghum production is consumed almost entirely by the poultry industry. Ironically, despite the hurricane losses, producers are receiving \$7.65/cwt this year compared to \$8.50/cwt last year.

The major secondary roads have been rebuilt, and the producers are transporting sorghum from their farms to the poultry plants without any problem. The poultry plant infrastructure, such as silos and warehouses, did not suffer damage from the storm.