

food outlook

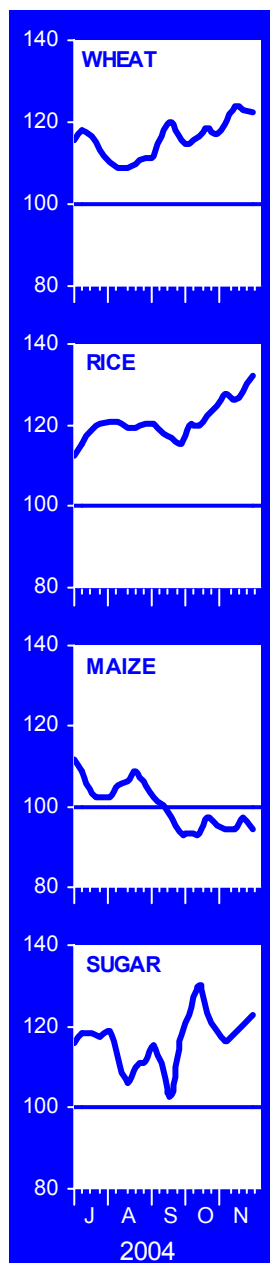
No. 4

December 2004

highlights

EXPORT PRICES

(July 2003=100)



World cereal output in 2004 is estimated by FAO at a record 2 042 million tonnes, substantially more than the forecast in September and 8.4 percent up from 2003.

Cereal production is forecast to exceed utilization in 2004/05, which would lead to an increase in stocks for the first time in five years.

World cereal utilization in 2004/05 is forecast to rise by 2.4 percent from the previous season. Most of the increase is expected in feed usage of cereals, reflecting larger availabilities.

World cereal stocks are forecast to rise to 441 million tonnes by the close of the 2004/05 seasons. The bulk of the increase will be in maize and wheat reserves in the major exporting countries. By contrast, rice inventories are expected to decline again.

International wheat and coarse grains prices are generally lower than a year ago, but those for rice remain well above levels in 2003.

Global cereal trade is forecast to decline in 2004/05, mostly reflecting reduced demand in the EU, which would more than offset an expected increase in imports by developing countries, China in particular.

Global meat prices stabilized somewhat in late 2004, as import bans were lifted from previously disease afflicted areas and exportable supplies subsequently increased. Meat production and trade should continue to grow in 2005.

International prices for dairy products rose throughout 2004, and by November, the FAO dairy price index reached its highest level since 1990. Upward price pressure is largely the result of growing international demand, especially for whole milk powder in developing countries.

Oilseed prices attained record levels in the previous marketing season, but have fallen significantly since April, due mainly to a large crop in the United States.

Firm sugar prices prevail on international markets, reflecting continuing strong growth in world sugar consumption, relative to output.



Contents

Table: Basic Facts on the World Cereal Situation	3
Cereal Supply/Demand Roundup	4
Wheat	6
Coarse Grains	10
Rice	14
Box: En Niño-Southern Oscillation (ENSO)	17
Meat and Meat Products	18
Milk and Milk Products	20
Oilseeds, Oils and Oilmeals	22
Box: Consultation on Bananas	26
Sugar	26
Box: Consultation on Sugar	28

Appendix Tables

Table A.1 - World Cereal Production	30
Table A.2 - World Imports of Cereals.....	32
Table A.3 - World Exports of Cereals	34
Table A.4 - Cereal Supply and Utilization - Main Exporting Countries.....	36
Table A.5 - World Cereal Stocks.....	37
Table A.6 - Selected Export Prices of Cereals and Soybeans.....	8
Table A.7 - Selected Wheat and Maize Price Indices.....	38
Table A.8 - Price Indices and Selected Export Prices for Rice	39
Table A.9 - Price Indices and Selected International Prices for Oilcrop Products	39
Table A.10 - Wheat and Maize Futures Prices	40
Table A.11 - Ocean Freight Rates for Wheat.....	40
Table A.12 - Selected International Commodity Prices	40
Table A.13- International Meat Prices.....	41

Contents and Release Dates ^{1/}	No. 1	No. 2	No. 3	No. 4
	8 April	15 June	16 September	9 December
Cereal Supply/Demand Roundup	●	●	●	●
Cereal Production, Trade, Stocks & Prices	●	●	●	●
Cereal Utilization – extended report	●			
Food Aid and Cereal Import Bills	●			
Ocean Freight Rates		●	●	
Cassava		●		
Meat and Meat Products		●		●
Milk and Milk Products		●		●
Oilseeds, Oils and Oilmeals		●		●
Pulses		●		
Sugar			●	●

^{1/} These dates are tentative and refer to the release of the English version. Food Outlook in Arabic, Chinese, French and Spanish language is available shortly after the release of the English version.

BASIC FACTS OF THE WORLD CEREAL SITUATION

	2000/2001	2001/2002	2002/2003	2003/2004 estimate	2004/2005 forecast	Change 2004/05 over 2003/2004
WORLD PRODUCTION ^{1/}	(..... million tonnes) (percentage)					
Wheat	585.9	588.4	569.4	560.0	620.4	10.8
Coarse grains	876.7	919.5	879.9	933.6	1 013.1	8.5
Rice, milled	401.0	400.9	382.1	389.4	408.2	4.8
(paddy)	(599.7)	(599.6)	(571.9)	(583.2)	(610.6)	4.7
All cereals (incl. milled rice)	1 863.6	1 908.7	1 831.5	1 883.0	2 041.6	8.4
Developing countries	1 009.2	1 029.2	998.1	1 045.4	1 076.2	3.0
Developed countries	854.5	879.5	833.3	837.6	965.4	15.3
WORLD TRADE ^{2/}						
Wheat	100.9	109.6	108.6	103.0	100.5	- ^{3/}
Coarse grains	108.4	105.4	106.9	106.0	102.5	- ^{3/}
Rice (milled)	24.2	28.1	27.7	26.1	25.2	- ^{3/}
All cereals	233.5	243.1	243.2	235.1	228.2	- ^{3/}
of which: Food aid shipments ^{4/}	8.9	7.5	8.3	7.4		
WORLD UTILIZATION						
Wheat	589.2	598.8	604.0	600.4	614.4	2.3
Coarse grains	904.3	925.0	917.5	948.3	976.8	3.0
Rice (milled)	402.8	404.6	406.1	406.9	412.2	1.3
All cereals	1 896.4	1 928.4	1 927.6	1 955.6	2 003.5	2.4
Developing countries	1 144.9	1 163.0	1 164.3	1 189.0	1 200.5	1.0
Developed countries	751.5	765.4	763.3	766.6	802.9	4.7
Per Caput Food Use	(..... kg/year) (percentage)					
Developing countries	160.2	160.0	158.4	159.3	158.9	-0.2
Developed countries	132.1	131.8	131.3	131.0	130.9	-0.1
WORLD STOCKS ^{5/}	(..... million tonnes) (percentage)					
Wheat	243.7	235.3	202.2	159.2	161.4	1.4
Coarse grains	207.7	197.4	162.8	147.3	180.7	22.6
Rice (milled)	148.7	142.4	118.5	102.9	98.8	-4.0
All cereals	600.1	575.1	483.5	409.4	440.8	7.7
Developing countries	438.6	406.3	339.1	286.7	275.3	-4.0
Developed countries	161.4	168.8	144.5	122.8	165.6	34.9
EXPORT PRICES ^{4/}	(..... US\$/tonne) (percentage)					
Rice (Thai, 100%, 2nd grade) ^{1/}	207	177	197	201	241 ^{6/}	19.9 ^{7/}
Wheat (U.S. No.2 HRW)	128	127	161	161	155 ^{8/}	2.6 ^{7/}
Maize (U.S. No.2 Yellow)	86	90	107	114	99 ^{8/}	-3.9 ^{7/}
OCEAN FREIGHT RATES ^{4/}						
From U.S. Gulf to Egypt	15.0	15.0	16.7	37.0	45.8 ^{8/}	117.5 ^{7/}
LOW-INCOME FOOD- DEFICIT COUNTRIES ^{9/}	(..... million tonnes) (percentage)					
Roots & tubers production ^{1/}	449.9	445.8	447.0	448.3	448.7	0.1
Cereal production (milled rice) ^{1/}	781.6	788.2	768.0	787.5	817.4	3.8
Per caput production (kg.) ^{10/}	203.6	202.4	194.5	196.6	201.3	2.4
Cereal imports ^{2/}	76.5	82.0	80.9	77.1	85.5	10.9
of which: Food aid deliveries ^{4/}	7.7	6.5	6.7	6.1		
Proportion of cereal import covered by food aid	10.1	7.9	8.3	7.9		

Source: FAO

Note: Totals and percentages computed from unrounded data.

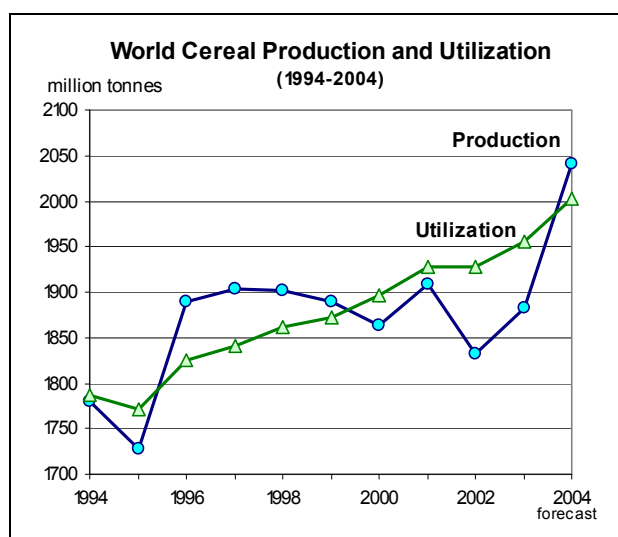
^{1/} Data refer to the calendar year of the first year shown. ^{2/} For wheat and coarse grains, trade refers to exports based on the July/June marketing season. For rice, trade refers to exports based on the calendar year of the second year shown. **Totals include EU-15 up to 2003/04 and EU-25 in 2004/05.** ^{3/} World trade in 2004/05 not comparable with 2003/04 because of the increase in the EU membership in 2004/05 causing some previously "international" trade to become EU "intra-trade". ^{4/} July/June. ^{5/} Stock data are based on an aggregate of individual country carryovers at the end of national crop years and, therefore, do not represent world stock levels at any point in time. ^{6/} Average of quotations for January-November 2004. ^{7/} Change from the corresponding period of the previous year, for which figures are not shown. ^{8/} Average of quotations for July-November 2004. ^{9/} Food deficit countries with per caput income below the level used by the World Bank to determine eligibility for IDA assistance (i.e. US\$1 415 in 2002). ^{10/} Including milled rice.

Cereal Supply/Demand Roundup

Cereal production to exceed utilization in 2004/05 and stocks to be replenished

The past two months have seen continued and substantial upward revisions to the 2004 world cereal production estimate, reflecting the arrival of firmer, and mostly favourable, information on the harvests still underway or just recently completed around the globe. FAO's forecast for world **cereal** output in 2004 now stands at a record 2 042 million tonnes, 8.4 percent up from the previous year. With this level of production, even after allowing for an expected increase in global cereal utilization in 2004/05, a significant surplus is expected, for the first time since 1999/2000. This means that global cereal reserves should increase by the end of the 2004/05 seasons, a positive development for world food security after sharp drawdowns in the past four years. The replenishment is expected mostly among the major grain exporters in the developed countries, whose share of global wheat and coarse grains stocks is seen to rise well above the average of recent years. Another, positive development for the global grain situation would be the expected slowdown in the rate of depletion of China's reserves, mainly due to a strong rebound in production. Major stock reduction in China has accounted for the bulk of the depletion of global inventories in the past few years.

Against the background of larger export supplies and improved global stock levels, international prices of wheat and coarse grains are likely to remain under downward pressure during the 2004/05 season. For rice, firmer prices could be expected mostly as a result of reduced production in several major exporting countries.



GLOBAL OUTLOOK ^{1/}		
Wheat	2003/04	2004/05
Production	▼	▲
Trade	▼	▼
Stocks	▼	▲
Prices	▲	▼
Coarse Grains		
Production	▲	▲
Trade	▼	▼
Stocks	▼	▲
Prices	▲	▼
Rice		
Production	▲	▲
Trade	▼	▼
Stocks	▼	▼
Prices	▲	▲

● stable ▲ up ▼ down -- not available

These signs refer only to the direction of change from the previous season.

^{1/} Production refers to the first year; stocks refer to crop seasons ending in the second year; trade and prices for wheat and coarse grains refer to July/June and for rice refer to the second year.

Bumper 2004 cereal harvests coming to a close and 2005 gets off to good start

The bulk of the latest upward revision to the world cereal production forecast results from a substantial increase for coarse grains, particularly in the United States, where an exceptional maize crop has been gathered. This, and several other upward adjustments for the 2004 coarse grains crops still being gathered around the globe, including for China, has added almost 48 million tonnes to the forecast since September, taking the annual increase at the world level to 8.5 percent. Another upward revision has also taken place for wheat, after satisfactory conclusion of the last northern hemisphere harvests, especially in Europe where average yields turned out much better than anticipated. The increase in the world wheat crop this year is now estimated at a very substantial 10.8 percent. Progress with the main 2004 rice harvests has also evidenced larger-than-expected crops in several countries, especially in China, and despite recent deterioration of prospects in some other countries, the forecast for global paddy output in 2004 now points to a 27 million tonnes, or 4.7 percent, increase from the 2003 level.

Early prospects for the newly-planted **2005** winter wheat crop are generally favourable. Conditions for planting and crop establishment have been good in most parts and tentative estimates point to larger areas sown in several major producing countries.

World utilization of cereals to increase strongly

FAO's forecast for world cereal utilization in 2004/05 has been raised to 2 004 million tonnes, 20 million tonnes more than forecast in September, reflecting the indications of much higher supplies than anticipated earlier and generally more attractive feed grain prices. At the current forecast level, world cereal utilization would be 2.4 percent higher than in 2003/04 and also 1.3 percent above the 10-year average. Food consumption of cereals is expected to reach 974 million tonnes, up by about 1 percent from 2003/04, which would imply little change on per caput basis. By contrast, feed and industrial usage of cereals is expected to rise strongly. Total cereal feed use in 2004/05 is expected to reach 744 million tonnes, up 4 percent from 2003/04. Most of the increase is a result of sharp growth in feed use of coarse grains, to a record level of 621 million tonnes, up 3.6 percent from 2003/04. Increased availability of feed wheat at competitive prices has also contributed to the growth in cereal feed usage.

World Cereal Production, Supplies, Trade and Stocks

	2002/03	2003/04 estimate	2004/05 forecast
	(. million tonnes)		
Production ^{1/}	1 831	1 883	2 042
Wheat	569	560	620
Coarse grains	880	934	1 013
Rice (milled)	382	389	408
Supply ^{2/}	2 407	2 367	2 451
Utilization	1 928	1 956	2 003
Trade ^{3/}	243	235	228
Ending Stocks ^{4/}	484	409	441

Source: FAO

- 1/ Data refer to calendar year of the first year shown. Rice in milled equivalent.
- 2/ Production plus opening stocks.
- 3/ July/June basis for wheat and coarse grains and calendar year (second year shown) for rice.
- 4/ May not equal the difference between supply and utilization due to differences in individual country marketing years.

World cereal stocks to increase for first time in five years

FAO's forecast for world cereal stocks at the close of crop seasons ending in 2005 has been raised, to 441 million tonnes, 39 million tonnes up from the forecast in September, and 8 percent above their reduced opening level. The latest revision reflects the more

promising outlook for the outcome of the 2004/05 season, with production now expected to be well in excess of consumption. Among the individual cereals, global maize inventories are forecast to increase most, followed by some rise in wheat carryovers. However, rice stocks are seen to decline again.

This season's anticipated build-up in world cereal reserves is noteworthy in that it represents the first such expansion in five years. The bulk of the accumulation is likely to occur where production prospects have been most favourable, especially in the EU and the United States. Even in China, the country responsible for the bulk of the reduction in stocks in the past few years, only a relatively marginal decline is expected this year following the good 2004 harvest.

Cereal prices generally under downward pressure in recent months but rice still above 2003 levels

The good outcome of many 2004 harvests, particularly among the major exporters, has boosted the export availabilities of wheat and coarse grains in the current 2004/05 season substantially and prices have generally remained below the previous year levels. For wheat, however, recent downward movement has been limited by tighter supplies of US-origin wheat, following reduced production in the United States this year. In November, US wheat No.2 (HRW, fob) averaged US\$162 per tonne, slightly below the corresponding period last year but US\$16 per tonne above the price in August. The decline in international maize prices has been more marked, reflecting much higher exportable supplies of maize and also competition from feed wheat, which is in large supply this year. In November, US maize (No.2 Yellow, fob) averaged US\$94 per tonne, down US\$10 from August and US\$13 down from last year. By contrast, despite some downward pressure in the past two months, rice quotations remain well above their levels a year ago, reflecting reduced export availabilities this year. Although recent price movements have varied greatly according to origin and quality, overall, the FAO All-

Cereal Export Prices *

	2004		2003
	Nov.	Aug.	Nov.
	(. US\$/tonne)		
United States			
Wheat	162	146	165
Maize	94	104	107
Sorghum	96	106	120
Argentina			
Wheat	116	126	165
Maize	86	100	110
Thailand			
Rice white	265	244	197
Rice, broken	215	212	159

* Prices refer to the monthly average. For sources see Appendix Tables A.6 and A.7.

Rice Price Index fell 2 points from September to 100 points in November.

FAO expects a decline in world cereal trade

World trade in cereals in 2004/05 is currently forecast at about 228 million tonnes, which is significantly below the previous season but slightly higher than was reported in September. The upward revision is mostly

due to the prospect of larger wheat shipments now that large supplies of competitively priced feed wheat are all the more evident. Nonetheless, total world wheat trade for the year is still expected to be down from the previous year, as is that of coarse grains and rice. This reflects lower imports by the developed countries, mainly the EU which more than offset higher imports by the developing countries as a group, mainly reflecting strong wheat demand in China.

Wheat

Wheat production

	2003 estimate	2004 forecast	2004 cf 2003
	(...million tonnes...)		%
ASIA	245.3	253.6	3.4
Far East	173.8	186.6	7.4
Near East	47.1	44.7	-5.1
CIS in Asia	23.4	21.4	-8.7
AFRICA	21.4	21.8	2.0
North Africa	17.0	17.5	2.7
Sub-Saharan Africa	4.3	4.3	-0.6
CENTRAL AMERICA	2.9	2.6	-11.5
SOUTH AMERICA	23.5	24.0	2.2
NORTH AMERICA	87.4	83.2	-4.8
EUROPE	154.2	214.6	39.2
EU 25	107.2	135.1	26.0
CIS in Europe	39.1	62.8	60.6
OCEANIA	25.2	22.5	-10.7
WORLD	560.0	620.4	10.8
Developing countries	267.2	277.9	4.0
Developed countries	292.8	342.5	17.0

Source: FAO. **Note:** Totals computed from unrounded data.

Record world wheat production in 2004 and early prospects for 2005 crops are favourable

As of late-November, most of the main 2004 wheat harvests were complete, and planting of the 2005 winter crops was well underway or already completed in most major producing countries in the northern hemisphere. Early prospects are generally favourable for the newly-sown crops and tentative estimates point to a larger area sown in some countries. FAO's forecast for world wheat production in 2004 now stands at a record 620.4 million tonnes, 7 million tonnes more than the previous forecast in September and about 11 percent up from 2003. The estimate for output in Europe has been raised significantly since September, increasing the already notable recovery in this region's output reported earlier, which has overshadowed most other regional variations this year.

In Far East Asia, wheat production in 2004 was favoured by generally good growing conditions. In China, latest information confirms an aggregate (winter and spring) output of some 91 million tonnes, 6 percent up from the previous year after record yields more than offset a continuation of the downward trend in plantings. This downward trend has halted, however, with this autumn's wheat planting. Early estimates indicate that the area of winter wheat (which accounts for the bulk of the aggregate wheat production) recently planted for harvest in 2005 has increased by about 5 percent, or 1 million hectares, from last year's level as a result of attractive prices and favourable planting conditions. In India, the 2004 wheat output is officially estimated at about 73 million tonnes, 12 percent up from 2003, reflecting a significant increase in area and a recovery of yields. Planting of the winter wheat crop for harvest next year is underway under generally favourable weather conditions. Pakistan also harvested a good wheat crop in 2004 reflecting favourable weather. However, conditions for the current winter wheat planting operations are reported to be unfavourable because of insufficient soil moisture.

In the Asian CIS countries, the 2004 wheat harvest is complete and aggregate output of the subregion is estimated at some 21 million tonnes, about 2 million tonnes down from last year. The decline in output is mainly due to a reduction in the land cultivated with wheat and adverse spring weather in Kazakhstan, the main producing country of the group.

In the Asian Near East, the aggregate 2004 wheat output was 5 percent less than the previous year's crop. Although good harvests were gathered in the major producers Turkey and in the Islamic Republic of Iran, drought adversely affected output in Afghanistan, where output dropped to about half of the previous year's record level, and shortages of inputs limited production in Iraq. Early indications for the 2005 crop are somewhat unfavourable. Planting in Turkey continues to be hampered by lack of sufficient rainfall and the situation was similar in the Islamic Republic of Iran until the arrival of rains in west of the country (the major wheat producing area) in early November somewhat alleviated the situation there at least.

In **North Africa**, the 2004 wheat output reached a record 17.5 million tonnes, slightly up from the previous year's level. A serious threat to the 2004 crops from Desert Locust infestation early in the season was avoided by a large-scale control operation. Land preparation and early sowing of winter grain crops to be harvested in **2005** are underway, but the region is again being threatened by swarms of locusts that escaped control operations in the Sahel and are moving northwards and invading most countries, raising serious concern over next year's production. Morocco and Algeria are particularly affected.

In **eastern Africa**, the 2004 aggregate wheat production in the subregion is forecast above average at about 2.2 million tonnes. Harvesting is well underway in Ethiopia, where good rains have favoured crop development in the major wheat producing areas. In Sudan, the crop was harvested earlier in the year, and output was substantially above the previous year's level.

In **southern Africa**, an early estimate of the 2004 wheat crop, currently being harvested, is put at about 2.2 million tonnes, an increase by nearly 20 percent over the drought-affected 2003 season. In South Africa, which accounts for about 85 percent of the subregion's aggregate production, favourable weather and improved international wheat prices at planting time resulted in a significant increase in area. Production is forecast to increase by almost 30 percent from the previous but would remain slightly below the average level of 2 million tonnes.

In **Central America and the Caribbean**, harvesting of the 2004 summer wheat crop in Mexico has just started in the main producing state of Tlaxcala and production is forecast to rise somewhat compared to last years' summer crop output. However, the main season crop harvested earlier in the year was adversely affected by inadequate water supplies and the 2004 aggregate wheat production fell by 15 percent to 2.6 million tonnes. Planting of the main **2005** irrigated winter wheat crop has just started in the main growing states in the north-west. Recent heavy rains replenished water reservoirs, but slowed down fieldwork.

In **South America**, harvesting of the 2004 winter wheat crop is at different stages throughout the subregion. Early forecasts put the subregion's aggregate production at about 24 million tonnes, 2 percent above the already good crop in 2003 and 17 percent above the five-year average, mainly reflecting a sharp increase in production in Brazil in the past two years. In Argentina, this year's wheat harvest is officially forecast at 14.8 million tonnes, 2 percent above last year's level and the average.

In **North America**, after completion of the spring wheat harvest in the United States, the official estimate for aggregate wheat production in 2004 was raised to 58.7 million tonnes but, nevertheless, this is still 8 percent

down compared to last year due to reduced plantings. Prospects for the newly-sown winter wheat crop for harvest in **2005** are very favourable. As of 14 November, planting was virtually complete, the rate of emergence was normal and the condition of the bulk of the established crop was reported to be good to excellent. Early indications suggest that the area planted is similar to last year's or may have increased slightly. In Canada, the 2004 wheat season was generally favourable and latest estimates put the output at 24.5 million tonnes, about 4 percent up from the previous year.

In **Europe**, the last of the bumper 2004 wheat crops were gathered over the past two months and the bulk of the winter sowing for the 2005 harvest has been completed. The 2004 aggregate output in the **EU-25** is now estimated at 135 million tonnes, almost 6 million tonnes up from the forecast in September following better estimates of the harvests now complete in several major producers such as France, Germany and Spain. With these latest revisions, the aggregate output now stands some 28 million tonnes up from the poor 2003 crop. A similarly large recovery in output from last year's drought-reduced crops has also been witnessed throughout the **Balkan** countries, with the year's harvests turning out by far the best in recent years. In the **European CIS** countries, the completion of the 2004 wheat harvest in the past two months has brought with it another upward revision to the production estimate for the year. The aggregate output of the subregion, which is mostly accounted for by the Russian Federation and the Ukraine, is now estimated at about 62 million tonnes, some 24 million tonnes up from last year's poor level. The sharp recovery comes from the combination of increased plantings and generally very favourable weather during the 2004 season, which led to far less winter kill and much improved yields compared to the previous year. The prospects for the newly-sown **2005** crops are reported to be generally favourable throughout the region reflecting satisfactory weather conditions for planting and establishment of the crops. Early information indicates larger areas have been sown in some key **EU-25** producing countries, and in some of the other major producing countries in the region.

In **Australia**, as of late-November the 2004 wheat harvest was well underway. Prospects have deteriorated over the past two months because of persistent dry weather in several parts and production is now officially forecast at some 20 million tonnes, down by almost 20 percent from the previous year's good level.

Wheat trade declines in 2004/05

FAO's forecast for world trade in wheat^{1/} in 2004/05 (July/June) has been raised by 2 million tonnes since the previous report to 100.5 million tonnes. The upward revision reflects higher forecasts especially for Algeria,

^{1/} Including wheat flour in grain equivalent.

Egypt, Pakistan, the Republic of Korea, and Sudan. However, even at the revised level, international wheat trade would remain below the previous season's estimated volume, mostly due to a sharp fall anticipated in imports by the developed countries, which would more than offset an increase expected in aggregate imports of the developing countries.

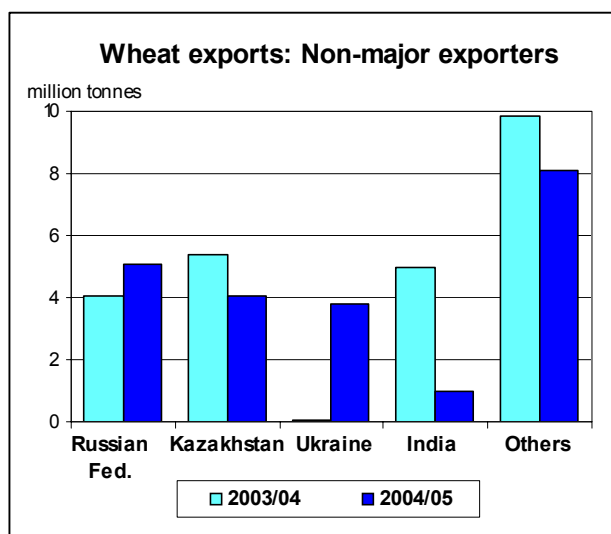
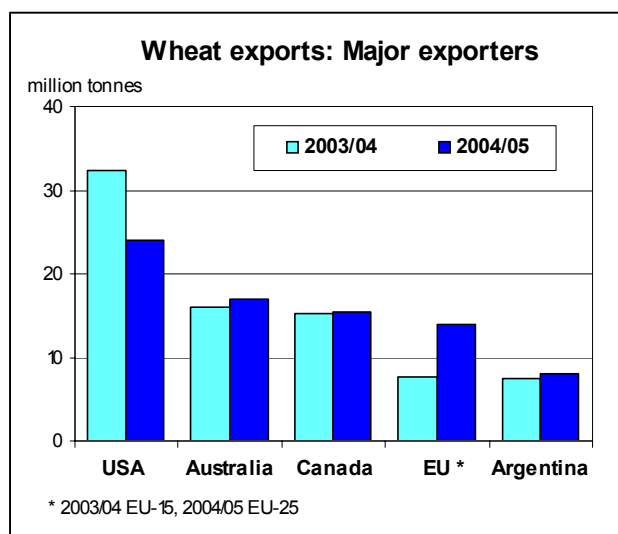
Aggregate wheat imports by the developed countries in 2004/05 are currently estimated at about 19 million tonnes, which is considerably below the previous season's level, mostly reflecting bumper crops in several countries in Europe. The EU is expected to account for most of the decline with currently large supplies among the 25 member states reducing their aggregate wheat import needs to an estimated 4.6 million tonnes, of which about 3 million tonnes of low- and medium-quality wheat could be imported at a reduced tariff rate of 12 Euro per tonne (as opposed to 95 Euro per tonne for imports outside the quota system)^{1/}.

Total imports by the developing countries are forecast at 81 million tonnes, up 8 million tonnes from the previous season. In Asia, the biggest increase is expected in China (Mainland), where imports are expected to reach 7 million tonnes, compared with 3 million tonnes in 2003/04. In October, China also released its 2005 low-tariff import quotas for grains, of which wheat has been set at 7.2 million tonnes. In spite of the increase in China's wheat production this year, wheat prices have surged by more than 30 percent since last year, driven by strong demand and lower stocks. A number of other Asian countries are also expected to import more this year but most, like the Republic of Korea, are expected to seek cheaper feed wheat as an alternative to maize since feed wheat is abundant this year as a result of large exportable supplies in the Black Sea countries. Wheat imports by Pakistan are forecast to exceed 1 million tonnes this season in spite of a slight increase in its production.

Worries about possible water shortages affecting next year's crops and the need to increase strategic reserves are the main factors for high imports this season. By contrast, imports by the Islamic Republic of Iran, a country which traditionally ranked among the world's largest importers, are seen to fall to exceptionally low levels, as a result of another bumper crop. In Africa, the forecasts for imports by Algeria and Egypt have both been raised since the previous report, mostly because of strong domestic demand and faster pace in wheat purchases in recent weeks. In Sudan, wheat imports are now likely to reach 1.4 million tonnes, 500 000 tonnes more than in the previous year. Higher imports are expected in order to compensate for reduced domestic supplies of sorghum and millet.

Turning to exports, for the major five wheat exporters, this season's large exportable supplies in Ukraine and the Russian Federation, are adding to already stiff competition. In addition, strong freight rates and a weak US dollar continue to influence their markets worldwide. Shipments from the world's largest exporter, the United States, are forecast to decline as a result of this year's reduced production, high freight rates and also increased competition with other exporters, especially for such markets as Iraq, China and Egypt. Exports from the EU are forecast to increase because of this year's substantial recovery in production and the consequent huge surplus. However, EU sales are also affected by exchange rate movements. With the US dollar setting new lows against the Euro, wheat sales from the EU are becoming increasingly less competitive, making exports without subsidies difficult.

^{1/} The EU imports show a decline from the previous season also because of the EU enlargement. The impacts of the EU enlargement on trade numbers were discussed in June 2004 issue of Food Outlook.

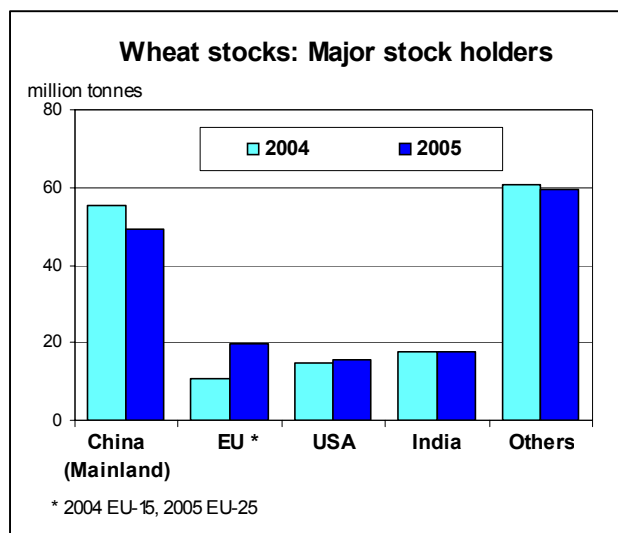


Wheat utilization rising, especially for feed

Total wheat utilization in 2004/05 is currently forecast at 614 million tonnes, 5 million tonnes more than was reported in September and 2 percent up from the previous season. Most of total wheat utilization is destined for human food consumption, which is seen to reach 434 million tonnes, some 1 percent up from the previous year. Feed use, however, which is forecast to reach 111 million tonnes, would be up 7 percent from the previous season and higher than was anticipated earlier. The main reason for the expected strong expansion in feed usage is the availability of large supplies of low quality wheat this season.

Higher world wheat reserves

The forecast for global wheat stocks for crop years ending in 2005 has been raised by 1.4 million tonnes since the previous report to 161 million tonnes. At this level, world wheat stocks would be 2 million tonnes more than their reduced opening levels, pointing to the first increase in world reserves in 5 years. Inventories in major exporting countries are expected to expand most significantly, supported by a strong rebound in production in the EU. Among the other major exporters, only Australia is expected to experience a significant decline in its stocks and that mostly in response to a likely decrease in its wheat production this season. Total wheat stocks in major exporting countries are put at 47 million tonnes, up 6 million tonnes from their reduced opening levels. As a result, the major wheat exporters' share of global stocks at the close of the seasons ending in 2005 is now put at 29 percent, a considerable improvement compared to 24 percent at the start of the season.

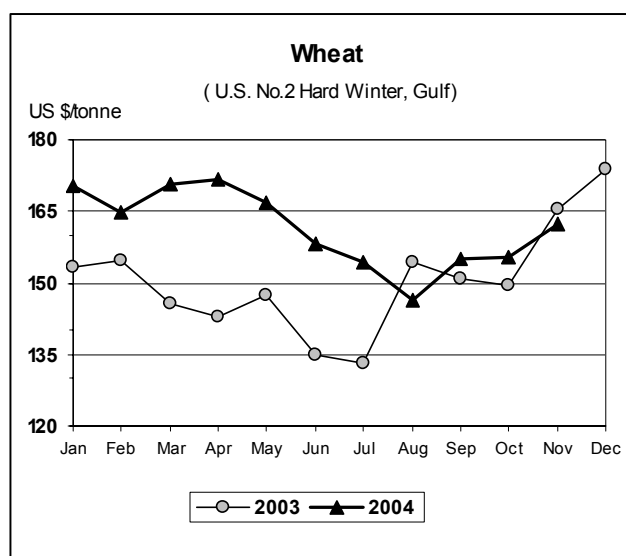
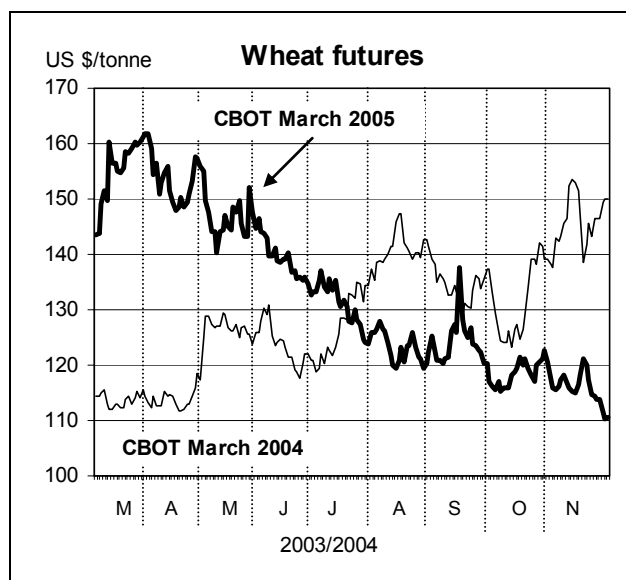


Bumper crops are also expected to result in much larger stocks in the Russian Federation and Ukraine. However, stocks in China are likely to decline to 49 million tonnes, up 2 million tonnes from the previous forecast but still lower than their opening levels. In spite of an increase in production, China's stocks would need to be reduced by at least 6 million tonnes

to meet the expected domestic demand. In India, the forecast for stocks has been raised since the previous report to 17.5 million tonnes, up 1 million tonnes from the previous report and now unchanged from their opening levels. Higher production and an anticipated decline in exports would cover the expected increase in domestic consumption.

Supply exceeds demand and prices under pressure

Reflecting the record world wheat crop this year, most international prices remain below last year's levels. However, US wheat prices have weakened relatively less than those of other origin wheat. In November, US wheat No. 2 (HRW, fob) averaged US\$162 per tonne, up sharply from US\$146 in August but still slightly below the corresponding period last year. While the supply and demand fundamentals in the world wheat market this season do not provide much grounds for prices to strengthen, the continuing decline in the US dollar against most currencies, the Euro in particular,



has raised demand for US-origin wheat, limiting the decline of US wheat quotations. By contrast, in spite of a large wheat surplus in the EU, exports have been slow due to the Euro's strength. With reduced competitiveness of the EU wheat in world markets, sales are limited to the nearby regions, such as to countries in North Africa, where EU has a comparative advantage in terms of transport cost. The worldwide

rise in supplies, higher anticipated stocks and stagnation of import demand continued to put more downward pressure on the U.S. futures prices. By end-November, the March 2005 wheat futures contracts at the Chicago Board of Trade (CBOT) were quoted at US\$111 per tonne, a drop of US\$11 since August and, more importantly, US\$39 below the corresponding period in March 2004.

Coarse Grains

Coarse grains production

	2003 estimate	2004 forecast	2004 cf 2003
	(...million tonnes...)		%
ASIA	216.4	2299	6.3
Far East	191.9	207.0	7.9
Near East	19.7	18.9	-4.1
AFRICA	91.9	86.4	-5.9
North Africa	12.7	12.7	-0.1
Sub-Saharan Africa	79.2	73.8	-6.8
CENTRAL AMERICA	32.0	33.9	5.7
SOUTH AMERICA	79.9	71.8	-10.1
NORTH AMERICA	302.6	344.3	13.8
EUROPE	197.5	235.9	19.5
EU 25	125.3	150.7	20.6
CIS in Europe	52.2	54.8	5.1
OCEANIA	13.4	12.0	-10.1
WORLD	933.7	1 013.1	8.5
Developing countries	405.2	408.5	0.8
Developed countries	528.4	604.6	14.4

Source: FAO. **Note:** Totals computed from unrounded data.

Good prospects in the United States boost global 2004 coarse grain crop

FAO's forecast for **world** coarse grain output has been raised significantly again since the previous report, to 1 013 million tonnes, 8.5 percent up from last year and by far the largest output on record. Further upward revisions for the United States contributed a large part to the latest increase but also, better-than-expected yields became evident in China, several European countries and Mexico as their harvests progressed in the past two months.

In **Far East Asia**, the 2004 aggregate coarse grains production is forecast higher than last year's good level. In China, harvesting of the main crops is complete and yields turned out to be better than earlier expected. The country's aggregate coarse grains crop is now estimated at 141 million tonnes, 11.6 percent up from the previous year reflecting increased plantings and favourable weather. Harvesting is underway in India, where a prolonged dry spell in western and

northern parts of the country has limited crop potential. Aggregate output in 2004 is forecast at 33.5 million tonnes, which would be 3.5 percent down from last year. A good crop was harvested in the Philippines, well up from the 2003 output and planting of the crops for harvest in the spring 2005 is underway. In the **Asian CIS** subregion, the 2004 aggregate coarse grains production is estimated at 3.7 million tonnes, down by about 17 percent from 2003 reflecting the effect of adverse weather in Kazakhstan, the main producer.

In **North Africa**, good coarse grains outputs similar to last year's levels have been harvested reflecting favourable weather. Planting of winter grains for harvest next year is underway but there is considerable concern for the outcome because swarms of Desert Locust that escaped control operations in the Sahel are moving northwards and invading most countries, notably Morocco and Algeria.

In **western Africa**, the 2004 production season in the Sahel has been overshadowed by uncertainty because of serious infestations of Desert Locust. Preliminary findings of a series of FAO/CILSS (jointly with WFP in some countries) crop assessment missions indicate that aggregate output of the subregion is expected to be close to the five-year average, although some countries have been severely affected. In Mauritania, the worst hit country, cereal production is expected to decrease by over 40 percent, due to drought and widespread locusts infestations. In Cape Verde, this year's maize production is forecast to be only one-third of last year's output. Severe crop losses occurred also in localized areas in the northern part of Burkina-Faso, Chad, Mali, Niger and Senegal. In the southern parts of the countries along the Gulf of Guinea, an average maize crop has been gathered while growing conditions have been favourable for the second maize crop to be harvested from December. In the north, satisfactory millet and sorghum crops were harvested.

In **central Africa**, growing conditions are favourable for the second maize crop to be harvested from December in Cameroon, where a satisfactory first maize crop was harvested. In Central African Republic, despite good weather conditions and distribution of seeds to assist farmers, production is not expected to recover significantly due to persistent insecurity.

In **eastern African**, harvesting of the 2004 main season coarse grains has been completed in southern parts of the subregion but has just started in northern countries. The subregion's 2004 output, compared to the previous year, is forecast to decline in almost all countries except in Tanzania. The overall production is estimated at about 19 million tonnes, 14 percent below last year's good level. In Somalia, the 2004 main season "Gu" crop, is estimated at 125 000 tonnes, about 25 percent below the post-war average. In Uganda, recent reports indicate a below average 2004 output due to erratic rainfall. In Kenya, preliminary estimates for the "long rains" maize crop were revised downward from 2 million tonnes to about 1.7 million tonnes, well below the average of the previous five years. In Ethiopia, the coarse grain crop is expected to be below last year's good crop due to erratic rainfall in some major producing areas. In Eritrea, production is anticipated to be similar to last year's reduced crop. In the Sudan, early indications suggest a well-below average crop due to poor distribution of rainfall. By contrast, in Tanzania, the 2004 coarse grains output is estimated at about 4 million tonnes, 19 percent above last year's crop.

In **southern Africa**, the 2004 coarse grains season, completed earlier in the year, was characterized by unfavourable weather in several countries, including South Africa, the subregion's largest producer. Aggregate output is estimated at 16.4 million tonnes, almost 4 percent below the previous year's average crop. Maize, the major staple, was estimated at 14.9 million tonnes. However, harvests in Angola, Mozambique and Zambia were satisfactory.

In **Central America and the Caribbean**, harvesting of 2004 second season coarse grain crops is about to start. In Guatemala and Honduras, dry spells and irregular rains in some parts during September have adversely affected the production outlook. In Mexico, the main 2004 summer maize crop is officially forecast at about 2 percent above the same season's output last year. The 2004 aggregate production is forecast at a record 20 million tonnes, mainly reflecting favourable weather conditions and increased plantings in response to government support to white maize producers in the key producing state of Sinaloa. Planting of the 2004/05 winter maize crop just started in north-west Mexico and the area sown is expected to be similar to 1.1 million hectares planted in winter 2003/04.

In **South America**, the 2004 aggregate coarse grains production declined by 10 percent due to lower plantings and yields. Planting of main season maize crop to be harvested from February **2005** is well advanced in southern producing countries. Early prospects are mixed. In Argentina, official planting intentions point to an area of 3.2 million hectares, about 12 percent higher than previous year. In key producing states of centre-south Brazil, the area planted is estimated at 9.3 million hectares, a decline of 2 percent compared to last year mostly due to

diversion of land to more profitable soybeans in the state of Parana. In Chile, official sources estimate 2004/05 maize planted area at 130 000 hectares, with an increase of 9.4 percent compared to previous year in order to meet the growing demand of the national feed industry.

In **North America**, conditions remained very favourable for the completion of the United States maize harvest over the past two months and record yields of maize and other crops boosted the aggregate 2004 coarse grains output to an all time high of 319 million tonnes. In Canada, this year's harvest was disrupted by adverse weather: excessive rains delayed the start of harvesting and early frosts and snow brought a premature end in some parts meaning some crops may not be harvested at all this year. Because of uncertainty over the final area harvested, the estimate of aggregate coarse grains output remains tentative at 25.7 million tonnes, down 3 percent from 2003.

In **Europe**, the bulk of the 2004 coarse grains have been harvested and the winter coarse grains for harvesting in **2005** have mostly been planted under favourable conditions. In the **EU-25** the 2004 aggregate coarse grains output has been raised by 8 million tonnes since September to 151 million tonnes. As the harvest progressed, it became evident that timely summer rains had boosted the summer grain (mostly maize) yields in several countries. At this level, aggregate output in 2004 would be some 20 percent above that in 2003. In the **Balkan** countries, coarse grains outputs were also much better than a year ago, reflecting the significant improvement in moisture availability during the 2004 season, especially for the summer maize crops. Most notably, output in Romania is estimated to have increased by almost 60 percent to some 15 million tonnes. In the **European CIS**, where maize is a less important component of the total annual production, the increase in 2004 output was less pronounced. Aggregate coarse grains output in the Russian Federation actually fell slightly but a significant improvement in barley output in the Ukraine contributed to take the subregion's aggregate coarse grains output to 54.8 million tonnes, 2.6 million tonnes up from 2003.

In **Australia**, the 2004 winter grain harvest is underway. Output of winter coarse grains (mainly barley) is set to slip back this year to about 10.2 million tonnes, reflecting some reduction in area but also poorer yields expected after adverse dry conditions during the latter part of the growing season.

Smaller coarse grain trade in 2004/05

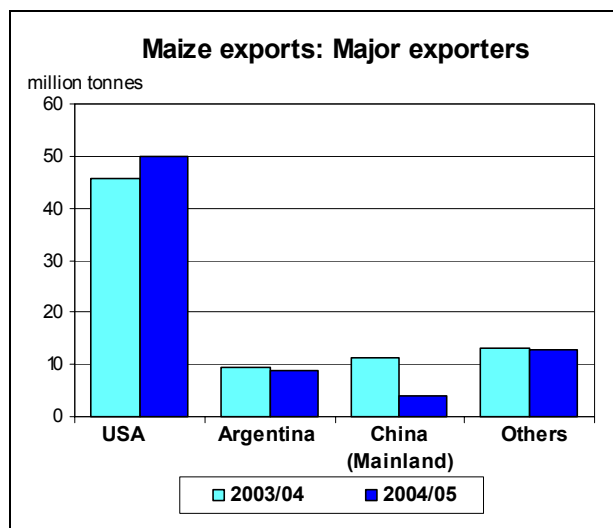
The prospects for trade in coarse grains in 2004/05 have changed little since the previous report in September. At 102.5 million tonnes, world trade in coarse grains in 2004/05 would be significantly smaller than in the previous season. For the developing countries as a group, total coarse grains imports are forecast at 69 million tonnes, up 1.4 million tonnes from

2003/04, whereas, aggregate imports by the developed countries are put at 33 million tonnes, sharply below the previous season's level, mostly the result of reduced imports by the EU^{1/}. Among the individual coarse grains, trade in maize is likely to be most affected, down to 76.5 million tonnes, while trade in barley may expand slightly, to roughly 16 million tonnes. For other coarse grains, trade is expected to remain steady at the previous season's levels.

In Asia, lower maize imports by Japan, Israel, Indonesia, and the Republic of Korea are likely to more than offset larger purchases of maize by the Islamic Republic of Iran, and of barley by Saudi Arabia and China. This season's large supplies of feed wheat are seen to give rise to higher imports of Black Sea origin feed wheat and a decline in maize purchases by several countries in Asia. In Indonesia, feed demand has weakened as a result of an avian flu outbreak. This has resulted in an increase in exports and also the Government recently announced plans to put tariffs on maize imports in an effort to support domestic production. In Japan, maize imports are likely to decline as a result of reduced feed demand. In Africa, it is in Kenya that imports are likely to increase fastest, up 600 000 tonnes from the previous season because of a sharp reduction in maize production as a result of drought. Among the countries in Latin America and the Caribbean, Mexico and Peru are forecast to raise their imports slightly this season, mostly in response to strong domestic feed demand.

On the export side, this year's record maize crop in the United States and a sharp upturn in barley production in the EU as well as in Ukraine would mean much larger exportable supplies than in 2003/04. In addition, in Asia, China is expected to harvest a near-record maize crop, which, in view of very high ocean freight rates would encourage exports to neighbouring countries. However exports by China are likely to remain well below the previous season's due to smaller stocks and higher internal prices. Thailand is also seen to export more maize this season as a result of weaker domestic feed demand triggered by an outbreak of avian flu and the extension of the poultry import ban by the EU and Japan. Elsewhere, exportable maize supplies in Brazil are seen to be reduced because of smaller production. However, Brazil is expected to remain a strong player in the maize market due to very large carryover stocks. In Africa, South Africa is expected to cut its exports to 900 000 tonnes (July/June), from 1.2 million tonnes in 2003/04, as a result of reduced maize production. However, larger maize exports are expected from Zambia and Tanzania due to anticipated increase in their domestic outputs.

1/ The EU imports show a decline from the previous season also because of the EU enlargement. The impacts of the EU enlargement on trade numbers were discussed in June 2004 issue of Food Outlook.

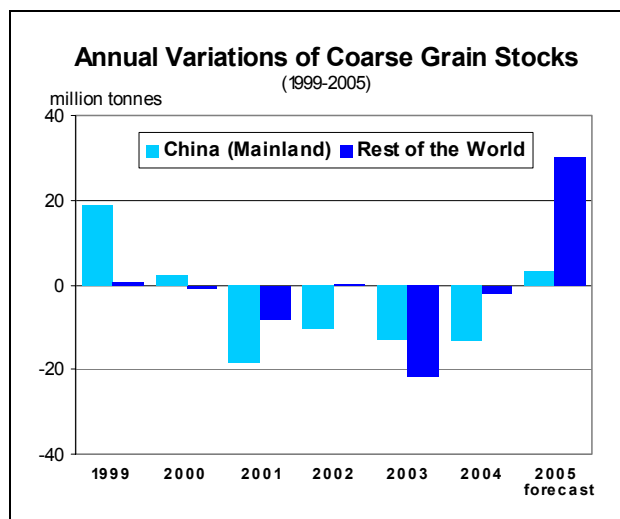


Higher production to boost feed usage in 2004/05

The forecast for global utilization of coarse grains in 2004/05 has been raised significantly since the previous report, following the sharp upward revision of the world coarse grain production estimate. Total coarse grain utilization in 2004/05 is now put 977 million tonnes, up 14 million tonnes from the September forecast and 3 percent above the estimated utilization in 2003/04. Driven by a record maize crop this year, total utilization in the United States is expected to rise by almost 14 million tonnes, of which feed use is forecast to increase by 8 million tonnes. The continuation of rapid growth in maize-based ethanol production in the United States, supported by environmental regulations and high fuel prices, would also keep demand for industrial use of maize strong in 2004/05. In the EU, bumper maize and barley crops will also result in a sharp increase in its total feed use of coarse grains this season. Also in China, this year's anticipated strong recovery in maize production is expected to give rise to higher feed usage.

Coarse grains stocks to rise sharply

FAO's forecast for world coarse grains stocks for crop years ending in 2005 has been raised again as a result of the latest upward revision to the production estimates. World stocks of coarse grains are now forecast at 181 million tonnes, up 35 million tonnes from the previous report and 33 million tonnes, or 23 percent, more than the revised estimate of their opening levels. Record production in the United States, bumper crops in Europe and a sharp upturn in China's output are among the main reasons for the anticipated recovery in world coarse grains inventories. Based on the latest forecasts, total stocks held by the five major exporters by the end of seasons in 2005 are put at 79 million tonnes, up almost 60 percent, from their reduced opening levels. At this level, the global share of world coarse grain stocks held by major exporters would reach 44 percent, up sharply from the previous year and well above the historical average of around 40 percent. In the United States, ending stocks are

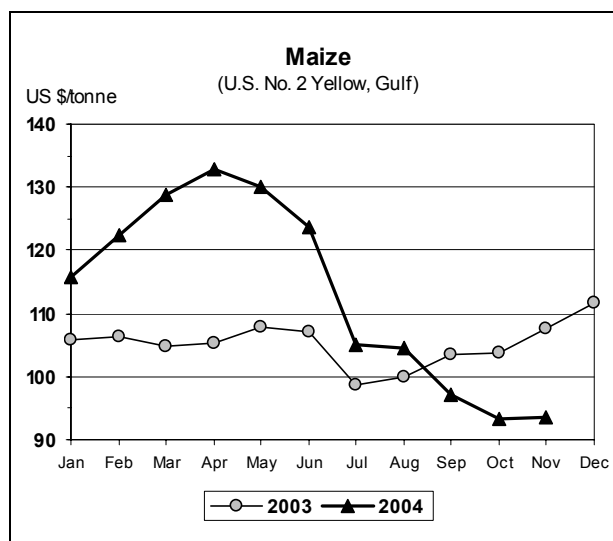
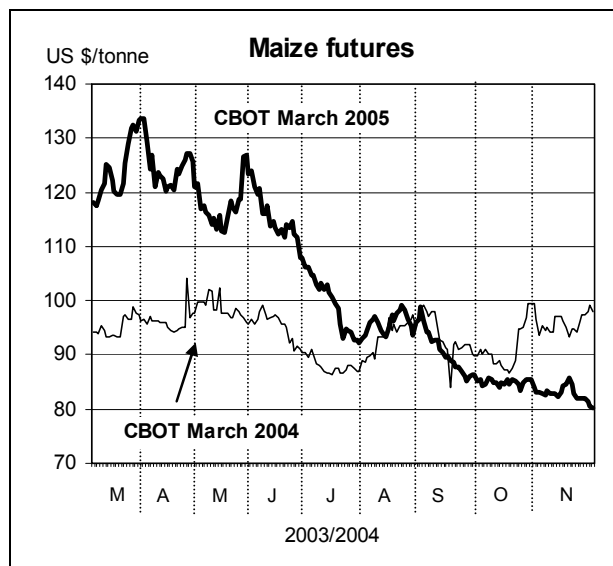


projected at 51 million tonnes, up 22 million tonnes from their opening levels. In the EU, ending stocks are put at nearly 22 million tonnes (10 million tonnes barley, 5 million tonnes maize, and 4 million tonnes rye). The recovery in this year's production across the EU, especially a bumper maize crop in Hungary, coupled with weak export prospects are also expected to result in a significant increase in the size of intervention stocks of all major coarse grains, except for rye, which is not supported by the current intervention system. Higher stocks forecast in China would also contribute to the expected buildup in global reserves. After four years of consecutive drawdowns, China's stocks (mostly maize) are forecast to increase to nearly 51 million tonnes, up 3 million tonnes from the previous season.

Prices continue to decline

As a result of this season's favourable crop prospects, an increase in exportable supplies among the major exporters and large feed wheat availabilities, international prices remain mostly below the previous year's levels. Weaker Asian demand driven by lower domestic livestock feeding has also contributed to the decline in prices in recent months. In November, the price of US maize (US No.2 Yellow) averaged US\$94 per tonne, down US\$10 since August and US\$13 from the corresponding month last year. Also in the US futures market, in spite of continued weakness in the US dollar, especially against the Euro, the Chicago

maize futures slipped further and by end-November, March 2005 futures were quoted at US\$80 per tonne, some US\$18 below the March 2004 values quoted in November 2003. Soaring ocean freight rates have also dampened demand and hence affected export prices. However, the main contributing factor driving down prices in world markets this season is mostly the expected large surpluses in the United States and in Europe.



Rice

Rice production

	2003 estimate	2004 forecast	2004 cf 2003
	(...million tonnes...)		%
ASIA	530.2	552.8	4.3
AFRICA	18.0	18.5	3.0
North Africa	6.2	6.5	4.5
Sub-Saharan Africa	11.8	12.1	2.2
CENTRAL AMERICA	2.6	2.4	-6.8
SOUTH AMERICA	19.8	22.6	14.1
NORTH AMERICA	9.0	10.3	14.3
EUROPE	3.2	3.4	3.9
EU 25	2.7	2.8	3.0
OCEANIA	0.4	0.6	35.2
WORLD	583.2	610.6	4.7
Developing countries	560.1	584.7	4.4
Developed countries	23.2	25.9	11.6

Source: FAO. **Note:** Totals computed from unrounded data.

With the 2004 season almost concluded in the southern hemisphere and main (first) season harvests in the major producing countries in the northern hemisphere also almost complete, good estimates of the crops gathered are now available and the overall outlook for global paddy production in 2004 has become much firmer. However, since the secondary (mostly irrigated) paddy crops in the northern hemisphere now account for a larger share of production, developments that might affect these crops, which are still in the ground in some countries, could still have a large impact on the final outcome of the season.

FAO's forecast for global paddy production in 2004 has been raised by 3 million tonnes since the last report in September to 611 million tonnes. This revision mainly reflects expectations of larger crops in China (Mainland), Indonesia, the Philippines, the United States and Viet Nam. Improved prospects in those countries more than offset downward revisions to the forecasts for Cambodia, Japan, Peru and Thailand. The outlook has also deteriorated in parts of Africa, where crop development has been impaired by irregular and inadequate precipitation and by locust infestations in some cases.

At the current forecast level, world paddy production would be 27 million tonnes or almost 5 percent up from 2003, and close to the record level of 1999. The bulk of the increase compared to the previous year is expected in **Asia**, and mostly in China, where good weather, rising market prices and the reintroduction of incentives to rice farmers, in the form of tax exemptions, minimum protective prices and, for the

first time, of direct payments to grain growers, have led to increased rice cultivation and higher yields. Excellent growing conditions and an expansion in plantings due to government support to domestic producers also led to a sizeable increase in Indonesia, to a record level. In Japan, output is anticipated to recover only partly from the poor 2003 level, as crops this year have been damaged by typhoons. Production in the Republic of Korea is likely to recover fully from last year's reduced level, despite a reported reduction in the area under rice. Elsewhere in the region, favourable crops are expected in Afghanistan, the Democratic Republic of Korea, Pakistan, the Philippines and Viet Nam. By contrast, adverse weather conditions, in particular drought and floods, are anticipated to cause output to fall in Bangladesh, Cambodia, India, Malaysia, Myanmar, Nepal, Sri Lanka and Thailand.

Aggregate rice production in **Africa** is also set to rise this year, reflecting good crops in Egypt, Madagascar and, to a smaller extent, in Guinea Bissau, Nigeria and Tanzania. However, an erratic rainfall pattern, aggravated in some cases by locust infestations or civil strife, is anticipated to depress production in Chad, Côte d'Ivoire, Ghana, Malawi, Mali, Mozambique and Senegal.

In **Latin America and the Caribbean**, excellent paddy crops were harvested earlier this season in Argentina, Brazil and Uruguay, reflecting favourable growing conditions and a shift into rice cultivation because of improved profitability. Production is also anticipated to rise in Bolivia, Colombia and Mexico, but is estimated to have fallen substantially in Ecuador and Peru, reflecting drought problems during the season, and in Chile due to low prices in 2003 that prompted a shift out of rice. Prospects are also rather bleak in Central America and the Caribbean, where crops have been damaged by drought, pests and hurricanes, with declines foreseen in Costa Rica, Cuba, the Dominican Republic, Haiti, Nicaragua and Panama, while only modest output gains are prospected in Honduras.

In the rest of the world, production is set to rise by 14 percent in the United States to a record level, reflecting sizeable increases in area and yields. Production recovered slightly in Australia from the drought-reduced 2003 crop but remained well below the normal level. Output in the EU-25 is expected to increase with larger crops gathered in Italy and Spain, the main producing countries.

Early information regarding the **2005** paddy season is already available for several southern hemisphere countries, where planting of the main paddy crops is underway. Production in Australia is tentatively forecast to remain close to the 2004 level at 559 000 tonnes, since lack of precipitation in New South Wales has again put constraints on the availability of irrigation

water. The 2005 outlook is also somewhat unfavourable in South America, where drought has delayed plantings. Early forecasts indicate production could fall by 5 to 6.5 percent in Brazil. Some area reduction is also anticipated in Uruguay. By contrast, an expansion is forecast in Argentina.

International rice trade falls by 5 percent in 2004

As increasing information on actual rice flows becomes available, FAO's forecast for rice trade in 2004 has been lowered by about 400 000 tonnes, to 26.1 million tonnes. On the demand side, imports by Bangladesh have been revised downwards from 800 000 tonnes to 655 000 tonnes, following the release of official forecasts. Import forecasts for Iraq, the Democratic Republic of Korea, Singapore, Cote d'Ivoire, Ghana, Madagascar and Nigeria, which are mostly derived from the trade by destination records of major exporters, were also scaled down. By contrast, the forecasts for Brazil, Costa Rica, the Islamic Republic of Iran, Peru and Saudi Arabia were raised.

On the supply side, a number of major changes have been made to the 2004 trade outlook. The first relates to China (Mainland), which, based on performance from January to October, is now foreseen to export 850 000 tonnes in 2004, substantially less than the 1.4 million tonnes previously forecast. Similarly, sales from India, which amounted to some 1.5 million tonnes between January and June, are anticipated to reach about 2.6 million tonnes by December, 200 000 tonnes less than the earlier forecast, since tight supplies probably constrained availabilities during the rest of the year. The USDA also pointed to a less buoyant export performance by the United States, with the 2004 forecast cut by 9 percent to 3 million tonnes because of slower pace of sales expected in the last quarter. Shipments from Japan and Myanmar were also reduced. By contrast, based on its export record for the first ten months, the outlook for Thailand's total deliveries in 2004 has been raised by 800 000 to a record 10 million tonnes.

At the latest forecast level, global rice trade would be almost 6 percent below the revised estimate for 2003. Most of the expected decline reflects limited supply availabilities in several of the major exporting countries. In particular, China is set to reduce rice deliveries to some 850 000 tonnes, or one-third of the volume shipped in 2003. Similarly, India might sell 2.6 million tonnes, substantially less than the 4.4 million tonnes of last year, with shipments of ordinary milled rice particularly affected by the withdrawal of export subsidies. Given the export ban in place since January, rice flows from Myanmar are also likely to have fallen to a mere 150 000 tonnes, consisting mainly of informal, cross-border transactions with Bangladesh and China. Relatively high domestic prices are estimated to have negatively affected exports from the United States in 2004. Tight supplies in Pakistan are likely to result in lower sales. Part of the above exporters' shortfalls are forecast to be filled by larger

exports from Thailand, now set to reach a record 10 million tonnes, or 38 percent of overall trade, and from Viet Nam, where shipments might reach 4 million tonnes. Sales from Argentina, Egypt, and Uruguay are also likely to increase, as abundant rice supplies have allowed them to take advantage of the more favourable price conditions this year.

Much of the anticipated contraction in trade in 2004 would be on account of lower deliveries expected to three of the most important rice markets, namely Indonesia, Bangladesh and Brazil. In Indonesia, imports are anticipated to fall from 2.5 million tonnes to 1 million tonnes, since imports have been barred for most of the year. Brazil is also estimated to reduce its purchases, now put at 850 000 tonnes, compared with 1.1 million tonnes last year. Similarly, the latest official forecast for imports to Bangladesh, at 655 000 tonnes, is almost 1 million tonnes less than in 2003. Imports by the Democratic Republic of Korea, Nicaragua and Tanzania are also anticipated to be smaller. By contrast, shipments to most of the other major importing markets are foreseen to increase. This applies to China (Mainland), which is set to purchase 750 000 tonnes this year in reaction to high domestic prices, close to three times the volume reported in 2003, but also to the Philippines, Saudi Arabia and Sri Lanka. Imports to Africa are forecast to reach 8.1 million tonnes (or 31 percent of the expected global volume of trade), slightly up from 2003. Imports are expected to increase in most of the region but in particular to Benin, Cote d'Ivoire, Ghana, Mozambique and South Africa. Current prospects for Nigeria point to little change from last year. With the country aiming at boosting production, rice imports this year have been subject to a surcharge of 10 percent, in addition to the prevailing 100 percent tariff. Increased purchases are anticipated to be made by the Dominican Republic, Peru and the United States. Imports by the EU-25, which lowered tariffs on husked and milled rice as of September 2004, are forecast at 880 000 tonnes.

Another contraction in world rice trade foreseen in 2005

Given current production prospects, FAO's first forecast of trade in 2005 points to a decline of about 900 000 tonnes to 25.2 million tonnes compared with the level expected in 2004. The drop would result principally from supply constraints in some of the major exporting countries, especially Thailand, India and Uruguay. In the case of India, the possibility of re-introducing export subsidies is still being considered by the Government. In absence of such assistance and given the poor 2004 production prospects, shipments might fall to 1.9 million tonnes in 2005, consisting mainly of Basmati and parboiled milled rice, as has been the case in 2004. Sales by Guyana could also be hindered by increased competition on the EU market following the implementation, since September 2004, of a new common external tariff structure. By contrast, given the favourable production outlook in 2004, exports from China (Mainland) in 2005 could recover

sharply to 2 million tonnes. Increases are also anticipated in Pakistan and the United States, while Viet Nam and Egypt are expected to maintain exports close to the relatively high levels they are expected to achieve this year.

On the demand side of the international market, Brazil, China (mainland), the Islamic Republic of Iran, the Philippines and the United States are all anticipated to reduce their imports in 2005. Although overall shipments to Africa are still forecast to exceed 8 million tonnes, Nigeria, the region's major importer, may also purchase less if the current protective government policies become more effective. By contrast, imports to Indonesia, which will be much influenced by the outcome of the crops harvested early next year, may rebound somewhat, under the assumption of a return to normal weather after the exceptionally good conditions in 2004. Among the other principal rice importers, shipments to Bangladesh are also set to rise, given the poor 2004 production outlook, while for the enlarged EU-25, they are currently forecast at 950 000 tonnes, 8 percent more than in 2004.

Global rice stocks still set to fall despite improved production prospects

FAO's latest forecast for global rice stocks at the close of the 2004 crop seasons has been revised up by 2 million tonnes to 99 million tonnes, reflecting the recently improved prospects for production in 2004. However, this amount would still be 4 million tonnes less than the opening level, representing the fifth consecutive year-on-year decline.

Compared with their opening levels, end-of-season inventories are anticipated to drop in Bangladesh, India, Thailand, Senegal, Ecuador and Peru, reflecting the poor 2004 production prospects. They could also end lower in China, Nigeria and the EU. By contrast, a number of countries are expected to increase their reserves, especially Brazil, the Islamic Republic of Iran, Japan, the Republic of Korea and the United States. Stocks are anticipated to remain close to last year's levels in Egypt, Myanmar and the Philippines.

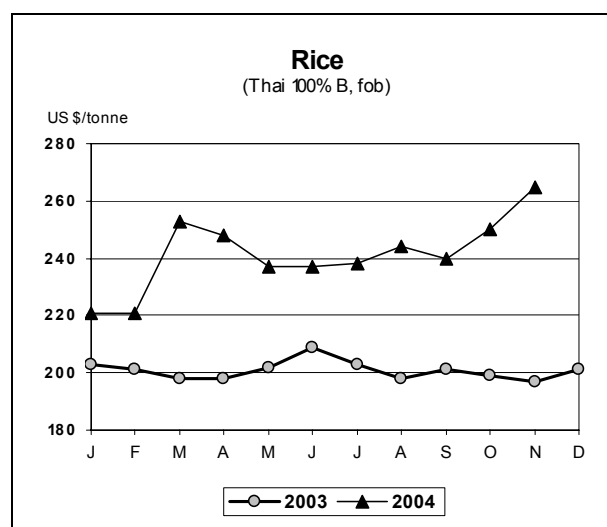
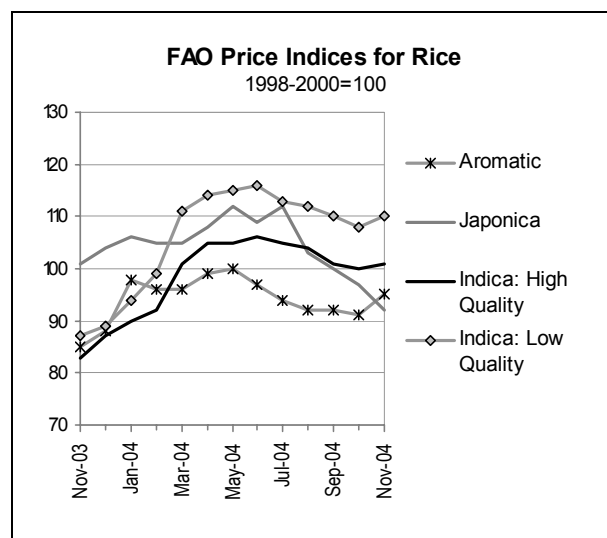
International rice prices weaken further since September

Although international rice prices remain well above 2003 levels, the declining trend, which started in August, continued over the past two months, driving the FAO All-Rice-Price Index (1998-2000=100) down from 102 in September to 100 in November. Of the four major rice categories monitored by FAO, prices of Japonica rice have come under most downward pressure with the index dropping from 100 to 92 over the three-month period. Regarding Indica rice, prices fell in October, but part of the loss was recouped in November. By contrast, quotations for aromatic rice have strengthened by 3 points since September.

Within the Indica, higher quality, market, prices for different origins diverged. United States' rice quotations weakened, especially for parboiled rice, prompted by expectations of large production gains this season. Similarly prices for Indica rice from Pakistan fell substantially, reflecting to some extent a weakening of the local currency relative to the US dollar, but also the absence of new deals with Sri Lanka and other traditional markets in Eastern Africa. By contrast, Thai Indica rice prices rose, mainly supported by the announcement of the new government procurement programme at higher support price levels.

Prices for lower quality Indica rice followed a similar pattern, with rice from Pakistan losing ground since September, while export quotations for Thai or Vietnamese rice either firmed or remained steady.

Japonica rice prices have been bearish since August, on expectations of good crops in the United States as well as in the Republic of Korea, Japan and Egypt. The



launching of several import tenders by Japan and the Republic of Korea in October and November failed to reverse the tendency.

Aromatic rice prices, on the other hand, have strengthened since September, reflecting concerns about drought in Thailand and the announcement that the country will increase support prices of fragrant rice varieties by 11 percent to Baht 10 000 (US\$254) per tonne. Basmati rice prices from Indian origin also strengthened, but quotations of Basmati from Pakistan

weakened, over the two months, as newly harvested supplies reached the market.

Prospects for international rice prices in the coming months are uncertain and will depend to a large extent on the final outcome of the 2004 crop. However, with production setbacks anticipated in several of the major exporting countries, export availabilities may be tighter in 2005. Additionally, import demand is anticipated to remain strong, especially since the impact of high freight rates is likely to be tempered by the relative weakness of the US dollar, so the dip in world rice prices may only be temporary.

EL NIÑO-SOUTHERN OSCILLATION (ENSO)

The El Niño is a large-scale abnormal warming of surface waters in the central and eastern Pacific Ocean off the Peruvian coast, coupled with changes in the atmosphere that affect weather patterns across much of the Pacific Basin. These include a negative value of the Southern Oscillation Index (SOI), which measures the difference in atmospheric pressure between the Eastern and Western Pacific, as well as sustained weakening of winds and increased cloudiness over the tropical Pacific. El Niño is the oceanic component, while the Southern Oscillation is the atmospheric one. This combination gives rise to the term ENSO (El Niño Southern Oscillation). El Niño appears every 2 to 7 years, with different intensity and duration and usually peaks around Christmas, hence the name of the phenomenon: El Niño (Spanish for Christ Child). Important changes in temperatures and precipitation patterns are often noticed during El Niño, having a positive or negative impact on agriculture. The overall changes in the ocean surface temperatures caused by El Niño also affect marine fisheries, particularly in the eastern Pacific. However, the particular character of the impact differs quite markedly from one event to another, even with similar changes and patterns in the Pacific Ocean. Therefore, no precise quantitative association between the occurrence of El Niño and changes in agricultural production have been established and it is difficult to forecast precisely the impact of El Niño. The impact on agriculture will decisively depend on the relative timing of the El Niño and the crop calendar in a particular region. La Niña refers to the "cold" equivalent of El Niño.

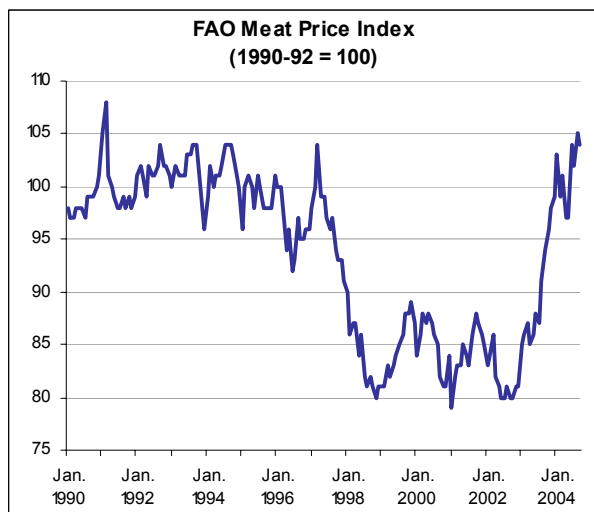
The oldest El Niño recorded dates back to 1578, when torrential rains and floods devastated crops in northern Peru. More recently, El Niño event in 1982/83 resulted in severe flooding and drought in several parts of the world, as well as the decline of a number of fish stocks, and reportedly caused over U.S. \$ 10 billion in weather-related damages. In 1991/92 El Niño resulted in a severe drought in Southern Africa. The last strong El Niño occurred in 1997/98, with drought and floods in several areas of South America and South East Asia that had severe adverse effects on agricultural production and infrastructure.

By early December 2004 uncertainties continue to prevail about an El Niño event developing this year. While surface temperatures in the western to central Pacific have reached near El Niño thresholds for about three to four months, other important indicators such as the Southern Oscillation Index (SOI) has generally been weakly negative and marked atmospheric changes in the Pacific winds and cloudiness have failed to materialize. Furthermore, as the impact of El Niño is generally expected to occur between December 2004 and March 2005, the possibility of a fully-fledged episode in early 2005 gradually weakens. Nevertheless, even in the absence of strong indication of a clearly defined El Niño episode, continued warmer than average temperatures in the tropical Pacific may still impact on climatic patterns. Overall, conditions in the tropical Pacific are currently indicative of a weak El Niño. Based on the latest observations and forecasts, there are 60 percent of probabilities that weak El Niño conditions will prevail through early 2005. While the associated climatic effects in most regions are expected to be weak, these may be, nonetheless, significant at local level.

FAO will keep closely monitoring weather anomalies and assessing possible effects these may have on agricultural production in various parts of the world in order to warn about adverse situations developing and to enable preventive action.

Meat and Meat Products

The FAO trade-weighted meat price index rose in mid-2004 to an eight-year high as market closures due to animal disease and food safety concerns pushed up yearly average international poultry and beef prices by 24 percent and 12 percent respectively. However, the index has stabilized in recent weeks as import bans on products from previously disease afflicted areas have been lifted and exportable supplies have subsequently increased.



Global meat output in 2004 is estimated by FAO at 258 million tonnes, 2 percent up from the previous year. Increased output of pigmeat is expected to account for most of the growth this year, this sector having been favoured by the limitations on poultry and beef production. By region, the strongest growth in meat output this year is expected in South America, where production is estimated to rise 5 percent, to reach 31 million tonnes. In Asia, which normally accounts for about 40 percent of global meat output, growth in 2004 is estimated at 2.4 percent, only half that of the previous year.

Higher prices for all meats during the year limited global meat consumption and per caput consumption is estimated to increase only marginally from 40.3 to 40.6 kg. The annual increase is estimated to be the same this year in the developed and in the developing countries but annual per caput consumption in the developing countries, estimated at 29.7 kg, remains only one-third of that in developed regions.

Towards the end of 2004, markets around the world gradually began reopening as the countries where trade restrictions were previously in place recovered their disease-free status or shifted to exporting types of meat, such as cooked products, which mitigate food safety concerns. However, the wide extent of market closures and food safety concerns among consumers during most of the year has led to an estimated 2

percent drop in global meat trade in 2004 to 19.1 million tonnes, the first decline since the mid-1980s. At the same time, the share of trade among exporters has changed significantly. The share of exports from the developed countries is seen to fall by 3 percent to 58 percent, while that of South America, the biggest exporter among the developing countries, is forecast to rise from 23 to 28 percent.

Disruptions in exportable supplies of beef push international prices higher

Despite a drop in developed country beef output to the lowest level since the early 1970s, global beef production in 2004 is expected to reach 62.2 million tonnes, up 1.5 percent from the previous year. In developed countries, lower cattle inventories have led to a second consecutive yearly decline in slaughtering, reducing output by an estimated 2.4 percent. By contrast, in the developing countries output is estimated to have grown by 5 percent, supported by strong global demand for products from South America and India. As a result, the developing countries' share of global output has expanded again in 2004, to reach 54 percent, 10 percent more than a decade ago. However, annual per caput consumption in the developing countries, estimated at 6.5 kg remains less than one-third of that of developed countries, which declined for the second consecutive year in 2004 to 23 kg.

Global beef trade is estimated to have declined by 6 percent in 2004, reflecting BSE-related import bans on North American beef exports and the prevailing high prices, which dampened import demand, especially in Asia. The developing countries' share of world beef exports would be 48 percent, up sharply from 37 percent in 2003. Export-oriented industries in South America have benefited not only from the absence of the United States from the market but also the region's improved disease status, favourable exchange rates and the ability to quickly shift product from the domestic to the export market. Growth in this region's exports is estimated at nearly 30 percent in 2004, equal to the growth in the two preceding years. Among the developed countries, although Australia has maintained a high level of exports, the EU, previously a large competitor in international markets, remained a net importer for the second consecutive year.

Pigmeat markets benefited from high prices of alternative meats

Supported by higher prices and easing feed prices in the latter part of the year, global pigmeat output in 2004 is estimated up 2.4 percent, at just over 100 million tonnes. Food safety concerns about poultry and beef encouraged output growth of 4 percent in the developing countries, particularly in Asia, where shortages of alternative meats pushed up prices.

These gains more than offset reduced output in some developed countries. Low hog inventories in Europe, combined with high feed costs and reduced profitability at the beginning of the year, led to an overall reduced output in the region in 2004. Although, developing countries accounted for over 60 percent of global pork production in 2004, up from 53 percent a decade ago; annual per caput consumption is estimated to remain at a low 12.3 kg compared to the average of 30 kg for the developed countries.

Limited export supplies of other meats favoured global pigmeat trade in 2004. Demand was strong in Asia, where imports for the year are estimated at 4.5 million tonnes, up 5 percent from the previous year. In Japan and the Republic of Korea, where beef imports typically supply 15 percent of total meat consumption, BSE-related bans on North American beef resulted in sharp increases in pigmeat imports by 17 and 32 percent respectively, despite the reactivation of the Japanese safeguard on pigmeat in August 2004. On the export side, shipments from the United States were supported by a favourable exchange rate, and are estimated up nearly 20 percent in 2004. In the EU, increased use of export restitutions during the year, combined with strong demand from the accession countries, led to increased exports. Bilateral trade agreements with Japan also offered increased trading opportunities for non-traditional exporters, such as Mexico and Chile. Strong Japanese demand was also particularly supportive to Chinese exports of heat-treated products.

Avian influenza and food safety concerns cause unprecedented drop in poultry meat consumption and trade

Market disruptions due to avian influenza outbreaks, food safety concerns, and rising feed prices adversely affected poultry markets around the world in 2004. Global poultry output, estimated at 77.2 million tonnes, would be up only 1.6 percent, the slowest growth on record in the FAO database. Output growth in developing countries is estimated at less than 1 percent. High bird mortality, AI-induced culling, and high feed prices over the course of the year in many disease-affected areas in Asia, particularly in Thailand, Viet Nam, and Indonesia, have brought Asian production down by an estimated 3 percent. This compares to average annual gains of 5 percent over the past 5 years. By contrast, high poultry prices in international markets have induced strong production gains in South and North America, up 7 percent and 3 percent respectively. In the Russian Federation, restrictive tariff rate quotas, a 15-20 percent increase in domestic prices, and greater investment in production facilities supported an output expansion for the eighth consecutive year. Constrained supplies and high prices in global markets limited annual per caput poultry consumption during 2004, with the global average decreasing to 12.1 kg.

World Meat Statistics^{1/}

	2003	2004 estimate	2005 prelim.
	(.....million tonnes.....)		
PRODUCTION	253.1	257.9	264.3
Poultry meat	76.0	77.2	79.9
Pig meat	98.6	100.9	103.6
Bovine meat	61.4	62.2	63.0
Sheep & goat meat	12.3	12.6	12.9
Other meat	4.9	5.0	5.0
EXPORTS^{2/}	19.5	19.1	19.7
Poultry meat	8.2	7.9	8.2
Pig meat	4.3	4.5	4.6
Bovine meat	6.1	5.7	6.0
Sheep & goat meat	0.7	0.7	0.8
Other meat	0.3	0.3	0.3
	(.....kg/head.....)		
PER CAPUT CONSUMPTION	40.3	40.6	41.6
Poultry meat	12.1	12.1	12.6
Pig meat	15.7	15.9	16.3
Bovine meat	9.8	9.8	9.9
Sheep & goat meat	1.9	2.0	2.0
Other meat	0.8	0.8	0.8

Source: FAO **Note:** Total computed from unrounded data.

^{1/} For more detailed meat statistics, go to the following web site: <http://www.fao.org/es/ESC/en/20953/21014/index.html>

^{2/} Includes meat (fresh, chilled, frozen prepared and canned) in carcass weight equivalent; excludes live animals, offals and EU (15) intra-trade.

Reduced supplies and restricted market access for products from disease-affected countries in 2004 led to an unprecedented 3.4 percent decline in global poultry trade, to 7.9 million tonnes. This decline was accompanied by a switch in suppliers, with exports from South America, which benefited from favourable exchange rates, rising sharply by 15 percent. The United States, despite stiff competition from Brazil, the AI outbreak in early 2004, and an estimated 10-percent decline in shipments, still maintained its position as the world's largest exporter. Market shortages and high international poultry prices led to increased exports from countries such as the Philippines, Argentina, and Chile. In addition to growing trade diversion, the product composition of trade shifted slightly in 2004 with countries such as Thailand and China increasing their exports of cooked products to avoid trade bans on fresh/chilled meats.

Strong demand for ovine meat supports prices

World ovine meat production is estimated to increase 3 percent in 2004, driven by strong gains in developing countries, particularly in Asia, which accounts for nearly 60 percent of global output. High prices in China are being supported by a resumption of sheep exports to the Near East after an eight-year lull. In other areas of Asia, improved grazing conditions have supported herd rebuilding, with the exception of parts of Afghanistan where drought conditions have led to high

animal mortality. Despite a continued structural decline in production in the United States, overall output in the developed countries, which accounts for one-quarter of world supplies, is estimated up 1.5 percent in 2004. Growth has been supported by increased slaughter and production in Australia reflecting improved pasture conditions, increased availability of heavy export lambs, and the loss of some live sheep markets in the Near East.

Stimulated by robust economic growth, diverse ethnic markets in developed countries and high prices for competing meats, global ovine meat trade is estimated to reach 747 000 tonnes in 2004, up 7 percent from the previous year. Declining output in the major import markets of the EU and the United States in the context of stable demand pushed up prices by about 15 to 17 percent in 2004. The resulting growth in import demand was additionally supported by rising imports by Papua New Guinea, China, and Taiwan Province of China. Strengthening international demand and high prices favoured exports from Oceania. This is despite lower output in New Zealand following one of the coldest winters in 30 years which induced higher lamb mortality rates and lower lambing percentages. While nearly 90 percent of global ovine trade is sourced from Oceania, China, Uruguay, and Argentina are all estimated to have increased exports in 2004.

Meat markets to stabilise in 2005

The gradual reopening of previously restricted markets and the stabilization of consumption is expected to lead to a recovery in meat production and trade in 2005. Meat output is projected to increase in both developed and developing countries. Supplies of poultry and pigmeat are expected to expand as feed prices ease and animal disease concerns abate. By contrast, a rebuilding in cattle and sheep inventories in the major exporting areas may lead to another decline in beef and lamb output.

As a result of the forecast recovery in meat production, prices are expected to stabilize at lower levels in 2005, prompting an increase in meat trade. While overall meat trade is forecast to rise by 3 percent, several factors could modify this outlook. These include: the framework for resuming beef trade between the United States and Japan, the assessment of dumping penalties on Canadian hogs, food safety concerns related to dioxine in EU feeds, and mechanisms for facilitating trade from disease-free zones in AI-affected regions. Supplier competition in meat markets will be additionally influenced by exchange rate movements along with the potential impact of shifts in consumption preferences for meat from alternative suppliers in 2004.

Milk and Milk Products

Prices rise throughout 2004 to near record levels

International dairy product prices have increased throughout 2004. The FAO price index (1990-92=100) for dairy products stood at 156 in November, which was 26 percent above the same month last year, and the highest since 1990 when the index was first computed. The increase in prices is largely the result of growing international demand in Asia, in the context of limited export supplies and reduced export subsidies.

For individual products, export prices have increased as follows: cheese up 33 percent, butter up 28 percent, skimmed milk powder up 20 percent, and whole milk powder up 17 percent.

Prices in international dairy markets are very sensitive to supply changes. Markets are relatively thin, with trade being a small percentage of milk output. Export subsidies also exacerbate price fluctuations as they increase or decrease in opposite directions to price change. As world prices have risen, export subsidies have also fallen accordingly, bidding market prices up further. Since the start of 2004, EU export refunds have been reduced from US\$82 to US\$38 in November for skimmed milk powder, from US\$225 to US\$170 for butter, and from US\$120 to US\$75 for Gouda cheese. Intervention (public) stocks in the EU have fallen to their lowest levels since the autumn of 2002. Domestic markets in the United States have also been tight, and latest figures show the Commodity Credit Corporation has no uncommitted inventories.

Indicative Dairy Export Prices

	2003	2004		
	Nov.	Sept.	Oct.	Nov.
	(US\$/tonne, f.o.b.)			
Skimmed milk powder	1 829	2 100	2 138	2 188
Whole milk powder	1 853	2 100	2 113	2 175
Cheddar cheese	2 075	2 763	2 763	2 763
Butter	1 554	1 850	1 900	1 988

Source: Mid-point of price ranges reported by Farmnet (NZ) and USDA.

Despite high international US dollar denominated prices, profitability in some regions has not greatly improved given concurrent exchange rate appreciation. This is the case of key milk exporting countries like New Zealand and Australia.

Prices are expected to remain at or around the current levels in the short term, but then may ease as trade responds to these high price signals.

Output growth continues in Asia and Latin America

Global milk output is estimated to grow by about 1.9 percent in 2004 compared to only 1.1 percent in 2003,

largely as a result of increasing production in Asia and Latin America, as well as in New Zealand.

In the developed countries, milk production for the 2003/04 dairy year in New Zealand is anticipated to be 4.2 percent higher, after having increased 3.6 percent last year. By contrast, milk output in Australia may fall 2.5 percent this year, after the decrease of 8.8 percent during the previous year's drought; however this decline is less than previously anticipated and there are signs of a resurgence of production in the past months. In the United States, while total milk output in 2004 is expected to show little change over the previous year, production has picked up in the latter part of the year in response to high domestic prices. Milk production in a number of other developed countries is subject to policies which restrict output. Output in Canada should rebound 3 percent after declines in the previous two years while that in Japan is estimated unchanged in 2004. Production in the EU-15 is expected to fall 1 percent. The 10 new member states that joined the EU on May 1, 2004 are adjusting their raw milk output to their production quota allocations, and are responding quickly to EU quality standards. Exports, mainly from Poland and Slovakia, have reached record levels since accession due to significant price differences in EU-15 countries.

Milk Production

	2002	2003 prov.	2004 forecast
	(. . . . million tonnes)		
WORLD	593.6	600.1	611.5
EU	126.7	126.8	125.5
India ^{1/}	84.6	87.0	91.3
United States	77.1	77.2	77.5
Russian Fed.	33.5	33.3	31.9
Pakistan	27.7	28.4	29.1
Brazil	22.8	23.5	24.4
China	14.0	17.5	21.0
New Zealand ^{2/}	13.9	14.4	15.0
Ukraine	14.1	13.6	13.6
Poland	11.8	11.9	11.9
Mexico	9.6	9.9	10.0
Australia ^{3/}	11.3	10.3	10.0
Argentina	8.5	7.9	9.5

Source: FAO

1/ Dairy years ending March of the year shown.

2/ Dairy years ending May of the year shown.

3/ Dairy years ending June of the year shown.

Elsewhere in Europe, milk production developments have been mixed. In the Russian Federation, output is estimated to be down by some 4.2 percent in 2004, due largely to a decline in the dairy herd, and to limited feed supplies in the past year. In Ukraine, production has increased in the latter part of the year and it is expected to remain around the level of last year.

Growth in milk production in most developing countries has continued, in some cases quite spectacularly. China's milk output is estimated to be up 20 percent in 2004, following increases of 25 percent in each of the two previous years. These increases are on the basis of a low per caput output, and come in response to growing consumer demand, improved marketing, and also profitable domestic producer prices. India, the world's largest milk producing country, may increase output by 4.9 percent in the 2003/04 (April/March) marketing year. In Thailand and the Philippines, milk output is also anticipated to increase further in 2004, as a result of favourable domestic milk prices. Along with most of the rest of South East Asia, demand for dairy products in these countries continues to grow, not only as incomes and population increase but also as diets diversify.

In Latin America, growth of milk production has rebounded in 2004, after depression and macroeconomic instability in recent years. In particular, large depreciation of currencies in several important producing countries, has increased export prices, but destabilized input markets for feed. In Argentina, production is now expected to rebound almost 20 percent after declines of 7 and 11 percent in the two previous years. Brazil, which has at times been an important importer of milk products, will continue its expansion with output growing 3.8 percent in 2004. As a result, it is expected to have a trade surplus in dairy products this year, and may soon emerge more significantly into export markets. In Uruguay and Chile, milk output also appears to have grown in 2004. Elsewhere in Latin America, milk production is expected to increase in Peru in 2004, rising by over 4 percent. Domestic demand is strong, making dairy production one of the most profitable agricultural activities. In Mexico, milk production may increase modestly by 1 percent. Mexico's milk output has increased significantly since its policy reforms of the early 1990's.

Throughout Africa, the milk production situation varies substantially. In Egypt milk production has been stagnant, despite large domestic milk price increases, as restrictions on imports of cattle and higher input prices have limited production response. In southern Africa, good fodder availability has fostered a favourable outlook for milk production in 2004 but in eastern Africa drought in pastoral areas is adversely affecting livestock. In western parts, the outlook for milk production is uncertain, particularly in areas of high locust infestation.

Exports: key exporters respond to high export prices

For the 2004/05 dairy year, export supplies of dairy products are anticipated to be higher from New Zealand as milk output resumed expansion at its trend rate of 4 percent; whole milk powder exports are up the most rising by 8 percent. As Australia's milk output still has not recovered from low levels in the past year,

exports will be down again. For 2004, its exports of whole milk powder and skimmed milk powder are estimated to fall by 18 and 14 percent respectively, and butter exports to be down 24 percent. However, export availabilities from South America in 2004 have expanded as production has recovered from the low levels of the previous two years. Exports of whole milk powder from Argentina may rise over 70 percent. Exports by the EU have increased in 2004, particularly for butter (7 percent) and whole milk powder (9 percent), and cheese (4 percent). In the United States, net removals of product have been lower in 2004, but exports of some dairy products have been higher given high international prices. In particular non-fat dry milk exports have increased some 80 percent, and whole milk powder exports were up by over 50 percent in the first nine months of 2004.

Import demand will be tempered by high prices

International demand for dairy products continues to grow largely due to high income growth in some developing countries. It is thought that increased oil revenues in the past few years in producing countries have also helped to boost demand. However, import demand will be restrained to some extent by high import prices, particularly in some countries whose economies have not performed so well. Increased purchases of milk powder by countries in South East Asia - for example, the Philippines, Thailand, Malaysia and Indonesia - and China, are anticipated to help meet rising domestic demand as income growth

continues rapidly in these countries. Elsewhere, imports by Central American countries and the important markets of Mexico and Algeria may also increase, though tempered by prices. Important demand remains high in the Russian Federation, which continues to be the largest importer of butter (with EU-15 a close second). By contrast, imports of milk products by Brazil, once an important purchaser, are expected to be limited as growth in domestic production replaces import requirements. Purchase of butter by some countries in the Near East and Africa, which are the most price sensitive importing regions, may stagnate in the light of the higher international prices.

In recent years, whole milk powder has emerged as the fastest growing major export product, with a wide base of demand. Compared to other dairy products imports are not so highly concentrated by country – for example only one-third are absorbed by the top ten importers. Trade in whole milk powder would appear to have important food security characteristics, as imports are almost exclusively by developing and transition countries.

Outlook

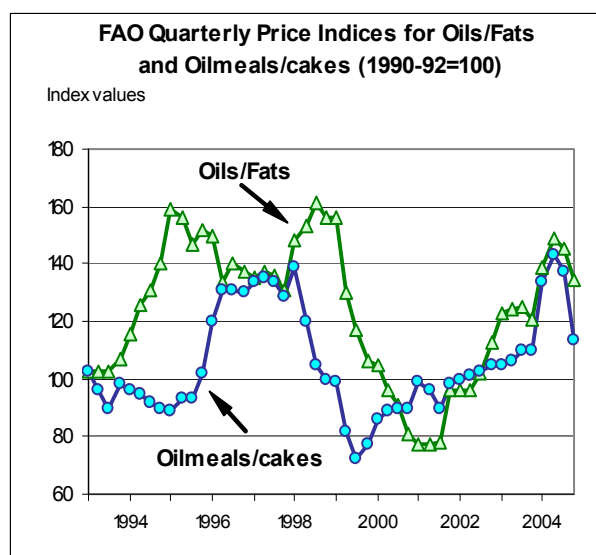
International dairy prices are expected to remain at or near their current high levels for the short term, but signs of increased supplies are now showing, which should result in reducing high price pressures in 2005.

Oilseeds, Oils and Oilmeals^{1/}

Summary

The FAO price index for oilseeds reached a high of 157 in April 2004, but then started to fall and by October was down by almost one third, at 104. The price fall largely reflects a 27 percent increase in soybean production in the United States in the current 2004/05 marketing season that has resulted from large plantings and record yields. The relatively high meal content of soybeans has inferred more downward pressure on meal versus oil prices. The demand for oils remains firm. The upcoming response from southern hemisphere countries will have a large effect on markets for the remainder of this marketing season, as they now represent a large portion of total supply potential.

^{1/} Almost the entire volume of oilcrops harvested world-wide is crushed in order to obtain oils and fats for human nutrition or industrial purposes and cakes and meals used as feed ingredients. Therefore, rather than referring to oilseeds, the analysis of the market situation is mainly undertaken in terms of oils/fats and cakes/meals. Hence, production data for oils (cakes) derived from oilseeds refer to the oil (cake) equivalent of the current production of the relevant oilseeds, while the data on trade in and stocks of oils (cakes) refer to the sum of trade in and stocks of oils and cakes plus the oil (cake) equivalent of oilseed trade and stocks.



International Prices of Oilseed-Based Products

	FAO indices of international market prices		Average international market prices			
	Edible/soap fats and oils	Oilcakes and meals	Soybean ^{a/}	Soybean oil ^{b/}	Palm oil ^{c/}	Soybean meal ^{d/}
	(. . . 1990-92=100 . . .)		(. US\$/tonne)			
October/September						
1997/98	154	116	256	634	641	197
1998/99	125	82	209	483	514	149
1999/00	91	89	209	355	337	180
2000/01 - Oct.- March	76	98	206	314	254	198
- April-Sept.	86	94	197	356	289	178
2001/02 - Oct.- March	95	100	188	378	323	175
- April-Sept.	107	104	213	445	392	174
2002/03 - Oct.- March	124	106	241	543	442	186
- April-Sept.	123	110	246	535	414	197
2003/04 - Oct.- March	144	138	351	653	512	274
- April-Sept.	140	126	294	612	464	240
2004/05 - October	134	111	249	558	430	196

Source: FAO, Oil World

^{a/} Soybean, US, cif Rotterdam. ^{b/} Soybean oil, Dutch, fob ex-mill. ^{c/} Palm oil, crude, cif N.W. Europe. ^{d/} Soy pellets, 44/45%, Argentina, cif Rotterdam.

Diverging price trends for oilseeds, meals/cakes and oils/fats

During most of the 2003/04 season^{1/} prices in the oilseed, meal and oil complex continued to experience a strong upward trend as production shortfalls and exceptionally low stock levels coincided with sustained growth in demand. However, since April-May, prices for oilseeds and meals have come under considerable downward pressure due to the prospect of a strong recovery (and possibly record performance) of global oilseed production during 2004/05, particularly with respect to soybean, the oilcrop with the highest meal content. By contrast, prices for oils remained relatively firmer as the increase in oil production anticipated for the current season will not be sufficient to allow - after satisfying increased demand in oil for food as well as non-food uses - a significant replenishment of global oil inventories. Overall, the supply and demand fundamentals seem to indicate that the value share of oil in the combined (oil/meal) product is likely to increase during 2004/05.

The diverging price trend observed between the oilseed and meal sector and the oil complex is expected to prevail during the first half of the current marketing year. Prices for meals may stabilize at the relatively low levels recorded prior to 2003/04, as supplies may exceed demand given that the incentive for crushing oilseeds will derive from firm oil prices. International prices for edible/soap oils, although not returning to the high levels observed at the beginning of 2004, are expected to remain above the average of the three preceding years. However, the outlook remains tentative considering that, in South America, the planting of oilseeds crops has not been completed

^{1/} The market season referred to is October to September.

yet. In fact, in addition to the usual weather related uncertainties, it still remains to be seen how that region will respond to the current slump in oilcrop prices and to prospective increases in production costs.

Seed production to increase above average in 2004/05

Global oilseed production is currently anticipated to increase at an unusually high rate of 12 percent during the 2004/05 crop year. The bulk of this increase (i.e. close to 90 percent) is expected to come from soybeans, for which current forecasts point toward an expansion in production of at least 20 percent. The four major soybean producing countries (the United States, Brazil, Argentina and China) are all estimated to

World Production of Major Oilseeds

	2002/03	2003/04 estimate	2004/05 forecast
	(. . . . million tonnes)		
Soybeans	195.6	183.9	221.1
Cottonseed	33.4	35.7	39.8
Rapeseed	33.0	39.2	42.2
Groundnuts	31.0	34.7	33.5
Sunflowerseed	23.5	26.5	24.9
Palm kernels	7.7	7.9	8.3
Copra	5.5	5.2	5.3
Total	329.7	333.1	375.1

Source: FAO

Note: The split years bring together northern hemisphere annual crops harvested in the latter part of the first year shown, with southern hemisphere annual crops harvested in the early part of the second year shown. For tree crop, which are produced throughout the year, calendar year production for the second year shown is used.

harvest record crops after the marked fall in output in the previous season. The biggest percentage increase (27 percent) is reported from the United States, where an increase in plantings has coincided with record yield levels. Also global rape and cottonseed output is projected to increase, reaching new record levels, whereas global production of both groundnut and sunflowerseed is expected to fall; the latter decrease - after last year's sizeable expansion - mainly reflects poor crops in India (groundnut) and CIS countries (sunflowerseed) where weather conditions have been unfavourable. In South America, where oilcrops are now being planted, aggregate soybean output is tentatively forecast to grow by about 20 percent. The latter estimate is based on reports that the area planted is increasing as well as on the expectation that yields will return to average levels as farmers are prepared to fight against the outbreak of Asian rust. However, at this point, South America's final outturn remains uncertain as the farmers' planting decisions are still under the influence of recent and prospective price developments as well as uncertainties regarding the likely increase in production costs for soybeans.

Growth in meal production to double that of oil^{1/}

Based on current crop forecasts, global oil production is anticipated to grow by about 6 percent during 2004/05 - considerably less than the anticipated expansion in seed output because the bulk of that expansion is expected to come from low oil-yielding soybeans. The main driver behind the anticipated increase in oil production will be palm oil, output of which is forecast to resume normal growth in 2005 after the slight slowdown observed this year. Global supplies of oils and fats (i.e. 2003/04 ending stocks plus 2004/05 production) are forecast to grow by about 6 percent compared to last season.

Regarding oilmeals and cakes, after last season's drop, global output is forecast to increase sharply (i.e. 15 percent compared to an average of 3 percent during the past four seasons), mainly reflecting - as in most past years - the anticipated sharp rise in soybean production. The latter, together with the anticipated rise in rape and cottonseed meal output, will easily offset the expected fall in sunflower meal. With regard to global supplies, the increase over last season is estimated to remain below 10 percent due to this season's exceptionally low level of carry-in stocks.

Demand for oils to remain strong while disappearance of meals will depend on price drop

During 2004/05, global consumption of oils and fats is forecast to expand further, rising at an about average rate of 5 percent. The main motor behind this growth

continues to be sustained income increase in China, India and other countries in South and Southeast Asia as well as in South America and some eastern European states. Utilization of soy and palm oil is anticipated to increase the most while consumption of sunflowerseed oil is likely to fall. Demand for non-food purposes, notably the production of biodiesel, is expected to account for an increasing share of total demand. Production of oilcrop based biodiesel is seen expanding worldwide as some countries - notably the EU and recently also the United States - are implementing policies to stimulate production and consumption of biofuel, with the result that additional capacities to produce such product are coming on stream. Clearly, the recent surge in petrol prices is contributing to this development. According to private sector estimates, in the EU-25, some 10-15 percent of vegetable oil production (in particular rapeseed oil) could be used as biodiesel this season.

Oilseeds and products: Global supplies, trade and utilization

	2002/03	2003/04 estimate	2004/05 forecast
	(. million tonnes)		
Total oilseeds			
Production	339	343	385
Oils and fats ^{1/}			
Production	126	130	138
Supply ^{2/}	142	145	152
Utilization ^{3/}	128	130	134
Trade ^{4/}	61	61	64
<i>Stock/Util. Ratio (in percentage)</i>	11%	11%	12%
Oilmeals and cakes ^{5/}			
Production	88	87	100
Supply ^{2/}	97	97	107
Utilization ^{3/}	85	89	92
Trade ^{4/}	48	48	53
<i>Stock/Util. Ratio (in percentage)</i>	12%	8%	14%

Source: FAO

Note: Refer to footnote 1/ in the text for further explanations regarding definitions and coverage.

1/ Includes oils and fats of vegetable and animal origin. 2/ Production plus opening stocks. 3/ Residual of the balance. 4/ Trade data refer to exports based on a common October/September marketing season. 5/ All meal figures are expressed in protein equivalent. Meals include all meals and cakes derived from oilcrops as well as fish meal.

Global consumption of oilmeals and cakes is anticipated to rise 4 percent in 2004/05, based, inter alia, on the assumption that demand will be stimulated by a fall in prices. Such a development is anticipated because, during 2004/05, in order to satisfy the rapidly growing demand for oils/fats and in view of the limited supplies of oil-rich crops (notably sunflowerseed and groundnut), the industry will have to resort to crushing

1/ This section discusses expected developments in the production of oils and meals from all origins, which - in addition to products derived from the oil crops discussed in the previous section - include palm oil, marine oils and meals as well as animal fats.

soybeans and other high meal-yielding oilcrops. The resulting surplus of supplies over demand is expected to lead to a fall in prices. Country-wise, consumption growth is expected to be concentrated in the United States, the EU-25 and in particular Brazil and China. World oilmeal consumption levels in 2004/05 remain, however, subject to uncertainty as new outbreaks of avian influenza in some countries may again curb demand for feed use. In China, strong and sustained economic growth is expected to drive demand for livestock and aquaculture products, and hence also for feeds such as oilmeals. The country's role in global consumption of (and trade in) both oils and meals is particularly noteworthy: for 2004/05, its share in global demand is anticipated to rise further to 18 and 19 percent for oils and meals respectively.

While meal inventories will increase sharply, stocks of oil/fats remain below average

The level of 2004/05 global opening stocks of both oils/fats and oilmeals/cakes (including the oil and meal contained in seeds stored) is well below the historical average. However, after several years of declining inventories, stocks are expected to recover during the current season. Oilmeal inventories especially are anticipated to experience a very sharp increase (notably in the United States) due to the substantial rise expected in global soybean production, combined with a possible excess of supplies over demand in particular in Europe and some Southeast Asian countries. A replenishment of global stocks is also foreseen for oils and fats, though at a more moderate rate. The comparison with anticipated consumption levels shows that the stock-to-utilization ratio could rise substantially for oilmeals. Although an improvement is foreseen also for oils/fats, that ratio is expected to recover less strongly, thus remaining below the levels recorded before the decline experienced over the past few years. Therefore, based on current stock and utilization forecasts, international prices for oils/fats should remain relatively firm during 2004/05. Prices for meals, by contrast, could come under downward pressure due to the burden of high stocks combined with an only average increase in utilization.

Trade in both oils and meals to resume growing

After stagnating last season, international trade in oils/fats (including the oil contained in seeds traded) is

anticipated to resume growing during 2004/05. The anticipated 5-6 percent expansion in trade is expected to be led by palm oil, followed by soybean and finally rapeseed oil. Trade in these three oils is expected to increase to compensate the anticipated contraction in sunflowerseed and groundnut oil trade, where shrinking production is expected to reduce export availabilities. The world's seven leading exporters of edible/soap oils and fats, Malaysia, Indonesia, the United States, Brazil, Argentina Canada and the EU are anticipated to satisfy as much as 82 percent of global oil import requirements, thus further raising the level of concentration of export suppliers. Shipments by the United States, which dropped substantially in 2003/04, are forecast to recover. Asia is expected to remain the main import market, followed (at considerable) distance by the EU-25. With a tentative estimate of over 12 million tons for aggregate imports in 2004/05, China's share in global imports is expected to rise further this season, approaching 20 percent. With the addition of new crushing capacity in the country, the proportion of oil imported in the form of to-be-crushed seeds is expected to increase. In India, where imports dropped considerably during 2003/04, foreign purchases are anticipated to again exceed 5 million metric tons as domestic production is expected to fall short of last year's record level.

Growth in the global trade of oilmeals/cakes (including the meal contained in oilseeds traded) is expected to resume this season, possibly at an above average growth of up to 9 percent. This forecast depends strongly on the assumption that international prices for meals will fall significantly compared to last season. Soymeal accounts for most of the anticipated expansion and the product's share in aggregate meal trade is expected to rise to 83 percent. Shipments by the United States are anticipated to recover from last season's low level, while record breaking shipments are expected in Argentina and Brazil. China is estimated to account for most of the expansion in global imports. Import demand for oilmeals could however grow less than anticipated in the event of new outbreaks of avian influenza, notably in import dependant countries in Asia. If persisting, also high energy prices could eventually affect import demand for oilmeals by slowing down global economic growth and thus growth in per caput incomes. Overall, current forecasts seem to suggest that trade in processed products will continue to expand at the expense of trade in whole seeds.

Consultation on Bananas
Impact of OECD country policies on developing countries.

The Commodities and Trade Division of FAO held an informal expert consultation to review studies relevant to current debates and negotiations on banana import policy reforms in OECD countries. Its aim was to contribute to generating a more informed debate on trade policy reforms in these countries, in particular on the proposed introduction of a tariff-only banana regime in the EU from January 2006, which will replace the current system based on different tariffs and import quotas. The new regime would imply a single external tariff but with preferential treatment for certain African-Caribbean and Pacific (ACP) suppliers. A particular focus of the discussion concerned the level at which the import tariff would need to be set to maintain access to the EU market of the different suppliers, and in particular ACP preferential suppliers.

Among the main conclusions of the Consultation were:

The calculation of the tariff equivalent depends on the objective, which could be to maintain imports from Latin America at their current level, or to maintain the market share of ACP countries, or to maintain banana prices in the EU, etc. It seems unlikely that there exists a tariff equivalent that would maintain the status quo.

The econometric models used to determine the tariff equivalent reviewed during the Consultation, have similar structures but differ significantly in their assumptions (value and distribution of the quota rent, supply elasticities, exchange rate, and demand trend in the EU) and results.

The Price Gap Analysis method (which bases estimates of the equivalent tariff on the gap between export prices for bananas of different origins) seems to produce a narrower range of tariff equivalents than the econometric method. However, its results depend to a large extent on the choice of the "external prices".

Both methods assume perfect competition, while in practice banana trade is dominated by a small number of large international companies. Market structure should be taken into account in calculating the tariff equivalent and its implications on suppliers.

The group of ACP countries is not a homogenous group. There are considerable differences between them in terms of competitiveness and supply response. As a result, the reform of the EU banana regime will have very different impacts on different countries.

It is unlikely that a single policy instrument will preserve the interests of all the stakeholders.

For more details on the Consultation, please contact: Pascal.Liu@fao.org

Sugar

World sugar production forecast to increase in 2004/05

Preliminary FAO's forecast indicate that in 2005 world sugar consumption would slightly surpass global production for the second consecutive year. At a forecast level of 144.8 million tonnes world sugar consumption will exceed production by 831 000 tonnes. The anticipated shortfall in global output would lead to falling stocks in major importing countries, and prices are expected to remain at current levels. The International Sugar Agreement (ISA) average daily price recovered by more than 45.5 percent between January and October 2004 when prices averaged US 8.45 cents per pound, a 19 month high (see Appendix Table 12).

World sugar production is forecast to reach 144 million tonnes in 2004/05, a 2 percent increase over the

2003/04 level, mainly as a result of a larger harvest in Brazil and some output recovery in India. Sugar output in developing countries, is expected to reach 101.3 million tonnes, 1.9 million tonnes more than in 2003/04, mainly reflecting continued growth in Brazil.

Production in Latin America and the Caribbean is forecast at 47.8 million tonnes, an increase of 1.7 percent. Preliminary estimates for Brazil set production at 27.5 million tonnes, an increase of 1.3 percent, mainly due to favourable weather conditions and better utilisation of processing capacity. Cane output in both the Centre/South and the North-North East regions are likely to expand. Prevailing high alcohol and sugar prices have led to rising investment in the industry through mergers, joint ventures and direct acquisitions. An estimated 40 mills are expected to be operational by 2007, thus strengthening Brazil supply response capabilities.

World Production and Consumption of Sugar

	Production		Consumption	
	2003/04	2004/05	2004	2005
	(...million tonnes, raw value...)			
WORLD	141.1	144.0	143.3	144.8
Developing countries	99.5	101.3	95.4	96.2
Latin America & Caribbean	47.0	47.8	25.7	26.1
Africa	5.1	5.3	8.0	8.1
Near East	5.3	5.7	10.8	11.0
Far East	41.7	42.1	50.8	50.9
Oceania	0.4	0.4	0.1	0.1
Developed countries	41.7	42.7	47.9	48.6
Europe	20.9	21.8	20.5	20.3
of which: EU	(16.8)	(17.8)	(15.0)	(14.9)
North America	8.2	8.2	10.3	10.9
CIS	4.2	4.0	11.3	11.7
Oceania	5.1	5.2	1.4	1.4
Others	3.3	3.5	4.4	4.3
of which:				
South Africa	2.4	2.6	1.6	1.6

Source: FAO

In Mexico output is expected to reach 5.5 million tonnes, an increase of 2.4 percent due to an expansion in area in anticipation of further increases in quota under NAFTA. However, the current dispute on sweeteners with the United States has stalled any additional expansion in plantings. In the Caribbean, Hurricane Ivan adversely affected cane production in several countries. In Jamaica, sugar output declined by 15 percent.

Sugar production in the Far East is forecast at 42 million tonnes, a marginal increase of 1 percent from last year. Output in India is forecast to rise to 15 million tonnes, a recovery of some 1.8 million tonnes from the exceptionally low level reached in 2003/04, as adequate rain in the sugar growing areas of Maharashtra and Tamil Nadu improved crop prospects. Imports requirements for the 2004/05 season are most likely to be smaller than anticipated given that an estimated 8.5 million tonnes could be released from stocks to offset production shortfalls but the government has not made any official announcement on the level of imports required for the new season. However, it has raised the statutory minimum price from 730 rupees to 745 rupees a tonne for the 2004/05 season.

Sugar production in China is expected to decline for the second consecutive year. Following severe drought in the Guangxi region, which accounted for more than 55 percent of total sugar production in 2003/04, the 2004/05 output is forecast to decrease by 5.3 percent.

Sugar output in Thailand is forecast to fall by 4 percent to reach 7.3 million tonnes in 2004/05, due to continued government policy of restricting output to address domestic oversupply at supported prices. Cane production has been set at 65 million tonnes annually, along with a guaranteed price of 580 bahts per tonne. Production quotas will apply through to 2007/08, with no immediate plan to revise the arrangement in light of higher global sugar prices in late 2004.

Sugar production in Africa (developing and developed countries) is forecast to increase by 5.8 percent to reach 7.9 million tonnes in 2004/05, mainly reflecting the growth in South Africa, where output is expected to increase to 2.6 million tonnes due to an expansion in irrigated areas. Output in Egypt is expected to remain steady at 1.4 million tonnes, while both Mauritius and Kenya are forecast to raise production by 4 percent and 7.6 percent, respectively.

Sugar output in developed countries is forecast to reach 42.6 million tonnes in 2004/05, an increase of 2.4 percent from the previous season. This growth is mainly attributed to the 5.7 percent increase in output expected in the EU as a result of favourable growing conditions. France is expected to produce 4.6 million tonnes, slightly above the 2003/04 level, despite a 4 percent drop in planted areas, while production in Germany is forecast to increase 3 percent to 4.2 million tonnes. In Australia, despite adverse weather conditions in some part of the country, production is anticipated to increase by 153 000 tonnes or some 3 percent from the previous drought affected season. However, at this level it will remain 12 percent below the record output of 6 million tonnes achieved in 1995/1996. Sugar production in the United States is forecast to reach 8.2 million tonnes in 2004/05, virtually unchanged from 2003/04, despite several hurricanes and tropical storms during the season that hit the states of Florida and Louisiana.

Global sugar consumption is estimated by FAO to increase by 1.6 million tonnes in 2004/05, from the level of 143.2 million in 2003/04. Developing countries would account for most of the increase in consumption underpinned by population and GDP growth.

Consumption in China is expected to reach 11.5 million tonnes in 2004/05, about 490 000 tonnes more than the quantities consumed in 2004/05. Demand is essentially driven by rising per capita income and the substitution effect brought about by the closure of saccharin processing plants. Reflecting strong higher per capita disposable income, sugar is largely consumed by food processing, beverage, and pharmaceutical industries, with only a small share being diverted to household consumption, as per caput consumption remains below 10 kg, two folds lower than the world average of 21 kg. Although India is expected to remain the world's largest sugar consuming country, sugar consumption in 2004/05 is forecast to be lower by 4.7 percent, at 20 million

tonnes, due mainly to the anticipated lower production only partially compensated by imports. However, a higher consumption of traditional sweeteners such as guru, and khan sari is anticipated. Sugar consumption in Africa is forecast to grow by 1.4 percent in 2004/05, in line with long-term average growth rates based on population and income.

Consumption in developed countries is expected to remain relatively stable at 48.5 million tonnes, as per capita consumption is already high at 35 Kg, compared to 21 Kg for the rest of the world. Consumption in Europe and North America is forecast to remain at 20.3 and 10.8 million tonnes, respectively, while in the CIS,

consumption is expected to reach 11.7 million tonnes.

Monthly ISA prices - that averaged US 6.20 cents per pound from January to May 2004 - strengthening in the second half of the year to US 7.7 cents per pound in the period June to October. However, at this level the average price was still 4.2 percent lower than in the corresponding period in 2003. The preliminary market forecast for 2004/05 indicates a continued shortfall in supplies, underpinning the continued firmness of market prices. At the New York Board of Trade, the May 2005 Sugar No.11 futures contract averaged US 9.06 cents per pound in October 2004, about 47 percent higher than the corresponding period in 2003. However, as world sugar stocks remain ample, prices should remain around current levels.

**Consultation on Sugar
Impact of OECD country policies on developing countries
27 August 2004**

An FAO informal expert consultation on sugar markets and policy was held in Rome on 5 to 6 August 2004 to discuss the impact of OECD domestic support and trade policies on developing countries.

The meeting brought together a panel of experts in the analysis of sugar policy issues. These included Mike Wohlgenant, Professor at North Carolina State University; Pierre Charlebois, Chief of the Economics and Sectorial Analysis Unit of the Agricultural and Agri Food Canada; Donald Mitchell, Lead Economist of the World Bank; Ellen Huan-Niemi and Jyrki Niemi, Economic Researcher and Senior Economist of the MTT Economic Research. Gareth Forber, Senior Research Economist at LMC International, Leonardo Bichara Rocha, Economist from the International Sugar Organization, Alexandre Barros Rands, Professor of the Federal University of Pernambuco, Brazil and Ramesh Chand, Head of the Agricultural Economics Unit of the Indian Institute of Economic Growth.

The overall objective of the consultation was to assemble and evaluate the existing analytical knowledge concerning the impact of sugar policies in OECD countries on sugar producing developing countries. The consultation reviewed sugar policies in both developed and developing countries and their impact on the world sugar economy, with a focus on the nature of the analytical models and methodologies used. In particular, the consultation examined how policies were modelled and how different assumptions concerning demand and supply responses influenced estimates of the quantitative impact of reforms on domestic production, trade, and world prices. The pervasiveness of the effects of established sugar trade policies on the economic behaviour of the sector makes it difficult to predict how producers might respond to a liberalized regime.

Specific OECD policy issues examined included: United States sugar policy and the North American Free Trade Agreement (NAFTA); linkages between the European Union (EU) sugar regime and the preferential, regional and multilateral trade agreements - in particular, the impact of EU policy changes on LDC and ACP countries; Australian sugar policy reform. An examination was made of the impact of the OECD policies on specific developing countries, namely the Brazilian, Indian and Thai sugar sectors.

The major conclusion of the consultation was that while most of the modelling studies reviewed agreed on the direction of changes in world prices and trade likely to result from policy reform, there were considerable differences in their predictions concerning the magnitude of these changes. The models showed that efficient low cost producers (mainly Brazil) would capture a bigger share of the world market after reform, while those typically higher cost ACP countries currently enjoying preferences would suffer. However, for countries in the middle ground as far as competitiveness is concerned, such as India and South Africa, the results were less clear since whether they gained or lost depended upon the extent of price changes predicted.

Future research analysis should examine supply response, as well as focus on measuring the welfare effects of trade and domestic sugar reforms on the economies of sugar producing developing countries. In addition, future works on sugar modelling ought to take into account ACP countries at the disaggregate level, and be more policy oriented with an emphasis on food security issue.

For further information on the Consultation please contact: Kaison.Chang@fao.org

APPENDIX TABLES

A.1 a) - WORLD CEREAL PRODUCTION

	Wheat			Coarse Grains		
	2002	2003 estimate	2004 forecast	2002	2003 estimate	2004 forecast
	(..... million tonnes)					
ASIA	251.9	245.3	253.6	212.5	216.4	229.9
Bangladesh	1.5	1.3	1.5	0.1	0.1	0.1
China ^{1/}	90.3	86.5	91.3	133.8	126.5	141.2
India	71.8	65.1	72.7	25.7	34.7	33.5
Indonesia	-	-	-	9.7	10.9	11.4
Iran, Islamic Rep. of	12.5	13.5	14.0	4.2	4.8	4.2
Japan	0.8	0.9	0.8	0.2	0.2	0.3
Kazakhstan	12.7	12.0	10.1	3.0	2.6	2.0
Korea, D. P. R.	0.1	0.2	0.2	1.8	1.9	1.8
Korea, Rep. of	-	-	-	0.4	0.4	0.4
Myanmar	0.1	0.1	0.1	0.8	0.9	0.8
Pakistan	18.2	19.3	19.4	2.2	2.1	2.2
Philippines	-	-	-	4.3	4.6	5.5
Saudi Arabia	2.0	2.0	1.6	0.3	0.2	0.2
Thailand	-	-	-	4.5	4.5	4.5
Turkey	19.5	19.5	20.5	10.9	10.7	11.3
Viet Nam	-	-	-	2.5	2.9	3.5
AFRICA	16.2	21.4	21.8	80.8	91.9	86.4
North Africa	11.7	17.0	17.5	9.9	12.7	12.7
Egypt	6.6	6.8	7.2	7.4	7.6	8.0
Morocco	3.4	5.1	5.5	1.9	2.8	2.9
Sub-Saharan Africa	4.5	4.3	4.3	70.9	79.2	73.8
Western Africa	0.1	0.1	0.1	34.2	37.1	35.6
Nigeria	0.1	0.1	0.1	19.7	20.2	20.6
Central Africa	-	-	-	2.6	2.7	2.7
Eastern Africa	1.9	2.4	2.2	18.2	22.3	19.1
Ethiopia	1.1	1.7	1.5	5.6	7.9	7.4
Sudan	0.3	0.4	0.3	3.5	5.6	2.9
Southern Africa	2.6	1.8	2.1	15.9	17.0	16.4
Madagascar	-	-	-	0.2	0.2	0.2
South Africa	2.3	1.5	1.9	10.5	10.2	9.5
Zimbabwe	0.2	0.1	0.1	0.6	0.9	0.9
CENTRAL AMERICA	3.2	2.9	2.6	29.0	32.0	33.9
Mexico	3.2	2.9	2.6	25.3	28.2	30.2
SOUTH AMERICA	18.2	23.5	24.0	65.1	79.9	71.8
Argentina	12.3	14.5	14.8	18.7	19.2	16.6
Brazil	2.9	6.0	6.0	37.0	50.5	44.9
Colombia	-	-	-	1.4	1.5	1.7
NORTH AMERICA	59.9	87.4	83.2	264.0	302.6	344.3
Canada	16.2	23.6	24.5	20.1	26.6	25.7
United States	43.7	63.8	58.7	243.9	276.1	318.6
EUROPE	209.6	154.2	214.6	220.3	197.5	235.9
Bulgaria	3.6	2.0	3.8	2.5	1.9	2.6
EU ^{2/}	104.0	91.3	135.1	107.1	95.9	150.7
Hungary ^{3/}	3.9	2.9	6.0	7.8	5.8	10.6
Poland ^{3/}	9.3	7.9	9.5	17.6	15.6	19.5
Romania	4.4	2.5	7.7	9.9	9.6	15.2
Russian Fed.	50.6	34.0	44.4	33.7	30.9	29.7
Ukraine	19.8	4.3	16.7	16.4	15.5	19.0
OCEANIA	10.4	25.2	20.4	8.3	13.3	10.8
Australia	10.1	24.9	20.2	7.7	12.7	10.2
WORLD	569.4	560.0	620.4	879.9	933.6	1 013.1
Developing countries	262.4	267.2	277.9	371.7	405.2	408.5
Developed countries	307.0	292.8	342.5	508.2	528.4	604.6

Source: FAO

Note: Totals computed from unrounded data.

^{1/} Including Taiwan Province. ^{2/} Up to 2003 15 member countries, from 2004 25 member countries.^{3/} From 2004 included in EU 25.

Table A.1 b) - WORLD CEREAL PRODUCTION

	Rice (paddy)			Total Cereals ^{1/}		
	2002	2003 estimate	2004 forecast	2002	2003 estimate	2004 forecast
	(..... million tonnes)					
ASIA	517.7	530.2	552.8	982.0	991.9	1 036.3
Bangladesh	37.8	38.8	38.3	39.4	40.1	39.8
China ^{2/}	176.3	162.3	186.7	400.4	375.3	419.2
India	109.0	130.5	127.5	206.5	230.2	233.7
Indonesia	51.5	52.1	54.3	61.1	63.0	65.7
Iran, Islamic Rep. of	2.9	3.3	3.4	19.5	21.6	21.6
Japan	11.1	9.7	10.9	12.2	10.8	12.0
Kazakhstan	0.2	0.2	0.2	15.9	14.8	12.3
Korea, D. P. R.	2.2	2.2	2.4	4.1	4.3	4.3
Korea, Rep. of	6.7	6.0	6.8	7.0	6.4	7.2
Myanmar	22.8	22.9	22.0	23.7	24.0	22.9
Pakistan	6.7	7.3	7.4	27.2	28.6	29.0
Philippines	13.0	14.2	14.4	17.3	18.8	19.9
Saudi Arabia	-	-	-	2.3	2.2	1.8
Thailand	26.1	27.2	25.2	30.5	31.7	29.7
Turkey	0.4	0.4	0.4	30.7	30.6	32.2
Viet Nam	34.4	34.5	35.5	36.9	37.4	39.0
AFRICA	17.6	18.0	18.5	114.6	131.2	126.8
North Africa	6.0	6.2	6.5	27.6	35.9	36.7
Egypt	6.0	6.2	6.4	20.0	20.6	21.6
Morocco	-	-	-	5.3	8.0	8.5
Sub-Saharan Africa	11.6	11.8	12.1	87.1	95.3	90.1
Western Africa	7.2	7.3	7.3	41.5	44.6	43.0
Nigeria	3.4	3.4	3.5	23.1	23.7	24.2
Central Africa	0.4	0.4	0.4	3.0	3.1	3.1
Eastern Africa	1.1	0.9	1.0	21.1	25.7	22.2
Ethiopia	-	-	-	6.8	9.6	9.0
Sudan	-	-	-	3.8	6.0	3.2
Southern Africa	2.9	3.1	3.3	21.4	22.0	21.8
Madagascar	2.6	2.8	3.0	2.8	3.0	3.2
South Africa	-	-	-	12.8	11.7	11.4
Zimbabwe	-	-	-	0.7	1.0	1.0
CENTRAL AMERICA	2.7	2.6	2.4	34.9	37.6	38.9
Mexico	0.2	0.3	0.3	28.8	31.4	33.0
SOUTH AMERICA	19.8	19.8	22.6	103.1	123.2	118.5
Argentina	0.7	0.7	1.1	31.8	34.4	32.5
Brazil	10.6	10.4	12.8	50.5	66.9	63.7
Colombia	2.3	2.5	2.6	3.8	4.0	4.3
NORTH AMERICA	9.6	9.0	10.3	333.4	399.0	437.9
Canada	-	-	-	36.3	50.1	50.2
United States	9.6	9.0	10.3	297.2	348.9	387.7
EUROPE	3.2	3.2	3.4	433.1	355.0	454.0
Bulgaria	-	-	-	6.2	3.9	6.5
EU ^{3/}	2.6	2.7	2.8	213.7	189.9	288.5
Hungary ^{4/}	-	-	-	11.7	8.8	16.6
Poland ^{4/}	-	-	-	26.9	23.4	29.0
Romania	-	-	-	14.3	12.1	22.9
Russian Fed.	0.5	0.4	0.5	84.8	65.4	74.6
Ukraine	0.1	0.1	0.1	36.3	19.9	35.7
OCEANIA	1.3	0.4	0.6	20.0	38.9	31.8
Australia	1.3	0.4	0.5	19.1	38.0	30.9
WORLD	571.9	583.2	610.6	2 021.2	2 076.9	2 244.1
Developing countries	546.1	560.1	584.7	1 180.2	1 232.5	1 271.1
Developed countries	25.8	23.2	25.9	841.0	844.3	972.9

Source: FAO

Note: Totals computed from unrounded data.

^{1/} Rice is included in the cereal total in paddy terms. ^{2/} Including Taiwan Province ^{3/} Up to 2003 15 member countries, from 2004 25 member countries ^{4/} From 2004 included in EU 25.

Table A.2 a) - WORLD IMPORTS OF CEREALS

	Wheat (July/June) ^{1/}			Coarse Grains (July/June)		
	2002/03	2003/04 estim.	2004/05 f'cast	2002/03	2003/04 estim.	2004/05 f'cast
	(..... million tonnes))					
ASIA	42.2	40.9	47.7	58.2	58.4	57.3
Bangladesh	1.7	2.0	2.3	0.2	0.1	0.1
China	1.4	4.0	8.1	7.3	6.6	7.2
Taiwan Province	1.0	1.0	1.1	5.1	5.1	5.0
Georgia	0.5	0.5	0.5	-	-	-
India	0.1	-	0.1	0.1	0.2	0.1
Indonesia	4.0	4.2	4.2	1.7	1.4	1.1
Iran, Islamic Rep. of	1.8	0.5	0.2	1.7	1.7	2.3
Iraq	2.2	2.0	2.5	0.1	0.3	0.2
Israel	1.6	1.2	1.5	1.4	2.2	1.5
Japan	5.4	5.6	5.6	20.4	20.3	19.8
Korea, D. P. R.	0.4	0.4	0.4	0.3	0.1	0.2
Korea, Rep. of	4.1	3.2	3.6	9.0	9.1	8.8
Malaysia	1.4	1.4	1.4	2.4	2.5	2.6
Pakistan	0.2	0.2	1.2	-	0.2	0.2
Philippines	3.2	3.1	3.2	0.1	0.1	0.1
Saudi Arabia	0.2	0.1	0.2	7.2	7.3	7.7
Singapore	0.3	0.3	0.3	0.2	0.2	0.2
Sri Lanka	1.0	1.0	1.0	0.1	0.1	0.1
Syria	0.6	0.1	0.1	1.2	1.1	1.3
Thailand	0.9	1.0	0.9	0.1	0.1	0.1
Yemen	2.0	2.1	2.5	0.2	0.3	0.2
AFRICA	28.6	23.7	25.0	16.4	14.6	15.3
North Africa	17.5	14.0	14.6	10.4	9.7	9.5
Algeria	5.5	3.2	3.5	1.8	2.1	1.7
Egypt	6.0	6.8	6.9	5.3	5.0	4.9
Morocco	2.7	1.9	1.8	1.4	1.0	1.2
Tunisia	1.7	0.6	0.9	1.1	0.8	0.9
Sub-Saharan Africa	11.1	9.8	10.5	5.9	4.9	5.8
Côte d'Ivoire	0.3	0.3	0.3	-	-	-
Ethiopia	1.8	0.4	0.7	0.1	0.1	-
Kenya	0.4	0.4	0.6	0.3	0.6	1.2
Nigeria	2.4	2.4	2.5	0.1	0.1	0.1
Senegal	0.3	0.3	0.3	0.1	-	-
Sudan	1.0	0.9	1.4	0.1	0.1	0.1
South Africa	1.0	1.0	0.8	1.0	0.7	0.7
CENTRAL AMERICA	6.9	7.3	7.8	12.1	12.2	12.5
Cuba	1.0	1.0	1.0	0.3	0.3	0.3
Dominican Rep.	0.3	0.3	0.3	0.7	0.7	0.7
Mexico	3.2	3.6	4.0	8.7	8.6	8.9
SOUTH AMERICA	11.4	10.8	10.3	6.1	5.8	6.0
Brazil	6.6	5.6	5.1	0.7	0.5	0.5
Chile	0.4	0.4	0.3	1.0	1.0	0.8
Colombia	1.2	1.2	1.3	2.3	2.4	2.3
Peru	1.3	1.3	1.4	0.9	0.8	1.0
Venezuela	1.0	1.4	1.4	0.7	0.7	0.8
NORTH AMERICA	2.2	1.8	1.7	7.1	5.0	5.0
Canada	0.2	0.1	-	4.5	2.5	2.8
United States	2.0	1.8	1.7	2.6	2.4	2.3
EUROPE	15.8	17.8	7.4	7.1	11.4	6.1
Belarus	0.4	0.5	0.2	0.2	0.2	0.2
EU ^{2/}	11.9	5.8	4.6	4.2	6.9	3.9
Poland ^{3/}	0.1	0.8	-	0.4	0.7	-
Romania	0.6	2.1	0.1	0.2	0.4	0.1
Russian Fed.	0.5	1.1	0.5	0.3	0.9	1.2
Ukraine	0.5	3.6	0.2	0.1	0.3	0.1
OCEANIA	0.8	0.5	0.6	0.1	0.1	0.1
New Zealand	0.2	0.2	0.3	0.1	0.1	0.1
WORLD	107.9	102.9	100.5	107.2	107.5	102.5
Developing countries	79.2	73.3	81.2	69.9	67.7	69.1
Developed countries	28.8	29.6	19.3	37.2	39.8	33.4

Source: FAO

Note: Totals computed from unrounded data.

^{1/} Including wheat flour in wheat grain equivalent, but excluding semolina.^{2/} Excluding trade between the EU member countries. Up to 2003/04 15 member countries, from 2004/05 25 member countries.^{3/} From 2004/05 included in EU 25.

Table A.2 b) - WORLD IMPORTS OF CEREALS

	Rice (milled)			Total Cereals 1/		
	2003	2004 estim.	2005 f'cast	2002/03	2003/04 estim.	2004/05 f'cast
	(..... million tonnes)					
ASIA	13.5	11.6	11.3	113.9	110.9	116.3
Bangladesh	1.6	0.7	1.0	3.5	2.8	3.5
China	0.4	0.9	0.5	9.1	11.5	15.8
Taiwan Province	0.1	0.2	0.2	6.2	6.3	6.3
Georgia	-	-	-	0.5	0.5	0.5
India	-	0.1	0.1	0.2	0.3	0.3
Indonesia	2.5	1.0	1.2	8.2	6.6	6.5
Iran, Islamic Rep. of	0.9	0.7	0.7	4.4	2.9	3.2
Iraq	0.8	1.0	1.0	3.1	3.3	3.7
Israel	0.1	0.1	0.1	3.1	3.5	3.1
Japan	0.7	0.7	0.7	26.5	26.6	26.1
Korea, D. P. R.	0.7	0.6	0.5	1.4	1.1	1.1
Korea, Rep. of	0.2	0.2	0.3	13.3	12.5	12.6
Malaysia	0.6	0.6	0.6	4.3	4.5	4.5
Pakistan	-	-	-	0.2	0.4	1.4
Philippines	0.9	1.0	0.9	4.2	4.2	4.2
Saudi Arabia	0.8	0.9	0.8	8.2	8.3	8.7
Singapore	0.3	0.4	0.4	0.8	0.8	0.8
Sri Lanka	-	0.2	0.1	1.1	1.3	1.2
Syria	0.2	0.2	0.2	1.9	1.4	1.6
Thailand	-	-	-	1.0	1.1	1.0
Yemen	0.3	0.3	0.3	2.5	2.6	2.9
AFRICA	8.0	8.1	8.0	52.9	46.5	48.4
North Africa	0.2	0.2	0.3	28.1	23.9	24.3
Algeria	-	0.1	0.1	7.4	5.3	5.3
Egypt	-	-	-	11.3	11.8	11.8
Morocco	-	-	-	4.2	3.0	3.0
Tunisia	-	-	-	2.9	1.4	1.8
Sub-Saharan Africa	7.8	7.9	7.8	24.8	22.6	24.1
Côte d'Ivoire	0.8	0.8	0.8	1.1	1.1	1.1
Ethiopia	-	-	-	2.0	0.5	0.7
Kenya	0.2	0.2	0.2	1.0	1.3	2.0
Nigeria	1.5	1.5	1.3	4.0	4.0	3.9
Senegal	0.6	0.7	0.7	1.0	0.9	1.0
Sudan	-	-	-	1.1	1.1	1.4
South Africa	0.8	0.8	0.8	2.8	2.5	2.3
CENTRAL AMERICA	2.0	2.1	2.1	21.0	21.6	22.4
Cuba	0.6	0.6	0.6	1.8	1.9	1.9
Dominican Rep.	-	0.1	0.1	1.0	1.2	1.1
Mexico	0.5	0.5	0.5	12.4	12.7	13.4
SOUTH AMERICA	1.4	1.3	0.9	18.9	17.9	17.2
Brazil	1.1	0.9	0.7	8.4	6.9	6.3
Chile	0.1	0.1	0.1	1.5	1.5	1.2
Colombia	0.1	0.1	-	3.6	3.7	3.6
Peru	-	0.1	-	2.2	2.2	2.4
Venezuela	0.1	0.1	0.1	1.8	2.2	2.3
NORTH AMERICA	0.7	0.8	0.7	10.0	7.6	7.5
Canada	0.3	0.3	0.3	5.0	2.9	3.1
United States	0.5	0.5	0.5	5.0	4.7	4.4
EUROPE	1.8	1.9	1.8	24.8	31.1	15.3
Belarus	-	-	-	0.6	0.7	0.4
EU 2/	0.7	0.9	1.0	16.8	13.6	9.4
Poland 3/	0.1	0.1	-	0.6	1.6	-
Romania	0.1	0.1	0.1	0.9	2.6	0.3
Russian Fed.	0.5	0.4	0.5	1.2	2.4	2.2
Ukraine	0.1	0.1	0.1	0.7	3.9	0.3
OCEANIA	0.4	0.4	0.3	1.3	1.0	1.0
New Zealand	-	-	-	0.2	0.3	0.4
WORLD	27.7	26.1	25.2 4/	242.8	236.5	228.2
Developing countries	23.4	21.6	20.8	172.5	162.6	171.2
Developed countries	4.3	4.5	4.4	70.3	73.9	57.0

Source: FAO

Note: Totals computed from unrounded data.

1/ Trade in rice refers to the calendar year of the second year shown.

2/ Excluding trade between the EU member countries. Up to 2003/04 15 member countries, from 2004/05 25 member countries.

3/ From 2004/05 included in EU 25.

4/ Highly tentative.

Table A.3 a) - **WORLD EXPORTS OF CEREALS**

	Wheat (July/June) ^{1/}			Coarse Grains (July/June)		
	2002/03	2003/04 estim.	2004/05 f'cast	2002/03	2003/04 estim.	2004/05 f'cast
	(..... million tonnes)					
ASIA	16.9	17.1	9.5	17.7	15.3	7.1
China ^{2/}	1.0	2.1	0.8	15.0	11.3	4.0
India	5.4	5.0	1.0	0.1	0.8	0.8
Indonesia	-	-	-	0.1	0.1	0.3
Japan	0.4	0.4	0.4	-	-	-
Kazakhstan	5.7	5.4	4.0	0.5	0.5	0.4
Myanmar	-	-	-	0.1	0.1	0.1
Pakistan	1.7	0.2	0.1	-	-	-
Syria	0.8	1.5	0.7	0.3	0.3	0.2
Thailand	-	-	-	0.1	0.7	0.5
Turkey	0.6	0.8	0.8	0.5	0.5	0.1
Viet Nam	-	-	-	-	-	-
AFRICA	0.5	0.4	0.4	2.0	2.5	1.9
Egypt	-	-	-	-	-	-
Ethiopia	-	-	-	-	-	-
Nigeria	-	-	-	0.1	0.1	0.1
South Africa	0.2	0.2	0.2	1.1	1.2	0.9
Sudan	-	-	-	0.1	0.5	0.1
Uganda	-	-	-	0.2	0.1	0.1
CENTRAL AMERICA	0.5	0.6	0.5	0.4	0.4	0.4
SOUTH AMERICA	6.4	8.9	9.0	15.9	16.8	14.6
Argentina	6.3	7.5	8.0	12.3	10.0	9.5
Brazil	-	1.2	0.8	3.0	6.2	4.5
Paraguay	0.2	0.2	0.1	0.3	0.3	0.4
Uruguay	-	-	0.1	0.1	0.1	0.1
NORTH AMERICA	32.0	47.6	39.5	49.3	54.6	59.9
Canada	9.1	15.3	15.5	1.7	3.5	3.9
United States	22.8	32.3	24.0	47.6	51.1	56.0
EUROPE	41.5	12.5	24.6	18.1	11.5	14.4
Bulgaria	0.9	0.2	0.6	0.7	0.1	0.4
Czech Rep. ^{3/}	0.5	-	-	0.1	0.3	-
EU ^{4/}	15.4	7.6	14.0	6.6	3.8	5.0
Hungary ^{3/}	1.3	0.5	-	1.5	0.4	-
Romania	0.1	-	0.6	0.4	0.2	1.4
Russian Fed.	14.5	4.0	5.1	3.8	3.3	2.3
Ukraine	6.6	0.1	3.8	4.1	2.8	4.6
OCEANIA	10.9	16.0	17.0	3.6	5.0	4.3
Australia	10.9	16.0	17.0	3.6	5.0	4.3
WORLD	108.6	103.0	100.5	106.9	106.0	102.5
Developing countries	17.9	20.5	14.3	34.3	33.1	22.6
Developed countries	90.8	82.5	86.2	72.6	72.9	79.8

Source: FAO

Note: Totals computed from unrounded data.

^{1/} Including wheat flour in wheat grain equivalent, but excluding semolina.

^{2/} Including Taiwan Province.

^{3/} From 2004/05 included in EU 25.

^{4/} Excluding trade between the EU member countries. Up to 2003/04 15 member countries, from 2004/05 25 member countries.

Table A.3 b) - **WORLD EXPORTS OF CEREALS**

	Rice (milled)			Total Cereals ^{1/}		
	2003	2004 estim.	2005 f'cast	2002/03	2003/04 estim.	2004/05 f'cast
	(..... million tonnes)					
ASIA	21.6	20.3	19.3	56.2	52.6	36.0
China ^{2/}	2.7	0.9	2.1	18.6	14.3	6.9
India	4.4	2.6	1.9	9.8	8.4	3.7
Indonesia	-	-	-	0.1	0.1	0.3
Japan	0.2	0.4	0.4	0.6	0.8	0.8
Kazakhstan	-	-	-	6.2	5.9	4.4
Myanmar	0.4	0.2	0.3	0.5	0.3	0.4
Pakistan	2.0	1.9	2.1	3.6	2.1	2.2
Syria	-	-	-	1.1	1.8	0.9
Thailand	7.6	10.0	8.2	7.7	10.7	8.7
Turkey	-	-	-	1.2	1.3	0.9
Viet Nam	3.9	4.0	4.0	3.9	4.0	4.0
AFRICA	0.6	0.8	0.8	3.0	3.7	3.1
Egypt	0.6	0.8	0.8	0.6	0.8	0.8
Ethiopia	-	-	-	-	-	-
Nigeria	-	-	-	0.1	0.1	0.1
South Africa	-	-	-	1.2	1.4	1.1
Sudan	-	-	-	0.1	0.5	0.1
Uganda	-	-	-	0.2	0.1	0.1
CENTRAL AMERICA	0.1	0.1	-	1.0	1.0	0.9
SOUTH AMERICA	1.2	1.6	1.5	23.4	27.3	25.0
Argentina	0.2	0.4	0.5	18.8	17.9	18.0
Brazil	-	0.1	-	3.0	7.5	5.3
Paraguay	-	-	-	0.5	0.5	0.5
Uruguay	0.6	0.8	0.6	0.7	0.9	0.8
NORTH AMERICA	3.8	3.0	3.4	85.1	105.2	102.7
Canada	-	-	-	10.8	18.7	19.4
United States	3.8	3.0	3.4	74.3	86.4	83.4
EUROPE	0.2	0.2	0.1	59.9	24.1	39.1
Bulgaria	-	-	-	1.7	0.3	1.0
Czech Rep. ^{3/}	-	-	-	0.6	0.3	-
EU ^{4/}	0.2	0.2	0.1	22.2	11.6	19.1
Hungary ^{3/}	-	-	-	2.8	0.9	-
Romania	-	-	-	0.5	0.2	2.0
Russian Fed.	-	-	-	18.3	7.3	7.3
Ukraine	-	-	-	10.7	2.9	8.4
OCEANIA	0.2	0.2	0.2	14.6	21.3	21.5
Australia	0.2	0.2	0.2	14.6	21.2	21.5
WORLD	27.7	26.1	25.2 ^{5/}	243.2	235.1	228.2
Developing countries	23.2	22.3	21.1	75.5	75.9	58.0
Developed countries	4.4	3.8	4.1	167.7	159.2	170.2

Source: FAO

Note: Totals computed from unrounded data.

^{1/} Trade in rice refers to the calendar year of the second year shown.

^{2/} Including Taiwan Province.

^{3/} From 2004/05 included in EU 25.

^{4/} Excluding trade between the EU member countries. Up to 2003/04 15 member countries, from 2004/05 25 member countries.

^{5/} Highly tentative.

Table A.4 – CEREALS: Supply and Utilization in Main Exporting Countries (National Crop Years)

	Wheat ^{1/}			Coarse Grains ^{2/}			Rice (milled basis)		
	2002/03	2003/04 estim.	2004/05 f'cast	2002/03	2003/04 estim.	2004/05 f'cast	2002/03	2003/04 estim.	2004/05 f'cast
	(..... million tonnes)								
	UNITED STATES (June/May)			UNITED STATES			UNITED STATES (Aug./July)		
Opening stocks	21.2	13.4	14.9	45.0	31.0	28.8	1.2	0.8	0.8
Production	43.7	63.8	58.7	243.9	276.1	318.6	6.5	6.4	7.2
Imports	2.3	2.0	1.8	2.3	2.2	2.2	0.5	0.5	0.5
Total Supply	67.2	79.2	75.4	291.2	309.3	349.6	8.2	7.7	8.4
Domestic use	30.6	32.7	33.4	214.5	226.6	240.8	3.5	3.6	3.8
Exports	23.1	31.6	26.5	45.8	53.8	57.6	3.9	3.3	3.3
Closing stocks	13.4	14.9	15.5	31.0	28.8	51.2	0.8	0.8	1.3
	CANADA (August/July)			CANADA			THAILAND (Nov./Oct.) ^{3/}		
Opening stocks	6.7	5.7	6.1	3.5	3.2	4.2	3.4	3.5	2.0
Production	16.2	23.6	24.5	20.1	26.5	25.7	17.2	18.0	16.7
Imports	0.2	0.0	0.0	4.2	2.1	2.5	0.0	0.0	0.0
Total Supply	23.1	29.3	30.5	27.8	31.8	32.4	20.7	21.6	18.7
Domestic use	8.2	7.5	8.2	22.0	23.2	23.6	9.5	9.6	9.4
Exports	9.2	15.7	16.0	2.7	4.5	4.0	7.6	10.0	8.2
Closing stocks	5.7	6.1	6.3	3.2	4.2	4.8	3.5	2.0	1.1
	ARGENTINA (Dec./Nov.)			ARGENTINA			CHINA (Jan./Dec.) ^{3/ 4/}		
Opening stocks	1.0	2.1	2.0	1.2	0.8	1.2	83.4	73.7	60.2
Production	12.3	14.5	14.8	18.7	19.2	16.6	120.9	111.3	127.9
Imports	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.9	0.5
Total Supply	13.3	16.6	16.8	19.9	20.0	17.8	204.6	185.8	188.6
Domestic use	5.2	5.8	5.8	8.0	8.5	8.1	128.3	124.8	127.1
Exports	6.1	8.8	9.0	11.1	10.3	9.0	2.7	0.9	2.1
Closing stocks	2.1	2.0	2.1	0.8	1.2	0.8	73.7	60.2	59.4
	AUSTRALIA (Oct./Sept.)			AUSTRALIA			PAKISTAN (Nov./Oct.) ^{3/}		
Opening stocks	7.1	3.1	5.4	2.0	1.4	1.0	0.6	0.3	0.5
Production	10.1	24.9	20.2	7.7	12.7	10.2	4.5	4.8	4.9
Imports	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Supply	17.6	28.0	25.6	9.7	14.0	11.2	5.0	5.2	5.4
Domestic use	5.4	4.6	5.1	5.7	6.4	6.1	2.7	2.8	2.9
Exports	9.1	18.0	17.3	2.6	6.7	4.2	2.0	1.9	2.1
Closing stocks	3.1	5.4	3.2	1.4	1.0	0.9	0.3	0.5	0.5
	EU (July/June) ^{5/}			EU ^{5/}			VIET NAM (Nov./Oct.) ^{3/}		
Opening stocks	12.5	15.0	12.3	18.0	18.0	14.9	4.5	4.9	4.9
Production	104.0	91.4	135.1	107.5	96.0	150.7	23.0	23.0	23.7
Imports	11.9	5.8	4.6	4.2	6.9	3.9	0.0	0.0	0.0
Total Supply	128.4	112.2	152.0	129.7	120.9	169.5	27.5	27.9	28.6
Domestic use	97.9	93.9	117.8	105.1	105.2	142.6	18.7	19.0	19.6
Exports	15.5	7.8	14.5	6.6	3.8	5.0	3.9	4.0	4.0
Closing stocks	15.0	10.5	19.7	18.0	11.8	21.8	4.9	4.9	5.0
TOTAL ABOVE									
Opening stocks	48.5	39.2	40.7	69.7	54.4	50.1	93.0	83.3	68.3
Production	186.3	218.2	253.3	397.8	430.4	521.9	172.1	163.6	180.5
Imports	14.7	7.8	6.3	10.8	11.3	8.5	0.9	1.4	0.9
Total Supply	249.5	265.3	300.3	478.3	496.0	580.5	266.0	248.3	249.7
Domestic use	147.3	144.6	170.3	355.2	369.9	421.1	162.8	159.8	162.7
Exports	63.0	81.9	83.3	68.7	79.1	79.9	19.9	20.1	19.7
Closing stocks	39.2	38.8	46.7	54.4	47.0	79.5	83.3	68.3	67.3

Source: FAO

Note: Totals computed from unrounded data.

^{1/} Trade data include wheat flour in wheat grain equivalent. For the EU semolina is also included.^{2/} **Argentina** (Dec./Nov.) for rye, barley and oats, (March/February) for maize and sorghum; **Australia** (November/October) for rye, barley and oats, (March/February) for maize and sorghum; **Canada** (August/July); **EU** (July/June); **United States** (June/May) for rye, barley and oats, (September/August) for maize and sorghum.^{3/} Rice trade data refer to the calendar year of the second year shown.^{4/} Including Taiwan province.^{5/} Excluding trade between the EU member countries. Up to 2003/04 15 member countries, from 2004/05 25 member countries.

Table A.5 - WORLD CEREAL STOCKS: Estimated Total Carryovers of Cereals ^{1/}

	Crop Years ending in:						
	1999	2000	2001	2002	2003	2004 estim.	2005 f'cast
	(..... million tonnes)						
TOTAL CEREALS	611.5	631.5	600.1	575.1	483.5	409.4	440.8
Wheat	242.0	246.6	243.7	235.3	202.2	159.2	161.4
held by:							
- main exporters ^{2/}	50.4	50.2	52.3	48.5	39.2	38.8	46.7
- others	191.6	196.4	191.3	186.8	163.0	120.3	114.7
Coarse Grains	233.2	234.4	207.7	197.4	162.8	147.3	180.7
held by:							
- main exporters ^{2/}	80.5	78.0	76.6	69.7	54.4	47.0	79.5
- others	152.7	156.4	131.0	127.7	108.4	100.4	101.2
Rice (milled basis)	136.3	150.6	148.7	142.4	118.5	102.9	98.8
held by:							
- main exporters ^{2/}	95.5	101.2	99.1	93.0	83.3	68.3	67.3
excl. China ^{3/}	4.3	7.4	8.5	9.7	9.6	8.1	7.9
- others	40.9	49.4	49.7	49.4	35.2	34.6	31.5
BY REGIONS							
Developed Countries	172.4	166.2	161.4	168.8	144.5	122.8	165.6
Australia	3.0	4.5	5.3	9.3	4.7	6.5	4.2
EU ^{4/}	37.1	34.5	32.0	31.1	33.7	23.1	42.1
Canada	12.5	13.5	14.1	10.3	8.9	10.3	11.1
Hungary ^{5/}	2.9	2.2	1.5	2.0	1.4	1.0	-
Japan	6.4	6.2	6.0	5.7	5.3	4.7	5.0
Poland ^{5/}	4.3	3.8	2.2	3.0	3.1	2.6	-
Romania	3.5	3.7	0.4	2.5	2.0	1.2	4.1
Russian Fed.	5.8	4.9	6.5	13.4	12.5	7.1	8.6
South Africa	2.5	1.9	2.9	1.9	3.8	3.5	3.3
Ukraine	2.2	2.2	2.3	5.2	5.1	2.9	4.3
United States	77.8	75.6	77.4	67.4	45.2	44.5	68.0
Developing Countries	439.1	465.3	438.6	406.3	339.1	286.7	275.3
Asia	399.1	425.8	401.5	365.9	304.9	246.0	235.8
China ^{3/}	299.3	311.3	281.1	249.2	210.2	165.3	161.2
India	47.3	57.4	62.3	60.3	40.4	31.1	29.2
Indonesia	6.6	7.0	6.3	4.4	5.1	5.2	4.4
Iran, Islamic Rep. of	2.2	3.8	3.5	4.4	3.8	3.0	2.1
Korea, Rep. of	2.8	3.3	3.0	3.2	3.1	2.9	3.0
Pakistan	9.2	8.7	9.4	6.6	2.8	1.8	1.5
Philippines	2.6	1.9	2.2	1.9	2.2	1.9	2.1
Syria	4.0	3.7	2.9	3.6	3.8	2.8	2.6
Turkey	9.4	8.3	8.7	7.9	8.1	7.7	7.5
Africa	27.4	24.9	23.6	24.5	21.4	22.9	21.6
Algeria	2.8	1.7	1.6	1.9	2.5	2.8	2.6
Egypt	4.6	4.3	4.3	4.2	3.3	2.8	2.6
Ethiopia	1.4	1.5	2.3	1.8	0.8	0.4	0.2
Morocco	5.2	3.7	2.1	2.0	2.0	3.3	4.5
Nigeria	1.9	1.6	2.2	2.5	2.2	1.7	1.8
Tunisia	1.9	2.1	2.1	2.3	2.0	2.4	2.5
Central America	6.2	6.5	6.0	5.8	4.6	5.4	5.6
Mexico	5.0	5.0	4.5	4.6	3.3	4.1	4.5
South America	6.2	7.9	7.3	9.9	8.0	12.4	12.2
Argentina	1.8	1.8	1.6	2.3	2.9	3.3	3.0
Brazil	1.5	2.7	1.7	3.6	1.6	6.0	6.4

Source: FAO**Note:** Based on official and unofficial estimates. Totals computed from unrounded data.

^{1/} Stock data are based on an aggregate of carryovers at the end of national crop years and do not represent world stock levels at any point in time.

^{2/} The major wheat and coarse grains exporters are Argentina, Australia, Canada, the EU and the United States. The major rice exporters are China (including Taiwan Province), Pakistan, Thailand, the United States and Viet Nam. See Table A.4 for country details.

^{3/} Including Taiwan Province.

^{4/} Up to 2003/04 15 member countries, from 2004/05 25 member countries.

^{5/} From 2004/05 included in EU 25.

Table A.6 – **SELECTED EXPORT PRICES OF CEREALS AND SOYBEANS**

	Wheat			Maize		Sorghum	Soybeans
	U.S. No.2 Hard Red Winter Ord. Prot. <u>1/</u>	U.S. Soft Red Winter No.2 <u>1/</u>	Argentina Trigo Pan <u>2/</u>	U.S. No.2 Yellow <u>1/</u>	Argentina <u>2/</u>	U.S. No.2 Yellow <u>1/</u>	U.S. No.2 Yellow <u>1/</u>
	(..... US\$/tonne)						
July/June							
2000/2001	128	101	124	86	84	93	184
2001/2002	127	113	119	90	89	95	182
2002/2003	161	138	145	107	102	112	222
2003/2004	161	149	154	115	109	118	305
2003 - November	165	159	165	107	110	120	294
2004 - June	158	134	143	124	113	119	342
July	154	134	139	105	103	103	309
August	146	130	126	104	100	106	234
September	155	139	126	97	95	101	219
October	155	141	120	93	93	95	210
November I	159	137	116	93	88	94	214
II	165	140	116	93	85	95	208
III	164	145	117	96	87	100	220
IV	163	140	116	93	85	96	227
V	160	135	113	93	87	94	219

Sources: International Grain Council and USDA.

1/ Delivered U.S. Gulf ports. 2/ Up River f.o.b.

Table A.7 – **SELECTED WHEAT AND MAIZE PRICE INDICES**

	Wheat <u>1/</u>	Maize <u>2/</u>
	(1997/98-1999/00=100)	(1997/98-1999/00=100)
1999/2000	93	92
2000/2001	97	87
2001/2002	99	91
2002/2003	121	108
2003/2004	119	116
2003 - November	123	108
2004 - June	120	125
July	113	106
August	108	105
September	119	98
October	120	94
November	124	95

Sources: FAO, International Grain Council, USDA

1/ The wheat price index has been constructed based on the IGC wheat price index, rebased to July/June 1997/98-1999/00 = 100. The IGC wheat price index is composed of a simple average of following price quotations, converted to an index, with base July/December 1986 = 1000:

1. Australian Standard White, fob Eastern States - second position quoted
2. Canadian No.1 CWRS 13.5%, fob St. Lawrence
3. Canadian No.1 CWRS 12.5%, fob Vancouver
4. United States No.2 HRW (Ordinary), Gulf
5. United States No.2 SRW, Gulf
6. United States No.2 DNS 14%, fob Lakes
7. United States No.2 Western White, fob Pacific

2/ U.S. Maize No. 2 Yellow (delivered U.S. Gulf ports) with base July/June, 1997/98-1999/00 = 100

Table A.8 - PRICE INDICES AND SELECTED EXPORT PRICES FOR RICE

Calendar years	Export Prices				FAO Indices				
	Thai 100% B	Thai broken	U.S. Long grain	Pakistani Basmati	Total	Indica		Japonica	Aromatic
	1/	2/	3/	4/		High quality	Low quality		
January/December	(. U.S.\$/tonne)				(. 1998-2000=100)				
2000	207	143	271	418	84	84	83	83	89
2001	177	135	264	332	74	74	74	76	69
2002	197	151	207	366	72	73	75	67	74
2003	201	151	284	358	82	79	81	82	91
2003 - November	197	159	337	n.a.	90	83	87	101	85
2004 - July	238	211	413	n.a.	109	105	113	112	94
August	244	212	352	n.a.	105	104	112	103	92
September	240	207	341	n.a.	102	101	110	100	92
October	250	205	335	479	101	100	108	97	91
November I	257	206	335	460) 100	101	110	92	95
II	261	209	335	n.a.					
III	269	220	335	455					
IV	273	226	324	455					

Sources: FAO for indices. Rice prices: Jackson Son & Co. (London) Ltd. and other public sources.

Note: The FAO Rice Price Index is based on 16 rice export quotations. 'Quality' is defined by the percentage of broken kernels, with high (low) quality referring to rice with less (equal to or more) than 20 percent broken. The Sub-Index for Aromatic Rice follows movements in prices of Basmati and Fragrant rice.

1/ White rice, 100% second grade, f.o.b. Bangkok, indicative traded prices. 2/ A1 super, f.o.b. Bangkok, indicative traded prices. 3/ U.S. No.2, 4% broken f.o.b. 4/ Basmati: ordinary, f.o.b. Karachi.

Table A.9 – PRICE INDICES AND SELECTED INTERNATIONAL PRICES FOR OILCROP PRODUCTS

Marketing years	FAO Indices			International Prices				
	Oilseeds	Edible/Soap Fats/Oils	Oilcakes/ Meals	Soybeans 1/	Soybean Oil 2/	Palm Oil 3/	Soybean Cake 4/	Rapeseed Meal 5/
October/September	(. 1990-92=100)			(. U.S.\$/tonne)				
1998/99	89	125	82	209	483	514	149	104
1999/00	83	91	89	209	355	337	180	124
2000/01	82	76	98	206	314	254	198	146
Oct.-Mar.	82	86	94	197	356	289	178	135
2001/02	83	95	100	188	378	323	175	135
Oct.-Mar.	90	107	104	213	445	392	174	122
2002/03	103	124	106	241	543	442	186	133
Oct.-Mar.	104	123	110	246	535	414	197	149
2003/04	140	144	138	351	653	512	274	199
Oct.-Mar.	121	140	126	294	612	464	240	157
Apr.-Sept	104	134	111	249	558	430	196	114
2004/05								

Sources: FAO and Oil World.

Note: The FAO indices are calculated using the Laspeyres formula; the weights used are the average export values of each commodity for the 1990-92 period. The indices are based on the international prices of five selected seeds, ten selected oils and fats and seven selected cakes and meals.

1/ Soybeans (US, No.2 yellow, c.i.f. Rotterdam). 2/ Soybean oil (Dutch, fob ex-mill). 3/ Palm oil (Crude, c.i.f. North West Europe). 4/ Soybean cake (Pellets, 44/45%, Argentina, c.i.f. Rotterdam). 5/ Rapeseed meal (34%, Hamburg, f.o.b. ex-mill).

Table A.10 - WHEAT AND MAIZE FUTURES PRICES

		December		March		May		July	
		this year	last year	this year	last year	this year	last year	this year	last year
(..... US\$/tonne))									
WHEAT									
October	26	116	135	121	138	122	136	123	124
November	2	111	134	116	138	118	137	120	128
	9	112	141	117	145	119	143	121	131
	16	114	147	118	152	121	149	124	135
	23	110	139	114	143	117	140	120	129
	30	106	145	111	150	113	147	115	136
MAIZE									
October	26	81	93	86	95	88	97	91	98
November	2	79	94	83	97	86	98	89	99
	9	78	92	93	94	96	96	88	97
	16	80	94	84	96	97	98	90	99
	23	78	92	82	94	85	95	88	96
	30	76	97	80	98	83	99	86	100

Source: Chicago Board of Trade

Table A.11 - OCEAN FREIGHT RATES FOR WHEAT

	From U.S. Gulf ports to:			
	EU 1/	CIS Black Sea 1/ 2/	Egypt 1/	Bangladesh 1/
(..... US\$/tonne.....)				
July/June				
2000/2001	13.10	40.97	15.00	18.31
2001/2002	11.00	40.97	15.00	18.50
2002/2003	12.50	40.97	16.67	22.50
2003/2004	28.27	41.89	36.96	48.50
2003 - November	26.00	40.97	34.00	47.00
2004 - May	32.00	47.00	56.50	63.00
June	28.00	35.00	40.00	47.00
July	30.00	37.00	44.00	49.00
August	32.00	39.00	44.00	49.00
September	32.00	39.00	44.00	49.00
October	33.00	39.00	44.00	49.00
November	39.00	45.00	53.00	62.00

Source: International Grains Council

Note: Estimated mid-month rates based on current chartering practices for vessels ready to load three to four weeks ahead.

1/ Size of vessels: EU over 40 000 tonnes; CIS 20-40 000 tonnes; Egypt over 30 000 tonnes; Bangladesh over 40 000 tonnes.

2/ Excludes CIS and United States flag vessels.

Table A.12 - SELECTED INTERNATIONAL COMMODITY PRICES

	Currency and Unit	Effective Date	Latest Quotation	1 month ago	1 year ago	Average 1989-91
Sugar (I.S.A. daily price)	US cents per lb	30.11.04	8.36	8.00	6.20	11.4
Coffee (I.C.O. daily price)	US cents per lb	26.11.04	71.04	61.74	49.32	76.7
Cocoa (I.C.C.O. daily price)	US cents per lb	30.11.04	76.43	68.45	68.08	56.0
Tea (total tea, Mombasa)	US\$ per kg.	05.11.04	1.46	1.53	1.60	1.5
Bananas (Latin America, f.o.b., Hamburg)	€ per tonne	05.11.04	828 ^{1/} 690 ^{2/}	882 ^{1/} 681 ^{2/}	818 ^{1/} 593 ^{2/}	566
Cotton (COTLOOK, index "A" 1-3/32")	US cents per lb	26.11.04	48.80	52.20	75.75	78.5
Jute "BWD" f.o.b. Mongla at sight	US\$ per Ton	19.11.04	290	290	245	391.2
Wool (64's, London)	Pence per kg	26.11.04	407	400	470	466

Source: FAO 1/ EU duty paid, estimated. 2/ Estimated price for EFTA markets.

Table A.13 - INTERNATIONAL MEAT PRICES

	FAO index of international meat prices (. . 1990-92=100 . .)	Indicative international meat prices (. US\$/tonne)			
		Chicken ^{1/}	Pork ^{2/}	Beef ^{3/}	Lamb ^{4/}
1994	102	921	2 659	2 384	2 975
1995	99	922	2 470	1 947	2 621
1996	96	978	2 733	1 741	3 295
1997	96	843	2 724	1 880	3 393
1998	83	760	2 121	1 754	2 750
1999	84	602	2 073	1 894	2 610
2000	85	592	2 083	1 957	2 619
2001	84	645	2 077	2 138	2 912
2002	82	579	1 830	2 127	3 303
2003	90	614	1 884	2 112	3 885
2004	101 ^{5/}	776 ^{6/}	2 050 ^{6/}	2 495 ^{7/}	4 558 ^{7/}
2004 Jan.	103	700	1 706	2 380	4 391
Feb.	99	747	1 735	2 194	4 734
Mar.	101	859	1 980	2 144	4 633
Apr.	97	830	2 099	2 251	4 574
May	97	791	2 210	2 527	4 488
Jun.	104	835	2 342	2 571	4 552
July	105.	789	2 245	2 676	4 587
Aug.	102.	741	2 009	2 807	4 532
Sept.	105.	695	2 128	2 770	4 513
Oct.	104.	n.a.	n.a.	2 629	4 578

Source: FAO

^{1/} Chicken parts, United States export unit value. ^{2/} Frozen pork, United States export unit value. ^{3/} Manufacture cow beef, Australia, cif prices to the United States. ^{4/} Lamb frozen whole carcass, New Zealand, wholesale prices London. ^{5/} January-September 2004. ^{6/} January-September 2004. ^{7/} January-October 2004.

STATISTICAL NOTE: Data are obtained from official and unofficial sources. For cereals, production data refer to the calendar year in which the whole harvest or bulk of harvest takes place. For sugar, production data relate to the October/September season. For vegetable oils and oil meals derived from oilseeds, production data refer to the year in which the bulk of the seeds concerned are crushed. For trade in wheat and coarse grains, the time reference period is normally the July/June marketing year unless otherwise stated. Trade data for rice and other commodities refer to the calendar year. Coarse grains refer to all other cereals except wheat and rice. Quantities are in metric tonnes unless otherwise stated. '-' means nil or negligible.

In the presentation and analysis of statistical material, countries are sub-divided, where appropriate, into the following two main economic groupings: "Developed countries" (including the developed market economies and the transition markets) and "Developing countries" (including the developing market economies and the Asia centrally planned countries). The designation "Developed and "Developing" economies is intended for statistical convenience and does not necessarily express a judgement about the stage reached by a particular country or area in the development process.

References are also made to special country groupings: Low Income Food Deficit Countries (LIFDCs), Least Developed Countries (LDCs) and Net Food-Importing Developing Countries (NFIDCs). The LIFDCs currently includes 84 countries that are net importers of cereals with per caput income below the level used by the World Bank to determine eligibility for IDA assistance (i.e. US\$1 415 in 2002). The LDCs and NIFDCs groups include a list of countries agreed by the World Trade Organization (WTO) to qualify as beneficiaries under the Marrakech Decision on the Possible Negative Effects of the Reform Programme on Least-Developed and Net-Food Importing Developing Countries. The LDCs group currently includes 50 countries with low income as well as weak human resources and low level of economic diversification. The list is reviewed every three years by the Economic and Social Council of the United Nations. The NIFDCs group includes 24 developing country WTO Members which notified their request to be listed as NFIDCs and have submitted relevant statistical data concerning their status as net-importers of basic foodstuffs during a representative period. This list is reviewed annually by the WTO Committee on Agriculture.

The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the Food and Agriculture Organization of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

Contents and Release Dates ^{1/}	No. 1 7 April	No. 2 15 June	No. 3 16 September	No. 4 9 December
Cereal Supply/Demand Roundup	●	●	●	●
Cereal Production, Trade, Stocks & Prices	●	●	●	●
Cereal Utilization – extended report	●			
Food Aid and Cereal Import Bills	●			
Ocean Freight Rates		●	●	
Cassava		●		
Meat and Meat Products		●		●
Milk and Milk Products		●		●
Oilseeds, Oils and Oilmeals		●		●
Pulses		●		
Sugar			●	●

^{1/} These dates are tentative and refer to the release of the English version. Food Outlook in Arabic, Chinese, French and Spanish language is available shortly after the release of the English version.

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