



Food Outlook

Global Market Analysis

FOCUS

All agricultural commodities covered in this report are of critical importance to global food and feed markets. They constitute much of the world's food consumption, generate income to farmers and represent the largest portion of food import expenditures across the world. The analysis in the report puts in perspective market developments in recent months with a view to providing some insights into how the outlook might unfold for the commodities covered during the coming months.

In recent weeks, international prices of many agricultural commodities have started to fall and early indications do not preclude further declines in the coming months, however, prices are unlikely to return to the low levels of previous years due to a host of reasons, including the escalated cost of inputs. Moreover, a number of demand factors such as the need to replenish stocks and expected increases in utilization are keeping prices high despite a favourable global production outlook. The most influential development in pushing up international prices of basic foods has been the low level of exportable supplies, resulting from utilization outstripping production for several crops in a number of major exporting countries. Rising utilization levels would necessitate more than one good growing season to bring about a meaningful replenishment of stocks and hence a reduction in price volatility.

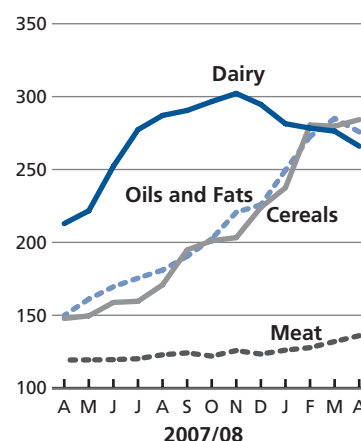
Soaring food prices have led to serious difficulties, especially for vulnerable population groups that spend a substantial part of their income on food. Perhaps one estimate sums up best the overall impact of the higher prices: the USD 1 035 billion that the world is forecast to spend on importing food in 2008. This means an additional USD 215 billion on top of the record bill registered in 2007. Food is no longer the cheap commodity that it once was. As the global food import bill has entered the trillion dollar territory, the food import bill of the Low-Income Food-Deficit Countries (LIFDCs) is likely to climb to USD 169 billion in 2008, 40 percent more than in 2007.

Rice has caught the headlines in recent weeks, but from dairy to wheat and soybeans to sugar, price spikes and market volatility appear to have become more the norm than the exception. The FAO Food Price Index in April showed no increase compared with the previous month, but March was the month when international prices of many commodities reached their heights. Against this backdrop of changing and increasingly unpredictable markets, there are also some positive signs. Recent events have brought agriculture back to the centre stage. World leaders are coming to Rome to attend the High-Level Conference on World Food Security: the Challenges of Climate Change and Bioenergy to be held in June 2008. Governments are showing concern; giving strong support to calls for short-term humanitarian assistance as well as for longer-term aid to the agricultural sector, enabling it to adjust to the ever increasing world demand in the face of growing resource constraints. Collective international action is needed now to develop agriculture and fight hunger.

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FAO food price indices
(1998-2000=100)



Cereals market summary

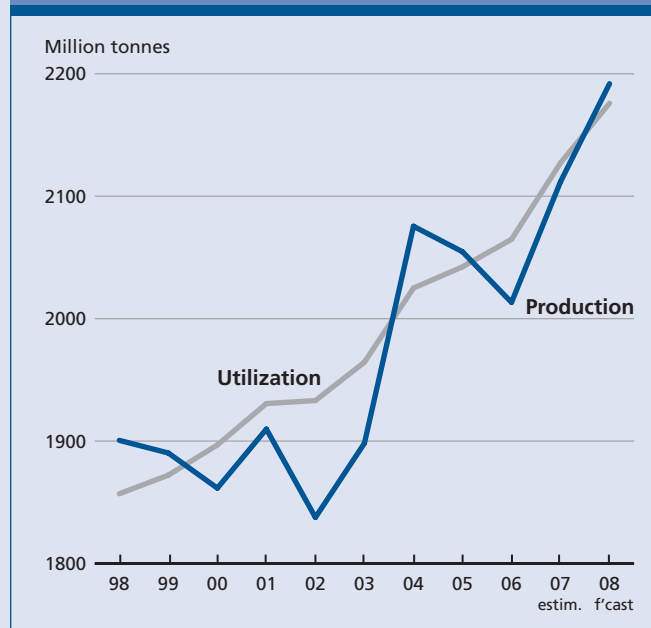
Soaring prices and volatile conditions characterized world cereal markets for much of the 2007/08 season. Some relief may be in sight for the new season (2008/09) but given the seriousness of global supply and demand imbalances, cereal markets are unlikely to regain their stability any time soon. Among the major cereals, the tight wheat supply condition is likely to improve most, given the prospects for more bountiful harvests in 2008. This should pave the way for a gradual easing of export restrictions; not only on wheat but also on other cereals. However, rice markets are undergoing an exceptionally difficult period, despite relatively abundant global supplies. Additionally, the outlook for coarse grains is not as favourable as that for wheat. The maize situation is of particular concern as this year's output is unlikely to exceed last year's record, and demand for the production of ethanol does not show any signs of abating.

World cereal market at a glance

	2006/07	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	Change 2008/09 over 2007/08
	<i>million tonnes</i>			<i>%</i>
WORLD BALANCE				
Production	2 013.3	2 111.9	2 191.9	3.8
Trade	255.5	261.9	251.8	-3.9
Total utilization	2 064.8	2 127.2	2 176.0	2.3
Food	994.0	1 006.6	1 022.1	1.5
Feed	741.4	756.8	760.3	0.5
Other uses	329.3	368.8	393.5	8.2
Ending stocks	472.2	408.8	421.3	3.1
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	152.3	152.4	152.2	-0.1
LIFDC (Kg/year)	157.0	157.1	157.1	0.0
World stock-to-use ratio (%)	20.1	18.8	19.5	
Major exporters' stock-to-disappearance ratio (%)	14.5	12.6	14.0	
FAO cereal price index (1998-2000=100)	2006	2007	2008	Change: Jan-Apr 2008 over Jan-Apr 2007 %
	123	170	271*	83

* Jan-Apr 2008

Cereal production and utilization



Contact person:

Abdolreza Abbassian
 Phone: +39-06-57053264
 E.mail: Abdolreza.Abbassian@fao.org

Wheat market summary

Huge increases in plantings driven by high prices are expected to lead to record wheat production in 2008. Most of the increase reflects a significant rebound in major exporting countries, which is expected to boost world export supplies in the new season, a prospect that has already resulted in a sharp fall in wheat prices in recent weeks. Improved wheat supplies may foster a substitution of wheat for less abundant coarse grains, which by raising wheat utilization, may prevent wheat stocks, now at critically low levels, from recovering to adequate levels. Therefore, while present indications suggest that wheat markets are likely to return closer into balance in the new season, any deterioration in production prospects may quickly bring the market back to a precarious situation.

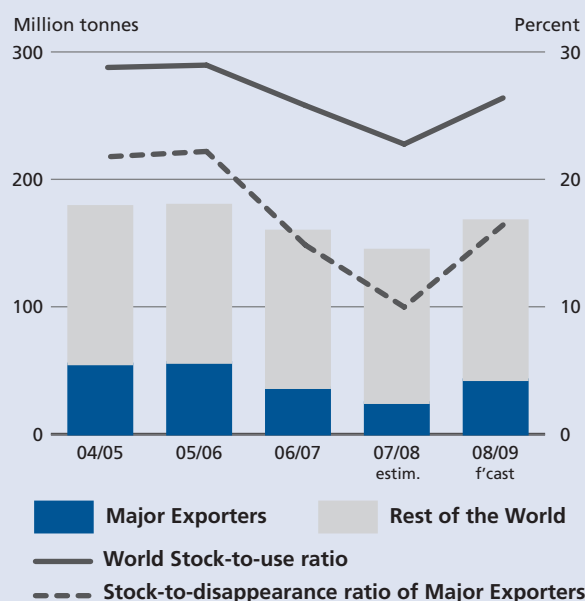
World wheat market at a glance

	2006/07	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	Change 2008/09 over 2007/08
	<i>million tonnes</i>			<i>%</i>
WORLD BALANCE				
Production	596.7	605.1	658.0	8.7
Trade	113.1	110.0	110.5	0.4
Total utilization	620.6	618.1	634.8	2.7
Food	442.3	445.5	452.8	1.7
Feed	113.0	109.2	117.8	7.8
Other uses	65.3	63.4	64.1	1.1
Ending stocks	159.5	144.5	167.6	16.0
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	67.8	67.5	67.4	0.0
LIFDC (Kg/year)	58.6	58.3	58.1	-0.3
World stock-to-use ratio (%)	25.8	22.8	26.4	
Major exporters' stock-to-disappearance ratio (%)				
	14.8	10.0	16.4	
Wheat price index * (1998-2000=100)	2006	2007	2008	Change: Jan-Apr 2008 over Jan-Apr 2007 %
	145	216	371**	126

* Derived from International Grains Council (IGC) Wheat Index

** Jan-Apr 2008

Wheat stocks and ratios



Contact persons:

Abdolreza Abbassian
Phone: +39-06-57053264
E.mail: Abdolreza.Abbassian@fao.org

Paul Racionzer
Phone: +39-06-57052853
E.mail: Paul.Racionzer@fao.org

Coarse grains market summary

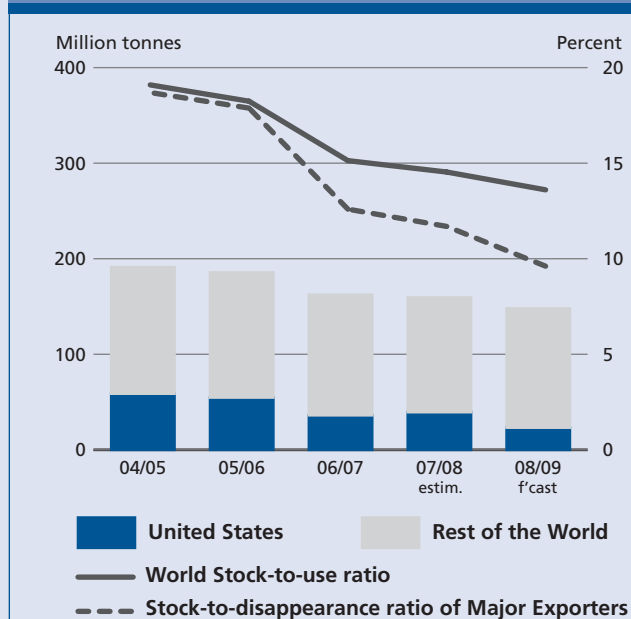
World production is forecast to increase slightly in 2008 compared with the record in 2007. However, total utilization is anticipated to outstrip production in 2008/09 mainly on higher biofuel usage. As a result, stocks next season are likely to fall and this prospect is supportive to prices which are already at very high levels. World trade is forecast to contract sharply in 2008/09 after peaking to a record volume in 2007/08. This decline would be mostly driven by lower imports of maize and sorghum because of much larger domestic supplies of substitute feed wheat in major markets.

World coarse grains market at a glance

	2006/07	2007/08 estim.	2008/09 f'cast	Change 2008/09 over 2007/08
	million tonnes			%
WORLD BALANCE				
Production	987.5	1 071.6	1 088.6	1.6
Trade	111.3	123.0	111.5	-9.4
Total utilization	1 017.5	1 072.0	1 096.3	2.3
Food	179.8	182.6	185.1	1.4
Feed	616.3	635.9	630.4	-0.9
Other uses	221.3	253.5	280.9	10.8
Ending stocks	162.2	159.4	148.0	-7.1
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	27.6	27.6	27.6	-0.3
LIFDC (Kg/year)	28.6	28.7	28.8	0.2
World stock-to-use ratio (%)	15.1	14.5	13.6	
Major exporters' stock-to-disappearance ratio (%)	12.6	11.7	9.6	
FAO coarse grains price index (1998-2000=100)	2006	2007	2008	Change: Jan-Apr 2008 over Jan-Apr 2007 %
	120	162	225*	37

* Jan-Apr 2008

Coarse grains stocks and ratios



Contact persons:

Abdolreza Abbassian
Phone: +39-06-57053264
E.mail: Abdolreza.Abbassian@fao.org

Paul Racionzer
Phone: +39-06-57052853
E.mail: Paul.Racionzer@fao.org

Rice market summary

Amid excellent production prospects, international rice prices may soon start weakening, especially if bumper crops encourage governments to lift trade restrictions. Since the beginning of 2008, prices have reached unprecedentedly high levels, in sharp contrast with the relative ample world supply conditions arising from record production in 2007 and with an even more buoyant outlook for crops in 2008. The apparent tightness of the world rice market stems largely from the imposition of export curbs in some major rice exporting countries, as part of packages launched to tame domestic food inflation. Besides propelling world prices to exceptionally high levels, export restraints are also behind an expected sharp contraction of rice trade in 2008. However, global production would be sufficient to sustain a small increase in per caput rice food consumption in 2008, without requiring more than a marginal release of global stocks.

World rice market at a glance

	2006/07	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	Change 2008/09 over 2007/08
	<i>million tonnes</i>			<i>%</i>
WORLD BALANCE (milled basis)				
Production	429.1	435.2	445.3	2.3
Trade	31.0	28.9	29.8	3.2
Total utilization	426.7	437.1	444.9	1.8
Food	371.9	378.6	384.2	1.5
Ending stocks	105.5	105.0	105.8	0.8
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	56.9	57.2	57.4	0.3
LIFDC (Kg/year)	69.6	70.0	70.0	0.0
World stock-to-use ratio (%)	24.1	23.6	23.5	-0.4
Major exporters' stock-to-disappearance ratio (%)	16.0	16.2	15.9	-1.9
FAO price index (1998-2000=100)	2006	2007	2008	Change: Jan-May 2008 over Jan-May 2007
	117	137	234*	81

Note: Refer to table 4 on page 27 for further explanations regarding definitions and coverage

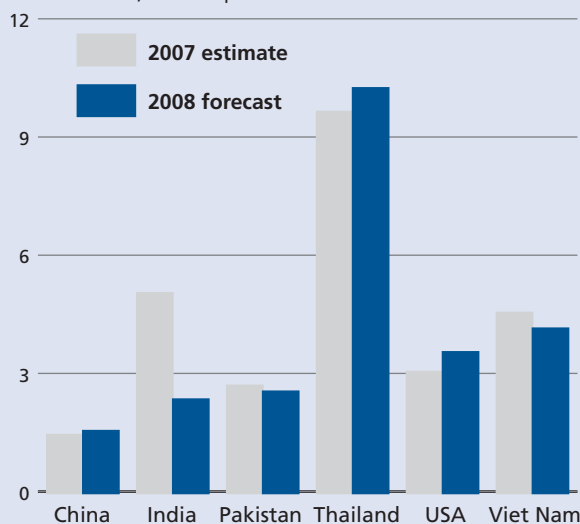
* Jan-May 2008

Contact person:

Concepción Calpe
Phone: +39-06-57054136
E.mail: Concepcion.Calpe@fao.org

Rice exports by the major exporters

Million tonnes, milled eq.



Oilseeds market summary

The rise in international prices of oilseeds and oilseeds products has accelerated in 2007/08, with values climbing to new record levels in March 2008. The ongoing harvests in the southern hemisphere confirm that, in 2007/08, world markets for oilseed products are tightening considerably. Reduced supply growth for oils and a drop in meal supplies are coinciding with further expansion in demand. With production falling short of demand, strong cutbacks in seed, meal and oil inventories are unavoidable, and global stock-to-use ratios for oils, and in particular meals, are seen falling to critically low levels in 2007/08. First forecasts for the 2008/09 season point towards a strong recovery in global oilseed production, as high prices should stimulate plantings. The resulting oil and meal output should be sufficient to meet global demand, and therefore prices for oilseeds and derived products could stabilize and possibly weaken in the coming months. However, considering that there would be only a partial recovery in stock levels and in stock-to-use ratios, in particular regarding oilmeals, prices should remain well above the values recorded one year ago.

Contact person:

Peter Thoenes
Phone: +39-06-57053498
E.mail: Peter.Thoenes@fao.org

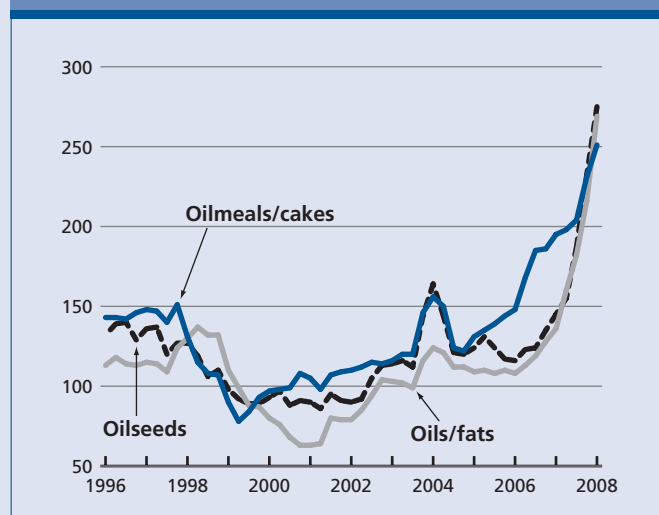
World oilseeds and products markets at a glance

	2005/06	2006/07 <i>estim.</i>	2007/08 <i>f'cast</i>	Change 2007/08 over 2006/07
	<i>million tonnes</i>			<i>%</i>
TOTAL OILSEEDS				
Production	403.3	416.0	402.7	-3.2
OILS AND FATS				
Production	148.7	151.6	154.2	1.7
Supply	167.6	172.4	176.1	2.1
Utilization	145.4	150.6	155.2	3.1
Trade	72.2	76.3	80.4	5.3
Stock-to-utilization ratio (%)	14	15	13	
OILMEALS AND CAKES				
Production	101.0	105.9	101.8	-3.9
Supply	113.5	121.1	120.3	-0.7
Utilization	98.5	100.8	106.1	5.3
Trade	55.7	59.0	64.2	8.8
Stock-to-utilization ratio (%)	15	18	12	
FAO price indices (1998-2000=100)				
	2006	2007	2008	Change: Jan-Apr 2008 over Jan-Apr 2007 %
Oilseeds	125	180	276*	89
Oilmeals/cakes	172	207	255*	30
Oils/fats	117	174	271*	94

Note: Refer to table 6 on page 30 for further explanations regarding definitions and coverage

* Jan-Apr 2008

FAO quarterly international price indices for oilseeds, oils/fats and oilmeals/cakes (1998-2000=100)



Sugar market summary

Generally favourable growing conditions have led to an expected record level in world sugar production for 2007/08. Most of the growth in output will be accounted for by traditional importing countries and a strong performance by Brazil, which more than offsets declines in Australia and India. Although world sugar consumption is foreseen to increase at a sustained rate, it will not be enough to absorb an expected second consecutive global supply surplus, contributing to a build-up of global inventories and an increase in the stock-to-use ratio. Global sugar trade is foreseen to remain relatively unchanged from 2006/07, as a result of lower imports by Asia and Central America, and less than expected exports by South America and Oceania. Looking ahead, international sugar prices are likely to come under pressure against a background of continuing large exportable supplies and weak import demand.

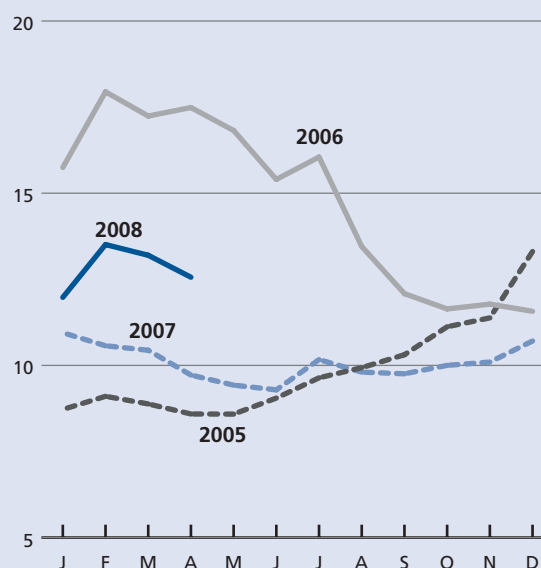
World production and consumption of sugar

	2005/06	2006/07 <i>estim.</i>	2007/08 <i>f'cast</i>	Change: 2007/08 over 2006/07
	<i>million tonnes</i>			<i>%</i>
WORLD BALANCE				
Production	151.2	166.1	168.0	1.1
Trade	48.5	46.7	45.6	-2.4
Utilization	146.8	154.0	158.2	2.7
Ending stocks	62.8	71.2	76.4	7.3
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (<i>kg/year</i>)	22.8	23.6	23.9	1.5
LIFDC (<i>Kg/year</i>)	8.2	8.8	8.9	1.6
World stock-to-use ratio (%)	42.8	46.2	48.3	
ISA Daily Price Average (US cents/lb)	2006	2007	2008	Change: Jan-Apr 2008 over Jan-Apr 2007 %
	14.77	10.08	12.81*	23

* Jan-Apr 2008

International Sugar Agreement (ISA)

US cent per lb.



Contact person:

El Mamoun Amrouk
Phone: +39-06-57056891
E.mail: ElMamoun.Amrouk@fao.org

Meat and meat products market summary

Global meat output is expected to grow in 2008, despite high feed prices. While meat consumption growth in developed countries is expected to remain modest, at less than 1 percent, stronger economic growth and higher income responses in developing countries are likely to lead to a 3 percent increase in world utilization in 2008. As an important part of this increased demand will be met by imports, global trade in meat products is also anticipated to go up by 3 percent. An interesting development to note is that, the bulk of the rise in global meat exports, most of which is destined to developing countries, is expected to originate in developing countries, mainly those in South America. The FAO international price index of meat products, which has been increasing, on average, by 1 percent per month since early-2006, reached its highest level in April 2008, currently estimated at 136 (1998-2000=100). The increase in the price index, of nearly 3 percent compared with its value in March, is mainly driven by strong prices of poultry products, which among all the meat products, are the first to reflect the higher prices of feed ingredients.

Contact person:

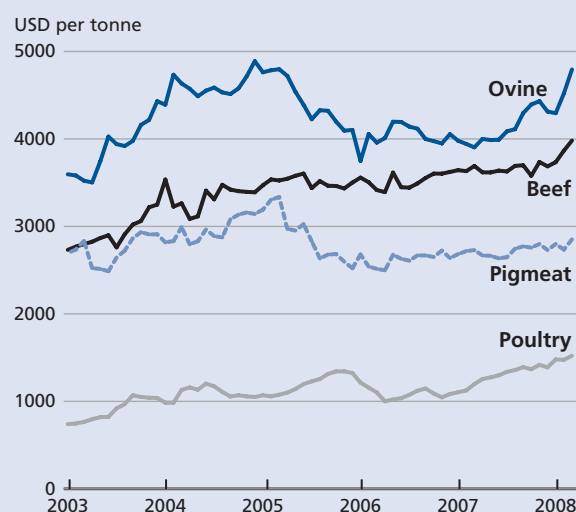
Gregoire Tallard
Phone: +39-06-57056260
E.mail: Gregoire.Tallard@fao.org

World meat markets at a glance

	2006	2007 <i>estim.</i>	2008 <i>f'cast</i>	Change: 2008 over 2007
	<i>million tonnes</i>			%
WORLD BALANCE				
Production	271.5	274.7	280.9	2.3
Bovine meat	65.7	67.2	68.0	1.1
Poultry meat	85.4	89.5	92.9	3.8
Pigmeat	101.7	98.8	100.6	1.8
Ovine meat	13.3	13.7	14.0	2.0
Trade	21.4	22.5	23.1	3.0
Bovine meat	6.8	7.1	7.2	1.0
Poultry	8.5	9.2	9.6	4.3
Pigmeat	5.0	5.0	5.3	5.2
Ovine meat	0.8	0.9	0.8	-5.9
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	41.6	41.6	42.1	1.1
Developed (Kg/year)	81.1	82.4	82.9	0.7
Developing (kg/year)	30.7	30.5	31.1	1.8
FAO meat price index (1998-2000=100)	2006	2007	2008	Change: Jan-Apr 2008 over Jan-Apr 2007 %
	115	121	131*	10

* Jan-Apr 2008

Prices of selected meat products



Dairy market summary

International prices of dairy products have retreated 12 percent from their peak in November 2007, as measured by the FAO Index of International Dairy Prices. Nonetheless, the index in April 2008 was still 25 percent higher than in April 2007. There is uncertainty as to where markets will head, however, as global trade in milk products is anticipated to fall again in 2008, constrained by reduced availability in the six major exporting countries, especially those located in Oceania, where the sector has again been impaired by drought, and those in Europe, where supply growth may be limited despite increased production quotas. At the same time, import demand has faltered under high dairy product prices, especially as several of the major importing countries have recorded strong increases in milk output. Global milk production, which is responding to the past year's high milk product prices, is forecast to grow by 2.5 percent in 2008.

World dairy markets at a glance

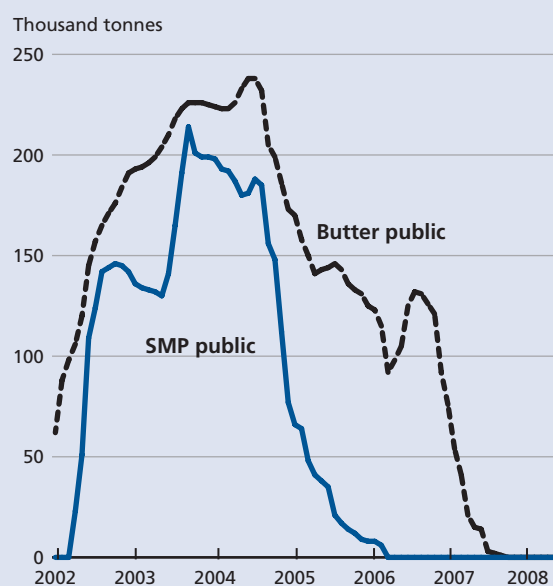
	2006	2007 <i>estim.</i>	2008 <i>f'cast</i>	Change: 2008 over 2007
	<i>million tonnes milk equiv.</i>			%
WORLD BALANCE				
Total milk production	664.1	676.3	693.2	2.5
Skim Milk Powder (SMP)	23.4	23.7	23.8	0.6
Whole Milk Powder (WMP)	22.3	21.7	22.3	2.8
Butter	58.4	61.2	63.2	3.4
Cheese	82.5	84.3	86.3	2.3
Other products	477.5	485.4	497.6	2.5
Total trade	39.4	38.0	36.4	-4.3
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (<i>kg/year</i>)	101.7	102.4	103.9	1.5
Developed countries (<i>kg/year</i>)	243.5	244.0	248.0	1.6
Developing countries (<i>kg/year</i>)	63.0	64.1	65.4	2.0
Trade - share of prod. (%)	5.9	5.6	5.3	
FAO dairy price index (1998-2000=100)	2006	2007	2008	Change: Jan-Apr 2008 over Jan-Apr 2007 %
	138	247	275*	49

* Jan-Apr 2008

Contact person:

Merritt Cluff
Phone: +39-06-57054927
E.mail: Merritt.Cluff@fao.org

Public stocks of dairy products in the EU



Fish and fishery products market summary

Aquaculture looks set to equalize capture fisheries in the contribution of fish for human consumption (excluding fisheries for fishmeal production) in 2008. Aquaculture output has been growing for decades with its share reaching 49 percent in 2007 and with growth forecast also in 2008, the historic milestone of parity seems likely to be reached during the current year. Prices are moving upwards for most fish species and products, in particular for wild species from capture fisheries, whereas prices of farmed species show only moderate growth. This is the first time in decades that fish prices are increasing. However, weaker demand in key markets such as Japan and the United States and the impact of rising energy prices on production (mainly capture fisheries) and feed (aquaculture), leading to higher costs during the processing, transportation and distribution phases, are putting pressure on profit margins. Nonetheless, with higher prices, aquaculture appears able to respond by increasing supply although the situation remains mixed depending on species and product form. For example, the market for shrimp, the most important species in international trade, remains very weak, with prices plummeting to record lows and with producers now curtailing supply. On the other hand, prices of tilapia, one of the fastest growing species in world trade, are increasing. For domestic consumers in developing countries, who consume the bulk of what is produced from both aquaculture and capture fisheries, domestic fish prices are reportedly increasing, following the price trend dominating food products in general.

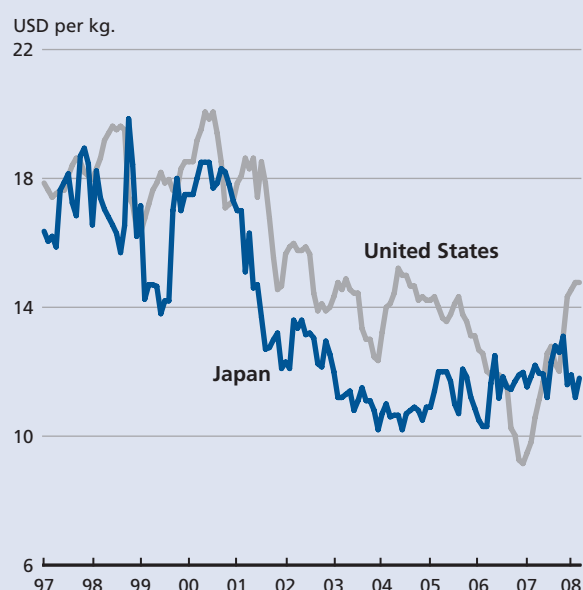
Contact person:

Audun Lem
 Phone: +39-06-57052692
 E.mail: Audun.Lem@fao.org

World fish markets at a glance

	2005	2006	2007 estim.	Change 2007 over 2006
	<i>million tonnes</i>			%
WORLD BALANCE				
Production	142.7	143.6	144.8	0.8
Capture fisheries	94.2	92.0	91.8	-0.2
Aquaculture	48.5	51.7	53.0	2.6
Trade value (export billion USD)	78.4	85.9	92.3	7.5
Trade volume (live weight)	55.9	53.5	55.0	2.7
Total utilization				
Food	107.1	110.4	111.1	0.6
Feed	24.3	20.9	20.8	-0.4
Other uses	11.3	12.3	12.9	4.5
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
Food fish (kg/year)	16.4	16.7	16.7	0
From capture fisheries (kg/year)	9.0	8.9	8.5	-4.3
From aquaculture (kg/year)	7.4	7.8	8.1	3.3

Frozen shrimp prices in Japan and the United States



Food import bill

Forecast import bills of total food and major foodstuffs (US\$ million)

	World		Developed		Developing		LDC		LIFDC		NFIDC	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
TOTAL FOOD	820 466	1 035 382	535 471	679 341	284 995	356 040	17 909	24 583	121 026	168 922	32 816	45 536
Cereals	274 463	382 086	148 398	228 449	126 065	153 637	8 001	11 782	42 261	62 988	16 020	24 181
Vegetable Oils	116 873	186 167	52 411	86 630	64 462	99 538	3 266	5 206	38 836	61 293	6 758	10 618
Dairy	83 805	85 041	59 110	60 381	24 695	24 660	1 504	1 572	9 322	9 392	2 962	2 689
Meat	90 466	99 544	73 044	80 793	17 422	18 751	1 001	1 125	8 227	9 731	1 632	1 846
Sugar	23 591	29 303	11 052	14 198	12 539	15 106	1 571	1 986	5 820	7 078	1 794	2 091

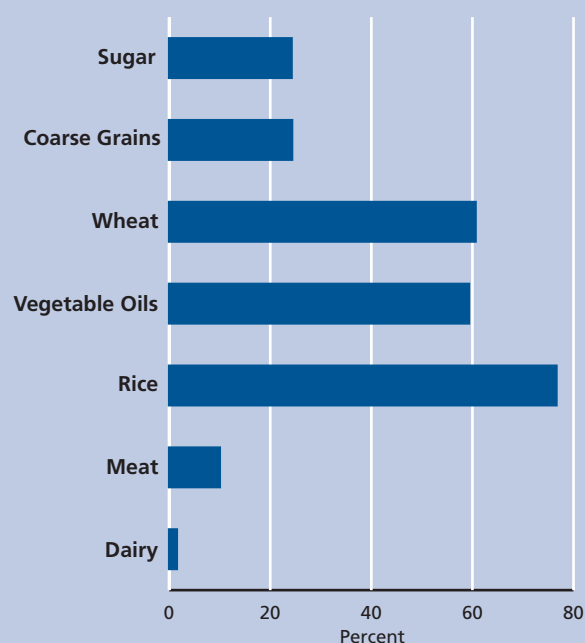
Global expenditures on food imports could surpass USD 1 trillion in 2008

The global cost of imported foodstuffs in 2008 is forecast to reach USD 1 035 billion dollars, 26 percent higher than last year's peak. This figure is still provisional since FAO's food import bill forecasts are conditional on developments in international prices and freight rates, which remain highly uncertain over the remainder of the year. Among economic groups, the most economically vulnerable countries are set to bear the highest burden in the cost of importing food, with total expenditures by Least-Developed Countries (LDCs) and Low-Income Food-Deficit countries (LIFDCs) anticipated to climb by 37 - 40 percent from 2007, after rising by 30 percent and 37 percent, respectively, already last year. The sustained rise in imported food expenditures for both vulnerable country groups constitutes a worrying development, since, on current expectations, by the end of 2008, their annual food import basket could cost four times as much as it did in 2000. This is in stark contrast to the trend prevailing for developed countries, where year-to-year import costs have risen far less.

Contact person:

Adam Prakash
 Phone: +39-06-57054948
 E.mail: Adam.Prakash@fao.org

Forecast changes in global food import bills by type: 2008 over 2007 (%)



Market assessments

CEREALS

Tight supplies keep prices high but improved production prospects could lead to lower prices

FAO's latest forecast for world cereal **production** in 2008 points to a record output, now put at nearly 2 192 million tonnes (including rice in milled terms), up 3.8 percent from 2007. Unlike in the previous year when maize accounted for most of the increase in world cereal production, wheat is expected to be the main protagonist this season with its production expanding by as much as 8.7 percent. High wheat prices during the 2007/08 season have boosted plantings, which combined with generally favourable weather conditions, are the main factors for an expected record wheat crop this year.

In spite of the strong growth in world cereal production in 2008, total cereal supplies in 2008/09 are likely to remain tight given the critically depleted levels of carryover stocks combined with continued strong demand. Total cereal

utilization in 2008/09 is forecast to rise by 2.3 percent from 2007/08 to 2 176 million tonnes, which would be nearly 2 percent above the ten-year trend. The increase in world cereal utilization reflects a sustained growth in food, feed and industrial utilization of cereals. Maize-based ethanol production is likely to continue its strong growth in the new season, accounting for almost 20 million tonnes, or nearly one-half of the overall anticipated increase in total cereal utilization in 2008/09.

In 2008/09 world cereal production is forecast to exceed total utilization for the first time in three seasons, and because of this, some recovery in global stock levels is possible. World end-of-season cereal **stocks** for crop years closing in 2009 are currently forecast to increase by 3 percent (or 12.5 million tonnes) from their 30-year low opening level, to 421 million tonnes. As a result of this modest recovery, world cereal **stocks-to-use ratio** in 2008/09 would reach 19.5 percent, slightly up from the 2007/08 low.

International **trade** in cereals in 2008/09 is forecast to fall to close to 252 million tonnes in 2008/09. This represents a sharp decline (10 million tonnes, or 4 percent) from the record in 2007/08. Lower trade in maize accounts for most of the contraction while trade may recover in the case of rice and increase slightly in the case of wheat.

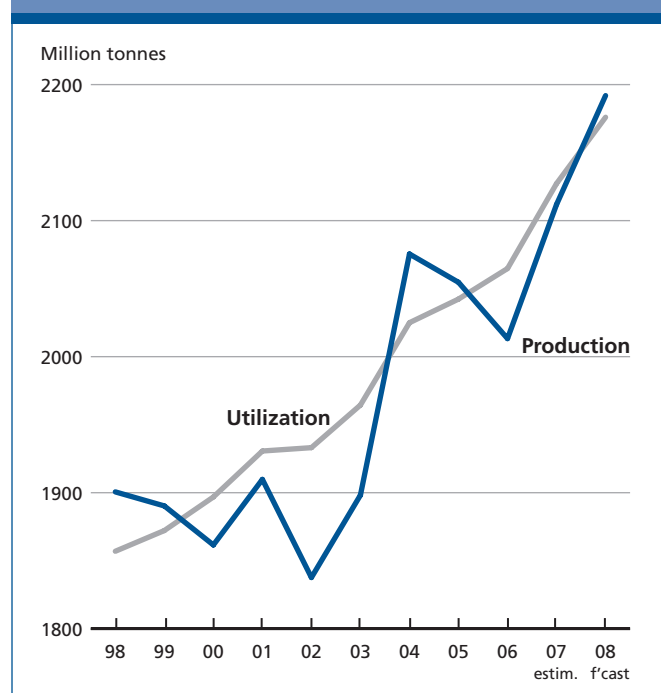
The **FAO Cereal Price Index** averaged 284 in April 2008, up 20 percent since January and 92 percent more than in April 2007. While wheat prices have demonstrated some signs

Table 1. World cereal market at a glance

	2006/07	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	Change 2008/09 over 2007/08
	<i>million tonnes</i>			<i>%</i>
WORLD BALANCE				
Production	2 013.3	2 111.9	2 191.9	3.8
Trade	255.5	261.9	251.8	-3.9
Total utilization	2 064.8	2 127.2	2 176.0	2.3
Food	994.0	1 006.6	1 022.1	1.5
Feed	741.4	756.8	760.3	0.5
Other uses	329.3	368.8	393.5	8.2
Ending stocks	472.2	408.8	421.3	3.1
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	152.3	152.4	152.2	-0.1
LIFDC (Kg/year)	157.0	157.1	157.1	0.0
World stock-to-use ratio (%)	20.1	18.8	19.5	
Major exporters' stock-to-disappearance ratio (%)	14.5	12.6	14.0	
FAO cereal price index (1998-2000=100)	2006	2007	2008	Change: Jan-Apr 2008 over Jan-Apr 2007 %
	123	170	271*	83

* Jan-Apr 2008

Figure 1. Cereal production and utilization



of weakness in recent weeks, in the maize market, prices have received support from strong demand and concerns about this year's crop in the United States. International rice prices have increased sharply in recent months mainly as a result of export restrictions by key rice exporters.

WHEAT

PRICES

Wheat prices could decline in the new season

Favourable weather conditions and greater confidence in more plentiful supplies in the new season have driven prices down sharply in recent weeks. International wheat prices began to slide in April and by mid-May, prices stood about 50 percent (USD 240) below their peaks in late February. By April, the price of United States' wheat (**No.2 Hard Red Winter, f.o.b. Gulf**) averaged USD 382 per tonne, 25 percent down from March but an elevated 80 percent above the corresponding period last year. Depleted old crop supplies continue to provide some support to cash prices in spite of the favourable outlook for the new crop. Supplies in the United States are becoming increasingly scarce with this season's ending stocks falling to a historically low level. The prevalence of export restrictions and the continuing closure of the wheat export registry in Argentina, one of the world's leading wheat exporters, are also sustaining high prices in world markets.

Figure 2. Wheat export price (US no. 2 H.W. Gulf)

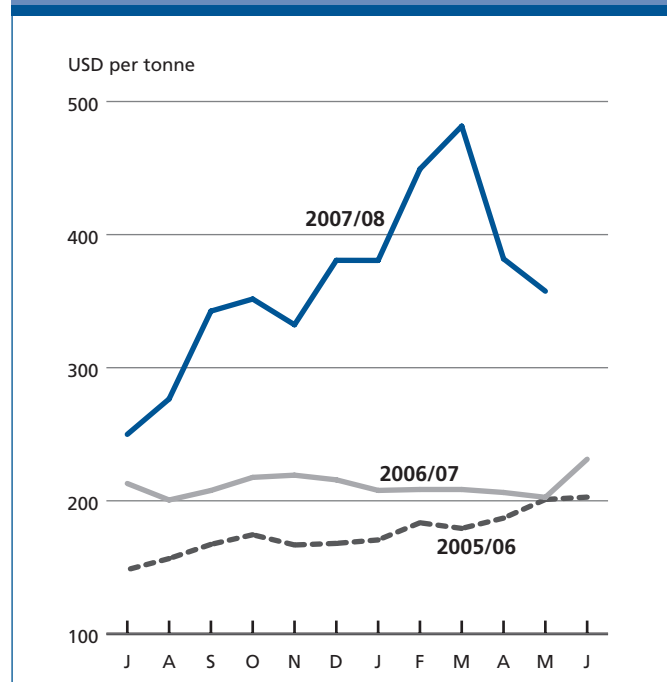


Table 2. World wheat market at a glance

	2006/07	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	Change 2008/09 over 2007/08
	<i>million tonnes</i>			%
WORLD BALANCE				
Production	596.7	605.1	658.0	8.7
Trade	113.1	110.0	110.5	0.4
Total utilization	620.6	618.1	634.8	2.7
Food	442.3	445.5	452.8	1.7
Feed	113.0	109.2	117.8	7.8
Other uses	65.3	63.4	64.1	1.1
Ending stocks	159.5	144.5	167.6	16.0
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	67.8	67.5	67.4	0.0
LIFDC (Kg/year)	58.6	58.3	58.1	-0.3
World stock-to-use ratio (%)	25.8	22.8	26.4	
Major exporters' stock-to-disappearance ratio (%)				
	14.8	10.0	16.4	
Wheat price index * (1998-2000=100)	2006	2007	2008	Change: Jan-Apr 2008 over Jan-Apr 2007 %
	145	216	371**	126

* Derived from ICG Wheat Index

** Jan-Apr 2008

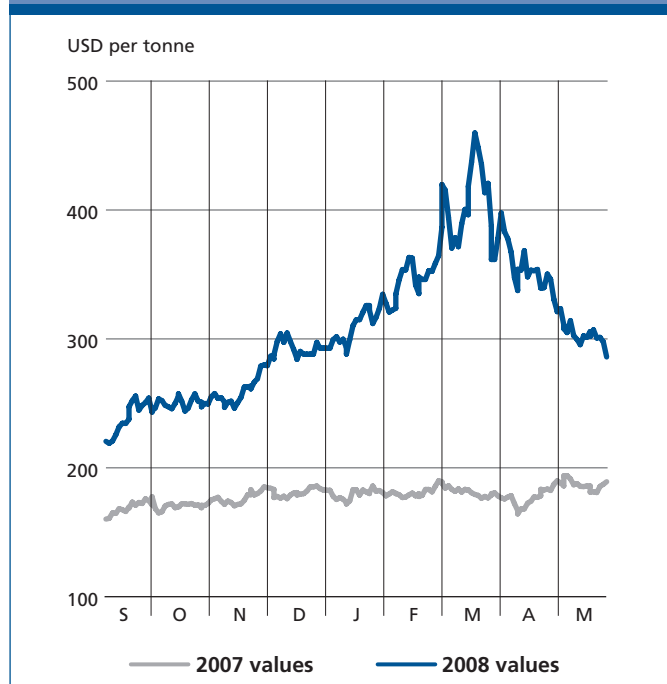
The recent declines in the United States' **wheat futures** have been pronounced, driven by firmer prospects for a significant increase in this year's domestic output (the United States' winter wheat is forecast up 17 percent) as well as at the world level (up almost 8.7 percent). In May most United States' wheat futures fell to a five-month low in light of prospects for a record wheat crop this year. As of mid-May, wheat futures prices for September delivery on the Chicago Board of Trade (CBOT) hovered at around USD 286 per tonne, down 38 percent since its peak in mid-March but still some 50 percent more than in the corresponding period last year.

PRODUCTION

A bumper wheat crop in 2008

FAO's latest forecast for world wheat output in 2008 stands at a record 658 million tonnes, representing a significant (8.7 percent) increase from 2007. The bulk of the increase is expected to stem from the major exporting countries. In the northern hemisphere, where the wheat crop seasons are more advanced, bigger harvests are expected in all regions

Figure 3. CBOT wheat futures for September



with the exception of Asia, where although declining slightly, output will remain close to last year's record high.

In **North America**, the winter wheat crop in the **United States** is already well developed, especially in the southern regions. Given a 4 percent increase in plantings and indications of above-average winter survival rates and yield prospects, the crop is forecast to increase by some 17 percent to reach 48 million tonnes. With the aggregate area of spring wheat also increasing sharply, the country's aggregate wheat output in 2008 is foreseen to rise 16 percent to some 65 million tonnes, the largest crop since 1998. In **Canada**, with planting underway in May, early indications point to a large increase in area. After rotating significant area into oilseeds last year, farmers are well-placed this year to take advantage of the strong price outlook and put more areas back into wheat. Based on indications in late April, the country's aggregate wheat area for harvest in 2008 is forecast to increase by more than 16 percent from last year, and assuming average yields, output could increase to nearly 26 million tonnes.

In **Europe**, the aggregate wheat crop is currently forecast to rise by almost 13 percent from last year's reduced harvest, reflecting a larger area and better yield prospects. Given the favourable price outlook, plantings increased in most major producing countries, facilitated in the European Union by the reduction of the compulsory land set-aside requirement from 10 percent to zero for the 2007/08 cropping season. Furthermore, generally favourable weather

conditions have allowed crops to develop well throughout the region, pointing to better yields than last year's below-average levels, especially in countries situated in the eastern Black Sea zone, such as **Bulgaria**, **Romania** and **Ukraine**, that was hit by severe drought in 2007. Assuming that normal growing conditions prevail for the remainder of the season, production in the **EU-27** is forecast to reach some 138 million tonnes, nearly 15 percent up from 2007's depressed output. In the **European CIS** countries, given an anticipated sharp recovery in **Ukraine** and another expected good crop in the **Russian Federation**, the aggregate output of the subregion is set to rise to a bumper 70 million tonnes in 2008.

In **Asia**, despite favourable prospects for this year's wheat crops in several major producing countries, the region's total output could slip back a little from last year's record level, because of dry conditions affecting some countries in the Asian CIS group and the Near East subregion, to the east and south of the Caspian Sea. The most significant producing countries affected are the **Islamic Republic of Iran**, where output may fall by some 2 million tonnes from last year's record to 13 million tonnes, and **Kazakhstan**, where a significant reduction to about 14 million tonnes is expected after last year's excellent crop. This would still be a comparatively good crop considering the average of the past five year average. Production is also forecast to decline slightly in **Pakistan**, because of dry conditions in some areas and a reduced use of inputs, but may nevertheless remain slightly above the average of the past five years. In **India**, where the harvest is already underway, the attainment of good yields has resulted in a more favourable outlook indicating that this year's crop could turn out to be a record, close to 77 million tonnes. In **China**¹, despite drought in some eastern parts, increased plantings and higher yield expectations in areas not afflicted by dry conditions point to another slight increase this year, reaffirming the country's upward trend in wheat production.

In **North Africa**, wheat crop prospects are satisfactory in **Egypt**, the subregion's major wheat producer, and in **Morocco**, where despite some dry weather again in recent weeks, the wheat crop there is still expected to recover somewhat from last year's severely drought-reduced level.

In the southern hemisphere, the 2008 wheat season is just starting. In South America, plantings are underway in **Brazil**, and early indications point to an expansion of area reflecting favourable planting conditions combined with the outlook for good producer returns. By contrast, in

¹ All references to China refer to Mainland China unless otherwise specified.

Argentina, the recent government policy to increase taxes on exports which has effectively reduced farmers' incentives to produce wheat and this combined with unfavourable dry weather, looks likely to result in a reduction of this year's wheat area and a return to an about-average crop after last year's bumper level. In Oceania, as of early May, wheat planting was well underway in the west of **Australia** following widespread rainfall but producers were still awaiting the arrival of good soaking rains in most of the main growing areas of the southeast. With farmers set to maximize grain production this year after two successive poor crops, given the good start already in the west, and assuming a return to a normal season also in other parts of the country, wheat output is forecast to recover sharply in 2008 to about 26 million tonnes; double last year's level.

TRADE

Wheat imports to increase in 2008/09

FAO's first forecast for world wheat trade (exports) in 2008/09 (July/June) points to a small increase from 2007/08, to 110.5 million tonnes. Total wheat imports by Asia are currently forecast to approach 49 million tonnes, up 4.7 million tonnes from 2007/08. The increase is mostly a result of higher imports by a few countries. In the **Islamic Republic of Iran**, below average rainfalls have hampered production and imports may rise to 2 million tonnes. This would represent the largest level of imports in five years

during which time the country remained largely self-sufficient in wheat. Higher imports are also anticipated for **Afghanistan, Indonesia, Iraq** and **Saudi Arabia**. On the other hand, because of an improved domestic supply situation, wheat imports by **India** are forecast to decline sharply. In Africa, total imports are forecast at 29.7 million tonnes, close to the estimated record in 2007/08. The increase mostly reflects rising demand in northern Africa, especially in **Algeria, Libya** and **Tunisia**. **Egypt** is again expected to make sufficient large purchases in the new season in order to bring down domestic prices. **Morocco** which required significant wheat deliveries in 2007/08 because of a severe drought may import 1 million tonnes less but still more than normal because of the need to replenish stocks. In Latin America and the Caribbean, imports by **Mexico**, are expected to remain large and exceed the levels in 2007/08 due to strong demand and the need to rebuild stocks. **Brazil** could import slightly less because of higher production. However in Europe, a sharp decline in wheat imports is anticipated in the **European Union** as a result of the expected recovery in output this year.

World **export supplies** in the 2008/09 marketing season are expected to prove more adequate than the situation of the 2007/08 season. The anticipated production increases and supply recoveries in nearly all major exporting countries contribute to this expectation. However, larger supplies may not necessarily boost exports as domestic demand in several major exporting countries is also expected to increase. This

Figure 4. Wheat imports by region

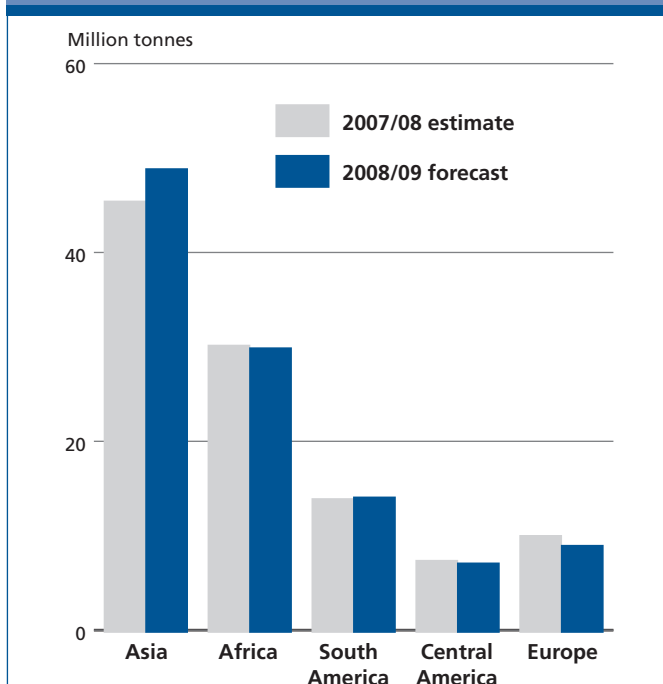
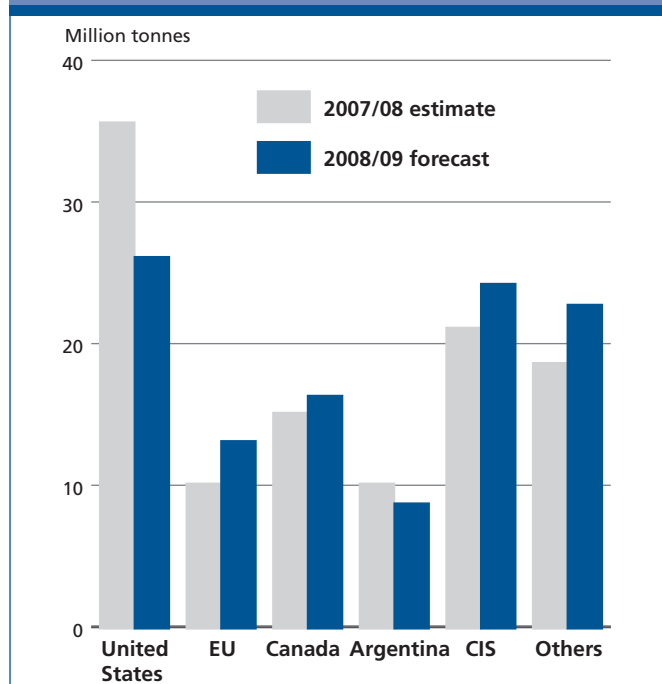


Figure 5. Wheat exporters



is notably the case in the **United States** where in spite of an increase in domestic production, exports could fall sharply in the new season due to strong domestic demand for feed and a historically low level of carryover stocks. But most other major exporters are seen in a better position to expand their market share in the new season. Assuming that this year's production in **Australia** will recover, exports from Australia could double the reduced level of 2007/08. Wheat shipments from **Canada** and the **European Union** are also likely to increase significantly as a result of improved supplies. In **Argentina**, exports are currently suspended due to the closure of the export registry and this combined with a possible decline in domestic production could even result in smaller overall wheat sales from that country in the new season. However, ample supplies soon entering the market in **Ukraine** are expected to lessen the need for export restrictions and boost sales in the new season. The forecast increase in exports from **Ukraine** is likely to more than offset a possible decline in sales from **Kazakhstan** which recently decided to ban exports until the beginning of September 2009 following a rise in domestic prices. The prospect for an improved supply situation in **the Russian Federation** is also expected to lead to the lifting of current export restrictions from that country and could result in large exports in 2008/09.

UTILIZATION

Wheat utilization to recover on higher production and lower prices

Early signs for world wheat utilization in the 2008/09 marketing season point to the first substantial expansion since 2004/05. World total wheat utilization is forecast to climb by 17 million tonnes, or 2.7 percent, from the stagnant level in 2007/08. At 635 million tonnes, world wheat utilization would even slightly exceed the ten-year trend. In sharp reversal to the situation of 2007/08, the anticipated recovery in wheat supplies in the new season is expected to boost **feed** use in particular, especially in light of anticipated lower availabilities of coarse grains, maize in particular. Indeed, total feed utilization of wheat is forecast to rebound strongly and approach 118 million tonnes, up almost 8 percent from 2007/08. The bulk of this anticipated growth is likely to occur in the United States, where the increase in domestic wheat production combined with smaller availabilities of feed grains could triple feed wheat utilization to at least 6 million tonnes, the highest since 2000/01. Feed wheat use is also forecast to rise in Australia, China and the European Union driven by this year's anticipated increase in production. The European Union is the world's largest

market for feed wheat with over 40 percent of its aggregate domestic wheat production destined for this use. Total feed utilization of wheat in the European Union in 2008/09 is currently forecast to reach 58 million tonnes, 2 million tonnes more than the estimated usage in 2007/08.

World **food** consumption of wheat in 2008/09 is forecast to rise to 453 million tonnes, up by 7 million tonnes, or 1.6 percent, from 2007/08. At this level, world wheat consumption, on a per caput basis, would remain steady at around 67 kg per annum. In the developing countries, per caput wheat consumption is expected to remain unchanged at around 60 kg in spite of an anticipated further decline in China. Annual wheat consumption in that country has dropped by over 14 kg per person over the past decade to currently around 64 kg per annum. This decline is driven by a slow but continuous shift away from wheat to high protein food. Highly elevated wheat prices are regarded as responsible for some of the decline in consumption levels in several developing countries in 2007/08 but a small recovery is expected in the new season given the prospects for more favourable consumer prices.

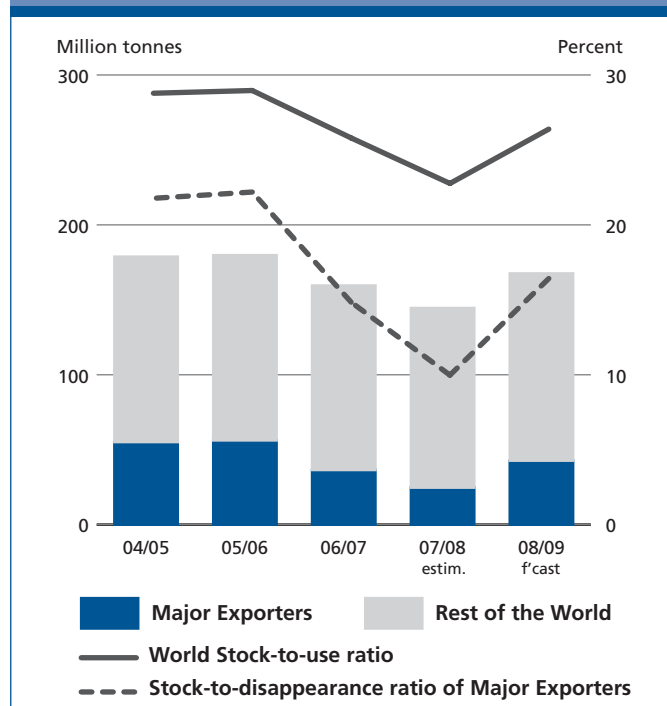
STOCKS

The recovery in world wheat reserves will be limited by a sharp increase in utilization

After falling to nearly a 30-year low, world wheat stocks by the close of the crop seasons in 2009 are forecast to rise to 168 million tonnes, up 23 million tonnes, or 16 percent, from their opening levels. The strong anticipated increase in global wheat production in 2008 is helping with this modest recovery in world inventories. At the current forecast levels, the **world wheat stocks-to-use ratio** for the new season is forecast at 26.4 percent which would represent a near five percentage point increase from the 2007/08 low but still well below the 30 percent at the start of the decade.

Strong demand for wheat especially for feed use as a result of tighter supplies of other feed grains is seen to prevent wheat stocks, and therefore the stocks-to-use ratio, from any marked improvement than is currently envisaged. On the other hand, in major exporting countries, the anticipated rebound in output this year is likely to enable them to replenish their heavily depleted granaries. Based on current production and utilization forecasts, total wheat stocks held by major exporters could reach roughly 43 million tonnes, up 18 million tonnes, or more than 70 percent, from their low opening levels. At this level, the ratio of the **major exporters' stocks-to-disappearance** (defined as their anticipated exports plus domestic consumption) is expected to recover from a historical low of only 10 percent

Figure 6. Wheat stocks and ratios



in 2007/08 to 16.4 percent in 2008/09. Wheat inventories in all major exporting countries are expected to rise substantially with the largest expansion in the **United States** (up 6.5 million tonnes), the **European Union** (up 5.5 million tonnes) followed by **Australia** (up 3.3 million tonnes) and **Canada** (2 million tonnes).

Aside from major exporters, wheat inventories are anticipated to increase also in a number of other countries in the new season. The largest increase is expected in **China** where higher production and reduced exports could result in an increase of at least 4 million tonnes in ending stocks, to 58 million tonnes. Total stocks in **India** are also forecast to increase. By early May, the Government of India was reported to have procured over 17 million tonnes of wheat, up almost 9 million tonnes from the same period last year. The increase in the minimum procurement price and an anticipation of a bumper crop this year are boosting government wheat purchases. High world wheat prices have encouraged many countries to reconsider their policies with regard to stocks. In this respect, several countries have announced new programmes with the view of creating or expanding their strategic reserves of major foodstuffs such as wheat and rice particularly among countries in Asia such as in **Bangladesh**, **Japan** and **Pakistan**. Nonetheless, wheat inventories in several countries could also decline in 2008/09 especially if the current high world prices were to persist. In Africa, smaller wheat stocks are anticipated for **Egypt**,

Kenya, the **Sudan**, **Tunisia** and the **United Republic of Tanzania**. In Asia, inventories in **Indonesia** and the **Syrian Arab Republic** are forecast to decline. In most CIS countries, stocks are likely to remain unchanged but those in the **Russian Federation** and **Ukraine** are expected to increase, mainly because of the higher anticipated domestic production this year.

COARSE GRAINS

PRICES

Prices remain high

Strong demand coupled with uncertainties surrounding this year's crops has continued to push prices higher so far this year. The increase in energy prices and a continuing slide in the US Dollar have also provided support. Depending on the type and origin, most coarse grains registered substantial price gains in recent months, rising by as much as 45 to 65 percent above the corresponding period last year. International **maize** prices started to increase from February, breaking all-time high levels on several occasions

Table 3. World coarse grains market at a glance

	2006/07	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	Change 2008/09 over 2007/08
<i>million tonnes</i>				
WORLD BALANCE				
Production	987.5	1 071.6	1 088.6	1.6
Trade	111.3	123.0	111.5	-9.4
Total utilization	1 017.5	1 072.0	1 096.3	2.3
Food	179.8	182.6	185.1	1.4
Feed	616.3	635.9	630.4	-0.9
Other uses	221.3	253.5	280.9	10.8
Ending stocks	162.2	159.4	148.0	-7.1
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	27.6	27.6	27.6	-0.3
LIFDC (Kg/year)	28.6	28.7	28.8	0.2
World stock-to-use ratio (%)	15.1	14.5	13.6	
Major exporters' stock-to-disappearance ratio (%)	12.6	11.7	9.6	
FAO coarse grains price index (1998-2000=100)	2006	2007	2008	Change: Jan-Apr 2008 over Jan-Apr 2007 %
	120	162	225*	37

* Jan-Apr 2008

since. The price of United States' maize (No. 2 Yellow, Gulf) averaged USD 247 per tonne in April, up 20 percent since the beginning of the year. By mid-May, the United States' maize prices were at around USD 240 per tonne, down from April but still 50 percent, or USD 80 per tonne, more than the corresponding period last year. The main factor for the continuing strength in maize prices is tight supplies. In the United States, the world's largest maize producer and exporter, the reported decline in this year's planted area coupled with cold and wet weather which slowed seedings continued to lend support to maize as well as to prices of other feed grains in April and early May. In other markets, feed **Barley** prices have increased by around 45 percent compared with last year's level. Good prospects for this year's crops have put some pressure on barley prices but the general tight market situation is seen to continue until production estimates become firmer. **Sorghum** prices have risen by around 60 percent compared with last year boosted by strong import demand and record purchases by the European Union.

Price developments in the **futures market** also echoed the prevailing situation in the cash markets with expectations of tighter maize supplies and strong demand pushing up prices. By mid-May, the December 2008 contract at the Chicago Board of Trade (CBOT) stood at around USD 244 a tonne, some 60 percent, or some USD 90, above the corresponding period in 2007. Based on the current supply and demand forecasts for the new season, prices could

be expected to remain high. While, to some extent, the greater abundance of wheat could dampen the demand for coarse grains and put some downward pressure on prices as the season progresses, the general fundamentals remain supportive with further gains still possible especially if production in 2008 falls below the current expectation. On the demand side, the most important factor is likely to be the eventual size of maize intake by the United States ethanol sector.

PRODUCTION

Coarse grain production in 2008 to rise above last year's peak

With the first of the major 2008 coarse grain crops already being harvested in several countries around the world, FAO forecasts world output of coarse grains at a record 1 088.6 million tonnes, slightly (1.6 percent) up from the global high of last year. After an exceptionally sharp increase in 2007, **maize** production is expected to remain virtually unchanged in 2008, at 779.6 million tonnes. Larger crops already being gathered in the southern hemisphere and a recovery in Europe's output are expected to offset a production decline in the United States.

In South America, harvesting of the main season crops is underway and output is expected to increase to a new record of nearly 89 million tonnes, following area increases in **Argentina** and **Brazil**, the region's largest producers,

Figure 7. Maize export price (US no. 2 yellow, Gulf)

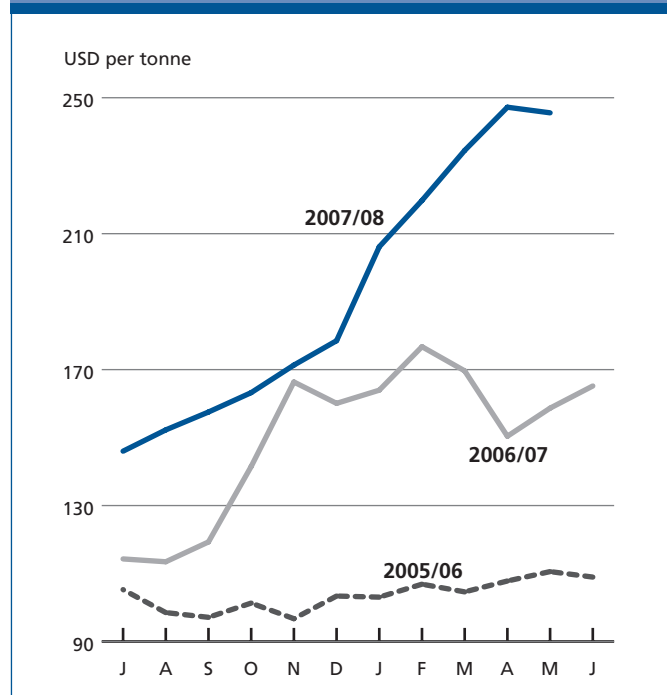
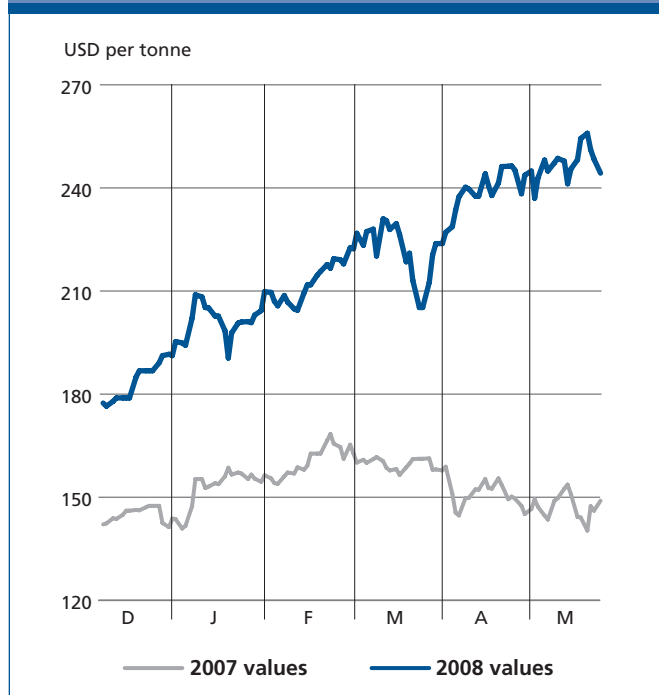


Figure 8. CBOT maize futures for December



in response to high international prices. In southern Africa, despite far from ideal weather conditions throughout the season, with late planting rains, followed by floods and a subsequent return to excessive dryness in parts, the overall outlook for the main coarse grain crops is judged to be favourable, particularly in **South Africa** which was affected by drought last year.

In the northern hemisphere, the bulk of the major 2008 coarse grain crops will be sown in the coming weeks. In the **United States**, area under maize is forecast to decline by about 8 percent after last year's exceptional plantings but, nonetheless, the expected area would still be at a very high level relative to recent history, reflecting strong demand and high prices. However, with significant planting delays experienced in late April and early May because of wet weather, achieving the planned area will depend crucially on drier weather during the remainder of the planting season. Assuming producers can complete their intended plantings within the normal planting window, a crop of around 308 million tonnes is expected in 2008, some 7 percent down from last year.

According to the Prospective Plantings Report (USDA, 9 May 2008), farmers in the United States are expected to reduce the area of maize to about 35 million hectares, after last year's exceptionally high level of almost 38 million hectares, which was the largest area since 1944. However, although down significantly from last year, this remains a very high level, reflecting the continuing strong price outlook for maize. The area coming out of maize is expected to be shifted back to other crops because of rotational requirements and the prospect of equally good, if not better, returns from some alternative crops. The main alternative in most cases will be soybeans, production of which was sharply reduced last year in favour of maize, but for which returns are expected to be more attractive this year, given higher prices and less input costs compared with maize. This is expected to be particularly the case in eastern parts of the Corn Belt where soils are less suited to maize and obtaining high maize yields needs perfect weather as well as high inputs. In these parts soybeans are a surer option as shown in the trend in nearby soybean/maize price ratio since January 2008. From a historical perspective, whenever the ratio exceeds two, the general bias favours soybean over maize, resulting in a shift of planting area from maize to soybeans.

Figure 9. Area planting in the United States

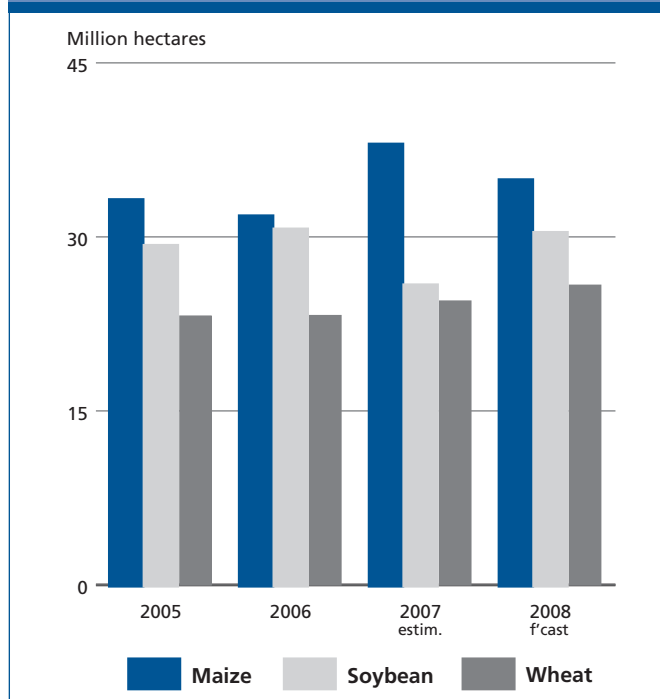
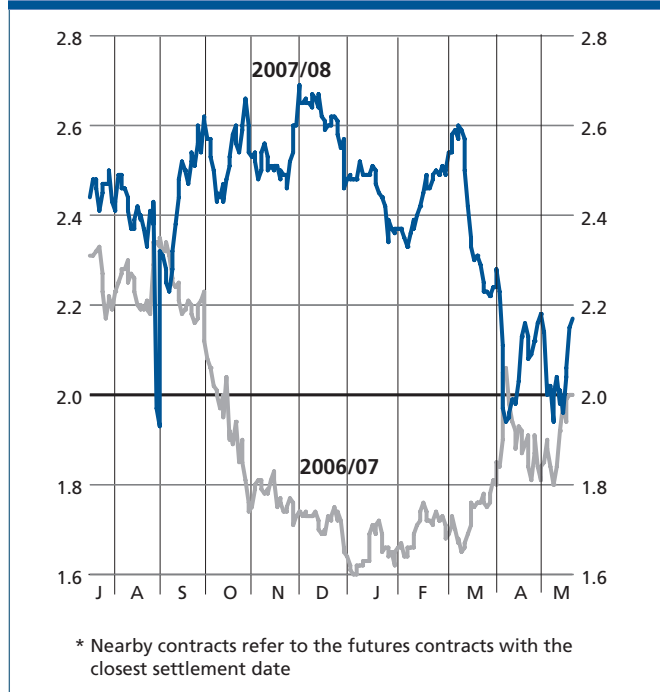


Figure 10. Soybean/maize (nearby* futures ratio)



In Europe, maize output is forecast to recover sharply from last year's reduced level when drought affected crops in some of the main producing countries in eastern parts of the region such as **Hungary, Romania** and **Ukraine**. This year's maize crop in Asia is forecast to remain virtually unchanged from last year's good level at 207 million tonnes.

Production in **China**, by far the biggest producer in the region, is expected to remain well above the average of the past five years at 149 million tonnes.

Regarding **barley**, the second most important coarse grain, output is forecast to increase significantly in 2008 by some 10 percent to nearly 148 million tonnes. In Europe, output is seen to rise sharply by 12 percent, reflecting increased plantings in several countries, but also a recovery of yields after adverse weather in parts last year. In the **European Union**, as for wheat, the removal of the compulsory set-aside requirement for the current cropping year facilitated an area expansion, concurrent with the significant increase in wheat plantings. In North America, however, the barley area in **Canada** is expected to decrease at the expense of larger areas dedicated to wheat, but output may increase in the **United States**. Among the other significant barley producing countries around the world, larger crops are expected also in North Africa, where weather conditions improved after drought last year, and also in **Australia**, where large plantings are planned if sufficient timely rains arrive.

World **sorghum** output in 2008 is forecast at some 64 million tonnes, up by 2.4 percent from the previous year's crop. The increase comes from larger crops in most of the significant sorghum producing countries with the exception of the **United States**, where plantings are expected to decline.

TRADE

Trade in 2008/09 to contract on smaller world demand for maize and sorghum

World trade (exports) in coarse grains in 2008/09 (July/June) is forecast to contract sharply, falling to 111.5 million tonnes, down 13 million tonnes, or 9 percent from the estimated exports of 2007/08. This prospect represents a near complete reversal of the situation observed in 2007/08 when higher maize and sorghum exports boosted trade in coarse grains to a record volume. International trade in maize and sorghum is expected to retreat to more normal levels in the new season. The main reason is the **European Union**: whereas in 2007/08, the European Union resorted to importing a record volume of coarse grains, primarily from **Brazil** and the **United States**, to cover the feed grain shortfall caused by the reduction in domestic wheat supplies, the expected recovery in its wheat production this season reduces the need for such large imports in the new season.

World **maize** trade in 2008/09 is forecast to reach 85 million tonnes, down almost 12.5 million tonnes from the peak in 2007/08. Global trade in **sorghum** is forecast to drop to roughly 7 million tonnes, down 2 million tonnes from estimated exports in 2007/08. However, trade in **barley** is seen to increase by almost 3 million tonnes to 16.5 million tonnes. The increase reflects larger export availabilities from **Australia**, the **European Union**, the **Russian Federation**

Figure 11. Coarse grains imports by region

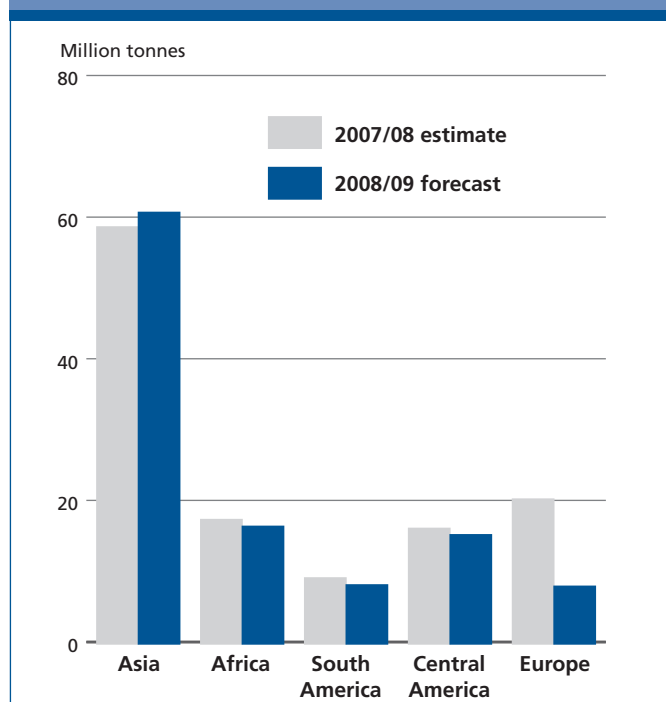
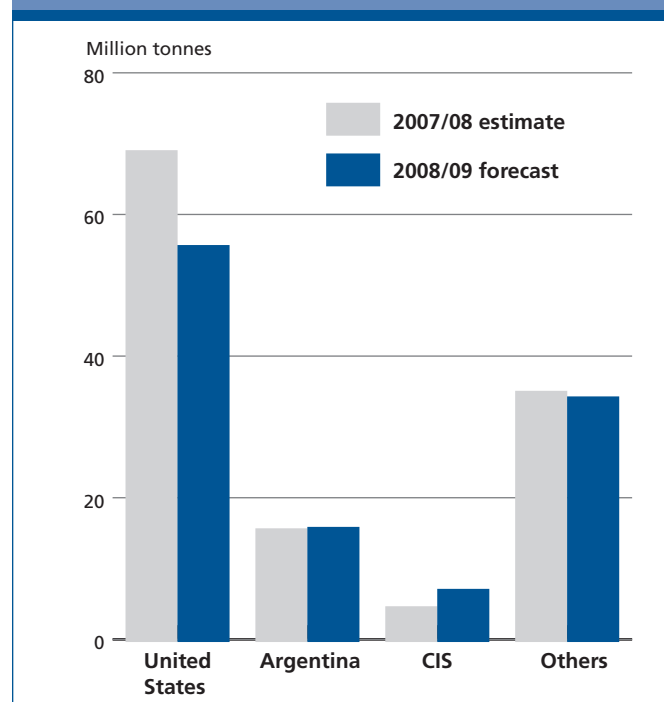


Figure 12. Coarse grains exporters



and **Ukraine** which together are likely to more than offset declines in **Canada** and **Kazakhstan**. Trade in **oats** and **rye** is expected to change little from last year, remaining at 2 million tonnes and 500 000 tonnes, respectively.

On a regional basis, in Europe, as was already mentioned, imports are forecast to fall sharply, owing to lower purchases by the **European Union**, to below 8 million tonnes, down from the 12 million tonnes peak in 2007/08. Asia is by far the largest market for coarse grains and total imports by countries of the continent are forecast to increase by a further 2 million tonnes to a record volume of over 60 million tonnes in 2008/09, representing nearly 55 percent of global trade. Most of the anticipated increase is expected in the **Islamic Republic of Iran**, **Saudi Arabia** and the **Syrian Arab Republic**, mainly in response to anticipated reductions in domestic production levels in 2008. Larger imports are also forecast for the **Republic of Korea** due to strong feed demand.

In Africa, total imports are likely to decline by 1 million tonnes, to 16 million tonnes in 2008/09. In **Morocco**, a recovery in output from last year's drought-reduced barley crop is expected to result in lower imports. In addition, an expectation of bumper maize crops in **South Africa** is expected to help the country to cut imports and resume its regional position as a major maize exporter. However, in **Kenya**, a likely decline in this year's maize production could result in a doubling of imports. Little variation is expected in imports by most other countries in Africa.

In Latin America and the Caribbean, aggregate imports are forecast to decline by nearly 2 million tonnes to roughly 23 million tonnes in 2008/09. Maize imports by **Mexico** are forecast to decline by 1 million tonnes due to the expected increase in domestic production. Imports by **Brazil** could be halved given the expectation of a record maize crop this year. Imports by most other countries in the region are forecast to remain unchanged from 2007/08.

The anticipated reduction in world import demand is expected to ease the impact of somewhat tighter **export supplies**. Among the major exporters, the cut in maize production in the **United States** combined with the expected expansion in domestic utilization would result roughly in a 13 million tonnes drop in exports. Exports from **Argentina** are also forecast to decline mostly as a result of the decline in production. But shipments from **Australia** and **Ukraine** are forecast to double due to bigger crops while larger export supplies are also expected in **South Africa**. **Brazil** will again be among the world's largest maize exporters in the new season. Maize exports from **China** are forecast to remain unchanged from the estimated level in 2007/08.

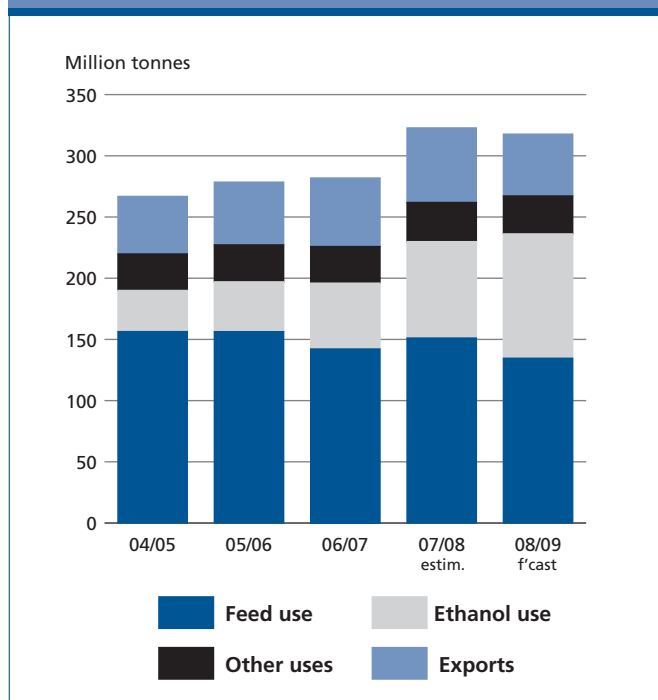
UTILIZATION

Total utilization to increase in 2008/09 primarily on higher industrial use

World utilization of coarse grains in 2008/09 is forecast to reach 1 096 million tonnes, up 2.3 percent, or roughly 24 million tonnes, from the previous season and above the ten-year trend for the second consecutive season. This expansion will be driven primarily by strong growth in **industrial use**. As in previous seasons, the expanding use of maize for ethanol production is behind the surge in industrial usage of all grains and most of that expansion is taking place in the United States. Total utilization of grains for production of ethanol in 2007/08 is estimated at roughly 98 million tonnes, up 27 million tonnes, or 40 percent, from the previous season. Maize accounts for most of this use, at nearly 92 million tonnes, of which some 79 million tonnes are used in the United States alone. Based on the latest forecast (9 May 2008) from the United States Department of Agriculture (USDA), the maize use for production of ethanol in the United States will increase to 101.6 million tonnes in 2008/09, nearly 25 million tonnes more than in 2007/08 and almost twice as much as in 2006/07.

Total **feed** use of coarse grains is forecast to decrease slightly from the estimated record in 2007/08, to around 630 million tonnes. Larger volumes of wheat, especially in the European Union, and growing supplies of distillers' dried

Figure 13. Maize utilization and exports in the United States



grains (DDG) in the United States are likely to compensate for the lower availability of coarse grains such as maize in feed rations. Global **food** consumption of coarse grains is forecast to reach 185 million tonnes, up 1.4 percent, or 2.5 million tonnes, from 2007/08 and close to trend. The bulk of the increase is anticipated in Africa, most notably in Malawi and Nigeria, but food consumption of coarse grains is also expected to increase in a few countries in Asia and South America.

STOCKS

Stocks to decline sharply on utilization exceeding production

Based on the preliminary forecasts for production in 2008 and utilization in 2008/09, world coarse grain stocks by the close of seasons in 2009 could fall by as much as 7 percent, or 11 million tonnes, from their reduced opening level, to 148 million tonnes. At this level, the **world stocks-to-use ratio** for coarse grains is expected to fall to a new low of just 13.6 percent, roughly one percentage point below its previous low in 2007/08. The reduction in total world inventory in 2008/09 and the drop in stocks-to-use ratio both stem mainly from the supply and demand of maize in the **United States**. While maize production in the United States is expected to decline by 24 million tonnes in 2008, total domestic utilization is increasing. Although exports

from the United States are expected to decline in 2008/09, stocks would still have to be drawn down considerably to meet the anticipated demand. Total coarse grain stocks in the United States are forecast to fall to around 23 million tonnes, down 16 million tonnes from their opening level and the smallest level since the mid-1990s when they were at just over 14 million tonnes.

The anticipated decline in reserves held in the United States is likely to be only partially offset by increases in stocks held in other major exporting countries. Slightly higher inventories are currently forecast for **Argentina, Australia** and the **European Union** while a forecast reduction in maize production in **Canada** is expected to result in lower stocks in that country. Further, **major exporter's stocks-to-disappearance ratio** (i.e. domestic consumption plus exports) is expected to decline in the new season, to 9.6 percent, down 2 percentage points from 2007/08 and well below the 15 percent during the early years of this decade. Elsewhere, favourable crop prospects in **Brazil, South Africa** and **Ukraine** are expected to boost stock levels in those countries. Stocks in **China** are also forecast to increase should the anticipated production be realized.

RICE

PRICES

Export restrictions propel international rice prices to record levels

Rice prices have been skyrocketing in recent months, reaching, in nominal terms, unprecedentedly high levels. Until November, they had followed a steady, but relatively sluggish, upward trend, especially when compared with other bulk commodities such as wheat or maize. According to FAO's All Rice Price Index (1998-2000=100), international rice quotations rose by just 12 percent between January and October 2007. Since then, prices have gained much momentum, surging by 11 percent in the three months between October and December and by an extraordinary 71 percent between January and April 2008, when the Price Index reached an all time high, in nominal terms, of 280. In the wake of the disastrous landing of Cyclone Nargis in Myanmar at the beginning of May 2008, international price quotations leapt by 10 percent in one week. By early May 2008, prices were more than double their May 2007 level.

The overall price acceleration, which began in November 2007, coincided with the imposition of export curbs in various exporting countries, as part of a package of measures aimed at containing domestic food price inflation.

Figure 14. Coarse grain stocks and ratios

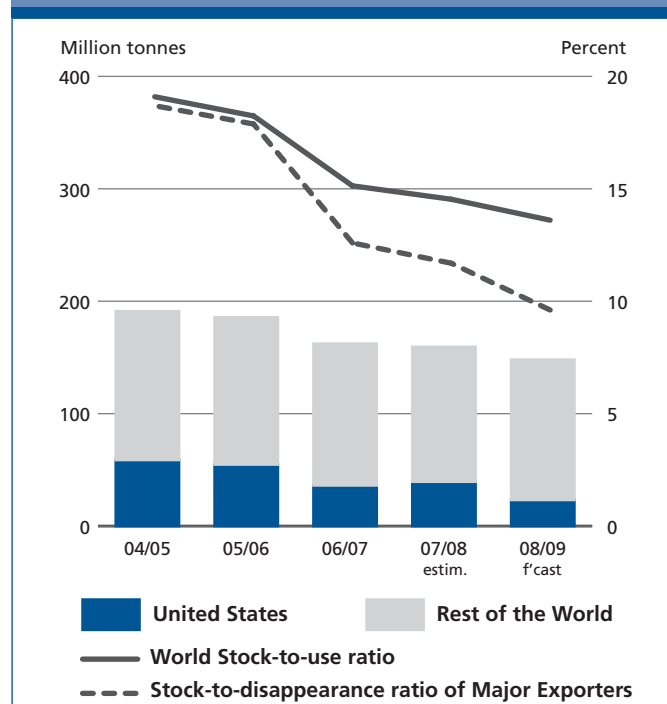


Figure 15. FAO rice price indices (1998-2000=100)

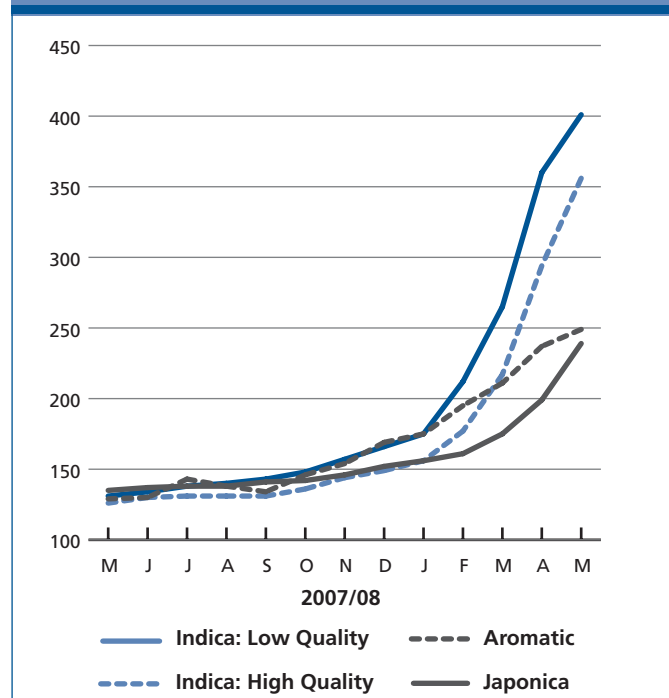
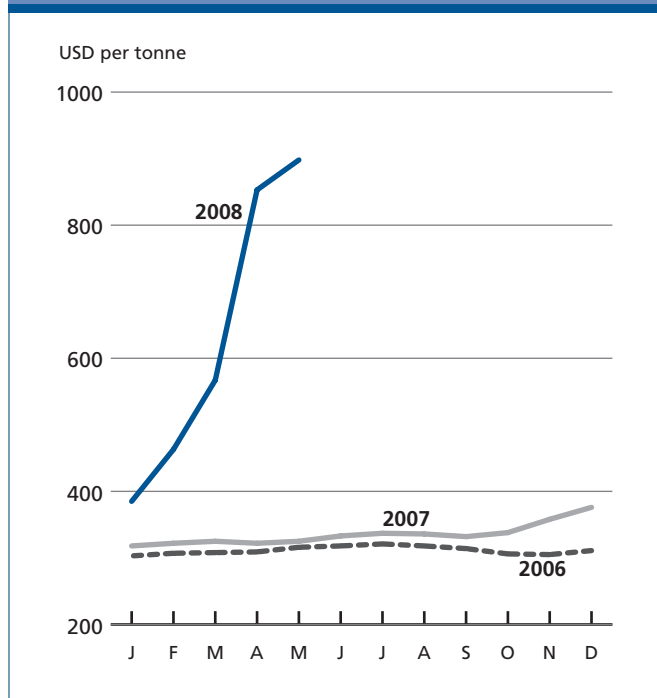


Figure 16. Rice export price (Thai 100% B, f.o.b. Bangkok)



These moves came about at a time when a number of other countries, Bangladesh and the Philippines, in particular, were trying to procure sizeable volumes of rice internationally, either to compensate for losses incurred by floods, or to reconstitute rice reserves. The combination of export restrictions and surging import demand has had a dramatic effect on the market, propelling international prices skyward.

Despite a tapering of supplies in **Thailand**, the Government so far has resisted from restraining sales abroad. Being one of the few sources of supplies that remains open, Thai quotations have surged since November. For instance, the prices of the Thai white rice 100% B, often taken as representative of the world market, has more than doubled since January, passing from USD 385 to USD 898 per tonne by mid-May 2008. The increase was also particularly marked for the Thai A1 Super, fully broken rice, which was quoted as USD 764 per tonne in May 2008, twice the January 2008 level. The strengthening of prices has also affected the other major exporters. In **Viet Nam**, the Indica 25 percent broken rice was quoted at USD 810 per tonne in May 2008, up 127 percent from January, and surpassing the Thai counterpart since February. Export rice prices also surged in **Pakistan**. Reflecting the ban on exports of regular rice, **Indian** rice quotations have not been available since February other than for Basmati, the price of which has gained 24 percent since January. Export prices in the **United States**, the other major exporter having refrained from

suppressing trade, also registered strong gains in recent months, but not as large as in Asian exporting countries. For instance, the United States No. 2.4% long grain rice was quoted at USD 820 per tonne in April 2008, up 51 percent since January, but below the level paid for the Thai white rice 100% B in April, a situation rather exceptional as the weak dollar has sharpened the United States' rice competitive edge. In May, however, United States' rice prices, at USD 941 per tonne, again surpassed Thai rice quotation.

Current record-breaking international prices² stand out against the relatively large production levels gathered globally over the 2007 season, much of which is currently traded, and an even more optimistic outlook for world rice production in 2008. More than the market own fundamentals, the high international price levels reflect the disruption of the normal pattern of trade caused by the export restrictions by key exporting players, which by May 2008 included, India, Pakistan and Viet Nam, and even smaller suppliers such as Brazil, Cambodia, Ecuador and Egypt.

Over the next few months, the global rice market conditions could ease, as new crops are being harvested in both the South and North Hemisphere, which could help reverse the upward trend in prices from their recent

² World prices have reached record levels, in nominal terms. In real terms, they still fall considerably short of the levels witnessed during the world food crisis of the 1970s.

peaks. However, world rice quotations are likely to remain extremely strong at least until October-November, when the bulk of the 2008 paddy crops will start being marketed. Until then, availabilities in those exporting countries that have not restrained access will be particularly stretched, especially as a number of large importing nations, including the Islamic Republic of Iran, Malaysia, Nigeria and Senegal, is expected to return on the world market to buy. The pressure would considerably ease if India, which is about to harvest a bumper 2007 secondary crop, would relax its current export curbs.

Critical for a return of prices to more normal levels will be a regular unfolding of the coming 2008 paddy season. The market is indeed likely to react strongly to any shock, as illustrated by the disastrous impacts of the Cyclone Nargis on Myanmar, which reignited prices in the first weeks in May. Over the longer term, however, world (and domestic) prices are unlikely to fall back to the pre-2007 levels, because of rising costs and the need for several countries to rebuild stocks.

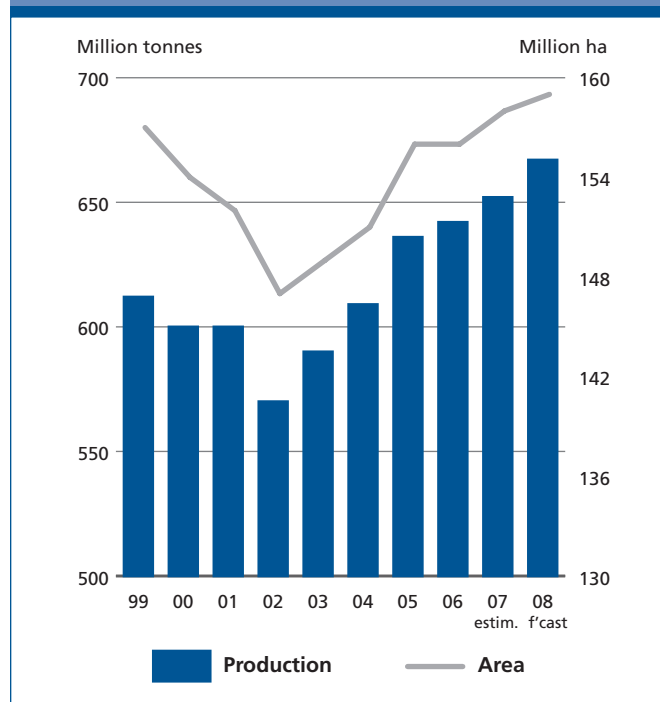
PRODUCTION

Yet another record in global rice production

Based on the current analysis of the world market, world supplies should be sufficient to meet world demand. **Global production in 2007**, which is about to conclude with the gathering of the 2007 secondary crops, is estimated at a record 652 million tonnes (435 million tonnes, milled rice equivalent), 9 million tonnes more than the preceding forecast and 1.5 percent above 2006. The revision embodies more buoyant output prospects in all regions, either because losses incurred since September turned out to be smaller than originally thought, or because of more favourable expectations regarding the 2007 secondary crops just being harvested. Bountiful secondary crops have particularly boosted prospects in Bangladesh, Cambodia, India and Thailand, which are all expected to end the season with record outputs.

The outlook for **world paddy production in 2008** is even more buoyant, with FAO's preliminary forecast at 667 million tonnes (445 million tonnes, milled rice equivalent), corresponding to a 2 percent growth and a new record. However, because the bulk of the 2008 crops are gathered in the last quarter of the year, the influence of the additional supplies on prices will not be immediate. Positive producer return expectations are seen to drive much of the increase, which could even be more pronounced if recent governments appeals and incentives to grow rice translate into a larger than presently anticipated expansion of plantings.

Figure 17. Global rice paddy production and area



All of the growth in world production in 2008 is set to stem from gains in the developing countries, foremost in Asia but also in Africa and in Latin America and the Caribbean (LAC), while developed countries are foreseen to experience a decline for the fourth consecutive year. For the first time, paddy production in **Asia** may surpass the 600 million tonne benchmark in 2008. The current forecast, at 605 million tonnes, would represent a 13 million tonne increase from 2007. Major gains are expected all across the region, as producers respond to attractive prices and to government incentives promoting rice cultivation. Bangladesh, China, India, the Democratic Republic of Korea, the Philippines, Thailand and Viet Nam are now expected to register the largest gains, in absolute terms. Despite the disruption caused by Cyclone Nargis, production in Myanmar is also expected to record a sizable expansion in 2008. Among southern hemisphere countries, where the season is well advanced, production prospects are positive for Indonesia and Sri Lanka, despite some recent flood-incurred losses. Assuming a normal rainfall pattern in the coming months, production in **Africa** is forecast to grow by nearly 4 percent to 23.2 million tonnes in 2008, with substantial increases anticipated in Cote d'Ivoire, Egypt, Ghana, Guinea, Mali and Nigeria. However, production is forecast to change little in Madagascar and to decline in Mozambique, reflecting recent flooding episodes in the two countries. Paddy production in **Latin America and the Caribbean**

is set to rebound by 7 percent to 26.2 million tonnes in 2008. Although some expansion is expected in Central America and the Caribbean states, the bulk of the increase is expected to originate from larger crops in South America, in particular from Argentina, Bolivia, Brazil, Colombia, Uruguay and Venezuela, where many of the paddy crops are already at the harvesting stage. In the **other regions**, production prospects are negative for Australia, which, owing to severe water constraints in late 2007, could only sow a fraction of normal rice area. The outlook is slightly negative for the European Union, where competition from other crops may depress rice output this season, and for the United States, largely reflecting a delay in plantings, which may negatively affect yields.

TRADE

Global trade in rice likely to slump in 2008 after reaching an all time high of 31 million tonnes in 2007

Since the November 2007 issue of Food Outlook, the forecast of **world rice trade in 2008** has been lowered by 1.6 million tonnes to 28.9 million tonnes, largely reflecting more difficult access to international supplies after a growing number of countries imposed restrictions on exports. At the same time, following the submission of new official export or import data, the estimate of trade in 2007 has been raised

by 1.1 million tonnes to an all time record of 31.0 million tonnes. As a result, trade in rice in 2008 is forecast to decline by 7 percent, or 2.1 million tonnes, from the 2007 record level. The drop is largely supply-led and heavily influenced by the restrictive export policies adopted by several of the major traditional suppliers to the international market. At the forecast level, trade in rice would account for 6.5 percent of global milled rice production, down from 7.1 percent in 2007.

The world rice market is thin, in that only 6 to 7 percent of global production is traded internationally. In a thin market, a relatively small percentage variation in supply or utilization may translate into a much larger percentage change in trade, exerting substantial pressure on international prices unless the variation can be accommodated through the administration (retention or release) of stocks. When stocks are unavailable for trade, either because they are non-existent or because of policy restrictions, world prices tend to react more sharply to shocks.

RICE IMPORTS

High prices and difficulty in sourcing supplies likely to depress global rice imports in 2008

FAO's anticipation for a decline in world imports in 2008 would partly be the result of the much higher prices that countries would have to pay on international markets

Figure 18. World rice trade and FAO rice export price index

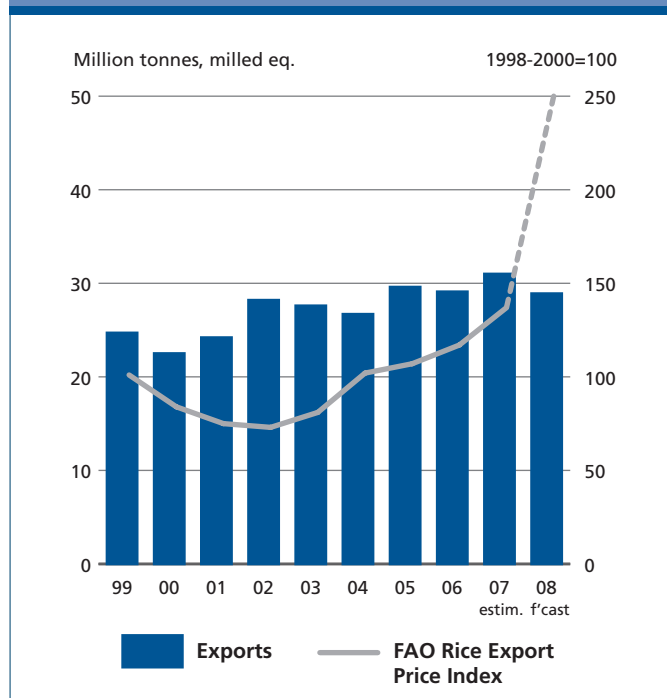
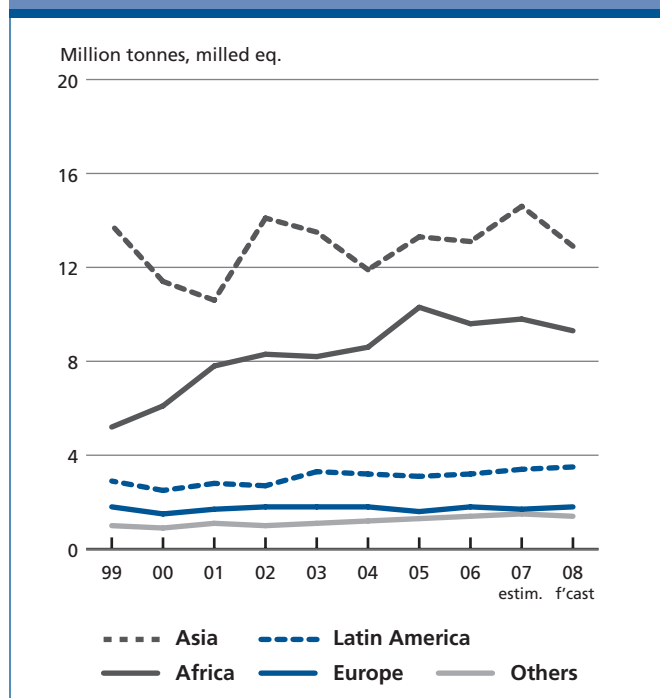


Figure 19. Rice imports by region



and of the difficulty in securing supplies from exporters. Indeed, several of the governments responding to an FAO questionnaire indicated a level of planned imports in 2008 larger than that retained by FAO, as not all of the intended purchases may be realized, despite the cut or suspension of import duties in many countries.

Asian countries are expected to be responsible for much of the contraction in world imports in 2008, as deliveries to the region are forecast down 11 percent from the previous year to reach 12.9 million tonnes. In particular, smaller shipments to Bangladesh, Indonesia, the Islamic Republic of Iran, and Saudi Arabia are expected, which would more than offset increased deliveries to the Democratic People's Republic of Korea, Iraq and the Philippines. Current import forecasts for **African countries** point to a 5 percent drop to 9.3 million tonnes in 2008, as high international prices are expected to depress rice purchases, in particular by Guinea, Senegal and South Africa. Transactions by countries in **Latin America and the Caribbean** are set to remain in the order of 3.5 million tonnes, as larger deliveries to Brazil, Colombia and Ecuador could compensate for declines in Mexico, Nicaragua and Peru. In the rest of the world, Australia, the United States and the European Union are all foreseen to import more in 2008.

RICE EXPORTS

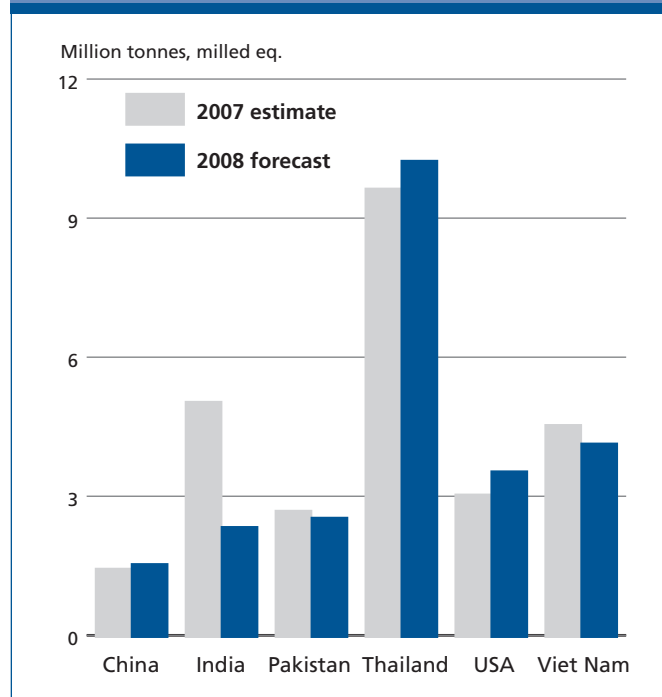
Measures to curb exports may depress trade volumes to their lowest level since 2004

In response to rising inflation and/or civil unrest, a number of important rice exporters, including Cambodia, Egypt, India, Pakistan and Viet Nam, have opted to restrict exports, through the imposition, starting in October 2007, of export taxes, minimum export prices, export ceilings or outright export bans. Since then, less important rice exporters and even traditional importers such as Brazil or Indonesia have followed suit.

Given the thinness of rice trade and the concentration of world rice exports among a handful of countries, the recent measures to limit international sales have caused strong disruptions to the normal pattern of trade. By exacerbating the tendency for prices to rise, they have also resulted in a greater incidence of contract defaults by exporters but also fostered an intensification of government-to-government rice deals, presumably settled at lower prices than those offered by private traders. Export restraints have also raised questions about the dependability of global rice suppliers, a matter of particular relevance to those importing countries that have come to rely increasingly on imported rice to meet their needs.

Much of the contraction in world rice exports in 2008 is likely to stem from reduced shipments from India, but also

Figure 20. Rice exports by the major exporters



Egypt, Guyana, Pakistan and Viet Nam, the most important exporters currently restraining international sales. Exports from India, in particular, are forecast to be cut to 2.3 million tonnes, the lowest since 2001, and substantially less than the 5 million tonnes shipped in 2007. Only part of those shortfalls is expected to be compensated by increased shipments from China, Thailand and the United States. Argentina, the Dominican Republic, Myanmar, Uruguay and Venezuela are also anticipated to export more this year.

UTILIZATION

Despite rising consumer prices, rice per caput consumption may rise somewhat in 2008

In recent months, rice has been at the centre of the public attention, after strong increases in prices were reported throughout much of the world. Where rice is a major staple food, such increases were often associated with social unrest, a reminder of the political significance of the commodity, not only in Asia, but also in parts of Africa and Latin America and the Caribbean. In general, domestic prices have been underpinned by higher production, processing and transportation costs, associated, to a large extent, with the surge of oil prices. In those parts of the world dependent on rice imports or exports, domestic rice prices were also driven upward by a strengthening of international quotations and freight rates. In general, however, the domestic price

Table 4. World rice market at a glance

	2006/07	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	Change 2008/09 over 2007/08
	<i>million tonnes</i>			<i>%</i>
WORLD BALANCE (milled basis)				
Production	429.1	435.2	445.3	2.3
Trade¹	31.0	28.9	29.8	3.2
Total utilization	426.7	437.1	444.9	1.8
Food	371.9	378.6	384.2	1.5
Ending stocks	105.5	105.0	105.8	0.8
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	56.9	57.2	57.4	0.3
LIFDC (Kg/year)	69.6	70.0	70.0	0.0
World stock-to-use ratio (%)	24.1	23.6	23.5	-0.4
Major exporters' stock-to-disappearance ratio² (%)				
	16.0	16.2	15.9	-1.9
FAO price index (1998-2000=100)				
	2006	2007	2008	Change: Jan-May 2008 over Jan-May 2007 %
	117	137	234*	81

¹ Calendar year exports (second year shown)

² Major exporters include India, Pakistan, Thailand, the USA and Viet Nam
More detailed information on the rice market is available in the FAO Rice Market monitor which can be accessed at:

http://www.fao.org/es/esc/en/15/70/highlight_71.html

* Jan-May 2008

increases have been much less pronounced than those witnessed on world markets.

Overall, world rice utilization in 2008 is forecast to grow by 2 percent to 437 million tonnes, in milled equivalent, of which 379 million tonnes are foreseen to be consumed as food, 1.8 percent more than in 2007. As a result, rice per caput food consumption is set to increase slightly to 57.2 kg per year, a sign of the limited responsiveness of rice consumers to price changes. The increase also reflects a shift away from more expensive foods, such as livestock products.

Rice consumption this year is being sustained by policy actions aimed at keeping the price of rice affordable to consumers. Measures span from retail price controls, enlarged targeted distribution of subsidized rice to eligible households, exemption of tax or import duties, controls on exports and public stock releases. Many of these measures have potentially severe implications for government budgets and are, therefore, difficult to sustain over lengthy periods. This is especially the case in countries not benefiting from the oil price windfall, which have to spend much more of their foreign exchange earnings to meet their energy as well

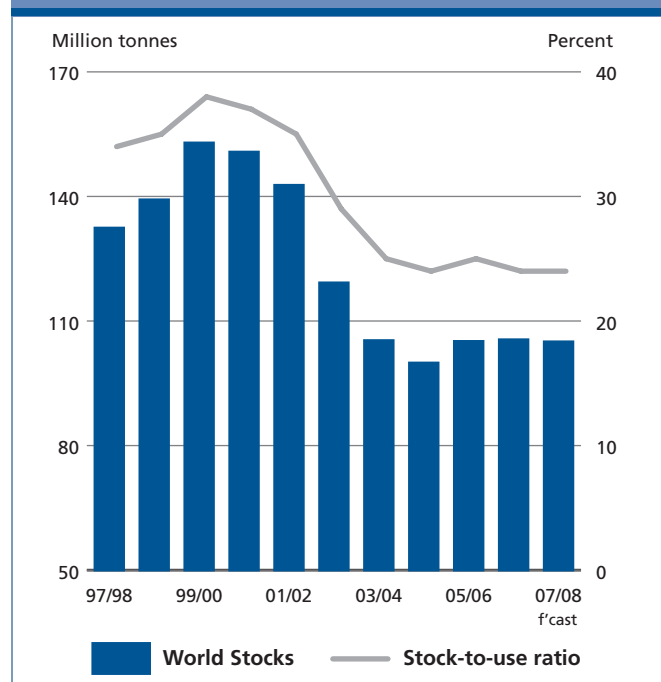
as their food bills. The impacts of higher world rice prices are likely to be less in many parts of the world where the local currency has strengthened against the US Dollar, thus preventing the full rise in US Dollar denominated world prices from being passed down to consumers.

STOCKS

Despite increased global production in 2007, world stocks may be down slightly in 2008

Following the upgrading of production in 2007, the forecast of global rice stocks carried over in 2008 has been raised to almost 105 million tonnes, which would imply a slight reduction from the previous year's revised level. Developed countries would be responsible for the draw-down, while stocks in the developing countries are expected to increase marginally above their opening levels.

Stocks held by major exporting countries as a group are set to expand, mainly a reflection of the export restraints applied this year by India, which have enabled the country to rebuild inventories, including those owned by the Government. Cambodia, Egypt and the Lao People's Democratic Republic are also anticipated to reconstitute stocks somewhat in 2008. By contrast rice inventories are likely to be curtailed in China, Thailand, Uruguay and the United States, largely because of greater shipments abroad. Reserves are also likely to be drawn down in Myanmar,

Figure 21. Global rice closing stocks and stock-to-use ratio

to compensate for the cyclone incurred losses. Most of the traditional net importing countries, in particular Brazil, the Islamic Republic of Iran, Iraq, Nigeria and Senegal, are forecast to cut their reserves in 2008, following cuts to imports. Among the few exceptions, the Philippines would be able to reconstitute inventories, owing to the expected rise in production of 2007 and larger international purchases over the current year. Indonesia is also anticipated to build up somewhat its reserves, thanks to the bumper 2008 crop.

At just over 105 million tonnes, global rice stocks in 2008 would be sufficient to cover around an estimated 24 percent of utilization, fractionally down from the stock-to-utilization ratio of 2007.

OILSEEDS, OILS AND MEALS³

PRICES⁴

Tightness of markets - and thus prices - expected to ease in the coming months

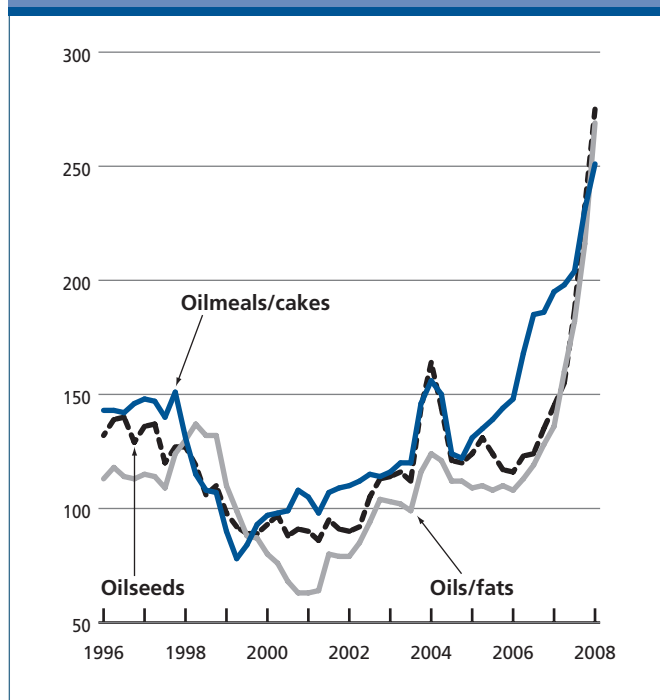
The steady rise in international prices of oilseeds, oils and meals that started in 2006 has continued during the first half of the current season (October 2007-September 2008). In January-March 2008, corresponding to the second quarter of the 2007/08 season, prices climbed to new record levels: on average, the FAO Price Index for **Meals/Cakes** rose 29 percent and 70 percent from the 2006/07 and 2005/06 corresponding values, respectively. For **oilseeds** and **oils/fats** the gain was even larger, with the index up 94 percent compared with last year and 140 percent from 2006.

The lingering price strength since the beginning of 2007/08 reflects a tighter global supply and demand outlook for oilseeds and derived products as well as spill-over effects from world grain markets. In 2007/08, a decline in world oilseed production is leading to reduced growth in global oils/fats supplies and to an unprecedented fall in meal supplies. Combined with further expansion in global oil and meal demand for food, feed and energy uses, a steep reduction in inventories (especially of oilmeals) has become

³ Almost the entire volume of oilcrops harvested worldwide 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, and do not reflect the outcome of actual oilseed crushing nor take into account changes in oilseed stocks. Furthermore, 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.

⁴ For details on prices and corresponding indices, see appendix Table A-24.

Figure 22. FAO quarterly international price indices for oilseeds, oils/fats and oilmeals/cakes (1998-2000=100)



inevitable, and critically low stock-to-use ratios for both oils and meals have propelled international prices upward. In the last few months, international prices have also been particularly volatile as the market responded sharply to unexpected weather developments and sudden trade policy adjustments in a number of exporting and importing countries. Also, the spikes and erratic price movements have caused import flows of countries like China and India to be less regular and predictable, thereby adding further instability to world markets.

With current forecasts for the next marketing year pointing toward a marked recovery in global oilseed plantings and thus production, in 2008/09, total oil and meal output would be sufficient to meet demand. As a result, prices for oilseeds and derived products could stabilize and possibly weaken during the remainder of this season and in early 2008/09, assuming the projected rise in plantings materializes and weather conditions develop normally. The futures market seems to point in the same direction: after rising steadily, last March, soybean futures prices (CBOT September 2008 contract) began to falter and, at the beginning of May, futures were traded at similar levels to those four months earlier, i.e. around USD 460 per tonne, nearly USD 100 below the peak recorded in March. However, considering that the anticipated production

Figure 23. FAO monthly price indices of meals/ cakes (1998-2000=100)

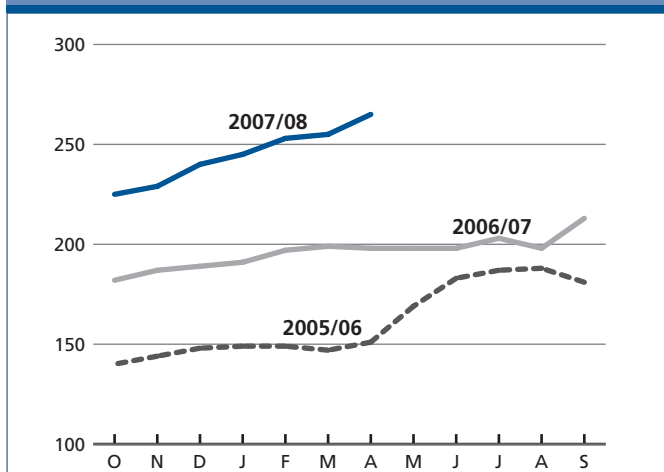


Figure 24. FAO monthly price indices of oils/fats (1998-2000=100)

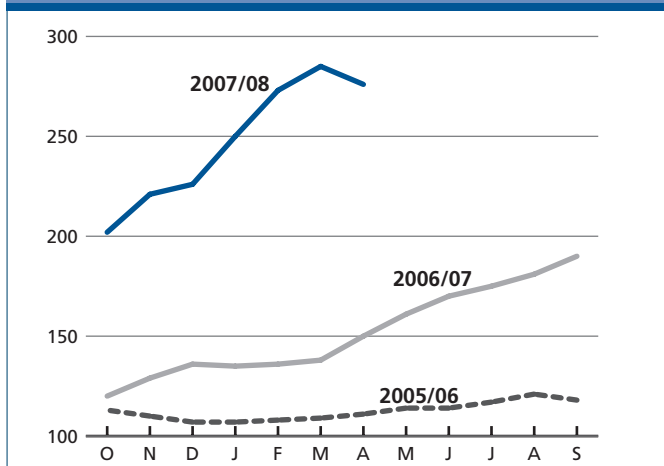
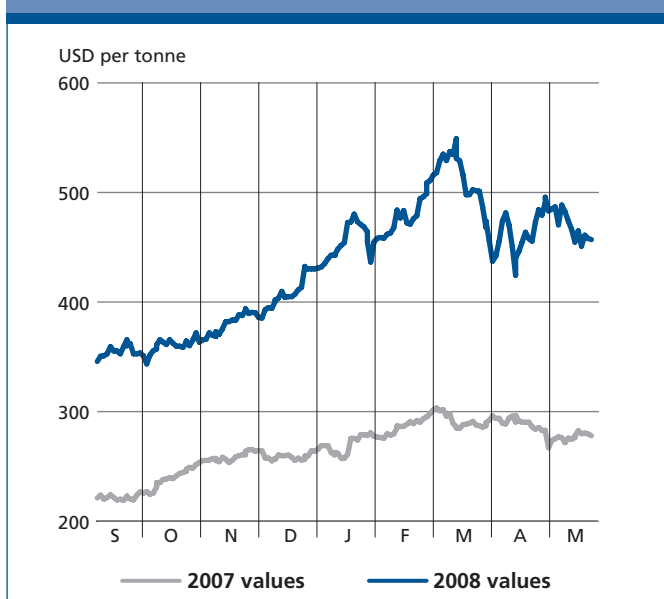


Figure 25. CBOT soybean futures for September



increases would only allow for a partial recovery of global stocks and stocks-to-use ratios, prices are expected to remain well above the corresponding values of last year. In fact, in early May 2008, CBOT soybean contracts were traded at about USD 180 (or over 60 percent) higher than in early May 2007.

Moreover, a prolonged and more substantial fall in prices is unlikely because a first easing of prices can be expected to revive demand for vegetable oils as a biofuel feedstock (provided mineral oil prices remain at their current, record-high level). On the other hand, should some key consuming countries decide to adjust downward their national, mandatory, biofuel consumption targets, a significant weakening of vegetable oil prices could ensue.

Considering that oilseed markets are likely to remain relatively tight, price volatility is expected to remain high in the coming months. Any surprises, such as adverse weather conditions in northern hemisphere countries (and the related changes in planting decisions and crop developments) would strongly affect world market prices. Uncertainty regarding future government policies on biofuels and on trade will also contribute to market instability.

OILSEEDS

Unprecedented decline in global oilseed production confirmed for 2007/08

Global **oilseed** output is forecast to drop 3 percent, mainly on account of lower soybean production. Compared with 2006/07, **soybean** production is expected to decline by 6 percent, while **sunflowerseed** output is poised to fall 5 percent. The anticipated expansion in global **rapeseed**, **groundnut**, **palm kernel** and **copra** production will not be sufficient to offset crop declines envisaged for soybean and sunflower. The drop in total oilseed output is largely driven by increased competition from grains, notably in the United States but also in China and in CIS countries, and by unfavourable weather conditions in key growing regions.

With regard to **soybeans**, plantings in the United States have fallen by 16 percent, as farmers shifted land to maize. Consequently, output dropped to 70 million tonnes, about 18 percent below the average of the last three seasons. Similarly, in China, production has declined by 12 percent year-on-year, due to a contraction in area and yields. In response to these reductions, soybean growers in South America, where the 2007/08 crop is currently being harvested, have raised plantings substantially. Nevertheless, the region's aggregate output is estimated to increase by only 3 percent due to only limited or no improvements in yields following unfavourable weather conditions. As for

Table 5. World production of major oilseeds

	2005/06	2006/07 <i>estim.</i>	2007/08 <i>f'cast</i>
	<i>million tonnes</i>		
Soybeans	220.9	235.3	220.8
Cottonseed	42.5	44.6	44.4
Rapeseed	49.1	47.4	48.0
Groundnuts (unshelled)	35.7	34.0	35.5
Sunflower	30.1	29.4	27.8
Palm Kernels	9.7	9.9	10.8
Copra	5.0	4.9	5.3
Total	393.0	405.5	392.7

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 crops, which are produced throughout the year, calendar year production for the second year shown is used.

sunflowerseed, this season's drop in global production is confirmed, largely reflecting poor harvests in the European Union, the Russian Federation and Ukraine and in spite of a record crop recently harvested in Argentina. World **rapeseed** production is confirmed to rise slightly. Strong demand and high prices stimulated an increase in rapeseed area in several countries (expect China and India), but adverse weather conditions depressed yields in most growing regions. Also world **groundnut** production is estimated to have risen, mainly due to India's improved performance.

OILS AND FATS⁵

Global oil and fat supplies to expand only moderately in 2007/08

The 2007/08 crop estimates translate into an increase in global **oil/fat** production of less than 2 percent, similar to last season but markedly below the gains witnessed in the three preceding seasons. **Palm, palm kernel, copra** and **groundnut oil** are all expected to record sizeable increases, but the marked fall in **soybean** and **sunflowerseed oil** and stagnating **rapeseed oil** output is depressing overall growth. Soybean oil production alone is forecast to fall by nearly 6 percent to 36 million tonnes. By contrast, prospects for tropical oils are positive: palm oil is expected to resume expansion, with overall output climbing to a record

⁵ This section refers to oils from all origins, which, in addition to products derived from the oil crops discussed under the section on oilseeds, include palm oil, marine oils as well as animal fats.

Table 6. World oilseeds and products markets at a glance

	2005/06	2006/07 <i>estim.</i>	2007/08 <i>f'cast</i>	Change 2007/08 over 2006/07
	<i>million tonnes</i>			%
TOTAL OILSEEDS				
Production	403.3	416.0	402.7	-3.2
OILS AND FATS¹				
Production	148.7	151.6	154.2	1.7
Supply ²	167.6	172.4	176.1	2.1
Utilization ³	145.4	150.6	155.2	3.1
Trade ⁴	72.2	76.3	80.4	5.3
Stock-to-utilization ratio (%)	14	15	13	
OILMEALS AND CAKES⁵				
Production	101.0	105.9	101.8	-3.9
Supply ²	113.5	121.1	120.3	-0.7
Utilization ³	98.5	100.8	106.1	5.3
Trade ⁴	55.7	59.0	64.2	8.8
Stock-to-utilization ratio (%)	15	18	12	
FAO price indices (1998-2000=100)	2006	2007	2008	Change: Jan-Apr 2008 over Jan-Apr 2007 %
Oilseeds	125	180	276*	89
Oilmeals/cakes	172	207	255*	30
Oils/fats	117	174	271*	94

Note: Refer to footnote 3 (pg. 28) for further explanations regarding definitions and coverage

¹ Includes oils and fats of vegetable, animal and marine 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 meals of marine and animal origin.

* Jan-Apr 2008

42 million tonnes, as outputs in Malaysia and Indonesia are forecast to rise by 9 and 11 percent, respectively. In Malaysia, growth is mostly sustained by yield improvements, whereas in Indonesia a further rise in mature area is driving expansion. As for global supplies of oils/fats (i.e. 2007/08 opening stocks plus production), these are estimated to increase by only 2 percent, as opposed to the 5 percent annual average growth recorded in recent years.

Growth in oil/fat consumption slowing down under the influence of high prices

Under the influence of record-high prices, year-on-year expansion in global oil/fat consumption is expected to slow down to 3 percent in 2007/08, as opposed to about 5 percent in recent years. Less dynamic demand in developed

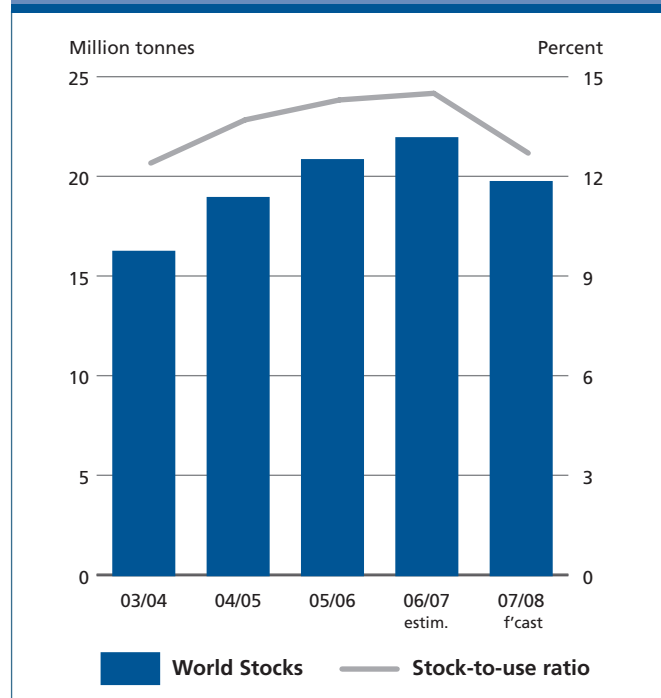
countries and lower non-food usage seem to underlie this slowdown. In the **European Union**, annual growth is estimated at 2 percent, compared with an average rise of 7 percent in the past three seasons, whereas in the **United States** consumption growth will be down to zero. By contrast, **China's** marked expansion in consumption is expected to continue, propelled by strong and steady growth in incomes and population. Also in **India** and other countries in Asia, consumption should continue to rise, albeit at a reduced rate compared with recent years, as consumers are struggling with rising domestic prices. Palm oil should account for about two-thirds of this season's global consumption expansion, and its share in total oil utilization is expected to rise to 26 percent.

Although global consumption of biofuels is expected to increase further in 2007/08, the market for vegetable oil-based biodiesel is poised to grow at a reduced rate as surging feedstock prices are significantly curtailing profit margins in biodiesel production. In the **European Union**, reduced national incentives for biofuel consumption in some countries (in particular in Germany) and growing importation of biodiesel from overseas are slowing down the demand for vegetable oil by local processors. Expansion of the European Union biodiesel industry has temporarily come to a halt and existing biodiesel plants are reported to be operating well below capacity. Utilization of rapeseed oil by biodiesel producers in the European Union is anticipated to remain unchanged or to fall slightly during 2007/08. In the **United States**, where utilization of soyoil for biodiesel production almost doubled in 2006/07, demand is estimated to grow by only 5-6 percent this season. While the rise in vegetable oil prices is also affecting biodiesel industries in developing countries (for example in **Argentina** and **Malaysia**), growth prospects there seem to be better, given higher profit margins and because biodiesel is produced for both the domestic and export markets. Globally, further growth in utilization of vegetable oils as feedstock for biofuel is expected to be associated with an expansion of world trade in biodiesel.

Global stocks of oils and fats to contract strongly

Latest estimates for 2007/08 confirm that global oil/fat production should fall short of global consumption. The shortfall is expected to result in a 10 percent drawdown in global stocks. This drop mainly reflects the situation in the **United States**, where the cut in total soyoil inventories (i.e. oil inventories plus the oil contained in stored seeds) needed to compensate for this season's crop contraction is estimated at 2.1 million tonnes, or half of this season's opening stocks. Sizeable cuts in inventories

Figure 26. World closing stocks and stock-to-use ratio of oils/fats (including the oil contained in seeds stored)

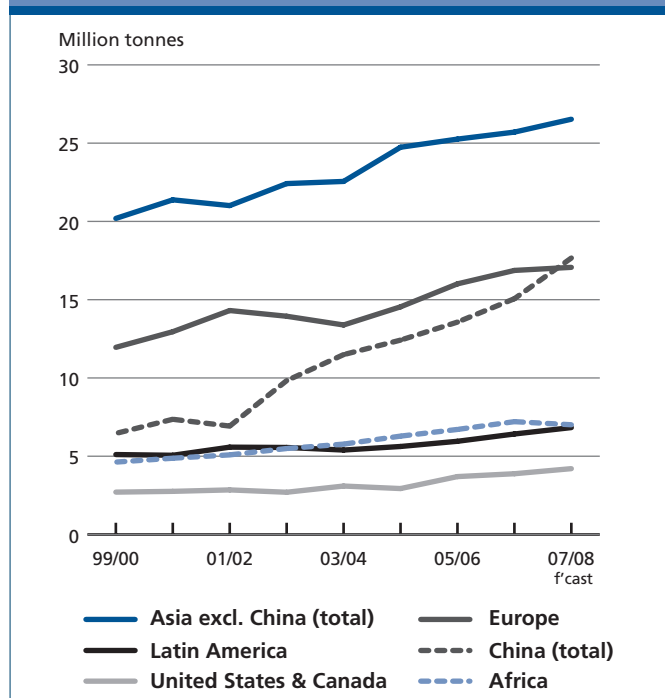


are also predicted for **Argentina** (soybeans and their oil), **Canada**, **China** and **India** (rapeseed/oil) and the **European Union** and the **Russian Federation** (sunflowerseed/oil). By contrast, Asian palm oil inventories are anticipated to approach 5 million tonnes, up 16 percent from the previous season. Overall, these estimates imply a drop in the global stocks-to-utilization ratio by almost two percentage points, which explains the recent strengthening in international prices of vegetable oil.

Global trade in oils/fats estimated to expand further

In 2007/08, the total volume of oil/fat shipments is anticipated to exceed 80 million tonnes (in terms of oils/fats plus the oil contained in oilseeds traded), which implies an about average year-on-year increase of 5-6 percent. Palm oil will account for the bulk of the anticipated expansion, while soy oil should play a less important role than usual. A significant drop in global shipments is expected for sunflower oil, due to supply shortages in the **Russian Federation** and **Ukraine**. While trade in vegetable oils destined for biofuel production is not expected to change much, shipments of the end-product, vegetable oil-based biodiesel, appears to be gaining in importance. Reportedly, the **European Union** alone may import 1.5 million tonnes of biodiesel in 2008.

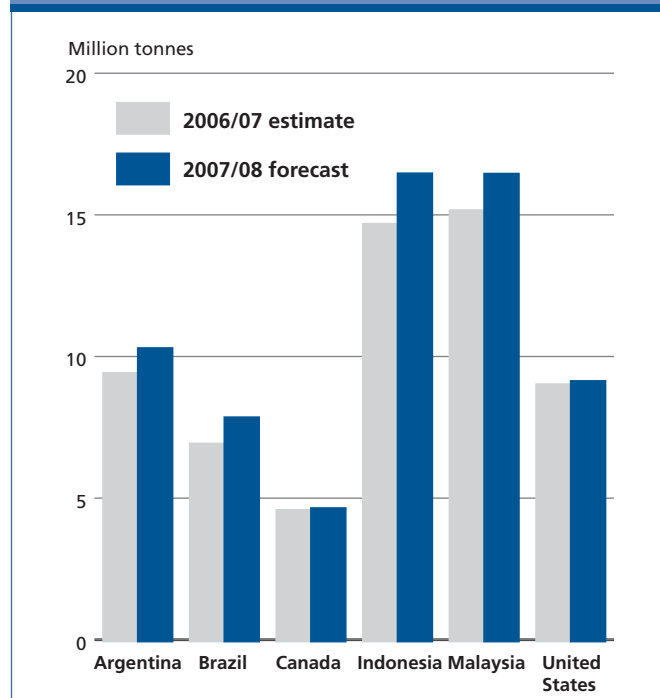
Figure 27. Total oil/fat imports by region or major country (including the oil contained in seed imports)



As already anticipated, developing countries in **Asia**, notably **China**, will account for most of the expected rise in global imports. In China, domestic crop shortfalls have accentuated the country's supply deficit, raising import requirements by 18 percent or 2.6 million tonnes. Purchases by the rest of Asia are set to increase around 3 percent. In several developing, import-dependent countries, notably **India**, imports have been affected by government trade policy measures aimed at reducing their consumers' exposure to high prices. In the **European Union**, imports are anticipated to remain similar to last year, implying that the rise in consumption will have to be satisfied mainly through a drawdown of inventories and a cut in exports.

With regard to global exports, reliance on South American supplies is estimated to intensify. Record shipments of soybeans are expected from **Brazil**. Shipments from **Argentina** should also rise, although flows have recently been disrupted by strikes against the introduction of higher export taxes. In the **United States**, exporters should be in a position to maintain last season's shipment levels thanks to the substantial release of soybeans from stocks. Meanwhile, the country's vegetable oil imports are expected to grow further, in order to satisfy rising demand from biodiesel producers. Global sunflower oil shipments should drop sharply, as some governments, notably in **Ukraine**, imposed export restrictions to avert domestic market shortages. Regarding palm oil, global export growth is

Figure 28. Oil/fat exports by major exporters (including the oil contained in seed exports)



estimated to accelerate, with shipments from **Indonesia** and **Malaysia** exceeding, respectively, 14 million and 15 million tonnes. The combined share of palm and soy in global trade (referring to oils/fats plus the oil contained in oilseeds traded) is estimated to reach 72 percent in 2007/08.

MEALS AND CAKES⁶

Marked drop in meal production dragging down total supply of meals/cakes

The current negative prospects for 2007/08 oilseed crops, and in particular the pronounced decline of soybean production in the United States, are expected to translate into an unprecedented 4 percent, or 9 million tonnes drop in global **meal/cake** output. The United States is behind the expected 10 million tonnes or 6 percent drop in global **soybean meal** output. Also, **sunflowerseed meal** output may fall sizeably, whereas moderate gains are predicted for most **other meals/cakes**. The drop in total meal output will be concentrated in China and the United States, offset only in part by higher production in Brazil, India and Paraguay. Global supplies of meals/cakes (i.e. 2007/08 production plus 2006/07 closing stocks) are confirmed to fall, marking a reversal from past trends.

⁶ This section refers to meals from all origins, which, in addition to products derived from the oil crops discussed under the section on oilseeds, include fish meal as well as meals of animal origin.

Consumption of meals and cakes expands further, in spite of record-high prices

In 2007/08, global meal consumption (expressed in protein equivalent) is estimated to rise by over 5 percent or 5.3 million tonnes. Soybean meal is expected to account for most of the prospective rise in global consumption. Total utilization is anticipated to keep rising in spite of record-high prices, mainly because in **Asia**, and especially in **China**, the consumption of livestock products is continuing to expand. The increase in global meal demand also stems from the exceptional worldwide shortage in feed grains and the resulting surge in their prices, which is encouraging the compound feed industry to replace feed grains with other products, notably oilmeals. This situation applies in particular to the **European Union**, where meal consumption is estimated to grow by about 5 percent.

Sharp fall in global inventories of meals and cakes inevitable

Due to this season's marked tightening of meal supplies, a major reduction in stocks (referring to both, meals and the meal contained in oilseeds stored) will be needed in order to satisfy demand. Global inventories are estimated to drop by almost 28 percent. This unprecedented decline reflects primarily soybeans and their meal. The main country concerned is the **United States**, where total inventories

are estimated to shrink by close to 75 percent following the release of over 11 million tonnes of soybeans. As a result, the global stocks-to-use ratio is estimated to drop sharply (from 18 to less than 13 percent), thus cancelling out the gains recorded over the past three seasons and explaining the persisting firmness of international meal prices.

Growth in world meal trade expected to accelerate

Global trade in meals/cakes (including the meal equivalent of oilseeds traded) is forecast to reach a record 147 million tonnes in 2007/08, implying a year-on-year increase of 9 percent. As in past years, the rise is expected to be mainly on account of soybeans and their meal. As for the other meals, a drop in shipments of sunflowerseed meal is envisaged. Most of the anticipated rise in global imports is expected to occur in **Asia**. In **China** alone, where total purchases are estimated to grow by about 5.7 million tonnes, or more than 20 percent from last year. Poor harvests led to a marked reduction in meal output from domestically grown crops, which, combined with steadily rising feed demand, is anticipated to push China's total imports to a record 30 million tonnes. This import level implies that about 60 percent of the country's meal requirements will be sourced abroad, the highest degree of import dependence on record. Other Asian buyers that

Figure 29. World closing stocks and stock-to-use ratio of meals/cakes (in protein equivalent and including the meal contained in seeds stored)

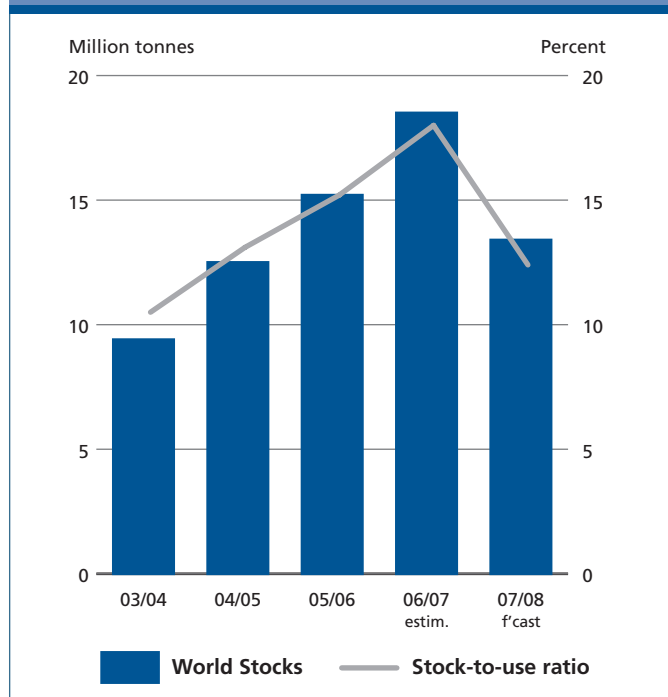
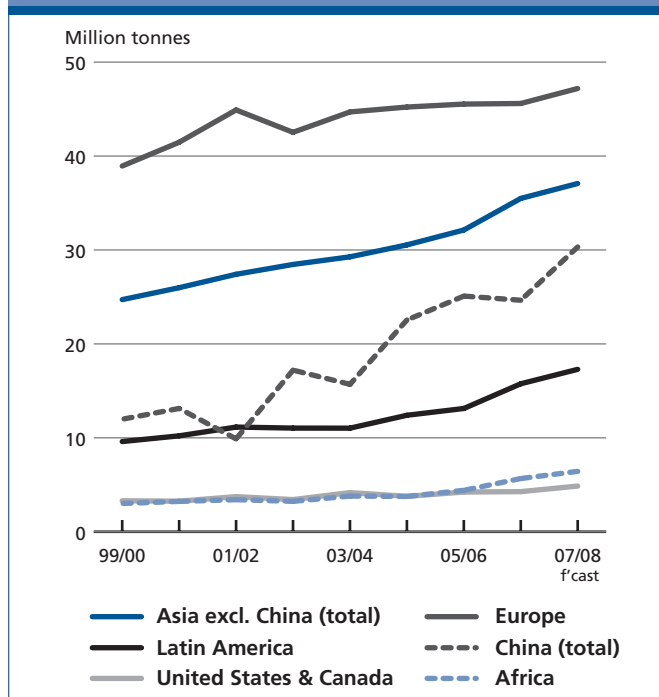


Figure 30. Total meal/cake imports by region or major country (including the meal contained in seed imports)



are expected to raise their purchases include **Indonesia**, the **Republic of Korea** and the **Philippines**. At 44 million tonnes, the **European Union** is foreseen to remain the world's largest buyer of meals in the international market. The estimated year-on-year increase of 4 percent is mainly attributed to the surge in feed grain prices, which will encourage European Union feed compounders to use more oilmeals.

Regarding exports, the large release of soybeans from stocks will help the **United States** contain the fall in its meal shipments at less than 4 percent. Meanwhile, world market dependence on South American supplies is expected to deepen. Based on current production estimates, shipments from the region will increase by over 12 million tonnes or 16 percent, with the two main suppliers, **Argentina** and **Brazil** accounting for about 6 million and 4 million tonnes, respectively. Argentina's export estimate has just been revised downward, following the disruption of export operations during recent strikes in the country. **Paraguay**, with total shipments approaching 6 million tonnes (compared with about 3 million tonnes until two years ago), is emerging as another important supplier in the region. In 2007/08, almost 60 percent of global export supplies should originate from these three countries. Following abundant crops, **India's** meal shipments are set to exceed 6 million tonnes (increasing

17 percent year-on-year), driven by the interest of buyers in Asia to import from close-by sources, as international freight rates have gone up considerably.

PROSPECTS FOR 2008/09

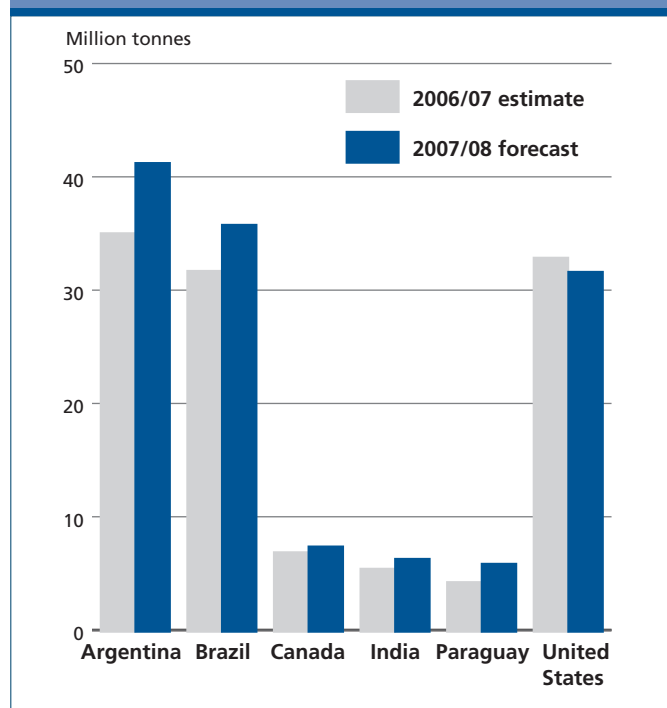
Markets better balanced, especially oils and fats

Farmers are expected to respond to persistently high oilseed prices and prospects of continued growth in demand by substantially expanding the area sown to oilcrops for marketing in 2008/09. The rise in area should be mainly on account of soybeans, which are expected to gain back much of the land lost to grains during the current season. As a result, after this season's unprecedented drop, global oilcrop output could climb to new record levels, assuming normal weather conditions and average yields. Based on first tentative forecasts, global soybean output may exceed 240 million tonnes, up 9-10 percent from the current season and 3 percent above the previous record achieved in 2006/07. The other oilcrops, in particular rapeseed, may also reach all-time highs, while further increases are also expected in mature oil palm areas.

Spring plantings of 2008/09 oilcrops will soon come into full swing in the northern hemisphere, whereas, in the southern hemisphere, new season sowings will only begin towards the end of this year. **Soybean** plantings are tentatively estimated to increase by 18 percent in the United States, mainly at the expense of maize and cotton but also thanks to additional cropland brought into production and a likely expansion of double cropping. As a result, and assuming normal growing conditions, output in the country could increase by about 14 million tonnes (or 20 percent) compared with the current season, still falling 2-3 percent short of the 2006/07 level. In China, soybean production is forecast to grow about 14 percent, but also in this case output would fall short of the country's record. The South American soybean crop, which will be harvested in early 2009, is tentatively forecast to grow by another 3-4 percent or close to 5 million tonnes, assuming normal weather conditions. However, these forecasts are still subject to much uncertainty, concerning, in particular, the impact of future mineral oil prices on production and transportation costs, the future level of export taxation in Argentina, and the launching of new initiatives, for example in Brazil, to reign in the ongoing expansion of soybean plantings for environmental reasons.

Similarly, **sunflowerseed** production in the European Union, the Russian Federation and the Ukraine is anticipated to recover in 2008/09, though not enough to match previous

Figure 31. Meal/cake exports by major exporters (including the meal contained in seed exports)



levels. Global **cottonseed** output could fall, considering that, in the United States, part of the expansion in the soybean area is likely to occur at the expense of cotton. By contrast, record or near record **rapeseed** crops could be harvested in Canada, the European Union and Eastern Europe. In China, however, rapeseed production is not likely to recover from this season's depressed level.

Overall, the above-mentioned forecasts suggest that the current tightness in global markets for oilseeds and derived products could ease as the new marketing season begins. In 2008/09, output of oils and meals should be sufficient to meet consumption. However, low levels of carry-in stocks will likely weigh on the market during 2008/09. During the course of next season, a full recovery in global inventories could be achieved for oils/fats, but this is not likely to be the case for meals. Factoring in projected demand, global stock-to-use ratios are anticipated to improve, while remaining below the levels recorded prior to this season's decline, especially in the case of oilmeals, which, given the likely continued tightness in global maize markets, could remain in high demand.

Based on current market prospects for 2008/09, a stabilization of international prices for oilseeds, oils and meals around current levels, or somewhat below the actual level in the case of oils, is envisaged for the remainder of the current season and in early 2008/09.

SUGAR

PRICES

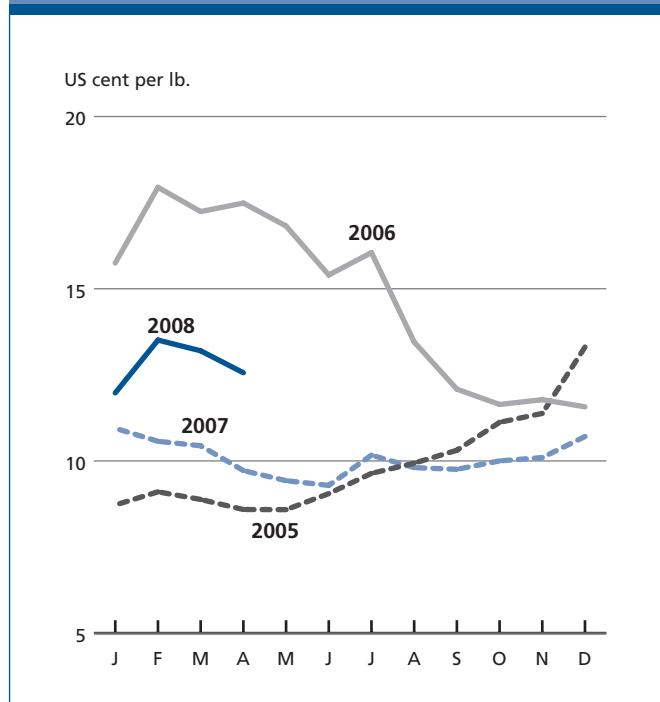
International sugar prices recover during the first quarter of 2008

Since the last issue of the Food Outlook in November 2007, international sugar prices⁷ have increased by 30.7 percent, in spite of an expected second consecutive year of surplus supplies in 2007/08. In March 2008, prices reached a 20-month high of US 15.21 cents per pound, before declining by the end of the month. The average price for April of US 13.20 cents per pound was 5 percent lower than the average price in March but around 29 percent higher than the corresponding month in 2007.

The apparent disconnection between international sugar prices and market fundamentals illustrates the influence of factors exogenous to the sugar market itself, including

⁷ International sugar prices are based on the International Sugar Agreement (ISA), produced by the International Sugar Organization (ISO), and computed as a simple average of the close quotes for the first three future positions of the Intercontinental Exchange Sugar Contract No. 11.

Figure 32. International Sugar Agreement (ISA)



high energy prices, the weakness of the US Dollar, and the potential influence of investment funds on the sugar futures markets. FAO expects the market will tighten somewhat, given anticipated drop in production for 2008/09.

PRODUCTION⁸

Global sugar production to expand further in 2007/08

FAO's latest estimate for world sugar production in 2007/08 now stands at 168 million tonnes, 1.1 million tonnes less than anticipated earlier and almost 2 million tonnes above the previous season. The downward revision is based on lower than expected sugar output in **Australia, China** and **India**. However, global sugar production is estimated to exceed consumption by as much as 9.8 million tonnes, contributing to a build-up of global inventories and an increase in stocks-to-use ratio to 48.3 percent, up from 46.2 percent in 2006/07. Led by a strong performance in **Brazil** developing countries will be responsible for the bulk of the growth in output, which is forecast to reach 127.5 million tonnes, a 2.1 percent increase compared with 2006/07. Total production in developed countries is

⁸ Sugar production figures refer to centrifugal sugar derived from sugar cane or beet, expressed in raw equivalents. Data relate to the October/September season.

forecast at 40.4 million tonnes, 1.8 percent less than the previous year, as a result of lower than anticipated output in **Australia**.

In the *Latin America and Caribbean* region, **Brazil** is estimated to produce 34.1 million tonnes in 2007/08, a strong 6.6 percent, or 2 million tonnes, more than in 2006/07. Favourable weather conditions and high sugar extraction rates helped boost sugar production to an all-time high. It is estimated that 56 percent of Brazil's 2007/08 sugarcane harvest will be processed into ethanol. This compared with a 50 percent share in 2006/07. The introduction of flex-fuel vehicles (FFVs) in 2003, which can run on pure ethanol, gasoline, or a combination of the two, has enabled consumers to take advantage of the price differential between ethanol and gasoline. Rising gasoline prices relative to ethanol prices encourages consumers to switch to ethanol fuel, which in turn provides additional incentive for millers to process more sugarcane into ethanol and less into sugar. The demand for ethanol is becoming a fundamental component of the sugar market in Brazil, especially as the number of FFVs continues to expand. Today, these types of vehicles account for over 85 percent of passenger cars sold in Brazil. Sugar production is also expected to increase in **Argentina**, buoyed by a 10 percent area expansion to cater for the expected rise in ethanol demand. Strong growth is expected in **Peru**, while sugar

output in **Colombia** should remain relatively unchanged from 2006/07.

In **Mexico**, sugar production is estimated at 5.7 million tonnes, a 1.9 percent rise over 2006/07. The growth in production reflects a slight increase in planted area and higher yields. Production will be just enough to cover domestic consumption, but the full opening of the sweeteners market, free of duties, under the North American Free Trade Agreement (NAFTA), could result in a greater usage of high fructose corn syrup (HFCS) sourced from the United States by local industries, at the expense of locally produced sugar, leading to calls for the Government to introduce substantive measures to support the sector. Sugar output should expand also in **Guatemala**, the second largest sugar exporter in *Latin America and the Caribbean*, as a result of a 10 percent increase in cane area. In **Cuba**, sugar output is forecast slightly above last's year level, but still below expectations, as poor infrastructure and low productivity continue to constrain the sector. Output is also expected to rise in the **Dominican Republic** to 500 000 tonnes, up 4.5 percent from 2006/07.

Aggregate sugar production in **Africa** is set to reach 10.7 million tonnes in 2007/08 2.1 percent above the previous year. Production in most countries in the region is too small to have a mentionable impact on international sugar prices. However, sugar production has been rising at a steady 2.2 percent per annum over the past five years, compared with a ten-year average annual growth of 1.5 percent. Expansion in production underpins rising domestic and regional sugar consumption, but it also mirrors expansion programmes to boost exports, as a number of African sugar producing LDCs will gain duty and quota free access to the **European Union** sugar market from 1 October 2009, under the EBA initiative⁹. In **South Africa**, the largest sugar producer of the continent, sugar production is forecast at 2.5 million tonnes in 2007/08, up 3.3 percent from the weather damaged crop of the previous year. Expected gains are also foreseen in **Kenya**, where output could reach 600 000 tonnes, up 5.7 percent from 2006/07. The greatest challenge facing the industry in that country is the impact of full liberalization of the sugar trade within the Common Market for Eastern and Southern Africa (COMESA). Already, Kenya has committed to raise

Table 7. World production and consumption of sugar

	2005/06	2006/07 <i>estim.</i>	2007/08 <i>f'cast</i>	Change: 2007/08 over 2006/07
	<i>million tonnes</i>			%
WORLD BALANCE				
Production	151.2	166.1	168.0	1.1
Trade	48.5	46.7	45.6	-2.4
Utilization	146.8	154.0	158.2	2.7
Ending stocks	62.8	71.2	76.4	7.3
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (<i>kg/year</i>)	22.8	23.6	23.9	1.5
LIFDC (<i>Kg/year</i>)	8.2	8.8	8.9	1.6
World stock-to-use ratio (%)	42.8	46.2	48.3	
ISA Daily Price Average (US cents/lb)	2006	2007	2008	Change: Jan-Apr 2008 over Jan-Apr 2007 %
	14.77	10.08	12.81*	23

* Jan-Apr 2008

⁹ Other African, Caribbean and Pacific Group of States (ACP) are also keen on boosting production under the Economic Partnership Agreements (EPAs) of the European Union. The EPAs will replace the trade chapters of the 2000 Cotonou Agreement, which regulated the sugar trade between both parties. The European Union offered duty and quota free access to the ACP countries after 2015. The impact of such a proposal on the ACP group, and individual countries within ACP, is still uncertain.

its free of duty import quota by 40 000 tonnes within the context of the COMESA free trade agreement for the next three years, and to reduce gradually out-of-quota tariffs. Increases in sugar output are also forecast for 2007/08 in **Mozambique, the United Republic of Tanzania, Zambia and Zimbabwe** and where rehabilitation and expansion programmes have been launched to take advantage of improved market access to the European Union under the EBA initiative. In **Egypt**, sugar production is expected to decline slightly from last year's output of 1.9 million tonnes. The emphasis is on expanding the area sown to beet, which reached about 68 000 hectares in 2007, as the Government is keen on promoting beet ahead of cane production to mitigate the problems posed by limited area and water resources. Production in **Ethiopia** is estimated at 310 000 tonnes, down 50 000 tonnes from 2006/07, due to unfavourable weather conditions, but the sector may benefit from renewed public support. The Government has recently put out plans to expand sugar output five fold by 2010. In **Swaziland**, sugar production is expected to remain relatively unchanged from last year's level.

Estimated production in **Asia** now stands at 65.8 million tonnes for 2007/08, marginally lower than in 2006/07 and 3.6 percent below the FAO estimate in November, mainly reflecting smaller than anticipated production in **China and India**. Sugar output in **India** is now estimated to decline by 6.2 percent to 28 million tonnes after two seasons of increases. The industry is still struggling to cope with supply levels that are well above domestic demand, leading to low internal sugar prices and a significant increase in inventories. The Government has introduced a series of measures to support domestic prices, including 5 million tonnes buffer stock and the implementation of export subsidies. Similarly, sugar production in **China** is set to reach 13.7 million tonnes, below earlier estimates as severe frost damaged crops in the Guangzi province, China's largest sugar producing region. In **Thailand**, sugar output is expected to increase by 7.7 percent to 7.6 million tonnes in 2007/08, following an increase in cane plantings. Likewise, production in **Pakistan** may surge by 14 percent to an overall 4.4 million tonnes, influenced by remunerative prices over the past two crop years. In the rest of the region, an expansion is also foreseen in **Indonesia and Turkey**.

In **Europe**, sugar output in the **EU-27** rose slightly to 17.4 million tonnes in 2007/08, following favourable growing conditions, which boosted yields, compensating for a small reduction in beet area. Under the reform of the sugar regime, the **European Union** aims to cut sugar production by 6 million tonnes over the four years of its restructuring programme. So far, quota renouncement by

producers has been below expectations, leading the EU Commission to announce that it will make compulsory quota cuts by 2010, if the proposed reduction of sugar output is not achieved. Production is to decline in the **Russian Federation** by 5.4 percent, as a result of less than favourable growing conditions which reduced beet yields. The industry benefits this year from increased external protection, under a seasonal import tax which spans six months beginning in December 2007, as this was raised from USD 140 to USD 220 per tonne. Sugar output is also expected to fall in **Ukraine**, following a surplus in 2006/07, which created a large domestic market imbalance and depressed prices. As part of its commitment to the World Trade Organization (WTO), the country agreed to open a tariff rate quota for raw sugar of 206 000 tonnes, increasing annually up to 267 800 tonnes in 2010. This move may have strong negative implications for production as the domestic sugar industry will face increasing competition from low cost sugar imports. In the *rest of the world*, sugar production in the **United States** is estimated at about the same level as 2006/07, reflecting a return to normal growing conditions. The country's area sown to beet is expected to come under pressure as some producers may switch to higher priced alternative crops, such as grains. In **Australia** unusually wet weather in the main sugar producing region reduced output to 4.9 million tonnes, slightly down from the previous year.

UTILIZATION

Developing countries behind growth in sugar consumption

Global sugar consumption in 2007/08 is estimated to reach 158.2 million tonnes, 4.2 million tonnes more than in 2006/07, reflecting increases in **Asia** and in **Latin America and the Caribbean**. World sugar consumption has expanded by an average 3.8 percent per annum over the past three years, well above the ten-year average of 2.5 percent. The global expansion in consumption is being driven by rising per capita income in developing countries and lower prices. On average, per caput sugar consumption is estimated to increase from 23.6 kg in 2006/07 to 23.9 kg in 2007/08. Current price relationships are also expected to induce some shifts away from high fructose corn syrup (HFCS) to sugar, given high maize prices.

Sugar consumption in developing countries is estimated to grow by 3.5 percent to 109.4 million tonnes, sustained by increases in per caput income and population growth. Sugar consumption in **India**, the largest sugar consuming country in **Asia**, is foreseen at 23.1 million tonnes, up from 22.4 million in 2006/07, buoyed by lower prices

and strong economic growth. Similarly, year-on-year utilization is expected to increase in **China**, boosted by rising per capita income, strong demand from the food and beverages sectors, and weaker competition from alternative sweeteners such as HFCS. Sugar consumption is also forecast to rise in *Latin America and the Caribbean*, where most of the growth will be accounted for by **Brazil** and **Mexico** where utilization is estimated at 12.2 million tonnes and 5.7 million tonnes, respectively. Year-on-year sugar offtake is forecast relatively stable in developed countries, particularly in the **EU-27**, **Australia** and **Japan**, as these markets are already saturated and population growth is limited. Relatively higher growth is expected in the **United States**, reflecting greater use of sugar in food and beverage processing.

TRADE

World sugar trade to remain flat on weak import demand

World sugar trade is forecast to reach 45.6 million tonnes in 2007/08 (October/September), slightly lower than the 2006/07 trade estimate, reflecting lower imports by **China**, **Indonesia**, **Pakistan** and the **Russian Federation**. The decline in trade was mainly caused by reduced imports, following higher production in most traditional importing countries. In fact, overall production in the world's five largest sugar net-importers is expected to grow by 2.6 percent in 2007/08. In *Europe*, imports by the **Russian Federation**, the world's largest sugar buyer, are expected to increase by 200 000 tonnes to 3.5 million tonnes in 2007/08, despite a much higher seasonal import duty of USD 240 per tonne, to compensate for the expected decline in production. The import duty has little effect on the total volume of imports but rather influences their distribution throughout the year. Overall imports by the **EU-27** could reach 3.2 million tonnes, virtually the same level as in 2006/07 by the **EU-25**, while purchases by **Egypt** and **Ukraine** are forecast to rise, mainly on account of lower than anticipated domestic output. In *Asia*, purchases by **China**, **Indonesia** and **Pakistan** are also foreseen to drop, mainly reflecting improved domestic supply availabilities. In the *rest of the world*, deliveries to the **United States** are forecast at 1.9 million tonnes, a 1.6 percent increase over the previous year. Imports by countries in *Africa* are projected to expand by 3.6 percent to 9.2 million tonnes, sustained by strong domestic demand. On the outset, sugar stands to benefit from the development of regional free trade agreements between several African countries. Free trade could stimulate imports to less efficient sugar producing markets and enable consumers to benefit from lower domestic prices.

Export availability is anticipated to increase slightly in 2007/08, after a strong 16.3 percent growth in 2006/07. However, **Brazil**, the world's largest exporter, may cut shipments by 3.2 percent to 20.8 million tonnes, reflecting tighter competition in world markets, since the return of India as a net-sugar exporter. It is reported that India has gained market share from Brazil in the Asia market, owing to competitive pricing resulting from its cost-freight advantage. Overall exports from *Asia* are foreseen to exceed 13.4 million tonnes, up 1.3 million tonnes, or 0.8 percent from 2006/07. In **India**, exports could reach 2.7 million tonnes, driven by ample supplies and incentives created by the government's export subsidy scheme. A strong increase in domestic output is expected to boost sales by **Thailand** to 5 million tonnes, mostly directed to neighbouring markets. The accumulated surplus over the past two years has caused some exporters to struggle with large sugar inventories. The challenge is to find market outlets for these volumes in the midst of an over-supplied global market.

MEAT AND MEAT PRODUCTS

PRICES

Sustained increases in production costs, notably feed, in major producing countries, suggests that meat prices could come under greater pressure in 2008

Preliminary estimates indicate that the FAO International Price Index of Meat Products reached its highest level of 136 points (1998-2000=100) in April 2008, continuing its recent upward trend that began in June 2006. The main reasons for this development are: higher feed costs, the depreciating US Dollar, and the rising demand for meat largely fuelled by economic growth in developing countries, particularly in Asia. Although, individual meat categories have exhibited different developmental paths in the past because of differences in feedstuffs used, feed conversion efficiencies, biological production cycles, as well as differences in contractual agreements, the trends for all since 2006 have been in the upward direction. Despite this, however, meat markets have not yet experienced price hikes of comparable magnitude with those observed in grains, oilseeds and dairy product markets. But sustained increases in production costs, notably of feed, in major producing countries, that are reducing the profit margins of meat producers, suggest that prices of meat products could come under greater upward pressure. The delay in the response of meat markets to developments that are taking

Figure 33. FAO international price index for meat products (1998-2000=100)

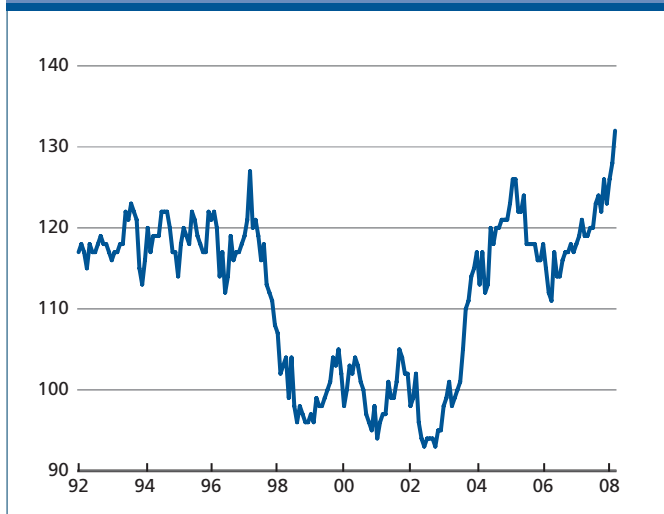
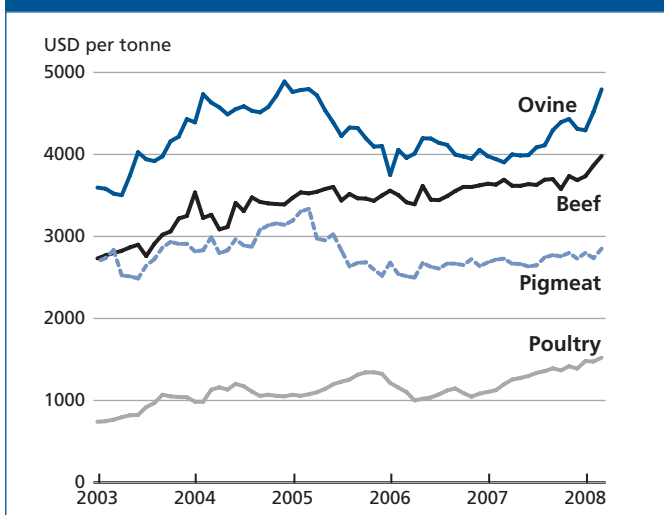


Figure 34. Prices of selected meat products



place in the feed markets is partially due to typical livestock cycles, as well as recurring animal diseases.

Ovine prices climbed almost 17 percent over the first four months of 2008 compared with the same period a year ago, mostly reflecting the attempts of Australian sheep producers to rebuild their flocks through reducing slaughtering. During the same period, FAO's *Bovine* Price Index rose by almost 7 percent, due to rising global import demand and limited export supplies from Argentina, Australia, Canada and New Zealand. International *pigmeat* prices experienced a similar increase, despite reaching the peak of the hog cycle in some of the large producing countries, such as Canada and Mexico and in EU Member States. The largest increase in prices has, however, been

observed for *poultry* products, at slightly more than 28 percent over the same period as above, reflecting rising prices of feed and energy, which make up the largest portion of variable production costs.

BOVINE MEAT

Bovine markets are recovering from weather shocks and import bans

World production of bovine meat rose by 2.3 percent in 2007, and is projected to rise a further 1.1 percent in 2008 to 68 million tonnes. All of the increase in production will take place in developing countries, which now account for 56 percent of the global total.

In North America, bovine meat production is forecast to remain virtually unchanged. The increase in output in the United States will offset a 6 percent decline in Canada. The strong reduction expected in *Canada* is due mainly to the implementation of the Country of Origins Labelling (COOL) regulation by the United States, its major international market. The increase in the *United States'* beef output is in part due to the large supplies of distiller-dried grains from the production of ethanol, which have helped lessen the impact of higher feed costs.

In 2007 South American beef output increased by a healthy 5 percent, although the increase in 2008 is expected to be less than 2 percent. This reduction in the growth rate is due to developments in the two main producers in the region. In *Brazil*, the largest producer in the region, the 5 percent growth observed over 2007 is expected to be reduced to 2.5 percent in 2008, mainly as a result of the new restrictions imposed by the European Union on imports from the country due to product safety concerns related to animal diseases. In *Argentina*, on the other hand, production is expected to decline by 1 percent in 2008, reversing the 6 percent growth observed during the previous year, depressed by the imposition of higher export taxes and restrictions. These policies are changing the relative profitability of crop and livestock production, encouraging the producers to shift pasture areas into crop production and thus contributing to the decline in production of bovine meat. Shortages in replacement cattle have constrained the increase in *Uruguay's* production to less than 1 percent. However, good pasture conditions are expected to boost production in *Chile, Colombia, Paraguay* and *Venezuela*.

Bovine meat production in the *European Union* remains on a downward trend, as animals are being retained to increase the size of the dairy herd, following the increase in milk quotas. However, reduced imports from Brazil should

Table 8. World meat markets at a glance

	2006	2007 <i>estim.</i>	2008 <i>f'cast</i>	Change: 2008 over 2007 %
<i>million tonnes</i>				
WORLD BALANCE				
Production	271.5	274.7	280.9	2.3
Bovine meat	65.7	67.2	68.0	1.1
Poultry meat	85.4	89.5	92.9	3.8
Pigmeat	101.7	98.8	100.6	1.8
Ovine meat	13.3	13.7	14.0	2.0
Trade	21.4	22.5	23.1	3.0
Bovine meat	6.8	7.1	7.2	1.0
Poultry	8.5	9.2	9.6	4.3
Pigmeat	5.0	5.0	5.3	5.2
Ovine meat	0.8	0.9	0.8	-5.9
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	41.6	41.6	42.1	1.1
Developed (kg/year)	81.1	82.4	82.9	0.7
Developing (kg/year)	30.7	30.5	31.1	1.8
FAO meat price index (1998-2000=100)	2006	2007	2008	Change: Jan-Apr 2008 over Jan-Apr 2007 %
	115	121	131*	10

* Jan-Apr 2008

stimulate the industry somewhat, limiting the decline in production to less than 1 percent.

Cattle slaughter in *Australia* is expected to contract by 3.3 percent in 2008, as its herd is in the rebuilding phase. Most of the production decline is expected in the grain-fed peak sector, following losses sustained by the feedlots due to higher feed costs in 2007. *New Zealand's* production will increase slightly in 2008, stimulated by favourable product prices.

Steady herd expansion, improved genetics and feeding practices, as well as continued government support, are expected to sustain a production increase of more than 3 percent in *China*. Bovine meat output is increasing also in *India* and *Pakistan*, in response to growing domestic demand.

International trade in bovine meat is forecast at 7.2 million tonnes in 2008, up 1 percent over 2007. The market continues to recover from consecutive droughts in Australia and from the Bovine Spongiform Encephalopathy (BSE) incidents in North America that had resulted in the imposition of bans by many importers. As these are being progressively lifted, trade in beef is resuming a more normal pattern.

Among the major importing countries, shipments to *Japan* are set to decline slightly, largely reflecting lower exportable supplies of grain-fed beef from Australia and continuing import restrictions on products from the United States. The foreseen increases in the consumption in the *Republic of Korea* will be partly met through increased imports, as BSE concerns dissipate. In the *United States*, increased domestic slaughter, coupled with a weaker US Dollar, may depress imports by 4 percent. Purchase of beef by the *European Union* will decline substantially, due to a partial ban on beef imports from Brazil and inability of other South American suppliers to fill the gap. Imports by the *Russian Federation* are likely to continue rising to compensate for a falling domestic production.

As far as bovine meat exports are concerned, those from *New Zealand* are expected to grow in 2008 despite a strong New Zealand Dollar. Shipments from *Brazil* will mirror production growth and be destined to non-traditional markets to offset import restrictions imposed by the European Union. While exports from *Argentina* are set to decline, shipments from *Paraguay* and *Uruguay* are expected to increase. Buffalo meat exports from *India* are likely to rise in 2008, in response to strong import demand from Indonesia, Malaysia, the Philippines and countries in the Near East.

The strong Euro, high internal prices and decreased import demand from Brazil, however, will discourage exports from the *European Union*. *Canada's* beef shipments are also expected to fall, negatively affected by the introduction of the Country of Origin Labelling legislation in the United States. Exports from the *United States* are anticipated to rise, sustained by a weak dollar and the progressive lifting of import bans by its traditional importing partners.

PIGMEAT

Pigmeat production to recover in 2008

Global pigmeat production is forecast to increase by almost 2 percent to 101 million tonnes after a 3 percent decline in 2007, which was largely the result of the impact of massive culling of nearly 1 million pigs following the outbreak of the Porcine Reproductive and Respiratory Syndrome (PRRS) in China, the world's largest pigmeat producer. This year, output in China is foreseen to expand more than 1 percent, but full recovery is being impeded by snow storms early in the year that destroyed 800 thousand pigs, particularly in back yard operations. In order to promote recovery, a number of subsidy, insurance and vaccination programmes have been implemented. In *Canada* and the *European Union*, where output last year was at cyclical highs, with

low prices, production is expected to decline in 2008. *Viet Nam's* production is also negatively affected by PRRS and massive culling of all infected animals, which will reduce the growth in production in 2008.

In South America, an increase in pigmeat production is anticipated in virtually all producing countries for the fourth consecutive year. *Argentina, Brazil* and *Chile*, which have ample feed supplies, are the main contributors to the 4 percent output expansion projected for the region. In *the Russian Federation*, production is set to grow by more than 6 percent in 2008, as the pig population is continually increasing, aided by government support policies aimed at boosting quality and volume of domestic production so as to reduce dependency on imports. Pigmeat output in *Australia* remains stable as a result of a combination of drought-induced high grain prices and record imports driven by the strengthening of the AUD. In the **United States**, pigmeat production will increase as a result of favourable conditions in 2007, which were encouraged by the depreciation of the dollar. It's industry has also adopted a new vaccine that has lowered hog losses and increased productivity.

World trade of pigmeat is estimated to increase by 5.2 percent to 5.3 million tonnes in 2008. A continuing development for the sector in 2008 is the increased presence of *China* in the market as a buyer, as the country continues to be crippled by a lack of pork supplies following the outbreak of PRRS. *China*, this year is expected to import 150 000 tonnes of pork in an attempt to reduce the pressure on domestic prices. Purchases by *Japan* are expected to increase by 2 percent, in line with increased domestic demand and a reduction in domestic production brought about by high feed costs. By contrast, sustained by rising domestic demand, shipments to the *Republic of Korea* are expected to increase, especially from *Chile*, which benefited from lower import duties under the Korean-Chile Free Trade Agreement (FTA). Pigmeat deliveries to *the Russian Federation*, which continue to be subject to tariff rate quotas, are expected to remain stable, a reflection of large production gains consistent with prevailing government policy to stimulate output.

As for pigmeat exports, sales from *Brazil* and the **United States** are forecast to rise, partly boosted by increased shipments to *China* and *Japan*. By contrast, reflecting strong currencies and higher feed costs, exports from *Canada* are now anticipated to decline while those from the *European Union* will remain stable in 2008. Imports of pigmeat by *Mexico* are to decrease substantially this year due to increasing consolidation of the industry, which helped raise production.

POULTRY MEAT

Poultry to increase its share in global meat production

Animal diseases, such as Avian Influenza (AI), continue to shape poultry trade patterns. Nevertheless, in developing countries, sustained high economic growth will continue to increase demand for meat, especially for low priced meats, such as poultry. In line with these expectations, global poultry meat production in 2008 is projected at 93 million tonnes, almost 4 percent higher than last year. The growth is expected in all regions of the world. Poultry production in the **United States** is expected to increase by more than 2 percent. *Canada's* effort to contain its 2007 AI outbreak has been successful and the output is expected to increase slightly. Production may increase by 6 percent in South America. *Argentina, Chile* and *Colombia* will achieve 10 percent increases, while the growth rate in *Brazil*, the largest producer in the region, is expected to be about 5 percent. Adjusting to growing domestic consumption and export demand, *Thailand* broiler production is expected to increase by more than 6 percent in 2008. This year, despite recurring outbreaks of AI, *China* is anticipated to boost its poultry output through measures that improve feed conversion into meat. Most other major poultry producers, namely *Australia, Indonesia*, the *Islamic Republic of Iran*, the *Philippines*, the *Russian Federation*, *South Africa* and *Turkey*, are expected to raise their poultry production in 2008 in response to improved domestic demand. In Africa, poultry output is anticipated to increase by 1 percent, mostly reflecting higher production in North Africa. Despite the resurgence of AI in parts of the *European Union*, prospects for poultry production in 2008 remain relatively stable. Competitive prices, with respect to other meats, consumer preference for white meat and increased use in food preparations still favour poultry meat as in 2007. On the other hand, *India* and the *Republic of Korea* have increased poultry culling in order to stop the spread of the H5N1 bird influenza virus. This is expected to lower production in 2008 by 3 and 2 percent, respectively in these countries.

Trade in poultry meat is projected to rise by 4 percent to 9.6 million tonnes, due to increased import demand. Half of that growth is expected to originate in Asia, especially *China* where consumers are substituting broiler meat for pigmeat, the prices of which have been relatively higher. The *Philippines* and the *United Arab Emirates* are expected to increase poultry imports substantially to meet the domestic demand. *Saudi Arabia*, which is expected to decrease import tariffs for frozen poultry to help control

food price inflation, will also increase poultry imports by 2.6 percent. The **European Union** is expected to become a net importer in 2008 with Brazil as the major supplier. In 2008, imports will increase by 1.4 percent paying full over quota duty because high domestic prices will still make it profitable. Imports by **Turkey** for 2008 are anticipated to recover from the 2006 contraction caused by AI reflecting consumer confidence returns. The **Russian Federation** is also increasing its imports of poultry meat as consumer demand continues to expand because of growing income and the shortage of supplies of other meat. Imports by **Japan**, on the other hand, are anticipated to decline by 1.6 percent.

As for poultry exports, larger sales of chicken meat by **Brazil** are expected to sustain the global expansion in poultry trade. Exports from the country are now anticipated to grow by 4 percent, to almost 3.6 million tonnes, in response to strong import demand from countries in the **European Union**, the Near East countries, such as **Saudi Arabia** and the **United Arab Emirates** and Asia, particularly **Hong Kong** and **Japan**. The **Thailand** broiler industry anticipates that exports of cooked chicken meat will continue to grow at least by 7 percent in 2008, in line with strong demand from the European Union and Japan despite recurrence of AI this year. Thailand has devised an approach, referred to as "compartmentalization", the goal of which is to convince major importing countries to import from those areas meeting stringent biosecurity measures, regardless of the country's overall AI status. The forecast for exports from the **United States** points to an expansion of 4 percent from last year, which is much behind the global expansion in poultry trade, despite the growing competition from Brazil in Asian markets.

SHEEP AND GOAT MEAT

Global ovine output forecast to increase despite substantial decline in Oceania

Global ovine production is forecast to rise by 2 percent to 14 million tonnes in 2008, particularly due to a higher output in **China**, the **Islamic Republic of Iran** and **Pakistan**. Output is also expected to rise in Africa, especially in **Egypt**, **Morocco** and the **Sudan**, accounting for almost two-thirds of the increase in production of the continent. North American output should increase, particularly in the **United States**, by more than 1.9 percent, as the income growth in the Hispanic community improves the demand for lamb. By contrast, production is anticipated to contract in most other developed countries. Despite improved weather conditions in **Australia**, lamb output should fall in 2008,

mainly because of animal retention for flock rebuilding. In New Zealand, drought in the North Island and overall poorer climatic conditions may keep 2008 production even with that of 2007. Production in the **European Union** should continue to decline in 2008 by about 1.4 percent, reflecting the lingering effects of the decoupling of annual premiums for ewe numbers in major producing countries.

World exports of sheep and goat meat in 2008 are estimated to decline by 6 percent to 825 thousand tonnes. Overall sheep meat exports from **Australia** are now set to contract in 2008 by 9 percent, restricted by tighter supplies and a strong AUD. A similar situation is expected for **New Zealand**. Among the major ovine meat importers, purchases by the **United States** are forecast to increase by 2 percent, driven largely by increased consumer demand. Lower domestic demand, partly caused by relatively high prices of sheep meat, should keep imports of the **European Union** at the same level of the previous year. It nevertheless remains by far the most important destination of trade in ovine meat.

MILK AND MILK PRODUCTS

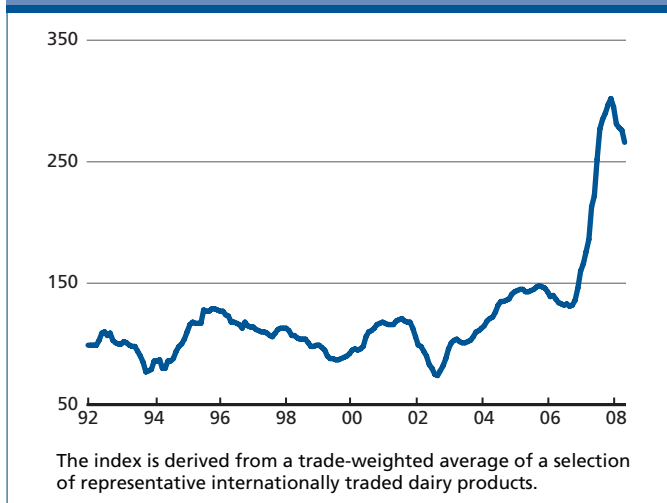
PRICES

The expected downturn in prices has started, but will it continue?

The FAO Index of Dairy Product prices (base 1998-2000=100) reached a value of 266 in April 2008, 12 percent down from its all time high of 302 in November 2007, but still 25 percent above its April 2007 value. The decline was particularly pronounced for **skim milk powder (SMP)**, which saw prices falling to USD 3 500 per tonne in April 2008, almost 32 percent below its peak in mid 2007. Of the main dairy products in trade, SMP prices had risen the most, which encouraged suppliers to reallocate milk to produce more SMP, boosting supply and triggering the sharp correction in prices. World quotations of other major milk products also fell from their peak in November: by 8 percent to USD 4 550/tonne in April 2008 in the case of **whole milk powder (WMP)**, by 5 percent to USD 3 950/tonne in the case of **butter**, and 8 percent to USD 5 050/tonne in the case of **cheese**.

However, in early May, there were some indications that world dairy prices could be on the rise again, although markets appear to be facing considerable uncertainty. On the one hand, dairy prices may remain firm, or head up again, under continued tight export supplies in 2008, due to drought in New Zealand, prohibitive export taxes in Argentina and a sluggish milk supply responses in Europe.

Figure 35. Monthly index of international prices of selected dairy products (1998-2000=100)

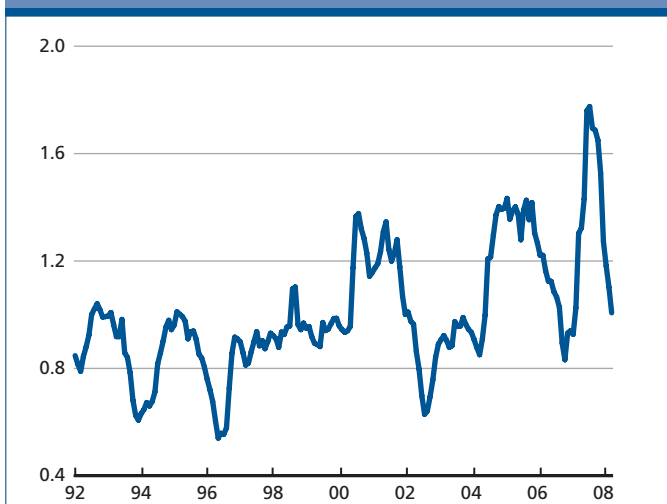


On the other hand, many countries are responding to higher prices by stepping up milk production, especially where pasture based systems predominate, which may prompt several countries to cut imports, dampening the pressure for world prices to rise.

Uncertainties are compounded by the fact that public stocks in the European Union and the United States, the presence of which used to be an important feature of dairy markets, are virtually depleted. Another major uncertainty relates to the high feed grain costs (see Figure 36) which may soon constrain growth of supply in feed intensive production systems, encourage conversion of pasture to crops, and/or induce higher cull of livestock. If world milk production growth slows or turns negative, dairy product prices may remain high, and possibly rise further.

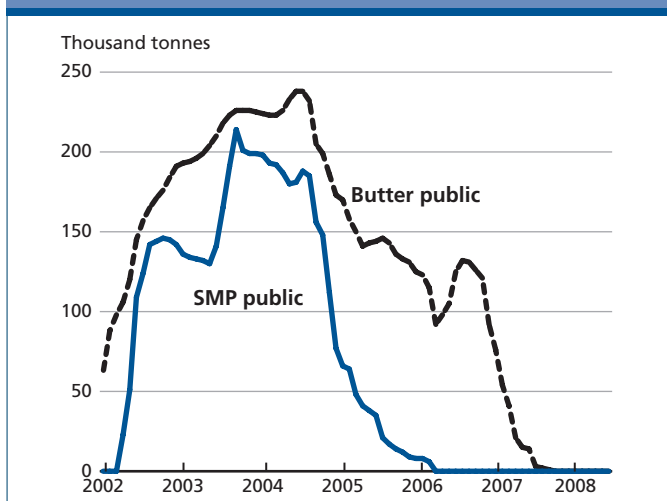
PRODUCTION

Figure 36. Ratio of milk product prices to maize prices (1998-2000=100)



Global milk production is estimated to have expanded by 1.8 percent to 676 million tonnes in 2007. Growth in 2008 is now expected to reach 2.5 percent, as producers respond to high prices in 2007. Production in the developing countries is expected to expand the most, thus increasing their global production share to 47.5 percent. However, milk production of the six leading exporting countries, responsible for over 40 percent of the world's milk aggregate and for about 80 percent of global exports, is expected to rise by only 1 percent in 2008. This modest increase follows a decline of 0.7 percent in 2007, and milk supplies therefore remain only slightly higher than they were in 2006. Consequently, after satisfying requirements for their own domestic markets, availability of milk products for exports from these key exporters remains limited. Strong growth in *Belarus* (3.9 percent), *Argentina* (6.0 percent), the United States (2.7 percent) and marginal growth in the *European Union* (0.6 percent) and the Ukraine (0.3 percent) will be offset, to a large extent, by significant declines in *Australia* (-3.5 percent) and *New Zealand* (-4.5 percent).

Figure 37. Public stocks of dairy products in the European Union



Milk production is expected to rise by 4.0 percent in *Asia*, the same rate as in 2007. The expansion in the region was less than expected last year, as estimates in *China* were revised down to show a growth of "only" 9.5 percent over 2006. Production in China is now projected to expand by 8.5 percent in 2008, down considerably from the near 20 percent average of the previous decade, as growth is being tempered by capacity constraints and high feed costs. The slower pace of expansion in China may be critical in the longer term for world dairy markets and, if domestic demand continues to grow at its current pace, Chinese imports could rise significantly. In *India* and *Pakistan*, the large traditional

Table 9. World dairy markets at a glance

	2006	2007 <i>estim.</i>	2008 <i>f'cast</i>	Change: 2008 over 2007
	<i>million tonnes milk equiv.</i>			%
WORLD BALANCE				
Total milk production	664.1	676.3	693.2	2.5
Skim Milk Powder (SMP)	23.4	23.7	23.8	0.6
Whole Milk Powder (WMP)	22.3	21.7	22.3	2.8
Butter	58.4	61.2	63.2	3.4
Cheese	82.5	84.3	86.3	2.3
Other products	477.5	485.4	497.6	2.5
Total trade	39.4	38.0	36.4	-4.3
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (<i>kg/year</i>)	101.7	102.4	103.9	1.5
Developed countries (<i>Kg/year</i>)	243.5	244.0	248.0	1.6
Developing countries (<i>Kg/year</i>)	63.0	64.1	65.4	2.0
Trade - share of prod. (%)	5.9	5.6	5.3	
FAO dairy price index (1998-2000=100)				
	2006	2007	2008	Change: Jan-Apr 2008 over Jan-Apr 2007 %
	138	247	275*	49

* Jan-Apr 2008

milk producers, strong milk production growth is also expected to remain strong, at 3 and 4 percent, respectively.

With an anticipated recovery in *Argentina*, milk production in *Latin American and the Caribbean* will be the fastest growing milk production region in 2008. *Argentina's* milk production, which fell by 7.0 percent in 2007 due to seasonal flooding, is expected to rebound by only 6.0 percent in 2008, insufficient to ensure a full recovery to 2006 levels. The expansion of the sector in Argentina is being limited by prohibitive export taxes on milk products, which have induced some milk producers to participate in national strikes and blockades. In addition, Argentina has been converting more of its pasture land to cash cropping. Milk production in *Brazil*, which posted the second fastest growth in 2007, at 10 percent, is expected to record an 8.0 percent expansion in 2008. These gains may again support *Brazil* as a net exporter of dairy products, as it was in 2007. Milk production in *Uruguay*, another emerging exporter in the region, is expected to rise by 6 percent in 2008, after having also experienced, like Argentina, a bad production year in 2007 due to poor pasture conditions. In *Mexico*, one of the world's largest importers of milk powders, production is again expected to grow by a lacklustre 0.8 percent, as high feed prices limit profitability.

In *Africa* milk production is anticipated to advance by 1.7 percent in 2008, a slightly faster pace than last year, and a pattern that appears to be representative of most countries in the region. Production in *South Africa* should rebound by 1.2 percent in 2008, after declining in 2007, because of excessive rain. Production in *Algeria*, which is also among the world's largest milk powder importers, may grow at 2.4 percent, in response to high prices and to programmes designed to support the sector. In *Kenya*, a potential, but still small, exporting country in the region, milk production and distribution was reportedly to have fallen sharply, by as much as 40 percent, during the social unrest following its elections. However, production growth is expected to resume for the remainder of the year, sustained by higher prices.

In *Canada*, where target pricing systems based on cost of production are provided to producers, milk supplies are adjusted to meet domestic demand requirements. Milk production increased by 1.3 percent in 2007, and is expected to increase marginally in 2008, with higher domestic demand for cheese. Growth in the *United States'* dairy sector is expected to accelerate from 2.1 percent in 2007 to 2.7 percent in 2008. High feed prices are a critical issue, however, which may constrain milk yields and induce higher culling of cows. However, while feed prices are very high, the availability of large quantities of distiller dried grains, a by product of ethanol production, is providing additional sources for both energy and protein feed. The low value of the US Dollar has made the United States dairy products very competitive on world markets.

In *Europe*, the *European Union's* (EU-25) milk production declined by 1.3 percent in 2007, and domestic prices soared in many states, causing milk product inventories to be reduced and export supplies to shrink. Production in a number of key producing states has started to increase, although high input costs, including feed and energy, are dampening down the positive European Union's supply response. Milk production is expected to increase by only 0.6 percent in 2008, despite a 2 percent increase in the production quota. With tight milk supplies and domestic product prices well above intervention levels, European Union public stocks have been drawn down to nil. Elsewhere in Europe, production in *Ukraine* declined by over 7 percent in 2007, as quality problems have plagued the industry in supplying exports to the Russian Federation, its largest external market. Milk production in Ukraine will remain stagnant and domestic prices low until it regains its export markets. At the same time, *Belarus*, which has emerged as an important regional exporter, has increased its production by almost 4 percent in 2007, and may repeat this again in

2008. Milk production in the *Russian Federation* continues to recover, growing now by over 2 percent annually, under the encouragement of investment programmes and higher milk product prices.

The situation and outlook of *Oceania* is a critical element in the current international milk product market. On the one hand, milk producers in both *Australia* and *New Zealand* have benefited from record prices in export markets, despite a significant appreciation of their currencies. On the other hand, climatic conditions have hit hard again, and *Australia's* output in its current marketing year (July-June) is expected to contract by another 3.5 percent from last year. This will be the third consecutive year of production decline, and Australia's milk production is at its lowest level in the last ten years. The prospect for rain has improved for its winter season, but milk supplies will remain tight. Since December, the North Island, and the northern parts of the South Island of *New Zealand* have experienced drought, causing production in these regions to be reduced by as much as 40 percent. For its 2007/08 marketing year (June-May), milk production in *New Zealand* is expected to fall 4.5 percent compared with the previous season. Weather conditions started to improve in April, and if sustained, milk production could resume growth for the remainder of this year under strongly positive profitability conditions.

TRADE

Export supplies tighten further, but import demand loosens

In 2007, global export supplies of key milk products, in milk equivalent terms, dropped to 38.0 million tonnes, an amount which represents 5.6 percent only of milk production. This is the lowest trade share in many years, indicating some key potential changes in the structure of the world trade in milk products. The prospects for 2008 are for a further decline in trade, largely due to reduced export availabilities in the *European Union* (-11.5 percent) and in drought-affected *Oceania* (-10.4 percent). Supplies from *Argentina* will remain at low levels, as prohibitive export taxes have been implemented that are restraining international sales. On the other hand, there are rising supplies from other exporters. The *United States* which, in milk equivalent terms, has doubled its shipments since 2000, is expected to increase them by 7 percent in 2008, primarily in the form of skim milk powder, but also of other products including cheese, butter and concentrated milk solids. In recent years, Belarus has arisen as a significant exporter and is expected to increase sales by almost 10 percent in 2008.

Initially, sustained high import demand from most markets, particularly from several emerging dairy consumer nations in North Africa and South Asia, created the large spike in international prices as markets tightened without any buffer stocks. That demand now appears to have loosened in the face of high prices, particularly as forward price contracts (up to six months), have been renewed at much higher price levels. Imports by developing countries, in milk equivalent terms are expected to drop by 5 percent in 2008, due to reduced purchases by key importing countries, notably Algeria, China, Egypt, Malaysia and Thailand. In many developing countries, high international prices have been transmitted to domestic milk prices, fostering an increase in production. As a result, some imports have been replaced by an increase in domestic product, typically in fresh fluid form, which is the most common form of milk product consumption in these countries. By contrast, import demand by most developed countries has remained firm despite high prices.

The product structure of world dairy markets has been changing, and current conditions are amplifying these. Trade has been declining for traditional dairy products, especially for butter and skim milk powder. Global exports of *butter* are expected to amount to only 704 thousand tonnes in 2008, down 26 percent from their peak in 2004. Butter exports from the *European Union* are expected to be only one half of their reduced level of last year; they have fallen from over 355 thousand tonnes in 2004 to an expected 105 thousand tonnes in 2008. *New Zealand's* tight supply of milk will also lead to lower butter exports in 2008. *Belarus*, which has become a major exporter of butter, is expected to boost sales this year. As for imports of butter, the *Russian Federation* remains the most important destination and imports are expected to increase modestly, underpinned by high income growth. In other developed markets, imports of butter, which are often regulated through quotas, continue to be sustained. By contrast, deliveries of butter to many developing countries where incomes are growing, but from a low base, may drop substantially, as a result of higher prices.

Skim milk powder exports are expected to decline by 4.6 percent in 2008, to 1 033 thousand tonnes, 20 percent below their peak in 2000. The contraction reflects the anticipation of slightly lower exports from *Australia* and *New Zealand* and, in particular, from the *European Union*, which may cut shipments to foreign markets by one-third this year. By contrast, exports from the *United States*, which has taken over as the world's largest exporter of skim milk powder, are forecast at 275 thousand tonnes in 2008, significantly higher than last year. As for imports, deliveries of skim milk powder are expected to fall in Africa

Table 10. Major exporters of dairy products

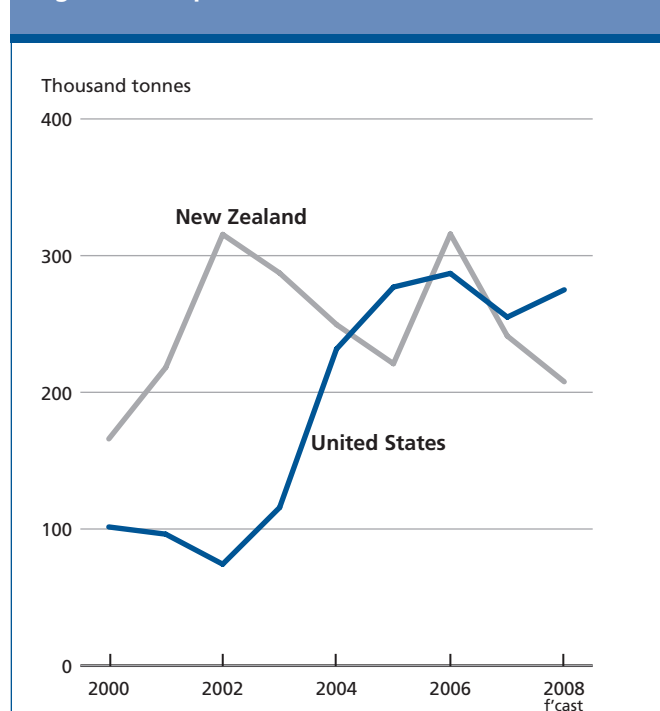
	2006	2007 <i>prelim.</i>	2008 <i>f'cast</i>
	<i>thousand tonnes</i>		
WHOLE MILK POWDER			
World	1 849	1 739	1 714
New Zealand	645	680	612
European Union *	412	379	379
Australia	169	116	116
Argentina	210	95	100
SKIM MILK POWDER			
World	1 159	1 085	1 033
USA	287	255	275
New Zealand	316	241	208
European Union *	84	170	120
Australia	184	134	129
BUTTER			
World	902	865	704
New Zealand	386	361	299
European Union *	253	210	105
Australia	81	66	58
Belarus	54	58	63
CHEESE			
World	1 621	1 679	1 672
European Union *	582	595	598
New Zealand	299	309	278
Australia	209	216	202
Belarus	83	79	88

* Excluding trade between the EU member states

(-9 percent) and Asia (-6 percent), as the impact of high prices are felt. However, imports by *Mexico* are expected to continue at previous levels, given the importance of and support for its social feeding programmes.

Global exports of *whole milk powder* declined by an estimated 6 percent in 2007, and a further decline of 1.5 percent is anticipated for 2008, to 1 714 thousand tonnes, constrained by reduced supplies from *New Zealand*. Import demand for whole milk powder remains strong even at current prices, as this product has been increasingly used for the reconstitution of other milk products, especially fluid milk products. Export supplies from *Australia*, *Argentina* and *the European Union* are expected to remain near 2007 volumes. *Algeria* and *Venezuela* remain the two largest importers of whole milk powder. However, deliveries to Algeria have declined considerably, while those to Venezuela have remained firm, despite high prices. Milk production in these two countries has been increasing, under efforts

Figure 38. Exports of Skim Milk Powder (SMP)



to replace imports, and for 2008, imports may decline marginally.

International *cheese* markets have remained remarkably robust in international dairy trade throughout the price spike. Cheese exports, which increased by 3.6 percent in 2007, are expected to decline by only 0.5 percent in 2008, to 1 672 thousand tonnes, as import demand for this most income sensitive dairy product remains strong in spite of the 50 percent rise in prices in the past two years. The European Union, which is by far the largest supplier to the world market with a 35 percent market share, is forecast to step up deliveries in 2008, as an increasing share of its milk supply is allocated to cheese production for both a dynamic internal and external market. Exports from *Australia* and *New Zealand*, given their tight milk supplies, are expected to decline in 2008, and thus help sustain current high cheese prices. As has been the case for skim milk powder and certain other products, the *United States* has increased its exports of cheese, given attractive international prices, and has reduced its imports. As a result, its net exports of cheese have more than doubled in the past five years. On the import side, most of the growth in trade has occurred with emerging Asia countries, and trade with *China* continues to increase rapidly, albeit from a low base. Developed country imports of cheese remain firm despite higher international prices. These imports are often determined by tariff quotas, as imports above these levels prohibitively attract high tariffs, thus protecting domestic markets from international price variations.

FISH AND FISHERY PRODUCTS

PRICES

Prices and trade of major fishery products

Prices of fishery products followed the general upward trend that has dominated in major food markets in the course of 2007 and early 2008. This is the first time in decades that real prices of fish are going up. Prices of "wild" species from capture fisheries are increasing faster than prices of farmed species, because of the stronger impact of higher fuel prices on fishing vessel operations than on farmed species. However, aquaculture is also facing higher costs, in particular of feed.

Shrimp market plummeted for first time in history

World shrimp trade declined somewhat in 2007, reflecting smaller imports by Japan and the United States, which were partly compensated by increased purchases by the European Union. As a result, the European Union consolidated its position as the leading shrimp market, with a new import record. Apart from the United Kingdom, all major European countries experienced a stable or increasing trend for shrimp imports. By contrast, for the first time in ten years, the United States cut shrimp imports, both in volume and value. Japan also imported less, confirming the prevailing downward trend. As a result of decreasing volumes and unfavourable conditions in these latter two markets, suppliers had to find new markets and mainly turned to Europe. Weak import demand depressed cultured shrimp prices, while in the case of wild shrimp, prices went up in early 2008.

Lower tuna catches: indication of resource problems?

The world tuna market was characterized by declining catches during 2007. The main reason for this decline was the increased fuel price, which made long fishing trips for the world tuna fleet uneconomical. Tuna prices increased in all main markets, resulting in soaring canned tuna prices for the first time in twenty years. Although import demand prospects remain favourable in all major markets, further price hikes might scare away consumers in coming years.

European groundfish prices stable

The dollar weakness contributed to stable prices of frozen fillet, in local currencies, in key European markets during 2007. Steady Alaska pollock supplies also contributed to

stabilizing prices. However, hake supplies from some origins, notably Argentina, were smaller than in 2006, influenced by buoyant regional demand in South America itself. Globalization of the groundfish sector is becoming evident with China consolidating its role as a major supplier of cod and pollock fillets. Imports of groundfish by the United States declined, reflecting the weakness of the US Dollar. The outlook for 2008 points to weaker supplies for several species and a strengthening of dollar prices for hake and pollock fillets.

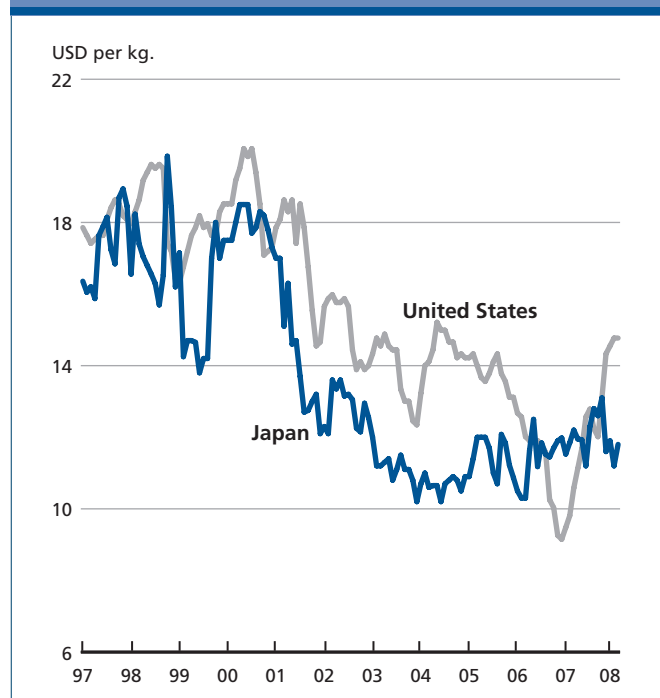
Cephalopod trade dominated by squid

Squid production is estimated to have expanded in 2007, with substantially higher catches in the Southwest Atlantic. As supplies outstripped demand, squid prices have plummeted and Argentine traders were selling at much discounted prices. On the other hand, octopus production and trade declined in 2007, as a result of limited catches by a Mauritanian fleet. The lower octopus catches, combined with a recovery of import demand by Japan, resulted in an important price hike of USD 2.00/kg.

High fishmeal prices result in good business

Total world fishmeal production is estimated at 6.0 million tonnes in 2007, up from 5.6 million tonnes in 2006. Production in the main fishmeal exporting countries reached 2.7 million tonnes, slightly less than in 2006. Surprisingly,

Figure 39. Frozen shrimp prices in Japan and the United States



fishmeal prices were rather stable in the course of 2007, despite increasing vegetable meal prices, probably because they had recorded huge gains in 2006. In early 2008, fishmeal prices moved upwards, a tendency likely to continue over the rest of the year.

Fish oil production went up slightly

Contrary to fishmeal, production of fish oil was relatively high in 2007. This resulted from high fat content of the fish processed. Total fish oil production in the six major producing countries reached 627 000 tonnes, up from the 594 000 tonnes of 2006. Fish oil prices skyrocketed in early 2008, when they reached USD 1 700 per tonne, an all time record. Further price hikes are expected over the coming months. Dynamic fish oil demand for the pharmaceutical industry, for direct human consumption, together with rising vegetable oil prices are behind the current fish oil price strength.

PRODUCTION

2008 expected to show further production growth in aquaculture while capture fisheries likely to remain stable

Total world fish production (capture and aquaculture) continues to increase but only thanks to aquaculture. FAO figures for 2006 show a new record of 144 million tonnes (excluding aquatic plants), up from 143 million tonnes in

2005. Production in 2007 is estimated at 145 million tonnes, which would confirm the long-term tendency of modest increases. China confirms its role as the principal producer, reporting 52 million tonnes in 2006, of which 34 million tonnes from aquaculture¹⁰. Overall, 80 percent of the world's production of fish and fishery products takes place in developing countries.

Compared with production figures of a decade ago, the current estimate in 2007 represents an increase of more than 20 million tonnes. This additional supply is entirely due to the expansion in aquaculture, which, in 2006, reached 52 million tonnes (excluding aquatic plants), or 36 percent of total fish output. Estimates for 2007 show new growth in farmed production to 53 million tonnes. However, there is concern that the rate of expansion in aquaculture production is slowing down, whereas supplies from capture fisheries seem to have reached a long-term state of stability, despite some year-to-year variability, mostly linked to South American catches.

Preliminary catch statistics for 2007 indicate slightly weaker catch levels. This confirms, in essence, the general state of stability of aggregate supplies from capture fisheries over the last 12 years with total annual catches oscillating within a band of 88 and 96 million tonnes.

As noted above, despite the continued progress in aquaculture output, the overall growth of total world fish production has slowed down from the high rates observed during the previous decades, with implications for utilization and average consumption.

Figure 40. Frozen skipjack prices (c&f)

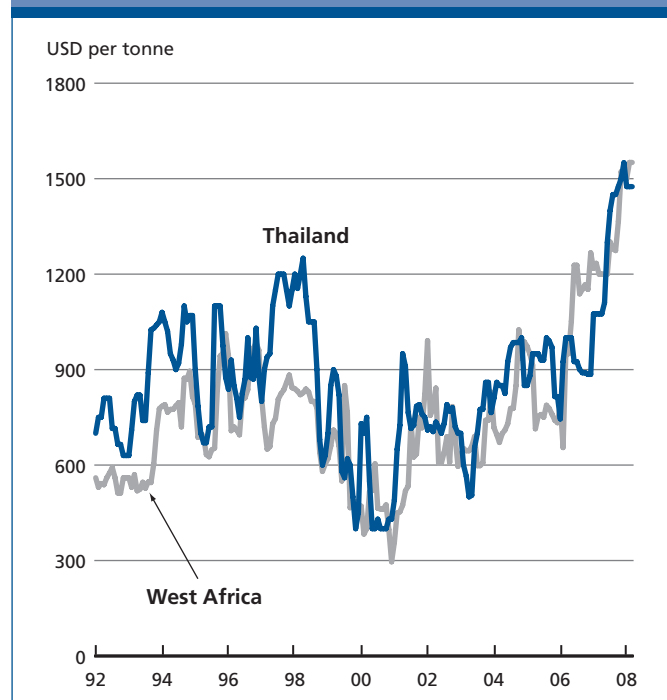


Figure 41. Groundfish prices in the United States

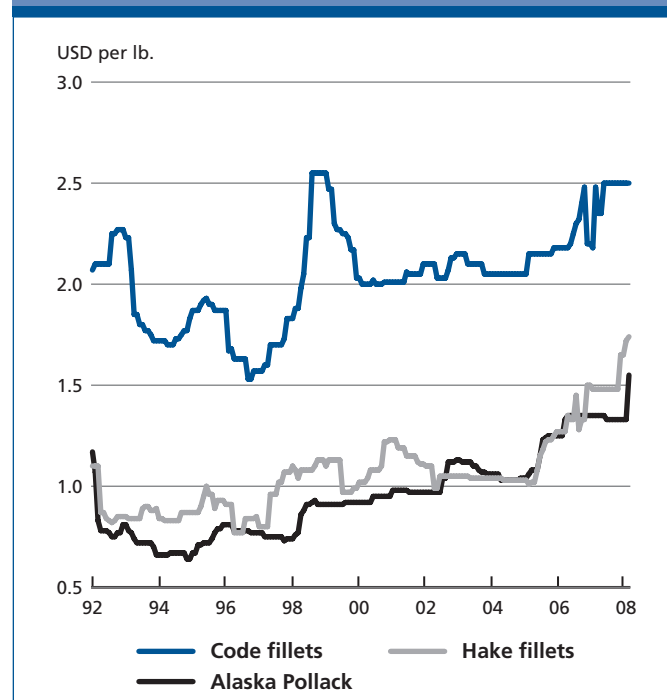
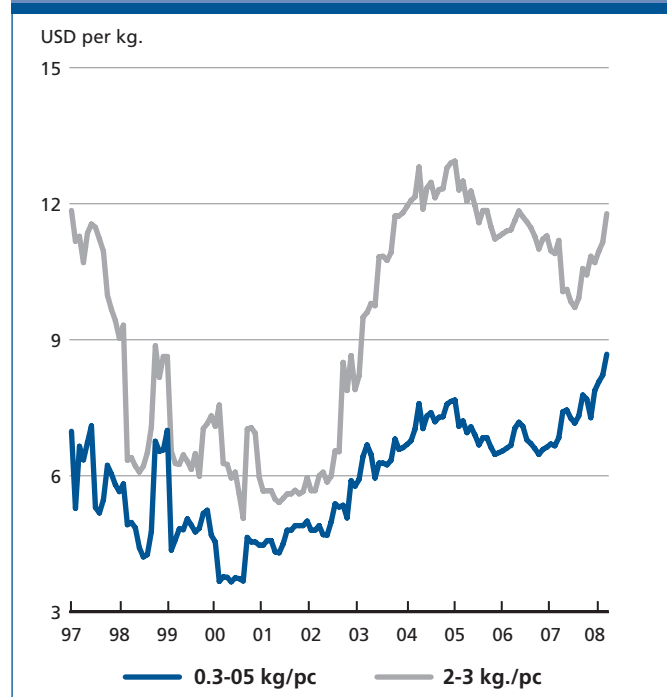


Figure 42. Octopus prices in Japan



TRADE

Downbeat outlook for fish trade and prices in 2008

International trade in fish and fishery products continued to grow in 2007, reflecting strong demand in the European Union and the United States, but also in the rest of the world, with the notable exception of Japan. The proportion of world fishery production traded internationally (live-weight equivalent) was 37 percent in 2006. Some weakening in import demand was registered in late 2007 and early 2008, as turmoil from the financial sector started affecting consumer confidence, which is expected to impact discretionary spending and sales of higher-value items in the short term. However, the long-term outlook for fish trade is positive, with a rising number of developed and developing countries entering international markets.

World exports of fish and fishery products, which are monitored on value terms, grew by 9.5 percent in 2006 to USD 86 billion and by a further 7.5 percent in 2007 to USD 92 billion. Developing countries confirmed their importance as suppliers, accounting for close to 50 percent of world exports. Imports are mostly dominated by developed

¹⁰ However, there is a possibility that the absolute level of China's capture fishery and aquaculture production, particularly its growth since the early 1990s, has been overestimated in the statistics.

Discussion of aggregate fish price trends

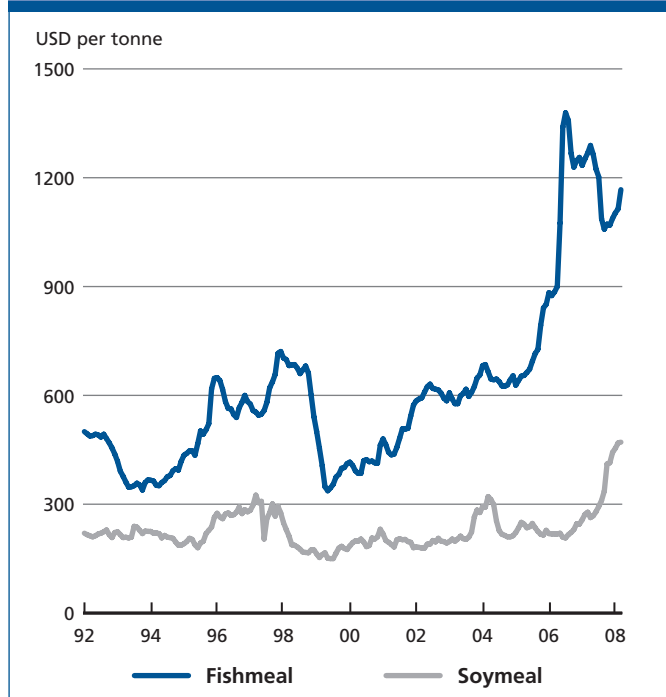
One interesting issue is how fish prices develop in the prevailing climate of surging food prices. The answer is not easy, as the factors that influence fish prices go beyond those that are relevant for "normal" agriculture and with a very limited role played by inventories. This is due to the large share of capture fisheries in total supply and the enormous variety in species and products offered. Nevertheless, a tendency of increasing prices can be detected for capture fisheries products, where the impact of higher fuel prices is more important, than for aquaculture products. In addition, supplies from capture fisheries cannot be easily increased when demand strengthens. On the other hand, aquaculture, like agriculture, does respond positively to increases in demand and prices, although with a time lag.

An important factor determining aquaculture production is feed costs, which in some cases represent up to two-thirds of total costs. Fishmeal is generally used in aquaculture feed compounds, especially when the fish species cultured is a carnivorous one. Surprisingly, fishmeal prices declined in mid 2007, from the very high prices reached in the course of 2006. Fishmeal prices firmed up again in the second half of 2007. Nevertheless the present price level is about USD 100/tonne lower than the April 2007 price. The relative weakness of fishmeal prices, especially when compared with booming soymeal prices, reflected limited buying interest in China. However, this is changing now, and further price increases are likely in the forthcoming months.

Table 11. World fish markets at a glance

	2005	2006	2007 estim.	Change 2007 over 2006
	<i>million tonnes</i>			<i>%</i>
WORLD BALANCE				
Production	142.7	143.6	144.8	0.8
Capture fisheries	94.2	92.0	91.8	-0.2
Aquaculture	48.5	51.7	53.0	2.6
Trade value (export billion USD)	78.4	85.9	92.3	7.5
Trade volume (live weight)	55.9	53.5	55.0	2.7
Total utilization				
Food	107.1	110.4	111.1	0.6
Feed	24.3	20.9	20.8	-0.4
Other uses	11.3	12.3	12.9	4.5
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
Food fish (kg/year)	16.4	16.7	16.7	0
From capture fisheries (kg/year)	9.0	8.9	8.5	-4.3
From aquaculture (kg/year)	7.4	7.8	8.1	3.3

Figure 43. Fishmeal and soymeal prices



countries, now responsible for 80 percent of the total import value of USD 96 billion¹¹ (2007). In volume (live weight), developed countries' share is significantly lower, at 62 percent, reflecting the higher unit value of the products they import

Net export revenues from fish exports earned by developing countries reached USD 24.9 billion in 2006. For many developing nations, fish trade represents a significant source of foreign currency earnings, in addition to the sector's important role in income generation, employment and food security. For Low-Income Food-Deficit Countries (LIFDCs), net export revenues rose to USD 12 billion in 2006, representing 22 percent of world exports in value terms.

In general, the rising trade values and volumes for all fish commodities (except for fish meal volumes) reflect the process of globalization of the fisheries value chain, in which production and processing are being outsourced to Asia (e.g. China, Thailand and Viet Nam) and, to a lesser degree, Central and Eastern Europe (e.g. Poland and Baltic countries) and North Africa (Morocco). Outsourcing of processing takes place both on regional and global levels, depending on the product form, labour and transportation costs. It is noteworthy that many species, such as salmon, tuna, catfish and tilapia, are increasingly traded in the processed form (fillets or loins). At the same time, the growth of

international or global distribution channels through large retailers has furthered this development.

Over the decade 1997-2006, the share of developed countries in total production fell from 28 percent in 1997 to just above 20 percent in 2006. The corresponding increase in participation of developing countries is a result of the outsourcing of production, at least for the part destined to enter international markets, but also of development in their aquaculture sector, which through economies of scale and improved technology, has reduced costs and prices and thereby expanded the market overall.

China has become the largest fish exporter at USD 9.7 billion (2007) but its imports are also growing, reaching USD 4.7 billion (2007). The increase in China's imports is partly a result of outsourcing, as Chinese processors import raw material from all major regions, including South and North America and Europe for re-processing and export. It also reflects China's growing domestic consumption of species not available locally. China is likely to eventually overtake Spain as the world's third largest importing country after Japan and the United States.

The European Union is by far the largest single market for imported fish and fishery products. In 2007, imports by the 27 Member States reached USD 42 billion, up 11 percent from 2006, or 45 percent of world imports. However, official statistics also include trade among European Union partners. If intraregional trade is excluded, the European Union imported USD 23 billion worth of fish and fishery products from non-European Union suppliers, an increase of 11 percent from 2006. This makes the European Union the largest market in the world, absorbing about 23 percent of world imports.

Japan is the largest single import market for fish, but import volumes have been declining in recent years due to weaker domestic demand associated with a long-term shift towards reduced fish consumption. In 2006, imports, which are dominated by shrimp, tuna and salmon, showed a 3.2 percent decline from 2005 to below USD 14 billion, and a 5.6 percent reduction in volume to 3.2 million tonnes (product weight). Import volumes in 2007 confirmed the downward trend, falling 8.5 percent to below 3 million tonnes for the first time, with a further drop in import value. In fact, the value of Japan's fish imports in 2007 was only slightly larger than that of the United States. The United States is the second largest single import market after Japan. With a growing population and a long-term positive trend in seafood consumption, imports were valued at USD 13.3 billion in 2006 and USD 13.6 billion in 2007. Imported quantities of edible fish products reached 2.50 million tonnes (product weight) in 2006, but fell slightly in 2007 to 2.46 million tonnes due to

¹¹ Import figures differ from export figures because the former include freight costs, whereas exports are reported at f.o.b. values.

market weakness in the final months of the year. The largest United States' import item, in value, is shrimp, followed by salmon, crab and tuna. Of note is the strong increase in tilapia imports in 2007 (volume +10 percent, value +16 percent) and crab (volume +8 percent, value +18 percent). However, shrimp imports fell back somewhat in 2007, by 5.6 percent, in volume, to 557 000 tonnes and by -5.1 percent, in value, to USD 3.9 billion.

UTILIZATION

Rising world consumption of fish and fish products but wide regional differences in per caput levels

World per capita consumption of fish and fishery products has risen steadily over the past decades from an average of 11.5 kg during the 1970s, 12.8 kg in the 1980s to 14.8 kg in the 1990s. Consumption in the 21st century has continued to grow to an average of 16.4 kg per capita for the 2001-2003 period. Preliminary figures for 2006 and 2007 show new increases in per caput fish availability to 16.7 kg. In 2007, 49 percent of fish and fishery products (excluding fish meal) consumed as food are farmed, a share expected to reach 50 percent this year. This will be a milestone in the history of aquaculture and in world fisheries supply.

Much of the expansion in fish consumption reflects developments in China, where domestic consumption of fish

and fishery products per capita has risen from less than 5 kg in the 1970s to the present 26 kg. Excluding China, average world consumption per capita was 13.5 kg in the 1970s, rising to 14.3 kg in the 1980s, then falling to 13.5 kg in the 1990s and rising again above 14 kg in 2001-03.

There are large regional differences in fish consumption per capita. As noted above, China's consumption has risen to 26 kg per capita, Asia excluding China, consumes at present 14.3 kg per capita (positive trend), Europe 19.9 kg (positive), and North and Central America 18.6 (positive). The regions of South America 8.7 (stable) and Africa 8 kg (stable) have, however, a below average but stable consumption per capita. In many ways it is the region of Africa which gives major causes for concern, given the low levels of consumption and the strong growth in projected population. On the other hand, Africa has a significant potential in aquaculture. At present, this is hardly exploited at all, with the exception of the very encouraging development in Egypt and also in several Sub-Saharan African countries. Trade in farmed species from Africa is still limited.

FERTILIZERS

UREA

Urea spot prices continue to be substantially higher than the average prices recorded one year ago and prices are expected to remain firm. A review of stock availability, production capacity and demand during the forthcoming winter season in India has resulted in substantial import requirements. Facilities located close to ports in all major export regions continue to operate at full capacity. Local urea prices in China and Viet Nam have been increasing. Urea availability for export from China remains limited. In the United States' production and inventories are higher than a year ago in anticipation of planting in the fall. In Japan, Pakistan and the Republic of Korea urea application declined in the first half of 2008 compared with last year. There is little supply available from the Russian Federation and supply capacity from the Baltic might be further temporarily reduced. The price firmness is expected to remain unchanged in the near horizon.

AMMONIA

Ammonia prices in Asia and the Middle East continued to decline while they are stable in the Black Sea region due to a temporary reduction in supply. In the Ukraine, supply capacity was temporarily taken out of production. Europe is expected to augment ammonia imports from various sources in addition to the supplies secured from the Middle East.

Figure 44. US import unit values of selected fish products

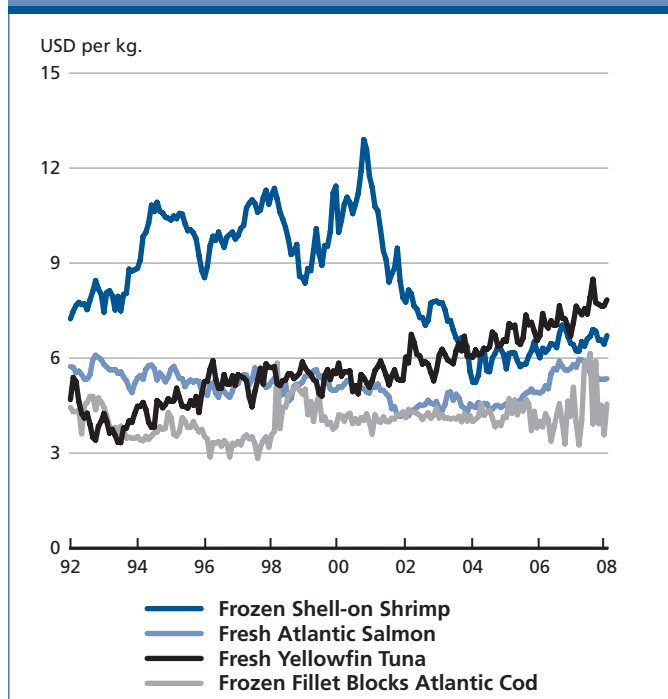


Figure 45. UREA prices

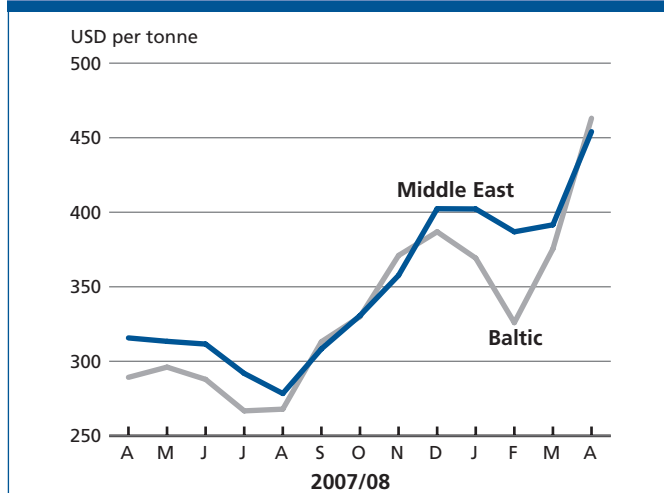


Figure 46. DAP prices

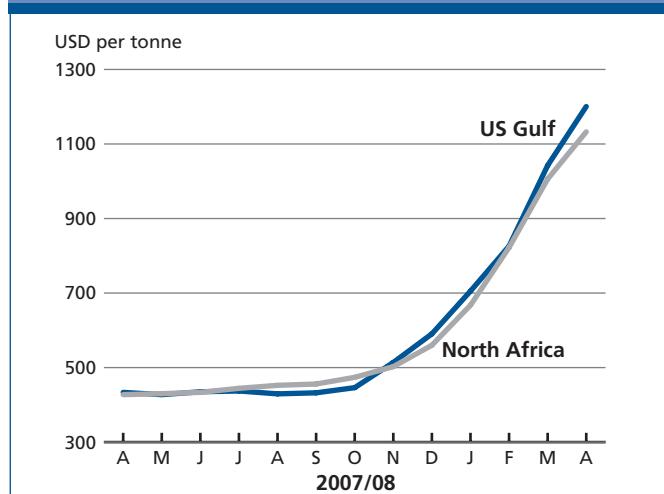
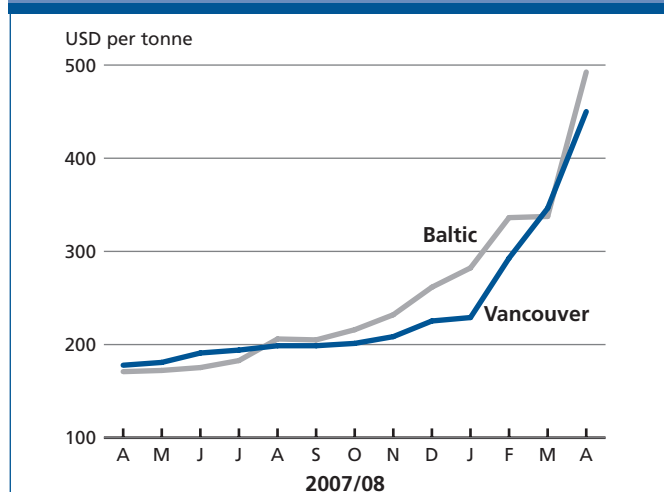


Figure 47. MOP prices



DIAMMONIUM PHOSPHATE (DAP)

Diammonium phosphate (DAP) prices showed an increase and reached an unprecedented level not observed in ten years. High crop prices are likely to result in expanded grain planting and associated DAP demand. DAP demand has been particularly strong from India and Pakistan to secure adequate supply for the winter season. In Pakistan domestic supply capacity has been expanded by the deferral of earlier scheduled temporary maintenance. In the United States demand will also increase to meet winter planting requirements while reduced demand in Argentina and Brazil will slow down imports. Production in the United States shows little change compared with a year ago, but exports, however, have been considerably lower. Earlier DAP imports in Brazil showed significant growth in response to increased demand. China's exports showed an expansion that is unlikely to be substantial in the near future due to the imposition of an export tax and the need to meet seasonal domestic requirements to recover from adverse weather conditions. The Near East and North Africa supply is scheduled to reach Europe. The slightly upward trend in international spot prices is somewhat offset by lower demand. DAP prices are foreseen to remain high and stable in the short term.

MURIATE OF POTASH (MOP)

Muriate of potash (MOP) prices in Europe are much higher than registered one year ago and now command a premium over the North American counterpart quotation. Price increases in the domestic markets of Brazil and Southeast Asia have been more dramatic. Demand in Europe remains strong. In India discussions are ongoing to accord fertilizer subsidies by fertilizer nutrient rather than fertilizer product. This may eventually lead to a wider product range available to the Indian farming community. MOP prices are reportedly expected to show a slight increase.

OCEAN FREIGHT RATES

Contributed by the International Grains Council (<http://www.igc.org.uk>)

Ocean freight market (November 2007 – May 2008)

The steep rises in dry bulk freight rates recorded in the second half of 2007, supported by heavy demand for minerals and grains and led by the Capesize sector, came to an abrupt end in December when rates for larger vessels plummeted. This was attributed to a slowdown in chartering activity, concerns about China's reduced demand for iron ore and excess tonnage capacity in the Panamax sector, especially in the Pacific. However, the market rebounded in February, as renewed demand for raw materials again lifted Capesize rates, coinciding with strong activity in grains and soyabbeans. Bad weather and port delays, especially in Australia were also supportive. In March, farmers in Argentina blocked shipments of soyabbeans, forcing some companies to declare force majeure or switch vessels to the United States. When, in April, the blockade was suspended, chartering activity picked up, absorbing most of excess tonnage in the area, but uncertainty remained about future action by farmers. The Baltic Dry Index (BDI), having set a new record of 11 033 on 29 October 2007, dived by as much as 49 percent to 5 615 at the end of January, largely due to the collapse in Capesize rates, bouncing back to 10 354 by mid-May. During the same period, the IGC Grain Freight Index (GFI),¹² which does not include Capesize vessels, fell less steeply, almost recovering to its end-2007 peaks.

In the **Panamax** sector, timecharter rates eased in January and February from their previous highs due to a build-up of surplus tonnage and declining freight futures. The volume of grain shipped from South America was below expectations due to export restrictions for wheat in Argentina. At one stage, timecharter contracts for four to six months dropped to around USD 63 200 daily, bouncing back by mid-May to around USD 85 000. Recent three-year deals ranged between USD 46 000 and USD 54 750 daily. The Atlantic sector strengthened thereafter on solid demand for grain and soyabbeans out of South America and the United States' Gulf. Over the six months to May, the grain rate from the United States' Gulf to Japan showed a net rise of

¹² The GFI distinguishes grain routes from mineral and other dry bulk routes also included in more general dry bulk indices such as the Baltic Dry Index (BDI). The new GFI is composed of 15 major grain routes, representing the main grain trade flows, with five rates from the United States, and two each from Argentina, Australia, Canada, the European Union and the Black Sea. Vessel sizes are adequately represented, with ten Panamax rates and five in the Handysize sector. The GFI will be calculated weekly, with the average for the four weeks to 18 May 2005 taken as its base of 6 000.

USD 24.00, to USD 125.00/tonne. Transatlantic round trips in May were quoted at about USD 100 000 (USD 75 500) daily. Pacific voyage rates were further boosted by large shipments of iron ore from India to China.

After plunging in early 2008 due to China's reduced demand for minerals and port disruptions, **Capesize** rates not only reclaimed losses but surpassed previous highs in response to renewed strong demand, particularly in the period market. Since October, the Baltic Exchange's average of four Capesize timecharter rates, having touched the bottom in January at USD 107 000 daily, registered an overall rise of 10 percent to USD 189 024. The benchmark iron ore rate from Brazil to China recently traded at about USD 96.75/tonne (USD 82.50/tonne).

Due to continued strong demand for grains and oilseeds, the **Handysize** sector was less affected by bearish freight market sentiment at the start of the year. Rates in the Pacific were initially affected by port disruptions caused by bad weather, particularly in Indonesia and Western Australia, but from March onwards, rates again strengthened, especially out of South America. The grain rate from Brazil to the European Union (Antwerp-Hamburg) climbed by USD 14.00 between November and May, to USD 96.00/tonne. Pacific rates were supported by solid demand for nickel ore and coal, boosting rates between Southeast Asia and China. Gains were also noticeable for iron ore trips from the Indian Ocean to China. In the timecharter sector, recent business for charters of two to three months ranged between USD 49 000 and USD 52 500 daily.

Figure 48. IGC grain freight index and baltic dry index (May 2005=6000)

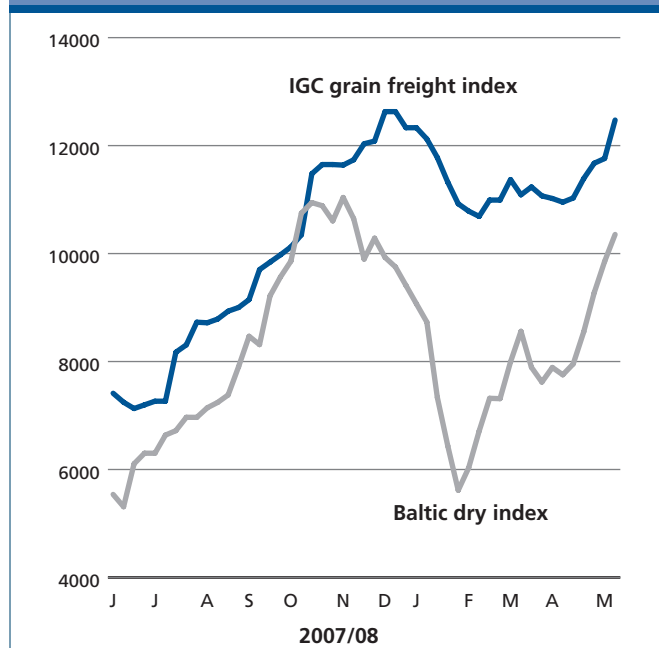


Table 12. Fertilizer spot price ranges (bulk, f.o.b.)

	March 2008		April 2008		April 2007		Change: Apr 2008 over Apr 2007 ¹ percentage
	<i>(US\$/tonne)</i>						
UREA							
Baltic	366	385	447	479	284	295	60
Persian Gulf	386	398	444	464	312	320	44
AMMONIUM SULPHATE							
Eastern Europe	209	216	214	220	131	136	63
DIAMMONIUM PHOSPHATE							
North Africa	990	1 022	1 121	1 144	423	431	165
US Gulf	1 031	1 054	1 197	1 204	432	435	177
TRIPLE SUPERPHOSPHATE							
North Africa	835	851	1 012	1 036	310	316	227
MURIATE OF POTASH							
Baltic	320	355	463	523	165	179	187
Vancouver	293	400	362	538	174	182	153

¹ From mid-point of given ranges.

Source: Compiled from Fertilizer Week and Fertilizer Market Bulletin.

Special features

VOLATILITY IN AGRICULTURAL COMMODITIES – AN UPDATE

Since the last issue of Food Outlook in November 2007, high price volatility, both historic and implied (see Box), still remains an important feature in many international commodity markets. The persistence in volatility reflects the continued uncertainty in how market fundamentals have unfolded and how they are likely to unfold. The following provides an update to the indicators of volatility introduced in the previous report as well as a reminder of the important issues surrounding price volatility.

The evolution of historical volatility

Beginning with 'bulk commodities' (wheat, rice, maize and soybeans), it is seen that historic volatility in international wheat prices has been steadily rising over recent years, reaching unprecedented levels in 2008. Similarly, volatility in global rice quotations reached unprecedented heights in 2008, when in 2007 it stood at just one-eighth of the average variability in the grain sector. The recent trend in historical volatility in maize and soybean prices mirrors that for implied volatility, and in 2008 was contained around 30 percent.

Among the vegetable oils, historical volatility has been fairly even since 2002 for all products, but there appears to be some resurgence in the volatility of palm, sunflower and soybean oil prices. The sharp upturn in volatility for dairy product prices that took place in 2006, and which continued throughout 2007, shows signs of abating in the current year. Price changes in meat products have been in a state of quiescence over the past two years, but volatility in pigmeat quotations in the first four months of 2008 has doubled since the previous year. With the exception of sugar and cotton, historical volatility for many raw materials, traditionally the highest of all agricultural commodities, has steadily fallen, from the peaks of the year before last.

The evolution of implied volatility

In the absence of readily available options data to estimate implied volatility for the whole range of commodities, only wheat, maize and soybeans are here considered. The Chicago Board of Trade (CBOT), is widely regarded as the major centre for their price discovery. Implied volatilities for the three commodities during the past ten years as well over the past 28 months are shown in the following figure.

Measuring volatility: historical versus implied volatility

Volatility measures how much prices have moved or how they are expected to change. Historical volatility represents past price movements and reflects the resolution of supply and demand factors. It is often computed as the annualized standard deviation of the change in price. On the other hand, implied volatility represents the market's expectation of how much the price of a commodity is likely to move in the future. The data upon which historical volatility is calculated may no longer be reflective of the prevailing or expected supply and demand situation. For this reason, implied volatility tends to be more responsive to current market conditions. It is called "implied" because, by dealing with future events, it cannot be observed, and can only be inferred from the prices of derivative contracts such as "options".

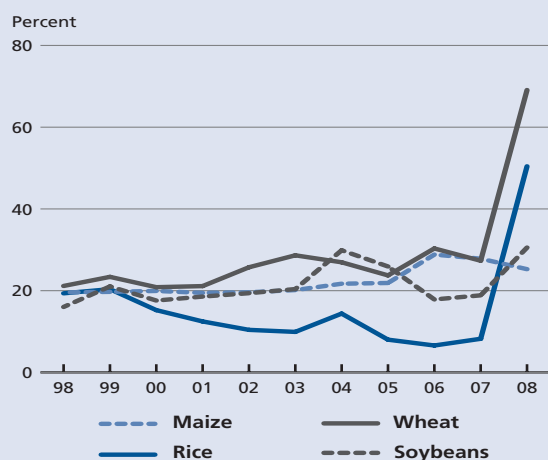
An "option" gives the bearer the right to sell a commodity (put option) or buy a commodity (call option) at a specified price for a specified future delivery date. Options are just like any other financial instrument, such as futures contracts, and are priced based on the market estimates of future prices, as well as the uncertainty surrounding these estimates. The more divergent are traders' expectations about future prices, the higher the underlying uncertainty and hence the implied volatility of the underlying commodity.

Does volatility matter? Prices of derivative commodities that are observed today of commodities which are traded in the major global exchanges are determined by underlying expectations, and uncertainties about such expectations, pertinent to the market and the commodity. Hence, implied volatility as reflected or inferred by the prices of derivative contracts is an important component of the price discovery process and is a barometer as to where markets might be headed.

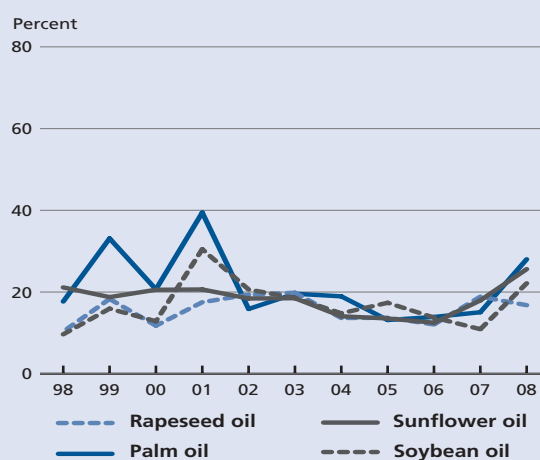
Implied volatilities for the commodities have been creeping up steadily over the course of the past two decades and now appear a more permanent feature in their markets than was the case in the past. A more detailed examination of the recent years underscores just how volatile these markets have become and how volatility has persisted. Since the beginning of 2006, implied volatility has frequently spiked to levels well beyond 30 percent for all three

Historical volatilities (1998-2008*)

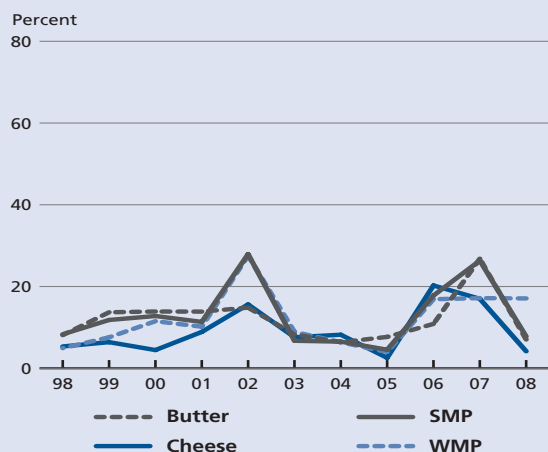
Bulk Commodities



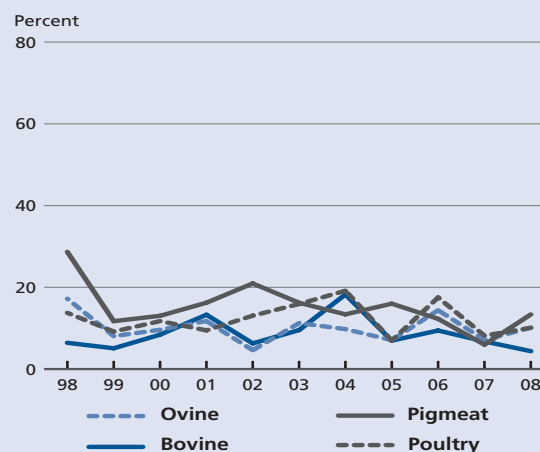
Vegetable Oils



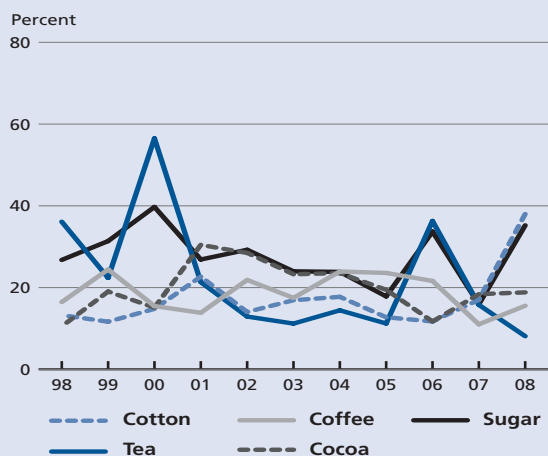
Dairy Products



Meat Products



Raw Materials

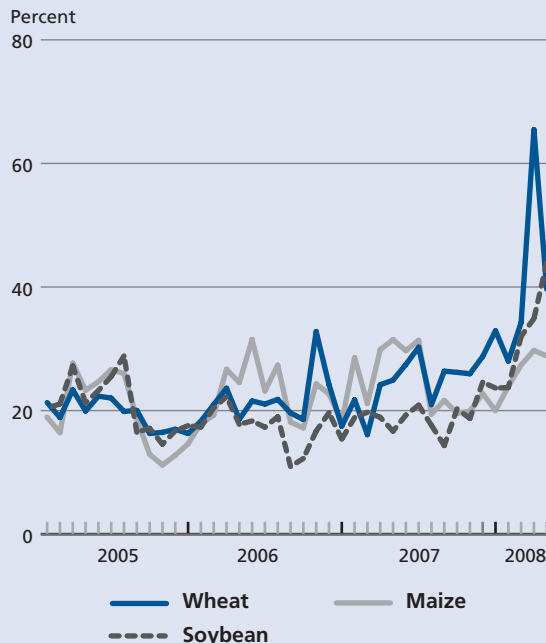
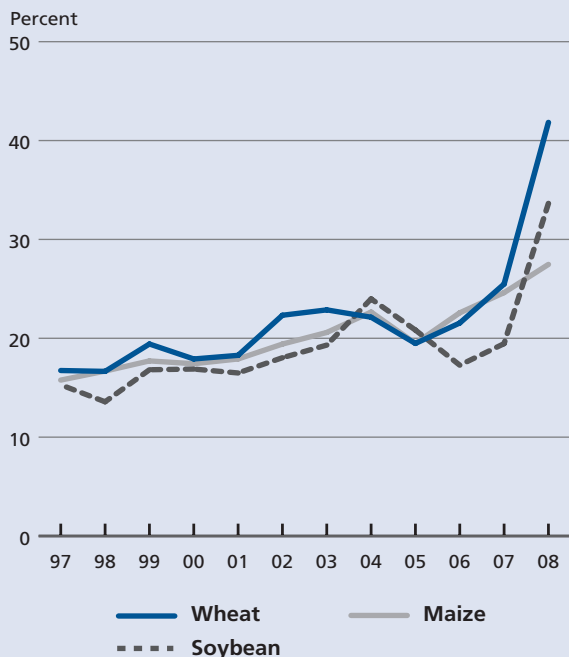


* Jan-Apr 2008

Calculations refer to the annualized standard deviation of the logarithmic change in monthly prices.

Sources: Cocoa (ICCO); Coffee (ICO); Cotton (COTLOOK, index Á'1-3/32); Maize (US No 2, Yellow, US Gulf); rice (White Rice, Thai 100% B second grade, f.o.b. Bangkok); Soybeans (US No. 1, Yellow, US Gulf); Sugar (ISA); Tea (Total tea, Mombasa Auction Prices); Wheat (US No. 2 Soft Red Winter Wheat, US Gulf); Bovine Meat (Argentina, frozen beef cuts, export unit value); Dairy Butter (Oceania, indicative export prices, f.o.b.); Dairy Cheddar Cheese (Oceania, indicative export prices, f.o.b.); Dairy Skim Milk Powder (Oceania, indicative export prices, f.o.b.); Dairy Whole Milk Powder (Oceania, indicative export prices, f.o.b.); Palm Oil (Crude, c.i.f. North West Europe); Pig Meat (USA, pork frozen product, export unit value); Poultry Meat (USA, Broiler cuts, export unit value); Rape Oil (Dutch, f.o.b. ex-mill); soya Oil (Dutch, f.o.b. ex-mill); Sun Oil (f.o.b. North West European Ports).

Implied volatilities (annual and monthly) (1997-2008 and January 2005 to April 2008)



The Black-Scholes model was used to compute implied volatilities. Key inputs and assumptions are as follows: (i) 6-month time expiration on contracts; (ii) settlement premium for the call options 'at the money' i.e. with a strike price nearest to the settlement price for the futures contract associated with the call option contract (mid-monthly prices were used); (iii) option strike price; (iv) futures settlement price and (v) 6-month US treasury bill yields were assumed for the risk-free rate.

commodities, reaching over 60 percent in the case of wheat in March 2008. As of April 2008, implied volatility stood at around 40 percent for wheat and soybeans, and 30 percent for maize. How are these values interpreted?

These percentages are a measure of the deviation in the futures price (six months ahead) from underlying expected values. Under reasonable assumptions, one can say 'the market estimates with 68 percent certainty that prices will rise or fall by 40 percent for wheat and soybeans and 30 percent for maize'. In a similar vein, the likelihood that prices will exceed their current values by more than 50 percent in six months time is perceived to have a probability of around 2 percent, in other words quite unlikely. This is not to say that such events will not take place. The surge in maize prices that began in September 2006 surprised the markets, then, although traders were betting on higher prices, they had handed only a 5 percent chance of a 50 percent or more increase in the price of maize in six months. Instead, prices actually climbed by almost 60 percent in that period. A one-off misjudgement? Apparently not. Later, wheat traders were caught totally off-guard, when in April 2007 they were 99 percent certain that wheat prices would not rise by more than half their value, in six months, wheat prices had doubled.

Insights into the future?

The large upswings in implied volatilities witnessed today bear testimony to the enormous uncertainty that markets face in predicting how commodity prices could evolve in the short term. The fact that implied volatility for wheat fell sharply in April 2008 from the previous month and is relatively stable for maize, could signal that grain markets are entering a period of relative stability and, possibly, a return to lower price levels from the current highs.

Volatility is an important property in understanding the tendency for a commodity to undergo price changes. More volatile commodities undergo larger and more frequent price changes. Implied volatility can be a useful metric in revealing how traders expect prices to evolve in the shorter term. However, given the huge upheaval in markets over the past two years, it also exposes just how wrong expectations can be.

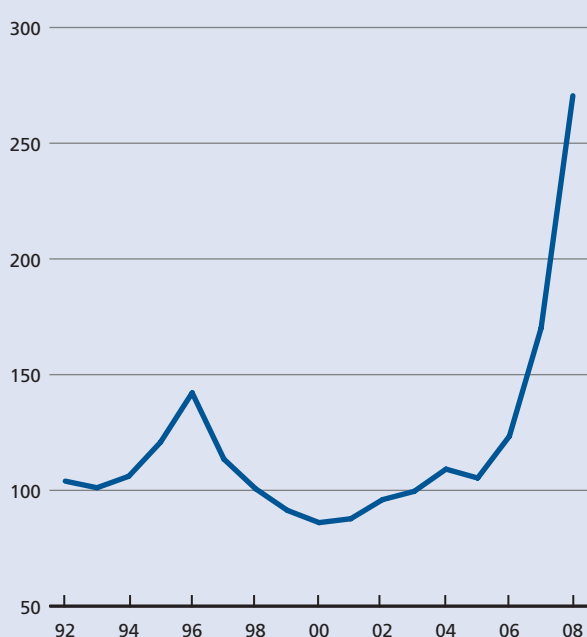
POTATO: AN ANTIDOTE TO HIGH FOOD PRICE INFLATION?

The cost of food continues to soar around the world. Intense competition for reduced international supplies of wheat, maize and rice, and many other agricultural commodities, shows little sign of abating, bringing with it risks of food shortages and social unrest in low-income countries. An urgent need then arises for the adoption of strategies, both in the short- and long-term to combat such risks. One of the longer-term strategies that could help ease the strain of food price inflation, especially in future times of crises, is to look toward diversifying the crop base with focus on nutritious and versatile staple foods that are much less susceptible to the temperament of international markets. One such crop is potato.

Fact: Potato price inflation is lower. FAO recently surveyed the depth and breadth of food price inflation in over 70 of the most vulnerable countries in the world. Cereal price inflation was overwhelmingly higher and far more widespread than for potato and other root crops.

Unlike major cereals, potato is not a globally traded commodity. Only a fraction of total production enters foreign trade, and its prices are determined usually by local demand and supply conditions, not the vagaries of international markets.

FAO cereal price index (1998-2000=100)



Moreover, being absent in the major commodity exchanges, there is no risk of potato bearing the ill-effects of speculative activity, which cannot be said of cereal commodities. It is, therefore, a highly recommended food security crop that can help low-income consumers rideout any repeat of the current turmoil in world food supply and demand.

Fact: Emerging countries realize potato's potential. Recently, in China, the world's biggest potato producer, authorities are reviewing proposals for potato to become the country's major food crop, while India is considering plans to double potato output in the next five to ten years.

Growing importance

Potato is the world's number one non-grain food commodity. Cultivated on almost 20 million hectares, production reached a record 320 million tonnes in 2007. Potato production is expanding strongly in developing countries, which now account for more than half of the global harvest. This is a remarkable achievement, considering that just 20 years ago their share in global production stood at just over 20 percent. The rapid growth of potato production is in sharp contrast to slowing rates of expansion of other major food crops, such as maize and wheat. Projections show that over the next decade, worldwide potato production could expand between 2 and 3 percent annually, with developing countries, especially those situated in Sub-Saharan Africa as the main engine of growth.

Potato and food security

Already many of the poorest producers in developing countries and most undernourished households depend on potatoes as a primary or secondary source of food and nutrition. In part, these farm households value potato because the crop produces large quantities of dietary energy and has relatively stable yields under conditions in which other crops may fail. In this respect, the crop is ideally suited to places where land is limited and labour is abundant, resource endowments that typically characterize many of the poorest developing countries.

Fact: Potato is a superior food security crop. Potato produces more nutritious food more quickly, on less land and in harsher climates than most other major crops, up to 85 percent of the plant is edible human food, compared with around 50 percent in cereals.

Its broad adaptability to a wide variety of farming systems is also noteworthy. For instance potato's short and highly flexible vegetative cycle, high yields within a 100 days, fits well with rice in double cropping systems and is suited for intercropping with crops such as maize and soybeans. Potatoes can be grown at almost any altitude or climate: from the barren highlands of the Andes Mountains to the tropical lowlands of Africa and Asia.

Beyond food security

More and more potatoes now enter processing to meet the rising demand of the fast food, snack and convenience food industries. The major stimulus behind this development includes growing urban populations, rising incomes, the diversification of diets and the high time needed to prepare the tuber for consumption. The structural transformation of rural agricultural based economies into more urbanized societies opens up new market opportunities to potato producers and to their trading and processing partners in the value chain. Such opportunities can foster greater income generation and employment creation in the sector.

Fact: Potato has great potential for income generation. More than a simple food crop for the rural poor, potato can also serve as a source of cash for low-income farm households and as a raw material for further processing into value-added products for both rural and urban consumption.

Potato's adaptability to a wide range of specific uses lies behind the potentially important role that potato can play in developing country food systems. To tap such potential, however, an efficient value chain for the commodity needs to be established (see Box).

Key beneficiaries

Those countries with low levels of dietary diversity and a high level of dependency on cereal imports could greatly benefit from expanding potato cultivation.

Fact: Potato flour can easily be blended with wheat flour. Taking the lead from cassava, governments have launched initiatives to reduce costly wheat imports, for instance by encouraging the consumption of bread that is made of wheat and potato flour.

Rising to the challenge of a better functioning potato value chain

Learning to innovate and engage with markets, and to become more competitive are the main challenges for farmers in developing countries. However, in many poor developing countries, potatoes are typically marketed through fragmented chains with little coordination and poor information flows, giving rise to high supply risks and high transactions costs. Average yields remain far too low to enable small-scale potato producers to produce a marketable surplus, preventing them from increasing their participation in potato marketing systems. In addition, limited storage facilities and insufficient transport facilities can adversely affect the quality of the tubers after harvest.

Much needs to be done. Potato seed producers arguably constitute the most critical link in the potato chain. For it is their role to ensure that the chain has access to sufficient quantities and qualities of planting material to meet the needs of potato growers, processors and traders. In order for this group to successfully participate in the value chain, they need yield-improving and input-saving technologies to help close the persistent yield gap and to reduce cost per tonne. Production initiatives can be greatly bolstered by germplasm research on specific end uses, tissue culture, rapid multiplication of planting material, pest and disease resistance (including enhancing resistance to prevalent diseases such as late blight by combining conventional plant breeding techniques with biotechnology) and the formation of producer groups to share expertise and to strengthen bargaining power. The continuous generation and diffusion of improved varieties is important if potato sectors are to flourish. The expansion of potato cultivation will also be facilitated by improved irrigation supply, chemical fertilizers, cold storage facilities, and transport infrastructure. In addition, the market price of potato is often subject to very limited negotiation and is often decided at the farm gate. Inefficient and unfair pricing can result in producers failing to respond to market incentives, none more so than stifling drives to increase productivity and undermining the necessary on-farm investments in production.

Efforts to enhance the value chain will only prove successful provided there are substantial levels of public and private investment in the sector, especially breeding programmes, infrastructural improvements and initiatives to support and coordinate activities along the chain. Indeed, policy-makers are required to provide more support to the sector, which might require a shift of emphasis, as much of their policies and resources traditionally focused on cash crops for export and on cereals, leaving potato and other root crops at the periphery. Readdressing this imbalance is important if potato sectors are to thrive.

Other countries with low dietary diversity and high export dependence could also benefit. For instance, several countries recently imposed export bans on rice in order to protect against shortages and to shield their economies from domestic food inflation. However, such actions only served to exacerbate global rice price inflation. If consumers had relied on a broader base of staples in their food basket, such restraints, probably would not have been necessary.

An important challenge facing the sector would be to provide the necessary incentives to sustain potato production, without thwarting drives for greater cost efficiency and productivity, even in less favourable economic contexts, than the one prevailing today if and when the world returns to the 'low food price era'. It is too easily forgotten in the current high price climate, that until recently, international prices for cereals had reached historic lows when adjusted for inflation. A boom followed by bust

in cereal prices could easily undermine investments in potato sectors, if consumers revert back to purchasing cheap, subsidized imported cereals. Any investment in potato cultivation must be considered as an insurance against international market turbulence and more so, as a food security safeguard.

Potato has great potential in this regard. The world's population is expected to grow by a third over the next 30 years with more than 95 percent of that increase concentrated in the developing countries, where pressure on land and water is already intense. With such strain on world resources, it is plausible that high price events will always be around the corner. A key test facing the international community is, therefore, to ensure food security for present and future generations, while protecting the natural resource base on which we all depend. It is quite clear that potato can be an important part of efforts to meet those challenges.

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NOTES

General

- FAO estimates and forecasts are based on official and unofficial sources.
- Unless otherwise stated, all charts and tables refer to FAO data as source.
- Estimates of world imports and exports may not always match, mainly because shipments and deliveries do not necessarily occur in the same marketing year.
- Tonnes refer to metric tonnes.
- All totals are computed from unrounded data.
- Regional totals may include estimates for countries not listed. The totals shown for Central America include countries in the Caribbean.
- Estimates for China also include those for the Taiwan Province, Hong Kong SAR and Macao SAR, unless otherwise stated.
- Up to 2006 or 2006/07, the European Union includes 25 member states. From 2007 or 2007/08 onwards, the European Union includes 27 member states. In the case of the oilseeds complex, the European Union includes 25 member states up to 2005/06 and 27 member states from 2006/07.
- '-' means nil or negligible.

Production

- Cereals: Data refer to the calendar year in which the whole harvest or bulk of harvest takes place.
- Sugar: Figures refer to centrifugal sugar derived from sugar cane or beet, expressed in raw equivalents. Data relate to the October/September season.

Utilization

- Cereals: Data are on individual country's marketing year basis.
- Sugar: Figures refer to centrifugal sugar derived from sugar cane or beet, expressed in raw equivalents. Data relate to the October/September season.

Trade

- Trade between European Union member states is excluded, unless otherwise stated.

- Wheat: Trade data include wheat flour in wheat grain equivalent. The time reference period is July/June, unless otherwise stated.
- Coarse grains: The time reference period is July/June, unless otherwise stated.
- Rice, dairy and meat products: The time reference period is January/December.
- Oilseeds, oils and fats and meals and sugar: The time reference period is October/September, unless otherwise stated.

Stocks

- Cereals: Data refer to carry-overs at the close of national crop seasons ending in the year shown.

CRB Price Indices

- The Commodity Research Bureau's (CRB) 'Spot Market Price Index' measures spot price movements of twenty-two basic commodities which are assumed sensitive to changes in global economic conditions. The constituent commodities fall under two major subdivisions: Raw Industrials and Foodstuffs. The former includes burlap, copper scrap, cotton, hides, lead scrap, print cloth, rosin, rubber, steel scrap, tallow, tin, wool tops and zinc. Foodstuffs include butter, cocoa beans, corn, cottonseed oil, hogs, lard, steers, sugar and wheat. The index is constructed using the unweighted geometric means of individual commodity price relatives, defined as the ratio of the current price to the base period price. For more information see www.crbtrader.com.
- The 'Reuters-CRB Energy Subindex' measures the unweighted arithmetic mean of price movements of future contracts for crude oil, heating oil and natural gas, which expire on or before the end of the sixth calendar month from the index's current date. For more information see www.crbtrader.com.

COUNTRY CLASSIFICATION

In the presentation of statistical material, countries are subdivided according to geographical location as well as 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 include 82 countries that are net importers of basic foodstuffs with per caput income below the level used by the World Bank to determine eligibility for International Development Aid (IDA) assistance (i.e. US\$1 575 in 2004). The LDCs and NFIDCs 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 NFIDCs group includes 24 developing country WTO Members that have 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.

Table A1. Cereal statistics (million tonnes)

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2007 <i>estim.</i>	2008 <i>f'cast</i>	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	2008 <i>estim.</i>	2009 <i>f'cast</i>
ASIA	933.8	940.0	116.5	122.5	45.0	38.4	1 004.4	1 019.3	258.6	262.8
Bangladesh	28.9	31.0	3.2	2.8	-	-	32.4	33.4	4.9	5.3
China	392.4	397.0	9.0	9.2	5.9	5.4	390.7	397.4	158.3	161.5
India	207.2	207.2	1.9	1.1	4.8	4.4	199.8	203.0	33.9	34.7
Indonesia	48.4	48.7	6.4	6.7	0.1	0.1	55.1	55.7	6.6	6.3
Iran, Islamic Republic of	21.9	19.1	4.0	6.6	0.4	-	26.3	25.8	2.6	2.6
Iraq	3.7	2.5	4.0	5.0	0.1	-	7.9	7.7	2.4	2.1
Japan	9.0	8.8	26.0	26.1	0.7	0.7	34.6	34.2	4.3	4.1
Kazakhstan	20.0	16.7	0.1	0.1	9.4	6.2	10.7	10.6	3.0	3.0
Korea, Republic of	4.8	5.0	11.5	12.7	0.2	0.2	17.1	17.4	2.3	2.3
Myanmar	20.0	21.0	0.1	-	0.5	0.6	19.7	20.2	5.1	5.4
Pakistan	31.7	31.2	1.5	2.0	4.5	3.5	28.6	29.0	3.3	4.1
Philippines	17.6	18.0	4.8	4.4	-	-	22.1	22.6	3.2	3.0
Saudi Arabia	2.9	2.7	8.9	9.6	-	-	12.4	12.7	3.2	2.8
Thailand	24.4	25.5	1.5	1.5	10.3	9.4	16.6	17.2	3.6	4.0
Turkey	29.4	32.6	2.9	3.0	1.0	0.9	33.9	34.6	3.8	3.9
Viet Nam	27.5	28.1	1.9	2.0	4.1	4.2	25.8	26.0	5.7	5.5
AFRICA	134.6	144.1	56.3	55.6	5.6	6.1	192.2	194.9	28.6	27.2
Algeria	4.4	3.9	6.5	7.0	-	-	11.3	11.5	4.6	4.0
Egypt	19.8	20.9	12.5	12.6	0.8	0.8	32.2	32.5	3.6	3.7
Ethiopia	15.5	14.6	0.3	0.2	0.3	0.2	15.5	15.0	1.9	1.7
Morocco	2.5	6.3	6.5	5.2	0.1	0.1	10.6	11.2	2.4	2.7
Nigeria	25.7	26.7	5.0	5.0	0.5	0.3	31.4	31.6	0.9	0.8
South Africa	9.7	13.5	3.3	2.9	0.7	1.8	13.8	13.8	1.5	2.1
Sudan	5.3	5.9	1.4	1.4	0.2	0.3	6.9	7.2	2.7	2.6
CENTRAL AMERICA	40.1	41.9	25.2	24.2	0.7	0.7	64.3	65.4	5.0	4.6
Mexico	34.2	35.9	15.5	14.3	0.5	0.5	48.8	49.7	3.3	2.9
SOUTH AMERICA	130.9	136.9	23.7	22.2	41.4	38.0	111.4	117.2	9.7	14.2
Argentina	42.7	41.3	-	-	25.8	24.6	14.2	15.2	2.2	3.7
Brazil	65.5	72.8	9.5	8.3	12.2	10.7	63.3	67.8	2.4	5.6
Chile	3.6	3.7	2.4	2.4	0.1	0.1	5.9	6.0	0.9	0.9
Colombia	3.5	3.6	4.6	4.6	0.1	0.1	8.1	8.2	1.1	1.0
Peru	3.4	3.5	3.2	3.2	-	-	6.7	6.9	1.0	0.9
Venezuela	3.6	3.6	2.2	2.1	0.1	0.1	5.8	5.6	0.5	0.6
NORTH AMERICA	462.1	447.7	7.8	7.8	127.9	104.4	344.5	356.3	55.2	46.8
Canada	48.0	50.5	2.7	2.6	20.2	20.0	31.4	31.1	8.5	9.8
United States of America	414.1	397.2	5.1	5.1	107.7	84.4	313.0	325.2	46.7	36.9
EUROPE	387.5	440.6	31.5	18.4	31.7	43.7	395.2	404.8	45.6	56.1
European Union	259.6	296.9	25.7	13.2	15.5	18.8	276.0	282.5	30.1	38.9
Russian Federation	80.3	82.1	0.7	0.8	12.3	14.3	68.5	68.6	8.6	8.6
Serbia	5.9	7.8	1.1	1.1	0.3	0.3	7.7	8.6	0.5	0.5
Ukraine	27.6	38.0	0.2	0.1	3.5	10.3	24.4	26.3	4.2	5.8
OCEANIA	22.9	40.8	1.2	1.1	9.7	20.5	15.2	17.9	6.0	9.7
Australia	22.1	39.9	0.2	0.1	9.7	20.5	13.3	16.0	5.7	9.4
WORLD	2 111.9	2 191.9	262.1	251.8	261.9	251.8	2 127.2	2 176.0	408.8	421.3
Developing countries	1 187.4	1 210.3	185.9	189.4	81.9	74.5	1 293.6	1 318.9	289.5	296.0
Developed countries	924.4	981.6	76.2	62.3	180.1	177.3	833.7	857.1	119.3	125.4
LIFDCs	900.8	914.0	82.7	82.4	22.0	19.3	958.4	973.9	244.1	247.4
LDCs	129.3	133.2	19.1	18.9	4.9	4.8	144.8	147.7	25.4	25.2
NFIDCs	71.9	75.4	40.3	40.1	5.7	4.8	108.9	110.4	15.3	15.7

Table A2. Wheat statistics (million tonnes)

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2007 <i>estim.</i>	2008 <i>f'cast</i>	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	2008 <i>estim.</i>	2009 <i>f'cast</i>
ASIA	280.5	278.8	45.2	48.9	16.8	11.6	307.7	310.7	93.1	98.3
Bangladesh	0.8	1.2	2.1	2.1	-	-	3.2	3.3	0.9	0.9
China	106.0	107.6	1.8	1.8	2.4	2.0	102.2	103.7	54.4	58.2
of which Taiwan Prov.	-	-	1.2	1.2	-	-	1.1	1.2	0.4	0.4
India	75.8	76.8	1.8	1.0	0.5	0.5	75.2	76.3	16.4	17.4
Indonesia	-	-	5.2	5.5	-	-	5.1	5.3	2.3	2.5
Iran, Islamic Republic of	15.0	13.0	0.2	2.0	0.4	-	15.5	15.1	2.1	2.0
Iraq	2.3	1.5	3.0	3.8	-	-	5.7	5.7	2.3	2.0
Japan	0.9	0.8	5.5	5.7	0.4	0.4	6.1	6.0	0.8	0.8
Kazakhstan	16.5	14.0	-	-	8.5	6.0	8.0	8.0	2.5	2.5
Korea, Republic of	-	-	3.0	3.5	0.1	-	3.2	3.4	0.3	0.3
Pakistan	22.5	22.0	1.5	2.0	2.0	0.7	22.0	22.4	2.3	3.2
Philippines	-	-	2.4	2.4	-	-	2.5	2.6	0.4	0.2
Saudi Arabia	2.5	2.3	0.1	0.2	-	-	2.6	2.6	1.1	1.0
Thailand	-	-	1.2	1.2	-	-	1.1	1.1	0.2	0.2
Turkey	17.3	19.0	1.7	1.8	0.9	0.8	19.5	19.8	0.8	1.0
AFRICA	20.1	22.7	29.9	29.7	0.9	0.7	51.9	52.9	13.1	12.2
Algeria	2.9	2.6	4.0	4.5	-	-	7.6	7.6	3.4	2.8
Egypt	7.4	8.2	7.5	7.5	-	-	15.5	15.6	2.4	2.5
Ethiopia	3.4	3.5	0.2	0.2	0.1	0.1	3.4	3.7	0.4	0.5
Morocco	1.6	4.2	4.0	3.0	0.1	0.1	6.5	6.9	1.6	1.8
Nigeria	0.1	0.1	3.0	3.0	0.3	0.1	3.1	3.0	0.2	0.2
South Africa	1.9	1.8	1.3	1.3	0.2	0.2	3.0	3.0	0.4	0.4
Tunisia	1.4	0.9	1.6	1.7	0.2	0.2	2.6	2.7	1.3	1.1
CENTRAL AMERICA	3.4	3.8	7.2	6.9	0.6	0.6	10.0	10.1	1.1	1.0
Cuba	-	-	0.8	0.8	-	-	0.8	0.8	-	-
Mexico	3.4	3.8	3.5	3.2	0.5	0.5	6.4	6.5	0.7	0.6
SOUTH AMERICA	22.4	22.2	13.7	13.4	11.2	9.3	25.0	25.5	2.2	2.9
Argentina	15.4	14.6	-	-	10.0	8.6	5.1	5.3	0.2	0.9
Brazil	4.1	4.6	7.1	6.8	0.7	0.2	10.6	10.9	0.6	0.8
Chile	1.3	1.4	1.0	1.0	-	-	2.3	2.4	0.3	0.3
Colombia	-	-	1.4	1.4	0.1	0.1	1.4	1.4	0.1	0.1
Peru	0.2	0.2	1.7	1.7	-	-	1.9	1.9	0.1	0.1
Venezuela	-	-	1.6	1.6	-	-	1.7	1.5	0.3	0.3
NORTH AMERICA	76.3	91.0	2.0	2.0	50.5	42.2	35.8	42.4	10.9	19.3
Canada	20.1	25.9	-	-	15.0	16.2	7.4	7.8	4.3	6.2
United States of America	56.2	65.1	2.0	2.0	35.5	26.0	28.4	34.6	6.6	13.1
EUROPE	189.0	213.2	9.8	9.0	22.5	31.1	180.3	184.6	19.7	26.2
European Union	120.7	138.6	6.7	6.0	10.0	13.0	121.4	126.1	9.5	15.0
Russian Federation	49.4	50.0	0.3	0.3	11.0	12.0	38.7	38.3	6.5	6.5
Ukraine	13.7	18.9	-	-	1.4	6.0	11.7	11.9	2.5	3.5
OCEANIA	13.4	26.3	0.6	0.6	7.5	15.0	7.4	8.6	4.4	7.7
Australia	13.1	26.0	-	-	7.5	15.0	6.4	7.6	4.2	7.5
WORLD	605.1	658.0	108.5	110.5	110.0	110.5	618.1	634.8	144.5	167.6
Developing countries	296.3	299.8	84.6	87.7	20.4	15.6	362.1	367.1	102.7	107.5
Developed countries	308.7	358.2	23.8	22.7	89.6	94.9	256.0	267.7	41.8	60.1
LIFDCs	243.2	248.0	47.9	47.9	6.1	3.8	283.8	287.4	92.2	97.1
LDCs	10.7	11.1	10.5	10.9	0.2	0.1	21.8	22.3	4.4	4.2
NFIDCs	33.4	35.8	23.0	22.4	2.3	1.0	55.5	56.5	9.7	10.4

Table A3. Coarse grain statistics (million tonnes)

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2007 <i>estim.</i>	2008 <i>f'cast</i>	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	2008 <i>estim.</i>	2009 <i>f'cast</i>
ASIA	257.9	257.4	58.3	60.4	5.8	3.4	311.0	315.9	65.9	63.9
China	159.3	160.1	6.2	6.5	2.0	2.0	161.8	165.5	47.4	46.3
of which Taiwan Prov.	0.1	0.1	4.5	4.5	-	-	4.7	4.6	0.5	0.5
India	35.7	34.4	0.1	0.1	2.0	0.4	34.0	34.1	1.5	1.3
Indonesia	12.4	12.0	0.7	0.7	0.1	0.1	13.0	13.1	1.7	1.2
Iran, Islamic Republic of	5.1	4.3	2.9	3.5	-	-	8.0	7.8	0.3	0.3
Japan	0.2	0.2	19.8	19.7	-	-	20.1	20.0	2.1	2.0
Korea, D.P.R.	1.5	2.1	0.7	0.1	-	-	2.2	2.3	0.2	0.2
Korea, Republic of	0.3	0.4	8.2	8.9	-	-	9.1	9.2	1.2	1.2
Malaysia	0.1	0.1	2.5	2.6	-	-	2.7	2.7	0.3	0.3
Pakistan	3.7	3.7	-	-	-	-	3.7	3.7	0.7	0.7
Philippines	6.7	6.5	0.3	0.3	-	-	6.8	6.9	1.0	1.0
Saudi Arabia	0.4	0.4	7.9	8.3	-	-	8.8	8.9	2.0	1.8
Thailand	3.9	4.2	0.2	0.2	0.1	0.1	4.0	4.2	0.1	0.1
Turkey	11.7	13.2	1.0	1.0	0.1	0.1	13.8	14.2	3.0	2.9
Viet Nam	3.6	3.7	0.7	0.7	-	-	4.4	4.4	1.0	1.0
AFRICA	99.8	106.2	17.0	16.1	3.9	4.6	116.5	117.8	13.1	12.7
Algeria	1.5	1.3	2.5	2.5	-	-	3.7	3.8	1.2	1.2
Egypt	7.9	8.1	5.0	5.0	-	-	13.0	13.1	0.4	0.4
Ethiopia	12.1	11.1	-	-	0.2	0.2	12.1	11.2	1.6	1.2
Kenya	3.0	2.6	0.4	0.8	-	-	3.6	3.6	0.2	0.1
Morocco	0.9	2.1	2.5	2.2	-	-	4.1	4.2	0.8	0.9
Nigeria	23.3	24.3	0.1	0.1	0.2	0.2	24.0	24.3	0.5	0.5
South Africa	7.8	11.7	1.2	0.7	0.5	1.6	10.0	10.0	1.0	1.6
Sudan	4.7	5.3	0.2	0.2	0.2	0.3	5.0	5.3	1.4	1.5
Tanzania	4.0	4.1	0.3	-	0.2	0.2	4.0	4.1	1.0	0.8
CENTRAL AMERICA	35.0	36.4	15.8	14.9	0.1	0.1	50.4	51.3	3.4	3.0
Mexico	30.6	31.9	11.5	10.5	-	-	41.7	42.5	2.6	2.3
SOUTH AMERICA	93.9	98.8	8.8	7.8	28.2	26.7	71.6	76.7	6.5	10.3
Argentina	26.6	25.9	-	-	15.3	15.5	8.8	9.6	1.9	2.7
Brazil	53.9	60.1	1.6	0.8	11.3	10.2	44.0	48.2	1.6	4.7
Chile	2.2	2.2	1.3	1.3	0.1	0.1	3.4	3.5	0.6	0.6
Colombia	1.8	1.8	3.1	3.1	0.1	0.1	4.8	4.9	0.8	0.7
Peru	1.6	1.6	1.4	1.4	-	-	3.0	3.1	0.6	0.5
Venezuela	2.9	2.9	0.6	0.5	-	-	3.5	3.4	0.2	0.2
NORTH AMERICA	379.5	350.4	4.8	4.7	73.9	59.1	304.3	309.5	43.6	26.8
Canada	28.0	24.6	2.4	2.3	5.2	3.8	23.7	23.0	4.1	3.6
United States of America	351.5	325.8	2.4	2.4	68.7	55.3	280.5	286.5	39.4	23.2
EUROPE	196.1	224.9	19.9	7.6	9.0	12.4	210.9	216.2	25.4	29.3
European Union	137.0	156.5	17.7	5.8	5.3	5.6	151.6	153.5	20.0	23.3
Russian Federation	30.4	31.6	0.3	0.3	1.3	2.3	29.2	29.7	2.1	2.1
Serbia	4.4	6.0	0.5	0.5	0.3	0.3	5.3	6.3	0.4	0.4
Ukraine	13.8	19.1	-	-	2.1	4.3	12.5	14.2	1.7	2.3
OCEANIA	9.4	14.5	0.1	0.1	2.2	5.3	7.4	8.9	1.5	1.9
Australia	8.9	13.9	-	-	2.2	5.3	6.7	8.2	1.5	1.9
WORLD	1 071.6	1 088.6	124.7	111.5	123.0	111.5	1 072.0	1 096.3	159.4	148.0
Developing countries	473.2	482.2	77.1	76.8	36.6	33.0	513.0	525.4	84.8	85.4
Developed countries	598.4	606.4	47.6	34.7	86.4	78.5	559.0	570.9	74.5	62.6
LIFDCs	327.2	329.0	19.0	18.7	7.7	5.6	338.5	344.1	66.0	63.7
LDCs	55.7	56.1	2.3	1.8	3.4	3.1	54.8	55.4	8.7	8.1
NFDCs	22.6	23.4	14.9	15.1	0.1	0.1	38.4	38.7	3.6	3.4

Table A4. Maize statistics (million tonnes)

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2007 <i>estim.</i>	2008 <i>f'cast</i>	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	2008 <i>estim.</i>	2009 <i>f'cast</i>
ASIA	207.2	207.3	44.8	45.3	4.7	3.1	246.2	250.8	56.6	54.9
China	148.0	149.0	4.7	4.6	2.0	2.0	148.7	152.5	45.5	44.4
of which Taiwan Prov.	-	-	4.3	4.3	-	-	4.5	4.4	0.5	0.5
India	16.8	15.4	0.1	0.1	2.0	0.4	15.1	15.2	1.2	1.0
Indonesia	12.4	12.0	0.7	0.7	0.1	0.1	13.0	13.1	1.7	1.2
Iran, Islamic Republic of	1.7	1.5	2.5	2.5	-	-	4.1	4.0	0.2	0.2
Japan	-	-	16.6	16.6	-	-	16.6	16.6	1.3	1.3
Korea, D.P.R.	1.3	2.0	0.7	0.1	-	-	2.0	2.1	0.2	0.2
Korea, Republic of	0.1	0.1	8.1	8.8	-	-	8.7	8.8	1.1	1.1
Malaysia	0.1	0.1	2.5	2.6	-	-	2.7	2.7	0.3	0.3
Pakistan	3.2	3.2	-	-	-	-	3.2	3.2	0.7	0.7
Philippines	6.7	6.5	0.3	0.3	-	-	6.8	6.9	1.0	1.0
Thailand	3.6	3.9	0.2	0.2	0.1	0.1	3.7	3.9	0.1	0.1
Turkey	3.7	3.8	0.7	0.8	-	-	4.8	4.6	0.4	0.4
Viet Nam	3.6	3.7	0.7	0.7	-	-	4.4	4.4	1.0	1.0
AFRICA	49.5	53.8	14.2	13.6	2.8	3.6	62.8	63.4	6.6	6.7
Algeria	-	-	2.4	2.4	-	-	2.4	2.4	0.3	0.3
Egypt	7.0	7.1	5.0	5.0	-	-	12.0	12.1	0.4	0.4
Ethiopia	4.6	4.0	-	-	0.1	0.1	4.5	4.0	0.5	0.4
Kenya	2.9	2.5	0.4	0.8	-	-	3.4	3.4	0.2	0.1
Morocco	0.1	0.2	1.5	1.5	-	-	1.6	1.7	0.3	0.3
Nigeria	6.7	7.0	0.1	0.1	0.1	0.1	6.9	7.0	0.3	0.3
South Africa	7.3	11.2	1.0	0.6	0.5	1.5	9.4	9.4	0.9	1.5
Tanzania	3.1	3.2	0.3	-	0.2	0.2	3.1	3.1	0.7	0.6
CENTRAL AMERICA	27.6	29.0	13.7	12.8	0.1	0.1	41.0	41.8	2.9	2.6
Mexico	23.6	25.0	9.5	8.5	-	-	32.8	33.5	2.2	2.0
SOUTH AMERICA	84.4	88.7	7.7	6.8	26.5	24.6	63.1	67.7	5.4	9.0
Argentina	21.8	20.6	-	-	14.0	13.9	5.7	6.0	1.3	2.0
Brazil	51.8	57.8	1.3	0.5	11.0	10.0	41.7	45.8	1.5	4.5
Chile	1.6	1.6	1.2	1.2	0.1	0.1	2.7	2.7	0.5	0.5
Colombia	1.7	1.7	2.8	2.8	0.1	0.1	4.4	4.5	0.8	0.7
Peru	1.4	1.4	1.3	1.3	-	-	2.7	2.8	0.6	0.5
Venezuela	2.4	2.4	0.6	0.5	-	-	2.9	2.9	0.2	0.2
NORTH AMERICA	343.7	317.8	2.7	2.5	61.4	50.8	279.7	284.5	38.2	20.5
Canada	11.6	9.9	2.3	2.2	0.5	0.3	12.9	12.4	1.7	1.1
United States of America	332.1	308.0	0.4	0.3	60.9	50.5	266.8	272.2	36.5	19.4
EUROPE	64.9	82.5	13.6	3.9	1.8	2.7	80.2	84.2	9.6	9.2
European Union	47.5	60.2	12.2	2.8	0.5	0.2	61.7	63.3	7.5	7.0
Russian Federation	3.9	4.0	0.1	0.1	0.1	0.1	3.9	4.0	0.8	0.8
Serbia	4.0	5.6	0.5	0.5	0.3	0.3	4.9	5.8	0.3	0.3
Ukraine	5.8	7.5	-	-	1.0	2.2	4.8	5.3	0.5	0.5
OCEANIA	0.4	0.5	-	-	-	-	0.5	0.5	0.1	0.1
WORLD	777.8	779.6	96.8	85.0	97.4	85.0	773.4	793.0	119.4	103.0
Developing countries	359.8	366.0	61.4	60.0	33.6	30.0	384.2	394.8	69.0	70.2
Developed countries	418.0	413.6	35.3	25.0	63.8	55.0	389.2	398.2	50.4	32.8
LIFDCs	239.1	239.5	15.1	14.7	6.4	4.6	245.8	251.4	57.2	55.1
LDCs	26.4	26.2	1.8	1.3	2.5	2.3	25.4	25.6	4.6	4.2
NFIDCs	18.5	18.5	12.6	13.0	0.1	0.1	31.4	31.6	2.6	2.5

Table A5. Barley statistics (million tonnes)

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2007 <i>estim.</i>	2008 <i>f'cast</i>	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	2008 <i>estim.</i>	2009 <i>f'cast</i>
ASIA	22.4	21.8	11.3	12.9	1.0	0.2	34.2	34.7	7.6	7.3
China	3.9	3.8	1.4	1.8	-	-	5.4	5.5	1.0	1.0
India	1.3	1.3	-	-	-	-	1.3	1.3	-	-
Iran, Islamic Republic of	3.5	2.8	0.4	1.0	-	-	4.0	3.8	0.1	0.1
Iraq	1.1	0.5	0.2	0.1	0.1	-	1.0	0.6	-	-
Japan	0.2	0.2	1.4	1.5	-	-	1.7	1.7	0.6	0.5
Kazakhstan	2.4	1.7	0.1	0.1	0.8	0.1	1.7	1.7	0.5	0.5
Saudi Arabia	0.1	0.1	6.0	6.5	-	-	6.6	6.8	1.9	1.7
Syria	0.7	0.7	0.5	0.7	-	-	1.2	1.4	0.7	0.8
Turkey	7.4	8.8	0.2	0.1	0.1	0.1	8.4	9.0	2.5	2.4
AFRICA	5.1	5.4	2.0	1.8	-	-	7.4	7.4	2.1	1.9
Algeria	1.4	1.2	0.1	0.1	-	-	1.3	1.3	0.9	0.9
Ethiopia	1.9	1.4	-	-	-	-	1.7	1.6	0.3	0.1
Libya	0.1	0.1	0.4	0.4	-	-	0.5	0.4	-	-
Morocco	0.8	1.9	1.0	0.7	-	-	2.4	2.5	0.5	0.6
Tunisia	0.5	0.3	0.5	0.6	-	-	1.1	1.1	0.3	0.1
CENTRAL AMERICA	0.8	0.8	0.3	0.3	-	-	1.0	1.0	0.1	0.1
Mexico	0.8	0.8	0.3	0.3	-	-	1.0	1.0	0.1	0.1
SOUTH AMERICA	2.5	2.4	0.7	0.6	0.7	0.7	2.4	2.4	0.4	0.4
Argentina	1.5	1.4	-	-	0.6	0.6	0.7	0.8	0.3	0.3
NORTH AMERICA	15.6	15.4	0.1	0.3	3.2	2.5	12.9	12.5	2.4	2.9
Canada	11.0	10.4	-	-	2.5	2.0	8.4	8.2	1.3	1.2
United States of America	4.6	5.0	0.1	0.3	0.7	0.5	4.5	4.3	1.1	1.7
EUROPE	82.9	92.9	0.9	0.6	6.6	8.8	78.0	81.6	10.6	13.7
Belarus	1.9	1.8	-	-	-	-	1.9	1.8	0.2	0.2
European Union	57.7	62.0	0.3	0.2	4.5	4.8	53.7	54.9	8.5	11.0
Russian Federation	15.7	18.0	0.2	0.2	1.1	2.0	14.8	16.2	0.8	0.8
Ukraine	6.2	9.4	-	-	1.0	2.0	5.8	6.8	0.9	1.5
OCEANIA	6.2	9.3	-	-	2.0	4.4	4.1	4.5	1.2	1.6
Australia	5.9	9.0	-	-	2.0	4.4	3.8	4.2	1.2	1.6
WORLD	135.6	147.9	15.2	16.5	13.4	16.5	140.0	144.1	24.4	27.9
Developing countries	27.0	27.2	12.4	13.7	0.8	0.7	40.1	40.6	8.9	8.5
Developed countries	108.6	120.7	2.8	2.8	12.6	15.8	99.9	103.5	15.5	19.5
LIFDCs	13.3	13.2	3.1	3.3	0.1	-	16.7	16.5	2.9	2.9
LDCs	2.2	1.8	-	-	-	-	2.1	2.0	0.3	0.1
NFIDCs	1.8	2.7	2.1	2.0	-	-	4.6	4.7	0.8	0.8

Table A6. Sorghum statistics (*million tonnes*)

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2007 <i>estim.</i>	2008 <i>f'cast</i>	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	2008 <i>estim.</i>	2009 <i>f'cast</i>
ASIA	11.2	11.3	1.7	1.6	0.1	0.1	12.8	12.9	1.0	1.0
China	2.4	2.5	0.1	0.1	-	-	2.6	2.6	0.4	0.4
India	7.6	7.6	-	-	-	-	7.6	7.6	0.2	0.2
Japan	-	-	1.4	1.4	-	-	1.4	1.4	0.2	0.2
AFRICA	24.8	26.3	0.7	0.6	0.7	0.7	25.5	26.3	2.7	2.5
Burkina Faso	1.6	1.6	-	-	0.1	0.1	1.5	1.6	0.1	0.1
Ethiopia	2.6	2.6	-	-	0.1	-	2.5	2.6	0.1	0.1
Nigeria	9.0	9.6	-	-	0.1	0.1	9.4	9.6	0.1	0.1
Sudan	3.9	4.5	0.2	0.2	0.2	0.3	4.2	4.4	1.1	1.2
CENTRAL AMERICA	6.6	6.5	1.7	1.7	-	-	8.2	8.2	0.4	0.3
Mexico	6.1	6.0	1.7	1.7	-	-	7.7	7.8	0.3	0.2
SOUTH AMERICA	5.3	6.1	0.2	0.2	1.0	1.3	4.4	4.8	0.6	0.7
Argentina	2.8	3.3	-	-	0.7	1.0	1.8	2.2	0.3	0.4
Brazil	1.4	1.7	-	-	0.3	0.2	1.4	1.4	0.1	0.2
Venezuela	0.6	0.5	-	-	-	-	0.6	0.5	-	-
NORTH AMERICA	12.8	11.0	-	-	7.0	4.2	5.3	6.6	1.1	1.4
United States of America	12.8	11.0	-	-	7.0	4.2	5.3	6.6	1.1	1.4
EUROPE	0.6	0.6	5.1	2.8	-	-	5.4	3.3	0.3	0.4
European Union	0.5	0.5	5.0	2.7	-	-	5.3	3.1	0.3	0.4
OCEANIA	1.4	2.5	0.1	0.1	0.1	0.7	1.4	1.8	0.1	-
Australia	1.4	2.5	-	-	0.1	0.7	1.4	1.8	0.1	-
WORLD	62.7	64.3	9.4	7.0	8.9	7.0	63.1	64.0	6.0	6.4
Developing countries	47.7	50.0	2.7	2.6	1.8	2.0	49.2	50.6	4.4	4.3
Developed countries	14.9	14.3	6.7	4.4	7.1	5.0	13.9	13.3	1.7	2.1
LIFDCs	35.6	37.2	0.7	0.6	0.8	0.7	36.3	37.2	3.4	3.2
LDCs	14.2	15.1	0.5	0.4	0.7	0.6	14.2	14.9	2.2	2.3
NFIDCs	1.8	1.8	0.1	0.1	-	-	2.0	1.9	0.1	0.1

Table A7. Other coarse grain statistics - millet, rye, oats and other grains (*million tonnes*)

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2007 <i>estim.</i>	2008 <i>f'cast</i>	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	2008 <i>estim.</i>	2009 <i>f'cast</i>
ASIA	17.1	17.0	0.6	0.6	-	-	17.7	17.6	0.7	0.7
AFRICA	20.4	20.7	0.1	0.1	0.3	0.2	20.9	20.7	1.8	1.6
CENTRAL AMERICA	0.1	0.1	0.1	0.1	-	-	0.2	0.2	-	-
SOUTH AMERICA	1.6	1.7	0.2	0.1	-	0.1	1.7	1.7	0.1	0.1
NORTH AMERICA	7.3	6.2	1.9	1.8	2.3	1.6	6.3	5.9	1.9	2.0
EUROPE	47.7	49.0	0.4	0.3	0.5	0.9	47.3	47.1	4.9	6.1
OCEANIA	1.4	2.2	0.1	0.1	0.1	0.1	1.3	1.9	0.1	0.2
WORLD	95.6	96.8	3.3	3.0	3.3	3.0	95.5	95.2	9.5	10.7

Table A8. Rice statistics (million tonnes, milled equivalent)

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2007 <i>estim.</i>	2008 <i>f'cast</i>	2007 <i>estim.</i>	2008 <i>f'cast</i>	2007 <i>estim.</i>	2008 <i>f'cast</i>	2006/07 <i>estim.</i>	2007/08 <i>f'cast</i>	2007 <i>estim.</i>	2008 <i>f'cast</i>
ASIA	395.3	403.8	14.6	12.9	24.6	22.4	375.9	385.8	98.3	99.6
Bangladesh	27.6	29.3	1.4	1.0	-	-	28.1	28.6	4.1	4.1
China	127.1	129.3	1.0	1.0	1.4	1.5	125.1	126.8	56.8	56.6
of which Taiwan Prov.	1.1	1.2	0.1	0.1	-	-	1.2	1.2	0.2	0.2
India	95.7	96.0	0.1	0.1	5.0	2.3	86.8	90.6	13.2	16.0
Indonesia	35.9	36.7	1.7	0.5	-	-	35.5	36.9	2.0	2.7
Iran, Islamic Republic of	1.8	1.8	1.1	0.9	-	-	2.8	2.8	0.4	0.3
Iraq	0.2	0.2	0.7	0.8	-	-	1.1	1.0	0.1	0.1
Japan	7.9	7.8	0.7	0.7	0.2	0.3	8.3	8.3	1.5	1.5
Korea, D.P.R.	1.2	1.6	0.4	0.7	-	-	2.0	1.9	-	-
Korea, Republic of	4.4	4.6	0.3	0.3	0.2	0.1	4.8	4.8	1.1	0.9
Malaysia	1.5	1.5	0.8	0.8	-	-	2.3	2.3	0.2	0.1
Myanmar	18.9	19.9	-	-	-	0.2	18.0	18.9	5.2	5.0
Pakistan	5.5	5.5	-	-	2.7	2.5	2.7	2.9	0.2	0.3
Philippines	10.9	11.5	1.8	2.1	-	-	12.4	12.7	1.5	1.8
Saudi Arabia	-	-	1.1	0.9	-	-	1.1	1.0	0.2	0.1
Sri Lanka	2.1	2.2	0.1	0.1	-	-	2.2	2.2	0.2	0.2
Thailand	20.5	21.3	0.2	0.2	9.6	10.2	11.4	11.5	4.4	3.3
Viet Nam	23.9	24.4	0.3	0.2	4.5	4.1	19.6	20.4	4.8	4.4
AFRICA	14.7	15.2	9.8	9.3	1.2	0.8	23.1	23.7	2.7	2.4
Cote d'Ivoire	0.6	0.6	0.8	0.8	-	-	1.5	1.5	0.1	-
Egypt	4.5	4.6	0.1	-	1.2	0.8	3.6	3.7	0.6	0.7
Madagascar	2.4	2.4	0.2	0.2	-	-	2.5	2.6	0.2	0.2
Nigeria	2.3	2.4	1.7	1.9	-	-	4.2	4.3	0.3	0.2
Senegal	0.2	0.2	1.0	0.8	-	-	1.1	1.1	0.3	0.2
South Africa	-	-	1.0	0.8	-	-	0.7	0.9	0.1	0.1
Tanzania	0.9	0.9	0.2	0.1	-	-	0.9	1.1	0.1	0.1
CENTRAL AMERICA	1.6	1.7	2.4	2.3	-	-	4.0	3.9	0.6	0.5
Cuba	0.3	0.3	0.7	0.7	-	-	0.9	0.9	-	-
Mexico	0.2	0.2	0.6	0.5	-	-	0.8	0.7	-	-
SOUTH AMERICA	14.7	15.8	1.1	1.2	1.9	2.0	14.7	14.7	1.8	1.0
Argentina	0.7	0.9	-	-	0.4	0.5	0.4	0.3	0.1	0.1
Brazil	7.6	8.0	0.7	0.8	0.2	0.2	8.8	8.6	0.8	0.2
Peru	1.7	1.7	0.1	0.1	-	-	1.7	1.7	0.3	0.3
Uruguay	0.8	1.0	-	-	0.8	0.9	0.1	0.1	0.2	0.1
NORTH AMERICA	6.3	6.3	1.0	1.0	3.0	3.5	4.3	4.4	1.3	0.7
Canada	-	-	0.3	0.3	-	-	0.3	0.3	0.1	-
United States of America	6.3	6.3	0.7	0.7	3.0	3.5	4.0	4.1	1.3	0.7
EUROPE	2.5	2.5	1.7	1.8	0.2	0.2	4.0	4.0	0.6	0.6
European Union	1.9	1.9	1.1	1.3	0.2	0.2	2.8	3.0	0.5	0.5
Russian Federation	0.5	0.5	0.2	0.2	-	-	0.7	0.7	-	-
OCEANIA	0.1	-	0.4	0.4	0.1	0.1	0.7	0.5	0.1	0.1
Australia	0.1	-	0.1	0.2	0.1	0.1	0.4	0.2	0.1	0.1
WORLD	435.2	445.3	31.0	28.9	31.0	28.9	426.7	437.1	105.5	105.0
Developing countries	417.9	428.3	26.1	24.2	27.6	24.8	408.2	418.4	101.8	102.0
Developed countries	17.3	17.0	4.8	4.8	3.5	4.1	18.5	18.7	3.6	3.0
LIFDCs	330.5	337.0	17.2	15.8	11.4	8.2	327.4	336.1	82.8	86.0
LDCs	62.8	66.0	7.0	6.2	1.2	1.4	65.9	68.3	12.8	12.3
NFIDCs	15.9	16.3	2.6	2.5	3.9	3.3	14.5	15.0	1.9	2.0

Table A9. Cereal supply and utilization in main exporting countries (million tonnes)

	Wheat ¹			Coarse Grains ²			Rice (milled basis)		
	2006/07	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	2006/07	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>	2006/07	2007/08 <i>estim.</i>	2008/09 <i>f'cast</i>
	UNITED STATES (June/May)			UNITED STATES			UNITED STATES (Aug./July)		
Opening stocks	15.5	12.4	6.6	54.8	36.2	39.4	1.4	1.3	0.7
Production	49.3	56.2	65.1	280.4	351.5	325.8	6.2	6.3	6.3
Imports	2.8	2.1	2.2	2.5	2.8	2.6	0.7	0.7	0.7
Total Supply	67.7	70.8	73.9	337.7	390.5	367.8	8.3	8.3	7.7
Domestic use	30.8	28.4	34.6	243.0	280.5	286.5	4.1	4.0	4.0
Exports	24.4	35.8	26.1	58.5	70.6	58.1	2.9	3.6	3.1
Closing stocks	12.4	6.6	13.1	36.2	39.4	23.2	1.3	0.7	0.5
	CANADA (August/July)			CANADA			THAILAND (Nov./Oct.)³		
Opening stocks	9.6	6.8	4.3	6.5	3.7	4.1	5.5	4.4	3.3
Production	25.3	20.1	25.9	23.3	28.0	24.6	19.6	20.5	21.3
Imports	0.0	0.0	0.0	2.2	2.2	2.3	0.2	0.2	0.2
Total Supply	34.9	26.9	30.2	32.0	33.8	31.0	25.3	25.0	24.8
Domestic use	8.6	7.4	7.8	23.3	23.7	23.0	11.4	11.5	11.8
Exports	19.5	15.2	16.2	5.0	6.0	4.4	9.6	10.2	9.3
Closing stocks	6.8	4.3	6.2	3.7	4.1	3.6	4.4	3.3	3.7
	ARGENTINA (Dec./Nov.)			ARGENTINA			INDIA (Oct./Sept.)³		
Opening stocks	0.6	0.2	0.2	1.9	1.3	1.9	11.6	13.2	16.0
Production	14.5	15.4	14.6	18.3	26.6	25.9	93.4	95.7	96.0
Imports	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Total Supply	15.2	15.6	14.8	20.3	27.9	27.8	105.0	108.9	112.1
Domestic use	5.2	5.1	5.3	8.6	8.8	9.6	86.8	90.6	92.6
Exports	9.7	10.3	8.6	10.3	17.3	15.5	5.0	2.3	3.5
Closing stocks	0.2	0.2	0.9	1.3	1.9	2.7	13.2	16.0	16.0
	AUSTRALIA (Oct./Sept.)			AUSTRALIA			PAKISTAN (Nov./Oct.)³		
Opening stocks	9.5	4.1	4.2	4.0	1.9	1.5	0.2	0.2	0.3
Production	10.6	13.1	26.0	7.6	8.9	13.9	5.4	5.5	5.5
Imports	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Supply	20.1	17.2	30.1	11.5	10.8	15.4	5.6	5.7	5.9
Domestic use	7.4	6.4	7.6	7.6	6.7	8.2	2.7	2.9	2.9
Exports	8.7	6.6	15.0	2.0	2.6	5.3	2.7	2.5	2.8
Closing stocks	4.1	4.2	7.5	1.9	1.5	1.9	0.2	0.3	0.2
	EU (July/June)			EU			VIET NAM (Nov./Oct.)³		
Opening stocks	21.0	15.0	9.5	23.5	22.2	20.0	4.7	4.8	4.4
Production	117.7	120.7	138.6	127.2	137.0	156.5	23.9	23.9	24.4
Imports	5.9	6.7	6.0	6.7	17.7	5.8	0.3	0.2	0.3
Total Supply	144.6	142.4	154.1	157.4	176.9	182.3	28.9	28.9	29.1
Domestic use	118.8	121.4	126.1	133.6	151.6	153.5	19.6	20.4	20.7
Exports	12.8	11.5	13.0	4.3	5.3	5.6	4.5	4.1	4.2
Closing stocks	13.0	9.5	15.0	19.5	20.0	23.3	4.8	4.4	4.2
	TOTAL OF ABOVE			TOTAL OF ABOVE			TOTAL OF ABOVE		
Opening stocks	56.3	38.5	24.7	90.7	65.2	67.0	23.3	23.8	24.7
Production	217.5	225.5	270.1	456.8	552.0	546.6	148.5	151.9	153.5
Imports	8.7	8.8	8.2	11.4	22.8	10.7	1.2	1.1	1.3
Total Supply	282.4	272.8	303.0	558.9	640.0	624.3	173.1	176.8	179.5
Domestic use	170.8	168.7	181.4	416.2	471.3	480.8	124.6	129.4	132.0
Exports	75.1	79.4	78.9	80.1	101.6	88.8	24.7	22.7	22.9
Closing stocks	36.5	24.7	42.7	62.5	67.0	54.7	23.8	24.7	24.6

¹ Trade data include wheat flour in wheat grain equivalent. For the EU semolina is also included.

² **Argentina** (December/November) 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.

Table A10. Total oilcrops statistics (million tonnes)

	Production ¹			Imports			Exports		
	2005/06	2006/07 <i>estim.</i>	2007/08 <i>f'cast</i>	2005/06	2006/07 <i>estim.</i>	2007/08 <i>f'cast</i>	2005/06	2006/07 <i>estim.</i>	2007/08 <i>f'cast</i>
ASIA	122.5	123.4	123.2	49.2	51.7	58.2	2.6	2.9	2.6
China	58.6	60.0	55.9	31.6	32.1	38.7	1.3	1.5	1.3
of which Taiwan Prov.	0.1	0.1	0.1	2.5	2.4	2.4	-	-	-
India	33.6	33.2	36.4	-	-	0.1	0.6	0.7	0.6
Indonesia	7.2	7.4	7.9	1.4	1.5	1.6	0.1	0.1	0.2
Iran, Islamic Republic of	0.4	0.4	0.4	0.8	0.9	1.0	-	-	-
Japan	0.3	0.3	0.3	6.7	6.8	6.7	-	-	-
Korea, Republic of	0.3	0.2	0.2	1.4	1.5	1.5	-	-	-
Malaysia	4.3	4.2	4.6	0.7	0.8	0.8	0.1	0.1	0.1
Pakistan	5.1	5.0	4.7	0.9	1.3	1.2	-	-	-
Thailand	0.6	0.7	0.7	1.6	1.7	1.6	-	-	-
Turkey	2.1	2.3	2.0	1.7	2.1	2.0	-	-	-
AFRICA	16.2	15.5	16.2	1.9	2.6	2.5	0.7	0.6	0.7
Nigeria	4.4	4.5	4.5	-	-	-	0.1	0.1	0.1
CENTRAL AMERICA	1.1	1.1	1.1	6.3	6.1	6.3	0.1	0.1	0.1
Mexico	0.8	0.7	0.7	5.7	5.5	5.6	-	-	-
SOUTH AMERICA	112.5	123.6	128.3	1.8	3.8	4.2	37.3	39.0	48.1
Argentina	45.6	52.0	52.6	0.6	2.5	2.8	8.0	10.2	13.0
Brazil	59.4	61.5	64.3	0.1	0.2	0.1	26.0	23.8	28.6
Paraguay	4.2	6.5	8.4	-	-	-	2.6	4.2	5.5
NORTH AMERICA	110.1	110.8	93.2	1.8	1.7	2.1	35.4	39.3	37.9
Canada	14.2	13.7	12.7	0.7	0.7	0.9	7.7	8.0	8.2
United States of America	95.9	97.1	80.5	1.0	1.0	1.2	27.7	31.3	29.7
EUROPE	38.0	40.0	38.9	18.5	19.3	19.2	2.4	3.0	2.6
European Union	21.2	24.6	24.2	17.5	18.5	18.5	0.4	1.2	0.7
Russian Federation	7.4	7.4	6.8	0.2	0.2	0.1	0.4	0.3	0.3
Ukraine	5.8	6.8	6.8	-	-	-	0.8	1.4	1.5
OCEANIA	2.9	1.6	1.9	0.1	0.2	0.1	1.1	0.4	0.6
Australia	2.5	1.2	1.5	0.1	0.2	0.1	1.0	0.3	0.5
WORLD	403.3	416.0	402.8	79.5	85.3	92.5	79.7	85.3	92.5
Developing countries	247.6	259.4	263.9	51.8	56.3	63.3	40.6	42.5	51.3
Developed countries	155.7	156.6	138.9	27.7	29.0	29.2	39.1	42.8	41.3
LIFDCs	126.7	126.1	126.7	34.1	36.2	41.2	3.0	3.0	3.1
LDCs	10.3	9.9	10.0	0.3	0.3	0.3	0.5	0.4	0.4
NFIDCs	7.7	7.3	7.0	2.9	3.8	3.8	0.2	0.2	0.1

¹ 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 crops which are produced throughout the year, calendar year production for the second year shown is used.

Table A11. Total oils and fats statistics (million tonnes)¹

	Imports			Exports			Utilization		
	2005/06	2006/07 <i>estim.</i>	2007/08 <i>f'cast</i>	2005/06	2006/07 <i>estim.</i>	2007/08 <i>f'cast</i>	2005/06	2006/07 <i>estim.</i>	2007/08 <i>f'cast</i>
ASIA	29.0	30.5	32.8	33.0	34.5	37.0	71.0	73.8	77.0
Bangladesh	1.0	1.3	1.3	-	-	-	1.3	1.5	1.5
China	8.5	10.0	11.3	0.5	0.5	0.5	27.3	28.5	30.3
of which Taiwan Prov.	0.4	0.4	0.4	-	-	-	0.8	0.9	0.8
India	5.0	5.5	5.7	0.6	0.6	0.7	14.8	14.8	15.1
Indonesia	0.1	0.1	0.1	13.4	14.6	16.3	4.3	5.2	5.2
Iran	1.1	1.3	1.3	0.1	0.1	0.2	1.5	1.5	1.5
Japan	1.1	1.1	1.1	-	-	-	3.2	3.1	3.1
Korea, Republic of	0.8	0.8	0.8	-	-	-	1.1	1.1	1.2
Malaysia	1.3	0.8	0.9	14.9	15.1	16.4	3.2	3.5	3.6
Pakistan	1.9	1.9	2.1	0.1	0.1	0.1	3.3	3.4	3.6
Philippines	0.3	0.3	0.4	1.2	0.9	1.0	0.7	0.8	0.9
Singapore	0.6	0.6	0.6	0.3	0.3	0.3	0.3	0.3	0.3
Turkey	1.6	1.0	1.2	0.2	0.2	0.2	2.5	2.4	2.4
AFRICA	6.2	6.7	6.6	1.0	1.2	1.1	11.4	11.7	11.9
Algeria	0.6	0.7	0.6	-	-	-	0.7	0.7	0.7
Egypt	1.3	1.6	1.4	0.1	0.2	0.2	1.6	1.7	1.7
Nigeria	0.3	0.3	0.3	0.1	-	-	1.9	1.9	2.0
South Africa	0.7	0.8	0.7	-	0.1	-	1.0	1.1	1.1
CENTRAL AMERICA	2.3	2.3	2.3	0.4	0.5	0.5	4.4	4.4	4.4
Mexico	1.1	1.1	1.1	-	-	-	2.9	2.9	2.9
SOUTH AMERICA	1.9	2.1	2.4	10.7	11.4	11.9	9.1	9.2	9.6
Argentina	0.1	-	0.1	7.0	7.4	7.8	0.7	0.7	0.8
Brazil	0.2	0.3	0.4	2.6	2.6	2.7	5.1	5.2	5.3
NORTH AMERICA	3.2	3.4	3.6	4.7	5.1	5.6	16.7	17.5	17.7
Canada	0.5	0.6	0.5	1.9	1.9	2.0	0.9	0.9	1.0
United States of America	2.7	2.8	3.1	2.8	3.2	3.6	15.8	16.6	16.7
EUROPE	12.3	13.1	13.3	4.4	4.5	3.9	31.7	32.9	33.6
European Union	9.9	10.7	10.7	1.8	1.8	1.8	26.0	27.7	28.2
Russian Federation	1.1	1.1	1.2	0.6	0.7	0.4	3.1	3.2	3.3
Ukraine	0.2	0.4	0.5	1.5	1.7	1.5	0.7	0.8	0.9
OCEANIA	0.5	0.6	0.5	1.6	1.6	1.6	1.0	1.1	1.1
Australia	0.3	0.4	0.3	0.6	0.6	0.6	0.6	0.7	0.7
WORLD	55.4	58.6	61.5	55.7	58.8	61.6	145.3	150.6	155.2
Developing countries	37.4	39.4	41.9	45.6	48.0	51.0	90.9	94.1	97.9
Developed countries	18.0	19.2	19.6	10.1	10.8	10.6	54.5	56.5	57.4
LIFDCs	23.5	25.9	26.9	17.2	18.4	19.8	64.7	67.1	69.3
LDCs	3.8	4.2	4.3	0.4	0.4	0.4	6.7	6.9	7.1
NFIDCs	6.1	6.5	6.7	1.1	1.4	1.3	9.0	9.2	9.7

¹ Includes oils and fats of vegetable, marine and animal origin.

Table A12. Total meals and cakes statistics (million tonnes)¹

	Imports			Exports			Utilization		
	2005/06	2006/07 <i>estim.</i>	2007/08 <i>f'cast</i>	2005/06	2006/07 <i>estim.</i>	2007/08 <i>f'cast</i>	2005/06	2006/07 <i>estim.</i>	2007/08 <i>f'cast</i>
ASIA	21.7	22.9	25.3	11.6	12.9	13.6	96.4	98.9	105.1
China	2.8	1.9	2.6	1.0	1.4	1.1	49.2	49.0	52.9
of which Taiwan Prov.	0.6	0.5	0.6	-	-	-	2.5	2.5	2.5
India	0.2	0.2	0.2	4.7	5.1	6.0	11.0	11.0	11.2
Indonesia	2.2	2.4	2.6	2.1	2.3	2.4	2.5	2.6	2.9
Japan	2.2	2.3	2.4	-	-	-	7.2	7.2	7.3
Korea, Republic of	3.0	3.2	3.6	-	-	-	4.0	4.3	4.6
Malaysia	0.9	0.9	1.0	2.1	2.3	2.3	1.6	1.7	1.8
Pakistan	0.2	0.3	0.4	0.1	0.1	0.1	2.8	3.0	3.1
Philippines	1.4	1.9	2.0	0.5	0.4	0.5	1.9	2.3	2.5
Saudi Arabia	0.7	0.7	0.8	-	-	-	0.7	0.7	0.8
Thailand	2.5	2.8	2.8	0.1	0.1	0.1	4.3	4.7	4.8
Turkey	1.0	1.1	1.1	-	0.1	0.1	3.0	3.2	3.2
Viet Nam	1.3	1.5	1.6	0.1	0.1	-	1.5	1.7	1.9
AFRICA	3.3	4.0	4.7	0.7	0.8	0.8	8.3	9.3	10.2
Egypt	0.8	1.0	1.3	-	-	-	1.7	2.2	2.5
South Africa	0.9	1.1	1.3	-	-	-	1.4	1.8	1.9
CENTRAL AMERICA	3.5	3.7	3.9	0.1	0.1	0.1	8.3	8.4	8.7
Mexico	2.0	2.0	2.2	-	-	-	6.3	6.3	6.5
SOUTH AMERICA	3.8	4.9	5.8	42.2	43.7	48.9	19.7	20.1	20.5
Argentina	-	0.8	1.3	25.2	27.1	31.1	2.6	3.2	3.3
Bolivia	-	-	-	1.1	1.0	1.0	0.3	0.2	0.2
Brazil	0.2	0.2	0.3	12.9	12.7	13.1	11.8	11.4	11.4
Chile	0.8	0.9	0.9	0.6	0.6	0.6	1.3	1.4	1.4
Paraguay	-	-	-	0.7	0.8	1.4	0.1	0.1	0.1
Peru	0.8	0.9	0.9	1.5	1.3	1.6	1.0	1.0	1.1
Venezuela	0.8	0.9	1.0	-	-	-	0.9	1.0	1.1
NORTH AMERICA	3.3	3.4	3.7	10.0	10.6	11.2	38.6	37.7	38.6
Canada	1.5	1.5	1.7	2.2	2.2	2.7	2.4	2.4	2.6
United States of America	1.8	1.9	2.0	7.8	8.4	8.5	36.2	35.3	36.0
EUROPE	32.5	31.8	33.4	4.2	3.9	3.7	58.6	58.5	61.7
European Union	30.0	29.6	31.1	1.0	1.0	1.2	53.6	54.2	57.0
Russian Federation	0.7	0.7	0.8	1.0	1.0	0.8	2.2	2.3	2.5
Ukraine	0.1	0.1	0.1	1.4	1.4	1.3	0.2	0.2	0.2
OCEANIA	0.8	1.6	1.7	0.2	0.2	0.2	1.6	2.3	2.2
Australia	0.5	1.0	1.1	-	-	-	1.1	1.6	1.6
WORLD	68.9	72.3	78.5	69.0	72.2	78.6	231.5	235.2	247.0
Developing countries	28.9	31.7	35.7	54.6	57.4	63.4	122.5	126.1	133.6
Developed countries	40.0	40.6	42.8	14.5	14.8	15.2	109.0	109.1	113.4
LIFDCs	9.9	10.6	11.7	9.2	9.9	10.2	75.3	78.4	83.3
LDCs	0.4	0.4	0.5	0.4	0.4	0.4	3.3	3.2	3.4
NFIDCs	4.1	4.7	5.4	1.8	1.5	1.7	9.0	9.8	10.6

¹ Includes meals and cakes derived from oilcrops as well as fish meal and other meals from animal origin.

Table A13. Total meat statistics¹ (thousand tonnes, carcass weight equivalent)

	Production		Imports		Exports		Utilization	
	2007 <i>estim.</i>	2008 <i>f'cast</i>	2007 <i>estim.</i>	2008 <i>f'cast</i>	2007 <i>estim.</i>	2008 <i>f'cast</i>	2007 <i>estim.</i>	2008 <i>f'cast</i>
ASIA	110 530	113 631	9 549	9 954	2 421	2 562	117 658	121 023
China	72 992	75 281	2 645	2 866	1 265	1 336	74 373	76 811
of which Hong Kong, SAR	207	207	1 076	1 099	316	323	967	984
India	7 160	7 315	1	1	540	560	6 621	6 756
Indonesia	2 577	2 713	73	75	8	7	2 642	2 780
Iran, Islamic Republic of	2 090	2 119	73	78	23	25	2 140	2 172
Japan	3 117	3 092	2 813	2 788	4	3	5 926	5 877
Korea, Republic of	1 656	1 682	893	899	21	22	2 527	2 559
Malaysia	1 311	1 332	179	183	12	12	1 478	1 503
Pakistan	2 177	2 250	11	12	12	13	2 176	2 250
Philippines	2 454	2 498	217	257	14	15	2 657	2 740
Saudi Arabia	727	743	605	629	16	18	1 316	1 354
Singapore	93	97	248	247	9	9	333	335
Thailand	2 121	2 206	14	18	362	386	1 773	1 837
Turkey	1 583	1 589	97	99	6	6	1 674	1 682
Viet Nam	3 331	3 426	94	97	16	17	3 409	3 506
AFRICA	12 906	13 072	1 760	1 817	97	98	14 569	14 792
Algeria	639	650	88	86	-	-	727	736
Angola	152	171	283	296	-	-	435	467
Egypt	1 495	1 496	336	342	2	2	1 830	1 835
Nigeria	1 107	1 123	1	2	-	-	1 108	1 125
South Africa	1 995	1 996	399	414	16	15	2 378	2 394
CENTRAL AMERICA	7 904	8 164	1 860	1 876	226	243	9 538	9 797
Cuba	201	204	172	178	-	-	373	382
Mexico	5 545	5 758	1 305	1 294	129	138	6 721	6 914
SOUTH AMERICA	37 106	38 573	507	533	7 794	8 112	29 820	30 994
Argentina	4 941	5 055	31	33	646	657	4 326	4 431
Brazil	23 746	24 684	40	44	6 251	6 490	17 535	18 239
Chile	1 346	1 425	143	147	201	242	1 288	1 330
Colombia	1 982	2 144	45	47	25	32	2 001	2 159
Uruguay	661	674	15	16	443	453	233	237
Venezuela	1 487	1 539	182	193	-	-	1 669	1 731
NORTH AMERICA	46 304	47 419	2 681	2 632	6 632	6 990	42 352	43 060
Canada	4 399	4 268	626	650	1 500	1 483	3 525	3 435
United States of America	41 904	43 151	2 040	1 967	5 132	5 508	38 812	39 610
EUROPE	54 034	54 220	5 930	5 935	2 639	2 543	57 325	57 612
Belarus	805	842	73	83	171	179	707	746
European Union	44 083	43 885	1 843	1 684	2 311	2 212	43 615	43 357
Russian Federation	5 410	5 649	3 380	3 504	34	35	8 757	9 118
Ukraine	1 700	1 778	199	212	67	58	1 832	1 932
OCEANIA	5 956	5 846	302	312	2 641	2 575	3 616	3 584
Australia	4 151	4 031	128	132	1 741	1 695	2 538	2 468
New Zealand	1 330	1 336	50	53	897	876	484	513
WORLD	274 739	280 926	22 589	23 059	22 451	23 123	274 878	280 862
Developing countries	160 848	165 793	10 207	10 695	10 511	10 988	160 544	165 501
Developed countries	113 891	115 132	12 382	12 364	11 939	12 136	114 334	115 360
LIFDCs	101 977	104 960	3 435	3 769	1 768	1 869	103 644	106 859
LDCs	6 725	6 856	735	766	4	4	7 455	7 618
NFIDCs	9 686	9 934	1 106	1 161	102	104	10 690	10 991

¹ Including "other meat".

Table A14. Bovine meat statistics (thousand tonnes, carcass weight equivalent)

	Production		Imports		Exports		Utilization	
	2007 <i>estim.</i>	2008 <i>f'cast</i>	2007 <i>estim.</i>	2008 <i>f'cast</i>	2007 <i>estim.</i>	2008 <i>f'cast</i>	2007 <i>estim.</i>	2008 <i>f'cast</i>
ASIA	17 431	18 024	2 206	2 270	669	685	18 948	19 601
China	7 499	7 749	227	254	92	87	7 634	7 916
India	3 552	3 772	-	-	530	550	3 022	3 222
Indonesia	460	480	51	52	-	-	511	532
Iran, Islamic Republic of	344	348	70	76	-	-	414	423
Japan	504	500	670	634	1	1	1 158	1 121
Korea, Republic of	235	236	300	302	2	2	528	536
Malaysia	26	27	108	110	4	4	131	133
Pakistan	1 089	1 121	7	7	4	4	1 092	1 124
Philippines	240	242	110	120	-	-	350	362
AFRICA	4 792	4 850	679	718	57	56	5 414	5 511
Algeria	125	127	77	74	-	-	202	201
Angola	95	113	100	105	-	-	195	218
Egypt	550	545	285	290	1	1	834	834
South Africa	724	725	36	55	7	6	753	774
CENTRAL AMERICA	2 245	2 284	435	442	106	113	2 573	2 614
Mexico	1 612	1 633	352	361	39	40	1 925	1 954
SOUTH AMERICA	15 565	15 881	218	233	3 193	3 273	12 590	12 841
Argentina	3 207	3 178	3	4	469	466	2 741	2 716
Brazil	9 222	9 453	35	39	2 047	2 103	7 210	7 389
Chile	248	260	125	130	15	19	358	371
Colombia	856	899	1	1	25	32	832	868
Uruguay	540	544	5	5	415	420	130	129
Venezuela	514	540	36	40	-	-	549	580
NORTH AMERICA	13 341	13 333	1 614	1 570	1 028	1 058	13 932	13 863
Canada	1 310	1 230	245	253	414	407	1 145	1 081
United States of America	12 031	12 103	1 366	1 313	614	651	12 783	12 779
EUROPE	11 008	10 836	1 949	1 902	278	209	12 679	12 529
European Union	8 175	8 125	660	500	145	75	8 690	8 550
Russian Federation	1 611	1 555	1 197	1 301	8	8	2 800	2 848
Ukraine	446	373	8	11	38	35	416	349
OCEANIA	2 851	2 779	43	43	1 775	1 783	1 117	1 037
Australia	2 253	2 178	8	7	1 327	1 320	932	863
New Zealand	578	582	9	8	445	460	142	130
WORLD	67 232	67 988	7 144	7 177	7 105	7 177	67 254	67 998
Developing countries	37 376	38 347	2 671	2 801	4 016	4 120	36 026	37 033
Developed countries	29 856	29 641	4 473	4 376	3 089	3 057	31 228	30 964
LIFDCs	19 316	19 951	829	890	745	769	19 400	20 071
LDCs	2 680	2 727	163	172	2	2	2 841	2 897
NFIDCs	3 332	3 408	488	510	60	60	3 760	3 857

Table A15. Ovine meat statistics (thousand tonnes, carcass weight equivalent)

	Production		Imports		Exports		Utilization	
	2007 <i>estim.</i>	2008 <i>f'cast</i>	2007 <i>estim.</i>	2008 <i>f'cast</i>	2007 <i>estim.</i>	2008 <i>f'cast</i>	2007 <i>estim.</i>	2008 <i>f'cast</i>
ASIA	8 438	8 725	261	265	54	59	8 645	8 931
Bangladesh	145	145	-	-	-	-	145	145
China	4 654	4 854	77	78	35	37	4 695	4 895
India	730	730	-	-	6	7	724	723
Iran, Islamic Republic of	550	570	-	-	-	-	550	570
Pakistan	592	622	-	-	7	8	585	615
Saudi Arabia	102	103	50	51	3	5	149	149
Syria	210	209	-	-	-	-	210	209
Turkey	318	319	-	-	-	-	318	319
AFRICA	2 142	2 193	70	62	21	22	2 191	2 233
Algeria	230	235	10	11	-	-	240	246
Nigeria	253	256	-	-	-	-	253	256
South Africa	177	175	23	13	-	-	200	188
Sudan	260	280	-	-	1	1	259	279
CENTRAL AMERICA	114	115	60	62	-	-	174	177
Mexico	89	90	46	47	-	-	135	137
SOUTH AMERICA	353	363	2	2	34	39	321	326
Brazil	121	123	1	2	-	-	122	125
NORTH AMERICA	125	127	117	119	10	12	232	234
United States of America	107	109	95	97	10	11	192	194
EUROPE	1 365	1 346	302	302	9	9	1 657	1 639
European Union	1 099	1 084	273	273	5	5	1 367	1 352
Russian Federation	147	144	18	18	-	-	165	162
OCEANIA	1 176	1 116	51	53	748	684	479	486
Australia	665	605	1	1	329	300	337	306
New Zealand	510	510	5	6	419	384	96	132
WORLD	13 713	13 986	863	865	877	825	13 700	14 026
Developing countries	10 419	10 754	385	394	109	120	10 695	11 029
Developed countries	3 295	3 232	478	471	768	705	3 005	2 997
LIFDCs	8 815	9 122	82	84	56	59	8 842	9 147
LDCs	1 262	1 299	7	7	1	1	1 268	1 304
NFIDCs	1 042	1 086	36	37	21	22	1 056	1 100

Table A16. Pigmeat statistics (thousand tonnes, carcass weight equivalent)

	Production		Imports		Exports		Utilization	
	2007 <i>estim.</i>	2008 <i>f'cast</i>	2007 <i>estim.</i>	2008 <i>f'cast</i>	2007 <i>estim.</i>	2008 <i>f'cast</i>	2007 <i>estim.</i>	2008 <i>f'cast</i>
ASIA	52 667	53 343	2 461	2 626	420	432	54 788	55 580
China	43 266	43 738	448	516	367	379	43 347	43 875
of which Hong Kong, SAR	160	160	315	323	65	67	410	416
India	515	520	-	-	2	1	514	519
Indonesia	605	610	6	7	4	3	607	614
Japan	1 251	1 241	1 202	1 227	1	-	2 499	2 483
Korea, D.P.R.	175	180	110	130	-	-	285	310
Korea, Republic of	897	933	427	451	15	16	1 343	1 396
Malaysia	213	215	24	25	2	3	234	237
Philippines	1 504	1 541	55	75	-	-	1 559	1 616
Thailand	710	720	2	2	9	9	703	714
Viet Nam	2 620	2 700	2	2	16	17	2 605	2 685
AFRICA	857	873	124	128	8	9	972	993
Madagascar	77	78	-	-	-	-	77	78
Nigeria	215	220	-	-	-	-	215	220
South Africa	148	148	29	29	3	3	174	174
Uganda	83	85	-	-	-	-	83	85
CENTRAL AMERICA	1 525	1 632	421	398	95	100	1 851	1 930
Cuba	101	102	27	31	-	-	128	133
Mexico	1 150	1 250	307	276	80	85	1 377	1 441
SOUTH AMERICA	5 038	5 237	54	56	869	908	4 223	4 384
Argentina	230	240	23	25	1	1	252	263
Brazil	3 462	3 600	1	1	739	773	2 724	2 829
Chile	500	510	2	3	126	132	376	381
Colombia	176	199	8	8	-	-	184	207
Venezuela	135	140	2	2	-	-	137	142
NORTH AMERICA	11 802	12 463	666	658	2 139	2 329	10 321	10 774
Canada	1 850	1 790	171	185	933	913	1 092	1 062
United States of America	9 952	10 673	490	468	1 206	1 416	9 224	9 707
EUROPE	26 430	26 528	1 148	1 147	1 453	1 466	26 125	26 209
Belarus	363	380	50	60	90	95	323	345
European Union	22 600	22 500	35	20	1 300	1 310	21 335	21 210
Russian Federation	1 798	1 911	840	838	20	21	2 618	2 728
Serbia	600	620	25	25	12	13	613	632
Ukraine	561	600	60	65	16	10	605	655
OCEANIA	526	530	163	171	46	47	639	653
Australia	386	389	117	122	45	46	455	465
Papua New Guinea	68	68	3	2	-	-	71	70
WORLD	98 844	100 607	5 035	5 184	5 030	5 291	98 919	100 523
Developing countries	58 460	59 461	1 808	1 924	1 388	1 446	58 913	59 968
Developed countries	40 384	41 145	3 227	3 259	3 642	3 845	40 005	40 556
LIFDCs	46 634	47 201	494	619	406	420	46 722	47 400
LDCs	1 020	1 055	68	72	-	-	1 089	1 127
NFIDCs	486	500	87	93	5	5	567	588

Table A17. Poultry meat statistics (thousand tonnes, carcass weight equivalent)

	Production		Imports		Exports		Utilization	
	2007 <i>estim.</i>	2008 <i>f'cast</i>	2007 <i>estim.</i>	2008 <i>f'cast</i>	2007 <i>estim.</i>	2008 <i>f'cast</i>	2007 <i>estim.</i>	2008 <i>f'cast</i>
ASIA	30 122	31 646	4 556	4 726	1 244	1 352	33 474	35 030
China	16 198	17 545	1 888	2 012	752	816	17 333	18 741
of which Hong Kong, SAR	28	28	640	650	245	250	423	428
India	2 220	2 150	-	1	1	1	2 219	2 150
Indonesia	1 400	1 500	11	11	-	-	1 411	1 511
Iran, Islamic Republic of	1 180	1 185	3	3	22	24	1 161	1 164
Japan	1 350	1 339	897	883	3	2	2 278	2 223
Korea, Republic of	512	502	156	135	4	4	664	633
Kuwait	45	46	130	144	55	69	120	121
Malaysia	1 070	1 088	31	31	6	6	1 095	1 113
Saudi Arabia	550	564	450	462	5	5	995	1 021
Singapore	76	77	103	106	5	5	174	178
Thailand	1 165	1 240	7	8	350	375	828	880
Turkey	945	950	95	96	5	5	1 035	1 041
Yemen	120	122	78	81	-	-	198	202
AFRICA	3 757	3 798	859	881	4	4	4 612	4 675
Angola	9	9	140	145	-	-	149	154
South Africa	924	926	311	317	-	-	1 235	1 243
CENTRAL AMERICA	3 904	4 015	925	954	24	28	4 805	4 941
Cuba	33	34	120	125	-	-	153	159
Mexico	2 594	2 685	585	595	9	12	3 170	3 268
SOUTH AMERICA	15 914	16 856	232	241	3 632	3 826	12 515	13 270
Argentina	1 316	1 448	4	4	135	150	1 185	1 302
Brazil	10 911	11 478	2	2	3 443	3 591	7 470	7 889
Chile	570	627	16	15	50	81	536	560
Venezuela	830	850	144	150	-	-	974	1 000
NORTH AMERICA	20 790	21 251	273	275	3 415	3 555	17 636	17 987
Canada	1 200	1 208	185	187	135	144	1 253	1 248
United States of America	19 590	20 043	82	82	3 280	3 410	16 377	16 734
EUROPE	14 037	14 315	2 367	2 413	824	779	15 591	15 950
European Union	11 167	11 133	770	781	789	745	11 148	11 169
Russian Federation	1 764	1 949	1 285	1 305	5	5	3 055	3 250
Ukraine	646	758	130	135	12	12	764	881
OCEANIA	1 007	1 020	41	42	30	21	1 017	1 042
Australia	826	838	1	1	25	15	803	825
New Zealand	150	151	1	1	6	6	145	146
WORLD	89 530	92 901	9 254	9 533	9 172	9 564	89 650	92 896
Developing countries	50 805	53 417	5 265	5 497	4 893	5 199	51 182	53 721
Developed countries	38 725	39 484	3 989	4 036	4 279	4 365	38 468	39 175
LIFDCs	23 924	25 372	1 993	2 140	529	589	25 389	26 923
LDCs	1 159	1 172	473	492	1	1	1 631	1 663
NFIDCs	4 472	4 587	490	515	13	14	4 948	5 087

Table A18. Milk and milk products statistics (million tonnes, milk equivalent)

	Production			Imports			Exports		
	2006	2007 <i>estim.</i>	2008 <i>f'cast</i>	2006	2007 <i>estim.</i>	2008 <i>f'cast</i>	2006	2007 <i>estim.</i>	2008 <i>f'cast</i>
ASIA	229.3	238.4	247.9	19.1	18.5	17.5	3.8	4.1	4.4
China	37.5	41.1	44.5	2.1	1.9	1.8	0.3	0.4	0.4
India ¹	99.9	102.9	106.0	0.1	0.1	0.1	0.3	0.4	0.4
Indonesia	0.9	0.9	0.9	1.3	1.3	1.4	0.2	0.2	0.2
Iran, Islamic Republic of	7.6	8.0	8.4	0.4	0.3	0.2	-	-	-
Japan	8.1	8.0	8.0	1.3	1.4	1.4	-	-	-
Korea, Republic of	2.2	2.1	2.1	0.4	0.4	0.4	-	-	-
Malaysia	-	-	-	1.3	1.2	1.1	0.3	0.3	0.3
Pakistan	31.2	32.5	33.8	0.1	0.1	0.1	-	-	-
Philippines	-	-	-	1.3	1.4	1.4	0.1	0.2	0.2
Saudi Arabia	1.2	1.3	1.3	1.9	1.8	1.5	0.6	0.8	0.8
Singapore	-	-	-	1.2	1.0	0.9	0.6	0.6	0.7
Thailand	0.6	0.6	0.6	0.9	0.9	0.8	0.2	0.2	0.2
Turkey	11.6	12.1	12.6	0.1	0.1	0.1	-	0.1	0.1
AFRICA	32.7	33.2	33.7	6.7	6.3	5.9	0.4	0.4	0.4
Algeria	1.7	1.8	1.8	1.9	1.9	1.8	0.4	0.4	0.4
Egypt	3.7	3.7	3.7	0.9	0.7	0.5	0.1	0.1	0.1
Kenya	2.8	2.8	2.9	-	-	-	-	-	-
South Africa	2.9	2.9	2.9	0.1	0.2	0.2	0.1	0.1	0.1
Sudan	7.6	7.7	7.8	0.2	0.2	0.3	-	-	-
Tunisia	1.0	1.0	1.0	0.1	0.1	0.1	-	-	-
CENTRAL AMERICA	16.1	16.2	16.4	3.7	3.5	3.5	0.2	0.3	0.3
Costa Rica	0.8	0.8	0.8	-	-	-	-	-	-
Mexico	10.2	10.3	10.4	1.9	2.0	2.2	0.1	0.1	0.1
SOUTH AMERICA	54.7	56.9	60.3	2.0	1.7	1.6	3.6	2.8	3.1
Argentina	10.8	10.1	10.7	-	-	-	2.1	1.1	1.2
Brazil	26.7	29.4	31.7	0.4	0.2	0.2	0.3	0.5	0.6
Colombia	6.8	6.9	7.0	-	-	-	0.1	0.2	0.2
Uruguay	1.8	1.6	1.7	-	-	-	0.7	0.6	0.7
Venezuela	1.4	1.6	1.7	1.1	1.1	1.0	-	-	-
NORTH AMERICA	90.8	92.6	94.9	2.3	2.2	2.2	3.0	3.2	3.4
Canada	8.3	8.4	8.4	0.4	0.4	0.4	0.3	0.3	0.3
United States of America	82.5	84.2	86.5	1.8	1.7	1.7	2.8	2.9	3.1
EUROPE	215.3	213.6	215.8	5.0	5.0	5.2	12.4	12.6	11.7
Belarus	5.9	6.1	6.4	-	-	-	1.6	1.6	1.8
European Union	145.8	151.8	152.7	1.4	1.3	1.3	9.1	9.3	8.2
Romania	6.4	-	-	0.1	-	-	-	-	-
Russian Federation	31.3	32.1	32.8	2.8	3.1	3.3	0.2	0.2	0.2
Ukraine	13.3	12.3	12.3	0.1	0.1	0.1	1.0	1.0	1.0
OCEANIA	25.4	25.2	24.2	0.7	0.6	0.6	15.9	14.7	13.2
Australia ²	10.1	9.6	9.2	0.5	0.5	0.5	4.3	3.5	3.3
New Zealand ³	15.2	15.6	14.9	-	-	-	11.6	11.2	9.8
WORLD	664.1	676.3	693.2	39.3	37.8	36.5	39.4	38.0	36.4
Developing countries	305.2	316.9	329.9	29.4	27.9	26.6	7.9	7.5	8.0
Developed countries	358.9	359.4	363.4	9.9	9.8	9.9	31.5	30.6	28.4
LIFDCs	228.0	237.0	246.2	10.8	10.3	9.9	2.9	3.2	3.5
LDCs	25.1	25.5	25.8	2.4	2.3	2.2	0.1	0.1	0.1
NFIDCs	46.9	48.7	50.4	5.5	4.9	4.2	0.5	0.6	0.6

¹ Dairy years starting April of the year stated.

² Dairy years ending June of the year stated.

³ Dairy years ending May of the year stated.

Note: The solids content method is used to calculate milk equivalents. ME multiplication factors used: butter, 6.60; cheese (from whole cow milk), 4.40; cheese (from skim cow milk), 2.00; milk powder, 7.60. Regarding assumptions and approaches and in calculation of milk equivalents please refer to Bulletin of IDF 390 (March 2004).

Table A19. Sugar statistics (*million tonnes, raw value*)

	Production		Utilization		Imports		Exports	
	2006/07 <i>estim.</i>	2007/08 <i>f'cast</i>	2006/07 <i>estim.</i>	2007/08 <i>f'cast</i>	2006/07 <i>estim.</i>	2007/08 <i>f'cast</i>	2006/07 <i>estim.</i>	2007/08 <i>f'cast</i>
ASIA	65.8	65.8	69.5	71.7	23.8	22.2	12.1	13.4
China	13.1	13.7	14.5	15.2	2.1	1.9	0.2	0.3
India	30.7	28.8	22.4	23.1	-	-	1.6	2.7
Indonesia	2.6	2.7	4.3	4.4	2.3	1.9	-	-
Japan	0.9	0.9	2.4	2.4	1.6	1.5	-	-
Pakistan	3.8	4.4	4.4	4.5	0.7	0.3	0.2	0.4
Thailand	7.0	7.6	2.5	2.7	-	-	4.6	5.0
Turkey	2.0	2.0	2.1	2.2	-	0.1	0.1	0.1
AFRICA	10.5	10.7	15.3	15.7	8.9	9.2	4.1	4.3
Egypt	1.9	1.8	2.8	2.9	1.0	1.1	0.2	0.2
Kenya	0.5	0.6	0.8	0.8	0.2	0.3	-	-
Mauritius	0.5	0.6	0.1	0.1	-	-	0.4	0.5
South Africa	2.4	2.5	1.7	1.7	0.1	0.1	0.7	0.9
Sudan	0.8	0.8	1.0	1.1	0.4	0.4	0.2	0.2
Swaziland	0.7	0.6	-	-	-	-	0.6	0.6
CENTRAL AMERICA	11.8	12.1	9.0	9.2	1.4	1.2	3.9	3.8
Cuba	1.2	1.2	0.7	0.7	0.3	0.3	0.7	0.7
Dominican Republic	0.5	0.5	0.3	0.3	0.1	-	0.2	0.2
Guatemala	2.2	2.2	0.7	0.7	-	-	1.4	1.3
Mexico	5.5	5.7	5.6	5.7	0.3	0.3	0.2	0.3
SOUTH AMERICA	39.8	42.2	18.3	19.3	1.2	1.1	23.5	22.9
Brazil	32.0	34.1	11.4	12.2	-	-	21.5	20.8
NORTH AMERICA	7.8	7.8	10.7	10.9	3.1	3.3	0.4	0.2
United States of America	7.7	7.7	9.3	9.5	1.9	1.9	0.4	0.2
EUROPE	25.0	24.2	29.6	29.9	8.0	8.3	2.9	2.4
European Union	17.1	17.4	18.6	18.7	3.2	3.2	1.5	1.5
Russian Federation	3.5	3.3	6.6	6.7	3.2	3.5	0.4	0.1
Ukraine	2.7	2.0	2.3	2.3	-	0.3	-	0.1
OCEANIA	5.3	5.2	1.5	1.5	0.3	0.3	3.9	3.5
Australia	5.0	4.9	1.2	1.2	-	-	3.6	3.3
Fiji	0.3	0.3	0.1	0.1	-	-	0.2	0.2
WORLD	166.1	168.0	154.0	158.2	46.7	45.6	50.8	50.6
Developing countries	124.9	127.5	105.8	109.4	31.0	29.3	42.7	43.4
Developed countries	41.2	40.4	48.2	48.8	15.7	16.2	8.0	7.2
LIFDCs	62.3	61.6	65.9	67.9	17.9	17.1	6.3	7.9
LDCs	3.4	3.5	6.6	6.8	4.7	4.7	1.3	1.2
NFIDCs	11.4	12.0	14.2	14.5	5.0	4.6	2.3	2.4

Table A20. Fish and fishery products statistics

	Capture fisheries production		Aquaculture fisheries production		Exports			Imports		
	2005	2006	2005	2006	2005	2006	2007 <i>estim.</i>	2005	2006	2007 <i>estim.</i>
	<i>Million tonnes (live weight equivalent)</i>				<i>US\$ billion</i>					
ASIA	46.6	47.9	43.5	46.4	26.0	29.0	30.7	27.5	28.1	28.3
China ²	18.2	18.2	32.7	34.7	9.6	10.8	11.6	6.4	6.7	7.4
of which: Hong Kong SAR	0.2	0.2	-	-	0.4	0.4	0.4	1.9	2.0	2.2
Taiwan Prov.	1.0	1.0	0.3	0.3	1.7	1.4	1.5	0.5	0.5	0.6
India	3.7	3.9	3.0	3.1	1.6	1.8	1.9	0.1	-	0.1
Indonesia	4.7	4.8	1.2	1.3	1.8	2.0	2.0	0.1	0.1	0.2
Japan	4.1	4.2	0.7	0.7	1.3	1.4	1.5	14.4	14.0	12.9
Korea, Rep. of	1.6	1.7	0.4	0.5	1.0	0.9	1.1	2.4	2.7	3.0
Philippines	2.2	2.3	0.6	0.6	0.4	0.4	0.4	0.1	0.1	0.1
Thailand	2.8	2.8	1.3	1.4	4.5	5.2	5.7	1.4	1.5	1.7
Viet Nam	1.9	2.0	1.4	1.7	2.8	3.4	3.4	0.3	0.3	0.3
AFRICA	7.5	6.9	0.6	0.8	3.7	4.1	4.4	1.8	2.0	2.2
Ghana	0.4	0.4	-	-	0.1	0.1	0.1	0.2	0.1	0.1
Morocco	1.0	0.9	-	-	1.1	1.2	1.3	-	0.1	0.1
Namibia	0.6	0.5	-	-	0.4	0.5	0.5	-	-	-
Nigeria	0.5	0.6	0.1	0.1	0.1	0.1	0.1	0.4	0.5	0.5
Senegal	0.4	0.4	-	-	0.3	0.3	0.3	-	-	-
South Africa	0.8	0.6	-	-	0.4	0.4	0.5	0.1	0.2	0.2
CENTRAL AMERICA	1.8	1.8	0.3	0.3	1.9	1.7	1.9	0.9	0.9	1.0
Mexico	1.3	1.3	0.1	0.2	0.6	0.7	0.8	0.4	0.4	0.4
Panama	0.2	0.2	-	-	0.4	0.4	0.4	-	-	-
SOUTH AMERICA	16.7	14.5	1.1	1.3	7.6	8.9	9.2	0.7	1.0	1.1
Argentina	0.9	1.2	-	-	0.8	1.3	1.4	0.1	0.1	0.1
Brazil	0.8	0.8	0.3	0.3	0.4	0.4	0.3	0.3	0.5	0.6
Chile	4.3	4.2	0.7	0.8	3.0	3.6	3.7	0.1	0.2	0.2
Ecuador	0.4	0.4	0.1	0.1	1.0	1.3	1.4	-	-	-
Peru	9.4	7.0	-	-	1.6	1.8	1.8	-	-	-
NORTH AMERICA	6.2	6.1	0.6	0.6	8.2	8.2	8.8	13.7	15.1	15.6
Canada	1.1	1.1	0.2	0.2	3.6	3.7	3.8	1.7	1.8	2.0
United States of America	4.9	4.9	0.5	0.5	4.2	4.1	4.7	12.0	13.3	13.6
EUROPE	13.8	13.4	2.1	2.2	28.8	31.9	35.2	36.0	41.3	46.6
European Union ²	5.7	5.6	1.3	1.3	19.4	21.6	23.8	32.9	37.5	41.8
Iceland	1.7	1.3	-	-	1.8	1.8	2.0	0.1	0.1	0.1
Norway	2.4	2.3	0.7	0.7	4.9	5.5	6.3	0.7	0.8	1.1
Russian Federation	3.2	3.3	0.1	0.1	2.0	2.1	2.2	1.2	1.4	1.9
OCEANIA	1.4	1.2	0.1	0.2	2.2	2.2	2.2	1.0	1.1	1.2
Australia	0.2	0.2	-	-	0.9	0.9	0.9	0.8	0.9	1.0
New Zealand	0.5	0.5	0.1	0.1	0.9	0.9	0.9	0.1	0.1	0.1
WORLD³	94.2	92.0	48.5	51.7	78.4	85.9	92.3	81.5	89.6	96.0
Developing countries	68.5	67.0	44.8	47.9	38.2	42.5	44.7	16.2	17.9	19.5
Developed countries	25.6	24.8	3.7	3.7	40.2	43.4	47.6	65.3	71.7	76.6
LIFDCs	37.3	37.6	39.1	41.6	16.1	18.6	19.2	6.0	6.5	7.0
LDCs	7.2	7.4	1.5	1.7	2.2	2.3	2.4	0.3	0.3	0.3
NFIDCs	12.8	10.4	0.7	0.8	4.3	4.5	4.8	1.1	1.3	1.4

¹ Production and trade data exclude whales, seals, other aquatic mammals and aquatic plants. Trade data include fish meal and fish oil.

² Including intra-trade. Cyprus is included in the European Union as well as in Asia.

³ For capture fisheries production, the aggregate includes also 125 769 tonnes in 2005 and 107 081 in 2006 of not identified countries, data not included in any other aggregates.

Table A21. Selected international prices of wheat and coarse grains (USD/tonne)

Period	Wheat			Maize		Sorghum
	US No. 2 Hard Red Winter Ord. Prot. ¹	US Soft Red Winter No. 2 ²	Argentina Trigo Pan ³	US No. 2 Yellow ²	Argentina ³	US No. 2 Yellow ²
Annual (July/June)						
2003/2004	161	149	154	115	109	118
2004/2005	154	138	123	97	90	99
2005/2006	175	138	138	104	101	109
2006/2007	212	176	188	150	145	155
Monthly						
2007 - April	206	171	209	150	144	145
2007 - May	203	180	219	159	147	155
2007 - June	231	205	239	165	156	166
2007 - July	250	223	249	146	141	157
2007 - August	277	254	273	152	157	171
2007 - September	342	323	325	158	169	177
2007 - October	352	323	321	163	180	172
2007 - November	332	307	290	171	179	171
2007 - December	381	345	310	178	171	192
2008 - January	381	343	330	206	199	225
2008 - February	449	403	365	220	206	222
2008 - March	481	397	395	234	216	233
2008 - April	382	301	-	247	224	243

¹ Delivered United States f.o.b. Gulf² Delivered United States Gulf³ Up River f.o.b.

Sources: International Grain Council and USDA

Table A22. Wheat and maize futures prices (USD/tonne)

	July		September		December		March	
	July 2008	July 2007	Sept. 2008	Sept. 2007	Dec. 2008	Dec. 2007	March 2009	March 2008
Wheat								
1 April	335	162	337	167	346	173	349	176
8 April	348	170	353	174	358	179	362	182
15 April	335	179	340	183	345	188	350	190
22 April	318	186	324	188	330	190	335	191
29 April	297	182	302	187	309	190	316	191
6 May	301	182	306	186	313	189	319	191
Maize								
1 April	235	144	236	144	233	145	236	149
8 April	238	148	239	150	238	152	241	156
15 April	244	148	246	150	246	154	250	158
22 April	239	143	243	143	244	145	247	150
29 April	238	145	242	144	245	144	249	148
6 May	239	149	243	150	245	151	250	155

Source: Chicago Board of Trade

Table A23. Selected international prices for rice and price indices

Period	International prices (USD per tonne)					FAO indices (1998-2000=100)			
	Thai 100% B ¹	Thai broken ²	US long grain ³	Pakistan Basmati ⁴	Total	Indica		Japonica	Aromatic
						High quantity	Low quality		
Annual (Jan/Dec)									
2004	244	207	372	468	102	101	110	96	96
2005	291	219	319	473	107	104	115	107	94
2006	311	217	394	516	117	114	114	127	102
2007	335	275	436	677	137	131	139	140	136
Monthly									
2007 - May	325	252	412	625	131	126	131	135	129
2007 - June	333	255	412	625	133	130	134	137	130
2007 - July	337	261	412	788	136	131	138	138	143
2007 - August	336	269	409	710	136	131	140	138	138
2007 - September	332	279	430	650	138	131	143	141	134
2007 - October	338	297	452	712	142	136	148	142	146
2007 - November	358	318	481	740	149	144	157	146	154
2007 - December	376	342	506	850	157	149	166	153	169
2008 - January	385	364	544	888	164	156	175	156	175
2008 - February	463	431	572	1 040	184	177	212	161	195
2008 - March	567	522	670	1 100	218	217	265	175	211
2008 - April	853	726	820	1 100	280	294	360	199	237
2008 - May *	898	764	941	1 100	324	356	401	239	249

* Two weeks only

¹ White rice, 100% second grade, f.o.b. Bangkok, indicative traded prices² AI super, f.o.b. Bangkok, indicative traded prices³ US No 2, 4% broken f.o.b.⁴ Basmati: ordinary, f.o.b. Karachi

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.

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

Table A24. Selected international prices for oilcrop products and price indices

Period	International prices (USD per tonne)					FAO indices (1998-2000=100)		
	Soybeans ¹	Soybean oil ²	Palm oil ³	Soybean cake ⁴	Rapeseed meal ⁵	Oilseeds	Edible/soap fats/oils	Oilcakes/meals
Annual (Oct/Sept)								
2002/03	243	539	428	191	141	114	102	117
2003/04	322	632	488	257	178	143	118	144
2004/05	275	545	419	212	130	125	110	132
2005/06	259	572	451	202	130	120	112	161
2006/07	335	772	684	264	184	156	152	196
Month								
2007 - May	334	788	777	258	165	154	161	198
2007 - June	362	830	796	272	162	165	170	198
2007 - July	374	886	808	290	191	173	175	203
2007 - August	386	914	828	296	222	182	181	198
2007 - September	430	971	829	344	271	205	190	213
2007 - October	445	1 007	875	384	272	216	202	225
2007 - November	489	1 133	955	397	260	234	221	229
2007 - December	516	1 158	943	425	268	245	226	240
2008 - January	536	1 270	1 061	434	308	258	250	245
2008 - February	579	1 426	1 178	452	346	280	273	253
2008 - March	576	1 467	1 248	445	359	288	285	255
2008 - April	556	1 430	1 175	476	328	277	276	265

¹ Soybeans (US, No. 2 yellow, cif Rotterdam)

² Soybean oil (Dutch, f.o.b. ex-mill)

³ Palm oil (Crude, cif Northwest Europe)

⁴ Soybean cake (Pellets, 44/45 percent, Argentina, cif Rotterdam)

⁵ Rapeseed meal (34 percent, Hamburg, fob, ex-mill)

Note: The FAO indices are calculated using the Laspeyres formula; the weights used are the average export values of each commodity for the 1998-2000 period. The indices are based on the international prices of five selected seeds, ten selected oils and fats and seven selected cakes and meals.

Sources: FAO et Oil World

Table A25. Selected international prices for milk products and dairy price index

Period	International prices (USD per tonne)				FAO dairy price index (1998-2000=100)
	Butter ¹	Skim milk powder ²	Whole milk powder ³	Cheddar cheese ⁴	
Annual (Jan/Dec)					
2004	1 788	2 018	2 021	2 611	130
2005	2 128	2 223	2 261	1 838	145
2006	1 774	2 218	2 193	2 681	138
2007	2 959	4 291	4 185	4 055	247
Monthly					
2007 - April	2 350	3 850	3 850	3 150	213
2007 - May	2 200	4 200	4 025	3 200	222
2007 - June	2 563	4 800	4 413	3 775	252
2007 - July	3 125	5 150	4 650	4 338	277
2007 - August	3 563	5 083	4 750	4 650	287
2007 - September	3 700	4 950	4 750	4 900	290
2007 - October	3 800	4 967	4 950	4 975	297
2007 - November	4 150	4 838	4 838	5 388	302
2007 - December	4 050	4 400	4 800	5 500	295
2008 - January	4 050	4 250	4 400	5 300	281
2008 - February	4 050	4 000	4 550	5 213	278
2008 - March	4 000	3 775	4 750	5 125	276
2008 - April	3 950	3 500	4 550	5 050	266

¹ Butter, 82% butterfat, f.o.b. Oceania; indicative traded prices

² Skim Milk Powder; 1.25% butterfat, f.o.b. Oceania; indicative traded prices

³ Whole Milk Powder, 26% butterfat, f.o.b. Oceania; indicative traded prices

⁴ Cheddar Cheese, 29% maximum moisture, f.o.b. Oceania; indicative traded prices

Note: The FAO Dairy Price Index is derived from a trade-weighted average of a selection of representative internationally-traded dairy products

Sources: FAO for indices. Product prices mid-point of price ranges reported by Dairy Market News (USDA)

Table A26. Selected international meat prices

Period	Pig meat prices (USD per tonne)			Bovine meat prices (USD per tonne)			
	USA	Brazil	Japan	USA	Argentina	Japan	Australia
Annual (Jan/Dec)							
2004	2 071	1 521	5 626	3 788	1 549	5 675	2 513
2005	2 161	1 868	5 093	4 173	1 673	5 764	2 617
2006	1 986	1 964	4 540	4 127	2 271	5 685	2 547
2007	2 117	2 034	4 500	4 327	2 385	5 925	2 603
Monthly							
2007 - February	2 166	1 830	4 375	4 234	2 361	5 902	2 618
2007 - March	2 132	1 819	4 520	4 533	2 465	5 799	2 607
2007 - April	2 074	1 976	4 448	4 513	2 202	5 651	2 593
2007 - May	2 092	2 002	4 380	4 464	2 298	5 663	2 584
2007 - June	2 074	2 174	4 319	4 412	2 307	5 746	2 621
2007 - July	2 073	1 948	4 373	4 311	2 093	6 011	2 590
2007 - August	2 140	1 940	4 559	4 408	2 164	6 128	2 610
2007 - September	2 163	1 981	4 600	4 481	2 509	5 878	2 607
2007 - October	2 155	1 903	4 567	3 993	2 512	5 974	2 555
2007 - November	2 141	2 230	4 771	4 320	2 566	6 230	2 603
2007 - December	2 074	2 480	4 699	4 000	2 684	6 229	2 635
2008 - January	2 101	2 423	4 891	3 778	2 743	6 581	2 687
2008 - February	2 006	2 452	4 921	3 950	3 059	6 518	2 836

Table A27. International meat prices and FAO meat price indices (1998-2000=100)

Period	Poultry meat prices (USD per tonne)			FAO indices (1998-2000=100) ¹			
	USA	Japan	Brazil	Total meat	Bovine meat	Pig meat	Poultry meat
Annual (Jan/Dec)							
2004	757	2 020	1 033	118	122	107	109
2005	847	2 062	1 228	121	129	104	121
2006	734	1 852	1 180	115	129	94	109
2007	935	1 965	1 443	121	134	98	129
Monthly							
2007 - February	792	1 727	1 278	119	133	98	113
2007 - March	879	1 774	1 347	121	135	98	120
2007 - April	945	1 774	1 427	119	133	96	126
2007 - May	954	1 797	1 463	119	133	96	128
2007 - June	939	1 874	1 513	120	134	95	130
2007 - July	1 008	1 952	1 476	120	133	95	134
2007 - August	1 021	2 040	1 464	123	135	99	136
2007 - September	1 042	2 104	1 501	124	136	100	139
2007 - October	925	2 245	1 519	122	131	99	137
2007 - November	941	2 341	1 598	126	137	101	142
2007 - December	990	2 278	1 461	123	135	98	139
2008 - January	952	2 432	1 726	126	137	101	148
2008 - February	934	2 400	1 761	128	142	98	148

¹ Composition of the different indices:

Poultry Meat: USA - Broiler cuts, export unit value - Foreign Trade Statistics of US Census Bureau; Japan - Broiler Import Price, cif; Frozen, other than leg quarters - A.L.I.C.; Brazil - Export unit value for chicken, fob - A.B.E.F..

Pig Meat: USA - Export unit value for frozen product - Foreign Trade Statistics of US Census Bureau; BRAZIL - Export unit value for pig meat, fob - A.B.I.P.E.C.; Japan - Pork Import Price (cif) : Frozen Boneless Cuts - A.L.I.C..

Bovine Meat: USA - Frozen beef, export unit value - Foreign Trade Statistics of US Census Bureau; Japan - Beef Import Price (c.i.f.) : Boneless Cuts, fresh or chilled - A.L.I.C.; Argentina: Export unit value of frozen beef cuts - S.A.G.PyA.; Australia - (Up to Oct 02) cow forequarters frozen boneless, 85% chemical lean, cif US port (East Coast) ex-dock, (From Nov 02) chucks and cow forequarters - World Bank.

Table A28. Selected international commodity prices

	Currency and unit	Effective date	Latest quotation	One month ago	One year ago	Average 2003-2007
Sugar (ISA daily price)	US cents per lb	05-05-08	12.52	12.05	9.73	9.80
Coffee (ICO daily price)	US cents per lb	05-05-08	123.96	125.20	97.83	81.37
Cocoa (ICCO daily price)	US cents per lb	05-05-08	120.94	108.74	89.87	76.06
Tea (FAO Tea Composite Price)	USD per kg	31-03-08	2.331	2.465	1.850	1.714
Cotton (NYBOT) ¹	US cents per lb	11-04-08	71.70	86.88	56.84	59.69
Jute "BWD" f.o.b. Mongla at sight	USD per tonne	09-05-08	460.00	460.00	325.00	325.39
Wool (64's, London) ²	Pence per kg	29-06-07	514.00	514.00	398.00	452.44

¹ Quotation is from NYBOT (New York Board of Trade) as of July 2007

² Quotation discontinued as of July 2007

Table A29. Ocean freight rates for grains (USD/tonne)

Period	EU ¹	CIS Black Sea ^{1,2}	Egypt ¹	Bangladesh ¹
Annual (July/June)				
2003/04	28.3	41.9	37.0	48.5
2004/05	34.5	41.2	46.5	65.4
2005/06	20.8	31.8	31.9	45.5
2006/07	32.3	43.2	50.3	57.8
Monthly				
2007 - April	37.0	47.0	55.0	60.0
2007 - October	75.0	n.a.	89.0	96.0
2007 - November	82.0	n.a.	90.0	99.0
2007 - December	n.a.	n.a.	n.a.	n.a.
2008 - January	76.0	n.a.	92.0	111.0
2008 - February	71.0	n.a.	86.0	99.0
2008 - March	73.0	n.a.	87.0	100.0
2008 - April	73.0	n.a.	86.0	97.0

¹ Size of vessels: European Union over 40 000 tonnes; CIS 20 000-40 000 tonnes; Egypt over 30 000 tonnes; Bangladesh over 40 000 tonnes

² Excludes CIS and the United States flag vessels

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

Source: International Grains Council

Table A30. Fertilizer spot price ranges (bulk, f.o.b.)

	March 2008		April 2008		April 2007		Change from last year ¹	
	<i>(USD/tonne)</i>							<i>percentage</i>
UREA								
Baltic	366	385	447	479	284	295	60	
Persian Gulf	386	398	444	464	312	320	44	
AMMONIUM SULPHATE								
Eastern Europe	209	216	214	220	131	136	63	
DIAMMONIUM PHOSPHATE								
North Africa	990	1 022	1 121	1 144	423	431	165	
US Gulf	1 031	1 054	1 197	1 204	432	435	177	
TRIPLE SUPERPHOSPHATE								
North Africa	835	851	1 012	1 036	310	316	227	
MURIATE OF POTASH								
Baltic	320	355	463	523	165	179	187	
Vancouver	293	400	362	538	174	182	153	

¹ From mid-point of given ranges.

Source: Compiled from Fertilizer Week and Fertilizer Market Bulletin.

Market indicators and food import bills

Global expenditures on food imports could surpass USD 1 trillion in 2008¹³

The global cost of imported foodstuffs in 2008 is forecast to reach USD 1 035 billion, 26 percent higher than last year's peak. This figure is still provisional as FAO's food import bill forecasts are conditional on developments in international prices and freight rates, which remain highly uncertain over the remainder of the year.

The bulk of the anticipated growth in the world food import bill would rest on higher expenditures on rice, wheat and vegetable oils, which are all forecast to rise to unprecedented levels from 2007: 77 percent in the case of rice, in spite of a forecast sharp contraction in global rice deliveries in 2008, and around 60 percent for wheat and vegetable oils. Soaring international quotations are mostly responsible but also freight costs, which have nearly doubled for many routes.

The combination of rapidly rising prices and higher freight costs is behind the higher global bills for imported coarse grains and sugar, given anticipated reductions in imported volumes, notably for maize. Import bills for livestock products are expected to register smaller gains, owing to moderate increases in global quotations together with subdued trade.

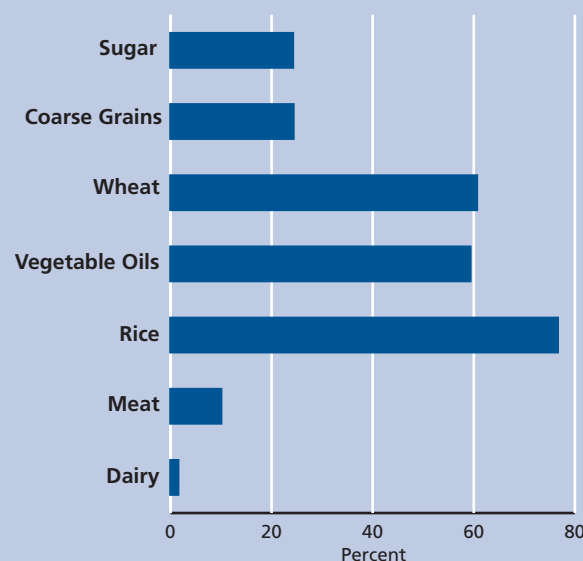
Disturbing developments for the more vulnerable countries

Among economic groups, the most economically vulnerable countries are set to bear the highest burden in the cost of importing food, with total expenditures by LDCs and LIFDCs anticipated to climb by 37-40 percent from 2007, after rising 30 and 37 percent, respectively, already last year. The sustained rise in imported food expenditures for both vulnerable country groups constitutes a worrying development, as on current expectations by the end of 2008, their annual food import basket could cost four times as much as it did in 2000. This is in stark contrast to the trend prevailing for developed countries, where year-to-year import costs have risen far less.

Higher food import bills are not necessarily resulting from more imported food. Numerous LDCs and LIFDCs are expected to curtail the procurement of many foodstuffs from international markets, a reaction that in numerous cases does not reflect improved domestic supply prospects. Moreover, food staple inventories have far from recovered in many LDCs which only adds to their vulnerability, especially given the considerable uncertainty in international price prospects.

Forecast changes in global food import bills by type: 2008 over 2007 (%)

Substantially higher international prices for rice, wheat and vegetable oil are expected to lead to a surge in the global import bills for these commodities. Small respite comes way of import costs of livestock products which are forecast to rise moderately.

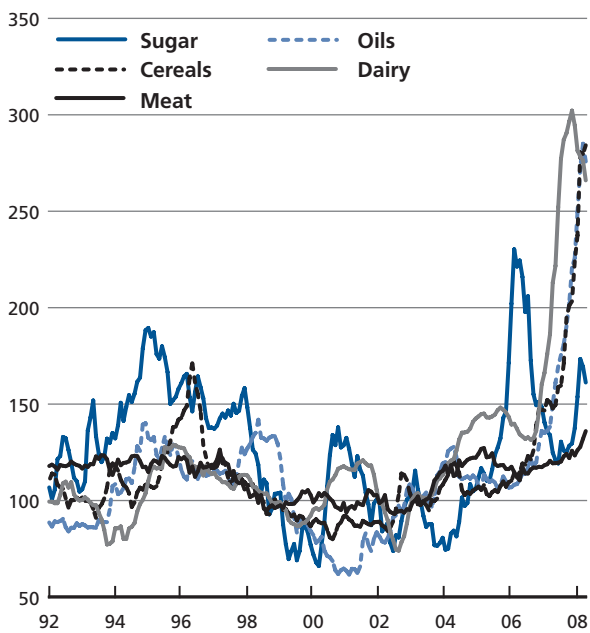


¹³ The food import bill is based on actual market values of raw and processed goods as opposed to values expressed in primary equivalents.

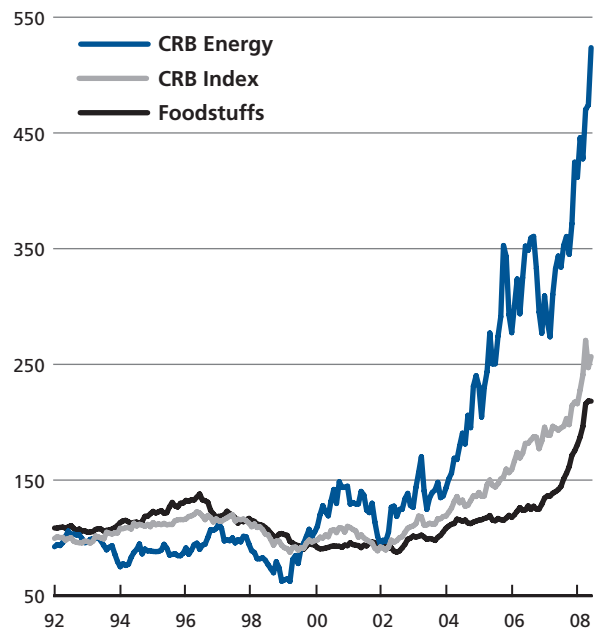
Forecast import bills of total food and major foodstuffs (US\$ million)

	World		Developed		Developing		LDC		LIFDC		NFIDC	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
TOTAL FOOD	820 466	1 035 382	535 471	679 341	284 995	356 040	17 909	24 583	121 026	168 922	32 816	45 536
Cereals	274 463	382 086	148 398	228 449	126 065	153 637	8 001	11 782	42 261	62 988	16 020	24 181
Vegetable Oils	116 873	186 167	52 411	86 630	64 462	99 538	3 266	5 206	38 836	61 293	6 758	10 618
Dairy	83 805	85 041	59 110	60 381	24 695	24 660	1 504	1 572	9 322	9 392	2 962	2 689
Meat	90 466	99 544	73 044	80 793	17 422	18 751	1 001	1 125	8 227	9 731	1 632	1 846
Sugar	23 591	29 303	11 052	14 198	12 539	15 106	1 571	1 986	5 820	7 078	1 794	2 091

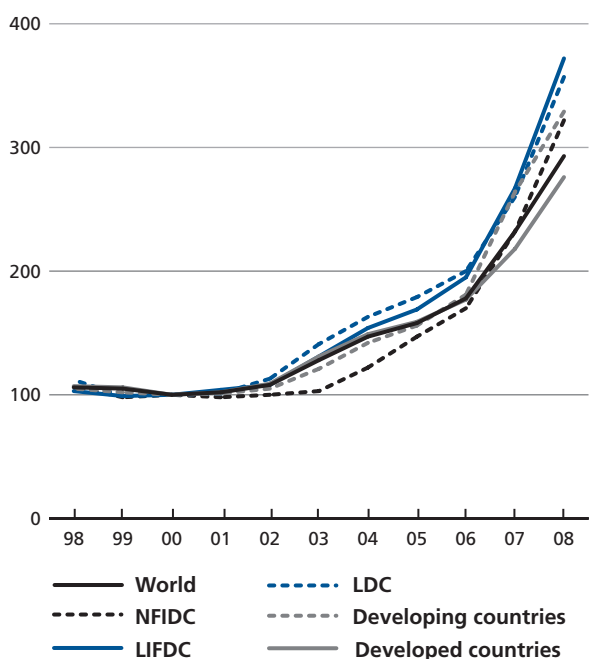
FAO price indices for selected commodities (1998-2000=100)



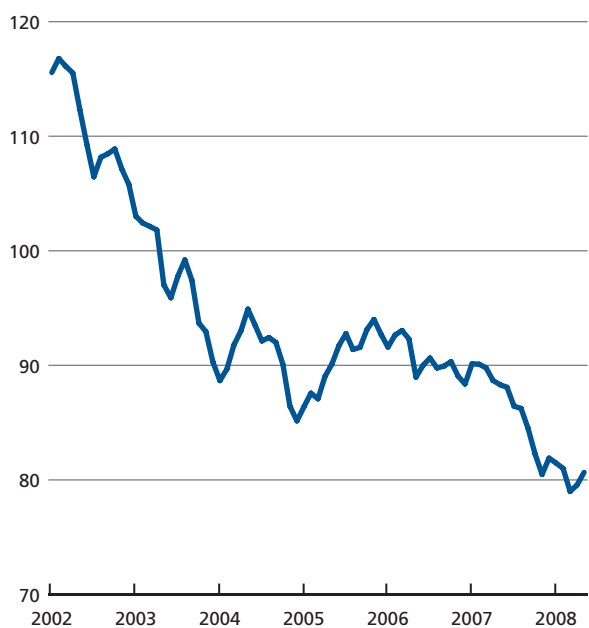
FAO food price index and CRB commodity and energy indices (1998-2000=100)



Food bill indices (1998-2000=100)



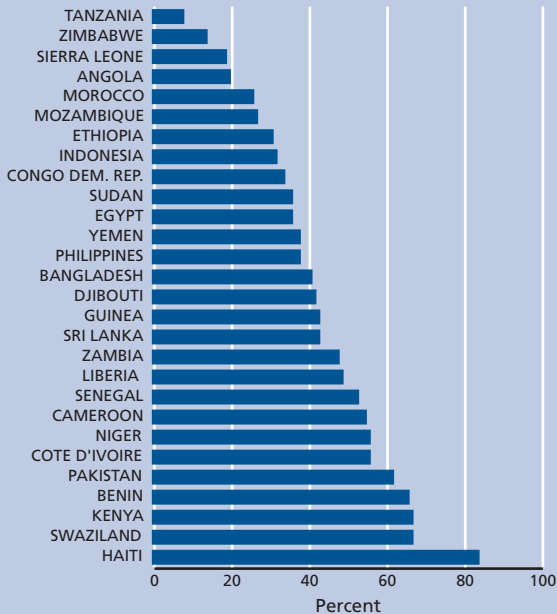
US\$ versus major currencies



Source: US Federal Reserve

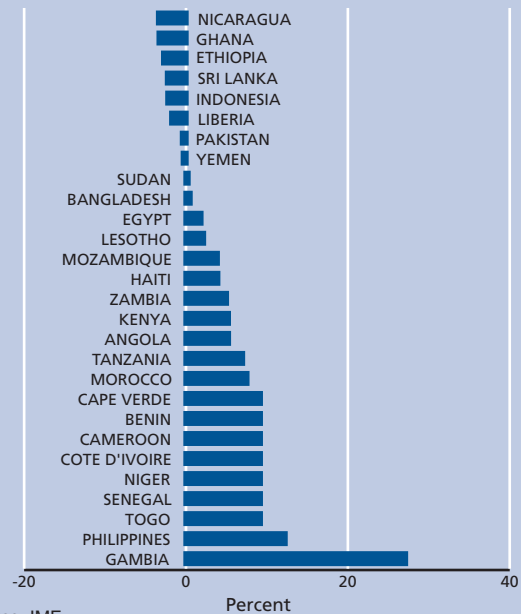
Forecast changes in food import bills of selected LIFDCs: 2008 over 2007 (%)

Most LIFDCs, which remain heavily dependent on imported staples, look set to face substantially higher import bills in 2008 compared with last year, as surging prices of wheat, rice and vegetable oils will take their toll on import costs.



Annual Change in Exchange Rates of Selected LIFDCs against the USD as of April 2008 (%)

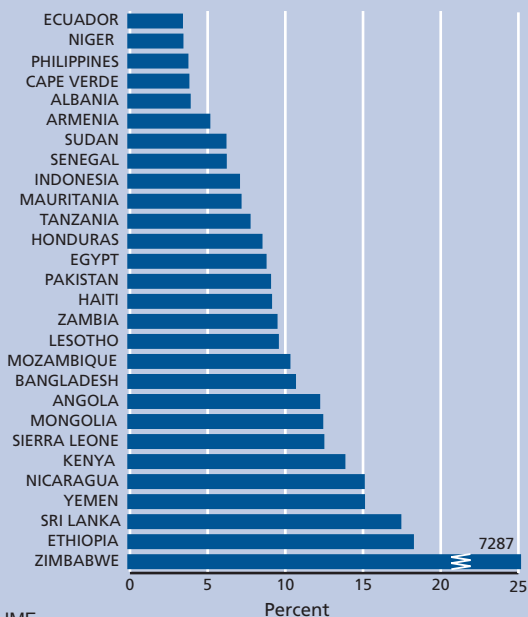
Numerous LIFDC countries have seen their currency in recent decline against the US Dollar, adding to the burden of imports. Some countries, however, have benefited from a stable and stronger currency, making the strain of importing less severe.



Source: IMF

Selected Annual Consumer Price Indices as of April 2008 (%)

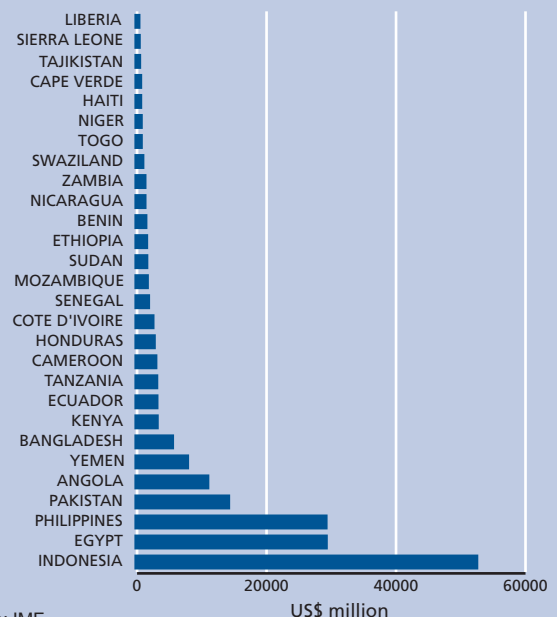
The food component in CPIs of developing countries is extremely high. For them, higher food prices will drive up inflation, posing a threat to macroeconomic stability and overall economic growth.



Source: IMF

Estimated Current Foreign Exchange Reserves in Selected LIFDCs as of April 2008 (USD Million)

Low foreign currency reserves to meet higher import costs are a cause for concern for many of the lowest-income food-deficit countries.



Source: IMF

The fao price index

The FAO Food Price Index in April averaged 218.2, down marginally from 218.4 in March and still 54 percent more than in April 2007. Prices of most food commodities started to show some declines after reaching their peaks in March; but rice prices kept rising also in April. With early prospects for most basic foods pointing to generally larger production in 2008, food prices, as measured in terms of average international prices of basic food commodities, seem to be declining further in May.

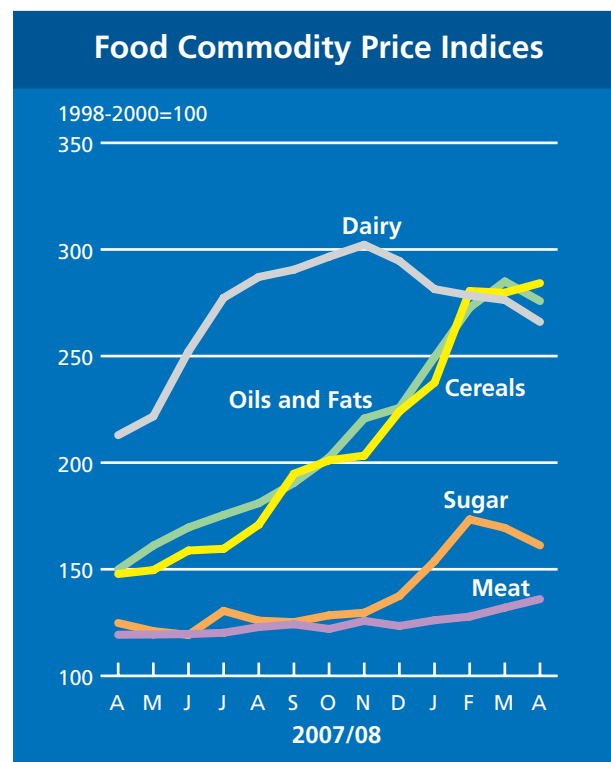
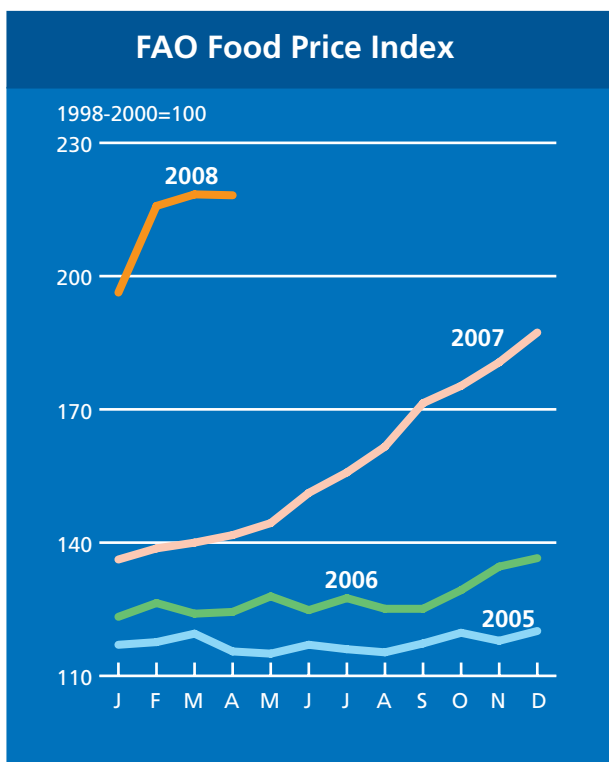
The **FAO Cereal Index** averaged 284 in April 2008, up 20 percent since January and 92 percent more than in April 2007. While wheat prices have demonstrated some signs of weakness in recent weeks, in the maize market, prices have received support from strong demand and concerns about this year's crop in the United States. International rice prices have increased sharply in recent months mainly as a result of export restrictions by key rice exporters.

The **FAO Dairy Index** averaged 266 in April 2008, down 12 percent from its peak in November 2007. In terms of products, it is the prices of milk proteins which have fallen the most, as skim milk powder prices dropped 32 percent since their peak in July 2007; butter prices have declined the least since their high in November 2007. Tight supplies from traditional exporters, strong import demand, and the exhaustion of public stocks caused an unprecedented eruption of dairy product export prices in late 2006 which has lasted through 2007.

The **FAO Meat Index** increased since the start of 2008 with the preliminary estimate for April 2008 at a high of 136, surpassing its previous peak in 2005. Nevertheless, meat and livestock markets have not yet experienced a price hike comparable with that for grains and dairy products, but sustained increases in production costs, notably feed, in major producing countries, which are affecting the profit margins of meat producers, suggest that meat retail prices could still rise further.

The **FAO Sugar Index** in the first four months of 2008 averaged 164, which is 20 percent above the corresponding value in 2007. After increasing through February, prices have come down considerably in March and April, in part due to expected global sugar surplus for the 2007/08 season. In 2007, the index averaged 129, a 32 percent drop over 2006, reflecting a recovery in sugar production in traditional importing countries.

The **FAO Oils/Fats Index** in the first quarter of 2008 reached 269, which is 133 points (or 98 percent) above the corresponding value in 2007. Constant expansion in the demand for vegetable oils and fats, for food uses but also as biofuel feedstock, combined with a slowdown in production growth has resulted in a gradual tightening of global supplies, leading to a surge in prices. Following steady gains since early 2007, in April 2008, the Oils/Fats Index (as well as the comparable index for oilseeds) fell slightly compared with the record level observed in the preceding month.



FAO Food Price Index

		Food Price Index ¹	Meat ²	Dairy ³	Cereals ⁴	Oils and Fats ⁵	Sugar ⁶
2000		92.7	100	106	87	72	105
2001		94.5	100	117	89	72	111
2002		94.1	96	86	97	91	88
2003		102.3	105	105	101	105	91
2004		114.4	118	130	111	117	92
2005		117.3	121	145	106	109	127
2006		127.4	115	138	124	117	190
2007		157.4	121	247	172	174	129
2007	April	141.7	119	213	148	150	125
	May	144.4	119	222	150	161	121
	June	151.2	120	252	159	170	119
	July	155.8	120	277	160	175	131
	August	161.6	123	287	171	181	126
	September	171.4	124	290	195	190	125
	October	175.3	122	297	201	202	128
	November	180.6	126	302	203	221	130
	December	187.3	123	295	224	226	137
2008	January	196.3	126	281	238	250	154
	February	215.8	128	278	281	273	173
	March	218.4	132	276	280	285	169
	April	218.2	136	266	284	276	161

¹ Food Price Index: Consists of the average of six commodity group price indices mentioned above weighted with the average export shares of each of the groups for 1998-2000; in total 55 commodity quotations considered by FAO commodity specialists as representing the international prices of the food commodities noted are included in the overall index.

² Meat Price Index: Consists of three poultry meat product quotations (the average weighted by assumed fixed trade weights), four bovine meat product quotations (average weighted by assumed fixed trade weights), three pig meat product quotations (average weighted by assumed fixed trade weights), one ovine meat product quotation (average weighted by assumed fixed trade weights): the four meat group average prices are weighted by world average export trade shares for 1998-2000.

³ Dairy Price Index: Consists of butter, SMP, WMP, cheese, casein price quotations; the average is weighted by world average export trade shares for 1998-2000.

⁴ Cereals Price Index: This index is compiled using the grains and rice price indices weighted by their average trade share for 1998-2000. The Grains Price Index consists of International Grains Council (IGC) wheat price index, itself average of nine different wheat price quotations, and one maize export quotation; after expressing the maize price into its index form and converting the base of the IGC index to 1998-2000. The Rice Price Index consists of three components containing average prices of 16 rice quotations: the components are Indica, Japonica and Aromatic rice varieties and the weights for combining the three components are assumed (fixed) trade shares of the three varieties.

⁵ Oil and Fat Price Index: Consists of an average of 11 different oils (including animal and fish oils) weighted with average export trade shares of each oil product for 1998-2000.

⁶ Sugar Price Index: Index form of the International Sugar Agreement prices.



FAO World Food Situation Portal

High food prices and market uncertainties have become a major global concern. As a result, access to up-to-date information and analysis is becoming increasingly important. FAO has created an internet portal that brings together all relevant studies produced by the Organization with the view to facilitating research on the current developments in world food markets. The portal, named World Food Situation, is accessible from the FAO main web page at: www.fao.org/worldfoodsituation

NOTE: Food Outlook is issued under the Global Information and Early Warning System on Food and Agriculture, by collaboration among Services of the Trade and Markets Division and other FAO units. The International Grain Council contributes the Ocean Freight Rates section. Food Outlook provides information on latest developments in agricultural markets and sets the global and regional commodity production, utilization, trade and price context for food security, and will be published twice a year in **June** and **November**. This issue is based on information available up to May 2008.

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Enquiries may be directed to:

Ali A. Gürkan, Chief, Commodity Markets, Policy Analysis and Projections Service
Trade and Markets Division, FAO, Rome

Direct Facsimile: 0039-06-5705-4495, E-mail: giews1@fao.org

Or find us on the FAO World Wide Web site (www.fao.org) at:

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