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	منظمة الأغذية والزراعة للأمم المتحدة	联合国 粮食及 农业组织	Food and Agriculture Organization of the United Nations	Organisation des Nations Unies pour l'alimentation et l'agriculture	Продовольственная и сельскохозяйственная организация Объединенных Наций	Organización de las Naciones Unidas para la Alimentación y la Agricultura
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COMMITTEE ON COMMODITY PROBLEMS

Sixty-ninth Session

Rome, 28–30 May 2012

KEY ISSUES AND WORK PRIORITIES IN INTERNATIONAL COMMODITY MARKETS

Executive Summary

This document is presented to assist the Committee in its deliberations on work priorities under the mandate of the CCP. In the discussion, the Committee is also invited to consider the document CCP 12/INF/12 *Global Trends and Future Challenges for the Work of the Organization*.

I. Guidance sought from the Committee

- The Committee may wish to recognize the importance and need for more timely and reliable information on commodity markets situation and outlook, improved food security and vulnerability information, and for analytical studies on commodity and trade policies.
- The Committee is invited to provide guidance and recommendations on the priority areas of work identified in this document.

II. Introduction

1. The Committee on Commodity Problems was presented, for the first time, in June 2010 with a document to help decision on setting work priorities falling under its mandate. This came in response to the 36th session of the FAO Conference (November 2009) when “*Some Members requested that priorities should be identified for work falling under the terms of reference of the Committee on Commodity Problems, and should set out in a document for deliberation at the next session of the Committee*”.

2. The present document is prepared to assist deliberations by the Committee on work priority areas under the CCP mandate.

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3. Work areas under the CCP terms of reference are covered under the programme of work of the Trade and Markets Division (EST). The mandate of EST covers the following activities:

- Servicing the CCP and its intergovernmental commodity groups (IGGs);
- Collecting, analysing, interpreting and disseminating data and information relating to agricultural commodity markets and trade;
- Monitoring and maintaining a constant watch on the world market situation and outlook for the main agricultural commodities and policies affecting them;
- Servicing the arrangement for food security and early warning of food shortfalls and operation of the Global Information and Early Warning Systems (GIEWS);
- Generating medium-term projections for food commodities and running policy and non-policy scenarios;
- Identifying specific commodity problems and emerging issues and proposing action for mitigation;
- Providing commodity and trade policy analysis and support to developing countries in trade negotiations, including capacity development;
- Advising individual countries and regional organizations on the formulation and implementation of national and regional commodity and trade policies;
- Providing support to FAO's programme of work on world food security.

III. Work priorities

4. This section identifies the main work areas that should represent priorities under the CCP mandate. The exercise is informed by the document CCP 12/INF/12 – *Global Trends and Future Challenges for the Work of the Organization*. One clear area of work priority that emerges is the increased need for timely and reliable data and information on commodity markets as a measure to enhance market transparency and reduce price volatility. Another important area is the provision of evidence-based analyses and studies for informing policy formulation and guiding decision-making processes.

5. This also takes full account of the strengths of EST, its accumulated expertise and experience as well as its vision to be a centre of excellence and global reference point in agricultural commodity information and outlook, commodity market and trade policy analysis, food security information and vulnerability analysis. In light of this, the following work priority areas have been identified.

6. **Commodity market information, monitoring and outlook.** Since the 2007-08 global food crisis, there has been an increasing demand for, and interest in, agricultural market information services. Timely and reliable data and information on market conditions are key for guiding informed decisions. The priority is to improve the timeliness and quality of the data and make the monitoring and outlook work more informative and more analytical by enhancing the commodity databases, emphasizing salient aspects of commodity market developments and assessing policy changes. One important priority under this area is the implementation of the Agricultural Market Information System (AMIS), which is undertaken jointly with the Statistics Division (ESS). Regular reports in this area include *Food Outlook* (bi-yearly) and the *OECD-FAO Agricultural Outlook* (published annually).

7. **Food security information and early warning.** In addition to providing regular information and early warning at the global, regional and national levels, increased attention should be given to improving food security indicators and making them more timely and meaningful and to strengthening vulnerability analysis by assessing the impact of weather events, economic shocks and natural and man-made disasters on production and household food security. One important activity in this area will be the maintenance and strengthening of the Food Price Data and Analysis Tool which currently includes over 1000 monthly domestic retail and/or wholesale price series of major food commodities consumed in 82 countries and 11 international cereal export price series, covering a total 20 different food commodity categories. The provision of technical assistance to countries and other actors to make them respond more effectively also need to be stepped up, including support to capacity development in food security information and vulnerability analysis. The Global Information and

Early Warning System (GIEWS) is the pillar for work under this area, and regular products include the *Crop Prospects and Food Situation* reports, published quarterly, and reports of the Crop and Food Security Assessment Missions (CFSAMs).

8. Policies and strategies to support smallholder integration into markets and value chains.

Work in this area is based on the premise that the extent to which smallholders and small family farmers are able to participate in agricultural input and output markets and the functionality of these markets are key determinants of their willingness to seek to increase productivity and production. Activities include improving the knowledge base on the patterns and determinants of market participation and on the constraints faced by different categories of smallholders in accessing different markets to serve as a basis for informing the design of policy interventions and institutional improvements supportive of inclusive market and value chain development. The objective would also be to support national and regional institutions in adopting approaches that are conducive to integrating smallholders into markets and expanding their production potential.

9. Trade and food security. The objective of this work is to assist countries and regional organizations in the formulation of agricultural trade policy consistent with broader development and food security processes. Activities will include providing analyses of trade negotiating issues and technical assistance on the WTO Doha Round negotiations, and assistance on implementation following the eventual conclusion of the Round. For the regional trade component, activities will consist in providing analyses and technical assistance on regional trade issues that impact on agriculture and food security and in the formulation of regional trade agreements. Also under this area of work, greater attention should be given to study the macro-micro linkages such as the impact of trade policy reforms on household food security and how smallholder farmers are impacted by changing global markets.

10. Policy analysis and emerging issues. The objective is to conduct analysis of existing and prospective policies to examine both the impact of commodity and trade policies on markets and food security, and particularly in developing and least developed countries. This would also include evidence-based studies and analysis of medium-term and evolving issues, including through running policy and non-policy scenarios, and assessment of impacts on commodity markets, trade and food security.

11. Climate change and trade. Climate change is expected to significantly alter agricultural productivity and production patterns, with far reaching impacts on trade and global food security. Work in this area will seek to gain better understanding of the impacts of climate change on agricultural markets and international trade patterns. It will include developing methodologies and tools to support developing countries' capacities to integrate climate-smart policies into agricultural development plans and to promote sustainable economic opportunities for smallholders. At the global level, work will involve analyses and studies on the linkages between climate change, agricultural trade and food security.

IV. Guidance sought from the Committee

12. In light of the above and taking into consideration document CCP 12/INF/12:

- The Committee may wish to recognize the importance and need for more timely and reliable information on commodity markets situation and outlook, improved food security and vulnerability information, and for analytical studies on commodity and trade policies.
- The Committee is invited to provide guidance and recommendations on the priority areas of work identified above.