

## **End of Year Message from the Secretary of FAO- Intergovernmental Group on Grains December 2008**

Food markets in 2008 endured an exceptionally turbulent year. Prices climbed to historically high levels and then tumbled. Much of the surge in domestic food prices was led by the soaring prices of grains in world markets. The spiralling costs of food pushed many economically fragile countries to the brink of political instability. Alarm bells started ringing as the spectre of food shortages and global food crisis set in motion panic reactions across the globe. In June, FAO gathered world leaders in Rome and billions were pledged towards agricultural development, signalling a turning point in the arduous fight against world hunger. In the meantime, high prices encouraged farmers to increase plantings and this, together with favourable weather conditions in many important growing regions, boosted world grain production. The panic over an imminent food shortage began to slowly subside even though markets remained vigilant with prices volatile and high.

Then the unexpected happened: the crisis in world financial markets. This put an abrupt brake on world economic growth and pushed many countries into recession. The depth and scope of this crisis overtook so much of the world's attention that the "food crisis" quickly became an event of the distant past! Most markets were ravaged by troubles in the world financial sector, grains included, with their prices falling steeply. In fact, the slide in grain prices soon gave rise to a new panic: this time over their seemingly perpetual dive! Suffering from the economic crisis and confronted with even greater uncertainty, it has become exceptionally difficult to predict how markets will evolve next year. In these difficult times, access to market information is critical for all those involved in the food chain. The FAO grains team under the auspices of the Intergovernmental Group on Grains is as committed as always to makes its small contribution to this process.

The FAO **Monthly News Reports (MNR)**<sup>1</sup> on grains tried to keep you informed about some of the more important market developments in 2008. Each report included selected news from around the world, highlighted relevant recent studies and drew attention to important seminars or conferences in FAO and outside. Beyond a doubt 2008 was an exceptional year for the grains team. Aside from its regular activities, the team found itself on the front line of the "global food crisis" as attention to fast changing market conditions and price developments intensified. For this reason, the team initiated the creation of a new web portal. The purpose was to facilitate access to useful and up-to-date information about markets in basic foodstuffs. The website, named **World Food Situation**<sup>2</sup>, became operational in early 2008 and it has since found itself among the most popular internet sources for information about food markets. The site hosts the monthly **FAO Food Price Index** and **FAO Food Commodity Price Indices**. Since their inception earlier this year, these indices have emerged as the most cited indices for food prices in international markets.

The climax of the team's activities was the **FAO June Summit**. Its close monitoring of developments in grain markets and growing engagement in assisting FAO to respond to ever mounting questions about the impending food crisis put the grains team on the forefront of the preparation for the Summit as well as its follow-up. In fact, the task proved all-encompassing

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<sup>1</sup> All MNRs are available at: [http://www.fao.org/es/ESC/en/15/53/highlight\\_55.html](http://www.fao.org/es/ESC/en/15/53/highlight_55.html)

<sup>2</sup> World Food Situation can be accessed from <http://www.fao.org/> or directly at: <http://www.fao.org/worldfoodsituation/wfs-home/>

in view of an unprecedented surge in requests from the international media to FAO, in general, and the Intergovernmental Group on Grains, in particular.

Regarding outputs, the team's active role in the production of the biannual **Food Outlook**<sup>3</sup> reports (June and November) continued unabated. As had been mentioned, Food Outlook has become a leading FAO publication on the global market situation and short-term outlook for basic foodstuffs. Soaring prices attracted more attention to Food Outlook reports this year than any other year in the past; while gratifying, this also meant more work for the team as each report generated extensive requests for more information and data. The team also continued providing inputs into **Crop Prospects and Food Situation**<sup>4</sup>, another leading FAO report, published 4 times a year, which focuses on food situations in developing countries and regional markets. Another report which required substantial inputs from the team was the annual **OECD-FAO Agricultural Outlook**<sup>5</sup> (published in July). This year's report presented the two organizations' supply and demand projections for major agricultural crops towards 2017.

Another activity of the team has been the supervision of **development projects**<sup>6</sup>. In 2008, the team continued its monitoring of four projects on grains. Thanks to meticulous management from the European Development Co-operative, its executing body, one project has achieved remarkable success to the extent that proposals are being considered to replicate it in other countries. The project, **West African Sorghum Value Chain Development**, is taking place in Sierra Leone and Ghana with funding mostly from the Common Fund for Commodities (CFC). Its main goal is to develop a stable and high quality sorghum supply chain that will increase incomes of sorghum farmers and enable national beverage industries to substitute imported grains by locally produced sorghum. The supervision of this project is facilitated by Mr. C. Djameh, an independent expert from Ghana. We would like to also thank him for his continuing support to this project and our team.

Even more than in the past the grains team receives invitations to speak at conferences outside FAO. Increasingly, the topics extend beyond grain markets, to food and other markets such as biofuels. The team participated in a number of seminars and conferences in 2008; most notably in Egypt, Russia, Ukraine, Denmark and Brazil. Given the growing uncertainty about the markets, it is evident that 2009 will be another challenging year. Let us hope that it will bring less unexpected downturns, but rather a calmer and more prosperous world with less hunger.

This leads me to thank you again for your continuous support and may I, on behalf of the grains team, offer you our sincerest best wishes for the New Year.

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<sup>3</sup> Available at: <http://www.fao.org/giews/english/fo/index.htm>

<sup>4</sup> Available at: <http://www.fao.org/giews/english/cpfs/index.htm>

<sup>5</sup> The summary available at: [http://www.fao.org/es/ESC/en/2/3/highlight\\_550.html](http://www.fao.org/es/ESC/en/2/3/highlight_550.html)

<sup>6</sup> For information on all the past and current projects see [http://www.fao.org/es/ESC/en/15/53/highlight\\_57.html](http://www.fao.org/es/ESC/en/15/53/highlight_57.html)

### **Grains Team**

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