

End-of-Year Message from the Secretary of the FAO Intergovernmental Group on Grains

December 2009

Another exciting year is winding down. World grain markets in 2009 were calmer as a recovery in world stocks helped to ease concerns about shortages and led to a moderate decline in international prices. Markets in 2009 were also influenced by the global economic slowdown, in particular: the recession in the developed economies, a weak dollar and lower energy prices.

The year 2009 marked the fifth anniversary of the **Monthly News Report (MNR) on Grains**¹. The grains team hopes that this report continues to be useful to your work. As in the past, however, the December issue of MNR is substituted by a letter describing the main outputs of the team throughout the year. Keeping a close watch on developments in grain markets and providing regular reports with the latest analysis and results were again the core activities of the team. In this respect, two **Food Outlook**² reports were produced, one in June and the other earlier this month. *Food Outlook* is the only FAO publication that provides short-term forecasts for global food and feed markets. As in the past, the contribution of the grains team to this FAO publication was not only in providing write-ups and analysis, but in the production of the report itself. *Food Outlook* has become one of the most important outputs of the grains team since 2006. In addition, we continued our close collaboration with FAO's Global Information and Early Warning System (GIEWS) for the preparation of all four issues of **Crop Prospects and Food Situation**,³ released in 2009 (February, April, July and November). Another important FAO publication is **The State of Agricultural Commodity Markets (SOCO)**. The grains team contributed to the 2009 edition of this report with a detailed review of factors behind the high food prices of 2007/08. Preparation of the medium-term (10-year) outlook for grains is another major annual output of the team. Our involvement in this work started in 2005, under a joint annual exercise with the OECD. The team contributed to the preparation of the cereals chapter in **OECD-FAO Agricultural Outlook (2009-2018)**⁴ report, published in July 2009.

We were also involved in three important events in 2009. The first was our participation in the **World Grain Forum** in St. Petersburg, Russian Federation, in June 2009. This event, opened by President Medvedev, attracted over 2,000 participants from 80 grain exporting and importing countries. As well as presenting the global market outlook (as one of the event's key-note speakers) our contribution included inputs to a major concept note delivered at this Forum: *International Grain Reserves and Other Instruments to Address Volatility in Grain Markets*⁵. The second important event of the year was the joint meeting of three FAO **Intergovernmental Groups (IGGs): Grains (32nd session), Rice (43rd session) and Oilseeds, Oils and Fats (30th session)** in Santiago, Chile, in November⁶. The two-day meeting included a half day informal Panel Discussion on some specific market uncertainties. In particular, the role of financial and energy sectors and developments related to climate change. In addition, the Government of Chile organized a back-to-back symposium (on the third day) on "Value Chains for Oilseeds, Oils and Fats, Grains and Rice: Status and Outlook". We would like to take this opportunity to again welcome the newly elected Chairperson of the IGG, Mr. Carlos Fernandez (Chile), as well as Mr Rudiger Ohst (Germany) and Mr Gabriel Taboada (Argentina), the First and Second Vice-Chairpersons respectively. The grains team looks forward to working closely with the newly elected members (collectively as the IGG Bureau). The third

¹ All MNRs are available at: http://www.fao.org/es/ESC/en/15/53/highlight_55.html

² *Food Outlook* reports are available at: <http://www.fao.org/giews/english/fo/index.htm>

³ *Crop Prospects and Food Situation* reports are available at: <http://www.fao.org/giews/english/cpfs/index.htm>

⁴ Highlights of the *OECD-FAO Agricultural Outlook (2009-2018)* are available at: <http://www.agri-outlook.org/>

⁵ Wright, Brian D. 2009. "A Note on International Grain Reserves and Other Instruments to Address Volatility in Grain Markets" A technical background paper presented at the World Grain Forum 2009. St Petersburg-Russian Federation. Food and Agriculture Organization of the United Nations, the World Bank, European Bank for Reconstruction and Development.

⁶ The IGG Documents are available http://www.fao.org/es/ESC/en/15/120/132/events_584.html

important event which required inputs from the team was the **FAO World Summit on Food Security** which also took place in November. The team contributed to the organization and preparation of the Summit as well as helping out with inquires and media requests.

Another activity of the team has been the supervision of **commodity development projects**, funded mostly by the Common Fund for Commodities (CFC)⁷. To recall, the IGG on Grains is designated as an International Commodity Body by the CFC, and in that capacity, it continues to supervise several CFC-funded projects related to grains, as well as roots and tubers. As far as grains projects are considered, one project was completed in 2009. This was *African Drylands Commodity Atlas*⁸, produced by the United Nations Convention to Combat Desertification (UNCCD), which was published in July. The team continued its supervision of two projects in 2009: *West African Sorghum Value Chain Development* and *Grain Farmers' Access to Warehouse Inventory Credit* (also in Africa). In addition, we are pleased to inform you that a new project has now been approved that will begin in 2010. It is a 4-year project, titled "*Enhancing Livelihood Opportunities of Small Holders in Asia: Linking Smallholder Sweet Sorghum Farmers to the Bio-ethanol Distillery*". This new project, to be supervised by the grains team, will be implemented by the International Crops Research Institute for Semi-Arid Tropics (ICRISAT) in China, India and Thailand.

In closing, allow us to draw your attention to two important undertakings by the team that have been exceptionally well received by the public. One is the **FAO Food Price Index**⁹ which, as some of you might have noted, is becoming a leading world market indicator. The other is the **FAO World Food Situation** website¹⁰, which since its inception in 2008 has become an important information source on world food markets.

We would be grateful for any thoughts and suggestions you may have that will help us improve our commitment to serving you. Again, thank you so much for your continuing collaboration and please accept our best wishes for 2010.

Grains Team

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⁷ For information on all the past and current projects see http://www.fao.org/es/ESC/en/15/53/highlight_57.html

⁸ *African Drylands Commodity Atlas* is available at: <http://www.unccd.int/knowledge/docs/Atlas%20web.pdf>

⁹ Address: <http://www.fao.org/worldfoodsituation/FoodPricesIndex/en/>

¹⁰ Address: <http://www.fao.org/worldfoodsituation/>