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2012 OECD-FAO AGRICULTURAL OUTLOOK

Ladies and gentlemen, it's a pleasure to welcome you to FAO.

I want to thank Mr. Angel Gurría, Secretary-General of OECD for participating in the launch of the joint OECD-FAO 2012–2021 Agricultural Outlook.

This is the 18th edition of the Outlook and the 8th time it is produced jointly with FAO. I would like to take this opportunity to congratulate the technical teams from OECD and FAO for the excellent work done in all these years.

It is FAO-OECD's most successful collaboration up to date. And an effort that has paved the way for us to work together in many other fields.

One example of this growing partnership is our work in relation to the G20. We have set up the Agricultural Market Information System (AMIS). And we have jointly coordinated interagency reports presented to the G20.

The central message that we should take from the Agricultural Outlook that we are launching today is that food security will remain a major concern over the next few decades. We need to redouble our efforts to bring down the number of hungry people.

As we have seen in the technical presentation made by Merritt, this medium-term Outlook is set in quite a different context from those of the last few years.

As expected, global agricultural outlook is responding to high prices and prices have come down from its recent peaks.



What is interesting to note is that the increase in production happened, primarily, in developing countries. It has been led by Latin America and the Caribbean and Sub-Saharan Africa – the two regions with the greatest agricultural potential today.

The global agricultural outlook has contributed to a reduction in FAO's Food Price Index. It has fallen for the past three months. In June, it was 12% lower than its level in the same month of 2011.

But we are still seeing volatility: the preliminary data we have shows that the food price index might rise again in the next month.

Commodity prices, in general, have also been affected with slower economic growth. This provides some breathing room for consumers that have faced high food price inflation, particularly during the last five years.

However, after adjusting for inflation, basic cereal prices are still some 60 to 70 percent higher than they were in 2000.

For the millions and millions of people living in extreme poverty, the implications of high food prices are clear. They might have to change their diets, usually to ones with poorer nutritional quality.

Eating less protein and more calories, the result is a raise in obesity, especially in developed and middle-income countries as we frequently see during crisis.

Related to diets, this outlook also indicates a change in what we eat, moving from staple foods to protein rich food such as meat, dairy products and, in particular, fish.

Fish consumption has been higher. The demand for fish poses the challenge to further develop aquaculture. This sector has been growing at a steady rate for the past decade.

Over the next 10 years, we expect food prices to remain stable or decline from current levels. However, in average, they will still be between 10 and 30 percent higher than in the previous decade.



Let me say that the “price story” in agriculture has always presented FAO with some difficult issues.

High real prices for agricultural commodities can provide higher incentives for agricultural and rural development. But governments need to help farmers, especially small-scale farmers, to build their capacity to respond to these incentives, providing technical and financial assistance.

We have seen that most of the recent growth in agricultural production has come from developing countries.

However, small-scale farmers still face significant constraints and productivity gaps that need to be overcome.

If high food prices provide an incentive for producers, they are also a risk for consumers. That is the other side of the “price story”.

In these past few years high food prices have caused considerable hardship especially to consumers in poor countries.

And there is a third element to the “food price story”: the need to change to sustainable consumption and production patterns, as stated in the Rio+20 outcome document.

In recent decades we have been able to increase agricultural productivity, but with farming methods based on the intensive use of chemical inputs and natural resources. This has taken its toll on the environment.

There is no doubt that production will respond to higher prices. We will have enough offer to meet demand.

But it is also clear that we cannot continue to increase production using the same model from the past. Business as usual is not possible anymore.

We must focus on increasing productivity sustainably, especially in developing countries, and especially for small producers.



This means shifting our production patterns to farming, fishing and livestock models that also preserve natural resources, that allows us to save and grow.

These technologies already exist. They include no-till farming, conservation agriculture, micro-irrigation, integrated pest and plant management. It is a question of adopting them in the scale needed.

Besides sustainably increasing production, we also have the challenge of reducing food loss and waste. Every year, we throw away about one-third of all food produced.

About half of this food is lost in production, harvest, post-harvest and processing phases, mostly in developing countries.

The other half is wasted at the consumer end where retailers and consumers throwing perfectly edible foodstuffs into the trash, mainly in industrialized countries.

Thank you very much for your attention.