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OECD-FAO Agricultural Outlook: 2013-2022

Press Conference

Mr Li Jiayang, Vice Minister of the Ministry of Agriculture and President of the Chinese Academy of Agricultural Sciences (CAAS),

Mr Angel Gurría, Secretary General of the OECD,

Distinguished guests and members of the press,

Ladies and gentlemen,

This is the ninth collaborative outlook exercise between OECD and FAO.

The joint report has become a reference for medium-term projections and analysis of emerging issues expected to affect global commodity markets and agriculture over the next decade.

We are delighted to bring the release of this Outlook to Beijing this year. It is a fitting place to launch the report, as it contains a special chapter on the agricultural perspectives and challenges facing China.

I want to thank the Ministry of Agriculture, the Chinese Academy of Agricultural Sciences and its Agricultural Information Institute for their collaboration in this effort.

In this global outlook, the starting point for commodity prices has moved higher compared to last year.

Like last year's Outlook, this year's edition maintains the view that high commodity prices are likely to continue over the medium-term, with the ongoing risk of high volatility.



Consumer food price inflation appears to have stabilized, and while higher food prices have certainly impacted the poor, overall food demand remains strong, with continuing high per capita income growth in many developing countries.

Especially noteworthy is the real opportunity that exists for producers and for the rural economies of developing countries to respond to higher commodity prices.

Here is where our strategic interests must lie: in promoting increasing investments in agriculture and in the agri-food sector.

Rural economies require higher investments in infrastructure in order for market linkages to be improved, thus enabling small-scale producers to respond to better incentives.

Higher returns and incomes should facilitate such investment, but governments must also provide needed services and public goods.

At the farm level, reducing productivity and yield gaps would enable producers, particularly small producers, to take advantage of high prices, and to compete in both domestic and international markets.

But the Outlook anticipates that if there are no policy interventions to encourage innovation and investment, there will be a decline in the growth rates of both production and productivity indicators for developing countries.

We must create this enabling environment to improve supply response to the rise in global incentives.

High food prices are an incentive to increase production and we need to do our best to assure that poor farmers benefit from them. Let's not forget that 70 percent of the world's food insecure population lives in rural areas of developing countries and that many of them are small-scale and subsistence farmers themselves.

Moving on to our second point, I want to acknowledge the example of development which China has set and look at some challenges it faces.



The success of China's agriculture, as recorded in the Outlook, has been phenomenal.

Since 1978, agricultural production in volume terms has grown almost five fold.

FAO estimates that between 1990-92 and 2010-2012 China saw a decline of 100 million in its undernourished population. Just for the sake of comparison, worldwide the number of undernourished people fell by 132 million in the same period.

This has all been achieved despite relatively limited per capita natural resources.

Per capita land availability is about one half to one third of the global average. Per capita water availability is about one third to one quarter of the global average.

In 2013, China is likely to complete its 10th consecutive year increasing cereal production.

China will also continue to be the major net exporter of fish and fish products, with over 20 percent of global trade.

Despite its increase in food production, because of its sheer size China has also become one of the largest importers of agricultural products, particularly of oilseeds, absorbing almost half of the increase in global supply in the last decade.

It will account for almost 60 percent of global oilseed imports in the next decade.

The OECD-FAO outlook believes that China will increasingly engage in global markets, particularly for wheat, coarse grains, oilseeds, sugar, dairy products and cotton. But the Outlook envisages continued gradual increases in trade, and not a sudden and rapid change.

The reduction in land quality, depletion of water resources, shortages of labor in rural areas because of urbanization, and, in the longer term, climate change impacts, may lead to different future scenarios in which supply and trade could be increasingly sensitive to external shocks.

The Government of China is well aware of all these challenges. We are already working together and are happy to continue to do so in order to find viable and lasting solutions.

Finally, let me underscore, once more, the importance of continued collaboration on market intelligence, as with this Outlook and the Agricultural Market Information System (AMIS) set up by the G20.



Last year, when the US drought pushed maize prices up, AMIS played an important role to calm markets.

This goes to show that, globally, we need to be connected, so that decision-makers can coordinate action, and adapt to future challenges as they occur. Markets are increasingly integrated.

Enhanced market transparency, information flows, assessments of new developments and discussions of options are key to the governance of future food and agricultural systems.

Thank you for your attention.