



**6 June 2013**

## **World Agricultural Outlook Conference Opening speech**

Your Excellency, Mr Li Jiayang, Vice Minister of the Ministry of Agriculture and President of the Chinese Academy of Agricultural Sciences,

Your Excellency, Mr Chen Xiaohua, Vice Minister of Agriculture,

Mr. Angel Gurria, Secretary General of the OECD,

Mr. Zhang Hecheng, Mr Kenneth Ash,

Distinguished members of the podium, guests and participants,

A special welcome to two very good Chinese friends, Dr. Shenggen Fan, the Director-General of IFPRI, and Dr. Changchui He, former Deputy Director-General of FAO.

Ladies and gentlemen,

I would like to thank the Ministry of Agriculture, the Chinese Academy of Agricultural Sciences (CAAS), and especially its Agricultural Information Institute, for hosting this first-ever World Agricultural Outlook Conference in China.

The recent period of high and volatile commodity prices seem to have become the new normal in global markets and are reason enough to take an in depth look at the agricultural trends.



The **OECD-FAO Agricultural Outlook** has become the benchmark for global discussion of emerging issues, and I am happy that we are presenting it here in Beijing this year. It is the first time that the Outlook is launched by the Heads of OECD and FAO outside of our Headquarters.

The Outlook underscores how global agriculture is being transformed. After decades of being characterized by artificial policy-induced production surpluses in industrialized countries, it is now seen as more market driven, providing investment opportunities in developing countries, with more incentives for producers and higher incomes for rural communities.

Growth in production is indeed happening, mostly from developing countries, while trade is increasing among them, with firmer demand driven by rising incomes.

This said, however, production constraints are rising and threaten supply responses. Higher costs and tighter resource constraints are being faced by most countries, which are striving to maintain, let alone increase productivity growth.

The next decade may therefore prove more difficult than the last one, in terms of sustaining output growth. Without a significant increase in agricultural investment in developing countries, the world will continue to witness higher food prices and sluggish production growth.

Nowhere is this truer than in China itself.

China has sustained rapid growth since its reforms of the past 30 years. But the country also faces rising production constraints due to scarcity of land, water and now also rural labour.

Other countries in Asia are facing similar constraints, while growth in South America and Eastern Europe, the Russian Federation and central Asian countries can be expected to be more robust. The epicentre of agricultural production is clearly shifting from developed to developing countries.

Good policies can make a big difference and even change the course of expected trends. And as global food markets have become increasingly interdependent, the need to share information, insights and experience has become even more essential to inform decisions.

In collaboration with member countries, FAO is taking steps in the direction of continuously improving the information available and the capacity to share it.



In the past two years, FAO has worked closely with China to improve data, analysis, and understanding of the developments in Chinese and global food markets.

We have built a framework of collaboration that provides the means to communicate and share data and analysis of emerging trends and issues. This should contribute to enhancing the coordination of policy and action. We also hope to replicate this framework in other countries.

Also in the context of the Agricultural Market Information System (AMIS), which has been set up on the initiative of the G20 countries, we have come a long way in sharing data, information and expertise to better understand global agriculture as it is evolving in a challenging and rapidly changing environment.

The value of the exchange of information was seen last year when a drought in the United States affected maize exports and threatened to send food prices in an upward spiral.

Thanks to AMIS this did not happen. By increasing market transparency and facilitating policy coordination, AMIS helped to calm markets.

It is critical that we secure the inputs of accurate and timely market information from all countries to enhance market transparency and make good strategic and coherent policy decisions.

We look forward to the discussions in the next two days on important global issues, and those affecting China and the rest of the world.

We must strengthen our collaboration to improve the transparency of global markets and the functioning of food and agricultural systems for the benefit of all actors – producers, consumers, processors, traders and countries.

In FAO, we view China as a strategic and key partner, and hope we can count on the country's continuous support to achieve our goal of eradicating hunger and ensuring world food security and good nutrition in a sustainable and environment-friendly manner.

Thank you for your kind attention.