

food outlook

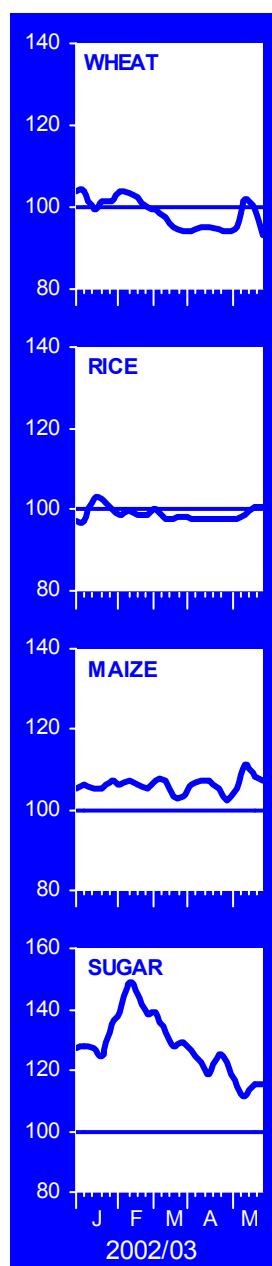
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highlights

EXPORT PRICES

(July 2002=100)



FAO's latest forecast for global cereal production in 2003 and the first forecast for utilization in 2003/04 indicate that output will remain below the expected level of utilization and stocks will have to be drawn down again in 2004 for the fourth consecutive year.

FAO's forecast for global cereal output in 2003 has been revised upward to 1 914 million tonnes, some 4 percent up from the previous year's below-average level. Growth in wheat output will be less than expected in the previous report but the forecasts for coarse grains and rice have risen.

World cereal utilization in 2003/04 is forecast to increase by about 1.4 percent to 1 981 million tonnes. Cereal food consumption is likely to keep pace with population growth and feed use is expected to increase modestly, mainly on the expectation of a strong production rebound in several developed countries.

FAO's first forecast of global trade in cereals in 2003/04 stands at 231 million tonnes, some 8 million tonnes down from the estimated volume in 2002/03. Trade in nearly all major cereals is expected to decrease with the most significant decline projected for wheat.

International prices for most cereals have firmed in the past two months, but the outlook for the coming months is mixed. While wheat markets could weaken, maize prices are expected to remain mostly stable, while rice prices could increase.

Global cassava production is forecast to increase in 2003 and trade could also expand. International cassava prices have continued strengthening, reflecting buoyant demand in China.

The slow-down in price growth observed in the oilseed complex in recent months is expected to be short-lived; the fundamentals for the season as a whole suggest that the growth in global supplies is expected to fall short of the anticipated rise in global demand, thus inducing prices to strengthen further.

Global production of pulses in 2003 is forecast to grow by 2 percent from last year, with expected sharp increases in some major exporting countries. This is anticipated to exert downward pressure on the prices of most tradable pulses towards the end of the year.

Several record late-season sugar crops have led to larger global output in 2002/03 than earlier expected and may keep prices under downward pressure in the near term.



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BASIC FACTS OF THE WORLD CEREAL SITUATION

	1999/2000	2000/2001	2001/2002	2002/2003 estimate	2003/2004 forecast	Change 2003/04 over 2002/2003
WORLD PRODUCTION ^{1/}	(..... million tonnes					(percentage)
Wheat	592.0	586.7	589.1	572.3	584.3	2.1
Coarse grains	887.6	874.2	917.6	878.4	933.7	6.3
Rice, milled	409.1	403.4	400.1	386.6	395.7	2.4
(paddy)	(611.2)	(603.3)	(598.6)	(578.7)	(592.5)	2.4
All cereals (incl. milled rice)	1 888.6	1 864.3	1 906.8	1 837.3	1 913.7	4.2
Developing countries	1 040.6	1 009.8	1 026.8	1 005.0	1 028.2	2.3
Developed countries	848.0	854.6	880.1	832.3	885.5	6.4
WORLD TRADE ^{2/}						
Wheat	110.7	101.1	109.6	105.6	100.0	-5.4
Coarse grains	101.8	107.7	107.3	106.5	105.0	-1.4
Rice (milled)	23.2	24.1	28.1	27.1	26.0	-4.1
All cereals	235.6	233.0	245.0	239.2	231.0	-3.4
of which: Food aid shipments ^{3/}	10.6	8.9	7.4	8.0		
WORLD UTILIZATION						
Wheat	595.9	601.0	608.8	615.8	620.1	0.7
Coarse grains	898.4	910.5	933.3	925.2	944.8	2.1
Rice (milled)	400.6	406.8	411.9	414.3	416.6	0.5
All cereals	1 894.9	1 918.4	1 954.1	1 955.3	1 981.5	1.3
Developing countries	1 157.1	1 167.2	1 190.5	1 193.2	1 210.6	1.5
Developed countries	737.8	751.2	763.6	762.1	770.8	1.1
Per Caput Food Use	(..... kg/year					
Developing countries	167.0	166.1	166.7	165.9	166.2	0.2
Developed countries	132.7	133.5	133.1	132.9	132.8	-0.1
WORLD STOCKS ^{4/}	(..... million tonnes					
Wheat	257.5	243.3	224.1	178.8	141.9	-20.6
Coarse grains	259.4	224.7	205.0	166.8	153.8	-7.8
Rice (milled)	168.1	164.8	150.3	122.2	103.3	-15.5
All cereals	685.0	632.7	579.4	467.8	399.0	-14.7
Developing countries	520.3	472.2	412.1	327.8	252.6	-23.0
Developed countries	164.7	160.5	167.3	140.0	146.4	4.6
EXPORT PRICES ^{3/}	(..... US\$/tonne					
Rice (Thai, 100%, 2nd grade) ^{1/}	253	207	177	197	200 ^{5/}	-0.5 ^{6/}
Wheat (U.S. No.2 HRW)	112	128	127	163 ^{7/}		29.0 ^{6/}
Maize (U.S. No.2 Yellow)	91	86	90	107 ^{7/}		18.8 ^{6/}
OCEAN FREIGHT RATES ^{3/}						
From U.S. Gulf to Egypt	13.7	15.0	15.0	16.3 ^{7/}		8.5 ^{6/}
LOW-INCOME FOOD-DEFICIT COUNTRIES ^{8/}	(..... million tonnes					
Roots & tubers production ^{1/}	437.1	448.7	442.6	453.0	458.1	1.1
Cereal production (milled rice) ^{1/}	816.9	777.5	783.2	771.7	778.7	0.9
Per caput production (kg.) ^{9/}	217.4	204.6	203.6	198.0	197.2	-0.4
Cereal imports ^{2/}	75.4	73.4	79.7	79.7	79.1	-0.8
of which: Food aid deliveries ^{3/}	7.2	7.8	6.3	6.8		
Proportion of cereal import covered by food aid	(..... percentage					
	9.6	10.6	7.9	8.5		

Source: FAO

Note: Totals and percentages computed from unrounded data.

^{1/} Data refer to the calendar year of the first year shown. ^{2/} For wheat and coarse grains, trade refers to exports based on the July/June marketing season. For rice, trade refers to exports based on the calendar year of the second year shown. ^{3/} July/June. ^{4/} Stock data are based on an aggregate of individual country carryovers at the end of national crop years and, therefore, do not represent world stock levels at any point in time. ^{5/} Average of quotations for January-May 2003. ^{6/} Change from the corresponding period of the previous year, for which figures are not shown. ^{7/} Average of quotations for July 2002-May 2003. ^{8/} Food deficit countries with per caput income below the level used by the World Bank to determine eligibility for IDA assistance (i.e. US\$1 445 in 2000). ^{9/} Including milled rice.

Cereals

Supply/Demand Roundup

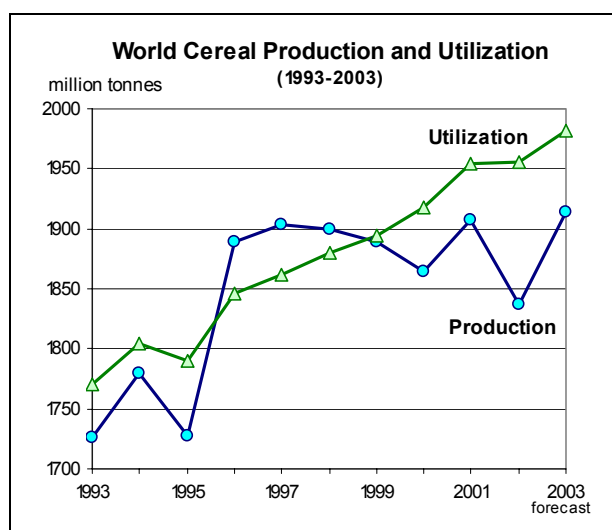
GLOBAL OUTLOOK ^{1/}		
Wheat	2002/03	2003/04
Production	▼	▲
Trade	▼	▼
Stocks	▼	▼
Prices	▲	▼
Coarse Grains		
Production	▼	▲
Trade	▼	▼
Stocks	▼	▼
Prices	▲	●
Rice		
Production	▼	▲
Trade	▼	▼
Stocks	▼	▼
Prices	▲	--

● stable ▲ up ▼ down -- not available

These signs refer only to the direction of change from the previous season.

^{1/} Production refers to the first year; stocks refer to crop seasons ending in the second year; trade and prices for wheat and coarse grains refer to July/June and for rice refer to the second year.

Latest information points to a global cereal output of 1 914 million tonnes (including rice in milled equivalent) in 2003, considerably more than forecast in April and some 4 percent up from the previous year's below-average level. The upward revision is mostly a result of better prospects for coarse grains, as the outlook for wheat deteriorated and early indications for rice remain



little changed since the last report. However, with consumption expected to rise relatively strongly, the new 2003/04 marketing season looks set to witness a further significant drawdown in global cereal stocks for the fourth consecutive year. However, lower world import demand coupled with an expected recovery in production in a number of major exporting countries could, to some extent, mitigate the negative impact of smaller global supplies on international prices.

Growth in 2003 wheat output less than earlier expected but forecasts for coarse grains and rice are raised

The forecast for world **wheat** production in 2003 has been reduced since the previous report in April, by 7 million tonnes, to 584 million tonnes, mostly on account of indications that the winter crops in the eastern part of Europe have been severely affected by harsh winter conditions. However, at the forecast level, this would nevertheless be 2 percent above the previous year's poor crop, although below the average of the past five years. At the regional level, output is forecast to rebound strongly in North America and Oceania. In Africa, improved rainfall this season in the main wheat producing countries in North Africa, after several dry years, looks likely to result in the largest crops there since 1998. In South America, better weather conditions also are largely behind this year's improved prospects, although in this case due to a return to normal precipitation after excessive rainfall last year, particularly in Argentina. In the other regions, smaller crops are expected this year. In Asia, a forecast 2 percent decrease in this year's output is largely accounted for by China and India, where a combination of dry conditions and policy measures have caused area reductions, and Kazakhstan, where adverse weather affected crops during the winter. Also in Europe, a particularly harsh winter in the central and eastern parts of the region is responsible for sharp drops in production expected in several countries, in particular the Russian Federation and Ukraine. In Central America, a smaller wheat crop is forecast in Mexico due to insufficient rainfall during the growing season.

The forecast for global **coarse grains** output in 2003 has been revised up significantly since April to nearly 934 million tonnes. As in the case of wheat, the year-on-year increase would be largely due to an expected recovery in production in North America and Oceania following last year's drought-reduced crops. However, output is also set to rise sharply in South America, where Brazil has gathered a bumper maize crop. Coarse grain production may also rise somewhat in Europe as a result of an increase in the spring grain sowings in some eastern countries, to offset the winter crop losses. Elsewhere, in Asia, Africa and Central America the coarse grains output is forecast to remain relatively unchanged in 2003.

In the southern hemisphere and along the equatorial belt, the 2003 main **paddy** season is nearing completion, while in the northern hemisphere the bulk of the crop is yet to be planted pending the arrival of Monsoon rains in Asia. Based on the harvest results in the southern hemisphere so far, and the early indications of planting intentions in the northern hemisphere, overall global rice output in 2003 is forecast at 396 million tonnes (592 million tonnes in paddy terms), 2 percent higher than the previous year's reduced level. However, this figure is still highly tentative, since the final outcome will depend largely on the timing, extent and distribution of the Asian monsoon rainfall, which has an important bearing on the global outcome.

World Cereal Utilization could expand faster in 2003/04

Preliminary indications for world cereal utilization in 2003/04 point to a possible increase of around 1.3 percent to 1 981 million tonnes. Cereal food consumption is likely to keep pace with population growth and feed use is expected to show an increase of around 1.6 percent, mainly on expectation of a strong production rebound in several developed countries. Implications for demand surrounding a possible slow-down in the global economy compounded by potentially negative impacts of Severe Acute Respiratory Syndrome (SARS), render forecasting utilization at this early stage more uncertain than usual.

World cereal utilization in the current 2002/03 season is forecast at 1 955 million tonnes, nearly unchanged from the 2001/02 level and slightly below trend. The latest forecast is also 8 million tonnes more than reported in April, mainly reflecting upward adjustments to feed use in China and in the United States. An emerging feature in 2002/03 has been the sudden increase in global feed wheat use, driven by large supplies in the CIS and more competitive wheat export prices relative to coarse grains. Nevertheless total feed use of cereals is anticipated to contract by 1.1 percent in 2002/03 as sharp declines in North America are likely to more than offset expected expansions in Asia and Latin America and the Caribbean. Direct human consumption of cereals is expected to grow sufficiently to maintain per caput food consumption levels close to the previous year's. In the Low-Income Food-Deficit Countries (LIFDCs), cereal food consumption is forecast to stay stable within a 167-168 kilogram range.

Further contraction in world cereal stocks is expected in 2004

Early indications for global cereal stocks in 2003/04 point to a significant draw down for the fourth consecutive season. World cereal stocks at the end of countries' marketing seasons in 2004 are tentatively put at 399 million tonnes, some 69 million tonnes, or 15 percent, below their opening levels. Although a bigger

global production is expected in 2003, the projected total cereal utilization in 2003/04 would still exceed the anticipated production, thus necessitating another significant release of stocks. As in the previous seasons, China would account for the bulk of the reduction in world stocks.

World Cereal Production, Supplies, Trade and Stocks

	2001/02	2002/03 estimate	2003/04 forecast
	(. million tonnes)		
Production <u>1/</u>	1 907	1 837	1 914
Wheat	589	572	584
Coarse grains	918	878	934
Rice (milled)	400	387	396
Supply <u>2/</u>	2 540	2 417	2 381
Utilization	1 954	1 955	1 981
Trade <u>3/</u>	245	239	231
Ending Stocks <u>4/</u>	579	468	399

Source: FAO

- 1/ Data refer to calendar year of the first year shown. Rice in milled equivalent.
- 2/ Production plus opening stocks.
- 3/ July/June basis for wheat and coarse grains and calendar year (second year shown) for rice.
- 4/ May not equal the difference between supply and utilization due to differences in individual country marketing years.

Early prospects for cereal trade in 2003/04 point to a significant decline

FAO's first forecast of the global trade in cereals in 2003/04 stands at 231 million tonnes, which would represent a 3.5 percent contraction compared to 2002/03. It is expected that trade in nearly all major cereals will decrease in the new season with the most significant decline projected for wheat. Some of the expected contraction in world trade will be caused by smaller imports by developing countries, but the bulk of the decrease would come from the developed countries, with their purchases falling back to more normal levels after two years of above-average imports. Total cereal imports by the Low-Income Food-Deficit Countries (LIFDC) are forecast to remain close to the estimated imports in 2002/03 of around 80 million tonnes.

Cereal prices generally firm but the outlook is mixed

International prices of most cereals remained generally firm since the last report in April but the outlook for the coming months is mixed. For **wheat**, exportable availabilities among non-traditional exporters are forecast to drop. However, favourable crop prospects among major exporters, coupled with the forecast contraction in world import demand in 2003/04, could put prices under downward pressure in the coming months. For **maize**, with an anticipated sharp decline

in maize exports and stocks in China and much smaller feed wheat supplies in world markets, the 2003/04 global supply and demand for coarse grains, maize in particular, seems fairly balanced, and international prices are expected to remain close to this year's levels. Tentatively, prospects for international **rice** prices over the coming months point to some increases, since supplies available for export have come under pressure in the face of a resurgence in international demand, particularly by Brazil and some countries in Africa. However, beyond this period, the price outlook will be influenced by the status of paddy crops in northern hemisphere countries. However, given the limited supply available in stocks world-wide, the impact of any adverse paddy growing conditions could have a particularly strong effect on international rice quotations.

Current Production and Crop Prospects

Position by Region

- **Asia**

Far East: Harvesting of the 2003 **wheat** crop is already underway in some parts of the region and soon to start in others. Production is expected to be down this year throughout the region. In China, the wheat area planted last autumn fell for the fifth consecutive year, largely due to policy measures to reduce wheat production and drawdown stocks built up in the late 1990s but also reflecting a shift to more profitable non-cereal crops and dry conditions in northern China. Cooler than normal spring temperatures have negatively affected wheat quality and the harvest will likely be delayed but yields are expected to be close to last year's above-average level. The country's wheat output in 2003 is now forecast at just over 87 million tonnes, about 5 percent below last year and 14 percent below the average of the past five years. Although overall wheat area has been dropping, the percent of high quality varieties has been significantly increased from virtually nil five years ago to more than 25 percent this year because of the Government grain policies. In India, the 2003 wheat crops is forecast has been revised upward since the last report to just over 70 million tonnes. The impact of moisture-stress on wheat production in some wheat growing states was less severe than earlier anticipated. However, at this level, output would still be 2.2 percent lower than the previous year, mostly due to the smaller area planted. The latest official forecast for Pakistan's wheat harvest in 2003 stands at 20.6 million tonnes, nearly 5 percent up from 2002 and 5.6 percent above the average of the past 5 years, reflecting generally favourable weather earlier in the season and higher use of fertilizer. However, some recent dry summer winds in southern parts of Punjab province, which produces over 80 percent of the country's output, are reported to have caused some significant damage to the wheat crop and the yield in this area may be reduced, which will likely lead to some downward revision of the country's wheat

forecast as the full extent of the damage becomes clear.

Planting of 2003 main season **coarse grain** crops is underway or about to start in the main producing countries. In India, normal monsoon rains are expected to begin at the end of May and coarse grains plantings are anticipated to rise to a record level of 6.9 million hectares. In contrast, China's planted area for 2003 is estimated to be 5 percent lower than last year. A large reduction in maize area was partly due to the new support policy to soybeans in Northeast China and eastern Inner Mongolian, the major soybean and maize producing regions in the country. In addition, a severe drought since April has affected millions of hectares of farmland in China's northeast producing area. Rainfall in some counties has declined by as much as 70 percent compared to last year and if the drought continues in June, this year's maize yield will be significantly affected in these parts.

For those countries situated in the southern hemisphere and around the equatorial belt, the 2003 main **paddy** season is about to be concluded, but for the remainder of Asia, the season is just about to begin with the imminent arrival of the monsoon rains.

In Indonesia, harvesting of the main-season rice crop is nearing completion and planting of the secondary crop will commence thereafter. Contrasting weather extremes at the beginning of the rice season resulted in some losses to the main crop, but officials are still forecasting overall 2003 paddy production in the order of 51.4 million tonnes, matching the previous season's output. Reflecting excellent growing conditions that have boosted yields, paddy output in Malaysia is forecast to increase by 15 percent to a record of 2.4 million tonnes in 2003. Similarly, a bumper Maha paddy crop was recently harvested in Sri Lanka. However, reports of severe flooding problems in May have dampened the prospects for the second Yala crop just planted. The aggregate output forecast of the two crops remains at 2.9 million tonnes, slightly above last year. In the northern hemisphere, the long-term decline in paddy output in China (mainland) shows no signs of abating, with production forecast to fall by 2 percent from 2002 to 171.1 million tonnes. The contraction, which began in 1998, has been mostly policy-induced, with early-rice and late-rice crops bearing most of the brunt of reform. However, flooding problems, which hit Southern states in May might imply further cuts in the production outlook. Output is also forecast to decline in the Chinese Province of Taiwan, reflecting drought during planting and falling domestic prices. Most other countries in the region are anticipated to harvest somewhat larger crops, after the setbacks many of them experienced last year. In Bangladesh, harvesting of the country's last 2002 crop - the mostly irrigated 'boro' crop - has been completed, while planting of the first 2003 Aus crop is underway. More modest growth in output is expected this season than the exceptional 8.5 percent of last year. Nonetheless, assuming good growing conditions and

FOOD EMERGENCIES PERSIST IN MANY COUNTRIES ^{1/}

As of early June 2003, some 37 countries face serious food shortages requiring international food assistance.

In **eastern Africa**, recent heavy rains and floods in parts of Kenya, Ethiopia and Somalia killed a number of people, displaced thousands, destroyed or damaged crops and increased the risk of serious food shortages. In Eritrea, more food aid pledges and faster deliveries are needed to relieve the severe food shortages affecting nearly two-thirds of the country's population due to drought last year. In Ethiopia, serious food shortages continue to be reported, particularly in southern parts also due to last year's drought. Floods have also affected tens of thousands of people in the south and east. In Kenya, heavy rains and floods have caused serious damage in parts, while the effects of recent droughts are still being felt in many areas. In Somalia, flooding in the Juba and Shabelle river basins in the south is threatening the food security of the local populations. In the north-west (Somaliland) and north-east (Puntland), severe water and food shortages are being reported. In Sudan, serious food shortages are reported in several parts and cereal prices, particularly for sorghum, are higher than normal at this time of the year. In Tanzania, despite a stable overall food supply situation, the outlook is unfavourable for the central, southern and coastal areas. In Uganda, the overall food supply situation is stable, but it is precarious in the north and north-east due to persisting insurgency and poor harvests in recent seasons. In Burundi, displacement of rural populations continues despite promising political developments. In **southern Africa**, the food crisis has eased with the new harvest, which is better than last year but still below average. A large number of people in Zimbabwe will still need emergency food assistance. Food aid will also be needed for victims of HIV/AIDS and localized drought in Lesotho, Mozambique, Malawi, Swaziland and Zambia. Elsewhere in the subregion, emergency food assistance is still needed in Angola, despite the end of the civil war that spanned almost three decades. In Madagascar, emergency food aid is needed in the southern provinces which have been affected by drought. Reports of joint FAO/WFP Crop and Food Supply Assessment Missions to southern Africa detailing the food security situation and food assistance needs in 2003/04 are to be published in early June. In **western Africa**, the food situation remains critical in Mauritania where an estimated 420 000 people need emergency food assistance following three consecutive poor harvests. Liberia, Guinea, Cape Verde, Côte d'Ivoire and Sierra Leone also face serious food shortages, mainly due to civil strife. In **central Africa**, civil wars in the Republic of Congo, Central African Republic and Democratic Republic of Congo have displaced large and growing numbers of people who need emergency food assistance.

In **Asia**, Korea, DPR is still unable to meet its food needs, notwithstanding an improved harvest in 2002/03. The country is facing a shortage of over 2 million tonnes of grain this year. In southern Sri Lanka, floods have affected over 100 000 families and caused loss of life and considerable damage to property and agriculture. This is the worst flooding in these provinces since 1947. Mongolia continues to need international food assistance for nearly 665 000 people who were seriously affected by drought and extreme winter weather last year. In **Asian CIS**, food assistance continues to be needed for vulnerable populations in Georgia and Tajikistan due to poor harvests in recent years. In the **Near East**, despite favourable harvest prospects in Afghanistan this year, access to food for a large part of the population is very difficult and food assistance is therefore necessary. In Iraq, despite favourable weather conditions this year, harvest prospects are generally uncertain due to insecurity following the recent war. A serious shortage of inputs and spare parts for agricultural machinery continues to constrain food production. The food situation in the West Bank and Gaza Strip continues to be grim due to disruptions caused by military operations.

In **Central America and the Caribbean**, food assistance is being provided to many rural families, particularly to women and malnourished children, in El Salvador, Guatemala, Honduras and Nicaragua affected by drastic falls in incomes due to the current crisis in the coffee sector. In **Europe**, emergency food assistance continues to be necessary for refugees, the internally displaced and vulnerable populations in the Serbia and Montenegro and in Chechnya in the Russian Federation.

^{1/} This updates information published in the March 2003 issue of Foodcrops and Shortages. Countries facing serious food emergencies are underlined.

continued efforts to improve the distribution and application of inputs, paddy output could reach 39.6 million tonnes, 100 000 tonnes more than in 2002.

In India, the official production estimate for 2002 has been revised down by a further 1 million tonnes since the last report, to 115.4 million tonnes. The revision follows a firmer assessment by the Indian authorities of the effects of the irregular rainfall pattern on the main Kharif and secondary Rabi crops that particularly affected the northern rice growing states. As for the new season, planting of the Karif main paddy crop will not start before the arrival of the Southwest Monsoon in June. Predictions by India's weather office that monsoon rains could reach only 96 percent of the long-term average do not preclude some recovery in output, especially if distribution of rainfall is favourable. Thus, FAO's provisional forecast for 2003 shows a 16 percent increase in production to 130 million tonnes, but this would still be substantially below the record harvest of 139.6 million tonnes in 2001.

The 2003 paddy outlook for Pakistan appears promising. Despite some concerns at the beginning of the season over irrigated water availabilities, ample precipitation in recent months and high domestic prices are expected to bring about a sharp expansion in rice area. Barring a recurrence of poor monsoon rains, paddy output is expected to increase by 12 percent to 7.1 million tonnes in 2003, which would mark a return to a 'normal' level of output in the country. In the Philippines, planting of the main season crop is likely to be concluded in June. Officials have targeted almost half of the country's rice area with hybrid and certified seed varieties, which, along with more favourable weather conditions, could boost paddy production by 2 percent over last year's bumper crop to 13.5 million tonnes. In Thailand, preparations for the 2003 main-season crop are underway. Officials in the country are anticipating a strong recovery in the main crop production from the previous year's flood-hit level to 27 million tonnes, which, if materialized, would stand as a record for the country. In Viet Nam, harvesting of the country's first 2003, winter/spring, crop - is nearing completion; while the second, summer/autumn, crop is being planted. The Lua Mua (10th month) rice crop season will only commence after the annual monsoon rains reach the country, normally in June. Despite a shift of marginal lands out of rice cultivation, particularly in the Mekong Delta region, and drought in highland and southern coastal areas, growing conditions for the first crop have been favourable. FAO's preliminary forecast for the country's paddy production in 2003 stands at 34.2 million tonnes, slightly above the output of last year.

As part of its ongoing policy reform aimed at expanding paddy production and exports, the Government of Myanmar has recently announced a partial

liberalization of the country's rice sector. Under a new directive, farmers are no longer required to sell a percentage of their output to authorities at below market prices. Therefore, in the absence of adverse growing conditions, paddy output in 2003 is forecast at 23.5 million tonnes, 3 percent higher than last season's record crop.

In Japan, planting of the new season's rice crop has started. Under the country's rice production adjustment programme, which aims to curb rice surpluses through area cuts, output in 2003 could fall for the third consecutive year to 10.9 million tonnes.

Likewise in the Republic of Korea, production-restrictive measures to enhance the quality rather than quantity of rice produced are in force. Authorities have targeted a 5 percent rice area reduction, providing direct payments to those farmers registered under the programme. A proposal was also made to cut official procurement prices by 2 percent. If passed, this would be the first decline in support prices since their introduction. In spite of these measures, 2003 production is forecast to increase slightly over the weather-hit crop of the previous year.

Near East: Weather conditions in most countries in the region have been favourable for the 2003 cereal production. In Turkey, Syria and Jordan an average to above-average production is projected due to adequate precipitation during the growing season. Similarly, in Iraq, favourable weather conditions have resulted in good yield prospects for the cereal crops (mainly wheat), which are now being harvested. However, some damage to crops is expected to have resulted from the recent war. An FAO/WFP Crop and Food Supply Assessment Mission is planned to visit the country as soon as the security situation permits. The Islamic Republic of Iran is expected to have another good wheat crop year and wheat output is forecast at 12.5 million tonnes reflecting strong wheat prices and good rainfall in the country except in western-producing regions with dryness.

Paddy output in the region is forecast to rebound strongly in those countries that were affected by drought in the past three years, reflecting heavy precipitation that helped them reconstitute water reserves. For instance in the Islamic Republic of Iran, attractive support prices are expected to stimulate an increase in the paddy area and improve the application of inputs, which, combined, could boost production by 4 percent. Officials in Azerbaijan are anticipating a paddy crop 25 percent larger than the previous year's harvest, boosted by good rainfall. Similarly, in Uzbekistan, the authorities are predicting paddy production in the order of 280 000 tonnes, more than 100 000 tonnes above 2002 output.

World Cereal Production

	Wheat		Coarse grains		Rice (paddy)		Total	
	2002	2003 forecast	2002	2003 forecast	2002	2003 forecast	2002	2003 forecast
	(..... million tonnes)							
Asia	255.0	249.9	211.5	212.4	524.4	539.4	991.0	1 001.7
Africa	16.7	18.5	82.4	82.7	17.9	18.2	116.9	119.5
Central America	3.3	3.0	28.5	29.0	2.3	2.4	34.1	34.4
South America	18.0	21.1	64.3	72.1	19.8	19.7	102.2	112.9
North America	59.7	82.2	264.9	305.9	9.6	9.0	334.2	397.1
Europe	209.9	185.0	219.2	221.2	3.2	3.3	432.3	409.6
Oceania	9.7	24.6	7.6	10.3	1.3	0.4	18.7	35.3
WORLD	572.3	584.3	878.4	933.7	578.7	592.5	2 029.4	2 110.4
					(387)1/	(396)1/	(1 837)2/	(1 914)2/
Developing countries	265.5	267.7	370.9	381.9	553.0	568.2	1 189.4	1 217.8
Developed countries	306.8	316.6	507.5	551.8	25.7	24.2	840.0	892.6

Source: FAO 1/ Milled rice. 2/ Including milled rice.

Note: Totals computed from unrounded data.

CIS in Asia: FAO forecasts the aggregate 2003 cereal harvest of the CIS countries in Asia at 26.4 million tonnes, which would be some 11 percent below the harvest last year. Of the total, **wheat** is forecast to account for 21.4 million tonnes, about 2.6 million tonnes less than last year's output. The wheat harvest in Kazakhstan, the main producer in the region, is now forecast at 10.8 million tonnes compared with 12.6 million tonnes in 2002. Wheat production is also set to decline in Azerbaijan, Armenia and the Kyrgyz Republic. The main reason for the expected production declines has been the severe winter in Kazakhstan, Kyrgyzstan, Armenia and Azerbaijan as well as floods in the latter country. Aggregate output of **coarse grains** in the region is forecast at 4.6 million tonnes, which would be some 9 percent lower than the harvest in 2002. The decline in coarse grains output is mainly due to frost in Kazakhstan, where the barley crop was affected and is seen to decline to 1.9 million tonnes compared with 2.2 million tonnes last year. The maize harvest is forecast at about 1.5 million tonnes, which is similar to the harvest in 2002.

- **Africa**

Northern Africa: Normal to abundant rains have benefited planting and development of the 2003 winter crops virtually all over the subregion. Harvesting of the **wheat** crop has started somewhat earlier in every country under favourable weather conditions. Aggregate wheat output is tentatively forecast to be near record at 14.2 million tonnes, well above the average of 12.1 million tonnes of the past 5 years. In Algeria, production of wheat is expected to increase by more than 45 percent with respect to last year's average crop of 1.5 million tonnes. In Tunisia output should almost triple from the 2002 drought-affected crop, when production was a low 423 000 tonnes, well below the 5-year average of 1 million tonnes. Another large increase in wheat production is anticipated in

Morocco, where output should be about 4 million tonnes, compared to 3.3 million tonnes the year before and the five-year average of 2.9 million tonnes. In Egypt, production should be about 6.6 million tonnes, close to the previous year's average level.

Production of **coarse grains** in the subregion is also expected to increase from last year's about-average crop of 10.1 million tonnes to some 10.7 million tonnes. In Egypt, **rice** continues to be a profitable crop for producers. Although area remains subject to ceilings given constraints on water availability, these are generally not enforced. Hence, paddy production is forecast at 6 million tonnes, similar to last season's record outcome.

Western Africa: the rainy season is starting in the south of the countries of the Sahel, allowing land preparation and planting of **coarse grains**. In the coastal countries along the Gulf of Guinea, the first rains were received in early March in southern parts and permitted planting of the first maize crop. In the north, recently planted coarse grains are emerging. Crop production should increase further in Sierra Leone reflecting an improved security situation, while agriculture activities remain hampered by civil disturbances in several areas in Liberia and Côte d'Ivoire.

Planting of the 2003 **paddy** crop is underway in several countries in western Africa, which is being supported by the timely arrival of the rainy season, but uncertainties still surround planting intentions in the region. In Nigeria, in a bid to reduce dependency on imported rice, the Government has established a national rice security taskforce, aimed at promoting the adoption of the hybrid Nerica rice in addition to other measures to boost production and to enhance rice processing and storage. Accordingly, paddy production in the country is expected to rise to 3.5 million tonnes,

an increase of 4 percent over the preceding year. Similarly, in Ghana, investments in the country's rice sector are enhancing rice self-sufficiency. Barring adverse growing conditions, production is foreseen to surpass last year's bumper production of 280 000 tonnes.

For other countries in the subregion, the area under rice is forecast to increase in Benin, Burkina Faso and Guinea, boosting production in these countries to record levels if normal weather conditions prevail. By contrast, civil conflicts are occurring in several other rice producing countries, especially Cote D'Ivoire and Liberia which continue to disrupt rice cultivation.

Central Africa: In central Africa, planting of **coarse grains** is progressing satisfactorily in Cameroon. Despite recent improvements in the security situation, agriculture activities remain hampered by civil disturbances in the Republic of Congo and Central Africa Republic.

Eastern Africa: Harvesting of the 2003 **wheat** crop is just completed in Sudan. Output is estimated at about 309 000 tonnes, 25 percent above the previous year's crop. In Ethiopia and Kenya, some beneficial rains in April and May have improved the rather uncertain outlook due to the delayed rains earlier in the year. However, the rainfall situation in the next few months will determine the final outcome later in the year.

Planting of the 2003 main season **coarse grains** is underway or about to start in several countries in the subregion. Early prospects are uncertain due to a combination of delayed onset of rains and excessive rains and flooding in several countries of the region. Cumulative rainfall from January to April was below normal, particularly in Ethiopia, Kenya and Uganda. In Kenya, planting of the main season crops was delayed in parts due to late onset of rains which may affect yields. Furthermore, recent heavy rains and flash floods in several areas have submerged tens of thousands of hectares of agricultural land and have displaced large number of people. In Uganda, land preparation and planting of the 2003 main season coarse grains have been delayed due to below normal rains in February and March. Escalation of conflict in northern parts of the country has also continued to displace large number of people. In Somalia, despite a good start to the main "gu" rainy season in March, heavy rains in April and May, in both Somalia and in upstream Ethiopia, have caused localized flooding. However, water and pasture conditions have benefited, particularly some areas affected by earlier drought. In Ethiopia, planting of the 2003 secondary "belg" season crops has commenced in several locations following some rains in March. In Sudan and Eritrea, the planting of 2003 main season crop is due to start in June.

Southern Africa: Planting of the 2003 **wheat** crop is about to start and early indications point to a reduction in area. In South Africa, which accounts for over 80 percent of the subregion's production, planting

intentions point to an area of 841 000 hectares, 11 percent lower than in 2002 reflecting lower prices. In Zimbabwe, the area planted to wheat is anticipated to be reduced further from the below-average level last year as a result of land reform activities. FAO's estimate of the subregion's aggregate production of wheat in 2002 indicate an average output of 2.5 million tonnes.

Harvesting of the 2003 **coarse grains** is well advanced. Prospects for the subregion's aggregate output are favourable. Despite a delay to the start of the rains and erratic precipitation in the first half of the season, abundant rains since mid-February generally improved crop conditions. FAO's latest forecast points to a harvest of 16.5 million tonnes, 5 percent above last year's level and about average. The main maize crop is put at 15.2 million tonnes, an increase of 4 percent from 2002. However, FAO's final production forecasts will be available upon completion of the ongoing FAO/WFP Crop and Food Supply Assessments in Angola, Lesotho, Malawi, Mozambique, Swaziland, Zambia and Zimbabwe. In South Africa, the largest producer in the subregion, coarse grains output is expected at 9.7 million tonnes, 8 percent lower than last year but still around the average of the past five years. By contrast, in Zimbabwe, affected by prolonged dry weather during the season and reduced plantings due to land reform activities, the coarse grain output is forecast at 1 million tonnes. Although at this level production is substantially above the poor harvest of 2002 it remains well below average for the third consecutive year. In Zambia, following abundant rains during the season and improved input distribution, production of coarse grains increased 61 percent from the poor level of last year to 1.1 million tonnes. In Mozambique, favourable weather in the main northern and central growing areas resulted in increased coarse grain output for the third consecutive year. However, in southern provinces the crop was sharply reduced by severe dry weather. In Malawi, following overall good rains and substantial increase in input distributions, official forecast point to a coarse grain production close to 2 million tonnes. This is 27 percent higher than in 2002 and about average. In Angola, a good 2003 coarse grain crop is expected reflecting adequate precipitation during the season and higher plantings following the end of the civil war. In Namibia, the latest official forecast indicates a coarse grain crop of 119 000 tonnes, sharply above last year's poor harvest and above average. In Lesotho and Swaziland, coarse grains outputs have recovered from the reduced harvests of the previous two years to about average levels.

The 2003 **paddy** season is nearing completion in southern Africa. In the subregion's principal producing countries of Madagascar and Mozambique, disruptive weather was reported in the first quarter of the year, including flooding associated with Typhoon Fari in Madagascar. However, latest reports indicate a general rise in output in all producing areas, especially in the province of Antananarivo. As a result, FAO has

raised its estimate of production for the country by 200 000 tonnes to 2.8 million tonnes. In Mozambique, precipitation from tropical cyclone Japhet, which hit southern districts early in March, might have eased the problems caused by insufficient and erratic rains in those parts of the country. Consequently, paddy production is forecast at 180 000 tonnes, slightly higher than last year's level.

- **Central America and the Caribbean**

Harvesting of the 2003 irrigated wheat crop in Mexico, continues under generally dry weather conditions. Harvest is expected to be completed by end-June and output is tentatively forecast to decrease some 10 percent from the 3.3 million tonnes average of the past 5 years. The decline has been due to inadequate water reservoir levels at planting in the main producing states of Sinaloa and Sonora, enhanced by weeks of dry weather, during the development period, early in the year.

In Central America, planting of the 2003/04 coarse grain crops has started in El Salvador, Guatemala, Honduras and Nicaragua with the arrival of the first rains of the season. Average to above-average maize crops, the main cereal, were collected in 2002/03, and adequate stocks of planting seeds are reported for this year. In Mexico, normal to abundant rains are benefiting planting of the important spring/summer maize crop, currently underway, in the main producing states of Jalisco, México, Michoacán, Chiapas and Puebla. Slightly above-average plantings are intended, partly motivated by a Government price incentive programme to producers. Average yields are anticipated, provided a normal rainfall pattern persists. Planting of the sorghum crop is also underway in the main producing west central states of Guanajato, Jalisco and Michoacán (the so called "Bajío" zone). The area planted is tentatively forecast to decrease slightly from the average of the past 5 years, mainly as a result of farmers' decision to shift their sorghum area to the more profitable maize crop. In the Caribbean, in the Dominican Republic, normal rains in April have benefited the developing 2002/03 third season coarse grain crops, currently being harvested, and planting of the 2003/04 first season maize crop. The rains have been particularly beneficial in the north, the northwest and the eastern parts of the country. Maize output collected in 2002/03 is provisionally estimated at an above-average 42 000 tonnes. In Cuba, heavy rains throughout the country are reported in April, particularly in the far eastern provinces and in the central parts of the island. Planting of the 2003 first season maize crop has started. In Haiti, normal to above-normal rains are reported over most of the country, benefiting plantings of the 2003 first maize crop to be harvested from June.

The 2003 **paddy** season is underway in the region, but information on planting intentions is limited. A moderate recovery is anticipated for several countries in the region, notably Costa Rica and El Salvador that endured drought in the previous season. Planting of

the main crop is proceeding in the Dominican Republic under favourable weather conditions. Owing to continued Government support, the country is expected to build on last year's record harvest of 740 000 tonnes. Similarly in Mexico, production in 2003 is forecast to recover strongly from the previous year. To arrest the long-term decline in the rice sector, the Government has targeted a 23 percent area increase for the country's main paddy crop, providing incentives to farmers to realize the expansion.

- **South America**

Planting of the 2003 **wheat** is about to start in Argentina, where recent dry weather has helped improve soil conditions following weeks of intensive rains in some of the main producing areas. Plantings may only be a little higher than in 2002, but a significant increase in output is nevertheless expected with respect to last year, when the crop was largely reduced due to the lack of fertilizers. In Brazil, weather conditions are favouring planting of the 2003 wheat crop in the main southern producing states. Production is forecast to increase substantially with respect to 2002 crop. This would be the result of increased plantings motivated by attractive producer prices, the use of higher quality seeds and the support of the Government to the subsector in an effort to reduce the country's dependence on wheat imports. In Chile, planting of the 2003 wheat crop has started under generally dry weather conditions. Plantings are intended to be close to last year's slightly above-average level. In Uruguay, sowing of the 2003 wheat crop has just started under generally normal weather conditions. In the Andean countries, in Bolivia, harvesting of the summer wheat crop (planted in October/November 2002) has been completed in the main producing eastern department of Santa Cruz. Planting of the winter crop has just started under normal weather conditions. In Peru, the bulk of the sowing operations for the 2003 wheat crop have been completed. Above-average plantings, close to 2002 level, are provisionally estimated.

Harvesting of the 2003 **coarse grain** crop, principally maize, continues in Argentina. Heavy rains in the province of Cordoba, the largest grain producing province, as well as in Buenos Aires province disrupted harvesting operations in early May. Harvesting has resumed and some 75 percent of plantings had been harvested by mid-May. Production is tentatively forecast at about 15 million tonnes, just above the 14.7 million tonnes collected in 2002 but below the five-year average of 15.9 million tonnes. In Brazil, harvesting of the 2003 second season maize crop ("zafrihna") is underway. The outlook is good and a bumper crop is anticipated. Maize output for 2003 (first and second season crops) is officially forecast at a record 42.5 to 42.8 million tonnes. In Chile, harvesting of this year's maize crop is about to finish and an above-average output is expected, while, in Uruguay, harvesting has been completed and output is provisionally estimated at an average 190 000 tonnes. In the Andean

countries, in Bolivia, harvesting of the 2002/03 main season maize crop has been virtually completed while planting of the second season crop is about to start. An above-average output has been collected. In Ecuador, the bulk of the harvest operations of the 2003 yellow maize crop have started while those of the white maize crop are due to start from June. Dry weather at planting and the heavy rains and flooding earlier in the year, particularly in the coastal maize growing areas, have affected the 2003 yellow maize crop and a poor output is forecast. In Peru, harvesting of the 2003 white maize crop is nearly completed and the yellow maize harvest is underway. An above-average output is provisionally forecast. In Colombia, planting of the 2003 first (main) maize crop has started. The outlook is good, provided normal weather conditions prevail, and plantings, as well as expected yields, are anticipated to increase slightly from 2002 average level. In Venezuela, planting of the 2003 maize and sorghum crops is underway. Prospects are poor largely as a consequence of lack of fertilizers and quality seeds caused by financial constraints to farmers. The situation has been worsened due to dry weather conditions in the main growing areas.

Harvesting of the main-season **paddy** crops is drawing to conclusion in the subregion. The official harvest forecast in Argentina, points to a 7 percent increase in output this season to 760 000 tonnes, resulting from a partial recovery in plantings. However, prospects have been hindered by the late sowing of the crop, which is likely to negatively impact yields. In Brazil, strong competition from soybeans has brought about a small contraction in rice area. Despite rising domestic rice prices during the season, less than favourable weather resulted in disruption to the crop. Accordingly, officials have lowered the forecast for 2003 rice production since the last report by 500 000 tonnes to 10.6 million tonnes, similar to last year's outcome.

In Ecuador, irregular rainfall has hindered paddy crop development, leading to a delay in the harvest. Consequently, rice production is forecast to contract by more than 3 percent from the 2002 level. In Peru, the production outlook for the current season also points to a decline. Exceptionally low prices in the country resulted in reduced plantings. Moreover, below normal temperatures in northern parts are likely to have depressed yields. These factors could contribute to a 6 percent decline in 2003 output. Similarly, in Uruguay, yields are reported to have been adversely affected by spells of cold weather during the planting and early maturation stages of the crop. As a result, production in the country is forecast to fall to an 8-year low of 900 000 tonnes.

Prospects for the 2003 season in Venezuela have deteriorated. Economic instability, compounded by a serious drought, has lowered the paddy forecast for the country to 550 000 tonnes, which, as well as being 14 percent below last season's outcome, would stand as the lowest production level since 1990. Harvesting of the 2003 main paddy crop is underway in Guyana.

Despite a prolonged dry spell and a pest outbreak during the growing season, estimated larger plantings are expected to give rise to an output of 490 000 tonnes, about 10 percent higher than the previous year. The 2003 paddy outlook for Colombia likewise appears promising. Improved access to credit and higher profitability in the rice sector could lead to a record output in the new season.

- **North America**

In the United States, **wheat** production in 2003 is officially forecast to rebound strongly to 57.5 million tonnes, 31 percent up from the previous year due to gains in both area and yields. The latest survey-based forecast of winter wheat production points to a 37 percent increase from 2002 because of increased plantings, reduced abandonment, and higher yields. Also, the assumed 5-year average harvested-to-planted ratios and yields result in higher spring wheat production, despite the lower planting intentions reported in the March 31 Prospective Plantings report. Also in Canada, production is forecast to recover sharply in 2003 after a drought-reduced output in the previous year. The official March seeding intentions survey points to a marginal increase in the overall wheat area in 2003. A record winter wheat area in Ontario would more than offset the expected decrease in plantings of spring wheat in western Canada. However, the overall harvested area is expected to increase by about 25 percent due to lower abandonment, and average yields are expected to rise by 32 percent. Thus production is forecast at 24.6 million tonnes, 57 percent up from 2002.

As for wheat, the United States 2003 **coarse grain** production is also forecast to rebound from last year's drought-reduced level to 278.5 million tonnes, almost 14 percent up from the previous year. Of the total, maize is forecast to account for 255.5 million tonnes, with gains in both harvested area and yields expected. Larger sorghum, barley and oats crops are also expected. In Canada, coarse grain output should also recover sharply in 2003 despite a decrease in plantings. Lower abandonment should lead to a significant increase in the harvested area compared to 2002 and improved yields are also expected. The aggregate coarse grains output is forecast at 27.4 million tonnes.

In the United States, the bulk of the 2003 **paddy** crop has been planted, although there have been reports of some delays in the major growing state of California. The latest USDA forecast puts production at just over 9 million tonnes, down almost 6 percent from the 2002 level, reflecting a sharp fall in long-grain plantings. The fall in the overall paddy area was mainly induced by the unattractive producer prices.

- **Europe**

In the EU, latest information continues to point to a reduction in **wheat** output in 2003 but similar outputs to

the previous year for most of the **coarse grains**. However, much will still depend on the weather in the coming weeks. The arrival of some significant rains across northern countries in May benefited crops after previously dry conditions. FAO maintains its previous forecast for the EU aggregate wheat output at about 103 million tonnes, some 1 million tonnes less than the 2002 harvest. While a smaller harvested area this year is fairly sure, given significant planting reductions in France and Germany in particular, the two biggest producers, and reports of significant winter frost damage in several northern parts, the prospects for yields remain quite uncertain. The aggregate coarse grain crop in the EU is forecast at almost 107 million tonnes, virtually unchanged from last year.

The 2002/03 winter grain season in the CEECs has been characterized by delayed planting because of adverse weather last summer/autumn, which led to reduced winter grain areas in many countries. In addition, irregular winter weather, with sharp temperature swings has led to above-normal winterkill. Increased spring plantings may have compensated for part of the reduced winter cereal area but even the spring season as been unfavourable in parts where it arrived later than normal, thus restricting the planting window and limiting yields potential.

In Bulgaria, prospects for the winter grain crops are poor following reduced and late planting, and unfavourable winter weather, which led to higher than normal estimated levels of winterkill. Wheat production is forecast at just 2.4 million tonnes compared to 3.6 million tonnes last year. Similarly, the winter barley crop is also expected to be significantly reduced to about 520 million tonnes (2002:1109 million tonnes). Wheat output in Croatia could fall by about 15 percent this year to about 840 000 tonnes. In the Czech Republic, the winter grain area fell and several areas have been damaged by adverse winter weather, mainly flooding. Cereal output is expected to be somewhat below the average of recent years. In Hungary, the winter wheat area is estimated close to the previous year's level and crops were reported to be in satisfactory condition coming out of the winter. Despite the late arrival of spring, yields may improve somewhat over last year's drought-reduced levels and output is forecast at 4.2 million tonnes (2002: 3.9 million tonnes). However, the late onset of spring is expected to significantly affect the size of this year's barley crop. Lengthy delays in completing spring fieldwork, in many cases beyond the latest date for sowing barley, will likely have led to a significant shift from barley to maize although final planting figures are not yet available.

In Poland, as in several other parts of the region, winter grains have suffered from the prolonged and harsh winter. Winter wheat plantings are estimated to have been down about 3 percent on the previous year and winterkill losses could be up to 5 percent of this. Increased spring wheat plantings may offset some of the reduced winter area but the overall area for harvest

in 2003 is likely to be somewhat below that in 2002. Yields are also expected to be down and the wheat harvest is currently forecast at 8.4 million tonnes, compared to 9.3 million tonnes last year. Regarding coarse grains, the winter rye and barley crops are expected to be reduced for the same reasons as wheat. However, plantings of spring barley and maize are expected to increase in compensation for the lost winter grain area and attractive feed grain prices. Aggregate coarse grains output is forecast to remain close to the previous years level at about 17.1 million tonnes.

In Romania, the outlook for the 2003 winter grain crops has also deteriorated after a promising start to the season at planting time. Adverse weather during the winter has caused the forecast wheat output to be reduced from earlier expectations to 6 million tonnes. This would, nevertheless, still be well up from the previous year's drought-reduced harvest. Although spring planting has been significantly delayed by the prolonged winter weather ample soil moisture reserves will favour development of this year's maize crop. In Serbia and Montenegro, a delayed winter grain planting season last year and a late start to the spring season has led to an overall reduction in the expected wheat area for harvest by about 12 percent. Wheat output in 2003 is forecast at about 2 million tonnes. A slight reduction in the spring maize area is expected as a result of a shift to more industrial crops for which subsidies are available. Winter grain prospects in the Slovak Republic are similar to elsewhere in the region with a reduced output expected, but the spring planting season has been generally favourable.

In the CIS countries west of the Ural Mountains, (Belarus, Moldova, Russian Federation and Ukraine) the aggregate **wheat** harvest in 2003 is forecast at slightly over 49 million tonnes, sharply down by about 23 million tonnes from the harvest last year. Frost and inadequate snow cover in winter and a rather cold and late spring throughout the region, in particular in the Russian Federation and Ukraine, have contributed to the poor outlook. In the Russian Federation, more 3 million hectares of the winter grain area is estimated to have been decimated by the adverse winter conditions, while in Ukraine the winterkill is put at more than 3.7 million hectares. Furthermore, spring planting in both, the Russian Federation and Ukraine has been delayed by nearly three weeks, which will limit the possibility to increase plantings to compensate for the lost winter grain area and negatively impact on yields. FAO forecasts the wheat harvest in the Russian federation at 36.5 million tonnes, 10.5 million tonnes in Ukraine, 1.2 million tonnes in Moldova and 990 000 tonnes in Belarus.

The **coarse grains** harvest in the region, forecast at more than 57 million tonnes, has not been affected by winter frost. Ukraine is set to produce some 11.3 million tonnes of barley, which is about 1 million tonnes more than the bumper harvest last year. The barley harvest in the Russian Federation is estimated at 17

million tonnes and in Belarus at 1.8 million tonnes. Larger areas planted with barley, early winter planting as well as crop resistance to frost have been the main reasons behind the favourable outlook to maintain high output. Adequate soil moisture and a slight increase in area under maize, is seen to increase harvest by 1.2 million tonnes this year. The maize harvest is forecast at about 1.6 million tonnes in the Russian Federation, nearly 4.3 million tonnes in Ukraine and 840 000 tonnes in Moldova.

The 2003 **paddy** season is getting underway in the EU. An overall area expansion is tentatively forecast, mostly on account of larger anticipated plantings in Italy. Production is forecast to recover in those member states affected by drought last year, namely France, Portugal and Spain. Accordingly, aggregate output for the EU is currently forecast at 2.7 million tonnes, up 2.4 percent from 2002.

• **Oceania**

In Australia, planting of the 2003 winter **wheat** and **coarse grain** crops has started in many areas following the arrival of sufficient rains. Latest weather indications are generally in favour of a normal winter rainfall season given that the El Niño event, which brought drought in the previous season, is finished. Early indications of farmers' planting intention point to a significant increase in the winter grain area this year to compensate for last year's drought-reduced production and returns. Given the satisfactory start of planting, and assuming normal weather for the remainder of the season, a wheat crop of some 24 million tonnes is forecast, close to the record in 2001. The winter coarse grain crop is also seen to rebound sharply from the previous year's reduced level.

Gathering of the 2003 **rice** crop is almost complete in Australia. Officials are still anticipating a harvest of just 370 000 tonnes, down over 70 percent from the 2002 level, and one of the lowest harvests on national record. The expected contraction reflects steep reduction in water allocations, brought about by drought, which subsequently led to unprecedented area cuts.

Trade^{1/}

Early prospects for cereal trade in 2003/04 point to a significant decline

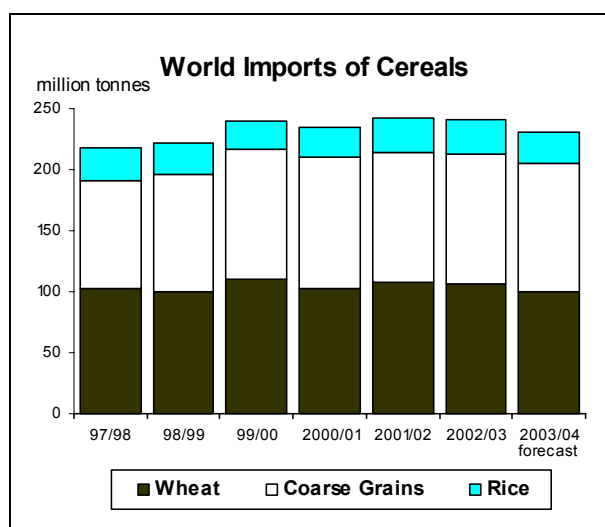
FAO's first forecast for global trade in cereals in 2003/04 stands at 231 million tonnes, representing a contraction of some 8 million tonnes, or 3.5 percent, from the previous year. It is expected that trade in nearly all major cereals will decrease in the new season with the most significant decline projected for wheat. Some of the expected decline in world trade will be reflected in smaller imports by developing countries, but the bulk of the decrease would be among the developed countries, with their purchases falling back

to more normal levels after two years of above-average purchases. Total cereal imports by the Low Income Food Deficit Countries (LIFDC) are forecast to remain close to the estimated imports in 2002/03 of around 80 million tonnes.

Wheat trade to fall to a five-year low

Based on current indications, international **wheat** trade in 2003/04 could fall to a five-year low of just 100 million tonnes, with imports down 6 million tonnes from the reduced 2002/03 estimated level. There are at least two dominant factors for this decline. First, and by far the most important reason, is the anticipated sharp cut in imports by the EU in 2003/04. The imposition of an import quota system in 2003, intended to prevent supplies of cheap wheat mostly from Ukraine and the Russian Federation, is likely to curb EU imports by 6 million tonnes. Imports by the EU peaked to unprecedented levels in 2001/02 and again in 2002/03, turning an otherwise major net-wheat exporter to the world's number one wheat importer. The second factor is the anticipated improvement in domestic supplies in several importing countries, particularly those which are large wheat producers. This is mainly the case for several North African countries as well as most countries in Asia, including Afghanistan, where a bumper crop is expected in 2003.

However, a number of countries are likely to increase their imports in 2003/04. Wheat purchases by China are forecast to increase by at least 1 million tonnes, as production is expected to decline sharply while demand for high quality wheat continues to expand. Imports by Iraq could also increase this season, although much will depend on this year's harvest and recovery in its domestic transport and marketing systems. Wheat imports by Ethiopia are forecast to increase sharply, given the rising domestic deficit since the start of the 2002/03 marketing season.



^{1/} World trade (exports) in wheat and coarse grains is based on a July/June marketing season, while trade in rice is based on January/December (calendar).

Overview of World Cereal Imports

	Wheat		Coarse grains		Rice (milled)		Total	
	2002/03	2003/04 forecast	2002/03	2003/04 forecast	2003	2004	2002/03	2003/04 forecast
	(..... million tonnes)							
Asia	42.9	43.5	56.0	57.9	13.3		112.2	
Africa	26.4	25.4	17.3	15.3	7.8		51.5	
Central America	6.9	7.0	13.6	14.7	2.0		22.5	
South America	11.7	11.1	5.9	5.8	1.4		19.0	
North America	2.0	2.6	6.9	4.4	0.7		9.6	
Europe	15.6	9.8	7.2	6.8	1.6		24.5	
Oceania	0.8	0.6	0.2	0.1	0.4		1.3	
WORLD	105.4	100.0	107.1	105.0	27.1	26.0 ^{1/}	239.6	231.0
Developing Countries	78.2	77.3	71.0	72.1	23.2	22.1	172.4	171.5
Developed Countries	27.2	22.8	36.1	32.9	4.0	3.9	67.2	59.6

Source: FAO. 1/ Highly tentative.

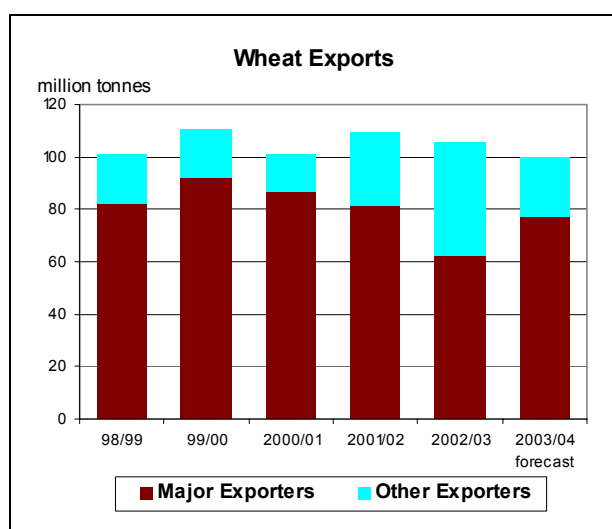
Major wheat exporters to recapture markets

The anticipated contraction in world imports in 2003/04 would have normally hindered prospects for exports by the five traditional wheat exporters. Instead, shipments from a number of major exporting countries are forecast to demonstrate a strong rebound while much smaller surpluses are expected among several non-traditional exporting countries. Exports from the Russian Federation are forecast to be cut by almost 10 million tonnes, and shipments from Ukraine could decline by nearly 6 million tonnes. Smaller exports are also anticipated by India and Pakistan. Higher exports by traditional exporters are seen to make up for these declines, especially in view of a strong anticipated recovery in exportable supplies in Argentina, Australia and Canada. However, shipments from the United

difficulties to increase sales unless export restitutions (subsidies) could be raised significantly.

Trade in coarse grains to decline in 2003/04

Preliminary indications suggest that global trade in **coarse grains** in 2003/04 marketing season could be some 1.5 million tonnes smaller than in 2002/03, at 105 million tonnes. Most of the decrease would be concentrated in developed countries, where total imports are forecast to reach a five-year low of around 33 million tonnes, down 3 million tonnes from 2002/03, mostly on account of smaller maize purchases by Canada. By contrast, aggregate coarse grain imports by developing countries are expected to increase marginally, mostly due to smaller supplies of low quality wheat in world markets, imported by some countries as a substitute for animal feed. Among the individual coarse grains, reduced maize and barley trade would account for most of the anticipated decline in world trade, but imports of other coarse grains are likely to remain at about the same levels as in 2002/03.

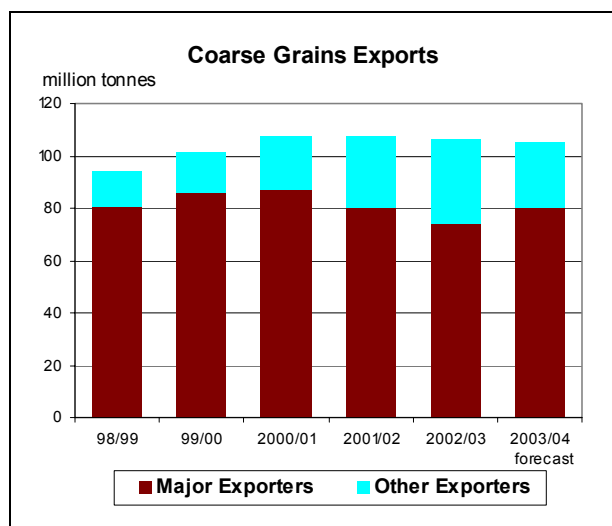


States and the EU could remain largely unchanged. With a strong Euro, the EU may face additional

In Asia, maize imports by the Republic of Korea are forecast to increase significantly, mainly in response to smaller imports of feed wheat. Barley imports by China and Saudi Arabia could rise slightly due to growing demand. In most other Asian countries, however, imports are likely to remain stable or decline, mostly in reaction to sluggish economic growth and subdued feed demand. In Africa, imports by Morocco, Tunisia, Zambia and Zimbabwe are likely to fall sharpest based on expected increases in domestic production. However, in most Central and South American countries, imports are likely to remain at previous year's levels. In Mexico, imports are forecast to increase because of strong and rising demand, but smaller imports are anticipated in Brazil, in view of the anticipated bumper crop this season.

Higher coarse grain exports by major exporters offsetting lower sales by China

In spite of the anticipated decline in world trade in 2003/04, exports from most major exporting countries are forecast to increase significantly, mainly due to the anticipated sharp decline in sales from China. Exports from Canada and the United States are likely to rise most while sales from Argentina and Australia are also likely to increase. By contrast, shipments from the EU could remain below the previous year's level, in part due to reduced world demand for barley. In China, smaller maize harvests are expected to result in a significant drop in its exports to 8 million tonnes, down 45 percent from 2002/03. Barley exports by the Russian Federation could also decline substantially following an expected crop reduction. Sales from South Africa could decline slightly, but larger maize surpluses in Brazil and Hungary could lead to more exports from those countries.



Review of world cereal imports in 2002/03

World cereal imports in 2002/03 are estimated at 239.6 million tonnes, slightly below the previous season's level. The decline is characterized by lower wheat and rice purchases, while imports of coarse grains are estimated to have increased.

Global trade in wheat in 2002/03 is forecast to fall to 105 million tonnes, down 2 million tonnes from the previous season. Most of the decline would be on account of smaller imports by several countries in Asia. The largest drop is anticipated in the Islamic Republic of Iran, where, following a bumper crop in 2002, wheat imports are estimated at 2.5 million tonnes, down 60 percent from the previous season and the lowest level since 1986/87. Good harvests in many Asian countries are also expected to limit imports by those countries, bringing total imports in Asia down to 43 million tonnes, compared to nearly 47 million tonnes in 2002/03.

In Africa, aggregate wheat imports are estimated to have remained close to the previous season's high of

over 26 million tonnes with larger purchases by Algeria and Tunisia mostly offsetting declines in Egypt and Morocco. Imports by most countries in the sub-Saharan area are expected to have remained unchanged. As in the previous season, imports into Europe are seen to exceed usual levels, supported by large purchases by the EU. With estimated imports of 11 million tonnes, the EU has emerged as the world's largest wheat importer for the second consecutive season. Imports by most countries in Latin America and the Caribbean have remained close to the previous season, including in Mexico and Brazil, the two leading wheat importers.

Exports from non-traditional wheat exporters continued to play a significant role in global wheat markets in 2002/03. Shipments from the Russian Federation could surge to 13.5 million tonnes, placing it as the world's third largest wheat exporter after the United States and the EU. Exports by Ukraine have also increased sharply, to 8 million tonnes. In addition, Kazakhstan and India are also estimated to have exported at least 5 million tonnes each. Overall, therefore, the combined volume of exports from non-traditional exporting countries is estimated at 32 million tonnes, representing some 30 percent of the global market. By contrast, shipments from the five major exporters are estimated to have fallen sharply in 2002/03. Only sales from the EU are expected to have increased and this after a sudden drop in the previous season. Exports by the United States are estimated to have declined slightly, but the sharpest falls have occurred in Australia, Argentina and Canada, mainly due to production shortfalls.

World imports of coarse grains in 2002/03 are estimated at 107 million tonnes, down 1 million tonnes from the previous season. The decline is mostly driven by slightly lower imports of barley and sorghum while imports of maize, rye and oats are estimated to have increased from the previous season. On a regional basis, total coarse grain imports by countries in Africa are estimated to have increased sharply, reaching a record 17 million tonnes. Most of the expansion is seen in sub-Saharan Africa. The largest increase is in Zimbabwe, where imports are estimated to have surged by over 1 million tonnes. Other countries in the region are estimated to have sharply increased their imports in 2002/03 include Ethiopia, Malawi and Zambia. In Asia, total imports are estimated to have decreased to about 56 million tonnes. Significantly lower imports are estimated for Saudi Arabia (barley) and the Islamic Republic of Iran (maize and barley). Similarly, imports in Europe are also estimated to have decreased in 2002/03, to just over 7 million tonnes. The decline is mostly driven by a reduction in imports by the EU in response to larger purchases of cheaper feed wheat. By contrast, in North America, drought in Canada gave rise to much higher imports of maize, while in Central America, larger maize purchases are estimated for Mexico, reflecting a decline in production. In South America, imports by most countries are likely to remain at the same levels as in the previous year.

Large maize exports from China have made up for most of the smaller maize sales by the major exporters in 2002/03. China is expected to have shipped a record 14.5 million tonnes in 2002/03, more than twice as much as in the previous season. Exports from the Russian Federation and Ukraine have also increased significantly due to larger supplies. By contrast, shipments from the United States are estimated at only 52 million tonnes, down 4 million tonnes from 2001/02, mostly due to poor crops and competition from China. Smaller exports are also forecast for Canada and Australia given the decline in their domestic supplies. Sales from Argentina and the EU have increased slightly.

International trade in rice down from the 2002 record

FAO's forecast of international trade in **rice** in 2003 has been raised by 300 000 tonnes from the last report to 27.1 million tonnes, which would be a contraction of 1 million tonnes from the previous year. The year-to-year drop mainly reflects expectations of a sharp decline in exports by India and Australia, following production setbacks in these two countries, while on the import side, it results from smaller deliveries to some of the major rice markets, including the Philippines, Indonesia, the Islamic Republic of Iran and Iraq.

In Asia, imports by Bangladesh have been officially forecast at 502 000 tonnes in 2003, some 40 000 tonnes below last year and some 100 000 tonnes less than previously anticipated. The decline is consistent with the bumper crop harvested by the country in 2002.

The forecast for Indonesia's rice deliveries in 2003 remains at 3.4 million tonnes, 100 000 tonnes less than last year. However, much will depend on the production outcome this season. Despite its pledge towards rice self-sufficiency, the country has failed to achieve its paddy production target of 53 million tonnes in the past three years and has continued to rely extensively on the international market. Imports are made by both Bulog, a government agency, and the private sector, subject to a tax of 430 rupiah per kilo (about US\$50 per tonne). In January 2003, the status of Bulog was changed into a state trading enterprise, which is to operate according to commercial principles. In particular, the agency, which is also responsible for the distribution of cheap rice to special and poverty groups, is to be a self-financing enterprise, making profits from trading in basic food commodities.

Following a 17 percent increase in its WTO minimum market access quota, the Republic of Korea has committed to import around 180 000 tonnes of rice in 2003, a move which should mainly benefit China, which has traditionally filled the bulk of the quota. The Republic of Korea, which opted in 1995 not to convert its rice import barriers into their tariff equivalents, is due to start negotiating the introduction of a new import regime in 2004.

Because of less buoyant expectations for 2002 production than had been anticipated, the forecast for the Philippines imports has been raised by 100 000 tonnes to 1.1 million tonnes. This would be less than the 1.3 million tonnes estimate of imports in 2002, but significantly more than the country's target of 800 000 tonnes. Part of the rice imports will be undertaken by rice farmer organizations under new and tight trade guidelines passed this year. However, the National Food Agency is anticipated to continue to be responsible for a large share of the imports.

Last March, Sri Lanka restored the level of its rice import tariff to Rupees 7 per kilo, which had been lowered to Rupees 5 per kilo at the end of 2002 to check high domestic prices. The move is anticipated to have a negative impact on imports, which, are now estimated at 60 000 tonnes compared to 90 000 tonnes previously.

Overall shipments to Near East countries are forecast to fall by close to 400 000 tonnes in 2003, to some 4.6 million tonnes. Much of the decline reflects expectations of reduced shipments to Iraq, currently forecast at 1.0 million tonnes, 200 000 tonnes less than last year, and to the Islamic Republic of Iran, whose purchases might fall from 1 million tonnes in 2002 to 700 000 tonnes this year. However, based on newly released official forecasts, a number of countries in the region are anticipated to raise their purchases, including Jordan, Oman, Syria, and Turkey. Officials in Saudi Arabia are also forecasting an increase in rice deliveries from 786 000 tonnes in 2002 to 835 000 tonnes this year, which is less than the previous FAO forecast of 1 million tonnes.

Similarly, the flow of rice into Africa is expected to decrease by 500 000 tonnes, to 7.8 million tonnes. Part of the reduction would be on account of the Côte D'Ivoire, which continues to face insecurity problems, and Nigeria. The latter country introduced new import procedures last February, in an attempt to limit under-invoicing practices. Under the new system, all charges on imported rice would be calculated on a minimum price of US\$230 per tonne plus a US\$40 per tonne freight. Under the recently announced domestic rice production programme, Nigeria's Government reportedly considered the possibility of introducing a rice import ban by 2007. Rice imports had already been prohibited between 1986 and 1995, after which they had been replaced by high tariffs. Other governments in the region have also attempted to slow the inflow of foreign rice into their country, which, for Africa as a whole, doubled between 1995 and 2002. For instance, Ghana raised the tariff on rice from 20 percent to 25 percent in February. The country is anticipated to purchase 400 000 tonnes of rice this year, down from 500 000 tonnes last year. Among the other major importers in the region, Cameroon officially set imports this year at 248 000 tonnes, 20 percent less than in 2002. Government forecast for imports by Senegal, at 650 000 tonnes also suggests a drop compared with last year. By contrast, the authorities of

Libya forecast a 45 percent increase over last year, to more than 160 000 tonnes.

Rice imports to Latin America and the Caribbean countries are currently anticipated to reach 3.3 million tonnes, half a million tonnes more than earlier anticipated and 600 000 tonnes above the level in 2002. The change for 2003 reflects an upward revision in imports by Brazil, which are now forecast to surpass 1 million tonnes, following the disappointing crop just harvested. Import forecasts for the other countries in the region remain unchanged from the last report, with a 10 percent annual increase anticipated for Cuba and Mexico, two of the major importers in the region, to some 600 000 tonnes each.

In the rest of the world, few amendments have been made to the major players' imports. According to the official forecast by the United States, purchases should reach some 400 000 tonnes, similar to last year. Likewise, those by the EU are set to remain in the order of 700 000 tonnes. By contrast, shipments to the Russian Federation could dip from the official level of 441 600 tonnes in 2002 to 350 000 tonnes this year, reflecting the expected elevation of tariff protection. Indeed, in April, the Russian Government Commission for Protective Trade Measures recommended to add, on top of the normal ad-valorem duty of 10 percent currently applied, an import charge of 0.03 euros per kg on all types of rice, for a period of nine months.

Regarding rice exports in 2003, most of the 1 million tonne drop foreseen this season would be imputable to India, following the very bad crops it harvested last season. Although the country still holds large stocks, the tightening of supply induced the Food Corporation of India (FCI) to raise, in May, the minimum price at which it sells rice for export by U\$15 per tonne. As a result of the move, India is no longer the cheapest source of rice, a development likely to affect the country's exports negatively. Consequently, India's shipments are anticipated to fall from the record 6.6 million tonnes in 2002 to 4 million tonnes this year, half a million tonnes less than previously forecast. Contradicting earlier expectations, exports from Uruguay might also contract in view of the production shortfall the country experienced again this year. The current forecast puts its shipments at close to 600 000 tonnes, 50 000 tonnes less than previously expected. Similarly, very thin supply should halve sales from Australia, which were heavily curtailed already in 2002.

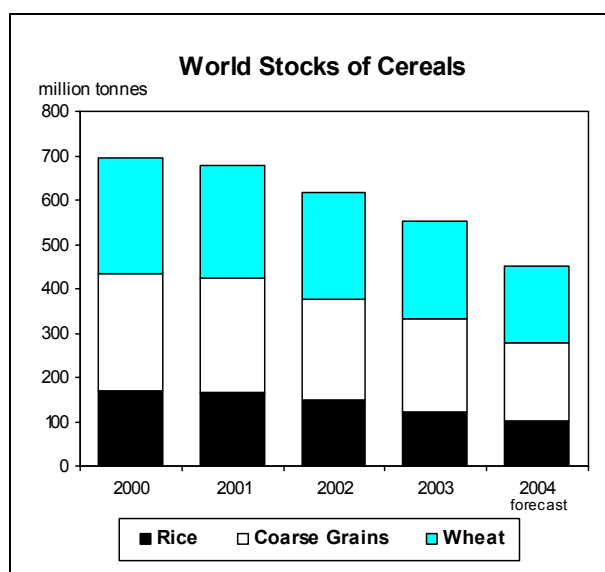
By contrast, exports by Thailand, the leading rice exporter, are anticipated to rise from 7.3 million tonnes last year to 7.5 million tonnes in 2003, as the country recovers some of the markets it had lost to India. Reduced competition from the latter should also boost exports by Viet Nam, which, unlike in 2002, holds sufficient quality supply to remain competitive. The current FAO forecast puts shipments from the country at 3.9 million tonnes, up from 3.2 million tonnes in

2002. During the first quarter of this year, it had already shipped 1.4 million tonnes, twice as much as in the same period in 2002. Sales from Pakistan have also been raised from the previous report to 1.9 million tonnes, or 300 000 tonnes more than last year, reflecting a relatively good performance in the first four months of 2003. Exports by Myanmar are also anticipated to rise to 1.1 million tonnes, 16 percent above last year and 400 000 tonnes more than previously anticipated. The new rice trade policy announced by the Government on 23 April gives private traders the right to engage in rice export operations, subject to a 10 percent tax and a 50 percent sharing of profits with the Government. However, the new policy assigns considerable powers to the Myanmar Rice Trading Committee, to be established with representatives of the Government and the private sector. Official forecasts for exports by the United States were also raised to a new record level of 3.6 million tonnes, a large share of which will continue to be shipped in the form of paddy rice. Food aid shipments should also boost exports by Japan.

Carryover Stocks

Further contraction in world cereal stocks is expected in 2004

Early indications for global cereal stocks in 2003/04 point to a significant drawdown for the fourth consecutive season. World cereal stocks at the end of countries' marketing seasons in 2004 are tentatively put at 399 million tonnes, some 69 million tonnes, or 15 percent, below their opening levels. Although a bigger global production is expected in 2003, the projected total cereal utilization in 2003/04 would still be larger than the expected production, thus necessitating a significant drawdown of stocks.



At the current forecast levels, the total cereal stocks-to-use ratio in 2003/04 would drop to 20 percent, even further below the two-decade low of 24 percent estimated for 2002/03. The forecast drop of around 37 million tonnes in wheat inventories would account for the bulk of the anticipated contraction in world cereal stocks in 2003/04, followed by a likely reduction of around 19 million tonnes in global rice stocks and 13 million tonnes in coarse grain inventories.

As in the previous seasons, lower stocks in China would account for the bulk of the reduction in world stocks. In view of another decline in 2003 cereal production, China is expected to reduce its stocks by nearly 61 million tonnes to meet the steadily rising domestic demand. While the exact size of stocks in China is uncertain, the large and rapid reductions in China's cereal stocks make it difficult to analyze and understand domestic as well as international market developments (see box on page 21). Apart from the developments in China, stocks in India are also forecast to decline by 10 million tonnes in 2004, following a 19 million tonnes drop already estimated for 2003.

World Carryover Stocks of Cereals

	Crop year ending in:		
	2002	2003 estimate	2004 forecast
	(. . . million tonnes . . .)		
Wheat	224.1	178.8	141.9
Coarse grains	205.0	166.8	153.8
of which:			
Maize	152.9	120.5	107.1
Barley	29.1	25.2	25.7
Sorghum	6.7	5.4	5.7
Others	16.4	15.7	15.3
Rice (milled)	150.3	122.2	103.3
TOTAL	579.4	467.8	399.0

Source: FAO

By contrast, major grain exporters are expected to replenish their largely depleted stocks on the back of a strong recovery in their production. For **wheat**, stocks held by major exporters are forecast to rise to 44 million tonnes, up 8 million tonnes from 2003. The increase would be mostly in the United States, Canada and Australia, while inventories in the EU could still remain at relatively high levels and unchanged from 2002/03. For **coarse grains**, aggregate inventories in major exporters are expected to rise to 60 million tonnes, up 5 million tonnes from 2003, mostly in the United States, given the expected bumper maize crop in 2003. By contrast, inventories in the EU could decline in 2004 as production is forecast to remain at last year's level but domestic utilization is likely to rise

in view of the anticipated reduction in imports of feed wheat.

World cereal stocks fall sharply in 2003

Global **cereal** stocks by the close of the seasons ending in 2003 are forecast at 468 million tonnes, almost unchanged from the previous report. At this level, world stocks would still be 112 million tonnes, or 19 percent, below their reduced opening levels; a decline that represents the largest year-on-year drop in two decades. The anticipated contraction in global stocks is mostly concentrated in China and India, but inventories held in several major exporting countries are also expected to decline as a result of reduced crops.

Smaller wheat stocks in 2003 as China, India and the United States run down their inventories

World wheat stocks by the close of the seasons ending in 2003 are currently forecast at around 180 million tonnes, up nearly 10 million tonnes since the previous report but still some 45 million tonnes, or 20 percent, below their opening levels. Most of the reduction from the previous season reflects drops in inventories in China (down 27 million tonnes), United States (down 9 million tonnes) and India (down 6 million tonnes). The cut in 2002 production in China and in the United States has been the main factor for the decline in their stocks. However, in India, which already started the season with large carryovers and even higher production in 2002, large exports could significantly reduce wheat inventories this season, although, according to the Government, they would still remain well above the minimum safe levels.

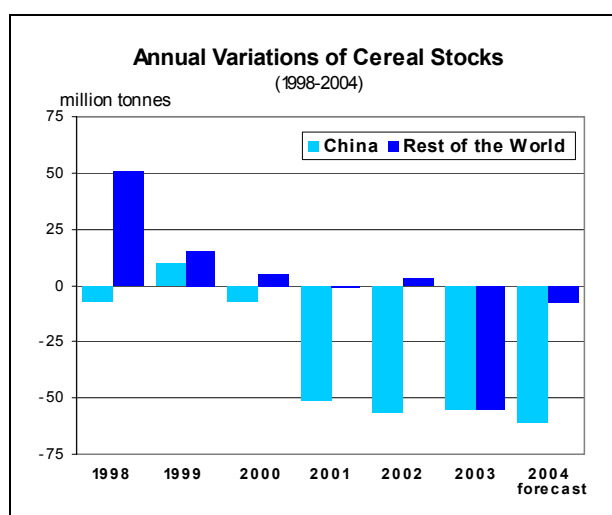
With marketing seasons in most northern hemisphere countries drawing to a close, production, trade and consumption estimates become firmer, resulting in adjustments to earlier estimates for end-of-season stocks. The most significant revisions since the previous report include upward adjustments to the estimates for the Russian Federation (up 4.5 million tonnes), Ukraine (up 1 million tonnes), the EU (up 1.3 million tonnes), Bulgaria (up 900 000 tonnes), the Islamic Republic of Iran and the Syrian Arab Republic (up 600 000 tonnes in each case). The only major downward revision concerns India (down 1 million tonnes).

Wheat stocks held by the five major exporters are currently forecast to reach 36 million tonnes, down 11 million tonnes, or 23 percent, from the previous season. Based on the latest forecasts, the ratio of major exporters' total aggregate wheat stocks to their total disappearance (the sum of their domestic consumption and exports) is expected to fall to only 17 percent, down from the previous season and 3 percentage points below the average since the mid-1990s. Among the major exporters, only the EU is expected to end this season with higher wheat inventories (up 3.6 million tonnes) due to good

production and large imports. However, wheat stocks held in the United States are forecast to hit a 20-year low of only 12 million tonnes, reflecting a sharp decline in domestic production. Severe droughts reduced production in Australia and Canada where, as a result, wheat inventories are also forecast to fall sharply in those countries.

Declines in China and the United States coarse grains inventories drive down world stocks in 2003

World **coarse grain** stocks for crop years ending in 2003 are forecast to reach 167 million tonnes, down 10 million tonnes from the previous report and now 38 million tonnes, or 19 percent, below their opening levels. Most notable revisions since the previous report were made to carryover estimates for China, the United States, the Syrian Arab Republic, Saudi Arabia, Sudan and Egypt.



The anticipated decline in world coarse grain stocks in 2003 is mostly concentrated in China (maize, down 16 million tonnes from the previous season), where the increase in 2002 production has not sufficient to meet the rising feed demand, and in the United States (maize, down 13 million tonnes), mostly as a result of a poor harvest in 2002. A decline in maize production in Brazil is forecast to result in a significant (600 000 tonnes) drawdown of stocks in that country. All major exporters are likely to reduce their stocks sharply in 2003 except for the EU, where coarse grain stocks are

likely to remain unchanged from their opening levels. For this reason, the ratio of major exporters' total coarse grain stocks to their total disappearance is also forecast to drop, reaching only 13 percent, which would be 3 percentage points below the previous season and the average since the mid-1990s.

China and India behind a sharp drawdown in global rice stocks

The forecast for world **rice** inventories at the end of the marketing seasons in 2003 has been revised downward since the last report from 123 million tonnes to 122 million tonnes, some 28 million tonnes below their opening level and the lowest level for more than two decades. The overall contraction is mostly due to China and India, which are now set to experience reductions in the order of 15 million tonnes and 12 million tonnes, respectively.

The downward revision in closing stocks in 2003 was brought about by a lower official estimate for the United States and expectations of smaller carryovers in countries that harvested poor crops in 2002, namely India, the Republic of Korea and Japan.

Global rice stocks set to decline again in 2004

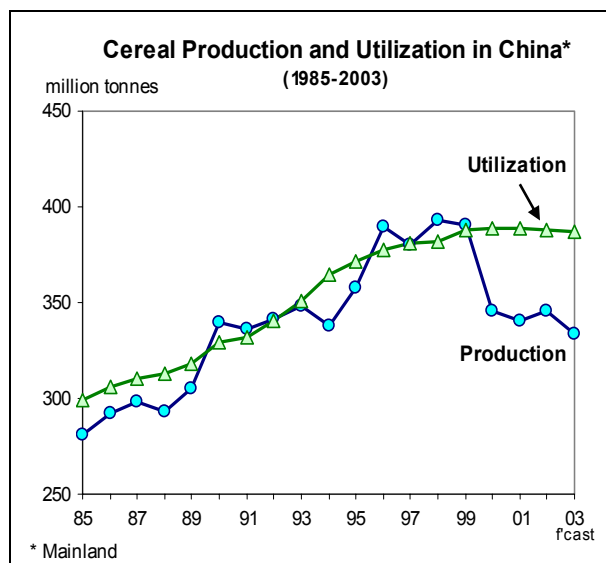
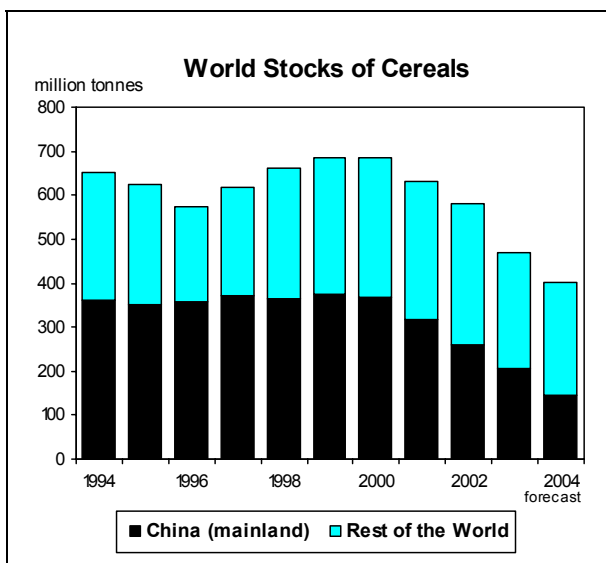
There is still considerable uncertainty regarding the level of rice stocks at the close of the 2004 season, since they will mainly depend on the outcome of this season's main paddy crops in Asia, the bulk of which have not yet been planted. However, based on current expectations of a moderate recovery in global output and steady growth in utilization, a 19 million tonnes drawdown in world rice inventories to 103 million tonnes is currently foreseen. China, which is estimated to hold about 60 percent of global stocks, would again account for much of the contraction given the expected drop in production this season. Similarly, an exceptionally low harvest in Australia should result in a sharp decline in end-of-season inventories in that country. Carry-over levels in India could also fall if the FCI policy to sustain international sales is maintained. Indonesia's efforts to curb the level of imports may also result in lower closing rice inventories in 2004. Other countries may experience a drop in stocks, including Japan, under its programme to cut paddy production and increase rice utilization.

Does yet another large reduction in world cereal stocks in 2004 point to a “real” tightening of world supplies?

China has been the main contributing factor to the decline in world cereal stocks. Of the overall decline of 288 million tonnes since 1999, China alone accounted for nearly 80 percent. These substantive reductions in cereal stocks have given rise to important questions about China and the world grain economy. Most importantly, for how long can these reductions be sustained, when will they come to an end and what consequences will a continuation of past developments have on both China’s and international cereal markets? It has also given rise to the question of how accurately current information reflects the true market condition.

The earlier FAO revision of China’s stocks helped to explain how the combination of declines in China’s production along with rising exports could be accommodated; it also provided less ground to be alarmist about shrinking world supplies driving up international prices^{1/}. The rise in some international cereal prices since 2002 has been mostly in reaction to droughts in major exporting countries. Instead, large exports from China may have kept world prices under downward pressure, especially for maize. In fact, production reductions in China appear to have had very little impact even on China’s own domestic market, evidenced by generally stable domestic price movements over the past few years.

The question now is how long can this situation persist? FAO is again putting its cereal balance for China under scrutiny, this time looking into cereal consumption levels (food, feed and industrial use). While it is too early to speculate on the findings, it is important to consider at least two very contrasting possibilities: the historical consumption estimates could turn out to be overstated, thus stocks are underestimated – and hence may need to be raised again; or historical consumption estimates are close to existing estimates, in which case FAO’s current stock figures for China are probably not too far from reality.



The first possibility is definitely more reassuring for the global cereal market as it would imply that China could continue, perhaps for more years to come, to reduce its cereal stocks without any significant repercussions for world markets. However, should the latter case prove closer to reality, more serious consequences are likely, not only for China but also for the world’s most vulnerable, import-dependent countries. If stocks in China have indeed dwindled as rapidly as are currently estimated, China may soon emerge as a significant importer, creating upward pressure on world prices and the import bills of import-dependent, developing countries. This may happen at any time; thus, the sooner the international community learns about the real situation in China better it can prepare.

^{1/} The issue of deliberate policies to downsize cereal inventories in China was dealt with in previous Food Outlook reports. However, it is important to draw attention to FAO’s revision of China’s historical supply and demand balances, first reported in February 2001. The revision resulted in a ten-fold increase in FAO’s cereal stock estimate for China and that, in turn, gave way to a two-fold rise in FAO’s previous estimates of world cereal stock levels.

Export Prices

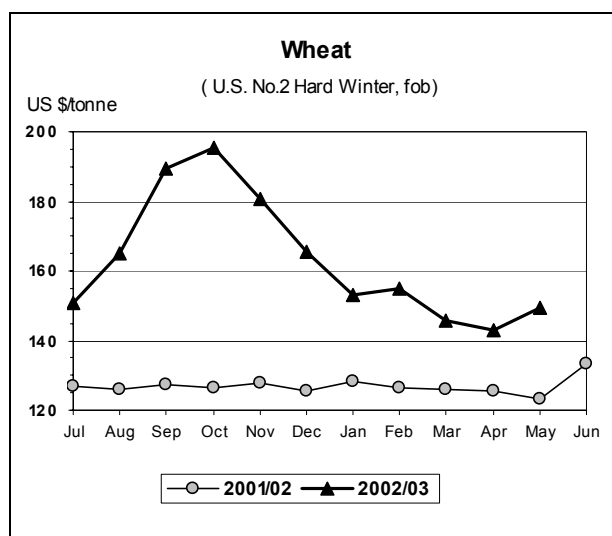
Cereal prices firmed but prospects remain mixed

Cereal Export Prices *

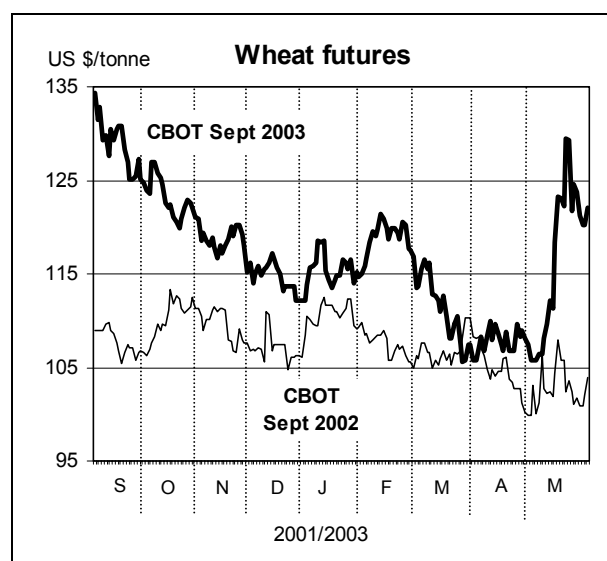
	2003		2002
	May	March	May
	(. US\$/tonne)		
United States			
Wheat	147	146	123
Maize	108	105	91
Sorghum	103	104	91
Argentina			
Wheat	157	149	131
Maize	104	95	90
Thailand			
Rice white	202	198	204
Rice, broken	142	144	149

* Prices refer to the monthly average. For sources see Appendix Tables A.6 and A.7.

International **wheat** prices rose sharply through April, mostly supported by stronger buying activities and indications of lower surpluses in Ukraine and the Russian Federation. However, prices began to slide in May, reacting to seasonal harvest pressure and the expectation of above-average crops in a number of traditional exporting countries. In May, the US wheat No. 2 (HRW, f.o.b.) averaged US\$147 per tonne, up 20 percent from the corresponding period in the previous year and nearly unchanged from March. Generally, stronger US prices provided underlying support to export prices from most other origins, although the continuing slide of the US dollar against the Euro gave rise to much higher export refunds by the European Commission for wheat sales to non-EU countries.

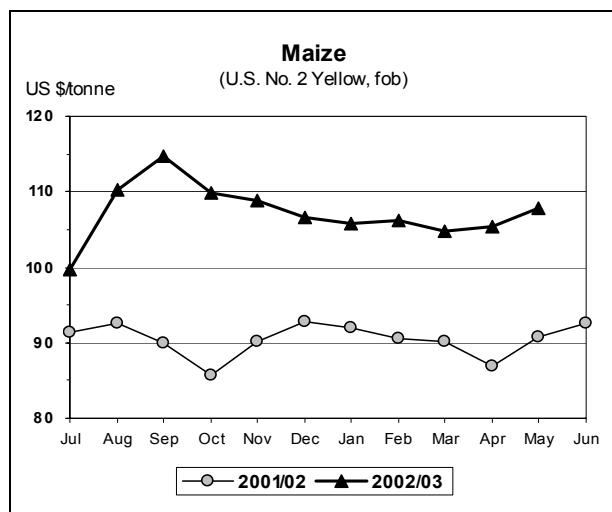


Weather concerns, tighter US stocks and the war in Iraq played dominant roles in the US futures in recent months, with wheat prices displaying a volatile, but rising, trend. Technical and speculative buying coupled with strong spill-over pressure from fund-related price surges in other commodities resulted in occasional rallies in wheat futures. However, good crop conditions combined with the start of harvesting of the hard winter wheat in some parts of the United States, as well as slow export activities, also put downward pressure on prices. By late May, the September wheat futures at the Chicago Board of Trade (CBOT) were quoted at US\$122 per tonne, still up US\$20 per tonne from the previous year.

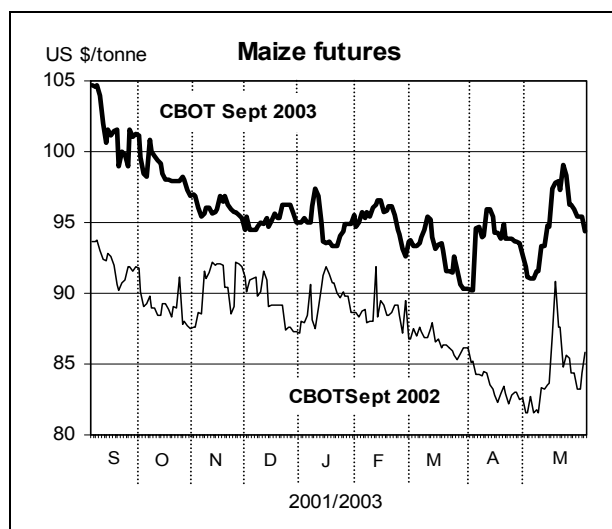


Looking further ahead, international wheat prices during the new 2003/04 marketing season are more likely to decline. While exportable availabilities among non-traditional exporters are forecast to drop drastically, the expectation of favourable crops among major exporters, in particular the anticipated strong recovery in Canada and Australia, coupled with the forecast contraction in world trade in 2003/04, could put downward pressure on international prices in coming months.

International **maize** prices strengthened considerably in recent months, and by late May, US maize export prices were quoted at US\$108 per tonne, up US\$3 per tonne from March and US\$17 per tonne, or 19 percent, more than in the previous year. Reduced exportable supplies among major exporters and robust world import demand have been supportive to maize prices throughout the current season, although continuing sales from China and abundant feed wheat supplies from the CIS prevented prices from rising faster.



In the futures market, changing weather and planting conditions, especially in the United States and China, and reports of harvesting progress in the southern hemisphere sparked occasional price swings. In more recent weeks, uncertainties surrounding the overall impact of SARS on feed demand in China and the discovery of one case of mad cow disease in Canada, raising fear of a decline in feed demand in that country, directed the futures to lower values. This, according to news reports, raised the use of "put options" with market participants increasingly locking in a selling price as a protection against more declines in prices. Nevertheless, by late May, September maize futures contracts quoted at the CBOT stood at US\$94 per tonne, US\$10 per tonne more than quotes for the corresponding period last year.



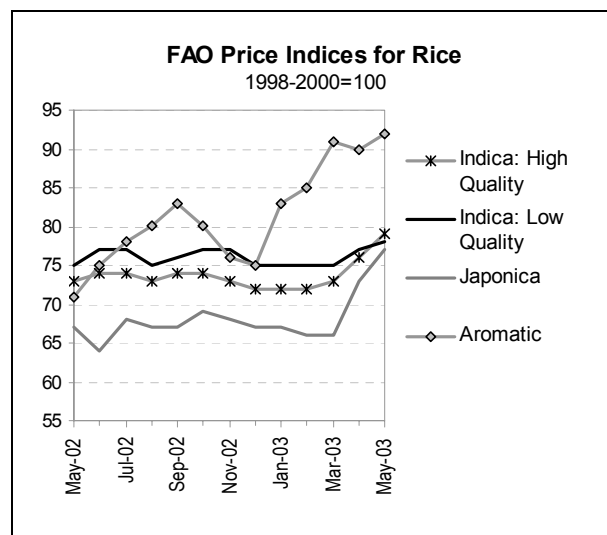
In the coming months, the price direction could be negatively influenced by larger supplies in the United States and Argentina, bumper harvests in Brazil and generally more favourable situations in southern African countries. Amid the anticipated sharp decline in maize exports and stocks in China and much smaller feed wheat supplies in world markets, the 2003/04

global supply and demand for feed grains, maize in particular, seems fairly balanced, resulting in international prices remaining within a close range to this year's levels.

International prices of **rice** of different origins and varieties have continued strengthening since the last report. This tendency was reflected in the FAO Total Price Index (1998-2000=100), which climbed to a two-year high, averaging 80 for the first four weeks in May, 3 points above April and 7 points above March.

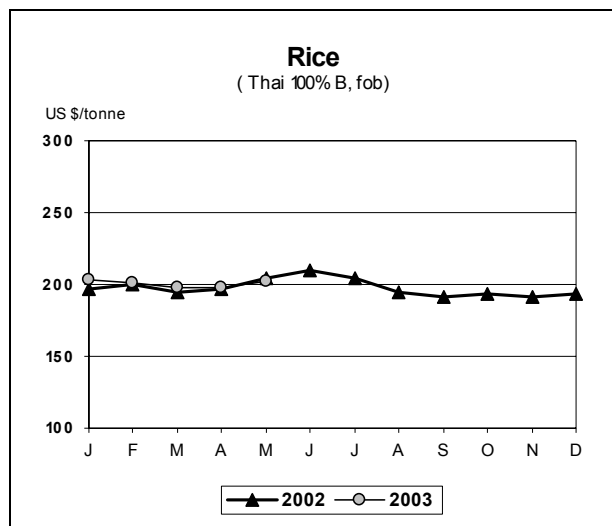
A combination of short export availabilities in several major exporting countries and strong international demand has fuelled the rise in international rice prices over the period. For example, export quotations in the United States, Pakistan and Viet Nam were up sharply, lifted by the launching of food aid tenders for Iraq, during a time when export supplies were limited, but also because of surging demand for commercial imports. On the other hand, quotations from Thailand firmed, especially for fragrant rice, while export prices in India were raised by the FCI.

Among the different types of rice traded, international quotations for medium-grain rice experienced the largest increases, with the FAO Japonica index rising to 77 points, 11 points higher than the March average. This was mostly on account of strong demand to fill the tenders that were opened by Japan and by the Chinese Province of Taiwan and reduced availabilities in the United States and Australia, which consequently pushed up prices, especially that of the US No.2, 4 percent medium grain rice by US\$77 per tonne since March.



As for high-quality Indica, quotations from all origins have risen, but in varying degrees. For instance, since March, Thai 100 percent B prices were up by an average of only US\$4 dollars per tonne, while quotations for US No.2, 4 percent long-grain surged by US\$74 per tonne, in the wake of large purchases by Brazil and strong demand to cover food aid commitments. These price developments have re-

established the large differential that the United States quotations, in the past, had tended to hold over the Thai high quality rice. More moderate increases were registered for Viet Nam 5 percent and Pakistan Irri 10 percent quotations. Overall, such price movements resulted in the FAO High Quality Indica Price Index climbing by 6 points between March and May.



The upward price momentum was not as strong for the lower quality rice, as illustrated by the FAO Low Quality

Indica Price Index, which increased just 3 points between March and May. With supply in abundance, quotations from Thailand for 100% broken rice fell, but the decline was more than compensated for by a strengthening of prices of 25% broken rice in Viet Nam, Pakistan and India.

Turning to the aromatic market, fragrant rice quotations rose to levels not seen since 2000, reflecting a tightening of supplies together with the government procurement policy in Thailand. By contrast, international basmati prices remained subdued, falling by 9 percent in Pakistan and rising only slightly in India. The net effect of these developments was to lift the FAO Aromatic Price Index by 1 point to 92 points.

Tentatively, prospects for international rice prices over the coming months remain positive, since supplies available for export have come under pressure in the face of resurgence in international demand, particularly by Brazil and some countries in Africa. However, beyond this period, the price outlook will be influenced by the status of paddy crops in northern hemisphere countries. Given the limited supply available in stocks world-wide, the impact of any news reporting adverse paddy growing conditions would have a particularly strong boosting effect on international rice quotations.

Ocean Freight Rates

(Contributed by the International Grains Council)

General

The dry bulk freight market strengthened significantly during the past five months, with support from the start of South America's grains and soyabeans export season and increased coal requirements, attributed to unusually cold weather in the northern hemisphere. The Capesize market remained strong due to continuing demand for minerals from Japan and China. Japan increased imports of coal to replace costly crude oil after the closure of several nuclear plants. China continued to import large volumes of iron ore to boost steel production.

War in Iraq temporarily pushed the bunker fuel prices higher, while insurance premiums rocketed in the conflict zone. In Asia, in efforts to prevent the spread of Severe Acute Respiratory Syndrome (SARS) crews on vessels calling at Singapore or Malayan ports were subject to medical checks, and suspect vessels quarantined. The Baltic Dry Index (BDI), the main market indicator, advanced by 848 points (up 57 percent) from 1 489 at the end of November 2002 to 2 337 as at 20 May 2003.

Grain

Atlantic Panamax rates increased strongly, with the benchmark grain voyage rate from US Gulf to Japan advancing from US\$24.60 per tonne at the end of November 2002, to a 7-year high of US\$35.00 in mid-May 2003. In recent months, active coarse grains and soyabeans trading from South America supported the market. Rainy weather and a truckers' strike created congestion in several Brazilian ports, forcing some Asian importers to switch prompt vessels to the US Pacific Northwest. Recent business included HSS cargoes from Argentina (Up River/ Bahia Blanca) to the Islamic Republic of Iran at US\$33.50 and to Egypt (Mediterranean) at US\$24.25.

To minimize the risk of higher bunker fuel prices, owners gave preference to timecharter rather than voyage contracts. Daily timecharter rates from US Gulf to Europe rose to US\$14 000 (\$10 000 in November 2002) for modern ships, while rates from South America to East Asia increased to US\$20 000 (US\$15 000) daily. Rates from US Gulf to Japan climbed to US\$21 500 plus a ballast bonus of US\$500 000.

Pacific Panamax rates were also firmer, though not as strong as those in the Atlantic, due to a larger supply of ships. Drought has significantly reduced grain shipments from Australia, leading to lower demand for freight services and closure of some grain storage facilities. But Chinese exports of maize to Asian destinations increased. Sea-borne trade in Asia was subdued in March - April on fears over the war in Iraq. Two vessels with Australian wheat en route to Iraq at the start of war were finally discharged in Kuwait and Jordan for milling.

In India, a truckers' strike brought grain exports to a virtual standstill, before the situation was resolved by the end of April. Recent business in the Pacific included grain cargoes from the Pacific North West to Chinese Taipei at US\$13.25, and to Japan at US\$18.50. Period rates ranged from US\$14 000 daily, based on one-year charter, to US\$16 000 daily for shorter periods.

The Handysize market remained firm amid continued support from high bunker prices and active grain trading from South America, the US Gulf, the Black

Sea area and within Europe. The Atlantic sector was weaker than the Pacific, mainly due to cold weather and bad icing conditions.

From South America, recent fixtures from Argentina's Up River ports included a maize cargo to Cyprus at US\$22.80 and a grains shipment to Tunisia at US\$29.00. Grain rates from Brazil to Europe (Antwerp-Hamburg) climbed to US\$26.30. Grain rates from the US Gulf have generally increased: examples were Algeria, reported at US\$24.00 and Venezuela, at US\$15.00. Rates within the EU remained firm due to active trading. Recent business included a wheat fixture from the United Kingdom to Italy (Adriatic) at US\$16.00.

At the end of 2002, exporters from Ukraine and the Russian Federation tried to ship as much grain as possible before the introduction of EU import tariff quotas in January 2003. Bad weather and subsequent port congestion, as well as increasing domestic prices consistently reduced the volume of business from the start of this year. Grain fixtures from Ukraine included a wheat cargo to South Africa at US\$19.00.

Cassava

Global cassava production rose by 2 percent in 2002

World cassava output in 2002 is estimated at 184 million tonnes in fresh root equivalent, which would be about 2 percent above the record of the preceding year, reflecting an expansion in cassava cultivation in Africa and Latin America and the Caribbean that has more than offset a contraction in Asia.

Much of the growth in global production in 2002 originated in Africa, where some 99 million tonnes of cassava were harvested, 3 percent more than in 2001. Cassava continues to be an essential crop for food security in several countries in the region, primarily owing to its resistance to drought. For instance, poor rainfall in 2002 in Mozambique, Madagascar, Malawi and Rwanda favoured an expansion of their cassava output. Moreover, record cassava crops in Nigeria, the world's leading producer, Ghana and Guinea and Uganda were in part due to policies conducive to the enhancement of food security, along with favourable weather conditions. These bumper crops also reflected the diffusion of high yielding and disease resistant planting material, a progressive replacement of existing varieties with new types and the promotion of new farm applications. In Tanzania, production in 2002 rebounded from the preceding year. Improved security conditions stimulated cassava production also in Angola and Sierra Leone, where it rose by 7 percent and 30 percent respectively. Small to moderate growth was recorded in Burundi, Cameroon, Congo, Mali and Uganda. By contrast, cassava production in the

Democratic Republic of Congo continued to be disrupted by population displacement and civil strife.

World Cassava Production ^{1/}

	2000	2001 prelim.	2002 fcast.
	(. . . . million tonnes)		
WORLD	176.7	180.8	184.0
Africa	95.3	96.6	99.1
Congo Dem. Rep.	16.0	15.4	14.9
Ghana	8.1	9.0	9.9
Madagascar	2.5	2.5	2.5
Mozambique	5.4	5.4	5.6
Nigeria	32.0	32.6	33.6
Tanzania	5.8	5.6	5.8
Uganda	5.0	5.3	5.4
Asia	50.4	52.3	51.5
China	3.8	3.8	3.8
India	6.2	7.0	7.1
Indonesia	16.1	17.1	16.7
Philippines	1.8	1.7	1.7
Thailand	19.1	18.3	17.3
Viet Nam	2.5	3.5	3.9
Latin America and Caribbean	31.3	31.7	33.2
Brazil	23.3	22.5	23.1
Colombia	1.8	2.0	2.2
Paraguay	2.7	3.6	4.1

Source: FAO

^{1/} In fresh roots.

These negative influences were compounded by an outbreak of mosaic disease in southern districts, resulting in production dropping to a 20-year low in the country in 2002. According to official sources in Benin, despite a sharp expansion in cassava area, production in the country fell by 10 percent.

In Latin America and the Caribbean, output rose by almost 5 percent to 33.2 million tonnes, partly fuelled by a drift away from cash crop commodities into cassava. For instance, the slump in international coffee prices is reported to have induced producers to either intersperse or replace coffee trees with cassava plantings, especially in Colombia, Ecuador and Peru, where production reached record highs. Low coffee prices were also behind a marked increase in cassava output in Brazil, despite lower cassava prices in that country, compared to the preceding year. Similarly, Paraguay registered a record cassava crop, as producers shifted land away from cotton to cassava.

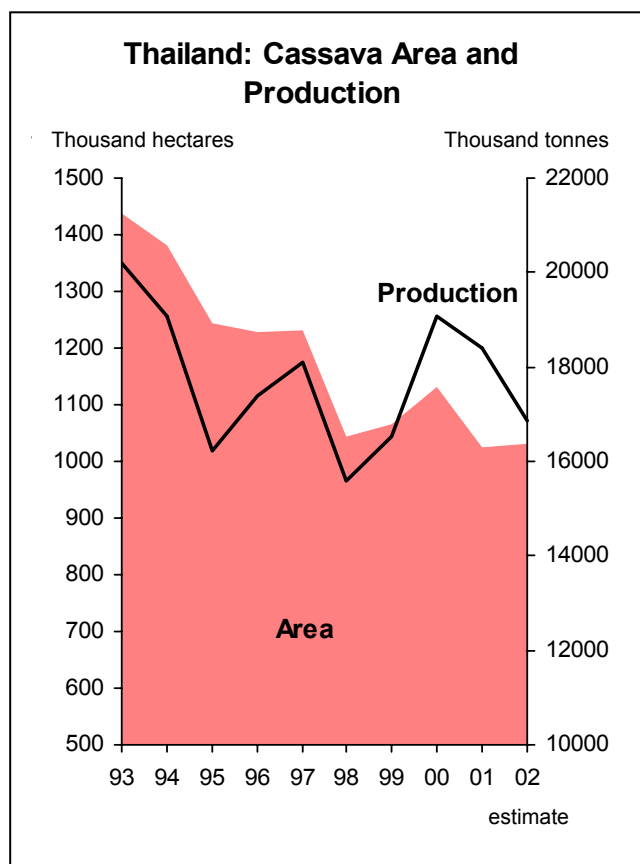
By contrast, Asia witnessed a 2 percent contraction in cassava output in 2002 to 51.5 million tonnes. Most of this decline reflects a major crop failure in Thailand, following flooding problems in the country that depressed yields and suppressed the positive effects a domestic price recovery had had on plantings. According to official sources in the country, production fell by almost 1 million tonnes to 17.3 million tonnes.

The region's second leading producer, Indonesia, also experienced a 2 percent contraction, while little change in output was estimated for China and the Philippines. The effects of low international coffee prices were also felt in Viet Nam, where cassava production rose by some 11 percent; while sparse and erratic monsoon rains in India stimulated an expansion in plantings in southern and eastern states that boosted somewhat the country's overall output by around 2 percent.

Global cassava utilization slightly up in 2002

Global cassava utilization as food is estimated at 108 million tonnes in 2002, almost 2 million tonnes more than in 2001, the bulk of which is consumed in Africa in the form of fresh roots and processed products. Global cassava utilization as feed is estimated to have remained of the order of 50 million tonnes, most of which is concentrated in Latin America and the Caribbean, China in Asia, Nigeria in Africa and the EU.

Utilization growth is very much in line with production, given the fact that proper cassava stocks are held only in relatively modest quantities and in dried form, since the commodity is mostly kept under the ground in the form of roots until they are needed and harvested. On a per caput basis, global cassava availabilities in 2002 are estimated to be in the order of 33.6 kg (root equivalent), up 1.5 percent from 2001.



In Africa, food cassava consumption is estimated to have risen by almost 3 percent to around 67 million tonnes in 2002 or 82 kg on a per caput basis. Large to moderate production gains supported increases in apparent food consumption of cassava in Nigeria, Ghana, Guinea, Mozambique, Angola, Tanzania, Uganda and Zambia. On the other hand, it fell markedly in those countries that experienced a contraction in production following climatic or civil strife, especially the Democratic Republic of Congo and Benin. The rural population, which relies to a larger extent on the crop for subsistence, was the most affected.

In Asia, cassava utilization as food is estimated to have fallen in 2002 by around 2 percent to some 26 million tonnes or 7kg on a per capita basis. In Indonesia, the cassava production shortfall undermined the country's policy of promoting cassava food consumption to reduce the country's dependence on cereal imports. On the other hand, cassava utilization in feed, alcohol and starch production expanded in Viet Nam, made possible by a large increase in output, while it fell in countries that rely heavily on imported supplies, for instance the Republic of Korea, Malaysia and China. In the Republic of Korea, the fall in cassava usage also reflects the government policy aimed at curtailing the size of its rice stocks by diverting rice supplies to feed, at the expense of cassava.

In Latin America and the Caribbean, the expansion in production is estimated to have boosted cassava utilization for both food and feed, especially in Paraguay, Colombia and Brazil. In the latter country, food consumption was further stimulated by the mandatory inclusion of cassava flour in wheat flour, an initiative launched by the Government to reduce the country's dependency on wheat imports.

Utilization by the developed countries, which is all based on imports, fell by 38 percent in 2002. This sharp contraction reflected to a limited extent a tightening of international supplies from Thailand and Indonesia and, especially, developments in the EU grain market. A bumper cereal output in Europe and consequent low prices vis-à-vis prices of grain substitutes, meant that feed demand could increasingly be met from grains thereby reducing imports of cassava.

World cassava trade contracted in 2002

International trade in aggregate dry cassava products (also called tapioca) underwent a sharp contraction in 2002, falling by 19 percent to just under 6 million tonnes (in cassava pellet equivalent). Despite a slight

World Trade in Cassava ^{1/}

	2000	2001 prelim.	2002 fcast.
	(. million tonnes)		
World Exports	6.9	7.4	5.9
Thailand	6.5	7.1	5.7
Indonesia	0.2	0.1	0.1
Others	0.2	0.2	0.1
World Imports	6.9	7.4	5.9
EU ^{2/}	3.7	2.7	1.5
China ^{3/}	0.9	2.6	2.5
Indonesia	0.5	0.2	0.1
Japan	0.6	0.7	0.7
Korea. Rep. of	0.1	0.2	0.1
Malaysia	0.2	0.2	0.2
United States	0.1	0.1	0.1
Others	0.8	0.6	0.7

Source: FAO

^{1/} In product weight of chips and pellets

^{2/} Excluding trade between EU members

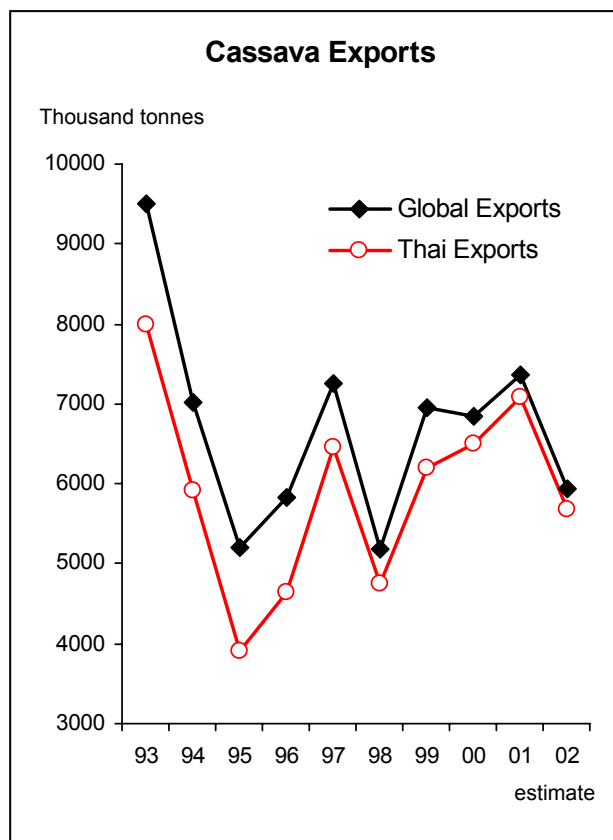
^{3/} Including Taiwan Province.

increase in the volume traded in the form of flour and starch, which stood at 2.6 million tonnes (1.3 million tonnes in product weight), trade in chips and pellets fell by 33 percent to 4.5 million tonnes.

Against the backdrop of declining trade, a major shift in the structure of international trade occurred in 2001, when imports by the developing countries surpassed those by the developed countries, for the first time. Indeed, in 2002, developing countries in the Far East were the major destination for international trade flows in cassava, importing around 3.4 million tonnes in aggregate. China, the leading cassava importer in 2002, with a share of 42 percent of the global market, procured around 2.5 million tonnes (mostly feed ingredients), slightly below the volume of the preceding year. As for other countries in the region (which mainly purchase cassava starch and flour) smaller volumes were shipped to Indonesia, Malaysia and Singapore. Inflows of cassava to the Republic of Korea were down by more than a half, as the government provided incentives to substitute rice products for rice under a recent policy plan aimed at cutting rice inventories.

Much of the contraction in global cassava trade was concentrated in the EU, for years the major destination of cassava shipments, which it principally imported in the form of pellets for the feed industry under a low tariff rate preferential quota. In 2002, however, the EU imports declined sharply by 43 percent to 1.5 million tonnes, reflecting the loss of competitiveness of cassava feed products vis-à-vis domestically produced grains.

Although the major cassava producers are located in Africa and Latin America and the Caribbean, countries in those regions have failed to gain a significant share of the global cassava market, mainly because of their high production costs and the difficulty they face in accessing markets and maintaining regular flows of quality product. Thailand continues to hold a dominant position, with a share of around 95 percent of world exports. The other traditional cassava suppliers are Indonesia and China, though they have also become sizeable cassava importers in recent years. Falling quotations of cassava pellets in the EU since the 1992 CAP reform have pressured exporters to diversify their cassava markets, especially into the Far East.



In 2002, exports of cassava products from Thailand fell by 20 percent to 5.7 million tonnes, reflecting a poor harvest. Shipments by the country to EU member states amounted to about 1.5 million tonnes, substantially short of the 5.25 million tonne specific preferential access granted to Thailand by the EU, but were easily compensated for by buoyant demand in China. International sales by Indonesia, which are mostly destined for China and the Republic of Korea (despite a quota of 866 000 tonnes per annum with the EU), fell by a third to 100 000 tonnes, while the figure for minor exporters, amounted to 150 000 tonnes, unchanged from 2001.

International prices recovered in 2002

International quotations for cassava products were on average higher in 2002 than in the previous year. A tightening of exportable supplies in Thailand and steadfast demand in the Far East, particularly China, were by and large, behind the strengthening of international prices.

Beginning with cassava chips, average annual quotations, for destinations principally in the Far East, rose by over 8 percent to US\$64 per tonne f.o.b. Average quotations of cassava pellets in the EU, after falling uninterruptedly since 1996, staged a recovery in 2002, climbing to US\$90 per tonne f.o.b., almost 10 percent higher than in the previous year. Along with the price of the raw material, pellet prices in the EU are determined by the domestic prices of grains, especially barley, and the prices of protein-rich meals, such as

soybean meal, which supplement cassava to obtain a balanced, grain substituting, compound. Despite declining prices of soymeal, the firming of cassava prices raised the cost of the cassava/soybean meal mixture in 2002 compared with the previous year.

International prices of cassava starch and flour also recovered in 2002, rising by US\$11 to US\$186 per tonne f.o.b., which again reflected tight supplies of raw material, but also a revival in demand throughout the Far East.

Outlook for 2003

Prospects for cassava production in 2003 are still subject to a large degree of uncertainty, especially in Africa where the crop plays a critical role for food security. In that region, the roots are often left in the ground for over one year and are only harvested when food shortages arise, which makes an assessment of production particularly difficult. Of great concern is the prevalence of civil strife and internal conflict in the region. Among important cassava growing countries, Angola, Central African Republic, Republic of Congo, Democratic Republic of Congo, Cote d'Ivoire, Guinea, Sierra Leone, Tanzania and Uganda, are viewed likely to suffer some contraction in output owing to a deterioration in their security conditions. In Nigeria, despite favourable weather conditions in the country, an outbreak of mosaic disease has placed its cassava crop under some jeopardy, threatening the Government's recently announced initiative to expand production for value-added cassava products.

Cassava and Cassava Products Prices in Thailand

	Tapioca flour/ starch Super H. G., F.o.b. Bangkok	Domestic market prices	
		Roots	Hard pellets
	(. US\$/tonne)		
1988	166	47	136
1995	358	65	127
1996	289	49	113
1997	244	34	72
1998	276	44	75
1999	172	26	66
2000	158	21	53
2001	173	28	54
2002	184	32	64
2002 – Q I	185	30	61
Q II	198	38	69
Q III	178	31	-
Q IV	174	27	-
2003	182	27	-
2003 – Q I	182	27	-

Source: Thai Tapioca Trade Association, Market Review.

A marginal recovery is expected in Asia, assuming a return to normal climatic conditions, especially following the annual planting survey in Thailand which pointed to a 2 percent increase in production in 2003. The establishment, last year, of a local futures exchange for commodities including cassava may also bring about some stability to the sector in the country. Production is expected to rise in Indonesia, where the Government recently reiterated its intention to reduce the country's dependence on rice imports through the promotion of alternative crop production, including cassava.

A further production expansion is foreseen in Latin America and the Caribbean, especially if international coffee prices fail to recover. In addition, a rise in support prices of cassava in Brazil should induce producers to expand cultivation of the crop in the country.

International trade in cassava products is currently forecast to expand, given an expected recovery in exportable supplies in Thailand during the current season. Based on the pace of shipments of pellets and chips by the country to date, exports during January to mid April 2003 were around 3 percent higher than during the same period last year and, in contrast to 2002, the majority of shipments have been in the form

of cassava chips to the Far East. Thus, countries in the region are again likely to displace the EU as the major world cassava import destination this year. Regarding imports by the EU, from January to the first week in May 2003, the Commission had only released import certificates for approximately 500 000 tonnes of cassava pellets, about 400 000 tonnes less than in the corresponding period in 2002. This slow start was mainly the result of highly competitive feed grain pricing. Indeed, while the price ratio between the cassava/soybean meal mixture and barley had given a 30 percent competitive edge to the latter in past years, in the latest months the differential was less than 10 percent.

Contrasting price trends among cassava products have arisen in the year to date. For instance, international quotations of cassava pellets exported to the EU recovered somewhat from last year, averaging 12 percent more in the first quarter than in the same period last year. By contrast, international prices of cassava starch were on average down compared with the first few months of 2002, but were showing signs of buoyancy against quotations of the latter half of last year. Since the EU cassava market is expected to remain depressed in 2003, the outlook for global prices will depend mainly on countries in the Far East maintaining large international purchases.

Prices of Cassava, Soybean meal and Barley in the EU

	Cassava pellets 1/	Soybean meal 2/	Cassava soybean meal mixture 3/	Barley 4/	Cassava meal mixture/Barley
	(. US\$/tonne)				(. . ratio . .)
1993	137	208	151	197	0.77
1994	144	192	154	182	0.85
1995	177	197	181	209	0.87
1996	152	268	175	194	0.90
1997	108	276	142	161	0.88
1998	107	170	120	145	0.83
1999	102	152	112	143	0.78
2000	84	189	105	144	0.73
2001	82	181	102	148	0.69
2002	90	175	107	140	0.76
2003 5/	94	186	112	118	0.95

Source: FAO, Oil World and Agra-Europe.

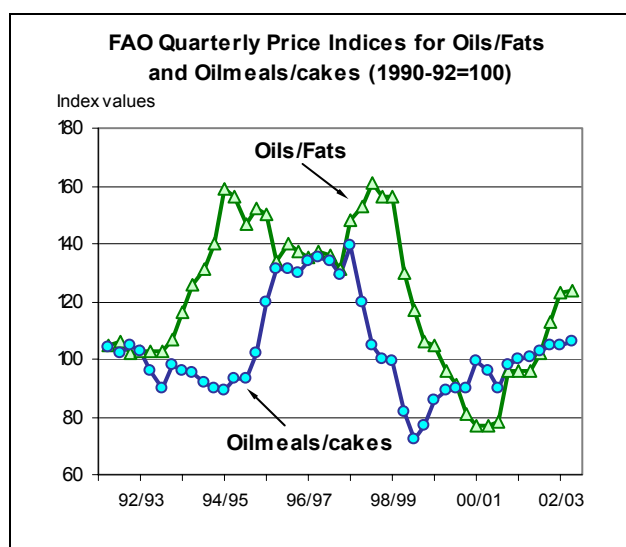
1/ F.o.b. Rotterdam (barge or rail), including 6% levy. 2/ Argentina (45/46 % proteins) c.i.f. Rotterdam until September 1999. As from October 1999 Argentina (44/45% proteins) c.i.f. Rotterdam. 3/ Consisting of 80% of cassava pellets and 20% of soybean meal. 4/ Selling price of barley in Spain. 5/ January-April average.

Oilseeds, Oils and Oilmeals^{1/}

Price recovery for oils/fats temporarily halted by the improved production outlook but oilcakes/meals prices more resilient

In the recent months, some prices in the oilseeds complex have temporarily come under downward pressure. As harvesting progresses, it has become clear that the supply and demand situation during the 2002/03 season (October/September) might be somewhat less tight than originally anticipated. Nonetheless, all of the prices are still markedly higher than during the same period in 2002 and, in general, prices are anticipated to continue strengthening during the remainder of the season in the face of continued demand growth.

Oils and fats prices, as represented by FAO's price index for oils/fats, reached a seasonal high in December 2002 and have been falling somewhat since that time due to several factors. One of the factors is the seasonal harvesting pressure from South America where the big producing countries in the region have been gathering another record crop. Secondly, there have been upward revisions of the oilseeds production estimates in some of the big producing countries in the northern hemisphere. Thirdly, palm oil output by Malaysia has been unexpectedly higher in recent months thereby exerting additional downward pressure on prices. However, the recent decline in prices is expected to be short-lived considering that, for the season as a whole, the growth in global supplies is expected to fall short of the anticipated rise in global demand.



For **oilcakes and meals**, the seasonal harvesting pressure of the record South American crop on prices (as represented by FAO's price index for oilcakes/meals) was less pronounced vis-à-vis the oils sector largely due to the prevailing market fundamentals. In particular, the demand from Asia

continues to grow strongly and the EU's imports could be higher than originally anticipated. Furthermore, logistical bottlenecks of the record South American crop from points of production to processing facilities and, finally, to ports have been supportive of prices.

Global oilseeds output is forecast to increase modestly in 2002/03 aided by bumper harvests in South America

As harvesting of the South American soybean crop comes to an end, it is becoming increasingly clear that world production of the seven major oilseeds during the 2002/03 season could register a slight increase vis-à-vis the previous season despite weather-related problems encountered in some parts of the world. Current indications are that output gains, especially soybean, in Argentina and Brazil, will compensate for the lower crops harvested in some of the main producing countries in the northern hemisphere.

World Production of Major Oilseeds

	2000/01	2001/02 estimate	2002/03 forecast
	(. . . . million tonnes)		
Soybeans	175.3	184.7	193.8
Cottonseed	34.1	36.9	33.6
Rapeseed	37.6	36.8	32.8
Groundnuts	32.8	34.4	31.6
Sunflowerseed	23.0	21.6	23.7
Palm kernels	6.8	7.0	7.3
Copra	5.9	5.2	5.1
Total	315.5	326.6	328.0

Source: FAO

Note: The split years bring together northern hemisphere annual crops harvested in the latter part of the first year shown, with southern hemisphere annual crops harvested in the early part of the second year shown. For tree crop, which are produced throughout the year, calendar year production for the second year shown is used.

In the United States, the world's largest soybean producer, the soybean output estimate for 2002/03 is about 5 percent below the previous season's level. Production shortfalls are also estimated for some of the other big producers in the north hemisphere such as

^{1/} Note on methodology: Almost the entire volume of oilcrops harvested world-wide is crushed in order to obtain oils and fats for human nutrition or industrial purposes and cakes and meals used as feed ingredients. Therefore, rather than referring to oilseeds, the analysis of the market situation is mainly undertaken in terms of oils/fats and cakes/meals. Hence, production data for oils (cakes) derived from oilseeds refer to the oil (cake) equivalent of the current production of the relevant oilseeds, while the data on trade in and stocks of oils (cakes) refer to the sum of trade in and stocks of oils and cakes plus the oil (cake) equivalent of oilseed trade and stocks.

International Prices of Oilseed-Based Products

	FAO indices of international market prices		Average international market prices			
	Edible/soap fats and oils	Oilcakes and meals	Soybean ^{a/}	Soybean oil ^{b/}	Palm oil ^{c/}	Soybean meal ^{d/}
October/September	(. . . 1990-92=100 . . .)		(. US\$/tonne)			
1995/96	140	128	303	574	544	257
1996/97	134	133	298	536	545	278
1997/98	154	116	256	634	641	197
1998/99	125	82	209	483	514	149
1999/00	91	89	209	355	337	180
2000/01 - Oct.- March	76	98	206	314	254	198
- April-Sept.	86	94	197	356	289	178
2001/02 - Oct.- March	95	100	188	378	323	175
- April-Sept.	107	104	213	445	392	174
2002/03 - Oct.- March	124	106	241	543	442	186
- April-May	123	108	258	534	413	195

Source: FAO, Oil World
^{a/} Soybean, US, c.i.f. Rotterdam. ^{b/} Soybean oil, Dutch, fob ex-mill. ^{c/} Palm oil, crude, c.i.f. N.W. Europe. ^{d/} Soy pellets, 44/45%, Argentina, c.i.f. Rotterdam.

Canada, China (Mainland) and India where unfavourable weather conditions led to a reduction in output.

In South America, market signals at the time of planting led to an increase in area allocated to oilseeds, especially soybeans, at the expense of competing crops. In Argentina, current yield forecasts suggest that soybean output could increase by over 16 percent to establish a new record high. In Brazil, soybean production is currently expected to expand by at least 17 percent from the previous season, registering yet another record.

In Australia, drought conditions during the growing period affected crop development and rapeseed production is expected to be less than one half of the previous season's volume.

Production of oils/fats and oilmeals/cakes to increase in 2002/03 but less than recent trends ^{1/}

The outlook for the 2002/03 global production of **oils and fats** has improved in recent months, compared to the beginning of the season, led by somewhat better prospects for soybean and palm oils.

Global soy oil production is forecast to increase by over 5 percent from the previous season despite an expected decline in the United States – the largest producer. The projected increase hinges on the bright South American outlook. Regarding palm oil, the high production growth rates of the 1990s have slowed down considerably last season and modest growth is expected also in the current season. For sunflower oil, the declining output trend of the previous three seasons is expected to be reversed this season due to the projected output recovery in Argentina, the Russian Federation and Ukraine. With regard to rapeseed oil, the decline projected for this season would make it three consecutive years of falling output. Groundnut oil is also forecast to undergo a big decline due to

weather-related damages to crops in the United States, Argentina, Senegal and India.

However, overall supplies of oils/fats (production plus opening stocks) during the current season are projected to be tight owing to the much reduced rate of output growth and a reduction in the carry-in stocks.

Also the global **oilcakes and meals** production, expressed in protein equivalent, is forecast to increase albeit at a much reduced rate vis-à-vis recent seasons. As has been the case in recent seasons, gains in soymeal output will be fundamental in offsetting the expected production fall in some of the other major meals such as rapeseed. Reversing the declining trend of the last three seasons, sunflower meal output is forecast to rise. As far as fishmeal is concerned, fishing restrictions in Peru, the largest producer in the world, are bound to result in reduced output for that country and also globally. In general, overall global supplies of oilcakes and meals for the current season are expected to stagnate at the previous season's level, despite a projected increase in output, due to the much reduced carry-in stocks vis-à-vis the previous season.

Global intake of oils/fats and oilcakes/meals to increase marginally

World utilization of **oils and fats** in the current season is forecast to expand modestly from last season. The most important contributing factor continues to be a slowdown in economic growth in a number of countries. In addition, given the projected decline in the overall supplies and assuming a trend increase in demand, prices are expected to rise to levels at which consumption growth in some countries will have to be

^{1/} Note that this section discusses expected developments in the production of oils and meals of all origins, which - in addition to products derived from the oilcrops discussed in the previous section - include palm oil, marine oils and meals as well as animal fats.

limited - a scenario which applies in particular to developing nations where demand is more elastic to prices.

Oilseeds and products: Global supplies, trade and utilization

	2000/01	2001/02 estimate	2002/03 forecast
	(. million tonnes)		
Seven major oilseeds ^{1/}			
Production	315	327	328
Oils and fats ^{2/}			
Production	120	122	123
Supply ^{3/}	137	139	140
Utilization ^{4/}	120	123	126
Trade	55	57	59
<i>Stock/Util. Ratio</i> (in percentage)	14%	13%	11%
Oilmeals and cakes ^{5/}			
Production	82	87	88
Supply ^{3/}	93	97	98
Utilization ^{4/}	83	88	89
Trade	45	46	48
<i>Stock/Util. Ratio</i> (in percentage)	13%	11%	10%

Source: FAO

Note: Refer to footnote 1/ in the text for further explanations regarding definitions and coverage.

1/ Includes soybean, rapeseed, sunflowerseed, groundnut (unshelled), cottonseed, copra and palm kernel. The split years bring together Northern Hemisphere annual crops harvested in the latter part of the first year shown and Southern Hemisphere annual crops harvested in the early part of the second year shown. For tree crops, which are produced throughout the year, calendar year production for the second year shown is used. 2/ Includes oils and fats of vegetable and animal origin. 3/ Production plus opening stocks. 4/ Residual of the balance. 5/ All meal figures are expressed in protein equivalent. Meals include all meals and cakes derived from oilcrops as well as fish meal.

With regard to individual oils/fats, sunflower oil is expected to register the biggest expansion, in percentage terms, owing to its increased availability. This would be a trend reversal compared to the previous seasons. By contrast, rape oil use is forecast to decline for the same reason. Soy oil and palm oil consumption are expected to grow but at a reduced rate vis-à-vis recent seasons.

Global consumption of **oilcakes and meals** (expressed in protein equivalent) is expected to increase but at a much reduced rate compared to recent seasons. This is attributable to a number of factors including a) the end of the substitution process stemming from the EU's ban on the use of meat and bone meal in compound feed; b) increased 'feed wheat' supplies and use in the EU resulting from bad weather that led to quality deterioration; and c) a slowdown in livestock production growth, especially in the EU and United States, due to reduced profitability

partly attributable to the imposition of import quotas on meat by the Russian Federation. In addition, a slowdown in consumption growth is also expected in central European countries where oilmeal usage has been on a steady increase in recent years. The projected growth reduction is largely due to the fact that their livestock sectors are heavily dependent on export markets, particularly to the EU, and with a sluggish economic growth in many parts of the world, demand for their products is dwindling.

By contrast, oilmeal intake continues to grow in a number of Asian countries, particularly in South East Asia. The region continues to post impressive economic growth rates and the resultant increase in household incomes induces increased demand for livestock and related products and, therefore, protein meals. Meal consumption in Brazil is also expanding appreciably.

Overall, the increased reliance on soymeal that started a few seasons ago is expected to continue during the current season. This is due to the fact that in recent seasons the supply of rape and sunflower meals, two of the major meals, has been limited.

Closing stocks of oils/fats and oilcakes/meals to fall vis-à-vis their opening levels

Despite a record output projected for soybean and palm oils during the current season, the end-of-season stocks of **oils and fats** (including the oil contained in seeds stored) are forecast to decline for the third consecutive season. The anticipated increase in utilization, though modest compared to recent seasons, is expected to surpass that of global supplies. Apart from soybean oil, all the other oils are forecast to register stock declines at the end of the season and this is expected to exert upward pressure on prices of oils and fats.

As to **oilcakes and meals**, the anticipated rise in soybean meal supplies will not be sufficient to satisfy the projected demand expansion and to make up for the projected reduced availability of the other major meals. Hence, global utilization is forecast to surpass production thus necessitating a drawdown of stocks. Like the oils sector, the accompanying fall in the overall stocks-to-use ratio is expected to provide upward support to prices during the remainder of the season.

International trade in oils/fats and oilcakes/meals to increase in 2002/03

World trade of **oils and fats** (including the oil contained in oilseeds traded) is forecast to expand 3-4 percent from the previous season. This is largely attributed to production shortfalls in some major consuming countries, especially the big Asian consumers whose imports are forecast at a much higher level than in the previous season.

In China (Mainland), domestic demand is expanding at a fast pace, propelled by an economy that continues to grow at a high rate. Much of the expanding demand has to be satisfied with imports considering that domestic production is increasingly limited, among other things, by the continuous decline in the availability of arable land. Imports by China are anticipated to increase by at least 30 percent from the previous season. As far as India is concerned, imports are projected to expand by over 16 percent from the previous season's level, due to a combination of lower domestic output and dwindling stocks. Palm oil imports, in particular, should benefit from a recent 15 percent reduction in India's import tariffs on refined palm oil and palm olein. Import purchases by some of the other big importers, such as the Islamic Republic of Iran, Pakistan and Mexico are also forecast to rise.

Among the developed countries, imports by the EU, the largest importer of oils (including the oil contained in oilseeds purchased) are expected to expand only modestly, although its purchases of sunflower oil, especially from eastern European countries, are anticipated to grow appreciably from the previous season due to increased availability of exports from the major suppliers.

On the export side, although total exports of oils/fats are forecast to increase, the trends for the individual oils/fats are forecast to differ greatly. Of the eight major oils/fats, only soybean and sunflower oils are expected to show an appreciable increase in export volumes. The others would either register modest increases, stagnate or decline. With regard to palm oil, whose trade underwent a steady increase during most of the 1990s, exports during the current season are projected to show only a slight rise owing to reduced growth in export availabilities in Malaysia and Indonesia.

As to soybean oil shipments, the shift in market shares, that started in recent years, among Argentina, Brazil and the United States - the three major exporters of the commodity globally - is expected to continue. This is due to the combined effect of reduced exportable supplies in the United States and record supplies in Argentina and Brazil. Thus, these two countries are expected to gain more share of the global market at the expense of the United States. Exchange rate developments during the season have provided additional competitiveness to exports from Argentina and Brazil.

For sunflower oil, the anticipated recovery in trade is a consequence of improved production in the major suppliers. By contrast, rapeseed oil trade is forecast to undergo a decline for the third consecutive season due to limited availability of supplies from the major exporters.

As far as the **oilcakes and meals** are concerned, global trade (including the meal contained in oilseeds traded) is expected to increase but at a reduced rate compared to the average of recent seasons. This is

attributed mostly to the reduced profitability of livestock production in a number of countries and increased supplies of feed wheat - a close substitute.

Although imports by the EU - the largest importer of oilmeals (including the meal contained in imported oilseeds) - could stagnate at the previous season's level, import purchases by China - the second largest importer globally - could increase by over 50 percent largely due to a shortfall in domestic output.

With regard to meal exports, Argentina and Brazil are, again, forecast to capture more of the expanding market at the expense of USA whose share would be eroded due to reduced availability of export supplies and reduced competitiveness. China is also increasingly becoming an important source of oilmeal exports given its expanding domestic crushing industry that is resulting in surplus production.

Similar to the previous two seasons, global trade in oilmeals is expected to increase its dependence on soybean meal as limited availability of many of the other major meals continues to constrain their trade.

Outlook for the 2003/04 global oilseeds production still very uncertain

While planting of the 2003/04 (October/September) season crop is underway in some of the northern hemisphere countries, some of the southern hemisphere countries are yet to conclude harvesting of the current season's crop. The information currently available from some of the major producing countries in the northern hemisphere is inconclusive with respect to the likely direction of the 2003/04 global oilseeds production.

In the United States, planting of the next season's soybean crop has started and, according to USDA reports, the soybean area could decline by about 1 percent from the current season's level which, if it materializes, would be the third consecutive reduction in area. Farmers are reportedly planning to plant more maize at the expense of soybeans due to the currently more favourable futures price for maize. In addition, when compared to farm legislation in force until 2002, the loan rate in the new US Farm Bill is less favourable to soybeans vis-à-vis competing crops. Planting of most of the other oilseeds (sunflower, rapeseed and groundnuts) is expected to decline, except for cottonseed, the area of which is forecast to expand.

In the EU, while rapeseed area could benefit from the currently favourable prices, sunflower output is projected to continue on its declining trend. In China, oilseed production is forecast to expand by about 4 percent from the 2002/03 estimated output, mostly due to gains in rapeseed area and yield improvement. In Canada, rapeseed area is forecast to increase by

about 12 percent due to current and anticipated favourable relative crop prices. Although a return to near-normal yields in Canada and Australia could lead to a fall in rapeseed prices from their high levels observed during the 2002/03 season, low carry-in stocks will likely ensure that prices remain relatively strong.

As has been the case in recent seasons, the volume of global oilseeds output will again be determined by what happens in the major producing countries of the Southern Hemisphere, where the area planted to oilseeds will largely depend on market conditions prevailing at the time of sowing (i.e. October-December 2003).

Pulses

World production of pulses seen recovering in 2003

Global pulse production in 2003 is forecast to increase to 54.4 million tonnes, which would be 2 percent up from last year and 1 million tonnes above the average of the past three years. Output in the developed countries is expected to increase by close to 20 percent from 2002, more than offsetting the contraction anticipated in the developing countries.

World Pulse Production

	2001	2002	2003 forecast
	(. . . million tonnes . . .)		
Africa	8.7	9.0	8.8
Asia	23.6	25.3	24.5
Europe	7.9	7.7	8.1
Latin America & Caribbean	5.5	6.2	6.1
North America	4.6	3.9	5.0
Oceania	2.3	1.1	1.8
World	52.5	53.3	54.4
Developing countries	37.5	40.2	39.2
Developed countries	15.0	13.0	15.2

Source: FAO

In Africa, total pulse production in 2003 is forecast to decline by 2 percent from last year to about 8.8 million tonnes, but would remain above the 2001 and 2000 output levels. In Ethiopia, despite an increase in area planted, pulse production could drop by as much as 20 percent from 2002. Yields are expected to fall as a result of poor rainfall and reduced input use. In Burundi and Rwanda, two countries with very high per caput consumption of pulses, production, consisting mostly of dry beans, is forecast to decline this year due to a serious delay in the start of the rainy season. Also scarce seed availability reported in Burundi could have a negative effect on plantings and yields. Mozambique's pulse production is also expected to fall in 2003 from last year's level due to severe dry weather during the start of the season. By contrast, in several other eastern African countries, including Kenya, Malawi, Sudan and Tanzania, crop prospects are favourable due to improved weather and moisture

conditions and production could increase somewhat over last year. Likewise, 2003 pulse production in North Africa is forecast to increase, as generally adequate rains are expected to bring yields back to average levels after three predominantly dry years. Nigeria's pulse production, which consists almost exclusively of cowpeas, could rise, albeit slightly, in view of generally good growing conditions.

Asia's 2003 pulse production is forecast at 24.5 million tonnes, down 3 percent from 2002, largely on account of an expected decline in India's output. Total pulse production in India, the world's largest producer of pulses, is expected to drop by 1.7 million tonnes, or 12 percent, from the previous year to about 11.8 million tonnes, due to low rainfall and bad weather during the post-monsoon period. The bulk of the reduction is in chickpea production, which could drop by 15-20 percent, while dry pea and lentil outputs are expected to decline by smaller amounts. Indian pulses are grown during both the Kharif (autumn) and Rabi (spring) seasons, with the latter contributing a bigger share to the country's total production.

Other parts of Asia, however, could experience larger pulse crops in 2003. In Myanmar, despite some crop damage caused by untimely rainfall, pulse production is expected to grow this year due to increased area. Myanmar's pulse production expansion continues to be driven by the export market. In fact, pulse exports have become a major source of foreign exchange earnings for the country. Thailand's pulse production is expected to rise in 2003, as attractive returns prompted farmers to expand the area planted to dry beans. Production prospects in the Islamic Republic of Iran, Syria and Turkey, where the bulk of the crops consist of chickpeas and lentils, are favourable, reflecting improved weather and moisture conditions. Similarly, Pakistan's chickpea production is expected to increase substantially this year.

In the Latin America and Caribbean (LAC) region, Argentina's 2003 dry bean production is anticipated to drop from last year, based on data indicating smaller plantings. The country's black bean area appears to have dropped sharply as farmers are showing more interest in soybeans in expectation of better returns. In both Brazil and Mexico, dry bean output is forecast to decrease in 2003, as relatively lower prices, in response to ample supplies due to bumper crops in the

previous year, are likely to influence negatively growers' planting decisions. Mexico's chickpea production is also likely to drop in view of a slack demand. Dry bean output, by contrast, could increase in some other LAC countries, primarily in Costa Rica, Guatemala and Nicaragua.

Among the developed countries, in Canada, based on information from recent seeding intention surveys and assuming normal weather conditions, pulse production in 2003 is forecast to recover by as much as 50 percent from last year's drought-reduced output to about 3.5 million tonnes, with expected increases for all pulse types, except dry beans. Canada's pulse production dropped sharply in 2002 due to low yields and high abandonment rates, as a result of a severe drought. In the United States, by contrast, total pulse production is forecast to contract by 8 percent to about 1.5 million tonnes, with an anticipated decrease in dry beans more than offsetting increases in dry peas and lentils. The dry bean area is forecast to decrease by 21 percent due to a combination of factors including low producer prices as a result of last year's large harvest and more attractive prices of alternative crops like wheat and soybeans. Dry pea and lentil areas, on the other hand, are likely to expand this year in response to higher prices in 2002. In addition, the recent decision by the Government to offer loan deficiency payment rates based on feed grade peas and No. 3 lentils could bring more land into these crops. In Australia, a big exporter of pulses, total pulse production is forecast to rebound from last year's low output that was severely affected by a widespread drought. This year, assuming normal weather, Australia's pulse production is forecast to rise by as much as 70 percent from the previous year's poor crop.

In the EU, pulse production is expected to rise this year to over 8 million tonnes, with an increase in dry pea output more than offsetting a decline in beans. In France, the principal dry pea producer in the EU, the area is forecast to expand by about 10 percent. By contrast, bean production in Spain and the United Kingdom are foreseen to contract slightly. Elsewhere in Europe, dry pea planting is foreseen to expand in Ukraine, due in part to the frost damage to wheat and barley crops, which may be replaced by peas; however, the increase could be to some extent constrained by the availability of seeds, which must be imported. Nevertheless, the country's 2003 dry pea output is expected to increase by close to 30 percent.

Trade in pulses to increase modestly in 2003

Limited supplies of pulses in the major exporting countries, along with strong prices, are likely to constrain growth in global pulse trade in 2003, tentatively forecast at approximately 9.5 million tonnes. Slow growth is expected especially for lentils and chickpeas, and to a lesser extent for dry peas, while dry bean exports are forecast to grow the fastest.

Pulse exports from Australia and Canada are likely to fall from the previous year, reflecting lower exportable supplies as a result of reduced production in 2002. In Australia, another factor which could lead to tightening of exportable supplies is an increase in domestic demand for dry peas and lupins in feed rations due to shortages in vegetable proteins. Mexico's 2003 chickpea sales also are expected to decline due to lower availability and slack export demand. Myanmar's pulse export prospects are also bleak due to the financial crisis that erupted in early February, resulting in the collapse of the country's twenty private banks. The lack of capital for trade transactions could have severe effects on Myanmar's exports this year, unless a quick solution is found.

By contrast, exports by the United States, particularly of dry beans, are forecast to rise in 2003, in light of increased production and expected relatively strong PL-480 food aid shipments. In the EU, France's dry pea exports are likely to expand in 2003, despite a slow pace of sales early in the year. Broad bean exports, mostly to Egypt, could rise significantly; however, these prospects may be hurt if the Egyptian Pound continues to depreciate against the Euro. Ukraine is emerging as a strong exporter of dry peas this year, given the expected sharp increase in production. Pakistan is expected to turn to a net exporter of chickpeas this year, owing to the large increase in domestic production.

On the import side, in South Asia, India's pulse purchases are forecast to increase in 2003, to compensate for the decline in domestic production and meet a growing local demand. In the Near East and North Africa, several countries are likely to witness larger purchases reflecting a growing domestic demand. In sub-saharan Africa, imports of pulses are forecast to rise in 2003, largely reflecting increased food aid shipments to some countries, especially Burundi, Eritrea, Ethiopia and Mozambique where 2002 crops were reduced by drought. Among the LAC countries, dry bean imports by Mexico, an important market in the region, are forecast to go down in 2003, as a consequence of large carryover supplies from the previous year, while Brazil is seen returning to being a net importer again in anticipation of a drop in domestic production.

Prices likely to remain firm in the coming months

International prices of pulses, except dry beans, are likely to stay strong in the next two to three months in response to tight exportable supplies in the major exporting countries, namely Australia and Canada. In the United States, dry pea prices in the first quarter of 2003 averaged about 20-40 percent higher than the same period last year, while lentil prices increased by over 80 percent. Prices of most dry bean classes, by contrast, continued their downward trend, averaging 30 percent lower during the first quarter of 2003 than a year ago, in response to ample supplies from last year's substantial increase in output.

Prices of Selected Pulses

	U.S. Pinto Beans 1/	U.S. Dry Green Peas 2/	U.S. Dry Yellow Peas 2/	U.S. Lentils, Regular 2/
	(..... US\$ / tonne)			
2002				
January	474	230	249	288
February	575	233	254	284
March	597	241	255	285
April	606	247	267	300
May	613	248	266	298
June	604	246	259	297
July	540	239	261	294
August	511	237	244	297
September	395	245	240	336
October	368	283	269	389
November	355	298	277	411
December	370	303	305	429
2003 ^{3/}				
January	362	325	292	485
February	428	323	298	529
March	342	346	307	555

Source: USDA

1/ Average grower prices over all bean classes. 2/ Average dealer prices 3/ preliminary

However, the price situation could be reversed towards the end of the year, with the arrival of new crops in Australia, Canada and the United States, three major pulse exporters. If crops in these countries turn out to be normal this year, prices could come under downward pressure, in particular for dry peas, chickpeas and lentils.

Dry bean prices, on the other hand, could pick up, in light of expected output contractions in the United States and Canada. In addition, due to the sharp contraction in pulse stocks in the main exporting countries, prices are anticipated to be extremely sensitive to any supply or demand shocks.

Sugar

Late season production increases for 2002/03 may pressure price outlook into new marketing year

The FAO estimate of world sugar production in 2002/03 has been revised upward to account for better than expected late season output in key producing nations. Global production, currently forecast at 145 million tonnes as the 2002/03 cycle winds down, is up an additional 4.2 million tonnes from the November forecast and 10.2 million tonnes over 2001/02. The significant increase over the last crop year is largely attributable to record crops in a number of the world's largest sugar producing nations.

Although record sugar output in Brazil was largely anticipated by the market, record production in China, India and Thailand may have resulted in more pronounced downward pressure on both near-term and new crop sugar prices. Record production in Thailand, with a forecast 20 percent increase over last year, may result in higher carry-in stocks as results of expansion programmes in that country become increasingly

evident. Late season increases were more than offset by declines in the Caribbean, notably in Cuba and Jamaica. Mill closures and policies to diversify agricultural area out of sugarcane production in Cuba resulted in the lowest output recorded since 1912. Adverse weather conditions and irregular rainfall resulted in decreased production in Guatemala and Australia.

Steady price declines since February

Reports of record output in larger producing countries contributed to downward price pressure on the International Sugar Agreement (ISA) daily price, declining from a monthly average of US cents 9 per lb for February to US cents 7.75 per lb for April. Although additional sugar supplies may continue to pressure prices in the near term, ISA daily prices for the January through April 2003 period averaged US cents 8.29 per lb, or nearly 19 percent higher, than ISA prices over the same period last year, which averaged US cents 6.97 per lb. Current expectations of increased global surplus stocks may result in potentially weaker

World Production and Consumption of Sugar

	Production		Consumption	
	2001/02	2002/03	2002	2003
	(. . million tonnes, raw value . .)			
WORLD	134.1	138.5	132.7	136.2
Developing countries	94.2	96.8	86.2	89.0
Latin America & Caribbean	43.0	45.0	24.2	25.0
Africa	4.9	5.0	7.2	7.4
Near East	5.4	5.4	10.5	10.7
Far East	40.5	41.0	44.2	45.8
Oceania	0.4	0.4	0.1	0.1
Developed countries	39.9	41.7	46.6	47.2
Europe	20.0	21.5	19.9	20.1
of which: EU	(16.2)	(17.5)	(14.7)	(14.7)
North America	7.4	7.4	10.7	10.8
CIS	4.2	4.4	10.2	10.5
Oceania	4.8	4.8	1.3	1.3
Others	3.6	3.6	4.4	4.4

Source: FAO

price levels, but increased domestic utilization of sugar for ethanol blends in Brazil may preclude additional increases in export volumes from that country, and potentially slow additional downward pressure on international prices.

Consumption growth in China was expected to remain strong, despite slowdowns in overall global growth rates, until SARS outbreak.

FAO forecasts world sugar consumption to reach 138 million tonnes in 2003, for an annual growth rate of 1.5 percent, in line with past growth rates, but less than previously forecast. Consumption forecasts continue to indicate that growth in the Far East will continue to be among the most rapid globally, despite economic slowdowns, driven by population growth. Domestic consumption in China, despite the potential for an economic slowdown due to the SARS outbreak, should continue to respond to government efforts to reduce the use of saccharin, sustained low internal prices and increasing consumer preferences for sugar-containing processed foods. Expectations of lower demand pull from Russia, the world's largest importer, in the remaining months of 2003 have also contributed to uncertainty in regard to more finalized estimates of global import demand. Furthermore, a shifting import policy environment has contributed to this uncertainty.

Fertilizers

Average **Urea** spot prices in April and May continued to be substantially higher than those of a year ago. In north China domestic urea prices declined and exports to Viet Nam are envisaged. Import demand from India will continue at normal level, although supply for this source may be tight if an anticipated temporary reduction in supplies from the Russian Federation and Ukraine materializes. Exports from the Russian Federation are scheduled for Latin America and Europe. High shipping rates through the Suez Canal make Asian and Arab Gulf supply to the Asian market likely. Indonesian exports have focused on Viet Nam and the Philippines. High natural gas prices in the United States affected domestic supply capacity and demand there will be met through imports from the Arab gulf and Asia. Expanded production capacity in Venezuela is expected to become operational in the near future, supply is initially envisaged for the domestic market and exports in the longer term for Europe a Latin America. There is little price change expected shortly.

Ammonia prices declined in May in all markets, in particular the Caribbean and eastern Europe. India is expected to import ammonia for its restarted DAP facility, but other demand is slow. The Philippines secured supply from Indonesia. In the United States seasonal demand has been met through imports from the Russian Federation and the Caribbean.

International spot market prices of **ammonium sulphate** from eastern Europe are considerably above the level of 2002, prices from western Europe are somewhat below last year's level.

Diammonium phosphate (DAP) prices continued to increase in the past two months and are substantially higher than a year ago. This increase is expected to reverse in the near future as most demand drops off. However, sustained demand from Latin America and Turkey may slow down the price decline somewhat. In response to falling demand, North African producers decided to align contractual future delivery obligations with supply capacity. Exports are primarily directed towards Pakistan, the Islamic Republic of Iran and Latin American markets. United States exports are impeded by enhanced freight rates. United States domestic demand is adversely affected by wet weather in the central wheat belt. United States supply capacity may decrease also considering relatively high ammonia prices, which relates to the natural gas price. Imports are restrained in anticipation of further DAP price decline.

Prices for **triple superphosphate (TSP)** have increased. The Islamic Republic of Iran imports a large volume of TSP to supplement its DAP imports from North Africa. Demand in Bangladesh and Sri Lanka is expected to be met through imports from China. Chile

is expected to enter the market. European supply is almost in balance with supply and TSP prices are expected to remain stable. Italian demand is being met from eastern Europe.

Muriate of potash (MOP) prices remain almost at the same level as a year ago. Stocks in China fell below 1 million tonnes and shipments to China will come to an end shortly at the conclusion of the growing season.

North American and the Russian Federation potash exports are now directed towards Thailand and Viet Nam. United States demand is met through imports from the Russian Federation. Potash supply from the Near East has been constrained by logistics limitations in the ports. The Russian Federation suppliers envisage meeting Brazilian potash demand; seasonal stocks are much below last year's level. Potash prices may show marginal changes.

Average Fertilizer Spot Prices (bulk, f.o.b.)

	April 2003	May 2003	May 2002	Change from last year ^{1/}
	(..... US\$/tonne)			(. percentage .)
Urea				
eastern Europe	115-118	128-130	88-90	44.9
Near East	138-141	136-139	103-105	32.2
Ammonium Sulphate				
eastern Europe	57-60	56-59	44-46	27.8
western Europe	49-54	50-55	55-58	-7.1
Diammonium Phosphate				
Jordan	193-197	194-198	161-164	20.6
North Africa	190-198	186-193	149-155	24.7
U.S. Gulf	189-191	179-181	153-156	16.5
Triple Superphosphate				
North Africa	137-145	143-147	121-127	16.9
U.S. Gulf	142-145	143-146	132-134	8.6
Muriate of Potash				
eastern Europe	86-104	88-104	92-107	-3.5
Vancouver	109-124	109-124	111-123	-0.4
western Europe	100-110	100-110	105-115	-4.5

Source: Compiled from Fertilizer Week and Fertilizer Market Bulletin. ^{1/} From mid-point of given ranges.

Appendix Tables

A.1 a) - WORLD CEREAL PRODUCTION

	Wheat			Coarse Grains		
	2001	2002 estim.	2003 f'cast	2001	2002 estim.	2003 f'cast
	(..... million tonnes))					
ASIA	245.8	255.0	249.9	210.1	211.5	212.4
Bangladesh	1.6	1.8	1.7	0.1	0.1	0.1
China ^{1/}	93.9	91.9	87.2	125.2	134.0	129.6
India	69.7	71.8	70.3	34.0	25.2	32.0
Indonesia	-	-	-	9.3	9.5	9.7
Iran, Islamic Rep. of	9.5	12.5	12.8	3.5	4.5	4.3
Japan	0.7	0.8	0.7	0.2	0.2	0.2
Kazakhstan	12.7	12.6	10.8	3.0	3.1	2.5
Korea, D. P. R.	0.1	0.1	0.1	1.6	1.8	1.5
Korea, Rep. of	-	-	-	0.5	0.4	0.4
Myanmar	0.1	0.1	0.1	0.7	0.8	0.7
Pakistan	19.0	19.7	20.6	2.2	2.2	2.1
Philippines	-	-	-	4.5	4.3	4.6
Saudi Arabia	1.8	1.8	1.8	0.3	0.3	0.3
Thailand	-	-	-	4.7	4.5	4.5
Turkey	18.5	20.0	21.0	10.2	10.8	10.6
Viet Nam	-	-	-	2.1	2.3	2.0
AFRICA	18.1	16.7	18.5	83.1	82.4	82.7
North Africa	12.9	12.1	14.2	10.0	10.1	10.7
Egypt	6.3	6.6	6.6	7.8	7.6	7.6
Morocco	3.3	3.4	4.0	1.3	1.9	2.0
Sub-Saharan Africa	5.2	4.6	4.4	73.1	72.2	72.1
Western Africa	0.1	0.1	0.1	33.4	33.8	33.6
Nigeria	0.1	0.1	0.1	19.6	19.9	20.0
Central Africa	-	-	-	2.5	2.6	2.6
Eastern Africa	2.2	1.9	1.8	22.5	20.0	19.4
Ethiopia	1.6	1.3	1.3	8.0	7.4	6.9
Sudan	0.2	0.3	0.2	5.1	3.5	3.9
Southern Africa	2.9	2.6	2.5	14.7	15.8	16.5
Madagascar	-	-	-	0.2	0.2	0.2
South Africa	2.5	2.3	2.2	7.9	10.5	9.7
Zimbabwe	0.3	0.2	0.2	1.6	0.6	1.0
CENTRAL AMERICA	3.3	3.3	3.0	31.1	28.5	29.0
Mexico	3.3	3.3	3.0	27.6	24.7	25.4
SOUTH AMERICA	21.2	18.0	21.1	70.8	64.3	72.1
Argentina	15.3	12.3	14.5	19.6	18.7	19.3
Brazil	3.3	2.9	4.1	43.0	37.0	44.1
Colombia	-	-	-	1.4	1.4	1.4
NORTH AMERICA	73.8	59.7	82.2	285.1	264.9	305.9
Canada	20.6	15.7	24.6	22.7	19.8	27.4
United States	53.3	44.0	57.5	262.4	245.2	278.5
EUROPE	201.7	209.9	185.0	224.1	219.2	221.2
Bulgaria	4.1	3.6	2.4	2.0	2.5	2.1
EU	92.2	104.4	103.2	107.9	106.7	106.8
Hungary	5.2	3.9	4.2	9.6	7.7	8.5
Poland	9.3	9.3	8.4	17.7	17.3	17.1
Romania	7.8	4.4	6.0	10.3	9.8	11.4
Russian Fed.	47.0	50.6	36.5	35.7	33.7	33.6
Ukraine	21.3	19.8	10.6	17.1	16.2	18.5
OCEANIA	25.2	9.7	24.6	13.3	7.6	10.3
Australia	24.9	9.4	24.3	12.8	7.0	9.7
WORLD	589.1	572.3	584.3	917.6	878.4	933.7
Developing countries	263.1	265.5	267.7	382.1	370.9	381.9
Developed countries	326.0	306.8	316.6	535.5	507.5	551.8

Source: FAO

Note: Totals computed from unrounded data.

^{1/} Including Taiwan Province.

Table A.1 b) - WORLD CEREAL PRODUCTION

	Rice (paddy)			Total Cereals 1/		
	2001	2002 estim.	2003 f'cast	2001	2002 estim.	2003 f'cast
	(..... million tonnes)					
ASIA	544.4	524.4	539.4	1 000.3	991.0	1 001.7
Bangladesh	36.4	39.5	39.6	38.1	41.3	41.4
China 2/	179.3	176.5	172.7	398.3	402.5	389.4
India	139.6	115.4	130.0	243.3	212.4	232.2
Indonesia	50.5	51.4	51.4	59.8	60.9	61.1
Iran, Islamic Rep. of	2.0	2.7	2.8	14.9	19.6	19.9
Japan	11.3	11.1	10.9	12.3	12.2	11.8
Kazakhstan	0.2	0.2	0.2	15.9	15.9	13.5
Korea, D. P. R.	2.1	2.2	2.1	3.8	4.1	3.7
Korea, Rep. of	7.5	6.7	6.8	7.9	7.0	7.2
Myanmar	21.9	22.8	23.5	22.7	23.7	24.3
Pakistan	5.8	6.3	7.1	27.0	28.2	29.8
Philippines	13.1	13.2	13.5	17.6	17.5	18.1
Saudi Arabia	-	-	-	2.1	2.1	2.1
Thailand	26.5	25.9	27.0	31.2	30.4	31.5
Turkey	0.4	0.4	0.4	29.1	31.2	32.0
Viet Nam	32.0	34.1	34.2	34.1	36.4	36.2
AFRICA	17.3	17.9	18.2	118.5	116.9	119.5
North Africa	5.3	6.1	6.0	28.2	28.3	30.8
Egypt	5.2	6.0	6.0	19.3	20.3	20.2
Morocco	-	-	-	4.6	5.3	6.0
Sub-Saharan Africa	12.0	11.9	12.2	90.3	88.7	88.6
Western Africa	7.6	7.5	7.6	41.0	41.4	41.3
Nigeria	3.3	3.4	3.5	23.0	23.3	23.6
Central Africa	0.4	0.4	0.4	3.0	3.0	3.0
Eastern Africa	1.1	1.0	1.0	25.8	23.0	22.2
Ethiopia	-	-	-	9.6	8.7	8.1
Sudan	-	-	-	5.4	3.8	4.1
Southern Africa	2.9	3.0	3.1	20.5	21.3	22.1
Madagascar	2.7	2.7	2.8	2.9	2.9	3.0
South Africa	-	-	-	10.4	12.8	11.8
Zimbabwe	-	-	-	1.9	0.7	1.2
CENTRAL AMERICA	2.3	2.3	2.4	36.7	34.1	34.4
Mexico	0.2	0.2	0.3	31.1	28.2	28.6
SOUTH AMERICA	19.9	19.8	19.7	111.9	102.2	112.9
Argentina	0.9	0.7	0.8	35.7	31.8	34.5
Brazil	10.4	10.6	10.6	56.7	50.5	58.8
Colombia	2.3	2.4	2.4	3.7	3.8	3.8
NORTH AMERICA	9.8	9.6	9.0	368.7	334.2	397.1
Canada	-	-	-	43.3	35.4	52.0
United States	9.8	9.6	9.0	325.4	298.7	345.1
EUROPE	3.2	3.2	3.3	428.9	432.3	409.6
Bulgaria	-	-	-	6.0	6.1	4.5
EU	2.6	2.6	2.7	202.7	213.7	212.7
Hungary	-	-	-	14.8	11.6	12.7
Poland	-	-	-	27.0	26.6	25.5
Romania	-	-	-	18.1	14.2	17.4
Russian Fed.	0.5	0.5	0.5	83.2	84.8	70.6
Ukraine	0.1	0.1	0.1	38.5	36.0	29.2
OCEANIA	1.8	1.3	0.4	40.3	18.7	35.3
Australia	1.8	1.3	0.4	39.4	17.7	34.4
WORLD	598.6	578.7	592.5	2 105.3	2 029.4	2 110.4
Developing countries	572.2	553.0	568.2	1 217.4	1 189.4	1 217.8
Developed countries	26.4	25.7	24.2	887.9	840.0	892.6

Source: FAO

Note: Totals computed from unrounded data.

1/ Rice is included in the cereal total in paddy terms. 2/ Including Taiwan Province

Table A.2 a) - WORLD IMPORTS OF CEREALS

	Wheat (July/June) ^{1/}			Coarse Grains (July/June)		
	2001/02	2002/03 estim.	2003/04 fcast	2001/02	2002/03 estim.	2003/04 fcast
	(..... million tonnes)					
ASIA	46.7	42.9	43.5	57.4	56.0	57.9
Bangladesh	1.7	1.7	1.7	0.1	0.1	0.1
China	2.0	1.6	2.6	7.7	7.6	8.3
Taiwan Province	1.0	1.1	1.1	5.3	5.0	5.2
Georgia	0.5	0.5	0.5	-	-	-
India	0.1	0.1	0.1	0.2	0.3	0.2
Indonesia	4.0	4.0	4.1	1.1	1.3	1.4
Iran, Islamic Rep. of	5.9	2.5	2.2	2.0	1.2	1.2
Iraq	3.0	2.5	2.8	0.1	0.1	0.1
Israel	1.5	1.6	1.5	1.4	1.2	1.2
Japan	5.7	5.7	5.8	19.9	19.8	19.8
Korea, D. P. R.	0.3	0.4	0.4	0.5	0.3	0.4
Korea, Rep. of	4.0	3.8	3.5	8.6	8.9	9.5
Malaysia	1.3	1.4	1.4	2.4	2.4	2.5
Pakistan	0.3	0.5	1.5	0.1	0.1	0.2
Philippines	3.1	3.4	3.2	0.4	0.4	0.4
Saudi Arabia	0.1	0.1	0.1	7.0	6.7	7.0
Singapore	0.3	0.3	0.3	0.2	0.2	0.2
Sri Lanka	0.8	0.8	0.9	0.2	0.1	0.1
Syria	0.3	0.5	0.2	0.9	1.1	0.6
Thailand	0.9	0.8	0.9	-	-	-
Yemen	2.0	2.0	2.0	0.3	0.2	0.2
AFRICA	26.2	26.4	25.4	15.1	17.3	15.3
North Africa	17.0	17.3	16.0	11.4	11.1	10.5
Algeria	4.7	4.8	4.9	2.1	2.2	2.1
Egypt	6.8	6.5	6.6	5.5	5.3	5.4
Morocco	2.9	2.7	2.0	1.7	1.5	1.3
Tunisia	1.3	1.8	1.0	1.5	1.4	1.0
Sub-Saharan Africa	9.2	9.1	9.4	3.7	6.2	4.9
Côte d'Ivoire	0.3	0.3	0.3	-	-	-
Ethiopia	0.3	0.5	0.9	-	0.3	0.1
Kenya	0.5	0.6	0.6	0.5	0.7	0.8
Nigeria	2.5	2.5	2.5	0.1	0.1	0.1
Senegal	0.3	0.3	0.3	0.1	0.1	-
Sudan	1.1	0.9	1.0	0.1	0.1	0.1
South Africa	0.5	0.6	0.6	0.7	0.7	0.6
CENTRAL AMERICA	6.6	6.9	7.0	12.8	13.6	14.7
Cuba	1.0	1.0	1.0	0.2	0.3	0.3
Dominican Rep.	0.3	0.3	0.3	0.7	0.7	0.7
Mexico	3.0	3.2	3.2	9.6	10.2	11.3
SOUTH AMERICA	11.8	11.7	11.1	6.1	5.9	5.8
Brazil	6.8	6.8	6.0	0.6	0.7	0.3
Chile	0.3	0.3	0.4	1.2	1.1	1.3
Colombia	1.2	1.2	1.2	2.3	2.3	2.4
Peru	1.3	1.3	1.3	0.8	0.7	0.7
Venezuela	1.3	1.2	1.3	0.7	0.5	0.7
NORTH AMERICA	2.9	2.0	2.6	6.5	6.9	4.4
Canada	0.1	0.2	0.2	3.9	4.7	2.1
United States	2.9	1.8	2.4	2.6	2.2	2.4
EUROPE	13.3	14.7	9.8	7.9	7.2	6.8
Belarus	0.5	0.4	0.3	0.3	0.2	0.2
EU ^{2/}	10.0	11.0	5.0	4.1	3.8	3.2
Poland	0.3	0.3	0.6	0.3	0.3	0.3
Romania	-	0.3	0.2	0.2	0.1	0.1
Russian Fed.	0.5	0.2	0.4	0.8	0.6	0.9
Ukraine	0.1	0.5	0.9	0.1	0.3	0.1
OCEANIA	0.4	0.8	0.6	0.1	0.2	0.1
New Zealand	0.2	0.2	0.2	-	-	-
WORLD	107.9	105.4	100.0	105.9	107.1	105.0
Developing countries	81.1	78.2	77.3	69.3	71.0	72.1
Developed countries	26.8	27.2	22.8	36.6	36.1	32.9

Source: FAO**Note:** Totals computed from unrounded data.^{1/} Including wheat flour in wheat grain equivalent, but excluding semolina.^{2/} Excluding trade between the EU member countries.

Table A.2 b) - WORLD IMPORTS OF CEREALS

	Rice (milled)			Total Cereals 1/		
	2002	2003 estim.	2004 f'cast	2001/02	2002/03 estim.	2003/04 f'cast
	(..... million tonnes)					
ASIA	14.2	13.3		118.4	112.2	
Bangladesh	0.5	0.5		2.4	2.3	
China	0.4	0.4		10.0	9.6	
Taiwan Province	0.1	0.2		6.5	6.3	
Georgia	-	-		0.5	0.5	
India	-	-		0.2	0.4	
Indonesia	3.5	3.4		8.6	8.7	
Iran, Islamic Rep. of	1.0	0.7		8.9	4.4	
Iraq	1.2	1.0		4.3	3.6	
Israel	0.1	0.1		3.0	2.9	
Japan	0.7	0.7		26.2	26.1	
Korea, D. P. R.	0.7	0.7		1.5	1.4	
Korea, Rep. of	0.2	0.2		12.8	12.9	
Malaysia	0.6	0.5		4.3	4.3	
Pakistan	-	-		0.4	0.6	
Philippines	1.3	1.1		4.8	4.9	
Saudi Arabia	0.8	0.8		7.9	7.6	
Singapore	0.4	0.5		0.9	0.9	
Sri Lanka	0.1	0.1		1.1	1.0	
Syria	0.2	0.2		1.4	1.8	
Thailand	-	-		0.9	0.8	
Yemen	0.3	0.3		2.5	2.4	
AFRICA	8.4	7.8		49.7	51.5	
North Africa	0.2	0.3		28.6	28.6	
Algeria	0.1	0.1		6.8	7.1	
Egypt	-	-		12.3	11.8	
Morocco	-	-		4.6	4.2	
Tunisia	-	-		2.7	3.2	
Sub-Saharan Africa	8.2	7.6		21.1	22.9	
Côte d'Ivoire	1.0	0.9		1.3	1.2	
Ethiopia	-	-		0.4	0.7	
Kenya	0.2	0.2		1.3	1.5	
Nigeria	1.8	1.7		4.4	4.3	
Senegal	0.7	0.7		1.0	1.0	
Sudan	-	-		1.3	1.0	
South Africa	0.6	0.6		1.8	1.9	
CENTRAL AMERICA	1.9	2.0		21.3	22.5	
Cuba	0.6	0.6		1.7	1.8	
Dominican Rep.	-	-		1.0	1.0	
Mexico	0.5	0.6		13.2	14.0	
SOUTH AMERICA	0.8	1.4		18.7	19.0	
Brazil	0.6	1.1		8.0	8.5	
Chile	0.1	0.1		1.5	1.5	
Colombia	0.1	0.1		3.6	3.6	
Peru	-	-		2.1	2.0	
Venezuela	-	0.1		2.0	1.8	
NORTH AMERICA	0.7	0.7		10.1	9.6	
Canada	0.3	0.3		4.2	5.2	
United States	0.4	0.4		5.9	4.3	
EUROPE	1.7	1.6		22.9	23.6	
Belarus	-	-		0.8	0.6	
EU 2/	0.7	0.7		14.8	15.5	
Poland	0.1	0.1		0.7	0.7	
Romania	0.1	0.1		0.3	0.5	
Russian Fed.	0.4	0.4		1.7	1.2	
Ukraine	0.1	0.1		0.3	0.9	
OCEANIA	0.4	0.4		0.8	1.3	
New Zealand	-	-		0.2	0.2	
WORLD	28.1	27.1	26.0 3/	242.0	239.6	231.0
Developing countries	24.1	23.2	22.1	174.5	172.4	171.5
Developed countries	4.0	4.0	3.9	67.5	67.2	59.6

Source: FAO

Note: Totals computed from unrounded data.

1/ Trade in rice refers to the calendar year of the second year shown.

2/ Excluding trade between the EU member countries.

3/ Highly tentative.

Table A.3 a) - **WORLD EXPORTS OF CEREALS**

	Wheat (July/June) 1/			Coarse Grains (July/June)		
	2001/02	2002/03 estim.	2003/04 f'cast	2001/02	2002/03 estim.	2003/04 f'cast
	(..... million tonnes)					
ASIA	11.5	15.4	11.8	8.3	16.5	9.7
China 2/	0.9	1.0	0.8	6.4	14.5	8.0
India	3.5	5.0	3.0	-	-	-
Indonesia	-	-	-	0.1	0.1	0.1
Japan	0.4	0.4	0.4	-	-	-
Kazakhstan	3.8	5.2	4.0	0.4	0.4	0.4
Myanmar	-	-	-	0.1	0.2	0.1
Pakistan	0.6	1.0	0.6	-	-	-
Syria	0.5	0.6	0.6	-	-	-
Thailand	-	-	-	0.2	0.1	0.1
Turkey	0.6	1.0	1.0	0.6	0.7	0.5
Viet Nam	-	-	-	-	-	-
AFRICA	0.6	0.6	0.6	2.3	2.1	1.6
Egypt	-	-	-	-	-	-
Ethiopia	-	-	-	0.1	-	-
Nigeria	-	-	-	0.1	0.1	0.1
South Africa	0.1	0.3	0.2	1.4	1.3	1.0
Sudan	-	-	-	0.1	0.1	0.1
Uganda	-	-	-	0.3	0.1	0.1
CENTRAL AMERICA	0.7	0.7	0.7	0.2	0.3	0.3
SOUTH AMERICA	11.0	6.6	9.6	15.1	12.7	14.5
Argentina	11.0	6.5	9.5	9.6	10.5	10.7
Brazil	-	-	-	5.0	2.0	3.5
Paraguay	0.1	0.1	-	0.3	0.2	0.2
Uruguay	-	-	0.1	0.1	0.1	0.1
NORTH AMERICA	42.2	33.7	39.5	59.0	53.7	58.8
Canada	16.0	9.7	15.0	3.0	2.1	4.8
United States	26.2	24.0	24.5	56.0	51.6	54.0
EUROPE	26.9	40.8	23.3	17.3	19.2	17.4
Bulgaria	0.8	1.1	0.5	0.3	0.7	0.4
Czech Rep.	0.8	0.5	0.4	0.3	0.3	0.2
EU 3/	11.4	14.5	14.0	6.3	7.9	7.5
Hungary	2.1	0.9	1.0	3.1	1.4	1.9
Romania	0.8	0.7	1.0	0.6	0.6	0.8
Russian Fed.	4.5	13.5	3.0	2.6	3.3	2.0
Ukraine	5.5	8.0	2.5	3.5	4.2	4.1
OCEANIA	16.6	7.8	14.5	5.1	2.1	2.8
Australia	16.6	7.8	14.5	5.1	2.0	2.8
WORLD	109.6	105.6	100.0	107.3	106.5	105.0
Developing countries	19.5	17.3	18.0	24.1	29.8	24.6
Developed countries	90.1	88.3	81.9	83.2	76.7	80.4

Source: FAO

Note: Totals computed from unrounded data.

1/ Including wheat flour in wheat grain equivalent, but excluding semolina.

2/ Including Taiwan Province.

3/ Excluding trade between the EU member countries.

Table A.3 b) - **WORLD EXPORTS OF CEREALS**

	Rice (milled)			Total Cereals ^{1/}		
	2002	2003 estim.	2004 f'cast	2001/02	2002/03 estim.	2003/04 f'cast
	(..... million tonnes)					
ASIA	22.5	21.2		42.4	53.0	
China ^{2/}	2.1	2.1		9.4	17.6	
India	6.6	4.0		10.1	9.0	
Indonesia	-	-		0.1	0.1	
Japan	0.3	0.6		0.7	1.0	
Kazakhstan	-	-		4.2	5.7	
Myanmar	1.0	1.1		1.0	1.3	
Pakistan	1.6	1.9		2.2	2.9	
Syria	-	-		0.5	0.6	
Thailand	7.3	7.5		7.5	7.6	
Turkey	-	-		1.2	1.7	
Viet Nam	3.2	3.9		3.3	3.9	
AFRICA	0.4	0.6		3.2	3.3	
Egypt	0.4	0.6		0.4	0.6	
Ethiopia	-	-		0.1	-	
Nigeria	-	-		0.1	0.1	
South Africa	-	-		1.5	1.6	
Sudan	-	-		0.1	0.1	
Uganda	-	-		0.3	0.1	
CENTRAL AMERICA	-	-		1.0	1.0	
SOUTH AMERICA	1.2	1.2		27.3	20.6	
Argentina	0.2	0.3		20.7	17.2	
Brazil	-	-		5.0	2.0	
Paraguay	-	-		0.4	0.2	
Uruguay	0.6	0.6		0.7	0.7	
NORTH AMERICA	3.3	3.6		104.6	90.9	
Canada	-	-		19.0	11.8	
United States	3.3	3.6		85.5	79.2	
EUROPE	0.3	0.3		44.5	60.3	
Bulgaria	-	-		1.1	1.8	
Czech Rep.	-	-		1.1	0.8	
EU ^{3/}	0.3	0.3		17.9	22.7	
Hungary	-	-		5.2	2.3	
Romania	-	-		1.4	1.3	
Russian Fed.	-	-		7.0	16.8	
Ukraine	-	-		9.0	12.2	
OCEANIA	0.4	0.2		22.1	10.1	
Australia	0.4	0.2		22.1	10.0	
WORLD	28.1	27.1	26.0 ^{4/}	245.0	239.2	231.0
Developing countries	23.9	22.5	22.0	67.4	69.6	64.6
Developed countries	4.2	4.6	4.0	177.6	169.6	166.3

Source: FAO

Note: Totals computed from unrounded data.

^{1/} Trade in rice refers to the calendar year of the second year shown.

^{2/} Including Taiwan Province.

^{3/} Excluding trade between the EU member countries.

^{4/} Highly tentative.

Table A.4 – CEREALS: Supply and Utilization in Main Exporting Countries (National Crop Years)

	Wheat ^{1/}			Coarse Grains ^{2/}			Rice (milled basis)		
	2001/02	2002/03 estim.	2003/04 f'cast	2001/02	2002/03 estim.	2003/04 f'cast	2001/02	2002/03 estim.	2003/04 f'cast
	(..... million tonnes)								
	UNITED STATES (June/May)			UNITED STATES			UNITED STATES (Aug./July)		
Opening stocks	23.8	21.1	12.2	52.7	45.1	30.4	0.9	1.2	0.7
Production	53.3	44.0	57.5	262.4	245.2	278.5	6.7	6.5	6.2
Imports	2.9	2.0	2.4	2.3	2.4	2.4	0.4	0.4	0.4
Total Supply	80.0	67.1	72.1	317.3	292.6	311.3	8.0	8.1	7.3
Domestic use	32.7	31.1	32.3	217.5	215.7	219.4	3.9	3.8	3.9
Exports	26.2	23.8	25.0	54.7	46.4	55.0	2.9	3.6	2.7
Closing stocks	21.1	12.2	14.8	45.1	30.4	36.9	1.2	0.7	0.7
	CANADA (August/July)			CANADA			THAILAND (Nov./Oct.) ^{3/}		
Opening stocks	9.7	6.5	4.9	4.4	3.6	3.2	1.8	2.5	
Production	20.6	15.7	24.6	22.7	19.8	27.4	17.6	17.2	
Imports	0.1	0.2	0.2	4.1	4.6	2.2	0.0	0.0	
Total Supply	30.3	22.5	29.7	31.2	27.9	32.7	19.4	19.7	
Domestic use	7.6	8.1	8.1	24.2	22.5	24.3	9.5	9.8	
Exports	16.2	9.5	15.2	3.4	2.3	4.5	7.3	7.5	
Closing stocks	6.5	4.9	6.4	3.6	3.2	4.0	2.5	2.4	
	ARGENTINA (Dec./Nov.)			ARGENTINA			CHINA (Jan./Dec.) ^{3/ 4/}		
Opening stocks	0.6	0.7	0.5	1.2	1.2	0.9	106.5	92.9	
Production	15.3	12.3	14.5	19.6	18.7	19.3	122.9	121.0	
Imports	0.0	0.0	0.0	0.0	0.1	0.0	0.4	0.4	
Total Supply	15.9	13.0	15.0	20.9	20.0	20.2	229.8	214.3	
Domestic use	4.9	5.0	5.0	9.4	9.2	9.0	134.8	134.0	
Exports	10.3	7.5	9.3	10.2	9.9	10.6	2.1	2.1	
Closing stocks	0.7	0.5	0.7	1.2	0.9	0.6	92.9	78.2	
	AUSTRALIA (Oct./Sept.)			AUSTRALIA			PAKISTAN (Nov./Oct.) ^{3/}		
Opening stocks	3.8	5.7	2.0	1.2	2.3	1.0	1.0	0.6	
Production	24.9	9.4	24.3	12.8	7.0	9.7	3.9	4.2	
Imports	0.0	0.4	0.1	0.0	0.2	0.0	0.0	0.0	
Total Supply	28.6	15.4	26.4	14.0	9.4	10.7	4.9	4.8	
Domestic use	6.2	5.4	6.3	6.8	6.6	6.1	2.7	2.8	
Exports	16.7	8.0	14.7	5.0	1.8	3.0	1.6	1.9	
Closing stocks	5.7	2.0	5.4	2.3	1.0	1.6	0.6	0.1	
	EU (July/June) ^{5/}			EU ^{5/}			VIET NAM (Nov./Oct.) ^{3/}		
Opening stocks	14.5	13.2	16.8	17.1	19.3	19.4	4.0	4.5	
Production	92.1	104.1	103.2	108.0	106.7	106.7	21.3	22.7	
Imports	10.0	11.0	5.0	4.1	3.8	3.2	0.0	0.0	
Total Supply	116.6	128.3	125.0	129.2	129.8	129.3	25.3	27.2	
Domestic use	91.9	95.8	94.0	103.6	102.5	105.1	17.6	18.4	
Exports	11.5	15.7	14.2	6.3	7.9	7.5	3.2	3.9	
Closing stocks	13.2	16.8	16.8	19.3	19.4	16.7	4.5	4.9	
TOTAL ABOVE									
Opening stocks	52.3	47.2	36.3	76.7	71.4	54.9	114.2	101.7	
Production	206.1	185.4	224.1	425.5	397.4	441.6	172.4	171.6	
Imports	13.0	13.6	7.7	10.5	11.0	7.7	0.8	0.8	
Total Supply	271.4	246.2	268.2	512.6	479.8	504.2	287.4	274.1	
Domestic use	143.4	145.4	145.7	361.6	356.5	363.8	168.5	168.8	
Exports	80.9	64.5	78.4	79.6	68.4	80.6	17.2	19.0	
Closing stocks	47.2	36.3	44.1	71.4	54.9	59.8	101.7	86.3	

Source: FAO

Note: Totals computed from unrounded data.

^{1/} Trade data include wheat flour in wheat grain equivalent. For the EU semolina is also included.^{2/} Argentina (Dec./Nov.) for rye, barley and oats, (March/February) for maize and sorghum; Australia (November/October) for rye, barley and oats, (March/February) for maize and sorghum; Canada (August/July); EU (July/June); United States (June/May) for rye, barley and oats, (September/August) for maize and sorghum.^{3/} Rice trade data refer to the calendar year of the second year shown.^{4/} Including Taiwan province.^{5/} Excluding trade between the EU member countries.

Table A.5 - WORLD CEREAL STOCKS: Estimated Total Carryovers of Cereals ^{1/}

	Crop Years ending in:						
	1998	1999	2000	2001	2002	2003 estim.	2004 f'cast
	(..... million tonnes)						
TOTAL CEREALS	667.0	686.8	685.0	632.7	579.4	467.8	399.0
Wheat	257.9	263.4	257.5	243.3	224.1	178.8	141.9
held by:							
- main exporters ^{2/}	39.3	50.7	50.4	52.3	47.2	36.3	44.1
- others	218.7	212.7	207.1	190.9	176.8	142.4	97.8
Coarse Grains	256.4	266.1	259.4	224.7	205.0	166.8	153.8
held by:							
- main exporters ^{2/}	69.3	79.7	77.0	76.7	71.4	54.9	59.8
- others	187.0	186.5	182.3	148.0	133.6	111.9	94.0
Rice (milled basis)	152.7	157.3	168.1	164.8	150.3	122.2	103.3
held by:							
- main exporters ^{2/}	115.7	117.2	119.7	114.2	101.7	86.3	70.8
excl. China ^{3/}	4.5	4.1	6.7	7.7	8.8	8.1	8.7
- others	37.0	40.1	48.4	50.6	48.6	35.9	32.5
BY REGIONS							
Developed Countries	169.2	171.1	164.7	160.5	167.3	140.0	146.4
Australia	3.8	3.0	4.2	5.1	8.2	3.2	
EU	35.1	36.6	34.2	32.0	32.9	36.7	
Canada	10.4	12.5	13.6	14.1	10.1	8.1	
Hungary	2.8	2.6	2.0	1.3	1.4	1.4	
Japan	6.7	6.0	5.7	5.3	4.9	4.9	
Poland	4.0	4.2	3.7	1.5	2.3	2.0	
Romania	5.0	3.5	3.6	1.0	2.8	1.5	
Russian Fed.	18.0	5.8	4.9	6.5	13.4	12.5	
South Africa	3.7	2.3	1.7	3.0	1.8	2.8	
Ukraine	4.5	2.2	2.2	2.3	5.2	5.1	
United States	58.7	77.8	75.6	77.4	67.4	43.3	
Developing Countries	497.8	515.7	520.3	472.2	412.1	327.8	252.6
Asia	460.9	477.1	482.6	438.0	374.7	295.9	
China ^{3/}	369.6	376.7	369.6	318.7	262.2	206.9	
India	42.9	47.3	57.4	63.6	60.3	41.3	
Indonesia	5.5	5.6	5.9	5.7	3.6	4.0	
Iran, Islamic Rep. of	3.9	3.6	4.1	3.3	4.1	3.4	
Korea, Rep. of	2.8	2.8	3.3	3.2	3.4	3.3	
Pakistan	7.1	8.6	7.9	7.9	4.8	1.1	
Philippines	2.0	2.6	1.9	2.0	1.9	2.1	
Syria	4.0	4.2	4.0	3.6	5.3	6.2	
Turkey	7.4	9.4	8.3	8.7	6.8	6.0	
Africa	22.0	26.1	23.7	20.5	21.3	19.3	
Algeria	2.1	2.6	2.0	1.3	1.7	1.6	
Egypt	3.7	4.5	4.1	3.9	3.7	3.3	
Ethiopia	1.9	0.8	0.9	0.3	0.5	0.2	
Morocco	2.5	4.7	3.0	1.7	1.8	1.9	
Nigeria	1.9	1.9	1.6	2.2	2.3	2.3	
Tunisia	1.9	1.9	2.1	2.1	2.2	2.0	
Central America	5.1	6.2	6.3	5.9	6.6	5.2	
Mexico	3.9	5.0	4.8	4.5	5.4	4.0	
South America	9.6	6.2	7.6	7.7	9.4	7.2	
Argentina	2.1	1.7	1.6	1.9	2.0	1.5	
Brazil	4.9	1.5	2.7	1.9	4.3	3.2	

Source: FAO**Note:** Based on official and unofficial estimates. Totals computed from unrounded data.

^{1/} Stock data are based on an aggregate of carryovers at the end of national crop years and do not represent world stock levels at any point in time.

^{2/} The major wheat and coarse grains exporters are Argentina, Australia, Canada, the EU and the United States. The major rice exporters are China (including Taiwan Province), Pakistan, Thailand, the United States and Viet Nam. See Table A.4 for country details.

^{3/} Including Taiwan Province.

Table A.6 – SELECTED EXPORT PRICES OF CEREALS AND SOYBEANS

	Wheat			Maize		Sorghum	Soybeans
	U.S. No.2 Hard Red Winter Ord. Prot. 1/	U.S. Soft Red Winter No.2 1/	Argentina Trigo Pan 2/	U.S. No.2 Yellow 1/	Argentina 2/	U.S. No.2 Yellow 1/	U.S. No.2 Yellow 1/
	(..... US\$/tonne)						
July/June							
1998/1999	120	100	116	95	98	92	203
1999/2000	112	97	112	91	90	89	190
2000/2001	128	101	124	86	84	93	184
2001/2002	127	113	119	90	89	95	182
2002 – May	123	112	131	91	90	91	189
November	180	159	136	109	108	122	225
December	165	146	130	107	104	117	223
2003 – January	153	138	138	106	102	113	225
February	155	142	146	106	99	113	226
March	146	129	149	105	95	104	224
April	143	126	143	105	99	108	217
May							
I	144	122	149	105	101	101	239
II	154	136	154	111	107	105	246
III	150	135	163	108	106	103	243
IV	141	131	161	107	103	102	240

Sources: International Grain Council and USDA.

1/ Delivered U.S. Gulf ports. 2/ Up River f.o.b.

Table A.7 - PRICE INDICES AND SELECTED EXPORT PRICES FOR RICE

Calendar years	Export Prices				FAO Indices				
	Thai 100% B 1/	Thai broken 2/	U.S. Long grain 3/	Pakistani Basmati 4/	Total	Indica		Japonica	Aromatic
						High quality	Low quality		
January/December	(..... U.S.\$/tonne)				(..... 1998-2000=100)				
1999	253	192	333	486	101	99	101	105	98
2000	207	143	271	418	84	84	83	83	89
2001	177	135	264	332	74	74	74	76	69
2002	197	151	207	366	72	73	75	67	74
2002 - May	204	149	201	362	72	73	75	67	71
2003 - January	203	151	204	369	73	72	75	67	83
February	201	149	200	369	72	72	75	66	85
March	198	144	212	369	73	73	75	66	91
April	198	140	251	336	77	76	77	73	90
May									
I	198	141	275	336	80	79	78	77	92
II	200	141	286	336					
III	204	142	291	n.a.					
IV	204	145	291	n.a.					

Sources: FAO for indices. Rice prices: Jackson Son & Co. (London) Ltd. and other public sources.

Note: The FAO Rice Price Index is based on 16 rice export quotations. 'Quality' is defined by the percentage of broken kernels, with high (low) quality referring to rice with less (equal to or more) than 20 percent broken kernels. The Sub-Index for Aromatic Rice follows movements in prices of Basmati and Fragrant rice.

1/ White rice, 100% second grade, f.o.b. Bangkok, indicative traded prices. 2/ A1 super, f.o.b. Bangkok, indicative traded prices. 3/ U.S. No.2, 4% broken f.o.b. 4/ Basmati: ordinary, f.o.b. Karachi.

Table A.8 – PRICE INDICES AND SELECTED INTERNATIONAL PRICES FOR OILCROP PRODUCTS

Marketing years	FAO Indices			International Prices					
	Oilseeds	Edible/Soap Fats/Oils	Oilcakes/ Meals	Soybeans 1/	Soybean Oil 2/	Palm Oil 3/	Soybean Cake 4/	Rapeseed Meal 5/	
October/September	(. 1990-92=100)			(. U.S.\$/tonne)					
1997/98	109	154	116	256	634	641	197	138	
1998/99	89	125	82	209	483	514	149	104	
1999/00	83	91	89	209	355	337	180	124	
2000/01	82	76	98	206	314	254	198	146	
	Apr.-Sep	82	86	94	197	356	289	178	135
2001/02	83	95	100	188	378	323	175	135	
	Apr.-Sep	90	107	104	213	445	392	174	122
2002/03	103	124	106	241	543	442	186	133	
	Apr.-May	109	123	108	258	534	413	195	157

Sources: FAO and Oil World.

Note: The FAO indices are calculated using the Laspeyres formula; the weights used are the average export values of each commodity for the 1990-92 period. The indices are based on the international prices of five selected seeds, ten selected oils and fats and seven selected cakes and meals.

1/ Soybeans (US, No.2 yellow, c.i.f. Rotterdam). 2/ Soybean oil (Dutch, fob ex-mill). 3/ Palm oil (Crude, c.i.f. North West Europe). 4/ Soybean cake (Pellets, 44/45%, Argentina, c.i.f. Rotterdam). 5/ Rapeseed meal (34%, Hamburg, f.o.b. ex-mill).

Table A.9 - WHEAT AND MAIZE FUTURES PRICES

	July		September		December		March		
	this year	last year	this year	last year	this year	last year	this year	last year	
WHEAT	(. US\$/tonne)								
April	22	106	100	108	103	112	107	114	110
	29	104	97	106	100	110	104	112	108
May	6	108	102	110	106	113	109	116	108
	13	122	102	123	104	127	108	129	110
	20	123	102	125	104	128	107	129	109
	27	120	100	122	102	126	106	127	108
MAIZE									
April	22	94	80	94	83	94	86	96	89
	29	91	79	91	82	92	85	94	89
May	6	93	79	93	82	94	86	97	89
	13	99	85	98	87	98	91	100	94
	20	97	83	96	86	96	89	98	92
	27	95	82	94	84	95	88	97	91

Source: Chicago Board of Trade

Table A.10 - OCEAN FREIGHT RATES FOR WHEAT

	From U.S. Gulf ports to:				From North Pacific ports to:	
	Rotterdam <u>1/</u>	CIS Black Sea <u>1/ 2/</u>	Egypt (Alexandria) <u>1/</u>	Bangladesh <u>1/</u>	China <u>1/</u>	Japan <u>1/</u>
	(..... US\$/tonne.)					
July/June						
1997/98	9.60	18.10	11.70	20.17	27.00	28.00
1998/99	9.42	25.45	9.25	18.75	27.00	29.17
1999/2000	12.60	40.97	13.65	18.50	27.00	32.83
2000/2001	13.10	40.97	15.00	18.31	27.00	36.31
2001/2002	11.00	40.97	15.00	18.50	26.92	34.19
2002 - May	10.50	40.97	15.00	18.50	27.00	33.00
October	10.75	40.97	15.00	18.50	27.00	29.00
November	10.75	40.97	15.00	18.50	27.00	29.00
December	10.75	40.97	15.00	18.50	27.00	29.00
2003 - January	10.75	40.97	15.00	18.50	27.00	29.00
February	12.00	40.97	15.00	18.50	27.00	29.00
March	12.00	40.97	17.00	26.00	27.00	29.00
April	16.00	40.97	21.00	32.00	27.00	35.00
May	16.00	40.97	21.00	32.00	27.00	35.00

Source: International Grain Council

Note: Estimated mid-month rates based on current chartering practices for vessels ready to load three to four weeks ahead.

1/ Size of vessels: Rotterdam over 40 000 tonnes; CIS 20-40 000 tonnes; Egypt over 30 000 tonnes; Bangladesh over 40 000 tonnes; China 20-35 000 tonnes; Japan 15-24 999 tonnes.

2/ Excludes CIS and United States flag vessels.

Table A.11 - SELECTED INTERNATIONAL COMMODITY PRICES

	Currency and Unit	Effective Date	Latest Quotation	1 month ago	1 year ago	Average 1989-91
Sugar (I.S.A. daily price)	US cents per lb	30.05.03	7.14	7.44	6.25	11.4
Coffee (I.C.O. daily price)	US cents per lb	22.05.03	53.3	53.4	47.5	76.7
Cocoa (I.C.C.O. daily price)	US cents per lb	22.05.03	77.0	88.6	74.1	56.0
Tea (total tea, Mombasa)	US\$ per kg.	13.05.03	1.53	1.50	1.35	1.5
Bananas (Central America, f.o.b., Hamburg)	€ per tonne	25.05.03	945 ^{1/} 765 ^{2/}	958 ^{1/} 785 ^{2/}	1 031 ^{1/} 880 ^{2/}	566
Cotton (COTLOOK, index "A" 1-3/32")	US cents per lb	23.05.03	57.8	60.6	40.0	78.5
Jute "BWD" f.o.b. Mongla at sight	US cents per lb	23.05.03	245	245	n.a.	391.2
Wool (64's, London)	Pence per kg	14.03.03	572	570	460	466

Source: FAO

1/ EU duty paid, estimated. 2/ Estimated price for EFTA markets.

STATISTICAL NOTE: Data are obtained from official and unofficial sources. For cereals, production data refer to the calendar year in which the whole harvest or bulk of harvest takes place. For sugar, production data relate to the October/September season. For vegetable oils and oil meals derived from oilseeds, production data refer to the year in which the bulk of the seeds concerned are crushed. For trade in wheat and coarse grains, the time reference period is normally the July/June marketing year unless otherwise stated. Trade data for rice and other commodities refer to the calendar year. Coarse grains refer to all other cereals except wheat and rice. Quantities are in metric tonnes unless otherwise stated. '-' means nil or negligible.

In the presentation and analysis of statistical material, countries are sub-divided, where appropriate, into the following two main economic groupings: "Developed countries" (including the developed market economies and the transition markets) and "Developing countries" (including the developing market economies and the Asia centrally planned countries). The designation "Developed and "Developing" economies is intended for statistical convenience and does not necessarily express a judgement about the stage reached by a particular country or area in the development process.

References are also made to special country groupings: Low Income Food Deficit Countries (LIFDCs), Least Developed Countries (LDCs) and Net Food-Importing Developing Countries (NFIDCs). The LIFDCs currently includes 83 countries that are net importers of cereals with per caput income below the level used by the World Bank to determine eligibility for IDA assistance (i.e. US\$1 445 in 2000). The LDCs and NIFDCs groups include a list of countries agreed by the World Trade Organization (WTO) to qualify as beneficiaries under the Marrakech Decision on the Possible Negative Effects of the Reform Programme on Least-Developed and Net-Food Importing Developing Countries. The LDCs group currently includes 49 countries with low income as well as weak human resources and low level of economic diversification. The list is reviewed every three years by the Economic and Social Council of the United Nations. The NIFDCs group includes 22 developing country WTO Members which notified their request to be listed as NFIDCs and have submitted relevant statistical data concerning their status as net-importers of basic foodstuffs during a representative period. This list is reviewed annually by the WTO Committee on Agriculture.

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Contents and Release Dates ^{1/}	No. 1 7 February	No. 2 9 April	No. 3 12 June	No. 4 16 September	No. 5 10 November
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Cereal Production, Trade, Stocks & Prices	●	●	●	●	●
Cereal Utilization – extended report		●			
Food Aid and Cereal Import Bills		●			
Ocean Freight Rates		●		●	
Fertilizers	●	●	●	●	●
Cassava			●		
Meat and Meat Products		●			●
Milk and Milk Products		●			●
Oilseeds, Oils and Oilmeals			●		●
Pulses			●		
Sugar			●		●
Fish	●				

^{1/} These dates are tentative and refer to the release of the English version. Food Outlook in Arabic, Chinese, French and Spanish language is available shortly after the release of the English version.

^{2/} Including update on food emergencies.

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