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This document updates and supplements document C91/2 taking into account information available through September 1991. In particular, it presents preliminary food and agricultural production estimates for 1991, first complete estimates of agricultural trade and terms of trade for 1990 and cereal stock and trade forecasts for 1991/92. It also updates the previous report on food shortages and emergencies and presents preliminary estimates of food aid in cereals in 1991/92.

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Food and Agricultural Production

1. While recent information confirms the direction of changes in food and agricultural production in 1990 discussed in document C 91/2, production growth is now estimated to have been generally higher than previously reported. World food and agricultural production expanded 2% in 1990, compared to earlier estimates of 1.5% (**Table 1**). Revisions were more significant in Oceania (particularly for livestock production in Australia), North America (mainly because of revised cereal estimates for Canada) and all developing economies. In the latter, aggregate growth in agricultural production in 1990 is now estimated at 3.2%, one percentage point above the previous estimate. Even so, in Africa and Latin America and the Caribbean, the revised figures for food and agricultural production growth in 1990 still were well below population growth.

2. Production estimates for 1991 are still tentative and subject to revisions as firmer information becomes available. Initial indications are for world food and agricultural production in 1991 to fall below the previous year's level - the first global production decline since 1983. The expected 0.3% fall in agricultural production would result in particular from a marked reduction in cereal and soybean crops with only a modest expansion in livestock production in North America; sharply reduced wheat crops in Australia; unfavourable weather affecting summer crops in China, where agricultural production is estimated to fall about 2%, and cereals nearly 3% below the bountiful harvest of 1990; and a further decline of about 9% in agricultural production in the USSR, with both crops and livestock sharing in the decline. Such production shortfalls in the USSR, coupled with the disruption of the former marketing system, are expected to result in a sharp reduction in supplies of basic foods available through state institutions in food deficit areas, especially larger cities.

3. Food and agricultural production in the OECD countries as a whole is expected to be little changed from a year earlier. Crop production should moderately increase in the EEC (including Germany N.L.) but livestock production is expected to decline partly reflecting reduced cattle numbers and meat production in Germany N.L. Prospects in Eastern Europe are for little or no increase in food and agricultural production.

4. Among developing countries, a decline in food production in per caput terms is again expected in Africa, despite generally improved production performances in relation to the previous year. Somalia, Lesotho, Cameroon and Mozambique may face agricultural production declines of 7 to 12%. The few countries expected to achieve significant increases in per caput food production include Sudan, Gambia, Zambia, Ghana, Burkina Faso and Togo--although in most cases these increases only represent a partial recovery from the production shortfalls of the previous year. Production growth of agricultural non-food commodities is expected to be even slower than that of food.

Table 1. Annual Changes in World and Regional Food, Agricultural, Crop and Livestock Production

	Food		Agriculture		Crops		Livestock	
	1989 to 1990	1990 to 1991*	1989 to 1990	1990 to 1991*	1989 to 1990	1990 to 1991*	1989 to 1990	1990 to 1991*
	....%	....						
Developing economies	3.2	1.1	3.2	1.0	2.6	0.1	4.7	3.0
Africa	-0.2	2.8	0.1	2.4	-1.0	3.0	2.9	1.3
Latin America	0.9	2.0	1.1	1.7	-0.1	0.4	2.2	3.7
Near East	8.3	0.1	7.6	-0.2	10.7	-0.7	1.5	0.1
Far East	3.8	0.7	3.9	0.7	3.0	-0.3	6.7	3.3
Other developing	0.3	-0.1	-0.2	-0.5	-0.3	-0.4	2.7	0.6
Developed economies	0.6	-2.3	0.8	-2.1	2.2	-3.1	0.8	-1.4
North America	3.3	-2.5	4.1	-1.9	8.8	-4.3	0.5	2.1
Europe	-0.8	0.7	-0.9	0.7	-2.0	1.4	1.4	-0.7
EEC**	-0.5	1.6	-0.9	1.3	-1.4	2.2	1.3	-0.8
Oceania	3.4	-1.3	3.5	-0.9	1.2	-6.3	3.8	1.9
Other developed	-1.6	-0.1	-1.7	0	-3.1	-0.5	0.3	0.5
USSR	-0.2	-9.3	-0.3	-9.0	1.7	-9.9	-0.4	-8.4
World	2.0	-0.5	2.1	-0.3	2.4	-1.0	2.3	0.3

* Preliminary

** EEC includes Germany N.L.

Source: FAO. Based on information available up to 19 August 1991.

5. In Latin America and the Caribbean agricultural production is estimated to rise approximately 2%, a continuation of the already sluggish average yearly growth of the 1980s (2.3%). Should such expectations materialize, growth of food production in 1991 would fall short to population growth for the third consecutive year. The overall increase would mainly reflect an expansion in livestock production, as crop production is expected to remain at approximately the previous year's level. Argentina is likely to experience another decline of nearly 2% in agricultural production, with significant declines in beef and soybean production and wheat negatively affected by excessive rain. Production is also likely to decline in Mexico from the exceptionally favourable outturn of the previous year, but the coarse grain harvest should remain above average. The outlook in Brazil is for some recovery from the heavy crop losses of 1990: although cereal production in 1991 is expected to increase about 19% it would be still 10% less than in 1989.

6. In the Near East the 1991 outlook is for little change from the previous year, as production increases in most countries, more significantly in North Africa, are likely to be offset by a dramatic shortfall in Iraq and, to a lesser extent, Turkey and Syria. A record cereal harvest in Turkey is forecast to be outweighed by sharply reduced cotton and sugar crops.

7. At approximately 0.7%, expected agricultural production growth in 1991 in the Far East would be the lowest in over two decades - the average annual increase havaing been over 3% during the 1970s and almost 4% during the 1980s. Such a lacklustre performance in relation to previous years would primarily reflect reduced crops in China, but also in Bangladesh, the Republic of Korea, the Democratic People's Republic of Korea and Nepal. On the other hand, prospects are for a strong recovery in Thailand from the pest-stricken harvests in 1990; an increase of about 3% in agricultural production in India, following the stagnation of the previous year; and production increases of 4 to 6% in Cambodia and Pakistan.

8. World cereal production in 1991 is estimated at 1 894 million tons, lower than 1990 by 60 millions tons or 3% (**Table 2**). The decline is entirely due to lower output in the developed countries, North America and the USSR accounting for most of the fall. Production in the developing countries is expected to increase, mainly reflecting another good monsoon in Asia and a recovery of output in Africa and South America. The most significant decline is in wheat, expected to fally by 6% to 561 million tons but still the second largest crop on record. The decline is expected to be mainly in the United States and the USSR following reduced plantings and adverse growing conditions. Among the main producing developing countries, wheat crops are estimated to be larger in India, the Islamic Republic of Iran and Pakistan, while the harvest in China is forecast to be only slightly less than last year's record.

9. World production of coarse grains is forecast to fall by 28 million tons or 3% to 812 million tons, well below the longer-term trend, the bulk of the decline being in the United States and the USSR. Coarse grain production in the developing countries is estimated to remain close to last year's high level with smaller crops in Asia, particularly China, and Central America, where last year's exceptionally good yields may not be repeated, and larger harvests in South America and some parts of Africa. World rice (paddy) production in 1991, estimated at 521 million tons, would be only 0.3% higher than the previous year's record. Changes in regional output will be relatively small, except for South America, where some recovery from last year's poor harvest is anticipated.

Table 2. Agricultural Production by Commodity

	Developed countries			Developing countries			World		
	1990	1991a/	Change 1990 to 1991	1990	1991a/	Change 1990 to 1991	1990	1991a/	Change 1990 to 1991
	million m.t.		%	million m.t.		%	million m.t.		%
Total cereals b/	931.1	856.7	-8.0	1 022.8	1 037.4	1.4	1 953.9	1 894.1	-3.1
Wheat	363.4	320.7	-11.8	231.5	239.9	3.6	594.9	560.6	-5.8
Rice, paddy	26.1	26.0	-0.4	493.2	495.1	0.4	519.3	521.1	0.3
Coarse grains	541.6	510.0	-5.8	298.1	302.4	1.4	839.7	812.4	-3.3
Root crops	195.3	189.7	-2.9	398.9	399.2	0.1	594.2	588.9	-0.9
Pulses	21.6	21.9	1.4	37.8	39.3	4.0	59.4	61.2	3.0
Oilseeds	106.3	110.6	4.0	182.0	176.4	-3.1	288.3	287.0	-0.5
Sugar, centrifugal (raw) c/	44.7	45.2	1.1	63.4	67.9	7.1	108.1	113.1	4.6
Cocoa beans c/	-	-	-	2.4	2.4	-	2.4	2.4	-
Coffee c/	-	-	-	5.8	6.1	5.2	5.8	6.1	5.2
Tea	0.2	0.2	-	2.3	2.3	-	2.5	2.5	-
Cotton lint c/	6.1	6.8	11.5	11.3	12.1	7.1	17.4	18.9	8.6
Tobacco	1.8	1.8	-	5.3	5.3	-	7.1	7.1	-
Total meat	104.4	103.5	-0.9	70.7	72.6	2.7	175.1	176.1	0.6
Total milk	384.2	369.7	-3.8	151.4	156.4	3.3	535.6	526.1	-1.8
Hen eggs	19.0	18.9	-0.5	17.4	18.0	3.4	36.4	36.9	1.4

a/ Preliminary
b/ Including rice in terms of paddy
c/ Crop years 1989/90 and 1990/91

Source: FAO. Based on information available up to 19 August 1991

10. World production of roots and tubers in 1991 is preliminarily estimated to slightly fall mainly reflecting smaller crops of potatoes, 3%, and sweet potatoes, 2%. Among other roots and tubers, cassava output is anticipated to rise slightly, while no major change is currently foreseen for the other products. Although the expected contraction in potato output mainly reflects negative crop prospects in developed countries, particularly in the USSR, lower harvests are also anticipated in developing countries. The decline in world sweet potato production, the bulk of which takes place in developing countries, mainly resents from a contraction in China, the world's largest producer. As regards cassava, overall production is estimated to increase by 2% in 1991, mainly reflecting an expansion in African and Asian countries where it is mostly grown for food purposes.

11. No major changes are expected in the global pulse output in 1991, as some production increases anticipated in developing countries will be balanced by reductions expected in developed countries. In Asia, prospects for the 1991 crop are good. In India, given the government's effort to promote production, and assuming continued favourable weather, output in 1991 is expected to be a record. In China, favourable climatic conditions would contribute to some increase in the output of broad and red beans. Continued production support in Turkey indicates that output in 1991 may surpass the 1990 level. Performances are likely to remain at best mediocre in most pulses producing countries in Africa. In Latin America, higher guaranteed prices for dry beans in Mexico resulted in additional plantings; thus, assuming normal weather conditions, output is expected to significantly expand. The outlook for the 1991 harvest in Brazil is promising following the governement's decision to increase credit.

12. In the developed countries, little growth is foreseen for the 1991 pulse crop. In the EC, reduced demand for feed pulses, along with official efforts to discourage production, is likely to reduce overall output. In the USSR, output could be significantly reduced given the generally unfavourable weather conditions and the shortages of equipment and inputs.

13. Vegetable oil output is expected to have increased slightly in 1991[1]. The increase is expected to be greater in the developing countries than in the developed countries. Among developing regions, significant expansion in Asia, due largely to an expected dramatic recovery of output in China, is likely to be partially offset by a slight decrease in Africa and a significant decline in Latin America, due mainly to an expected large decrease in output in Brazil[2]. Among developed countries, strong growth in Western Europe and modest growth in North America is expected to be largely offset by significant declines in output in the USSR and Eastern Europe.

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[1] Output in 1991 consists of oil derived from oilseeds harvested in the latter part of 1990 and the first half of 1991 and oil derived from tree crops throughout the 1991 calendar year.

[2] The decrease in oil seed production in the developing countries shown in Table 2 is mainly explained by the large decreases in soybean production, a crop with a low yield of oil in Latin America.

14. World sugar production is estimated to rise to a record 113 million tons, raw value, in 1990/91, 4.6% above the previous year. Both beet and cane sugar production were at record high levels largely reflecting the expanded area harvested as sugar growers in many countries responded to high prices during the previous two years. Beet sugar is estimated at 41 million tons, up by 4.3% and cane sugar at 72 million tons, up by 4.7%. Most of the increase in production occurred in developing countries whose aggregate output rose by 7%. Among developing regions, the Far East experienced the sharpest increase with most countries achieving larger harvests. In the developed countries, a sharp increase in the EC was partly offset by lower production in Australia, the USSR and the United States, mainly due to unfavourable weather.

15. With world sugar production having exceeded global consumption by a substantial margin, total carryover stocks rose 3.6 million tonnes to over 39 million tons at the the end of August 1991 representing 31% of apparent annual world consumption. These surplus stocks, which represent an over-production in relation to flat and relatively unresponsive demand, may result in continued depressed prices.

16. World cotton production is estimated to have increased by 8.6% in 1990/91 and stocks at 30 July 1991 were 2.7% higher than in July 1990, this increase comes after four years during which consumption exceeded production depleting stocks to very low levels.

17. Green coffee production in 1990/91 is estimated to continue its recovery from its low level in 1988-89. In particular, figures for South America show a remarkable increase of more than 11% due primarily to the recovery in Brazil. Further, Asia is expected to have a larger crop due to a sizeable recovery of production in India. By contrast, Central America should have a slightly lower crop and African output could fall by 6% following production declines in Cameroon, Côte d'Ivoire and Kenya.

18. World cocoa bean production in 1990/91 is expected to remain at the previous year's level. In Africa, smaller crops in Cameroon, Ghana and Nigeria will only be partly offset by a higher output in Côte d'Ivoire. On the other hand, South American cocoa output should increase moderately following higher crops in Brazil and Ecuador and a small expansion is also expected in Asia as a consequence of a record crop in Indonesia.

19. Tea production is forecast to change little from 1990. While India may achieve another record crop of about 730-735 thousand tons and Sri Lanka output could remain at around its last year's record level, smaller crops in other major producing countries in Asia and Africa should keep world tea output at around 22.5 million tons.

20. Production of animal products is expected to show diverse trends with milk production declining somewhat and meat production continuing to exhibit slow growth. Following a 1.5% increase in 1990, world milk production is likely to decrease somewhat during 1991. Most of the decline is expected to occur in the USSR and Eastern Europe. Milk production is expected to continue to grow in North America and in the EC. In the developing regions, milk production should continue to grow further in eastern and southern Asia, notably in India, China and the Republic of Korea. Conversely, in most parts of Africa and Latin America production is anticipated to be static or lower. Meat production is expected to continue to show a moderate increase. Poultry production is again projected to register the strongest growth. Total meat production is expected to be higher in most developed countries, although output in the USSR and

eastern Europe is anticipated to be lower. In the developing countries, strongest growth is expected in Asia, in particular China, while Latin American production is anticipated to be slightly higher than last year.

Cereal Stocks

21. World cereal output in 1991 will be insufficient to meet forecast total utilization in 1991/92 so global cereal stocks will be drawn down. World carryover cereal stocks for crop years closing in 1992 are expected to fall to 299 million tons, down by 24 million tons or 8% from their opening level. The decline is expected to affect all types of cereals, i.e. wheat, coarse grains and rice. The bulk of the anticipated fall is envisaged to be in cereal stocks of the major exporters, but inventories are also anticipated to decline in some other countries, including China and the USSR. The forecast world cereal stocks at the end of the 1991/92 seasons would be the lowest since 1983/84 and their ratio to the trend volume of global cereal utilization in 1992/93 would be at or below the 17-18% range that the FAO Secretariat considers to be the minimum necessary to safeguard world food security.

22. World stocks of wheat are estimated at 129 millon tons for crop years ending in 1992, 7 million tons less than estimated for 1991. Carryovers held by the major exporters are expected to fall to relatively low levels, and those of the United States are officially forecast to be the second lowest since the mid-seventies. However, the stock position of Canada and the EC would allow inventories to be drawn down further in 1991/92 if required by higher demand for their exports.

23. The fall of world coarse grains inventories at the end of 1991/92 crop years is forecast to be 15 million tons. This significant fall from an already low opening level would bring them to 115 million tons, their lowest volume in eight years. The bulk of the decline would be in the carryovers of the major exporters, which usually provide the main buffer against variations in world cereal output. Their stocks of coarse grains would fall by 11 million tons to 55 million tons, the smallest volume since the mid-eighties. This decline is primarily the result of the expected rundown of stocks in the United States, the world's largest coarse grains stockholder, to their lowest level in over a decade.

24. Global rice stocks at the end of the marketing season in 1992 are forecast to fall to 55 million tons, about 2 million tons less than a year earlier. The bulk of the decline would be in China, where stocks in 1992 are expected to reach one of their lowest levels in the decade.

Food Shortages and Emergencies

25. The food supply situation in Africa has deteriorated compared to that reported in document C 91/2. The list of African countries currently facing serious shortfalls in food supplies, as of August 1991, had further expanded with the addition of Angola, Ghana, Lesotho, Madagascar, Mali, Tanzania and Zambia.

26. In Ethiopia, the situation remains critical, as food distribution to an estimated 7.5 million people continues to be impeded by logistic constraints, and the plight of the refugee population, estimated at about 1 million, is also cause for serious concern. Following a reduced secondary season crop, the aggregate cereal import requirements for the Ethiopian and the refugee populations in 1991 are estimated at 1.3 million tons, all to be covered by food aid. As of August 1991, donor pledges

amounted to 950 000 tons, but only 400 000 tons had been delivered. In Sudan, recent widespread rains benefited early crop development, but are impeding relief deliveries. The already serious food situation risks deteriorating as sections of the population most at risk become inaccessible by road. In Somalia the limited food available on local markets is being sold at exorbitant prices. The supply of food and other relief aid remains very low as the security situation continues to preclude major relief operations. The security situation also continues to be poor in Mozambique, hampering both the distribution of food aid and the marketing of local grains. Further pledges for both food aid and logistical support are urgently needed. In Angola, despite a sharp increase in production of food crops in 1991, the food supply situation as of August 1991 was reported to be precarious. Large regional food deficits persist in parts of the country which are difficult to reach due to logistic constraints. The cereal food needed for 1991/92 is estimated at 160 000 tons.

27. Food aid needs, on the other hand, were reported to have been already covered in Burkina Faso and Guinea, while in Cameroon, reflecting an improved harvest, the food supply situation in the 1991/92 marketing season was expected to be better than last year.

28. As regards other regions, an on-the-spot assessment of the food and agricultural situation in Iraq, undertaken by FAO within the framework of a UN Inter-Agency Mission, confirmed a rapidly deteriorating food and nutrition situation affecting large sections of the population. This year's cereal harvest is estimated at about one-third of last year's record crop of 3.3 million tons. The import requirement in cereals for 1991/92 is estimated at 5.26 million tons, some 40% higher than the previous five years' average. Although by mid-August some commercial imports had been contracted, these represented only a small fraction of the needs. Some improvement could be expected from the UN Security Council decision to allow Iraq to resume limited petroleum exports to finance, *inter alia*, imports of food and other basic necessities.

29. Laos was added to the list of Asian countries confronting shortfalls in food supplies requiring exceptional or emergency assistance.

30. In Latin America and the Caribbean, food supply shortages requiring exceptional or emergency assistance were still reported in Haiti, Peru and Nicaragua. In Peru, following a reduced cereal harvest in 1991, the food supply situation is anticipated to deteriorate further.

Agricultural Trade

31. The first complete estimates of world agricultural trade in 1990 confirm the early assessments presented in document C 91/2[3]. As foreseen, the value of agricultural trade significantly expanded in developed countries, on both the export and import sides, but remained generally depressed in developing countries.

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[3] Complete estimates of agricultural trade at the world, regional and country levels in a given year become available by mid-September of the following year.

32. The current US dollar value of world exports of crops and livestock rose 7.7%, the same rate of growth as for exports of fishery products (**Table 3**). For both groups of products, exports by developed countries accounted for the bulk of the total increase. By contrast, world exports of forestry products remained at the previous year's level in developed and developing countries.

33. The value of agricultural exports (crops and livestock) in developed countries is estimated to have increased 10%, approximately the same rate as imports (**Table 4**). Therefore, agricultural exports of these countries continued the strong expansion that began in the mid-1980s, following the early 1980s downturn. Between 1986 and 1990 the current dollar value of developed countries' exports increased over 50%. Even though the US dollar markedly depreciated during this period against other major currencies, such an increase represented significant gains in the purchasing capacity of their agricultural exports.

34. Except of Latin America and the Caribbean, which staged a vigourous recovery from the poor export performance of the previous year, growth of developing countries' agricultural exports remained sluggish in 1990. At about 2%, the increase in their crop and livestock exports in 1990 was approximately the same as the previous year and half the average yearly rate of the 1980s.

35. In <u>Africa</u> agricultural exports continued to stagnate. The main features were a 30% decline in export earnings from coffee (Côte d'Ivoire -8%; Cameroon -33%; Uganda -46%; Ethipia -56%), mainly reflecting sharply reduced prices; a slight expansion in export earnings from cocoa, despite much higher volumes of shipments particularly by Côte d'Ivoire, Nigeria and Cameroon; a small decline in export value of livestock products, with reduced exports by Namibia, Ethipia and Chad, and increases in Mali and Botswana; a strong expansion in cereal exports (Zimbabwe strongly recovering); and increased tea exports for the third consecutive year, by nearly 9%.

36. In the <u>Far East</u> agricultural exports fell 3.2%, after four years of steady expansion. The decline resulted primarily from lower volumes of shipments of several key export commodities including rubber, rice and to a lesser extent tea, combined with lower unit values. These losses more than offset export gains in other commodities such as jute, which rebounded from the depressed levels of 1988-89. Noteworthy features were a 88% increase in the volume of cereal exports of India which, however, only rose 7% in value; and a decline in the volume of rice exports by Thailand to the lowest levels since 1983.

37. The 3.4% decline in the value of agricultural exports of the <u>Near East</u> was also mainly caused by sharply reduced volumes of exports. This was particularly the case for cotton exports, their volume falling 40% in Egypt, 26% in Sudan and 4% in Turkey. Similarly, export volumes of cereals markedly declined in Turkey, Sudan, Syria and Saudi Arabia; for livestock products in Turkey and Kuwait; and for coffee in all the main exporting countries in the region. On the other hand, the region's export earnings from sugar strongly expanded, reflected the larger quantities exported, in particular by Turkey and the United Arab Emirates.

Table 3. Value of World Exports of Agricultural Products at Current Prices 1988-90

	1988	1989	1990	Change 1988-89	Change 1989-90	Average of Annual Changes 1980-1990
	...........$'000 million..........			.............%............		
Agricultural products	287.5	301.3	324.6	4.8	7.7	3.5
Total developing countries	84.7	86.6	88.5	2.2	2.1	2.2
Total developed countries	202.8	214.7	236.1	5.9	10.0	4.2
Fishery products	32.4	32.8	35.3	1.3	7.7	9.2
Total developing countries	15.1	15.4	15.7	2.1	1.6	8.3
Total developed countries	17.2	17.4	19.6	0.6	13.2	10.5
Forest products	86.9	94.8	94.8	9.1	-	6.0
Total developing countries	12.3	13.4	13.6	9.7	1.4	4.8
Total developed countries	74.7	81.4	81.2	9.0	-0.2	6.2
Total	406.8	428.9	454.7	5.4	6.0	4.3
Total developing countries	112.1	115.5	117.8	3.0	2.0	3.2
Total developed countries	294.7	313.4	336.9	6.4	7.5	4.1
	................%................					
Share of developing countries	27.6	26.9	25.9			

Source: FAO

Table 4. Value of World Agricultural Trade (Crops and Livestock), Current Prices 1988-90

Item	1988	1989	1990	Change 1988-89	Change 1989-90	Average of Annual Changes 1980-1990 Current Prices	Average of Annual Changes 1980-1990 Volume
	......$'000 million......			..................%..................			
Africa							
Export	9.3	9.1	9.2	-1.5	0.6	-0.8	-0.1
Import	9.0	10.4	10.1	15.4	-2.9	0.1	1.0
Far East							
Export	36.3	38.0	36.8	4.9	-3.2	4.6	4.6
Import	34.5	38.0	39.0	10.1	2.8	5.1	3.6
Latin America							
Export	32.3	32.1	34.9	-0.7	8.9	1.2	4.0
Import	11.7	13.4	13.9	14.4	4.3	0.2	-0.2
Near East							
Export	6.4	6.8	7.0	6.8	3.4	3.6	5.6
Import	19.5	21.6	22.4	11.1	3.6	2.5	4.5
Total developing countries							
Export	84.7	86.6	88.5	2.2	2.1	4.5	3.6
Import	75.5	84.2	86.4	11.6	2.6	3.9	2.6
Total developed countries							
Export	202.8	214.7	236.1	5.9	10.0	2.2	0.9
Import	238.3	243.6	267.0	2.2	9.6	2.7	1.5
World							
Export	287.5	301.3	324.6	4.8	7.7	3.6	1.6
Import	313.7	327.8	353.4	4.5	7.8	3.5	1.9
	............%............						
Share of developing countries in world agricultural trade							
Export	29.5	28.7	27.3				
Import	24.1	25.7	24.4				

Source: FAO

38. In Latin America and the Caribbean, the estimated 8.9% increase in agricultural exports mainly stemmed from a significant expansion in the volume and value of cereal exports by Argentina; a 7% increase in the volume of sugar exports (Brazil 27%, Cuba 5%) which, coupled with firmer prices, yielded a 21% increase in earnings from this commodity; and booming vegetable oil and meat exports by Argentina. Contrasting such positive performances, export earnings from coffee fell 18%, despite a 5% increase in the volume exported. Declining prices also eroded earnings from cocoa exports, which rose 20% in volume but only 6% in value.

World Trade in Cereals in 1991/92

39. Relative to earlier estimates presented in document C 91/2, forecasts for world trade in cereals in 1991/92 have been revised upwards. World cereal imports in 1991/92 (July/June) are now provisionally estimated at 200 million tons (instead of 193 million tons previously forecast), 11 million tons or 6% above the 1990/91 volume. The main uncertainty, however, remains the volume of grain to be purchased by the USSR, which has tentatively been put at 36 million tons, 9 million tons above last season but imports could be larger should credit lines be expanded. The USSR has requested western donors to provide significant financing, in the form of grants or guaranteed credit, for its food imports in 1991/92. Global supplies for export should still be sufficient to meet estimated demand for imports in 1991/92 despite lower world production. Overall, global cereal supply and demand will remain finely balanced for at least another year.

40. World imports of wheat in 1991/92 (July/June) are now forecast at 102 million tons, which would be almost 13 million tons more than that estimated for the previous season but still 2 million tons less than the record volume imported in 1987/88. The larger trade is mainly due to increased requirements by China and the USSR. Continued profitability of importing wheat for animal feed could maintain the trend towards substituting wheat for coarse grains in animal feed during the season, thereby increasing wheat imports even further and reducing imports of maize. Larger carryovers from 1990/91 are expected to keep the 1991/92 aggregate supplies in the major exporters close to the volume of the previous year despite the lower total production estimated for 1991. In addition, several other exporting countries including Hungary, Saudi Arabia and Turkey are expected to increase their shipments substantially.

41. World trade in coarse grains in 1991/92 is estimated to remain very close to the 1990/91 volume. The share of total imports between developed and developing countries is also expected to remain broadly unchanged. For the developed countries, however, a significant shift is envisaged in the shares among some of the individual importers. Purchases by the USSR are presently estimated to rise to 16 million tons, 4 million tons more than estimated to have been imported in 1990/91, in response to the sharp downturn in output. By contrast, imports into eastern Europe are forecast to be halved to less than 2 million tons. Among developing countries, changes of imports forecast for 1991/92 are only marginal compared to the previous year. On the export side, total supplies of the major coarse grain exporters in 1991/92 would be the smallest since 1977/78 because of decreased production in the United States coupled with low carryover stocks from the previous seasons. Among other exporters, a fall in coarse grains shipments are forecast for China, Finland, South Africa, Sweden and Zimbabwe, due to the reduced 1991 harvests, while larger sales are expected for Hungary, Poland, Sudan, Turkey and Yugoslavia.

42. The forecast for world rice trade in 1991 is 12 million tons, one millon tons higher than the previous year's volume. The increase in import demand comes mainly from Asia and South America. Imports by the USSR are also expected to increase, but total purchases will depend critically upon the amount of foreign exchange which will be earmarked for rice imports and/or upon the country's ability to secure exporters' credits. In Asia, imports in 1991 are forecast to reach 5 million tons, about 400 000 tons more than in 1990 but still considerably less than in 1989, when the region imported 7.1 million tons. Among exporters, a wide cross section of countries including China, Myanmar, Pakistan, Thailand and India are likely to increase shipments in 1991. By contrast, exports from Viet Nam are expected to fall sharply.

Agricultural Prices and Terms of Trade

43. International prices of the main traded commodities expressed in US dollars remained generally depressed during the first half of 1991 (**Table 5**). Despite having increased from the very low levels of early 1991, prices of wheat in August were still 8% below the average of 1990. With the recent tightening in the global cereal supply situation, prices of these commodities tended to firm. Should the harvest prospects in the main trading countries further deteriorate, cereal prices could strengthen in the coming months.

44. Of major concern for many developing countries' economies is the continuing collapse in international prices of major tropical products. Compared to the average levels of 1990, the declines by August 1991 were nearly 12% for coffee; 10% for cocoa; 22% for tea; and 24% for sugar.

45. Against the background of generally weakening agricultural prices, the composite price index of manufactured goods and crude petroleum rose approximately 10% in 1990. The impact of such price movements on the terms of trade and purchasing power of agricultural exports is shown in **Table 6**. As reported in document C 91/2, the net barter terms of trade of agricultural exports of developing countries significantly deteriorated in 1990, continuing a disquieting trend.[4] Taking into account the volume of agricultural exports in 1990, the purchasing capacity of these exports (income terms of trade) in developing countries fell over 8% from the 1989 level. The sharpest deterioration took place in the Far East (11.4%) for which the year 1990 was unusually adverse for agricultural exports. Nevertheless, the agricultural export earnings of the Far East could still theoretically purchase 10% more manufactures and crude petroleum than in the early 1980s. More alarming appears the 9% erosion in the purchasing power of agricultural exports in Africa in 1990, which brought the overall deterioration since the early 1980s to 32%. In Latin America and the Caribbean the increased volume of agricultural exports barely offset the fall in export prices, the result being unchanged purchasing capacity at the 1989 levels, i.e. 16% below those of 1979-81. Income terms of trade in the Near East, which had remained stable in 1985-88 at somewhat higher levels than in the early 1980s, significantly improved in 1989 but deteriorated by an even larger margin the following year.

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[4] Data relating to terms of trade of agricultural products presented in this document are not strictly comparable to that in document C 91/2. In the latter, estimates on net barter terms of trade were derived from the UN price index of food and non-food agricultural commodities. Estimates presented here are based upon FAO data for agricultural export quantities and unit values.

Table 5. Export Prices of Selected Commodities, 1985-1991

	Wheat	Maize	Rice	Sugar	Coffee	Cocoa Beans	Tea	Cotton, Lint	Jute	Beef
	US no.2 hard winter ord. prot.	US no.2 yellow	Thailand 100% II gr.	Raw, ISA daily f.o.b.	Green 1976 ICA	UK exp. London spot	London auction	Memphis territory	Bangla-desh Chitta-gong f.o.b., BWC	Argentina f.o.b. all beef
	....				$ per m.t.	....				
Year 1985	138	112	227	90	2 932	2 255	1 994	1 572	613	1 115
1986	115	88	225	133	3 770	2 068	1 930	1 263	325	1 339
1987	114	76	244	149	2 379	1 997	1 709	1 634	390	1 545
1988	146	107	311	225	2 557	1 584	1 790	1 521	440	1 373
1989	171	111	328	274	2 022	1 240	2 055	1 702	443	1 455
1990	137	109	297	277	1 577	1 268	2 036	1 852	478	1 526
1991 January	114	105	334	194	1 530	1 241	2 365	1 885	480	1 709
February	114	106	353	188	1 555	1 215	2 024	2 067	480	1 672
March	120	110	347	202	1 596	1 211	1 851	2 088	480	1 650
April	121	110	322	187	1 576	1 146	1 853	2 133	480	...
May	122	106	315	167	1 487	1 062	1 736	2 190	480	...
June	120	104	319	203	1 447	1 041	1 619	...	430	...
July	117	104	325	227	1 418	1 031	1 518	...	...	...
August	126	110	...	209	1 396	1 139	1 588	...	...	...

Source: FAO

Table 6. Terms of Trade of Agricultural Exports for Manufactured Goods and Crude Petroleum

	Net Barter Terms of Trade						Change
	1985	1986	1987	1988	1989	1990	1989/90
	...................1979/81 = 100						..%..
Developing countries	84.7	83.4	75.0	73.6	72.2	65.9	-8.8
Near East	91.1	80.4	69.7	52.9	62.3	67.4	8.1
Latin America	84.7	91.4	75.0	75.3	73.8	65.1	-11.8
Africa	99.7	105.3	82.9	80.2	77.1	68.9	-10.7
Far East	83.6	74.5	75.8	79.4	74.7	70.4	-5.8
Developed countries	93.2	96.3	87.3	92.6	96.0	96.6	0.6
Western Europe	78.2	86.4	86.4	86.8	86.1	88.3	2.5
Eastern Europe and USSR	90.5	98.4	85.8	87.8	92.2	81.6	-11.5
North America	102.9	91.4	73.2	84.4	89.4	86.8	-2.9
Oceania	71.8	65.5	63.5	83.5	102.5	89.1	-13.1
	Income Terms of Trade						
Developing countries	105.8	104.3	90.7	96.4	98.2	90.2	-8.1
Near East	102.9	103.8	103.1	103.2	107.9	101.0	-6.3
Latin America	107.5	99.6	79.5	85.8	84.2	84.0	-0.2
Africa	93.7	104.2	82.9	77.0	74.8	68.2	-8.9
Far East	112.0	111.0	106.9	119.9	123.9	109.8	-11.4
Developed countries	94.2	95.4	96.9	103.8	109.4	107.2	-2.1
Western Europe	103.3	117.5	123.6	123.6	130.1	134.3	3.2
Eastern Europe and USSR	90.9	94.5	88.2	94.4	94.3	78.2	-17.1
North America	82.3	68.5	66.6	81.8	85.8	79.9	-6.9
Oceania	100.5	91.1	85.7	99.4	114.8	98.0	-14.7

Source: FAO.

Note: Net barter terms of trade refer to the relative unit prices of products. Income terms of trade refer to the actual purchasing power of countries exports, since they also take into account changing export volumes, and hence the total amount of foreign exchange earned by exports and available to pay for imports.

46. Movements in agricultural terms of trade and purchasing power were more favourable in developed countries as a whole, reflecting better market conditions for their exports of temperate products. There were wide variations among regions, however. While western European countries achieved further gains in the purchasing capacity of their agricultural exports in 1990, other regions failed to do so. The sharpest deterioration took place in Eastern Europe and the USSR, despite a strong expansion in the value of agricultural exports of Poland and to a lesser extent Hungary and the Czech and Slovak Federal Republic. Income terms of trade also markedly deteriorated in Oceania, reflecting poor export performances by both Australia and New Zealand.

Food Aid

47. Estimates of shipments of food aid in cereals for 1989/90 and 1990/91 have been slightly revised relative to the figures presented in document C 91/2. Total shipments in 1989/90 (June/July) are now set at 11.3 million tons, rising slightly to an estimated 11.4 million tons in 1990/91. In 1990/91 shipments of food aid in cereals to developing countries increased for the first time since 1987/88, up to 10.3 million tons from the 1989/90 figure of 9.7 million tons. However, shipments to developing countries in 1990/91 still remained substantially below the record level of 13.5 million tons in 1987/88.

48. For 1991/92 the preliminary FAO estimate puts total food aid in cereals to be made available at 10.3 million tons, about 1.1 million tons down from the previous year. This estimate excludes possible exceptional shipments to the USSR or Eastern Europe. Shipments to developing countries are forecast to decline by some 0.5 million tons to 9.8 million tons. Although budgetary food aid allocations for most donors are expected to be maintained at their level of last year, higher prices of cereal commodities which are expected would lead to some reduction in the volume of cereal food aid.