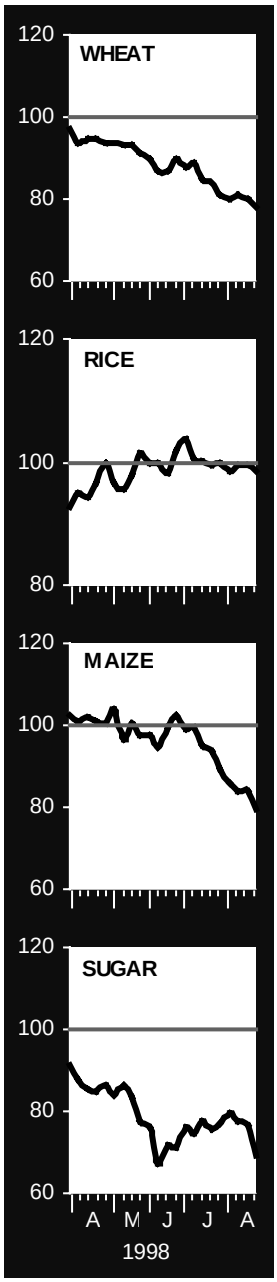
global information and early warning system on food and agriculture

food outlook

No. 4, 1998 **Rome**, September 1998

highlights

EXPORT PRICES
(July 1997=100)



The outlook for cereal supplies in 1998/99 remains satisfactory, despite a slight deterioration in the 1998 production prospects. If current forecasts materialize, supplies would be sufficient to meet anticipated consumption requirements in 1998/99 and the stock-to-use would remain virtually unchanged and within the minimum safe range.

Food emergencies are now afflicting 40 countries worldwide, compared to 38 in June, mainly due to the effect of both El Niño and La Niña weather phenomena in Africa, Latin America and Asia. Africa remains the continent with the most acute food shortages due to adverse weather and/or civil strife (see Box on page 4).

FAO's latest forecast puts 1998 cereal production at 1 892 million tonnes, 1 percent below the 1997 record crop but still above trend. Wheat output is forecast at 606 million tonnes, some 1 percent down from last year, while latest indications for coarse grains point to an output of 907 million tonnes, virtually unchanged from 1997. Global rice production is now forecast at 379 million tonnes (milled), 2.4 percent down from the previous year's record crop, partly due to recent floods (see Box on page7).

FAO's latest forecast of world trade in cereals in 1998/99 is 199 million tonnes, 2 million tonnes lower than forecast in the last report, and 8 million tonnes down from the previous year. A significant reduction in global wheat trade and a return to a more normal level of rice imports after the record level in 1998 would more than offset a slight increase expected for coarse grains trade.

International prices for wheat and coarse grains weakened further, reflecting generally favourable crop prospects and stagnant import demand. By late August, both wheat and coarse grains prices had fallen to about 30 percent below their levels a year earlier. Rice export prices from most origins remained firm reflecting limited export supplies and concern about the new crop.

Meat production in 1998 is forecast to rise by 2 percent. In sharp contrast with recent years, preliminary estimates for international trade in meat point to zero or negative growth, mostly due to the financial crises in Asia and the CIS. The combination of depressed import demand and abundant export supplies is anticipated to depress prices, possibly to their lowest levels in the decade.

The world fish catch in 1997 is tentatively estimated at 122 million tonnes, virtually unchanged from the previous year's record level. Increased production in China, the world's largest producer has been mostly offset by a smaller catch in South America.

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

BASIC FACTS OF THE WORLD CEREAL SITUATION

	1994/95	1995/96	1996/97	1997/98	1998/99 forecast	Change 1998/99 over 1997/98
WORLD PRODUCTION 1/	(. . . . . million tonnes . . . . .)					(. .percentage .)
Wheat	528	548	590	615	606	-1.3
Coarse grains	892	812	923	908	907	-0.1
Rice, milled	362	369	383	388	379	-2.4
(paddy)	(540)	(550)	(571)	(578)	(566)	-2.4
All cereals (including milled rice)	**1 782**	**1 729**	**1 895**	**1 911**	**1 892**	**-1.0**
Developing countries	931	960	1 026	1 007	1 021	1.5
Developed countries	851	769	869	904	871	-3.7
WORLD IMPORTS 2/						
Wheat	94	94	97	96	91	-5.8
Coarse grains	89	93	88	87	89	1.4
Rice (milled)	21	20	19	24	20	-15.4
All cereals	**203**	**207**	**204**	**207**	**199**	**-3.9**
Developing countries	146	151	147	155	147	-5.0
Developed countries	58	56	56	52	52	-0.6
FOOD AID IN CEREALS 3/	**9.4**	**7.8**	**5.3**	**5.5**	**8.0 4/**	-15.4
WORLD UTILIZATION						
Wheat	557	565	579	596	604	1.3
Coarse grains	883	862	893	898	900	0.3
Rice (milled)	368	372	380	384	386	0.7
All cereals	**1 808**	**1 799**	**1 852**	**1 877**	**1 890**	**0.7**
Developing countries	1 052	1 080	1 109	1 113	1 129	1.5
Developed countries	756	718	743	764	761	-0.4
Per Caput Food Use	(. . . . . kg/year . . . . . .)					
Developing countries	170	170	172	171	172	0.3
Developed countries	127	128	128	129	129	0.0
WORLD STOCKS 5/	(. . . . . million tonnes . . . . .)					
Wheat	117	104	113	134	136	1.5
Coarse grains	146	103	130	134	139	3.7
Rice (milled)	54	52	56	57	53	-7.0
All cereals	**317**	**259**	**299**	**329**	**330**	**0.4**
Developing countries	157	154	173	162	153	-5.2
Developed countries	160	105	127	167	177	5.7
Stocks as % of world cereal consumption	(. . . . . percentage . . . . . .)					
	17.6	**14.0**	**15.9**	**17.4**	**17.3**	
EXPORT PRICES 3/	(. . . . . U.S.$/tonne . . . . . .)					
Rice (Thai, 100%, 2nd grade) 1/	289	336	352	316	323 6/	-3.6 7/
Wheat (U.S. No.2 Hard Winter)	157	216	181	142	116 8/	-20.6 7/
Maize (U.S. No.2 Yellow)	104	159	135	112	94 8/	-14.2 7/
OCEAN FREIGHT RATES 3/						
From U.S. Gulf to Egypt	19.0	16.8	12.8	11.7	8.0 8/	-44.3 7/
LOW-INCOME FOOD-DEFICIT COUNTRIES 9/	(. . . . . million tonnes . . . . . .)					
Roots & tubers production 1/	344	360	379	371	371	0.0
Cereal production 1/	861	887	952	934	943	1.0
Per caput production (kg.)	249	252	266	257	256	-0.5
Cereal imports 2/	71.9	77.0	65.1	73.5	64.4	-12.3
of which: Food aid 3/	7.9	6.5	4.4	4.8	7.2	50.0
Proportion of cereal import covered by food aid	(. . . . . percentage . . . . . .)					
	11.0	8.4	6.8	6.5	11.2	

SOURCE: FAO **Note**: Totals and percentages computed from unrounded data.

1/ Data refer to the calendar year of the first year shown. 2/ July/June except for rice for which the data refer to the calendar year of the second year shown. 3/ July/June. 4/ Forecast based on donors' budgetary allocations and their minimum contributions under the Food Aid Convention (FAC) 1995. 5/ Stock data are based on aggregate of national carryover levels at the end of national crop years. 6/ Average of quotations for January-August 1998. 7/ Change from corresponding period of previous year for which figures are not shown. 8/ Average of quotations for July-August 1998. 9/ Food deficit countries with per caput income below the level used by the World Bank to determine eligibility for IDA assistance (i.e. U.S.$ 1 505 in 1996), which in accordance with the guidelines and criteria agreed to by the CFA should be given priority in the allocations of food aid.

C E R E A L S

SUPPLY/DEMAND ROUNDUP

Latest information continues to point to a satisfactory cereal supply outlook for 1998/99 despite a slight deterioration in the 1998 production prospects since the last report in June. World cereal output in 1998 is now expected to decline by 1 percent to 1 892 million tonnes (including rice in milled terms) from last year's record, but would still be above trend for the third consecutive year. At the forecast level, cereal output would be close to the slightly increased consumption requirements expected in 1998/99, and stocks would remain virtually unchanged from their revised opening level. Thus, the global stock-to-utilization ratio in 1998/99, at 17.3 percent, would remain within the 17-18 percent range that the FAO Secretariat considers the minimum necessary to safeguard world food security. Although many of the 1998 cereal harvests are completed, and the probability of a major further deterioration in the outlook for the 1998 cereal output is diminishing, the bulk of the world's rice crops in Asia have yet to be gathered. From late June onwards, persistent rains, attributed to the La Niña phenomenon, have flooded large areas of cropped land in Asia (see box on page 7) where over 90 percent of the global rice output is produced. It is too early to estimate the full impact of the floods, and the situation will have to be closely monitored in the weeks ahead, as any significant deterioration in paddy production prospects could fuel further increases in world rice prices, which are already unseasonably high.

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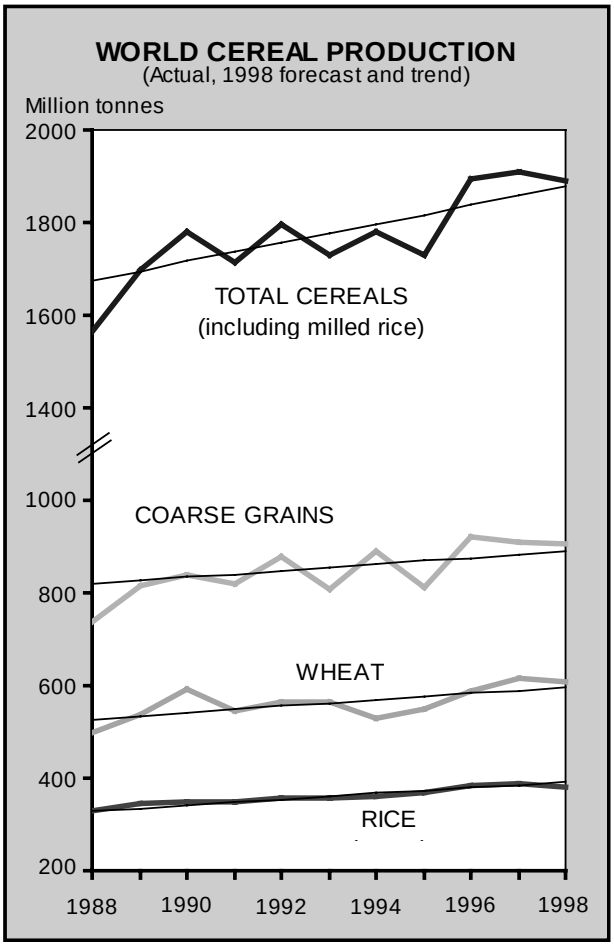
WORLD CEREAL PRODUCTION, SUPPLIES, TRADE AND STOCKS

	1996/97	1997/98 estim.	1998/99 f'cast
	(. . . . . million tonnes . . . . . .)		
Production 1/	**1 895**	**1 911**	**1 892**
Wheat	590	615	606
Coarse grains	923	908	907
Rice (milled)	383	388	379
Supply 2/	**2 154**	**2 210**	**2 221**
Utilization	**1 852**	**1 877**	**1 890**
Trade 3/	**204**	**207**	**199**
Ending Stocks 4/	**299**	**329**	**330**

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 for rice.
4/ Does not equal the difference between supply and utilization due to differences in individual country trade years.



NUMBER OF DEVELOPING COUNTRIES WITH FOOD SUPPLY PROBLEMS RISE

The number of developing countries facing food emergencies has risen to 40 from 38 in early June 1998, mainly due to the effect of both El Niño and La Niña weather phenomena.

In **East Africa**, food supply difficulties stem from weather adversities and/or civil strife. In Sudan, despite an overall satisfactory harvest in 1997, famine conditions have developed in the South affected by civil-strife and drought; overall some 2.6 million people are in need of food assistance. In Somalia, the food supply situation gives cause for serious concern as a result of a sharply drought-reduced 1998 main "Gu" crop, which followed the worst floods in decades. In Kenya, despite a good cereal harvest in prospect, food assistance continues to be needed for flood-affected pastoralist areas. In Uganda, emergency food assistance is still needed for some 400 000 displaced people in northern areas, affected by continuing insurgency, as well as for 130 000 persons in eastern parts where the harvest was poor. In Tanzania, despite an overall increase in the 1998 food production, some 300 000 people in central, northern and coastal areas will need food assistance in the coming months. In Ethiopia, over 5 million vulnerable people, including those affected by a poor 1997 harvest, need food aid. In Eritrea, following two successive reduced cereal harvests the overall food supply is tight and food prices have increased sharply. In Burundi and Rwanda, despite a recovery in food production this year, food assistance is needed for large numbers of displaced people affected by persistent insecurity in parts.

In **West Africa**, despite above-average 1997 harvests in coastal countries, food supply difficulties are reported in several countries. In Liberia and Sierra Leone, the agriculture sector is improving, with rehabilitation programmes underway, but both countries remain heavily dependent on international food assistance. In Guinea-Bissau, civil disturbances have hampered agricultural activities and the overall food supply situation has deteriorated. In the Sahel, several countries are facing localized food supply difficulties following poor harvests in late 1997, notably in northern Senegal, Mauritania, The Gambia and parts of Burkina Faso and Niger.

In **Central Africa**, intensified civil strife in the Democratic Republic of Congo since early August will disrupt agricultural and marketing activities in the Kivu region in the east, and fresh population displacements are likely.

In **Southern Africa**, although the impact of El Niño on crop production has been relatively limited, the food supply situation in the sub-region will be tighter during 1998/99. In Zambia, production of cereals has been much below average due to weather anomalies. In Angola and Mozambique, production of food crops improved this year, but relief assistance will be required for the internally displaced, vulnerable and drought/flood affected population.

In **Asia**, from late June onwards, persistent rains and floods attributed to the La Niña phenomenon have taken a heavy toll on human life, crops and property. Food supply difficulties are expected in some countries. In Bangladesh the floods destroyed standing summer (Aus) rice crops and delayed autumn planting. Floods in the south and eastern parts of Korea DPR have damaged crops, and this will exacerbate the already serious food supply situation in the country. In Indonesia, the poor food situation due to last year's prolonged drought and the continuing financial crisis could be aggravated by severe floods in some parts. Similarly, in Nepal, heavy monsoon rains have caused flood damage to crops. Although the 1998 cereal production in Afghanistan is the highest since 1978, the food situation is likely to remain tight in the areas affected by civil strife and recent earthquakes. In Iraq, despite some improvement in the overall food supply situation following the implementation of the "oil for food" deal, malnutrition still remains a serious problem. In Laos, adverse weather conditions have caused crop damage in some regions exacerbating food supply problems. In Mongolia, the food security situation of vulnerable groups continues to be precarious.

In **Latin America**, abnormally dry weather associated with El Niño has affected the 1998/99 first season cereal crop in several Central American and Caribbean countries. Emergency food assistance is being provided in Cuba, El Salvador, Guatemala, Haiti, Honduras, Nicaragua and Panama.

In the **Commonwealth of Independent States** (CIS), the need for targeted food aid has increased in Tajikistan following widespread damage caused by floods and landslides. Vulnerable people in Armenia, Azerbaijan and Georgia continue to need relief food assistance. Elsewhere, displaced people in Bosnia-Herzogovina, Albania and the Kosovo Province of the Federal Republic of Yugoslavia are receiving food assistance.

Regarding production, as mentioned above, the FAO forecast for world cereal output in 1998 has been revised downward since the last report in June, by 19 million tonnes, to 1 892 million tonnes (including rice in milled terms). The latest revision is mostly due to a sharp reduction of the output estimates for the CIS, where severe drought and hot temperatures prevailed throughout the summer months, severely affecting yield prospects in several major producing areas. However, at the forecast level, world cereal production in 1998 would be just 1 percent below the 1997 record and still above the average of the past five years and above trend.

The forecast for world wheat output remains at 606 million tonnes, 1.5 percent down from 1997 but still just above trend. Upward revisions to the forecasts for the United States, several European countries and Australia have been offset by reductions elsewhere, most notably in the CIS, but also in Asia, Africa and South America. FAO's forecast for 1998 world coarse grains output now stands at 907 million tonnes, somewhat below the forecast in the last report due to less than ideal growing conditions in some parts, particularly in the CIS, but virtually unchanged from the estimated crop in 1997. Although larger coarse grains outputs than last year are still estimated for Asia, Africa, and North and South America, the size of the increase is likely to be less than earlier expected. Nevertheless, the combined increase throughout these regions should offset smaller outputs expected in Europe and the CIS. Coarse grains production in Central America and Oceania would remain close to the previous year's levels. Global paddy output in 1998 is now forecast to fall to 566 million tonnes, 2 percent down from the record crop last year. In the southern hemisphere and around the equatorial belt the harvest of the 1998 main season paddy crops is complete and preliminary estimates suggest a fall in production. In the northern hemisphere, where the bulk of the paddy is yet to be harvested, severe flooding has affected crops in several countries in Asia. The full impact of the flooding is still not known, and thus the final outlook of the 1998 paddy crop remains very uncertain.

FAO's latest forecast of world trade in cereals in 1998/99 (July/June) is 199 million tonnes, 2 million tonnes lower than forecast in the last report, and 8 million tonnes down from the previous year. A significant reduction in global wheat trade and a return to a more normal level of rice trade, after the record level in 1998 are expected to more than offset a slight increase in coarse grain shipments. Global imports of wheat in 1998/99 are now forecast at 90.5 million tonnes, marginally above the previous forecast but still 5.6 million tonnes below the revised estimate for 1997/98. The sharpest decline is expected in Asia due to a combination of increased domestic production in some countries and also reduced purchasing power because of the financial crisis. World trade in coarse grains is now forecast at 88.5 million tonnes, 2.5 million tonnes less than earlier forecast, but still 1 million tonnes above the previous year. The bulk of the increase is accounted for by larger maize and barley imports in some Latin American countries. While it is still too early to make a realistic forecast of global rice trade in the 1999 calendar year, early indications point to a reduction in shipments after the record level forecast for the current year as a result of the adverse affect of El Niño on production in several importing countries.

Global cereal utilization in 1998/99 is forecast to rise to 1 890 million tonnes, slightly above the long-term trend. At this level, world utilization of all cereals combined would be only 0.7 percent up from 1997/98, compared to a 1.3 percent increase in the previous year and a nearly 3 percent expansion two years ago. A smaller expansion in feed use would be mainly responsible for this year's expected slower growth in total global utilization. The gradual but steady decline in grain prices since their peak in 1995/96 stimulated increased global cereal utilization for animal feed, particularly in 1996/97. However, with the financial crisis in Asia since last year, the fast growth in feed utilization has subsequently faded despite an even steeper fall in international prices. While wheat and coarse grain prices have fallen further in recent months, in view of the continuing economic difficulties confronting the economies of several countries in Asia, and more recently also the Russian Federation, growth in global cereal utilization in 1998/99 is expected to be minimal.

International wheat and coarse grains prices remained under downward pressure reflecting generally favourable 1998 crop prospects and stagnant import demand. Export prices for wheat are now 30 percent below a year ago and at their lowest level since the early 1990s. In late August, the price of U.S. wheat No. 2 (HRW, fob) was US$ 110 per tonne, down US$ 17 per tonne from May and US$ 44 per tonne less than a year ago. Export prices for most of the major coarse grains have also continued to fall over the past three months. By late August, the price of U.S. maize had fallen to a 10-year low of US$ 84 per tonne. World coarse grain markets continue to be largely influenced by abundant exportable supplies, favourable 1998 crop prospects in several major producers, large supplies of competitively priced wheat which could be used for feed, and weak import demand. By contrast, export prices of rice from most origins remained firm through July and August, mostly due to limited

exportable supplies and larger than normal purchases. The FAO Export Price Index for Rice (1982-84=100) averaged 131 points in July and August, up from 130 points in June and well above the low of 119 points in November last year.

FAO's latest forecast for cereal stocks for crop years ending in 1999 is 330 million tonnes, marginally above the revised estimate of their opening level. A small build-up of wheat and coarse grain inventories would offset a significant reduction in those of rice. Assuming that current forecasts of production and utilization materialize, the global stock-to-utilization ratio is estimated to remain above 17 percent in 1998/99, close to the revised level for 1997/98, and within the 17-18 percent range considered by the FAO Secretariat to be the minimum necessary to safeguard global food security.

CURRENT PRODUCTION AND CROP PROSPECTS

POSITION BY REGION

ASIA

Severe floods due to torrential rains have caused huge losses of human lives, property and crops in several Asian countries. The worst floods occurred in China, Bangladesh and the Republic of Korea (see Box). Harvesting of the 1998 **wheat** crop is complete in most of the region's major producing countries. The estimate of aggregate output is now 247.5 million tonnes, about 2.5 million tonnes below last year's bumper harvest. In China, the winter crops were affected by drought, while heavy rains and cool temperatures have adversely affected the smaller spring crops. Accordingly, wheat output in China is forecast to decline by 4 percent from last year's record to 118 million tonnes. The decline could be larger if damage to the late wheat crops due to the recent heavy rains and floods proves to be significant. In India, wheat output has also declined by some 4 percent from the previous year, but would remain above average. In Pakistan, latest estimates put the 1998 wheat crop at a record 19 million tonnes. Similarly, Bangladesh has also registered a bumper wheat output of some 1.8 million tonnes due to favourable weather conditions.

In Afghanistan, the 1998 crop is estimated at 3.85 million tonnes, 5 percent up from the previous year and the largest since 1978, reflecting generally favourable weather and improved security in some areas. Cereal production in Iraq in 1998 is estimated 2.5 million tonnes. In Saudi Arabia and Turkey, wheat production is estimated to have increased to 1.8 million tonnes and 20 million tonnes, respectively.

The outlook for 1998 **coarse grain** crop in Asia remains favourable despite the heavy rains that caused flood damage to crops. FAO's current forecast puts aggregate output at some 210 million

WORLD CEREAL PRODUCTION - FORECAST FOR 1998

	Wheat		Coarse grains		Rice (paddy)		Total 1/	
	1997	1998	1997	1998	1997	1998	1997	1998
	(. . . . . million tonnes . . . . .)							
Asia	250.1	247.6	192.9	210.1	528.4	519.1	971.4	976.8
Africa	15.5	19.0	76.3	79.4	16.9	15.7	108.7	114.1
Central America	3.7	3.3	28.4	28.4	2.1	2.1	34.2	33.9
South America	20.0	17.0	62.8	66.2	17.7	15.9	100.5	99.1
North America	93.0	92.4	291.0	294.0	8.1	8.1	392.1	394.5
Europe	132.3	138.5	175.5	166.4	2.8	2.8	310.6	307.7
CIS	81.1	67.4	70.9	53.2	1.1	1.3	153.0	121.9
Oceania	18.9	21.2	10.0	9.0	1.4	1.4	30.3	31.6
WORLD	**614.6**	**606.3**	**907.7**	**906.8**	**578.5**	**566.3**	**2 100.8**	**2 079.5**
Developing countries	286.3	284.2	350.5	375.8	552.6	541.6	1 189.4	1 201.6
Developed countries	328.3	322.2	557.1	531.0	25.9	24.7	911.3	877.8

SOURCE: FAO

1/ Total cereal, including rice in paddy terms.

FLOODS CAUSE EXTENSIVE CROP DAMAGE IN SEVERAL PARTS OF ASIA

From late June onwards, persistent rains, attributed to the La Niña phenomenon, and consequent flooding have taken a heavy toll on human life and property in several parts of Asia. To date, nearly 4 000 flood-related deaths have been reported and more than 250 million people have been affected. Severe damage has also been inflicted on the infrastructure, while large areas of cropped land have been submerged in several countries. Although it is too early to estimate the impact of the floods on regional crop production, there are fears of a decline in paddy output in this region, which accounts for over 90 percent of world supply.

In **Bangladesh**, heavy monsoon rains that started in the second dekad of July caused extensive flooding in 45 of the 64 districts across the country, resulting in loss of life and extensive damage to property. Some 25 million people are reported to have been affected with many thousands left homeless. External assistance for emergency rehabilitation of the agriculture sector is urgently needed.

In **China**, heavy rains since mid-June have caused extensive flooding in central, south-eastern and north-eastern parts of the country. The floods have killed at least 3 000 people, while more than 14 million have had to be resettled or transferred to higher ground. The damage to crops has been extensive with about 22 million hectares affected and crops on 4.8 million hectares totally destroyed. The bulk of the damage occurred in the major rice producing regions along the Yangtze River, with Hubei, Hunan, Anhui, Jiangxi and Sichuan provinces the hardest hit. Sufficient stocks of grains are available for immediate food relief, but shortages of vegetables and other commodities are reported in the flooded areas. This year's grain production target was officially put at 492.5 million tonnes, but should the autumn crops be significantly reduced, the final production could fall short of the target.

In **Indonesia**, floods caused by excessive rains at the end of July affected East Kalimantan, resulting in loss of life and property. Floods are also reported in Sumatra. Forecast heavy rains and tidal waves associated with the La Niña weather phenomenon may aggravate the already precarious food supply situation which was precipitated by last year's prolonged drought and the financial and economic crisis. Once self-sufficient in rice, Indonesia is now the world's largest importer.

In **Japan**, the heaviest rainfall in more than 80 years was experienced in early August, damaging infrastructure and housing and an estimated 17 000 hectares of farmland. Worst hit were the rice producing northern regions of the country.

In the **Republic of Korea**, heavy rains that started at the end of July have caused serious flooding killing an estimated 273 people and displacing more than 150 000. Some 47 000 hectares, mostly rice fields in northern parts of the country, were flooded and crops on about 4 440 hectares of vegetable-producing farmland in southern parts were destroyed. The target for paddy production this year, set at 6.7 million tonnes (11 percent lower than last year), is unlikely to be achieved.

In the **Democratic People's Republic of Korea**, floods are reported to have damaged paddy and maize fields in the south and eastern parts of the country. Reports also indicate that heavy rains, hailstorms and strong winds have damaged crops and infrastructure in some western and central provinces. More than 40 000 hectares of cereal cropped areas have been damaged.

In **Nepal**, heavy monsoon rains since mid-June caused serious flooding in most parts of the country killing an estimated 222 people and displacing more than 7 000 households. Some 1 160 hectares of crops are reported to have been destroyed and more than 300 head of cattle killed.

In **India**, landslides triggered by heavy rains and swollen rivers killed more than 1 800 people. Flash floods in the northern and eastern parts of the country have also damaged crops on more than 2 million hectares.

In **Papua New Guinea**, a tidal wave about 10 metres high, triggered by an earthquake off the neighbouring Solomon Islands, recently hit part of the northwest coast. The waves hit at a time when the country was still reeling from a prolonged drought that severely affected some 1.2 million people.

tonnes, about 2 million tonnes below earlier projections, but still about 4 percent above the average for the previous five years. In China, recent reports have indicated that heavy rains and floods have moved to the country's north-eastern provinces, which are important maize producing areas. Although the full extent of the damage is not yet clear, it is possible that the forecast for maize output of 115 million tonnes for 1998, will have to be revised downwards. Total coarse grain output is however provisionally forecast at 132.5 million tonnes, about 13 million tonnes above last year's reduced output. In India, coarse grains output is forecast at 32.4 million tonnes, some 7 percent above 1997, while in Pakistan, output of coarse grains is forecast to be similar to last year's 1.9 million tonnes. In the Democratic People's Republic of Korea, output of maize is expected to be considerably higher than last year's drought affected harvest of about 1.14 million tonnes following favourable weather conditions. In the Philippines, estimates for maize production indicate a decline of 12 percent from last year's reduced output to 3.79 million tonnes due to prolonged drought conditions. In Thailand, a bumper maize harvest of 4.5 million tonnes, about 14 percent above the average of last 5 years, is anticipated.

The latest forecast for the region's 1998 **paddy** output is 519 million tonnes, slightly down from the previous forecast but 9 million tonnes less than the revised record production achieved in 1997. Torrential rains in some Asian countries have interrupted the planting and/or destroyed crops already in the fields. In other countries, there is a possibility of La Niña-related floods later in the year.

In Indonesia, the 1998 paddy output is estimated at about 46.3 million tonnes, down from 49.4 million tonnes produced in 1997. The decline is attributed mainly to the El Niño-related drought and a shortage of inputs. In Sri Lanka, harvesting of the Maha (main) paddy crop is complete and, following generally favourable growing conditions and an expansion in area, preliminary estimates suggest an increase of over 20 percent in output compared to last year. The Yala season is currently in progress and the total paddy output is projected to expand by 27 percent from the previous year to 2.8 million tonnes.

Harvesting of the autumn crop, which accounts for over 40 percent of total production in China (Mainland) is in progress but output is likely to be less than last year's crop due to weather-related problems faced in the early part of the season. In addition, floods in Central and Southern China have, reportedly, destroyed crops on several million hectares of cropland and, in some cases, delayed planting of the late-double crop. The 1998 paddy output is provisionally forecast to decline by about 4 million tonnes from last year's record to 196 million tonnes. In Viet Nam, harvesting of the summer-autumn rice crop is in progress, but yields are likely to be affected by the dry spell that prevailed during the early part of the season. Planting of the main-season crop is nearing completion. Harvesting of the secondary crop is complete in the Philippines and preliminary indications suggest a drop in output from the previous year. Planting of the main season crop, which was hampered at the beginning by persistent El Niño-related drought conditions, is nearing completion. Overall, paddy output in 1998 is forecast at 10.5 million tonnes, a slight increase over the 1997 production.

In Thailand, harvesting of the 1998-99 main-season crop should begin in October and the government's preliminary forecast for total paddy output is about 23 million tonnes, up by 3 percent from the previous year. The current strong prices led to an expansion in main crop rice plantings. However, the final result hinges heavily on the yield of the main-season crop, which accounts for over 80 percent of total output. In Japan, harvesting of the 1998 crop is expected to start in September but a smaller area was planted due to the land diversion programme. Accordingly, paddy output is projected to decline by about 10 percent to 11.3 million tonnes.

In Bangladesh, floods have affected the Aus crop and output is estimated at 1.6 million tonnes (milled), down by 16 percent from earlier expectations. Planting of the main Aman crop is also delayed due to recent heavy rainfall. In India, the northern and eastern states received torrential monsoon rains during August but the damage to rice is currently reported to be marginal. Total paddy output for 1998 is tentatively forecast to be similar to last year's level of 125 million tonnes. In Pakistan preliminary indications point to a good 1998 paddy crop, since irrigation water has been plentiful and the prevailing prices are favourable. In Myanmar, harvesting of the main-season crop is expected to start in October, but fertilizers are reported to be in short supply.

AFRICA

NORTHERN AFRICA: Production of **wheat** in 1998 is estimated at 13.8 millions tonnes, 38 percent up from last year's poor outturn, mainly due to a return to generally favourable growing conditions. All countries in the sub-region harvested above-average crops. Production in Algeria is estimated to have more than doubled from the previous year to 2 million tonnes, although remained below the 1996

record. In Morocco, production is estimated to increase by 91 percent from last year to 4.4 million tonnes, while in Tunisia output is estimated to be 37 percent higher. Output of the almost entirely irrigated crop in Egypt is put at 6.1 million tonnes, 5 percent higher than last year. Aggregate output of **coarse grains** in the sub-region in 1998 is estimated at 11 million tonnes, an increase of 19 percent compared to 1997.

In Egypt, the main **rice** producing country in the sub-region, planting of the 1998 crop is complete both in the northern and southern areas and the growing conditions are reported to be good, owing to sufficient availability of irrigation water and other inputs. However, the official indication is that rice area contracted by 16 percent from last year to 546 000 hectares, consistent with the Government's aim of conserving irrigation water for use in the production of other crops. As a result of lower area, the Government is forecasting a 16 percent reduction in output to 4.6 million tonnes.

WESTERN AFRICA: Reflecting satisfactory growing conditions, harvest prospects are generally favourable in the Sahel. Following regular and above-normal rains, **coarse grains** are developing satisfactorily in Mali, Burkina Faso, Niger and Chad. By contrast, rains started late July in Senegal and subsequent precipitation remained limited over Senegal and The Gambia in August, necessitating replantings and reducing yield potential. In Mauritania, sufficient rains after mid-July permitted plantings in the main producing zones. Rains started in Cape Verde in late July. Rainfall remained widespread in Guinea-Bissau but civil disturbances in June/July have severely affected the planting of rice and coarse grains crops. In the coastal countries along the gulf of Guinea, despite a late start of the growing season, the main coarse grains crops are developing satisfactorily. As a result of mostly normal weather conditions, crop prospects are about average except in northern Ghana, Côte d'Ivoire and Guinea, where below normal output could be expected. In Sierra Leone, civil disturbances still hamper agricultural activities and planted area is estimated to be lower than last year. Liberia and Sierra Leone will still rely mostly on food aid to meet their consumption needs in 1999.

Growing conditions for the 1998 **paddy** crop have been generally favourable in most countries across western Africa, but civil strife in some countries has hampered farming activities. By contrast, in Nigeria, the most important rice producing country in the region, planted area is estimated to have increased by about 200 000 hectares from 1997. However, shortages of fertilizers, pesticides and other farm inputs are expected to lead to reduced yields and the government is tentatively forecasting a 12 percent reduction in production to 3.4 million tonnes.

CENTRAL AFRICA: **Coarse grains** are generally developing satisfactorily reflecting abundant and widespread rains. The first maize crop has been harvested in Cameroon. Abundant and widespread rains in July and August benefited crops in Central African Republic. Seasonably dry conditions prevail in the south and the west of the Democratic Republic of Congo as well as in Gabon and the south of Congo. Renewed civil disturbances in the Democratic Republic of Congo are likely to impede normal agriculture and marketing activities.

EASTERN AFRICA: Harvesting of the 1998 **wheat** crop has been completed in Sudan. Latest estimates indicate an output of 525 000 tons, 18 percent down on last year's bumper crop as a result of lower plantings, only partially offset by higher yields. In Kenya, prospects for the crop are favourable reflecting adequate rains since the beginning of the season. In Ethiopia, good rains in the past months have favoured establishment and development of the wheat crop.

Harvesting of the 1998 **coarse grain** crops is almost completed in southern countries of the sub-region, while in northern parts harvest is scheduled from November. The outlook is mixed. FAO's preliminary estimates indicate a 1998 aggregate coarse grain production of 19.9 million tons, 11 percent larger than the previous year and about average.

In Tanzania, the recently harvested 1998 main season coarse grain crops recovered significantly from last year's level. The 1998 aggregate output is forecast at 4.4 million tons, 38 percent higher than in 1997. In Burundi and Rwanda abundant rains since the beginning of the year allowed a recovery of the 1998 B season coarse grain outputs, estimated around the pre-civil conflict levels. By contrast, in Somalia, the recently harvested 1998 "Gu" crops are estimated to be 60 percent below the poor level of last year as a result of reduced plantings, dry weather and pests infestations. In Uganda, where harvest of the 1998 first season coarse grain crops is well advanced, output is forecast to be about normal with lower yields, due to erratic rains, compensated by larger plantings. In Kenya, the main season coarse grains are reported in generally good conditions following adequate rains during the growing season. The 1998 main maize output is forecast to increase significantly from last year to a normal level of 2.3 million tons. In Ethiopia, the recently harvested secondary "belg" coarse grain output was overall good, but crops were sharply reduced in northern

highland areas. Prospects for the 1998 main season crops are generally favourable reflecting adequate rains in the past months. In Eritrea, rains from mid-July, following previous dry weather, improved the outlook for the 1998 coarse grains crops. In the Sudan, heavy rains in August resulted in floods but provided relief to the 1998 main season coarse grain crops stressed by previous dry weather.

Paddy rice harvesting is complete in Tanzania, the major rice producing country in the region, and output for 1998 is provisionally estimated at about 1 million tonnes, up significantly from the 550 000 tonnes produced in 1997. The increase is attributed to a 12 percent rise in area and an improvement in yields resulting from abundant rainfall during the growing season.

SOUTHERN AFRICA: As a result of adverse weather and lower plantings in several countries, the output of 1998 **coarse grains** (mostly maize), harvested earlier in the year, fell to 14.7 million tonnes, 2.3 million tonnes less than in the previous season and about 14 percent below average. Lower production in several countries including Namibia, South Africa, Zambia and Zimbabwe was only partly offset by increased outputs in Angola, Malawi, Mozambique and Swaziland. In South Africa, the largest producer in the sub-region, output fell for the second consecutive year, by 15 percent, to 8.2 million tonnes mostly due to reduced plantings and prolonged dry spells that reduced yields. In Zimbabwe production dropped by 35 percent from the previous year's above average crop of 2.4 million tonnes as a result of a marked reduction in yields. In Zambia excessive rains in the northern areas, with extensive flooding, and near drought conditions in the south resulted in a coarse grains output of 0.6 million tonnes, a drop of some 40 percent compared with previous year's already below average crop. Moreover, a grain borer pest threatens harvested coarse grains; this pest is spreading fast and could affect as much as 80 percent of the grain if pesticide treatment is not carried out soon.

The prospects for the 1998 **wheat** crop sown earlier in the year are poor and a sharp reduction in output is expected. Irregular main season rains have sharply reduced irrigation water reserves in the major producing areas of South Africa, Zambia and Zimbabwe and plantings have been drastically cut.

Gathering of the 1998 **paddy** crop is complete in the region. Output in Madagascar, which accounts for over 90 percent of the region's rice production, is estimated at about 2.2 million tonnes, a decline of 12 percent from the previous year. The contraction is attributed to a reduction in yields as a result of the infestation of locusts. In Mozambique, following generally favourable growing conditions, output is estimated at 190 000 tonnes, 6 percent above 1997.

CENTRAL AMERICA AND THE CARIBBEAN

Storm rains in late August, following moderate rains in July in the main **wheat** producing irrigated areas of the north-west of Mexico have improved prospects for planting of the 1998/99 crop, which is due to start from October. The rains helped increase low water reservoir levels, which had been severely depleted by a severe prolonged drought, the tail-end effect of El Niño.

The outlook is generally good for the 1998/99 first season **coarse grain** crops and a recovery in production is expected in most Central American countries. Output of maize is forecast to be normal to above-normal in El Salvador, Guatemala, Nicaragua, Honduras and Costa Rica. In Mexico, by contrast, latest official forecasts indicate that the spring/summer maize output is likely to be significantly lower than earlier estimates, as planting of the important spring/summer maize crop was hindered by late rains in the central plateau. In Guatemala, the maize crop is being affected by pests and considerable losses are expected. In the Dominican Republic and Haiti, normal weather conditions are benefiting the developing 1998/99 second season cereal and other minor food crops, while in Cuba a prolonged drought has caused serious damage to foodcrops and pastures particularly in the extreme eastern provinces of the country. The drought has aggravated the problems of the agricultural sector, already affected by the continuing shortage of farm inputs.

SOUTH AMERICA

In Argentina, **wheat** plantings are expected to decline by more than 15 percent from the previous year's normal level, as unattractive prices for wheat are likely to have caused a switch to more profitable crops. Preliminary forecasts indicate a reduction in 1998 output to 12 million tonnes (1997: 14.7 millions) In Brazil, the area planted is estimated to be 10 to 12 percent below last year's average level. However output could remain similar to 1997 if weather conditions are normal through the rest of the growing season. In Chile, a recovery is expected from this year's El Niño-affected crop. In Uruguay, planting has been disrupted by excessive rains. Prospects are uncertain with the area planted expected to remain close to 1997/98 below-normal level. In the Andean countries, growing conditions

for the 1998 (winter) crop in the eastern parts of Bolivia are reported to be satisfactory. Harvest is due to start from September and output is forecast to be close to 1997's normal level. In Ecuador, harvest of the1998 wheat crop, mostly grown in the highlands, is well advanced, but the outlook is poor as the crop was seriously affected by El Niño. In Peru, an average output is anticipated. In Colombia, 1998 wheat output is tentatively forecast to decline further this year.

Harvest of the1998 **coarse grain** crops has been completed in the southern areas of the sub-region. Despite significant losses incurred due to El Niño, the aggregate output in the sub-region is estimated at 66.2 million tonnes, well above the average of the last 5 years. Fieldwork is underway in preparation for planting of the 1999 crop to start in September/October. In the Andean countries, a recovery in production is expected in Bolivia, following the poor results of the 1997/98 season crops when the country was severely affected by El Niño. In Ecuador, some 170 000 hectares, principally in the coastal provinces, were badly affected by El Niño in the first half of the year and maize output is expected to decrease significantly from the 1997 record level. In Peru, harvesting of maize is well underway and production in 1998 is likely to decline from 1997's record level, but would still be above average. In Colombia, production is tentatively forecast to be about average, a significant recovery from last year's El Niño-affected crop. In Venezuela, weather conditions are benefiting planting of maize and other foodcrops. An average output is tentatively forecast.

Harvesting of the 1998 **paddy** crop is complete in the region and output is estimated at 15.9 million tonnes, compared to 17.7 million tonnes produced in 1997. The decline is the result of a combination of a 4 percent reduction in area to 5.1 million hectares and a 9 percent drop in yields to about 3 tonnes per hectare due to El Niño. In Brazil, the region's largest rice producer, harvested area dropped by about 3 percent from 1997 to 3.4 million hectares in 1998, the lowest in over 10 years. In addition, heavy rains and abnormally low temperatures led to a decline in yields. As a result, paddy output is estimated at 8.5 million tonnes, 11 percent less than in 1997. Similar weather problems also affected paddy in Argentina and Uruguay.

NORTH AMERICA

The bulk of the United States winter **wheat** crop has been gathered and the spring wheat harvest is well underway. Following generally good weather conditions for harvesting and the development of the spring wheat crop, official estimates for wheat production have been raised further since the last report. Winter wheat production is now estimated at some 52 million tonnes, 2 percent up from the good 1997 crop despite a significant reduction in area. The forecast for spring wheat production is now put at some 17 million tonnes, virtually unchanged from last year's crop. In Canada, the harvest is well underway and one of the earliest on record, due largely to early seeding and hot dry weather, which has hastened crop development. However, due to reduced plantings, wheat output in 1998 is forecast to fall to 23 million tonnes, about 5 percent down from 1997 and below the average of the past 5 years.

Prospects for the 1998 **coarse grains** crop in the United States remain generally satisfactory, despite some serious drought and heat problems in the southern and southeast states and some localized problems in the Midwest, mainly due to excessive moisture. The first survey-based forecast of the season puts maize production at about 244 million tonnes, some 2 percent up from last year's. This year's crop is well ahead of the normal rate of development with the bulk of it through the critical reproductive phase by early August. There is now less potential for major yield loss from prolonged heat and also the rapid pace of development suggests there will be limited likelihood of damage from early frosts. In Canada, prospects for the main coarse grains crop (mostly barley), are similar to those for wheat. Aggregate coarse grains output is now forecast at about 25.7 million tonnes, virtually unchanged from last year's crop; a reduction in barley output is expected to be offset by larger maize and oats crops.

In the United States, where harvesting of the 1998 **paddy** crop is in progress, forecast output has been adjusted downwards by about 300 000 tonnes from the previous report to 8.1 million tonnes, similar to last year's level. A 5 percent expansion in the area planted to rice was offset by lower yields, reflecting delayed planting in California, and a heat wave in many of the southern rice producing states.

EUROPE

In the EC, latest indications continue to point to another above-average cereal crop in 1998. FAO now forecasts total cereal output in the Community at 213 million tonnes, slightly up from the previous forecast and 1 percent above the 1997 crop. Wheat crops have performed particularly well as a result of favourable weather conditions and above-average to record crops are expected in most countries. Aggregate wheat production is now forecast at 102 million tonnes, 7 percent up from 1997. With regard to the coarse grains, barley and rye production are

also forecast to increase from the previous year but output of oats will be reduced. By contrast, the summer maize crop is forecast to decline sharply from last year's record level. Plantings were reduced in France, Italy and Spain, the largest producers, and this season's weather conditions have not been ideal for this crop. Nevertheless, maize output in the Community is forecast to remain above the average of the past 5 years at almost 36 million tonnes.

In Bulgaria, weather conditions over the past month have been generally favourable. Wheat output in 1998 is forecast at some 3.3 million tonnes, about 5 percent down from last year's crop but about the average of the past five years. Coarse grains production is forecast at 2.3 million tonnes, also down somewhat from the previous year but about average. In the Czech Republic, total cereal production is expected to remain close to the 1997 level between 6.5-7 million tonnes, despite marginally lower plantings. However, in late July, floods affected some agricultural land in the east of the country, the effect of which on this year's cereal production, if any, is not yet known. In Hungary, another above average cereal crop is forecast in 1998, although down from the bumper harvest last year. Wheat output is estimated at 5 million tonnes, while preliminary forecasts point to maize output of about 6 million tonnes. In Poland, wheat output is now forecast at 9.3 million tonnes, over 1 million tonnes up from last year and well above the average of the past five years. However, the barley crop is still expected to fall somewhat to about 3.6 million tonnes. In Romania, a heat wave since mid-July, has seriously affected the country's maize and sunflower crops, but is unlikely to affect the wheat crop which is already being harvested. Nevertheless, output of wheat is forecast to fall significantly in 1998, to 5 million tonnes, well below the average of the past five years, mostly due to reduced plantings and adverse weather last autumn. In the Slovak Republic, latest official reports indicate a marginal increase in cereal output in 1998, mainly due to increased plantings and higher yields.

In Bosnia-Herzegovina, the 1998 cereal output is forecast at some 1 million tonnes, similar to the previous year's crop. In Croatia, cereal production is forecast to increase further from last year's already above average crop. Wheat production in particular is estimated to have risen by about 30 percent to over 1 million tonnes, reflecting increased plantings and yields. In the Federal Republic of Yugoslavia, latest official reports put the 1998 wheat crop at about 3.2 million tonnes, about 10 percent up from last year. However, it is likely that the maize crop has been affected by hot dry weather this summer and could be reduced. Aggregate 1998 cereal production is forecast at just under 10 million tonnes, close to the 1997 output.

The 1998 **paddy** crop season in the EC is reported to be progressing well under favourable growing conditions. Both harvested area and production are forecast to be similar to last year's levels of about 420 000 hectares and 2.7 million tonnes, respectively.

COMMONWEALTH OF INDEPENDENT STATES1/

In the CIS, the outlook for the 1998 cereal harvest has deteriorated significantly over the past 2 months, mostly due to persisting intense heat and drought conditions in several of the major producing areas. The 1998 harvest was already expected to be lower due to reduced winter grain plantings and increased winterkill in some parts, but adverse spring and summer conditions have wiped out crops in some parts and seriously cut yield prospects of spring and summer grains. FAO now forecasts the 1998 cereal and pulse harvest at 126 million tonnes (1997: 153 million tonnes), including some 67 million tonnes of wheat (1997: 81 million tonnes) and 53 million tonnes of coarse grains (1997: 71 million tonnes). The paddy and pulse crops are also forecast to decline.

In the Russian Federation, the 1998 cereal and pulse crop is now forecast at about 67 million tonnes, 25 percent down from last year's harvest reflecting reduced winter and spring plantings and adverse weather this season. It is reported that some 39 out of the country's 89 regions have been hit by exceptionally high temperatures and drought, while some southern parts have been affected by floods. In the Ukraine, the arrival of precipitation and cooler weather in early August brought some relief to the summer crops after persisting hot dry conditions for several weeks, but arrived too late for the spring grains at or nearing maturity. Aggregate cereal and pulse production in the country is now forecast at about 32 million tonnes, 6 million tonnes down from the 1997 crop. Also in Kazakstan, a much reduced cereal harvest is now in prospect, following reduced plantings and this season's exceptionally hot weather. Production is forecast at some 8.5 million tonnes, about 30 percent down from 1997. In Belarus, moderate rainfall showers in late July and early August benefitted the summer

1/ The Commonwealth of Independent States (CIS) includes 12 member states (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, the Kyrgyz Republic, Moldova, the Russian Federation, Tajikistan, Turkmenistan, the Ukraine and Uzbekistan).

crops but slowed winter grain harvesting. Cereal output in 1998 is forecast at just under 6 million tonnes, close to 1997's output. Elsewhere, the 1998 cereal harvests are expected to be similar to last year's levels.

OCEANIA

Prospects for the 1998 winter **wheat** and **coarse grains** crops in Australia have improved significantly over the past two months due to excellent moisture conditions throughout most of the major producing areas. Although serious localized flooding in New South Wales in late July has damaged some winter grain crops, the effect on the country's aggregate output will be limited. Based on crop conditions as of early August, FAO forecasts the 1998 wheat crop at 21 million tonnes, 3 million tonnes up from the previous forecast and about 14 percent up from the previous year's crop. As regards coarse grains, output in 1998 is forecast to fall to some 8.4 million tonnes from 9.2 million tonnes last year. Despite the generally favourable growing conditions, smaller winter barley and oats crops are forecast as a result of reduced plantings, and the small summer coarse grain crop (mostly sorghum) which has already been harvested earlier this year, was some about 10 percent down from the previous year. Harvesting of the **rice** crop has been completed and output is estimated at about 1.3 million tonnes of paddy, about 100 000 tonnes higher than originally anticipated due to the favourable growing conditions that led to a slight increase in yields. Nevertheless, output is down by 7 percent from the previous year as area planted to rice declined by 16 percent.

TRADE [1/]

World trade in **cereals** in 1998/99 is currently forecast at 199 million tonnes, down 8 million tonnes, or 4 percent, from the previous year and 2 million tonnes lower than reported in June. Most of the anticipated contraction in world imports would be in wheat and rice mainly because of reduced import demand in a number of low-income food-deficit countries where domestic production is estimated to increase in 1998. By contrast, coarse grain imports are forecast to increase slightly.

Two important developments that took place in recent months are expected to weigh on the short-term outlook for cereal trade, i.e. the decline in petroleum prices and the financial turmoil facing several countries. For several oil-exporting, grain-importing countries, the sharp drop in oil export earnings could lead to smaller grain purchases. The continuing financial turmoil in Asia and more recently in the Russian Federation could also force some of the countries affected to curtail their foreign cereal purchases despite smaller domestic output in some cases and despite the slide in international cereal prices expressed in US dollars in recent months. As a result, commercial imports by some of these countries may fall short of covering their deficit. At the same time, larger supplies in major exporting countries may facilitate a substantial increase in the food aid component of total cereal trade. Against this background and taking into account the recent decision by the United States to donate an additional 2.5 million tonnes of wheat to countries in need, food aid shipments in 1998/99 are tentatively forecast to rebound from the previous year's estimated 5.5 million tonnes to about 8 million tonnes.

The forecast for world imports of **wheat** and wheat flour (in wheat equivalent) in 1998/99 (July/June) has been raised slightly from the previous report, by 500 000 tonnes, to 90.5 million tonnes, which would be some 5.5 million tonnes below the revised estimate for imports in 1997/98. Apart from the factors mentioned above, this year's good crops in a number of countries, following favourable weather conditions, is another reason for this reduction. Overall, wheat imports by the developing countries are now forecast to fall by some 5 million tonnes to 73 million tonnes. Also, somewhat smaller imports are anticipated among the developed countries, particularly in the EC.

The sharpest decline is expected in **Asia,** where total imports may amount to just 42 million tonnes, down more than 4 million tonnes from the previous year and the lowest volume in almost a decade. In Pakistan, a bumper 1998 crop could esult in at least 3 million tonnes lower imports compared to last year. Also in India, large domestic supplies could lead to a decline of about 500 000 tonnes in imports, while wheat purchases by the Islamic Republic of Iran could plunge for the second consecutive year, dropping by some 700 000 tonnes, largely due to above-average domestic crops and, to some extent, the decline in its earnings from oil revenues. Among the Asian countries in financial difficulty, the forecast for imports by Indonesia has been lowered by 400 000 tonnes to 3.8 million tonnes, against 4.2 million tonnes in the previous season. The current forecast

1/ World trade in wheat and coarse grains is based on and expressed in estimated imports delivered through June 30th of the July/June trade year. Some late-season purchases may be included in the next season if deliveries occur after June 30th. In general, exports and imports are calculated based on estimated shipments and deliveries during the July/June trade season and thus they may not be equal for any given year due to time lags between shipments and deliveries.

OVERVIEW OF WORLD CEREAL IMPORTS – FORECAST FOR 1998/99

	Wheat		Coarse grains		Rice (milled)		Total	
	1997/98	1998/99	1997/98	1998/99	1998	1999	1997/98	1998/99
	(. . . . . million tonnes . . . . .)							
Asia	46.4	41.9	53.1	53.0	14.3		113.7	
Africa	23.2	21.8	10.7	11.5	3.9		37.8	
Central America	5.0	5.3	9.8	9.8	1.3		16.1	
South America	10.7	11.6	5.9	6.6	1.9		18.5	
North America	2.5	2.5	4.0	3.1	0.6		7.2	
Europe	5.4	4.4	3.5	4.0	1.1		10.0	
CIS	2.5	2.7	0.3	0.3	0.4		3.2	
Oceania	0.4	0.5	0.1	0.1	0.3		0.8	
WORLD	**96.1**	**90.5**	**87.3**	**88.5**	**23.8**	**20.2** 1/	**207.3**	**199.2**
Developing countries	77.8	72.9	57.0	58.0	20.5	16.6	155.3	147.5
Developed countries	18.4	17.6	30.3	30.6	3.3	3.5	52.0	51.7

SOURCE: FAO

1/ Highly tentative

includes the recently announced 500 000 tonnes food aid donation by the United States. The rise in domestic prices, partly resulting from reductions in flour subsidies and the gradual liberalization of the domestic wheat market, is the main reason for the likely reduction in commercial purchases by Indonesia. By contrast, imports by the Republic of Korea, Malaysia and the Philippines could remain largely the same as last year because the drop in international wheat prices and the abundance of low quality wheat is expected to maintain its competitive edge vis-à-vis imports of coarse grains for feed.

In **Africa**, wheat imports are expected to decline by about 1.5 million tonnes to 22 million tonnes. All of this decrease would be on account of reduced requirements in several countries in North Africa due to larger domestic production, particularly in Morocco and Tunisia. However, most countries in **Latin America and the Caribbean** are likely to import as much as last year, while Brazil, the region's largest wheat importer, is forecast to import over 6 million tonnes, some 500 000 tonnes more than in the previous year. The decline in international prices could encourage larger purchases by Brazil given the continuing strong growth in domestic consumption. In **Europe**, the forecast 1 million tonnes decline in wheat imports would almost entirely reflect smaller purchases by the EC following this year's bumper output and larger availabilities of high quality wheat in the Community. In the **CIS**, despite this year's drastic decline in wheat production, especially in the Russian Federation, imports are expected to rise only by 200 000 tonnes to about 2.7 million tonnes. However, this forecast remains extremely tentative because of uncertainties associated with the impact of the current financial turmoil on the countries' ability to import.

Turning to exports, the forecast decline in this year's trade will weigh heavily on shipments from the major exporting countries, with additional export availabilities from a number of other countries, such as Hungary, Turkey and Syria, also adding to competition for markets. Aggregate wheat exports from the 5 major exporters in 1998/99 (July/June) are forecast to reach 83 million tonnes, against 87 million tonnes in the previous season. The decline would be mostly due to expected reductions in sales from Argentina, Australia and Canada while those from the EC and the United States are forecast to rise. Exports from the Russian Federation and Ukraine to outside the CIS countries are also forecast to fall substantially, mainly as a result of lower domestic output, while foreign sales by Romania are expected to be reduced as production is anticipated to fall below the previous year's bumper level.

World trade in **coarse grains** in 1998/99 (July/June) is now forecast at 88.5 million tonnes, some 2.5 million tonnes less than earlier anticipated, but 1 million tonnes above the previous year's estimated imports. This month's downward revisions mainly concern several countries in Asia. Trade is

expected to remain close to the previous year's volume for almost all types of coarse grains except for maize and barley, which are likely to increase slightly to 64 million tonnes and 14 million tonnes, respectively, mainly as a result of higher demand from some countries in Latin America. The small rise in total coarse grain imports by the developing countries, to 58 million tonnes, would account for nearly all of the increase in global coarse grain purchases, while those by the developed countries are forecast to remain close to the previous year's volume.

In **Asia**, imports are expected to remain unchanged at 53 million tonnes following this month's downward adjustments to forecasts for imports by China, Japan and the Islamic Republic of Iran. For Japan, downward adjustments from the earlier prediction are based on the expected slowdown in demand from the feed sector. In **Africa**, imports by most countries in North Africa are likely to decline because of good crops. However, larger imports are forecast for a number of countries in the southern region, particularly in Lesotho, South Africa, Zambia and Zimbabwe, due to reduced maize crops. In **Central America**, the likely decline in sorghum crops in Mexico is expected to result in slightly higher imports while in **South America** the drop in maize production in Brazil and Venezuela is expected to lead to larger purchases by both countries compared to the previous season. Among countries in **Europe**, the increase of about 500 000 tonnes in aggregate imports would be mainly on account of larger barley purchases by the Czech Republic and larger maize imports by Poland, mainly resulting from poorer crop prospects. Currently the forecast for imports into the **CIS** points to the same low level as in the previous season, despite a significant reduction in output expected.

The anticipated modest rise in world trade of coarse grains is expected to be entirely met by the five major exporters as their combined production is forecast to increase for the fourth consecutive year, resulting in ample exportable supplies. Among other exporters, Hungary and Romania would also have large export surpluses this season, while China, which exported an estimated 7 million tonnes of maize in the previous season and ranked the world's third largest exporter after the United States and Argentina, may reduce its sales to 3 million tonnes, mainly because of smaller carryovers from the previous season.

The forecast for global **rice trade in 1998** has been adjusted upwards from the last report by 1.7 million tonnes to a record 23.8 million tonnes, which is 4.8 million tonnes more than the estimated 1997 volume and about 3 million tonnes above the previous record in 1995. The upward revision is mainly a result of large imports and/or import commitments to date by several of the major importing countries whose domestic output was severely reduced by adverse weather related to El Niño. The current flood situation in several of the Asian countries is another factor behind the upward revision.

The forecast of Indonesia's rice imports has been increased by 1.5 million tonnes from the previous report to a record 5 million tonnes, following a bigger fall in the 1998 paddy production than originally anticipated. During the first 6 months of the year, Indonesia is estimated to have imported in excess of 3.2 million tonnes of rice, over three times the total imports estimated for the whole of 1997. Taiwan Province of China is reported to have joined Japan in offering a rice loan of 200 000 tonnes to Indonesia with an option of either paying back in cash or through a barter deal. There are reports that Indonesia and Viet Nam are currently engaged in negotiations for barter deals or deferred payment arrangements for about 400 000 tonnes of rice. The forecast of rice imports by the Philippines has also been adjusted upward by 350 000 tonnes, to 1.55 million tonnes based on contracted volumes to date. However, the final import figure will largely depend on whether the country will be affected by La Niña-related floods which have been predicted for the last quarter of the year. The forecast for Bangladesh has been raised by 500 000 tonnes from the previous report to 1 million tonnes based on shipments to date. Large quantities of rice were imported during the first four months of the year when domestic supplies were tight and prices had risen, a result of lower output from the 1997 Aman crop. In addition, devastating and widespread floods are threatening the current crop. By contrast, the forecast for the Islamic Republic of Iran has been reduced by half from the previous report to 600 000 tonnes due to good production prospects and a slower pace of imports. Also for China (Mainland), the forecast for 1998 imports has been lowered by 100 000 tonnes to 300 000 tonnes based on imports to date and the anticipation that any shotfall this year will be met from stocks. In Brazil, the Government has taken steps to facilitate increased rice imports by lowering the tariffs on brown and milled rice originating from non-MERCOSUR countries from the 1998 rate of 21 percent to 13 percent and 15 percent, respectively. Rice imports in 1998 are forecast to increase by 46 percent from the adjusted 1997 level to 1.2 million tonnes. A higher share of Brazil's 1998 rice import requirements will come from non-MERCOSUR sources, including the United States, Thailand and Viet Nam, since Argentina and Uruguay, its traditional suppliers, also experienced production declines.

On the export side, the forecast for rice shipments out of Thailand for 1998 has been raised by 400 000 tonnes from previous estimates to 6 million tonnes due to consistently high demand on the international market and a good output from the second-season crop. Exports during the first half of 1998 are estimated at over 3 million tonnes, compared to about 2.3 million tonnes during the same period in 1997. In Viet Nam, rice exports were temporarily suspended in mid-April to ensure domestic food security in the midst of a drought that had affected much of the country. The Government lifted the freeze on new export sales effective July 1, 1998 but reintroduced an export tax of 1 percent on certain grades of rice. However, in mid-August, the Government announced a new temporary ban on fresh commercial export sales again citing food security concerns as the reason behind the decision. Nevertheless, expected export figures have been increased by 200 000 tonnes from the previous forecast to the Government target of 4 million tonnes based on shipments to date. During the first half of the year, Viet Nam shipped close to 3 million tonnes, compared to less than 2 million tonnes during the same period in 1997. The export quota for the period July to September was fixed at 600 000 tonnes. The decision about export volumes for the remainder of the year will be made in September after reviewing the yields from the summer-autumn crop. The forecast for India's exports in 1998 has been increased by 200 000 tonnes from the previous forecast to 2.4 million tonnes based on an upward revision to its 1997 paddy output. China's (Mainland) 1998 projected rice exports have also been revised upwards by 700 000 tonnes from the previous report to 2.4 million tonnes based on exports to date and an upward revision to its 1997 production. During the first half of 1998, China's shipments amounted to over 1.2 million tonnes compared to 940 000 tonnes during the whole of 1997. Anticipated exports from the Taiwan Province of China have been increased by 150 000 tonnes from earlier expectations to 250 000 tonnes. The bumper harvest in Tanzania is expected to result in exports of about 100 000 tonnes to its neighbours, particularly Uganda and Kenya.

For **1999**, global rice trade is provisionally forecast to decline from the 1998 projected record by about 10-15 percent as production in 1998 in many of the major importing countries is expected to recover from the lower weather-reduced levels in 1997. Increased production, and therefore lower imports, may materialize particularly in Indonesia, the Philippines and Brazil, three of the leading importers thus far in 1998.

CARRYOVER STOCKS

The forecast for global **cereal** stocks by the close of the seasons ending in 1999 has been raised to 330 million tonnes, up 2 million tonnes from the previous report. This would be 1 million tonnes above the revised opening level, which has also been raised by over 7 million tonnes, mainly reflecting upward revisions to rice inventories in China and to coarse grain carryovers in the United States and the EC. Although cereal stocks in China and the CIS are forecast to decline sharply this season, the anticipated increase in 1998 grain production among the major exporting countries combined with the expected slower growth in global feed demand would offset these reductions. The largest increase is expected in maize and barley inventories while wheat carryovers would remain close to their opening levels and rice stocks are likely to decline to the lowest volume in three years. At the current forecast level, the ratio of global cereal carryovers to trend utilization in 1999/2000 would be 17.3 percent, close to that in the previous year and within the 17 to 18 percent range which the FAO Secretariat considers as the minimum necessary to safeguard world food security.

WORLD CARRYOVER STOCKS OF CEREALS

	Crop year ending in:		
	1997	1998 estim.	1999 f'cast
	(. . . . million tonnes . . . .)		
Wheat	113.5	134.0	134.6
Coarse grains	129.8	138.2	142.7
Rice (milled)	56.1	56.6	52.6
TOTAL	**299.4**	**328.8**	**329.9**
of which:			
Main exporters	102.5	132.1	150.1
Others	196.8	196.7	179.8

SOURCE: FAO

World stocks of **wheat** for crop years ending in 1999 are currently put at about 135 million tonnes, 1 million tonnes down from the forecast in the previous report. At this level, world wheat inventories would be virtually unchanged from the previous year. Among the major exporting countries, wheat stocks are forecast to increase significantly, by almost 7 million tonnes, to 47 million tonnes. The increase in aggregate production of the major exporting countries would more than offset the expected increase in their exports and domestic utilization, resulting in a stock build-up. The largest expansion is expected in the EC, where this year's

bumper crop, for the third year in succession, would result in a further rise in stocks, to over 15 million tonnes, up 3 million tonnes, or 24 percent, from their already high opening levels. The expansion in wheat carryovers in the EC also represents a significant build-up in its intervention stocks, for the third consecutive year. Wheat carryover stocks are also forecast to increase in the United States despite this month's small downward revision following the Government's announcement in August to increase food aid donations. At almost 23 million tonnes, inventories in the United States would be some 3 million tonnes, or 16 percent, more than their opening levels and the highest since 1991. Elsewhere, the expected sharp fall in output in the Russian Federation could result in a contraction of their stocks by as much as 3.5 million tonnes. Similarly, lower production could also result in a draw-down in wheat stocks in some other major producing countries such as China, India and the Ukraine, while in several other countries, especially in North Africa and eastern Europe, this year's larger crops are likely to result in some build-up of inventories.

Global **coarse grain** inventories for crop years ending in 1999 are forecast to rise for the third consecutive year to nearly 142 million tonnes, 3 million tonnes less than the previous report but 4 million tonnes above their opening levels. This month's downward revisions mainly result from further reductions in the forecast for stocks in China and the Russian Federation. In China, despite this year's satisfactory production prospects for coarse grains, maize stocks which were already reduced substantially last year, are again anticipated to decline, by some 3 million tonnes, due to further growth in domestic utilization. The expected drop, by more than 3 million tonnes, in stocks held in the Russian Federation, however, would be mainly on account of the anticipated 30 percent contraction in its coarse grain production. By contrast, total coarse grain stocks held by major exporters are seen to rise to 86 million tonnes, up 12 million tonnes from their opening level to their highest level in 6 years, mainly in the United States and in the EC. In the United States, the world's largest maize producer, total coarse grain stocks could reach 53 million tonnes, up 11 million tonnes from their opening level and the highest since 1993, as a result of this year's expected above-average crop. In the EC, total coarse grain stocks are likely to rise by nearly 1.5 million tonnes to over 27 million tonnes, almost half of this being in intervention stocks. During the previous season, total coarse grain intervention in the EC rose sharply from a 20-year low level of less than 2 million tonnes at the start of the season to almost 11 million tonnes; of this total, over 7 million tonnes consisted of barley. Despite the forecast increase in barley and rye exports during the 1998/99 marketing season, the EC's intervention stocks may rise further given the favourable crop prospects for this season.

Rice stocks for the marketing seasons ending in 1998 have been adjusted upwards by about 3 million tonnes from the previous report to 56.5 million tonnes, almost unchanged from their opening levels. The adjustment is largely the result of an upward revision in the 1997 paddy output figures for China (Mainland) and India. However, stocks are projected to decline in Indonesia, the Philippines and Brazil where the El Niño-related weather problems affected the 1997 and/or 1998 paddy output. A reduction in stocks is also expected in Pakistan due to the anticipated increase in exports. FAO is tentatively forecasting a 7 percent reduction in global rice stocks at the end of the marketing seasons in 1999 to 52.6 million tonnes. The decline is mostly attributed to flood-related problems that are expected to adversely affect output in several Asian countries, including China (Mainland).

EXPORT PRICES

Favourable crop prospects combined with stagnant import demand continued to put downward pressure on wheat and coarse grains prices in recent months. International **wheat** prices have fallen by nearly 30 percent from the previous year to their lowest levels since the early 1990s. By late August, the price of U.S. wheat No. 2 (HRW, fob) was US$110 per tonne, down US$17 per tonne from May and US$44 per tonne less than a year ago. Similarly, the Argentine Trigo Pan export price fell to US$112 per tonne, around US$11 per tonne less than in May and US$43 tonne lower than a year ago. In the futures market, the favourable supply outlook in major exporting, as well as several importing countries, especially in North Africa and in Asia, continued to weigh on the Chicago Board of Trade (CBOT) soft red winter futures. Additional downward pressure on the wheat futures was generated by the financial difficulties, particularly in Asia and most recently also in the Russian Federation. Since late July the nearby September contracts slipped to their lowest levels in seven years and, by late August, the December contracts were quoted at US$96 per tonne, some US$47 per tonne, or 33 percent, below the corresponding period in 1997.

Export prices of nearly all major **coarse grains** have also weakened considerably in recent weeks. By late August, the US maize export price fell to a 10-year low of nearly US$84 per tonne. At this level, US maize prices were US$19 per tonne lower than in May and US$31 per tonne, or 27

percent, below August 1997. Similarly, barley and sorghum export prices have also weakened substantially compared to the previous year. Several factors are behind the ongoing slide in coarse grain prices, namely the relatively large maize and barley stocks carried over from the previous season, particularly in the EC and the United States; favourable weather conditions leading to bumper crops, especially in the major exporting countries; large supplies of more competitively priced, low quality wheat which could be used for feed; and weak import demand, partly fuelled by the continuing financial difficulties facing several countries in Asia. Correspondingly, in the CBOT futures markets, maize prices have continued to decline. In August, the nearby September futures plunged to their lowest value in 10 years while December futures also continued to slide and, by late August, were quoted at US$81 per tonne, some US$26 per tonne below the value of the December 1997 contract quoted in August 1997.

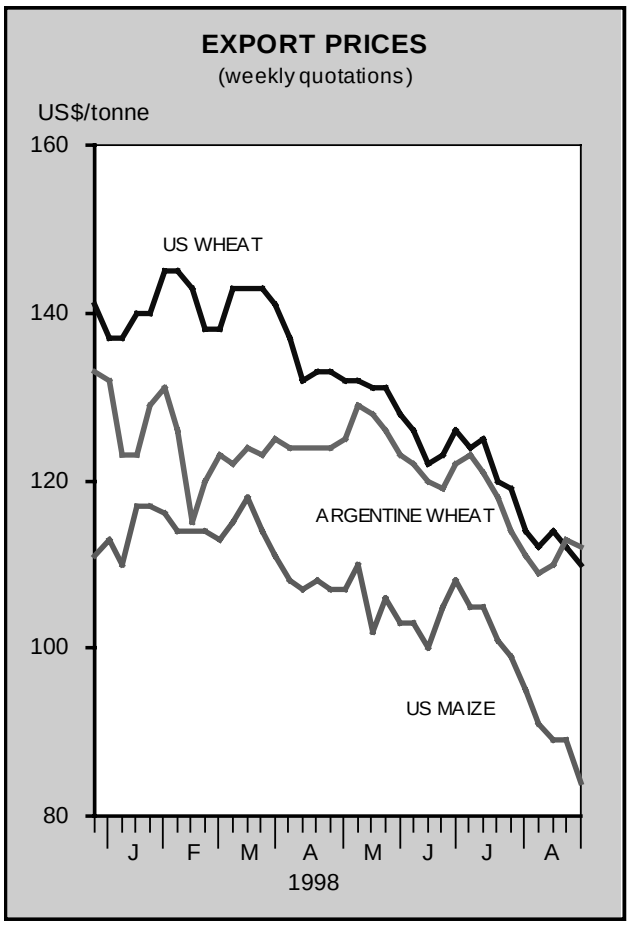
LATEST CEREAL EXPORT PRICES *

	1998		1997
	August	May	August
	(. . . . . US$/tonne . . . . . .)		
United States			
Wheat 1/	110	127	154
Maize	84	103	115
Sorghum	86	100	112
Argentina 2/			
Wheat	112	123	155
Maize	99	103	112
Thailand 2/			
Rice white 3/	332	342	273
Rice, broken 4/	234	194	202

SOURCE: FAO, see Appendix Table A.9

* Prices refer to the fourth week of the month.
1/ No. 2 Hard Winter (Ordinary Protein).
2/ Indicative traded prices.
3/ 100% second grade, f.o.b. Bangkok.
4/ A1 super, f.o.b. Bangkok.

By contrast, international **rice** prices from most origins remained firm through July and August. As a result, the FAO Export Price Index for Rice (1982-84=100), which has been on the rise since it hit a low of 119 points in November of last year, averaged 131 points in August and July, up from 130 points in June. The increase in prices is attributable to concerns about the availability of exportable supplies, particularly in light of large purchases by several countries, including Indonesia, the Philippines and Brazil. Also, the relative strengthening of the Thai baht against the United States dollar and floods in several Asian countries are contributing to the upward pressure on prices expressed in US dollars.



In Thailand, the July prices for high quality rice rose to their highest levels since the devaluation of the Thai baht in July 1997. Price quotes for Thai 100B averaged US$340 per tonne in July, up by US$3 per tonne from the June average and also US$3 per tonne above the July 1997 price. However, the August price for Thai 100B declined a little as the demand shifted to the lower quality broken rice. Prices of fully broken rice (Thai A1 Super) increased by US$14 per tonne from their July average to US$230 per tonne in August, the highest in about 18 months. In the United States, most prices rose in June but fell back in July and August largely due to less than expected import demand during those months, especially from traditional customers in Latin America. Quotes for United States No. 2/4 percent broken rice averaged US$392 per tonne in August, down from US$410 per tonne in July and US$428 per tonne in June and compared to US$447 per tonne in July 1997. Export prices from India and Pakistan have remained firm due to increased demand and limited availabilities for

export in these countries. New crop supplies in India and Pakistan are expected to be available around the October-November period. In Viet Nam, supplies continue to be tight and talks of a potential deal with Indonesia have supported prices. In the next few weeks, rice export prices are expected to be influenced by the Asian floods as details emerge on the extent of damage to rice in the countries affected.

MEAT AND MEAT PRODUCTS

Overview

Global meat production [1/] is put at 219 million tonnes in 1998, up two percent on 1997, bolstered by a favourable feed situation world-wide which has compensated for falling producer prices. Moderate production growth is anticipated in all sectors, except for bovine meat, which is forecast to stagnate. In sharp contrast with the previous years, preliminary estimates of international trade in meat point to zero or negative growth in 1998, influenced by the financial crises in Asia and the CIS. The combination of depressed import demand and abundant export supplies is anticipated to depress international meat prices.

WORLD MEAT PRODUCTION

	1996	1997	1998 estim.
	(. . . . million tonnes . . . .)		
WORLD TOTAL	**208.5**	**214.2**	**219.3**
Poultry meat	57.7	60.0	61.6
Pig meat	79.5	82.1	85.2
Bovine meat	56.3	7.0	57.4
Sheep meat and goat meat	10.8	11.1	11.5
Other meat	4.1	3.9	3.8
DEVELOPING COUNTRIES	**107.3**	**113.4**	**117.0**
Poultry meat	28.8	30.3	31.4
Pig meat	43.5	46.9	48.5
Bovine meat	25.3	26.2	26.9
Sheep meat and goat meat	7.4	7.7	8.0
Other meat	2.4	2.3	2.3
DEVELOPED COUNTRIES	**101.2**	**100.7**	**102.3**
Poultry meat	28.9	29.7	30.2
Pig meat	36.1	35.2	36.6
Bovine meat	31.0	30.8	30.5
Sheep meat and goat meat	3.5	3.4	3.5
Other meat	1.7	1.6	1.5

SOURCE: FAO

Note: Total computed from unrounded data.

Bovine meat

Global bovine meat production in 1998 is currently forecast at 57.3 million tonnes, only half a percent above last year, as a further contraction in the developed countries should be offset by moderate gains in the developing countries. Despite an on-going reduction in cattle inventories in the United States, output is anticipated to be boosted by heavier slaughter weights, brought about by low grain prices. Likewise, larger output is expected in New Zealand, in the wake of El-Niño induced-droughts, which have boosted slaughtering. By contrast, output might fall in Australia despite increasing slaughtered numbers, reflecting lighter carcass weights. Production in the EC is anticipated to decline for the third consecutive year under the effect of the various schemes to reduce surpluses launched in the aftermath of the BSE crisis in 1996. A further drop in output is likely to be recorded by the CIS and most central and eastern European countries, reflecting a continued contraction in breeding herds. Production growth in China is expected to remain high, despite adverse weather conditions. Substantial increases are also expected in India and Pakistan. In Africa, production is set to rise in Egypt, the Republic of South Africa and Nigeria while some cattle losses have been reported in eastern Africa following flooding. In Latin America and the Caribbean, increases are expected in Brazil and Paraguay, mainly as a result of improved management practices. By contrast, a contraction is likely to occur in Argentina and Uruguay, which are currently expanding their herds.

Preliminary estimates point to an almost unchanged international trade volume of 5.1 million tonnes. Imports by the United States are anticipated to be higher as, unlike in 1997, its preferential access quota should be filled. In Asia, beef imports by Japan are anticipated to recover fully from the 1996 and 1997 lows, as consumer health scares over BSE and E-coli have shown signs of receding. Imports by the Republic of Korea are expected to

1/ In 1998, following the disclosure of the results of a recent national agricultural census, China's official estimates of meat production in 1996 and 1997 have been revised downward. FAO statistics have been adjusted accordingly.

remain unchanged at the level of its tariff import quota. By contrast, Brazil and Canada might reduce imports as a result of increased domestic production and strong competition from other meats. Similarly, shipments to the EC, which enter under preferential trading arrangements, are forecast to fall, mainly because of the inability of supplying countries to meet their specific quotas. The substantial reduction in EC export refunds will probably depress sales to Egypt and the CIS.

Australia, the top world beef exporter, is expected to raise its shipments somewhat, assisted by a continuing weakening of its currency, while increased output should boost those from Brazil, Canada, India and New Zealand. Little change in exports by Uruguay and the United States is currently anticipated while those by Argentina are expected to be constrained by high domestic prices. Shipments by the EC are also expected to fall in line with the URA commitments. However, the decline could be more pronounced if the Russian Federation, a major market for the EC beef sector, effectively introduces a compensatory levy on supplies subsidized by exporters, as announced in August 1998.

WORLD MEAT EXPORTS 1/

	1996	1997	1998 estim.
	(. . . thousand tonnes . . .)		
WORLD	**13 672**	**14 555**	**14 598**
Poultry meat	5 384	5 941	6 020
Pig meat	2 662	2 575	2 488
Bovine meat	4 716	5 096	5 133
Sheep meat and goat meat	673	707	721
Other meat	236	266	236

SOURCE: FAO

Note: Total computed from unrounded data.

1/ Includes meat (fresh, chilled, frozen prepared and canned) in carcass weight euivalent,; excludes live animals, offals and EC intra-trade.

World prices for bovine meat have trended downward in 1998, reflecting a slackening of import demand in major growth markets and abundant supplies of other meats. During the first seven months of the year, FOB prices of Australian manufacturing beef fell by 6 percent compared with the same period in 1997, while Japan CIF prices of fresh, boneless beef were 8 percent lower during the first quarter of 1998. Although the market could become tighter later in the year, world beef prices are expected to stabilize around the current low levels.

Sheep and Goat Meat

World production of sheep and goat meat in 1998 is currently e**s**timated at 11.5 million tonnes, three percent above last year. In Asia, an expansion is foreseen in China, the world top producer, the Islamic Republic of Iran and Pakistan, generally supported by good pasture conditions. An increase is also anticipated in Australia, following several years of flock rebuilding, and in New Zealand, as well as in Nigeria, the Republic of South Africa and Sudan. A recovery in the United Kingdom should sustain a rise in the EC. By contrast, a contraction is expected in the United States, Argentina and Uruguay. Production is also forecast to fall in the CIS and Bulgaria, reflecting the continued scaling down of breeding herds.

Trade in sheep and goat meat is forecast to reach some 720 thousand tonnes in 1998, up two percent from last year. The increase should be sustained by larger imports by the Republic of South Africa, the United States, Mexico and Saudi Arabia, while purchases by the Islamic Republic of Iran could fall. Imports by the EC should change little. Most of the increase in global exports should be accounted for by Australia, with New Zealand's sales stagnating.

INTERNATIONAL MEAT PRICES

	1996	1997	1998
	(. . . . . US$/tonne . . . . .)		
Chicken parts 1/	978	843	766 5/
Fresh, frozen pork 1/	2 733	2 724	2 238 5/
Manufacture cow beef 2/	1 741	1 880	1 799 6/
Frozen mutton 3/	1 113	1 072	1 012 5/
Lamb frozen whole carcass 4/	3 295	3 393	2 853 6/

SOURCE: FAO

1/ U.S. export unit value.
2/ Australia, cif prices the the United States.
3/ Australia, cif prices to the United Arab Emirates.
4/ New Zealand, wholesale prices London.
5/ January- May 1997.
6/ January- July 1997.

International prices for sheep and lamb meat have fallen during the first part of the year, with FOB prices for New Zealand frozen lamb carcasses exported to the EC down by 15 percent and

Australia FOB mutton prices down by 5 percent, respectively in January-July 1998 and January-May 1998 compared with the same periods in 1997. The downward tendency for prices is expected to continue during the rest of 1998, also reflecting keener competition from pig and poultry meats.

Pig meat

Global pig meat production in 1998 is currently put at 85 million tonnes, four percent more than last year, with a large expansion anticipated in all major producing countries. Following favourable returns in 1997 and large investment in pig operations, pig meat production is expected to rise in the United States and in Canada. In the EC, a recovery from the swine fever outbreaks last year as well as the effect of high producer prices in 1996 and 1997 should boost output. A substantial increase is also expected in Poland, underpinned by low feed prices. Output is set to grow in Japan as reduced imports in 1997 encouraged a slight expansion in the breeding herd. Increases are also forecast in Argentina, Brazil, Chile, Mexico and Paraguay, sustained by abundant feed supplies. Among the Asian countries, higher output is expected in China where favourable pig to maize price ratios in 1997 encouraged the retention of breeding animals. By contrast, a contraction is forecast in Indonesia and Thailand, due to rising costs and falling domestic demand. Output should also be down in the Chinese Province of Taiwan with an on-going restructuring of the sector after the occurrence of several cases of foot-and-mouth disease (FMD) in 1997 and the associated loss of the Japanese market. The long-term downward adjustment of the pig sector in the CIS is set to continue.

The decline in pig meat trade in 1997, mainly as a result of the withdrawal of the Chinese Province of Taiwan from export markets and a fall in Japan's imports, is expected to continue, pointing to a further three percent cut in the volume of trade in 1998, despite dynamic trading in the first half of the year. However, much will depend on the impact of the financial situation on import demand by the Russian Federation, the second most important destination for pig meat. The currency devaluation and the introduction of an additional import tax in mid August could curtail shipments heavily to that country during the last quarter. A buoyant production performance and low domestic prices could also reduce purchases by the United States, the Republic of Korea and Poland. In the latter country, the fall could mirror the recently reported introduction of thresholds on the level of imports, beyond which additional levies would be applied. By contrast, imports by Japan are forecast to recover, driven by growing demand for consumption and stock rebuilding.

Despite a bright export performance at the beginning of the year and a sharp increase in export refunds in May 1998, export growth in the EC is expected to be dampered by poor sales to the CIS during the last quarter. However, a major area of uncertainty lies in the possibility of the EC utilizing export subsidies not used under its Uruguay Round commitments for 1996 and 1997 in 1998. Exports by China, which also relies heavily on the Russian Federation market, are forecast to contract, both as a result of keen competition from other suppliers and the recent flooding problems, which may have disrupted trade flows. Brazil's shipments are likely to suffer from weak import demand, especially in south-east Asia, where it had made large inroads in recent years. Exports by the United States could finish up in 1998 at around last year's level, despite a 40 percent rise in the first five months of the year because of the deteriorating prospects for sales to markets in Asia and in the Russian Federation. By contrast, shipments from the Republic of Korea should increase as the country fills part of the gap left by the Chinese Province of Taiwan in the Japanese market.

International prices for pig meat products have fallen since the last quarter in 1997. During the first five months of 1998, the USA unit export value for frozen pork dropped by close to 25 percent, compared with the same period in 1997 and import prices in US dollars in Japan recorded the same decline. International prices for pig meat are likely to weaken further during the rest of the year, possibly reaching their lowest level in the 1990s, under a combination of ample export supplies and shrinking import demand.

Poultry Meat

Global poultry meat production in 1998 is forecast at 61.6 million tonnes, three percent more than last year. Output growth in China, which reached double digit levels in the 1990s, is estimated at less than 8 percent in 1998, reflecting falling returns to producers [1/]. Growth in Brazil and the United States is also expected to be dampened by sluggish domestic and export demand. Steady growth is forecast in the EC. In the CIS, diminishing government support combined with keen competition from imports contributed to the closing down of some producing firms. Likewise a strong decline is expected in Bulgaria, as the state farm sector there is undergoing a major restructuring, and

1/ The chicken meat/maize price ratio declined from 9.6 in 1997 to 8.5 in January-May 1996.

in Romania. A marked contraction is also likely in Indonesia, where producers are being squeezed between rising feedstuff prices and falling domestic demand. Poultry meat production is also anticipated to fall in the Chinese Province of Taiwan, following a decline in domestic demand, which had been boosted in 1997 by the FMD outbreak in pig herds. In the SAR Hong Kong, the tightening of the sanitary requirements on farms following the occurrence of avian influenza in 1997 may depress output this year. A small contraction is also anticipated in Japan.

In sharp contrast with the very strong expansion recorded in recent years, world trade in poultry meat is forecast to rise by only 1 percent to 6 million tonnes in 1998. Much of the thrust in the 1990s came from dynamic growth in imports by China and the Russian Federation. This year, China is anticipated to lower its purchases in light of larger domestic supplies, slackening domestic demand and increased competition in the Japanese market, where a sizeable part of the imported poultry is re-exported after processing. Large purchases of poultry by the Russian Federation during the first months of the year are forecast to come to an halt during the last quarter following the currency devaluation last August and the tightening of import tariff collection. As for the other markets, shipments to Argentina, the Islamic Republic of Iran, Mexico, Poland, the Republic of South Africa and Saudi Arabia are all expected to be smaller, generally reflecting increases in domestic production. By contrast, imports are forecast to recover in Japan and to increase in the Chinese Province of Taiwan, which recently opened up its chicken market to US supplies. The removal of the import ban on poultry meat by Nigeria could also help purchases to resume after many years, despite the imposition of a 150 percent tariff.

Poor import demand is anticipated to dampen growth in exports by the United States to less than 2 percent, the lowest rate in the 1990s. By contrast Chinese exports are expected to shrink, because of growing competition with Thailand after the devaluation of its currency. For the same reason, Brazil is anticipated to lose part of its traditional markets in Southeast Asia, while competition with EC's exports may weaken its position in the Near East. Although the EC is forecast to use fully its 375,200 tonnes URA subsidized export allowance, depressed world prices could hinder sales without subsidies, resulting in a small contraction in total shipments. Exports by Hungary could also fall.

International prices for poultry meat, represented by the US export unit value for chicken cuts, have averaged 15 percent lower over the January-May 1998 compared with the same period last year. CIF Import prices by Japan have also indicated a clear tendency to weaken. An even steeper fall could occur during the rest of the year, depending on the effects of the financial crisis in the Russian Federation on global import demand.

FISH AND FISHERIES PRODUCTS

OVERVIEW

Preliminary estimates put world fish production in 1997 of 122 million tonnes virtually unchanged from the record level in 1996. A large increase in China, the world's major fish producer, is expected to be mostly offset by a smaller catch in South America due to the adverse affects of the El Niño. The contribution of aquaculture, in general, to the world fish production continues to expand, but growth rates of shrimp culture are levelling off.

The value of international exports of fishery products increased slightly to an estimated US$56.5 billion in 1996 despite a reduced volume of trade, as prices were generally higher. In 1997, the developed countries accounted for about 85 percent of total fish imports in 1997 in terms of value. Japan was again the biggest importer of fishery products, accounting for some 30 percent of the global total. The United States, besides being the world's third major exporter of fish and fishery products, was also the second biggest importer. The EC further increased its dependency on imports for its fish supply.

Shrimp continues to be the main fish commodity traded internationally with a 20 percent share of the fish and fish products market in value terms. During early 1998 the shrimp market has been affected largely by the Asian financial crisis. In Japan, normally a major importer, the weak yen and the overall difficult economic situation significantly reduced import demand for shrimp. Faced with weak prices on the Japanese market, the main exporting countries turned elsewhere to find outlets for their products. Although the European market was under-supplied in the first quarter of 1998 and prices remained high, the United States proved to be the most attractive alternative market for exporters. The country's strong economic situation fuelled import demand and maintained high prices for several months. Farmed shrimp supplies are

expected to increase in the coming months, as the aquaculture industry in most areas will come into full swing. However, coldwater shrimp supplies are forecast to be slightly below last year's levels. Prices of tropical shrimp are expected to decline further, as the Japanese market is unlikely to pick up in the near future.

During early 1998 the Japanese shrimp market continued to be affected by the country's difficult economic situation. Consumer demand was greatly reduced and as a result imports decreased. Importers bought small amounts of shrimp in the first half of the year in expectation of some price declines in the course of the summer months. Product movements are extremely slow and reprocessors and institutional users are taking a "wait and see" attitude as demand from final consumers remains poor.

WORLD FISH PRODUCTION

	1995	1996	1997 prelim.
	(. . . . . million tons . . . . . .)		
China	28.4	32.0	35.0
Peru	8.9	9.5	7.8
Chile	7.6	6.9	6.1
Japan	6.8	6.8	6.7
United States	5.6	5.4	5.5
India	4.9	5.3	5.5
Indonesia	4.1	4.4	4.6
CIS	4.4	4.7	4.7
Others	46.6	46.0	46.1
TOTAL	**117.3**	**121.0**	**122.0**

SOURCE: FAO

By contrast, the shrimp market in the United States remains very attractive for exporters, with high prices and a strong demand for every type of shrimp. In the first quarter of 1998, imports into the United States reached a record of 67 200 tonnes which is 20 percent more than in the same period of 1997 and consumption reached 75 000 tonnes, the highest level since 1993. Virtually all major shrimp exporting countries supplying the United States reported increased exports, with the two main exporting countries, Thailand (+23 percent) and Ecuador (+34 percent) reporting the biggest increases. The United States economic situation is expected to continue to fuel strong demand for shrimp in the remainder of the year and record consumption is now forecast for 1998. Since June , shrimp prices in the United States have started to weaken somewhat from the peak levels reached earlier in the year. Large-sized shrimp prices are still US$1 per kilogramme more than a year ago, but are expected to fall soon. Medium-sized black tiger prices are have already slipped back to the levels of mid-1997. These price declines were caused by the difficult market situation in Japan and by the expectation of large supplies in the coming months.

With regard to the European shrimp market, the opening months of the year were characterized by strong price increases. In recent weeks, however, prices have weakened and traders are expecting lower prices in the coming months. As for the United States market, the main reason for the decrease in prices is the depressed Japanese market, combined with higher production expected in the main shrimp producing areas.

The current dull situation on the Japanese shrimp market is expected to persist in the coming months. Improved supplies in Asian countries might cause a weakening in the prices for black tiger shrimp in general, and lower prices are also foreseen for other markets, such as Europe and the United States.

Tuna is the second largest traded fish commodity accounting for some 11 percent of international trade in fish and fish products. Improved skipjack catches in the second quarter of this year have led to weakening prices on the world market. The price for skipjack in Bangkok has fallen to about US$1 050 per tonne, from US$1 200 tonne earlier this year. The supply of skipjack on the market is expected to stay high and further price reductions are likely. Yellowfin catches remain low, but prices fell somewhat towards the middle of the year, due to a strong sales campaign by Mexican companies. The tuna catch in 1998 is expected to exceed the reduced 1997 level.

Skipjack catches were relatively good in the second quarter of 1998, while the share of big yellowfin in total catch decreased. As of June, the reported share of large yellowfin in the Indian Ocean catch was as low as 10 percent, causing shortages of supply. Demand for yellowfin is particularly strong from European canneries, especially in Italy. French vessels stopped selling in June, due to an overall shortage. The Western Pacific is no longer able to supply good quantities of yellowfin, as the share of this species in the overall landings has declined to 8-9 percent. By contrast, Mexico is making a comeback as a supplier of large yellowfin to Europe, as are the Republic of Korea and Taiwan Province of China. As of June, Mexican yellowfin was selling at US$1 750 tonne, similar to the level in mid-1997.

Recently the fresh tuna market in Japan has been very weak due to large supplies of fresh bluefin from Japan and Taiwan Province of China. Market activity is normally sluggish in the hot summer months of June and July. Like other imported fishery products,

the tuna market has also been affected by the general economic conditions of the country.

Canned tuna sales in the United States are stable, but are expected to weaken in October, a normal seasonal feature. Up to 8 June, 61 800 tonnes of canned tuna were imported into the United States, 8 percent more than the same period last year. The 1998 tariff quota was thus exceeded by 100 percent. Thailand continues to be the main exporting country to the United States market with 19 400 tonnes in the first quarter of 1998. The Philippines reported very high canned tuna exports to the United States market with 13 800 tonnes during the January-March period, followed by Indonesia with 5 000 tonnes. Prices of canned tuna have increased in the United States to reach US$22 per carton (48x6oz cans), which is US$1 per carton more than the price a year ago. The present decline in raw material prices might lead to lower canned tuna prices on the United States market in the coming months.

After several years of problems and setbacks - closure of major canneries - the Thai canned tuna industry has recovered. Exports to the United States, traditionally the largest market, are almost back to normal, and new non-traditional markets such as Egypt, Argentina and Saudi Arabia have been opened up.

Yellowfin catches were disappointing in almost all areas in the opening months of the year. Nevertheless, the yellowfin market seems to be at a turning point, as some supplies are arriving now from the Eastern Pacific and it is expected that yellowfin prices paid by canneries in Europe will slowly come down from the present high level of US$2 000 per tonne (origin Indian Ocean). The El Niño effect led to low tuna catches in South America and tuna loin factories had to import raw material for shipping to Europe. The effect of El Niño on tuna fisheries is expected to lessen soon and a normalization of the market is expected in the coming months.

Although tuna catches in the Western Pacific have picked up slightly, those in the Atlantic and Indian Oceans are still poor. Canned tuna prices are expected to stay at their present high level, but some downward movement is likely after October, when demand slows down.

Groundfish account for about 10 percent of world trade in fish and fish products. Several of the most important species have been faced with poor resource management in the past and supplies from these fisheries are decreasing. As a result of low groundfish supply, prices on all levels have increased and demand for alternative seafood products has strengthened. In several of the Asian countries, the economic crisis has encouraged consumer to shift to lower-priced products.

The total Argentine catch of Argentine hake in 1997 reached almost 600 000 tonnes, more than 60 percent above the quota for the third consecutive year. Because of heavy fishing pressure, Uruguay and Argentina are also experiencing problems within their Common Fishery Zone. The Argentine authorities seem to enforce different technical measures to protect the hake resources. This includes closing of fishing areas and stronger restrictions especially for the factory trawlers as well as tougher catch limits within the shrimp fisheries. It is yet to be seen whether these measures are enough to keep the total catches within the quota limit.

Due to the El Niño phenomenon, hake was virtually absent in Peruvian waters in the latter part of 1997 and the beginning of this year. At the same time there were also considerable problems due to high catches of hake juveniles, and as a consequence several areas were closed. However, as the El Niño has started to ease, the catches are returning to normal.

Because of the lack of an agreement between Norway and the Russian Federation in regard to allowing Norwegian research vessels into the Russian EEZ, the scientific data concerning the cod stock situation are incomplete. As a consequence, the cod stock situation in the Barents Sea is quite uncertain. Although, due to high fishing pressure, increased cannibalism and poor individual growth, there is no doubt that the cod stock has declined quite dramatically the past few years.

New Zealand hoki exporters are experiencing strong demand for their block products which can substitute for other whitefish species in short supply. The market prices have improved, and New Zealand exporters gain from the weaker New Zealand dollar.

Prices on the world market are likely to stay relatively high also in the long term. A further reduction in the availability of Alaska pollock is expected, although somewhat less than initially forecast. In addition the cod resource in the Barents Sea is under severe pressure and lower supply from this area is likely. Also, the Argentine hake resource is over-exploited, and less hake is expected on the market.

Cephalopods account for some 4 percent of international trade in fish and fish products. Japan is the world's major market for cephalopods. As for

shrimp, the difficult economic situation in this country has had a strong impact on price levels of cephalopods worldwide. Weak demand for octopus caused a downturn of prices that has rendered fishing for octopus mostly uneconomical. A similar situation is reported for cuttlefish. European traders are likely to benefit from these developments, as the weakness of the Japanese market will make more cephalopods available for the European market. By contrast to other cephalopods, Illex prices are going up, as last year's over-supply has now been absorbed by the market and the 1998 catch has so far been only two thirds of the 1997 level.

Octopus prices in Las Palmas are falling, as the demand by Japanese buyers is extremely weak reflecting the difficult economic situation there. The main reasons for this are that octopus prices had reached exceptionally high levels in 1997, which discouraged consumers. Since the beginning of May, the price of large octopus (2.0-2.3 kg) in Japan has fallen from US$7 per kilogramme to less than US$5 per kilogramme but nevertheless demand remains very weak.

In the first five months of 1998 - practically the full fishing season - Illex catches were 85 000 tonnes, compared to 140 000 tonnes in the same period of 1997. This disappointing catch was caused by very low production in May, normally a peak production month. As a result, the squid market in Japan and Europe is likely to normalize in the coming months, and prices are expected to recover to usual levels from the lows in 1997. By contrast, loligo catches were better in 1998 than in previous years. In the first five months of the year, some 32 800 tonnes were caught in the Falkland Islands/Malvinas area, double the corresponding 1997 figure. This should lead to better supply to the European market; Italian traders and processors in particular will benefit from the improved supply situation.

Supply of all main cephalopod species is expected to be very limited in the closing months of the year. Octopus catches will be well behind the 1997 figure, but prices are expected to drop even further. The Southwest Atlantic Illex fisheries is practically over and the catch is about 40 percent short of the 1997 output. Prices are expected to rise further but the bleak situation on the Japanese market will limit the increase. Catches of cuttlefish will also be limited, but a bigger supply will reach the European market, where prices compare favourably with those offered by Japanese buyers.

F E R T I L I Z E R S

Urea spot prices in international markets continue to be substantially lower than one year ago. The absence of demand from China and a much lower import demand from India has only partly been offset by a substantial reduction of supplies in the Russian Federation where production is estimated at approximately half of the installed capacity. Facilities located close to ports, however, continue to operate at full capacity. The impact of recent Asian floods on urea import demand is yet unknown. Urea stocks in China declined in June, and are estimated at the equivalent of two months urea production. Local prices have been increasing. In India, a review of stock availability, production capacity, and demand has resulted in reduction of the estimated import requirement for 1998 by almost half. In Indonesia, increased domestic demand will be met from supplies earlier envisaged for export. Viet Nam is reported to be considering import restrictions. Domestic stock availability and the recent devaluation make substantial immediate imports unlikely. Urea demand in the United States is expected to remain low until the autumn planting season. Urea prices are expected to change little in the short term.

Ammonia prices in Asia and in the United States continued to decline while they have stabilized in Europe due to temporary reduction in supply from the Ukraine. In Mexico and Turkey, production capacity has been temporarily reduced. India is expected to augment ammonia imports from various sources in addition to the supplies already secured from Bangladesh.

International spot market prices of **ammonium sulphate** are considerably below the level observed in 1997. The decline in prices in Europe is higher than in the United States and the Far East. The trend of decline in price continues though at a somewhat slower pace when compared to early 1998.

Diammonium phosphate (DAP) prices increased in August and almost reached the early 1997 price level. DAP production in the United States is operating at full capacity to meet the considerable export commitments to China. Lower stocks and committed production from manufacturers in the Near East and North Africa suggest tight supply in the immediate future. In China DAP demand is almost entirely met through

contracts and little spot market activity is expected before this year's end. Pakistan has recently entered the market; limited domestic supply availability suggests that demand for imports will continue beyond October Near East and North African suppliers have scheduled exports to India, the Philippines and Italy while exports to China may continue. In India, the establishment of a strategic stock of 200 000 tonnes DAP is envisaged. Russian and Mexican suppliers are at present fully committed to supply the domestic markets and exports. The slightly upward trend in international spot prices is somewhat offset by lower shipping rates. DAP prices are foreseen to remain stable in the short term.

Prices for **triple superphosphate (TSP)** have shown little change in recent months. Pakistan intends to import a large volume of TSP to supplement its DAP imports. TSP prices in Brazil declined due to ample supply, high stocks, and lower demand due to lower soybean prices. Demand from Syria and the Islamic Republic of Iran is expected to be met through imports from Tunisia.

Muriate of potash (MOP) prices in Europe are higher than one year ago, while in North America spot prices are at the same level. Imports iby China in the first half of 1998 were about the same as in the corresponding period in 1997 with major suppliers being the Russian Federation and Canada. India has secured major supply arrangements well into 1999. In the United States potash prices are expected to increase before planting this autumn. In Brazil, domestic prices have been increasing slightly. Bangladesh and Indonesia are expected to enter the market to meet seasonal import requirements. MOP prices are expected to show a slight increase.

AVERAGE FERTILIZER SPOT PRICES (bulk, f.o.b.)

	1998		1997	Change from last year 1/
	July	August	August	
	(. . . . . US$/tonne . . . . .)			(. percentage .)
Urea				
eastern Europe	84-87	85-87	105-107	- 18.9
Near East	97-111	99-111	127-135	- 19.8
Ammonium Sulphate				
eastern Europe	30-38	26-36	48-51	- 37.4
U.S. Gulf	59-63	45-55	85-90	- 42.9
western Europe	40-45	40-45	80-82	- 47.5
Far East	68-73	68-73	95-97	- 26.6
Diammonium Phosphate				
Jordan	214-220	211-219	214-219	- 0.7
North Africa	210-216	209-215	204-213	+ 1.7
U.S. Gulf	208-210	209-211	193-194	+ 8.5
Triple Superphosphate				
North Africa	162-165	159-164	161-165	- 0.9
U.S. Gulf	175-176	168-172	161-164	+ 4.6
Muriate of Potash				
eastern Europe	89-101	90-105	85-100	+ 10.2
Vancouver	115-127	115-127	114-127	+ 0.4
western Europe	125-136	126-136	112-117	+ 14.4

SOURCE: Compiled from Fertilizer Week and Fertilizer Market Bulletin.

1/ From mid-point of given ranges.

A.1 a) - **WORLD CEREAL PRODUCTION - Forecst for 1998 as of August 1998**

	Wheat			Coarse Grains		
	1996	1997 estim.	1998 f"cast	1995	1996 estim.	1997 f"cast
	(. . . . . million tonnes .. . . . .)					
ASIA	**229.4**	**250.1**	**247.6**	**226.3**	**192.9**	**210.1**
Bangladesh	1.4	1.5	1.8	0.1	0.1	0.1
China 1/	110.6	123.3	118.0	145.9	119.6	132.7
India	62.1	69.3	66.4	34.3	30.2	32.4
Indonesia	-	-	-	9.3	8.8	9.2
Iran, Islamic Rep. of	8.8	10.2	10.5	3.7	3.8	3.8
Japan	0.5	0.6	0.6	0.3	0.2	0.2
Korea, D. P. R.	0.1	-	0.1	2.4	1.2	2.4
Korea, Rep. of	-	-	-	0.4	0.4	0.4
Myanmar	0.1	0.1	0.1	0.4	0.4	0.5
Pakistan	16.9	16.4	19.0	1.8	1.9	1.9
Philippines	-	-	-	4.2	4.3	3.8
Saudi Arabia	1.2	1.5	1.8	0.7	0.6	0.6
Thailand	-	-	-	4.6	4.1	4.8
Turkey	18.5	18.7	20.0	10.5	10.8	10.8
Viet Nam	-	-	-	1.3	1.3	1.2
AFRICA	**22.8**	**15.5**	**19.0**	**88.7**	**76.3**	**79.4**
North Africa	**16.6**	**10.0**	**13.8**	**13.5**	**9.2**	**11.0**
Egypt	5.7	5.8	6.1	6.6	6.9	7.2
Morocco	5.9	2.3	4.4	4.1	1.7	2.3
Sub-Saharan Africa	**6.1**	**5.5**	**5.2**	**75.2**	**67.0**	**68.3**
Western Africa	**0.1**	**0.1**	**0.1**	**30.4**	**29.5**	**31.2**
Nigeria	-	0.1	0.1	18.5	18.5	19.3
Central Africa	**-**	**-**	**-**	**2.6**	**2.4**	**2.5**
Eastern Africa	**3.0**	**2.8**	**2.8**	**22.8**	**18.0**	**19.9**
Ethiopia	2.0	1.7	1.8	9.1	6.7	7.5
Sudan	0.6	0.6	0.5	4.7	3.6	3.5
Southern Africa	**3.1**	**2.7**	**2.3**	**19.5**	**17.1**	**14.7**
Madagascar	-	-	-	0.2	0.2	0.2
South Africa	2.7	2.3	1.9	10.8	9.6	8.2
Zimbabwe	0.3	0.3	0.3	2.8	2.4	1.6
CENTRAL AMERICA	**3.4**	**3.7**	**3.3**	**29.2**	**28.4**	**28.4**
Mexico	3.4	3.7	3.3	25.5	25.1	24.7
SOUTH AMERICA	**22.0**	**20.0**	**17.0**	**54.3**	**62.8**	**66.2**
Argentina	16.0	14.7	12.0	13.5	19.7	24.8
Brazil	3.3	2.4	2.5	32.8	34.8	33.6
Colombia	0.1	0.1	0.1	1.6	1.3	1.6
NORTH AMERICA	**92.0**	**93.0**	**92.4**	**296.4**	**291.0**	**294.0**
Canada	29.8	24.3	23.1	28.6	25.3	25.7
United States	62.2	68.8	69.4	267.8	265.6	268.3
EUROPE	**128.7**	**132.3**	**138.5**	**160.2**	**175.5**	**166.4**
Bulgaria	1.8	3.6	3.4	1.6	2.6	2.3
EC 2/	100.1	95.1	101.8	105.1	110.6	108.5
Hungary	3.9	5.3	5.0	7.3	8.9	7.7
Poland	8.6	8.2	9.3	16.7	17.2	16.3
Romania	3.1	7.1	5.0	11.1	15.0	11.9
CIS 3/	**67.4**	**81.1**	**67.4**	**55.7**	**70.9**	**53.2**
OCEANIA	**24.0**	**18.9**	**21.2**	**11.7**	**10.0**	**9.0**
Australia	23.7	18.6	21.0	11.1	9.3	8.4
WORLD	**589.6**	**614.6**	**606.3**	**922.6**	**907.7**	**906.8**
Developing countries	274.3	286.3	284.2	387.5	350.5	375.8
Developed countries	315.3	328.3	322.2	535.1	557.1	531.0

SOURCE: FAO **Note:** Totals computed from unrounded data.

1/ Including Taiwan Province. **2/** Fifteen member countries. **3/** In cleaned weight; Commonwealth of Independent States.

Table A.1 b) **- WORLD CEREAL PRODUCTION - Forecast for 1998 as of August 1998**

	Rice (paddy)			Total Cereals 1/		
	1996	1997 estim.	1998 f"cast	1996	1997 estim.	1998 f"cast
	(. . . . . million tonnes . . . . .)					
ASIA	**522.5**	**528.4**	**519.1**	**978.2**	**971.4**	**976.8**
Bangladesh	28.3	28.1	27.6	29.8	29.6	29.5
China 2/	197.0	202.7	197.9	453.5	445.6	448.6
India	122.1	125.4	124.6	218.5	224.9	223.4
Indonesia	51.1	49.4	46.3	60.4	58.1	55.5
Iran, Islamic Rep. of	2.6	2.9	2.4	15.1	16.9	16.7
Japan	12.9	12.5	11.3	13.7	13.3	12.1
Korea, D. P. R.	2.0	1.7	2.0	4.5	2.9	4.4
Korea, Rep. of	7.3	7.5	6.7	7.7	7.9	7.1
Myanmar	17.7	17.3	17.8	18.2	17.9	18.3
Pakistan	6.3	6.9	6.6	25.0	25.2	27.5
Philippines	11.2	10.0	10.5	15.3	14.3	14.3
Saudi Arabia	-	-	-	1.9	2.1	2.4
Thailand	22.4	22.4	22.9	27.1	26.5	27.7
Turkey	0.3	0.3	0.3	29.3	29.7	31.1
Viet Nam	27.3	27.7	27.5	28.6	29.0	28.7
AFRICA	**15.5**	**16.9**	**15.7**	**127.0**	**108.7**	**114.1**
North Africa	**5.0**	**5.5**	**4.6**	**35.1**	**24.7**	**29.6**
Egypt	4.9	5.5	4.6	17.2	18.2	17.9
Morocco	0.1	-	0.1	10.1	4.1	6.7
Sub-Saharan Africa	**10.6**	**11.4**	**11.0**	**91.9**	**84.0**	**84.5**
Western Africa	**6.6**	**7.5**	**7.0**	**37.0**	**37.1**	**38.3**
Nigeria	3.1	3.8	3.4	21.6	22.3	22.8
Central Africa	**0.4**	**0.4**	**0.4**	**3.0**	**2.9**	**2.9**
Eastern Africa	**0.8**	**0.7**	**1.2**	**26.6**	**21.5**	**23.9**
Ethiopia	-	-	-	11.1	8.4	9.3
Sudan	-	-	-	5.2	4.3	4.1
Southern Africa	**2.8**	**2.8**	**2.5**	**25.3**	**22.5**	**19.4**
Madagascar	2.6	2.5	2.2	2.7	2.7	2.4
South Africa	-	-	-	13.5	11.9	10.1
Zimbabwe	-	-	-	3.1	2.7	1.8
CENTRAL AMERICA	**2.0**	**2.1**	**2.1**	**34.6**	**34.2**	**33.9**
Mexico	0.4	0.5	0.5	29.3	29.2	28.5
SOUTH AMERICA	**18.1**	**17.7**	**15.9**	**94.4**	**100.5**	**99.1**
Argentina	1.0	1.2	1.0	30.4	35.6	37.8
Brazil	10.0	9.5	8.5	46.1	46.7	44.6
Colombia	1.6	1.5	1.7	3.3	2.9	3.3
NORTH AMERICA	**7.8**	**8.1**	**8.1**	**396.2**	**392.1**	**394.5**
Canada	-	-	-	58.4	49.6	48.7
United States	7.8	8.1	8.1	337.7	342.5	345.7
EUROPE	**2.7**	**2.8**	**2.8**	**291.6**	**310.6**	**307.7**
Bulgaria	-	-	-	3.4	6.2	5.7
EC 3/	2.7	2.7	2.7	207.8	208.4	213.0
Hungary	-	-	-	11.3	14.2	12.7
Poland	-	-	-	25.3	25.4	25.6
Romania	-	-	-	14.2	22.1	16.9
CIS 4/	**1.2**	**1.1**	**1.3**	**124.3**	**153.0**	**121.9**
OCEANIA	**1.0**	**1.4**	**1.4**	**36.7**	**30.3**	**31.6**
Australia	1.0	1.4	1.3	35.8	29.2	30.7
WORLD	**570.9**	**578.5**	**566.3**	**2 083.1**	**2 100.8**	**2 079.5**
Developing countries	545.2	552.6	541.6	1 207.0	1 189.4	1 201.6
Developed countries	25.6	25.9	24.7	876.0	911.3	877.8

SOURCE: FAO **Note**: Totals computed from unrounded data.

1/ Rice is included in the cereal total in paddy terms. **2/** Including Taiwan Province. **3/** Fifteen member countries. **4/** In cleaned weight; Commonwealth of Independent States.

Table A.2 a) - **WORLD IMPORTS OF CEREALS**

	Wheat (July/June) 1/			Coarse Grains (July/June)		
	1996/97	1997/98 estim.	1998/99 f'cast	1996/97	1997/98 estim.	1998/99 f'cast
	(. . . . . million tonnes . . . . .)					
ASIA	**49.0**	**46.4**	**41.9**	**55.5**	**53.1**	**53.0**
Bangladesh	1.1	1.3	1.3	-	-	-
China 2/	5.2	3.2	3.1	8.0	6.8	7.0
China, Hong Kong SAR	0.4	0.4	0.4	0.1	-	-
India	1.8	2.0	1.5	0.2	0.2	0.2
Indonesia	4.2	4.2	3.8	0.9	1.0	0.7
Iran, Islamic Rep. of	7.0	4.0	3.3	2.0	1.6	1.3
Japan	6.3	6.2	6.2	20.3	20.7	20.6
Korea, Rep. of	3.9	3.9	3.9	9.1	8.1	8.0
Malaysia	1.3	1.0	1.0	2.4	2.0	2.0
Pakistan	3.0	4.4	1.5	-	-	-
Philippines	2.1	1.9	2.0	0.6	0.4	0.5
Saudi Arabia	-	-	-	5.8	5.8	6.3
Singapore	0.3	0.3	0.3	0.2	0.2	0.2
Sri Lanka	0.9	0.9	1.0	-	0.1	0.1
Syria	0.1	0.2	0.2	0.3	0.3	0.3
Thailand	0.8	0.7	0.7	0.2	0.3	0.1
Yemen	2.2	2.5	2.6	0.2	0.2	0.2
AFRICA	**20.0**	**23.2**	**21.8**	**8.8**	**10.7**	**11.5**
North Africa	**13.9**	**17.0**	**15.5**	**5.9**	**6.5**	**6.4**
Algeria	3.3	4.5	4.3	0.9	1.3	1.3
Egypt	6.9	7.2	7.0	3.1	3.0	3.0
Morocco	1.6	2.7	2.0	0.7	0.8	0.7
Tunisia	0.8	1.4	1.0	0.5	0.8	0.7
Sub-Saharan Africa 3/	**6.1**	**6.2**	**6.3**	**2.9**	**4.2**	**5.1**
Cote d'Ivoire	0.2	0.3	0.3	-	-	-
Ethiopia	0.2	0.5	0.4	-	0.2	-
Kenya	0.4	0.3	0.4	0.7	0.8	0.6
Madagascar	0.1	0.1	0.1	-	-	-
Senegal	0.2	0.2	0.2	0.1	0.1	0.1
Sudan	0.5	0.4	0.4	-	-	-
CENTRAL AMERICA	**4.2**	**5.0**	**5.3**	**8.4**	**9.8**	**9.8**
Mexico	1.9	2.0	2.0	6.3	6.6	6.8
SOUTH AMERICA	**11.2**	**10.7**	**11.6**	**5.3**	**5.9**	**6.6**
Brazil	6.5	5.7	6.2	0.7	1.2	1.8
Colombia	0.9	1.0	1.1	1.6	1.7	1.6
Peru	1.2	1.3	1.3	0.7	1.0	1.0
Venezuela	1.2	1.3	1.3	1.2	1.1	1.3
NORTH AMERICA	**2.6**	**2.5**	**2.5**	**3.3**	**4.0**	**3.1**
EUROPE	**6.6**	**5.4**	**4.4**	**6.4**	**3.5**	**4.0**
EC 4/	1.7	3.0	2.0	2.6	1.9	2.0
CIS 5/	**2.7**	**2.5**	**2.7**	**0.3**	**0.3**	**0.3**
OCEANIA	**0.5**	**0.4**	**0.5**	**-**	**0.1**	**0.1**
WORLD	**96.8**	**96.1**	**90.5**	**88.0**	**87.3**	**88.5**
Developing countries	76.6	77.8	72.9	55.7	57.0	58.0
Developed countries	20.3	18.4	17.6	32.3	30.3	30.6

SOURCE: FAO **Note:** Totals computed from unrounded data.

1/ Including wheat flour in wheat grain equivalent, but excluding semolina.
2/ Including Taiwan Province.
3/ Including the Republic of South Africa.
4/ Excluding trade between the fifteen EC member countries.
5/ Commonwealth of Independent States; excluding intratrade.

Table A.2 b) - **WORLD IMPORTS OF CEREALS**

	Rice (milled)			Total Cereals 1/		
	1997	1998 estim.	1999 f'cast	1996/97	1997/98 estim.	1998/99 f'cast
	(. . . . . million tonnes . . . . .)					
ASIA	**9.1**	**14.3**		**113.6**	**113.7**	
Bangladesh	-	1.0		1.1	2.3	
China 2/	0.3	0.3		13.5	10.3	
China, Hong Kong SAR	0.3	0.3		0.8	0.8	
India	0.1	0.2		2.0	2.4	
Indonesia	1.0	5.0		6.1	10.2	
Iran, Islamic Rep. of	0.9	0.6		9.9	6.2	
Japan	0.6	0.6		27.2	27.5	
Korea, Rep. of	0.1	0.1		13.1	12.1	
Malaysia	0.6	0.7		4.3	3.7	
Pakistan	-	-		3.0	4.5	
Philippines	0.9	1.6		3.6	3.9	
Saudi Arabia	0.9	0.7		6.7	6.5	
Singapore	0.3	0.2		0.8	0.7	
Sri Lanka	0.3	0.2		1.3	1.1	
Syria	0.2	0.2		0.6	0.7	
Thailand	-	0.2		1.0	1.2	
Yemen	0.2	0.2		2.5	2.8	
AFRICA	**4.3**	**3.9**		**33.1**	**37.8**	
North Africa	**0.2**	**0.2**		**20.0**	**23.7**	
Algeria	0.1	0.1		4.2	5.9	
Egypt	-	-		10.0	10.2	
Morocco	-	-		2.3	3.5	
Tunisia	-	-		1.4	2.2	
Sub-Saharan Africa 3/	**4.1**	**3.6**		**13.0**	**13.9**	
Cote d'Ivoire	0.5	0.4		0.7	0.6	
Ethiopia	-	-		0.2	0.6	
Kenya	0.1	0.1		1.2	1.2	
Madagascar	0.1	0.1		0.1	0.2	
Senegal	0.5	0.5		0.7	0.8	
Sudan	-	-		0.5	0.4	
CENTRAL AMERICA	**1.4**	**1.3**		**13.9**	**16.1**	
Mexico	0.3	0.3		8.5	8.8	
SOUTH AMERICA	**1.4**	**1.9**		**17.9**	**18.5**	
Brazil	0.8	1.2		8.0	8.1	
Colombia	0.3	0.3		2.8	3.0	
Peru	0.2	0.3		2.2	2.5	
Venezuela	-	-		2.4	2.4	
NORTH AMERICA	**0.6**	**0.6**		**6.6**	**7.2**	
EUROPE	**1.2**	**1.1**		**14.2**	**10.0**	
EC 4/	0.7	0.7		5.0	5.6	
CIS 5/	**0.5**	**0.4**		**3.5**	**3.2**	
OCEANIA	**0.3**	**0.3**		**0.9**	**0.8**	
WORLD	**18.8**	**23.8**	**20.2 6/**	**203.6**	**207.3**	**199.2**
Developing countries	15.2	20.5	16.6	147.5	155.3	147.5
Developed countries	3.5	3.3	3.5	56.1	52.0	51.7

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/ Including the Republic of South Africa.
4/ Excluding trade between the fifteen EC member countries.
5/ Commonwealth of Independent States; excluding intratrade.
6/ Highly tentative.

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

	Wheat (July/June) 1/			Coarse Grains (July/June)		
	1996/97	1997/98 estim.	1998/99 f'cast	1996/97	1997/98 estim.	1998/99 f'cast
	(. . . . . million tonnes . . . . .)					
ASIA	**4.4**	**3.4**	**3.8**	**3.4**	**8.6**	**4.7**
China 2/	-	-	-	2.2	7.0	3.1
India	0.6	-	-	-	-	-
Indonesia	-	-	-	-	0.2	0.3
Japan	0.4	0.4	0.4	-	-	-
Korea, D. P. R.	-	-	-	-	-	-
Myanmar	-	-	-	0.1	0.1	0.1
Pakistan	0.1	-	-	-	-	-
Saudi Arabia	-	-	-	-	-	-
Thailand	-	-	-	0.1	-	0.1
Turkey	0.9	1.2	1.5	0.3	0.9	0.8
Viet Nam	-	-	-	0.2	0.2	0.2
AFRICA	**0.3**	**0.4**	**0.4**	**4.7**	**2.6**	**1.6**
Egypt	-	-	-	-	-	-
South Africa	0.1	0.3	0.3	2.5	1.4	0.5
Sudan	-	-	-	0.1	0.1	0.1
Zimbabwe	-	-	-	0.3	0.3	0.1
CENTRAL AMERICA	**0.1**	**0.3**	**0.2**	**-**	**0.1**	**0.1**
SOUTH AMERICA	**9.9**	**9.1**	**7.8**	**12.5**	**13.0**	**13.9**
Argentina	9.6	8.8	7.5	11.4	12.3	13.4
Suriname	-	-	-	-	-	-
Uruguay	-	-	-	0.1	0.1	0.1
NORTH AMERICA	**44.9**	**49.0**	**44.5**	**57.1**	**47.3**	**53.3**
Canada	17.9	21.0	14.5	5.0	3.7	3.8
United States	27.0	28.0	30.0	52.2	43.6	49.5
EUROPE	**17.6**	**16.8**	**18.8**	**9.5**	**8.2**	**10.7**
EC 3/	16.4	14.0	16.5	8.6	4.5	7.4
Hungary	0.7	1.2	1.2	0.6	1.9	1.8
Poland	0.1	-	0.1	0.1	0.1	0.1
Romania	0.2	0.9	0.3	-	1.2	1.0
CIS 4/	**0.7**	**2.1**	**0.5**	**0.6**	**2.8**	**0.4**
OCEANIA	**18.4**	**15.2**	**14.5**	**4.4**	**2.9**	**3.7**
Australia	18.4	15.1	14.5	4.4	2.9	3.7
WORLD	**96.4**	**96.3**	**90.5**	**92.4**	**85.5**	**88.5**
Developing countries	14.2	12.6	11.5	18.2	22.8	19.8
Developed countries	82.2	83.7	79.1	74.2	62.7	68.7

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 fifteen EC member countries.
4/ Commonwealth of Independent States; excluding intratrade.

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

	Rice (milled)			Total Cereals 1/		
	1997	1998 estim.	1999 f'cast	1996/97	1997/98 estim.	1998/99 f'cast
	(. . . . . million tonnes . . . . .)					
ASIA	**13.8**	**18.0**		**21.7**	**30.0**	
China 2/	1.0	2.7		3.3	9.7	
India	2.0	2.5		2.6	2.5	
Indonesia	-	-		-	0.2	
Japan	0.1	0.6		0.5	1.0	
Korea, D. P. R.	-	-		-	-	
Myanmar	-	-		0.1	0.1	
Pakistan	1.9	2.1		2.0	2.1	
Saudi Arabia	-	-		-	-	
Thailand	5.3	6.0		5.4	6.0	
Turkey	-	-		1.2	2.1	
Viet Nam	3.6	4.0		3.7	4.2	
AFRICA	**0.4**	**0.6**		**5.4**	**3.5**	
Egypt	0.4	0.5		0.4	0.5	
South Africa	-	-		2.7	1.7	
Sudan	-	-		0.1	0.1	
Zimbabwe	-	-		0.3	0.3	
CENTRAL AMERICA	**-**	**-**		**0.2**	**0.4**	
SOUTH AMERICA	**1.7**	**1.5**		**24.1**	**23.6**	
Argentina	0.6	0.6		21.6	21.7	
Suriname	0.1	-		0.1	-	
Uruguay	0.6	0.5		0.7	0.6	
NORTH AMERICA	**2.3**	**3.0**		**104.4**	**99.3**	
Canada	-	-		22.9	24.7	
United States	2.3	3.0		81.5	74.6	
EUROPE	**0.2**	**0.2**		**27.4**	**25.3**	
EC 3/	0.2	0.2		25.2	18.7	
Hungary	-	-		1.3	3.1	
Poland	-	-		0.2	0.1	
Romania	-	-		0.2	2.1	
CIS 4/	**-**	**-**		**1.3**	**4.8**	
OCEANIA	**0.6**	**0.6**		**23.4**	**18.7**	
Australia	0.6	0.6		23.4	18.7	
WORLD	**19.0**	**23.8**	**20.2** 5/	**207.8**	**205.6**	**199.2**
Developing countries	15.8	19.4	16.2	48.2	54.8	47.5
Developed countries	3.2	4.4	4.0	159.6	150.8	151.7

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 fifteen EC member countries.
4/ Commonwealth of Independent States; excluding intratrade.
5/ Highly Tentative.

Table A.4 - **WHEAT, COARSE GRAINS AND RICE: Supplies and utilization in main exporting countries, National Crop Years**

	Wheat 1/			Coarse Grains 2/			Rice (milled basis)		
	1996/97	1997/98 estim.	1998/99 f'cast	1996/97	1997/98 estim.	1998/99 f'cast	1996/97	1997/98 estim.	1998/99 f'cast
	(. . . . . million tonnes . . . . .)								
	UNITED STATES (June/May)			**UNITED STATES**			**UNITED STATES** (Aug./July)		
Opening stocks	10.2	12.1	19.7	14.4	27.0	41.6	0.8	0.9	0.8
Production	62.2	68.8	69.4	267.8	265.4	268.1	5.5	5.8	5.8
Imports	2.5	2.6	2.4	2.8	2.7	2.6	0.3	0.3	0.3
Total Supply	**75.0**	**83.4**	**91.5**	**285.0**	**295.1**	**312.2**	**6.6**	**7.0**	**6.9**
Domestic use	35.6	35.4	38.6	206.5	209.2	210.5	3.2	3.5	3.5
Exports	27.2	28.3	30.0	51.5	44.3	49.0	2.5	2.7	2.6
Closing stocks	12.1	19.7	22.8	27.0	41.6	52.7	0.9	0.8	0.8
	CANADA (August/July)			**CANADA**			**THAILAND** (Nov./Oct.) 3/		
Opening stocks	6.7	9.2	5.5	2.7	5.1	4.9	0.8	1.1	0.8
Production	29.8	24.3	23.1	28.6	25.3	25.6	14.8	14.8	15.2
Imports	0.1	0.0	0.0	0.8	1.3	0.7	0.0	0.2	0.0
Total Supply	**36.6**	**33.6**	**28.6**	**32.2**	**31.8**	**31.2**	**15.6**	**16.2**	**16.0**
Domestic use	8.0	8.1	8.0	21.7	22.9	22.7	9.3	9.4	9.4
Exports	19.4	20.0	14.5	5.4	3.9	4.0	5.3	6.0	5.7
Closing stocks	9.2	5.5	6.1	5.1	4.9	4.5	1.1	0.8	0.8
	ARGENTINA (Dec./Nov.)			**ARGENTINA**			**CHINA** (Jan./Dec.) 3/ 4/		
Opening stocks	0.4	0.8	0.8	0.3	0.1	0.2	10.6	12.3	14.2
Production	16.0	14.7	12.0	13.5	19.7	24.8	135.1	139.0	135.6
Imports	0.0	0.0	0.0	0.1	0.0	0.0	0.3	0.3	0.5
Total Supply	**16.4**	**15.6**	**12.8**	**13.8**	**19.8**	**25.0**	**146.0**	**151.5**	**150.3**
Domestic use	5.8	5.3	5.2	5.5	7.5	8.5	132.7	134.7	135.7
Exports	9.8	9.5	7.0	8.2	12.1	15.6	1.0	2.7	1.5
Closing stocks	0.8	0.8	0.6	0.1	0.2	0.9	12.3	14.2	13.1
	AUSTRALIA (Oct./Sept.)			**AUSTRALIA**			**PAKISTAN** (Nov./Oct.) 3/		
Opening stocks	1.9	2.6	1.9	1.0	1.1	1.5	0.4	0.4	0.5
Production	23.7	18.6	21.0	11.1	9.3	8.3	4.2	4.6	4.4
Imports	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Supply	**25.6**	**21.2**	**22.9**	**12.1**	**10.4**	**9.8**	**4.6**	**5.0**	**4.9**
Domestic use	3.5	5.1	4.6	5.8	5.5	5.7	2.3	2.4	2.5
Exports	19.4	14.2	16.0	5.2	3.4	3.2	1.9	2.1	1.9
Closing stocks	2.6	1.9	2.3	1.1	1.5	0.9	0.4	0.5	0.6
	EC (July/June) 5/			**EC** 5/			**VIET NAM** (Nov./Oct.) 3/		
Opening stocks	9.5	11.3	12.3	13.0	16.8	25.9	1.7	1.8	1.6
Production	100.1	95.1	101.5	105.1	110.3	108.6	17.8	18.0	17.9
Imports	1.7	3.0	2.0	2.6	1.9	2.0	0.0	0.0	0.0
Total Supply	**111.3**	**109.4**	**115.8**	**120.6**	**128.9**	**136.5**	**19.5**	**19.8**	**19.4**
Domestic use	83.5	82.9	82.7	95.2	98.6	101.8	14.1	14.2	14.4
Exports	16.5	14.2	17.8	8.6	4.5	7.4	3.6	4.0	3.5
Closing stocks	11.3	12.3	15.3	16.8	25.9	27.3	1.8	1.6	1.5
TOTAL ABOVE									
Opening stocks	28.8	36.1	40.2	31.5	50.1	74.1	14.3	16.4	17.8
Production	231.7	221.4	227.0	426.1	430.0	435.5	177.3	182.2	178.9
Imports	4.4	5.6	4.5	6.3	6.0	5.3	0.7	0.9	0.8
Total Supply	**264.9**	**263.2**	**271.6**	**463.8**	**486.0**	**514.8**	**192.2**	**199.5**	**197.6**
Domestic use	136.4	136.8	139.2	334.8	343.7	349.3	161.7	164.2	165.6
Exports	92.4	86.2	85.3	79.0	68.3	79.3	14.2	17.5	15.2
Closing stocks	36.1	40.2	47.1	50.1	74.1	86.3	16.4	17.8	16.8

SOURCE: FAO **Note:** Totals computed from unrounded data.

1/ Trade data include wheat flour in wheat grain equivalent. For the EC 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); **EC** (July/June); **United States** (June/May) for rye, barley and oats, (September/August) for maize and sorghum.

3/ Rice trade data refers to the calendar year of the second year shown.

4/ Including Taiwan province. **5/** Excluding trade between the fifteen EC member countries.

Table A.5 - **WORLD STOCKS: Estimated Total Carryovers of Cereals 1/**

	Crop Years ending in:						
	1993	**1994**	**1995**	**1996**	**1997**	**1998 estim.**	**1999 forecast**
	(. . . . . million tonnes . . . . .)						
TOTAL CEREALS	**384.7**	**344.2**	**317.0**	**258.7**	**299.4**	**328.8**	**329.9**
held by:							
- main exporters 2/	170.0	119.3	108.7	74.5	102.5	132.1	150.1
- others	214.8	224.9	208.3	184.2	196.8	196.7	179.8
BY GRAINS							
Wheat	**149.2**	**145.5**	**116.8**	**103.5**	**113.5**	**134.0**	**134.6**
held by:							
- main exporters 2/	55.6	46.9	31.8	28.8	36.1	40.2	47.1
- others	93.6	98.6	85.0	74.8	77.4	93.8	87.5
Coarse Grains	**168.8**	**136.5**	**145.8**	**102.8**	**129.8**	**138.2**	**142.7**
held by:							
- main exporters 2/	91.2	53.3	62.5	31.5	50.1	74.1	86.3
- others	77.6	83.2	83.3	71.3	79.7	64.1	56.4
Rice (milled basis)	**66.7**	**62.2**	**54.5**	**52.4**	**56.1**	**56.6**	**52.6**
held by:							
- main exporters 2/	23.2	19.1	14.5	14.3	16.4	17.8	16.8
- others	43.6	43.1	40.0	38.1	39.8	38.7	35.8
BY REGIONS							
Developed Countries	**215.5**	**175.8**	**160.4**	**105.2**	**126.8**	**167.1**	**176.7**
of which:							
North America	**96.4**	**59.9**	**69.4**	**35.0**	**54.3**	**72.6**	**86.9**
Canada	17.6	16.2	9.2	9.5	14.4	10.5	10.7
United States	78.8	43.7	60.2	25.5	39.9	62.0	76.3
Others	**119.1**	**115.9**	**91.1**	**70.2**	**72.5**	**94.5**	**89.8**
Australia	5.6	4.6	2.6	3.0	3.8	3.5	3.4
CIS 3/	46.5	49.0	35.0	19.4	13.1	22.0	14.2
EC 4/	46.1	35.8	23.0	22.7	28.3	38.3	42.7
Japan	4.9	4.3	5.4	6.1	6.6	6.9	6.5
Developing Countries	**169.2**	**168.5**	**156.6**	**153.6**	**172.6**	**161.7**	**153.2**
of which:							
Asia 5/	**137.6**	**138.4**	**123.0**	**125.7**	**139.8**	**132.2**	**125.1**
Bangladesh	3.3	3.0	2.6	1.9	1.9	1.8	1.5
China 6/	58.9	56.4	48.2	53.4	63.8	56.7	52.7
India 7/	11.3	19.0	24.1	18.4	10.7	13.0	12.4
Indonesia	6.3	6.1	5.0	6.0	6.4	5.0	4.5
Korea, Rep. of	4.0	3.3	2.4	1.8	2.5	2.6	2.3
Pakistan	3.6	4.1	3.2	3.3	3.6	4.2	4.0
Philippines	2.0	2.1	2.0	2.6	2.8	2.7	2.5
Turkey	2.2	4.4	1.9	3.4	5.1	4.9	5.0
Africa	**18.0**	**15.0**	**18.3**	**11.8**	**18.5**	**15.5**	**15.0**
Central America	**4.5**	**4.6**	**4.7**	**6.4**	**6.9**	**6.7**	**6.4**
South America	**8.9**	**10.3**	**10.5**	**9.6**	**7.2**	**7.2**	6.6
Argentina	0.4	1.1	0.7	0.8	1.1	1.1	1.6
Brazil	5.6	5.2	5.9	4.9	2.5	2.6	2.1
WORLD STOCKS	(. . . . . percentage . . . . .)						
as % of consumption	**21.8**	**19.0**	**17.6**	**14.0**	**15.9**	**17.4**	**17.3**

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 should not be construed as representing world stock levels at a fixed point in time. **2/** For a list of main exporters of wheat, coarse grains and rice see table A.7. **3/** FAO estimates; up to crop years ending in 1991, former U.S.S.R.; thereafter, Commonwealth of Independent States. **4/** From 1996, includes 15 member countries. **5/** Total includes FAO estimates for privately-held stocks. **6/** FAO estimates and including Taiwan Province. **7/** Government stocks only.

Table A.6 - **EXPORT PRICES OF CEREALS AND SOYBEANS**

	Wheat			Maize		Sorghum	Soybeans
	U.S. No.2 Hard Winter Ord. Prot. 1/	U.S. Soft Red Winter No.2 2/	Argentina Trigo Pan 3/	U.S. No.2 Yellow 4/	Argentina 3/	U.S. No.2 Yellow 1/	U.S. No.2 Yellow 4/
	(. . . . . US$/tonne . . . . .)						
July/June							
1994/95	157	145	136	104	110	103	221
1995/96	216	198	218	159	160	156	273
1996/97	181	158	157	135	133	125	299
1997/98	142	129	137	112	109	111	262
1997 - August	151	141	158	113	113	113	285
1998 - February	141	128	123	114	106	113	258
March	141	126	123	115	104	113	252
April	133	119	124	107	97	107	246
May	130	113	126	105	102	104	244
June	124	107	121	104	103	104	243
July	119	97	118	101	104	101	243
August 5/ I	112	90	109	91	98	95	214
II	114	93	110	89	97	93	210
III	112	97	113	89	98	92	215
IV	110	93	112	84	99	86	212

SOURCES: International Grain Council, USDA, and Reuters.

1/ F.o.b. U.S. Gulf ports. **2/** F.o.b. U.S. Atlantic ports. **3/** F.o.b. Argentine ports. **4/** Delivered U.S. Gulf ports.
5/ Weekly prices refer to Thursdays, except for U.S. No.2 Hard Winter Wheat which is based on Tuesday quotations.

Table A.7 - **WORLD PRICES AND PRICE INDICES FOR RICE AND OILCROP PRODUCTS**

	RICE						OILCROP PRODUCTS		
	Export prices			FAO Indices			FAO Indices		
	Thai 1/ 100% B	Thai broken 2/	U.S. Long grain 3/	Total	Quality		Marketing years	Edible/ soap fats and oils	Oilcakes and meals
					High	Low			
January/December	(. . . . US$/tonne . . .)			(. . . 1982-84=100 . . .)			**Oct./Sept.**	(. . . 1990-92=100 . . .)	
1994	289	186	379	114	118	104	1988/89	102	118
1995	336	268	361	129	124	146	1989/90	93	97
1996	352	210	414	136	136	136	1990/91	97	100
1997	316	214	439	127	129	120	1991/92	103	104
1997 - August	300	211	425	125	127	121	1992/93	103	97
1998 - April	319	196	416	127	128	123	1993/94	127	93
May	331	197	424	128	129	123	1994/95 - Apr.-Sep.	149	99
June	337	202	428	130	132	123	1995/96 - Oct.-Mar.	141	126
July	340	216	410	131	133	128	- Apr.-Sep.	138	130
August I	332	224	401	)			1996/97 - Oct.-Mar.	135	134
II	335	230	366	) 131	131	133	- Apr.-Sep.	133	132
III	335	230	390	)			1997/98 - Oct.-Mar.	150	130
IV	332	234	390	)			- Apr.-July	160	105

SOURCES: FAO for indices. Rice prices: International rice brokers and trading companies. Vegetable oils prices: Ista Miekle & Co. "Oil World Weekly".

Note: The FAO Indices are calculated using the Laspeyres formula. The rice export price indices are calculated for 15 export prices. In this table two groups representing "High" and "Low" quality rice are shown. The price indices for oilcrop products are calculated for international prices of ten selected oils and fats and seven selected cakes and meals. The weights used are the average export values of each commodity for the 1990-92 period.

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% brokens f.a.s.. **4/** Crude Dutch f.o.b. ex-mill. **5/** Indonesian origin f.f.a., c.i.f. north European ports. **6/** Edible/soap fats and oils.

Table A.8 - **WHEAT AND MAIZE FUTURES PRICES 1/**

		December		March		May		July	
		this year	last year	this year	last year	this year	last year	this year	last year
		(. . . . . US$/tonne . . . . .)							
WHEAT									
July	23	103	136	108	140	115	141	115	140
	30	99	137	104	140	108	140	112	138
August	6	98	139	104	142	107	142	111	139
	13	100	139	105	143	108	144	112	141
	20	100	139	106	143	109	144	113	143
	27	96	143	102	147	105	147	109	145
MAIZE									
July	23	91	98	95	101	98	103	100	104
	30	89	104	93	107	96	108	98	110
August	6	87	103	91	106	94	108	96	109
	13	85	105	90	108	93	110	95	111
	20	86	105	90	108	93	110	95	111
	27	81	107	86	110	89	112	91	114

SOURCE: Chicago Board of Trade

1/ Prices refer to Thursday quotations.

Table A.9 - **OCEAN FREIGHT RATES FOR WHEAT**

	From U.S. Gulf ports to:					From North Pacific ports to:	
	Rotterdam 1/	CIS Black Sea 1/ 2/	Egypt (Alexandria) 1/	Bangladesh 1/	East Africa Sudan 1	China 1/	Japan 1/
	(. . . . . US$/tonne . . . . .)						
July/June							
1993/94	10.40	38.41	15.05	21.50	54.66	20.91	29.20
1994/95	15.25	30.46	18.74	23.75	39.65	22.29	32.46
1995/96	12.95	30.00	16.83	21.67	41.65	25.94	35.00
1996/97	11.00	18.85	12.77	20.00	-	27.00	28.29
1997/98	9.60	18.10	11.70	20.17	-	27.00	28.00
1997 - August	11.75	15.50	13.75	20.00	-	27.00	27.00
1998 - January	10.25	15.25	13.00	20.00	-	27.00	28.50
February	7.75	22.00	13.00	20.00	-	27.00	27.50
March	7.90	22.00	11.00	20.00	-	27.00	28.00
April	7.50	22.00	8.50	22.00	-	27.00	28.00
May	9.50	22.00	10.00	20.00	-	27.00	28.00
June	7.00	22.00	8.00	20.00	-	27.00	28.00
July	8.00	22.00	8.25	20.00	-	27.00	28.00
August	8.00	22.00	8.00	20.00	-	27.00	28.00

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 50 000 tons; CIS 20-40 000 tons; Egypt over 30 000 tons; Bangladesh 20-40 000 tons; East Africa 15-25 000 tons; China 20-30 000 tons; Japan 15-24 999 tons.
2/ Excludes CIS and U.S. flag vessels.

Table A.10 – **UNITED STATES: CEREALS AND SOYBEANS – PRODUCTION FORECAST FOR 1998**

	1996	1997	1998	Change 1998 over 1997
	(. . . . . million tonnes . . . . .)			(. . . percentage . . .)
Wheat	62.1	68.8	69.4	0.9
of which: winter	(40.2)	(51.2)	(52.1)	1.8
Coarse grains	267.8	265.6	268.3	1.0
of which: maize	(236.1)	(237.9)	(243.7)	2.4
Rice (paddy)	7.8	8.1	8.1	0.0
Soybeans	64.8	74.2	76.9	3.6

SOURCE: USDA: World Agricultural Supply and Demand Estimates, 12 August 1998.

Table A.11 – **UNITED STATES: PLANTED ACREAGE FOR 1998 SPRING CROPS**

	1998 Planted acreage	Change 1998 over 1997		1998 Planted acreage	Change 1998 over 1997
	(. million ha. .)	(percentage)		(. million ha. .)	(percentage)
Coarse grains			**Other Crops**		
			Wheat	26.63	-7.3
Maize	32.70	0.7	- winter	(18.96)	(-3.1)
Sorghum	3.61	-11.7	- spring	(7.67)	(-16.3)
Oats	2.02	-3.4	Rice	1.30	5.2
Barley	2.61	-6.7	Soybean	29.43	2.6
			All cotton	5.23	-6.3
TOTAL	**40.94**	**-1.2**	Sunflowerseed	1.38	16.0

SOURCE: USDA: Prospective Plantings, 30 June 1998.

Table A.12 - **CANADA: MARCH INTENTIONS OF PRINCIPAL FIELD CROPS AREA FOR 1998**

	Seeded area		Change 1998 over 1997
	1997	1998	
	(. . . . . thousand hectares . . . . .)		(. . . . percentage . . . .)
Wheat	11 494	10 655	-7.3
Oats	1 874	2 065	10.2
Barley	5 020	4 642	-7.7
Rye	163	204	25.2
Maize	1 053	1 119	6.3
Linseed	732	874	19.4
Rapeseed	4 878	5 435	11.4

SOURCE: Statistics Canada, 30 June 1998.

Table A.13 - **SELECTED INTERNATIONAL COMMODITY PRICES**

	Currency and Unit	Effective Date	Latest Quotation	1 month ago	1 year ago	Average 1988-90
Sugar (I.S.A. daily price)	US cents per lb	25.08.98	8.1	8.7	11.7	11.9
Coffee (I.C.O. daily price)	US cents per lb	25.08.98	101.4	97.3	125.1	93.0
Cocoa (I.C.C.O. daily price)	US cents per lb	25.08.98	75.8	77.9	77.7	61.9
Tea (all tea, London, weekly)	US$ per kg.	24.08.98	1.7	1.8	2.2	114.1
Bananas (Central America, f.o.r., Hamburg)	DM per tonne	27.08.98	2 685 1/ 1 210 2/	1 907 1/ 1 394 2/	1 681 1/ 1 086 2/	1 094
Rubber (RSS 1, spot London)	Pence per kg.	26.08.98	45.5	47.8	59.3	59.5
Cotton (COTLOOK, index "A" 1-3/32")	US cents per lb	21.08.98	68.5	68.9	81.1	74.0
Wool (64's, London)	Pence per kg	21.08.98	300	310	429	559

SOURCE: FAO

1/ EC duty paid, estimated.

2/ Estimated price for EFTA markets.

STATISTICAL NOTE:

Data are obtained from official and non-official 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 calendar year. Coarse grains refer to all other cereals except wheat and rice. Quantities are in metric tons unless otherwise stated.

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