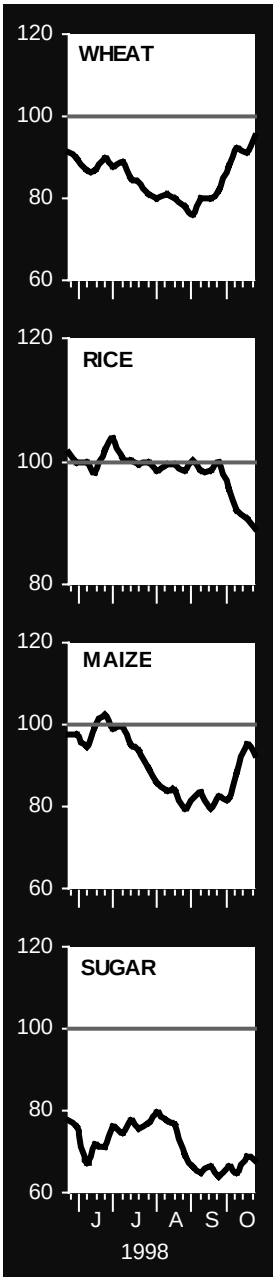
global information and early warning system on food and agriculture

food outlook

No. 5, 1998 **Rome**, November 1998

highlights

EXPORT PRICES
(July 1997=100)



The outlook for cereal supplies in 1998/99 has deteriorated slightly, due to lower than expected output in the CIS and Asia. World cereal output in 1998 is now expected to decline by 2 percent to 1 872 million tonnes, falling just below the anticipated consumption requirements in 1998/99. Thus global stocks would have to be drawn, but would remain within the minimum safe range.

The food supply outlook remains unfavourable for many developing countries, due to weather adversities and/or civil strife in sub-Saharan Africa, adverse weather and economic difficulties in Asia, and devastations by hurricanes in Central America.

World trade in cereals in 1998/99 is forecast at 201 million tonnes, 3 percent below the previous year's volume despite a recent upward revision. Reductions in wheat and rice imports would more than offset increased trade in coarse grains.

Global cereal utilization in 1998/99 is forecast at 1 878 million tonnes, up slightly from the previous year, but marginally below the long-term trend. The anticipated slow-down in growth of utilization mostly reflects weak feed demand, while food consumption is expected to continue to rise, in pace with population growth.

FAO forecasts cereal food aid shipments in 1998/99 at 9 million tonnes, up from the reduced 1997/98 level, now estimated at 5.3 million tonnes. After four years of decline, this significant turn-around is largely the result of greater availabilities of grain supplies with the major donors, combined with higher food aid needs.

International wheat and coarse grains prices have rallied since late August in response to a spate of contracts, although they remain well below those a year ago. By contrast, rice export prices came under downward pressure from reduced import demand for the high grades, and the arrival of new crop supplies on the market.

World cassava production is forecast to decline in 1998. Demand for cassava pellets in the EC remains depressed due to ample supplies of domestic feed grains. The EC import price has fallen further, continuing the slide that began in late 1996.

International prices for milk products have decreased in 1998 due to reduced demand, particularly from parts of Asia and the Russian Federation whose economies are in crisis, and larger supplies in several exporting countries.

World sugar surpluses to continue in 1998/99 for the fourth consecutive year, as growth in production is expected to again outpace consumption. As a result, sugar prices are expected to remain under downward pressure.

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	594	-3.5
Coarse grains	892	812	923	909	903	-0.7
Rice, milled	362	369	383	388	375	-3.2
(paddy)	(540)	(550)	(571)	(578)	(561)	-2.9
All cereals (including milled rice)	**1 782**	**1 729**	**1 895**	**1 912**	**1 872**	**-2.1**
Developing countries	931	960	1 027	1 007	1 016	0.9
Developed countries	851	769	869	905	856	-5.4
WORLD IMPORTS 2/						
Wheat	93	94	97	95	91	-3.6
Coarse grains	89	93	88	88	89	1.8
Rice (milled)	21	20	19	25	20	-18.6
All cereals	**203**	**207**	**204**	**208**	**201**	**-3.1**
Developing countries	146	151	148	155	149	-4.1
Developed countries	57	55	56	52	52	-0.4
FOOD AID IN CEREALS 3/	**9.4**	**7.4**	**5.3**	**5.3**	**9.0 4/**	68.4
WORLD UTILIZATION						
Wheat	556	564	579	592	596	0.7
Coarse grains	881	858	894	898	896	-0.3
Rice (milled)	368	372	380	383	385	0.6
All cereals	**1 805**	**1 794**	**1 853**	**1 874**	**1 878**	**0.2**
Developing countries	1 052	1 080	1 111	1 116	1 124	0.8
Developed countries	753	714	741	758	753	-0.7
Per Caput Food Use	(. . . . . kg/year . . . . . .)					
Developing countries	170	170	172	172	172	0.1
Developed countries	127	128	128	128	129	0.3
WORLD STOCKS 5/	(. . . . . million tonnes . . . . .)					
Wheat	117	104	113	134	136	1.5
Coarse grains	146	105	130	134	139	3.7
Rice (milled)	54	53	56	56	50	-10.9
All cereals	**317**	**261**	**299**	**331**	**323**	**-2.3**
Developing countries	157	155	173	160	155	-3.3
Developed countries	160	106	126	171	168	-1.3
Stocks as % of world cereal consumption	(. . . . . percentage . . . . . .) **17.7**	**14.1**	**16.0**	**17.6**	**17.0**	
EXPORT PRICES 3/	(. . . . . U.S.$/tonne . . . . . .)					
Rice (Thai, 100%, 2nd grade) 1/	289	336	352	316	323 6/	-0.3 7/
Wheat (U.S. No.2 Hard Winter)	157	216	181	142	118 8/	-21.3 7/
Maize (U.S. No.2 Yellow)	104	159	135	112	92 8/	-18.4 7/
OCEAN FREIGHT RATES 3/						
From U.S. Gulf to Egypt	19.0	16.8	12.8	11.7	8.3 8/	-38.5 7/
LOW-INCOME FOOD-DEFICIT COUNTRIES 9/	(. . . . . million tonnes . . . . . .)					
Roots & tubers production 1/	343	357	379	359	338	-6.0
Cereal production 1/	861	887	952	934	937	0.4
Per caput production (kg.)	249	252	266	257	255	-1.1
Cereal imports 2/	71.8	77.1	65.3	74.0	64.3	-13.0
of which: Food aid 3/	7.9	6.4	4.4	4.8	8.0	65.4
Proportion of cereal import covered by food aid	(. . . . . percentage . . . . . .) 11.0	8.3	6.8	6.5	12.4	

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-October 1998. 7/ Change from corresponding period of previous year for which figures are not shown. 8/ Average of quotations for July-October 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.

CEREALS

SUPPLY/DEMAND ROUNDUP

Latest information points to a slight deterioration in the cereal supply outlook for 1998/99 following a further downward revision of this year's estimated output. Since the last report there is evidence of sharper than expected reductions in the CIS grain harvest, while prospects for rice crops in several of the major producers in Asia have also deteriorated. World cereal output in 1998 is now expected to decline by some 2 percent to 1 872 million tonnes (including rice in milled terms) from last year's record. At the forecast level, cereal output would be just below the anticipated consumption requirements in 1998/99, and as a result stocks would have to be drawn down. Nevertheless, the global stock-to-utilization ratio in 1998/99, forecast at 17 percent, would remain within the 17-18 percent range that the FAO Secretariat considers the minimum necessary to safeguard world food security. While at the global level cereal stocks are expected to decline slightly, those held by the major exporters, which usually provide the main buffer against variations in world output, are forecast to rise considerably in 1998/99 as a result of an increase in their production and sluggish world import demand. International wheat and coarse grain prices remain generally weaker than a year ago, and food aid availabilities from the major donors are forecast to rise sharply for 1998/99. As 1998 draws to a close, the probability of any further deterioration in the outlook for 1998/99 supply is diminishing. However, the final outcome is still dependent on clarification of the size of the CIS grain harvest and that of rice in some of the major producing countries in Asia which continue to be affected by adverse weather. Winter wheat planting of 1999 crops is already underway in the major

WORLD CEREAL PRODUCTION, SUPPLIES, TRADE AND STOCKS

	1996/ 97	1997/98 estim.	1998/99 f'cast
	(. . . . . million tonnes . . . . . .)		
Production 1/	**1 895**	**1 912**	**1 872**
Wheat	590	615	594
Coarse grains	923	909	903
Rice (milled)	383	388	375
Supply 2/	**2 156**	**2 211**	**2 203**
Utilization	**1 853**	**1 874**	**1 878**
Trade 3/	**204**	**208**	**201**
Ending Stocks 4/	**299**	**331**	**323**

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/ May not equal the difference between supply and utilization due to differences in individual country marketing years.

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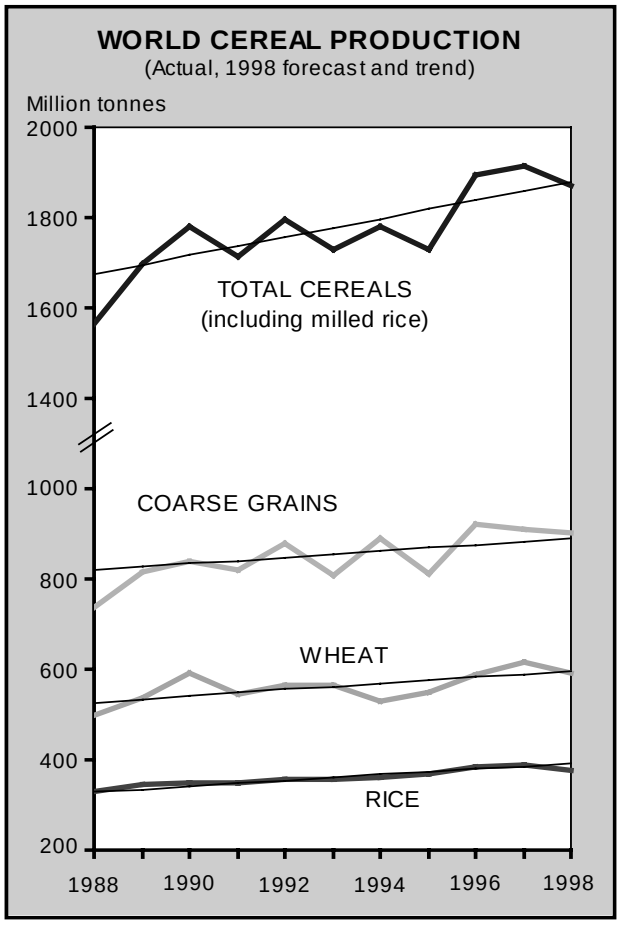


northern hemisphere producers under generally favourable conditions. The area likely to be sown for next year's crop is uncertain but early indications point to a possible reduction due to less attractive price prospects, apparently the main influence in the United States, but also to changes in policy, such as in the EC where the land set-aside requirement has been doubled from 5 percent to 10 percent for 1999.

FOOD SUPPLY PROBLEMS CONTINUE TO GRIP MANY DEVELOPING COUNTRIES

In **eastern Africa**, food supply difficulties stem from weather adversities and/or civil strife. In southern Sudan, affected by prolonged civil strife and a reduced harvest last year, famine conditions have eased with increased food aid distributions and the beginning of the new harvest. However, the food and nutritional situation of a large section of the population remains precarious. 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 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 people in the east 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 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 **western Africa**, harvest prospects are favourable in most countries, but food supply difficulties are anticipated in several parts. Liberia and Sierra Leone remain heavily dependent on international food assistance despite some improvement in food production. In Guinea-Bissau, civil strife has hampered agricultural production and the overall food outlook is poor. Elsewhere in the Sahel, localized food supply difficulties are anticipated following a late start of the 1998 cropping season, notably in northern Senegal, Mauritania, and Cape Verde.

In **central Africa**, civil strife in the Democratic Republic of Congo since early August is hampering agricultural and marketing activities in the Kivu region in the east, where increasing population displacement is reported.

In **southern Africa**, the food supply situation is expected to tighten in the coming months due to reduced cereal production in several countries associated with El Niño. 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**, persistent rains and floods in the summer, attributed to the La Niña phenomenon, caused loss of life and heavy damage to crops and property. The damage was particularly heavy in Bangladesh, with floodwaters covering most of the country for more than two months. In Korea DPR, floods have damaged crops in the southern and eastern parts, exacerbating the precarious food supply situation in the country. In Indonesia, a recent FAO/WFP mission found that food security has worsened as production fell further and the economic crisis deepened. In Afghanistan, despite a recovery in cereal production, the food situation remains precarious in the areas affected by civil strife. In Iraq, despite the easing of the food supply situation with the implementation of the oil-for-food deal, malnutrition still remains a serious problem. In Laos, food supply difficulties have been exacerbated by drought, while in Mongolia, food supply problems persist among vulnerable sections of the population.

In **Latin America**, torrential hurricane rains and high-force winds struck several island states of the **Caribbean** in late September, and recently, hurricane "Mitch" swept across several **Central American** countries, with devastating effects especially in Honduras and Nicaragua. Heavy loss of life and extensive damage to housing, infrastructure and agriculture have occurred in the affected countries.

In the **Commonwealth of Independent States** (CIS), vulnerable people in Armenia, Azerbaijan, Georgia and Tajikistan continue to need relief food assistance.

In **Europe**, displaced people in Bosnia-Herzogovina, Albania and the Kosovo Province of the Federal Republic of Yugoslavia are receiving food assistance.

As indicated above, FAO's latest forecast of world cereal production in 1998 has been revised downward since the last report in September, by 20 million tonnes, to 1 872 million tonnes (including rice in milled terms). The latest revision is due mostly to a reduction of the wheat and coarse grain output estimates for the CIS, where yields have been well below normal in several of the major producing areas because of drought during the summer. The forecast of the rice crop in Asia has also been revised downward since the last report, contributing to the overall reduction. At the forecast level, world cereal production in 1998 would be 2 percent below the 1997 record, but still above the average of the past five years and close to trend.

The forecast for world wheat output has been reduced to 594 million tonnes, 3.5 percent down from 1997 and just below trend. Downward revisions, most notably in the CIS, but also in Asia and South America, more than offset slight increases for North America, Europe and Australia. FAO's forecast for 1998 world coarse grains output has been reduced to 903 million tonnes, which would be marginally less than the estimated level in 1997. Coarse grain production is estimated to rise significantly in Asia, while smaller increases are also foreseen in Africa, North America, and Central America. However, these increases are more than offset by reductions in South America, Europe, the CIS and Oceania. Global paddy output in 1998 is now forecast to fall to 561 million tonnes, 3 percent down from the record crop last year. This forecast is still tentative as the full impact of severe floods in a number of northern hemisphere countries in Asia, is still being assessed. In the southern hemisphere and around the equatorial belt, where harvesting of the 1998 main season paddy crops is complete, output has fallen due to adverse weather.

FAO's forecast of world trade in cereals in 1998/99 (July/June) has been revised upward by 2 million tonnes since the last report to 201 million tonnes, but is still 3 percent below the previous year's volume, with smaller wheat and rice imports accounting for most of the decline. Global imports of wheat in 1998/99 are now forecast at 91.5 million tonnes, 1 million tonnes above the previous forecast, mostly reflecting the likelihood of increased imports in the CIS. The decline vis-à-vis the previous year is mostly expected in Asia due to a combination of increased domestic production in some countries and also reduced purchasing power because of the economic difficulties. The forecast of world trade in coarse grains has also been raised somewhat since the previous report to about 89 million tonnes, which would be 1.5 million tonnes above the previous year's volume. The bulk of the increase compared to the previous year is forecast in barley and rye, the latter being a relatively minor traded coarse grain. The volume of world maize trade would increase only marginally, although at the regional level, significantly larger imports are expected in some Latin American countries, to be largely offset by reductions elsewhere. Global rice trade in the 1999 calendar year is provisionally forecast to decline sharply from the 1998 record volume as production in many of the major importing countries has recovered from reduced levels in 1997 and early 1998.

Global cereal utilization in 1998/99 is forecast to increase slightly from the previous year to 1 878 million tonnes, but would nevertheless fall slightly below the long-term trend for the first time since 1995/96. The slow-down in the growth of utilization would mostly reflect the economic downturn in Asia which dampened feed demand and, more recently, economic difficulties and sharply reduced harvests in several CIS countries, which could similarly affect feed use of cereals in that region. Thus, despite continuing weak grain prices, global feed utilization in 1998/99 is now forecast to fall by 0.3 percent. Global food consumption of cereals is expected to continue to rise in 1998/99, just keeping pace with the rise in population, while other uses, which comprise post-harvest losses, seeds and industrial uses, are forecast to fall back to more normal levels after a peak in 1997/98.

Based on early indications, cereal food aid shipments in 1998/99 (July/June) are forecast to increase to about 9 million tonnes, up from the reduced 1997/98 level, now estimated at 5.3 million tonnes. After four years of decline, this significant turn-around is largely the result of greater availabilities with the major donors, combined with higher food aid needs. At the forecast level, cereal food aid shipments in 1998/99 would cover 12 percent of the LIFDC's total imports, compared to just 6.5 percent in the previous year.

International wheat and coarse grains prices have rallied somewhat since late August in response to greater trade activity, although they remain well below those of the corresponding period last year. International wheat prices showed the largest recovery, and by late October, the price of U.S. wheat No. 2 (HRW, fob) was quoted at US$133 per tonne, up US$23 per tonne from August but still about US$20 per tonne less than a year earlier. Similarly, the prices of most coarse grains have also risen since August, although gains were limited by favourable crop prospects in the United States combined with high inventories and dampened import demand for feed. By late October, the price of U.S. maize had risen to US$98 per tonne, up US$14 per tonne from August, but still US$25 per tonne below last year's level. International rice export prices have been under pressure in recent months due to reduced import demand for the high grades, and the arrival of new crop supplies on the

market. As a result, the FAO Export Price Index for Rice (1982-84=100) fell to 131 points in October, down from 132 points in September, but still well above the same period last year.

FAO's latest forecast points to a reduction in global cereal stocks for crop years ending in 1999 after two consecutive years of expansion. Contrary to earlier indications, cereal carryovers are now expected to fall to 323 million tonnes, 7 million tonnes below the forecast in the previous report, and 8 million tonnes below their revised opening level. The latest revision mainly reflects a large drawdown expected in inventories of some CIS countries to compensate for sharply reduced harvests. Assuming that current forecasts of production and utilization materialize, the global stock-to-utilization ratio in 1998/99 is now forecast at 17 percent, i.e. 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

In Asia, FAO's latest estimate of the region's **wheat** output has been revised downwards to about 244 million tonnes, from 247.6 million tonnes in the previous report. At this level, production would be some 5.5 million tonnes lower than in 1997. The latest revision reflects mainly a decrease in the estimate of production for China to 112 million tonnes compared to around 118 million tonnes earlier, due to adverse weather developments. In many countries of the region winter wheat sowing will commence soon for the 1999 harvest from April next year.

The overall outlook for the 1998 coarse **grains** crop in the region is favourable. FAO's current forecast is about 215 million tonnes, compared to the reduced harvest of 192.8 million tonnes last year. In China, coarse grains output is currently estimated at about 138 million tonnes, 15 percent higher than last year's drought affected crop. Production is also expected to increase in India, following a generally favourable monsoon. In Afghanistan the 1998 cereal production is estimated to be the highest since 1978; however, the food supply situation is likely to remain tight in the areas affected by civil strife and earthquakes. Cereal production in Turkey has also increased by more than 9 percent from the previous year to over 32 million tonnes following generally favourable growing conditions. 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.

The latest forecast for the region's 1998 **paddy** output is 514 million tonnes, 5 million tonnes down from the previous forecast and 14 million tonnes less than the revised figure for 1997. Torrential rains during late-June to September in some Asian countries interrupted the planting progress and/or destroyed crops already in the fields.

In Indonesia, the FAO/WFP crop and food supply assessment mission in early October estimated the 1998 paddy output at 45.4 million tonnes, about 1 million tonnes less than the previous estimate and down from 49.4 million tonnes produced in 1997. The decline is attributed to a combination of the El Niño-related drought, smaller planted area, and a shortage in inputs, including fertilizers and pesticides. In Sri Lanka, harvesting of the Yala crop is in progress and a slight increase in production is expected. Overall, total paddy output is projected to expand by 14 percent from the previous year to 2.6 million tonnes due to favourable growing conditions and area expansion.

In China (Mainland), floods in Central and Southern China during most of July and August have destroyed several million hectares of cropland, including many major rice producing areas, damaged agricultural infrastructure and, in some cases, delayed planting of the late-double crop. The 1998 paddy output is provisionally forecast to decline by about 9 million tonnes from last year's record to 191 million tonnes. In Cambodia, after a delayed arrival, rains during most of September improved the outlook for the paddy crop. Production is now expected to be close to last year's 3.4 million tonnes. In Viet Nam, aggregate 1998 paddy output is forecast to decrease slightly from the previous year. The summer-autumn rice crop was affected by a dry spell during the early part of the season. Harvesting of the main season crop is underway in the north while in the southern part of the country planting is just nearing completion. Harvesting of the main season crop in the Philippines is in progress but the early part of the season was conditioned by persistent El Niño-related drought that had depressed plantings. Planting of the secondary crop is underway in most of the country. Overall, paddy output in 1998 is forecast at 10.8 million tonnes, slightly up from the drought-reduced 1997 crop. However, the final outcome will still depend greatly on the weather conditions in the remainder of the season and the influence, if any, of La Niña.

In Thailand, harvesting of the 1998-99 main-season crop is underway and the Government forecasts an increase in output as strong price incentives helped motivate producers to expand rice area. Production of high -quality Jasmine rice, which

WORLD CEREAL PRODUCTION - FORECAST FOR 1998

	Wheat		Coarse grains		Rice (paddy)		Total 1/	
	1997	1998	1997	1998	1997	1998	1997	1998
	(. . . . . million tonnes . . . . .)							
Asia	249.9	244.4	192.8	215.4	527.6	513.7	970.4	973.5
Africa	15.5	18.6	76.3	79.4	16.9	15.6	108.7	113.5
Central America	3.7	3.3	28.2	29.2	2.1	2.0	34.0	34.6
South America	20.1	15.6	63.6	63.0	17.7	16.0	101.4	94.6
North America	93.0	92.9	290.7	296.9	8.1	8.2	391.9	398.0
Europe	132.3	139.8	175.7	165.7	2.8	2.9	310.8	308.4
CIS	81.1	57.2	70.8	43.9	1.1	1.3	153.0	102.3
Oceania	19.7	22.1	10.8	9.2	1.4	1.4	31.9	32.7
WORLD	**615.4**	**594.0**	**908.8**	**902.6**	**577.8**	**561.1**	**2 102.0**	**2 057.7**
Developing countries	286.2	279.6	351.1	378.6	551.8	536.1	1 189.1	1 194.4
Developed countries	329.2	314.3	557.8	524.0	25.9	25.0	912.9	863.3

SOURCE: FAO

1/ Total cereal, including rice in paddy terms.

accounts for approximately 18 percent of Thai's total paddy output, is expected to increase by about 19 percent from 1997 to 4.1 million tonnes. In Japan, harvesting of the 1998 crop is underway and, due to a combination of lower area and flood damage, output is now estimated to decline by about 11 percent to 11.2 million tonnes. In the Republic of Korea, paddy output in 1998 is forecast to decline by 7 percent from the previous year to 7 million tonnes, despite a slight increase in area. This is due to reduced yields attributed to weather-related problems. In the Democratic People's Republic of Korea, paddy production in 1998 has been affected by a combination of floods and hailstorms during the summer months and inadequate supply of inputs, particularly fertilizers. Production is now forecast at 1.6 million tonnes, down from last year's already low crop of 1.7 million tonnes.

In Bangladesh, floods that covered most of the country since July started to recede in mid-September. Preliminary official indications, as of mid-September, suggest that at least 2 million tonnes of rice have been lost due to floods, but the loss could be as high as 3 million tonnes as some farmers in the flood-affected areas were unable to plant their crops in time. Although harvesting of the Boro crop had already been completed before the floods, part of the Aus crop, especially the late-planted sections, was affected and output is estimated at 1.6 million tonnes, down by 16 percent from original expectations. In India harvesting of the early-planted main season Kharif rice has commenced in some parts of the country. Despite damage from torrential rains in August in the northern and eastern states, the country has once again enjoyed a generally normal monsoon season and total paddy output for 1998 is tentatively forecast at a record 126 million tonnes. In Pakistan harvesting of the paddy is underway and preliminary forecasts point to an increase by 6 percent to a record 6.9 million tonnes as growing conditions were generally favourable and planted area increased by about 4 percent. In Myanmar, harvesting of the main-season crop is underway and a slight increase in output is anticipated largely due to improved yields.

AFRICA

NORTHERN AFRICA: Production of **wheat** in 1998 has increased by 3.8 million tonnes from the reduced 1997 level to 13.8 million tonnes, reflecting generally favourable growing conditions and above-average crops in all countries of the subregion. The largest increase occurred in Algeria where output more than doubled to 2 million tonnes. Production in Morocco is estimated to have increased to 4.4 million tonnes, about 90 percent higher than the 1997 harvest. Output in Tunisia is estimated to be 37 percent higher than the previous year. In Egypt, wheat output is put at 6.1 million tonnes, 4 percent up from the 1997 harvest. The subregion's **coarse grain** crop in 1998 also benefited from favourable weather. Aggregate output increased by some 19 percent, to reach 11 million tonnes.

In Egypt, harvesting of the 1998 **rice** crop is underway and the Government has forecast an 18 percent reduction in output to 4.5 million tonnes. This reflects a 21 percent decline in area planted only partly compensated by record yields.

WESTERN AFRICA: Despite a late start of the season in the coastal countries, growing conditions

have been generally favourable, except in Ghana and Côte d'Ivoire where dry spells have stressed crops. **Cereal** output in Sierra Leone is expected to be below last year's level following new population displacements, while production should be close to last year in Liberia. In both countries the food supply situation is still very precarious and they will continue to rely heavily on food assistance in 1999. The large number of refugees in southern Guinea has affected food availability and agricultural activities in the area. In the Sahel, the rainy season is nearing its end after abundant rainfall in September. Reflecting mostly good growing conditions, crop prospects are generally favourable in Mali, Burkina Faso, Niger and in Chad except in the Sudanian zone affected by extensive flooding. In The Gambia and Senegal, crop prospects improved following regular rains since August but in northern Senegal additional rains are needed in October as the rainy season started late this year. In Mauritania, growing conditions were mostly favourable for rainfed crops in September. Crop prospects are uncertain in Guinea-Bissau as the impact of civil disturbances on plantings and other agricultural activities is not clear. Joint FAO/CILSS Crop Assessment Missions together with national services are scheduled from mid-October to early November in the Sahelian countries to estimate the 1998 cereal production.

Harvesting of the 1998 **paddy** crop has started in some countries and is about to commence in others but civil strife in some parts continues to hamper farming activities. Growing conditions have been generally favourable across the region despite a few isolated weather-related problems. In Nigeria, the major rice producer in the subregion, harvesting is in progress and the crop is tentatively forecast to fall by 12 percent to 3.4 million tonnes despite an area expansion of 200 000 hectares. This is due to a shortage of fertilizers, pesticides and other farm inputs that are expected to depress yields.

CENTRAL AFRICA: Abundant rains benefited **coarse grain** crops in Cameroon and Central African Republic but pest attacks are reported in northern Cameroon. Resurgence of civil strife in the Democratic Republic of Congo is likely to impede normal agricultural and marketing activities, notably in the east where plantings for the A season are about to start.

EASTERN AFRICA: The 1998 aggregate **wheat** production in the subregion is forecast by FAO close to 2.8 million tonnes, similar to the above-average level of last year. In Kenya and Ethiopia, where harvesting of the crop has started, prospects remain favourable reflecting abundant rains in the past months and outputs are expected to increase from the previous year. By contrast, in Sudan, where the crop was harvested earlier in the year, output was 18 percent lower than in 1997, although still average.

Harvesting of the 1998 **coarse grains** has been completed in southern parts of the subregion but is just starting in northern countries. The subregion's 1998 aggregate output is forecast at about 20 million tonnes, an average crop, 12 percent above the reduced level of last year. Despite an erratic start of the rainy season in some countries, widespread abundant rains since mid-July, which resulted in floods and localized crop losses, generally benefited the developing crops. In Tanzania, the 1998 coarse grains output was estimated by an FAO/WFP Mission at 3.4 million tonnes, one-third above the poor level of last year. Abundant rains during the season encouraged farmers to expand the total area planted and resulted in generally higher yields. In Uganda, the output of the recently harvested 1998 first season is estimated to be good despite reduced crops in some areas. In Rwanda, the 1998 aggregate coarse grains production recovered substantially from the previous year to around the pre-civil strife level. Likewise, in Burundi, aggregate coarse grains output is forecast to be close to pre-civil strife levels. In Somalia, the 1998 main "Gu" season was sharply reduced by dry weather, reduced plantings and pest infestions. Sorghum production is estimated 20 percent down on last year's level at 22 000 tonnes, while that of maize declined 50 percent to 61 000 tonnes. This is the fifth successive poor coarse grains harvest. In Kenya, production of the "long rains" maize crop is forecast at 2.3 million tonnes, a substantial recovery from last year's reduced level. Assuming normal "short rains" production early next year, the 1998/99 aggregate maize output is projected at 2.8 million tonnes. In Ethiopia, the outlook for the coarse grain harvest has improved with the rains of the past month and the output is forecast substantially higher than last year. In Eritrea, production of coarse grains is anticipated well above the reduced crop of 1997. In the Sudan, despite serious floods in central and northern parts, overall prospects for this year's coarse grain harvest are favourable.

Rice harvesting is complete in Tanzania, the largest producer in the subregion, and output for 1998 is provisionally estimated at about 1 million tonnes, up significantly from 1997. This is largely attributed to abundant rainfall during the growing season together with a 12 percent rise in area.

SOUTHERN AFRICA: Estimates of the 1998 **coarse grains** crop stand at 14.7 million tonnes, some 14 percent less than in the previous season and about 15 percent below average. Only a few countries recorded higher outputs this year compared to 1997, including Angola, Madagascar, Malawi, Mozambique and Swaziland. As a result of adverse

weather and lower plantings, production was reduced in all other countries of the subregion. Coarse grain output fell by 15 percent to 8.2 million tonnes in South Africa, by 35 percent in Zimbabwe, and 40 percent in Zambia, mostly due to reduced plantings and prolonged dry spells that reduced yields.

The **wheat** harvest is underway in the subregion and latest indications point to a markedly below average output of 1.9 million tonnes, about one-third below the 1997 production of 2.7 million tonnes. Irregular rains resulted in sharply reduced water reserves in the major producing areas of South Africa and Zimbabwe. Moreover, in South Africa in particular, weak international and local wheat prices, resulted in sharply reduced plantings.

Preparations for the 1999 **paddy** season in the subregion are underway and planting in a few areas has started. Output from the 1998 crop turned out better than had been originally expected as the locust infestation in Madagascar, which accounts for over 90 percent of the subregion's rice production, was not as bad as had been feared. In Mozambique, the other main producer in the subregion, a 6 percent increase in output is estimated to 190 000 tonnes, following generally favourable growing conditions.

CENTRAL AMERICA AND THE CARIBBEAN

Planting of the 1998/99 **wheat** crop has started in the large producing irrigated areas of the north-west of Mexico. Above-normal rains in September have ensured ample water levels in reservoirs in the main growing states. Plantings are forecast to be close to the 1997/98 normal level, but yields should improve if weather conditions return to normal.

In Central America, torrential rains, widespread flooding and sustained high-force winds caused by hurricane "Mitch" in late October have inflicted severe loss of life and immense damage to housing and infrastructure and to the agricultural sector in Honduras, Nicaragua, Guatemala and El Salvador. An assessment of damage has not yet been made but hopes of recovery from last year's drought affected crops, following the good results obtained from this year first season crops, have vanished. In Mexico, by contrast, an average output is now forecast. Widespread rains since September have benefited the developing spring/summer maize crop in the major producing zones after earlier dry weather. Harvesting of the 1998 spring/summer sorghum crop has started; output from the fall/winter crop was better than earlier expected and aggregate sorghum output in 1998 is forecast at an above-average 6.2 million tonnes. In the Caribbean, extensive damage to food and cash crops in Cuba, Haiti and Dominican Republic was caused by hurricane "Georges" in late September. In Cuba, the losses inflicted by the hurricane represent a further blow to the vulnerable agricultural sector thus worsening a difficult food supply situation. The country had been affected in the last 5 months by a severe drought and by heavy rains and flooding earlier in the year.

SOUTH AMERICA

In Argentina, moderate to heavy rains during the first half of October benefited the developing 1998 **wheat** crop in the main producing central and southern Buenos Aires province. However, after persisting dry conditions, good rains are still needed in other important growing areas such as southern Santa Fe, east of Cordoba and La Pampa provinces. Harvesting is due to start from November and output is provisionally forecast at some 10.5-10.9 million tonnes, down from 14.8 million tonnes in 1997, mostly as a result of reduced plantings as farmers switched land to more profitable crops. In Brazil, harvesting of the 1998 wheat crop is underway and production is expected to fall from 2.4 million tonnes to 2.2 million tonnes. This is largely the result of exceptionally heavy and damaging rains in September in the main wheat producing state of Parana. In Uruguay, where harvesting is about to start , a slightly below-average wheat output is forecast, also reflecting damages by heavy rains. By contrast, a severe dry spell has affected the crop in Chile and a poor output is expected. In the Andean countries, in Bolivia, harvesting of the 1998 second season (winter) wheat crop is underway and below-average yields are being obtained as a consequence of the lack of rain which prevails over most of the country. In Peru, aggregate 1998 wheat production is presently forecast to be slightly above average. In Ecuador, output of the 1998 first season wheat crop is estimated at a slightly below average.

Planting of the 1998/99 **maize** crop in Argentina is being delayed in several important producing areas because of dry conditions which have persisted since August. Only 20 percent of intended plantings have been sown compared to 60 percent at the same time last year. In Brazil, sowing of the 1998/99 maize crop is underway. Plantings in the principal producing areas in the south, particularly in Rio Grande do Sul, are likely to decline from last year. Producers have switched to more drought resistant crops, fearful of possible drought that could result from the impending La Niña weather phenomenon. In Chile, a severe drought in the central areas is affecting planting of the 1998/99 maize crop, currently underway, and the final area is expected to be considerably below earlier expectations. In the Andean countries, in Bolivia, planting of the 1998/99 first (main) season

coarse grain crop are forecast close to last year's level and improved yields are anticipated after drought affected the 1997/98 crops. In Ecuador, the 1998/99 coarse grain plantings, principally maize, are expected to increase from last year's reduced area. In Peru, the bulk of the1998 maize crop has been harvested and aggregate output for the whole year is forecast to be slightly above average. In Colombia, harvesting of the 1998/99 first season maize crop has been completed and planting of the second season crop is underway. Aggregate output is anticipated to increase considerably from last year's El Niño-affected crops. In Venezuela, harvesting of the 1998 maize crop continues under normal conditions and an average output is expected.

Harvesting of the 1998 **paddy** crop is complete in the region. A combination of reduced harvested area and a drop in average yields, due to El Niño weather-related problems, resulted in lower rice output of 16 million tonnes compared to 17.7 million tonnes in 1997. Planting of the 1999 paddy crop has begun in some countries.

NORTH AMERICA

In the United States, latest official reports put the 1998 aggregate **wheat** output at 69.6 million tonnes, some 1 percent up from 1997. As of late October, progress of the winter wheat crop planting was reported to be about normal, after earlier delays due to heavy rainfall. Germination rates are also normally helped by the earlier rainfall. The likely area sown to winter wheat remains very uncertain, however, if farmers respond to the current price outlook for the new crop, which is less attractive than a year ago, plantings could decrease again this autumn. In Canada, the main wheat harvest was virtually completed by the end of September and was one of the earliest on record due largely to early seeding and the hot, dry weather this summer. Due partly to the early harvest and favourable conditions, most of the wheat crop is reported to fall in the top two Canadian quality grades. The latest official estimate in early October put 1998 wheat output at 23.3 million tonnes, 4.5 percent down from the previous year, primarily due to a 7 percent reduction in seeded area.

The outlook for the United States 1998 **coarse grains** crop remains generally favourable. Based on conditions as of 1 October, maize output is forecast at 247.5 million tonnes, virtually unchanged from the September forecast, about 10 million tonnes up from the previous year and the second highest on record. The forecast of the harvested area is almost identical to the estimated area harvested in 1997 but the average yield is forecast to increase to the second highest ever after the record in 1994. As of early October, crop maturity was rated well ahead of normal and similarly harvest progress. However, reduced outputs are expected for most of the other major coarse grains, due to smaller areas harvested and lower yields. Nevertheless, owing to the large increase expected in maize output, the 1998 aggregate coarse grain crop is forecast at 271.5 million tonnes, some 2 percent up from 1997. In Canada, aggregate coarse grain production is expected to increase marginally from the previous year, to 25.4 million tonnes. Larger maize and oats crops are expected to more than offset reduced barley production.

In the United States, harvesting of the 1998 **paddy** crop is well advanced and by the end of September about 70 percent of the crop had been gathered or was nearing completion in Arkansas, Louisiana, Mississippi and Texas. In California, harvesting is in its early stages since the crop was planted late due to a cold and rainy spring. Total paddy output for the United States has been adjusted upwards by about 100 000 tonnes from the previous report to 8.2 million tonnes based on new information of better yields than had been expected.

EUROPE

Widespread, frequent showers across most of the region throughout September and early October slowed summer crop harvesting but provided abundant moisture conditions for winter grain emergence and establishment. FAO's estimate of aggregate 1998 **cereal** production in the EC has been raised further since the last report to a record 214 million tonnes, 2.5 percent up from the 1997 crop. Good weather continued throughout the late summer and favoured the completion of the bulk of the harvests. **Wheat** has performed particularly well in 1998 as a result of favourable weather conditions, and above-average to record crops were recorded in most countries. Aggregate wheat production is now forecast at 103.8 million tonnes, 9 percent up from 1997. With regard to the **coarse grains**, barley, rye and triticale production are also forecast to increase from the previous year but output of oats will be reduced. Although the summer maize harvest has yet to be completed in several parts, latest indications confirm a significant reduction after last year's bumper crop. Maize output is now forecast at some 35 million tonnes, compared to well over 39 million tonnes estimated for 1997.

Winter grain planting is well advanced throughout the Community, particularly in the northern countries. Weather conditions have been generally satisfactory but the area is expected to decline following the 5 percent increase in the land set-aside requirement for the 1999 crop.

In eastern parts of the region, with the exception of Poland, most countries have gathered similar or somewhat smaller cereal crops than last year. In Bulgaria, wheat output in 1998 is estimated at 3.2 million tonnes, 11 percent down from last year, while that of coarse grains is put at 2.3 million tonnes, compared to 2.6 million tonnes in 1997. The pace of winter grain planting for the 1999 harvest is reported to be slow due to wet conditions and farmers' lack of finance to procure inputs. The winter sowing season normally ends at the end of October and the wheat area is likely to fall below normal unless warm and dry weather continues well into November. In the Czech Republic, total 1998 cereal production is estimated at close to the 1997 level of 6.7 million tonnes. A slightly larger wheat crop of 3.9 million tonnes was offset by reduced coarse grains outputs. In Hungary, another above average cereal crop has been gathered in 1998, although down from the bumper harvest last year. Wheat output is estimated at 5 million tonnes, while that of coarse grains is put at about 8 million tonnes. In Poland, the 1998 cereal harvest is now estimated at 26.6 million tonnes. Wheat output is estimated at a record 9.3 million tonnes, while the coarse grains crop, at 17.3 million tonnes, would again be above average. In Romania, the 1998 cereal crop is estimated at about 17 million tonnes, 5 million tonnes down from last year's good crop and below average. Wheat production fell to 5.2 million tonnes due mostly to reduced plantings and adverse weather in autumn 1997. Hot and dry conditions during the summer affected the maize crop, and aggregate coarse grain output is estimated to have fallen to about 11.9 million tonnes, compared to almost 15 million tonnes in 1997. In the Slovak Republic, the 1998 cereal output is estimated at an about-average 3.5 million tonnes.

In Bosnia-Herzegovina, the 1998 cereal output is estimated at some 1 million tonnes, similar to the previous year's crop. In Croatia, cereal production is estimated at some 3.2 million tonnes, up again 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 2.9 million tonnes, virtually unchanged from the previous year, while coarse grains output is estimated down by almost 25 percent at 5.7 million tonnes. The maize crop was affected by hot dry weather during the summer.

Harvesting of the 1998 **paddy** crop in the EC is in progress after generally favourable growing conditions. Based on new information, production is forecast to increase slightly from 1997 to about 2.8 million tonnes. Most of the expansion in output is expected to be in Italy, which accounts for over 50 percent of total EC rice production.

COMMONWEALTH OF INDEPENDENT STATES1/

In the CIS, the outlook for the 1998 cereal harvest has deteriorated further since the last report due mostly to persisting drought in several of the major producing areas and, as the harvest progresses, increasing evidence of much below-normal yields for both wheat and coarse grains. FAO now estimates the CIS 1998 aggregate **cereal** harvest at about 102 million tonnes (1997: 153 million tonnes), including some 57 million tonnes of **wheat** (1997: 81 million tonnes) and about 44 million tonnes of **coarse grains** (1997: 71 million tonnes). The pulse crop is also forecast to decline but by contrast, **paddy** production may increase marginally.

In the Russian Federation, the 1998 cereal crop is now forecast at 50 million tonnes, which would be 43 percent down on last year's harvest due to a combination of reduced winter and spring plantings, adverse weather during most of the growing season, and harvest difficulties due to fuel shortages and lack of adequate machinery. 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 30 million tonnes, 8 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 showers in late July and early August benefitted the summer crops but slowed winter grain harvesting. Cereal output in 1998 is forecast at just over 5 million tonnes, close to the 1997 level. Elsewhere, the 1998 cereal harvests are expected to be similar to last year's levels.

OCEANIA

The outlook for the 1998 winter **wheat** and **coarse grain** crops has deteriorated somewhat in Australia due to adverse weather conditions in several parts. However, as of late October, growing conditions remained ideal in many other parts and the total winter crop is still expected to be the

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).

second highest on record. The 1998 wheat crop is now officially forecast at 21.9 million tonnes, up 13 percent from last year but down from the previous forecast of 23.5 million tonnes. The rain and frost damage being experienced in some parts is expected to affect the quality of this year's crop and a larger than normal proportion may be downgraded to feed wheat. Aggregate coarse grain output in 1998 (including the minor crop of mostly sorghum and maize harvested earlier this year) is now forecast at 8.6 million tonnes, compared to 10 million tonnes in 1997. It is expected that summer crops for harvest in 1999 will be planted to replace some flood damaged winter crops and thus the summer crop area is likely to increase in the upcoming season.

In Australia, preparations for the 1999 **paddy** season are underway and preliminary indications suggest that planted area will be reduced by about 14 percent from 1998 to 120 000 hectares, a consequence of lower irrigation water supplies. Based on average yields, output would be about 1 million tonnes or about 30 percent less than the 1998 estimate.

TRADE [1/]

The forecast for global trade in **cereals** in 1998/99 has been raised by 2 million tonnes to 201 million tonnes since September (table A.2). At this level, world imports of cereals would be some 6.5 million tonnes, or 3 percent below the previous year's volume, with smaller wheat and rice imports accounting for most of the decline.

The forecast for global **wheat** imports in 1998/99 (July/June) has been raised by 1 million tonnes to 91.5 million tonnes. Most of the increase in this month's forecast reflects higher estimates for the CIS. Nevertheless, at the current forecast level, wheat imports would be about 3 million tonnes below the revised estimate for 1997/98. Total imports by the developing countries are forecast at 73 million tonnes, down 3.0 million tonnes from last year, while aggregate imports by the developed countries are expected to fall marginally to 18 million tonnes, some 400 000 tonnes less than last year.

Total wheat imports into Africa are forecast at 22 million tonnes, about 1.3 million tonnes less than in the 1997/98 season. Imports by most countries in North Africa, which had surged last year due to severe drought, are likely to decline because of larger harvests this season. However, imports by most sub-Saharan African countries are likely to remain close to the previous two years' levels. In Asia, this year's total imports are forecast at about 42 million tonnes, down almost 4 million tonnes from last year. Most countries in Asia are expected to import less this year, particularly India, the Islamic Republic of Iran and Pakistan, mainly on account of larger domestic production. Imports by Indonesia are forecast to decline for the second consecutive year, mainly as a result of the economic crisis and despite the worsening food shortages caused primarily by sharply reduced domestic rice supplies. The Government has recently lifted subsidies on the import of wheat flour and although private traders could now import wheat flour at zero tariffs, commercial imports have become expensive because of the devaluation, despite its gradual appreciation in recent weeks. By contrast, imports by Bangladesh may nearly double this year because of the food shortage caused by recent floods. However, most of this year's anticipated increase in wheat imports by Bangladesh is expected to be in the form of donations by major exporters.

The forecast of Europe's wheat imports has been reduced slightly to 4 million tonnes, 1 million tonnes below the previous year's volume. The bulk of the decline is expected in the EC, following this year's record production and larger availabilities of high quality wheat. In the CIS, this year's exceptionally poor harvests, particularly that in the Russian Federation, could result in higher imports. Total imports into the CIS are now expected to reach 3.3 million tonnes, up some 500 000 tonnes from last year. However, this forecast remains extremely tentative given the uncertainties over these countries' capacity to make commercial imports. The eventual import volume could be much higher should exporters increase their donations, i.e. food aid, and/or provide more credits.

Imports into Latin America and the Caribbean are forecast at around 17 million tonnes for the 1998/99 July/June trade season, about 2 million tonnes more than last year. Increased imports by Brazil, the region's largest wheat importer, would account for most of the expansion. Purchases by Brazil are forecast to reach 6.2 million tonnes, up 1.2 million tonnes from the previous year. The increase is largely due to weaker wheat prices in international markets, a factor which is expected to encourage more wheat purchases from abroad, in addition to the small decline in domestic wheat production compared with the previous year.

As regards wheat exports (table A.3), the dominant feature since the start of the 1998/99 season has been more ample export supplies against

1/ World trade in wheat and coarse grains is based on estimated imports delivered through 30 June of the July/June trade year. Some late-season purchases may be included in the next season if deliveries occur after 30 June. 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	45.4	42.1	53.2	52.8	15.8	10.8	114.4	105.7
Africa	23.3	22.0	10.8	11.5	3.8	4.0	37.8	37.6
Central America	5.2	5.6	10.0	10.3	1.3	1.4	16.6	17.2
South America	10.0	11.6	5.9	7.4	1.9	1.8	17.8	20.8
North America	2.5	2.5	4.0	3.2	0.6	0.6	7.2	6.3
Europe	5.3	4.1	3.4	3.9	1.0	1.1	9.7	9.0
CIS	2.8	3.3	0.3	0.2	0.4	0.4	3.4	3.9
Oceania	0.4	0.4	0.1	0.1	0.3	0.3	0.8	0.8
WORLD	**94.9**	**91.5**	**87.8**	**89.3**	**25.1**	**20.4** 1/	**207.8**	**201.3**
Developing countries	76.2	73.2	57.4	58.9	21.9	17.0	155.5	149.1
Developed countries	18.7	18.3	30.4	30.4	3.2	3.4	52.3	52.1

SOURCE: FAO

1/ Highly tentative.

a smaller world import demand. Prospects for a decline in world trade in 1998/99 (July/June) are expected to result in smaller aggregate exports from major exporters compared to the previous year. Among the major exporters, shipments from Argentina and Canada are expected to decrease by as much as 2 million tonnes and 7 million tonnes respectively, in part due to lower domestic production. By contrast, this year's record crop and a faster pace of exports from the EC so far this season could result in larger shipments, by about 2.5 million tonnes, with a less pronounced expansion in exports anticipated from Australia and the United States. While total exports from the major exporters are forecast to decrease, shipments from some of the smaller exporting countries are likely to expand. Turkey, for example, is expected to almost double its exports to 2 million tonnes this season.

The forecast for world trade in **coarse grains** in 1998/99 (July/June) has been raised by 800 000 tonnes from the previous report to over 89 million tonnes. At this level, global imports of coarse grains would be 1.5 million tonnes, or about 2 percent, above the previous year's level. The latest revision is mainly due to indications of larger than expected purchases by Brazil and Mexico. Total imports by the developing countries are currently put at 59 million tonnes, about 1.5 million tonnes more than in 1997/98 while aggregate imports by the developed countries are forecast to remain the same as in the previous year, or about 30 million tonnes. Most of the anticipated rise in global coarse grain imports in 1998/99 would be accounted for by a 1 million tonnes increase in barley, to 14.5 million tonnes, and a 500 000 tonnes increase in rye to 1.4 million tonnes. World maize imports are expected to increase only marginally to some 64 million tonnes, while trade in most other coarse grains is likely to remain unchanged from last year.

Total coarse grain imports into Africa in 1998/99 are put at 11.5 million tonnes, up 700 000 tonnes from the estimated imports in 1997/98. The increase is almost entirely due to higher import demand by several countries in sub-Saharan Africa due to smaller maize crops. By contrast, in North Africa, imports are likely to decline slightly in the wake of larger harvests. In Asia, coarse grains imports are expected to remain at last year's reduced volume of about 53 million tonnes, mostly because of larger coarse grain inventories and weak demand from the animal feed sector in countries affected by the economic difficulties. In addition, Indonesia, which in the previous season resorted to exceptionally large imports of maize from China, is not expected to contract significant volumes in 1998/99. Elsewhere in Asia, imports by the Islamic Republic of Iran are also forecast to decline slightly. By contrast, the decline in this season's international barley prices could trigger larger barley purchases by Saudi Arabia.

In Europe, aggregate coarse grain imports in 1998/99 are currently forecast at around 4 million tonnes, slightly more than the previous year. This would be largely on account of a likely increase in barley and maize imports by the Czech Republic due to slightly reduced domestic production, and larger maize purchases by Poland, mostly in response to lower international prices. In the CIS, it appears unlikely that with the continuing problems facing the animal feed sector and the devaluation of currency, imports would expand despite this season's anticipated sharp fall in coarse grain production.

Imports into Latin America and the Caribbean are currently put at nearly 18 million tonnes, up about 2 million tonnes from last year. The forecast for coarse grain imports by Mexico has been raised to 7.4 million tonnes, up 600 000 tonnes from last month and also last year, mostly on account of larger maize purchases in response to low prices. Brazil is also forecast to import more maize this season, about 2 million tonnes, up 1 million tonnes from last year and 300 000 tonnes more than was reported in September, chiefly on account of lower maize production. In Central America, while the full impact of the floods caused by the hurricane "Mitch" may not be known for several weeks, the extent of the damage as reported to-date points to a considerable increase in import requirements, especially in Honduras, where the devasting floods coincided with the planting of the 1998/99 second (main) season maize crops.

Turning to exports, ample supplies of coarse grains among the major exporting countries would be more than sufficient to meet the expected small increase in imports. Significantly increased maize shipments could originate from the United States and barley from the EC. Among smaller exporting countries, Hungary and Romania are likely to export a similar volume of maize as in the previous season. However, shipments from China are forecast at 3.5 million tonnes, about 50 percent down from the previous year, mainly due to lower domestic production as well as reduced import demand from the neighbouring countries.

The forecast for global **rice** trade in 1998 has been revised upward by 1.3 million tonnes from the last report to a new peak of 25 million tonnes, 6 million tonnes more than in 1997, and over 4 million tonnes above the previous record in 1995. The upward revision mostly reflects larger imports and/or import commitments to date by several of the major importing countries whose output in 1997 and early 1998 was severely curtailed by adverse weather related to El Niño, but also increased demand likely from several Asian countries recently affected by severe floods.

The estimate of imports by Bangladesh has been raised sharply, by 600 000 tonnes, from the previous report to 1.6 million tonnes, based on shipments to date, and prospects of continuing large requirements in the coming weeks due to recent devastating floods that affected most of the country and inflicted considerable damage to the rice crop. It is likely that some of this exceptional import volume will be met by food aid. The forecast of Indonesia's rice imports in 1998 has been raised by 500 000 tonnes to a record 5.5 million tonnes, reflecting further reductions to the 1998 production estimate. Some of Indonesia's import needs are being met through preferential arrangements. In particular, the Government of Japan has offered to lend rice to Indonesia which could be repaid in kind or with cash at a future date. In addition, Japan is also providing Indonesia with financial grants and loans to enable it to purchase additional rice from the international market. The estimate of rice purchases by the Philippines in 1998 has also been adjusted upward, by 650 000 tonnes, to 2.2 million tonnes based on contracted volumes to date. Some of this is reportedly being imported as a precautionary measure against the potential effects of La Niña-related floods expected during the last quarter of the year. By contrast, the estimates of rice imports by several other countries including China (Mainland), the EC, India, Cambodia, Ghana and Kenya have been reduced by a combined total of 450 000 tonnes. African countries in aggregate are forecast to import less rice in 1998 owing to the region's record production in 1997.

On the export side, the forecast for rice shipments out of Thailand for 1998 has been raised by 200 000 tonnes from the previous estimate to 6.2 million tonnes due to consistently high demand on the international market and a good output from the second-season crop. Exports during the first eight months of 1998 are estimated at slightly over 4.3 million tonnes, compared to about 3.2 million tonnes during the same period in 1997. Exports of Thailand's high quality fragrant rice are also expected to expand owing to higher output. The forecast of shipments out of India has been increased by 1 million tonnes since the previous report to 3.5 million tonnes based on prospects for yet another record crop. The forecast for Australia's export shipments has also been increased by about 100 000 tonnes to 700 000 tonnes, a consequence of bumper harvests in the past two years. Export volumes from China (Mainland), Japan, Myanmar and Suriname have been raised by a combined 300 000 tonnes. By contrast, the forecast of rice shipments from Viet Nam in 1998 has been lowered by 300 000 tonnes to 3.7 million tonnes following the decision by the Government to control rice exports with the aim of ensuring domestic food security. Nevertheless, the revised forecast, if realised, would still be a new record level of exports for Viet Nam. Projected exports from the United States remain unchanged at 3 million tonnes, an increase of over 30 percent from the previous year.

For 1999, global rice trade is provisionally forecast to decline sharply from the 1998 record to more normal levels as production in many of the major importing countries is expected to recover from the reduced 1997 levels following adverse weather related to El Niño. Increased production, and therefore lower imports, may materialize particularly in Indonesia, the Philippines, Bangladesh and Brazil, four of the leading importers thus far in 1998.

UTILIZATION

REVIEW OF 1997/98 AND THE OUTLOOK FOR 1998/99

Total world utilization of cereals in **1997/98** is estimated to have increased to 1 874 million tonnes, some 21 million tonnes, or 1 percent, more than in 1996/97 and 0.6 percent above the long-term trend (1985/86-1997/98). At the global level, the volume of cereals used for direct human consumption is estimated to have risen by 1 percent, while animal feed usage has grown by 1.4 percent, the faster growth being due mainly to lower grain prices compared to the previous season. Most of the increase in total utilization is estimated to have occurred in the developed countries, reflecting a rapid rise in feed usage for the second consecutive year. By contrast, feed utilization in the developing countries is estimate to have contracted somewhat, especially among the Low-Income Food-Deficit Countries (LIFDC) in Asia.

WORLD CEREAL UTILIZATION BY USE

	1996/97	1997/98	1998/99 f'cast
	(. . . . . million tonnes . . . . . .)		
Total utilization			
World	**1 853**	**1 874**	**1 878**
Developing countries	1 111	1 116	1 124
Developed countries	742	758	753
Food consumption 1/			
World	**935**	**945**	**959**
Developing countries	769	779	792
Developed countries	166	166	167
Feed use			
World	**658**	**667**	**665**
Developing countries	228	224	223
Developed countries	430	443	442
Other uses 2/			
World	**260**	**261**	**254**
Developing countries	115	112	110
Developed countries	145	149	144

SOURCE: FAO

Note: Total computed from unrounded data.

1/ For direct human consumption.
2/ Other uses include seed, industrial uses and post harvest losses.

For **1998/99** global cereal utilization is forecast to increase marginally to 1 878 million tonnes, but would be below the long-term trend, albeit slightly, for the first time since 1995/96. This would be mostly due to the economic difficulties in Asia, where feed demand started to fall already in the second half of the previous season. Against the background of continuing economic difficulties, which in recent months has also affected the economies of the CIS, especially the Russian Federation, it is unlikely that global cereal utilization would expand significantly for at least another year.

Direct **human consumption** accounts for almost one-half of total cereal utilization. Overall, the growth in world food consumption is estimated to have kept pace with the rise in population in 1997/98. Thus, the global per caput food consumption of cereals is estimated to have remained close to the previous year's level, of about 162 kg. However, per caput food consumption in the LIFDCs, excluding China and India, is estimated to have fallen by 1 kg, to some 152 kg. The decline is estimated to have occurred mostly in Africa, due to domestic production shortfalls in several countries. By contrast, in Central America and eastern Europe, cereal consumption has risen due to more abundant domestic supplies.

PER CAPUT FOOD CONSUMPTION OF CEREALS

	1996/97	1997/98	1998/99 f'cast
	(. . . . . kg. per head . . . . .)		
Developing countries	171.9	171.6	171.9
Developed countries	128.3	128.2	128.5
TOTAL	**162.2**	**162.0**	**162.3**
Low-income food-deficit countries (exclud. China and India)	175.6 (153.6)	175.1 (152.6)	175.4 (153.2)
Wheat	69.9	70.8	70.4
Coarse grains	33.2	32.0	32.7
Rice (milled)	59.0	59.2	59.2

SOURCE: FAO

World per caput cereal consumption in 1998/99 is again expected to change little. Overall food habits tend to change very slowly over time, and variations in annual food consumption at the country level are largely conditioned by changes in domestic production and world prices, the latter

affecting the eventual size of imports and hence consumption. In this context, an emerging feature in 1998/99 is likely to be a drop in per caput rice consumption in several major producing nations in Asia. The decline in domestic rice production in some Asian countries, such as in Indonesia, may not be fully offset by more costly imports, given this year's stronger international rice prices and the devaluations of currencies in several importing countries.

In the past 10 years, the annual share of rice and wheat used for direct human consumption has changed very little, representing about 90 percent and 70 percent respectively of their total utilization. Food use accounts for only 20 percent of global maize utilization, although the share is more significant for Africa and Central America, where food use accounts for over 60 percent of total maize utilization. Rye is also used mostly for food in several countries. Food use of rye accounts for 40 percent of global utilization, and is mostly consumed in Europe and North America. Millet and sorghum are also considered major food grains in a large number of countries. Food use accounts for more than 80 percent of world millet utilization, mostly among the developing countries in Africa and Asia. As for sorghum, food use accounts for more than 40 percent of world utilization, which is mostly consumed in Africa and Asia. In Africa, direct per caput food use of sorghum has been the highest, at around 19 kg per year. In Asia, food use represents about 60 percent of world sorghum consumption, although the annual per caput food use is only about 6 kg.

World **feed utilization** of cereals grew again in 1997/98 but, at 1.4 percent, the expansion was considerably less than in the previous year. With lower grain prices, feed utilization in the developed countries rose by 2.8 percent, a significant expansion although down from the 5 percent growth observed in the previous year. However, aggregate feed use in the developing countries in 1997/98 decreased by 1.7 percent.

For 1998/99, despite a continuing decline in grain prices during the early months of the season, current indications point to a slight decrease in global feed utilization of cereals to 665 million tonnes, 0.3 percent below the previous year's level. This decline is partly attributed to the continuing economic difficulties in Asia, which is limiting consumer spending for livestock products and thus dampening feed demand. In addition, aggregate feed use in the developed countries is expected to contract by 0.2 percent in 1998/89, largely on account of a continuing crisis facing the livestock sectors among the emerging economies, the Russian Federation in particular. There, the demand for feed is forecast to be cut sharply in view of the country's economic difficulties and the sharp fall in domestic grain production. By contrast, in Europe, larger grain supplies are expected to boost feed use in several countries. In the EC, total feed wheat utilization in 1998/99 is likely to peak, due to ample supplies and low internal prices. Also, as low quality wheat, which is destined for feed, no longer qualifies for intervention stocks, it competes with other grains such as barley on the feed market. In the United States, the latest official estimates point to a sharp increase in feed use of maize, by nearly 4 million tonnes, or about 3 percent, in response to ample supplies and low prices.

WORLD CEREAL UTILIZATION BY GRAIN

	1996/97	1997/98	1998/99 f'cast
	(. . . . . millions tonnes . . . . .)		
WHEAT			
Developing countries	330	341	344
Developed countries	249	251	252
World	**579**	**592**	**596**
Food	403	413	416
Feed	101	102	106
Other uses 1/	75	78	74
COARSE GRAINS			
Developing countries	419	408	412
Developed countries	475	490	484
World	**894**	**898**	**896**
Food	192	187	193
Feed	548	557	550
Other uses 1/	155	155	153
RICE (milled)			
Developing countries	362	366	368
Developed countries	18	17	18
World	**380**	**383**	**385**
Food	340	346	350
Feed	9	9	9
Other uses 1/	30	28	27

SOURCE: FAO

Note: Total computed from unrounded data.

1/ Other uses include seed, industrial uses and post harvest losses.

Total feed use in the developing countries is likely to show a decline for the second consecutive year in 1998/99. The bulk of the decrease is in Asia, mainly because of a continuing contraction in feed demand among countries hardest hit by the economic difficulties. In China, the demand for feed from the poultry and livestock industries, which has been rising steadily in recent years, is expected to increase at a much lower rate in 1998/99, mostly because of the rising domestic maize prices since the beginning of the season.

Other uses of cereals, which comprise post harvest losses, seeds and industrial use, are estimated to have peaked in 1997/98, at 261 million tonnes, mainly because of bumper crops in 1997. For 1998/99, following a reduction in production in 1998, other uses, including post harvest losses, are expected to return to more normal levels of around 254 million tonnes. While annual variations in post-harvest losses are often the main reason for significant changes, industrial use of cereals has been growing slowly but steadily in recent years. Most of the increase in the industrial use of grains, particularly maize, has occurred in the developed countries, especially in the United States, favoured by attractive prices. In the United States, according to the official estimates, maize utilization in 1997/98 for high fructose maize syrup (HFCS), starch, and ethanol represented nearly 20 percent of total use, up 1 percent from 1996/97. In 1997/98, the volume of maize used for HFCS production is estimated to increase by 7 percent, mainly in response to a strong demand from soft drink manufactures, which are among the major users. Maize used to make sweeteners (such as glucose and dextrose) is estimated to have increased by 2 percent in 1997/98, driven by its growing application in bakery products as sweeteners. Maize used for starch production is estimated to have increased by 5 percent, mainly due to strong demand for starch from paper recycling firms and building material manufactures. Maize used to make ethanol peaked in 1997/98, up 20 percent from the previous year, as ethanol production continued to recover from the impact of high maize prices in 1995/96.

CARRYOVER STOCKS

After two consecutive years of expansion, world **cereal** stocks by the close of the seasons ending in 1999 are forecast to contract. Contrary to earlier indications, cereal carryovers are now expected to decline by nearly 8 million tonnes from their revised opening level to 323 million tonnes. This would be about 7 million tonnes less than was reported last month, mainly reflecting the expected drawdown in stocks in the Russian Federation to compensate for a sharply reduced harvest. As compared to the previous season, declines are expected in rice and wheat inventories, whereas, coarse grain stocks are anticipated to increase. At the current forecast level, the ratio of global cereal carryovers to trend utilization would be 17 percent, within the 17 to 18 percent range which the FAO Secretariat considers as the minimum necessary to safeguard world food security.

World stocks of **wheat** for crop years ending in 1999 are forecast at about 131 million tonnes, some 4 million tonnes less than was reported in September and 4 million tonnes below their opening level. The forecast for this year's global wheat stocks has been lowered this month because of the likelihood of a marked drawdown of grain inventories held in the CIS. The most significant decline is likely to occur in the Russian Federation, where with this year's production estimated to fall to 26 million tonnes, a reduction of wheat stocks by over 7 million tonnes is expected. Stocks held in Kazakhstan and the Ukraine are also forecast to decline this year, by about 2 million tonnes in total. In China, the anticipated fall in wheat production is also expected to result in a decline of stocks of some 3 million tonnes. By contrast, aggregate wheat stocks held by major wheat exporters, which usually provide the main buffer against variations in world output, are anticipated to rise to 48.5 million tonnes, up nearly 8 million tonnes, or 19 percent, from the previous year and 1.5 million tonnes more than was reported earlier. Most of the expansion would be on account of larger carryovers in the EC and the United States. The increase reflects higher production, particularly in the EC, following this year's bumper crop.

WORLD CARRYOVER STOCKS OF CEREALS

	Crop year ending in:		
	1997	1998 estim.	1999 f'cast
	(. . . . million tonnes . . . .)		
Wheat	112.6	135.1	130.9
Coarse grains	130.3	139.2	142.1
Rice (milled)	56.4	56.5	50.3
TOTAL	**299.4**	**330.8**	**323.2**
of which:			
Main exporters	101.2	128.0	142.4
Others	198.2	202.8	180.8

SOURCE: FAO

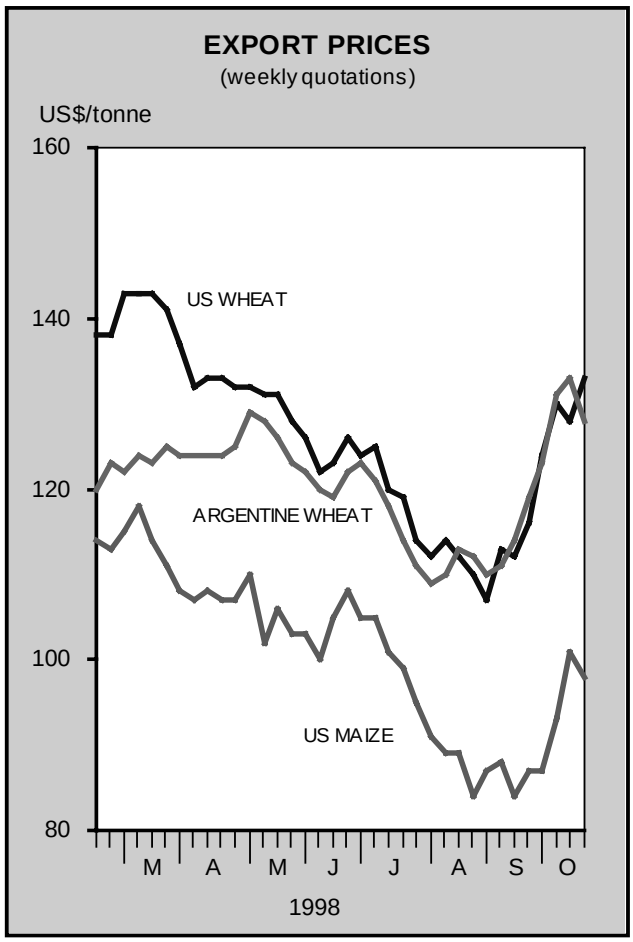
Global **coarse grain** inventories for crop years ending in 1999 are forecast to rise for the third consecutive year to nearly 142 million tonnes, up 3 million tonnes from last year and slightly lower than was estimated in September. The revision reflects downward adjustments to forecasts for stocks held among the major exporting countries, only partially

offset by increases elsewhere. Aggregate coarse grain stocks in major exporting countries are now forecast to approach 78 million tonnes, up 10 million tonnes, or 14 percent, from their revised opening level but 8 million tonnes lower than was reported in September. In the United States, based on the latest official estimates, utilization in 1998/99 is expected to expand much faster than was earlier projected and, consequently, ending stocks are now forecast at 47 million tonnes, down 5.5 million tonnes from the previous report, although still 9 million tonnes more than their opening levels. In the EC, following this month's downward adjustments to the production for 1998 coupled with somewhat better export prospects than was envisaged earlier, ending stocks are expected to reach 24 million tonnes, up slightly from last year but 3 million tonnes less than was reported in September. Despite the forecast increase in barley and rye exports, however, the EC's stocks held in intervention, currently estimated at about 12 million tonnes, may rise further. Elsewhere, the largest decline in stocks of coarse grains is expected to materialize in the CIS, particularly in countries where this year's production was cut drastically. In the Russian Federation, the expected poor harvest could result in total coarse grain inventories falling to 3 million tonnes, against 10 million tonnes last year. By contrast, China could see its stocks replenished by almost 3 million tonnes, given this year's anticipated increase in maize production combined with a possible decline in feed use and exports.

FAO's forecast for global **rice** stocks at the end of the marketing seasons in 1999 has been reduced from the previous report to about 50 million tonnes, down by 11 percent from the estimated closing stocks for the marketing seasons ending in 1998. The decline is largely due to the need to make up for the crop losses due to floods in order to meet domestic requirements, particularly in China (Mainland) and Bangladesh.

EXPORT PRICES

A spate of contracts since late August have led to some recovery in grain prices. The gain in international **wheat** prices has been more significant than for other grains with quotations up by 15 percent in the past weeks. By late October, U.S. wheat No. 2 (HRW, fob) was quoted at US$133 per tonne, up US$23 per tonne since August but still about US$25 per tonne below the corresponding period last year. Less favourable prospects for the Argentine wheat crop helped the Argentine Trigo Pan prices to register a similar gain of about US$16 per tonne. Price developments in the futures market have been supported by the recent rally in the equity markets and a faster pace in sales. By late October, the Chicago Board of Trade (CBOT) December contracts for soft red winter wheat were quoted at US $ 108 per tonne, a gain of around US$12 per tonne since August, though still US$29 per tonne below the corresponding period in 1997. While high wheat inventories in major exporting countries continue to



LATEST CEREAL EXPORT PRICES *

	1998		1997
	October	August	October
	(. . . . . US$/tonne . . . . . .)		
United States			
Wheat 1/	133	110	153
Maize	98	84	123
Sorghum	93	86	115
Argentina *2/*			
Wheat	128	112	150
Maize	104	99	123
Thailand *2/*			
Rice white 3/	300	334	270
Rice, broken 4/	258	234	186

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.

weigh on prices, the market could be revitalised if recent reports of large imports by the Russian Federation materialize. Export prices of nearly all major coarse grains have also gained since August although the rise in prices was constrained by improved crop prospects in the United States combined with high inventories and the impact of the economic difficulties on feed demand. By late October, the U.S. **maize** export prices were quoted at US$98 per tonne, up US$14 per tonne from August, but still US$25 per tonne below last year's level. Correspondingly, in the CBOT futures market, maize prices have also strengthened somewhat since August. The December U.S. maize futures, at US$87 per tonne, have gained about US$6 per tonne over the past two months.

International **rice** prices have been under downward pressure in recent months due to reduced import demand for the high quality grades and the arrival of new crop supplies on the market. As a result, the FAO Export Price Index for Rice (1982-84=100) fell to around 131 points in October, down from 132 points in September but still up considerably compared to 121 points in October 1997. However, the fall in the price index was limited by higher prices for the lower grades.

In Thailand, the demand shift to the lower quality rice led to a decline in the prices of the high quality Thai 100% B of US$25 per tonne from the September average to US$310 per tonne in October. By contrast, in the same period, prices of fully broken rice, (Thai A1 Super), increased by US$5 per tonne to US$254 per tonne, the highest level in over 2 years. In the United States, prices of the No. 2/4 percent broken rice averaged US$403 per tonne, up slightly from September but still much below the US$429 per tonne at the same time last year. The relative weakness of the United States' rice prices is partly due to low import demand for higher quality rice from its traditional main customers in South and Central America during the last few months. Export prices from other origins followed the same trends depending on the quality. New crop arrivals, particularly in India and Pakistan, have led to price declines for rice from these origins. In the next few weeks, rice export prices are expected to be influenced by the extent of the crop damage inflicted by the recent floods, especially in China and Bangladesh.

FOOD AID

Cereal food aid shipments in 1997/98 remained low but could rise sharply in 1998/99

Total cereal food aid shipments in 1997/98 (1 July through 30 June) under programme, project and emergency food aid are estimated to have reached 5.3 million tonnes, close to the previous year's level and to the minimum commitments agreed under the 1995 Food Aid Convention (FAC). Based on the latest information received from the World Food Programme (WFP), slightly more food aid in terms of cereals was destined to Low-Income Food-Deficit Countries in 1997/98, mostly to Asia. In Africa, shipments to the sub-Saharan region rose a little while those to northern Africa fell; total shipments to the continent remained close to the previous year's reduced volume.

FAO's first forecast of cereal food aid shipments in 1998/99 points to a 3.7 million tonnes increase to 9 million tonnes (Table A.10). This year's greater availability of grain supplies, notably of wheat, maize and barley, among the major donor countries, combined with higher food aid needs, particularly from Asia, Central America and the CIS, is expected to result in an upturn in cereal food aid shipments after four years of decline. Triggered by relatively low international grain prices and large grain stocks, mostly in the EC and the United States, food aid availabilties have been growing in recent months. The United States announced in July that it would increase its wheat donations by up to 2.5 million tonnes, most of which has already been allocated. On the demand side, the ongoing financial and economic turmoil affecting the economies of many food import-dependent countries, has raised the need for food aid. The slower growth of the world economy combined with falling cash crop prices and export earnings could force some developing countries to sharply cut back on their imports of essential foods. Thus, for the bulk of the countries experiencing severe food emergencies this year, the decline in grain prices would not necessarily result in increased commercial cereal imports, and food aid requirements would remain substantial.

Among the main recipient regions, the need for food aid is expected to rise the most in Asia, reflecting the difficult food situation particularly in Bangladesh, Indonesia and the Democratic Republic of Korea. Compared to last year, cereal shipments to Asia as food aid are forecast to increase by some 2.2 million tonnes. Similarly, shipments to the CIS could also increase substantially while in the aftermath of hurricane "Mitch" in Central America, food aid to the affected countries is likely to rise. Wheat would account for the bulk of the increase of cereal shipments, although rice and maize donations would also expand. Among the major donors, total shipments from the United States are expected to double and

FOOD AID SHIPMENTS - CEREALS (July/June)

	1994/95	1995/96	1996/97	1997/98	1998/99 f'cast
	(. . . . . thousand tonnes . . . . .)				
WORLD	**9 443**	**7 397**	**5 298**	**5 344**	**9 000**
LIFDC	7 910	6 400	4 447	4 838	8 000
Africa	3 593	2 526	1 960	2 014	2 000
Sub-Saharan	3 348	2 305	1 770	1 912	1 900
Others	246	221	190	102	100
Asia	4 067	3 911	2 388	2 762	5 000
East Asia and SE Asia	308	877	646	933	2 000
South Asia	1 600	1 210	905	1 136	2 300
Others	2 160	1 824	837	693	700
Latin America and the Caribbean	1 146	602	596	374	600
Others	637	358	354	194	1 400

SOURCE: 1994/95 - 1997/98, WFP; 1998/99 forecast, FAO

Note: Totals computed from unrounded data.

reach some 4.5 million tonnes, representing one-half of the global volume. Likewise, food aid from the EC could also increase significantly.

Shipments of non-cereals in 1997 fell to their lowest volume since the early 1980s

According to WFP, non-cereals accounted for about 11 percent of total food aid shipments in 1997 (January-December) 1/. Global food aid shipments in terms of non-cereal food commodities fell for the fourth consecutive year and reached 650 000 tonnes, down 280 000 tonnes, or 30 percent, from the 1996 reduced volume, and the lowest level since the early 1980s. Sharply reduced shipments of pulses, especially from the United States, accounted for most of this decline, but those of nearly all other major non-cereal food commodities were also smaller than in the previous year. The decline in shipments affected the CIS and sub-Saharan Africa the most.

1/ While cereal shipments are monitored on a July/June basis, shipments of non-cereals are monitored on a calendar year basis. The year 1998 is not yet complete.

Contributions to IEFR and PROs are set to increase in 1998

Compared to 1996, contributions to the WFP administrated International Emergency Food Reserve (IEFR) rose in 1997 by about 142 000 tonnes, to nearly 993 000 tonnes for cereals, but fell, by about 30 000 tonnes, to 167 000 tonnes, for non-cereals. Based on the pledges to-date, total contributions for 1998 are likely to exceed those in 1997. As of October 1998, pledges to the 1998 IEFR have reached almost 1.4 million tonnes for cereals and 141 000 tonnes for non-cereals (Table A.11), compare with 651 000 tonnes for cereals and 142 000 tonnes for non-cereals pledged by October 1997. Contributions to the 1997 Protracted Refugee Operations (PROs), also directed by the WFP, amounted to about 529 000 tonnes for cereals and 70 000 tonnes for other food commodities, slightly higher than the 495 000 tonnes for cereals and 85 000 tonnes for non-cereals in 1996. By October 1998, some 517 000 tonnes of cereals and 94 000 tonnes of non-cereals have already been pledged under the 1998 PROs, suggesting that the totals for 1998 will exceed those of 1997.

C A S S A V A

Global cassava production and consumption lower in 1998

World cassava production in 1998 is forecast to decline by 2 percent to 161 million tonnes (fresh weight), mostly due to reduced outputs in Asia and Latin America and the Caribbean which would more than offset a marginal increase expected in Africa. In **Africa,** latest information indicates production will increase by 1.5 million tonnes, less than one percent, to reach 86.5 million tonnes. Larger harvests are estimated for Ghana, Kenya, Liberia, Mozambique, Nigeria, Tanzania, Uganda and Zambia. This was primarily the result of favourable climatic conditions which led to area expansion and higher yields. In some cases, government policies also promoted production. These measures were directed towards large-scale multiplication and diffusion of high yielding and disease resistant planting material, a progressive replacement of existing varieties with new ones and the promotion of new farm applications. For example, in Ghana, the recently launched Roots and Tubers Projects promotes the introduction of new cassava varieties more adapted to different food and industrial applications. In Tanzania, the Government under the National Agriculture Master Plan is giving high priority to crops such as cassava and sweet potatoes, to cover food deficit, resulting from shortfalls in sorghum and millet production. Similarly, in several parts of Uganda, banana plantations and sorghum/millet crops are gradually being replaced by new high-yielding and pest-resistant cassava varieties. By contrast, poor crops are reported for Benin, Cameroon, Chad, Republic of Congo, and the Congo Democratic Republic, following respectively dry conditions and widespread infestations of "*cassava mosaic virus"* that reduced plantings and yields. Civil strife in the Republic of Congo and internal conflicts in Rwanda also contributed to a reduction in output. No significant changes in cassava production are anticipated for other countries in the region.

In **Asia**, cassava output in 1998 is forecast at 45 million tonnes, 5 percent below 1997 largely as a result of weather related problems. The adverse effect of droughts related to the El Niño phenomenon, which manifested itself from mid 1997 until well into 1998, affected plantings and yields. Among the major producing countries in the region, output in Thailand is forecast at 16 million tonnes, 12 percent below 1997. Declines ranging between 5 and 20 percent are also anticipated in India, China and the Philippines.

In **Latin America and the Caribbean,** the 1998 cassava output is forecast at 29.5 million tonnes, 7 percent below 1997. As in Asia, the reduction was largely due to the adverse El Niño-related weather in several countries along the equatorial belt as well as in the southern hemisphere causing extensive crop damage and yield losses. In Brazil, the world's second largest producer and processor, output in 1998 is anticipated to fall to 21.5 million tonnes, 10 percent below the previous year's. Cassava production was severely affected by a prolonged drought stretching across 10 states in the northeast of the country, which account for about 40 percent of the national cassava production, and where this crop is also a major staple food. Similarly, in Venezuela cassava output is expected to be at most one-third below that of 1997. By contrast, modest increases are forecast for Bolivia, the Dominican Republic and Peru, as a result of increased plantings and yields.

WORLD CASSAVA PRODUCTION 1/

	1996	1997	1998 prelim.
	(. . . . . million tonnes . . . . .)		
WORLD	**165.3**	**164.4**	**161.2**
Africa	**84.7**	**85.0**	**86.5**
Congo Dem. Rep.	16.8	16.8	16.0
Ghana	7.1	7.1	7.6
Madagascar	2.4	2.4	2.4
Mozambique	4.7	5.3	5.6
Nigeria	31.4	32.1	32.7
Tanzania	6.0	4.4	4.5
Uganda	2.2	2.3	2.6
Asia	**48.8**	**47.6**	**45.0**
China	3.6	3.6	3.4
India	6.0	6.0	4.8
Indonesia	17.0	15.1	16.1
Philippines	1.9	2.0	1.9
Thailand	17.4	18.1	16.0
Viet Nam	2.1	2.0	2.0
Latin America and Caribbean	**31.6**	**31.7**	**29.5**
Brazil	24.6	23.9	21.5
Colombia	1.8	1.8	1.8
Paraguay	2.6	3.1	3.3

SOURCE: FAO

1/ In fresh roots.

In **Africa,** larger crops are expected to lead to increases in food **consumption** of fresh cassava and products, (gari, attiéké, foufou, kokonte, etc.) in 1998, partly as result of rising domestic prices of cereals, reflecting high import prices and the disruption of marketing systems due to civil strife in

some countries. Recent surveys conducted in Ghana, Nigeria, and Tanzania have revealed that cassava flours and starch are increasingly been used as substitutes for imported wheat flour in the production of bread, snacks, pie/pastry and other food items. The replacement of up to 20-30 percent of wheat flour in bread and bakery products has been widely accepted by consumers, an attitude that highlights the potential of the crop to become an important input for the processed food sector in many African countries. In Ghana, for instance, the continued trend towards urbanization has led to a rapid increase in the market for convenience foods, such as bread, biscuits, pies and cakes. In these products, a proportion of imported wheat has been replaced by cassava, as rising prices and currency devaluations have encouraged food manufactures to look for local substitutes to wheat flour. In Nigeria, per caput consumption of cassava and products is expected to continue its upward trend as a result of economic difficulties, the loss of purchasing power and falling per caput incomes; these factors helped to maintain interest in cassava flour as a substitute for wheat to produce competitively priced products. Also, in Tanzania much of the food deficit in cereals is estimated to be covered by non-cereal crops, including cassava and other roots crops, such as potatoes and sweet potatoes.

In most countries of **Latin America and the Caribbean** cassava continues to be an important food staple and is widely processed in many small-scale as well as larger-scale, and increasingly sophisticated, industries. In Brazil, cassava starch is extensively used for human consumption in bread making and cassava flour as a side dish with meat and seafood. In the southern, central and western regions, for instance, the main cassava based fast-food, *pão de queijo,* a kind of bread made of sweet and sour cassava starches, cheese and eggs, is consumed traditionally virtually in every family. During the last five years, consumption of *pão de queijo* has been on the rise as it turned from a regional product to a nation-wide fast food. Cassava starch is also used as a thickener, a stabilizer in processed meat, as a base for colours and aromas and, in foodstuffs (cheese, cookies, ice creams, chocolates etc.), industrial products (i.e. paper, cardboard, textiles, pharmaceutical products, glues and adhesives etc.) and modified starches. While these cassava end-uses may have expanded, reductions in output this year are likely to result in reduced usage of cassava for animal feed. Fermented or *sour* starch extracted from cassava is used in Colombia to prepare snacks, traditional gluten-free cheese bread such as *pan de yuca* and *pan de bono.* Production of industrial starch on a medium-scale as well as in fully mechanized, processing plants have expanded in the northern coastal areas of the country. Also, some starch industries are currently diversifying into modified starch products. In Ecuador, cassava flour is commonly used to substitute for wheat flour and industrially in fillers for resins used for making plywood.

Overall cassava consumption in the **Asian region** is estimated to contract in 1998, with most of the decline concentrated in Indonesia, the Chinese Province of Taiwan, the Republic of Korea, the Philippines and Malaysia. All these countries imported less or no cassava as a result of the intensification of the economic crisis and falling demand in the livestock sector. In the Chinese Province of Taiwan, for instance, a contraction in the utilization of cassava chips and pellets in feed rations, reflects a slow-down in pig production. This is associated with a decline in demand as a result of economic problems and the on-going re-structuring of the sector after the occurrence of several cases of foot and mouth disease in 1997 and the concomitant loss of the Japanese market. In Thailand, cassava utilization in processed food and industrial products is also estimated to have contracted as a result of short supplies, rising costs and falling domestic demand.

Among the **developed countries**, in the EC, the utilization of cassava as animal feed in 1998 is expected to be less than in the previous year, despite a recovery in the pig industry from the swine fever outbreak that had lowered pig production in 1997, particularly in the Netherlands, Germany and Belgium. Within the EC, Spain and Portugal made larger use of cassava pellets for feed, mainly as a result of the shortfall of domestic barley supplies following planting reductions and unfavourable weather conditions and the reduction in stocks of maize. However, as a result of another above-average cereal output in the EC as a whole, the increased demand for protein meals and feeding stuffs could be met by a larger use of domestic feed grains reducing the level for non-grain feed ingredients, including cassava. In Japan and China, demand for chips and pellets is expected to be higher than in 1997 reflecting a slight expansion in pig herds in Japan and substitution of grains in animal feed in China.

Lower cassava trade in 1998

World trade in dry cassava products in 1998 is tentatively forecast to fall to 5.8 million tonnes (14.5 million tonnes in fresh root equivalent), 10 percent less than the revised estimate for 1997. This decline mainly reflects reduced shipments to both the EC and non-EC countries of chips and pellets for feed, which represent the bulk of international trade in cassava products. Trade in starch and flour for food and industrial use, accounting for 18 percent of world trade is expected to remain almost unchanged from last year.

WORLD TRADE IN CASSAVA 1/

	1996	1997	1998 prelim.
	(. . . . . million tonnes . . . . .)		
World Exports	**5.8**	**6.4**	**5.8**
Thailand	4.6	5.4	4.7
Indonesia	0.4	0.2	0.3
China 2/	0.4	0.4	0.4
Others	0.4	0.4	0.4
World Imports	**5.8**	**6.4**	**5.8**
EC 3/	3.5	3.7	3.3
China 2/	0.3	0.6	0.7
Japan	0.3	0.3	0.4
Korea. Rep. of	0.6	0.5	0.4
Others	1.1	1.3	1.0

SOURCE: FAO

1/ In product weight of chips and pellets. including starch and flour.
2/ Including Taiwan Province.
3/ Excluding trade between EC members.

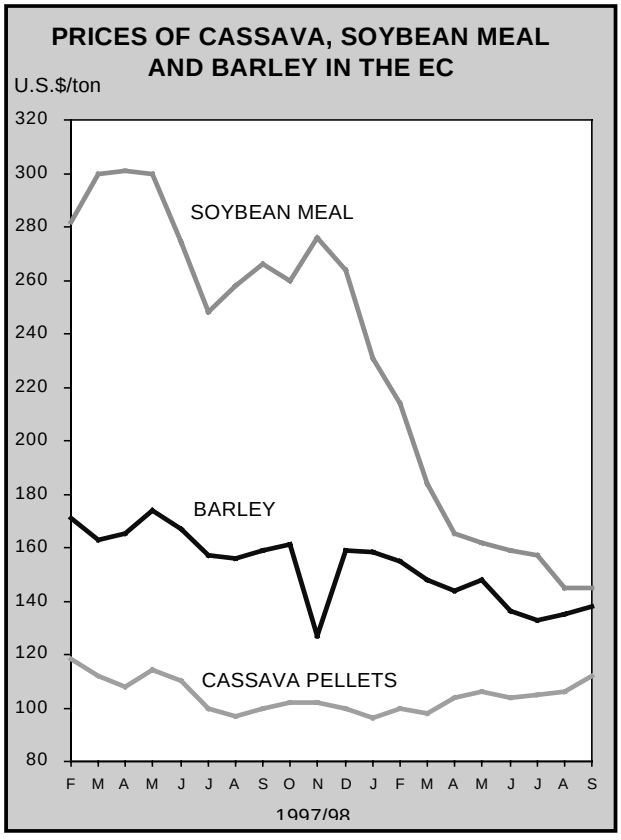
Imports by the EC in 1998 are forecast to fall by 400 000 tonnes to 3.3 million tonnes, 12 percent less than 1997, and the lowest level in ten years, largely due to larger availability of domestically produced feed grains at competitive prices. A fall in imports is also expected in non-EC countries. In the first nine months of 1998, purchases by the Republic of Korea and the Philippines were much lower than in the previous year due to the economic difficulties. In the same period, other traditional importers, such as Israel, Poland, the Chinese Province of Taiwan and Turkey made no purchases of chips and pellets. By contrast, purchases by Japan and China were higher than 1997.

Between January and mid-September this year, Thailand shipped a total of 2.4 million tonnes of chips and pellets and about 472 000 tonnes of starch. Two million tonnes of chips and pellets went to the Community, mainly to the Netherlands (partly for trans-shipment) Belgium, Germany, Portugal and Spain. In particular, Spain bought some 25 percent more than in 1997, whereas Germany reduced its purchases to a very small amount reflecting a continued shrinkage of tapioca mixtures in feed rations. Another 400 000 tonnes of chips were shipped to non-EC countries including China, Japan, the Philippines, the Republic of Korea. Foreign sales by Indonesia are expected to be slightly higher than in 1997 but are nevertheless not expected to exceed 300 000 tonnes due to strong domestic demand.

Cassava pellets prices reached their lowest level

In the first nine months of 1998, the EC import price for cassava pellets, the major product traded internationally, continued the slide that began in September 1996, averaging US$103, or 6 percent below the corresponding period in 1997. The depressed prices were caused by the relatively weak import demand in the EC for tapioca chips and pellets, due to falling prices and abundant supplies of feedgrains. In the first nine months of 1998, quotations of barley were US$144 per tonne in the EC or 13 percent lower than in the corresponding period in 1997, while those for soybean pellets from Argentina (c.i.f. Rotterdam) reached US$174, or 38 percent below 1997. These price developments suggest that cassava/soybean mixtures would still be able to compete on a price basis with feedgrains, such as barley and maize in the European markets (see price table). However, following excessive rainfall at harvest time and harvesting of immature plants, Thai cassava roots were characterized by a very poor starch content in 1998. While EC import regulations specify quality standard for pellets with a minimum starch level of 60 percent (up to the mid 90's), more recently some Thai cassava pellet imports have been reported with starch content of below that level. A low starch content of pellets not only implies higher costs to feed millers but also causes serious problems in maintaining nutrition levels in the feed formulas. Some feed millers are reportedly prepared to pay as much as US$10 per tonne premium for pellets with a 70 percent starch content.

PRICES OF CASSAVA, SOYBEAN MEAL AND BARLEY IN THE EC



PRICES OF CASSAVA, SOYBEAN MEAL AND BARLEY IN THE EC

	Cassava pellets 1/	Soybean meal 2/	Cassava soybean meal mixture 3/	Barley 4/	Barley/cassava mixture
	(. . . . . .US$/tonne . . . . .)				(. . . . ratio . . .)
1990	167	208	175	225	1.29
1991	178	197	186	222	1.19
1992	183	204	187	235	1.26
1993	137	208	151	197	1.30
1994	144	192	154	182	1.18
1995	177	197	181	209	1.15
1996	152	268	175	194	1.11
1997	108	276	142	161	1.13
1998 5/	103	174	117	144	1.23

SOURCE: FAO, Oil World and Agra Europe.

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

Production, trade and price outlook for 1999

Preliminary indications for global cassava production in 1999 point to some recovery in major countries in Asia and Latin America assuming that the effect of heavy rains related to La Niña remain contained. Also, expectations of higher export returns from value-added sales of starch flours and other products could, to a limited extent, lead to an expansion of plantings and a replacement of traditional planting materials by new higher yielding varieties with higher starch content. In Africa output could continue to increase due to producer's responses to higher cassava prices, and the on-going diffusion of recently introduced high-yielding and pest resistant varieties. An increase might also occur in Latin America and the Caribbean as technical improvements materialize.

The volume of world cassava trade in 1999 will depend on various factors, including the price developments for grains and protein meals in the EC and the availability in major exporting countries. The increase of the compulsory set-aside area for cereals from 5 percent to 10 percent in the EC for the coming crop year to reduce grain production and EC farm spending in the cereal sector could result in an increase in domestic grain prices. This in turn would render cassava more competitive in feed rations and lead to some expansion in import demand of alternative feedstuffs, including cassava chips and pellets. Export supplies could be particularly affected by the possible revisions of Thailand's export policy, which are currently under consideration, with respect to the allocation of the quota to the EC market. The renewal of the Agreement between Thailand and the EC, for the four-year period (1999-2002) represents another area of uncertainty regarding access quotas and in-quota tariff rates.

MILK AND MILK PRODUCTS

Production

For 1998, a small rise in global milk output is expected, with production edging up in all major countries. In Australia and New Zealand, milk output for 1998/99 is expected to rise above last season's record levels, despite dry weather at the beginning of the season. For both countries, higher returns from dairying directly resulting from currency devaluations are the principal motives behind the expansion in output. Herd expansion, as opposed to increased yields, was the main driving factor. Milk production in eastern Europe is also expected to grow. In Poland, the region's largest milk producer, output could expand by 3 percent in 1998 as a result of growth in both herd size and yields; in Hungary, higher producer prices are expected to result in production growth by a similar percentage. In the United States, milk production is anticipated to rise marginally in 1998, as the effects of higher farm-gate prices for milk than the previous year have been tempered by the limited availability of forage during the first part of the year. Production in a number of other developed countries (the EC, Canada, Japan, Norway, Switzerland) is subject to policies which restrict output and, as a result, changes little from year to year. In the CIS, mid-year data showed that milk production in the two largest producing countries – the Russian Federation and the Ukraine – was slightly above levels for the same

period a year earlier. Although the major economic changes which have occurred since the summer make any prediction highly tentative, they might signal a bottoming out of the production decline which this group of countries as a whole has experienced since 1990. For some of the smaller member states, such as Belarus and Uzbekistan, a reversal in the declining trend in milk production has already occurred.

MILK PRODUCTION

	1996	1997 estim.	1998 f'cast
	(. . . . . million tonnes . . . . .)		
WORLD	**539**	**546**	**556**
EC	125	125	125
India	68	71	74
United States	70	71	72
Russian Fed.	36	33	33
Pakistan	20	21	22
Brazil	19	21	22
Ukraine	16	15	14
Poland	11	12	12
New Zealand	10	11	12
Australia	9	9	10

SOURCE: FAO

In developing countries, growth in milk output is expected to continue in Asia and Latin America. Assuming normal weather conditions, India's milk output in the 1998/99 (April/March) marketing year could rise to 74 million tonnes, after trebling in the last 30 years, making India the world's largest milk producing country. However, as national figures are based on estimates, given that less than 10 percent of production passes through the formal processing sector, these figures have to be taken with some caution. Many Latin American countries are expected to see an expansion in milk output, mainly as a result of increased demand from their domestic markets. Some producers in the southern cone had to cope with extremely heavy rains attributed to the El Niño weather phenomenon in the first-half of the year, which limited access to pastures. However, spring rainfall for the southern cone countries is reported to be near average and pastures in good condition.

Trade in dairy products down this year

Import demand for cheese in the main importing countries is anticipated to be reduced somewhat during the remainder of 1998. This would be mainly the result of the substantial devaluation of the Russian Rouble causing imports by the Federation to fall. Similarly, global import demand for butter, of which the Russian Federation has accounted for an average of 50 percent in recent years, is expected to be negatively affected. In fact, foreign purchases by the Russian Federation during the first six months of 1998 were down by 52 percent. The crucial period will be December 1998-February 1999, when the Russian Federation traditionally imports most of its butter. Sales of butter to the United States were above the limit of import quotas during the first half of that year and, thus, provided some respite to the market. Since October, United States internal prices for butter have fallen substantially, curbing the prospects for consignments to this country. The limited supplies of butter in both Europe and Oceania have continued to sustain prices on the international market. For milk powder, the economic crisis has reduced purchases by several countries in South-East Asia, resulting in a stagnation, and possibly a decline, in world demand for 1998, with depressed demand likely to extend into 1999. By contrast, in Latin America, imports by Brazil of dairy products in milk equivalent, the most important market for exporters in the region, were 20 percent higher in the first seven months of the year than in the same period in 1997. This was principally the result of a substantial increase in imports of milk and whey powder.

INDICATIVE DAIRY EXPORT PRICES 1/

	1997	1998		
	Sept.	July	Aug.	Sept.
	(. . . . US$/tonne, f.o.b. . . . .)			
Butter	1 575	1 700	1 725	1 725
Skimmed milk powder	1 675	1 400	1 400	1 350
Whole milk powder	1 700	1 700	1 700	1 675
Cheddar cheese	2 175	2 000	2 000	1 925
Acid casein	4 100	4 100	4 100	4 000

1/ Mid-point of price ranges reported by the New Zealand Dairy Board.

Prices lower

Export prices for most dairy products have fallen since the beginning of the year, with skimmed milk powder being the product most affected. The downward pressure on international prices for milk products has been mainly the result of the reduction in import demand discussed above. Additionally, rising output in several exporting countries, including Australia, New Zealand and Argentina, have contributed to growing supplies to the world market. For the remainder of 1998, international prices are expected to remain weak as a result of ample export availabilities and the likely absence of a recovery in demand.

Stocks up in both EC and United States

Public stocks of butter in the EC at the end of September 1998 were moderately higher than a year earlier; however, supply and projected needs are well-balanced. EC public stocks of skimmed milk powder were also higher than last year and, in September, EC export subsidies to this product were raised from 740 ECU to 825 ECU per tonne in an effort to increase external sales. For the first time in years, there were public stocks of skimmed milk powder in the United States, although monthly production currently runs below last year's levels. This, in conjunction with sales under the Dairy Export Incentive Programme (DEIP), is expected to restrain any build-up of stocks.

PUBLIC STOCKS OF BUTTER AND SKIMMED MILK POWDER IN THE EC AND USA

	European Community		United States	
	Butter	Skimm. milk powder	Butter	Skimm. milk powder
	(. . . . . thousand tonnes . . . . . .)			
Sept. '96	159	127	0	0
Sept. '97	126	138	0	0
Sept. '98 *	161	203	0	42

SOURCE: USDA, ZMP.

Note: At the end of the month.

* Estimated

Outlook

Devaluation has shielded New Zealand and Australian farmers from the fall in world prices to some extent, and they are receiving higher prices than last year for their milk. There is some evidence that this in turn has stimulated demand for dairy farms in these countries, especially by farmers seeking to increase the size of their dairy herds to take advantage of economies of scale.

For countries which in the past have based their export industries on the use of subsidies, there are indications that their dairy industries are reorienting themselves towards reaping maximum returns from protected, and therefore high-priced, domestic or regional markets. In terms of sales to the international market, industries in such countries are increasingly focusing on value-added and niche products, which can be traded on the international market without the use of subsidies. This process can be seen as both an adaptation to the reduction in export subsidies agreed under the Uruguay Round Agreement and, in the longer-term, as a preparation for further possible reductions in future rounds of multilateral negotiations, should they occur. At the same time, as many dairy companies are multi-nationals, an identifiable process of investment in countries with low costs of milk production and/or expanding consumer markets can be seen. Accordingly, dairy companies in Europe - where milk production is limited by quotas, consumption is stagnant and export subsidies are generally decreasing - are making substantial investments in other regions of the world, in order to take advantage of cheaper milk there and more buoyant consumption elsewhere in the world.

For the net dairy importing countries, many of which developing countries, lower world prices may mean that growth in their domestic industries is inhibited by competition from imports. However, the damage may be limited in those developing countries where much of milk production and distribution takes place outside the framework of the formal processing sector, the main destination of imports. Secondly, in the case of South East Asia, the sharp devaluation of many countries' currencies against the US dollar has meant that domestic milk prices (in dollar terms) are below international levels and, hence, their dairy sectors should not be adversely affected by outside competition, at least until the adjustment process is completed.

SCHOOL MILK IN THE 21ST CENTURY

The first international conference to deal with the subject of the distribution of milk in schools was held in the Pilanesberg National Park, South Africa from 27 to 29 October 1998. The technical programme for the meeting was coordinated by the Basic Foodstuffs Service of FAO's Commodities and Trade Division and the conference was hosted by the South African dairy industry. Over 160 delegates from 37 countries attended the meeting.

The conference proceedings highlighted that, in many countries, programmes to distribute milk in schools have declined in importance over the past two decades, often associated with reduced funding from governments. A central theme of the conference was that programmes which encourage the distribution of milk in schools have an important role to play in establishing the habit of milk drinking amongst children, who will in turn be consumers of milk when adults. In a number of countries, new types of promotion programmes for milk in schools are being developed, using farmer or dairy industry funding instead of relying on governments. Such programmes are geared to presenting milk in an attractive and appetising form to the consumers, in particular school children. Presentations on the experience of milk promotion in schools in a wide cross-section of countries were a central focus of the meeting.

The school milk conference concluded that milk needed to be promoted in schools if it is to withstand stiff competition from other beverages – such as fruit juice and carbonated drinks – which had far greater funds for promotion and often offered canteen managers a higher profit margin than milk.

As a result of the extremely strong interest shown in the topic of school milk, the Basic Foodstuffs Service is considering holding regional follow-up meetings on the same theme: the first one, for Europe, in the United Kingdom in April 1999, and expressions of interest have been received for meetings in North America, Latin America, South East Asia, Africa and Oceania.

For further information regarding future conferences, please contact:

Michael Griffin, Commodity Specialist (Dairy Products), FAO
Viale delle Terme di Caracalla, 00100 Rome
Tel: 0039 06-5705-3837 Fax: 0039 06-5705-4495
E-mail: Michael.Griffin@fao.org

S U G A R

The world sugar economy is likely to be beset by surpluses in 1998/99 for the fourth consecutive season. Stock levels are expected to grow further, by 2 million tonnes, to reach 46 million tonnes by the end of the 1998/99 sugar year. This would translate to a stock-to-consumption ratio of 37 percent. Continued production expansion and slower consumption growth in Asia and stagnation in the Russian Federation, due to economic difficulties in these countries, would largely be responsible for the imbalance. These factors would continue to dampen price levels in late 1998 and early 1999.

The 1997/98 season opened with world prices at just under US cents 12 per lb., which declined to US cents 9.84 per lb. by late March 1998, and eventually closed at an eleven-year low of US cents 7.24 per lb. in September 1998. Opening prices for the 1998/99 season (October-September) averaged US cents 7.35 per lb. until 20 October 1998.

World sugar production in 1998/99 is forecast by FAO to grow at the same rate (1.5 percent) as in 1997/98 to reach 127.4 million tonnes (raw value). The volume of sugar produced from sugarcane would increase from 87.0 to 90.2 million tonnes, or 70 percent of the global sugar output for 1998/99. Major production gains would occur in Brazil and India and to a lesser extent, South Africa, which would more than offset the single, largest decline in world sugar production in the EC, which is also the largest beet producer. Globally, the volume of sugar manufactured from beet would decline by 3 percent to 37.2 million tonnes.

In the Far East, production in 1998/99 is expected to increase by almost 9 percent to reach

38 million tonnes, due largely to expansion in India. Output in that country would increase by 16 percent or 1.2 million tonnes to reach 16 million tonnes in 1998/99. Government purchases, for distribution programmes at subsidized prices, have improved the financial position of the mills, and timely payments to farmers encouraged the delivery of expanded cane production to mills. In China, a 3 percent increase in output to 8.7 million tonnes is expected as competitive cane prices would shift production area from grains to sugarcane, mainly in Yunnan and Guangxi provinces. In Thailand, crop rehabilitation programmes would result in some recovery, of about 250 000 tonnes, from the 1997/98 drought-affected level. Sugar output in 1998/99 is expected to reach 4.6 million tonnes.

WORLD PRODUCTION AND CONSUMPTION OF SUGAR

	Production		Consumption	
	1997/98	1998/99	1998	1999
	(. . million tonnes, raw value . .)			
WORLD	**125.4**	**127.4**	**123.4**	**125.2**
Developing countries	**81.0**	**84.6**	**78.4**	**79.9**
Latin America	36.0	36.5	22.5	22.9
Africa	4.4	4.5	6.4	6.6
Near East	5.3	5.4	9.3	9.6
Far East	34.9	37.9	40.2	40.7
Oceania	0.4	0.2	0.1	0.1
Developed countries	**44.4**	**42.8**	**45.0**	**45.2**
Europe	23.8	22.3	19.6	19.7
of which: EC	(19.1)	(17.9)	(14.4)	(14.4)
North America	7.2	7.3	30.0	10.4
CIS	4.1	4.2	9.7	9.7
Oceania	5.9	5.4	1.2	1.2
Others	3.4	3.6	4.3	4.2

SOURCE: FAO

Early estimates for Brazil (based also on expectations of an increased share of cane diverted to sugar manufacturing due to high alcohol stocks) indicate that sugar production would increase to about 16.4 million tonnes in 1998/99, 4 percent more than in 1997/98, offsetting a 5 percent reduction in Mexico, the second largest producer in Latin America. Adverse weather is expected to limit production to 5.5 million tonnes in Mexico, while in Cuba, early hopes for a full recovery from the significantly reduced harvest of 3.2 million tonnes in 1997/98 did not materialize as limited resources have constrained much needed structural improvements in the industry. Output levels are expected to remain at 1997/98 levels, and for the region, an increase of 1.5 percent to 36.5 million tonnes is expected.

Favourable weather in South Africa would increase output by 5 percent to 2.7 million tonnes, but in Australia, heavy rains in Queensland are expected to reduce sugar production by 8 percent to 5.4 million tonnes.

Among beet producing countries, sugar output in the EC would be reduced by 1.2 million tonnes, from the 1997/98 record of 19.1 million tonnes, while production in the Russian Federation and Ukraine would remain at about 1.5 million tonnes and 2.2 million tonnes, respectively.

World sugar consumption is forecast by FAO to grow by 1.4 percent to reach 125.2 million tonnes in 1999, in line with revised global GDP estimates which forecast slower economic growth by comparison with pre-1998 rates. In 1998, world sugar consumption grew by 2.0 percent. Developing countries would continue to account for bulk of the consumption, more than 60 percent of the world total. However, at 1.8 percent, the growth rate would be considerably lower than the average of 3.5 percent in 1996 and 1997, before the current economic difficulties began. In Asia, industrial uses would be particularly affected. Consumption growth would remain weak for the region and actually decline in several countries including Malaysia and Indonesia. However, in China and India, consumption is expected to grow in line with population to 9.2 million tonnes and 15.9 million tonnes, respectively, while moderate increases would be recorded in Africa the Near East and Latin America, albeit at lower growth rates than in 1998.

In developed countries, consumption would remain slightly above 45 million tonnes, little changed from 1998, when levels were just under 45 million tonnes. The greatest expansion would occur in the United States, while smaller volume increases would be experienced in the EC, other Western European and East European countries. These increases would offset declines in the Russian Federation and the Ukraine.

The global economic slowdown is expected to weaken import demand, while export availabilities would remain high. In addition, import demand would be further curtailed by increasing self-sufficiency in several major traditional markets. The resultant imbalance is likely to maintain downward pressure on prices in the short run.

FERTILIZERS

Spot prices of urea continued to decrease over the past few weeks, in particular in the Baltic and Black Sea markets. In the Near East, however, the reduction was marginal reflecting temporarily reduced supply capacity, which may have a stabilizing effect on prices in the coming weeks. In the short term, Turkey is one of the few countries expected to enter the market to meet its requirements for winter planting. In Asia, demand remains generally low reflecting the economic difficulties in the region and the effect of adverse weather on agriculture. In Viet Nam, although rice production targets are up for 1999, fertilizer imports are likely to be constrained by financial difficulties and export restrictions in Indonesia, its traditional supplier. China's imports so far this season have reached only about 10 percent of the volume of last year. However, floods in southern China have affected domestic fertilizer production and stocks which may result in China returning to the market in the near future. The export restriction measures are under review. Demand for urea in Latin America remains generally strong.

Ammonia prices have changed little over the past few weeks However, as Ukrainian factories are switching production capacity to urea, reduced export supplies of ammonia may cause upward pressure on ammonia prices in the near future. In Europe, prices are likely to increase somewhat as a result of reduced supply capacity from Algeria where ammonia production has decreased. Ammonia prices in Asia remained generally stable.

Ammonium sulphate prices have continued their downward trend in comparison with prices observed in the same period in 1997. The price declines range between 18 percent less in Eastern Europe and 48 percent less in Western Europe. So far, this year Japan's exports have risen by 6 percent compared to the same period in 1997. Thailand has shifted its source for imports with those from the Republic of Korea rising by 66 percent, while imports from Japan and the CIS have fallen by about 50 percent. Imports in Indonesia are so far at the same level as in the corresponding period last year.

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

	1998		1997	Change from last year 1/
	August	September	September	
	(. . . . . US$/tonne . . . . .)			(. percentage .)
Urea				
eastern Europe	85-87	82-84	90-94	- 10.2
Near East	99-111	98-110	97-108	- 1.2
Ammonium Sulphate				
eastern Europe	26-36	27-36	33-44	- 17.8
U.S. Gulf	45-55	45-55	80-85	- 39.4
western Europe	40-45	40-45	80-82	- 47.5
Far East	68-73	55-56	93-93	- 40.3
Diammonium Phosphate				
Jordan	211-219	212-219	214-219	- 0.4
North Africa	209-215	211-216	201-215	+ 2.6
U.S. Gulf	209-211	208-211	197-199	+ 6.0
Triple Superphosphate				
North Africa	159-164	161-164	160-165	+ 0.1
U.S. Gulf	168-172	171-175	161-164	+ 6.2
Muriate of Potash				
eastern Europe	90-105	91-106	83-96	+ 10.0
Vancouver	115-127	115-127	114-127	+ 0.3
western Europe	126-136	127-136	112-117	+ 14.8

SOURCE: Compiled from Fertilizer Week and Fertilizer Market Bulletin.

1/ From mid-point of given ranges.

Prices for Diammonium phosphate (DAP) remained stable in August and September and are between 3-6 percent above the corresponding period a year ago. Demand from Asia continues to sustain the DAP market. Demand in China is expected to be high because of the need to compensate for crop losses sustained during recent floods. DAP demand from India is uncertain; the DAP retail price has been deregulated and the impact on import requirements is yet unknown. DAP destined for India will meet demand in other markets such as Australia, Viet Nam and China. In western Europe DAP demand is low and it is decreasing in Latin America where the season for application is almost over. In the United States DAP production increased slightly compared to 1997. The expected slippage of September shipments to October due to hurricane Georges did not materialize. Demand in the US domestic market is low at present, but exports are expected to sustain prices at present levels.

Triple superphosphate (TSP) prices increased in September. Spot prices in North Africa are the same as last year while TSP prices in the US Gulf are 6 percent higher. North African exports are supplying markets in the Islamic Republic of Iran, Argentina, Brazil, and western Europe. Bangladesh is importing 20 000 tonnes from the United States, while at the same time Bulgaria is exporting considerable amounts of TSP to the United States.

International spot prices for Muriate of potash (MOP) have increased by 10 percent or more in both eastern and western European markets compared to the previous year, while they remain at the same level in the Vancouver market. MOP imports in Brazil may be affected by revised foreign exchange measures and domestic price increases. In India, MOP price controls have been imposed to mitigate farmers' hardship caused by floods, drought and cyclones in various parts of the country. The MOP subsidy policy in Indonesia is at present under review. In France, demand for granular MOP has been low because of poor weather; consumption this year has been 5 percent lower compared to 1997.

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

	Wheat			Coarse Grains		
	1996	1997 estim.	1998 f"cast	1996	1997 estim.	1998 f"cast
	(. . . . . million tonnes . . . . .)					
ASIA	**229.4**	**249.9**	**244.4**	**226.3**	**192.8**	**215.4**
Bangladesh	1.4	1.5	1.8	0.1	0.1	0.1
China 1/	110.6	123.3	112.0	145.9	119.6	137.7
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	12.0	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	0.5	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	21.0	10.5	10.8	10.9
Viet Nam	-	-	-	1.3	1.3	1.2
AFRICA	**22.8**	**15.5**	**18.6**	**88.7**	**76.3**	**79.4**
North Africa	**16.6**	**10.0**	**13.8**	**13.5**	**9.3**	**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**	**4.8**	**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**	**1.9**	**19.4**	**17.1**	**14.7**
Madagascar	-	-	-	0.2	0.2	0.2
South Africa	2.7	2.3	1.5	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**	**28.2**	**29.2**
Mexico	3.4	3.6	3.3	25.5	25.1	25.5
SOUTH AMERICA	**22.0**	**20.1**	**15.6**	**54.6**	**63.6**	**63.0**
Argentina	16.0	14.8	10.9	13.5	19.7	24.3
Brazil	3.3	2.4	2.2	33.0	35.6	31.2
Colombia	0.1	0.1	0.1	1.6	1.3	1.6
NORTH AMERICA	**92.0**	**93.0**	**92.9**	**296.4**	**290.7**	**296.9**
Canada	29.8	24.3	23.3	28.6	25.1	25.4
United States	62.2	68.8	69.6	267.8	265.6	271.5
EUROPE	**128.6**	**132.3**	**139.8**	**160.1**	**175.7**	**165.7**
Bulgaria	1.8	3.6	3.2	1.6	2.6	2.3
EC 2/	100.1	95.1	103.8	105.1	110.6	107.4
Hungary	3.9	5.3	5.0	7.3	8.9	8.0
Poland	8.6	8.2	9.3	16.7	17.2	17.3
Romania	3.1	7.1	5.2	11.1	15.0	11.9
CIS 3/	**67.4**	**81.1**	**57.2**	**55.7**	**70.8**	**43.9**
OCEANIA	**24.0**	**19.7**	**22.1**	**11.7**	**10.7**	**9.2**
Australia	23.7	19.4	21.9	11.1	10.0	8.6
WORLD	**589.6**	**615.4**	**594.0**	**922.8**	**908.8**	**902.6**
Developing countries	274.3	286.2	279.6	387.7	351.1	378.6
Developed countries	315.3	329.2	314.3	535.1	557.8	524.0

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 October 1998**

	Rice (paddy)			Total Cereals 1/		
	1996	1997 estim.	1998 f"cast	1996	1997 estim.	1998 f"cast
	(. . . . . million tonnes . . . . .)					
ASIA	**522.7**	**527.6**	**513.7**	**978.4**	**970.4**	**973.5**
Bangladesh	28.3	28.3	27.3	29.8	29.8	29.2
China 2/	197.0	203.0	193.3	453.5	445.9	443.0
India	122.1	125.4	126.1	218.5	224.9	224.9
Indonesia	51.1	49.4	45.4	60.4	58.1	54.6
Iran, Islamic Rep. of	2.6	2.9	2.9	15.1	16.9	18.7
Japan	12.9	12.5	11.2	13.7	13.3	12.0
Korea, D. P. R.	2.0	1.7	1.6	4.5	2.9	4.0
Korea, Rep. of	7.3	7.5	7.0	7.7	7.9	7.4
Myanmar	17.7	16.5	17.0	18.2	17.0	17.5
Pakistan	6.5	6.5	6.9	25.1	24.8	27.8
Philippines	11.2	10.0	10.8	15.3	14.3	14.6
Saudi Arabia	-	-	-	1.9	2.1	2.4
Thailand	22.4	22.4	22.5	27.1	26.5	27.3
Turkey	0.3	0.3	0.3	29.3	29.7	32.3
Viet Nam	27.3	27.7	27.5	28.6	29.0	28.7
AFRICA	**15.5**	**16.9**	**15.6**	**127.0**	**108.7**	**113.5**
North Africa	**5.0**	**5.5**	**4.5**	**35.1**	**24.8**	**29.4**
Egypt	4.9	5.5	4.5	17.2	18.2	17.8
Morocco	0.1	-	0.1	10.1	4.1	6.7
Sub-Saharan Africa	**10.6**	**11.4**	**11.1**	**91.9**	**84.0**	**84.1**
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**	**19.0**
Madagascar	2.6	2.5	2.2	2.7	2.7	2.4
South Africa	-	-	-	13.5	11.9	9.7
Zimbabwe	-	-	-	3.1	2.7	1.8
CENTRAL AMERICA	**2.0**	**2.1**	**2.0**	**34.6**	**34.0**	**34.6**
Mexico	0.4	0.5	0.5	29.3	29.2	29.3
SOUTH AMERICA	**18.1**	**17.7**	**16.0**	**94.7**	**101.4**	**94.6**
Argentina	1.0	1.2	1.0	30.4	35.7	36.2
Brazil	10.0	9.5	8.5	46.4	47.5	42.0
Colombia	1.6	1.5	1.7	3.3	2.9	3.3
NORTH AMERICA	**7.8**	**8.1**	**8.2**	**396.2**	**391.9**	**398.0**
Canada	-	-	-	58.4	49.4	48.7
United States	7.8	8.1	8.2	337.7	342.5	349.4
EUROPE	**2.7**	**2.8**	**2.9**	**291.5**	**310.8**	**308.4**
Bulgaria	-	-	-	3.4	6.2	5.5
EC 3/	2.7	2.8	2.8	207.8	208.5	214.0
Hungary	-	-	-	11.3	14.2	13.0
Poland	-	-	-	25.3	25.4	26.6
Romania	-	-	-	14.2	22.1	17.1
CIS 4/	**1.2**	**1.1**	**1.3**	**124.3**	**153.0**	**102.3**
OCEANIA	**1.0**	**1.4**	**1.4**	**36.7**	**31.9**	**32.7**
Australia	1.0	1.4	1.3	35.8	30.8	31.8
WORLD	**571.1**	**577.8**	**561.1**	**2083.4**	**2102.0**	**2057.7**
Developing countries	545.4	551.8	536.1	1207.4	1189.1	1194.4
Developed countries	25.6	25.9	25.0	876.0	912.9	863.3

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**	**45.4**	**42.1**	**55.6**	**53.2**	**52.8**
Bangladesh	1.1	1.0	1.8	-	-	-
China 2/	5.2	3.2	3.1	8.0	6.8	7.3
China, Hong Kong SAR	0.4	0.4	0.4	0.1	-	-
India	1.8	2.3	1.2	0.2	0.2	0.2
Indonesia	4.2	3.8	3.2	0.9	0.8	0.2
Iran, Islamic Rep. of	7.0	4.0	3.3	2.2	1.7	1.3
Japan	6.3	6.2	6.2	20.3	20.9	20.6
Korea, Rep. of	3.9	3.9	4.1	9.1	8.1	8.0
Malaysia	1.3	1.0	1.0	2.4	2.0	2.0
Pakistan	3.0	3.8	1.8	-	-	-
Philippines	2.0	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	**20.1**	**23.3**	**22.0**	**8.9**	**10.8**	**11.5**
North Africa	**13.9**	**16.7**	**15.4**	**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	2.5	2.0	0.7	0.8	0.7
Tunisia	0.8	1.3	0.9	0.5	0.8	0.7
Sub-Saharan Africa 3/	**6.2**	**6.5**	**6.6**	**3.0**	**4.3**	**5.2**
Cote d'Ivoire	0.2	0.3	0.3	-	-	-
Ethiopia	0.2	0.5	0.4	-	0.2	-
Kenya	0.4	0.5	0.3	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	0.5	0.4	-	-	-
CENTRAL AMERICA	**4.2**	**5.2**	**5.6**	**8.7**	**10.0**	**10.3**
Mexico	1.9	2.2	2.3	6.3	6.8	7.4
SOUTH AMERICA	**11.2**	**10.0**	**11.6**	**5.3**	**5.9**	**7.4**
Brazil	6.5	5.0	6.2	0.7	1.2	2.1
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**	**3.2**
EUROPE	**6.4**	**5.3**	**4.1**	**6.2**	**3.4**	**3.9**
EC 4/	1.7	3.0	2.0	2.6	1.9	2.0
CIS 5/	**2.7**	**2.8**	**3.3**	**0.3**	**0.3**	**0.2**
OCEANIA	**0.5**	**0.4**	**0.4**	**-**	**0.1**	**0.1**
WORLD	**96.7**	**94.9**	**91.5**	**88.4**	**87.8**	**89.3**
Developing countries	76.7	76.2	73.2	56.3	57.4	58.9
Developed countries	20.1	18.7	18.3	32.1	30.4	30.4

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

1/ Including wheat flour in wheat grain equivalent, but excluding semolina.
2/ Including Taiwan Province.
3/ 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**	**15.8**	**10.8**	**113.7**	**114.4**	**105.7**
Bangladesh	-	1.6	1.1	1.1	2.6	2.9
China 2/	0.3	0.3	0.6	13.5	10.3	11.0
China, Hong Kong SAR	0.3	0.3	0.3	0.8	0.8	0.8
India	-	-	-	2.0	2.5	1.4
Indonesia	1.0	5.5	1.4	6.1	10.1	4.8
Iran, Islamic Rep. of	0.9	0.6	0.8	10.1	6.3	5.4
Japan	0.6	0.6	0.7	27.2	27.7	27.5
Korea, Rep. of	0.1	0.1	0.1	13.1	12.1	12.2
Malaysia	0.6	0.7	0.7	4.3	3.7	3.7
Pakistan	-	-	-	3.0	3.8	1.8
Philippines	0.9	2.2	1.2	3.5	4.5	3.7
Saudi Arabia	0.9	0.7	0.9	6.7	6.5	7.2
Singapore	0.3	0.2	0.3	0.8	0.7	0.7
Sri Lanka	0.3	0.2	0.1	1.3	1.2	1.1
Syria	0.2	0.2	0.2	0.6	0.7	0.7
Thailand	-	0.2	-	1.0	1.2	0.8
Yemen	0.2	0.2	0.2	2.6	2.8	2.9
AFRICA	**4.3**	**3.8**	**4.0**	**33.3**	**37.8**	37.6
North Africa	**0.2**	**0.2**	**0.2**	**20.0**	**23.4**	22.0
Algeria	0.1	0.1	0.1	4.2	5.9	5.7
Egypt	-	-	-	10.0	10.2	10.0
Morocco	-	-	-	2.3	3.3	2.7
Tunisia	-	-	-	1.4	2.1	1.6
Sub-Saharan Africa 3/	**4.0**	**3.5**	**3.7**	**13.2**	**14.3**	**15.5**
Cote d'Ivoire	0.5	0.4	0.4	0.7	0.6	0.7
Ethiopia	-	-	-	0.2	0.6	0.4
Kenya	0.1	0.1	0.1	1.2	1.3	1.0
Madagascar	0.1	0.1	0.1	0.1	0.2	0.2
Senegal	0.5	0.5	0.5	0.7	0.8	0.8
Sudan	-	-	-	0.5	0.5	0.5
CENTRAL AMERICA	**1.4**	**1.3**	**1.4**	**14.3**	**16.6**	**17.2**
Mexico	0.3	0.3	0.4	8.5	9.2	10.0
SOUTH AMERICA	**1.4**	**1.9**	**1.8**	**17.9**	**17.8**	**20.8**
Brazil	0.8	1.2	1.2	8.0	7.4	9.5
Colombia	0.3	0.3	0.3	2.8	3.0	3.0
Peru	0.2	0.3	0.3	2.2	2.5	2.5
Venezuela	-	-	-	2.4	2.4	2.6
NORTH AMERICA	**0.6**	**0.6**	**0.6**	**6.6**	**7.2**	**6.3**
EUROPE	**1.2**	**1.0**	**1.1**	**13.8**	**9.7**	**9.0**
EC 4/	0.7	0.6	0.6	5.0	5.5	4.6
CIS 5/	**0.5**	**0.4**	**0.4**	**3.5**	**3.4**	**3.9**
OCEANIA	**0.3**	**0.3**	**0.3**	**0.9**	**0.8**	**0.8**
WORLD	**18.8**	**25.1**	**20.4 6/**	**203.9**	**207.8**	**201.3**
Developing countries	15.2	21.9	17.0	148.2	155.5	149.1
Developed countries	3.6	3.2	3.4	55.7	52.3	52.1

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**	**3.5**	**4.3**	**3.4**	**8.6**	**5.2**
China 2/	-	-	-	2.2	7.0	3.5
India	0.6	-	0.1	-	-	-
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	0.1	-	-	-	-
Saudi Arabia	-	-	-	-	-	-
Thailand	-	-	-	0.1	-	0.1
Turkey	0.9	1.2	2.0	0.3	0.9	0.9
Viet Nam	-	-	-	0.2	0.2	0.2
AFRICA	**0.3**	**0.4**	**0.4**	**4.7**	**2.6**	**1.5**
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**	**9.3**	**7.3**	**12.5**	**13.7**	**13.6**
Argentina	9.6	9.0	7.0	11.4	13.0	13.2
Suriname	-	-	-	-	-	-
Uruguay	-	-	-	0.1	0.1	0.1
NORTH AMERICA	**44.9**	**49.1**	**43.5**	**57.1**	**47.4**	**52.3**
Canada	17.9	21.0	14.0	5.0	3.7	3.8
United States	27.0	28.1	29.5	52.2	43.6	48.5
EUROPE	**17.5**	**16.5**	**19.0**	**9.4**	**7.9**	**11.1**
EC 3/	16.4	14.0	16.5	8.6	4.5	8.0
Hungary	0.7	1.2	1.2	0.6	1.9	1.8
Poland	0.1	-	0.2	0.1	0.1	0.2
Romania	0.2	0.9	0.3	-	1.2	1.0
CIS 4/	**0.7**	**2.5**	**1.1**	**0.6**	**2.7**	**1.7**
OCEANIA	**18.4**	**15.1**	**15.8**	**4.4**	**2.9**	**3.9**
Australia	18.4	15.1	15.8	4.4	2.9	3.9
WORLD	**96.3**	**96.8**	**91.5**	**92.2**	**85.8**	**89.3**
Developing countries	14.2	12.9	11.5	18.2	23.5	19.8
Developed countries	82.1	83.9	80.0	74.0	62.3	69.5

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**	**19.1**	**15.3**	**21.7**	**31.2**	**24.7**
China 2/	1.0	2.8	0.9	3.3	9.8	4.4
India	2.0	3.5	2.6	2.6	3.5	2.7
Indonesia	-	-	-	-	0.2	0.3
Japan	0.1	0.7	0.5	0.5	1.1	0.9
Korea, D. P. R.	-	-	-	-	-	-
Myanmar	-	0.1	-	0.1	0.2	0.1
Pakistan	1.9	2.1	2.0	2.0	2.2	2.0
Saudi Arabia	-	-	-	-	-	-
Thailand	5.3	6.2	5.7	5.4	6.2	5.8
Turkey	-	-	-	1.2	2.1	2.9
Viet Nam	3.6	3.7	3.5	3.7	3.9	3.7
AFRICA	**0.4**	**0.6**	**0.3**	**5.4**	**3.5**	**2.2**
Egypt	0.4	0.5	0.3	0.4	0.5	0.3
South Africa	-	-	-	2.7	1.7	0.8
Sudan	-	-	-	0.1	0.1	0.1
Zimbabwe	-	-	-	0.3	0.3	0.1
CENTRAL AMERICA	**-**	**-**	**-**	**0.2**	**0.4**	**0.2**
SOUTH AMERICA	**1.7**	**1.5**	**1.3**	**24.1**	**24.5**	**22.2**
Argentina	0.6	0.6	0.5	21.6	22.6	20.7
Suriname	0.1	-	0.1	0.1	-	0.1
Uruguay	0.6	0.5	0.5	0.7	0.6	0.6
NORTH AMERICA	**2.3**	**3.0**	**2.8**	**104.4**	**99.5**	**98.6**
Canada	-	-	-	22.9	24.7	17.8
United States	2.3	3.0	2.8	81.5	74.7	80.8
EUROPE	**0.2**	**0.2**	**0.2**	**27.0**	**24.6**	**30.3**
EC 3/	0.2	0.2	0.2	25.2	18.7	24.7
Hungary	-	-	-	1.3	3.1	3.0
Poland	-	-	-	0.2	0.1	0.4
Romania	-	-	-	0.2	2.1	1.3
CIS 4/	**-**	**-**	**-**	**1.3**	**5.2**	**2.8**
OCEANIA	**0.6**	**0.7**	**0.6**	**23.4**	**18.8**	**20.3**
Australia	0.6	0.7	0.6	23.4	18.7	20.3
WORLD	**19.0**	**25.1**	**20.4 5/**	**207.5**	**207.8**	**201.3**
Developing countries	15.8	20.5	16.4	48.2	56.9	47.6
Developed countries	3.2	4.6	4.1	159.3	150.9	153.7

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	38.2	0.8	0.9	0.9
Production	62.2	68.8	69.6	267.8	265.5	271.4	5.5	5.8	5.9
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**	**91.7**	**285.0**	**295.2**	**312.1**	**6.6**	**7.0**	**7.2**
Domestic use	35.6	35.4	37.9	206.4	211.8	215.9	3.2	3.3	3.6
Exports	27.2	28.3	30.0	51.6	45.2	49.0	2.5	2.8	2.7
Closing stocks	12.1	19.7	23.8	27.0	38.2	47.2	0.9	0.9	0.9
	CANADA (August/July)			**CANADA**			**THAILAND** (Nov./Oct.) 3/		
Opening stocks	6.7	9.0	6.0	2.7	4.8	4.9	0.8	1.1	0.8
Production	29.8	24.3	23.3	28.6	25.1	25.4	14.8	14.8	14.9
Imports	0.1	0.1	0.0	0.8	1.4	0.7	0.0	0.2	0.0
Total Supply	**36.6**	**33.4**	**29.3**	**32.2**	**31.3**	**31.0**	**15.6**	**16.2**	**15.7**
Domestic use	8.2	7.4	7.7	22.0	22.7	23.3	9.3	9.1	9.3
Exports	19.4	20.0	15.3	5.4	3.7	3.3	5.3	6.2	5.7
Closing stocks	9.0	6.0	6.4	4.8	4.9	4.3	1.1	0.8	0.7
	ARGENTINA (Dec./Nov.)			**ARGENTINA**			**CHINA** (Jan./Dec.) 3/ 4/		
Opening stocks	0.4	0.9	0.9	0.3	0.1	0.2	10.6	12.3	14.7
Production	16.0	14.8	10.9	13.5	19.7	24.3	135.1	139.2	132.5
Imports	0.0	0.0	0.0	0.1	0.0	0.0	0.3	0.3	0.6
Total Supply	**16.4**	**15.7**	**11.8**	**13.8**	**19.8**	**24.5**	**146.0**	**151.7**	**147.8**
Domestic use	5.7	5.3	4.8	5.5	7.5	8.3	132.7	134.2	134.7
Exports	9.8	9.5	6.5	8.2	12.1	15.4	1.0	2.8	0.9
Closing stocks	0.9	0.9	0.5	0.1	0.2	0.8	12.3	14.7	12.2
	AUSTRALIA (Oct./Sept.)			**AUSTRALIA**			**PAKISTAN** (Nov./Oct.) 3/		
Opening stocks	1.9	2.7	2.0	1.0	1.1	2.0	0.4	0.5	0.3
Production	23.7	19.4	21.9	11.1	10.0	8.6	4.3	4.3	4.6
Imports	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Supply	**25.6**	**22.1**	**23.9**	**12.1**	**11.1**	**10.5**	**4.7**	**4.8**	**4.9**
Domestic use	3.5	5.0	5.1	5.8	5.6	5.7	2.4	2.4	2.5
Exports	19.4	15.1	16.0	5.2	3.5	3.2	1.9	2.1	2.0
Closing stocks	2.7	2.0	2.8	1.1	2.0	1.6	0.5	0.3	0.4
	EC (July/June) 5/			**EC** 5/			**VIET NAM** (Nov./Oct.) 3/		
Opening stocks	9.5	11.3	12.3	13.0	15.8	23.5	1.7	1.8	1.7
Production	100.1	95.1	103.8	105.1	110.6	107.4	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**	**118.1**	**120.6**	**128.3**	**132.9**	**19.5**	**19.8**	**19.6**
Domestic use	83.5	82.9	85.5	96.2	100.3	100.5	14.1	14.4	14.6
Exports	16.5	14.2	17.6	8.6	4.5	8.0	3.6	3.7	3.5
Closing stocks	11.3	12.3	15.0	15.8	23.5	24.4	1.8	1.7	1.5
TOTAL ABOVE									
Opening stocks	28.8	36.0	40.9	31.5	48.8	68.7	14.3	16.4	18.4
Production	231.7	222.4	229.4	426.1	430.8	437.0	177.4	182.2	175.8
Imports	4.4	5.6	4.5	6.3	6.1	5.3	0.7	0.8	0.9
Total Supply	**264.9**	**264.0**	**274.7**	**463.8**	**485.7**	**511.0**	**192.3**	**199.4**	**195.1**
Domestic use	136.6	136.0	140.9	336.0	348.0	353.7	161.7	163.4	164.6
Exports	92.4	87.1	85.4	79.0	69.0	79.0	14.2	17.5	14.8
Closing stocks	36.0	40.9	48.5	48.8	68.7	78.3	16.4	18.4	15.6

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	**382.4**	**344.1**	**316.6**	**260.6**	**299.4**	**330.8**	**323.2**
held by:							
- main exporters 2/	170.0	119.3	108.7	74.5	101.2	128.0	142.4
- others	212.3	224.8	207.9	186.1	198.2	202.8	180.8
BY GRAINS							
Wheat	**147.5**	**145.4**	**116.6**	**103.6**	**112.6**	**135.1**	**130.9**
held by:							
- main exporters 2/	55.6	46.9	31.8	28.8	36.0	40.9	48.5
- others	91.9	98.5	84.9	74.9	76.7	94.3	82.4
Coarse Grains	**168.2**	**136.5**	**145.5**	**104.5**	**130.3**	**139.2**	**142.1**
held by:							
- main exporters 2/	91.2	53.3	62.5	31.5	48.8	68.7	78.3
- others	76.9	83.2	83.0	73.0	81.6	70.4	63.7
Rice (milled basis)	**66.7**	**62.2**	**54.5**	**52.5**	**56.4**	**56.5**	**50.3**
held by:							
- main exporters 2/	23.2	19.1	14.5	14.3	16.4	18.4	15.6
- others	43.5	43.1	40.0	38.3	40.0	38.1	34.7
BY REGIONS							
Developed Countries	**215.7**	**175.5**	**160.0**	**106.1**	**126.3**	**170.7**	**168.5**
of which:							
North America	**96.4**	**59.9**	**69.4**	**35.0**	**53.9**	**69.7**	**82.6**
Canada	17.6	16.2	9.2	9.5	13.9	10.9	10.7
United States	78.8	43.7	60.2	25.5	40.0	58.7	71.8
Others	**119.3**	**115.6**	**90.6**	**71.1**	**72.5**	**101.0**	**85.9**
Australia	5.6	4.6	2.6	3.0	3.8	4.1	4.6
CIS 3/	46.5	49.0	35.0	20.3	14.5	29.4	12.2
EC 4/	46.1	35.8	23.0	22.7	27.3	35.9	39.5
Japan	4.5	4.3	5.4	6.1	6.6	7.1	6.5
Developing Countries	**166.7**	**168.6**	**156.7**	**154.5**	**173.1**	**160.1**	**154.7**
of which:							
Asia 5/	**137.0**	**138.4**	**122.9**	**126.5**	**140.3**	**130.5**	**126.7**
Bangladesh	3.3	3.0	2.6	1.9	1.9	2.1	1.5
China 6/	58.1	56.4	48.2	53.4	63.8	57.8	55.5
India 7/	11.3	19.0	24.1	18.4	10.7	13.0	13.0
Indonesia	6.3	6.1	5.0	6.0	6.4	4.6	3.8
Korea, Rep. of	4.0	3.3	2.4	1.8	2.5	2.8	2.9
Pakistan	3.6	4.1	3.2	3.3	3.7	3.5	3.6
Philippines	2.0	2.1	2.0	2.6	2.8	2.9	2.5
Turkey	2.2	4.4	1.9	4.0	5.2	4.8	4.4
Africa	**16.4**	**15.1**	**18.5**	**12.0**	**18.8**	**15.9**	**15.7**
Central America	**4.3**	**4.6**	**4.7**	**6.4**	**6.8**	**6.9**	**6.4**
South America	**8.9**	**10.3**	**10.4**	**9.6**	**7.1**	**6.7**	6.0
Argentina	0.4	1.1	0.7	0.8	1.2	1.2	1.4
Brazil	5.6	5.2	5.8	4.9	2.4	1.9	1.6
WORLD STOCKS	(. . . . . percentage . . . . .)						
as % of consumption	**21.7**	**19.1**	**17.7**	**14.1**	**16.0**	**17.6**	**17.0**

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.4. **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 - October	155	145	150	120	120	113	261
1998 - April	133	119	124	107	97	107	246
May	131	113	126	105	102	104	245
June	124	107	121	104	103	104	243
July	120	97	118	101	104	101	243
August	112	93	111	88	99	91	213
september	113	97	114	87	96	84	207
October 5/ I	124	99	123	87	96	84	198
II	130	111	131	93	97	90	209
III	128	110	133	100	103	95	215
IV	133	112	128	98	104	93	215

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 High	Quality Low	Marketing years	Edible/ soap fats and oils	Oilcakes and meals
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 - October	278	198	429	121	123	114	1992/93	103	97
1998 - June	337	202	428	130	132	123	1993/94	127	93
July	340	216	410	132	134	128	1994/95	153	94
August	334	230	392	132	132	133	1995/96 - Oct.-Mar.	141	126
September	335	247	396	132	131	136	- Apr.-Sep.	138	130
October I	322	245	401	)			1996/97 - Oct.-Mar.	135	134
II	310	255	407	) 131	129	137	- Apr.-Sep.	133	132
III	306	257	407	)			1997/98 - Oct.-Mar.	150	130
IV	300	258	396	)			- Apr.-Sep.	158	103

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								
September 17	98	137	103	142	107	145	111	144
24	102	134	108	139	111	142	115	142
October 1	99	129	104	134	108	137	112	139
8	110	133	115	138	118	141	122	142
15	107	136	113	141	116	143	119	145
22	108	137	114	142	117	145	120	146
MAIZE								
September 17	81	104	87	107	90	109	92	111
24	82	103	87	106	90	108	92	110
October 1	81	101	86	104	89	106	91	108
8	86	111	90	115	93	107	95	118
15	89	114	94	118	97	120	98	121
22	87	116	92	119	94	122	97	123

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 - October	10.50	15.25	11.75	20.00	-	27.00	28.50
1998 - 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
September	8.00	22.00	8.30	20.00	-	27.00	28.00
October	8.00	22.00	8.60	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 - **SHIPMENTS OF FOOD AID IN CEREALS, July/June**

	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99 1/ f'cast
	(. . . . . thousand tons, grain equivalent 2/ . . . . .)					
Australia	225	258	181	169	240	350
Canada	712	602	436	373	349	450
China	4	0	1	171	90	200
EC 3/	3 140	3 410	2 488	1 962	1 697	2 800
of which:						
Community	2 022	2 488	1 731	1 073	861	
National Action	1 118	921	757	889	836	
Austria	*9*	*15*	*13*	*12*	*7*	
Belgium	*47*	*32*	*25*	*46*	*30*	
Denmark	*39*	*67*	*25*	*76*	*57*	
Finland	*22*	*9*	*2*	*5*	*1*	
France	*197*	*166*	*188*	*198*	*171*	
Germany	*243*	*242*	*202*	*208*	*190*	
Greece	*0*	*10*	*25*	*25*	*15*	
Ireland	*0*	*8*	*5*	*6*	*10*	
Italy	*179*	*68*	*86*	*82*	*56*	
Luxemburg	*1*	*1*	*2*	*2*	*7*	
Netherlands	*157*	*163*	*90*	*86*	*84*	
Spain	*15*	*8*	*4*	*0*	*0*	
Sweden	*89*	*110*	*76*	*41*	*66*	
United Kingdom	*241*	*156*	*105*	*103*	*142*	
India	0	0	8	5	3	5
Japan	385	398	821	281	302	375
Norway	56	34	14	32	44	60
Switzerland	58	54	35	43	41	40
United States	8 134	4 321	3 037	2 022	2 256	4 500
WFP purchases	1	0	0	17	12	20
Others donors	172	232	285	222	309	200
Total shipments	**13 007**	**9 443**	**7 397**	**5 298**	**5 344**	**9 000**
of which:						
Wheat	7 740	6 589	4 847	3 421	3 442	6 000
Rice	977	733	1 135	641	644	1 300
Coarse grains	4 290	2 121	1 414	1 236	1 258	1 700
of which to:						
Africa	3 696	3 593	2 526	1 960	2 014	2 000
Asia	3 926	4 067	3 911	2 388	2 762	5 000
Latin America	1 583	1 146	602	596	374	600
Others	3 802	637	358	354	194	1 400
to LIFDC 4/	7 817	7 910	6 400	4 447	4 838	8 000
of which:						
Sub-Saharan Africa	3 271	3 348	2 305	1 770	1 912	1 900
Channelled multilaterally	3 238	2 700	2 290	2 123	2 102	
As percent of Total shipments	25	29	31	40	39	

SOURCE: Compiled from data provided by donors and the World Food Programme.

1/ Estimated partly on the basis of minimum commitments under the Food Aid Convention of 1995, budgetary allocations and other sources.

2/ To express cereal food aid in grain equivalent, wheat, rice and coarse grains are counted on a one to one basis; for grain products, appropriate conversion factors are used to determine the grain equivalent.

3/ Up to 1994/95, twelve member countries; from 1995/96, 15 member countries (including Austria, Finland and Sweden).

4/ Low-income food-deficit countries: for definition see footnote 9/ to table on "Basic facts of the world cereal situation".

Table A.11 - **INTERNATIONAL EMERGENCY FOOD RESERVE (IEFR) and PROTRACTED REFUGEE OPERATIONS (PRO) in 1997 and 1998-** Contributions as of October 1998

Commodity/Donor	IEFR		PROs	
	Channelled through WFP 1/			
	1997	1998	1997	1998
Total Cereals 2/	**992 706**	**1 365 534**	**528 675**	**517 208**
Australia	40 979	46 196	31 696	13 064
Austria	2 553	-	770	500
Belgium	7 930	8 072	12 399	8 853
Canada	15 913	2 435	25 583	-
Denmark	10 269	5 462	4 528	-
EC	243 048	128 954	94 545	59 645
Finland	3 959	1 366	-	-
France	8 330	-	16 048	5 100
Germany	41 895	27 267	43 276	19 134
Ireland	1 594	1 668	42	-
Italy	9 156	127	-	-
Japan	138 299	64 918	44 232	26 512
Korea Rep. of	50 000	40 000	-	-
Netherlands	52 288	25 712	16 943	17 462
New Zealand	928	-	-	-
Norway	7 586	7 209	-	-
Spain	4 000	-	-	-
Sweden	19 364	25 068	7 275	12 737
Switzerland	8 705	18 942	16 340	9 164
United Kingdom	21 853	20 195	24 760	11 354
United States	301 775	936 807	189 405	332 128
Other donors	2 282	5 136	833	1 555
Total non cereals	**167 240**	**141 098**	**70 072**	**94 099**
Australia	341	2 835	-	40
Austria	515	1 660	-	-
Belgium	2 429	720	-	-
Canada	8 792	11 783	5 558	360
Denmark	4 230	3 814	4 965	6 166
EC	28 892	12 225	15 284	12 391
Finland	1 744	-	-	1 582
Germany	192	2 096	855	-
Ireland	977	870	439	708
Italy	627	150	-	-
Japan	1 393	636	699	-
Korea Rep. of	18 259	-	-	-
Netherlands	5 954	4 829	12 399	8 228
New Zealand	520	200	-	-
Norway	2 904	2 023	-	-
Spain	-	-	-	-
Sweden	8 640	2 000	6 058	2 624
Switzerland	2 226	2 086	1 383	3 508
United Kingdom	1 935	5 980	-	-
United States	72 288	87 181	22 322	58 492
Other donors	4 382	10	110	-

SOURCE: WFP

1/ Excluding bilateral contributions.
2/ Includes wheat, coarse grains and rice.

Table A.12 – **UNITED STATES: CEREALS AND SOYBEANS – PRODUCTION FORECAST FOR 1998**

	1996	1997	1998	Change 1998 over 1997
	(. . . . . million tonnes . . . . .)			(. . . percentage . . .)
Wheat	62.1	68.8	69.6	1.2
of which: winter	(40.2)	(51.2)	(51.4)	0.4
Coarse grains	267.8	265.6	271.5	2.2
of which: maize	(236.1)	(237.9)	(247.5)	4.0
Rice (paddy)	7.8	8.1	8.2	1.5
Soybeans	64.8	73.6	75.4	2.5

SOURCE: USDA: Crop production, 9 October 1998.

Table A.13 - **CANADA: CEREALS AND OILSEEDS - PRODUCTION FOR 1998**

	1996	1997	19987	Change 1998 over 1997
	(. . . . . thousand tonnes . . . . .)			(. . percentage . . .)
Wheat	29 801	24 280	23 299	-4.0
Oats	4 361	3 485	3 968	13.9
Barley	15 562	13 527	12 662	-6.4
Rye	309	320	393	22.8
Maize	7 380	7 006	7 587	8.3
Mixed Grains	582	603	544	-9.8
Linseed	851	895	1 102	23.1
Rapeseed	5 062	6 393	7 342	14.8

SOURCE: Statistics Canada, 8 October 1998.

Table A.14 - **AUSTRALIA: CEREAL PRODUCTION FOR 1998**

	1996	1997	1998	Change 1998 over 1997
	(. . . . . thousand tonnes . . . . .)			(. . percentage . .)
Wheat	23 700	19 417	21 855	12.6
Oats	1 700	1 580	1 250	-20.9
Barley	6 800	6 400	5 400	-15.6
Sorghum	1 555	1 210	1 070	-11.6
Maize	317	370	340	-8.1
Triticale	720	410	460	12.2
Rice (paddy)	951	1 380	1 340	-2.9

SOURCE: Australian Bureau of Statistics, 20 October 1998.

Table A.15 - **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	20.10.98	7.5	6.8	11.2	11.9
Coffee (I.C.O. daily price)	US cents per lb	20.10.98	93.7	91.6	115.9	93.0
Cocoa (I.C.C.O. daily price)	US cents per lb	20.10.98	76.4	74.5	78.9	61.9
Tea (all tea, London, weekly)	US$ per kg.	19.10.98	1.8	1.8	2.2	n.q.
Bananas (Central America, f.o.r., Hamburg)	DM per tonne	23.10.98	1 529 1/ 1 139 2/	1 825 1/ 1 297 2/	1 977 1/ 1 160 2/	1 094
Rubber (RSS 1, spot London)	Pence per kg.	21.10.98	49.8	48.3	57.0	59.5
Cotton (COTLOOK, index "A" 1-3/32")	US cents per lb	16.10.98	60.4	65.4	77.5	74.0
Wool (64's, London)	Pence per kg	16.10.98	279	300	428	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.

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

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ENQUIRIES should be directed to Mr. Abdur Rashid, Chief, Global Information and Early Warning Service, Commodities and Trade Division (ESC), FAO - Rome. (Telex:610181 FAO I GIEWS Direct Facsimile: 0039-6-5705-4495, E-mail INTERNET: GIEWS1@FAO.ORG).

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