global information and early warning system on food and agriculture

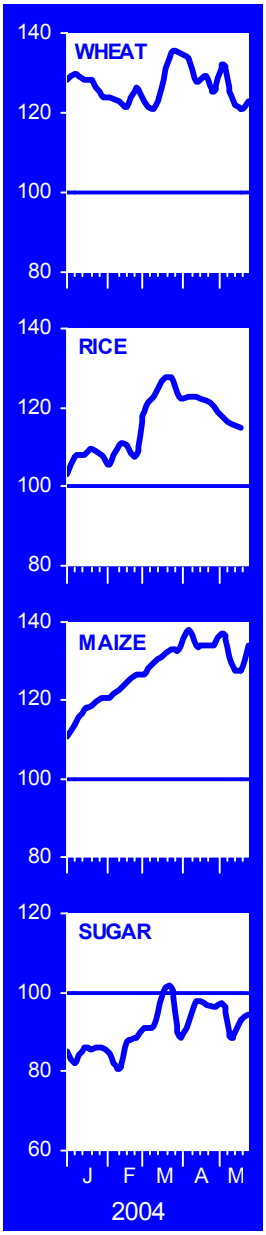
food outlook

No. 2 **June 2004**

highlights

EXPORT PRICES

(July 2003=100)



FAO's latest forecast of global cereal production in 2004 is 1 956 million tonnes, a substantial increase from the previous year. However, despite a modest expected rise in utilization, the new 2004/05 marketing season may lead to a fifth consecutive annual drawdown of global cereal stocks.

FAO's first forecast of global cereal trade in 2004/05 stands at 229.7 million tonnes, 3 percent down from the previous year. The decline mostly reflects, good crop prospects in traditional importing countries, as well as a strong production recovery in Europe. In the case of rice, trade is also expected to be limited by tight supplies in major exporting countries.

After rising for several months, international prices of most cereals eased back somewhat in recent weeks reflecting generally favourable prospects for the 2004 crops and, for rice, also the release of government stocks onto domestic markets in China and Thailand.

Global cassava production is forecast to expand in 2004, alongside a sharp increase in trade. A tightening of feed grain supplies in China could stimulate cassava imports to the country and could further strengthen international prices.

International meat prices are surging in 2004 as animal disease outbreaks in major meat exporting countries and resulting bans on imports from these areas are reducing exportable supplies.

International prices for dairy products were well above average during the first-half of 2004, as a result of sustained import demand and limited availability of export supplies. For the remainder of the year, prices are expected to remain at or near their current high levels.

International prices in the oilcrop complex have continued to rise strongly in the past few months, being strongly influenced by tight soybean supplies and by slower growth in palm oil production.

World pulse production is forecast to reach a record 60 million tonnes in 2004, which could lead to increased consumption and trade during the year.

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

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Meat and Meat Products		●		●
Milk and Milk Products		●		●
Oilseeds, Oils and Oilmeals		●		●
Pulses		●		
Sugar				●

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

BASIC FACTS OF THE WORLD CEREAL SITUATION

	2000/2001	2001/2002	2002/2003	2003/2004 estimate	2004/2005 forecast	Change 2004/05 over 2003/2004
WORLD PRODUCTION 1/	(. . . million tonnes . . .)					(percentage)
Wheat	585.9	588.4	569.8	560.0	595.1	6.3
Coarse grains	876.6	918.8	883.5	931.6	951.2	2.1
Rice, milled	400.9	400.4	381.9	394.9	409.6	3.7
(paddy)	(599.5)	(599.0)	(571.7)	(591.6)	(613.2)	3.7
All cereals (incl. milled rice)	**1 863.4**	**1 907.6**	**1 835.2**	**1 886.6**	**1 955.9**	**3.7**
Developing countries	1 008.9	1 028.1	1 000.2	1 047.6	1 057.0	0.9
Developed countries	854.4	879.5	835.0	839.0	898.9	7.1
WORLD TRADE 2/						
Wheat	100.9	108.2	110.0	102.0	98.0	-4.0
Coarse grains	108.3	105.4	105.7	110.0	105.0	-4.5
Rice (milled)	24.2	28.1	28.0	25.7	26.7	4.0
All cereals	**233.4**	**241.7**	**243.7**	**237.7**	**229.7**	**-3.4**
of which: Food aid shipments 3/	8.9	7.4	8.6	8.0		
WORLD UTILIZATION						
Wheat	589.7	599.6	603.7	598.9	609.0	1.7
Coarse grains	904.1	925.8	922.1	955.4	964.5	1.0
Rice (milled)	402.9	405.3	406.2	409.9	414.0	1.0
All cereals	**1 896.7**	**1 930.7**	**1 932.0**	**1 964.3**	**1 987.5**	**1.2**
Developing countries	1 145.6	1 163.6	1 165.9	1 197.8	1 205.0	0.6
Developed countries	751.1	767.1	766.1	766.5	782.5	2.1
Per Caput Food Use	(. . . kg/year . . .)					
Developing countries	160.3	160.1	158.4	159.0	158.2	-0.5
Developed countries	132.1	131.8	131.1	131.0	130.9	0.0
WORLD STOCKS 4/	(. . . million tonnes . . .)					
Wheat	242.4	233.4	197.8	155.9	140.1	-10.2
Coarse grains	207.7	196.5	161.1	138.5	123.8	-10.6
Rice (milled)	148.3	140.9	116.0	103.4	98.9	-4.3
All cereals	**598.5**	**570.8**	**474.9**	**397.8**	**362.7**	**-8.8**
Developing countries	436.5	402.8	333.5	277.2	242.4	-12.6
Developed countries	162.0	168.0	141.4	120.5	120.3	-0.2
EXPORT PRICES 3/	(. . . US$/tonne . . .)					
Rice (Thai, 100%, 2nd grade) 1/	207	177	197	201	236 5/	18.0 6/
Wheat (U.S. No.2 HRW)	128	127	161	161 7/		
Maize (U.S. No.2 Yellow)	86	90	107	114 7/		
OCEAN FREIGHT RATES 3/						
From U.S. Gulf to Egypt	15.0	15.0	16.7	34.7 8/		
LOW-INCOME FOOD-DEFICIT COUNTRIES 9/	(. . . million tonnes . . .)					
Roots & tubers production 1/	449.9	445.8	447.0	448.7	448.5	0.0
Cereal production (milled rice) 1/	780.0	786.9	768.9	786.7	806.7	2.5
Per caput production (kg.) 10/	203.2	202.1	194.8	196.4	198.7	1.2
Cereal imports 2/	78.3	83.8	82.5	78.5	85.7	9.1
of which: Food aid deliveries 3/	7.6	6.4	6.7	6.2		
Proportion of cereal import covered by food aid	(. . . percentage . . .)					
	9.7	7.6	8.1	7.9		

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

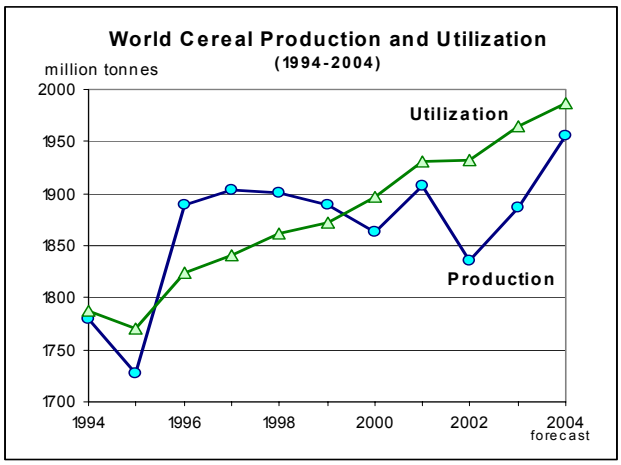
1/ Data refer to the calendar year of the first year shown. **2/** For wheat and coarse grains, trade refers to exports based on the July/June marketing season. For rice, trade refers to exports based on the calendar year of the second year shown. **3/** July/June. **4/** Stock data are based on an aggregate of individual country carryovers at the end of national crop years and, therefore, do not represent world stock levels at any point in time. **5/** Average of quotations for January-May 2004. **6/** Change from the corresponding period of the previous year, for which figures are not shown. **7/** Average of quotations for July 2003-May 2004. **8/** Average of quotations for July 2003-April 2004. **9/** Food deficit countries with per caput income below the level used by the World Bank to determine eligibility for IDA assistance (i.e. US$1 435 in 2001). **10/** Including milled rice.

Cereal Supply/Demand Roundup

Latest indications continue to point to a significant increase in global cereal production in 2004, to 1 956 million tonnes, 3.7 percent up from last year. However, this level of output would not meet expected utilization so another drawdown in global cereal stocks is forecast in the new 2004/05 marketing year. While the bulk of the drawdown will be in China, as in the past four years, cereal stocks held by the major exporters are also expected to remain at relatively low levels. Therefore, the buffer against unexpected shocks in cereal supply or demand has further narrowed and the possibility of more volatile prices in 2004/05 should not be ruled out.

World cereal production to increase in 2004

A large part of the increase in global cereal output comes from **wheat** production which is forecast to increase by 6.3 percent to 595 million tonnes, well above the average of the past five years. A sharp recovery in Europe's output, after the 2003 drought, and a small increase in Asia would more than offset reductions expected in North America and in Oceania. Regarding **coarse grains**, contrary to earlier tentative predictions, latest indications point to a rise in production in 2004, for the third year in succession, to 951 million tonnes. This would be 2.1 percent up from last year and the largest world output on record. The increase since the April report stems mostly from favourable conditions for the new crop in the United States, the world's largest producer. In Europe, a substantially larger 2004 crop is expected after increased plantings and better weather conditions. Global **rice** (milled) production in 2004 is also forecast to rise to a record 410 million tonnes, 3.7 percent more than in 2003. Much of the increase is expected in China, where the Government has launched several measures to reverse the falling trend in production. Large increases are also anticipated in other major producing countries in Asia, including Bangladesh, India and Indonesia, as well as in Africa and in Latin America and the Caribbean where several countries have already harvested bumper crops.



GLOBAL OUTLOOK[1/]

Wheat	2003/04	2004/05
Production	▼	▲
Trade	▼	▼
Stocks	▼	▼
Prices	▲	▼
Coarse Grains		
Production	▲	▲
Trade	▼	▼
Stocks	▼	▼
Prices	▲	●
Rice		
Production	▲	▲
Trade	▼	▲
Stocks	▼	▼
Prices	▲	▲

● stable ▲ up ▼ down - - not available

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

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

FAO projects slower growth in world cereal utilization in 2004/05

FAO expects a modest growth of some 1.2 percent in world cereal utilization in 2004/05, compared to 1.7 percent in the previous year. Increased utilization of coarse grains, particularly for feed and industrial uses, is expected to account for the bulk of the increase. Although a slight increase in cereal food use is also foreseen, global per caput food consumption of cereals is forecast to fall marginally to 152 kg, largely due to declining per caput consumption of wheat and rice in China.

World cereal stocks to decline further in 2005

Despite the large increase in production forecast this year, and a relatively modest growth of utilization, global cereal output in 2004 would not meet the expected utilization in 2004/05, so a further reduction of world cereal stocks is anticipated. Total world cereal inventories by the end of countries' marketing seasons in 2005 are forecast to fall to 363 million tonnes, which would be some 35 million tonnes, or 9 percent, below the already reduced opening level. Coarse grain stocks are expected to fall by about 15 million tonnes, to 124 million tonnes, those of wheat by 16 million tonnes, to 140 million tonnes, and those of rice by 5 million tonnes, to 99 million tonnes. As in the past few years, another sharp drawdown in China will account for the bulk of reduction in global stocks. Based on the FAO's

Carryover Stocks in China

	Crop years ending in :				
	2001	2002	2003	2004	2005 forecast
Wheat					
Current	104.3	90.1	73.6	53.8	38.8
Previous	110.0	89.5	65.0	37.0	
Rice					
Current	90.5	83.3	73.5	61.0	56.8
Previous	106.4	92.8	78.0	61.5	
Maize					
Current	80.5	71.2	58.2	43.1	34.2
Previous	101.5	87.5	71.5	54.0	

Source: FAO

latest estimates, cereal stocks in China (Mainland only) are likely to be reduced for the fifth consecutive year, this time by around 28 million tonnes, following a decline of almost 48 million tonnes already in 2004 (see box on page 6).

Cereal prices remain firm but under downward pressure

After rising for several months, international prices of most cereals eased back somewhat in recent weeks. Wheat prices came under downward pressure due to generally favourable crop prospects for 2004. The overall supply and demand outlook for wheat in the new season could prove less supportive to prices in view of relatively weak demand from major importing countries and higher exportable supplies. At this time of the year, coarse grains prices are highly sensitive to the weather and the size and condition of the new crop, especially in the United States. Prices have been somewhat volatile since mid-April but a downward movement became evident in recent weeks as the bulk of planting in the northern hemisphere was completed and crops began to develop under generally favourable conditions. Another factor was the decline in soybean prices. However, a possible recovery in feed demand in Asia, smaller exportable supplies in China and a decline of freight rates to more normal levels are among the factors which could prove supportive to prices in 2004/05. International rice prices continued to firm in May, but the upward pressure eased somewhat following the release of large supplies from stocks by Thailand and China.

Cereal Export Prices *

	2004		2003
	May	March	May
	(. . . . . US$/tonne . . . . . .)		
United States			
Wheat	167	171	147
Maize	130	129	108
Sorghum	126	132	103
Argentina			
Wheat	157	153	157
Maize	118	110	104
Thailand			
Rice white	236	253	202
Rice, broken	215	213	143

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

FAO expects trade in cereals to decline sharply in 2004/05

FAO's first forecast for global cereal trade in 2004/05 points to a reduction of about 3 million tonnes, or 3.2 percent, in imports compared to the previous year. International trade in wheat and coarse grains is expected to decline, mostly in response to good crop prospects in traditional importing countries as well as a strong production recovery in Europe. The first forecast for world wheat trade in 2004/05 (July/June) stands at 98 million tonnes, down 4 million tonnes from the previous year, despite an expected significant increase in imports by China. Global trade in coarse grains is forecast at 105 million tonnes, down 5 million tonnes from the previous year, mostly reflecting a reduction in imports among the developed countries. This early assessment depends largely on current production forecasts for 2004, which are still tentative. World rice trade in calendar year 2004 is forecast to contract, reflecting both a tightening of supplies in major exporting countries, which in some cases have given rise to export bans, and reduced imports expected by Indonesia and other traditional importers, reflecting bumper crops forecast. Preliminary indications suggest an increase in rice trade in 2005, although, as with coarse grains, this forecast is subject to the outcome of production in 2004.

World Cereal Production, Supplies, Trade and Stocks

	2002/03	2003/04 estimate	2004/05 forecast
	(. . . . . million tonnes . . . . . .)		
Production 1/	**1 835**	**1 887**	**1 956**
Wheat	570	560	595
Coarse grains	884	932	951
Rice (milled)	382	395	410
Supply 2/	**2 406**	**2 361**	**2 354**
Utilization	**1 932**	**1 964**	**1 988**
Trade 3/	**244**	**238**	**230**
Ending Stocks 4/	**475**	**398**	**363**

Source: FAO

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

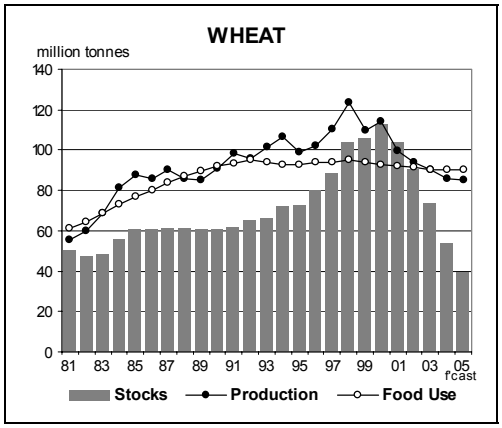
Will China be a risk to global cereal markets in 2004/05?

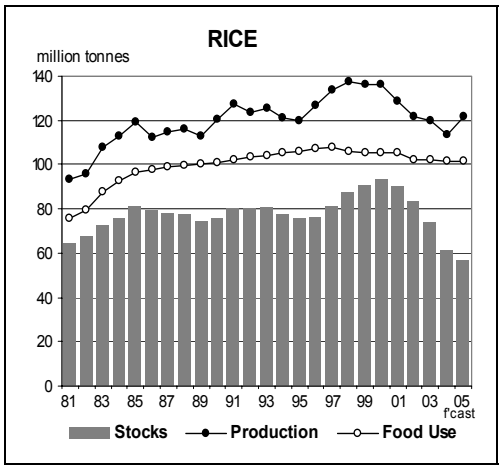
Exactly one year ago in this report (Food outlook, June 2003), FAO questioned if another large reduction in China's cereal stocks in 2004 would pose a serious risk for global food security. As new marketing seasons are soon to begin, similar concerns are gaining momentum. It could be argued that, for many internationally traded commodities, rising imports by China have been identified as the major force underlying buoyant commodity prices on world markets in recent months. World cereal prices have also risen sharply during the course of the 2003/04 season, but the surge can be attributed to several factors other than domestic developments in China, since the country has so far remained a net exporter, in defiance of continuing declines in its own supplies and rising domestic prices.

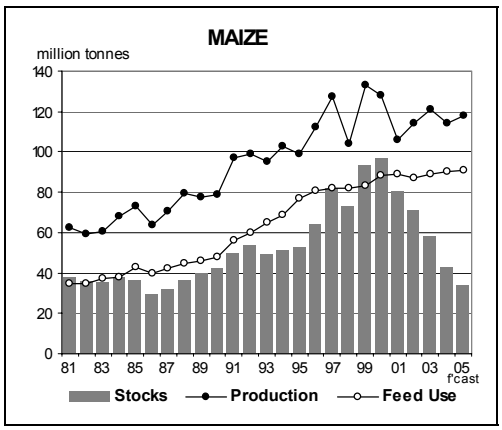
It is possible that China will eventually emerge as a major cereal importer and that cereal price developments in world markets will become more receptive to developments in that country. But, based on the FAO's latest assessment of China's cereal situation, there is some rationale to believe that the apparent tightening of supplies in the country may not prove so detrimental to world markets for at least a few more years. In 2000, when early signs of reductions in cereal stocks in China began to appear, FAO undertook a major review of its cereal supply and demand balances and concluded that inventories held in China were probably much larger than it had estimated before. As a result, FAO ruled out the possibility of an imminent crisis arising from the successive declines in China's domestic cereal production.

From a statistical view point, FAO cereal balances for China portray a massive accumulation of stocks in the 1990s followed by an equally impressive de-stocking since 1999; the credibility of which depends on a welter of assumptions about China's food and feed uses as well as on the accuracy of the official production statistics. In late 2003, FAO carried out an in-depth evaluation of China's cereal situation and reported its main findings to the joint meeting of the Intergovernmental Groups on Grains and Rice in February 2004 [1/]. The report compared FAO's utilization estimates with the adjusted statistics derived from national sources. One of the conclusions of this study was that FAO's feed and stock estimates were generally too low, while its food estimates were too high, especially in recent years. These findings resulted in yet another revision of FAO's cereal balances for China, including further adjustments to FAO estimates for both utilization and stocks [2/].

Based on the latest FAO figures, current cereal stocks in China still seem adequate in spite of consecutive sharp declines since 1999. This, coupled with the recent announcements by the Chinese Government of new measures to stimulate cereal production, reduces the possibility of a sudden increase in China's imports for the time being. In fact, China is more likely to remain a large exporter of maize and rice also in 2004/05. China's wheat inflows from international markets are expected to rise, but still remain modest. China is therefore unlikely to emerge as a major disturbing factor for global food security, and further increases in international cereal prices in the coming season are unlikely to stem exclusively from developments in China.







1/ The Critical Review of China's Cereal Supply Demand and Implications for World Markets". This paper is available at **http://www.fao.org/docrep/meeting/007/J0962e/J0962e00.htm**

2/ Two sets of cereal supply and demand balances are maintained in FAO, which are, by and large, similar: one set of balances is in the public domain as part of FAOSTAT (Food Balance Sheets); another set is used for the purpose of Global Information and Early Warning System (GIEWS) analysis. This note refers solely to the latter since cereal balances in GIEWS are based on marketing seasons and provide estimates for carryover stocks; the balances in FAOSTAT are constructed on a calendar year basis and show only changes in stocks. The revised GIEWS cereal balances for China (1980/81-2004/05) are available at **http://www.fao.org/es/ESC/en/20953/22218/22245/highlight_42954en.html**.

Wheat

Wheat production

	2003 estimate	2004 forecast	2004 cf 2003
	(…million tonnes…)		%
ASIA	**245.1**	**249.1**	**1.6**
CIS in Asia	23.4	23.5	0.0
AFRICA	**21.6**	**21.5**	**-0.1**
North Africa	17.0	16.9	-0.6
Sub-Saharan Africa	4.5	4.5	2.1
CENTRAL AMERICA	**2.9**	**2.5**	**-15.7**
SOUTH AMERICA	**23.5**	**23.7**	**0.8**
NORTH AMERICA	**87.1**	**80.3**	**-7.9**
EUROPE	**154.4**	**195.7**	**26.8**
EU-25	107.4	123.7	15.1
CIS in Europe	39.1	59.4	51.9
OCEANIA	**25.3**	**22.3**	**-12.1**
WORLD	**560.0**	**595.1**	**6.3**
Developing countries	267.2	270.1	1.1
Developed countries	292.8	325.0	11.0

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

FAO's forecast for world wheat production in 2004 remains virtually unchanged since the April report at 595 million tonnes, which would be 35 million tonnes more than in 2003. A sharp recovery in output in Europe, and a small increase in Asia, would more than offset the reduced crops expected in North America and in Oceania.

In Far East Asia, harvesting of the 2004 winter wheat crop is underway and planting of the spring crop is completed. The aggregate 2004 wheat output in China is forecast at some 85 million tonnes, 1 percent down from last year due to a reduction in the winter wheat area. In India, recent unseasonably high temperatures and scarce precipitation during the maturation stage have deteriorated the outlook for this year's wheat crop but after larger plantings, production should nevertheless still be well above last year's poor level and above average. Larger crops are also expected in Pakistan and the Islamic Republic of Iran reflecting good rainfall during the growing season.

In the Asian CIS subregion, the winter wheat area is estimated to be similar to last year's and conditions so far suggest similar yields could be achieved, leading to a crop of about 23.5 million tonnes. Kazakhstan normally produces about 80 percent of the subregion's total crop.

In the Near East, the 2004 wheat harvest is underway. Erratic spring precipitation and above-average temperatures may somewhat compromise the harvest in Afghanistan after a record crop in 2003. In Turkey and Syria, average to above-average crops are expected following adequate precipitation. In Jordan, however, dry weather has seriously affected crops.

In northern Africa, prospects for the winter wheat crop to be harvested from May/June remain satisfactory, reflecting generally favourable weather conditions and adequate availability of inputs. However, the threat of desert locust remains extremely serious in Algeria and Morocco in spite of intensive control operations. In Egypt, where the wheat crop is mainly irrigated, the 2004 output is expected to increase further from last year's already above-average crop.

In eastern Africa, harvesting of the 2004 wheat crop is just completed in Sudan. Output is forecast at about 400 000 tonnes, some 20 percent above the previous year's level. In Kenya, the crop has been planted and despite good rains early in the season, precipitation since then has been erratic and the outlook is uncertain. In Ethiopia, precipitation has also been erratic for land preparation in recent weeks, casting uncertainty over the outcome of the June wheat planting campaign.

In southern Africa, planting is underway in South Africa, by far the subregion's largest producer. Planting intentions indicate an 18 percent increase to an about average area, from the drought-reduced level of 2003. If weather conditions are normal for the rest of the season, an average crop could be obtained. In Zimbabwe, wheat output is anticipated to remain depressed. FAO's latest forecasts put the aggregate 2004 wheat production for the subregion at about 2.4 million tonnes.

In Central America and the Caribbean, harvesting of 2004 irrigated winter wheat crop in Mexico is underway. Output is forecast to be well down on last year and below average mainly because of reduced plantings in the north-west of the country due to inadequate water supplies at sowing.

In South America, planting of the 2004 wheat crop in Argentina, Chile, Paraguay and Uruguay is about to start, while in Brazil it is already well advanced. Planting intentions at subregional level indicate an increase of about 3 percent in area compared to previous year.

In North America, wheat production in the United States is set to fall sharply after a significant decline in winter plantings and the prospect of a reduced spring wheat area. In addition, weather conditions have been generally less favourable during the current season, especially in southern producing regions where dryness has prevailed. In Canada, as of mid-May,

seeding of the wheat crop was progressing slightly ahead of normal. Despite a possible area reduction because of a shift of land to non-cereals, output of wheat is forecast to increase slightly because of high expected yields, especially for durum.

In Europe, prospects for the 2004 wheat crops remain generally favourable across the region. Output in the EU-25 is forecast to increase substantially from last year, with significant gains seen in both the EU-15 countries and in the 10 new member countries in central Europe. Planted areas have increased and better yields are expected reflecting generally adequate moisture availability so far. The planted area has increased to well above the average of the past five years and weather conditions have been better than last year's and generally favourable so far, among both western European and central European countries. Larger crops are also forecast in the Balkan countries, for the same reasons.

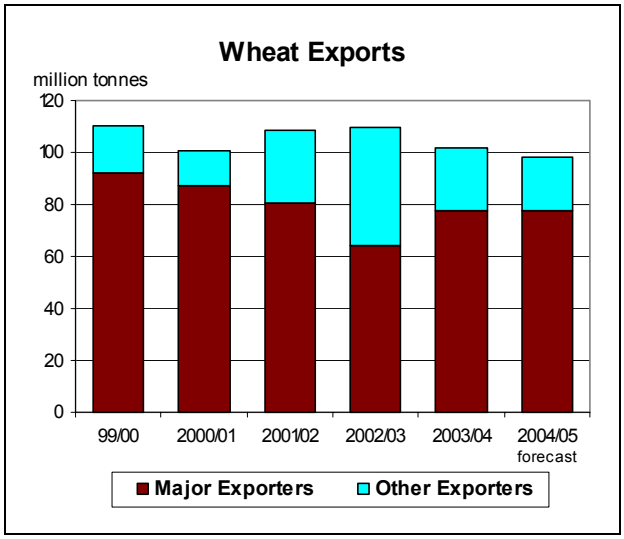
In the European CIS subregion, frost in late April killed almost 2 million hectares of winter wheat, mainly in the Ukraine and the Russian Federation. However, as of mid-May, the spring wheat planting had been almost completed under favourable conditions, and the aggregate area planted with wheat (winter and spring) is now estimated to be nearly 5 million hectares up on last year. Assuming normal weather for the remainder of the season, wheat production in the subregion is thus expected to increase significantly from last year's very poor harvest. However, it will likely remain below the bumper levels of the previous two years.

In Australia, after a satisfactory start to the winter crop planting season, a return to drier conditions in late April and early May, especially in the eastern regions, dampened hopes of a bumper output this year. Farmers in southeastern Australia are delaying planting, hoping that more rain will arrive before the end of June. Latest indications point to a wheat output of about 22 million tonnes.

FAO expects a sharp decline in world wheat trade in 2004/05

FAO's first forecast for world trade in wheat [1/] in 2004/05 (July/June) stands at 98 million tonnes, down considerably from 2003/04. The bulk of the expected decline is due to much smaller import requirements in Europe, given the anticipated strong recovery in the region's production. However, a change in the basis for calculating world trade caused by the enlargement of the EU from 15 to 25 Member States also contributes in part to the smaller world trade figure in the new marketing season (see box on page 11).

For the developed countries as a whole, wheat imports are forecast at only 19 million tonnes in 2004/05, down 10 million tonnes, or 35 percent, from 2003/04. By contrast, total wheat imports by the developing countries are currently put at around 79 million tonnes, up 7 million tonnes, or 10 percent, from 2003/04. The largest increase is expected in China (Mainland), where another decline in wheat production is expected to lead to a notable increase in imports, from 2.8 million tonnes in 2003/04 to 7 million tonnes in 2004/05. Increased wheat imports are also anticipated in Mexico following a decline in its production this year. Wheat imports by most countries in North Africa are also anticipated to rise in 2004/05, but would still remain mostly below average in view of good crop prospects. Based on continued strong domestic demand, Egypt recently entered into an agreement with Australia for long-term purchases of Australian wheat. However, another record crop in the Islamic Republic of Iran is forecast to cut imports by this traditional large wheat importer to only 200 000 tonnes. This will be below the 2003/04 reduced level, and the lowest level since the mid 1970's.



In spite of the forecast contraction in world trade in 2004/05, wheat shipments from most major exporters are forecast to increase in 2004/05. The biggest rise is expected in the EU, following the anticipated strong recovery in production across nearly all countries, including its new Member States. Higher exports are also anticipated by Argentina and Australia, both of which are expected to have relatively large carryover stocks already at the start of the new season. By contrast, exports from the United States are forecast to fall sharply, mainly in response to lower production and reduced supplies. Among other exporters, good crop prospects are likely to boost exports from the CIS countries, especially from Ukraine, which is forecast to return to the export market. By contrast, exports from India are likely to decline sharply now that its large stocks are reduced. China is also likely to cut its exports this season given its tight domestic market. Wheat exports from the Syrian Arab Republic and Turkey are anticipated to decline as a result of smaller carryovers in both countries.

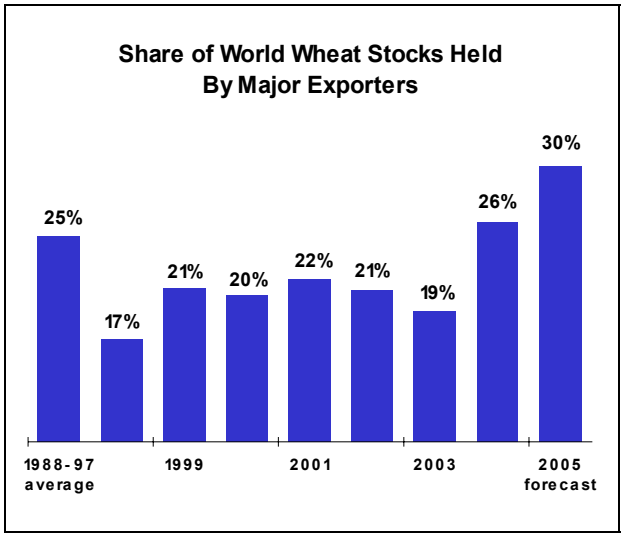
1/ Including wheat flour in grain equivalent.

Wheat Utilization to rebound in 2004/05

World wheat utilization in 2004/05 is set to reach 609 million tonnes, up 1.7 percent from 2003/04 but still slightly below the 10-year trend. A rise in feed use is expected to account for most of the forecast increase. The anticipated production recovery in Europe and prospects for larger feed wheat supplies in international markets are likely to push feed wheat prices below those of maize and encourage higher wheat utilization for feed in several markets. In the United States, a tight maize situation, despite a larger crop expected this year, is seen to boost feed wheat use for the second consecutive season. World wheat use for human consumption is forecast to increase slightly, to 431 million tonnes. At this level, the global per caput food consumption of wheat would be slightly down from 2003/04. The decrease is mostly driven by changing consumption patterns in China, where wheat food consumption, on per caput terms, has been on a declining trend in recent years.

Wheat stocks to decline again in 2005

Global wheat stocks for crop years ending in 2005 are forecast at 140 million tonnes, down 10 percent from their revised opening levels. FAO has made further revisions to its historical estimates for stocks in China (see box on page 6) and following those revisions, the forecast for world wheat stocks ending in 2004 has been raised.

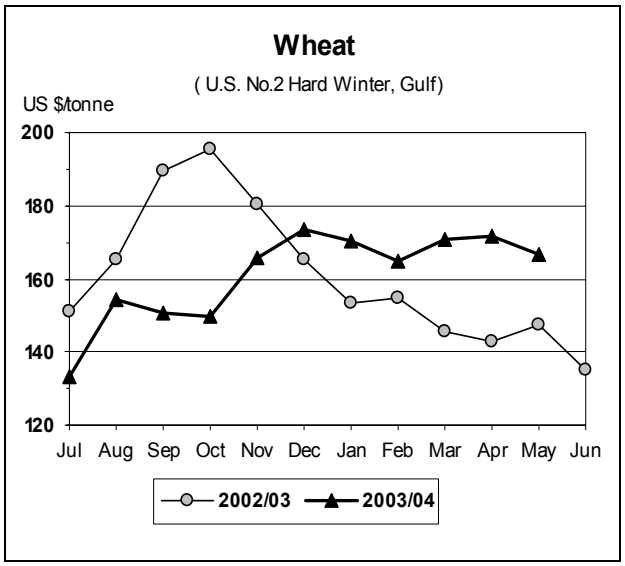


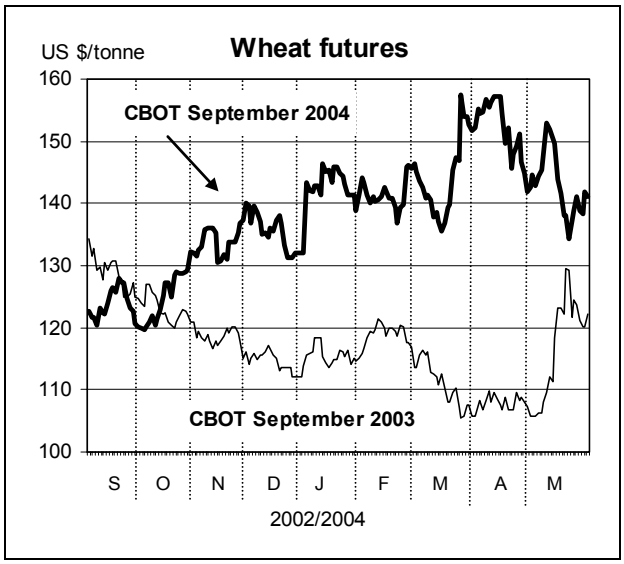
By the closing of seasons in 2005, total wheat stocks in major exporting countries are forecast to reach 41 million tonnes, up only 1.5 million tonnes from their reduced opening levels. The ratio of major exporters' wheat carryover stocks to their total disappearance (the sum of their domestic consumption and exports) is likely to approach 17 percent, indicating a slight decline from 2003/04. Wheat inventories are anticipated to increase in the CIS because of an expected rebound in production. However, in China, where wheat production is forecast to decline again in 2004, stocks are likely to be cut for the fifth consecutive season, falling to 39 million tonnes, down 15 million tonnes from their reduced opening levels. In India, where production is forecast to increase, total wheat inventories are likely to stabilize at around 15 million tonnes.

Wheat Prices are under pressure and could decline further

The decline in wheat production in 2003 and a sharp reduction in world wheat stocks provided support to wheat prices during most of the 2003/04 marketing season. However, in recent weeks, good crop prospects and the slow pace of exports started to put downward pressure on prices. Despite occasional price swings, mostly in response to weather news and rumoured purchases by China, the US wheat No. 2 (HRW, fob) averaged US$167 per tonne in May, down US$4 since March but still US$20 per tonne, or 14 percent, above the corresponding period last year.

Generally favourable weather conditions and expectations of a strong rebound in world wheat production in 2004 kept wheat futures under pressure. A sharp drop in the US maize and soybean futures in recent weeks also influenced the wheat futures markets. By late May, the September wheat futures contracts at the Chicago Board of Trade (CBOT) were quoted at US$141 per tonne, almost US$10 per tonne lower than in April. As harvests get underway soon in most wheat producing countries in the northern hemisphere, seasonal factors are also expected to put further downward pressure on prices. Early indications point to weaker wheat prices in 2004/05 in view of improved supply situation and weaker import demand.


Wheat
(U.S. No.2 Hard Winter, Gulf)
US $/tonne
200
180
160
140
120
Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun
2002/03
2003/04


US $/tonne
Wheat futures
160
150
140
130
120
110
100
CBOT September 2004
CBOT September 2003
S O N D J F M A M
2002/2004

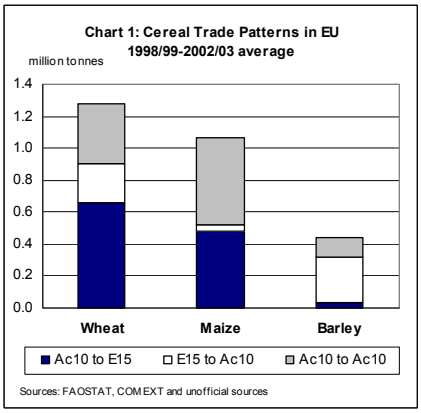
The EU enlargement and FAO cereal trade estimates

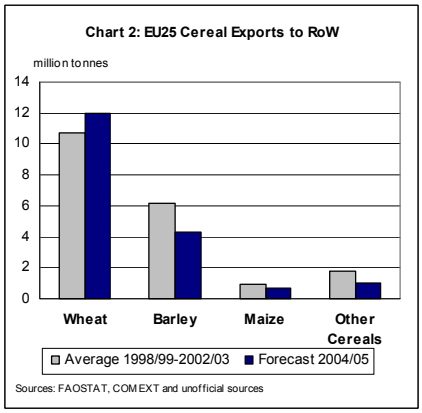
On 1 May 2004, ten countries joined the European Union (EU): Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Poland, Malta, Slovakia, and Slovenia. It is customary to treat the EU as one entity for trade accounting purposes (i.e. exclude trade flows among its individual Members). Starting in 2004/05 marketing season, therefore, the cereal trade forecasts reported in Food Outlook exclude intra-trade among the EU-25 Member States. For this reason, trade data for the EU (also Europe, the developed country group and the world trade aggregates) may not be fully comparable with those in 2003/04 (and before), when only intra-trade among the 15 Member States was excluded.

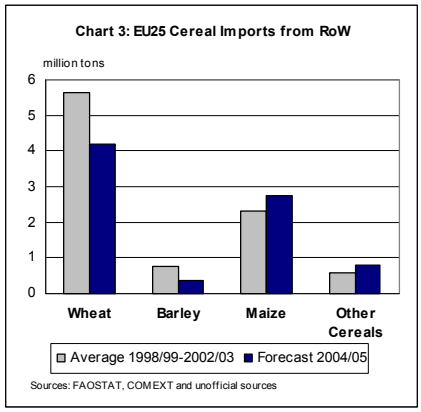
From a statistical point of view, the EU enlargement results in a smaller EU trade with the Rest of the World (RoW). This is because the ten accession countries (AC-10) are now part of the new EU and not of the RoW. The same effect can be observed at global/regional levels. For example, world trade in wheat in 2004/05 is forecast at 98 million tonnes, but if we were to include the EU-15 instead of the EU-25 grouping, global trade would appear bigger, at around 99 million tonnes. The difference being the trade among the ten new members plus each of these countries' respective trade with the EU-15 as a single entity.

Wheat, barely, maize and small amounts of rye and oats are the main cereals traded between the EU-15 and the new members. Of these, Hungary, Poland, and the Czech Republic are the leading producers and exporters of wheat, maize and barely. In recent years, the volume of wheat that AC-10 exchanged with each other and the volume they traded with the EU-15 averaged around 1.3 million tonnes annually. In the case of maize and barley it was of the order of 1 million tonnes and 400 000 tonnes, respectively (Chart 1). In aggregate, annual cereal exports from EU-15 to AC-10 approached 500 000 tonnes (mostly wheat and barley). Conversely, annual cereal exports from the new members to EU-15 averaged around 1 million tonnes.

In order to facilitate comparison of EU-25 cereal trade forecasts for 2004/05 with previous years, some rough estimates of exports from EU-25 to RoW and imports into EU-25 from RoW are provided. As shown in Chart 2, wheat exports from EU-25 in 2004/05 are forecast to rise above the 5-year average but exports of barley to outside EU-25 are expected to decline sharply while for the other cereals they are slightly down. Regarding EU-25 imports from RoW, current indications point to a significant decline in wheat imports in 2004/05, as shown in Chart 3. The main reason being a sharp recovery in wheat production in the EU after last year's poor harvests. For other cereals, import variations are likely to be small, with imports of barley falling but maize imports increasing.







Coarse Grains

Coarse Grains Production

	2003 estimate	2004 forecast	2004 cf 2003
	(…million tonnes…)		%
ASIA	**213.6**	**219.2**	**2.6**
AFRICA	**91.8**	**87.2**	**-5.0**
North Africa	12.7	12.4	-2.6
Sub-Saharan Africa	79.0	74.7	-5.4
CENTRAL AMERICA	**31.6**	**31.1**	**-1.6**
SOUTH AMERICA	**79.8**	**70.6**	**-11.4**
NORTH AMERICA	**302.6**	**310.7**	**2.7**
EUROPE	**198.8**	**219.5**	**10.4**
EU-25	125.2	140.4	12.1
CIS in Europe	52.2	54.6	4.5
OCEANIA	**13.3**	**12.9**	**-3.7**
WORLD	**931.6**	**951.2**	**2.1**
Developing countries	401.9	395.2	-1.7
Developed countries	529.7	556.0	5.0

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

Contrary to earlier predictions, the global coarse grains crop in 2004 is now forecast at 951 million tonnes, 2.1 percent up from last year and the largest output on record. The increase since the April report is mostly on account of very favourable planting conditions in the United States, the world's largest producer, where a record crop is now expected. The larger United States crop accounts for the bulk of the increase over last year. In Europe, a significant surge is also expected after increased plantings and better weather conditions.

In Far East Asia, planting of the main 2004 summer coarse grains is virtually complete. The maize area in China is expected to increase marginally from the previous year, mainly in the Northeast region following the Government's measures to reverse the declining production trend of recent years. Preliminary forecasts point to an increase in maize production by 3.6 percent to 118 million tonnes. India is forecast to have another good crop and in Indonesia, a bumper maize crop of 11.5 million tonnes has already been harvested, the combined result of increased plantings and above-average precipitation. A good maize crop has also been gathered in the Philippines, where attractive prices have led to increased maize area and the adoption of techniques boosting yields.

In the Asian CIS countries the aggregate area planted with coarse grains, mainly barley and maize, is estimated to be similar to last year's. However, the previous exceptionally good yields are not likely to be repeated and aggregate output in the subregion should decrease slightly.

In western Africa, seasonably normal conditions so far prevail in the Sahelian zone where the growing season starts in most countries in May. However, desert locusts remain an extremely serious threat in Morocco, Algeria and Mauritania where control operations continue to be hampered by lack of resources. This could allow swarms to move to other Sahelian countries later in the season. In the coastal countries along the Gulf of Guinea, from Nigeria to Guinea, the rainy season has started, and planting is underway. In Central Africa, the rainy season started in time in Cameroon, allowing land preparation and sowing of the first 2004 maize crop, due for harvest from July.

In the eastern African subregion, planting of the 2004 main season coarse grains is underway or about to start in several countries. Early prospects are uncertain due to a combination of dry spells and excessive rains and flooding in several areas.

In southern Africa, harvesting of the 2004 coarse grain crops is underway. Early production estimates point to an aggregate subregional output of some 15 million tonnes, almost 10 percent below the average of the past five years, reflecting the delayed, erratic and inadequate rainfall pattern during the first half of the season in several countries. In South Africa, the subregion's largest producer, maize output is estimated at 7.9 million tonnes, about 18 percent down from the previous year's crop. In Zimbabwe, production is expected to fall slightly from last year's already low levels. By contrast, in Zambia, where weather conditions have been generally favourable, the 2004 main maize crop is forecast to reach a record 1.4 million tonnes. In Mozambique maize output increased substantially reflecting a recovery of production in southern provinces. In Malawi, however, production is estimated at 1.7 million tonnes, 15 percent below last year's about normal harvest.

In Central America and the Caribbean, planting of 2004 first season coarse grain crops is about to start, while harvesting of the 2003/04 winter maize crop is still under way in Mexico. The subregion's maize output in 2004 is tentatively forecast at 23.3 million tonnes, close to the good results of the previous year and above average.

In South America, harvesting of the 2004 coarse grains is underway in the main producing countries. Aggregate output for the subregion is forecast at about 71 million tonnes, lower than last year's record of 80 million tonnes, but still above average. In Brazil, aggregate maize production is forecast at 42.6 million tonnes, about 12 percent less than the 2003 record crop. This decline is mainly due to diversion of land to soybeans and rice, which offer more attractive prices and trade opportunities, and to the negative impact of dry weather conditions from the beginning of 2004. In Argentina, the latest official forecast points to a

decrease in maize output from 15 million tonnes in 2003 to about 12.4 million tonnes in 2004, due to reduced plantings following insufficient rains at sowing. In Peru and Ecuador, dry weather conditions in the first months of 2004 severely affected maize crops.

In North America, April and May weather conditions were very favourable for the main planting season across the United States' Corn Belt, allowing crops to be planted early, with prospects of good yields. Reflecting the good start to the season, maize output is now forecast at almost 265 million tonnes, 3 percent up from last year and almost 9 percent above the average of the past five years. Coarse grain planting in Canada proceeded well in late April and early May and some good precipitation improved conditions in previously dry parts of Alberta. This year's output is expected to remain close to the previous year's above-average level, with improved yields expected to largely offset a shift of land into non-cereal crops.

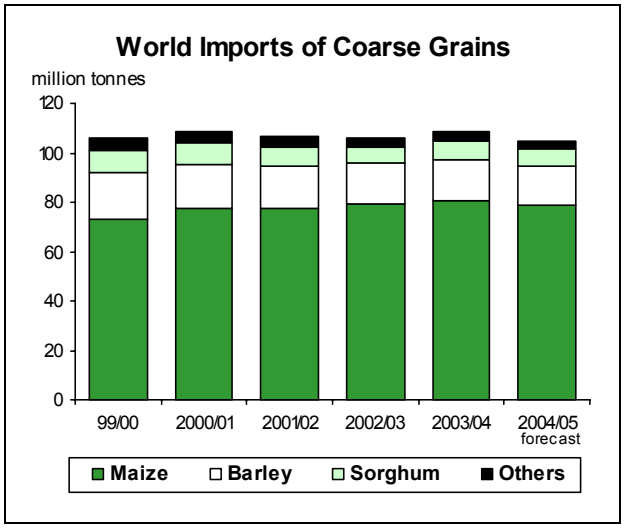
In Europe, prospects for the coarse grain crop in the EU-25 are favourable. The planted area has increased and generally favourable weather conditions are pointing to above-average yields. The aggregate output of the 25 countries is forecast to rise by 12 percent from the previous year to 140 million tonnes. In the Balkan countries, prospects for the coarse grains are also better than a year ago reflecting an improvement in moisture availability. However, some recent dry weather in eastern and southern Romania could begin to affect yield potential, if it persists. In the European CIS, the area planted with winter coarse grains is estimated to be up from last year and similar to the 2002 bumper harvest. The bulk of the coarse grains are planted in the spring (April/May); assuming normal weather, the harvest should recover from last year's sharply reduced level.

In Australia, planting of the main 2004 coarse grain crops is still underway. The outcome is still very uncertain as seasonal planting rains eased off in late April and early May, especially in eastern parts, and many farmers are awaiting the arrival of more precipitation to finalize planting decisions. Planting could continue into June if more rainfall arrives in time.

FAO anticipates smaller world trade in 2004/05

At 105 million tonnes, FAO's first forecast for global trade in coarse grains in 2004/05 (July/June) points to a significant decline from 2003/04, mostly reflecting a drop in imports by developed countries. However, this early assessment depends heavily on currently tentative production forecasts for 2004: in several countries this year's crops have only recently been planted or have not yet been sown.

Coarse grains imports by developed countries in 2004/05 are forecast at 33 million tonnes, down 5 million tonnes from 2003/04, mostly in Europe. Given the impact of EU enlargement, which is estimated to account for at least 1.5 million tonnes of the overall decline (see box on page 11), a strong recovery in coarse grains production in Europe, including the EU, could result in a further 4 million tonnes reduction in imports by the region as a whole. A different picture emerges for developing countries, where total imports could increase slightly, to around 72 million tonnes. Coarse grains purchases by most countries in Asia are forecast to remain close to the estimated levels in 2003/04 or even increase, driven by expected recovery in demand among countries affected by animal diseases in 2003/04. In Indonesia, however, the anticipated rise in maize production may lead to a sharp fall in imports, while exports could increase. In Africa, larger barley imports by Algeria would account for most of the anticipated small increase in imports. Elsewhere, 2004/05 imports are likely to remain mostly unchanged from the previous season.

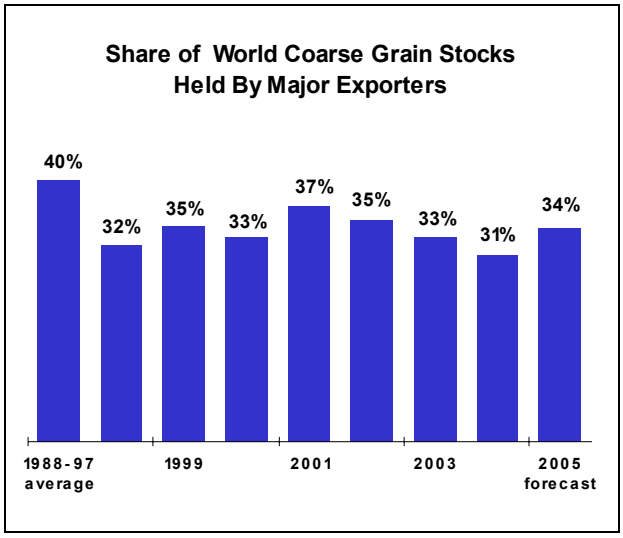


On the export side, supplies in the United States, the world's largest exporter, are likely to be larger than in 2003/04, given more favourable production prospects. With a strong recovery also expected in the EU-15 as well as the 10 new accession countries, exportable supplies from EU-25 to third parties are likely to increase significantly compared to 2003/04. A repeat of another good year in Canada and Australia will keep export supplies from these two countries at 2003/04 levels, but in Argentina, dry weather and lower plantings are expected to result in lower production and smaller exports. Among other exporters, a strong rebound in barley and maize production in Ukraine could also drive up exports. However, maize shipments from China are forecast to be cut further in 2004/05, reaching 4 million tonnes as a result of tighter domestic supplies. This compares to 11 million tonnes in 2003/04 and 15 million tonnes in 2002/03. In Brazil, with a reduction in overall maize output, exports are also forecast to decline in 2004/05 although, at 4 million tonnes, they would still compare positively with only a few years ago when the country was still a net maize importer. Lower sorghum production in Sudan is seen to cut exports by over 60 percent. A bumper maize crop in Zambia could result in a surge in

exports, whereas, sales from the regions' largest maize exporter, South Africa, may decline.

Coarse grains utilization may increase slightly in 2004/05

World coarse grain utilization in 2004/05 is likely to increase by only 1 percent, to 964.5 million tonnes. While the anticipated expansion is relatively small, at this forecast level, world coarse grains use would still be above the 10-year trend for the second consecutive season. Prospects for continued high coarse grains prices well into the new marketing season coupled with likely improved supplies of feed wheat could restrain the growth in feed use of coarse grains to only 0.3 percent, compared to 3 percent in 2003/04. On the other hand, FAO forecasts continued growth in the industrial use of coarse grains, maize in particular. Recent surges in fuel prices may provide a further boost to the industrial use of maize for ethanol in the United States, building upon the new record set in 2003/04.



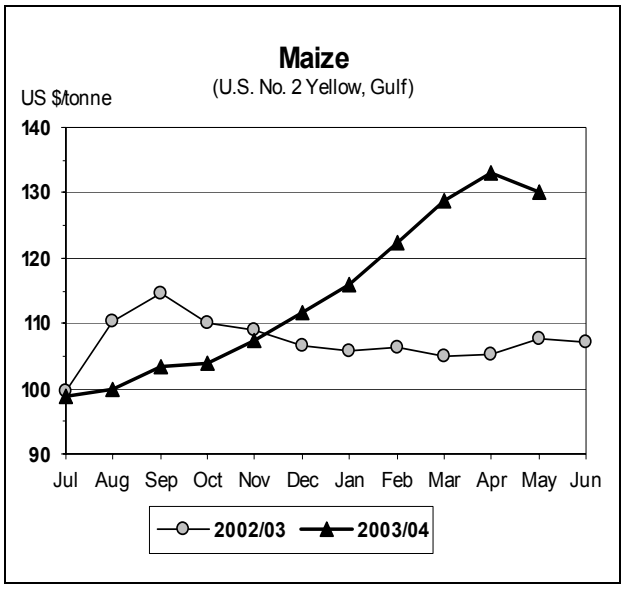
World coarse grains stocks falling further

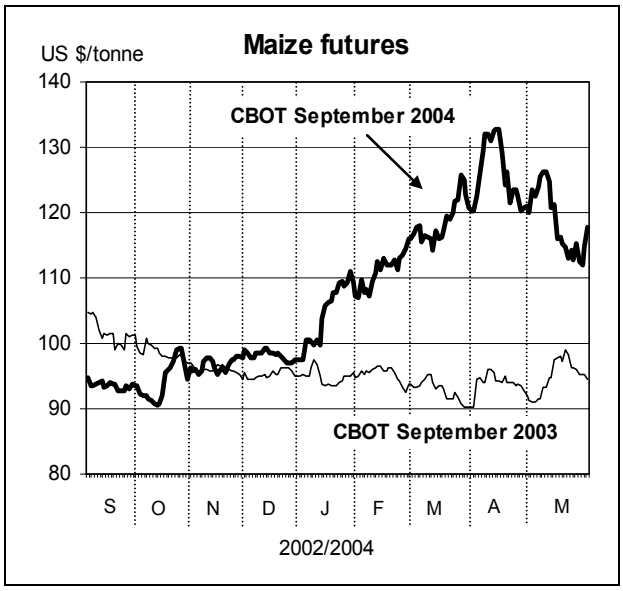
World coarse grains stocks for crop years ending in 2005 are put at 124 million tonnes, down 15 million tonnes, or 11 percent, from their revised opening levels. As for wheat stocks, the recent revision of stocks in China (see box on page..) also affected estimates for global coarse grains stocks, which for crops ending in 2004 have been revised down to 138.5 million tonnes, much below the 152 million tonnes reported in April. Based on the current estimates, China would again account for most of the anticipated reduction in 2005 world coarse grains inventories. Total coarse grains production in China is forecast to increase only slightly from the previous year; with fast rising consumption, further reductions in inventories are foreseen.

Aggregate stocks held by the five major exporters by the end of seasons in 2005 are forecast at 42.5 million tonnes, almost unchanged from their opening levels in spite of anticipated reductions in the United States. The decline in the United States is likely to be more than offset by rises in the EU, where a strong recovery in production coupled with the addition of the 10 new countries could result in larger stocks. Nonetheless, ending stocks in 2005 among major exporters, as a group, would still point to relatively tight situation; with the ratio of their total coarse grains stocks to disappearance (the sum of their domestic consumption and exports) dropping to 8.6 percent, slightly below the estimated 9.6 percent in 2003/04, and well below the 16 percent long-term average.

Prices on decline but still firm

The outbreak of the avian influenza in Asia, combined with rising freight rates, reduced feed grain purchases and applied downward pressure on prices. At the same time, reduced sales from China, strong demand in the United States, and a tight feed market in Europe have had an opposite effect. Coarse grains prices during this time of year are most sensitive to the weather situation and the size and condition of the new crop in the United States. Maize prices moved within a US$124-138 per tonne range since March but began to weaken more consistently only in recent weeks as prospects for new crops began to improve. In May, the export price of US maize (US No.2 Yellow) averaged US$130 per tonne, as much as US$22 per tonne, or 20 percent, above the corresponding month last year. Influenced by favourable planting conditions, weaker soybeans and smaller trade prospects for the next season, the Chicago maize futures fell sharply in May. By the fourth week of the month, September futures stood at around US$118 per tonne, some US$5 per tonne below the values quoted in March. Production in 2004 is currently forecast to increase, and supplies among major exporters have improved, but a recovery in Asia and lower exportable supplies in China and Brazil could keep prices firm into 2004/05.


Maize
(U.S. No. 2 Yellow, Gulf)
US $/tonne
140
130
120
110
100
90
Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun
2002/03
2003/04


Maize futures
US $/tonne
140
130
120
110
100
90
80
CBOT September 2004
CBOT September 2003
S O N D J F M A M
2002/2004

Rice

Rice production

	2003 estimate	2004 forecast	2004 cf 2003
	(…million tonnes…)		%
ASIA	**538.3**	**555.7**	**3.2**
AFRICA	**18.1**	**18.2**	**0.6**
North Africa	6.2	6.2	0.4
Sub-Saharan Africa	12.0	12.0	0.6
CENTRAL AMERICA	**2.6**	**2.8**	**5.5**
SOUTH AMERICA	**19.8**	**22.7**	**14.5**
NORTH AMERICA	**9.0**	**9.9**	**9.2**
EUROPE	**3.2**	**3.3**	**2.4**
EU-25	2.6	2.7	1.3
OCEANIA	**0.4**	**0.6**	**52.1**
WORLD	**591.6**	**613.2**	**3.7**
Developing countries	568.5	587.9	3.4
Developed countries	23.1	25.4	9.6

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

Global paddy production could reach record high in 2004

FAO's forecast of global paddy production in 2004 has been raised marginally since the April report, taking it to an all-time high of 613 million tonnes, almost 22 million tonnes more than in 2003. The figure is still highly tentative, since most northern hemisphere countries, which account for the bulk of world production, are just planting their main crops.

Larger 2004 crops in the southern hemisphere and equatorial belt

In the southern hemisphere and along the equatorial belt, harvesting of the 2004 main paddy crops is virtually complete, with excellent results generally reported. In Asia, growing conditions have been favourable in Malaysia and in Indonesia, with the latter set to achieve the government production target of 53.1 million tonnes, or 2.5 percent over last year. By contrast, in Sri Lanka, paddy production is expected to dip, as low and erratic rainfall severely impaired the main Maha crop and may also hinder the second, irrigated Yala crop currently at the planting stage. In southern Africa, production is anticipated to fall in Madagascar, reflecting the effects of cyclones Elita and Gafilo. In Mozambique, rice production is estimated to decline markedly due to a late arrival of rainfall. In South America, most countries are reporting sizeable production gains, rising prices having stimulated expansion in areas, while generally favourable growing conditions have boosted yields. Bumper crops are forecast to be harvested in Argentina, Brazil and Uruguay. By contrast, in Peru, severe drought may cause production to fall by 15 percent. In Guyana, the outlook for the main crop, currently at the harvest stage, has also deteriorated due to persistent excessive precipitation. Production in Australia is expected to rise sharply from last year's drought-reduced level, despite a poor start of the season.

Production to surge in the northern hemisphere, assuming normal weather conditions

Most northern hemisphere countries have started planting their main 2004 crops. In Asia, Bangladesh, which harvested a record crop of 39.9 million tonnes in 2003, is expected to increase production further this year, especially if the Government confirms larger subsidies on fertilizer and seeds. Cambodia, which also produced a record output in 2003, may experience some reduction in 2004, as yields return to normal levels. In China**,** the Government has launched several measures to reverse the falling trend in production of the past four years: re-instatement of protective prices for the early and late rice crops, designation of specialized grain areas, and a reduction in fiscal pressure on farmers. These measures together with higher market prices are expected to boost production by 7 percent to 177.2 million tonnes. In India, planting of the main Kharif crop has already started following an early arrival of monsoon rains. Assuming a normal monsoon rainfall pattern, the country is forecast to harvest 136 million tonnes, 4 million tonnes more than last season. Production in Japan may partially recover from last year's low levels. In the Philippines, support from the Government should sustain growth in 2004, despite possible delays in planting, due to dry weather. High prices are expected to boost production in Pakistan and Thailand. The Republic of Korea may also post a modest recovery in production, in spite of a reduction in official procurement prices. A small contraction is foreseen in Myanmar and, according to the official production target, in Viet Nam.

In Africa, production in Egypt is forecast to remain at a high 6.2 million tonnes. In most of western Africa, increased production is anticipated, fostered by the propagation of high yielding varieties and by reduced competition from higher priced imports. In Central America and the Caribbean, prospects are positive in Costa Rica, Cuba and Mexico. In North America, the season is well underway in the United States, where output is now forecast at 9.9 million tonnes, 10 percent above 2003. Production in Europe is expected to increase marginally, according to increased planting intentions among the EU rice producers.

International trade in rice set to fall in 2004, a reflection of tight export supplies

The forecast for international rice trade in calendar 2004 has been raised slightly since the previous report to 25.7 million tonnes, which would still be 2.3 million tonnes less than in 2003. The upward revision to the global exports forecast is mainly on account of larger expected sales by China and the United States, which have more than offset a reduction for Myanmar. Exports by China (mainland) are now forecast at 1.7 million tonnes, up from earlier expectations, but still much less than in 2003. Likewise, despite an upward revision to the forecast of exports by the United States to 3.3 million tonnes, sales by the country would still be some 500 000 tonnes short of the 2003 level. Myanmar is anticipated to ship a mere 300 000 tonnes reflecting a prevailing export ban. Similarly, sales by India are expected to be sharply reduced by export restrictions and are now forecast at just 2.5 million tonnes compared to 4.4 million tonnes in 2003; they could fall even further unless restrictions are lifted. Increased shipments are expected from Viet Nam**,** while those from Pakistan are unlikely to change much from the previous year. In Thailand, recent sales of rice from Government stocks should help the country reach the 8.5 million tonne official export target. Among other major exporters, Egypt, Argentina, Uruguay are also expected to make larger rice deliveries this year.

Regarding imports, the forecast for China (mainland) has been lowered to 800 000 tonnes since the last report, following reported releases of rice from state-owned reserves onto the market. However, this level of imports would still be three times higher than last year's. In Bangladesh, following a further upward revision to last season's production estimate, the import forecast has been cut by one-third to 400 000 tonnes, down from 1.6 million tonnes in 2003. In Indonesia, improved production prospects have also led to the lowering of the country's import forecast, by 500 000 tonnes to 1.5 million tonnes, or only half the level in 2003. The reduction further reflects the import ban recently extended to July 2004. By contrast, the forecast of imports by the Philippines has been raised to 950 000 tonnes, close to last year's level, reflecting the high level of purchases already committed this year by the National Food Agency (NFA) and the announcement that the unused portion of the farmers' import rights will be covered by the NFA or by private traders. Larger imports are also forecast in Sri Lanka, because of reduced output in 2004. Iraq**,** the Islamic Republic of Iran and Saudi Arabia are also expected to import more than previously thought.

Overall rice imports to Africa are set to fall somewhat compared with last year's. Much of the decline would be on account of Nigeria, where shipments might drop to 1.3 million tonnes, following a tightening of controls against illegal rice inflows. Higher world prices could also prompt a reduction in imports by Kenya, Senegal, South Africa and Tanzania. By contrast, imports by Côte d'Ivoire are anticipated to rise. In Egypt, the Government recently declared it would purchase 100 000 tonnes of rice and announced a cut in the rice import duty from 20 percent to 1 percent. In Latin America and the Caribbean, overall imports are forecast to decline this year, with some increase in shipments to the Dominican Republic and Peru more than offset by a reduction for Brazil. In the rest of the world, purchases by the United States should remain close to last year, while the enlargement of the EU to include ten new members resulted in a new import estimate of 880 000 tonnes in 2004 for the enlarged EU-25, up from 674 000 tonnes in 2003 for the EU-15.

Global stocks expected to keep falling

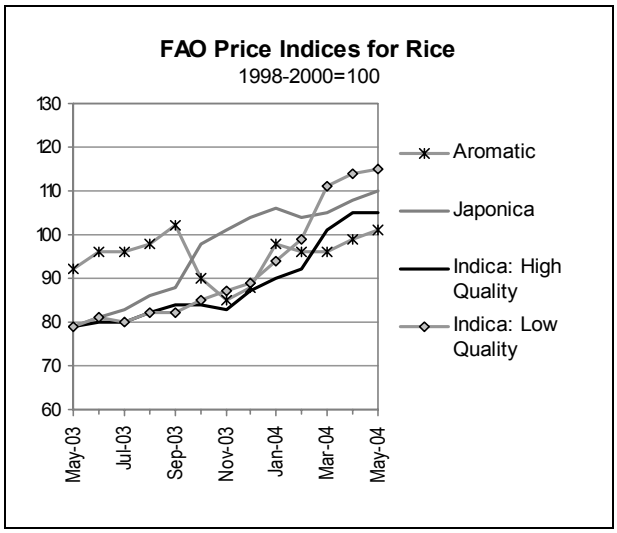
The forecast of world rice inventories by the close of seasons ending in 2004 has been raised to 103.4 million tonnes, 1.7 million tonnes up from April, largely due to an adjustment for Indonesia, but still 11 percent down from the previous year. The bulk of the annual contraction is expected in China, where stocks are now forecast to fall more than expected to about 61 million tonnes, 12.5 million tonnes down from their opening level. The reduced figure follows a revision to the country's pattern of rice utilization since the early 1980's (see box on page 11). Among other major exporters, rice inventories are set to fall in Thailand and in the United States, while export restrictions should help India and Myanmar rebuild their reserves somewhat.

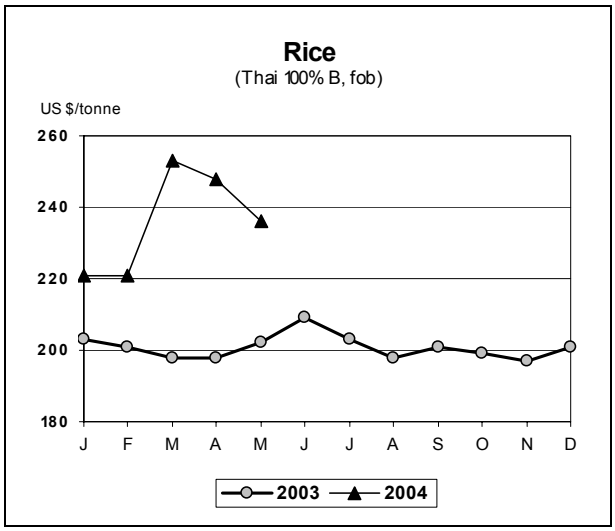
There is considerable uncertainty regarding the level of stocks by the close of the new 2004/05 crop year. Based on expectations of only a moderate recovery in global production in 2004, and of steady growth in world rice utilization, global inventories could fall by another 4 million tonnes. China is likely to account again for much of the drop: even with the substantial increase in production forecast in 2004, output will not cover the expected rise in requirements, especially if the country refrains from large imports. Stocks in Thailand and Viet Nam could also fall, while smaller imports could lead to depletion of stocks in Indonesia and the Philippines. By contrast, export restrictions should help India raise its inventories.

International prices

International rice prices have strengthened since December 2003, with the FAO All Rice Price Index (1998-2000=100) topping the 100 point threshold in March, for the first time since September 1999. The rise in the first 5 months of the year has been most pronounced for low and high quality Indica rice, major exporters such as India and Myanmar being absent from the market. In May, however, firmness in prices was tempered by the release of rice from government inventories in Thailand and China, which have, respectively, contributed to a rise in export supplies and a drop of import demand. As a result, high quality Thai 100% B rice was quoted at US$236 per tonne in May, US$12 per tonne less than in April.

In the coming months, prospects for world prices are still positive overall, with additional strength stemming from the surge of crude oil prices, the resulting rise in costs being passed along. Currently, however, the pressure for prices to rise appears to be slacking, especially after China gave clear signs that the country still has enough supplies to keep imports within reasonable bounds.





Ocean Freight Rates

(Contributed by the International Grains Council)

General

The dry bulk freight market continued to strengthen in all sectors up to January 2004. The cause was mainly Chinese demand for minerals and grains, which had started to affect rates last autumn. The Baltic Dry Index (BDI), the main freight market indicator, reached a record level of 5 494 in mid-January 2004, 21 percent higher than at the end of October 2003.

However, after January, slow grain shipments from South America and a pause in China's commodity purchasing resulted in a significant drop in dry bulk rates, both in the Atlantic and the Pacific sectors, particularly since March. The Baltic Dry Index (BDI) closed at 3 227 on 25 May 2004, 29 percent lower than October 2003.

Grain

In the Pacific, the Panamax market lost most of the ground gained during the rate boom in January-February 2004. By the end of May 2004, inter-Pacific round trips were quoted at US$21 000 per day compared with US$46 000 per day at the end of January. Encouraged by the drop, grain importers in Malaysia, South Korea and Thailand looked to South America for more supplies of maize and soyabean meal to satisfy their increasing feed demand.

In the Atlantic, delays in harvest of coarse grains and soyabeans in South America kept the Panamax voyage market in May at around US$35 000 per day, down from highs of US$47 000 per day in January. By the end of May, the spot voyage rate on the major grain route from US Gulf to Japan fell from US$80 per tonne in March to US$53 per tonne.

Handysize rates followed the market trends, with those in the Atlantic quoted at US$30 000 per day from the US Gulf, about 40 percent lower than in March.

Cassava

Favourable production outlook for 2004

Prospects for world cassava production in 2004 are favourable and the output is likely to remain around last year's record of 192 million tonnes. In Africa the major producing region, where the crop plays a critical role for food security, preliminary crop estimates from some of the larger producing countries point to a generally satisfactory production, close to the 2003 level of 103 million tonnes. In Angola, the 2004 cassava output is forecast to rise 16 percent from last year reflecting an increase in the area planted and generally good weather during the main growing season. Flooding problems may have hindered cassava cultivation in western parts of Zambia, but overall production prospects remain satisfactory. The outlook is also generally favourable in Tanzania where the Government announced plans to increase cultivation in order to raise exports of starch and flour.

FAO initiatives to distribute fast-growing and disease-resistant cuttings in Rwanda and in the Central African Republic could result in increases in output in 2004. A consortium of international agencies has announced a US$11 million donation to support Nigeria's programme to expand output for commercial usage. Similarly, production in Ghana and Uganda could rise, following large scale investments in cassava infrastructure, particularly at the processing level. In Mozambique and Malawi, dry weather in the first half of the rainy season did not affect cassava crops. This together with the promotion of cassava cultivation by government and international organizations have led to expansions in their 2004 cassava crops of 4 and 22 percent respectively.

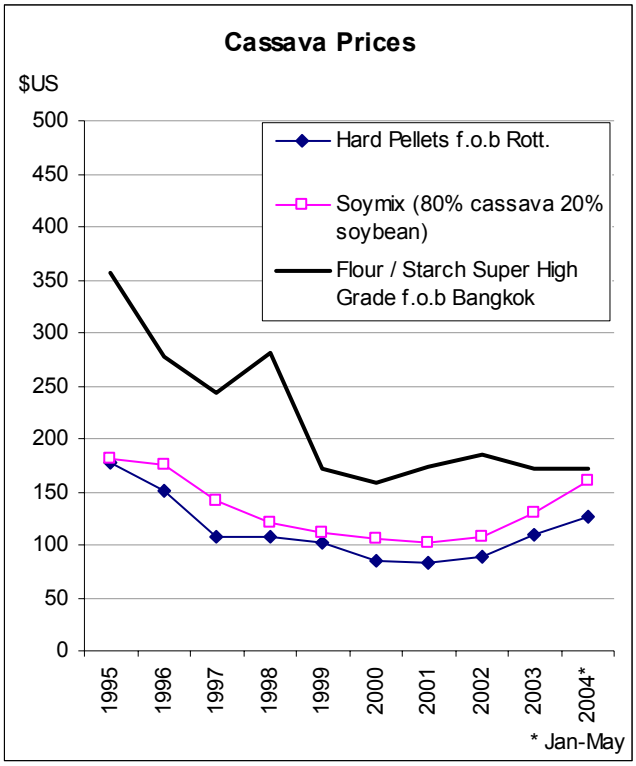
In Asia, which last year accounted for much of the growth in global output, cassava production is expected to rise further in response to high domestic and export prices, especially in Thailand and Indonesia. The 2004 production outlook for Latin America and the Caribbean is favourable reflecting good prospects in Brazil. Following a 50 percent increase in the cassava support price, the country's output is forecast to increase 8 percent to 23.9 million tonnes.

World cassava trade to expand in 2004

International trade in cassava products in 2004 is forecast to expand, based on the pace of Thai shipments to date. For the first 4 months of the year, Thai exports of pellets and chips increased by more than 50 percent over the same period last year. The bulk of shipments have been to the EU, which from January to the first week in May 2004, has released import certificates for approximately 1.15 million tonnes of cassava pellets, about 600 000 tonnes more than in the corresponding period in 2002. However, the prospect of a recovery in the EU grain crop this season, coupled with soaring prices of soybean in recent months, could dampen this exceptional start.

International quotations of cassava products in 2004 continued their surge from late last year. Over the period January-April 2004, prices of pellets exported to the EU, were on average 36 percent higher than same period in 2003, while for chips destined to the Far East, they were about 5 percent up. Prices of flour and starch, although down from the corresponding period last year, have risen by 10 percent in the past 6 months.

With an anticipated slowdown in EU imports, the outlook for cassava prices in the remainder of the year, will largely hinge on countries in the Far East, particularly China, maintaining large international purchases. The current forecast for China's domestic grain availabilities, points to a sharp decline, which could stimulate increased non-grain feed imports by the country, such as cassava.



Global cassava utilization increased slightly last year

On a per caput basis, global cassava availabilities in 2003 are estimated to be about 32.2 kg (root equivalent), almost unchanged from 2002.

Global cassava utilization as food (the bulk of which is consumed in sub-Saharan Africa in the form of fresh roots and processed products) was estimated at 104

million tonnes in 2003, approximately 2 million tonnes more than in 2002. Despite overall production gains in sub-Saharan Africa, growth there did not keep pace with the increase in population, bringing about a slight contraction in per caput food availability in 2003.

Utilization of cassava as animal feed, in the form of dried chips and pellets, is concentrated in Latin America and the Caribbean, Nigeria in Africa, China in Asia and the EU. In 2003, global feed usage is put at 54.5 million tonnes, about 4 percent higher than the previous year. The increase reflected developments in the EU, in China and other Asian countries, notably Viet Nam and Malaysia, where a tightening of feed grain supplies and consequent high prices vis-à-vis prices of grain substitutes, fostered a greater cassava usage as livestock feed.

Industrial applications of cassava also witnessed growth in 2003. Alcohol and starch production expanded in Viet Nam, following a large increase in output and fast economic growth. Similarly, rises in industrial usage were reported not only in Ghana but also in those countries that rely heavily on imported supplies, namely the Republic of Korea, Singapore, Hong Kong, the Philippines and China.

World cassava trade expanded in 2003

International trade in aggregate dry cassava products (also called tapioca) recovered in 2003, rising by 17 percent to just under 7 million tonnes, in cassava pellet equivalent. Trade in chips and pellets rose by almost 1 million tonnes to 5.3 million tonnes, while the volume traded in the form of flour and starch, stood virtually unchanged from the previous year at 2.6 million tonnes (1.3 million tonnes in product weight).

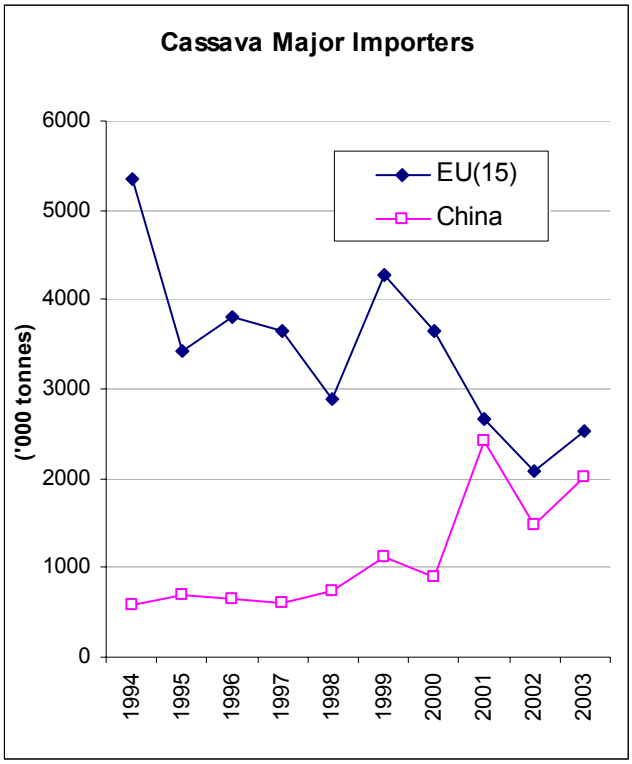
World Trade in Cassava[1/]

	2001	2002	2003 prelim.
	(. . . . . million tonnes . . . . .)		
World Exports	**6.1**	**4.7**	**5.9**
Thailand	5.8	4.4	5.6
Indonesia	0.1	0.1	0.1
Others	0.2	0.2	0.2
World Imports	**6.1**	**4.7**	**5.9**
EU (15) 2/	2.6	1.5	2.0
China 3/	2.6	2.1	2.5
Indonesia	0.1	0.1	0.3
Japan	0.4	0.3	0.3
Korea. Rep. of	0.2	0.1	0.1
Malaysia	0.1	0.1	0.1
United States	0.1	0.1	0.0
Others	0.4	0.4	0.5

Source: FAO

1/ In product weight of chips and pellets.
2/ Excluding trade between EU members.
3/ Including Taiwan Province.

Countries in the Far East were once again the major destination of international trade flows in cassava, importing over 4 million tonnes in aggregate. Over the past few years, China has become the leading cassava importer accounting in 2300 for 43 percent of the global market, procuring close to 3 million tonnes of mainly feed ingredients, 0.5 million tonnes above the volume of the preceding year. By contrast, inflows of chips and pellets to the Republic of Korea collapsed in 2003, following government initiatives to curb cereal inventories by substituting rice for imported feedstuffs such as cassava, but the country's starch and flour imports rose considerably. International starch and flour purchases by the Philippines and Hong Kong increased in 2003, but fell in Indonesia.



The remainder of the expansion in global cassava trade was concentrated in the EU, which mainly imported cassava pellets for the feed industry under a low tariff rate preferential quota. In 2003, EU imports increased by 32 percent to around 2 million tonnes, reflecting the increased price competitiveness of cassava feed products relative to domestically produced grains, which, like in China, were in short supply.

Regarding exports, Thailand continued to hold a dominant position, with a share of around 95 percent of world exports. Falling quotations of cassava pellets in the EU since the 1992 CAP reform have pressured Thai exporters to seek additional markets, especially into Asia. In 2003, shipments of cassava products from Thailand rebounded by 22 percent to 6.6 million tonnes, mainly reflecting larger exportable supplies.

Deliveries by the country to EU member states amounted to about 2 million tonnes, substantially short of the 5.25 million tonne preferential access granted to Thailand by the EU, but were easily compensated for by firm demand in the Far East, particularly from China. The implementation of a free trade area between Thailand and China in October 2003, which resulted in the abolition of a 6 percent tariff on Thai cassava products, provided an additional boost to trade flows.

Meat and Meat Products

Meat and meat product prices continue to rise

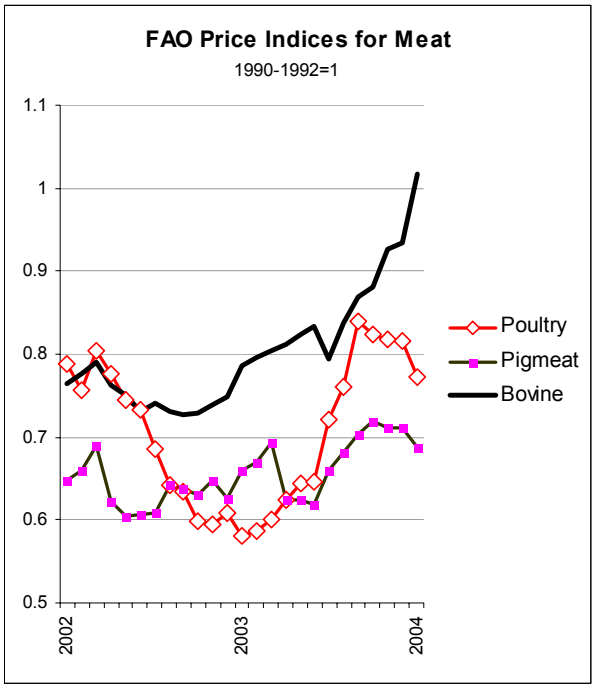
International meat prices are surging in 2004, as animal disease outbreaks in major meat exporting countries and bans on imports from disease afflicted areas are reducing exportable supplies. Expectations of higher international prices for meat came of the heels of rising prices in the previous year. In 2003, the FAO trade-weighted meat price index rose already by 16 percent, as limited meat production gains lifted prices by 42 percent for poultry, 19 percent for beef and 8 percent for pigmeat.

Animal diseases, rising feed prices and considerable uncertainty about consumer demand for meat products are slowing the expansion in global meat output in 2004. Production is expected to rise by 1 percent to 253.6 million tonnes, one of the slowest growths registered in FAO's database. Meat markets have been disrupted by the impact of the avian influenza (AI) which led to increased poultry mortality/culling throughout Asia and parts of North America, and the finding of Bovine Spongiform Encephalopathy (BSE) in North America. In Asia, meat output is expected to increase less than 2 percent, half the average rate of the past five years. Output gains in developed countries are expected to remain stable with a slight increase in North America offset by a decline in Europe. At the world level, per caput meat consumption is expected to remain at 39.9 kg/caput, constrained by high overall meat prices and consumer concerns about the safety of eating poultry, particularly in Asia.

Import bans on meat produced in disease-afflicted countries in early 2004 affected approximately one-third of global meat exports, or 6 million tonnes. While the bans have been temporary, global meat trade, originally forecast to rise in 2004, is now anticipated to slide by 4 percent to 18.4 million tonnes. If confirmed, this would be the first drop in meat trade since the mid-1980s. Over the past four years, alternating disease outbreaks and recoveries have resulted in rapid shortages/increases in exportable meat supplies and considerable international meat price variability. The resulting shift in trading patterns is expected to favour those disease-free meat suppliers in Latin America and Oceania. Exports from Oceania, however, are likely to be constrained in 2004 by low animal inventories and stronger currencies in the region. By contrast, meat exports from South America, which have surged over the past three years, might increase further by about 6 percent in 2004, taking the region's share of meat exports to 27 percent, up from just 16 percent in the early 1990's. Moving into the position as the world's largest meat exporter, Brazil is expected to ship over 3.8 million tonnes of meat in 2004, or 21 percent of global trade.

Limited supplies and high prices depress bovine meat trade prospects

Global bovine meat production is forecast to reach 61.9 million tonnes in 2004, up marginally from the previous year. Low cattle inventories in Oceania, BSE concerns in North America and reduced sector support in the EU are constraining slaughtering, leading to an expected 2 percent drop in bovine meat production in developed countries. By contrast, output in developing regions is anticipated to rise by 3 percent, with continued strong gains foreseen in China, India, the Republic of Korea and Mexico. Per caput beef consumption is set to drop by 1 percent in both developed and developing regions to 22.7 and 6.4 kg/caput, respectively.



Higher prices and import bans on products originating from North America are expected to reduce global beef trade by 8 percent to 5.6 million tonnes. North American exports, totalling 1.5 million tonnes in 2003 and valued at US$4 billion, are expected to plummet

by 50 percent. While exports from Canada will recover as the United States lifts import restrictions on Canadian products, United States exports are estimated to decline by 82 percent. As demand for beef from disease-free suppliers surges, shipments from South America might expand by 17 percent, with Brazil's share of global beef shipments rising to 22 percent. However, the gap left by beef trade restrictions on North American products is unlikely to be entirely filled by South American or Oceania. Consequently, purchases by the major importing countries of Japan, Mexico, and the Republic of Korea are projected to fall by 35 percent, 30 percent, and 40 percent respectively. While Indian beef exports are likely to rise by 14 percent, a marginal decline in Australian shipments is anticipated, on account of limited inventories and an appreciating currency. The EU is set to register their second year as a net beef importer as exports decline for the fifth consecutive year.

World Meat Statistics[1/]

	2002	2003 estimate	2004 prelim.
	(. . . . million tonnes . . . .)		
PRODUCTION	**246.3**	**250.4**	**253.6**
Poultry meat	74.6	76.1	77.1
Pig meat	94.2	96.2	97.7
Bovine meat	61.3	61.7	61.9
Sheep & goat meat	11.8	12.0	12.4
Other meat	4.5	4.5	4.5
EXPORTS[2/]	**18.6**	**19.1**	**18.4**
Poultry meat	7.8	7.9	7.6
Pig meat	3.8	4.2	4.3
Bovine meat	5.9	6.1	5.6
Sheep & goat meat	0.7	0.7	0.7
Other meat	0.3	0.3	0.3
PER CAPITA CONSUMPTION	**39.8**	**39.9**	**39.9**
Poultry meat	12.0	12.1	12.2
Pig meat	15.2	15.3	15.4
Bovine meat	9.9	9.9	9.7
Sheep & goat meat	1.9	1.9	2.0
Other meat	0.7	0.7	0.7

Source: FAO **Note**: Total computed from unrounded data.

1/ For more detailed meat statistics, go to the following web site: http:/www.fao.org/es/ESC/en/20953/21014/index.html

2/ Includes meat (fresh, chilled, frozen prepared and canned) in carcass weight equivalent; excludes live animals, offals and EU (15) intra-trade.

Poultry output edges up but Avian Influenza (AI) cuts into trade prospects

Rising feed prices, AI induced bird mortality and slaughter, combined with consumer responses to the spread of AI is leading to a second year of slow growth in poultry meat output. Production in 2004 is forecast at 77.1 million tonnes, implying an increase of just 1 percent from the previous year, well below the average 5 percent growth of the past five years. Beset by AI outbreaks in early 2004, Asian poultry output is set to drop by 2 percent as disease-afflicted countries, i.e. Thailand, Viet Nam, Japan, the Republic of Korea, and Indonesia, among others, are estimated to have culled over 100 million birds. Recovery in many of these Asian countries, including those not affected by the disease, is constrained by lower prices in the wake of shaken consumer confidence in poultry and rising feed costs. Per caput consumption in the developing countries is forecast to decrease slightly to 8.2 kg/caput, mostly due to an estimated 2-percent decline in Asia. At the global level, per caput consumption, which grew 3 percent annually over the past five years, is expected to remain stable at 12 kg/caput.

Import bans on products originating from the 12 Asian and North American countries that were affected early in 2004 by AI are reducing supplies in world markets and causing international prices to rise. As a result, global trade in poultry products in 2004 is anticipated to contract by 4 percent to 7.6 million tonnes. Led by lower exports from the United States, developed country exports are expected to witness a third year of consecutive decline, sliding 5 percent to an estimated 3.8 million tonnes. Disease outbreaks are restricting Asian poultry exports, supplied by mainly Thailand and China, with shipments from the region forecast to be down by 21 percent. Non-traditional exporters in Asia, such as India, Malaysia, and the Philippines are increasing their exports while exports from Brazil, which have registered double-digit gains over the past 7 years, are expected to rise by a further 10 percent. High prices and consumer concerns are expected to reduce imports by major importers in Asia while trade barriers in the Russian Federation, will cause a further contraction in their imports.

Despite limited pigmeat output gains and higher prices, trade could expand

Low returns to hog producers in the context of higher feed prices are expected to limit growth in global pigmeat production to less than 2 percent in 2004, taking output to 97.7 million tonnes. In many countries, production costs are exceeding market prices as international maize and soybean meal prices have soared 20 percent and 65 percent respectively compared with last year. Lower profitability facing many of the producers in Europe and Brazil, combined with reduced prospects for exports to the Russian Federation, are negatively affecting the production outlook. Developed countries are set to experience a slight decline in output. This is despite, in the United States, a projected rise in output by 3 percent supported by strong consumer demand. In Asia, which accounts for 56 percent of global output, and where AI has bolstered pigmeat prices, output is set to increase by 3 percent. While per caput consumption is moving up in Asia and developing countries by 2 percent in 2004 to nearly 15 kg/caput and 11.8 kg/caput

respectively, it remains significantly below the level of 29.2 kg/caput in developed countries.

Trade prospects for pigmeat in 2004 are stronger than for poultry and bovine meats, with exports estimated at 4.3 million tonnes, or 2 percent higher than last year. Much of the increase is expected to be sourced in North America, which typically exports high valued cuts to lucrative Asian markets. Shipments by other traditional exporters are expected to be hampered by trade restrictions in the Russian Federation, which was the world's largest meat importer until its imposition of tariff rate quotas in 2003. Limited access to the Russian Federation market, where imports are forecast to be down by 12 percent, is set to reduce Brazilian shipments by 40 percent while the elimination of EU export subsidies early this year is forecast to reduce EU exports by 4 percent. By contrast, shipments from Mexico and Chile are anticipated to rise as a result of a trade agreement with Japan where strong consumer demand is bringing about an estimated 12 percent rise in imports, to a new record level. This is despite expectations that the strong import pace might retrigger the pigmeat safeguard, leading to higher tariffs in August.

Output and trade gains for ovine meat to exceed that of other meats

Global ovine meat production is expected to increase by 3 percent in 2004 to 12.4 million tonnes. Growth in Asia, which accounts for more than half of global production, is expected to rise 4 percent, supported by rising output in China. Despite a steady decline in United States output, growth in developed countries should be supported by a recovery of production in Australia, the EU and New Zealand. Global per caput consumption is forecast up 2 percent to 2 kg/caput.

A recovery in drought-affected exportable supplies from Australia and strong supply availability in New Zealand is leading to an estimated 3 percent increase in trade to 696 000 tonnes. Shipments from Oceania, which comprise 90 percent of global exports, are stimulated by higher import demand from the EU, North America and Mexico.

Milk and Milk Products

Prices rise during first-half of 2004

International prices were strong during the first half of 2004, as a result of limited export supplies and sustained import demand. The FAO price index for dairy products stood at 140 in May 2004, against an average of 117 during 2003. Compared to average prices for 2003, prices in May were higher for cheese (37 percent), butter (24 percent); skimmed milk powder (11 percent), and whole milk powder (8 percent). Above-average international prices have meant that the domestic industries in developing countries with relatively open markets have been less subject to competition from low-priced imports.

Indicative Dairy Export Prices

	2003	2004		
	May	March	April	May prov.
	(	US$/tonne, f.o.b.		)
Skimmed milk powder	1 726	1 850	1 850	1 950
Whole milk powder	1 778	1 863	1 863	1 950
Cheddar cheese	1 778	2 475	2 500	2 550
Butter	1 276	1 625	1 675	1 700

Source: Mid-point of price ranges reported by USDA.

The increase in international prices is mainly attributable to slow production growth, and in some cases declining production, in exporting countries in Oceania, South America and some parts of Europe. As world prices have risen, export subsidies paid by some high-cost producing countries in the northern hemisphere have fallen. In the case of the United States, average monthly export subsidies for skimmed milk powder declined from US$121 per tonne in August 2003 to US$39 per tonne in January 2004. In the EU, export subsidies for dairy products also fell. At the end of April, and compared to the start of the year, EU subsidies were reduced by 46 percent for skimmed milk powder, 19 percent for whole milk powder, 16 percent for butter, and 7 percent for gouda cheese. Despite declines, the amount of subsidy required to bring domestic prices for dairy products in high-cost producing countries down to world market levels remains substantial. As an illustration, even at their reduced levels, at the end of April, subsidies required to export one tonne of product from the EU were US$1 795 for butter, US$1 063 for gouda cheese, US$1 005 for whole milk powder, and US$419 for skimmed milk powder.

Asia and Latin America to account for most growth in 2004

Global milk output is expected to rise by approximately 1 percent during 2004, mainly as a result of increased production in Asia and Latin America. In Oceania, milk production in New Zealand for the 2003/04 dairy year is anticipated to be 2.5 percent higher than the previous year; this would be below the average annual increase in recent years. In the case of Australia,

continued below average rainfall in some areas of the country is expected to lead to a further fall in output, following the previous year's drought; production is expected to be 4 percent lower in the 2003/04 season. In the United States, 2004 milk production is expected to be almost the same as the previous year at 77 million tonnes. Milk production in a number of other developed countries (the EU, Canada, and Japan) is subject to policies which restrict output and, consequently, change little from year to year. In central and eastern Europe, milk production is expected to increase marginally in most countries in 2004.

Milk production in the Russian Federation declined by 1 percent in 2003, despite some indications that it was on an upward swing. Production growth has been inhibited by limited feed supplies. In 2004, a further fall in production is expected, as many producers are struggling to achieve profitability. The dairy herd has declined by 5 percent in the past year, but productivity per cow has increased. In the Ukraine, the other large producing country in the CIS, the same production trend is expected. Elsewhere in the CIS, however, most countries are in a phase of positive growth in milk output and this is expected to continue in 2004.

Milk Production

	2002	2003 prov.	2004 forecast
	(. . . . . million tonnes . . . . .)		
WORLD	**595.3**	**601.8**	**606.0**
EU	126.7	126.8	127.4
India 1/	84.6	88.0	91.5
United States	77.0	77.1	77.2
Russian Fed.	33.5	33.2	32.0
Pakistan	27.7	28.4	29.1
Brazil	22.8	23.5	24.2
China	14.0	17.5	21.0
New Zealand 2/	13.9	14.2	14.6
Ukraine	14.1	13.6	13.2
Poland	12.0	12.1	12.2
Mexico	9.6	9.9	10.3
Australia 3/	11.3	10.3	9.9
Argentina	8.2	7.6	7.8

Source: FAO

1/ Dairy years ending March of the year shown.
2/ Dairy years ending May of the year shown.
3/ Dairy years ending June of the year shown.

For developing countries overall, growth in milk production is expected to continue. In Asia, India's milk production during the 2003/2004 (April/March) marketing year is estimated at over 91 million tonnes. The strongest growth has been for buffalo milk, which accounts for almost three-fifths of national production. In China, milk output is projected to increase by an enormous 20 percent in 2004, following similar increases in 2003 and 2002; growth is in response to strong consumer demand and the profitability of dairying relative to other types of agricultural production. As a result of rising international prices, dairy companies have turned to expanding domestic supplies of milk – principally by increasing herd size. In Thailand and the Philippines, milk output is anticipated to increase further in 2004, as a result of favourable domestic milk prices. Along with most of the rest of South East Asia, demand for dairy products in these countries continues to grow, as the population's diet becomes more diversified. In the countries of South East Asia and in China, the development of school milk programmes is an important element in the growth of domestic demand.

In Latin America, there are signs that milk production in the southern cone countries is emerging from the declines experienced in recent years, when low prices caused output to drop substantially. In Argentina, Uruguay and Chile, milk output appears set to grow in 2004. Elsewhere in Latin America, milk production is expected to continue to increase in Peru in 2004, rising by 3 percent to 1.3 million tonnes - domestic demand is strong, making dairy production one of the most profitable agricultural activities. In Mexico, milk production is expected to rise by 3 percent during 2004, reaching 10.3 million tonnes. Modernization and improved herd management amongst larger producers are important elements in Mexico's growing milk output.

In Egypt, milk output is expected to be simulated by a 50 percent increase in farm-gate prices for milk, which have largely resulted from a 45 percent tariff on bulk imports of milk powder introduced in 2003. In Kenya, well-distributed rains in the second part of 2003 provided good fodder availability and a favourable outlook for milk production in 2004. Many other countries in East Africa had favourable conditions for fodder and pasture growth, indicating that milk production may be higher in 2004.

Import demand in Asia and some other important markets remains strong

International demand for imported dairy products is expected to remain firm particularly in certain Asian countries. Increased purchases of milk powder by countries in South East Asia - for example, in the Philippines, Thailand, Malaysia and Indonesia and China, are anticipated to meet rising domestic demand. Elsewhere, imports by Central American countries and the important markets of Mexico and Algeria could increase. Imports of milk products by Brazil, once an important purchaser, are expected to be limited as a result of growth in domestic production and muted domestic demand. Purchases of milk powder by Venezuela were also anticipated to be lower, in part as a result of difficulties faced by traders in obtaining import licenses. Imports of butter and cheese by the Russian Federation grew substantially in 2003, despite an increase in tariffs in the previous year. For 2004, the Federation is expected to be an important importer of these products. Purchase of butter by some countries in the Middle East and Africa, which are the most price sensitive importing regions, however, are anticipated to

fall in the light of the higher international prices - April 2004 international butter prices were 30 percent higher than for the same month in 2003. Amongst the countries which may reduce imports are Egypt, Morocco and Lebanon.

Export supplies limited, reflecting little or no production growth in exporting countries

For the 2004/05 dairy year, export supplies of dairy products are anticipated to be moderately higher from New Zealand and to be reduced from Australia. Export availabilities from South America in 2004 are expected to be similar to the previous year, as higher domestic demand absorbs increased output. Sales by the EU and other countries in Europe are anticipated to be a similar to the previous year. In the United States, surplus for export could be less, as a result of high domestic demand.

Prices to remain high this year

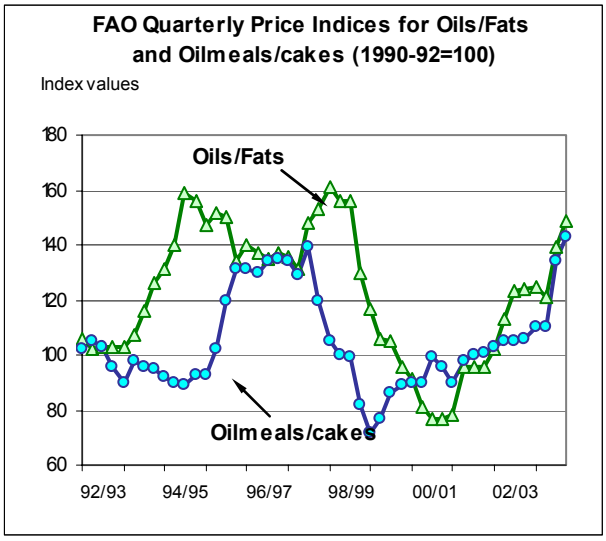
For the remainder of 2004, international dairy prices are expected to remain at or near their current high levels, in response to sustained international demand and limited export supplies.

Oilseeds, Oils and Oilmeals [1/]

Very firm prices prevail in the entire oilseed complex

During the current marketing season (October 2003-September 2004), prices in the oilcrop complex are strongly influenced by tight soybean supplies and by a slower growth in palm oil production. By April 2004, the monthly FAO price indices for oilcakes/meals and oils/fats had risen sharply, reaching levels not recorded since, respectively, 1980 and 1998.

Soybean prices started to rise in August 2003, climbing to a 15-year high in March 2004, when it became clear that an unexpected decline in soybean output would coincide with a sizeable expansion in global demand. Tightness in the soybean market caused the prices of other oilseeds, soymeal and other meals to rise considerably. Regarding oils/fats, this year's slow-down in the production growth of palm oil - the world's most widely traded oil - contributed strongly to the strengthening of prices. Overall, current supply and demand forecasts indicate that this season's increases in total oils/fats and total meal production will drive inventories and stock-to-use ratios to critically low levels.



As the season approaches its last quarter, prices will be increasingly influenced by the new crop (2004/05) plantings and related weather developments in northern hemisphere countries. Clearly, the current high level of oilseed prices is stimulating farmers to increase plantings and related investments. Based on first planting reports, new-crop prospects seem to be favourable for soybeans, rapeseed and possibly also groundnuts - assuming weather conditions remain good and pest incidence is low. If confirmed, an expansion in oilseed production in 2004/05 could dampen or stall the upward trend in prices in the oilseed complex.

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

International Prices of Oilseed-Based Products

	FAO indices of international market prices		Average international market prices			
	Edible/soap fats and oils	Oilcakes and meals	Soybean [a/]	Soybean oil [b/]	Palm oil [c/]	Soybean meal [d/]
October/September	(. . . 1990-92=100 . . .)		(. . . . . US$/tonne . . . . . .)			
1996/97	134	133	298	536	545	278
1997/98	154	116	256	634	641	197
1998/99	125	82	209	483	514	149
1999/00	91	89	209	355	337	180
2000/01 - Oct.- March	76	98	206	314	254	198
- April-Sept.	86	94	197	356	289	178
2001/02 - Oct.- March	95	100	188	378	323	175
- April-Sept.	107	104	213	445	392	174
2002/03 - Oct.- March	124	106	241	543	442	186
- April-Sept.	123	110	246	535	414	197
2003/04 - Oct.- March	144	138	351	653	512	274
- April	149	148	345	674	539	310

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

Global oilseeds output to increase less than anticipated due to reduced soybean yields

Aggregate oilseed production is expected to rise moderately in 2003/04. As harvesting of the crops in the southern hemisphere comes to an end, it is becoming clear that world production of oilseeds will increase less than originally expected. After unfavourable weather conditions and disease problems lowered expectations of soybean production in the United States by about 13 million tonnes, crop losses of a similar magnitude have been reported from soybean producing countries in South America, again as a result of pests and adverse weather. Lower than anticipated soybean output was also recorded in China and Canada. The main exception is India, which harvested a record crop. Overall, world soybean output is now estimated to fall by about 4 percent compared to the previous season - despite a substantial increase in area harvested. Aggregate oilseed output is however expected to rise by about 2 percent due to sizeable increases in production of other oilseeds, in particular rapeseed, groundnut and sunflowerseed.

Continued growth guaranteed in global oil and meal production [1/]

Notwithstanding the shortfall in soybean production, global output of **oils/fats** is forecast to increase by 3 percent, slightly exceeding recent growth rates. Such an expansion is made possible by the increased availability of high oil-yielding oilseeds - in particular rapeseed, but also sunflowerseed and groundnut – which offset the stagnation or slight decline in global soyoil production and the marked slowdown in the expansion of palm oil production. With regard to global supplies of oils/fats (i.e. 2002/03 ending stocks plus 2003/04 production), however, a more modest increase is expected, because of this season's very low opening stocks.

Regarding **meals/cakes**, this season's global output and total supplies (both expressed in protein equivalent) are projected to grow by about 3 percent. In contrast to previous years, the bulk of the increase in production will come from meals other than soymeal.

1/ This section discusses expected developments in the production of oils and meals from all origins, which – in addition to products derived from the oil crops discussed in the previous section – include palm oil, marine oils and meals as well as animal fats.

World Production of Major Oilseeds

	2001/02	2002/03 estimate	2003/04 forecast
	(. . . . million tonnes . . . .)		
Soybeans	183.9	195.1	186.9
Cottonseed	37.1	33.5	35.2
Rapeseed	36.5	33.0	39.2
Groundnuts	34.4	31.5	35.1
Sunflowerseed	20.8	23.3	26.1
Palm kernels	7.1	7.6	7.7
Copra	5.2	5.5	5.2
Total	**325.0**	**329.5**	**335.4**

Source: FAO

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

Expansion in global utilization of oil and meal to continue

In 2003/04, global utilization of **oils/fats** is forecast to expand by 3 percent. The growth in consumption will be driven by stronger demand in developing countries, reflecting buoyant economic growth combined with stable population increases. The most dynamic markets, relatively speaking, continue to be in Asia and, to a lesser extent, in North Africa. The consumption increase expected in India and China is particularly noteworthy. In contrast to past years, the two most widely consumed and fastest expanding oils, soy oil and palm oil, will account only for a small share of the overall expansion.

Oilseeds and products: Global supplies, trade and utilization

	2001/02	2002/03 estimate	2003/04 forecast
	(. . . . . million tonnes . . . . . .)		
Total oilseeds			
Production	335	339	346
Oils and fats [1/]			
Production	122	125	129
Supply [2/]	140	142	144
Utilization [3/]	123	128	131
Trade [4/]	57	61	62
Stock/Util. Ratio (in percentage)	*14%*	*12%*	*11%*
Oilmeals and cakes [5/]			
Production	86	88	91
Supply [2/]	96	97	100
Utilization [3/]	86	87	91
Trade [4/]	46	49	53
Stock/Util. Ratio (in percentage)	*11%*	*11%*	*10%*

Source: FAO

Note: Refer to footnote 1/ in the text for further explanations regarding definitions and coverage.
1/ Includes oils and fats of vegetable and animal origin.
2/ Production plus opening stocks. 3/ Residual of the balance. 4/ Trade data refer to exports based on a common October/September marketing season. 5/ All meal figures are expressed in protein equivalent. Meals include all meals and cakes derived from oilcrops as well as fish meal.

Total **oilcakes/meals** utilization is forecast to expand by around 3-4 percent. The current season is characterized by a below-average increase in soymeal consumption that will likely be offset by higher use of other meals. About three quarter of the increase in global consumption is expected to materialize in developing countries, mostly as a result of increased demand in South and Southeast Asia (especially India and China), clearly the most dynamically expanding markets for oilmeals. The recent outbreak of avian influenza in Asia and elsewhere appears to have affected regional and world demand for oilmeals only in a temporary manner. In the EU [1/], the world's leading consumer of oilmeals, consumption is projected to rise in response to reduced availability of domestic feed grain and forage, whereas in the United States, meal consumption is expected to remain about unchanged because of the marked reduction in soymeal supplies and stagnating livestock production.

Global stocks of both oil and meal falling to very low levels

Based on current forecasts, global **oils/fats** stocks are expected to decrease further from last season's below average level – due to tight supplies for the two leading oils, soy oil and palm oil. Rather than being replenished, global inventories are expected to shrink further, as global utilization is forecast to exceed production for the third consecutive season. As a result, the stocks-to-utilization ratio is anticipated to keep falling, reaching a record low level and exerting considerable upward pressure on prices. Global inventories of **meals/cakes** are expected to fall further below the minimum levels of the two previous seasons. The anticipated decline is mainly on account of a 20 percent drawdown of soymeal stocks. The global stocks-to-utilization ratio for meal is anticipated to deteriorate further, explaining the current surge in international meal prices.

Slower growth of oil trade while expansion in meal shipments is maintained

The expansion in global trade of **oils/fats** (including the oil contained in seeds traded) is anticipated to be much smaller in 2003/04 than in the previous season due to the combination of reduced export availabilities of soybeans and soyoil in the United States, an insignificant increase in shipments of the same products from South America, and much less dynamic palm oil exports. Higher exports of rapeseed oil by Canada and Australia will only partly offset the slowdown in soy and palm trade. Regarding imports, last season's surge in oils/fats purchases by key importing countries, in particular China and India, is unlikely to recur as improved (and in some cases record) domestic crops have been harvested during 2003/04 in the two countries. In India, the amount of domestic oilseeds available for crushing is estimated to have surged by 40 percent and, as a result, foreign purchases are expected to remain below 5 million tonnes - or 12 percent below last season's level. Imports by China are currently forecast to rise by a below-average 10 percent, possibly surpassing 10 million tonnes - which would cover some 45 percent of domestic requirements. Overall, India and China are maintaining their recently acquired position as key players in the global market for oilseeds and derived products. Purchases by the EU - the other major importer - are anticipated to grow only moderately this season.

1/ In this section of the report, mention of the European Union refers to EU-15. In future reports, data on oilseeds, oils and oilmeals for the enlarged EU-25 will be presented.

Global trade in **meals/cakes** (including the meal contained in seeds traded) is forecast to continue expanding at an average rate of 6-7 percent. Regarding exports, an unprecedented drop in soybean and meal shipments is expected in the United States where domestic production shortfalls and low carry-in stocks have seriously curtailed export availabilities. Brazil and Argentina are expected to more than offset that shortfall by raising their volume of soybean and meal shipments by about 10 percent each. Additional support is also expected to come from increased trade in meals other than soymeal. In Asia, India is particularly well placed to expand its meal exports this season. At an estimated record volume of 4.1 million tonnes, the country is expected to be a major source of meals for importers in Asia. Although Southeast Asia will continue to be one of the main destinations for meal shipments, import growth is anticipated to slow down in parts of the region, for example in China, where crushers can draw on ample opening stocks and a good domestic crop. By contrast, a significant rise in import demand is observed in the EU.

Pulses[1/]

Record world production foreseen in 2004

Based on current crop conditions and assuming normal weather throughout the rest of the season, FAO's first global pulse production forecast for 2004 stands at a record 60 million tonnes, 6 percent above last year.

World Production of Pulses

	2001	2002	2003	2004 f.cast
	(……. million tonnes……)			
Africa	9.4	9.6	9.3	9.8
Asia	23.2	26.9	25.2	29.0
Europe	8.0	8.0	7.8	7.9
Latin America & Caribbean	5.6	6.6	6.4	6.6
North America	4.6	4.0	4.5	4.9
Oceania	2.6	1.1	2.0	2.1
World	**53.3**	**56.2**	**55.2**	**60.3**
Developing countries	37.9	42.7	40.5	45.3
Developed countries	15.4	13.5	14.6	15.0

In Africa, total pulse production in 2004 is forecast to rise by 6 percent to 9.8 million tonnes. In Ethiopia, production recovered from the drought-reduced output last year, increasing 59 percent, to 1.2 million tonnes. Production is also expected to recover in Tanzania as a result of generally adequate rainfall during the main season. In Burundi and Rwanda, two countries with very high per caput pulse consumption, the main season's crop, harvested in January, was reduced due to poor rain while prospects for the second season, about to be harvested, are uncertain following a dry spell in late April/beginning of May. In Mozambique, the output is estimated unchanged from last year's normal level. Prospects for pulse crops have improved in North Africa, reflecting adequate moisture conditions in the subregion.

In Asia, 2004 total pulse production is forecast to increase by 15 percent to 29 million tonnes, largely on account of an expansion in India and China. India, the world's largest producer of pulses, could increase output by 30-percent to 15 million tonnes, reflecting a normal monsoon and a rise in government support prices to stimulate output. In China, pulse production could surge to about 6 million tonnes, as price increases in recent months should stimulate an expansion in plantings. Elsewhere in Asia, Thailand's output is forecast to expand slightly due to a small increase in sown area; while in Syria and Turkey, two major producers of chickpeas and lentils, favourable weather conditions point to the likelihood of good crops.

Within the Latin American and Caribbean region (LAC), Brazil's 2004 production, consisting almost entirely of dry beans, is forecast to decline slightly from the previous year to 3.26 million tonnes. In Mexico, dry bean output is likely to remain unchanged at 1.3 million tonnes, while that of chickpeas could drop in view of slack export demand. Good pulses crops are also expected in Honduras, El Salvador and Guatemala. In Nicaragua, the recent harvested main season crop is preliminary estimated at a record level of 210 000 tonnes. By contrast, it is likely to drop in Argentina, reflecting smaller seeded areas.

In North America, pulse production in Canada is forecast to increase by 13 percent this year to 3.5 million tonnes, but in the United States, production is expected to rise only marginally from the previous year to a little over 1.4 million tonnes. Growers are expected to reduce dry bean area, given the sluggish market response to low dry bean supplies, combined with more attractive prices for alternative crops, particularly soybeans. In Oceania, Australia's pulse output in 2004 could increase by 7 percent to about 2.1 million tonnes.

1/ Pulses include dry beans, dry peas, chickpeas, dry broad beans, lentils, pigeon peas, cowpeas, lupins, vetches and other minor pulses.

In Europe, pulse production in the EU-25 is forecast at around 5 million tonnes. France's dry pea area could increase slightly, while that under broad beans is seen expanding by 5-10 percent, prompted by attractive prices. Among the European CIS countries, Ukraine's dry pea production is set to recover in anticipation of improved yields after last year's drought. By contrast, output in the Russian Federation could be hindered by limited input availabilities and a shift towards grains.

Improved supplies to boost consumption

Given the fact that pulse stocks are only held in relatively modest volumes, the larger production forecast in 2004 is expected to give rise to increased utilization also, of about 59 million tonnes, in both food and feed uses. Global food consumption of pulses, which represents, on average, two thirds of overall utilization, is forecast at 39 million tonnes, while feed use could reach 13 million tonnes.

In India, the world's largest consumer of pulses, total utilization is forecast to rise in view of an anticipated record production and strong imports. In China, dry pea utilization is likely to expand, as it is gaining popularity in the noodle industry. By contrast, Japan's dry bean consumption could decline, in view of a weaker demand by the confectionary industry. In several African countries, including Egypt, Ethiopia, Morocco and Tunisia, pulse consumption, mostly as food, is set to rise.

In Mexico, dry bean consumption is forecast to grow, a reflection of the falling purchasing power of middle income consumers who are reportedly substituting dry beans for meats as an alternative source of protein. In Australia, Canada and the United States, food consumption of pulses is likely to remain near last year's levels but feed use could rise. In the EU, shortages in feed grains should stimulate a larger pulse feed use, particularly dry peas.

Overall trade in pulses set to grow

World trade in pulses in 2004 is forecast to increase by 9 percent from the previous year to about 10 million tonnes, reflecting larger supplies in the major exporting countries, coupled with a strong import demand in South Asia, the Near East and North Africa. On a commodity basis, dry pea and lentil shipments are likely to grow, whereas those of dry beans and chickpeas could decline.

In Canada and the United States, dry bean exports are likely to drop from last year, as a result of output contractions in both countries. By contrast, sales of dry peas and lentils are forecast to expand, supported by larger food aid shipments in the case of the United States.

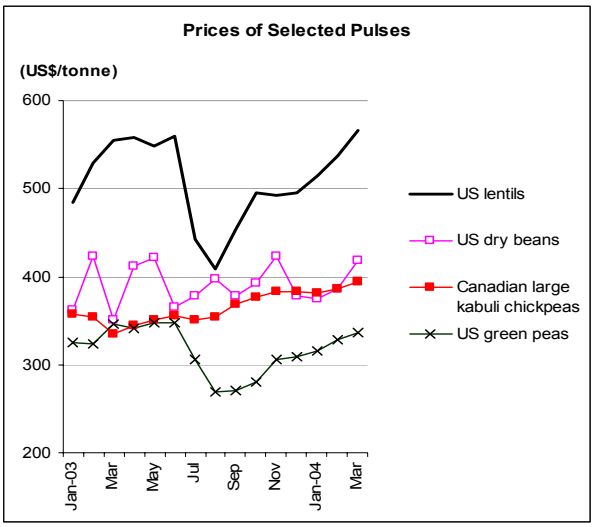
Likewise, Australia's dry pea and lentil exports are forecast to grow, while chickpea shipments could drop, in view of a smaller crop outlook and low stocks. In the EU, dry pea exports by France are likely to decline, because of strong feed demand by other EU countries; whereas, dry broad bean exports from France and the United Kingdom are forecast to expand in the light of larger crop prospects. In Ukraine, the rebound in dry pea production should result in increased exports. Sales of dry beans by China and Myanmar should continue expanding in 2004, given the geographic proximity of both countries to major importers, Japan, the Republic of Korea and India. By contrast, exports of chickpeas from Mexico and of dry beans from Argentina are forecast to contract, in line with domestic supplies.

Regarding imports, India is forecast to maintain its purchases around last year's level of 1.8 million tonnes, despite the anticipated boost in local production, as rising disposable incomes are spurring demand. In China, dry pea imports are likely to expand, as a result of growing domestic needs. In the Republic of Korea, imports of dry peas should be stimulated by the recent decision to sharply reduce the import duty on feed peas from 30 to 2 percent under a tariff rate quota (TRQ) of 450 000 tonnes.

Pulse imports by several Middle Eastern and North African countries, almost exclusively for human consumption, are forecast to remain strong this year, reflecting the sustained growth in domestic demand. In Egypt, the Government has recently decided to include lentils and broad beans in the list of subsidized food products, which is likely to result in increased purchases. In LAC, increased domestic needs should stimulated larger dry bean imports by Cuba; while in Mexico, they are likely to remain around last year's level of 50 000 tonnes in view of the relatively large inventories combined with a tightening of supplies in North America. Under NAFTA, the 2004 duty-free TRQ volume of dry beans amounts to 67 196 tonnes for the United States and 2 016 tonnes for Canada.

Market conditions reveal mixed price expectations

Prices of several pulse types exhibited an upward trend over the past few months. In the United States, prices of dry peas and lentils have strengthened since October of 2003, while those of dry beans have stagnated. In China, customs data show an increasing trend in pulse prices. FOB export prices of adzuki beans soared by 85 percent since November to US$760 per tonne in February. During the same time period, prices rose per US$80 per tonne for mung and kidney beans and by US$50 for lentils. Dry pea import prices increased by US$70 to US$280 per tonne in February.



Based on the current indications, dry bean prices are likely to strengthen in the second half of 2004, on account of smaller production prospects in the United States and Canada combined with low overall stock levels. By contrast, dry pea prices could come under downward pressure, reflecting larger supplies in several major exporting countries, namely Canada, Australia, the EU (France) and the United States. However, dry pea price movements, especially of feed grades, are also influenced by price developments in the oilmeal and livestock markets. As for lentils, prices are forecast to weaken in the next few months in response to larger export supplies, whereas chickpea prices might increase, reflecting both a tightening supplies in some large exporting countries and also a bigger production share of *kabuli* type chickpeas (larger calibre seed), which are more expensive than the *desi* type.

APPENDIX TABLES

A.1 a) **- WORLD CEREAL PRODUCTION**

	Wheat			Coarse Grains		
	2002	2003 estimate	2004 forecast	2002	2003 estimate	2004 forecast
	(. . . . . million tonnes . . . . .)					
ASIA	**251.9**	**245.1**	**249.1**	**212.9**	**213.6**	**219.2**
Bangladesh	1.5	1.5	1.3	0.1	0.1	0.1
China 1/	90.3	86.0	85.0	133.8	125.1	130.3
India	71.8	65.1	71.0	25.7	33.7	34.0
Indonesia	-	-	-	9.7	10.8	11.4
Iran, Islamic Rep. of	12.5	13.5	14.0	4.7	4.9	4.6
Japan	0.8	0.9	0.8	0.2	0.2	0.3
Kazakhstan	12.7	12.0	11.7	3.0	2.6	2.5
Korea, D. P. R.	0.1	0.2	0.2	1.8	1.9	1.8
Korea, Rep. of	-	-	-	0.4	0.4	0.4
Myanmar	0.1	0.1	0.1	0.8	0.9	0.8
Pakistan	18.2	19.3	19.7	2.2	2.1	2.2
Philippines	-	-	-	4.3	4.6	5.6
Saudi Arabia	2.0	2.0	1.6	0.3	0.2	0.2
Thailand	-	-	-	4.5	4.5	4.5
Turkey	19.5	19.5	20.0	11.0	11.0	11.0
Viet Nam	-	-	-	2.3	2.4	2.2
AFRICA	**16.2**	**21.6**	**21.6**	**81.3**	**91.8**	**87.2**
North Africa	**11.7**	**17.0**	**16.9**	**9.9**	**12.7**	**12.4**
Egypt	6.6	6.8	7.2	7.4	7.6	7.7
Morocco	3.4	5.1	5.4	1.9	2.8	2.8
Sub-Saharan Africa	**4.6**	**4.5**	**4.6**	**71.4**	**79.1**	**74.8**
Western Africa	**0.1**	**0.1**	**0.1**	**34.2**	**37.0**	**35.9**
Nigeria	0.1	0.1	0.1	19.7	20.2	20.6
Central Africa	**-**	**-**	**-**	**2.6**	**2.7**	**2.7**
Eastern Africa	**1.9**	**2.6**	**2.2**	**18.7**	**22.4**	**21.0**
Ethiopia	1.2	1.9	1.5	6.2	8.1	7.4
Sudan	0.3	0.4	0.3	3.5	5.6	4.5
Southern Africa	**2.6**	**1.9**	**2.4**	**15.8**	**17.0**	**15.2**
Madagascar	-	-	-	0.2	0.2	0.2
South Africa	2.3	1.5	2.2	10.5	10.2	8.4
Zimbabwe	0.2	0.1	0.1	0.6	0.9	0.8
CENTRAL AMERICA	**3.2**	**2.9**	**2.5**	**30.1**	**31.6**	**31.1**
Mexico	3.2	2.9	2.5	26.6	27.8	27.3
SOUTH AMERICA	**18.2**	**23.5**	**23.7**	**65.3**	**79.8**	**70.6**
Argentina	12.3	14.5	14.8	18.7	19.0	16.0
Brazil	2.9	6.0	6.0	37.0	50.5	45.0
Colombia	-	-	-	1.4	1.4	1.5
NORTH AMERICA	**60.3**	**87.1**	**80.3**	**265.2**	**302.6**	**310.7**
Canada	16.2	23.6	23.7	20.1	26.5	26.4
United States	44.1	63.6	56.6	245.2	276.0	284.3
EUROPE	**209.6**	**154.4**	**195.7**	**220.7**	**198.8**	**219.5**
Bulgaria	3.6	2.0	2.8	2.5	1.9	2.4
EU 2/	104.0	91.4	123.7	107.3	96.0	140.4
Hungary 3/	3.9	2.9	-	7.8	5.8	-
Poland 3/	9.3	7.9	-	17.6	15.7	-
Romania	4.4	2.5	5.4	9.9	10.7	11.6
Russian Fed.	50.6	34.0	42.0	33.7	30.9	31.2
Ukraine	19.8	4.3	15.7	16.4	15.5	17.4
OCEANIA	**10.4**	**25.3**	**22.3**	**8.1**	**13.3**	**12.9**
Australia	10.1	24.9	21.9	7.5	12.8	12.3
WORLD	**569.8**	**560.0**	**595.1**	**883.5**	**931.6**	**951.2**
Developing countries	262.4	267.2	270.1	373.9	401.9	395.2
Developed countries	307.4	292.8	325.0	509.7	529.7	556.0

Source: FAO **Note:** Totals computed from unrounded data.
1/ Including Taiwan Province. **2/** Up to 2003/04 15 member countries, from 2004/05 25 member countries.
3/ From 2004 included in EU 25.

Table A.1 b) **- WORLD CEREAL PRODUCTION**

	Rice (paddy)			Total Cereals 1/		
	2002	2003 estimate	2004 forecast	2002	2003 estimate	2004 forecast
	(. . . . . million tonnes . . . . .)					
ASIA	**517.3**	**538.3**	**555.7**	**982.0**	**997.1**	**1 024.0**
Bangladesh	37.8	39.9	40.5	39.4	41.5	41.9
China 2/	176.3	167.5	178.8	400.4	378.5	394.1
India	109.0	131.9	136.0	206.5	230.7	241.0
Indonesia	51.5	51.8	53.1	61.1	62.7	64.5
Iran, Islamic Rep. of	3.1	3.3	3.4	20.2	21.7	22.0
Japan	11.1	9.7	10.7	12.2	10.8	11.8
Kazakhstan	0.2	0.2	0.3	15.9	14.8	14.5
Korea, D. P. R.	2.2	2.3	2.3	4.1	4.4	4.3
Korea, Rep. of	6.7	6.0	6.4	7.0	6.4	6.8
Myanmar	22.8	24.6	23.0	23.7	25.7	23.9
Pakistan	6.7	7.3	7.6	27.2	28.7	29.5
Philippines	13.0	14.1	14.6	17.3	18.7	20.2
Saudi Arabia	-	-	-	2.3	2.2	1.8
Thailand	25.6	26.8	27.0	30.1	31.3	31.5
Turkey	0.4	0.4	0.4	30.8	30.9	31.4
Viet Nam	34.4	34.5	34.2	36.8	36.9	36.4
AFRICA	**17.8**	**18.1**	**18.2**	**115.2**	**131.6**	**127.0**
North Africa	**6.0**	**6.2**	**6.2**	**27.6**	**35.9**	**35.5**
Egypt	6.0	6.2	6.2	20.0	20.7	21.1
Morocco	-	-	-	5.3	8.0	8.3
Sub-Saharan Africa	**11.7**	**12.0**	**12.0**	**87.7**	**95.6**	**91.5**
Western Africa	**7.4**	**7.5**	**7.6**	**41.7**	**44.6**	**43.6**
Nigeria	3.4	3.4	3.5	23.1	23.7	24.2
Central Africa	**0.4**	**0.4**	**0.4**	**3.0**	**3.1**	**3.1**
Eastern Africa	**1.1**	**0.9**	**1.0**	**21.7**	**25.9**	**24.2**
Ethiopia	-	-	-	7.3	10.0	9.0
Sudan	-	-	-	3.8	6.1	4.8
Southern Africa	**2.9**	**3.1**	**3.0**	**21.3**	**22.0**	**20.6**
Madagascar	2.6	2.8	2.7	2.8	3.0	2.8
South Africa	-	-	-	12.8	11.7	10.6
Zimbabwe	-	-	-	0.7	1.0	0.9
CENTRAL AMERICA	**2.7**	**2.6**	**2.8**	**36.1**	**37.2**	**36.4**
Mexico	0.2	0.2	0.3	30.0	31.0	30.0
SOUTH AMERICA	**19.8**	**19.8**	**22.7**	**103.3**	**123.2**	**117.0**
Argentina	0.7	0.7	1.0	31.8	34.3	31.8
Brazil	10.6	10.4	12.9	50.5	66.9	63.9
Colombia	2.3	2.5	2.6	3.8	4.0	4.0
NORTH AMERICA	**9.6**	**9.0**	**9.9**	**335.1**	**398.7**	**400.8**
Canada	-	-	-	36.3	50.1	50.0
United States	9.6	9.0	9.9	298.8	348.6	350.8
EUROPE	**3.2**	**3.2**	**3.3**	**433.5**	**356.4**	**418.5**
Bulgaria	-	-	-	6.2	3.9	5.3
EU 3/	2.6	2.6	2.7	267.4	235.3	266.8
Hungary 4/	-	-	-	11.7	8.8	-
Poland 4/	-	-	-	26.9	23.6	-
Romania	-	-	-	14.3	13.2	17.0
Russian Fed.	0.5	0.4	0.5	84.8	65.4	73.7
Ukraine	0.1	0.1	0.1	36.3	19.9	33.2
OCEANIA	**1.3**	**0.4**	**0.6**	**19.8**	**39.0**	**35.7**
Australia	1.3	0.4	0.6	18.8	38.1	34.8
WORLD	**571.7**	**591.6**	**613.2**	**2 025.0**	**2 083.2**	**2 159.5**
Developing countries	546.0	568.5	587.9	1 182.3	1 237.5	1 253.2
Developed countries	25.8	23.1	25.4	842.8	845.7	906.3

Source: FAO **Note**: Totals computed from unrounded data.
1/ Rice is included in the cereal total in paddy terms. **2/** Including Taiwan Province **3/** Up to 2003/04 15 member countries, from 2004/05 25 member countries **4/** From 2004 included in EU 25.

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

	Wheat (July/June) 1/			Coarse Grains (July/June)		
	2002/03	2003/04 estim.	2004/05 f'cast	2002/03	2003/04 estim.	2004/05 f'cast
	(. . . . . million tonnes . . . . .)					
ASIA	**41.1**	**40.1**	**45.4**	**57.9**	**59.5**	**59.0**
Bangladesh	1.7	1.8	1.8	0.2	0.1	0.1
China	1.5	4.0	8.1	7.3	7.5	7.8
Taiwan Province	1.1	1.2	1.1	5.0	5.0	5.3
Georgia	0.5	0.5	0.4	-	-	-
India	0.1	-	-	0.1	0.2	0.1
Indonesia	4.1	4.2	4.2	1.7	1.4	1.0
Iran, Islamic Rep. of	1.8	0.5	0.2	1.4	1.7	1.9
Iraq	1.7	2.2	2.5	0.1	0.3	0.2
Israel	1.6	1.2	1.5	1.4	1.7	1.4
Japan	5.4	5.8	5.6	20.4	20.5	20.4
Korea, D. P. R.	0.4	0.3	0.4	0.3	0.1	0.3
Korea, Rep. of	3.7	3.2	3.3	9.2	9.3	9.6
Malaysia	1.4	1.4	1.4	2.4	2.5	2.6
Pakistan	0.2	0.1	0.5	0.1	0.2	0.2
Philippines	3.2	3.1	3.2	0.4	0.3	0.1
Saudi Arabia	0.1	0.1	0.1	6.7	7.2	7.3
Singapore	0.3	0.3	0.3	0.2	0.2	0.2
Sri Lanka	1.0	1.0	1.0	0.1	0.1	0.1
Syria	0.6	0.1	0.1	1.2	1.3	1.3
Thailand	0.9	0.9	1.0	0.1	0.2	0.2
Yemen	2.0	2.2	2.5	0.2	0.3	0.2
AFRICA	**28.4**	**23.8**	**24.3**	**16.5**	**14.6**	**15.1**
North Africa	**17.5**	**13.7**	**14.4**	**10.6**	**9.4**	**9.9**
Algeria	5.5	3.2	3.5	1.8	1.5	1.8
Egypt	6.4	6.4	6.6	5.3	5.2	5.2
Morocco	2.7	2.0	1.8	1.5	1.2	1.2
Tunisia	1.4	0.6	1.0	1.2	0.8	0.9
Sub-Saharan Africa	**10.9**	**10.1**	**9.9**	**5.9**	**5.2**	**5.3**
Côte d'Ivoire	0.3	0.3	0.3	-	-	-
Ethiopia	1.8	0.2	0.7	0.1	-	-
Kenya	0.4	0.6	0.6	0.3	0.8	0.8
Nigeria	2.3	2.4	2.5	0.1	0.1	0.1
Senegal	0.3	0.3	0.3	0.1	-	-
Sudan	1.0	1.2	1.1	0.1	0.1	0.1
South Africa	0.9	1.2	0.7	1.0	0.9	1.0
CENTRAL AMERICA	**7.0**	**7.3**	**7.8**	**11.9**	**13.5**	**13.9**
Cuba	1.0	1.0	1.0	0.3	0.3	0.3
Dominican Rep.	0.3	0.3	0.3	0.7	0.7	0.7
Mexico	3.3	3.5	4.0	8.5	9.9	10.3
SOUTH AMERICA	**11.6**	**10.5**	**10.5**	**5.9**	**5.8**	**6.6**
Brazil	6.7	5.4	5.3	0.6	0.6	0.7
Chile	0.4	0.4	0.4	1.1	1.1	1.2
Colombia	1.2	1.2	1.3	2.3	2.4	2.5
Peru	1.3	1.3	1.4	0.7	0.6	0.9
Venezuela	1.1	1.2	1.3	0.7	0.7	0.7
NORTH AMERICA	**2.2**	**2.0**	**1.8**	**6.5**	**4.2**	**4.7**
Canada	0.2	-	-	4.5	2.1	2.6
United States	2.0	2.0	1.8	1.9	2.1	2.1
EUROPE	**16.3**	**17.1**	**7.6**	**7.1**	**10.9**	**5.5**
Belarus	0.4	0.3	0.2	0.2	0.2	0.1
EU 2/	12.0	5.8	4.2	4.4	6.9	3.9
Poland 3/	0.2	0.8	-	0.4	0.9	-
Romania	0.6	2.0	0.2	-	0.1	0.1
Russian Fed.	0.5	0.7	0.5	0.3	0.6	0.6
Ukraine	0.5	3.5	0.5	0.1	0.2	-
OCEANIA	**0.4**	**0.5**	**0.5**	**0.1**	**0.1**	**0.1**
New Zealand	0.1	0.2	0.2	0.1	0.1	0.1
WORLD	**107.0**	**101.2**	**98.0**	**105.9**	**108.6**	**105.0**
Developing countries	78.2	72.0	78.9	69.4	70.2	71.8
Developed countries	28.8	29.2	19.1	36.5	38.4	33.2

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

1/ Including wheat flour in wheat grain equivalent, but excluding semolina.
2/ Excluding trade between the EU member countries. Up to 2003/04 15 member countries, from 2004/05 25 member countries.
3/ From 2004/05 included in EU 25.

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

	Rice (milled)			Total Cereals 1/		
	2003	2004 estim.	2005 f'cast	2002/03	2003/04 estim.	2004/05 f'cast
	(. . . . . million tonnes . . . . .)					
ASIA	**13.6**	**11.8**		**112.7**	**111.4**	
Bangladesh	1.6	0.4		3.5	2.3	
China	0.4	1.0		9.2	12.4	
Taiwan Province	0.1	0.2		6.3	6.3	
Georgia	-	-		0.5	0.5	
India	-	0.1		0.2	0.2	
Indonesia	3.0	1.5		8.8	7.1	
Iran, Islamic Rep. of	0.7	0.7		4.0	2.9	
Iraq	0.7	1.2		2.5	3.6	
Israel	0.1	0.1		3.1	3.0	
Japan	0.7	0.7		26.5	26.9	
Korea, D. P. R.	0.7	0.5		1.4	0.9	
Korea, Rep. of	0.2	0.2		13.1	12.8	
Malaysia	0.6	0.5		4.3	4.4	
Pakistan	-	-		0.3	0.3	
Philippines	0.9	1.0		4.5	4.3	
Saudi Arabia	0.8	0.9		7.7	8.1	
Singapore	0.3	0.4		0.8	0.9	
Sri Lanka	0.1	0.2		1.2	1.3	
Syria	0.2	0.2		1.9	1.6	
Thailand	-	-		1.0	1.0	
Yemen	0.3	0.3		2.5	2.7	
AFRICA	**8.3**	**8.0**		**53.1**	**46.3**	
North Africa	**0.2**	**0.3**		**28.3**	**23.4**	
Algeria	0.1	0.1		7.4	4.8	
Egypt	-	0.1		11.7	11.7	
Morocco	-	-		4.2	3.2	
Tunisia	-	-		2.6	1.4	
Sub-Saharan Africa	**8.0**	**7.6**		**24.8**	**22.9**	
Côte d'Ivoire	0.8	0.9		1.1	1.3	
Ethiopia	-	-		1.9	0.2	
Kenya	0.3	0.2		1.0	1.6	
Nigeria	1.5	1.3		3.9	3.8	
Senegal	0.6	0.6		1.0	0.9	
Sudan	-	-		1.1	1.3	
South Africa	0.8	0.8		2.6	2.9	
CENTRAL AMERICA	**1.9**	**1.9**		**20.8**	**22.7**	
Cuba	0.5	0.5		1.7	1.8	
Dominican Rep.	-	0.1		1.0	1.2	
Mexico	0.5	0.5		12.3	13.9	
SOUTH AMERICA	**1.4**	**1.0**		**18.9**	**17.3**	
Brazil	1.1	0.6		8.3	6.5	
Chile	0.1	0.1		1.6	1.6	
Colombia	0.1	0.1		3.6	3.7	
Peru	-	0.1		2.0	1.9	
Venezuela	0.1	0.1		1.9	2.0	
NORTH AMERICA	**0.7**	**0.7**		**9.3**	**7.0**	
Canada	0.3	0.3		5.0	2.4	
United States	0.4	0.5		4.3	4.6	
EUROPE	**1.7**	**1.9**		**25.2**	**29.9**	
Belarus	-	-		0.6	0.5	
EU 2/	0.7	0.9		17.1	13.6	
Poland 3/	0.1	0.1		0.7	1.8	
Romania	0.1	0.1		0.7	2.2	
Russian Fed.	0.4	0.5		1.2	1.7	
Ukraine	0.1	0.1		0.7	3.7	
OCEANIA	**0.4**	**0.4**		**0.9**	**1.0**	
New Zealand	-	-		0.2	0.3	
WORLD	**28.0**	**25.7**	**26.7 4/**	**240.9**	**235.6**	**229.7**
Developing countries	23.7	21.3	22.5	171.4	163.5	173.2
Developed countries	4.3	4.4	4.2	69.5	72.1	56.5

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

1/ Trade in rice refers to the calendar year of the second year shown.
2/ Excluding trade between the EU member countries. Up to 2003/04 15 member countries, from 2004/05 25 member countries.
3/ From 2004/05 included in EU 25.
4/ Highly tentative.

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

	Wheat (July/June) 1/			Coarse Grains (July/June)		
	2002/03	2003/04 estim.	2004/05 f'cast	2002/03	2003/04 estim.	2004/05 f'cast
	(. . . . . million tonnes . . . . .)					
ASIA	**18.2**	**17.7**	**11.1**	**17.9**	**14.1**	**6.9**
China 2/	1.0	2.1	0.5	15.0	11.0	4.0
India	6.9	5.0	1.5	0.1	0.6	0.3
Indonesia	-	-	-	0.1	0.1	0.4
Japan	0.4	0.5	0.4	-	-	-
Kazakhstan	5.7	6.3	5.4	0.5	0.2	0.4
Myanmar	-	-	-	0.1	0.1	0.1
Pakistan	1.1	0.1	0.1	-	-	-
Syria	0.8	1.5	0.7	0.3	0.3	0.2
Thailand	-	-	-	0.1	0.3	0.2
Turkey	1.0	0.9	0.8	0.7	0.5	0.4
Viet Nam	-	-	-	-	-	-
AFRICA	**0.5**	**0.4**	**0.4**	**1.8**	**2.1**	**1.8**
Egypt	-	-	-	-	-	-
Ethiopia	-	-	-	-	-	-
Nigeria	-	-	-	0.1	0.1	0.1
South Africa	0.3	0.2	0.2	0.9	1.0	0.9
Sudan	-	-	-	0.1	0.5	0.2
Uganda	-	-	-	0.2	0.1	0.1
CENTRAL AMERICA	**0.7**	**0.6**	**0.5**	**0.2**	**0.3**	**0.3**
SOUTH AMERICA	**5.8**	**8.7**	**9.7**	**15.7**	**16.7**	**13.8**
Argentina	5.6	7.5	8.8	12.2	10.5	8.6
Brazil	-	1.0	0.7	3.0	5.7	4.7
Paraguay	0.2	0.2	0.1	0.3	0.3	0.4
Uruguay	-	0.1	0.1	0.1	0.1	0.1
NORTH AMERICA	**32.0**	**48.3**	**40.3**	**49.3**	**61.4**	**63.0**
Canada	9.0	15.8	15.3	1.8	4.0	3.9
United States	23.0	32.5	25.0	47.5	57.4	59.0
EUROPE	**41.9**	**12.4**	**19.5**	**17.6**	**10.7**	**13.4**
Bulgaria	1.1	0.2	0.3	0.5	0.1	0.2
Czech Rep. 3/	0.5	-	-	0.1	0.3	-
EU 4/	15.8	7.6	12.0	6.6	3.8	6.0
Hungary 3/	1.3	0.5	-	1.3	0.6	-
Romania	0.2	-	0.5	0.4	0.4	0.5
Russian Fed.	14.5	4.0	3.8	3.8	3.0	2.3
Ukraine	6.6	-	2.6	4.1	2.1	4.0
OCEANIA	**10.8**	**14.0**	**16.5**	**3.3**	**4.8**	**5.8**
Australia	10.8	14.0	16.5	3.2	4.8	5.8
WORLD	**110.0**	**102.0**	**98.0**	**105.7**	**110.0**	**105.0**
Developing countries	18.7	20.3	15.1	34.1	31.9	21.5
Developed countries	91.3	81.8	82.8	71.6	78.1	83.5

Source: FAO

Note: Totals computed from unrounded data.

1/ Including wheat flour in wheat grain equivalent, but excluding semolina.
2/ Including Taiwan Province.
3/ From 2004/05 included in EU 25.
4/ Excluding trade between the EU member countries. Up to 2003/04 15 member countries, from 2004/05 25 member countries.

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

	Rice (milled)			Total Cereals 1/		
	2003	2004 estim.	2005 f'cast	2002/03	2003/04 estim.	2004/05 f'cast
	(. . . . . million tonnes . . . . .)					
ASIA	**21.9**	**19.7**		**58.0**	**51.4**	
China 2/	2.7	1.8		18.6	14.9	
India	4.4	2.5		11.4	8.1	
Indonesia	-	-		0.1	0.1	
Japan	0.6	0.3		1.0	0.8	
Kazakhstan	-	-		6.2	6.5	
Myanmar	0.4	0.3		0.5	0.4	
Pakistan	2.0	2.0		3.1	2.1	
Syria	-	-		1.1	1.8	
Thailand	7.6	8.5		7.7	8.8	
Turkey	-	-		1.7	1.4	
Viet Nam	3.9	4.0		3.9	4.0	
AFRICA	**0.6**	**0.7**		**2.9**	**3.2**	
Egypt	0.6	0.7		0.6	0.7	
Ethiopia	-	-		-	-	
Nigeria	-	-		0.1	0.1	
South Africa	-	-		1.2	1.2	
Sudan	-	-		0.1	0.5	
Uganda	-	-		0.2	0.1	
CENTRAL AMERICA	**0.1**	**0.1**		**0.9**	**0.9**	
SOUTH AMERICA	**1.1**	**1.5**		**22.6**	**26.9**	
Argentina	0.2	0.4		18.0	18.4	
Brazil	-	-		3.0	6.7	
Paraguay	-	-		0.5	0.5	
Uruguay	0.6	0.7		0.7	0.9	
NORTH AMERICA	**3.8**	**3.3**		**85.1**	**113.0**	
Canada	-	-		10.8	19.8	
United States	3.8	3.3		74.4	93.2	
EUROPE	**0.2**	**0.2**		**59.8**	**23.2**	
Bulgaria	-	-		1.6	0.3	
Czech Rep. 3/	-	-		0.6	0.3	
EU 4/	0.2	0.2		22.6	11.6	
Hungary 3/	-	-		2.6	1.1	
Romania	-	-		0.6	0.4	
Russian Fed.	-	-		18.3	6.9	
Ukraine	-	-		10.7	2.1	
OCEANIA	**0.2**	**0.2**		**14.3**	**19.0**	
Australia	0.2	0.2		14.3	19.0	
WORLD	**28.0**	**25.7**	**26.7** 5/	**243.7**	**237.7**	**229.7**
Developing countries	23.1	21.7	22.3	75.9	73.8	58.9
Developed countries	4.9	4.0	4.4	167.7	163.8	170.7

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/ From 2004/05 included in EU 25.
4/ Excluding trade between the EU member countries. Up to 2003/04 15 member countries, from 2004/05 25 member countries.
5/ Highly tentative.

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

	Wheat 1/			Coarse Grains 2/			Rice (milled basis)		
	2002/03	2003/04 estim.	2004/05 f'cast	2002/03	2003/04 estim.	2004/05 f'cast	2002/03	2003/04 estim.	2004/05 f'cast
	(. . . . . million tonnes . . . . .)								
	UNITED STATES (June/May)			**UNITED STATES**			**UNITED STATES** (Aug./July)		
Opening stocks	21.1	13.4	14.3	45.0	31.0	24.8	1.2	0.8	0.7
Production	44.1	63.6	56.6	245.2	276.0	284.3	6.5	6.4	6.9
Imports	2.1	2.0	1.8	2.2	2.0	2.2	0.5	0.4	0.5
Total Supply	**67.3**	**79.0**	**72.7**	**292.4**	**309.0**	**311.3**	**8.2**	**7.6**	**8.1**
Domestic use	30.7	32.8	33.1	215.6	226.3	228.5	3.5	3.7	3.8
Exports	23.2	31.8	26.0	45.9	57.9	59.6	3.9	3.3	3.5
Closing stocks	13.4	14.3	13.6	31.0	24.8	23.2	0.8	0.7	0.8
	CANADA (August/July)			**CANADA**			**THAILAND** (Nov./Oct.) 3/		
Opening stocks	6.7	5.7	6.1	3.5	3.2	4.3	2.4	2.1	
Production	16.2	23.6	23.7	20.1	26.5	26.4	16.9	17.8	
Imports	0.2	0.0	0.0	4.2	2.5	2.4	0.0	0.0	
Total Supply	**23.1**	**29.2**	**29.8**	**27.8**	**32.2**	**33.0**	**19.3**	**19.9**	
Domestic use	8.3	7.5	7.8	22.0	23.7	24.1	9.7	9.7	
Exports	9.2	15.6	15.4	2.7	4.2	4.5	7.6	8.5	
Closing stocks	5.7	6.1	6.6	3.2	4.3	4.5	2.1	1.7	
	ARGENTINA (Dec./Nov.)			**ARGENTINA**			**CHINA** (Jan./Dec.) 3/ 4/		
Opening stocks	1.0	2.1	2.5	1.2	0.8	1.1	83.4	73.7	
Production	12.3	14.5	14.8	18.7	19.0	16.0	120.9	114.8	
Imports	0.0	0.0	0.0	0.0	0.0	0.0	0.4	1.0	
Total Supply	**13.3**	**16.6**	**17.3**	**20.0**	**19.9**	**17.1**	**204.6**	**189.4**	
Domestic use	5.2	5.6	5.8	8.0	8.0	7.9	128.3	126.5	
Exports	6.1	8.5	9.3	11.1	10.7	8.5	2.7	1.8	
Closing stocks	2.1	2.5	2.2	0.8	1.1	0.8	73.7	61.2	
	AUSTRALIA (Oct./Sept.)			**AUSTRALIA**			**PAKISTAN** (Nov./Oct.) 3/		
Opening stocks	7.1	2.1	6.5	1.6	0.7	1.3	0.6	0.3	
Production	10.1	24.9	21.9	7.5	12.8	12.3	4.5	4.9	
Imports	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total Supply	**17.2**	**27.0**	**28.4**	**9.0**	**13.4**	**13.6**	**5.0**	**5.2**	
Domestic use	6.0	5.3	5.7	5.8	7.2	6.9	2.7	2.8	
Exports	9.1	15.2	16.7	2.6	5.0	5.6	2.0	2.0	
Closing stocks	2.1	6.5	6.0	0.7	1.3	1.0	0.3	0.4	
	EU (July/June) 5/			**EU** 5/			**VIET NAM** (Nov./Oct.) 3/		
Opening stocks	12.5	15.0	12.3	18.0	18.0	14.9	4.5	4.9	
Production	104.0	91.4	123.7	107.5	96.0	140.4	23.0	23.0	
Imports	12.0	5.8	4.2	4.4	6.9	4.1	0.0	0.0	
Total Supply	**128.5**	**112.2**	**140.2**	**129.9**	**120.9**	**159.4**	**27.5**	**27.9**	
Domestic use	97.5	93.9	115.0	105.3	105.3	140.5	18.7	19.0	
Exports	16.0	7.8	12.2	6.6	3.8	6.0	3.9	4.0	
Closing stocks	15.0	10.5	13.0	18.0	11.8	13.0	4.9	4.9	
TOTAL ABOVE									
Opening stocks	48.5	38.1	41.8	69.3	53.7	46.5	92.0	81.9	
Production	186.6	218.0	240.7	398.9	430.4	479.4	171.8	166.8	
Imports	14.3	7.9	6.0	10.8	11.4	8.7	0.9	1.4	
Total Supply	**249.4**	**264.0**	**288.4**	**479.1**	**495.4**	**534.5**	**264.7**	**250.1**	
Domestic use	147.7	145.2	167.4	356.7	370.4	407.9	162.9	161.7	
Exports	63.6	78.9	79.6	68.8	81.6	84.2	19.9	19.5	
Closing stocks	38.1	39.9	41.4	53.7	43.4	42.5	81.9	68.8	

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

1/ Trade data include wheat flour in wheat grain equivalent. For the EU semolina is also included.

2/ Argentina (Dec./Nov.) for rye, barley and oats, (March/February) for maize and sorghum; **Australia** (November/October) for rye, barley and oats, (March/February) for maize and sorghum; **Canada** (August/July); **EU** (July/June); **United States** (June/May) for rye, barley and oats, (September/August) for maize and sorghum.

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

4/ Including Taiwan province.

5/ Excluding trade between the EU member countries. Up to 2003/04 15 member countries, from 2004/05 25 member countries.

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

	Crop Years ending in:						
	1999	2000	2001	2002	2003	2004 estim.	2005 f'cast
	(. . . . . million tonnes . . . . .)						
TOTAL CEREALS	**610.6**	**630.1**	**598.5**	**570.8**	**474.9**	**397.8**	**362.7**
Wheat	**241.3**	**245.7**	**242.4**	**233.4**	**197.8**	**155.9**	**140.1**
held by:							
- main exporters 2/	50.4	50.2	52.3	48.5	38.1	39.9	41.4
- others	190.9	195.5	190.1	184.9	159.7	116.0	98.7
Coarse Grains	**233.2**	**234.3**	**207.7**	**196.5**	**161.1**	**138.5**	**123.8**
held by:							
- main exporters 2/	80.5	78.0	76.6	69.3	53.7	43.4	42.5
- others	152.6	156.3	131.1	127.2	107.4	95.1	81.3
Rice (milled basis)	**136.1**	**150.2**	**148.3**	**140.9**	**116.0**	**103.4**	**98.9**
held by:							
- main exporters 2/	95.2	100.5	98.3	92.0	81.9	68.8	64.6
excl. China 3/	4.1	6.7	7.7	8.7	8.2	7.7	7.6
- others	40.9	49.7	50.0	48.9	34.1	34.5	34.4
BY REGIONS							
Developed Countries	**172.4**	**166.2**	**162.0**	**168.0**	**141.4**	**120.5**	**120.3**
Australia	3.0	4.5	5.3	8.9	3.0	7.9	
EU 4/	37.1	34.5	32.0	31.1	33.7	23.1	
Canada	12.5	13.5	14.1	10.3	8.9	10.5	
Hungary 5/	2.9	2.2	1.5	1.6	1.3	0.9	
Japan	6.4	6.2	6.0	5.7	5.0	4.6	
Poland 5/	4.3	3.9	2.1	3.0	2.9	2.3	
Romania	3.5	3.6	0.9	3.0	2.2	1.9	
Russian Fed.	5.8	4.9	6.5	13.4	12.5	7.0	
South Africa	2.5	1.9	3.0	1.5	3.2	3.8	
Ukraine	2.2	2.2	2.3	5.2	5.1	2.9	
United States	77.8	75.6	77.4	67.4	45.2	39.8	
Developing Countries	**438.2**	**463.9**	**436.5**	**402.8**	**333.5**	**277.2**	**242.4**
Asia	**398.1**	**424.2**	**399.7**	**362.8**	**298.8**	**237.5**	
China 3/	299.3	311.3	281.1	249.0	209.7	161.5	
India	47.3	57.4	62.2	60.0	39.4	30.0	
Indonesia	6.6	7.0	6.3	3.6	4.4	4.9	
Iran, Islamic Rep. of	2.1	3.8	3.5	4.3	3.8	2.8	
Korea, Rep. of	2.8	3.3	3.2	3.4	2.9	2.7	
Pakistan	8.6	7.9	8.4	6.1	2.9	1.9	
Philippines	2.6	1.9	2.0	1.8	2.2	2.2	
Syria	4.0	3.7	2.9	3.6	3.8	2.9	
Turkey	9.4	8.3	8.7	7.5	7.0	6.1	
Africa	**27.4**	**25.1**	**23.8**	**23.7**	**21.4**	**22.8**	
Algeria	2.8	1.7	1.6	1.9	2.5	2.6	
Egypt	4.6	4.2	4.1	3.8	3.2	2.9	
Ethiopia	1.4	1.5	2.2	1.7	1.0	0.6	
Morocco	5.2	3.7	2.1	2.0	2.1	3.3	
Nigeria	1.9	1.6	2.2	2.5	2.2	1.6	
Tunisia	1.9	2.1	2.1	1.8	1.5	2.0	
Central America	**6.2**	**6.5**	**5.5**	**5.6**	**4.8**	**5.0**	
Mexico	5.0	5.0	4.0	4.3	3.5	3.8	
South America	**6.2**	**7.8**	**7.4**	**10.5**	**8.4**	**11.8**	
Argentina	1.8	1.8	1.6	2.3	2.9	3.7	
Brazil	1.5	2.7	1.9	4.4	2.5	5.5	

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

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

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

3/ Including Taiwan Province.

4/ Up to 2003/04 15 member countries, from 2004/05 25 member countries.

5/ From 2004/05 included in EU 25.

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

	Wheat			Maize		Sorghum	Soybeans
	U.S. No.2 Hard Red Winter Ord. Prot. 1/	U.S. Soft Red Winter No.2 1/	Argentina Trigo Pan 2/	U.S. No.2 Yellow 1/	Argentina 2/	U.S. No.2 Yellow 1/	U.S. No.2 Yellow 1/
	(. . . . . US$/tonne . . . . .)						
July/June							
1999/2000	112	97	112	91	90	89	190
2000/2001	128	101	124	86	84	93	184
2001/2002	127	113	119	90	89	95	182
2002/2003	161	138	145	107	102	112	222
2003 - May	147	131	157	108	104	103	242
November	165	159	165	107	110	120	294
December	174	159	162	112	116	121	297
2004 - January	170	157	160	116	114	124	316
February	165	157	150	122	113	126	328
March	171	158	153	129	110	132	374
April	172	158	159	133	121	131	371
May I	176	162	161	135	123	134	390
II	166	147	158	128	117	124	394
III	161	144	156	126	114	121	340
IV	164	148	154	132	118	125	343

Sources: International Grain Council and USDA.

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

Table A.7 – **SELECTED WHEAT AND MAIZE PRICE INDICES**

	Wheat 1/	Maize 2/
	(1997/98-1999/00=100)	(1997/98-1999/00=100)
1999/2000	93	92
2000/2001	97	87
2001/2002	99	91
2002/2003	121	108
2003 - May	110	109
November	123	108
December	123	113
2004 – January	124	117
February	124	123
March	125	130
April	127	134
May	129	131

Sources: FAO, International Grain Council, USDA

1/ The wheat price index has been constructed based on the IGC wheat price index, rebased to July/June 1997/98-1999/00 = 100. The IGC wheat price index is composed of a simple average of following price quotations, converted to an index, with base July/December 1986 = 1000:

1. Australian Standard White, fob Eastern States - second position quoted
2. Canadian No.1 CWRS 13.5%, fob St. Lawrence
3. Canadian No.1 CWRS 12.5%, fob Vancouver
4. United States No.2 HRW (Ordinary), fob Gulf
5. United States No.2 SRW, fob Gulf
6. United States No.2 DNS 14%, fob Lakes
7. United States No.2 Western White, fob Pacific

2/ U.S. Maize No. 2 Yellow (delivered U.S. Gulf ports) with base July/June, 1997/98-1999/00 = 100

Table A.8 **- PRICE INDICES AND SELECTED EXPORT PRICES FOR RICE**

Calendar years	Export Prices				FAO Indices				
	Thai 100% B 1/	Thai broken 2/	U.S. Long grain 3/	Pakistani Basmati 4/	Total	Indica		Japonica	Aromatic
						High quality	Low quality		
January/December	(. . . . . U.S.$/tonne . . . . .)				(. . . . . 1998-2000=100 . . . . .)				
2000	207	143	271	418	84	84	83	83	89
2001	177	135	264	332	74	74	74	76	69
2002	197	151	207	366	72	73	75	67	74
2003	201	151	284	358	82	79	81	82	91
2003 - May	202	143	287	336	80	79	79	79	92
2004 - January	221	176	357	449	97	90	94	106	98
February	221	184	355	449	98	92	99	104	96
March	253	213	397	449	105	101	111	105	96
April	248	215	407	486	108	105	114	108	99
May I	239	220	407	523	)				
II	236	217	429	523	)				
III	234	209	423	523	) 109	105	115	110	101

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

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

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

Table A.9 – **PRICE INDICES AND SELECTED INTERNATIONAL PRICES FOR OILCROP PRODUCTS**

Marketing years	FAO Indices			International Prices				
	Oilseeds	Edible/Soap Fats/Oils	Oilcakes/ Meals	Soybeans 1/	Soybean Oil 2/	Palm Oil 3/	Soybean Cake 4/	Rapeseed Meal 5/
October/September	(. . . . . 1990-92=100 . . . . .)			(. . . . . U.S.$/tonne . . . . .)				
1998/99	89	125	82	209	483	514	149	104
1999/00	83	91	89	209	355	337	180	124
2000/01 Oct.-Mar.	82	76	98	206	314	254	198	146
Apr.-Sept.	82	86	94	197	356	289	178	135
2001/02 Oct.-Mar.	83	95	100	188	378	323	175	135
Apr.-Sept.	90	107	104	213	445	392	174	122
2002/03 Oct.-Mar.	103	124	106	241	543	442	186	133
Apr.-Sept.	104	123	110	246	535	414	197	149
2003/04 Oct.-Mar.	140	144	138	351	653	512	274	199
April	141	149	148	345	674	539	310	198

Sources: FAO and Oil World.

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

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

Table A.10 - **WHEAT AND MAIZE FUTURES PRICES**

		July		September		December		March	
		this year	last year	this year	last year	this year	last year	this year	last year
		(. . . . . US$/tonne . . . . . .)							
WHEAT									
April	20	149	108	151	110	154	113	156	115
	27	143	104	145	106	149	110	150	112
May	4	151	106	153	108	156	112	158	114
	11	139	122	142	123	145	127	148	129
	18	136	121	139	122	142	125	144	127
	25	139	120	141	122	145	126	148	127
MAIZE									
April	20	124	94	122	94	121	94	122	96
	27	124	91	124	91	123	92	124	94
May	4	127	93	126	93	126	94	127	104
	11	118	99	116	98	116	98	118	100
	18	115	97	113	96	112	96	113	98
	25	120	95	118	94	117	95	118	97

Source: Chicago Board of Trade

Table A.11 - **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/	China 1/	Japan 1/
	(. . . . . US$/tonne. . . . .)					
July/June						
1999/2000	12.60	40.97	13.65	18.50	27.00	32.83
2000/2001	13.10	40.97	15.00	18.31	27.00	36.31
2001/2002	11.00	40.97	15.00	18.50	26.90	34.19
2002/2003	12.50	40.97	16.67	22.50	27.20	31.50
2003 - April	16.00	40.97	21.00	32.00	27.00	35.00
October	20.00	40.97	23.00	36.00	27.00	42.00
November	26.00	40.97	34.00	47.00	27.00	42.00
December	28.00	40.97	36.00	47.00	27.00	42.00
2004 - January	28.00	40.97	36.00	47.00	27.00	42.00
February	35.00	40.00	43.00	55.00	…	…
March	42.00	52.00	50.00	70.00	…	…
April	42.00	52.00	60.00	70.00	…	…

Source: International Grains Council

Note: Estimated mid-month rates based on current chartering practices for vessels ready to load three to four weeks ahead.
1/ Size of vessels: Rotterdam over 40 000 tonnes; CIS 20-40 000 tonnes; Egypt over 30 000 tonnes; Bangladesh over 40 000 tonnes; China 20-35 000 tonnes; Japan 15-24 999 tonnes. 2/ Excludes CIS and United States flag vessels.

Table A.12 - **SELECTED INTERNATIONAL COMMODITY PRICES**

	Currency and Unit	Effective Date	Latest Quotation	1 month ago	1 year ago	Average 1989-91
Sugar (I.S.A. daily price)	US cents per lb	21.05.04	6.24	6.65	7.40	11.4
Coffee (I.C.O. daily price)	US cents per lb	24.05.04	61.16	57.90	52.81	76.7
Cocoa (I.C.C.O. daily price)	US cents per lb	24.05.04	63.92	63.50	77.42	56.0
Tea (total tea, Mombasa)	US$ per kg.	18.05.04	1.52	1.54	1.52	1.5
Bananas (Central America, f.o.b., Hamburg)	€ per tonne	14.05.04	1 007[1/] 758[2/]	1 023[1/] 744[2/]	858[1/] 785[2/]	566
Cotton (COTLOOK, index "A" 1-3/32")	US cents per lb	21.05.04	69.65	69.20	57.80	78.5
Jute "BWD" f.o.b. Mongla at sight	US cents per lb	21.05.04	290	290	245	391.2
Wool (64's, London)	Pence per kg	21.05.04	426	446	572	466

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

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

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

References are also made to special country groupings: Low Income Food Deficit Countries (LIFDCs), Least Developed Countries (LDCs) and Net Food-Importing Developing Countries (NFIDCs). The LIFDCs currently includes 83 countries that are net importers of cereals with per caput income below the level used by the World Bank to determine eligibility for IDA assistance (i.e. US$1 435 in 2001). The LDCs and NIFDCs groups include a list of countries agreed by the World Trade Organization (WTO) to qualify as beneficiaries under the Marrakech Decision on the Possible Negative Effects of the Reform Programme on Least-Developed and Net-Food Importing Developing Countries. The LDCs group currently includes 49 countries with low income as well as weak human resources and low level of economic diversification. The list is reviewed every three years by the Economic and Social Council of the United Nations. The NIFDCs group includes 22 developing country WTO Members which notified their request to be listed as NFIDCs and have submitted relevant statistical data concerning their status as net-importers of basic foodstuffs during a representative period. This list is reviewed annually by the WTO Committee on Agriculture.

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Cereal Utilization – extended report	●			
Food Aid and Cereal Import Bills	●			
Ocean Freight Rates		●	●	●
Cassava		●		
Meat and Meat Products		●		●
Milk and Milk Products		●		●
Oilseeds, Oils and Oilmeals		●		●
Pulses		●		
Sugar				●

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

Food Outlook is issued by FAO under the Global Information and Early Warning System on Food and Agriculture. **This issue is based on information available up to 14 May 2004.**

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