No. 1 ■ June 2006

Food Outlook

Global Market Analysis

Special announcement

As readers will hopefully appreciate, FAO is presenting a new version of one of its longest standing regular reports, *Food Outlook*. The new *Food Outlook* is a modified version of the old one, changed in structure as well as in content and coverage. It will be a biannual publication focusing on developments affecting world markets for food and feed commodities. The subtitle "Global Market Analysis" reflects its focus on developments in international commodity markets. Food Outlook maintains a close synergy with the newly established sister publication, *Crop Prospects and Food Situation*, particularly in regard to the close monitoring and coverage of cereals.

Behind the scene, the new *Food Outlook* is also a product of enhanced analysis using a quantitative approach to short-term market assessment and forecasts. This has been made possible by linking the various commodity markets through a Short-term Consistency Model (STCM), further details of which are included in this report. It is hoped that the combination of expert judgment and quantitative analysis will enhance the accuracy of FAO's situation and outlook assessments for major food and feed commodities.

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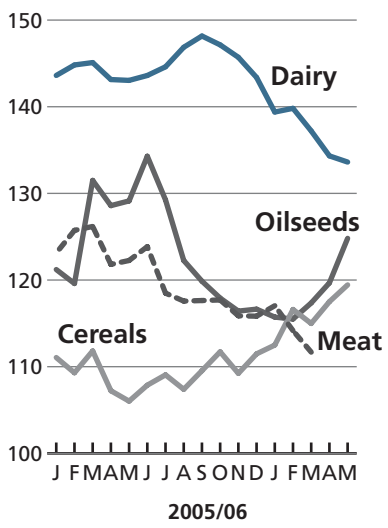
FAO food price indices



Market summaries

OVERVIEW

The recent months saw commodity markets as a whole becoming more volatile with a steady upward trend in prices. In agricultural markets, some important food and feed commodities gained on supply tightness and stronger demand while in the energy complex and metals, the tighter supply and demand balance resulted in a steep increase in prices. Amid political uncertainties and surging energy prices, agricultural markets over the past year have also had to confront abnormal incidences of natural disasters, ranging from devastating hurricanes to fast spreading animal diseases.

Based on current indications, several agricultural commodities are likely to experience still more unstable months ahead and, in most instances, the fundamentals point to even further gains in prices. This eventuality seems strongest for cereals, as world cereal demand is forecast to surpass its supply in the new season and push down stocks to an uncomfortably low level. For sugar, while a further surge in prices from the current high levels could be considered as less probable, the main risk remains the continuing price volatility. For the oilseed complex, as well as meat and dairy, fundamentals at this point in time do not support a tightening in the markets and the near-term price prospects are more on the downside instead.

Against this background of mixed outlook but generally firm prices, FAO is forecasting an increase of over 2 percent in the world food import bill in 2006 compared to 2005. The increase is expected to be strongest for cereals and sugar but smallest for meat. Given their higher share as importers of food and feed, the

developing countries' bill is forecast to grow by 3.5 percent while that of the Low Income Food Deficit Countries is forecast to jump by nearly 7 percent.

WHEAT

As the current 2005/06 trade season approaches its end, the very near-term markets continue to wrestle with uncertainties about next year's outlook. International prices have rallied in recent months because of prospects for much lower world production and stocks and the underlying tightness in the world supply and demand balance. FAO is forecasting a 10 million tonne decrease in world wheat production this year with a strong demand outlook driving up world trade in 2006/07 to 110 million tonnes. The world balance sheet for 2006/07 is expected to show a sharp drop in ending stocks as well as a decline in the stocks-to-use ratio to a relatively uncomfortable level of 25 percent, the lowest in over three decades. Against this background and even barring any major or unexpected weather problems in the coming months, wheat prices are likely to remain generally high and volatile in the new season.

COARSE GRAINS

The 2006/07 season opens with lower stocks and prospects for reduced production. International prices moved sideways during the first half of the 2005/06 season but have started to strengthen in recent months, supported by a robust demand from the ethanol sector, a potential recovery in feed use and tighter export supplies. World coarse grain production in 2006 is forecast to decline by 13 million tonnes but trade is tentatively forecast to remain unchanged in 2006/07, at around 105 million tonnes. On current production indications, the new season's supply and demand balance will be tight. This is evidenced in a sharp anticipated fall in world stocks and a near-record low stocks-to-use ratio of around 15 percent.

RICE

Current prospects for paddy production in 2006 point to only a modest growth, reflecting concerns over rising production costs and falling profitability. However, the outlook will remain tentative at least until August when more will be known about the pattern of the monsoon rains in Asia. After reaching a record in 2005, trade in rice may contract somewhat in the current year, as imports to African countries, the main engine for trade growth in the past decade, are forecast to decline. The rebuilding of end of season rice inventories initiated in 2005 is likely to proceed in the current season, a process largely concentrated in China. Given the expectation of only limited production gains per caput rice availability as food may decline in 2006/07. International rice prices, which were particularly buoyant in the first quarter of 2006, are expected to remain firm in the coming months.

CASSAVA

The outlook for global cassava production in 2006, while still subject to much uncertainty, could approach last year's record level. The favourable prospects are underpinned by a return to normal growing conditions in Asia and measures to increase the crop's commercialization in the largest producing countries. Global trade in cassava products in 2006 could expand considerably, reflecting an anticipated recovery in exportable supplies in Thailand, with China expected to remain the major cassava importing country. International quotations of cassava products have fallen from the high levels witnessed in 2005, but still remain firm. The outlook for prices will largely hinge on countries in Asia maintaining large international purchases.

OILSEEDS

Global 2005/06 oilcrop production is forecast to expand further though less than the previous season due to a slowdown in soybean production. As supplies are forecast to exceed oil and meal demand, oilseeds and products inventories are anticipated to rise and the higher stock-to-utilization ratio is suggesting a downward trend in oil and meal prices. Rising oil/fat consumption for non-food purposes is increasingly shaping the market and animal diseases still affect meal consumption. Trade in oilseeds and derived products is forecast to expand, with a growth slowdown likely for soybeans and palm oil, while firm prices and animal diseases have depressed meal trade growth. China's seed, oil and meal imports are increasing further while oil imports by the EU are surging as more of the domestic crop is used for biofuels. South American soybean exports are also increasing, following lower United States shipments. In 2006/07, plantings in the northern hemisphere are expected to grow little which may give rise to a moderate output increase, if any, while steadily increasing demand for oilseed products could trigger a stocks drawdown. The new season's outlook will increasingly influence the market and may attenuate the downward pressure on prices anticipated for the coming months.

SUGAR

World sugar prices reached their highest level in 25 years in February 2006, when raw sugar prices exceeded US¢19 per pound. The major factors underpinning these price levels were unprecedented rises in crude oil prices, as well as the continued supply deficit in the world sugar market for the third consecutive year. World sugar production in 2005/06

is likely to reach 149.7 million tonnes with consumption at 149.9 million tonnes, developing countries accounting for most of the growth. The greatest demand expansion is expected among developing countries with strong economic performances, such as China and India. Consumption in developed countries is expected to remain stagnant, due to low population growth and dietary concerns. For the remainder of 2005/06, world sugar prices are expected to remain firm at present levels as the current supply and demand outlook does not support a further strengthening.

MEAT AND MEAT PRODUCTS

After a brief recovery in 2005, global meat markets were again affected by animal disease concerns. Consumer responses to the increasing incidence of avian influenza (AI), as well as continuing - animal disease-related bans on North American beef and South American red meat exports are shaping meat markets in 2006. Expectations of the lowest meat consumption gains in 25 years, uncertain price prospects and escalating trade restrictions in 2006 are expected to limit global meat output to 272 million tonnes. Meanwhile, trade is expected to reach 20.5 million tonnes, up only marginally, in response to sluggish global poultry import demand from major markets and the imposition of animal disease-related trade bans.

DAIRY

World milk output is expected to grow by 2.6 percent again in 2006, largely as a result of over 5 percent growth in Asia. International prices of dairy products have subsided from the 15 year highs of autumn (depending on which side of the equator you are!) 2005, and will likely decline further in 2006. A key uncertainty is the extent to which production will recover in Oceania. However, firm demand in key developing country markets will help underpin prices, despite higher export supplies.

Market assessments

WHEAT

PRICES

International prices rise and markets become more volatile

Following a generally stable and flat movement during the 2004/05 season, international wheat prices followed a more volatile path in 2005/06 and started to surge more consistently during the closing months of the season. In May, the United States **hard wheat** export prices were up over US$50, or 33 percent, from the beginning of the season. Growing concerns over tighter export supplies and robust weekly buying activities pushed up May spot values to the highest levels in almost four years. As the season progressed, **soft wheat** prices also gained, but the increase remained modest because of remaining large supplies of Black Sea origin wheat. In the EU, in spite of large supplies, wheat sales remained constrained by continuing strength in the euro against the US dollar. In spite of its strong currency, however, the EU has maintained the level of export refunds (subsidies) at a relatively low level in recent weeks, maximum €6.20.

In mid-May, the United States **wheat futures** climbed to two-year contract highs. Later in the month, futures for September delivery at the Chicago Board of Trade (CBOT) were quoted above US$150 per tonne, up more than 30 percent from the corresponding period last year. Several factors were behind rising wheat futures in recent weeks, including worries about the winter crop conditions in the United States, prospects for a much tighter world balance in 2006/07, driven by smaller world production and stocks, and also spill over buying by index-type funds following the strong surges in metals and energy markets.

PRODUCTION

World wheat production facing another decline in 2006

FAO forecasts world wheat output in 2006 at about 617 million tonnes, 1.6 percent down from 2005. This represents the second consecutive decline after the record crop of almost 632 million tonnes in 2004 but still well above the average of the past five years. The bulk of the reduction this year is expected in the United States, the Russian Federation and Ukraine. In the **United States**, the adverse effect of drought on the winter crop, which normally accounts for about 70 percent of total output, is the main reason behind another production drop forecast this year. However, the early outlook for a smaller spring crop also, because of poor planting conditions (excessive rain and cold temperatures) have contributed to the expectation that this year's aggregate output (winter and spring) could be the smallest since 1988 and some 8 percent below the average of the past five years.

Adverse weather is also responsible for unfavourable production prospects in the Russian Federation and Ukraine, where outputs are forecast to fall by about 12 and 40 percent respectively. In the **Russian Federation**, severe conditions have increased winterkill well above normal, while lack of inputs and/or prohibitive prices make it unlikely that such a large lost area will be replanted with spring wheat. In **Ukraine**, the area was significantly reduced already from

Figure 1. Wheat (US no. 2 hard winter, Gulf)

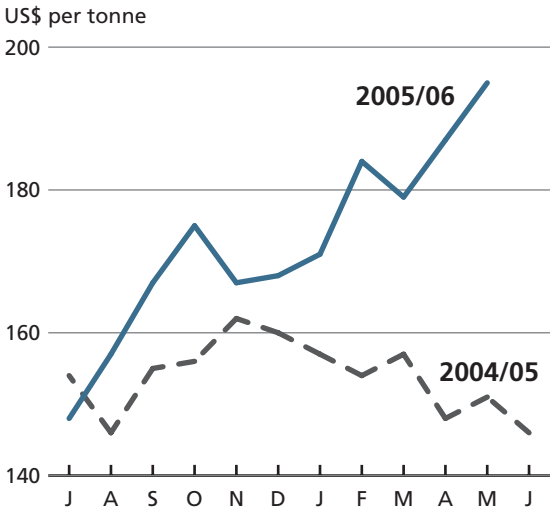


Figure 2. September CBOT wheat futures

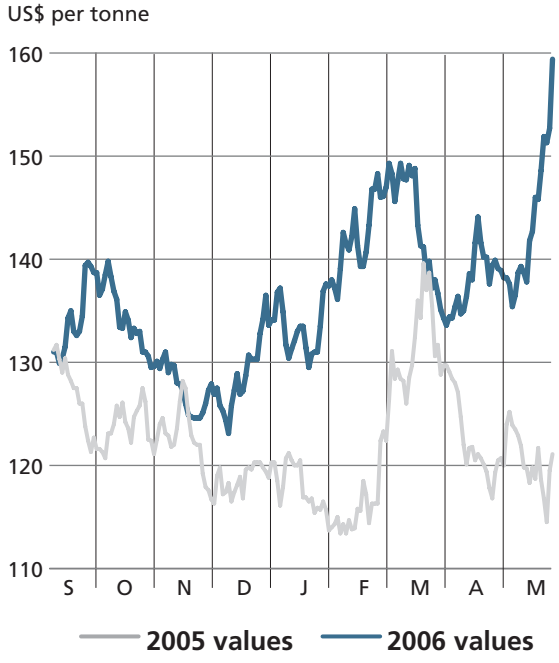


Table 1. World wheat market at a glance

	2004/05	2005/06	2006/07	Change: 2006/07 over 2005/06
	million tonnes			*%*
WORLD BALANCE				
Production	**632.1**	**626.8**	**616.8**	**-1.6**
Trade	**110.3**	**109.7**	**110.0**	**0.3**
Total utilization	**619.5**	**625.3**	**627.0**	**0.3**
Food	437.8	441.9	445.8	0.9
Feed	111.2	113.7	111.8	-1.6
Other uses	70.5	69.7	69.4	-0.4
Ending stocks	**173.5**	**170.4**	**160.0**	**-6.1**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (*Kg/year*)	68.7	68.5	68.3	-0.3
LIFDC (*Kg/year*)	59.9	59.6	59.4	-0.4
World stock-to-use ratio (%)	27.7	27.2	25.2	-7.3
Major exporters' stock-to-disappearance ratio (%)	21.2	21.1	18.3	-13.3

planting time due to adversely dry weather and farmers' lack of sufficient funds for necessary inputs. These decreases, along with several smaller reductions expected in other significant wheat producers such as Canada, India, Pakistan and Romania, would more than offset this year's increases, led by Argentina, China, North Africa and the EU.

The **EU's** wheat crop is expected to rebound from last year's below-average harvest reflecting a slightly larger area forecast and expectation of much better yields in parts, most noticeably in southern France, Spain and Portugal after last year's drought-reduced levels. Similarly, in **North Africa**, where the harvest is already underway, weather conditions improved greatly this season after last year's drought, promoting a strong recovery in output. In **China**, wheat production is forecast to increase slightly from last year's good level due to higher plantings and yields. In **Argentina**, where the 2006 crop has yet to be planted, early indications point to a rebound in output, reflecting a sharp increase in area in response to favourable prices and much improved soil moisture.

TRADE

World trade in 2005/06 to remain high

As this marketing season is drawing to a close, trade estimates are becoming firmer. The current estimate for world wheat trade in 2005/06 (July/June) is around 109 million tonnes, similar to the previous season's high level. This latest estimate is about 6 million tonnes above the first FAO forecast reported at the start of the season in June 2005. Several countries are now expected to end the season with larger wheat purchases from world markets than originally foreseen, most notably, Algeria, Brazil, Egypt, Iraq, and Nigeria. The decline in world wheat production in 2005, growing domestic consumption in many countries, relatively weak international prices (especially for lower grade wheat) coupled with reduced freight rates are among the main reasons for the continuing strong import demand in 2005/06.

Across regions, only in **Asia** are total wheat imports expected to be down from the previous season. Most of the decline, however, is driven by a sharp decrease in purchases by **China** (mainland) where a rebound in domestic production in 2005 combined with relatively slow growth in consumption have lessened the need for large foreign purchases. Imports by **Afghanistan** and **Pakistan** are also down sharply, due to the increase in domestic production. These developments contrasted with higher imports by **India**, mostly in response to rising domestic prices, and by the **Republic of Korea** where tighter regional supplies of maize have instead given rise to larger imports of low grade wheat. In **Africa**, drought-reduced harvests coupled with increases in milling capacities have boosted wheat imports by several countries, most notably **Algeria**, **Morocco** and **Nigeria**. Wheat imports by most countries in **Latin America** and the **Caribbean** are expected to change little from the previous season. However, imports by the region's largest importer, **Brazil**, are forecast to increase in lieu of a decline in domestic production, increasing shortages of domestic milling quality wheat, and the strengthening national currency (real) which also benefits larger foreign purchases. In Europe, aggregate imports are also estimated to be higher than in the previous season mainly due to larger **EU** purchases.

This season's robust import demand provided favourable market opportunities for several exporting countries. One emerging feature has been the stronger presence of non-traditional exporters in world markets, especially the **CIS** exporters which harvested large crops of their own and could more easily expand their exports, benefiting from this season's reduced supplies in **Argentina** and the **United States**. Total sales from **Kazakhstan**, **the Russian Federation** and **Ukraine** in 2005/06 are likely to approach 20 million tonnes. This represents approximately 18 percent of the global market share, compared with 13 percent in 2004/05.

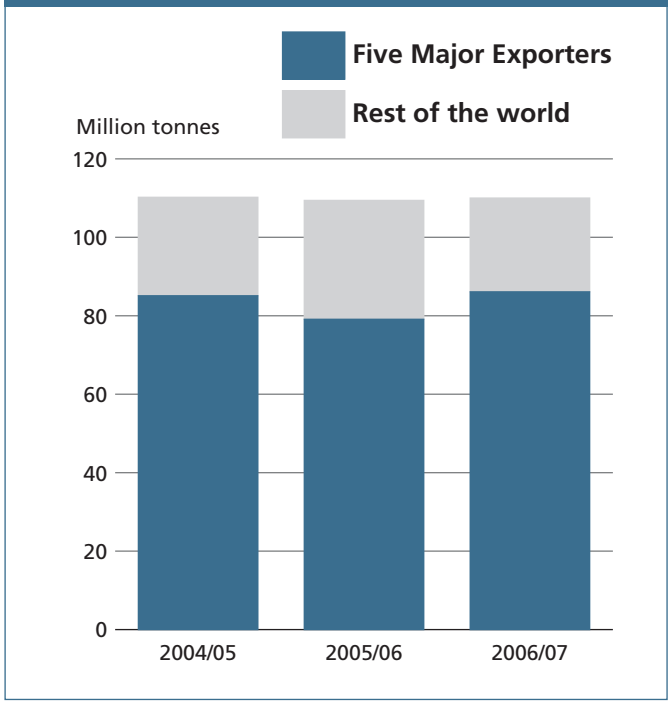
Trade is forecast to expand in 2006/07

At this time of year, market attention is turning to the prospects for the new season beginning in July. Early indications for 2006/07 suggest very little change in the overall size of world trade from the high levels of the past two seasons. Total wheat trade in 2006/07 is likely to stay close to a record level of around 110 million tonnes, up slightly from 2005/06.

A handful of countries are likely to be the main drivers behind the next season's growth in world trade. In **Asia**, India is likely to lead the way with a sharp increase in imports. With rising domestic prices, low government stocks and tight supplies facing its public distribution system, **India** is expected to purchase significant volumes of wheat from international markets for the first time in many years. This is already evidenced in the recent State Trading Corporation announcement issuing a tender for three million tonnes of wheat imports. Nonetheless, while India has also relaxed some of the quality specification standards, it has introduced tougher shipping and contract regulations which could increase transport and handling costs, thus discouraging such large imports by private traders. Imports by **Pakistan** are forecast to decline in spite of a small decrease currently forecast for its production this year. Lower imports are expected in part because of the imposition of a 10 percent duty which the Government announced in early May to encourage local purchases instead of large private imports.

Wheat purchases by most other major importers in Asia are likely to remain the same if not increase above the current season's levels, given also a rise in consumption. While in **North Africa**, the anticipated production recovery is likely to lead to smaller imports by most countries, a contrasting situation may prevail in several countries in the sub-Saharan region, where imports by several countries are forecast to remain unchanged or increase because of stronger demand. In **Ethiopia**, imports could double because of lower domestic production. In **Nigeria**, already the largest wheat importer in Africa after **Egypt**, the expansion in the country's milling capacity is expected to boost imports to a new record level of over 4 million tonnes. Large wheat imports by Nigeria are also seen to give rise to higher exports of wheat flour from the country. Stable import prospects are envisaged for most countries in Latin America. However, in Europe, good production may lower imports, especially in the **EU** where carryover stocks are also large.

Figure 3. Major wheat exporters to increase their market share



Regarding exports in 2006/07, most major exporters are likely to recuperate some of their market share, lost mostly to the CIS exporters in 2005/06. The gain is expected to be most pronounced for **Argentina** where production is set to recover as well as for **Australia**, **Canada** and the **EU**. However, tighter supplies in the **United States** may curb exports in the new season. As for non-traditional exporters, a sharp downturn in production is likely to result in smaller export availabilities, particularly in **Bulgaria**, the **Russian Federation** and **Ukraine**.

UTILIZATION

Consumption to keep pace with population growth

In spite of a decline in world wheat production in 2005, global wheat utilization in 2005/06 is forecast to rise to 625 million tonnes, up 5 million tonnes from the previous season and slightly above the ten-year trend. At the global level, increases in international prices in 2005/06 have not seriously affected demand. **Food consumption** of wheat is forecast to reach 442 million tonnes in 2005/06, 1 percent higher than in the previous season. This modest anticipated growth in food use is also considered sufficient to maintain the world average per caput consumption level stable at around 69 kg. Total utilization of wheat for **animal feed** purposes is forecast at 114 million tonnes, up slightly from the previous season. The small increase is mostly in the EU, driven by large supplies of low grade wheat. Nonetheless, feed use is expected to represent no more than 18 percent of total world wheat utilization, unchanged from the previous season.

First indications for the new season also point to some increase in wheat utilization but the rise is likely to prove more modest and slightly below trend. Stronger wheat prices are likely to dampen the growth to some extent but high prices alone are unlikely to result in any consumption decrease on a global per caput basis. The potential for tighter supplies of high quality wheat and therefore higher international prices for such wheat may however affect certain markets, mostly in Asia and among the developed countries. In the feed sector, low grade wheat is likely to remain competitive with its overall share in feed ration expanding, given the prospects for even stronger upward price movements for major coarse grains because of their likely reduced supplies next season.

Figure 4. Wheat production to fall below the expected utilization in the new season

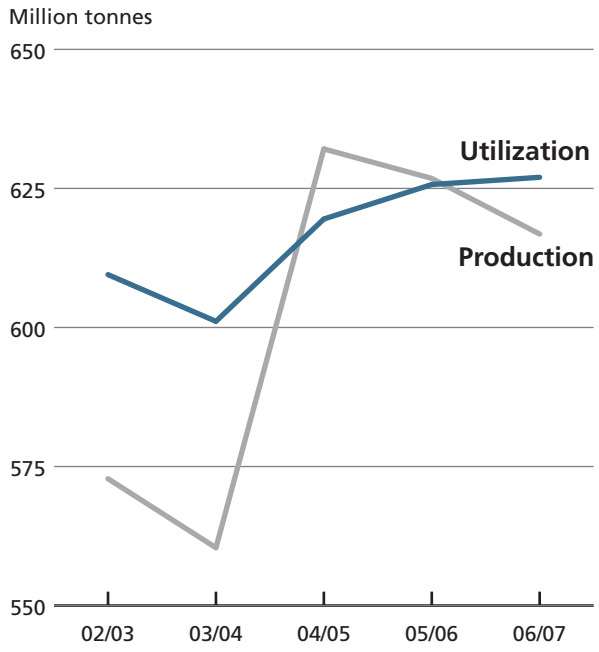
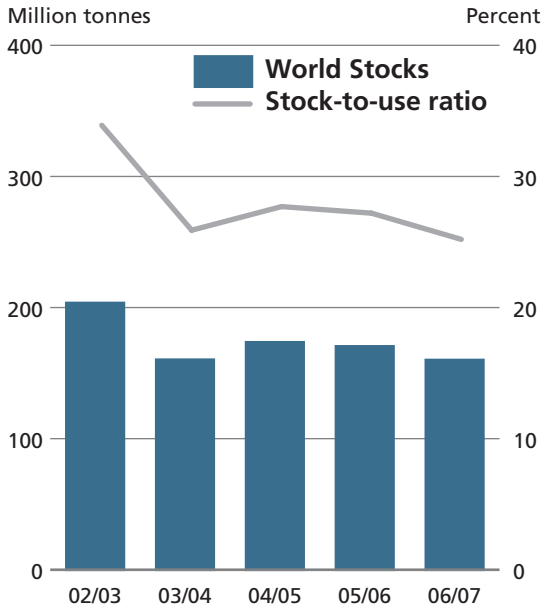


Figure 5. Wheat stock-to-use ratio on a downward trend



STOCKS

A modest reduction in world stocks in 2006 may be followed by a sharper decrease in 2007

Global wheat stocks for crop years ending in 2006 are now forecast at 170 million tonnes, about 3 million tonnes smaller than their opening level. This anticipated decline in world reserves is mostly driven by reductions in inventories held in **China**, **India**, **Morocco** and **Turkey**. Ending stocks in the **EU** are also forecast to decline from their high levels at the start of the season following reduced production. For the major exporters, as a group, total wheat stocks are forecast at around 53 million tonnes, nearly unchanged from the previous season as EU declines are expected to be largely compensated by increases in **Australia** and **Canada,** with only little variation expected in the **United States**. At the current forecast level, aggregate wheat stocks held by the major exporters represent 31 percent of the world total, similar to the estimated ratio in 2004/05 and highest in two decades. Moreover, total wheat stocks held by major exporters as a percentage of their total disappearance (defined as domestic utilization and exports) remain fairly constant, at around 21 percent, and close to their ten-year trend.

Based on preliminary production and consumption forecasts **for the new season**, early indications for next year's stocks point to a sharp decline, of around 10 million tonnes, or 6 percent, to 160 million tonnes. At this level, the world stocks-to-use ratio will stand at only 25 percent, down 2 percentage points from the 2005/06 season and smallest in three decades. This would be in part because wheat production in a number of major wheat producing areas, most notably the **United States**, but also **Australia** and **Canada**, is forecast to decrease. Likely resumption of higher exports from the **EU** can also lead to smaller ending stocks in the EU. Overall, total stocks held by major exporters could drop by over 5 million tonnes next year which would lead to their stocks to disappearance ratio falling to 18 percent, down sharply from 2005/06. Smaller inventories in several **CIS countries** are expected to account for the remainder of the overall decline in world reserves. However, wheat stocks in **China** are likely to remain stable, after declining for six consecutive seasons, while in **India**, wheat inventories may recover only slightly from the estimated lows of this season.

COARSE GRAINS

PRICES

Prices showing more sustained rise in recent months

During the early months of the 2005/06 marketing season, coarse grain prices remained generally weak, responding to large supplies of feed wheat, slow demand for the animal feed sector and a stable supply. Since October 2005, however, **maize prices** started to react to slow down of sales from the hurricane-affected United States Gulf ports and somewhat tighter supplies from other export origins.

Figure 6. Maize (US no. 2 yellow, Gulf)

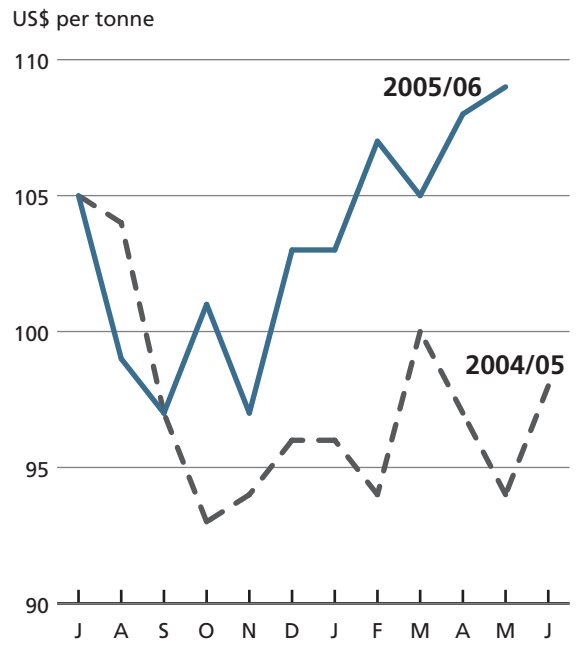
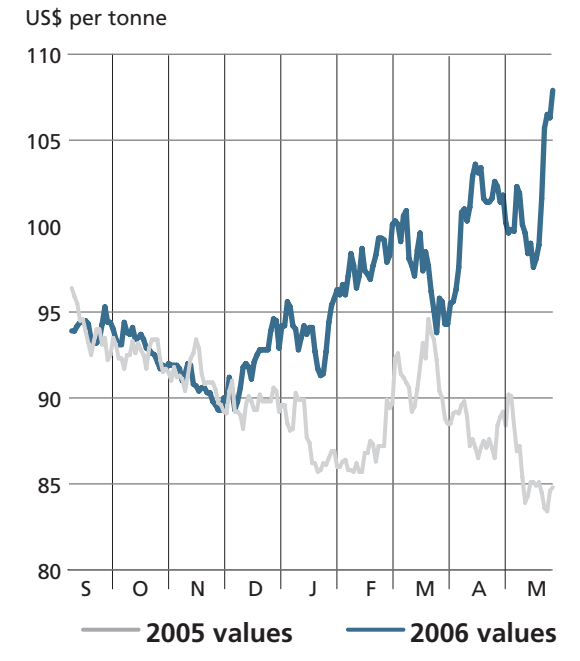


Figure 7. Maize futures prices



Other than maize, export **feed barley prices** remained below the previous year's levels and mostly flat throughout the season due to large supplies from the Black Sea and a slow down in feed demand in Europe.

While rising energy prices continued to provide more sustained support, maize values remained largely within US$100-110. Stronger price gains were registered since April mainly in reaction to a fairly precarious supply outlook for the new season. In May, the United States maize export price (US No.2 Yellow) averaged US$111 per tonne, up US$17 from last year. Tight exportable supplies pushed up Argentine prices as well, to US$110, up US$23 from the previous year. In **the futures market**, the Chicago September 2006 maize values showed more solid gains in May, surging at one point to a ten-month high on a weaker dollar, higher exports, and a stronger likelihood of a low ending stocks position in the United States as a result of more robust growth in maize intake by the ethanol industry than anticipated earlier. In recent months, spill over speculative buying also fuelled maize futures. The impact was most pronounced for the July contracts than September or December as investors turned to hard assets due to inflationary concerns.

PRODUCTION

Lower production in 2006

FAO forecasts world production of coarse grains in 2006 at about 976 million tonnes, down 1.5 percent from 2005 but still above the average of the past five years. **Maize** accounts for about 70 percent of the total, and a sharp reduction in the United States' maize production accounts for a large part of this year's decrease. The maize crop is forecast to fall by 5 percent to 268 million tonnes in the **United States**, as producers are expected to shift land to less input-intensive crops (such as soybeans) due to high fertilizer and fuel costs. In **Argentina**, where harvesting is currently underway, although somewhat hampered by wet weather, the planted area also decreased by 10 percent in response to low prices, higher production costs and higher export taxes, while prolonged dry weather reduced yields.

A sharp drop in maize output is also forecast for **South Africa**, mainly reflecting a decrease in the area due to low prices during the planting period and a high level of carryover stocks. In contrast, a larger maize crop is expected this year in **Brazil**, where the area planted to the main season crop increased 11 percent in response to more attractive prices for maize compared with soybeans as well as technical need for crop rotation. Although planting is just underway in Central America, production is tentatively forecast to increase in **Mexico** after a below-average output last year. Also in Asia, where the crop has recently been planted, an overall larger maize harvest is expected. An upward trend in **China's** production could continue and an above-average crop is expected again in India.

Regarding **barley**, the second most important coarse grain, output is forecast to increase in 2006 by about 5 percent to nearly 146 million tonnes. A recovery in production in parts of the **EU** and in North Africa, after drought last year, accounts for most of the increase, and would more than offset slightly smaller crops expected in

a few other producers, such as **Australia**, **Canada**, the **Russian Federation** and the **United States**.

The world **sorghum** output in 2006 is forecast at about 55 million tonnes, slightly down from last year and marginally below the five-year average. About 40 percent of the total is normally produced in Africa, where output is forecast to decline this year in the main producing eastern subregion after a bumper crop in 2005.

TRADE

World trade to remain flat in 2005/06

World trade in coarse grains in 2005/06 (July/June) is forecast at 105 million tonnes, nearly the same as in the previous season. Small anticipated import declines in Asia and North America are expected to be offset by higher imports in Africa, Europe and Latin America. World trade in nearly all major coarse grains is also expected to remain unchanged from the previous season. Total **maize** imports in 2005/06 are forecast at around 77 million tonnes, **barley** at 17 tonnes and **sorghum** at over 5 million tonnes.

In **Asia**, while avian influenza (AI) dampened demand in a number of countries, the rapid economic growth and strong demand for livestock products continued to provide support for large imports of feed grains, especially maize. Asia's intake of maize accounts for over 50 percent of the world total with **Japan** and the **Republic of Korea** as the leading markets. Asia also accounts for almost 80 percent of world markets for feed barley with **Saudi Arabia** alone importing approximately 6.5 million tonnes, or 40 percent of the world total. In **Africa**, smaller maize purchases are forecast for **Egypt** where in February the Government decided to halt imports of maize for producing subsidized bread. This meant scrapping the policy in place for several years whereby maize was mixed with wheat at a ratio of 20 to 80 percent. In contrast, sharp increases in maize imports are forecast for **Malawi** and **Zimbabwe**, reflecting shortages caused by production declines.

Among the **Latin America and Caribbean** countries, import demand continues to remain strong in **Brazil** and **Mexico** mostly as a result of a cut in domestic production of maize and sorghum and strong feed demand. The drop in domestic maize production in 2005 and low stocks in Brazil are forecast to turn the country into a net maize importer for the first time in six years.

In Europe, the **EU** is expected to increase its maize imports this season following a sharp decline in production. However, the forecast increase, only 700 000 tonnes, is relatively small when compared with a drop in maize production of almost 5 million tonnes. This is because of reduced poultry consumption driven by AI concerns and large supplies of low quality wheat.

On the export side, coarse grain sales from **Canada** (barley), the **EU** (barley), **South Africa** (maize), and the **United States** (maize) are forecast to exceed the previous season's levels. These increases are expected to largely compensate for reduced exports from **Bulgaria** (maize and barley) **Brazil** (maize), **Romania** (maize) and **Ukraine** (barley). Maize exports from **China** are seen to exceed slightly the previous season's as a result of large exportable supplies.

Table 2. World coarse grains market at a glance

	2004/05	2005/06	2006/07	Change: 2006/07 over 2005/06
	million tonnes			*%*
WORLD BALANCE				
Production	**1024.7**	**988.9**	**976.1**	**-1.3**
Trade	**104.1**	**105.3**	**105.0**	**-0.3**
Total utilization	979.9	986.7	1014.4	2.8
Food	167.4	174.5	176.7	1.2
Feed	633.3	617.3	624.1	1.1
Other uses	179.2	194.8	213.6	9.6
Ending **stocks**	**193.6**	189.0	150.6	-20.3
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World *(Kg/year)*	26.3	27.1	27.1	0.0
LIFDC *(Kg/year)*	26.6	27.9	27.8	-0.4
World stock-to-use ratio *(%)*	19.6	18.6	15.0	-19.2
Major exporters' stock-to-disappearance ratio (%)	19.0	19.1	12.4	-35.1

Trade volume may not change significantly in 2006/07

Based on the new season preliminary production and utilization indications, it is likely that world trade in coarse grains remains static for the third consecutive season, at around 105 million tonnes. This reflects also little trade variations in terms of individual types of coarse grains.

In **Asia**, most countries are likely to maintain their imports at the same level as in 2005/06. In the **Philippines**, strong demand by private feedmillers is expected to result in slightly higher yellow maize imports in spite of the forecast increase in domestic production. **China** (mainland) is also likely to have more maize imports in 2006/07. While domestic production is forecast to increase slightly, strong feed demand coupled with expansions in maize-based ethanol production are likely to encourage imports, although China is expected to maintain its position as a net maize exporter also in 2006/07. In **Africa**, while the anticipated recovery in barley production in Algeria and Morocco as well as increases in maize output in **Zambia** and **Zimbabwe** may lead to lower coarse grain imports, larger yellow maize purchases are anticipated by South Africa given this year's unfavourable crop prospects and much tighter domestic feed supplies.

In **Central America**, maize imports by **Mexico** are

Figure 8. World trade in coarse grains remains flat but exports from the United States increase

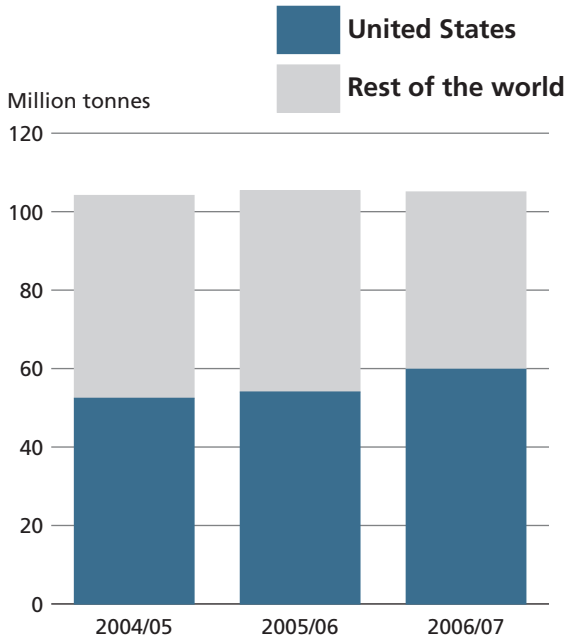
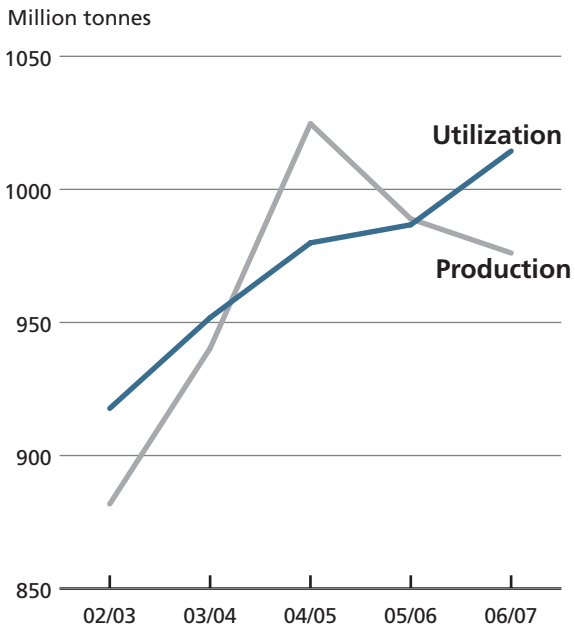


Figure 9. Wide gap between the expected utilization and production of coarse grains in the new season



forecast to remain at the previous season's record level of some 7 million tonnes due to fast growing domestic demand. In **South America**, maize imports by Brazil are likely to decrease due to higher domestic production and low prices although the prevailing domestic problems facing the sector, including high farmer debt and a stronger currency makes this forecast very tentative. Total EU imports are forecast to remain stable with the anticipated increase in this year's production sufficient to meet the projected growth in feed use. In contrast, in **Canada**, imports are forecast to increase as maize production is expected to decline while feed wheat supplies are also tighter this season. In April the Government of Canada cancelled the antidumping and countervailing duties on maize imports (in place since December 2005) from the United States, Canada's principal maize supplier.

Considering **the early export prospects**, supplies in the **United States** are likely to play a more critical role in assuring a stable world market in 2006/07. While production is forecast to decline and domestic demand remains strong, large carryovers from the current season are expected to make it possible for the United States to raise exports significantly in 2006/07. This will be a welcome development given the anticipated supply constraints in **Argentina** and **South Africa** as well as lower expected sales from **Canada**, **China**, the **Russian Federation** and **Ukraine**.

UTILIZATION

Slow growth in total utilization in 2005/06 but faster expansion projected for 2006/07

World coarse grain utilization in 2005/06 is forecast at 987 million tonnes, up marginally from 2004/05. A contraction in **feed use** is mostly responsible for this season's expected sluggish growth in total coarse grain utilization. Feed use accounts for nearly 60 percent of total use of coarse grains. Global feed utilization is not expected to exceed 617 million tonnes in 2005/06, down 16 million tonnes, or 2.5 percent, from the 2004/05 estimated level. The largest decreases are forecast for the United States (down 7 million tonnes), the EU (down 3 million tonnes) and in the CIS (down 6 million tonnes on aggregate). Declines in production, large supplies of feed wheat and relatively strong maize prices are in part responsible for the lower feed use of coarse grains this season while AI and the contraction in poultry consumption are also seen to have lowered demand for feed. Early prospects for the 2006/07 season point to a modest recovery in feed use, to 624 million tonnes (up 1 percent); this is mostly on assumption of a rebound in poultry consumption and reduced supplies of feed wheat.

In contrast, **food consumption** of coarse grains in 2005/06, which plunged sharply in 2004/05, is expected to rebound to a record 175 million tonnes, up almost 5 percent. This would give rise to around 1 kg increase in world per caput consumption of coarse grains, estimated at around 27 kg per annum. Most of the increase however is expected to occur in Africa where a recovery in production is seen to have boosted consumption in several countries, most notably Burkina Faso, Ethiopia, Kenya, Niger and Nigeria. On per caput basis, Central America leads the way with a stable

annual consumption level of about 98 kg (mostly maize). Africa comes second, at approximately 77 kg (mostly maize but also millet and sorghum). In 2004/05, food consumption of coarse grains in Africa dropped to 72 kg, due mostly to a severe drought which reduced supplies in West Africa. With relatively improved supply prospects, world food consumption of coarse grains in 2006/07 is expected to keep up with the expected population growth and increase to 177 million tonnes.

Industrial use of coarse grains continued to expand rapidly in 2005/06. Apart from a strong demand for starches and sweeteners, the main driving factor has become the exponential growth in maize-based ethanol production, fuelled by rapid increases in world energy and petrol prices. In fact, much of the impact of accelerated investments in ethanol plants across several countries around the world is yet to be felt. In the United States, the world's leading maize-based ethanol producer, the amount of maize used as the main feedstock for ethanol production is estimated to have touched a new record of over 40 million tonnes in 2005/06. This buoyant demand is driven by near quadruple expansion in ethanol production since the start of the decade. Put into perspective, the current usage of maize by the United States for ethanol comes close to its annual average exports or equals total maize used for animal feed in the EU 25. Based on official forecasts, ethanol manufacturing in the United States is projected to consume 20 percent of the 2006 crop. This would imply an additional 10 million tonnes of maize going to ethanol production in 2006/07. China is the second largest producer of maize-based ethanol and although accurate statistics on its use are not available, according to industry sources, China has four major manufacturers of bioethanol which may consume between 3-5 million tonnes of maize and this is presumed to be expanding at a fast rate of 10-15 percent a year.

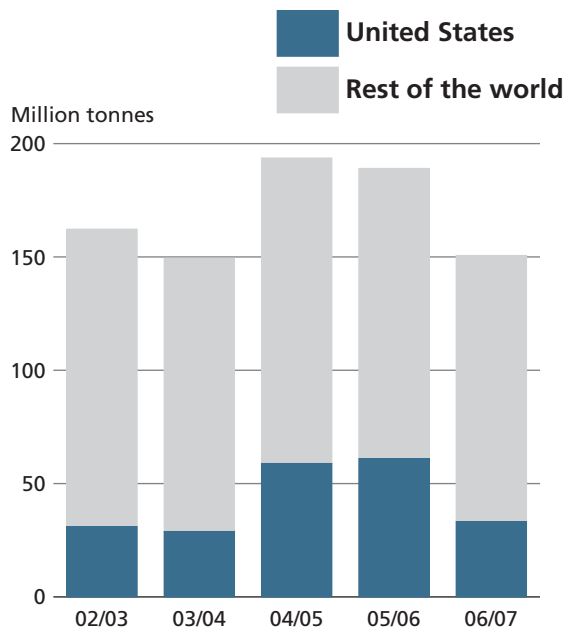
STOCKS

Coarse grain stocks decline in 2006 but a sharper fall lies ahead

World stocks of coarse grains for crop years ending in 2006 are forecast at 189 million tonnes, about 4 million tonnes below their opening level. At this level, the world stocks-to-use ratio is expected to remain steady at around 19 percent also in the 2005/06 season. Most of the anticipated decline in world stocks this season is driven by lower carryovers in **Brazil, Canada, China**, **EU**, **Mexico**, **Morocco**, and **Romania**. In contrast higher ending stocks are anticipated for **Argentina**, **Australia,** the **United States**, as well as **Nigeria**, **South Africa** and **the Sudan**.

For the most part, variations in national stock levels mainly stem from year-to-year changes in domestic production levels. In addition, feed usage levels and supplies of alternative feed grains bear strongly on the size of coarse

Figure 10. World coarse grains stocks to decline sharply



grains end-season stocks. Therefore, in spite of lower world production in 2005, large supplies of low grade wheat in major markets coupled with lower feed demand, helped to prevent global coarse grain inventories from descending even more. This is particularly noteworthy in the case of the **United States**, the world's largest producer, consumer and exporter of coarse grains. In spite of the fall in last year's production, larger export sales and significantly higher use for ethanol production, its ending stocks are still forecast to rise slightly above their opening levels. This is a result of a decline in domestic feed use and also very high stocks at the beginning of the season, a situation which is highly unlikely to be repeated in the new season.

Taking into account current production and consumption forecasts for 2006, world coarse grain stocks by the end of national crop seasons in 2007 are forecast at 151 million tonnes, down by as much as 38 million tonnes, or 20 percent. The bulk of this anticipated sharp fall is expected again in the **United States** where stocks could contract by 28 million tonnes, resulting from falling domestic production and rising demand, including a projected exports increase. Significant declines are also possible in China and South Africa. Overall, therefore, total coarse grains stocks held by major exporters as a percentage of their total disappearance (defined as domestic utilization and exports), are heading for a significant drop, from a relatively comfortable level of around 19 percent to only 12 percent in 2006/07. Similarly, the world stocks-to-use ratio is expected to plunge to a near-record low of 15 percent, adding to concerns about global supply prospects and international price developments in 2006/07.

RICE

PRICES

Buoyant international rice prices in the first months of 2006

International prices in the first four months of 2006 have been remarkably buoyant. The FAO rice price index, which had been stable at 101 from June to December 2005, rose to 103 in January 2006, to 105 in February and to 106 in March and April 2006. The strength lingered into the first two weeks of May, when the index rose to 107.

Particularly strong were the prices of **high quality ordinary and parboiled Indica rice**, which were sustained by large purchases by countries in Asia, in particular the Islamic Republic of Iran, Iraq and the Philippines. The launching of import tenders by Japan and the Republic of Korea also tended to lift **Japonica rice** quotations. On the other hand, quotations of the **lower quality Indica** tended to weaken compared with the latest months of 2005, to some extent reflecting the retrenchment of African buyers. The general strengthening of international rice prices in the first quarter of the year also reflected the effects of government procurement programmes at relatively high prices in Thailand and India and a tightening of export availabilities in some major exporting countries, including Pakistan, the United States and Viet Nam. In addition, the strengthening of the Thai baht relative to the US dollar, in which export prices are expressed, has further contributed to the buoyancy of price quotations since April.

Figure 11. Rice export prices

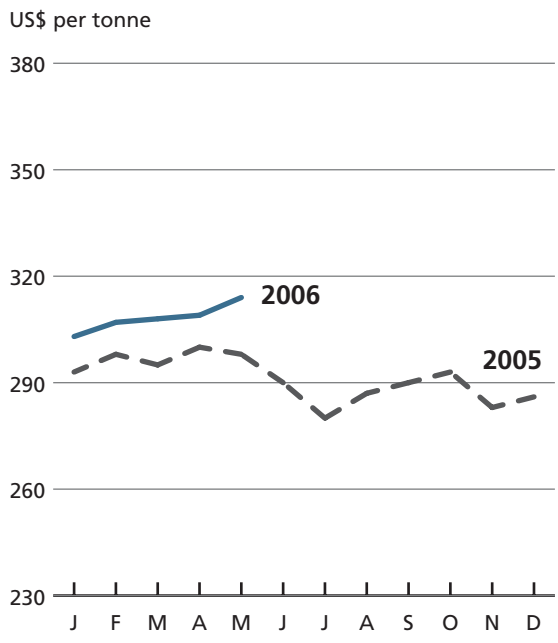
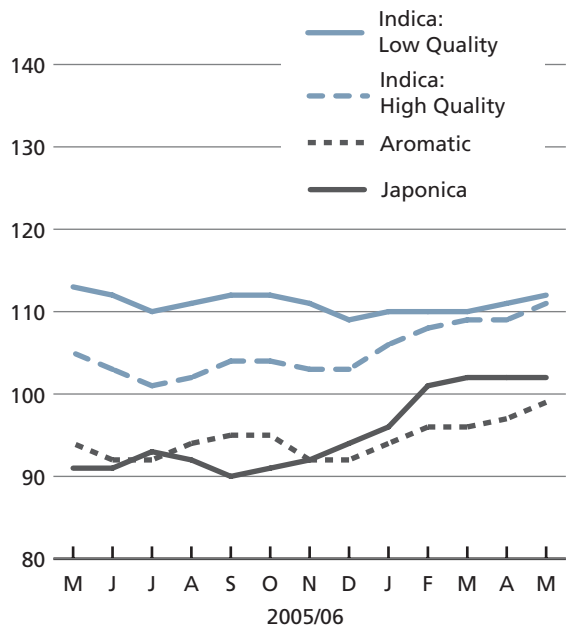


Figure 12. FAO rice price indices (1998-2000 = 100)



Price prospects in the next few months will largely depend on the policies of the major international trade players, both on the export and import sides. Given the firm stance of governments in Thailand and Viet Nam to keep prices from falling and limited export availability from alternative sources, including from Australia, India, Pakistan and the United States, prices may remain on the rise at least until September/October when several northern hemisphere countries will start harvesting their main 2006 crops.

PRODUCTION

The outlook for global paddy production in 2006 is positive, but falling profitability could dampen the rate of expansion of the sector

The ongoing 2006 paddy season is already well-advanced in countries located south of or along the equator, as some had already harvested their main paddy crop by May. Among northern hemisphere countries, the main 2006 crops are still at the development stage in parts of Asia and Africa, Europe and North America, but are barely at the planting stage in major producing countries in Asia where the development of the season largely depends on the pattern of the monsoon. This represents a major element of uncertainty to the 2006 production outlook that will persist at least until August, when the timing and distribution of the monsoon rains will be clearer.

Although still tentative, the FAO current forecast for global paddy production in 2006 stands at 635 million tonnes, only 0.8 percent, or 4 million tonnes, more than last

Figure 13. Global rice paddy production and area

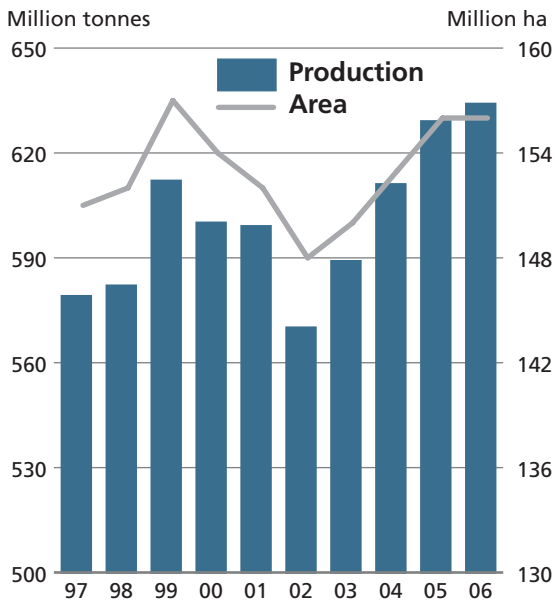
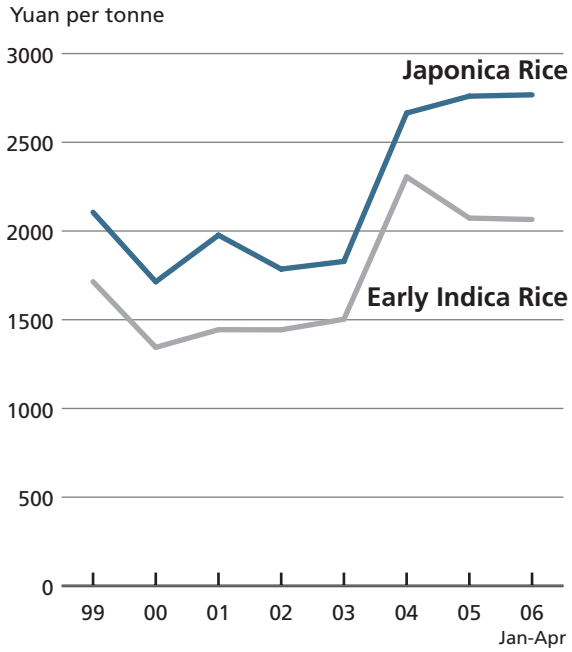


Figure 14. China: Rice market prices



season. This rather subdued outlook reflects concerns over rising production costs and expectations of more normal, less favourable, growing conditions than in 2005. For those southern hemisphere countries where the 2006 season is fairly advanced, production is estimated to increase in **Argentina**, **Australia**, **Indonesia** and **Madagascar**, while the outlook points to a decline in **Brazil**, **Ecuador**, **Peru**, **Sri Lanka** and **Uruguay**. However, most of the expected growth in global production is likely to originate in the major producing countries north of the Equator, especially **Bangladesh** and **China**. In **Bangladesh** strong domestic demand for rice and the maintenance of high subsidies on petroleum prices are likely to sustain growth, while in **China**, relatively attractive market prices, especially for higher quality rice, and continued government support are expected to sustain the recovery of the sector initiated in 2004. Assuming a normal monsoon, some production growth is predicted in **India** and the **Philippines**, but this outlook is still surrounded with uncertainty. Production prospects are positive in **Thailand** and **Viet Nam**, the two major rice exporting countries, but also in **Nigeria**, a major importer, where the Government is actively promoting an expansion of the sector, aiming to reach self-sufficiency in the next few years. By contrast, production is forecast to fall in **Japan**, after exceptionally favourable conditions boosted yields in 2005 and thwarted government efforts to cut excess supplies. Paddy output may also decline in **Pakistan**, where insufficient rainfall and water shortages at sowing time have delayed plantings. Similarly, the United States Department of Agriculture (USDA) forecast points to a lower crop in the **United States**, especially for long grain, Indica rice varieties, reflecting a sizeable contraction in the area prompted by high fuel prices and hurricane damage last year.

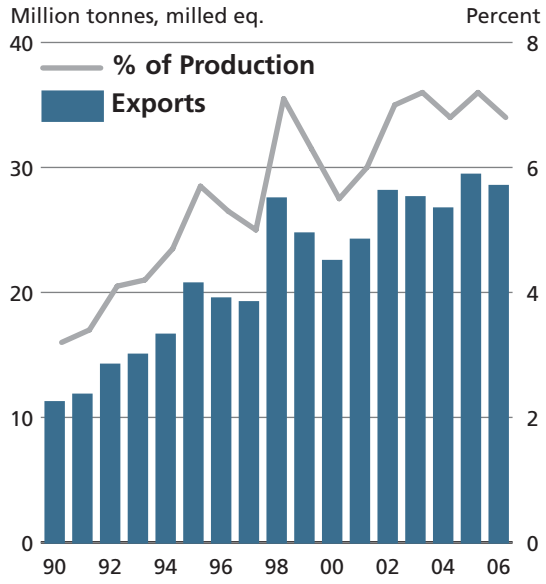
TRADE

After reaching a new high in 2005, international trade in rice may decline in 2006, still striking the second best performance on record

In 2005, rising import demand by countries in Africa and Asia provided a major stimulus to rice trade, which rose to an all time high of 29.4 million tonnes. The expansion took place in spite of a contraction of exports from **China** and **Thailand**, the shortfalls being more than compensated by a surge of shipments from **India**, **Pakistan** and **Viet Nam**.

FAO currently anticipates a 2.5 percent contraction of world rice trade in calendar 2006 to 28.5 million tonnes, still the second highest level on record. The retrenchment from the 2005 exceptional trade performance is anticipated to result from a general weakening of import demand by countries in Africa, where good crops were harvested in 2005. **Nigeria** accounts for much of that contraction, where shipments are forecast to drop from 2.0 million to 1.6 million tonnes, reflecting a ban on milled rice imports since the beginning of 2006. Though falling, shipments to **Côte d'Ivoire**, **Senegal** and **South Africa** are likely to remain large, in the order of 800 000 tonnes, with imports from all African countries expected to reach 9.2 million tonnes, or 32 percent of the world total, about 1 million tonnes less than in 2005.

Figure 15. World rice trade: in volume and as share of global production



Deliveries to countries in Asia are forecast to remain very close to last year's level of 13.4 million tonnes, although they may fall in **Bangladesh**, the **Democratic People's Republic of Korea**, and the **Philippines**, where record crops were harvested in 2005. By contrast, purchases by the **Islamic Republic of Iran** are anticipated to surge, reflecting tensions on the international front that are encouraging the Government to step up imports to build up reserves. Purchases by **China** are also likely to rise, following trade agreements with several exporting countries last year and growing domestic demand for quality rice. **Iraq**, the **Republic of Korea**, **Saudi Arabia** and **Turkey** are also expected to import more this year. As for **Indonesia**, one of the major traditional rice markets, the maintenance of government restrictions is likely to keep imports in 2006 around the 600 000 tonnes delivered last year.

On aggregate, shipments to countries in Latin America and the Caribbean are likely to rise slightly compared with 2005, reflecting a recovery in imports by **Brazil**, following the production shortfall experienced this season. By contrast, imports by **Peru** may fall, while those to other countries in the region are likely to change little. On the policy front, it is worth noting the implementation, in 2006, of the free trade agreement signed between the **United States** and six countries in Central America and the Caribbean (**Costa Rica**, **Dominican Republic**, **El Salvador**, **Guatemala**, **Honduras** and **Nicaragua**). As rice was granted long transition periods (between 18 and 20 years) for the complete elimination of border tariffs, the free-trade area (FTA) is not expected to have a major immediate impact on the volume of imports of the member countries but may displace traditional suppliers from those markets by granting preferential access to the United States through duty-free quota.

FTAs were also signed earlier this year between the **United States** and **Colombia** and between the **United States** and **Peru**, but have not yet reached the implementation phase.

In the rest of the world, imports by the **United States** are officially forecast to rise strongly. In the **EU**, the reform of the rice import system, which has entailed a strong reduction of duties on husked rice and milled rice imports, may also help to lift the level of rice deliveries to the EU in 2006. Under the new regime, milled rice will be subject to a duty of either €145 or €175 per tonne and husked rice of either €30, €42.5 or €65 per tonne, depending on the actual level of imports. By contrast, purchases by the **Russian Federation** may fall, following a bumper crop last season and imposition of a permanent import duty of Euro 70 per tonne.

Viewed from the export side, the expected contraction of international trade in 2006 is likely to reflect smaller shipments from those countries that witnessed a surge in 2005, in particular **India**, which shipped an estimated 5.3 million tonnes last year, second only to Thailand. In 2006, India's rice sales are forecast to be much smaller, in the order of 4.4 million tonnes, as large government procurement purchases are reported to have lifted rice prices above other competitors' levels, except for parboiled rice. Exports from **Egypt**, **Pakistan**, the **United States** and **Uruguay** may also decline, as the four countries are anticipated to face a tightening of supplies in 2006. On the other hand, **Thailand's** rice competitiveness has been eroded since April by the strength of the baht relative to the US dollar, which, together with the Government's rice pledging scheme, has

Table 3. CAFTA-DR-US FTA: Rice duty-free quota to the USA – First year of implementation 2006

	Costa Rica	El Salvador	Guatemala	Honduras	Nicaragua	Dominican Republic	Total
Paddy Rice	51 000	62 220	54 600	91 800	92 700	2 140	354 460
Milled Rice	5 250	5 625	10 500	8 925	13 650	8 560	52 510
Total rice quota (milled rice eq.*)	38 400	46 068	45 990	68 595	73 905	9 951	282 909

* Paddy rice converted into milled rice by applying a standard multiplying factor of 0.65

Sources: CAFTA, FAO

Figure 16. Rice imports by region

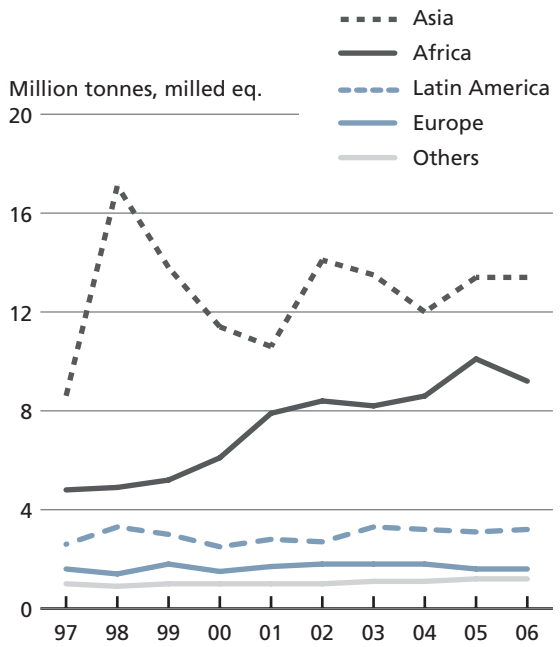
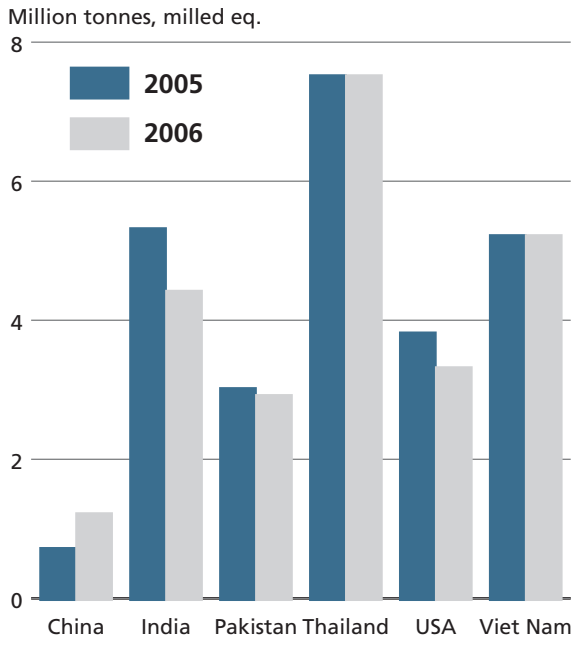


Figure 17. Rice exports by the major exporters



contributed to a rise in export quotations, resulting in a 4 percent contraction in shipments in the first four months of 2006 compared with the same period last year. However, strong sales to the Islamic Republic of Iran and Iraq and government-to-government deals are likely to enable the country to keep overall exports in 2006 around last year's volume of 7.5 million tonnes.

Viet Nam's shipments are currently forecast to remain in the order of 5.2 million tonnes, the government set target, especially as availabilities from the 2005 season will be less, which may prompt the Government to impose intermittent restrictions on exports again this year. By contrast, shipments from **China**, which remain under government control, may rebound somewhat. Similarly, the ending of the drought and the resulting recovery of production in 2006 should enable **Australia** to recapture some of the markets lost in the past four years. In Latin America and the Caribbean, sales by **Argentina** are expected to rise, especially in view of an expected rebounding of imports by Brazil and higher prices from the United States, a major competitor in the region.

UTILIZATION

Under current prospects for modest growth in global production in 2006, rice utilization in 2006/07 would not be sufficient to prevent falling per caput consumption

Given its relatively high costs of production, rice remains essentially a food commodity, with only a small share destined to feed usage. Large gains in production in the 2005 season are estimated to have boosted global rice utilization, even allowing a small increase in per caput rice consumption from 56.9 kg in 2004/05 to 57.0 kg in 2005/06. However, this gain was mainly concentrated in the **developed countries**, where per caput demand has been following a marked upward trend in recent years. By contrast, per caput rice availability remained unchanged for the **developing countries** as a whole, at some 68.7 kg, and even declined for **low-income food-deficit countries (LIFDCs)**, a reflection of developments in China where fast

Table 4. World rice market at a glance

	2004/05	2005/06	2006/07	Change: 2006/07 over 2005/06
	million tonnes			*%*
WORLD BALANCE (milled basis)				
Production	**408.5**	**421.2**	**424.2**	**0.7**
Trade	**29.4**	**28.5**	**28.2**	**-1.1**
Total utilization	**415.1**	**418.5**	**420.6**	**0.5**
Food	363.1	368.2	371.3	0.8
Ending stocks	**99.3**	**102.3**	**106.1**	**3.7**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World *(Kg/year)*	56.9	57.0	56.8	-0.4
LIFDC *(Kg/year)*	70.0	69.8	69.4	-0.6
World stock-to-use ratio *(%)*	23.7	24.3	24.7	1.6
Major exporters' stock-to-disappearance ratio (%)	13.3	13.8	13.7	-0.7

income growth is fostering a shift of consumers towards livestock products.

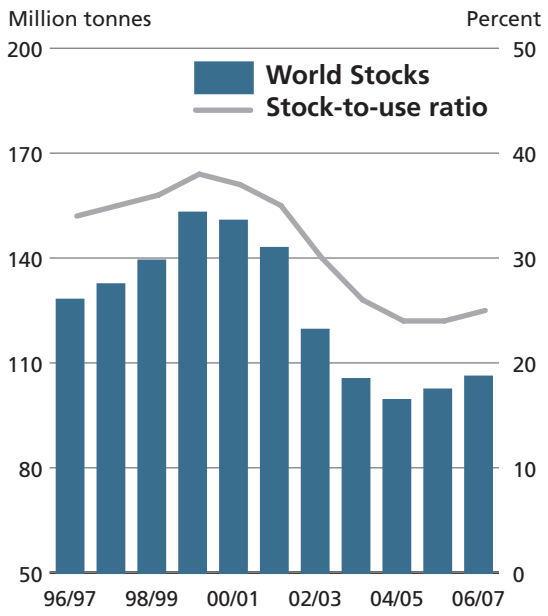
Although still very tentative, world rice utilization in 2006/07 is forecast to increase marginally, given expectations of limited gains in production in 2006. This will constrain the availability of rice for food consumption, which may elicit a fall in average per caput availability to 56.8 kg. The drop would affect all country groupings, including LIFDCs.

STOCKS

The re-building of global rice inventories initiated in 2005 likely to progress in 2006

World rice inventories at the close of the 2005/06 marketing seasons are estimated to have reached 102 million tonnes, up from 99 million tonnes in the previous year. This would mean that production in the 2005 season was not only sufficient to meet consumption needs at a slightly higher average per caput level, but also allowed a rebuilding of global rice reserves, which had been falling since 2000. Stocks in **China**, the country that has driven much of the recent downscaling of global rice inventories, are estimated to end higher, reflecting growth in production and a lingering tendency for per caput rice demand to weaken. Production increases in 2005 also facilitated a rebuilding of inventories in **Bangladesh**, **Cambodia**, the **Islamic Republic of Iran**, **Myanmar** and **Thailand**. By contrast, carryovers are estimated to have fallen below their opening level in **Indonesia** and **Viet Nam**. In Africa, the anticipated contraction in imports to the region in 2006 also contributed to a fall in end-of-season stocks in most countries. This

Figure 18. Global rice closing stocks and stocks-to-use ratio



was also the case with **Egypt**, where reserves were drawn down to meet a strong domestic and export demand. The larger crops harvested in 2005 in South America also allowed some rebuilding of rice reserves in the subregion, mainly concentrated in **Brazil** and **Peru**. Among developed countries, inventories increased in **Japan** but declined in the **United States**.

Preliminary forecasts for closing rice inventories at the end of the 2006/07 marketing seasons point to a continuation of the stock rebuilding process initiated in 2005, with global rice inventories expected to increase to 106 million tonnes. The rise, however, is likely to be mostly concentrated in **China**, with some larger reserves also foreseen in **Thailand**. However, stocks in most of the other countries might end lower, including those held by major rice exporters, such as **India** and the **United States**.

CASSAVA

PRICES

International quotations retreat from 2005 historic highs

The strength in international prices of cassava products throughout much of 2005 did not continue in the first four months of 2006. Prices of cassava flour and starch (f.o.b. Bangkok) dropped by approximately 9 percent compared with the corresponding period in 2005, while prices of cassava chips (destined for China) fell by 12 percent. However, 2005 was an exceptional year for cassava prices, as quotations of both flour and chips reached historic highs. Accordingly, 2006 price developments should be viewed against this perspective. Quotations for pellets destined for Europe (f.o.b. Rotterdam) have been publicly unavailable since July 2005, signalling the lack of interest in the EU market for cassava feedstuffs.

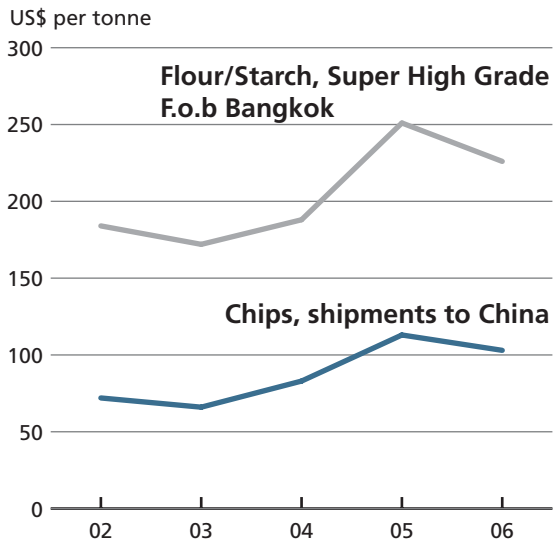
The outlook for cassava prices in the remainder of 2006 will largely hinge on countries in Asia, especially **China** and **Japan**, maintaining large international purchases.

PRODUCTION

Favourable production outlook for 2006

Prospects for global cassava production in 2006, while still subject to a large degree of uncertainty, are generally favourable and output could approach last year's record of 208 million tonnes. In **Africa**, the major producing region, where the crop continues to play a critical role for food security, primarily because of its resistance to drought, preliminary crop estimates from some of the larger producing countries point to generally satisfactory production, close to the 2005 record level of 115 million tonnes. Government support for the commercialization of the crop, particularly

Figure 19. International cassava prices



in **Ghana** and **Nigeria**, as well as national and international agency initiatives conducive to enhance food security via the diffusion of high yielding and disease-resistant planting material, are by and large behind the region's encouraging outlook.

Cassava production is expected to rebound in **Asia**, in anticipation of a return to normal climatic conditions, especially following the annual planting survey in **Thailand** which pointed to a 12 percent rise in production in 2006. This recovery is also likely to be underpinned by attractive domestic prices in Thailand and rising demand for ethanol and starch in the region. The latter factor is also expected to boost output in the current year in **Indonesia** and **Viet Nam**, the region's other major producers.

The 2006 production outlook for **Latin America** and the **Caribbean** also bodes well, reflecting good prospects in **Brazil**. The continuation of strong government support for the country's cassava sector could see Brazil's output surpass last year's bumper crop of 27 million tonnes. As for **Colombia** and **Paraguay**, the region's other large cassava producing countries, little is known about the current situation, but both countries have experienced firm growth in cassava production in recent years.

TRADE

World cassava trade forecast to expand in 2006

Global trade in cassava products in 2006 is likely to exceed the 2005 level of 6.2 million tonnes (pellet equivalent). The forecast is based on an expected recovery in exportable supplies in **Thailand**, the world's leading exporter, and is in line with a stronger pace of shipments by the country to date. In the first four months of the year, Thai exports of pellets and chips increased by more than 25 percent over the same period last year, while shipments of flour were up by over 40 percent over the corresponding period in 2005. Overall, the country is anticipated to ship 6.9 million tonnes of cassava chips, pellets and starch in 2006, up 11 percent from 2005.

Countries in **Asia** are once again anticipated to be the major destination of international trade in cassava. Recently, **China** has emerged as the leading cassava importer. The implementation of a free-trade area between China and Thailand, with the abolition of a 6 percent tariff on Thai cassava products has provided a boost to cassava trade between the two countries. In 2005 China accounted for 53 percent of the global market and is expected to remain the major destination of trade in cassava starch and cassava feed ingredients in 2006. Despite ample domestic supplies of grain feedstuffs, China is reported to be prepared to procure large quantities of cassava chips for domestic use in order to sustain its maize exports.

By contrast, import demand for cassava feedstuffs in other Asian markets remains subdued, reflecting several government initiatives, especially in the **Republic of Korea** and **Japan**, to curb cereal inventories by substituting rice for imported feedstuffs such as cassava. However, demand for cassava starch and flour in Japan, as well as in China, Indonesia and Malaysia, is expected to remain buoyant

The retreat from the import market of the **EU**, once the major destination of international cassava shipments, shows little sign of abating. Despite a low tariff rate preferential import quota of over 6 million tonnes with Indonesia and Thailand, from January to the first week in May 2006, the EU has released import certificates for approximately 56 000 tonnes of cassava pellets, less than half the amount for the corresponding period in 2005. The downturn in the EU's import prospects continues to reflect the reduced price competitiveness of cassava feedstuffs vis-à-vis domestically produced feed grains.

UTILIZATION

Global cassava utilization set to increase

Utilization growth is very much in line with production, given that proper cassava stocks are held only in relatively modest quantities and in dried form, since the commodity is mostly kept under the ground in the form of roots until needed and harvested.

Global cassava utilization as **food**, the bulk of which is consumed in sub-Saharan Africa in the form of fresh roots and processed products, is anticipated to reach 115 million tonnes in 2006, approximately 1 million tonnes more than in 2005. Overall production gains in sub-Saharan Africa are expected to outpace growth in population, bringing about a moderate increase in per caput food availability. Following a similar measure by Brazil, authorities in Nigeria announced a policy, effective 1 July 2006, which entails the 10 percent

Table 5. Thai Trade in Cassava[1]

	2004	2005	2006 Preliminary
	thousand tonnes		
Total	**8 112**	**6 244**	**6 900**
FLOUR AND STARCH			
Total	**3 533**	**3 216**	**3 500**
Japan	727	622	700
China	1 083	1 027	1150
of which Taiwan Province	604	502	550
Indonesia	229	349	350
Malaysia	193	229	200
Others	1 300	989	1 100
CHIPS AND PELLETS			
Total	**4 579**	**3 028**	**3 400**
China	2 557	2 766	3 250
EU 25	1 86	1246	150
Others	160	16	25

Source: TTTA, FAO

[1] In product weight of chips and pellets

mandatory inclusion of cassava flour in the production of bread. The initiative seeks to reduce the country's dependency on wheat imports and provide a market outlet to cassava producers.

Utilization of cassava as **animal feed**, in the form of dried chips and pellets, is mostly concentrated in Brazil and Colombia in Latin America and the Caribbean, Nigeria in Africa, China in Asia and the Netherlands and Spain in Europe. Current forecasts see global feed usage at some 59 million tonnes, fractionally higher than the previous year. The increase would reflect steadfast demand in Asia for non-grain feed ingredients, which is foreseen to offset a continued slump in cassava usage as livestock feed in the EU.

Industrial applications of cassava are anticipated to increase markedly in 2006, particularly in Asia, where rapid economic growth is stimulating demand for starch and ethanol. For example, in Thailand, a leading petroleum refinery is reported to be developing a large scale cassava-based ethanol plant, to produce up to 2 million litres of biofuel per day.

OILSEEDS, OILS AND OILMEALS[1]

PRICES[2]

Price increases unlikely in the oilseed complex in the near term

The main factor influencing international *oilseed* prices during the first half of the 2005/06 season (October to September) was the favourable outlook for the South American crop. The prospect of ample world supplies of soybeans (relative to expected demand) in particular and oilseeds in general caused oilseed prices to drop below the level recorded during the corresponding period of last season. As to the second half of the current season, the anticipated accumulation of oilseed stocks reduces the prospects of a strengthening in prices. Considering that plantings of 2006/07 crops are about to start in the northern hemisphere, price volatility can be expected to increase over the coming months as markets react to weather conditions affecting the development of the new crops.

With regard to *oils and fats*, at the beginning of the 2005/06 season, prices slipped under the pressure of record soybean and palm oil production in 2004/05. Subsequently, prices tended to recover when a surge in global utilization (for both food as well as non-food purposes) coincided with a marked slowdown in palm oil production growth and a shortage of crushing capacities for seed crops, resulting in a temporary drawdown of global oil/fat inventories. As oil output is gradually catching up with demand, prices are expected to lose strength and, for the coming months, overall market fundamentals are pointing towards stable or slightly weakening international prices. Due to ample seed supplies relative to consumption, global end of season stocks are expected to reach record levels, causing a rise in this season's stocks-to-utilization ratio. However, initial forecasts for the 2006/07 season suggest less ample seed and oil supplies and thus a sizeable reduction in inventories. Such an outlook could lend new support to the market and reverse the anticipated weakening of prices.

In spite of the surge in global meal supplies in 2004/05 and the further rise in output forecasted for 2005/06, international prices for *meals and cakes* have followed a moderate but consistent upward trend since the beginning

[1] Almost the entire volume of oilcrops harvested worldwide 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.

[2] For details on prices and corresponding indices, see appendix table A22.

Figure 20. Quarterly international price indices for oils/fats and oilmeals/fats

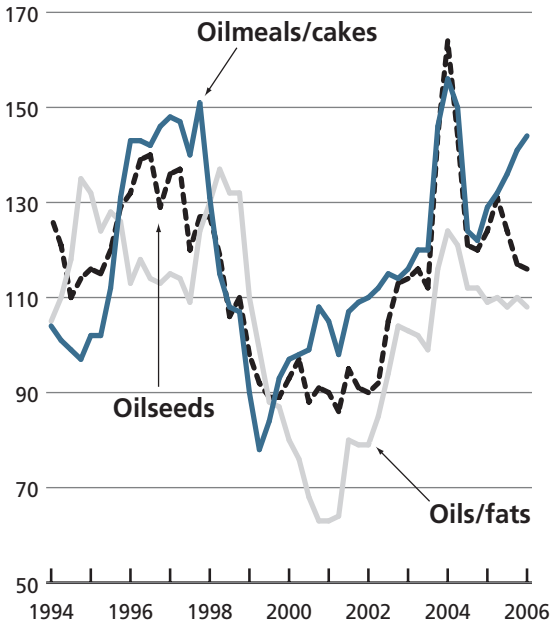


Figure 21. Monthly price index of meals/cakes (October to September, 1998-2000 = 100)

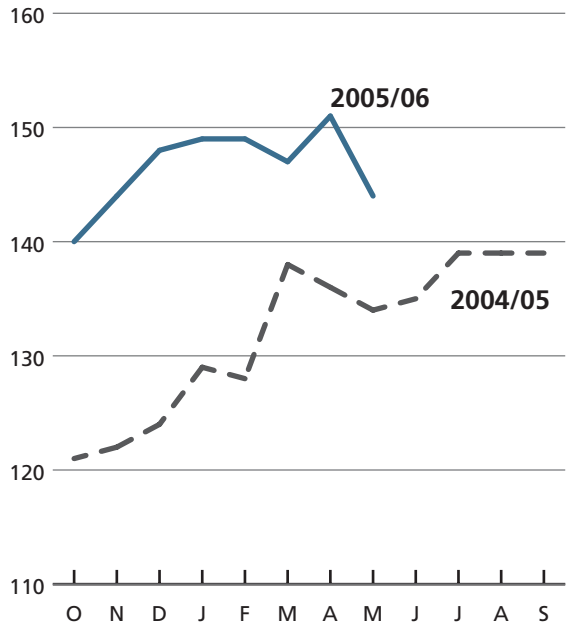
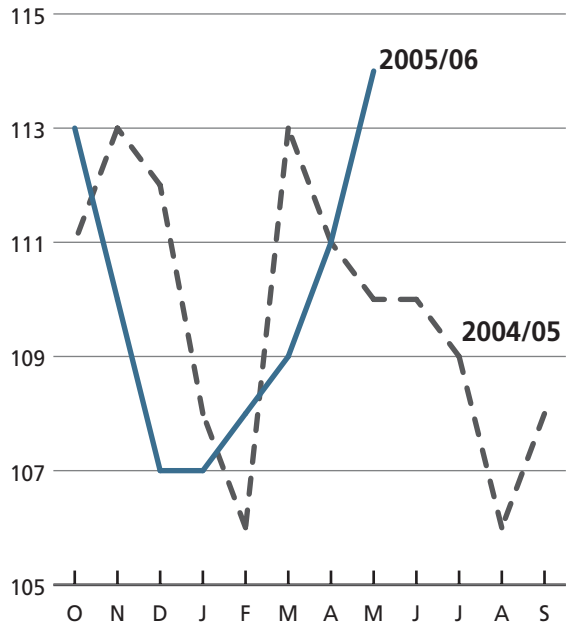


Figure 22. Monthly price index of oils/fats (October to September, 1998-2000 = 100)



of last season. Apparently this season's below average growth in soybean and soybean meal output, together with the prospect of a marked shortfall in fishmeal, have raised fears about a possible deficit in supplies vis-à-vis demand. As a result, during the first half of the current season, prices of oilmeals have been the firmest element of the oilseed complex. However, the acceleration of production growth, together with a steep build-up of stocks (in particular soybeans and soybean meal), which are expected to reach record levels by the end of 2005/06, have started to affect the market. During February-April 2006, prices of soymeal fell by more than 10 percent compared with the corresponding period last year. Prices of other meals have moved in the same direction (with the exception of fishmeal) and, during the coming months, the aggregate price index for meals is anticipated to fall. However, this trend could be reversed later this season if the current 2006/07 forecasts of tightening oilseed and meal supplies materialize.

PRODUCTION

2005/06 oilseed production to grow at an about average rate

At 397 million tonnes, global *oilseed* production in 2005/06 is currently forecast to increase by about 2 percent, a considerable slowdown in production growth. Behind this forecast is the relatively modest growth of only 1 percent anticipated in soybean production. In the **United States**, the world's main soybean producer, output has even fallen slightly due to a reduction in area harvested compared with the previous season.

In South America, where the 2005/06 oilcrop is still being harvested, aggregate output is estimated to grow slightly to a new record of almost 109 million tonnes. Reportedly, the soybean area harvested has expanded in **Argentina** but fallen in **Brazil**, where farmers have faced

Table 6. World production of major oilseeds

	2003/04	2004/05 Estimate	2005/06 Forecast
		million tonnes	
Soybeans	184.9	215.8	218.3
Cottonseed	36.2	44.6	42.5
Rapeseed	38.9	46.0	47.8
Groundnuts (unshelled)	34.4	34.5	35.1
Sunflower	26.3	26.0	29.0
Palm kernels	8.2	8.8	9.2
Copra	4.9	5.1	5.2
Total	**333.9**	**380.9**	**387.1**

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 crops, which are produced throughout the year, calendar year production for the second year shown is used.

considerable increases in production costs. However, yields in Brazil seem to have returned to average levels as weather conditions have been more favourable than during the last two seasons and because farmers were better prepared to fight Asian rust. Also global production of most other oilcrops is estimated to increase, reaching near record levels, notably with regard to sunflower seed but also palm kernels and rapeseed. Both the **Russian Federation** and **Ukraine** have harvested record sunflower seed crops reflecting a combination of larger area planted and record yields. The rise in global rapeseed output is mainly on account of record yield and area levels in **Canada**. By contrast, world production of cottonseed is estimated to drop by about 5 percent, mainly reflecting a fall in production in **China** (mainland).

Growth in oil production ahead of that of meal[3]

Based on current crop estimates, global *oil/fat* production is anticipated to grow by about 3 percent during 2005/06. Most of the anticipated increase in world oil production will be accounted for by sunflower seed oil and, more importantly, palm oil, although the latter is forecast to increase at a below average rate of 5 percent, due to yield reductions anticipated for **Malaysia.** Interestingly, the slowdown in palm oil production has led other countries to shift resources towards the production of high oil-yielding seeds and to invest in the expansion of crushing capacities.

Global supplies of oils and fats (i.e. 2004/05 ending stocks plus 2005/06 production) are forecast to increase by about 4 percent compared with last season.

[3] 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.

Table 7. World oilseeds and products markets at a glance

	2003/04	2004/05 Estimate	2005/06 Forecast
		million tonnes	
Total oilseeds			
Production	344	391	397
Oils and fats[1]			
Production	131	142	146
Supply[2]	147	158	164
Utilization[3]	131	139	143
Trade[4]	62	67	70
Stock-to-utilization ratio (%)	12	13	15
Oilmeals and cakes[5]			
Production	87	99	101
Supply[2]	97	109	113
Utilization[3]	87	95	97
Trade[4]	49	53	55
Stock-to-utilization ratio (%)	11	13	16

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

Regarding *meals/cakes*, global output is forecast to increase by only 1 or 2 percent this season (compared with 14 percent in 2004/05), mainly reflecting the relatively weak increase in world soybean production. The latter, together with the anticipated rise in sunflower and rapeseed meal output, should offset the expected fall in cottonseed meal.

With regard to supplies, the 2005/06 increase over last season is estimated at 4 percent due to the recovery of carryover stocks from last season's exceptionally low level.

TRADE

Trade expansion in both oils and meals to continue

International trade in *oils/fats* (including the oil contained in seeds traded) is anticipated to continue increasing during 2005/06. The anticipated 4 percent expansion is expected to be led by palm oil followed by sunflower seed and rapeseed oil. Soybean oil shipments are estimated to remain unchanged, thus accounting for a lower share of total trade than usual. The world's seven leading exporters of oils and fats, Malaysia, Indonesia, the United States, Brazil, Argentina, Canada and the EU are anticipated to supply as much as 81

percent of global trade. An anticipated fall in shipments by the **United States** is expected to be offset by rising exports from South America. Palm oil shipments are estimated to grow by only 4 percent, as opposed to an average growth of 13 percent in previous years. An expansion in sunflower seed oil trade is anticipated, driven by above average production and export availabilities in the **Russian Federation** and **Ukraine. Canada** is likely to account for much of the rise in global exports of rapeseed oil.

Countries in Asia are expected to remain the main import markets for oils/fats, followed (at considerable distance) by the EU. With a tentative estimate of 13 million tonnes for aggregate imports in 2005/06, **China's** share in global imports is expected to climb to 19 percent. Based on current estimates, as much as half of the country's oil/fat consumption would originate from imported material, compared with less than one third five years ago. This year's removal of tariff rate quotas for vegetable oils could further raise the competitiveness of imported vis-à-vis domestically produced oils. In **India**, the deficit between vegetable oil production from domestic sources and total consumption is expected to narrow this season, possibly leading to an import reduction of at least 10 percent compared with last season. Moreover, the imminent introduction of government regulations governing the importation of genetically modified material may affect the country's import pattern: in particular, a dampening effect on soybean imports cannot be excluded. In the **EU**, the anticipated rise in demand for food and non-food purposes is anticipated to give rise to a considerable surge in imports to almost 13 million tonnes.

Global trade in **meals/cakes** (including the meal contained in oilseeds traded) is expected to expand by 3-4 percent in 2005/06 with soymeal accounting for most of the anticipated expansion. This would represent a marked slowdown from the previous marketing year, which can be attributed to the continued firmness of international meal prices and reduced import demand from countries affected by animal diseases. Shipments by the **United States** are anticipated to fall short of last season's high level, while record-breaking shipments are expected from **Argentina** and **Brazil**, partly at the expense of domestic consumption and stock holding. Asian countries are again estimated to account for most of the expansion in global imports. China alone is seen to absorb 20 percent of global imports, with over 50 percent of meal produced in **China** originating from imported material. World import demand for oilmeals could, however, grow less than anticipated in the event of new outbreaks of avian influenza (AI), notably in meal import-dependant countries in Asia.

UTILIZATION

Demand for oils and meals to continue growing though less than last season

During 2005/06, global consumption of **oils/fats** is estimated to have risen at an average of about 3 percent, sustained by income and population growth in China and other countries in Southeast Asia. **China's** share in global consumption of oils/fats is anticipated to exceed 18 percent. Utilization could also expand in Latin America (Brazil and Mexico) and in some Eastern European countries, while in Africa and South Asia growth should remain relatively low or, in some countries, even negative. Despite a slower expansion in output, palm oil is once again anticipated to account for the bulk of this season's increase in oil utilization, followed by rapeseed and sunflower seed oil. Demand utilization for non-food purposes, notably for the production of biodiesel but also for electricity generation, is estimated to account for an increasing share of total consumption. Production of oilcrop-based biodiesel is expanding worldwide in response to soaring petrol prices and the decision of several countries to implement policies that stimulate production and consumption of biofuels. From this year, considerable additional capacities to produce biofuel are expected to become on stream. According to a recent private sector estimate, the **EU's** production capacity for biodiesel is approaching 6 million tonnes per year, which seems to suggest that, in future, the bulk of the EU's rapeseed oil output could be used for that purpose. Conversely, EU imports of other oils, such as sunflower seed oil for food uses, can be expected to rise already in the current season.

Global consumption of **meals/cakes** is forecast to rise by 2-3 percent in 2005/06, down from 9 percent last season. This deceleration is based, inter alia, on the relative firmness of prices observed thus far as well as the negative impact of animal diseases on livestock production. Consumption growth is again expected to be concentrated in **China** and other Southeast Asian countries. In China, strong and sustained economic growth continues to drive demand for livestock and aquaculture products and, hence, demand for feeds such as oilmeals. The country's share in global meal consumption is anticipated to exceed 20 percent this season. Utilization in the **EU** is expected to rise due to the availability of attractively priced meal (coming from domestically produced rapeseed as opposed to imported soybean) stemming from the oil demand-driven increase in crushings. In the **United States**, meal utilization by the feed industry is anticipated to remain unchanged. World oilmeal consumption in 2005/06 remains, however, subject to uncertainty as further AI outbreaks in some countries may curb demand for feed use.

STOCKS

Meal and oil inventories both reach new records

The level of 2005/06 global opening stocks of both *oils/fats and meals* (including the oil and meal contained in seeds stored) was well above the historic average. Oilmeal inventories especially experienced a particularly sharp increase during 2004/05 following the substantial rise in world soybean production, combined with an excess of total supplies over demand, in particular in **China** and the **United States**. A replenishment of global stocks also occurred for oils and fats, though at a more moderate rate. For the current 2005/06 marketing year, forecasted global supplies of both meals and oils/fats markedly exceed demand, which should lead to another substantial rise in global meal and oil/fat inventories by the end of the season. The comparison with anticipated consumption levels indicates that the stock-to-utilization ratio for oilmeals could increase further, exceeding the average of recent years. In the case of soybean meal, inventories could cover as much as 18 percent of annual usage. In the United States, that ratio is estimated to surge to 35 percent. Also for oils/fats, the ratio is expected to increase, suggesting that prices should remain under downward pressure during 2005/06. Should the anticipated surge in inventories and the slowdown in utilization materialize, prices for meals should also weaken, thus reversing the upward trend observed during the first half of the season.

PROSPECTS FOR 2006/07

Prospective northern hemisphere plantings suggest return to tighter supply and demand situation in 2006/07

Spring plantings of the 2006/07 oilcrops are now underway in many northern hemisphere countries and prospective crop developments will begin to influence the market during the remainder of the current 2005/06 season. The United States has reported record area planting intentions for soybeans. Depending on the level of yields, crop output should be close to, or possibly above, last year's level and could even exceed the historic record set in 2003/04. However, prospects are less favourable in South America, where aggregate plantings may decline markedly. This concerns mainly Brazil, where the profitability of growing soybean may fall further because of persistent problems with Asian rust, rising input costs and the continued strength of the real.

It appears that the next sunflower seed crop in northern hemisphere countries will fall short of this season's exceptional outturn. A reduction in plantings is anticipated in Eastern Europe, the CIS region and the United States, whereas production is likely to recover in the EU. Overall, a reduction in the output and export availabilities of sunflower seed and its products appears likely in 2006/07. Also global rapeseed production is expected to fall short of this season's record level. While production is expected to rise further in

Figure 23. World stocks and stock-to-use ratio of meals/cakes (in protein equivalent and including the meal contained in seeds stored)

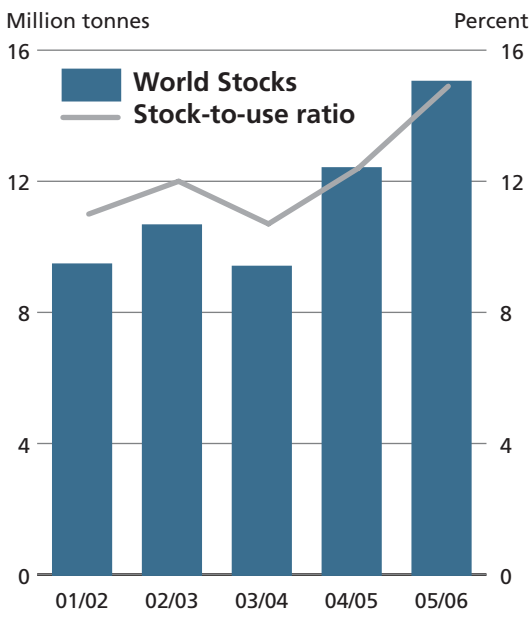
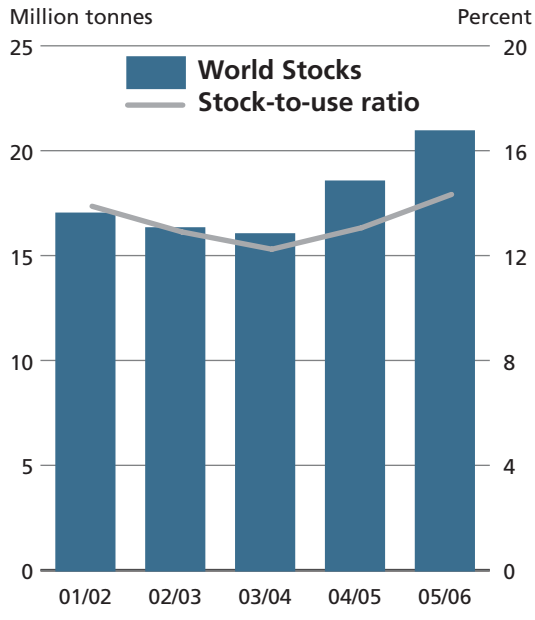


Figure 24. World closing stocks and stock-to-use ratio of oils/fats (including the oil contained in seeds stored)



the EU, Canada's production is likely to fall back to average levels, meaning a reduction of at least 2 million tonnes. The area planted to oilcrops in China and India remains uncertain, but in India it may drop in favour of cereal crops, based on recent reports of appreciating grain prices.

The prospective sluggish growth in aggregate oilcrop plantings appears to be in line with the price weakness observed in international oilseed markets during recent months. Combined with normal weather conditions, the above-mentioned trends in plantings should result, at best, in a moderate output increase in 2006/07. In contrast, it is probable that global demand for oils and meals will continue increasing by 3 percent (or more), which would make a marked drawdown in stocks during 2006/07 inevitable. Such a prospect could attenuate the downward pressure on prices anticipated for the remainder of this season.

SUGAR

PRICES

A 23-year high in 2005/06

World sugar prices have increased significantly since FAO's preliminary forecast in December 2005 for October 2005/ September 2006, largely due to a substantial rise in crude oil prices, as well as a world supply deficit for the third consecutive year. EU sugar policy reforms are expected to reduce world exports by about 5 million tonnes and further contribute to strengthening prices. The International Sugar Agreement (ISA) daily price rose from an average US¢11.38 per pound in November 2005 to an average US¢17.24 per pound in March and reached a 25-year high of US¢19.25 per pound on 3 February. Between January and March 2006 sugar prices averaged US¢16.98 per pound, which was 91 percent higher than the same period in 2005.

Prospects

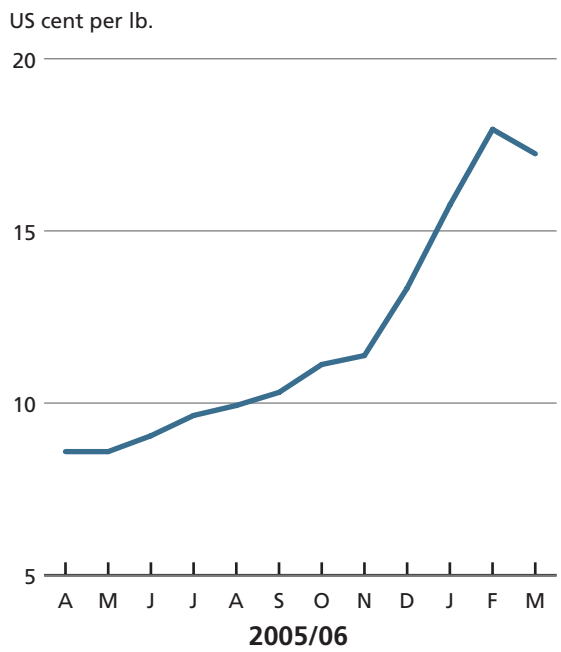
Looking ahead, world sugar prices should remain firm and stable around their current levels as the supply and demand fundamentals in the world sugar market do not point to prices strengthening further, barring extreme weather events or a continuing rise in crude oil prices. At the New York Board of Trade, the October 2006 Sugar No.11 futures contract averaged US¢17.66 per pound in April 2006.

PRODUCTION

A third consecutive shortfall

FAO has revised upward the production shortfall for 2005/06 reflecting lower than anticipated sugar production in Brazil and the Far East, against better than expected output in the EU and producing countries in Eastern Europe. The revised forecast for 2005/06 indicates world sugar production at

Figure 25. ISA daily prices (April 2005-March 2006)



149.7 million tonnes, a 3 percent increase over 2004/05, while world consumption is forecast at 149.9 million tonnes. Developing countries will account for the bulk of the growth in global output, where aggregated production is estimated to reach 106.9 million tonnes, led by a recovery in India.

Among developing countries in **Latin America** and the **Caribbean**, production in **Brazil** is forecast to reach 30 million tonnes, relatively unchanged from 2004/05 levels, but lower than expected, mainly due to unfavourable weather, particularly in the north-northeast region where cane output is estimated to be 20 percent less than in 2004/05. Preliminary forecasts for Brazil indicate the cane harvest will likely grow by 8 percent to about 420 million tonnes in 2006/07, partly driven by higher yields and increased processing capacity as 25 new mills in the centre-south will start crushing cane for the 2006/07 season. In addition to weather related uncertainties, sugar production in Brazil will depend on how the expected large cane harvest is split between sugar and ethanol. Early reports indicate that slightly more than 50 percent of the cane harvested will be diverted to ethanol production in order to meet domestic and export demand. Retail prices of ethanol have been rising since January 2006 and are currently at about 73 percent of the local gasoline prices. At this price level gasoline has a comparative advantage over ethanol as it is a more efficient fuel.

Sugar output in **Mexico**, is expected to decline in 2005/06 to 5.8 million tonnes from a record 6.1 million tonnes in 2004/05. The reduced output is partly due to flood damage from Hurricane Stan in October 2005 and

drought conditions in other growing areas. The sugar policy reforms recently adopted have caused uncertainties within the industry and tension between growers and millers. In addition, a WTO panel ruled against the appeal by Mexico in March 2006 for a 20 percent tax on high-fructose corn syrup (HFCS) usage. Plans to diversify into bioethanol have been adopted as part of an ambitious project to improve the competitiveness of the sector in anticipation of the liberalization of the market under NAFTA in 2008.

Sugar production in **Cuba** is expected to remain relatively unchanged in 2005/06 at 1.4 million tonnes, as harvest delays will affect cane quality and hence the sugar recovery rates. Further downsizing of the industry has been halted as world sugar prices continue to remain strong, and several mills will reopen in 2007. However, the lack of investment in the sector over the past three years means that soaring operating costs may offset the gains from higher prices.

In contrast, sugar production in **Guatemala** is estimated to reach 2 million tonnes in 2005/06, a decline of 8 percent from 2004/05. The fall reflects the damage caused by Hurricane Stan to the growing areas along the Pacific coast, where cane yields are reportedly 4 tonnes per hectare below the record 91 tonnes per hectare harvested in 2004/05.

In **Africa**, sugar production has been revised upwards to 5.6 million tonnes in 2005/06, reflecting expected increases in Mozambique, Swaziland and Zimbabwe in Ethiopia and the United Republic of Tanzania. Sugar production in Mozambique has risen rapidly from 39 000 tonnes in 1998 to about 240 000 tonnes in 2005/06, largely due to improved productivity at both the farm and mill levels through a rehabilitation programme implemented by the subsector in 2000. In **Swaziland** and **Zimbabwe** sugar output is expected to increase 625 000 tonnes and 478 000 tonnes, respectively, while in **Ethiopia** and the **United Republic of Tanzania**, production is forecast to reach 300 000 tonnes and 280 000 tonnes, respectively. A factor contributing to these expansions has been the expected gains anticipated by the Least Developed Countries (LDCs) from the EU Everything but Arms (EBA) Initiative allowing unlimited and free of duty market access to LDC sugar exports from 2009/10.

Over the medium term, however, the ability of these countries to increase their presence in the EU market is likely to be limited, due to the investment required to expand production, as well as the effects of natural trade costs and expected price reductions from July 2006 as part of the EU sugar policy reform. In contrast, sugar output in Mauritius is forecast to decline by 9 percent to 580 000 tonnes in 2005/06 as adverse weather conditions resulted in a smaller area harvested and lower yields. The Government has announced a series of measures to cope with EU sugar regime changes. The policy changes in the EU will essentially reduce export prices by 36 percent over four years for ACP country shipments under the Sugar Protocol. These measures range from converting sugar plantation to residential land and the conversion of sugar into ethanol and rum.

Estimates for developing countries in **Asia** indicate a sugar output of 43.4 million tonnes, considerably higher than in 2004/05, largely reflecting the recovery in India. Production in **India** fell from a high of 20 million tonnes in 2002/03 to 13.9 million in 2004/05 reducing stock levels from 11.2 million tonnes to 5.4 million tonnes in the corresponding period. However, sugar output in 2005/06 is forecast to reach 19 million tonnes, 46 percent more than in 2004/05, as higher domestic prices prompted a substantial increase in plantings. The 2005 monsoons provided ample rainfall in the principal cane growing areas of Karnataka, Gujarat and Uttar Pradesh, where output is estimated to have reached 6.5 million tonnes. To date, in 2005/06 (October/September), India has imported about 500 000 tonnes of raw sugar to meet domestic consumption and stock formation, down from 1.9 million tonnes in 2004/05, but higher than 231 000 tonnes in 2003/04. Assuming a normal 2006 monsoon, it is likely that India will reduce its imports for the 2006/07 cycle. Production in Indonesia is expected to be relatively unchanged at 2.3 million tonnes in 2005/06, while output in the Philippines is estimated to decline by 4 percent to 2.2 million tonnes.

Output in **China** is revised downward to 10 million tonnes compared with 2004/05, reflecting lower than expected production in Hainan, one of the largest sugar growing provinces. The contraction is expected to foster a domestic price increase and force the Government to auction off some of the state's reserve sugar. In **Thailand**, sugar output is now forecast at 4.8 million tonnes, a decrease of about 11 percent from 2004/05, as a result of consecutive droughts. In light of rising international sugar prices and smuggling to neighbouring countries, the Government has raised the price of white sugar at the factory by 27 percent for the first time in more than two decades. In addition, Quota A sugar, which is the annual sugar output allocated for domestic sugar, was increased by 200 000 tonnes to meet strong domestic consumption. These measures will also stimulate cane growing as many farmers cut back on sugar area in favour of higher-priced cassava.

Sugar production in developed countries is expected to decrease by 1.2 percent in 2005/06, reaching 42.8 million tonnes. The major reasons for the decline are EU policy reforms which have led to a significant reduction in output and the envisaged decrease in North American production. The decline expected from these two major producing zones would more than offset the growth expected in the Russian Federation and South Africa following significantly improved world prices.

The reform of the Common Market Organization (CMO) for sugar will substantially reduce domestic support to **EU** sugar growers from July 2006. The intervention price will be reduced by 36 percent over four years, the A and B

quotas will be merged and the C quota eliminated. The A and B quotas are production quotas assigned to EU sugar producing states. The difference between A and B quotas relate to the amount of production levies. Sugar produced above A and B quotas are C quotas and must be exported outside the EU. Given this background, a reduction in output was expected as growers adjust to the reforms. However, recent favourable weather conditions have resulted in better yield expectations and forced an upward revision of production estimates for 2005/06. Production is now expected to contract to 21.3 million tonnes in 2005/06 from 22.1 million tonnes in 2004/05. This reduction will mostly occur in Germany, Greece, Italy and the Netherlands. Despite the reduced output, stocks are expected to increase because exports are subject to a 1.273 million tonne ceiling under the WTO panel ruling in 2005. Hence, the issuing of export licences ceased as of 22 May 2006, as required by the WTO, but actual shipments based on export licences issued prior to that date will be allowed for three months, until 22 August.

As a result, a significant contraction in EU sugar output is expected in 2006/07, as the impact of the reforms takes hold. A number of processing plants throughout the EU have announced that they will stop operating from 2006/07. Of the 19 factories currently in Italy, only six will remain, and in Poland nine factories will stop operating. In France, a 7 percent reduction in planting is predicted resulting in a production forecast of some 12 percent below the last five years' average. In Greece and Italy heavy rains exacerbated the situation during planting. Recent estimates for Italy indicate that production in 2006/07 may be a third less than the quantity expected in 2005/06.

A decrease in production of about 350 000 tonnes is forecast for the **United States** in 2005/06, despite favourable prices, largely due to hurricane damage in Florida and Louisiana in 2005, particularly Hurricane Katrina. About 2 023 hectares (5 000 acres) of cane area were affected reducing output by as much as 2 million tonnes and causing a shortfall in supplies to processing plants. Prospects for a smaller harvest resulted in a 500 000 tonnes increase in the Tariff Rate Quota (TRQ) import.

In contrast, production is forecast to increase in the **Russian Federation** by about 270 000 tonnes, following technical improvements at both the farm and factory levels. Output in 2005/06 is estimated to reach 2.7 million tonnes. High world prices are also expected to increase production in **South Africa**, by over 300 000 tonnes in 2005/06 to reach 2.5 million tonnes. However, in **Australia** excessive rain in Queensland has lowered the forecast of sugar yields, limiting the expansion in output to less than 1 percent, or 40 000 tonnes.

Table 8. World production and consumption of sugar (million tonnes, raw value)

	Production		Consumption	
	2004/05	2005/06	2005	2006
	million tonnes, raw value			
WORLD	**145.2**	**149.7**	**147.2**	**149.9**
Developing countries	**101.9**	**106.9**	**99.5**	**102.0**
Latin America and the Caribbean	50.5	49.9	26.5	27.1
Africa	5.3	5.6	8.1	8.3
Near East	7.7	7.7	11.1	11.5
Far East	38.1	43.4	53.6	55.1
Oceania	0.4	0.4	0.1	0.1
Developed countries	**43.3**	**42.8**	**47.7**	**47.9**
Europe, of which:	27.2	26.8	29.8	29.9
EU 25	22.1	21.3	18.1	18.1
CIS in Europe	5.1	5.1	5.1	5.1
North America	7.4	7.1	10.4	10.5
Oceania	5.4	5.4	1.4	1.4
Others	3.3	3.6	6.0	6.1

UTILIZATION

Market underpinned by growth in Asia

The FAO forecast of world sugar consumption in 2005/06 is 149.9 million tonnes, a 1.9 percent growth from the 147.2 million tonnes in 2004/05, but below the annual consumption growth rate of 2.5 percent averaged over the last ten years. The slow down is largely due to higher sugar prices which have negatively impacted on the demand from LDCs. However, developing countries largely account for the continued consumption growth, particularly in China and India where the significant expansion in demand has been underpinned by strong economic performances. In developed countries, per capita consumption has been declining over the last decade, reflecting health concerns associated with high sugar consumption. Overall consumption in developing countries in 2005/06 is expected to grow by 2.6 percent compared with a 0.4 percent growth rate estimated for developed countries.

On a regional basis, more than 50 percent of the increase in sugar consumption in 2005/06 is expected in the Far East, particularly in the more populous countries of China and India, where consumption is expected to expand by 3.1 percent to 13.4 million tonnes and 2.6 percent to 20.7 million tonnes, respectively.

In Latin America and the Caribbean, the second largest consuming region in the world, consumption is expected to reach 27.1 million tonnes, mainly supported by consumption in Brazil, which is estimated at 11.1 million tonnes in 2005/06.

Above average growth rates are also expected in the Near East and Africa, where sugar utilization is estimated by FAO at 11.5 million tonnes and 8.3 million tonnes, respectively.

Figure 26. FAO international price index for meat products

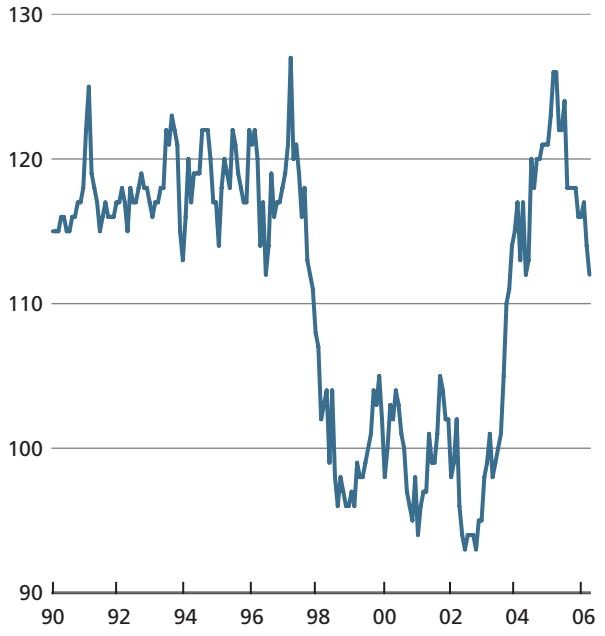
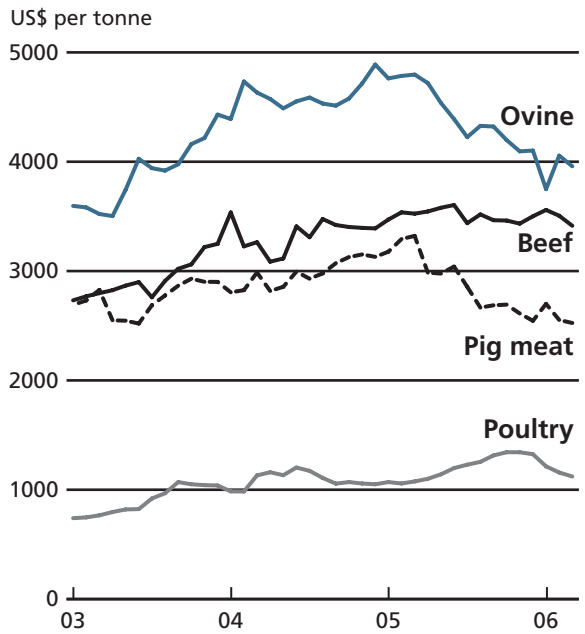


Figure 27. Prices of selected meat products



The consumption pattern in developed countries is expected to continue in 2005/06, as total consumption remains relatively stagnant and per capita levels decline, due to low population growth and dietary concerns. Total consumption is expected to increase marginally from 47.7 to 47.9 million tonnes in 2005/06, with the two main consumers, the EU and the United States, expected to utilize 18.1 and 9.1 million tonnes of sugar, respectively, representing no change from the previous year. The Russian Federation, a key sugar consuming and importing country, is also not expected to show significant changes in its consumption levels, although higher world prices should support higher domestic production and consequently, a reduced dependence on imports.

MEAT AND MEAT PRODUCTS

PRICES

Animal disease concerns cloud market and price outlook in 2006

Global meat markets in 2006 have again been affected by animal disease concerns after experiencing a brief market recovery in 2005. Shaping meat market developments in 2006 are the dramatic consumer responses to the increasing incidence of avian influenza (AI) outbreaks, as well as continuing BSE-related bans on North American beef and FMD-related bans on South American red meat exports (bovine, sheep and pigmeat).

From late 2005 to early May 2006, AI outbreaks had been reported in approximately 40 previously unaffected countries, many of which are the major poultry consuming and importing countries of Europe, the Middle East and Africa. Infection of over 224 people, with over half resulting in deaths, has been the primary reason for the ensuing dramatic consumer responses and trade bans. The shift in consumption away from poultry meat has led to rapid build-up of stocks and price declines, which will significantly affect market developments in 2006.

In a reversal from 2005, when the FAO meat price index (calculated using trade weighted indicative international prices) peaked at a near 15 year high of 126 points, sharply lower poultry prices in early 2006 have prompted a decline in the index to 112. While the poultry index has plummeted 22 points since October 2005, beef prices remain at high levels due to continued disease-related trade bans on North and South American exports, in response to BSE and FMD concerns respectively. During 2006, more than adequate poultry supply availabilities are expected to be large enough to put all meat prices under downward pressure. However, beef export supply constraints in 2006 may provide some underlying support to beef prices.

PRODUCTION

Meat production prospects hinge on consumer and trade responses to animal disease concerns

A weakening of meat demand, uncertain price prospects and escalating trade restrictions in 2006 are expected to limit

Table 9. World meat markets at a glance

	2004	2005	2006	Change: 2006 over 2005
	million tonnes			*%*
WORLD BALANCE				
Production	**260.3**	**268.1**	**272.5**	**1.6**
Bovine meat	63.1	64.3	65.9	2.5
Poultry	78.9	81.9	81.0	-1.1
Pigmeat	100.4	103.7	107.0	3.2
Ovinemeat	12.7	13.0	13.3	2.6
Trade	**19.0**	**20.5**	**20.7**	**.6**
Bovine meat	6.1	6.5	6.7	2.9
Poultry	7.5	8.3	8.0	-3
Pigmeat	4.5	4.7	4.9	3.2
Ovinemeat	0.71	0.78	0.81	4.2
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World *(Kg/year)*	40.8	41.5	41.7	0.5
Developed *(Kg/year)*	82.2	83.1	83.0	-0.1
Developing *(Kg/year)*	29.8	30.7	31.1	1.3
FAO Price Index				
1998-2000=100	118	121	114[1]	-5.8

[1] January - March

global meat output in 2006 to 272.5 million tonnes. While relatively low feed prices are prompting higher pig meat and beef output, an unexpected and unprecedented decline in poultry meat output will, in 2006, likely limit aggregate meat output gains to less than two percent, down from 3 percent in the previous year.

While output gains in developing countries, projected at 2.5 percent, will be half that of 2005, their contribution to global output is expected to rise in 2006 to nearly 60 percent of global production, up nearly 1 percent from the previous year. However, unlike previous years when strong growth in export-oriented South America contributed to nearly half of developing country output gains, meat production in this region is forecast to grow only 1 percent due to policy developments and FMD-trade bans. Consequently, developing country gains are likely to be concentrated in Asia, as consumers change their consumption patterns. In developed countries, lower poultry production will contribute to a lacklustre meat industry outlook despite a projected recovery in pig meat and beef production after two years of stagnant growth.

High beef prices prompt higher slaughter

Supported by a recovery in North America and Asia, global beef output is expected to rise 2.5 percent in 2006 to nearly 66 million tonnes. While estimates of cattle inventories in developed countries remain at their lowest levels, production is projected to increase by over 2 percent, in stark contrast to the contraction registered over the past four years. Poor United States grazing conditions and an influx of cattle imports from Canada are supporting record numbers of cattle on feed in the **United States**, the world's largest beef producer. Meanwhile, **EU** beef supplies, after policy induced declines in previous years, are expected to rise with the elimination of the BSE-related Over-Thirty-Month-Slaughter policy, which has been in place over the past decade. In **Canada**, however, beef output is expected to drop, possibly as a result of stabilizing cattle inventories and larger shipments of live animals to the United States.

The contribution of developing countries to global beef production will remain at 55 percent in 2006, despite a weakening of growth to 2.7 percent, nearly half of that in the previous year. The main reason for this slow-down is the reduction in the pace of slaughtering due to FMD in **South America**, a region which has accounted for more than one-third of developing country production gains since 2000. Partial or total trade bans by over 50 countries on Brazilian beef exports are putting downward pressure on local prices and dampening output prospects. Some support to international prices was provided by an early year Argentine policy to introduce a six-month partial ban on beef exports, which has already led to a sharp drop in domestic prices and is expected to influence production prospects negatively. Most of the developing country output growth is expected to take place in Asia, where consumers are substituting beef and pig meat for poultry. The 4 percent expected increase in beef output is reflecting rising beef prices and a strong supply response in China, the fourth largest producer of beef and home to over 138 million head of cattle.

Strong Asian demand support pig meat production

Driven by robust output gains in developing countries in **Asia**, global pig meat output is expected to reach 107 million tonnes, up over 3 percent. Shifting meat consumption patterns in Asia, a region which accounts for 60 percent of global pig meat consumption, is prompting larger output in the **Philippines** and **Viet Nam**. Although hog prices are declining in **China**, the world's largest pig meat market, increased efficiency in rapidly growing commercial operations is fostering an increase in output. **South America** prospects, as with beef, are constrained, as FMD in **Brazil**, which accounts for nearly 70 percent of regional production, dampens growth prospects to only 1 percent, down from 6 percent in 2005. This is despite favourable outlooks for the industries in **Bolivia**, **Venezuela** and, in the increasingly export-oriented, **Chile** and **Mexico**, both of which have recently benefited from trade agreements with Japan. In developed countries, output is expected to rise in the **USA**, **Canada** and the **EU**

as increased industry concentration, particularly in the first two countries, is supporting efficiency gains and production growth in the context of lower inventories and breeding herds.

Lower prices to stifle poultry output gains

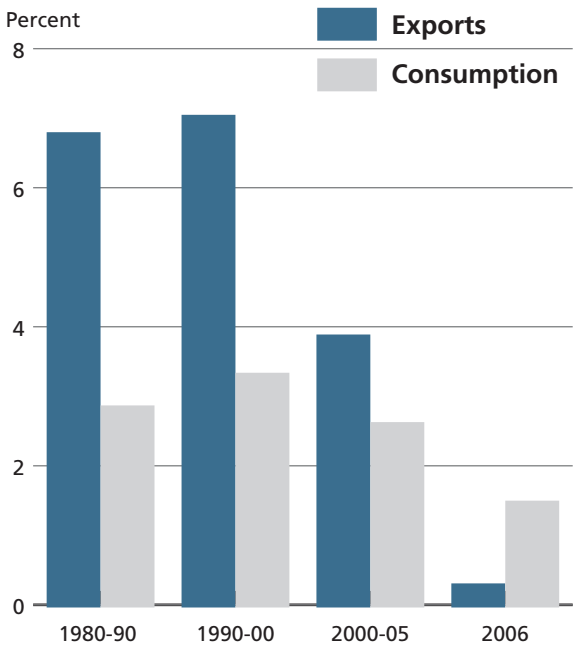
In a stark market reversal from the previous two years when poultry prices rose over 30 percent in the context of AI-induced deficit in exportable supplies, recent human health concerns in many of the major consuming countries are lowering prices, chick placement and poultry production prospects. As AI outbreaks engulfed hitherto 40 unaffected countries (23 in Europe, 9 in Asia and 7 in Africa) over the past eight months, consumption has dropped precipitously. The resulting decline in poultry prices by between 10-40 percent in the affected countries, has eroded industry profitability. This, combined with AI-related bird culls, are projected to cause a reduction in global poultry production by an unprecedented 1 percent to 81 million tonnes.

Per caput consumption in developed countries is estimated to decline by 3 percent to 27 kg in 2006, mainly in **Europe** where some countries experienced decreases of up to 70 percent. The implied changes in international prices are being transmitted to export-oriented countries, such as **Brazil** and the **United States**, which have not reported disease outbreaks, thus limiting their production prospects. After a brief recovery from AI in 2005, Asian poultry production is estimated to fall by 1 percent, with declines expected in both in countries that have not experienced any outbreaks, such as **Bangladesh** and **Nepal**, and in nine others that have. Meanwhile, the continuing spread of AI in African countries, such as Burkina Faso, Côte d'Ivoire, Egypt, Niger, Nigeria and the Sudan, will likely reduce regional production by nearly 5 percent. An estimated 5 percent decline in per caput consumption to 4.5 kg has potential implications for livelihoods and food security in a region where poultry contributes nearly 30 percent to total meat availabilities.

Developing countries dominate ovine meat output gains

Supported by expected strong prices and output gains in major **Asian** developing countries, such as China, the Islamic Republic of Iran and Pakistan, global ovine meat production in 2006 is foreseen to rise nearly 2.6 percent to 13.3 million tonnes. In **South America**, government sponsored recovery programmes for the sheep industry in **Argentina** and **Uruguay** are supporting a second year of strong growth. As output in developed countries has steadily contracted over the past decade, developing countries have increased their share of global production from 65 percent to an estimated 75 percent in 2006. Developed countries, however, are likely to increase production in 2006 due to persistent drought in some countries, an expansion of breeding flocks, increased off-take and enhanced productivity. This is despite a decline in **EU** sheep meat production, where animal inventory numbers have not recovered to allow levels of production achieved before the FMD crisis in 2001.

Figure 28. Animal diseases to stifle meat consumption and trade gains in 2006



UTILIZATION

Animal disease issues are affecting demand for all types of meat products

The evolution of human health concerns related to AI, the duration of disease-related trade bans, and relative demand and price shifts are largely influencing meat market prospects in 2006. Despite some expected switching between meats in 2006, a nearly 4 million tonnes downward revision in the 2006 forecast for global poultry meat consumption is expected to limit overall growth in meat consumption to its lowest level observed in the past 25 years. Expressed in per caput terms, total meat consumption is expected to increase only marginally to 41.7 kg. A more than 2 percent decline in per caput consumption of poultry meat to 12.4 kg has been sufficient to cancel most of the gains in other meats, particularly pig meat. The wide disparity in per caput meat consumption levels that exists between developed and developing countries in 2006, at 83 and 31 kilos/caput respectively, is set to narrow marginally as consumption declines in the former. Per capita consumption gains are expected in developing countries, but at half of their historical rates.

TRADE

Import bans and demand shocks to limit meat trade gains

Sluggish global poultry import demand, the imposition of animal disease related trade bans, and uncertainty about meat import policies in the Russian Federation are combining in 2006 to limit meat trade growth to 20.7 million tonnes. Curtailed back dramatically from the nearly 8 percent gains witnessed in 2005, meat trade is forecast to increase less than 1 percent, the slowest rate in 25 years, excluding the disease induced drop in 2004. Exports from developing countries are set to decline marginally as prospects for South American meat shipments stumble after growing at a double digit level for the past decade. Despite a drop in EU meat exports due to trade-related AI bans, strong United States meat exports in the context of competitive prices and an eroding exchange rate should help maintain the developed country share of global trade at 54 percent.

Poultry trade to drop as consumers shift to other meats

As poultry consumption drops in the newly AI-affected regions in Europe, some areas of Central Asia and the former Soviet Union, as well as parts of Africa, poultry trade prospects are gradually detiorating in 2006. Lower import demand in these countries, which account for approximately one-third of the global imports market, is expected to lead to an estimated 3 percent decline in trade to 8.0 million tonnes. Export prospects are also estimated down in Brazil and the United States, suppliers of approximately 70 percent of global poultry trade, where export prices dropped between 20-50 percent in early 2006 as a result of lower import demand and the filling of cold stores. The reports of AI outbreaks in some commercial flocks in the EU and the imposition of trade bans is expected to reduce EU exports by nearly one-quarter, despite an increase in export refunds for both whole birds and cuts.

With high stocks and low domestic prices, EU imports are likely to fall despite the mid-year tariff cuts on frozen boneless chicken cuts imposed by the WTO. Meanwhile, market uncertainty in the Russian Federation, the world's largest poultry importer, as poultry import permits were cancelled due to sanitary irregularities and later reissued is expected to lead to lower imports. Deliveries to other regions, such as disease-affected countries in Africa, may actually increase. For example, in Egypt, where consumption and egg and poultry prices dropped by 30-40 percent after the first outbreaks, the recovery in consumer confidence is pushing up chicken prices fivefold to record levels. Poultry are reported to be in short supply because of loss of breeding stocks and the inability of industries to respond quickly to changing demand. One implication of the rapid consumption recoveries that characterize market response to AI is that countries that are heavily dependant on poultry as an income earner for rural smallholders may be forced to import frozen chicken to meet urban demand.

Stronger trade in beef despite relatively high prices

The limits on beef export supplies observed earlier in the year are expected to be gradually lifted later in the year, leading to an estimated 3 percent rise in global beef trade, to 6.7 million tonnes. However, South American beef exports, after averaging 22 percent annual gains over the past five years, are projected to decline 1 percent in 2006, despite a potential lifting of the Russian Federation ban on Brazilian beef. This is particularly fuelled by the Argentine decision to partially ban exports over the first six months of the year, which is expected to reduce shipments by one-third. While beef markets remain largely segmented between FMD-free and non-FMD zones, some redirection of trade flows will support exports from the EU (despite a 10 percent reduction in beef refunds), Australia, China and India. Meanwhile, although the United States beef shipments are foreseen to increase by more than half, supported by the opening of some selected Asian markets, shipments will likely be less than half of the pre-BSE exports in 2003.

Despite strong international beef prices, global beef import demand will be supported by stronger Asian demand and trade as BSE concerns are overtaken by those related to AI. Increasing market access into Republic of Korea, the Chinese province of Taiwan, Malaysia and the Philippines will more than offset slower import growth by Japan, where import levels are not projected to reach pre-BSE levels. Meanwhile, despite China's approval of selected exporter plants, imports are set to remain low, constrained by Sanitary-Phyto-Sanitary (SPS) barriers imposed in late 2005. Continued growth will also originate from Mexico, while EU imports will ease slightly as FMD limits availabilities from traditional suppliers in South America.

Pig meat import demand supported by poultry trade losses

Buoyed by expected trade losses for poultry and competitive prices, trade in pig meat is expected to increase 3 percent to 4.9 million tonnes. While imports are growing in some of the major markets, including Hong Kong, SAR Mexico, the Russian Federation and Singapore, overall Asian imports, the recipients of nearly half of global imports, are projected to decrease their purchases in 2006. High frozen pig meat stocks in Japan, some substitution with beef in the Republic of Korea and other markets, and China's imposition of sanitary barriers on imports will limit regional trade gains in Asia. Favourable exchange rates will support United States exports, while Canadian and EU shipments will benefit from the current FMD-related trade bans on Brazilian

products. Some market uncertainty stems from the Russian Federation's potential decision, in the context of its reported tight supplies and high prices, to lift the ban on meat imports from some Brazilian states, such as Rio Grande do Sul and Santa Catarina. Product shipments from non-traditional exporters, such as Chile, Mexico and Poland will continue to be facilitated by bilateral trading agreements and sanitary agreements with Japan.

Export availabilities maintain ovine meat trade prospects

While slowing from the 9 percent gains registered in 2005, sheep meat product trade is expected to increase by only 4 percent in 2006. While trade is forecast to rise to 811 500 tonnes, only limited growth is expected in the major import markets in North America and Asia. Increased supply availabilities in the United States as a result of lamb support programmes will likely constrain import demand in that market. This will be offset, however, by rising demand in Mexico and countries in Europe, the Middle East and some markets in Africa, as demand for poultry falters. Adequate supplies in Oceania, the supplier of nearly 90 percent of global shipments, will facilitate the increase in global exports with increased products also sourced from China and Uruguay.

Figure 29. Monthly indices of international prices of selected dairy products

Note: The index is derived from a trade weighted average of a selection of representative internationally traded dairy products.

MILK AND MILK PRODUCTS

PRICES

International dairy product prices are turning down: how far, how fast?

The FAO international dairy product price index (1998-2000=100) fell to 133 in May 2006, after reaching a 15-year high of 148 in September 2005. It is expected that this index will average in the 130 range in 2006, compared with 145 in 2005. Prices have fallen recently due to higher export supplies in Australia, the United States and several emerging South American suppliers. Import demand growth in parts of Southeast Asia and North Africa continues to underpin markets. However, in some regions, supply/demand response to the high prices of the last several years has reduced import demand.

Regarding the individual major milk products, May export prices for butter from Oceania are down compared with May 2005 by 17 percent, while those for cheese (cheddar) and whole milk powder and skimmed milk powder are down 6 percent, 6 percent and 5 percent, respectively. The over-riding market question is how far will prices fall, and how fast? On the one hand, export supplies from the EU, one of the largest exporters, remain tight in the short term. However, increasing export supplies from Oceania, South America, and the United States, aided by other countries whose production is responding to two previous years of historically high prices, should continue to pressure prices down moderately in 2006. If New Zealand's output recovers to trend levels, prices can be expected to fall further.

With lower international prices, EU export refunds have increased recently. At the end of April they stood at €995/tonne, €50/tonne, €459/tonne and €508/tonne for butter, skimmed milk powder, cheese (Gouda) and whole milk powder, respectively. As refunds vary inversely to world price movements, they tend to exacerbate price fluctuations, although their effect on markets is expected to be less pronounced as the EU's share of export markets has declined. In addition, as EU intervention prices for dairy products are being reduced under the CAP reform, both intervention stocks and export refunds have also fallen. For the first time in many years, public stocks of skimmed milk powder were exhausted in April, as the EU has tended to buy and export whole milk powder. In the United States there were no purchases of skimmed milk powder from the Commodity Credit Corporation in 2005 as, for the first time in recent history, world prices exceeded domestic prices. Since early 2004 the Dairy Export Incentive Programme has not subsidized exports of dairy products. The question is whether this will continue as United States milk supplies increase and world prices decrease.

PRODUCTION

Strong growth in global milk output continues

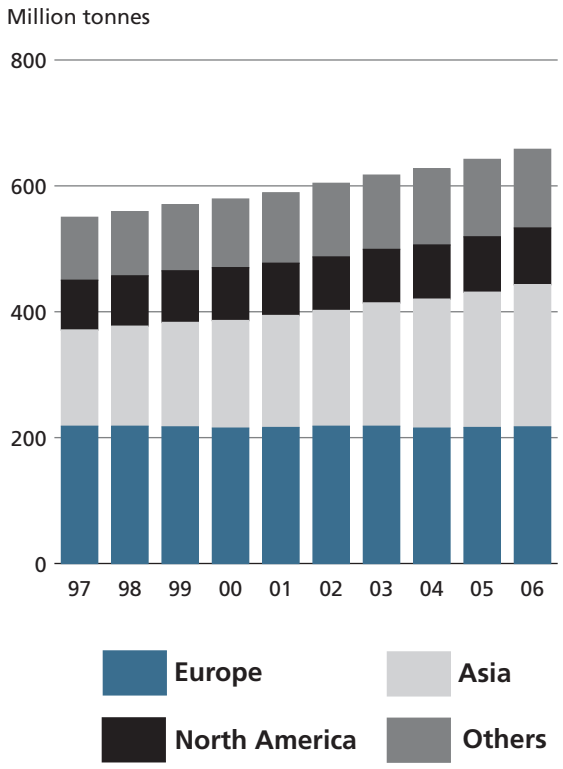
Encouraged by high international prices, global milk production is estimated to increase by 2.6 percent in 2006, similar to that of last year. This means that global per caput production of milk products will continue to increase in the range of 1.4-1.5 percent, which is high relative to most other agricultural commodity sectors. Most of the production increase is accounted for by several countries of Asia and Latin America and in the United States (see Appendix Table A17). By economic group, milk production in developing countries is expected to increase 4.5 percent in 2006, compared with 1.1 percent in developed countries. Even at a low base, milk production is growing slowly in LDCs, and this is projected to continue in 2006.

Asia is the strongest growing region

Asia is the largest dairy consuming region. It is also the largest importing region with over one half of global imports of dairy products (milk equivalent basis). Imports are continuing to grow as demand, driven largely by rapid income growth and urbanization, is exceeding supply. At the same time, the Asian region is also expected to become the world's largest production region in 2006, illustrating that supply growth, at over 5 percent per year, is also dynamic. Of course the situation varies significantly across the region.

As the largest single dairy producing country, **India's** output continues to grow strongly in the 3-4 percent range, largely in response to internal demand growth and sustained by increasing productivity. India accounts for over half the total milk output of Asia. Given recent high international prices, it has started to enter certain export markets, particularly for skimmed milk powder. **China**, which has almost doubled its milk output since 2001, remains the country in which milk production is growing the fastest and is expected in 2006 to account for a full one third of the increase in world milk production. However, the annual growth rate of 18 percent projected for 2006 is less than in previous years, as the base of production has increased and higher production costs linked to both feed and water supplies may be starting to constrain continued high growth. In **Pakistan**, the world's fifth largest milk producing country, government initiatives are being undertaken to modernize milk collection and to improve milk and milk product storage capacity. The dairy sector is key to both rural economies and food security. Output continues to increase by about 3 percent each year, in line with increases in demand, but without significant trade developments. In the Islamic republic of Iran, where government measures are encouraging higher milk production, output is again expected to increase in 2006, in the range of 4 percent.

Figure 30. Total milk production by regions



In contrast, milk production in **Turkey** has been stagnant for several years because of low domestic milk prices and stagnant demand for dairy products. Production is expected to continue to decline in **Japan**, and as demand for dairy products also appears to be shrinking, import levels are expected to be down with current high import prices.

A number of other Asian countries are small milk producers, but some of the largest importers of dairy products, accounting for more than 20 percent of world imports (milk equivalent basis). In many of these countries, strong economic growth has resulted in demand growth exceeding that of supply and imports, despite relatively higher import prices.

Slow output growth in Africa

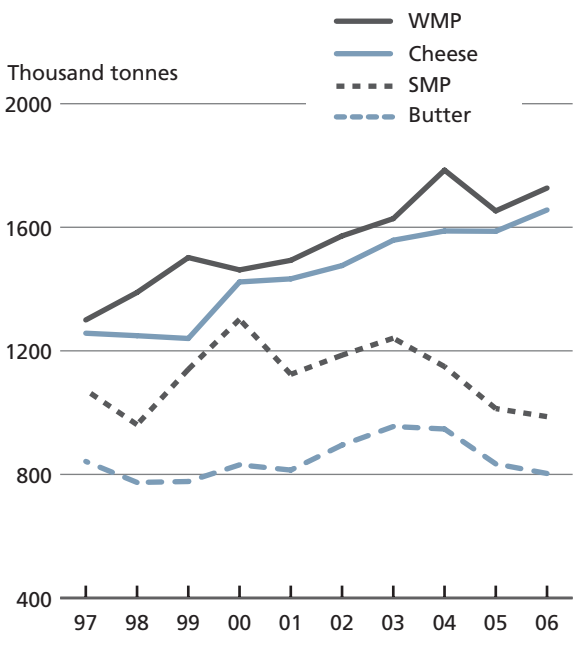
Africa accounts for less than 5 percent of global milk output, and milk production continues to grow at a slow pace in most countries. The major producing countries are Egypt, Kenya, South Africa, and the Sudan. **Egypt** is facing production constraints due to an import ban on dairy cattle from countries affected by BSE and EBL (unexotic bovine leukosis). **Kenyan** milk output was affected by drought in late 2005 and early 2006. **Algeria** is one of the largest importers of milk powders, and despite programmes to stimulate domestic production and high prices, imports are likely to be sustained as high oil export revenues maintain demand.

Latin American countries increase production, exports and imports

Among **Central American** and **Caribbean** countries, **Costa Rica's** output increased by 5 percent in 2005 and may reach record levels in 2006, while in **Mexico** production has been increasing slightly over the past years as a result of programmes to improve genetics and herd management practices. However, Mexico is also the world's second largest importer of dairy products, after China, and driven by economic growth and reduced NAFTA tariffs, imports are expected to increase further in 2006.

In **South America**, many countries are increasing milk production, and, either as emerging larger exporters or as new exporters, the region's net export position is being consolidated. **Brazil**, the largest milk producer of the region, became for the first time a net exporter of dairy products in 2005, as a surge in production, which combined with weak domestic demand, caused milk prices to fall nearly 30 percent in the latter half of the year. Output is expected to grow by about 3.0 percent in 2006, but higher production will not be sustained if prices do not return to profitable levels. Spurred largely by higher international prices and exchange rate depreciation earlier this decade, milk production in **Argentina** is set to grow 4.5 percent in 2006, down from 4.9 percent in the previous year. Investments in processing are positioning Argentina as a significant exporter on world markets, particularly for whole milk powder but increasingly for cheese. However, export taxes (now 15 percent for milk powder and 10 percent for cheese) are restraining both domestic prices and production, thus limiting further export growth. Production in **Uruguay**, which recorded an 8 percent expansion in 2005 after two years of low growth in response to higher international prices, is expected to expand further in 2006.

Figure 31. World trade of selected dairy products



Milk production continues to expand in the United States and decline in Canada

Stemming from high profitability in 2004 and 2005, milk production in the **United States** is expected to expand by a further 2.5 percent in 2006 to 82.3 million tonnes, making it another record production year. Largely due to strong demand for milk fat, domestic milk prices had reached historic highs in 2004, and with favourable feed prices, milk production has been expanding and is now pressing prices lower. Prices for milk proteins have remained relatively low, despite some increase in 2004 and 2005. In the past two years, the world skimmed milk powder price has risen above the United States' support price for the first time in recent history. As a result, skimmed milk powder exports have surged, positioning the United States as the world's largest exporter of this product in 2005, without the use of export subsidies. For 2006, this situation is unlikely to be sustained if international prices fall as expected. It is significant to note that milk fat prices in the United States are significantly over-valued in relation to milk protein prices, compared with international markets. In **Canada**, milk production is anticipated to decline marginally as a result of quota adjustments made to keep supply in check with domestic milk requirements.

Milk production expands slowly in Europe

The **EU** milk sector continues to adjust under the reforms of the past several years, in which intervention prices are being reduced, with single farm payments that are decoupled from production. EU expansion has also been a factor affecting markets. Milk supplies are expected to increase marginally in 2006, but not match the 0.5 percent increase in milk delivery quotas agreed under the 2003 reforms. Additional supplies are expected to come mainly from new member countries. Some countries threatened by superlevies, such as France and Germany, have been reducing output. In the context of policy reform since 2000, public stocks of most dairy products have been down until recently; e.g. public skimmed milk powder stocks were zero in early 2006. Milk product exports have been down, particularly for skimmed milk powder, and this is expected to persist for the remainder of 2006.

In former transition countries, milk production is also anticipated to increase. In the **Russian Federation**, where milk production had been declining in recent years, output is recovering, with growth concentrated in larger farms where productivity is higher. Milk output is therefore projected

to increase 2.5 percent in 2006. The Russian Federation remains the third largest net importer of dairy products, the largest importer of butter and the second largest importer of cheese. In Ukraine, the emerging exporter of the region (exports mainly to the Russian Federation), milk output and trade are expected to increase further in 2006.

Recovery is underway in Oceania

Taken together, **Australia** and **New Zealand** form the largest net dairy exporting region of the world, with net exports about one-third of total world exports (milk equivalent). Supply variations in these two countries have considerable impact on world product prices. For example, a production shock which lowers milk yields in these countries by 5 percent in one year generates 3-5 percent higher world prices for traded milk products (estimated using FAO's commodity simulation system). This is a large effect given that these two countries account for only 4 percent of world milk production.

Recent policy reforms in Australia and exchange rate appreciation and droughts in both Australia and New Zealand in the past several years have limited their production and export supplies, a major cause of the large increase in international dairy prices from 2002 to their peak in 2005. Australian milk production has responded slowly to these shocks, and finally increased 0.5 percent in 2005. For 2006 (dairy year ending May), a growth of 1.2 percent in milk production is expected, showing response to improved prices on international markets. In New Zealand, output fell almost 4 percent in 2005 (dairy year ending in May 2005) but increased 3 percent in the 2006 marketing year, as growing conditions in the last part of the marketing year were favourable. Furthermore, Fonterra reportedly rebuilt product inventories in 2005. Production early in calendar year 2006 exceeded expectations. As recovery continues, depending on the extent of response, additional supplies will have considerable impact on international markets.

TRADE

Dairy product trade round-up – recovery for 2006

In milk equivalent terms, total dairy product trade fell in 2005 as a result of lower export supplies from the EU and New Zealand. Preliminary estimates show that global exports for all major products were lower in 2005 (see Figure 31 and Table 10). In recent years, trade in butter and skimmed milk powder has been declining in favour of larger trade in both whole milk powder and cheese. Demand for these two products is segmented largely by income profile; whole milk powder is exported almost exclusively to developing countries (about 95 percent) for the reconstitution of whole milk, while cheese is mostly traded to developed countries (about 62 percent), and to rapidly growing higher income developing countries. For 2006, on the basis of increasing export availability and continuing firm import demand, increased trade is projected for whole milk powder and cheese. However, further decline in trade is anticipated for butter and skimmed milk powder, as exporters find more favourable demand for other milk products.

Table 10. Major exporters of dairy products

	2004	2005 Preliminary	2006 Forecast
		thousand tonnes	
WHOLE MILK POWDER			
World	**1 785**	**1 653**	**1 727**
New Zealand[1]	673	588	646
EU 25[3]	510	484	464
Argentina	177	165	165
Australia[2]	117	105	126
SKIM MILK POWDER			
World	**1 149**	**1 013**	**987**
USA	232	277	235
EU 25[3]	284	198	186
New Zealand[1]	250	181	185
Australia[2]	155	141	154
BUTTER			
World	**947**	**834**	**803**
EU 25[3]	342	328	270
New Zealand[1]	353	275	288
Australia[2]	83	69	70
Ukraine	42	30	35
CHEESE			
World	**1 588**	**1 587**	**1 656**
EU 25[3]	610	580	568
New Zealand[1]	277	256	285
Australia[2]	212	227	232
Ukraine	94	110	130

[1] Dairy years ending May of the year stated
[2] Dairy years ending June of the year stated
[3] Excluding trade between the 25 EU member countries

Special features

SHORT-TERM FORECASTS FOR COMMODITY MARKETS: LINKING MARKET DEVELOPMENTS

New FAO tool to improve market analysis

This edition of *Food Outlook* launches FAO's Short-term Consistency Model (STCM). The model has been conceived as a tool to guide and strengthen FAO market analyses. STCM serves to complement and enhance the qualitative forecasts of FAO commodity analysts in several ways. First, STCM takes into explicit account the various linkages and interactions between commodity markets at the global level, and in doing so it provides for *consistency* in the outlook. Second, by solving for equilibrium, STCM can assess the *plausibility* of the forecasts. For instance, are FAO's forecasts for trade, consumption, ending stocks and prices reasonable at the foreseen level of production? Third, the *robustness* of the qualitative forecasts can be gauged by imposing shocks or disturbances to selected markets and then seeing how such forecasts differ in direction and magnitude. Finally, STCM can be used as a platform to conduct short-run *scenario analysis*. For example, the model was recently used to examine the near-term effects on global markets of avian influenza and other animal disease outbreaks[1].

How is STCM constructed and how does it work?

At the heart of STCM lies a set of behavioural relationships formulated to capture short-run (one-year) responses of various market agents. These relationships depict market activity for some 15 commodities in 50 countries and regions[2]. Arguably, production is one of the leading drivers affecting the market's outlook, particularly for the short term. From FAO's crop and livestock assessment activities, involving missions, responses to FAO questionnaires and information obtained from other sources, production estimates are prepared and then incorporated into STCM. The latest information on exchange rates, population, income and inflation rates are other exogenous variables used in the model. The STCM has a dynamic representation, in that many of the variables are influenced by both past behaviour and time trends. For instance, since consumers in a traditional rice country consume a certain amount of rice in one year, they will not depart a long way from consuming a similar quantity the next year. The relationships constructed in STCM take into account such behavioural dynamics. In order to solve STCM, numerical optimization methods are employed to find equilibrium prices for which global demand matches global supply. In a nutshell, at these market clearing prices, short-term forecasts for trade (imports, exports), utilization and ending stocks are generated.

STCM in action: global market prospects in the short term

The 2006 solution to STCM was provided for using the methodology described above. The results have already been used to guide the commodity contributions in this edition of *Food Outlook*. However, as a stand alone tool the model predicts certain regularities which are expected to emerge in the current year[3]:

- a tightening of 2006 supplies *vis-à-vis* 2005 for many storable commodities;
- a strengthening of prices, particularly for storables, but generally lower prices for livestock products; and
- a return to growth in animal feed usage and further expansion of industrial use, especially biofuel.

With the prospect of a forecast contraction in 2006 grain production, STCM predicts that wheat and coarse grain prices will rise in 2006, by 10 and 12 percent, respectively as compared with 2005, with global trade in grains changing little from the previous year. Withdrawals from grain inventories would play a pivotal role in sustaining total utilization (food, feed and industrial applications). However, supplies are predicted to become tighter with stocks declining much faster than in previous years. Regarding rice, the modest increase in global production forecast for 2006 does not seem sufficient to keep pace with total consumption predicted by the model, with prices projected to rise by 15 percent, faster than other cereals.

Forecast developments in the feed grain markets (including coarse grains) are consistent with expected rising meat production, especially pork and beef, and dairy output. Rising protein meal production and consumption (from soybean, sunflower and rapeseed) are also in line with expanding output of livestock and livestock products. Oil meal prices are expected to remain firm, despite a sharp contraction in trade, as much production is expected to be absorbed domestically.

Given the fragmentation of international meat markets, price prospects for the meat sector are rather mixed. The model predicts prices for beef and pork traded in the Pacific Rim market (where FMD is not endemic) to decline but to remain steady in the Atlantic market (the world market excluding Pacific Rim trade). Reference prices of poultry and sheep meat are forecast to fall as a result of demand

[1] Animal production food safety challenges in global markets", OIE Scientific and Technical Review, vol. 25 (2), August 2006.

[2] Commodity and country/regional coverage mirrors the COSIMO medium-term projections framework.

[3] It is important to note that the following market developments, particularly the outlook for prices, refer to a period average of 12 months or the (equilibrium) outcome after one year of adjustment.

Figure 32. Potential wheat prices in 2006

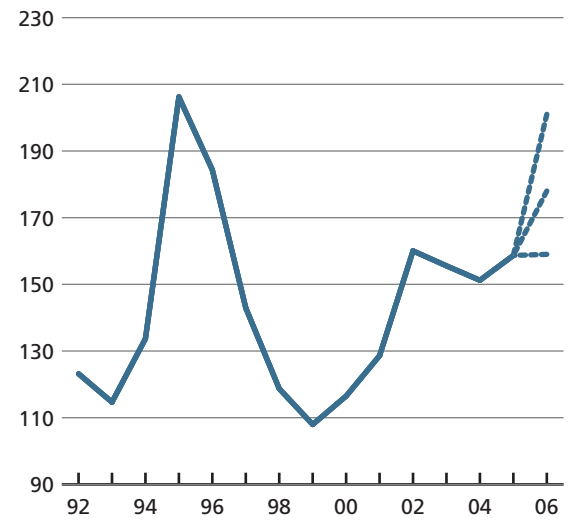


Figure 33. Potential coarse grain prices in 2006

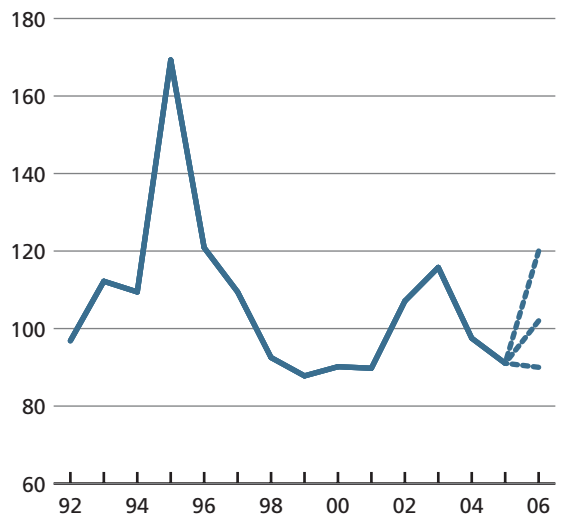
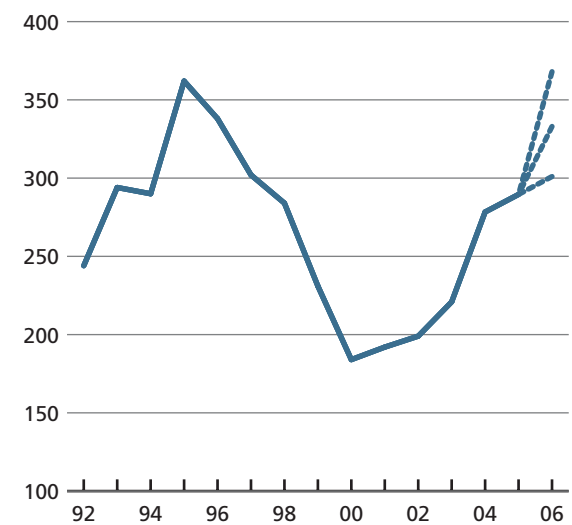


Figure 34. Potential rice prices in 2006



contracting in the former market and excess supply in the latter. Dairy product prices are all predicted to decline, particularly for butter and cheese, which could both register falls of up to 10 percent, as production of these commodities is forecast to outstrip consumption.

What if FAO has underestimated or overestimated production outcomes?

One advantage of STCM is that it can examine the sensitivity of price developments to production uncertainties by simulating the global impact of random production shocks, both positive and negative. To bring some realism into the picture, average historical variations in production are used to condition the shocks. In other words, if a country's production of a certain crop has only varied by 10 percent from year to year in the past, then it can be expected that it will not vary by more than this amount in the next period.

To add further meaning to the analysis, the production shocks could be restricted to those producing countries which can influence the global market, either through their imports when domestic availabilities fail to cover domestic needs, or when the country presents itself to the world as a major exporter.

Since cereal production in many of the important producing countries in the northern hemisphere is uncertain so early in the season, STCM was used to show a range of possible movements in indicative price quotations for three important cereals. Figures 32-34 show the potential movements in the indicative international prices of wheat, maize and rice markets, according to the assumptions noted above.

The scope for prices to fluctuate in 2006 is somewhat large, ranging by as much as 18 percent for maize down to approximately 10 percent for rice, with the tendency for prices to rise being more prominent than for prices to fall. A word of caution however: the range within which prices vary as depicted in the figures assumes that production variation does not go above that observed in the past. In other words, events brought about by unforeseen economic instability, socio-economic shocks, etc. are beyond the model, but this does not mean that they cannot come to pass in the remainder of the year.

THE RISE IN CRUDE OIL PRICES STIMULATES ETHANOL-RELATED DEMAND FOR AGRICULTURAL COMMODITIES

Worldwide interest in ethanol fuel

With crude oil prices reaching historically high levels, the global prospects for ethanol fuel use are growing. Ethanol production, derived from starch and sugar crops such as

sugar cane and cereals, expanded by 53 percent from 30 billion litres in 2000 to about 46 billion litres in 2005. It is expected that world ethanol consumption will reach 54 billion litres by 2010, accounting for about 1 percent of world oil consumption (which is estimated to exceed 5 151 billion litres by 2010 according to the World Energy Council [2005]). Apart from concerns over high oil prices, the growing interest in ethanol fuel has other notable motives. These include: the need to diversify energy sources, the desire of many countries to meet their greenhouse gas abatement targets under the Kyoto Protocol, and the need to stabilize commodity prices and cut down on agricultural subsidies in line with WTO provisions. Thanks to advances in technology and policy incentives, the ethanol fuel industry is no longer restricted to a few countries (i.e. Brazil, Japan and the United States) but is building momentum in other parts of the world, including China, India and Thailand. The increase in ethanol use has the potential to create a substantial demand for energy-related agricultural products, and to further impact on commodity markets.

Ethanol policies

In general, countries use market regulation, through mandatory blends with gasoline and tax incentives to support ethanol fuel production and consumption. Mandatory blend ratios range from 5-10 percent (China, Thailand) to 20-25 percent (Brazil). Additional support is provided through credits for storing ethanol, a lower excise tax on ethanol fuel than on gasoline and investment concessions for new plant construction. Most cars produced today can run on low-level blends, while high-level mixes and pure biofuel require small engine adjustments. In Brazil, the dominant producer and consumer of ethanol fuels in the world, the national ethanol programme (PROALCOOL) began in 1975 with the aim of reducing the country's oil import bill. Two institutions played a vital role in implementing the national ethanol programme. The Institute of Sugar and Alcohol (IAA) controlled sugar and ethanol production and exports through a production quota and fixed purchasing price of ethanol, while Petrobas controlled domestic ethanol sales and distribution. Inadequate ethanol supply and demand management caused serious market disruptions in the early 1990s. Consequently, the Government made radical policy changes over the 1997/1999 period. In 1997, the price of hydrated ethanol was liberalized, followed by anhydrous ethanol in 1999, Petrobas' distribution monopoly was abolished and subsidies to ethanol blend gasoline producers were reduced. The Government no longer exercises direct control over ethanol production and exports, but sets the ethanol to fuel blend ratio, and periodically provides support in the form of purchases and sales from ethanol strategic reserves.

In the United States, the second largest producer of biofuels, a variety of federal and state-level incentives, including excise tax exemption and subsidies, exists for mostly maize-based ethanol fuel. In addition, ethanol is likely to be one of the main beneficiaries of the Renewable Fuels Standard (RFS) provision, part of the recently adopted United States Energy Bill. The RFS did not provide any liability protection for the use of MTBE (methyl tertiary butyl ether), an octane enhancer in gasoline which is banned in several states and considered a main substitute for ethanol.

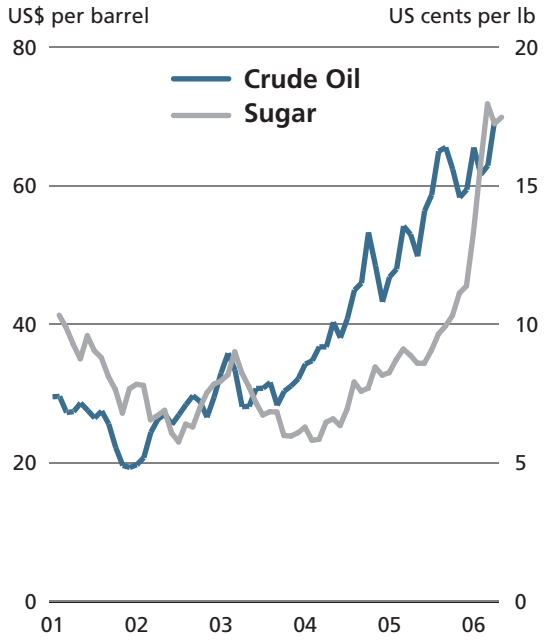
In the EU, where the biofuel market is dominated by biodiesel produced from vegetable oils, ethanol accounts for about 20 percent of the biofuel market. France and Spain are the main producers. In 2003, the EU issued a directive for the use of renewable transport fuels with established targets and guidelines. It set the share of renewable fuels in total transport at 2 percent, rising to 5.75 percent by 2010. An additional directive allowed member states to exempt biofuel from fossil fuel taxes. EU member states were also given the flexibility to design tailor-made energy policies to achieve target guidelines. In France, the Government set production quotas along with tax incentives for biofuel production. In 2005, a progressive tax rate was implemented on petrol distributors to encourage blending biofuels with gasoline. Similarly, Spain, the largest EU producer of ethanol, together with Germany, Italy, Portugal and Sweden all provided either partial or full exemptions from excise duties applied to petroleum products, along with laws to encourage biofuel production.

India's bioenergy programme was intended to create an alternative to sugar producers in the face of depressed prices. In 2002, the Sugar Development Fund was revised to include provisions on ethanol use. The Government approved the sale of E5 (5 percent blend with gasoline) across several states, and introduced a Rs 0.75 excise duty exemption for ethanol sales. The Government of China also provides subsidies for ethanol production, and mandates the use of E10 ethanol blends in several provinces. Tax incentives also apply in Thailand to promote the use of E10 fuel mixes, while Australia, Canada and Japan provide investment and production subsidies, under certain conditions. Currently, most countries have high importation tariffs on biofuel to make imported fuel uncompetitive with domestic supply.

Impact of rising oil prices on ethanol-related demand for agricultural commodities

Normally, when crude oil prices increase, two main factors affect agricultural commodity markets. First, the production costs for the crop increase; under competitive conditions, this leads to a contraction in supply and hence raises commodity prices. Second, depending on the economics (including government incentives) of biofuel production, the increase in oil-based fuel prices provides an incentive to biofuel producers to expand production, which in turn expands demand for agricultural feedstock crops causing

Figure 35. Price movements of crude oil and sugar



prices to increase further. At the same time, the expansion in biofuel supply may also be dampened by the parallel rise in commodity prices. The overall net impact on commodity markets will depend on the degree of increase in biofuel prices relative to the increase in total crop production cost. Recent analysis has shown that the effect of oil prices on production costs is comparatively much stronger than that on increased demand for biofuel related commodities, partly because the world share of bioenergy in total transport fuel consumption and the existing production capacity of biofuel remain relatively limited (Agricultural market impacts of future growth in the production of biofuels, OECD, Paris [2006]).

The impact of oil prices is likely to be greatest, however, for commodities that constitute an important source of demand for bioenergy. The best example of this is that of sugar (from sugarcane), which is currently the most economic of significant feedstock crops. In the case of sugar, there is evidence of a strong co-movement between crude oil and sugar prices. A standard statistical test examined whether a long-run relationship exists between these two prices and if so, how strong it is. The results showed that such a relationship does exist and it is much stronger than the price links between other seemingly unrelated commodities. In addition, it was established that signals from the oil market are transmitted much faster to the sugar market than in the reverse direction, leading to the conclusion that on average, sugar prices tend to follow oil prices. Figure 35 illustrates the linkage between oil and sugar prices while Table 11 shows the parity prices between sugar and oil, based on a simulation of the oil-sugar price relationship.

Table 11. Estimates of parity prices between sugar and crude oil

Crude oil price[1]	Raw sugar[2]
US cents per pound	*US$ per barrel*
40	7.52
60	12.94
65	13.37
70	13.98

[1] West Texas Intermediate
[2] Sugar price of International Sugar Agreement

The co-movement between sugar and crude oil prices has developed mostly because of the strong link between ethanol and sugar production in Brazil, the world's largest sugar producer and exporter accounting for about 38 percent of world exports and 19.5 percent of production. The growing number of Brazilian flex-fuel vehicles which can run on any combination of gasoline and ethanol directly influences the demand for ethanol. As consumers react to the relative price differential between ethanol and gasoline, any increase in the price of gasoline stimulates demand for ethanol, reduces sugar exports and raises world sugar prices. Similarly, a decline in crude oil prices would result in reduced ethanol consumption, a greater diversion of sugar volumes onto the world market, and a downward pressure on world sugar prices. At the world level currently, it is estimated that about 15 percent of sugar crops are converted into ethanol rather than sugar.

Prospects for expansion of biofuel production

With existing technologies, production of ethanol from sugarcane and from maize has been the most economic compared with ethanol from other feedstocks, and with biodiesel from vegetable oils. However, if crude oil prices remain high, incentives to produce both ethanol and other biofuels from different feed-stocks will increase further. This may benefit many developing countries that produce sugarcane or which have excess supplies of cereals or vegetable oils, particularly countries that are landlocked and import energy.

The emergence of carbon trading programmes in accordance with the ratification of the Kyoto Protocol may also enhance the competitiveness of biofuels, particularly ethanol, in comparison to fossil fuels. Since ethanol consumption results in a significant reduction in carbon dioxide emissions, users can obtain carbon credits that can be sold to large polluters, leading to a reduction in the costs of producing ethanol while increasing that of fossil fuels. Several countries have already advanced carbon-trading programmes, including Japan and the EU, and it is likely that similar carbon trading schemes will emerge around the world.

It is important for many resource-constrained developing

countries wanting to produce biofuel to assess the cost of drawing resources away from food and feed production against the expected benefit from lower crude oil imports. For example, the OECD study of the impact of oil prices on bioenergy production looked at the resource requirement in terms of land. It estimated that the EU would need to convert about 70 percent of its agricultural land to provide 10 percent of its energy need, while the United States, Brazil, and Canada would require about 30, 3, and 0.3 percent of agricultural land, respectively. The rate of such conversion varies across countries and is dependent on feedstocks used to produce bioenergy and per capita transport fuel consumption: the higher the latter, the greater the land requirement, given current technology. In the long run, technology advances and productivity gains could allow the use of less land per unit of energy produced. It should be kept in mind that technological advances may also permit the production of biofuels from cheaper feedstocks such as ethanol from cellulose-based feedstocks, such as stalks, woody materials and leaves. This could allow more ethanol to be produced at a lower cost, and at the same time, reduce the market impact on food commodities.

MEDIUM-TERM PERSPECTIVE: AFRICA TO IMPORT MORE FOOD

The second edition of the *OECD-FAO Agricultural Outlook* will be released in July 2006. The report draws on the commodity expertise of both organizations and provides an assessment of global commodity markets over the medium term to 2015 under specific assumptions concerning the macroeconomic environment, technology trends and agricultural and trade policies. From work undertaken for the *Agricultural Outlook*, it is expected that Africa will increase its dependence on basic food imports over the medium term, not only of cereals, but also of meat and certain dairy products. The common driving factors are continued high population growth (an average of 2.2 percent per year) and a projected economic growth (an average of over 4 percent per year) that is high by historical standards.

With almost 14 percent of the world population, but only less than 2 percent of the world income, Africa, as a continent, is a net importer of all of its basic food commodities. It is a significant player in some international food markets, with almost 30 percent share of the world rice and wheat trade and 25 percent share of the world whole milk powder trade. Trade shares of other products are lower, at 15 percent for coarse grains and from 5 to 10 percent for meat products. These shares are set to be sustained or to increase over the medium term.

Import levels are expected to increase as output, while growing relatively fast, is not able to match foreseen demand. Wheat and rice imports are the largest in quantity terms. Import patterns vary significantly, as the figures

Figure 36. Africa's shares of volume of world trade for selected commodities

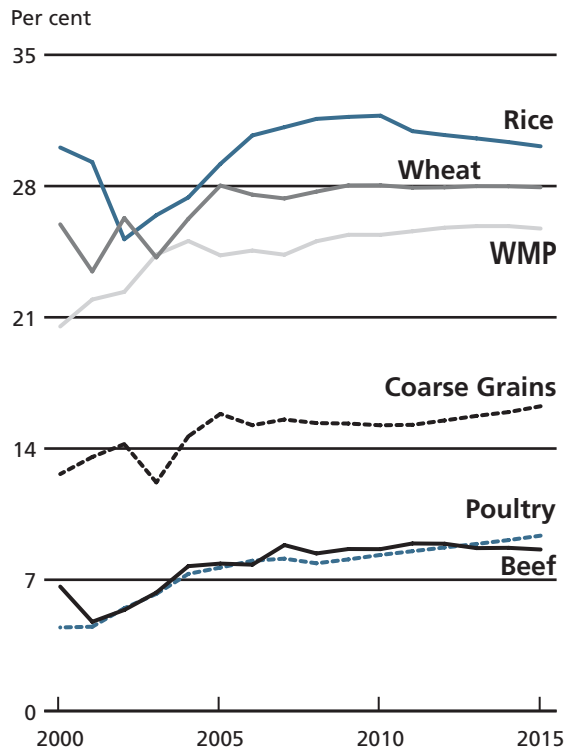


Figure 37. Africa's net wheat imports

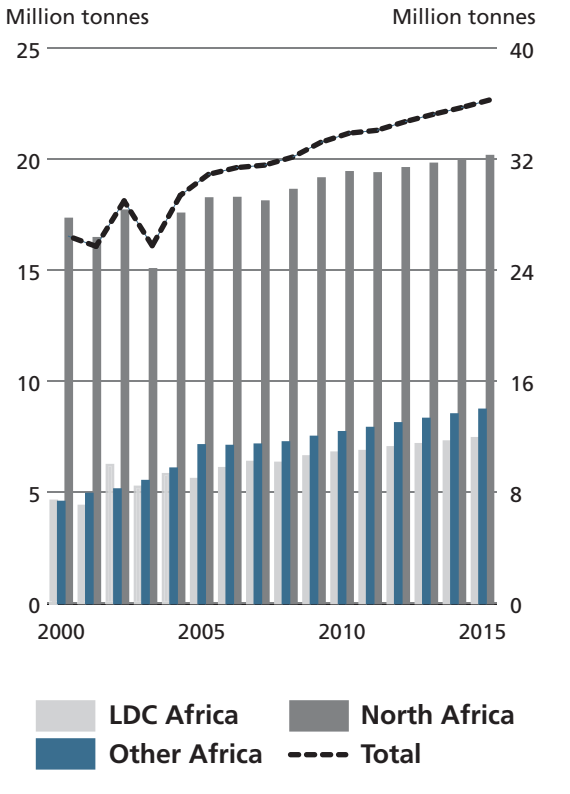


Figure 38. Africa's net rice imports

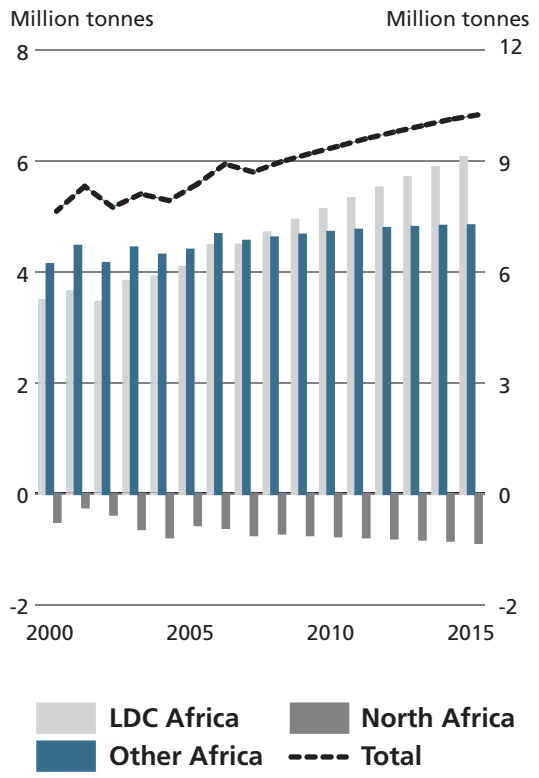
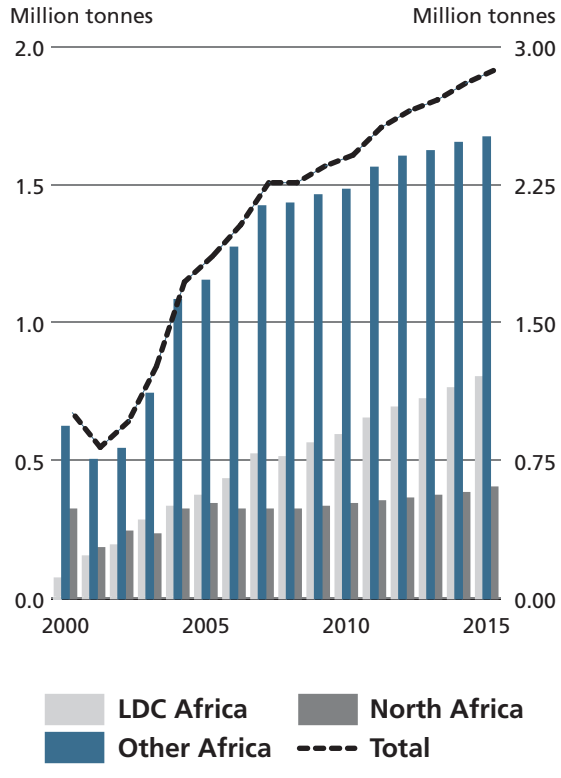


Figure 39. Africa's net meat imports



indicate. While wheat imports are expected to grow by almost 6 million tonnes in Africa, growth in rice imports is almost exclusively expected in LDCs. Similarly, growth in meat imports is expected to occur in countries outside of the North Africa region.

Particularly for LDCs, the increasing import dependence for food items has implication for food security in cases where international prices increase. While the medium-term projection indicates prices that are expected to remain constant or to fall modestly in real terms, recent high energy prices, if sustained, could well generate much higher food prices. While some LDC countries of Africa are now net exporters of crude oil, and others are exporters of other non-agricultural commodities whose prices have also increased significantly in the past year, if higher food prices do eventuate, they will impact adversely on many LDCs, whose populations are under-nourished. As the Agriculture Outlook indicates in its current projection, these countries already continue to struggle to increase their per caput food consumption.

FERTILIZERS

UREA

- UREA prices have remained relatively stable in the past few months, after a decline in December and January, with steady demand in Asia.
- A significant volume was booked for Iran from the Black Sea region, 195 000 tonnes. Pakistan bought 400 000 tonnes for May/early June shipment. Bangladesh importers schedule a supply of 100 000 tonnes prilled urea in anticipation of summer planting. In the United States the market is still quiet.
- Generally the supply/demand balance for May/June appears tight and prices may remain volatile.

DAP

- The International DAP market and prices have remained relatively inactive in the past several months, due to limited production in the United States and continued absence of changes in demand.
- In April, however, United States producers secured business totalling almost 1 million tonnes for an April/May shipment to India and China.
- On the demand side, Iran may merge requirements under the old, lapsed DAP tender with another that closes at the beginning of May, bringing total potential business there to 90 000 tonnes. Turkey will return to the market probably in late May/June and there is further business in Latin America.

For more information on the OECD-FAO Agriculture Outlook: 2006 to 2015 please contact Merritt.Cluff@fao.org or Holger.Matthey@fao.org.

Figure 40. UERA

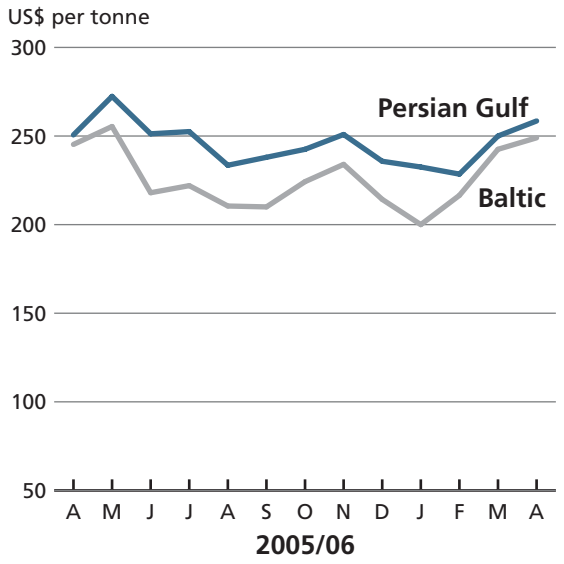


Figure 41. DAP

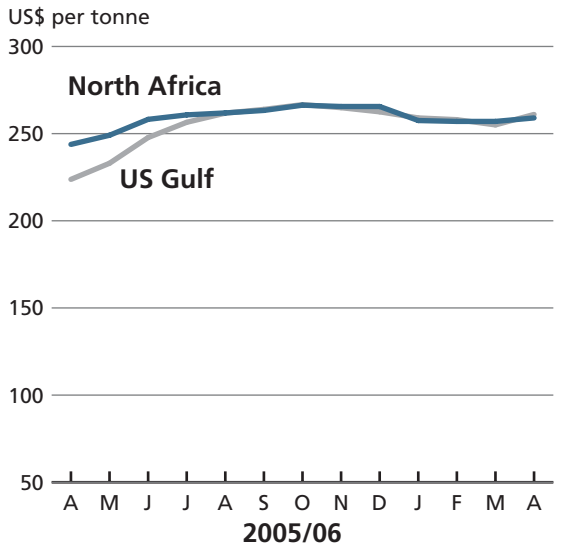
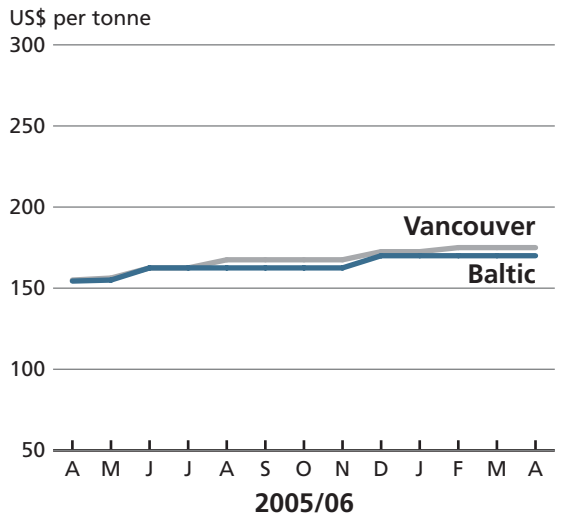


Figure 42. MOP



- On the supply side, suppliers from the Russian Federation and Jordan are heavily committed to mid-year through to mid-year. The DAP market appears to be on a firm footing for the next few months.

MOP

- MOP prices remained stable during the last months and the uncertain international market is dominated by the absence of a concluded supply arrangement for the Chinese market in 2006.
- India entered the market at the end of April.
- Demand in north Europe is contracting and North African markets are quiet.
- North American suppliers schedule significantly reduced production in the near future.

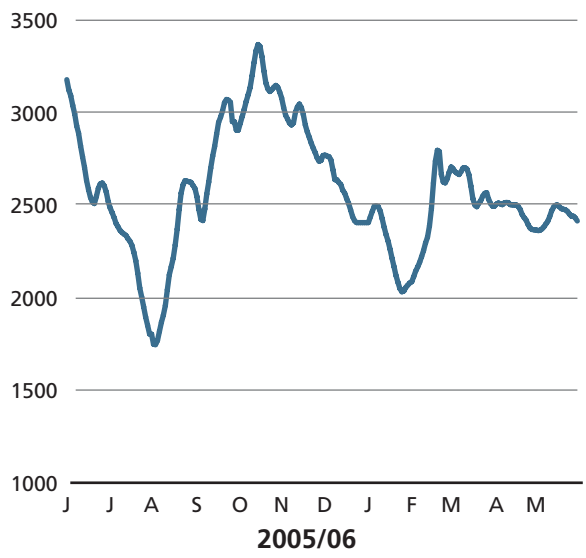
OCEAN FREIGHT RATES[4]

Dry bulk freight rates declined in the final months of 2005 as new ships were added to the fleet, while scrapping of old vessels remained limited. Avian influenza concerns affected China's demand for United States soybeans and meal, while cuts in steel output led to lower chartering demand to ship iron ore. There was an upturn in chartering activity in February-March, triggered by renewed purchases of iron ore by China and the start of large-scale exports of South American new crop soybeans and maize. However, demand subsequently slowed, mainly because of holidays in Europe and Asia, a substantial increase in iron ore prices. Since early November, the Baltic Dry Index (BDI) fell by nearly 19 percent.

In the Panamax sector, Atlantic rates weakened as more ships searched for cargoes. Compared with the beginning of November, the major grain rate from the United States Gulf to Japan dipped by US$10.00, to about US$35.00 per tonne, while period rates on this route fell to US$18 000 - US$19 000 (US$26 000 - US$27 000) daily. Downward pressure also came from fleet oversupply in the Capesize market and increased competition from the Handysize sector. In the Pacific, rates were generally stronger than in the Atlantic, underpinned by business from Australia and India. Wet weather in the United States Pacific Northwest in February-March caused severe loading delays for grain for export. In April, heavy rains brought by tropical cyclone Glenda disrupted port and rail operations along Western Australia's coast. Short-term period rates in the Pacific, after increasing in mid-March to US$20 000 - US$21 000 daily

[4] Contributed by the International Grains Council.

Figure 43. Baltic dry index



due to a tight supply of vessels in early positions, fell back to US$17 000 - US$18 000 as China reduced its demand for Indian iron ore. This compares with rates of between US$15 000 and US$17 000 some six months earlier. With the start of India's monsoon season chartering activity from the country's west coast slowed towards the end of May.

Capesize rates started to decline at the end of November due to falling demand for minerals and an increasing number of ships, especially in the Atlantic. After a brief rise in February, boosted by a shortage of ships in early positions, the market again weakened on reduced demand. Over the period as a whole, the benchmark iron ore rate from Brazil to China declined by US$12.00 (38 percent), to US$20.00 per tonne, while the coal rate from South Africa to Europe (Rotterdam) fell by US$3.25 (23 percent) to about US$11.00 per tonne.

In contrast with other sectors, Handysize rates steadily increased on good chartering volume. Improved demand from India to China boosted period rates in the Pacific, quoted by the end of May at about US$20 000 (US$13 500) daily. In the Atlantic, steady demand supported grain and soybeans rates from South America, while period rates for shipments out of the United States Gulf reached US$20 000 per day (US$18 000). Compared with the end of November, the grain rate from Brazil to the EU (Antwerp-Hamburg) increased by US$2.00, to US$35.00 per tonne. Recent grain fixtures included cargoes from Argentina (Upriver) to Algeria and the EU (Poland) at US$32.50 and US$43.00 per tonne, respectively. Rates out of the Black Sea remained stable, but volume of business in April and May was limited. In Europe, high water frequently disrupted barge navigation on the Danube, Rhine and Elbe rivers.

Statistical appendix

STATISTICAL NOTES

General

- FAO estimates and forecasts are based on official and unofficial sources.
- In all appendix tables, the shaded columns refer to FAO forecasts and other columns represent FAO estimates.
- Estimates of world imports and exports may not always match, mainly because shipments and deliveries do not necessarily occur in the same marketing year.
- Tonnes refer to metric tonnes.
- All totals are computed from unrounded data.
- Regional totals may include estimates for countries not listed.
- Estimates for China also include those for the Taiwan Province, unless otherwise stated.
- '-' means nil or negligible.

Production

- Cereals: Data refer to the calendar year in which the whole harvest or bulk of harvest takes place.
- Sugar: Figures refer to centrifugal sugar derived from sugar cane or beet, expressed in raw equivalents. Data relate to the October/September season.

Utilization

- Cereals: Data are on individual country's marketing year basis.
- Sugar: Figures refer to centrifugal sugar derived from sugar cane or beet, expressed in raw equivalents. Data relate to the October/September season.

Trade

- Wheat: Trade data include wheat flour in wheat grain equivalent. The time reference period is July/June, unless otherwise stated.
- Coarse Grains: The time reference period is July/June, unless otherwise stated.
- Rice, sugar, dairy and meat products: The time reference period is January/December.
- Oilseeds, oils and fats and meals: The time reference period is October/September, unless otherwise stated.

Stocks

- Cereals: Data refer to carryovers at the close of national crop seasons ending in the year shown.

COUNTRY CLASSIFICATION

In the presentation of statistical material, countries are subdivided according to geographical location as well as 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 includes 82 countries that are net importers of basic foodstuffs with per caput income below the level used by the World Bank to determine eligibility for IDA assistance (i.e. US$1 415 in 2002).

The LDCs and NFIDCs 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 50 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 NFIDCs group includes 24 developing country WTO Members that have 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.

Table A1. Wheat statistics *(million tonnes)*

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2005	2006	2005/06	2006/07	2005/06	2006/07	2005/06	2006/07	2006	2007
ASIA	**266.6**	**267.5**	**44.0**	**47.1**	**10.2**	**9.4**	**303.8**	**306.2**	**85.7**	**84.8**
Bangladesh	1.1	0.9	2.3	2.5	-	-	3.5	3.5	0.3	0.2
China	97.0	99.0	3.1	3.1	0.4	0.5	103.1	101.7	46.8	46.7
of which Taiwan	-	-	1.1	1.1	-	-	1.1	1.1	0.3	0.4
India	72.0	71.5	0.5	3.5	0.3	0.3	72.8	74.0	15.6	16.3
Indonesia	-	-	4.6	4.8	-	-	4.7	4.8	1.5	1.5
Iran, Islamic Republic of	14.5	14.5	0.9	0.7	0.1	0.1	15.3	15.4	2.0	1.8
Iraq	1.9	1.9	4.0	4.0	0.1	0.1	4.9	5.2	2.2	2.8
Japan	0.9	0.9	5.6	5.6	0.4	0.3	6.0	6.0	0.7	0.9
Kazakhstan	11.5	11.3	-	-	3.9	3.0	7.6	9.3	3.5	2.5
Korea, Republic of	-	-	4.0	4.0	0.1	0.1	3.8	3.9	0.3	0.4
Pakistan	21.6	20.5	0.8	0.6	0.2	0.1	21.3	21.4	2.0	1.8
Philippines	-	-	2.8	2.8	-	-	2.8	2.8	0.2	0.2
Saudi Arabia	2.4	2.4	0.1	0.1	-	-	2.5	2.6	0.8	0.6
Thailand	-	-	1.1	1.2	-	-	1.0	1.2	0.3	0.2
Turkey	20.2	21.0	0.2	0.2	2.3	2.3	19.3	19.2	0.8	0.5
AFRICA	**20.2**	**22.1**	**31.6**	**29.8**	**1.0**	**0.9**	**50.3**	**51.6**	**14.2**	**14.0**
Egypt	8.2	8.2	7.5	7.0	-	-	14.7	15.2	3.0	3.0
Ethiopia	2.4	1.9	0.4	0.8	-	-	2.8	2.8	0.2	0.1
Morocco	3.0	5.0	3.0	2.0	0.2	0.2	6.5	6.8	2.5	2.5
Nigeria	0.1	0.1	3.8	4.3	0.3	0.3	3.7	4.1	0.6	0.6
South Africa	1.9	1.9	1.3	1.1	0.3	0.2	2.9	2.9	0.6	0.5
Tunisia	1.6	1.3	1.2	1.2	0.2	0.1	2.5	2.4	1.3	1.3
CENTRAL AMERICA	**3.0**	**3.1**	**7.3**	**7.5**	**0.6**	**0.6**	**9.8**	**9.9**	**1.0**	**1.0**
Cuba	-	-	0.9	1.0	-	-	0.9	1.0	-	-
Mexico	3.0	3.1	3.8	3.7	0.5	0.5	6.1	6.2	0.7	0.8
SOUTH AMERICA	**20.6**	**23.4**	**11.9**	**12.2**	**7.5**	**10.2**	**25.1**	**25.5**	**2.4**	**2.4**
Argentina	12.5	16.0	-	-	6.6	10.0	5.9	5.9	0.7	0.8
Brazil	4.7	4.5	6.0	6.0	0.5	-	10.4	10.6	0.6	0.6
Chile	1.9	1.5	0.6	0.9	-	-	2.4	2.4	0.2	0.2
Colombia	-	-	1.2	1.2	-	-	1.2	1.2	-	-
Peru	0.2	0.2	1.5	1.6	-	-	1.7	1.8	0.2	0.2
Venezuela	-	-	1.6	1.6	-	-	1.5	1.6	0.2	0.2
NORTH AMERICA	**84.1**	**76.8**	**2.3**	**2.6**	**42.5**	**42.5**	**40.7**	**40.6**	**24.0**	**20.1**
Canada	26.8	25.8	-	-	16.0	17.8	9.1	9.3	9.1	7.9
United States of America	57.3	51.0	2.3	2.6	26.5	24.7	31.6	31.3	14.9	12.2
EUROPE	**206.9**	**199.0**	**11.0**	**10.3**	**31.9**	**28.7**	**187.8**	**185.3**	**33.9**	**28.8**
Bulgaria	3.5	3.0	-	-	1.0	0.4	2.5	2.7	0.4	0.3
European Union	123.7	130.9	7.8	7.0	14.0	15.5	120.5	123.4	20.0	18.5
Romania	7.3	6.0	0.2	0.2	0.4	0.1	6.7	6.4	2.5	2.2
Russian Federation	47.6	42.0	0.8	0.9	10.6	9.9	37.9	34.0	7.0	6.0
Ukraine	18.7	11.4	0.1	0.1	5.7	2.5	12.0	11.1	2.6	0.5
OCEANIA	**25.4**	**24.9**	**0.6**	**0.6**	**16.0**	**17.8**	**7.9**	**7.9**	**9.4**	**8.9**
Australia	25.1	24.5	-	-	16.0	17.8	6.9	6.9	9.1	8.7
WORLD	**626.8**	**616.8**	**108.8**	**110.0**	**109.7**	**110.0**	**625.3**	**627.0**	**170.4**	**160.0**
Developing countries	283.5	289.9	84.5	86.6	14.1	17.0	357.0	360.1	94.6	94.7
Developed countries	343.2	326.9	24.3	23.4	95.6	93.0	268.2	266.9	75.9	65.3
LIFDCs	233.0	234.7	48.5	51.3	2.9	3.1	280.8	282.2	85.5	86.5
LDCs	10.0	9.2	10.7	11.5	0.1	0.1	20.7	20.8	3.5	3.4
NFIDCs	35.0	35.7	20.7	19.0	0.6	0.5	53.6	54.8	10.1	9.9

Table A2. Coarse grains statistics *(million tonnes)*

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2005	2006	2005/06	2006/07	2005/06	2006/07	2005/06	2006/07	2006	2007
ASIA	**238.2**	**240.5**	**56.5**	**57.5**	**8.3**	**6.5**	**289.7**	**294.9**	**62.3**	**59.4**
China	144.2	145.2	7.2	7.9	6.0	4.2	148.4	151.7	43.6	40.9
of which Taiwan	0.1	0.1	5.0	5.0	-	-	4.9	4.9	0.9	1.0
India	33.4	34.3	0.1	0.1	0.3	0.3	33.2	34.0	1.2	1.3
Indonesia	12.4	12.4	0.5	0.5	0.1	0.1	12.7	12.8	0.9	0.9
Iran, Islamic Republic of	4.4	4.6	3.1	3.1	-	-	7.5	7.8	0.3	0.2
Japan	0.2	0.2	19.8	19.7	-	-	20.2	20.2	2.5	2.2
Korea, D.P.R.	2.0	2.0	0.2	0.2	-	-	2.2	2.2	0.2	0.2
Korea, Republic of	0.4	0.4	8.5	8.6	-	-	9.3	9.2	1.5	1.4
Malaysia	0.1	0.1	2.4	2.4	-	-	2.5	2.5	0.3	0.3
Pakistan	3.8	3.8	-	-	-	-	3.5	3.8	0.6	0.7
Philippines	5.3	5.5	0.2	0.3	0.1	0.1	5.3	5.7	0.5	0.5
Saudi Arabia	0.4	0.4	7.9	8.0	-	-	8.3	8.5	2.9	2.8
Thailand	4.4	4.5	0.1	0.1	0.3	0.2	4.2	4.4	0.1	0.1
Turkey	12.8	12.6	0.1	0.1	0.5	0.6	12.6	12.3	3.9	3.8
Viet Nam	3.8	3.8	0.1	0.1	-	-	3.6	3.8	0.7	0.8
AFRICA	**93.6**	**87.2**	**15.9**	**14.7**	**4.4**	**3.2**	**102.8**	**101.9**	**14.5**	**11.5**
Algeria	0.7	1.0	2.3	2.0	-	-	3.1	3.2	0.8	0.7
Egypt	7.7	7.8	4.6	4.7	-	-	12.4	12.5	0.7	0.7
Ethiopia	9.3	8.4	-	-	0.2	0.1	8.5	8.5	0.7	0.5
Kenya	2.9	2.7	0.8	0.8	0.1	-	3.5	3.4	0.2	0.2
Morocco	1.3	2.7	2.0	1.6	-	-	4.1	4.3	0.7	0.6
Nigeria	19.6	17.9	0.1	0.1	0.2	0.2	18.9	17.9	0.8	0.6
South Africa	12.3	6.6	0.3	0.9	2.0	1.0	9.9	9.0	3.9	1.6
Sudan	5.1	4.3	0.1	0.1	0.2	0.2	4.4	4.5	1.5	1.2
United Republic of	4.0	4.0	0.1	0.2	0.3	0.3	3.8	3.9	1.2	1.3
CENTRAL AMERICA	**30.2**	**32.4**	**14.9**	**15.1**	**0.1**	**0.1**	**46.3**	**47.8**	**3.7**	**3.5**
Mexico	26.2	28.5	10.8	10.8	-	-	38.0	39.4	3.0	2.9
SOUTH AMERICA	**73.1**	**72.7**	**7.3**	**7.2**	**14.7**	**12.5**	**67.2**	**68.0**	**4.8**	**4.1**
Argentina	24.6	17.1	-	-	13.6	9.4	8.7	8.6	1.8	1.0
Brazil	37.5	44.6	1.4	0.9	0.5	2.5	42.2	42.7	1.5	1.7
Chile	2.0	1.9	1.2	1.3	-	-	3.1	3.2	0.2	0.2
Colombia	1.7	1.6	2.5	2.7	-	-	4.2	4.4	0.3	0.3
Peru	1.4	1.4	1.3	1.3	-	-	2.7	2.8	0.3	0.3
Venezuela	2.5	2.6	0.4	0.5	-	-	3.0	3.1	0.2	0.2
NORTH AMERICA	**325.4**	**309.0**	**3.5**	**4.9**	**58.0**	**63.6**	**265.8**	**279.0**	**66.5**	**37.3**
Canada	26.3	25.0	1.7	3.0	4.0	3.8	24.0	25.2	5.6	4.3
United States of America	299.1	284.0	1.9	1.9	54.0	59.8	241.9	253.9	60.9	33.1
EUROPE	**213.3**	**220.2**	**5.1**	**5.4**	**14.4**	**12.9**	**207.0**	**214.2**	**32.5**	**31.1**
European Union	133.9	141.1	3.1	3.1	4.3	5.0	134.4	139.8	23.1	22.5
Romania	11.5	11.9	0.1	0.1	1.2	1.2	11.6	11.1	1.7	1.4
Russian Federation	28.2	26.5	0.6	0.9	1.8	1.3	26.8	26.3	2.3	2.0
Ukraine	18.6	20.1	0.1	0.2	5.7	4.2	13.4	16.4	2.2	1.9
Yugoslavia Fed. Rep.	6.4	6.5	-	-	0.3	0.3	5.9	6.2	1.1	1.1
OCEANIA	**15.1**	**14.2**	**0.1**	**0.1**	**5.5**	**6.2**	**7.9**	**8.7**	**4.5**	**3.7**
Australia	14.5	13.6	-	-	5.5	6.2	7.2	8.0	4.5	3.6
WORLD	**988.9**	**976.1**	**103.4**	**105.0**	**105.3**	**105.0**	**986.7**	**1014.4**	**189.0**	**150.6**
Developing countries	418.5	421.7	72.9	72.2	25.0	20.9	470.4	477.7	78.2	73.9
Developed countries	570.4	554.4	30.5	32.7	80.3	84.1	516.4	536.8	110.8	76.7
LIFDCs	296.8	297.4	23.6	22.9	9.1	7.2	311.9	315.9	59.9	57.1
LDCs	48.6	47.6	2.7	2.3	2.0	2.0	47.3	48.0	7.0	6.9
NFIDCs	22.0	23.3	13.7	13.6	0.2	0.1	36.3	37.1	3.5	3.3

Table A3. Maize statistics *(million tonnes)*

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2005	2006	2005/06	2006/07	2005/06	2006/07	2005/06	2006/07	2006	2007
ASIA	**188.7**	**190.6**	**40.8**	**41.5**	**7.4**	**5.4**	**225.2**	**229.9**	**50.9**	**47.9**
China	133.1	134.0	4.9	5.4	5.9	4.1	135.0	138.2	41.8	39.0
of which Taiwan	0.1	-	4.8	4.8	-	-	4.7	4.7	0.9	1.0
India	14.5	15.0	0.1	0.1	0.3	0.3	14.3	14.7	0.8	0.9
Indonesia	12.4	12.4	0.5	0.5	0.1	0.1	12.7	12.8	0.9	0.9
Iran, Islamic Republic of	1.5	1.7	2.0	2.0	-	-	3.5	3.8	0.2	0.1
Japan	-	-	16.5	16.3	-	-	16.7	16.6	1.6	1.3
Korea, D.P.R.	1.8	1.8	0.2	0.2	-	-	2.0	2.0	0.2	0.2
Korea, Republic of	0.1	0.1	8.2	8.4	-	-	8.8	8.7	1.4	1.3
Malaysia	0.1	0.1	2.4	2.4	-	-	2.5	2.5	0.3	0.3
Pakistan	3.3	3.3	-	-	-	-	3.0	3.2	0.6	0.7
Philippines	5.3	5.5	0.2	0.3	0.1	0.1	5.3	5.7	0.5	0.5
Thailand	4.1	4.3	0.1	0.1	0.3	0.2	3.9	4.1	0.1	0.1
Turkey	3.7	3.5	0.1	0.1	0.2	0.1	3.6	3.5	0.5	0.5
Viet Nam	3.8	3.8	0.1	0.1	-	-	3.6	3.8	0.7	0.8
AFRICA	**48.5**	**42.7**	**13.4**	**12.7**	**3.7**	**2.6**	**56.6**	**55.2**	**9.2**	**6.9**
Algeria	-	-	2.0	1.8	-	-	2.0	1.9	0.2	0.2
Egypt	6.7	6.6	4.6	4.7	-	-	11.4	11.3	0.7	0.7
Ethiopia	2.9	2.9	-	-	0.1	0.1	2.7	2.9	0.2	0.2
Kenya	2.8	2.5	0.8	0.8	0.1	-	3.3	3.3	0.2	0.2
Morocco	0.1	0.1	1.4	1.3	-	-	1.5	1.5	0.3	0.2
Nigeria	6.8	5.1	0.1	0.1	0.1	0.1	6.4	5.4	0.5	0.2
South Africa	11.7	6.2	0.2	0.8	2.0	1.0	9.2	8.4	3.6	1.4
United Republic of	3.0	3.0	0.1	0.2	0.3	0.3	2.7	2.8	1.0	1.1
CENTRAL AMERICA	**23.3**	**24.8**	**11.1**	**11.2**	**0.1**	**0.1**	**35.1**	**36.2**	**3.0**	**2.8**
Mexico	19.8	21.3	7.0	7.0	-	-	27.4	28.4	2.3	2.2
SOUTH AMERICA	**64.6**	**64.7**	**6.4**	**6.3**	**14.0**	**12.0**	**58.4**	**59.1**	**3.9**	**3.5**
Argentina	20.5	13.8	-	-	13.0	9.0	5.3	5.4	1.3	0.7
Brazil	35.1	42.2	1.1	0.5	0.5	2.5	39.3	39.8	1.2	1.5
Chile	1.5	1.4	1.1	1.3	-	-	2.5	2.6	0.1	0.1
Colombia	1.4	1.4	2.2	2.4	-	-	3.7	3.8	0.3	0.3
Peru	1.2	1.2	1.2	1.3	-	-	2.4	2.5	0.3	0.3
Venezuela	2.1	2.1	0.4	0.5	-	-	2.5	2.5	0.2	0.2
NORTH AMERICA	**291.7**	**276.8**	**1.9**	**3.1**	**49.2**	**54.4**	**239.3**	**253.5**	**58.0**	**30.1**
Canada	9.5	8.8	1.6	2.9	0.2	0.2	11.1	12.3	1.5	1.1
United States of America	282.3	268.0	0.3	0.2	49.0	54.2	228.2	241.2	56.5	29.0
EUROPE	**83.5**	**83.9**	**3.6**	**3.6**	**4.4**	**4.0**	**82.9**	**84.1**	**12.4**	**11.8**
European Union	49.9	49.6	2.6	2.6	0.2	0.2	51.7	52.2	7.2	7.0
Romania	9.9	10.5	-	-	1.0	1.0	10.1	9.7	1.4	1.2
Russian Federation	3.2	3.2	0.2	0.3	0.2	0.2	3.3	3.3	0.8	0.8
Ukraine	7.2	7.7	-	-	2.2	1.8	4.9	6.1	0.7	0.5
Yugoslavia Fed. Rep.	5.9	6.0	-	-	0.3	0.3	5.4	5.7	1.0	1.0
OCEANIA	**0.5**	**0.6**	**-**	**-**	**-**	**-**	**0.5**	**0.6**	**-**	**-**
WORLD	**700.8**	**683.9**	**77.1**	**78.5**	**78.7**	**78.5**	**698.0**	**718.6**	**137.5**	**103.1**
Developing countries	311.8	314.8	53.9	53.5	23.1	19.0	346.6	352.7	61.6	58.2
Developed countries	388.9	369.1	23.2	25.0	55.7	59.4	351.4	365.9	75.9	44.9
LIFDCs	214.6	215.8	19.0	18.7	8.1	6.3	227.1	230.9	51.8	49.2
LDCs	20.5	21.8	2.3	2.0	1.5	1.5	21.0	21.7	3.7	4.1
NFIDCs	17.9	17.5	12.0	12.1	0.2	0.1	29.4	29.7	2.6	2.6

Table A4. Barley grains statistics *(million tonnes)*

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2005	2006	2005/06	2006/07	2005/06	2006/07	2005/06	2006/07	2006	2007
ASIA	**21.0**	**21.4**	**13.1**	**13.5**	**0.8**	**1.0**	**33.6**	**33.9**	**10.1**	**10.0**
China	3.3	3.3	2.1	2.3	-	-	5.4	5.5	1.0	1.1
India	1.1	1.5	-	-	-	-	1.1	1.5	0.1	0.1
Iran, Islamic Republic of	2.9	2.9	1.1	1.1	-	-	4.0	4.0	0.1	0.1
Iraq	0.8	0.8	0.2	0.2	0.1	0.1	0.9	0.9	0.1	0.1
Japan	0.2	0.2	1.4	1.5	-	-	1.6	1.7	0.7	0.7
Kazakhstan	1.5	1.6	-	-	0.2	0.2	1.3	1.4	0.5	0.5
Saudi Arabia	0.1	0.1	6.4	6.5	-	-	6.5	6.7	2.8	2.7
Syria	0.8	0.7	0.7	0.5	0.1	0.1	1.3	1.0	1.2	1.3
Turkey	8.6	8.6	-	-	0.3	0.5	8.4	8.2	3.3	3.2
AFRICA	**4.3**	**5.8**	**1.9**	**1.5**	**-**	**-**	**7.1**	**7.6**	**1.5**	**1.2**
Algeria	0.7	1.0	0.3	0.2	-	-	1.1	1.2	0.6	0.5
Ethiopia	1.5	1.3	-	-	-	-	1.4	1.4	0.2	0.1
Libya	0.1	0.1	0.6	0.6	-	-	0.6	0.6	-	-
Morocco	1.1	2.5	0.6	0.3	-	-	2.6	2.8	0.4	0.4
CENTRAL AMERICA	**0.8**	**0.9**	**0.1**	**0.1**	**-**	**-**	**1.0**	**1.0**	**0.3**	**0.3**
Mexico	0.8	0.9	0.1	0.1	-	-	1.0	1.0	0.3	0.3
SOUTH AMERICA	**1.7**	**1.8**	**0.5**	**0.6**	**0.3**	**0.3**	**2.0**	**2.2**	**0.3**	**0.2**
Argentina	0.8	0.8	-	-	0.3	0.2	0.6	0.6	0.2	0.2
NORTH AMERICA	**17.1**	**15.8**	**0.2**	**0.3**	**2.6**	**2.1**	**15.0**	**14.4**	**5.2**	**4.1**
Canada	12.5	11.3	-	-	1.9	1.6	10.4	10.0	2.9	1.9
United States of America	4.6	4.5	0.1	0.3	0.7	0.5	4.6	4.4	2.3	2.2
EUROPE	**83.0**	**90.2**	**0.9**	**1.0**	**9.2**	**8.1**	**77.2**	**82.8**	**11.6**	**11.9**
Belarus	1.8	1.8	0.1	0.1	-	-	1.9	1.9	0.2	0.2
Bulgaria	0.6	0.8	-	-	0.3	0.2	0.6	0.6	0.1	0.1
European Union	52.7	59.8	0.3	0.3	3.5	4.2	51.5	55.4	9.0	9.5
Romania	1.2	1.0	-	0.1	0.2	0.2	1.0	1.0	0.3	0.2
Russian Federation	15.8	15.0	0.2	0.3	1.6	1.1	14.3	14.3	0.9	0.8
Ukraine	9.0	10.0	0.1	-	3.4	2.3	5.9	7.7	0.9	0.9
OCEANIA	**10.2**	**9.6**	**-**	**-**	**4.9**	**5.6**	**3.9**	**4.3**	**3.4**	**3.0**
Australia	9.9	9.3	-	-	4.9	5.6	3.6	3.9	3.4	3.0
WORLD	**138.0**	**145.5**	**16.9**	**17.0**	**17.7**	**17.0**	**139.7**	**146.1**	**32.2**	**30.7**
Developing countries	25.1	27.2	13.7	13.6	0.8	1.0	39.3	40.2	10.7	10.3
Developed countries	112.9	118.3	3.1	3.4	16.9	16.0	100.5	106.0	21.6	20.3
LIFDCs	12.0	13.6	3.7	3.5	0.2	0.2	16.2	16.7	3.2	3.4
LDCs	1.9	1.7	-	-	-	-	1.8	1.8	0.2	0.1
NFIDCs	2.1	3.5	1.5	1.3	-	-	4.6	4.9	0.7	0.6

Table A5. Sorghum statistics *(million tonnes)*

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2005	2006	2005/06	2006/07	2005/06	2006/07	2005/06	2006/07	2006	2007
ASIA	**11.1**	**11.3**	**1.6**	**1.5**	**-**	**-**	**12.6**	**12.9**	**0.6**	**0.7**
China	2.6	2.6	0.1	0.1	-	-	2.6	2.6	0.2	0.2
India	7.5	7.8	-	-	-	-	7.5	7.8	0.2	0.2
Japan	-	-	1.4	1.4	-	-	1.4	1.4	0.1	0.2
AFRICA	**22.0**	**20.9**	**0.5**	**0.4**	**0.5**	**0.5**	**21.2**	**21.2**	**2.4**	**2.1**
Burkina Faso	1.6	1.6	-	-	0.1	0.1	1.5	1.6	0.1	0.1
Ethiopia	2.1	1.8	-	-	0.1	-	1.9	1.8	0.2	0.2
Nigeria	6.5	6.5	-	-	0.1	0.1	6.4	6.3	0.1	0.1
Sudan	4.3	3.7	-	-	0.2	0.2	3.7	3.7	1.2	1.0
CENTRAL AMERICA	**6.0**	**6.6**	**3.6**	**3.6**	**-**	**-**	**10.0**	**10.4**	**0.4**	**0.4**
Mexico	5.6	6.2	3.6	3.6	-	-	9.4	9.8	0.4	0.4
SOUTH AMERICA	**5.4**	**4.6**	**0.2**	**0.3**	**0.3**	**0.2**	**5.4**	**5.0**	**0.5**	**0.3**
Argentina	2.9	2.0	-	-	0.3	0.2	2.4	2.1	0.3	0.1
Brazil	1.5	1.5	0.2	0.2	-	-	1.8	1.8	0.2	0.1
Venezuela	0.4	0.5	0.1	-	-	-	0.5	0.5	-	-
NORTH AMERICA	**10.0**	**9.1**	**-**	**-**	**4.2**	**5.0**	**5.2**	**4.6**	**1.3**	**1.2**
United States of America	10.0	9.1	-	-	4.2	5.0	5.2	4.6	1.3	1.2
EUROPE	**0.5**	**0.5**	**0.1**	**0.1**	**-**	**-**	**0.7**	**0.6**	**-**	**-**
European Union	0.5	0.5	0.1	0.1	-	-	0.6	0.5	-	-
OCEANIA	**2.2**	**1.8**	**0.1**	**0.1**	**0.3**	**0.4**	**1.6**	**1.7**	**0.4**	**0.1**
Australia	2.2	1.8	-	-	0.3	0.4	1.6	1.7	0.4	0.1
WORLD	**57.1**	**54.9**	**6.2**	**6.0**	**5.4**	**6.0**	**56.6**	**56.4**	**5.6**	**4.7**
Developing countries	44.2	43.3	4.5	4.5	0.9	0.6	47.4	47.8	3.6	3.2
Developed countries	13.0	11.5	1.6	1.6	4.6	5.4	9.2	8.6	2.0	1.5
LIFDCs	32.5	32.0	0.6	0.5	0.5	0.5	31.8	32.2	2.6	2.4
LDCs	13.6	12.6	0.4	0.3	0.4	0.3	12.8	12.8	2.0	1.8
NFIDCs	1.7	1.8	0.2	0.1	-	-	1.9	1.9	0.1	0.1

Table A6. Other coarse grains statistics - millet, rye, oats and other grains *(million tonnes)*

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2005	2006	2005/06	2006/07	2005/06	2006/07	2005/06	2006/07	2006	2007
ASIA	17.5	17.2	1.0	1.0	0.1	0.1	18.4	18.1	0.8	0.8
AFRICA	18.9	17.8	0.1	0.1	0.2	0.2	17.9	18.0	1.5	1.2
CENTRAL AMERICA	0.1	0.1	0.1	0.1	-	-	0.2	0.2	-	-
SOUTH AMERICA	1.4	1.6	0.1	0.1	-	-	1.5	1.7	0.1	0.1
NORTH AMERICA	6.6	7.3	1.5	1.5	2.0	2.1	6.3	6.6	2.0	2.0
EUROPE	46.4	45.5	0.4	0.7	0.8	0.8	46.2	46.7	8.6	7.4
OCEANIA	2.2	2.2	0.1	0.1	0.3	0.3	1.9	2.0	0.8	0.6
WORLD	**93.0**	**91.8**	**3.2**	**3.5**	**3.4**	**3.5**	**92.3**	**93.3**	**13.6**	**12.1**

Table A7. Rice statistics *(million tonnes, milled basis)*

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2005	2006	2005	2006	2005	2006	2004/05	2005/06	2005	2006
ASIA	**380.4**	**384.3**	**13.4**	**13.4**	**22.6**	**22.3**	**366.6**	**368.3**	**92.3**	**95.5**
Bangladesh	26.8	27.5	1.0	0.7	-	-	26.7	27.3	3.8	4.0
China	125.7	128.3	1.0	1.3	0.7	1.3	126.7	124.1	56.5	58.1
of which Taiwan	1.1	1.2	0.1	0.2	-	0.1	1.2	1.2	0.1	0.1
India	89.9	90.0	0.1	0.1	5.3	4.4	83.9	85.2	9.2	9.5
Indonesia	34.1	34.2	0.6	0.6	-	-	35.5	35.6	3.3	2.4
Iran, Islamic Republic of	2.1	2.1	1.2	1.4	-	-	3.1	3.3	0.5	0.7
Iraq	0.2	0.2	1.0	1.2	-	-	1.2	1.3	0.3	0.3
Japan	8.3	7.6	0.8	0.7	0.2	0.3	8.4	8.4	1.4	1.7
Korea, D.P.R.	1.7	1.7	0.7	0.5	-	-	2.2	2.2	0.1	0.1
Korea, Republic of	4.8	4.7	0.1	0.3	0.4	0.2	4.8	4.8	1.0	1.1
Malaysia	1.4	1.4	0.8	0.8	-	-	2.2	2.2	0.1	0.1
Myanmar	15.4	15.6	-	-	0.2	0.2	14.5	14.9	3.1	3.4
Pakistan	5.5	5.3	-	-	3.0	2.9	2.3	2.5	0.3	0.4
Philippines	9.8	10.0	1.8	1.6	-	-	11.2	11.3	1.6	1.7
Saudi Arabia	-	-	1.0	1.1	-	-	1.0	1.1	0.2	0.2
Sri Lanka	2.2	2.1	0.1	0.1	-	-	2.1	2.2	0.1	0.1
Thailand	19.8	20.0	-	-	7.5	7.5	10.8	11.1	3.8	5.0
Viet Nam	23.9	24.3	-	-	5.2	5.2	19.1	19.2	4.7	4.2
AFRICA	**13.6**	**14.0**	**10.1**	**9.2**	**1.1**	**0.9**	**21.5**	**22.2**	**2.4**	**2.3**
Cote d'Ívoire	0.7	0.6	0.9	0.9	-	-	1.5	1.5	0.1	0.1
Egypt	4.2	4.3	-	-	1.1	0.9	3.5	3.4	0.8	0.7
Madagascar	2.3	2.4	0.2	0.2	-	-	2.2	2.5	0.1	0.1
Nigeria	2.5	2.9	2.0	1.6	-	-	4.1	4.2	0.4	0.3
Senegal	0.2	0.2	0.9	0.9	-	-	1.1	1.1	0.3	0.2
South Africa	-	-	0.8	0.7	-	-	0.8	0.8	0.1	0.1
United Republic of	0.7	0.6	0.3	0.3	-	-	0.8	1.0	-	0.1
CENTRAL AMERICA	**1.6**	**1.7**	**2.3**	**2.3**	**-**	**-**	**3.9**	**4.0**	**0.6**	**0.6**
Cuba	0.4	0.4	0.7	0.8	-	-	1.1	1.2	0.1	0.1
Mexico	0.2	0.2	0.5	0.5	-	-	0.7	0.7	-	-
SOUTH AMERICA	**15.9**	**14.6**	**0.8**	**0.9**	**1.6**	**1.5**	**14.5**	**14.8**	**1.9**	**2.1**
Argentina	0.7	0.7	-	-	0.3	0.4	0.4	0.4	0.2	0.1
Brazil	8.9	7.9	0.5	0.8	0.3	0.1	8.8	9.0	0.8	1.0
Peru	1.7	1.5	0.1	0.1	-	-	1.4	1.6	0.1	0.3
Uruguay	0.9	0.8	-	-	0.7	0.7	0.1	0.1	0.2	0.2
NORTH AMERICA	**7.1**	**6.5**	**0.7**	**0.9**	**3.8**	**3.3**	**3.9**	**4.8**	**1.3**	**1.1**
Canada	-	-	0.3	0.3	-	-	0.3	0.3	0.1	0.1
United States of America	7.1	6.5	0.4	0.5	3.8	3.3	3.6	4.4	1.2	1.1
EUROPE	**2.4**	**2.3**	**1.6**	**1.6**	**0.2**	**0.2**	**3.9**	**3.9**	**0.7**	**0.6**
European Union	1.9	1.8	0.8	0.8	0.2	0.2	2.7	2.6	0.6	0.5
Russian Federation	0.4	0.4	0.4	0.3	-	-	0.7	0.7	-	-
OCEANIA	**0.2**	**0.7**	**0.4**	**0.4**	**0.1**	**0.4**	**0.6**	**0.6**	**0.2**	**0.1**
Australia	0.2	0.7	0.1	0.1	0.1	0.4	0.3	0.3	0.1	0.1
WORLD	**421.2**	**424.2**	**29.4**	**28.5**	**29.4**	**28.5**	**415.1**	**418.5**	**99.3**	**102.3**
Developing countries	402.9	406.6	25.0	24.3	25.2	24.3	397.0	399.6	95.7	98.7
Developed countries	18.3	17.6	4.3	4.3	4.3	4.2	18.1	18.8	3.6	3.6
LIFDCs	318.9	322.9	17.1	15.9	10.2	9.8	322.7	323.5	79.6	81.2
LDCs	56.5	57.6	6.8	6.1	0.3	0.5	59.5	61.4	9.8	10.5
NFIDCs	15.9	15.4	2.7	2.6	4.2	3.9	13.9	14.3	1.9	2.1

Table A8. Cereal supply and utilization in main exporting countries *(million tonnes)*

	Wheat[1]			Coarse Grains[2]			Rice (milled basis)		
	2004/05	2005/06	2006/07	2004/05	2005/06	2006/07	2004/05	2005/06	2006/07
	UNITED STATES (June/May)			**UNITED STATES**			**UNITED STATES** (Aug./July)		
Opening stocks	14.9	14.7	14.9	28.8	58.8	60.9	0.8	1.2	1.1
Production	58.7	57.3	51.0	319.8	299.1	284.0	7.5	7.1	6.5
Imports	1.5	1.7	2.1	2.2	2.0	2.0	0.4	0.5	0.6
Total Supply	**75.1**	**73.7**	**68.0**	**350.8**	**359.9**	**346.9**	**8.6**	**8.8**	**8.2**
Domestic use	31.7	31.6	31.3	240.7	241.9	253.9	3.9	4.0	4.1
Exports	28.7	27.2	24.5	51.4	57.1	60.0	3.5	3.7	3.3
Closing stocks	14.7	14.9	12.2	58.8	60.9	33.1	1.2	1.1	0.8
	CANADA (August/July)			**CANADA**			**THAILAND** (Nov./Oct.)[3]		
Opening stocks	6.1	8.0	9.1	4.2	6.6	5.6	3.2	3.8	5.0
Production	25.9	26.8	25.8	26.7	26.3	25.0	18.9	19.8	20.0
Imports	0.1	0.0	0.0	2.5	1.7	3.4	0.0	0.0	0.0
Total Supply	**32.0**	**34.8**	**34.9**	**33.5**	**34.5**	**34.0**	**22.1**	**23.6**	**25.0**
Domestic use	9.2	9.1	9.3	22.8	24.0	25.2	10.8	11.1	11.3
Exports	14.8	16.6	17.7	4.1	5.0	4.5	7.5	7.5	8.2
Closing stocks	8.0	9.1	7.9	6.6	5.6	4.3	3.8	5.0	5.5
	ARGENTINA (Dec./Nov.)			**ARGENTINA**			**INDIA** (Oct./Sept.)[3]		
Opening stocks	2.0	0.9	0.7	1.2	0.9	1.8	13.0	9.2	9.5
Production	16.0	12.5	16.0	18.7	24.6	17.1	85.3	89.9	90.0
Imports	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Total Supply	**18.0**	**13.4**	**16.7**	**19.9**	**25.5**	**19.0**	**98.4**	**99.1**	**99.5**
Domestic use	6.2	5.9	5.9	8.0	8.7	8.6	83.9	85.2	86.6
Exports	10.9	6.8	10.0	11.0	15.0	9.4	5.3	4.4	3.6
Closing stocks	0.9	0.7	0.8	0.9	1.8	1.0	9.2	9.5	9.3
	AUSTRALIA (Oct./Sept.)			**AUSTRALIA**			**PAKISTAN** (Nov./Oct.)[3]		
Opening stocks	6.1	7.0	9.1	2.8	3.0	4.5	0.6	0.3	0.4
Production	22.6	25.1	24.5	12.1	14.5	13.6	5.0	5.5	5.3
Imports	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Supply	**28.7**	**32.1**	**33.6**	**15.0**	**17.5**	**18.1**	**5.6**	**5.8**	**5.7**
Domestic use	6.2	6.9	6.9	6.9	7.2	8.0	2.3	2.5	2.5
Exports	15.5	16.1	18.0	5.0	5.8	6.5	3.0	2.9	2.8
Closing stocks	7.0	9.1	8.7	3.0	4.5	3.6	0.3	0.4	0.4
	EU (July/June)			**EU**			**VIET NAM** (Nov./Oct.)[3]		
Opening stocks	9.5	23.5	20.0	11.3	24.7	23.1	4.9	4.7	4.2
Production	137.5	123.7	130.9	152.4	133.9	141.1	24.1	23.9	24.3
Imports	7.2	7.8	7.0	2.8	3.1	3.1	0.0	0.0	0.0
Total Supply	**154.2**	**155.0**	**157.9**	**166.5**	**161.8**	**167.4**	**29.0**	**28.6**	**28.5**
Domestic use	118.0	120.5	123.4	140.8	134.4	139.8	19.1	19.2	19.5
Exports	13.7	14.5	16.0	4.0	4.3	5.0	5.2	5.2	4.8
Closing stocks	23.5	20.0	18.5	24.7	23.1	22.5	4.7	4.2	4.2
	TOTAL OF ABOVE			**TOTAL OF ABOVE**			**TOTAL OF ABOVE**		
Opening stocks	38.6	54.1	53.8	48.3	94.0	95.9	22.5	19.2	20.1
Production	260.7	245.3	248.2	529.8	498.5	480.8	140.8	146.1	146.2
Imports	8.7	9.5	9.1	7.6	6.8	8.5	0.5	0.6	0.6
Total Supply	**308.0**	**308.9**	**311.1**	**585.6**	**599.2**	**585.3**	**163.8**	**165.9**	**167.0**
Domestic use	171.4	173.9	176.8	419.1	416.1	435.5	120.0	122.1	124.2
Exports	83.6	81.2	86.2	75.5	87.2	85.3	24.5	23.7	22.7
Closing stocks	54.1	53.8	48.1	94.0	95.9	64.4	19.2	20.1	20.1

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

[2] Argentina (December/November) 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.

Table A9. Total oilcrops statistics *(million tonnes)*

	Production[1]			Imports			Exports		
	2003/04	2004/05	2005/06	2003/04	2004/05	2005/06	2003/04	2004/05	2005/06
ASIA	**110.3**	**121.0**	**120.7**	**38.2**	**46.1**	**48.4**	**2.3**	**2.6**	**2.6**
China	53.3	61.0	59.0	20.6	28.4	30.2	1.3	1.6	1.6
of which Taiwan Province	0.0	0.0	0.0	2.2	2.2	2.4	0.0	0.0	0.0
India	30.5	30.3	32.1	0.0	0.0	0.0	0.5	0.4	0.4
Indonesia	6.0	6.6	6.7	1.2	1.3	1.4	0.0	0.1	0.1
Iran, Islamic Republic of	0.4	0.4	0.4	0.6	0.7	0.8	0.0	0.0	0.0
Japan	0.3	0.2	0.3	7.4	7.0	7.1	0.0	0.0	0.0
Korea, Republic of	0.2	0.2	0.2	1.6	1.5	1.4	0.0	0.0	0.0
Malaysia	3.8	4.1	4.2	0.7	0.8	0.8	0.0	0.0	0.0
Pakistan	4.0	5.6	4.9	0.9	0.7	0.8	0.0	0.0	0.0
Thailand	0.6	0.6	0.6	1.4	1.6	1.8	0.0	0.0	0.0
Turkey	2.2	2.2	2.2	1.4	1.7	1.5	0.0	0.0	0.0
AFRICA	**15.9**	**15.9**	**15.9**	**1.3**	**1.4**	**1.6**	**0.6**	**0.7**	**0.6**
Nigeria	4.3	4.3	4.4	0.0	0.0	0.0	0.0	0.1	0.1
CENTRAL AMERICA	**1.1**	**1.1**	**1.1**	**5.8**	**6.0**	**6.3**	**0.1**	**0.1**	**0.1**
Mexico	0.7	0.7	0.8	5.2	5.4	5.7	0.0	0.0	0.0
SOUTH AMERICA	**96.0**	**107.5**	**108.8**	**1.7**	**2.1**	**2.0**	**30.6**	**33.9**	**37.5**
Argentina	35.6	44.3	44.1	0.5	0.6	0.5	7.0	9.9	10.0
Brazil	53.1	55.8	57.5	0.3	0.5	0.5	20.5	20.3	24.1
Paraguay	4.3	4.2	3.9	0.0	0.0	0.0	2.4	2.9	2.5
NORTH AMERICA	**87.3**	**108.1**	**111.0**	**1.7**	**1.5**	**1.4**	**31.1**	**36.1**	**33.8**
Canada	10.2	11.6	14.2	1.0	0.7	0.6	5.4	5.4	6.9
United States of America	77.1	96.5	96.8	0.7	0.8	0.8	25.7	30.7	26.9
EUROPE	**30.6**	**34.0**	**36.9**	**19.8**	**19.1**	**18.2**	**2.7**	**1.9**	**2.1**
European Union[2]	16.9	21.2	21.0	18.9	18.2	17.2	0.2	0.5	0.3
Russian Federation	5.5	5.6	6.9	0.1	0.2	0.2	0.4	0.1	0.5
Ukraine	4.8	3.7	5.6	0.0	0.0	0.0	1.0	0.3	0.5
OCEANIA	**2.7**	**3.0**	**2.9**	**0.1**	**0.1**	**0.1**	**1.4**	**1.3**	**1.3**
Australia	2.3	2.6	2.5	0.0	0.1	0.0	1.3	1.2	1.3
WORLD	**343.9**	**390.8**	**397.3**	**68.5**	**76.2**	**77.9**	**68.8**	**76.5**	**78.1**
Developing countries	219.3	241.2	242.0	38.6	47.7	50.2	33.6	37.2	40.7
Developed countries	124.6	149.6	155.3	29.9	28.5	27.7	35.2	39.3	37.4
LIFDCs	116.5	127.2	127.0	25.5	33.4	35.5	2.9	3.5	3.4
LDCs	9.9	10.1	10.1	0.3	0.3	0.4	0.5	0.5	0.5
NFIDCs	5.8	7.4	6.7	2.2	2.2	2.5	0.2	0.2	0.1

[1] 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 crops which are produced throughout the year, calendar year production for the second year shown is used.

[2] Excluding trade between the twenty five EU member countries.

Note: Totals computed from unrounded data.

Table A10. Total oils and fats statistics *(million tonnes)*[1]

	Imports			Exports			Utilization		
	2003/04	2004/05	2005/06	2003/04	2004/05	2005/06	2003/04	2004/05	2005/06
ASIA	**26.5**	**28.2**	**29.2**	**27.9**	**31.0**	**31.9**	**64.2**	**68.5**	**70.8**
Bangladesh	1.0	1.1	1.1	0.0	0.0	0.0	1.2	1.3	1.4
China	7.8	7.5	8.4	0.2	0.1	0.2	25.3	26.9	28.2
of which Taiwan Province	0.4	0.4	0.4	0.0	0.0	0.0	0.8	0.8	0.9
India	4.6	5.6	4.9	0.6	0.5	0.4	13.2	14.4	14.4
Indonesia	0.1	0.1	0.1	10.0	11.7	12.9	4.2	4.2	4.5
Iran	1.3	1.2	1.3	0.2	0.2	0.1	1.5	1.6	1.6
Japan	1.0	1.1	1.1	0.0	0.0	0.0	3.2	3.2	3.2
Korea, Republic of	0.7	0.8	0.8	0.0	0.0	0.0	1.0	1.1	1.2
Malaysia	1.3	0.9	1.4	13.3	14.7	14.6	2.9	3.1	3.4
Pakistan	1.6	1.9	1.9	0.1	0.2	0.2	3.0	3.2	3.2
Philippines	0.1	0.2	0.3	1.1	1.0	1.2	0.6	0.8	0.8
Singapore	0.6	0.6	0.6	0.3	0.3	0.4	0.2	0.2	0.2
Turkey	0.9	1.0	1.2	0.1	0.1	0.1	1.8	2.1	2.1
AFRICA	**5.5**	**5.9**	**6.1**	**0.8**	**0.8**	**0.8**	**10.6**	**11.1**	**11.3**
Algeria	0.5	0.6	0.7	0.0	0.0	0.0	0.6	0.7	0.8
Egypt	1.3	1.3	1.3	0.0	0.0	0.0	1.5	1.6	1.6
Nigeria	0.2	0.3	0.3	0.0	0.0	0.0	1.8	1.8	1.8
South Africa	0.5	0.6	0.6	0.0	0.1	0.0	0.9	1.0	1.0
CENTRAL AMERICA	**2.1**	**2.3**	**2.3**	**0.4**	**0.4**	**0.5**	**4.3**	**4.3**	**4.4**
Mexico	1.0	1.1	1.2	0.0	0.0	0.0	2.8	2.8	2.9
SOUTH AMERICA	**1.6**	**1.6**	**1.8**	**9.2**	**10.0**	**10.6**	**8.2**	**8.5**	**8.5**
Argentina	0.0	0.0	0.0	5.4	6.2	6.8	0.7	0.7	0.7
Brazil	0.2	0.2	0.2	2.8	2.5	2.7	4.6	4.7	4.6
NORTH AMERICA	**2.6**	**2.5**	**2.8**	**4.3**	**4.4**	**4.6**	**15.9**	**16.5**	**16.5**
Canada	0.4	0.4	0.4	1.6	1.6	1.6	1.1	1.1	1.0
United States of America	2.2	2.1	2.4	2.7	2.8	2.8	14.8	15.4	15.5
EUROPE	**9.4**	**10.6**	**11.4**	**3.7**	**3.4**	**4.0**	**26.9**	**29.1**	**30.9**
European Union	7.4	8.5	9.3	2.1	2.0	1.9	21.7	23.5	25.1
Russian Federation	1.1	1.1	1.1	0.2	0.2	0.5	2.9	3.0	3.1
Ukraine	0.1	0.3	0.2	1.0	0.7	1.2	0.6	0.7	0.8
OCEANIA	**0.5**	**0.5**	**0.5**	**1.6**	**1.6**	**1.6**	**0.9**	**0.9**	**0.9**
Australia	0.2	0.2	0.2	0.6	0.6	0.6	0.5	0.5	0.5
WORLD	**48.1**	**51.5**	**54.1**	**47.9**	**51.6**	**54.0**	**130.9**	**138.8**	**143.2**
Developing countries	33.9	35.9	37.4	38.8	42.6	44.2	82.4	87.4	89.8
Developed countries	14.2	15.6	16.7	9.1	9.0	9.8	48.5	51.4	53.4
LIFDCs	21.9	23.3	23.7	14.5	16.1	17.3	58.3	62.0	63.9
LDCs	3.1	3.4	3.5	0.3	0.4	0.4	5.9	6.2	6.2
NFIDCs	5.6	6.1	6.3	1.0	1.1	1.1	5.6	6.1	6.3

[1] Includes oils and fats of vegetable and animal origin.

Table A11. Total meals and cakes statistics *(million tonnes)*[1]

	Imports			Exports			Utilization		
	2003/04	2004/05	2005/06	2003/04	2004/05	2005/06	2003/04	2004/05	2005/06
ASIA	**18.0**	**20.0**	**21.6**	**10.4**	**9.3**	**10.4**	**82.0**	**93.0**	**96.4**
China	1.8	2.4	2.5	1.0	1.0	0.7	39.8	46.4	48.8
of which Taiwan Province	0.6	0.6	0.6	0.0	0.0	0.0	2.3	2.5	2.6
India	0.1	0.2	0.2	4.4	2.8	4.0	9.4	11.2	11.1
Indonesia	1.9	2.0	2.2	1.8	1.9	2.1	2.1	2.2	2.3
Japan	1.8	2.1	2.3	0.0	0.0	0.0	7.1	7.3	7.3
Korea, Republic of	2.5	2.8	3.0	0.0	0.0	0.0	3.8	4.0	4.0
Malaysia	0.5	0.8	1.1	1.7	2.2	2.1	1.4	1.6	1.8
Pakistan	0.1	0.2	0.2	0.1	0.0	0.1	2.2	2.8	2.7
Philippines	1.4	1.5	1.6	0.5	0.4	0.5	1.9	1.9	2.1
Saudi Arabia	0.6	0.7	0.7	0.0	0.0	0.0	0.6	0.7	0.7
Thailand	1.9	2.0	2.2	0.0	0.1	0.1	3.8	4.0	4.1
Turkey	0.8	0.8	1.0	0.0	0.0	0.0	2.5	2.8	3.0
Viet Nam	1.3	1.3	1.3	0.0	0.1	0.1	1.5	1.4	1.4
AFRICA	**2.9**	**2.8**	**3.1**	**0.8**	**0.7**	**0.7**	**7.6**	**7.8**	**8.0**
Egypt	1.1	0.7	0.9	0.0	0.0	0.0	1.5	1.4	1.5
South Africa	0.6	0.7	0.7	0.0	0.0	0.0	1.4	1.3	1.3
CENTRAL AMERICA	**1.7**	**2.0**	**2.2**	**0.1**	**0.1**	**0.1**	**7.1**	**7.3**	**7.7**
Mexico	1.0	1.2	1.4	0.0	0.0	0.0	5.3	5.4	5.8
SOUTH AMERICA	**3.1**	**3.4**	**3.8**	**39.1**	**40.8**	**43.2**	**15.6**	**17.0**	**16.6**
Argentina	0.0	0.0	0.0	20.2	22.0	24.5	1.4	1.9	1.9
Bolivia	0.0	0.0	0.0	1.0	1.0	1.1	0.2	0.2	0.2
Brazil	0.3	0.2	0.2	14.8	14.3	14.3	9.9	10.0	9.7
Chile	0.6	0.7	0.8	0.5	0.7	0.6	1.1	1.2	1.2
Paraguay	0.0	0.0	0.0	0.8	0.7	0.7	0.2	0.3	0.3
Peru	0.6	0.7	0.8	1.6	2.1	1.9	0.8	0.9	0.9
Venezuela	0.7	0.7	0.8	0.0	0.0	0.0	0.8	0.8	0.8
NORTH AMERICA	**3.1**	**2.9**	**3.2**	**7.3**	**9.2**	**8.9**	**34.6**	**38.0**	**38.1**
Canada	1.1	1.2	1.4	2.2	2.1	2.2	2.5	2.4	2.4
United States of America	2.0	1.7	1.8	5.1	7.1	6.7	32.1	35.6	35.7
EUROPE	**30.7**	**31.3**	**32.1**	**3.2**	**3.5**	**3.9**	**54.8**	**56.9**	**58.2**
European Union	29.0	29.4	30.2	0.7	0.9	1.0	50.8	52.6	53.6
Russian Federation	0.5	0.4	0.4	0.5	0.7	0.8	1.7	1.7	2.0
Ukraine	0.1	0.1	0.1	1.0	0.9	1.3	0.1	0.2	0.2
OCEANIA	**0.6**	**0.7**	**0.7**	**0.2**	**0.2**	**0.2**	**1.0**	**1.3**	**1.3**
Australia	0.4	0.4	0.4	0.0	0.0	0.0	0.7	0.9	0.9
WORLD	**60.9**	**63.8**	**67.3**	**61.0**	**63.7**	**67.4**	**202.7**	**221.3**	**226.3**
Developing countries	23.8	25.8	28.0	50.4	50.8	54.4	102.5	115.0	118.4
Developed countries	37.1	38.0	39.3	10.6	12.9	13.0	100.2	106.3	107.9
LIFDCs	8.6	9.2	10.1	10.8	9.1	0.4	64.4	74.1	77.0
LDCs	0.3	0.3	0.4	0.4	0.4	0.4	3.1	3.2	3.3
NFIDCs	4.1	4.1	4.5	1.9	2.4	2.2	7.5	8.4	8.6

[1] Includes meals and cakes derived from oilcrops as well as fish meal

Table A12. Bovine meat statistics *(million tonnes, carcass weight equivalent)*

	Production		Imports		Exports		Utilization	
	2005	2006	2005	2006	2005	2006	2005	2006
ASIA	**16.4**	**17.0**	**2.1**	**2.2**	**0.5**	**0.6**	**17.9**	**18.7**
China	7.2	7.6	0.2	0.2	0.1	0.1	7.3	7.7
India	3.1	3.2	-	-	0.4	0.4	2.7	2.8
Iran, Islamic Republic of	0.3	0.3	0.1	0.1	-	-	0.4	0.4
Israel	0.1	0.1	0.1	0.1	-	-	0.2	0.2
Japan	0.5	0.5	0.6	0.7	-	-	1.1	1.2
Korea, Republic of	0.2	0.3	0.2	0.3	-	-	0.5	0.5
Malaysia	-	-	0.2	0.2	-	-	0.2	0.2
Pakistan	1.0	1.0	-	-	-	-	1.0	1.0
AFRICA	**4.7**	**4.7**	**0.5**	**0.5**	**-**	**-**	**5.1**	**5.2**
Algeria	0.1	0.1	0.1	0.1	-	-	0.2	0.2
Angola	0.1	0.1	0.1	0.1	-	-	0.2	0.2
Egypt	0.6	0.6	0.2	0.2	-	-	0.8	0.8
South Africa	0.6	0.7	-	-	-	-	0.7	0.7
CENTRAL AMERICA	**2.2**	**2.2**	**0.4**	**0.5**	**0.1**	**0.1**	**2.5**	**2.6**
Mexico	1.6	1.6	0.3	0.4	-	-	1.9	2.0
SOUTH AMERICA	**14.2**	**14.4**	**0.3**	**0.2**	**2.9**	**2.8**	**11.6**	**11.8**
Argentina	3.1	3.0	-	-	0.7	0.5	2.4	2.6
Brazil	8.4	8.6	-	-	1.7	1.8	6.8	6.8
Chile	0.2	0.2	0.2	0.2	-	-	0.4	0.4
Colombia	0.8	0.8	-	-	-	-	0.7	0.8
Uruguay	0.6	0.6	-	-	0.4	0.4	0.2	0.2
Venezuela	0.4	0.4	-	-	-	-	0.4	0.4
NORTH AMERICA	**12.8**	**13.4**	**1.7**	**1.6**	**0.9**	**1.0**	**13.6**	**14.0**
Canada	1.5	1.5	0.1	0.2	0.6	0.5	1.1	1.1
United States of America	11.3	11.9	1.5	1.5	0.3	0.5	12.6	12.9
EUROPE	**11.3**	**11.2**	**1.5**	**1.5**	**0.4**	**0.4**	**12.4**	**12.3**
European Union	7.8	7.9	0.6	0.5	0.3	0.3	8.1	8.2
Russian Federation	1.9	1.8	0.8	0.8	-	-	2.6	2.5
Ukraine	0.6	0.5	-	-	0.1	0.1	0.5	0.5
OCEANIA	**2.9**	**2.9**	**-**	**-**	**1.8**	**1.8**	**1.2**	**1.2**
Australia	2.2	2.2	-	-	1.2	1.3	0.9	1.0
New Zealand	0.7	0.7	-	-	0.5	0.5	0.2	0.2
WORLD	**64.3**	**65.9**	**6.4**	**6.6**	**6.5**	**6.7**	**64.3**	**65.8**
Developing countries	35.0	35.9	2.5	2.6	3.5	3.5	33.9	35.0
Developed countries	29.3	29.9	4.0	4.0	3.0	3.2	30.3	30.8
LIFDCs	18.1	18.8	0.9	1.0	0.5	0.6	18.4	19.2
LDCs	2.9	2.9	0.1	0.1	-	-	3.0	3.1
NFIDCs	3.1	3.2	0.3	0.3	-	-	3.4	3.5

Table A13. Ovine meat statistics *(million tonnes, carcass weight equivalent)*

	Production		Imports		Exports		Utilization	
	2005	2006	2005	2006	2005	2006	2005	2006
ASIA	**7.7**	**8.0**	**0.3**	**0.3**	**-**	**0.1**	**7.9**	**8.2**
Bangladesh	0.1	0.1	-	-	-	-	0.1	0.1
China	4.1	4.3	0.1	0.1	-	-	4.2	4.4
India	0.7	0.7	-	-	-	-	0.7	0.7
Iran, Islamic Republic of	0.5	0.5	-	-	-	-	0.5	0.5
Pakistan	0.5	0.6	-	-	-	-	0.5	0.5
Saudi Arabia	0.1	0.1	0.1	0.1	-	-	0.1	0.2
Syria	0.2	0.2	-	-	-	-	0.2	0.2
Turkey	0.3	0.3	-	-	-	-	0.3	0.3
AFRICA	**2.1**	**2.1**	**0.1**	**0.1**	**-**	**-**	**2.1**	**2.2**
Algeria	0.2	0.2	-	-	-	-	0.2	0.2
Nigeria	0.3	0.3	-	-	-	-	0.3	0.3
South Africa	0.2	0.2	-	-	-	-	0.2	0.2
Sudan	0.3	0.3	-	-	-	-	0.3	0.3
CENTRAL AMERICA	**0.1**	**0.1**	**0.1**	**0.1**	**-**	**-**	**0.2**	**0.2**
Mexico	0.1	0.1	0.1	0.1	-	-	0.2	0.2
SOUTH AMERICA	**0.3**	**0.3**	**-**	**-**	**-**	**-**	**0.3**	**0.3**
Brazil	0.1	0.1	-	-	-	-	0.1	0.1
NORTH AMERICA	**0.1**	**0.1**	**0.1**	**0.1**	**-**	**-**	**0.2**	**0.2**
United States of America	0.1	0.1	0.1	0.1	-	-	0.2	0.2
EUROPE	**1.4**	**1.4**	**0.3**	**0.3**	**-**	**-**	**1.7**	**1.7**
European Union	1.1	1.0	0.2	0.2	-	-	1.3	1.3
Russian Federation	0.1	0.1	-	-	-	-	0.1	0.1
OCEANIA	**1.2**	**1.2**	**0.1**	**0.1**	**0.7**	**0.7**	**0.6**	**0.6**
Australia	0.7	0.7	-	-	0.3	0.3	0.4	0.4
New Zealand	0.5	0.5	-	-	0.4	0.4	0.2	0.1
WORLD	**13.0**	**13.3**	**0.8**	**0.8**	**0.8**	**0.8**	**13.0**	**13.3**
Developing countries	9.7	10.0	0.4	0.4	0.1	0.1	10.0	10.3
Developed countries	3.3	3.3	0.4	0.4	0.7	0.7	3.0	3.0
LIFDCs	8.1	8.4	0.1	0.1	-	0.1	8.2	8.5
LDCs	1.3	1.3	-	-	-	-	1.3	1.3
NFIDCs	1.0	1.0	-	-	-	-	1.0	1.0

Table A14. Pig meat statistics *(million tonnes, carcass weight equivalent)*

	Production		Imports		Exports		Utilization	
	2005	2006	2005	2006	2005	2006	2005	2006
ASIA	**59.4**	**61.9**	**2.3**	**2.3**	**0.5**	**0.6**	**61.0**	**63.7**
China	50.8	53.1	0.4	0.4	0.5	0.5	50.7	53.0
of which Hong Kong, SAR	0.2	0.2	0.3	0.3	-	-	0.4	0.4
India	0.5	0.5	-	-	-	-	0.5	0.5
Indonesia	0.6	0.6	-	-	-	-	0.6	0.6
Japan	1.2	1.3	1.2	1.2	-	-	2.4	2.5
Korea, D.P.R.	0.2	0.2	0.1	0.1	-	-	0.3	0.3
Korea, Republic of	1.0	1.1	0.3	0.3	-	-	1.3	1.3
Philippines	1.3	1.4	-	0.1	-	-	1.4	1.4
Singapore	-	-	0.1	0.1	-	-	0.1	0.1
Thailand	0.7	0.7	-	-	-	-	0.7	0.7
Viet Nam	2.2	2.3	-	-	-	-	2.2	2.3
AFRICA	**0.8**	**0.9**	**0.1**	**0.1**	**-**	**-**	**0.9**	**1.0**
Madagascar	0.1	0.1	-	-	-	-	0.1	0.1
Nigeria	0.2	0.2	-	-	-	-	0.2	0.2
South Africa	0.1	0.1	-	-	-	-	0.2	0.2
Uganda	0.1	0.1	-	-	-	-	0.1	0.1
CENTRAL AMERICA	**1.5**	**1.5**	**0.4**	**0.5**	**0.1**	**0.1**	**1.8**	**1.9**
Cuba	0.1	0.1	-	-	-	-	0.1	0.1
Mexico	1.1	1.1	0.4	0.4	0.1	0.1	1.4	1.5
SOUTH AMERICA	**4.5**	**4.5**	**0.1**	**0.1**	**0.9**	**0.8**	**3.7**	**3.8**
Argentina	0.2	0.2	-	-	-	-	0.2	0.2
Brazil	3.2	3.1	-	-	0.7	0.6	2.4	2.5
Chile	0.4	0.5	-	-	0.1	0.2	0.3	0.3
Colombia	0.1	0.1	-	-	-	-	0.1	0.1
NORTH AMERICA	**11.3**	**11.6**	**0.6**	**0.6**	**2.0**	**2.1**	**9.9**	**10.1**
Canada	1.9	1.9	0.1	0.2	1.0	1.0	1.1	1.1
United States of America	9.4	9.7	0.5	0.5	1.0	1.1	8.8	9.0
EUROPE	**25.7**	**26.0**	**1.1**	**1.1**	**1.2**	**1.3**	**25.6**	**25.9**
Belarus	0.3	0.4	-	0.1	-	-	0.4	0.4
European Union	21.4	21.6	-	-	1.2	1.2	20.2	20.4
Romania	0.5	0.5	0.2	0.2	-	-	0.7	0.7
Russian Federation	1.7	1.7	0.6	0.6	-	-	2.2	2.3
Yugoslav Fed. Rep.	0.6	0.6	-	-	-	-	0.6	0.6
Ukraine	0.6	0.6	0.1	0.1	-	-	0.7	0.7
OCEANIA	**0.5**	**0.6**	**0.1**	**0.1**	**-**	**-**	**0.6**	**0.6**
Australia	0.4	0.4	0.1	0.1	-	-	0.4	0.4
Papua New Guinea	0.1	0.1	-	-	-	-	0.1	0.1
WORLD	**103.7**	**107.0**	**4.7**	**4.9**	**4.7**	**4.9**	**103.6**	**107.0**
Developing countries	64.6	67.2	1.6	1.8	1.5	1.5	64.7	67.5
Developed countries	39.2	39.8	3.1	3.1	3.3	3.4	38.9	39.5
LIFDCs	54.8	57.2	0.7	0.8	0.5	0.6	55.0	57.5
LDCs	0.7	0.7	-	-	-	-	0.7	0.7
NFIDCs	0.4	0.5	0.1	0.1	-	-	0.5	0.5

Table A15. Poultry meat statistics *(million tonnes, carcass weight equivalent)*

	Production		Imports		Exports		Utilization	
	2005	2006	2005	2006	2005	2006	2005	2006
ASIA	**26.8**	**26.6**	**3.5**	**3.5**	**1.1**	**1.2**	**29.2**	**28.9**
China	14.4	14.5	1.0	1.0	0.6	0.7	14.8	14.9
of which Hong Kong, SAR	-	-	0.5	0.5	0.2	0.2	0.4	0.4
India	2.0	2.0	-	-	-	-	2.0	2.0
Indonesia	1.0	1.1	-	-	-	-	1.0	1.1
Iran, Islamic Republic of	0.8	0.8	-	-	-	-	0.8	0.8
Japan	1.3	1.3	0.9	0.9	-	-	2.1	2.1
Korea, Republic of	0.5	0.5	0.1	0.1	-	-	0.5	0.6
Kuwait	-	-	0.1	0.1	-	-	0.2	0.2
Malaysia	1.0	1.0	-	-	-	-	1.0	1.0
Saudi Arabia	0.5	0.5	0.4	0.4	-	-	0.9	0.9
Singapore	0.1	0.1	0.1	0.1	-	-	0.2	0.2
Thailand	1.0	1.1	-	-	0.4	0.4	0.8	0.7
Turkey	1.0	0.8	0.1	0.1	-	-	1.0	0.8
Yemen	0.1	0.1	0.1	0.1	-	-	0.2	0.2
AFRICA	**3.5**	**3.3**	**0.7**	**0.7**	**-**	**-**	**4.2**	**4.1**
Angola	-	-	0.1	0.1	-	-	0.1	0.1
South Africa	0.9	0.9	0.2	0.2	-	-	1.1	1.2
CENTRAL AMERICA	**3.5**	**3.7**	**0.9**	**0.9**	**-**	**-**	**4.4**	**4.5**
Cuba	-	-	0.1	0.1	-	-	0.2	0.2
Mexico	2.4	2.5	0.5	0.6	-	-	2.9	3.0
SOUTH AMERICA	**13.8**	**13.9**	**0.2**	**0.3**	**3.2**	**3.0**	**10.9**	**11.1**
Brazil	9.8	9.7	-	-	3.0	2.8	6.8	6.9
Venezuela	0.7	0.7	0.1	0.1	-	-	0.8	0.9
NORTH AMERICA	**19.8**	**19.9**	**0.2**	**0.2**	**3.0**	**3.0**	**17.0**	**17.1**
Canada	1.2	1.2	0.1	0.1	0.1	0.1	1.2	1.2
United States of America	18.6	18.7	0.1	0.1	2.9	2.8	15.8	15.9
EUROPE	**13.6**	**12.7**	**2.6**	**2.3**	**0.9**	**0.7**	**15.3**	**14.2**
European Union	10.9	9.7	0.6	0.4	0.9	0.7	10.6	9.5
Romania	0.4	0.4	0.1	0.1	-	-	0.5	0.5
Russian Federation	1.4	1.5	1.3	1.2	-	-	2.7	2.7
Ukraine	0.5	0.6	0.3	0.3	-	-	0.7	0.8
OCEANIA	**0.9**	**1.0**	**-**	**-**	**-**	**-**	**0.9**	**1.0**
Australia	0.8	0.8	-	-	-	-	0.8	0.8
New Zealand	0.1	0.1	-	-	-	-	0.1	0.1
WORLD	**81.9**	**81.0**	**8.1**	**8.0**	**8.3**	**8.0**	**81.8**	**81.0**
Developing countries	44.8	44.8	4.1	4.2	4.3	4.3	44.7	44.7
Developed countries	37.1	36.2	4.1	3.8	3.9	3.7	37.2	36.3
LIFDCs	21.9	21.9	2.1	2.2	0.6	0.7	23.3	23.4
LDCs	1.1	1.1	0.5	0.5	-	-	1.6	1.6
NFIDCs	3.7	3.6	0.4	0.4	-	-	4.1	4.0

Table A16. Total meat statistics[1] *(million tonnes, carcass weight equivalent)*

	Production		Imports		Exports		Utilization	
	2005	2006	2005	2006	2005	2006	2005	2006
ASIA	**112.0**	**115.4**	**8.1**	**8.3**	**2.2**	**2.5**	**117.9**	**121.2**
China	77.8	80.9	1.6	1.7	1.2	1.4	78.2	81.3
of which Hong Kong, SAR	0.2	0.2	0.9	0.9	0.2	0.2	0.9	0.9
India	6.4	6.5	-	-	0.4	0.4	6.0	6.1
Iran, Islamic Republic of	1.7	1.7	0.1	0.1	-	-	1.8	1.8
Japan	3.0	3.0	2.8	2.8	-	-	5.8	5.8
Korea, Republic of	1.7	1.8	0.6	0.7	-	-	2.4	2.4
Malaysia	1.2	1.2	0.2	0.3	-	-	1.4	1.5
Pakistan	2.0	2.0	-	-	-	-	1.9	2.0
Philippines	2.3	2.3	0.2	0.2	-	-	2.5	2.6
Saudi Arabia	0.7	0.6	0.6	0.6	-	-	1.3	1.3
Singapore	0.1	0.1	0.2	0.3	-	-	0.3	0.4
Thailand	2.0	2.0	-	-	0.4	0.4	1.6	1.6
Turkey	1.6	1.4	0.1	0.1	-	-	1.7	1.5
Viet Nam	2.8	2.9	-	-	-	-	2.8	2.9
AFRICA	**12.4**	**12.3**	**1.4**	**1.5**	**0.1**	**0.1**	**13.7**	**13.7**
Algeria	0.6	0.6	0.1	0.1	-	-	0.7	0.7
Egypt	1.4	1.3	0.2	0.2	-	-	1.6	1.5
Nigeria	1.1	1.1	-	-	-	-	1.1	1.1
South Africa	1.9	1.9	0.3	0.3	-	-	2.1	2.2
CENTRAL AMERICA	**7.3**	**7.6**	**1.9**	**2.0**	**0.2**	**0.2**	**9.0**	**9.4**
Cuba	0.2	0.2	0.2	0.2	-	-	0.4	0.4
Mexico	5.3	5.4	1.3	1.4	0.1	0.1	6.5	6.8
SOUTH AMERICA	**33.0**	**33.4**	**0.6**	**0.6**	**7.0**	**6.7**	**26.6**	**27.3**
Argentina	4.4	4.4	-	-	0.8	0.6	3.6	3.8
Brazil	21.5	21.6	0.1	-	5.4	5.2	16.1	16.4
Chile	1.2	1.3	0.2	0.2	0.2	0.3	1.2	1.2
Colombia	1.6	1.6	-	-	-	-	1.6	1.6
Uruguay	0.7	0.7	-	-	0.4	0.4	0.3	0.3
NORTH AMERICA	**44.3**	**45.2**	**2.6**	**2.6**	**5.9**	**6.1**	**40.9**	**41.6**
Canada	4.6	4.6	0.4	0.5	1.7	1.7	3.4	3.4
United States of America	39.6	40.6	2.1	2.1	4.2	4.4	37.6	38.2
EUROPE	**53.1**	**52.5**	**5.6**	**5.4**	**2.6**	**2.5**	**56.1**	**55.4**
Belarus	0.7	0.8	0.1	0.1	0.1	0.1	0.7	0.8
European Union	42.1	41.3	1.5	1.3	2.3	2.2	41.3	40.3
Romania	1.2	1.2	0.4	0.3	-	-	1.5	1.5
Russian Federation	5.1	5.2	2.7	2.6	-	-	7.8	7.8
Ukraine	1.7	1.7	0.4	0.4	0.1	0.1	2.0	2.0
OCEANIA	**6.0**	**6.1**	**0.3**	**0.3**	**2.6**	**2.6**	**3.6**	**3.7**
Australia	4.0	4.2	0.1	0.1	1.6	1.7	2.5	2.6
New Zealand	1.5	1.4	-	-	0.9	0.9	0.6	0.6
WORLD	**268.1**	**272.5**	**20.4**	**20.6**	**20.5**	**20.7**	**267.9**	**272.4**
Developing countries	157.7	161.7	8.6	9.0	9.4	9.4	156.9	161.3
Developed countries	110.5	110.9	11.7	11.5	11.1	11.2	111.1	111.2
LIFDCs	106.0	109.5	3.8	4.1	1.8	1.9	108.1	111.7
LDCs	6.8	6.8	0.7	0.7	-	-	7.5	7.5
NFIDCs	8.5	8.6	0.8	0.8	-	-	9.3	9.4

[1] Including "other meat"

Table A17. Milk and milk products statistics *(million tonnes, milk equivalent)*

	Production			Imports			Exports		
	2004	2005	2006	2004	2005	2006	2004	2005	2006
ASIA	**204.5**	**214.9**	**226.0**	**21.5**	**21.6**	**21.9**	**3.2**	**3.3**	**3.4**
China	27.0	32.4	38.1	3.2	3.1	3.1	0.2	0.2	0.2
India[1]	91.0	95.1	98.9	0.0	0.1	0.1	0.2	0.2	0.3
Indonesia	0.9	0.7	0.7	1.6	1.7	1.8	0.2	0.2	0.2
Iran, Islamic Republic of	6.7	7.1	7.4	0.3	0.3	0.3	-	-	-
Japan	8.3	8.3	8.2	1.7	1.5	1.5	-	-	-
Korea, Republic of	2.3	2.2	2.4	0.6	0.6	0.6	-	-	-
Malaysia	-	-	-	1.5	1.5	1.5	0.2	0.2	0.2
Pakistan	28.8	29.5	30.4	0.1	0.1	0.1	-	-	-
Philippines	-	-	-	2.0	2.1	2.1	0.2	0.2	0.2
Saudi Arabia	1.1	1.1	1.1	1.8	1.8	1.8	0.2	0.2	0.2
Singapore	-	-	-	1.2	1.2	1.2	0.5	0.5	0.5
Thailand	0.8	0.9	1.0	1.3	1.3	1.3	0.4	0.4	0.4
Turkey	10.7	10.5	10.5	0.0	0.1	0.1	0.1	0.1	0.1
AFRICA	**30.6**	**30.9**	**31.0**	**6.0**	**6.1**	**6.1**	**0.3**	**0.3**	**0.3**
Algeria	1.7	1.7	1.8	2.1	2.2	2.2	-	-	-
Egypt	5.3	5.3	5.3	0.5	0.5	0.5	-	-	-
Kenya	3.0	3.0	2.9	-	-	-	-	-	-
South Africa	2.8	2.9	2.9	0.1	0.1	0.1	0.1	0.1	0.1
Sudan	5.1	5.1	5.1	0.1	0.1	0.1	-	-	-
Tunisia	0.9	1.0	1.0	0.1	0.1	0.1	-	-	-
CENTRAL AMERICA	**15.6**	**15.8**	**16.1**	**3.5**	**3.5**	**3.5**	**0.3**	**0.3**	**0.3**
Costa Rica	0.7	0.8	0.8	-	-	-	0.1	0.1	0.1
Mexico	10.0	10.0	10.1	2.9	2.9	2.9	0.1	0.1	0.1
SOUTH AMERICA	**49.2**	**51.4**	**52.9**	**1.6**	**1.7**	**1.7**	**3.1**	**3.2**	**3.4**
Argentina	9.6	10.1	10.6	0.1	0.1	0.1	1.8	1.8	1.9
Brazil	23.5	24.7	25.5	0.4	0.4	0.4	0.3	0.3	0.4
Colombia	6.7	6.8	6.8	0.1	0.1	0.1	0.2	0.2	0.2
Uruguay	1.5	1.6	1.6	-	-	-	0.6	0.6	0.6
Venezuela	1.2	1.3	1.3	0.6	0.7	0.7	-	-	-
NORTH AMERICA	**85.7**	**88.3**	**90.3**	**3.0**	**3.0**	**3.0**	**4.6**	**5.0**	**4.6**
Canada	8.2	8.1	8.0	0.7	0.8	0.8	0.5	0.4	0.4
United States of America	77.5	80.2	82.3	2.3	2.2	2.2	4.1	4.7	4.3
EUROPE	**214.9**	**215.6**	**217.1**	**5.2**	**5.1**	**5.1**	**18.6**	**17.5**	**17.0**
European Union	145.8	146.9	147.3	2.1	1.7	1.8	14.6	13.7	13.0
Romania	6.1	6.1	6.3	0.1	0.1	0.1	-	-	-
Russian Federation	31.9	31.0	31.8	2.2	2.4	2.3	0.2	0.2	0.2
Ukraine	13.7	13.8	13.9	-	-	-	1.4	1.4	1.5
OCEANIA	**25.3**	**24.7**	**25.2**	**0.7**	**0.7**	**0.7**	**16.2**	**15.1**	**15.8**
Australia[2]	10.1	10.1	10.3	0.4	0.5	0.5	4.9	5.1	5.3
New Zealand[3]	15.1	14.5	14.9	0.1	0.1	0.1	11.2	9.5	10.1
WORLD	**625.7**	**641.7**	**658.7**	**41.5**	**41.7**	**42.0**	**46.2**	**44.7**	**44.9**
Developing countries	273.3	286.1	299.1	31.3	31.7	32.1	6.7	6.9	7.2
Developed countries	352.5	355.5	359.5	10.2	10.0	9.9	39.5	37.7	37.6
LIFDCs	198.7	209.2	219.8	13.2	13.4	13.7	1.3	1.3	1.4
LDCs	21.2	21.4	21.3	2.0	2.0	2.0	0.1	0.1	0.1
NFIDCs	45.1	46.3	47.3	3.7	3.7	3.7	0.3	0.3	0.3

[1] Dairy years starting April of the year stated.

[2] Dairy years ending June of the year stated.

[3] Dairy years ending May of the year stated.

Note: The solids content method is used to calculate milk equivalents. ME multiplication factors used: butter, 6.60; cheese (from whole cow milk), 4,40; cheese (from skim cow milk), 2.00; milk powder, 7.60. Regarding assumptions and approaches and in calculation of milk equivalents please refer to Bulletin of IDF 390 (March 2004).

Table A18. Sugar statistics *(million tonnes, raw value)*

	Production		Utilization	
	2004/05	2005/06	2004/05	2005/06
ASIA	**44.5**	**49.6**	**64.8**	**66.5**
China	10.1	10.0	13.0	13.4
India	13.0	19.0	20.2	20.7
Indonesia	2.3	2.3	4.0	4.1
Japan	1.0	0.9	2.4	2.3
Pakistan	3.2	3.2	4.1	4.3
Thailand	5.4	4.8	2.4	2.5
AFRICA	**9.9**	**10.6**	**14.1**	**14.5**
Egypt	1.5	1.6	2.6	2.7
Kenya	0.6	0.5	0.8	0.8
Mauritius	0.6	0.6	0.0	0.0
South Africa	2.2	2.5	2.6	1.6
Sudan	0.8	0.8	0.6	0.6
Swaziland	0.7	0.6	0.2	0.2
CENTRAL AMERICA	**12.7**	**12.2**	**8.9**	**9.1**
Cuba	1.4	1.4	0.7	0.7
Dominican Republic	0.6	0.5	0.3	0.4
Guatemala	2.2	2.0	0.5	0.5
Mexico	6.1	5.8	5.5	5.6
SOUTH AMERICA	**37.8**	**37.7**	**17.6**	**18.0**
Brazil	29.9	29.9	10.9	11.1
NORTH AMERICA	**7.4**	**7.1**	**10.4**	**10.5**
United States of America	7.3	7.0	9.1	9.1
EUROPE	**27.2**	**26.8**	**10.4**	**10.5**
European Union	22.1	21.3	18.1	18.1
Russian Federation	2.4	2.7	6.5	6.5
Ukraine	1.9	2.0	2.3	2.3
OCEANIA	**5.7**	**5.8**	**1.5**	**1.5**
Australia	5.4	5.4	1.2	1.2
Fiji	0.3	0.3	0.1	0.1
WORLD	**145.2**	**149.7**	**147.2**	**149.9**
Developing countries	101.9	106.9	99.5	102.0
Developed countries	43.3	42.8	47.7	47.9

Table A19. Selected international prices of wheat and coarse grains

	International Prices *(US$ per tonne)*					
	Wheat			Maize		Sorghum
Period	**US No.2 Hard Red Winter Ord. Prot.[1]**	**US Soft Red Winter No.2[2]**	**Argentina Trigo Pan[3]**	**US No.2 Yellow[2]**	**Argentina[3]**	**US No.2 Yellow[2]**
Annual (July/June)						
2001/2002	127	113	119	90	89	95
2002/2003	161	138	145	107	102	112
2003/2004	161	149	154	115	109	118
2004/2005	154	138	123	97	90	99
Monthly						
2005 – May	151	135	133	94	87	100
2005 – June	146	131	133	98	91	106
2005 – July	148	130	144	105	100	113
2005 – August	157	129	142	99	98	108
2005 – September	167	128	136	97	97	98
2005 – October	175	135	132	101	95	102
2005 – November	167	133	134	97	91	94
2005 – December	168	138	130	103	95	104
2006 – January	171	143	133	103	103	107
2006 – February	183	150	137	107	105	110
2006 – March	179	142	135	105	99	109
2006 – April	187	141	135	108	106	114
2006 – May	201	149	146	111	112	123

[1] Delivered United States f.o.b Gulf.

[2] Delivered United States Gulf.

[3] Up River f.o.b.

Sources: International Grain Council and USDA.

Table A20. Wheat and maize futures prices *(US$/tonne)*

	May		July		September		December	
	2005	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**
Wheat								
April 25	134	121	138	124	144	127	150	131
May 2	135	119	139	122	146	125	151	128
May 9	141	115	146	119	153	122	158	125
May 16	148	113	153	116	159	120	165	123
May 23	154	123	159	126	166	129	171	134
May 30	151	122	157	126	163	129	168	132
Maize								
April 25	95	87	100	90	105	93	108	96
May 2	96	82	100	85	105	89	109	92
May 9	94	82	98	85	104	89	108	92
May 16	102	81	106	85	111	89	115	92
May 23	100	88	104	91	109	95	113	98
May 30	100	87	105	91	110	94	114	97

Source: Chicago Board of Trade

Table A21. Selected international prices for rice and price indices

Period	International Prices (US$ per tonne)				FAO Indices (1998-2000=100)				
	Thai 100% B[1]	Thai broken[2]	US Long grain[3]	Pakistan Basmati[4]	Total	Indica		Japonica	Aromatic
						High quality	Low quality		
Annual (January/December)									
2002	197	151	207	366	72	73	75	67	74
2003	201	151	284	357	82	79	81	82	91
2004	244	207	372	468	104	101	110	104	96
2005	291	219	319	473	103	104	115	92	94
Monthly									
2005 – May	298	220	323	472	102	105	113	91	94
2005 – June	290	213	315	472	101	103	112	91	92
2005 – July	280	208	309	473	101	101	110	93	92
2005 – August	287	214	296	475	101	102	111	92	94
2005 – September	290	218	309	475	101	104	112	90	95
2005 – October	293	221	318	475	101	104	112	91	95
2005 – November	283	211	324	488	101	103	111	92	92
2005 – December	286	206	327	500	101	103	109	94	92
2006 – January	303	212	346	500	103	106	110	96	94
2006 – February	307	212	370	500	105	108	110	101	96
2006 – March	308	212	373	500	106	109	110	102	96
2006 – April	309	215	373	500	106	109	111	102	97
2006 – May	314	215	373	500	107	111	112	102	99

[1] White rice, 100% second grade, f.o.b. Bangkok, indicative traded prices.
[2] A1 super, f.o.b. Bangkok, indicative traded prices.
[3] US No.2, 4% brokens f.o.b.
[4] Basmati: ordinary, f.o.b. Karachi.
Note: The FAO Rice Price Index is based on 16 rice export quotations. 'Quality' is defined by the percentage of broken kernels, with high (low) quality referring to rice with less (equal to or more) than 20 percent brokens. The subindex for Aromatic Rice follows movements in prices of Basmati and Fragrant rice.
Sources: FAO for indices. Rice prices: Jackson Son & Co. (London) Ltd. and other public sources.

Table A22. Selected international prices for oilcrop products and price indices

Period	International Prices (US$ per tonne)					FAO Indices (1998-2000=100)		
	Soybeans[1]	Soybean Oil[2]	Palm Oil[3]	Soybean Cake[4]	Rapeseed Meal[5]	Oilseeds	Edible/Soap Fats/Oils	Oilcakes/ Meals
Annual (October/September)								
2001/02	201	411	357	175	129	95	84	111
2002/03	243	539	428	191	141	114	102	117
2003/04	322	632	488	257	178	143	118	144
2004/05	275	545	419	212	130	125	110	130
Monthly								
2005 – May	284	536	418	218	121	129	109	131
2005 – June	306	562	416	219	117	134	110	132
2005 – July	298	562	417	224	118	129	109	136
2005 – August	273	550	409	220	130	122	106	137
2005 – September	263	545	420	212	130	120	108	135
2005 – October	258	582	444	202	129	118	112	138
2005 – November	256	558	445	199	124	116	110	141
2005 – December	260	539	428	207	135	117	106	144
2006 – January	257	534	424	205	136	116	107	146
2006 – February	256	533	443	204	135	116	108	145
2006 – March	256	539	439	192	133	117	108	142
2006 – April	259	541	440	193	129	120	111	142
2006 – May	268	573	441	197	123	124	113	143

[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).*Note:* The FAO indices are calculated using the Laspeyres formula; the weights used are the average export values of each commodity for the 1998-2000 period. The indices are based on the international prices of five selected seeds, ten selected oils and fats and seven selected cakes and meals.
Sources: FAO and Oil World.

Table A23. Selected international prices for milk products and dairy price index

Period	International Prices *(US$ per tonne)*				FAO Dairy Price Index
	Butter[1]	Skim Milk Powder[2]	Whole Milk Powder[3]	Cheddar Cheese[4]	*(1998-2000=100)*
Annual (January/December)					
2002	1 056	1 380	1 389	1 690	86
2003	1 372	1 761	1 804	1 864	105
2004	1 788	2 018	2 021	2 611	130
2005	2 128	2 223	2 261	2 838	145
Monthly					
2005 – May	2 125	2 175	2 225	2 825	143
2005 – June	2 050	2 200	2 225	2 825	144
2005 – July	2 163	2 225	2 250	2 825	145
2005 – August	2 175	2 263	2 288	2 875	147
2005 – September	2 175	2 279	2 307	2 888	148
2005 – October	2 119	2 250	2 300	2 900	147
2005 – November	2 050	2 238	2 269	2 900	146
2005 – December	2 000	2 175	2 250	2 875	143
2006 – January	1 950	2 163	2 175	2 750	139
2006 – February	1 932	2 182	2 188	2 750	140
2006 – March	1 863	2 150	2 157	2 700	137
2006 – April	1 800	2 100	2 125	2 650	134
2006 – May	1 763	2 075	2 100	2 557	133

[1] Butter, 82% butterfat, f.o.b. Oceania; indicative traded prices.
[2] Skim Milk Powder, 1.25% butterfat, f.o.b. Oceania, indicative traded prices.
[3] Whole Milk Powder, 26% butterfat, f.o.b. Oceania, indicative traded prices.
[4] Cheddar Cheese, 39% max. moisture, f.o.b. Oceania, indicative traded prices.
Note: The FAO Dairy Price Index is derived from a trade-weighted average of a selection of representative internationally-traded dairy products.
Sources: FAO for indices. Product prices: Mid-point of price ranges reported by Dairy Market News (USDA).

Table A24. Selected international meat prices

Period	Pig Meat Prices *(US$ per tonne)*			Bovine Meat Prices (US$ per tonne)			
	USA	BRAZIL	JAPAN	USA	ARGENTINA	JAPAN	AUSTRALIA
Annual (Jan/Dec)							
2002	1 796	1 012	4 982	2 765	1 309	4 244	2 127
2003	1 886	1 112	5 320	3 396	1 484	5 022	2 110
2004	2 071	1 521	5 680	3 788	1 549	5 675	2 513
2005	2 161	1 868	5 134	4 173	1 673	5 764	2 617
Monthly							
2005 – March	2 376	1 883	6 158	4 186	1 557	5 863	2 639
2005 – April	2 327	1 930	4 962	4 232	1 724	5 876	2 607
2005 – May	2 296	1 938	5 018	4 384	1 687	5 731	2 678
2005 – June	2 418	1 896	4 910	4 475	1 704	5 775	2 660
2005 – July	2 209	1 911	4 796	3 860	1 627	5 627	2 706
2005 – August	1 926	1 819	4 884	4 103	1 743	5 797	2 646
2005 – September	1 991	1 801	4 774	3 899	1 766	5 754	2 651
2005 – October	2 052	1 860	4 614	4 182	1 641	5 658	2 568
2005 – November	1 983	1 858	4 499	4 025	1 783	5 596	2 579
2005 – December	1 883	1 817	4 530	4 301	1 868	5 635	2 541
2006 – January	2 053	1 834	4 642	4 430	1 972	5 786	2 505
2006 – February	1 900	1 820	4 513	4 341	1 918	5 615	2 524
2006 – March	1 858		4 527	4 233	1 833	5 508	2 447

Table A25. Selected international meat prices and fao meat price indices *(1998-2000=100)*

	Pig Meat Prices *(US$ per tonne)*			Bovine Meat Prices (US$ per tonne)			
Period	**USA**	**BRAZIL**	**JAPAN**	**USA**	**ARGENTINA**	**JAPAN**	**AUSTRALIA**
Annual (Jan/Dec)							
2002	1 796	1 012	4 982	2 765	1 309	4 244	2 127
2003	1 886	1 112	5 320	3 396	1 484	5 022	2 110
2004	2 071	1 521	5 680	3 788	1 549	5 675	2 513
2005	2 161	1 868	5 134	4 173	1 673	5 764	2 617
Monthly							
2005 – March	2 376	1 883	6 158	4 186	1 557	5 863	2 639
2005 – April	2 327	1 930	4 962	4 232	1 724	5 876	2 607
2005 – May	2 296	1 938	5 018	4 384	1 687	5 731	2 678
2005 – June	2 418	1 896	4 910	4 475	1 704	5 775	2 660
2005 – July	2 209	1 911	4 796	3 860	1 627	5 627	2 706
2005 – August	1 926	1 819	4 884	4 103	1 743	5 797	2 646
2005 – September	1 991	1 801	4 774	3 899	1 766	5 754	2 651
2005 – October	2 052	1 860	4 614	4 182	1 641	5 658	2 568
2005 – November	1 983	1 858	4 499	4 025	1 783	5 596	2 579
2005 – December	1 883	1 817	4 530	4 301	1 868	5 635	2 541
2006 – January	2 053	1 834	4 642	4 430	1 972	5 786	2 505
2006 – February	1 900	1 820	4 513	4 341	1 918	5 615	2 524
2006 – March	1 858		4 527	4 233	1 833	5 508	2 447

[1] Composition of the different indices:

Poultry Meat: USA - Broiler cuts, export unit value - Foreign Trade Statistics of the United States Census Bureau; Japan - Broiler Import Price, cif; Frozen, other than leg quarters - A.L.I.C.; Brazil - Export unit value for chicken, fob - A.B.E.F.

Pig Meat: USA - Export unit value for frozen product - Foreign Trade Statistics of the United States Census Bureau; Brazil –Export unit value for pig meat, fob – A.B.I.P.E.C.; Japan - Pork Import Price (cif): Frozen Boneless Cuts – A.L.I.C.

Bovine Meat: USA - Frozen beef, export unit value - Foreign Trade Statistics of United States Census Bureau; Japan - Beef Import Price (c.i.f.): Boneless Cuts, fresh or chilled – A.L.I.C.; Argentina: Export unit value of frozen beef cuts – S.A.G.P.yA.; Australia – (Up to Oct 02) cow forequarters frozen boneless, 85% chemical lean, cif United States port (East Coast) ex-dock, (From Nov 02) chucks and cow forequarters – World Bank.

Table A26. Selected international commodity prices

	Currency and Unit	Effective Date	Latest Quotation	1 month ago	1 year ago	Average 2000-2004
Sugar (I.S.A. daily price)	US cents per lb	11.05.06	17.28	17.46	8.44	7.59
Coffee (I.C.O. daily price)	US cents per lb	16.05.06	89.1	92.4	99.8	54.3
Cocoa (I.C.C.O. daily price)	US cents per lb	16.05.06	73.5	69.3	71.9	64.0
Tea (FAO Tea Composite Price)	US$ per kg	30.04.06	1.86	1.87	1.64	1.60
Cotton (COTLOOK, index "A" 1-3/32")	US cents per lb	05.05.06	54.65	57.95	56.60	55.68
Jute "BWD" f.o.b. Mongla at sight	US$ per Ton	28.04.06	440	440	360	279.13
Wool (64's, London)	Pence per kg	05.05.06	413	416	389	422

Table A27. Ocean freight rates for wheat *(US$/tonne)*

Period	From US Gulf ports to: EU[1]	CIS Black Sea[1,2]	Egypt[1]	Bangladesh[1]
Annual (July/June)				
2001/2002	10.99	40.97	15.00	18.50
2002/2003	12.45	40.97	16.67	22.50
2003/2004	28.27	41.89	36.96	48.50
2004/2005	34.50	41.18	46.50	65.42
Monthly				
2005 – April	38.00	44.00	48.00	80.00
2005 – October	24.00	35.00	35.00	49.00
2005 – November	23.00	35.00	35.00	49.00
2005 – December	20.00	34.00	34.00	48.00
2006 – January	21.00	29.00	28.00	42.00
2006 – February	18.00	29.00	28.00	42.00
2006 – March	19.00	29.00	30.00	43.00
2006 – April	19.00	29.00	30.00	43.00

[1] Size of vessels: EU over 40 000 tonnes; CIS 20 000-40 000 tonnes; Egypt over 30 000 tonnes; Bangladesh over 40 000 tonnes.

[2] Excludes CIS and the United States flag vessels.

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

Source: International Grains Council.

Table A28. Fertilizer spot price ranges *(bulk f.o.b., US$/tonne)*

	April 2006	May 2006[1]	April 2005	Change from last year[2] *(percentage)*
Urea				
Baltic	247 - 250	236 - 240	243 - 249	1.1
Persian Gulf	258 - 262	256 - 260	249 - 257	2.8
Ammonium Sulphate				
eastern Europe	80 - 83	78 - 81	83 - 87	-4.1
Diammonium Phosphate				
North Africa	252 - 263	255 - 263	237 - 255	4.7
US Gulf	259 - 263	269 - 271	223 – 225	16.6
Triple Superphosphate				
North Africa	176 - 183	177 - 183	176 - 184	-0.1
US Gulf	200 - 201	200 - 201	201 - 202	-0.3
Muriate of Potash				
Baltic	162 - 180	163 - 180	137 - 165	13.3
Vancouver	168 - 190	165 - 190	143 - 160	18.3

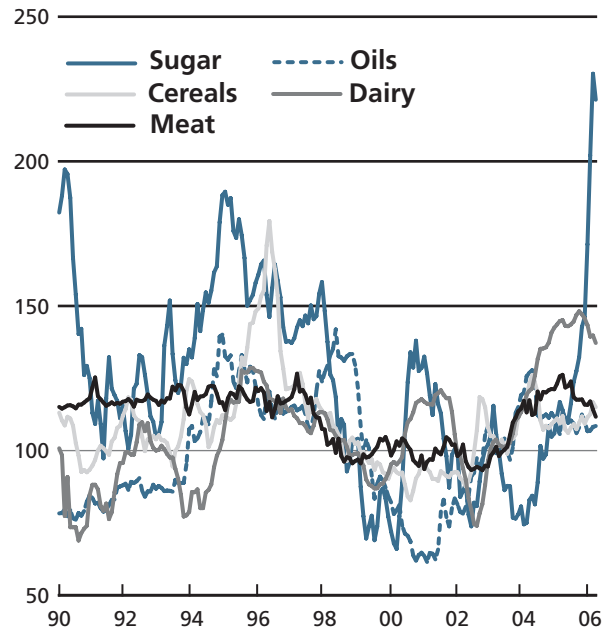
[1] Up till mid-May.

[2] From mid-point of given ranges.

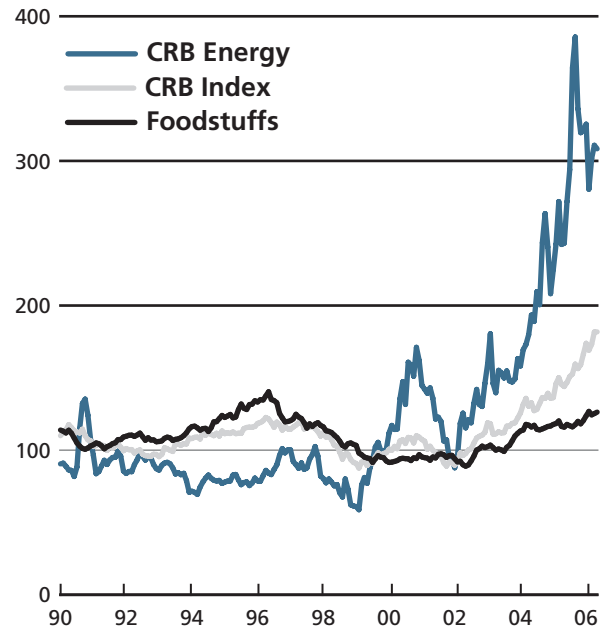
Sources: Fertilizer Week and Fertilizer Market Bulletin.

Market indicators and food import bills

FAO price indices for selected commodities



FAO food price index and CRB commodity and energy indices



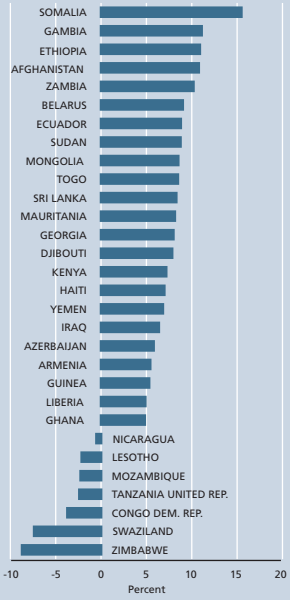
Forecast import bills of total food and major foodstuffs (US$ million)

	World		Developing		LDC		LIFDC		NFIDC	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
TOTAL FOOD	**379 410**	**388 053**	**115 448**	**119 557**	**8 506**	**9 070**	**56 352**	**60 192**	**14 002**	**14 653**
Wheat	24 233	25 435	15 924	16 864	2 439	2 189	9 687	9 674	3 025	3 145
Coarse Grains	17 566	18 645	9 134	9 650	348	324	2 885	2 944	1 568	1 633
Rice	8 918	9 017	6 116	6 134	1 231	1 250	3 309	3 359	614	625
Vegetable Oils	69 092	71 122	34 405	35 428	1 957	1 973	21 386	21 820	3 738	3 824
Dairy	40 850	40 145	11 032	10 889	716	704	4 124	4 141	1 238	1 223
Meat	65 005	64 111	10 792	10 907	562	566	3 670	3 786	947	1 000
Sugar	13 844	18 131	5 729	7 503	859	1 125	3 630	4 754	830	1 087
Other	139 902	141 447	22 316	22 183	394	938	7 660	9 714	2 042	2 117

Should the current forecasts for food trade, aid and prices for 2006 materialize, the economically vulnerable and food deficit regions could face more elevated import bills this year than last. Import bills for LDCs and LIFDCs are both forecast to rise by approximately 7 percent, much higher than the global average.

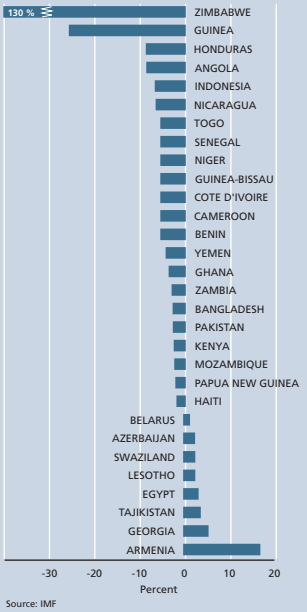
Changes in food import bills of selected LIFDCs: 2006 over 2005 (%)

Out of some 82 LIFDCs, most face higher import bills in 2006 compared with 2005. For many of the LIFDCs, which remain heavily dependent on imported staples, higher import prices of cereals imply higher overall food import costs. A few countries are expected to receive larger food aid.



Annual Change in Exchange Rates of Selected LIFDCs Against the US Dollar (as of May 2006)

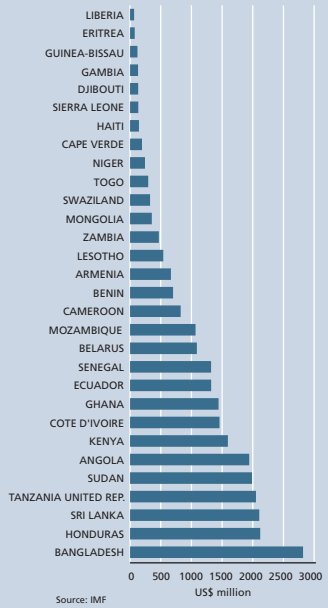
Currencies of many LIFDCs depreciated against the US dollar making their imports more expensive. In contrast, several CIS countries have seen their currency appreciate.



Source: IMF

Estimated Foreign Exchange Reserves in Selected LIFDCs (as of May 2006)

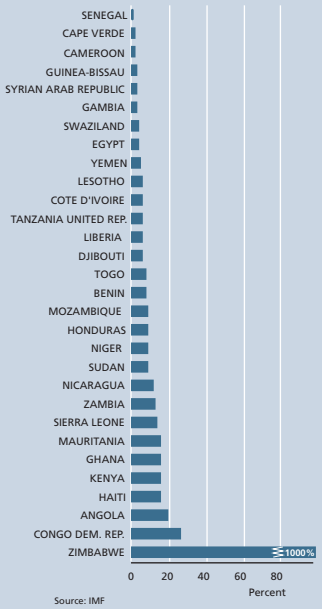
Many countries situated in Africa have very low reserves of foreign exchange. For them, the burden of imports is most severe.



Source: IMF

Selected Annual Consumer Price Indices (as of May 2006)

Zimbabwe leads with the highest CPI, recently breaking the 1 000 percent threshold, but for many other countries, inflation rates are contained in the range between 5 to 10 percent.



Source: IMF

Symposia Announcement: FAO Headquarters, Rome, 14-15 November, 2006

In conjunction with the 21st Session of the FAO Intergovernmental Group on Meat and Dairy Products, experts and policy makers will discuss policy options for disease prevention and the importance of marketing and policy changes to dairy producer at the following two symposia:

Market and Trade Dimensions of Trans-Boundary Animal Disease Prevention and Control (Tuesday, 14 November 2006)

Dairy Value Chains and Comparative Marketing Systems (Wednesday, 15 November 2006)
More information will soon become available at the following web site: http://www.fao.org/es/esc/en/20953/21014/index.html

Any inquiries should be directed to: Nancy Morgan, Commodity Specialist for Meat Trade
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Registration required

NOTE: Food Outlook is issued under the Global Information and Early Warning System on Food and Agriculture, by collaboration among Services of the Commodities and Trade Division and other FAO units. The International Grain Council Contributes the Ocean Freight Rates section. Food Outlook provides information on latest developments in agricultural markets and sets the global and regional commodity production, utilization, trade and price context for food security, and will be published twice a year in June and December. This issue is based on information available up to 22 May 2006.

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