November 2007

Food Outlook

Global Market Analysis

FOCUS

HIGH PRICES AND VOLATILITY IN AGRICULTURAL COMMODITIES

Agricultural commodity prices rose sharply in 2006 and, in some cases, are soaring at an even faster pace this year. The FAO food price index rose by 9 percent in 2006 compared to the previous year. In September 2007 it stood at 172 points, representing a year-on-year jump in value of roughly 37 percent. The surge in prices has been led primarily by dairy and grains, but prices of other commodities, with the exception of sugar, have also increased significantly.

High price events, like low price events, are not rare occurrences in agricultural markets although often high prices tend to be short lived compared to low prices, which persist for longer periods. What distinguishes the current state of agricultural markets is rather the concurrence of the hike in world prices of, not just a selected few, but of nearly all, major food and feed commodities. As has become evident in recent months, high international prices for food crops such as grains continue to ripple through the food value/supply chain, contributing to a rise in retail prices of such basic foods as bread or pasta, meat and milk. Rarely has the world felt such a widespread and commonly shared concern about food price inflation, a fear which is fuelling debates about the future direction of agricultural commodity prices in importing as well as exporting countries, be they rich or poor.

The price boom has also been accompanied by much higher price volatility than in the past, especially in the cereals and oilseeds sectors. Increased volatility highlights the prevalence of greater uncertainty in the market. Supply tightness in any commodity market often raises price volatility in that market. Yet, the current situation differs from the past in that the price volatility has lasted longer, a feature that is as much a result of supply tightness as it is a reflection of ever-stronger relationships between agricultural commodity markets and other markets.

(Continued in Special Feature on Agricultural Commodity Prices)

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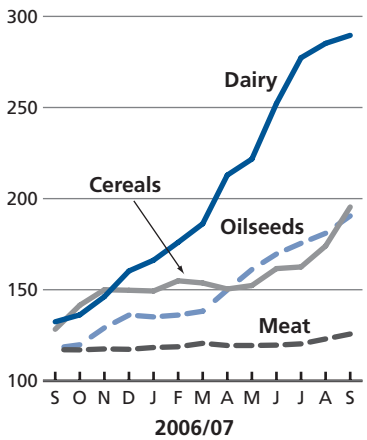
FAO food price indices (1998-2000=100)



MARKET SUMMARIES

CEREALS

Turbulent conditions are prevailing in world cereal markets. For most cereals, supplies are much tighter than in recent years while demand is rising for food as well as feed and industrial use. Stocks, which were already low at the start of the season, are likely to remain equally low because global cereal production may only be sufficient to meet expected world utilization. International prices of cereal have risen, fuelling domestic food price inflation in many parts of the world. Trade is expected to contract because of high and volatile prices, coupled with soaring freight rates. In spite of lower imports, many countries are expected to still pay more for purchasing cereals from world markets than they did in previous years.

World cereal market at a glance

	2005/06	2006/07 *estim.*	2007/08 *f'cast*	Change: 2007/08 over 2006/07
	million tonnes			%
WORLD BALANCE				
Production	**2 051.4**	**2 009.4**	**2 108.9**	**5.0**
Trade	**246.6**	**255.4**	**251.5**	**-1.5**
Total utilization	**2 037.6**	**2 062.4**	**2 105.0**	**2.1**
Food	982.5	997.5	1 008.7	1.1
Feed	748.7	735.9	739.6	0.5
Other uses	306.4	329.0	356.6	8.4
Ending stocks	**471.4**	**428.0**	**427.0**	**-0.2**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World *(kg/year)*	152.2	152.7	152.6	-0.1
LIFDC *(Kg/year)*	156.9	157.2	157.0	-0.1
World stock-to-use ratio (%)	22.9	20.3	20.2	
Major exporters' stock-to-disappearance ratio (%)	19.2	15.0	13.5	

WHEAT

After repeated downward revisions of production forecasts in a number of major exporting countries, most notably Australia, world wheat output in 2007 is now forecast to rise by only 1 percent from the sharply reduced output in 2006. This relatively insignificant increase in production, coupled with already very low carryover stocks, has resulted in an extremely tight global market situation. As a result, wheat prices have continued rising since the start of the season, reaching record highs in September, and remaining generally strong and volatile in October. High wheat prices have translated into higher food prices in many countries, giving rise to numerous market interventions by governments, in the form of price controls, reduction of import barriers and/or imposition of export restrictions. Such measures are aimed at containing price increases and preventing consumption from falling. Nonetheless, several countries have had to cut their wheat imports, which have become increasingly expensive when considering that freight rates are also soaring. The forecast contraction in world trade and in total utilization levels is largely driven by the prevailing high world price levels.

World wheat market at a glance

	2005/06	2006/07 *estim.*	2007/08 *f'cast*	Change: 2007/08 over 2006/07
	million tonnes			%
WORLD BALANCE				
Production	**624.7**	**595.4**	**602.1**	**1.1**
Trade	**110.3**	**113.6**	**107.5**	**-5.4**
Total utilization	**619.7**	**621.0**	**618.7**	**-0.4**
Food	439.2	444.2	448.4	1.0
Feed	115.5	111.1	107.0	-3.7
Other uses	65.0	65.8	63.3	-3.7
Ending stocks	**179.9**	**159.2**	**142.6**	**-10.4**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World *(kg/year)*	68.1	68.0	67.8	-0.3
LIFDC *(Kg/year)*	58.8	58.7	58.5	-0.3
World stock-to-use ratio (%)	29.0	25.6	22.5	
Major exporters' stock-to-disappearance ratio (%)	23.8	15.7	10.0	

MARKET SUMMARIES

COARSE GRAINS

While recent reductions in international prices of leading coarse grains have somewhat shifted the spotlight away from coarse grains to other crops, the overall supply and demand balance for most coarse grains remains tight in spite of record production this year. Strong demand for animal feed as well as for ethanol is the main driver in global coarse grain markets but supply tightness in several exporting countries is also providing support to prices. International prices have declined in recent months but they still remain well above the previous season's levels. Trade is expected to increase despite high prices as high prices have, in part, been caused by higher import demand supported by shortages of feed wheat that have encouraged importers to switch to major coarse grains, especially maize and sorghum.

World coarse grains market at a glance

	2005/06	2006/07 *estim.*	2007/08 *f'cast*	Change: 2007/08 over 2006/07
	million tonnes			%
WORLD BALANCE				
Production	**1002.4**	**985.2**	**1 077.5**	**9.4**
Trade	**107.1**	**111.8**	**113.5**	**1.6**
Total utilization	**999.6**	**1 015.5**	**1 057.1**	**4.1**
Food	175.3	179.4	181.8	1.4
Feed	624.2	616.2	624.5	1.4
Other uses	200.1	220.0	250.7	14.0
Ending stocks	**186.0**	**162.1**	**176.8**	**9.1**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World *(kg/year)*	27.2	27.5	27.5	0.1
LIFDC *(Kg/year)*	28.3	28.5	28.7	0.6
World stock-to-use ratio (%)	18.3	15.3	17.0	
Major exporters' stock-to-disappearance ratio (%)	18.0	12.8	14.3	

RICE

Rice prices have continued to strengthen since January 2007, reflecting a tightening of market conditions in key exporting countries and a rebound in import demand, particularly in Asia. Yet, price gains were far smaller than for other agricultural commodities and partly sustained by a weakening of the US dollar. Although still provisional, global paddy production is forecast to rise marginally in 2007, constrained by extensive drought and flooding problems. Trade in rice is reckoned to expand by 2 percent in 2007, with a further 2 percent gain anticipated in 2008, sustained by strong import demand. Global rice stocks carried over from the 2007 season are now expected to increase slightly compared with 2006, but, because of a recent intensification of export restrictions, the tightness in world rice market conditions is not expected to ease soon.

World rice market at a glance

	2005/06	2006/07 *estim.*	2007/08 *f'cast*	Change: 2007/08 over 2006/07
	million tonnes			%
WORLD BALANCE				
Production	**424.3**	**428.7**	**429.3**	**0.1**
Trade	**29.2**	**29.9**	**30.5**	**1.8**
Total utilization	**418.3**	**425.9**	**429.2**	**0.8**
Food	368.0	373.9	377.6	1.0
Ending stocks	**105.5**	**106.8**	**107.6**	**0.7**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World *(kg/year)*	57.0	57.2	57.1	-0.2
LIFDC *(Kg/year)*	69.7	69.8	69.7	-0.1
World stock-to-use ratio (%)	24.8	24.9	24.8	
Major exporters' stock-to-disappearance ratio (%)	15.8	16.6	16.3	
FAO price index	**2005**	**2006**	**2007**	
(1998-2000=100)	107	117	133*	

* Jan-Oct 2007

MARKET SUMMARIES

OILSEEDS

Steadily rising for the last two seasons, prices of oilseeds and oilseed products have now reached record levels. The supply and demand outlook for 2007/08 points to continued price firmness. Current forecasts suggest an unprecedented fall in global oilseed production, mostly caused by a shift of plantings from soybean to maize in northern hemisphere countries. Meanwhile, global utilization of oilseed products is expected to keep expanding. Vegetable oils face growing demand, including from the biofuel industry, while rising consumption of livestock products and record feed grain prices are stimulating demand for oilmeals. Given the expected production shortfall, a sharp drop in inventories is expected, which will make prices in the oilseed complex firm and volatile. Over the next few months, markets will closely watch the development of soybean crops in South America. As for the coming 2008/09 season, planting prospects are very uncertain, as adjustments between the oilseed and grain markets are still going on.

World markets of oilseeds and products at a glance

	2005/06	2006/07 estim.	2007/08 f'cast	Change: 2007/08 over 2006/07
		million tonnes		%
TOTAL OILSEEDS				
Production	**403.5**	**416.6**	**402.8**	**-3.3**
OILS AND FATS [1]				
Production	**148.7**	**151.2**	**153.8**	**1.7**
Supply [2]	167.6	171.9	173.9	1.2
Utilization [3]	146.0	151.7	156.9	3.4
Trade [4]	72.3	76.1	79.2	4.1
Stock to utilization ratio (%)	14	13	11	
OILMEALS AND CAKES [5]				
Production	**101.0**	**106.3**	**102.0**	**-4.0**
Supply [2]	113.4	121.4	119.4	-1.6
Utilization [3]	98.3	101.8	107.7	5.8
Trade [4]	55.3	58.6	62.4	6.5
Stock to utilization ratio (%)	15	17	11	

For footnotes, see page 25.

SUGAR

World sugar prices have continued to weaken after the highs reached in 2006. The major factor behind the market weakness has been the rising production in traditional importing countries, which depressed import demand. World sugar production in 2007/08 is forecast to reach a new record, with developing countries accounting for most of the growth. The greatest increase in demand is expected among developing countries with strong economic performances, such as China and India. Consumption in developed countries is anticipated to remain relatively unchanged, due to low population growth and dietary concerns. For the remainder of 2007/08, world sugar prices are expected to remain weak.

World production and consumption of sugar

	Production		Consumption	
	2006/07 estim.	2007/08 f'cast	2006/07 estim.	2007/08 f'cast
	million tonnes, raw value			
WORLD	**164.5**	**169.1**	**153.5**	**157.0**
Developing countries	**124.3**	**128.5**	**104.5**	**107.6**
Developed countries	**40.3**	**40.5**	**48.9**	**49.5**
Asia	64.2	68.5	68.4	70.3
Africa	10.5	10.6	15.2	15.6
Latin America and the Caribbean	52.6	52.7	27.1	27.9
North America	7.8	7.9	10.7	10.9
Europe	24.1	23.9	30.6	30.8
Oceania	5.4	5.5	1.6	1.6

MARKET SUMMARIES

MEAT AND MEAT PRODUCTS

Global meat output is expected to grow by 1 percent only in 2007, constrained by rising feed costs and a massive culling of pigs in China. An increasing meat demand, particularly from developing countries, is underpinning the production expansion worldwide. Reductions in import restrictions are anticipated to push up global trade in meat products by 1.5 percent in 2007. Overall, the rise in global meat exports is expected to be met by the developing countries as supplies in the developed economies have been affected by poor weather, high feed costs and cyclical herd rebuilding. Reflecting a tightening of supply and demand conditions, the FAO meat price index has been recovering since mid-2006, gaining 4.2 percent between January and August 2007.

World meat markets at a glance

	2005	2006 estim.	2007 f'cast	Change: 2007 over 2006
	million tonnes			%
WORLD BALANCE				
Production	**269.3**	**275.7**	**278.3**	**1.0**
Bovine meat	64.5	66.2	67.1	1.3
Poultry	82.9	83.7	86.2	3.0
Pigmeat	103.7	106.9	105.8	-1.0
Ovine meat	12.9	13.6	13.8	2.1
Trade	**20.6**	**21.1**	**21.4**	**1.5**
Bovine meat	6.6	6.8	7.0	2.5
Poultry	8.2	8.1	8.2	1.3
Pigmeat	4.8	5.0	5.0	0.7
Ovine meat	0.8	0.8	0.8	-0.3
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World *(Kg/year)*	39.5	40.0	40.0	0.0
Developed *(Kg/year)*	58.6	59.0	59.3	0.6
Developing *(Kg/year)*	31.0	31.6	31.6	-0.1
FAO Price Index *(1998-2000=100)*	121	115	120[1]	

[1] Jan-Aug 2007

DAIRY

International prices of dairy products continued their unprecedented surge that began in late 2006. By September 2007, the FAO dairy price index peaked to an all time high, some 120 percent more than in September 2006. The price surge has resulted from a series of production shocks in some major exporting countries, which have cut their milk supplies, and strong import demand, especially from developing countries. Stocks held by key suppliers, such as the European Union and the United States, have fallen to record low levels, giving further support to prices. Constrained by stagnant milk production growth in major exporting countries, milk product trade is expected to decline marginally in 2007. Global milk production, which is expected to increase 2.3 percent in 2007, may experience further growth in 2008, as high international prices are inducing high domestic prices in key producing areas, stimulating a further expansion of the sector.

World dairy markets at a glance

	2005	2006 estim.	2007 f'cast	Change: 2007 over 2006
	million tonnes milk equiv.			%
WORLD BALANCE				
Total milk production	646.5	662.7	678.2	2.3
Skim Milk Powder (SMP)	22.3	22.3	22.3	-0.3
Whole Milk Powder (WMP)	22.1	22.2	21.8	-1.6
Butter	55.8	58.4	61.1	4.6
Cheese	83.2	84.6	87.1	3.0
Other products	463.0	475.2	485.9	2.3
Total trade	46.0	47.3	46.7	-1.4
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World *(kg/year)*	93.8	95.1	96.2	1.2
Developed countries *(Kg/year)*	173.5	174.3	175.3	0.6
Developing countries (Kg/year)	61.2	63.0	64.6	2.6
Trade - share of prod. (%)	7.1	7.1	6.9	
FAO Price Index	145	138	230*	

*Jan-Sept 2007

MARKET SUMMARIES

FISH AND FISHERY PRODUCTS

Production in fish and fishery products is set to expand in 2007, largely on the back of rising output from aquaculture. There is an expectation that aquaculture will soon account for 50 percent of total food fish supply. Trade in fish and fishery products is also foreseen to rise in 2007, on account of buoyant demand in the major markets of the European Union and the United States. By contrast, import demand in Japan continues to follow a long-term downward trend, with an anticipated reduction in deliveries to the country in 2007. China confirms its status as the principal supplier of fish products to the global market place, but at the same time, the country's relevance as a major importer of fish products is growing. Contrasting price trends are emerging in the fish sector. Following a drop in catches, prices of tuna are expected to remain high for the foreseeable future, much to the consternation of the canning industry. Squid prices are also high, but the major commodity in international trade, shrimp, is in ample supply and quotations remain subdued in all markets. Similarly, farmed-salmon production is on the rise, suppressing prices, particularly in the European Union market. Wild ground fish resources are under pressure and with falling supplies, prices have risen, creating opportunities for white-fish substitutes from aquaculture, especially catfish and tilapia from Asia.

World fish markets at a glance

	2005	2006 *estim.*	2007 *f'cast*	Change: 2007 over 2006
		million tonnes		%
WORLD BALANCE				
Production	**141**	**141**	**143**	**1.4**
Capture fisheries	93	91	91	0.0
Aquaculture	48	50	52	4.0
Trade value (exports bill. US$)	78	86	93	8.1
Trade volume (live weight)	57	55	54	-1.6
Total utilization				
Food	108	112	115	2.6
Feed	23	18	17	-5.6
Other uses	10	11	11	0.0
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
Food fish *(kg/year)*	16.7	17.2	17.4	1.2
From capture fisheries *(kg/year)*	9.3	9.5	9.5	0.0
From aquaculture *(kg/year)*	7.4	7.7	7.9	2.6

FOOD IMPORT BILL

At US$745 billion, the global cost of imported foodstuffs in 2007 would be some 21 percent more than the previous year and the highest level on record. Much of the anticipated growth would be fuelled by higher expenditures on grain based products, in spite of expected net reductions in imported volumes of these foodstuffs. Soaring prices are to blame, especially for wheat, but also freight costs, which have doubled since last year, putting additional pressure on the ability of countries to cover their import expenditures. The combination of rapidly rising prices and record freight rates are also behind much higher global bills for imported dairy products and vegetable oils.

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

	World		Developed		Developing		LDC		LIFDC		NFIDC	
	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
TOTAL FOOD	**614 887**	**744 777**	**429 358**	**511 963**	**185 529**	**232 814**	**13 362**	**15 937**	**86 473**	**107 236**	**23 392**	**28 000**
Cereals	174 399	240 784	104 990	147 181	69 410	93 603	5 683	7 185	29 450	38 258	9 813	14 242
Vegetable Oils	70 956	96 100	35 906	48 864	35 050	47 236	1 945	2 659	22 884	32 107	4 087	5 507
Dairy	43 666	71 916	30 736	50 638	12 930	21 278	801	1 302	4 924	8 115	1 697	1 390
Meat	77 865	82 447	61 059	63 413	16 806	19 034	810	915	6 013	7 317	1 288	1 488
Sugar	32 975	21 755	19 103	10 492	13 871	11 263	1 753	1 249	7 587	4 525	3 001	1 661

Market Assessments

This issue is based on information available up to October 2007

Market assessments

CEREALS

Poorer crop prospects and tight supplies keep prices at high levels

FAO's latest forecast for world cereal **production** in 2007 stands at 2 109 million tonnes (including rice in milled terms), considerably less than was forecast earlier in June but still about 5 percent up from the previous year's harvest. The downward revision since June mostly concerns wheat, as some of the world's main crops have been severely compromised by drought conditions, especially in eastern Europe and Oceania. While prospects for coarse grain crops in these drought-affected areas also deteriorated, upward revisions elsewhere, particularly for maize in the United States, have raised the forecast for world coarse grain output to a slightly higher level than was expected in June. The expectation that the bulk of the increase in the aggregate 2007 cereal crop would come from just one commodity, namely maize, is also confirmed. World cereal **utilization** in 2007/08 is forecast to expand to 2 105 million tonnes, or over 2 percent above the previous season. Based on the latest forecasts for world production and utilization, global cereal **stocks** by the close of the seasons ending in 2008 are expected to remain at 427 million tonnes, unchanged from their reduced opening level and still the lowest since 1983. At the current forecast levels, the ratio of world cereal stocks to utilization is put at about 20 percent, also virtually unchanged from the previous season's low ratio and the smallest since the mid-1990s. World cereal **trade** in 2007/08 is currently forecast at around 252 million tonnes. At this level, world trade would be some 4 million tonnes, or 1.5 percent, below the volume in 2006/07. In spite of this anticipated decline, world cereal trade in 2007/08 would still be the second highest after last season's record. International **prices** for all major cereals remain high and some registered considerable gains from the previous season. Tight supply amid strong demand is the underlying factor for the continuing strength in prices of most cereals. This is particularly the case for wheat, the price of which soared to a record in late September and remained high and volatile in October.

WHEAT

PRICES

Wheat prices remain high

While in recent weeks international wheat prices have lost some ground from their record highs registered in late September, they are still 50 to 65 percent (depending on

Table 1. World cereal market at a glance

	2005/06	2006/07 *estim.*	2007/08 *f'cast*	Change 2007/08 over 2006/07
	million tonnes			%
WORLD BALANCE				
Production	**2 051.4**	**2 009.4**	**2 108.9**	**5.0**
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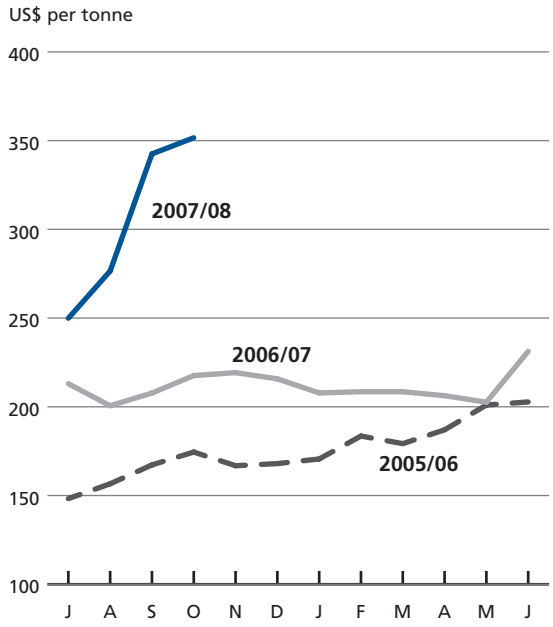
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	152.2	152.7	152.6	-0.1
LIFDC (Kg/year)	156.9	157.2	157.0	-0.1
World stock-to-use ratio (%)	22.9	20.3	20.2	
Major exporters' stock-to-disappearance ratio (%)	19.2	15.0	13.5	

Figure 1. Wheat price (US no. 2 H.R.W., delivered United States f.o.b. Gulf)



the type and origin) above last year. Low wheat stocks, compounded by repeated downward revisions of this year's production forecast in major exporting countries, most notably in Australia, have kept wheat prices at elevated levels. In addition, stronger trade activity in the early months of the season and developments in currency markets, also provided support. The current high prices have been accompanied by extreme volatility (refer to Special Feature on Agricultural Commodity Prices) mostly as a result of low world stocks and stretched export supplies. In October, the United States' **hard wheat** (HRW, No. 2, f.o.b.) averaged US$352 per tonne, up US$100 per tonne from its already high level at the start of the season and 60 percent more than last year. Recent weeks witnessed increases also in wheat export prices from other major origins.

The **wheat futures** prices for December delivery on the Chicago Board of Trade (CBOT) hit a record of US$350 per tonne on 28 September, mainly in reaction to a further reduction of the forecast for this year's Australian crop and the strong pace of export sales from the United States. However, by late October, wheat futures lost some of their earlier gains with prices for March 2008 delivery at the CBOT down to US$299 per tonne, albeit still 60 percent more than in the corresponding period last year. Most prices for nearby delivery remain high but favourable growing conditions in Argentina and generally higher winter plantings, helped also by the suspension of the 10 percent set-aside in the European Union, are likely to improve the supply situation in the coming months and result in lower prices by the middle of next year. In fact, wheat futures for July 2008 delivery are currently quoted at US$248 per tonne, already well below the delivery prices for December 2007 and even March 2008.

PRODUCTION

Wheat production prospects for 2007 deteriorate as year progresses

FAO's latest forecast for world wheat output in 2007 stands at 602 million tonnes, significantly below earlier expectations and representing an increase of just 1 percent from 2006. The forecast has been reduced since June on account of poorer results than earlier expected in some northern hemisphere countries and the deterioration of prospects for the seasons still to be concluded in the southern hemisphere. Of the crops already harvested, the largest deviation from expectation has been in **Europe**, where the latest estimates point to a 1.3 percent decline in production, contrasting with the early season prospect of a sizeable increase. The worst losses were encountered in the eastern parts of the region where several weeks of exceptionally hot and dry weather severely compromised yields. However, in some major producing northern countries, a combination of early summer dryness followed by excessively wet conditions

Figure 2. CBOT wheat futures for March

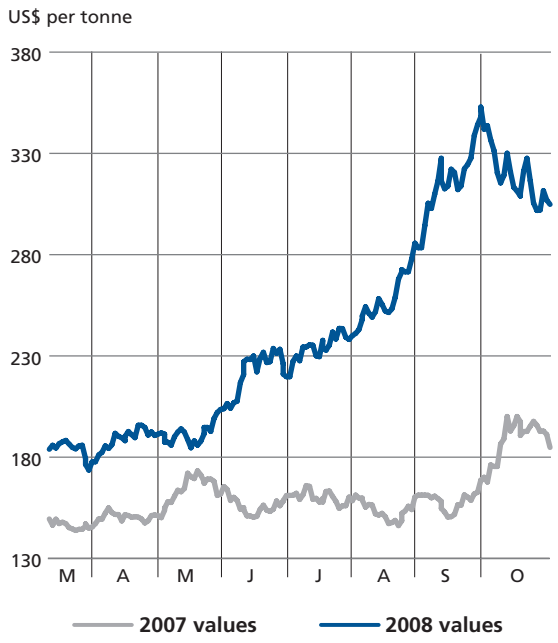
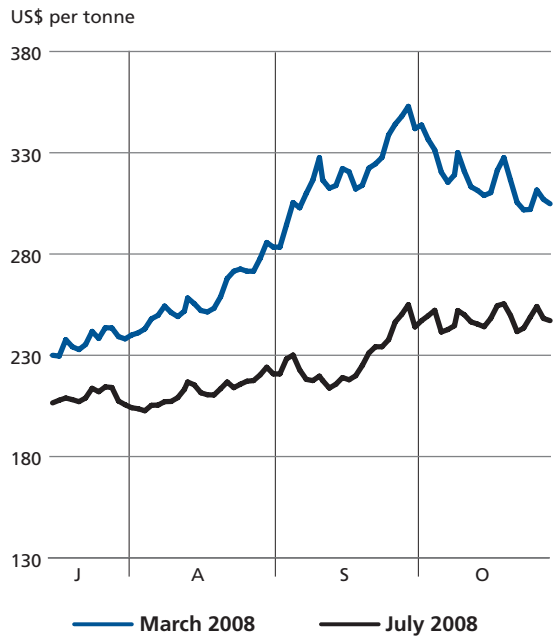


Figure 3. CBOT wheat futures for March and July



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World stock-to-use ratio (%)	29.0	25.6	22.5	
Major exporters' stock-to-disappearance ratio (%)	23.8	15.7	10.0	

also led to poorer results than earlier forecast. In North America, a downward revision has also been made in the latest estimate of this year's output in the **United States**; although the harvest is still good and sharply up from the previous year. A more substantial downward revision was made for **Canada**, where hot and dry conditions compounded the impact of reduced area. The latest estimate of the aggregate 2007 wheat output in **Asia** points to a good performance of the sector, exceeding that of last year despite a slight downward revision for **Pakistan** where, nevertheless, a bumper crop was harvested. Elsewhere in the northern hemisphere, drought devastated this year's wheat crop in **Morocco**. Despite about-average harvests elsewhere in North Africa, the subregion's aggregate output is sharply down from last year as well as from the average of the past five years. In the southern hemisphere, the bulk of the major 2007 wheat crops is yet to be harvested between now and the end of the year. In South America, aggregate output is forecast to increase by over 10 percent from 2006, with a recovery in **Brazil**, and contrary to earlier expectations, also a small increase now envisaged for **Argentina**. In **Oceania**, prospects for the wheat crop in **Australia** have deteriorated significantly over the growing season because of hot and dry weather, which set-in after planting in the major producing areas. Forecasts now point to a production level that is less than half of the amount expected at planting time.

Early prospects for production in 2008 are favourable

In many parts of the northern hemisphere the winter wheat crops for harvest in 2008 are already being planted, and with world wheat prices at high levels, a significant expansion in area is expected. In North America, conditions have been generally favourable in the **United States** and all indications point to a record area. Although no official decision has been made regarding an early release of land from the Conservation Reserve Programme (CRP), contracts on some 800 000 hectares of land have already reached their normal expiration date and therefore could be put back into production over the new season. In **Canada**, a significant increase in the relatively small winter wheat crop area has been reported, and early indications already point to a substantial increase in the main spring plantings next year, reversing the significant shift to oilseeds in 2007. In Europe, weather permitting, a large increase in the winter wheat area is also likely. The European Union suspension of its 10 percent obligatory set-aside requirement for the 2007/08 season could bring an estimated 3 million hectares of arable land back into production. Early indications from the large producing areas in eastern Europe also suggest that farmers intend to plant larger wheat areas if weather and inputs allow.

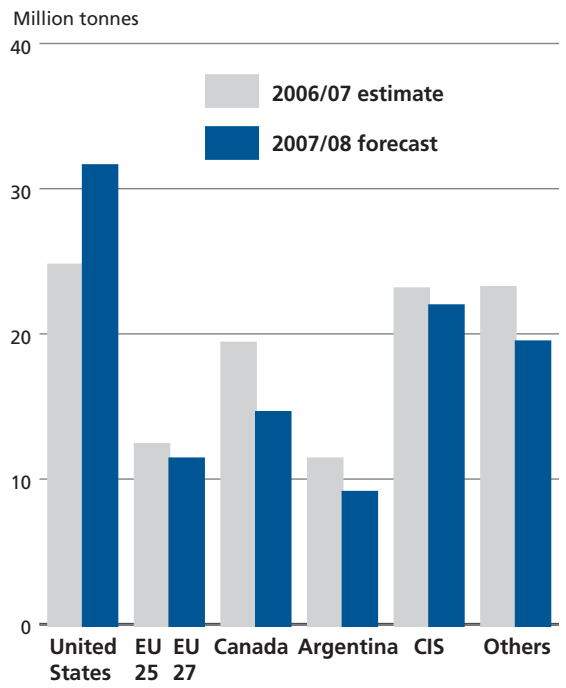
TRADE

Wheat imports decline amid tight export availability and strong prices

World trade in wheat in 2007/08 (July/June) is forecast to reach 107.5 million tonnes, down 6 million tonnes from the estimated record volume in 2006/07 and 1.5 million tonnes lower than FAO's first 2007/08 forecast published in the June report.

The reductions from the previous season as well as the cut in the forecast are primarily driven by the anticipated sharp decline in wheat imports by India. After importing a record 6.7 million tonnes of wheat in 2006/07, **India** is forecast to purchase no more than 2 million tonnes from world markets this season, against the initial forecast of 3 million tonnes. The surge in this season's world prices coupled with improvements in India's own supply situation, following a strong rebound in production and more comfortable inventory levels, are the reasons for anticipating smaller imports in 2007/08. In October, India also announced a ban on exports of wheat flour while prolonging the ban on wheat exports, already in place since February. On the eve of the new sowing season, the Government also decided to increase the price it pays farmers (the minimum support

Figure 4. Wheat exporters



price) by nearly 18 percent (to 1 000 rupees per 100 kg) to further boost plantings.

Among other countries in Asia, wheat purchases by **Indonesia** are expected to decline significantly by 600 000 tonnes, due to high world prices and reduced supplies in Australia, its main supplier. In contrast, several Asian countries are expected to increase their imports. Most notably, **Pakistan**, where imports are expected to increase by at least 500 000 tonnes from the previous season, to nearly 1 million tonnes. The Government is also reported to provide PRs 12 billion (around US$198 million) in subsidies on imported wheat to reduce the impact of high world prices. Larger imports are also anticipated for **Bangladesh** and **Yemen**, mainly to keep prices under control. Bangladesh suspended a 5 percent import duty on wheat in March to stimulate private imports. In September, **Yemen** signed a new bilateral agreement with Syria for imports of wheat from that country, which for this season stands at 50 000 tonnes. Slightly higher imports are forecast for **China**[1] (Mainland) where, based on recent reports, the Government wheat procurement under its minimum purchase programme is down 30 percent from the previous season, at nearly 29 million tonnes. Imports by the **Taiwan Province** are likely to remain stable following the decision to halve the import tariff on wheat and wheat flour, to 3.25 and 8.75 percent respectively.

Total wheat imports in Africa are forecast to increase mainly due to larger needs in Egypt and Morocco. In **Egypt**, this year's small decline in production and the rise in consumption are expected to result in at least 7.5 million tonnes imports, 500 000 tonnes more than in the previous season. To curb the impact of rising world prices, in September the Government also increased its subsidies for bread by almost 52 percent, to 3.7 billion Egyptian Pounds (roughly US$2.47 billion). Imports by drought-stricken **Morocco**, where production this year fell by 76 percent, are forecast to double to 3.5 million tonnes. In August, the country announced the suspension of customs duties on wheat imports in order to lessen the impact of rising world prices on domestic consumers. As a result of a decline in production, imports by **South Africa** are also forecast to increase sharply by over 60 percent to 1.3 million tonnes this season.

Imports by most countries in Central America are expected to remain unchanged from the previous season. The largest importer, **Mexico**, is forecast to purchase slightly less wheat from world markets this season due to higher domestic production. In South America, imports by **Brazil**, the world's second largest importer after Egypt, are forecast to decline by 1 million tonnes from the previous season to 6.5 million tonnes. This mostly reflects a strong rebound in production from last year's poor harvest.

Imports by most countries in Europe are likely to remain stable at the previous season's levels. In the **European Union**, imports are expected to remain large, at around 6.5 million tonnes, as domestic supplies remain tight, especially for feed. Reflecting the need to ease imports into the European Union, in early October the European Union Commission proposed a temporary suspension of import duties on all grains until June 2008, equivalent to €66.37 per tonne import levy for medium and low quality wheat. The Commission proposal also includes a removal of tariff-rate quotas currently in place for wheat and barley.

As high prices already indicate, this season's export supplies are proving exceptionally tight. Several exporting countries have less to export because of production shortfalls. Even in those instances where harvests and domestic supplies have been favourable, some are limiting exports fearing a rise in domestic prices if too much of their supplies were sold abroad. Among the major exporters, only the **United States** is forecast to increase its wheat shipments this season. Total exports by the **United States** are forecast to increase by nearly 7 million tonnes, or

[1] All subsequent references to China also refer to mainland China, unless otherwise specified.

28 percent, which would to some extent compensate reductions **in export sales** by other exporters. The increase in exports in the United States would be made possible by a strong rebound in domestic wheat production as well as a sharp drawdown on stocks. As of October, that is four months into the season, export sales from the United States already reached 84 percent of the current forecast for the full season. This rapid pace in sales was also driven by a falling US dollar, which made supplies from the United States particularly competitive.

The deterioration of crop conditions in **Australia**, as a result of the prolonged drought, is now expected to curb their exports to no more than 10 million tonnes. This would be at least 1 million tonnes below the previous season, when Australia suffered its worst drought in 100 years, and at least 5 million tonnes below the average annual export level from Australia in previous years. Exports from **Argentina** are likely to decline by 2 million tonnes to no more than 9 million tonnes on a July/June basis, as the Government has halted export registration for wheat and wheat flour (as well as for several other commodities) since March in response to rising domestic flour and bread prices, on the one hand, and the fast pace in export declarations on the other. By March, the declared export commitments had reached nearly 8.7 million tonnes, of which almost 3.5 million tonnes were destined to Brazil. However, with the new harvests approaching and given the improvements in this year's crop prospects, Argentina is expected to resume exports soon. Wheat exports from **Canada** are forecast to decline by almost 5 million tonnes this season. This would be the lowest level in five years driven mainly by a sharp drop in this year's production and very low carryover stocks. In the **EU-27**, a rundown of inventory levels and a reduction in this year's production, mostly driven by unfavourable climatic conditions during the decisive growing months in spring, are expected to result in wheat exports of only 11 million tonnes. This compares to already low exports of just over 12 million tonnes in the previous season from the EU-25.

Export supplies in most other exporting countries are also generally hampered by lower production and rising domestic prices. **Turkey** is forecast to halve its exports to 1 million tonnes, as a result of a severe drought. Also because of drought, exports from **Syria** are forecast to decline sharply from the previous season's peak of 1.5 million tonnes to only 300 000 tonnes. According to the Government, most of this year's sales to Egypt, Jordan, and Yemen (Syria's main markets) are likely to be drawn from its strategic reserves.

Among the Commonwealth of Independent States (CIS) countries, wheat exports from t**he Russian Federation**, which has harvested larger crops this year, are expected to match those of last season at around 11 million tonnes. Driven by large export sales during July-September, domestic prices have risen and, in response, the Government is reported to be considering an increase in the current 10 percent tariff on wheat exports. Moreover, large exports amid rising domestic prices have led the Government to announce in October a possible establishment of a state-run corporation, in order to enhance its control over the overall supply situation, especially with regard to exports. Similarly, in **Kazakhstan**, in spite of another bumper crop this year, exports are likely to remain unchanged, at around 8.5 million tonnes. Also confronted with rising domestic prices, the Government in early October announced that domestic exporters would have to sell 20 percent of their exports on the domestic market. Due to a production shortfall for the second consecutive year and low stocks, **Ukraine** has imposed prohibitive export quotas since the beginning of the season, recently extended to March 2008. This is expected to limit exports for the season to no more than 1.5 million tonnes; about one-half of the already sharply reduced level in 2006/07.

UTILIZATION

Wheat utilization to contract on lower feed use

Global wheat utilization is forecast to reach 619 million tonnes in 2007/08, down marginally (0.4 percent), from the estimated total use level in 2006/07. Tight supplies and high prices are expected to drive down **feed** utilization of wheat by over 4 million tonnes, or 3.7 percent, to 107 million tonnes, the lowest level since 2003/04. The forecast decline in the use of wheat for animal feed is mostly concentrated in several CIS countries as well as in Australia, Canada and the European Union.

Total **food** consumption of wheat is forecast to reach 448 million tonnes, up by only 4 million tonnes, or just below 1 percent, from 2006/07. As this is less than the anticipated growth in world population, world wheat consumption, on a per caput basis, would also decline slightly, from 68 kg in 2006/07 to 67.8 kg in 2007/08. The high prices, which have caused this situation, this year are expected to reduce consumption, especially among the low income countries. Among all the regions, the negative impact of high prices is expected to be most pronounced in Africa, where several countries are likely to cut their wheat utilization by more than 1 kg. Rising prices are also affecting richer countries such as Japan, the Russian Federation and many countries in Europe. Bread prices in Japan have gone up for the first time in more than two decades. In Japan, the Government is the sole importer of wheat so the recent decision by the Government

to increase the price of the imported wheat it sells to millers by 10 percent is seen as the main reason for the recent increases in prices for bread and other wheat products.

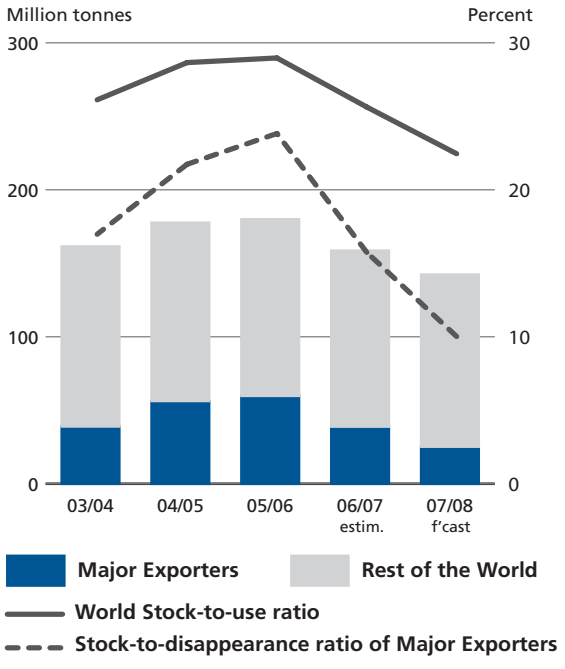
STOCKS

Lowest wheat stocks since 1982

World wheat stocks by the close of the crop seasons in 2008 are forecast to exceed 142 million tonnes, 17 million tonnes, or 10 percent, below the already low opening levels and the smallest since 1982. At this level, world wheat stocks-to-use ratio is forecast to reach 22.5 percent; again below the reduced level in 2006/07 and the lowest since the early 1980s. The drawdown of wheat reserves for the second consecutive season reflects a continuation of strong demand amid insufficient increases in world production. The drawdown is expected to be most pronounced among the major exporting countries, which are also among the leading stock holders. Total wheat stocks held by major exporters are forecast to fall to 25 million tonnes, down around 14 million tonnes from their opening levels. At this level, the ratio of the major exporters' stocks-to-disappearance (defined as their anticipated exports plus domestic consumption) would stand at a historical low of only 10 percent. The drop in stocks is expected to prove most significant in the case of **Australia**, which is suffering from a prolonged drought for the second consecutive year. Reduced inventories are also forecast for **Argentina**, **Canada** and the **European Union**. In spite of a sharp rebound in its production, stocks in the **United States** would still fall significantly in order to sustain increased export this season. As a result, ending stocks in the United States are forecast at roughly 8 million tonnes, the smallest in more than three decades and 2 million tonnes below the previous low registered in the mid-1990s. At this level, the stocks-to-use ratio in the United States would stand at around 29 percent, the lowest in more than three decades, while its stocks-to-disappearance ratio, would barely exceed 13 percent, the lowest since 1990.

Among other countries, inventories are anticipated to increase in only a few cases, notably in **India**, sustained by a rise in this year's production and large imports before the start of the season, and in **China**, following a 2.5 percent expansion in domestic production from the previous season. However, sharply lower stocks are forecast for several countries, especially **Egypt**, **Iraq, Kazakhstan**, **Morocco**, the **Republic of Serbia** and **Turkey**. **Serbia** signed a protocol in October with **Bosnia and Herzegovina** on strengthening cooperation between the two countries with regard to their respective trade and stock policies. Following this year's drought reduced production, which has driven down grain stocks, Serbia has agreed to provide its stockpile facilities to Bosnia and the two countries will also cooperate with each other on their procurement activities instead of extending the current imposition of export quotas on wheat and maize.

Figure 5. Wheat stocks and ratios



COARSE GRAINS

PRICES

Coarse grain prices have come down but remain above last year

Driven by strong demand and tight export supplies, international prices of coarse grains remain high compared with the previous season, despite record production growth. In the **maize** market, prices started to rise sharply from the middle of the previous season and peaked to a ten-year high in February 2007 because of significant supply shortage in the face of very strong demand for the production of ethanol in the United States. However, high maize prices last season gave way to a substantial increase in plantings and this, together, with favourable weather conditions, boosted world output this year. The most significant increase occurred in the United States, the world's largest maize producer, where production is forecast to reach a record; therefore giving

rise to higher stocks and larger exports. A bumper crop in Brazil also helped in making more supplies available for trade this season. The United States' yellow maize (US No. 2 delivered US Gulf) averaged US$163 per tonne in October, down 12 percent from July but still US$22 per tonne, or 16 percent, above the average price in October 2006.

Strong maize prices, combined with rising wheat prices, have pushed up the values of most other feed grains this season. Feed **Barley** prices have increased the most, trading between 60 to 80 percent above last year levels, depending on origin, reflecting a very tight world balance following production shortfalls in a number of countries and restricted supplies from Ukraine, a leading barley exporter. Also **sorghum** has benefited from higher prices this season. Strong import demand from the European Union has been the main factor behind a roughly 20 percent year-on-year increase in sorghum export values.

In the **futures market**, feed shortages continue to sustain prices of most coarse grains at their current high levels. Occasional spill over effects from the buoyant wheat market also provide support. By late October, the CBOT March maize 2008 futures stood at US$151 per tonne, some US$20 above the corresponding period in 2007.

Figure 6. Maize price (US no. 2 yellow, delivered United States Gulf)

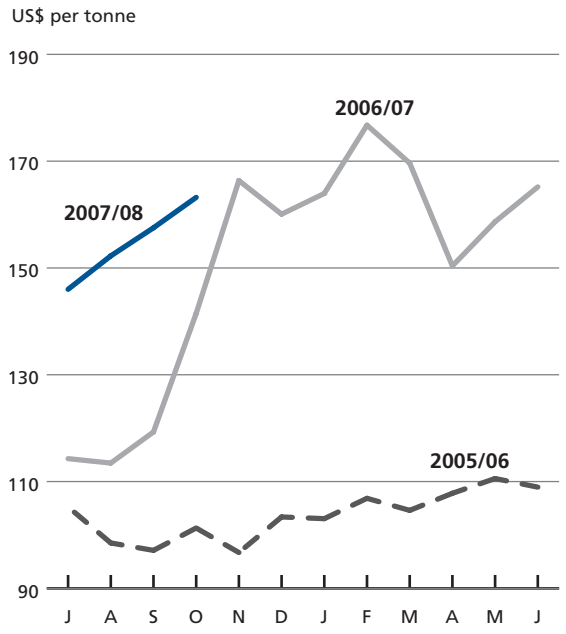
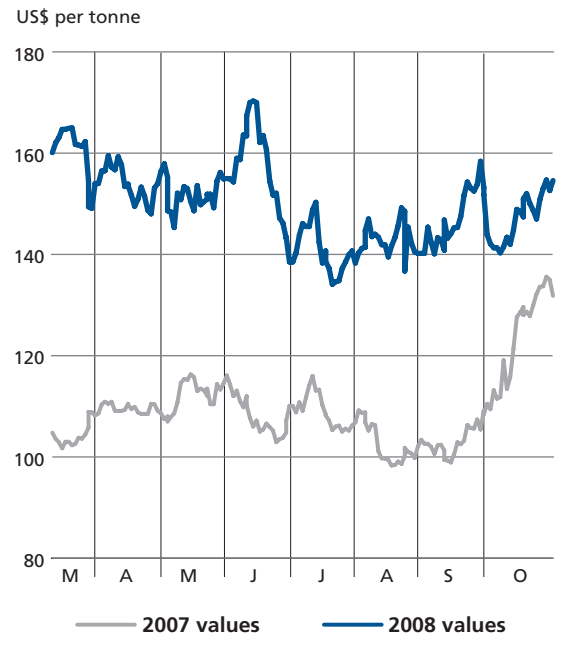


Figure 7. CBOT maize futures for March



PRODUCTION

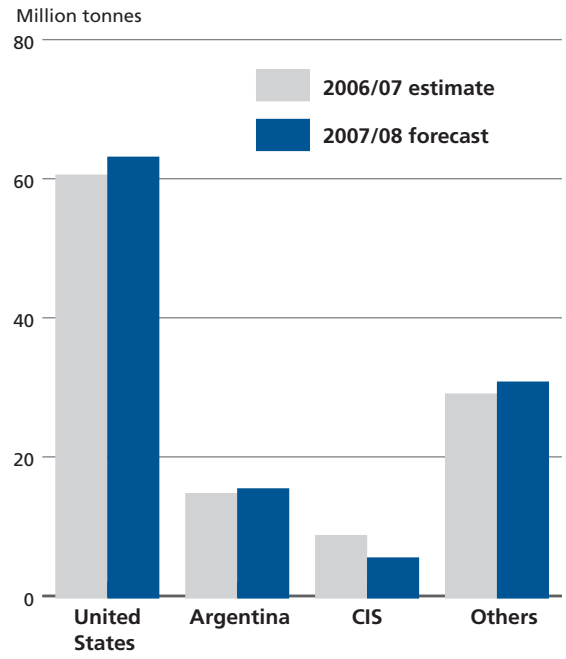
Record coarse grain production in 2007

FAO's forecast for world production of coarse grains in 2007 remains almost unchanged since the previous report in June at 1 077 million tonnes, up 9 percent from last year and a record high. The bulk of the increase is expected in **maize**, which accounts for some 70 percent of total coarse grain production, with output set to reach a record 781 million tonnes in 2007. A record crop is being harvested in the **United States,** following the sharp expansion in plantings in response to high prices and strong demand from the biofuel industry. Bumper crops have also been harvested in **South America**, reflecting increased plantings and favourable growing conditions that led to exceptional high yields. The secondary crop just gathered in **Brazil** was estimated at 25 percent above last year's already good level. A record crop is also expected in **Central America**, where plantings expanded in **Mexico**, the major producer. Elsewhere, the 2007 maize crops are seen to remain relatively unchanged in **Asia** and **Africa**, while unfavourable dry and hot conditions have compromised the crops in **Europe** and **Australia**, where declines in production are expected. With regard to the first of the major **2008 maize** crops, planting of the important summer crop is already underway in **South America**. Early indications point to a continued expansion in area because of the incentive of attractive returns relative to other crops. However, with soil moisture levels reported to be limited in mid-September, additional precipitation will be needed for farmers to fulfil their planting intentions.

Table 3. World coarse grains market at a glance

	2005/06	2006/07 *estim.*	2007/08 *f'cast*	Change 2007/08 over 2006/07
	million tonnes			%
WORLD BALANCE				
Production	**1002.4**	**985.2**	**1 077.5**	**9.4**
Trade	**107.1**	**111.8**	**113.5**	**1.6**
Total utilization	**999.6**	**1 015.5**	**1 057.1**	**4.1**
Food	175.3	179.4	181.8	1.4
Feed	624.2	616.2	624.5	1.4
Other uses	200.1	220.0	250.7	14.0
Ending stocks	**186.0**	**162.1**	**176.8**	**9.1**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	27.2	27.5	27.5	0.1
LIFDC (Kg/year)	28.3	28.5	28.7	0.6
World stock-to-use ratio (%)	18.3	15.3	17.0	
Major exporters' stock-to-disappearance ratio (%)	18.0	12.8	14.3	

Figure 8. Coarse grains exporters



Regarding **barley**, the second most important coarse grain, latest information now points to a marginal decline in the global production in 2007, to about 138 million tonnes, contrary to earlier expectations of a significant increase. Although the expected good crop in **North America** is reported to have materialized, especially in **Canada** after a significant increase in plantings, in the other regions, drought in some major producing countries resulted in earlier favourable forecasts being downgraded sharply, namely in **Australia**, **Morocco** and **Ukraine**.

The forecast of world **sorghum** output in 2007 has been revised upward slightly since June, to some 63 million tonnes, almost 8 percent up from last year. The increase in production in 2007 is largely accounted for by **Argentina and** the **United States**, where plantings increased sharply in response to strong feed grain demand, linked to the diversion of more maize to the biofuel industry. In **Africa** and **Asia**, which account for about 40 and 20 percent of the world sorghum output respectively, production is forecast to change little in 2007.

TRADE

Coarse grain exports to expand, driven by larger sales of maize and sorghum

World trade in coarse grains is forecast to reach an all-time high of 113.5 million tonnes in 2007/08, up almost 1.7 million tonnes from the previous season's record export volume. The increase mainly reflects larger **maize** and **sorghum** exports. Global maize trade is likely to approach 88 million tonnes, up 1.2 percent from its previous high in 2006/07. More abundant export supplies are also expected to boost sorghum trade this season, to a four-year high of roughly 7 million tonnes, up 33 percent from 2006/07. Trade in **oats** is also anticipated to increase, albeit slightly. In contrast, another season of weak trade is forecast for **barley** as a result of much reduced export supplies. Total trade in barley is forecast at 15 million tonnes, down 5 percent from the previous season's low and the smallest in ten years.

Higher imports by the **European Union** account for most of this season's increase in the overall world trade of coarse grains. The tight supply of feed grains, including feed wheat and barley, is forcing the European Union to purchase more sorghum and maize: sorghum imports by the European Union are forecast to triple from the previous season to 1.7 million tonnes, while maize imports are also forecast to increase sharply, to 7 million tonnes. Due to continuing high prices and strong demand, the European Union Commission has recently proposed the suspension of import duties on all grains for this season. However, for coarse grains such as maize, the duty is already very low, less than €2 per tonne. In Africa, due to a severe drought in **Morocco** which cut its total coarse grain production this year by 74 percent, imports of barley are likely to increase twofold, to 1 million tonnes. However, a bumper crop in **the Sudan**, is seen to reduce its imports of sorghum to nil, from 300 000 tonnes in the previous season.

In Central America, maize imports by **Mexico** are forecast to rise sharply this season despite the expected increase in its domestic output, partly sustained by increased purchases of cracked maize from the United States. Cracked maize is mainly used as fodder and is not subject to the import quota which Mexico applies on regular maize. In South America, a record maize crop in **Brazil**, up 21 percent from 2006, is expected to sharply lower that country's need for imports and instead boost its exports. Lower imports are also expected in **Chile** due to a record crop this season. In Asia, maize imports by **Indonesia** are likely to decline to 700 000 tonnes, a 66 percent reduction from the previous season, in view of the anticipated strong increase in domestic production. However, **Japan** and **Saudi Arabia** are expected to import as much barley and maize as in the previous year and maintain their world position as the largest barley and maize importers. A slight decrease is expected for imports of maize by the **Republic of Korea** and of barley by **Israel**, depressed by high world prices and freight rates. Imports by another major importer, the **Chinese Province of Taiwan**, are expected to remain stable. In October, Taiwan announced a temporary suspension of its ban on maize imports from China until March 2008.

Turning to **coarse grain exports**, the largest maize supplier**, United States**, is expecting a record crop this season. As a result, maize exports from the United States are forecast to increase and, to some extent, compensate the anticipated reductions in sales by a number of other countries; most notably, **China**, where exports of maize shipments this season are forecast to decline to only 2 million tonnes, the lowest since the mid-1990s. **Argentina** is also expected to export more maize this season given an expected rebound in production while larger maize crops in **South Africa** could also result in a doubling of exports from that country. A boost in maize sales by **Brazil**, which is also benefiting from a record crop and ample supplies, could lift its maize shipments to an all time high of 8 million tonnes, up more than 30 percent from the previous season; the main destination being the European Union, where strong demand for feed grains coupled with its zero tolerance policy on non-approved genetically modified maize, have boosted imports from Brazil.

In comparison with maize, world barley supplies are much tighter. Although **Canada** is expected to double its sales this season, the difficult supply situation since last year could keep Australia's exports at about half their normal levels. Also **Ukraine** is suffering from a major shortfall this season and its exports are therefore forecast to be halved. In late September, the Government announced new export quotas, effective from October 2007 to March 2008, which include 600 000 tonnes of maize, 400 000 tonnes of barley, 200 000 tonnes of feed wheat and 3 000 tonnes of rye. In **the Russian Federation**, because of the tight domestic situation, the introduction of a prohibitive 30 percent ad valorem tariff on barley exports was announced in October, to be imposed for implementation from November. By contrast, good crops should enable the European Union to raise its barley exports with Saudi Arabia as its leading destination.

UTILIZATION

Total utilization of coarse grain increases on higher industrial use as well as feed and food

Global utilization of coarse grains in 2007/08 is forecast to reach 1 057 million tonnes, up 4 percent from the previous season. This relatively strong year-on-year expansion is mainly driven by fast growth in its **industrial use**, most notably for the production of ethanol. Maize is the main feedstock for production of grain-based ethanol and its use for this purpose increased sharply already in the previous season and is expected to continue to expand significantly also this season. The largest market for maize-based ethanol is the United States, which used almost 54 million tonnes of maize for that purpose in 2006/07 and is forecast to use 81.3 million tonnes in 2007/08. While Brazil is the world's largest exporter of ethanol and the second largest producer, after the United States, Brazil primarily uses sugar cane for its production of ethanol rather than maize. Exports of much cheaper-produced Brazilian ethanol to the United States, the largest nearby market, remain limited because of a high import tariff (54 cents a gallon).

Total **feed** use of coarse grains is forecast to increase by 1.4 percent in 2007/08, to 624 million tonnes. However, on an individual grain basis, stronger increases are expected only for maize (1.5 percent) and sorghum (8 percent) because of this season's tighter supplies of other feed grains. Total use of barley for feed is forecast to fall by 3 percent, to around 97 million tonnes, mainly due to reduced production and high prices. The largest declines are forecast for Australia, Canada, Iraq, Morocco, Turkey and the Russian Federation. Global **food** consumption of coarse grains is forecast to reach 182 million tonnes, up 1.4 percent from the previous season. This increase is expected mainly in several developing countries, most notably in Ethiopia, India, Malawi, Mexico and Nigeria, because of higher maize consumption.

STOCKS

Coarse grain stocks rise following a sharp increase in production

World **coarse grain** stocks by the close of seasons in 2008 are forecast to approach 177 million tonnes, up nearly 15

million tonnes, or 9 percent, from their reduced opening levels. The expected strong recovery is mostly a reflection of this year's anticipated record maize production in the United States, the world's largest producer and exporter of maize. Total world maize stocks are currently forecast at 133 million tonnes, up 14 percent from the previous season.

At the current forecast level, the **world stocks-to-use ratio** for total coarse grains stands at 17 percent. This signals a relatively more comfortable situation compared with the previous season when the ratio stood at just over 15 percent. Also in terms of the ratio of **major exporter's stocks-to-disappearance** (i.e. domestic consumption plus exports), the indications are encouraging. The ratio exceeds 14 percent, up from nearly 13 percent in the previous season and from the 8 percent low registered in the mid-1990s.

Ending stocks in the **United States** are now forecast at almost 54 million tonnes, of which maize accounts for 95 percent, or roughly 51 million tonnes. The forecast recovery in total coarse grain inventories in the United States, from only 36 million tonnes in the previous season, already takes into account the anticipated strong growth in domestic utilization as well as the forecast for higher exports. Among the other major exporters, a small increase in maize stocks is anticipated in **Canada** while for barley, which is normally Canada's largest coarse grain crop, inventories may decline slightly in spite of a recovery in domestic production,

Figure 9. Maize utilization and exports in the United States

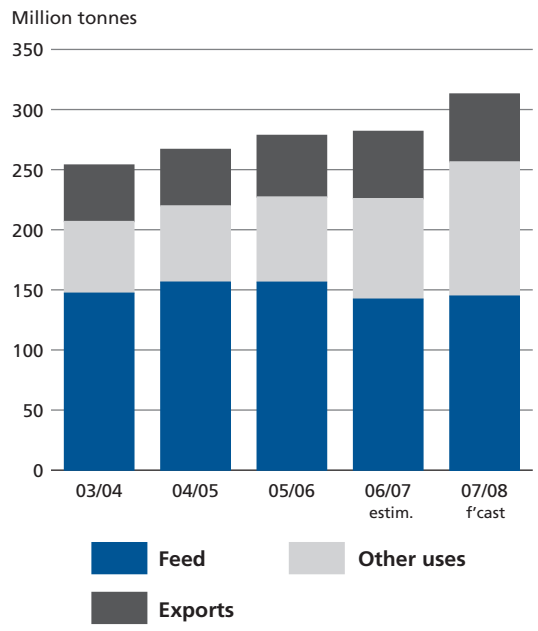
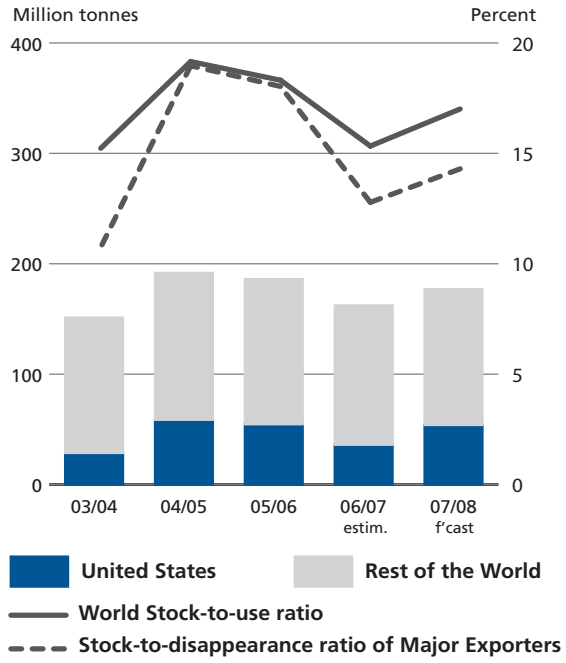


Figure 10. Coarse grains stocks and ratios



reflecting a jump in exports driven by strong world demand. **Australia** is expected to end the season again with critically low barley stocks, as a result of drought. In the **European Union**, reduced maize production is expected to keep the overall feed grain supplies and therefore stocks at low levels. Elsewhere, sharp stock drawdowns are forecast for barley in **Morocco** and **Ukraine** as well as maize in **South Africa**. By contrast, in **Brazil**, the record maize crop is expected to result in a significant stock buildup, while stocks in **China** are also anticipated to increase slightly on higher production.

RICE

PRICES

International rice prices keep rising, but far less than the prices of other agricultural commodities

International rice prices have remained on the rise for most of 2007, as reflected in the FAO All Rice Price Index (1998-2000 base), which reached 142 in October, a monthly level never witnessed in 20 years. On average, prices for the first ten months of 2007 were 16 percent higher than over the corresponding period in 2006. Yet, the rise was small when compared with agricultural commodities such as wheat or dairy products, the prices of which soared to unprecedented

Figure 11. FAO rice price indices (1998-2000=100)

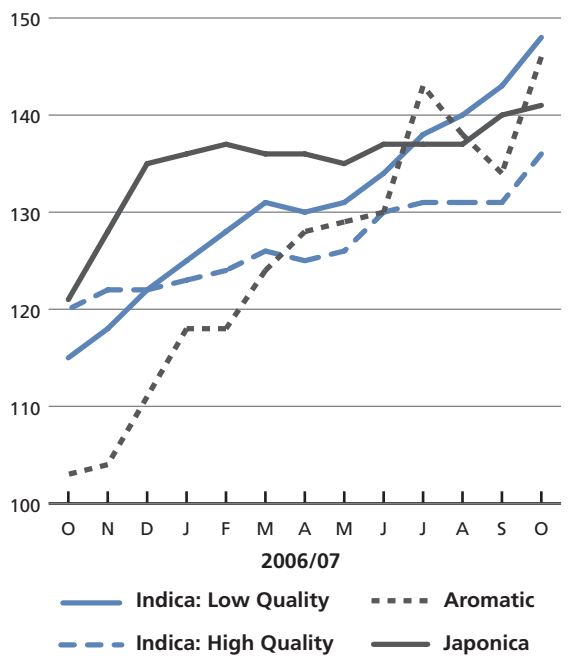
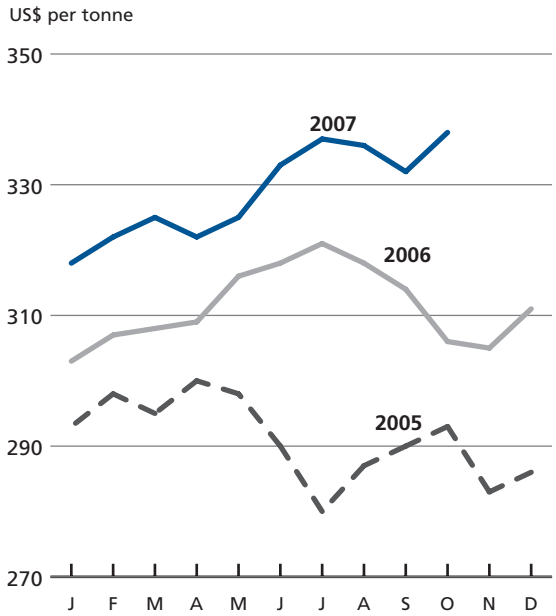


Figure 12. Rice export price (Thai 100% B)



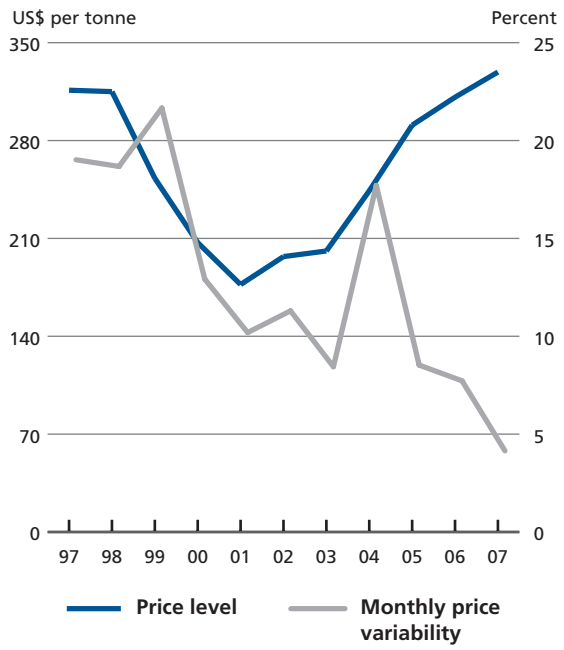
high levels. Although the strengthening of world rice quotations was consistent with the tight conditions faced by the sector worldwide, it also mirrored factors extraneous to the rice economy, in particular exchange rate movements. In fact, part of the commodity price strength observed in 2007 was a mere reflection of the depreciation of the US dollar, in which international prices are denominated, which alone lost 9.5 percent of its value relative to major currencies between January and September 2007. As a result, the impact of the increases in the US dollar denominated prices has been less in countries where local currencies strengthened against the US dollar, as was the case of the African Franc CFA zone, which is linked to the Euro.

The price gains were also uneven across the various types of rice traded internationally: they were more pronounced for the lower quality Indica and for aromatic rice but less for high quality Indica or Japonica[2] rice. Based on the FAO rice price indices, aromatic rice varieties gained 24 percent between January and October, reflecting limited supply in India and Pakistan, combined with strong demand in the European Union and Near East countries. Export quotations of the lower quality Indica rice were also up 18 percent, driven largely by developments in those countries that are the main suppliers to this segment of the rice market, such as domestic price increases in China and Pakistan and the imposition of export restrictions in Viet Nam. The smaller 11 percent gain for the high quality Indica rice was consistent with movements observed in Thailand, the leading rice exporter. The upward drive in export prices in the country has been moderated by an orderly release of supplies from government-owned stocks, a major factor behind the declining price volatility since 2005 and the relatively low monthly fluctuations exhibited by rice prices relative to other commodities (see special feature on price volatility). On the other hand, quotations of Japonica rice gained only 4 percent between January and October as import demand for this variety has been limited so far this year.

As the fourth quarter coincides with the rice post-harvest period in many exporting and importing countries, prices may be under seasonal downward pressure in the next few months. However, they are unlikely to weaken much, especially since India, a key player in the international rice market, announced in October, an indefinite ban on non-basmati rice exports, later replaced by the application of a minimum export price of US$425 per tonne, while Egypt introduced taxes on rice external sales in September, for one year. As a result, unless the sizes of the crops soon to be harvested are much larger than currently foreseen, world rice prices could undergo further increases in the next few months, a tendency that could carry through to the first quarter of 2008.

[2] The composition of the price subIndex for Japonica rice has undergone revision to reflect more appropriately today's global trading environment in medium grain rice.

Figure 13. Thai 100% B rice export price and volatility



PRODUCTION

Global paddy production set to increase only marginally in 2007

The 2007 paddy season has reached a critical period, as several of the key producing countries are now harvesting their main crops. Based on current expectations, global paddy production is set to hover around 643 million tonnes in 2007 (equivalent to 429 million tonnes of milled rice). This would be marginally above the estimate for 2006, which has been revised upward substantially since the June issue of Food Outlook, following more buoyant official estimates in countries such as **India, Indonesia** and **Myanmar**. Much of the anticipated growth in 2007 would stem from an expansion of the global area under rice, led by expectations of improved returns and government support, while world average paddy yields are presently set to remain unchanged at 4.1 tonnes per hectare.

Paddy production in *Asia* is forecast to reach 584 million tonnes, only some 3 million tonnes more than in 2006, as adverse weather conditions, in the form of drought, floods, and insect attacks have marred prospects across the region. While still potentially subject to major revisions, the outlooks for individual countries are rather mixed, with large absolute gains anticipated in **Bangladesh, China, India, Indonesia** and **Myanmar**, while a contraction is foreseen in **Japan, the Philippines, Sri Lanka, Turkey** and **Viet Nam**. In **India**, the Government recently announced further increases in minimum support prices and measures to entice producers to cultivate more rice over the winter Rabi season. More generally, there is a drive towards heightening support to producers in various countries.

Exceptionally wet conditions prevailed in large parts of *Africa* this season, but it is still too early to make a proper assessment of the related losses and benefits to paddy crops. Based on current prospects, production in the region would reach 22.2 million tonnes, replicating the positive 2006 production performance. Output is expected to rise in **Madagascar, Mozambique, Nigeria, Senegal** and **the United Republic of Tanzania**, while it may fall in **Egypt** as well as in **Cote d'Ivoire** and **Mali**. Despite an early start of the hurricane season in *Central America and the Caribbean*, production there is set to remain close to last year's level of 2.5 million tonnes. In *South America*, where the 2007 season is virtually completed, paddy production is estimated at 21.6 million tonnes, 4 percent less than in 2006, a reflection of low prices and of a late arrival of rainfall at planting time. Smaller crops were harvested across the region, especially in **Argentina, Bolivia, Brazil, Ecuador, Peru** and **Uruguay**. By contrast, production prospects are positive in **Colombia** and **Guyana**. In the other regions, production is estimated to fall in **Australia and the European Union**, reflecting drought

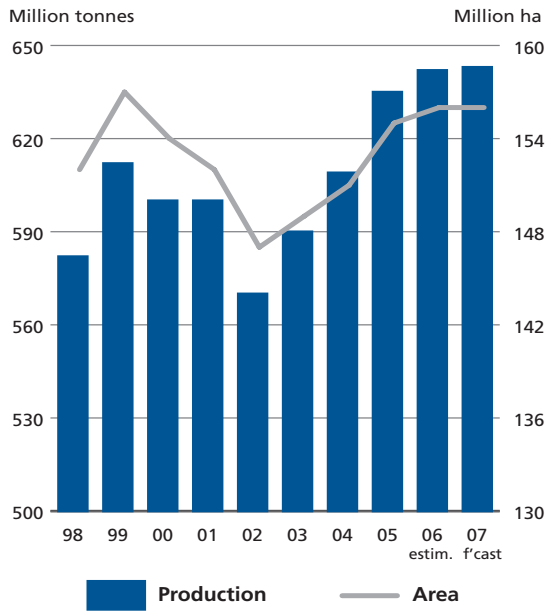
Table 4. World rice market at a glance

	2005/06	2006/07 *estim.*	2007/08 *f'cast*	Change 2007/08 over 2006/07
	million tonnes			%
WORLD BALANCE				
Production	**424.3**	**428.7**	**429.3**	**0.1**
Trade	**29.2**	**29.9**	**30.5**	**1.8**
Total utilization	**418.3**	**425.9**	**429.2**	**0.8**
Food	368.0	373.9	377.6	1.0
Ending stocks	**105.5**	**106.8**	**107.6**	**0.7**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	57.0	57.2	57.1	-0.2
LIFDC (Kg/year)	69.7	69.8	69.7	-0.1
World stock-to-use ratio (%)	24.8	24.9	24.8	
Major exporters' stock-to-disappearance ratio (%)	15.8	16.6	16.3	
FAO price index	**2005**	**2006**	**2007**	
(1998-2000=100)	200	117	133 *	

*Jan-Oct 2007

More detailed information on the rice market is available in the FAO Rice Market monitor which can be accessed at:
http://www.fao.org/es/esc/en/15/70/highlight_71.html

Figure 14. Global rice paddy production and area



problems, while record high yields are set to boost production in the **United States**.

TRADE

Strong import demand sustains an expansion in rice trade in 2007 despite tight supplies in traditional exporting countries

Since June, FAO's forecast of global rice trade in 2007 has been lowered to somewhat less than 30.0 million tonnes, which would represent a 2.4 percent increase from last year's level. The downward revision of the trade forecast was partly triggered by the imposition of export taxes by Egypt in September and the announcement, early in October, that India would prohibit non-basmati rice exports for an indefinite period. These policy measures further restricted the availability of supplies for trade, which had already been restrained by the limitations imposed in the course of the year by Viet Nam under its export quota system.

Trade growth in 2007 is expected to be sustained by increased imports by **Bangladesh, the Democratic People's Republic of Korea, Indonesia, Nepal** and **the Philippines**, which would help them overcome severe domestic supply shortages and, in some cases, would be reaching them in the form of food aid. **Brazil, Colombia, Cuba, the European Union, the Republic of Korea** and **the United States** are also anticipated to buy more in the course of the year. By contrast, high world prices and/or increased production levels are mostly behind an expected cut of purchases by **China mainland, the Islamic Republic of Iran, Iraq, Malaysia** and **the United Arab Emirates**. Many countries in Africa, in particular, **Guinea, Mali** and **Nigeria**, are also anticipated to import less this year. In some cases, high export prices combined with soaring freight rates have rendered imported rice very expensive, especially where local currencies did not strengthen against the US dollar.

Thailand is foreseen to be responsible for much of the increase in global exports in 2007, as it is the only traditional exporting country holding ample supplies this year. However, **Cambodia, China, Egypt** and **Myanmar** may also contribute to the expansion. In the case of **Egypt**, the increase would reflect strong sales up to September, when they became subject to export taxes. On the other hand shipments from **India** and **the United States** are set to remain close to their 2006 levels, while those from **Argentina, Australia, Brazil, Pakistan, Uruguay** and **Viet Nam** may fall amid limited supply availability and rising domestic prices.

Rice trade to rise further in 2008 and cross the 30 million tonnes benchmark for the first time

FAO's first forecast of trade in calendar 2008 points to another record of 30.5 million tonnes, although prospects are still very tentative and tied, to a significant extent, to current expectations over 2007 crops. If confirmed, that would be the first year the volume of rice trade surpasses 30.0 million tonnes. As in 2007, the expansion would be driven by larger imports as supplies available for export are expected to remain tight.

Figure 15. World rice trade and FAO rice export price index

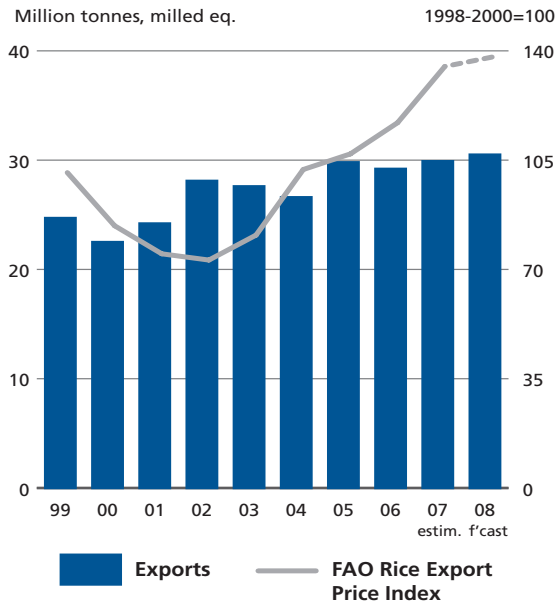


Figure 16. Rice imports by region

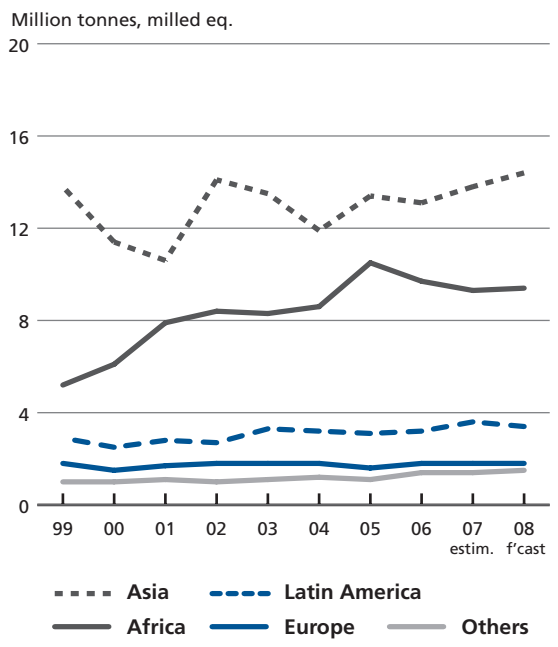
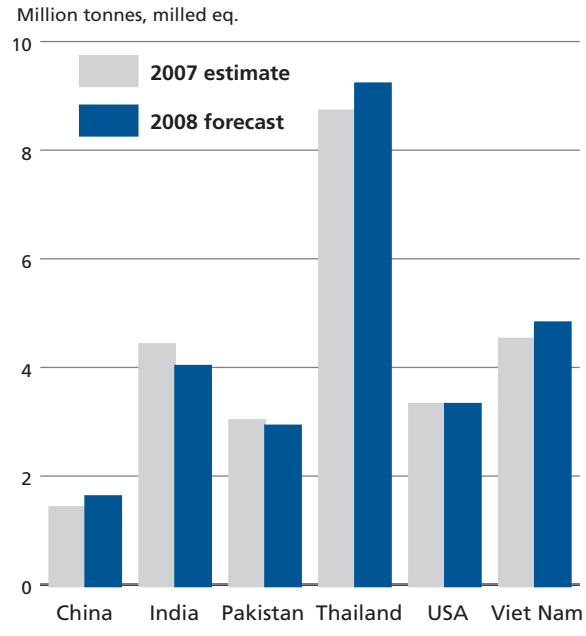


Figure 17. Rice exports by the major exporters



The trade expansion in 2008 is anticipated to be fuelled by increased imports by **Bangladesh, China mainland, the Democratic People's Republic of Korea, Iraq, Nepal** and **Turkey**, which would more than offset reduced deliveries to **Afghanistan, Indonesia** and **Malaysia**. In the case of **Indonesia**, the prospected cut of imports presumes a favourable production outcome over the coming season, sufficient to enable the country to rebuild government stocks and keep domestic price rises in check. Imports by **African countries** are expected to rebound in 2008, largely to meet growing domestic needs. However, it is noteworthy that, under the Economic Community of West African States[3] (ECOWAS) regional agreement, a number of western African countries, including **Ghana** and **Nigeria**, have committed to adopt a common external tariff (CET) as of 1 January 2008, under which a 5 percent import duty is applied on paddy rice and 10 percent on husked, milled and broken rice, all subject to an additional 2.7 percent overall surcharge. The implementation of the CET would imply a sharp cut in the level of rice protection in **Nigeria**, where rice currently attracts import taxes of over 100 percent (50 percent applied tariff, supplemented by a 50 percent additional import levy, plus other taxes). So far, however, there has been no indication that the CET will be extended to all ECOWAS countries at the beginning of next year, as scheduled. The question is of particular relevance to the rice trade, as western Africa (Nigeria, in particular) has become one of the most important destinations of rice flows.

Although several of the major exporters are deemed to face supply constraints during 2008, current expectations of favourable crops in South America, where the first 2008 crops are already in the ground, have eased market prospects somewhat in 2008. Among major exporters, **Thailand** appears well placed to boost exports again next year, but good crops in **Argentina, Brazil, Cambodia, China mainland** and **Viet Nam** would also enable them to ship more rice. Increased deliveries from those countries are expected to more than offset reductions in **Egypt** and **India**, where exports will be constrained, at least for part of the year, by the recently introduced export restrictions, but also in **Pakistan,** given the poor 2007 crop outlook. On the other hand, the expected production recovery should enable the **United States** to maintain its volume of external sales.

UTILIZATION

Stable to lower per caput food consumption of rice anticipated in 2007/08

More buoyant estimates or expectations over production in 2006 and 2007 have resulted in upward revisions in the global rice consumption forecasts. Based on the latest figures, overall rice availability for food, feed, and other

[3] ECOWAS includes 15 countries: Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo. Of these, Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo already apply the common external tariff.

uses would amount to some 429.2 million tonnes in 2007/08, 3.3 million tonnes or 0.8 percent more than in 2006/07. All of the increase, plus some supplies diverted from other end-uses, could be directed to the food segment, now expected to absorb 377.6 million tonnes in 2007/08, 1.0 percent more than in 2006/07. As a result, the average rice food consumption is gauged at 57.1 kg per person in 2007/08, still a slight decline compared with 2006/07. On the other hand, the volumes of rice consumed as feed or for other purposes (seed, industrial use or waste), are estimated to fall, overall.

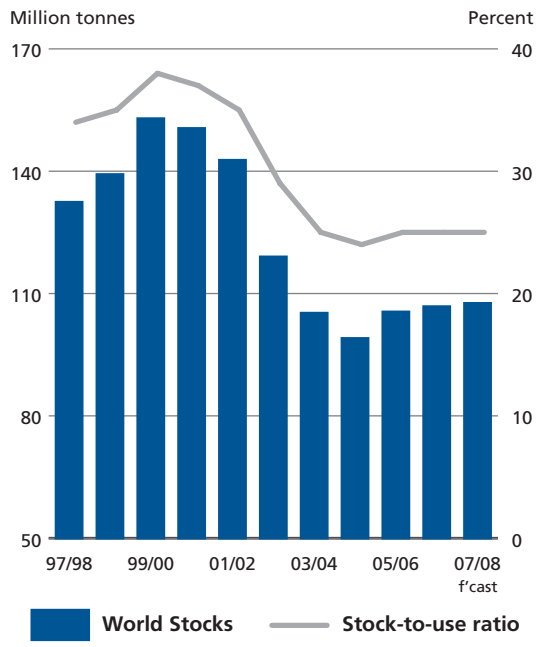
STOCKS

End of season rice stocks up marginally in 2007

Reflecting the improved 2006 and 2007 production estimates, the forecasts of world rice inventories at the close of the 2006 and 2007 seasons have been raised substantially compared with the figures reported in the June issue of Food Outlook. Rice stocks are now forecast to reach 107.6 million tonnes in 2007, a slight increase from the level held in the previous season. At the forecast carry-over level, the rice stock-to-use ratio, an important indicator of global food security, would fall slightly to 24.8 percent in 2007, implying that there would be sufficient rice to cover almost three months of projected consumption in 2008.

Country-wise, **China**, **Indonesia** and **Myanmar** are forecast to end the season with larger ending inventories, while these are estimated to drop in **Australia**, **Bangladesh**, **Brazil**, **Japan**, **Peru**, the **Philippines**, the **Republic of Korea**, the **United States** and **Viet Nam**. The build-up in rice reserves is estimated to be concentrated in the developing countries, while those held by developed countries are predicted to fall. On the other hand, the volume of rice held by the five largest rice exporting countries (i.e. **India**, **Pakistan**, **Thailand**, **Viet Nam** and the **United States**) is not foreseen to vary much compared with last season, remaining in the order of 24 million tonnes. In this context, it is worthy to highlight the role played by Thailand's large public stockpile, which was built up through the operation of the government rice pledging scheme. Released progressively through tenders or under government-to-government transactions, they have acted as a major buffer, helping to smooth the pattern of international trade and prices in recent years. Overall, rice inventories in the five major exporting countries would cover 16.3 percent of their own rice disappearance (domestic consumption plus export) in 2007/08, down somewhat from the previous year, a sign that world market conditions may remain tight in 2008.

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



OILSEEDS, OILS AND MEALS[4]

PRICES[5]

Prices in the oilseed complex have surged further and are expected to remain firm

During the second half of last season and up to the beginning of the new marketing year[6], prices in the oilseed complex have continued their pronounced rise in 2006/07. In September 2007, the FAO price index for meals/cakes stood 32 points (or 18 percent) above last year's corresponding value, while for oilseeds and oils/fats the difference amounted to 70-80 points (or 60-70 percent). International prices have reached an all time record in the case of oilseeds and 23 and 34 year highs for oils and meals respectively. A key factor behind the

[4] 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, and do not reflect the outcome of actual oilseed crushing nor take into account changes in oilseed stocks. Furthermore, 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.

[5] For details on prices and corresponding indices, see appendix Table A-24.

[6] For the oilseed complex, the marketing season runs from October to September.

Figure 19. FAO quarterly international price indices for oilseeds, oils/fats and oilmeals/cakes (1998-2000=100)

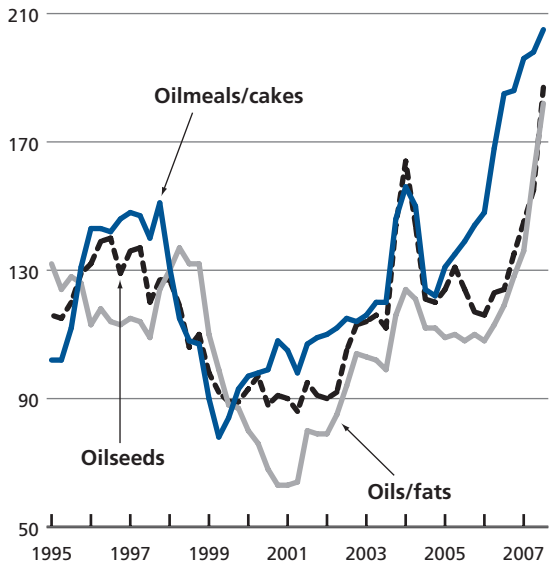


Figure 20. CBOT soybean futures for March

Figure 21. FAO monthly price indices of meals/cakes (October to September, 1998-2000=100)

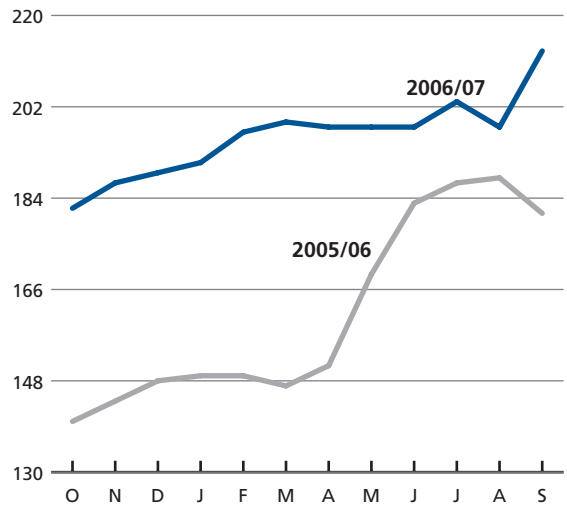
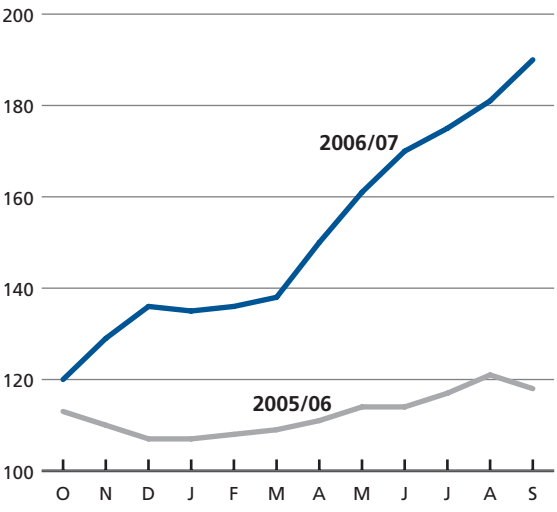


Figure 22. FAO monthly price indices of oils/fats (October to September, 1998-2000=100)



extraordinary price rise is that oilcrop markets have come under the direct influence of developments in the related feed grain market. With maize and soybeans both facing rising demand in the feed as well as the energy market, and thus increasingly competing for land, the unprecedented surge in international maize prices has spilled over to the oilseeds and meal market and in particular the soybean complex. Furthermore, steadily growing biodiesel requirements led to increased demand for vegetable oils, notably soybean, rapeseed and palm oil. This trend, combined with a constant rise in the consumption of vegetable oil as food and weak growth of total oil production in 2006/07, has led to a gradual tightening in global supplies, thus explaining the recent surge in vegetable oil prices.

The present forecasts for global supply and demand in 2007/08 point towards continued firmness in international prices for oilseeds and oilseed products. Reduced growth in global oils/fats supplies and an unprecedented fall in meal supplies, because of a significant drop in oilseeds production, are expected to coincide with steady expansion in global demand for food, feed and energy use, thus calling for a steep reduction in inventories. World stocks and stock-to-use ratios of both oil and meals are anticipated to fall to critical levels.

The concurrent continued tightness in world grain markets is expected to exert additional pressure on the oilseed complex. The futures market points in the same overall direction: in the first half of October 2007, the CBOT March contract for soybeans was traded about US$150 per tonne (or 67 percent) higher than in the corresponding period in 2006.

Considering the anticipated tightness of the market and the unusually low level of stocks, strong price volatility can be expected this season. During the first half of 2007/08, any unexpected development regarding crops that are currently being planted in the southern hemisphere, in particular poor weather conditions in South America's soybean growing areas, would have a strong effect on prices. Prices will also be susceptible to developments affecting palm oil output in Southeast Asia and to oil/meal purchases by Asian countries (notably China). As the season advances, the market will be increasingly influenced by the outlook for 2008/09 crops in the northern hemisphere. It still is very uncertain how farmers will respond to the new price pattern. Future demand for biofuels, and hence government policies in this field as well as fossil fuel prices will play an important role in this process.

OILSEEDS

Unprecedented oilseed production decline expected in 2007/08

After many years of steady expansion, in 2007/08, global oilseed production is forecast to decline. Global output is anticipated to fall 3 percent from last season's record level, mainly on account of soybeans. Production of soybean, the world's leading oilcrop, is estimated to decline by 6 percent. Moreover, global sunflower seed output is expected to drop by 10 percent. By contrast, world production of rapeseed, groundnut, palmkernel and copra is likely to recover after last season's poor performance. However, growth in the latter crops will not be sufficient to offset the decline envisaged for soybean and sunflower.

The two main factors behind the anticipated drop in total output are first, increased competition from grains, notably in the United States but also in China and CIS countries, which has interrupted the steady expansion in world oilseed area. Second, unfavourable weather conditions have affected oilseed production in several key growing areas or countries, including the European Union, CIS, Australia, Canada, China, Turkey and the United States.

With regard to soybeans, the United States is responsible for most of the drop in global output. The country's soybean area is reported to have fallen by over 15 percent, as farmers shifted land to maize, which offered attractive returns. As a result, soybean crop output is estimated at less than 71 million tonnes, or 17 percent below the average of the last three seasons. Also China experienced a marked reduction in soybean area, which, together with below average yields, led to a 12 percent fall in output. In response to these reductions, soybean growers in South America, where the 2007/08 crop year has only just started, are expected to raise soybean plantings to 43 million hectares, i.e. 6-7 percent above last season's level and a new record. Most of this expansion is expected to occur in Brazil. Under normal weather conditions, the continent's output should climb to 120 million tonnes. As to sunflowerseed, this season's drop in global production would mainly reflect poor harvests in the European Union, Ukraine and the Russian Federation, following a reduction in plantings and adverse weather conditions. Part of this drop is expected to be compensated by higher production in Argentina, where plantings should expand. World rapeseed production is forecast to rise moderately, thus recovering from last year's weather-related decline. Stimulated by strong demand and unusually high prices, all the main producing countries (except China) have reported increases in area planted. However, adverse weather conditions have resulted in below average yield levels in most growing regions. Also world groundnut production is expected to expand, mainly due to India's improved performance, although not sufficiently to recover fully from last season's drop.

Table 5. World production of major oilseeds

	2005/06	2006/07 estim.	2007/08 f'cast
		million tonnes	
Soybeans	221.4	236.8	222.5
Cottonseed	42.5	44.5	44.4
Rapeseed	48.9	47.0	48.6
Groundnuts (unshelled)	35.7	33.8	34.8
Sunflower	30.1	29.7	26.6
Palm Kernels	9.7	10.0	10.7
Copra	5.3	4.9	5.2
Total	**393.6**	**406.7**	**392.8**

OILS AND FATS[7]

Expansion in global oil and fat supplies expected to come to a halt

FAO's current 2007/08 crop forecasts translate into an increase in global oil/fat production of less than 2 percent,

[7] This section refers to oils from all origins, which, in addition to products derived from the oil crops discussed under the section on oilseeds, include palm oil, marine oils as well as animal fats.

Table 6. World markets of oilseeds and products at a glance

	2005/06	2006/07 *estim.*	2007/08 *f'cast*	Change 2007/08 over 2006/07
	million tonnes			%
TOTAL OILSEEDS				
Production	**403.5**	**416.6**	**402.8**	**-3.3**
OILS AND FATS [1]				
Production	**148.7**	**151.2**	**153.8**	**1.7**
Supply [2]	167.6	171.9	173.9	1.2
Utilization [3]	146.0	151.7	156.9	3.4
Trade [4]	72.3	76.1	79.2	4.1
Stock-to-utilization ratio (%)	14	13	11	
OILMEALS AND CAKES [5]				
Production	**101.0**	**106.3**	**102.0**	**-4.0**
Supply [2]	113.4	121.4	119.4	-1.6
Utilization [3]	98.3	101.8	107.7	5.8
Trade [4]	55.3	58.6	62.4	6.5
Stock-to-utilization ratio (%)	15	17	11	

Note: Refer to footnote 4 (pg. 22) for further explanations regarding definitions and coverage

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

similar to last season but markedly below the gains witnessed in the three preceding seasons. Palm, palmkernel, copra, rapeseed and groundnut oil are all expected to record sizeable increases, but the marked fall anticipated for soybean and sunflowerseed oil is expected to depress overall growth. Global soy oil production alone is forecast to fall by almost 6 percent to less than 37 million tonnes. As to tropical oils, after one year of reduced growth, palm oil is expected to resume expansion, with overall output climbing to a record 42 million tonnes. Palm oil should thus play a key role in filling (at least in part) the gap created by this season's drop in seed oil production. Output in Malaysia and Indonesia is forecast to rise by 9 and 12 percent respectively. In the case of Malaysia, growth is expected to be mostly sustained by yield improvements, whereas in Indonesia it is the expansion in mature area that should drive the expansion. As to rapeseed, copra and groundnut oil, global production is forecast to only partly recover from last season's decline. Global supplies of oils/fats (i.e. 2006/07 ending stocks plus 2007/08 production) are anticipated to increase only marginally, much in contrast to the 5 percent average rise recorded in recent years, partly because of the drop in inventories that occurred during the season that just ended.

Total oil/fat consumption growth to slow down but biofuel use has potential to rise

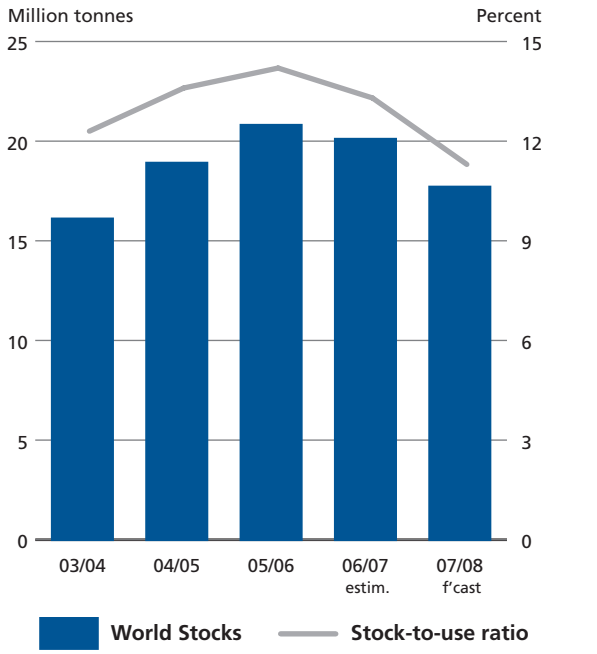
Due to the anticipated stagnation in supplies, growth in global oil/fat consumption is likely to slow down in 2007/08. World utilization is forecast to expand by 3 percent, as opposed to about 5 percent in recent years. In particular, utilization growth is expected to weaken in the two key consuming areas, that is, Asia and the European Union. Only in the United States, consumption is estimated to grow at an about average rate. Palm oil, the supplies of which are expected to be more ample than those of seed oils, should account for about half of this season's rise in global consumption. Soy oil should cover most of the remainder, as soybean crushings are expected to expand, driven by strong meal demand.

Utilization of vegetable oils as feedstock for biodiesel, as well as for generating electricity and for heating purposes, is expected to grow further in 2007/08. However, in the European Union, rising vegetable oil prices combined with changes in national biofuel policies have dampened demand growth. The rapid expansion in the European Union's biodiesel industry is unlikely to continue as at present most existing plants are operating well below capacity. Utilization of rapeseed oil by biodiesel producers, which currently is estimated to absorb about 60 percent of the European Union's rapeseed oil output, is forecast to remain about unchanged in 2007/08. In the United States, demand from the biodiesel industry should be the main driver behind the country's projected 9 percent rise in soy oil consumption, and, as a result, the biofuel sector is estimated to absorb about 20 percent of domestic soy oil production. Further growth in biodiesel industries is expected in several other countries, notably Argentina, Brazil, Indonesia and Malaysia. Overall, despite high vegetable oil prices, continued growth in utilization appears likely. However, further changes in national biofuel policies (including trade measures), on the one hand, and developments in mineral oil prices, on the other, may alter such prospects.

A sizeable contraction in oil/fat stocks anticipated

In 2007/08, global oil/fat production is forecast to remain short of consumption for the second consecutive year. Also global supplies are expected to tighten *vis-à-vis* demand after being ample for three years, leading to a further drawdown of inventories. After last season's modest decrease, global stocks are estimated to drop by about 12 percent in 2007/08.

Figure 23. World closing stocks and stock-to-use ratio of oils/fats (including the oil contained in seeds stored)



This forecast mainly reflects the situation in the United States, where total inventories (i.e. oil inventories plus the oil contained in stored seeds) are expected to be cut by about 2.4 million tonnes, or almost 50 percent, to compensate for this season's reduced soybean harvest. Furthermore, stock reductions are expected in Canada (rapeseed/oil) as well as countries in Eastern Europe (sunflowerseed/oil) and South America (soybeans/oil). By contrast, South Asian palm oil inventories are anticipated to recover, climbing back to 4 million tonnes. Overall, these forecasts point towards a further drop in the global stocks-to-utilization ratio, by almost two percentage points, which explains the current and possibly continued firmness in international prices.

Expansion in oil/fat trade expected to continue

In 2007/08, the total volume of oil/fat shipments is anticipated to rise by 4 percent, approaching 80 million tonnes (in terms of oils/fats plus the oil contained in oilseeds traded). Most of the anticipated expansion should be on account of palm oil and soy oil. Trade in vegetable oils that are destined for biofuel production is likely to grow. Developing countries in Asia, notably China, are expected to account for most of the anticipated rise in total imports. Indeed, a sizeable fall in China's domestic crop output should widen the country's deficit in oil/fat supplies, thus raising the import requirements by 14 percent, or more than two million tonnes - notwithstanding weaker growth in domestic consumption. As a result, China is set to become the world's leading buyer, accounting for about one fourth of global purchases. A further expansion in imports is also expected in the European Union, due to poor crops and steadily growing demand. By contrast, expectation of a record harvest should lead to a sizeable reduction in purchases by India, thus reducing the country's dependence on imports in 2007/08.

With regard to world exports, the market's reliance on South American countries as providers of soybeans and soy oil is likely to intensify because, in the United States, the release of soybeans from stocks for crushing and exportation will not be sufficient to prevent a sizeable fall in foreign sales. In Argentina, where crushing capacities have expanded further, additional shipments will mainly concern soy oil, whereas Brazil is expected to augment primarily the sale of beans. Regarding palm oil, another rise in global exports is predicted, on account of rising output in Indonesia and Malaysia. Shipments from Indonesia should again increase the most, allowing the country to raise its market share. Overall, the participations of soy and palm oil in total oil/fat trade are both anticipated to increase, reflecting larger supplies and more competitive prices compared with other products.

MEALS AND CAKES[8]

Marked drop in meal production dragging down total meal and cake supplies

Current 2007/08 crop forecasts translate into an unprecedented 4 percent drop in global meal/cake output, mainly the result of the pronounced reduction in United States soybean production. Year-on-year, global soybean meal output is expected to fall by 10 million tonnes. Also sunflowerseed meal output is estimated to fall, whereas moderate gains are predicted for all other meals/cakes. The prospective fall in total meal output will be concentrated in China and the United States, offset only in part by higher production in South American countries and India. Global supplies of meal/cake (i.e. 2007/08 production plus 2006/07 ending stocks) are also expected to drop, an event that occurred only twice in the last twenty years.

Consumption of meals and cakes to expand further, in spite of record high prices

The comparison of globally available meal supplies with anticipated world demand points towards a pronounced tightening of the markets in 2007/08. Year-on-year, total consumption (expressed in protein equivalent) is estimated

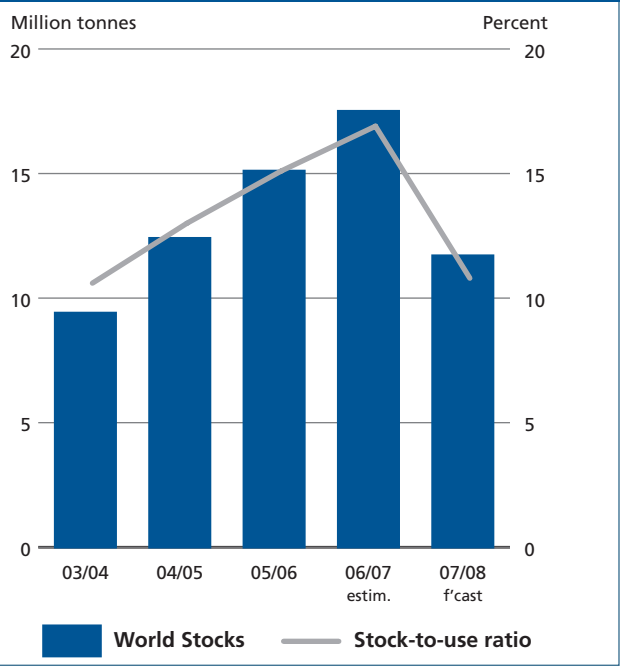
[8] This section refers to meals from all origins, which, in addition to products derived from the oil crops discussed under the section on oilseeds, include fish meal as well as meals of animal origin.

to rise by 5 percent or 5 million tonnes, whereas global supplies are seen declining by 2 million tonnes. Soybean meal is expected to account for most of the prospective rise in consumption. Total meals and cakes consumption is anticipated to keep expanding in spite of high prices. One explanation is the rising consumption of livestock products in Asia, mainly triggered by further improvements in household incomes. Livestock production is anticipated to increase in particular in China, also because the sector has suffered some setbacks due to disease problems, and the resulting rise in domestic prices is expected to stimulate production. However, the projected increase in global meals and cake demand would also stem from the exceptional shortage in feed grains worldwide. Prices of feed grains have surged in response to a global supply deficit, thus inducing the compound feed industry to replace feed grains with other products, notably oilmeals. This situation applies in particular to the European Union and the United States, as well as parts of Asia.

Sharp drop in meal and cake stocks unavoidable

Due to the sizeable deficit expected in meal supplies, a major reduction in stocks (referring to both, meals and the meal contained in oilseeds stored) is expected in 2007/08. Global inventories are estimated to drop by roughly one third during the current season, thus departing from the comfortable levels of the last three seasons. The unprecedented drop in stocks concerns primarily soybeans and their meal. Stock releases are expected to occur primarily in the United States. Modest reductions are expected also in Argentina, Brazil, China and the European Union. The comparison of stock and consumption estimates confirms the likelihood of a tightening of world meal/cake markets: the stocks-to-use ratio is projected to drop sharply (from 17 to 11 percent), thus cancelling out the gains recorded over the three previous seasons and confirming the expectation of continued firmness in international meal prices.

Figure 24. World closing stocks and stock-to-use ratio of meals/cakes (in protein equivalent and including the meal contained in seeds stored)



Expansion in meal trade to continue

Global trade in meals/cakes (including the meal equivalent of oilseeds traded) is forecast to reach a record 143 million tonnes in 2007/08, implying a year-on-year increase of 6 percent. As in past years, almost the entire rise in global trade is expected to correspond to soybean meal. Most of the anticipated rise in global imports is expected to originate in Asia, and in particular in China, where total purchases are estimated to grow by over 4 million tonnes, or 16 percent, compared with last season. China's poor oilcrop harvest should lead to a decline in meal output from domestically grown crops, which, combined with steadily rising feedstuff demand, is expected to push the country's imports to a record 32 million tonnes. China would thus account for roughly one fourth of global imports. Other important Asian buyers are also expected to increase their meal purchases, notably the Republic of Korea, Indonesia, the Philippines and Thailand. At 45 million tonnes, the European Union bloc is projected to remain the world's main buyer of meals. The implied year-on-year increase of 3 percent is mainly attributed to the recent surge in feed grain prices, which is encouraging the European Union's feed compounders to use more oilmeals.

This season's export pattern is expected to be influenced by the drop in soybean output in the United States. Falling domestic meal output together with rising internal demand (due to high feed grain prices) are expected to reduce the United States export availabilities by close to 2 million tonnes (or 5 percent). Consequently, world market dependence on South American supplies is anticipated to deepen. Assuming current production forecasts materialize, shipments from South America may expand by an extraordinary 14 percent, or more than 10 million tonnes, most of which would be provided, in roughly equal amounts, by Argentina and Brazil. The joint market share of the two countries would rise to 53 percent, while that of the United States would fall to 21 percent. Within Asia, the importance of India as a local supplier of meals is expected to grow further. Large domestic crops should allow the country to raise its meal exports to a record 5.7 million tonnes, especially as importers in the region are likely to prefer nearby suppliers, given soaring freight rates.

SUGAR

PRICES

The prospect of a consecutive sugar surplus for 2007/08 weakens international sugar prices

World sugar prices fell to United States 9.29 cents per pound in June 2007 which is nearly 52 percent less than the 25-year highs reached in early 2006. After recovering to United States 10.17 cents per pound in July, prices declined to United States 9.81 cents per pound in August and to United States 9.76 cents per pound in September, resulting in a price average for the first nine months (January-September) of 2007 of United States 10.01 cents per pound[9]; 37 percent lower than the corresponding price average in 2006. Ample supplies in exporting countries, particularly the return of **India** from a net importer to a net sugar exporter after two consecutive years of production setbacks, were the key factor behind the price decline.

There is a general consensus that the sugar sector over-reacted to the high prices of last year and expanded too much crop area and processing capacity, triggering the price slump The price outlook for 2007/08 has been dimmed by preliminary estimates that indicate world sugar production could surpass consumption by as much as 12 million tonnes, for the second consecutive season. Market price development over the next few months will most likely depend on the actual size of the production surplus in major exporting countries and the expected build up of sugar inventories in consuming countries.

Could sugar prices fall below their current levels?

In the midst of this generally negative prospect, there are a few factors that could work to mitigate the price decline. First, at present levels, international sugar prices are too low to cover costs in all major producing countries, with the exception of Brazil. The weakness of the US dollar against the currencies of several exporting countries has accentuated the decline of prices, when expressed in national currencies, to unsustainable levels. India, for instance, has already announced that it will not be exporting sugar below United States 10 cents per pound, a move that would sustain somewhat world prices, despite the large global surplus. Second, as oil prices hit new highs, Brazil, the largest sugar exporter, is expected to process more sugar cane into ethanol, because of better returns, and less into sugar. This shift would remove large quantities of sugar from the world market and hence reduce the downward pressure on prices. Brazil has already announced that, as of 1 September, sugar production in the centre south parts of its territory was down 8.8 percent on the year, while ethanol output rose by 12.6 percent. Finally, rising maize prices raises the production cost of HFCS (high fructose corn syrup), which encourages the use of alternative sweeteners such as sugar. Both sugar and HFCS compete in the sweetener market, but due to the current sugar price advantage over HFCS, the food and beverage industry is expected to substitute more sugar for maize-based sweeteners. All this nurture the belief that despite an easy supply/demand balance, there are some forces of relative support to the global sugar market. These factors are likely to be insufficient to reverse the price decline, especially if crude oil prices drop significantly and the global sugar market imbalance is further exacerbated by greater than expected surplus for the 2007/08 season.

PRODUCTION[10]

Global sugar production to expand further in 2007/08

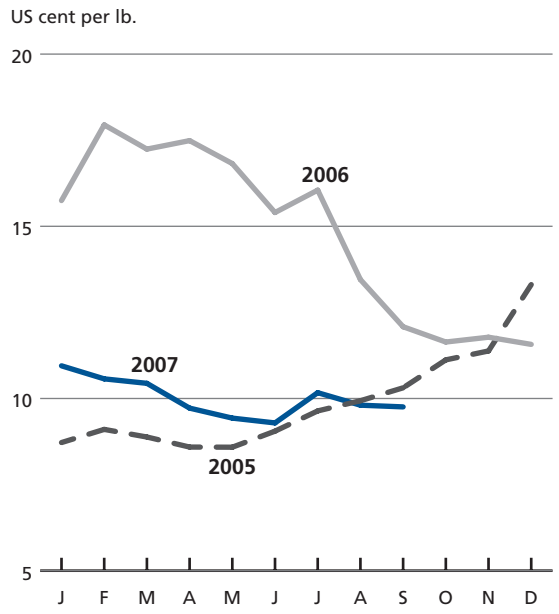
World sugar production in 2007/08 (October/September) is estimated by FAO to reach 169 million tonnes (raw sugar equivalent), 2.7 percent more than in the previous year, and about 12 million tonnes higher than the projected world sugar consumption of 157 million tonnes. Virtually all of the growth in output would stem from developing countries, which are forecast to produce 128.5 million tonnes, up from 124.3 million tonnes in 2006/07, led by a record harvest in **India**. Total production in developed countries is forecast at 40.5 million tonnes, 0.7 percent more than in the previous year, reflecting increases in **Australia** and the **United States**.

In the *Latin American and Caribbean* region, **Brazil** is set to produce 32.2 million tonnes in 2007/08, relatively unchanged from 2006/07. This is despite a record level cane harvest, following relatively favourable weather conditions, which boosted yields. Indeed, it is estimated that between 54 and 55 percent of Brazil's 2007/08 sugar-cane harvest will be converted into ethanol rather than into sugar. In Mexico, sugar production is forecast at 5.7 million tonnes, a 5.1 percent rise over 2006/07 season that was affected by poor weather in the major producing state of Veracruz. Expectation of growth in 2007/08

[9] US$ 221 per tonne

[10] Sugar production figures refer to centrifugal sugar derived from sugar cane or beet, expressed in raw equivalents. Data relate to the October/September season.

Figure 25. International Sugar Agreement (ISA)



reflects a slight increase in planted area and assumes a return to average growing conditions. The challenge facing Mexico's sugar industry is the total liberalization of the sweeteners market with the United States by January 2008, under the North American Free Trade Agreement (NAFTA). Sugar production is expected to be higher in **Argentina**, as a result of increases in crop plantings and milling capacity, helped by the peso devaluation and attractive sugar returns in 2006. Sugar output is also to expand in **Colombia**, Ecuador, Guatemala and Peru, while it is anticipated to fall in **Cuba**, due to foreseen adverse growing conditions.

Estimated production in *Asia* now stands at 68.5 million tonnes for 2007/08, 6.6 percent higher than the 2006/07 level, mainly reflecting strong gains in **India, China,** and **Thailand**. In 2007/08, **India** is expected to surpass Brazil as the largest sugar producer in the world. The anticipated 9.5 percent growth this season comes after the increase recorded over 2006/07 season, when the monsoons provided ample rainfall in the cane growing areas of Karnataka, Gujarat and Uttar Pradesh, the main producing regions. Assuming normal weather conditions, sugar production is expected to reach 32.4 million tonnes in 2007/08 as high cane prices and institutional support from both state and federal governments encouraged cane planting to expand by 200 000 hectares to 4.7 million hectares. In **China**, production is forecast to reach 13 million tonnes, about 700 000 tonnes more than in the previous year, largely due to better weather conditions and remunerative prices. In **Thailand**, sugar output is forecast at 7.5 million tonnes, an increase of about 6.8 percent from 2006/07, following a substantial increase in cane plantings. An expansion is also foreseen for **Indonesia**, **Pakistan** and **Turkey**.

In *Europe*, sugar output in the **EU-27** is forecast to fall to 16.8 million tonnes, still exceeding by about 0.2 million tonnes the revised production quota for 2007/08. The **European Union** aims at reducing sugar production by 6 million tonnes over the four years of the restructuring programme. Production is forecast to increase in the **Russian Federation**, driven by an expansion in beet area and improved crop husbandry practices, while it may fall in **Azerbaijan, Belarus and Ukraine**. In the *rest of the world*, sugar production in the **United States** is forecast to be slightly higher than in 2006/07, reflecting a return to normal growing conditions after hurricane damaged crops in Florida and Louisiana in 2006/07. Similarly, production in **Australia** is expected to recover from drought and cyclones experienced in 2006/07.

UTILIZATION

Developing countries sustain growth in sugar consumption

Global sugar consumption in 2007/08 is forecast at 157 million tonnes, 3.5 million tonnes more than in 2006/07, reflecting increases in *Asia* and in ***Latin America and the Caribbean.*** On average, this would raise global per caput availability from 23.5 kg in 2006/07 to 23.8 kg in 2007/08. Current low prices are expected to stimulate some additional demand and also induce some substitution from HFCS to sugar, given high maize prices. Sugar consumption in developing countries is estimated to grow by 2.9 percent to 107.6 million tonnes, sustained by per caput income and population growth. Sugar consumption in **China** is set to reach 13.5 million tonnes, up 3.7 percent from 2006/07, influenced by a continued expansion of sugar use in the food and beverages industries. Similarly, year-on-year offtake is expected to increase in **India**, boosted by low prices. Sugar consumption is also expected to rise in ***Latin America and the Caribbean*** where it may reach 27.9 million tonnes, up 2.9 percent from 2006/07. Most of the growth will be accounted for by **Brazil** and **Mexico** where utilization is estimated at 11.4 million tonnes and 5.6 million tonnes, respectively. Year-on-year sugar

offtake is foreseen relatively stable in developed countries, particularly in the **European Union**, the **Republic of Korea** and the **United States**. Growth rates in these markets are limited given already high per caput usage, of nearly 36 kg, slow population growth and dietary concerns.

TRADE

Global sugar trade to contract on weak import demand

World sugar trade is forecast to reach 45.4 million tonnes in 2007/08 (October/September), slightly lower than estimated for 2006/07. Trade prospects are highly tentative at this stage as there are still many uncertainties regarding the final outcome of the 2007/08 production cycle. However, the expected slowdown in trade would reflect weaker import demand following rising production in traditional importing countries. In ***Europe***, imports by the **Russian Federation**, the world's largest sugar importer, are set to decline by as much as 1.7 percent to 3.5 million tonnes, because a much higher seasonal import duty of US$240 is to be introduced in 2008. Purchases by **Belarus** and **Ukraine** are also foreseen to drop, mainly on account of large stock availability, while overall imports to the **EU-27** are forecast at 3.2 million tonnes, virtually the same level as imported in 2006/07 by the **EU-25**. In *Asia*, due to generally positive production outcome, sugar deliveries to **China** are expected to decline to 1.2 million tonnes, compared with 2.1 million tonnes in 2006/07. Similarly, shipments to **Pakistan** and the **Republic of Korea** are forecast to contract, while those to **Indonesia** and **Malaysia** may increase. In *the rest of the world*, deliveries to the **United States** are set at 1.9 million tonnes, 135 000 tonnes higher than the previous season, while imports by *Africa* are projected to expand further on account of strong domestic demand. The depreciation of the US dollar against some local currencies could stimulate imports to the continent as well.

Due to larger output in exporting countries, export availabilities are expected to be ample in 2007/08. Competition however, among exporters is likely to be fierce in the light of the weak expected demand by traditional importing countries. In ***Latin America and the Caribbean***, **Brazil**, the world's largest exporter, is expected to ship 20.8 million tonnes, about 2.6 percent more than in 2006/07. In *Asia*, overall exports are foreseen to surpass 13.4 million tonnes, up 37 percent from last year. In **India**, exports could reach 4.5 million tonnes, driven by ample supply and the recent Government decision to lift all controls on sugar trade, including a ban on export. Strong domestic production may also foster increases in sales by **Thailand**, with shipments set to reach 4.8 million tonnes, mostly directed to markets in *Asia*. Given the soaring freights rates, the pattern of trade this year is indeed expected to be very much influenced by the distance between supplier and import markets.

Table 7. World production and consumption of sugar

	Production		Consumption	
	2006/07 *estim.*	2007/08 *f'cast.*	2006/07 *estim.*	2007/08 *f'cast*
	million tonnes, raw value			
WORLD				
Developing countries	**164.5**	**169.1**	**153.5**	**157.0**
Developed countries	**124.3**	**128.5**	**104.5**	**107.6**
Asia	40.3	40.5	48.9	49.5
Africa	10.5	10.6	15.2	15.6
Latin America & the Caribbean	52.6	52.7	27.1	27.9
North America	7.8	7.9	10.7	10.9
Europe	24.1	23.9	30.6	80.8
Oceania	5.4	5.5	1.6	1.6

MEAT AND MEAT PRODUCTS

PRICES

Rebounding demand together with tight supplies and rising production costs sustain meat prices in 2007

FAO's meat price index recovered from the low value of 112 in March 2006 to 123 in August 2007 (1998-2000=100), reflecting higher prices for all the three major groups of meat, i.e. bovine, pig and poultry meat. With increased costs of production in major producing countries, the rise in prices can be expected to continue. In August, **beef** prices were almost 6 percent above year earlier levels, sustained by a strong import demand and limited export supplies, especially in Australia. Despite a slight tendency for **pigmeat** prices to firm over the year, by August 2007 the FAO's pigmeat price index stood at only 99 points; up from 96 in August 2006. Much of the growth reflected developments in China where low domestic supplies have converted the country from a net exporter to a net importer. Currently, the main source of the increase in FAO's global pigmeat index is a gain of around 12 percent in the wholesale price of pork loins from the United States between January and August of 2007.

On the supply side, the price pattern was also influenced by rising feed and energy costs. From January to August 2007, average **poultry** export prices in Brazil and the United States[11] had increased by 21 and 30 percent, respectively, compared with the same period in 2006. The export price strength largely reflects the continued recovery of global poultry import demand in 2007, despite a recurrence of avian influenza in different parts of the world and sharply higher feed and energy costs. These specific market developments were captured in the FAO poultry price index, which strengthened considerably since January, reaching 136 points in August 2007, the highest level observed in the last ten years.

BOVINE MEAT

Strong expansions in Asia and South America sustain global bovine meat production despite higher feed costs, poor weather conditions and herd rebuilding in North America

Global bovine meat output in 2007 is currently projected at 67 million tonnes, 1.3 percent above last year. All of the increase will arise from larger production in developing countries now set to expand by 3.2 percent to 37.5 million tonnes. This will more than offset an anticipated contraction of 1 percent in bovine meat production in developed countries. In *North America*, bovine meat production is forecast to decline by 0.7 percent. In the **United States**, the expected fall would result from a retention of heifers for herd rebuilding and lower slaughter weights, due to a combination of poor pasture conditions and reduced grain feeding. Likewise, lower domestic slaughter numbers are projected for **Canada,** where the herd is contracting due to unprofitable conditions associated with higher feed costs and an appreciated exchange rate. In *South America*, **Argentina**'s production is forecast to increase by 7 percent, triggered by poor pasture conditions and policy measures[12] that have stimulated slaughtering. Production in **Brazil,** one of the most competitive world suppliers, is growing more slowly than in the recent past because of a reduced animal inventory. An amplified but similar trend in inventories applies to **Uruguay**, which also faces shortages of replacement cattle. Bovine meat production in the **European Union** remains on a downward trend, reflecting the structural reduction of the dual dairy herd, which is constrained by milk production quotas and rising yields. The decline also reflects the impact of the ongoing decoupling of government support from production. Recent outbreaks of Foot-and-Mouth and Bluetongue diseases will also negatively affect the output in the European Union. The continuing drought in **Australia** has influenced the profitability in the sector and lowered meat production.

Figure 26. FAO international price index for meat products (1998-2000=100)

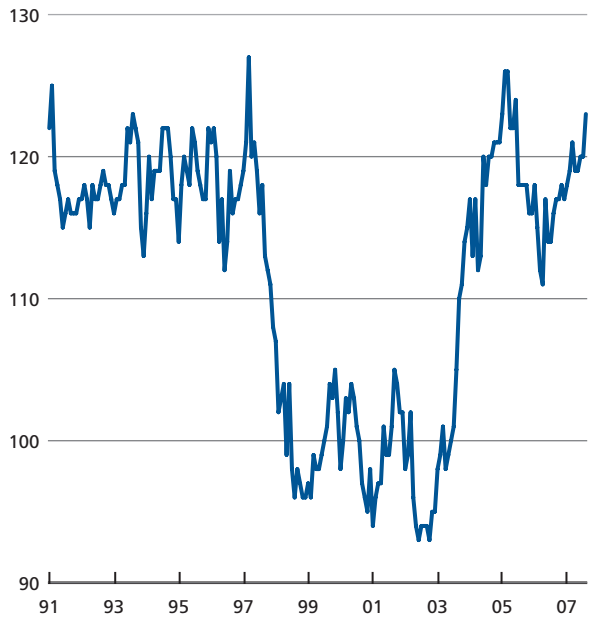
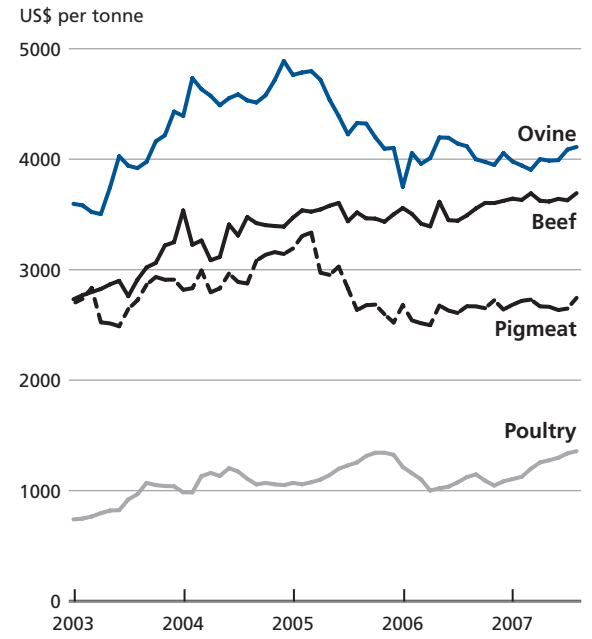


Figure 27. Prices of selected meat products



[11] Which together supply 70 percent of global trade.

[12] Such as export taxes and restrictions on beef exports, which have been implemented to keep domestic beef prices affordable and inflation in check.

However, should a herd liquidation process be initiated before the end of the year, production may rebound in 2007. With **New Zealand's** sustained expansion of the dairy herd, which continues to represent a large share of beef production, a decrease in output is anticipated this year. **China's** production is forecast to increase by nearly 5 percent, reflecting a steady herd expansion, improved genetics and feeding practices, as well as continued strong government support. Bovine meat output is likely to increase also in **India** and **Pakistan,** in response to growing domestic demand and expanding dairy industries.

International trade in bovine meat for 2007 is forecast at 7.0 million tonnes, up 2.5 percent over 2006, as the market continues to recover from the shock caused by the Bovine Spongiform Encephalopathy (BSE) incidents in North America and the resulting import bans, which are being progressively lifted. Among the major import markets, shipments to **Japan** are set to rise by 4 percent, largely reflecting larger purchases from Australia and the United States, fostered by a disease-induced shift of domestic demand from poultry to other meats. Improved access following the implementation of free trade agreements is expected to boost imports to the **Republic of Korea**. Purchases by the **United States**, the world largest importer, are also set to rise by 5 percent, due to revised import regulations of products from animals over 30 months old. By contrast, imports of beef into the **EU-27** have declined, reflecting a partial ban on beef import from Brazil together with a stagnating domestic demand. Imports to **the Russian Federation** are likely to continue rising, to meet a growing demand in the wake of falling production.

Turning to bovine meat export, shipments from **Brazil** have soared recently, replacing **Argentina's** and **Uruguay's** limited export volumes. Exports of buffalo meat by **India** continues to increase rapidly in 2007, supported by growing investment in the sector and strong import demand from Malaysia, the Philippines and countries in the Near East. On the other hand, the strong Euro and a high internal price continue to depress exports from the **European Union**. **Canada's** beef shipments are also expected to fall, negatively affected by the introduction in the United States, its major market, of Country of Origin Labelling legislation.

PIGMEAT

Developments in China strongly influence the world pigmeat sector in 2007

Global pigmeat production in 2007 is forecast to fall by 1 percent to 105.8 million tonnes. The principal reason for the decline is a major contraction of output in **China**, where the sector was much affected by a massive pig culling following an outbreak of PRRSV disease and high feed prices. In South America, an increase in pigmeat production is anticipated in the main producing countries. **Brazil** and **Chile**, which harvested record soybean and corn crops, are the main forces sustaining the output expansion in the region. In the **European Union**, pigmeat production is forecast to grow only slightly in 2007, constrained by rising feed costs and recent outbreaks of swine fever in both **Bulgaria** and **Romania**. In **the Russian Federation,** production is set to expand as pig numbers have increased by more than 10 percent, sustained by government support under policies aimed at boosting domestic production and at lowering import dependency over the medium term. Pigmeat output in **Australia** may increase in the short term due to a reduction inventories, caused by a combination of drought-induced grain price increases (feed grain accounts for approximately 40 percent of feed input), record imports and the strengthening of the Australian Dollar. Pigmeat output in **Canada** is likely to decline along with the pig breeding herd, as the processing industry continues to consolidate, also pressured by the strong Canadian Dollar. In the **United States** the outlook for pigmeat production is favourable as slaughter weights in 2007 are close to those of the previous year, while slaughter numbers are increasing. In North America, pork retail prices have risen, as the sector has been able to pass some of the increase in production costs to consumers.

World trade in pigmeat is estimated to remain in the order of 5.0 million tonnes in 2007, virtually unchanged from last year. A major development for the sector this year was the coming of **China** onto the market as a buyer, as the country was crippled by a lack of pork supplies following the outbreak of PRRSV. Among the major importers, purchases by **Japan** are expected to remain at a standstill this year, after declining in 2006. Imports of pigmeat by **Mexico** are also unlikely to change much this year. By contrast, shipments to the **Republic of Korea** are expected to increase, sustained by rising domestic demand. Pigmeat deliveries to **the Russian Federation,** which continue to be subject to tariff rate quotas, are expected to be only marginally higher, a reflection of large production gains and consistent with the prevailing government policy. **China (mainland),** this year is expected to import 100 000 tonnes of pork, more than double the level in 2006, in an attempt to dampen the pressure for domestic prices to rise. As for pigmeat exports, sales from **Brazil** and **Canada** are forecast to rise, partly boosted by increased shipments to China. By contrast, declining exports are now anticipated in the **United States**, reflecting strong domestic consumption, and in the **European Union,** depressed by a strong Euro.

Table 8. World meat markets at a glance

	2005	2006 estim.	2007 f'cast	Change 2007 over 2006
	million tonnes			%
WORLD BALANCE				
Production	**269.3**	**275.7**	**278.3**	**1.0**
Bovine meat	64.5	66.2	67.1	1.3
Poultry	82.9	83.7	86.2	3.0
Pigmeat	103.7	106.9	105.8	-1.0
Ovine meat	12.9	13.6	13.8	2.1
Trade	20.6	21.1	21.4	1.5
Bovine meat	6.6	6.8	7.0	2.5
Poultry	8.2	8.1	8.2	1.3
Pigmeat	4.8	5.0	5.0	0.7
Ovine meat	0.8	0.8	0.8	-0.3
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	39.5	40.0	40.0	0.0
Developed (kg/year)	58.6	59.0	59.3	0.6
Developing (kg/year)	31.0	31.6	31.6	-0.1
FAO Price Index	**2005**	**2006**	**2007**	
	121	115	120*	

* Jan-Aug 2007

POULTRY MEAT

Despite the recurrence of Avian Influenza (AI), global poultry consumption continues to grow

Global poultry meat production in 2007 is projected at 86.2 million tonnes, 3 percent higher than last year. Growth is expected in all regions, except in North America. **United States'** production will stagnate, because of higher feed and production costs[13], which fostered a slight downsizing of the sector for the first time. **Canada's** situation will greatly depend on the outcome of the measures taken to contain its recent AI outbreak, but the country is expected to increase its output. Production is also likely to increase in South America. **Argentina** and **Brazil** are showing the highest growth amongst producing countries reflecting, as in the case of pigmeat, a relatively favourable feed situation and competitive production systems. **Thailand's** poultry production is forecast to increase at a slower pace this year, as the market was burdened by large supplies carried over from 2006. This year, despite recurring outbreaks of AI, **China** is anticipated to increase its poultry output through measures that improve feed conversion into meat. The outbreak of AI at the beginning of the year had little impact on **Japan's** poultry sector, with output expected to increase slightly. All the other major poultry producers, namely **Australia**, **Colombia**, **India**, **Indonesia**, **the Islamic Republic of Iran**, **the Russian Federation**, **South Africa** and **Turkey,** are expected to increase their poultry production in 2007, largely in response to improved domestic demand.

In Africa, overall output is anticipated to increase slightly, mostly reflecting higher production in **South Africa** and a recovery in **Egypt** from AI, which had strongly depressed the sector in 2006. Despite the resurgence of AI in parts of the **European Union,** prospects for poultry production in 2007 remain relatively optimistic. Competitive prices, with respect to other meats, consumer preference for white meat and increased use in food preparations have favoured poultry meat. The accession of **Bulgaria** and **Romania** at the start of 2007 had only minor impacts on European Union poultry sector since their combined output contributes only 4 percent, or close to 500 000 tonnes, of the EU-27 poultry production.

Trade in poultry meat is projected to rise by 1 to 2 percent to 8.2 million tonnes, sustained by increased import demand, but limited by scant export supplies in the United States. Much of the import growth is expected to originate from Asia, especially **China, Singapore** and **Viet Nam**, where consumers have mostly substituted broiler meat for pork after the first outbreak of PRRSV in May 2006 in China and the subsequent spread to other parts of the region. Imports by **Angola** and **Cuba** are also forecast to rise, principally sourced from United States**.** Likewise, imports by **Turkey** are anticipated to recover from the AI-related contraction in 2006, reflecting a return of consumer confidence. By contrast, imports by **Japan** are set to decline, due to some AI-related concerns amongst consumers and high poultry meat stocks built up in 2006. A tightening in sanitary import requirements by the **Russian Federation** along with increased domestic production is also expected to result in smaller shipments to that destination.

As for exports, larger sales of chicken meat by **Brazil** are expected to account for most of the expansion in poultry trade. Exports from the country are now anticipated to surge by 11 percent, to 3.0 million tonnes, in response to strong import demand from countries in the Far East, the European Union, Venezuela and Near East countries, such as Kuwait and Saudi Arabia. **Thailand's** exports of poultry are set to rise strongly, as the country benefited from the recently introduced European Union import quota on salted poultry and cooked chicken meat. By contrast, despite larger sales

[13] The cost of production for poultry is estimated to increase by 27 percent according to the Economic Impact of Ethanol on Livestock, Brian L. Buhr, University of Minnesota, 2007.

to China, the export forecast for the **United States** points to a 5 percent contraction from last year's 2.9 million tonnes reflecting growing competition from Brazil, especially on the Asian market.

SHEEP AND GOAT MEAT

Global ovine output forecast to increase despite substantial cuts in Oceania

Global sheep and goat meat production is forecast to reach 13.9 million tonnes in 2007, 2.1 percent higher than last year. Underlying this trend is a continuous expansion in **China**, the **Islamic Republic of Iran** and **Pakistan**, sustained by a dynamic domestic demand. Output is expected to rise also in Africa, reflecting developments in **the Sudan**, but also in **South Africa** where production should recover in parallel with herd sizes. In Latin America and the Caribbean, **Argentina's** output should increase, as limited feedstuff availability and poor pasture conditions resulted in increased slaughter numbers. By contrast, production is anticipated to contract in most developed countries. In **Australia** and **New Zealand**, continued retention for flock rebuilding should again result in a reduced output. Similarly, in the **European Union**, the decoupling of annual premiums for ewe numbers continues to depress production.

World exports of sheep and goat meat in 2007 are estimated to decline in 2007 to 840 000 tonnes. Overall sheep meat exports from **Australia** are now set to contract in 2007, reflecting the production shortfall, more than offsetting a small increase in deliveries by **New Zealand**. Among the major ovine meat importers, purchases by the **United States** are forecast to increase by 4.7 percent, driven largely by consumer demand. Stable demand combined with falling production should also foster an increase in imports by the European Union, the most important destination of trade in ovine meat.

MILK AND MILK PRODUCTS

PRICES

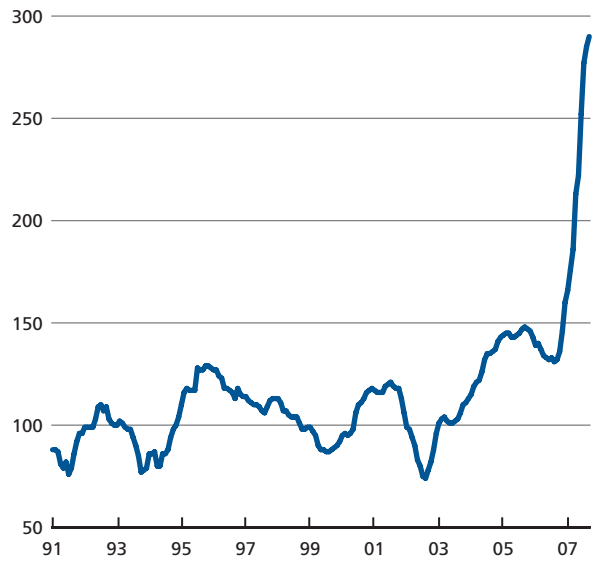
Dairy prices continue to surge, but uncertainty is rising

International market prices of dairy products are now well over twice their levels of one year ago. Since the June Food Outlook, the FAO index of dairy product prices (base 1998-2000=100) has risen from a value of 213 in April, to 290 in September 2007. It is almost four times its previous low of 74 observed in 2002, giving evidence that significant changes in the global milk sector may be underway. Higher international prices are being associated with higher domestic prices in many countries, including some of the more protected developed countries, where insulated domestic prices were in the past well above international prices. Given recent developments of prices, these countries may now export profitably, and hence change the structure of world trade.

During the spike, prices of milk powders increased the most initially, reflecting the fact that their supplies are largely residual to the product processing systems of most exporting countries, and are least sensitive to prices. As of September 2007, skim milk powder (SMP) and whole milk powder (WMP) prices (Oceania markets) were each up by over 125 percent from September last year and stood at US$4 950/tonne and US$4 750/tonne, respectively. Butter prices have gained the most in recent months, as the European Union public stocks diminished to record low levels, and by September prices were also 125 percent higher than last year, at US$3 700. Cheese prices have increased the least, but were up 88 percent over year ago levels, at US$4 900/tonne.

The strong upswing in prices started in the fourth quarter of 2006, after European Union public intervention stocks of SMP were exhausted (see Figure 29). A series of supply side shocks then set

Figure 28. Monthly index of international prices of selected dairy products (1998-2000=100)

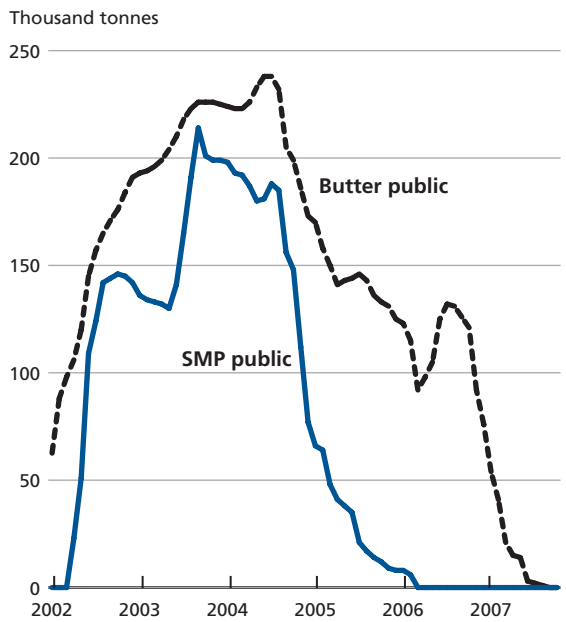


The index is derived from a trade-weighted average of a selection of representative internationally traded dairy products.

markets into a spin. In late 2006, milk production was negatively affected in some regions by a sharp rise in feed prices caused by short global supplies and high demand of feed grain for biofuel. Then, in early 2007, India imposed an export ban on SMP, drought returned to Australia and flooding deteriorated pasture conditions in Argentina and Uruguay. In the third quarter, high feed prices and poor pasture due to hot weather reduced European Union milk production levels. This sequence of shocks, without sufficient stocks to absorb them, moved prices beyond record levels and far higher than ever anticipated.

While prices have continued to rise, there are signs of a turn around. Uncertainty, not about the direction of the price change, but about its timing and extent, is also rising. As farm milk prices surged in many countries, doubling in some cases in South America and higher by 30-40 percent recently in the United States and the European Union, a potential flood of milk products may soon be hitting world markets. While supply shocks underlie the current price spike, supplemented by continued depreciation of the US dollar, the impact of policy changes and underlying high demand growth in key developing countries are key to assessing where markets will land.

Figure 29. Public stocks of dairy products in the EU



PRODUCTION

Solid milk production growth in 2007, but not in all the major exporting countries

Global milk production is now anticipated to reach 678 million tonnes in 2007, up 2.3 percent from last year, a much lower growth than was expected in the last Food Outlook. Importantly, the slowdown is now expected in a number of key milk product exporting countries. Milk production of the five leading exporting countries, which produce over 40 percent of the world's milk but contribute over 80 percent of global exports, is now expected to remain unchanged compared with year earlier levels. Production declines by **Argentina** (-7.0 percent), **Australia** (-5.2 percent), the **European Union** (27) (-0.4 percent) and the **Ukraine** (-2.0 percent) may just be offset by gains in the **United States** (+2.0 percent) and **New Zealand** (2.5 percent). While this sluggish production growth by exporters can be somewhat attributed to higher feed prices and increased land allocation toward crop production, as opposed to pasture, the main underlying factors have been poor weather and pasture conditions.

The strongest expansion in milk production is in *Asia* which, as a continent, is expected to increase its milk output by over 5 percent again in 2007, stimulated in many countries by strong economic performance, which has led to higher internal milk prices and increased investments in production, processing and domestic marketing capacity. Fast growth is not forecast to be limited to traditional dairy producers such as **India** and **Pakistan,** which are set to increase production by 3 and 4 percent respectively. Indeed, **China** is expected to boost milk production by 18 percent this year, becoming the third largest milk producing country in the world. High returns and large international investments have spurred development in the Chinese dairy sector in the past ten years and, while many anticipate production growth to slow, it keeps expanding at high rates. It should be highlighted that China is also the world's largest importer of milk products, as demand continues to outstrip domestic supply given its rapid economic growth and despite current high import prices. In other countries in *Southeast Asia* and in the *Middle East*, demand for milk and re-constituted milk products has also outpaced supply, although recent high milk prices are fostering growth in production capacity and restraining import demand.

Milk production in *Latin American and the Caribbean* has been rising fast in recent years and a number of countries has been either emerging more prominently on export markets, or replacing imports with domestic production. In 2007, growth in **Brazil**, the region's largest

Table 9. World dairy markets at a glance

	2005	2006 estim.	2007 f'cast	Change 2007 over 2006
	million tonnes, milk equiv.			%
WORLD BALANCE				
Total milk production	**646.5**	**662.7**	**678.2**	**2.3**
Skim Milk Powder (SMP)	22.3	22.3	22.3	-0.3
Whole Milk Powder (WMP)	22.1	22.2	21.8	-1.6
Butter	55.8	58.4	61.1	4.6
Cheese	83.2	84.6	87.1	3.0
Other products	463.0	475.2	485.9	2.3
Total trade	**46.0**	**47.3**	**46.7**	**-1.4**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	93.8	95.1	96.2	1.2
Developed (kg/year)	173.5	174.3	175.3	0.6
Developing (kg/year)	61.2	63.0	64.6	2.6
Trade - share of produc (%)	7.1	7.1	6.9	
FAO Price Index	**2005**	**2006**	**2007**	
(1998-2000=100)	145	138	230*	

* Jan-Sept 2007

milk producer, remained sustained at 3.0 percent, as a result of rising prices in recent years. However, production in **Argentina,** which increased rapidly in 2006 in response to improved economic conditions, is now anticipated to decline by 7 percent in 2007 as a result of widespread flooding of pastures in key production zones, such as in the province of Santa Fe. Domestic prices in Argentina have also continued to be discounted from high international prices by the application of export taxes, with the objective to protect domestic consumers. Milk production in **Uruguay**, the other key exporter in the region, is expected to fall, by 3.0 percent, also as a result of poor pasture conditions. In **Mexico**, one of the world's largest importers of milk powders, attempts have been made to stimulate sector development to limit dependence on imports and milk production is now expected to rise 1.5 percent. However, recognizing the important role of milk powders in domestic food security, import tariff quotas have again been relaxed to assure adequate supplies for social feeding programmes.

In *Africa*, a slow pace of expansion, in the order of 1 percent, is expected in 2007, reflecting very mixed performance across the continent. Production there continues to be unresponsive to high international prices, as can be expected from a region where informal markets dominate the dairy sectors. Moreover, key producing countries of **Kenya** and **South Africa** have been negatively affected by heavy rains and their production will fall by 3 and 5 percent respectively. Production in **Algeria**, which is the continent's largest importer of milk products, may increase by over 2 percent as a result of high domestic prices and programmes to encourage production. However, some countries, such as **Mauritania** have apparently sought to cushion the impact of high international prices on domestic consumers through price subsidies; a policy that tends to limit incentives for local producers to expand.

In **Canada**, where rising milk and milk product prices have depressed domestic demand and reduced milk quota levels, production will be cut accordingly by a 1.6 percent, the third consecutive year of declines. On the other hand, the **United States** dairy sector continues to grow strongly despite high feed prices, as domestic milk prices have soared, led by firm domestic and external demand. Current United States milk prices are at historically high levels and milk-to-feed price ratios are strongly positive.

In *Europe*, **European Union's** milk production in the early months of 2007 showed signs of recovery compared with 2006, but it began to languish by mid-year, because of high temperatures/low water supplies in key producing regions. While weather conditions have played a key role in limiting production in the past two years, the provision of support independently from the level of production has also reduced the incentives for European milk output to expand. The European Union's milk production is now expected to decline slightly in 2007 for the second year in a row, and with low stocks of dairy products, domestic prices have started to soar in recent months. For example, farm prices of milk in September are reported in Germany to have increased by as much as 40 percent over the September 2006 levels. Production response to these higher prices will depend significantly on how production quotas are applied in the future; a theme that will be examined as part of the European Union's "health check" CAP review in 2008. Elsewhere in Europe, production in **Ukraine**, the other major exporter in the region, has also failed to increase in the last two years and, in 2007, is expected to fall by 2 percent. Meanwhile, milk production in the **Russian Federation**, the world's largest importer of butter and cheese, is set to increase by almost 3 percent this year in response to investment programmes.

In *Oceania*, milk producers in both **Australia** and **New Zealand** have been benefiting from rising domestic prices, given their significant presence in international markets. However, the benefits from high world prices have been somewhat eroded by the appreciation of their respective dollar currencies, which have each revalued by about 60 percent against the US dollar over the past five years. Furthermore, drought has hit hard in **Australia**, for the second time in five years. Milk production for the

first six months of 2007 was down 10 percent and is likely to remain short for the remainder of the year. Although production had improved in 2006, it is now estimated to be almost 20 percent below its peak level in 2002, and milk product inventories have dwindled to minimum levels, leaving exportable surplus at its lowest in many years. Output in **New Zealand** has continued to expand in 2007, at 2.5 percent, and with record high farm prices, the country is set to expand further under profitability conditions which the industry has not seen before.

TRADE

Is a change in the dairy market structure coming soon?

The milk product trade situation this year is largely determined by the tight milk supply situation of the major dairy exporting countries, which after accounting for their own domestic demand growth, implies that, in milk equivalent terms, exports supplies of milk products are expected to decline marginally. Accordingly, trade patterns are heavily influenced by the degree of tightness in these exporting countries, with New Zealand increasing shipments, while Australia, Argentina, the European Union, Ukraine and Uruguay may reduce their exports. The situations in the United States and the European Union appear to be the most interesting, as, at current prices, they may have the potential to increase exports again quickly, without the need of subsidies, and bring prices down. In the United States, where the weak dollar has increased the competitiveness of the dairy sector, the upturn in world prices has induced higher exports of SMP, cheese and butter, which are partly responsible for a large increase in United States domestic milk prices, which, at almost US$480 per tonne, are now are at record levels. Domestic prices for SMP in the United States have run up along with world prices, as shown in Figure 30. The same pattern dominated the European Union, as demonstrated for WMP prices, where domestic prices have run up in parallel with the international price. However, European Union prices of WMP remained above world levels in the presence of export refunds (see Figure 32), as these were eliminated only in June of this year, and will be extended to shipments/ contracts for up to four subsequent months. With producer milk prices in some countries of the European Union rising rapidly in recent months, the question is how much the European Union will respond with higher production and exports, given a strong Euro and internal production quotas that may contain future production growth.

Figure 30. Skim Milk Powder prices

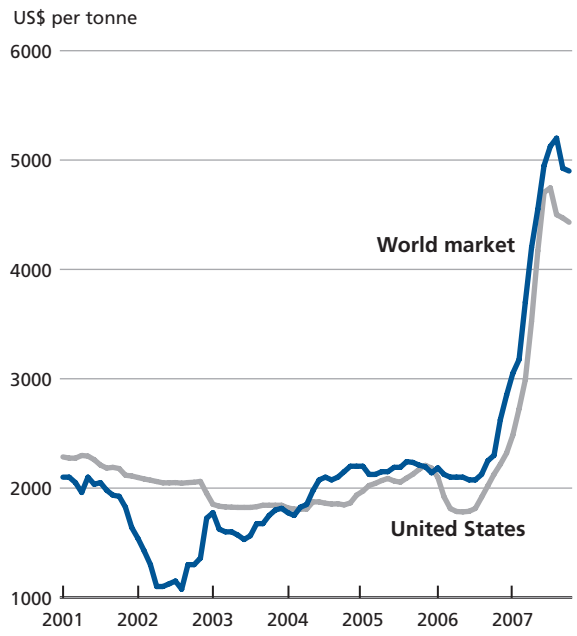
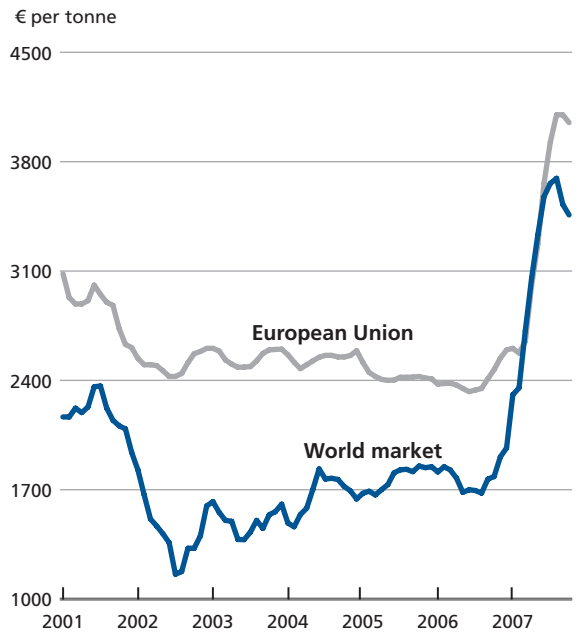


Figure 31. Whole Milk Powder prices

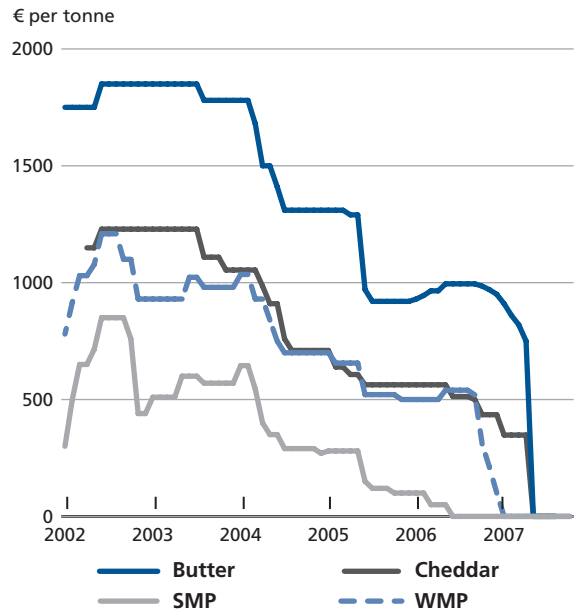


The largest and fastest growing milk product market internationally is that for WMP, which has been used for re-constitution or blending in fluid drinking milks as well as for the making of other value added products. New Zealand dominates this market, followed by the European Union, Argentina and Australia. Global exports are expected to

Table 10. Major exporters of dairy products

	2005	2006 prelim.	2007 f'cast
		thousand tonnes	
WHOLE MILK POWDER			
World	**1 769**	**1 823**	**1 771**
New Zealand	585	645	680
EU-25	486	412	412
Argentina	162	215	172
Australia	157	169	140
SKIM MILK POWDER			
World	**1 110**	**1 182**	**1 200**
USA	281	292	300
EU-25	189	84	140
New Zealand	221	316	337
Australia	166	184	150
BUTTER			
World	**910**	**907**	**907**
EU-25	311	243	240
New Zealand	320	368	380
Australia	68	81	60
Ukraine	24	18	17
CHEESE			
World	**1 590**	**1 629**	**1 645**
EU-25	546	582	605
New Zealand	263	299	316
Australia	208	209	195
Ukraine	116	50	60

Figure 32. EU export refunds for selected dairy products



fall by 2.8 percent. While exports are expected to increase marginally in New Zealand, and remain about the same in the European Union, they are expected to fall significantly in Argentina (-20 percent) and Australia (-17 percent). WMP import demand remains strong, particularly in China and countries in South Asia and the Near East. However, imports by countries in North Africa are expected to be depressed by high world prices.

It is anticipated that world trade in SMP will be up marginally, largely due to increased exports from the European Union made early in the year, when SMP prices were strongest relative to other products. Exports from the United States, which has become the world's second largest supplier of SMP, are also expected to increase to a new record, underpinned by the strong world prices. **New Zealand**'s exports of SMP are expected to increase by almost 7 percent. Again due to short supplies, trade from **Australia**, **Argentina** and **Ukraine** is expected to be down considerably from their normal levels. SMP imports into Asia remain strongest, in particular in **China**, **Philippines**, **Thailand** and **Saudi Arabia**, while in the other regions, **Algeria** and **Mexico**, two large importers, have reduced imports significantly in the past several years in an attempt to replace imports with domestic supply.

International butter and cheese markets are heavily affected by tariff quotas, and where quota has been binding, such as in **Canada, the European Union, Japan** and the **United States,** trade may remain stagnant. As much as this factor, the increases in demand as incomes rise are much higher for these products than for milk powders. The same is true for trade in more highly processed dairy products whose coverage is beyond the usual scope of this outlook, including milk protein concentrates, and casein, etc. The point is that demand for these products in countries such as the Russian Federation is growing rapidly, underpinning trade (see box).

Why is interntional demand for dairy products so strong?

What explains why importers are paying such high prices for milk products? The implicit prices of butterfat relative to vegetable oil, and of milk proteins to vegetable proteins are currently far out of proportion. Skim milk powder and whole milk powder imports by developing countries have changed little despite prices being over twice the levels of last year. The answers to these questions point to a changing market environment. The following points should be made:

- Per caput income growth of key importers has been significant in 2007, particularly China (9.5 percent), Russian Federation (7 percent), countries of Southeast Asia (3-4 percent), Algeria (3 percent) and Mexico (3 percent). Many commodity based importers have increased foreign exchange earnings due to the commodity price boom, post 2000.

- Effective prices of milk products purchased by importers from Oceania, South America and Europe are not as high as indicated in depreciated US dollars.

- Most exports are made in forward contracts, at prices fixed up to six months in advance of shipment, so demand impact is delayed.
- Milk powders are reconstituted and blended with fresh domestic milk, and hence high prices may have less, or a delayed, impact on the final cost to consumers.

- Some developing countries have been subsidizing imports as part of social feeding programmes. At current prices these will be expensive to continue.

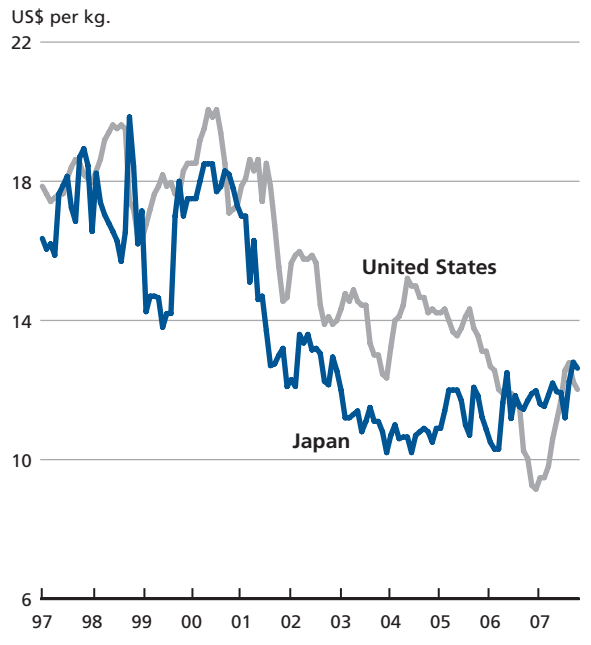
FISH AND FISHERY PRODUCTS

PRICES

Prospects for prices of **shrimp**, the principal commodity in international fish trade, are rather subdued in 2007, reflecting a weakening of import demand globally. Lack of demand growth in the United States is expected to keep the level and value of imports to that market unchanged from last year. In Japan, the tendency for fish imports to fall is not sparing shrimp. On the other hand, import demand in the European Union continues to grow, especially for warm water shrimp but, in general, ample supplies from aquaculture are putting shrimp prices under pressure, with capture shrimp fisheries showing more instability and price variation. In the next few months, prices in the United States market may firm somewhat, while they are likely to decline in the European Union and Japan. In 2008, projected increases in farmed shrimp production will put new downward pressure on prices.

Reduced catches of **tuna,** especially in the Indian and Pacific Oceans**,** have resulted in a dramatic increase in prices, causing major concern to canneries. Higher fuel costs have only added to the difficulties of the tuna fleet.

Figure 33. Frozen shrimp prices in Japan and the United States



In the Eastern Pacific areas, the upcoming closure of the fishing season forced canneries to bid aggressively for raw material, causing prices to rise even higher. In the short term, there seems to be no end in sight to the upward spiral of tuna prices.

With conflicting market pressures, predicting short- to medium-term price trends for frozen **cod** fillets remains challenging. On the one hand, tighter European cod quotas this year and next should keep prices along the upward trend that has been evident in recent years. However, increased supplies of whitefish products, such as tilapia and Vietnamese pangasius fillets, are expected to dampen somewhat the tendency for cod prices to rise. As a result, price prospects for frozen groundfish fillets remain broadly stable.

A situation of ample supply and dull demand is characterizing the European Union **salmon** market, with declining prices. At present, the current quotations are nearing the minimum import price set by the European Union at €2.80/kg live weight equivalent. For the January-September 2007 period, Norway, the principal farmed salmon producer, exported 390 000 tonnes of salmon (live weight equivalent), a 27 percent increase over the corresponding period of 2006. This increase in quantity was matched by a mere 4 percent increase in value, resulting in a substantial drop in the export unit value

Figure 34. Frozen skipjack prices

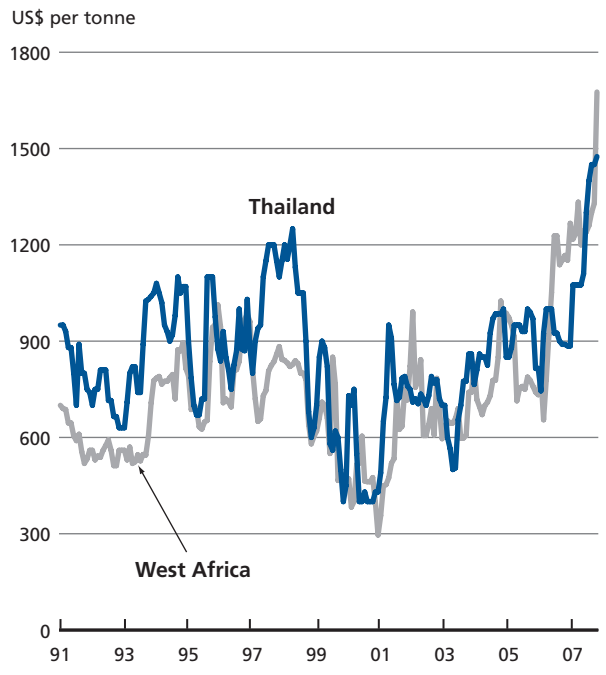


Table 11. World Fish markets at a glance

	2005	2006 *estim.*	2007 *f'cast*	Change 2007 over 2006
	million tonnes			*%*
WORLD BALANCE				
Production	**141**	**141**	**143**	**1.4**
Capture fisheries	93	91	91	0.0
Aquaculture	48	50	52	4.0
Trade value (export billion US$)	78	86	93	8.1
Trade volume (live weight)	57	55	54	-1.6
Total utilization				
Food	108	112	115	2.6
Feed	23	18	17	-5.6
Other uses	10	11	11	0.0
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
Food fish (kg/year)	16.7	17.2	17.4	1.2
From capture fisheries (kg/year)	9.3	9.5	9.5	0.0
From aquaculture (kg/year)	7.4	7.7	7.9	2.6

from the high levels of 2006, a year characterized by strong demand and limited supplies for both farmed and captured species.

Despite lower production, prices of **fishmeal** declined in the course of 2007 from the sky-high levels reached in 2006. This fall was caused by falling imports by China, the main fishmeal market, which is holding huge inventories, forcing Peruvian producers to sell at discounted prices. However, prices are likely to have bottomed out at their present level of US$1 050/tonne and are likely to rebound as China is expected to resume purchasing fishmeal soon. Fishmeal is an extremely important feed ingredient for carnivorous aquaculture species and its price has an immediate impact on aquaculture production costs.

PRODUCTION

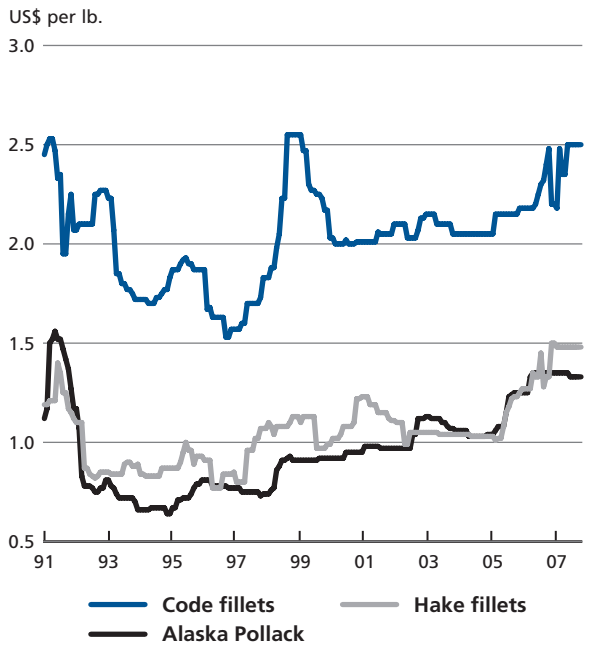
Aquaculture set to overtake capture fisheries as the major source of fish supply

The world fish production is characterized by ever increasing aquaculture production, albeit at declining growth rates, while capture fisheries have fallen back, a tendency which is likely to prevail also in 2007. The contraction in capture fisheries reflects generalized over-fishing and reduced fish stocks, especially of groundfish resources, but also reduced anchoveta catches in Peru in 2006 and 2007. In addition, high fuel prices are

influencing negatively the high sea fisheries, such as tuna fisheries. Shrimp trawling, which is a particularly fuel intensive fishing activity, was also negatively affected by the surge of oil prices in 2007. On the other hand, the aquaculture boom continued in 2007 for all major species produced for international trade, such as salmon, shrimp, catfish, tilapia, the production of which recorded two digit increases. Very soon, aquaculture will overtake capture fisheries as the main source of food fish supply. At the moment, its share is about 45 percent.

For the coming year, the overall trend of rising aquaculture production, on the one hand, and weaker capture fisheries, on the other, is more than likely to proceed, although limited availability of fishmeal and fish oil, an essential ingredient to feed carnivorous species, may act as a constraint on the rapidly increasing aquaculture production. Indeed, most of the fishmeal/oil comes from capture fisheries of small pelagic fish, which declined in 2006 and 2007. To overcome the problem, the industry in all main aquaculture feed producing countries is looking for new feed formulations based on non-fish protein that still develops omega-3 in the cultured fish.

Figure 35. Frozen groundfish prices in the United States



TRADE

World fish trade scheduled soon to top US$100 billion, for the first time.

With 79 percent of the world production of fish and fishery products (capture plus aquaculture) taking place in developing countries, it is only natural that these play a major role in international trade. In fact, half of world fish exports of US$86 billion (2006) now originates in developing countries. Net export revenues continue to be of vital importance to the economy of many fish exporting developing countries, amounting to more than US$22 billion per year. Imports are mostly by developed countries, which are responsible for about 80 percent of the total import value of US$90 billion (2006).

International trade in fish and fishery products continues to grow strongly, reflecting rising consumption not only in the **European Union** and **the United States** but in all other regions, including Asia with the notable exception of **Japan**. Rising trade volumes (except for fish meal) and values also testify to the increasing globalization of the fisheries value chain, in which processing is being outsourced to Asia (e.g. **China, Thailand** and **Viet Nam**) and, to a lesser degree, Central and Eastern Europe (e.g. **Poland** and **Baltic countries**) and North Africa (**Morocco**). It is noteworthy that, many species, such as salmon, tuna and tilapia, are increasingly traded in the processed form (fillets or loins).

China[14] is the largest fish exporter at US$8.9 billion (2006) but its imports are also growing, reaching US$4.2 billion (2006). The increase in China's imports is partly a result of outsourcing, as Chinese processors now import raw material from all major regions, including South and North America and Europe, for re-processing and export, but it also reflects China's growing domestic consumption of species not available from local sources. China's trade in 2007 (six months) shows strong growth in both exports and imports (see table). At the present trend, China will soon overtake **Spain** as the world's third largest importing country[15] after **Japan** and **the United States**.

The European Union is by far the largest single market for imported fish and fishery products. This reflects both its growing domestic consumption but also the fact that the European Union itself has enlarged to include 27 member countries. The 2006 imports (EU-25) reached US$38 billion, up 16 percent from 2005, or 42 percent of total world imports. However, official statistics also include trade among European

[14] Excluding Hong Kong SAR and Taiwan Province of China

[15] Including Hong Kong SAR and Taiwan Province of China makes China already the third largest importer.

Union partners. If intraregional trade is excluded, the European Union imported US$20.5 billion worth of fish and fishery products from non-European Union suppliers, an increase of 16 percent from 2005. This still makes the European Union the largest market in the world with about 27 percent of world imports. Partial figures for 2007 confirm the present upward trend of European Union imports, with a 3 percent increase in values recorded in the January-July period.

Japan is the largest single country market for fish, but import volumes have been declining in recent years, due to weaker domestic demand associated with a long-term shift towards reduced fish consumption. In 2006, imports, the major items of which are shrimp, tuna and salmon, showed a 3.5 percent decline from 2005 to below US$14 billion, and a 5.6 percent reduction in volume to 3.2 million tonnes. Figures in 2007 confirm the downward trend, with a further 5.5 percent drop in import value.

The United States is the second largest single country import market after Japan. With a growing population and a long-term positive trend in seafood consumption, imports reached US$13.3 billion in 2006, 1.5 percent more than in 2005. In 2007, they are likely to overtake those of Japan, converting the United States into the largest single country market. Imported quantities of edible fish products reached 2.5 million tonnes in 2006. 2007 figures (8 months) show a small increase in volume of 0.7 percent, whereas import values increased more strongly, by 5.6 percent.

The largest US import item in value is shrimp followed by salmon, crab and tuna. Of note is the strong increase in tilapia imports in 2007 (volume +17 percent, value +21 percent) and crab (volume +12 percent, value +22 percent).

UTILIZATION

World per caput consumption of fish and fishery products has risen steadily over the last decades from an average for the decade of 11.5 kg during the 1970s, 12.8 kg in the 1980s to 14.8 kg in the 1990s. It has continued to grow in the 2000s, to an average of 16.4 kg per caput in 2001-2003. Figures at the world level, however, are strongly influenced by China's dominance. In fact, China's domestic consumption of fish and fishery products per caput has risen from less than 5 kg in the 1970s to the present 26 kg, which given the size of the Chinese population, has contributed to much of the increase in the world per caput consumption. Excluding China, per caput consumption averaged 13.5 kg in the 1970s, 14.3 kg in the 1980s, falling in the 1990s to 13.2 kg per caput. The average for the 2001-2003 period points to a new increase to 14.0 kg per caput. Based on FAO's

Figure 36. Fresh salmon prices in European market, origin: Norway

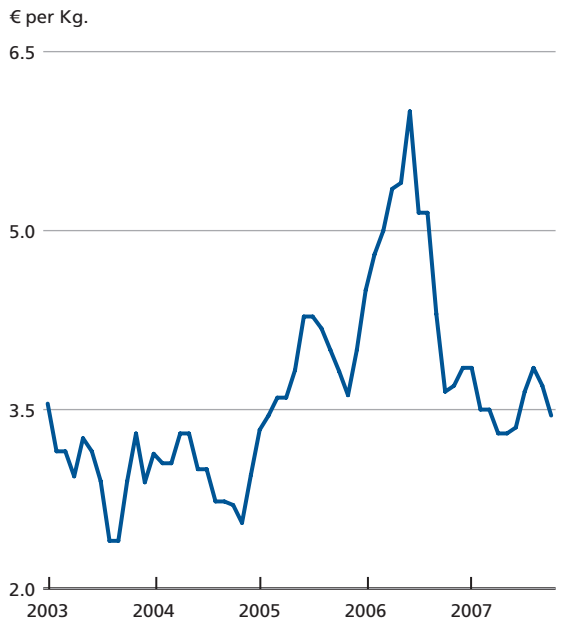
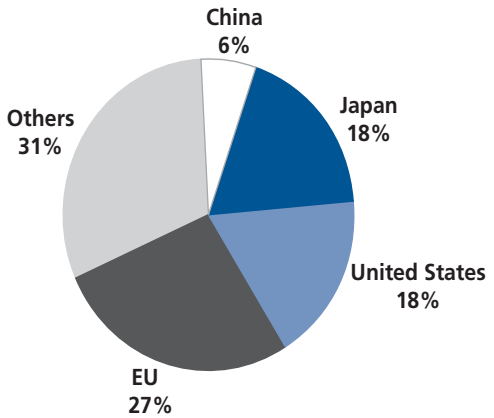


Figure 37. Share of world imports values in 2006 excluding EU intra-trade



estimates for the most recent years, per caput food fish consumption is set to rise further and average 17.2 kg in 2006 and 17.4 kg in 2007. However, there are wide differences in fish consumption per caput across regions, with below-average and stable levels in South America and Africa. In many ways, it is the region of Africa which gives major causes for concern given the low absolute levels of consumption and the strong growth in projected population. On the other hand, sub-Saharan Africa has a significant potential in aquaculture which at present is hardly exploited at all.

Table 12. Imports and exports of aquatic products in China (Jan-June 2007 - 6 months)

	Volume	Range from last year	Value	Range from last year
	(1000 tonnes)	*%*	*(million US$)*	*%*
Exports	1 477	11.5	4 680	14.9
Imports	1 717	7.3	2 300	20.6
Total	3 194		6 970	

Fish, the WTO and the role of standards

Contrary to other food or agricultural products, fish is not covered by the WTO Agreement on Agriculture. For this reason, in the current Doha negotiations on trade liberalization, fish and fishery products are discussed under Non-Agricultural Market Access (NAMA).

In the world fish trade today, three large markets (i.e. the European Union, Japan and the United States) represent two-thirds of all imports. Together with other developed countries, this group of countries count for almost 80 percent of total imports. With stagnant domestic supplies and growing consumption, they are forced to rely on imports to cover a growing share of domestic demand. This is the principal reason why import tariffs in developed countries are so low and, albeit with a few exceptions such as for many value-added products, do not represent any significant barrier to trade. As a result, developing countries have been able to gain increased access to developed country markets without being hampered by prohibitive custom duties. In fact, today's most important barrier to increased exports, beyond the physical availability of product, is the lack of ability to adhere to quality- and safety-related import requirements, rather than import tariffs. The WTO agreements most important for fish trade, in addition to the member country's individual commitments on import tariffs, are the ones concerning subsidies, anti-dumping, technical barriers to trade, sanitary and phytosanitary measures and resolution of disputes.

Exports from developing countries, that together account for close to 50 percent of total trade in fish and fishery products, are not only hindered by importing countries' official technical barriers or sanitary and phytosanitary measures but also by growing requirements on environmental and social issues. The emerging dominance of large retail and restaurant chains in seafood distribution and sales is not only shifting negotiating power towards the final stages in the value chain, but retailers are increasingly also imposing private- or market-based standards and labels on developing country exports, making it harder for small-scale fish producers to enter international markets and distribution channels.

FERTILIZERS

UREA

Urea spot prices remain substantially higher than they were one year ago and prices are expected to remain firm in the coming months. India's urea import requirements look set to rise on account of strong demand in the wake of low domestic supplies. Facilities located close to ports in all major export regions continue to operate at full capacity. Local urea prices in China and Viet Nam have been increasing. Urea availability for export from China remains limited. In the United States production and inventories are higher than a year ago in anticipation of larger crop planting this autumn. In Japan, Pakistan and the Republic of Korea, urea application declined in the first half of 2007 compared with last year. There is little supply available from the Russian Federation and supply capacity from the Baltics might be further temporarily reduced.

AMMONIA

Ammonia prices continued to fall in Asia and the Middle East while they showed firmness in the Black Sea region owing to a temporary dip in supplies. In the Ukraine, for instance, production suffered on the provisional withdrawal of production capacity. Europe is expected to augment ammonia imports from various sources, in addition to the supplies already secured from the Near East.

Figure 38. UREA prices

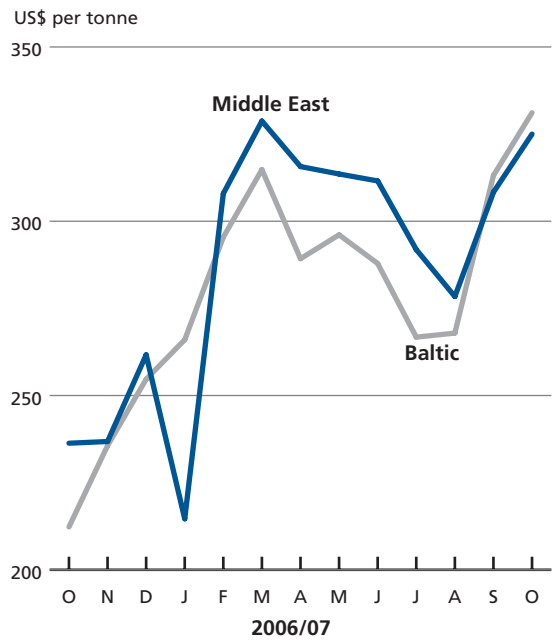
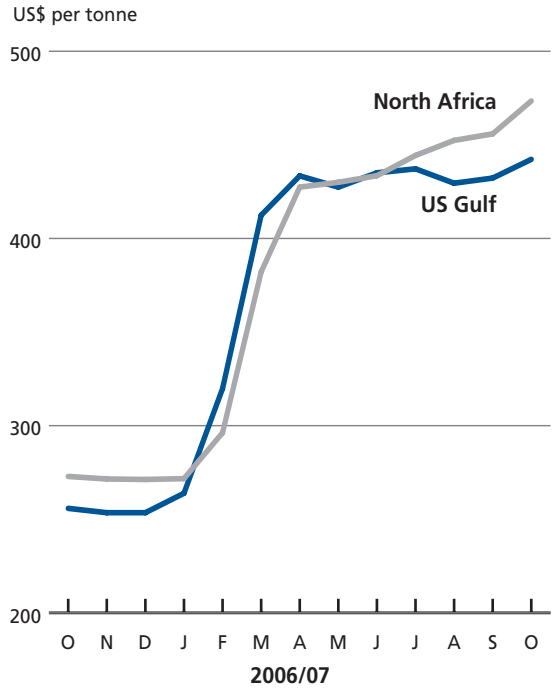


Figure 39. DAP prices



DIAMMONIUM PHOSPHATE (DAP)

Diammonium phosphate (DAP) prices rose to a level not witnessed in the past ten years. Low DAP inventories and high crop prices are likely to trigger a rise in international demand. DAP demand has been particularly strong in India and Pakistan as both countries are in the process of securing adequate quantities for the winter season. In Pakistan, domestic supply capacity has been expanded by the deferral of earlier scheduled plant maintenance. In the United States, demand is expected to increase to meet winter planting requirements, while falling demand anticipated in Argentina and Brazil will slow down imports. Production in the United States shows little change compared with last year, but exports from the country have been considerably lower this year. Earlier, DAP imports by Brazil rose in response to increased demand. The sustained growth in China's exports is unlikely to continue at the same pace in the foreseeable future due to the imposition of an export tax and the need to meet seasonal domestic requirements. Near Eastern and North African DAP supplies are on course to reach European destinations. The upward trend in international spot prices could be somewhat dampened by lower demand, but nevertheless, DAP prices are foreseen to remain firm in the short term.

Figure 40. MOP prices

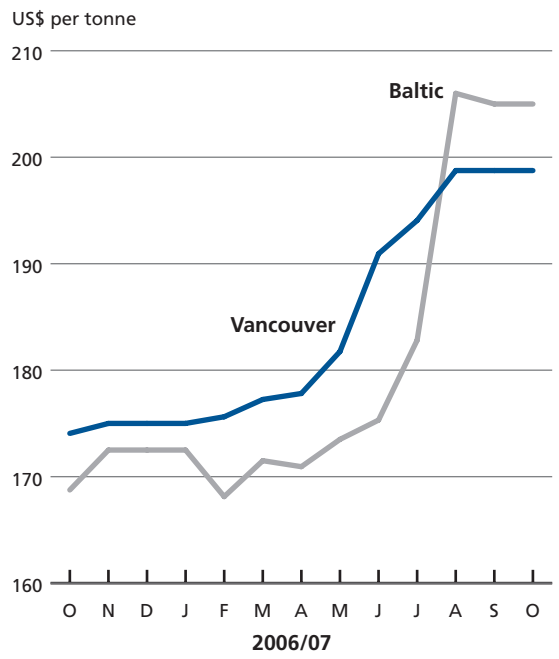
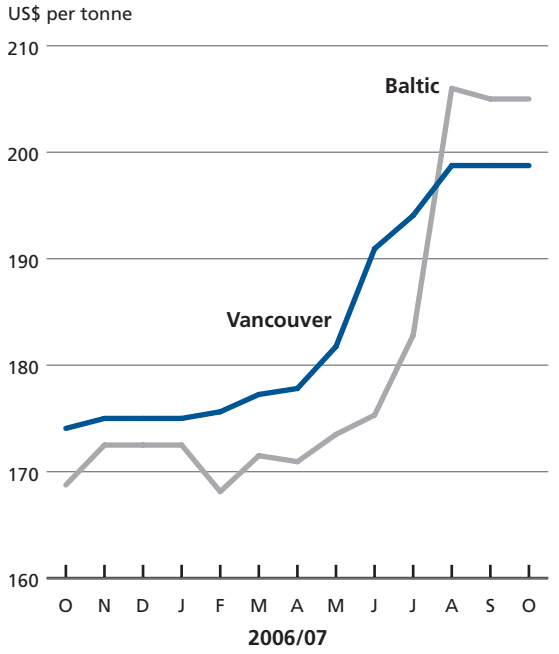


Figure 41. IGC grain freight index and baltic dry index (May 2005 = 6000)



MURIATE OF POTASH (MOP)

Muriates of potash (MOP) prices in Europe are, on average, higher than they were last year and about one-third above the level quoted in North America. Domestic price increases in Brazil and Southeast Asia have been more dramatic. Demand in Europe remains strong. In India discussions are ongoing to set the fertilizer subsidy based on the fertilizer nutrient rather than fertilizer product. This may eventually lead to a wider range of fertilizer products available to the Indian farming community.

OCEAN FREIGHT RATES*

** Contributed by the International Grains Council (http://www.igc.org.uk)*

Ocean freight market (June 2007 – October 2007)

After the usual seasonal drop in activity, the dry bulk freight market moved higher in July on strong demand for iron ore, coal and grains as well as worsening port congestion in the Pacific. In addition, the number of newly-built ships entering the market was lower than expected. A temporary dip in August was attributed to a slide in freight futures prompted by global financial problems. However, from September onwards, unprecedented demand for minerals and grains, particularly for larger ships in tight supply, boosted the dry bulk freight market further, with indices breaking previous records. Period chartering continued to dominate over spot business. In the Atlantic, recent additional support came from shipments of new crop grains and soyabeans from North America. The Baltic Dry Index (BDI) set a new record of 10 513 on 11 October, an increase of 57 percent since June. During the same period, the IGC Grain Freight Index (GFI),[15] which does not include Capesize vessels, rose by 37 percent, to 10 347.

In the **Panamax** sector, a jump in short- and medium-term chartering activity boosted rates in both basins. By October, short period contracts for three to four months were traded at about US$83 500 daily, double the rates registered at the end of May. Longer-term period charters saw similar increases, a two-year contract recently concluded at US$51 000 (US$30 500) daily. Pacific rates were boosted

[16] The GFI distinguishes grain routes from mineral and other dry bulk routes also included in more general dry bulk indices such as the Baltic Dry Index (BDI). It is composed of 15 major grain routes, representing the main grain trade flows, with five rates from the United States, and two each from Argentina, Australia, Canada, the European Union and the Black Sea. Vessel sizes are adequately represented, with ten Panamax rates and five in the Handysize sector. The GFI is calculated weekly, with the average for the four weeks to 18 May 2005 taken as its base of 6 000.

by large volumes of iron ore and coal shipments to China, with port congestion in Australia, China and India continuing to tie up tonnage. Atlantic rates remained at very high levels, with more cargoes being exported from the United States Gulf this year. The grain rate from the United States Gulf to Japan surged by more than half, from US$64.00/tonne to US$101.00/tonne. Atlantic round voyages were being fixed at around US$75 500 daily, compared with about US$50 000 last May.

The **Capesize** sector saw the steepest advances in rates, attributed to heavy mineral demand, limited new building deliveries and port congestion in Australia, Brazil and China. Between May and early October, the Baltic Exchange's average of four time charter rates increased by 56 percent, to US$172 187. The benchmark iron ore rate from Brazil to China climbed to about US$82.50/tonne (US$51.00/tonne).

In the **Handysize** sector, good demand for new crop grains, soyabeans and sugar, as well as a tight supply of tonnage, pushed voyage rates higher, though to a lesser degree compared with other sectors. By October, the grain rate from Brazil to the European Union (Antwerp-Hamburg) increased by 19 percent, to US$82.00/tonne. Round voyages were up by about 50 percent from their May values, at US$59 000 daily in the Atlantic and at US$60 000/day in the Pacific.

Special features

HIGH PRICES AND VOLATILITY IN AGRICULTURAL COMMODITIES

The price boom in agricultural commodity markets: why now and for how long?

Agricultural commodity prices rose sharply in 2006 and, in some cases, are soaring at an even faster pace this year. The purpose of this brief is to explain the underlying factors that have led to the current price "boom" and to clarify some of the uncertainties and difficulties associated with determining the future direction of prices.

Prices are high and volatile

The FAO food price index rose by 9 percent in 2006 compared with the previous year. In September 2007 it stood at 172 points, representing a year-on-year jump in value of roughly 37 percent. The surge in prices has been led primarily by dairy and grains, but prices of other commodities, with the exception of sugar, have also increased significantly.

High price events, like low price events, are not rare occurrences in agricultural markets although often high prices tend to be short lived compared with low prices, which persist for longer periods. What distinguishes the current state of agricultural markets is rather the concurrence of the hike in world prices of, not just a selected few, but of nearly all, major food and feed commodities. As has become evident in recent months, high international prices for food crops such as grains continue to ripple through the food value/supply chain, contributing to a rise in retail prices of such basic foods as bread or pasta, meat and milk. Rarely has the world witnessed such a widespread and commonly shared concern on food price inflation, a fear which is fuelling debates about the future direction of agricultural commodity prices in importing as well as exporting countries, be they rich or poor.

The price boom has also been accompanied by much higher price volatility than in the past, especially in the cereals and oilseeds sectors (see the next section below for a more detailed analysis of volatility in agricultural markets). Increased volatility highlights the prevalence of greater uncertainty in the market. Supply tightness in any commodity market often raises price volatility in that market. Yet, the current situation differs from the past in that the price volatility has lasted longer, a feature that is as much a result of supply tightness as it is a reflection of ever-stronger relationships between agricultural commodity markets and other markets.

Among major cereals, this season's main protagonist is **wheat**, the supply of which has been hampered by production shortfalls in Australia, a major exporter, and low world stocks, while demand has been strong, not only for food but also feed. In September, wheat was traded at record prices, between 50 and 80 percent above last year. **Maize** prices increased progressively from the middle of last year until February 2007, when they hit a ten-year high, but have fallen considerably since. Supply constraints in the face of brisk demand for biofuels triggered the initial price hike in maize prices. However, reacting to a massive expansion in plantings and expectations of a record crop this year, prices have started to come down, although by September they had still remained 30 percent above last year. Prices of barley, another important cereal, also soared lately. Supply problems in Australia and Ukraine, tighter availability of maize and other feed grains, compounded with strong import demand, have contributed to the doubling of prices of both feed and malting **barley** in recent weeks.

The tightness in the grain sector also affected the oilseed complex, which witnessed a year-on-year price surge of at least 40 percent, depending on crops and products. Soaring maize markets during the second half of the previous season contributed to keeping oilseed prices at high levels as maize plantings expanded at the expense of oilseed plantings. Due to the expected shrinking of world supplies and historically low inventories in 2007, in the face of faster rising demand for food and biodiesel, as well as unusually strong demand for feed, oilseed markets are experiencing further increases in prices in these early months of the new season.

Among all agricultural commodities, **dairy** products have witnessed the largest gains compared with last year, ranging from 80 percent to more than 200 percent. Higher animal feed costs, tight dairy supplies following the running down of inventories in the European Union and drought in Australia, the suspension of exports by some countries coupled with the imposition of taxes by others, and dynamic import demand are the main factors that have sustained dairy prices at historically high levels.

High feed prices have also raised costs for animal production and resulted in an increase in livestock prices; with poultry rising most, by at least 10 percent. In addition, growth in consumption and gradual reductions in trade restrictions are contributing to the increase in meat and poultry prices this season.

Beyond the usual supply and demand factors

The persistent upward trend in international prices of most agricultural commodities since last year is only in part a reflection of a tightening in their own supplies. Global

markets have become increasingly intertwined. As a result, linkages and spill-over effects from one market to another have greatly increased in recent years, not only among agricultural commodities, but across all commodities and between commodities and the financial sector.

Market-oriented policies are gradually making agricultural markets more transparent and, in the process, are elongating the financial opportunities for increased portfolio diversification and reduction in risk exposures. This is a development that is taking place just as financial markets around the world are experiencing the most rapid growth, driven by plentiful international liquidity. This abundance of liquidity reflects favourable economic performances around the world, notably among emerging economies, low interest rates and high petroleum prices. These developments have paved the way for massive amounts of cash becoming available for investment (by equity investors, funds, etc.) in markets that use financial instruments linked to the functioning of agricultural commodity markets (e.g. future and option markets). The buoyant **financial markets** are boosting asset allocation and drawing the attention of speculators to such markets, as a way of spreading their risk and pursuing of more lucrative returns. Such influx of liquidity is likely to influence the underlying spot markets to the extent that they affect the decisions of farmers, traders and processors of agricultural commodities. It seems more likely, though, that speculators contribute more to raising spot price volatility rather than their levels.

Soaring **petroleum prices** have contributed to the increase in prices of most agricultural crops: by raising input costs, on the one hand, and by boosting demand for agricultural crops used as feedstock in the production of alternative energy sources (e.g. biofuels) on the other. National policies that aim to reduce greenhouse gas emissions are behind the fast growth of the biofuel industry. Rising fossil fuel prices and attempts to reduce dependence on imported oil, however, have provided the extra incentive for many countries to opt for even more challenging crop production targets. The combination of high petroleum prices and the desire to address environmental issues is currently at the forefront of the rapid expansion of the biofuel sector: this is likely to boost demand for feedstocks, most notably, sugar, maize, rapeseed, soybean, palm oil and other oilcrops as well as wheat for many more years to come. However, much will also depend on the supply and demand fundamentals of the biofuel sector itself.

Freight rates have become a more important factor in agricultural markets than in the past. Increased fuel costs, stretched shipping capacity, port congestion and longer trade routes have pushed up shipping costs. The Baltic Exchange Dry Index, a measure of shipping costs for bulk commodities such as grains and oilseeds, has recently passed the 10 000 mark for the first time with freight rates up more than 80 percent compared with the previous year. Not only have these record freight values increased the cost of transportation, but they have significant ramifications on the geographical pattern of trade, as many countries opt to source their import purchases from nearer suppliers to save on transport costs. In many instances, this development has also sparked a noticeable reduction in the degree of world market integration, with prices at regional or localized levels falling out of line with world levels.

Exchange rate swings play a critical role in all markets and agricultural markets are no exception. Yet, rarely have currency developments been as important in shaping agricultural prices as in recent months. The gradual decline in the US dollar against most currencies since 2005 has made imports from the United States cheaper, thereby boosting demand for products that are exported from the United States. As international prices of most commodities are also primarily expressed in US dollar, this weakening of the dollar has helped push the United States export prices higher, exasperating the overall price strength, especially, in recent months, for wheat.

Evidently, the increases in the US dollar dominated prices of commodities affect international buyers (importers) differently, depending on how the value of their own currency changed vis-à-vis the US dollar. The fact that the dollar depreciated sharply against all major currencies lessens the true impact of the rise in world prices, a major reason behind the brisk world import demand that, in spite of high prices, shows very little sign of retreat or rationing.

What next?

The main factor affecting the uncertainty in agricultural markets is how linkages with other markets, including markets of other agricultural commodities, will influence the direction and magnitude of price changes during the coming months and into the next season. This volatility in prices, especially in the case of agricultural crops, will represent a major hurdle in decision-making by farmers around the world.

Nowhere is this more evident than in the current debate about wheat plantings for next season. To most farmers, the current high wheat prices are only one reason to plant more wheat. The other is the general anticipation that even if wheat prices were to decline from their current high values, the decrease is expected to be less than those of other competing crops. In other words, farmers would be better off planting more land to wheat because of its higher relative profitability compared with other crops. In fact, all indications

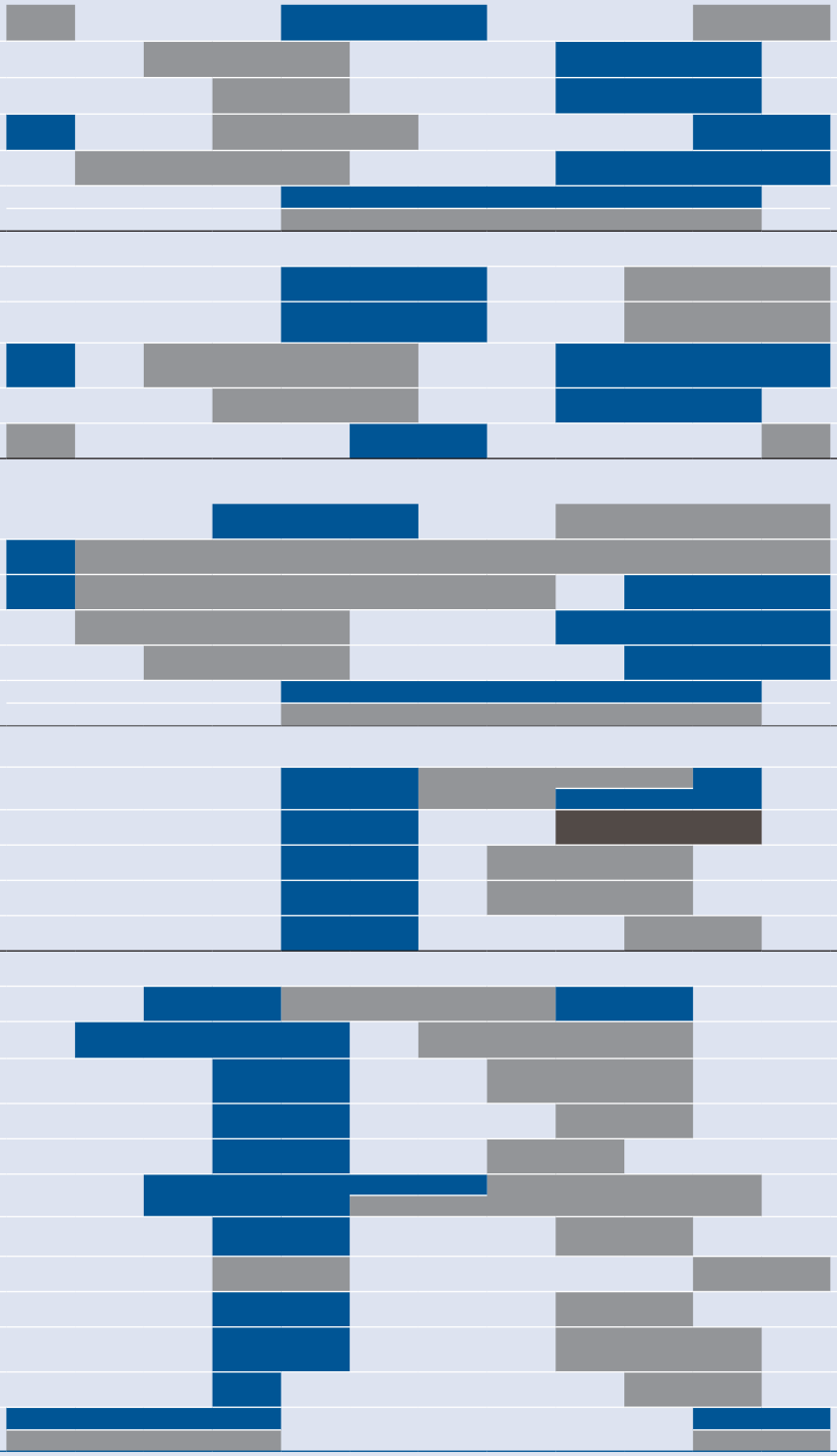
point to more wheat being planted around the world for harvesting next year. The recent decision by the European Union to release land from its set-aside programmes and the move by other major producing countries such as India to encourage farmers to grow more wheat by raising wheat procurement prices are also likely to pave the way for a much-needed rebound in world production in 2008. All of the above, of course, assumes a normal weather situation, notwithstanding the fact that weather is impossible to predict. Prolonged drought in Australia, especially this year and last, affecting as it did a major wheat exporter, is a case in point. Yet, a strong expansion in wheat production, assuming normal growth in consumption, is bound to bring down wheat prices.

This brings about a critical issue: if more wheat gets planted, what will happen to the prices of other crops? Part of the answer can be found in what took place in the previous season with maize: once maize prices began to rise, plantings expanded across the world; jumping by 19 percent alone in the United States. Higher plantings and favourable weather drove maize production to a record this year, and this abundance started to push down prices, which are now well below their earlier highs, but still above levels of last year. Given a limited potential for expanding the agricultural frontier, the increase in maize plantings was at the expense of reductions in areas dedicated to several other crops, the production of which suffered as a result. A good example is soybeans and, to some extent, wheat and cotton. It is clear that by shifting land out of one crop into another, prices of those crops with reduced planting could increase.

Such trends have always existed and switching crops to maximize returns is nothing new. Most countries produce a host of crops and planting periods together with areas can be similar, making substitution easier (see Table). However, what makes recent episodes differ from the past is that inventories are being kept at low (almost pipeline) levels, which makes prices particularly sensitive to unexpected changes. In other words, agricultural markets, and food crops in particular, may be going through a period whereby stocks, especially those in major exporting countries, no longer play their traditional role as a buffer against sudden fluctuations in production and demand. This change has come about because of reduced government interventions associated with a general policy shift towards liberalizing agricultural commodity markets.

The role of farmers in this ever more populated world has never been more critical. It is one of FAO's key roles, at this key juncture, to help farmers in making the right decisions, by providing them with reliable and timely information about market and price trends.

Planting and harvesting periods for major crops in leading agricultural markets



	Country % share in: World Production	Country % share in: World Exports	Crop % share in: Total Domestic Arable Land
Argentina			
Wheat	2.2	8.2	19.7
Maize	2.6	15.1	8.7
Sorghum	4.5	8.6	1.8
Soybeans	17.2	31.0	47.7
Sunflower	12.6	30.0	7.1
Sugarcane	1.4	0.9	1.0
Australia			
Wheat	2.8	11.7	27.1
Barley	4.6	19.3	9.5
Sorghum	2.7	2.2	1.5
Cotton	1.6	6.0	0.5
Rapeseed	3.6	4.0	2.4
Brazil			
Wheat	0.6	0.2	4.4
Maize	5.9	5.6	20.8
Rice	1.9	0.8	6.1
Cotton	4.6	2.0	1.8
Soybeans	25.2	31.0	35.5
Sugarcane	31.2	39.5	9.5
Canada			
Wheat	4.0	14.8	22.0
Maize	1.3	0.3	2.5
Barley	8.1	11.9	9.0
Rapeseed	18.5	67.0	11.5
Soybeans	1.4	1.0	2.5
China			
Wheat	16.9	1.5	15.6
Maize	19.8	4.9	17.8
Barley	2.6	0.0	0.6
Sorghum	4.2	0.4	0.4
Oats	2.7	0.0	0.2
Rice	29.5	4.6	19.8
Cotton	27.6	4.0	3.7
Rapeseed	28.2	1.0	5.1
Soybeans	8.2	1.0	6.7
Sunflower	6.1	1.0	0.7
Sugarbeet	2.7	0.2	0.2
Sugarcane	6.8	0.5	1.0

Planting and harvesting periods for major crops in leading agricultural markets (Cont.d)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Country % share in: World Production	Country % share in: World Exports	Crop % share in: Total Domestic Arable Land
EU-27															
Wheat													20.0	11.5	23.2
Maize													6.6	0.2	8.6
Barley													39.6	21.4	12.5
Oats													32.7	8.4	2.7
Rapeseed													31.3	2.0	4.2
Sunflowwer													23.	7.0	3.5
Sugar beets													53.4	76.9	2.0
India															
Wheat													11.6	0.4	16.3
Maize													2.0	0.3	4.5
Sorghum													12.6	0.4	5.8
Rice													21.7	15.0	26.3
Cotton													13.8	0.0	5.3
Rapeseed													12.9	11.0	3.6
Soybeans													3.2	4.0	4.2
Sunflower													3.6	0.0	1.2
Sugar cane													19.1	1.3	2.5
Indonesia															
Maize													1.7	0.1	14.8
Rice													8.1	0.0	51.0
Soybeans													0.4	0.0	2.5
Sugar cane													2.1	0.5	1.9
Mexico															
Wheat													0.5	0.4	2.4
Maize													3.0	0.0	29.3
Sorghum													9.0	0.0	7.3
Sugar cane													3.5	1.4	2.6
Russia															
Wheat													7.6	9.7	18.5
Barley													12.2	10.1	7.5
Oats													19.5	0.0	2.6
Sunflower													19.2	14.0	4.1
Sugarbeets													8.6	1.7	0.7
South Africa															
Wheat													0.3	0.2	5.4
Maize													1.2	1.3	22.7
Sunflower													2.4	0.0	3.6
Sugar cane													1.5	2.9	2.9

Planting and harvesting periods for major crops in leading agricultural markets (Cont.d)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Country % share in: World Production	Country % share in: World Exports	Crop % share in: Total Domestic Arable Land
Ukraine															
Wheat							P	P	P	P			2.6	3.7	14.9
Maize				P	P	P				H	H	H	0.9	1.8	6.1
Barley				P	P	P	H	H	H				6.4	26.1	13.8
Oats				P	P	P	P	H	H	H			3.0	1.0	1.5
Sunflower				P	P	P			H	H			14.3	35.0	11.2
Sugarbeets				P	P	P			H	H			6.2	2.2	2.0
USA															
Wheat				P	P	P	H	H	H	P	P	P	9.0	24.3	11.8
Maize				P	P	P				H	H	H	40.4	63.6	16.9
Barley				P	P	P		H	H	H			3.2	2.9	0.9
Sorghum				P	P	P	P			H	H	H	16.2	72.2	1.5
Oats			P	P	P		H	H	H				6.2	1.5	0.4
Rice				P	P	P			H	H	H		1.5	10.8	0.7
Cotton			P	P	P	P				H	H	H	17.4	29.0	3.0
Rapeseed			P	P	P		H	H	H	H			1.6	3.0	0.2
Soybeans					P	P				H	H	H	38.8	27.0	17.0
Sunflower					P	P				H	H	H	4.7	3.0	0.5
Sugarbeets				P	P	P			H	H	H	H	11.0	2.2	0.3
Sugar cane	P	P	P	P	H	H	H	H	H	P	P	P	2.1	0.7	0.2

P = Planting; H = Harvesting; P/H = Planting and harvesting contemporaneously

Note: This table highlights the main periods with regard to the planting and harvesting of the most relevant agricultural crops at a highly aggregated level. This list does not intend to be exhaustive. The compiled information is based on the last five years.

VOLATILITY IN AGRICULTURAL COMMODITIES

Why does volatility matter?

Volatility measures the degree of fluctuation in the price of a commodity that it experiences over a given time frame. Wide price movements over a short period of time typify the term 'high volatility'. International prices for agricultural commodities are renowned for their high volatility, a feature which has been, and continues to be a cause for concern among governments, traders, producers and consumers. Many developing countries are still highly dependent on commodities, either in their export or import. While high price spikes can be a temporary boom to the export economy, they can also heighten the cost of importing foodstuffs and agricultural inputs. At the same time, large fluctuations in prices can have a destabilizing effect on real exchange rates of countries, putting a severe strain on their economic environment and hampering efforts to reduce poverty. In a prolonged volatile environment, the problem of extracting the true price signal from the noise may arise, a situation that can lead to an inefficient allocation of resources. Greater uncertainty limits opportunities for producers to access credit markets and tends to result in the adoption of low risk production technologies at the expense of innovation and entrepreneurship. In addition, the wider and more unpredictable price changes of a commodity are, the greater is the possibility of realizing large gains on speculating future price movements of that commodity. That is to say, volatility can attract significant speculative activity, which in turn can initiate a vicious cycle of destabilizing cash prices.

How do we measure volatility?

Volatility measures how much prices have moved or how they are expected to change. Historical volatility represents past price movements and reflects the resolution of supply and demand factors. It is often computed as the annualized standard deviation of the change in price. On the other hand, implied volatility represents the market's expectation of how much the price of a commodity is likely to move in the future. The data upon which historical volatility is calculated may no longer be reflective of the prevailing or expected supply and demand situation. For this reason, implied volatility tends to be more responsive to current market conditions. It is called "implied" because, by dealing with future events, it cannot be observed, and can only be inferred from the price of an "option".

An "option" gives the bearer the right to sell a commodity (put option) or buy a commodity (call option) at a specified price for a specified future delivery date. Options are just like any other commodity, and are priced based on the law of supply and demand. Any excess or deficit of demand would suggest that traders have different expectations of the future price of the underlying commodity. The more divergent these expectations are, the higher the implied volatility of the underlying commodity. Using the price of an option to estimate price volatility is analogous to using the future's price to estimate the spot price at the future's delivery date and location.

Does implied volatility matter? Prices that are observed today of commodities which are traded in the major global exchanges are in someway determined by movements in implied volatility, in that they convey all information, future and the present, pertinent to the market and the commodity. Hence, implied volatility as a metric is an important instrument used in the price discovery process and as a barometer as to where markets might be headed.

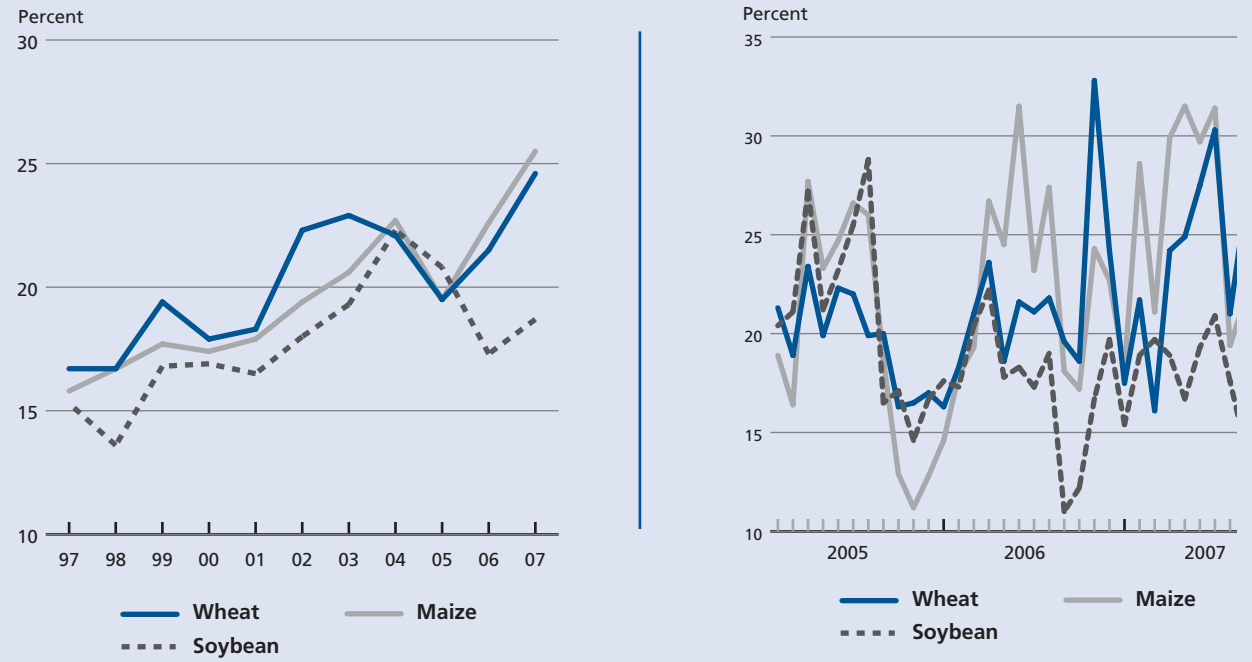
How has volatility evolved?

For wheat, maize and soybeans, the CBOT is widely regarded as the major centre for their price discovery. Implied volatilities during the past ten years for these commodities as well over the past 22 months are shown in the following figure.

Volatility for wheat and maize has been creeping up steadily over the course of the decade, while soybean volatility has been relatively flat. Moreover, it now appears more of a permanent feature in the grain markets than was the case in the past. A more detailed examination of the recent past reveals just how volatile grain markets have become and how volatility has been sustained. Since the beginning of 2006, wheat and maize implied volatility has frequently spiked to levels in the realm of 30 percent, and as of 11 October 2007, implied volatility stood at 27 and 22 percent for each commodity, respectively. How are these values interpreted?

These percentages are a measure of the standard deviation in the expected price six months ahead. Assuming that prices are normally distributed, the properties of the distribution can be used to say 'the market estimates with 68 percent certainty that prices will rise or fall by 27 percent for wheat and 22 percent for maize'. In a similar vein, the likelihood that prices will exceed their current values by more than 50 percent in six months time is perceived to have a probability of around 2 percent, in other words quite unlikely. This is not to say that such events will not take place. The surge in maize prices that began in September 2006 surprised the markets, then, although traders were betting on higher prices, they handed only a 5 percent

Figure 1. Implied volatilities (annual and monthly) (1997-2007 and Jan 2005 to Oct 2007)



The Black-Scholes model was used to compute implied volatilities. Key inputs and assumptions are as follows: (i) 6-month time expiration on contracts; (ii) settlement premium for the call options 'at the money' i.e. with a strike price nearest to the settlement price for the futures contract associated with the call option contract (mid-monthly prices were used); (iii) option strike price; (iv) futures settlement price and (v) 6-month US treasury bill yields were assumed for the risk-free rate.

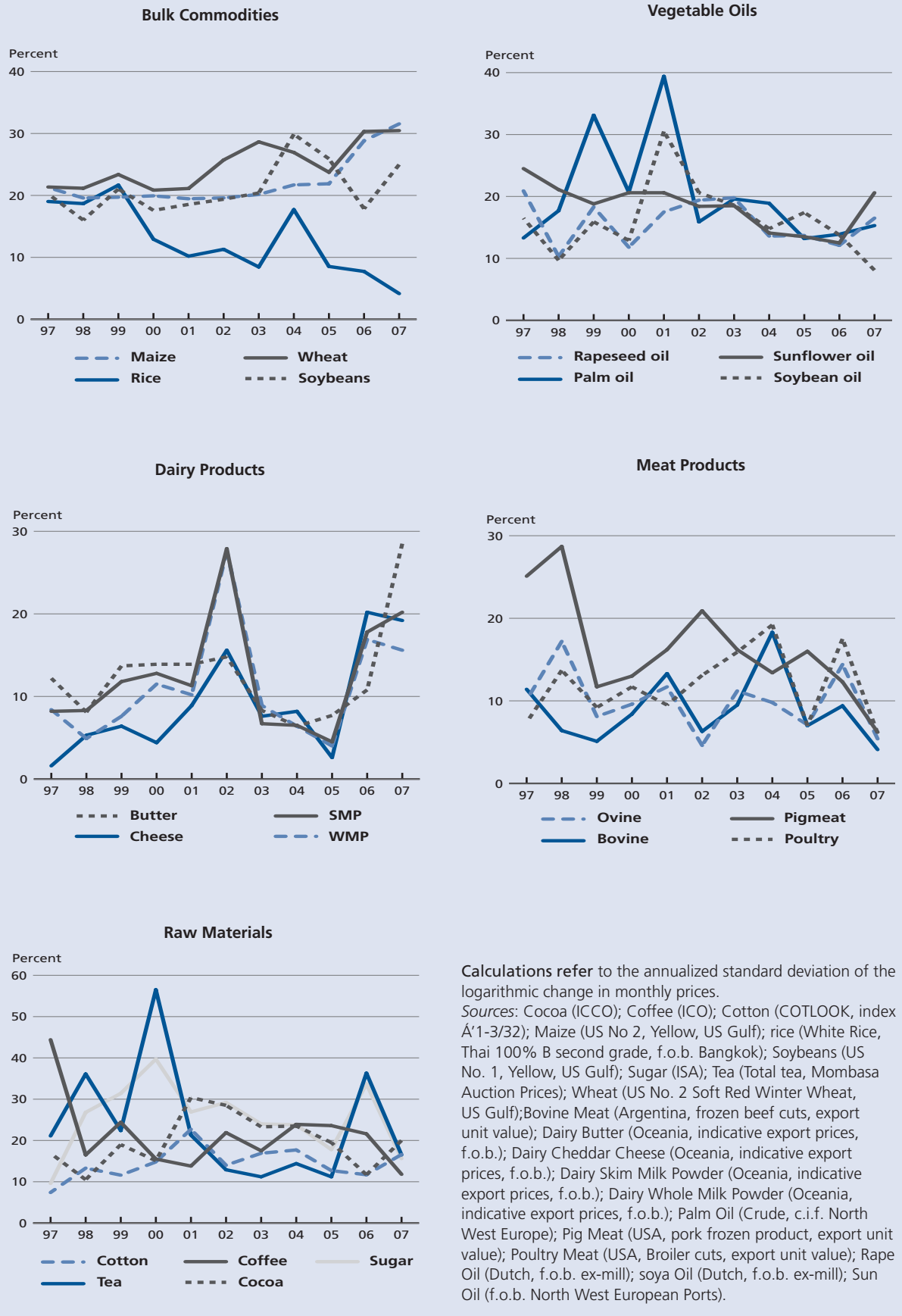
chance of a 50 percent or more increase in the price of maize in six months. Instead, prices actually climbed by almost 60 percent in that period. A one-off misjudgement? Apparently not. More recently, wheat traders were caught totally off-guard, when in April 2007 they were 99 percent certain that wheat prices would not rise by more than half their value, in six months, wheat prices had doubled. The large upswings in implied volatilities witnessed today, bear testimony to the enormous uncertainty that markets face in predicting how grain prices could evolve in the short term.

In the absence of readily available options data to estimate implied volatility for other commodities, historical volatilities were calculated, and for consistency, computations were also made for soybeans, wheat and maize. Classifying the latter with rice under 'bulk commodities', a similar picture to the above is portrayed. Wheat and maize price volatility has steadily risen over the past decade, peaking at over 30 percent in 2007. By contrast, volatility in the rice sector has moved sharply downwards, and in 2007 stood at just one-eighth of the variability in the grain sector.

Among the vegetable oils, volatility has been fairly even since 1982 for all the products, but there appears some resurgence in the prices of palm, sunflower and rapeseed oil. The upturn in volatility for dairy product prices has been most striking, rising almost four-fold since 2005 in the case of butter. By contrast, price changes in meat products have been in a state of quiescence over the past two years. Similarly volatility for many raw materials, traditionally the highest of all agricultural commodities, has steadily fallen, but for sugar and tea, from the peaks of the previous year.

Volatility is an important property in understanding the tendency for a commodity to undergo price changes. More volatile commodities undergo larger and more frequent price changes. Implied volatility can be a useful metric in revealing how traders expect prices to evolve in the shorter term. However, given the huge upheaval in grain markets over the past year or so, it also exposes just how wrong expectations can be.

Figure 2. Historical volatilities (1997-2007)



Calculations refer to the annualized standard deviation of the logarithmic change in monthly prices.
Sources: Cocoa (ICCO); Coffee (ICO); Cotton (COTLOOK, index Á'1-3/32); Maize (US No 2, Yellow, US Gulf); rice (White Rice, Thai 100% B second grade, f.o.b. Bangkok); Soybeans (US No. 1, Yellow, US Gulf); Sugar (ISA); Tea (Total tea, Mombasa Auction Prices); Wheat (US No. 2 Soft Red Winter Wheat, US Gulf);Bovine Meat (Argentina, frozen beef cuts, export unit value); Dairy Butter (Oceania, indicative export prices, f.o.b.); Dairy Cheddar Cheese (Oceania, indicative export prices, f.o.b.); Dairy Skim Milk Powder (Oceania, indicative export prices, f.o.b.); Dairy Whole Milk Powder (Oceania, indicative export prices, f.o.b.); Palm Oil (Crude, c.i.f. North West Europe); Pig Meat (USA, pork frozen product, export unit value); Poultry Meat (USA, Broiler cuts, export unit value); Rape Oil (Dutch, f.o.b. ex-mill); soya Oil (Dutch, f.o.b. ex-mill); Sun Oil (f.o.b. North West European Ports).

INTERNATIONAL YEAR OF THE POTATO - 2008

The Sixtieth Session of the United Nations' General Assembly adopted a resolution that sought to focus world attention on the importance of the potato in providing food security and alleviating poverty. By declaring the year 2008 as the International Year of the Potato (IYP 2008) and inviting FAO to facilitate its implementation, an opportunity will be provided to raise awareness, among policy-makers, donors and the general public, especially young people and school children, on the importance of the potato in particular, and on agriculture in general, in addressing issues of global concern, such as food insecurity, malnutrition, poverty and threats to the environment. For more information please visit: www.potato2008.org

Why potato?

Over the next two decades, the world's population is expected to grow on average by more than 100 million people a year. More than 95 percent of that increase will occur in the developing countries, where pressure on land and water is already intense. A key challenge facing the international community is, therefore, to ensure food security for present and future generations, while protecting the natural resource base on which we all depend. The potato will be an important part of efforts to meet those challenges.

Potatoes feed the hungry

The potato should be a major component in strategies aimed at providing nutritious food for the poor and hungry. It is ideally suited to places where land is limited and labour is abundant, conditions that characterize much of the developing world. The potato produces more nutritious food more quickly, on less land, and in harsher climates than any other major crop; up to 85 percent of the plant is edible human food, compared with around 50 percent in cereals.

Potatoes are grown worldwide

The potato has been consumed in the Andes for about 8 000 years. Taken by the Spanish to Europe in the 16th century, it quickly spread across the globe: today potatoes are grown on an estimated 195 000 km², or 75 000 square miles, of farmland, from China's Yunnan plateau and the subtropical lowlands of India, to Java's equatorial highlands and the steppes of Ukraine. In terms of sheer quantity harvested, the humble potato tuber is the world's No. 4 food crop, with production in 2006 of almost 315 million tonnes. More than half of that total was harvested in developing countries. The note overleaf provides an overview of the potato market from a global perspective and discusses the major trends and challenges for the sector.

Global potato economy

- Over the past few decades, contrasting trends have emerged within global potato supply, demand and trade. Production in the developed regions has declined steadily, while output in Africa and Asia expanded rapidly.
- Subsistence production has decreased as more potato farmers in developing countries have reoriented potato cultivation toward production for the domestic and international market.
- Global consumption of potatoes is shifting from the fresh market to added-value processed products (e.g., French fries, chips), a tendency which reflects increasing urbanization throughout the world and growing demand by global consumers for convenience foods.
- The structure of international trade in potatoes has also undergone substantial change. Both the value and volume of traded processed products far outweigh trade in fresh tubers. Developing countries are net importers in international potato trade, which in 2005 was estimated to be worth US$6 billion globally.
- Despite its importance as a staple crop and in combating hunger and poverty, potato has often been neglected in agricultural development policies for food crops. The commodity has superior nutritional attributes and great potential for added value through processing. Redressing the trade imbalance is an important challenge for the sector.

Major trends

World potato production and consumption are expanding at rates lower than the population growth. Production in developed countries, especially in Europe and the CIS, has declined on average by 1 percent per annum over the past 20 years. However, output in developing countries expanded at an average rate of 5 percent per year. Asian countries, particularly China and India, fuelled this growth.

By 2005, the developing countries' share of global potato output stood at 47 percent. In the next few years, aggregate production of this country group is expected to surpass that of developed countries: this is a remarkable achievement, considering that just 20 years ago the developing countries' share in global production stood at just over 20 percent.

Figure 1. Developing countries increasing potato production

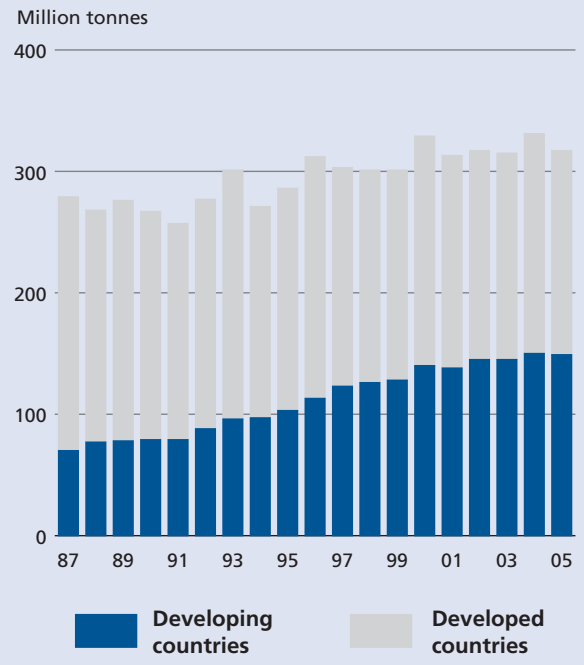
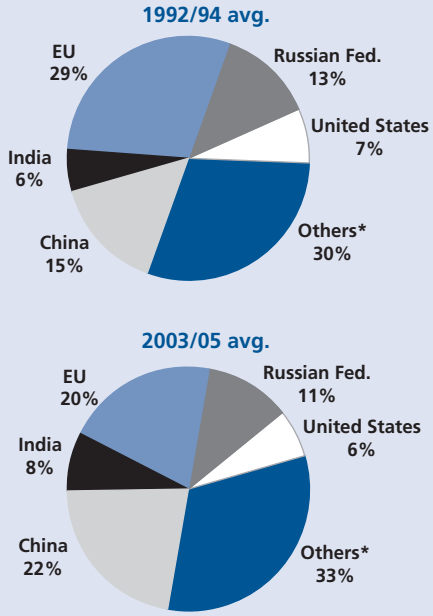


Figure 2. Changing production landscape, China and India now account for 30 percent of world potato output



* Including: Ukraine, Belarus, Canada, Islamic Rep. of Iran, Turkey, Bangladesh, Peru and Brazil

Fresh potato consumption, once the mainstay of world potato utilization, is decreasing in many countries, especially in developed regions. Currently, more potatoes are processed to meet rising demand from the fast food, snack and convenience food industries. The major drivers behind this development include growing urban populations, rising incomes, the diversification of diets and the time needed to prepare the fresh product for consumption.

Potatoes are commonly regarded as a bulky, perishable, and a high transport cost commodity with limited export potential, confined mostly to cross-border transactions. These constraints have not hampered the international potato trade, which has doubled in volume and risen almost fourfold in value since the mid-1980s. This growth is due to unprecedented international demand for processed products, particularly frozen potato products. To date, developing countries have not been beneficiaries of this trade expansion. As a group, they have emerged as leading net importers of the commodity.

International trade in potatoes and potato products still remains thin relative to production, as only around 6 percent of output is traded. High transport costs, including the cost of refrigeration, are major obstacles to a wider international marketplace.

Trade policies – a blight to the global potato economy?

Ad valorem import tariffs are used to protect domestic potato markets. Other policies that restrict access to markets include sanitary and phytosanitary (SPS) measures and technical barriers to trade.

Import tariffs on potatoes and potato products are applied by most countries. The binding rates agreed under the WTO vary considerably. Potato provides a classic example of "tariff escalation", where importing countries protect processing industries by levying higher duties on processed products than on raw material. By preventing countries from diversifying their export base into higher value processed products, tariff escalation can therefore keep them "trapped" as providers of raw material.

WTO Bound Tariff (%)

	WTO Bound Tariff (%)	
Product	**Trade weighted average**	**Maximum**
Fresh potatoes (incl. seed)	29	378
Frozen potatoes	16	414
Potato flour	38	446
Potato starch	109	550

Figure 3. Imports and exports of processed products now dominate world potato trade

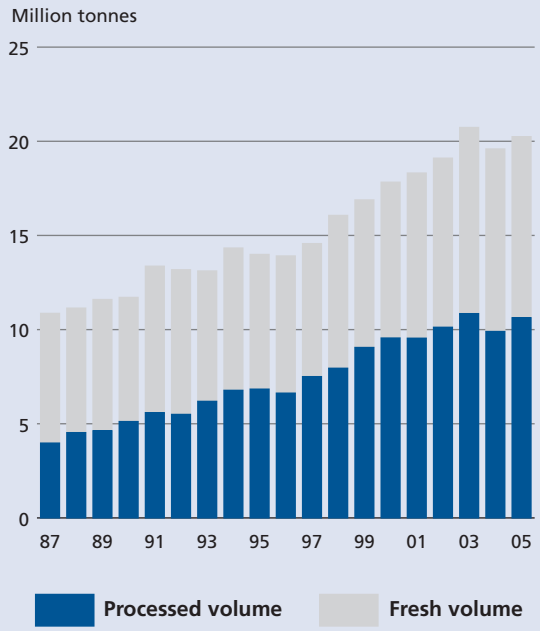
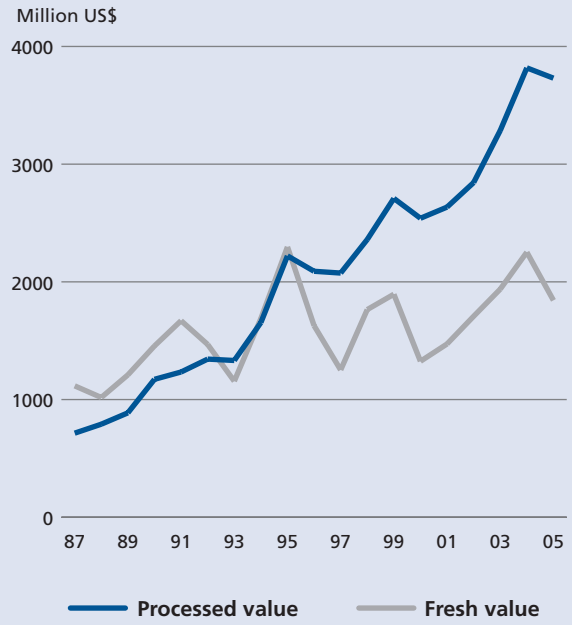


Figure 4. Global transactions worth close to US$ 6 billion, driven by processed potatoes



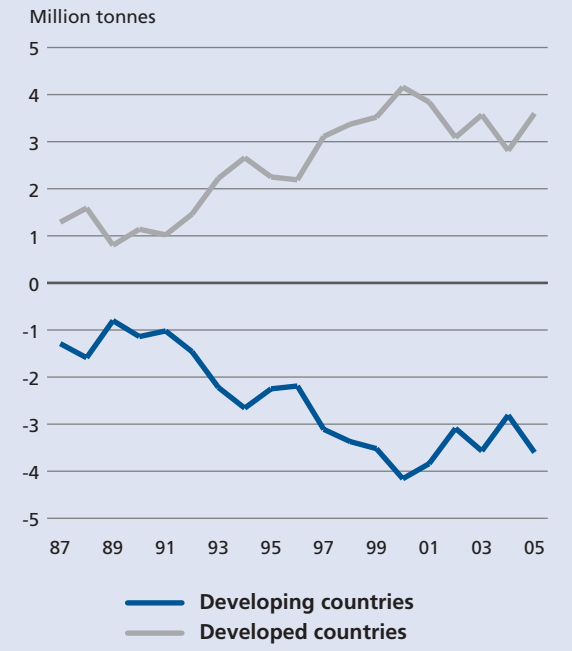
Countries wishing to engage in supplying potato commodities to the international market, especially to the more lucrative developed country markets, also face considerable hurdles imposed by food health standards and technical regulations.

The Doha Development Round recognizes the negative impacts of tariff escalation and contains important provisions aimed at ensuring that standards and regulations do not become *de facto* barriers to trade or hidden protectionist policies, while at the same time putting public health concerns foremost. Unfortunately, negotiations pertaining to the Doha agenda have suffered a series of setbacks, and agreement towards a final solution is yet to materialize.

Potato potential

Potato's positive attributes, particularly the commodity's high nutritional value and its potential to boost incomes, have not received the attention they deserve from governments. The lack of established marketing channels, inadequate institutional support and infrastructure, and restrictive trade policies are impediments to commercialization of the sector. National and international stakeholders need to place potato higher on the development agenda.

Figure 5. Net trade position of developing countries continues to deteriorate



Statistical appendix

STATISTICAL NOTES

General

- FAO estimates and forecasts are based on official and unofficial sources..
- 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, Hong Kong SAR and Macao SAR, unless otherwise stated.
- Up to 2006 or 2006/07, the European Union includes 25 member states. For 2007 or 2007/08, the European Union includes 27 member states. In the case of the oilseeds complex, the European Union includes 25 member states up to 2005/06 and 27 member states from 2006/07.
- '-' 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

- Trade between European Union member states is excluded, unless otherwise stated.
- 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, dairy and meat products: The time reference period is January/December.
- Oilseeds, oils and fats and meals and sugar: The time reference period is October/September, unless otherwise stated.

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Stocks

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

CRB Price Indices

- The Commodity Research Bureau's (CRB) 'Spot Market Price Index' measures spot price movements of twenty-two basic commodities which are assumed sensitive to changes in global economic conditions. The constituent commodities fall under two major subdivisions: Raw Industrials and Foodstuffs. The former includes burlap, copper scrap, cotton, hides, lead scrap, print cloth, rosin, rubber, steel scrap, tallow, tin, wool tops and zinc. Foodstuffs include butter, cocoa beans, corn, cottonseed oil, hogs, lard, steers, sugar and wheat. The index is constructed using the unweighted geometric means of individual commodity price relatives, defined as the ratio of the current price to the base period price. For more information see www.crbtrader.com.
- The 'Reuters-CRB Energy Subindex' measures the unweighted arithmetic mean of price movements of future contracts for crude oil, heating oil and natural gas, which expire on or before the end of the sixth calendar month from the index's current date. For more information see www.crbtrader.com.

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 include 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 International Development Aid (IDA) assistance (i.e. US$1 575 in 2004). 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. Cereal statistics *(million tonnes)*

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2006 *estim.*	2007 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*	2007 *estim.*	2008 *f'cast*
ASIA	**911.1**	**925.5**	**124.2**	**117.1**	**46.5**	**44.4**	**982.5**	**992.5**	**253.7**	**259.7**
Bangladesh	28.2	28.2	3.2	3.8	-	-	31.8	32.3	3.6	3.2
China	387.4	394.4	9.3	10.1	7.7	6.2	382.2	389.1	156.0	165.1
India	194.2	202.7	6.8	2.1	4.9	4.7	193.1	197.3	28.7	31.5
Indonesia	45.9	47.2	9.0	6.6	0.1	0.1	53.5	54.0	5.6	5.7
Iran, Islamic Republic of	21.7	22.3	4.6	4.0	-	0.4	26.2	26.8	3.2	2.3
Iraq	2.7	2.6	4.2	4.4	0.2	0.2	7.5	7.9	2.3	1.3
Japan	8.8	8.3	26.2	26.1	0.6	0.6	34.6	34.2	4.4	4.1
Kazakhstan	16.4	16.0	0.1	0.1	8.8	9.0	9.2	8.1	3.0	2.0
Korea, Republic of	5.1	4.9	12.9	12.7	0.2	0.2	17.8	17.8	3.1	2.5
Myanmar	20.6	21.0	-	-	0.6	0.7	19.3	19.6	4.9	5.6
Pakistan	31.0	31.0	0.4	0.9	3.5	4.1	27.8	27.6	3.2	3.5
Philippines	16.4	16.0	5.4	5.0	-	-	21.8	21.2	2.7	2.5
Saudi Arabia	2.8	3.1	8.3	8.4	-	-	11.9	12.1	3.1	2.5
Thailand	24.1	24.1	1.5	1.6	8.9	9.3	16.4	16.5	5.7	5.6
Turkey	34.7	31.5	3.0	2.5	2.2	1.1	34.8	33.6	5.3	4.6
Viet Nam	27.7	27.2	1.3	1.4	4.5	4.8	24.4	24.4	5.8	5.2
AFRICA	**144.7**	**136.5**	**53.8**	**55.3**	**5.7**	**6.5**	**187.4**	**191.0**	**36.5**	**31.3**
Algeria	4.1	4.6	7.3	6.9	-	-	11.3	11.6	4.7	4.9
Egypt	20.9	20.0	12.1	12.5	1.1	0.8	31.9	32.4	4.1	3.5
Ethiopia	15.5	15.0	0.4	0.2	0.4	0.5	13.6	14.2	2.9	3.3
Morocco	9.0	2.2	3.9	6.0	0.3	0.1	11.4	10.7	4.0	1.5
Nigeria	27.4	27.4	5.2	5.1	0.7	0.7	31.1	32.0	2.3	2.2
South Africa	9.4	9.2	2.7	3.1	0.7	1.2	12.6	13.0	2.9	1.4
Sudan	6.6	6.8	1.7	1.3	0.3	0.3	7.0	7.3	2.9	3.4
CENTRAL AMERICA	**37.1**	**39.4**	**26.3**	**26.6**	**0.8**	**0.7**	**62.0**	**65.1**	**4.4**	**4.9**
Mexico	31.7	33.9	15.7	16.5	0.5	0.5	46.7	49.5	2.6	3.2
SOUTH AMERICA	**110.5**	**129.2**	**23.8**	**21.3**	**34.7**	**35.5**	**108.3**	**112.6**	**10.4**	**12.1**
Argentina	33.7	42.3	-	-	26.1	24.6	14.6	15.0	2.7	3.4
Brazil	55.3	65.4	9.6	7.7	6.1	8.3	60.9	64.1	2.7	4.4
Chile	3.5	3.6	2.6	2.0	0.1	0.1	5.6	5.8	0.4	0.4
Colombia	3.4	3.4	5.3	4.9	0.2	0.2	8.0	8.3	1.2	1.0
Peru	3.3	3.3	2.8	3.2	-	-	6.5	6.6	0.9	0.8
Venezuela	3.5	3.5	2.1	1.9	0.1	0.1	5.4	5.5	0.6	0.4
NORTH AMERICA	**384.5**	**468.8**	**8.5**	**7.1**	**111.2**	**116.9**	**309.8**	**343.3**	**60.4**	**72.3**
Canada	48.6	48.7	2.5	2.2	23.0	19.3	32.2	32.9	10.5	9.0
United States of America	336.0	420.0	6.0	4.9	88.2	97.6	277.6	310.4	49.8	63.3
EUROPE	**402.9**	**388.4**	**20.1**	**22.9**	**42.4**	**35.4**	**395.8**	**385.4**	**54.8**	**43.6**
Bulgaria	5.3	-	0.1	-	1.4	-	4.3	-	0.8	-
European Union	247.1	261.0	14.1	16.9	16.9	17.3	255.4	268.9	34.2	28.0
Romania	15.3	-	0.5	-	1.3	-	16.4	-	3.0	-
Russian Federation	76.5	76.6	1.6	1.8	12.3	12.9	66.5	65.5	8.5	8.5
Serbia	8.8	8.4	0.1	0.2	0.4	0.3	8.9	8.7	1.0	0.5
Ukraine	34.1	27.6	0.3	0.4	9.6	4.5	25.4	24.0	4.4	3.9
OCEANIA	**18.5**	**21.1**	**1.1**	**1.2**	**14.1**	**12.1**	**16.7**	**15.2**	**8.0**	**3.1**
Australia	17.6	20.2	0.1	0.2	14.1	12.1	14.7	13.2	7.6	2.8
WORLD	**2 009.4**	**2 108.9**	**257.9**	**251.5**	**255.4**	**251.5**	**2 062.4**	**2 105.0**	**428.0**	**427.0**
Developing countries	1 155.7	1 183.3	192.8	185.8	77.1	75.9	1 264.1	1 287.2	291.3	297.3
Developed countries	853.7	925.6	65.0	65.8	178.3	175.6	798.4	817.8	136.7	129.7
LIFDCs	886.0	895.8	86.7	83.3	24.4	22.4	934.4	949.8	240.3	247.6
LDCs	126.8	129.2	20.0	20.0	4.1	5.2	139.0	142.9	25.6	26.6
NFIDCs	78.8	71.0	36.2	38.1	5.2	5.2	107.9	107.9	17.5	13.6

Table A2. Wheat statistics *(million tonnes)*

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2006 *estim.*	2007 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*	2007 *estim.*	2008 *f'cast*
ASIA	**270.0**	**278.3**	**51.0**	**45.7**	**16.6**	**16.4**	**303.1**	**304.7**	**88.4**	**91.2**
Bangladesh	0.8	0.7	2.3	2.8	-	-	3.4	3.5	0.2	0.2
China	104.5	107.0	1.9	2.2	1.8	2.6	101.2	101.9	51.8	56.6
of which Taiwan Prov.	-	-	1.1	1.1	-	-	1.1	1.1	0.4	0.4
India	69.4	75.0	6.7	2.0	0.3	0.3	73.7	75.2	14.5	16.0
Indonesia	-	-	5.4	4.8	-	-	5.0	5.1	2.0	1.7
Iran, Islamic Republic of	14.5	15.0	0.9	0.2	-	0.4	15.4	15.5	2.4	1.7
Iraq	1.6	1.5	3.0	3.0	0.1	0.1	5.1	5.4	2.0	1.0
Japan	0.8	0.9	5.6	5.6	0.4	0.4	5.9	6.1	0.7	0.8
Kazakhstan	13.7	13.1	-	-	8.4	8.6	6.8	5.5	2.5	1.5
Korea, Republic of	-	-	3.5	3.5	0.1	0.1	3.5	3.5	0.4	0.3
Pakistan	21.7	22.5	0.4	0.9	0.5	1.2	21.7	22.0	2.3	2.5
Philippines	-	-	2.8	2.8	-	-	2.8	2.8	0.3	0.3
Saudi Arabia	2.4	2.7	0.1	0.1	-	-	2.6	2.7	0.6	0.7
Thailand	-	-	1.2	1.2	-	-	1.2	1.1	0.2	0.2
Turkey	20.5	18.5	1.9	1.8	2.0	1.0	19.6	19.8	1.7	1.2
AFRICA	**26.2**	**20.2**	**28.4**	**29.6**	**1.2**	**0.9**	**52.1**	**52.5**	**16.3**	**13.2**
Algeria	2.7	3.0	4.6	4.3	-	-	7.5	7.7	3.7	3.7
Egypt	8.3	7.4	7.0	7.5	-	-	15.3	15.6	3.0	2.3
Ethiopia	3.7	3.5	0.3	0.2	-	-	3.3	3.4	0.8	1.1
Morocco	6.3	1.5	1.8	3.5	0.3	0.1	7.0	6.7	2.6	0.9
Nigeria	0.1	0.1	3.5	3.5	0.4	0.4	3.2	3.2	0.6	0.6
South Africa	2.1	1.7	0.8	1.3	0.2	0.2	2.9	3.0	0.7	0.5
Tunisia	1.3	1.5	1.5	1.0	0.1	0.1	2.6	2.6	1.1	0.9
CENTRAL AMERICA	**3.3**	**3.4**	**7.4**	**7.2**	**0.7**	**0.6**	**9.8**	**10.0**	**1.1**	**1.1**
Cuba	-	-	0.7	0.8	-	-	0.8	0.8	-	-
Mexico	3.2	3.4	3.6	3.5	0.5	0.5	6.3	6.4	0.7	0.7
SOUTH AMERICA	**20.1**	**22.1**	**13.7**	**12.8**	**11.8**	**9.5**	**24.9**	**25.2**	**3.0**	**2.6**
Argentina	14.6	15.0	-	-	11.3	9.0	5.5	5.4	1.4	1.0
Brazil	2.5	4.0	7.5	6.5	-	-	10.3	10.6	0.4	0.6
Chile	1.4	1.3	0.9	0.8	-	-	2.3	2.3	0.1	0.1
Colombia	-	-	1.3	1.3	-	0.1	1.3	1.3	0.1	0.1
Peru	0.2	0.2	1.3	1.7	-	-	1.8	1.9	0.1	0.1
Venezuela	-	-	1.9	1.6	-	-	1.8	1.7	0.3	0.2
NORTH AMERICA	**74.6**	**76.9**	**3.0**	**1.9**	**43.9**	**46.0**	**39.5**	**39.5**	**19.2**	**13.1**
Canada	25.3	20.6	0.1	-	19.3	14.5	8.6	8.6	6.8	4.7
United States of America	49.3	56.2	2.9	1.9	24.7	31.5	30.8	30.9	12.4	8.4
EUROPE	**191.3**	**188.7**	**10.0**	**9.7**	**28.1**	**24.1**	**183.5**	**179.1**	**24.9**	**19.7**
Bulgaria	3.2	-	-	-	1.0	-	2.4	-	0.3	-
European Union	117.7	123.3	6.7	6.5	12.3	11.3	119.6	122.8	13.0	10.0
Romania	5.3	-	0.3	-	0.6	-	6.2	-	1.5	-
Russian Federation	44.9	46.3	0.8	0.8	10.7	11.2	35.6	35.9	6.5	6.5
Ukraine	13.9	13.8	0.1	0.2	3.3	1.5	11.5	12.4	1.8	1.9
OCEANIA	**10.1**	**12.4**	**0.6**	**0.6**	**11.4**	**9.9**	**8.1**	**7.6**	**6.2**	**1.8**
Australia	9.8	12.1	-	-	11.4	9.9	7.1	6.7	5.9	1.5
WORLD	**595.4**	**602.1**	**114.1**	**107.5**	**113.6**	**107.5**	**621.0**	**618.7**	**159.2**	**142.6**
Developing countries	292.3	297.1	89.8	84.9	20.7	17.8	359.2	363.5	102.2	102.5
Developed countries	303.1	305.0	24.3	22.6	92.9	89.7	261.8	255.1	57.0	40.1
LIFDCs	239.2	243.2	51.0	48.2	5.5	5.5	280.7	283.2	89.2	91.8
LDCs	10.4	10.8	11.2	11.6	0.1	0.1	21.5	22.1	4.1	4.3
NFIDCs	38.1	33.4	19.0	20.9	1.0	1.4	55.3	55.7	11.0	8.3

Table A3. Coarse grains statistics *(million tonnes)*

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2006 *estim.*	2007 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*	2007 *estim.*	2008 *f'cast*
ASIA	**252.9**	**257.3**	**59.3**	**56.9**	**6.2**	**3.7**	**304.2**	**309.6**	**65.4**	**66.3**
China	156.7	160.3	6.3	6.7	4.5	2.0	156.7	162.6	45.6	47.9
of which Taiwan Prov.	0.1	0.1	4.7	4.7	-	-	4.8	4.7	0.6	0.5
India	32.1	34.4	0.1	-	0.2	0.4	32.4	33.7	1.2	1.5
Indonesia	11.6	12.4	2.1	0.7	0.1	0.1	13.0	13.1	1.6	1.6
Iran, Islamic Republic of	5.2	5.0	2.7	2.9	-	-	7.9	8.1	0.4	0.2
Japan	0.2	0.2	19.9	19.8	-	-	20.4	20.1	2.2	2.0
Korea, D.P.R.	2.2	2.1	0.1	0.1	-	-	2.3	2.3	0.2	0.2
Korea, Republic of	0.4	0.4	9.1	8.9	-	-	9.5	9.6	1.7	1.3
Malaysia	0.1	0.1	2.6	2.7	-	-	2.6	2.8	0.3	0.3
Pakistan	3.8	3.1	-	-	-	-	3.8	3.2	0.7	0.7
Philippines	6.3	6.3	0.7	0.3	-	-	6.5	6.8	0.9	0.8
Saudi Arabia	0.4	0.4	7.2	7.3	-	-	8.2	8.3	2.4	1.8
Thailand	4.0	3.9	0.1	0.2	0.2	0.1	3.9	4.0	0.1	0.1
Turkey	13.8	12.7	0.9	0.4	0.2	0.1	14.6	13.2	3.6	3.4
Viet Nam	3.8	3.6	0.1	0.1	-	-	3.8	3.6	0.8	0.8
AFRICA	**104.0**	**101.7**	**16.0**	**16.3**	**3.4**	**4.8**	**112.4**	**115.3**	**17.7**	**15.8**
Algeria	1.4	1.6	2.6	2.5	-	-	3.7	3.8	1.0	1.2
Egypt	7.9	8.0	5.0	5.0	-	-	13.1	13.1	0.4	0.3
Ethiopia	11.8	11.5	-	-	0.4	0.5	10.2	10.9	2.1	2.2
Kenya	3.5	3.2	0.2	0.3	-	-	3.7	3.7	0.5	0.3
Morocco	2.7	0.7	2.1	2.5	-	-	4.3	4.0	1.4	0.6
Nigeria	24.8	24.7	0.1	0.1	0.3	0.3	23.7	24.5	1.3	1.3
South Africa	7.3	7.5	1.1	1.1	0.5	1.0	9.0	9.3	2.2	0.8
Sudan	5.9	6.0	0.3	-	0.3	0.3	5.1	5.3	1.8	2.2
Tanzania, U.R. of	4.3	4.3	-	-	0.4	0.4	4.0	4.0	1.5	1.4
CENTRAL AMERICA	**32.2**	**34.4**	**16.6**	**17.1**	**0.1**	**0.1**	**48.2**	**51.1**	**2.7**	**3.3**
Mexico	28.2	30.3	11.5	12.5	-	-	39.6	42.3	1.9	2.5
SOUTH AMERICA	**75.5**	**92.6**	**8.9**	**7.4**	**21.3**	**24.1**	**68.4**	**72.5**	**5.5**	**8.5**
Argentina	18.3	26.5	-	-	14.4	15.1	8.8	9.3	1.3	2.3
Brazil	45.0	53.8	1.3	0.6	5.9	8.0	41.8	44.8	1.5	3.6
Chile	2.0	2.2	1.6	1.1	0.1	0.1	3.2	3.3	0.3	0.2
Colombia	1.7	1.7	3.7	3.4	0.2	0.2	4.8	5.0	0.9	0.8
Peru	1.5	1.5	1.5	1.5	-	-	2.9	3.0	0.6	0.6
Venezuela	3.0	2.9	0.1	0.3	-	-	3.1	3.2	0.2	0.2
NORTH AMERICA	**303.7**	**385.6**	**4.6**	**4.3**	**64.0**	**67.6**	**266.3**	**299.3**	**39.8**	**58.3**
Canada	23.3	28.1	2.1	1.9	3.8	4.8	23.3	24.0	3.6	4.2
United States of America	280.4	357.5	2.5	2.4	60.2	62.8	243.0	275.4	36.2	54.1
EUROPE	**209.3**	**197.3**	**8.3**	**11.3**	**14.2**	**11.2**	**208.2**	**202.3**	**29.3**	**23.4**
European Union	127.5	135.9	6.3	9.1	4.4	5.9	132.9	143.2	20.7	17.4
Romania	9.9	-	0.1	-	0.7	-	10.1	-	1.4	-
Russian Federation	31.1	29.9	0.5	0.7	1.6	1.7	30.3	28.9	2.0	2.0
Serbia	6.9	7.0	-	-	0.3	0.3	6.9	6.8	0.4	0.4
Ukraine	20.1	13.7	0.1	0.2	6.3	3.0	13.8	11.5	2.6	2.0
OCEANIA	**7.7**	**8.5**	**0.1**	**0.1**	**2.6**	**2.2**	**7.9**	**7.0**	**1.6**	**1.3**
Australia	7.1	8.0	-	-	2.6	2.2	7.2	6.3	1.6	1.2
WORLD	**985.2**	**1 077.5**	**113.8**	**113.5**	**111.8**	**113.5**	**1 015.5**	**1 057.1**	**162.1**	**176.8**
Developing countries	452.2	473.4	77.7	75.2	30.2	31.3	497.2	512.6	86.0	90.1
Developed countries	533.0	604.1	36.1	38.3	81.6	82.3	518.3	544.4	76.0	86.7
LIFDCs	324.0	327.9	19.4	18.4	7.9	6.5	327.6	337.8	67.4	69.5
LDCs	55.6	56.2	2.5	1.9	2.7	3.7	51.8	53.6	10.1	10.8
NFIDCs	24.7	21.9	14.5	14.5	0.1	0.1	38.2	37.6	4.7	3.4

Table A4. Maize statistics *(million tonnes)*

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2006 *estim.*	2007 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*	2007 *estim.*	2008 *f'cast*
ASIA	**202.0**	**206.5**	**44.9**	**43.1**	**5.5**	**3.1**	**238.5**	**244.3**	**54.7**	**56.8**
China	145.5	149.0	4.6	4.9	4.5	2.0	143.7	149.2	43.6	46.2
of which Taiwan Prov.	-	-	4.5	4.5	-	-	4.6	4.5	0.6	0.5
India	13.6	15.5	0.1	-	0.2	0.4	13.8	14.9	0.9	1.2
Indonesia	11.6	12.4	2.0	0.7	0.1	0.1	12.9	13.0	1.6	1.6
Iran, Islamic Republic of	1.7	1.6	2.0	2.5	-	-	3.8	4.1	0.1	0.1
Japan	-	-	16.6	16.6	-	-	17.0	16.6	1.3	1.3
Korea, D.P.R.	2.0	2.0	0.1	0.1	-	-	2.1	2.1	0.2	0.2
Korea, Republic of	0.1	0.1	9.0	8.8	-	-	9.1	9.2	1.6	1.2
Malaysia	0.1	0.1	2.6	2.7	-	-	2.6	2.8	0.3	0.3
Pakistan	3.3	2.6	-	-	-	-	3.2	2.7	0.7	0.7
Philippines	6.3	6.3	0.7	0.3	-	-	6.5	6.8	0.9	0.8
Thailand	3.7	3.6	0.1	0.2	0.2	0.1	3.6	3.7	0.1	0.1
Turkey	3.8	3.7	0.8	0.3	-	-	4.4	4.2	0.6	0.4
Viet Nam	3.8	3.6	0.1	0.1	-	-	3.8	3.6	0.8	0.8
AFRICA	**49.4**	**49.3**	**13.6**	**13.9**	**2.0**	**3.6**	**59.6**	**61.4**	**9.0**	**7.4**
Algeria	-	-	2.4	2.4	-	-	2.3	2.4	0.3	0.3
Egypt	6.9	7.0	5.0	5.0	-	-	12.0	12.1	0.4	0.3
Ethiopia	4.3	4.0	-	-	0.1	0.3	3.6	3.8	0.8	0.8
Kenya	3.2	3.0	0.2	0.3	-	-	3.4	3.4	0.4	0.2
Morocco	0.1	0.1	1.7	1.5	-	-	1.7	1.7	0.3	0.2
Nigeria	7.1	7.0	0.1	0.1	0.1	0.1	6.7	7.0	0.5	0.5
South Africa	6.9	7.1	1.0	1.0	0.5	1.0	8.4	8.7	2.1	0.7
Tanzania, U.R. of	3.4	3.4	-	-	0.4	0.4	3.0	3.0	1.1	1.1
CENTRAL AMERICA	**25.4**	**27.4**	**14.0**	**14.1**	**0.1**	**0.1**	**38.2**	**41.2**	**2.5**	**2.9**
Mexico	21.8	23.8	8.9	9.5	-	-	30.1	33.0	1.7	2.2
SOUTH AMERICA	**66.6**	**83.1**	**8.0**	**6.5**	**20.1**	**22.8**	**59.7**	**63.3**	**4.3**	**7.4**
Argentina	14.4	21.8	-	-	13.4	14.0	5.7	5.8	0.5	1.5
Brazil	42.6	51.7	1.0	0.2	5.9	8.0	39.1	42.2	1.3	3.5
Chile	1.4	1.6	1.4	1.0	0.1	0.1	2.4	2.5	0.2	0.2
Colombia	1.6	1.6	3.4	3.1	0.2	0.2	4.3	4.6	0.9	0.8
Peru	1.3	1.3	1.4	1.4	-	-	2.6	2.7	0.6	0.6
Venezuela	2.4	2.4	0.1	0.3	-	-	2.5	2.6	0.2	0.2
NORTH AMERICA	**276.6**	**348.9**	**2.3**	**2.2**	**56.3**	**56.7**	**242.1**	**273.5**	**34.5**	**52.2**
Canada	9.0	10.6	2.0	1.8	0.3	0.2	11.3	12.1	1.3	1.5
United States of America	267.6	338.3	0.3	0.4	56.0	56.5	230.7	261.4	33.1	50.7
EUROPE	**76.9**	**65.8**	**6.0**	**8.1**	**2.9**	**1.7**	**81.7**	**77.2**	**11.8**	**6.5**
European Union	45.2	45.6	5.0	7.0	0.3	0.2	50.4	57.3	7.5	4.0
Romania	8.7	-	-	-	0.6	-	8.8	-	1.3	-
Russian Federation	3.6	3.6	0.2	0.3	0.1	0.1	3.7	3.8	0.8	0.8
Serbia	6.4	6.6	-	-	0.3	0.3	6.4	6.4	0.4	0.3
Ukraine	6.4	5.7	-	-	1.1	0.9	5.5	4.8	0.5	0.5
OCEANIA	**0.6**	**0.4**	**-**	**-**	**-**	**-**	**0.6**	**0.5**	**0.1**	**0.1**
WORLD	**697.5**	**781.4**	**88.7**	**88.0**	**87.0**	**88.0**	**720.4**	**761.3**	**116.8**	**133.2**
Developing countries	334.7	357.6	61.4	58.7	27.3	28.5	367.5	381.9	66.8	72.2
Developed countries	362.8	423.8	27.4	29.3	59.7	59.5	352.9	379.4	49.9	61.0
LIFDCs	232.8	238.4	15.5	14.0	6.4	5.1	236.8	244.8	56.1	58.7
LDCs	25.1	25.6	1.9	1.7	1.6	2.7	23.7	24.4	5.1	5.2
NFIDCs	18.8	18.1	12.7	12.4	0.1	0.1	30.8	30.7	3.0	2.6

Table A5. Barley statistics *(million tonnes)*

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2006 *estim.*	2007 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*	2007 *estim.*	2008 *f'cast*
ASIA	**23.0**	**22.6**	**12.2**	**11.6**	**0.6**	**0.4**	**35.6**	**34.9**	**9.0**	**7.8**
China	3.6	3.9	1.6	1.7	-	-	5.3	5.8	1.1	0.9
India	1.3	1.3	-	-	-	-	1.3	1.3	-	-
Iran, Islamic Republic of	3.5	3.5	0.7	0.4	-	-	4.1	4.1	0.3	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	1.6	1.4	-	-	1.7	1.8	0.7	0.6
Kazakhstan	1.7	1.9	0.1	0.1	0.3	0.3	1.5	1.7	0.5	0.5
Saudi Arabia	0.1	0.1	5.8	5.8	-	-	6.5	6.5	2.3	1.7
Syria	0.7	0.7	0.8	0.9	-	-	1.6	1.6	0.8	0.9
Turkey	9.4	8.4	0.1	-	0.2	0.1	9.6	8.4	2.9	2.9
AFRICA	**6.7**	**4.9**	**1.6**	**1.9**	**-**	**-**	**7.6**	**7.5**	**2.6**	**2.0**
Algeria	1.3	1.5	0.1	0.1	-	-	1.3	1.4	0.7	0.9
Ethiopia	1.8	1.8	-	-	-	-	1.7	1.8	0.3	0.4
Libya	0.1	0.1	0.3	0.4	-	-	0.4	0.5	-	-
Morocco	2.5	0.5	0.4	1.0	-	-	2.5	2.2	1.1	0.4
Tunisia	0.4	0.5	0.7	0.4	-	-	1.1	1.0	0.3	0.2
CENTRAL AMERICA	**0.9**	**0.9**	**0.2**	**0.1**	**-**	**-**	**1.1**	**1.0**	**0.1**	**0.1**
Mexico	0.9	0.9	0.2	0.1	-	-	1.1	1.0	0.1	0.1
SOUTH AMERICA	**2.3**	**2.6**	**0.6**	**0.5**	**0.6**	**0.7**	**2.3**	**2.5**	**0.4**	**0.4**
Argentina	1.3	1.5	-	-	0.5	0.6	0.7	0.9	0.4	0.3
NORTH AMERICA	**13.5**	**16.4**	**0.3**	**0.1**	**1.7**	**3.2**	**14.0**	**13.9**	**3.0**	**2.6**
Canada	9.6	11.8	-	-	1.3	2.5	9.4	9.2	1.5	1.4
United States of America	3.9	4.6	0.3	0.1	0.4	0.7	4.6	4.7	1.5	1.2
EUROPE	**89.3**	**85.7**	**1.2**	**0.7**	**10.6**	**8.7**	**80.4**	**78.2**	**11.4**	**10.1**
Belarus	1.8	2.0	-	-	-	-	1.9	2.0	0.2	0.2
Bulgaria	0.5	-	-	-	0.2	-	0.4	-	0.1	-
European Union	54.9	58.5	0.5	0.2	3.6	5.0	52.7	53.6	8.5	8.0
Romania	0.8	-	0.1	-	0.1	-	0.9	-	0.1	-
Russian Federation	18.1	17.2	0.3	0.2	1.5	1.6	17.0	15.8	0.8	0.8
Ukraine	11.3	6.5	-	-	5.1	2.1	5.6	5.0	1.5	0.9
OCEANIA	**4.1**	**5.4**	**-**	**-**	**2.4**	**2.0**	**4.2**	**3.9**	**1.3**	**1.0**
Australia	3.7	5.0	-	-	2.4	2.0	3.9	3.5	1.3	1.0
WORLD	**139.8**	**138.5**	**16.2**	**15.0**	**15.9**	**15.0**	**145.3**	**141.9**	**27.8**	**24.1**
Developing countries	29.9	27.8	12.5	12.3	0.9	0.8	41.7	41.0	10.7	9.1
Developed countries	109.9	110.7	3.6	2.7	15.0	14.2	103.6	101.0	17.1	15.0
LIFDCs	14.4	12.8	3.0	3.8	0.1	0.1	16.9	17.4	3.8	2.9
LDCs	2.2	2.2	-	-	-	-	2.1	2.2	0.4	0.4
NFIDCs	3.4	1.5	1.7	2.0	-	-	4.8	4.4	1.5	0.6

Table A6. Sorghum statistics *(million tonnes)*

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2006 *estim.*	2007 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*	2007 *estim.*	2008 *f'cast*
ASIA	**11.4**	**11.2**	**1.5**	**1.6**	**0.1**	**0.1**	**12.7**	**12.7**	**1.0**	**1.0**
China	2.6	2.4	0.1	0.1	-	-	2.6	2.5	0.5	0.4
India	7.7	7.6	-	-	-	-	7.7	7.6	0.2	0.2
Japan	-	-	1.3	1.4	-	-	1.3	1.4	0.2	0.2
AFRICA	**27.0**	**26.9**	**0.7**	**0.4**	**0.9**	**0.9**	**25.0**	**26.0**	**4.0**	**4.4**
Burkina Faso	1.5	1.6	-	-	0.1	0.1	1.5	1.5	0.1	0.1
Ethiopia	2.8	2.8	-	-	0.3	0.2	2.2	2.5	0.4	0.5
Nigeria	9.9	9.8	-	-	0.1	0.1	9.4	9.8	0.5	0.5
Sudan	5.0	5.2	0.3	-	0.3	0.3	4.3	4.5	1.4	1.8
CENTRAL AMERICA	**5.8**	**6.0**	**2.3**	**2.8**	**-**	**-**	**8.6**	**8.6**	**0.1**	**0.2**
Mexico	5.4	5.5	2.3	2.8	-	-	8.2	8.1	0.1	0.2
SOUTH AMERICA	**5.0**	**5.3**	**0.2**	**0.4**	**0.6**	**0.6**	**4.9**	**5.1**	**0.7**	**0.7**
Argentina	2.3	2.8	-	-	0.6	0.5	2.1	2.1	0.4	0.5
Brazil	1.6	1.3	-	0.3	-	-	1.6	1.7	0.2	0.1
Venezuela	0.6	0.6	-	-	-	-	0.6	0.6	-	-
NORTH AMERICA	**7.1**	**12.7**	**-**	**-**	**3.7**	**5.5**	**3.9**	**5.5**	**0.8**	**1.5**
United States of America	7.1	12.7	-	-	3.7	5.5	3.9	5.5	0.8	1.5
EUROPE	**0.6**	**0.6**	**0.7**	**1.8**	**-**	**-**	**1.2**	**2.3**	**0.1**	**0.1**
European Union	0.6	0.6	0.6	1.7	-	-	1.1	2.2	0.1	0.1
OCEANIA	**2.0**	**1.0**	**0.1**	**0.1**	**0.1**	**-**	**2.0**	**1.0**	**0.1**	**0.1**
Australia	2.0	1.0	-	-	0.1	-	2.0	1.0	0.1	0.1
WORLD	**58.9**	**63.6**	**5.4**	**7.0**	**5.3**	**7.0**	**58.4**	**61.3**	**6.8**	**7.9**
Developing countries	49.2	49.1	3.3	3.7	1.5	1.5	49.7	50.8	5.6	6.1
Developed countries	9.7	14.4	2.0	3.3	3.8	5.5	8.7	10.4	1.2	1.8
LIFDCs	38.1	37.7	0.7	0.4	0.9	0.9	35.9	36.8	4.7	5.1
LDCs	15.3	15.5	0.6	0.2	0.7	0.8	13.7	14.4	3.0	3.5
NFIDCs	2.0	1.8	0.1	0.1	-	-	2.0	1.9	0.2	0.1

Table A7. Other coarse grains statistics - millet, rye, oats and other grains *(million tonnes)*

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2006 *estim.*	2007 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*	2007 *estim.*	2008 *f'cast*
ASIA	16.5	17.1	0.8	0.6	0.1	0.1	17.4	17.7	0.7	0.7
AFRICA	20.9	20.6	0.1	0.1	0.5	0.4	20.1	20.4	2.1	2.1
CENTRAL AMERICA	0.1	0.1	0.1	0.1	-	-	0.2	0.2	-	-
SOUTH AMERICA	1.5	1.6	0.1	0.1	-	-	1.5	1.7	0.1	0.1
NORTH AMERICA	6.6	7.6	2.0	1.9	2.3	2.2	6.3	6.5	1.6	2.0
EUROPE	42.5	45.3	0.5	0.7	0.6	0.8	44.9	44.6	6.1	6.7
OCEANIA	1.1	1.8	0.1	0.1	0.1	0.2	1.0	1.6	0.2	0.1
WORLD	**89.1**	**94.0**	**3.5**	**3.5**	**3.6**	**3.5**	**91.4**	**92.6**	**10.7**	**11.7**

Table A8. Rice statistics *(million tonnes, milled equivalent)*

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2006 *estim.*	2007 *f'cast*	2007 *estim.*	2008 *f'cast*	2007 *estim.*	2008 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*	2007 *estim.*	2008 *f'cast*
ASIA	**388.2**	**389.9**	**13.8**	**14.4**	**23.6**	**24.3**	**375.2**	**378.2**	**99.9**	**102.2**
Bangladesh	26.9	27.0	0.8	0.9	-	-	27.8	28.3	3.4	3.0
China	126.2	127.1	1.0	1.2	1.4	1.6	124.3	124.7	58.6	60.6
of which Taiwan Prov.	1.1	1.1	0.1	0.1	-	-	1.2	1.2	0.1	0.1
India	92.8	93.3	0.1	0.1	4.4	4.0	87.0	88.4	13.0	14.0
Indonesia	34.3	34.7	1.5	1.1	-	-	35.5	35.8	2.0	2.4
Iran, Islamic Republic of	2.1	2.2	1.0	0.9	-	-	3.0	3.1	0.5	0.5
Iraq	0.2	0.2	1.0	1.2	-	-	1.4	1.4	0.2	0.2
Japan	7.8	7.2	0.7	0.7	0.2	0.2	8.3	8.0	1.6	1.3
Korea, D.P.R.	1.6	1.6	0.4	0.7	-	-	2.0	2.2	0.1	0.1
Korea, Republic of	4.7	4.5	0.3	0.3	0.2	0.2	4.8	4.8	1.1	1.0
Malaysia	1.4	1.5	0.9	0.8	-	-	2.3	2.3	0.2	0.1
Myanmar	19.3	19.8	-	-	0.3	0.4	18.3	18.8	4.8	5.5
Pakistan	5.4	5.4	-	-	3.0	2.9	2.4	2.5	0.2	0.3
Philippines	10.2	9.7	1.9	1.9	-	-	12.5	11.7	1.5	1.5
Saudi Arabia	-	-	1.0	1.1	-	-	1.1	1.1	0.2	0.1
Sri Lanka	2.3	2.1	-	-	-	-	2.2	2.2	0.2	0.1
Thailand	20.1	20.2	0.2	0.3	8.7	9.2	11.3	11.4	5.4	5.3
Viet Nam	23.9	23.7	0.3	0.4	4.5	4.8	19.7	19.8	4.7	4.1
AFRICA	**14.5**	**14.5**	**9.3**	**9.4**	**1.1**	**0.8**	**22.9**	**23.2**	**2.5**	**2.4**
Cote d'Ívoire	0.7	0.6	0.9	1.0	-	-	1.6	1.6	0.1	0.1
Egypt	4.7	4.6	0.1	-	1.1	0.8	3.6	3.6	0.7	0.9
Madagascar	2.3	2.4	0.2	0.2	-	-	2.5	2.5	0.2	0.1
Nigeria	2.6	2.6	1.6	1.5	-	-	4.2	4.3	0.4	0.3
Senegal	0.1	0.1	0.8	0.8	-	-	1.0	1.0	0.2	0.1
South Africa	-	-	0.7	0.8	-	-	0.7	0.7	0.1	0.1
Tanzania, U.R. of	0.8	0.8	0.1	0.1	-	-	0.9	0.9	0.1	0.1
CENTRAL AMERICA	**1.6**	**1.6**	**2.3**	**2.3**	**-**	**-**	**4.0**	**4.0**	**0.5**	**0.5**
Cuba	0.3	0.3	0.7	0.7	-	-	1.0	1.0	-	-
Mexico	0.2	0.2	0.5	0.6	-	-	0.8	0.8	-	-
SOUTH AMERICA	**15.0**	**14.5**	**1.3**	**1.1**	**1.7**	**1.8**	**15.0**	**14.8**	**1.8**	**1.0**
Argentina	0.8	0.7	-	-	0.4	0.5	0.4	0.3	0.1	0.1
Brazil	7.9	7.6	0.8	0.7	0.2	0.3	8.8	8.7	0.8	0.3
Peru	1.6	1.6	0.1	0.1	-	-	1.7	1.7	0.2	0.1
Uruguay	0.9	0.8	-	-	0.7	0.8	0.1	0.1	0.2	0.2
NORTH AMERICA	**6.2**	**6.3**	**1.0**	**1.0**	**3.3**	**3.3**	**4.1**	**4.4**	**1.3**	**0.9**
Canada	-	-	0.3	0.3	-	-	0.3	0.3	0.1	0.1
United States of America	6.2	6.3	0.7	0.7	3.3	3.3	3.7	4.1	1.3	0.8
EUROPE	**2.4**	**2.4**	**1.8**	**1.8**	**0.2**	**0.2**	**4.0**	**4.0**	**0.6**	**0.6**
European Union	1.8	1.8	1.1	1.3	0.2	0.2	2.8	3.0	0.5	0.5
Russian Federation	0.5	0.5	0.2	0.2	-	-	0.7	0.7	-	-
OCEANIA	**0.7**	**0.1**	**0.4**	**0.5**	**-**	**-**	**0.7**	**0.6**	**0.1**	**-**
Australia	0.7	0.1	0.1	0.2	-	-	0.3	0.2	0.1	-
WORLD	**428.7**	**429.3**	**29.9**	**30.5**	**29.9**	**30.5**	**425.9**	**429.2**	**106.8**	**107.6**
Developing countries	411.1	412.8	25.3	25.7	26.2	26.8	407.6	411.0	103.1	104.7
Developed countries	17.6	16.5	4.6	4.8	3.7	3.7	18.3	18.2	3.7	2.9
LIFDCs	322.9	324.7	16.3	16.8	10.9	10.4	326.1	328.7	83.6	86.3
LDCs	60.9	62.2	6.3	6.5	1.2	1.4	65.7	67.2	11.4	11.5
NFIDCs	16.0	15.7	2.6	2.7	4.2	3.8	14.4	14.6	1.8	1.8

Table A9. Cereal supply and utilization in main exporting countries *(million tonnes)*

	Wheat[1]			Coarse Grains[2]			Rice (milled basis)		
	2005/06	2006/07 estim.	2007/08 f'cast	2005/06	2006/07 estim.	2007/08 f'cast	2005/06	2006/07 estim.	2007/08 f'cast
	UNITED STATES (June/May)			**UNITED STATES**			**UNITED STATES** (Aug./July)		
Opening stocks	14.7	15.5	12.4	58.8	54.8	36.2	1.2	1.4	1.3
Production	57.3	49.3	56.2	299.1	280.4	357.5	7.1	6.2	6.3
Imports	1.7	2.8	1.9	2.1	2.5	2.7	0.5	0.7	0.7
Total Supply	**73.7**	**67.7**	**70.5**	**360.0**	**337.7**	**396.4**	**8.9**	**8.3**	**8.2**
Domestic use	31.0	30.8	30.9	245.4	243.0	275.4	3.8	4.1	4.0
Exports	27.2	24.4	31.3	59.9	58.5	66.9	3.7	2.9	3.4
Closing stocks	15.5	12.4	8.4	54.8	36.2	54.1	1.4	1.3	0.8
	CANADA (August/July)			**CANADA**			**THAILAND** (Nov./Oct.)[3]		
Opening stocks	7.9	9.6	6.8	6.5	6.5	3.6	3.8	5.1	5.4
Production	25.7	25.3	20.6	25.2	23.3	28.1	20.1	20.1	20.2
Imports	0.0	0.0	0.0	2.0	2.1	2.0	0.1	0.2	0.3
Total Supply	**33.7**	**34.9**	**27.5**	**33.7**	**31.9**	**33.7**	**24.0**	**25.4**	**25.8**
Domestic use	8.3	8.6	8.6	21.7	23.3	24.0	11.1	11.3	11.4
Exports	15.8	19.5	14.2	5.4	4.9	5.5	7.7	8.7	9.2
Closing stocks	9.6	6.8	4.7	6.5	3.6	4.2	5.1	5.4	5.3
	ARGENTINA (Dec./Nov.)			**ARGENTINA**			**INDIA** (Oct./Sept.)[3]		
Opening stocks	2.2	1.8	1.4	0.9	1.9	1.3	9.0	11.6	13.0
Production	12.6	14.6	15.0	24.5	18.3	26.5	91.8	92.8	93.3
Imports	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Total Supply	**14.8**	**16.4**	**16.4**	**25.4**	**20.3**	**27.8**	**100.9**	**104.4**	**106.4**
Domestic use	5.4	5.5	5.4	8.6	8.8	9.3	84.8	87.0	88.4
Exports	7.6	9.5	10.0	14.9	10.2	16.3	4.4	4.4	4.0
Closing stocks	1.8	1.4	1.0	1.9	1.3	2.3	11.6	13.0	14.0
	AUSTRALIA (Oct./Sept.)			**AUSTRALIA**			**PAKISTAN** (Nov./Oct.)[3]		
Opening stocks	8.0	11.8	5.9	3.0	3.9	1.6	0.2	0.2	0.2
Production	25.4	9.8	12.1	14.4	7.1	8.0	5.5	5.4	5.4
Imports	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Supply	**33.4**	**21.7**	**18.0**	**17.4**	**11.0**	**9.5**	**5.7**	**5.6**	**5.6**
Domestic use	5.6	7.1	6.7	7.8	7.2	6.3	2.1	2.4	2.5
Exports	16.0	8.6	9.9	5.7	2.2	2.0	3.4	3.0	2.9
Closing stocks	11.8	5.9	1.5	3.9	1.6	1.2	0.2	0.2	0.3
	EU (July/June)			**EU**			**VIET NAM** (Nov./Oct.)[3]		
Opening stocks	23.5	21.0	14.8	23.6	24.2	21.5	4.7	4.7	4.7
Production	124.3	117.7	123.3	134.4	127.5	135.9	23.9	23.9	23.7
Imports	7.5	6.7	6.5	3.2	6.3	9.1	0.2	0.3	0.4
Total Supply	**155.2**	**145.4**	**144.6**	**161.3**	**158.0**	**166.4**	**28.8**	**28.9**	**28.7**
Domestic use	119.2	119.6	122.8	133.1	132.9	143.2	19.3	19.7	19.8
Exports	15.1	12.8	11.8	3.9	4.4	5.9	4.7	4.5	4.8
Closing stocks	21.0	13.0	10.0	24.2	20.7	17.4	4.7	4.7	4.1
	TOTAL OF ABOVE			**TOTAL OF ABOVE**			**TOTAL OF ABOVE**		
Opening stocks	56.4	59.8	41.4	92.8	91.3	64.2	18.9	22.9	24.6
Production	245.3	216.7	227.3	497.7	456.6	556.0	148.4	148.4	148.9
Imports	9.2	9.5	8.4	7.3	10.9	13.8	0.9	1.2	1.3
Total Supply	**310.8**	**286.1**	**277.1**	**597.7**	**558.8**	**633.9**	**168.2**	**172.5**	**174.8**
Domestic use	169.4	171.7	174.4	416.6	415.2	458.1	121.3	124.4	126.1
Exports	81.6	74.8	77.1	89.8	80.3	96.6	24.0	23.5	24.3
Closing stocks	59.8	39.6	25.6	91.3	63.3	79.3	22.9	24.6	24.4

[1] Trade data include wheat flour in wheat grain equivalent. For the **European Union** 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); the **European United** (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 A10. Total oilcrops statistics *(million tonnes)*

	Production[1]			Imports			Exports		
	2005/06	2006/07 estim.	2007/08 f'cast	2005/06	2006/07 estim.	2007/08 f'cast	2005/06	2006/07 estim.	2007/08 f'cast
ASIA	**122.8**	**122.3**	**123.0**	**49.3**	**51.7**	**56.8**	**2.6**	**2.7**	**2.7**
China	58.5	60.1	55.6	31.6	32.2	37.3	1.3	1.5	1.3
of which Taiwan Prov.	-	-	-	2.5	2.3	2.4	-	-	-
India	33.5	32.1	35.8	-	-	-	0.6	0.5	0.6
Indonesia	7.2	7.4	7.8	1.4	1.6	1.7	0.1	0.2	0.1
Iran, Islamic Republic of	0.4	0.4	0.4	0.8	0.9	1.0	-	-	-
Japan	0.2	0.3	0.3	6.7	6.8	6.8	-	-	-
Korea, Republic of	0.3	0.2	0.2	1.4	1.5	1.5	-	-	-
Malaysia	4.3	4.3	4.5	0.8	0.8	0.8	0.1	0.1	0.1
Pakistan	5.1	5.0	5.3	0.9	1.3	1.1	-	-	-
Thailand	0.6	0.7	0.7	1.6	1.7	1.7	-	-	-
Turkey	2.1	2.2	2.0	1.7	2.0	2.0	-	-	-
AFRICA	**16.2**	**15.6**	**16.1**	**1.9**	**2.5**	**2.4**	**0.7**	**0.6**	**0.7**
Nigeria	4.4	4.5	4.5	-	-	-	0.1	0.1	0.1
CENTRAL AMERICA	**1.1**	**1.0**	**1.0**	**6.0**	**5.9**	**6.0**	**0.1**	**0.1**	**0.1**
Mexico	0.8	0.7	0.7	5.7	5.5	5.6	-	-	-
SOUTH AMERICA	**112.5**	**125.1**	**129.3**	**1.8**	**3.6**	**3.5**	**37.1**	**39.7**	**46.3**
Argentina	45.6	52.4	53.4	0.6	2.4	2.3	7.9	10.3	10.9
Brazil	59.4	62.4	65.3	0.1	0.2	0.1	26.0	24.5	29.9
Paraguay	4.2	6.9	7.1	-	-	-	2.4	4.1	4.5
NORTH AMERICA	**110.1**	**110.8**	**93.4**	**1.8**	**1.7**	**1.7**	**35.4**	**38.7**	**37.5**
Canada	14.2	13.7	13.2	0.7	0.6	0.7	7.7	8.0	8.5
United States of America	95.9	97.1	80.2	1.1	1.1	1.0	27.7	30.7	29.0
EUROPE	**37.9**	**40.2**	**37.9**	**18.5**	**19.3**	**19.5**	**2.4**	**3.0**	**2.3**
European Union	21.2	24.6	23.9	17.5	18.5	18.7	0.4	1.0	0.5
Russian Federation	7.4	7.4	7.0	0.2	0.2	0.2	0.4	0.3	0.4
Ukraine	5.8	6.9	5.8	-	-	-	0.8	1.5	1.2
OCEANIA	**2.9**	**1.5**	**2.0**	**0.1**	**0.2**	**0.1**	**1.1**	**0.4**	**0.7**
Australia	2.5	1.2	1.7	0.1	0.2	0.1	1.0	0.4	0.6
WORLD	**403.5**	**416.6**	**402.8**	**79.6**	**85.1**	**90.3**	**79.4**	**85.2**	**90.2**
Developing countries	247.3	259.6	264.4	51.8	56.2	61.3	40.3	43.0	49.6
Developed countries	156.2	157.0	138.4	27.8	28.9	29.0	39.1	42.2	40.6
LIFDCs	128.1	127.5	128.1	36.9	38.9	43.9	3.1	3.1	3.1
LDCs	10.3	10.0	10.1	0.3	0.4	0.3	0.5	0.4	0.4
NFIDCs	7.7	7.4	7.8	2.9	3.8	3.6	0.2	0.2	0.2

[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.

Table A11. Total oils and fats statistics *(million tonnes)*[1]

	Imports			Exports			Utilization		
	2005/06	2006/07 estim.	2007/08 f'cast	2005/06	2006/07 estim.	2007/08 f'cast	2005/06	2006/07 estim.	2007/08 f'cast
ASIA	**29.7**	**31.1**	**32.3**	**33.0**	**34.6**	**36.3**	**72.1**	**74.7**	**77.0**
Bangladesh	1.0	1.3	1.2	-	-	-	1.3	1.5	1.5
China	8.6	9.8	10.9	0.5	0.5	0.5	27.6	29.0	29.8
of which Taiwan Prov.	0.4	0.4	0.4	-	-	-	0.8	0.9	0.9
India	5.0	5.7	5.4	0.6	0.5	0.6	14.8	14.8	15.0
Indonesia	0.1	0.1	0.1	13.4	14.9	16.2	4.5	4.9	5.5
Iran	1.2	1.2	1.2	0.1	0.1	0.1	1.5	1.5	1.5
Japan	1.1	1.1	1.1	-	-	-	3.2	3.2	3.2
Korea, Republic of	0.8	0.8	0.8	-	-	-	1.1	1.1	1.2
Malaysia	1.3	0.8	1.0	14.9	15.1	16.1	3.4	3.6	3.9
Pakistan	1.9	1.9	2.0	0.2	0.1	0.1	3.3	3.4	3.5
Philippines	0.3	0.3	0.4	1.2	0.8	1.0	0.7	0.7	0.8
Singapore	0.6	0.6	0.6	0.3	0.3	0.4	0.3	0.3	0.3
Turkey	1.7	1.1	1.3	0.2	0.2	0.2	2.5	2.4	2.4
AFRICA	**6.2**	**6.7**	**6.8**	**0.9**	**1.0**	**1.0**	**11.5**	**11.8**	**12.3**
Algeria	0.6	0.7	0.6	-	-	0.1	0.7	0.7	0.7
Egypt	1.3	1.5	1.6	-	0.1	0.1	1.7	1.8	1.9
Nigeria	0.3	0.3	0.3	0.1	-	-	1.9	1.9	2.0
South Africa	0.7	0.8	0.8	-	0.1	-	1.0	1.1	1.1
CENTRAL AMERICA	**1.7**	**1.7**	**1.7**	**0.4**	**0.5**	**0.4**	**3.8**	**3.8**	**3.9**
Mexico	1.1	1.1	1.1	-	-	-	2.9	2.9	3.0
SOUTH AMERICA	**1.9**	**1.9**	**2.0**	**10.9**	**11.3**	**12.8**	**9.0**	**9.4**	**9.8**
Argentina	-	-	-	7.2	7.4	8.8	0.7	0.7	0.7
Brazil	0.2	0.2	0.2	2.6	2.6	2.6	5.0	5.2	5.5
NORTH AMERICA	**3.1**	**3.3**	**3.4**	**4.6**	**5.0**	**4.8**	**16.7**	**17.7**	**18.7**
Canada	0.4	0.6	0.5	1.8	1.9	2.0	0.9	0.9	1.0
United States of America	2.7	2.7	2.9	2.8	3.1	2.8	15.8	16.8	17.8
EUROPE	**12.2**	**13.0**	**13.8**	**4.4**	**4.6**	**3.8**	**31.8**	**33.2**	**34.1**
European Union	9.9	10.7	11.5	1.8	1.9	1.8	26.0	27.8	28.7
Russian Federation	1.1	1.1	1.1	0.6	0.6	0.5	3.1	3.1	3.3
Ukraine	0.2	0.4	0.4	1.6	1.8	1.2	0.6	0.7	0.8
OCEANIA	**0.5**	**0.6**	**0.6**	**1.5**	**1.6**	**1.6**	**1.0**	**1.1**	**1.1**
Australia	0.3	0.4	0.3	0.6	0.6	0.6	0.6	0.7	0.7
WORLD	**55.3**	**58.3**	**60.6**	**55.7**	**58.6**	**60.7**	**146.0**	**151.7**	**156.9**
Developing countries	37.4	39.1	40.6	45.7	47.8	51.0	91.6	94.7	98.0
Developed countries	18.0	19.2	20.0	10.2	10.8	9.7	54.5	57.0	59.0
LIFDCs	23.5	25.9	26.9	17.2	18.4	19.8	64.7	67.1	69.3
LDCs	3.8	4.1	4.2	0.4	0.4	0.4	6.7	6.9	7.0
NFIDCs	6.1	6.3	6.5	1.1	1.1	1.1	9.1	9.4	9.7

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

Table A12. Total meals and cakes statistics *(million tonnes)*[1]

	Imports			Exports			Utilization		
	2005/06	2006/07 *estim.*	2007/08 *f'cast*	2005/06	2006/07 *estim.*	2007/08 *f'cast*	2005/06	2006/07 *estim.*	2007/08 *f'cast*
ASIA	**22.1**	**23.9**	**26.1**	**11.3**	**12.4**	**12.5**	**97.7**	**102.0**	**108.0**
China	2.8	2.3	2.8	0.7	1.2	0.7	49.3	51.2	54.5
of which Taiwan Prov.	0.6	0.5	0.5	-	-	-	2.5	2.5	2.5
India	0.2	0.2	0.2	4.7	4.9	5.5	11.0	10.8	11.1
Indonesia	2.2	2.5	2.7	2.1	2.3	2.4	2.4	2.6	3.1
Japan	2.2	2.3	2.4	-	-	-	7.2	7.3	7.4
Korea, Republic of	3.0	3.2	3.5	-	-	-	4.0	4.3	4.6
Malaysia	0.9	1.0	1.0	2.1	2.3	2.2	1.6	1.8	1.8
Pakistan	0.2	0.3	0.4	0.1	0.1	0.1	2.8	3.0	3.2
Philippines	1.4	1.8	1.9	0.5	0.4	0.4	1.9	2.2	2.4
Saudi Arabia	0.7	0.7	0.8	-	-	-	0.7	0.7	0.9
Thailand	2.5	2.7	3.0	0.1	0.1	0.1	4.3	4.6	4.8
Turkey	1.0	1.1	1.2	-	0.1	0.1	3.0	3.2	3.3
Viet Nam	1.3	1.5	1.6	0.1	0.1	0.1	1.5	1.7	1.9
AFRICA	**3.3**	**3.9**	**4.5**	**0.7**	**0.7**	**0.8**	**8.3**	**9.0**	**9.8**
Egypt	0.8	1.0	1.3	-	-	-	1.7	2.2	2.5
South Africa	0.9	1.1	1.2	-	-	-	1.4	1.4	1.8
CENTRAL AMERICA	**2.9**	**3.0**	**3.2**	**0.1**	**0.1**	**0.1**	**7.4**	**7.4**	**7.7**
Mexico	2.0	2.0	2.3	-	-	-	6.3	6.3	6.6
SOUTH AMERICA	**3.7**	**4.0**	**4.2**	**42.3**	**43.7**	**49.3**	**18.8**	**20.0**	**20.8**
Argentina	-	-	-	25.2	27.0	32.4	2.4	2.6	2.9
Bolivia	-	-	-	1.1	1.0	1.0	0.3	0.2	0.3
Brazil	0.2	0.2	0.2	12.9	13.1	12.9	11.1	11.7	11.9
Chile	0.8	0.9	0.9	0.6	0.6	0.7	1.3	1.4	1.4
Paraguay	-	-	-	0.8	0.8	0.8	0.2	0.5	0.6
Peru	0.8	0.9	0.9	1.5	1.2	1.4	1.0	1.1	1.1
Venezuela	0.8	0.9	1.0	-	-	-	0.9	1.0	1.1
NORTH AMERICA	**3.3**	**3.3**	**3.5**	**10.0**	**10.5**	**10.3**	**38.6**	**38.0**	**40.2**
Canada	1.5	1.5	1.7	2.2	2.2	2.4	2.4	2.6	2.9
United States of America	1.8	1.8	1.8	7.8	8.3	7.9	36.2	35.5	37.3
EUROPE	**32.5**	**32.3**	**33.8**	**4.2**	**4.1**	**3.4**	**58.5**	**59.0**	**62.4**
European Union	30.0	30.2	31.5	1.0	1.1	1.2	53.5	55.0	57.3
Russian Federation	0.7	0.7	0.9	1.0	0.9	0.6	2.1	2.3	2.9
Ukraine	0.1	0.1	0.1	1.4	1.5	1.1	0.2	0.2	0.3
OCEANIA	**0.8**	**1.2**	**1.3**	**0.2**	**0.2**	**0.2**	**1.6**	**1.6**	**1.8**
Australia	0.5	0.7	0.8	-	-	-	1.1	1.1	1.2
WORLD	**68.7**	**71.6**	**76.6**	**68.8**	**71.7**	**76.6**	**230.9**	**237.0**	**250.7**
Developing countries	28.9	31.1	34.1	54.2	56.8	62.7	121.8	128.0	135.4
Developed countries	39.9	40.5	42.5	14.5	14.9	13.9	109.1	109..1	115.4
LIFDCs	9.9	10.6	11.7	9.2	9.9	10.2	75.3	78.4	83.3
LDCs	0.4	0.4	0.5	0.4	0.4	0.4	3.3	3.3	3.3
NFIDCs	4.1	4.7	5.2	1.8	1.5	1.7	9.1	9.9	10.7

[1] Includes meals and cakes derived from oilcrops as well as fish meal and other meals from animal origin.

Table A13. Bovine meat statistics *(thousand tonnes, carcass weight equivalent)*

	Production		Imports		Exports		Utilization	
	2006 *estim.*	2007 *f'cast*	2006 *estim.*	2007 *f'cast*	2006 *estim.*	2007 *f'cast*	2006 *estim.*	2007 *f'cast*
ASIA	**17 259**	**17 946**	**2 202**	**2 357**	**575**	**618**	**18 878**	**19 670**
China	7 511	7 869	216	214	68	76	7 663	8 011
India	3 375	3 552	-	-	459	490	2 916	3 062
Indonesia	525	540	45	50	-	-	570	590
Iran, Islamic Republic of	356	358	115	120	-	-	471	478
Japan	497	494	634	660	1	1	1 114	1 138
Korea, Republic of	224	233	260	280	1	1	481	507
Malaysia	28	30	180	190	3	3	205	217
Pakistan	1 057	1 089	3	3	3	4	1 057	1 088
Philippines	237	240	126	140	-	-	363	380
AFRICA	**4 683**	**4 696**	**578**	**620**	**55**	**58**	**5 206**	**5 258**
Algeria	85	100	110	110	-	-	195	210
Angola	85	90	72	75	-	-	157	165
Egypt	605	550	222	230	1	1	826	779
South Africa	660	660	22	26	5	7	677	679
CENTRAL AMERICA	**2 209**	**2 258**	**464**	**485**	**96**	**112**	**2 577**	**2 631**
Mexico	1 602	1 626	372	375	38	40	1 936	1 961
SOUTH AMERICA	**14 669**	**15 142**	**302**	**315**	**3 061**	**3 115**	**11 910**	**12 342**
Argentina	3 034	3 246	4	1	480	511	2 558	2 736
Brazil	8 791	8 985	35	32	1 850	2 007	6 976	7 010
Chile	238	248	160	170	10	15	388	403
Colombia	800	820	-	1	25	30	775	791
Uruguay	548	507	10	10	470	381	88	136
Venezuela	467	514	70	75	-	-	537	589
NORTH AMERICA	**13 301**	**13 210**	**1 577**	**1 674**	**962**	**1 057**	**13 889**	**13 865**
Canada	1 391	1 367	175	200	443	426	1 120	1 145
United States of America	11 910	11 843	1 399	1 471	519	631	12 766	12 717
EUROPE	**11 158**	**10 974**	**1 615**	**1 636**	**278**	**203**	**12 495**	**12 407**
European Union	8 064	7 980	620	568	185	124	8 499	8 424
Russian Federation	1 757	1 695	820	850	4	4	2 573	2 541
Ukraine	514	520	55	65	1	1	568	584
OCEANIA	**2 928**	**2 869**	**46**	**49**	**1 813**	**1 846**	**1 159**	**1 019**
Australia	2 230	2 185	14	14	1 310	1 356	932	791
New Zealand	678	664	10	10	500	488	188	186
WORLD	**66 202**	**67 090**	**6 760**	**7 107**	**6 840**	**7 009**	**66 084**	**67 157**
Developing countries	36 285	37 458	2 740	2 924	3 782	3 895	35 250	36 485
Developed countries	29 926	29 641	4 047	4 215	3 058	3 114	30 870	30 713
LIFDCs	18 770	19 435	745	836	631	689	18 884	19 582
LDCs	2 634	2 684	123	136	1	2	2 757	2 818
NFIDCs	3 274	3 332	461	503	67	68	3 669	3 768

Table A14. Ovine meat statistics *(thousand tonnes, carcass weight equivalent)*

	Production		Imports		Exports		Utilization	
	2006 *estim.*	2007 *f'cast*	2006 *estim.*	2007 *f'cast*	2006 *estim.*	2007 *f'cast*	2006 *estim.*	2007 *f'cast*
ASIA	**8 158**	**8 467**	**267**	**286**	**52**	**59**	**8 373**	**8 694**
Bangladesh	140	140	-	-	-	-	140	140
China	4 453	4 654	90	102	30	32	4 513	4 724
India	725	730	-	-	11	12	714	718
Iran, Islamic Republic of	520	550	-	-	-	-	520	550
Pakistan	564	592	-	-	8	12	556	580
Saudi Arabia	100	102	47	45	1	1	146	146
Syria	205	215	-	-	-	-	205	215
Turkey	315	318	-	-	-	-	315	318
AFRICA	**2 064**	**2 122**	**68**	**72**	**4**	**6**	**2 128**	**2 189**
Algeria	225	230	10	10	-	-	235	240
Nigeria	251	253	-	-	-	-	251	253
South Africa	154	156	20	22	-	-	174	178
Sudan	240	260	-	-	1	1	239	259
CENTRAL AMERICA	**115**	**117**	**75**	**78**	**-**	**-**	**190**	**195**
Mexico	90	92	62	63	-	-	152	155
SOUTH AMERICA	**344**	**359**	**4**	**6**	**32**	**34**	**316**	**330**
Brazil	117	120	4	5	-	-	121	125
NORTH AMERICA	**122**	**125**	**107**	**114**	**15**	**18**	**214**	**221**
United States of America	105	107	85	89	15	18	175	178
EUROPE	**1 361**	**1 344**	**257**	**317**	**21**	**12**	**1 597**	**1 649**
European Union	1 113	1 099	285	290	6	5	1 392	1 384
Russian Federation	154	149	10	12	-	-	164	161
OCEANIA	**1 425**	**1 343**	**50**	**53**	**718**	**710**	**757**	**687**
Australia	864	802	1	1	317	295	548	508
New Zealand	560	540	2	3	401	415	161	128
WORLD	**13 556**	**13 843**	**807**	**906**	**843**	**840**	**13 520**	**13 909**
Developing countries	10 091	10 461	409	439	88	99	10 411	10 800
Developed countries	3 506	3 424	421	488	754	741	3 173	3 172
LIFDCs	8 446	8 756	93	105	50	58	8 489	8 804
LDCs	1 207	1 245	5	6	1	1	1 212	1 250
NFIDCs	1 009	1 049	38	44	8	13	1 038	1 080

Table A15. Pigmeat statistics *(thousand tonnes, carcass weight equivalent)*

	Production		Imports		Exports		Utilization	
	2006 *estim.*	2007 *f'cast*	2006 *estim.*	2007 *f'cast*	2006 *estim.*	2007 *f'cast*	2006 *estim.*	2007 *f'cast*
ASIA	**61 968**	**59 752**	**2 221**	**2 390**	**584**	**454**	**63 672**	**61 707**
China	53 093	50 591	383	488	533	397	52 943	50 682
of which Hong Kong, SAR	175	160	300	340	31	20	444	480
India	510	515	-	-	1	1	509	514
Indonesia	600	605	5	6	4	4	601	607
Japan	1 247	1 256	1 025	1 034	1	1	2 307	2 322
Korea, D.P.R.	170	175	145	155	-	-	315	330
Korea, Republic of	860	893	388	420	18	22	1 262	1 279
Malaysia	210	213	35	40	1	1	244	252
Philippines	1 467	1 496	45	48	-	-	1 512	1 544
Thailand	700	710	-	-	10	11	690	699
Viet Nam	2 446	2 620	2	2	12	13	2 435	2 608
AFRICA	**844**	**871**	**111**	**122**	**9**	**9**	**945**	**984**
Madagascar	75	77	-	-	-	-	75	77
Nigeria	210	215	-	-	-	-	210	215
South Africa	151	155	30	32	1	1	180	186
Uganda	81	83	-	-	-	-	81	83
CENTRAL AMERICA	**1 566**	**1 563**	**552**	**565**	**74**	**78**	**2 044**	**2 050**
Cuba	100	101	28	30	-	-	128	131
Mexico	1 200	1 190	446	450	66	70	1 580	1 570
SOUTH AMERICA	**4 674**	**4 957**	**71**	**89**	**722**	**802**	**4 023**	**4 244**
Argentina	210	230	22	30	1	1	231	259
Brazil	3 209	3 370	-	-	610	650	2 599	2 720
Chile	468	550	2	3	110	150	360	403
Colombia	128	130	3	4	-	-	131	134
Venezuela	130	135	30	35	-	-	160	170
NORTH AMERICA	**11 434**	**11 646**	**615**	**633**	**2 290**	**2 292**	**9 739**	**9 959**
Canada	1 875	1 840	145	148	935	972	1 090	1 020
United States of America	9 559	9 806	465	480	1 355	1 320	8 644	8 934
EUROPE	**25 862**	**26 441**	**1 269**	**1 026**	**1 262**	**1 343**	**25 870**	**26 124**
Belarus	346	370	45	50	50	51	341	369
European Union	21 857	22 210	113	40	1 394	1 254	20 576	20 996
Romania	500	-	240	-	-	-	740	-
Russian Federation	1 719	2 018	647	650	13	13	2 353	2 655
Serbia	580	600	20	25	2	2	598	623
Ukraine	675	720	65	70	5	5	735	785
OCEANIA	**522**	**532**	**121**	**136**	**48**	**47**	**606**	**619**
Australia	385	392	86	100	48	46	434	443
Papua New Guinea	66	68	2	2	-	-	68	70
WORLD	**106 880**	**105 773**	**4 960**	**4 961**	**4 989**	**5 024**	**106 908**	**105 698**
Developing countries	67 483	65 557	1 877	2 073	1 391	1 345	68 000	66 273
Developed countries	39 440	40 258	3 085	2 889	3 602	3 683	38 948	39 466
LIFDCs	56 443	54 077	460	557	566	443	56 337	54 191
LDCs	773	795	53	57	-	-	825	852
NFIDCs	469	480	106	117	4	3	570	593

Table A16. Poultry meat statistics *(thousand tonnes, carcass weight equivalent)*

	Production		Imports		Exports		Utilization	
	2006 estim.	2007 f'cast	2006 estim.	2007 f'cast	2006 estim.	2007 f'cast	2006 estim.	2007 f'cast
ASIA	**27 308**	**28 537**	**3 443**	**3 813**	**1 099**	**1 220**	**29 690**	**31 154**
China	14 663	15 315	1 237	1 472	599	647	15 309	16 140
of which Hong Kong, SAR	31	28	520	560	150	160	409	428
India	2 065	2 220	-	-	-	-	2 065	2 220
Indonesia	1 040	1 200	3	2	-	-	1 043	1 202
Iran, Islamic Republic of	820	850	22	25	17	18	825	857
Japan	1 337	1 350	761	685	-	-	2 118	2 052
Korea, Republic of	481	512	130	135	4	4	607	643
Kuwait	45	45	80	130	56	91	69	84
Malaysia	975	985	13	15	12	13	976	987
Saudi Arabia	545	555	440	465	5	5	980	1 015
Singapore	90	95	95	96	5	5	180	186
Thailand	1 136	1 165	9	9	325	350	830	830
Turkey	905	945	55	75	26	15	934	1 005
Yemen	118	120	110	115	1	1	227	234
AFRICA	**3 599**	**3 647**	**701**	**756**	**16**	**17**	**4 284**	**4 385**
Angola	9	9	85	88	-	-	94	97
South Africa	945	960	253	250	8	8	1 190	1 202
CENTRAL AMERICA	**3 735**	**3 833**	**929**	**966**	**16**	**18**	**4 647**	**4 781**
Cuba	31	33	110	125	-	-	141	158
Mexico	2 575	2 641	618	612	5	5	3 188	3 248
SOUTH AMERICA	**14 531**	**15 234**	**202**	**230**	**2 901**	**3 210**	**11 831**	**12 254**
Argentina	1 197	1 316	7	7	95	100	1 109	1 223
Brazil	9 901	10 366	-	-	2 713	3 012	7 188	7 354
Chile	607	625	20	22	90	95	537	552
Venezuela	770	830	123	144	-	-	893	974
NORTH AMERICA	**20 040**	**20 049**	**245**	**218**	**3 044**	**2 900**	**17 339**	**17 404**
Canada	1 168	1 197	160	180	130	137	1 208	1 243
United States of America	18 872	18 852	81	34	2 914	2 763	16 127	16 157
EUROPE	**13 629**	**13 993**	**2 578**	**2 290**	**1 027**	**837**	**15 192**	**15 437**
European Union	10 972	11 167	708	611	863	789	10 817	10 989
Romania	375	-	169	-	2	-	542	-
Russian Federation	1 534	1 718	1 307	1 292	1	1	2 851	3 000
Ukraine	523	638	149	122	12	12	660	748
OCEANIA	**962**	**988**	**40**	**47**	**31**	**34**	**970**	**1 000**
Australia	811	826	1	1	25	27	787	800
New Zealand	130	140	-	-	6	7	124	133
WORLD	**83 696**	**86 170**	**8 141**	**8 323**	**8 134**	**8 236**	**83 850**	**86 308**
Developing countries	46 351	48 386	4 143	4 678	4 008	4 440	46 504	48 630
Developed countries	37 481	37 925	3 995	3 643	4 127	3 797	37 478	37 816
LIFDCs	21 549	22 623	1 544	1 871	486	526	22 607	23 969
LDCs	1 103	1 120	400	441	4	5	1 499	1 557
NFIDCs	3 971	4 109	423	492	15	15	4 379	4 585

Table A17. Total meat statistics[1] *(thousand tonnes, carcass weight equivalent)*

	Production		Imports		Exports		Utilization	
	2006 *estim.*	2007 *f'cast*	2006 *estim.*	2007 *f'cast*	2006 *estim.*	2007 *f'cast*	2006 *estim.*	2007 *f'cast*
ASIA	**116 531**	**116 575**	**8 170**	**8 883**	**2 350**	**2 390**	**122 351**	**123 068**
China	81 076	79 805	1 931	2 282	1 256	1 177	81 752	80 909
of which Hong Kong, SAR	225	207	929	1 011	188	186	965	1 032
India	6 818	7 160	-	-	472	504	6 346	6 656
Indonesia	2 297	2 482	58	63	8	8	2 346	2 537
Iran, Islamic Republic of	1 712	1 774	137	145	17	18	1 832	1 901
Japan	3 092	3 112	2 465	2 421	2	2	5 555	5 532
Korea, Republic of	1 576	1 650	789	847	23	27	2 342	2 470
Malaysia	1 215	1 229	248	267	16	17	1 447	1 479
Pakistan	2 018	2 088	3	4	12	17	2 009	2 075
Philippines	2 408	2 447	212	233	13	14	2 608	2 666
Saudi Arabia	719	733	633	666	9	9	1 343	1 390
Singapore	112	117	256	261	8	8	360	370
Thailand	2 079	2 121	11	12	338	364	1 752	1 769
Turkey	1 578	1 621	55	75	27	16	1 607	1 680
Viet Nam	3 134	3 331	24	27	12	13	3 146	3 345
AFRICA	**12 543**	**12 722**	**1 485**	**1 599**	**91**	**98**	**13 937**	**14 223**
Algeria	590	614	122	122	-	-	712	736
Angola	142	149	189	198	-	-	331	347
Egypt	1 532	1 486	248	261	2	2	1 778	1 745
Nigeria	1 089	1 107	2	3	-	-	1 091	1 110
South Africa	1 932	1 953	325	330	19	22	2 238	2 261
CENTRAL AMERICA	**7 741**	**7 888**	**2 038**	**2 113**	**188**	**209**	**9 591**	**9 792**
Cuba	197	201	153	175	-	-	350	377
Mexico	5 567	5 649	1 513	1 515	110	116	6 970	7 048
SOUTH AMERICA	**34 455**	**35 929**	**580**	**641**	**6 789**	**7 237**	**28 246**	**29 332**
Argentina	4 627	4 980	33	38	622	661	4 038	4 357
Brazil	22 048	22 871	39	38	5 195	5 692	16 892	17 217
Chile	1 340	1 451	182	195	222	272	1 300	1 374
Colombia	1 722	1 755	26	32	25	30	1 722	1 757
Uruguay	674	643	21	23	494	406	202	260
Venezuela	1 375	1 487	223	254	-	-	1 598	1 741
NORTH AMERICA	**45 144**	**45 277**	**2 553**	**2 648**	**6 351**	**6 307**	**41 346**	**41 617**
Canada	4 473	4 444	505	556	1 526	1 553	3 452	3 447
United States of America	40 670	40 832	2 036	2 080	4 825	4 754	37 881	38 158
EUROPE	**53 191**	**53 946**	**5 866**	**5 428**	**2 671**	**2 480**	**56 386**	**56 894**
Belarus	769	814	90	104	127	131	732	787
European Union	43 039	43 498	1 821	1 609	2 530	2 254	42 330	42 853
Romania	1 167	-	449	-	8	-	1 608	-
Russian Federation	5 254	5 670	2 819	2 844	18	19	8 055	8 495
Ukraine	1 758	1 925	270	258	19	19	2 009	2 164
OCEANIA	**6 232**	**6 133**	**261**	**289**	**2 653**	**2 682**	**3 840**	**3 740**
Australia	4 311	4 226	103	117	1 717	1 742	2 697	2 601
New Zealand	1 458	1 436	37	39	932	937	563	538
WORLD	**275 695**	**278 325**	**20 911**	**21 556**	**21 093**	**21 404**	**275 513**	**278 476**
Developing countries	163 967	165 685	9 242	10 190	9 386	9 899	163 823	165 977
Developed countries	111 963	112 880	11 718	11 417	11 712	11 510	111 969	112 787
LIFDCs	108 476	108 224	2 875	3 406	1 773	1 754	109 579	109 876
LDCs	6 320	6 475	604	664	6	8	6 918	7 131
NFIDCs	9 075	9 324	1 033	1 162	97	101	10 012	10 385

[1] Including "other meat".

Table A18. Milk and milk products statistics *(million tonnes, milk equivalent)*

	Production			Imports			Exports		
	2005	2006 estim.	2007 f'cast	2005	2006 estim.	2007 f'cast	2005	2006 estim.	2007 f'cast
ASIA	**216.7**	**229.0**	**241.5**	**22.8**	**24.0**	**23.6**	**4.4**	**4.6**	**4.4**
China	32.0	38.1	45.0	3.5	3.7	3.8	0.4	0.3	0.3
India[1]	95.1	98.4	101.4	-	-	-	0.6	0.7	0.5
Indonesia	0.9	0.9	0.9	1.5	1.6	1.5	0.2	0.2	0.2
Iran, Islamic Republic of	7.4	7.6	8.0	0.3	0.3	0.3	-	-	-
Japan	8.3	8.1	8.0	1.6	1.5	1.4	-	-	-
Korea, Republic of	2.2	2.2	2.1	0.8	0.8	0.8	-	-	-
Malaysia	-	-	-	1.3	1.3	1.3	0.2	0.2	0.2
Pakistan	29.7	31.2	32.5	-	-	-	-	-	-
Philippines	-	-	-	1.7	1.9	1.8	0.1	0.1	0.1
Saudi Arabia	1.2	1.2	1.3	2.2	2.4	2.3	0.8	0.8	0.9
Singapore	-	-	-	1.2	1.4	1.4	0.6	0.6	0.7
Thailand	0.9	1.0	1.0	1.4	1.4	1.4	0.4	0.4	0.4
Turkey	11.1	11.6	12.1	0.1	0.1	0.1	0.1	0.1	0.1
AFRICA	**32.6**	**32.7**	**33.0**	**6.8**	**7.0**	**6.8**	**0.4**	**0.4**	**0.4**
Algeria	1.7	1.7	1.8	1.9	1.8	1.7	-	-	-
Egypt	4.1	3.7	3.7	0.8	0.8	0.8	0.1	0.1	0.1
Kenya	2.8	2.8	2.7	-	-	-	-	-	-
South Africa	2.9	2.9	2.8	0.2	0.2	0.2	0.1	0.1	0.1
Sudan	7.6	7.6	7.7	0.2	0.2	0.2	-	-	-
Tunisia	1.0	1.0	1.0	0.1	0.1	0.1	-	-	-
CENTRAL AMERICA	**15.7**	**16.0**	**16.3**	**5.4**	**4.8**	**4.8**	**0.3**	**0.3**	**0.3**
Costa Rica	0.8	0.8	0.8	-	-	-	0.1	0.1	0.1
Mexico	10.0	10.2	10.4	2.9	2.4	2.5	0.1	0.1	0.1
SOUTH AMERICA	**52.4**	**54.1**	**54.7**	**2.1**	**2.2**	**2.2**	**3.0**	**3.6**	**3.1**
Argentina	10.1	10.8	10.1	-	-	-	1.7	2.2	1.8
Brazil	25.5	26.2	27.0	0.5	0.5	0.5	0.4	0.3	0.3
Colombia	6.8	6.8	6.9	-	-	-	0.1	0.2	0.2
Uruguay	1.8	1.8	1.8	-	-	-	0.5	0.5	0.4
Venezuela	1.3	1.4	1.6	0.8	0.7	0.7	-	-	-
NORTH AMERICA	**88.3**	**90.5**	**92.0**	**3.0**	**2.6**	**2.6**	**5.0**	**5.2**	**5.3**
Canada	8.1	8.0	7.9	0.8	0.6	0.7	0.4	0.4	0.4
United States of America	80.3	82.5	84.1	2.3	1.9	2.0	4.6	4.8	4.9
EUROPE	**216.1**	**215.0**	**215.5**	**5.1**	**5.6**	**5.7**	**17.6**	**15.7**	**16.3**
European Union	146.9	145.5	151.4	1.8	1.7	1.6	13.4	11.6	12.1
Romania	6.3	6.4	-	0.1	0.1	-	-	-	-
Russian Federation	31.1	31.3	32.2	2.4	2.9	3.1	0.3	0.2	0.2
Ukraine	13.7	13.3	13.0	-	-	-	1.3	1.1	1.0
OCEANIA	**24.7**	**25.4**	**25.2**	**0.7**	**0.7**	**0.7**	**15.3**	**17.5**	**16.9**
Australia[2]	10.1	10.1	9.6	0.4	0.4	0.4	4.7	5.1	4.3
New Zealand[3]	14.5	15.2	15.6	-	-	-	10.6	12.4	12.6
WORLD	**646.5**	**662.7**	**678.2**	**45.9**	**46.8**	**46.4**	**46.0**	**47.3**	**46.7**
Developing countries	290.2	304.4	317.7	34.6	35.2	34.7	7.9	8.7	8.3
Developed countries	356.2	358.3	360.5	11.3	11.7	11.7	38.1	38.6	38.4
LIFDCs	214.7	226.5	238.7	14.3	15.0	14.8	3.3	3.6	3.4
LDCs	22.9	23.2	23.5	2.5	2.6	2.5	0.1	0.1	0.1
NFIDCs	46.3	47.3	48.5	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 A19. Sugar statistics *(million tonnes, raw value)*

	Production		Utilization		Imports		Exports	
	2006/07 *estim.*	2007/08 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*	2006/07 *estim.*	2007/08 *f'cast*
ASIA	**64.2**	**68.5**	**68.4**	**70.3**	**23.6**	**21.9**	**9.8**	**13.4**
China	12.3	13.0	13.1	13.5	2.2	1.3	0.2	0.8
India	29.6	32.4	21.5	22.1	-	-	1.5	4.5
Indonesia	2.6	2.6	4.3	4.4	1.8	1.8	-	-
Japan	0.9	0.9	2.4	2.3	1.4	1.4	-	-
Pakistan	3.8	4.2	4.4	4.4	0.5	0.3	0.1	0.1
Thailand	7.0	7.5	2.5	2.7	-	-	4.4	4.8
Turkey	2.0	2.1	2.1	2.2	0.1	0.1	-	-
AFRICA	**10.5**	**10.6**	**15.2**	**15.6**	**8.3**	**9.1**	**2.8**	**2.9**
Egypt	1.9	1.9	2.6	2.7	1.2	1.2	-	-
Kenya	0.6	0.6	0.8	0.8	0.4	0.4	-	-
Mauritius	0.6	0.6	0.1	0.1	-	-	0.5	0.6
South Africa	2.4	2.7	1.6	1.6	0.2	0.2	0.9	1.0
Sudan	0.8	0.8	1.0	1.1	0.3	0.5	-	0.1
Swaziland	0.7	0.7	-	-	-	-	0.5	0.5
CENTRAL AMERICA	**12.2**	**12.1**	**9.3**	**9.4**	**1.1**	**0.9**	**4.3**	**4.2**
Cuba	1.5	1.2	0.7	0.7	0.3	0.1	0.8	0.7
Dominican Republic	0.6	0.5	0.3	0.3	-	-	0.2	0.2
Guatemala	2.2	2.2	0.7	0.7	-	-	1.5	1.5
Mexico	5.4	5.7	5.6	5.7	0.4	0.2	0.5	0.5
SOUTH AMERICA	**40.4**	**40.6**	**17.8**	**18.5**	**1.2**	**1.1**	**22.3**	**22.7**
Brazil	32.2	32.2	10.9	11.4	-	-	20.3	20.9
NORTH AMERICA	**7.8**	**7.9**	**10.7**	**10.9**	**3.2**	**3.4**	**0.5**	**0.3**
United States of America	7.7	7.8	9.3	9.5	1.8	2.0	0.4	0.2
EUROPE	**24.1**	**23.9**	**30.6**	**30.8**	**7.9**	**7.9**	**2.2**	**2.3**
European Union	17.2	16.8	18.7	18.9	3.2	3.2	1.5	1.5
Russian Federation	3.3	3.5	6.6	6.7	3.6	3.5	0.2	0.2
Ukraine	2.1	2.1	2.3	2.4	-	-	0.1	0.1
OCEANIA	**5.4**	**5.5**	**1.6**	**1.6**	**0.3**	**0.3**	**4.2**	**4.4**
Australia	4.9	5.1	1.2	1.2	-	-	4.0	4.1
Fiji	0.4	0.3	0.1	0.1	-	-	0.3	0.3
WORLD	**164.5**	**169.1**	**153.5**	**157.0**	**45.5**	**45.4**	**45.9**	**50.2**
Developing countries	124.3	128.5	104.5	107.6	29.4	29.0	38.2	42.2
Developed countries	40.3	40.5	48.9	49.5	16.1	16.4	7.8	8.0

Table A20. Fish and fishery products statistics

	Capture fisheries production		Aquaculture fisheries production		Exports			Imports		
	2004	2005	2004	2005	2004	2005	2006 estim.	2004	2005	2006 estim.
	Million tonnes (live weight equivalent)				*US$ billion*					
ASIA	**46.1**	**45.8**	**40.9**	**43.2**	**24.0**	**26.0**	**28.7**	**26.3**	**27.6**	**28.1**
China[2]	18.0	18.2	30.9	32.7	8.9	9.6	10.5	5.5	6.4	6.7
of which: Hong Kong SAR	0.2	0.2	-	-	0.4	0.4	0.4	1.9	1.9	2.0
Taiwan Prov.	1.0	1.0	0.3	0.3	1.8	1.7	1.2	0.5	0.5	0.5
India	3.4	3.5	2.8	2.8	1.4	1.6	1.7	-	0.1	0.1
Indonesia	4.6	4.4	1.0	1.2	1.7	1.8	2.0	0.1	0.1	0.1
Japan	4.3	4.1	0.8	0.7	1.1	1.3	1.4	14.6	14.4	13.9
Korea, Rep. of	1.6	1.6	0.4	0.4	1.1	1.0	0.9	2.2	2.4	2.7
Philippines	2.2	2.2	0.5	0.6	0.4	0.3	0.4	0.1	0.1	0.1
Thailand	2.8	2.6	1.3	1.1	4.0	4.5	5.2	1.2	1.4	1.5
Viet Nam	1.9	1.9	1.2	1.4	2.4	2.7	3.4	0.2	0.3	0.3
AFRICA	**7.3**	**7.4**	**0.6**	**0.6**	**3.3**	**3.7**	**4.1**	**1.5**	**1.8**	**2.0**
Ghana	0.4	0.4	-	-	0.1	0.1	0.1	0.1	0.2	0.1
Morocco	0.9	0.9	-	-	0.8	1.1	1.2	-	-	0.1
Namibia	0.6	0.6	-	-	0.4	0.4	0.5	-	-	-
Nigeria	0.5	0.5	-	0.1	-	0.1	0.1	0.4	0.4	0.4
Senegal	0.4	0.4	-	-	0.3	0.3	0.2	-	-	-
South Africa	0.9	0.8	-	-	0.4	0.4	0.4	0.1	0.1	0.2
CENTRAL AMERICA	**1.7**	**1.8**	**0.2**	**0.2**	**1.8**	**1.8**	**1.7**	**0.7**	**0.8**	**0.9**
Mexico	1.3	1.3	0.1	0.1	0.6	0.6	0.7	0.3	0.4	0.4
Panama	0.2	0.2	-	-	0.4	0.4	0.4	-	-	-
SOUTH AMERICA	**17.5**	**16.7**	**1.1**	**1.1**	**6.5**	**7.6**	**9.0**	**0.7**	**0.7**	**1.0**
Argentina	0.9	0.9	-	-	0.8	0.8	1.3	-	0.1	0.1
Brazil	0.7	0.8	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.5
Chile	4.9	4.3	0.7	0.7	2.5	3.0	3.6	0.1	0.1	0.2
Ecuador	0.3	0.4	0.1	0.1	0.8	1.0	1.3	-	-	-
Peru	9.6	9.4	-	-	1.4	1.6	1.8	-	-	-
NORTH AMERICA	**6.4**	**6.2**	**0.8**	**0.6**	**7.8**	**8.3**	**8.3**	**13.5**	**13.7**	**15.1**
Canada	1.2	1.1	0.1	0.2	3.5	3.6	3.7	1.5	1.7	1.8
United States of America	5.0	4.9	0.6	0.5	3.9	4.2	4.1	12.0	12.0	13.3
EUROPE	**13.9**	**13.8**	**2.2**	**2.1**	**26.2**	**28.8**	**32.1**	**32.0**	**35.9**	**41.9**
European Union[2]	5.8	5.7	1.3	1.3	18.0	19.4	21.8	29.4	32.7	38.0
Iceland	1.7	1.7	-	-	1.8	1.8	1.8	0.1	0.1	0.1
Norway	2.5	2.4	0.6	0.7	4.1	4.9	5.5	0.7	0.7	0.8
Russian Federation	2.9	3.2	0.1	0.1	1.5	2.0	2.1	0.8	1.1	1.4
OCEANIA	**1.3**	**1.4**	**0.1**	**0.2**	**2.1**	**2.2**	**2.2**	**0.9**	**1.0**	**1.1**
Australia	0.2	0.2	-	-	0.9	0.9	0.9	0.7	0.8	0.9
New Zealand	0.5	0.5	0.1	0.1	0.8	0.9	0.9	0.1	0.1	0.1
WORLD[3]	**94.4**	**93.3**	**45.9**	**48.1**	**71.6**	**78.4**	**86.0**	**75.4**	**81.5**	**90.0**
Developing countries	68.1	67.6	42.0	44.5	34.8	38.2	42.5	14.3	16.3	17.6
Developed countries	26.1	25.5	3.9	3.7	36.8	40.3	43.6	61.1	65.3	72.3
LIFDCs	36.2	36.5	36.8	39.0	14.5	16.1	18.4	5.0	6.1	6.4
LDCs	6.6	7.1	1.4	1.5	2.0	2.2	2.3	0.2	0.2	0.3
NFIDCs	13.2	12.8	0.7	0.7	3.6	4.3	4.6	0.9	1.1	1.3

[1] Production and trade data exclude whales, seals, other aquatic mammals and aquatic plants. Trade data include fish meal and fish oil.
[2] Including intra-trade.
[3] For capture fisheries production, the aggregate includes also 151 851 tonnes in 2004 and 139 851 tonnes in 2005 of not identified countries, data not included in any other aggregates.

Table A21. Selected international prices of wheat and coarse grains *(US$/tonne)*

Period	Wheat			Maize		Sorghum
	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)						
2003/04	161	149	154	115	109	118
2004/05	154	138	123	97	90	99
2005/06	175	138	138	104	101	109
2006/07	212	176	188	150	145	155
Monthly						
2006 – October	218	196	191	141	135	154
2006 – November	219	192	185	166	172	169
2006 – December	216	190	186	160	162	169
2007 – January	208	176	183	164	161	173
2007 – February	209	175	175	177	165	178
2007 – March	209	168	187	170	160	171
2007 – April	206	171	209	150	144	145
2007 – May	203	180	219	159	147	155
2007 – June	231	205	239	165	156	166
2007 – July	250	223	249	146	141	157
2007 – August	277	254	273	152	157	171
2007 – September	343	323	325	158	170	177
2007 – October	352	323	321	163	180	172

[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 A22. Wheat and maize futures prices *(US$/tonne)*

	December		March		May		July	
	Dec 2007	Dec 2006	March 2008	March 2007	May 2008	May 2007	July 2008	July 2007
Wheat								
Sep 25	326	152	328	159	291	162	234	163
Oct 2	339	164	342	170	310	171	244	171
Oct 9	311	182	315	186	294	185	243	176
Oct 16	304	199	311	200	295	192	245	171
Oct 23	309	190	317	195	301	187	250	173
Oct 30	299	184	307	191	293	184	248	171
Maize								
Sep 25	146	100	152	106	156	109	159	112
Oct 2	137	105	144	111	148	114	151	117
Oct 9	135	114	142	119	145	122	149	124
Oct 16	142	125	149	129	153	131	156	132
Oct 23	142	125	149	130	153	133	156	135
Oct 30	146	130	153	135	156	138	160	140

Source: Chicago Board of Trade.

Table A23. 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[5]	Aromatic
						High quality	Low quality		
Annual (January/December)									
2003	201	151	284	357	81	79	81	81	91
2004	244	207	372	468	102	101	110	96	96
2005	291	219	319	473	107	104	115	107	94
2006	311	217	394	516	117	114	114	127	102
Monthly									
2006 – October	306	221	424	525	117	120	115	121	103
2006 – November	305	218	431	525	121	122	118	128	104
2006 – December	311	228	437	525	125	122	122	135	111
2007 – January	318	245	439	586	127	123	125	136	118
2007 – February	322	259	435	600	129	124	128	137	118
2007 – March	325	263	424	615	130	126	131	136	124
2007 – April	322	256	416	625	130	125	130	136	128
2007 – May	325	252	412	625	131	126	131	135	129
2007 – June	333	255	412	625	133	130	134	137	130
2007 – July	337	261	412	788	136	131	138	137	143
2007 – August	336	269	409	710	136	131	140	137	138
2007 – September	332	279	430	650	138	131	143	140	134
2007 – October	338	297	452	713	142	136	148	141	146

[1] White rice, 100 percent second grade, f.o.b. Bangkok, indicative traded prices.

[2] A1 super, f.o.b. Bangkok, indicative traded prices.

[3] United States No.2, 4 percent 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 and Co. (London) Ltd. and other public sources.

[5] The composition of the price subindex for Japonica rice has undergone revision to reflect more appropriately today's global trading environment in medium grain rice.

Table A24. Selected international prices for oilcrop products and price indices

	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
PERIOD								
Annual (October/September)								
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	132
2005/06	259	572	451	202	130	120	112	161
2006/07	335	772	684	264	184	156	152	196
Monthly								
2006 – October	269	613	506	223	147	127	120	182
2006 – November	300	676	546	233	153	139	129	187
2006 – December	296	699	590	236	163	140	136	189
2007 – January	306	695	591	246	170	142	135	191
2007 – February	323	711	603	259	196	147	136	197
2007 – March	324	721	621	260	195	147	138	199
2007 – April	320	761	708	254	175	147	150	198
2007 – May	334	788	777	258	165	154	161	198
2007 – June	362	830	796	272	162	165	170	198
2007 – July	374	886	808	290	191	173	175	203
2007 – August	386	914	828	296	222	182	181	198
2007 – September	430	971	829	344	271	205	190	213
2007 – October	445	1 007	875	384	272	216	202	225

[1] Soybeans (US, No.2 yellow, cif Rotterdam).

[2] Soybean oil (Dutch, f.o.b. ex-mill).

[3] Palm oil (Crude, cif Northwest Europe).

[4] Soybean cake (Pellets, 44/45 percent, Argentina, cif Rotterdam).

[5] Rapeseed meal (34 percent, 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 A25. 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)					
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
2006	1 774	2 218	2 193	2 681	138
Monthly					
2006 – September	1 638	2 169	2 082	2 600	132
2006 – October	1 675	2 263	2 163	2 625	136
2006 – November	1 750	2 475	2 388	2 663	146
2006 – December	1 850	2 825	2 688	2 800	160
2007 – January	1 938	2 900	2 850	2 850	166
2007 – February	2 038	3 125	3 050	2 925	176
2007 – March	2 063	3 225	3 288	3 013	186
2007 – April	2 350	3 850	3 850	3 150	213
2007 – May	2 200	4 200	4 025	3 200	222
2007 – June	2 563	4 800	4 413	3 775	252
2007 – July	3 125	5 150	4 650	4 338	277
2007 – August	3 533	5 083	4 750	4 650	287
2007 – September	3 700	4 950	4 750	4 900	290

[1] Butter, 82 percent butterfat, f.o.b. Oceania; indicative traded prices

[2] Skim Milk Powder, 1.25 percent butterfat, f.o.b. Oceania, indicative traded prices

[3] Whole Milk Powder, 26 percent butterfat, f.o.b. Oceania, indicative traded prices

[4] Cheddar Cheese, 39 percent 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 A26. Selected international meat prices *(US$ per tonne)*

	Pig Meat Prices *(US$ per tonne)*			Bovine Meat Prices *(US$ per tonne)*			
PERIOD	**USA**	**BRAZIL**	**JAPAN**	**USA**	**ARGENTINA**	**JAPAN**	**AUSTRALIA**
Annual (Jan/Dec)							
2003	1 886	1 112	5 268	3 396	1 474	5 022	2 112
2004	2 071	1 521	5 626	3 788	1 549	5 675	2 513
2005	2 161	1 868	5 093	4 173	1 673	5 764	2 617
2006	1 986	1 964	4 540	4 126	2 270	5 685	2 547
Monthly							
2006 – August	2 044	1 981	4 544	3 981	2 127	5 691	2 593
2006 – September	2 059	1 953	4 496	4 226	2 173	5 699	2 590
2006 – October	2 050	2 055	4 452	4 440	2 144	5 682	2 599
2006 – November	2 135	1 968	4 487	4 280	2 071	5 741	2 679
2006 – December	1 988	1 912	4 593	4 159	2 263	5 886	2 673
2007 – January	2 116	1 919	4 383	4 253	2 462	5 886	2 612
2007 – February	2 166	1 830	4 375	4 234	2 359	5 902	2 618
2007 – March	2 132	1 819	4 520	4 533	2 471	5 799	2 607
2007 – April	2 074	1 976	4 448	4 513	2 249	5 651	2 593
2007 – May	2 092	2 002	4 380	4 464	2 302	5 663	2 584
2007 – June	2 074	2 174	4 319	4 412	2 327	5 746	2 621
2007 – July	2 073	1 948	4 373	4 311	2 097	6 011	2 590
2007 – August	2 140	1 940	4 559	4 408	2 174	6 128	2 610

Table A27. Selected international meat prices and FAO meat price indices

	Poultry Meat Prices *(US$ per tonne)*			FAO Indices[1] *(1998-2000=100)*			
	USA	JAPAN	BRAZIL	Total Meat	Bovine Meat	Pig Meat	Poultry Meat
Annual (Jan/Dec)							
2003	612	1 631	888	105	107	99	90
2004	757	2 020	1 033	118	122	107	109
2005	847	2 062	1 228	121	129	104	121
2006	734	1 852	1 180	115	129	94	109
Monthly							
2006 – August	871	1 733	1 134	116	128	96	112
2006 – September	884	1 723	1 200	117	130	96	115
2006 – October	805	1 619	1 213	117	132	95	109
2006 – November	735	1 621	1 181	118	132	98	105
2006 – December	754	1 667	1 246	117	133	95	109
2007 – January	781	1 669	1 268	118	134	97	111
2007 – February	792	1 727	1 278	119	133	98	113
2007 – March	879	1 774	1 347	121	135	98	120
2007 – April	945	1 774	1 427	119	133	96	126
2007 – May	954	1 797	1 463	119	133	96	128
2007 – June	939	1 874	1 513	120	134	95	130
2007 – July	1 008	1 952	1 476	120	133	95	134
2007 – August	1 021	2 040	1 464	123	135	99	136

[1] Composition of the different indices:

Poultry Meat: USA - Broiler cuts, export unit value - Foreign Trade Statistics of United States Census Bureau; Japan - Broiler Import Price, cif; Frozen, other than leg quarters - ALIC; Brazil - Export unit value for chicken, f.o.b. - ABEF.

Pig Meat: United States - Export unit value for frozen product - Foreign Trade Statistics of United States Census Bureau; BRAZIL, Export unit value for pig meat, f.o.b. – ABIPEC.; Japan - Pork Import Price (cif) : Frozen Boneless Cuts – ALIC.

Bovine Meat: United States - Frozen beef, export unit value - Foreign Trade Statistics of United States Census Bureau; Japan - Beef Import Price (cif): Boneless Cuts, fresh or chilled – ALIC; Argentina: Export unit value of frozen beef cuts – SAGPyA; Australia – (Up to October 02) cow forequarters frozen boneless, 85 percent chemical lean, cif United States port (East Coast) ex-dock, (from November 02) chucks and cow forequarters – World Bank.

Table A28. Selected international commodity prices

	Currency and Unit	Effective Date	Latest Quotation	One month ago	One year ago	Average 2002-2006
Sugar (ISA daily price)	US cents per lb	22-09-07	9.97	9.66	11.25	9.16
Coffee (ICO daily price)	US cents per lb	08-10-07	120.10	108.01	95.53	69.38
Cocoa (ICCO daily price)	US cents per lb	04-10-07	87.19	84.89	69.38	74.48
Tea (FAO Tea Composite Price)	US$ per kg	31-08-07	2.078	1.912	1.884	1.625
Cotton (COTLOOK index « A « 1-3/32 ») [1]	US cents per lb	19-10-07	64.80	61.70	56.20	56.85
Jute « BWD » (fob Mongolia at sight	US$ per tonne	09-10-07	330.00	330.00	325.00	308.46
Wool (64's, London) [2]	Pence per kg	29-06-07	514.00	514.00	398.00	452.44

[1] Quotation is from NYBOT (New York Board of Trade) as of July 2007
[2] Quotation discontinued as of July 2007

Table A29. Ocean freight rates for grains *(US$/tonne)*

	From United States Gulf ports to:			
Period	**EU[1]**	**CIS Black Sea[1,2]**	**Egypt[1]**	**Bangladesh[1]**
Annual (July/June)				
2003/04	28.3	41.9	37.0	48.5
2004/05	34.5	41.2	46.5	65.4
2005/06	20.8	31.8	31.9	45.5
2006/07	32.3	43.2	50.3	57.8
Monthly				
2006 – Oct	28.0	40.0	46.0	55.0
2007 – Apr	37.0	47.0	55.0	60.0
2007 – May	44.0	55.0	68.0	68.0
2007 – June	41.0	57.0	65.0	74.0
2007 – July	48.0	62.0	68.0	79.0
2007 – Aug	54.0	65.0	74.0	82.0
2007 – Sept	61.0	73.0	82.0	89.0
2007 – Oct	75.0	n.a.	89.0	96.0

[1] Size of vessels: European Union 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 A30. Fertilizer spot price ranges *(bulk f.o.b.)*

	September 2007		October 2007		October 2006		Change from last year [1]
			US$ per tonne				*Percentage*
UREA							
Baltic	308	318	328	334	211	214	47.3
Persian Gulf	305	312	321	329	227	229	35.3
AMMONIUM SULPHATE							
Eastern Europe	141	149	164	169	86	88	66.7
DIAMMONIUM PHOSPHATE							
North Africa	452	460	471	476	272	274	67.0
United States Gulf	430	435	438	447	254	258	58.9
TRIPLE SUPERPHOSPHATE							
North Africa	389	400	397	416	202	209	92.0
MURIATE OF POTASH							
Baltic	193	218	193	218	163	174	22.0
Vancouver	183	215	183	215	164	184	14.4

Source: Compiled from Fertilizer Week and Fertilizer Market Bulletin.
[1] From mid-point of given ranges.

Market indicators and food import bills

Global expenditures on food imports look set to break through the US$700 billion barrier in 2007 [17]

At US$745 billion, the global cost of imported foodstuffs would be some 21 percent more than the previous year and the highest level on record. Much of the anticipated growth would be fuelled by higher expenditures on grain based products, which could rise by 37 percent to the tune of US$230 billion, or around one-third of global food import expenditures. This is in spite of expected net reductions in imported volumes of these food products. Soaring grain prices are to blame, especially for wheat, but also freight costs, which have doubled since the last year, putting additional pressure on countries' ability to cover their import expenditures.

The combination of rapidly rising prices and record freight rates are also behind much higher global bills for imported dairy products and vegetable oils. Bills for dairy foodstuffs are forecast to climb as much as 65 percent from 2006, while an anticipated 35 percent increase in vegetable oil import costs would see this product group emerge as the second most costly item in the global annual food import basket.

The forecast rise in import bills for rice and meat is less dramatic. In both cases, higher traded quantities offset the effect of higher prices, in spite of greater feed costs for meat. The global food import bill is expected to be moderated to some degree by a decline in sugar import costs. International quotations for sugar in 2007 so far have fallen to two-thirds of their average value in 2006 and is the driving factor behind an anticipated 34 percent drop in sugar import expenditures in 2007.

Worrying consequences for developing countries

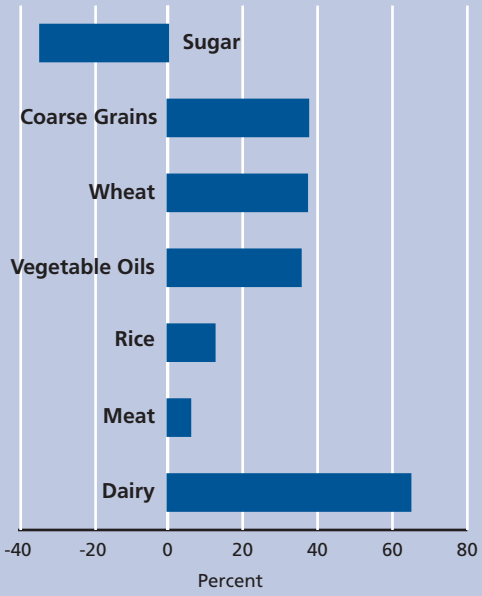
Among economic regions, developing countries as a whole could face a year of increase of 25 percent in aggregate food import bills. Among them, the most economically vulnerable countries are set to bear the highest burden in the cost of importing food, with total expenditures by LDCs and LIFDCs anticipated to climb respectively, by 20 and 24 percent, from last year's level, after each rising in the order of 10 percent from the year before that. The sustained rise in imported food expenditures for both vulnerable country groups is alarming. Today, their annual food import basket could cost well over twice more than what it did in 2000.

Rising import bills do not necessarily imply more imported foodstuffs. This is especially true for grains, both wheat and maize, where high and volatile international prices could curtail procurement in many countries, a response not always in consideration of improved domestic supply prospects. Indeed, given the firmness of food prices in the international markets, the situation could deteriorate further in the coming months leading to reduction in imports and consumption in many LIFDCs, especially in those countries where food inventories are already very low.

[17] The methodology behind calculating food import bills has undergone revision since the previous edition of Food Outlook. The current methodology expresses food imports using actual market values of raw and processed goods as opposed to values expressed in primary equivalents.

Forecast changes in global food import bills by type: 2007 over 2006 (%)

High dairy product prices are expected to lead to a surge in the global dairy import bill. Import costs for grains, wheat and vegetable oils remain on course to soar from the level of 2006. The only respite is in the sugar import bill, which is expected to markedly fall in response to far lower sugar prices in 2007.

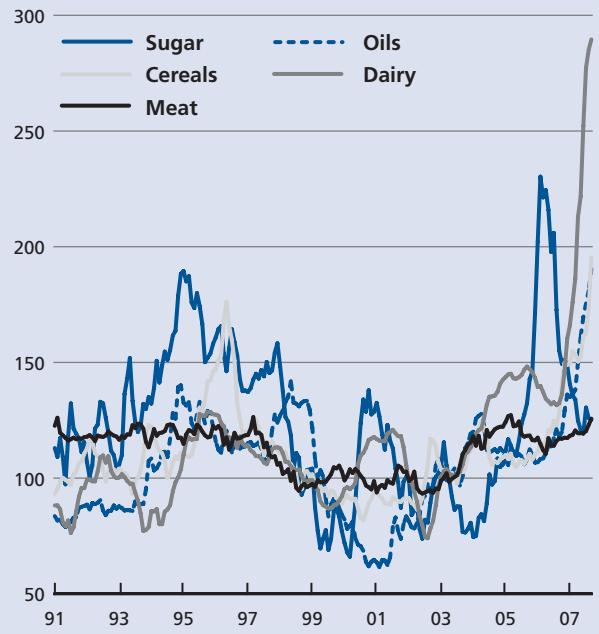


Source: FAO

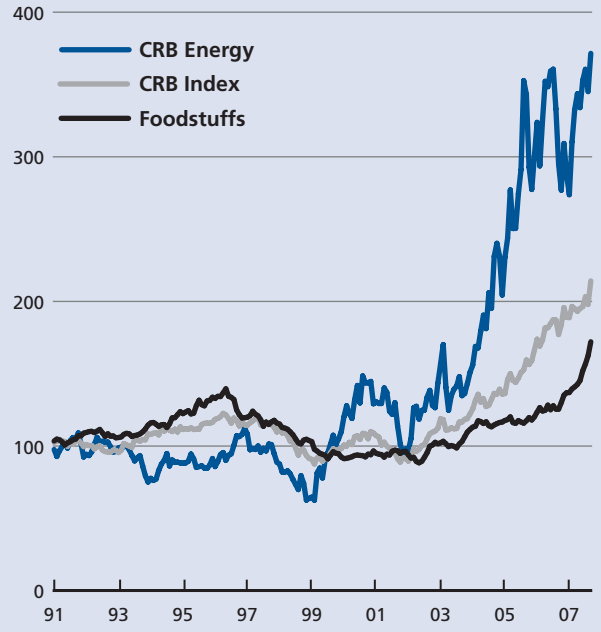
Forecast import bills of total food and major foodstuffs *(US$ million)*

	World		Developed		Developing		LDC		LIFDC		NFIDC	
	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
TOTAL FOOD	**614 887**	**744 777**	**429 358**	**511 963**	**185 529**	**232 814**	**13 362**	**15 937**	**86 473**	**107 236**	**23 392**	**28 000**
Cereals	174 399	240 784	104 990	147 181	69 410	93 603	5 683	7 185	29 450	38 258	9 813	14 242
Vegetable Oils	70 956	96 100	35 906	48 864	35 050	47 236	1 945	2 659	22 884	32 107	4 087	5 507
Dairy	43 666	71 916	30 736	50 638	12 930	21 278	801	1 302	4 924	8 115	1 697	1 390
Meat	77 865	82 447	61 059	63 413	16 806	19 034	810	915	6 013	7 317	1 288	1 488
Sugar	32 975	21 755	19 103	10 492	13 871	11 263	1 753	1 249	7 587	4 525	3 001	1 661

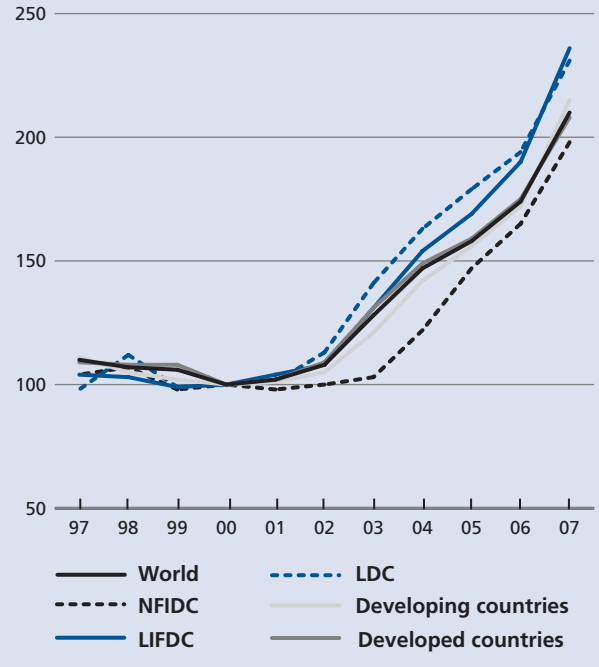
FAO price indices for selected commodities (1998-2000=100)



FAO food price index and CRB commodity and energy indices (1998-2000=100)



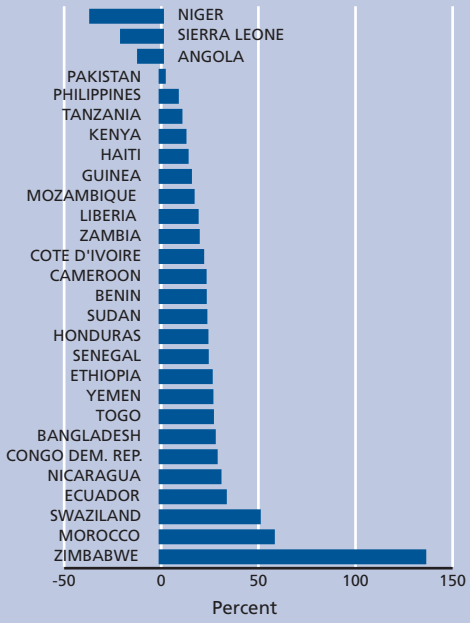
Food bill indices (1998-2000=100)



US$ versus major currencies

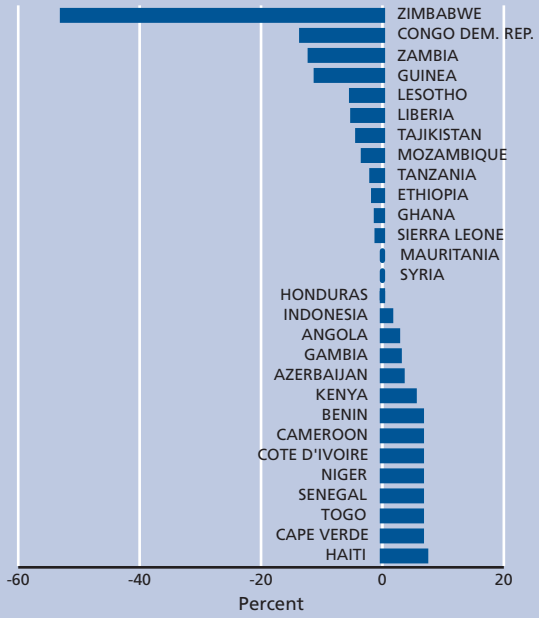
Forecast changes in food import bills of selected LIFDCs: 2007 over 2006 (%)

Most of the economically vunerable countries in the world are set to face higher import bills in 2007 compared with last year. For many of LIFDCs, which remain heavily dependent on imported staples, surging prices of grains, vegetable oils and dairy products are driving up bills for them.



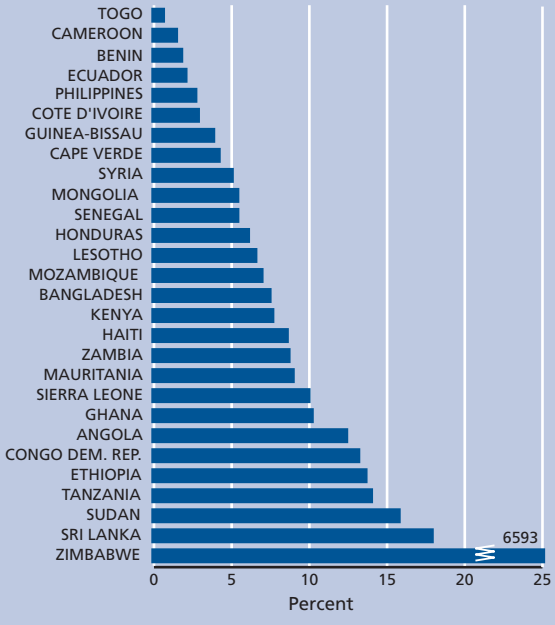
Annual Change in Exchange Rates of Selected LIFDCs gainst the US Dollar as of August 2007 (%)

Currencies of many LIFDC countries have been stable or have risen against the United States dollar, easing the burden of imports. However, several of the more vunerable countries, many of which are situated in Sub Saharan Africa, have seen their currency substantially fall against the dollar.



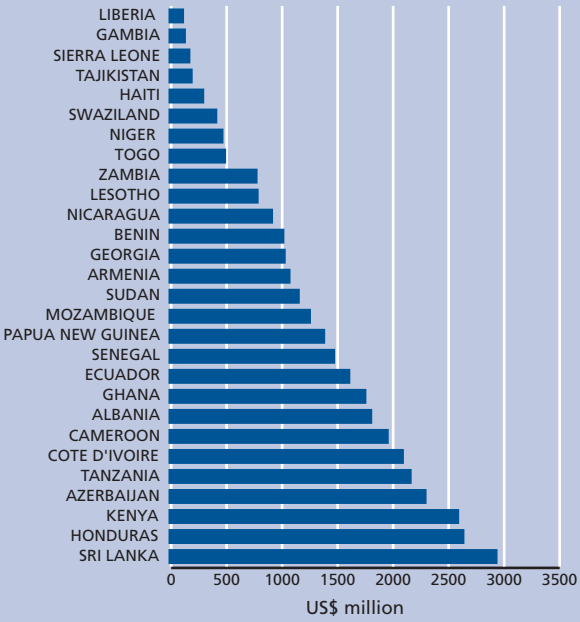
Selected Annual Consumer Price Indices as of August 2007 (%)

Consumer prices continue to rise strongly in many of the lowest income food deficit countries, compounding the hardships that their inhabitants already face. In Zimbabwe, inflation rates have retreated to 6 593% from the record 7 635% witnessed in July 2007.



Estimated Current Foreign Exchange Reserves in Selected LIFDCs as of August 2007 (US$ Million)

A shortage of foreign currency to pay for essential imports afflicts many LIFDCs. For them, the burden of imports is most severe.



NOTE: Food Outlook is issued under the Global Information and Early Warning System on Food and Agriculture, by collaboration among Services of the Markets 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 **November**. This issue is based on information available up to October 2007.

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GIEWS continuously monitors crop prospects and food security situation at global, regional, national and sub-national levels and warns of impending food difficulties and emergencies. Established in the wake of the world food crisis of the early 1970's GIEWS maintains a unique database on all aspects of food supply and demand for every country of the world. The System regularly provides policy makers and the international community with up-to-date and accurate information so that timely interventions can be planned and suffering avoided.

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