November 2008

Food Outlook

Global Market Analysis

FOCUS

The previous (June 2008) issue of Food Outlook foresaw world prices of major agricultural commodities declining from the record levels they had just reached, amidst favourable prospects for global supplies. Since then, prices have indeed fallen, but farther and faster than can be explained through production gains alone. Underlying the price slide, in excess of 50 percent from their recent peaks, are other important factors, including the financial crisis, the halving of world crude oil prices and the appreciation of the US Dollar. And uncertainty is emerging as a dominant feature of world agricultural markets, as many of them are entering or about to enter a new season.

In particular, the financial crisis may deepen the current economic slowdown, which would jeopardize prosperity in many countries. Agricultural sectors will be affected negatively, and those in developing countries will not be spared. Declining purchasing power could lower demand and increase the risk of a drop in food intake, particularly of the poor, thereby offsetting part or all of the positive impacts of falling prices on consumption. As a result, more people are likely to fall below the hunger threshold in 2008. This is of particular concern, as the number of undernourished was estimated to have risen by 75 million people in 2007, already, bringing the world total to 923 million.

From a supply perspective, the global response to the high prices recently witnessed was uneven. This was evidenced in this year's cereal production recovery, nearly all of which was concentrated in the developed countries, whereas the response was much weaker in the developing countries. Under the current gloomy prospects for agricultural prices, high input costs and more difficult access to credit, farmers may cut their plantings, which might again result in a tightening of world food supplies. If, indeed, production falls sharply next year, episodes of riots and instability could again capture the headlines.

Lower food prices are good news for consumers but cannot be sustained if they are only an indication of market oversupply. Unless they reflect consolidated cost efficiency gains, low prices would only deter much needed investment in the agricultural sector. In tandem with the ongoing retrenchment of bank lending, they could well undermine developing countries' agricultural productivity growth and its commercialization over the longer term. Other long-term concerns such as resource constraints also remain critically important, as discussed in the Special Feature later in this report.

During the FAO Rome Food Summit in June 2008, several billions of dollars were pledged by world leaders towards agricultural development. But in the last few weeks, the world has witnessed trillions of dollars being lost in financial markets, forcing governments to spend even more trillions on propping them up. Overcoming the financial crisis is critical, but continuing the fight against hunger by realizing those pledged billions is no less important.

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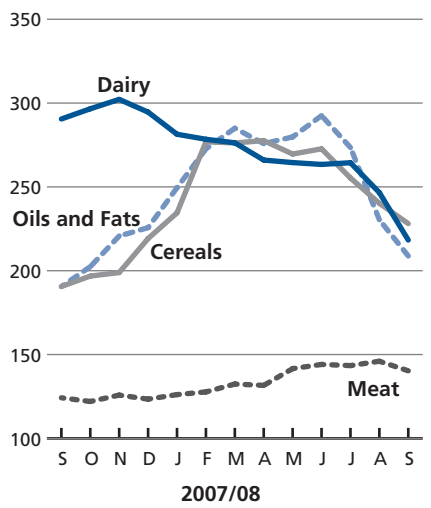
FAO food price indices (1998-2000=100)



Cereals market summary

World cereal production is expected to hit a new record in 2008 as high prices boosted plantings and weather conditions were generally favourable. World cereal production is forecast to be large enough to meet the anticipated utilization and also allow for some replenishment of the much depleted global reserves. This prospect has already led to a sharp drop in international prices of most cereals from their peaks during the first half of 2008. However, the pace and the extent of the price declines, particularly in recent weeks, were also influenced by the crisis in global financial markets and falling crude oil prices. These developments have added much uncertainty to the future of price levels and raised the worrying possibility that plantings for the next season may be negatively affected. Farmers already burdened by the high cost of inputs may be less willing to expand or even keep up with production next year. Although by no means a certainty, such a scenario could well materialize and calls for caution when interpreting this season's ongoing recovery in supplies. It is important to recall that the world harvested a record cereal crop also in 2007 and yet international prices soared and many countries faced severe food crises. The underlying factor behind the price surge in 2007/08 was the reduction in overall supplies in several exporting countries that had harvested smaller crops, while others restricted exports for fear of food shortages. If prices were to remain depressed in 2008/09 and plantings for next year are affected, a similar, if not more pronounced, price surge may be witnessed in 2009/10, unleashing even more severe food crises than those experienced in the current season.

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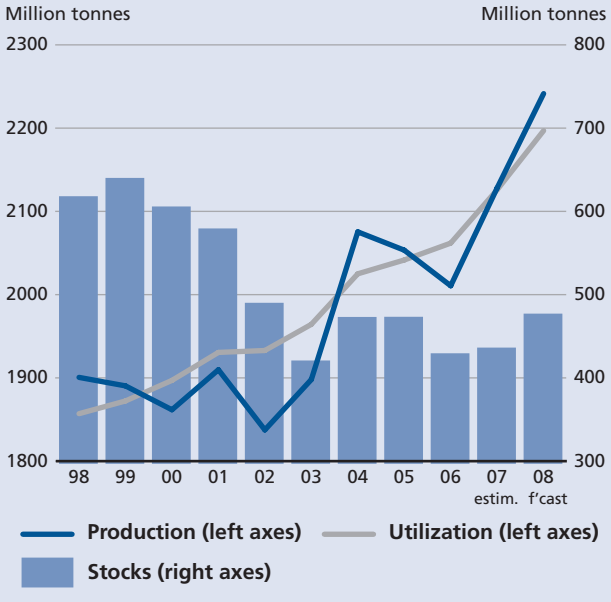
World cereal market at a glance [1]

	2006/07	2007/08 *estim.*	2008/09 *f'cast*	Change 2008/09 over 2007/08
	million tonnes			%
WORLD BALANCE				
Production	**2 010.6**	**2 128.2**	**2 241.5**	**5.3**
Trade	**257.0**	**272.0**	**264.0**	**-2.9**
Total utilization	**2 061.9**	**2 126.0**	**2 197.0**	**3.3**
Food	994.3	1 010.1	1 023.4	1.3
Feed	738.7	750.9	765.6	2.0
Other uses	328.9	365.8	407.9	11.8
Ending stocks	**426.4**	**433.2**	**474.0**	**9.4**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	152.5	153.0	153.2	0.1
LIFDC (Kg/year)	156.6	157.4	157.5	0.1
World stock-to-use ratio (%)	**20.1**	**19.7**	**22.0**	
Major exporters' stock-to-disappearance ratio (%)	**14.3**	**13.5**	**15.4**	

FAO cereal price index (1998-2000=100)	2006	2007	2008	Change: Jan-Sep 2008 over Jan-Sep 2007 %
	122	168	259*	66

* Jan-Sep 2008
[1] Rice in milled equivalent

Cereal production, utilization and stocks



Wheat market summary

In sharp contrast to the previous season, the 2008/09 marketing season is marked with ample export supplies, a significant recovery in world inventories and falling international prices. World wheat production is forecast to hit a new record following larger crops in Europe, North America and Oceania. Brighter global supply prospects in exporting countries and lower international prices are likely to boost international trade in 2008/09 to an all time high. Demand is likely be underpinned by strong growth in feed wheat utilization.

World wheat market at a glance

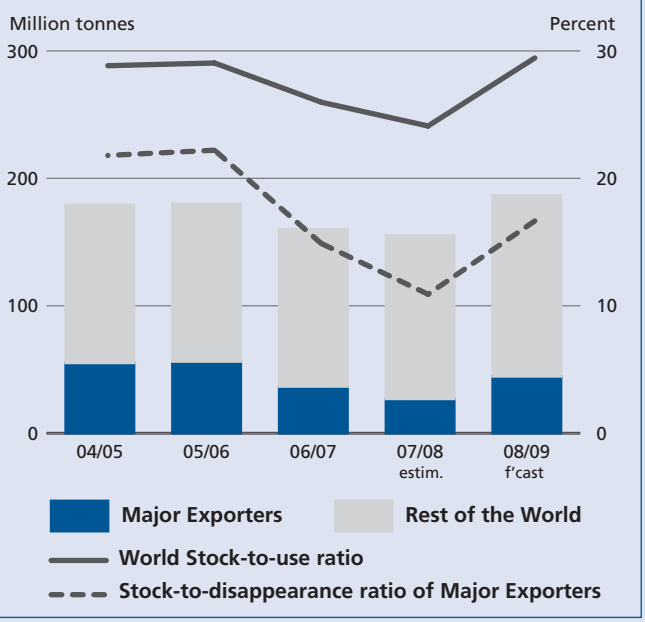
	2006/07	2007/08 estim.	2008/09 f'cast	Change 2008/09 over 2007/08
	million tonnes			%
WORLD BALANCE				
Production	**596.6**	**610.5**	**677.0**	**10.9**
Trade	**113.3**	**111.2**	**119.0**	**7.0**
Total utilization	**619.2**	**615.8**	**643.3**	**4.5**
Food	442.9	446.4	451.1	1.0
Feed	111.6	101.0	120.3	19.1
Other uses	64.6	68.4	72.0	5.3
Ending stocks	**159.9**	**155.1**	**186.6**	**20.3**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	67.9	67.6	67.5	-0.2
LIFDC (Kg/year)	58.4	58.1	58.0	-0.2
World stock-to-use ratio (%)	**26.0**	**24.1**	**29.5**	
Major exporters' stock-to-disappearance ratio (%)	**14.9**	**10.9**	**16.7**	

Wheat price index * (1998-2000=100)	2006	2007	2008	Change: Jan-Oct 2008 over Jan-Oct 2007 %
	145	216	302**	52

* Derived from International Grains Council (IGC) Wheat Index

** Jan-Oct 2008

Wheat stocks and ratios



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Coarse grains market summary

World production in 2008 is forecast to increase more than enough to meet the expected utilization, paving the way for a small recovery in inventories. World trade in 2008/09 is forecast to contract, after peaking to a record volume in 2007/08. The bulk of the reduction in trade would result from a scaling down of maize and sorghum imports, mostly because of large supplies of alternative substitutes for feed, such as feed wheat. Another emerging feature is the sharp decline in international prices, reflecting not only the reduction in demand but also the steep fall in crude oil prices and developments in financial markets.

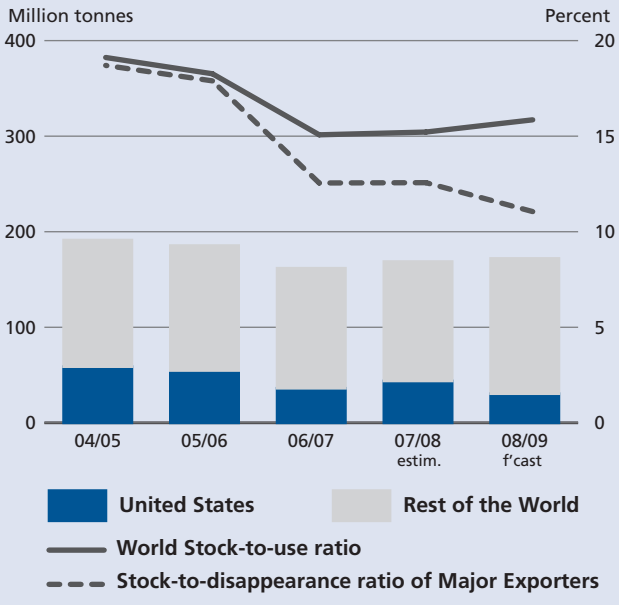
World coarse grains market at a glance

	2006/07	2007/08 *estim.*	2008/09 *f'cast*	Change 2008/09 over 2007/08
	million tonnes			%
WORLD BALANCE				
Production	**985.3**	**1 078.2**	**1 114.2**	**3.3**
Trade	**111.4**	**129.9**	**114.5**	**-11.8**
Total utilization	**1 015.6**	**1 073.7**	**1 109.2**	**3.3**
Food	179.2	186.2	188.2	1.0
Feed	615.1	638.1	633.6	-0.7
Other uses	221.4	249.3	287.5	15.3
Ending stocks	**161.8**	**168.8**	**172.0**	**1.9**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	27.5	28.2	28.2	-0.2
LIFDC (Kg/year)	28.4	29.5	29.4	-0.5
World stock-to-use ratio (%)	**15.1**	**15.2**	**15.9**	
Major exporters' stock-to-disappearance ratio (%)	**12.5**	**12.6**	**11.1**	

FAO coarse grains price index (1998-2000=100)	2006	2007	2008	Change: Jan-Oct 2008 over Jan-Oct 2007 %
	129	173	249*	46

* Jan-Oct 2008

Coarse grains stocks and ratios



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Rice market summary

International rice prices have weakened since May, depressed by the arrival of new crops and by prospects for a new paddy production record in 2008. The price drop has been relatively contained, being less pronounced than the falls witnessed in wheat and maize prices. While rice quotations still remain substantially above those of one year ago, the situation may not persist, especially if those countries that still impose restrictions on exports lift them in the next few months. This, together with a stronger United States Dollar and the expected negative impacts of the financial crisis on import demand, may accelerate the price slide in the coming months. Although less expensive rice on world markets should have boosted import demand in 2009, the uncertainty arising from the financial crisis has marred expectations for trade next year. Given new difficulties that traders may face in accessing credit for importing, the volume of rice trade is now anticipated to contract in 2009. The expansion in production and decline in world prices should ease the situation that faced consumers earlier this year and sustain an increase in average per caput consumption in 2009. The increased output should also allow for a rise in global rice inventories to their highest level since 2004.

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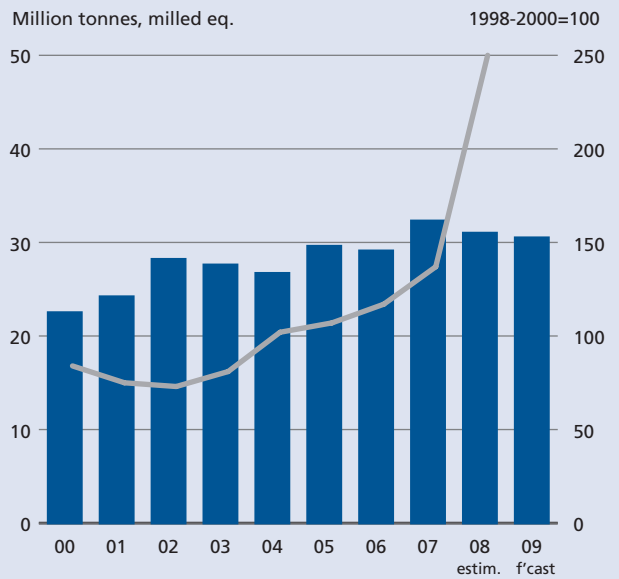
World rice market at a glance

	2006/07	2007/08 *estim.*	2008/09 *f'cast*	Change 2008/09 over 2007/08
	million tonnes			%
WORLD BALANCE (milled basis)				
Production	**428.7**	**439.5**	**450.2**	**2.4**
Trade	**32.3**	**31.0**	**30.5**	**-1.6**
Total utilization	**427.1**	**436.5**	**444.4**	**1.8**
Food	372.2	377.4	384.2	1.8
Ending stocks	**104.6**	**109.3**	**115.4**	**5.5**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	56.9	56.7	57.0	0.5
LIFDC (Kg/year)	69.6	69.6	70.0	0.6
World stock-to-use ratio (%)	**24.0**	**24.6**	**25.5**	**3.8**
Major exporters' stock-to-disappearance ratio (%)	**15.4**	**17.1**	**18.6**	**8.8**

FAO price index (1998-2000=100)	2006	2007	2008	Change: Jan-Oct 2008 over Jan-Oct 2007
	117	137	258*	94

Note: Refer to table 4 on page 27 for further explanations regarding definitions and coverage
* Jan-Oct 2008

World rice trade and FAO rice export price index



Cassava market summary

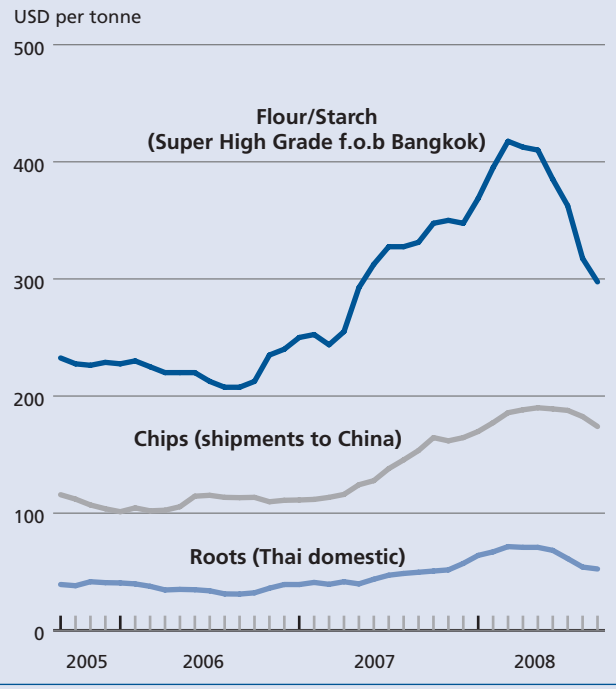
Global cassava production is set to reach an all-time high in 2008, driven by endeavours to sustain food security in the wake of high and protracted cereal prices and also to expand supply to meet the needs of the ethanol sector where cassava forms energy feedstock. The world market for cassava products could undergo a considerable contraction by the end of the year, as the recovery in global grain supplies has eroded the price advantage that cassava previously maintained over grain substitutes. Falling crude oil prices could also thwart an anticipated expansion in international demand for cassava in energy production. After reaching record levels, world prices of cassava products have fallen rapidly in recent months, principally on the back of faltering demand in major import destinations. The near term outlook appears bleak. Cassava product prices will need to fall considerably further to enable them to become competitive with grains. Falling world oil prices will also require cassava prices to decline or to be subsidized by governments for it to remain a viable alternative feedstock in energy production.

World cassava market at a glance

	2006	2007 estim.	2008 f'cast	Change 2008 over 2007
	(million tonnes fresh root equiv)			%
WORLD BALANCE				
Production	**222.6**	**228.1**	**238.5**	**4.5**
Trade	**38.4**	**39.6**	**30.1**	**-24.0**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption				
World (kg/year)	18.1	18.3	19.1	4.1
Developing (kg/year)	23.0	23.3	24.2	3.8
LDC (kg/year)	62.9	61.1	62.8	2.8
Sub Saharan Africa (kg/year)	106.1	103.5	106.4	2.8
Trade - Share of prod (%)	17.3	17.4	12.6	-27.6
FAO cassava prices* (1998-2000=100)	**2006**	**2007**	**2008**	**Change:** Jan-Sep 2008 over Jan-Sep 2007 %
		(USD/mt)		
Chips (shipments to China)	108.88	136.02	182.69	29.8
Starch (f.o.b. Bangkok)	221.46	303.13	374.03	44.0
Thai domestic root prices	89.54	45.68	58.09	49.1

Source: Thai Tapioca Trade Association
* Jan-Sep 2008

International cassava prices



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Oilseeds market summary

Market fundamentals in the oilseed complex are anticipated to remain relatively tight during the 2008/09 season. Although global oilcrop production is anticipated to rise, supply growth will be constrained by very low opening stocks. Demand for oils/fats is forecast to expand further, also thanks to biofuel production, while growth in meal consumption could be constrained by ample availability of feedgrains and subdued feed demand by the livestock sector. Under current forecasts, the global 2008/09 stock-to-use ratio for both meals and oils/fats is set to recover only in part, which suggests that the recent decline in oilseed, oil and meal prices may come to an end and even rebound later in the season. The course of prices remains strongly contingent upon the development of oilcrops in South America. Other sources of market uncertainty lie in the evolution of energy prices, potential adjustments in national biofuel policies and the possibility of a general economic recession, on the trail of the current financial crisis. With regard to trade, the 2008/09 season is expected to stand out for a slowdown in oilseed, oil and meal transactions.

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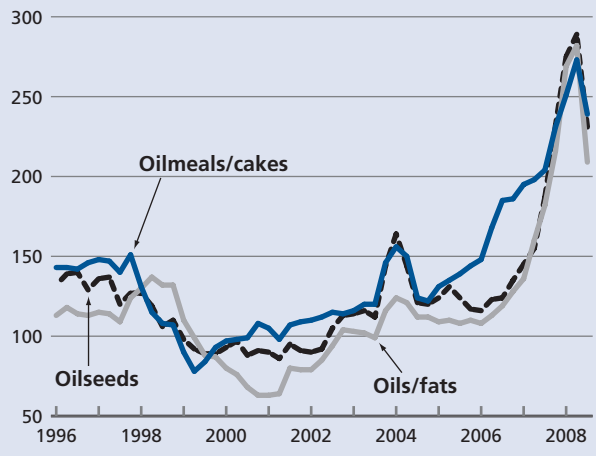
World oilseeds and products markets at a glance

	2006/07	2007/08 estim.	2008/09 f'cast	Change 2008/09 over 2007/08
	million tonnes			%
TOTAL OILSEEDS				
Production	**417.8**	**403.8**	**430.5**	**6.6**
OILS AND FATS				
Production	**152.6**	**155.4**	**163.0**	**4.9**
Supply	173.7	177.5	183.4	3.3
Utilization	151.6	155.9	161.5	3.6
Trade	76.2	80.7	83.3	3.2
Stock-to-utilization ratio (%)	14.5	13.1	13.5	
MEALS AND CAKES				
Production	**106.1**	**102.0**	**108.8**	**6.7**
Supply	121.6	120.3	122.6	1.9
Utilization	102.0	104.9	107.8	2.8
Trade	58.6	62.6	62.8	0.3
Stock-to-utilization ratio (%)	17.6	13.4	13.8	

FAO price indices (Jan-Dec) (1998-2000=100)	2006	2007	2008*	Change: Jan-Oct 2008 over Jan-Oct 2007 %
Oilseeds	125	180	264	57
Oilmeals/cakes	172	207	253	26
Oils/fats	117	174	253	55

Note: Refer to table 9 on page 35 for further explanations regarding definitions and coverage
* Jan-Oct 2008

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



Sugar market summary

World sugar production is forecast to decline in 2008/09 from the record level in 2007/08, largely driven by a sharp decrease in the European Union, India and Pakistan. In general, the contraction of production would be the result of reduced plantings, as many producers switched to alternative crops such as maize and soybeans, led by expectations of better returns. By contrast, world consumption is foreseen to increase at a sustained rate, propelled by strong demand by the developing countries. As a result, consumption is expected to outstrip production in 2008/09, which should lead to a reduction in the large global inventories that have been hanging over the market since 2005/06. World trade is forecast to expand in 2008/09, reflecting greater imports, notably by the European Union, where a shift in policies has curbed domestic supplies. The prospect of a tighter market could provide some support to prices later in the season, although recent currency exchange rate movements, developments in the oil price market and global financial turmoil may all work to prevent a sustained price recovery in 2008/09. Meanwhile, international sugar prices have been very volatile and falling since August, even though on average they have strengthened substantially compared with the depressed levels in 2007.

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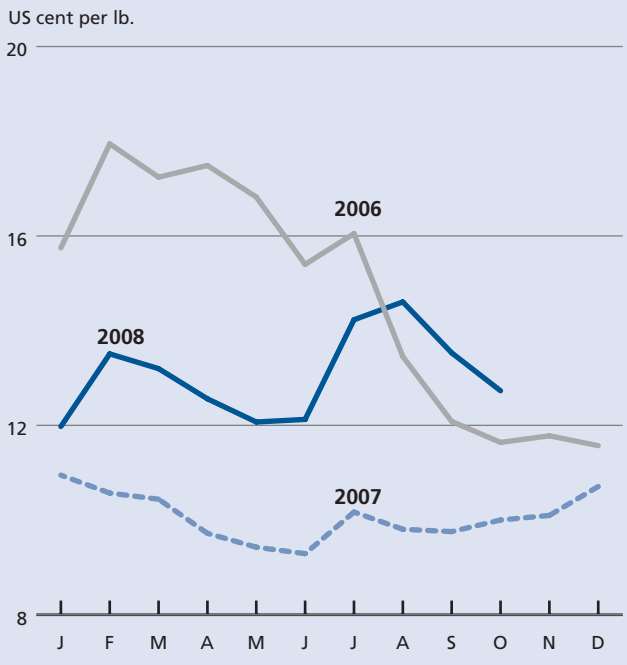
World production and consumption of sugar

	2006/07	2007/08 estim.	2008/09 f'cast	Change: 2008/09 over 2007/08
	million tonnes			%
WORLD BALANCE				
Production	**166.1**	**169.8**	**160.9**	**-5.2**
Trade	**46.7**	**45.3**	**47.6**	**5.0**
Utilization	**154.0**	**159.6**	**163.0**	**2.2**
Ending stocks	**71.4**	**78.1**	**76.5**	**-2.0**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World *(kg/year)*	22.5	23.1	23.4	1.3
LIFDC *(Kg/year)*	12.9	13.4	13.7	1.8
World stock-to-use ratio (%)	46.4	48.9	46.9	-4.1

ISA Daily Price Average (US cents/lb)	2006	2007	2008	Change: Jan-Oct 2008 over Jan-Oct 2007 %
	14.77	10.08	12.73*	27

* Jan-Oct 2008

International Sugar Agreement (ISA)



Meat and meat products market summary

Global meat output is expected to stagnate in 2008, largely reflecting a contraction in China , where the sector was hit by animal diseases, harsh weather and natural disasters. Production may resume growth in 2009, buoyed by continuous strong demand in Asian developing countries and an expected decline in feed costs. All of the production increase is expected to arise in the developing countries, particularly in Asia, with China's production recovering. South America is also expected to contribute to the global meat production expansion, following the European Union's recognition of Brazil's major beef producing states as free of Foot-and-Mouth Disease (FMD). Prices of meat rose throughout 2008 until they peaked in August, but have shown signs of weakness in September. This was reflected in the FAO International Price Index of Meat Products, which fell from 146 points in August to 140 points in September. However, prices remain far higher than last year. For 2009, expanding demand in the developing countries is likely to sustain a small increase in global meat consumption. Part of the increased demand will be met through imports, especially of lower valued meat products. As a result, global trade in meat products is anticipated to increase by close to 3 percent in 2009.

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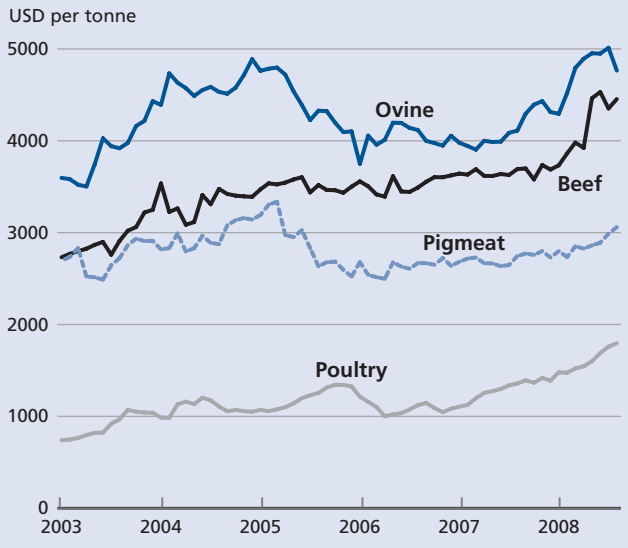
World meat markets at a glance

	2007	2008 estim.	2009 f'cast	Change: 2009 over 2008
	million tonnes			%
WORLD BALANCE				
Production	**278.5**	**277.8**	**280.7**	**1.0**
Bovine meat	66.4	65.1	65.4	0.4
Poultry meat	89.0	92.3	94.6	2.5
Pigmeat	103.6	100.8	101.0	0.2
Ovine meat	14.0	14.1	14.2	0.5
Trade	**22.8**	**23.9**	**24.5**	**2.5**
Bovine meat	7.0	6.7	7.0	4.3
Poultry	9.6	10.3	10.6	2.3
Pigmeat	5.1	5.7	5.8	1.5
Ovine meat	0.9	0.8	0.8	-1.7
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World *(kg/year)*	42.1	41.6	41.6	-0.1
Developed *(Kg/year)*	82.3	82.3	82.0	-0.3
Developing *(kg/year)*	31.2	30.6	30.8	0.5

FAO meat price index (1998-200=100)	2006	2007	2008	Change: Jan-Sep 2008 over Jan-Sep 2007 %
	114	120	137*	15

* Jan-Sep 2008

Prices of selected meat products



Dairy market summary

The price spike in international dairy markets, which, as measured by the FAO Dairy Price Index, peaked in November 2007, has ended. Over the first half of 2008, dairy product prices, particularly those with high protein content, have declined significantly and, in the context of high production costs, profitability has turned negative, particularly in feed-grain intensive dairy sectors. Increased supplies, weaker international demand and an appreciating United States Dollar may depress milk product prices further in the next six months, with export quotations nearing or falling below European Union intervention support levels. Global milk production is expected to expand by 2.2 percent in 2008 and by a further 2.5 percent in 2009, reflecting continued growth in Asia and especially in South America. The recent melamine contamination incident in China is affecting markets, particularly in Asia and, for the first time in a decade, China may record a single digit growth rate in milk production in 2008. Dairy product trade is set to grow modestly this year, as export supplies increase, particularly for cheese and whole milk powder.

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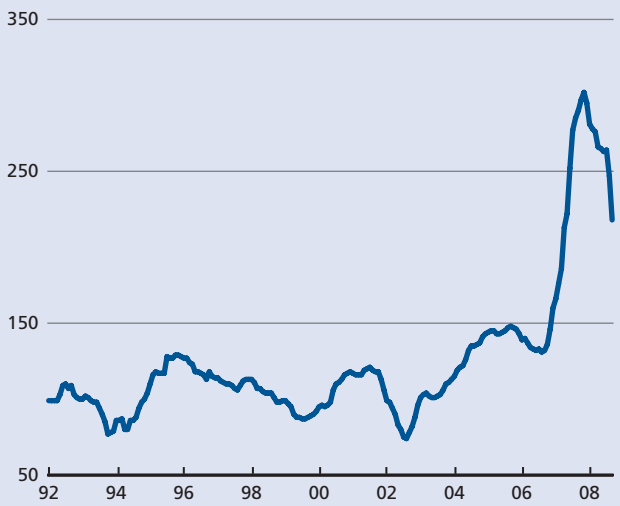
World dairy markets at a glance

	2007	2008 *estim.*	2009 *f'cast*	Change: 2009 over 2008
	million tonnes milk equiv.			%
WORLD BALANCE				
Total milk production	677.7	692.7	709.7	2.5
Skim Milk Powder (SMP)	24.1	24.6	25.0	1.6
Whole Milk Powder (WMP)	22.0	23.5	24.0	2.2
Butter	61.4	63.3	64.5	1.9
Cheese	84.2	85.4	83.3	-2.5
Other products	486.1	495.9	512.9	3.4
Total trade	39.3	40.4	41.0	1.6
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World *(kg/year)*	102.6	103.8	105.1	1.3
Developed countries *(Kg/year)*	245.4	246.9	249.6	1.1
Developing countries *(Kg/year)*	64.0	65.5	66.9	2.1
Trade - share of prod. (%)	5.8	5.8	5.8	

FAO dairy price index (1998-2000=100)	2006	2007	2008	Change: Jan-Sep 2008 over Jan-Sep 2007 %
	138	247	262*	14

* Jan-Sep 2008

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.

Fish and fishery products market summary

Global fish production is forecast to increase by only 1 percent in 2008, sustained by firm growth in aquaculture. By contrast, a contraction is anticipated in the capture fish sector, which may be depressed by high fuel prices, but also by the precarious state of stock resources, which has reached critical levels for many species. Fish consumption as food is set to increase in 2008, although consumers are expected to shift towards lower priced products. A fall in fishmeal production may constrain the utilization of fish-derived products in animal feed. Trade in fish products has held up fairly well so far in 2008, except for fishmeal, which may be traded in smaller volumes. However, import demand has been weakening in all major markets and prices for most products are reported falling in 2008, although given the extreme fragmentation of the world fisheries market, a few prices have strengthened, in particular those from capture fisheries such as groundfish and tuna.

World fish markets at a glance

	2006	2007	2008 *estim.*	Change 2008 over 2007
	million tonnes			*%*
WORLD BALANCE				
Production [1]	**138.0**	**142.6**	**144.2**	**1.1**
Capture fisheries	89.6	91.8	91.0	-0.8
Aquaculture	48.4	50.8	53.2	4.7
Trade value (export billion USD)	85.9	92.7	98.8	6.6
Trade volume (live weight)	53.5	55.0	54.5	-0.9
Total utilization				
Food	110.4	112.3	114.5	1.9
Feed	20.9	20.8	20.0	-3.8
Other uses	6.7	9.5	9.7	2.6
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
Food fish (kg/year)	16.7	16.8	17.0	0.7
From capture fisheries (kg/year)	9.4	9.2	9.1	-1.5
From aquaculture (kg/year)	7.3	7.6	7.9	3.4

[1] Production figures for 2006 and 2007 have been changed to reflect a downward revision in China's production estimates.

Fish price index (2005 = 100)

Source: FAO Globefish - University of Stavanger

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Food import bill

Falling food prices and freight costs fail to dent a USD 1 trillion bill in 2008

As 2008 draws to a close, the global cost of imported foodstuffs in 2008 is increasingly likely to break the USD 1 trillion barrier. The prediction comes in spite of sharp falls in freight rates and pervasive declines in international prices of foodstuffs that began mid year and accelerated thereafter. At USD 1 019 billion, the total food import bill facing the world would be some 23 percent higher than in 2007 and 64 percent the year before that.

Of the estimated USD 200 billion or so global increase from 2007, vegetable oils could account for over one-third of the rise and coarse grain based foodstuffs for about a quarter. In fact, with the exception of sugar, expenditures on imported food by commodity group are all estimated to reach unprecedented high levels. International quotations, which even in the face of recent declines, remain much higher than last year constitute the main driver of record import bills in 2008. Freight charges have also been a factor, despite the near collapse in quotations in recent months. Hitherto, freight costs had been soaring, reaching unparalleled levels in mid 2008, adding on average roughly 10 percent to import expenditures since last year.

The third variable in the import equation - volume - has held remarkably firm in the wake of such high unit costs. The global market for wheat, vegetable oils, meat and dairy products all should experience record traded volumes in 2008, while world trade in rice and coarse grains could all but register the highest levels, bar 2007. Such resilience bears testimony to the importance of trade to assure food consumption around the world. However, the global picture masks significant difficulties that vulnerable countries are likely to endure.

Record increase in food import bills of the world's poorest countries

Among economic groups, developing countries look set to bear the brunt of escalated food import costs. The burden of purchasing food on the international market place for the most economically vulnerable groups, least developed countries (LDCs) and low-income food-deficit countries (LIFDCs), is set to soar by around a

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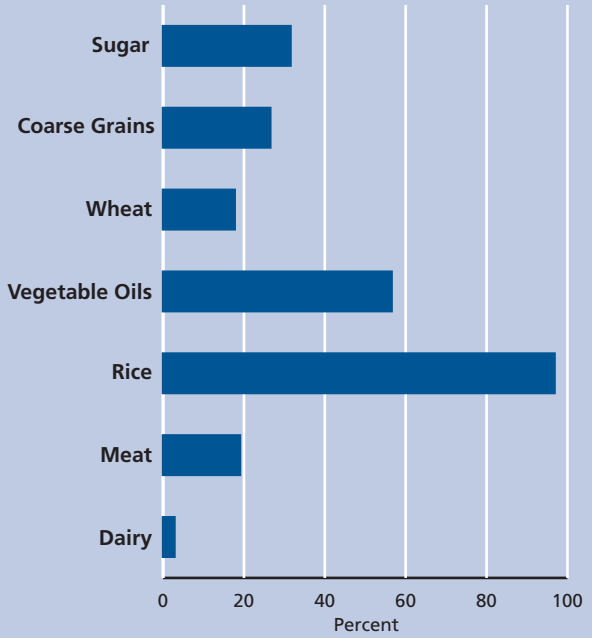
Forecast changes in global food import bills by type: 2008 over 2007 (%)



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

	World		Developed		Developing		LDC		LIFDC		NFIDC	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
TOTAL FOOD	**827 185**	**1 019 407**	**572 479**	**676 286**	**254 707**	**343 121**	**17 767**	**23 667**	**88 961**	**117 079**	**46 840**	**60 273**
Cereals	286 713	365 388	183 047	217 613	103 666	147 776	6 346	9 154	25 197	34 055	19 106	25 438
Vegetable Oils	117 359	183 666	59 820	93 367	57 539	90 299	4 378	6 444	22 818	35 916	10 729	15 995
Dairy	85 225	87 653	60 213	61 706	25 012	25 947	1 339	1 450	6 740	6 857	4 034	4 057
Meat	92 100	109 581	71 758	85 488	20 342	24 093	708	831	3 145	4 210	2 416	2 868
Sugar	22 507	29 595	11 960	15 884	10 547	13 712	1 316	1 710	4 384	5 819	1 834	2 361
	Africa		Sub-Saharan Africa									
	2007	2008	2007	2008								
TOTAL FOOD	**39 298**	**49 409**	**19 393**	**24 920**								
Cereals	16 688	21 748	7 275	9 816								
Vegetable Oils	7 140	10 448	3 725	5 735								
Dairy	4 841	5 013	2 339	2 457								
Meat	1 851	2 108	871	1 042								
Sugar	2 276	2 974	1 312	1 714								

third each from last year. This would stand as the largest year-to-year increase on record. Bills in sub-Saharan Africa could rise in slightly less proportion, but again, the annual rise would constitute a record for the region. The sheer encumbrance facing some of the world's poorest countries in importing food can be contrasted against that of richer nations, whose food import bills are likely to rise by only 18 percent from 2007.

Rising food import bills do not necessarily result in more imported food. Numerous LDCs and LIFDCs are expected to curb procurement of basic foodstuffs from international markets, a response that does not always reflect improved domestic supply prospects.

The world will look towards 2009 for respite given the outlook for further declines in international prices and freight costs. But the prospect of lower food import expenditures for many countries, especially the poorest, could be undermined by the crisis in global financial markets, as they may find it harder to secure finance for their imports.

MARKET ASSESSMENTS

CEREALS

Cereal supplies rise, international prices fall

FAO's forecast for world cereal **production** in 2008 now stands at 2 242 million tonnes (including rice in milled terms), 5.3 percent more than in 2007 and a new record. Among the major cereals, the most significant production expansion is forecast for wheat, up 11 percent from last year, but production of coarse grains is also forecast to surpass last year's record by at least 3 percent, while rice production is anticipated to exceed the already excellent results achieved in 2007 by more than 2 percent. A combination of exceptionally high prices, which encouraged plantings, and generally favourable weather conditions contributed to the boost in world cereal production this year.

World cereal **utilization** is anticipated to grow by 3.3 percent from 2007/08, to 2 197 million tonnes in 2008/09, reflecting higher all round use: food, feed and industrial utilization. Food use, which represents nearly one-half of total cereal utilization, is forecast to reach 1 023 million tonnes in 2008/09, up 1.3 percent from the previous season. This would allow average per caput consumption to remain steady at around 153 kg. Feed utilization is forecast at 766 million tonnes, some 2 percent above the previous season. Most of the expansion in feed use is expected in the European Union and several Commonwealth of Independent States (CIS) which would more than offset the anticipated decline in the United States, where production is forecast to be lower than last year and demand for feed could well be depressed by the reported contraction in the domestic livestock sector. Cereals are also used as raw material for production of ethanol, starch and sweeteners. In recent years, fuel ethanol has emerged as one of the most significant industrial products derived from cereals, in particular maize, in the United States. In 2008/09, ethanol production will account for the largest expansion in total cereal utilization in the United States and for nearly one-half of the total gain in world cereal utilization.

For the first time in four years, world cereal production is likely to prove more than sufficient to meet anticipated utilization, paving the way for a significant recovery in global stocks. World end-of-season cereal stocks for crop years closing in 2009 are forecast at 474 million tonnes, up 41 million tonnes, or 9 percent, from their exceptionally low opening level and the highest volume since 2002/03. As a result, the cereal stock-to-use ratio is forecast to rise to 22.0 percent from a 19.7 percent low in 2007/08. Higher wheat and rice inventories account for

Figure 1. Cereal production, utilization and stocks

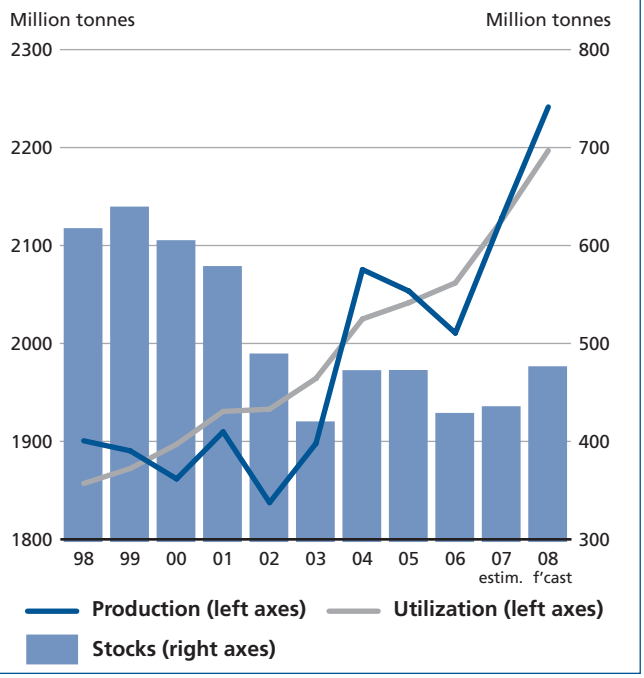


Table 1. World cereal market at a glance [1]

	2006/07	2007/08 *estim.*	2008/09 *f'cast*	Change 2008/09 over 2007/08
	million tonnes			%
WORLD BALANCE				
Production	**2 010.6**	**2 128.2**	**2 241.5**	**5.3**
Trade	**257.0**	**272.0**	**264.0**	**-2.9**
Total utilization	**2 061.9**	**2 126.0**	**2 197.0**	**3.3**
Food	994.3	1 010.1	1 023.4	1.3
Feed	738.7	750.9	765.6	2.0
Other uses	328.9	365.8	407.9	11.8
Ending stocks	**426.4**	**433.2**	**474.0**	**9.4**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	152.5	153.0	153.2	0.1
LIFDC (Kg/year)	156.6	157.4	157.5	0.1
World stock-to-use ratio (%)	**20.1**	**19.7**	**22.0**	
Major exporters' stock-to-disappearance ratio (%)	**14.3**	**13.5**	**15.4**	
FAO cereal price index (1998-2000=100)	**2006**	**2007**	**2008**	**Change:** Jan-Sep 2008 over Jan-Sep 2007 %
	122	168	259*	66

* Jan-Sep 2008

[1] Rice in milled equivalent

most of the anticipated recovery in world cereal stocks. As further evidence of a relatively strong improvement in the global supply situation, the ratio of the major exporters' ending cereal stocks to their total disappearance (defined as domestic utilization plus exports) is also forecast to recover from a 30-year low of 13.5 percent in 2007/08 to 15.4 percent in 2008/09.

World trade in cereals in 2008/09 may fall to 264 million tonnes, 10 million tonnes, or 4 percent, below the record in 2007/08. Reduced trade in coarse grains is the main reason for the world cereal trade decline, although a small contraction in global rice transactions is also anticipated. By contrast, international trade in wheat is forecast to expand significantly. As a result of the improved supply situation and the decline in international prices, many of the more restrictive export measures put in place during the course of the 2007/08 marketing season have already been lifted, especially with respect to wheat and coarse grains. In recent months, more favourable supply prospects have exerted downward pressure on international prices of most cereals. More recently, the plunge in global financial markets, the impending economic slowdown and the fall in crude oil prices have exasperated the downward trend further.

WHEAT

PRICES

International wheat prices fall

Good crop forecasts have kept wheat prices worldwide under downward pressure from the beginning of the season and when 2008 production estimates, pointing to a new world record, became firmer, prices started to fall significantly. Confirmation of large export supplies is the removal of worldwide export restrictions, which accelerated the price slide. In recent weeks, prices were also influenced by developments in the financial markets and growing worries over a possible economic slowdown that might depress demand. In October, most wheat export prices were nearly 50 percent below their peaks in March 2008. The benchmark **United States' wheat (No.2 Hard Red Winter, f.o.b. Gulf)** averaged USD 252 per tonne in October, nearly 30 percent down from the start of the season and lowest since July 2007. By the end of October, the **March wheat futures** contract at the Chicago Board of Trade (CBOT) closed at USD 205 per tonne, down 33 percent (USD 100 per tonne) from the same period last year. Futures have lost nearly 60 percent since reaching their record highs in March 2008.

Figure 2. Wheat export price (US no. 2 H.W. Gulf)

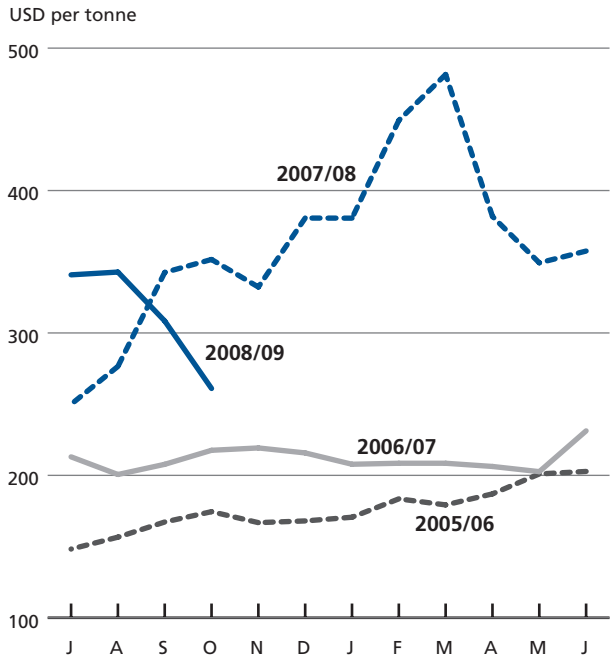
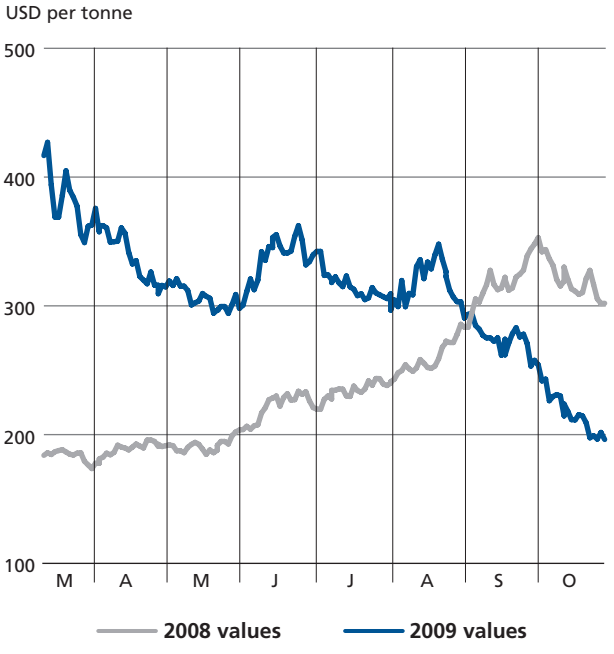


Figure 3. CBOT wheat futures for March



PRODUCTION

Wheat production prospects for 2008 remain good

FAO's latest forecast for world wheat output in 2008 stands at 677 million tonnes, a very substantial (11 percent) increase from the previous year. Accounting for a large part

Table 2. World wheat market at a glance

	2006/07	2007/08 *estim.*	2008/09 *f'cast*	Change 2008/09 over 2007/08
	million tonnes			%
WORLD BALANCE				
Production	**596.6**	**610.5**	**677.0**	**10.9**
Trade	**113.3**	**111.2**	**119.0**	**7.0**
Total utilization	**619.2**	**615.8**	**643.3**	**4.5**
Food	442.9	446.4	451.1	1.0
Feed	111.6	101.0	120.3	19.1
Other uses	64.6	68.4	72.0	5.3
Ending stocks	**159.9**	**155.1**	**186.6**	**20.3**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	67.9	67.6	67.5	-0.2
LIFDC (Kg/year)	58.4	58.1	58.0	-0.2
World stock-to-use ratio (%)	**26.0**	**24.1**	**29.5**	
Major exporters' stock-to-disappearance ratio (%)	**14.9**	**10.9**	**16.7**	
Wheat price index * (1998-2000=100)	**2006**	**2007**	**2008**	**Change:** Jan-Oct 2008 over Jan-Oct 2007 %
	145	216	302**	52

* Derived from International Grains Council (IGC) Wheat Index
** Jan-Oct 2008

of this year's strong growth have been the major producing countries in **Europe**, where latest estimates now point to a significant (25 percent) increase in production in 2008 following larger plantings and generally above-average yields. The gains compared with the previous year are particularly notable in eastern parts, after drought-reduced crops in 2007. However, also in **North America**, favourable weather led to better yields in Canada and the United States, and significantly larger outputs are estimated in both countries. By contrast, aggregate 2008 wheat output in **Asia** could slip back somewhat from last year's record as persisting dry weather reduced yields, especially in the Near East subregion, in Turkey and the Islamic Republic of Iran. Elsewhere in the northern hemisphere, aggregate output in **North Africa** recovered significantly from last year's drought-reduced level.

In the southern hemisphere, the bulk of the major 2008 wheat crops will be harvested between October and the end of the year. In **South America**, unfavourable weather conditions continue to afflict some major producing areas of Argentina, after plantings were already reduced by drought. As a result, the country's wheat crop is now forecast to be 25 percent smaller than last year's good level. By contrast the outlook remains favourable in Brazil. In **Oceania**, prospects for the wheat crop in Australia have deteriorated somewhat over the past two months because of dry weather. Nevertheless, this year's output is still set to recover sharply from last year's drought-reduced level.

In many parts of the northern hemisphere the winter wheat crops for harvest in 2009 are already being sown. Although planting conditions are generally favourable, early indications point to smaller wheat areas. In the **United States**, as of mid-October, the winter wheat planting was reported to be progressing normally under favourable conditions, but the final area sown is expected to decline in response to reduced price expectations, combined with the increasing cost of inputs. In **Europe**, early forecasts point to a decline of about 2 percent in the **European Union**'s wheat area, even though the compulsory land set-aside has not been reintroduced for 2009/10 (it was reduced to 0 percent for the 2007/08 season). As in the United States, European Union farmers are also being influenced by the deteriorating price outlook for 2009, while their margins keep being squeezed by high input costs, especially for fertilizers.

TRADE

Record world wheat trade in 2008/09

International wheat trade (exports) in 2008/09 (July/June) is forecast to reach 119 million tonnes, up 7 percent, or nearly 8 million tonnes, from 2007/08. Behind the global expansion are rising wheat imports by Asia, currently forecast at 57 million tonnes, or 10 million tonnes up from the previous season. This anticipated sharp increase in imports is mostly on account of significant crop reductions in several countries in the continent, most notably the **Islamic Republic of Iran**, where this year's production could shrink by more than one-third because of severe drought. As a result, the country is expected to turn into a leading world importer for the first time, purchasing a decade high 6 million tonnes in 2008/09, after many years of near self-sufficiency. Other countries in Asia where wheat imports this season may also increase sharply include **Afghanistan**, **Bangladesh**, **Pakistan** and the **Syrian Arab Republic**. In addition, **Indonesia** is expected to take advantage of the lower world prices to import more, while competitive world prices of feed wheat are likely to boost imports by the **Republic of Korea**. **Saudi Arabia**, traditionally self-sufficient in wheat, is forecast to purchase a sizeable volume from world markets this season. The expectation follows a decline in the country's production, partly driven by a recent change

Figure 4. Wheat imports by region

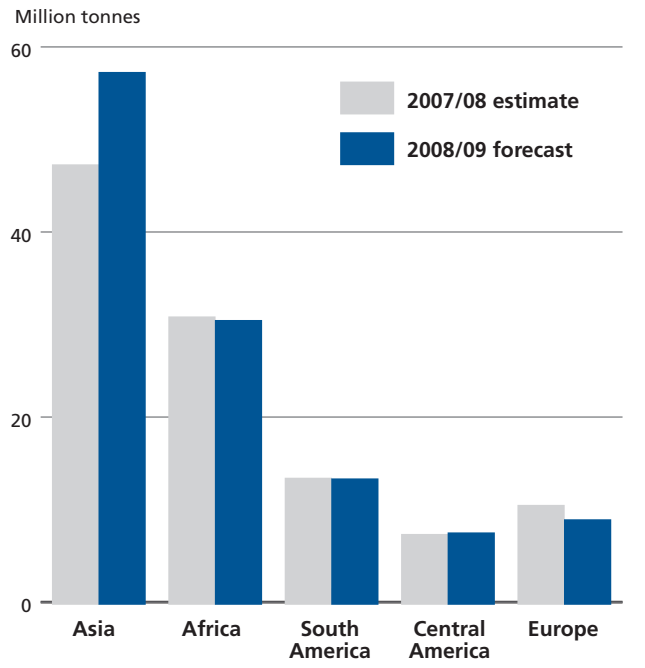
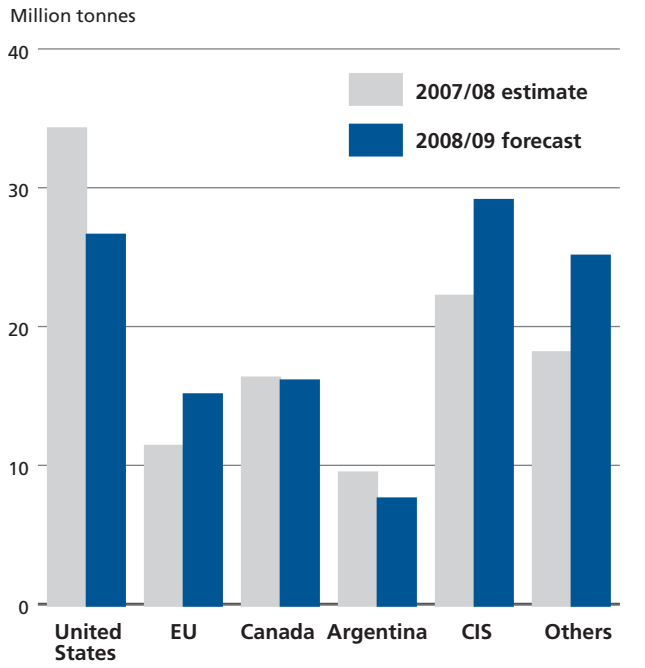


Figure 5. Wheat exporters



in government policy to gradually phase out its support to wheat production due to water scarcity.

In **Africa**, aggregate wheat imports in 2008/09 are set to hover around 30 million tonnes, close to the peak reached in 2007/08. Following a recovery in production, imports by **Morocco** may decrease by at least 500 000 tonnes from the previous season's high. Smaller imports are also forecast for **Ethiopia,** because of larger domestic production. However, strong consumer demand is expected to boost purchases by **Libya** and **Nigeria** . Africa's largest importer, **Egypt**, is set to import nearly as much as it did in 2007/08. In **Latin America and the Caribbean**, wheat deliveries to **Brazil** are forecast to decline, in response to an increase in domestic production, while they may be maintained in **Mexico,** despite higher production to allow for a replenishment of the country's relatively low stocks. In **Europe**, imports by the **European Union** are forecast to fall sharply, as output recovers strongly. The European Union's improved wheat supply situation has resulted in a significant fall in domestic prices, prompting the European Commission to consider reinstating the import duty on cereals. Tariffs were suspended during the 2007/08 marketing season in an attempt to check rising domestic prices.

In contrast to the previous season, the forecast growth in world wheat import demand in 2008/09 will not be a major concern for markets, because of the anticipated strong recovery in **export supplies.** Much larger exports compared with the previous season are forecast for the **Russian Federation** and **Ukraine**, offsetting a reduction in **Kazakhstan**. The largest increase in wheat exports over 2008/09 is forecast for **Ukraine,** where shipments could exceed 8 million tonnes, compared with barely 1 million tonnes in the previous season. All the leading wheat exporting countries in CIS have lifted the restrictions on exports that were put in place in response to high domestic prices last season. Among the major exporters, **Australia** and the **European Union** are also forecast to ship significantly more wheat. While sales from **Canada** are likely to match the previous season's level, in the **United States,** they are forecast to decline in spite of an increase in domestic production. The cut will be caused by a larger domestic use of wheat for feed and relatively low domestic availability owing to a depleted level of carry-in stocks from the previous season. Exports from **Argentina** are also forecast to decline, given prospects for lower production amidst prolonged dry weather conditions.

UTILIZATION

Wheat utilization in 2008/09 to expand on higher food and feed use

The increase in production in 2008, combined with lower prices, should lead to a significant boost in wheat **utilization** in 2008/09, now forecast to reach 643 million tonnes, up almost 5 percent from 2007/08. This sharp expansion follows two consecutive seasons of small contractions, largely in

response to reduced supplies and pervasive rises in prices.

Total wheat **feed utilization** is forecast to jump by a staggering 19 percent, to 120 million tonnes. Of these, nearly 101 million tonnes are to be used in the developed countries, up from 84 million tonnes in 2007/08, sustained, in particular, by significant expansions in the United States and in the European Union. In the United States, the anticipated reduction in maize production is set to encourage larger wheat usage in the feed sector. Similarly, the recovery in wheat production in the European Union could boost its utilization as a feed ingredient, to replace coarse grains, which had to be imported in record volumes last season. The European Union has traditionally been the world's largest market for feed wheat and over 40 percent of its domestic production is normally destined for animal feed.

World **food consumption** of wheat in 2008/09 is forecast to rise by 1 percent, to 451 million tonnes. Developing countries look set to absorb much of the increase, consuming on aggregate 318 million tonnes, 1.2 percent more than last year. The general improvement in local supplies together with lower world prices are the main reasons for the increase, particularly among countries situated in Africa and in Asia. Total wheat consumption in the LIFDCs, as a group, is forecast to grow by 1.3 percent from 2007/08 to 248 million tonnes. On a per caput basis, world wheat consumption should remain steady at around 68 kg per annum, around 60 kg in the developing countries.

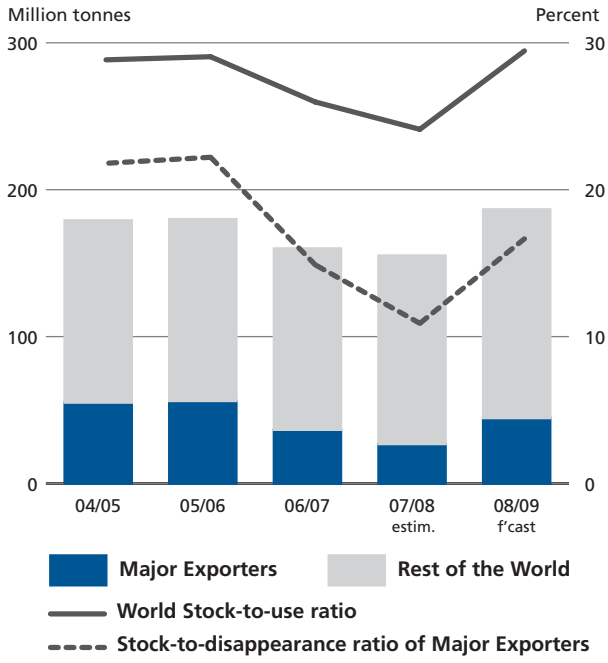
STOCKS

Significant improvement in the level of world wheat stocks

World wheat stocks by the close of the crop seasons in 2009 are forecast to approach 187 million tonnes, up 31 million tonnes, or 20 percent, from their 30-year low opening levels. In spite of the strong growth in global wheat utilization, the increase in production in 2008 is likely to allow for an overall replenishment of world wheat reserves. As a result, the **world wheat stocks-to-use ratio** is also forecast to recover from the previous season's low. For 2008/09, the ratio is expected to rise to 29.5 percent, five percentage points more than in the previous season and only slightly below the 2000-2005 average.

Aggregate stocks held by major wheat exporters are forecast in the order of 45 million tonnes, up 18 million tonnes, or 66 percent, from the previous season. Although still below the level in 2005/06, the strong recovery in wheat inventories in major exporting countries mostly reflects bumper crops in the **European Union** and **North America**, as well as from a modest production recovery in **Australia**.

Figure 6. Wheat stocks and ratios



At the current forecast level, the ratio of the **major exporters' stocks-to-disappearance ratio** (defined as their anticipated exports plus domestic consumption) is expected to rebound from a historical low of around 11 percent in the previous season to 16.7 percent this season. The largest increase in stocks is forecast for the **United States** (up 8 million tonnes), the **European Union** (up 7.5 million tonnes) and **Canada** (up 2 million tonnes).

In addition to the major exporters, larger inventories are also anticipated in many other countries. High prices encouraged plantings which, combined with favourable weather, boosted production in several countries, enabling them to reconstitute stocks. The most significant increases are forecast for **China**[1], **Brazil**, **India**, the **Russian Federation** and **Ukraine**. Among them, ending stocks in **China** are forecast to increase the most, by 8 million tonnes, to reach their highest levels since 2002/03. In **India**, the Government announced in September that its reserve stocks were in excess of the amount targeted, after it had already purchased over 23 million tonnes of wheat from farmers. The Government plans to release an additional 200 000 tonnes of wheat to the Public Distribution Scheme on a monthly basis until the end of the year. This year's ample production in the **Russian Federation** and **Ukraine** will also boost carryovers in both countries, particularly in view of the domestic transport problems, such as shortages of rail wagons, which stand as the main constraint to export expansion in both countries.

[1] All references to China refer to Mainland China unless otherwise specified.

COARSE GRAINS

PRICES

Sharp decline in international prices

International prices of all coarse grains declined sharply in recent months, to well below their peaks in June. Favourable global crop prospects and ample supplies of feed wheat in world markets weighed heavily on prices. The downturn was further aggravated by the market expectation that a global economic slowdown could lower demand for coarse grains and that the steep drop in crude oil prices could also depress demand (for maize in particular) from the ethanol sector.

In October, the **benchmark United States maize (No. 2 Yellow, Gulf)** price averaged USD 184 per tonne, 35 percent below the June high. The continuing strength in the United States Dollar also contributed to the decline in international quotations. By late October, the **March maize futures** at the Chicago Board of Trade (CBOT) hovered around USD 165 per tonne, down over 18 percent from the previous month. Having halved from their record levels of late June, Maize futures have fallen to their lowest levels since late 2007.

PRODUCTION

Record production in spite of smaller crop in the United States

FAO's latest forecast for world production of **coarse grains** in 2008 now stands at an all-time high of 1 114 million tonnes, 3.3 percent above the record of last year. Output of **maize**, the major coarse grain, is now set to reach 798 million tonnes, up almost 2 percent from 2007. The increase is attributed mostly to a strong recovery in Europe's production after drought in 2007, although larger crops are also estimated in all other regions with the exception of North America. Record high crops have already been gathered in **South America**, where plantings increased and ideal weather conditions favoured above-average yields. In **Southern Africa**, where the 2008 maize harvests are also complete, the subregion's aggregate output reached a new record. However, the high production level is mostly attributed to a large crop in the major producing country of South Africa, as aggregate output elsewhere in the subregion fell. In the northern hemisphere, in **North America**, the maize harvest was slow to get underway in the United States, where cool and wet conditions hampered crop maturation. As of mid-October, progress was still well behind normal pace. However, besides the delay, this season's weather has been favourable for yields and output is now expected to be well above earlier expectations,

Figure 7. Maize export price (US no. 2 yellow, Gulf)

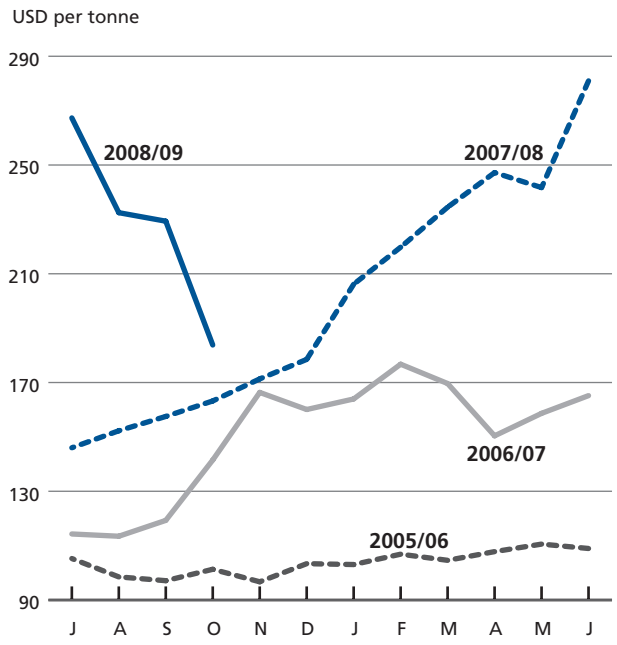
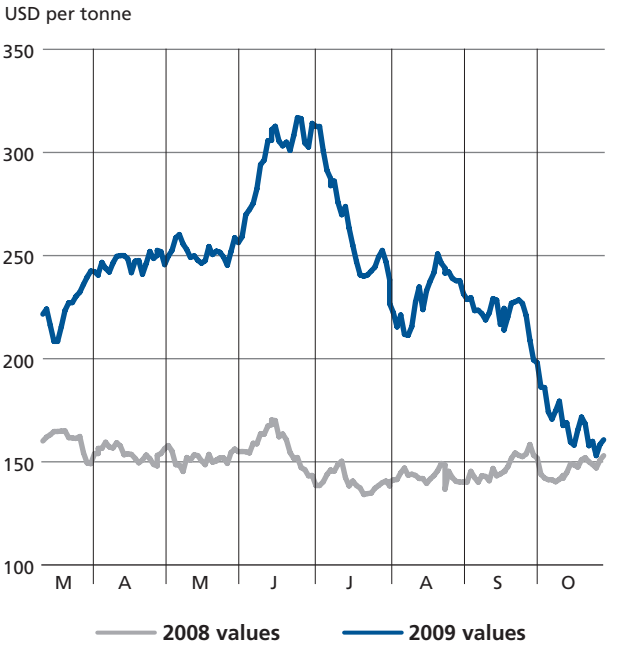
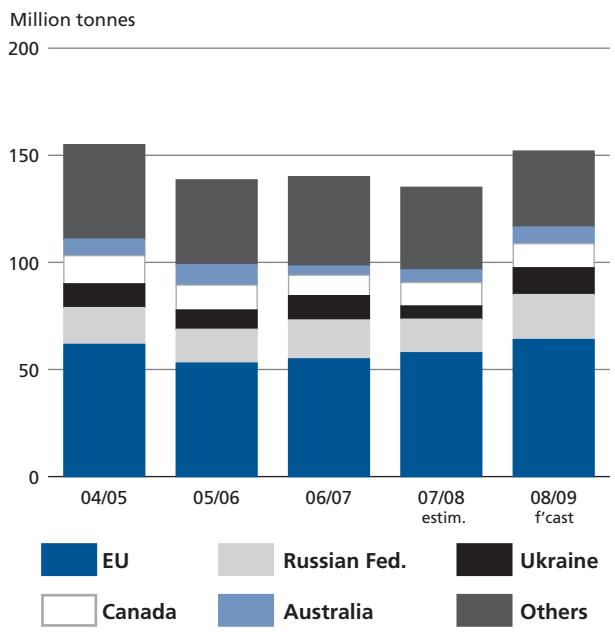


Figure 8. CBOT maize futures for March



although slightly below last year's exceptionally high level. In **Central America**, large plantings, good weather and increased use of inputs, could lift the region's maize production to a new record in 2008. In **Europe**, the maize harvest is still underway, and as predicted, output is turning out well up from last year's drought-reduced level. In **Asia**,

Figure 9. Barley production



the maize crop is forecast to increase marginally from last year's already high level, mainly on account of a larger crop in China, by far the largest producer in the region. Regarding **barley**, the second most important coarse grain, the latest forecast points to a 12 percent increase in the global production in 2008. Virtually all of the increase is attributed to **European** producers where, in addition to some area increase, yields recovered sharply in several of the eastern countries that were badly affected by drought in 2007. A recovery, after drought last year, is also expected in Australia. These gains more than offset an estimated reduction in 2008 barley output in **Asia**, because of adverse dry conditions affecting important producers in the **Near East** such as the Islamic Republic of Iran, Iraq and Turkey. The forecast of world **sorghum** output in 2008 remains virtually unchanged at some 64 million tonnes, about 3 percent up from last year. Larger outputs in the main African producing countries, most notably Nigeria, and in Brazil and Australia, are expected to more than offset generally smaller crops elsewhere, particularly an anticipated 7 percent reduction in output in the United States, the world's largest producer.

TRADE

Coarse grain trade falls sharply below the record of the previous season

After surging to a record volume in 2007/08, world trade (exports) in **coarse grains** in 2008/09 (July/June) is forecast to contract sharply to 114.5 million tonnes from roughly 130 million tonnes in 2007/08, driven by smaller trade in maize and sorghum. International **maize** trade in 2008/09 is forecast at 87 million tonnes, down almost 14 million tonnes from the record in 2007/08. World trade in **sorghum** is also forecast to drop sharply to 5.5 million tonnes, down over 4 million tonnes from last season's record level. However, trade in **barley** could expand by 3 million tonnes from the previous season to 18.5 million tonnes on the back of larger export availabilities and lower international prices. Trade in other coarse grains is expected to change little from last year's levels, totalling roughly 3.5 million tonnes.

Except in **Europe,** coarse grain imports by most regions are expected to remain close to the previous season's level. The sharp increase in imports by the **European Union** accounted for the bulk of the expansion in world trade in 2007/08, but a complete turnaround this season could result in an equally significant drop in imports by Member States, which would be responsible for much of the decline in global coarse grain trade. The shortfall in feed wheat last season resulted in exceptionally large imports of maize and sorghum but following this year's

Table 3. World coarse grains market at a glance

	2006/07	2007/08 *estim.*	2008/09 *f'cast*	Change 2008/09 over 2007/08
	million tonnes			*%*
WORLD BALANCE				
Production	**985.3**	**1 078.2**	**1 114.2**	**3.3**
Trade	**111.4**	**129.9**	**114.5**	**-11.8**
Total utilization	**1 015.6**	**1 073.7**	**1 109.2**	**3.3**
Food	179.2	186.2	188.2	1.0
Feed	615.1	638.1	633.6	-0.7
Other uses	221.4	249.3	287.5	15.3
Ending stocks	**161.8**	**168.8**	**172.0**	**1.9**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	27.5	28.2	28.2	-0.2
LIFDC (Kg/year)	28.4	29.5	29.4	-0.5
World stock-to-use ratio (%)	**15.1**	**15.2**	**15.9**	
Major exporters' stock-to-disappearance ratio (%)	**12.5**	**12.6**	**11.1**	

FAO coarse grains price index (1998-2000=100)	**2006**	**2007**	**2008**	**Change:** Jan-Oct 2008 over Jan-Oct 2007 %
	129	173	249*	46

* Jan-Oct 2008

Figure 10. Barley exporters

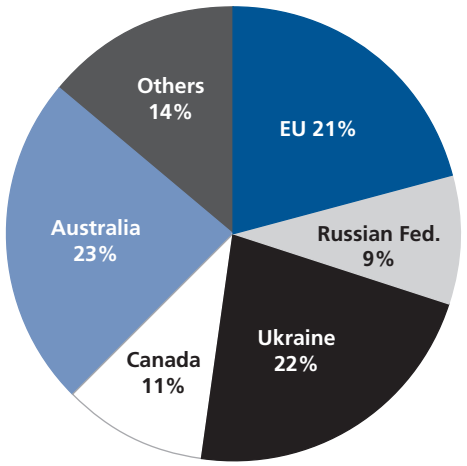


Figure 11. Coarse grain imports by region

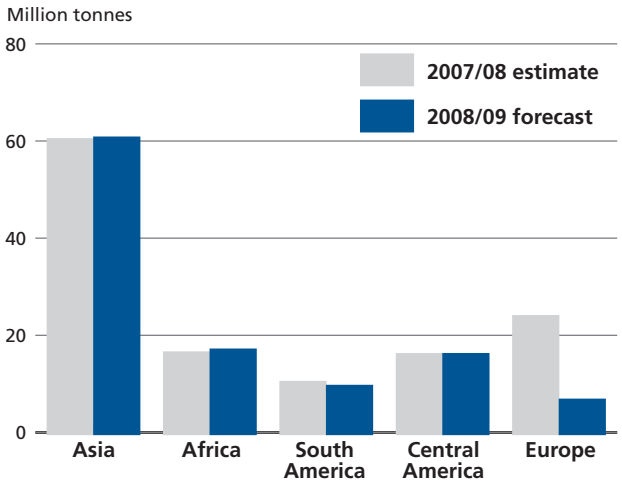
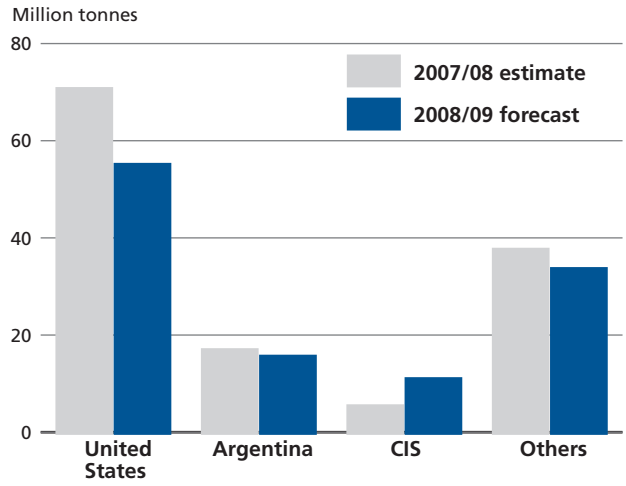


Figure 12. Coarse grain exporters



recovery in wheat production, the volume of coarse grain imports by the European Union is expected to return to more normal levels, implying a cut in their imports by some 17 million tonnes, or 77 percent, from the previous season's high.

In **Asia**, aggregate imports may reach roughly 60 million tonnes, close to the previous season's peak. Deliveries of maize and barley to the **Islamic Republic of Iran** are forecast to increase markedly following the drought induced production shortfall in the country. Much larger barley imports are also expected by the **Syrian Arab Republic** because of reduced production. The world's largest barley importer, **Saudi Arabia**, is likely to purchase more barley from world markets this season, due to lower international prices and strong domestic demand. However, maize imports by the **Republic of Korea** are forecast to decline, mainly on account of larger substitute purchases of feed wheat. Smaller maize imports are also foreseen in **Israel,** as utilization of wheat and Distiller Dried Grains (DDG) for animal feed expands.

In **Africa**, total coarse grain imports are forecast to rise slightly, to 16.7 million tonnes. Most of the anticipated increase is in the form of maize imports by **Egypt** and **Kenya**, and barley imports by **Tunisia.** By contrast, following a recovery in its maize production, **South Africa** is expected to reduce international procurement and resume its position as the largest maize exporter in Africa. Among countries in **Latin America and the Caribbean**, imports by **Mexico**, the region's largest importer of coarse grains, are forecast to rise, especially for maize and sorghum. Mexico was initially expected to import less this season because of favourable domestic production prospects but the latest forecast puts Mexico's output at nearly the same level as in 2007; therefore more supplies will be needed to meet the strong growth in domestic food and feed demand. Imports by **Brazil** could be halved, given its record maize crop this year. Smaller maize imports are forecast for **Cuba**, largely on account of high international prices.

As a result of weaker world import demand compared with the previous season, several exporting countries will cut their shipments in 2008/09. The most significant reductions will be felt by the major exporters, in particular the **United States**, the world's largest exporter, which is forecast to ship at least 15.5 million tonnes, or 22 percent, less coarse grains this season compared with the last. Smaller shipments are also anticipated from **Argentina**, **Canada** and the **European Union**. The lower export forecast (mostly barley) from **Canada** and the **European Union** also reflects stiffer competition from the **Russia Federation** and **Ukraine**,

which hold exceptionally large export supplies, following a recovery in their production. Larger crops could also boost sales from **Australia** and **South Africa**. By contrast, exports from **Brazil, China** and **India** may well fall below previous season's levels.

UTILIZATION

Total utilization in 2008/09 expanding at a slower pace

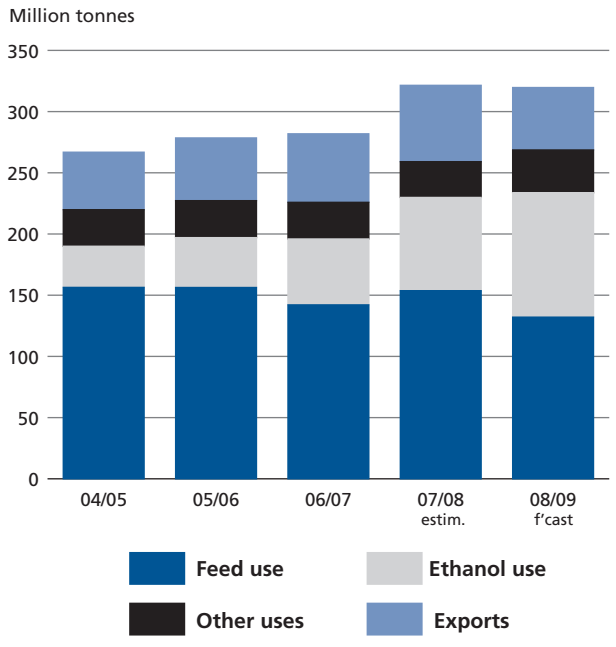
World utilization of coarse grains in 2008/09 is forecast to reach 1 109 million tonnes, up 3.3 percent, or 36 million tonnes, from the previous season. While this growth is above the ten-year average, it remains well below the almost 6 percent rate of expansion experienced in 2007/08.

High coarse grain prices, particularly during the first half of the current marketing season, are partly responsible for the expected reduction in **feed utilization**, which is forecast at 634 million tonnes, 4.5 million tonnes, or nearly 1 percent, less than the estimated level in 2007/08. Large supplies of feed wheat as well as non-grain alternatives such as DDG are also considered important factors behind the forecast decline in coarse grain feed usage in 2008/09. In addition, feed demand is seen to be contracting, in view of the possibility of an economic slowdown that could lead to substantial rationing of consumer demand in the leading markets of North America and Asia. In the developed countries, following a 4 percent expansion in 2007/08, total feed utilization in 2008/09 is forecast to decline by 2.5 percent. In the United States, the largest world market, coarse grain use as feed may drop by as much as 13 percent, against a growth of 9 percent in the previous season. This sharp contraction would more than offset the anticipated combined increase in the European Union, the Russian Federation and Ukraine. By contrast, feed utilization of coarse grains in the developing countries is forecast to continue expanding, albeit at a slower rate (1.7 percent) than in the previous season (3.5 percent). Among the largest markets, it may grow in Brazil, China and Mexico, by around 2 percent, and in India, by over 1 percent. However, in several developing countries (Ethiopia, the Islamic Republic of Iran, Iraq and the Sudan) feed use could decline sharply because of high prices and/or reduced domestic supplies.

Total **food consumption** of coarse grains is forecast to reach 188 million tonnes, up 1 percent from the previous season. The increase would be mostly concentrated in developing countries situated in Africa and Central America, where domestic supplies are expected to recover following larger local crops. The forecast increase would allow the annual per caput food consumption of coarse grains in the developing countries to remain steady at around 29 kg.

Unlike food and feed utilization, **industrial use**, especially for production of biofuels, is expected to demonstrate a sharp expansion in 2008/09. Most of the increase is expected to be again driven by larger maize use for the ethanol sector in the United States, which in 2008/09 is forecast to reach roughly 101 million tonnes, up by as much as 25 million tonnes, or 33 percent, from the already high level in 2007/08.

Figure 13. Maize utilization and exports in the United States

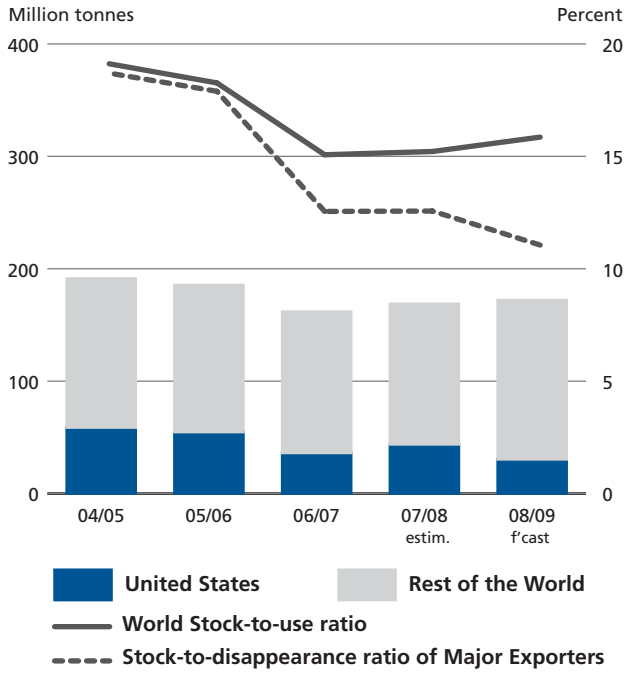


STOCKS

Marginal increase in world ending stocks

World stocks of coarse grains for seasons ending in 2009 are currently forecast at 172 million tonnes, up 3 million tonnes from their opening level. As a result, the **world stocks-to-use ratio** for coarse grains is expected to approach 16 percent, which would be around one percentage point above the estimated ratio in 2007/08, but still below the ten-year average of more than 18 percent. However, the **major exporter's stocks-to-disappearance ratio** (i.e. domestic consumption plus exports) could decline slightly, to 11 percent, down one percentage point from 2007/08 and below the ten-year average of over 15 percent. The decline is mainly driven by expectation for lower ending stocks in the **United States**.

Figure 14. Coarse grain stocks and ratios



Among the major coarse grains, **maize** stocks**,** which represent almost 70 percent of total coarse grain inventories, are forecast to drop to 124 million tonnes, down 3 million tonnes from the opening level. The expected decline in maize carryovers is largely driven by a sharp reduction in the **United States,** where stocks could be drawn down by some 14 million tonnes to balance a lower production in 2008 and an expected increase in total utilization. Part of the anticipated decrease in maize stocks in the United States is expected to be offset by increases in several other countries; notably **China** (up 6 million tonnes), **Brazil**, (up 3 million tonnes), and **South Africa** (up 1.5 million tonnes). World ending **barley** stocks are forecast to increase to 30 million tonnes, from nearly 26 million tonnes at the start of the 2008/09 season. This increase would mostly reflect larger carryovers in the **European Union** (up 3 million tonnes), the **Russian Federation** and **Ukraine** (up 1 million tonnes in each country). World **sorghum** inventories are also forecast to increase slightly (by 1 million tonnes), to just over 7 million tonnes. Most of the increase in expected in **Mexico** and **the United States**, more than offsetting a decline in the **Sudan**, Africa's second largest sorghum producer after **Nigeria.**

RICE

PRICES

World rice prices under strong downward pressure

The tightness that dominated the international rice market in the first half of 2008 has been easing since June, when new rice supplies became available from the secondary 2007 crops. The turnaround manifested in a steady tendency for world rice prices to fall from their nominal peaks in May, pressuring the FAO all rice price index (1998-2000=100) downwards to 253 by October 2008, 21 percent below the May 2008 high. The strengthening of the United States Dollar, which gained on average 10 percent against major currencies between mid-June and mid-October also contributed to the dip in prices. So far, however, international rice quotations have held much better than those of wheat or maize and are still more than 78 percent above their value in October 2007. The slide has been limited so far by policies in place in several exporting countries, in particular export restraints in Egypt and India and government domestic procurement in Thailand. It is noteworthy, however, that the steady decline in prices is leading governments to shift their focus from consumers to producers, in sharp contrast with actions taken in the first half of the year, when domestic food inflation was at the

Figure 15. Rices prices fall but far less than prices of wheat or maize

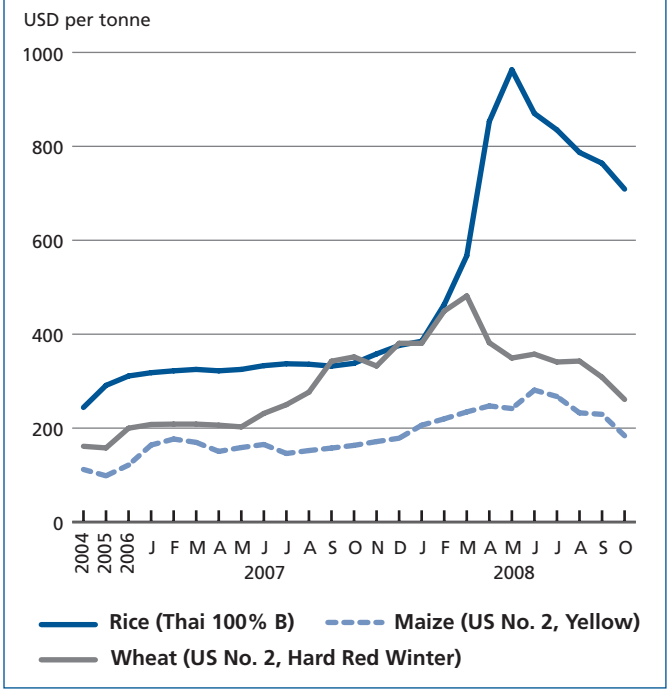


Figure 16. Rice export price (Thai 100% B, f.o.b. Bangkok)

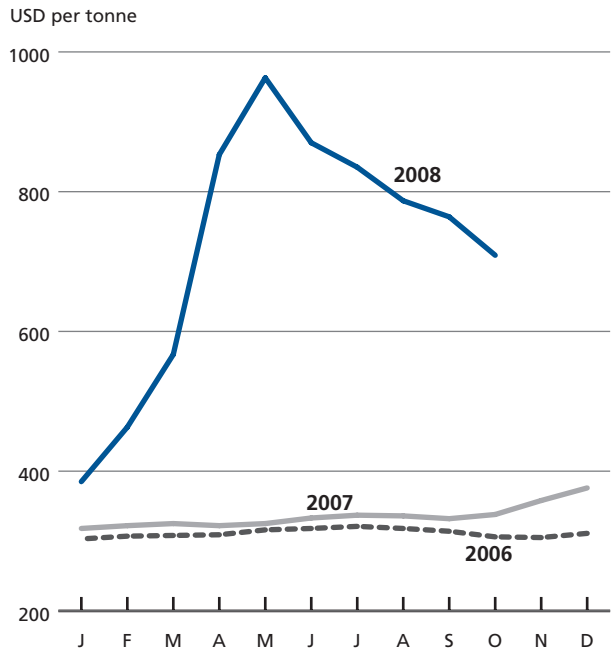
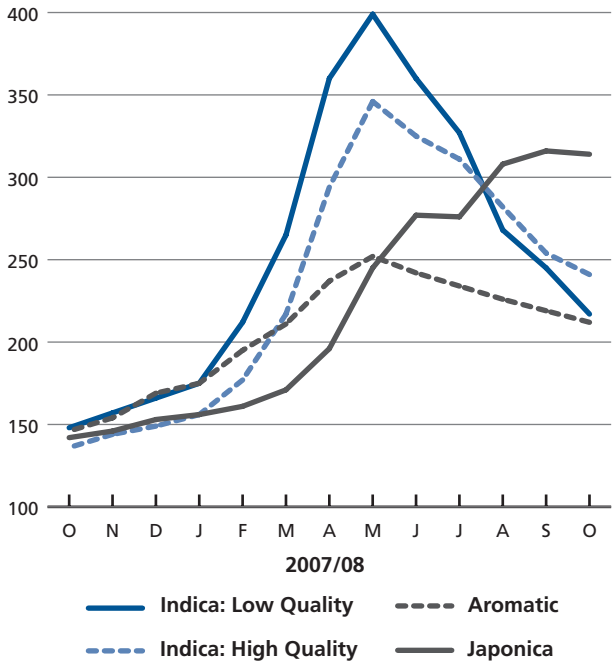


Figure 17. FAO rice price indices (1998-2000=100)



centre of their attention. As a result, several of them are actively intervening to sustain farm prices.

Among the various rice types and qualities, those which have endured the largest declines have been the lower and higher qualities of Indica rice, which retreated by 46 and 30 percent, respectively from May to October this year. Weaker import demand also depressed quotations of aromatic rice varieties by 16 percent over the same period. By contrast, the unavailability on the international market of Australian and Egyptian round rice varieties lent further support to Japonica rice prices, which have gained 28 percent since May. Despite the recent general price dive, rice remains far more expensive on world markets than it was one year ago. Compared with October 2007, prices are 77 percent higher for Higher Quality Indica, 47 percent for Lower Quality Indica, 45 percent for fragrant rice and as much as 121 percent higher in the case of Japonica rice.

Under current rice supply and demand prospects, world rice prices could decrease further, especially within the context of falling prices of other cereals. There is also much concern about the possible negative impacts of the worldwide financial crisis on rice import demand on trade.

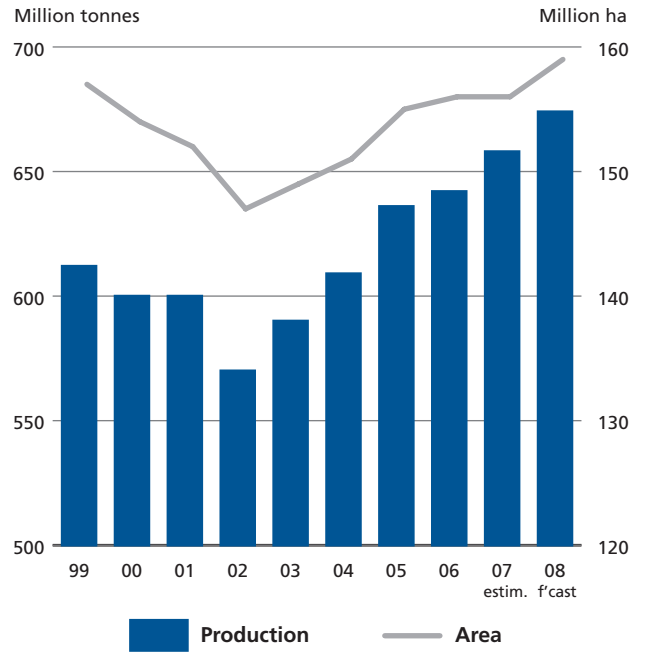
PRODUCTION

Global paddy production heading towards a new height in 2008

The 2008 paddy season is approaching the critical year-end period, when major rice producing countries harvest their main crops. With the progressing of the season, prospects have greatly improved from the early assessment made in June and global paddy production is now set to reach 674 million tonnes (equivalent to 450 million tonnes of milled rice), 16 million tonnes or 2.4 percent above the excellent performance of 2007. Favourable growing conditions and improved economic incentives, which have encouraged farmers to expand plantings, lie largely behind the expectations of strong gains. It is important to note, however, that the full 2008 paddy season will only be concluded when the 2008 secondary crops are gathered in the northern hemisphere, around May next year. Given the current tendency for world prices to weaken and the difficulty to secure finance for production, processing and trade, there is much uncertainty as to how much land will be seeded with rice over the coming months. However, based on current expectations, production is forecast to expand in virtually all regions, although developed countries as a group may incur a fourth consecutive contraction. Globally, the area under rice is forecast to rise by 1.5 percent to 158.6 million hectares, and yields by close to 1 percent to 4.3 tonnes of paddy per hectare.

Asian countries are set to drive production up this season, as they are expected to reap 611 million tonnes of paddy (408 million tonnes of milled rice), about 13 million tonnes more than in 2007. Large absolute gains are

Figure 18. Global rice paddy production and area



anticipated in all the leading producing countries, such as **Bangladesh**, **China**, **India**, **Indonesia** and **Viet Nam**, but also in **Cambodia**, **Pakistan**, **the Philippines**, **Sri Lanka** and **Thailand**. A recovery is expected to take place in the **Chinese Province of Taiwan**, the **Democratic People's Republic of Korea** and in the **Republic of Korea**, affected last season by excessive precipitation and flooding problems. On the other hand, production in **Myanmar** may be curbed by more than 2 million tonnes following the destruction and disruption of agricultural activities caused by the landfall of cyclone Nargis in May 2008. Smaller crops are also expected in **Afghanistan**, **Iraq** and the **Islamic Republic of Iran**, which have all endured persistent drought problems. Production may also fall in **Japan**, under the government policy to cut excess supply. With favourable growing conditions prevailing to date in **Africa**, production in the region is forecast to expand by 7 percent to a record of 24.5 million tonnes, driven by progress in **Egypt**, **Madagascar**, **Mali** and **Nigeria**. However, the increases are expected to be widespread across the region, a sign that producers have responded positively to the attractive market conditions and to government incentives, which have mainly taken the form of fertilizer subsidies. Indeed, various endeavours to sustain rice production in the region have been launched at the national and international levels, including an Emergency Rice Initiative for Africa, in June 2008. Production in **Latin America and the Caribbean** may stage a remarkable increase of 7 percent, much of which concentrated in **Argentina**, **Brazil**, **Colombia** and **Uruguay**, a reflection of favourable weather conditions and high prices. On the other hand, the various hurricanes that have battered Central America and the Caribbean since August are likely to depress output in **Cuba**, the **Dominican Republic** and **Haiti**. In **the rest of the world,** although hurricanes also hit some rice growing areas in the **United States**, the United States Department of Agriculture (USDA) outlook still points to a 3 percent gain this season, but prospects by the Rice Federation are less optimistic. In the **Russian Federation**, high prices are expected to boost production, while a decline is foreseen in both **Australia** and the **European Union**.

TRADE

Trade in rice contracts in 2008 as export restraints reduce availabilities

FAO's forecast of **global rice trade in 2008** has been raised to 31.0 million tonnes, after several exporting countries eased somewhat the restrictions on exports they had imposed earlier this year. At that level, trade in rice would be 4 percent lower than the 32.3 million tonnes now estimated to have been traded in 2007, but still the second highest level on record. High world prices and difficulty to secure supplies were much behind the expected retrenchment of rice **imports**, especially by Asian and African countries. In Asia, much lower purchases are expected to be made this year by **Indonesia**, which harvested a bumper crop this season, and by **Nepal**, **Saudi Arabia**, the **United Arab Emirates** and **Yemen**, while larger imports are anticipated in **Bangladesh**, **Iraq**, the **Democratic People's Republic of Korea**, **Malaysia** and the **Philippines**. High world prices are set to depress total shipments to African countries, in particular, **Guinea**, **Senegal** and **South Africa**. Having used an export ban to keep domestic inflation in check, the Government of **Egypt**, which imported around 100 000 tonnes in 2007, has also largely withdrew from the import side of the market this year. By contrast, the suspension of the over 100 percent tariff in **Nigeria** is anticipated to boost deliveries to the country. Imports to countries in Latin America and the Caribbean are unlikely to change much overall, with some declines expected in **Colombia**, **Mexico** and **Nicaragua** compensated by increases in **Bolivia**, **Ecuador**, **Haiti** and **Panama**. By contrast, **Australia**, the **European Union** and the **United States** are all expected to purchase more. Much of the anticipated drop in world **exports** in 2008 largely reflects the restrictive export policies that have been implemented by numerous countries in the

course of the year. While most of them have lifted those curbs, **Egypt** still maintains a ban, while **India's** restraints on non-basmati rice exports have only been relaxed for a number of government-to-government transactions. As a result, shipments from both countries are expected to decline substantially. Some contraction is also anticipated in **China** and **Guyana**. Only part of the shortfalls is foreseen to be offset by the other exporting countries. **Thailand**, in particular is now set to ship over 10 million tonnes, matching the 2004 record, but **Cambodia**, **Pakistan** and the **United States** are also anticipated to boost external sales this year. Small increases in exports are expected for **Argentina**, **Brazil** and **Viet Nam**.

Prospects for a recovery of rice trade in 2009 marred by the global liquidity crunch

Although very preliminary, FAO's forecast of **global rice trade in 2009**, at 30.4 million tonnes points to a 1.6 percent contraction from 2008, equivalent to some 500 000 tonnes. The anticipated weakening of world prices should allow for the recovery in the volume of trade in 2009, but amidst bleaker economic growth prospects arising from the global financial crisis, the beneficial price effects on rice import demand are now anticipated to be diminished. This would be a result of falling household incomes, higher risks and costs in trading on the international market place plus growing difficulties for governments and importers to obtain credit and foreign exchange necessary to finance their rice purchases. Thus, unlike in 2008, when exporter policies were largely responsible for an expected fall in rice trade, the reason for the expected contraction next year may well lie on the importer side.

Imports by African countries are expected to be particularly affected next year by the economic downturn. The importation of rice by the region is principally under the control of the private sector, which could well be more exposed to the risks of a global tightening of liquidity than state trading enterprises. As a result, many African countries are expected to cut their imports compared with 2008 even under the prospect of falling international prices. The restoration of import duties in **Nigeria** could also depress the inflow of rice to the region in 2009. Shipments to Asian countries may also be reduced in 2009, much on account of **Bangladesh**, **Malaysia** and the **Philippines**, which may import less after having purchased large supplies over the current year, either domestically or abroad, to rebuild their rice reserves. By contrast, the **Islamic Republic of Iran**, **Iraq** and **Nepal** are expected to step up their purchases, in light of relatively poor paddy crops in 2008 and rising domestic requirements in 2009. Imports by **Saudi Arabia**, the **United Arab Emirates** and **Yemen** could also rebound, as access to their traditional supply sources (mainly India) is likely to

Figure 19. Rice imports by region

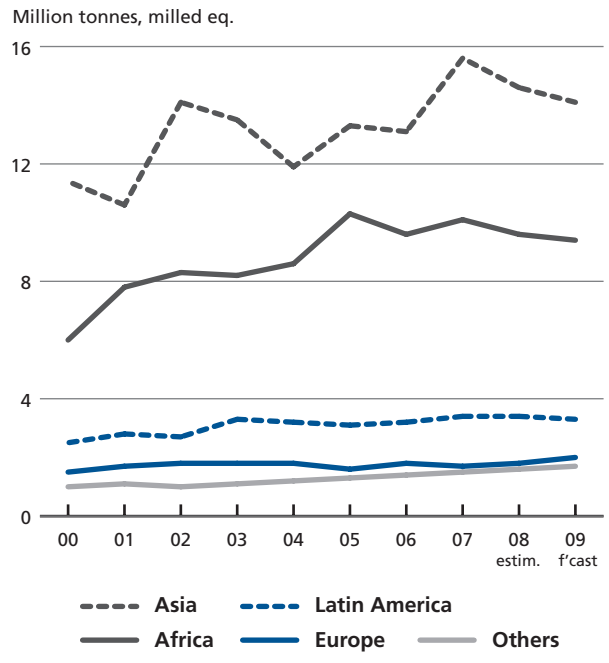


Figure 20. World rice trade and FAO rice export price index

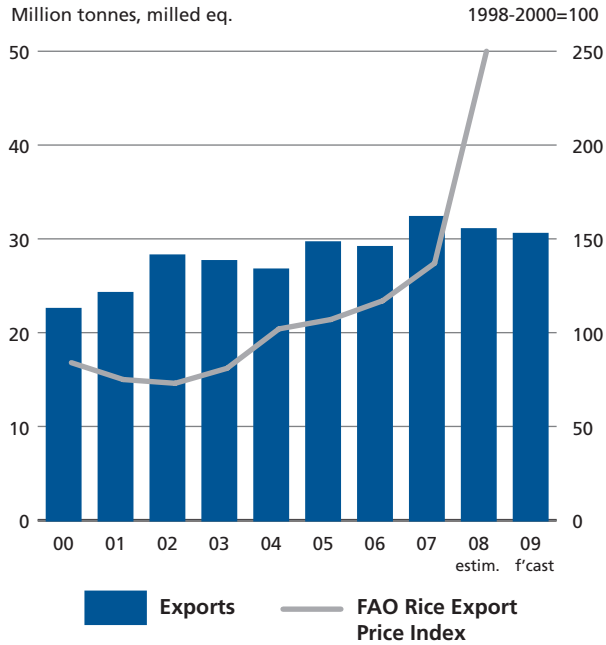
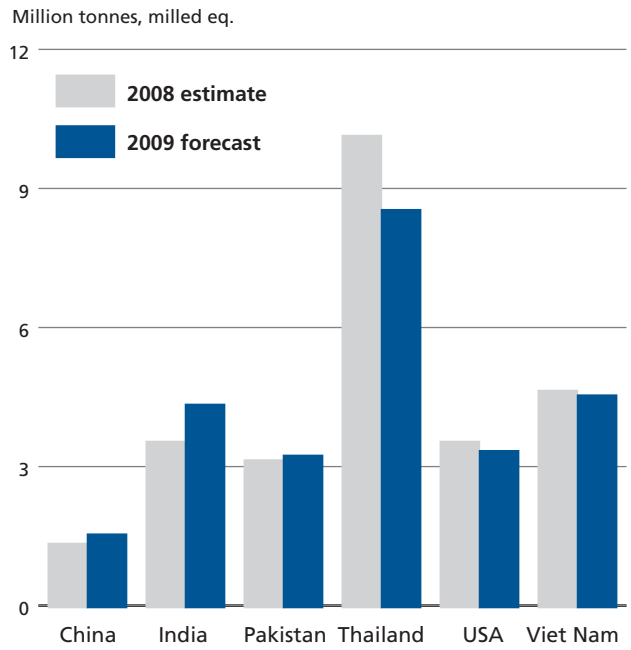


Figure 21. Rice exports by the major exporters



be restored. Deliveries to countries in Latin America and the Caribbean could fall slightly, on account of smaller purchases by **Brazil** and to a lesser extent by **Haiti** and **Jamaica**. By contrast, rice inflows to the **European Union** and the **United States** are forecast to rise, assisted by an expected return to more normal world prices levels.

Much of the contraction in world **exports** in 2009 is expected to stem from reduced deliveries by **Thailand**, where the pledging programme could sustain prices in the country well above those of its competitors. Faltering world import demand and fiercer competition could also depress shipments from **Argentina**, **Brazil**, **Cambodia**, the **United States** and **Viet Nam**. By contrast, the anticipated removal of export restrictions would help **Egypt** and **India** boost international sales, although they may remain short of their 2007 levels. **Ecuador**, **Guyana**, **Myanmar**, **Pakistan** and **Venezuela** could also be in a position to raise rice deliveries to foreign markets. In the current context of financial difficulties, those exporting countries able to extend credit to buyers might be better off than the others, which may foster an intensification of government-to-government contracts.

UTILIZATION

Per caput rice consumption set to rise again in 2009

Although rice prices in the world market have been falling in recent months, the decline has not always translated to lower domestic prices in importing countries, where they remain, in many cases, well above last year's level. Nevertheless, an improved supply situation, following abundant 2008 crops, is expected to drive down domestic prices further in 2009 in many producing countries, bringing about improved prospects for consumption. Indeed, world rice utilization is forecast to increase by almost 2 percent next year to 444 million tonnes (in milled rice equivalent). About 86 percent of the total, or 384 million tonnes, is foreseen to be utilized as food, 1.8 percent more than in 2008. As a result, average annual rice per caput food consumption is set to rise by 0.3 kg to 57 kg in 2009. Among the regions, per caput rice consumption is forecast to increase in Asia, where consumers will continue to benefit from a number of targeted distribution programmes and retail price ceilings. By contrast, it may well fall in Africa and in Latin America and the Caribbean, partly on account of falling imports next year. Annual per caput rice consumption among developed countries is forecast to remain in the order of 12.4 kg in 2009.

Table 4. World rice market at a glance

	2006/07	2007/08 *estim.*	2008/09 *f'cast*	Change 2008/09 over 2007/08
	million tonnes			%
WORLD BALANCE (milled basis)				
Production	**428.7**	**439.5**	**450.2**	**2.4**
Trade[1]	**32.3**	**31.0**	**30.5**	**-1.6**
Total utilization	**427.1**	**436.5**	**444.4**	**1.8**
Food	372.2	377.4	384.2	1.8
Ending stocks	**104.6**	**109.3**	**115.4**	**5.5**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	56.9	56.7	57.0	0.5
LIFDC (Kg/year)	69.6	69.6	70.0	0.6
World stock-to-use ratio (%)	**24.0**	**24.6**	**25.5**	**3.8**
Major exporters' stock-to-disappearance ratio[2] **(%)**	**15.4**	**17.1**	**18.6**	**8.8**
FAO price index (1998-2000=100)	**2006**	**2007**	**2008**	**Change:** Jan-Oct 2008 over Jan-Oct 2007
	117	137	258*	94

* Jan-Oct 2008

[1] Calendar year exports (second year shown)

[2] Major exporters include India, Pakistan, Thailand, the United States of America and Viet Nam

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

STOCKS

Good crops to boost world rice inventories in 2009

If confirmed, the buoyant production prospects for crops in 2008 should help boost the size of **world rice inventories** carried over into the new 2009 marketing seasons by 6 million tonnes, to 115.4 million tonnes, the highest level since 2002. All of the build-up is likely to be concentrated in the developing countries, while developed countries may face a contraction in inventories for the third consecutive year. From a trade status perspective, exporting countries would be mostly behind the global increase, with aggregate stocks in those countries expected to end 6 percent, or 5.8 million tonnes, above their opening levels. In **China**, **Egypt**, **India**, **Pakistan** and **Viet Nam**, such a build-up was greatly facilitated by the imposition of export restrictions in the course of 2008. **Thailand** is also foreseen to start the 2009 marketing year with much larger inventories, a consequence of government domestic purchases under the rice pledging programme. Among exporters, however, **Myanmar** is set to face a sizeable contraction in reserves, due to the large supply withdrawal needed to compensate for the hurricane Nargis-related losses in 2008. Reserves are also expected to grow in some of the most significant importing countries, in particular **Bangladesh**, **Indonesia**, **Malaysia** and the **Philippines**, where governments have been active in raising stocks to improve food security, an objective much revived by the soaring price episode in the first half of 2008. The increase in global inventories in 2009 would help raise the world stocks-to-use ratio from 24.6 in 2008 to 25.5 in 2009, the highest level since 2004.

CASSAVA

PRICES

International quotations retreat from record highs

The pervasive trend in falling commodity prices that began in mid 2008 and accelerated thereafter has not spared cassava. Among the most heavily affected products are **cassava flour and starch,** the prices of which averaged USD 298 per tonne (f.o.b. Bangkok) by September 2008, representing a loss of almost 30 percent from their peak value in March 2008. Quotations for **Thai cassava chips** (destined for China) have been under less downward pressure, falling to USD 174, around 9 percent below the May 2008 high.

Prices of chips and pellets are heavily influenced by developments in international feed markets, as cassava blended with protein rich-meals becomes an effective substitute for coarse grains and wheat. The recovery in

Figure 22. Global rice closing stocks and stock-to-use ratio

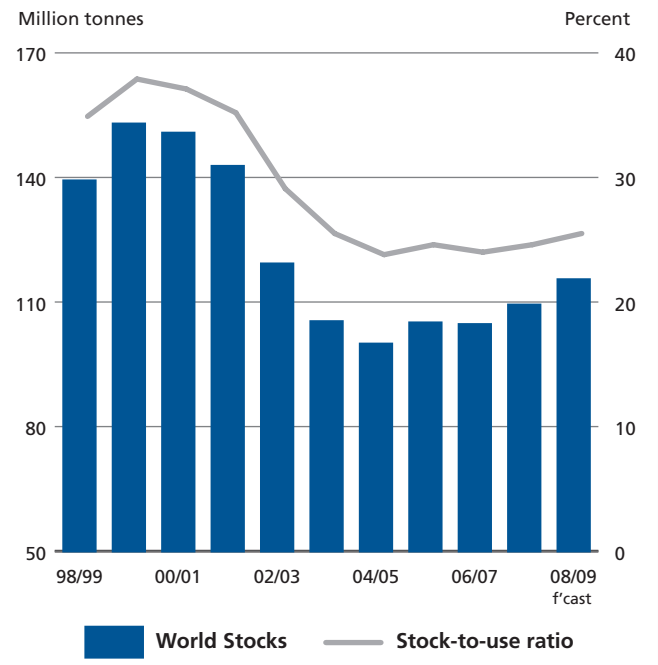


Figure 23. International cassava prices

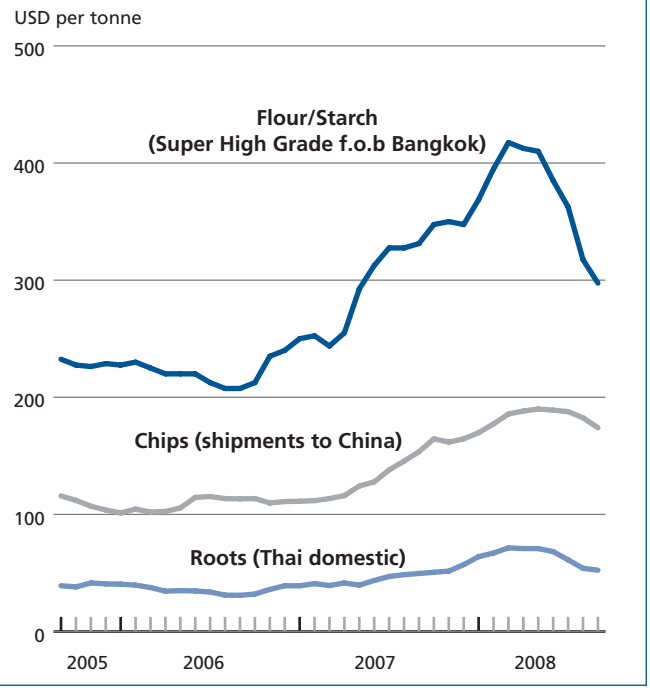
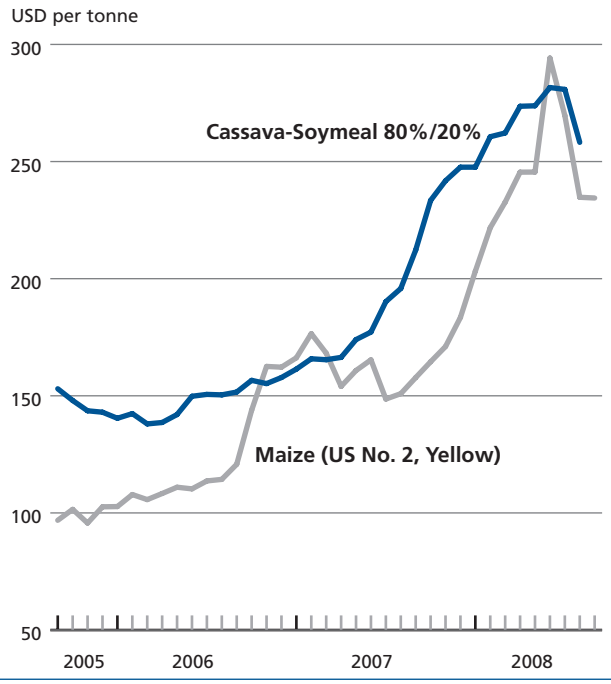


Figure 24. Feed ingredient prices



feed-grain supplies in Thailand's principal export markets, notably China and the European Union, has strained the competitiveness of imported cassava chips and pellets, especially when soaring freight costs over much of the year are taken into account. The demand-led fall in prices of cassava chips and pellets, has been further aggravated by developments in the energy sector. Cassava chip products increasingly feature as a feedstock for ethanol distilleries in Asia, but poor ethanol returns, combined with lower crude oil prices in recent months, have depressed cassava utilization in energy production, thereby accelerating the general price decline.

International cassava starch quotations are also driven by developments in international grain markets. Demand too has deteriorated in recent months as the availability of cheaper substitutes, such as maize starch, has increased in major export destinations in Asia, resulting in a sharp drop in cassava starch import demand.

Price outlook

Prospects for cassava product prices in the short term remain bleak. A record harvest is expected in Thailand and the conditions behind the current faltering demand for cassava products are likely to prevail well into next year. Cassava product prices will have to fall considerably from current levels to enable them to regain competitiveness, barring negative supply shocks to international grain markets, resulting in rebounding grain prices.

Table 5. World cassava market at a glance

	2006	2007 estim.	2008 f'cast	Change 2008 over 2007
	(million tonnes fresh root equiv)			%
WORLD BALANCE				
Production	**222.6**	**228.1**	**238.5**	**4.5**
Trade	**38.4**	**39.6**	**30.1**	**-24.0**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption				
World (kg/year)	18.1	18.3	19.1	4.1
Developing (kg/year)	23.0	23.3	24.2	3.8
LDC (kg/year)	62.9	61.1	62.8	2.8
Sub Saharan Africa (kg/year)	106.1	103.5	106.4	2.8
Trade - Share of prod (%)	17.3	17.4	12.6	-27.6
FAO cassava prices* (1998-2000=100)	**2006**	**2007**	**2008**	**Change:** Jan-Sep 2008 over Jan-Sep 2007 %
			(USD/mt)	
Chips (shipments to China)	108.88	136.02	182.69	29.8
Starch (f.o.b. Bangkok)	221.46	303.13	374.03	44.0
Thai domestic root prices	89.54	45.68	58.09	49.1

Source: Thai Tapioca Trade Association
* Jan-Sep 2008

PRODUCTION

Food and energy security endeavours could drive global production to an all-time high in 2008

Global cassava production in 2008 is forecast as 238.5 million tonnes, 5 percent above the record of the previous year.

Soaring prices of traded food staples, especially cereals, witnessed over much of the last 24 months have led farmers in many vulnerable countries to turn to indigenous crops as an alternative source to more expensive cereals. Among these crops, cassava has been at the forefront. As a 'crisis crop' cassava roots can be left in the ground for well over a year and harvested when food shortages arise or when prices of preferred cereals become prohibitive. This attribute could give rise to a marked expansion in output in **Africa,** of about 5 percent, or some 6 million tonnes. Government support for the commercialization of cassava as a food crop also underpins the continent's positive prospects. Such support often takes the form of diffusing high yielding and disease resistant planting material, improving the availability and provision of inputs, as well as measures to strengthen the cassava value chain, notably food processing. Production in **Nigeria**, the world's largest producer, for instance, could

reach 49 million tonnes, up 7 percent from 2007, while in **Ghana** it is expected to surpass 10 million tonnes for the first time.

Cassava production is anticipated to record strong growth in **Asia**, much on account of **Thailand**, where, according to the annual planting survey, a 15 percent rise in production is forecast in 2008 to a record 29.15 million tonnes. Earlier in the year, Thai officials approved a plan to increase cassava yields by around 30 percent over the next five years and to stabilize the country's cassava area. International demand for Thai cassava products has traditionally been the main growth driver for the country's crop, and hitherto had attracted strong government support for the sector through a price intervention scheme. Very attractive domestic root market prices in the planting season, however, have led to a suspension of the scheme this year. Prospects of high producer returns, which induced a shift away from sugar cane cultivation, combined with expected robust demand for the crop as a feedstock for ethanol in domestic and regional distilleries are principally behind record cassava plantings in the country. Since then, however, producer prices have slumped by a third, as demand at home and abroad for energy production and for feed have fallen well short of expectations, prompting fears of large cassava surpluses and calls for the resurrection of the government intervention scheme.

Among the region's other major cassava producers, **Viet Nam** could register yet another bumper crop, as farmers are reported to have shifted land towards cultivation of the more remunerative cassava, mainly at the expense of cotton and sugar cane. In the **Philippines**, public-private sector efforts to develop a competitive domestic feed industry through the commercialization of cassava could pave the way for a record cassava output. An expansion of cassava cultivation at the expense of coffee could also lead to higher production in **Indonesia** in 2008. In all three countries, energy crop programmes that utilize cassava as a feedstock for ethanol production have constituted an important driver behind the expansion in production over the past two years. Biofuel initiatives have benefited from official support, such as the allocation of additional land for cassava and mandatory ethanol-gasoline blending requirements. They have also attracted foreign direct investment, mainly from **China**. But China has also initiated large-scale investments within its own borders to expand the cassava crop for ethanol production. Expectations now point to a record cassava output of some 4.5 million tonnes this year. The moratorium on new grain-based ethanol plants, that is still in place, has led to roughly one half of China's ethanol output being derived from root crops in the form of cassava and sweet potatoes. Smaller cassava producing countries in the region, such as the **Lao Democratic People's Republic**, have also been recipients of capital inflows from China to expand cassava cultivation for energy feedstock production and from the **Republic of Korea** for starch production.

The 2008 production outlook for **Latin America and the Caribbean** points to a small contraction, reflecting an anticipated lower harvested area in **Brazil**, the region's largest producer. In spite of a sustained increase in producer prices over the past two years, Brazil's output is expected to fall short of the 30-year high reached in 2007. As for **Colombia** and **Paraguay**, the region's other major cassava producing countries, little is known about the current situation, but both countries have experienced firm growth in cassava production in recent years.

Outlook for 2009

Prospects for 2009 appear mixed. On the one hand, rising commercialization through public and private support of the crop could provide an impetus for larger plantings, but on the other, falling international prices of cereals and energy will likely thwart any expansion in cassava cultivation. The current financial crisis also casts doubt on production

Table 6. World cassava production

	2005	2006	2007	2008
	thousand tonnes			
WORLD	**207 437**	**222 559**	**228 138**	**238 450**
Africa	114 602	118 078	117 888	124 000
Nigeria	41 565	45 721	45 750	49 000
Congo, Dem Rep. of	14 974	14 989	15 000	15 300
Ghana	9 567	9 638	9 650	10 300
Angola	8 606	8 810	8 800	9 000
Mozambique	6 500	7 500	7 350	7 750
Tanzania, United Rep. of	7 000	6 500	6 600	7 000
Uganda	5 576	4 926	4 456	4 000
Latin America				
Brazil	25 872	26 639	27 313	26 300
Paraguay	4 785	4 800	5 100	5 300
Colombia	2 050	2 000	2 100	2 200
Asia	55 917	67 190	70 745	76 650
Thailand	16 938	22 584	25 348	29 150
Indonesia	19 321	19 928	19 610	20 000
Viet Nam	6 646	7 714	8 900	10 000
India	5 855	7 620	7 600	7 700
China Mainland	4 000	4 300	4 350	4 500
Cambodia	536	2 182	2000	2 100
Philippines	1 678	1 757	1 829	2 000

* Forecast

prospects, as any meaningful expansion of cassava cultivation, particularly in relation to end use such as flour processing and ethanol production, will necessarily rely on access to credit markets which afford investors reasonable returns.

TRADE

Considerable contraction set for global cassava trade in 2008

Global trade in cassava products in the current year is likely to fall to an eight-year low of 7.5 million tonnes (pellet equivalent). The forecast is based on a significant decline in the competitiveness of cassava feedstuffs and starch relative to grain based products, combined with lower international demand for cassava as a feedstock for ethanol production. This expectation is in line with a weaker pace of cassava shipments by Thailand to date, by far the world's largest international supplier. Overall, the country is anticipated to ship just over 7 million tonnes (pellet equivalent) of cassava chips, pellets and starch in 2008, down almost a quarter in volume from the previous year.

Countries in Asia are once again expected to be the major destination of internationally traded cassava products on aggregate. The implementation of the free-trade zone between China and Thailand, which resulted in the abolishment of a 6 percent tariff levied on Thai cassava products, has provided a boost to cassava trade between the two countries in recent years, and in doing so, firmly established China as the world's leading importer of cassava products. However, 2008 marks a shift in China's status, especially in the context of **chips** and **pellets** imports. While Thailand is foreseen to export 40 percent less than what it did in 2007, China's share in that market is expected to fall to 35 percent in 2008 from a high of 90 percent in 2006. Ample supplies of cheaper domestic grain based feedstuffs and home grown cassava for China's ethanol industry are likely to depress cassava inflows into the country. A permanent retreat from the import market of the European Union, once the major destination of international cassava shipments (mainly for animal feed), appears to have come to an end. Thailand is preparing to ship as much as 1.4 million tonnes of pellets to the community, similar to the level last year but four times the volume delivered in 2006. The European Union has emerged as the main destination for pellets in the current year. However, the momentum in European Union purchases has slowed in the past few months, coinciding with the increased availability of feedstuffs among Member States following the recent grain harvest.

Table 7. Thai trade in Cassava [1]

	2005	2006	2007	2008
Total	**6 240**	**8 964**	**9 240**	**7 026**
Flour and starch				
Total	**3 212**	**4 616**	**4 416**	**4 132**
Japan	622	694	729	921
China	525	723	694	586
Chinese Prov of Taiwan	502	676	548	482
Indonesia	348	968	667	450
Malaysia	229	312	256	353
Others	986	1 244	1 523	1 341
Chips and pellets	**3 028**	**4 348**	**4 824**	**2 894**
Total	**2 766**	**3 963**	**3 127**	**1 032**
China	2 766	3 963	3 127	1 032
EU	246	341	1 436	1 392
Others	16	44	261	470

[1] In product weight of chips and pellets
Source: Thailand Tapioca Trade Association (TTTA), FAO

As for **cassava starch** and **flour**, global trade is again expected to contract, but not to the same degree foreseen in the chips and pellets market. The fall in trade would similarly reflect the price advantage that grain based starch is forecast to maintain over cassava. Japan appears likely to overtake China as the principal starch buyer, with the Chinese Province of Taiwan, Indonesia and Malaysia all engaging in significant international purchases during the course of the year.

Regarding other international suppliers, Indonesia and Viet Nam could export as much as 0.5 million tonnes of cassava, mainly in the form of chips for ethanol usage in China.

Outlook for 2009

Prospects for trade in 2009 are dominated by uncertainty. Much will depend on whether the cassava-grain relative price falls, thus stimulating greater international demand for cassava products, but all current indications point to a sustained recovery in international grain supplies, barring adverse weather and the absence of any spillover effects from the global financial crisis. Another factor concerns the degree of capacity utilization and expansion in cassava-based ethanol industries in Asia, especially China, which in turn will depend on the margin of ethanol returns, and the ethanol price relative to petroleum. Higher (lower) demand for cassava as an energy feedstock could trigger greater (smaller) regional trade flows. Finally, exceptionally high freight rates witnessed over much of the past 24 months have also had a detrimental effect on the relative competitiveness between

cassava import prices and domestic grain product prices, and hence import demand in 2008. However, recent sharp falls in freight quotations if sustained, could pave the way for an expansion of trade next year.

UTILIZATION

Food and ethanol drive cassava utilization in 2008

Domestic cassava utilization growth is very much in line with changes in domestic production, given that very few countries are involved in sizeable trade and proper cassava stocks are held only in relatively modest quantities and in dried form.

Regarding **food** utilization, high and protracted prices of cereals and other traded staples throughout the year have led many vulnerable consumers in countries where cassava is grown, to turn to the root crop to sustain dietary needs. This is particularly evident in sub-Saharan Africa, where consumption of cassava is mostly in the form of fresh roots and processed products. However, strengthening demand for the indigenous crop has resulted in domestic prices of cassava to surge in recent months in many localities, especially in urban centres and areas remote from production. Nevertheless, the overall production gain in the region is expected to outpace growth in population, bringing about an increase in per caput food availability. Measures to promote cassava flour ahead of imported cereals, either through direct consumption or through blending, are gathering momentum across the world and constitute an important driver for higher cassava food consumption. For instance, Mozambique could follow Brazil and Nigeria, which already mandate the inclusion of 10 percent cassava flour in wheat flour. Several countries in the Caribbean have also promoted this initiative.

The demand for cassava by **bioenergy** sectors has also emerged as a significant driver in the expansion of cassava utilization. A typical production system can produce about 280 litres (222 kg) of 96 percent pure ethanol from a tonne of cassava with 30 percent starch content.

China is forecast to produce around 1 million tonnes of ethanol from cassava in 2008. The country is also looking towards agreements with several neighbouring countries to supply its ethanol industry with the feedstock. In Thailand, an ethanol plant with a capacity to produce up to 0.5 million litres of ethanol per day came on line in 2008. Indonesia is currently gearing up cassava based ethanol production in preparation for mandatory gasoline blends containing up to 5 percent ethanol beginning next year. Plant construction is reported to be underway in the Fiji Islands, the Lao Democratic People's Republic and Papua New Guinea and pilot research for ethanol production is underway in Colombia, Nigeria and Uganda. However, high cassava prices have restrained the expansion of the crop's use as an energy feedstock. This is especially true in Thailand, where industry sources report that for ethanol production to be commercially viable, root prices should not exceed Baht 1 500 (USD 44) per tonne. Throughout much of the year, market prices have hovered well above this ceiling. Furthermore, the expansion of a major ethanol plant in China was recently suspended owing to insufficient quantities of domestic cassava and unprofitable procurement of the feedstock from the regional marketplace, namely Thailand and Viet Nam.

Utilization of cassava as **animal feed**, in the form of dried chips and pellets, is mostly concentrated in Brazil and Colombia in Latin America and the Caribbean, Nigeria in Africa, China in Asia and the Netherlands and Spain in Europe. Little is known how feed usage has fared in the former two regions, but the demand for cassava feed ingredients in Asia has plummeted and remains flat in Europe.

OILSEEDS, OILS AND MEALS[2]

PRICES[3]

The latest price decline is not likely to continue and may be followed by firmer prices

The unprecedented rally in oilseed and oilseed product prices that started in 2006 came to a halt in June 2008, when the FAO price indices reached historic highs of 295, 292 and 279 points for oilseeds, oils/fats and meals/cakes respectively, implying percentage increases of up to 150 from 2006 levels. Prices surged because supplies were insufficient to satisfy expanding demand, thus leading to a sharp reduction in inventories. Eventually, in July 2008 prices started tumbling and, by October, FAO's price indices had fallen

[2] 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.

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

Figure 25. FAO quarterly international price indices for oilseeds, oils/fats and meals/cakes (1998-2000=100)

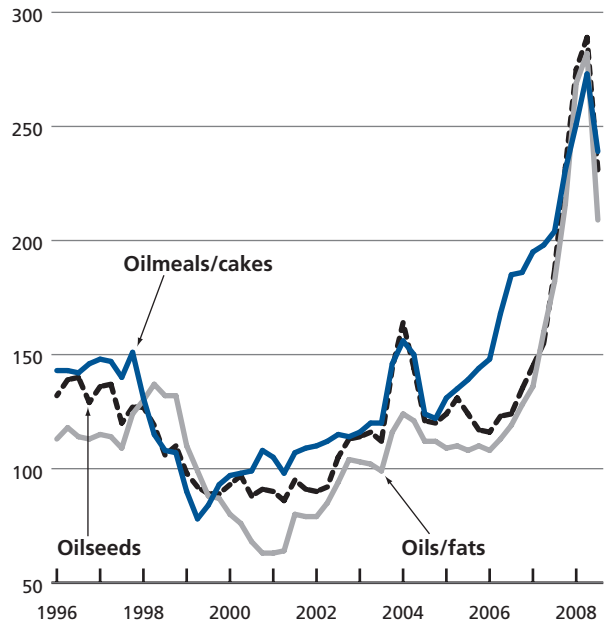


Figure 26. CBOT soybean futures for March

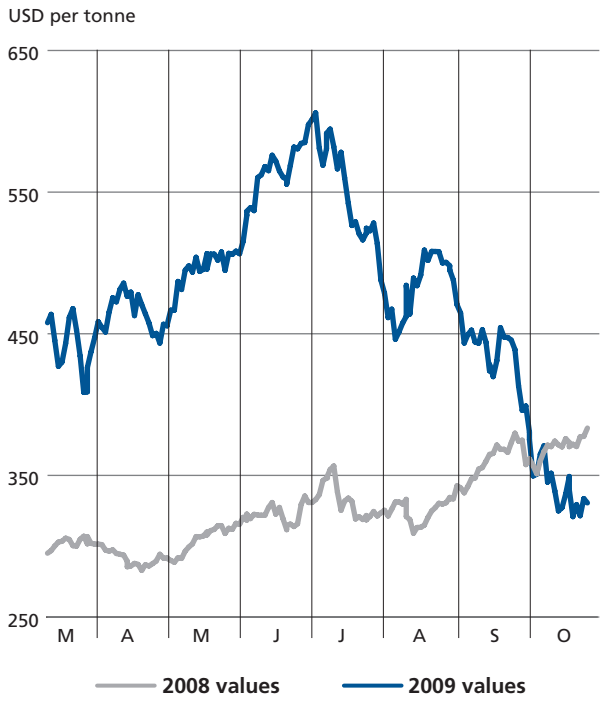


Figure 27. FAO monthly price indices of meals/cakes (1998-2000=100)

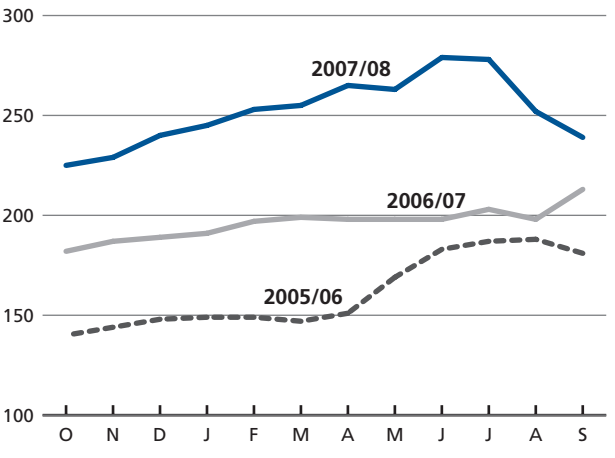
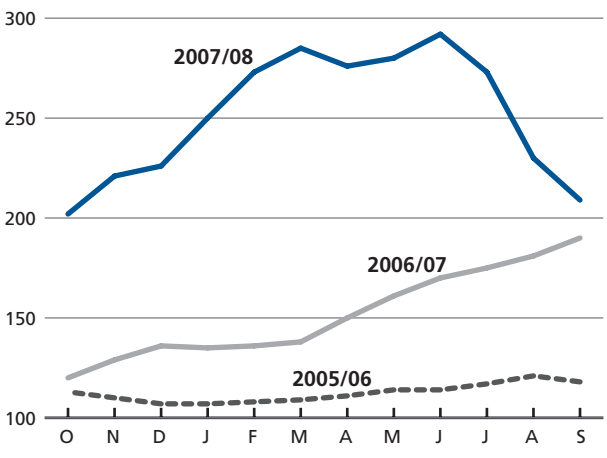


Figure 28. FAO monthly price indices of oils/fats (1998-2000=100)



back to the levels recorded in the summer of 2007. The drop was particularly pronounced for oils/fats and oilseeds. The general price fall was triggered by poor demand for oilseeds and products as well as by excellent production prospects for the new 2008/09 season. In the case of oils, the recent downturn in energy prices also contributed to the fall in prices. Developments on futures markets confirm these market sentiments: for instance, in the second half of October 2008, the CBOT March contract for soybeans was traded at around USD 330 per tonne, i.e. about 10 percent less than in the corresponding period of last year, and as much as USD 270 below the peak recorded in July 2008. Also, with the unfolding of the financial crisis, fears of global economic recession seem to be contributing to the continued slide in futures prices.

FAO's first supply and demand forecast for 2008/09 (October/September) suggests that prices in the oilseed complex should stabilize and possibly strengthen slightly,

thus excluding a return to the low levels prevailing prior to the 2007/08 rally. Market fundamentals are anticipated to remain relatively tight, especially in the case of oilseeds and meals. Even if production is poised to rise, supply growth should be constrained by low opening stocks and an only partial recovery is expected in stock-to-use ratios. Other contributing factors are that farmers worldwide are confronted with a substantial rise in costs of production and continued strong competition between arable crops for land, as demand for non-food uses expands further.

Prices have been particularly volatile in the last season and could remain so in 2008/09, in light of the many uncertainties the market faces. In particular, current estimates for South America's oilseed crops are very tentative, as the final outturn will depend on how weather conditions develop. Furthermore, growth in global oil and meal demand will be influenced by several external factors, notably the course of energy prices, possible changes in national biofuel policies, adjustments in the livestock sector and developments in the cereal market with direct effects on oilseed prices. If it materializes, the global economic slowdown could also have negative repercussions on the demand for oilseed products.

OILSEEDS

Global oilseed production poised to resume growth

After last season's exceptional decline, global oilseed production is forecast to expand strongly in 2008/09. FAO's output estimate of 431 million tonnes implies a 7 percent rise from last season and marks a new historic record. Record outturns are expected for all major oilcrops except cottonseed. The rise in global output will be mainly on account of soybeans (up 17.5 million tonnes), while the largest percentage year-on-year increase is expected for rapeseed and sunflowerseed (growing at about 12 percent). In general, farmers have responded to above average oilseed prices and prospects of continued demand growth by raising plantings. But oilcrop yields may also be boosted as weather conditions are better than last season in several regions and because farmers are raising fertilizer applications.

In the northern hemisphere, harvesting of 2008/09 crops is nearing completion. In the **United States**, after loosing 14 percent to grains last season, the soybean area has more than recovered. However, adverse weather conditions in the early part of the crop year made yields fall to the lowest level in five years. As a result, although 11 percent up from the poor 2007/08 season, total output could remain below average. Also in **China**, soybean, as well as rapeseed, productions are showing healthy growth without, however, reaching the previous height. By contrast, estimates for **India** show a record soybean output and average rape and mustard seed production. The two other big rapeseed producers, **Canada** and the **European Union**, both harvested record crops owing to good yields, with Canada enjoying a particularly strong year-on-year rise. Meanwhile, rapeseed production in **Ukraine** has again doubled, allowing the country to become the world's fifth largest rapeseed producer in just a few years. the **European Union**, the **Russian Federation** and Ukraine also report record sunflowerseed crops, which should more than offset last year's weather related decline.

In the southern hemisphere, 2008/09 soybean plantings have only just started in ***South America***. A slow down in area expansion from 5 percent last season to 3 percent this season is likely. This mainly reflects the situation in **Brazil**, where farmers are affected by reduced access to credit, higher production costs and prospects for lower profit margins. Soybean plantings in Brazil could be virtually unchanged from last season and thus remain below the recent record level, as opposed to **Argentina** where plantings could climb to a new record. The average regional yield level may drop (for the second consecutive year), due to less fertilizer use and because low rainfall has led to a depletion of soil moisture in key growing areas, especially in Argentina. Overall, a record soybean output is still possible, although growth would be below the regional trend for the second consecutive season. Sunflower production in Argentina is expected to decrease, while rapeseed production in **Australia** should finally climb back to normal levels.

Table 8. World production of major oilseeds

	2006/07	2007/08 estim.	2008/09 f'cast
		million tonnes	
Soybeans	235.9	220.6	238.0
Cottonseed	44.6	44.1	42.4
Rapeseed	47.6	48.9	55.0
Groundnuts (unshelled)	34.0	35.4	35.9
Sunflower seeds	30.2	28.5	31.8
Palm Kernels	10.1	11.1	11.8
Copra	5.0	5.2	5.4
Total	**407.4**	**393.8**	**420.3**

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

Table 9. World oilseeds and products markets at a glance

	2006/07	2007/08 estim.	2008/09 f'cast	Change 2008/09 over 2007/08
	million tonnes			%
TOTAL OILSEEDS				
Production	**417.8**	**403.8**	**430.5**	**6.6**
OILS AND FATS [1]				
Production	**152.6**	**155.4**	**163.0**	**4.9**
Supply [2]	173.7	177.5	183.4	3.3
Utilization [3]	151.6	155.9	161.5	3.6
Trade [4]	76.2	80.7	83.3	3.2
Stock-to-utilization ratio (%)	14.5	13.1	13.5	
MEALS AND CAKES [5]				
Production	**106.1**	**102.0**	**108.8**	**6.7**
Supply [2]	121.6	120.3	122.6	1.9
Utilization [3]	102.0	104.9	107.8	2.8
Trade [4]	58.6	62.6	62.8	0.3
Stock-to-utilization ratio (%)	17.6	13.4	13.8	

FAO price indices (1998-2000=100)	2006/07	2007/08	Change: 2007/08 over 2006/07 %
Oilseeds	156	263	69
Oilmeals/cakes	196	252	29
Oils/fats	152	251	65

[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.

OILS AND FATS[4]

Moderate expansion expected in world oil/fat supplies

FAO's first 2008/09 crop forecast translates into an increase of global oil/fat production of 5 percent, recovering from last season's poor growth and closer to trend. Unlike in recent years, production may rise faster in developed than in developing countries. Among developing countries, total output is anticipated to rise in the two main oil/fat consuming nations, **China** and **India**. Although all major oils are likely to set new records, individual growth rates should differ: a strong slowdown is expected for palm oil (with a year-on-year growth of less than 3 percent as opposed to 8 percent on average), as palms in Asia are anticipated to enter the down-phase of the two-year yield cycle. By contrast, world soybean oil output could grow by an about average rate of 7 percent and sunflower and rapeseed oil by around 12 percent.

Global supplies of oils/fats (i.e. 2007/08 ending stocks plus 2008/09 production) are estimated to rise about 3 percent, 1 percent more than last season but still considerably less than the growth observed in preceding years. Low opening stocks explain why supply is expected to expand less than production. The supply slowdown applies in particular to soybean oil, whereas palm, rapeseed and sunflower oils should fare much better. Countries affected by relatively low total supplies include the following major producers: the **United States**, the **European Union, Argentina** and **Brazil**.

Global oil/fat consumption should grow, also thanks to biofuel

Global oil/fat consumption is estimated to expand by 5.6 million tonnes or close to 4 percent in 2008/09. While this implies an acceleration compared with last season's depressed level, growth would remain below trend. The recent decline in international prices should stimulate demand, but the response by domestic markets could be weaker than expected due to incomplete and slow price transmission. Furthermore, global economic recession could dampen demand growth later in the season. In some countries, the need to replenish stocks may also constrain consumption growth. As to individual oils, with a 27 percent share in total consumption, palm oil is expected to further consolidate its predominant position in the global utilization. With regard to major consuming countries, consumption is expected to grow by around 4 percent in **China**, **India** and the **United States**, while in the **European Union** the rate could be lower.

Food uses may account for no more than half the expansion in global consumption, with the other half directed to non-food uses, notably biofuel. Private sources expect demand for biofuel production to expand by about 20 percent in 2008/09, slightly less than last season and in line with the gradual slowdown observed during the last few years. The key players will be soyoil in North and South America and rapeseed oil in Europe, followed by palm oil and eventually copra oil in Asia. Demand growth should be driven mainly by higher national blending requirements, for instance in Brazil and several European Union countries. For

[4] 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.

Figure 29. Oils/fats: Gap between global production and global utilization

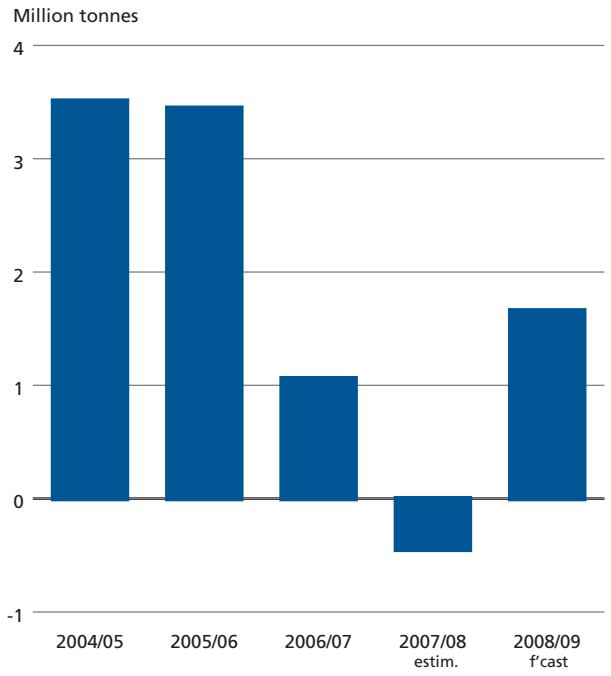
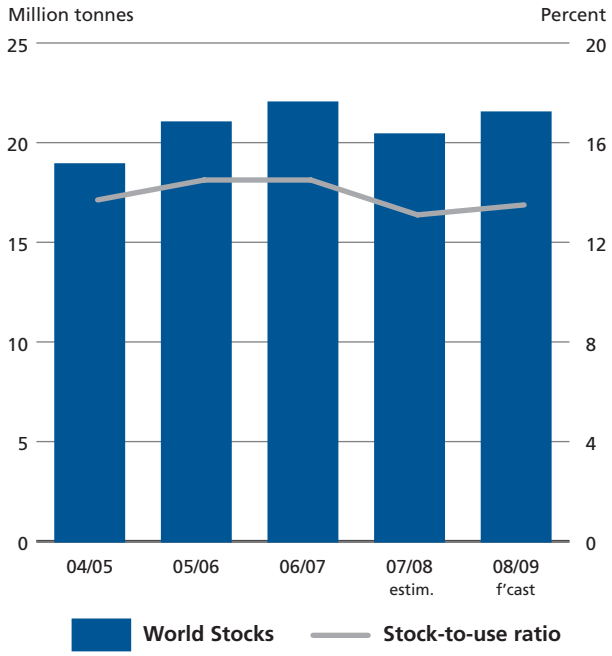


Figure 30. World closing stocks and stock-to-use ratio of oils/fats (including the oil contained in seeds stored)



the **European Union,** the world's leading producer and consumer of biodiesel, some further growth in demand is expected. The bioenergy sector's share in total vegetable oil consumption is estimated at 25 percent, which includes the absorption of 60-70 percent of the European Union's rapeseed oil output. Recent policy shifts could lead to a reduction in future targets for biofuel use from first-generation feedstock (e.g. vegetable oils), which could curtail the expansion of demand in future years. In 2008/09, usage looks also set to rise in **Brazil** and the **United States**, with the share of biofuel use in total vegetable oil consumption estimated to climb to 17 and 20 percent, respectively. In **Argentina**, where a mainly export oriented industry has developed, biodiesel production is expected to account for about half of domestic oil consumption. Overall, these demand forecasts are still very tentative, given the large influence of the fossil fuel market on biofuel production. The relation between mineral and vegetable oil prices bears directly on the profitability of biodiesel production. For example, when prices for both vegetable oils and mineral oil started falling last July, the relative movement of prices encouraged vegetable oil-based biofuel production.

World oil/fat inventories are forecast to recover

After falling short of consumption last season, in 2008/09, global oil/fat production is anticipated to exceed global demand, a situation that should allow a replenishment of inventories during the current season. The increase in vegetable oil stocks (measured as oil inventories, *per se*, plus the oil contained in stored seeds) is estimated at 6 percent, which implies a partial recovery from last season's below average inventories. However, the rebuilding will not apply to all markets: while an increase of stocks is anticipated for rape, palm and sunflower oil, inventories are likely to drop for the second consecutive season in the case of soy oil. An accumulation of stocks is likely in **Canada** and the **European Union** (mainly rapeseeds and their oil) and in **Indonesia** (palm oil), while further reductions in inventories are expected in the **United States** (soybeans and their oil). Overall, the anticipated changes in global stocks and consumption could give rise to a modest recovery in the stock-to-use ratio, which, however, would not return to the level observed prior to last season's drop. Such forecasts suggests that, rather than continuing on their recent downward trend, international prices for oils/fats could stabilize and perhaps even strengthen slightly in the course of this season.

Moderate growth predicted in global trade of oils/fats

At 83 million tonnes, world trade in oils/fats (which comprises the oil contained in traded seeds) is forecast to

expand further in 2008/09, although at a below average rate of 3 percent. Over half of the anticipated expansion should be on account of higher palm oil shipments, in particular by **Indonesia**. Total palm oil trade should rise to 33.7 million tonnes, lifting the oil's market share beyond 40 percent. Together, **Indonesia** and **Malaysia** are forecast to export 1.4 million tonnes or 5 percent more than last season. Global rapeseed and sunflower oil trade should climb even faster, with total shipments exceeding 6 and 5 million tonnes, respectively (including the oil equivalent of traded rape and sunflower seeds). **Ukraine** should account for most of the rapeseed increase. Thanks to competitive pricing, the country is likely to raise its market share at the expense of **Canada**, which could face a cut in exports for the first time in eight years. **Ukraine** should also keep its position of lead sunflower oil supplier, though record sun oil shipments are also expected from **Argentina** and the **Russian Federation**. As opposed to palm, rape and sunflower oils, global trade in soybean oil should fall, an event recorded only once in the last ten years. The anticipated 1 million tonnes (or 4 percent) decline in shipments would be mainly on account of the **United States**, whose exports are set to fall to a three-year low of 6 million tonnes (of soy oil, *per se*, plus the oil contained in soybean shipments). Behind the reduction in export availabilities are the country's below average soybean harvest, a lower than normal oil content in this year's crop, the need to reconstitute stocks and increased demand from biofuel producers. Some of these same factors could also cause a slow down in exports from **Argentina** and **Brazil**.

Regarding oil/fat imports, ***Asia*** continues to be at the centre of attention as it accounts for over half of the world's total imports. Led by **China**, Asia's aggregate imports are forecast to expand by 1.5 million tonnes. While record purchases are expected in most of Asia, import expansion in China should slow down to 3 percent thanks to a resumption of oil production growth based on domestic sources. In **India**, where a moderate rise in domestic oil production is expected, imports are set to expand by 8 percent. In the **European Union,** an import rise of 0.5 million tonnes should be required to satisfy internal demand. In the **United States**, a net exporter of oils/fats, imports should continue to grow as the food industry further raises its use of vegetable oils other than soybean oil, in an effort to reduce the presence of trans fatty acids in food products. ***Africa***'s import demand should rise as international prices return to more affordable levels and many developing countries are expected to continue preferring cheaper palm oil.

Figure 31. Total oil/fat imports by region or major country (including the oil contained in seed imports)

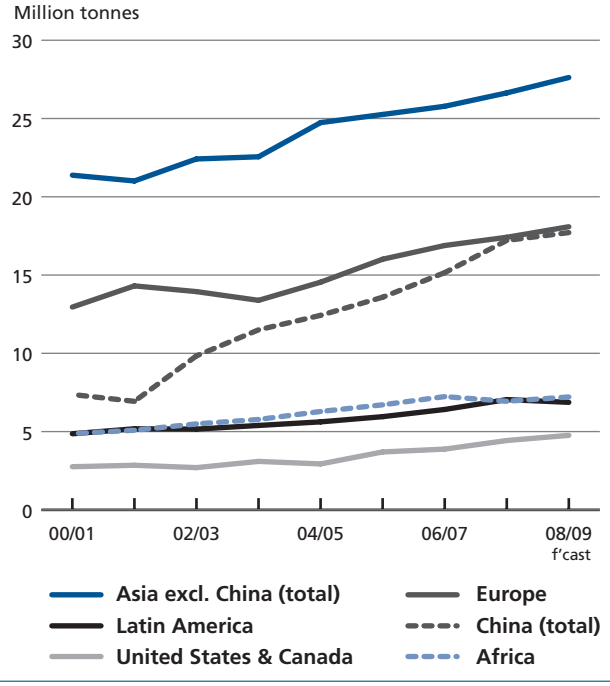
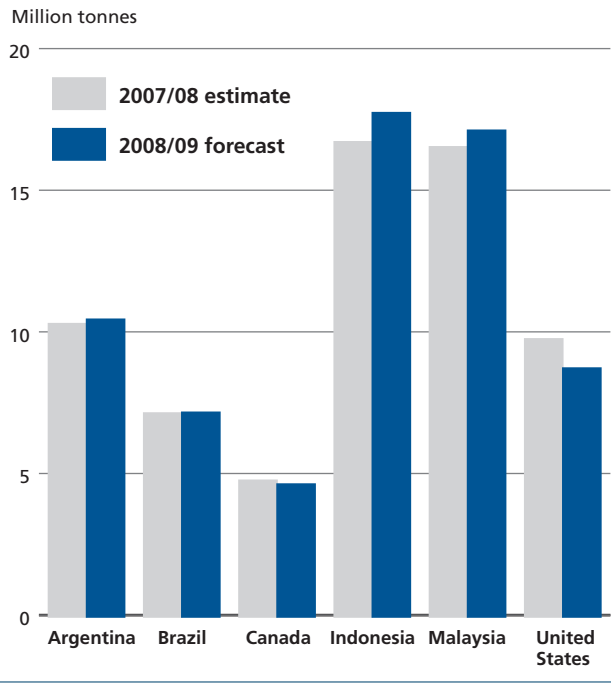


Figure 32. Oil/fat exports by major exporters (including the oil contained in seed exports)



MEALS AND CAKES[5]

Rise in world meal/cake supplies limited by low opening stocks

The anticipated expansion in global oilseed production, which applies in particular to soybeans, should translate into an above average rise in world meal output in 2008/09. After last season's unprecedented drop, global output is estimated to expand by over 16 million tonnes or 7 percent. Growth rates for individual meals will span from about 11 percent for rape and sunflowerseed, to 7 percent for soybean and -3 percent for cottonseed. New records may be set in all main producing countries, with the exception of the China and the United States. In the **United States**, where soybean output fell sharply last season, an only partial recovery in production is likely. By contrast, ***South America***'s soymeal output should exceed last season's record, although year-on-year growth could be low compared with recent years. As to global meal supplies (i.e. 2007/08 ending stocks plus 2008/09 production), growth should be limited to 3 percent, due to the sharply reduced opening stocks. Although fairing better than last season, global supplies are expected to grow less than in previous years.

Growth in global meal/cake consumption to remain below average

In 2008/09, global meal consumption is forecast to grow by 2.8 million tonnes (on a protein equivalent weight basis) or almost 3 percent, the same as last year, but less than average. While record high prices have triggered the past slow down in demand, this season, growth could be constrained by improved availability and attractive prices of feed grains. Relatively low livestock numbers in some countries (including the European Union and the United States) and a general reduction in feeding profitability should add to the demand pressure. The weak growth in total meal supplies and the need to replenish inventories could also affect consumption. In ***Asia***, meal consumption is anticipated to expand further, especially in China. But, in the **European Union**, consumption may rise by only 1 percent and in the **United States**, demand is expected to recover only partially from last year's drop. While in Asia and the United States growth continues to be driven by soymeal, in the European Union, rape and sunflowerseed meal should be the main drivers.

[5] 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.

Figure 33. Meals/cakes: Gap between global production and global utilization (in protein equivalent)

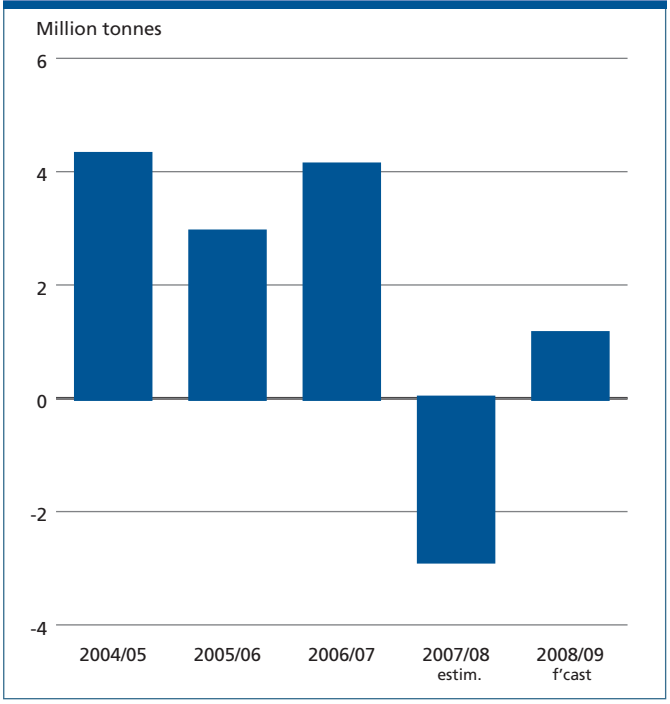
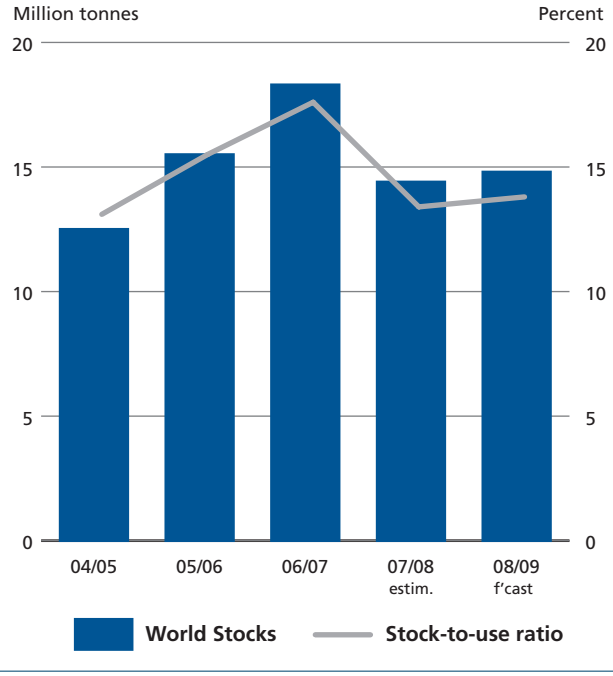


Figure 34. World closing stocks and stock-to-use ratio of meals/cakes (in protein equivalent and including the meal contained in seeds stored)



Only minor improvement expected in the meal/cake stock-to-use ratio

After last season's exceptional decline in global meal output and the resulting steep drop in stocks, in 2008/09, meal inventories are estimated to recover by no more than 3 percent (measured in protein equivalent weight and comprising the meal equivalent contained in stored seeds). Behind the low replenishment rate is the moderate rise in meal production *vis-à-vis* consumption. Meal output is forecast to exceed consumption by 1.1 million tonnes or 1 percent only, compared with rates of 3-5 percent in recent years. Also the comparison of global supplies with global consumption confirms that meal markets would likely remain tight in 2008/09. This situation applies in particular to the soymeal market, where, in spite of the anticipated 7 percent rise in output, global inventories may remain virtually unchanged. At the country level, the small stock increase expected in **China** and the **United States** could well be offset by inventory cuts in Brazil and the **European Union**. Overall, the anticipated consumption and stock changes translate into a minor improvement in the global stock-to-use ratio. Considering that the ratio may remain well below average, the recent decrease in international oilseed and oilmeal prices may come to an end, allowing prices to stabilize or even strengthen slightly.

Expansion in world meals/cakes trade may come to a halt

After four consecutive seasons of healthy growth, global trade in meals/cakes (including the meal equivalent contained in oilseeds traded) is forecast to remain virtually unchanged from last season. Increased transactions in rape, sunflower and palmkernel meal should be offset by an unusual drop in soymeal trade (including meal from beans), mainly on account of sharply reduced shipments from the **United States**. In 2007/08, United States exports grew in spite of a poor harvest thanks to a steep draw down in inventories. This season, however, a below average crop, firm domestic consumption and the need to replenish stocks are anticipated to force down United States' soymeal exports (including meal from beans) by more than 10 percent. Also in **Brazil** export availabilities may be constrained by rising domestic demand. **Argentina**, by contrast, should be in the position to step up its exports: soymeal shipments alone could climb to a record 29 million tonnes, which would correspond to over half of global exports. **India** and **Paraguay** are affirming themselves as emerging suppliers of soy-based meals, while **Ukraine** is becoming an important source for rape and sunseed meal, partly taking over market shares from other countries such as **Canada**.

Figure 35. Total meal/cake imports by region or major country (including the meal contained in seed imports)

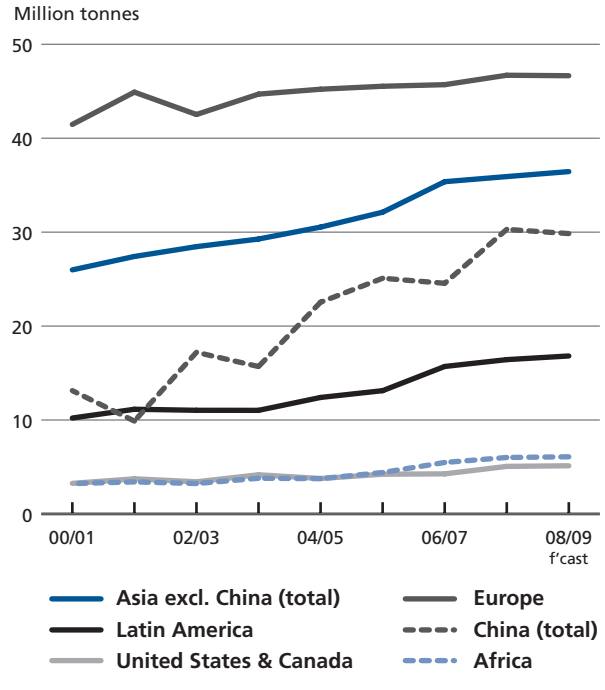
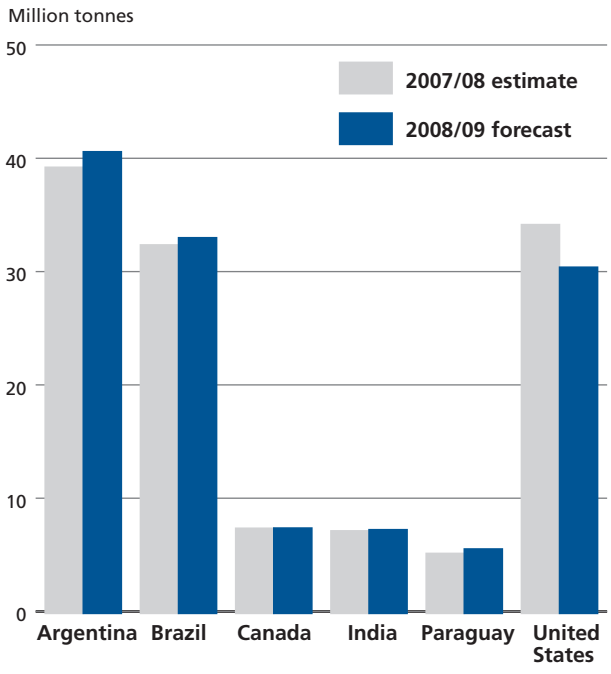


Figure 36. Meal/cake exports by major exporters (including the meal contained in seed



With respect to meal imports (including the meal equivalent contained in oilseeds traded), shipments to **China** and the **European Union**, which together account for over half of global import demand, are both poised to drop somewhat, thanks to a good outturn in domestic oilcrop production. Purchases by other Asian buyers, whose demand is largely satisfied via imports, should continue to rise, though less than last season, because of subdued growth in domestic demand. Interestingly, in **Argentina**, the world's leading exporter of soybean meal, imports of soybeans are forecast to grow further, as the country is purchasing soybeans from neighbouring nations to boost even more its meal shipments.

SUGAR

PRICES

Improved supply and demand balance prospects may provide some support to prices

International sugar prices[6] followed a steady upward trend between May 2008 and August 2008, mostly in anticipation of a significant shortfall in the major producing countries of Brazil and India. But, since September, prices have been falling, as indications now suggest relatively better harvests in those countries than previously expected. The International Sugar Agreement (ISA) daily price for raw sugar, which reached US 12.07 cents per pound in May, increased to US 14.23 cents per pound in July and to US 14.61 cents per pound in August, before declining to US 13.53 cents per pound in September. For the first nine months (January-September) of 2008, prices averaged US 13.09 cents per pound[7], some 31 percent higher than the corresponding period in 2007. In 2008/09, sugar production is forecast to be lower than consumption for the first time since 2004/05, contributing to a reduction in stocks, which accumulated to record levels over the past two seasons. As a result, international sugar prices could start recovering later in the season.

PRODUCTION[8]

World sugar output set to decline in 2008/09 as resources shift to other crops

FAO's latest forecast for world sugar production in 2008/09 stands at 161 million tonnes, down 5.2 percent from 2007/08. The shortfall in production is attributed to a global decline in planted area, as many producers switched to alternative crops, such as maize and soybeans, led by expectations of better returns as a consequence of their high prices in early 2008. The largest contractions are expected in the **European Union**, **India** and **Pakistan,** with smaller decreases foreseen in **Australia,** the **Russian Federation** and the **United States**. While the decline in the **European Union** is mainly policy driven, namely through the implementation of the third phase of the quota-reduction scheme, in other cases, it reflects unfavourable growing conditions and/or reduced sugar plantings in favour of relatively more profitable crops. Overall, both developed and developing countries will be equally responsible for the decline in world output.

A CHANGING MACROECONOMIC ENVIRONMENT

A global economic downturn stemming from the financial crisis and changes in wider economy could be felt on the world sugar market in at least three ways. The first is a reduction in import demand for industrial use of sugar, which is the market segment that is more sensitive to income changes. Household consumption, on the other hand, is expected to be affected only moderately because sugar consumption is relatively insensitive to changes in prices and incomes. As the industrial use of sugar accounts for the largest share of demand, and if the contraction in the world economy is more severe than expected, demand for sugar could turn out below current forecast levels. The second relates to changes in countries' export competitiveness as currencies depreciate against the United States Dollar. Already, major sugar exporters, such as Australia, Brazil and Thailand, have seen their currencies weaken over the past few months, which should boost sugar exports. Finally, if the downward trend in crude oil prices continues, demand for ethanol may fall, encouraging millers to process more sugar cane into sugar and less into ethanol. This shift would boost overall export availability in sugar, particularly in Brazil, the world's largest ethanol and sugar exporter. Therefore a decrease in sugar import demand combined with an increase in export availability would lead to a substantial decline in international sugar prices.

[6] International sugar prices are based on the International Sugar Agreement (ISA), produced by the International Sugar Organization (ISO), and computed as a simple average of the close quotes for the first three future positions of the Intercontinental Exchange Sugar Contract No. 11.

[7] USD 288.6 per tonne.

[8] 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 37. International Sugar Agreement (ISA)

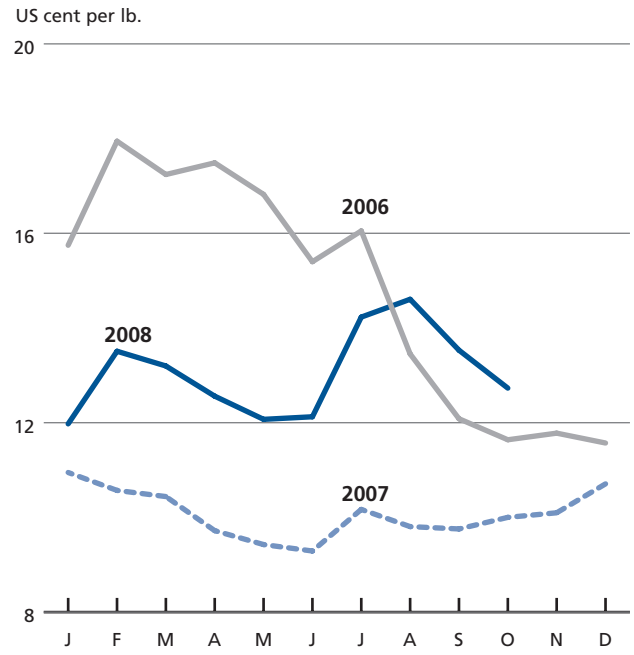


Table 10. World production **and consumption of sugar**

	2006/07	2007/08 estim.	2008/09 f'cast	Change: 2008/09 over 2007/08
		million tonnes		%
WORLD BALANCE				
Production	**166.1**	**169.8**	**160.9**	**-5.2**
Trade	**46.7**	**45.3**	**47.6**	**5.0**
Utilization	**154.0**	**159.6**	**163.0**	**2.2**
Ending stocks	**71.4**	**78.1**	**76.5**	**-2.0**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World *(kg/year)*	22.5	23.1	23.4	1.3
LIFDC *(Kg/year)*	12.9	13.4	13.7	1.8
World stock-to-use ratio (%)	46.4	48.9	46.9	-4.1

ISA Daily Price Average (US cents/lb)	2006	2007	2008	Change: Jan-Oct 2008 over Jan-Oct 2007 %
	14.77	10.08	12.73*	27

Jan-Oct 2008

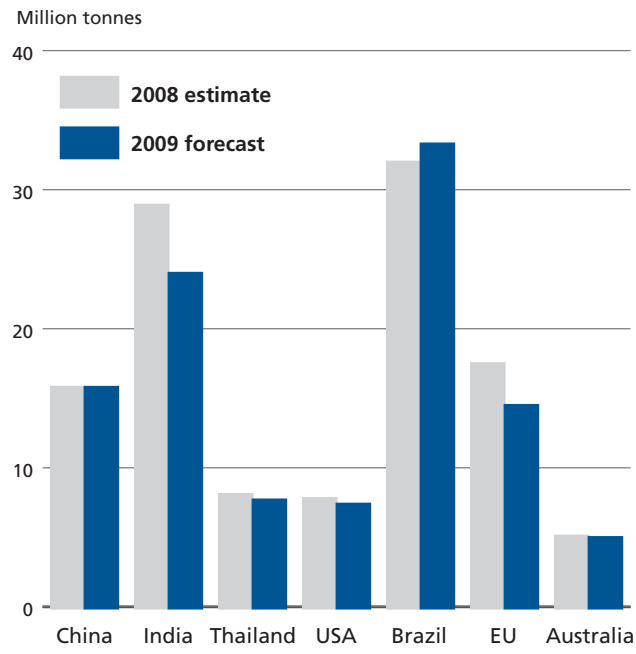
In the ***Latin America and Caribbean*** region, the production outlook in **Brazil** continues to be positive, with output expected at 33.2 million tonnes in 2008/09, corresponding to a 4.1 percent, or 1.3 million tonnes, increase over 2007/08 levels. However, heavy rains in April and May delayed harvesting operations and had a negative impact on yields, which are expected to be 1.6 percent below last's year level. As a result, Brazil's harvest season is likely to proceed through to December, a month later than normal. It is estimated that about 59 percent of Brazil's 2008/09 sugar cane harvest will be processed into cane-based ethanol, buoyed by strong domestic demand. This compares with a 50 percent share back in 2006/07. Sugar production is also expected to rise in **Argentina**, reflecting a return to normal weather conditions, after last year's coldest winter in 20 years that affected yields. The Government is going ahead with plans to expand the country's ethanol industry, hence creating additional demand for sugar cane but also potentially hampering the growth in the non-energy sugar sector. Strong output is expected in **Peru**, as large investment entered the sector to cater for domestic consumption and the export market, while sugar output in **Colombia** should remain relatively unchanged from 2007/08, as an increasing share of the country's cane harvest is diverted for ethanol production.

In **Mexico**, sugar production should reach 5.7 million tonnes, slightly lower than last season. The expected decline in output has been attributed to poor crop husbandry practices and a lack of fertilizer application. As such, production should be just enough to cover expected domestic consumption. While the determination of a reference price for sugar cane payments has always been a source of discord between growers and mills, the recent implementation of an ambitious plan to revamp the sugar sector should help towards building consensus and modernizing the country's production systems. Sugar output is to expand also in **Guatemala**, the second largest sugar exporter in the region, as a result of increased plantings. Typically, area response in the country depends on administrated sugar cane prices and the relative profitability of alternative crops such as bananas and palm.

In **Cuba**, sugar output is officially forecast to increase to 1.8 million tonnes, which if realized would be 300 000 tonnes more than in 2007/08. This estimate might need to be revised downward in the course of the season, depending on the assessment of damages caused by hurricanes Ike and Gustav, which hit the country in September. Over the past two years, the sector has benefited from large investments following a period of downsizing which spanned from 2003 to 2005.

Aggregate sugar production in ***Africa*** is set to reach 11.1 million tonnes in 2008/09, 200 000 tonnes or 2 percent above the previous year. Output in the region has been on the rise for the past five years, at about 2 percent on

Figure 38. Sugar production by major producing countries



average per annum. Expansion is largely attributed to strong domestic consumption, driven by growth in population, per capita income and government support. The prospect of gaining duty and quota-free access to the **European Union** market as of October 2009 under the Everything-But Arms Initiative, has enabled major expansion plans to be launched in many least developed African countries (LDCs). In addition, non-LDCs in Africa that belong to the African, Caribbean and Pacific Group of States (ACP) are set to gain free access to the **European Union** after 2015, under the Economic Partnership Agreements (EPAs) of the European Union. The EPAs will replace the trade chapters of the 2000 Cotonou Agreement, which has regulated sugar trade between both parties. These trade agreements are expected to boost the future growth in the sugar sector, especially for those least-cost producers. In **South Africa**, the largest sugar producer of the continent, sugar production is forecast at 2.6 million tonnes in 2008/09, up 5 percent from 2007/08, on account of good weather in the main growing areas resulting in better yield prospects. Growers must, however, deal with rising fertilizer costs, which have gone up by 100 percent on average since 2007/08. High input costs may threaten production in the future, especially if prices paid to growers do not adjust accordingly. The outlook for sugar production in **Egypt** is positive, where output should reach 1.9 million tonnes, 1.4 percent more than the last season. The country produces about two-thirds of its sugar from sugar cane, while the balance is met from beet processing. The Government of Egypt has promoted the expansion of beet production which is more water efficient than cane. The area sown to beet reached about 68 000 hectares in 2007, but large investments in beet processing capacity were announced that should raise beet area and sugar production within the next two years. Production in the **Sudan** is estimated at 900 000 tonnes, up 3.5 percent from 2007/08, due to favourable weather conditions and conducive public support. There are plans to expand production to 10 million tonnes by 2015, with foreign direct investment from Gulf states. Expected gains are also foreseen in **Kenya**, where the major challenge facing the country's sugar sector is the ability to compete with cost efficient sugar producers within the Common Market for Eastern and Southern Africa (COMESA). Production costs in Kenya are still considered among the highest in the continent and output may decline in the years following full liberalization of the market, scheduled after 2012, unless much needed reforms are implemented to upgrade the industry. Increases in sugar output are also forecast in 2008/09 for **Mozambique** (310 000 tonnes) and **the United Republic of Tanzania** (355 000 tonnes), where rehabilitation and expansion programmes are underway to take advantage of improved market access to the European Union. In **Zimbabwe**, sugar production is set to remain at about the same level as last season, but may be revised downward, as the industry is reported to face labour shortages in the cane growing areas.

The outlook for sugar production in ***Asia*** indicates a significant decline from the levels attained in 2007/08, due to sharp reductions in **India** and **Pakistan**. Sugar output in the former country is now expected to reach 24 million tonnes, corresponding to a 17 percent drop from last year, following irregular rainfall and a shift of land allocation in favour of grains and oilseeds. Overall production is now anticipated to fall short of expected consumption for the first time since 2004/05. This should contribute towards the reduction of stocks accumulated over recent years and give support to domestic prices. In an effort to prevent production from dropping further next year, the Government has recently recommended that the statutory minimum price (SMP) for sugar cane be raised by 54 percent for the 2009/10 season. Similarly, sugar production in **Pakistan** is anticipated to decrease as drought conditions led to a reduction in planted area. In **Thailand**, early official estimates indicated that production may fall by as much as 5 percent in 2008/09, as many growers had reportedly switched to other crops such as cassava, whose demand as an energy feedstock by the country's ethanol sector is expected to soar. However, favourable growing conditions could boost yield prospects

resulting in a production outcome similar to last year's level or slightly higher. In the rest of the region, an expansion is foreseen in **Indonesia** and **Turkey,** while production in **China** should hover around last year's level despite the potential negative effect of a sudden cold weather spell that hit the southern sugar growing regions of the country.

In ***Europe***, sugar output in the **European Union** is expected to contract to 14.4 million tonnes, after reaching 17.4 million tonnes in 2007/08. Under the reform of its sugar regime, which began in 2006/07, the **European Union** aims to cut sugar production by 6 million tonnes over the four years of the restructuring programme. For the 2008/09 season, producers sold back 3.3 million tonnes of quota sugar to the European Commission, after renouncing 0.71 million tonnes last year and 1.47 million tonnes in the first year of the reform. The Commission is on track to meeting the proposed reduction of sugar output without having to make compulsory quota cuts by 2010, as it had previously stated. Production is set to decline in the **Russian Federation** by 4 percent, as a result of a sharp drop in the area under beet. The industry will benefit once more this year from increased external protection, under a seasonal import tax of USD 220 per tonne, which spans six months beginning in December 2008. Sugar output is also expected to fall in **Ukraine**, where farmers cut the area sown to beet and turn instead to grains and sunflower seeds. In the ***rest of the world,*** sugar production in the **United States** is forecast below the 2007/08 level, following an 18 percent drop in sugar beet area, reflecting a shift to other crops. In **Australia** unfavourable weather conditions could depress output to 4.9 million tonnes, down 3 percent from 2007/08.

UTILIZATION

Developing countries behind the growth in sugar consumption

World sugar consumption in 2008/09 is forecast to rise to 163 million tonnes, which corresponds to a 2.2 percent increase over 2007/08. Consumption is estimated to exceed production by as much as 2.1 million tonnes, contributing to a reduction in global inventories that have overhung the market since 2005/06. The ratio of sugar stocks to consumption is now forecast at 47 percent, down from the high of 49 percent in 2007/08. The global expansion in consumption is being driven by rising per caput income in the developing countries, led by countries in Asia, Africa and Latin America and the Caribbean. On average, per caput sugar availability is estimated to increase from 23.1 kg in 2007/08 to 23.4 kg in 2008/09. Current price relationships are also expected to induce some shifts away from high fructose corn syrup (HFCS) into sugar, given high maize prices. However, the latest downward trend in grain prices, if sustained, could contribute to some shift back to HFCS.

Sugar consumption in developing countries is foreseen to grow by 2.8 percent to 113.9 million tonnes, underpinned by increases in per caput income and population growth. Sugar consumption in **India**, the largest sugar consuming country in the world, is set to reach 25.5 million tonnes, up from 24.6 million in 2007/08, buoyed by relatively low prices and still strong economic growth. Also, year-on-year offtake is expected to increase in **China**, due to rising per caput income, strong demand from the food and beverages sectors, and high prices of alternative sweeteners. Sugar consumption is also forecast to rise in **Brazil** and **Mexico** where utilization is estimated at 12.0 million tonnes and 5.7 million tonnes, respectively. Consumption is forecast relatively unchanged in developed countries, notably in **Australia**, **Japan** and the **European Union,** given already high per caput usage, of nearly 36 kg per annum, and slowing population growth. Relatively higher growth is anticipated in the **United States**, reflecting greater use of sugar in food and beverage processing.

TRADE

World import demand to increase

World sugar imports are forecast to fluctuate around 47.6 million tonnes in 2008/09 (October/September), 5 percent more than the 2007/08 estimate, driven largely by the need of those countries that face a production shortfall to import more. Much of the increase would be on account of the **European Union**, **Indonesia** and **Pakistan.** The main feature of the trade outlook for 2008/09 is the prospect of the **European Union** turning into a net-sugar importer, as production declines in line with the reform of the domestic sugar industry. Official imports are now set at 4.9 million tonnes, 53.6 percent, or 1.7 million tonnes, more than last season. The question is how these imports would be sourced, considering the prohibitive import tariffs that exist and the limited possibility that EBA countries could export beyond their current capacity. Elsewhere in Europe, imports by the **Russian Federation**, the largest sugar importer in 2007/08, are expected to increase by 100 000 tonnes to 3.4 million tonnes, on account of lower production. Imports by the country have been less than in the previous year, owing to an exceptionally high import duty of USD 240 per tonne. In Asia, purchases by **Indonesia**, **Pakistan** and **Turkey** are foreseen to increase, mainly on account of either strong domestic demand or a drop in production. Preliminary forecasts indicate that **China** may import about 400 000 tonnes, about 100 000 tonnes

Figure 39. Share of sugarcane allocated to ethanol in Brazil

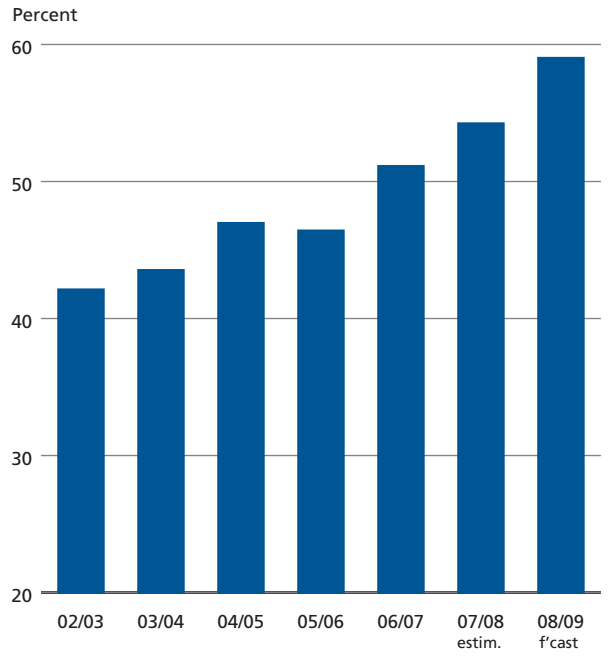
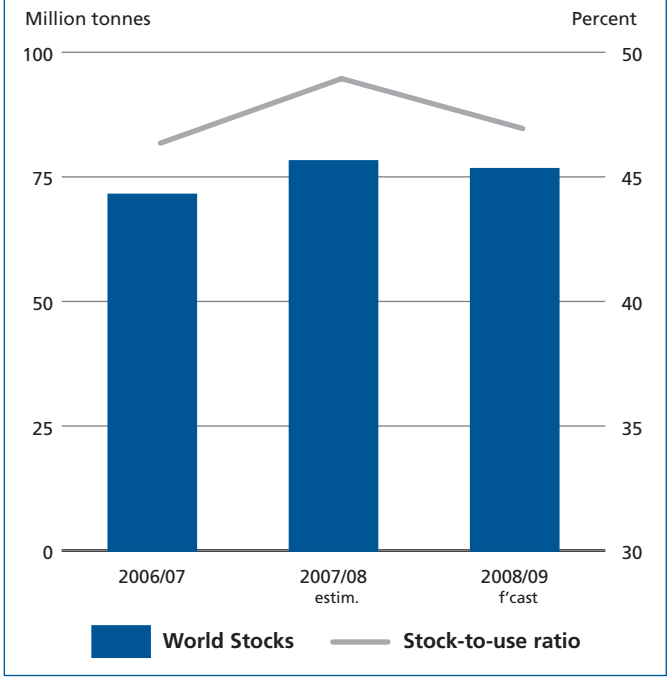


Figure 40. Sugar closing stocks and stock-to-use ratio



more than last season, which is significantly below what the country has purchased on average over the past five years, as production in the country continues to expand. In the rest of the world, deliveries to the **United States** are forecast at 2 million tonnes, a 3 percent increase over the previous year. Additional imports may be required in the course of the season to rebuild reserves, as the current stock level is relatively low. Imports by countries in Africa are foreseen to expand by around 1 percent to 9.3 million tonnes, much lower than previously envisaged, as locally produced supplies could deter imports.

As a result of shortages, exports by the major exporting countries are anticipated to decrease to some extent in 2008/09. However, given large global stocks, the decline should be limited to about 4 percent. **Brazil**, the world's largest exporter, should be among those to benefit most from a generally tighter trade market. Indeed, the country could boost its shipments by 9 percent to 20.8 million tonnes, following a contraction in 2007/08. The drop in Brazilian sugar exports last year reflected storage competition in world markets, particularly after the return of India as a net-sugar exporter. Overall exports from ***Asia*** are foreseen to fall by 21 percent to 10.6 million tonnes in 2008/09. The contraction is mostly due to an anticipated sharp decline in exports by **India**, from 2.7 million tonnes in 2007/08 to about 200 000 tonnes, stemming from an expected production shortfall. Reports indicated that last year India had gained market share in Asia at the expense of Brazil, owing to competitive pricing resulting from a cost-freight advantage. In line with the expected drop in output, sales from **Thailand**, mostly routed to neighbouring importing countries, could decline by 7 percent to about 4.6 million tonnes. For the major exporters, the prospect of improved import demand could lead to some reduction in the large stocks of sugar carried over in 2008/09.

MEAT AND MEAT PRODUCTS

PRICES

Prices strength showed signs of abating in September 2008

The FAO International Price Index of Meat Products has risen steadily from January to August 2008, when it stood 18 percent above its August 2007 level, reflecting a combination of firm demand and globally stagnant supplies. However, in September, prices started to show signs of weakening, amidst large supplies from increasing animal slaughtering and a faltering demand, particularly in developed countries. The September decline in prices is expected to continue over the coming months.

Figure 41. FAO international price index for meat products (1998-2000=100)

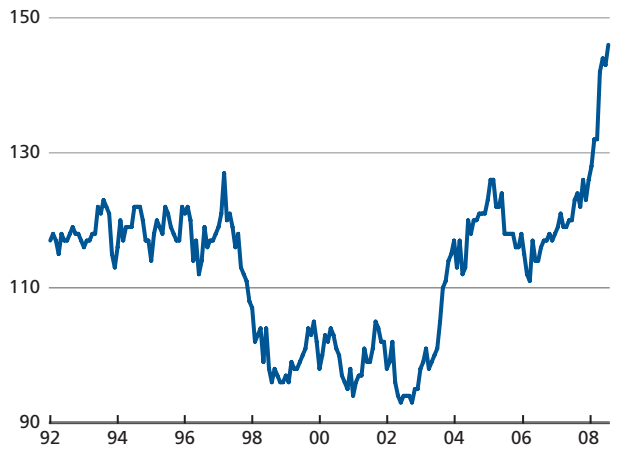
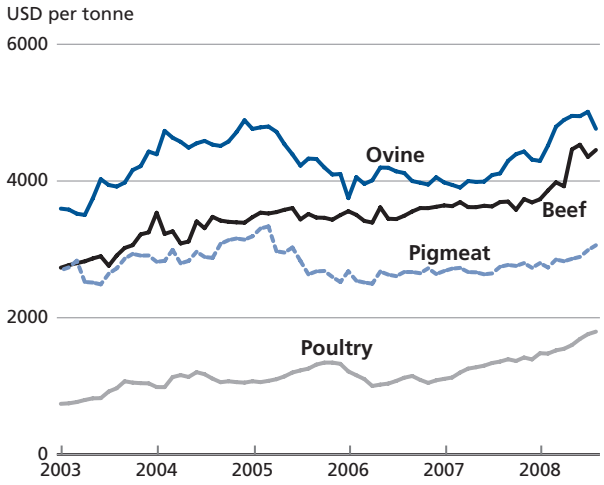


Figure 42. Prices of selected meat products



World meat prices have generally followed an upward trend between January and August 2008, as rising feed costs and firm consumer demand pushed the product prices upwards. The rise was particularly marked in the case of poultry meat and to a smaller extent, ovine, bovine and pigmeat. Based on their indices, poultry meat prices have risen by 21 percent since January, followed by bovine, ovine meat and pigmeat, which have gained 19 percent, 11 and 9 percent, respectively, over the same period.

Price prospects in the coming months point downwards. On the one hand, the sharp fall in cereal and meal prices are likely to translate in falling feed costs for livestock producers, particularly favouring the intensive poultry and pigmeat production systems. On the other hand, prospects for a general economic slowdown may have strong depressing effects on consumer meat demand and favour a shift of consumers towards poultry, which remains the cheapest source of meat protein. In the short term, the economic slowdown and cheaper feedstuffs could well result in an accelerating fall in meat prices.

BOVINE MEAT

Bovine meat output to remain close to last year's level, sustained by output gains in developing countries

Global bovine meat production in 2009 is forecast around 65.4 million tonnes, a slight recovery from 2008. The developing countries are expected to record a 1 percent increase in production, offsetting a likely reduction in the developed countries. Production is expected to rise in Africa and Central America, reflecting larger slaughter numbers, often associated with a shift of grazing land into crop cultivated areas. In North America, output is foreseen to decrease somewhat in the **United States** and drop sharply in **Canada** where cattle numbers have been cut significantly as herd liquidation there began in early 2008. Among countries in Latin America and the Caribbean, **Mexico's** bovine meat production may increase by 1 percent in 2009, reflecting larger opening cattle inventories, and by 2 percent in **Brazil**, sustained by a strong domestic market and improved export prospects; the European Union recently recognized some major beef producing Brazilian states as free of FMD and lifted the import ban that had been in place since 2005. A decline of 1 percent is anticipated for **Argentinean** beef output, where cattle stocks have been downsized, together with a conversion of pastures into croplands. In Asia, slow growth in beef production is expected to continue, largely to meet the needs of an expanding population. Throughout 2008, production in China was impacted by natural disasters and animal disease outbreaks which left cattle producers reluctant to expand their herds. Barring any recurrence of such problems in 2009, production may rebound somewhat in the country, although not sufficiently to ensure full recovery to 2007 levels. Little change in production is currently forecast in the rest of the region. In Europe, high beef and dairy prices in the **European Union** have helped maintain cattle herds, which is expected to keep production in 2009 close to 2008 level. A decrease in bovine meat output of 1 and 3 percent, respectively is anticipated in **Australia** and **New Zealand**, as producers retain cows and heifers to rebuild herds.

Table 11. World meat **markets at a glance**

	2007	2008 estim.	2009 f'cast	Change: 2009 over 2008
	million tonnes			%
WORLD BALANCE				
Production	**278.5**	**277.8**	**280.7**	**1.0**
Bovine meat	66.4	65.1	65.4	0.4
Poultry meat	89.0	92.3	94.6	2.5
Pigmeat	103.6	100.8	101.0	0.2
Ovine meat	14.0	14.1	14.2	0.5
Trade	**22.8**	**23.9**	**24.5**	**2.5**
Bovine meat	7.0	6.7	7.0	4.3
Poultry	9.6	10.3	10.6	2.3
Pigmeat	5.1	5.7	5.8	1.5
Ovine meat	0.9	0.8	0.8	-1.7
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World *(kg/year)*	42.1	41.6	41.6	-0.1
Developed *(Kg/year)*	82.3	82.3	82.0	-0.3
Developing *(kg/year)*	31.2	30.6	30.8	0.5
FAO meat price index (1998-2000=100)	**2006**	**2007**	**2008**	**Change: Jan-Sep 2008 over Jan-Sep 2007 %**
	114	120	137*	15

* Jan-Sep 2008

Trade in bovine meat is forecast to expand by 4 percent to 7 million tonnes in 2009. The rise is predominately due to the repeal of the **European Union's** beef import ban on regions of Brazil, which is expected to foster increased deliveries to member countries. **Chilean** and **Russian Federation** beef imports are also set to increase, as domestic demand remains strong while the local industry does not appear in a position to expand production in the short term. With the current economic slowdown in western economies, consumers are expected to alter their meat consumption patterns towards less expensive products. Therefore, **Canada**, **Mexico** and the **United States** may step up their purchases from abroad, particularly of low-valued beef cut from Australia and New Zealand. Little change in imports is currently anticipated for the other major beef meat destinations.

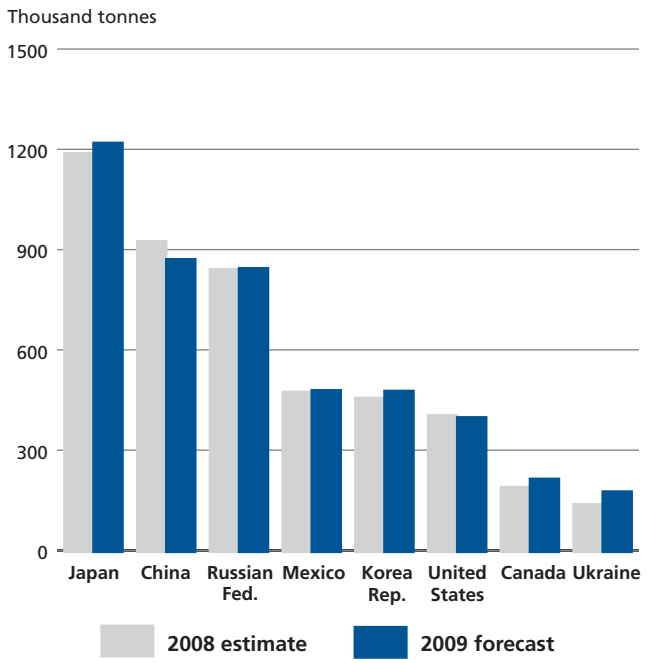
On the export side, shipments from the **United States** are expected to increase in 2009, although the recent currency appreciation may limit the expansion. Sales from **Argentina** are forecast to decline for the third consecutive year, reflecting the depressing effects of the tax on beef exports in place since 2007. **Uruguay's** exports look set to continue to benefit from Argentina's beef export restrictions and expand by 7 percent in 2009. However, this is still subject to much uncertainty, as the unconfirmed resurgence of FMD in the country's herds may hamper such prospects. Beef exports from **Canada** and **Mexico** are likely to be affected by new labelling requirements in the United States, their major beef market, applicable as of September 2008. The implications of the Country of Origins Labelling (COOL) requirements in the United States remain unclear, especially as meat processors may resort to multiple country labels to avoid the additional expense of segregating livestock.

PIGMEAT

Restructuring of the pigmeat sector should result in tight supplies in 2009

Global pigmeat production in 2009 is forecast to increase marginally above the 2008 level, to 101 million tonnes, as much of the gains expected in Asia may be offset by a contraction in North America. In Asia, a modest expansion is expected in **China**, despite natural disasters and disease problems that affected the sector in 2007 and 2008. Output is also anticipated to expand in the **Republic of Korea**, the **Philippines** and **Viet Nam** in response to heightened domestic demand. In many other countries, including **Japan**, high feed costs in much of 2008 have triggered a downsizing in the breeding herd, which is to limit the potential for expansion in 2009. In Latin America and the Caribbean, production in **Brazil**, is set to expand by more than 3 percent, as an anticipated bumper harvest of feed crops could drive pigmeat production costs lower in 2009. Moreover, the World Organisation for Animal Health (OIE) recently declared the highly vertically integrated, pig producing states of Brazil, free of FMD. This new status is expected to boost pigmeat demand both domestically and for export, stimulating an increase in production. Large feed availability could also boost pigmeat production in **Argentina** and **Chile**. In Europe, the **Russian Federation** may experience a 7 percent growth in 2009, reflecting government support and policies aimed at boosting quality and domestic production to lessen dependency on imports. Reduced pig inventories in the **European Union** are behind a stagnating production outlook. By contrast, **Ukraine** may undergo a sharp contraction, following the industry response to more expensive feeds. Falling returns in North America, which triggered a downsizing of pig herds, may also result in falling output especially in **Canada**, but also in the **United States**.

Figure 43. Major importers of pigmeat



The world trade of pigmeat is estimated to remain in the order of 5.8 million tonnes in 2009. Imports by **Ukraine** are expected to rise by 28 percent compared with 2008, to compensate for a decline in domestic supplies. Larger purchases are also expected to be made by **Japan,** to meet growing domestic demand and offset a reduction in domestic production, and by the **Republic of Korea**. Deliveries to this country are likely to be facilitated by the recent Korean-Chile Free Trade Agreement (FTA), which has led to a reduction of the Republic of Korea's import duties on Chilean products. Pigmeat imports by **Canada,** most of which originate from the United States, are set to rise by 13 percent. Pigmeat deliveries to the **Russian Federation,** which are still subject to quota restrictions, are expected to remain stable. **China,** which is anticipated to be a major importer in 2008, may cut its purchases in 2009, as production starts recovering. They would, however, remain high, at around 450 000 tonnes.

Brazilian trade negotiations with **China**, **Japan**, the **Republic of Korea** and the **Philippines** coupled with strong demand in those countries for pigmeat should hep Brazil boost pigmeat exports. The **United States**' exports may also increase, sustained by strong import demand from Japan and Mexico. By contrast, exports from **Canada** are now anticipated to decline by 3 percent, depressed by falling import demand from the United States. The **European Union** pork sector has been restructuring in 2008, which should result in both lower supply and lower exports in 2009.

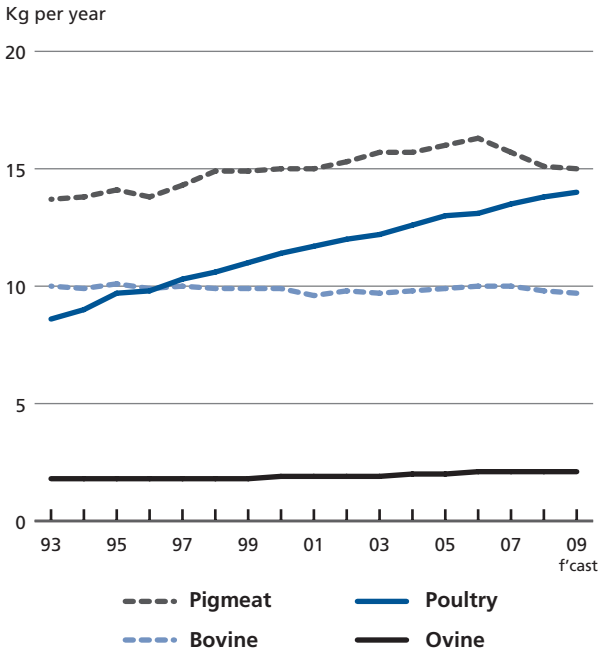
POULTRY MEAT

Poultry meat to gain further market share in 2009

Global poultry meat production in 2009 is projected to rise to 94.6 million tonnes, 3 percent higher than in 2008. Growth is expected in virtually all regions, except for North America. Poultry production in the **United States** is forecast to decrease by 1 percent, in response to poor export prospects in 2009. By contrast, large production gains are anticipated in all the other major producing countries, i.e. **Argentina**, **Brazil**, **Canada**, **China**, **Colombia**, **India**, **Indonesia**, the **Islamic Republic of Iran**, **Malaysia**, **Mexico**, **Russian Federation**, **Thailand** and **Turkey**. Despite the resurgence of avian influenza (AI) in parts of the **European Union**, **India** and the **Republic of Korea**, the poultry production outlook in 2009 remains positive in those countries. The expected rise in **Viet Nam**'s import tariffs on frozen chicken should protect local farmers and boost the sector in 2009.

Competitive prices with respect to other meats and consumer preference for white meat still favour poultry meat. The cost efficiency of poultry can be largely attributed to the relative ability of the birds to convert feed into meat. This

Figure 44. Per capita consumption of meat



implies that high feed prices tends to raise poultry meat unit costs and prices by a smaller extent than is the case of pigmeat or beef from cattle raised in intensive production systems.

Trade in poultry meat for 2009 is forecast to rise by 2 percent to 10.6 million tonnes. Much of the import growth is expected to be driven by **China**, including the **Hong Kong, SAR**, where consumers are substituting broiler meat for higher-priced pigmeat. Increases are also expected in **Japan**, the **Republic of Korea** and the **United Arab Emirates**, to meet growing domestic demand. **Saudi Arabia** is anticipated to record a 6 percent increase, following a recent cut of import tariffs for frozen poultry, aimed at controlling food inflation. Rising demand for leg quarters and mechanically separated chicken by the processing industry is also set to raise imports by **Mexico**. Deliveries to the **European Union**, which has become a net poultry importer since 2007, may rise slightly in 2009. By contrast, they may decline in the **Russian Federation** and in **Ukraine**. In the latter, the contraction may be as high as 27 percent, reflecting a steady expansion in domestic poultry production.

As for poultry meat exports, expectations of falling imports by the Russian Federation and strong competition from Brazilian exports in the markets of China and Japan are dampening the United States' export prospects. Overseas sales from **Brazil** are now anticipated to grow by more then 4 percent, to almost 3.8 million tonnes, given competitive pricing. Despite rising production costs, the **Thailand** broiler industry anticipates that exports of chicken meat will continue to grow by approximately 5 percent in 2009.

SHEEP AND GOAT MEAT

China behind a small increase in global ovine production in 2009

Global ovine meat production is forecast to rise slightly to 14.2 million tonnes in 2009, reflecting mainly a moderate expansion in **China**. Except for Asia, all the other regions may only record marginal increases in production next year. Little change is expected in North American output, in line with stable demand. After two years of very high lamb slaughter numbers in **Australia**, due to poor pasture conditions, fewer lambs will be available for production in 2009. High grain prices also contributed to the decline in the size of the sheep flock, as mixed enterprise operators shifted land from pastures to crops. The size of **New Zealand**'s sheep flock has fallen substantially in the past few years, but the country has managed to maintain or even increase sheepmeat production, by increasing the focus of the industry on meat rather than wool production. Next year, however, the decline in numbers is likely to result in a small contraction of output.

The **European Union**'s production could decline somewhat in 2009, as a result of the decoupling of annual premiums for ewe numbers in major producing countries. In Africa and the Middle East, a few countries were also reported to be reducing the size of their flocks in response to higher crop prices, resulting in temporary increases in production in 2008, which are unlikely to be sustained in 2009. This was the case in **Jordan**, after the Government decided to cut feed subsidies to farmers in 2008.

World trade of sheep and goat meat in 2009 is expected to hover around 830 000 - 850 000 tonnes. Overall, **Australian** sheep meat exports may decline by 7 percent over 2008 due to weaker demand in key export markets, in particular the United States. Shipments from **New Zealand** may also decline somewhat. Among the major ovine meat importers, purchases by the **United States** are forecast to be depressed by poor overall consumer demand. Imports by the **European Union** are expected to stagnate. The European Union, nevertheless, remains the most important destination of trade in ovine meat.

MILK AND MILK PRODUCTS

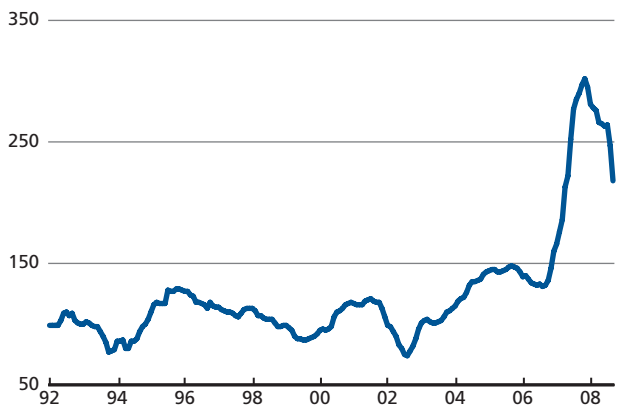
PRICES

How far will prices fall?

By September 2008, the FAO Index of Dairy Product Prices (base 1998-2000=100) had fallen to 218, down almost 28 percent from its all time high of 302 in November 2007. A high degree of price uncertainty was noted in the May Food Outlook, particularly with weather related production problems in the key exporting countries of Australia and New Zealand, which affected their exportable supplies in early 2008. However, by July 2008, international dairy product markets started to weaken. This tendency accelerated as a result of increasing milk product availabilities on the international market, appreciation of the United States Dollar and, in particular, the general downturn of the global economy. The impact of the recent contamination of milk supply in China (see Box) is so far unclear, but it likely contributed to the reduction of demand for milk products. However, it must be noted that dairy product prices still are some 20 percent above their trend average (see Figure 45), and production costs remain high. The important question is how much more they may fall from what has been, by far, the most significant price spike in the recent history of international dairy markets.

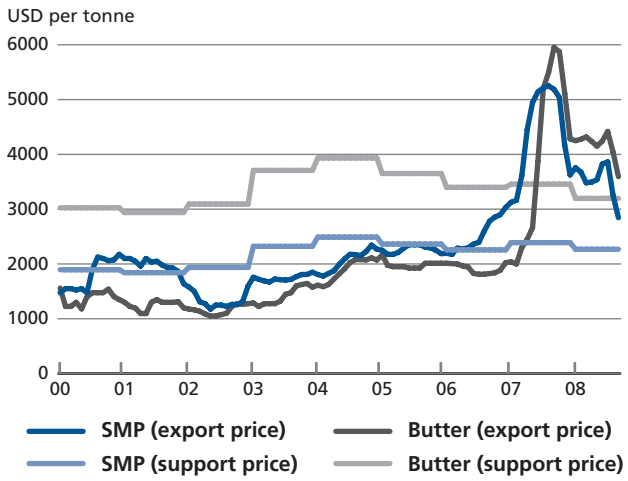
Prices for milk protein products have displayed the greatest weakness. Skim milk powder (SMP) prices (basis

Figure 45. 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.

Figure 46. EU support prices versus export prices of SMP and butter



Oceanic ports) fell to USD 3 025 per tonne in September, 41 percent below their peak in mid 2007, and whole milk powder prices to USD 3 262 per tonne, 34 percent below their previous peak. Meanwhile, butter prices have fallen 19 percent since December 2007 to average USD 3 375 per tonne in September 2008. Cheese prices fell to USD 4 375 per tonne, down 20 percent from their previous record of late 2007. An important issue will be if prices decline much further, as export prices for the European Union may again fall below intervention levels and induce a reinstatement of export subsidies (see Figure 46). Previous experience suggests that if this were to occur, price declines could then accelerate as other exporters try to compete with subsidized product.

PRODUCTION

Global milk production growth slows down

Global milk production is now estimated to expand by 2.2 percent to 693 million tonnes in 2008 and by another 2.5 percent to almost 710 million tonnes in 2009, a far slower pace than in recent years. Growth prospects have been affected by a number of factors as international markets have been responding to the historically high international price levels of the past two years. On balance, prospects for the world's six major milk product exporters, which supply 77 percent of global trade, have improved somewhat in recent months. Their milk production is now expected to amount to 280 million tonnes (or 40 percent of global production) and to grow 1.5 percent in 2009. A recovery in production is now evident in Oceania, as more favourable weather has been experienced since the start of its 2008-09 marketing season. But production growth is slowing in some regions, due to high feed prices and high opportunity costs for pasture. In some areas, new issues have surfaced that may affect consumer demand. In particular, food safety concerns are currently clouding the dairy outlook.

Milk production is now expected to rise by only 3.5 percent in ***Asia***. This reduced rate of growth is largely caused by a sharp slowdown in **China**, where production may only expand in the 5-6 percent range in 2008 and 2009, considerably lower than the 20 percent annual average witnessed in the previous decade. The reduced speed reflects increasing production limits, related to water and feed supplies, as well as the fact that the size of the production base has increased substantially; China is now the world's fourth largest dairy producer. The reduction of production growth in China may be critical in the longer term for world dairy markets. If domestic demand continues its pace, imports could grow significantly. However, the discovery in mid 2008 that melamine had been blended into a significant portion of the Chinese milk supply to enhance the protein content of watered down milk has cast severe doubts over China's dairy sector, including its growing product export potential, but also suppressed consumer confidence worldwide, especially in developing countries. It is unclear at this stage what will be the final effects of the scandal, but certainly, it will result in slower production and demand growth and potentially boost the country's milk product imports from reliable suppliers. Elsewhere in ***Asia***, strong output growth is forecast in the large traditional milk producers: **India** is expected to sustain its normal growth

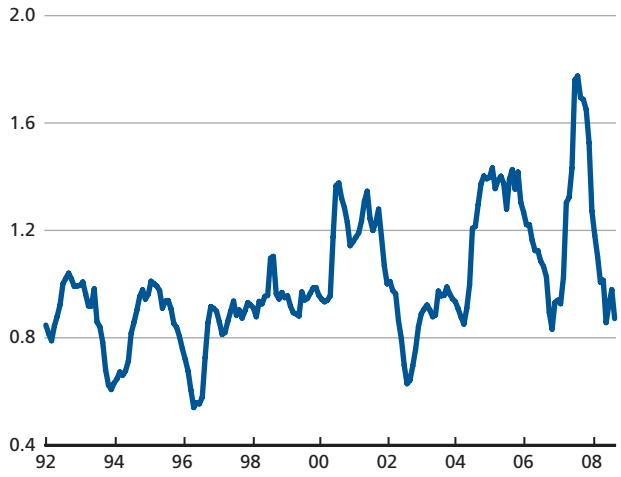
of about 3 percent, while **Pakistan** looks set to increase production by 6 percent in both 2008 and 2009, as high internal prices have stimulated investments in the sector. However, all of Pakistan's increased production will be absorbed domestically.

South America will again be the fastest growing milk production region in 2008. **Argentina's** milk production is expected to increase to 10.3 million tonnes, or by 5 percent in 2008. Production growth has been limited by lower returns due to large export taxes on milk products, whereby taxes are adjusted to maintain lower domestic prices. This policy has induced some milk producers to participate in national strikes and blockades in early 2008. Milk production in **Brazil** may increase to 31.2 million tonnes, or by 8 percent, and this will help widen its net export position for milk products. In milk equivalent terms, Brazil may soon be the second largest exporter in the region, or even the largest if current trends continue over the next several years. Milk production in **Uruguay** is now expected to increase by 1.2 percent in 2008. In other parts of Latin America and the Caribbean, **Mexico**, one of the world's largest importers of milk powders, will post limited milk production gains given high feed costs and a shortage of domestic available feed.

Milk production in ***Africa*** is anticipated to advance 1 percent in 2008, consistently below world average growth, showing weaker supply response to the price spike. **South Africa** should, however, display continued response to higher prices and grow by almost 3 percent in 2008. Production in **Algeria,** which is by far Africa's most significant importer of milk products, is also expected to advance by 3 percent as a result of the support of high prices and programmes designed to encourage production. In **Kenya,** where milk production and distribution was down sharply during the social unrest early in the year, growth has regained momentum and production in 2008 should reach the level attained in 2007.

The **United States'** dairy sector has responded significantly to attractive internal and external prices in the last two years and is expected to post production gains of 2.2 percent in 2008, to a level of just over 86 million tonnes. However, this growth is lower than expected, due to the downturn in profitability experienced so far this year, as indicated by the milk to feed price ratio (see Figure 47). This has limited milk yield growth and have induced higher culling of cows. In addition, the recent appreciation of the United States Dollar has lowered the competitiveness of the United States' industry on international markets compared with the situation of a year ago. In **Canada**, higher feed costs have induced yet higher target prices, and this has limited domestic market growth; production is expected to remain stable at 8.1 million tonnes for 2008.

Figure 47. Ratio of milk product prices to maize prices (1998-2000=1)



In ***Europe***, the **European Union's** milk production increased robustly in the early months of this year, as a result of strong prices in 2007 and as expansion in member countries' production quota, but under tight feed supplies, it started to fall off by mid year. Milk production for 2008 is now expected to total 153.3 million tonnes, about 1 percent higher than in 2007. Production in a number of key producing states has started to adjust to expanded quotas, although high input costs are limiting expansion in other states. Production is expected to gain another 1 percent in 2009, but much will depend on the evolution of prices. Milk production in **Ukraine** is expected to decline again in 2008, to 13.1 million tonnes, down now 7 percent from its peak level in 2002 of 14.1 million tonnes, as problems have plagued the industry in supplying exports to the **Russian Federation**, its largest external market. **Belarus** will expand its production to 6.1 million tonnes, up 4 percent on the previous year. Belarus is still a relatively small milk producer but is emerging as an important regional exporter. Milk production in the **Russian Federation** should increase 1.5 percent to 32.7 million tonnes in 2008. This growth is less than was expected due to high feed costs.

After difficult marketing years in 2007-08, milk production in both **Australia** and **New Zealand** has started to improve significantly. While milk producers in both countries have enjoyed record prices in the past two years despite their significant currency appreciation, weather conditions have limited their production response.

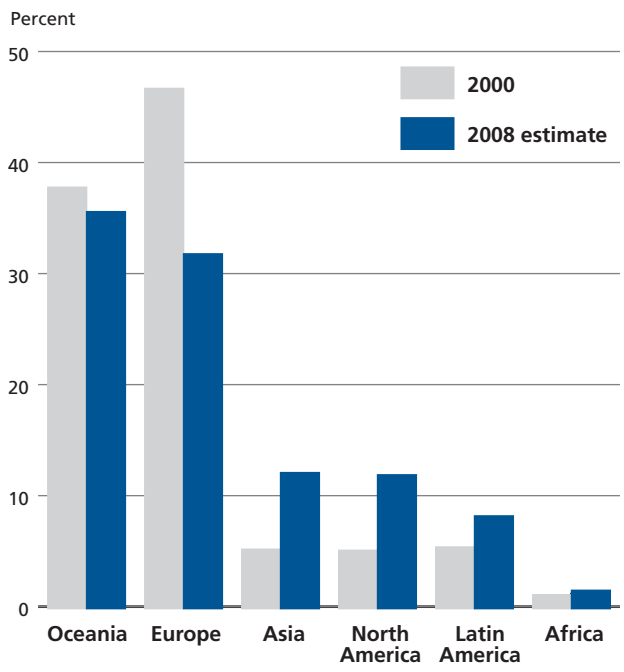
Australia's milk output is now expected to increase to 9.4 million tonnes in marketing year 2008-09 (ending June), the first yearly increase for four years. However, this level is still 19 percent below its peak level achieved in 2001-02. In its 2007/08 marketing year (June-May), milk production in **New Zealand** fell 4.5 percent compared with the previous season. However, improved weather conditions and strong profitability in 2008 are spurring a recovery. As a result, in the 2008-09 season, milk production could increase by 8 percent to 16.2 million tonnes, or 8 percent higher than the previous season, which would help the country restore depleted stocks of dairy products and increase its exportable supplies.

TRADE

Export supplies expand but import demand weakens

Global exports of key milk products, in milk equivalent terms, may reach 40.4 million tonnes in 2008, up almost 3 percent from the previous year. The turnaround in trade is largely due to strong increases in exports from the **United States**, which may grow by over 50 percent, to 4.5 million tonnes. Deliveries from South American countries may rise by 9 percent to 2.9 million tonnes, led by **Argentina** and **Brazil**. Exports from **Oceania** and the **European Union** are anticipated to decline in 2008, but the drops are likely to be more limited than previously expected. Aggregate exports from Asian countries are forecast to fall on account of **China**, which has been barred access to trade partners' markets, following the melamine contamination incident. Global trade in 2009 may rise by another modest 2 percent, largely sustained by increased deliveries from Oceania and from South America. However, prospects for a slowdown of world economic growth are adding considerable uncertainty to the present outlook.

Figure 48. Changing export shares in milk equivalent for 2000 and 2008



Regional trade shares are changing, and this may mark the new emerging structure of the world dairy market. Europe's role as a major source of supplies for trade has diminished significantly, as has that of Oceania, while those of the America's and Asia have grown (see Figure 48). The **United States** may export more than 5 million tonnes of product in milk equivalent in 2009, increasing its trade share to 12 percent, its highest level in recent history. Conversely, the trade share of the **European Union** is set to fall to 21 percent, its lowest level in recent history.

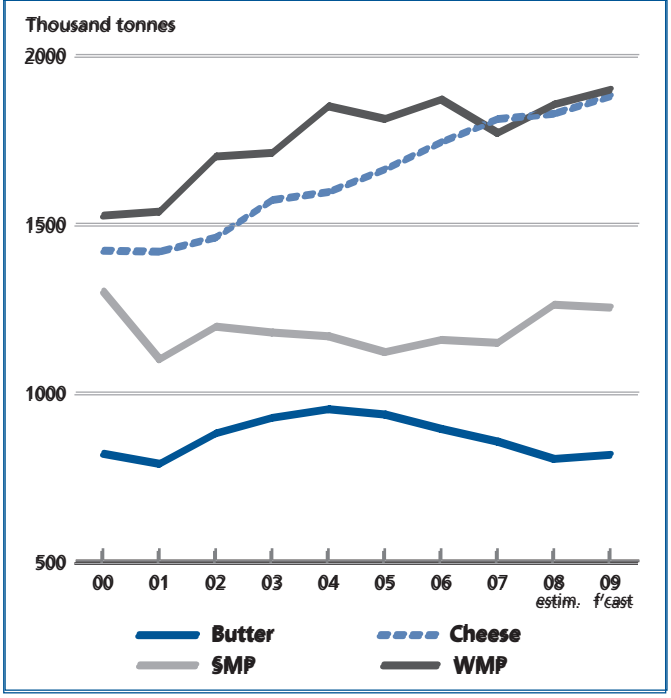
The product mix of trade is changing

Global exports of butter may be in the order of 806 thousand tonnes in 2008, down 6 percent from the previous year. Butter exports from the **European Union** are expected to fall to 150 thousand tonnes, which will be its lowest level in decades; they may fall further in 2009. **New Zealand**'s tight supply of milk and low stock levels in early 2008 could also lead to lower butter shipments this year, but, as milk production increases in the current marketing year, they will likely recover in 2009. Exports from **Belarus** are forecast again to increase, reflecting its mounting surplus, with the bulk destined for the **Russian Federation,** which is the largest importer of butter.

Skim milk powder exports are now expected to rise to 1 263 thousand tonnes in 2008, up almost 10 percent over the previous year, particularly due to increased exports from the **United States,** which have been larger than expected, at record 400 thousand tonnes. Exports from **Australia**, the **European Union** and **New Zealand** are anticipated to decline marginally in 2008, but are higher than previously expected. Imports to both African and Asian countries are expected to increase, stimulated by much lower prices. Imports by **Mexico** are expected to continue at previous levels, given the importance of and support for its social feeding programmes.

Global exports of whole milk powder are expected to rise in 2008, and again in 2009, as global milk supplies expand. Whole milk powder remains the key milk product exported by surplus milk producing regions to growing

Figure 49. Global exports of milk products



developing country markets. **New Zealand**, the largest whole milk powder exporter, is set to increase sales both in 2008 and 2009. But the largest increases will come from the **European Union**, as its milk production increases. Deliveries by **Argentina** and **Australia** are expected to remain near 2007 volumes. **Algeria** and **Venezuela** are the two largest importers of whole milk powder, and while imports in the former have declined considerably, those of the latter have remained firm, despite high prices. Milk production in these two countries has been increasing, under efforts to replace imports.

International cheese trade continues to grow and is by far the highest value market for milk products; exports are expected to reach 1 829 thousand tonnes in 2008, up modestly from 2007 levels. Exports from the **European Union** are expected to fall. While the **United States** has increased its exports of cheese and has reduced its imports during the recent price spike, it is uncertain whether this situation will be sustainable as its dairy sector slows under falling domestic prices and high feed costs. On the import side, most of the growth in trade has occurred within the Russian Federation and the growth of this market will depend on how the country fares in the current economic conditions.

MELAMINE CONTAMINATION OF DAIRY PRODUCTS IN CHINA

On 8 September 2008 the Chinese authorities notified that infant formula sold by the Sanlu Group, one of the largest milk processing companies in China, had been contaminated with melamine. Over the next several weeks, it became apparent that the milk supply had been intentionally contaminated with melamine in order to deceive nitrogen based testing of protein content in milk diluted with water. It appears that the melanine addition had been ongoing for some time and had affected a complete range of milk products, involving some 23 companies, sold for both domestic consumption and export. Four infants have died and over 50 000 have been hospitalized. For more information and updates concerning this incident refer to http://www.who.int/foodsafety/fs_management/infosan_events.

While it is too early to discern the market impacts of the incident, several key parameters may affect the outcome. In the past decade, China's milk production increased in the 20 percent range, annually, enabling China to become the fourth largest dairy producer. Net imports of milk products, however, satisfy currently some 3 percent of demand, and while during the recent high price spike in dairy markets, China's exports increased significantly (see Figure 51), they represent a small percentage of global supply. These facts mean that changes in China's dairy product trade, following the imposition of bans on its exports by trading partners, are unlikely to have major impact either on the domestic or international markets. On the other hand, three critical variables are uncertain. One is how domestic demand in China will respond over time. In the month following the notice of contamination, dairy product demand apparently fell significantly. Will consumers prefer international product imports, or will they shift consumption out of dairy products? Secondly, the domestic supply chain has been seriously affected, in terms of processing supply. Sanlu has been closed down, and dairy products on the shelf have been recalled. International firms, which have assisted in the rapid development of China's dairy industry, have also been affected. These factors may have a bearing on China's longer-term import demand for dairy products and, hence, on international markets. Finally, the incident may affect consumer confidence internationally, especially in developing markets where inspection systems may be less vigilant; this incident may therefore lower global demand for dairy products. The recent high price spike for milk products may have increased incentives for delivering diluted milk to market, without sufficient inspection systems to assure safety and quality.

Figure 50. Growth in milk production in China

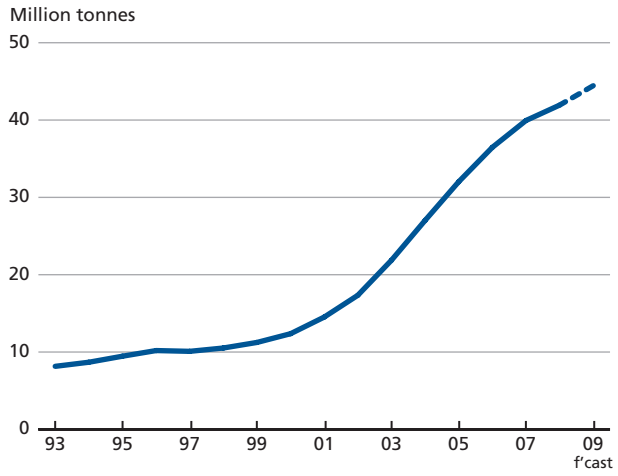
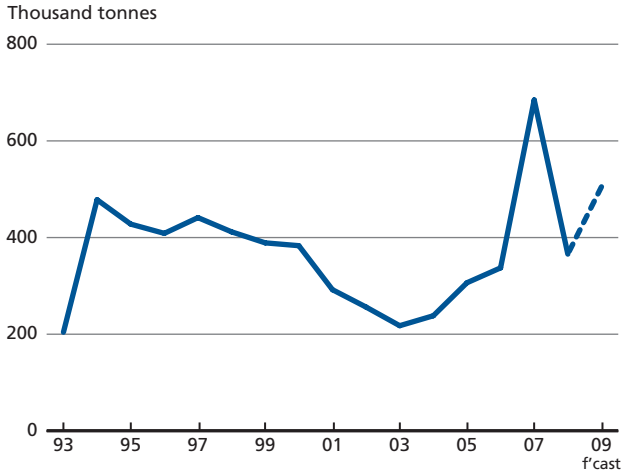


Figure 51. Exports of milk products in China



Note: In milk equivalents.

Table 12. World dairy markets at a glance

	2007	2008 estim.	2009 f'cast	Change: 2009 over 2008
	million tonnes milk equiv.			%
WORLD BALANCE				
Total milk production	677.7	692.7	709.7	2.5
Skim Milk Powder (SMP)	24.1	24.6	25.0	1.6
Whole Milk Powder (WMP)	22.0	23.5	24.0	2.2
Butter	61.4	63.3	64.5	1.9
Cheese	84.2	85.4	83.3	-2.5
Other products	486.1	495.9	512.9	3.4
Total trade	39.3	40.4	41.0	1.6
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World *(kg/year)*	102.6	103.8	105.1	1.3
Developed countries *(Kg/year)*	245.4	246.9	249.6	1.1
Developing countries *(Kg/year)*	64.0	65.5	66.9	2.1
Trade - share of prod. (%)	5.8	5.8	5.8	
FAO dairy price index (1998-2000=100)	**2006**	**2007**	**2008**	**Change:** Jan-Sep 08 over Jan-Sep 07 %
	138	247	262*	14

* Jan-Sep 2008

Table 13. Major exporters of dairy products

	2006	2007 prelim.	2008 f'cast
		thousand tonnes	
WHOLE MILK POWDER			
World	**1 772**	**1 856**	**1 900**
New Zealand	678	688	710
European Union *	362	432	440
Argentina	102	110	115
Australia	116	107	114
SKIM MILK POWDER			
World	**1 150**	**1 263**	**1 254**
USA	255	400	450
New Zealand	282	257	231
European Union *	196	190	141
Australia	134	112	108
BUTTER			
World	857	806	818
New Zealand	360	334	340
European Union *	210	150	135
Australia	66	56	48
Belarus	50	55	60
CHEESE			
World	**1 813**	**1 829**	**1 880**
European Union *	595	570	551
New Zealand	310	310	320
Australia	218	211	220
Belarus	92	101	110

* Excluding trade between the EU member states

FISH AND FISHERY PRODUCTS

MARKETS AND PRICES

Prices of fish and fish products are generally under downward pressure, as falling consumer demand is hurting seafood sales in all markets. The only species that have spared the price fall are those that have experienced problems that have constrained output. They include some wild whitefish species and tuna but also farmed salmon and tilapia, the prices of which remain firm. Other farmed species such as European seabream and turbot have seen prices falling to record-low levels, due to large increases in production. On the other hand, catfish prices in Viet Nam, which tumbled earlier this year, are now recovering. Shrimp prices remain low.

International **shrimp** prices, which were already depressed before the financial crisis, are most likely to weaken further in the course of the year, as import demand is expected to slow down in all main markets. The European Union, which until recently was an exception to otherwise depressed shrimp markets in Japan and the Unites States, is now also showing signs of weakness, with the volume of shrimp imports down 10 percent to 337 600 tonnes in the first half of 2008. Only France increased its purchases, whereas Italy and Spain registered massive drops.

Voluntary fishing bans by the Ecuadorian and Japanese fleets have contributed towards reduced supply and record prices on many **tuna** species including yellowfin. In early September 2008, the catches of skipjack in the Indian Ocean improved significantly pushing its price down to EUR 1 120/ tonne. Meanwhile, the price of cooked and frozen tuna loins in Europe continued to increase due to the increasing cost of raw material in Ecuador.

Squid prices remain low, due to limited buying interest in Japan and the rush by Argentine squid fishing fleet to sell at discounted prices. This situation is expected to persist until early 2009, when the new fishing season in the Southwest Atlantic starts. By that time, inventories dating back to 2007 will have reached the market and buying interest is expected to recover strongly.

The world **octopus** market was characterized by ample supply in the second and third quarter of 2008, with prices declining somewhat. However, with demand in all main markets strengthening, prices of octopus are likely to go up somewhat in coming months. In Japan, New Year's festivities are generally an excellent sale period for octopus, while in Europe demand for octopus is strongest in summer months.

The overall situation in the European **bass and bream** market is mixed at the moment: bream prices are extremely

Figure 52. Groundfish prices in the United States

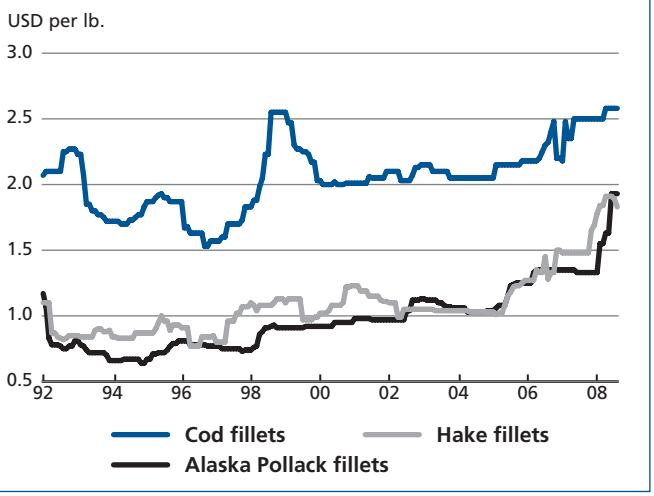


Figure 53. Prices of canned tuna: USA and Europe

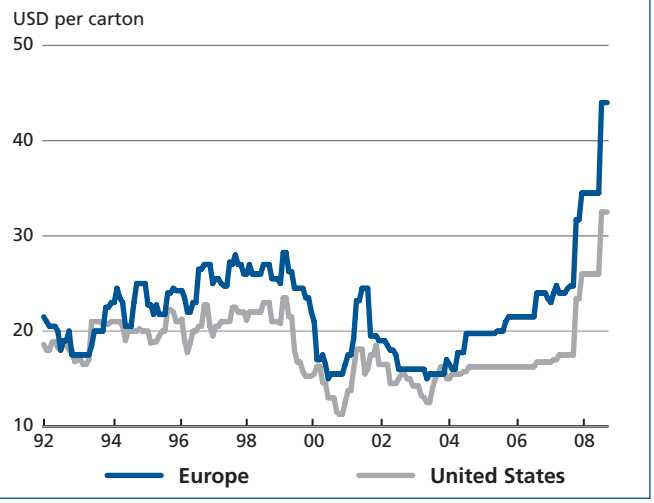


Figure 54. Prices of Yellowfin and Skipjack tuna loins in Italy (origin Latin America)

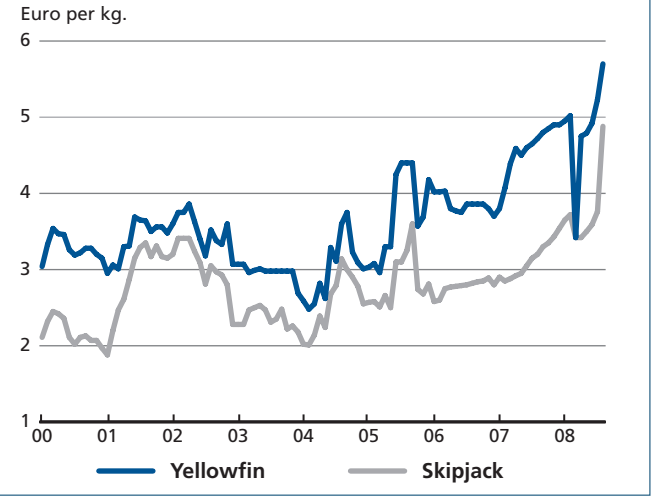


Figure 55. Prices of Tilapia fillets in the USÀ

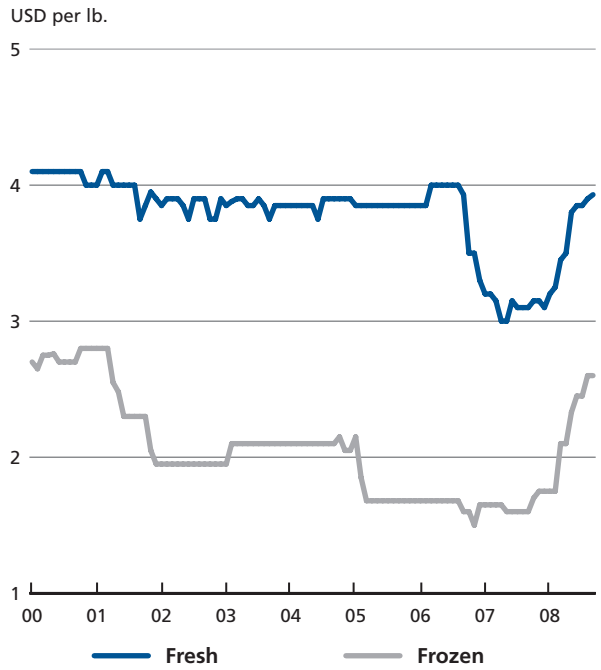
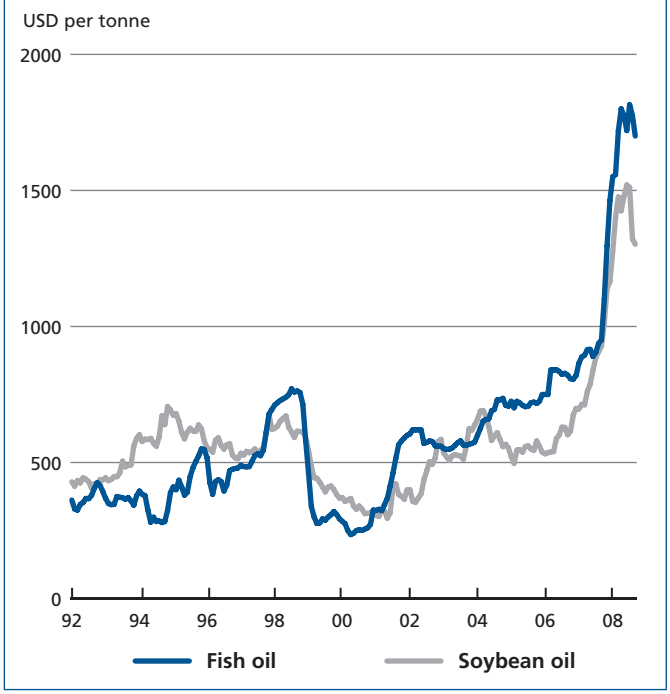


Figure 56. Prices of fish oil and soybean oil



weak, giving producers a reason for concern. Bass prices, on the other hand, are holding up well, resulting in a record price differential between the two species. In the next few months, demand is expected to remain weak, but it may strengthen again before Christmas. The cyclical nature of production is likely to reduce supply during the winter months, which may underpin prices for both species.

The market for **farmed salmon** has been remarkably stable, partly as a result of supply problems in Chile. Prices, although lower than in 2007, are still remunerative for most producers and could start to rise up until early next year, reflecting the effect of Chile's reduced production on global supplies.

After severe production problems in 2007 and early 2008, **tilapia** prices have skyrocketed, making tilapia production attractive also for new producers, including many companies now suffering from low shrimp prices. Increased output from both China and other producers is therefore likely to boost availabilities and bring prices down to more normal levels in 2009.

Strong price increases are reported for **catfish** as processors are rushing to meet increasing demand from the Russian Federation, Ukraine, Eastern Europe in general and countries in the Near East, resulting in a more than doubling of exports from Viet Nam in the first half of 2008.

The main **fishmeal** importer, China, has returned to the market in 2008 with strong buying interest, leading to relatively high prices in the second quarter. In the third quarter fishmeal prices trended downward, but much less than soybean meal. In September 2008, fishmeal was priced at USD 1 190/tonne, about USD 150/tonne more than in September 2007 and only USD 50/tonne below the July 2008 peak. Some downward movements in prices may be expected in the coming months, although much will depend on the fishing quotas that still have to be set in Peru. If kept at 2 million tonnes, as expected, prices could fall, given the reluctance of the European market to purchase at the present price levels and the expected slow

MAJOR REVISION TO 2006 PRODUCTION STATISTICS BY CHINA

China has reported that it is in the process of revising its fishery and aquaculture production statistics downwards, based on the outcome of the National Agricultural Census of 2006, which, for the first time, covered fisheries and aquaculture sectors. Revised statistics are expected to be released in 2009, which will be reflected in FAO statistics. In Food Outlook, Tables 11 and Table A20 (in the Statistical Appendix) include preliminary figures received from China for 2006. Following this revision, world capture and world aquaculture fishery productions in 2006 are now 2.4 million tonnes and 3.3 million tonnes lower than previously reported, respectively.

down of demand in China, which is currently holding large stocks.

Fish oil prices reached an all time high of USD 1 815/ tonne in July 2008, but since then they have started to soften, in line with vegetable oil prices. Demand from the fish oil capsule industry was extremely low in the third quarter of 2008, in anticipation of the tougher European Union norms. The present market situation points towards a decline in fish oil prices in the coming months, as buyers appear well covered, producers have large stocks and the prices of the competing vegetable oil prices are weakening. In addition, the new season in Peru is likely to add substantial quantities of fish oil to the market.

PRODUCTION

In 2008, global production of fish and fishery products, from either capture or aquaculture, is expected to increase by 1 percent only, from the level in 2007. The increase is expected to reflect gains in aquaculture, more than compensating for a contraction of capture fish. **Aquaculture** is forecast to continue to grow in 2008, largely to meet growing demand. However, growth may be dampened next year by low market prices of several species, as well as high fuel and feed costs, which are forcing many producers to reduce production in the short term. In addition, supply problems related to disease and bad weather have had a negative impact on salmon production in Chile and on tilapia in China. On the other hand, **capture fish** production is forecast to end slightly down compared with 2007, partly as a consequence of higher fuel prices, which provided strong incentives for the fleet to curb the less profitable operations, but also due to the resource situation, which is critical for many species.

With **shrimp** prices weak and demand falling, shrimp production from both wild and farmed sources is expected to contract, as many Asian and South/Central American producers are reducing output. Thailand, for example, forecasts lower harvests of vannamei shrimps.Production of **tuna** is also likely to fall, as many of the main producers are cutting fishing operations, including the Chinese Province of Taiwan, Ecuador and Japan. The Japan Tuna Fisheries Cooperative Association (Tuna Japan) decided to suspend fishing operations of all its 233 member vessels, effective 1 August 2008. The duration of the suspension will run from two months to two years, depending on each vessel's fishing plan. World production of **cod and hake** is expected to diminish this year, constrained by the reduced groundfish stocks. At present, quotas for Alaska pollack are in free fall, while many cod resources are overexploited, with catches declining sharply during the past decade. Argentine landings of hake were also down in the first half of 2008 (minus 4 percent). Southern Africa seems to be an exception, with hake resources apparently in good shape. By contrast, the world **octopus** production has been increasing in the second and third quarter of the year. Moroccan management schemes have been successful in rebuilding resources. As a result, larger octopus catches have been allowed. Heavy landings of **Illex squid** at the start of the season led to very low squid prices, which together with high fuel prices, made fishing uneconomical. As a result, production is set to fall in the course of the year.

Production of farmed European **bream** is on the increase in major producing countries, such as Greece and Turkey, while **bass** production is reportedly stable. As a result, prices of bass have been holding much better than bream prices. The large price differential is giving important signals to producers, which could induce a shift towards bass in 2009. Finally, although production is still limited, a new species, **"meagre**", has been expanding. Meagre has significant market potential because of its excellent texture and taste, but demand still needs to be built up through consumer information and communication campaigns. Production of **farmed salmon** may fall, as problems in Chile have led farmers to harvest the fish early, resulting in much lower yields. Norwegian companies have also started experiencing production problems. In China, **tilapia** producers experienced severe losses during the cold 2007-2008 winter. Depressed **catfish** prices in late 2007 and early 2008 led to reduced production and supply, resulting in a strong rebounding of prices in the course of 2008. In response, producers are now gearing up production volumes again. A strong expansion is expected in Viet Nam, which plans to step up production, to meet the industry's objective to reach an export value of USD 1.5 billion in 2009.

In the third quarter of the year, **fishmeal production** was characterized by limited catches, a normal feature for this period of the year. However, production over the full 2008 now looks set to decline, in contrast with 2007, when the market was characterized by over-supply and declining prices. Indeed, European producers are getting close to the end of the fishing season, while in the Pacific area, production is currently suspended. In Peru, the fishmeal producers are awaiting new research data, the basis for the quota of next season this November and December. All observers anticipate the fishing quota to be maintained at last year's level of 2 million tonnes. **Fish oil production** mirrored that of fishmeal with output declining in 2008. In the first half of the year, 332 000 tonnes were produced by

FINANCIAL CRISIS AND THE FISHERY SECTOR

Turbulence in world financial markets is being transmitted to the fishery sector. Credit is getting scarce and margins, which already are comparatively low in this industry, are getting thinner. Export finance is also becoming more difficult to obtain with banks tightening up the conditions for issuance of letters of credit. With almost 40 percent of all fish produced, whether from capture or aquaculture, now entering international trade, this could have a drastic effect on trade over the next months. Likewise, the difficulties of many banks heavily involved in the financing of world capture fisheries and aquaculture development, such as the three Icelandic banks now taken over by the Icelandic State, are also limiting credit availability to the sector. Contrary to the fuel crises, which hit the capture sector particularly hard, the ongoing credit crunch is having a severe impact also on the aquaculture industry, and especially on the farmers producing carnivorous species, which are heavily dependent upon industrial feed. For these species, the production cycle typically lasts a couple of years before the fish reaches market size, making feed and finance the largest cost factors in production. On the demand side, consumers are reducing their discretionary spending and the decline in restaurant visits is hurting the fishery sector.

the top five producing countries, a 20 percent drop from the corresponding period of 2007.

Prospects for fish production in 2009 now point to limited growth, as a weakening demand may depress prices. Higher financing costs are also likely to have a negative impact especially on carnivorous aquaculture production, as many producers are responding by curtailing output. Nonetheless, production from aquaculture is still anticipated to increase as freshwater and herbivorous species dominate the sector.

TRADE

Global trade in fish products is forecast to reach 54.5 million tonnes in 2008, marginally below the previous year's estimate.

Shrimp trade volumes are expected to fall over the next quarters, as poor demand prospects are encouraging importers to cut back imports and to draw, instead, from their frozen inventories. At the same time, tighter trade finance and export credits are encouraging producers and exporters to lean more on domestic markets. Despite poor domestic demand and increased landing prices in the sashimi tuna market, Japan's imports of **tuna**, including loins, increased by 4 percent in January-June 2008, against the same period last year, but the growth may not be sustained. The United States' tuna market was negatively affected by weak demand for canned tuna and tuna pouches. The European Union import demand is also forecast to be depressed by rising prices of raw material. With weakening import demand in the three major markets, exports from Thailand, the largest canned producer, may decline, which is prompting the country to actively look for new markets in the Near East and in Mexico.

During the first half of 2008, imports of **groundfish** by the United States fell by 9 percent, largely reflecting reduced purchases of both fillets and blocks, a situation likely to also prevail over the rest of the year. The United States usually exports Alaska pollack to China for processing and subsequently re-imports the processed product. Lower United States' catches of Alaska pollack limited availability of raw material for the Chinese filleting and processing industry for re-export. Similarly, supplies from Northern Europe to China for processing was reported to face difficulty in securing adequate trade finance for exports. This could contribute to lower the volume of groundfish trade in the next couple of quarters.

By contrast, all the major import markets of **octopus** have reported increases in deliveries so far this year. Japan imports in the first half of 2008 were up 15 percent, while those by Italy, traditionally the second major octopus market, rose by 12 percent. Spain, also a significant market, increased January-June imports by 20 percent. On the export side, Viet Nam is consolidating its position as a major octopus exporter. The country has managed to enter the Italian baby octopus market, a product mainly utilized in the processing industry of marine salads, where it represents a convenient alternative to cuttlefish. **Squid** imports by Spain, the major market in Europe, reported record imports during the first half of 2008. However, squid purchases by Italy and Japan are likely to decline in 2008. The two countries are holding large supplies, as both stepped up their imports in 2007, when international prices were particularly low. Squid exports from Peru and the United States are forecast to expand, while a sharp decline in Indian and Peruvian catches may affect negatively their shipments.

Imports of **farmed salmon** in 2008 have held up remarkably well, especially in the European Union and Japan, but also in several Latin American countries. Purchases by the United States showed some weakness in the first half of 2008. World demand is still good for this species although

Table 14. World fish markets at a glance

	2006	2007	2008 estim.	Change 2008 over 2007
	million tonnes			%
WORLD BALANCE				
Production [1]	**138.0**	**142.6**	**144.2**	**1.1**
Capture fisheries	89.6	91.8	91.0	-0.8
Aquaculture	48.4	50.8	53.2	4.7
Trade value (export billion USD)	85.9	92.7	98.8	6.6
Trade volume (live weight)	53.5	55.0	54.5	-0.9
Total utilization				
Food	110.4	112.3	114.5	1.9
Feed	20.9	20.8	20.0	-3.8
Other uses	6.7	9.5	9.7	2.6
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
Food fish (kg/year)	16.7	16.8	17.0	0.7
From capture fisheries (kg/year)	9.4	9.2	9.1	-1.5
From aquaculture (kg/year)	7.3	7.6	7.9	3.4

[1] Production figures for 2006 and 2007 have been changed to reflect a downward revision in China's production estimates.

supply problems in Chile could cause somewhat higher prices next year.

Similarly, trade in **tilapia** is expected to increase in 2008, despite a slowdown in the second quarter of the year. Much of the expected expansion would be on account of larger purchases by Mexico and the Russian Federation, which would compensate for reduced deliveries to the United States. The brisk world demand is anticipated to sustain deliveries from non-traditional exporters in Latin America, as supply problems in China, arising from damage to the tilapia production centres incurred last winter, will limit the country's ability to step up its exports.

Trade in **catfish** could also be boosted by increasing demand from the Russian Federation, Ukraine and countries in the Near East. Imports by the United States and countries in the European Union, in particular Spain, are also expected to grow. The strong import demand is expected to boost exports by Viet Nam to a new record level.

Trade in **fishmeal**, on the other hand, may be constrained this year by a poor import demand by both China and the European Union. Imports to Germany, in particular, were 30 percent less over the first half of the year than in the same period of 2007. The decline in world import demand is likely to affect mostly deliveries from Peru. Weaker prices for several farmed species may also soften import demand in **fish oil**, much of which is used as a feed component in the aquaculture industry.

ANNOUNCEMENT: NEW WORLD BANK-FAO STUDY

A recent World Bank-FAO study shows how USD 50 billion a year are lost in world fisheries due to poor management, inefficient production, overcapacity and overfishing. But the study, The Sunken Billions: The Economic Justification for Fisheries Reform also argues that well-managed marine fisheries could turn most of these losses into sustainable economic benefits for millions of fishers and coastal communities. Strengthened fishing rights can provide fishers and fishing communities with incentives to operate in an economically efficient and socially responsible manner. Phasing out subsidies that enhance redundant fishing capacity will improve efficiency. Greater transparency in allocation of fish resources and more public accountability for fisheries management will help rebuild fish stocks and result in more sustainable fisheries. Rather than being a net drain on the global economy, sustainable fisheries can create an economic surplus and be a driver of economic growth. According to the Report, the recovery of 'the sunken billions' can take place through two main approaches.

1. A reduction in fishing effort would increase productivity, profitability and net economic benefits.
2. Rebuilding fish stocks would lead to increased sustainable yields and lower fishing costs.

Economically healthy fisheries are fundamental not only to the restoration of fish stocks but also to improved livelihoods, exports, fish food security and economic growth. Marine fishing operations are only part of the USD 400 billion global seafood industry, but economically healthy catch operations underpin the sustainability of supply and profitability of processing and distribution activities, a major source of employment, particularly in developing countries.

The full report can be found at:

http://www.globefish.org/files/Sunken percent20Billions percent20Report percent20Advance percent20Edition_659.pdf

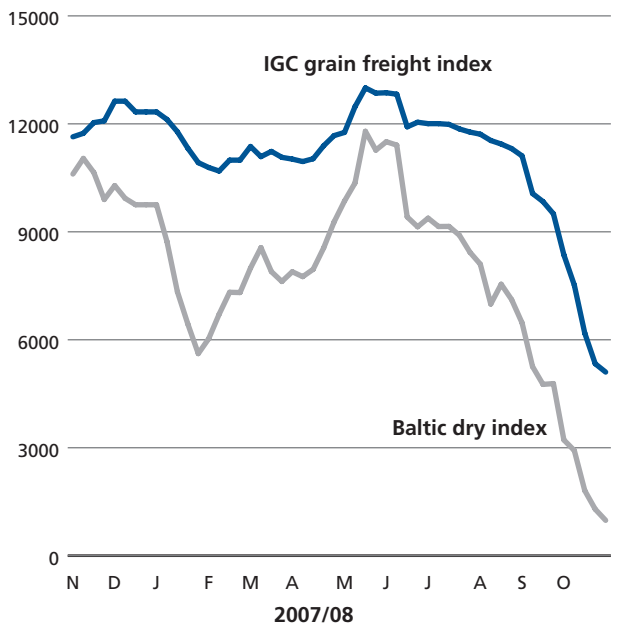
UTILIZATION

Total fish utilization is expected to increase, sustained by a 2 percent anticipated expansion in food consumption, which is forecast to reach 115 million tonnes in 2008. As a result, per caput fish consumption is estimated to hover around 17 kg in 2008, up from 16.8 kg in 2007. By contrast, utilization as feed is set to decline by almost 4 percent to 20 million tonnes, driven by a contraction in fishmeal production.

With credit becoming a problem for many operators, trade volumes and utilization could suffer with declining imports. This may result in stagnating fish consumption in several of the major markets that rely on imports to meet their needs. Stagnating or falling incomes may induce some consumers to reduce their fish intake and/or to shift towards cheaper fish products. The shift towards cheaper fish alternatives would negatively affect the higher priced products, in particular shrimps. Consumers may also respond to changes in relative prices by turning towards farmed fish species, in particular, Vietnamese catfish, European seabream and farmed salmon.

Following the downward revision of Chinese production statistics, world estimates of consumption have also been adjusted downward. As a result and contrary to the previous conclusion, aquaculture has not yet overtaken capture fish as a source of fish for human consumption.

Figure 57. IGC grain freight index and baltic dry index (May 2005=6000)



OCEAN FREIGHT RATES

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

Ocean freight market (May-October 2008)

Dry bulk freight rates dropped sharply from their peaks in May 2008 due to the combined impact of a steep fall in China's mineral demand, the global financial crisis, the slowing of economic growth and the United States Dollar appreciation. The market started to plunge in June, with rates for larger apesize vessels showing the biggest falls when China reduced its demand for raw materials, having closed a number of industrial facilities in connection with the Olympic Games. The Panamax and Handymax sectors followed, but some regions, notably the Mediterranean and the Black Sea, were less affected due to continued heavy dry bulk demand, including for grains. The downturn accelerated in September and October, coinciding with a general slump in mineral trade as well as shippers' credit problems. As the market collapsed, owners struggled to do business even at severely discounted rates. Between mid-May and end-October the Baltic Dry Index (BDI) lost 91 percent touching the lowest level in six years. During the same period, the IGC Grain Freight Index (GFI),[9] which does not include Capesize vessels, dropped by 59 percent, returning it to a level last recorded at the end of 2006.

In the **Panamax** sector, rates fell sharply as slowing demand created an oversupply of ships. Business out of the United States Gulf also suffered from the effects of hurricanes. The most commonly quoted transatlantic round voyages fell from USD 100 000 to about USD 9 000 daily. Pacific voyage rates also fell heavily, although some support came in September from tighter fleet availability and the end of the monsoon season in India. North Pacific roundtrips plunged to around USD 6 500 (USD 77 000) daily, while in the timecharter market, short period rates for four to six months dropped from around USD 85 000, to USD 12 500 daily.

[9] 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). The new GFI 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.

Capesize rates registered the steepest falls due to a major drop in demand in China for iron ore. This followed a cut in its steel output and price disputes with shippers in Brazil. Between May and October, the Baltic Exchange's average of four timecharter rates plummeted by 95 percent, to USD 9 848 (USD 189 024) daily, with the major iron ore rate from Brazil to China falling by 87 percent, from USD 96.75/tonne to USD 12.80/tonne. Rates also dipped sharply in the **Handysize**/Supramax sector, where there was an oversupply of tonnage and weak demand. However, declines in the Mediterranean, Black Sea and the United States Gulf were less steep due to better cargo availability.

Atlantic rates remained at a substantial premium to those in the Pacific, resulting in increased ballasting of tonnage from the Indian Ocean to the eastern Mediterranean. Rates out of South America remained under pressure because of excess tonnage capacity in the area. In October, a cargo from Brazil to Nigeria was fixed at USD 16 500 daily, while North Pacific round voyages were quoted at around USD 14 000 (USD 42 500) daily.

Special features

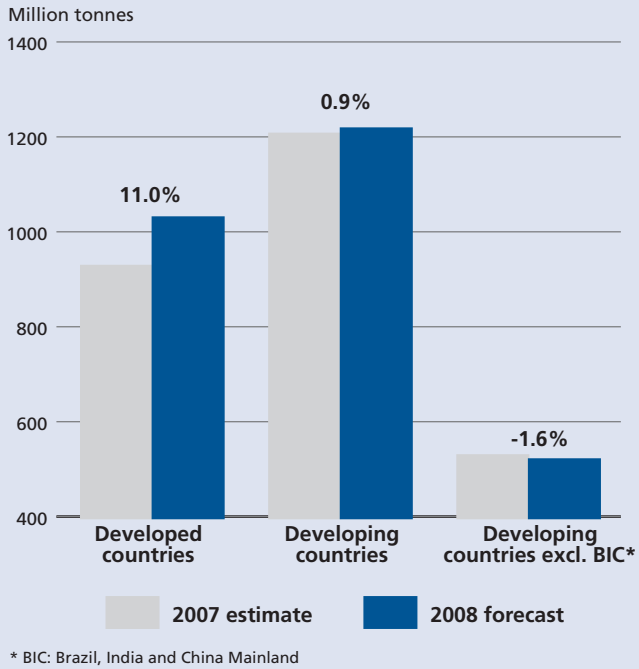
FALLING PRICES IN PERSPECTIVE

Prices for most agricultural commodities have dropped significantly and swiftly in recent months. World grain prices have fallen by over 50 percent from their record highs earlier this year. International prices for other important foodstuffs, such as vegetable oils, oilseeds or dairy products have also drifted downwards, even if they still remain above their longer-term trend levels. Rice is still expensive but prices may follow the path for other foodstuffs as the new crop comes on stream, export restrictions are relaxed and demand shifts further to cheaper alternatives.

At first sight, this is good news for the global food system. But the gradual return to equilibrium in food markets should not be taken to assume that the world's food problems have been fixed, neither in the short-run nor with a view to the longer-term challenges. Cereal stocks still need to be replenished and lower prices will again divert more supply from food to fuel. With only 433 million tonnes in opening stocks, the cereal stocks-to-use ratio in 2008/09 is at its second lowest in three decades. To bring stocks back to their pre-crisis levels will require 40 percent of the production increase in 2008. Bioenergy has already absorbed 100 million tonnes of cereals in 2007/08. Falling feedstock prices and new bio-ethanol production capacities arriving, could stimulate new demand and thus moderate an otherwise more drastic decline in prices.

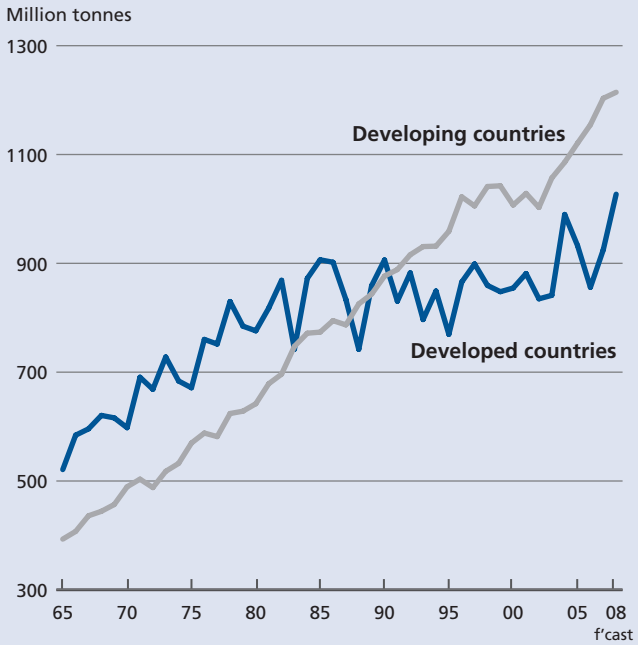
The recent decline in prices should neither be taken to mean that the world's problems of hunger and poverty have been solved. A casual glance at the most recent production statistics reveals that most of the production increase of the last two years arose in developed countries. The benefits of higher prices have not accrued to producers in many developing countries, for their supply response was small in 2007 and virtually zero in 2008 (see figures). The reasons are manifold. Higher prices of key agricultural inputs such as fertilizers, seeds and energy, made it more difficult for all farmers to step up production. But particularly hard hit were poor subsistence producers who have been confronted with higher input prices without producing a marketable surplus that would earn them higher revenues. At the same time, export taxes and restrictions meant that high international prices were not always and not fully transmitted to domestic markets, burdening even commercial farmers with higher costs and stagnant output prices. The policy response to soaring food prices in developing countries was indeed wide-ranging. A

Cereal production 2007 and 2008



* BIC: Brazil, India and China Mainland

Cereal production in developed and developing countries (1965-2008)



FAO survey found that nearly 40 countries reduced grain import tariffs and more than 20 countries imposed export controls of some kind, either in the form of taxes or quantitative controls such as outright bans and quotas.

Even more worrisome is the notion that falling prices have little to do with recovering global supplies but instead are being driven downwards by slowing demand. This is being evidenced by the fact that almost all commodity prices are declining in unison alongside a deteriorating global economic outlook. The entrenchment of the global financial crisis could mean that the economic slump may even be faster and more severe than currently anticipated. To the extent prices do reflect an anticipated slow-down in economic growth that constricts demand, lower prices may even be associated with more poverty and hunger rather than less.

And finally, the recent decline in world food prices should not be taken to conclude that the fundamental, longer-term issues have become irrelevant. Land and water constraints remain for the most part unaddressed, investments in rural infrastructure and agricultural research are still low, agricultural inputs remain expensive relative to farm-gate prices, and the need to adapt to climate change is more urgent than ever before. It is therefore important to seize this window of opportunity to reflect on how to avoid subsequent crises by addressing the longer-term challenges. Without trying to provide a complete account of them, some of the most important challenges are the following:

- world population is projected to grow from 6.5 billion in 2005 to nearly 9.2 billion by 2050. To feed a population of more than 9 billion free from hunger, global food production must nearly double by 2050. The entire population growth will take place in developing countries and it will occur wholly in urban areas, which will swell by 3.2 billion people as rural populations contract. This means that a shrinking rural work force will have to be much more productive and deliver more output from fewer resources. Higher productivity requires more investment in agriculture, more machinery, more implements, tractors, water pumps, combine harvesters, etc., as well as more skilled and better-trained farmers and better functioning supply chains;
- fewer farmers will have to feed a more populous world with fewer resources. One way would be for world agriculture to expand its land basis and use some of the nearly 4.2 billion hectares potentially available for rainfed crop production (only 1.5 billion ha are currently in use). But this would not be possible without further environmental damage and increased greenhouse gas emission. Another avenue would be to tap into yet-unused yield-enhancing resources, which could double productivity for many crops in many countries. However, such potential can only be realized if farmers have improved access to inputs, apply better fertilizers in more abundance, make use of better seeds, improve their farming and management skills and expand land under irrigation;
- in addition to rising resource scarcity, global agriculture will have to cope with the burden of climate change. The Intergovernmental Panel on Climate Change (IPCC) has documented the likely impact of climate change on agriculture in great detail. If temperatures rise by more than 2°C, global food production potential is expected to contract severely and yields of major crops may fall globally. The declines will be particularly pronounced in lower-latitude regions. In Africa, Asia and Latin America, for instance, yields could decline by 20-40 percent. In addition, severe weather occurrences such as droughts and floods are likely to intensify and cause greater crop and livestock losses;
- rapidly rising energy prices have created an added challenge for global food supplies. Rising fossil energy prices mean that agriculture will become increasingly important as a supplier to the energy market. It is important to understand that the potential demand from the energy market is so large that it has the potential to change the world's traditional agricultural market systems completely.

These challenges can only be mastered if both private and public hands start investing in agriculture now. FAO has tabled an investment road map to 2015 and gauged its potential benefits. This assessment suggests that a total annual investment volume of USD 30 billion in the following five areas would engender an overall annual benefit of USD 120 billion:

1. Improve agricultural productivity and enhance livelihoods and food security in poor rural communities.
2. Develop and conserve natural resources.
3. Expand and improve rural infrastructure and broaden market access.
4. Strengthen capacity for knowledge generation and dissemination.
5. Ensure access to food for the most needy through safety nets and other direct assistance.

AGRICULTURAL COMMODITY MARKETS AND THE FINANCIAL CRISIS

According to the IMF World Economic Outlook published on 9 October 2008, the world economy is set for a major downturn triggered by what it describes as the most dangerous financial shock since the1930s. The IMF has revised its growth forecasts sharply downwards accordingly, to only 3 percent in 2009 as a slow down is expected in all the major economies. The 3 percent global growth figure would be largely sustained by continuing high growth rates in India (6.9 percent) and China (9.3 percent). The IMF expects some recovery after 2009, but this will be "unusually gradual" and depends on the impact of the various rescue measures introduced. Other commentators are more pessimistic, talking in term of years of sluggish growth.

The financial crisis follows hard on the heels of the soaring food prices episode and will obviously have implications for international agricultural markets and the agricultural sectors of developing countries. Agricultural commodity prices have been falling for some time now, following oil prices downwards and, amongst commodities in general, only gold prices are holding up. The final impact of the crisis on commodity prices is, at this stage, difficult to assess as the various forces at play impinge on prices in opposite directions. A discussion on the possible channels through which the crisis could feed into commodity markets could nonetheless help identify the key factors to be closely monitored.

The impacts of the financial crisis will be felt in developing countries at the macrolevel, with potentially negative effects on their agriculture sector and on their food security. The channels through which agricultural markets will be affected are on both the demand and supply sides. In general, the slowing down of economic growth would affect international demand for commodities, especially raw materials and livestock products, negatively, with such impact likely to be more limited for staples such as rice. Apart from the direct impact of slower rates of GDP growth, the prevailing uncertainty and consequent negative market expectations could further dampen demand. If, as is sometimes claimed, demand from China and India and other rapidly growing economies in the developing world has a dominant impact on the world agricultural commodity demand and prices, then the anticipated continued high growth rates in these two countries may help contain the negative impact of falling world income growth on agricultural commodity markets. However, overall, the result of falling demand is likely to be further downward pressure on agricultural prices. The recent drop of oil prices may also depress the demand for those commodities usable as feedstock in biofuel production, although this will depend upon the relative movements between oil and feedstock prices. In general, lower food prices are good news for consumers, but suppress incentives for producers to make the investments necessary and desirable to secure greater food security in the medium term. In addition, the drop of food prices benefiting consumers would probably not be sufficient to compensate them for declining household incomes in the event of a worldwide recession, as economic activity slows, employment falls and remittances from abroad dry up.

On the supply side of commodity markets, the reduction of price incentives is likely to result in some cutback in agricultural production. However, the impact of the financial crisis on incentives depends on more than just product prices. In particular, the financial crisis may also depress input prices, especially if energy prices continue to weaken, as this could also trigger a reduction in fertilizer and all energy-related costs, from production, to processing, to transportation, freight rates have also halved in the past few weeks. The net effect on production will depend upon the relative speed of adjustment of output and input prices. It is possible that the input prices will be more "sticky" and fall at a slower pace than product prices, in which case producer margins will be squeezed further. However, even more critical is likely to be the impact of the financial crisis on the availability of credit, which is widely recognized as one of the major constraints to agriculture development in the developing countries, the rationing of which is likely to be more serious than any interest rate effects. The combination of falling agricultural prices and reduced access to credit may have a knock off impact on agricultural production, with very serious implications for the global food security. For instance, a cutback in grain plantings against the background of continuing low grain stocks, which have not been rebuilt since the high food price episode, would increase the risk of global food crisis if harvests turn out to be poor, especially if countries cannot access credit for food imports.

The extent of the impact of the global credit crunch on the financial position of developing countries will depend not only upon the implications for their economic growth rates but also upon their borrowing situation and dependence upon international credit and transfers to finance food imports and agricultural

development. Estimating these impacts will need an assessment of the importance of external funds, whether government-to-government borrowing, bank lending, official development aid, foreign direct investment or remittances. All may be compromised by a deepening financial crisis. In this regard, it will be particularly important that donor countries and investors meet their commitments taken towards the development of agriculture in the developing countries, especially at a time when agriculture may, as appears to have been the case over the 1996 Asian financial crisis, act as a "buffer" and help cushion greater losses incurred in other sectors of the economy. Besides the possibility that governments reassess downwards their commitments to international development aid, there is also a risk that the great uncertainty now surrounding international markets and the threat of global recession, tempt countries towards protectionism. It would be unfortunate if this were to be the case and if the recently mobilized political will towards enhanced international support for developing country agriculture was to fade away.

Statistical appendix

NOTES

General

- FAO estimates and forecasts are based on official and unofficial sources.
- Unless otherwise stated, all charts and tables refer to FAO data as source.
- 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. The countries shown in the tables were chosen based on their importance of either production or trade in each region. he totals shown for Central America include countries in the Caribbean.
- 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. From 2007 or 2007/08 onwards, 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.

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	
	2007 *estim.*	2008 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*	2008 *estim.*	2009 *f'cast*
ASIA	**951.3**	**947.2**	**121.7**	**131.5**	**46.5**	**40.0**	**1 008.8**	**1 021.6**	**273.6**	**290.8**
Bangladesh	30.2	31.4	3.2	3.2	-	-	33.5	34.2	5.1	5.5
China	401.0	410.3	8.4	8.7	4.4	5.3	389.8	395.5	168.4	186.3
India	211.9	213.3	2.1	0.6	6.0	5.4	202.0	205.9	34.6	37.1
Indonesia	48.5	49.7	6.2	6.5	0.1	0.1	55.1	56.0	6.7	6.9
Iran, Islamic Republic of	21.9	14.1	4.2	10.9	0.4	-	26.2	25.5	3.0	2.6
Iraq	3.9	2.3	4.6	5.0	0.1	-	8.4	7.8	2.9	2.4
Japan	9.0	8.6	25.5	25.9	0.5	0.6	34.2	34.3	4.2	3.9
Kazakhstan	20.0	17.0	0.1	0.1	9.6	6.3	10.0	10.8	3.5	3.5
Korea, Republic of	4.8	5.0	12.6	12.6	0.2	0.1	17.4	17.9	2.9	2.6
Myanmar	20.0	18.6	0.1	0.1	0.4	0.7	19.9	19.1	5.1	3.9
Pakistan	32.6	31.8	1.7	2.7	5.1	4.9	28.9	29.4	2.8	3.1
Philippines	17.6	17.6	5.0	4.5	-	-	22.0	22.3	3.4	3.3
Saudi Arabia	2.9	2.6	9.7	10.5	-	-	13.2	13.4	3.2	2.9
Thailand	25.1	25.7	1.5	1.4	10.2	8.6	16.8	17.4	4.2	5.3
Turkey	29.0	28.9	3.6	2.8	1.0	0.7	33.2	32.9	4.7	2.8
Viet Nam	27.5	28.8	1.9	1.9	4.6	4.5	25.3	25.7	5.7	6.1
AFRICA	**133.5**	**144.4**	**56.4**	**56.3**	**5.6**	**6.5**	**190.3**	**194.9**	**29.1**	**28.2**
Algeria	4.4	4.4	6.5	6.9	-	-	11.3	11.7	4.6	4.2
Egypt	20.0	21.3	11.8	12.1	0.5	0.7	32.0	32.9	3.9	3.7
Ethiopia	14.0	13.5	0.8	0.2	0.5	0.2	13.7	13.8	1.9	1.7
Morocco	2.5	5.2	6.6	6.1	0.1	0.2	10.8	11.4	2.4	2.1
Nigeria	25.7	27.2	5.0	5.1	0.4	0.4	31.5	31.9	0.9	0.9
South Africa	9.7	15.2	3.0	2.9	0.8	2.1	13.4	13.9	1.7	3.3
Sudan	5.3	5.6	1.5	1.3	0.2	0.3	6.8	6.9	2.7	2.4
CENTRAL AMERICA	**39.9**	**40.6**	**25.2**	**25.4**	**0.7**	**0.9**	**64.3**	**65.2**	**5.2**	**5.1**
Mexico	34.2	34.6	15.0	15.7	0.5	0.7	48.6	49.5	3.1	3.1
SOUTH AMERICA	**131.1**	**135.6**	**24.3**	**23.4**	**42.3**	**38.2**	**112.3**	**117.4**	**9.5**	**14.4**
Argentina	43.6	37.9	-	-	26.6	23.4	14.3	15.1	2.9	3.3
Brazil	65.5	74.8	9.1	7.9	12.1	11.5	63.8	67.5	1.7	6.0
Chile	3.0	3.2	2.7	3.1	0.1	0.1	6.0	6.1	0.6	0.7
Colombia	3.4	3.5	4.8	4.9	0.1	0.1	8.1	8.3	1.0	1.0
Peru	3.4	3.6	3.1	3.0	-	-	6.5	6.6	1.1	1.1
Venezuela	3.6	3.6	2.8	2.8	0.1	0.1	6.4	6.3	0.5	0.6
NORTH AMERICA	**462.1**	**456.7**	**10.0**	**9.1**	**130.6**	**104.9**	**341.4**	**361.0**	**60.8**	**57.9**
Canada	48.0	53.4	3.0	2.9	22.4	20.2	31.0	32.2	7.8	10.1
United States of America	414.1	403.3	6.9	6.2	108.2	84.7	310.5	328.9	53.1	47.8
EUROPE	**387.5**	**480.5**	**35.7**	**17.1**	**35.0**	**55.2**	**394.3**	**419.9**	**48.9**	**70.4**
European Union	259.8	309.5	29.4	12.1	17.4	20.4	277.4	290.1	31.2	41.3
Russian Federation	80.3	96.5	1.0	0.8	13.3	17.1	66.7	73.4	10.8	17.6
Serbia	5.9	9.1	1.1	1.1	0.3	1.4	7.6	8.5	0.6	1.0
Ukraine	27.6	47.0	0.5	0.3	3.9	15.7	24.1	28.0	4.3	8.0
OCEANIA	**22.8**	**36.3**	**1.2**	**1.2**	**11.3**	**18.2**	**14.5**	**16.9**	**6.1**	**7.2**
Australia	22.0	35.4	0.2	0.2	11.3	18.2	12.6	15.0	5.7	6.9
WORLD	**2 128.2**	**2 241.5**	**274.4**	**264.0**	**272.0**	**264.0**	**2 126.0**	**2 197.0**	**433.2**	**474.0**
Developing countries	1 203.3	1 214.4	192.0	200.8	83.7	76.7	1 297.7	1 320.1	304.3	324.6
Developed countries	924.9	1 027.0	82.4	63.2	188.3	187.3	828.3	876.8	128.9	149.4
LIFDCs	915.7	932.7	83.6	86.1	22.9	22.1	960.3	977.4	255.9	275.2
LDCs	131.1	130.3	20.3	20.9	5.4	4.9	146.1	148.0	26.3	24.9
NFIDCs	72.8	75.5	42.2	42.4	6.2	6.3	110.6	112.6	15.8	14.9

Table A2. Wheat statistics *(million tonnes)*

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2007 *estim.*	2008 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*	2008 *estim.*	2009 *f'cast*
ASIA	**285.9**	**276.6**	**47.0**	**57.0**	**16.2**	**12.8**	**307.8**	**313.0**	**99.3**	**107.0**
Bangladesh	0.7	0.9	1.6	2.1	-	-	3.0	2.8	0.5	0.8
China	109.9	112.5	1.7	1.8	1.6	2.9	102.2	103.7	58.9	66.7
of which Taiwan Prov.	-	-	1.2	1.2	-	-	1.1	1.2	0.4	0.4
India	75.8	78.0	2.0	0.5	0.5	0.5	75.2	76.8	16.6	17.8
Indonesia	-	-	5.2	5.5	-	-	5.1	5.3	2.3	2.5
Iran, Islamic Republic of	15.0	9.5	0.2	6.0	0.4	-	15.5	15.6	2.1	2.0
Iraq	2.3	1.5	3.6	3.8	-	-	5.8	5.8	2.7	2.3
Japan	0.9	0.8	5.5	5.6	0.3	0.4	6.0	6.0	0.6	0.7
Kazakhstan	16.5	14.0	-	-	8.3	5.5	7.7	8.5	3.0	3.0
Korea, Republic of	-	-	3.0	4.2	0.1	-	3.3	3.7	0.1	0.4
Pakistan	23.3	21.8	1.7	2.7	2.0	1.7	22.5	22.8	1.9	2.0
Philippines	-	-	2.4	2.4	-	-	2.5	2.6	0.4	0.2
Saudi Arabia	2.5	2.3	0.1	0.2	-	-	2.6	2.6	1.1	1.0
Thailand	-	-	1.2	1.2	-	-	1.1	1.1	0.2	0.2
Turkey	17.2	17.8	2.2	1.5	0.9	0.7	19.0	19.3	1.5	0.8
AFRICA	**19.6**	**22.1**	**30.6**	**30.2**	**1.0**	**0.9**	**51.9**	**53.2**	**13.1**	**11.5**
Algeria	2.9	2.9	4.0	4.4	-	-	7.5	7.7	3.4	3.0
Egypt	7.4	8.0	7.5	7.6	-	-	15.5	16.0	2.4	2.0
Ethiopia	2.8	2.8	0.6	0.2	0.1	0.1	3.1	3.2	0.2	0.2
Morocco	1.6	3.7	4.0	3.5	0.1	0.2	6.7	7.0	1.5	1.5
Nigeria	0.1	0.1	2.9	3.2	0.2	0.1	3.1	3.2	0.2	0.2
South Africa	1.9	2.2	1.2	1.3	0.2	0.2	3.0	3.0	0.4	0.6
Tunisia	1.4	0.8	2.2	1.7	0.3	0.2	2.8	2.8	1.5	1.0
CENTRAL AMERICA	**3.4**	**3.8**	**7.1**	**7.2**	**0.6**	**0.8**	**10.0**	**10.2**	**1.1**	**1.1**
Cuba	-	-	0.8	0.8	-	-	0.8	0.8	-	-
Mexico	3.4	3.8	3.5	3.6	0.5	0.7	6.4	6.6	0.7	0.7
SOUTH AMERICA	**23.2**	**20.2**	**13.2**	**13.1**	**10.8**	**9.2**	**25.0**	**25.1**	**2.6**	**2.7**
Argentina	16.3	11.0	-	-	9.4	7.5	5.4	5.1	0.9	0.3
Brazil	4.1	5.6	6.8	6.6	0.7	0.7	10.6	10.9	0.4	1.1
Chile	1.1	1.2	0.8	1.1	-	-	2.3	2.3	0.2	0.2
Colombia	-	-	1.3	1.3	0.1	0.1	1.3	1.3	0.1	0.1
Peru	0.2	0.2	1.6	1.6	-	-	1.8	1.8	0.3	0.3
Venezuela	-	-	1.6	1.6	-	-	1.7	1.5	0.3	0.3
NORTH AMERICA	**76.3**	**95.3**	**2.5**	**2.2**	**50.4**	**42.5**	**36.0**	**43.4**	**12.3**	**22.5**
Canada	20.1	27.3	-	-	16.2	16.0	7.2	8.3	4.0	6.0
United States of America	56.2	68.0	2.5	2.2	34.2	26.5	28.8	35.1	8.3	16.5
EUROPE	**188.6**	**236.3**	**10.2**	**8.7**	**24.7**	**38.8**	**177.6**	**190.6**	**22.1**	**36.7**
European Union	120.2	148.7	6.7	5.8	11.3	15.0	120.5	131.0	9.5	17.0
Russian Federation	49.4	57.0	0.3	0.3	12.1	14.5	36.7	37.8	8.5	13.5
Ukraine	13.7	23.5	0.3	0.2	1.2	8.5	11.7	13.4	3.0	4.8
OCEANIA	**13.4**	**22.8**	**0.6**	**0.6**	**7.5**	**14.0**	**7.5**	**7.8**	**4.5**	**5.0**
Australia	13.1	22.5	-	-	7.5	14.0	6.5	6.9	4.2	4.8
WORLD	**610.5**	**677.0**	**111.2**	**119.0**	**111.2**	**119.0**	**615.8**	**643.3**	**155.1**	**186.6**
Developing countries	301.7	295.2	86.4	95.5	19.3	17.5	362.5	368.1	109.1	115.3
Developed countries	308.7	381.8	24.8	23.5	91.9	101.5	253.2	275.2	46.0	71.3
LIFDCs	248.8	251.1	49.0	51.6	5.7	6.0	285.3	289.5	97.3	104.8
LDCs	10.7	9.4	11.1	12.3	0.2	0.1	21.7	21.8	4.8	4.8
NFIDCs	34.3	34.9	24.0	23.9	2.5	2.2	56.6	57.6	9.6	8.7

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

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2007 *estim.*	2008 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*	2008 *estim.*	2009 *f'cast*
ASIA	**266.0**	**262.9**	**60.0**	**60.4**	**5.7**	**3.2**	**316.1**	**316.7**	**71.1**	**74.6**
China	163.1	167.1	5.7	5.9	1.5	1.0	161.7	165.2	51.4	57.9
of which Taiwan Prov.	0.1	0.1	4.5	4.5	-	-	4.7	4.6	0.5	0.5
India	39.7	37.3	0.1	0.1	2.0	0.6	38.0	36.8	1.5	1.3
Indonesia	12.4	12.0	0.7	0.7	0.1	0.1	13.0	13.1	1.7	1.2
Iran, Islamic Republic of	5.1	3.0	2.9	3.7	-	-	7.8	7.0	0.6	0.3
Japan	0.2	0.2	19.3	19.6	-	-	20.0	19.9	1.9	1.8
Korea, DPR	1.5	2.1	0.7	0.2	-	-	2.2	2.3	0.1	0.2
Korea, Republic of	0.3	0.4	9.3	8.1	-	-	9.4	9.4	1.9	1.3
Malaysia	0.1	0.1	2.5	2.6	-	-	2.7	2.7	0.3	0.3
Pakistan	3.7	3.7	-	-	-	-	3.7	3.7	0.7	0.7
Philippines	6.7	6.5	0.3	0.3	-	-	6.8	6.9	1.0	1.0
Saudi Arabia	0.4	0.3	8.5	9.1	-	-	9.4	9.6	2.0	1.9
Thailand	3.9	4.2	0.2	0.2	0.1	0.1	4.0	4.2	0.1	0.1
Turkey	11.4	10.7	1.2	1.1	0.1	-	13.5	13.0	3.2	2.0
Viet Nam	3.6	3.7	0.7	0.7	-	-	4.4	4.4	1.0	1.0
AFRICA	**98.9**	**106.2**	**16.2**	**16.7**	**4.1**	**4.9**	**114.1**	**117.1**	**13.0**	**13.6**
Algeria	1.5	1.5	2.5	2.5	-	-	3.7	3.9	1.2	1.2
Egypt	7.9	8.2	4.3	4.5	-	-	12.6	12.8	0.4	0.3
Ethiopia	11.3	10.7	0.2	-	0.4	0.2	10.5	10.6	1.7	1.5
Kenya	2.8	2.5	0.7	1.0	-	-	3.6	3.6	0.3	0.3
Morocco	0.9	1.5	2.6	2.6	-	-	4.1	4.3	0.9	0.6
Nigeria	23.3	24.8	0.1	0.1	0.2	0.3	24.0	24.5	0.5	0.6
South Africa	7.8	13.0	1.0	0.7	0.6	1.9	9.6	10.1	1.2	2.7
Sudan	4.7	4.8	0.3	0.2	0.2	0.3	4.9	5.0	1.4	1.2
Tanzania, United Rep. of	4.3	4.6	-	-	0.2	0.4	3.9	4.2	1.0	1.0
CENTRAL AMERICA	**34.8**	**35.2**	**15.8**	**15.8**	**0.1**	**0.1**	**50.3**	**51.0**	**3.6**	**3.5**
Mexico	30.6	30.6	11.0	11.6	-	-	41.5	42.2	2.4	2.4
SOUTH AMERICA	**93.3**	**99.7**	**10.1**	**9.3**	**29.4**	**27.0**	**72.7**	**77.7**	**5.8**	**10.6**
Argentina	26.6	26.1	-	-	16.7	15.4	8.6	9.7	1.9	2.9
Brazil	53.9	61.1	1.6	0.7	10.9	10.5	44.6	48.1	1.1	4.7
Chile	1.8	1.8	1.7	1.9	0.1	0.1	3.5	3.6	0.3	0.5
Colombia	1.7	1.7	3.4	3.4	0.1	0.1	5.0	5.2	0.8	0.7
Peru	1.6	1.6	1.4	1.4	-	-	3.0	3.1	0.6	0.6
Venezuela	2.9	2.9	1.2	1.2	-	-	4.1	4.1	0.2	0.2
NORTH AMERICA	**379.5**	**354.9**	**6.4**	**5.7**	**76.7**	**59.1**	**301.3**	**313.1**	**47.5**	**34.5**
Canada	28.0	26.1	2.7	2.6	6.2	4.2	23.5	23.6	3.7	4.0
United States of America	351.5	328.7	3.7	3.1	70.5	54.9	277.8	289.5	43.8	30.5
EUROPE	**196.4**	**241.8**	**23.6**	**6.4**	**10.1**	**16.2**	**212.6**	**225.1**	**26.2**	**33.2**
European Union	137.7	159.0	21.4	4.8	5.9	5.1	153.9	156.0	21.1	23.8
Russian Federation	30.4	39.0	0.4	0.3	1.2	2.6	29.3	34.9	2.3	4.1
Serbia	4.4	7.0	0.5	0.5	0.3	1.0	5.3	6.3	0.4	0.6
Ukraine	13.8	23.5	0.1	-	2.7	7.2	12.3	14.5	1.3	3.2
OCEANIA	**9.3**	**13.5**	**0.1**	**0.1**	**3.8**	**4.2**	**6.6**	**8.6**	**1.5**	**2.1**
Australia	8.8	13.0	-	-	3.8	4.2	5.9	7.9	1.5	2.1
WORLD	**1 078.2**	**1 114.2**	**132.2**	**114.5**	**129.9**	**114.5**	**1 073.7**	**1 109.2**	**168.8**	**172.0**
Developing countries	479.3	486.0	79.5	80.1	37.4	32.5	517.1	526.4	89.3	96.9
Developed countries	598.9	628.2	52.7	34.4	92.4	82.0	556.5	582.8	79.5	75.1
LIFDCs	333.6	338.7	17.8	18.5	7.3	5.0	340.4	346.0	69.5	75.4
LDCs	55.9	56.1	2.2	1.9	3.6	2.9	54.0	55.1	8.8	8.7
NFIDCs	22.3	22.6	15.6	16.0	0.1	0.1	39.0	39.2	4.0	3.3

Table A4. Maize statistics *(million tonnes)*

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2007 *estim.*	2008 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*	2008 *estim.*	2009 *f'cast*
ASIA	**213.0**	**217.5**	**46.5**	**43.9**	**4.2**	**2.3**	**249.0**	**254.1**	**61.9**	**66.9**
China	151.9	156.0	4.4	4.4	1.4	1.0	148.7	152.5	49.7	56.4
of which Taiwan Prov.	-	-	4.3	4.3	-	-	4.5	4.4	0.5	0.5
India	18.5	19.0	0.1	0.1	2.0	0.6	16.8	18.6	1.2	1.0
Indonesia	12.4	12.0	0.7	0.7	0.1	0.1	13.0	13.1	1.7	1.2
Iran, Islamic Republic of	1.7	1.0	2.5	2.5	-	-	4.0	3.6	0.3	0.2
Japan	-	-	16.6	16.6	-	-	16.7	16.6	1.3	1.2
Korea, DPR	1.3	1.9	0.7	0.2	-	-	2.0	2.1	0.1	0.2
Korea, Republic of	0.1	0.1	9.2	8.0	-	-	9.0	9.0	1.8	1.2
Malaysia	0.1	0.1	2.5	2.6	-	-	2.7	2.7	0.3	0.3
Pakistan	3.2	3.2	-	-	-	-	3.2	3.2	0.7	0.7
Philippines	6.7	6.5	0.3	0.3	-	-	6.8	6.9	1.0	1.0
Thailand	3.6	3.9	0.2	0.2	0.1	0.1	3.7	3.9	0.1	0.1
Turkey	3.5	4.2	1.0	0.6	-	-	4.7	4.8	0.6	0.6
Viet Nam	3.6	3.7	0.7	0.7	-	-	4.4	4.4	1.0	1.0
AFRICA	**49.4**	**55.0**	**13.5**	**14.2**	**2.9**	**3.9**	**62.0**	**63.9**	**6.3**	**7.6**
Algeria	-	-	2.4	2.4	-	-	2.4	2.4	0.3	0.3
Egypt	6.9	7.2	4.3	4.5	-	-	11.6	11.8	0.4	0.3
Ethiopia	4.4	4.0	-	-	0.2	0.1	4.0	4.1	0.5	0.3
Kenya	2.7	2.4	0.7	1.0	-	-	3.4	3.4	0.2	0.2
Morocco	0.1	0.2	1.9	1.8	-	-	1.9	2.0	0.4	0.3
Nigeria	6.7	7.5	0.1	0.1	0.1	0.2	6.9	7.3	0.3	0.4
South Africa	7.3	12.5	0.8	0.6	0.6	1.8	9.0	9.6	1.1	2.5
Tanzania, United Rep. of	3.4	3.6	-	-	0.2	0.4	3.0	3.2	0.7	0.8
CENTRAL AMERICA	**27.4**	**27.5**	**14.3**	**14.0**	**0.1**	**0.1**	**41.2**	**41.7**	**3.3**	**3.0**
Mexico	23.6	23.5	9.5	9.8	-	-	32.8	33.4	2.2	2.0
SOUTH AMERICA	**84.2**	**89.6**	**9.1**	**8.2**	**27.2**	**25.4**	**64.6**	**68.7**	**4.8**	**8.8**
Argentina	21.8	20.8	-	-	14.8	14.1	5.7	6.4	1.3	1.7
Brazil	51.8	58.6	1.2	0.3	10.7	10.4	42.2	45.4	1.0	4.5
Chile	1.4	1.4	1.6	1.8	0.1	0.1	2.9	3.0	0.3	0.4
Colombia	1.6	1.6	3.1	3.1	0.1	0.1	4.6	4.7	0.7	0.7
Peru	1.4	1.4	1.3	1.3	-	-	2.7	2.7	0.6	0.6
Venezuela	2.4	2.4	1.2	1.2	-	-	3.5	3.6	0.2	0.2
NORTH AMERICA	**343.7**	**319.8**	**3.1**	**2.9**	**63.1**	**51.3**	**277.6**	**286.1**	**41.6**	**27.1**
Canada	11.6	9.9	2.6	2.5	0.7	0.3	13.6	12.5	1.6	1.2
United States of America	332.1	309.9	0.5	0.4	62.4	51.0	264.0	273.6	40.0	25.9
EUROPE	**65.3**	**88.3**	**16.4**	**3.7**	**3.4**	**4.0**	**82.3**	**86.7**	**9.1**	**10.5**
European Union	48.2	61.7	14.9	2.8	1.5	0.5	64.2	64.5	7.5	7.0
Russian Federation	3.9	6.0	0.2	0.1	-	-	4.1	5.4	0.8	1.5
Serbia	4.0	6.5	0.5	0.5	0.3	1.0	4.9	5.8	0.3	0.5
Ukraine	5.8	8.5	-	-	1.6	2.5	4.6	5.3	0.1	0.8
OCEANIA	**0.4**	**0.6**	**-**	**-**	**-**	**-**	**0.4**	**0.6**	**0.1**	**0.1**
WORLD	**783.4**	**798.4**	**102.9**	**87.0**	**100.9**	**87.0**	**777.2**	**801.7**	**127.1**	**124.0**
Developing countries	364.9	375.7	64.1	61.8	33.8	29.9	387.8	399.2	73.5	82.3
Developed countries	418.5	422.7	38.8	25.2	67.1	57.1	389.4	402.5	53.6	41.6
LIFDCs	243.8	250.4	13.9	14.1	5.8	3.8	246.5	254.4	60.7	66.8
LDCs	27.1	26.5	1.5	1.5	2.5	2.1	25.8	26.0	4.2	4.1
NFIDCs	18.2	18.4	13.6	13.8	0.1	0.1	32.1	32.3	2.9	2.7

Table A5. Barley statistics *(million tonnes)*

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2007 *estim.*	2008 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*	2008 *estim.*	2009 *f'cast*
ASIA	**22.3**	**17.7**	**11.6**	**14.4**	**1.4**	**0.7**	**34.2**	**33.0**	**7.5**	**5.9**
China	3.9	3.8	1.2	1.3	-	-	5.4	5.2	0.8	0.7
India	1.3	1.3	-	-	-	-	1.3	1.3	-	-
Iran, Islamic Republic of	3.5	2.0	0.4	1.2	-	-	3.8	3.4	0.3	0.1
Iraq	1.1	0.5	-	0.1	0.1	-	1.0	0.6	-	-
Japan	0.2	0.2	1.3	1.5	-	-	1.7	1.7	0.5	0.4
Kazakhstan	2.4	2.0	-	0.1	1.2	0.7	1.2	1.4	0.5	0.5
Saudi Arabia	-	-	6.5	7.1	-	-	7.0	7.2	1.9	1.8
Syria	0.7	0.2	0.9	1.5	0.1	-	1.5	1.7	0.7	0.8
Turkey	7.3	5.9	0.1	0.4	0.1	-	8.1	7.5	2.5	1.3
AFRICA	**4.7**	**4.7**	**1.7**	**1.9**	**-**	**-**	**6.8**	**7.1**	**2.1**	**1.7**
Algeria	1.4	1.4	0.1	0.1	-	-	1.3	1.5	0.9	0.9
Ethiopia	1.4	1.3	-	-	-	-	1.3	1.3	0.3	0.3
Libya	0.1	0.1	0.4	0.4	-	-	0.5	0.4	-	-
Morocco	0.8	1.3	0.7	0.8	-	-	2.2	2.3	0.5	0.3
Tunisia	0.5	0.3	0.5	0.6	-	-	1.1	1.1	0.3	0.1
CENTRAL AMERICA	**0.8**	**0.8**	**0.3**	**0.3**	**-**	**-**	**1.0**	**1.0**	**0.1**	**0.1**
Mexico	0.8	0.8	0.3	0.3	-	-	1.0	1.0	0.1	0.1
SOUTH AMERICA	**2.4**	**2.7**	**0.7**	**0.7**	**0.9**	**0.7**	**2.2**	**2.4**	**0.4**	**0.7**
Argentina	1.5	1.7	-	-	0.8	0.6	0.6	0.8	0.3	0.6
NORTH AMERICA	**15.6**	**16.4**	**0.7**	**0.6**	**3.7**	**2.1**	**12.1**	**13.5**	**2.5**	**3.4**
Canada	11.0	11.2	-	-	2.8	1.6	7.7	8.7	1.0	1.6
United States of America	4.6	5.2	0.7	0.5	0.9	0.5	4.4	4.9	1.5	1.8
EUROPE	**83.0**	**101.5**	**0.8**	**0.7**	**6.1**	**11.5**	**77.4**	**85.6**	**11.8**	**16.9**
Belarus	1.9	2.1	-	-	-	-	1.9	2.0	0.2	0.3
European Union	57.8	64.0	0.3	0.3	4.0	4.3	53.4	57.0	9.5	12.5
Russian Federation	15.7	21.0	0.2	0.2	1.0	2.5	14.6	17.7	1.0	2.0
Ukraine	6.2	12.5	-	-	1.0	4.5	5.8	7.0	0.9	1.9
OCEANIA	**6.2**	**8.2**	**-**	**-**	**3.4**	**3.5**	**3.5**	**4.4**	**1.2**	**1.5**
Australia	5.9	7.8	-	-	3.4	3.5	3.2	4.0	1.2	1.5
WORLD	**135.0**	**152.0**	**15.9**	**18.5**	**15.5**	**18.5**	**137.2**	**146.9**	**25.7**	**30.2**
Developing countries	26.4	22.6	12.6	15.4	1.1	0.7	39.7	39.0	8.9	7.3
Developed countries	108.7	129.4	3.3	3.1	14.4	17.8	97.5	108.0	16.7	22.9
LIFDCs	13.1	12.6	2.9	3.7	0.2	0.2	16.6	16.3	2.7	2.6
LDCs	1.9	1.7	-	-	-	-	1.7	1.8	0.4	0.4
NFIDCs	1.8	2.0	1.9	2.1	-	-	4.4	4.5	0.9	0.4

Table A6. Sorghum statistics *(million tonnes)*

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2007 *estim.*	2008 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*	2008 *estim.*	2009 *f'cast*
ASIA	**11.3**	**10.7**	**1.5**	**1.5**	**0.1**	**0.1**	**12.9**	**12.1**	**0.9**	**1.1**
China	2.4	2.5	0.1	0.1	-	-	2.6	2.6	0.4	0.4
India	7.7	7.0	-	-	-	-	7.7	7.0	0.2	0.2
Japan	-	-	1.1	1.3	-	-	1.2	1.3	0.1	0.2
AFRICA	**24.3**	**25.6**	**0.8**	**0.5**	**0.9**	**0.7**	**25.0**	**25.5**	**2.5**	**2.4**
Burkina Faso	1.6	1.7	-	-	0.1	0.1	1.5	1.6	0.1	0.1
Ethiopia	2.3	2.3	0.2	-	0.2	-	2.3	2.3	0.1	0.1
Nigeria	9.0	9.6	-	-	0.1	0.1	9.4	9.6	0.1	0.1
Sudan	3.9	4.0	0.3	0.2	0.2	0.3	4.1	4.2	1.2	1.0
CENTRAL AMERICA	**6.6**	**6.7**	**1.2**	**1.4**	**-**	**-**	**7.9**	**8.1**	**0.1**	**0.3**
Mexico	6.1	6.2	1.1	1.4	-	-	7.5	7.6	0.1	0.3
SOUTH AMERICA	**5.2**	**6.0**	**0.2**	**0.2**	**1.3**	**0.9**	**4.4**	**4.9**	**0.5**	**0.9**
Argentina	2.8	2.9	-	-	1.1	0.7	1.7	1.9	0.3	0.6
Brazil	1.4	1.9	-	-	0.2	0.2	1.4	1.7	0.1	0.2
Venezuela	0.6	0.5	-	-	-	-	0.6	0.5	-	-
NORTH AMERICA	**12.8**	**11.8**	**-**	**-**	**7.1**	**3.3**	**5.3**	**7.2**	**1.3**	**1.9**
United States of America	12.8	11.8	-	-	7.1	3.3	5.3	7.2	1.3	1.9
EUROPE	**0.6**	**0.6**	**6.0**	**1.8**	**0.2**	**-**	**6.0**	**2.3**	**0.4**	**0.4**
European Union	0.5	0.5	5.8	1.6	0.2	-	5.8	2.1	0.4	0.4
OCEANIA	**1.3**	**2.8**	**0.1**	**0.1**	**0.3**	**0.5**	**1.3**	**2.0**	**0.1**	**0.3**
Australia	1.3	2.8	-	-	0.3	0.5	1.3	1.9	0.1	0.3
WORLD	**62.1**	**64.2**	**9.7**	**5.5**	**9.8**	**5.5**	**62.8**	**62.1**	**6.0**	**7.3**
Developing countries	47.3	48.8	2.3	2.3	2.2	1.6	48.5	49.1	4.0	4.5
Developed countries	14.8	15.4	7.4	3.2	7.6	3.9	14.3	13.1	2.0	2.8
LIFDCs	35.3	35.8	0.8	0.5	0.9	0.7	35.9	35.8	3.2	3.1
LDCs	13.9	14.6	0.6	0.4	0.8	0.6	13.9	14.4	2.4	2.3
NFIDCs	1.8	1.8	0.1	0.1	-	-	2.0	1.9	0.1	0.1

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

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2007 *estim.*	2008 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*	2008 *estim.*	2009 *f'cast*
ASIA	19.3	16.9	0.5	0.5	-	-	19.9	17.5	0.8	0.7
AFRICA	20.4	20.9	0.1	0.1	0.3	0.3	20.3	20.6	2.0	2.0
CENTRAL AMERICA	0.1	0.1	0.1	0.1	-	-	0.2	0.3	-	-
SOUTH AMERICA	1.4	1.5	0.1	0.2	-	-	1.7	1.7	0.1	0.1
NORTH AMERICA	7.3	6.8	2.5	2.3	2.7	2.4	6.2	6.2	2.1	2.2
EUROPE	47.6	51.4	0.4	0.3	0.5	0.7	46.9	50.5	4.9	5.4
OCEANIA	1.4	2.0	0.1	0.1	0.1	0.2	1.3	1.7	0.2	0.2
WORLD	**97.6**	**99.7**	**3.7**	**3.5**	**3.7**	**3.5**	**96.5**	**98.5**	**10.0**	**10.5**

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

	Production		Imports		Exports		Total Utilization		Stocks ending in	
	2007 *estim.*	2008 *f'cast*	2008 *estim.*	2009 *f'cast*	2008 *estim.*	2009 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*	2008 *estim.*	2009 *f'cast*
ASIA	**399.3**	**407.8**	**14.6**	**14.1**	**24.6**	**24.1**	**385.0**	**392.0**	**103.2**	**109.3**
Bangladesh	28.9	30.0	1.5	1.0	-	-	29.9	30.9	4.6	4.7
China	128.1	130.7	0.9	1.0	1.3	1.5	125.9	126.6	58.1	61.7
of which Taiwan Prov.	1.0	1.2	0.1	0.1	-	0.1	1.2	1.2	0.1	0.2
India	96.4	98.0	0.1	0.1	3.5	4.3	88.8	92.3	16.5	18.0
Indonesia	36.0	37.7	0.3	0.3	-	-	37.0	37.6	2.8	3.2
Iran, Islamic Republic of	1.8	1.6	1.1	1.2	-	-	2.9	2.9	0.3	0.3
Iraq	0.2	0.2	1.0	1.1	-	-	1.2	1.2	0.1	0.1
Japan	7.9	7.6	0.7	0.7	0.2	0.2	8.3	8.3	1.6	1.5
Korea, DPR	1.2	1.4	0.7	0.6	-	-	1.9	2.0	-	0.1
Korea, Republic of	4.4	4.6	0.3	0.3	0.1	0.1	4.8	4.8	0.9	0.9
Malaysia	1.5	1.5	1.0	0.8	-	-	2.4	2.4	0.1	0.2
Myanmar	18.9	17.5	-	-	0.1	0.4	19.0	18.3	5.0	3.8
Pakistan	5.6	6.3	-	-	3.1	3.2	2.7	2.9	0.2	0.4
Philippines	10.9	11.1	2.3	1.8	-	-	12.6	12.9	2.1	2.2
Saudi Arabia	-	-	1.1	1.2	-	-	1.2	1.3	0.2	0.1
Sri Lanka	2.1	2.6	0.1	-	-	-	2.2	2.5	0.2	0.4
Thailand	21.2	21.5	0.2	0.1	10.1	8.5	11.7	12.0	3.9	5.0
Viet Nam	23.9	25.1	0.2	0.2	4.6	4.5	19.9	20.4	4.4	4.8
AFRICA	**15.0**	**16.1**	**9.6**	**9.4**	**0.5**	**0.7**	**24.2**	**24.6**	**3.0**	**3.0**
Cote d'Ívoire	0.6	0.6	0.9	0.8	-	-	1.5	1.4	-	-
Egypt	4.7	5.1	-	-	0.5	0.7	3.8	4.1	1.1	1.4
Madagascar	2.4	2.7	0.2	0.2	-	-	2.6	2.8	0.2	0.2
Nigeria	2.3	2.4	2.0	1.8	-	-	4.4	4.3	0.2	0.1
Senegal	0.2	0.2	0.9	0.9	-	-	1.1	1.1	0.3	0.2
South Africa	-	-	0.8	0.9	-	-	0.9	0.9	0.1	-
Tanzania, United Rep. of	0.9	0.9	0.1	0.1	-	-	1.1	1.0	0.1	0.1
CENTRAL AMERICA	**1.6**	**1.6**	**2.3**	**2.3**	**-**	**-**	**3.9**	**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	0.5	-	-	0.7	0.7	-	-
SOUTH AMERICA	**14.7**	**15.8**	**1.1**	**1.0**	**2.1**	**2.1**	**14.6**	**14.7**	**1.0**	**1.1**
Argentina	0.7	0.8	-	-	0.5	0.5	0.3	0.3	0.1	0.1
Brazil	7.6	8.1	0.7	0.6	0.4	0.3	8.6	8.4	0.2	0.2
Peru	1.7	1.8	0.1	-	-	-	1.7	1.8	0.3	0.3
Uruguay	0.8	0.9	-	-	0.8	0.8	0.1	0.1	0.1	0.2
NORTH AMERICA	**6.3**	**6.5**	**1.1**	**1.2**	**3.5**	**3.3**	**4.2**	**4.5**	**1.0**	**0.9**
Canada	-	-	0.3	0.3	-	-	0.3	0.3	-	0.1
United States of America	6.3	6.5	0.8	0.8	3.5	3.3	3.9	4.2	0.9	0.8
EUROPE	**2.5**	**2.4**	**1.8**	**2.0**	**0.2**	**0.3**	**4.1**	**4.1**	**0.6**	**0.6**
European Union	1.9	1.8	1.3	1.5	0.2	0.2	3.0	3.1	0.5	0.5
Russian Federation	0.5	0.5	0.3	0.3	-	-	0.7	0.7	-	-
OCEANIA	**0.1**	**-**	**0.4**	**0.4**	**0.1**	**0.1**	**0.5**	**0.5**	**0.1**	**-**
Australia	0.1	-	0.2	0.2	0.1	0.1	0.2	0.2	0.1	-
WORLD	**439.5**	**450.2**	**31.0**	**30.5**	**31.0**	**30.5**	**436.5**	**444.4**	**109.3**	**115.4**
Developing countries	422.2	433.2	26.2	25.2	27.0	26.7	418.0	425.6	105.9	112.4
Developed countries	17.3	17.0	4.9	5.3	4.0	3.8	18.5	18.8	3.4	3.0
LIFDCs	333.3	342.9	16.9	15.9	9.9	11.0	334.6	341.9	89.1	95.1
LDCs	64.5	64.8	7.0	6.8	1.6	1.8	70.4	71.2	12.7	11.4
NFIDCs	16.2	18.0	2.6	2.5	3.7	4.0	15.0	15.9	2.2	2.9

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

	Wheat[1]			Coarse Grains[2]			Rice (milled basis)		
	2006/07	2007/08 estim.	2008/09 f'cast	2006/07	2007/08 estim.	2008/09 f'cast	2006/07	2007/08 estim.	2008/09 f'cast
	UNITED STATES (June/May)			**UNITED STATES**			**UNITED STATES** (Aug./July)		
Opening stocks	15.5	12.4	8.3	54.8	36.2	43.8	1.4	1.3	0.9
Production	49.3	56.2	68.0	280.4	351.5	328.7	6.2	6.3	6.5
Imports	2.8	2.5	2.2	2.6	3.5	2.9	0.7	0.8	0.8
Total Supply	**67.7**	**71.2**	**78.5**	**337.8**	**391.2**	**375.5**	**8.3**	**8.3**	**8.3**
Domestic use	30.8	28.8	35.1	243.2	277.8	289.5	4.1	4.0	4.0
Exports	24.4	34.1	26.9	58.4	69.6	55.4	2.9	3.5	3.5
Closing stocks	12.4	8.3	16.5	36.2	43.8	30.5	1.3	0.9	0.8
	CANADA (August/July)			**CANADA**			**THAILAND** (Nov./Oct.)[3]		
Opening stocks	9.6	6.8	4.0	6.5	3.7	3.7	5.5	4.4	3.9
Production	25.3	20.1	27.3	23.3	28.0	26.1	19.6	21.2	21.5
Imports	0.0	0.0	0.0	2.2	2.9	2.6	0.2	0.2	0.1
Total Supply	**34.9**	**26.9**	**31.3**	**32.0**	**34.6**	**32.4**	**25.3**	**25.7**	**25.5**
Domestic use	8.6	7.2	8.3	23.3	23.5	23.6	11.4	11.7	12.0
Exports	19.5	15.7	17.0	5.0	7.4	4.9	9.6	10.1	8.5
Closing stocks	6.8	4.0	6.0	3.7	3.7	4.0	4.4	3.9	5.0
	ARGENTINA (Dec./Nov.)			**ARGENTINA**			**INDIA** (Oct./Sept.)[3]		
Opening stocks	0.6	0.2	0.9	1.9	1.3	1.9	11.6	12.3	16.5
Production	14.5	16.3	11.0	18.3	26.6	26.1	93.4	96.4	98.0
Imports	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Total Supply	**15.2**	**16.5**	**11.9**	**20.3**	**28.0**	**28.0**	**105.0**	**108.8**	**114.6**
Domestic use	5.2	5.4	5.1	8.6	8.6	9.7	86.5	88.8	92.3
Exports	9.7	10.2	6.5	10.3	17.5	15.4	6.2	3.5	4.3
Closing stocks	0.2	0.9	0.3	1.3	1.9	2.9	12.3	16.5	18.0
	AUSTRALIA (Oct./Sept.)			**AUSTRALIA**			**PAKISTAN** (Nov./Oct.)[3]		
Opening stocks	9.5	4.2	4.2	4.0	2.0	1.5	0.2	0.4	0.2
Production	10.8	13.1	22.5	7.5	8.8	13.0	5.4	5.6	6.3
Imports	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Supply	**20.3**	**17.3**	**26.7**	**11.5**	**10.8**	**14.5**	**5.6**	**6.0**	**6.5**
Domestic use	7.4	6.5	6.9	7.5	5.9	7.9	2.6	2.7	2.9
Exports	8.7	6.6	15.0	2.0	3.4	4.5	2.6	3.1	3.2
Closing stocks	4.2	4.2	4.8	2.0	1.5	2.1	0.4	0.2	0.4
	EU (July/June)			**EU**			**VIET NAM** (Nov./Oct.)[3]		
Opening stocks	21.0	15.0	9.5	23.5	21.9	21.1	4.7	4.8	4.4
Production	117.8	120.2	148.7	127.2	137.7	159.0	23.9	23.9	25.1
Imports	5.9	6.7	5.8	6.7	21.4	4.8	0.3	0.2	0.2
Total Supply	**144.7**	**141.9**	**164.0**	**157.4**	**180.9**	**185.0**	**28.9**	**28.9**	**29.7**
Domestic use	118.9	120.5	131.0	133.9	153.9	156.0	19.6	19.9	20.4
Exports	12.8	11.9	16.0	4.3	5.9	5.1	4.5	4.6	4.5
Closing stocks	13.0	9.5	17.0	19.2	21.1	23.8	4.8	4.4	4.8
	TOTAL OF ABOVE			**TOTAL OF ABOVE**			**TOTAL OF ABOVE**		
Opening stocks	56.2	38.6	26.9	90.7	65.0	72.1	23.3	23.1	25.9
Production	217.8	225.9	277.4	456.7	552.6	552.9	148.5	153.5	157.4
Imports	8.7	9.3	8.0	11.5	27.8	10.3	1.2	1.2	1.2
Total Supply	**282.7**	**273.8**	**312.3**	**558.9**	**645.4**	**635.3**	**173.1**	**177.7**	**184.5**
Domestic use	170.9	168.4	186.3	416.6	469.6	486.7	124.2	127.0	131.6
Exports	75.1	78.5	81.4	80.0	103.7	85.3	25.8	24.8	24.0
Closing stocks	36.6	26.9	44.6	62.3	72.1	63.2	23.1	25.9	29.0

[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); **European Union** (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		
	2006/07	2007/08 estim.	2008/09 f'cast	2006/07	2007/08 estim.	2008/09 f'cast	2006/07	2007/08 estim.	2008/09 f'cast
ASIA	**124.0**	**121.7**	**130.4**	**51.6**	**58.2**	**57.8**	**2.9**	**2.6**	**2.6**
China	60.0	53.8	59.7	32.0	38.8	38.1	1.5	1.4	1.4
of which Taiwan Prov.	0.1	0.1	0.1	2.4	2.3	2.4	-	-	-
India	33.2	36.9	38.2	-	0.1	0.2	0.7	0.6	0.6
Indonesia	7.7	8.0	8.7	1.5	1.4	1.5	0.1	0.1	0.1
Iran, Islamic Republic of	0.7	0.7	0.8	0.9	1.0	0.8	-	-	-
Japan	0.3	0.3	0.3	6.7	6.8	6.7	-	-	-
Korea, Republic of	0.2	0.2	0.2	1.5	1.5	1.5	-	-	-
Malaysia	4.2	4.7	4.8	0.8	0.8	0.7	0.1	-	-
Pakistan	5.1	4.6	4.7	1.3	0.9	1.4	-	-	-
Thailand	0.7	0.8	0.8	1.7	1.7	1.7	-	-	-
Turkey	2.3	2.0	2.3	2.1	2.0	1.9	-	-	-
AFRICA	**15.5**	**16.3**	**16.2**	**2.7**	**2.5**	**2.4**	**0.7**	**0.7**	**0.8**
Nigeria	4.4	4.5	4.6	-	-	-	0.1	0.1	0.1
CENTRAL AMERICA	**1.1**	**1.2**	**1.2**	**6.1**	**6.2**	**6.1**	**0.1**	**0.1**	**0.1**
Mexico	0.7	0.7	0.8	5.5	5.6	5.5	-	-	-
SOUTH AMERICA	**123.6**	**126.7**	**129.2**	**3.8**	**4.6**	**4.4**	**38.9**	**46.2**	**47.2**
Argentina	52.0	52.6	54.9	2.5	3.2	3.0	10.2	14.9	13.2
Brazil	61.5	63.1	63.6	0.2	0.2	0.2	23.8	25.2	27.4
Paraguay	6.5	7.6	7.4	-	-	-	4.1	5.2	5.7
NORTH AMERICA	**110.8**	**96.3**	**105.1**	**1.7**	**2.4**	**2.2**	**39.3**	**40.6**	**36.6**
Canada	13.7	13.4	15.2	0.7	0.9	0.7	8.0	8.1	7.9
United States of America	97.1	82.9	89.9	1.0	1.5	1.5	31.3	32.5	28.7
EUROPE	**41.1**	**39.7**	**45.8**	**19.3**	**19.6**	**19.8**	**3.0**	**2.6**	**4.4**
European Union	24.6	24.7	26.8	18.5	18.6	18.8	1.2	0.9	1.0
Russian Federation	8.0	6.8	8.1	0.2	0.4	0.4	0.3	0.1	0.5
Ukraine	6.8	6.9	9.3	-	-	-	1.4	1.5	2.9
OCEANIA	**1.6**	**2.0**	**2.6**	**0.2**	**0.1**	**0.1**	**0.4**	**0.6**	**1.1**
Australia	1.2	1.6	2.2	0.2	0.1	0.1	0.3	0.5	1.0
WORLD	**417.7**	**403.8**	**430.5**	**85.3**	**93.5**	**92.9**	**85.3**	**93.5**	**92.7**
Developing countries	260.0	260.8	272.1	56.2	63.7	63.2	42.5	49.4	50.5
Developed countries	157.7	143.0	158.4	29.0	29.8	29.7	42.9	44.0	42.2
LIFDCs	127.6	124.9	133.5	35.8	42.4	42.2	3.3	3.0	3.1
LDCs	9.9	10.0	10.1	0.3	0.4	0.4	0.4	0.4	0.4
NFIDCs	7.4	6.9	7.1	3.8	3.4	3.9	0.2	0.1	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		
	2006/07	2007/08 estim.	2008/09 f'cast	2006/07	2007/08 estim.	2008/09 f'cast	2006/07	2007/08 estim.	2008/09 f'cast
ASIA	**30.8**	**32.5**	**33.9**	**34.5**	**37.3**	**39.1**	**74.3**	**76.2**	**79.6**
Bangladesh	1.3	1.1	1.2	-	-	-	1.5	1.4	1.4
China	10.1	10.9	11.5	0.5	0.5	0.5	28.6	29.6	30.8
of which Taiwan Prov.	0.4	0.4	0.4	-	-	-	0.9	0.9	0.9
India	5.5	5.8	6.2	0.5	0.6	0.6	14.9	15.9	16.3
Indonesia	0.1	0.1	0.1	14.6	16.6	17.6	5.1	5.1	5.7
Iran	1.3	1.2	1.3	0.2	0.1	0.1	1.5	1.6	1.6
Japan	1.1	1.1	1.1	-	-	-	3.1	3.1	3.2
Korea, Republic of	0.8	0.8	0.8	-	-	-	1.1	1.1	1.2
Malaysia	0.9	1.1	1.2	15.1	16.5	17.0	3.8	3.6	4.0
Pakistan	2.0	2.0	2.1	0.1	0.1	-	3.4	3.4	3.6
Philippines	0.4	0.5	0.5	0.9	1.0	1.0	0.8	0.9	1.0
Singapore	0.6	0.6	0.7	0.3	0.3	0.3	0.3	0.3	0.3
Turkey	1.0	1.2	1.3	0.2	0.3	0.3	2.3	2.4	2.4
AFRICA	**6.7**	**6.5**	**6.8**	**1.2**	**1.1**	**1.1**	**11.7**	**11.9**	**12.1**
Algeria	0.7	0.6	0.7	-	-	-	0.7	0.7	0.7
Egypt	1.6	1.3	1.5	0.2	0.1	0.1	1.7	1.7	1.8
Nigeria	0.3	0.3	0.3	-	-	-	1.9	2.0	2.0
South Africa	0.8	0.7	0.7	0.1	0.1	0.1	1.1	1.1	1.1
CENTRAL AMERICA	**2.2**	**2.4**	**2.3**	**0.5**	**0.5**	**0.6**	**4.4**	**4.6**	**4.5**
Mexico	1.1	1.1	1.1	0.1	0.1	0.1	2.9	2.9	2.9
SOUTH AMERICA	**2.1**	**2.4**	**2.3**	**11.2**	**11.3**	**11.5**	**9.6**	**10.5**	**11.2**
Argentina	-	0.1	0.1	7.3	7.4	7.9	0.7	1.3	1.6
Brazil	0.3	0.4	0.4	2.6	2.5	2.2	5.5	5.8	6.4
NORTH AMERICA	**3.4**	**3.7**	**4.1**	**5.1**	**5.7**	**5.3**	**17.5**	**17.4**	**18.2**
Canada	0.6	0.5	0.5	1.9	2.1	2.0	0.9	0.9	1.0
United States of America	2.8	3.2	3.6	3.2	3.6	3.3	16.6	16.5	17.2
EUROPE	**13.1**	**13.5**	**13.9**	**4.5**	**4.0**	**4.7**	**33.0**	**34.2**	**34.8**
European Union	10.7	10.8	11.1	1.8	1.9	2.0	27.6	28.3	29.0
Russian Federation	1.1	1.3	1.3	0.7	0.4	0.7	3.3	3.7	3.5
Ukraine	0.4	0.5	0.6	1.7	1.4	1.7	0.8	1.0	1.0
OCEANIA	**0.5**	**0.5**	**0.6**	**1.6**	**1.6**	**1.6**	**1.0**	**1.1**	**1.1**
Australia	0.3	0.3	0.4	0.6	0.6	0.6	0.7	0.7	0.7
WORLD	**58.8**	**61.6**	**63.9**	**58.7**	**61.6**	**63.9**	**151.6**	**155.9**	**161.5**
Developing countries	39.6	41.6	43.1	47.9	50.7	52.7	95.0	98.1	102.2
Developed countries	19.2	19.9	20.8	10.7	10.9	11.2	56.6	57.8	59.3
LIFDCs	26.1	27.2	28.8	18.1	20.1	21.3	66.5	68.8	72.0
LDCs	4.2	4.1	4.3	0.4	0.4	0.4	6.9	6.9	7.0
NFIDCs	6.5	6.5	6.8	1.3	1.1	1.2	9.3	9.5	9.9

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

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

	Imports			Exports			Utilization		
	2006/07	2007/08 *estim.*	2008/09 *f'cast*	2006/07	2007/08 *estim.*	2008/09 *f'cast*	2006/07	2007/08 *estim.*	2008/09 *f'cast*
ASIA	**22.9**	**24.1**	**24.7**	**13.0**	**14.6**	**15.0**	**99.3**	**102.8**	**105.7**
China	1.9	2.4	2.6	1.4	1.1	1.1	49.3	51.5	53.5
of which Taiwan Prov.	0.5	0.6	0.6	-	-	-	2.5	2.4	2.5
India	0.2	0.1	0.1	5.1	6.8	6.9	10.9	11.0	11.2
Indonesia	2.5	2.6	2.7	2.4	2.5	2.7	2.7	3.1	3.2
Japan	2.3	2.3	2.5	-	-	-	7.2	7.4	7.4
Korea, Republic of	3.3	3.5	3.6	-	-	-	4.3	4.7	4.7
Malaysia	0.9	0.9	1.0	2.3	2.3	2.4	1.7	1.8	1.8
Pakistan	0.3	0.4	0.4	0.1	0.1	0.1	3.0	2.8	3.1
Philippines	1.9	1.9	1.9	0.4	0.5	0.5	2.3	2.4	2.4
Saudi Arabia	0.7	0.8	0.8	-	-	-	0.7	0.8	0.8
Thailand	2.8	2.5	2.7	0.1	0.2	0.2	4.7	4.5	4.6
Turkey	1.1	1.0	1.0	0.1	0.1	-	3.2	3.2	3.3
Viet Nam	1.4	1.5	1.4	0.1	-	-	1.6	1.7	1.7
AFRICA	**3.7**	**4.2**	**4.4**	**0.8**	**0.8**	**0.8**	**9.1**	**9.8**	**10.2**
Egypt	0.8	0.9	1.1	-	-	-	2.0	2.1	2.4
South Africa	1.1	1.2	1.2	-	-	-	1.8	1.9	2.0
CENTRAL AMERICA	**3.7**	**3.4**	**3.6**	**0.1**	**0.1**	**0.1**	**8.4**	**8.3**	**8.3**
Mexico	2.0	1.8	1.9	-	-	-	6.4	6.2	6.1
SOUTH AMERICA	**4.8**	**5.0**	**5.4**	**43.0**	**43.9**	**45.5**	**22.6**	**23.7**	**24.8**
Argentina	0.7	0.5	1.0	26.4	27.6	30.3	3.2	4.0	4.1
Bolivia	-	-	-	1.0	0.9	0.9	0.2	0.3	0.4
Brazil	0.2	0.3	0.2	12.7	12.3	11.2	13.8	13.9	14.5
Chile	0.9	0.9	0.9	0.6	0.5	0.6	1.4	1.4	1.4
Paraguay	-	-	-	0.9	0.9	0.9	0.1	0.1	0.2
Peru	0.8	0.8	0.8	1.3	1.5	1.5	1.0	1.0	1.0
Venezuela	1.0	1.2	1.1	-	-	-	1.1	1.2	1.3
NORTH AMERICA	**3.4**	**3.7**	**3.9**	**10.6**	**11.5**	**10.8**	**37.7**	**36.9**	**37.7**
Canada	1.5	1.6	1.7	2.2	2.6	2.8	2.4	2.5	2.5
United States of America	1.9	2.1	2.2	8.4	8.9	8.0	35.3	34.4	35.2
EUROPE	**31.9**	**32.5**	**32.6**	**3.9**	**3.5**	**4.1**	**58.4**	**60.6**	**61.8**
European Union	29.6	30.1	30.1	1.0	0.9	1.0	53.9	55.7	56.5
Russian Federation	0.8	0.8	0.9	1.0	0.9	1.1	2.6	2.6	2.8
Ukraine	0.1	0.1	0.1	1.4	1.3	1.5	0.2	0.2	0.4
OCEANIA	**1.5**	**1.9**	**1.9**	**0.2**	**0.2**	**0.2**	**2.1**	**2.4**	**2.5**
Australia	0.9	1.0	1.0	-	-	-	1.5	1.5	1.5
WORLD	**71.8**	**74.8**	**76.4**	**71.7**	**74.7**	**76.4**	**237.7**	**244.6**	**251.0**
Developing countries	31.3	32.8	34.0	56.8	59.3	61.3	128.8	133.7	138.0
Developed countries	40.5	42.1	42.4	14.8	15.4	15.1	108.9	110.9	113.0
LIFDCs	9.7	10.6	11.1	10.5	12.0	12.3	75.9	78.9	81.9
LDCs	0.4	0.4	0.4	0.4	0.5	0.4	3.2	3.2	3.3
NFIDCs	4.5	5.0	5.2	1.6	1.9	1.8	9.7	9.8	10.6

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

Table A13. Total meat statistics[1] *(thousand tonnes, carcass weight equivalent)*

	Production		Imports		Exports		Utilization	
	2008 *estim.*	2009 *f'cast*	2008 *estim.*	2009 *f'cast*	2008 *estim.*	2009 *f'cast*	2008 *estim.*	2009 *f'cast*
ASIA	**113 370**	**115 472**	**10 771**	**11 160**	**2 695**	**2 824**	**121 446**	**123 808**
China	74 906	76 025	3 436	3 540	1 258	1 322	77 084	78 243
of which Hong Kong, SAR	250	256	1 281	1 382	519	580	1 011	1 057
India	6 588	6 775	1	2	570	599	6 019	6 177
Indonesia	2 670	2 772	109	119	7	7	2 772	2 884
Iran, Islamic Republic of	2 427	2 546	140	150	25	27	2 542	2 670
Japan	3 018	3 022	2 791	2 850	8	8	5 802	5 865
Korea, Republic of	1 753	1 787	829	866	21	20	2 562	2 633
Malaysia	1 319	1 339	188	197	12	13	1 495	1 524
Pakistan	2 240	2 308	13	14	18	19	2 234	2 303
Philippines	2 483	2 523	241	256	15	15	2 710	2 765
Saudi Arabia	747	757	718	758	20	21	1 446	1 494
Singapore	97	98	275	281	9	9	364	370
Thailand	2 203	2 289	4	4	538	564	1 670	1 730
Turkey	1 713	1 791	82	87	40	41	1 755	1 837
Viet Nam	3 242	3 289	232	234	17	17	3 457	3 505
AFRICA	**12 964**	**13 179**	**1 714**	**1 745**	**97**	**103**	**14 581**	**14 821**
Algeria	583	585	81	79	-	-	664	664
Angola	140	140	298	308	-	-	438	448
Egypt	1 368	1 405	312	307	2	2	1 677	1 710
Nigeria	1 118	1 131	1	1	-	-	1 119	1 132
South Africa	2 162	2 214	352	347	22	27	2 492	2 534
CENTRAL AMERICA	**8 088**	**8 267**	**2 153**	**2 243**	**253**	**269**	**9 988**	**10 240**
Cuba	202	204	167	177	-	-	369	381
Mexico	5 739	5 871	1 537	1 596	146	156	7 130	7 311
SOUTH AMERICA	**35 201**	**35 909**	**628**	**742**	**7 439**	**7 797**	**28 390**	**28 854**
Argentina	4 712	4 700	37	38	562	539	4 188	4 200
Brazil	22 175	22 740	30	29	5 948	6 298	16 257	16 472
Chile	1 381	1 420	64	121	253	262	1 191	1 279
Colombia	2 142	2 173	39	42	90	96	2 091	2 119
Uruguay	631	645	18	16	398	425	250	236
Venezuela	1 378	1 415	388	443	-	-	1 765	1 857
NORTH AMERICA	**47 491**	**46 965**	**2 403**	**2 492**	**8 167**	**8 310**	**41 727**	**41 147**
Canada	4 365	4 313	661	715	1 518	1 493	3 509	3 535
United States of America	43 125	42 651	1 727	1 761	6 649	6 817	38 203	37 595
EUROPE	**54 871**	**55 093**	**5 765**	**5 798**	**2 569**	**2 572**	**58 066**	**58 319**
Belarus	870	912	24	22	197	219	697	715
European Union	44 016	43 863	1 676	1 782	2 255	2 237	43 437	43 408
Russian Federation	5 841	6 192	3 249	3 153	37	40	9 053	9 305
Ukraine	2 054	2 009	356	378	26	21	2 384	2 366
OCEANIA	**5 858**	**5 806**	**334**	**349**	**2 640**	**2 593**	**3 552**	**3 562**
Australia	3 983	3 948	144	150	1 712	1 680	2 415	2 419
New Zealand	1 401	1 375	59	63	926	911	535	527
WORLD	**277 843**	**280 689**	**23 766**	**24 530**	**23 860**	**24 468**	**277 750**	**280 751**
Developing countries	161 819	164 888	11 887	12 440	10 443	10 947	163 263	166 380
Developed countries	116 024	115 801	11 879	12 090	13 417	13 521	114 487	114 370
LIFDCs	102 425	104 223	4 229	4 308	1 626	1 686	105 027	106 845
LDCs	7 417	7 541	772	807	4	5	8 185	8 343
NFIDCs	9 528	9 746	1 319	1 403	109	114	10 738	11 035

[1] Including "other meat".

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

	Production		Imports		Exports		Utilization	
	2008 *estim.*	2009 *f'cast*	2008 *estim.*	2009 *f'cast*	2008 *estim.*	2009 *f'cast*	2008 *estim.*	2009 *f'cast*
ASIA	**15 799**	**16 070**	**2 195**	**2 267**	**704**	**732**	**17 282**	**17 606**
China	6 324	6 424	266	289	83	79	6 506	6 633
India	2 770	2 750	1	1	560	589	2 211	2 162
Indonesia	480	500	90	100	-	-	570	600
Iran, Islamic Republic of	373	378	95	100	-	-	468	478
Japan	510	520	620	600	1	1	1 117	1 119
Korea, Republic of	240	245	276	281	1	1	515	525
Malaysia	27	28	120	130	4	4	143	154
Pakistan	1 168	1 226	7	7	10	11	1 165	1 223
Philippines	250	255	120	125	-	-	370	380
AFRICA	**4 778**	**4 841**	**666**	**666**	**54**	**54**	**5 390**	**5 453**
Algeria	120	121	70	66	-	-	190	187
Angola	85	85	102	105	-	-	187	190
Egypt	417	436	300	295	1	1	716	730
South Africa	806	807	40	45	4	4	842	848
CENTRAL AMERICA	**2 298**	**2 330**	**497**	**526**	**106**	**113**	**2 689**	**2 743**
Mexico	1 672	1 690	398	421	36	39	2 034	2 072
SOUTH AMERICA	**14 848**	**14 984**	**262**	**330**	**2 642**	**2 805**	**12 468**	**12 509**
Argentina	3 089	3 050	3	3	353	320	2 739	2 733
Brazil	8 750	8 900	25	23	1 625	1 800	7 150	7 123
Chile	245	250	30	85	19	19	256	316
Colombia	899	912	3	3	90	95	812	820
Uruguay	515	525	4	3	372	398	147	130
Venezuela	450	447	185	200	-	-	635	647
NORTH AMERICA	**13 442**	**13 340**	**1 390**	**1 445**	**1 156**	**1 270**	**13 695**	**13 514**
Canada	1 290	1 251	236	250	406	400	1 125	1 101
United States of America	12 152	12 089	1 150	1 191	750	870	12 566	12 410
EUROPE	**11 216**	**11 119**	**1 539**	**1 708**	**230**	**233**	**12 525**	**12 594**
European Union	8 238	8 200	400	500	100	100	8 538	8 600
Russian Federation	1 586	1 550	1 033	1 061	8	8	2 611	2 603
Ukraine	587	540	16	55	17	9	586	586
OCEANIA	**2 750**	**2 703**	**50**	**52**	**1 775**	**1 750**	**1 024**	**1 005**
Australia	2 143	2 113	7	7	1 295	1 280	853	839
New Zealand	588	571	12	12	478	468	122	115
WORLD	**65 131**	**65 388**	**6 599**	**6 994**	**6 667**	**6 957**	**65 073**	**65 424**
Developing countries	34 906	35 347	2 833	3 006	3 499	3 696	34 245	34 656
Developed countries	30 226	30 041	3 766	3 988	3 168	3 260	30 829	30 768
LIFDCs	16 914	17 207	850	868	796	834	16 969	17 242
LDCs	2 758	2 791	151	156	2	2	2 907	2 945
NFIDCs	3 222	3 323	633	651	72	73	3 783	3 900

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

	Production		Imports		Exports		Utilization	
	2008 *estim.*	2009 *f'cast*	2008 *estim.*	2009 *f'cast*	2008 *estim.*	2009 *f'cast*	2008 *estim.*	2009 *f'cast*
ASIA	**8 810**	**8 867**	**301**	**309**	**47**	**53**	**9 064**	**9 123**
Bangladesh	210	220	-	-	-	-	210	220
China	4 953	4 963	102	105	26	31	5 030	5 037
India	775	780	-	-	7	7	768	773
Iran, Islamic Republic of	498	500	-	-	-	-	498	500
Pakistan	530	535	1	1	7	8	524	528
Saudi Arabia	100	98	65	65	5	5	160	158
Syria	210	215	-	-	-	-	210	215
Turkey	318	318	-	-	-	-	318	318
AFRICA	**2 152**	**2 167**	**54**	**55**	**13**	**15**	**2 193**	**2 208**
Algeria	193	191	9	10	-	-	202	201
Nigeria	256	258	-	-	-	-	256	258
South Africa	156	157	13	13	-	-	169	170
Sudan	335	330	-	-	1	1	334	329
CENTRAL AMERICA	**122**	**126**	**51**	**53**	**-**	**-**	**174**	**179**
Mexico	97	100	36	38	-	-	133	138
SOUTH AMERICA	**352**	**359**	**5**	**6**	**27**	**27**	**330**	**339**
Brazil	127	128	5	6	-	-	132	134
NORTH AMERICA	**118**	**118**	**109**	**109**	**5**	**3**	**222**	**223**
United States of America	100	100	87	86	5	3	182	183
EUROPE	**1 418**	**1 420**	**296**	**295**	**10**	**19**	**1 705**	**1 696**
European Union	1 136	1 130	273	273	5	14	1 404	1 389
Russian Federation	165	170	12	10	-	-	177	180
OCEANIA	**1 171**	**1 151**	**49**	**51**	**742**	**714**	**479**	**488**
Australia	600	590	-	1	327	304	273	286
New Zealand	570	560	4	4	415	410	159	154
WORLD	**14 143**	**14 209**	**867**	**878**	**845**	**831**	**14 165**	**14 255**
Developing countries	10 818	10 890	423	436	88	95	11 153	11 232
Developed countries	3 326	3 319	444	441	757	736	3 012	3 023
LIFDCs	9 159	9 227	110	112	41	46	9 228	9 292
LDCs	1 394	1 411	6	6	1	1	1 399	1 416
NFIDCs	989	1 003	42	43	15	17	1 016	1 028

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

	Production		Imports		Exports		Utilization	
	2008 estim.	2009 f'cast	2008 estim.	2009 f'cast	2008 estim.	2009 f'cast	2008 estim.	2009 f'cast
ASIA	**54 228**	**54 700**	**2 971**	**2 978**	**325**	**314**	**56 917**	**57 363**
China	44 886	45 221	921	867	274	262	45 533	45 826
of which Hong Kong, SAR	185	190	363	372	110	120	438	442
India	500	500	-	-	1	1	499	499
Indonesia	610	620	4	4	3	3	611	621
Japan	1 156	1 150	1 184	1 215	-	-	2 355	2 365
Korea, DPR	170	172	90	90	-	-	260	262
Korea, Republic of	951	970	452	473	12	11	1 419	1 431
Malaysia	230	230	19	17	3	3	246	244
Philippines	1 538	1 577	55	60	-	-	1 593	1 637
Thailand	720	730	-	-	10	11	710	719
Viet Nam	2 510	2 540	30	30	17	17	2 523	2 553
AFRICA	**843**	**855**	**135**	**139**	**8**	**8**	**970**	**986**
Madagascar	78	80	-	-	-	-	78	80
Nigeria	215	218	-	-	-	-	215	218
South Africa	148	149	29	28	2	2	175	175
Uganda	65	65	-	-	-	-	65	65
CENTRAL AMERICA	**1 513**	**1 545**	**590**	**602**	**114**	**120**	**1 989**	**2 028**
Cuba	100	100	20	22	-	-	120	122
Mexico	1 142	1 170	470	475	97	101	1 515	1 544
SOUTH AMERICA	**4 931**	**5 070**	**57**	**57**	**785**	**812**	**4 203**	**4 316**
Argentina	235	240	25	25	1	1	258	264
Brazil	3 368	3 482	-	-	650	675	2 718	2 807
Chile	480	490	4	4	132	133	352	361
Colombia	199	201	6	7	-	-	205	208
Venezuela	139	139	2	2	-	-	141	141
NORTH AMERICA	**12 450**	**12 187**	**590**	**609**	**3 014**	**3 086**	**10 008**	**9 707**
Canada	1 800	1 750	185	210	914	886	1 071	1 074
United States of America	10 650	10 437	400	394	2 100	2 200	8 932	8 628
EUROPE	**26 367**	**26 155**	**1 192**	**1 240**	**1 451**	**1 443**	**26 108**	**25 952**
Belarus	388	400	5	5	100	110	293	295
European Union	22 300	22 100	50	55	1 300	1 280	21 050	20 875
Russian Federation	1 910	2 042	837	840	25	27	2 722	2 855
Serbia	620	620	25	25	13	13	632	632
Ukraine	618	451	134	172	-	-	752	623
OCEANIA	**497**	**492**	**185**	**195**	**43**	**47**	**639**	**640**
Australia	359	354	134	140	43	46	451	448
Papua New Guinea	68	68	4	4	-	-	72	72
WORLD	**100 829**	**101 005**	**5 720**	**5 820**	**5 740**	**5 829**	**100 833**	**100 992**
Developing countries	59 977	60 632	2 493	2 486	1 229	1 250	61 269	61 868
Developed countries	40 852	40 372	3 227	3 334	4 511	4 579	39 565	39 124
LIFDCs	48 083	48 469	901	850	278	267	48 706	49 053
LDCs	1 035	1 067	74	77	-	-	1 108	1 144
NFIDCs	490	494	91	97	5	5	576	586

Table A17. Poultry meat statistics *(thousand tonnes, carcass weight equivalent)*

	Production		Imports		Exports		Utilization	
	2008 estim.	2009 f'cast	2008 estim.	2009 f'cast	2008 estim.	2009 f'cast	2008 estim.	2009 f'cast
ASIA	**32 640**	**33 925**	**5 262**	**5 564**	**1 585**	**1 692**	**36 331**	**37 797**
China	17 347	18 010	2 141	2 274	857	932	18 631	19 352
of which Hong Kong, SAR	43	44	750	820	400	450	393	414
India	2 400	2 600	-	-	1	1	2 399	2 599
Indonesia	1 423	1 490	11	10	-	-	1 434	1 500
Iran, Islamic Republic of	1 540	1 652	45	50	24	26	1 561	1 676
Japan	1 340	1 340	952	1 000	6	6	2 289	2 334
Korea, Republic of	550	560	90	100	7	8	633	652
Kuwait	46	47	144	150	69	71	121	126
Malaysia	1 060	1 080	31	32	6	6	1 086	1 106
Saudi Arabia	570	580	520	550	5	5	1 085	1 125
Singapore	77	78	130	130	5	5	202	203
Thailand	1 222	1 298	1	1	525	550	708	749
Turkey	1 030	1 100	80	85	39	40	1 071	1 145
Yemen	125	128	95	100	-	-	220	228
AFRICA	**3 831**	**3 929**	**831**	**856**	**14**	**19**	**4 648**	**4 766**
Angola	9	9	150	155	-	-	159	164
South Africa	1 030	1 080	270	260	10	15	1 290	1 325
CENTRAL AMERICA	**4 038**	**4 147**	**994**	**1 041**	**30**	**34**	**5 002**	**5 153**
Cuba	33	34	135	140	-	-	168	174
Mexico	2 728	2 810	618	647	12	15	3 334	3 442
SOUTH AMERICA	**14 835**	**15 257**	**302**	**348**	**3 919**	**4 087**	**11 218**	**11 517**
Argentina	1 205	1 225	9	10	170	180	1 044	1 055
Brazil	9 900	10 200	-	-	3 650	3 800	6 250	6 400
Chile	627	650	30	32	93	100	564	582
Venezuela	777	815	200	240	-	-	977	1 055
NORTH AMERICA	**21 236**	**21 072**	**304**	**320**	**3 955**	**3 913**	**17 601**	**17 474**
Canada	1 236	1 272	215	230	180	188	1 268	1 314
United States of America	20 000	19 800	82	83	3 775	3 725	16 326	16 154
EUROPE	**14 675**	**15 206**	**2 567**	**2 395**	**799**	**793**	**16 445**	**16 808**
European Union	11 300	11 391	843	854	773	761	11 370	11 484
Russian Federation	2 090	2 341	1 325	1 200	3	4	3 413	3 537
Ukraine	804	973	205	150	8	11	1 001	1 112
OCEANIA	**1 038**	**1 050**	**45**	**48**	**39**	**41**	**1 044**	**1 057**
Australia	860	870	2	2	33	35	829	837
New Zealand	152	153	4	5	6	6	150	152
WORLD	**92 295**	**94 585**	**10 305**	**10 572**	**10 341**	**10 579**	**92 289**	**94 572**
Developing countries	52 304	54 148	6 061	6 432	5 523	5 802	52 851	54 777
Developed countries	39 991	40 436	4 245	4 140	4 817	4 776	39 438	39 795
LIFDCs	25 098	26 104	2 331	2 441	480	507	26 949	28 037
LDCs	1 627	1 652	517	544	1	1	2 143	2 195
NFIDCs	4 473	4 566	546	606	14	15	5 005	5 157

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

	Production			Imports			Exports		
	2007	2008 estim.	2009 f'cast	2007	2008 estim.	2009 f'cast	2007	2008 estim.	2009 f'cast
ASIA	**238.5**	**246.8**	**255.9**	**18.6**	**19.0**	**19.0**	**5.0**	**4.8**	**4.9**
China	39.9	41.9	44.4	1.9	1.9	1.9	0.7	0.4	0.5
India[1]	102.9	106.0	109.2	0.1	0.1	0.1	0.4	0.4	0.4
Indonesia	0.9	0.9	0.9	1.4	1.4	1.5	0.2	0.2	0.2
Iran, Islamic Republic of	7.6	7.7	7.8	0.3	0.3	0.3	-	-	-
Japan	8.0	8.1	8.2	1.5	1.4	1.4	-	-	-
Korea, Republic of	2.1	2.1	2.1	0.5	0.5	0.5	-	-	-
Malaysia	-	-	-	1.3	1.4	1.4	0.4	0.4	0.2
Pakistan	33.2	35.2	37.3	0.1	0.1	0.1	-	-	-
Philippines	-	-	-	1.4	1.5	1.5	0.2	0.3	0.3
Saudi Arabia	1.2	1.3	1.3	1.8	1.8	1.7	1.3	1.3	1.3
Singapore	-	-	-	1.1	1.0	0.9	0.7	0.6	0.6
Thailand	0.7	0.7	0.7	1.0	1.0	1.0	0.2	0.2	0.1
Turkey	12.1	12.2	12.3	0.1	0.1	0.1	-	-	-
AFRICA	**34.9**	**35.3**	**35.7**	**6.5**	**6.8**	**6.9**	**0.5**	**0.5**	**0.6**
Algeria	1.6	1.7	1.8	2.1	2.3	2.3	0.5	0.5	0.6
Egypt	4.6	4.7	4.7	0.8	0.8	0.7	0.1	0.1	0.1
Kenya	3.7	3.7	3.7	-	-	-	-	-	-
South Africa	3.0	3.1	3.2	0.2	0.2	0.1	0.1	0.1	0.1
Sudan	7.3	7.4	7.4	0.2	0.2	0.2	-	-	-
Tunisia	1.0	1.0	1.1	0.1	0.1	0.1	0.1	0.1	0.1
CENTRAL AMERICA	**16.3**	**16.5**	**16.7**	**3.6**	**3.8**	**4.0**	**0.3**	**0.3**	**0.3**
Costa Rica	0.8	0.8	0.8	-	-	-	0.1	0.1	0.1
Mexico	10.3	10.5	10.6	1.9	2.2	2.3	0.1	0.1	0.1
SOUTH AMERICA	**55.8**	**59.0**	**62.4**	**1.7**	**1.9**	**2.0**	**2.7**	**2.9**	**3.1**
Argentina	9.8	10.3	10.8	-	-	-	1.2	1.3	1.3
Brazil	28.9	31.2	33.7	0.2	0.2	0.2	0.5	0.6	0.6
Colombia	6.8	6.9	6.9	-	-	-	0.1	0.1	0.1
Uruguay	1.7	1.7	1.7	-	-	-	0.6	0.6	0.6
Venezuela	1.4	1.4	1.4	1.2	1.3	1.3	-	-	-
NORTH AMERICA	**92.3**	**94.2**	**94.7**	**2.3**	**2.1**	**2.0**	**3.2**	**4.7**	**5.3**
Canada	8.1	8.1	8.1	0.4	0.5	0.5	0.3	0.3	0.3
United States of America	84.2	86.0	86.6	1.8	1.6	1.5	3.0	4.5	5.1
EUROPE	**214.5**	**216.6**	**218.7**	**5.5**	**5.8**	**6.1**	**12.7**	**12.8**	**12.4**
Belarus	5.9	6.1	6.4	-	-	-	1.6	1.7	1.8
European Union	151.8	153.3	154.9	1.5	1.5	1.5	9.3	9.2	8.7
Russian Federation	32.2	32.7	33.2	3.3	3.6	3.8	0.2	0.3	0.3
Ukraine	13.4	13.1	12.8	0.1	0.1	0.1	1.0	1.0	1.0
OCEANIA	**25.4**	**24.3**	**25.7**	**0.7**	**0.8**	**0.8**	**15.0**	**14.3**	**14.4**
Australia[2]	9.6	9.2	9.4	0.5	0.6	0.6	3.5	3.2	3.2
New Zealand[3]	15.7	15.0	16.2	-	-	-	11.5	11.1	11.2
WORLD	**677.7**	**692.7**	**709.7**	**38.9**	**40.2**	**40.8**	**39.3**	**40.4**	**41.0**
Developing countries	316.7	328.1	340.3	28.3	29.5	29.8	8.3	8.4	8.7
Developed countries	361.0	364.6	369.4	10.6	10.7	11.0	31.0	32.0	32.3
LIFDCs	236.6	244.9	253.9	9.8	10.0	10.1	3.5	3.4	3.7
LDCs	25.4	25.8	26.1	2.1	2.2	2.2	0.1	0.1	0.1
NFIDCs	50.9	53.2	55.5	5.1	5.2	5.2	0.5	0.6	0.6

[1] Dairy years starting April of the year stated (production only).
[2] Dairy years ending June of the year stated (production only).
[3] Dairy years ending May of the year stated (production only).
Note: Trade figures refer to the milk equivalent trade in the following products: butter (6.60), cheese (4.40), milk powder (7.60), skim condensed/evaporated milk (1.90), whole condensed/evaporated milk (2.10), yoghurt (1.0), cream (3.60), casein (7.40), skim milk (0.70). The conversion factors cited refer to the solids content method. Refer to IDF Bulletin No. 390 (March 2004).

Table A19. Sugar statistics *(million tonnes, raw value)*

	Production		Utilization		Imports		Exports	
	2007/08 *estim.*	2008/09 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*	2007/08 *estim.*	2008/09 *f'cast*
ASIA	**69.2**	**62.7**	**73.3**	**75.7**	**22.2**	**22.5**	**13.4**	**10.6**
China	15.7	15.7	15.2	16.3	1.9	2.0	0.3	0.4
India	28.8	23.9	24.6	25.5	-	-	2.7	0.2
Indonesia	2.9	3.0	4.6	4.8	1.9	2.0	-	-
Japan	0.9	0.9	2.4	2.4	1.5	1.5	-	-
Pakistan	5.2	4.0	4.5	4.8	0.3	0.4	0.4	0.3
Thailand	8.0	7.6	2.7	2.7	-	-	5.0	4.6
Turkey	2.0	2.1	2.1	2.3	0.1	0.2	0.1	-
AFRICA	**10.9**	**11.1**	**15.7**	**16.1**	**9.2**	**9.3**	**4.3**	**4.4**
Egypt	1.8	1.9	2.8	2.9	1.1	1.1	0.2	0.2
Kenya	0.6	0.6	0.9	0.9	0.3	0.3	-	-
Mauritius	0.6	0.6	0.1	0.1	-	-	0.5	0.5
South Africa	2.5	2.6	1.8	1.9	0.1	0.1	0.9	0.9
Sudan	0.8	0.9	1.1	1.1	0.4	0.4	0.2	0.2
Swaziland	0.6	0.7	-	-	-	-	0.6	0.6
CENTRAL AMERICA	**12.5**	**12.8**	**9.2**	**9.4**	**1.2**	**1.0**	**4.3**	**4.7**
Cuba	1.5	1.8	0.8	0.8	0.3	0.1	0.9	1.1
Dominican Republic	0.5	0.5	0.3	0.3	-	-	0.2	0.2
Guatemala	2.2	2.3	0.7	0.7	-	-	1.3	1.4
Mexico	5.8	5.7	5.6	5.7	0.3	0.3	0.5	0.6
SOUTH AMERICA	**40.0**	**41.3**	**19.1**	**19.4**	**1.1**	**1.1**	**21.1**	**22.9**
Brazil	31.9	33.2	11.9	12.1	-	-	19.1	20.8
NORTH AMERICA	**7.8**	**7.4**	**10.9**	**11.0**	**3.3**	**3.4**	**0.2**	**0.2**
United States of America	7.7	7.3	9.5	9.5	1.9	2.0	0.2	0.2
EUROPE	**24.2**	**20.4**	**29.8**	**29.9**	**8.1**	**10.1**	**2.0**	**0.8**
European Union	17.4	14.4	18.7	19.0	3.2	4.9	1.1	0.2
Russian Federation	3.3	3.2	6.6	6.6	3.3	3.4	0.1	0.1
Ukraine	2.0	1.9	2.3	2.4	0.3	0.4	0.1	-
OCEANIA	**5.3**	**5.2**	**1.5**	**1.6**	**0.3**	**0.3**	**3.5**	**3.4**
Australia	5.0	4.9	1.2	1.2	-	-	3.3	3.1
Fiji	0.3	0.3	0.1	0.1	-	-	0.2	0.2
WORLD	**169.8**	**160.9**	**159.6**	**163.0**	**45.3**	**47.6**	**48.9**	**47.0**
Developing countries	129.3	124.6	110.8	113.9	29.3	29.6	42.1	41.5
Developed countries	40.5	36.3	48.8	49.1	16.0	18.1	6.8	5.5
LIFDCs	64.6	58.6	69.5	71.9	17.1	17.5	7.9	5.5
LDCs	3.5	3.6	6.8	7.0	4.7	4.7	1.2	1.2
NFIDCs	13.2	12.4	14.5	15.0	4.6	4.6	2.6	2.8

Table A20. Fish and fishery products statistics [1]

	Capture fisheries production		Aquaculture fisheries production		Exports			Imports		
	2005	2006	2005	2006	2005	2006	2007 estim.	2005	2006	2007 estim.
	Million tonnes (live weight equivalent)				*USD billion*					
ASIA	**44.2**	**45.5**	**40.4**	**43.1**	**26.0**	**29.0**	**30.6**	**27.5**	**28.1**	**28.7**
China[2]	15.8	15.8	29.7	31.5	9.6	10.8	11.2	6.4	6.7	7.4
of which: Hong Kong SAR	0.2	0.2	-	-	0.4	0.4	0.4	1.9	2.0	2.2
Taiwan Prov.	1.0	1.0	0.3	0.3	1.7	1.4	1.5	0.5	0.5	0.6
India	3.7	3.9	3.0	3.1	1.6	1.8	1.8	0.1	-	-
Indonesia	4.7	4.8	1.2	1.3	1.8	2.0	2.0	0.1	0.1	0.2
Japan	4.1	4.2	0.7	0.7	1.3	1.4	1.7	14.4	14.0	13.2
Korea, Rep. of	1.6	1.7	0.4	0.5	1.0	0.9	1.1	2.4	2.7	3.0
Philippines	2.2	2.3	0.6	0.6	0.4	0.4	0.5	0.1	0.1	0.1
Thailand	2.8	2.8	1.3	1.4	4.5	5.2	5.7	1.4	1.5	1.7
Viet Nam	1.9	2.0	1.4	1.7	2.8	3.4	3.4	0.3	0.3	0.3
AFRICA	**7.5**	**6.9**	**0.6**	**0.8**	**3.7**	**4.1**	**4.5**	**1.8**	**2.0**	**2.3**
Ghana	0.4	0.4	-	-	0.1	0.1	0.1	0.2	0.1	0.2
Morocco	1.0	0.9	-	-	1.1	1.2	1.4	-	0.1	0.1
Namibia	0.6	0.5	-	-	0.4	0.5	0.5	-	-	-
Nigeria	0.5	0.6	0.1	0.1	0.1	0.1	0.1	0.4	0.5	0.5
Senegal	0.4	0.4	-	-	0.3	0.3	0.3	-	-	-
South Africa	0.8	0.6	-	-	0.4	0.4	0.5	0.1	0.2	0.2
CENTRAL AMERICA	**1.8**	**1.8**	**0.3**	**0.3**	**1.9**	**1.7**	**2.0**	**0.9**	**0.9**	**1.1**
Mexico	1.3	1.3	0.1	0.2	0.6	0.7	0.8	0.4	0.4	0.5
Panama	0.2	0.2	-	-	0.4	0.4	0.4	-	-	-
SOUTH AMERICA	**16.7**	**14.5**	**1.1**	**1.3**	**7.6**	**8.9**	**9.1**	**0.7**	**1.0**	**1.2**
Argentina	0.9	1.2	-	-	0.8	1.3	1.1	0.1	0.1	0.1
Brazil	0.8	0.8	0.3	0.3	0.4	0.4	0.3	0.3	0.5	0.6
Chile	4.3	4.2	0.7	0.8	3.0	3.6	3.7	0.1	0.2	0.2
Ecuador	0.4	0.4	0.1	0.1	1.0	1.3	1.4	-	-	0.1
Peru	9.4	7.0	-	-	1.6	1.8	2.0	-	-	-
NORTH AMERICA	**6.2**	**6.1**	**0.6**	**0.6**	**8.2**	**8.2**	**8.8**	**13.7**	**15.1**	**16.5**
Canada	1.1	1.1	0.2	0.2	3.6	3.7	3.8	1.7	1.8	2.0
United States of America	4.9	4.9	0.5	0.5	4.2	4.1	4.7	12.0	13.3	14.4
EUROPE	**13.8**	**13.4**	**2.1**	**2.2**	**28.8**	**31.9**	**35.5**	**36.0**	**41.3**	**46.9**
European Union[2]	5.7	5.6	1.3	1.3	19.4	21.6	23.9	32.9	37.5	42.0
Iceland	1.7	1.3	-	-	1.8	1.8	2.0	0.1	0.1	0.1
Norway	2.4	2.3	0.7	0.7	4.9	5.5	6.2	0.7	0.8	1.1
Russian Federation	3.2	3.3	0.1	0.1	2.0	2.1	2.4	1.2	1.4	2.0
OCEANIA	**1.4**	**1.2**	**0.1**	**0.2**	**2.2**	**2.2**	**2.2**	**1.0**	**1.1**	**1.2**
Australia	0.2	0.2	-	-	0.9	0.9	0.9	0.8	0.9	1.0
New Zealand	0.5	0.5	0.1	0.1	0.9	0.9	0.9	0.1	0.1	0.1
WORLD[3]	**91.8**	**89.6**	**45.4**	**48.4**	**78.4**	**85.9**	**92.7**	**81.5**	**89.6**	**98.0**
Developing countries	66.1	64.6	41.7	44.7	38.2	42.5	44.5	16.2	17.9	19.8
Developed countries	25.6	24.8	3.7	3.7	40.2	43.4	48.1	65.3	71.7	78.1
LIFDCs	34.9	35.1	36.0	38.3	15.1	17.2	18.0	6.1	6.5	7.2
LDCs	7.2	7.4	1.5	1.7	2.2	2.3	2.3	0.3	0.3	0.4
NFIDCs	20.0	17.8	2.3	2.5	6.4	6.9	7.5	1.4	1.6	1.9

[1] Production and trade data exclude whales, seals, other aquatic mammals and aquatic plants. Trade data include fish meal and fish oil.
[2] Including intratrade. Cyprus is included in the European Union as well as in Asia.
[3] For capture fisheries production, the aggregate includes also 125 769 tonnes in 2005 and 107 081 in 2006 of not identified countries, data not included in any other aggregates.

Table A21. Selected international prices of wheat and coarse grains *(USD/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)						
2003/2004	161	149	154	115	109	118
2004/2005	154	138	123	97	90	99
2005/2006	175	138	138	104	101	109
2006/2007	212	176	188	150	145	155
2007/2008	361	311	322	200	192	206
Monthly						
2007 - October	352	323	321	163	180	172
2007 - November	332	307	290	171	179	171
2007 - December	381	345	310	178	171	192
2008 - January	381	343	330	206	199	225
2008 - February	449	403	365	220	207	222
2008 - March	482	397	395	234	216	233
2008 - April	382	301	-	247	224	243
2008 - May	349	258	-	242	207	240
2008 - June	358	249	363	281	258	268
2008 - July	341	245	329	267	252	232
2008 - August	343	253	307	232	217	209
2008 - September	308	222	-	229	203	208
2008 - October	252	183	-	181	169	158

[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 *(USD/tonne)*

	December		March		May		July	
	Dec. 2008	Dec. 2007	March 2008	March 2007	May 2008	May 2007	July 2008	July 2008
Wheat								
18 Sept	255	319	262	321	267	275	271	218
25 Sept	271	326	278	328	283	291	287	234
2 Oct	237	339	242	342	247	311	251	245
9 Oct	222	311	230	315	235	294	240	243
16 Oct	204	304	211	311	216	295	221	245
23 oct	192	309	199	317	204	301	209	250
Maize								
18 Sept	208	139	214	145	218	149	221	153
25 Sept	220	146	227	152	231	156	235	159
2 Oct	179	137	186	144	191	148	195	151
9 Oct	173	135	179	142	184	145	188	149
16 Oct	151	142	158	149	162	153	167	156
23 Oct	154	142	160	149	164	153	168	156

Source: Chicago Board of Trade

Table A23. Selected international prices for rice and price indices

Period	International prices *(USD per tonne)*				FAO indices *(1998-2000=100)*				
						Indica			
	Thai 100% B[1]	Thai broken [2]	US long grain [3]	Pakisan Basmati[4]	Total	High quanlity	Low quality	Japonica	Aromatic
Annual (Jan/Dec)									
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
2007	335	275	436	677	137	131	139	140	136
Monthly									
2007 - October	338	297	452	712	142	136	148	142	146
2007 - November	358	318	481	740	149	144	157	146	154
2007 - December	376	342	506	850	157	149	166	153	169
2008 - January	385	364	544	888	164	156	175	156	175
2008 - February	463	431	572	1 040	184	177	212	161	195
2008 - March	567	522	670	1 100	217	217	265	171	211
2008 - April	853	726	820	1 100	279	294	360	196	237
2008 - May	963	772	978	1 100	322	346	399	245	252
2008 - June	870	645	985	1 100	313	325	360	277	242
2008 - July	835	583	985	1 100	298	311	327	276	234
2008 - August	787	525	853	1 100	280	282	268	308	226
2008 - September	764	487	826	1 100	266	254	245	316	219
2008 - October *	709	405	820	1 100	253	241	217	314	212

* Three weeks only

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

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

[3] US No 2, 4% broken 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 broken. The sub-index for Aromatic Rice follows movements in prices of Basmati and Fragrant rice.

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

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

Period	International prices *(USD per tonne)*					FAO indices *(1998-2000=100)*		
	Soybeans [1]	Soybean oil [2]	Palm oil [3]	Soybean cake [4]	Rapesed meal[5]	Oilseeds	Edible/soap fats/oils	Oilcakes/meals
Annual (Oct/Sept)								
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
2007/08	549	1 325	1 050	445	296	263	251	252
Month								
2007 - October	445	1 007	875	384	272	216	202	225
2007 - November	489	1 133	955	397	260	234	221	229
2007 - December	516	1 158	943	425	268	245	226	240
2008 - January	536	1 270	1 061	434	308	258	250	245
2008 - February	579	1 426	1 178	452	346	280	273	253
2008 - March	576	1 467	1 248	445	359	288	285	255
2008 - April	556	1 430	1 175	476	328	277	276	265
2008 - May	570	1 430	1 200	464	348	277	280	263
2008 - June	625	1 531	1 206	515	329	295	292	279
2008 - July	634	1 506	1 121	506	292	294	273	278
2008 - August	557	1 323	884	435	247	255	230	252
2008 - September	508	1 227	760	406	199	231	209	239
2008 - October	395	957	564	339	158	183	165	205

[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, fob, 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 et Oil World

Table A25. Selected international prices for milk products and dairy price index

	International prices *(USD per tonne)*				FAO dairy price index *(1998-2000=100)*
Period	**Butter [1]**	**Skim milk powder [2]**	**Whole milk powder [3]**	**Cheddar cheese [4]**	
Annual (Jan/Dec)					
2004	1 788	2 018	2 021	2 611	130
2005	2 128	2 223	2 261	1 838	145
2006	1 774	2 218	2 193	2 681	138
2007	2 959	4 291	4 185	4 055	247
Monthly					
2007 - September	3 700	4 950	4 750	4 900	290
2007 - October	3 800	4 967	4 950	4 975	297
2007 - November	4 150	4 838	4 838	5 388	302
2007 - December	4 050	4 400	4 800	5 500	295
2008 - January	4 050	4 250	4 400	5 300	281
2008 - February	4 050	4000	4 550	5 213	278
2008 - March	4 000	3 775	4 750	5 125	276
2008 - April	3 950	3 500	4 550	5 050	266
2008 - May	3 925	3 475	4 550	5 000	265
2008 - June	4 013	3 475	4 400	5 050	263
2008 - July	4 050	3 600	4 175	5 000	247
2008 - August	3 775	3 438	3 875	4 800	247
2008 - September	3 375	3 025	3 262	4 375	218

[1] Butter, 82% butterfat, f.o.b. Oceania; indicative traded prices
[2] Skim Milk Powder; 1.25% butterfat, f.o.b. Oceania, indicative traded prices
[3] Whole Milk Powder, 26% butterfat, f.o.b. Oceania, indicative traded prices
[4] Cheddar Cheese, 39% maximum 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

	Pigmeat prices *(USD per tonne)*			Bovine meat prices *(USD per tonne)*			
Period	**USA**	**Brazil**	**Japan**	**USA**	**Argentina**	**Japan**	**Australia**
Annual (Jan/Dec)							
2004	2 071	1 500	5 626	3 690	1 549	5 675	2 513
2005	2 161	1 867	5 093	3 919	1 673	5 764	2 617
2006	1 986	1 964	4 540	4 127	2 271	5 685	2 547
2007	2 117	2 034	4 500	4 327	2 385	5 925	2 603
Monthly							
2007 - August	2 140	1 940	4 559	4 601	2 164	6 128	2 610
2007 - September	2 163	1 981	4 600	4 484	2 509	5 878	2 607
2007 - October	2 155	1 903	4 567	3 993	2 512	5 974	2 555
2007 - November	2 141	2 230	4 771	4 321	2 566	6 230	2 603
2007 - December	2 074	2 480	4 699	4 000	2 684	6 229	2 635
2008 - January	2 101	2 423	4 891	3 778	2 734	6 581	2 687
2008 - February	2 006	2 452	4 921	3 950	3 025	6 518	2 836
2008- March	2 059	2 509	5 226	4 108	3 322	6 515	2 940
2008 - April	2 060	2 682	5 122	4 252	2 878	6 135	3 023
2008 - May	2 130	2 826	5 052	4 360	5 600	6 269	3 389
2008 - June	2 204	2 851	4 948	4 654	4 939	6 257	3 569
2008 - July	2 337	3 009	4 939	4 024	3 392	6 380	3 872
2008 - August	2 468	3 086	4 834	4 388	4 168	6 287	3 734

Pig Meat Prices

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

Bovine Meat Prices

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

Table A27. International meat prices and FAO meat price indices (1998-2000=100)

	Poultry meat prices *(USD per tonne)*			FAO indices *(1998-2000=100)*[1]			
Period	**USA**	**Japan**	**Brazil**	**Total meat**	**Bovine meat**	**Pig meat**	**Poultry meat**
Annual (Jan/Dec)							
2004	757	2 020	1 033	118	122	107	109
2005	847	2 062	1 228	120	126	104	121
2006	734	1 852	1 180	114	126	94	109
2007	935	1 965	1 443	120	131	98	129
Monthly							
2007 - August	1 021	2 040	1 464	124	137	99	136
2007 - September	1 042	2 104	1 501	124	136	100	139
2007 - October	925	2 245	1 519	122	131	99	137
2007 - November	941	2 341	1 598	126	137	101	142
2007 - December	990	2 278	1 461	123	135	98	139
2008 - January	952	2 432	1 726	126	137	101	148
2008 - February	934	2 400	1 761	128	142	98	148
2008 - March	953	2 568	1 773	132	146	103	152
2008 - April	971	2 532	1 842	132	144	102	155
2008 - May	1 001	2 655	1 894	142	164	103	160
2008 - June	1 037	2 890	1 974	144	166	104	169
2008 - July	1 046	3 134	2 030	143	160	108	176
2008 - August	1 077	3 217	2 131	146	163	110	180

Poultry Meat Prices

USA - Broiler cuts, export unit value - Foreign Trade Statistics of United States Census Bureau.
JAPAN - Broiler Import Price, cif; frozen, other than leg quarters - A.L.I.C.
BRAZIL - Export unit value for chicken, fob - A.B.E.F.

FAO Meat Price Indices

The bovine and poultry meat indices are calculated from prices shown in Tables A26, A27 using trade weights for 1998-2000. The pig meat index is calculated from Japan and the United States' prices shown in Table A26 using trade weights for 1998-2000. The total meat price index is calculated from the meat group indices weighted by global export shares, including an index for ovine meat which is not shown.

Table A28. Selected international commodity prices

	Currency and unit	Effective date	Latest quotation	One month ago	One year ago	Average 2003-2007
Sugar (ISA daily price)	US cents per lb	16-10-08	11.36	13.23	10.14	9.80
Coffee (ICO daily price)	US cents per lb	16-10-08	106.85	123.24	114.54	81.37
Cocoa (ICCO daily price)	US cents per lb	16-10-08	2 190.60	2 604.14	1 900.11	76.06
Tea (FAO Tea Composite Price)	USD per kg	31-08-08	2.64	2.66	2.00	1.714
Cotton (NYBOT) [1]	US cents per lb	17-10-08	48.45	57.70	64.80	59.69
Jute "BWD" f.o.b. Mongla at sight	USD per tonne	30-09-08	510.00	510.00	330.00	325.39
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 *(USD/tonne)*

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				
2007 - October	28.0	40.0	46.0	55.0
2008 - April	37.0	47.0	55.0	60.0
2008 - May	44.0	55.0	68.0	68.0
2008 - June	41.0	57.0	65.0	74.0
2008 - July	48.0	62.0	68.0	79.0
2008 - August	54.0	65.0	74.0	82.0
2008 - September	61.0	73.0	82.0	89.0
2008 - October	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.)

	October 2008		October 2007		Sept 2008		Change from last year [1]
			(USD/tonne)				*percentage*
UREA							
Baltic	548	566	326	334	712	737	69
Persian Gulf	520	601	328	334	738	780	70
AMMONIUM SULPHATE							
Eastern Europe	201	211	172	177	264	278	18
DIAMMONIUM PHOSPHATE							
North Africa	954	971	471	477	1 120	1 138	103
US Gulf	1 019	1 025	444	448	1 079	1 104	129
TRIPLE SUPERPHOSPHATE							
North Africa	940	953	399	417	1 015	1 049	132
MURIATE OF POTASH							
Baltic	720	760	198	234	732	815	243
Vancouver	538	775	183	220	505	750	226

[1] From mid-point of given ranges.

Source: Compiled from Fertilizer Week and Fertilizer Market Bulletin.

Market indicators and food import bills

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

	World		Developed		Developing		LDC		LIFDC		NFIDC	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
TOTAL FOOD	**827 185**	**1 019 407**	**572 479**	**676 286**	**254 707**	**343 121**	**17 767**	**23 667**	**88 961**	**117 079**	**46 840**	**60 273**
Cereals	286 713	365 388	183 047	217 613	103 666	147 776	6 346	9 154	25 197	34 055	19 106	25 438
Vegetable Oils	117 359	183 666	59 820	93 367	57 539	90 299	4 378	6 444	22 818	35 916	10 729	15 995
Dairy	85 225	87 653	60 213	61 706	25 012	25 947	1 339	1 450	6 740	6 857	4 034	4 057
Meat	92 100	109 581	71 758	85 488	20 342	24 093	708	831	3 145	4 210	2 416	2 868
Sugar	22 507	29 595	11 960	15 884	10 547	13 712	1 316	1 710	4 384	5 819	1 834	2 361

	Africa		Sub-Saharan Africa	
	2007	2008	2007	2008
TOTAL FOOD	**39 298**	**49 409**	**19 393**	**24 920**
Cereals	16 688	21 748	7 275	9 816
Vegetable Oils	7 140	10 448	3 725	5 735
Dairy	4 841	5 013	2 339	2 457
Meat	1 851	2 108	871	1 042
Sugar	2 276	2 974	1 312	1 714

Falling food prices and freight costs fail to dent a USD 1 trillion bill in 2008

As 2008 draws to a close, the global cost of imported foodstuffs in 2008 is increasingly likely to break the USD1 trillion barrier. The prediction comes in spite of sharp falls in freight rates and pervasive declines in international prices of foodstuffs that began mid year and accelerated thereafter. At USD 1 019 billion, the total food import bill facing the world would be some 23 percent higher than in 2007 and 64 percent the year before that.

Of the estimated USD 200 billion or so global increase from 2007, vegetable oils could account for over one-third of the rise and coarse grain based foodstuffs for about a quarter. In fact, with the exception of sugar, expenditures on imported food by commodity group are all estimated to reach unprecedented levels. International quotations, which even in the face of recent declines, remain much higher than last year and constitute the main driver of record import bills in 2008. Freight charges have also been a factor, despite the near collapse in quotations in recent months. Hitherto, freight costs had been soaring, reaching unparalleled levels in mid 2008, adding on average roughly 10 percent to import expenditures since last year.

The third variable in the import equation - volume - has held remarkably firm in the wake of such high unit costs. The global market for wheat, vegetable oils, meat and dairy products all should experience record traded volumes in 2008, while world trade in rice and coarse grains could all but register the highest levels, bar 2007. Such resilience bears testimony to the importance of trade to assure food consumption around the world. However, the global picture masks significant difficulties that vulnerable countries are likely to endure.

Record increase in food import bills of the world's poorest countries

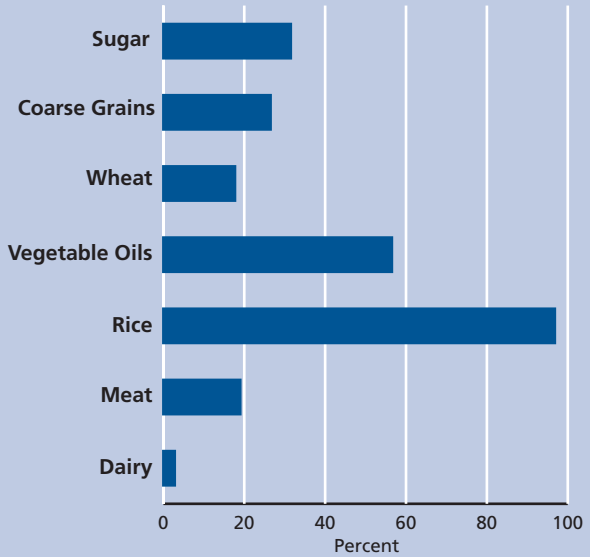
Among economic groups, developing countries look set to bear the brunt of escalated food import costs. The burden of purchasing food on the international market place for the most economically vulnerable groups, LDCs and LIFDCs, is set to soar by around a third each from last year. This would stand as the largest year-to-year increase on record. Bills in sub-Saharan Africa could rise in slightly less proportion, but again, the annual rise would constitute a record for the region. The sheer encumbrance facing some of the world's poorest countries in importing food can be contrasted against that of richer nations, whose food import bills are likely to rise by only 18 percent from 2007.

Rising food import bills do not necessarily result in more imported food. Numerous LDCs and LIFDCs are expected to curb procurement of basic foodstuffs from international markets, a response that does not always reflect improved domestic supply prospects.

The world will look towards 2009 for respite given the outlook for further declines in international prices and freight costs. But the prospect of lower food import expenditures for many countries, especially the poorest, could be undermined by the crisis in global financial markets, as they may find it harder to secure finance for their imports.

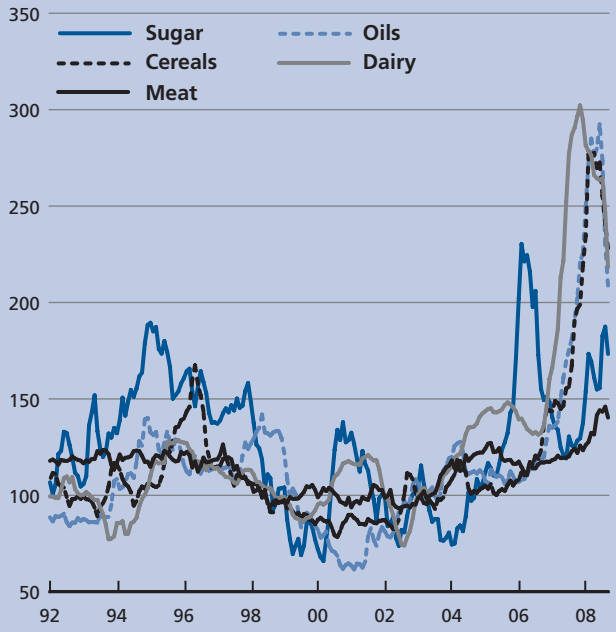
Forecast changes in global food import bills by type: 2008 over 2007 (%)

Substantially higher international prices for rice, wheat and vegetable oil are expected to lead to a surge in the global import bills for these commodities. Small respite comes way of import costs of dairy products which are forecast to rise moderately.



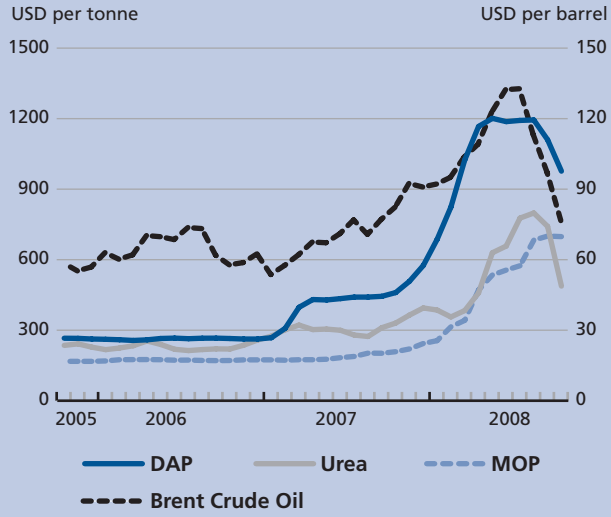
FAO monthly price indices for selected commodities (1998-2000=100)

Prices of all food and feed commodities have fallen sharply since September. The turmoil in financial markets accellerated



Monthly fertilizers nd oil prices (October 2005-October 2008)

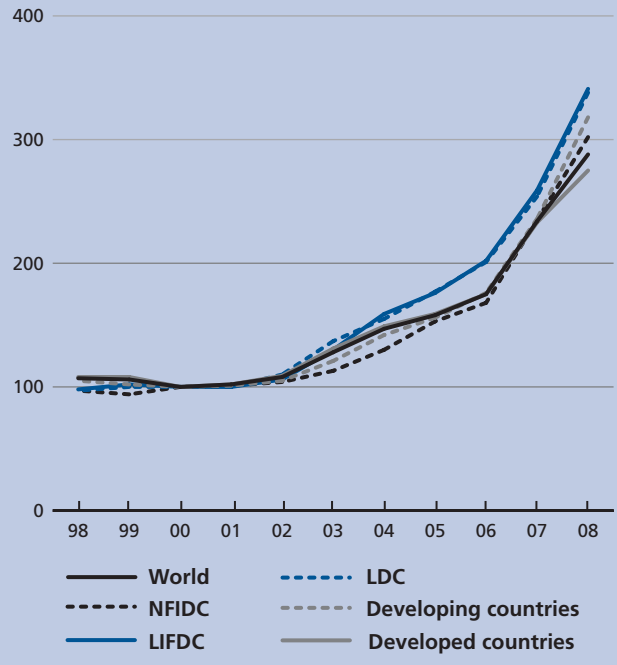
Fertilizer prices reached unprecedented levels in mid-2008 on the back of soaring demand from farmers aspiring to maximize harvests in the wake of strong price prospects. Rising production costs, especially for those fertilizers produced from fossil fuels, together with supply constraints, also contributed to the price surge. In recent months, fertilizer prices have lost ground, as falling crop prices have lowered demand considerably.



Source: Compiled from the Fertilizer Week and Fertilizer Market Bulletin

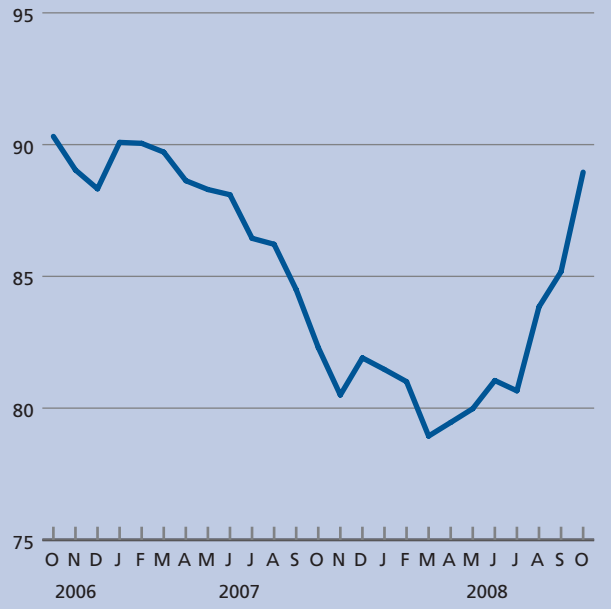
Annual food bill indices (1998-2000=100)

Import bills rose sharply in 2007 and continued to rise in 2008. In spite of recent declines in prices of most food commodities in international markets, the bill facing the low-income countries is rising unabated.



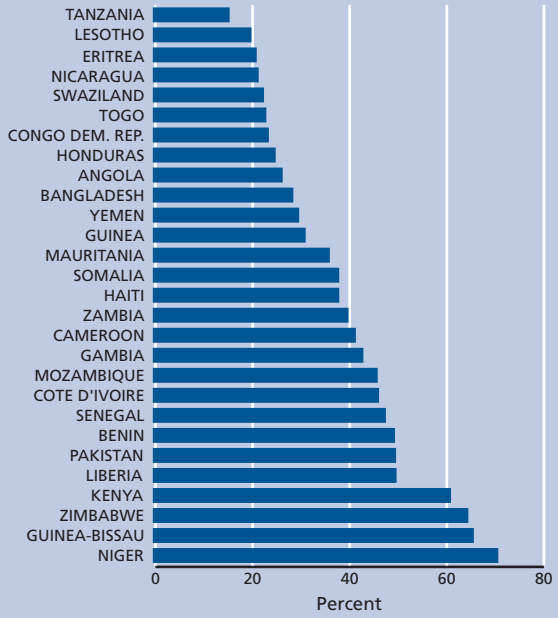
Monthly price-adjusted major currencies USD index (March 1973=100)

The US Dollar gained ground against most currencies in recent months. The sharp increase in the value of the US Dollar in October could mitigate the impact of the decline in commodity prices in world markets.



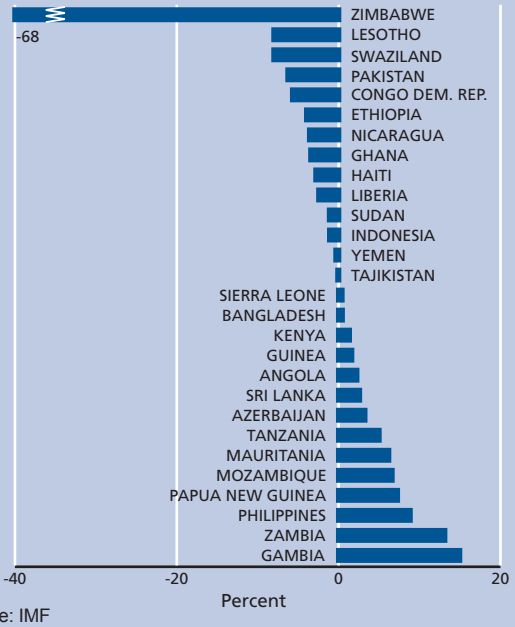
Forecast changes in food import bills of selected LIFDCs: 2008 over 2007 (%)

Most LIFDCs, which remain heavily dependent on imported staples, look set to face substantially higher import bills in 2008 compared with last year, as much higher prices of rice, coarse grains and vegetable oils will take their toll on import costs.



Annual Change in Exchange Rates of Selected LIFDCs gainst the USD as of September 2008 (%)

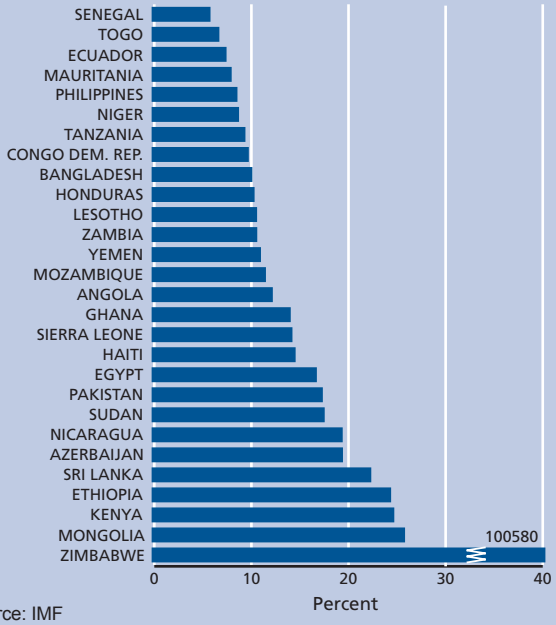
Numerous LIFDCs continue to benefit from a stable and stronger currency, making the strain of importing less severe. However, some of the more vulnerable countries, have seen their currency in recent decline against the US dollar resulting in lower international purchasing power.



Source: IMF

Selected Annual Consumer Price Indices as of September 2008 (%)

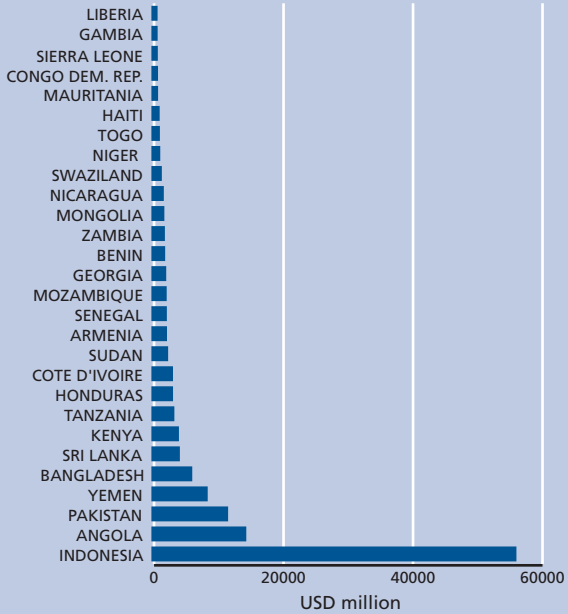
The food component in CPIs of developing countries is extremely high. For them, higher food prices will drive up inflation, posing a threat to social and macreconomic stability and undermining economic growth.



Source: IMF

Estimated Current Foreign Exchange Reserves in Selected LIFDCs as of September 2008 (USD Million)

Low foreign currency reserves to meet higher import costs are a cause for concern for many of the lowest income food deficit countries.



Source: IMF

The FAO price index

The FAO Food Price Index (FFPI) dropped another 6 percent in September, falling to a nine-month low of 188 points. The sharp decline in the index reflected the rapid decrease in international prices of all major food and feed commodities (composing the FFPI). The FFPI rose steadily since early 2006, climbing to a record 219 points in June 2008. In spite of its continuing decline since that month, the FFPI was still up 11 points from its value last September and as much as 51 percent above the level in September 2006.

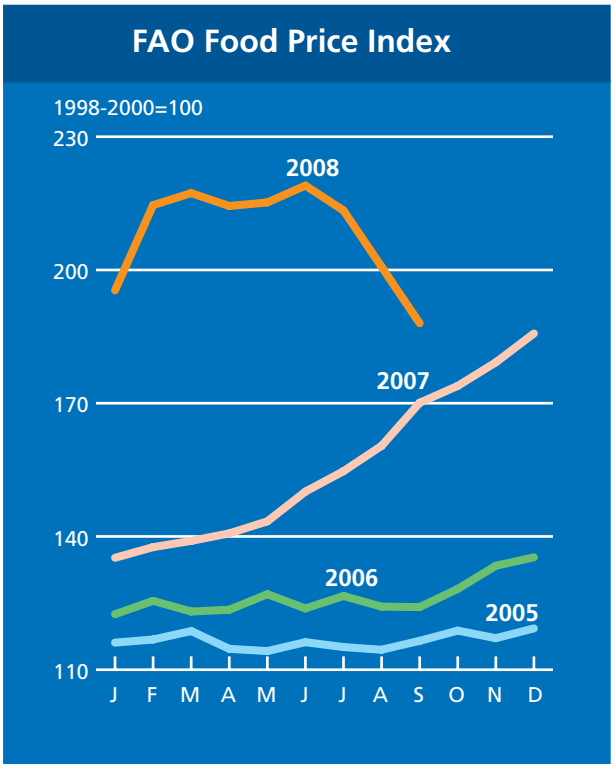
After reaching a high of 278 points in June 2008, the FAO **Cereal Price Index** fell to 228 points in September, down 5 percent from the previous month but still up 10 percent from the corresponding period last year. International cereal prices remained under downward pressure in September in anticipation of a strong rebound in world supplies. Developments in other markets, particularly the energy and financial markets, also contributed the drop in prices of major cereals.

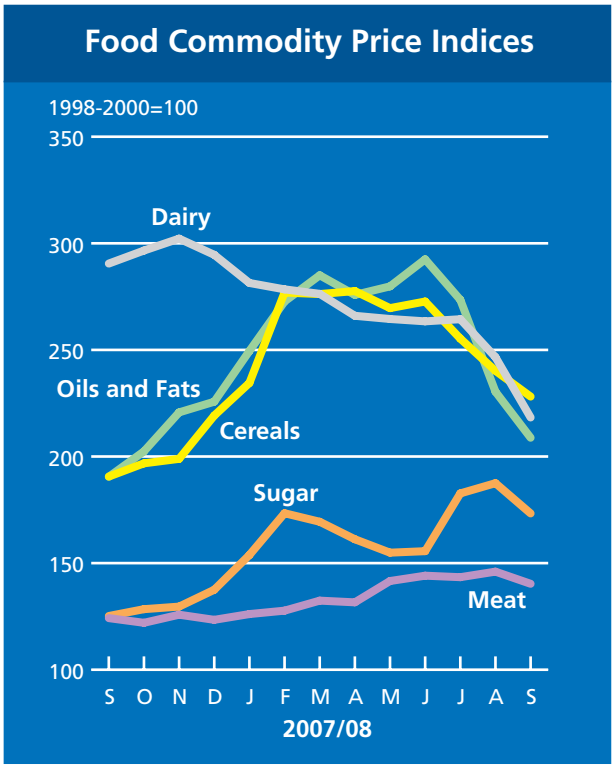
The FAO **Oil/Fat** Price Index fell further to 209 points in September, which is 28 percent below the June record and only 10 percent above the level recorded in September 2007. Subdued demand in response to previous record high prices coupled with an improved global 2008/09 supply outlook, are by and large behind the fall. In addition, the recent downturn in energy prices and the prospect of a general slow down in economic growth have also contributed to the price development.

The FAO **Meat** Price Index fell to 140 points in September, 4 percent below its peak in August. Meat prices rose steadily since the beginning of 2008 but rising slaughtering rates combined with a slowdown in demand have begun to put downward pressure on meat prices in September.

The FAO **Dairy** Price Index fell to 218 points in September, down almost 12 percent from August. The price index has now fallen by about 28 percent from its peak in November 2007. Milk powder prices have dropped the most from year ago levels, with skim powder prices fell by 39 percent and whole milk powder dropped by 31 percent. Butter and cheese prices remained relatively resilient, with their prices down 9 and 11 percent respectively.

The FAO **Sugar** Price Index averaged 173 points in September, down about 7 percent from the previous month and 39 percent above the corresponding period of last year. The September decline in the price index largely reflected the influence of factors outside the sugar market, namely declining crude oil prices and a strengthening of the United Stated dollar.





FAO Food Price Index

		Food Price Index[1]	Meat[2]	Dairy[3]	Cereals[4]	Oils and Fats[5]	Sugar[6]
2000		**92**	100	106	85	72	105
2001		**94**	100	117	87	72	111
2002		**93**	96	86	95	91	88
2003		**102**	105	105	98	105	91
2004		**113**	118	130	108	117	92
2005		**116**	121	145	104	109	127
2006		**126**	115	138	122	117	190
2007		**156**	121	247	168	174	129
2007	September	**170**	124	290	191	190	125
	October	**174**	122	297	197	202	128
	November	**179**	126	302	199	221	130
	December	**186**	123	295	219	226	137
2008	January	**195**	126	281	234	250	154
	February	**215**	128	278	277	273	173
	March	**217**	132	276	276	285	169
	April	**214**	132	266	278	276	161
	May	**215**	142	265	270	280	155
	June	**219**	144	263	273	292	156
	July	**213**	143	264	255	273	183
	August	**201**	146	247	240	230	188
	September	**188**	140	218	228	209	173

[1] **Food Price Index**: Consists of the average of six commodity group price indices mentioned above weighted with the average export shares of each of the groups for 1998-2000: in total 55 commodity quotations considered by FAO Commodity Specialists as representing the international prices of the food commodities noted are included in the overall index.

[2] **Meat Price Index**: Consists of three poultry meat product quotations (the average weighted by assumed fixed trade weights), four bovine meat product quotations (average weighted by assumed fixed trade weights), two pigmeat product quotations (average weighted by assumed fixed trade weights), one ovine meat product quotation (average weighted by assumed fixed trade weights): the four meat group average prices are weighted by world average export trade shares for 1998-2000.

[3] **Dairy Price Index**: Consists of butter, SMP, WMP, cheese, casein price quotations; the average is weighted by world average export trade shares for 1998-2000.

[4] **Cereals Price Index**: This index is compiled using the grains and rice price indices weighted by their average trade share for 1998-2000. The grains Price Index consists of International Grains Council (IGC) wheat price index, itself average of nine different wheat price quotations, and one maize export quotation; after expressing the maize price into its index form and converting the base of the IGC index to 1998-2000. The Rice Price Index consists of three components containing average prices of 16 rice quotations: the components are Indica, Japonica and Aromatic rice varieties and the weights for combining the three components are assumed (fixed) trade shares of the three varieties.

[5] **Oil and Fat Price Index**: Consists of an average of 11 different oils (including animal and fish oils) weighted with average export trade shares of each oil product for 1998-2000.

[6] **Sugar Price Index**: Index form of the International Sugar Agreement prices.

FAO World Food Situation Portal

High food prices and market uncertainties have become a major global concern. As a result, access to up-to-date information and analysis is becoming increasingly important. FAO has created an internet portal that brings together all relevant studies produced by the Organization with the view to facilitating research on the current developments in world food markets. The portal, named World Food Situation, is accessible from the FAO main web page at: www.fao.org/worldfoodsituation

NOTE: Food Outlook is issued under the Global Information and Early Warning System on Food and Agriculture, by collaboration among Services of the Trade and Markets 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 2008.

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GIEWS The Global Information and Early Warning System on Food and Agriculture

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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