

End of Year Message from the Secretary of FAO-Intergovernmental Group on Grains

December 2007

Dear IGG Delegates and MNR Subscribers,

The year 2007 which is drawing to a close will be remembered as a year characterised by persistent market uncertainty, high prices and unprecedented volatility in grain markets. High grain prices increasingly gave way to rapid surges in food prices nearly everywhere. In the face of rising world demand, the rebound in world cereal harvests did little to improve supply which has remained tight as a result of the already depleted level of world reserves at the start of the season. And this rise in demand, as we all know by now, was no longer confined to the usual growth in food and feed but also to the vibrant energy market and hence bio-fuels. This year will surely be remembered as the year that agriculture recaptured the centre stage and this of course mostly on the back of developments in grain markets! Incidentally, this was also a year characterized by important events taking place in FAO. The organisation found itself subject to a host of evaluations (internal and external), a development which at times made performing its regular activities in addition to the ever growing ad hoc requests for the closer monitoring of markets most difficult if not formidable.

All the way through this turbulent year the Grains Team tried its best to provide FAO Members and this network with the latest market information, analyses and forecasts. We hope our **Monthly News Reports (MNR)** have kept you informed about major developments and emerging issues, studies and events. MNR now celebrates its 3rd anniversary. You can access the November report as well as previous issues at: http://www.fao.org/es/esc/en/15/53/highlight_55.html

This year the **Intergovernmental Group on Grains (IGG on Grains)** turned fifty and in May we held its 31st Session jointly with the 42nd Session of the IGG on Rice in Istanbul, Turkey. On behalf of all of us in the grains team I would like to again express my sincere thanks to all those who attended the May events. The three-day meeting also included an international conference on “**Commodity Exchanges and Their Role in Market Development and Transparency**”. The final Report of the IGG as well as the papers/presentations are available at http://www.fao.org/es/esc/en/15/53/highlight_56.html

I would also like to take this opportunity to again welcome the newly elected Chairperson of the IGG, Mr. R. Parasuram (India) as well as Mr. A. Baran (Turkey) and Mr. H. Streichert (Germany), the First and Second Vice-Chairpersons respectively. In the interim period, between the last Session in May and the next (sometime in 2009), the FAO Secretariat looks forward to receiving their general guidance, especially in regard to the appraisal of new project proposals.

Aside from organizing the last IGG and keeping you posted about major developments in world markets, again this year the team participated in the production of **OECD-FAO Agricultural Outlook 2007-2016**. The report was published in July (http://www.fao.org/es/esc/en/15/53/highlight_54.html). We also contributed to **Food Outlook** reports which were published in June and November (<http://www.fao.org/giews/english/fo/index.htm>) as well as **Crop Prospects and Food Situation** reports which were produced 6 times this year (<http://www.fao.org/giews/english/cpfs/index.htm>). I am pleased to report to you that **Food Outlook**, with which this team is more directly involved, has become among the most successful reports published by FAO, receiving the highest internet hits thanks also to its extensive international press coverage.

Driven by high prices and looming food crises in many parts of the world, the team also had to respond to numerous requests from the international community. Not all questions could be dealt with through interviews. On a continuous basis the team received invitations to seminars and conferences, asking for the presentation of FAO's views on market conditions and emerging issues, particularly on matters related to biofuels and food security. Unfortunately given our tight budget and human

resources constraints we could only accept to attend those meetings for which organisers covered all expenses. Since September, the team participated in important conferences in Russia, Malaysia and Japan.

Again this year, another important aspect of our work activity involved reviewing development project proposals and supervising existing projects. In 2007, the team continued its close monitoring of four grains projects in some six African and Asian countries. All the projects and their descriptions are listed at: http://www.fao.org/es/esc/en/15/53/highlight_57.html. One project has now come close to successful completion and that is the **“Industrial Development of Sorghum Malt and its Utilization in the Food industry”** in Ghana and Nigeria. Another project is also near completion: **“Enhanced Utilization of Sorghum and Pearl Millet Grains in Poultry Feed Industry to Improve Livelihoods of Small-Scale Farmers in Asia** (in India, China and Thailand). We have also received one new project proposal that is likely to be initiated next year. It must be mentioned that for the supervision of these projects, the team often needs to rely on technical expertise of other FAO staff and outside consultants. The two above-mentioned projects that are drawing to a close benefited from direct inputs and advice from Ms. A. Rottger (FAO Agricultural Management, Marketing and Finance Service), and Mr. R. Van Otterdijk (FAO Agricultural and Food Engineering Technology Service). In addition, the supervision of one ongoing project, titled **“West African Sorghum value Chain Development”** (in Sierra Leone and Ghana) is being carried out with a help of technical advice from Mr. C. Djameh, an independent expert from Ghana. I would like to extend my thanks to all these colleagues for their continued assistance and support.

Evidently, 2008 will be another challenging year. High and volatile grain prices are not likely to fade away anytime soon and demand for FAO to provide timely and concise information is likely to remain as strong if not rise. In these difficult and challenging times we find your encouragement to continue with this network most gratifying. There is therefore no better time than now to express our appreciation for your support and friendship. Please accept our season’s greetings and best wishes for a happy and prosperous New Year!

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Grains Team

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