

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

December 2010

Every year since the **Monthly News Reports (MNR) on Grains** was launched in 2004, world grain markets have exhibited some degree of abnormalities. However, as 2010 comes to a close, it is evident that this has been an exceptional year in terms of both the frequency and intensity of unfavourable weather events. Since the very beginning of the 2010/11 marketing season, weather shocks have caused reversal of what had been a tranquil outlook. The severe drought in the Russian Federation, floods in Pakistan, untimely rains in Europe, excessive wet conditions in Canada, the United States and now in Australia, have negatively affected most crops one way or another. The result has been a rapid rise in world grain prices and renewed worries over the global supply situation.

The FAO grain team has monitored this volatile market closely and, as always, our MNRs have kept you informed of important news in world markets. However, given the sudden explosion of prices during the summer, the team felt it necessary to call the world's attention to possible impending consequences, such as new waves of panic buying and restrictive trade behaviour. Thus, in consultation with FAO's Director General and under the auspices of the **Intergovernmental Groups (IGGs) on Grains and Rice**, a one-day "extraordinary" meeting was held on 24 September, to review market developments and consider possible actions. The meeting, which attracted over 160 delegates from more than 80 countries and organizations, proved an important platform for information sharing and seemingly contributed to easing market anxiety, at least in the short-term. Meeting participants issued a call to intensify "FAO's information gathering and dissemination at all levels", thus highlighting the critical importance of reliable and up-to-date information for markets and policy makers and underscoring one of the prime objectives of this team's activity.

In spite of many unplanned events, prompted by unpredictable changing market conditions during the year, the team was highly involved in many other tasks, such as contributing to the preparation of the cereal chapter in *OECD-FAO Agricultural Outlook (2010-2019)*, published in July 2010; producing two *Food Outlook* reports (June and November); and preparing the global analysis write-ups for the four issues of *Crop Prospects and Food Situation*. The team also produced the monthly **FAO Food Price Index** on the **World Food Situation Portal**. In recent years, this index has been recognized as a benchmark for world food prices, which explains its growing popularity with the media. As for the media, the demand from the press has grown exponentially in recent years. This year's market conditions meant the team faced an exceptionally challenging situation, with ever increasing journalist requests and questions to be dealt with, often with tight deadlines or on short notice.

Given the workload, only some invitations to international meetings or conferences could be accommodated, among which were: a roundtable in London on grain and oilseeds organized by European Bank for Reconstruction and Development (EBRD), where FAO presented its latest views on global grain outlook; a workshop in Brussels on Food Aid Convention (FAC) organized by the Humanitarian Department of the Belgian Ministry of Foreign Affairs, where the FAO's paper "*Promoting agricultural inputs under the Food Aid Convention to increase food production in emergency-prone developing countries*" was presented; and a conference in Moscow on Black Sea grain and oilseeds, organized by the Russian Grain Union, where FAO presented its views on the impact of the Russian export ban on world grain markets.

As in the past, the team also participated in the supervision of several **commodity development projects**, funded primarily by the Common Fund for Commodities (CFC). The IGG on Grains, designated an International Commodity Body by CFC, continues to supervise several CFC-funded projects related to grains. For example, in early December the team completed the mid-term review of the *Farmers' Access to Warehouse Inventory Credit* project after meeting with stakeholders and visiting sites in Tanzania. The report is under preparation and the project has been extended to December 2012. In addition, the 5-year *West African Sorghum Value Chain Development* project has made very good progress and received the 2010 World Business & Development Award for its highly innovative public-private partnership (PPP) initiative. The award was presented during the Millennium Development Goals (MDGs) Summit hosted by the United Nations in New York. Finally, a new 4-year project, "*Enhancing Livelihood Opportunities of Smallholders in*

Asia: Linking Smallholder Sweet Sorghum Farmers to the Bio-ethanol Distillery”, introduced in last year’s letter, was launched officially in June.

We hope you find this summary of our activities in 2010 useful. Please note that at the bottom of this message, we have listed the specific sites where you can find more information on the meetings and reports we have mentioned. Given recent market trends, it is likely that 2011 will prove even more challenging and, as demand for market information and analysis increase, we count on your continuing support and collaboration.

Best wishes for a happy and prosperous 2011

FAO Grain Team

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For more information about the meetings and reports, visit the following sites at FAO.org.

- All MNRs available at: <http://www.fao.org/economic/est/publications/grains-publications/monthly-news-report-on-grains-mnr/en/>

- More information and report of the Extraordinary Intersessional Meeting available at: <http://www.fao.org/economic/est/commodity-markets-monitoring-and-outlook/grains/grains-meetings/extraordinary-intersessional-meeting-of-the-intergovernmental-group-igg-on-grains-and-the-igg-on-rice/en/>

- *OECD-FAO Agricultural Outlook (2010-2019)* summary available at: http://www.agri-outlook.org/pages/0,2987,en_36774715_36775671_1_1_1_1_1,00.html

- *Food Outlook* reports available at: <http://www.fao.org/giews/english/fo/index.htm>

- *Crop Prospects and Food Situation* reports available at: <http://www.fao.org/giews/english/cpfs/index.htm>

- FAO Food Price Index on the World Food Situation Portal available at: <http://www.fao.org/worldfoodsituation/wfs-home/en/>

- “*Promoting agricultural inputs under the Food Aid Convention to increase food production in emergency-prone developing countries*”, available at <http://www.fao.org/emergencies/resources/publications/en/>