

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

December 2005

Dear IGG Delegates and MNR Subscribers

As we approach the end of this year, I wanted to take a few minutes to convey this brief review of some of the main activities of the Grains Team in 2005 and planning for 2006¹. Let me begin with some words on our Monthly News Report (MNR), which this month turns one year old². As you know, the primary purpose of the MNR has been to promote stronger partnership between us, the Secretariat for the FAO-Intergovernmental Group on Grains (IGG), and you, the distinguished IGG Delegates and other MNR subscribers from national and international agencies. On behalf of the Grains Team, I am pleased to report that the MNR initiative is bearing fruits; feedback has been positive and our subscription list has grown as a result. We therefore plan to continue and hopefully also improve the coverage of the MNRs in 2006. For example, starting with the first issue in 2006 (in January) we will include selected statistical information and charts in our monthly reports, focusing on different topics each time. As always we look forward to receiving your views and suggestions on how we could best improve MNRs to serve your needs.

This year's work of the Grain Team was marked with greater emphasis on food aid and food security issues. At the start of the year, an important informal consultation on food aid was held in Rome. The meeting was organized by the Grains Team, which helped in bringing together leading food aid experts from around the world to discuss a highly sensitive and topical issue concerning the role of food aid in current multilateral trade negotiations³. More recently, the Grains Team also contributed to an important undertaking by the World Food Programme (WFP) under a project entitled the Strengthening Emergency Needs Assessment Capacity (SENAC). As part of this project, the Team prepared a detailed study in the form of a country/market profile for Tajikistan with an aim to strengthening food security assessments in that country. Owing to favourable reactions received, the Team is expecting to work more closely with WFP on SENAC as well as other food security related projects in 2006.

As you know, the core activity of the Grains Team is the close monitoring of the world grains and pulses markets. This year, as in the past, the quarterly *Food Outlook* reports constituted the main outlet for the Team's analysis of world grain and pulses markets⁴. In this regard, some team members also took part in several international meetings and conferences, often as key speakers, presenting their views on the global market situation and short-term prospects. This year, the Team also prepared an extensive review of national policy developments as part of its contribution to the grains chapter in *Policies for Basic Food Commodities (2003-2004)*, released this month⁵.

While the monitoring work will be continued in 2006 and beyond, more emphases are expected to put on quantitative analysis of markets, mainly in the form of longer-term projections, impact assessments, policy scenarios and linkages with other food commodities. In fact, the foundation for such endeavors has already been laid in the FAO's newly-created Commodity Simulation Model (COSIMO) which allowed us to team up with colleagues in the OECD. As you are aware, the first ever joint OECD-FAO publication on agricultural outlook (2005-2014) was published earlier this year. The Grains Team provided major inputs to this publication with its assessment of the trends and prospects in world markets for wheat and coarse grains⁶. A similar undertaking

between the two institutions is envisaged also for 2006, to which the Grains Team is again expected to make substantial inputs.

Last, but not least, on behalf of the IGG, the Grains Team continued with supervising and monitoring of projects funded by the Common Fund for Commodities (CFC) while taking on board two new significant projects; one of which will be launched in 2006. A special word of appreciation goes to Mssrs Badani and De Luna, and Ms Vainio-Mattila (the Chairman and the two Vice Chairs of the IGG, respectively) for their useful inputs and timely endorsement of the two new projects. For your information, one of the projects aims at improving livelihoods of small-scale farmers in targeted regions in China, India, and Thailand through enhancement of sorghum and pearl millet utilization in poultry feed industry. This is a 3-year project, initiated in June 2005, executed by the international Crops Research Institute for the Semi-Arid Tropics (ICRISAT) in India. The other project was approved in late 2005 and is expected to be formally launched in 2006. This project aims at developing a stable and high quality sorghum supply chain that will substitute for imported grains by the beverage industry in Sierra Leone and Ghana. The main project executing agency for this project is the European Development Cooperation (EDC).

In closing, may I conclude by reaffirming that we have every reason to be optimistic regarding the future work of the Grains Team which is expected to be equally, if not more, challenging than the past. With this positive undertone and on behalf of FAO, please accept my best wishes for a happy and healthy New Year.

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² All MNRs are available at: http://www.fao.org/es/esc/en/20953/21002/highlight_88281en.html

³ A technical note based on discussions at this informal consultation is available at: http://www.fao.org/es/esc/en/41470/89277/highlight_101656en.html

⁴ All Food Outlook reports are available at: <http://www.fao.org/giews/english/fo/index.htm>

⁵ The report is available at: http://www.fao.org/es/esc/en/20953/21002/highlight_108492en.html

⁶ Main highlights of the OECD-FAO report are available at: <http://www.oecd.org/dataoecd/32/51/35018726.pdf>