



***Press conference for the OECD-FAO Agricultural Outlook: 2010-2019  
Statement by FAO Director-General, Jacques Diouf  
FAO, Rome, 15 June 2010 (Iran Room)***

*Dear Friends from the media,  
Ladies and Gentlemen,  
Good morning to all,*

First of all, I wish to welcome you to FAO on the occasion of the presentation of the new OECD-FAO Outlook for agricultural markets for the next 10 years. It is a great pleasure to have with us my good friend, Mr. Angel Gurría, Secretary-General of the Organisation for Economic Co-operation and Development.

Our purpose in presenting this 2010 *Outlook* together is to emphasize the importance that both Organizations place on agriculture as an engine for hunger eradication and poverty reduction, as well as our commitment to work together to ensure that agriculture has its rightful place on the global agenda. This edition of the *Outlook* marks the sixth year of our collaborative effort, which has been well supported by our Members. The *Outlook* provides a longer view of commodity market developments and highlights the emerging issues that require the attention of the international community.

Before turning the floor over to Angel Gurría, I will just make three general points. Following our remarks the floor will be open to questions. Our experts who are with us will be happy to answer any technical issues that you may raise.

Two years ago, Mr. Gurría and I met in Paris at the occasion of the press conference to release the 2008 *Outlook*. As you know, at that time world agricultural markets were in the midst of a global food crisis, with international prices at record highs. Since then, we have had a large supply response, but also the "Great Recession", and international prices for some important food commodities such as rice and wheat have been cut almost in half. Obviously, international agricultural markets are highly uncertain, and governments are concerned about that. Many have put in place policies to help consumers to cope with high prices, and also provided support to contain low prices to producers. But as we have seen, these have often contributed to increased market instability. High uncertainty also affects investment decisions. Our report finds that since the price spike of 2007-08, short-term price volatility has increased considerably. In this context, and with growing international markets and trade, the importance of policy coordination is increasing. This issue concerns international organizations such as FAO and OECD. This is why a special theme chapter of the *Outlook* focuses on market volatility, and also why FAO is hosting a special event on this topic this afternoon as part of the 68<sup>th</sup> Session of the Committee on Commodity Problems (CCP). Further international policy work in this area is critically needed.

The *Outlook* underscores the fact that most of the future growth in global agricultural production and consumption is expected to occur in the developing countries. The role of developing countries in global markets is increasing, and consequently policies in these countries are having an increasing impact. This makes their role and contribution to global policy issues critical. More and more, policy discussions must be global in scope, and we need to improve the framework for such exchanges of views. I am glad to recall in this regard the reform of the Committee on World Food Security (CFS) which is currently under implementation, after endorsement by the World Summit on Food Security and approval by the FAO

Conference last November. The reform aims to strengthen the Committee considerably, making it a global platform for policy convergence and the coordination of expertise and action in the fight against hunger and malnutrition in the world.

Finally, for several years the *Outlook* has indicated that based on high demand, growth in emerging countries, higher demand for biofuel feedstocks, but also on increasing input costs (energy, fertilizer, machinery, etc.), agricultural prices in real terms are projected to remain higher, on average, in the future decade compared to the past. We also note that while commodity prices have fallen from recent peaks, and food inflation has softened, they remain high by historical standards. In the past several years while agricultural markets have been resilient to various shocks, the estimated number of food insecure people has risen sharply, reaching one billion in 2009. We need to regain ground lost and redouble our efforts to meet our hunger eradication goal. The recent commitments and decisions taken at the G8 Meeting in L'Aquila in July 2009 and the Rome Summit last November to increase investment in agriculture and boost agricultural production in developing countries is a step in the right direction. But we need to move from words to action in order to ensure food security for the one billion people who are hungry today as well as for future generations. We know what has to be done to combat hunger, but we need the required resources for that.

Now, I turn the floor over to Mr. Gurría who, I am sure, would like to further elaborate the results of our collaborative work and give OECD viewpoints concerning issues facing global agriculture and food security.

Thank you.