

OECD-FAO Agricultural Outlook

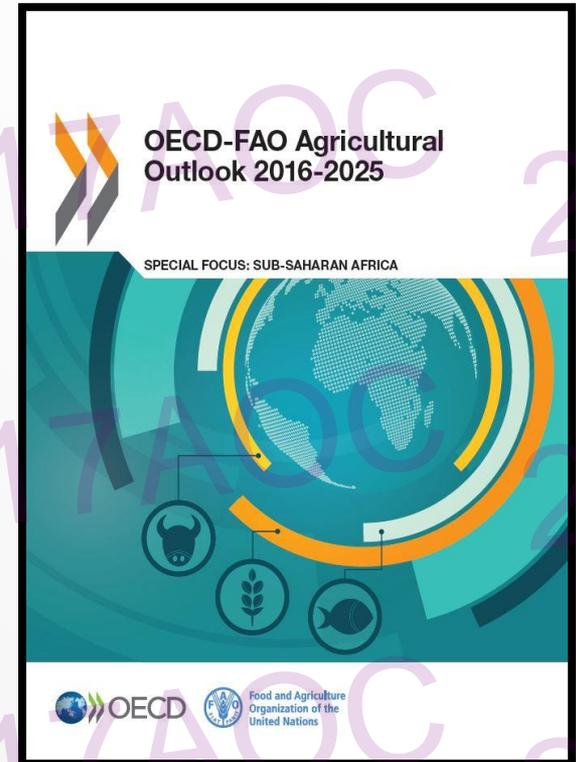
2016-2025: Highlights

Hubertus Gay (OECD)

2017 China Agricultural Outlook Conference
Beijing, 20-21 April 2017

OECD-FAO Agricultural Outlook

- Joint OECD-FAO report published annually in June/July
- 10 year horizon
- Model based projection validated through global expert consensus
- Major commodities
- Global coverage
- Special theme chapter 2016: Sub-Saharan African Agriculture
- Special theme chapter 2017: Southeast Asia



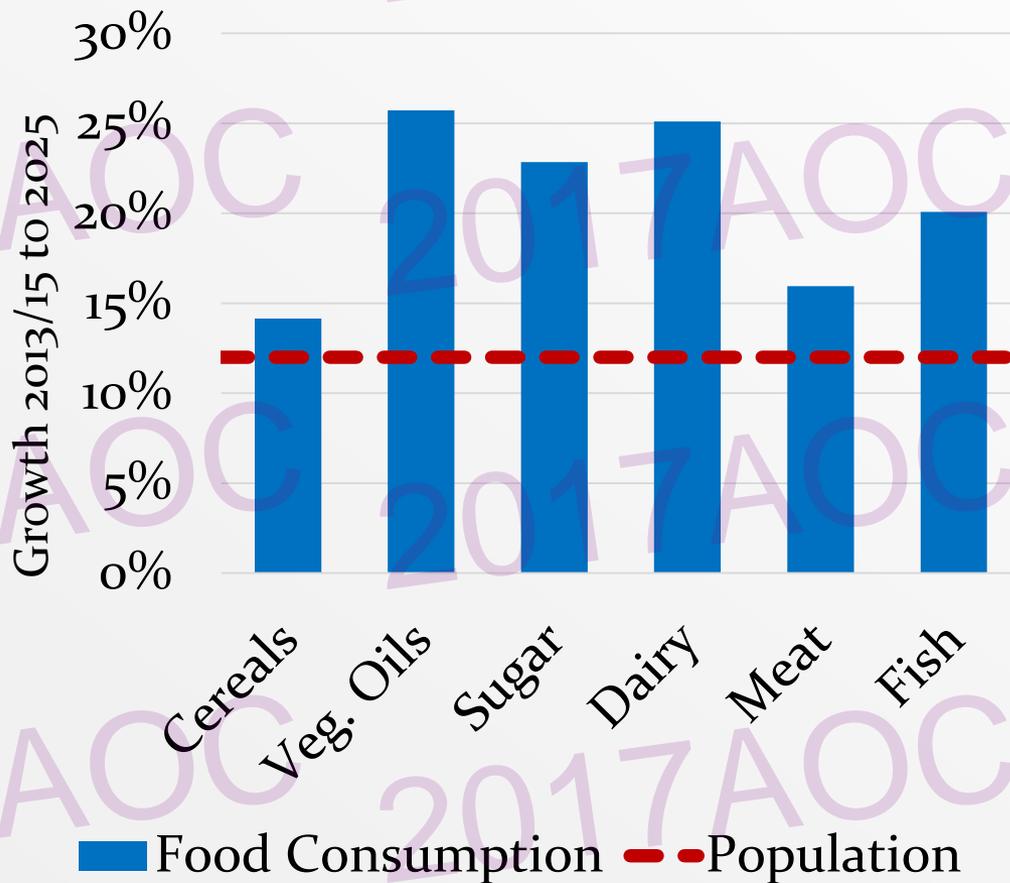
Production growth through intensification and efficiency gains, but regional differences

Yield Growth Area Growth



Change in arable production between 2013-15 and 2025, weighted by acreage; regions are sorted by overall arable acreage

Projected consumption trends across major food groups

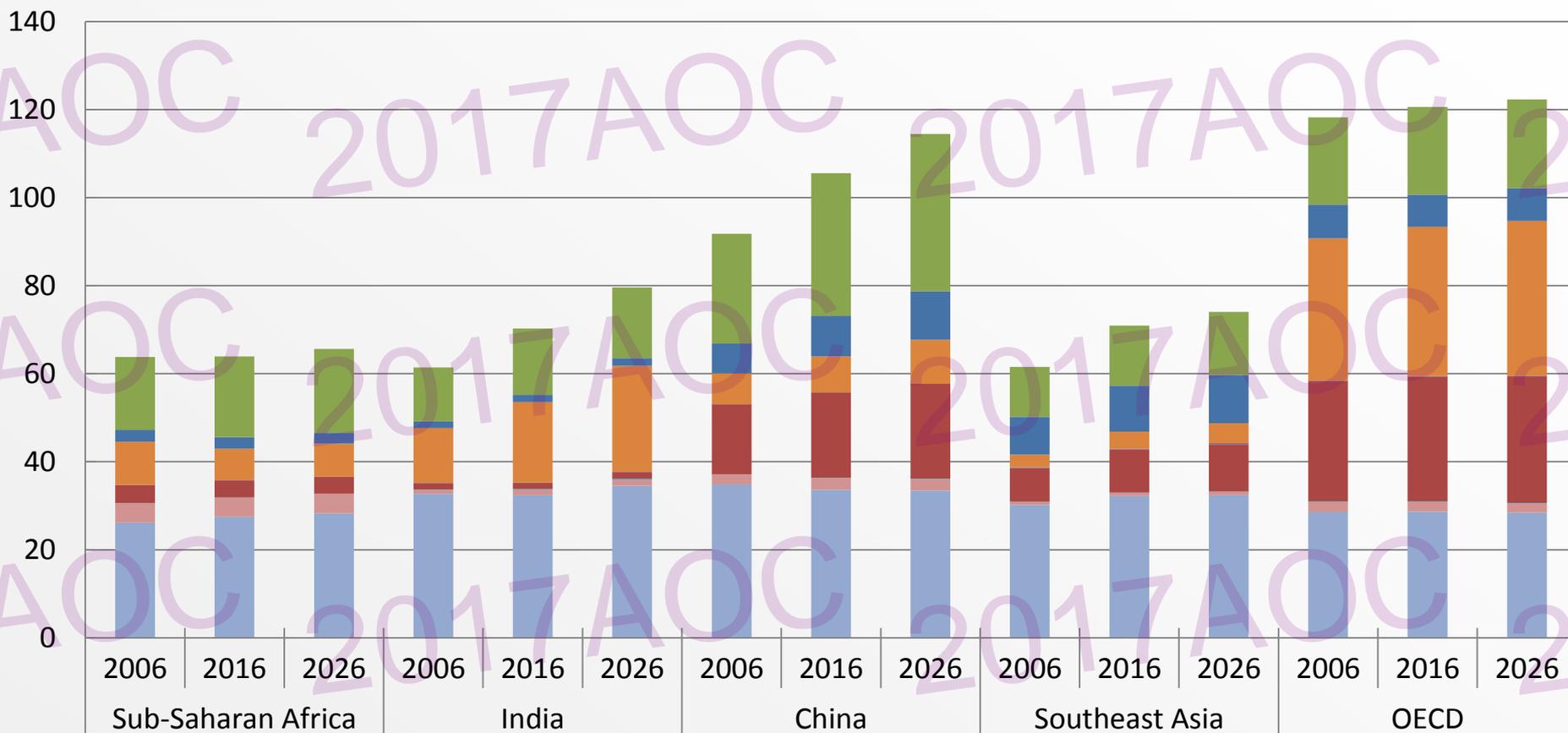


- Strong demand growth for meat, fish and dairy products
- Food consumption of cereals stagnates
- Shift toward livestock products induces additional need for feed crops, particularly coarse grains and protein meals
- Strong increase in sugar and vegetable oil consumption

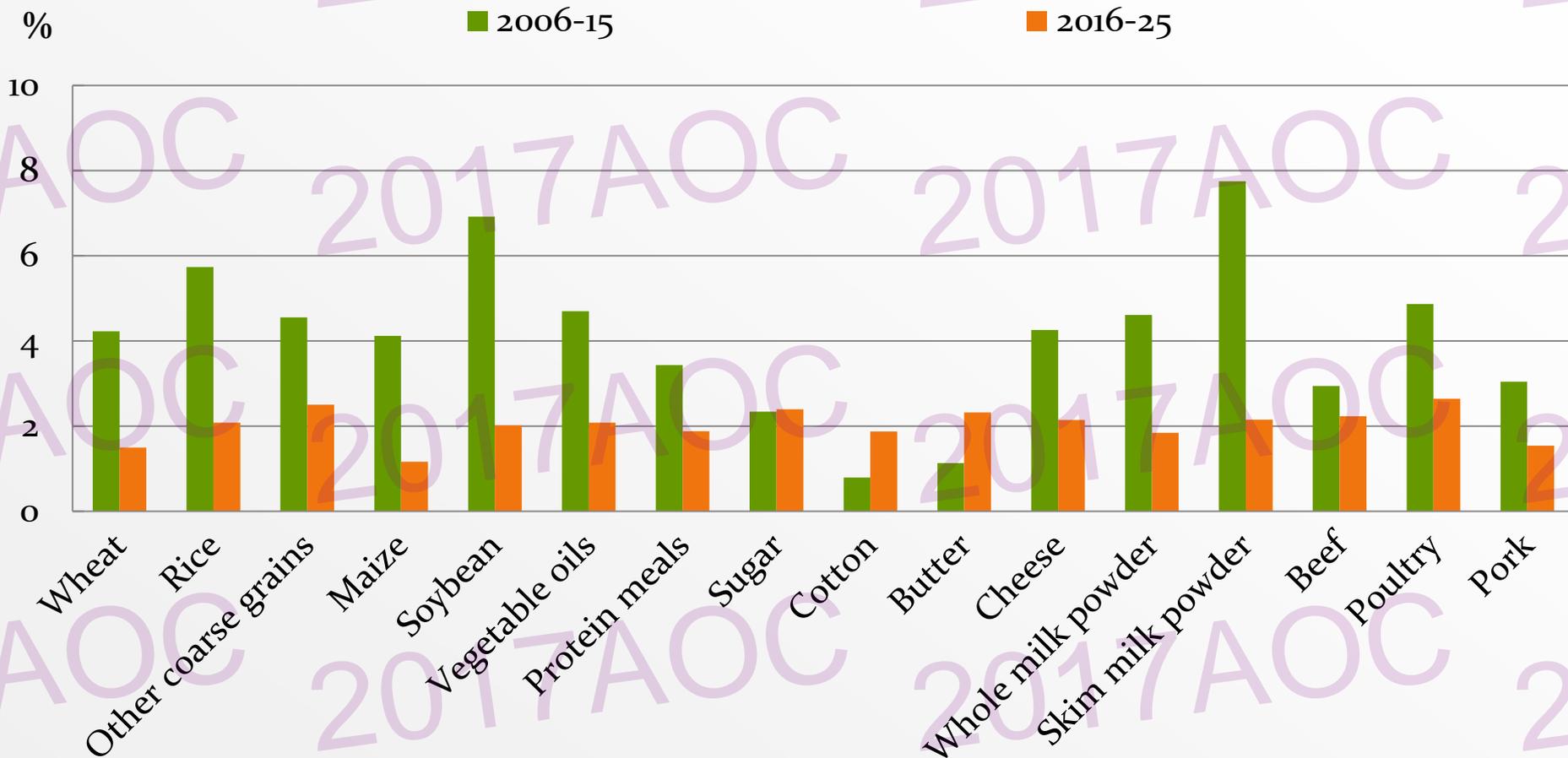
Protein uptake per capita

■ Cereals
 ■ Roots and tubers
 ■ Vegetable oils
 ■ Meat
 ■ Sugar
 ■ Dairy
 ■ Fish
 ■ Other

g/day/person



With slowing production and consumption growth, trade will grow more slowly

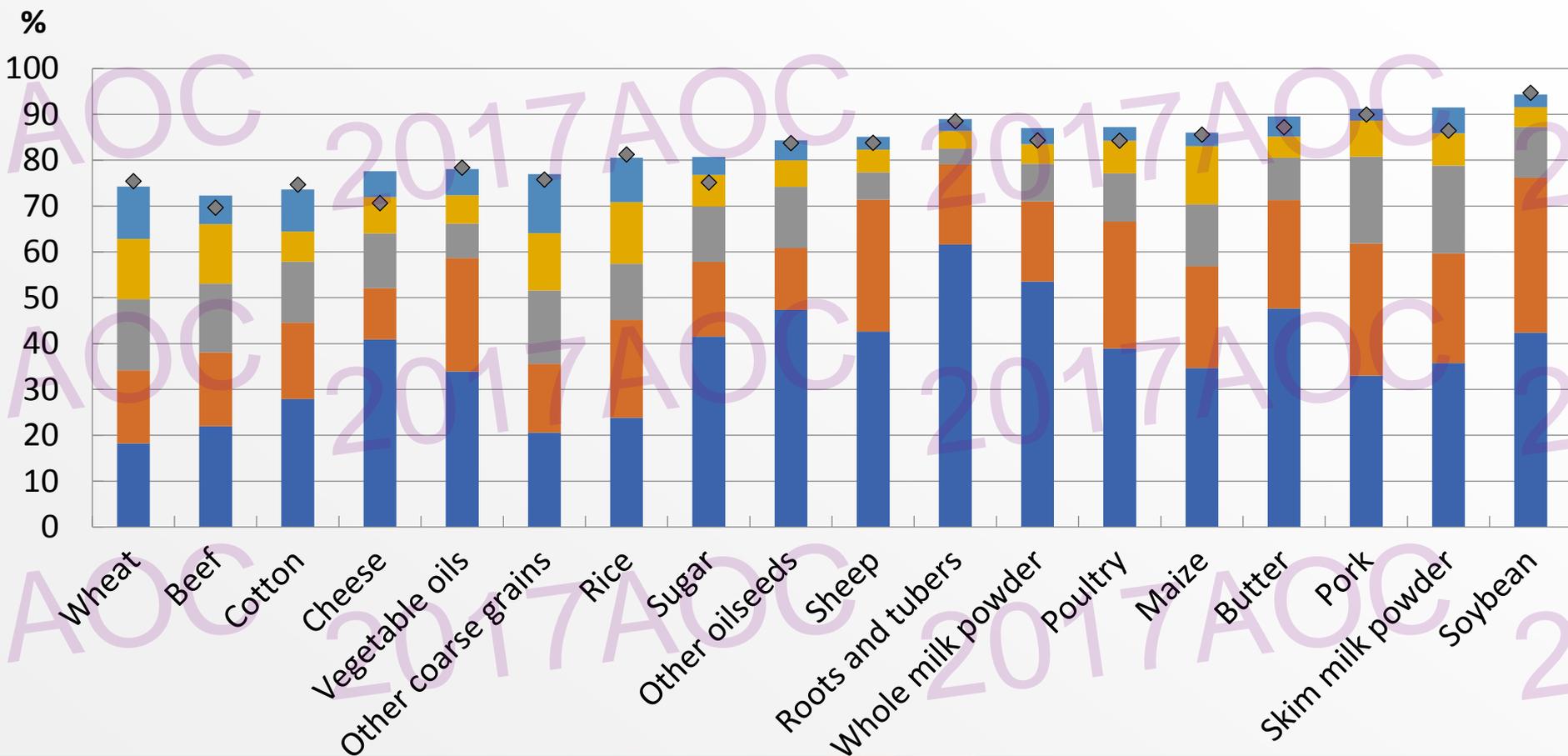


* Average annual growth of trade volume

World exports to remain highly concentrated

Shares of top five countries in global exports in 2025

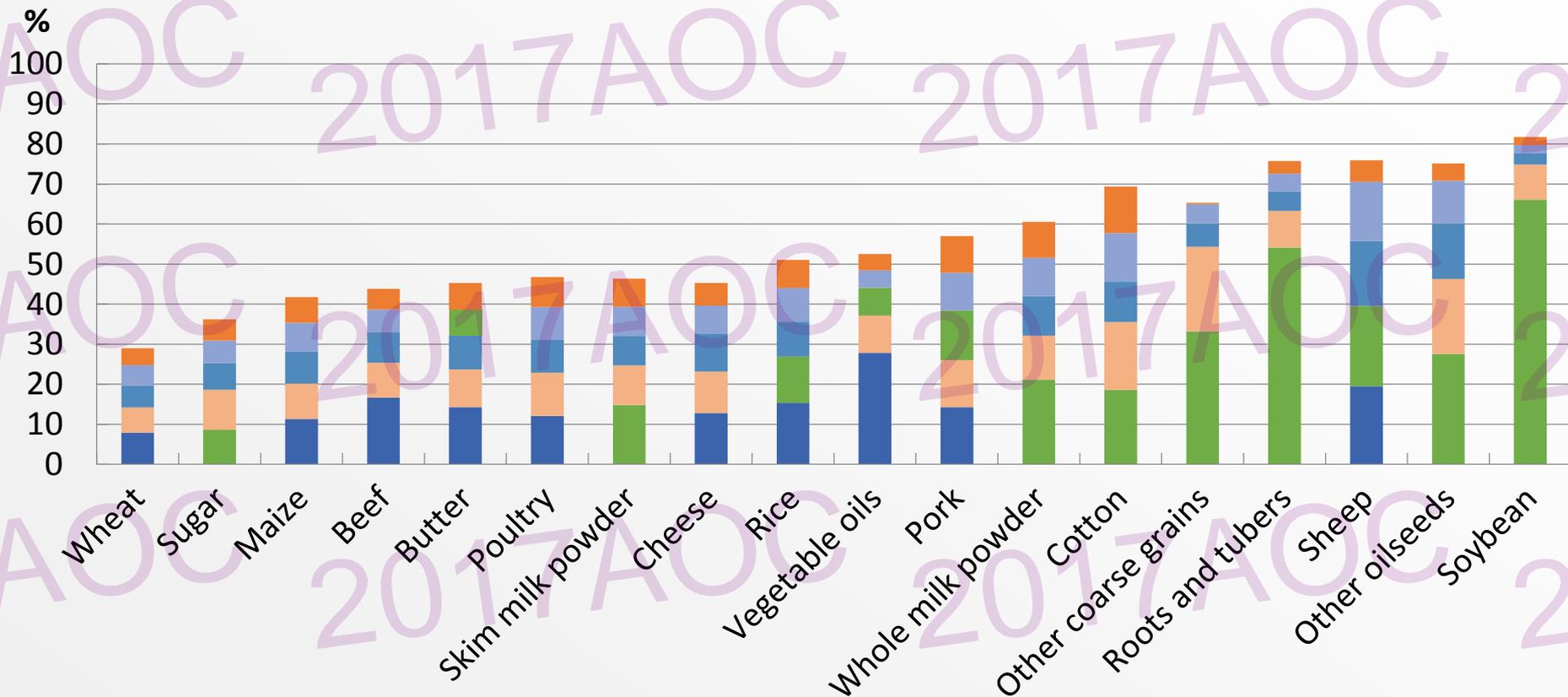
■ 5th exporter ■ 4th exporter ■ 3rd exporter ■ 2nd exporter ■ 1st exporter ◆ 2013-15 top 5



Imports in 2025 more dispersed... but China matters!

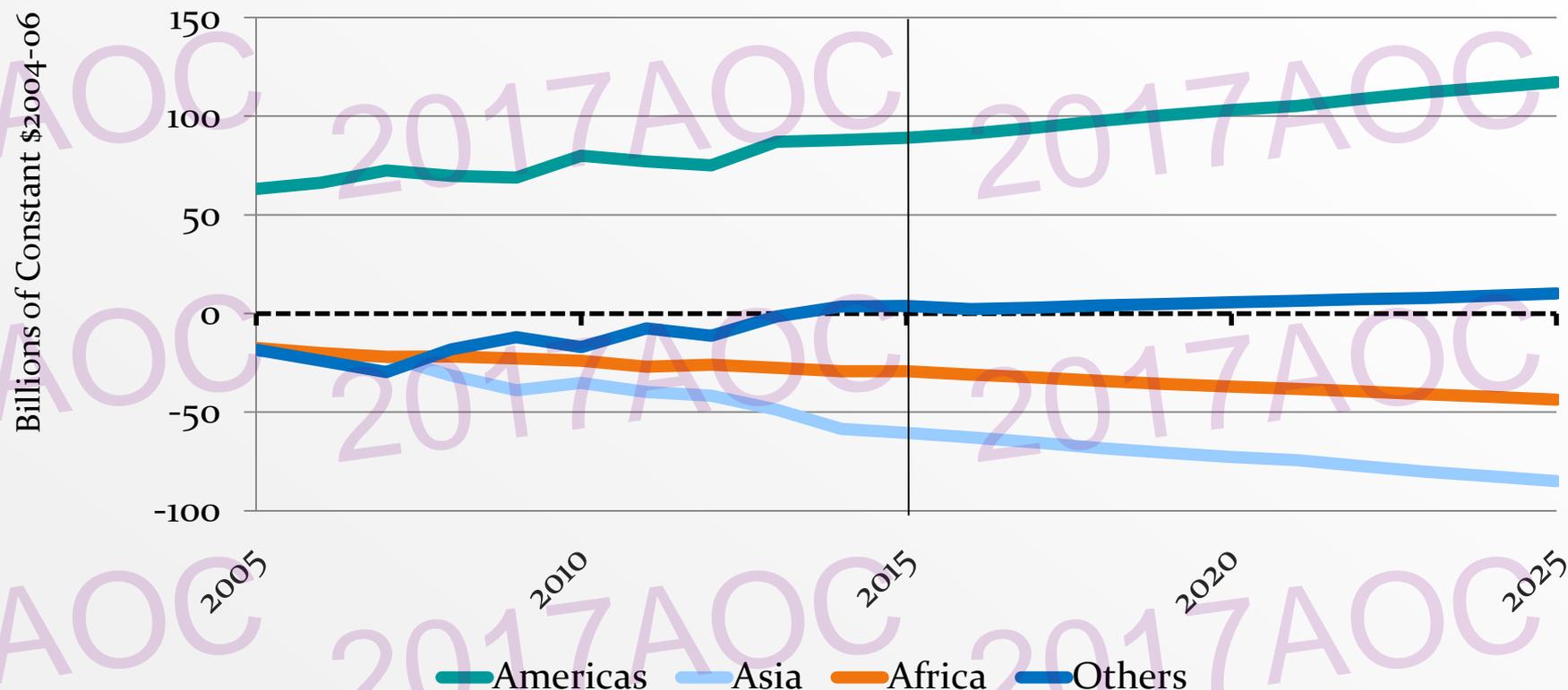
Shares of top five importers in world imports in 2025

■ China
 ■ 5th importer
 ■ 4th importer
 ■ 3rd importer
 ■ 2nd importer
 ■ 1st importer



Rising exports from Latin America Increasing imports into Africa and Asia

Regional net trade

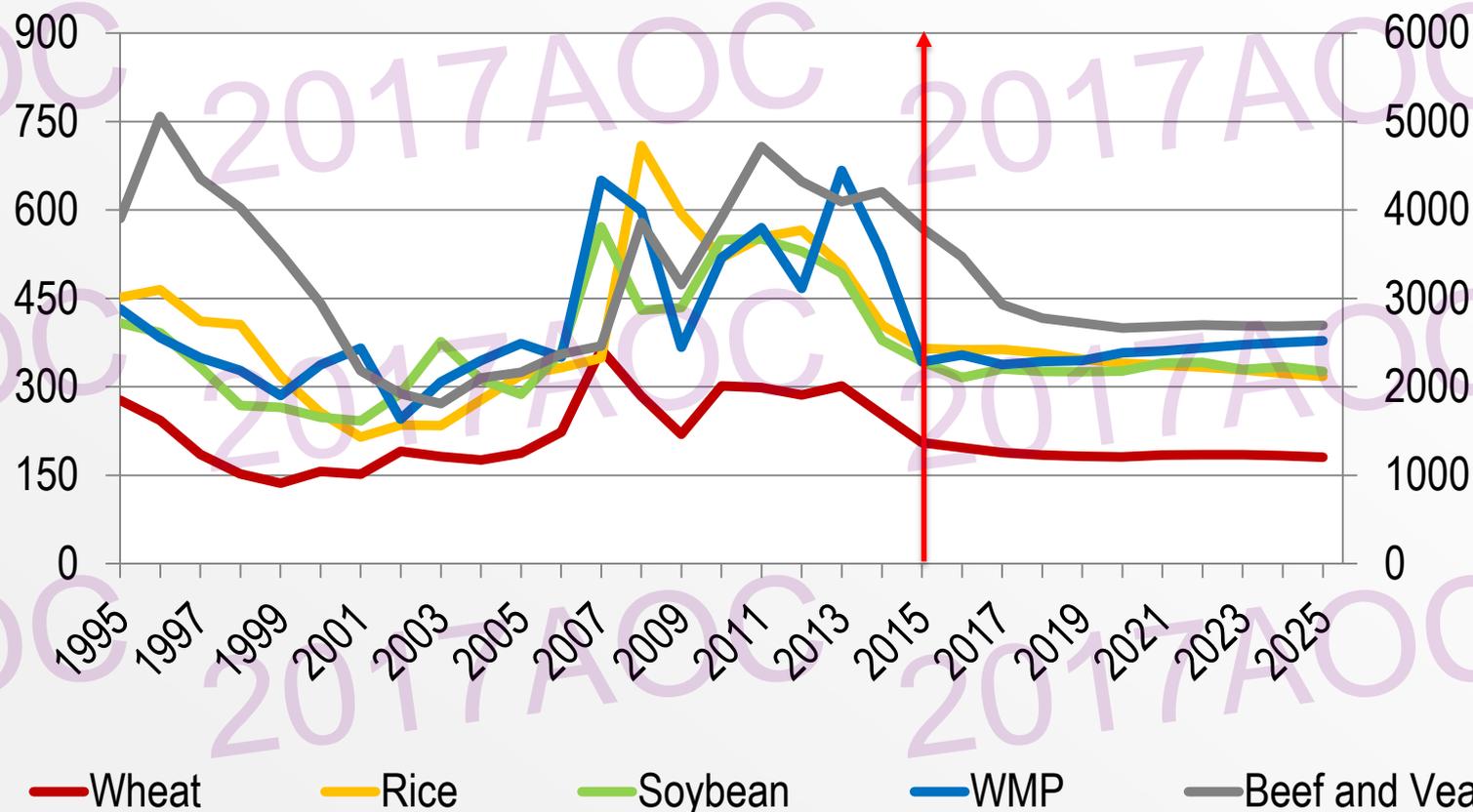


Note: Agriculture and fisheries products included in the Outlook

Market fundamentals point to flat real prices

USD/T (Crops)

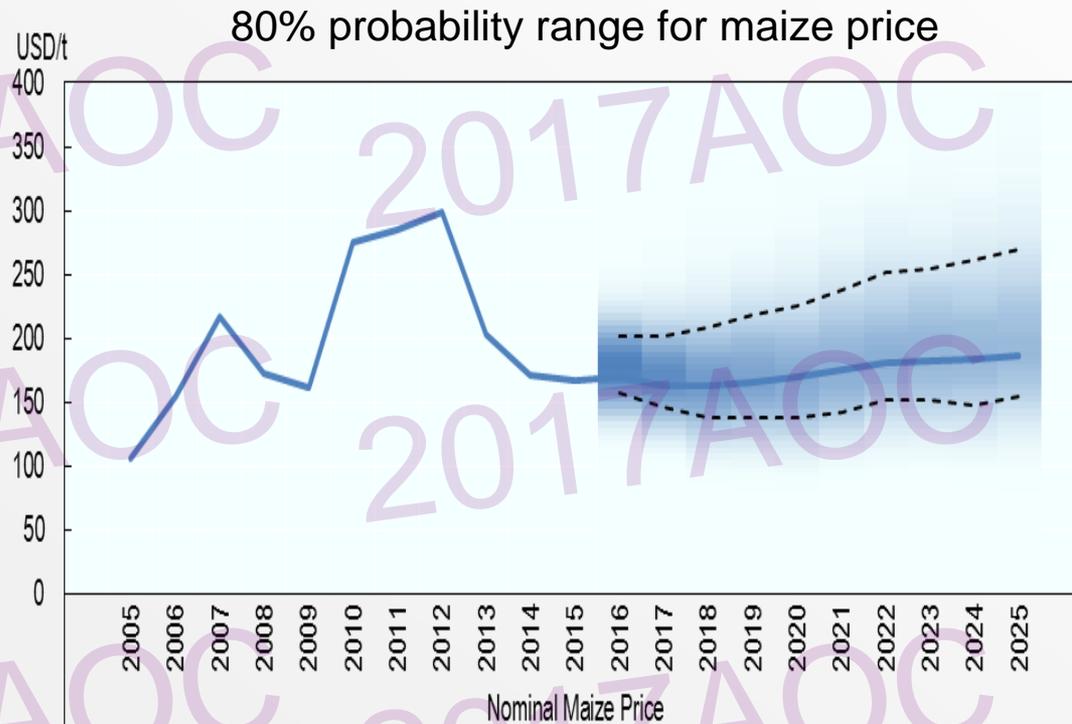
USD/T (Meat & Dairy)



Whether this is a “new normal” depends on the historical perspective



There is a substantial risk of a major price swing in the next ten years



- Volatility from oil prices, economic growth, exchange rates and yield variations
- Climate change will add to them
- Policy-induced uncertainty not included but will compound volatility
- A crisis more likely when the wrong *policies* compound volatility

Why price volatility might increase

- Climate change
- New production areas have less reliable agronomic conditions
- Biofuel support and mandates
- Declining demand elasticities

Highlights of the OECD-FAO Outlook 2016-2025

- Real food prices expected to decline slightly, but remain above levels before 2007-08 food price crisis.
- Changing relative prices:
 - Consumption of staples reaching saturation in many countries
 - Meat and dairy prices increase relative to crops – higher incomes and animal-protein demand
 - Coarse grain and oilseed prices increase relative to food staples – feed demand
- Calmer markets but a risk of resurgent volatility
- Spread of imports across a large number of countries; concentration of exports among a few key suppliers

We invite you to visit our website
www.agri-outlook.org

For inquiries or further information, please contact:

Hubertus Gay

tad.contact@oecd.org

Trade and Agriculture Directorate
(OECD)



Holger Matthey

EST-Projections@fao.org

Trade and Markets Division
(FAO)

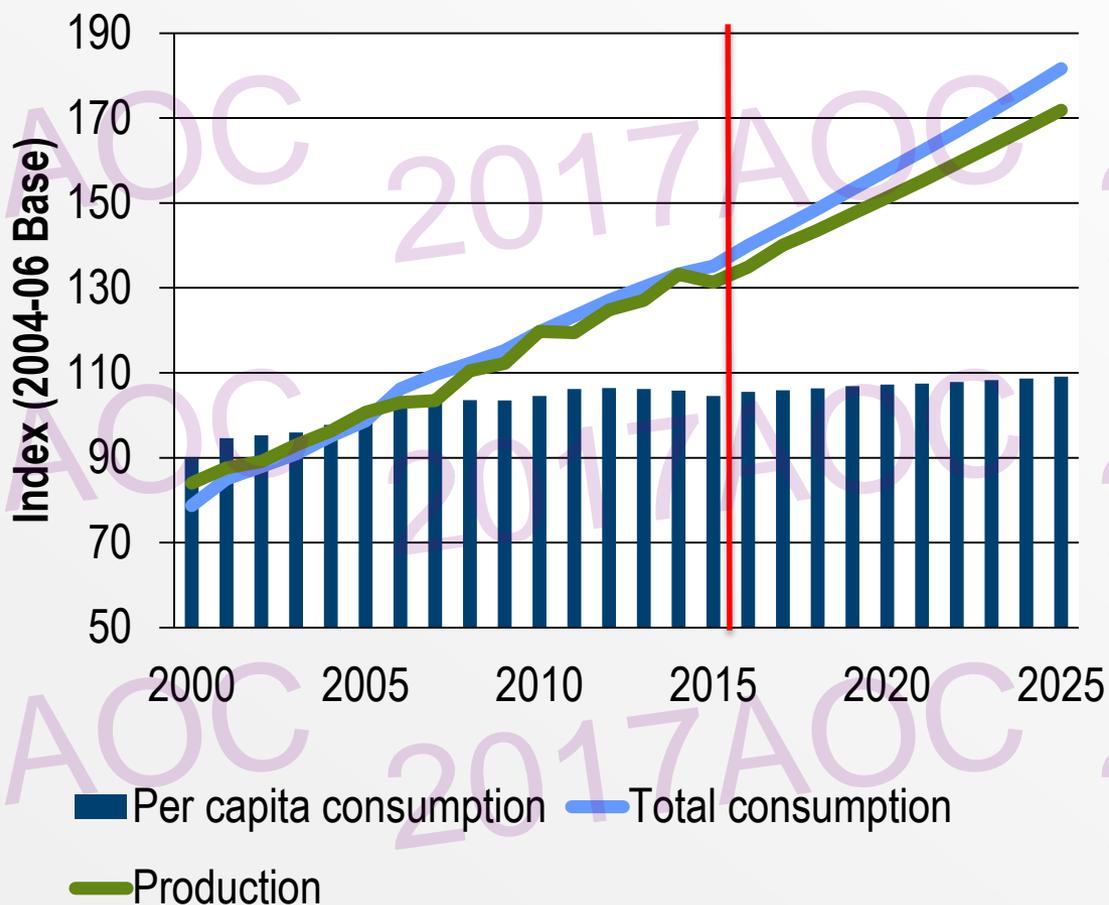


Food and Agriculture Organization
of the United Nations

Conclusions

- Outlook maps out a “status quo” baseline.
- Outlook confirms that we must do better to meet SDG2 by 2030
- Policy reforms can help agriculture meet national objectives
 - Focus on sustainable productivity growth
 - Managing risks
- Those same reforms will contribute to greater food availability and improved global food security

Sub-Saharan Africa: Outlook to 2025



- Total agricultural production is projected to expand by 2.6% p.a., an increasing share will come from improved productivity
- Growth in food demand of more than 3% p.a. expected, driven by population growth, leaving per capita gains modest
- Need for imports is especially high for vegetable oils (50%), poultry meat (36%) and sugar (23%), all with an increasing trend