



Agricultural Outlook: world food supply over the next decade

EU Parliament, 4 June 2013

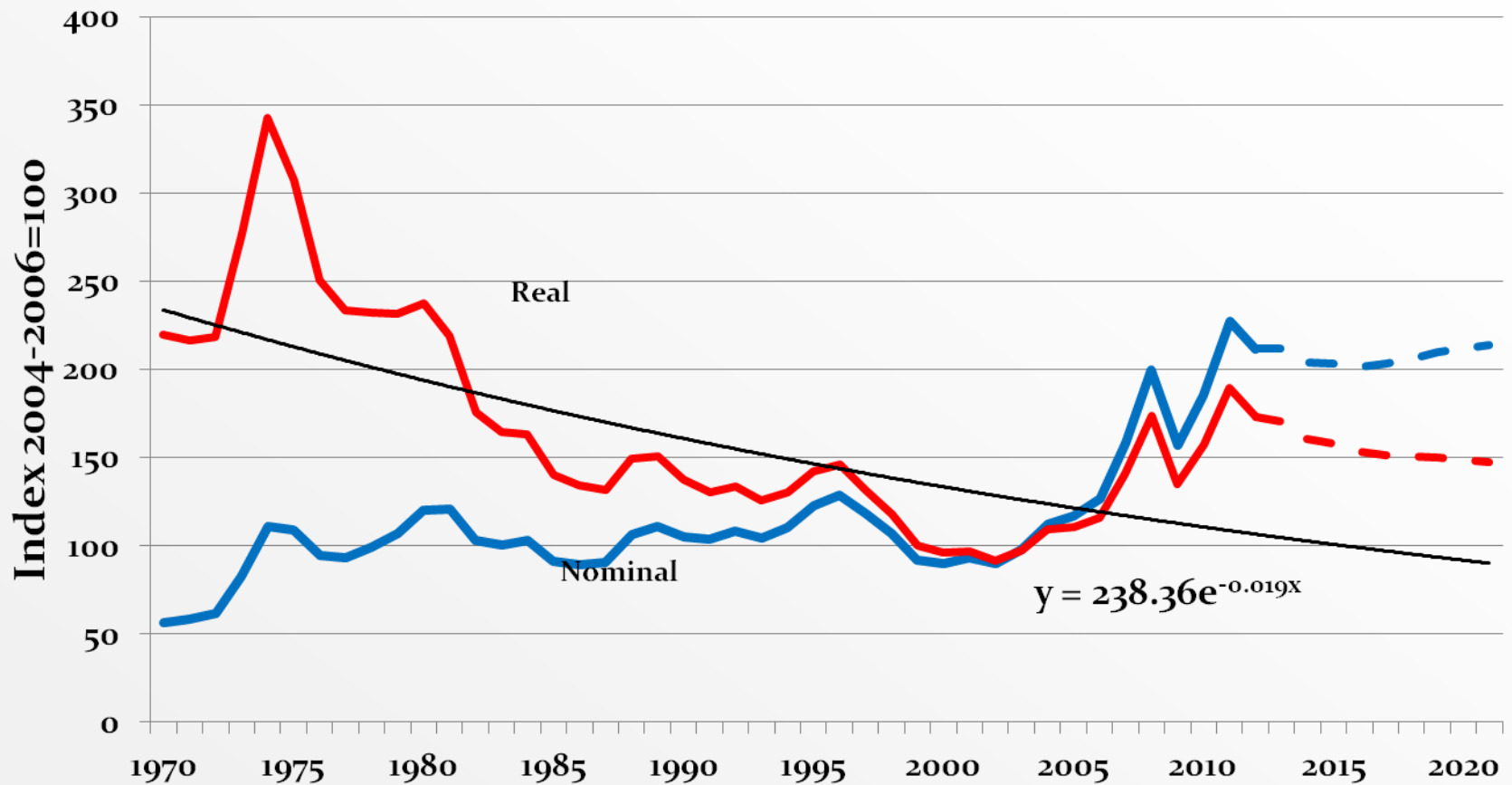
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Overview

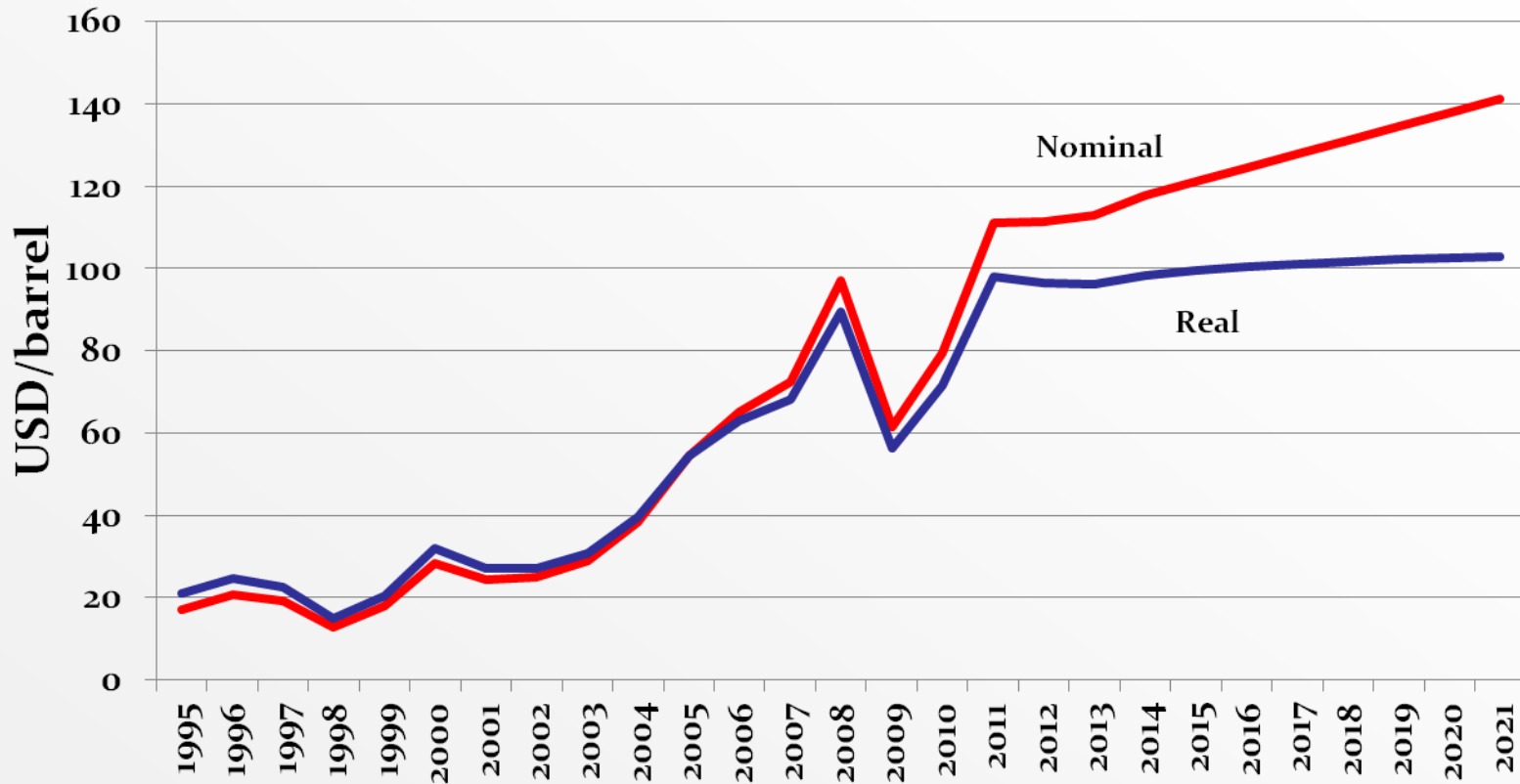
- Global Outlook
 - Based on OECD-FAO Outlook 2012, with some updates
 - New Outlook 2013-2022 will be out on June 6
- Key issues
 - Is food production keeping pace with demand?
 - High prices –opportunities for growth?
 - Meeting growing demand in the face of increasing constraints



FAO's Food Price Index: Real prices remain high



Underpinned by high oil prices...

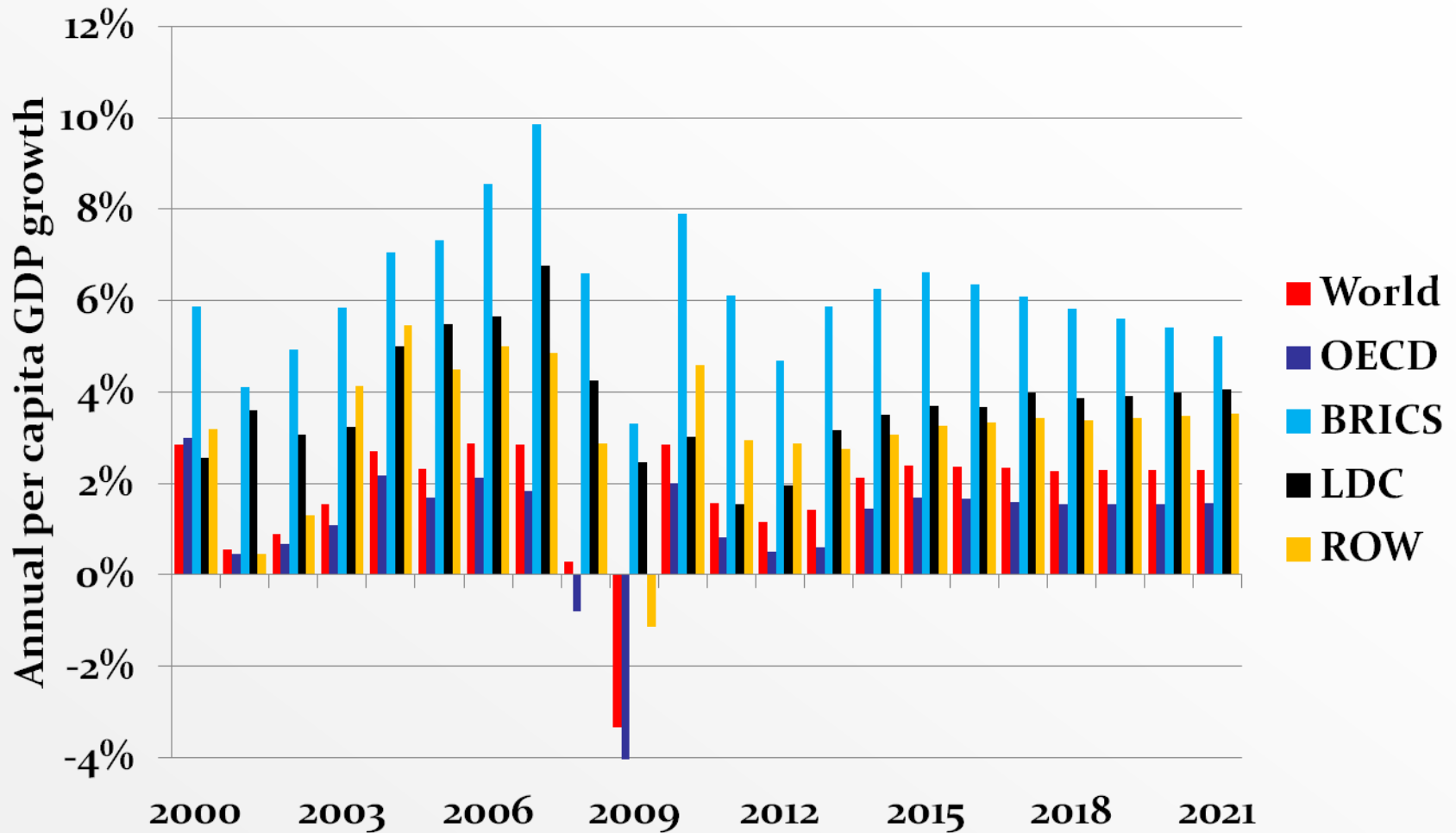


International Energy Agency: constant \$2005



Food and Agriculture Organization of the United Nations – *for a world without hunger*

... and strong growth in emerging countries

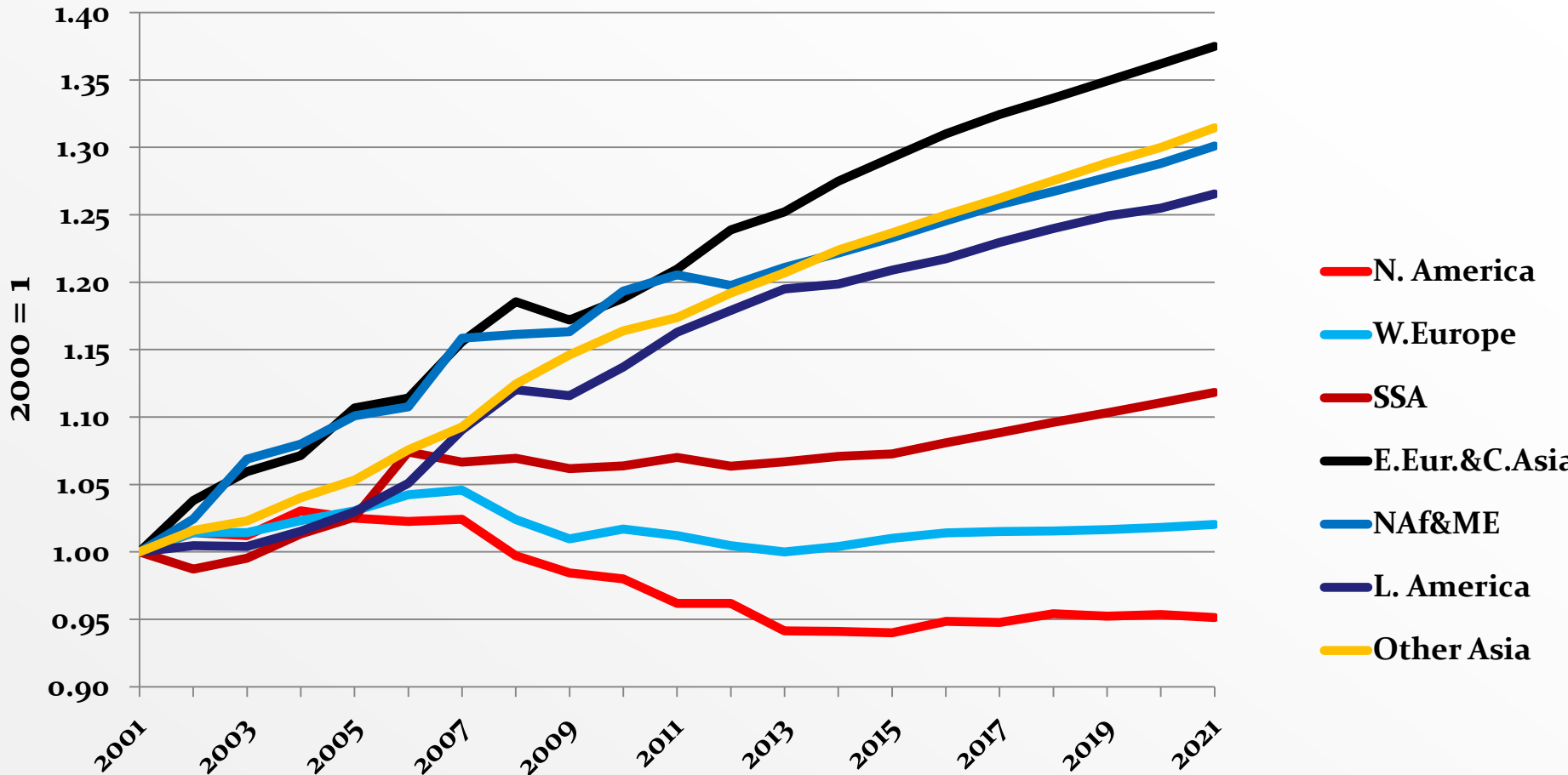


Source: OECD/FAO/IMF (in per capita terms)



Food and Agriculture Organization of the United Nations – *for a world without hunger*

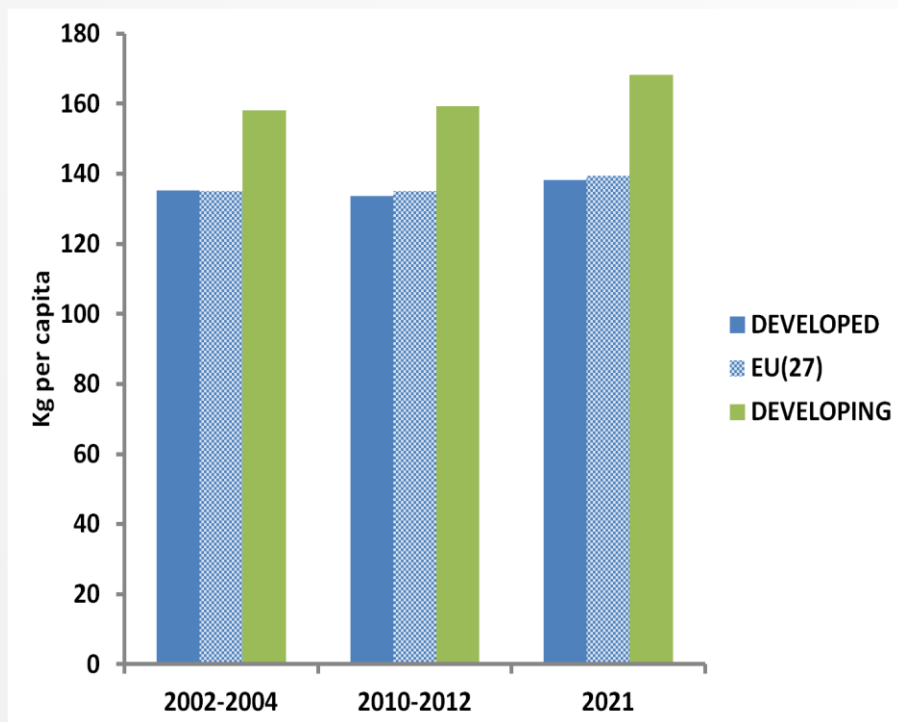
Per capita food consumption – flat to falling in developed countries, rising elsewhere



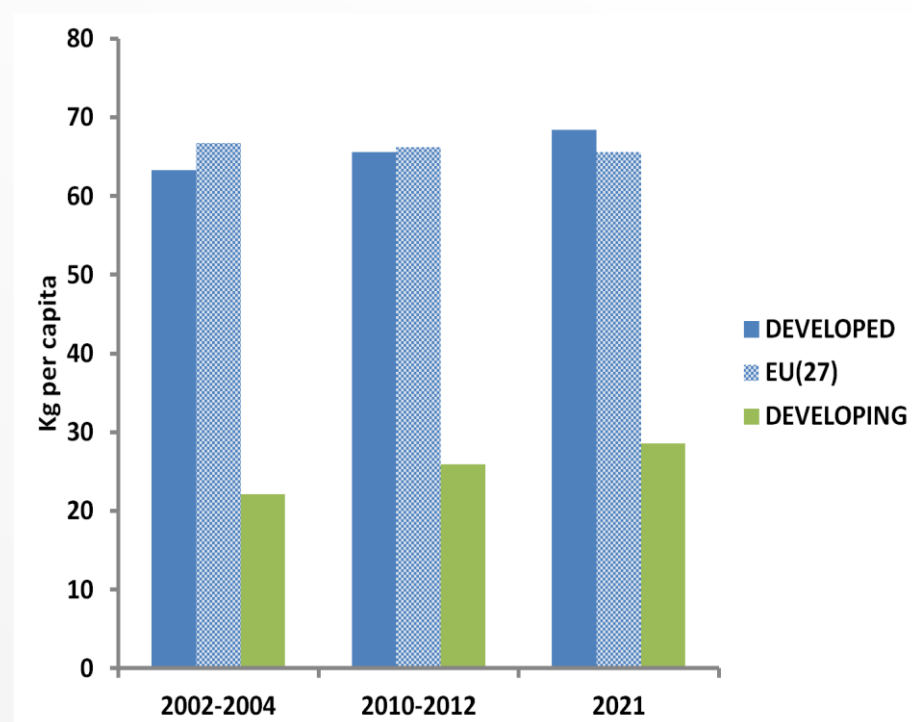
Index based on constant 2004-06 prices

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Food consumption – growth driven by developing countries... compounded by population growth

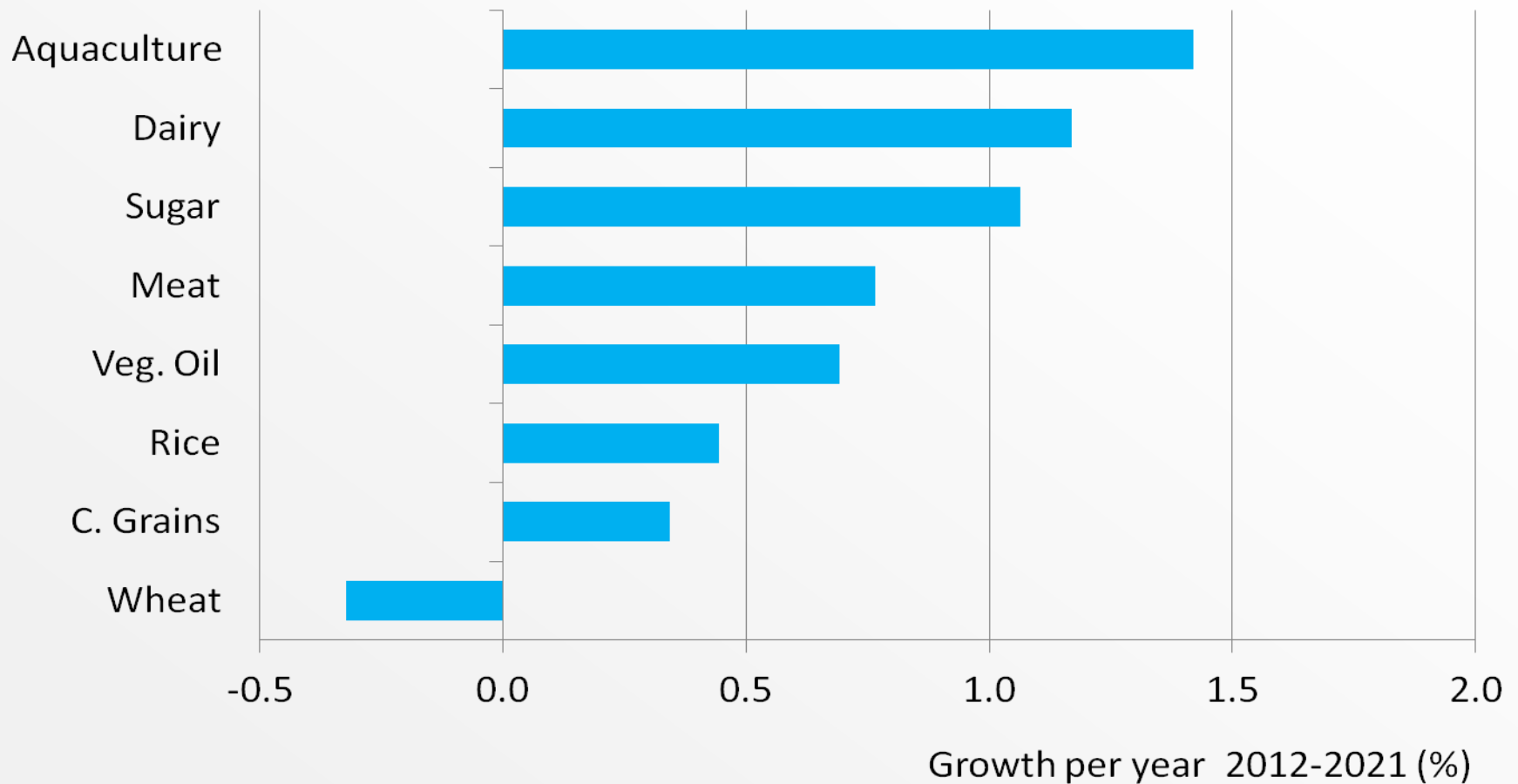


Cereals

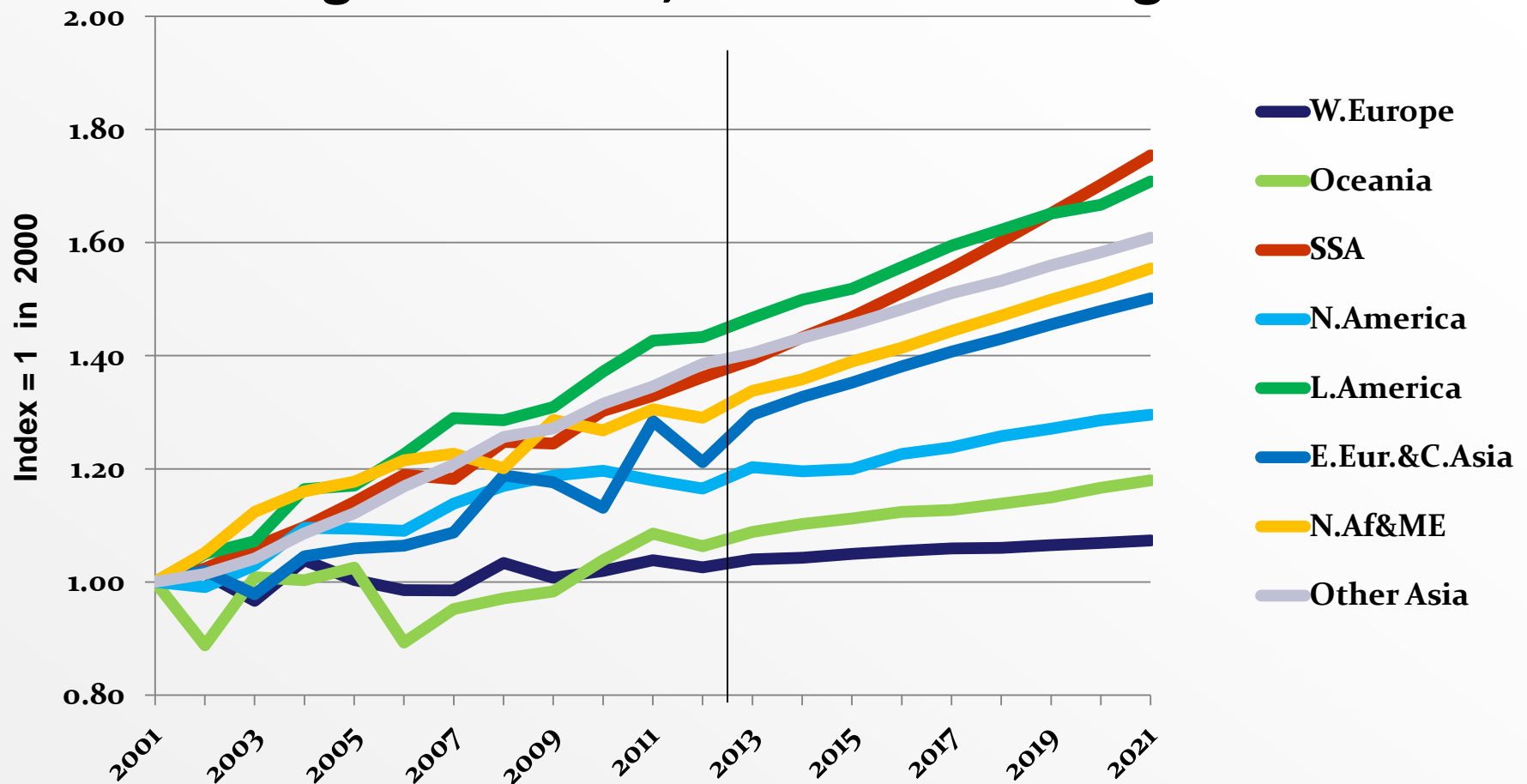


Meat

Consumption shifting from staple foods to value-added products



Global production will keep pace with demand despite increasing constraints, with different regional trends

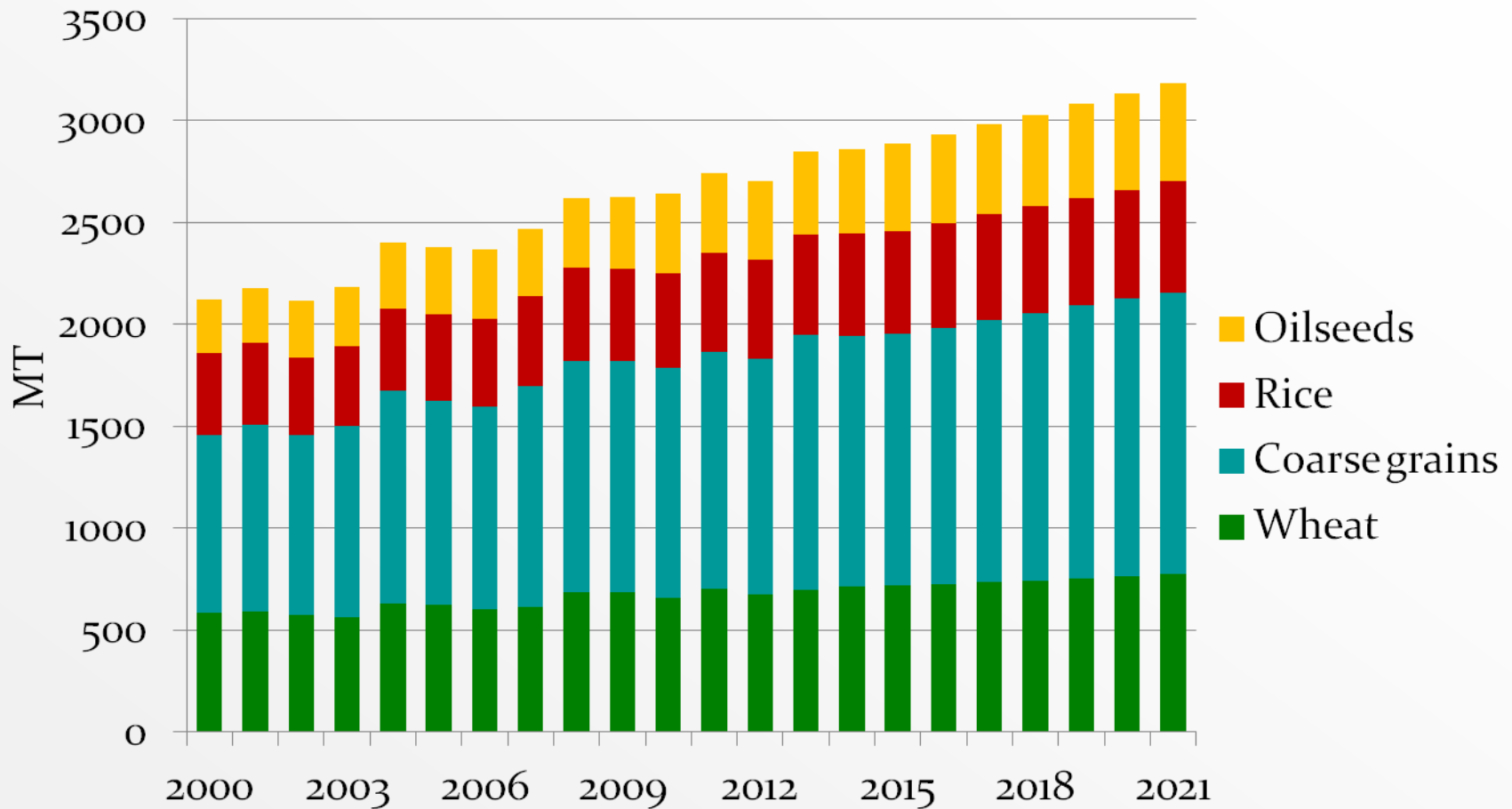


Agriculture and fish production. Index based on constant 2004-06 dollars

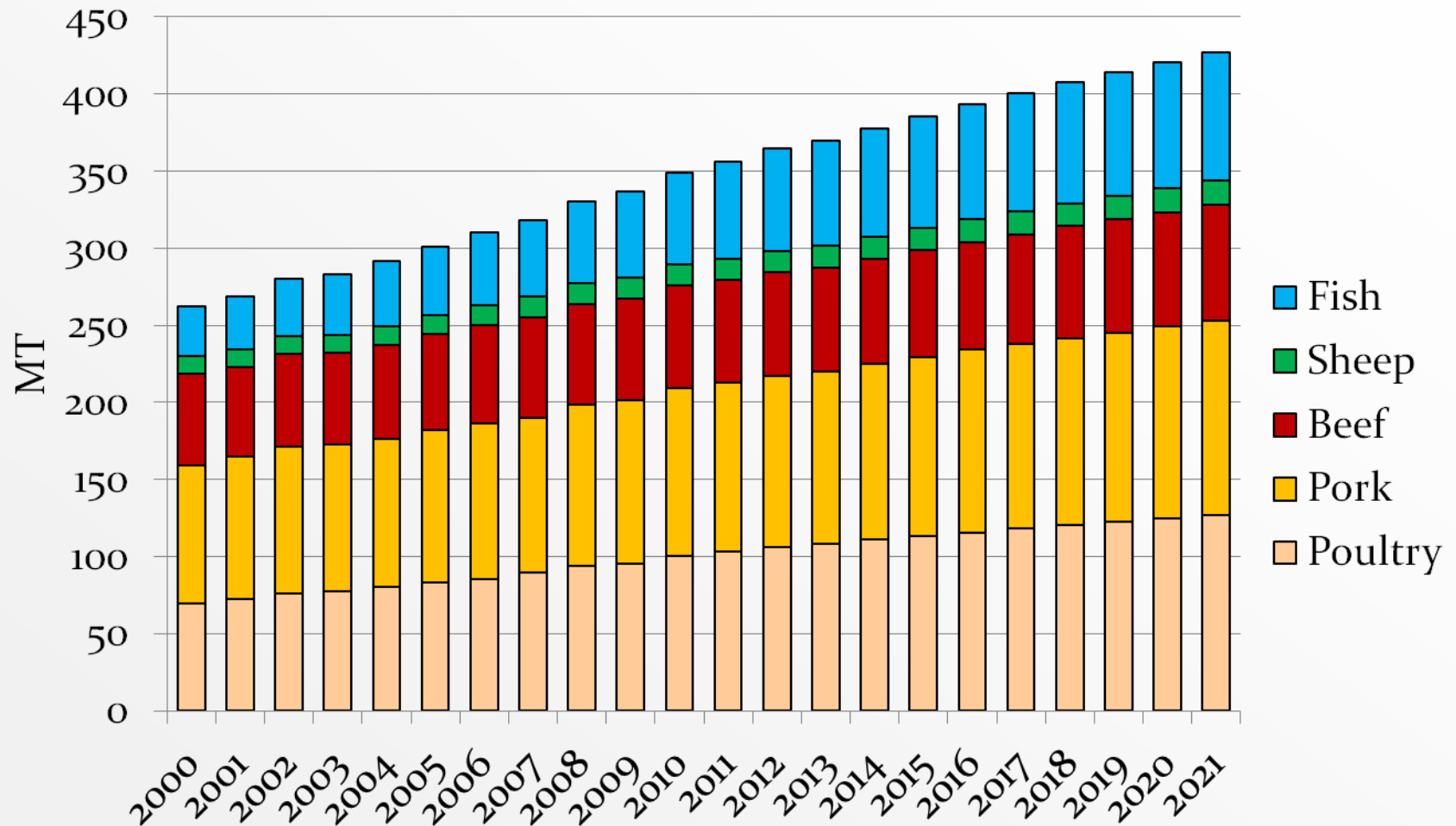


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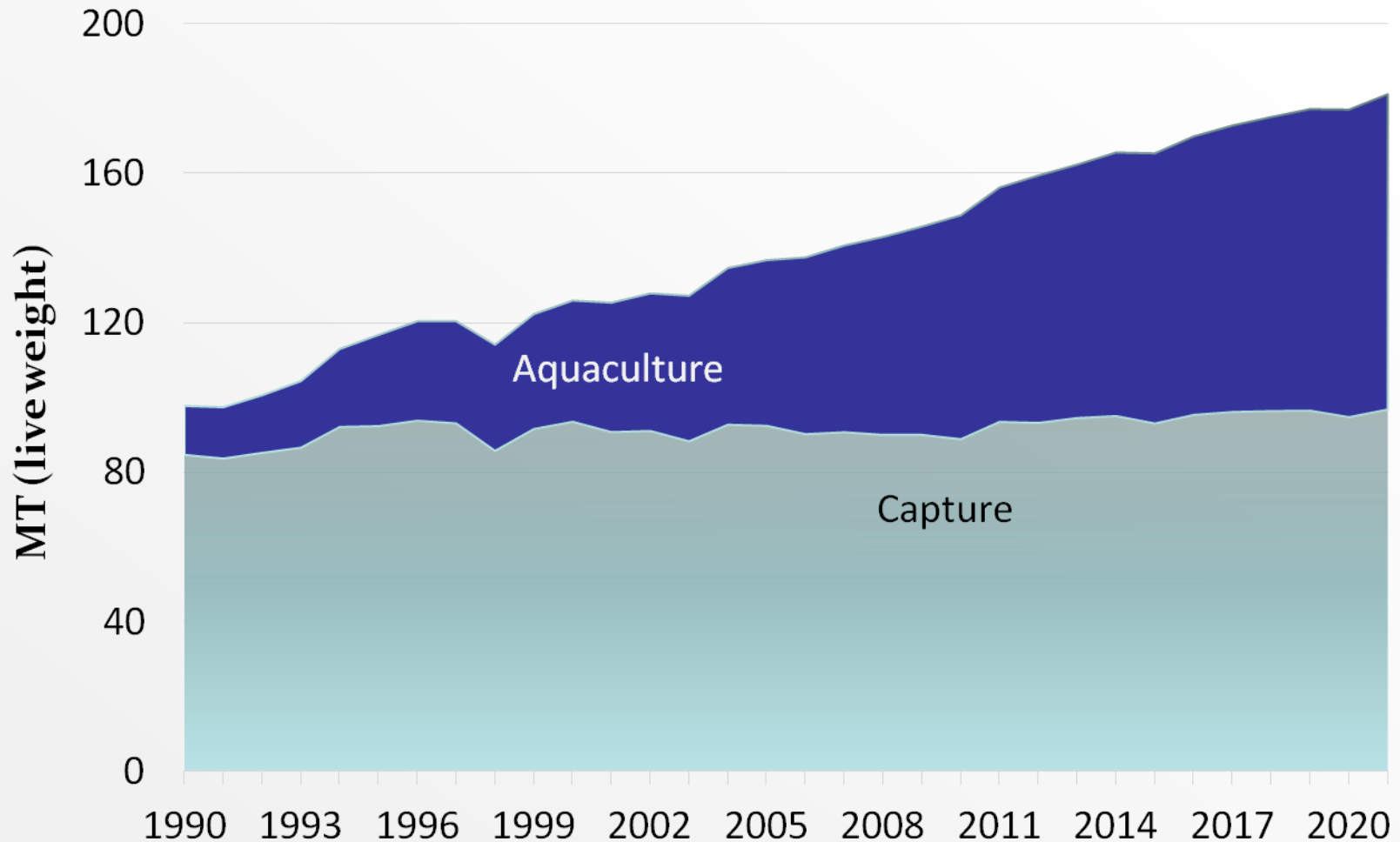
Cereal and oilseed production – growth strongest for coarse grains followed by wheat and oilseeds



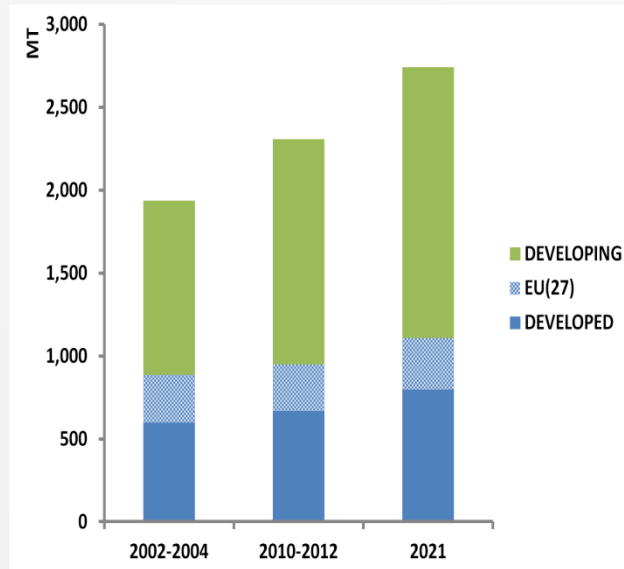
Meat and fish production – poultry driving growth, followed by fish (aquaculture) and pork



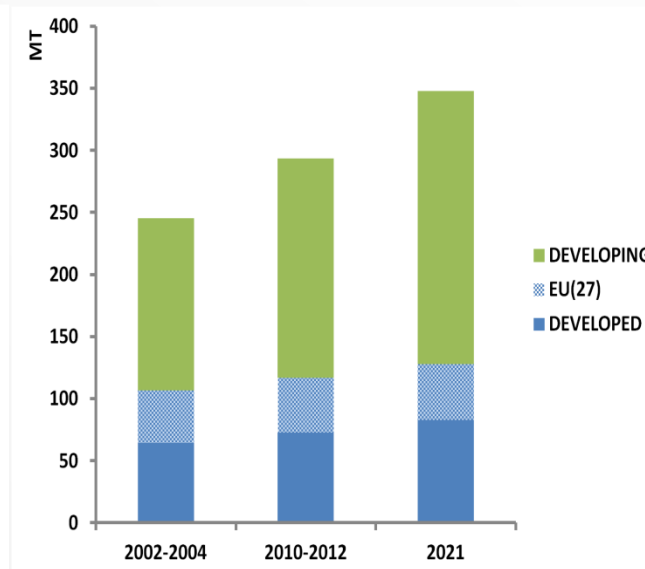
Total fish production – growth driven by aquaculture, to surpass capture fisheries as source for food by 2016



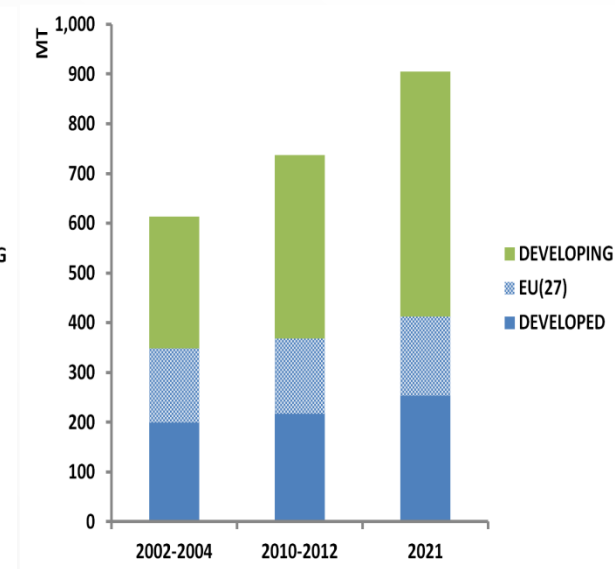
Global food production – developing countries to continue driving growth



Cereals

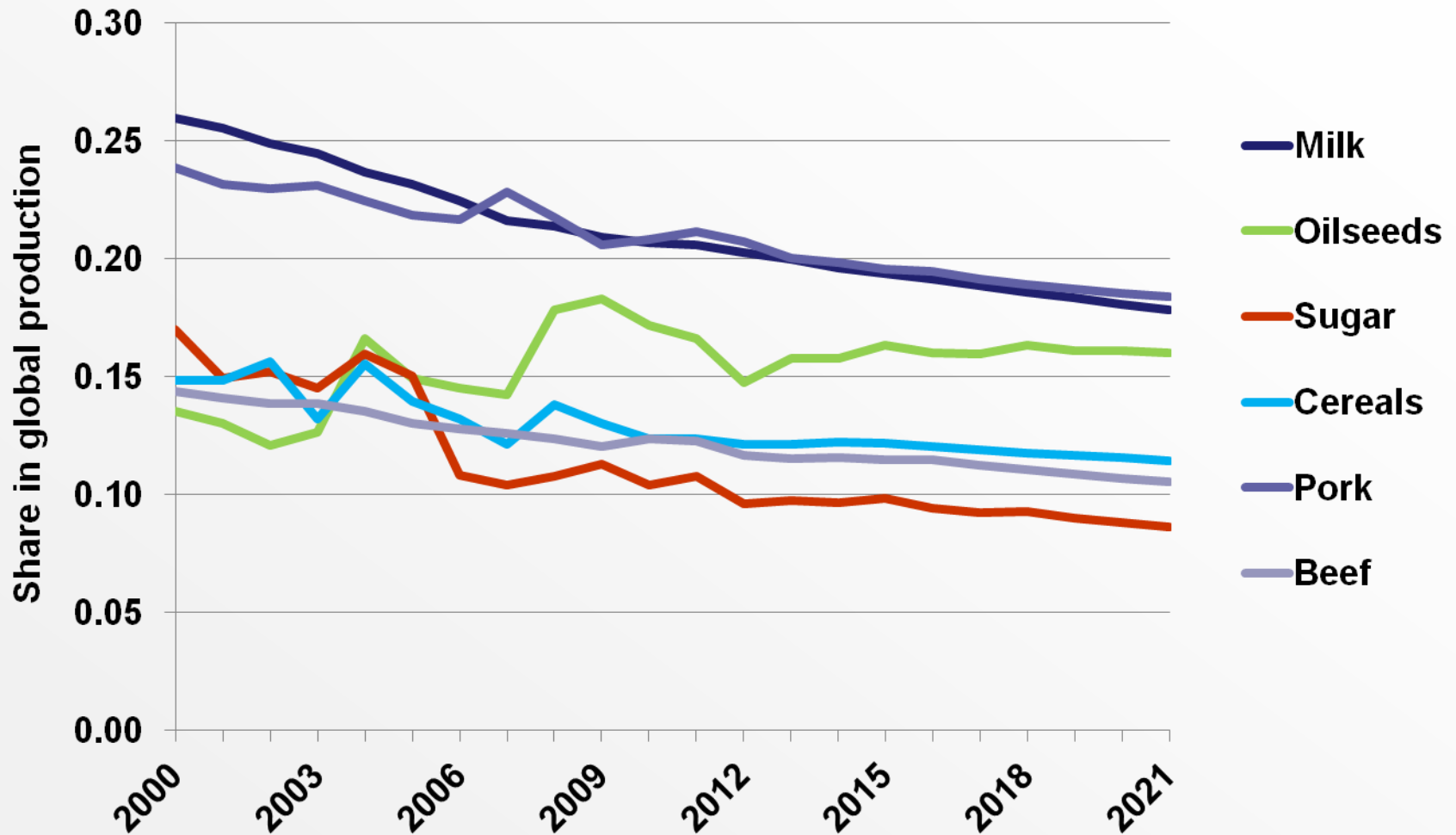


Meat

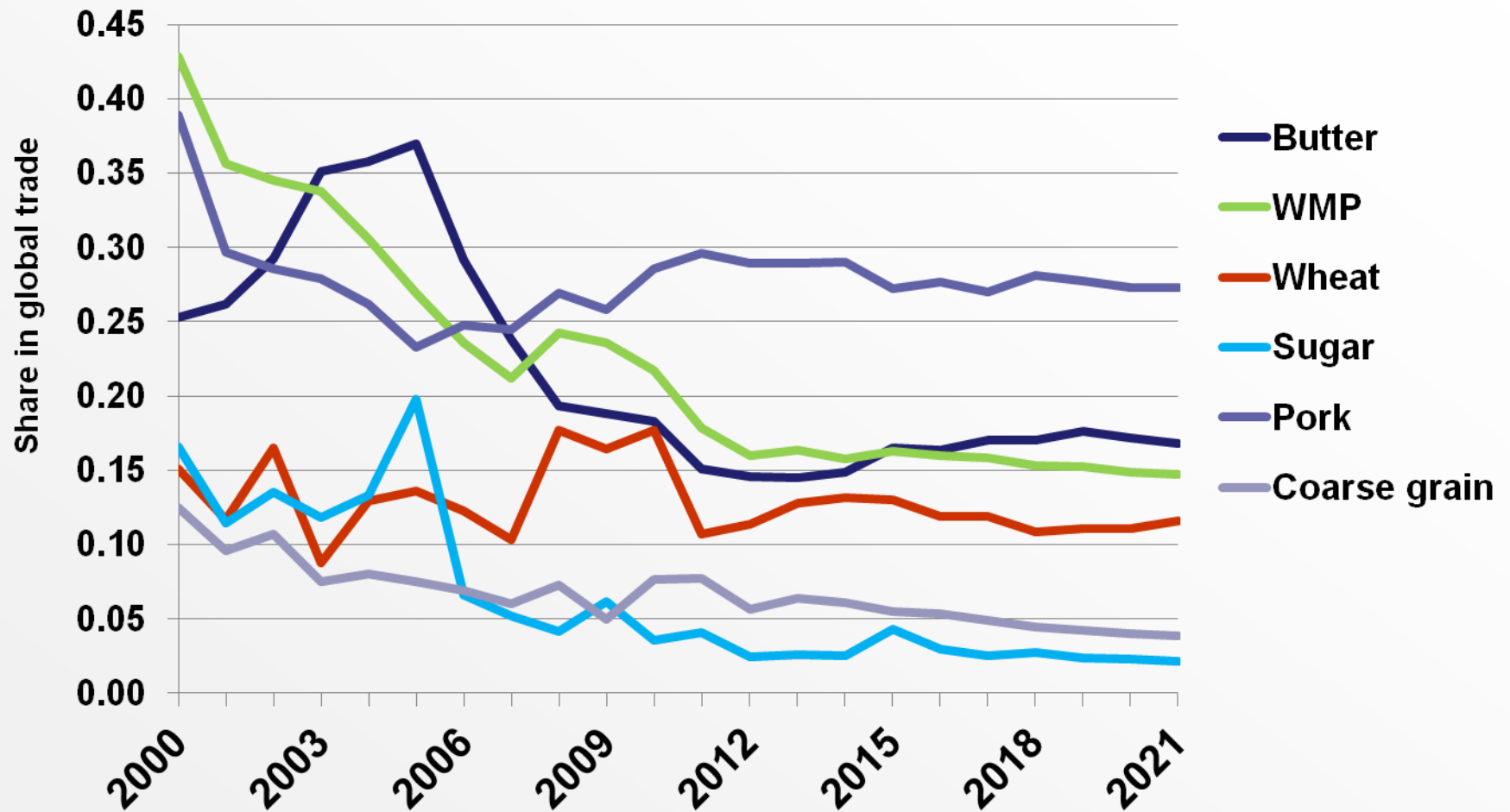


Milk

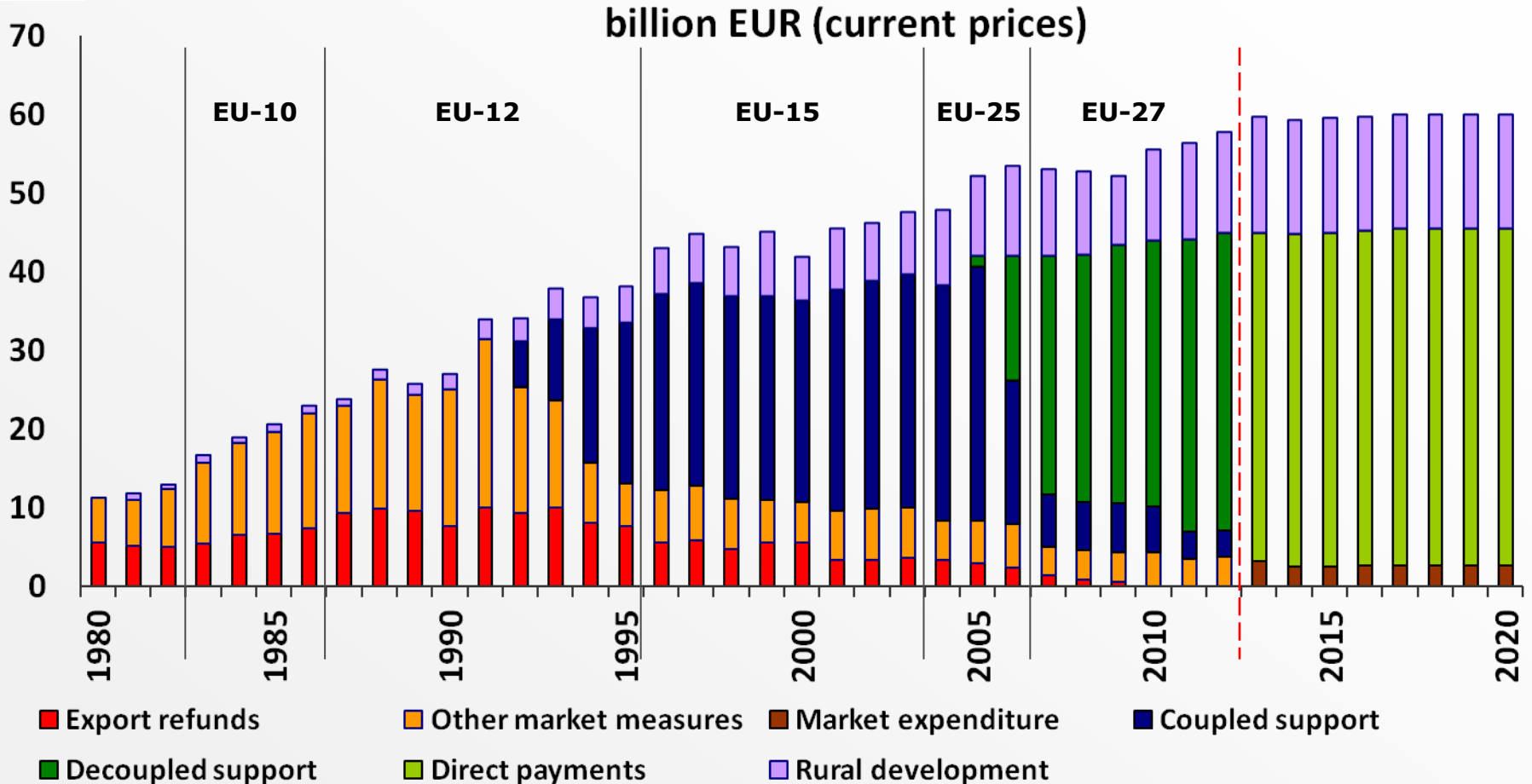
EU production shares of key food commodities falling



And EU trade shares falling as well



CAP reforms: now less distortive of production and trade



Key messages

- While to continue to be driven by developing countries, global food production growth rate expected to slow down (2.1% p.a. in 2003-2012 to 1.5% p.a. coming decade)
- Consumption patterns changing rapidly
- Despite all the constraints, global food supply should keep pace with demand but at higher price levels
- Food security remains serious concern
 - Risks of repeated price spikes remain high
 - International policy coherence increasingly important
- Investment in agriculture for higher productivity and better sustainability is the right policy response
- Emerging issues: confidence in markets, market transparency, NTBs, smallholders, productivity-sustainability-resilience nexus



Role of agricultural innovation and R&D

- Agricultural R&D and innovation are key contributors to agricultural productivity growth and critical to face the increasing constraints faced by agriculture
- Investing in agricultural innovation and technologies is key priority for achieving sustainable agricultural growth (technology to increase resilience such as drought and heat-resistant crop varieties essential for climate change)
- There is need for massive public and private investment in agricultural R&D today
- There is need for agricultural R&D tailored to the specific needs of small farmers with focus on implementation

