No. 3, September 2005

food outlook

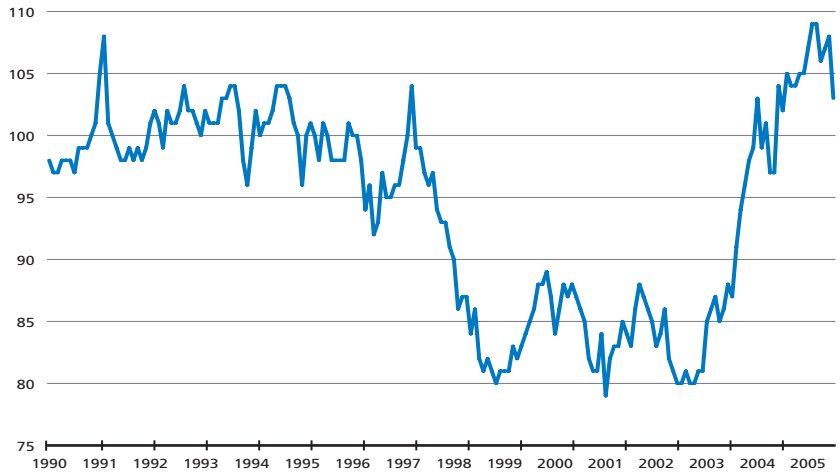
global information and early warning system on food and agriculture (GIEWS)

HIGHLIGHTS

- **FAO's forecast of the 2005 world cereal output has been revised slightly downward since the previous report in June**. Although lower than the record of 2004, the global cereal crop is still expected to be above the average of the past five years. Output of wheat and coarse grains is set to decline but that of rice is forecast to reach a record high.
- **Most of the anticipated decrease in global cereal output in 2005 is in the developed countries**, mainly reflecting smaller coarse grain crops. In developing countries, cereal production is expected marginally up from the good level of 2004.
- **At the forecast level, global cereal production would not be sufficient to cover expected utilization in marketing year 2005/06**, pointing to a larger drawdown in global cereal stocks than earlier anticipated.
- **Contrary to earlier expectations, cereal inventories held by the major exporting countries are also forecast to decline**. However, in the case of wheat and coarse grains, their share of the global totals would remain around the high levels of the previous season.
- **FAO's latest forecast of the world cereal trade in 2005/06 indicates a decline from the 2004/05 volume**, mainly reflecting good crops in some of the main importing countries.
- **Cereal food consumption in 2005/06 in developing countries is likely to keep pace with population growth**, so the average per caput intake remains unchanged from 2004/05.
- **Export prices of cereals have increased in the past months** and are mostly somewhat above the levels of a year earlier.
- **Despite recent outbreaks of Avian Influenza (AI) extending westwards from Asia into Europe, international meat prices have been rising since the beginning of 2005** supported by a strong recovery in meat consumption from the previous wave of disruption caused by animal disease in 2004.
- **International coffee prices declined in recent months after having increased steadily in the past year**. However, they are still well above their levels of a year ago. Import prices of banana picked-up in the first half of September in the United States. Negotiations on the rebinding of the EU tariff-quota system for banana imports continue under the WTO arbitration.
- **Ocean freight rates that declined during the first half of 2005 have increased sharply since late August**.

CONTENTS

Monthly meat price index (1990-92=100)[1]



[1]The index is derived from a trade-weighted average of a selection of representative internationally-traded meat products. See table A14 in the Statistical appendix for selected meat prices.

Roundup

CEREALS SUPPLY AND DEMAND

Supply and demand outlook in 2005/06 to tighten further than expected

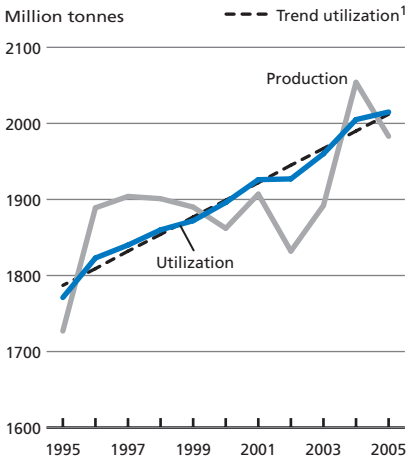
With many of the main 2005 cereal crops already gathered or nearing maturity, latest information on 2005 production is firmer and indicates a slightly smaller output than was foreseen earlier this year in June. FAO's forecast for world cereal production in 2005 now stands at 1 984 million tonnes, 12 million tonnes down since the previous report and 3.4 percent less than the 2004 output. With this revision, the shortfall in production compared to the expected utilization in 2005/06 has grown, and a larger drawdown in global cereal stocks than earlier anticipated is now forecast. Based on these latest supply and demand figures, the global cereal stocks-to-utilization ratio, which compares the level of inventories at the close of a season to utilization[1] in the next, would also lose 1 percentage point since the forecast in June, and now stands at 21 percent, the same level as in 2003/04, after rising to 23 percent in 2004/05. While, contrary to earlier expectations cereal inventories held by the major exporting countries are also forecast to decline, in the case of wheat and coarse grains, their share of the global totals would remain around the high levels of the previous season. This, along with lower import demand, is likely to mitigate the effect of smaller supplies on international prices.

Bigger wheat crop emerges in 2005 but forecasts for coarse grains and rice are reduced slightly

The reduction of the world cereal production forecast since the previous report in June results from downward revisions to the forecasts for coarse grains and rice, which more than offset an increase for wheat. Adverse hot and dry weather for the maize crop in the United States has been responsible for most of the downward adjustment for coarse grains, although drought has also hit crops in parts of the EU. The 2005 global output forecast has been reduced by almost 1 percent since June, and now stands at 958 million tonnes, some 6 percent below last year's record level. Regarding rice, FAO's forecast for global paddy output in 2005 has been revised downward by 6 million tonnes since June to 615 million tonnes, mostly reflecting the negative impact of adverse weather in China and India, the world's largest producing countries. However, this level of output would still be a new record high, 9 million tonnes above the previous year. By contrast, FAO's forecast for global wheat production has been increased slightly over the past two months mostly reflecting larger than expected crops already gathered in several main northern hemisphere producers, and a sharp turn around in prospects for the developing crop in Australia, where planting was seriously delayed by

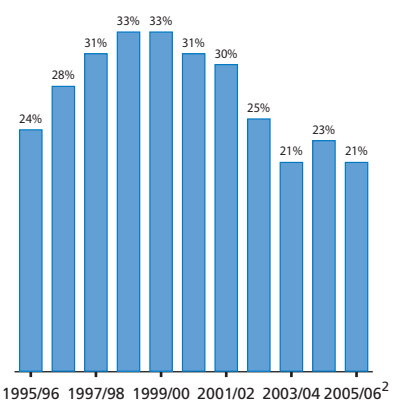
[1] Utilization for 2006/07 is a trend value based on extrapolation from the 1995/96-2004/05 period.

Figure 1. World cereal production and utilization (rice in milled terms)



[1] The utilization trend is based on extrapolation from the 1995/96-2004/05 period.

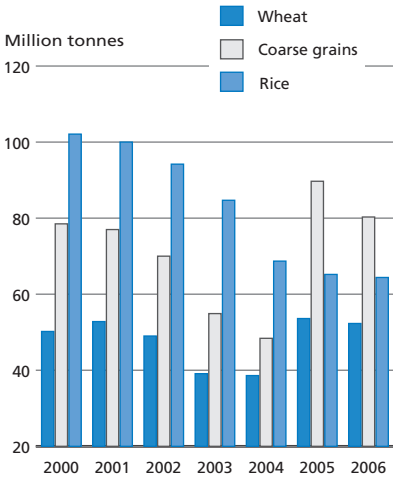
Figure 2. World cereal stocks-to-utilization ratio[1]



[1] Compares closing stocks with utilization in the following season.

[2] Utilization in 2006/07 is a trend value based on extrapolation from the 1995/96-2004/05 period.

Figure 3. Major exporters[1] cereal stocks



[1] For list of major exporters see footonote 2 on appendix table A5.

dry weather at the time of the previous report, but since then good rains allowed a late rush of sowing. The latest forecast for global wheat output in 2005 stands at 614 million tonnes, almost 2 percent down from the previous year's record crop but still well above the average of the past five years.

For the developing countries as a group, the latest forecasts still point to a marginal increase in aggregate cereal output in 2005, and mostly on account of better crops in several Asian countries. Output in Africa may decline marginally for the second consecutive year largely because of drought in North Africa and some Southern Africa countries, which more than offset increases elsewhere in the region. The forecast output of the group of Low-Income Food-Deficit countries (LIFDCs) remains virtually unchanged at 826 million tonnes, 1.3 percent up from the previous year.

World cereal utilization in 2005/06 to exceed production

World cereal utilization is now forecast to reach 2 015 million tonnes in 2005/06, up 10 million tonnes from the estimated level in 2004/05 and close to the 10-year trend. Total cereal food consumption of cereals is forecast at 983 million tonnes, up 1.3 percent from 2004/05, with most of the increase expected in the developing countries. At the world level, this would equate to an average per caput intake of about 152 kg, remaining virtually unchanged from the previous year, and rising marginally in the developing country group. A marginal increase is now forecast for the LIFDCs, as a group, following a slight improvement in the supply situation in several countries, especially in Asia and in the Sub-Saharan Africa.

With regard to individual cereals, increased wheat and rice utilization are expected to contribute mostly to the overall growth in 2005/06. For wheat, the increase would be mostly driven by higher feed usage reflecting large supplies available at competitive prices compared

Table 1. Basic facts of the world cereal situation *(million tonnes)*

	2003/04	2004/05	2005/06	Change: 2005/06 over 2004/05 (%)
PRODUCTION[1]	**1 891.8**	**2 054.2**	**1 983.5**	**-3.4**
Wheat	560.6	625.9	614.1	-1.9
Coarse grains	939.9	1 023.3	958.3	-6.4
Rice, (milled)	391.2	405.0	411.1	1.5
Developing countries	**1 051.0**	**1 076.7**	**1 081.6**	**0.5**
Developed countries	**840.8**	**977.5**	**901.9**	**-7.7**
SUPPLY[2]	**2 379.1**	**2 470.0**	**2 447.3**	**-0.9**
Wheat	764.6	787.4	786.8	-0.1
Coarse grains	1 102.8	1 173.0	1 151.1	-1.9
Rice, (milled)	511.7	509.5	509.4	0.0
Developing countries	**1 393.5**	**1 368.4**	**1 360.8**	**-0.6**
Developed countries	**985.6**	**1 101.5**	**1 086.5**	**-1.4**
UTILIZATION	**1 960.5**	**2 005.3**	**2 014.6**	**0.5**
Wheat	600.1	614.3	622.5	1.3
Coarse grains	952.0	979.0	977.3	-0.2
Rice, (milled)	408.4	412.0	414.8	0.7
Developing countries	**1 193.3**	**1 202.3**	**1 220.1**	**1.5**
Developed countries	**767.2**	**803.0**	**794.5**	**-1.1**
Per caput cereal food use *(kg per year)*				
Developing countries	158.9	157.8	158.1	0.2
Developed countries	130.9	130.5	130.3	-0.2
TRADE[3]	**236.7**	**243.2**	**235.8**	**-3.0**
Wheat	104.2	109.7	105.5	-3.8
Coarse grains	105.8	106.5	104.5	-1.8
Rice, (milled)	26.7	27.0	25.9	-4.3
Developing countries	**75.5**	**68.1**	**57.9**	-15.0
Developed countries	**161.2**	**175.1**	**177.9**	1.6
STOCKS[4]	**415.7**	**463.9**	**430.6**	**-7.2**
Wheat	161.5	172.7	163.3	-5.5
Coarse grains	149.7	192.8	172.4	-10.6
Rice, (milled)	104.5	98.3	94.9	-3.5
Developing countries	**291.8**	**279.2**	**258.5**	**-7.4**
Developed countries	**124.0**	**184.7**	**172.1**	**-6.8**
Low-Income Food-Deficit countries[5]				
Cereal production[1]	789.4	816.1	826.4	1.3
excluding China and India	274.0	270.7	275.5	1.7
Cereal imports[6]	79.3	92.2	85.6	-7.2
of which: food aid deliveries[7]	6.3			
Proportion of cereal imports covered by food aid *(%)*	7.9			
Per caput cereal food use *(kg per yr)*	158.6	157.1	157.3	0.2
Roots and tubers production[1]	440.5	450.0		

[1] Data refer to calendar year of the first year shown. [2] Production plus opening stocks. [3] For wheat and coarse grains, trade refers to exports based on July/June marketing season. For rice, trade refers to exports based on the calendar year of the second year shown. Up to 2003/04 includes EU15, 2004/05 includes EU25.
[4] May not equal the difference between supply and utilization because of differences in individual country marketing years. [5] For definition, see country classification note on page 27. [6] For wheat and coarse grains, imports based on July/June marketing season. For rice, imports based on the calendar year of the second year shown. [7] July/June. *Note*: Totals and percentages computed from unrounded data.

to other feeds in some parts of the world, particularly in Europe. For rice, the bulk of the increase will be destined to food use, but at the forecast level, the total amount consumed as food would still imply a small drop in per caput consumption levels. Total utilization of coarse grains may not change by much compared to 2004/05. While food and industrial usage (especially for producing ethanol) of coarse grains are on the rise, feed use is seen to contract mostly because of large supplies of feed wheat and somewhat weaker demand. Overall, utilization of cereals for animal feed will decline slightly from the record level of last year.

World cereal stocks to decline significantly by close of 2005/06 seasons

The FAO forecast for world cereal inventories for crop years ending in 2006 has been reduced by 14 million tonnes since the previous report, to 431 million tonnes, reflecting the larger shortfall now expected in global cereal production versus utilization in 2005/06, which will have to be compensated for by drawing on reserve stocks. At the forecast level, world cereal stocks would be 33 million tonnes, or 7 percent, down from their relatively high opening levels. Regarding individual cereals, wheat stocks could decline by about 9 million tonnes, or 5 percent, to 163 million tonnes but the wheat carryovers of the major exporters as a group will decline only slightly from their opening level, and in percentage terms, their share is the highest in the past twenty years. For coarse grains, the reduction in stocks is now put at 20 million tonnes, taking the world level down to 172 million tonnes, and contrary to earlier expectations, a significant part of the decline is expected among the major exporters, specifically the EU. Nevertheless, as with wheat, the share of global coarse grain stocks held by the major exporting countries would rise again this year from last year's already high level. For the sixth consecutive year, global rice inventories are anticipated to close below their opening level, with the drawdown in 2005/06 forecast at 3 million tonnes. Much of the contraction is likely in China, India and Indonesia, the three major rice producing countries.

Prices

International wheat prices have risen sharply since the start of the new marketing season. However, most of the upward movement has regarded hard wheat from the United States, (the most commonly used as an indicator of international price levels), reflecting strong export demand. By contrast, soft wheat prices remained under downward pressure because of greater competition with large supplies of cheaper wheat entering world markets from the Black Sea region. Coarse grains prices have made some gains in the past three months but remain generally at last year's levels. The US coarse grains prices gained somewhat through July, mostly on weather concerns, before easing in recent months in response to more favourable growing conditions, lower world demand and a surge in supplies of feed grains from the Black Sea region. International rice prices recovered somewhat in August and September after a downward slide in the past few months. The new price support came largely from a pick-up in market activity, with some recent strong sales and the prospect that import demand will remain quite strong in the coming weeks.

Table 2. Cereal export prices *(US$ per tonne)*[1]

	2005		2004
	Sept.	May	Sept.
United States			
Wheat HR	167	151	155
Maize	97	94	97
Sorghum	98	100	101
Argentina			
Wheat	136	133	126
Maize	97	87	95
Thailand			
Rice white	289	298	240
Rice, broken	217	220	207

[1] Prices refer to the monthly average. For sources, see tables A6 and A8 in the Statistical Appendix.

Smaller world cereal trade in 2005/06[1]

FAO's latest forecast for world cereal trade in 2005/06 stands at nearly 236 million tonnes, 3 percent down from the 2004/05 volume. World trade in wheat is put at 105.5 million tonnes, 4 million tonnes below the previous season's estimate, largely because smaller sales are expected to several countries in Asia. Global trade in coarse grains is forecast at 104.5 million tonnes, down 2 million tonnes from 2004/05, mainly on account of lower barley exports, although somewhat smaller shipments of maize and sorghum are also anticipated. About 26 million tonnes of rice are now anticipated to be traded in calendar year 2006, which would be 5 percent less than currently foreseen for 2005.

NON-CEREAL BASIC FOODS

While recovering demand and trade support high meat prices so far in 2005, new Avian Influenza outbreaks raise concern over animal and human health again

Although recent new outbreaks of Avian Influenza (AI) extending westwards from Asia into the Russian Federation are raising concerns over potential disruption in the global meat industry sector, international meat markets in the past few months were characterized by a strong recovery from the previous wave of disruption caused by animal disease problems in 2004. Supported by favourable returns in the meat industry sector, meat production is forecast to grow by 2.5 percent in 2005,

[1] For wheat and coarse grains, trade refers to exports based on July/June marketing season. For rice, trade refers to exports based on the calendar year.

with nearly 80 percent of the growth expected in the developing countries. As well as strong growth in export-orientated developing countries such as in South America, favoured by a surge in global import demand, the developing countries own consumption continues to expand, with the average per caput consumption forecast to reach 31 kg more than 1 kg up from the previous year.

OTHER RELEVANT AGRICULTURAL COMMODITIES

Banana import prices in the United States were seasonally low during the summer with competition from locally-produced fruit but recovered the first half of September. However, import prices in the EU remained high in the past few months reflecting shortage of import licenses. Although average monthly **coffee** prices have weakened significantly in July and August compared to the earlier part of the year, this largely reflects a seasonal slow down in roasting activities, and prices remain well above those at the same time in 2004. The market is being supported this year by the prospect of a decline in global production in 2005/06 at the same time as demand is seen to grow and exporting country's stocks decline, a situation that contrasts with the oversupplied market of the past four years. International **cocoa** prices averaged about 67 US cents per pound in August, considerably lower than the 22-month high of almost 80 US cents per pound reached earlier in the year in March. The price weakness largely reflects an expected surplus on the market in 2005/06 with consumption forecast to be stagnant in major consumers. The FAO **Tea** Composite Price averaged US$1.63 per Kg in July 2005, down 0.6 percent over the same period in 2004. The generally weaker international tea prices reflect rising production in major producing countries as well as a contraction in global export demand.

Basic food commodities

WHEAT

PRODUCTION

Small improvement in 2005 wheat prospects but global output still expected slightly down from last year's record

The forecast for **global** wheat output in 2005 has been revised upward slightly since the previous report to 614 million tonnes, 2 percent less than the record crop of 2004 but still above the average of the past five years. Higher forecasts for Australia, Canada, China, the Russian Federation and the United States have been only partly offset by reduced production prospects in South America, North Africa and parts of Europe.

In **Far East Asia**, the 2005 wheat production is estimated higher than last year at 191 million tonnes. In China (Mainland) the winter wheat crop harvested until June was estimated at 90.3 million tonnes, 3.7 million tonnes up from last year's average level reflecting a larger area and favourable weather. Harvesting of spring wheat is underway and the aggregate wheat output for the year is forecast to reach 95 million tonnes. In India, latest estimates of the 2005 wheat crop, which was harvested in May, indicate an output of 72 million tonnes, virtually unchanged from the previous year, but 1 million tonne above the average of previous five years. In Pakistan, according to official estimates, the 2005 wheat crop harvested in May amounted to a record 21.1 million tonnes, reflecting the incentive of government price support and favourable weather.

In the **Asian CIS** subregion the wheat harvest is nearly completed and preliminary estimates put output at about 23 million tonnes. This would represent an increase of 8 percent from the below-average production of just over 21 million tonnes in 2004, when the subregion's main crop in Kazakhstan was affected by adverse weather.

In **Near East Asia**, wheat production is estimated to have risen to a new record level in 2005, with the subregion's aggregate output reaching almost 47.6 million tonnes. In Turkey, the subregion's largest producer, another good crop was harvested. Output is estimated above the five-year average at 20.2 million tonnes. The Islamic Republic of Iran achieved a new record wheat output in 2005, estimated at 15 million tonnes, reflecting mostly the continued government support of wheat production under its policy to maintain wheat self-reliance but also

generally favourable conditions during the season. Good growing conditions – specifically above-average precipitation in winter and spring – also favoured the crop in Afghanistan, where output is estimated to have reached almost 4.3 million tonnes, just slightly below the 2003 record output. Output also rose significantly above the five-year average in Syria, to about 5.9 million tonnes. By contrast, in Saudi Arabia, production fell sharply due to a further reduction in the area planted.

In **North Africa**, the 2005 aggregate wheat output is estimated to drop by 18 percent from last year's record level, to about 14 million tonnes, despite a record crop in Egypt. Delayed plantings in Algeria due to a late start of the rainy season, and extensive dry spells in Morocco resulted in sharply reduced output in these countries. Morocco's output is estimated to be less than half of last year's level at about 2.5 million tonnes. Wheat production in Tunisia was also smaller this year but remained above the average of the past five year's. By contrast to the rest of the subregion, output in Egypt increased further this year to a new record level estimated at almost 8.2 million tonnes, as a result of an increase in the area planted.

In **Eastern Africa**, the 2005 aggregate wheat production in the subregion is forecast at about 2.5 million tonnes, just marginally lower than last year's crop. In Ethiopia, by far the major producer in the subregion, prospects are favourable reflecting good rains in the past months and output is expected to increase further from the previous year's already above-average crop. In Sudan, where the crop was harvested earlier in the year, output was estimated at about 380 000 tonnes, 19 percent lower than the previous year but still above average.

In **southern Africa**, overall prospects for the 2005 wheat crop, to be harvested from October/November, are favourable, reflecting a recovery from the two previous consecutive drought-affected seasons. A significant increase in production is expected in spite of a small decrease in the area planted in response to the depressed prices of the commodity on the international market at planting time. In South Africa, which normally accounts for about 85 percent of the subregion's aggregate production, the first official estimate indicates an increase in production of about 21 percent over the previous year to an average level of about 2 million tonnes. The share of South Africa's wheat production in the regional total this year is expected to go up to 90 percent.

In **Central America and the Caribbean**, a good 2005 irrigated winter wheat crop was harvested in Mexico, virtually the only producer of the subregion. The winter crop accounts for over 90 percent of the annual wheat production. Planting of the 2005 spring wheat crop is about to be completed. Aggregate output for the year is forecast at about 3 million tonnes, a significant recovery from last year's production, seriously affected by reduced water supplies for irrigation which led to a sharp drop in plantings.

In **South America**, planting of the 2005 winter wheat crop has been virtually completed in Argentina, Chile, Paraguay and Uruguay, while in southern producing states of Brazil harvesting of early planted crops has recently started. As a consequence of inadequate levels of soil moisture at planting time in the main producing countries and unattractive price prospects, the aggregate planted area of the subregion is estimated to be down by about 12 percent from last year's record. Subregional output is tentatively forecast at 21.4 million tonnes, a decline of 15 percent from 2004.

In **North America**, the winter wheat has already been gathered in the United States, and the spring wheat harvest is nearing an end. As of early September, the aggregate 2005 crop was estimated at 59 million tonnes, virtually unchanged from last year's good level. In Canada, harvesting of the bulk of the wheat crop has started as of late August and the early stages were somewhat hampered by heavy rainfall and cool temperatures. The

Table 3. Wheat production *(million tonnes)*

	2004 estimate	2005 forecast	Change: 2005 over 2004 (%)
Asia	**253.6**	**262.7**	**3.6**
Far East	186.4	191.1	2.5
Near East in Asia	44.9	47.6	5.8
CIS in Asia	21.2	23.0	8.3
Africa	**21.7**	**18.9**	**-12.9**
North Africa	17.2	14.0	-18.2
Eastern Africa	2.6	2.5	-1.5
Southern Africa	1.9	2.3	19.5
Central America & Caribbean	**2.4**	**3.0**	**24.3**
South America	**25.1**	**21.4**	**-14.9**
North America	**84.6**	**83.7**	**-1.1**
Europe	**217.8**	**204.0**	**-6.3**
EU 25	137.3	123.7	-9.9
CIS in Europe	63.7	65.7	3.1
Oceania	**20.7**	**20.3**	**-1.7**
World	**625.9**	**614.1**	**-1.9**
Developing countries	279.0	280.0	-1.9
Developed countries	346.9	334.1	-3.7

latest official forecast foresaw output at 24.7 million tonnes, some 4 percent down from the previous year's crop. However, hot and dry weather, that set in for the remainder of August after the wet start to the month may limit the yields of some of the later developing crops and output may not turn out as high as expected at the outset of the harvest.

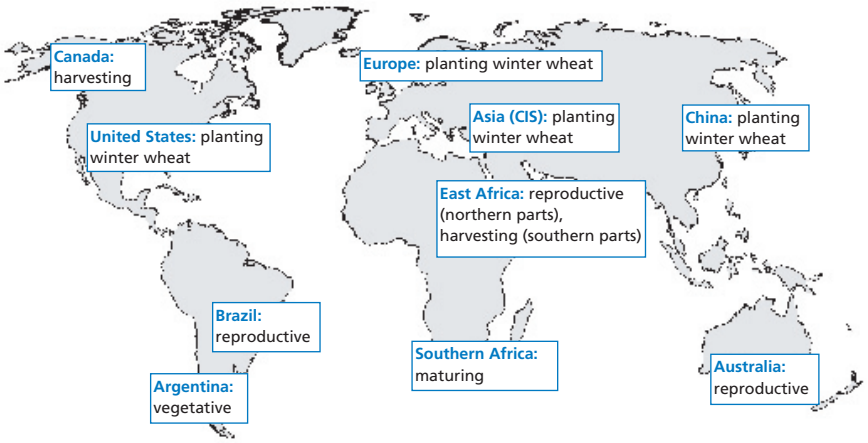
In **Europe**, the bulk of the 2004 wheat crops have already been gathered in central and southern parts. Latest estimates put the **EU**'s aggregate output at 123.7 million tonnes, almost 10 percent down from last year's record crop, but still in line with the average of the past five years. The reduction is largely a result of a return to normal yields throughout the region after exceptionally good levels last year under near optimum conditions. Although crops in the Iberian Peninsula were devastated by drought, these countries account for only a relatively small proportion of the total EU crop so the impact of this was minimal at the regional level. However, regarding durum wheat specifically, which traditionally accounts for about 8 percent of the total wheat crop, the decline in output this year is much more marked. Plantings were reduced sharply in Spain and Italy, two of the main producers, and these and the other durum producing countries were also among the worst hit by the drought. The EU's total durum crop is estimated to be just over 7 million tonnes compared to the record of almost 12 million tonnes last year.

Also in the **Balkan** countries, a smaller wheat crop has been harvested this year, mostly reflecting a return to average yields after the record levels in 2004. However, these countries also experienced some losses due to above-average rains throughout the spring and summer, occasionally torrential and causing severe flooding in parts. Some crops suffered yield reduction because of water logging during development, while some areas of near-mature crops have been so badly damaged that they will not be harvested. Furthermore a higher percentage of poor quality grain is expected because of the likely proliferation of disease in the moist conditions and the likelihood of grains sprouting in the head the longer the harvest is delayed. Output in Romania is estimated at 7.2 million tonnes, down from last year's bumper output of almost 8 million tonnes but still above the five-year average. Despite a significant increase in plantings last autumn, this year's average yield is estimated to be more than 1 000 kg per tonne less than the record level achieved in 2004. Output in Bulgaria is put at 3.3 million tonnes, again well down from 2004 but about average. The wheat harvest in Serbia and Montenegro is estimated at about 1.9 million tonnes this year compared with about 2.8 million tonnes in 2004.

In the **European CIS** countries (The Russian Federation, The Ukraine, Belarus and Moldova), the wheat harvest is nearly complete and aggregate output in 2005 estimated at 65.7 million tonnes, some 2 million tonnes up from the previous year. The increase comes mostly as a result of a significant increase in the aggregate area harvested in the region, which totalled some 31.3 million hectares about 1 million hectares up on the previous year. Output in The Russian Federation is estimated at 46.1 million tonnes while that in Ukraine is put at about 17.6 million tonnes and just over 1 million tonnes is estimated for Moldova.

In **Oceania**, the outlook for Australia's 2005 wheat crop is much more favourable than the prospective at the outset of the season. After very dry conditions during the main planting period, good rains finally arrived in the second half of June, just in time for some intensive late planting activity. Nevertheless, the area sown in the main eastern producing states where the country's highest yields are normally achieved remained well below last year's levels. At this stage, with the crops in the main producing areas still several weeks away from maturity, forecasts are still quite tentative, and opinions regarding the final size of the harvest vary significantly. The latest official forecast as of early September, but based on crop conditions in late August, is the most conservative, putting output at 19.7 million tonnes, about 3 percent down from 2004, bearing in mind the late planting date of such a large proportion of the crop and the limiting effect this has on potential yield. Other analysts' forecasts range up to 24 million tonnes.

Figure 4. World wheat calendar - September situation*



* Refers to the main activity or growth stage of the bulk of the crop in the region.

TRADE

World wheat trade in 2005/06 is expected to decline

The forecast for global trade in wheat[1] in 2005/06 (July/June) has been raised by 2 million tonnes since the previous report, to 105.5 million tonnes. The forecast has been raised mainly due to higher anticipated import demand in North Africa and in the EU. Nonetheless, at the current forecast level, world exports in 2005/06 would be around 4 million tonnes smaller than in the previous season primarily because of a likely drop in wheat sales to several countries in Asia.

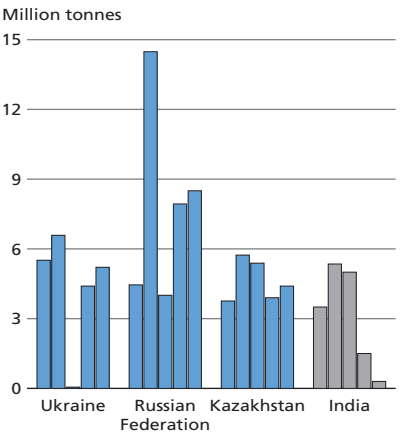
Total wheat imports in Asia are currently put at around 45 million tonnes, 5 million tonnes below the previous season. Most of the decrease is attributed to China (Mainland) where domestic production is estimated to have increased for the second consecutive year, thus boosting domestic supply and reducing the need for large imports. Imports by Indonesia are also forecast to decline, mostly as a result of large carry-over stocks from the previous season. A sharp rebound in production in Afghanistan, to near-record levels, is also expected to result in a significant drop in that country's wheat purchases. Imports by Pakistan are also forecast to decline sharply because of higher production. In July, Pakistan removed all taxes on wheat imports by private traders in order to improve the domestic supply situation but the pace of foreign wheat purchases have so far proven slow, in part due to logistical constraints, including import inspection procedures. Another traditional importer, the Islamic Republic of Iran, would also need to import very little this season as production is seen to have increased for the fifth consecutive year to a new record. By contrast, imports by Saudi Arabia are forecast to increase in view the country's relatively low estimated level of production this year. India could also increase its wheat purchases this season although the amount will remain relatively small because of another year of good production. In Iraq, total imports could exceed the previous season's revised level. Iraq has recently accelerated its wheat and flour purchases from several countries, including Australia, Islamic Republic of Iran, the Syrian Arab Republic, Turkey and the United States.

Total wheat imports in Africa are currently forecast to exceed 29 million tonnes, up from the previous season's already high level. Most of the increase is expected in North Africa where widespread drought hampered production in several countries. Larger wheat purchases are on the horizon especially for Algeria and Morocco where the impact of the drought has proven to be more severe. In contrast, imports by Egypt, the world's largest wheat importer, are expected to decline this season, following a larger domestic wheat crop. In Sub-Saharan Africa, imports are forecast to rise in Nigeria, the region's largest importer, as a result of fast growing demand. In contrast, imports could decline slightly in the Republic of South Africa, given the expected increase in production and in Tanzania, as a result of relatively large carryovers from the previous season.

Wheat imports by most countries in Latin America and the Caribbean are expected to change little from the previous season but imports by the region's largest importer, Brazil, are forecast to increase in view of an expected decline in production and the increase in domestic demand. Some of the increase in wheat imports by Brazil is expected to be in the form of larger purchases of flour from Argentina, Brazil's main wheat supplier. In Europe, aggregate imports are forecast to remain steady at the 2004/05 level with imports by the EU similar to the previous season at about 7 million tonnes.

Export competition is expected to intensify this season in view of very large exportable quantities in the Black Sea region and the anticipated reduction in world import demand. Among the major exporters, sharply reduced sales are anticipated in 2005/06 (July/June) from Argentina while sales from Australia and the United States could also decline slightly. In contrast, shipments from Canada and the EU could increase. Among other exporters, good production levels coupled with more competitive prices are seen to drive up sales by the Russian Federation, Kazakhstan and Ukraine to important markets across Asia as well as North Africa.

Figure 5. Wheat export supplies in emerging exporters (2001/02-2005/06)



UTILIZATION

Food and feed usage increase in 2005/06

Global wheat utilization in 2005/06 is forecast at 623 million tonnes, up 8 million tonnes from the previous season in spite of a decline in production this year. Food consumption of wheat is forecast at 439 million tonnes, up only slightly from the previous season but sufficient to maintain per caput levels steady in most cases. At the world level, per caput consumption of wheat is put at 68kg, unchanged from the previous season. Based on the latest estimates, this year's large supplies of feed wheat are expected to result in an increase of almost 4 million tonnes in feed usage of wheat for animal consumption,

[1] Including wheat flour in grain equivalent.

to 114 million tonnes. All of this increase, however, is expected in the developed countries where total feed use of wheat is forecast to reach 101 million tonnes. Higher forecast feed use in the EU, the Russian Federation and Ukraine account for most of the anticipated growth in feed use among the developed countries.

STOCKS

Global wheat stocks decline but not so much among the major exporters

The forecast for wheat stocks for crop years ending in 2006 has been revised upwards by 4 million tonnes to 163 million tonnes since the previous report. At this level, global wheat stocks would be about 10 million tonnes, or 5 percent, smaller than their opening level. Most of this month's revisions reflect upward adjustments to the estimates for this year's wheat production in several countries, including a number of wheat exporting countries.

The anticipated decline in world reserves this season is mostly driven by further reductions in inventories in China as well as in India, Turkey, the Syrian Arab Republic, and Morocco. Ending stocks in the EU are also forecast to decline from their exceptionally high levels as a result of a sharp fall in this year's production. In the United States, wheat inventories are forecast to increase as exports may decline because of increased competition. For the major exporters, as a group, total wheat stocks are now forecast to approach 52 million tonnes, up 2 million tonnes from the previous report and now only slightly below their opening levels. At the current forecast level, aggregate wheat stocks held by major exporters represent 32 percent of the world total, similar to the estimated ratio in 2004/05 and still highest in 2 decades. Moreover, total wheat stocks held by major exporters as a percentage of their total disappearance (defined as domestic utilization and exports) remains fairly steady at around 21 percent, lower than in the previous season but close to its 10-year trend.

PRICES

Prices have risen in recent months but prospects are mixed

International wheat prices rose slightly since the start of this year's marketing season with the US wheat No. 2 (HRW, fob) averaging US$167 per tonne in September, up US$16 per tonne since May and US$12 per tonne more than in the corresponding period last year. The strength in the US origin hard wheat prices reflected faster pace of sales earlier in the season, which indicated strong export demand for the US wheat, supported by the lower transport costs at that time (i.e. decline in dry-bulk ocean freight rates) and a weaker US dollar. While prices for hard wheat have been on the rise, soft wheat prices remained under downward pressure because of greater competition with large supplies of much cheaper (at around US$95 per tonne) wheat entering world markets from the Black Sea region. In the EU, in spite of large supplies, the pace of sales remained weak as the Euro started to regain strength against the Dollar and the level of export refunds (subsidies) stayed low, albeit a small increase in recent weeks from 4 to 6 Euro. By late September, wheat futures for December delivery at the Chicago Board of Trade (CBOT) were quoted at US$120 per tonne, up slightly from August and the corresponding period last year. Looking ahead, while trade is forecast to contract and this could mean more downward pressure on prices, prospects for a sharp drop in export supplies in Argentina, reduced sales from the EU and gradual resumption of normal export levels from the US Gulf could keep prices above the previous year's levels.

Figure 6. Share of world wheat stocks held by major exporters

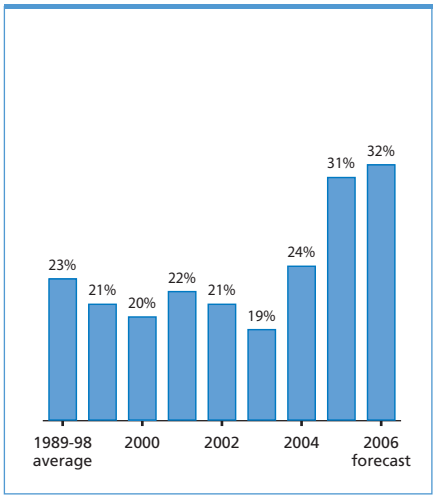


Figure 7. Wheat export price (US No. 2 Hard Winter, Gulf)

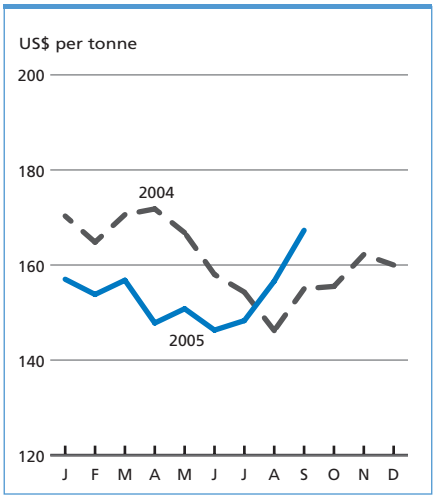
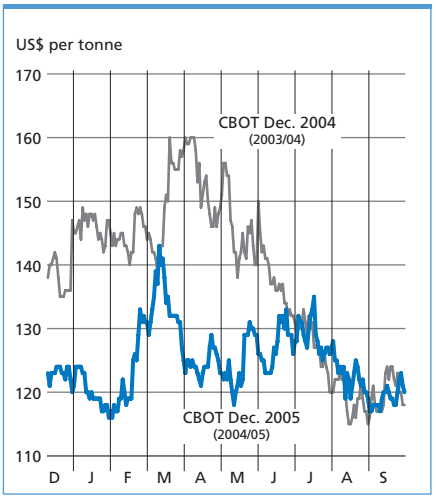


Figure 8. Wheat futures price



COARSE GRAINS

PRODUCTION

Smaller coarse grain output forecast compared to June but production will still be above average

Developments for the world's major coarse grain crops in the past two months have called for an 11 million tonnes downward revision in the **global** 2005 output forecast to 958 million tonnes. The most significant downward adjustment concerns the United States, where hot and excessively dry conditions in the Corn Belt have compromised yield potential. Lesser reductions have been made to the forecasts for Central and South America and Europe, also mostly reflecting the impact of drought or dry conditions in the maize producing zones of these regions. Only partly offsetting these downward revisions, were increased crop forecasts for some Asian and African countries. At the forecast level, the 2005 world coarse grain crop would be some 6 percent below last year's record level, but still well above the average of the past five years.

In **Far East Asia**, prospects for the 2005 maize crop are favourable. In China, where harvest of the main crop is well advanced, the maize output is tentatively forecast at 128 million tonnes, 2 million tonnes lower than last year's bumper harvest but still well above the average of the previous five years. This year, planting and early crop development in the North China Plain was affected by the high temperatures and low rainfall. In India, the monsoon has brought favourable precipitation to most of the producing states, with the exception of West Rajasthan West Uttar Pradesh and coastal Andhra Pradesh. Maize production in 2005 is forecast at 14.5 million tonnes, 2.6 percent up from the previous year, reflecting, in addition to the favourable growing conditions, a larger sown area and increased use of hybrid seeds in response to higher maize prices. Heavy monsoon showers in late August returned to the Philippines, keeping soil moisture levels high for maize. In the first half of 2005, Philippine produced almost 2 million tonnes of maize, 15.5 percent lower than in the previous year, due to the drought and high fertilizer cost. However, the maize output for the second half of the year is expected to increase by 14 percent to about 3.5 million tonnes.

Harvest of the 2005 coarse grains in the **Asian CIS** countries has been completed. Output is estimated at 4.3 million tonnes, similar to the previous year's below average harvest. This includes about 2.4 million tonnes of barley and 1.5 million tonnes of maize. Kazakhstan produces nearly 60 percent of the subregion's coarse grain crop.

In **North Africa**, harvesting of the 2005 winter coarse grain crops is well advanced. Aggregate output is forecast at about 11.5 million tonnes, some 10 percent below the 2004 crop due to reduced plantings in most countries as a result of dry weather. In Egypt, the largest producer, the maize crop is officially forecast to decrease to 5.6 million tonnes, due to a steep drop in area planted.

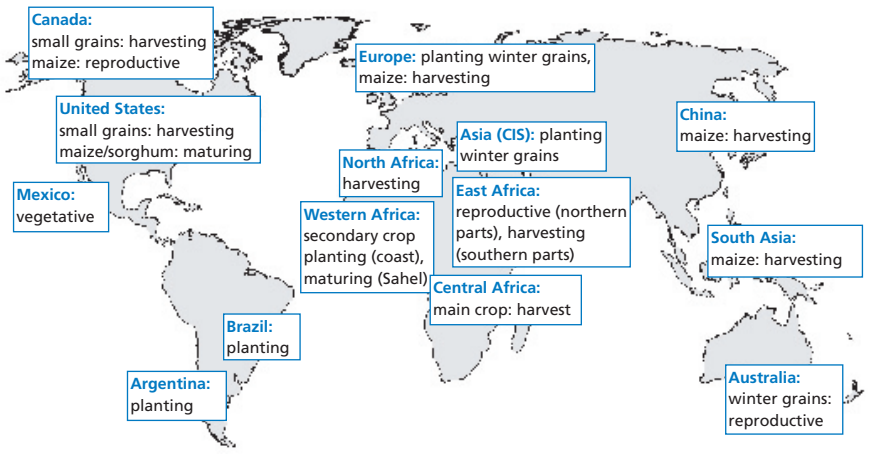
In **West Africa**, crop prospects are good following regular and widespread rains over the main producing zones of the Sahel, and planting of coarse grains has been completed in most countries. An above-average harvest could be obtained if favourable growing conditions continue through October. In the southern parts of the countries along the Gulf of Guinea, an average maize crop has been harvested while planting of the secondary maize crop is underway. In the northern parts, coarse grains are generally developing satisfactorily.

In **Central Africa**, growing conditions are favourable so far in Cameroon but crops may have been affected by extensive dry spells in Gabon.

Table 4. Coarse grains production *(million tonnes)*

	2004 estimate	2005 forecast	Change: 2005 over 2004 (%)
Asia	**229.5**	**231.5**	**0.9**
Far East	205.8	207.0	0.6
Near East in Asia	19.2	20.0	4.2
CIS in Asia	4.3	4.3	0.0
Africa	**88.6**	**89.9**	**1.5**
North Africa	12.8	9.3	1.5
Western Africa	34.0	35.7	4.9
Central Africa	2.9	2.9	0.2
Eastern Africa	21.5	23.0	6.9
Southern Africa	17.3	19.0	9.7
Central America & Caribbean	**33.4**	**32.6**	**-2.6**
South America	**74.5**	**72.0**	**-3.3**
North America	**346.6**	**313.2**	**-9.6**
Europe	**239.5**	**208.0**	**-13.2**
EU 25	152.3	130.2	-14.6
CIS in Europe	55.2	51.2	-7.4
Oceania	**11.2**	**11.1**	**-0.4**
World	**1 023.3**	**958.3**	**-6.4**
Developing countries	411.2	408.5	-0.7
Developed countries	612.1	549.8	-10.2

Figure 9. World coarse grain calendar - September situation*



* Refers to the main activity or growth stage of the bulk of the crop in the region.

In **Eastern Africa**, harvesting of the 2005 coarse grains has been completed in southern parts of the subregion and is expected to start soon in northern countries. The subregion's 2005 aggregate output is forecast at about 23 million tonnes, 8 percent above average. In Eritrea, production of coarse grains is anticipated to recover from the below average crop of 2004 due mainly to improved weather. In Ethiopia, the outlook for the coarse grain harvest is favourable following good rains in the past months and the output is expected to increase slightly compared to last year's good level. In Sudan, early indications suggest an improved crop, mainly in major producing areas. In Kenya, production of the "long-rains" maize crop is forecast at about 2.5 million tonnes, more than 40 percent above the 2004 "long-rains" production. By contrast, in Somalia, the recently harvested 2005 main season "Gu" crop in the main producing areas of the south, is estimated at about 73 000 tonnes, compared to last year's "Gu" production of about 125 000 tonnes. In Tanzania, the 2005 coarse grains output is estimated at about 4.2 million tonnes, slightly below last year's good crop. In Uganda, recent reports indicate an average 2005 output reflecting adequate weather conditions in main producing areas.

In **southern Africa**, FAO's latest estimates of the 2005 coarse grain crops indicate an aggregate output of 19.0 million tonnes, some 10 percent higher than the year before and 12.5 percent above average level primarily due the record harvest of 13.0 million tonnes in South Africa. Production of maize, the main staple in the subregion, also increased proportionately to the above-average level of 17.6 million tonnes. In South Africa, the subregion's largest producer, the latest official estimate of maize production is 12.4 million tonnes, 31 percent above the average of previous five years. The harvests of maize have also been favourable in Angola and Mozambique relative to the average levels. However, in most other countries in the subregion, such as Zimbabwe, Botswana, Malawi, Namibia, Lesotho, Zambia and Swaziland, severe dry spells during the growing season resulted in reduced harvests currently causing food shortages in parts of the subregion.

In **Central America and the Caribbean**, in Mexico, planting of the 2005 main rain-fed summer maize crop is almost completed and preliminary estimates point to a slight increase in the area planted compared to previous year's summer crop. Elsewhere in the subregion harvesting of 2005 main season coarse grain crops is well advanced. Favourable weather conditions during the growing season resulted in a general increase in both area planted and production compared to last year's same season's levels in most countries. In aggregate, subregion's 2005 maize production is tentatively forecast at 24.6 million tonnes, similar to the good crop of last year.

In **South America**, harvesting of the 2005 coarse grains has been completed in the main southern producing countries. The subregion's aggregate output is expected to be about 72.3 million tonnes, some 3 percent below last year's harvest and far from 2003 record crop of 80.4 million tonnes. This is essentially due to the pronounced reduction in Brazil's maize output that offset the good results obtained in almost all other South American countries. In Brazil, the 2005 aggregate maize production is estimated at 35 million tonnes, about 16 percent less than 2004 output. This decline is mainly due to diversion of land to soybeans and rice following more attractive prices and to the negative impact of dry weather conditions on plantings and yields of the first and second crops in South and Centre-West producing states. On the contrary, in Argentina, maize crop output is officially estimated at record level of 19.5 million tonnes, reflecting about 16 percent increase in planting and the positive effect on yields of adequate precipitations during the grain filling phase. In Chile, Colombia, Peru and Uruguay, 2005 maize outputs confirm the upward trend showed during the last few years and, as a consequence of favourable weather conditions, are estimated well above the average of the past five year's.

In **North America**, cereal production prospects in the United States have not been altered significantly by the devastating impact of Hurricane Katrina. Damage to crops was mainly limited to the northern Mississippi Delta where sugarcane, cotton and soybean are the

major cultivations. Further to the north in the eastern Corn Belt and Ohio Valley, crops benefited from the additional moisture that arrived in these areas. Of far more impact on the major maize crop has been prevailing hot and dry weather in the central and southern Corn Belt for most of June, July and early August, which has taken its toll on yield potential. As of early September, with the maize harvest just getting underway in the southern producing states, only 51 percent of the total crop was rated as good/excellent, compared with 69 percent at the same time last year. The hardest hit states have been Illinois, Missouri and Texas, where 57 percent, 43 percent and 38 percent of the crop, respectively, is rated very poor/poor. The latest official forecast foresees a total maize output of about 270 million tonnes. This would be 10 percent down from last year's record crop but would still be the second largest crop on record as, despite the likelihood of below average yields, a very large area has been sown this year. The country's aggregate coarse grain output is forecast at 288 million tonnes. In Canada the coarse grain harvest is underway and although the season has been generally favourable, output is expected to fall back from last year's bumper level. The latest forecast of aggregate coarse grain production is 25.3 million tonnes, compared with 26.7 million tonnes in 2004, but this is still well above the average of the past five years.

In **Europe**, the past two months have seen some deterioration in the prospects for the 2005 coarse grain crop, mainly in regard to maize in southern countries, which have been affected by drought. Thus the forecast of the region's aggregate coarse grain output has been revised downward since June to 208 million tonnes, 13 percent below last year's record output. In the **EU** the small grain crops have mostly been harvested under favourable conditions, but with both area and yield down compared to last year, a significant cut in production is expected by 15 percent for barley, 19 percent for rye and 11 percent for oats. Furthermore heavy summer rainfall in some parts, particularly in Germany, has reduced considerably the quality of this year's crops. As for maize, the bulk of the crop has still to be gathered. Summer drought has reduced yields of the region's main crops in France, Italy and Spain. Although the drought has been quite devastating at the local level in some countries, particularly in Spain and Portugal, the overall impact is not as great as with the more widespread drought in 2003.

In the **Balkan** countries, excessive rainfalls and flooding characterised the summer, with a negative effect on both yield and quality of the small coarse grains (mainly barley). However, after the optimal conditions in 2004 it was already expected that output would decline this year. In Romania, production of barley is estimated to be about 20 percent down from last year's bumper crop although still about average. The summer rainfall was less detrimental for the maize crop, which is forecast to reach 10 million tonnes, second only to the record crop last year.

In the **European CIS** countries, harvesting of the 2005 coarse grains is well advances and aggregate production is estimated at about 51 million tonnes, some 4 million tonnes down from last year and below the average of the past five year's. The reduction reflects the combined effect of a reduction in area because of adverse weather at planting time and some reduction in yields from the high levels achieved last year. Of the total, barley is expected to account for some 27 million tonnes and maize for 9.7 million tonnes.

In **Oceania**, prospects for winter grain production in Australia have seen a sharp turn-about since the start of the season when it seemed that dry conditions would seriously limit planting. Good rains arrived around mid-June, just in time to allow a rush of fieldwork before the end of the planting window. In fact, the area sown to barley, the major winter coarse grain, is reported to have increased this year, this crop being chosen in preference to wheat by many farmers as it performs relatively better even when planted quite late in the season. Thus, even assuming a moderate yield, a little below the five-year average, the latest official forecast puts total output of barley up by about 3 from the previous year at 6.6 million tonnes. Planting of the summer crop of sorghum (for harvest in 2006) will be carried out in September and October. Prospects are favourable reflecting the build-up of sufficient soil moisture supplies when the winter rains finally arrived, and planting could increase by about 10 percent, with farmers making use of fallow that could not be planted to winter grains because of the earlier dryness.

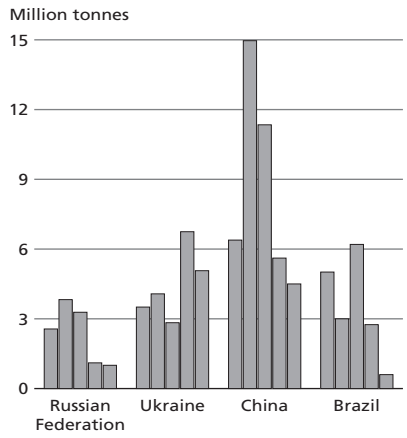
TRADE

Lower coarse grains trade in 2005/06

Global trade in coarse grains in 2005/06 is currently forecast at 104.5 million tonnes, down 2 million tonnes from the latest estimate for 2004/05. The decrease in exports from the previous season would be mainly accounted for by lower shipments of barley while some declines are also anticipated for maize and sorghum. The estimates for coarse grains exports in 2004/05 have been raised by nearly 5 million tonnes since the previous report as a result of much larger reported sales by the major exporters, including Argentina, Australia, the United States and several countries in Europe.

Aggregate coarse grains imports by countries in Asia are forecast to remain nearly unchanged from the previous season with expected purchases by most countries remaining steady at the previous season's level. However, maize and barley imports by the Islamic Republic of Iran are forecast to continue to increase, mainly driven by a fast

Figure 10. Coarse grain export supplies in emerging exporters (2001/02-2005/06)



growing feed demand, while good prospects for barley production in the Syrian Arab Republic could result in lower imports by that country.

Total imports by countries in Africa are forecast to increase by almost 1 million tonnes from the previous season to just over 16 million tonnes in 2005/06. Barley and maize purchases by several countries in North Africa are expected to increase, mainly in response to less favourable production prospects. Total imports are expected to increase also in the sub-Saharan countries as a group. Lower imports by the Republic of South Africa, Kenya, and Sudan are likely to be more than offset by larger import demand in Zambia and Zimbabwe.

This season's coarse grains imports by most countries in Latin America and the Caribbean are likely to increase slightly. In Mexico, the region's largest importer, this year's maize output is currently forecast to remain similar to the previous season's level, thus resulting in an increase in imports given its fast growing demand for feed. Brazil is expected to emerge as a net maize importer this season because of the reduced domestic production. However, in Europe, imports are likely to remain subdued mostly as a result of large supplies. In the EU, where this year's production is forecast to drop, imports could still decline because of ample carryovers and large expected imports of feed wheat.

Regarding exports, maize sales from Argentina and the Republic of South Africa are forecast to increase significantly as a result of a strong rebound in their production. Exports from the United States are also forecast to increase although prospects for any significant rise in exports have been hampered by Hurricane Katrina, which has greatly interrupted grain movement in the Mississippi River Gulf Ports. Maize exports from China are expected to remain below the previous season. However, in view of the recent rebound in transport costs and delays in the resumption of normal export activities in the United States, China's maize could become more competitive, leading the way for larger exports to China's nearby markets. Among other important players, a sharp fall in coarse grains production in Bulgaria and Romania could result in lower sales of barley and maize from those two countries. Barley exports from Ukraine are also seen to decline this season, mainly as a result of lower production. However, exports from the Russian Federation could approach the previous season's level in spite of a small anticipated decline in production since stocks remain large and local supplies of feed grains exceed domestic demand.

UTILIZATION

Feed use could decline but food and industrial usages are likely to increase

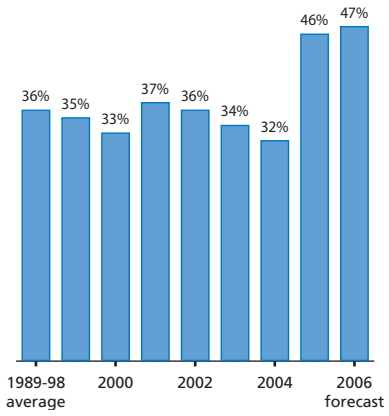
World utilization of coarse grains is not expected to change by any significant margin in 2005/06 as compared to the previous season, remaining at around 977 million tonnes. Large supplies of feed wheat, somewhat weaker demand in regions fighting animal diseases and generally slower economic growth prospects are among the main factors for this. In fact, contrary to the situation in 2004/05 when feed usage was the driving factor for the sharp expansion in total use of coarse grains, feed use in 2005/06 is forecast to contract by almost 10 million tonnes, to 617 million tonnes. On the other hand both food use and other usages of coarse grains, which include industrial use, are expected to expand significantly in 2005/06. Total food consumption is forecast to rise to 178 million tonnes after a decline in 2004/05. Industrial use of coarse grains is forecast to expand again this season, mostly driven by strong demand from the fast growing ethanol industry and increases in maize-based ethanol plant capacities. In the United States, usage of maize for ethanol production in 2005/06 is officially forecast to reach 38 million tonnes, up 4.3 million tonnes from 2004/05. High oil prices are expected to drive up demand for alternative energy also in other countries.

STOCKS

World coarse grain stocks heading for a sharp decline in 2006

The forecast for world coarse grains stocks for crop years ending in 2006 has been lowered by as much as 17 million tonnes since the previous report, to 172 million tonnes. The adjustment is mainly driven by a sharp cut in the forecast for world production in 2005. At the current forecast level, world ending stocks of coarse grains are expected to decline by roughly 20 million tonnes, or 11 percent, from their relatively large carry-in levels. Contrary to earlier expectations, total coarse grains inventories in major exporters could decline sharply, mostly in the EU as a result of a significant drop in production. Based on the latest estimates, stocks held by major exporters by the end of the seasons in 2006 could reach 80 million tonnes, down 12 million tonnes since the previous report and

Figure 11. Share of world coarse grain stocks held by major exporters



also 10 million tonnes below their high opening levels. As a result, the overall global share of coarse grains inventories held by the major exports are now expected to remain close to the previous season's level.

Elsewhere, significant decreases in stocks could be expected also in China and Brazil where production declines are expected to drive down maize inventories. Similarly, as a result of this year's less favourable production prospects, smaller barley inventories are expected in most countries in North Africa, Morocco in particular.

PRICES

Coarse grains prices have registered some gains but remain mostly below last year

The US coarse grains prices gained somewhat through July, mostly on weather concerns, before easing slightly in response to more favourable growing conditions, lower world demand and a surge in supplies of feed wheat from the Black Sea region. The US No. 2 maize (Gulf, fob) averaged US$97 per tonne in September, up US$3 from May and the same as in the corresponding period last year. Strong regional demand, however, has been supportive to South African prices, especially for white maize, the supply of which is seen as more limited this season. Large supplies of old crop and more subdued demand in recent weeks kept US maize futures under pressure. By late September, the Chicago December maize futures stood at US$80, US$2 below the same time in the previous year. In early September interruptions in export activities caused by Hurricane Katrina brought exports to a halt from the US Gulf Ports. With nearly 70 percent of the US maize exported through the Gulf Ports, the US prices reacted with a decline after few days of uncertainty, manifested also in the futures price movements for that period. However, on a more positive side, the early September interruption of trade occurred before the major harvesting period began in the United States and with damaged logistics being repaired and exports gradually returning to normal, the long-term impacts on the US maize exports, and consequently prices, are likely to be negligible.

Figure 12. Maize export price (US No. 2 Yellow, Gulf)

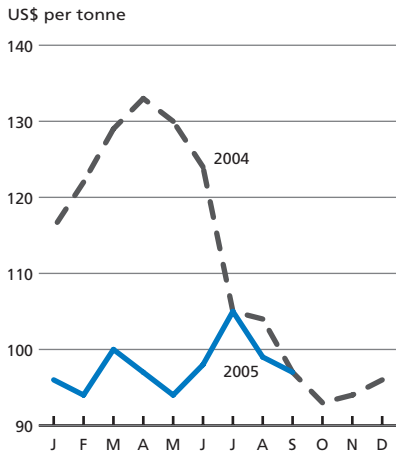


Figure 13. Maize futures price

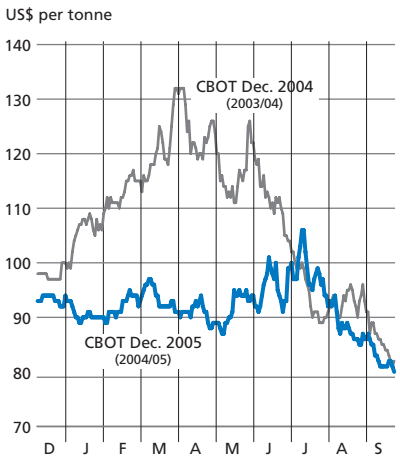
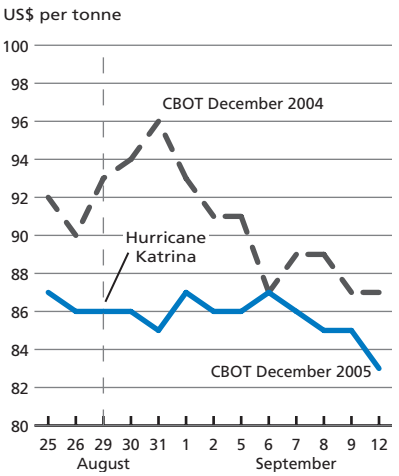


Figure 14. Maize futures price before and after Hurricane Katrina



RICE

PRODUCTION

Global rice production still on track to reach record high in 2005 despite some adverse weather in Asia

FAO's latest forecast for **global** paddy output in 2005 stands at 615 million tonnes, 6 million tonnes less than expected in June but still a record level, 9 million tonnes above the previous year's crop. The downward revision since June mostly reflects a deterioration in prospects in the world's two largest rice producing countries – China and India – because of adverse weather.

In **Asia**, despite the deterioration in prospects in recent weeks, most countries are still expected to harvest larger crops this year. In particular, output in Bangladesh is set to recover by 5 percent. In China (Mainland), the expected increase from last year is likely to be smaller than previously anticipated reflecting adverse weather in some parts of the country. Production this season is now set to reach about 180 million tonnes, only 1 million tonnes larger than the revised output estimate for 2004, which was recently released by the National Statistical Bureau. The Chinese Province of Taiwan has also been affected by adverse weather but, despite a slight negative revision, the production forecast still points to a small recovery relative to 2004's crop. In India, the pattern of the 2005 monsoon, which is about to recede, has been erratic in paddy growing areas, with a late arrival and an uneven distribution of the rains. Accordingly, FAO's forecast for 2005 production has been lowered to 129 million tonnes, which would still be 1 percent above the revised 2004 estimate, with the growth mainly arising from an increase in plantings. In Pakistan, the Government recently cut this season's production forecast but the expected crop would still be a record high. By contrast, the forecast for Philippines' paddy production over the 2005 season (July 2005- June 2006) has been raised and now points to a 2 percent annual growth. The revision reflects anticipation of a good crop over July-December 2005. A strong increase in output is also foreseen in Sri Lanka, reflecting a 19 percent increase in the main Maha crop already concluded and the positive outlook for the secondary Yala crop now at the harvest stage. Prospects in Thailand point to a strong recovery of production from the extremely poor performance last year. The Government continued to provide market support to farmers all through the 2004 season, and has already announced it is prepared to procure 9 million tonnes of paddy from the forthcoming main 2005 crop, which will be harvested in November. Prices for the new procurement programme have been set substantially above those paid in 2004 in recognition of the rising costs faced by producers. As prospects improved in Viet Nam, production is now set to reach a new record.

So far, only a few countries in the region are expected to see their production fall in 2005. In the case of Indonesia, the decline should be modest, as officials are now forecasting production to end close to the outstanding 2004 performance. A contraction in area and flooding problems in August are also anticipated to depress production in the Republic of Korea. Lingering drought problems have undermined crop prospects in Laos and, especially, in Nepal, where 23 out of 75 districts were reported to be under strain, and production in both countries is now anticipated to fall.

Paddy output in **Africa** is currently anticipated to grow by 4 percent to reach some 19.9 million tonnes in 2005. Egypt, the largest producer in the region, is forecast to increase output to a new record after the all-time high already achieved just last year, a reflection of the high domestic prices that have been associated with a growing demand for export. In Western Africa, many countries are going through the

Table 5. Rice production *(million tonnes)*

	2004 estimate	2005 forecast	Change: 2005 over 2004 (%)
Asia	**546.7**	**555.0**	**1.5**
Africa	**19.1**	**19.9**	**4.4**
North Africa	6.4	6.4	0.7
Western Africa	8.0	8.4	6.3
Southern Africa	3.3	3.7	11.1
Central America & Caribbean	**2.4**	**2.5**	**2.2**
South America	**23.3**	**23.8**	**2.1**
North America	**10.5**	**10.4**	**-1.1**
Europe	**3.4**	**3.5**	**0.4**
EU 25	2.8	2.7	-3.1
Oceania	**0.6**	**0.3**	**-41.6**
World	**606.0**	**615.3**	**1.5**
Developing countries	580.0	590.0	1.7
Developed countries	26.0	25.4	-2.4

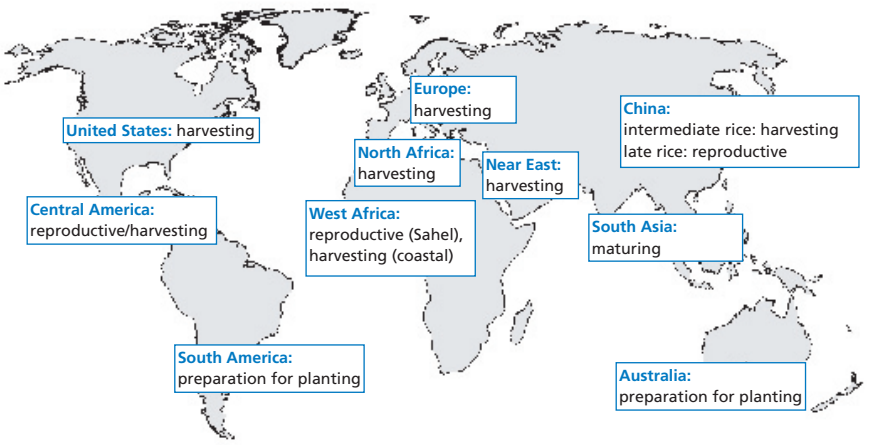
lean period of the year and rice prices have been reported soaring in several locations, particularly in Guinea, Chad, Mali, Niger and even Nigeria. In several of these countries, governments have taken action to bring relief, for instance by eliminating an 18 percent value-added-tax in Mali, or launching some free and targeted distribution of rice in Niger. Regarding the new paddy season, most western African countries benefited from abundant and well distributed rainfall as of the end of August, raising expectations of good paddy crops in Burkina Faso, Chad, Côte d'Ivoire, and Senegal. However, shortages of seeds in Mali and Niger have been reported, as drought and locust infestation afflicted the two countries last year. Production in Nigeria is also expected to rise strongly. The Government, which is engaged in the promotion and the dissemination of improved rice varieties, recently approved the allocation of Naira 1 billion (US$7.4 million) for the mass reproduction of Nerica rice seedlings over five years. The project falls within the Rice Initiative launched by the Government to raise the country's self-sufficiency in rice.

Elsewhere in Africa, most countries have completed their 2005 rice season. It was concluded positively in Madagascar, which recorded a 12 percent increase in output this season, while a small contraction occurred in Mozambique.

With most of the paddy planting complete in **Central America and the Caribbean**, FAO's forecast of production in the subregion remains at about 2.5 million tonnes, 3 percent above the poor 2004 crop, but still short of the levels achieved between 2000 and 2003. Several countries have continued to face adverse growing conditions, in particular Cuba, one of the largest rice producers in the subregion, which is anticipated to harvest its smallest crop since 2000. In the Dominican Republic, the sector was affected by heavy rainfalls and flooding early this year. However, owing mainly to stronger institutional support, in particular through a 32 percent increase in credit loans, paddy production could grow by 10 percent. As excessive rainfall was reported to have caused losses in Costa Rica, especially in the main producing region of Chorotega, production is likely to drop below last year. Crop prospects in the rest of the subregion remain generally positive, especially in Mexico, Nicaragua and Panama, which are all poised to harvest larger crops this season.

Most countries in **South America** have concluded or are about to conclude their paddy season. Production in the subregion is set to increase by 500 000 tonne compared with 2004, to 23.8 million tonnes. Most of the growth reflects developments in Brazil, which alone accounts for more than half of the regional aggregate. Based on results from a sixth field survey, production in the country is estimated to have grown by 3.1 percent this year. Official forecasts in Ecuador and Peru also point to larger crops compared with the 2004 season. By contrast, in Argentina, production is estimated to have fallen marginally, as improved yields did not completely compensate for a decline in plantings. In Chile, low temperatures at the pinnacle formation stage depressed yields and production. In Colombia, a contraction of rice area, associated with falling prices, is anticipated to bring about a 5 percent contraction in output this season. The Government is launching a set of measures to address the price decline, in particular the reactivation of incentives to millers to keep rice under storage during the peak supply months in August/September. The severe floods which damaged crops in Guyana early this year are estimated to have brought about a sharp reduction in output. To enable producers facing damage to replant their crops, the Government has launched a flood relief package, providing seeds and some compensation payments to affected farmers. A reduced paddy crop is also estimated to have been harvested in Uruguay this year. Rice market prices have fallen considerably in the country, bringing hardship to producers, many of whom may face difficulty in securing credit to finance cultivation next season. The outlook for production in Venezuela has worsened somewhat, with plantings now set to contract in the wake of falling producer prices associated with large supplies in 2004. Producers have been asking the Government to raise the institutional price of the crop above last year's level of Bolivar 514 per kilogramme (US$239 per tonne), to reflect rising costs.

Figure 15. World rice calendar - September situation*



* Refers to the main activity or growth stage of the bulk of the crop in the region.

In the **United States**, Hurricane Katrina, which hit the Louisiana Gulf Coast on 29 August, appears to have caused only minimal damage to rice crops in Louisiana and Mississippi and, according to the latest USDA estimate, production in the country is now expected to approach 2004's exceptional level. In **Australia**, the 2005 crop estimate has been reduced to a record low, reflecting a further downward revision to drought-affected yield estimates. Drought may also have impaired crops somewhat in the **European Union**, which, together with a contraction in plantings, is anticipated to result in a 3 percent reduction in production. Elsewhere in **Europe**, in Ukraine, an expected improvement of yields should lead to an increase in production. Production is also expected to rise in the Russian Federation, reflecting positive crop prospects in Krasnodar, the main producing region.

TRADE

Rice trade in 2005 now expected to increase, while the early outlook for 2006 points towards a decline

FAO has raised its forecast for global rice trade in calendar year 2005, to 27 million tonnes, which would be 1 percent above the previous year, and reverses earlier expectations of a contraction. However, looking ahead to the next year, early indications for calendar year 2006 suggest a contraction is in prospect, and could be quite significant, by 4 percent, to about 26 million tonnes. Much of the decrease would be on account of smaller exports by India, the Republic of Korea, Pakistan, Viet Nam and Egypt compared with the relatively high levels they are foreseen to ship in 2005. By contrast, exports from Thailand are likely to rebound with increases also foreseen for the United States. The decline in world imports next year would mainly reflect smaller deliveries to the Philippines but also to Bangladesh, Indonesia, the Islamic Republic of Iran, Nigeria and the Russian Federation.

Thailand's export shortfall in 2005 to be filled by the other major exporters

Although little has changed overall compared with last year, the current outlook for trade in 2005 points to large variations in the relative contributions of the major market players. In particular, a contraction in Thailand's sales by 23 percent could be compensated by increased shipments from India, Pakistan, Viet Nam, the United States and Egypt.

India's rice deliveries have been particularly high between January and May and may reach 4.2 million tonnes over the full year, 18 percent more than in 2004. Sales by Pakistan also surged between January and July and are now expected to reach a record by the end of the year. The country's future export prospects improved significantly following a trade agreement with China in July 2005 paving the way for imports to this country. Following the lifting of the 3.8 million tonne export limit, Viet Nam is now set to ship 4.5 million tonnes, which would be 11 percent more than last year. Exports from the Republic of Korea are set to double, following an agreement with the Democratic Republic of Korea for the delivery of 500 000 tonnes. By contrast, prospects for sales by Thailand have been lowered well below the record volume shipped last year. The expected contraction reflects reduced availabilities from the 2004 season but also the support policy of the Government, which led to prices being above those prevailing in other markets. Similarly, exports by China are likely to fall, although current low prices may induce the Government to intensify sales in the coming months. Outside of Asia, Egypt is seen to export a record 1 million tonnes, underpinned by strong demand from countries in the Near East and in central and eastern Europe. Argentina and Uruguay are also set to raise their shipments, although flows from those countries were reported to have been disrupted by farmer protests in Brazil. According to the USDA, rice exports by the United States might rise to the second highest level in history, sustained by much lower export prices. There is some concern, however, over the impact of Hurricane Katrina on exports, given the serious damage it caused to waterways, grain elevators and to the New Orleans port facilities.

Increased imports by Asian countries in 2005 likely to offset declines in Africa and Latin America and the Caribbean

On the import side, the latest FAO forecasts point to substantial increases in rice deliveries to Asian countries, now expected to reach 12.9 million tonnes, almost 9 percent more than last year. The increase should reflect much larger movements of rice into Bangladesh and the Philippines, where relatively poor 2004 crops have resulted in strong domestic price increases this year. Similarly, rising domestic prices induced Indonesia to relax its ban on rice imports first in August , when it consented to let rice varieties not produced locally to be brought in and, later in September, when it authorized the state logistic agency Bulog to import 250 000 tonnes. As a result, the country is now anticipated to take around 1 million tonnes, up from 900 000 tonnes in 2004.

Based on current forecasts, imports by African countries may fall by 5 percent to 8.2 million tonnes, reflecting smaller deliveries to Nigeria. The Government recently authorized two firms to import 100 000 tonnes of husked rice at half the prevailing tariff of 100 percent, but has not yet officially renounced to its ban on rice imports as of 2006. In South Africa large wheat and maize crops this year are estimated to depress

rice import demand. By contrast, based on exporter's sales figures, shipments to Senegal are set to rise, while those destined to Niger may double to more than 300 000 tonnes to address severe cereal shortages earlier this year.

In Latin America and the Caribbean, imports by Brazil, Peru and Nicaragua are anticipated to fall as locally produced supplies rise. Shipments to Mexico are expected to change little from last year. By contrast, record purchases are expected to be made this year by Cuba, reflecting continuing shortfalls in production. Increased quantities are also likely to be taken by Costa Rica.

In the rest of the world, Australia is estimated to purchase 100 000 tonnes of rice, mainly in the form of husked rice, to ease domestic supply shortages. The United States recently lowered its import forecast, which now points towards a contraction from last year. Purchases by the European Union are still expected to be of the order of 900 000 tonnes. In August, the European Commission reached an agreement with WTO partners concerning imports to the EU of milled or semi-milled rice and of broken rice. As in the case of husked rice, flexible tariffs will be applied, depending on the level of actual imports relative to pre-determined reference levels. Although early this year, the Russian Federation more than doubled the tariff applied on rice imports, imports to the country are anticipated to remain close to last year level, reflecting, to some extent, delays in the implementation of the new tariff rates.

UTILIZATION

Food consumption rises in line with population

Total rice utilization is expected to approach 415 million tones in 2006, about 3 million tones more than last year. About 88 percent of the total should be consumed as food, with only 2 percent destined for feed and the remainder for other uses. On a per caput basis, rice consumption as food is anticipated to hover around 56.8 kg per head, slightly below the average of last year.

STOCKS

Global rice stocks expected to fall for the sixth consecutive year

Following the downward revision of the forecast for world paddy production in 2005 (a large share of which will be consumed in 2006) the forecast for global rice inventories at the close of the 2005/06 marketing year has also been reduced, by 500 000 tonnes, and now stands at 94.9 million tonnes. This would be 3.5 million tonnes below their opening levels, and a drawdown for the sixth consecutive year.

Among traditional exporting countries, the cut in the size of world rice reserves would be particularly marked in China and India, which are seen to reduce their carry-over stocks by more than 1 million tonnes each. A more modest contraction is foreseen in the case of Egypt and the United States, while stocks are likely to remain close to their opening level in Thailand and increase in Myanmar and Viet Nam.

Several major importing countries are also expected to reduce the size of their inventories, in particular Indonesia, where they might fall by over 1 million tonnes, reflecting mainly low imports. Stocks might also end smaller in Bangladesh, the EU, Nepal and the Philippines, while the good production performance this year should boost them in Brazil.

Concerns over the availability of rice supplies at times of emergencies led the ASEAN countries, to agree in July on an increase of the East Asia Emergency Rice Reserve from 87 000 tonnes to 200 000 tonnes in 2005-2006.

PRICES

International rice prices regained strength in August and September

International rice prices weakened somewhat in June and July, as reflected in the FAO All Rice Price Index (1998-2000=100), which lost 1 point in each of the two months, dropping to 100 in July, the lowest index value since February 2004. In August and September, prices regained some strength with the Index rising to 101 and 102 respectively, reflecting higher quotations especially of Indica (both of the lower and higher quality) and Aromatic rice. By contrast, the sub-index for Japonica rice stayed at 93 between July and September.

The weakness of international prices in June and July mainly reflected sluggish import demand and relatively large supplies following the harvests of secondary 2004 crops in some major exporting countries. Renewed competition from India and China also tended to depress prices. In August, however, the announcement of higher procurement prices in Thailand and the resumption of shipments to Africa and

Figure 16. Rice export price (Thai 100% B, fob)

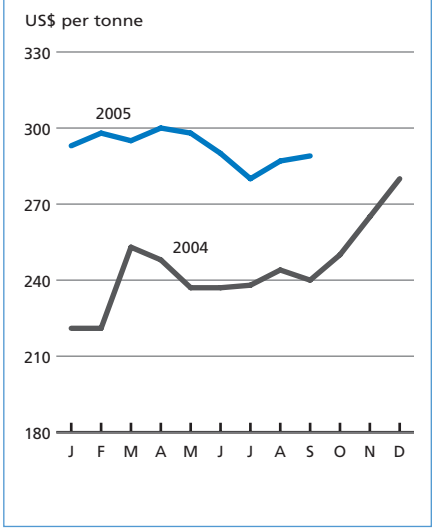
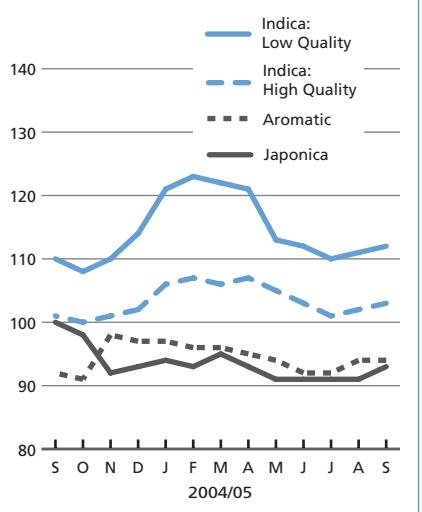


Figure 17. FAO price indices for rice (1998-2000=100)



Iraq imparted new strength to the market. International prices have continued to firm in the first weeks of September, reflecting the return of Indonesia on the import market, strong sales to Africa and new contract for deliveries to Iraq. Thailand's sale, in September, of 900 000 tonnes of government-owned rice through tenders was made at relatively high prices and did not depress the market. The price strength is expected to continue in the coming months, partly in reaction to rising production and marketing costs, which have been associated with the surge in oil prices. Prices are also expected to react strongly to new developments regarding crops and government policies.

MEAT & MEAT PRODUCTS

PRICES

Recovering demand and strong trade prospects support high meat prices in 2005

Although recent new outbreaks of Avian Influenza (AI) extending westwards from Asia into the Russian Federation are raising concerns over potential disruption in the global meat industry sector, international meat markets in the past few months were characterized by a strong recovery from the previous wave of disruption caused by animal disease problems in 2004. An increase in demand for meat, as consumption returned closer to normal levels, and the reopening of many previously closed markets has put strong upward pressure on international prices in the first half of 2005. The FAO meat price index (calculated using trade-weighted indicative international meat prices) peaked at 109 points during the period, surpassing the previous high in the FAO database of 108 in February 1991.

Rising poultry and beef prices are the main contributors to this increase in the value of the index. By mid-year, the FAO price index for poultry was up more than 13 points since January, and up nearly 20 points since the onset of AI outbreaks in early 2004. International beef prices continue to remain strong due to constrained exportable supplies in the absence of North America beef in major markets because of Bovine Spongiform Encephalopathy (BSE) concerns. The strong growth in pig meat prices witnessed in 2004 has now slowed as consumers move back to poultry and beef consumption despite higher prices.

As global meat markets gradually recover from the animal disease and food safety concerns pervading markets in 2004, over the next few months prices will be influenced by numerous other factors. These include the recent damage from hurricane Katrina to ports and cold storage facilities on the Gulf of Mexico, which is expected to disrupt US poultry shipments over the short term, thus putting further upward pressure on global poultry prices. Uncertainty also surrounds the recent movement of AI westward towards Europe and potential consumer, industry, and policy responses to any further outbreaks. Looking even further ahead, however, in the absence of any escalation of animal disease outbreaks, meat prices in 2006 are likely to decline. One of

the main factors which could result in a downward shift in all meat prices would be a rapid resumption of beef trade from the United States to Asia following any Japanese agreement to accept US beef.

Meat production recovers as prices remain strong

Global **meat** production is forecast to grow by 2.5 percent in 2005 to 267 million tonnes, supported by favourable returns in the meat industry sector. After two years with no growth, developed country meat production prospects are edging up slightly. Strong meat production gains expected in North America (in response to domestic demand) and Australia would more than offset lower production in the EU where policy developments have limited any significant growth over the past five years. By contrast, strong growth in export-oriented South America and recovering meat production in Asia imply that nearly 80 percent of the 7 million tonnes increase in meat production is expected to be located in developing countries. As developing countries expand their consumption of meat products to account for 58 percent of the global totals, up from 43 percent in the early 1990s, their meat consumption is expected to reach 31 kg per caput, up more than 1 kg per caput from last year and nearly double the level of 1990. This compares to an estimated consumption of 84 kg per caput by developed country consumers and the global average of 42 kg per caput.

Driven by strong growth in developing countries, **bovine meat** production is expected to rise by 2.4 percent in 2005 to 64.2 million tonnes. Despite the lowest ever cattle inventory numbers in the FAO data base, beef output in developed countries is estimated up marginally, as high cattle prices and forage constraints stimulate slaughter levels in the United States and Australia. In Canada, an industry-led restructuring of the industry, in the wake of the BSE crisis, is enhancing slaughter capacity and stimulating higher beef output. This contrasts with the policy-induced reforms in the EU that are leading to a decline in European inventories and slaughter and contributing to gradual erosion in the developed country share of global beef output. Strong beef prices are supporting production gains in many Asian countries, including China, Indonesia, Philippines, and Viet Nam while enhanced contracting of male buffalos is pushing up output in others such as India and Egypt. Meanwhile, robust export demand is pushing up slaughter and production in South America, further increasing the developing countries' share of global totals to 54 percent in 2005. The developing countries share first exceeded that of the developed countries in 2002.

Despite relatively strong prices and robust trade prospects, global **pig meat** production is expected to increase relatively little in 2005, to reach 102.7 million tonnes. In developed countries, output is set to increase only marginally, reflecting largely the fact that production in North America and Europe is relatively price unresponsive because of the nature of industrialized production units and environmental pressures. Export-led gains are pushing up South American production by 6 percent while strong demand in Mexico, Viet Nam and many other Asian countries are pushing up the developing countries' share of global production to an estimated 62 percent in 2005, up from 61 percent in 2004 and 55 percent in 1995. However, production prospects in China, and potentially regional consumption, may be slowed by the recent outbreak of streptococcus

Table 6. World meat statistics[1]

	2003	2004 estimate	2005 forecast
		million tonnes	
Production	**253.6**	**260.1**	**266.6**
Poultry meat	76.4	78.5	81.4
Pig meat	98.4	100.9	102.7
Bovine meat	61.4	62.7	64.2
Sheep & goat meat	12.2	12.7	13.0
Other meat	5.2	5.2	5.3
Exports[2]	**19.5**	**19.0**	**20.8**
Poultry meat	8.2	7.5	8.4
Pig meat	4.2	4.4	4.7
Bovine meat	6.1	6.1	6.7
Sheep & goat meat	0.7	0.7	0.8
Other meat	0.2	0.2	0.2
		kg	
Per caput Consumption	**40.3**	**40.8**	**41.9**
Poultry meat	12.2	12.3	12.8
Pig meat	15.7	15.9	16.1
Bovine meat	9.8	9.9	10.1
Sheep & goat meat	1.9	2.0	2.0
Other meat	0.8	0.8	0.8

[1] More detailed meat statistics are available on the Internet as part of the FAO World Wide Web (www.fao.org) at the following URL address: http:/www.fao.org/es/ESC/en/20953/21014/index.html

[2] Includes meat (fresh, chilled, frozen prepared and canned) in carcass weight equivalent; excludes live animals, offals and EU (15) intra-trade.

Note: Total computed from unrounded data.

suis, a highly pathogenic pig disease responsible for over 40 human deaths in China.

Global **poultry** output is forecast to grow by almost 4 percent in 2005 to an estimated 81.4 million tonnes. The increase is supported by rapidly rising consumption, in spite of continually rising prices and concerns about continued outbreaks of AI in 2005 and its spread westward. Production in Asia, which fell in 2004, is expected to increase by over 3 percent to 26.7 million tonnes. Despite continuing and sporadic disease outbreaks in some countries, such as Viet Nam and Indonesia, per caput poultry meat consumption in Asia is gradually recovering in 2005 after registering an unprecedented drop in 2004 to 7.4 kg per caput (for more on the market impact of AI see box).

Global **ovine** meat production in 2005 is foreseen to rise to a record of 13 million tonnes, up 2.8 percent from the previous year. Strong import demand is being met by drought-induced production growth in Australia and ongoing productivity improvements and a slight rise in the breeding flock in New Zealand. While lamb and mutton production in the United States is declining, inventories have recently reversed their long-term decline in response to the Ewe Retention Program. By contrast in Europe, production is declining in some major producing countries as ewe premiums have been decoupled. In Asia, which accounts for almost 60 percent of global output, strong prices are pushing up output by over 3 percent in the largest producing areas of China and Pakistan.

TRADE

Meat trade to grow sharply as markets reopen

Recovering confidence in meat, combined with a gradual opening of markets, is leading to a surge in global **meat** trade, expected to jump in 2005

Impact of Avian Influenza on international poultry markets

Recent outbreaks of avian influenza extended from Asia into the Russian Federation in August 2005, heightening concerns about its potential impact on animal and human health in Europe. Previously restricted to Asia[1], outbreaks of high pathogenic H5N1 avian influenza, which led to over 60 human fatalities, shook global poultry markets in 2004 and resulted in reduced consumption, the collapse of traditional trade links and large industry losses for affected countries, as well as livelihood shocks for small producers.

Persistent outbreaks of H5N1 avian influenza, which spreads more rapidly in cooler weather, have led to the death or culling of over 150 million birds in South East Asia since late 2003. While these overall numbers are small relative to South East Asia's poultry inventories of nearly 8 billion birds, the economic impact on small and medium sized growers in many affected countries has been substantial. In contrast to rising international prices, prices in many affected markets dropped by 20-50 percent immediately after the first outbreaks but prices and consumption are gradually recovering in 2005. Despite continuing and sporadic outbreaks in some countries, such as Viet Nam and Indonesia, per caput poultry meat consumption in Asia, which registered an unprecedented drop in 2004 to 7.4 kg per caput, is expected to recover in 2005.

The market impact of AI, including its impact on small producers, has prompted many broiler industries in Asia, even those not directly affected by the disease, to accelerate the process of moving to vertical integration to protect against the impact of animal diseases. This included such countries as India and Pakistan, as well as AI endemic countries, such as Viet Nam, and Thailand. However, while effective bio security controls are successfully containing outbreaks in commercial flocks, new cases continue to be reported from endemic countries in native poultry and fighting birds in villages, thus effectively constraining those countries from engaging in international trade. Another potential permanent consequent of disease outbreaks is the shift in export composition by disease affected countries, particularly Thailand, to more value added cooked products as a result of bans on fresh/chilled/frozen products.

While Asia accounted for over one-fifth of global poultry exports prior to the avian flu outbreak a carry over of trade bans for AI-Asian inflected countries into 2005 will likely constrain the region's exports to less than 1 million tons, or about 12 percent of global shipments. This is a considerable decline from the 1.8 million tonnes, valued at US$2.5 billion, supplied by Asian exporters in 2003. Most of the drop is recorded in Thailand, where the value of exports accounted for half of regional totals and accounted for nearly 40 percent of their domestic production. The cost to economies in the region will dramatically exceed the estimated trade losses of approximately US$1 billion. Government compensation packages, vaccination programs, the cost of lost flocks and lower prices for bird marketed in addition to the indirect effects to upstream industries such as feed industries, etc, will likely be unknown but potentially range between US$10-15 billion[2].

[1] Nine Asian countries (The Republic of Korea, Viet Nam, Japan, Thailand, Cambodia, Lao, Indonesia, China and Malaysia) have officially reported outbreaks of highly pathogenic AI to the OIE since late 2003. The first report of H5N1 outside of Asia was filed by the Russian Federation in late July, 2005. Meanwhile, reports of H5N2 outbreaks were registered by Taiwan, the United States and South Africa with Canada, Mexico and Pakistan reporting incidences of other AI types, some of which are classified as low pathogenic.

[2] Estimate of the total GDP losses from Oxford Economic Forecasting.

by an unprecedented 10 percent to a record 20.8 million tonnes. This follows the first year-on-year decline in a quarter of a century when reports of BSE in early 2004 and human fatalities related to AI poultry in Asia led to escalating food safety and animal health concerns and consequential trade restrictions. The shifting market shares that characterize markets affected by disease outbreaks continue to accelerate in 2005, with competitively positioned South American products set to capture 33 percent of the global export markets, up from 10 percent a decade ago.

Strong international **beef** prices, as North American exportable beef supplies remain in cold storage or on the hoof, are being supported in 2005 by strong growth in beef trade, estimated up by 11 percent to 6.7 million tonnes. This increase follows a one-percent drop in trade in 2004 as importers scrambled to replace products from North America which historically accounted for 25 percent of global exports. Supply deficits and price movements in 2005 continue to be exacerbated by high domestic beef prices in the EU, which combined with the increase in the value of the Euro and the first drop in export restitutions in four years, is maintaining - for the third year - Europe's position as a growing net beef importer. In fact, in 2004/05 nearly 131 000 tonnes of beef were imported at full duties, much of which was sourced from South America.

Global beef demand, fuelled by higher imports by Mexico, Japan, the Republic of Korea and the Russian Federation (which, after the United States, is the world's largest beef importer) are prompting strong growth in exports from Australia, despite low cattle inventories. In South America, annual growth in exports has averaged between 20 and 40 percent since 2003 with the region expanding its export share on global beef markets from 17 percent in 2000 to an estimated 43 percent in 2005. Brazil, which became the world's largest beef exporter in 2004, is likely to increase shipments by 22 percent in 2005, despite unfavourable exchange rate movements, pushing up their share of global exports to more than one quarter. High prices, and bilateral trade agreements, have also prompted increased shipments from India and some non-traditional exporters such as Chile. Strong trade gains for developing countries are pushing their share of global trade to an estimated 53 percent in 2005, similar to their share of global beef production.

As markets shut and consumption slipped in 2004 in response to AI, international movement of **poultry** products dropped an unprecedented 8 percent during the year. However, trade in 2005 is surging, and forecast to recover by 11 percent to reach a record 8.4 million tonnes. Strong trade prospects are supporting production growth in both the United States and Brazil, two countries, which while accounting for 35 percent of global production, supply more than 70 percent of global exports.

Despite rebounding beef and poultry consumption and trade, exports of **pig** meat also remain strong in 2005 with trade expected to expand 7 percent to 4.7 million tonnes. While a slight slow down in Japanese imports is expected, imports by other Asian countries, such as the Republic of Korea and Singapore are supported by relatively strong economic growth and, in Korea's case increased government environmental restrictions and limitations on animal numbers which restrict growth in production. In China, a mid-year decision by the Government not to issue import permits for pork used in processing may constrain growth in trade for that market, while the outbreak of streptococcus suis is expected to slow pig meat demand and exports. Benefiting from favourable exchange rate movements, US pig meat exports are forecast to increase by 22 percent, while shipments from Canada are also expected to be higher despite uncertainty created by an Australian court ruling limiting imports due to an animal health issue related to young pigs. Strong competition from Brazil in the Russian Federation market is constraining any growth in EU exports, despite increasing shipments from some accession countries to nearby markets. Meanwhile, bi-lateral trade agreements with Japan are supporting increased exports from Mexico and Chile.

Trade in **sheep meat** products is expected to reach 788 500 tonnes in 2005, up by 7 percent from the previous year, as tight global lamb supplies in key importing markets and falling Australian prices in early 2005 prompted strong shipments. Imports by the United States may remain constrained due to unfavourable exchange rate movements. In other markets, however, such as Japan, China, and many markets in the Near East, ovine meat prices remains competitive relative to other meats, prompting higher imports from both Australia and New Zealand, suppliers of an estimated 86 percent of global exports. Exports from other less traditional exporters, such as Argentina, Uruguay, China, and Pakistan are also increasing.

Other relevant agricultural commodities

BANANA

Import prices for bananas in the United States declined at the beginning of the summer as they traditionally do due to the competition of locally-produced fruit and reduced demand. However, they picked up in September and rose above the level of September 2004. In the EU import prices remained high during the summer 2005 in the wake of a shortage of import licenses. The negotiations on the rebinding of the EU tariff-quota system resumed after the WTO arbitration panel ruled in August that the EU's envisaged tariff of 230 euro per tonne for banana imports from most favoured nations (MFN) would not result in at least maintaining their market access. The European Commission is now proposing a tariff of 187 euro per tonne which Latin American countries consider too high. As negotiations failed, on 26 September 2005, the EC requested a second WTO arbitration to determine whether its new proposal complies with the terms of the Doha Waiver. The same arbitrators have 30 days to give their ruling. Should they rule that the EC's new proposal does not at least maintain total market access for MFN suppliers, the Doha waiver will cease to apply to bananas upon entry into force of the new EC tariff regime.

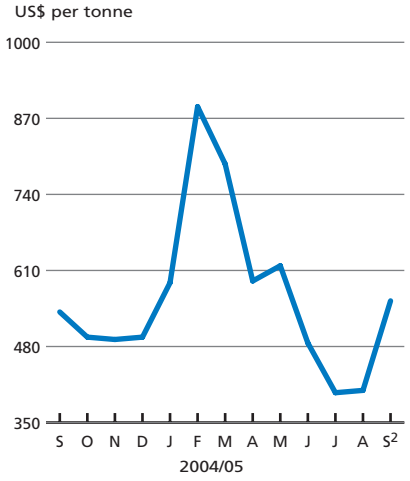
COFFEE

Coffee prices averaged 92.3 US cents per pound for the first 8 months of 2005, which was 55.5 percent higher than the corresponding period in 2004, as strong market fundamentals continued to support prices. Industry sources reported a forecasted decline in world coffee production for the 2005/06 crop year along with a growing demand, and a predicted decline in stocks in exporting countries. Prices are expected to remain above last year's average for the rest of the year, reflecting a lower output in Brazil, as coffee trees will yield less after providing an abundant crop in 2004/05, and a lower production in Viet Nam as a result of a severe drought. Coffee production in India is also expected to decline for the current 2004/05 season due to substantial damage brought by the white stem borer pest. Recent weakness in coffee prices for both July and August 2005 was mostly attributed to the seasonal slow down in roasting activities during the summer and an upward revision of the Brazilian coffee output for the 2005/06 season, which now stands at 1.9 million tonnes. Promotional activities in major producing and consuming countries have started to bear fruits with global consumption growth in 2004 estimated at about 3 percent. As it stands, production will need to keep up with rising demand, a situation that contrasts with the oversupplied market of the past four years.

COCOA

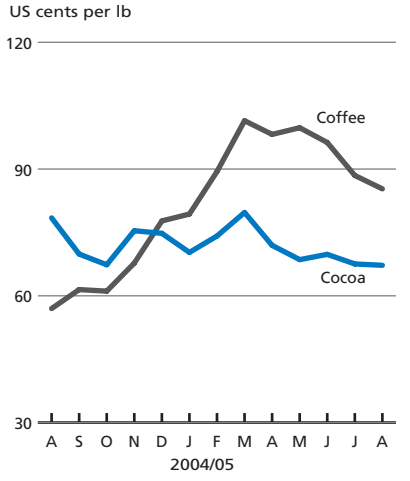
The International cocoa price stood at 67.22 US cents per pound in August, considerably lower than the 22-month high of 79.72 US cents per pound reached earlier in the year in March. Lower prices reflected concerns over a reported global production surplus for the 2005/06, along with indications of stagnant cocoa consumption in the United States and Western Europe. Industry sources reported an estimated global surplus for the 2005/06 season of 70 000 tonnes, which compared with a deficit of about 100 000 tonnes in 2004/05. World cocoa consumption, measured by grindings of cocoa beans, showed only moderate growth in the current season, a result of reduced demand from confectionary manufacturers who have reportedly a build-up in stocks of cocoa powder and cocoa butter. Given no major changes in the fundamentals, the outlook for the cocoa prices will remain largely influenced by speculative buying and political

Figure 18. US Banana import price[1]



[1] From Central and South America, major brands, f.o.t. US ports (from January 2005 US Gulf ports).
[2] Estimated.

Figure 19. Coffee[1] & cocoa prices[2]



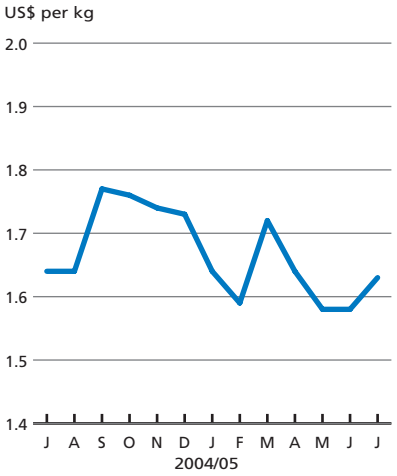
[1] ICO price.
[2] ICCO price.

developments in Côte d'Ivoire, which produces about 40 percent of the world output.

TEA

FAO Tea Composite Price averaged $US1.63 per Kg in July 2005, down 0.61 percent over the same period in 2004, reflecting losses in major tea auction markets. Calcutta auction prices were quoted 5.7 percent lower, while Mombasa prices averaged a 5.2 percent decline. Rising prices in Colombo, however, were not sufficient to give support to the FAO Tea Composite Price. Generally weaker international tea prices reflected rising production in major producing countries as well as a contraction in global export demand. India reported a 41.1 percent increase in production for the first 7 months of 2005, while higher output was also reported in Sri Lanka and Indonesia. These large harvests more than offset a recorded 3 percent decline in tea output in Kenya. In view of a continuing imbalance between supply and demand, the FAO Tea Composite Price is likely to remain under downward pressure for the remainder of 2005 and probably beyond. In reaction to the prevailing low international tea prices, the Inter Governmental Group (IGG) on Tea has reaffirmed, at its recent meeting in Bali, Indonesia, the need to produce better quality tea and eliminate the substandard varieties from the world market which would subsequently lead to higher prices. The Group agreed to appoint a working committee to work out an action plan based on ISO 3720 as the minimum standard to control excess supply.

Figure 20. Tea: FAO Composite Price[1]



[1] Weighted average of four markets: Calcutta, Cochin, Colombo and Mombasa.

Ocean freight rates

(Contributed by the International Grains Council)

Dry bulk freight rates continued to decline in June and July, attributable to a marked reduction in China's iron ore imports, having tightened import licensing procedures and experienced sharp falls in domestic prices for steel products, due to overcapacity. China's exports of coal also declined after introducing stricter mine safety regulations. An increasing supply of newly-built ships and a clearing of congestion in ports accelerated the drop in rates. As a result, the Baltic Dry Index (BDI) decreased by a further 54 percent from a previous low in mid-May, touching 1 749 in early August, the lowest in two and a half years. However, later in August, increased Asian demand for new crop grains and oilseeds, as well as expectations of higher Chinese imports of minerals, as stockpiles of iron ore were drawn down, pushed the index higher, to 2 631 points (25 August).

The recent recovery in the **Panamax** sector was driven by an increased volume of orders in the Pacific, where timecharter rates, having recorded lows of US$10 000 per day, returned to the levels of late May (US$20 000 - US$21 000 daily). In the Atlantic, the rate on the major grain route from the US Gulf to Japan increased in August by US$4.00, to US$39.00 per tonne, although still below the figure of US$54.00 per tonne at the end of May. Period rates on this route were reported at US$22 000 - US$23 000 per day, up from US$13 000 daily reported in early August, thereafter registering a net gain compared with the end of May (US$17 000).

After dipping to recent lows, rates in the **Capesize** sector also began to recover in August. Short-term timecharters were lifted to around US$32 000 - US$35 000 per day, compared with about US$40 000 at the end of May. At the end of August, the major iron ore rate from Brazil to China was quoted at US$23.00 per tonne, compared with US$25.60 per tonne three months earlier.

Handysize rates were under pressure in June and July due to weaker demand, including for cargoes out of the Black Sea, usually the strongest in the sector. The grain rate from Brazil to the EU (Antwerp-Hamburg) dropped from US$47.50 per tonne at the end of May, to US$25.50 per tonne in early August, but increased slightly to US$27.00 per tonne by the end of the month. A summer drought in the United States' Midwest limited grain **barge** traffic on the Mississippi, Missouri and Ohio rivers, while end-August floods in central parts of Europe disrupted barge navigation on the Rhine and other rivers.

Fertilizers

UREA

• Urea prices have remained stable for the past few months. Compared to last year they are slightly lower in the Baltic region and higher in the Persian Gulf.

• Urea and ammonia production in the United States has been adversely affected in the aftermath of hurricane Katrina because of interruptions in the supply of natural gas and further price increases. Gas prices were already high before the hurricane because 88 percent of the offshore production had shut down. The prices for both urea and ammonia in the United States have increased, while ammonia prices rose worldwide for the last few months.

• In the Baltic and Black Sea region prices have started to decrease slightly and activity is slow.

• In South Asia demand for urea is strong. Demand in India is higher than expected because of a good monsoon season. Bangladesh is tendering for a considerable amount, reportedly from Indonesian and Chinese origin. Pakistan is also actively looking for tenders.

• Turkey has shut down its urea plant due to high gas prices and its urea imports could increase significantly.

DIAMMONIUM PHOSPHATE (DAP)

• DAP prices have remained stable in the past few months, but compared to last year are higher by 10 to 15 percent.

• Phosphate production in the United States was also hit hard by the impact of hurricane Katrina and lost production could amount to 380 000 tonnes from September through November.

• In India local production is recovering but there is still a need for imports, mainly for the East coast. Australia and China are potential suppliers.

• China has signed a memorandum of understanding with Morocco over a joint feasibility study on potential phosphoric acid and phosphate fertilizer production investments in Morocco.

• Ethiopia is expected to enter the market for a total of 350 000 tonnes; most of this will probably be supplied by Jordan.

MURIATE OF POTASH (MOP)

• Prices of MOP have also remained largely unchanged in the past few months, but are 30 to 40 percent higher than at the same time last year. There is a big gap between the lowest and the highest price quoted.

• There is a possibility that the EU commission may allow a quota of MOP from the Russian Federation to be sold without antidumping duty in all of the 25 member countries.

• Shipments to India continue to be substantial, with the main supplier being Israel. The total amount imported between April and July 2005 has increased by about 20 percent compared to last year to almost 1 million tonnes.

• Chinese imports also increased by 20 percent in the period from January to June, compared to the previous year, to 4.5 million tonnes.

• The Southeast Asian market is currently slow. The Brazilian market is weak as well because stocks are high both at the ports and inland.

Figure 21. Fertilizer spot prices (US$ per tonne, bulk, f.o.b.)

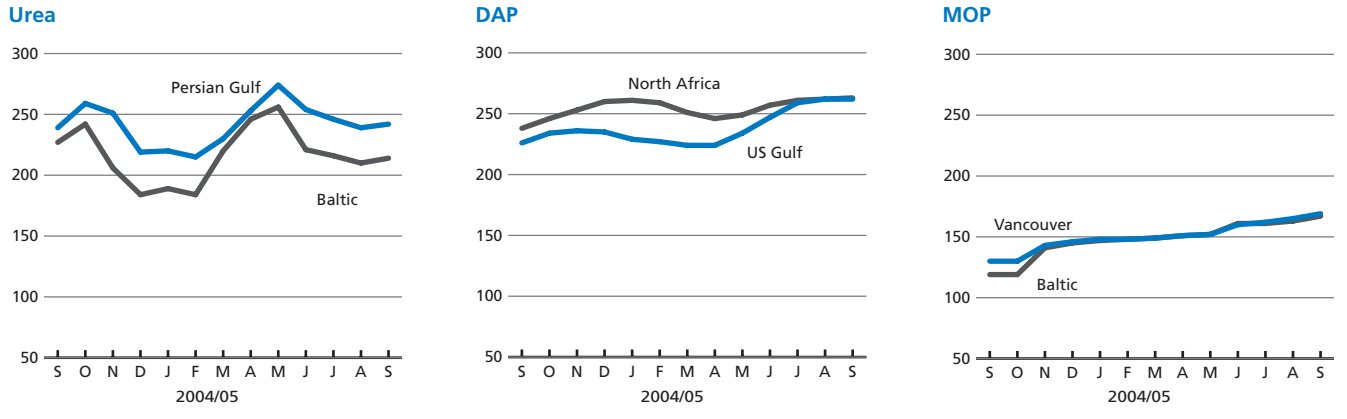


TABLE A1. World cereal production *(million tonnes)*

	Wheat			Coarse Grains		
	2003	2004 estimate	2005 forecast	2003	2004 estimate	2005 forecast
ASIA	**244.9**	**253.6**	**262.7**	**220.6**	**229.5**	**231.5**
Bangladesh	1.3	1.1	1.2	0.1	0.1	0.1
China[1]	86.5	92.0	95.0	126.5	140.4	139.5
India	65.1	72.1	72.0	37.8	31.9	34.0
Indonesia	-	-	-	10.9	11.2	11.7
Iran (Islamic Republic of)	13.4	14.0	15.0	4.8	4.4	4.4
Japan	0.9	0.9	0.9	0.2	0.2	0.2
Kazakhstan	11.5	9.9	10.7	3.3	2.4	2.4
Dem. People's Rep. of Korea	0.2	0.2	0.2	1.9	1.9	1.9
Korea, Republic of	-	-	-	0.3	0.3	0.4
Myanmar	0.1	0.1	0.1	0.9	0.8	0.9
Pakistan	19.2	19.5	21.1	2.5	3.3	3.0
Philippines	-	-	-	4.6	5.4	5.5
Saudi Arabia	2.1	1.6	1.2	0.2	0.2	0.2
Thailand	-	-	-	4.4	4.4	4.5
Turkey	19.5	20.7	20.2	10.7	11.7	11.9
Viet Nam	-	-	-	2.9	3.5	2.9
AFRICA	**21.3**	**21.7**	**18.9**	**91.5**	**88.6**	**89.9**
North Africa	**17.1**	**17.2**	**14.0**	**12.7**	**12.8**	**9.3**
Egypt	6.8	7.2	8.2	7.6	7.8	6.7
Morocco	5.1	5.5	2.5	2.8	2.9	1.2
Sub-Saharan Africa	**4.2**	**4.6**	**4.9**	**78.8**	**75.8**	**80.6**
Western Africa	**0.1**	**0.1**	**0.1**	**36.1**	**34.0**	**35.7**
Nigeria	0.1	0.1	0.1	19.2	19.7	20.1
Central Africa	**-**	**-**	**-**	**2.8**	**2.9**	**2.9**
Eastern Africa	**2.3**	**2.6**	**2.5**	**22.9**	**21.5**	**23.0**
Ethiopia	1.6	1.8	1.8	7.6	8.4	8.5
Sudan	0.4	0.5	0.4	5.6	3.4	4.1
Southern Africa	**1.8**	**1.9**	**2.3**	**16.9**	**17.3**	**19.0**
Madagascar	-	-	-	0.2	0.2	0.2
South Africa	1.5	1.7	2.0	10.2	10.3	13.0
Zimbabwe	0.1	0.1	0.1	0.9	0.9	0.7
CENTRAL AMERICA	**2.7**	**2.4**	**3.0**	**32.5**	**33.4**	**32.6**
Mexico	2.7	2.4	3.0	28.6	29.7	28.8
SOUTH AMERICA	**23.6**	**25.1**	**21.4**	**80.4**	**74.5**	**72.0**
Argentina	14.6	16.0	13.0	19.2	18.7	23.6
Brazil	6.0	5.7	5.2	50.5	44.8	37.5
Colombia	-	-	-	1.5	1.7	1.7
NORTH AMERICA	**87.4**	**84.6**	**83.7**	**302.0**	**346.6**	**313.2**
Canada	23.6	25.9	24.7	26.6	26.7	25.3
United States of America	63.8	58.7	59.0	275.4	319.9	287.9
EUROPE	**154.3**	**217.8**	**204.0**	**197.3**	**239.5**	**208.0**
Bulgaria	2.0	4.0	3.3	1.8	3.4	2.1
European Union[2]	91.0	137.3	123.7	95.8	152.3	130.2
Hungary[3]	2.9	5.9	5.2	5.8	11.1	10.2
Poland[3]	7.9	9.9	9.0	15.6	19.7	16.9
Romania	2.5	7.8	7.3	10.6	16.2	11.5
Russian Federation	34.0	45.3	46.1	30.2	29.8	29.0
Ukraine	4.3	16.5	17.6	15.5	19.1	16.4
OCEANIA	**26.5**	**20.7**	**20.3**	**15.7**	**11.2**	**11.1**
Australia	26.1	20.4	20.0	15.1	10.6	10.6
WORLD	**560.6**	**625.9**	**614.1**	**939.9**	**1 023.3**	**958.3**
Developing countries	267.0	279.0	280.0	409.3	411.2	408.5
Developed countries	293.6	346.9	334.1	530.7	612.1	549.8

[1] Including Taiwan Province.
[2] Up to 2003 15 member countries, from 2004 25 member countries.
[3] From 2004 included in EU 25.
Note: Totals computed from unrounded data.

TABLE A1. (*continued*)

	Rice (paddy)			Total Cereals		
	2003	2004 estimate	2005 forecast	2003	2004 estimate	2005 forecast
ASIA	**532.6**	**546.7**	**555.0**	**998.0**	**1 029.8**	**1 049.2**
Bangladesh	39.3	38.0	39.8	40.6	39.1	41.0
China[1]	162.3	180.5	181.6	375.3	412.9	416.1
India	132.4	128.0	129.0	235.3	231.9	235.0
Indonesia	52.1	54.1	53.0	63.0	65.3	64.7
Iran (Islamic Republic of)	2.9	3.1	3.3	21.1	21.5	22.7
Japan	9.7	10.9	10.6	10.8	12.0	11.7
Kazakhstan	0.2	0.2	0.2	15.1	12.6	13.4
Dem. People's Rep. of Korea	2.2	2.4	2.5	4.3	4.4	4.5
Korea, Republic of	6.2	6.7	6.5	6.5	7.1	6.9
Myanmar	23.1	23.4	24.5	24.2	24.3	25.6
Pakistan	7.3	7.5	7.5	29.0	30.3	31.6
Philippines	14.2	14.5	14.8	18.8	19.9	20.3
Saudi Arabia	-	-	-	2.3	1.8	1.4
Thailand	27.2	23.9	27.0	31.6	28.3	31.5
Turkey	0.4	0.4	0.4	30.6	32.8	32.5
Viet Nam	34.5	36.1	37.0	37.4	39.6	39.9
AFRICA	**18.2**	**19.1**	**19.9**	**131.0**	**129.4**	**128.7**
North Africa	**6.2**	**6.4**	**6.4**	**36.0**	**36.3**	**29.7**
Egypt	6.2	6.4	6.4	20.7	21.3	21.3
Morocco	-	-	-	8.0	8.5	3.8
Sub-Saharan Africa	**12.0**	**12.7**	**13.5**	**95.0**	**93.0**	**99.0**
Western Africa	**7.6**	**8.0**	**8.4**	**43.8**	**42.1**	**44.2**
Nigeria	3.4	3.5	4.0	22.6	23.3	24.2
Central Africa	**0.4**	**0.4**	**0.4**	**3.2**	**3.3**	**3.4**
Eastern Africa	**0.9**	**1.1**	**1.0**	**26.1**	**25.1**	**26.5**
Ethiopia	-	-	-	9.3	10.2	10.3
Sudan	-	-	-	5.9	3.9	4.5
Southern Africa	**3.1**	**3.3**	**3.7**	**21.9**	**22.5**	**24.9**
Madagascar	2.8	3.0	3.4	3.0	3.2	3.6
South Africa	-	-	-	11.7	12.0	15.1
Zimbabwe	-	-	-	1.0	1.0	0.8
CENTRAL AMERICA	**2.6**	**2.4**	**2.5**	**37.8**	**38.3**	**38.1**
Mexico	0.3	0.3	0.3	31.6	32.4	32.1
SOUTH AMERICA	**20.0**	**23.3**	**23.8**	**124.0**	**123.0**	**117.3**
Argentina	0.7	1.1	1.0	34.4	35.7	37.7
Brazil	10.4	12.8	13.2	66.9	63.3	55.9
Colombia	2.5	2.7	2.6	4.1	4.4	4.4
NORTH AMERICA	**9.1**	**10.5**	**10.4**	**398.4**	**441.7**	**407.2**
Canada	-	-	-	50.1	52.6	50.0
United States of America	9.1	10.5	10.4	348.3	389.1	357.2
EUROPE	**3.3**	**3.4**	**3.5**	**354.9**	**460.7**	**415.4**
Bulgaria	-	-	-	3.8	7.4	5.5
European Union[2]	2.7	2.8	2.7	189.4	292.5	256.6
Hungary[3]	-	-	-	8.8	17.0	15.4
Poland[3]	-	-	-	23.4	29.6	25.9
Romania	-	-	-	13.1	23.9	18.9
Russian Federation	0.5	0.5	0.6	64.6	75.6	75.6
Ukraine	0.1	0.1	0.1	19.9	35.7	34.1
OCEANIA	**0.4**	**0.6**	**0.3**	**42.6**	**32.4**	**31.8**
Australia	0.4	0.5	0.3	41.6	31.5	30.9
WORLD	**586.1**	**606.0**	**615.3**	**2 086.7**	**2 255.2**	**2 187.7**
Developing countries	562.9	580.0	590.0	1 239.2	1 270.2	1 278.4
Developed countries	23.2	26.0	25.4	847.5	985.0	909.3

[1] Including Taiwan Province.
[2] Up to 2003 15 member countries, from 2004 25 member countries.
[3] From 2004 included in EU 25.
Note: Totals computed from unrounded data.

TABLE A2. World imports of cereals *(million tonnes)*

	Wheat (July/June)[1]			Coarse Grains (July/June)		
	2003/04	2004/05 estimate	2005/06 forecast	2003/04	2004/05 estimate	2005/06 forecast
ASIA	**41.4**	**49.9**	**45.2**	**59.3**	**58.3**	**57.8**
Bangladesh	2.0	2.3	2.1	0.2	0.2	0.2
China	4.0	8.4	5.0	6.4	7.0	7.2
Taiwan Province	1.0	1.1	1.0	5.0	4.8	4.8
Georgia	0.6	0.9	0.6	-	-	-
India	-	0.1	0.5	0.2	0.1	0.1
Indonesia	4.7	4.6	4.3	1.4	1.0	0.6
Iran (Islamic Republic of)	0.5	0.2	0.2	1.7	2.9	3.1
Iraq	2.0	2.7	3.0	0.3	0.2	0.2
Israel	1.0	1.5	1.5	2.0	1.9	1.6
Japan	5.6	5.5	5.6	20.3	19.8	19.8
Dem. People's Rep. of Korea	0.4	0.4	0.4	0.1	0.3	0.2
Korea, Republic of	3.3	3.9	3.8	9.6	8.8	9.0
Malaysia	1.4	1.4	1.4	2.4	2.5	2.5
Pakistan	0.2	1.4	0.5	0.2	0.1	0.1
Philippines	3.0	3.0	3.1	0.1	0.1	0.1
Saudi Arabia	0.1	0.1	0.6	7.9	8.0	7.9
Singapore	0.3	0.3	0.3	-	-	-
Sri Lanka	1.0	1.0	1.0	0.1	0.1	0.1
Syria	0.2	0.2	0.2	1.8	2.0	1.7
Thailand	1.1	1.0	1.1	0.1	0.1	0.1
Yemen	2.0	1.9	2.2	0.3	0.2	0.3
AFRICA	**25.4**	**28.8**	**29.3**	**13.8**	**15.6**	**16.3**
North Africa	**15.0**	**16.7**	**17.1**	**8.8**	**10.6**	**10.7**
Algeria	3.5	4.5	5.0	2.1	2.1	2.3
Egypt	6.9	7.7	6.6	4.1	4.9	5.0
Morocco	2.4	2.1	2.8	1.0	1.6	1.7
Tunisia	0.7	0.9	1.2	0.8	1.2	1.0
Sub-Saharan Africa	**10.4**	**12.1**	**12.2**	**5.0**	**5.0**	**5.6**
Côte d'Ivoire	0.3	0.3	0.3	-	-	-
Ethiopia	0.6	0.6	0.8	0.1	-	-
Kenya	0.4	0.6	0.6	0.6	1.2	1.0
Nigeria	2.4	3.0	3.4	0.1	0.1	0.1
Senegal	0.3	0.3	0.3	-	-	-
Sudan	1.1	1.3	1.1	0.1	0.2	0.1
South Africa	0.7	1.2	1.1	0.6	0.3	0.2
CENTRAL AMERICA	**7.2**	**7.4**	**7.3**	**12.4**	**13.5**	**13.9**
Cuba	1.0	1.0	1.1	0.3	0.3	0.3
Dominican Rep.	0.3	0.3	0.3	0.8	0.9	0.9
Mexico	3.6	3.7	3.6	8.7	9.4	10.0
SOUTH AMERICA	**11.0**	**10.3**	**11.0**	**5.8**	**6.2**	**6.4**
Brazil	5.6	5.0	5.5	0.7	1.0	1.2
Chile	0.4	0.1	0.4	0.9	0.8	0.7
Colombia	1.2	1.3	1.2	2.2	2.3	2.2
Peru	1.4	1.4	1.5	0.9	1.2	1.3
Venezuela	1.4	1.5	1.5	0.6	0.4	0.4
NORTH AMERICA	**1.4**	**1.5**	**1.8**	**5.0**	**4.2**	**4.8**
Canada	0.1	-	-	2.5	1.9	2.6
United States of America	1.3	1.5	1.8	2.4	2.3	2.2
EUROPE	**17.5**	**10.4**	**10.4**	**12.2**	**5.3**	**5.1**
Belarus	0.4	0.2	0.2	0.2	0.3	0.3
European Union[2]	5.9	7.1	7.0	7.7	3.4	3.2
Poland[3]	0.8	-	-	0.7	-	-
Romania	2.1	0.3	0.2	0.4	-	0.1
Russian Federation	1.1	1.1	1.2	0.9	0.8	0.8
Ukraine	3.6	0.1	0.1	0.3	-	-
OCEANIA	**0.5**	**0.6**	**0.5**	**0.1**	**0.1**	**0.1**
New Zealand	0.2	0.3	0.2	0.1	0.1	0.1
WORLD	**104.4**	**108.9**	**105.5**	**108.5**	**103.2**	**104.5**
Developing countries	75.8	85.8	82.7	68.2	71.5	72.6
Developed countries	28.5	23.1	22.7	40.3	31.7	31.9

[1] Including wheat flour in wheat grain equivalent, but excluding semolina. [2] Excluding trade between the EU member countries. Up to 2003/04 15 member countries, from 2004/05 25 member countries. [3] From 2004/05 included in EU 25.
Note: Totals computed from unrounded data.

TABLE A2. *(continued)*

	Rice (milled)			Total Cereals[1]		
	2004	2005 estimate	2006 forecast	2003/04	2004/05 estimate	2005/06 forecast
ASIA	**11.9**	**12.9**		**112.6**	**121.2**	
Bangladesh	0.8	1.2		2.9	3.6	
China	0.9	0.7		11.4	16.1	
Taiwan Province	0.2	0.2		6.2	6.0	
Georgia	-	-		0.6	1.0	
India	-	0.1		0.2	0.3	
Indonesia	0.9	1.0		7.0	6.6	
Iran (Islamic Republic of)	0.9	0.8		3.1	3.9	
Iraq	1.2	1.2		3.5	4.1	
Israel	0.1	0.1		3.1	3.5	
Japan	0.7	0.7		26.6	26.1	
Dem. People's Rep. of Korea	0.6	0.7		1.1	1.4	
Korea, Republic of	0.2	0.2		13.1	12.9	
Malaysia	0.7	0.6		4.5	4.4	
Pakistan	-	-		0.4	1.5	
Philippines	1.0	1.8		4.1	4.9	
Saudi Arabia	0.9	0.9		8.8	9.0	
Singapore	0.3	0.3		0.6	0.7	
Sri Lanka	0.2	0.1		1.4	1.2	
Syria	0.2	0.2		2.2	2.4	
Thailand	-	-		1.2	1.1	
Yemen	0.3	0.3		2.6	2.4	
AFRICA	**8.6**	**8.2**		**47.7**	**52.6**	
North Africa	**0.2**	**0.2**		**24.0**	27.5	
Algeria	0.1	0.1		5.7	6.7	
Egypt	-	-		11.0	12.6	
Morocco	-	-		3.5	3.8	
Tunisia	-	-		1.5	2.1	
Sub-Saharan Africa	**8.4**	**8.0**		**23.7**	**25.1**	
Côte d'Ivoire	0.8	0.8		1.1	1.2	
Ethiopia	-	-		0.7	0.7	
Kenya	0.2	0.2		1.3	2.0	
Nigeria	1.6	1.3		4.1	4.4	
Senegal	0.7	0.8		0.9	1.0	
Sudan	-	-		1.3	1.6	
South Africa	1.0	0.9		2.4	2.4	
CENTRAL AMERICA	**2.1**	**2.2**		**21.7**	**23.1**	
Cuba	0.7	0.8		2.0	2.0	
Dominican Rep.	0.1	0.1		1.2	1.3	
Mexico	0.5	0.5		12.9	13.7	
SOUTH AMERICA	**1.1**	**0.7**		**18.0**	**17.3**	
Brazil	0.9	0.5		7.1	6.5	
Chile	0.1	0.1		1.5	1.0	
Colombia	0.1	0.1		3.5	3.6	
Peru	0.1	-		2.4	2.6	
Venezuela	-	-		2.0	1.9	
NORTH AMERICA	**0.8**	**0.7**		**7.2**	**6.4**	
Canada	0.3	0.3		2.9	2.2	
United States of America	0.5	0.4		4.2	4.2	
EUROPE	**1.8**	**1.8**		**31.5**	**17.5**	
Belarus	-	-		0.6	0.5	
European Union[2]	0.7	0.9		14.3	11.4	
Poland[3]	0.1	-		1.5	-	
Romania	0.1	0.1		2.6	0.4	
Russian Federation	0.5	0.5		2.5	2.4	
Ukraine	0.1	0.1		4.0	0.2	
OCEANIA	**0.4**	**0.4**		**0.9**	**1.1**	
New Zealand	-	-		0.3	0.4	
WORLD	**26.7**	**27.0**	**25.9[4]**	**239.5**	**239.2**	**235.8**
Developing countries	22.0	22.5	21.4	166.0	179.8	176.7
Developed countries	4.7	4.5	4.4	73.5	59.3	59.1

[1] Trade in rice refers to the calendar year of the second year shown. [2] Excluding trade between the EU member countries. Up to 2003/04 15 member countries, from 2004/05 25 member countries. [3] From 2004/05 included in EU 25. [4] Highly tentative.
Note: Totals computed from unrounded data.

TABLE A3. World exports of cereals *(million tonnes)*

	Wheat (July/June)[1]			Coarse Grains (July/June)		
	2003/04	2004/05 estimate	2005/06 forecast	2003/04	2004/05 estimate	2005/06 forecast
ASIA	**16.6**	**10.8**	**10.1**	**14.7**	**7.6**	**6.5**
China[2]	2.1	0.3	0.4	11.3	5.6	4.5
India	5.0	1.5	0.3	0.8	0.3	0.3
Indonesia	-	-	-	0.1	0.1	0.1
Japan	0.4	0.4	0.4	-	-	-
Kazakhstan	5.4	3.9	4.4	0.5	0.2	0.3
Myanmar	-	-	-	0.1	0.1	0.1
Pakistan	0.2	0.1	0.2	-	-	-
Syria	1.0	0.8	1.0	0.3	0.1	0.1
Thailand	-	-	-	0.7	0.5	0.3
Turkey	0.8	2.0	1.5	0.1	0.1	-
Viet Nam	-	-	-	-	-	-
AFRICA	**0.6**	**0.5**	**0.6**	**2.4**	**2.7**	**3.7**
Egypt	-	-	-	-	-	-
Ethiopia	-	-	-	-	-	-
Nigeria	-	-	-	0.1	0.1	0.1
South Africa	0.2	0.1	0.3	1.1	1.1	2.4
Sudan	-	-	-	0.2	0.1	0.1
Uganda	-	-	-	0.4	0.4	0.4
CENTRAL AMERICA	**0.5**	**0.5**	**0.6**	**0.2**	**0.1**	**0.2**
SOUTH AMERICA	**8.4**	**12.7**	**7.6**	**17.0**	**16.5**	**15.5**
Argentina	6.8	12.4	7.4	9.9	12.9	14.3
Brazil	1.4	-	-	6.2	2.8	0.6
Paraguay	0.2	0.2	0.2	0.6	0.6	0.3
Uruguay	-	0.1	0.1	0.1	0.1	0.1
NORTH AMERICA	**47.3**	**42.7**	**42.0**	**54.6**	**56.7**	**59.0**
Canada	15.3	14.5	15.5	3.5	4.2	4.5
United States of America	32.0	28.2	26.5	51.1	52.4	54.5
EUROPE	**13.8**	**26.5**	**29.7**	**11.8**	**16.4**	**14.1**
Bulgaria	0.2	0.7	0.6	0.1	1.1	0.6
Czech Rep.[3]	-	-	-	0.3	-	-
European Union[4]	9.0	13.0	14.5	4.0	4.8	5.0
Hungary[3]	0.5	-	-	0.4	-	-
Romania	-	0.1	0.5	0.2	1.8	1.4
Russian Federation	4.0	7.9	8.5	3.3	1.1	1.0
Ukraine	0.1	4.4	5.2	2.8	6.7	5.1
OCEANIA	**17.0**	**15.8**	**15.0**	**5.0**	**6.5**	**5.5**
Australia	17.0	15.8	15.0	5.0	6.5	5.5
WORLD	**104.2**	**109.7**	**105.5**	**105.8**	**106.5**	**104.5**
Developing countries	19.6	19.5	13.2	32.8	25.6	23.2
Developed countries	84.6	90.1	92.3	73.1	80.9	81.3

[1] Including wheat flour in wheat grain equivalent, but excluding semolina.
[2] Including Taiwan Province.
[3] From 2004/05 included in EU 25.
[4] Excluding trade between the EU member countries. Up to 2003/04 15 member countries, from 2004/05 25 member countries.
Note: Totals computed from unrounded data.

TABLE A3. *(cont.)*

	Rice (milled)			Total Cereals[1]		
	2004	2005 estimate	2006 forecast	2003/04	2004/05 estimate	2005/06 forecast
ASIA	**21.2**	**20.8**		**52.5**	**39.2**	
China[2]	1.0	0.8		14.4	6.8	
India	3.6	4.2		9.3	6.0	
Indonesia	-	-		0.1	0.1	
Japan	0.2	0.2		0.6	0.6	
Kazakhstan	-	-		5.9	4.1	
Myanmar	0.1	0.2		0.3	0.3	
Pakistan	1.9	2.5		2.1	2.6	
Syria	-	-		1.3	0.9	
Thailand	10.1	7.8		10.8	8.3	
Turkey	-	-		0.9	2.1	
Viet Nam	4.1	4.5		4.1	4.5	
AFRICA	**0.8**	**1.0**		**3.8**	**4.3**	
Egypt	0.8	1.0		0.8	1.0	
Ethiopia	-	-		-	-	
Nigeria	-	-		0.1	0.1	
South Africa	-	-		1.2	1.2	
Sudan	-	-		0.2	0.1	
Uganda	-	-		0.4	0.4	
CENTRAL AMERICA	**0.1**	**-**		**0.8**	**0.6**	
SOUTH AMERICA	**1.2**	**1.4**		**26.6**	**30.6**	
Argentina	0.2	0.3		16.9	25.6	
Brazil	-	0.1		7.6	2.9	
Paraguay	-	-		0.7	0.8	
Uruguay	0.6	0.7		0.7	0.9	
NORTH AMERICA	**3.1**	**3.6**		**105.0**	**102.9**	
Canada	-	-		18.7	18.7	
United States of America	3.1	3.6		86.2	84.2	
EUROPE	**0.3**	**0.2**		**25.9**	**43.2**	
Bulgaria	-	-		0.3	1.8	
Czech Rep.[3]	-	-		0.3	-	
European Union[4]	0.3	0.2		13.2	18.0	
Hungary[3]	-	-		0.9	-	
Romania	-	-		0.2	1.9	
Russian Federation	-	-		7.3	9.0	
Ukraine	-	-		2.9	11.1	
OCEANIA	**0.1**	**0.1**		**22.1**	**22.4**	
Australia	0.1	0.1		22.1	22.3	
WORLD	**26.7**	**27.0**	**25.9**[5]	**236.7**	**243.2**	**235.8**
Developing countries	23.1	23.0	21.6	75.5	68.1	57.9
Developed countries	3.6	4.0	4.3	161.2	175.1	177.9

[1] Trade in rice refers to the calendar year of the second year shown.
[2] Including Taiwan Province.
[3] From 2004/05 included in EU 25.
[4] Excluding trade between the EU member countries. Up to 2003/04 15 member countries, from 2004/05 25 member countries.
[5] Highly tentative.
Note: Totals computed from unrounded data.

TABLE A4. Cereal supply and utilization in main exporting countries *(million tonnes)*

	Wheat[1]			Coarse Grains[2]			Rice (milled basis)		
	2003/04	2004/05 estimate	2005/06 forecast	2003/04	2004/05 estimate	2005/06 forecast	2003/04	2004/05 estimate	2005/06 forecast
	UNITED STATES (June/May)			**UNITED STATES**			**UNITED STATES** (Aug./July)		
Opening stocks	13.4	14.9	14.7	30.9	28.8	58.8	0.8	0.8	1.2
Production	63.8	58.7	59.0	275.4	319.9	287.9	6.4	7.4	7.3
Imports	1.3	1.5	1.9	2.5	2.2	1.9	0.5	0.4	0.5
Total Supply	**78.5**	**75.1**	**75.6**	**308.8**	**350.8**	**348.6**	**7.7**	**8.6**	**8.9**
Domestic use	32.4	31.7	32.3	226.2	240.6	235.2	3.7	3.9	4.0
Exports	31.2	28.7	26.3	53.8	51.4	56.0	3.3	3.5	3.8
Closing stocks	14.9	14.7	17.0	28.8	58.8	57.4	0.8	1.2	1.1
	CANADA (August/July)			**CANADA**			**THAILAND** (Nov./Oct.)[3]		
Opening stocks	5.7	6.1	8.2	3.2	4.2	5.5	4.9	3.3	
Production	23.6	25.9	24.7	26.6	26.7	25.3	18.0	15.8	
Imports	0.0	0.0	0.0	2.2	2.5	2.9	0.0	0.0	
Total Supply	**29.3**	**32.0**	**32.9**	**31.9**	**33.4**	**33.7**	**22.9**	**19.1**	
Domestic use	7.5	9.2	8.4	23.0	23.9	24.5	9.5	9.4	
Exports	15.7	14.6	16.8	4.7	4.1	4.7	10.1	7.8	
Closing stocks	6.1	8.2	7.7	4.2	5.5	4.4	3.3	2.0	
	ARGENTINA (Dec./Nov.)			**ARGENTINA**			**CHINA** (Jan./Dec.)[3 4]		
Opening stocks	2.1	2.0	0.7	1.1	1.4	0.8	73.7	59.2	
Production	14.6	16.0	13.0	19.2	18.7	23.6	111.3	123.7	
Imports	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.7	
Total Supply	**16.6**	**18.0**	**13.7**	**20.2**	**20.1**	**24.5**	**185.9**	**183.6**	
Domestic use	5.9	5.8	5.6	7.2	8.3	8.9	125.7	126.1	
Exports	8.7	11.5	7.5	11.7	11.0	14.5	1.0	0.8	
Closing stocks	2.0	0.7	0.6	1.4	0.8	1.1	59.2	56.6	
	AUSTRALIA (Oct./Sept.)			**AUSTRALIA**			**PAKISTAN** (Nov./Oct.)[3]		
Opening stocks	2.9	6.1	6.0	1.7	2.8	1.7	0.4	0.6	
Production	26.1	20.4	20.0	15.1	10.6	10.6	4.8	5.0	
Imports	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total Supply	**29.1**	**26.5**	**26.0**	**16.8**	**13.4**	**12.3**	**5.2**	**5.5**	
Domestic use	5.1	5.2	5.8	7.3	6.6	6.8	2.8	2.7	
Exports	17.9	15.3	14.8	6.7	5.1	4.5	1.9	2.5	
Closing stocks	6.1	6.0	5.5	2.8	1.7	1.1	0.6	0.4	
	EU (July/June)[5]			**EU**[5]			**VIET NAM** (Nov./Oct.)[3]		
Opening stocks	15.0	10.5	24.0	18.0	14.4	22.7	4.9	4.9	
Production	90.9	137.3	123.7	95.8	152.3	130.2	23.0	24.1	
Imports	5.9	7.1	7.0	7.7	3.4	3.2	0.0	0.0	
Total Supply	**111.9**	**154.9**	**154.7**	**121.5**	**170.1**	**156.1**	**27.9**	**29.0**	
Domestic use	93.2	117.7	118.5	106.1	142.6	134.8	19.0	19.4	
Exports	9.2	13.2	14.7	4.0	4.8	5.0	4.1	4.5	
Closing stocks	9.5	24.0	21.5	11.3	22.7	16.3	4.9	5.1	
	TOTAL OF ABOVE			**TOTAL OF ABOVE**			**TOTAL OF ABOVE**		
Opening stocks	39.1	39.6	53.6	54.9	51.5	89.7	84.7	68.7	
Production	219.0	258.2	240.4	431.9	528.2	477.6	163.6	176.0	
Imports	7.2	8.6	8.9	12.3	8.2	8.0	1.4	1.1	
Total Supply	**265.3**	**306.4**	**302.9**	**499.2**	**587.9**	**575.2**	**249.7**	**245.8**	
Domestic use	143.9	169.6	170.6	369.9	421.9	410.3	160.7	161.4	
Exports	82.8	83.2	80.1	80.9	76.3	84.7	20.3	19.2	
Closing stocks	38.6	53.6	52.3	48.4	89.7	80.3	68.7	65.2	

[1] Trade data include wheat flour in wheat grain equivalent. For the EU semolina is also included.
[2] **Argentina** (December/November) for rye, barley and oats, (March/February) for maize and sorghum; **Australia** (November/October) for rye, barley and oats, (March/February) for maize and sorghum; **Canada** (August/July); **EU** (July/June); **United States** (June/May) for rye, barley and oats, (September/August) for maize and sorghum.
[3] Rice trade data refer to the calendar year of the second year shown.
[4] Including Taiwan province.
[5] Excluding trade between the EU member countries. Up to 2003/04 15 member countries, from 2004/05 25 member countries.
Note: Totals computed from unrounded data.

TABLE A5. World cereal stocks[1] (*million tonnes*)

	Crop Years ending in:						
	2000	**2001**	**2002**	**2003**	**2004**	**2005 estimate**	**2006 forecast**
TOTAL CEREALS	**633.7**	**602.3**	**577.3**	**487.3**	**415.7**	**463.9**	**430.6**
Wheat	**248.1**	**245.5**	**237.5**	**204.0**	**161.5**	**172.7**	**163.3**
held by:							
- main exporters[2]	50.2	52.8	49.0	39.1	38.6	53.6	52.3
- others	197.9	192.7	188.5	164.9	122.9	119.1	111.0
Coarse Grains	**232.7**	**206.0**	**195.7**	**162.9**	**149.7**	**192.8**	**172.4**
held by:							
- main exporters[2]	78.5	77.0	70.0	54.9	48.4	89.7	80.3
- others	154.2	129.0	125.7	108.0	101.3	103.2	92.2
Rice (milled basis)	**153.0**	**150.8**	**144.2**	**120.5**	**104.5**	**98.3**	**94.9**
held by:							
- main exporters[2]	102.0	100.0	94.2	84.7	68.7	65.2	64.4
excl. China[3]	8.2	9.4	10.8	11.0	9.5	8.6	8.8
- others	51.0	50.8	50.0	35.8	35.8	33.1	30.4
Developed Countries	**166.6**	**162.2**	**169.5**	**144.8**	**124.0**	**184.7**	**172.1**
Australia	5.0	6.1	10.0	4.9	9.0	7.9	
European Union[4]	34.5	32.0	31.1	33.7	21.5	47.4	
Canada	13.5	14.1	10.3	8.9	10.3	13.8	
Hungary[5]	2.2	1.5	2.0	1.4	1.0	-	
Japan	6.2	6.0	5.7	5.4	4.9	4.8	
Poland[5]	3.8	2.2	3.0	3.1	2.6	-	
Romania	3.7	0.4	2.5	2.0	1.2	4.9	
Russian Federation	4.9	6.5	13.5	12.5	7.3	9.1	
South Africa	1.8	2.9	1.9	3.8	3.5	4.0	
Ukraine	2.2	2.3	5.2	5.1	2.9	4.1	
United States	75.6	77.4	67.4	45.1	44.4	74.7	
Developing Countries	**467.2**	**440.2**	**407.8**	**342.5**	**291.8**	**279.2**	**258.5**
Asia	**429.3**	**405.2**	**369.4**	**309.2**	**252.0**	**237.8**	
China[3]	311.2	281.1	249.2	210.2	164.1	158.0	
India	57.4	62.3	60.5	40.4	31.8	27.3	
Indonesia	8.6	7.4	5.0	5.7	6.0	5.7	
Iran (Islamic Republic of)	4.3	4.1	4.9	4.4	3.4	2.6	
Korea, Republic of	3.3	3.0	3.2	3.1	2.8	2.5	
Pakistan	8.6	9.3	6.6	2.9	1.9	2.2	
Philippines	1.9	2.2	1.9	2.2	1.8	2.2	
Syria	3.7	3.0	3.8	3.9	4.0	3.8	
Turkey	8.3	8.7	7.8	8.0	7.7	6.8	
Africa	**23.2**	**21.5**	**21.9**	**19.9**	**21.5**	**23.0**	
Algeria	2.2	2.1	2.1	2.6	2.8	3.4	
Egypt	4.3	4.3	4.3	3.6	2.9	3.5	
Ethiopia	0.3	0.9	0.3	0.6	0.1	0.1	
Morocco	3.7	1.9	1.9	1.8	3.1	4.5	
Nigeria	1.7	2.2	2.1	2.1	1.8	1.5	
Tunisia	1.9	1.8	1.9	1.5	1.8	2.0	
Central America	**6.7**	**6.3**	**6.7**	**5.5**	**6.0**	**6.4**	
Mexico	4.9	4.5	4.7	3.7	4.2	4.9	
South America	**7.7**	**6.9**	**9.5**	**7.7**	**12.0**	**11.8**	
Argentina	1.8	1.6	2.3	3.2	3.5	1.7	
Brazil	2.8	1.7	3.6	1.5	5.5	7.0	

[1] Stock data are based on an aggregate of carryovers at the end of national crop years and do not represent world stock levels at any point in time.
[2] The major **wheat** and **coarse grains** exporters are Argentina, Australia, Canada, the EU and the United States. The major **rice** exporters are China (including Taiwan Province), Pakistan, Thailand, the United States and Viet Nam. See Table A.4 for country details.
[3] Including Taiwan Province.
[4] Up to 2003/04 15 member countries, from 2004/05 25 member countries.
[5] From 2004/05 included in EU 25.
Note: Based on official and unofficial estimates. Totals computed from unrounded data.

TABLE A6. Selected export prices of cereals and soyabeans *(US$/tonne)*

Period	Wheat			Maize		Sorghum	Soybeans
	US No.2 Hard Red Winter Ord. Prot.[1]	US Soft Red Winter No.2[1]	Argentina Trigo Pan[2]	US No.2 Yellow[1]	Argentina[2]	US No.2 Yellow[1]	US No.1 Yellow[1]
Annual (July/June)							
2001/2002	127	113	119	90	89	95	182
2002/2003	161	138	145	107	102	112	222
2003/2004	161	149	154	115	109	118	305
2004/2005	154	138	123	97	90	99	238
Monthly							
2004 – September	155	139	126	97	95	101	219
2005 – April	148	132	129	97	84	95	243
2005 – May	151	135	133	94	87	100	250
2005 – June	146	131	133	98	91	106	267
2005 – July	148	130	144	105	100	113	267
2005 – August	157	129	142	99	98	108	247
2005 – September	167	128	136	97	97	98	226
Weekly							
2005 – August V	162	129	142	95	96	105	233
2005 – September I	159	na	140	na	99	na	na
2005 – September II	168	129	137	101	98	95	230
2005 – September III	169	127	135	98	96	98	228
2005 – September IV	173	127	133	93	93	101	220

[1] Delivered US Gulf ports.
[2] Up River f.o.b.
Sources: International Grain Council and USDA.

TABLE A7. Wheat and maize price indices

Period	Wheat[1] *(1997/98-1999/00=100)*	Maize[2] *(1997/98-1999/00=100)*
Annual (July/June)		
2000/2001	97	87
2001/2002	99	91
2002/2003	121	108
2003/2004	119	116
2004/2005	118	98
Monthly		
2004 – August	108	105
2005 – January	123	97
2005 – February	121	95
2005 – March	122	101
2005 – April	114	98
2005 – May	115	95
2005 – June	117	99
2005 – July	114	106
2005 – August	114	99

[1] The wheat price index has been constructed based on the IGC wheat price index, rebased to July/June 1997/98-1999/00 = 100. The IGC wheat price index is composed of a simple average of following price quotations, converted to an index, with base July/December 1986 = 1000:
a Australian Standard White, f.o.b. Eastern States - second position quoted.
b Canadian No.1 CWRS 13.5%, f.o.b. St. Lawrence.
c Canadian No.1 CWRS 12.5%, f.o.b. Vancouver.
d United States No.2 HRW (Ordinary), Gulf.
e United States No.2 SRW, Gulf.
f United States No.2 DNS 14%, f.o.b. Lakes
g United States No.2 Western White, f.o.b. Pacific
[2] United States Maize No.2 Yellow (delivered Gulf ports) with base July/June, 1997/98-1999/00 = 100.
Sources: FAO, International Grain Council, USDA.

TABLE A8. Price indices and selected export prices for rice

Period	Export Prices (US$ per tonne)				FAO Indices (1998-2000=100)				
	Thai 100% B[1]	Thai broken[2]	US Long grain[3]	Pakistani Basmati[4]	Total	Indica		Japonica	Aromatic
						High quality	Low quality		
Annual (January/December)									
2001	177	135	264	332	74	74	74	76	69
2002	197	151	207	366	72	73	75	67	74
2003	201	151	284	358	82	79	81	82	91
2004	244	207	372	486	104	101	110	104	96
Monthly									
2004 – September	240	207	341	n.a.	102	101	110	100	92
2005 – April	300	226	316	472	106	107	121	93	95
2005 – May	298	220	318	472	102	105	113	91	94
2005 – June	290	213	310	472	101	103	112	91	92
2005 – July	280	208	304	473	100	101	110	93	92
2005 – August	287	214	291	475	101	102	111	93	94
Weekly									
2005 – September I	285	215	291	475	)				
2005 – September II	289	217	302	475	) 102	103	112	93	94
2005 – September III	n.a.	n.a.	n.a.	475	)				
2005 – September IV	292	219	313	475	)				

[1] White rice, 100% second grade, f.o.b. Bangkok, indicative traded prices.
[2] A1 super, f.o.b. Bangkok, indicative traded prices.
[3] US No.2, 4% brokens f.o.b.
[4] Basmati: ordinary, f.o.b. Karachi.
Note: The FAO Rice Price Index is based on 16 rice export quotations. 'Quality' is defined by the precentage of broken kernels, with high (low) quality referring to rice with less (equal to or more) than 20 percent brokens. The Sub-Index for Aromatic Rice follows movements in prices of Basmati and Fragrant rice.
Sources: FAO for indices. Rice prices: Jackson Son & Co. (London) Ltd. and other public sources.

TABLE A9. Price indices and selected international prices for oilcrop products

Period	FAO Indices (1990-92=100)			International Prices (US$ per tonne)				
	Oilseeds	Edible/Soap Fats/Oils	Oilcakes/ Meals	Soybeans[1]	Soybean Oil[2]	Palm Oil[3]	Soybean Cake[4]	Rapeseed Meal[5]
Annual (October/September)								
1996/97	118	134	133	298	536	545	278	174
1997/98	109	154	116	256	634	641	197	138
1998/99	89	125	82	209	483	514	149	104
1999/00	84	91	89	209	355	337	180	124
2000/01	82	81	96	201	335	272	188	141
2001/02	86	101	102	201	411	357	175	129
Semestral								
2002/03 – Oct.- Mar.	103	124	106	241	543	442	186	133
2002/03 – Apr.- Sep.	104	123	110	246	535	414	197	149
2003/04 – Oct.- Mar.	140	144	138	351	653	512	274	199
2003/04 – Apr.- Sep.	121	140	126	294	612	464	240	157
2004/05 – Oct.- Mar.	111	134	115	264	539	420	205	133
Latest period								
2005 – Apr.- Aug.	117	132	123	289	551	417	221	126

[1] Soybeans (US, No.2 yellow, c.i.f. Rotterdam).
[2] Soybean oil (Dutch, fob ex-mill).
[3] Palm oil (Crude, c.i.f. North West Europe).
[4] Soybean cake (Pellets, 44/45%, Argentina, c.i.f. Rotterdam).
[5] Rapeseed meal (34%, Hamburg, f.o.b. ex-mill).
Note: The FAO indices are calculated using the Laspeyres formula; the weights used are the average export values of each commodity for the 1990-92 period. The indices are based on the international prices of five selected seeds, ten selected oils and fats and seven selected cakes and meals.
Sources: FAO and Oil World.

TABLE A10. Wheat and maize futures prices *(US$/tonne)*

	December		March		May		July	
	this year	last year	this year	last year	this year	last year	this year	last year
Wheat								
August 23	122	122	127	126	129	127	130	128
August 30	119	116	124	120	126	122	127	123
September 6	118	117	123	120	125	121	127	122
September 13	121	124	126	127	128	129	130	128
September 20	118	121	123	125	126	127	128	127
September 27	120	118	125	122	128	124	130	125
Maize								
August 23	88	96	92	99	94	101	96	103
August 30	86	93	90	96	92	98	94	100
September 6	87	87	91	92	94	95	96	97
September 13	83	87	87	90	90	93	93	95
September 20	81	84	86	88	89	90	92	93
September 27	80	82	85	86	88	89	91	91

Source: Chicago Board of Trade.

TABLE A11. Ocean freight rates for wheat *(US$/tonne)*

	From US Gulf ports to:			
Period	**EU**[1]	**CIS Black Sea**[1 2]	**Egypt**[1]	**Bangladesh**[1]
Annual (July/June)				
2001/2002	11.00	40.97	15.00	18.50
2002/2003	12.50	40.97	16.67	22.50
2003/2004	28.27	41.89	36.96	48.50
2004/2005	34.50	41.18	46.50	65.42
Monthly				
2004 – August	32.00	39.00	44.00	49.00
2005 – February	35.00	42.00	47.00	70.00
2005 – March	38.00	44.00	49.00	80.00
2005 – April	38.00	44.00	48.00	80.00
2005 – May	32.00	39.00	43.00	70.00
2005 – June	29.00	37.00	40.00	60.00
2005 – July	23.00	33.00	36.00	50.00
2005 – August	21.00	31.00	30.00	43.00

[1] Size of vessels: EU over 40 000 tonnes; CIS 20 000-40 000 tonnes; Egypt over 30 000 tonnes; Bangladesh over 40 000 tonnes.
[2] Excludes CIS and the United States flag vessels.
Note: Estimated mid-month rates based on current chartering practices for vessels ready to load three to four weeks ahead.
Source: International Grains Council.

TABLE A12. Selected international commodity prices

	Currency and Unit	Effective Date	Latest Quotation	1 month ago	1 year ago	Average 2000-2004
Sugar (I.S.A. daily price)	US cents per lb	09.09.05	10.22	10.20	7.48	7.59
Coffee (I.C.O. daily price)	US cents per lb	09.09.05	80.22	87.43	58.66	54.32
Cocoa (I.C.C.O. daily price)	US cents per lb	09.09.05	72.78	66.78	69.27	64.03
Tea (FAO Composite price)	US$ per kg	31.07.05	1.63	1.58	1.63	1.60
Cotton (COTLOOK, index "A" 1-3/32")	US cents per lb	29.07.05	54.15	54.55	55.0	55.68
Jute "BWD" f.o.b. Mongla at sight	US$ per Ton	08.09.05	400	400	290	279.13
Wool (64's, London)	Pence per kg	29.07.05	417	396	436	422

TABLE A13. Selected international meat prices *(bulk f.o.b., US$/tonne)*

	FAO index of international meat prices *(1990-92=100)*	Indicative international meat prices *(US$ per tonne)*			
		Chicken[1]	Pork[2]	Beef[3]	Lamb[4]
Annual					
1995	99	922	2 470	1 947	2 621
1996	96	978	2 733	1 741	3 295
1997	96	843	2 724	1 880	3 393
1998	83	760	2 121	1 754	2 750
1999	84	602	2 073	1 894	2 610
2000	85	592	2 083	1 957	2 619
2001	84	645	2 077	2 138	2 912
2002	82	579	1 830	2 127	3 303
2003	90	614	1 884	2 112	3 885
2004	102	749	2 073	2 513	4 599
2005	107[5]	782[5]	2 300[5]	2 633[6]	4 568[6]
Monthly					
2005 – January	107	725	2 143	2 541	4 762
2005 – February	109	707	2 330	2 588	4 785
2005 – March	109	720	2 376	2 639	4 797
2005 – April	106	754	2 327	2 607	4 720
2005 – May	107	795	2 296	2 678	4 538
2005 – June	108	863	2 418	2 660	4 390
2005 – July	103	908	2 209	2 706	4 225
2005 – August	n.a.	n.a.	n.a.	2 646	4 328

[1] Chicken parts, United States export unit value.
[2] Frozen pork, United States export unit value.
[3] Manufacture cow beef, Australia, c.i.f. prices to the United States.
[4] Lamb frozen whole carcass, New Zealand, wholesale prices London.
[5] Index: January-July 2005.
[6] Index: January-August 2005.

TABLE A14. Fertilizer spot price ranges *(bulk f.o.b., US$/tonne)*

	August 2005	September 2005[1]	September 2004	Change from last year[2] *(percentage)*
Urea				
Baltic	208 - 212	212 - 216	225 - 229	-5.7
Persian Gulf	237 - 241	238 - 245	236 - 241	1.3
Ammonium Sulphate				
eastern Europe	82 - 85	83 - 87	85 - 87	-1.2
Diammonium Phosphate				
North Africa	260 - 264	261 - 265	235 - 240	10.7
US Gulf	260 - 264	260 - 264	224 - 228	15.9
Triple Superphosphate				
North Africa	185 - 187	185 - 188	182 - 185	1.6
US Gulf	201 - 201	201 - 201	194 - 195	3.3
Muriate of Potash				
Baltic	151 - 174	155 - 178	112 - 127	39.3
Vancouver	145 - 184	148 - 190	118 - 143	29.5

[1] Up till 12 September 2005.
[2] From mid-point of given ranges.
Source: Compiled from Fertilizer Week and Fertilizer Market Bulletin.

STATISTICAL NOTE

Data are obtained from official and unofficial sources. For cereals, production data refer to the calendar year in which the whole harvest or bulk of harvest takes place. For sugar, production data relate to the October/September season. For vegetable oils and oil meals derived from oilseeds, production data refer to the year in which the bulk of the seeds concerned are crushed. For trade in wheat and coarse grains, the time reference period is normally the July/June marketing year unless otherwise stated. Trade data for rice and other commodities refer to the calendar year. Coarse grains refer to all other cereals except wheat and rice. Quantities are in metric tonnes unless otherwise stated. '-' means nil or negligible.

COUNTRY CLASSIFICATION

In the presentation and analysis of statistical material, countries are sub-divided, where appropriate, into the following two main economic groupings: "Developed countries" (including the developed market economies and the transition markets) and "Developing countries" (including the developing market economies and the Asia centrally planned countries). The designation "Developed" and "Developing" economies is intended for statistical convenience and does not necessarily express a judgement about the stage reached by a particular country or area in the development process.

References are also made to special country groupings: Low-Income Food-Deficit Countries (LIFDCs), Least Developed Countries (LDCs) and Net Food-Importing Developing Countries (NFIDCs). The LIFDCs currently includes 84 countries that are net importers of cereals with per caput income below the level used by the World Bank to determine eligibility for IDA assistance (i.e. US$1 415 in 2002). The LDCs and NIFDCs groups include a list of countries agreed by the World Trade Organization (WTO) to qualify as beneficiaries under the Marrakech Decision on the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries. The LDCs group currently includes 49 countries with low income as well as weak human resources and low level of economic diversification. The list is reviewed every three years by the Economic and Social Council of the United Nations. The NIFDCs group includes 22 developing country WTO Members which notified their request to be listed as NFIDCs and have submitted relevant statistical data concerning their status as net importers of basic foodstuffs during a representative period. This list is reviewed annually by the WTO Committee on Agriculture.

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Calendar and contents of publication for 2005[1]

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Basic food commodities				
Wheat	■	■	■	■
Coarse grains	■	■	■	■
Rice	■	■	■	■
Meat and Meat Products	■		■	
Milk and Milk Products		■		■
Oilseeds, Oils and Oilmeals		■		■
Pulses		■		
Roots and tubers				■
Sugar		■		■
Other relevant agricultural commodities	■	■	■	■
Ocean Freight Rates	■	■	■	■
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Statistical appendix	■	■	■	■
SPECIAL FEATURES				
Islamic Republic of Iran wheat trade prospects	■			
Tsunami: update on impact for food supplies in 2005	■			
Southern Africa cereal situation		■		

[1] These dates and contents are tentative. The dates refer to the release of the English version. Food Outlook versions in Arabic, Chinese, French and Spanish are available shortly after the release of the English version.

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Contributing to this issue:

Basic Foodstuffs Service: Grains Group; Rice Group; Oilseeds and Livestock Group

Global Information and Early Warning Service

Raw Materials, Tropical and Horticultural Products Service: Sugar and Beverages Group; Horticultural Products Group; Raw Materials Group

Land and Plant Nutrition Management Service

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