

Market Review: Situation and Outlook for Non-Basic Food Agricultural Commodities (CCP 12/INF/5)

- Summary – CCP 12/INF/5
- Detailed analyses available:
 - i. From Team 5 – EST
 - ii. IGG web pages : e.g. IGG Tea and IGGHF
<http://www.fao.org/economic/est/est-commodities/tea/en/>
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- Cost of compliance is a major factor impacting exports

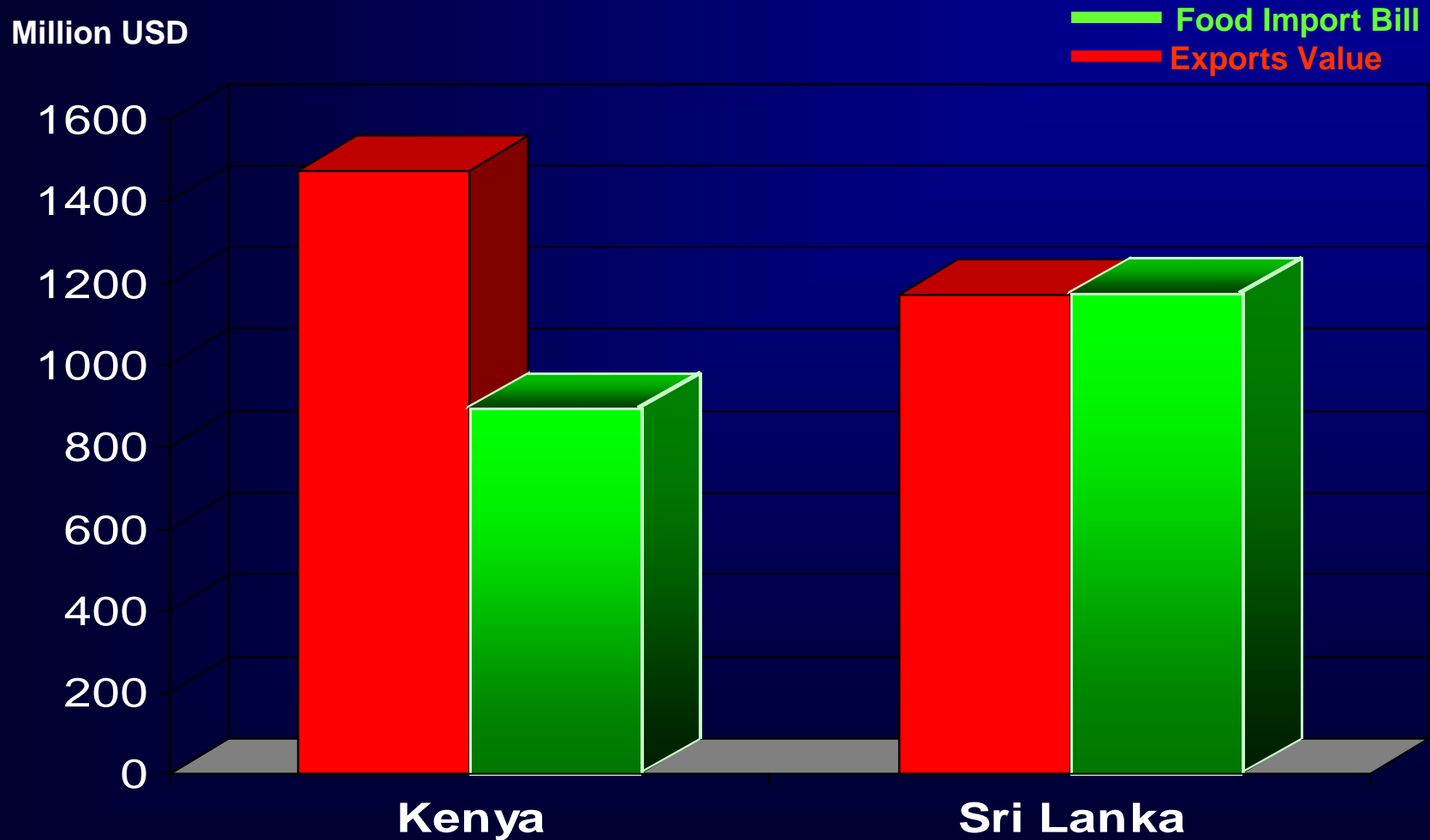


Socio Economic Relevance of Non-Basic food Agricultural Commodities

- Produced and exported by developing countries;
- Includes all least developed countries (LDC) and all low income food deficit countries (LIFDC);
- Generates foreign exchange to finance food imports and enhance national food security;
- Major benefits - Socio-economic development of smallholders who make up more than 90 percent of growers of these commodities.



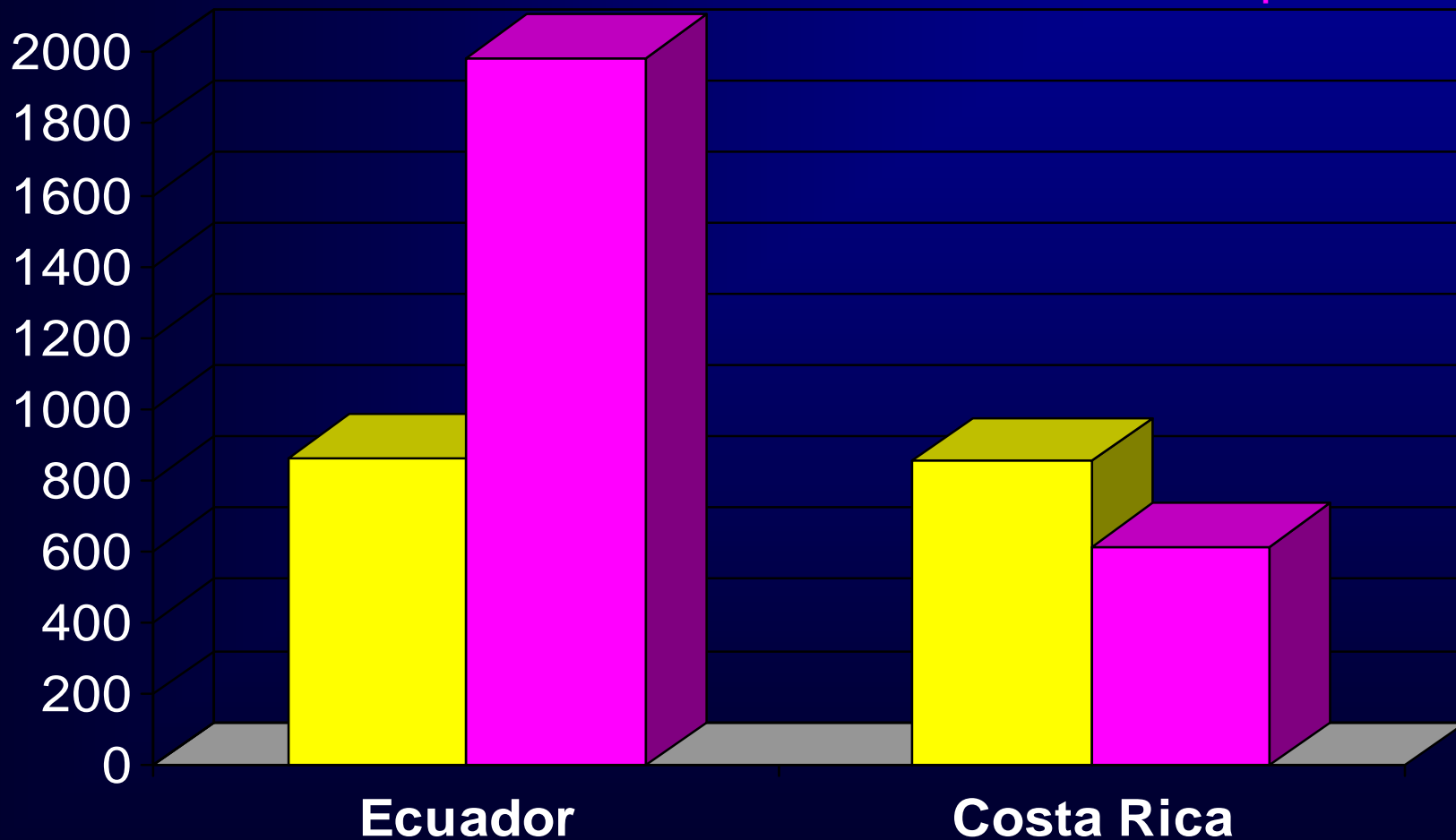
Food Import Bill vs Tea Exports Value



Food Import Bill vs Banana Exports Value

Million USD

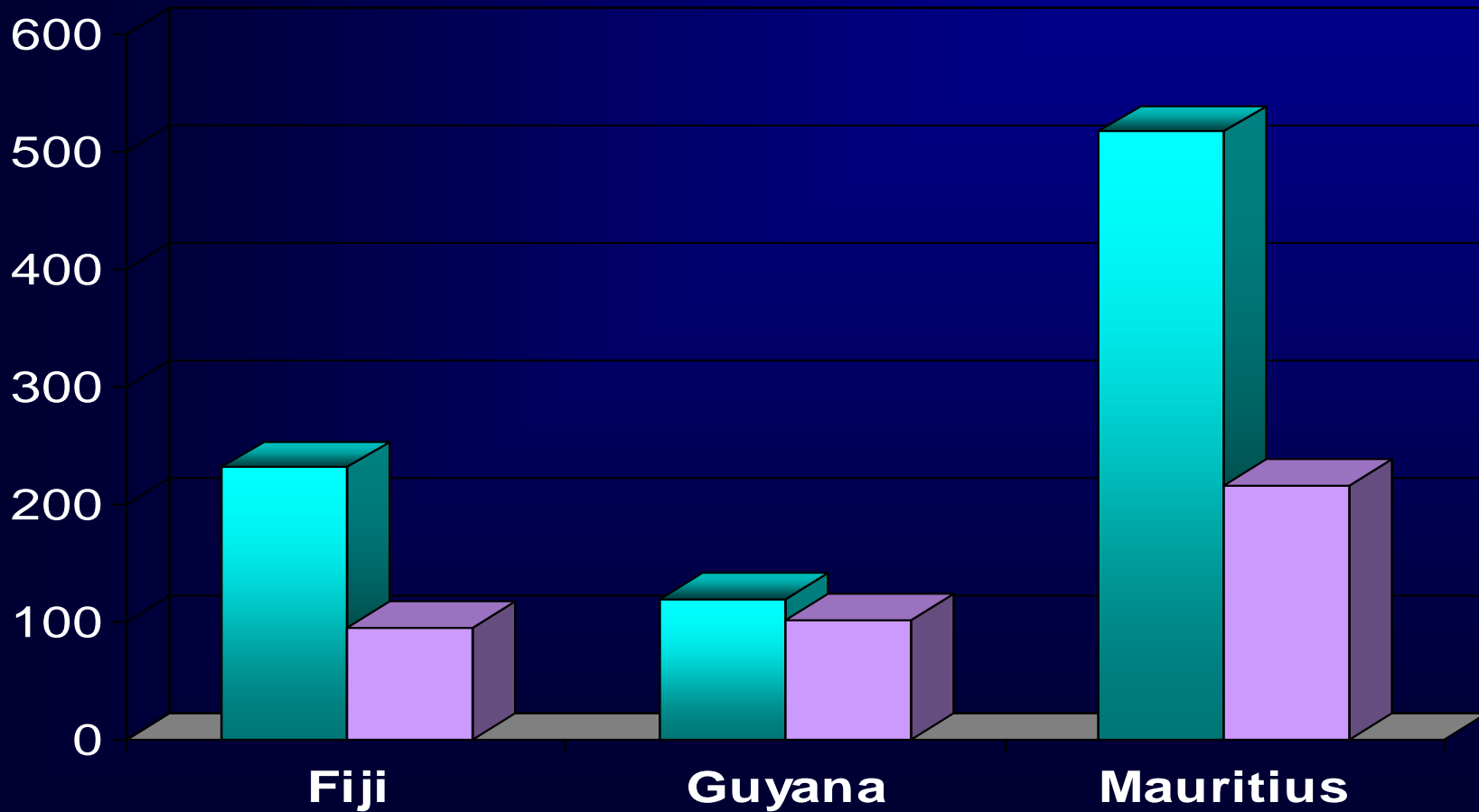
— Food Import Bill
— Exports Value



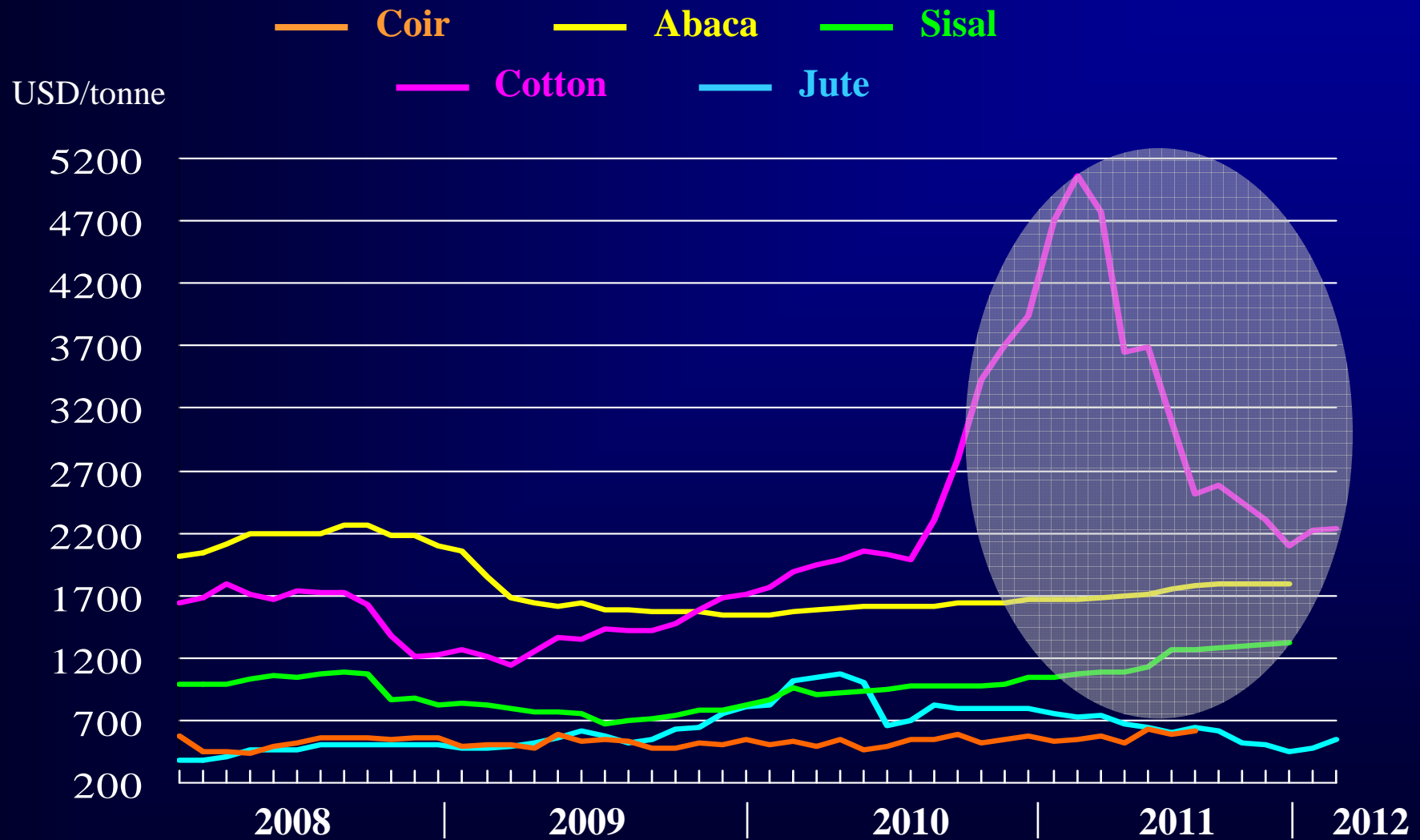
Food Import Bill vs Sugar Exports Value

Million USD

Food Import Bill
Exports Value

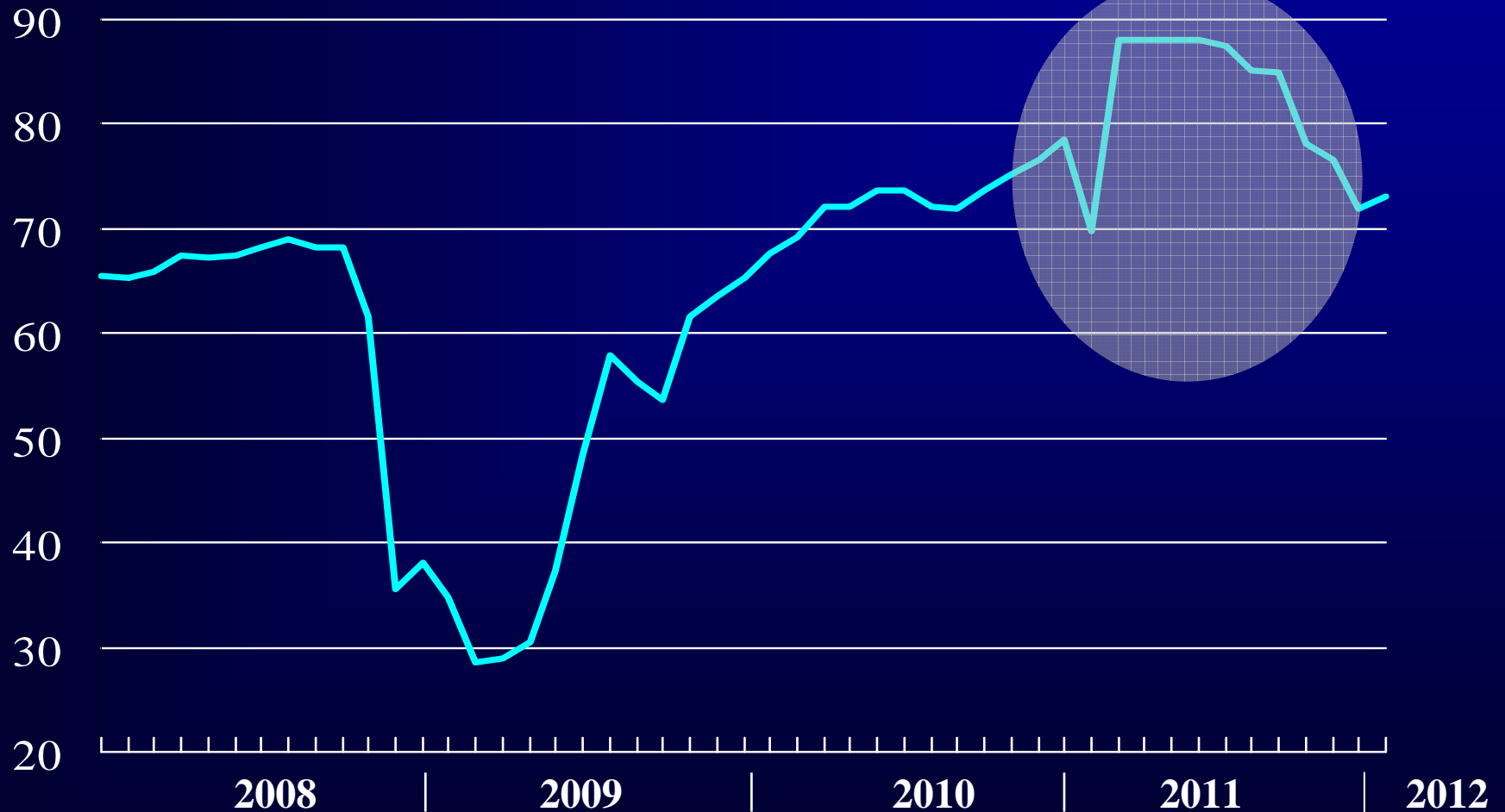


Natural Fibres Prices



Hides and Skins Prices

US cents/lb



Fruits :

- Increase in oil prices = higher agricultural input and transportation costs;
- Little scope for transferring costs along the value chain;
- Value of trade:
 - Bananas = USD 8 billion
 - Tropical fruits = USD 12 billion
 - Apples = USD 5 billion
 - Oranges = USD 4 billion
 - Pears = USD 2 billion

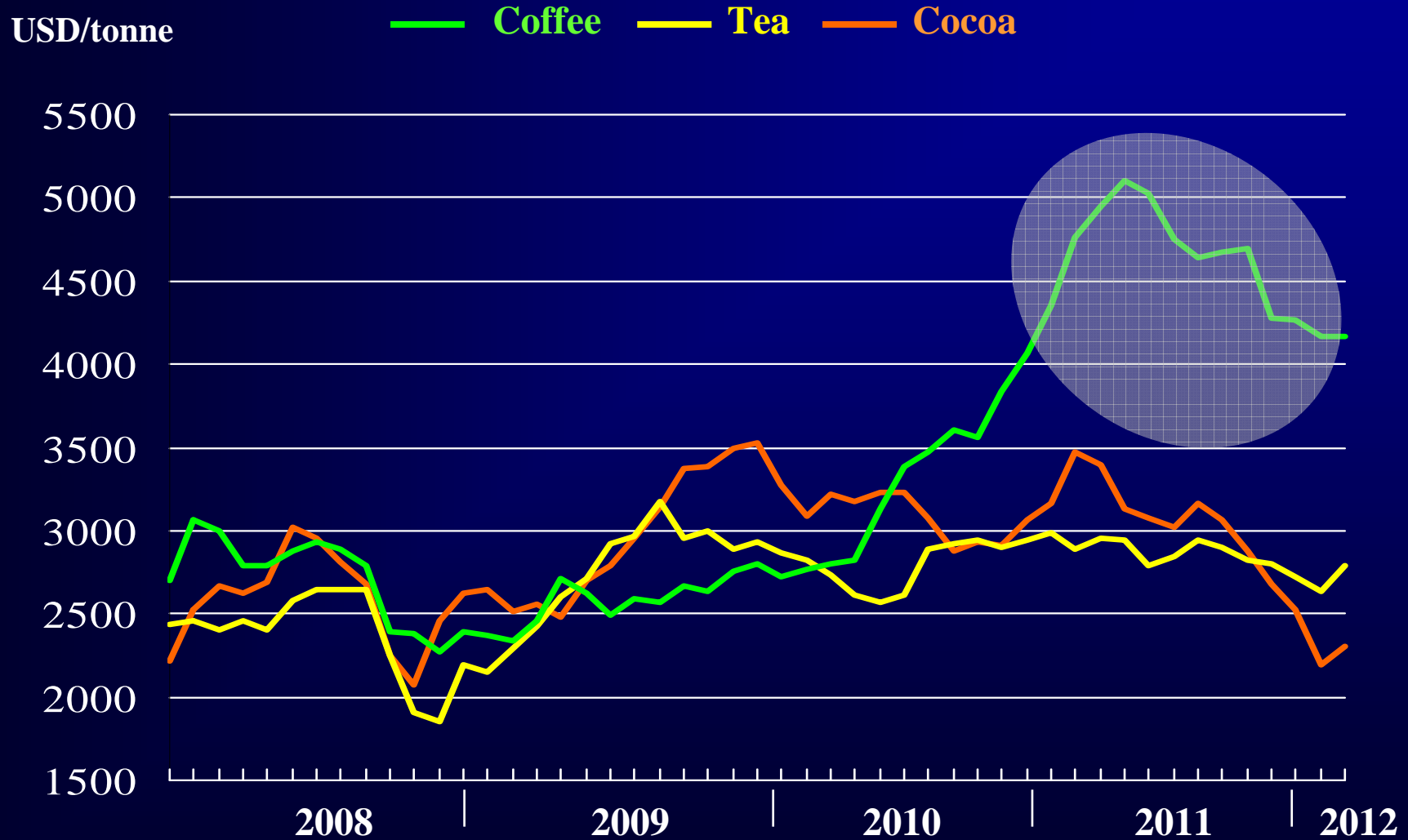


Tropical Products: Sugar

- Price reached 29 years high;
- Sustained by strong demand against a background of supply constraints, high energy prices, weak USD;
- Export restrictions, high import tariffs, and domestic subsidies have exacerbated price volatility and hindered investment



Tropical Beverages' Prices



Outlook

- Prices depend on global demand - barring unforeseen supply disturbances.
- Raw materials - highly responsive to income changes and demand depend on economic growth.
- Horticultural and tropical products - less elastic - the smaller percentage of household incomes expended.
- Intense competition at the retail level - limits price transmission to consumers.
- High cost of energy and inputs – reduces the positive impact of the sustained recovery in prices and income of growers
- effective policies to address concerns of small producers and processors.



Thank you

