



**OECD-FAO
Agricultural Outlook
2015-2024**



Medium term prospects of agricultural commodity markets – Uncertainties and challenges –

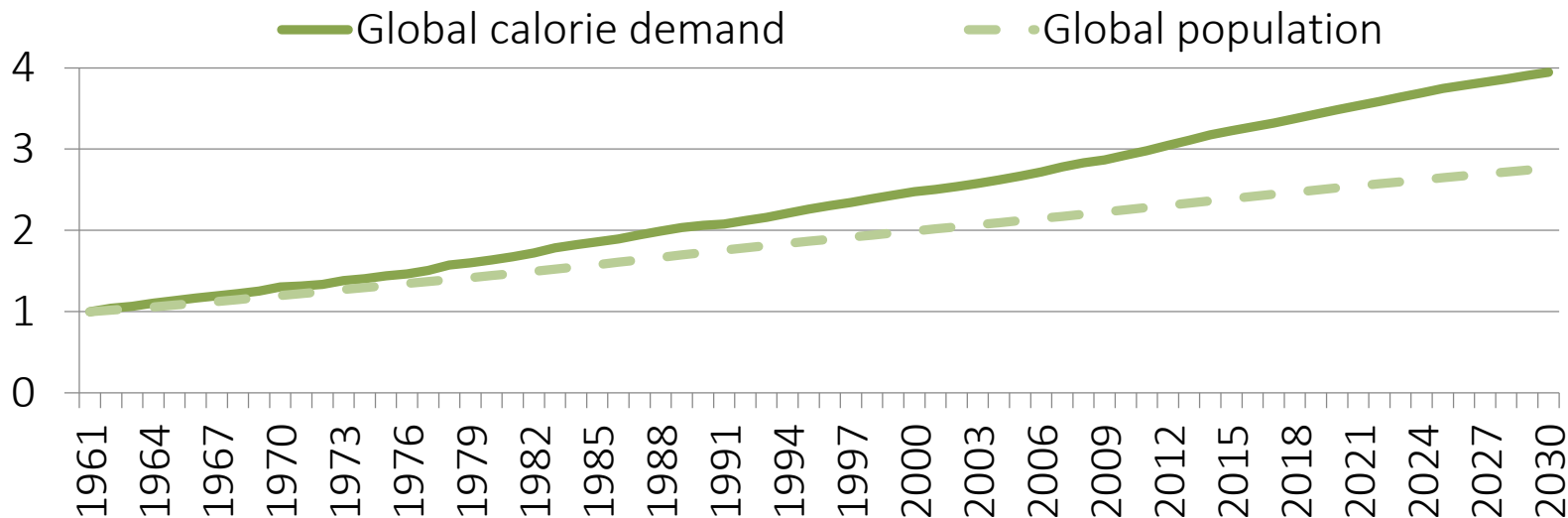
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COCERAL/FEDIOL Symposium, Rome
27 May 2016



Major driver for food demand: Population growth

- UN projections: 8.5 Bn people by 2030 (+ 1.2 Bn from 2015)
- But food demand grows even faster:



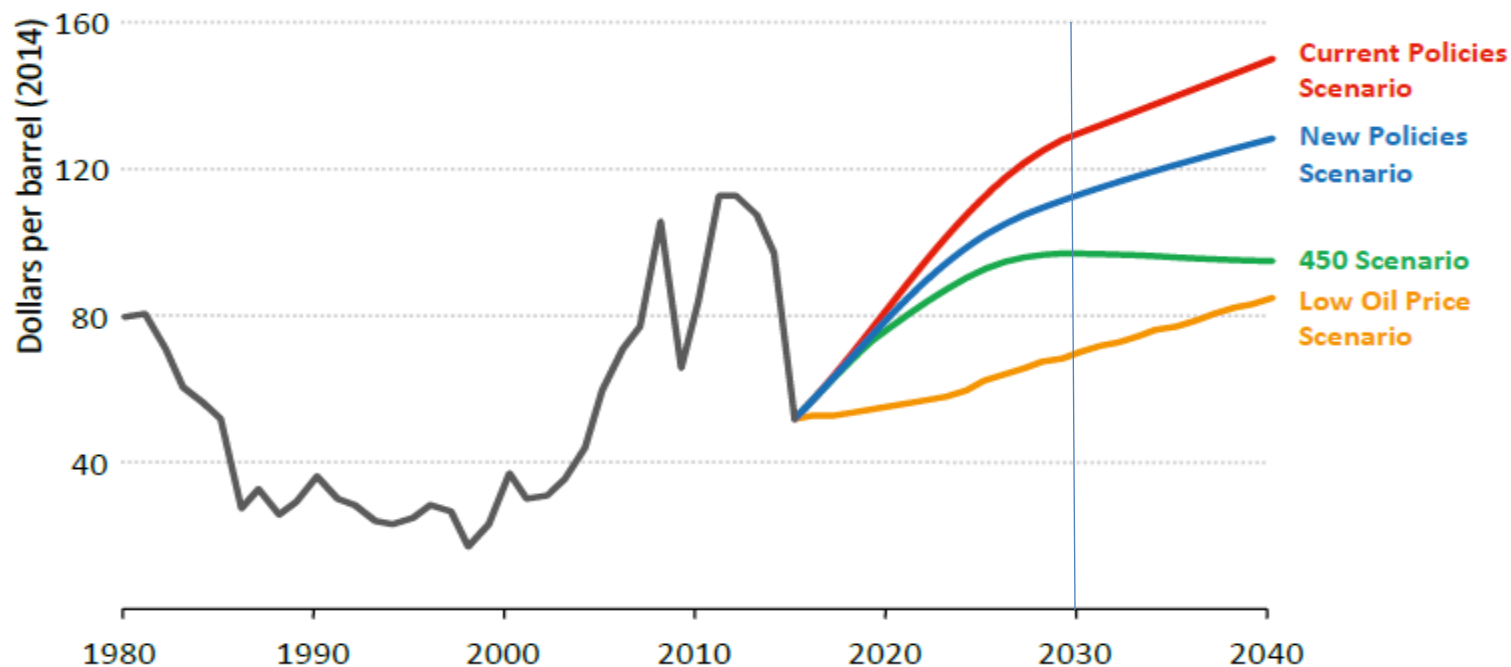
Also important: Income growth

- Experts see:
 - Moderate economic growth in the OECD area
 - Slight slowdown in major emerging economies

for the coming decade

Energy prices, a major source of uncertainty:

Crude Oil prices for different future scenarios



Source: IEA WORLD ENERGY OUTLOOK 2015

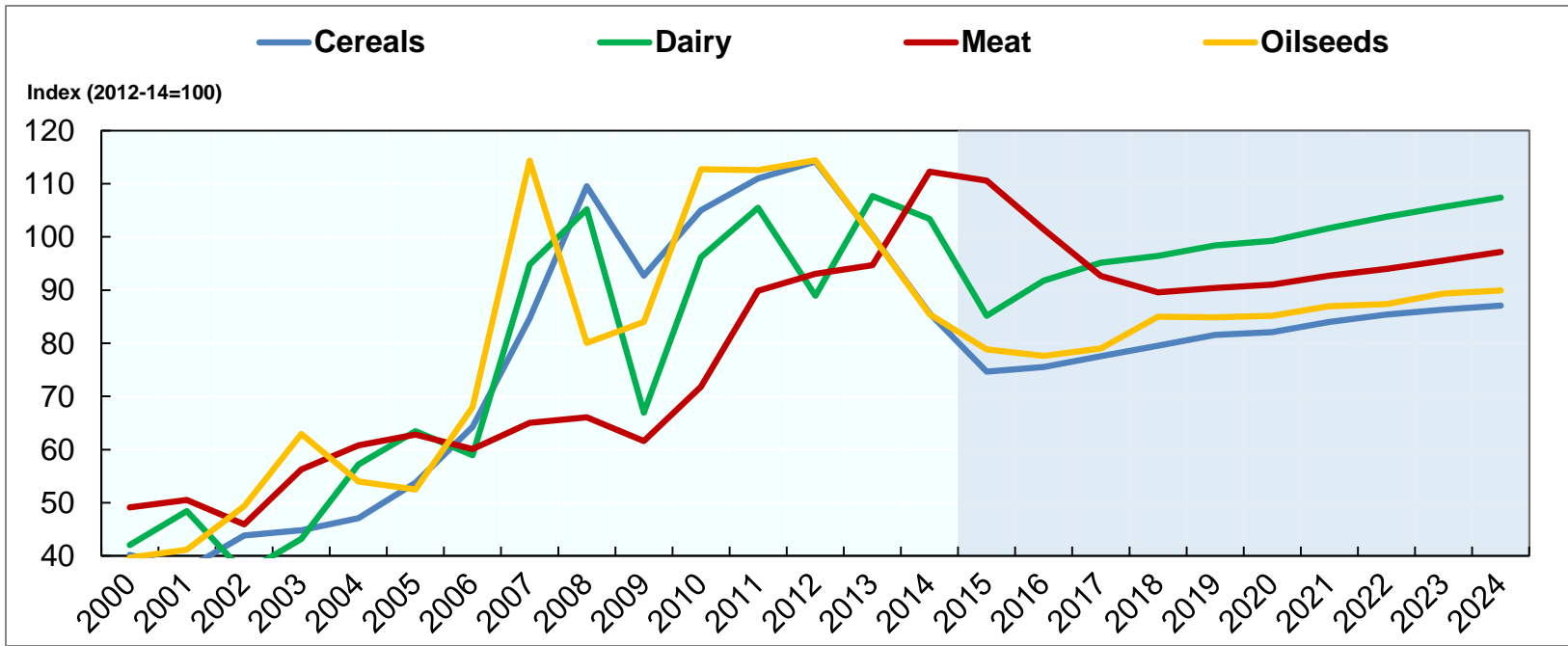
Other drivers

- Exchange rates
 - Further US Dollar appreciation against most currencies?
- Inflation
 - Moderate in most countries ?
- The policy environment
 - Agricultural/Food-, Trade-, Energy- and Environmental policies

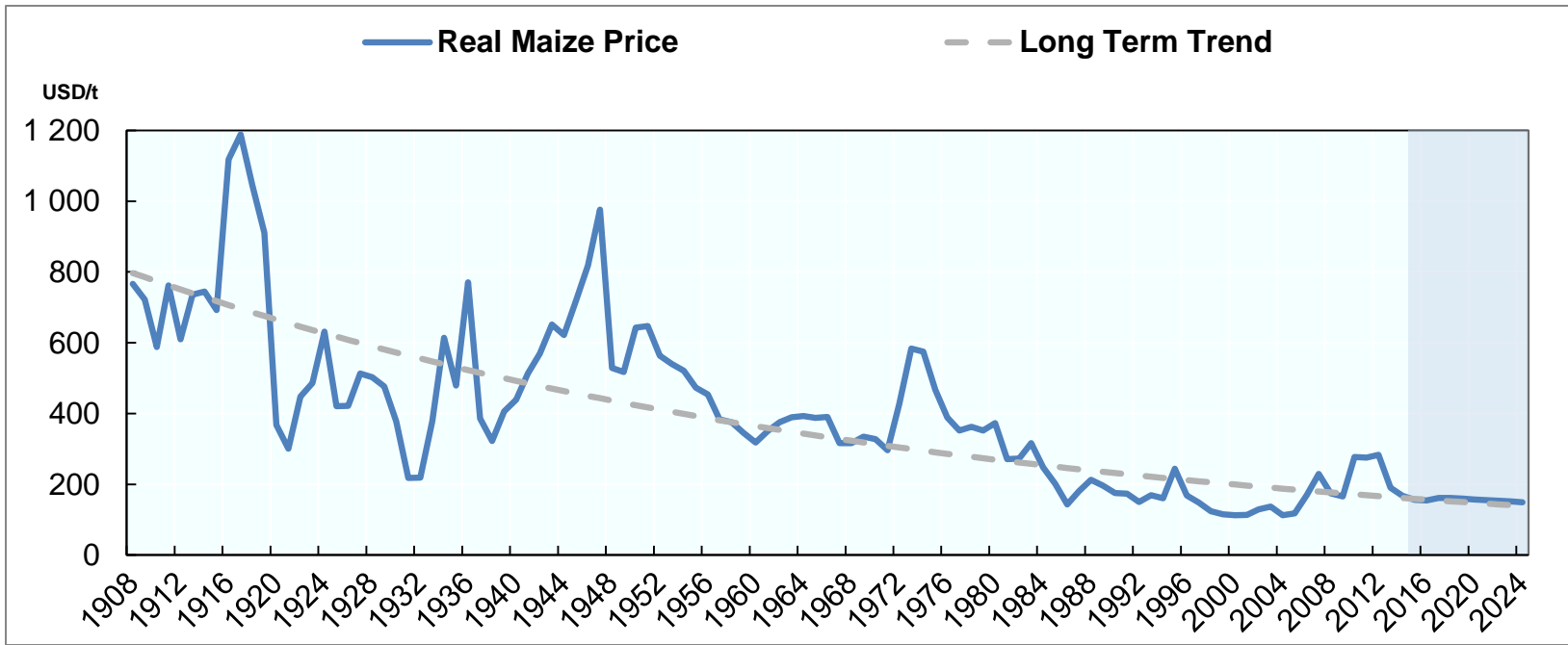
Highlights of the OECD-FAO Outlook 2015-2024

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

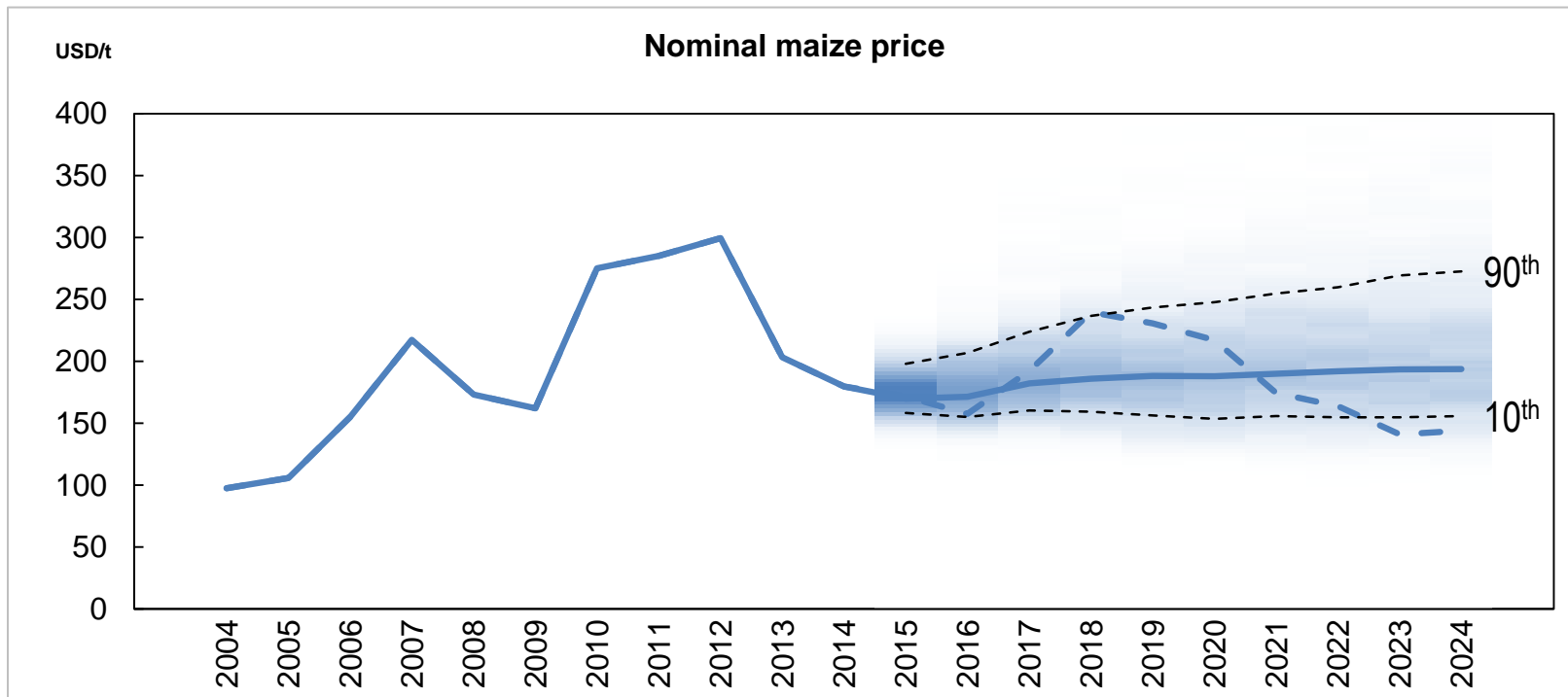
Prices to remain higher than in the years preceding the 2007-08 price spike



Projected real prices continue a trend of long-term decline



But there is a substantial risk of a further price shock

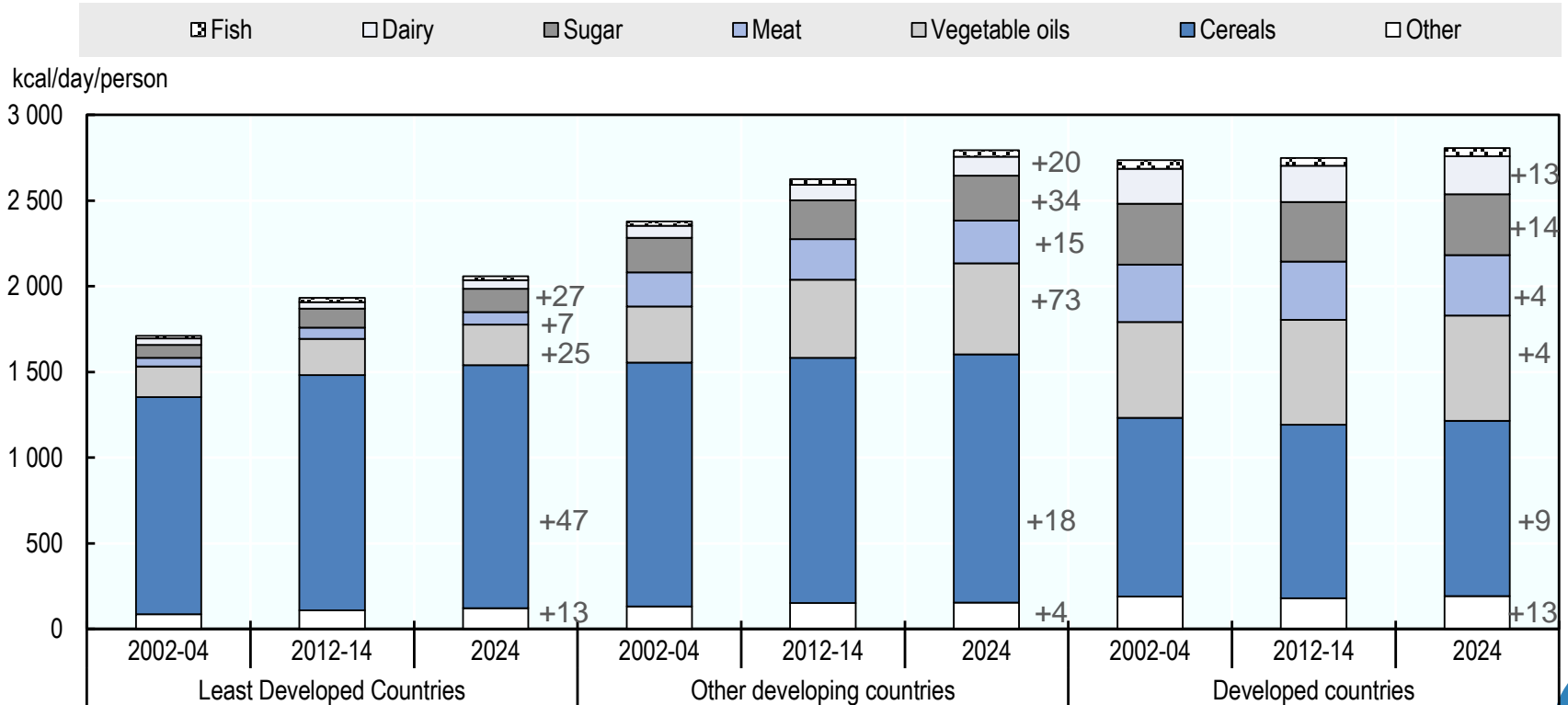


Probability of price outside the 10-90th percentile = $1 - 0.8^{**}10$ or approximately 90%

Demand trends

- Cereals are still at the core of human nutrition, but growing incomes, urbanisation and a certain globalisation of eating habits contribute to the ongoing transition of diets that are higher in protein, fats and sugar.
- Annual increase in global consumption is projected for cereals at 1.1%, meat 1.3% and dairy 1.6%.
- Demand is growing at slower rates compared to the past decade, due to: population, saturation, recuperation.

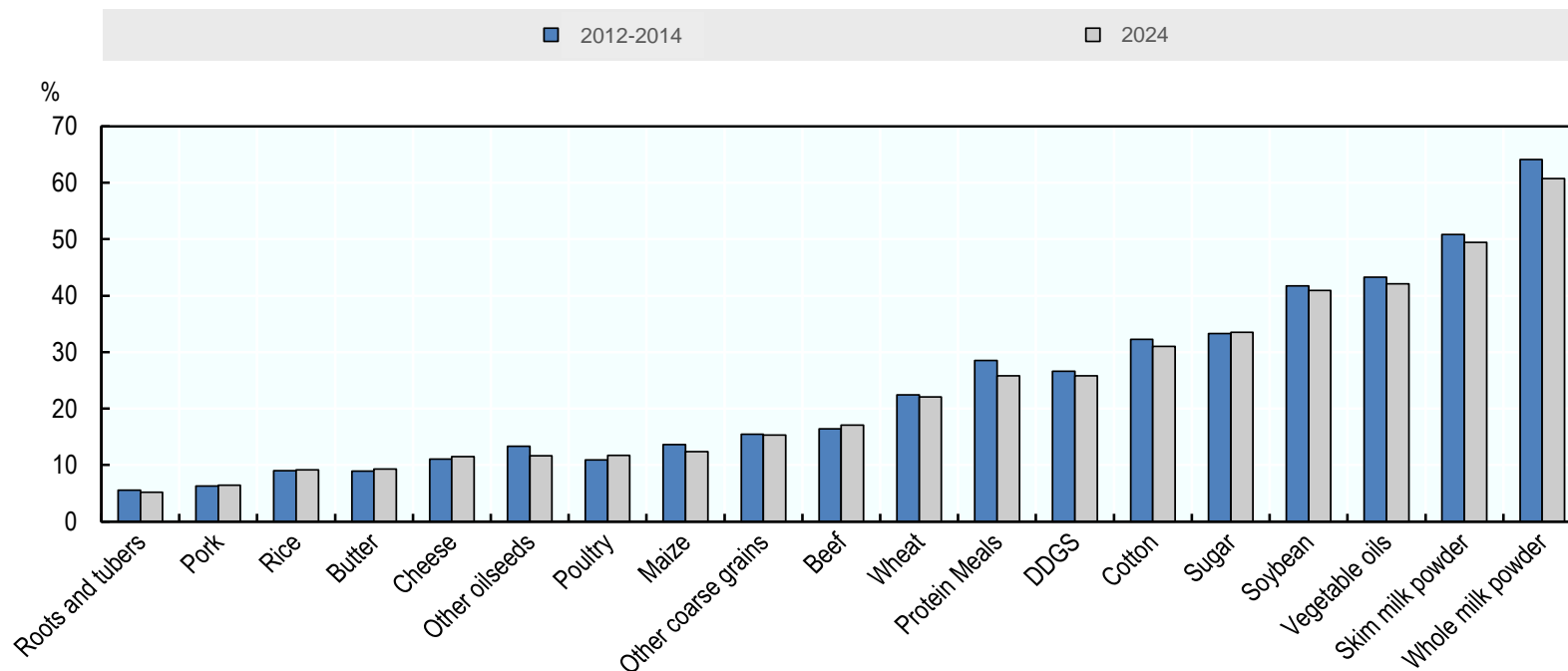
Global consumption growth by groups



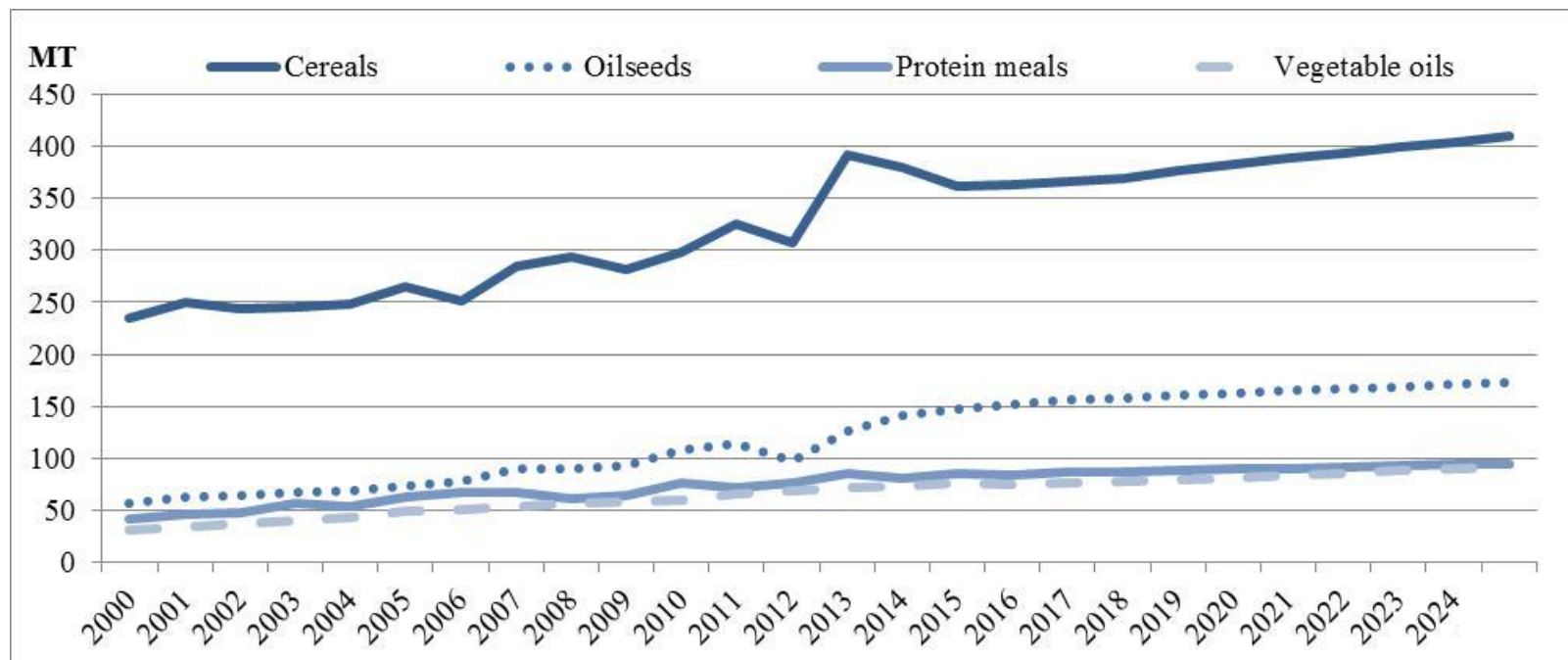
Supply Trends

- Growth in livestock production is expected to outpace crop production in the next decade.
- The structure of global agricultural production is expected to respond to the increased need for coarse grains and oilseeds compared to wheat or rice.
- The limited availability of additional arable land will impact the expansion and concentration of additional crop production.

Trade is expected to keep pace with production growth

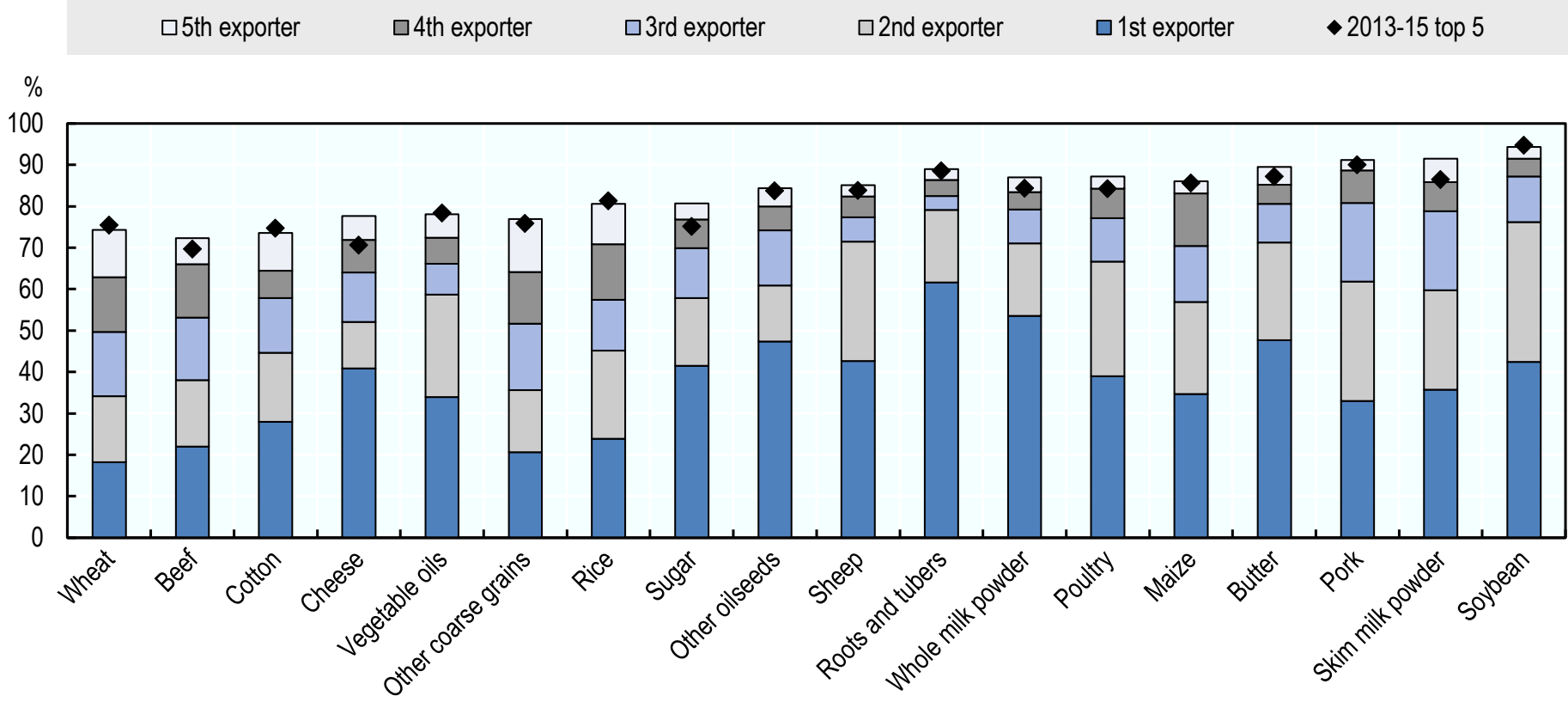


Global Trade trends for selected products



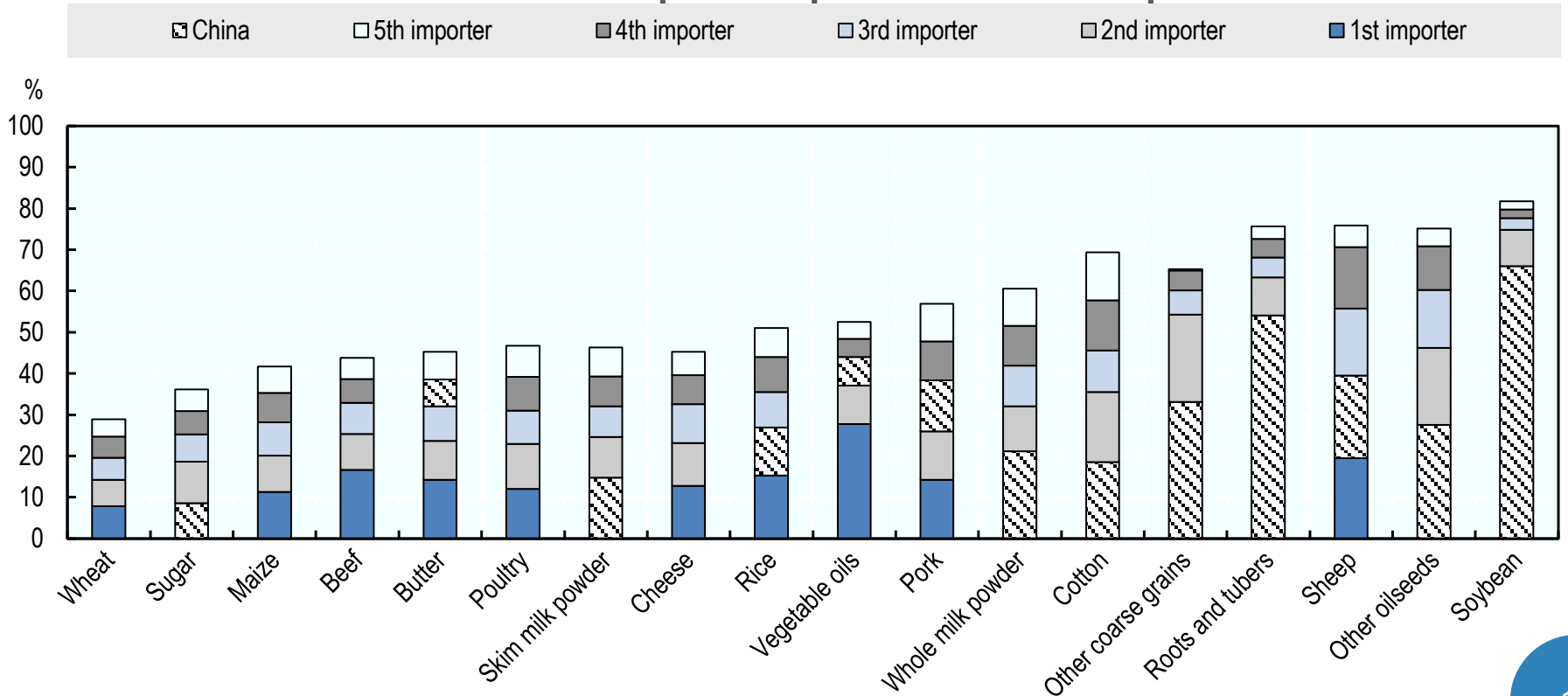
World exports to remain highly concentrated

Shares of top five countries in global exports in 2024

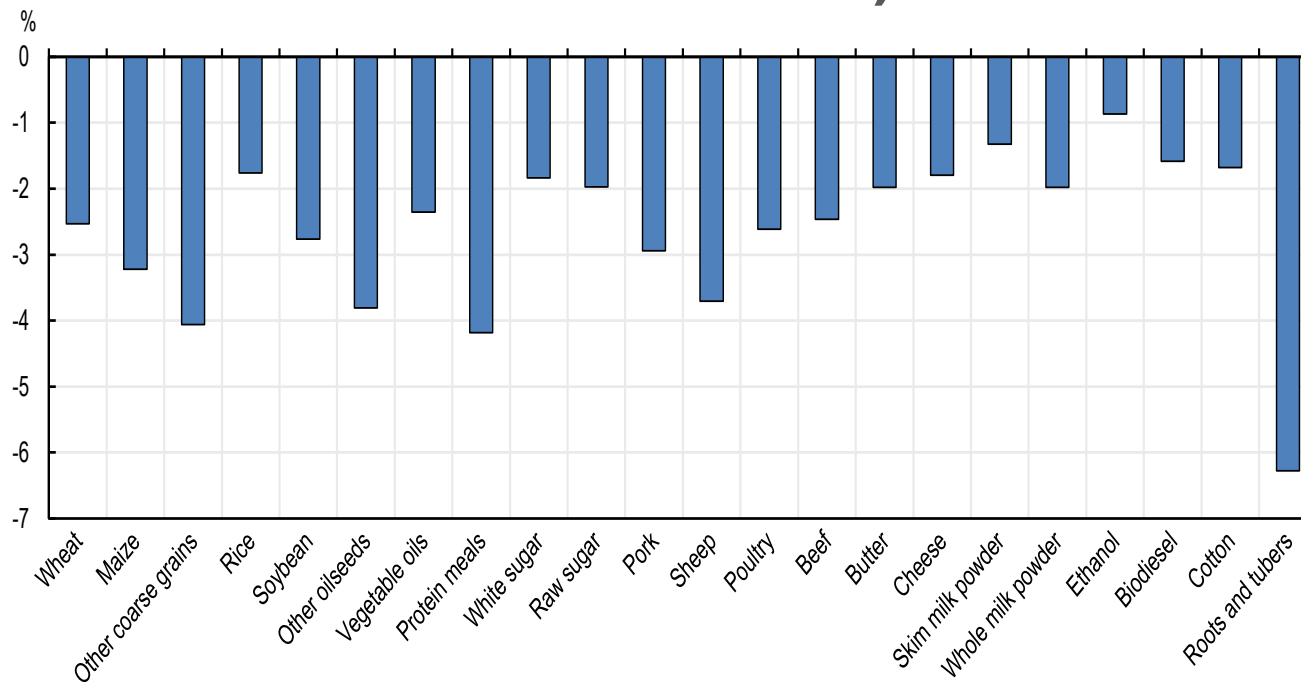


Imports in 2024 more dispersed...but China matters!

Shares of top five importers in world imports



World price impacts of China growth at 5% (versus 6% under the baseline)



Challenges for the Agricultural sector

- Sustainable productivity growth
- The role of Foreign Direct Investments
- Pressure on Resources used by agriculture and the food sector
- Climate change constraints and opportunities
- The role of the ongoing urbanization process on the service content of food
- Impacts of consumer- and nutrition policies as well as consumer preferences on food demand