

# food outlook

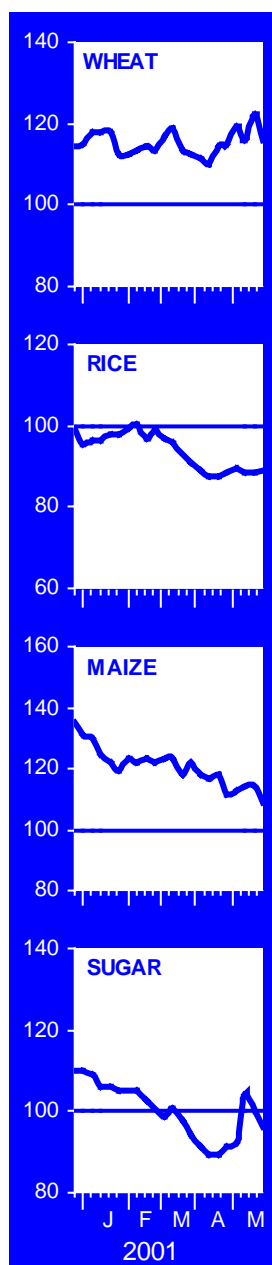
No. 3

Rome, June 2001

## highlights

### EXPORT PRICES

(July 2000=100)



**World cereal stocks will be drawn down again in 2001/02.** Although latest indications continue to point to a larger cereal crop in 2001, output would be insufficient to meet global utilization for the third year in succession, leading to a further reduction in cereal stocks by the conclusion of crop seasons ending in 2002.

**World cereal output in 2001 is forecast at 1 878 million tonnes**, (including rice in milled terms), 1.3 percent above 2000. Output of wheat is forecast at 577 million tonnes, 10 percent below last year, while that of coarse grains is seen to rise by about 4 percent to 905 million tonnes. Production of rice is tentatively forecast at 396 million tonnes (milled basis), marginally down from 2000.

**Food emergencies of varying intensity persist for over 60 million people** worldwide as a result of natural and man-made disasters.

**FAO's first forecast of world cereal trade in 2001/02 is 229 million tonnes**, about 4 million tonnes below the estimated volume in 2000/01. Global imports of wheat and coarse grains are forecast to be smaller while rice trade in 2002 is tentatively expected to increase marginally from the current year's level.

**International wheat prices made further gains over the past two months**, and remain significantly above those in the corresponding period of the previous season. However, coarse grains and rice prices have fallen well below the levels prevailing at the same time last year.

**Global cassava production and trade rose moderately in 2000**, but prices fell to a new record low. The outlook for 2001 points to a contraction in output, reflecting poor prospects for Africa and Asia. Weak import demand by the EC might also depress the volume of trade and prices.

**International prices for oils/fats and oilmeals remain depressed**, despite an increase in demand since the beginning of the 2000/01 (October/September) season. The market continues to be dominated by conditions of over-supply.

**International meat prices have strengthened during the first quarter of 2001**, largely in response to a slow-down in output growth and market closures linked to disease outbreaks in several parts of the globe.

**International prices for dairy products in the first four months of 2001 were higher** than the average for 2000, illustrating generally favourable international demand coupled with limited export availability.

**International sugar prices have strengthened in recent months** in response to reduced global production prospects coupled with increased import demand.



## BASIC FACTS OF THE WORLD CEREAL SITUATION

	1997/98	1998/99	1999/2000	2000/2001	2001/02 forecast	Change 2001/02 over 2000/2001
<b>WORLD PRODUCTION <sup>1/</sup></b>	(..... million tonnes .....) (percentage)					
Wheat	613	598	592	587	577	-1.6
Coarse grains	903	913	887	868	905	4.2
Rice, milled	387	390	409	398	396	-0.6
(paddy)	(579)	(584)	(611)	(595)	(592)	-0.5
<b>All cereals (incl. milled rice)</b>	<b>1 903</b>	<b>1 902</b>	<b>1 888</b>	<b>1 853</b>	<b>1 878</b>	<b>1.3</b>
Developing countries	1 003	1 042	1 039	997	1 018	2.1
Developed countries	900	860	848	857	860	0.5
<b>WORLD IMPORTS <sup>2/</sup></b>						
Wheat	102	99	110	105	105	-0.9
Coarse grains	89	96	102	106	102	-3.4
Rice (milled)	28	25	22	22	23	1.7
<b>All cereals</b>	<b>219</b>	<b>219</b>	<b>235</b>	<b>233</b>	<b>229</b>	<b>-1.8</b>
Developing countries	160	161	170	170	169	-0.4
Developed countries	59	58	64	64	60	-5.5
<b>FOOD AID IN CEREALS <sup>3/</sup></b>	<b>6.2</b>	<b>11.3</b>	<b>11.1</b>	<b>10.0</b>		
<b>WORLD UTILIZATION</b>						
Wheat	592	593	596	598	600	0.3
Coarse grains	891	892	895	900	909	0.9
Rice (milled)	381	390	404	407	410	0.6
<b>All cereals</b>	<b>1 864</b>	<b>1 874</b>	<b>1 895</b>	<b>1 906</b>	<b>1 919</b>	<b>0.7</b>
Developing countries	1 108	1 130	1 150	1 156	1 164	0.8
Developed countries	756	744	745	750	754	0.5
<b>Per Caput Food Use</b>	(..... kg/year .....) (percentage)					
Developing countries	167	168	169	168	168	0.0
Developed countries	131	131	131	132	132	0.3
<b>WORLD STOCKS <sup>4/</sup></b>	(..... million tonnes .....) (percentage)					
Wheat	256	260	258	246	221	-10.0
Coarse grains	269	286	277	247	242	-2.3
Rice (milled)	152	156	162	154	140	-9.1
<b>All cereals</b>	<b>678</b>	<b>702</b>	<b>698</b>	<b>647</b>	<b>603</b>	<b>-6.8</b>
Developing countries	509	528	534	487	451	-7.4
Developed countries	169	174	164	160	152	-5.0
<b>EXPORT PRICES <sup>5/</sup></b>	(..... US\$/tonne .....) (percentage)					
Rice (Thai, 100%, 2nd grade) <sup>1/</sup>	316	315	253	207	179 <sup>6/</sup>	-22.2 <sup>7/</sup>
Wheat (U.S. No.2 Hard Winter)	142	120	112	128 <sup>8/</sup>		14.8 <sup>7/</sup>
Maize (U.S. No.2 Yellow)	112	95	91	87 <sup>8/</sup>		-5.3 <sup>7/</sup>
<b>OCEAN FREIGHT RATES <sup>5/</sup></b>						
From U.S. Gulf to Egypt	11.7	9.3	13.7	15.0 <sup>8/</sup>		16.1 <sup>7/</sup>
<b>LOW-INCOME FOOD-DEFICIT COUNTRIES <sup>9/</sup></b>	(..... million tonnes .....) (percentage)					
Roots & tubers production <sup>1/</sup>	368	387	393	400		
Cereal production (milled rice) <sup>1/</sup>	779	809	814	770	783	1.6
Per caput production (kg.) <sup>10/</sup>	215	219	217	203	204	0.6
Cereal imports <sup>2/</sup>	79.2	73.2	74.5	72.2	73.7	2.1
of which: Food aid	5.5	8.4	7.5	7.7		
Proportion of cereal import covered by food aid	(..... percentage ..%)					
	6.9	11.5	10.1	10.7		

Source: FAO

Note: Totals and percentages computed from unrounded data.

<sup>1/</sup> Data refer to the calendar year of the first year shown. <sup>2/</sup> July/June except for rice for which the data refer to the calendar year of the second year shown. <sup>3/</sup> July/June shipments. <sup>4/</sup> Stock data are based on aggregate of national carryover levels at the end of national crop years. <sup>5/</sup> July/June. <sup>6/</sup> Average of quotations for January-May 2001. <sup>7/</sup> Change from corresponding period of previous year for which figures are not shown. <sup>8/</sup> Average of quotations for July 2000-May 2001. <sup>9/</sup> Food deficit countries with per caput income below the level used by the World Bank to determine eligibility for IDA assistance (i.e. US\$ 1 445 in 1999), which in accordance with the guidelines and criteria agreed to by the CFA should be given priority in the allocations of food aid. <sup>10/</sup> Including milled rice.

Cereals

**Supply/Demand Roundup**

Latest indications continue to point to an increase in global cereal production in 2001. Despite this, a tightening of the overall cereal supply/demand situation is in prospect for the forthcoming 2001/2002 marketing season. Based on the condition of crops already in the ground and assuming normal weather for the remainder of the 2001 cropping seasons, world cereal output this year is forecast at 1 878 million tonnes (including rice in milled terms), 27 million tonnes or 1.3 percent more than output in 2000. However, as growth in cereal usage is anticipated to continue in the coming 2001/02 season, output at this level would be insufficient to meet global utilization for the third year in succession, leading to a further significant reduction in world cereal stocks. Considering that the forthcoming season is set to begin with opening stocks at their lowest level since 1997, another sharp decrease by the end of the 2001/02 seasons could lead to tighter supply situation in 2002/03, especially in terms of exportable supplies as stocks are also likely to fall in some of the major exporting countries.

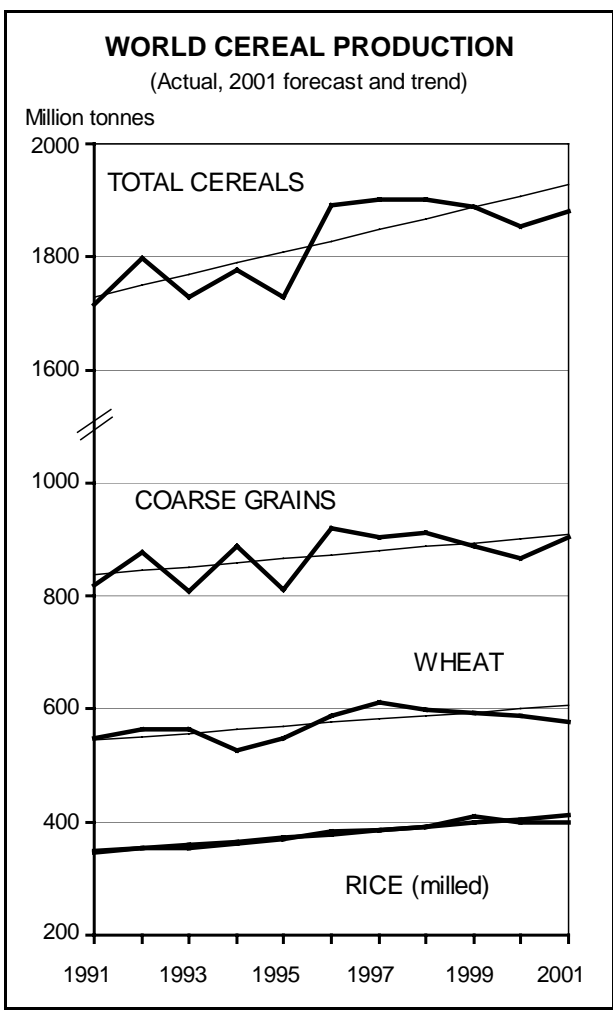
The forecast for world wheat **production** in 2001 has been reduced since the previous report in April, by 8 million tonnes, to 577 million tonnes. This would be almost 10 percent below last year, well below the average of the past five years and the smallest crop since 1995. The bulk of the decline compared to the previous year is due to smaller crops in the major producing countries in Asia and, following this month's sharp downward revisions, also in the EC and the United States. In the latter two cases, yield prospects have deteriorated due to less than optimum weather over the past two months. Partially offsetting these downward revisions, production forecasts have been adjusted upward this month for Africa where a satisfactory crop is now being harvested in North Africa, and in Australia and South America where planting prospects for the crops to be harvested later in the year are favourable and suggest larger outputs than earlier anticipated.

The forecast for global **coarse grains** output in 2001 remains virtually unchanged since the last report at 905 million tonnes, 4 percent up from 2000 and above the average of the past five years. The year-to-year increase reflects an expansion confined to relatively few large producing countries, namely Canada, China, Mexico, Brazil, and some of the central and eastern European countries. On the other hand, a decline is forecast in southern Africa where smaller crops are being gathered as a result of drought, and in the United States after last year's bumper crop. Elsewhere, the coarse grain crops are expected to remain virtually unchanged.

In the southern hemisphere and around the equatorial belt, the 2001 main **paddy** season is nearing completion, while in the northern hemisphere, the bulk

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of the crop is yet to be planted pending the arrival of Monsoon rains in Asia. Contrasting trends are emerging in global rice cultivation this season. In the pursuance of self-sufficiency, some countries, particularly major importers, are expanding rice area, while others are cutting areas in response to government policies and/or depressed prices relative



to alternative crops. Based on the harvest results in the southern hemisphere so far, and the early indications of planting intentions among the northern hemisphere producers, overall global rice output in 2001 is tentatively forecast at 396 million tonnes (592 million tonnes in paddy terms), slightly below the previous year's level. However, this figure is still subject to considerable uncertainty since the final outcome will depend largely on the timing, extent and distribution of the Asian monsoon rainfall, which is an overriding factor for rice production in many Asian countries.

FAO's first forecast of world cereal **trade** in 2001/02 is 229 million tonnes, about 4 million tonnes below the estimated volume in 2000/01. Global wheat trade is forecast to decline for the second consecutive year, by 1 million tonnes, to 104.5 million tonnes. Most of the reduction in world imports would reflect smaller deliveries to Europe and South America on account of improved production prospects in several countries. Coarse grains trade is also expected to decline somewhat, by about 3.5 million tonnes, to 102 million tonnes. However, this forecast is still highly tentative as many key coarse grain crops in the northern hemisphere are still in the early stages of development and the final outcome will depend on weather conditions for the remainder of the season. Regarding 2000/2001, forecasts for wheat and coarse grains are now firmer as the season is drawing to a close. Latest information continues to confirm a decrease in the volume of global wheat shipments, while those of coarse grains increased. For rice, it is still too early to make a forecast for the calendar year 2002. However, early indications suggest that, at the global level, rice shipments could increase marginally from the current year's level, now forecast at 22.3 million tonnes, which is virtually unchanged from the estimated level in 2000.

The forecast for world cereal **utilization** in 2000/01 remains unchanged from the April report, at 1 906 million tonnes. At this level, world cereal utilization would be 11 million tonnes, or 0.6 percent, above 1999/2000, but roughly 8 million tonnes below the 10-year trend. Among the major cereals, only rice utilization is expected to rise above its trend, albeit slightly, and this due to rising demand for food consumption. Total utilization will also be higher for wheat and coarse grains, but not sufficient for their total use to rise above their respective long-term trends. Looking into the 2001/02 season, a similar picture emerges, although, at this time the outlook for next season remains extremely tentative at best for most cereals. Overall, total cereal utilization might only grow moderately, to about 1 919 million tonnes. The growth is likely to be strongest for coarse grains, especially for maize, as continuing low maize prices could boost feed demand. The growth in wheat utilization might prove even slower than in the current season, particularly if there is a further increase in prices.

The latest forecast of global cereal **stocks** by the close of the current seasons ending in 2001 has been raised slightly, by 2 million tonnes, since April, to 647 million

tonnes, but remains some 51 million tonnes, or over 7 percent, below their already reduced opening levels. However, turning to the next (2001/02) season, even if current forecasts for increased cereal production in 2001 materialize, a further significant drawdown of cereal stocks would be required to meet expected global utilization in 2001/02. By the end of countries' crop years ending in 2002, aggregate cereal stocks are tentatively forecast to fall by 44 million tonnes, or nearly 7 percent, to 603 million tonnes.

### World Cereal Production, Supplies, Trade and Stocks

	1999/00	2000/01 estimate	2001/02 forecast
	(. . . . . million tonnes . . . . .)		
<b>Production <sup>1/</sup></b>	<b>1 888</b>	<b>1 853</b>	<b>1 878</b>
Wheat	592	587	577
Coarse grains	887	868	905
Rice (milled)	409	398	396
<b>Supply <sup>2/</sup></b>	<b>2 589</b>	<b>2 551</b>	<b>2 525</b>
<b>Utilization</b>	<b>1 895</b>	<b>1 906</b>	<b>1 919</b>
<b>Trade <sup>3/</sup></b>	<b>235</b>	<b>233</b>	<b>229</b>
<b>Ending Stocks <sup>4/</sup></b>	<b>698</b>	<b>647</b>	<b>603</b>

Source: FAO

- 1/ Data refer to calendar year of the first year shown. Rice in milled equivalent.
- 2/ Production plus opening stocks.
- 3/ July/June basis for wheat and coarse grains and calendar year (second year shown) for rice.
- 4/ May not equal the difference between supply and utilization due to differences in individual country marketing years.

In the international cereal markets, wheat **prices** made further gains in April and May, rising significantly above the levels of the corresponding period of the previous season. By contrast, coarse grain and rice prices have fallen below the levels prevailing at the same time last year. The wheat market was mainly supported by concerns over growing conditions for the winter wheat crop in the United States and a pick-up in the United States exports pace over the past two months. In May, the U.S. wheat No. 2 (HRW, fob) averaged US\$136 per tonne, some US\$3 per tonne higher than in March and US\$25 per tonne, or 23 percent, above the corresponding period in the previous year. International maize prices remain under pressure reflecting large exportable availabilities in the United States coupled with reduced sales prospects, which have led to a lower export forecast and the expectation of larger end-year stocks. In May, the U.S. maize export prices (U.S. No.2 Yellow, fob) fell to US\$84 per tonne, down US\$8 per tonne from March and US\$11 per tonne from a year earlier. During April, international rice prices tumbled to levels rarely witnessed over the past two decades, continuing to reflect a weak global import demand relative to export supplies. Although rice prices made a slight recovery in May compared to April, the FAO Export Price Index for Rice (1982-84=100) at 89 points in May, was overall 3 points down from the March level.

## Continued food assistance needed by over 60 million people affected by natural and/or man-made disasters<sup>1/</sup>

At mid-2001, the impact of widespread disasters in 2000 is still being felt in many parts of the world.

In **eastern Africa**, despite favourable rains over most of the region and good secondary season harvests in parts, the effects of recent devastating droughts and past or ongoing civil strife and conflicts continue to undermine the food security of some 18 million people. In Sudan, the food supply outlook is highly precarious in several parts and is anticipated to tighten further in the coming months with the start of the lean season. In Eritrea, the outlook for the 2001 agricultural season, which has just started, remains bleak with the bulk of the farmers so far unable to return to their farms and large tracts of land still inaccessible due to landmines. The slow response to the humanitarian appeal is also a major concern. In Kenya, the food supply prospects have improved in several pastoral districts following abundant rains. However, eastern pastoral districts have yet to recuperate with only scanty rainfall received so far. In Ethiopia, the favourable current "belg" crop preceded by a good "meher", harvest late last year, have significantly improved the food supply situation in the country. However, some 6.5 million people affected by successive droughts and the war with neighbouring Eritrea depend on food assistance. In Somalia, despite an overall improvement in food availability, the effects of the livestock import ban by countries in the Arabian Peninsula and high inflation have eroded the purchasing power of large sections of the population. In Uganda and Tanzania, the overall food supply situation is adequate following favourable rainfall. In **western Africa**, the food supply situation in parts of the Sahel has tightened, following reduced harvests in late 2000, notably in Burkina Faso, Chad and Niger, and food distributions to the affected populations have been undertaken. Sierra Leone and Liberia remain heavily dependent on international food assistance, while Guinea faced rebel attacks in border areas, which affected agricultural activities and have caused substantial population displacements. In **central Africa**, the food and nutrition situation of an estimated 2 million internally displaced people in the Democratic Republic of Congo is extremely serious but distribution of humanitarian assistance is hampered by insecurity. In Burundi, the food situation is difficult for 324 000 internally displaced people and for drought affected persons in several provinces. In **southern Africa**, floods in February and March affected close to 1 million people in Mozambique, Malawi, Zimbabwe and Zambia. The Governments of these countries have appealed for food assistance. In Angola, the persistent civil war has resulted in 2.5 million internally displaced people and the number is on the increase. Emergency food assistance is required for 1.5 million of this population.

In **Asia**, several countries face food shortages resulting mainly from adverse weather conditions. The Democratic People's Republic of Korea continues to face serious food supply difficulties due to severe drought conditions and decline in the economy. In Mongolia, where livestock losses to successive severe winter conditions have had a serious impact on household food supplies and income, the food situation of vulnerable groups remains precarious. Persistent drought conditions in Pakistan and India are expected to reduce wheat output in 2001. In Laos and Cambodia, the overall food supply situation remains generally satisfactory although targeted food assistance is still required for households affected by past floods. In the low-income food deficit countries of the **CIS** affected by drought in 2000, notably Armenia, Georgia and Tajikistan, some 4 million people continue to require international assistance to survive. In northern Uzbekistan, vulnerable populations in Karakalpakstan have suffered heavy food losses and need relief.

In the **Near East**, three consecutive years of drought have severely reduced food output in several countries with particularly sharp falls in Afghanistan, Jordan, the Islamic Republic of Iran, Iraq and Syria. In Afghanistan, the third consecutive year of poor cereal harvest has exacerbated the already severe food crisis. More than 3 million people depend on international food assistance. Overall, the outlook is bleak for livestock producers in the region, as livestock mortality rates have increased due to a shortage of fodder and water. In **Latin America and the Caribbean**, nearly 800 000 people continue to receive food assistance from the international community. In Central America, 200 000 people are being assisted in El Salvador, 240 000 in Honduras, 86 000 in Nicaragua and 66 000 in Guatemala mainly due to weather induced crop losses, earthquakes and the lingering effects of Hurricane "Mitch" (1998). In Haiti, food aid continues to be provided to the poorest families during the critical months between harvests. Some 41 000 people displaced by violence in Colombia, 20 000 people affected by floods in Peru and 100 000 people affected by drought and floods in Bolivia are also being assisted. In **Europe**, food assistance continues to be necessary for vulnerable populations in the Balkans, especially in the Federal Republic of Yugoslavia, Chechnya in the Russian Federation and surrounding areas.

<sup>1/</sup> This updates information published in the April 2001 issue of Foodcrops and Shortages. Countries facing exceptional food emergencies are underlined.

## Current Production and Crop Prospects

### Position by Region

- **Asia**

**Far East:** Harvesting of the 2001 **wheat** crop is underway in some parts of the region. In China, below-normal rainfall is expected to reduce output of winter wheat in the northern parts of the country. In addition, area planted to wheat is reported to have declined significantly this year due to continued low support prices and government policy to reduce planting of low quality varieties. As a result, the 2001 winter wheat is now forecast at about 92.2 million tonnes, 300 000 tonnes lower than anticipated in the last report. The aggregate winter and spring wheat output is expected to reach 99.3 million tonnes, some 2 million tonnes below last year. In India, severe drought conditions substantially reduced the area planted to wheat in Madhya Pradesh, Rajasthan and Gujarat. Unfavourable weather conditions are reported to have affected the harvest in Haryana and Punjab, the country's wheat basket. As a result, the 2001 wheat output forecast has been lowered to 68.5 million tonnes, down 7 million tonnes from last year's record crop. Similarly, as a result of drought in several rain-fed wheat producing areas of Punjab, Sindh and Balochistan provinces in Pakistan, the country's 2001 wheat output is now forecast at about 18 million tonnes, 18 percent below last year's bumper crop. In Bangladesh, the wheat harvest is well underway and, reflecting an increase in area this year, output is forecast to rise to 2 million tonnes, about 200 000 tonnes up from 2000.

Planting of the 2001 main season **coarse grain** crops is underway or about to start in the main producing countries. Assuming normal growing conditions, early indications point to a favourable outlook for coarse grains in India, where planting is scheduled to start with the arrival of the monsoon season in June. Planting conditions for maize are reportedly favourable in most central and southern parts of China, although unusual dry weather may have delayed plantings in the north.

For those countries situated around the Equatorial Belt, the 2001 main **paddy** season is about to be concluded, but for the remainder of Asia, the season is just about to begin with the imminent arrival of the monsoon rains. While a number of countries in the region have signalled an intention to curb low quality rice output or to switch to more remunerative crops, others have maintained an expansionary stance towards rice cultivation.

In Indonesia, harvesting of the main-season rice crop is nearing completion, and planting of the secondary crop will commence thereafter. Owing to flooding at the beginning of the rice season, the Government forecasts a 2001 paddy crop of 50.1 million tonnes, 2 percent below the previous season's outcome.

Reflecting new initiatives to raise production and to reduce dependency on imports, Malaysia is forecast to increase paddy output by 10 percent from the previous year, to a record of 2.3 million tonnes in 2001. In Sri Lanka, ample precipitation in the growing season suggests that output of its principal rainfed crop will closely match the above average level of 2000.

In China (Mainland), total rice area in 2001/02 is estimated to fall by almost 0.7 million hectares, and current official forecasts put aggregate paddy output for the year at about 185 million tonnes, 5 million tonnes down from the previous season. The decline reflects falling prices in the previous two years. In the Philippines, planting of the main season crop is likely to be concluded in June. Despite concerns for another incidence of El Niño, 2001/02 paddy production is forecast to increase further to 12.6 million tonnes, 1 percent above the record achieved last season. However, if the Government can overcome expenditure constraints, which are currently hindering the seed distribution programme, the increase could be larger. In Thailand, preparation for the 2001/02 main-season crop is underway. The country's official estimate for the main crop suggests that production in 2001/02 will remain close to the previous season's outcome at about 24 million tonnes. In Viet Nam, planting of the 10th month rice crop, the first of the 2001/02 season, will commence with the arrival of the annual monsoon rains, normally in June. Depressed domestic prices have led the Government to intervene by purchasing 1 million tonnes of paddy for storage and introducing a minimum procurement price. Also, to improve export performance, the Government is encouraging the production of high quality rice and is seeking to curb low quality output. In addition, shorter-maturing seeds are being promoted to mitigate the effects of adverse weather that has regularly afflicted Viet Nam's rice sector. Pending further information, paddy output for 2001/02 is forecast to match the previous season's level of about 32-33 million tonnes. In Cambodia, owing to a forecast expansion in rice area and a sustained improvement in yields, a record harvest is expected in 2001/02. In Japan, planting of the new season's sole rice crop is underway. Under Japan's ongoing rice production adjustment programme, which aims to curb rice surpluses, over 1 million hectares of rice area have been targeted for diversion, 100 000 hectares more than last year. Thus, assuming a return to normal yields after last year's bumper levels, Japan is anticipating an 8 percent drop in production in 2001/02. In the Republic of Korea, planting of the annual crop is also underway. The Government has announced production-restrictive measures to comply with the country's Uruguay Round Agreement (URA) commitments and refocused its rice policy to enhance the quality, rather than quantity, of rice produced. Early forecasts for the 2001/02 production point to a largely unchanged output from that in the previous season, at about 7.2 million tonnes.

In India, planting of the Karif main paddy crop is expected to begin with the arrival of the Southwest

**World Cereal Production – Forecast for 2001**

	Wheat		Coarse grains		Rice (paddy)		Total	
	2000	2001	2000	2001	2000	2001	2000	2001
	( ..... million tonnes ..... )							
Asia	253.0	242.3	191.4	210.6	542.0	539.4	986.4	992.3
Africa	14.1	16.6	80.0	78.3	17.4	17.2	111.5	112.2
Central America	3.4	3.2	26.4	29.4	2.4	2.4	32.3	35.0
South America	20.5	22.5	62.9	68.9	20.7	19.7	104.1	111.1
North America	87.3	79.4	299.2	295.5	8.7	8.4	395.1	383.3
Europe	186.9	189.0	197.7	212.1	3.1	3.3	387.7	404.3
Oceania	21.4	24.3	10.7	10.1	1.1	1.8	33.2	36.2
<b>WORLD</b>	<b>586.7</b>	<b>577.3</b>	<b>868.2</b>	<b>904.9</b>	<b>595.5</b>	<b>592.2</b>	<b>2 050.4</b>	<b>2 074.4</b>
					<b>(398)1/</b>	<b>(396)1/</b>	<b>(1 853)2/</b>	<b>(1 878)2/</b>
Developing countries	271.3	264.3	345.1	375.3	570.1	567.0	1 186.5	1 206.5
Developed countries	315.4	313.0	523.1	529.6	25.3	25.2	863.8	867.8

Source: FAO

1/ Milled rice. 2/ Including milled rice.

Monsoon. Since irrigation is available to only 45 percent of rice area, prospects for the new season crop will again be largely dependent on the monsoon. Assuming a return to normal weather conditions after drought in the previous season, output in 2001/02 is forecast to rebound to 131 million tonnes. In Bangladesh, planting of the smaller rainfed Aus crop is nearing completion. Last season's record harvest has depressed domestic prices to the extent that total area under rice may decline. However, with little scope for diversification, price-induced reductions to planting are likely to be only small. Producers in many other Asian countries, including Pakistan, Myanmar and Nepal, also await the arrival of the monsoon rains to plant their main crops. Owing to expected serious water shortages this season, the Government of Pakistan has announced significant cuts to irrigated supplies and is encouraging its rice producers to cultivate less water intensive crops. Consequently, output is forecast at 6.5 million tonnes, down 4 percent from the last season. By contrast, output growth in Myanmar, which has relied mainly on the opening of new paddy land, is expected to continue into 2001/02. Similarly, production is forecast to reach a new high in Nepal, barring adverse weather conditions, a reflection of the upward trend in yields.

**Near East:** Prospects of the winter **cereal** crops are unfavourable in several countries due to the adverse weather and insecurity. In Afghanistan, in addition to the adverse effects of continued civil strife and short supply of agricultural inputs, harsh winter conditions and lingering drought in parts of the country have affected the winter grain crops to be harvested from May. A recently completed FAO/WFP Crop and Food Supply Assessment Mission forecast a below average cereal production. In Iraq, persisting drought conditions and shortages of agricultural inputs continue to severely constrain grain production. In Jordan, insufficient rains have affected agricultural production

in several regions. In Turkey and Syria, despite improved rains as the season progressed, a below average production is projected due to earlier warm and dry conditions. In the Islamic Republic of Iran, drought for the third year in succession is hampering any likelihood of a significant recovery in cereal production. The 2001 winter wheat output is tentatively forecast at 8 million tonnes, similar to last year's crop. In Iraq, **paddy** production in 2001/02 is expected to recover partially from the previous year but, as for the other cereals, remains constrained by drought and shortages of inputs. Also, in the Islamic Republic of Iran, paddy output could increase somewhat from last year's low level but persisting dry conditions will continue to limit yield potential.

**CIS in Asia:** In the eight CIS countries in Asia, winter **cereals** are being harvested or are in the filling/ripening stage. Unseasonably hot weather has favoured spring planting progress but has also increased irrigation requirements. The outlook remains uncertain. Following the drought reduced crops of 2000, seed shortages have limited the areas that could be sown with winter wheat in several countries, notably Armenia, Georgia and Tajikistan. In Uzbekistan, latest indications are that the area sown is less than last year's. In Armenia, indications are that the area sown to winter wheat has fallen to about two thirds of normal. By contrast, in Azerbaijan, the area sown to wheat has increased to 523 000 hectares. In many of the countries affected by drought in 2000, soil moisture deficits have not yet been fully replenished. Assuming normal weather until the completion of the harvests, aggregate wheat production of these countries in 2001 is tentatively forecast to increase by 1 million tonnes to 17.8 million tonnes, reflecting further increases in output in Turkmenistan, and a recovery in Georgia. In Kazakhstan, the largest producer in the region, wheat plantings are underway. Good precipitation this winter

has provided ample soil moisture reserves and aggregate cereal output is forecast at 11.6 million tonnes, including 9 million tonnes of wheat, which would be close to last years level. In the region, spring coarse grains, (mainly maize) are being planted now. In Uzbekistan, **paddy** production is expected to recover from the drought-reduced level in the previous season.

- **Africa**

**North Africa:** Harvesting of the subregion's 2001 **wheat** crop is underway. Aggregate output is forecast to be close to 13 million tonnes, compared to about 10 million tonnes last year, and somewhat above the 5-year average. However, conditions are very mixed throughout the subregion. In Morocco, wheat production is expected to be more than double the drought-affected level of 2000, on account of favourable conditions in northern and central areas. However, a below average output is anticipated in southern growing regions as a result of inadequate rainfall and reduced plantings. In Algeria and Tunisia, although the wheat harvests are expected to increase from last year's drought-affected low levels, prolonged dry conditions in April/May this year during the grain filling period have limited the extent of the recovery. Production is forecast to remain below average in Tunisia while in Algeria, it is anticipated to be close to the five-year average. In Egypt, output of the irrigated wheat crop is expected to be only slightly below last year's above-average level of 6.6 million tonnes, as a result of a small reduction in area planted this year. The subregion's 2001 aggregate **coarse grains** crop is forecast at some 10 millions tonnes. This is above the previous year's drought-reduced crop but below the 5-year average, on account of inadequate rainfall over many areas.

In Egypt, given constraints on water availability, **paddy** output growth is largely dependent on productivity improvements. Therefore, higher yielding varieties, faster maturing strains and improvements in irrigation infrastructure continue to be promoted. The Government has set aside an upper bound of approximately 462 000 hectares for rice production this season. While ceilings have been exceeded in previous years, depressed pre-season prices may facilitate compliance this season. Thus, output is forecast to decline by about 7 percent from the previous year to 5.6 million tonnes.

**Western Africa:** The first rains were received in March in southern parts of the coastal countries along the Gulf of Guinea, where they permitted planting of the first **maize** crop. Rains progressed northwards in April, allowing the planting of **millet** and **sorghum**. Satellite imagery indicates that precipitation were generally normal to above normal in April and May, notably over Côte d'Ivoire, Ghana and Nigeria. In Guinea, Liberia and Sierra Leone, civil disturbances and poor infrastructure may affect agriculture activities in several areas at the critical planting period. In the Sahelian countries, the rainy season started in mid-April in the

south of Burkina Faso and Mali and in early April in the extreme south of Chad, allowing land preparation and plantings of coarse grains. Plantings is progressing northwards following the onset of the rains, which improved significantly in mid-May. Availability of seeds is generally adequate but localized shortages are likely in Burkina Faso, Niger and Chad following 2000 reduced crops in some areas.

Planting of the 2001/02 **paddy** crop is underway in several countries in western Africa, favoured by the timely arrival of the rainy season, but uncertainties still surround planting intentions in the region. In Nigeria, the Government has re-introduced a 25 percent subsidy on fertilizers and output growth is expected to continue through to 2001. In Liberia, growth in production, led by a reported expansion in area, is expected to be constrained by a shortage of inputs and inadequate infrastructure. The rice area is forecast to increase in Mali and Ghana, which might boost production in the two countries to record levels, assuming normal weather conditions. Civil conflicts prevail in several other rice producing countries in the subregion, which continue to disrupt rice cultivation.

**Central Africa:** Planting of **coarse grains** is progressing satisfactorily in Cameroon and Central African Republic. In the Republic of Congo, crop production should increase following satisfactory security situation. Despite recent improvements in the security situation in the Democratic Republic of Congo agriculture activities were hampered by civil disturbances in the past few months.

**Eastern Africa:** Harvesting of the 2001 **wheat** crop has been completed in Sudan. A recent FAO/GIEWS mission estimated output at 299 000 tonnes, some 40 percent above last year's reduced crop but 30 percent below the average for the previous five years. In Ethiopia and Kenya, the early outlook is favourable following beneficial rains and a positive rainfall forecast in major producing areas.

Planting of the 2001 main season **coarse grains** is underway in several countries in the subregion. Early prospects are generally favourable following good rains since March. In Ethiopia, despite dry spells in March and April, the outlook for the 2001/02 coarse grains crop has improved with well distributed rains in the "belg" season dependent areas. In Kenya, abundant rains in March and April benefited developing crops. In Uganda, the 2001 main season coarse grains have benefited from well-distributed rainfall and improved security, particularly in north-eastern parts, during late March and April. In Somalia, despite a slow start of the "gu" season, good rains have fallen in major crop producing areas since the second decade of April benefiting coarse grains development. Most farmers in southern parts of Somalia have already planted. Pasture conditions remain good in most parts of the country. In Sudan and Eritrea, the planting of 2001 main season crop is due to start in June.



**Southern Africa:** Overall, prospects for the subregions 2001 **coarse grains**, now being harvested, are unfavourable. The output of maize, which account for over 90 percent of the coarse grains output, is forecast at 13.7 million tonnes, 26 percent lower than last year's good crop and 15 percent below the average of the past 5 years. The decrease in production is concentrated in South Africa, the largest producer of the subregion. A prolonged dry spell in January in southern countries, followed by excessive rains and flooding, negatively affected yields. The 2001 maize crop in South Africa is forecast at about 7.2 million tonnes, sharply below the 10.9 million tonnes harvested last year. This reflects a 17 percent decline in the area planted, in response to low domestic prices, and the mid-season dry spell. Recently completed FAOWFP Crop and Food Supply Assessment Missions in Zimbabwe, Swaziland and Lesotho have confirmed earlier unfavourable production forecasts. In Zimbabwe, maize production is expected to be just 1.5 million tonnes, 28 percent below last year good crop. Plantings declined, mainly due to the resettlement of commercial farms, and yields were affected by adverse weather, particularly in southern parts. In Angola, the Mission has estimated a higher coarse grain production, as a result of an increase in the area planted by large numbers of displaced population. In Mozambique, total coarse grain production is forecast by FAO slightly below last year's good output, reflecting excessive rains in central parts and dry weather in southern provinces, which negatively affected yields. Excessive rains also affected maize production in Malawi, where the crop is forecast at 2 million tonnes, 20 percent below the bumper crops of the previous two years but still average. Coarse grain production also declined sharply in Namibia and Botswana affected by dry weather, and in Zambia, due to excessive precipitation and floods.

Prospects for the subregion's 2001 irrigated **wheat** crop, currently being planted, are uncertain. Following abundant rains in the past months, water availability in dams is satisfactory. This is expected to encourage large plantings. However, in Zimbabwe production is expected to be reduced for the second consecutive year due to sharp decline in the area planted.

The 2001 **paddy** crop season is nearing completion in Southern Africa. Erratic and disruptive weather patterns are giving rise to uncertainties over rice output in the subregion's principal producing countries of Madagascar and Mozambique. Unless weather problems persist, the impact on output should not be as pronounced as observed last season, to the extent that a general recovery in paddy production in these countries is anticipated.

- **Central America and the Caribbean**

Normal weather conditions are benefiting the harvest of Mexico's 2001 winter **wheat**. Total production (winter and summer wheat) is forecast at 3.2 million tonnes. Although this figure represents a fall in output of about 4 percent from last year, the fall is not unusual

as Mexico's wheat production has decreased at an annual rate of about 80 000 tonnes in the last 10 years. This year, the decrease is due to a lower area planted and water deficits in the main producing areas.

**Coarse grain** crops are currently being planted in Central America. In Mexico, the area of maize (yellow and white) is forecast remain unchanged from last year. Total maize production is expected to increase by about 16 percent provided the rains and temperatures are normal this summer. Sorghum planting intentions increased some 4 percent in line with the expansion of the animal feeds industry. In the remaining Central American countries, the area planted with white maize (the most important food crop) is forecast to remain unchanged from last year. The rainy season so far is developing normally, and the early forecast of aggregate maize production is 2.85 million tonnes. This figure represents a 4 percent increase in total output from last year's drought affected crop, but is below the last ten years' average of 2.94 million tonnes. The early forecast for the whole of Central America and the Caribbean is for an output of 22.2 million tonnes of maize and 6.7 million tonnes of sorghum.

Following a second successive year of severe drought and disease, **paddy** output in Cuba is again expected to decline sharply. Current estimates point to a crop of 250 000 tonnes in 2001/02, a fall of 17 percent from the previous season and of 32 percent from 1999/2000.

- **South America**

**Wheat** planting has started in northern Argentina and Central Brazil under a relatively cold and rainy autumn. Planting intentions in Mercosur (Argentina, Brazil, Paraguay and Uruguay) are on the increase due to the expectation of higher regional prices, the current success of the summer crops campaign, and the substitution of beef with crop production following recent foot and mouth outbreaks. Argentina's farmers intend to plant 6.8 million hectares of wheat this year. Farmers in Brazil are expected to plant 1.5 million hectares of wheat, and in Uruguay 195 000 hectares. Wheat is also currently being planted in Chile with planting intentions up by 6 percent relative to last year. Prospects are good for Bolivia's irrigated winter crop currently being planted in the valleys, as water reservoirs are full from abundant summer rains.

Harvesting of **coarse grain** crops is well advanced in the Mercosur countries. The crops benefited from abundant summer rains, and output is expected to increase significantly from last year. Brazil's total maize production for 2001 is expected to increase by almost 7 million tonnes relative to last year, transforming the country from a net importer of maize to a net exporter. Uruguay's maize crop is also in good condition and the country is likely to achieve self-sufficiency in the forthcoming marketing year (June 2001/July 2002). In Argentina, harvest of the 3.2 million hectares planted with maize is also advanced despite delays caused by abundant end-of-summer rains. Maize production is

forecast at 15.4 million tonnes, and sorghum output is expected to reach 3.5 million tonnes. In the Andean Countries, in Bolivia, the maize harvest in the highlands is above average, but the harvest in the valleys is not expected to be abundant due to damage caused by drought and floods at the beginning of the year. In Peru, white maize crops (harvest May-July) are reported to be in good condition despite recent heavy rains and floods. In Ecuador, the major maize crop (currently in vegetative state) is benefiting from normal rainfall, both in the littoral and cordillera areas. In Colombia, the rains so far have favoured the development of crops located in the Pacific and Andean areas. The Colombian National Meteorological Office (IDEAM) forecast for the northern departments is for rains to intensify in the coming months, providing ample water to satisfy the needs of rain-fed maize crops currently being planted.

Harvesting of the main-season **paddy** crops is drawing to conclusion in the subregion. Following an estimated one-third cut in rice area, Argentina's 2001 paddy output is forecast to fall by 264 000 tonnes to 640 000 tonnes. Similarly in Brazil, rice area is estimated to have undergone a substantial contraction. Although a significant improvement in productivity is anticipated through the greater use of technological inputs and planting of improved varieties, the yield increase should only partially offset the contraction in plantings. As a result, production for the 2001 season is forecast to decrease by around 5 percent from the previous year to 10.9 million tonnes. In Uruguay and Bolivia, output is forecast to drop respectively by 16 percent and 7 percent, also reflecting a reduction in area.

- **North America**

In the United States, aggregate (winter and spring) **wheat** production in 2001 is officially forecast at 53.4 million tonnes, 12 percent down from the previous year. The area of winter wheat to be harvested in 2001 is now forecast at about 13 million hectares, some 8 percent down from 2000 and the smallest area since 1971. Regarding spring wheat, planting was virtually complete by late May and, if early indications in the USDA's Prospective Plantings Report have materialized, the area will be down by about 1 percent from 2000 to 7.7 million hectares (see table A. 10). In Canada, the official March seeding intentions report (see table A. 11) points to a marginal decline in the overall wheat area in 2001. A slight increase expected in the area sown to spring wheat would be more than offset by a sharp reduction in durum wheat plantings. As of mid-May, planting was reported to progressing at about normal pace in Alberta and Saskatchewan although most of the former and the western regions of the latter were in need of moisture to aid emergence and early crop development. By contrast, however, in Manitoba, planting was well behind normal pace because of rain and cool temperatures.

With regard to **coarse grains**, according to the USDA's Prospective Plantings Report, a decrease in the overall area sown is expected compared to the

previous year. Plantings of Maize, barley and oats are seen to decrease while the area of sorghum could increase (see table A. 10). Planting of maize was reported to be 90 percent complete by time of the USDA May 21 Crop Progress Report, somewhat behind last year's pace but ahead of the average pace, reflecting generally favourable planting conditions. Based on the indicated areas planted, and assuming normal weather conditions prevail for the remainder of the season, aggregate 2001 coarse grains output in the United States is forecast at about 267 million tonnes, about 3percent down from the previous year. Of the total, maize would account for 243 million tonnes. In Canada, early indications in the March seeding intentions report (see table A. 11) point to an increase in plantings of the major coarse grain crops. Tentative official forecasts point to a significant 17 percent increase in the overall coarse grains production to just under 29 million tonnes, well above the average of the past five years.

In the United States, planting of the 2001/02 **paddy** crop is underway. Concerns over recurrent power shortages in the major growing state of California, necessary for irrigation, and concerns over reduced demand by millers, have dampened output expectations for this season's crop. Consequently, paddy production for 2001/02 is officially forecast to fall by about 3 percent from the previous year to 8.4 million tonnes.

- **Europe**

In the EC, conditions for the 2001 **cereal** crops remain mixed. Northern parts of the community were generally characterized by abundant rainfall during April and early May, which hampered spring and summer crop planting and other spring field activities such as fertilizer application. However, by mid-May, a period of drier and warmer conditions eased earlier problems of excess moisture and soil conditions improved. By contrast, in the Iberian Peninsula, lack of rainfall and above normal temperatures in April stressed the most advanced crops. However, conditions for newly planted summer crops improved in mid-May with cooler temperatures and the arrival of some light rain showers.

Latest information confirms expectations of a decrease in the EC cereal crop in 2001, largely reflecting a significant contraction in the winter sown soft wheat area. The aggregate **wheat** crop in 2001 is now forecast at 97.5 million tonnes, somewhat down from the forecast in the previous report and 7.5 percent down from last year's bumper crop. Apart from the large area reduction, yield prospects have reduced somewhat over the past two months because of less than optimum growing conditions in many parts. Regarding **coarse grains**, although the outcome of spring/summer crop planting is still uncertain, tentative forecasts point to an overall reduction in output to just under 108 million tonnes, compared to 108.3 million tonnes in 2000. While barley production may decrease slightly, output of maize could increase if the larger

area expected in France, the Community's major producer, should materialize. The 2001/02 **paddy** season is in progress but planting intentions remain largely uncertain. Pending more information, production in the EC is tentatively forecast to recover from the 11 percent contraction experienced last year, that followed from flood-induced losses in Italy. Area ceilings at the national level under the Common Agricultural Policy (CAP), continue to limit the scope for large increase in plantings. However, such ceilings were overshot last year in Spain. Abundant water availability in the country, combined with steady productivity gains, might induce planting to yet again exceed the CAP national planting limit, despite the resulting penalties to producer income payments in breach of the ceiling.

Elsewhere in Europe, prospects for the winter cereal crops, although remaining somewhat mixed, are still generally better than last year when severe drought afflicted several countries. In the Czech Republic, the 2001 cereal area is estimated to be similar to the previous year's level at about 1.6 million hectares, and an average output is expected. In Hungary, a dry April favoured spring crop sowing. Scattered showers in early and mid-May helped to improve soil water supplies, which have been generally low since last summer, but more moisture is still needed to ensure satisfactory development of crops through to harvest. Wheat output is now forecast to recover to about 4.5 million tonnes, after reduced outputs in the past two years. A significant recovery in maize output is also expected as long as satisfactory amounts of rainfall continue to be received. In Poland, winter and spring weather conditions have been excellent for the 2001 cereal crops. As a result, although the overall cereal area is expected to remain close to last year's level, improved yields should lead to a significant rise in output. Currently, aggregate cereal output is forecast to recover to almost 26 million tonnes, 15 percent up from last years reduced crop. Of the total wheat is forecast to account for 9 million tonnes. In the Slovak Republic, prospects for the winter grain crops are satisfactory and output is expected to recover after last year's reduced crop.

In the Balkan countries, in Bosnia Herzegovina, wheat production is likely to remain at about 250 000 tonnes but maize output, given adequate rains this growing season could recover from last year's drought reduced level. In Bulgaria, conditions have remained generally satisfactory over the past two months for the developing cereal crops and a sharp recovery in this year's cereal output, after last year's reduced crop, still seems likely. Aggregate output of cereals in 2001 is now forecast at about 5.4 million tonnes, about 17 percent up from 2000, of which, wheat will account for about 3.2 million tonnes. In Croatia, the outlook is uncertain with moisture reserves remaining tight, but again good spring rains have improved the outlook and the 2001 cereal crop is likely to recover from last years low of 2.8 million tonnes. In the Federal Republic of Yugoslavia (Serbia and Montenegro), good rains in the past few weeks have helped to boost soil moisture for

crop development. However, after last year's persistent and prolonged drought, soil moisture reserves remain low and the harvest outlook depends crucially on regular rains throughout the remainder of the growing season. However, official expectations are that this year's harvest will be markedly better than last year's. FAO expects the 2001 wheat harvest to reach at least 2 million tonnes and the maize harvest to recover to about 5 million tonnes, from 3.1 million tonnes in 2000. In the Former Yugoslav Republic of Macedonia, prospects remain somewhat uncertain after exceptionally dry winter conditions, especially in eastern parts of the country. Winter wheat production in particular is reported to have been severely affected in some counties and, as a result, the overall output could fall below average this year. In Romania, prospects for the 2001 cereal crops have improved over the past two months with beneficial rain helping to replenish soil water reserves, which had earlier been severely depleted. Yields are likely to recover from last year's poor levels and aggregate cereal output is tentatively forecast at almost 14 million tonnes, 4 million tonnes up from last year but still well below the average of the 5 years preceding the 2000 severe drought year.

In the Baltic countries, (Estonia, Latvia and Lithuania) the 2001 cereal harvest could remain close to last years good level, with aggregate wheat and coarse grain production estimated to remain stable at 1.5 million tonnes and 2.6 million tonnes respectively.

In the CIS countries west of the Ural Mountains, (Belarus, Moldova, Russian Federation and Ukraine) FAO's early forecast is for an increase in the 2001 cereal production in response to mostly good growing conditions to date for winter crops in most areas of the Russian Federation and Ukraine and favourable planting conditions for spring plantings now underway. This could lead to an increase of the order of 3 million hectares in the aggregate area sown or to be sown to cereals. Markedly better growing conditions this season to date in the Ukraine and Moldova point to a recovery from the poor levels of the past two years.

In the Russian Federation, the area sown to winter crops increased by 0.5 million hectares to 14.7 million hectares, mainly due to larger plantings in the North Caucasus and the bulk of the crop is in satisfactory to good condition. Winterkill has affected crops on an area of 1.2 million hectares, below average but similar to last year's level. The area to be sown to spring grains is projected to rise by up to 2.4 million hectares compared to the previous season, to 35-36 million hectares bringing the aggregate area sown to cereals to about 48 million hectares compared to 45.6 in 1999/2000 season. Yield projections are difficult to make for an area as large and varied as the Russian Federation but, given normal weather until the completion of the harvest, the 2001 grain and pulse harvest is forecast to reach 74 million tonnes compared to the estimated 71 million tonnes in 2000. FAO's estimates for both years are some 10 percent higher than official estimates. At this early stage the

2001 wheat harvest is forecast at 40 million tonnes (2000: 38 million tonnes) and coarse grains at 32 million tonnes, similar to last year's level. In Chechnya, insecurity and shortage of farm inputs continue to compromise production.

In Ukraine, the area sown to winter grains increased by an estimated 0.6 million hectares to 8.4 million hectares; growing conditions have been good in the 2000/2001 season to date and the bulk of the crop remains in good condition. Spring planting is nearing completion and by and large weather conditions have been satisfactory. The outlook is for a sharp recovery from the poor harvests of the past two years, (estimated by FAO at 27 million tonnes and 23 million tonnes respectively). Early projections, provided normal weather prevails, are for the 2001 wheat harvest to reach 17 million tonnes (2000:11 million tonnes) and coarse grain production to reach 13 million tonnes (2000:12 million tonnes). In Belarus, weather conditions for the 2001 crops have also been beneficial overall and despite persistent economic problems, indications are that the 2001 grain harvest could reach 5 million tonnes, cleaned weight compared to an estimated 4.7 million tonnes in 2000. In Moldova, also, expectations are for an increase to an estimated 2.4 million tonnes (2000: 2.1 million tonnes) in response to better weather conditions to date.

- **Oceania**

In Australia, planting of the 2001 winter **wheat** and **coarse grain** crops is underway under generally favourable conditions. In western Australia, good rainfall throughout the winter grain belt in early May improved soil moisture for planting and germination. In the eastern areas, where soil moisture was already ample after earlier rains, drier conditions in May were beneficial for developing winter crops and summer crop harvesting. Early indications of farmers' planting intention point to a likely increase in winter wheat area this year to about 12.5 million hectares, in response to favourable price prospects. Given the good planting conditions, and assuming normal weather for the remainder of the season, a crop of about 24 million tonnes is currently forecast, sharply up from last year's output of 21 million tonnes, and well above the average of the past five years. As regards barley, the major winter coarse grain crop, early indications suggest that the planted area and output may also increase somewhat compared to last year. The harvest of the 2001 **rice** crop is almost complete in Australia, and the country remains on course to post a record harvest of 1.8 million tonnes, reflecting increased availability of irrigation water and ideal growing conditions in the country this season.

## Trade<sup>1/</sup>

### The latest forecast puts world cereal imports slightly below the previous season's volume

Following this month's upward adjustments to wheat imports and equally important downward adjustments to coarse grains, the forecast for world trade in cereals in 2000/01 remains unchanged from the April report, at 233 million tonnes. As the 2000/01 season for wheat and coarse grains draws to a close and trade numbers become firmer, it appears that world cereal trade this season is headed for a small decline, mostly on account of lower world trade in wheat. This would be in contrast to the rapid increase registered in the previous season, a short-lived expansion that was mainly brought about by large imports by the Russian Federation.

At the current forecast levels, total cereal imports by the developing countries in 2000/01 are expected to approach the previous season's volume of around 170 million tonnes. Based on this forecast, the overall cereal import bill of the developing countries in 2000/01 is currently estimated at US\$22.4 billion, which is about US\$1.2 billion, or 5 percent, above the previous year's value. This increase has been brought about mainly by the rise in wheat prices in 2000/01. For the Low-Income Food-Deficit Countries (LIFDCs), as a group, cereal imports in 2000/01 are forecast at 72 million tonnes, down 2 million tonnes from the previous season. Despite this decline in the volume of imports, the total cereal import bill of the LIFDCs is expected to increase by at least US\$300 million, or 3 percent, to US\$9.4 billion, again due largely to higher wheat prices.

The forecast for global trade in **wheat** and wheat flour (in grain equivalent) in 2000/01 (July/June) has been lowered by 1.5 million tonnes since the previous report to 105.5 million tonnes. At this level, world wheat imports would be some 4 million tonnes less than in the previous season. This month's reduction reflects a further cut in the forecasts for imports by several countries, including China, the Russian Federation and Yemen. Except in Africa, wheat imports by other regions are generally expected to fall below the previous season's levels. In **Asia**, China, Bangladesh, India and Pakistan are the countries contributing to that decline. While in **Europe**, the Russian Federation is

<sup>1/</sup> World trade in wheat and coarse grains is based on estimated imports delivered through 30 June of the July/June trade year. Some late-season purchases may be included in the next season if deliveries occur after 30 June. In general, exports and imports are calculated based on estimated shipments and deliveries during the July/June trade season and thus they may not be equal for any given year due to time lags between shipments and deliveries. Trade in rice is reported on a calendar year basis for the first year shown.

### Changes in Cereal Import Bill of LIFDCs by Region and Commodity

	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01 estimate	2001/02 forecast
	(.....US\$ million.....)								
<b>LIFDCs</b>	<b>8 857</b>	<b>12 239</b>	<b>16 877</b>	<b>12 887</b>	<b>12 961</b>	<b>9 715</b>	<b>9 130</b>	<b>9 432</b>	<b>9 896</b>
Africa	2 973	3 264	4 758	4 546	4 325	3 906	3 686	4 265	4 217
Asia	5 153	8 106	11 171	7 440	7 815	5 033	4 649	4 381	4 836
Latin Am. and Carib.	552	686	724	705	638	632	649	634	684
Oceania	69	77	95	78	81	83	67	66	67
Europe	110	106	130	118	104	60	79	87	91
Wheat	5 761	6 894	10 747	8 199	6 626	5 066	4 963	5 243	5 619
Coarse grains	1 934	2 089	3 780	2 791	2 406	1 985	2 386	2 550	2 503
Rice	1 162	3 257	2 350	1 897	3 930	2 664	1 782	1 639	1 774

the main contributor. In the **Latin America and Caribbean**, the largest decline is expected in Mexico. Even in **Africa**, where aggregate wheat imports are forecast to rise by over 1 million tonnes, total imports by countries in sub-Saharan Africa are expected to decline significantly. Most of the expected increase in shipments into Africa is on account of higher import demand in several drought-stricken countries of the north, most notably Algeria and Morocco. Imports by Egypt are also forecast to increase, even though production rose in 2000, mostly due to rising demand for high quality wheat.

On the export side, the presence of significant exportable supplies from non-traditional exporters such as in India and Pakistan, both usually large net wheat importing countries, is a new feature of this season. By contrast, a number of wheat exporting countries in Europe, outside the EC, had smaller supplies because of reduced domestic production. Among major exporters, Argentina and the United States have raised their sales considerably this season, helped by large exportable supplies and strong demand, especially from several countries in South America and Far East Asia. By contrast, shipments from Canada are expected to decline slightly while exports from Australia are also forecast to be smaller, following the drop in its production in 2000. Wheat sales from the EC are also expected to be down from the previous season. Tighter supplies of higher quality wheat in the Community slowed the pace of sales during the first half of the season, but by December 2000, the Commission resumed granting export refunds, which helped accelerate exports.

The forecast for global trade in **coarse grains** in 2000/01 (July/June) has been raised by nearly 2 million tonnes since April, to 105.5 million tonnes. This month's upward revision reflects higher import estimates mostly for the Syrian Arab Republic, Saudi Arabia and Colombia. Coincidentally, at the current forecast volume, world trade in coarse grains and wheat would be identical. The expansion in world

imports of coarse grains has been higher than that for wheat, especially since the mid-1990s; the former increasing by almost 10 million tonnes, or 11 percent, since 1995/96, while the latter by only 6 million tonnes, or 8 percent, over the same period. The main factor driving up trade in coarse grains has been a more rapid growth in feed usage, which has proven particularly favourable to maize, while the fast rising demand for malt has also given rise to a surge in barley imports. By contrast, the world demand for the other major coarse grains, including sorghum, millet, oats and rye, has changed little in recent years.

On a regional basis, imports into most regions are likely to increase. In **Asia**, after two consecutive years of extremely low production in the Syrian Arab Republic, coarse grain imports are seen to rise again this season, led by larger barley imports, a major export commodity for this country until recently. Favourable maize prices have already resulted in larger purchases by the Republic of Korea so far in the season. In **Africa**, the drought in several countries in the northern region boosted their import requirements, especially for barley. Weather was also the main factor in Kenya, where a drop in maize production may give rise to higher imports this season. In most parts of **South and Central America**, import demand for feed grains continued to grow at a fast pace, although Brazil, the region's largest producer of coarse grains, is expected to cut its imports because of large carryover stocks and Mexico is seen to cut its purchases of maize and sorghum. In **North America**, reduced maize output in 2000 is behind exceptionally high imports by Canada. In **Europe**, much higher purchases by Poland and Romania, due to poor domestic crops last year, more than offset the decline in imports by the Russian Federation.

On the export front, the 2000/01 season may be remembered as the year of uncertainty as far as the prospects for major exporters are concerned. Few expected that China continued exporting maize into 2001, not to mention at near record levels, after a 23

million tonnes dip in production to 105 million tonnes in 2000. China continued to sell maize throughout the season, as the main preoccupation of the authorities proved to be its bulging stocks. Another feature associated with this season has been the rejection of GMO contaminated grains by some importers. This development, which initially affected mostly maize sales from the United States because of concerns in a few important Asian markets, soon gave rise to much stronger demand for grains from GMO-free origins. Later in the season, the spread of animal diseases, in particular FMD, made certain importing countries wary of grain purchases from countries affected by the disease. Overall, however, higher maize exports from China are seen to largely compensate for the lack of coarse grains sales from a number of countries in Europe, where drought reduced exportable supplies. Coarse grain exports from major suppliers, especially from Argentina and the United States, are expected to rise, with the exception of the EC, where they are likely to decline because of smaller barley sales.

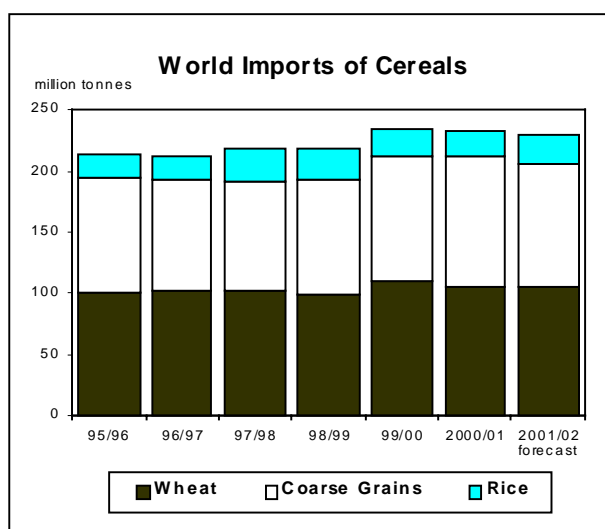
**World cereal trade to contract again in 2001/02**

As the current 2000/01 season for wheat and coarse grains is drawing to a close, attention is being focused on prospects for 2001/02. Based on FAO's preliminary 2001 production forecasts, the first indications for the direction and size of **cereal** trade in 2000/01 points to a reduction of some 4 million tonnes, or 2 percent, to roughly 229 million tonnes. This contraction would mostly reflect lower trade volume for wheat and coarse grains during 2001/02, which could more than offset the increase that is tentatively forecast for global rice trade in 2002<sup>1/</sup>.

Based on the preliminary trade indications for 2001/02, total cereal imports by the developing countries are seen to decline slightly, to 169 million tonnes. Assuming a modest rise in average cereal prices also in 2001/02, but no significant change in the volume of food aid, the cereal import bill of the developing countries could increase marginally, to US\$23 billion. For the LIFDCs, cereal imports are forecast to increase by 1.5 million tonnes, to 74 million tonnes. This increase would be mostly on account of larger expected imports by several countries in Asia. The expected rise in the volume of imports coupled with higher prices would raise the cereal import bill of the LIFDCs, as a group, for the second consecutive year, to roughly US\$10 billion, up US\$500 million, or 5 percent, from 2000/01.

Global **wheat** trade in 2001/02 is expected to decline for the second consecutive year, this time by 1 million tonnes, to 104.5 million tonnes. The reduction would be mostly in Europe and South America, given improved production prospects, especially in Brazil, Ukraine and several countries in Easter Europe. By contrast, total wheat imports by countries in Asia could rise significantly next season as China is expected to double its purchases, Pakistan could return as an importer later in the year and the prolonged drought in

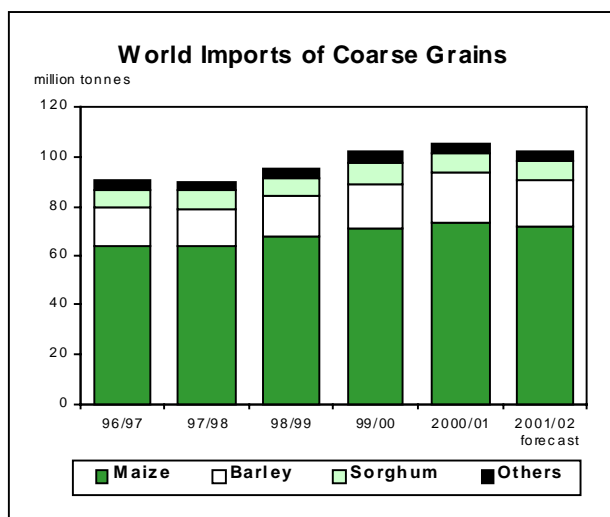
many countries in the region could force some of them to increase their imports during 2001/02. Also in Central America, import demand for wheat remains strong and in many countries, such as Honduras and Mexico, is likely to increase. Imports into Africa are expected to remain largely unchanged from the current season. Several countries in the north will still need to resort to above-average wheat imports again next season because of production shortfalls. In the sub-Saharan, total wheat imports are expected to decline slightly but imports by the subregion's largest importers, Nigeria, Sudan and Kenya, are likely to be unchanged from this season, as demand for wheat in these countries remains strong, due to urbanization and the growing preference for wheat bread.



On the export side, a mixed prospect emerges. Among the five major wheat exporters, Argentina, Australia and Canada are likely to expand their markets next season, because of large supplies. By contrast, a sharp drop in exports is currently anticipated for the United States, given the expected decline in its production, while shipments from the EC could also contract for the third year in a row, as a result of tighter supply. Among other exporters, Turkey may also export less wheat as production is expected to remain below average, while the Syrian Arab Republic is likely to remain absent from the export market for the third consecutive year because of severe supply shortage in recent years. By contrast, the Government of India has announced an even higher wheat export target for next season, but much will depend on world prices and the extent to which India would continue to export wheat at lower than its own domestic prices. In Europe, Hungary and the Ukraine are likely to return strongly to the wheat export market, following much better domestic production prospects.

1/ It should be noted that the marketing season for rice is calendar, hence, for next year, it will begin in January 2002. For wheat and coarse grains, the next trade season begins soon, in July 2001, and ends in June 2002.





Making trade forecasts for **coarse grains** for next season is subject to even more uncertainties at this time of the year as key harvests in the northern hemisphere producing countries are still months away and final results will depend on weather developments, especially during the critical summer period. Nevertheless, world trade in coarse grains in 2001/02 is expected to decline after a strong rebound this season. Among the various regions, only in Asia imports are expected to increase slightly and that mostly because of continuing strong demand for feed grains in the Far East. In Africa, current expectations are for better barley and maize outputs, which could result in a decline in imports. Imports are also forecast to fall sharply in South America, mostly in Brazil because of a record crop just harvested, and in North America, where maize production in Canada is set to recover after last year's sharp decline. In Europe too, imports would be less, mostly because of a likely increase in domestic production in several countries.

In the export market, early prospects for next season point to a reduction in maize sales from the United States but higher exports of barley from Canada, given the current production outlook for maize and barley in those countries. However, shipments from other major exporters are likely to remain unchanged from this season. On the other hand, maize exports from China are forecast to continue, although current forecasts put next year's shipments below the latest estimates for this season. In addition, Hungary, Romania and the Ukraine are forecast increase their exports next season while Brazil could also join the export market as a large supplier of maize. In Africa, however, total exports are set to drop sharply as Zimbabwe would remain out of the market for the third consecutive year, while exports from the Republic of South Africa could drop significantly because of smaller domestic output.

World **rice** trade is currently forecast at 22.3 million tonnes, unchanged from the last report and down fractionally from 2000, reflecting generally good crops in the past season in traditional importing countries.

Although global imports are not forecast to change much from last year, at the regional level, a contraction in shipments into Asia is currently foreseen, most of which should be compensated by increased deliveries to African countries. Anticipated rice shipments to Indonesia, one of the world's leading importers of rice, still remain down by 40 percent from the previous year, with little prospects for an immediate recovery. Indonesia's state trading agency has announced that owing to large existing stocks, no official imports of rice will be made. In addition, purchases by the private sector continue to be constrained by a weakened local currency together with ample supplies of competitively priced domestic rice. Similarly in Bangladesh, import demand remains flat, since the country has basically succeeded in achieving rice self-sufficiency. Moreover, prospects have further deteriorated following two successive 5 percent increases in import duties in March and April, with tariffs now standing at 15 percent. Japan has completed the expansion of its rice market access, as agreed under the Uruguay Round on Agriculture. Given the large rice surpluses the country is facing, only imports under the preferential access quota are anticipated. Consequently shipments to the country are expected to stabilize at around 700 000 tonnes in 2001. While the Philippines strives to attain self-sufficiency in rice, growing domestic needs suggest that in 2001, the country might import 750 000 tonnes of rice, 50 000 tonnes more than previously anticipated, and 8 percent above last year. China's rice purchases, mainly fragrant rice varieties, are also expected to surge to 300 000 tonnes in 2001, almost 100 000 tonnes more than last reported. Saudi Arabia is forecast to import 825 000 tonnes of rice in 2001, some 30 000 tonnes above the revised 2000 figure. Forecast shipments to the other major importers in the region are unchanged from last report, at 1.2 million tonnes for the Islamic Republic of Iran and for Iraq and at 700 000 tonnes for Malaysia. Forecast imports by the Democratic Peoples Republic of Korea also remain at 550 000 tonnes following the recent failure to reach an agreement on a 500 000 tonnes deal with Thailand.

The flow of rice into Africa is now estimated at 6.2 million tonnes, up 200 000 tonnes from the revised 2000 estimate and almost 400 000 tonnes more than previously anticipated. For instance, imports by South Africa are forecast to increase by 75 000 tonnes from a revised 525 000 tonnes estimate in 2000. In Nigeria, the recent increase in tariffs has resulted in an effective duty rate of around 85 percent. However, this does not appear to have dampened demand for external rice, especially parboiled rice that forms the bulk of the country's imports. Current forecasts put these at 1 million tonnes in 2001, slightly above the revised 2000 level, but 200 000 tonnes more than last reported. Anticipated rice imports by Cameroon and Senegal have also been increased by a combined 80 000 tonnes from the last report, while they have been put at 90 000 tonnes for Niger, almost 25 000 tonnes above 2000.

## Overview of World Cereal Imports - Forecast for 2001/02

	Wheat		Coarse grains		Rice (milled)		Total	
	2000/01	2001/02	2000/01	2001/02	2001	2002	2000/01	2001/02
	( ..... million tonnes ..... )							
Asia	48.2	50.7	57.4	57.9	11.1		116.6	
Africa	25.2	25.2	14.3	13.0	6.2		45.7	
Central America	5.7	6.0	13.3	13.0	1.6		20.6	
South America	13.0	10.8	7.2	6.4	0.9		21.2	
North America	2.4	2.6	4.6	3.7	0.6		7.6	
Europe	10.4	8.7	8.7	7.9	1.5		20.6	
Oceania	0.5	0.5	0.1	0.1	0.3		0.9	
<b>WORLD</b>	<b>105.5</b>	<b>104.5</b>	<b>105.5</b>	<b>102.0</b>	<b>22.3</b>	<b>22.6<sup>1/</sup></b>	<b>233.3</b>	<b>229.1</b>
Developing Countries	81.1	81.8	69.9	68.0	18.6	19.1	169.5	168.9
Developed Countries	24.4	22.7	35.6	34.0	3.7	3.5	63.7	60.2

Source: FAO

<sup>1/</sup> Highly tentative.

In the other regions, imports are forecast either to contract or to remain static in 2001. For instance, purchases by Brazil are anticipated to fall by some 100 000 tonnes from the level achieved in 2000, following a 200 000 tonnes downward revision of the current year forecast. The adjustment reflects the expectation of a release of supplies from Government stocks, which could discourage imports. On the other hand, following reductions to the 2001 forecasts of 50 000 tonnes in the Russian Federation and 115 000 tonnes in the EC, both are expected to import about the same level of rice as last year. While the Commission has temporarily shelved a reform proposal of the EC rice policy regime, which may have important implications for imports, in March of this year, the EC Council adopted the "Everything But Arms" proposal. This initiative will ultimately grant free access to the EC rice market by 2009 to 48 least developed countries, including a few large rice producers, such as Bangladesh and Cambodia. In the interim period up to full liberalization, limited duty-free rice quotas will be allocated to these countries, with the initial level set at 2 517 tonnes (husked-rice equivalent) in 2001/02, growing 15 percent annually to 6 696 tonnes in 2008/09. In addition, from 2006 to 2009, tariffs on imported rice will be progressively phased out.

Against a background of limited market openings and ample supplies available for export, competition among the major exporting countries has intensified. Forecast exports for Thailand in 2001 have been adjusted upward by 300 000 tonnes to 6.5 million tonnes, the same performance as in the previous year. Similarly, Viet Nam's rice exports have been raised by 500 000 tonnes, to 3.9 million tonnes. Policy initiatives, such as the recent removal of export quotas, suggest that the country might significantly improve on the 2000's poor export performance. By contrast, based on shipments to date, prospects for China's exports have been lowered by a further 500 000 tonnes from the last report to 2.6 million tonnes, the lowest level since

1997. Deliveries by Japan, which consist mainly of food aid, have also been revised downward by 200 000 tonnes from previous expectations. As a result, exports by the country are forecast at 500 000 tonnes, matching the revised figure for 2000. Since the last report, India has authorized the sale of 3 million tonnes of rice from Government stocks for export. Recently, the authorities have announced that sales from these quantities will be subject to a minimum price of Rs 6 000 (US\$128) for parboiled rice and Rs 5 650 (US\$120) for other non-basmati rice. Pending more information on the specifications and quality of the rice and the conditions for delivery, it is difficult to gauge whether this measure will improve India's export prospects. As a result, anticipated shipments by the country in 2001 stand at 1.3 million tonnes, unchanged from last report, but 120 000 tonnes less than the revised figure for 2000. Outside of Asia, major revisions have been made for Brazil, which is expected to export over 150 000 tonnes from Government stocks in 2001. With ample supplies in the South American region, forecast sales by Argentina have been reduced by 50 000 tonnes to a record low of 200 000 tonnes. For other major exporting countries, shipments by Egypt are forecast at 500 000 tonnes, up 50 000 tonnes from the last report, while exports from the United States still remain down 100 000 tonnes from the previous year at 2.7 million tonnes.

### Carryover Stocks

#### The 2000/01 season is set to end with much lower stocks for all major cereals

World cereal stocks at the close of the individual countries' 2001 marketing seasons are currently put at 647 million tonnes, some 51 million tonnes, or 7 percent, below their already reduced opening levels, but 2 million tonnes more than was reported in April. This month's higher estimates for world cereal stocks reflects larger carryovers in major exporting countries,



in view of lower sale prospects than anticipated earlier. As a result, the percentage shares of global stocks of wheat and coarse grains held by the five major exporters, which FAO regards as important indicators of global food security, are now seen to remain stable at around 20 percent and 32 percent, for wheat and coarse grains respectively. Overall, global wheat stocks are now put at 246 million tonnes, down 5 percent from the previous season. Global rice stocks at the close of the marketing season endings in 2001 are forecast to fall by about 8 million tonnes from their opening levels, to 154 million tonnes – an overall change in stocks similar to the previous report. The global contraction in stocks must be viewed with reference to the large build-up that took place in the course of the previous two seasons. China is set to account for the bulk of the expected contraction in global rice inventories, with lesser, but still significant, draw-downs foreseen in India and in Indonesia. The forecast contraction in India is attributed to a reduced 2000 rice crop, while for Indonesia, lower imports for the current year are behind the decline in rice stocks.

number of major wheat producing areas, including the United States and the EC, is forecast to decline. In fact, this could also lead to a drop in the global share of wheat stocks held by major exporters by as much as two percentage points to 18 percent, which would be the lowest since 1997/98. Another important factor, which could also reduce global wheat stocks, is the continuing attempts by China and India, both leading wheat producers, to cut on their large wheat reserves in order to reduce the high financial costs associated.

### World Carryover Stocks of Cereals

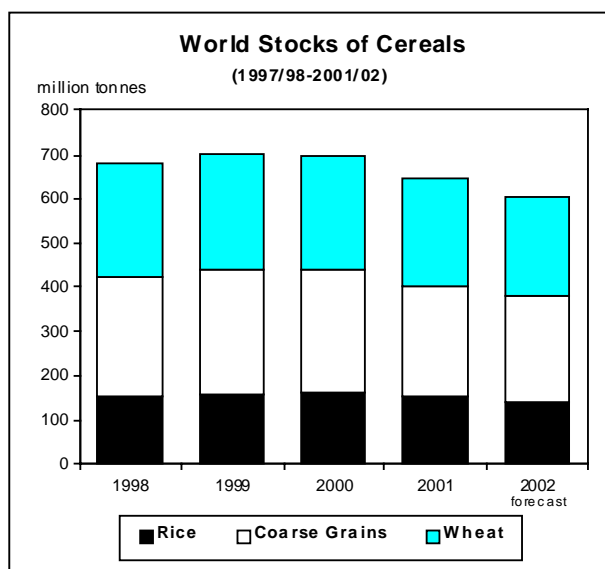
	Crop year ending in:		
	2000	2001 estimate	2002 forecast
	(. . . million tonnes . . .)		
Wheat	258.5	246.1	221.5
Coarse grains	277.4	247.3	241.7
of which:			
Maize	227.4	205.0	199.1
Barley	27.3	22.5	23.4
Sorghum	8.5	7.2	7.0
Others	14.3	12.6	12.2
Rice (milled)	162.0	153.7	139.6
<b>TOTAL</b>	<b>697.9</b>	<b>647.1</b>	<b>602.8</b>

Source: FAO

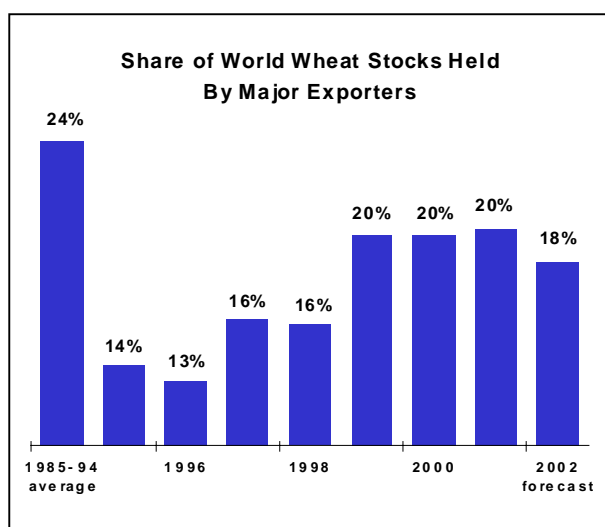
### Another sharp drop in global cereal stocks is expected in 2001/02

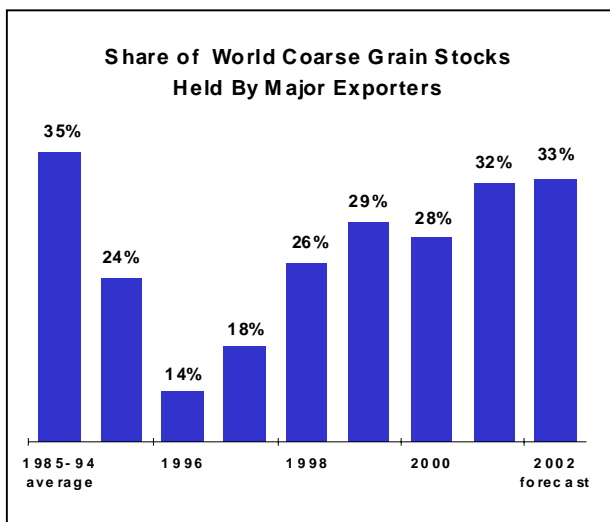
Based mainly on the current production and consumption prospects for 2001/02, early indications for global stocks at the conclusion of countries' crop seasons ending in 2002, point to a significant decline of some 44 million tonnes, or nearly 7 percent, to 603 million tonnes. Considering that the 2001/02 season is set to begin with opening stocks significantly below the previous three seasons, another sharp decrease by the end of 2001/02 seasons could lead to a tighter supply situation in 2002/03, especially in terms of exportable supplies as stocks are also likely to fall in some of the major exporting countries.

As regards the individual cereals, world **wheat** stocks during the next season could decline by almost 25 million tonnes, or 10 percent, to 221 million tonnes. This would be in part because wheat production in a



With regard to **coarse grains**, the early outlook for next season points to a small decline of about 6 million tonnes in world stocks, to 242 million tonnes. Most of this decline would be on account of further reductions in China. Although the decrease in China's stocks is expected to be less significant than in the past two seasons, mostly because of the anticipated recovery in its 2001 maize production, the Government policy to downsize China's large stocks is likely to continue.





This is seen as the main factor for continuing maize export sales also next season, some of which may even be subsidized; an option, however, which will not be available when China joins the World Trade Organization. Stocks held by major exporters are also likely to decline next season, mostly in view of a possible decline in their total production, as domestic feed use and exports are unlikely to surpass this season's levels.

There is still considerable uncertainty regarding the level of rice stocks at the close of the 2002 season, since they will mainly depend on the outcome of the 2001/02 paddy crops in Asia, most of which have not yet been planted. However, based on current expectations of no growth in global output and rising utilization, a 14 million tonnes draw down in world rice inventories to 140 million tonnes is currently foreseen, the lowest level in the past ten years. China, which is estimated to hold about 70 percent of global stocks, could account for much of the contraction given the expected drop in production this season. Indonesia's efforts to curb the level of imports may also result in lower closing rice inventories in 2002. Other countries may experience a drop in stocks, including Japan, under the recently adopted emergency programme to cut paddy production, increase rice utilization in feeds and external food aid, or India, following some recovery in exports and increases in utilization.

### Export Prices

**Among the major cereals, only wheat prices are on the rise but even in this case, a vigorous rebound remains unlikely**

In the international wheat market, concerns about winter wheat conditions in the United States coupled with stronger pace of its exports were supportive to wheat prices in recent months. In May, the U.S. wheat No. 2 (HRW, fob) averaged US\$136 per tonne, some US\$3 per tonne higher than in March and US\$25 per tonne, or 23 percent, above the corresponding period in the previous year. In fact, U.S. wheat prices have

increased progressively since the beginning of the season (July 2000). Stronger demand for U.S. wheat has been the main factor in view of reduced export supplies in most other major exporting countries. Looking into the next season, wheat prices could strengthen further, supported by lower carryover stocks in the United States and the EC. However, the increase is likely to be limited, as world import demand is set to decline in 2000/01. This is also reflected in price movements in the U.S. futures at the Chicago Board of Trade (CBOT). Although weather continues to play a dominant role in the U.S. futures market at this time of the year, the CBOT September wheat futures have been trading below the levels registered in the corresponding period last year.

### Cereal Export Prices \*

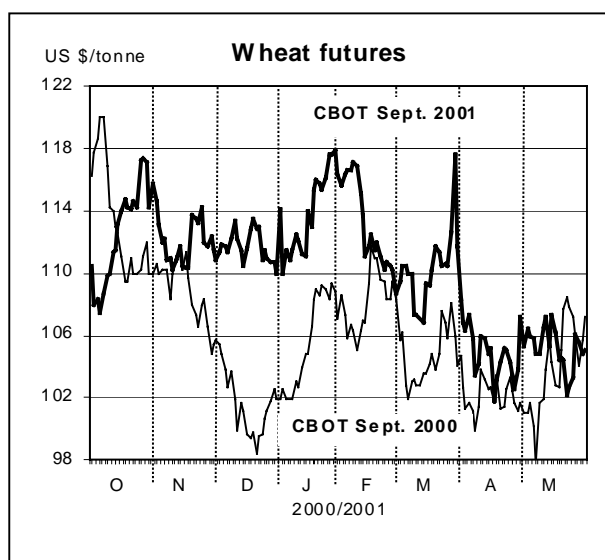
	2001		2000
	May	March	May
	(. . . . . US\$/tonne . . . . .)		
<b>United States</b>			
Wheat 1/	136	133	111
Maize	84	92	95
Sorghum	96	99	95
<b>Argentina 2/</b>			
Wheat	123	118	112
Maize	76	80	87
<b>Thailand 2/</b>			
Rice white 3/	170	179	210
Rice, broken 4/	126	125	143

Source: FAO, see Appendix Table A.6

\* Prices refer to the monthly average.

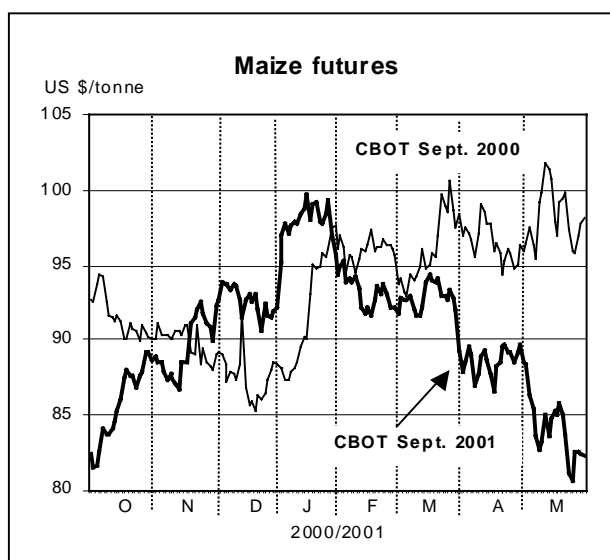
1/ No. 2 Hard Winter (Ordinary Protein). 2/ Indicative traded prices.

3/ 100% second grade, f.o.b. Bangkok. 4/ A1 super, f.o.b. Bangkok.

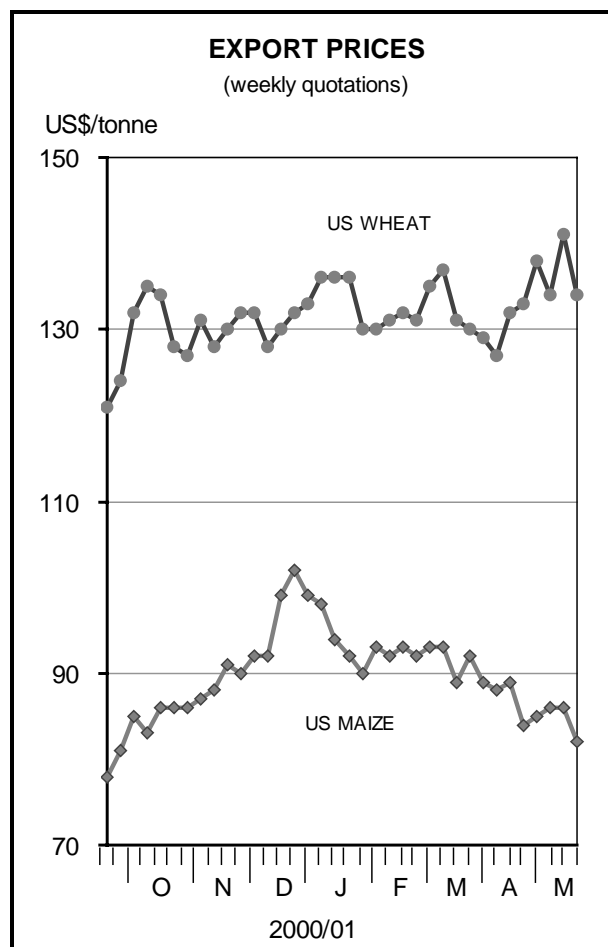


In the maize market, prices remain under pressure. Since last October, when GMO maize (StarLink) was first noted in shipments from the United States, U.S. maize prices have remained under pressure but also volatile, with Japan and the Republic of Korea, at times

opting for alternative supply sources. In May, the U.S. maize export prices (U.S. No.2 Yellow, fob) fell to US\$84 per tonne, down US\$8 per tonne since March and US\$11 per tonne lower than in the previous year. Although the initial production estimates in the United States point to a decline in 2001, last year's output was a record and inventories in the United States are very high. Furthermore, China is heading for a strong production recovery this year so that exportable supplies in China are also seen to remain high during the next season. By late May, the September maize futures contracts at the CBOT fell to US\$78 per tonne, down by as much as US\$20 per tonne from the corresponding period last year. Against the background of abundant supplies and current indications of a likely sharp downturn in world import demand, maize prices are more likely to remain depressed than to recover during the next season.



A slight recovery in international rice quotations in the first three weeks of May does not disguise the longer-term decline in prices, which continues to be fuelled by weak global import demand relative to export supplies. During April, international prices fell to levels rarely witnessed over the past two decades. Accordingly, the FAO Export Price Index for Rice (1982-84=100) declined by three percentage points in that month before recovering by one point to 89 in May. While the recent firming of prices may be a result of efforts by several Governments, especially in exporting countries, to arrest the fall in prices, the possibility of a solid recovery remains slim.



Prices of the Thai 100B, high quality rice, have been supported by large government purchases in Thailand and have remained at the order of US\$170 per tonne, relatively unchanged from April's average, but at their lowest level in two decades. Prices of low quality, fully broken rice (Thai A 1 Super), have recovered slightly, up US\$4 from the April average to US\$126 per tonne in May. A notable exception to the recent firming, has been the 9 percent decline, from the beginning of April to mid May, in the price of U.S. No.2/4 long grain rice. Uncertainties over export prospects are partly to blame, but the price slide also reflects the lower quality of the rice quoted, since high quality rice was reported to be in short supply in the United States.

Tentatively, prospects for prices in the second half of the year may brighten somewhat as many of the larger producing countries have signaled an intention to reduce the area under rice. However, under the continued prospects of weak global import demand, the arrival onto the international market of supplies from India would preclude any sustained price recovery this year.

## Cassava

**Global cassava production rises by one percent**

World cassava production is estimated to have risen by about 3 million tonnes, or 2 percent, in 2000, reaching 175.5 million tonnes, slightly more than originally forecast in November. The year-to-year increase was concentrated in Latin America and the Caribbean, while output stagnated in Africa and Asia.

**World Cassava Production <sup>1/</sup>**

	1999	2000	2001 prelim.
	( . . . . . million tonnes . . . . . )		
<b>WORLD</b>	<b>172.6</b>	<b>175.5</b>	<b>174.0</b>
<b>Africa</b>	<b>92.4</b>	<b>92.7</b>	<b>90.9</b>
Congo Dem. Rep.	16.5	16.0	13.5
Ghana	7.8	7.5	7.8
Madagascar	2.5	2.2	2.4
Mozambique	5.4	4.6	4.5
Nigeria	32.7	33.9	34.0
Tanzania	7.2	5.8	5.0
Uganda	3.3	5.0	5.5
<b>Asia</b>	<b>50.9</b>	<b>50.5</b>	<b>49.4</b>
China	3.6	3.6	3.8
India	6.1	6.2	6.2
Indonesia	16.5	15.7	15.5
Philippines	1.8	1.8	1.8
Thailand	20.3	20.2	19.2
Viet Nam	1.8	2.0	2.0
<b>Latin America and Caribbean</b>	<b>29.2</b>	<b>32.1</b>	<b>33.5</b>
Brazil	20.9	23.4	24.6
Colombia	1.8	1.9	2.0
Paraguay	3.5	3.5	3.7

**Source:** FAO

<sup>1/</sup> In fresh roots.

Cassava output in Africa is estimated at 92.7 million tonnes in 2000, marginally above the record achieved in 1999. However, following the prevalence of adverse growing conditions, several countries recorded a contraction. In particular, floods or drought problems depressed cassava output in Ghana, Madagascar, Mozambique and Togo. Outbreaks of cassava mosaic virus also curbed production in the Democratic Republic of Congo, the second largest producer in the region. The same disease compounded the negative effects of drought in Tanzania, where output was reported to have fallen by 20 percent. In the Central African Republic a 10 percent decrease was mainly attributed to flood problems. The sector also suffered indirectly from the contraction in cotton cultivation, which is normally associated with cassava in rotation, allowing the root to benefit from residual fertilizer applications. By contrast, Nigeria reported a 3.5

percent increase, consistent with the Government's new emphasis to raise food self-sufficiency, while production soared in Uganda, stimulated by an expansion in domestic demand. Angola and Cameroon also recorded large gains, while improved security conditions boosted plantings and output in Burundi.

In Asia, cassava production slightly fell from 50.9 million tonnes in 1999 to 50.5 million tonnes in 2000, reflecting a small contraction in Indonesia and Thailand. In the latter country, weak international demand for cassava products depressed prices to a record low, encouraging farmers to divert land from cassava to maize and sugar cane. However, large intervention purchases of cassava pellets and flour by the Government helped contain the contraction in plantings to 1.3 percent, while a greater usage of improved varieties boosted yields by 0.8 percent. The net effect was a fall in output of half a percentage point only. In Indonesia, the contraction was more pronounced at 4 percent, as bumper crops and falling prices of rice, which competes directly with cassava in human consumption, depressed domestic demand for cassava products and plantings. By contrast, output was up by 13 percent in Vietnam, while India recorded a 2 percent increase, sustained by growth in Tamil Nadu and Andhra Pradesh. Little change was observed in the rest of the region.

Latin America and the Caribbean provided much of the momentum to global cassava production in 2000. With output estimated at 32.1 million tonnes, the region recorded a 10 percent annual growth compared with 1999, even faster than the 7 percent witnessed in the previous year. Most of the increase reflected a 12 percent expansion in Brazil, which accounts for about 70 percent of the region's output. Higher cassava market prices since 1998 in the country have encouraged producers to modernize the sector and cassava area under irrigation is reportedly increasing, especially in the State of Sao Paulo. A 10 percent expansion in production was recorded in Colombia, supported by private sector initiatives to expand the domestic usage of cassava as feed. Growth in the Dominican Republic was even stronger at 34 percent, reflecting rising producer prices. Production expanded in several other countries in the region, including El Salvador, Nicaragua and Peru. By contrast, a very steep contraction was reported in Costa Rica.

**Little change in global cassava utilization**

Global cassava utilization is estimated to have risen by about 2 percent in 2000, very much in line with production, given the fact that cassava food reserves are mostly kept under the ground in the form of roots until they are needed and harvested. Proper cassava stocks are held only in relatively modest quantities and in dried form.

Cassava global utilization as food is put at 102 million tonnes in 2000, 2 million tonne more than in 1999, the bulk of which is consumed in Africa in the form of fresh roots and processed products such as gari, fufou, attiéké, etc.. Global cassava utilization as feed is estimated to have remained of the order of 34 million tonnes, most of which concentrated in Latin America and the Caribbean and in the EC.

In **Africa**, food cassava consumption is estimated to have remained at about 63 million tonnes in 2000. Large production gains supported increases in cassava food availabilities in Uganda. On the other hand, those countries that experienced a contraction in production following climatic or civil strife problems recorded a marked fall in cassava food consumption, especially Mozambique, Tanzania and the Democratic Republic of Congo. The rural population, who relies to a larger extent on the crop for subsistence, was the most affected. However, in Nigeria, Ghana and Rwanda, urban dwellers were also reported to have faced substantial increases in the prices of processed cassava products. In **Asia**, cassava utilization as food is estimated to have risen marginally to some 28 million tonnes. Strong increases took place in Cambodia, following substantial gains in production, but also in India. By contrast, in Indonesia, large supplies and low prices of alternative foods, in particular rice, are deemed to have resulted in a contraction in cassava utilization as food and its diversion to feed and other forms of utilization. Increased imports of cassava starch and pellets were indicative of a growing industrial utilization of cassava by the Republic of Korea and Turkey. In **Latin America and the Caribbean**, the expansion in production is estimated to have boosted cassava utilization for both food and feed, especially in Brazil and Colombia. By contrast, utilization by the **developed countries** declined by about 11 percent, reflecting mainly developments in the EC. The drop in consumption by member countries was mainly caused by falling domestic grain prices, following a 7.5 percent reduction in intervention prices, and the weakening of the Euro relative to the U.S. dollar, which encouraged a substitution of locally produced grains for alternative imported feedstuffs, including cassava, in compound feed production.

### World cassava trade larger in 2000

International trade in dry cassava (also called tapioca) products is estimated to have risen by 4 percent to 7.1 million tonnes (in cassava pellet equivalent) in 2000. The increase reflects a 37 percent expansion in the volume traded in the form of flour and starch, to 2.6 million tonnes (1.3 million tonnes in product weight) while trade in chips and pellets fell by 9 percent to 4.5 million tonnes.

The EC remains the major world cassava market, importing in prevalence cassava pellets for its feed industry under a preferential quota system subject to low import duties. In 2000, demand for cassava products fell among member countries, especially the

Netherlands, reflecting the disruption to the livestock sector caused by animal disease problems, but also the loss of competitiveness of cassava feed products vis-à-vis domestically produced grains. The decline was more than compensated by larger purchases by countries in the Far East, mainly of cassava starch and flour, that were stimulated by an 8 percent dip in world prices. In the region, China maintained its imports at around one million tonnes, but Indonesia raised them more than five fold to half a million tonnes. Increased purchases were also made by Japan, the Republic of Korea, Malaysia and Singapore.

### World Trade in Cassava 1/

	1999	2000	2001 prelim.
	(. . . . . million tonnes . . . . .)		
<b>World Exports</b>	<b>6.8</b>	<b>7.1</b>	<b>6.5</b>
Thailand	6.2	6.5	6.0
Indonesia	0.3	0.4	0.4
Others	0.3	0.2	0.1
<b>World Imports</b>	<b>6.8</b>	<b>7.1</b>	<b>6.5</b>
EC 2/	4.3	3.7	3.0
China 3/	1.1	1.0	1.2
Indonesia	0.1	0.5	0.5
Japan	0.5	0.6	0.6
Korea. Rep. of	0.1	0.1	0.2
Malaysia	0.2	0.2	0.2
United States	0.1	0.1	0.1
Others	0.4	0.9	0.7

Source: FAO

1/ In product weight of chips and pellets

2/. Excluding trade between EC members

3/ Including Taiwan Province.

Although the major cassava producers are located in Africa and Latin America and the Caribbean, countries in those regions have failed to gain a significant share of the world international cassava market, mainly because of their high production costs and the difficulty they face in maintaining a regular flow of quality supplies. Thailand continues to have a dominant position, with a share of over 90 percent of world exports. The other traditional cassava suppliers are Indonesia and China, though they have also become sizeable cassava importers in recent years. Falling quotations of pellets in the EC since the 1992 CAP reform have encouraged exporters to diversify their cassava markets, especially into the Far East. In 2000, exports from Thailand rose to 6.5 million tonnes, about 300 000 tonnes more than in 1999, sustained by larger shipments of cassava flour and starch to Asian countries. Similarly sales from Indonesia, which are mostly destined to China and the Republic of Korea, are estimated to have risen by about 7 percent. By contrast, shipments from China, Viet Nam and the other minor exporters in Africa and Latin America and the Caribbean, were put at 200 000 tonnes, overall, unchanged from 1999.

### Prices of Cassava, Soybean meal and Barley in the EC

	Cassava pellets <u>1/</u>	Soybean meal <u>2/</u>	Cassava soybean meal mixture <u>3/</u>	Barley <u>4/</u>	cassava meal mixture / Barley
	( . . . . . US\$/tonne . . . . . )				( . . . . ratio . . . )
1991	178	197	186	222	0.84
1992	183	204	187	235	0.80
1993	137	208	151	197	0.77
1994	144	192	154	182	0.85
1995	177	197	181	209	0.87
1996	152	268	175	194	0.90
1997	108	276	142	161	0.88
1998	107	170	120	145	0.83
1999	102	152	112	143	0.78
2000	84	189	105	144	0.73
2001 <u>5/</u>	80	189	102	139	0.73

Source: FAO, Oil World and Agra-Europe.

1/ F.o.b. Rotterdam (barge or rail), including 6% levy. 2/ Argentina 45/46 % proteins) c.i.f. Rotterdam up to September 1999. From October 1999 Argentina (44/45% proteins) c.i.f. Rotterdam. 3/ Consisting of 80% of cassava pellets and 20% of soybean meal. 4/ Selling price of barley in Spain. 5/ January-March average.

#### International prices down during most of 2000

Average annual world prices for cassava pellets have been falling uninterruptedly since 1996. There was no reversal of that trend in 2000, and prices continued to drop, reflecting mainly the weakness of EC import demand and the downward pressure exercised by competitive grain pricing. A 25 percent strengthening in the prices of soybean meal, which is combined with dried cassava to reach nutritional properties similar to that of grains, also contributed to depress cassava quotations. Prices of cassava pellets exported into the EC averaged US \$ 84 per tonne, 18 percent lower than in 1999 and the first year ever that pellet prices had fallen below the US\$ 100 per tonne benchmark. Similarly, prices of cassava starch and flour, which are mainly traded within Asia, fell by 8 percent to US\$ 158 per tonne in 2000.

#### Outlook for 2001

Preliminary forecasts for global cassava production in 2001 remain subdued, as world **production** is anticipated to slide to around 174 million tonnes. In Africa, output is forecast to fall, mainly reflecting a contraction of 2.5 million tonnes in the Democratic Republic of Congo and of 600 000 tonnes in Tanzania. In the two countries outbreaks of Mosaic Virus Disease are jeopardizing the crop. Moreover, the disease is reportedly spreading to Burundi and Rwanda. In this country, the outbreaks are aggravating problems arising from planting material shortages and drought. A smaller output is also anticipated in Mozambique due to recurring flood problems. By contrast, output could expand in Nigeria, where good growing conditions have been reported, while in Kenya the sector is anticipated to recover from the effects of last year's drought. Output is also forecast to increase in Angola, the Central African Republic, Ghana, Liberia and Madagascar, albeit only modestly. Cassava production

in Asia is expected to decline as low domestic and export prices may encourage a diversion out of the crop, especially in Thailand and Indonesia. By contrast, the expansion in Latin America and the Caribbean is likely to linger into 2001, sustained by further gains in Brazil.

#### Cassava and Cassava Products Prices in Thailand

	Tapioca flour/ starch Super H. G., Fob Bangkok	Domestic market prices	
		Roots	Hard pellets
	( . . . . . US\$/tonne . . . . . )		
1988	166	47	136
1995	358	65	127
1996	289	49	113
1997	244	34	72
1998	276	44	75
1999	172	26	66
2000	158	21	53
2000 - July-Sept.	156	22	47
Oct.-Dec.	151	19	47
2001 - Jan.-March	158	21	50

Source: Thai Tapioca Trade Association, Market Review.

Preliminary prospects for cassava trade in 2001 point to an 8 percent contraction to 6.5 million tonnes, based on the expectation of a further drop in import demand in the EC. From January to mid-May 2001, the EC Commission had only released import certificates for an amount of 1.3 million tonnes of cassava chips and pellets, about one million tonnes less than in the corresponding period in 2000. Since this slow start was

mainly the result of uncertainties and disruptions in livestock markets caused by the occurrence of BSE and foot-and-mouth diseases, EC import demand might pick up later during the year, as the situation stabilizes. Nonetheless, on an annual basis, purchases by the EC are forecast to fall in 2000, consistent with the expected contraction in meat production and the second 7.5 percent planned reduction in grain intervention prices as of July. By contrast, imports of cassava by Asian countries could be boosted by low international prices for both flour and pellets. The brunt of the trade contraction will mainly be borne by Thailand, whose exports are forecast to fall to 6 million tonnes. The country is anticipated to diversify its cassava markets further during the course of the year, especially as the Government has intensified its efforts to secure an outlet for stocks kept by the Public Warehouse organization, following large intervention

purchases made since October last year. Such efforts were already evidenced by the sale of about 500 000 tonnes of pellets to China early in 2001.

International prices of cassava pellets exported to EC recovered somewhat during the first few months of 2001 compared with the levels prevailing in the last quarter of 2000. Such tendency reflected mainly the purchases made in Thailand by the public intervention agencies to sustain the markets, but declining prices of soybean meal in February and March also contributed to the firming of cassava pellet prices. However, prices could resume their downward trend in the forthcoming months, especially if grain prices remain under pressure. Large exportable availability in Thailand is also likely to keep cassava prices from recovering in the other world markets.

## Milk and Milk Products

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### Milk production expected to rise in 2001

Global milk output is expected to rise by 2 percent during 2001. In Oceania, milk production for the 2000/01 dairy year in New Zealand is expected to be 6 to 7 percent above the previous year. Production conditions have been particularly favourable in the central section of the North Island, the main milk producing zone, although some southern areas of the country experienced lower than average rainfall. In the case of Australia, production for the dairy year so far is running approximately 4 percent behind the same period last year. This is a result of hot and dry conditions, especially in the states of Victoria and Tasmania. Also, deregulation of the milk industry in Australia has led to an increase in the number of farmers giving up milk production. In light of the above, milk output for the current dairy year for New Zealand is forecast at 13.6 million tonnes, and that of Australia at 10.8 million tonnes. In both countries, the national dairy herd is in a phase of expansion. Exporters in Oceania have benefited from higher international prices for dairy products and a weakening of national currencies against the United States dollar.

In the United States, following substantial growth in milk production in the previous two years, when it rose by 3 percent per year, indications are that milk output will not increase during 2001 and it will be similar to that of the previous year: 76.4 million tonnes. The expansion in production has been halted by low milk prices and a shortage of good-quality forage. As part of this process, the size of the national milking herd is expected to decline by 1 percent during 2001; against the long-term trend, which is downwards, the US herd size increased in both 1999 and 2000. At the same time, the movement of milk production towards the western States – Arizona, California, Idaho and New Mexico, where production is characterized by large, lower-cost farms – is expected to continue.

In eastern Europe, milk production for 2001 is expected to be greater than in 2000, when dry conditions during the summer reduced output in a number of countries. For some countries in this region, anticipated access into the EC during the coming years may act as an incentive for farmers to increase output, with the aim of increasing their entitlement to production quotas, once membership to the EC is achieved. Already, in the Czech Republic and Hungary, a system of milk quotas has been introduced similar to that in place in the EC. In these two countries, as quotas are higher than current levels of milk production, this may provide an incentive for farmers to increase output. Also in eastern Europe, the impetus of imminent membership to the EC has resulted in dairies raising quality standards for milk and milk products - one result of this is anticipated to be a reduction in the number of small-scale dairy producers, some of whom will not be able to meet the required standards. Production in a number of other developed countries (the EC, Canada, Japan, Switzerland) is subject to policies which restrict output and, consequently, changes little from year to year. An outbreak of foot-and-mouth disease in the EC, centred in the United Kingdom, resulted in a substantial number of dairy cattle being slaughtered. In the United Kingdom, it is estimated that 2 percent of the national dairy herd was culled. Consequently, in that country, milk production may decline somewhat during 2001; however, the size of the cull is not expected to have any longer-term impact on total United Kingdom milk production.

Milk production in the Russian Federation during the first three months of 2001 was up 1 percent, compared with the same period last year. This was despite a drop in the herd size and is believed to have been a result of better feed availability. Russian production continues to move away from the large, former state-run farms to small-scale ownership and production. Should milk output in the Russian Federation increase during 2001,

this would be the first time that this has occurred since 1990. Similarly, in the Ukraine, where milk production also declined throughout the 1990's, data for the first two months of 2001 show a moderate rise in output and that country's Ministry of Agriculture estimates an annual milk production increase of 2 to 4 percent for the year as a whole.

**Milk Production**

	1999	2000	2001 forecast
	( . . . . million tonnes . . . . )		
<b>WORLD</b>	<b>566</b>	<b>576</b>	<b>585</b>
EC	126	125	126
India	77	79	81
United States	74	76	76
Russian Fed.	32	32	32
Pakistan	23	24	25
Brazil	22	22	23
Ukraine	13	13	14
Poland	13	12	12
New Zealand	12	12	12
Australia	11	11	11
Argentina	10	9	9

**Source:** FAO

In developing countries, growth in milk output is expected to continue in Asia and Latin America. India's milk production during the 2001/2002 (April/March) marketing year could rise to an estimated 81 million tonnes. Production growth in India is increasing through improved yields per animal rather than through growth in animal numbers. Also, in China, where a moderate growth in total milk output is expected, expansion has focused on improved yields rather than expansion of the dairy herd since the start of the 1990's.

In Latin America, milk production is expected to increase in most countries in the region. In southern Latin America, countries have experienced markedly diverse climatic conditions, with associated effects on output. In Argentina, milk production during the first four months of 2001 was estimated to be 5 percent lower than in the same period in 2000, as a result of high summer temperatures and regionalised flooding. Additionally, relatively low prices for milk continue to mean that a substantial number of less-efficient producers are leaving the dairy industry. In contrast, Chile had excellent climatic conditions for pasture development and silage production during the autumn. This led to an increase in milk output and opened up the likelihood that the Chilean dairy herd will expand during 2001. Likewise, Uruguay enjoyed favourable conditions for silage production and milk output is forecast to be higher this year. Both Argentina and Uruguay report a number of outbreaks of foot-and-mouth disease between March and May. In both cases, this led to a large-scale vaccination campaign. Elsewhere in Latin America, dry summer conditions in

Venezuela meant that farmers had to increase their use of feed and dried fodder, as pasture was short, leading to an increase in their production costs. Some parts of Brazil also suffered from dry conditions, which inhibited pasture growth and consequently milk output.

**Import demand steady**

Outbreaks of foot-and-mouth disease in the EC, Argentina and Uruguay during the first part of 2001 caused some interruption in trade, as several countries imposed bans on imports of some dairy products. However, as most dairy products are heated to a temperature that would eliminate any trace of the disease during their production, this issue was not anticipated to have a significant trade impact. Purchases of milk powder by most countries in South East Asia are expected to increase during 2001, as economic growth in this region sustains import demand. Additionally, for the oil producing countries in the Middle East and North Africa, and Venezuela, revenue from oil exports could lead to growth in import demand for a number of dairy products. Elsewhere, imports by Central American countries could increase. However, imports of milk products by Brazil are anticipated to be reduced this year. For example, Brazilian imports of milk powder, the main item traded, were approximately fifty percent less in the first four months of 2001, compared to the same period in 2000. Also, import demand by the Russian Federation for butter and cheese could remain depressed, as, following the devaluation of the Rouble in mid-1998, the price of imported dairy products has risen substantially in national currency terms.

**Indicative Dairy Export Prices <sup>1/</sup>**

	2000	2001		
	April	Feb.	March	April
	( US\$/tonne, f.o.b. )			
Butter	1 100	1 225	1 225	1 275
Skimmed milk powder	1 600	2 175	2 075	2 038
Whole milk powder	1 650	2 025	2 025	2 000
Cheddar cheese	1 775	1 975	2 025	2 025
Acid casein	4 150	4 950	5 140	5 300

<sup>1/</sup> Mid-point of price ranges reported by the New Zealand Dairy Board.

**Price outlook**

The price outlook for the remainder of 2001 is uncertain. Up to May 2001, the international market was well balanced; however, a crucial factor will be milk production in the second half of the year in Oceania. There, reports of dry weather in most of New Zealand, combined with a longer-standing dry period in Australia, may lead to 2001/2002 output getting off to a slow start, as pastures would be in poor condition.



This, combined with expected lower milk output in Argentina, could possibly lead to some products - in particular milk powder - being in short supply on the world market. Should this happen, prices of milk powder are expected to strengthen somewhat during

the second half of the year. Cheese and casein prices are expected to remain stable during 2001, as supply and demand are less volatile. Also international butter prices are expected to remain around current levels, due to the absence of strong demand.

## Oilseeds, Oils and Oilmeals<sup>1/</sup>

### Prices for oils/fats and most oilmeals remain depressed

Despite an increase in demand for oils and fats on the international market since the beginning of the 2000/01 (October/September) season, their prices continued the downward trend of the previous two seasons, with conditions of over-supply dominating the market fundamentals. The price movements are reflected in the FAO price index for oils and fats which averaged 77 points during April 2001, compared to 95 points in April 2000 and an average of 93 points for the 1999/2000 season. In the oilmeals sector, the gradual recovery in prices observed during the last season continued until December 2000, but since then prices, as represented by FAO's price index for oilmeals, have been undergoing a slow but steady decline. During April 2001, the index averaged 86 points, compared to the December level of 107 points and an average of 89 points for the 1999/2000 season.

Considering the global supply and demand balance for **oils and fats** in 2000/01, the prevailing conditions of depressed prices could persist for the rest of the season, barring any unforeseen demand and/or supply shocks. The expected expansion in demand for oils/fats will probably not be sufficient to offset the impact of burdensome stocks and higher production, and the rising demand for meals, the production of which implies increased supplies of oils, is expected to contribute to this development.

As anticipated in our last report, prices of **oilcakes and meals** reversed their upward trend, starting in January, mainly in reaction to the prospect of record soybean crops in South America. In addition, the anticipated increase in demand for oilmeals in the EC following a ban on the use of Meat and Bone Meal (MBM) has not materialized to the extent expected. However, the recent downward trend in prices is not expected to last since, for 2000/01 as a whole, the expansion in demand for oilmeals is forecast to outweigh the expected increase in supply for the second consecutive season.

### A modest increase in the 2000/01 global oilseeds production is projected

In 2000/01, global production of the seven major oilseeds is expected to rise by about 2 million tonnes compared to 1999/2000, reaching approximately 308 million tonnes. The anticipated increase will largely be due to gains in soybeans, as production of the other major oilseeds is likely to stagnate at the previous

season's level or decline. World soybean production is expected to reach an all-time high of 171 million tonnes, more than compensating for the forecast output drop in rapeseed and sunflower seed. In the United States, the high soybean marketing loan rate, relative to competing crops, encouraged farmers to allocate more area to it, resulting in a record output. Also reports from Argentina and Brazil, where harvesting is almost complete, point toward a record harvest. This has been made possible by a combination of higher yields, mostly due to favourable growing conditions, larger area and improvements in crop technology. The three countries combined account for about 80 percent of the global soybean production.

Regarding the other major oilseeds, the combined output of rapeseed and sunflower seed is forecast to decline by 12 percent from the previous season. Low returns relative to alternative crops, high carry-in stocks and unfavourable weather conditions are some of the factors responsible for the anticipated fall in production in the different producing countries. One important exception is China (Mainland), where rapeseed output registered a 10 percent increase from the previous season.

### World Production of Oilseeds

	1998/99	1999/00	2000/01 forecast
	(. . . . . million tonnes . . . . .)		
Soybeans	160.8	160.4	170.9
Cottonseed	33.1	33.5	33.4
Groundnuts	31.7	30.9	31.1
Sunflowerseed	27.7	27.0	23.4
Rapeseed	36.1	42.4	37.4
Palm kernels	6.0	6.3	6.7
Copra	4.4	5.3	5.5
<b>Total</b>	<b>299.8</b>	<b>305.8</b>	<b>308.4</b>

Source: FAO

<sup>1/</sup> **Note on methodology:** Almost the entire volume of oilcrops harvested world-wide is crushed to produce oils and fats for human nutrition or industrial purposes and cakes and meals used as feed ingredients. Therefore, rather than referring to oilseeds, the analysis of the market situation is mainly undertaken in terms of oils/fats and cakes/meals. Hence, production data for oils (cakes) derived from oilseeds refer to the oil (cake) equivalent of the current production of the relevant oilseeds, while the data on trade in and stocks of oils and cakes refer to the sum of trade in and stocks of oils and cakes plus the oil and cake equivalent of oilseed trade and stocks.

### International Prices of Oilseed-Based Products

	FAO indices of international market prices		Average international market prices			
	Edible/soap fats and oils	Oilcakes and meals	Soybean <sup>a/</sup>	Soybean oil <sup>b/</sup>	Palm oil <sup>c/</sup>	Soybean meal <sup>d/</sup>
<b>October/September</b>	(. . . 1990-92=100 . . .)		(. . . . . US\$/tonne . . . . .)			
1994/95	153	94	247	641	645	184
1995/96	140	128	303	574	544	257
1996/97	134	133	298	536	545	278
1997/98	154	116	256	634	641	197
1998/99 - Oct.-March	141	90	219	548	620	153
- April-Sept.	109	74	198	418	407	146
1999/00 - Oct.-March	98	87	206	374	356	176
- April-Sept.	84	90	213	337	318	184
2000/01 - Oct.- March	76	98	206	314	254	198

Source: FAO, Oil World

<sup>a/</sup> Soybean, US, cif Rotterdam. <sup>b/</sup> Soybean oil, Dutch, fob ex-mill. <sup>c/</sup> Palm oil, crude, cif N.W. Europe. <sup>d/</sup> Soy pellets, 44/45%, Argentina, cif Rotterdam.

#### Production of both oils/fats and oilmeals continues to grow albeit at a slower rate

Global production of **oils and fats** during the 2000/01 season is expected to expand by about 1.6 percent from the 1999/2000 season to approximately 117 million tonnes, compared to a 3.3 percent increase registered during the previous season. Much of the slow down in production growth is accounted for by rapeseed and sunflower seed oils whose combined production is forecast to fall by about 13 percent, reflecting in particular developments in Argentina, Canada, India and the EC. However, soybean oil production is projected to register a 6 percent increase this season owing to record crops in the major producing countries. Tropical oils production is anticipated to increase by about 7 percent from the previous season to approximately 30 million tonnes, mainly because of palm oil whose production is expected to undergo an 8 percent expansion. As a result, the share of tropical oils in total oils and fats output could increase further to 25 percent while soft oils would account for about 51 percent. Overall, global supplies of oils and fats in 2000/01, including stocks at the beginning of the season, are forecast to undergo a small increase. This increase, if realized, would be quite modest compared to the previous two seasons when oils and fats supplies expanded by over 3 percent per year. As far as **oilcakes and meals** are concerned, global output, expressed in protein equivalent, is forecast to increase by around 2.5 percent to about 79 million tonnes, primarily on account of soybean meal, the increase in the output of which would more than offset the anticipated decline in the production of most of other meals. However, total supplies of meals and cakes in 2000/01 are not expected to show a significant increase owing to smaller carry-in stocks.

#### World utilization of oils/fats and oilcakes/meals to post a small increase

The consumption of **oils and fats** in 2000/01 is forecast to continue on its expanding trend, albeit at a lower rate vis-à-vis last season. Several factors contribute to the anticipated consumption increase. First of all, prices of many of the oils have fallen markedly thereby making vegetable oils more affordable to consumers worldwide. Although economic growth could slow down in a number of countries during the current season, economies of some Asian countries, particularly China (Mainland) and India, are expected to perform well thereby inducing more demand for oils and fats. In addition, the use of oils and fats as fuels is on the rise encouraged by the relatively high mineral oil prices and programmes in some countries that subsidize the production of bio-diesel from vegetable oils. With regard to individual oils/fats, soybean and palm oils are forecast to account for most of the anticipated consumption increase. On the other hand, the use of rapeseed and sunflower oils is expected to decline, compared to last season, due to limited availability.

Total consumption of **oilcakes and meals**, expressed in protein equivalent, is expected to rise by 2.5 percent which would be slightly lower than the previous season's growth. The combination of the EC's ban on the use of MBM in compound feed together with the related restrictions imposed by importers of EC meat could boost demand for oilcakes and meals in several ways. The EC, along with the countries that used to import MBM from the EC, will need to use other protein sources in compound feed thereby increasing demand for oilmeals. Also, some of the other major meat exporting countries, particularly Brazil and the United States, are expected to use more meals to produce the

additional meat required to fill the void created by the reduction in EC meat exports. In addition, the combined effect of rising incomes and population in a number of Asian countries is expected to lead to higher demand for meat and products and eventually translate into increased utilization of oilmeals in the region. At the global level, soybean meal is forecast to account for most of the anticipated expansion in oilmeal consumption. The use of most of the other major meals, particularly rapeseed, sunflower and fish meals, will be constrained by their limited availability.

#### **A decline is forecast for the end-of-season stocks of both oils/fats and oilmeals**

Diverging from the trend observed during the last couple of seasons, stocks of **oils and fats** at the end of the 2000/01 season are forecast to fall as global utilization is likely to exceed production, albeit by a small margin. Stocks of most of the major oils, rapeseed and sunflower oils in particular, are projected to end the season at levels slightly lower than at the start of the season. However, because of the relatively high level of carry-in stocks, the anticipated decrease in inventories and the related reduction in the stocks-to-use ratio are not expected to lead to a sustainable recovery in vegetable oil prices, although this could help prevent further sharp declines in prices. As with oils and fats and similar to the previous season, world consumption of **oilcakes and meals** is expected to outstrip production resulting in a decline in the end-of-season stocks. This would lead to a further fall in the stocks-to-use ratio and provide upward support for prices.

#### **International trade of oils/fats and oilmeals in 2000/01 is forecast to undergo a modest increase**

World trade in **oils and fats** (including the oil contained in oilseeds traded) in 2000/01 is anticipated to expand by slightly less than 3 percent to about 52 million tonnes. By comparison, the growth rate was about 5 percent during the previous season. Factors such as high carry-in stocks together with increased production in a number of major importing countries could contribute to the expected slowdown in the expansion of international trade. Europe and Asia, which together are responsible for over 70 percent of global imports of oils and fats, are expected to account for most of the forecast trade expansion. In India, where imports of oils and fats have been steadily increasing in recent years, the Government is under pressure from domestic producers and crushers to redress the situation. In addition to raising import tariffs on crude and refined oils, the country has temporarily reduced the number of ports permitted to receive imports of edible oils. These measures are aimed at curbing an import surge that is reportedly negatively affecting the domestic industry. Nonetheless, India's imports are anticipated to rise further in 2000/01. In China (Mainland), a marked increase in purchases appears unlikely due to increased domestic availability. Regarding the individual oils/fats, soybean and palm oils are poised to capture more of the expanding

market, aided largely by their abundant availability and the prevailing low prices. On the other hand, imports of rapeseed and sunflowerseed oils will be constrained by their limited availability. In general, it is noted that a number of countries are opting to import oilseeds and do the processing domestically, as opposed to importing oils and meals. Such a trend is negatively affecting those exporting countries whose crushing industries are highly dependent on the export market for their products. As a result, there have been reports of plant closures in some countries, such as Argentina.

With regard to exports, Malaysia and Indonesia, the world's leading suppliers of tropical oils, are increasing efforts to find foreign markets for their products so as to reduce domestic stocks and provide support to prices. For instance, arrangements such as bartering palm oil for grains and/or construction services with some of the major importing countries are under consideration. Current estimates are for the two countries to increase their combined export volume by over 10 percent during the current season. The other major exporting countries, United States, Argentina and Brazil, are also forecast to increase shipments, largely of soybeans and derived products. As indicated earlier, a relatively larger proportion of exports will likely be in the seed form since some of the major importers currently favour importing seeds rather than processed products. Shipments for many of the other soft oils, particularly rapeseed and sunflower oils, are anticipated to decline.

The demand for **oilcakes and meals**, relative to available supplies, continues to lead trade in the overall oilseeds complex this season. Sustained income and population growth in different regions of the world and the ban on the use of MBM in compound feeds are generating additional demand for oilmeals. Global trade in oilcakes and meals (including the meal contained in oilseeds traded) during 2000/01 is forecast to reach 96 million tonnes, implying a growth rate of over 2 percent. Most of the expected gains will be in Europe which, traditionally, accounts for over 40 percent of global imports of oilcakes and meals. The combination of reduced domestic supplies in the region and the ban on the use of MBM are the major factors contributing to the anticipated import increase. On the other hand, a stagnation, relative to the previous season, is forecast in Asia's import requirement. This is because China (Mainland), the second largest importer after the EC and responsible for most of the region's increase in trade last season, is projected to import less due to higher domestic availability. On the export side, United States, Argentina and Brazil – the three leading exporters – are forecast to expand their shipments by a combined 5 percent due to increased availability. However, it is not yet clear how outbreak of foot-and-mouth disease reported from some Latin American countries and the accompanying reductions in exports of livestock products from the region will affect the global pattern of meat production and trade and, related to it, that of oil meals. With regard to individual meals, gains by soybean meal are expected to more than compensate for the export drop in most of

the other meals, particularly rapeseed and sunflowerseed meals. As far as fishmeal exports are concerned, current information suggests that shipments to-date from Chile are much higher than had been anticipated at the beginning of the season, with much of the exports being destined for China (Mainland). Hence, it seems likely that world exports of fishmeal could register a small increase during the season despite a shipment reduction from Peru, the largest exporter.

**Global oilseeds production prospects for 2001/02 still uncertain**

It is still too early to make a meaningful forecast for the 2001/02 season since the season is barely underway in the northern hemisphere countries while countries in

the southern hemisphere are just concluding the current season. However, based on information currently available from some of the major producing countries, indications are that soybean production, which accounts for almost one-half of global oilseeds production, could set yet a new record level. Expectations are for farmers in the United States, the largest soybean producer, to further increase soybean area, encouraged by the favourable soybean marketing loan rate and because grain plantings have been adversely affected by unfavourable weather. Higher area and yields are also forecast to lead to increased oilseed output in China (Mainland). In India and eastern Europe, a recovery in production could be achieved assuming a return to normal weather. In Canada, however, rapeseed area could contract mainly because net returns are anticipated to fall due to the influence of competitively priced palm oil and soybean products. Also, higher input costs are expected to have a negative influence.

**Meat and Meat Products**

International meat markets in 2001 are witnessing some price strength, as indicated by the nearly 4 percent increase in the FAO index of international meat prices during the first quarter of the year. This is largely in response to a slow-down in meat output growth from the previous year's levels and market closures to EC beef and increasing Foot and Mouth Disease (FMD) outbreaks in Argentina, Uruguay, and, most recently, Brazil. These and similar animal disease outbreaks elsewhere in late 2000 have also caused noticeable increase in price volatility, particularly for pigmeat.

Restrictions on bovine and pig meat exports as a result of disease outbreaks are likely to continue supporting world prices in 2001, despite only marginal gains anticipated for world import demand. The general price outlook, however, continues to be clouded with uncertainties related to consumer responses to BSE concerns, despite some signs of recovery in European countries. Poultry meat prices and those of ovine meats are likely to continue trending upward, pulled up by increasing demand, particularly in a context of only limited growth in meat supplies and higher prices of pigmeat and beef.

**Growth in meat production constrained by lower beef supplies**

Global meat output in 2001 is forecast at 237.5 million tonnes, up only 1.5 percent from the previous year and the slowest annual gain in world meat production since 1996. A decline of 1 percent in global beef production would be more than offset by forecast expansions in the world pigmeat and poultry sectors by over 2 percent each to 93.4 million and 68.8 million tonnes respectively. Production uncertainties are heightened in many of the disease-infected countries, where final animal inventory and production figures will only be

determined when the measures underway to eradicate and control disease outbreaks are no longer needed.

**World Meat Production**

	1999	2000	2001 forecast
( . . . . million tonnes . . . . )			
<b>WORLD TOTAL</b>	<b>229.1</b>	<b>233.9</b>	<b>237.5</b>
Poultry meat	64.9	66.9	68.8
Pig meat	90.0	91.3	93.4
Bovine meat	58.8	60.0	59.4
Sheep & goat meat	11.1	11.4	11.6
Other meat	4.2	4.3	4.3
<b>DEVELOPING COUNTRIES</b>	<b>123.9</b>	<b>128.9</b>	<b>133.0</b>
Poultry meat	33.3	34.9	36.1
Pig meat	51.6	53.8	55.9
Bovine meat	28.5	29.4	30.0
Sheep & goat meat	7.8	8.1	8.3
Other meat	2.6	2.7	2.7
<b>DEVELOPED COUNTRIES</b>	<b>105.2</b>	<b>105.0</b>	<b>104.5</b>
Poultry meat	31.6	32.0	32.7
Pig meat	38.4	37.5	37.5
Bovine meat	30.3	30.6	29.5
Sheep & goat meat	3.3	3.4	3.3
Other meat	1.6	1.6	1.6

**Source:** FAO **Note:** Total computed from unrounded data.

Pressured by herd rebuilding in the major cattle producing countries in North America and Oceania and reduced cattle slaughter, bovine meat production in developed countries is set to decline nearly four percent in 2001. The EC beef industry, influenced by policy measures such as the "purchase for destruction"

and the "special purchase scheme"<sup>1/</sup> and, to a lesser degree, FMD induced cattle culls, is anticipating both lower cattle inventories and production. Meanwhile, output in developing countries, estimated at 30 million tonnes in 2001, is set to surpass that in developed countries for the first time. Expected output growth of 2 percent is slower than the previous 5-year average of 3.5 percent, due to output declines anticipated for Argentina and Uruguay, both afflicted by recent FMD outbreaks, and, consequently, deprived of the valuable certification of FMD-free vaccination status from the World Animal Health Organization (OIE).

Robust demand and continued low feed prices are supporting global poultry meat output growth, which is expected to be up 3 percent in 2001 with the strongest growth expected in South America, the Caribbean and the EC. European poultry meat remains relatively unscathed by recent disease outbreaks and prices have been supported by increased demand for white meat. In the ovine market, strong output gains in developing countries, particularly China and Pakistan, are expected to offset an anticipated 3-percent reduction in sheep/lamb availabilities in developed countries. Ovine meat production is estimated at 11.6 million tonnes in 2001, up 1.5 percent from the previous year. Reduced sheep supplies in Australia, combined with continued contraction in the United States and EC, are expected to more than compensated by higher drought-induced slaughter in New Zealand.

Global pigmeat output is expected to increase 2.3 percent in 2001 despite a stagnant outlook in developed countries, influenced mainly by the expected reduction in EC output. Structural changes in the United States pigmeat industry, induced in part by low prices in 1998, have led to a reduction in the number of small producers. As a result, despite rising prices and favourable returns, only slow growth in United States output is expected with capacity constraints in larger operations as the main cause. In Canada, however, increased slaughter and processing capacity is facilitating an estimated 4 percent increase in output. Meanwhile, output in developing countries is expected to grow 4 percent in 2001, being led by growth in China, where robust demand is maintaining producer returns despite higher domestic grain prices.

**Per caput meat consumption to rise marginally**

Despite a forecast 1 kg drop in per caput meat consumption in developed countries, to 77 kg, global per caput availability in 2001 is inching up to 38.6 kg. Sliding meat intake by consumers in developed countries over the past two years is prompted by reduced beef consumption, due to lower availabilities, higher prices, and BSE concerns, particularly in the EC. Per caput beef consumption in developed countries is expected to drop by 3 percent, for the second year in a row, to an estimated 21.9 kg per person in 2001. Food safety concerns in the EC are prompting a reversal in per caput beef consumption levels which, by 1999, had returned to the pre-BSE

levels of 1995. EC beef intake dropped 9 percent in 2000, with per caput consumption in 2001 estimated at 17 kg, 3.6 kg below that recorded in 1999.

Meanwhile, consumers in developing countries are set to expand meat intake by only 1.5 percent in 2001, mainly pig and poultry meat. The strongest growth is expected in Central America and Asia, where consumption is likely to increase between 2-3 percent. However, growth in Asia is anticipated to be slightly lower than that observed in 2000, as output slowdowns and prices increase.

**Meat trade prospects lacklustre as supply growth slows and prices rise**

World meat trade in 2001 is estimated at 17 million tonnes, virtually unchanged from the previous year's level. However, considerable uncertainty is likely to characterize international meat markets in 2001, with more than 40 markets around the globe restricting market access to potentially FMD-infected meat from the EC and Latin America, suppliers of nearly one-quarter of the world beef exports and nearly 40 percent of pigmeat shipments. While the embargoes are not expected to last long term duration, short term market disruptions and unclear trade prospects make decision making extremely difficult.

**World Meat Exports <sup>1/</sup>**

	1999	2000	2001 forecast
	( . . . thousand tonnes . . . )		
<b>WORLD</b>	<b>16 640</b>	<b>16 953</b>	<b>17 030</b>
Poultry meat	6 905	7 233	7 442
Pig meat	3 304	3 283	3 226
Bovine meat	5 483	5 404	5 324
Sheep meat and goat meat	695	768	772
Other meat	252	266	266

**Source:** FAO **Note:** Total computed from unrounded data.

<sup>1/</sup> Includes meat (fresh, chilled, frozen prepared and canned) in carcass weight equivalent; excludes live animals, offals and EC intra-trade.

Robust consumption gains for poultry meat, particularly in Russia and markets in Asia, are prompting gains of 3 percent in poultry trade, pushing up poultry's share of global meat trade by 1 percent to 44 percent. Poultry's trade gains are not expected to be replicated in the beef and pigmeat sectors where shipments are anticipated to drop 1.5 and 1.7 percent respectively. Continued strong demand is anticipated in North America and Mexico. On the other hand, import demand for pigmeat is estimated down in Asia, while regional demand for bovine meat imports expected up

<sup>1/</sup> Programmes enacted by the EC Commission to remove from the market beef from animals aged more than 30 months of age. The "special purchase scheme", unlike "the purchase for destruction", allows beef from these BSE-tested cattle to be stored and eventually consumed domestically or exported.

## International Meat Prices

	FAO index of international meat prices	Average international meat prices			
		Chicken <sup>1/</sup>	Pork <sup>2/</sup>	Beef <sup>3/</sup>	Lamb <sup>4/</sup>
	(.. 1990-92=100 ..)	(..... US\$/tonne .....			
1994	103	921	2 659	2 384	2 975
1995	100	922	2 470	1 947	2 621
1996	96	978	2 733	1 741	3 295
1997	93	843	2 724	1 880	3 393
1998	84	760	2 121	1 754	2 750
1999	86	602	2 073	1 894	2 610
2000	89	592	2 083	1 957	2 619
2001	86 <sup>5/</sup>	525 <sup>6/</sup>	1 964 <sup>6/</sup>	1 982	2 895 <sup>5/</sup>

**Source:** FAO

<sup>1/</sup> Chicken parts, United States export unit value. <sup>2/</sup> Frozen pork, United States export unit value. <sup>3/</sup> Manufacture cow beef, Australia, cif prices to the United States. <sup>4/</sup> Lamb frozen whole carcass, New Zealand, wholesale prices London. <sup>5/</sup> Estimated. <sup>6/</sup> January-November.

only 1 percent, after significant gains in the preceding two years. This is a region which accounts for nearly half of world meat imports. Meat imports by Japan, the world's largest meat market accounting for nearly 20 and 27 percent of global bovine and pigmeat imports, respectively, in 2000 - are expected to remain unchanged. However, bovine meat imports by the Philippines are expected to drop. In the Republic of Korea, higher meat stocks are likely to limit imports of both bovine and pigmeat, while the country's exports of pigmeat are expected to plummet by 50 percent in response to the FMD crisis in 2000.

Reduced supplies and restrictions on exports from the EC are expected to reduce developed countries shipments of bovine meat and pigmeat by 1.4 and 4.2 percent respectively. Meanwhile, previous expectations that meat exports from Latin America would expand significantly have been forestalled by regional FMD outbreaks. Beef exports from this region are anticipated to fall by 4 percent. Some gains in shipments, however, are expected by smaller beef exporters in Central America, such as Nicaragua, which is negotiating sales contracts with the China

Province of Taiwan and the EC, and Panama. However, cattle populations in this region are too small to be able to cover shortfalls developing in major cattle-exporting countries in the region. Reduced competition from South America and the EC, combined with higher prices on international beef markets, are expected to result in record shipments from the United States, Australia and New Zealand. This is despite original expectations of lower shipments from these markets due to reduced supply availabilities.

Ovine meat prices continue to be pressured upward, despite expectations of only small trade gains, as production growth slows. Slightly higher EC demand, as sheep inventories contract in response to FMD slaughtering and continued structural changes in the industry, will provide some support to ovine meat trade, estimated at 772 000 tonnes in 2001, 1 percent higher than previous year's level. Global import demand could potentially increase even further as a result of the May 1 ruling by the Appellate Body of the WTO which upheld the WTO's original ruling that U.S. import safeguards on lamb imports were in violation of the appropriate rules governing safeguard implementation.

## Sugar

World sugar consumption will exceed sugar production in 2000/01 as reductions in output are recorded by several major sugar producing countries. An important factor in the decline was the reaction by sugar exporting countries to extremely low world market prices recorded in 1999/2000 (a 14 year low was reached in February 2000). Adverse weather accentuated some of the declines. World production in 2000/01 is expected to reach 129.4 million tonnes, down nearly 5 percent from 1999/2000 levels, while global consumption is forecast to be 130.7 million tonnes. The apparent supply deficit, coupled with

increased import demand in several key consuming nations, has contributed to stronger world prices in past months.

### Production Outlook

Revised forecast of world sugar production by FAO for 2000/01 stands at 129.4 million tonnes (raw value), 200 000 tonnes less than the preliminary forecast in November 2000, and 6.4 million tonnes less than world sugar output in 1999/2000. Most of the decline in production that has occurred was due to structural

adjustments in production as a result of extremely low world sugar prices. Adverse weather conditions and harvest delays, particularly in developing countries, have further diminished global production outlook. Output among developed countries has been revised upward by 80 000 tonnes, but a further reduction of a million tonnes from preliminary forecasts made in November 2001 for developing countries has more than offset this gain.

Revised forecast of sugar production in developed countries, although slightly higher than preliminary estimates made in November 2000, at 41.8 million tonnes still represents a 5.4 percent or 2.4 million tonnes decline from levels attained in 1999/2000. The largest declines occurred in Australia (a reduction of 1.08 million tonnes), the EC (900 000 tonnes) and the United States (500 000 tonnes). Gains in other developed countries, particularly Poland and South Africa were insufficient to offset these losses. Production forecasts for 2000/01 indicate a 50 000 tonne increase in the Russian Federation and 238 000 tonnes in Poland, as better than anticipated processing campaigns resulted in higher output, while in South Africa favourable weather would result in production increasing by 100 000 tonnes.

The revised forecast for 2000/01 for developing countries, at 87.6 million tonnes, represents a 4.4 percent decline in sugar production compared to the 97.1 million tonnes produced in 1999/01. The reduction is largely due to a combination of production adjustments and adverse weather that occurred in Brazil as sugar output is expected to be reduced by 2.5 million tonnes and in China where sugar output is forecast to be 1.05 million tonnes less than in 1999/2000. Several factors were responsible for the decline in China including the continued reduction in planted area as milling rationalization continues, extremely dry weather during planting, and in some provinces prices on offer favoured grain rather than sugar production. Adverse weather in other developing countries is also expected to accentuate reductions in sugar output.

Total production in Latin America and the Caribbean for 2000/01 is forecast at 37.1 million tonnes, a 7.3 percent reduction from 1999/2000. Sugar production for Brazil in 2000/01 is forecast at 17.3 million tonnes nearly 13 percent less than output in 1999/2000. Severe weather conditions and heavy rains disrupted harvest and cane milling in Cuba while adverse weather conditions and a strike in the industry resulted in the reduction in Mexico. Output in Cuba is forecast to decline by 500 000 tonnes to reach 3.5 million tonnes, and in Mexico output is expected to be reduced by 170 000 tonnes to reach 4.9 million tonnes.

The outlook for sugar production in Africa in 2000/01 remains unchanged from the 4.7 million tonnes produced in 1999/2000. Production in Mauritius recovered by 120 000 tonnes from its weather affected 1999/2000 harvest. Production declines of 100 000 tonnes in Kenya is expected to be offset by slightly

increased output forecast for Ethiopia. Better than anticipated output in Turkey and Egypt has resulted in a 600 000 tonne increase for the Near East for 2000/01, and nearly 11 percent higher than 1999/2000 production levels for the region. Good crop development and higher than anticipated yields in Turkey should result in a strong sugar beet campaign. Output is estimated at 2.7 million tonnes, 23 percent higher than 1999/2000 production.

Sugar production in the Far East for 2000/01 is experiencing the most significant declines after Latin America, with reduced expectations for China, Thailand and the Philippines. Total output in the Far East is forecast at 39.5 million tonnes, 4 percent or 1.7 million tonnes less than 1999/00. Sugar production in China in 2000/01 is expected to reach 7.15 million tonnes, a decline of 1.05 million tonnes from output in 1999/01. Output in Thailand in 2000/01 is forecast to be 300 000 tonnes less than output in 1999/2000 to reach 5.4 million tonnes. In the Philippines antiquated processing equipment in the older mills continue to reduce cane to sugar yields and output is estimated to be reduced by as much as 100 000 tonnes in 2000/01 to reach 1.7 million tonnes.

## World Production and Consumption of Sugar

	Production		Consumption	
	1999/2000	2000/01 forecast	2000	2001 forecast
	(. . million tonnes, raw value . .)			
<b>WORLD</b>	<b>135.8</b>	<b>129.4</b>	<b>128.6</b>	<b>130.7</b>
<b>Developing Countries</b>	<b>91.7</b>	<b>87.6</b>	<b>82.8</b>	<b>84.7</b>
Latin America & Caribbean	40.1	37.1	23.5	23.8
Africa	4.7	4.7	6.9	7.0
Near East	5.2	5.8	10.0	10.3
Far East	41.2	39.5	42.2	43.5
Oceania	0.5	0.4	0.1	0.1
<b>Developed Countries</b>	<b>44.2</b>	<b>41.8</b>	<b>45.9</b>	<b>46.1</b>
Europe	23.1	22.2	19.7	19.8
of which: EC	(19.1)	(18.2)	(14.4)	(14.4)
North America	8.3	7.8	10.6	10.6
CIS	3.9	3.8	10.0	10.1
Oceania	5.5	4.4	1.2	1.2
Others	3.4	3.6	4.3	4.3

Source: FAO

## Consumption Outlook

World sugar consumption is forecast to increase by 1.6 percent or 2.1 million tonnes from 128.6 million tonnes in 1999/2000 to 130.7 million tonnes in 2000/01. Developing countries is expected to account for most of the increase, with an annual growth rate of 2.3 percent, largely reflecting population growth and

economic recovery in the Far East. Consumption growth in developed countries remains relatively stagnant with an annual growth rate of less than half a percent.

Total consumption for developed countries is forecast to increase to 46.1 million tonnes for 2001 from 45.9 million tonnes the previous year. Most of this growth is attributable to the CIS, where consumption is forecast to increase by 85 000 tonnes to 10.1 million tonnes. Belarus, Georgia, Latvia and Turkmenistan show the highest rates of growth for developed countries, with an average growth rate of 4.8 percent for all four nations. Consumption in Europe and North America is forecast to remain fairly steady at 10.6 and 14.4 million tonnes for 2001, up 0.27 and 0.40 percent respectively.

Consumption in developing countries is forecast to increase by 2.3 percent or 1.9 million tonnes in 2001 to reach 84.7 million tonnes. India is expected to remain the largest consuming nation in the world, with consumption at 17.9 million tonnes for 2001 a yearly growth rate of 4.7 percent, slightly more than the 5-year average growth rate of 4.2 percent. Consumption growth rates for many of the countries in the Far East continue to outstrip growth rates of countries in other regions as economies of these countries strengthen further. Forecast consumption for the Far East in 2001 is 43.5 million tonnes, nearly 3 percent more than 2000, with largest growth occurring in India and China. Other significant growths are expected in Malaysia, the Republic of Korea, Indonesia and the Philippines.

Sugar consumption for countries in the Near East is forecast to grow by 2.5 percent in 2001 to 10.3 million tonnes, slightly less than the 5-year average growth rate of 3 percent. The growth rate for countries in Latin America and the Caribbean is forecast to grow by nearly 1.4 percent, for a total disappearance of 23.8

million tonnes. Consumption for Africa is forecast at 7 million tonnes in 2001, with an estimated growth rate slightly higher than 1 percent below the 5-year average for Africa of 3.7 percent.

### Trade and Price Outlook

World sugar prices, particularly for raw sugar, strengthened as a result of forecasts of a deficit supply situation in 2000/01 and the continued recovery in the economies of major sugar importers in the Far East and the Russian Federation. World sugar prices, having reached 14-year lows in February 2000, recovered nearly 80 percent to an average 10 cents in September 2000. Some of this recovery has eroded in recent months as supply deficits for several producing countries were smaller than earlier forecast. Prices for raw sugar have been fluctuating between 8 and 9 US cents per pound in recent months. Price strengthening during 2000/01 was largely limited to the raw sugar market, as white sugar prices remain fairly depressed due to larger than anticipated EC beet sugar production and high stocks levels concentrated in the largest consuming countries, particularly India. An estimated 10 million tonnes of world stocks are concentrated in India, while the bulk of the rest of the world surplus is concentrated in other major importing countries.

Early reports indicate that reduced sugar output in 2000/01 in major world producing countries, such as Brazil, Australia, Thailand and China, is expected to recover in 2001/02 year. However, while expectations of additional purchases of world market sugar by China to increase domestic stocks in that country may result in continued near term price strengthening, the outlook for increased global production may provide the basis for potentially weaker world sugar prices in the new year.

## Fertilizers

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**Urea** prices decreased somewhat over the past two months and average May prices were between 12 and 25 percent lower than a year earlier. The downward trend in urea prices is expected to continue throughout the summer. Prices for Black Sea origin urea increased due to tight supply and production cutbacks. However, a shortfall in production from Ukraine could be met by increased exports from Venezuela. The Baltic Sea region is supplying urea to Latin America and Africa. Near East suppliers committed their export availability to South East Asia and Africa. India has not imported any urea since January 2001. Viet Nam has entered the market for 110 000 tonnes and might book another 100 000 tonnes for June. Government pressure to keep the domestic market well supplied has caused export shortage in Indonesia. Urea demand in the United States is slow and inventories are high. Production is expected to decrease, while production costs will increase due to rise in gas prices. Mexico's import requirements for May and June are estimated at

100 000-150 000 tonnes per month. Other Latin American countries are entering the market. Australia has suffered severe drought, and despite some recent rainfall more is needed before the season can start. Drought also resulted in high stocks, thus imports are estimated at 70 000 tonnes for the first quarter (50 percent of last year).

Prices for **ammonia** have decreased since the beginning of this year by about 50 percent. Only in the Black Sea region prices have risen over the past few weeks by approximately 8 percent as there are production cutbacks in western Europe and the Ukraine. Spain and Greece have entered the market. Indonesia is meeting the demand in Taiwan. The United States closed a plant and is importing from Venezuela, the Black Sea and Trinidad. India is importing substantive amounts.



**Average Fertilizer Spot Prices (bulk, f.o.b.)**

	April 2001	May 2001	May 2000	Change from last year <sup>1/</sup>
	( . . . . . US\$/tonne . . . . . )			( . percentage . )
<b>Urea</b>				
eastern Europe	85-87	79-82	91-93	-12.5
Near East	104-107	96-98	124-127	-22.7
<b>Ammonium Sulphate</b>				
eastern Europe	53-56	50-54	39-42	28.4
Far East	65-68	65-68	60-61	9.9
U.S. Gulf	60-65	60-65	43-45	42.0
western Europe	70-75	70-75	55-60	26.1
<b>Diammonium Phosphate</b>				
Jordan	168-170	167-169	155-156	8.0
North Africa	159-167	150-157	144-156	2.3
U.S. Gulf	151-154	141-144	143-146	-1.4
<b>Triple Superphosphate</b>				
North Africa	121-130	121-129	124-129	-1.2
U.S. Gulf	123-130	123-128	134-138	-7.7
<b>Muriate of Potash</b>				
eastern Europe	91-108	91-106	92-111	-3.0
Vancouver	113-130	111-130	116-130	-2.0
western Europe	115-122	115-122	115-122	0.0

**Source:** Compiled from Fertilizer Week and Fertilizer Market Bulletin. <sup>1/</sup> From mid-point of given ranges.

Prices for **ammonium sulphate** remained mostly stable over the past two months focussing on the forthcoming demand from Brazil. However, compared to a year ago, prices are up by about 26-42 percent, except for the Far East where prices rose only by 10 percent.

**Diammonium phosphate (DAP)** prices remained virtually unchanged during April and May for Jordan, but fell by 6-7 percent in North Africa and the U.S. Gulf. This trend may continue, because supply-demand fundamentals remain out of balance. The oversupply situation resembles the one in the mid 80s. However, the prices are somewhat higher than a year ago. There is a build-up of inventories in the CIS countries, North Africa and the United States. India has already imported 200 000 tonnes DAP and intends to import some more from Jordan and the United States. In China, closing stocks are estimated to be 350 000 tonnes as the season comes to an end. In Pakistan inventories are high and demand remains slack due to drought followed by unexpected rains in wheat growing areas resulting in crop damage. The Philippines are importing 40 000 tonnes from the United States. In Viet Nam offtake is slow. DAP demand in Europe is weak. Turkey is expected to tender for 130 000 tonnes to perhaps 250 000 tonnes. Morocco has export

commitments to India and Thailand. Demand for DAP from Argentina is slow as there are high inventories. Mexico and Peru have entered the market. The United States has reduced consumption because of wet conditions and delayed seasonal applications. Inventories are high and some producers face warehousing difficulties.

Prices of **triple superphosphate (TSP)** from North Africa and the U.S. Gulf were stable over the past 2 months. Prices from both origins are about 1 percent to 8 percent lower than a year earlier. Bangladesh is importing TSP from Tunisia and the Islamic Republic of Iran from Lebanon, Morocco and Tunisia.

Average spot prices of **muriate of potash (MOP)** remained generally stable over the past two months. Average May prices in all three regions were slightly less than a year ago. China, India and Brazil had high carry over stocks. China reportedly entered the market for 165 000 tonnes. Indonesia is importing 100 000 tonnes of MOP from Jordan. India intends to import 40 000 tonnes. In Malaysia domestic demand is 25 percent below the one last year. The major Canadian and United States producers have instituted shutdowns for the summer to keep supplies in balance and hold up prices.

## A.1 a) - WORLD CEREAL PRODUCTION – Estimates for 2000 as of May 2001

	Wheat			Coarse Grains		
	1999	2000 f'cast	2001 estim.	1999	2000 f'cast	2001 estim.
	( ..... million tonnes ..... )					
<b>ASIA</b>	<b>260.4</b>	<b>253.0</b>	<b>242.3</b>	<b>218.0</b>	<b>191.4</b>	<b>210.6</b>
Bangladesh	1.9	1.8	2.0	0.1	0.1	0.1
China <sup>1/</sup>	113.9	100.7	99.3	141.2	115.7	133.8
India	70.8	75.6	68.5	30.5	31.1	31.5
Indonesia	-	-	-	9.2	9.2	9.1
Iran, Islamic Rep. of	8.7	8.0	8.0	2.8	2.3	2.3
Japan	0.6	0.7	0.7	0.2	0.2	0.2
Kazakhstan	11.2	9.1	9.2	2.8	2.3	2.3
Korea, D. P. R.	0.1	0.1	0.1	1.3	1.2	1.4
Korea, Rep. of	-	-	-	0.4	0.3	0.4
Myanmar	0.1	0.1	0.1	0.5	0.5	0.5
Pakistan	17.9	22.0	18.5	2.2	1.9	1.8
Philippines	-	-	-	4.6	4.5	4.1
Saudi Arabia	2.0	1.8	1.8	0.4	0.4	0.4
Thailand	-	-	-	4.6	4.6	4.8
Turkey	18.0	19.0	17.5	9.5	10.1	9.6
Viet Nam	-	-	-	1.8	1.9	1.7
<b>AFRICA</b>	<b>15.2</b>	<b>14.1</b>	<b>16.6</b>	<b>78.4</b>	<b>80.0</b>	<b>78.3</b>
<b>North Africa</b>	<b>11.3</b>	<b>9.7</b>	<b>12.7</b>	<b>9.9</b>	<b>8.6</b>	<b>10.1</b>
Egypt	6.3	6.6	6.3	7.2	7.3	7.2
Morocco	2.2	1.4	3.8	1.7	0.6	1.9
<b>Sub-Saharan Africa</b>	<b>3.9</b>	<b>4.4</b>	<b>4.0</b>	<b>68.5</b>	<b>71.4</b>	<b>68.2</b>
<b>Western Africa</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>32.5</b>	<b>31.1</b>	<b>32.0</b>
Nigeria	-	-	-	18.7	19.1	19.8
<b>Central Africa</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.7</b>	<b>2.6</b>	<b>2.5</b>
<b>Eastern Africa</b>	<b>1.7</b>	<b>1.9</b>	<b>1.8</b>	<b>17.4</b>	<b>17.7</b>	<b>18.6</b>
Ethiopia	1.2	1.4	1.2	6.3	7.6	7.0
Sudan	0.2	0.3	0.3	2.9	3.0	3.7
<b>Southern Africa</b>	<b>2.2</b>	<b>2.5</b>	<b>2.1</b>	<b>15.9</b>	<b>20.1</b>	<b>15.0</b>
Madagascar	-	-	-	0.2	0.1	0.2
South Africa	1.7	2.1	1.7	8.0	11.6	7.7
Zimbabwe	0.3	0.3	0.3	1.7	2.2	1.6
<b>CENTRAL AMERICA</b>	<b>3.1</b>	<b>3.4</b>	<b>3.2</b>	<b>28.4</b>	<b>26.4</b>	<b>29.4</b>
Mexico	3.1	3.4	3.2	24.9	23.2	26.0
<b>SOUTH AMERICA</b>	<b>20.2</b>	<b>20.5</b>	<b>22.5</b>	<b>59.7</b>	<b>62.9</b>	<b>68.9</b>
Argentina	15.7	16.5	17.3	17.8	21.3	20.0
Brazil	2.4	1.7	2.6	33.7	33.0	39.9
Colombia	-	-	-	1.5	1.5	1.5
<b>NORTH AMERICA</b>	<b>89.5</b>	<b>87.3</b>	<b>79.4</b>	<b>290.6</b>	<b>299.2</b>	<b>295.5</b>
Canada	26.9	26.8	26.0	27.0	24.5	28.7
United States	62.6	60.5	53.4	263.6	274.7	266.8
<b>EUROPE</b>	<b>177.9</b>	<b>186.9</b>	<b>189.0</b>	<b>202.9</b>	<b>197.7</b>	<b>212.1</b>
Bulgaria	3.1	2.8	3.2	2.5	1.7	2.2
EC <sup>2/</sup>	97.2	105.3	97.5	103.8	108.3	107.7
Hungary	2.6	3.6	4.5	8.7	6.2	8.3
Poland	9.1	8.5	9.0	16.7	13.8	16.8
Romania	4.7	4.4	4.6	12.4	5.4	9.1
Russian Fed.	34.0	38.0	40.0	24.6	31.6	32.1
Ukraine	15.0	11.0	16.6	11.3	11.8	13.1
<b>OCEANIA</b>	<b>25.3</b>	<b>21.4</b>	<b>24.3</b>	<b>9.4</b>	<b>10.7</b>	<b>10.1</b>
Australia	25.0	21.2	24.0	8.7	10.0	9.5
<b>WORLD</b>	<b>591.5</b>	<b>586.7</b>	<b>577.3</b>	<b>887.4</b>	<b>868.2</b>	<b>904.9</b>
Developing countries	277.5	271.3	264.3	371.7	345.1	375.3
Developed countries	314.0	315.4	313.0	515.7	523.1	529.6

Source: FAO

Note: Totals computed from unrounded data.

<sup>1/</sup> Including Taiwan Province.<sup>2/</sup> Fifteen member countries.

Table A.1 b) - WORLD CEREAL PRODUCTION – Estimates for 2000 as of May 2001

	Rice (paddy)			Total Cereals 1/		
	1999	2000 f'cast	2001 estim.	1999	2000 f'cast	2001 estim.
	( ..... million tonnes ..... )					
<b>ASIA</b>	<b>556.2</b>	<b>542.0</b>	<b>539.4</b>	<b>1 034.5</b>	<b>986.4</b>	<b>992.3</b>
Bangladesh	34.2	35.6	35.6	36.2	37.5	37.7
China 2/	200.4	192.3	187.1	455.5	408.6	420.2
India	134.4	127.6	131.0	235.6	234.3	231.0
Indonesia	50.9	51.2	50.1	60.1	60.3	59.2
Iran, Islamic Rep. of	2.3	2.3	2.4	13.9	12.6	12.7
Japan	11.5	11.9	10.9	12.3	12.8	11.8
Kazakhstan	0.2	0.2	0.2	14.2	11.6	11.7
Korea, D. P. R.	2.3	1.7	1.7	3.8	3.0	3.2
Korea, Rep. of	7.2	7.2	7.2	7.6	7.6	7.6
Myanmar	20.1	20.1	20.6	20.7	20.7	21.2
Pakistan	7.7	6.8	6.5	27.8	30.7	26.8
Philippines	12.0	12.5	12.6	16.5	16.9	16.7
Saudi Arabia	-	-	-	2.5	2.2	2.2
Thailand	24.2	24.0	24.0	28.8	28.6	28.8
Turkey	0.3	0.3	0.3	27.8	29.4	27.4
Viet Nam	32.7	32.7	32.7	34.5	34.6	34.4
<b>AFRICA</b>	<b>17.4</b>	<b>17.4</b>	<b>17.2</b>	<b>110.9</b>	<b>111.5</b>	<b>112.2</b>
<b>North Africa</b>	<b>5.9</b>	<b>6.0</b>	<b>5.6</b>	<b>27.0</b>	<b>24.3</b>	<b>28.5</b>
Egypt	5.8	6.0	5.6	19.4	19.9	19.2
Morocco	-	-	-	3.9	2.0	5.7
<b>Sub-Saharan Africa</b>	<b>11.5</b>	<b>11.3</b>	<b>11.6</b>	<b>83.9</b>	<b>87.2</b>	<b>83.7</b>
<b>Western Africa</b>	<b>7.5</b>	<b>7.5</b>	<b>7.6</b>	<b>40.0</b>	<b>38.6</b>	<b>39.7</b>
Nigeria	3.4	3.4	3.5	22.2	22.6	23.3
<b>Central Africa</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>3.1</b>	<b>3.0</b>	<b>3.0</b>
<b>Eastern Africa</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>19.9</b>	<b>20.4</b>	<b>21.3</b>
Ethiopia	-	-	-	7.5	8.9	8.2
Sudan	-	-	-	3.1	3.3	4.1
<b>Southern Africa</b>	<b>2.9</b>	<b>2.6</b>	<b>2.7</b>	<b>20.9</b>	<b>25.1</b>	<b>19.8</b>
Madagascar	2.6	2.3	2.4	2.8	2.5	2.6
South Africa	-	-	-	9.7	13.7	9.4
Zimbabwe	-	-	-	2.0	2.4	1.8
<b>CENTRAL AMERICA</b>	<b>2.4</b>	<b>2.4</b>	<b>2.4</b>	<b>33.9</b>	<b>32.3</b>	<b>35.0</b>
Mexico	0.4	0.4	0.4	28.4	26.9	29.6
<b>SOUTH AMERICA</b>	<b>21.5</b>	<b>20.7</b>	<b>19.7</b>	<b>101.4</b>	<b>104.1</b>	<b>111.1</b>
Argentina	1.7	0.9	0.6	35.2	38.7	38.0
Brazil	11.6	11.4	10.9	47.6	46.1	53.4
Colombia	1.8	1.8	1.8	3.3	3.4	3.4
<b>NORTH AMERICA</b>	<b>9.3</b>	<b>8.7</b>	<b>8.4</b>	<b>389.4</b>	<b>395.1</b>	<b>383.3</b>
Canada	-	-	-	53.9	51.3	54.7
United States	9.3	8.7	8.4	335.5	343.8	328.6
<b>EUROPE</b>	<b>3.3</b>	<b>3.1</b>	<b>3.3</b>	<b>384.1</b>	<b>387.7</b>	<b>404.3</b>
Bulgaria	-	-	-	5.6	4.6	5.4
EC 3/	2.7	2.4	2.6	203.7	216.1	207.8
Hungary	-	-	-	11.4	9.9	12.8
Poland	-	-	-	25.7	22.3	25.8
Romania	-	-	-	17.0	9.8	13.7
Russian Fed.	0.4	0.6	0.5	59.0	70.1	72.6
Ukraine	0.1	0.1	0.1	26.3	22.9	29.7
<b>OCEANIA</b>	<b>1.4</b>	<b>1.1</b>	<b>1.8</b>	<b>36.0</b>	<b>33.2</b>	<b>36.2</b>
Australia	1.4	1.1	1.8	35.1	32.3	35.2
<b>WORLD</b>	<b>611.4</b>	<b>595.5</b>	<b>592.2</b>	<b>2 090.3</b>	<b>2 050.4</b>	<b>2 074.4</b>
Developing countries	585.2	570.1	567.0	1 234.4	1 186.5	1 206.5
Developed countries	26.1	25.3	25.2	855.9	863.8	867.8

Source: FAO

Note: Totals computed from unrounded data.

1/ Rice is included in the cereal total in paddy terms. 2/ Including Taiwan Province. 3/ Fifteen member countries.

Table A.2 a) - WORLD IMPORTS OF CEREALS

	Wheat (July/June) <sup>1/</sup>			Coarse Grains (July/June)		
	1999/2000	2000/01 estim.	2001/02 f'cast	1999/2000	2000/01 estim.	2001/02 f'cast
	(..... million tonnes .....) )					
<b>ASIA</b>	<b>50.6</b>	<b>48.2</b>	<b>50.7</b>	<b>56.9</b>	<b>57.4</b>	<b>57.9</b>
Bangladesh	1.7	1.3	1.3	-	-	-
China	2.0	1.5	3.1	8.0	7.2	7.2
Taiwan Province	1.1	1.1	1.1	5.4	5.0	5.0
Georgia	0.6	0.6	0.6	-	0.1	0.1
India	1.6	0.1	-	0.4	0.2	0.2
Indonesia	3.5	3.9	3.7	0.8	1.1	1.4
Iran, Islamic Rep. of	7.0	7.2	7.0	1.8	2.5	2.5
Iraq	2.7	2.9	3.0	0.3	0.5	0.3
Israel	1.6	1.5	1.4	1.4	1.3	1.4
Japan	5.8	5.9	6.0	20.6	20.3	20.5
Korea, D. P. R.	0.5	0.7	0.8	0.5	0.7	0.7
Korea, Rep. of	3.8	4.2	4.3	7.4	8.3	8.5
Malaysia	1.3	1.3	1.3	2.4	2.4	2.5
Pakistan	2.0	0.2	1.0	-	0.1	0.1
Philippines	2.7	3.0	3.0	0.7	0.6	0.6
Saudi Arabia	0.1	-	-	6.0	6.1	6.2
Singapore	0.3	0.3	0.3	0.2	0.2	0.2
Sri Lanka	1.0	0.9	0.9	0.1	0.1	0.1
Syria	0.1	0.1	0.1	1.3	1.5	1.0
Thailand	0.8	0.8	0.8	0.3	0.3	0.3
Yemen	2.0	2.0	2.0	0.2	0.2	0.2
<b>AFRICA</b>	<b>24.0</b>	<b>25.2</b>	<b>25.2</b>	<b>12.9</b>	<b>14.3</b>	<b>13.0</b>
<b>North Africa</b>	<b>15.2</b>	<b>17.2</b>	<b>17.3</b>	<b>8.3</b>	<b>9.7</b>	<b>8.5</b>
Algeria	4.3	5.2	5.2	1.6	1.8	1.6
Egypt	5.8	6.5	6.8	3.8	4.2	4.0
Morocco	2.8	3.2	3.0	1.4	2.1	1.4
Tunisia	1.0	1.0	1.0	0.8	0.9	0.8
<b>Sub-Saharan Africa</b>	<b>8.7</b>	<b>8.0</b>	<b>7.8</b>	<b>4.6</b>	<b>4.6</b>	<b>4.5</b>
Cote d'Ivoire	0.3	0.3	0.3	-	-	-
Ethiopia	1.1	0.4	0.3	0.1	0.1	0.1
Kenya	0.6	0.6	0.6	1.0	1.4	1.3
Nigeria	1.3	1.5	1.5	-	-	0.1
Senegal	0.2	0.2	0.3	-	-	-
Sudan	1.2	1.2	1.2	0.1	0.1	0.1
South Africa	0.8	0.7	0.8	0.7	0.5	0.1
<b>CENTRAL AMERICA</b>	<b>6.6</b>	<b>5.7</b>	<b>6.0</b>	<b>13.5</b>	<b>13.3</b>	<b>13.0</b>
Cuba	1.0	0.9	1.0	0.3	0.3	0.3
Dominican Rep.	0.3	0.3	0.3	0.7	0.7	0.7
Mexico	2.8	2.4	2.5	10.4	9.8	9.8
<b>SOUTH AMERICA</b>	<b>12.8</b>	<b>13.0</b>	<b>10.8</b>	<b>7.6</b>	<b>7.2</b>	<b>6.4</b>
Brazil	7.4	7.7	5.5	1.6	1.0	0.1
Chile	0.8	0.6	0.5	1.1	1.1	1.1
Colombia	1.2	1.2	1.3	2.1	2.3	2.4
Peru	1.4	1.2	1.3	1.0	0.9	1.1
Venezuela	1.3	1.3	1.3	1.3	1.4	1.3
<b>NORTH AMERICA</b>	<b>2.6</b>	<b>2.4</b>	<b>2.6</b>	<b>3.7</b>	<b>4.6</b>	<b>3.7</b>
Canada	-	-	-	1.0	1.9	1.0
United States	2.5	2.4	2.6	2.7	2.7	2.7
<b>EUROPE</b>	<b>12.6</b>	<b>10.4</b>	<b>8.7</b>	<b>7.6</b>	<b>8.7</b>	<b>7.9</b>
Belarus	0.9	0.9	0.9	0.5	0.2	0.2
EC <sup>2/</sup>	3.4	3.4	3.4	2.3	2.4	2.3
Poland	0.2	0.8	0.6	0.8	1.0	1.2
Romania	0.1	0.5	0.3	0.2	1.7	1.4
Russian Fed.	5.2	1.5	1.5	2.5	0.7	0.7
Ukraine	0.5	0.9	0.1	0.1	0.1	-
<b>OCEANIA</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
New Zealand	0.2	0.2	0.2	0.1	-	0.1
<b>WORLD</b>	<b>109.7</b>	<b>105.5</b>	<b>104.5</b>	<b>102.4</b>	<b>105.5</b>	<b>102.0</b>
Developing countries	83.1	81.1	81.8	68.2	69.9	68.0
Developed countries	26.6	24.4	22.7	34.2	35.6	34.0

**Source:** FAO**Note:** Totals computed from unrounded data.<sup>1/</sup> Including wheat flour in wheat grain equivalent, but excluding semolina.<sup>2/</sup> Excluding trade between the fifteen EC member countries.

Table A.2 b) - WORLD IMPORTS OF CEREALS

	Rice (milled)			Total Cereals 1/		
	2000	2001 estim.	2002 f'cast	1999/2000	2000/01 estim.	2001/02 f'cast
	( ..... million tonnes ..... )					
<b>ASIA</b>	<b>11.4</b>	<b>11.1</b>		<b>119.0</b>	<b>116.6</b>	
Bangladesh	0.5	0.3		2.1	1.6	
China	0.2	0.3		10.3	9.0	
Taiwan Province	-	-		6.5	6.0	
Georgia	-	-		0.6	0.7	
India	0.1	0.1		2.1	0.3	
Indonesia	2.0	1.2		6.3	6.2	
Iran, Islamic Rep. of	1.1	1.2		9.9	10.9	
Iraq	1.2	1.2		4.2	4.6	
Israel	0.1	0.1		3.0	2.8	
Japan	0.7	0.7		27.1	26.9	
Korea, D. P. R.	0.4	0.6		1.4	2.0	
Korea, Rep. of	0.1	0.1		11.3	12.7	
Malaysia	0.7	0.7		4.4	4.4	
Pakistan	-	-		2.0	0.3	
Philippines	0.7	0.8		4.1	4.3	
Saudi Arabia	0.8	0.8		6.9	6.9	
Singapore	0.4	0.4		0.9	0.9	
Sri Lanka	-	0.1		1.1	1.1	
Syria	0.2	0.2		1.6	1.8	
Thailand	-	-		1.1	1.1	
Yemen	0.2	0.2		2.4	2.4	
<b>AFRICA</b>	<b>6.0</b>	<b>6.2</b>		<b>42.9</b>	<b>45.7</b>	
<b>North Africa</b>	<b>0.2</b>	<b>0.2</b>		<b>23.8</b>	<b>27.1</b>	
Algeria	-	-		5.9	7.0	
Egypt	-	-		9.6	10.7	
Morocco	-	-		4.3	5.3	
Tunisia	-	-		1.8	1.9	
<b>Sub-Saharan Africa</b>	<b>5.7</b>	<b>6.0</b>		<b>19.0</b>	<b>18.5</b>	
Cote d'Ivoire	0.9	0.8		1.2	1.1	
Ethiopia	-	-		1.3	0.5	
Kenya	0.1	0.1		1.7	2.0	
Nigeria	1.0	1.0		2.3	2.5	
Senegal	0.6	0.6		0.8	0.8	
Sudan	-	-		1.3	1.3	
South Africa	0.5	0.6		2.0	1.8	
<b>CENTRAL AMERICA</b>	<b>1.6</b>	<b>1.6</b>		<b>21.7</b>	<b>20.6</b>	
Cuba	0.4	0.4		1.7	1.6	
Dominican Rep.	-	-		1.0	1.1	
Mexico	0.4	0.4		13.6	12.7	
<b>SOUTH AMERICA</b>	<b>1.0</b>	<b>0.9</b>		<b>21.4</b>	<b>21.2</b>	
Brazil	0.7	0.6		9.7	9.3	
Chile	0.1	0.1		1.9	1.8	
Colombia	0.1	0.1		3.4	3.6	
Peru	0.1	0.1		2.5	2.3	
Venezuela	0.1	0.1		2.6	2.7	
<b>NORTH AMERICA</b>	<b>0.6</b>	<b>0.6</b>		<b>6.9</b>	<b>7.6</b>	
Canada	0.3	0.3		1.3	2.2	
United States	0.3	0.3		5.6	5.4	
<b>EUROPE</b>	<b>1.5</b>	<b>1.5</b>		<b>21.7</b>	<b>20.6</b>	
Belarus	-	-		1.5	1.1	
EC 2/	0.6	0.6		6.3	6.4	
Poland	0.1	0.1		1.1	1.9	
Romania	0.1	0.1		0.4	2.3	
Russian Fed.	0.4	0.4		8.1	2.5	
Ukraine	0.1	0.1		0.6	1.0	
<b>OCEANIA</b>	<b>0.4</b>	<b>0.3</b>		<b>1.0</b>	<b>0.9</b>	
New Zealand	-	-		0.3	0.3	
<b>WORLD</b>	<b>22.4</b>	<b>22.3</b>	<b>22.6</b> 3/	<b>234.5</b>	<b>233.3</b>	<b>229.1</b>
Developing countries	18.9	18.6	19.1	170.1	169.5	168.9
Developed countries	3.5	3.7	3.5	64.4	63.7	60.2

Source: FAO

Note: Totals computed from unrounded data.

1/ Trade in rice refers to the calendar year of the second year shown.

2/ Excluding trade between the fifteen EC member countries.

3/ Highly tentative.

Table A.3 a) - **WORLD EXPORTS OF CEREALS**

	Wheat (July/June) 1/			Coarse Grains (July/June)		
	1999/2000	2000/01 estim.	2001/02 f'cast	1999/2000	2000/01 estim.	2001/02 f'cast
	( ..... million tonnes ..... )					
<b>ASIA</b>	<b>10.4</b>	<b>9.5</b>	<b>10.0</b>	<b>9.2</b>	<b>12.0</b>	<b>6.4</b>
China 2/	0.2	0.2	0.2	7.2	10.5	5.0
India	0.5	1.8	3.0	-	-	-
Indonesia	-	-	-	0.2	0.2	0.2
Japan	0.5	0.4	0.4	-	-	-
Kazakhstan	6.0	4.0	4.2	0.9	0.4	0.4
Myanmar	-	-	-	0.1	0.1	0.1
Pakistan	-	0.3	0.1	-	-	-
Saudi Arabia	-	-	-	-	-	-
Syria	0.1	-	-	-	-	-
Thailand	-	-	-	0.1	-	0.1
Turkey	1.6	1.5	0.9	0.2	0.5	0.3
Viet Nam	-	-	-	0.2	0.2	0.2
<b>AFRICA</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>	<b>1.3</b>	<b>3.0</b>	<b>1.1</b>
Egypt	-	-	-	-	-	-
Ethiopia	-	-	-	0.1	0.2	0.1
Nigeria	-	-	-	0.1	0.1	0.1
South Africa	0.1	0.1	0.1	0.2	2.0	0.5
Sudan	-	-	-	-	-	0.1
Uganda	-	-	-	0.1	0.1	0.1
<b>CENTRAL AMERICA</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>	-	-	<b>0.5</b>
<b>SOUTH AMERICA</b>	<b>10.3</b>	<b>11.5</b>	<b>11.8</b>	<b>9.1</b>	<b>12.6</b>	<b>14.1</b>
Argentina	10.3	11.5	11.8	8.6	11.8	12.0
Brazil	-	-	-	-	0.3	1.5
Paraguay	-	-	-	0.3	0.3	0.3
Suriname	-	-	-	-	-	-
Uruguay	-	-	-	0.1	0.1	0.1
<b>NORTH AMERICA</b>	<b>47.6</b>	<b>50.0</b>	<b>45.0</b>	<b>60.3</b>	<b>61.1</b>	<b>60.7</b>
Canada	18.5	17.5	18.0	3.2	3.1	4.7
United States	29.1	32.5	27.0	57.1	58.0	56.0
<b>EUROPE</b>	<b>21.9</b>	<b>17.9</b>	<b>20.7</b>	<b>17.2</b>	<b>12.4</b>	<b>15.0</b>
Bulgaria	0.5	0.5	0.5	0.2	0.1	0.2
Czech Rep.	0.9	0.5	0.5	0.3	0.1	0.2
EC 3/	16.4	15.0	14.0	12.3	10.0	10.0
Hungary	0.7	0.8	1.5	1.9	0.4	1.8
Poland	0.1	-	-	-	-	-
Romania	0.3	-	0.1	0.5	-	0.2
Russian Fed.	0.6	0.7	0.9	0.1	0.5	0.6
Ukraine	2.0	0.1	3.0	1.0	1.3	1.8
<b>OCEANIA</b>	<b>17.3</b>	<b>16.0</b>	<b>16.5</b>	<b>3.9</b>	<b>4.3</b>	<b>4.2</b>
Australia	17.3	16.0	16.5	3.9	4.3	4.2
<b>WORLD</b>	<b>108.2</b>	<b>105.4</b>	<b>104.5</b>	<b>101.1</b>	<b>105.4</b>	<b>102.0</b>
Developing countries	14.7	17.0	17.6	18.7	25.2	21.2
Developed countries	93.6	88.5	86.9	82.5	80.2	80.9

**Source:** FAO

**Note:** Totals computed from unrounded data.

1/ Including wheat flour in wheat grain equivalent, but excluding semolina.

2/ Including Taiwan Province.

3/ Excluding trade between the fifteen EC member countries.

Table A.3 b) - **WORLD EXPORTS OF CEREALS**

	Rice (milled)			Total Cereals <sup>1/</sup>		
	2000	2001 estim.	2002 f'cast	1999/2000	2000/01 estim.	2001/02 f'cast
	( ..... million tonnes ..... )					
<b>ASIA</b>	<b>17.2</b>	<b>16.9</b>		<b>36.8</b>	<b>38.4</b>	
China <sup>2/</sup>	3.0	2.6		10.4	13.2	
India	1.4	1.3		1.9	3.1	
Indonesia	-	-		0.2	0.2	
Japan	0.5	0.5		1.0	0.9	
Kazakhstan	-	-		6.9	4.4	
Myanmar	0.1	0.2		0.2	0.3	
Pakistan	2.0	1.9		2.0	2.2	
Saudi Arabia	-	-		-	-	
Syria	-	-		0.1	-	
Thailand	6.6	6.5		6.6	6.5	
Turkey	-	-		1.8	2.0	
Viet Nam	3.4	3.9		3.5	4.1	
<b>AFRICA</b>	<b>0.4</b>	<b>0.5</b>		<b>2.0</b>	<b>3.7</b>	
Egypt	0.4	0.5		0.4	0.5	
Ethiopia	-	-		0.1	0.2	
Nigeria	-	-		0.1	0.1	
South Africa	-	-		0.3	2.1	
Sudan	-	-		-	-	
Uganda	-	-		0.1	0.1	
<b>CENTRAL AMERICA</b>	<b>-</b>	<b>-</b>		<b>0.4</b>	<b>0.3</b>	
<b>SOUTH AMERICA</b>	<b>1.5</b>	<b>1.4</b>		<b>20.8</b>	<b>25.5</b>	
Argentina	0.4	0.2		19.2	23.5	
Brazil	-	0.2		-	0.5	
Paraguay	-	-		0.3	0.3	
Suriname	0.1	0.1		0.1	0.1	
Uruguay	0.7	0.6		0.8	0.7	
<b>NORTH AMERICA</b>	<b>2.8</b>	<b>2.7</b>		<b>110.7</b>	<b>113.8</b>	
Canada	-	-		21.7	20.6	
United States	2.8	2.7		88.9	93.2	
<b>EUROPE</b>	<b>0.2</b>	<b>0.2</b>		<b>39.3</b>	<b>30.5</b>	
Bulgaria	-	-		0.7	0.6	
Czech Rep.	-	-		1.2	0.5	
EC <sup>3/</sup>	0.2	0.2		28.9	25.2	
Hungary	-	-		2.6	1.2	
Poland	-	-		0.1	-	
Romania	-	-		0.8	-	
Russian Fed.	-	-		0.7	1.2	
Ukraine	-	-		3.0	1.4	
<b>OCEANIA</b>	<b>0.5</b>	<b>0.7</b>		<b>21.7</b>	<b>21.0</b>	
Australia	0.5	0.7		21.7	21.0	
<b>WORLD</b>	<b>22.5</b>	<b>22.3</b>	<b>22.6</b> <sup>4/</sup>	<b>231.9</b>	<b>233.2</b>	<b>229.1</b>
Developing countries	18.5	18.3	18.6	51.8	60.4	57.3
Developed countries	4.0	4.1	4.0	180.1	172.7	171.8

**Source:** FAO

**Note:** Totals computed from unrounded data.

<sup>1/</sup> Trade in rice refers to the calendar year of the second year shown.

<sup>2/</sup> Including Taiwan Province.

<sup>3/</sup> Excluding trade between the fifteen EC member countries.

<sup>4/</sup> Highly tentative.

Table A.4 - WHEAT, COARSE GRAINS AND RICE: Supplies and utilization in main exporting countries, National Crop Years

	Wheat 1/			Coarse Grains 2/			Rice (milled basis)		
	1999/2000	2000/01 estim.	2001/02 f'cast	1999/2000	2000/01 estim.	2001/02 f'cast	1999/2000	2000/01 estim.	2001/02 f'cast
	( ..... million tonnes ..... )								
	<b>UNITED STATES (June/May)</b>			<b>UNITED STATES</b>			<b>UNITED STATES (Aug./July)</b>		
Opening stocks	25.7	25.9	20.5	51.3	48.8	52.8	0.7	0.9	0.8
Production	65.6	60.5	53.4	263.6	274.7	266.8	6.5	6.1	5.9
Imports	2.6	2.4	2.6	2.5	2.5	2.6	0.3	0.3	0.3
<b>Total Supply</b>	<b>93.9</b>	<b>88.8</b>	<b>76.5</b>	<b>317.5</b>	<b>326.0</b>	<b>322.2</b>	<b>7.5</b>	<b>7.3</b>	<b>7.0</b>
Domestic use	38.4	36.3	35.2	212.2	215.4	215.9	3.8	3.9	3.9
Exports	29.7	32.0	27.2	56.5	57.8	56.0	2.8	2.7	2.4
Closing stocks	25.9	20.5	14.0	48.8	52.8	50.3	0.9	0.8	0.7
	<b>CANADA (August/July)</b>			<b>CANADA</b>			<b>THAILAND (Nov./Oct.) 3/</b>		
Opening stocks	7.4	7.4	7.7	5.0	5.9	5.2	1.1	1.2	
Production	26.9	26.8	26.0	27.0	24.5	28.7	16.0	15.9	
Imports	0.0	0.0	0.0	1.1	1.9	1.0	0.0	0.0	
<b>Total Supply</b>	<b>34.3</b>	<b>34.2</b>	<b>33.7</b>	<b>33.1</b>	<b>32.3</b>	<b>35.0</b>	<b>17.1</b>	<b>17.1</b>	
Domestic use	8.7	8.8	8.3	23.9	23.9	24.7	9.4	9.5	
Exports	18.3	17.7	18.0	3.2	3.2	4.7	6.6	6.5	
Closing stocks	7.4	7.7	7.4	5.9	5.2	5.6	1.2	1.1	
	<b>ARGENTINA (Dec./Nov.)</b>			<b>ARGENTINA</b>			<b>CHINA (Jan./Dec.) 3/ 4/</b>		
Opening stocks	1.5	1.3	1.7	1.9	2.3	1.6	113.2	112.9	
Production	15.7	16.5	17.3	17.8	21.3	20.0	137.4	131.8	
Imports	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.3	
<b>Total Supply</b>	<b>17.2</b>	<b>17.8</b>	<b>19.0</b>	<b>19.7</b>	<b>23.6</b>	<b>21.6</b>	<b>250.8</b>	<b>245.0</b>	
Domestic use	5.1	5.1	5.2	8.9	9.1	8.9	134.8	135.1	
Exports	10.8	11.0	12.3	8.5	12.9	11.8	3.0	2.6	
Closing stocks	1.3	1.7	1.5	2.3	1.6	0.9	112.9	107.3	
	<b>AUSTRALIA (Oct./Sept.)</b>			<b>AUSTRALIA</b>			<b>PAKISTAN (Nov./Oct.) 3/</b>		
Opening stocks	2.0	3.7	2.5	1.3	1.0	1.2	0.6	0.9	
Production	25.0	21.2	24.0	8.7	10.0	9.5	5.2	4.5	
Imports	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Total Supply</b>	<b>27.0</b>	<b>24.8</b>	<b>26.5</b>	<b>10.0</b>	<b>11.0</b>	<b>10.7</b>	<b>5.7</b>	<b>5.4</b>	
Domestic use	5.7	5.8	5.9	5.3	5.4	5.4	2.8	2.8	
Exports	17.6	16.5	17.6	3.7	4.4	4.3	2.0	1.9	
Closing stocks	3.7	2.5	3.0	1.0	1.2	0.9	0.9	0.8	
	<b>EC (July/June) 5/</b>			<b>EC 5/</b>			<b>VIET NAM (Nov./Oct.) 3/</b>		
Opening stocks	14.8	12.9	16.9	23.7	18.9	19.3	2.2	3.0	
Production	97.2	105.3	97.5	103.8	108.3	107.7	21.3	21.3	
Imports	3.4	3.4	3.4	2.3	2.4	2.3	0.0	0.0	
<b>Total Supply</b>	<b>115.4</b>	<b>121.6</b>	<b>117.8</b>	<b>129.9</b>	<b>129.6</b>	<b>129.3</b>	<b>23.5</b>	<b>24.3</b>	
Domestic use	85.8	89.4	88.3	98.7	100.4	98.1	17.1	17.4	
Exports	16.7	15.3	14.5	12.3	10.0	10.0	3.4	3.9	
Closing stocks	12.9	16.9	15.0	18.9	19.3	21.1	3.0	3.0	
<b>TOTAL ABOVE</b>									
Opening stocks	51.5	51.1	49.3	83.1	77.0	80.1	117.7	118.9	
Production	230.3	230.3	218.2	421.0	438.8	432.7	186.3	179.6	
Imports	6.0	5.9	6.0	6.0	6.8	5.9	0.6	0.6	
<b>Total Supply</b>	<b>287.8</b>	<b>287.3</b>	<b>273.5</b>	<b>510.1</b>	<b>522.6</b>	<b>518.8</b>	<b>304.6</b>	<b>299.1</b>	
Domestic use	143.6	145.5	142.9	349.0	354.2	353.0	167.9	168.6	
Exports	93.1	92.5	89.6	84.1	88.2	86.8	17.8	17.5	
Closing stocks	51.1	49.3	40.9	77.0	80.1	78.9	118.9	112.9	

Source: FAO

Note: Totals computed from unrounded data.

1/ Trade data include wheat flour in wheat grain equivalent. For the EC semolina is also included.

2/ Argentina (Dec./Nov.) 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); EC (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 fifteen EC member countries.



Table A.5 - **WORLD STOCKS: Estimated Total Carryovers of Cereals 1/**

	Crop Years ending in:						
	1996	1997	1998	1999	2000	2001 estim.	2002 f'cast
	( ..... million tonnes ..... )						
<b>TOTAL CEREALS</b>	<b>591.6</b>	<b>638.0</b>	<b>677.9</b>	<b>701.7</b>	<b>697.9</b>	<b>647.1</b>	<b>602.8</b>
<b>Wheat</b>	<b>222.4</b>	<b>233.3</b>	<b>256.1</b>	<b>260.3</b>	<b>258.5</b>	<b>246.1</b>	<b>221.5</b>
held by:							
- main exporters 2/	28.9	37.0	39.9	51.5	51.1	49.3	40.9
- others	193.6	196.2	216.2	208.8	207.4	196.8	180.6
<b>Coarse Grains</b>	<b>224.4</b>	<b>253.3</b>	<b>269.4</b>	<b>285.5</b>	<b>277.4</b>	<b>247.3</b>	<b>241.7</b>
held by:							
- main exporters 2/	31.9	46.3	68.9	83.1	77.0	80.1	78.9
- others	192.5	206.9	200.5	202.4	200.4	167.2	162.8
<b>Rice (milled basis)</b>	<b>144.7</b>	<b>151.5</b>	<b>152.5</b>	<b>155.8</b>	<b>162.0</b>	<b>153.7</b>	<b>139.6</b>
held by:							
- main exporters 3/	106.9	111.8	115.8	117.7	118.9	112.9	103.3
excl. China 4/	4.0	4.5	4.6	4.6	5.9	5.6	5.2
- others	37.9	39.7	36.7	38.1	43.2	40.7	36.4
<b>BY REGIONS</b>							
<b>Developed Countries</b>	<b>103.5</b>	<b>122.4</b>	<b>169.4</b>	<b>173.9</b>	<b>163.7</b>	<b>160.3</b>	<b>152.2</b>
Australia	3.1	4.1	3.7	3.4	4.8	3.8	
EC	22.7	24.4	35.1	38.8	32.3	36.7	
Canada	9.8	14.0	10.4	12.5	13.4	13.0	
Hungary	1.2	2.3	3.2	3.4	2.9	2.5	
Japan	6.1	6.8	6.9	6.3	6.2	5.7	
Poland	1.9	4.2	4.0	4.2	3.6	1.2	
Romania	3.3	1.2	4.5	2.7	2.7	0.7	
Russian Fed.	7.2	6.5	18.0	5.8	4.9	6.5	
South Africa	1.0	2.2	3.9	2.4	2.0	3.6	
Ukraine	7.6	3.6	4.5	2.2	2.2	1.9	
United States	25.5	39.9	58.7	77.8	75.6	74.1	
<b>Developing Countries</b>	<b>488.1</b>	<b>515.6</b>	<b>508.5</b>	<b>527.8</b>	<b>534.2</b>	<b>486.8</b>	<b>450.6</b>
<b>Asia</b>	<b>458.4</b>	<b>478.6</b>	<b>476.6</b>	<b>490.5</b>	<b>496.0</b>	<b>454.8</b>	
China 4/	384.4	400.5	396.8	405.3	402.0	359.3	
India	31.7	32.0	37.3	40.2	49.0	53.6	
Indonesia	6.0	6.4	4.7	5.0	5.3	5.0	
Iran, Islamic Rep. of	4.6	5.5	4.4	4.2	4.5	4.3	
Korea, Rep. of	1.8	2.3	2.8	2.8	3.1	3.1	
Pakistan	3.4	3.7	4.1	4.4	4.1	4.8	
Philippines	1.9	2.0	2.0	2.6	2.0	1.8	
Syria	4.9	5.1	4.0	4.1	3.1	2.1	
Turkey	4.0	5.8	6.2	7.2	5.8	4.9	
<b>Africa</b>	<b>14.6</b>	<b>22.6</b>	<b>19.7</b>	<b>23.2</b>	<b>20.7</b>	<b>17.1</b>	
Algeria	2.0	2.6	1.9	2.4	1.6	1.4	
Egypt	1.8	2.6	3.2	3.9	3.3	3.7	
Ethiopia	1.1	1.4	0.7	0.7	0.8	1.0	
Morocco	0.6	3.8	2.5	4.3	3.0	1.1	
Nigeria	1.8	1.9	1.9	1.9	1.6	1.8	
Tunisia	1.0	2.1	1.9	1.9	2.1	1.7	
<b>Central America</b>	<b>5.8</b>	<b>6.7</b>	<b>4.7</b>	<b>5.4</b>	<b>6.1</b>	<b>4.9</b>	
Mexico	4.5	5.4	3.6	4.3	4.6	3.5	
<b>South America</b>	<b>9.2</b>	<b>7.6</b>	<b>7.4</b>	<b>8.5</b>	<b>11.3</b>	<b>9.8</b>	
Argentina	1.0	2.3	2.2	3.4	3.8	3.4	
Brazil	5.5	3.0	2.7	1.9	4.1	3.2	

**Source:** FAO**Note:** Based on official and unofficial estimates. Totals computed from unrounded data.

1/ Stock data are based on an aggregate of carryovers at the end of national crop years and should not be construed as representing world stock levels at a fixed point in time.

2/ The major wheat and coarse grains exporters are Argentina, Australia, Canada, the EC and the United States. See Table A.4 for country details.

3/ The major rice exporters are China (including Taiwan Province), Pakistan, Thailand, the United States and Viet Nam. See Table A.4 for country details.

4/ Including Taiwan Province.

Table A.6 - EXPORT PRICES OF CEREALS AND SOYBEANS

	Wheat			Maize		Sorghum	Soybeans
	U.S. No.2 Hard Winter Ord. Prot. <u>1/</u>	U.S. Soft Red Winter No.2 <u>1/</u>	Argentina Trigo Pan <u>2/</u>	U.S. No.2 Yellow <u>1/</u>	Argentina <u>2/</u>	U.S. No.2 Yellow <u>1/</u>	U.S. No.2 Yellow <u>1/</u>
	( ..... US\$/tonne ..... )						
<b>July/June</b>							
1996/97	181	158	157	135	133	124	299
1997/98	142	129	137	112	109	111	263
1998/99	120	100	118	95	98	92	202
1999/2000	112	97	104	91	88	89	190
2000 - May	116	102	112	95	87	95	203
September	123	97	109	80	74	82	191
October	131	104	123	85	76	92	182
November	130	104	126	89	79	96	187
December	130	105	109	97	88	102	199
2001 - March	133	106	118	92	80	99	178
April	130	99	116	87	74	96	168
May							
I	138	105	121	85	79	95	171
II	134	101	122	86	76	98	174
III	141	105	123	86	74	97	180
IV	134	99	123	82	72	95	176

Sources: International Grain Council, USDA, Bolsa de Cereales and Reuters.

1/ Delivered U.S. Gulf ports. 2/ Buenos Aires, indicative traded prices.

Table A.7 - WORLD PRICES AND PRICE INDICES FOR RICE AND OILCROP PRODUCTS

	RICE						OILCROP PRODUCTS		
	Export prices			FAO Indices			FAO Indices		
	Thai 100%B <u>1/</u>	Thai broken <u>2/</u>	U.S. Long grain <u>3/</u>	Total	Quality		Marketing years	Edible/ soap fats and oils	Oilcakes and Meals
				High	Low				
<b>January/December</b>	( .... US\$/tonne ... )			( ... 1982-84=100 ... )			<b>Oct./Sept.</b>	( ... 1990-92=100 ... )	
1997	316	214	439	127	129	120	1990/91	97	100
1998	315	215	413	127	128	126	1991/92	103	104
1999	253	192	333	114	115	110	1992/93	103	97
2000	207	143	271	98	101	89	1993/94	127	93
2000 - May	210	143	257	96	100	86	1994/95	153	94
2001 - January	187	134	291	94	97	84	1995/96	140	128
February	190	136	291	94	97	84	1996/97	134	133
March	179	125	291	91	94	79	1997/98	154	116
April	170	122	271	88	92	77	1998/99 - Oct.-Mar.	141	90
May	170	122	264	89	92	79	- Apr.-Sep.	109	74
II	170	124	264				1999/00 - Oct.-Mar.	98	87
III	171	130	264				- Apr.-Sep.	84	90
IV	170	129	264				2000/01 - Oct.-Mar.	76	98

Sources: Rice Indices: FAO ; Rice prices: International rice brokers and trading companies.

Note: The FAO Indices are calculated using the Laspeyres formula. The rice export price indices are calculated for 15 export prices. In this table two groups representing "High" and "Low" quality rice are shown. The price indices for oilcrop products are calculated for international prices of ten selected oils and fats and seven selected cakes and meals. The weights used are the average export values of each commodity for the 1990-92 period.

1/ White rice, 100% second grade, f.o.b. Bangkok, indicative traded prices. 2/ A1 super, f.o.b. Bangkok, indicative traded prices 3/ U.S.No.2, 4% broken f.a.s.

Table A.8 - WHEAT AND MAIZE FUTURES PRICES

	July		September		December		March	
	this year	last year	this year	last year	this year	last year	this year	last year
( ..... US\$/tonne ..... )								
<b>WHEAT</b>								
April 17	102	98	105	102	111	107	116	112
24	101	97	105	101	110	107	115	111
May 1	104	97	107	102	113	107	117	112
8	98	99	102	103	108	108	112	113
15	102	104	106	108	111	114	116	118
22	95	103	99	107	105	113	109	118
<b>MAIZE</b>								
April 17	86	92	88	95	93	97	96	99
24	80	93	83	96	85	99	87	100
May 1	82	96	85	99	88	101	89	103
8	81	95	84	98	87	100	88	101
15	79	94	82	97	85	99	87	101
22	75	95	78	98	81	101	83	102

Source: Chicago Board of Trade

Table A.9 - OCEAN FREIGHT RATES FOR WHEAT

	From U.S. Gulf ports to:				From North Pacific ports to:	
	Rotterdam 1/	CIS Black Sea 1/ 2/	Egypt (Alexandria) 1/	Bangladesh 1/	China 1/	Japan 1/
( ..... US\$/tonne ..... )						
<b>July/June</b>						
1995/96	12.95	30.00	16.83	21.67	25.94	35.00
1996/97	11.00	18.85	12.77	20.00	27.00	28.29
1997/98	9.60	18.10	11.70	20.17	27.00	28.00
1998/99	9.42	25.45	9.25	18.75	27.00	29.17
1999/2000	12.60	40.97	13.65	18.50	27.00	32.83
2000 - May	12.50	40.97	15.00	18.50	27.00	36.00
October	14.50	40.97	16.00	18.50	27.00	36.50
November	14.50	40.97	14.75	18.50	27.00	36.50
December	12.25	40.97	13.00	18.50	27.00	36.50
2001 - January	12.25	40.97	14.25	18.50	27.00	36.50
February	12.00	40.97	13.80	18.50	27.00	36.50
March	11.50	40.97	14.00	18.50	27.00	36.50
April	11.50	40.97	15.50	16.25	27.00	36.50
May	12.00	40.97	14.75	18.50	27.00	36.50

Source: International Grain Council

Note: Estimated mid-month rates based on current chartering practices for vessels ready to load three to four weeks ahead.

1/ Size of vessels: Rotterdam over 40 000 tonnes; CIS 20-40 000 tonnes; Egypt over 30 000 tonnes; Bangladesh over 40 000 tonnes; China 20-35 000 tonnes; Japan 15-24 999 tonnes.

2/ Excludes CIS and United States flag vessels.

Table A.10 - UNITED STATES: CEREALS AND SOYBEANS - PRODUCTION FOR 2001

	1999	2000	2001	Change 2001 over 2000
	(..... million tons .....) )			(... percentage ...)
Wheat	62.6	60.5	53.4	-11.8
of which: winter	46.2	42.5	36.5	-14.2
Coarse grains	263.6	274.7	266.8	-2.9
of which: maize	239.5	253.2	243.2	-3.9
Rice (paddy)	9.3	8.7	8.4	-2.6
Soybeans	72.2	75.4	81.2	7.7

Source: USDA: March 2001.

Table A.11 - CANADA: MARCH INTENTIONS OF PRINCIPAL CROPS AREA FOR 2001

	Seeded area	Intended area	Change 2001 over 2000
	2000	2001	
	(..... thousand hectares .....) )		(... percentage ...)
Wheat	11 174	11 052	-0.1
Oats	1 822	1 984	8.9
Barley	5 101	5 182	1.6
Rye	123	110	-10.6
Maize	1 174	1 255	6.9
Linseed	607	567	-6.6
Rapeseed	4 899	3 765	-23.1

SOURCE: Statistics Canada, April 2001.

Table A.12 - AUSTRALIA: CEREAL PRODUCTION FOR 2000

	1998	1999	2000	Change 2000 over 1999
	(..... thousand tonnes .....) )			(. . percentage . .)
Wheat	22 100	25 012	21 168	-15.4
Oats	1 874	1 092	1 212	11.0
Barley	5 990	5 043	5 600	11.0
Sorghum	1 070	1 660	2 163	30.3
Maize	322	365	381	4.4
Triticale	480	521	601	15.4
Rice (paddy)	1 335	1 350	1 084	-19.7

Source: Australian Bureau of Agricultural and Resources Economics, March 2001.

Table A.13 - SELECTED INTERNATIONAL COMMODITY PRICES

	Currency and Unit	Effective Date	Latest Quotation	1 month ago	1 year ago	Average 1989-91
Sugar (I.S.A. daily price)	US cents per lb	28.05.01	9.2	8.9	7.8	11.4
Coffee (I.C.O. daily price)	US cents per lb	31.05.01	45.3	48.8	66.4	76.7
Cocoa (I.C.C.O. daily price)	US cents per lb	04.06.01	44.6	47.4	41.9	56.0
Tea (total tea, Mombasa)	US\$ per kg.	28.05.01	1.5	1.4	1.9	1.5
Bananas (Central America, f.o.b., Hamburg)	DM per tonne	03.06.01	1 753 <sup>1/</sup> 1 442 <sup>2/</sup>	1 934 <sup>1/</sup> 1 500 <sup>2/</sup>	1 519 <sup>1/</sup> 1 264 <sup>2/</sup>	1 107
Rubber (RSS 1, spot London)	Pence per kg.	25.05.01	51.0	48.0	51.0	54.5
Cotton (COTLOOK, index "A" 1-3/32")	US cents per lb	25.05.01	49.1	51.1	61.6	78.5
Wool (64's, London)	Pence per kg	25.05.01	353	369	315	466

Source: FAO

1/ EC duty paid, estimated. 2/ Estimated price for EFTA markets.

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.

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.

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**Food Outlook** is issued by FAO under the Global Information and Early Warning System on Food and Agriculture. It gives a concise analysis of information affecting the situation and outlook for basic foodstuffs. The **release dates** and **contents** in 2001 are as follows:

Issue No. Release Date <sup>1/</sup>	1 22 February	2 11 April	3 13 June	4 17 October	5 12 December
<b>Contents</b>					
<b>Cereals</b>					
Cereal supply/demand roundup <sup>2/</sup>	●	●	●	●	●
Cereal production, trade, stocks & prices	●	●	●	●	●
Extended report on cereal utilization		●			
Food Aid					●
Ocean Freight Rates		●		●	
<b>Other Commodities</b>					
Cassava			●		●
Fertilizers	●	●	●	●	●
Meat and Meat Products	●		●	●	●
Milk and milk products			●		●
Oilseeds, Oils and Oilmeals	●		●		●
Sugar			●		●
Fish	●				
<b>Special Features</b> <sup>3/</sup>					

1/ These dates are tentative and refer to the release of the English version. Food Outlook in Arabic, Chinese, French and Spanish language is available shortly after the release of the English version.

2/ Including update on food emergencies. 3/ Each report may include topical notes as considered appropriate.

**This month's issue** is based on information available up to 30 May 2001. Contributors to this issue are as follows:

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