

**MULTI-YEAR EXPERT MEETING ON COMMODITIES
AND DEVELOPMENT**

9-10 April 2014

**FOOD COMMODITY MARKETS: GLOBAL TRENDS
AND EMERGING ISSUES**

by

Mr. Boubaker Ben-Belhassen
UN Food and Agriculture Organization (FAO)

The views expressed are those of the author and do not necessarily reflect the views of
UNCTAD.

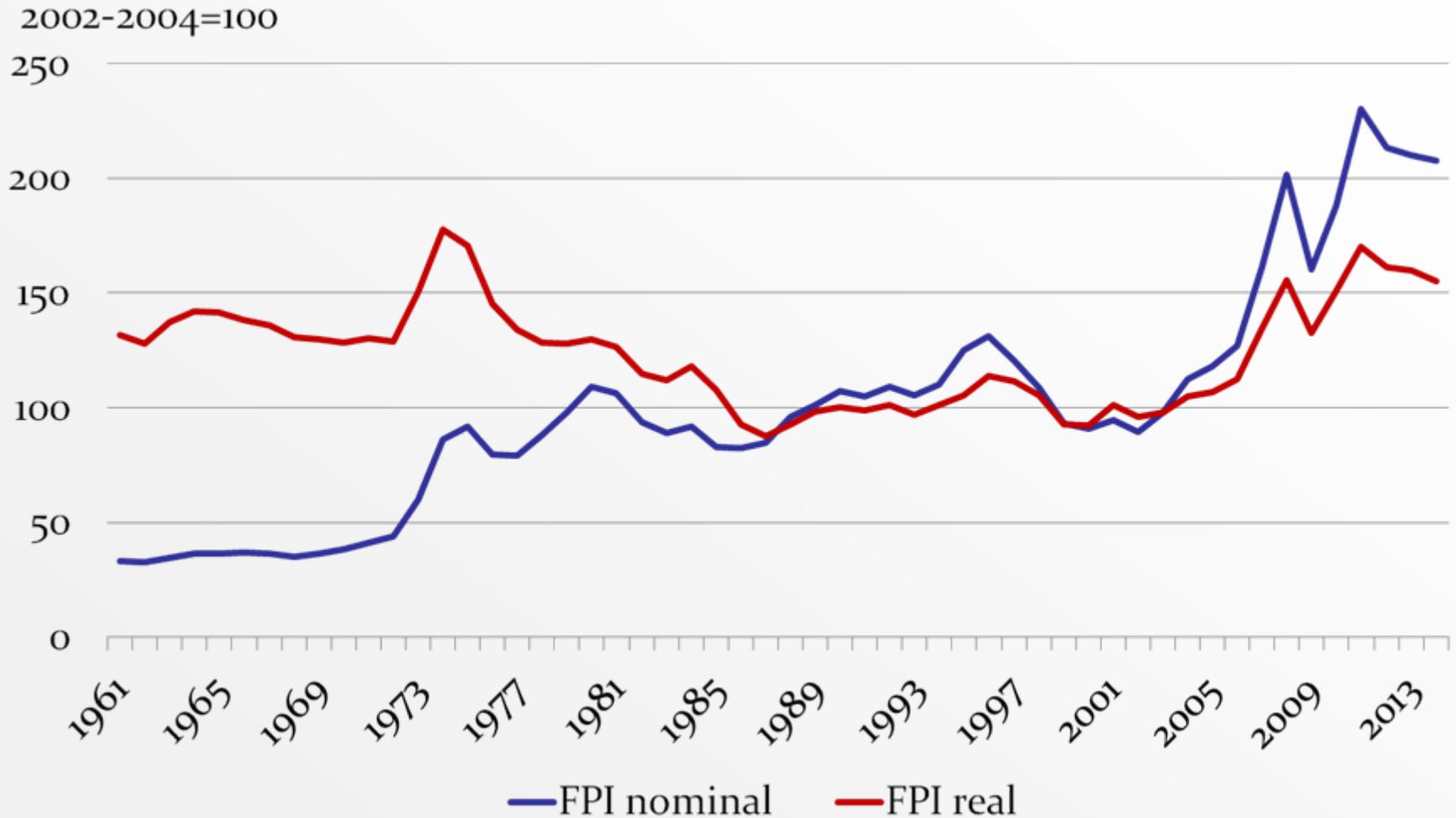


FOOD COMMODITY MARKETS: GLOBAL TRENDS AND EMERGING ISSUES

**MULTI-YEAR EXPERT MEETING ON
COMMODITIES AND DEVELOPMENT
UNCTAD, 9-10 APRIL 2014**

Boubaker Ben-Belhassen
UN Food and Agriculture Organization (FAO)

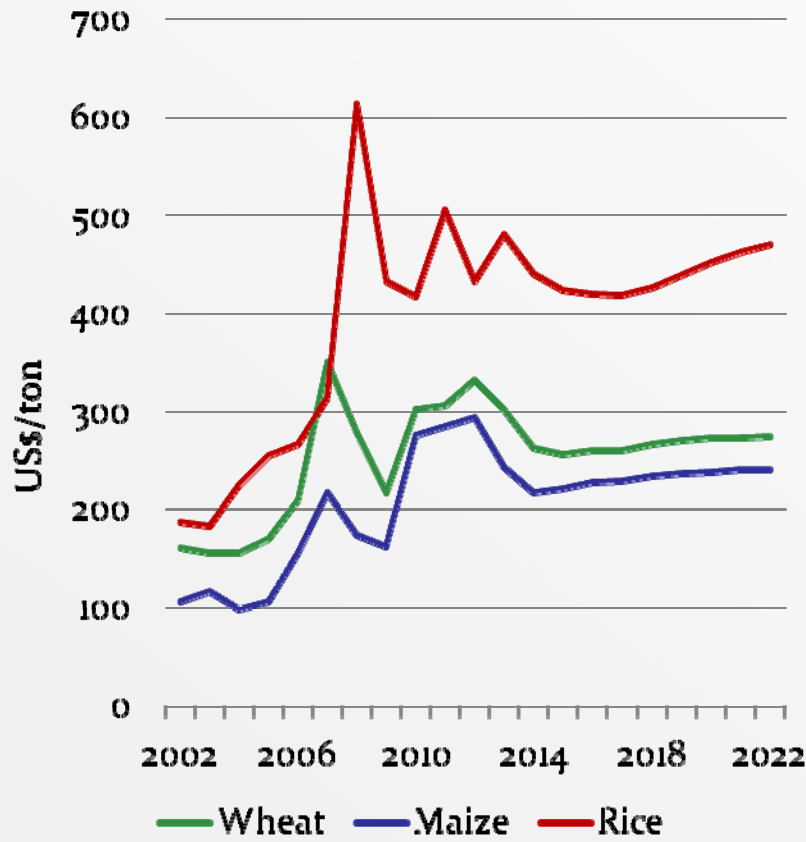
Prices over the last 5 decades



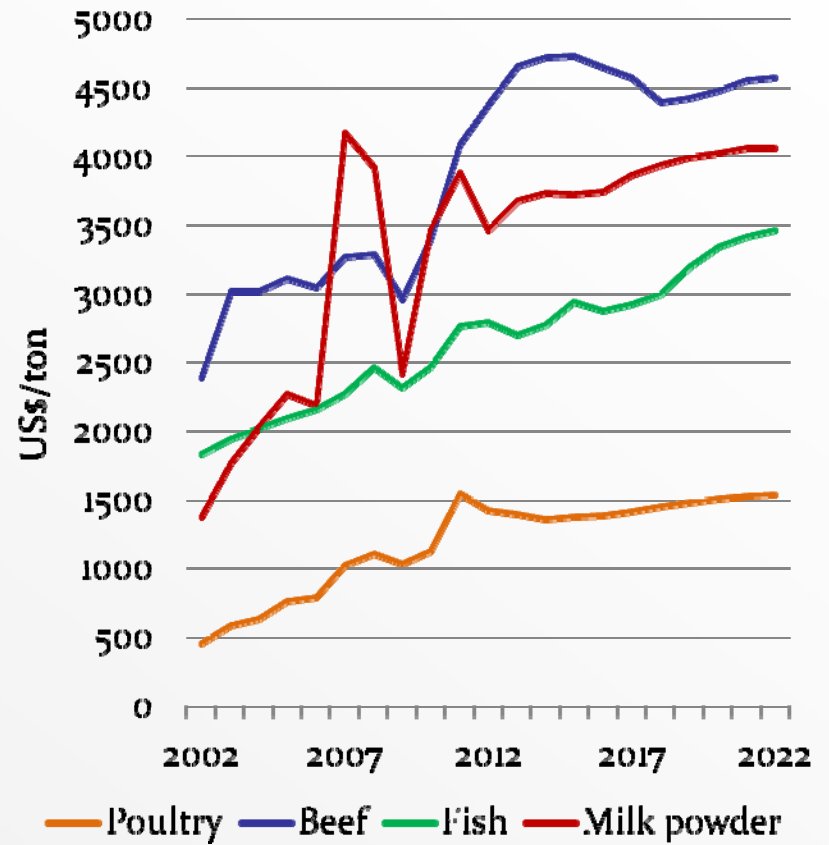


Prices over the next decade

Crops



Livestock





Demand side

- Consumption of all products will increase in developing countries.
- Drivers are growing populations, higher incomes, urbanisation and changing diets, plus a sustained demand for biofuels.
- Per capita food consumption is projected to expand most rapidly in Eastern Europe, and Central Asia followed by Latin America and East Asia.



Supply side

- Slowdown in global agricultural production growth to 1.5% annually. Production gains driven by productivity.
- Strong prices are prompting investments into production capacity and technology.
- Constraints include high energy costs, limitation on land and water, infrastructure, and tighter environmental regulations.
- Emerging economies remain agricultural growth leaders.



Main issues... some key facts

- 842 million people in chronic hunger
- 1.4 billion people live on less than \$1.25/day
- The poor spend 50-80% of their income on food
- World population to reach 9.5 billion by 2050
- Global food production needs to increase by 60% by 2050 (and to double in DCs)
- Some 500 million small farms in the world
- GDP growth in agriculture up to 4 times more effective in reducing poverty than other growth

Food prices... high and volatile?



- Prices likely to remain high and volatile
 - strong demand, slowdown in productivity growth
 - cereal stock levels?
 - fragile markets to shocks, production shifts, frequent climate events, strong links to energy market, policy
- Implications for food security –esp. for LIFDCs
- Domestic food prices –high food price inflation (issue of price transmission)
- Market transparency and policy dialogue (AMIS)
 - important role in reassuring markets
 - building market confidence by promoting dialogue



Smallholders... better role?

- Some 500 million family farms in the world
- How to ensure the contribution of smallholders in developing countries to food security?
- Importance of closing gap between potential and actual yields
- Potential for increased production is greatest in regions where SH are unresponsive to high prices
- Limited success if SH linkages to markets are not strengthened
- Policy interventions to increase SH supply response and production need to recognize heterogeneity of smallholders (e.g. agrarian structures, level of market connectivity, degree of price transmission)

Trade... constraints to developing countries



Weak ability to undertake assessments of the implications of trade agreements

Weak capacity to analyze developments in international markets

Trade is not adequately mainstreamed into development strategies

Insufficient buy-in from the private sector and civil society

Lacking intra-governmental coordination

Insufficient human capital specialized in trade rules

Inadequate legal and regulatory institutional frameworks



Issue of sustainability

- Should consider the three dimensions (E, S & E)
- Production/productivity need to increase, but how to achieve this in a sustainable way?
- What needs to be done different?
- Care that raising productivity does not work against sustainability (sustainable intensification)
- Empowering rural households and smallholders as real agents of change
- Changes are required –e.g. issue of food losses and waste requires changes in both the production and consumption habits

Commodities and the post-2015 development agenda



- MDGs will expire soon (600+ days)
- Debate has already started in NY on successor framework – Post-2015 SDGs/sustainable development agenda
- What place for commodities in the new development agenda? – critical for the future of commodities
- Ensure inclusive growth in commodity-dependent countries is prominent in the post-2015 development agenda (if new agenda to be really transformative, inclusive, succeeds in eradicating poverty)

Final messages

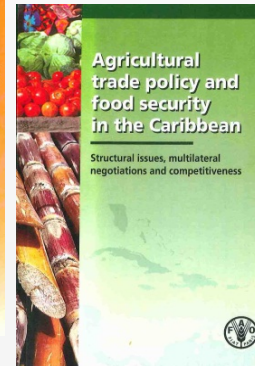
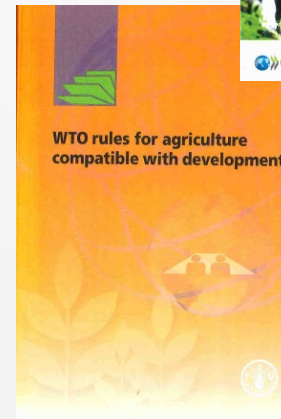
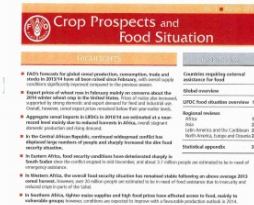
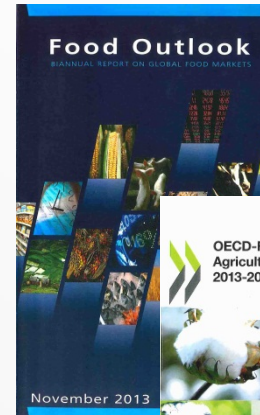


- Prices to remain firm over the next decade
- Demand to remain strong – underpinned esp. by vibrant economic growth in developing countries
- Production growth slowing
 - High prices but higher input costs, NR constraints
 - Opportunities for growth by developing countries?
 - Using the right productivity measure?
- Emerging issues:
 - Enabling higher response by DCs, esp. by smallholders
 - Ensuring inclusive and efficient global market systems (recognizing that DCs have special needs)
 - Increasing productivity while enhancing sustainability



Some of FAO products on commodities and trade

- Short-term market outlook (Food Outlook)
- Early warning (GIEWS)
- Medium-term outlook
- Trade related work
- Smallholder and markets
- Investment work
- Climate change
- Committee on Commodity Problems (CCP)





THANK YOU FOR YOUR ATTENTION

Please visit our site at:

<http://www.fao.org/economic/est/trade-and-markets-home/en/>