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THE STATE OF FOOD AND AGRICULTURE 2006

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I. INTRODUCTION

1. This year's Council document on the State of Food and Agriculture (CL 131/2) presents information on recent major trends in global food security developments, and highlights recent trends in agricultural production and markets, development assistance to agriculture, and policy developments of relevance to international commodity trade. The information is based on data available as of May 2006. As this document goes to press, the most recent food security estimates are for 2001-2003.

2. Delegates are also invited to refer to various recent FAO documents and web pages for more current information and detailed analysis. The latest versions of "*Food Outlook*" and "*Foodcrops and shortages*" offer updated commodity production and market information, as well as information on food emergencies; comprehensive information on food insecurity can be found in "*The State of Food Insecurity in the World: 2006*".

II. CURRENT FOOD SECURITY SITUATION

A. TRENDS IN UNDERNOURISHMENT

3. The total number of chronically undernourished people in the world is estimated by FAO at 854 million for the period 2001-03, of whom 820 million live in developing countries, 25 million in countries in transition and 9 million in developed market economies (Fig. 1). As in previous years, more than half of the total number of undernourished, 61 percent, live in Asia and the Pacific, while sub-Saharan Africa accounts for 24 percent of the total. The highest **prevalence** of undernourishment is found in sub-Saharan Africa, where FAO estimates that 33 percent of the population is undernourished (Fig. 2).

4. Longer term trends show that the absolute number of undernourished people in developing countries has declined somewhat while the **prevalence** of undernourishment has fallen significantly, from 37 percent of the total population in 1969-71 to 17 percent in 2001-03 (Figs. 3 and 4). While this constitutes important progress, it has been very uneven and has slowed down in recent years.

5. Most of the improvement in undernourishment over the past 35 years has been concentrated in Asia and the Pacific, where the prevalence of undernourishment has been reduced by almost two-thirds. In sub-Saharan Africa, the very limited reduction in the prevalence of undernourishment has been more than offset by population growth, resulting in a large increase in the absolute number of undernourished people.

6. The regional aggregate trends, however, conceal significant sub-regional differences. Within sub-Saharan Africa, all the sub-regions except Central Africa have made impressive progress in reducing the prevalence of undernourishment. In Central Africa the share of undernourished population has increased dramatically, to 56 percent, against 36 percent in the early 1990s.

7. An analysis of changes in the prevalence of undernourishment at the country level, between the 1995-97 and 2001-2003 period, shows that the percentage of undernourished declined in the majority of countries in all regions, while a few countries (Democratic Republic of Congo, Liberia, Comoros, Guinea Bissau, Sierra Leone, and Eritrea) experienced substantial

increases due to economic mismanagement and political turmoil, combined with the effects of the wars in the late 1990s and early 2000s.

B. FOOD EMERGENCIES AND FOOD AID

8. A large number of countries and people continue to be affected by food emergencies. As of May 2006, the number of countries facing serious food shortages throughout the world stood at 39. Twenty-four of these were in Africa, 9 in Asia, 5 in Latin America and 1 in Europe.[1] The causes are varied but civil strife and adverse weather, including drought, predominate. In many of these countries, food shortages are compounded by the impact of the HIV/AIDS pandemic on food production, marketing, transport and utilization.

9. Civil strife and the existence of internally displaced people or refugees account for more than half of the reported food emergencies in Africa as of May 2006. Worldwide, the proportion of food emergencies that can be considered human-induced has increased over time. Indeed, man-made factors, including conflict and economic failures, were cited as the main causes of 48 percent of food emergencies between 1997 and 2006, as compared to around 41 percent in the period from 1986 to 1996. In many cases, natural disasters have been compounded by human-induced disasters, leading to prolonged and complex emergencies.

10. The recurrence and persistence of emergencies often exacerbate the severity of their impact. Twenty-eight countries experienced food emergencies during more than half of the years of the period 1986-2006. In particular, many conflict-induced complex emergencies have been persistent and turned into long-term crises. No less than 12 countries suffered emergencies during 15 or more years of the period 1986-2006 and, in the majority of the cases, war or civil strife was a major factor behind such emergencies.

In contrast, many countries that enjoy relatively stable economies and governments but are plagued by unfavourable weather have implemented crisis prevention and mitigation programmes and established effective channels for relief and rehabilitation efforts. For these countries, a natural disaster need not result in a prolonged humanitarian crisis.

C. FOOD AID

11. Food aid shipments in the form of cereals declined to 5.8 million tonnes (in grain equivalent)[2] in 2004/05 (July/June), down almost 1 million tonnes (or 13 percent) from the already reduced level in 2003/04. This level of food aid was close to the historic low reached in 1996/97. The decline in cereal food aid shipments in 2004/05 contrasted with the sudden increase of around 15 million tonnes (or 18 percent) in cereal imports by the group of 82 Low Income Food Deficit Countries (LIFDCs).

12. Major food aid destinations in 2004/05 were Eastern Africa, Far East Asia and the Near East. Out of the total number of almost 90 countries receiving food aid in 2004/05, the top five recipients were DPR Korea, Sudan, Ethiopia, Bangladesh and Eritrea. In the previous year, Ethiopia ranked first followed by DPR Korea, Zimbabwe, Iraq and Eritrea. Food aid is also

[1] Source: FAO, GIEWS, Crop Prospects and Food Situation, April 2006 and the GIEWS website at http://www.fao.org/giews/english/index.htm. The countries of the Near East in Asia are classified with Asia, while the countries of the Near East in North Africa are classified with Africa.

[2] To express cereal food aid in grain equivalent, wheat, rice and coarse grains are counted on a one to one basis; for grain products, appropriate conversion factors are used to determine the grain equivalent.

provided in the form of non-cereals although the amount (in tonnage) is relatively small. In 2005, non-cereal food aid rose to just over 1 million tonnes, up slightly from 980 thousand tonnes in 2004.

13. Based on the latest (January 2006) estimates reported by the Food Aid Committee (FAC), total food aid shipments in 2005/06 are expected to remain unchanged from 2004/05, at 8.7m tonnes (in wheat equivalent)[3] (Tab.1 and Fig. 5). It is important to note that total food aid reported by the Committee not only includes food aid in the form grains but also processed grain products, pulses and other eligible products, micro-nutrients and fortified products, as well as contributions of cash for the purchase of eligible products, all of which are expressed in terms of their wheat equivalent. Furthermore, the level of food aid in 2004/05, and most likely also in 2005/06, is well above the Members' aggregate minimum annual commitments, set at around 5m tonnes under the Food Aid Convention 1999.

14. On the policy front, the renegotiation of the Food Aid Convention started in 2004 but with the Members feeling strongly to await the outcome of the Doha Round before agreeing to a new Convention, they decided to extend the exciting Convention (FAC 1999) for a further two-year period from July 2005.[4]

[3] The methods for the calculation in terms of wheat equivalent are laid down in the Rules of Procedure of the Food Aid Convention 1999.

[4] The specific food aid commitments of FAC members are expressed either in tonnage, in value or in combination of both. Members' total minimum annual commitments include 4,895,000 tonnes (wheat equivalent) plus €130 m.

Table 1: SHIPMENTS OF CEREAL FOOD AID, July/June

	2000/01	2001/02	2002/03	2003/04	2004/05 estim.
	(. . . . . thousand tonnes, grain equivalent . . . . .)				
Total Shipments	**8940**	**7422**	**8383**	**6767**	**5809**
of which					
Wheat	5797	4770	5677	4082	3621
Rice	1399	1058	1498	1177	1064
Coarse Grains	1744	1594	1208	1507	1124
of which to					
Africa	3476	2091	3667	3299	2840
Asia	4283	4116	3820	2725	2420
Latin America and the Caribbean	596	758	725	401	502
Others	585	458	171	342	47

Note: Years refer to the 12-month period July/June. Countries of the Near East in Asia are classified with Asia; countries of the Near East in North Africa are classified with Africa.

Source: World Food Programme.

D. EXTERNAL ASSISTANCE TO AGRICULTURE

15. External assistance commitments to agriculture have ranged between US$10 and US$13 billion, in real terms, in recent years, after declining sharply during the 1980s and early 1990s. Preliminary data for total external official commitments, measured in constant 2000 prices, reached US$ 11.1 billion in 2003, which represents a decline of 10 percent since 1998, the highest in the last decade (Fig. 6).

16. The distribution of assistance by geographic region varies relatively little from year-to-year, with Asia and the Caribbean and the transition countries experiencing the greatest variability in recent years. External assistance to Sub-Saharan Africa has decreased by 17 percent from 3.7 billion US$ in 2002 to an estimated 3.0 billion US$ in 2003 (Fig. 7).

17. Declines in both bilateral and multilateral assistance have contributed to the significant contraction in levels of assistance compared with those of the early 1980s. Overall, multilateral assistance has been fluctuating more over the last few years, while bilateral assistance has remained relatively more constant. The share of concessional assistance in the total varies from year to year but has risen somewhat, ranging from 70 to 80 percent in recent years compared with 60 to 70 percent until the mid-1980s.

III. CURRENT AGRICULTURAL SITUATION

A. CROP AND LIVESTOCK PRODUCTION

18. World crop and livestock output growth fell in 2005 to the lowest annual rate since the early seventies, well below the rates reached in 2003 and 2004. The decline was particularly strong in developed countries as a group, where the peak annual output growth of over 5 percent

in 2004 was followed by a negative 1.6 percentage growth in 2005. The overall decline was mainly due to a drastic drop in the crop sector, especially in developed countries, where output growth declined from over 12 percent in 2004 to a negative 4 percent in 2005. Developing countries' total crop and livestock output growth also lagged below the average of the previous several decades. The agricultural output growth of transition countries continues to fluctuate dramatically, from a positive 6 percent in 2004 to a small negative figure in 2005 (Fig. 8, 9 and 10).

19. Although Asia and the Pacific output growth was the highest among the regions, it was still well below the 2003 peak levels. Sub-Saharan Africa suffered yet another year of weak growth, reaching only 1.3 percent annual growth. Latin America and the Caribbean region with less than 2 percent growth in 2005 were far away from the 7 percent output growth reached at the end of 1990s.

20. While still growing more rapidly than crop agriculture, the rate of growth of global livestock production has slowed in the last two years and is below the averages of the last four decades. In per capita terms, however, the provisional figures for 2005 indicate output growth to be slightly above the average of the previous decades. For developing countries as a group, output growth in both absolute and per capita terms continues to increase, but at lower rates compared to previous years. The expansion of the livestock sector in developing countries with growth rates of 5 percent in the 1990s seems to have passed its peak growth rates.

21. Slowing rates of growth in livestock output have been caused by animal disease outbreaks, in particular of Avian Influenza, and subsequent consumer fears, trade bans and price declines for poultry. Many of the major poultry consuming and importing countries of Europe, the Middle East and Africa have experienced Avian Influenza outbreaks since late 2005, the market impact of which has been translated globally into immediate and dramatic consumer responses and an escalation of trade bans. Consumers shifted to other livestock products the output of which grew but did not compensate for the slowing growth rate in poultry for developing countries as a group.

22. Livestock output trends for developing countries are dominated by Asia and the Pacific, and more specifically, China, where the very high rates of livestock output growth recorded since the beginning of the economic reform process in the late 1970s have been tapering off in recent years. China has indeed attained a high level of per capita animal product consumption (compared to other countries with similar per capita income levels) which is expected to slow growth in demand for livestock products in future. While India has rapidly growing meat output, albeit still at comparatively low levels, its milk output growth rates are slowing down. Asia appears to have reached peak growth rates in the 1990s and is experiencing more modest growth rates, although still high by international comparison.

23. Latin America has recorded strong growth in 2004, followed by a weaker year 2005, partly because of lowered international demand for poultry products. The regional picture is strongly influenced by Brazil, and the export-led growth of its livestock industry in all major livestock products. The Near East-West Asia region has recorded a lower growth rates in 2004 and 2005, compared to previous decades, resulting into stagnating per capita output. The region is characterized by very pronounced fluctuations due to variable climatic conditions in many countries of the regions where grazing livestock are important. Likewise, in sub-Saharan Africa, total output grew moderately but per capita output declined slightly, continuing a trend of decreasing per capita output intact for over the past 3 years for the region as a whole. In developed and transition countries, both total and per capita output hardly changed; a reflection of stagnating populations and saturated markets.

B. WORLD CEREAL SUPPLY SITUATION

24. World cereal production, after several years of stagnation, increased sharply in 2004/05 reaching 2065 million tonnes, a 9 percent increase over the previous year. Global utilization continued its upward trend, but it has not exceeded production (Fig. 11). FAO's latest estimate of the world cereal production in 2005/06 indicates a decline[5]. This was mainly due to lower average yields caused by unfavourable weather conditions in some developed countries. In the Low Income Food Deficit Countries (LIFDCs), 2005 recorded a significant increase of 4.4 percent from the previous year's level. Excluding China and India, the aggregate production of the rest of the LIFDCs expanded at a higher rate of 8 percent. This reflects good cereal crops in almost all sub-regions of the world, with some exceptions of countries in Southern Africa, Morocco and Somalia that were affected by drought.

25. In the season ending 2006 world cereal stocks are anticipated to decline to 462 million tonnes, down 7 million tonnes, of 1.6 percent, from the opening level. This decline would have been much higher but the fall in world cereal production in 2005 was mitigated by a slow increase in total cereal utilization in 2005/06. Based on the latest supply and demand estimates for 2005/06, the global cereal stocks-to-utilization ratio (Fig. 12), which compares the level of inventories at the close of a season to utilization in the next, would stay at around 23 percent, similar to the previous season and 2 percentage points above the low reached in 2003/04.

C. INTERNATIONAL COMMODITY PRICE TRENDS

26. In 2005, prices of several basic food commodities reached their highest levels since the early part of this decade. Prices for dairy products led this trend, rising 67 percent, followed by sugar, 43 percent, and meat, 26 percent. In contrast, prices for cereals, oils and fats, and cotton recorded price declines in 2005 (Fig. 13).

27. During 2005, international prices for vegetable **oils and fats** fell as a result of record global soybean and palm oil production. World consumption of oils/fats fell short of supplies, causing global inventories to rise and the stocks-to-utilization ratio to rise. Compared to 2004, the annual price index for oils and fats has fallen by 8 points in 2005. In 2006, prices initially increased as a rise in global utilization coincided with a marked slowdown in palm oil production and a shortage of crushing capacity for seed crops. This upward pressure on prices is not expected to last because large supplies are anticipated to push inventories to record levels.

28. Cereal prices increased by 21 percent between 2000 and 2005 and continued rising in the first half of 2006. The world price increase is caused by the prospect for a lower **wheat** production and limited stocks and a strong demand outlook. The world balance sheet for 2006/07 is expected to show a sharp drop in ending stocks as well as a decline in the stocks-to-use ratio to a relatively uncomfortable level of 25 percent, the lowest in over three decades. Against this background and even barring any major or unexpected weather problems in the coming months, wheat prices are likely to remain high and volatile in the new season.

29. **Coarse grains** markets are also being affected by lower stocks and prospects for reduced production. International prices moved sideways during the first half of the 2005/06 season but have increased in recent months, supported by a robust demand from the ethanol sector, a potential recovery in feed use and tighter export supplies. On current production indications, the

[5] FAO: *Crop Prospect and Food Situation*, No.1, April 2006.

new season's supply and demand balance will be tight. This is evidenced in a sharp anticipated fall in world stocks and a near-record low stocks-to-use ratio.

30. The 2006 prospects for paddy **rice** production point to modest growth, reflecting concerns over rising production costs and falling profitability. The end of season rice stock which started increasing in 2005 is likely to continue also in the current season, particularly in China. The expectation of a limited production increase may cause a decline in the per capita rice availability as food in 2006/07. International rice prices, which were particularly buoyant in the first quarter of 2006, are expected to remain firm in the coming months.

31. After a brief recovery in 2005, global **meat** markets were again affected by animal disease concerns. As mentioned above, consumer response to the increasing incidence of avian influenza has dampened demand and prices for poultry. North American beef exports have faced bans due to bovine spongiform encephalopathy (BSE) and South American red meat exports have been affected by foot-and-mouth disease (FMD). Expectations of the lowest meat consumption gains in 25 years and escalating trade restrictions in 2006 are expected to limit global meat output, trade and prices.

32. World **sugar** prices reached their highest level in 25 years in February 2006, when raw sugar prices exceeded US¢19 per pound. The increase was mainly caused by higher energy prices and, for the third consecutive year, the continued supply deficit in the world sugar market. For the remainder of 2005/06, world sugar prices are expected to remain firm at present levels as the current supply and demand outlook does not support a further strengthening.

33. **Coffee** prices continued their upward trend and are expected to remain firm mainly due to a shortage of supply caused by weather induced damage to crops especially in Vietnam, Colombia, Peru and Mexico. The Brazilian supply is also reduced due to the natural biennial production cycle for Arabica trees and the strength of the *Real* which is reducing competitiveness and leading farmers to turn to other crops. A 20 per cent reduction of stock levels is expected for 2005/06, and consumption is forecast to increase by 2 per cent.

34. **Cocoa** bean prices are expected to remain firm because of a supply deficit. Cocoa bean production is forecast stable, as an increase in Côte d'Ivoire will likely offset smaller crops in Cameroon and Ghana. Cocoa grinding will expand as Ghana, Brazil and Indonesia have invested in processing facilities in order to increase their exports. World demand for cocoa products, in particular butter, is on the increase.

35. **Tea** prices declined in 2005 and are well below their high level of the late 1990s, stimulating sustained demand by all major buyers but the UK, which has moved some processing plants to the South and has decreased its re-exports. Most producing countries have invested in promotional programmes to stimulate demand. Some have also chosen product differentiation and value adding strategies such as the marketing of packed tea products and specialty teas.

36. In 2005/2006 the world **cotton** price fluctuated between US$ 1.00/kg and US $1.45/kg, down sharply from US$ 1.90/kg reached during late 2003 and early 2004, as a result of a rapid supply expansion. Approximately two-thirds of world cotton is produced by small farmers with a great potential to expand their cotton areas swiftly in response to price changes. Moreover, the rapid adoption of transgenic insect-resistant cotton by major cotton producers has contributed significantly to reducing production costs and increasing yields. In 2006/07, world cotton production is projected to reach 25.5 million tonnes, almost 5 million tonnes more than in 2000/01.

37. The natural **rubber** price has improved significantly from its record low in 2001. The 2005 average price[6] was nearly 200 percent higher than that in 2001. This increase reflects higher

[6] RSS3 in London.

global consumption, especially in China, India and Southeast Asia. China, the world's largest importer of natural rubber, imported 1.26 million tonnes in 2005, a 215 percent increase over 1999. World natural rubber production has continuously increased over the past three years, reaching 8.7 million tonnes in 2005. The high price and larger production increases incomes and improves food security of natural rubber farmers worldwide. It is expected that global demand for natural rubber will continue to increase as global economic growth continues to stimulate demand and as high oil prices continue to make natural rubber more attractive than synthetic rubber.

38. Recent months have seen commodity markets as a whole becoming more volatile with a steady upward trend in prices for many commodities. In agricultural markets, some important food and feed commodities gained on supply rigidity and stronger demand while in the energy complex, the tighter supply and demand balance resulted in a steep increase in prices. Amid political uncertainties and surging energy prices, agricultural markets over the past year have also had to face abnormal incidences of natural disasters, such as hurricanes and fast spreading animal diseases.

39. The current signals indicate that several agricultural commodities are likely to experience even further gains in prices. This is especially probable for cereals, as world cereal demand is forecast to surpass its supply in the new season and reduce stocks to an uncomfortably low level. With regards to sugar, the main risk remains the continuing price volatility. For the oilseed complex, as well as meat and dairy, the short-term price prospects are more on the downside instead.

40. Against this background of mixed outlook but generally firm prices, FAO is forecasting an increase of over 2 percent in the world food import bill in 2006 compared to 2005. The increase is expected to be strongest for cereals and sugar but smallest for meat. Given their higher share as importers of food and feed, the developing countries' bill is forecast to grow by 3.5 percent while that of the Low Income Food Deficit Countries is forecast to increase by nearly 7 percent[7].

D. AGRICULTURAL TRADE

41. The value of global agricultural exports expanded strongly between 2002 and 2004 after several years of stagnation (Fig. 14). The share of agricultural trade in total merchandise trade continued a long-term downward trend throughout the 1990s, as agricultural trade has expanded more moderately than the manufactured goods. The recent upturn in agricultural exports has stabilized agriculture's share of total merchandise trade at 7 percent, compared to around 25 percent in the early 1960s (Fig. 15). For the developing countries, the share of agricultural exports in total merchandise exports has dropped from 50 percent in the early 1960s to less than 7 percent since 2000. The declining share of agriculture in the total merchandise exports of developing countries reflects both a shift of their trade towards manufactured goods and the relatively slow growth of agricultural trade.

42. Until the early 1990s, the developing countries recorded an agricultural trade surplus in most years (Fig. 16). The trend towards a widening agricultural trade deficit is even more pronounced for the group of the least developed countries (LDCs). The LDCs became net importers of agricultural products in the mid-1980s and by the end of the 1990s imports were more than twice as high as exports. Quite different agricultural trade positions are found in the different developing regions. In particular, the Latin America and the Caribbean region has seen a widening of its agricultural trade surplus, starting around the mid-1990s. At the same time, Asia and the Pacific has become a net agricultural importer, while the significant structural deficit of the Near East and North Africa shows no signs of diminishing.

[7] Food Outlook, n. 1, June 2006. FAO.

43. In 2004, the WTO members approved a Framework Agreement[8] for establishing modalities in agriculture aimed at the successful conclusion of the Doha Round. The successive WTO[9] Ministerial Conference also agreed that domestic support should include three bands for reductions in the Final Bound Total AMS[10] and in the overall cut in trade-distorting domestic support. With regards to export competition, it was agreed to eliminate all forms of export subsidies and all export restrictive regulations to, be completed by the end of 2013. On market access, it was agreed to introduce four bands for structuring tariff cuts. It was agreed that the developing countries should have the flexibility to self-designate an appropriate number of tariff lines for special products essential for food security, livelihood security and rural development. Furthermore, the developing countries will be able to have recourse to a Special Safeguard Mechanism based on import quantity and price triggers. Similarly, for cotton, the producers' right to an explicit decision within the agriculture negotiations and through the Sub-Committee on Cotton was reaffirmed.

44. No agreement was reached on numerous numerical parameters required for finalizing the above modalities.

E. FISHERIES: PRODUCTION, UTILIZATION AND TRADE

45. Fisheries play an important role in the world food economy. About 40 million fishers and fish farmers gain their livelihoods from capture fisheries and aquaculture. Globally, fish provide about 16 percent of animal proteins consumed, with variations from an average of 22 percent in Asia to approximately 19 percent in Africa and around 7 percent in Latin America and the Caribbean. Developments in world supply of fish over the last decade have been overshadowed by trends in China, which has reported very strong growth in fish production, in particular from inland aquaculture and has become the world's largest fish producer.

46. Total fishery production in 2004 was 140.5 million tonnes, of which 45.5 from aquaculture (Fig. 17). World capture fisheries production was 95.0 million tonnes, about 5 percent increase from 2003 (Fig. 18). Most of the fluctuations in capture production in recent years have been due to variations in catches of Peruvian anchoveta, which are driven by climatic conditions (i.e. el Niño). In 2004, China reported a production of 16.9 million tonnes, slight increase from 2003. Peru (9.6 million tonnes), the USA (5.0 million tonnes), Chile (4.9 million tonnes), Indonesia (4.8 million tonnes) and Japan (4.4 million tonnes) were other large producers.

47. World aquaculture production has been increasing rapidly in recent years and now accounts for 32 percent of total fisheries production (Fig. 19). Most of the expansion has been attributable to China, which now contributes with over two-thirds of total aquaculture production in volume terms (30.6 million tonnes in 2004).

48. About 40 percent (live weight equivalent) of world fish production which enters international trade, reached in 2004 a value of US$ 71.5 billion. Developing countries contributed slightly less than 50 percent of such exports, with the first 9 exporters accounting for two-thirds of the developing country total. The developed countries absorbed more than 80 percent of total world fisheries imports in value terms (Fig. 20). Japan and the USA together accounted for as much as 35 percent of total world imports of fisheries products. The importance of fisheries exports as a foreign currency earner for developing countries has increased significantly. Currently, cumulated net exports of fisheries products from developing countries (US$ 20.4

[8] WTO, *Doha Work Programme, Decision Adopted by the General Council on 1 August 2004, WT/L/579, Geneva, August.*

[9] Hong Kong, December 2005.

[10] AMS: *Aggregate measure of support.*

billion in 2004) far exceed export earnings from major commodities such as coffee, bananas, and rubber.

49. In 2004, an estimated 34.5 million tonnes of world fishery production, all from capture fisheries, were used for non-food purposes, the majority of which reduced to meal for the livestock and aquaculture industries. The remaining 106 million tonnes were for direct human consumption. In per capita terms, while total supplies of fish for food from capture have been stagnating in recent years, per capita supplies from aquaculture have increased strongly (Fig. 21). This is particularly so in China, where per capita supplies from aquaculture provide about 83 percent of total per capita food fish supplies, as compared to only 21 percent in the rest of the world.

F. FORESTRY

50. World roundwood production in 2004 reached an estimated 3 418 million cubic metres, about 1.9 percent more than in the preceding year (Fig. 22). Total roundwood production has been steadily growing since 2002 and this is the highest level ever reached. Globally, most roundwood is burned as fuel (52 percent of total roundwood production in 2004). The vast majority of wood fuel is used in developing countries, where wood is often the most important source of energy. Although the developed countries' share of the total roundwood production is declining, they still account for the largest share of industrial roundwood production (over 70 percent of the total). This is partly due to the expansion of planted forests in developing countries.

51. In 2004 developing countries produced 2 034 million cubic metres, or 60 percent of total roundwood production (Fig. 23). Almost 80 percent of this was wood fuel production, which continues to increase each year. Developing countries' production of industrial roundwood declined by 5 percent during 1996-2001, but has recently returned to the level of production in 1995.

52. In developed countries, industrial roundwood accounts for about 87 percent of roundwood production, while wood fuel production is of relatively marginal importance. Production in developed countries also declined significantly in the early 1990s and is still well below the peak levels of 1989-90. This trend is largely due to changes in production in the Russian Federation and countries in Eastern Europe.

IV. SUMMARY

53. This document highlights a number of positive and negative features in the state of world food and agriculture. Some of the major features include:

- The number of undernourished people in the world remains persistently high, at an estimated 854 million people in 2001- 03. Past progress in reducing these numbers been unacceptably slow and extremely uneven across countries and regions. Longer term trends show that the absolute number of undernourished people in developing countries has declined somewhat while the prevalence of undernourished has fallen significantly, from 37 percent of the total population in 1969-71 to 17 percent in 2001-03.

- At the same time, a large number of countries and people worldwide continue to be affected by food emergencies. Many of these are attributable to unfavourable climatic conditions and natural events, but an increasing number are also determined by human-induced disasters.

- Although food security is much more than a food production problem, productivity and income growth in the agricultural sector can nevertheless provide an important and, in some cases, indispensable contribution to reducing both food insecurity and poverty. Analysis of crop and livestock production data show that world output growth fell sharply in 2005, mainly due to a drastic contraction of crop production in developed countries. The growth of global livestock production which also slowed, well below the average of the last four decades, was caused by animal disease outbreaks, in particular of Avian Influenza, trade bans and poultry price decline.

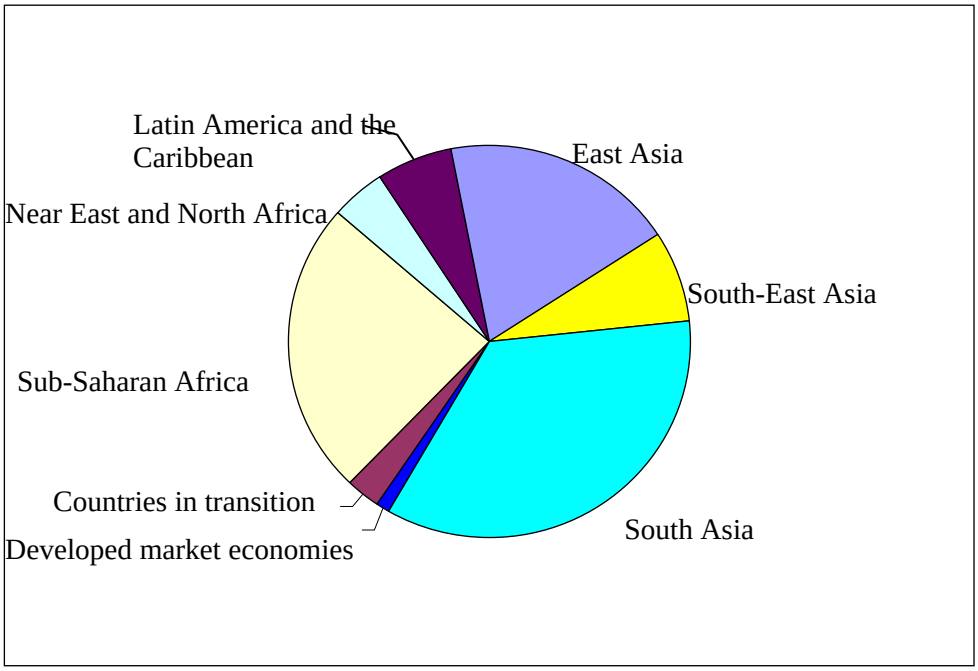
- World cereal production, after several years of stagnation, increased sharply in 2004/05. However, FAO estimates for the world cereal production in 2005/06 indicate a decline, caused by unfavourable weather conditions and lower yields.

- In 2005, international prices of several basic commodities reached their highest levels since the early part of 2000. Prices for dairy products led this trend, followed by sugar and meat. On the contrary, prices for cereals, oils and fats, and cotton recorded price decline in 2005. In general, commodity markets as a whole becoming more volatile with a steady upward trend in prices for many commodities. In agricultural markets, some important food and feed commodities gained on supply rigidity and stronger demand while in the energy complex, the tighter supply and demand balance resulted in a steep increase in prices. Amid political uncertainties and surging energy prices, agricultural markets over the past year have also had to face abnormal incidences of natural disasters, such as hurricanes and fast spreading animal diseases.

- The value of global agricultural exports expanded strongly between 2002 and 2004 after several years of stagnation. The share of agricultural trade in total merchandise trade continued a long-term downward trend. Though different agricultural trade positions are found in the different developing regions, the LDCs continue to be strong net importers of agricultural products. The WTO negotiation on agricultural trade is an important step in the overall cut in trade-distorting domestic support and to elimination of export restriction regulations.

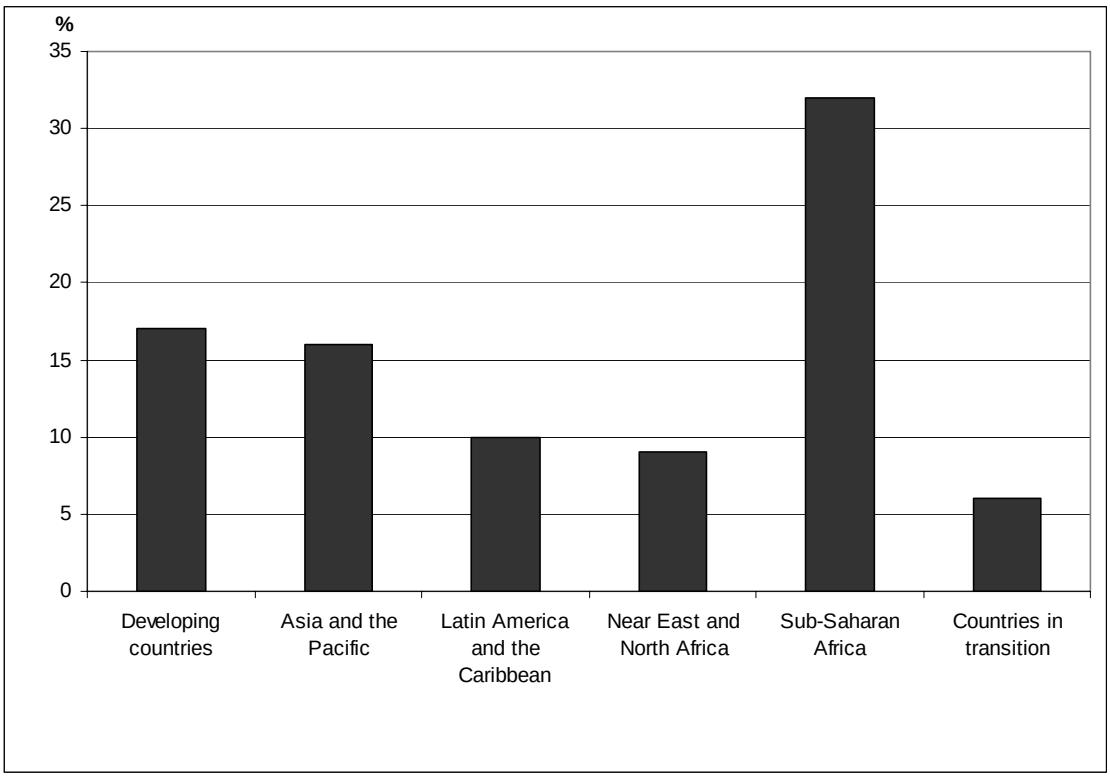
- The inadequacy of resource flows to the agricultural sector is underlined by the low levels of external assistance to agriculture, as compared to past levels.

Fig. 1: Undernourished population by region, 2001-2003 (millions)



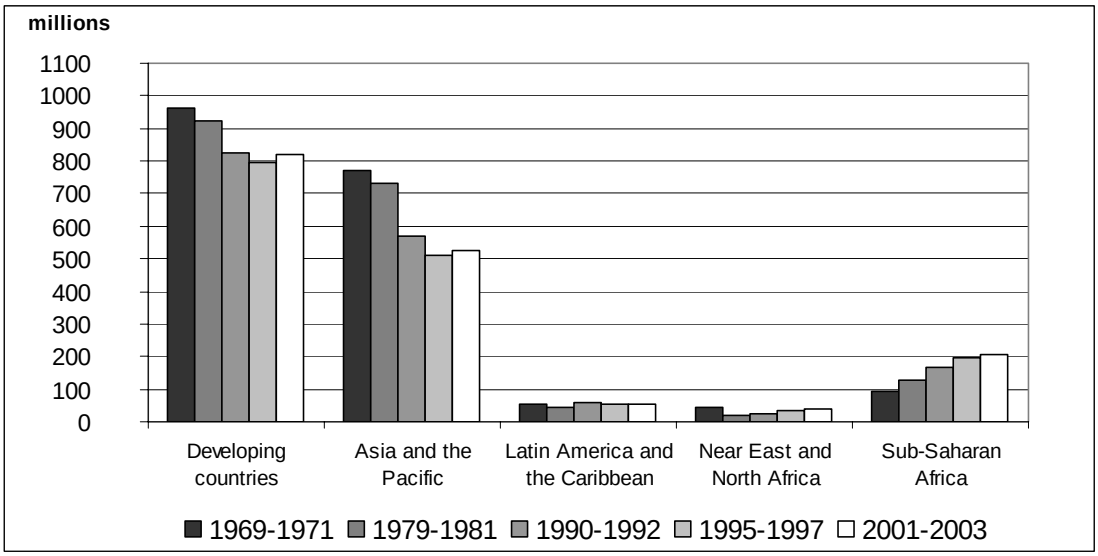
Source: FAO.

Fig. 2: Percentage of undernourished population, by region, 2001-2003



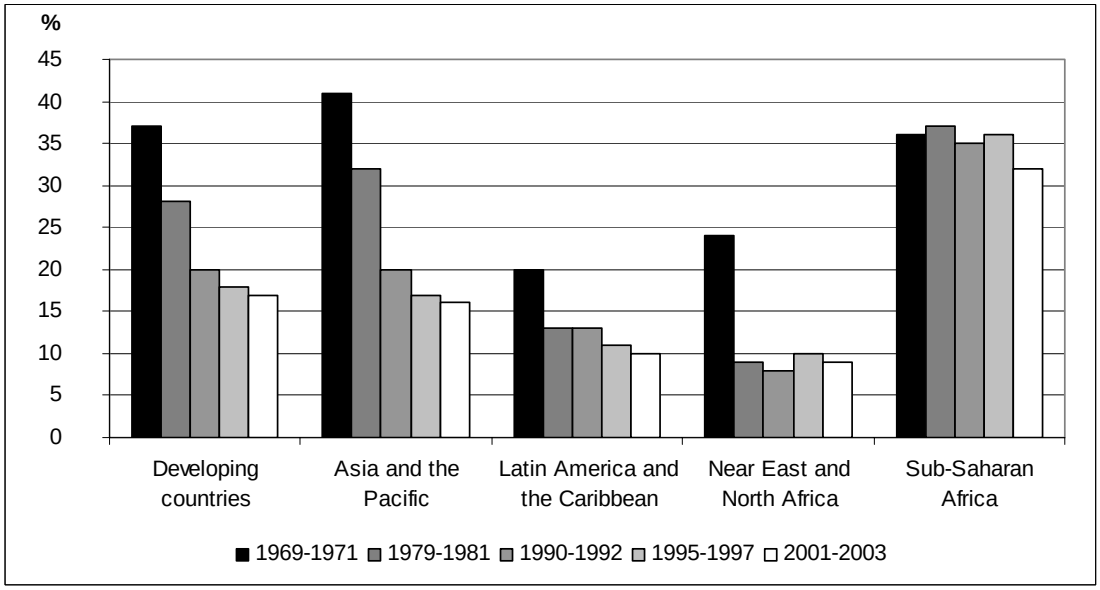
Source: FAO.

Fig. 3: Trend in number of undernourished in developing countries



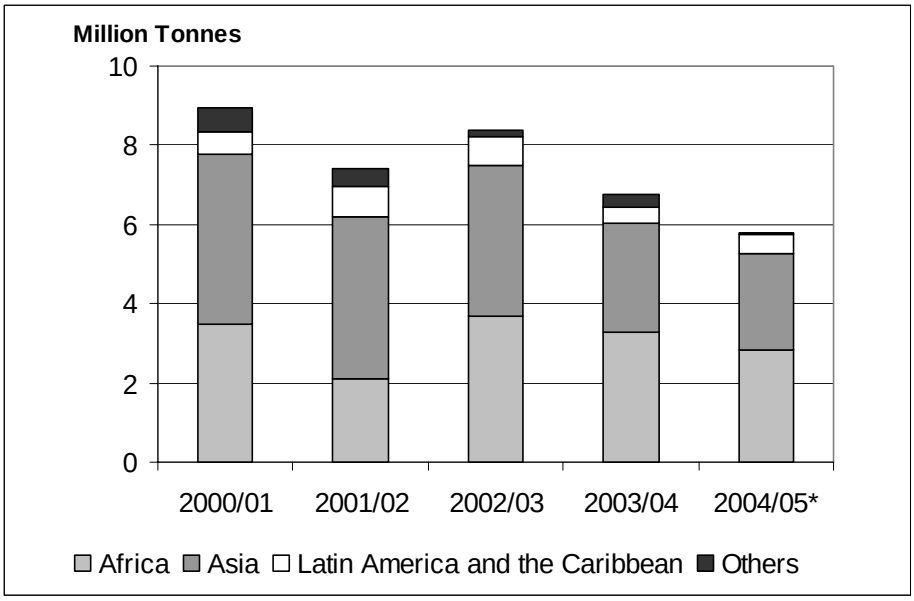
Source: FAO.

Fig. 4: Trends in percentage of population undernourished in developing countries



Source: FAO.

Fig. 5: Recipients of Food aid in cereals (in grain equivalent)

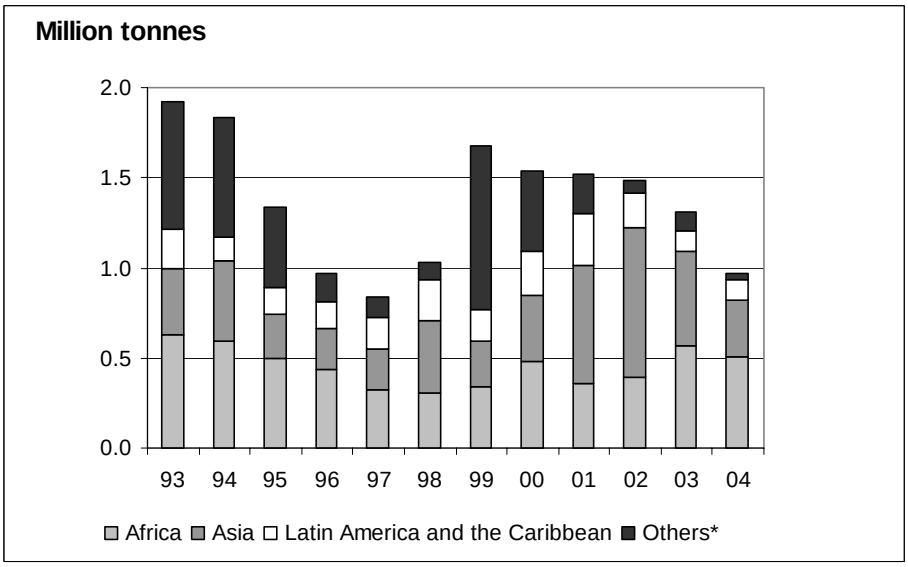


* Estimate.

Note: Years refer to the 12-month period July/June. Countries of the Near East in Asia are classified with Asia. Countries of the Near East in North Africa are classified with Africa.

Source: World Food Programme.

Fig. 5 (cont.): Recipients of non cereal food aid (in grain equivalent)

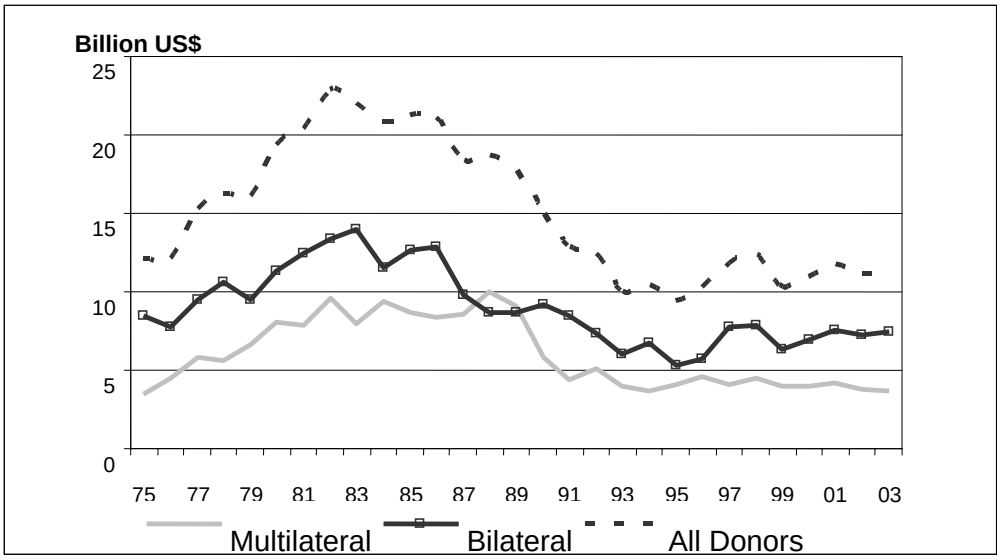


* Includes countries in transition.

Note: countries of the Near East in Asia are classified with Asia. Countries of the Near East of the Near East in North Africa are classified with Africa.

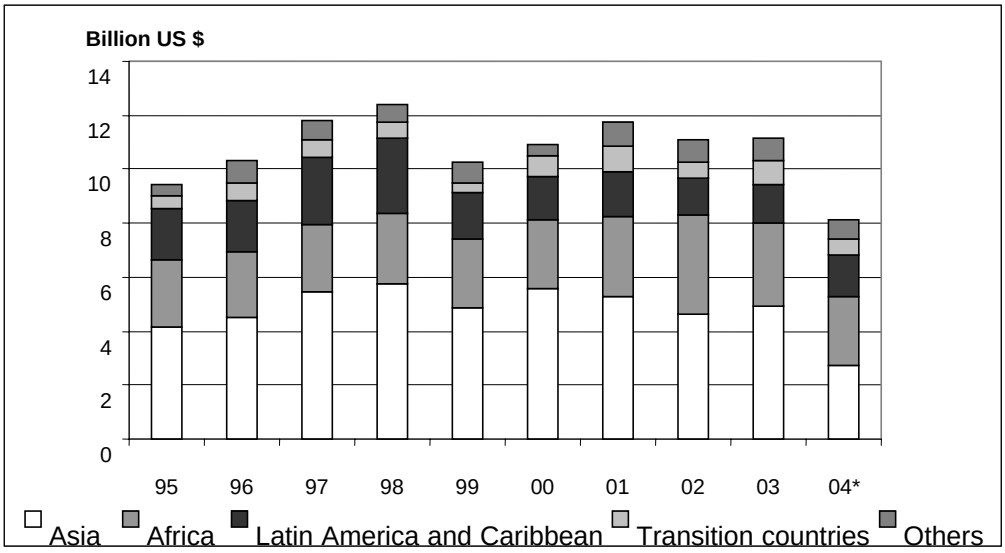
Source: World Food Programme.

Fig. 6: Long-term trend in external assistance in agriculture, 1975-2003 (at constant 2000 prices)



Source: FAO.

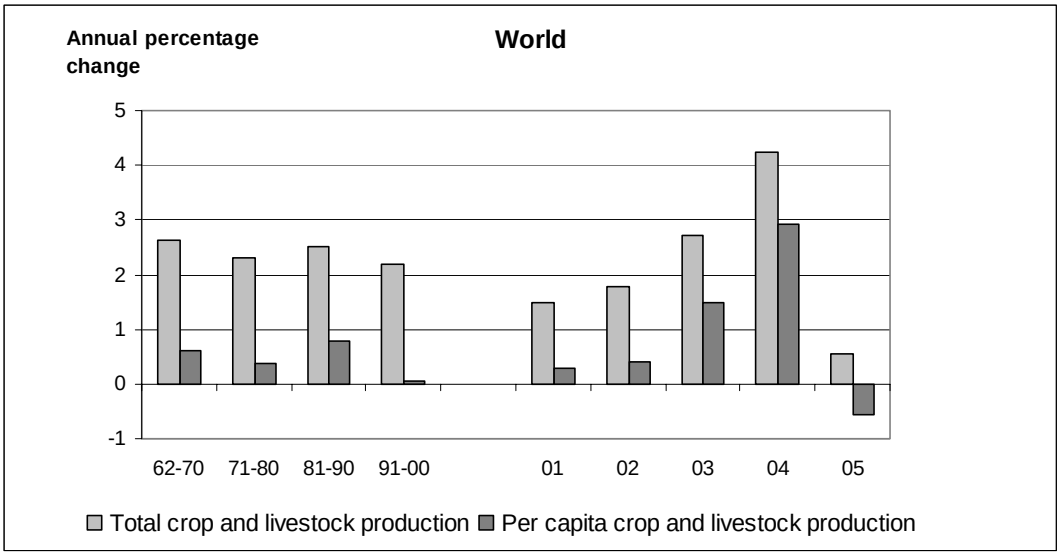
Fig. 7: Commitments of external assistance to agriculture, by main recipient regions (at constant 2000 prices)



* Preliminary.

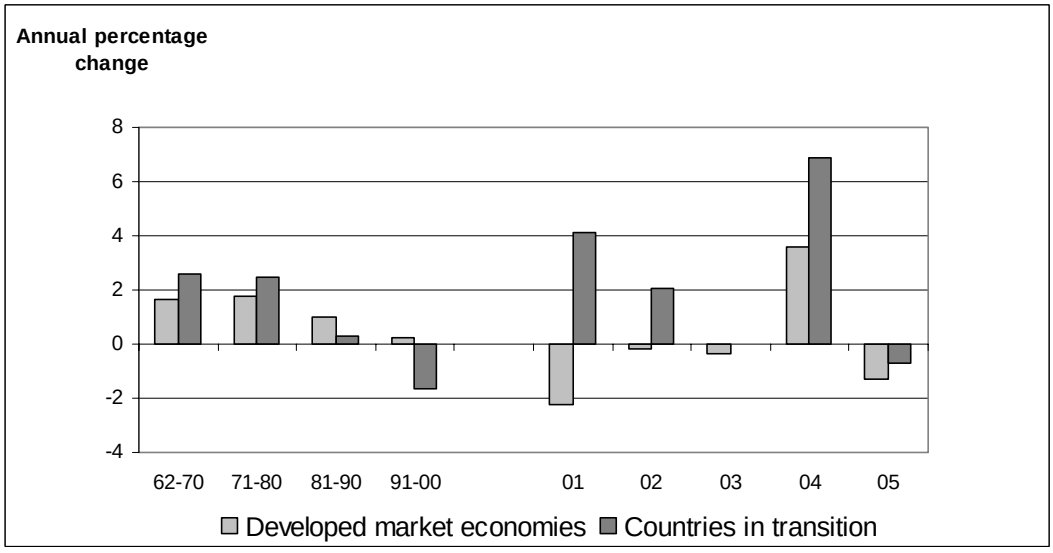
Source: FAO.

Fig. 8: Changes in total and per capita crop and livestock production



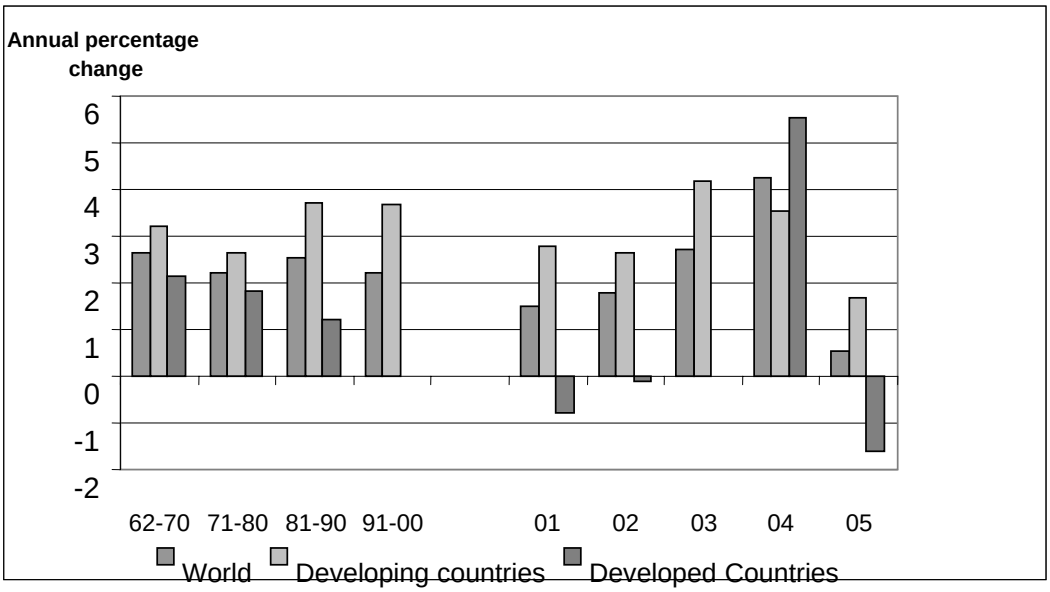
Source: FAO, FAOSTAT.

Fig. 9: Changes in crop and livestock production



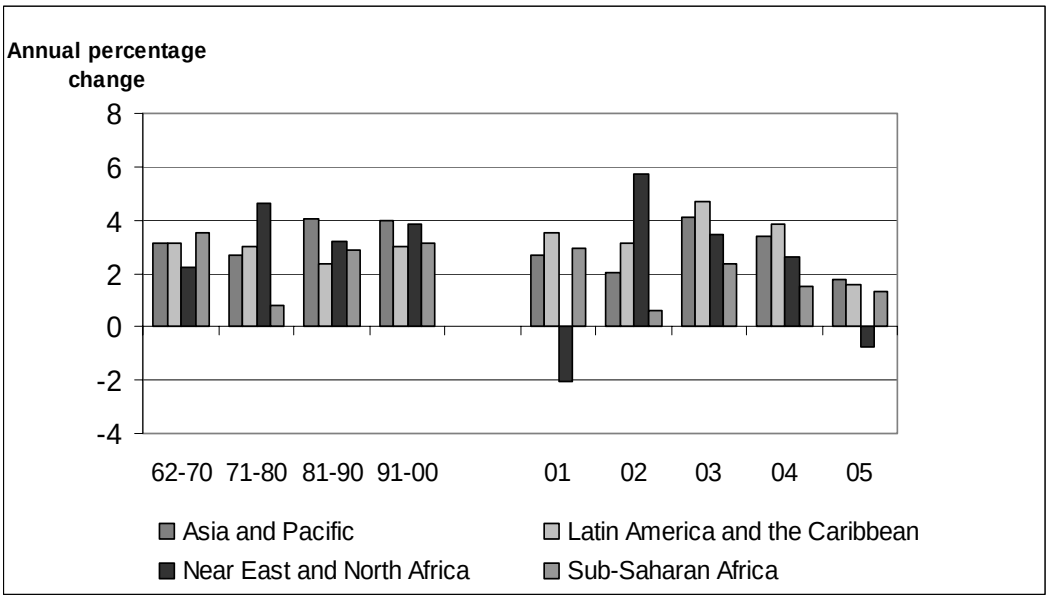
Source: FAO, FAOSTAT.

Fig. 9: Changes in total crop and livestock production



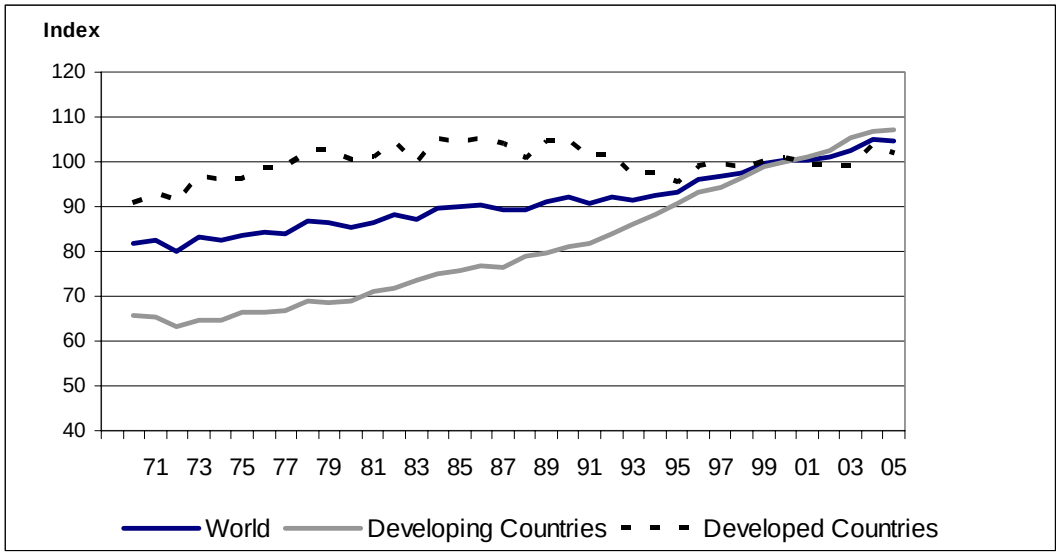
Source: FAO, FAOSTAT.

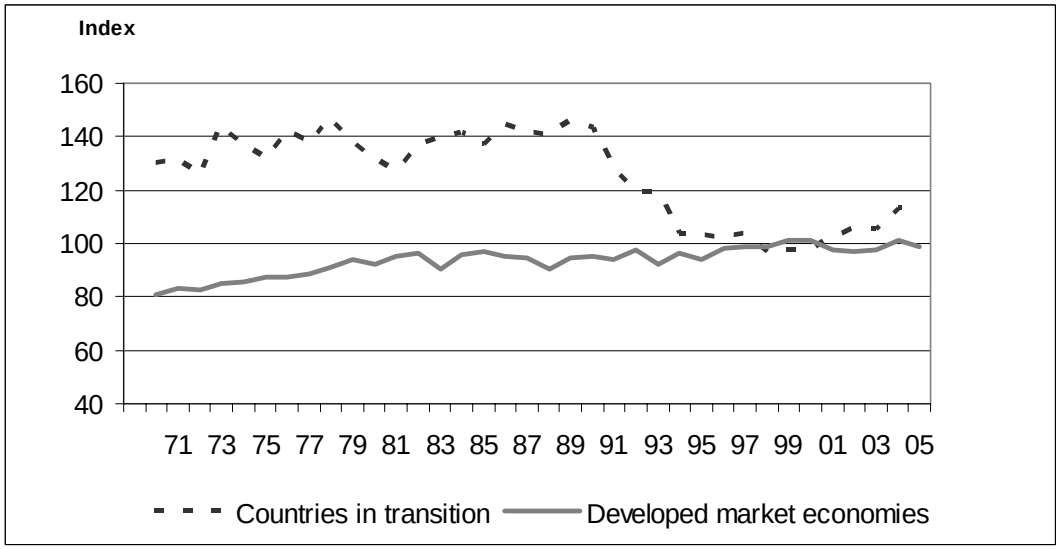
Fig. 9: Changes in total crop and livestock production by developing country region

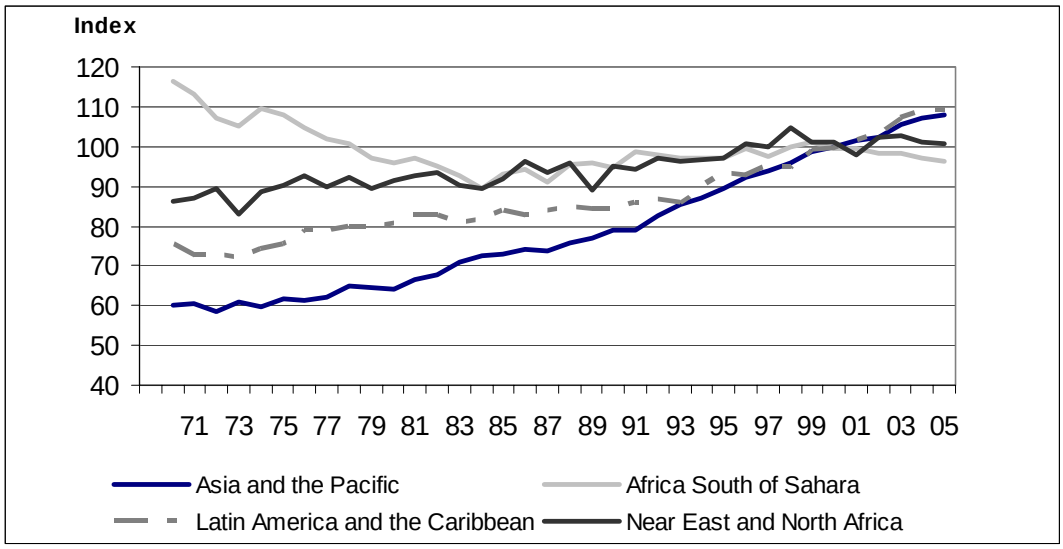


Source: FAO, FAOSTAT.

Fig.10: Long-term trend in per capita food production by region and country group (Index 1999-2001 = 100)

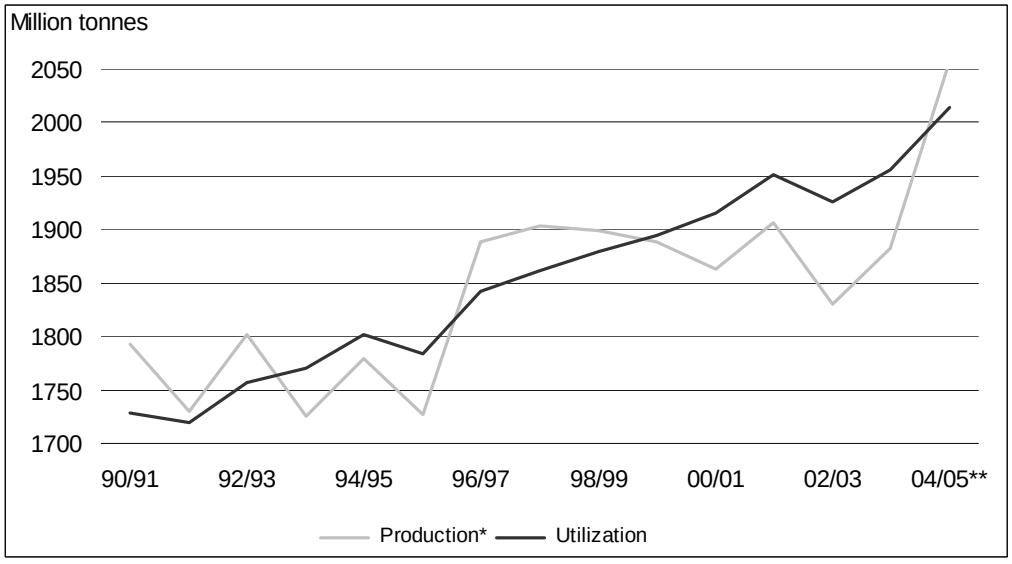






Source: FAO, FAOSTAT.

Fig. 11: World cereal production and utilization

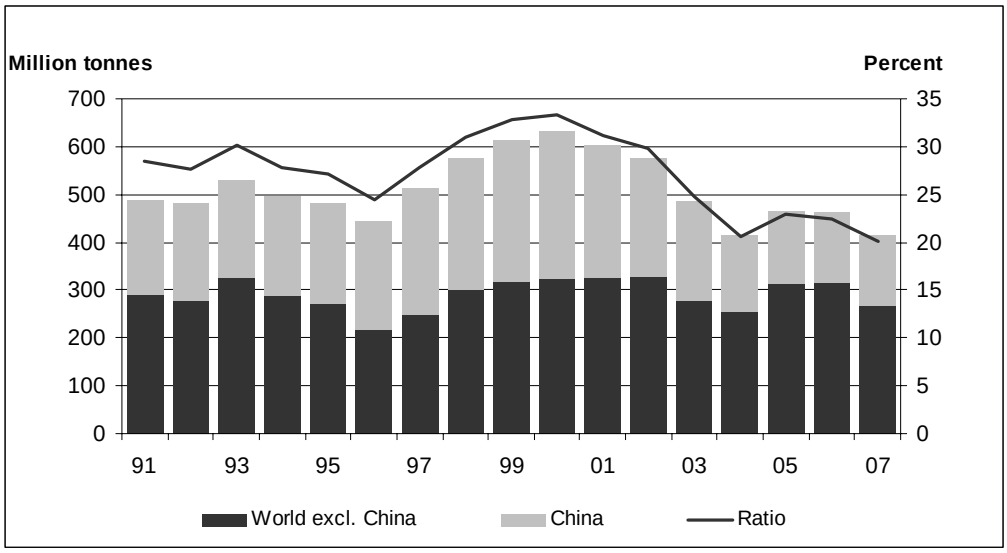


* Data refer to the calendar year of the first year shown. ** Forecast.

Source: http://www.fao.org/giews/english/cpfs/J7511e/j7511e02.htm

FAO Crop Prospects and Food Situation No.1, April 2006.

Fig. 12: World cereal stocks and stock-to-utilization ratio*

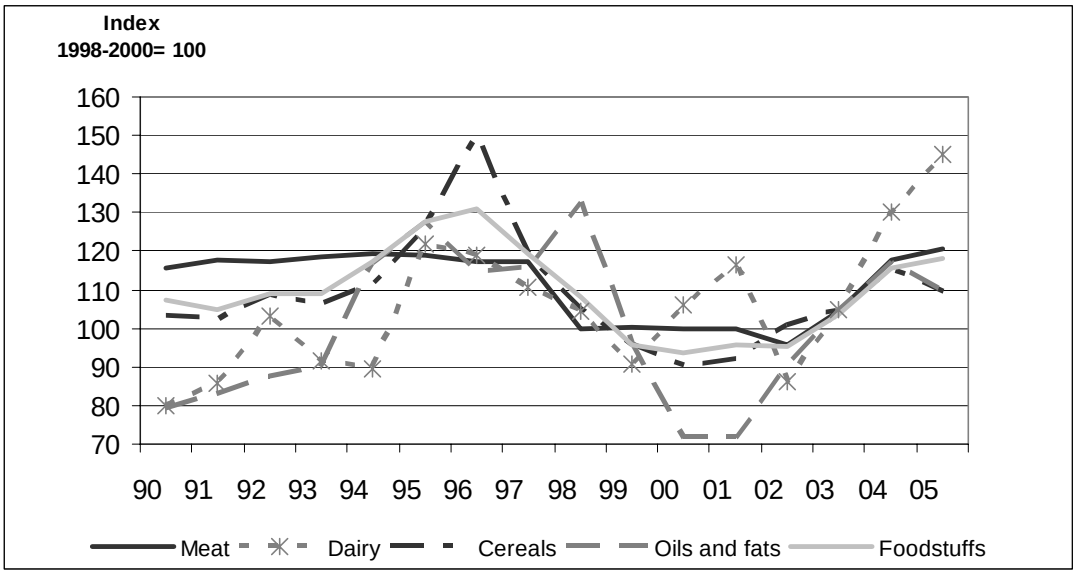


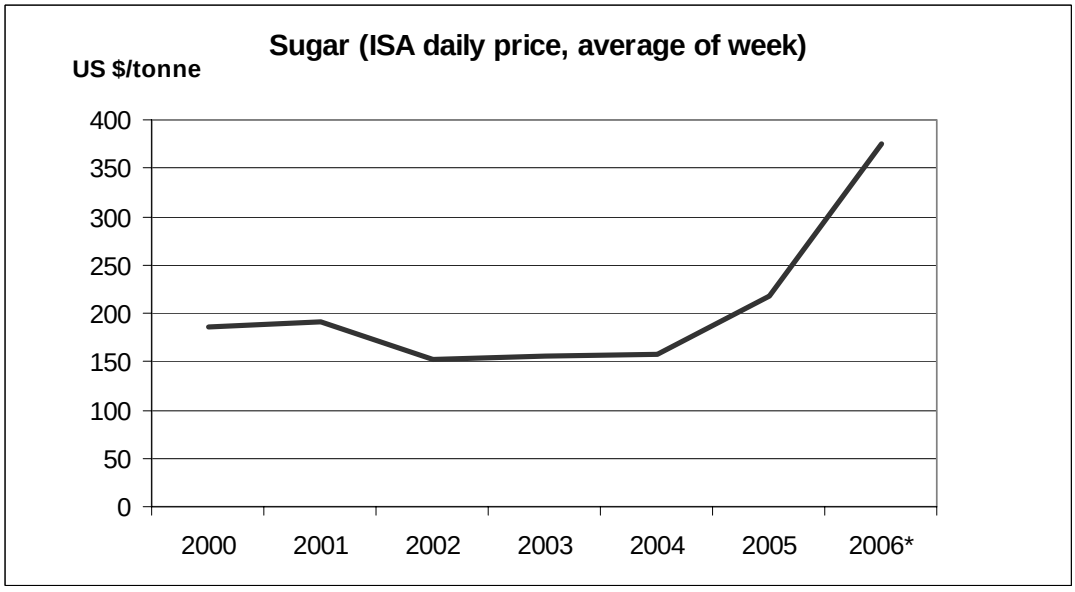
*: Stocks data are based on aggregate carryovers at the end of national crop years and do not represent world stock levels at any point in time.

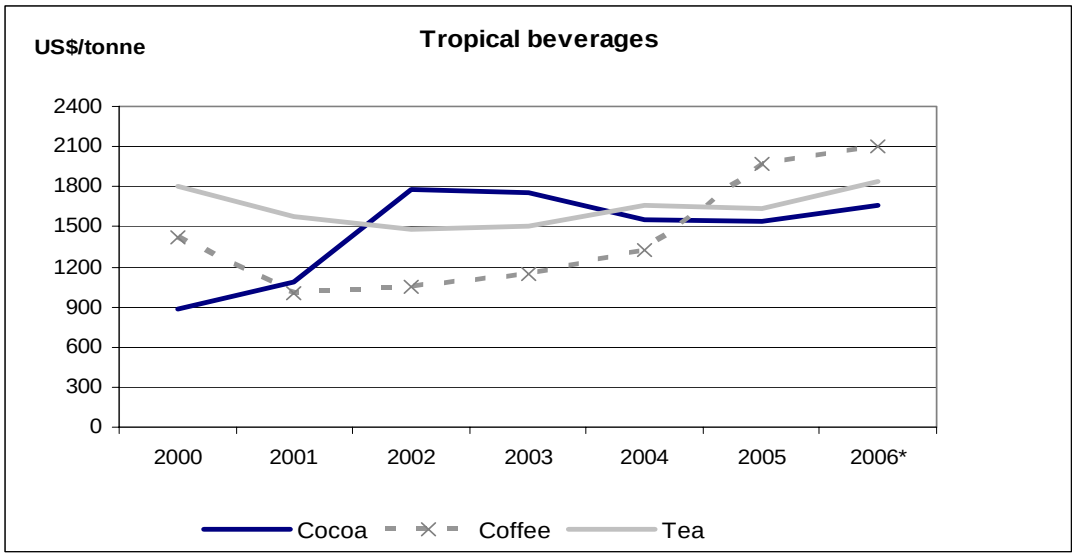
**: Forecast.

Source: FAO.

Fig. 13: Commodity price trends

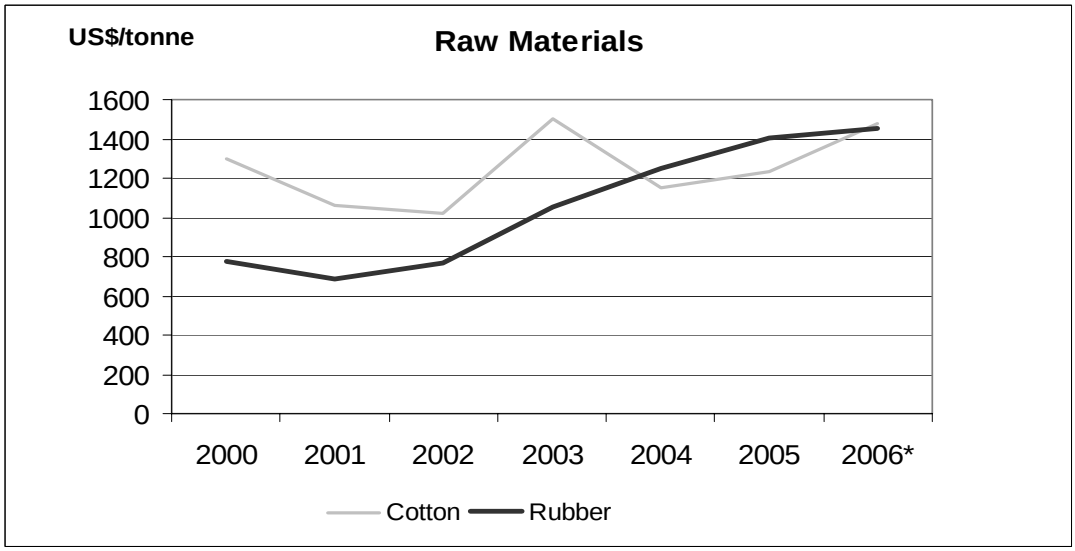






Note: Cocoa: ICCO daily price, average of week. Coffee: ICO daily price, average of week.

Tea: Total tea, Mombasa auction prices, Monday.

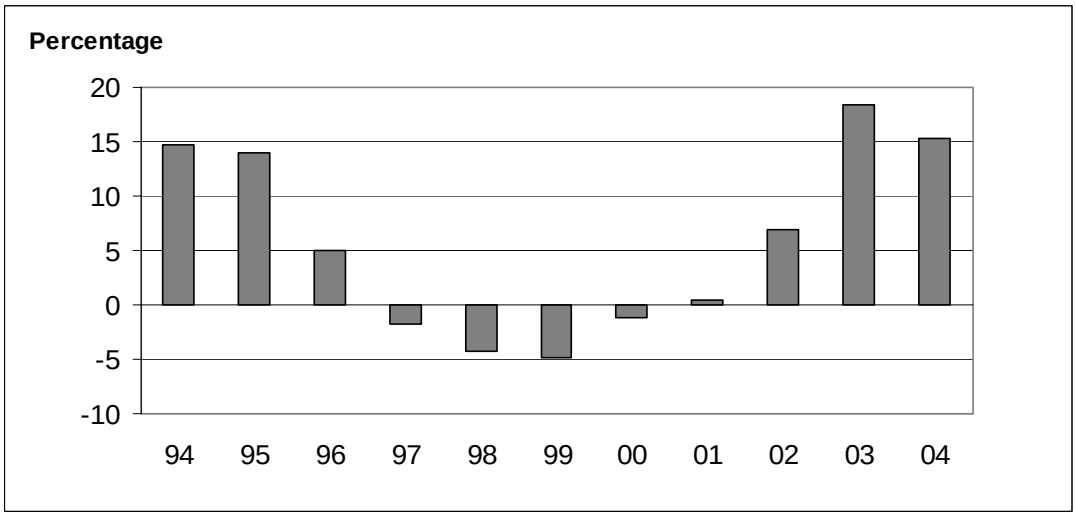


Note: Cotton: Cotlook, index "A"1-3/32, Friday. Rubber: RSS1, spot London, Wednesday (until 2001) and RSS1, spot Kuala Lumpur (from 2002).

Source: FAO.

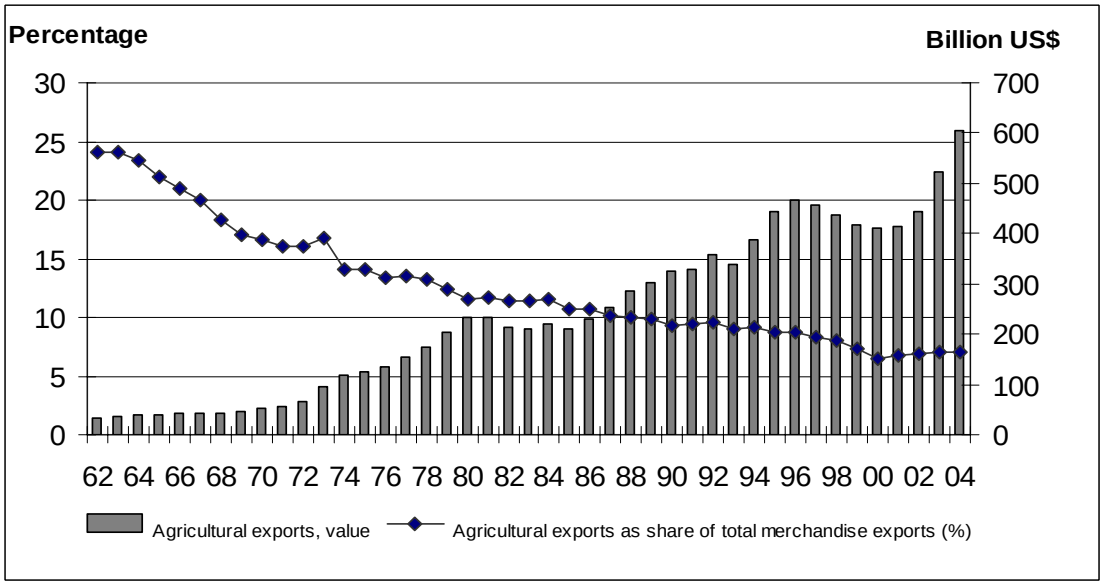
*: Data for 2006 are based on a five-month average for sugar, cocoa, coffee, and a four-month average for tea.

Fig. 14: Annual change in value of global agricultural exports



Source: FAO.

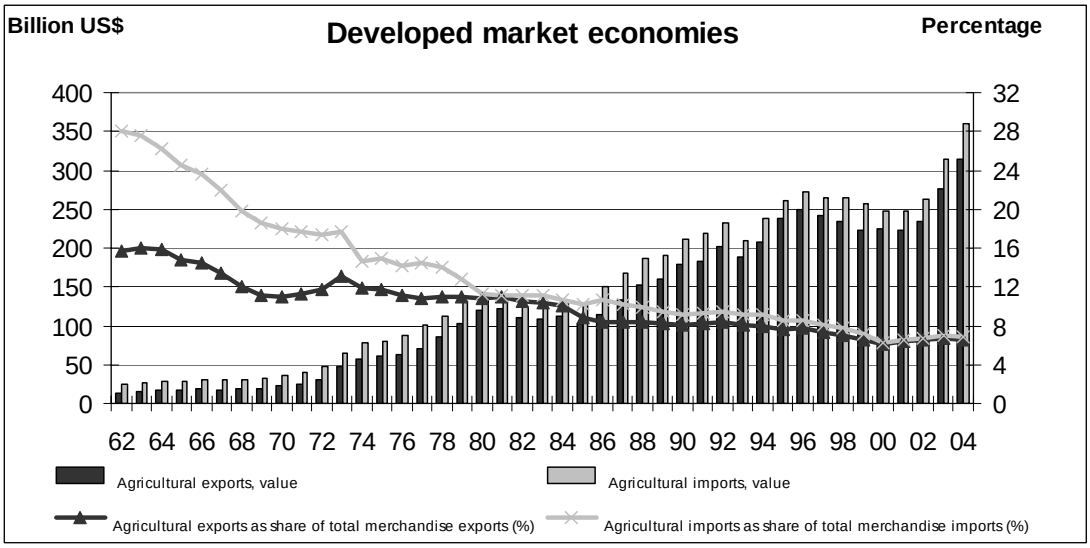
Fig. 15: Global agricultural exports

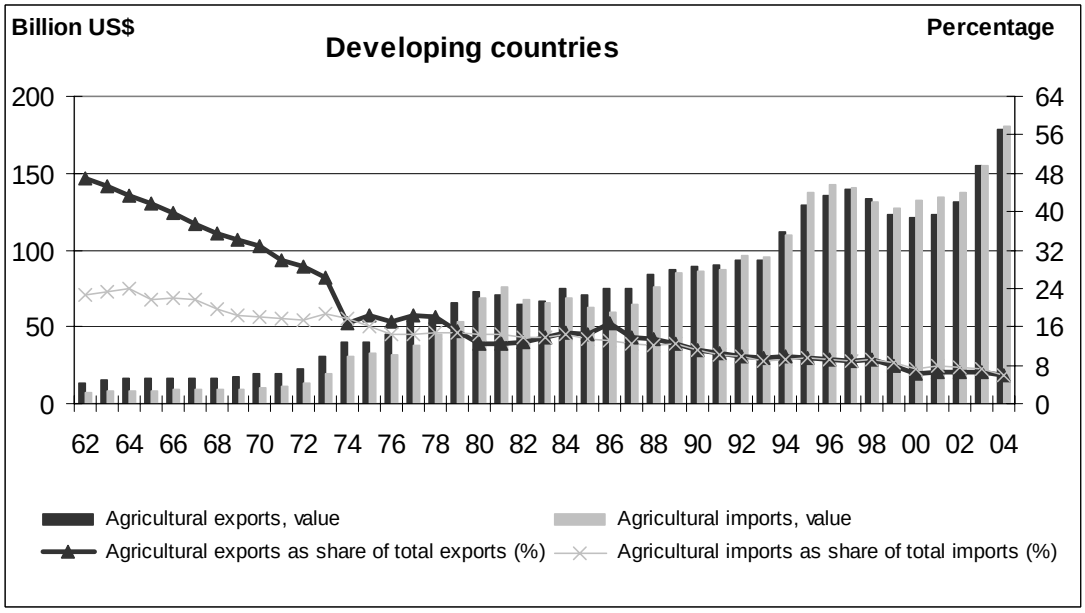


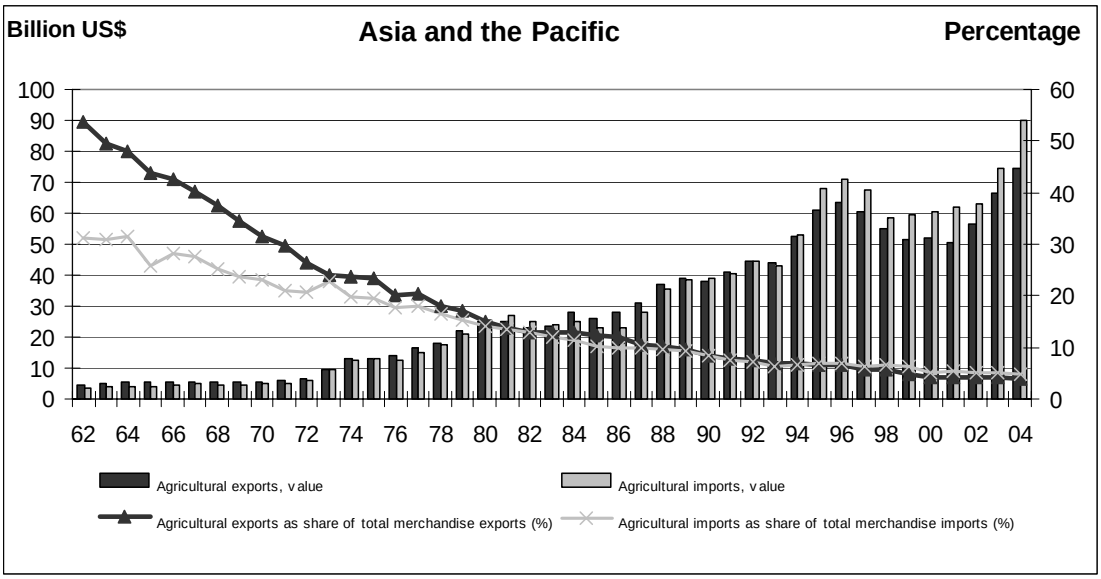
Source: FAO.

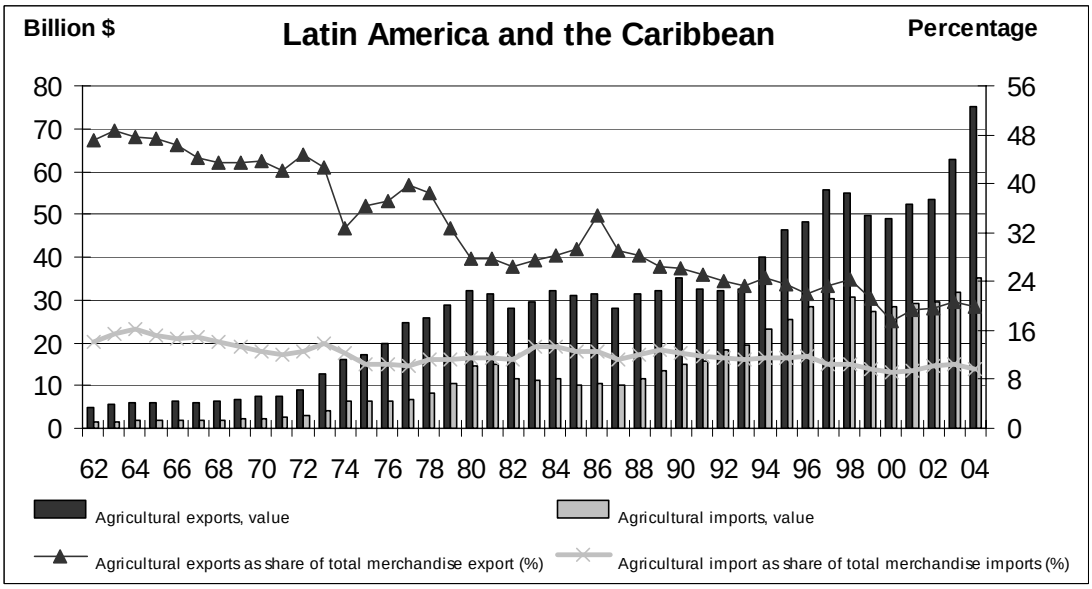
Fig. 16: Agricultural exports and imports by region

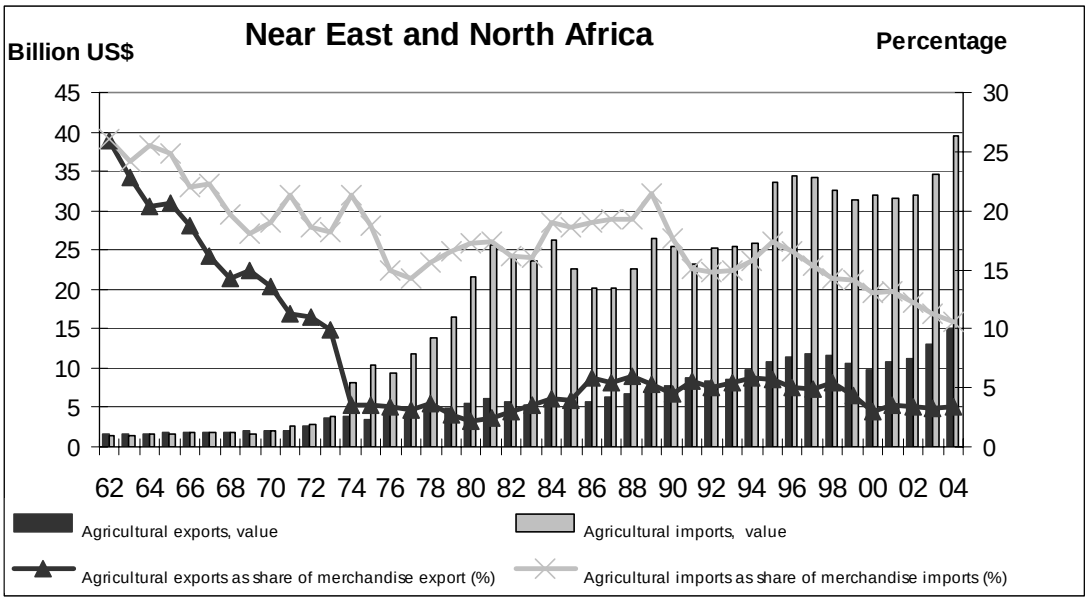
(in value and as share of merchandise exports and imports)

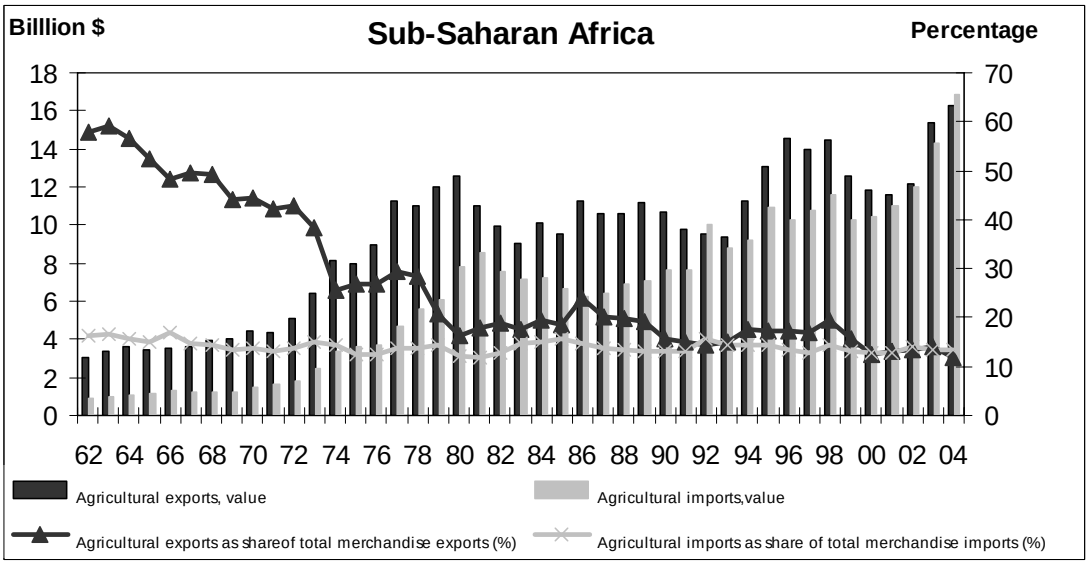





Billion US$
Asia and the Pacific
Percentage
100
90
80
70
60
50
40
30
20
10
0
60
50
40
30
20
10
0
62 64 66 68 70 72 74 76 78 80 82 84 86 88 90 92 94 96 98 00 02 04
Agricultural exports, value
Agricultural imports, value
Agricultural exports as share of total merchandise exports (%)
Agricultural imports as share of total merchandise imports (%)

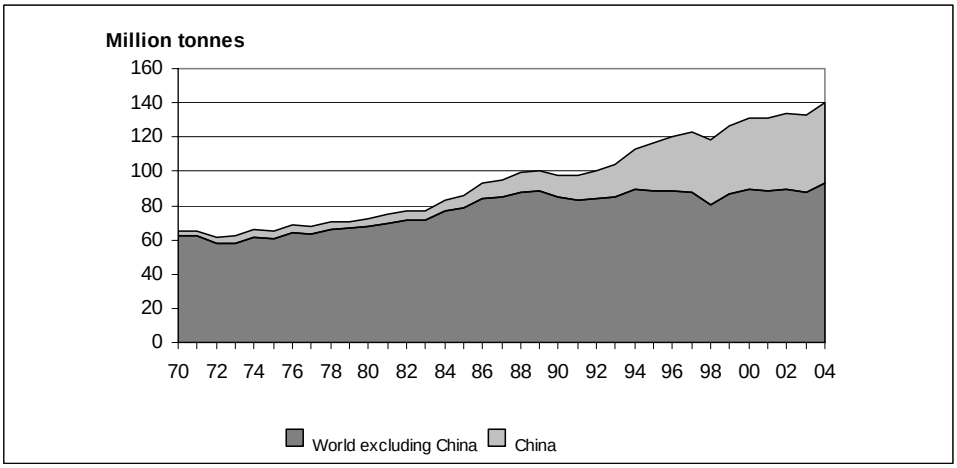

Billion $
Latin America and the Caribbean
Percentage
80
70
60
50
40
30
20
10
0
56
48
40
32
24
16
8
0
62 64 66 68 70 72 74 76 78 80 82 84 86 88 90 92 94 96 98 00 02 04
Agricultural exports, value
Agricultural imports, value
Agricultural exports as share of total merchandise export (%)
Agricultural import as share of total merchandise imports (%)





Source: FAO, FAOSTAT.

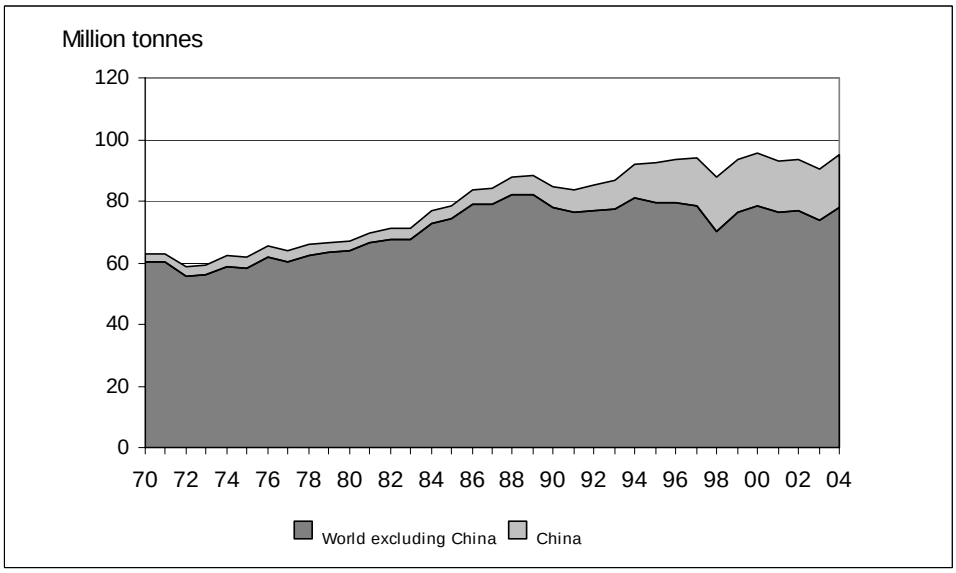
Fig.17: Total fishery production - World and China



Note: Data exclude production of marine mammals, crocodiles, corals, sponges, shells and aquatic plants.

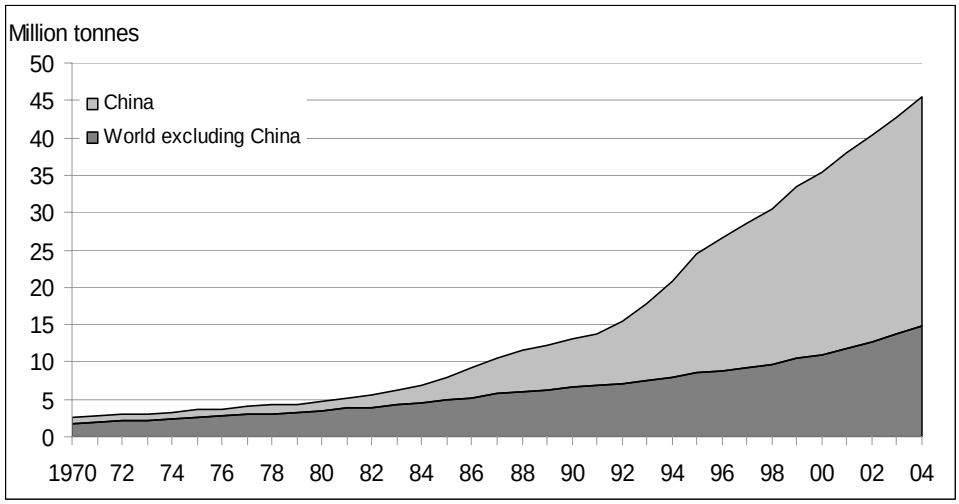
Source: FAO.

Fig.18: Capture fishery production - World and China



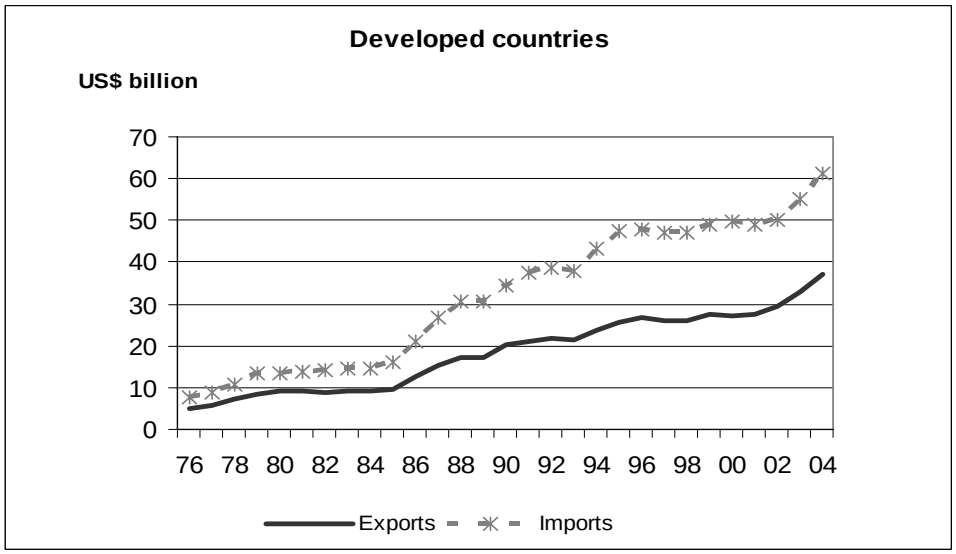
Source: FAO.

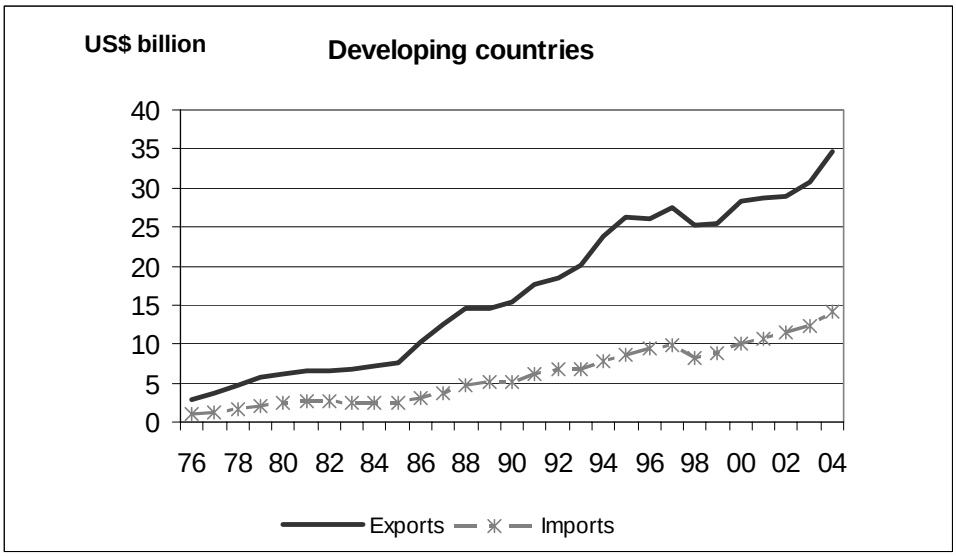
Fig. 19: Aquaculture fishery production - World and China



Source: FAO.

Fig. 20: Exports and imports of fishery products: developed and developing countries

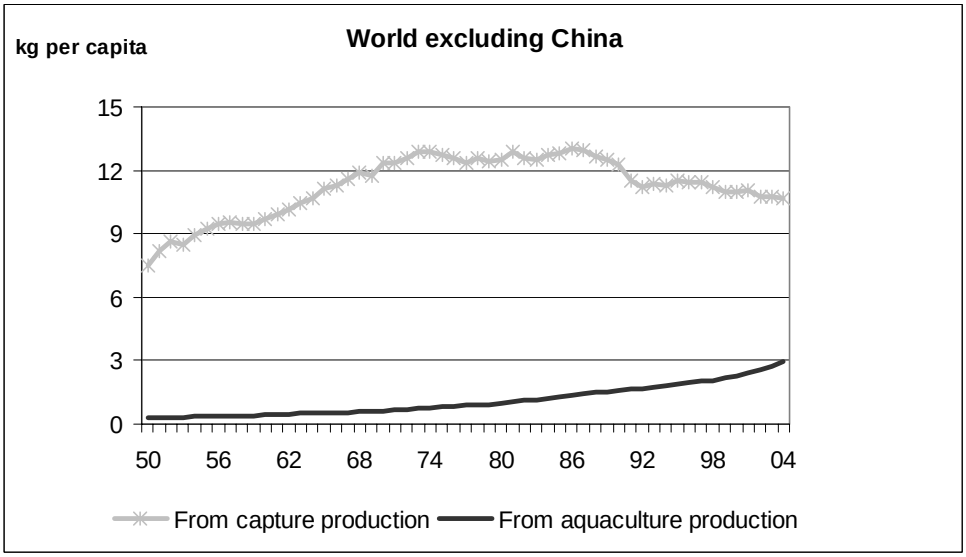


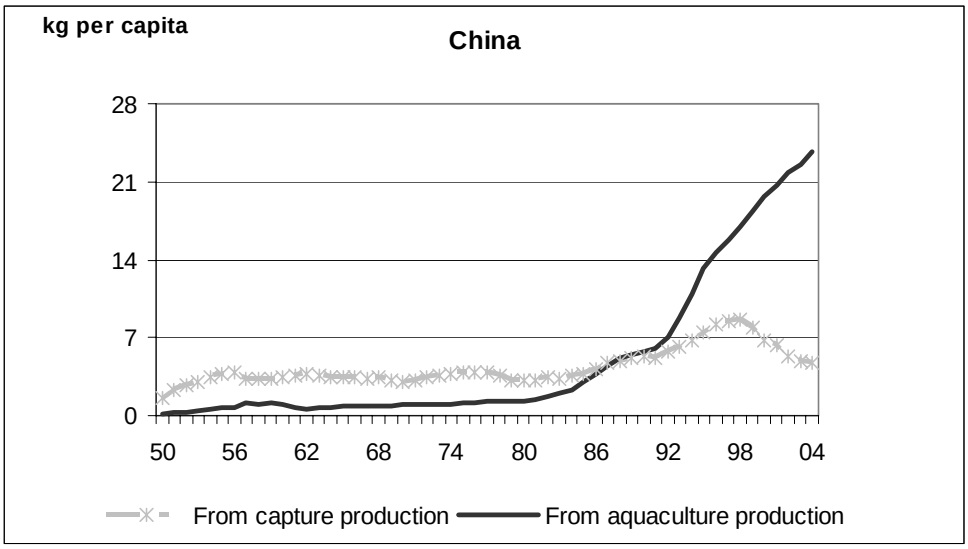


Note: Data exclude production of marine mammals, crocodiles, corals, sponges, shells and aquatic plants.

Source: FAO.

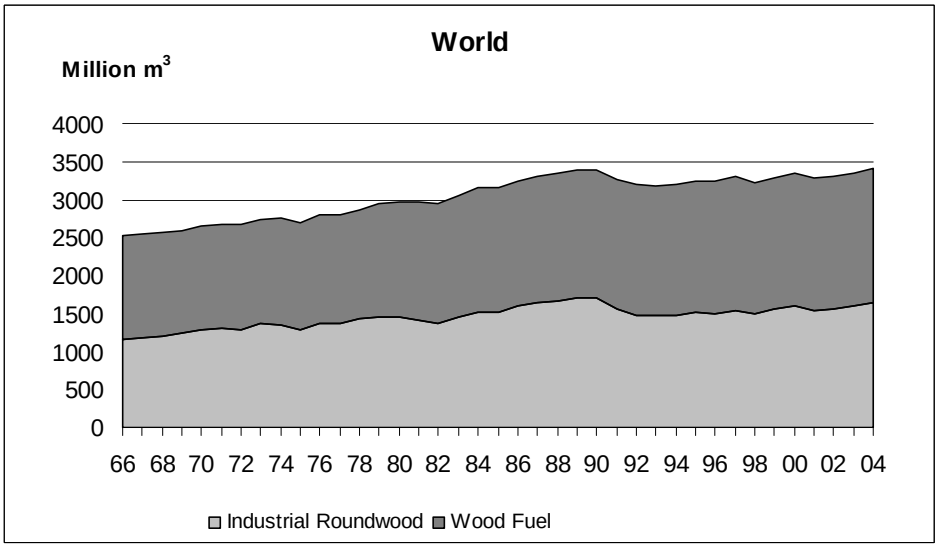
Fig. 21: Per capita fish supply from capture and aquaculture
World and China





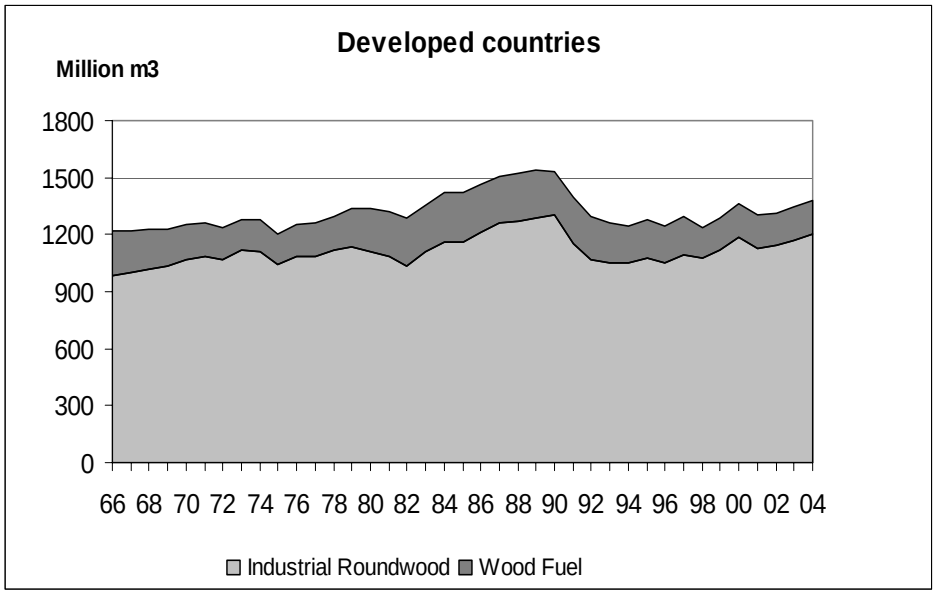
Source: FAO.

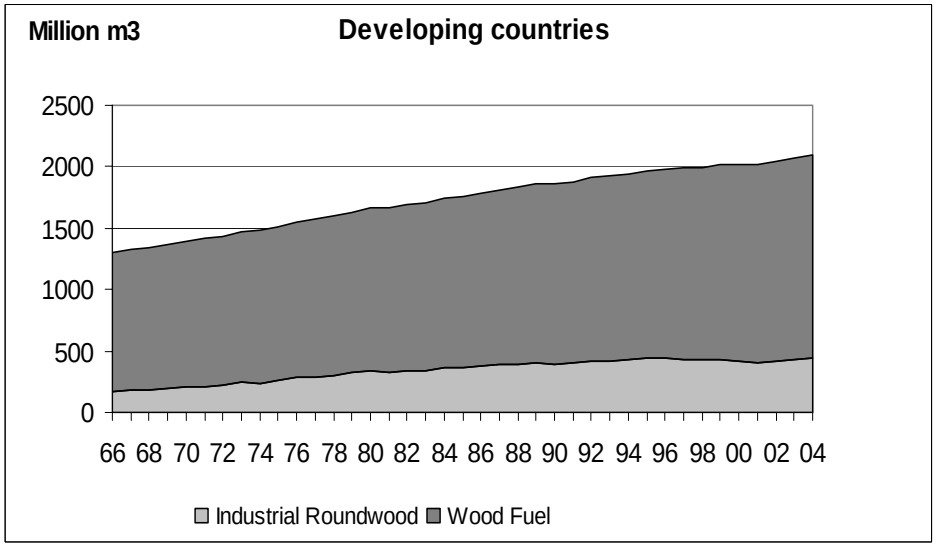
Fig. 22: Roundwood production, World



Source: FAO.

Fig.23: Roundwood production, developed and developing countries





Source: FAO.