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COMMITTEE ON COMMODITY PROBLEMS

Seventy-fourth Session

10-12 March 2021

COMMODITY MARKET SITUATION AND SHORT-TERM OUTLOOK: AN UPDATE

Executive Summary

This document updates the information contained in document CCP74/2021/3, which was prepared in May 2020, as the Session of the Committee on Commodity Problems (CCP) was initially scheduled to take place on 23-25 September 2020. It reviews developments in food and agricultural commodity markets over the past three years, 2018 to 2020.

Suggested action by the Committee

Please refer to document CCP74/2021/3.

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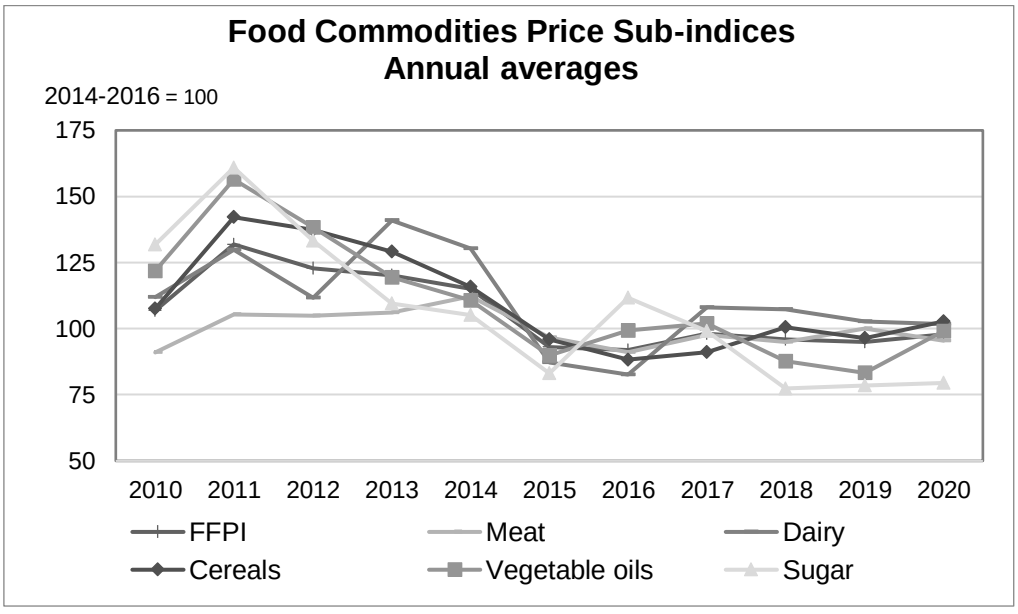
I. Introduction

1. This paper gives a brief overview of the tendencies that have shaped the major food and non-food agricultural commodity markets since the 72nd Session of the CCP in September 2018. The macroeconomic contexts in 2018 and 2019 were characterized by a passive world economic growth, falling crude oil prices and a strengthening US dollar. Although the initial predictions for world GDP in 2020 were positive, with the International Monetary Fund (IMF) in January projecting a 3.3 percent global economic growth, the onset of the COVID-19 pandemic reversed the upbeat prospects, leading the IMF, in October, to forecast a 4.4 percent contraction in world GDP in 2020. In January 2021, the IMF estimated the global economic contraction at -3.5 percent, representing a 0.9-percentage point less pronounced contraction than projected in October, due to stronger momentum in the second half of the year than was previously anticipated.

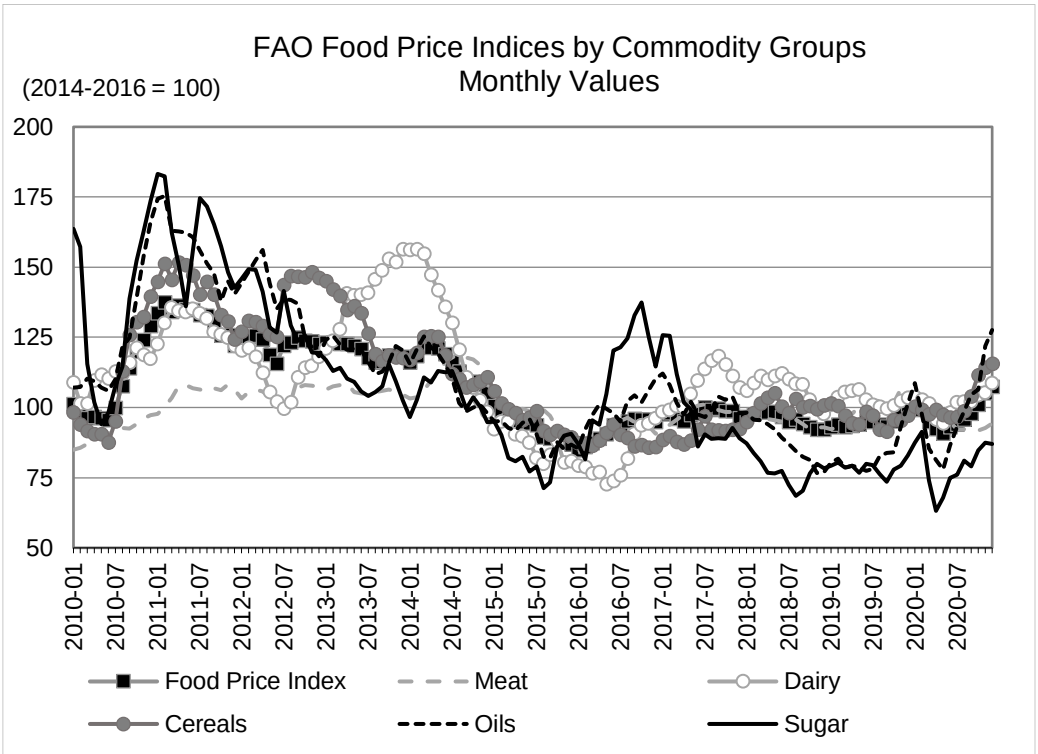
2. According to the FAO Food Price Index (FFPI[1]) (2014-16=100), which trails the international price quotations of five major food commodity groups (cereals, meats, dairy products, oils, and sugar), world food prices remained subdued in 2018-2019, with the index falling by 2.2 percent to 95.9 points in 2018 and by a further 0.8 percent to 95.0 points in 2019. In 2020, the index averaged 97.8 points, or 3 percent higher than in 2019, despite marked declines until May, following strong month-to-month rises in the second half of the year. The increases in international food commodity prices in 2020 took place notwithstanding the slowdown in economic activity imputable to the COVID-19 pandemic. They were generally sustained by a steady global import demand and a tightening of world supplies, in some cases associated with the introduction of export restrictions. Although prices of raw materials, horticulture and tropical products followed a diversified pattern over 2018-2020, with market-specific factors dominating price movements, most of the prices of these products increased in the course of 2020, especially over the second part of the year, supported by falling values of the US dollar.



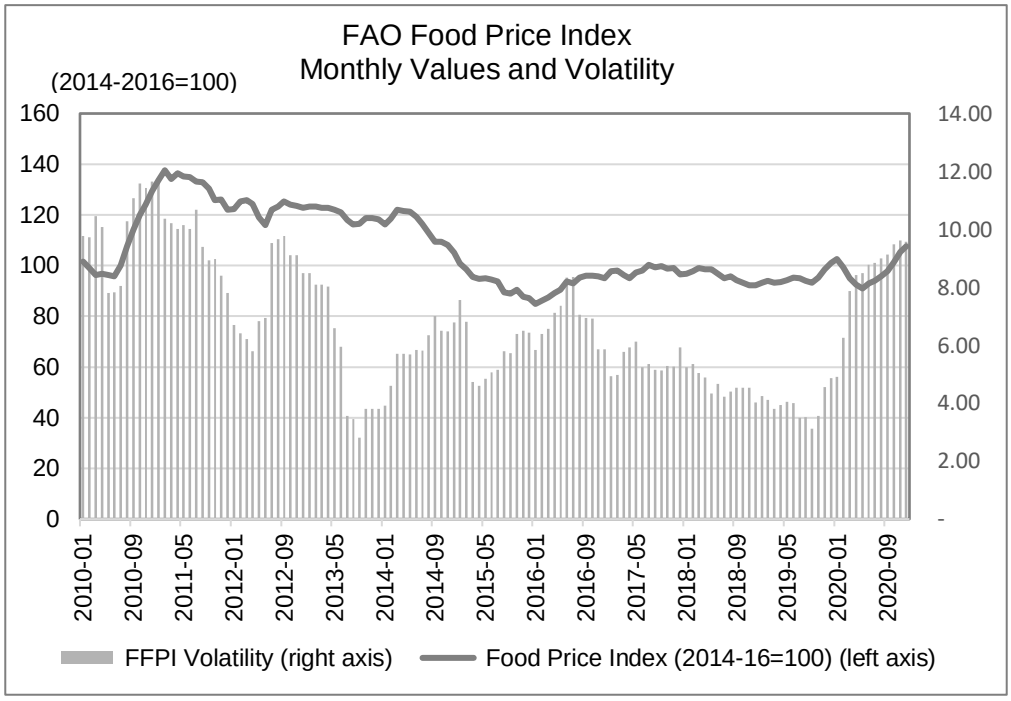
3. The changes in the international prices of the five commodity groups composing the FFPI were far more pronounced than those of the FFPI itself, where price increases in one sector can compensate for downturns in others. In 2018, the 2.2 percent decline of the FFPI was driven by significant price drops for sugar (-21.9 percent) and vegetable oils (-13.9 percent), with more limited falls incurred by meat (-2.9 percent) and dairy products (-0.7 percent). By contrast, after three years of

[1] The FAO Food Price Index was revised in June 2020. It is now based on the average prices in 2014-16, instead of 2002-2004. In addition, several new commodities and/or prices have been included in some of the sub-price indices, with weights accordingly adjusted. More information about the new FFPI is available in the Special Feature of the June 2020 issue of Food Outlook.

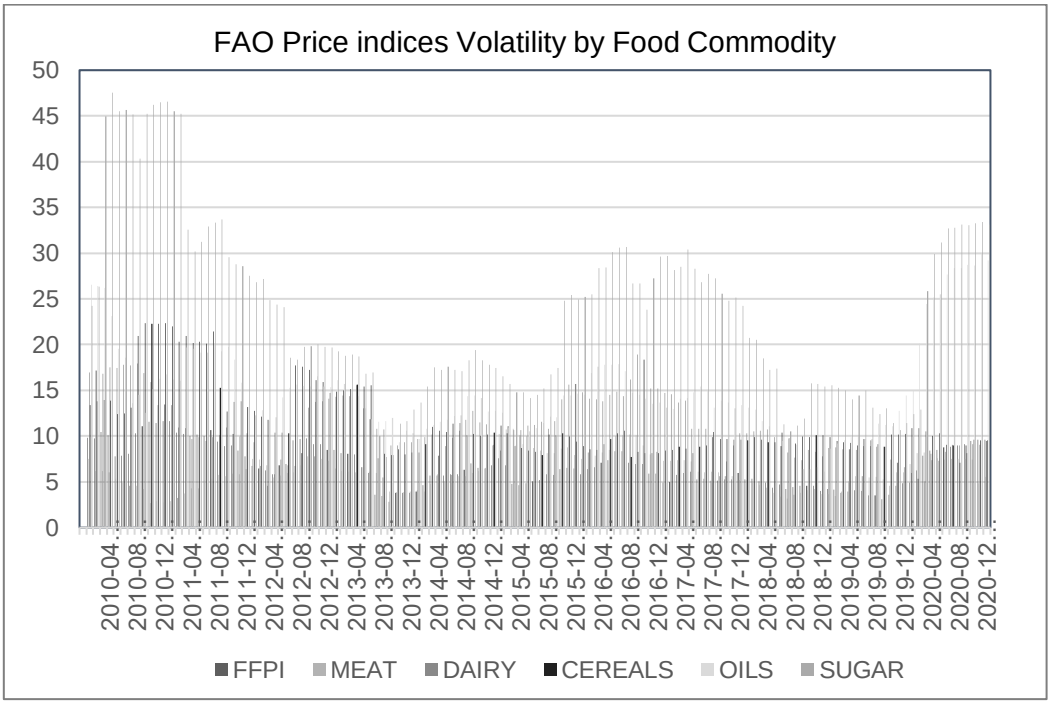
decreases, in 2018, the prices of cereals rebounded strongly (+10.5 percent). In 2019, the 0.8 percent fall of the FFPI was the result of receding quotations for vegetable oil (-5.1 percent), dairy products (-4.2 percent) and cereals (-4.2 percent), much of which was compensated by increases in meat prices (+5.4 percent) and sugar (+1.6 percent). In 2020, increases in the prices of oils (+19.1 percent), cereals (+6.6 percent) and to some extent sugar (+1.1 percent) resulted in a 3.1-percent rise in the overall FFPI, more than compensating for declines in meat (-4.5 percent) and dairy products (-1.0 percent).



4. Estimated from monthly values, the FFPI volatility (calculated as the annualized standard deviation of returns) was low and falling in 2018 and 2019, not exceeding 5.3 points and 4.9 points, respectively. The modest price variability displayed over the two years marked a full return to the pattern that had prevailed prior to the price surges of 2008-2012, a period that saw the volatility measure reach up to 22 points. However, the stability manifested in 2018 and 2019 ceased in 2020, with food price volatility steadily rising, reaching 9.6 points in November and December 2020, a level not registered since 2012.

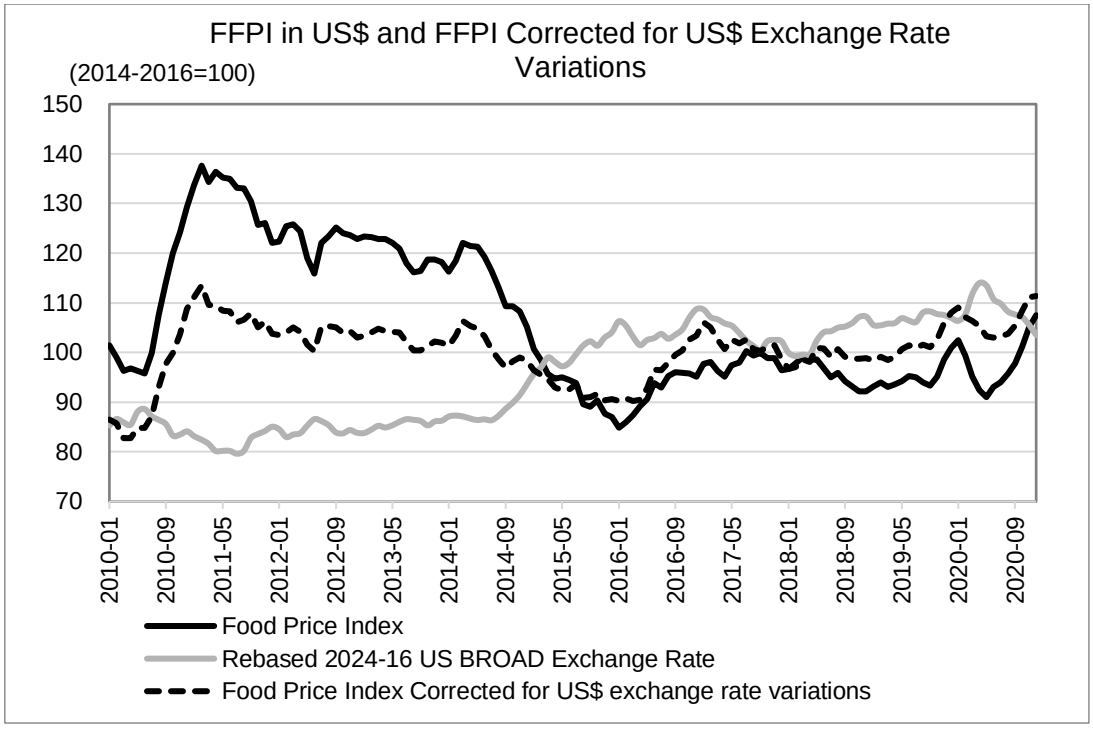


5. Price volatility in 2018 and 2019 varied greatly across the various food markets: meat prices remained relatively stable, as the metric did not exceed 6 points in any of the 24 months considered. It was much higher for the other commodity groups, where the measure reached up to 10 points for cereals and dairy products, up to 14 points for vegetable oils, and up to 21 points for sugar. In 2020, all the major food commodity markets were affected by growing bouts of price instability. This was especially the case for sugar and oils, for which volatility reached up to 33 points and 30 points, respectively, over the 12 month period. International prices of cereals, meat and dairy products were also subject to relatively wide fluctuations, which raised their volatility to up to 10 points for cereals and 8 points for meat and dairy products.



6. Food markets are mainly driven by their own fundamentals (i.e. supply and demand), but because international food prices are denominated in US dollars, they are also influenced by the

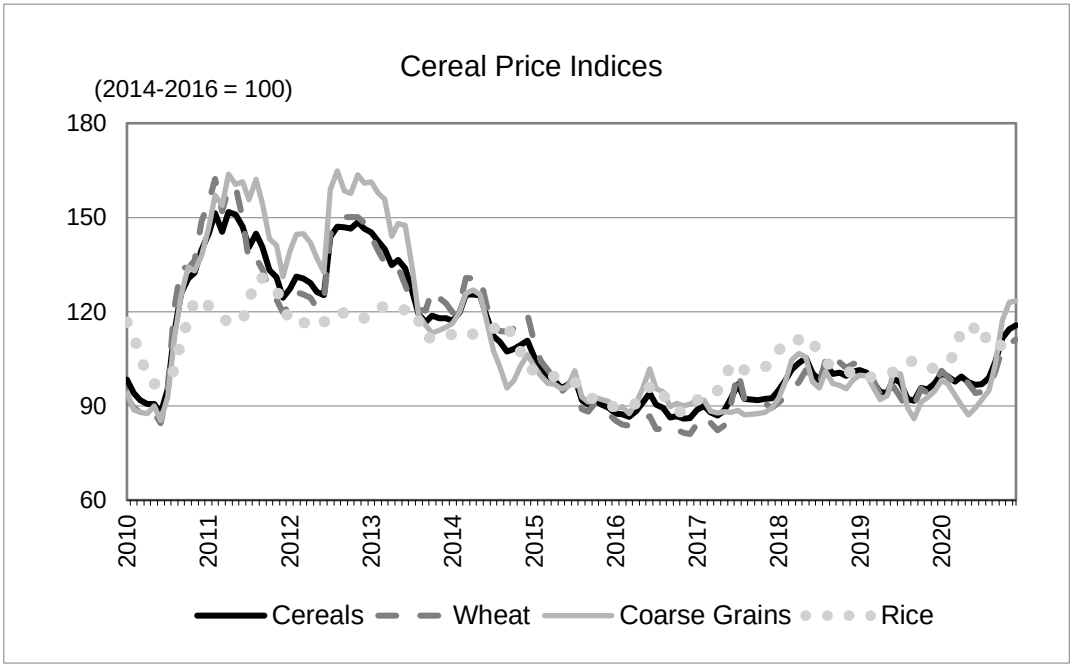
changes in the USD exchange rates, as a strengthening of the currency will tend to depress the Index and vice-versa. According to the United States Federal Reserve's Broad Dollar Index, the value of the USD relative to 16 major currencies dropped by 0.7 percent in 2018, but recovered by 3.3 percent in 2019 and increased by a further 2.0 percent in 2020. Correcting for those exchange rate variations, the dollar-adjusted FFPI declined by 3.0 percent in 2018, and rose by 2.5 percent in 2019 and 4.9 percent in 2020, compared to declines of 2.2 percent and 0.8 percent in 2018 and 2019, respectively, and a 3.1-percent rise in 2020 for the non-adjusted FFPI.



II. Basic food commodities

A. Cereals

7. After rising for the first half of 2018, international cereal prices remained relatively stable during the last part of the year, ending, on an annual basis, 11 percent higher than in 2017. In 2019, cereal prices dropped by 4 percent, swayed throughout the year by trade tensions and the effects of the African swine fever (ASF). However, in 2020, tighter supplies and stronger demand, amidst unprecedented market uncertainties arising from the spread of the COVID-19 pandemic, caused international prices of most cereals to increase, particularly during the second half of the year. As a result, the cereal price index averaged about 7 percent higher in 2020, compared to 2019.



8. Following three consecutive years of expansion, total **cereal** production fell in 2018, but rebounded in 2019. In line with the 2018 production slump, cereal stocks fell in 2018/19 for the first time in six years, and remained steady in 2019/20. Against rising utilization in both seasons, the global cereal stocks-to-use ratio decreased in 2018/19 and again in 2019/20 to around 31.7 percent. After contracting in 2018/19, global cereal trade expanded vigorously in 2019/20. Regarding the ongoing 2020/21 season, expectations pointed to another rise in world cereal production, with some increases foreseen in coarse grain, rice, and to a lesser extent wheat outputs. World cereal utilization in 2020/21 is also forecast to rise, reaching a new high. With 2020/21 consumption estimated to exceed production, total world cereal inventories by the end of countries' marketing seasons in 2021 are projected to fall by 0.5 percent (5 million tonnes) to a 4-year low. As a result, the global cereal stocks-to-use ratio in 2020/21 is seen dropping for a third consecutive season, to 30.7 percent. World trade in cereals in 2020/21 is forecast to expand from the 2019/20 levels, boosted by strong import demand for all major coarse grains and rice.

9. World **wheat** production fell to a five-year low in 2018, but increased in 2019 to a level just slightly short of the 2016 record. The 2018 production decline stemmed mostly from reductions in the Russian Federation (from a record in 2017), the European Union (reaching a six-year low), and Australia (reaching an eleven-year low), while the 2019 upturn was mostly driven by a recovery in the European Union and record harvests in India and Ukraine. Breaking the five-year growth streak, global wheat inventories fell in 2018/19. In 2019/20, they recovered partially, but mostly on account of the People's Republic of China, as stocks in the rest of world fell. Reduced export availabilities following poor 2018 harvests in major exporting countries, in particular Australia, the Russian Federation and Ukraine, gave way, in 2018/19, to the largest year-on-year decline in wheat trade in over two decades. Wheat trade rebounded to a record level in 2019/20, on stronger demand and larger sales by the European Union and Ukraine. World wheat production in 2020 increased from the 2019 level to reach a new all-time high, with year-on-year increases in Australia, India, and the Russian Federation countering contractions in the European Union and Ukraine. Global wheat utilization in 2020/21 is foreseen to increase on greater food consumption. Although global wheat stocks are forecast to end higher in 2020/21, like in the previous year, the People's Republic of China is expected to account for most of the increase, with stocks in the rest of the world anticipated to fall for a third consecutive season, to their lowest level since 2013. World wheat trade in 2020/21 (July/June) is forecast to rise slightly from the 2019/20 level to a new record, supported by larger imports expected to North Africa, the Middle East, and the European Union.

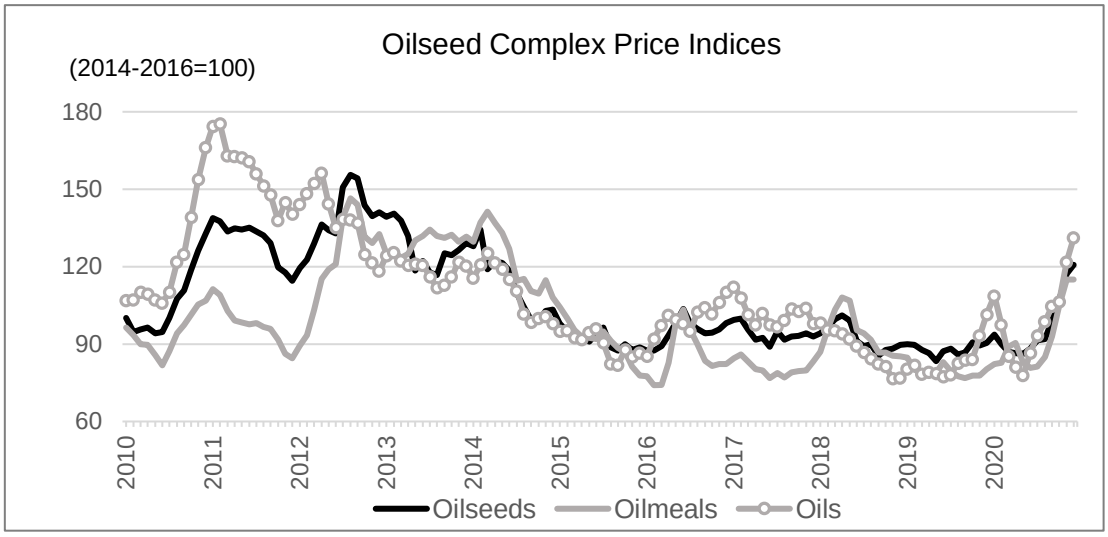
10. Global **coarse grains** production declined in 2018, but recovered in 2019, reflecting trends in global maize and barley production. By contrast, sorghum production increased in 2018 but then fell in 2019. Brazil and Argentina accounted for the bulk of the world maize production decline in 2018, as well as for its subsequent upturn in 2019. Coarse grain utilization continued its rising trend in 2018/19, largely on greater food consumption and industrial utilization, and in 2019/20 on greater feed use. With the drop in production in 2018, global coarse grains stocks contracted in 2018/19 and again in 2019/20, mostly on maize inventory declines. Global trade expansion of coarse grains, which in 2018/19 had been stifled by a fall in barley and sorghum trade, rose vigorously in 2019/20. As for the 2020/21 season, global production of coarse grains in 2020 reached an all-time high. Nonetheless, it was estimated to still fall short of total utilization in 2020/21, which is projected to be boosted by growing feed and industrial uses. As a result, coarse grains stocks in 2020/21 are forecast to drop to a four-year low, owing to likely sizeable contractions in maize inventories in the People's Republic of China, the European Union, and the United States of America. International trade in coarse grains in 2020/21 (July/June) is expected to expand, driven largely by strong import demand, especially from the People's Republic of China.

11. Conducive growing conditions and sustained government support boosted world **rice** production to a record high level in 2018, exceeding global utilization and driving world carry-over stocks to a record. However, the 2019 paddy season did not unfold as favourably. Under the influence of the El Niño weather phenomenon, erratic rains curtailed plantings in various Asian countries, adding to area cuts in the Americas, triggered by unattractive producer margins, and in the People's Republic of China, by efforts to address over-supply. The ensuing decline in world rice output led to a drawdown of reserves, although new increases in the major rice exporting countries, India in particular, kept global stockpiles at the close of 2019/20 at their second highest level. World trade in rice in 2018 almost matched the 2017 record, amid lingering strong demand from Far Eastern countries, which sought to stabilize domestic prices and revamp state stockpiles. Global rice trade contracted in 2019, when waning demand from Bangladesh and Indonesia coincided with a second year of falling exports to Africa and the People's Republic of China. These factors depressed international rice quotations in 2019, after they had witnessed some demand-led increases the previous year. Over the 2020/21 season, attractive producer prices, copious rains and government policies boosted global plantings in 2020. As a result, world rice output is likely to reach an all-time high, facilitating an expansion in world utilization in 2020/21 and in international trade in 2021, while keeping global reserves ample. Despite prospects of output recovery in various exporting countries, international rice prices rallied in 2020, reflecting some nearby supply tightness, the temporary imposition of export restrictions, and logistical constraints posed by the COVID-19 pandemic.

B. Oilseeds, oils and meals

12. After falling in the second half of the 2017/18 season (October/September), international prices of oilseeds and derived products lingered around multi-year lows during 2018/19. Over that season, global oilseeds production increased to an all-time high, mainly on account of soybeans, with the increase coinciding with a noticeable slowdown in world utilization of oilseeds and oilmeals, linked, in part, to rapid outbreaks of the ASF disease. Entering the 2019/20 season, the market situation changed and international prices of oilseeds and derived products gradually recovered. The upturn mainly resulted from a revival in global protein meal demand, negative prospects for global palm oil production and a surge in China's soybean imports, especially from Brazil, but also from the United States of America following the signing of the US-China "Phase One" agricultural trade deal.

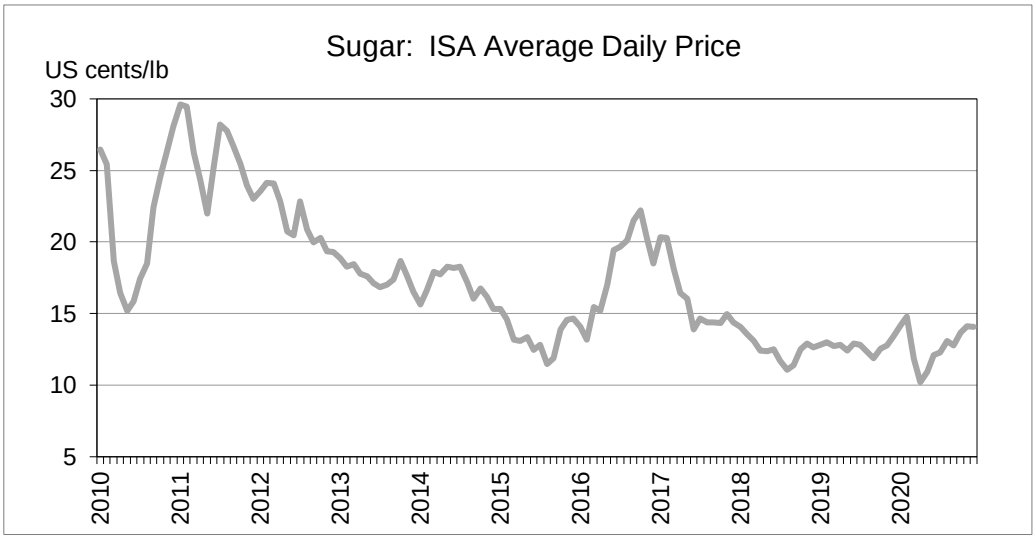
13. From February to May 2020, widespread COVID-19 outbreaks and the associated slowdown of economic activities prompted new price retreats. Since then, however, international prices trailing the oilcrop complex have strongly rallied, primarily fuelled by tightening supply-demand outlooks for the 2020/21 season, linked, in particular, to unfavourable weather marring soybean crop prospects in South America and to expectations of subdued growth in palm oil production in Southeast Asia.



C. Sugar

14. International sugar prices, as measured by the ISA daily prices for raw sugar, averaged 12.58 US cents per pound in 2019/20 (October/September), marginally below the previous season. After falling to multi-year lows in April 2020, prices resumed an upward trend from May onwards, underpinned by concerns over production prospects in several producing countries and a strong global import demand for sugar, particularly from the People's Republic of China.

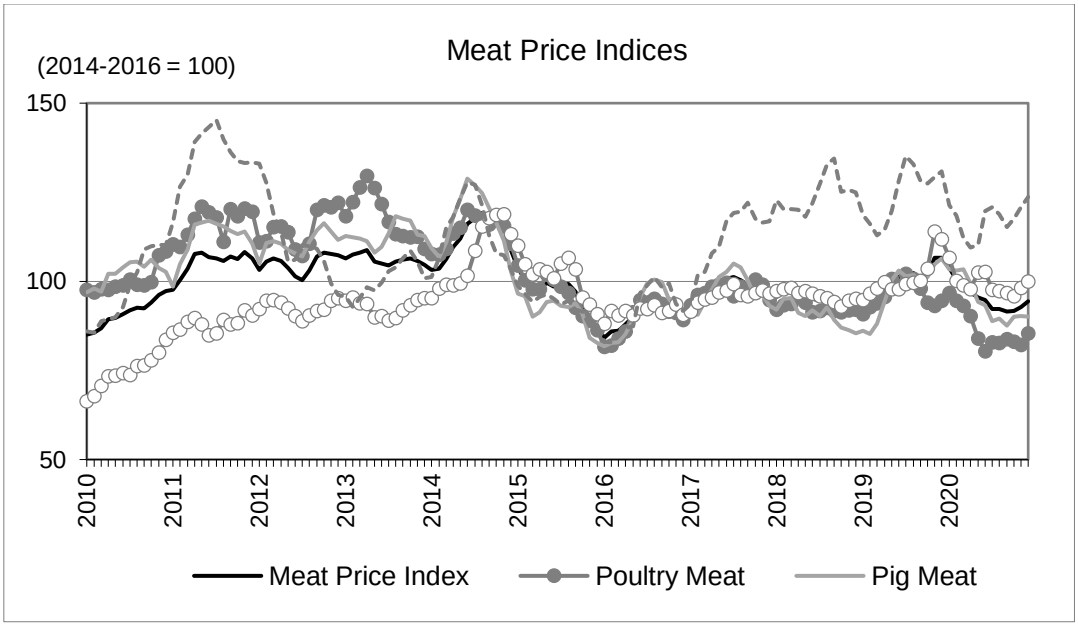
15. After a drop in 2018/19 and 2019/20, world sugar production is projected to fall again in 2020/21, albeit slightly, following worsening crop prospects in the European Union, Thailand and the Russian Federation, and drier-than-normal weather conditions in South America. World sugar consumption declined in 2019/20 as a result of COVID-19-related lockdown and containment measures, which impacted negatively out-of-home consumption. However, sugar intake is anticipated to rebound in 2020/21, spurred by the expected global economic recovery. After contracting in 2018/19, world sugar trade expanded in 2019/20, on account of larger imports by Indonesia, the United States of America and the European Union. Underpinned by strong import demand, especially from the People's Republic of China and Indonesia, sugar trade is forecast to expand further in 2020/21, but only slightly, as expected increases in export from Brazil and India could be partly offset by anticipated reduced shipments from Thailand.



D. Meat

16. Following an increase of over 2 percent in 2018, world meat production slightly contracted in 2019, departing from the steady growth recorded over the past two decades. The 2019 decline resulted from a sharp drop in world pig meat output, caused by the spread of the ASF virus in East Asian countries, which was only partially offset by increases in the other meat outputs. Over the two years, concerns about meat quality and safety instigated a widespread use of non-tariff barriers. These, along with an intensification of trade frictions, created much uncertainty in international meat markets. Nonetheless, world meat trade rose vigorously in 2018 and 2019, underpinned by sharp increases in imports by the People's Republic of China, particularly of pig meat.

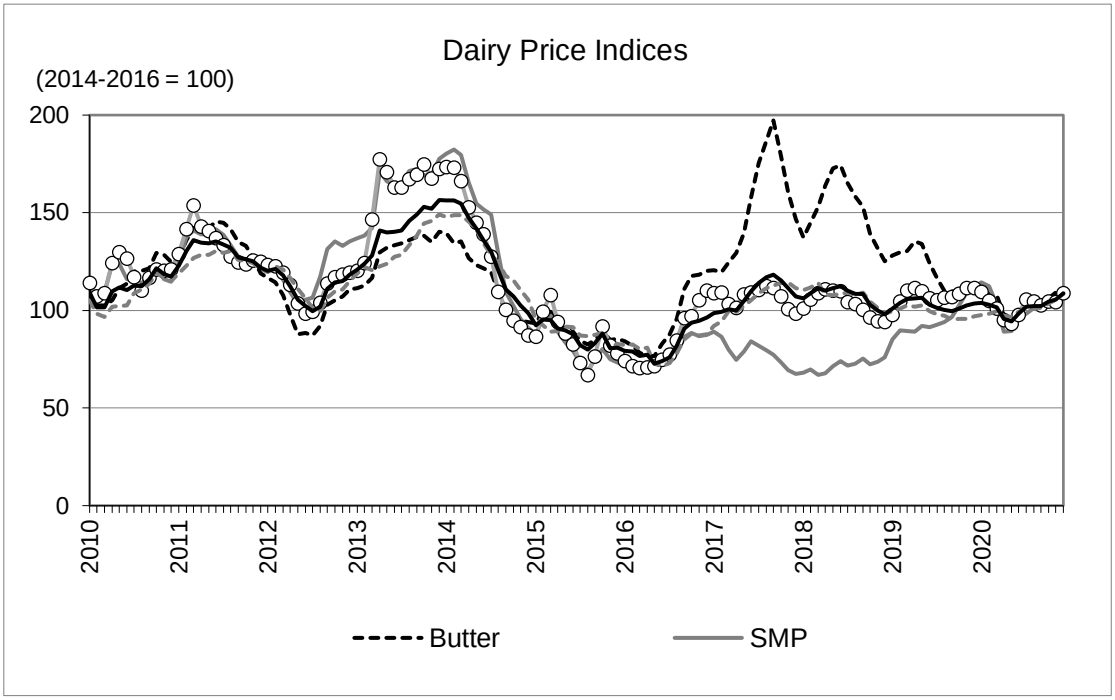
17. In 2020, global meat production was estimated to have dipped again, depressed by a further AFS-related contraction in pig meat, but also by COVID-19-induced processing delays and logistical bottlenecks. Similar to the previous two years, world meat trade was predicted to expand in 2020, on account of larger imports of pig and poultry meats, especially by the People's Republic of China.



E. Dairy products

18. Although rising dairy herd numbers and productivity gains lifted global milk production in 2018 and 2019, growth was dampened by unusually high temperatures and droughts, which impaired the sector in key producing regions. World trade in dairy products increased over the two years, spurred by large purchases by Asian countries, the People's Republic of China, in particular. In 2020, global milk production was forecast to grow by 1.4 percent, driven largely by gains in India, Pakistan, the European Union and the United States of America. By contrast, despite favourable weather conditions, production was likely to recede in Brazil, in response to a dwindling demand for dairy products in the wake of the economic difficulties arising from the COVID-19 pandemic.

19. International trade in dairy products in 2020 was anticipated to be 1.5 percent higher than in 2019, on increased purchases by the People's Republic of China, but also by Algeria and Colombia, which helped offset import reductions elsewhere. The increase in 2020 global trade was expected to be met by larger deliveries from Argentina, the European Union and the United States of America, while exports by New Zealand, the second largest world supplier of dairy products, were predicted to fall.

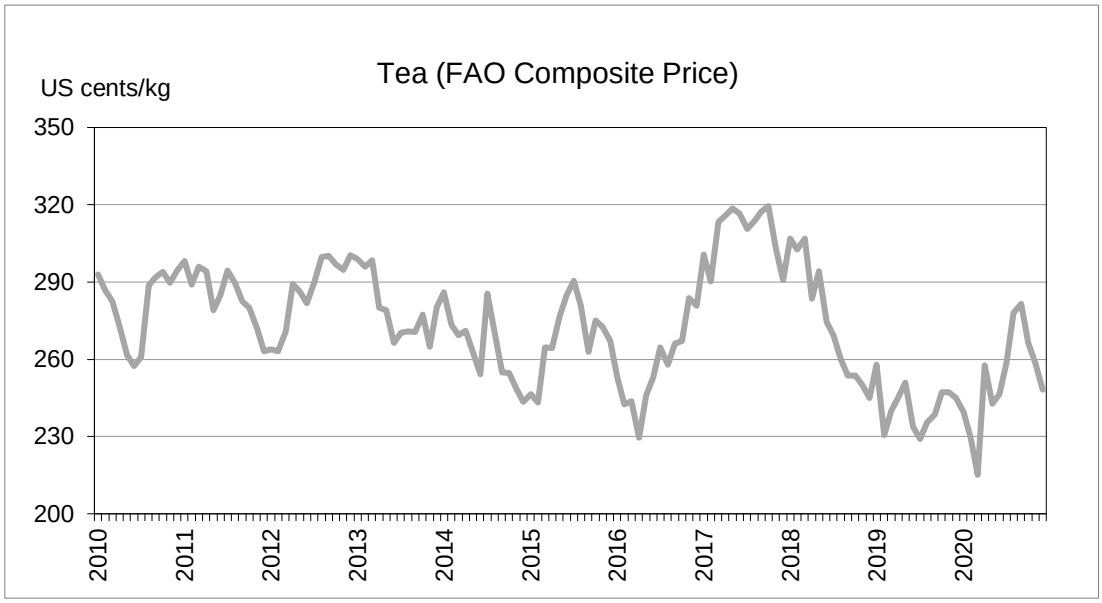


III. Raw materials, horticulture and tropical products

A. Tea

20. The FAO Tea Composite Price Index (a weighted average price index for black tea, which includes crush, tear, curl (CTC) and Orthodox teas) fell by 11.0 percent and 12.1 percent in 2018 and 2019, respectively, as large supplies continued to overhang the market, but averaged 4.2 percent higher in 2020, underpinned by strong in-home consumption. In 2019, world tea production (black, green, instant and other) rose by 3.8 percent to 6.25 million tonnes, sustained by greater output in India, the People's Republic of China, Vietnam and Bangladesh, while Kenya, the leading tea exporter, faced a contraction due to prolonged drought conditions. Despite a major output recovery in Kenya, global tea production in 2020 is estimated to have fallen, largely on account of output decreases in India and Sri Lanka. World tea trade declined in 2019, on the back of reduced exports from Kenya and subdued import demand, especially from the Russian Federation, Europe, the United States of America and Canada.

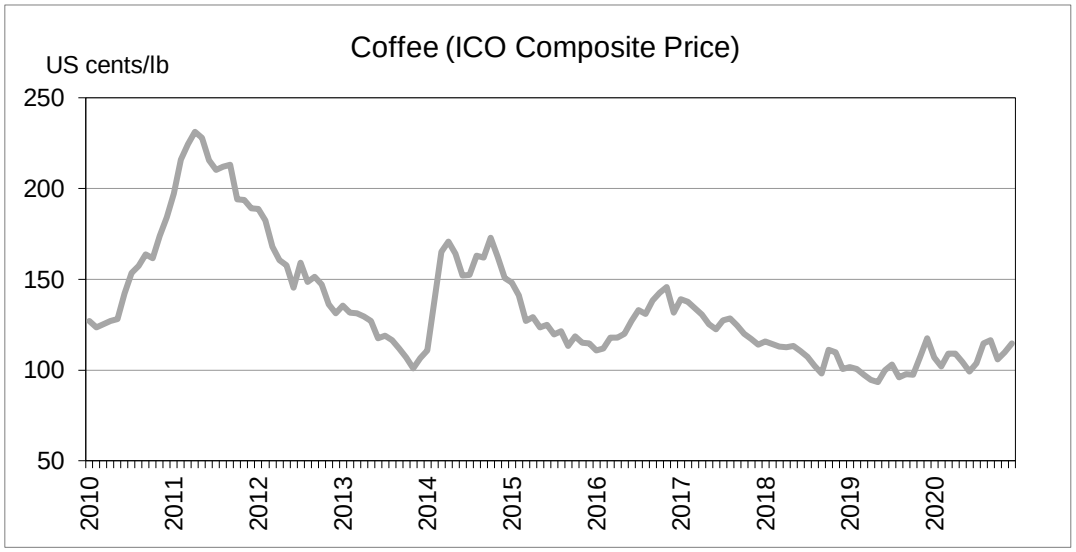
21. Trade in 2020 has been affected by logistics issues and measures imposed to contain COVID-19, namely the lockdowns during the tea plucking, which resulted in labour shortages. The world tea market will continue to be underpinned by robust demand in developing and emerging countries, contributing to rural income opportunities and improvements in food security. Tea consumption has grown particularly rapidly in the People's Republic of China, India and other emerging economies, driven by a combination of population growth, higher incomes and diversification into other market segments, such as organic and specialty teas.



B. Coffee

22. International coffee prices, as measured by the ICO composite price index, averaged 107.25 US cents/pound in 2019/20 (October/September), 7 percent higher than the multi-year low of the previous season. The increase mostly stemmed from concerns over reduced world availabilities and supply chain disruptions caused by the COVID-19 pandemic, including labour shortages and impediments in transport services. In 2019/20, world coffee production was estimated to have fallen by 4 percent to 10 million tonnes, a level still exceeding the global consumption estimate of 9.8 million tonnes. The sustained growth in world coffee consumption recorded in the previous years was halted in 2019/20; the movement restrictive measures applied by governments to contain the spread of the COVID-19 pandemic severely affected out-of-home consumption.

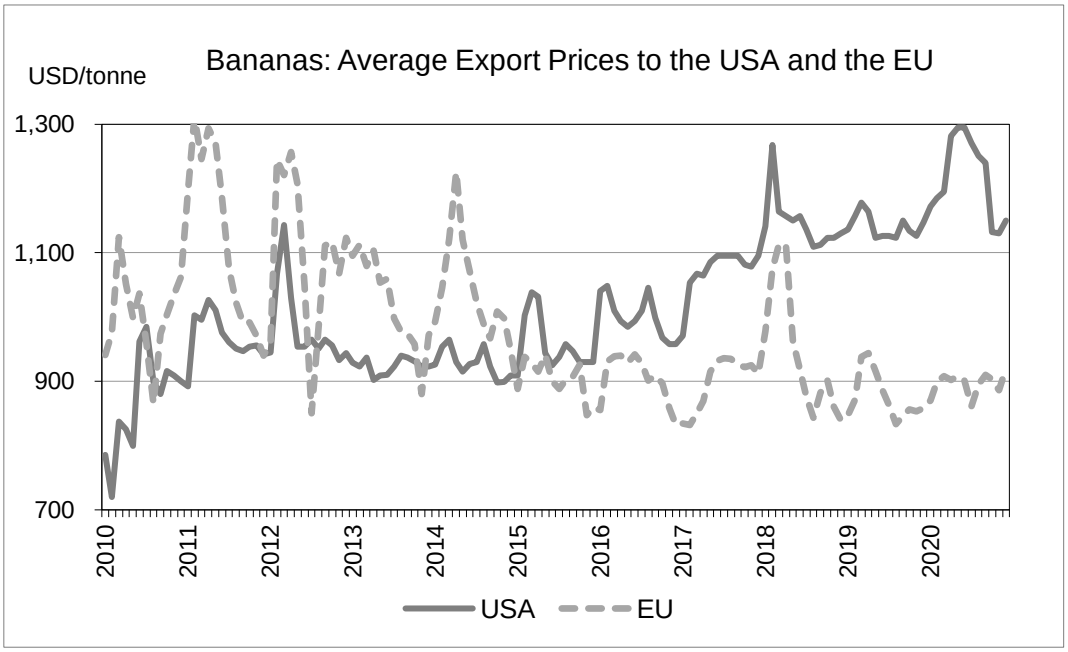
23. The pandemic also had strong depressing effects on trade in 2019/20. Among European countries, which fully depend on imports to meet their consumption needs, imports of coffee were down by about 5 percent in Italy and France and by about 4 percent in Germany, compared with 2018/19. The drop was even more pronounced for the United States of America, which imported 11 percent less. In 2020/21, preliminary forecasts indicate that world production will likely increase by about 5 percent and reach 10.5 million tonnes, a level that could exceed global consumption by about 0.6 million tonnes.



C. Bananas

24. Global production of bananas increased by about 1 percent in both 2018 and 2019, sustained by area expansions and yield improvements in several of the largest producing countries. Global exports rose dynamically in 2018 and 2019, driven by strong supply growth in the two leading exporting countries, Ecuador and the Philippines, as adverse weather continued to constrain shipments from several other key origins, most notably Costa Rica and the Dominican Republic. Trade growth in 2019 was underpinned by a lively demand in Europe and the United States of America, the major banana import zones. Sharply rising purchases by the People's Republic of China provided additional impetus to trade, allowing the country to overtake the Russian Federation as the third largest world banana trade destination in 2019. Average import prices in the United States of America remained strong in 2019 and close to the 2018 high, reflecting a brisk domestic demand coupled with weather-induced supply shortages in the country's key providers. European Union import prices, on the other hand, were generally weak in 2019, averaging their lowest value in the decade.

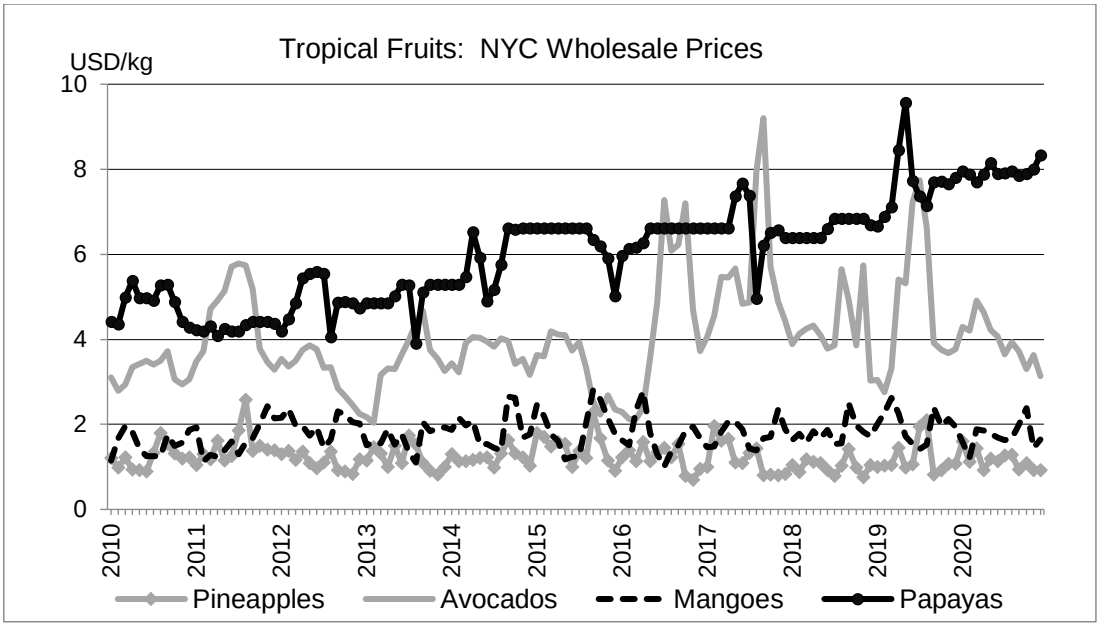
25. As for 2020, the COVID-19 pandemic helped in boosting demand and prices in key import markets, where bananas proved a popular fruit choice during lockdowns. Preliminary data suggest that global exports performed strongly in 2020, on the back of high deliveries from Ecuador and Costa Rica. Yet, in addition to the COVID-19 pandemic, weather and plant diseases remain of concern, especially after the Banana Fusarium Wilt TR4 fungus was for the first time detected in 2019 in Latin America and the Caribbean, the world's largest exporting region. As of January 2020, the disease, against which no treatment exists, was confirmed in 22 countries, predominantly in South and Southeast Asia.



D. Tropical Fruits

26. World production of the four major tropical fruits (mangoes, pineapples, papayas and avocados) increased briskly in 2018 and 2019, underpinned by strong domestic demand in several of the key producing countries, most notably India. Global exports of the four major tropical fruits expanded vigorously to a new record in 2019, underpinned by strong growth in imports by the United States of America and the European Union, the two traditional markets, but also by the People's Republic of China, where demand was sustained by rising incomes and changing consumer preferences.

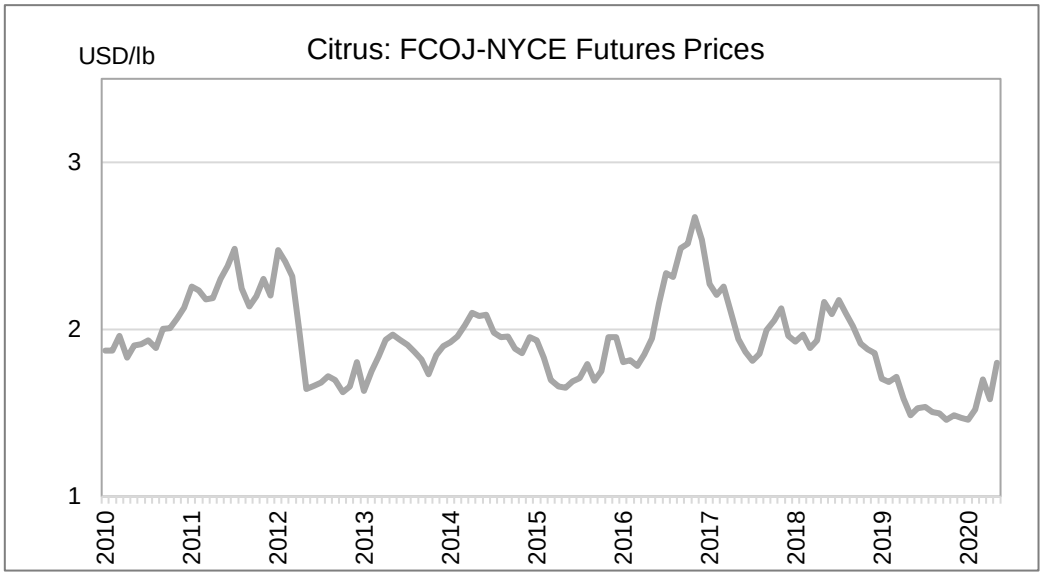
27. International prices of the major tropical fruits, indicatively measured at the United States of America wholesale level, remained particularly subject to seasonal and weather-related fluctuations. In 2018, US prices for avocados were down from the high reached in 2017, but rose again sharply in the first half of 2019, reflecting a weather-induced tightening of export supplies in Mexico and Peru. Similarly, in 2019 weather-related shortages were behind sharply rising US prices of pineapples, while papaya prices continued on an upward trend. In 2020, global trade in most tropical fruits was negatively affected by the COVID-19 pandemic. Of particular concern to the sector was the wastage of product caused by the suspension of air travel and delays at borders, particularly for the highly perishable mangoes and papayas, and the closure of the hospitality sector in key import markets. Amid falling import demand, US wholesale prices, except for papayas, tended to weaken in 2020, most notably for avocados and mangoes.



E. Citrus

28. International citrus prices retreated sharply in 2019, but recovered during 2020, spurred by a revival of consumer demand during the COVID-19 pandemic. Following a robust expansion in 2018/19, world production of citrus (mainly including oranges, tangerines and grapefruits) declined by over 14 percent in 2019/20, generally due to unfavourable weather conditions. World consumption and trade of fresh and processed citrus products decreased in 2019/20, constrained by reduced supplies, especially in Brazil, the world's largest orange juice exporter, and by a weakening of demand in the European Union, the largest orange juice importer.

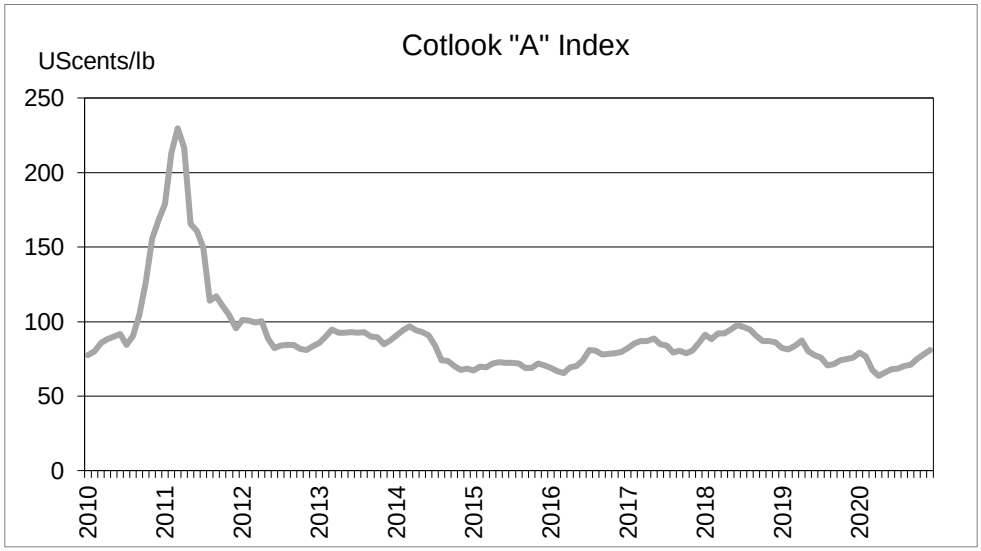
29. In 2020/21, global production is expected to experience another contraction, on the back of likely significant declines in Brazil and the United States of America, which faced adverse growing conditions. World citrus consumption and trade are both expected to contract, consistent with the anticipated production setback.



F. Cotton

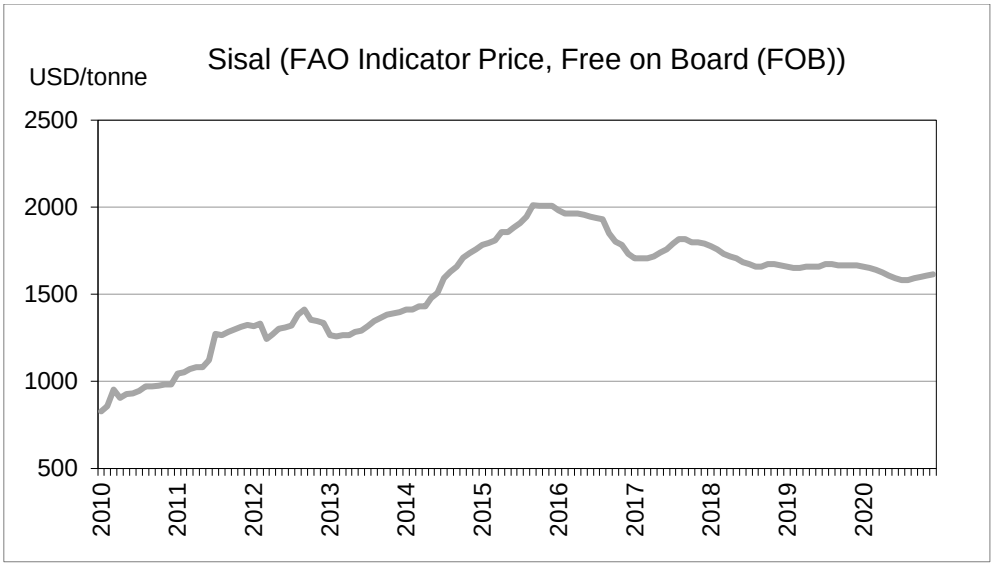
30. Following a recovery period initiated in 2016/17 (August/July), international cotton prices decreased in 2018/19, depressed by falling polyester prices, the main substitute for cotton. Prices started to recover in 2019/20, but fell back in February, March and April 2020, when demand for cotton products collapsed with the onset of the COVID-19 pandemic. Prices resumed a positive trend from May to December 2020, as the economies gradually reopened, and the weaker US dollar helped to boost demand.

31. World cotton production remained stable in 2018/19 (-0.8% year-on-year) and 2019/20 (+1.1%), but it is forecast to fall by 6 percent in 2020/21, mainly due to a likely reduction in planted areas and erratic weather conditions. Global cotton utilization, by contrast, after two seasons of decline in 2018/19 and 2019/20, is foreseen to recover in 2020/21 (+7.3% year-on-year)). World cotton stocks, which were stable in 2018/19, rose significantly in 2019/20, and are projected to increase further in 2020/21. Cotton trade changed little in 2018/19, but fell by 1.7 percent in 2019/20. In 2020/21, it is projected to rebound (+1.9%), stimulated by increasing imports, particularly to Pakistan, and rising exports from India and sub-Saharan African countries.



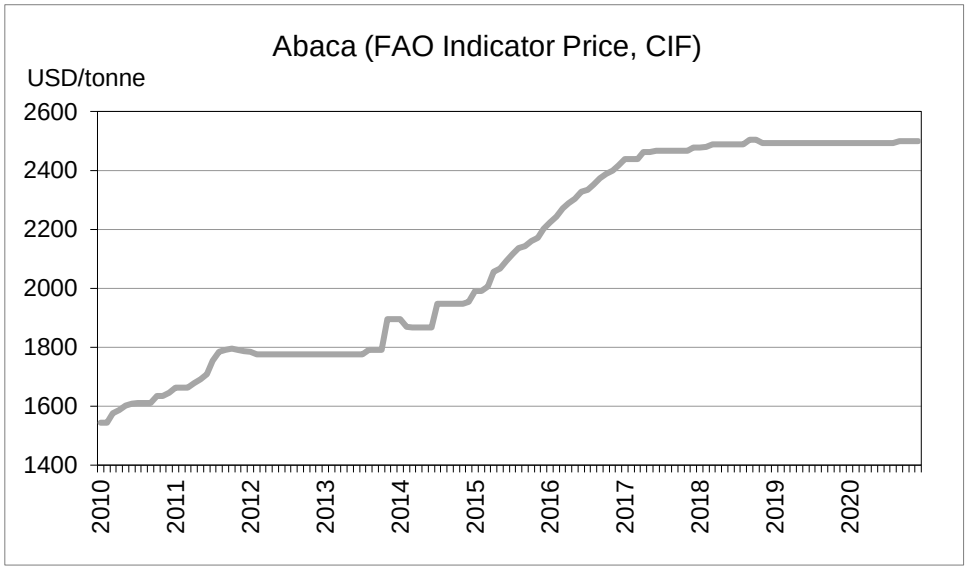
G. Sisal

32. Since reaching a record high in 2015, sisal international prices have trended downwards, dropping to USD 1663 per tonne in 2019 and USD 1613 per tonne in 2020. The fall in price quotations over the past two years was mainly caused by an increase in export availabilities in Brazil, together with a depreciation of the Brazilian currency (Real). Nevertheless, demand for sisal in domestic and foreign markets has remained strong due to its large variety of applications (cordage, geotextiles, carpets, buffing cloth, specialty paper, binding material, etc.) and the increasing awareness of the environmental benefits of natural fibres. Imports of sisal raw fibre are expected to grow in 2020/21, largely driven by a robust demand from the industrial sector for the production of composite building materials.



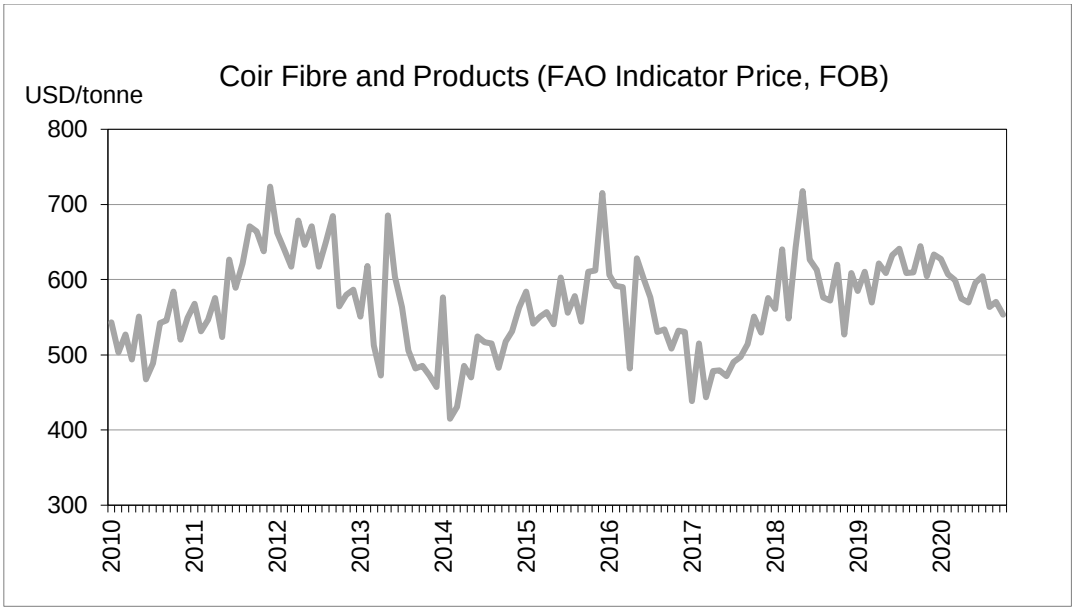
H. Abaca

33. After two years of sizeable increases, abaca international prices (cost, insurance and freight (CIF)) remained virtually unchanged in 2018, 2019 and 2020, hovering around USD 2490-2495 per tonne. Abaca international prices are very much influenced by the demand for the production of coffee filters and tea bags, particularly in the European Union. Furthermore, the abaca market is expected to be further stimulated by the increasing application of this fibre in ropes and yarns, textiles, handicrafts and "soft" applications in the automotive industry.



I. Coir

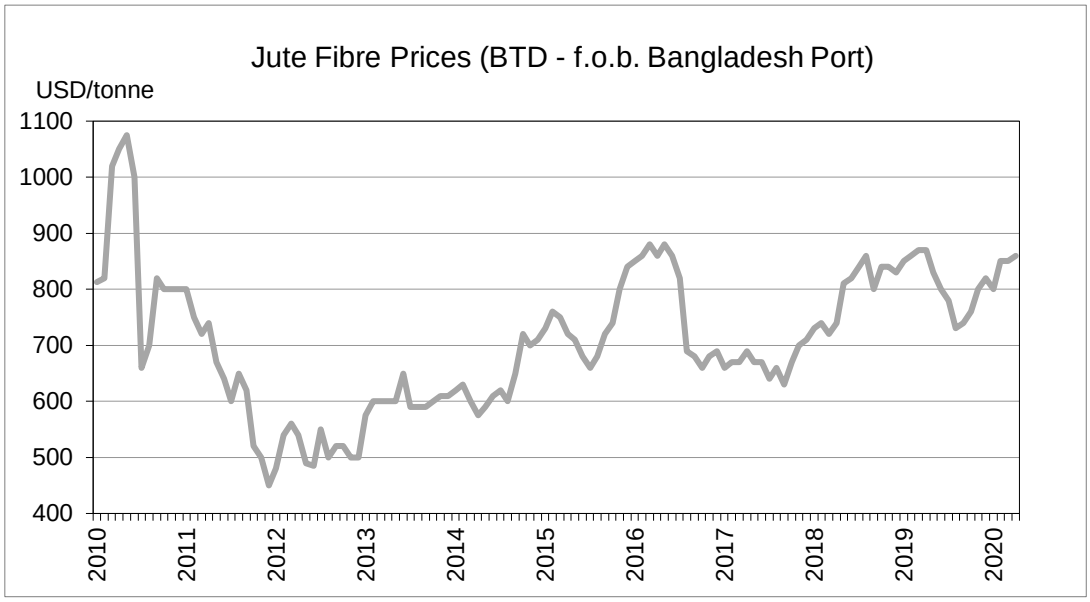
34. Prices of coir fibre and coir products are typically subject to wide fluctuations. International coir prices rose in 2018 (+21.2% year-on-year) and 2019 (+1.6%), but receded in the first ten months of 2020 (-4.5%). Since 2018, the prices of bristle fibre have firmed on tighter supplies from Sri Lanka, while prices of mattress fibre weakened on large availabilities in the same country. In 2018 and 2019, global exports of coir fibre rose by 5.7 percent and 3.5 percent, respectively, driven by strong purchases of coir fibre by developed countries and by the People's Republic of China, the largest international market of coir fibre. In 2020/21, global utilization is expected to progress further, on the back of increasing demand for value added products. Strong production growth is projected in India, the largest producer and exporter of coir fibre and goods, and in all the Asian producing countries.



J. Jute

35. International jute prices have steadily firmed since January 2018, reaching USD 950 per tonne in December 2020, its highest level since June 2010, reflecting a combination of a strong demand for high quality fibres and reduced availabilities. A ban imposed by Bangladesh on exports of low-quality raw jute (un-cut Bangla Tossa Rejection (BTR) and Bangla White Rejection (BWR)) to India in January 2018, also contributed to the rise in prices.

36. In 2019, world trade of raw jute and goods grew by 3.5 percent and 2.4 percent, respectively, sustained by large purchases by the four major importers of fibre, Pakistan, India, Nepal and China, and increasing imports of jute goods by Turkey and India. The increase in global exports of jute fibre and products in 2019 was mainly supported by a rebound of deliveries from Bangladesh. By contrast, sales contracted in India, the second largest exporter of jute goods. The decline was mainly caused by the country's extended mandatory packaging of agricultural commodities (such as food grains and sugar) using jute bags, which restrained jute availabilities for export. In the short term, ongoing product diversification and policy supports in both, India and Bangladesh, were expected to influence the jute market, improving the quality and productivity of jute and stimulating demand.


Jute Fibre Prices (BTD - f.o.b. Bangladesh Port)
USD/tonne
1100
1000
900
800
700
600
500
400
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020