

## OECD-FAO Agricultural Outlook: 2006-2015

*Summary in English*

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### OUTLOOK IN BRIEF

- World agricultural production is projected to expand steadily over the next decade, but at a slower rate than during the previous ten years. Per capita food consumption is increasing with rising incomes and growing trade. Increasing local production and lower costs from more efficient transport and product distribution systems as well as consumption shifts due to urbanisation and dietary changes are factors that add to this evolution in developing countries. In these countries, there is an increased emphasis on livestock products and animal feedstuffs compared to food grains. In the more developed markets, concerns with the availability of food have been replaced by those for food attributes and quality.
- The location of world agricultural market expansion is shifting increasingly towards developing countries. This tendency is expected to accelerate over the outlook period, as investment in production capacity and infrastructure are shifting the location of production, particularly for bulk agricultural products, towards the developing world and away from the developed countries. Policy reforms in the latter are slowly changing the nature of support to agricultural production, with impacts on the level and location of production.
- While the overall rate of expansion in production in the developing and former transition countries outpaces that of the developed countries, for the Least Developed Countries, the projection is marked by growing net imports of basic food commodities. In these countries, productivity growth is lagging behind the expansion of population, leading to greater reliance on world markets for their food security and greater exposure to international market price fluctuations.
- Strong competition from several developing and former transition country exporters reflects their comparative advantage in many agricultural commodities. At the same time, new technologies in tandem with continuing globalisation and integration of the agri-business supply chain will continue to alter trade flows towards more processed products. However, projected growth in agricultural commodity trade is expected to lag behind its potential, due to the persistence of high trade barriers as well as regulatory controls related to food safety and environmental concerns.
- Global trade for wheat and coarse grain is expected to grow moderately while world rice trade is to maintain a faster pace of expansion over the Outlook. Trade in coarse

grains remains closely tied to expansion in domestic livestock production, particularly in countries unable to meet their own needs for feedstuffs. Strong demand for vegetable oil for food consumption and protein meals used in livestock feeding is expected to sustain the shares of global trade in world production of oilseeds and oilseed products at level well above those of wheat and coarse grains.

- Energy prices over the Outlook are expected to remain strong, favouring agricultural production of less energy-intensive commodities and capital investment in bio-fuel production facilities. Consequently, expanding maize-based ethanol production in the United States will moderate the export growth of maize. Despite strong growth in Brazil's sugarcane-based ethanol sector it is not expected to prevent it from increasing its world sugar market share.
- Prospects for world meat trade, driven by rising per capita incomes in a broad range of importing countries risk being dampened by a recurrence of animal disease outbreaks and their likely aftereffects. World dairy prices are expected to stay firm over the outlook period, as rising demand in developing countries, particularly in East Asia, North Africa and the Middle East, is combined with limited anticipated growth of exports from traditional suppliers from Oceania and Europe.
- Weather-related production shocks, energy price trends, investment in bio-fuel capacity, economic growth prospects and future agricultural policy developments are among the main uncertainties affecting the prospects for world agricultural markets. A major uncertainty for the Outlook is the outcome of the Doha Development Agenda of multilateral trade negotiations. The prospects for world agricultural markets are highly dependent on economic developments in Brazil, China and India, three of the world's agricultural giants.

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