

OECD Centres

Germany

Berlin (49-30) 288 8353

Japan

Tokyo (81-3) 5532-0021

Mexico

Mexico (52-55) 5281 3810

United States

Washington (1-202) 785 6323

AUSTRALIA · AUSTRIA · BELGIUM · CANADA · CZECH REPUBLIC · DENMARK · FINLAND · FRANCE · GERMANY · GREECE  
HUNGARY · ICELAND · IRELAND · ITALY · JAPAN · KOREA · LUXEMBOURG · MEXICO · NETHERLANDS · NEW ZEALAND  
NORWAY · POLAND · PORTUGAL · SLOVAK REPUBLIC · SPAIN · SWEDEN · SWITZERLAND · TURKEY · UNITED KINGDOM · UNITED STATES

PAC/COM/PUB(2006)18

Paris, 4 July 2006

## Developing countries shaping future of world agriculture trade, says joint OECD-FAO report

Production and consumption of farm products are expanding faster in developing countries than in developed economies. But a new, joint report by the OECD and the UN's Food and Agriculture Organisation says productivity growth in the poorest nations is not keeping pace with the food needs of their rising populations.

Because of this, the poorest developing countries will be increasingly dependent on world markets for their food security and so more vulnerable to international price fluctuations, according to the **OECD-FAO Agricultural Outlook 2006-2015**. To improve domestic production capacity in these countries, greater investment in education, training and infrastructure development is needed.

The report adds that Brazil, India and China are of increasing importance in shaping the future of world agricultural trade. In developing countries as a whole rising incomes and increasing urbanisation are causing changes to people's diets. This leads to greater demand and imports for meat and processed foods particularly, but also for the animal feed needed for their production.

Growing market opportunities in certain developing countries are coupled with a shift in production and export of farm commodities away from OECD countries and more towards other developing economies. This is expected to increase over the next 10 years and as a result, global competition among exporters will get tougher, the report says.

The traditional main wheat exporters – Argentina, Australia, Canada, the European Union and the US -- are likely to maintain their dominant positions, but output from Ukraine and Kazakhstan is creating growing competition. The US is expected to remain the largest wheat exporter over the coming years, but its market share is likely to fall. Similar trends prevail in other commodity markets, with rapidly growing exports from Latin American countries in particular.

The report estimates that average yields for wheat and coarse grains such as maize should rise by around 1.0 % a year globally between 2006 and 2015. Wheat output by 2015 is expected to be 13 percent higher than in 2005. Coarse grain production is estimated to rise by 18 percent over the same period.

In a context of assumed strong energy prices, production of bio-energy from coarse grains and other cereals as well as from oilseeds and sugar is expected to grow, creating additional demand for these commodities. In particular, much of the growth in demand for coarse grains will be for producing bio-diesel to be used as a substitute for oil-based fossil fuels.

JT03211741

**OECD Media Relations**

**General Inquiries:** Tel. (33) 1 45 24 97 00 - Fax. (33) 1 45 24 80 03/94 37 · **Research & Documentation:** Tel. (33) 1 45 24 80 88/80 89  
**www.oecd.org/media** · **E-mail:** [news.contact@oecd.org](mailto:news.contact@oecd.org)

Organisation for Economic Co-operation and Development, 2 rue André-Pascal, 75775 Paris Cedex 16, France · Tel. (33) 1 45 24 82 00 - Fax. (33) 1 45 24 85 00  
**www.oecd.org**

Growth is expected to continue in international meat markets in the medium term, but they remain vulnerable to animal disease outbreaks in key supplying countries. Potential further outbreaks of BSE (mad cow disease), foot and mouth disease, and avian influenza will challenge markets and affect trading patterns, requiring greater international attention and cooperation.

Continued productivity growth and increased competition in international trade are expected to offset rising demand. World agricultural commodity prices, adjusted for inflation, are mostly expected to continue – albeit slowly - their long-term decline towards 2015.

Journalists may obtain a summary version of the **OECD-FAO Agricultural Outlook 2006-2015** from the OECD's Media division (tel. +33 1 4524 9700 or [news.contact@oecd.org](mailto:news.contact@oecd.org)) or through the [password-protected website](#). The report can be purchased in paper or electronic form through the OECD's [Online Bookshop](#). Subscribers and readers at subscribing institutions can access the online version via [SourceOECD](#).

Contact:  
Media Relations Office, FAO  
[media-office@fao.org](mailto:media-office@fao.org)  
(+39) 06 570 53625

OECD Media division  
(+33) 1 4524 9700  
[news.contact@oecd.org](mailto:news.contact@oecd.org).