



OECD-FAO AGRICULTURAL OUTLOOK

**WHERE ARE WE GOING?
HOW DO WE GET THERE?**

USAD/ERS Seminar , 20 September 2012, Washington DC

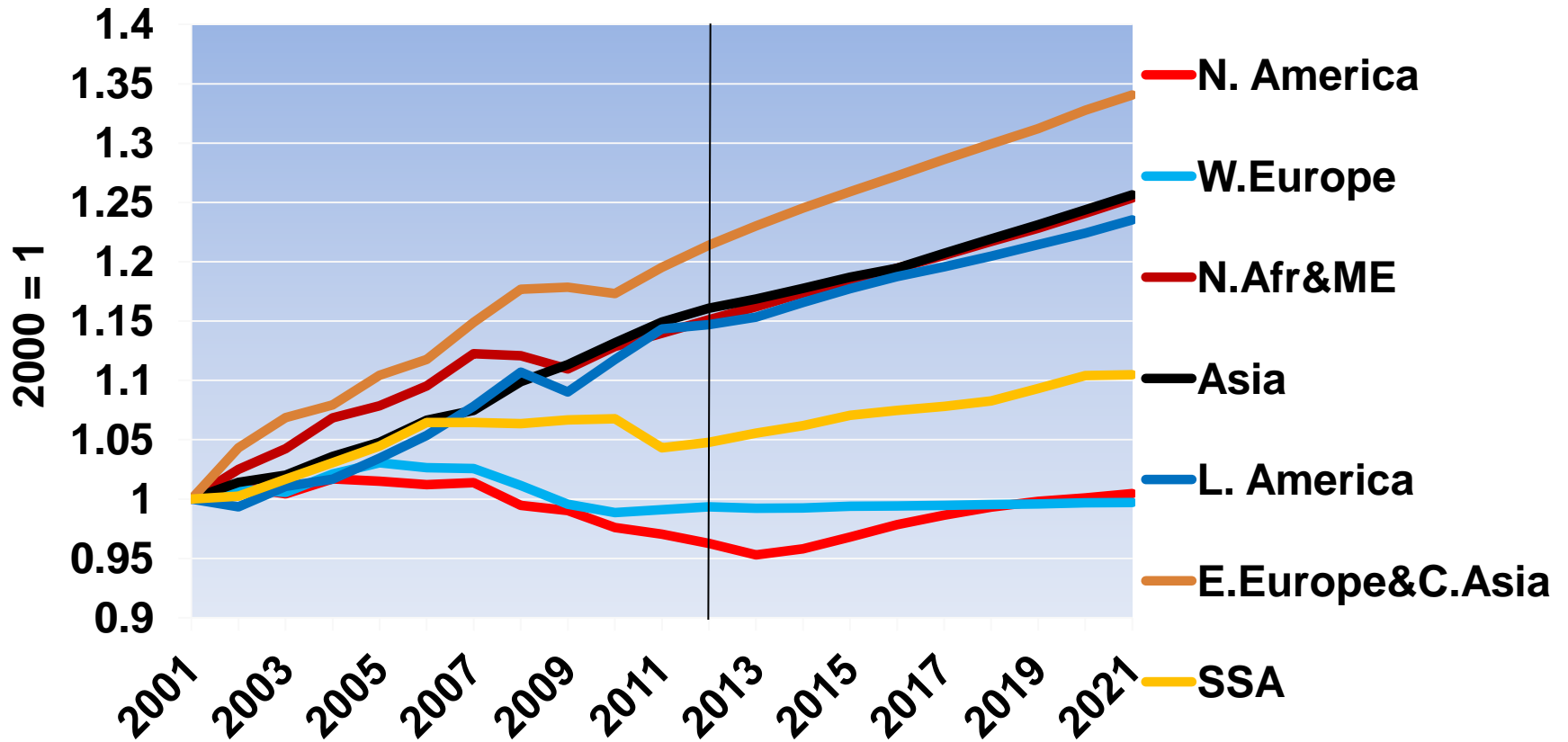


Fundamentals: agricultural demand

- **Higher per capita incomes**
- **Rapid urban migration**
- **Changing diets: more processed foods, fats and proteins**
- **680 million more people**
- **Biofuel production to double**



Market outlook: per capita consumption growth



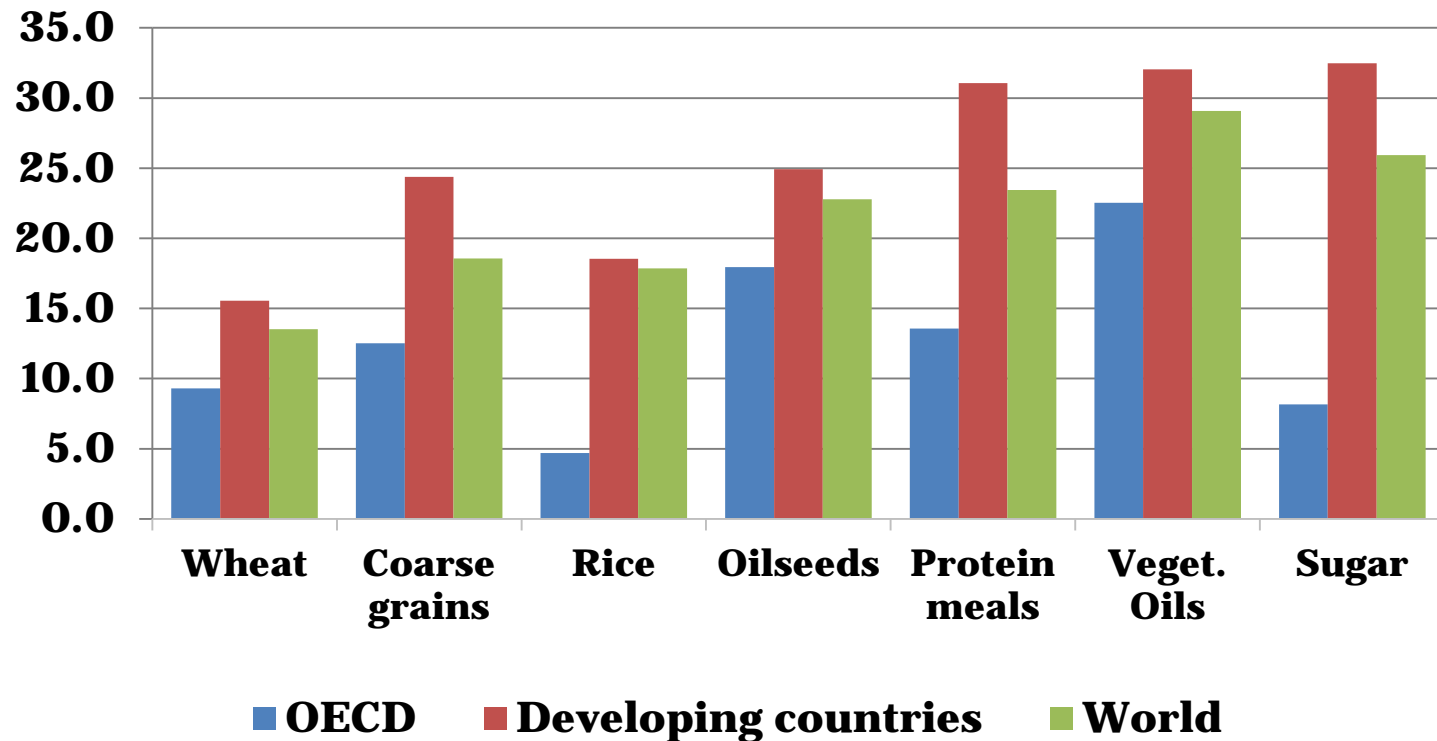
Per capita consumption growth: Index based on constant 2004-06 dollars



Market outlook: crops

“Oilseeds outpace cereals”

% change in consumption 2009-11 to 2021

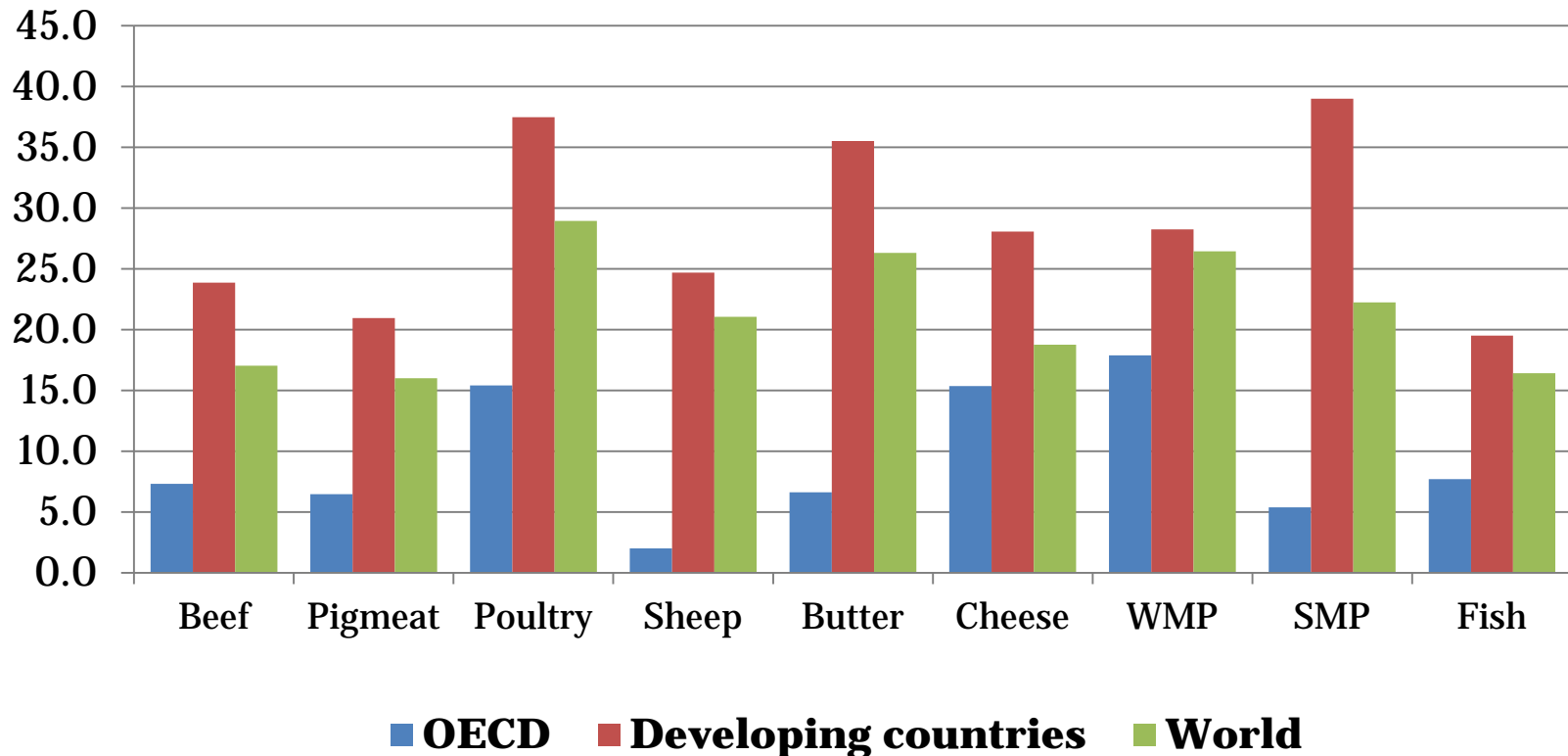




Market outlook: livestock

“Strong poultry and dairy sectors”

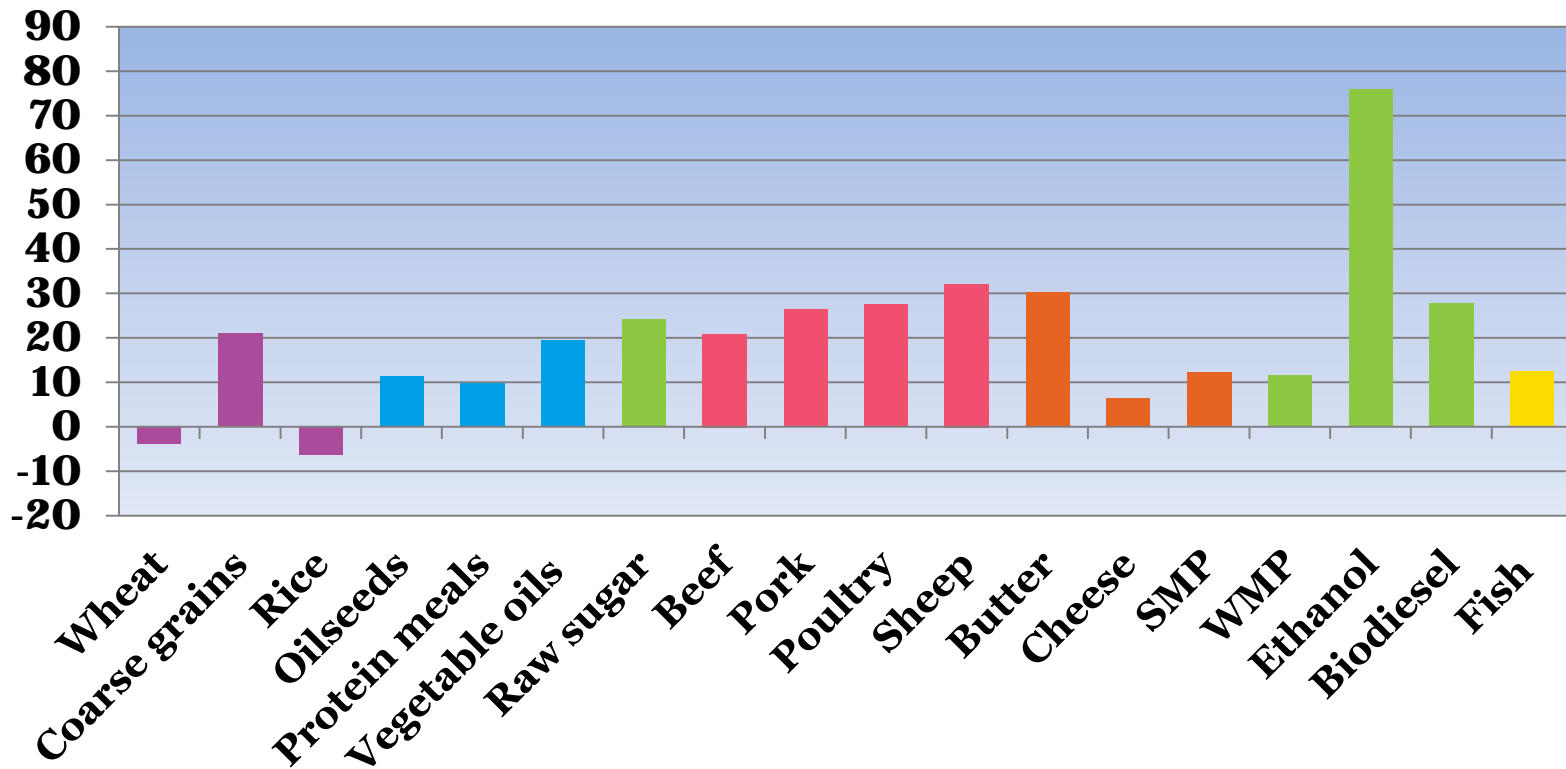
% change in consumption 2009-11 to 2021





Real commodity prices projected to remain higher than previous decade

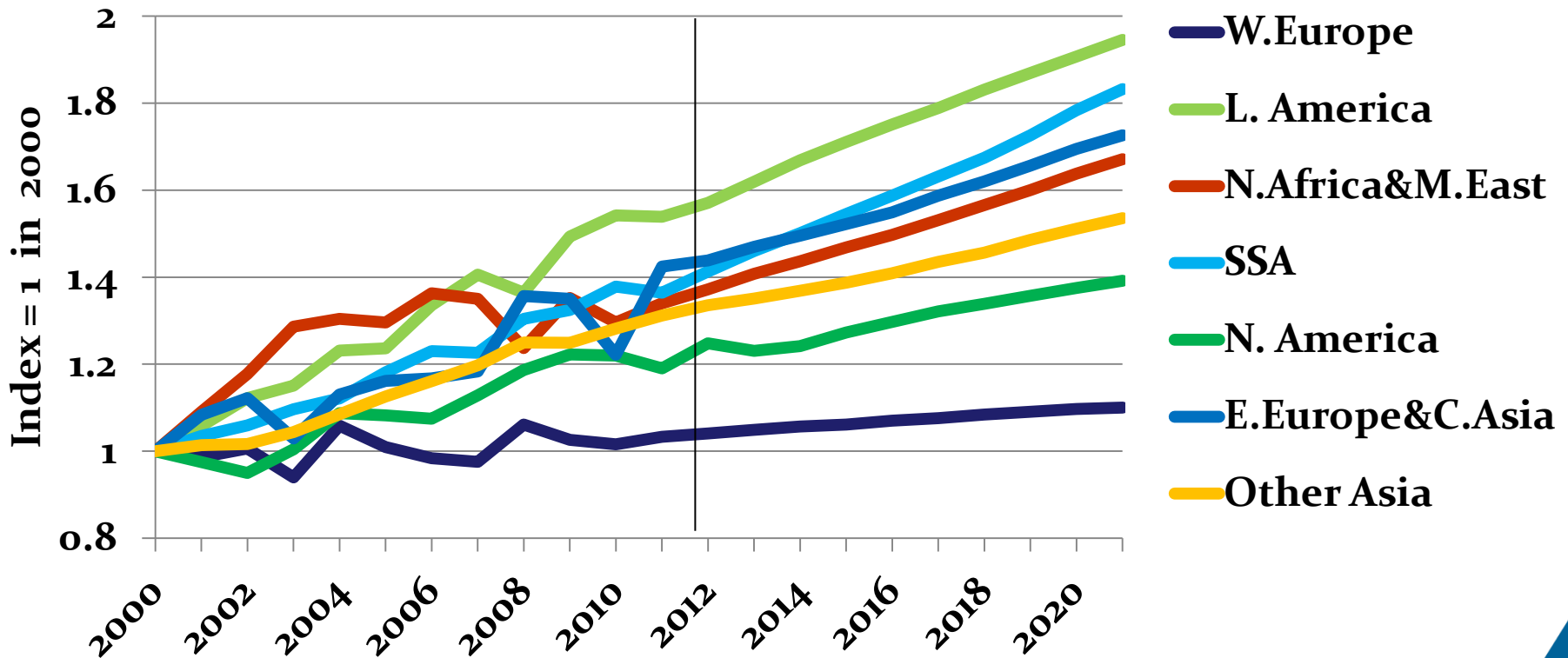
% change in real average prices 2002-11 to 2012-21





Growth areas: production

Net agricultural production index

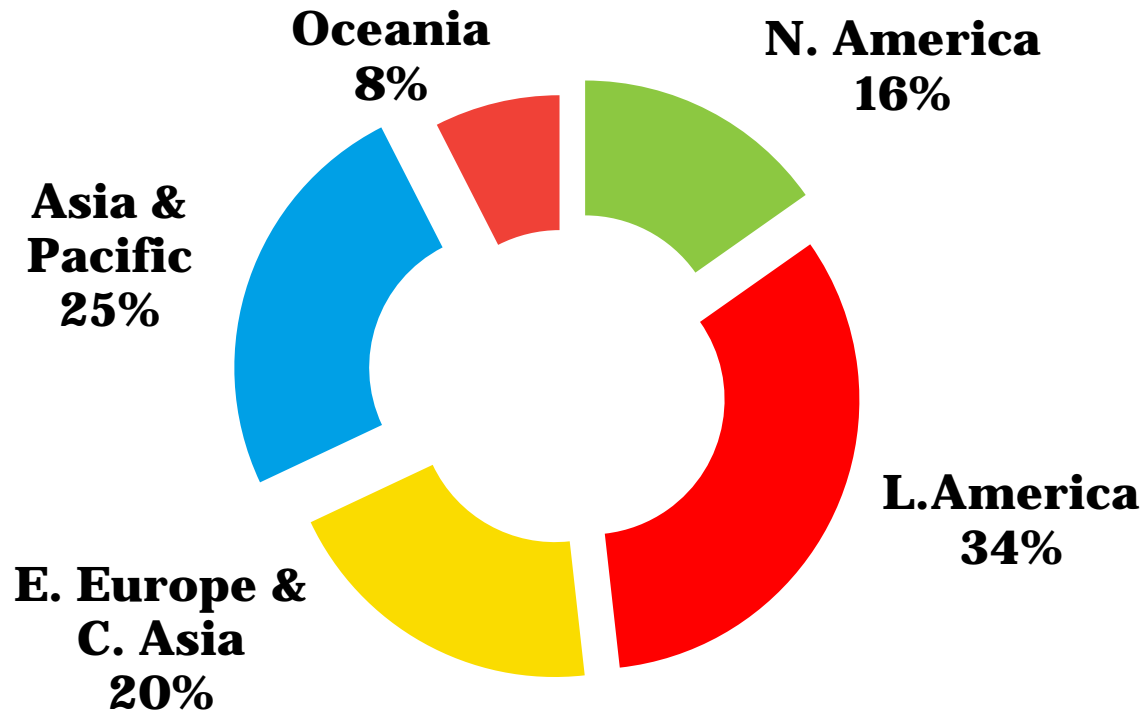




Growth areas: exports

“Latin America dominates export growth”

% share of world export growth 2009-11 to 2021

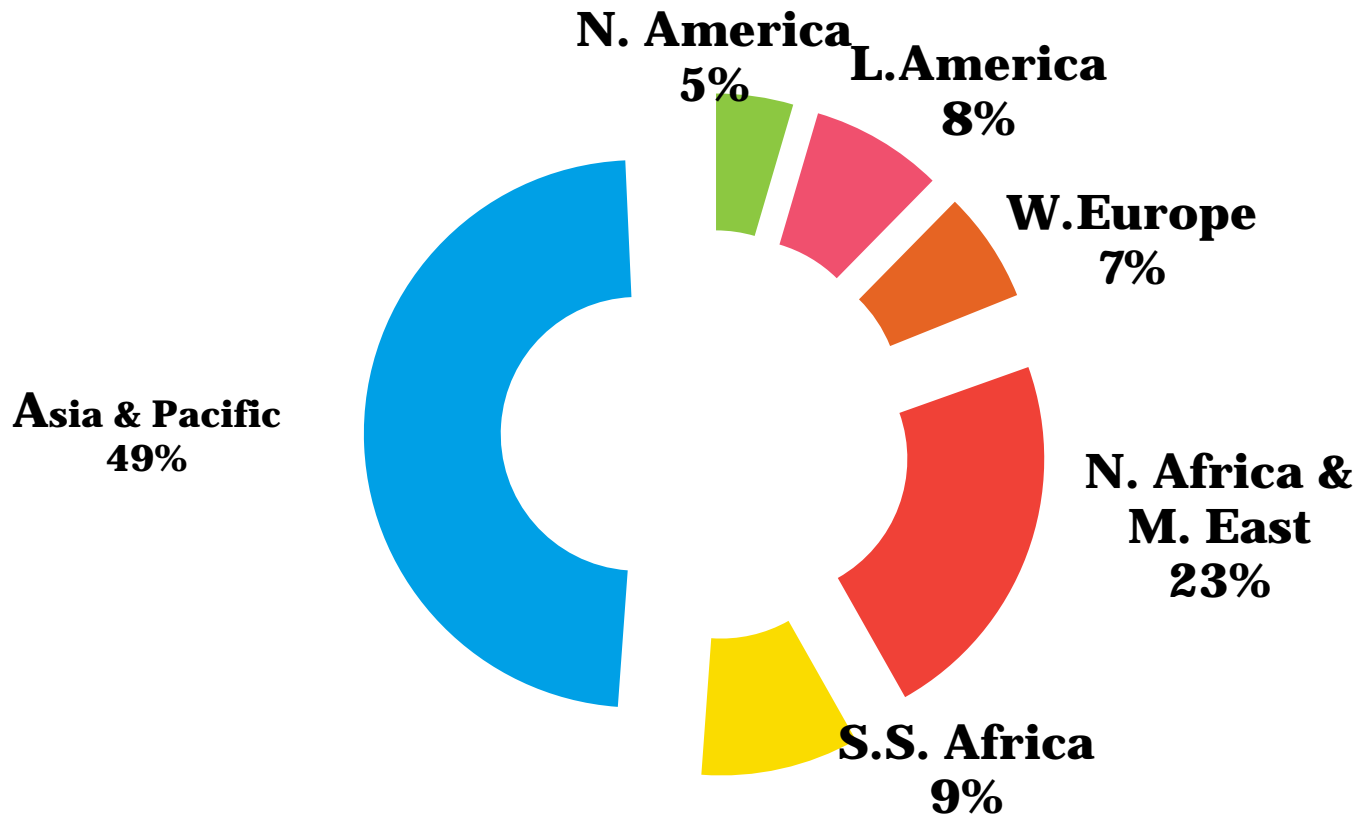




Growth areas: imports

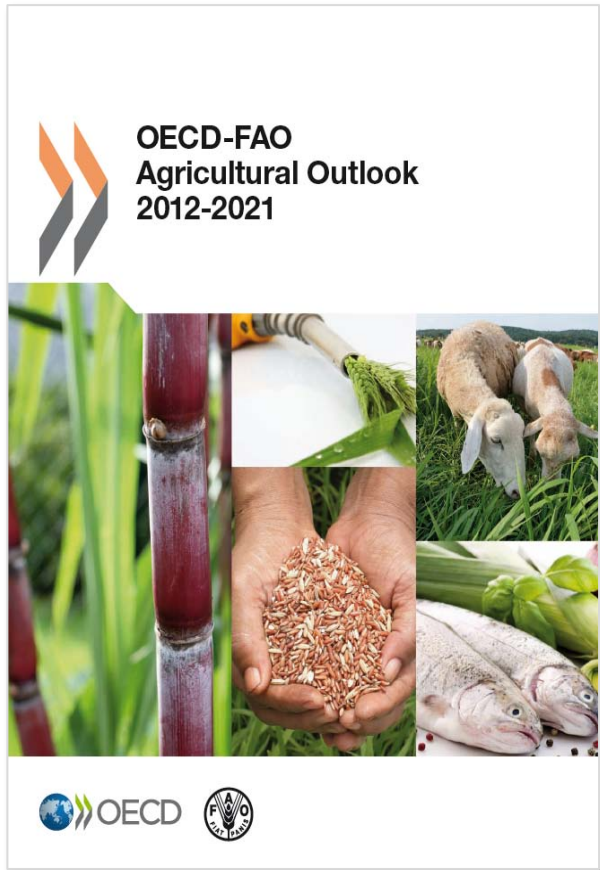
“Asia & Pacific dominate import growth”

% share of world import growth 2009-11 to 2021





Special feature:



Will agricultural production respond to high commodity prices?

Will the supply response be sufficient to meet the rising demand?



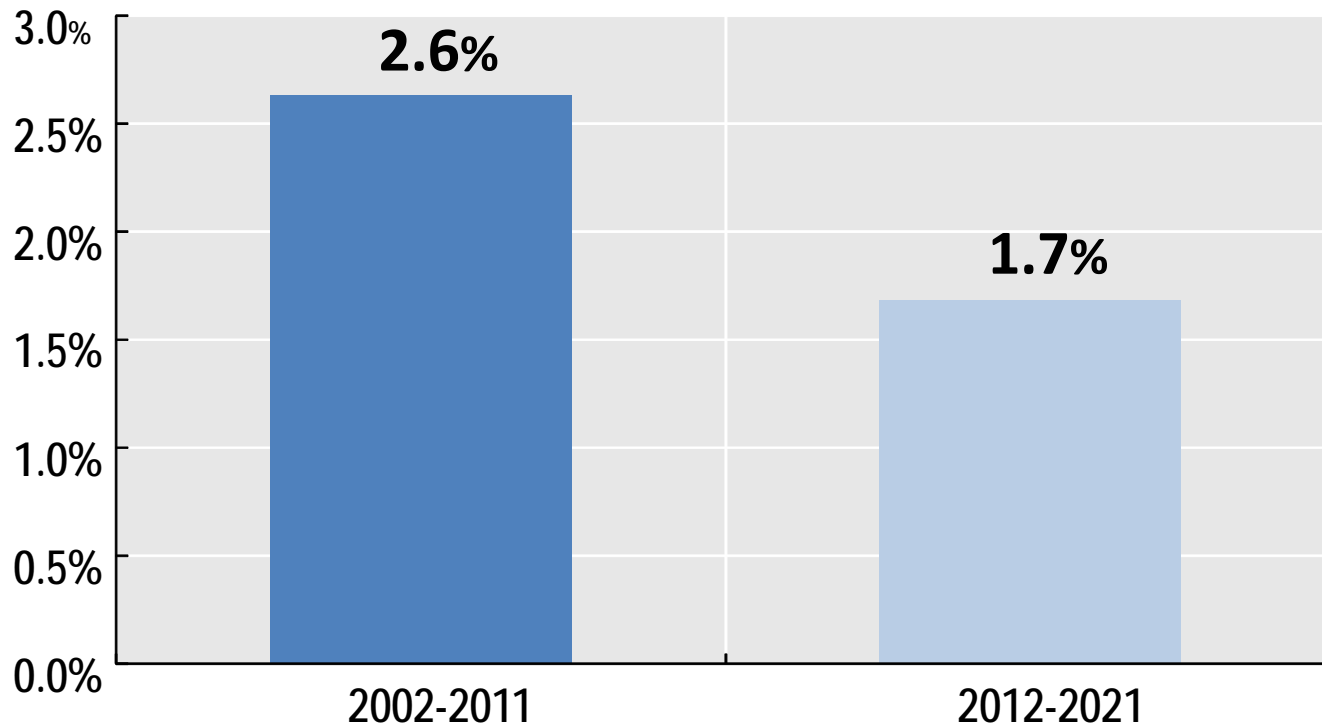
Need 60% more food and feed by 2050

- **3 billion more urban dwellers**
- **higher incomes/changing diets**
- **2.3 billion more mouths to feed**
- **1 billion tonnes more cereals**
- **200 million tonnes more meat**
- **plus feedstock for biofuel**



Production growth expected to slow

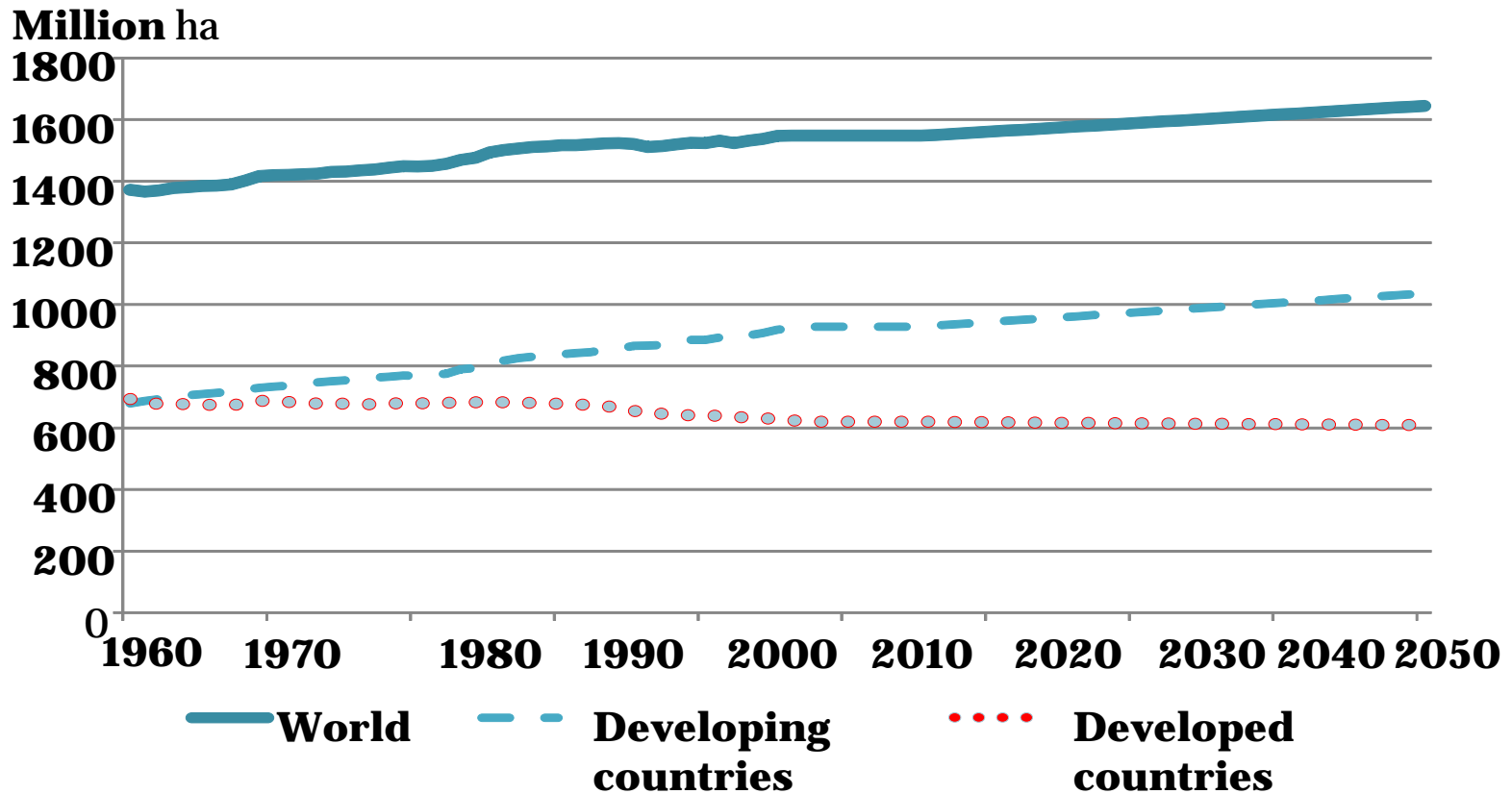
Annual growth in global agricultural production





Arable land to increase 5% by 2050

Estimated/projected global arable land 1960 - 2050



Productivity growth expected to continue

Historical and projected average annual TFP growth rates

Period	TFP	Efficiency gain	Tech change
1961-1980	0.60	-0.55	1.16
1981-2000	1.29	0.13	1.18
2001-2040	1.38	0.34	1.04

Source: Ludena, Hertel, Preckel, Foster, Nin, 2007



Constraints to productivity growth?

- **Rising input costs (energy, water, feed, credit)**
- **25% of all agricultural land highly degraded**
- **40% of pop'n in regions of severe water stress by 2050**
- **Limits to irrigation and multiple cropping**
- **Growing environmental pressures**
- **Impacts of climate change**

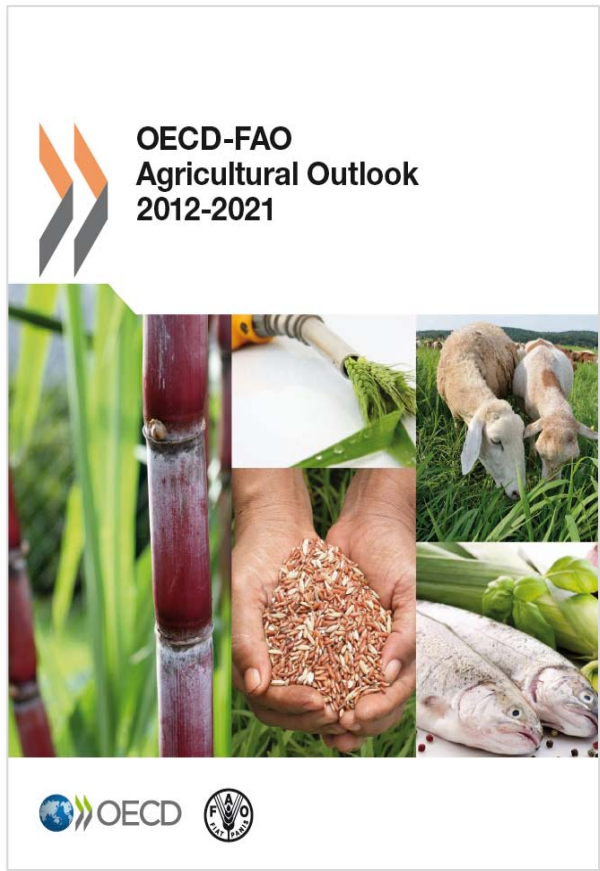


What needs to be done?

- **Encourage better agronomic practices**
- **Create the right enabling environment**
- **Strengthen the agriculture innovation system**
- **Reduction of crop losses and food waste**



Main messages



- **Prices on a higher plateau**
- **Production expanding at slower rate**
- **Growing demand for food, feed, fuel**
- **Scope for area expansion limited**
- **Increasing productivity is key**
- **Need to increase productivity but in a more sustainable way**



For more information

- Visit our website:
www.agri-outlook.org
www.oecd.org/agriculture
- Contact us: **tad.contact@oecd.org**
- Follow us on Twitter: **@OECDagriculture**