

CHANGES IN THE STRUCTURE OF WORLD AGRICULTURAL PRODUCTION AND DEMAND

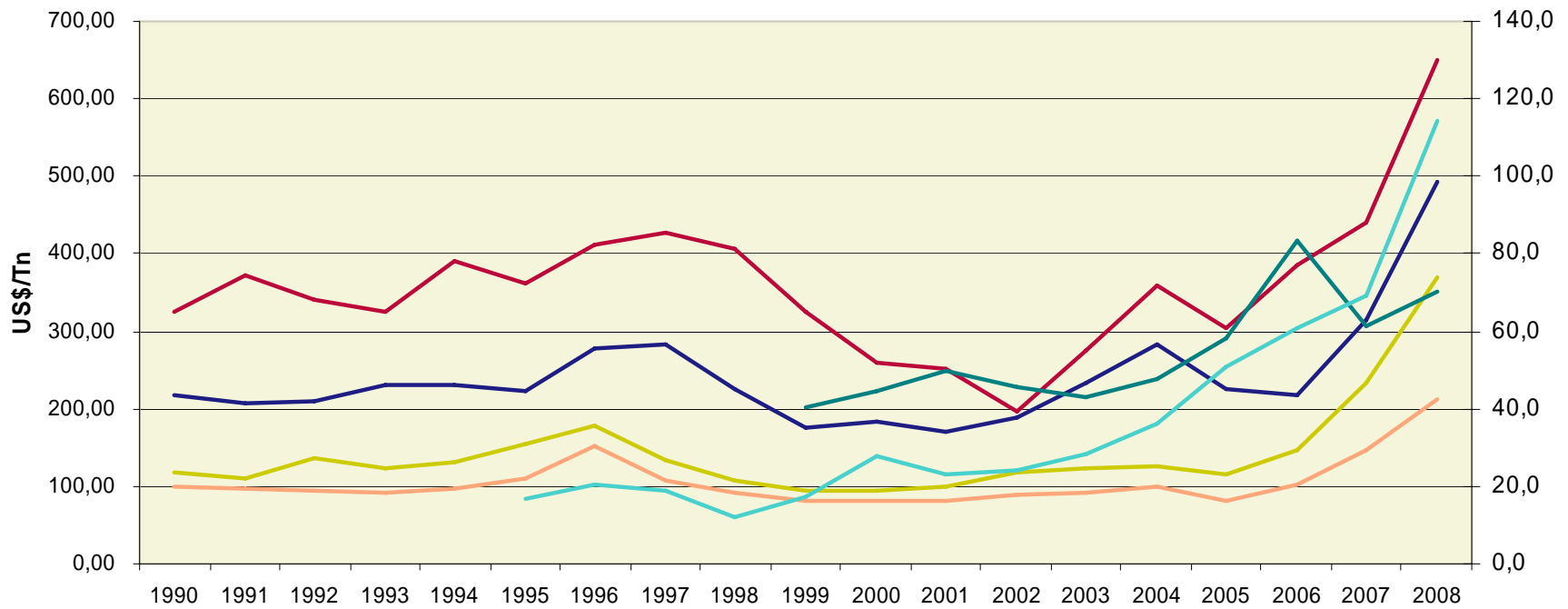
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Main Themes

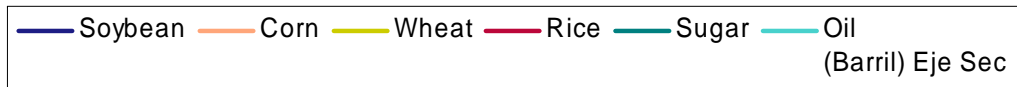
- **Internacional Prices**
- **Structural forces affecting agricultural prices**
- **Trade Scenarios**
- **Trade and Economic Impacts**
- **The main adjustment variables**

Interantional Price Evolution

Anual Average



Fuente: SAGPyA,
Centro Azucareo,
OPEC



Structural forces affecting agricultural prices

- 1. Oil prices**
- 2. Increase in GDP and incomes per capita in developing countries and specially China and India**
- 3. The rate of urbanization and changes in diet**
- 4. Biofuels**
- 5. Production restrictions imposed by environmental concerns**
- 6. Climatic Change is negatively affecting rainfall**

Trade Scenarios I

AGRICULTURAL WORLD TRADE (Billion US\$)

| Countries | 1992-1994 | | | 2002-2004 | | | GAP | |
|--------------------|----------------|----------------|---------------|----------------|----------------|--------------|----------------|---------------|
| | Exp. | Imp. | Balance | Exp | Imp | Balance | Exp | Imp |
| UE | 32.706 | 41.244 | -8.538 | 69.197 | 72.637 | -3.440 | 36.491 | 31.393 |
| USA | 49.347 | 29.651 | 19.696 | 61.352 | 55.517 | 5.835 | 12.005 | 25.866 |
| Brasil | 10.660 | 3.553 | 7.107 | 22.120 | 3.643 | 18.477 | 11.460 | 90 |
| Australia | 11.765 | 2.034 | 9.731 | 16.996 | 3.871 | 13.125 | 5.231 | 1.837 |
| Canada | 10.845 | 8.640 | 2.205 | 18.414 | 14.587 | 3.827 | 7.569 | 5.947 |
| Argentina | 4.888 | 732 | 4.156 | 13.757 | 730 | 13.027 | 8.869 | -2 |
| N. Zelanda | 5.560 | 809 | 4.751 | 8.789 | 1.537 | 7.252 | 3.229 | 728 |
| India | 3.213 | 1.511 | 1.702 | 6.458 | 4.690 | 1.768 | 3.245 | 3.179 |
| China | 10.525 | 4.739 | 5.786 | 15.191 | 17.162 | -1.971 | 4.666 | 12.423 |
| Mexico | 3.560 | 6.378 | -2.818 | 8.788 | 12.787 | -3.999 | 5.228 | 6.409 |
| Japon | 1.686 | 33.749 | -32.063 | 1.938 | 37.872 | -35.934 | 252 | 4.123 |
| Korea | 1.223 | 7.138 | -5.915 | 1.936 | 9.765 | -7.829 | 713 | 2.627 |
| Indonesia | 2.953 | 2.717 | 236 | 6.094 | 4.671 | 1.423 | 3.141 | 1.954 |
| Malasia | 4.696 | 2.793 | 1.903 | 8.646 | 4.586 | 4.060 | 3.950 | 1.793 |
| Fed. Rusa | 1.580 | 11.127 | -9.547 | 2.171 | 11.234 | -9.063 | 591 | 107 |
| Sud Africa | 1.910 | 1.140 | 770 | 3.065 | 2.024 | 1.041 | 1.155 | 884 |
| Hong Kong | 652 | 8.783 | -8.131 | 2.446 | 8.019 | -5.573 | 1.794 | -764 |
| Total Trade | 157.769 | 166.738 | -8.969 | 267.358 | 265.332 | 2.026 | 109.589 | 98.594 |

Source: MAP (Monitoring Agritrade Policy) The Agricultural trade developments of mayor WTO playeres

Trade Scenarios II

AGRICULTURAL WORLD TRADE (Billions US\$)

(Meat, Dayries, Oilseed, Cereals, Meals, Oils, Sugar, Coffee)

| Paises | 2002 - 2004 | | | 2005-2006 | | | GAP | |
|--------------------|---------------|---------------|--------------|---------------|---------------|--------------|---------------|---------------|
| | Exp. | Imp. | Balance | Exp | Imp | Balance | Exp | Imp |
| UE (*) | 11.288 | 20.748 | -9.460 | 11.284 | 20.921 | -9.636 | -4 | 173 |
| USA | 15.087 | 8.263 | 6.824 | 15.667 | 10.670 | 4.997 | 581 | 2.407 |
| Brasil | 12.990 | 686 | 12.304 | 19.580 | 455 | 19.125 | 6.590 | -232 |
| Australia | 4.546 | 576 | 3.970 | 5.950 | 868 | 5.082 | 1.404 | 292 |
| Canada | 3.999 | 2.215 | 1.784 | 4.823 | 2.794 | 2.029 | 824 | 579 |
| Argentina | 8.271 | 190 | 8.081 | 11.470 | 282 | 11.188 | 3.199 | 93 |
| N. Zelanda | 3.934 | 204 | 3.730 | 3.796 | 1.712 | 2.084 | -138 | 1.508 |
| India | 2.350 | 2.284 | 66 | 3.456 | 2.151 | 1.305 | 1.106 | -133 |
| China | 1.175 | 8.512 | -7.337 | 1.439 | 12.030 | -10.591 | 263 | 3.518 |
| Mexico | 555 | 4.022 | -3.467 | 875 | 4.897 | -4.022 | 320 | 875 |
| Japon | 21 | 10.222 | -10.201 | 26 | 10.774 | -10.748 | 5 | 552 |
| Korea | 29 | 2.623 | -2.594 | 29 | 3.328 | -3.299 | -1 | 704 |
| Indonesia | 2.987 | 1.428 | 1.559 | 4.926 | 1.743 | 3.184 | 1.939 | 315 |
| Malasia | 4.469 | 1.322 | 3.146 | 4.990 | 2.145 | 2.844 | 521 | 823 |
| Fed, Rusa | 179 | 3.471 | -3.291 | 500 | 5.398 | -4.898 | 321 | 1.927 |
| Sud Africa | 292 | 549 | -257 | 353 | 772 | -419 | 61 | 223 |
| Hong Kong | 417 | 1.406 | -989 | 287 | 1.503 | -1.216 | -130 | 97 |
| Total Trade | 72.588 | 68.720 | 3.868 | 89.451 | 82.442 | 7.009 | 16.863 | 13.722 |

(*) Informa Solo 2004 y 2005

Fuente: ComTrade

Trade and Economic Impacts

1. **Global food security**
2. **World inflation rate and in Net Importers**
3. **Poverty, food security and nutrition of vulnerable groups**
4. **Changes in trade flows**
5. **Increasing importance and value of agricultural natural resources**
6. **Diminishing importance and/or urgency of reaching an agreement on trade negotiations**

The main adjustment variables

1. **New and/or accelerated expansion of the agricultural frontier**
2. **Reconsideration of the “Set aside policies” followed in USA and the EU**
3. **Reconsideration of the legislation that promotes the use of Biofuels**
4. **More investment in agricultural research and innovation and irrigation projects**
5. **Reconsideration by consumers of GMO in foods and reconsideration by governments of the legislation that restrict their use**
6. **Additional International Food Aid**