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**TRADE AND AGRICULTURE DIRECTORATE
COMMITTEE FOR AGRICULTURE****Working Party on Agricultural Policies and Markets****OECD-FAO Agricultural Outlook 2019-2028 – Part I****Executive Summary**

The attached report contains the Executive Summary which was published as part of the OECD-FAO Outlook 2019-2028 publication.

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Note by the Secretariat

The OECD-FAO Agricultural Outlook has been prepared in close collaboration with the Commodities and Trade Division of the FAO and country collaborators. It is mandated under the 2019-20 PWB of the CoAg under EOR 3.2.2.1.1. This report contains baseline projections for major agricultural commodities as well as for biofuels and fish and seafood for 2019-2028. A special feature of the 2019 report looks at prospects and challenges for Latin America in the next decade. The underlying assumptions, commodity projections, and the special feature were reviewed by the Group on Commodity Markets on 25-26 March 2019, and those discussions were taken into account in the drafting of this report.

This report submitted to the APM for discussion and declassification on the responsibility of the Secretary-General and was revised following this meeting to take account of comments made by Delegates. The Outlook was released at a joint OECD-FAO press conference at the beginning of July. The main messages of the report are contained in the Executive Summary (Part I).

Part I – Executive Summary

Part II - Overview, Special Feature and Commodity Chapters

Part III – Statistical Annex

Executive Summary

1. The *Agricultural Outlook 2019-2028* is a collaborative effort of the OECD and FAO, prepared with input from the experts of their member governments and from specialist commodity organisations. It provides a consensus assessment of the ten-year prospects for agricultural and fish commodity markets at national, regional and global levels. This year's edition contains a special focus on Latin America and the Caribbean.

2. Several years of strong supplies have reduced the international prices of most agricultural commodities, with cereal, beef and sheepmeat prices showing short-term rebounds. For nearly all commodities covered in the *Outlook*, real prices are projected to remain at or below current levels over the coming decade, as productivity improvements continue to outpace demand growth.

3. A growing global population will continue to use increasing amounts of agricultural products as food, feed and for industrial purposes. Much of the additional food demand over the coming decade will originate in regions with high population growth, in particular Sub-Saharan Africa, India, and the Middle East and North Africa.

4. Per-capita consumption of staple foods is expected to be stagnant as demand is saturated for most of the world's population. Meat demand is expected to be relatively strong in the Americas, while low incomes continue to constrain meat consumption in Sub-Saharan Africa. Fresh dairy products will meet much of the demand for protein in Asia (notably India and Pakistan). More widely, per capita consumption of sugar and vegetable oils is expected to rise, driven by urbanisation and the shift to more processed and convenience foods.

5. A combination of excessive calorie consumption, unbalanced diets and declining activity levels imply a growing burden of overweight and obesity in various countries across the world. In many low and middle-income countries, these problems coexist with undernourishment and micronutrient deficiencies, implying a "triple burden" of malnutrition.

6. Robust demand for animal foods products provides incentives to expand production in the livestock sector through larger herds. Paired with assumed improvements in offtake rates, demand for animal feed will be stimulated, with feed crops such as maize and soybeans expected to increase their shares in the global crop mix. Hence, the growth in feed use of cereals is expected to exceed the expansion of food use over the coming decade.

7. Biofuels formed a major source of crop demand growth between 2000 and 2015, but the expansion will be lower over the coming decade, with additional demand coming mainly from Indonesia, using vegetable oil for biodiesel, and the People's Republic of China and Brazil, using cassava and sugarcane for ethanol.

8. Agricultural production is expected to grow by 15% over the coming decade, while global agricultural land use is expected to be broadly flat. The projected expansion in crop output can be attributed primarily to yield improvements and higher production intensity, driven by technological innovation. The foreseen growth in livestock production will be based on an expansion of herds, greater feed use and a more efficient use of feed. Because of the limitations in capture fisheries, nearly all projected growth in fish and seafood supply will be from aquaculture, pushing its share of total production to about 55% by 2028.

9. Agriculture continues to be a significant contributor to global greenhouse gas emissions. Direct emissions of agriculture, mostly from livestock, as well as rice and synthetic fertilisers, are expected to grow by 0.5% p.a. over the coming decade, compared with 0.7% p.a. over the past ten years. This is lower than the growth in agricultural production, indicating a declining carbon intensity as productivity increases.

10. International trade will remain essential for food security in a growing number of food-importing countries. It also continues to be important to incomes and livelihoods in exporting regions such as Latin America and the Caribbean, which is expected to further increase its share of global agricultural exports. The Black Sea region will consolidate its position as a leading exporter of wheat and maize, with most exports going to the Middle East and North Africa.

11. World agricultural markets face a range of new uncertainties that add to the traditionally high risks facing agriculture. On the supply side, these include the spread of diseases such as African Swine Fever, growing resistance to antimicrobial substances, regulatory responses to new plant breeding techniques and responses to increasingly likely extreme climatic events. On the demand side, they include evolving diets, reflecting perceptions with respect to health and sustainability issues, and policy responses to alarming trends in obesity. A further factor is the heightened uncertainty with respect to future trading agreements between several important players on world agricultural markets. An escalation of ongoing trade tensions has the potential to reduce and redirect trade, with repercussions for international and domestic markets.

Latin America and the Caribbean

12. This year's special chapter focuses on Latin America and the Caribbean (LAC), a region abundant in land and water that accounts for 14% of global production and 23% of the world's exports of agricultural and fisheries commodities. Production growth is expected to slow over the coming decade; but, with 22% growth for crops and 16% for livestock products, be, respectively, seven and two percentage points faster than the global average. Increased exports from the LAC region will limit the slowdown in production, underscoring the importance to LAC countries of trade openness at the global level. By 2028, the region will account for more than 25% of global exports in agricultural and fisheries products, underscoring the importance of trade openness at the global level.

13. For the majority of countries in the region, support provided to farmers is low relative to the OECD or global average, so production decisions are determined primarily by market signals. However, due to the diverse state of rural infrastructure and R&D initiatives across the region, there are differing requirements for public spending on strategic investments in agriculture's enabling environment that could raise agricultural productivity sustainably. Several governments in the region also face the need to invest in improving the environmental performance of the sector and reduce soil erosion, deforestation and emissions from agricultural production.

14. Strong growth opportunities in high value fruit and vegetable crops provide opportunities for smallholders, but policies will need to be differentiated according to their resource endowments and market potential. The ongoing feminisation of agriculture in the region supports the need for targeting female farmers to improve their access to education, credit and extension services.

Food security continues to be a concern in the region, with many households unable to afford the food they need. As extreme poverty has risen since 2015, ensuring income

growth among the poorest communities is paramount – a challenge where agricultural development has an important role to play. The LAC region is simultaneously experiencing a rapid development in the number of people who are overweight and obese, which represents a growing public health problem. Several initiatives have been introduced to counter these trends, from the provision of public information to regulations on industry and fiscal measures. Evaluating these policies is essential, so that successful initiatives can be scaled up and extended to other countries.