

OECD-FAO Agricultural Outlook 2019–2028

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.

Executive Summary

Productivity growth in agriculture expected to stay ahead of food demand

The bulk of additional food demand will originate in regions with fast population growth

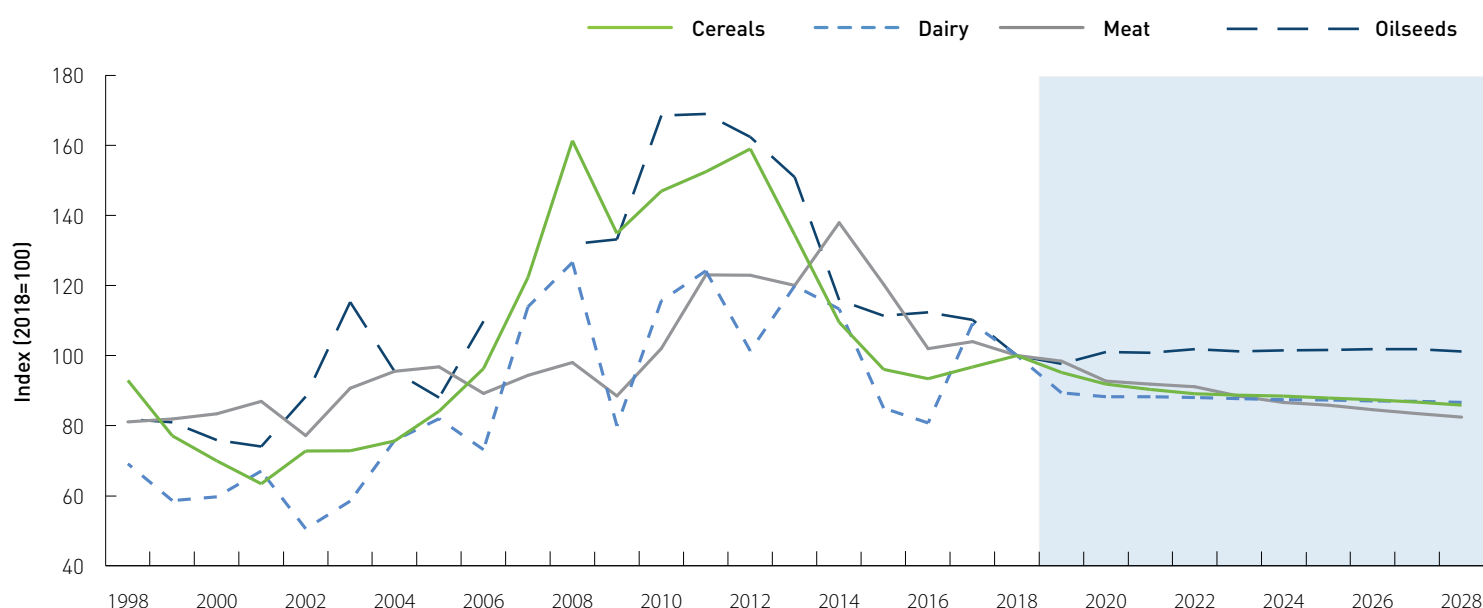
Prices

Several years of strong supplies, associated with slow growth in demand, have exerted a downward pressure on 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.

Consumption

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, South Asia, and the Middle East and North Africa.

Figure 1. Medium-term evolution of commodity prices in real terms



Note: Price indices for commodity groups calculated using a constant weighting of commodities within each aggregate, using the average 2016–2018 production value as weights.



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Dietary patterns continue to evolve due to rising incomes and ongoing urbanisation

Malnutrition in all its forms remains widespread across the world

Further expansion and intensification in the livestock sector draws more crops into feed

Global biofuel feedstock demand grows only marginally

Productivity improvements and intensification expected to underpin the expansion in crops and livestock production

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 additional demand for protein in South 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.

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.

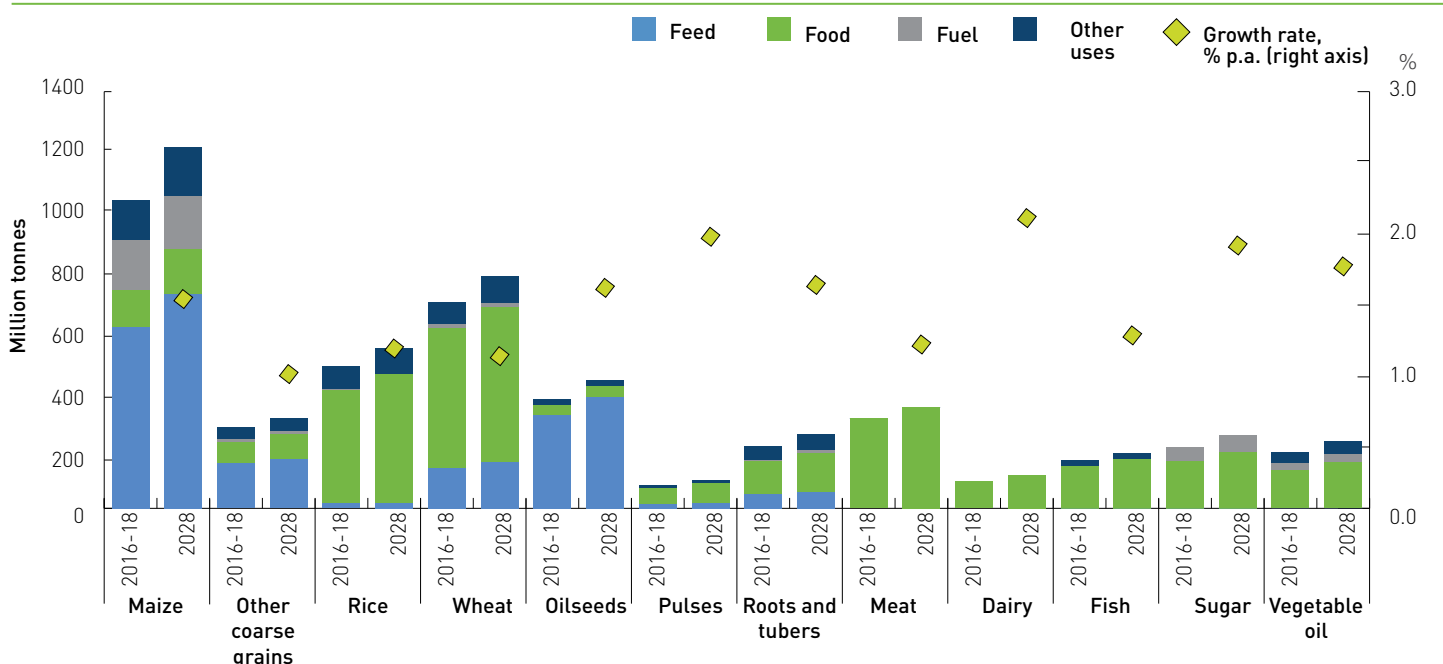
Robust demand for animal products provides incentives to expand production in the livestock sector through larger herds. Paired with improvements in offtake rates, demand for animal feed will be stimulated, with feed crops such as maize and soybeans expected to increase their shares in the global crop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

Biofuels formed a major source of crop demand growth between 2000 and 2015, but the expansion is projected to be lower over the coming decade, with additional demand coming mainly from Indonesia, using vegetable oil to produce biodiesel, and China and Brazil, using cassava and sugarcane for ethanol.

Production

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 in total production to about 55% by 2028.

Figure 2. Global use of major commodities



Agriculture is projected to increase its carbon footprint, but at a declining rate

Functioning international markets remain critical to food security, rural livelihoods and sustainable resource use

Outlook projections provide a benchmark for risk assessment

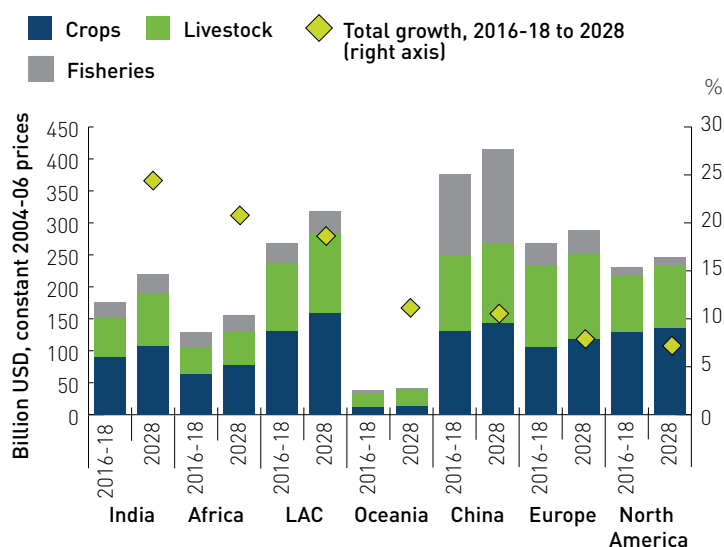
Agriculture continues to be a significant contributor to global greenhouse gas emissions. Direct emissions of agriculture, mostly from livestock, as well as rice and synthetic fertilisers, are expected to grow by 0.5% p.a. over the coming decade, compared with 0.7% p.a. over the past ten years. This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

Trade

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 in global agricultural exports. The Black Sea region will consolidate its position as a leading exporter of wheat and coarse grains, with most exports going to the Middle East and North Africa.

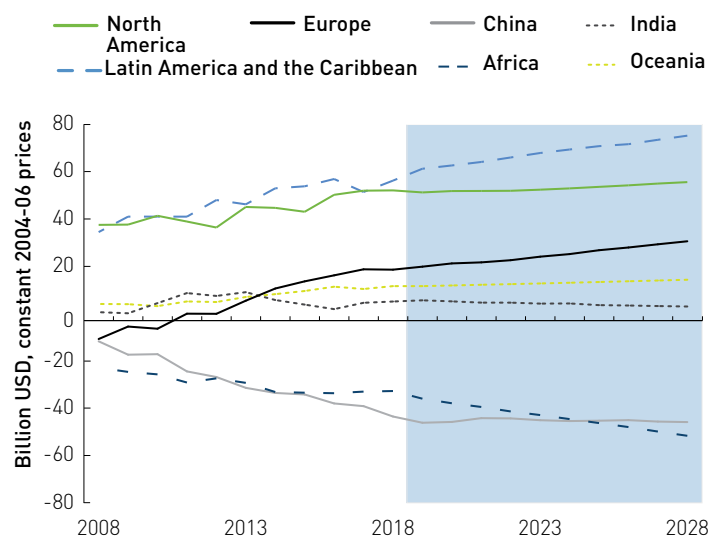
World agricultural markets face a range of new uncertainties that add to the traditionally high risks facing agriculture. On the supply side, these include the spread of diseases such as African Swine Fever, growing resistance to antimicrobial substances, regulatory responses to new plant breeding techniques 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 consequences for international and domestic markets.

Figure 3. Regional production trends



Note: Figure shows the estimated net value of production of agricultural and fisheries commodities covered in the Outlook, measured at constant 2004-6 prices. Europe includes Russia; LAC represents Latin America and the Caribbean, including Mexico.

Figure 4. Regional trade balances



Note: Net trade (exports minus imports) of agricultural and fisheries commodities covered in the Outlook, measured at constant 2004-6 prices. Europe includes Russia; Mexico included in Latin America.

Latin American Agriculture: Prospects and Challenges

Special feature highlights the growing importance of Latin America to agricultural trade

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 of 22% for crops and 16% for livestock products is projected to be, respectively, seven and two percentage points faster than the global average. By 2028, the region is projected account for more than 25% of global exports in agricultural and fisheries products, underscoring the importance of trade openness at the global level.

Targeted public support is needed to address the diverse needs of agricultural development in the region

Raising agricultural productivity sustainably will require strategic investments in agriculture's enabling environment. 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.

Vulnerable groups would benefit from targeted interventions

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

Food sector policies need to address all forms of malnutrition simultaneously

Food security continues to be a concern, 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. Given a simultaneous rise in the number of people who are overweight and obese, several initiatives seek 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.



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