HIGHLIGHTS

OECD Agricultural Outlook 2004-2013

OECD

2004

OECD AGRICULTURAL OUTLOOK, 2004 - 2013

HIGHLIGHTS, 2004

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

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FOREWORD

The *OECD Agricultural Outlook* provides a medium term assessment of future trends and prospects in the major agricultural commodity markets of OECD countries. The report is published annually, as part of a continuing effort to promote informed discussion of emerging policy issues. This tenth edition of the *OECD Agricultural Outlook, 2004-2013* is set against the background of a world economy that is on the path to economic recovery, and where OECD agricultural policy is being influenced by changes taking place in the European Union with the 2003 reform of the CAP and enlargement of the Union as well as the multi-year provisions of the US Farm Act of 2002. The *Outlook* for agricultural markets is for a gradual strengthening in market conditions for all commodities over the period to 2013. Stronger global economic growth is expected to lead to increased consumption and trade and firmer agricultural product prices in nominal terms. But these outcomes are highly conditional on the geopolitical and global economic situation, as well as a continuation of domestic policies and policy settings, particularly in OECD countries. A restart of the stalled Doha round of multilateral trade discussions in the WTO and their successful conclusion in terms of further trade reform, would strengthen the prospects for agricultural markets beyond that contained in this assessment which is based on only a continuation of existing policy reforms and URAA commitments.

The projections to 2013, presented in the *Outlook*, constitute a plausible medium–term future for the markets of key commodities. They are the result of close co–operation between the OECD Secretariat and experts in member countries, and some national co-operators in non-member economies (NMES), and hence, reflect their combined knowledge and expertise. This year's report takes account of the enlargement of the European Union, from fifteen to twenty-five countries, from 2004. The commodity projections are based on a number of assumptions relating to current or announced agricultural and trade policies in OECD countries, the outcome of the URAA multilateral trade negotiations in the WTO, the underlying macro–economic environment and its expected evolution, as well as developments in major NMEs. The OECD's Aglink model is used to guarantee internal consistency in the projections. In addition, the model is employed to generate scenarios around the *Outlook* baseline so that sources of uncertainty in relation to key assumptions and selected policy issues can be analysed. Thus, the report includes – *inter alia* – an assessment of the market impacts of the 2003 CAP reform in the European Union, an evaluation of the implications for oilseed markets of different rates of growth in Brazilian oilseed production, the potential market implications of a rundown in the huge level of grain stocks held by China and the possible interaction between milk quotas and other instruments to achieve specific milk policy objectives. It also presents results of ongoing work on the introduction of stochastic elements in the baseline generation. Finally, the report includes a background section on the Indian agricultural sector covering the evolution of the main agricultural industries, policy settings, world trade integration and trade prospects. The fully documented outlook database, including historical data, projections and selected scenario results, is available through the OECD internet site.

This publication is prepared by the Directorate for Food, Agriculture and Fisheries of the OECD with the active participation of all member countries. The policy assessments provided in this report is supported and extended by another annual report prepared by the Directorate: *Agricultural Policies in OECD Countries: Monitoring and Evaluation 2004* (July 2004).

The OECD *Agricultural Outlook* is published under the responsibility of the Secretary–General of the OECD. The views expressed and conclusions reached in this report do not necessarily correspond to those of the governments of OECD member countries.

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THE OUTLOOK IN BRIEF

Broad-based income growth in both OECD and non-member economies, moderate population growth and low inflation lead to higher per capita incomes and consumption gains world-wide. Consumption in the non-member economies is expected to grow at rates much faster than those of the OECD area, especially for dairy products such as butter, cheese and whole milk powder as well as livestock products. Consumption gains for these products are faster than growth in population providing the potential to reduce malnutrition and hunger.

In the mature markets of the OECD area, where incomes are high and basic dietary needs have long been more than satisfied, consumption gains for commodities are expected to post only moderate growth rates as preferences shift towards products such as poultry meat, cheese and whole milk powder. Higher growth rates in the non-OECD region during the projection period imply than an increasing share of agricultural produce and feedstuffs is consumed outside the OECD area, indicating increasing activity in animal production in the non-member economies.

Global production for wheat, rice, coarse grains, beef, cheese and vegetable oils, expands faster than consumption. Most of the gains in production are through expected productivity improvements especially in crops where area expands at a much lower rate, and these tend to be concentrated in the non-member economies. Production expansion in countries outside the OECD area outpaces that in OECD countries taken together. As a result the OECD share in world production falls; more for butter and skim milk powder, less for pig meat and whole milk powder, with minor changes for the other products.

Global trade for wheat and coarse grains is expected to grow moderately with more substantial increases in rice trade. Trade in sugar is also expected to expand over the projection period with Brazil, the leading sugar exporting nation expected to increase its market share. World trade in dairy products continues to represent a small share of world milk production, is dominated by OECD countries and is not expected to expand significantly during the *Outlook* period. OECD countries continue to dominate world trade in these products. Net exports of dairy products from the OECD to the non-member economies are expected to decline, other than whole milk powder. But OECD countries remain big in meat trade, especially poultry meat.

Prices for almost all products covered in this *Outlook* are expected to strengthen over the projection period in nominal terms, but to continue to trend downwards in real terms.

Domestic and trade policies are important factors in the *Outlook* as they influence markets and the degree of integration and variability of domestic and world prices. For some commodities, these policies preserve large differences between domestic and world prices, imposing high costs on consumers and mitigating the responsiveness of domestic markets to changing scarcities on international markets. The persistence of price gaps suggests that more needs to be done to liberalise sensitive sectors, in particular through redressing border measures and related domestic policies. Renewed progress in the agricultural negotiations underway as part of the WTO Doha Development Agenda would be an important contribution in this respect

OVERVIEW

The main underlying assumptions

Solid income growth prospects and low inflation expected

For the first time, this year's *Agricultural Outlook* contains projections over a ten-year period to 2013 and includes an expanded European Union of 25 member countries. The *Outlook* this year occurs against a macro economic background that is more optimistic than that over the last two years. Economic growth in most OECD countries is expected to be higher, led by the resurgent growth by the United States and its NAFTA trading partners, Canada and Mexico. Japan too, is expected to post solid growth numbers in 2003, and a path of moderate growth is expected following years of stagnation, even though this is anticipated to lessen in the medium-term. Growth in the euro zone in 2003 is lagging that of other major OECD countries, but prospects in future years are expected to improve from the current low level. Beyond the OECD, macro economic conditions are optimistic across the globe as growth prospects for non-OECD countries are also strong. Of the non-member economies included explicitly in this *Outlook*, Russia, Argentina, and especially China and Brazil are expected to post healthy income growth rates over the projection period.

Helping the economic recovery are the accommodating monetary policies followed by many OECD countries. Interest rates in many countries continue to hover at historical lows providing investment incentives and fuelling consumer borrowing. This supports consumer spending, the driving force behind the optimistic income growth projections. And, even with higher expected income growth rates and low interest rates, core inflation conditions are expected to remain moderate for most OECD countries. But, recent spikes in the price of energy and other industrial raw materials such as base metals, if they persist, may challenge the assumption of low inflation. This is particularly true in the case of China, a country with an economy that many compare to the early stages of the US industrial emergence. China is increasingly becoming the manufacturing centre for the world. Its income growth rate has been at a phenomenal rate for a long time and it is increasingly becoming more integrated into the world economy. Taking the EU as a single trader, China is now the fourth largest trader in the world. Since it has relatively low wages and its manufacturing sector is very competitive, it has become the price setter for many goods. If China passes on the possible higher costs of energy and other raw materials through its exports to the world, the assumption of low inflation may be at risk.

Population growth rates are expected to moderate across the globe over the projection period, potentially slowing demand growth for agricultural products, especially bulk commodities. The expected rate of expansion of population is lower in all regions for the next ten years compared to the last ten. Except for Africa, population growth is expected to average less than 2%, with most regions averaging around one per cent per year. Coupled with projected income growth rates of a little more than 3% per year over the next ten years, per capita income world-wide should expand, raising the standard of living of most people across the globe and potentially increasing demand for higher value-added agricultural products such as meats and dairy.

Low U.S dollar could influence competitiveness

The US dollar, the currency in which most agricultural commodity trade is denominated, depreciated against most OECD currencies in 2003. The projections are conditioned on the US dollar

remaining at its current level vis-à-vis other major currencies during the *Outlook* period. This adjustment should reduce price competitiveness amongst competing exporters while increasing the purchasing power of importing countries such as Japan. The currencies of the group of developing countries in the *Outlook*, with the exception of China whose currency is basically tied to the US dollar, are expected to continue to depreciate in nominal terms relative to the dollar, increasing their competitiveness in international markets while hindering their ability to import.

The *Outlook* is based on a relatively smooth path in the development of the macro-economic variables such as income growth and exchange rates. However, the world usually does not follow such a smooth path over an extended period. In order to incorporate some of the inherent randomness over the *Outlook* period, a special section in the Economic and Policy Assumptions chapter examines the implications of different developments in income growth and exchange rates and their effects on world and domestic prices directly and indirectly through market adjustments. For example, the world oilseed meals price in 2004 is projected at almost USD 190/t while at the end of the projection period it is assumed to fall to USD 172/t, assuming that income growth and exchange rates evolve as assumed in the *Outlook*. But, given the randomness in the income growth and exchange rates exhibited in the past, on average, two-thirds of the price observations could fall within the range of USD 178 to USD 199 in 2004 and two-thirds of the price observations could fall within the range of USD 163 and USD 188 in 2013.

World trade since 2001, partly as a result of the macro economic slowdown, has been stagnant compared to the growth in world trade during the 1990s when it grew much faster than world income. In the last half of 2003 however, merchandise trade in general, including trade in agricultural products, is expected to rebound and to grow at an annualised rate close to the increase in world income. One of the key developments is the growing presence and importance of developing countries in world trade. Not only is their trade with OECD countries expanding, but trade among them is also increasing.

Domestic and border policies matter

In addition to the macro-economic environment, domestic agricultural policies and levels of support, as well as border measures such as tariff levels and tariff rate quotas, or the use of export competition measures, also significantly influence production, consumption, prices and trade. On the international arena, the policy environment is in flux. After finally including agriculture in a multilateral trade agreement following the Uruguay Round negotiations and agreeing to the need for further reforms, discussions under the Doha Development Round failed to make progress in Cancun in September 2003. Prior to that time the agricultural discussions under the built in agenda repeatedly missed deadlines to agree to modalities to further reform trade in agricultural produce along the three pillars of market access, export competition, and domestic support. Since Cancun, discussions have continued but, to this point in time, agreement on even the broad modalities for reform of agricultural trade policy remains elusive.

One important development in the continuing discussions is the emergence of the group of G-20, a grouping of developing countries led by Brazil, China, India and South Africa, which have demanded greater agricultural policy reforms and market liberalization from the developed world. Partly as a result of inabilities to reach a multilateral trade agreement, countries are continuing their pursuit of new regional trade agreements (RTA). At the end of 2002, 176 RTAs were in force and notified to the WTO, 17 more than at the end of the preceding year. Another development in Cancun was the emergence of the G-90 group of least developed countries who are concerned about maintaining their preferential access to developed country markets through the non-reciprocal preferential trading arrangements (PTAs). Their concern is that preference erosion may result from further trade liberalisation. RTAs may create trade and thus promote welfare. However, a latent problem with these agreements is their potential to divert trade from competitive non-members which is becoming of greater importance as such agreements spread.

Outlook assumes current policies remain unchanged

The *Outlook* is conditioned on policies that are in place or have been announced within well-defined programmes. Thus, the *Outlook* assumes trade policies as agreed in the URAA and excludes any possible modifications that may result from the current discussions under the Doha Development Agenda. This means that the potential WTO accession of new members, such as Russia, are not considered, nor are the current discussions by Korea and its trading partners on the changes to Korea's current import regime for rice.

On the domestic front, the *Outlook* includes the various provisions and programmes of the US Farm Security and Rural Investment Act of 2002 (FSRI Act) which is assumed to continue through out the projection period even though its mandate ends after 2007. For the European Union, the main elements of the Common Agricultural Policy (CAP) 2003 Reform are included. One of the most significant changes is the new Single Farm Payment (SFP) which will enter into force in 2005 though member States can delay implementation up to the year 2007. The SFP provides direct payments to farmers, based on reference areas and livestock numbers over the 2000 to 2002 period. The 2003 reform continues the gradual shift in EU policies away from market price support, which are the most distorting and least effective means of providing income support to farmers, to more decoupled and less distorting payments.

In addition to the SFP, the reforms include reductions in the intervention price of rice by 50% while the butter intervention price is 10% lower but the milk quota is retained until 2014. Additionally, through modulation, direct payments that exceed EUR 5000 per year for any farm will be reduced. The reductions are to be phased-in over a three-year period starting in 2005 when the cutback will be 3%, rising to 5% in 2007. More details of the recent EU reforms are provided in the section "Medium Term Market Impacts of the 2003 EU Common Agricultural Policy Reform". This section summarises the main findings of the market impacts for the commodities covered in this *Outlook* of a special analysis by the Secretariat. It concludes that, although the actual impacts on the international markets depend on how the reforms will actually be implemented and on the degree of decoupling, they are nonetheless small. The largest impacts on the world markets were found for butter and whole milk powder, markets in which the EU is a major actor. Domestically, the reforms tend to result in more extensive production, particularly of livestock products. Although the level of support changes only slightly relative to previous policy measures, the composition shifts toward less coupled and hence less production distorting measures.

A summary of the main market trends and developments

Population and income growth result in broad-based consumption gains

Broad-based income growth and moderate increases in population should result in consumption gains world-wide. Increasing urbanisation and changing eating patterns lead to diet diversification, which generates increased demand for high value-added products such as dairy products and meats. The projections suggest consumption increases for all products and regions in the *Outlook*. Between 2003 and 2013, of the products that are for direct human consumption, the product with the highest growth rate is vegetable oil with an expected average compound annual growth of 2.9%. Butter, cheese, whole milk powder and poultry consumption are also expected to increase at rates above 2% per annum (see Table 1). Consumption of all products, except rice and skim milk powder, is expected to grow at rates greater than the growth in population, including in low income countries, providing the potential to reduce malnutrition and hunger.

Table 1: Consumption and production growth rates, 2003-2013

	CONSUMPTION			PRODUCTION		
	Total	OECD	NON-OECD	Total	OECD	NON-OECD
	%			%		
Wheat	1.2	0.8	1.4	1.8	1.5	2.0
Rice	0.8	0.8	0.8	1.3	1.1	1.3
Coarse grains	1.3	0.8	1.8	1.6	1.4	1.8
Coarse grains used for feed	1.5	1.0	2.1	NA	NA	NA
Oilseeds	NA	NA	NA	2.7	2.5	2.8
Oilseed meal	2.6	1.6	3.8	2.6	2.2	2.9
Beef	1.5	0.4	3.0	1.6	0.6	2.8
Pig meat	1.5	0.8	2.0	1.5	0.8	2.0
Poultry meat	2.0	1.7	2.5	1.9	1.7	2.1
Butter	2.3	0.4	3.3	2.2	0.0	3.8
Cheese	2.0	1.7	2.8	2.0	1.6	3.4
Skim milk powder	1.0	0.0	2.3	0.7	-0.7	5.6
Whole milk powder	2.6	1.7	2.8	2.6	1.9	3.4
Vegetable oils	2.9	1.7	3.8	3.0	2.0	2.9
Sugar	1.8	0.5	2.2	1.7	0.5	2.2

Source: OECD Secretariat

The diversification of diets is also illustrated in the growth rate of oil meals and coarse grains, products used in the production of livestock and milk. Oil meal consumption is expected to grow at an annual compound growth rate of 2.6% while coarse grains used in animal feeding rather than food is expected to grow at 1.5% per annum.

Especially in the non-OECD region

Although consumption gains are broad based, the bulk of these occur in the non-member economies. This is the area where most of the people live, where most of the population gains will occur, and where income growth is expected to remain strong. As Table 1 shows, consumption in the non-OECD area is expected to post solid gains and to grow at rates much faster than those of the OECD. Consumption of dairy products, butter, cheese and whole milk powder, as well as livestock products such as beef, pig meat and poultry meat are expected to grow considerably faster, not only than in the OECD but faster also than population in these regions. And, products that are consumed indirectly, such as coarse grains and especially oil seed meals used to feed animals, are projected to show robust gains.

In the OECD area where incomes are high and basic dietary needs have long been more than satisfied, consumers are increasingly looking for variety in their diets and for new taste experiences and convenience, while an increasing share of the meals consumed are prepared outside the home. In this area, consumption gains are less spectacular and for skim milk powder, consumption at the end of the period is about equal to 2003 levels as demand for this product does not expand. Consumption of beef and butter, although growing, is expected to post moderate growth rates as preferences shift towards products such as poultry meat, cheese and whole milk powder.

The higher consumption growth rates in the non-OECD area during the projection period imply that an increasing share of agricultural produce is consumed outside the OECD area. For example, due to the drop in skim milk consumption in the OECD area, the OECD's share of global skim milk powder

consumption falls from 60% in 2003 to 55% at the end of the projection period. Similarly, slow growth rates for beef, butter and pig meat result in falling share of consumption of these products in the OECD region. Beef consumption in the OECD falls from 61% in 2003 to 54% in 2013; that for butter falls to 31% from 37%; while that for pig meat falls to 39% from 42% in 2003. The consumption share in the non-OECD area increases even for products used in feeding animals, indicating increasing activity in animal production in the non-OECD countries. The OECD consumption share of global coarse grains use for animal feed falls from 55% in 2003 to 52% while that for oilseed meals falls from 58% to 52% by the end of the period.

While production expands even faster

With normal weather conditions and continued productivity gains the growth rate in the production of most of the agricultural products considered in the *Outlook* is expected to be larger than that for consumption leading to a continuation of the long-term decline in real prices (see Table 1).

Production growth in NMEs outpaces that in OECD countries

Out of the 14 commodities covered in Table 1, production growth is faster than that for consumption in the NME region for six of them: wheat, rice, butter, cheese, skim milk powder and whole milk powder. On a global basis, only for butter, poultry meat and skimmed milk powder is consumption growing marginally faster than production. For all products covered in the *Outlook*, the expansion of production in countries outside the OECD-area outpaces that in OECD countries and by a large margin for dairy products and sugar though to a lesser extent for meat. As a result, the OECD share in global output for these products declines considerably. For instance, the OECD's share in world production falls by about 12 percentage points for skimmed milk powder, by 9 percentage points for butter and by 3 to 5 points for pig meat, beef, cheese and whole milk powder. The changes for other products are smaller, and for cereals they remain nearly unchanged (table 2).

Table 2: Consumption and production of OECD countries as a share of world total

	CONSUMPTION			PRODUCTION		
	2003	2008	2013	2003	2008	2013
	%			%		
Wheat	33.0	32.0	31.0	44.0	43.0	42.0
Rice	4.0	4.0	4.0	4.0	4.0	4.0
Coarse grains	51.0	50.0	48.0	54.0	54.0	53.0
Coarse grains used for feed	55.0	54.0	52.0	NA	NA	NA
Oilseeds	NA	NA	NA	38.0	39.3	37.2
Oilseed meal	58.0	55.0	52.0	41.7	41.9	40.1
Beef	61.0	57.0	54.0	59.0	56.0	54.0
Pig meat	42.0	41.0	39.0	43.0	42.0	40.0
Poultry meat	64.0	64.0	63.0	64.0	64.0	64.0
Butter	37.0	34.0	31.0	46.0	41.0	37.0
Cheese	77.0	77.0	75.0	79.0	78.0	76.0
Skim milk powder	60.0	58.0	55.0	83.0	77.0	71.0
Whole milk powder	19.0	18.0	18.0	54.0	52.0	50.0
Vegetable oils	36.0	33.0	32.0	29.0	29.0	26.0
Sugar	27.8	26.0	24.5	27.8	26.0	24.5

Source: OECD Secretariat

World cereal production is projected to expand 1.6% per year, with wheat and coarse grains production increasing at an annual compounded rate of 1.8% and 1.6% respectively while rice production

lags behind, growing 1.3% per annum. Cereal production growth rates in the OECD area are expected to slightly trail those in the non-member economies. Most of the gains in production are through expected productivity improvements as area harvested expands at a much lower rate (about 0.7% per annum for wheat area and less than 0.4% for coarse grains and rice area). Most of the additional growth in area harvested occurs outside the OECD-area.

Oilseed production is expected to post strong growth rates, averaging 2.7% annually during the 2003 to 2013 period. This is more than one percentage point higher than the rate of growth for cereal production. Production growth is a result of both productivity gains but also increases in area, especially outside the OECD region. Area devoted to oilseeds is expected to expand by 1.5% per year in the non-OECD block compared to about 0.4% in the OECD area. Output of derived products from oilseeds, oilseed meal and vegetable oils, is growing roughly in line with that of oilseeds, again with a relatively stronger expansion in the non-member economies

In particular for dairy products and certain types of meat

World milk production is expected to increase by 121 million tonnes with large gains in Argentina and especially China. OECD countries, where 50% of production is constrained by quotas, only contribute 25 million tonnes of the total gain. Most of the gains in the OECD region occur in New Zealand and Australia. The wide margin, by which growth in non-OECD raw milk production exceeds that in the OECD region, as well as productivity gains through increased investment in processing capacities in NMEs, is reflected in much stronger growth in the output of dairy products outside the OECD as well. The starkest difference is for butter and skimmed milk powder, where OECD production shows a small negative growth, which compares to 3.8% and 5.6% annually on average in the non-member economies. The differences in growth rates for meat are less substantial, but those for beef and pig meat in particular are expected to be substantially higher in non-member economies. Globally, relatively low inflation and stable feed prices, with lower oilseed meal prices offsetting higher coarse grain prices, enable meat production to expand in a weak product price environment.

Moderate trade expansion for cereals and oilseed meals

Global trade[1] for wheat and coarse grains is expected to grow moderately over the projection period with more substantial increases in rice trade. Gross wheat exports from the OECD area are expected to grow 3.7% per year, compared to 3.3% for coarse grains. The bulk of the increased trade is from the OECD area to the non-OECD zone, mostly China. OECD exports of wheat to non-member economies is expected to grow at an annual rate of 4.4% while that for coarse grains, mostly to be used as feed, expands at an annual rate of 10.1%.

Trade in oilseed meal among the countries/regions in the Outlook is expected to grow at an annul rate of 3.4%. Again, most of this growth occurs in the non-member economies, with Argentina and Brazil remaining the leading exporters. Brazil is expected to export more than 6 million tonnes more at the end of the period compared to the beginning while Argentina exports about 4.7 million tonnes more. The United States is expected to resume exporting substantial volumes during the projection period, gaining market share, primarily at the expense of Argentina. Major importers are the expanded EU, where imports increase by almost 5 million tonnes over the period, and China.

[1] The trade numbers reported here represent exports, imports or net trade (exports minus imports) of countries or regions explicitly considered in the *Outlook* and may not necessarily represent total exports or total imports reported elsewhere.

NMEs dominate sugar trade…

Trade in sugar is also expected to expand over the projection period. Brazil, among the world's lowest cost producers and the leading sugar exporting nation, is expected to further expand exports by 50%. Thailand is also projected to expand exports by21% and Australia by 15%. Mexico is expected to become a consistent exporter, mainly to the US market. The import side of the world sugar market is much less geographically concentrated. Russia is expected to remain the world's largest importer, but rising domestic production replaces some imports.

…but OECD countries remain big in meat trade

Beef exports (live animals and meat) by the countries included in the *Outlook* is expected to increase by more than 2 million tonnes over the projection period, at an annual growth rate of almost 3.1%. Australia is expected to maintain its role as the world's leading beef exporter. Beef trade between the United States, Canada and Mexico is expected to resume from early 2004. United States and Canadian beef exports to other markets are assumed to resume from early 2005 and total exports should recover to around their pre BSE levels. Pig meat trade is growing over the projection period with exports from OECD countries in 2013 some 673 000 tonnes greater than in 2003. Most of this trade is within the OECD area however, as exports to the non-member economies are little changed. The EU continues to be the largest exporter of pig meat in the OECD area, with Canada a close second by the end of the period.

The United States continues to export significant volumes of poultry meat, reaching nearly 3 million tonnes by 2013, even as domestic consumption continues to expand, reaching 50 kg per person annually, the highest level in the OECD area. Exports of another major trading country, Brazil, however, are expected to fall as more of the domestic production is destined for the home market. The major importers of poultry meat are China, and especially Russia which remains the largest net importer.

Dairy markets remain thin and with little growth in trade

World trade in dairy products continues to represent a small share of world milk production and remains relatively regional, though imports of some dairy products represent a relatively large share of consumption. For instance, the share of imports in world consumption hovers around 30% for skimmed milk powder and 35% for whole milk powder. This compares with much lower shares of 7% for cheese and 8% for butter. Cheese imports are expected to grow at a compounded rate of 2.1% per year during the Outlook while that of whole milk powder expands at the rate of 1.3% per annum. Imports of skim milk powder are expected to grow at only 0.4% per year while butter imports actually decline by about 0.4% per year over the Outlook period.

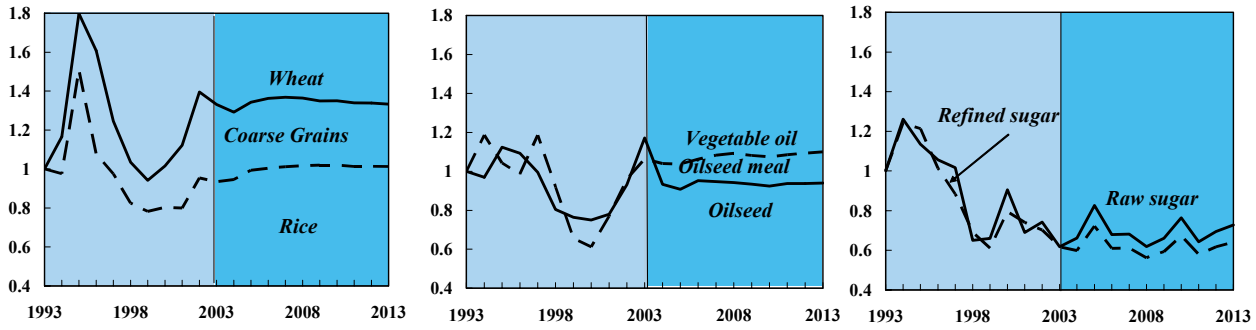
OECD countries continue to dominate world trade in dairy products. Dairy product exports by OECD countries represent more than 90% of the world's imports of cheese, butter and whole milk powder. However, most of the dairy product trade occurs within the OECD region. Net exports from the OECD to the non-OECD area are expected to decline during the projection period for all products other than whole milk powder, reflecting strong production growth in the latter group of countries.

Agricultural commodity prices continue their long term decline in real terms

In nominal terms, prices for almost all agricultural products covered in this *Outlook* are expected to strengthen over the projection period. The evolution of nominal prices of selected commodities is shown in Figures 1 and 2. The price development in real prices*, i.e* once nominal movements have been corrected

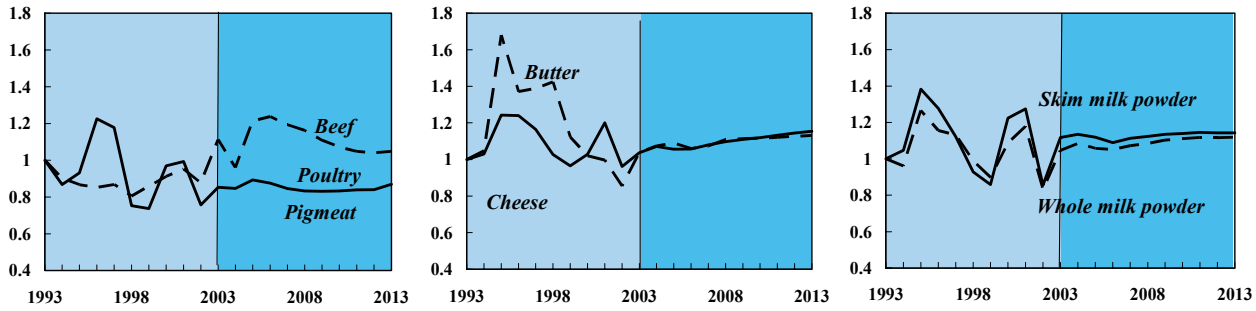
for inflation, is different. In some cases, notably for cereals, beef and lamb, real prices over the *Outlook* period are projected to be higher than the very depressed levels for these commodities in the most recent years. For all products, however, even for those mentioned earlier, real prices continue their declining trend when considered over the longer term. The various commodity chapters show nominal and real price developments graphically.

Figure 1: Outlook for world crop prices to 2013 (Index of nominal prices, 1993=1)



Source: OECD Secretariat

Figure 2: Outlook for world meat and dairy prices to 2013 (Index of nominal prices, 1993=1)



Source: OECD Secretariat

Stronger prices for cereals and vegetable oils

Even as cereal supply expands faster than demand, prices in nominal terms are expected to increase somewhat for wheat and coarse grains and especially rice. This is partly as a result of lowering global stock levels. Stock-to-use ratios for cereals are projected to fall to levels not seen in recent years. A significant contributing factor to the expected decline in global cereal stocks is the expected reduction in China and in other non-member economies.

In contrast to the price evolution in cereals, oilseed prices, after an initial sharp drop, remain flat in nominal terms throughout the projections period, as production expands to meet increased demand. This stability in oilseed prices reflects declining oilseed meal prices over the projection period, and slightly increasing prices for vegetable oils.

Little scope for higher sugar prices

Fundamentals in the sugar market remain bearish. Sugar consumption world-wide is expected to increase at an average annual rate of 1.8%. Production is expected to exceed consumption in most years putting a break on the potential for prices to rise. The global stock-to-use ratio declines somewhat, but not enough to materially affect prices. Nominal world prices are expected to remain in a USD 7-9 cents/lb band over the projection period. As such, the long run pattern of falling prices in real terms is set to continue.

Prices for livestock and dairy products to increase

World dairy prices especially cheese are expected to increase in nominal terms during the *Outlook*, boosted by relatively large gains in consumption, reasonably strong growth in imports for cheese and whole milk powder, and the weaker US dollar. Following the initial BSE related drop, world beef prices resume their cyclical pattern over the *Outlook* period, peaking in 2006. Pig meat prices continue to show pronounced cycles as well, but remain on average below historical levels. Poultry prices are relatively flat over the *Outlook* period, but those of lamb remain much above historic levels (in nominal terms) due to lower export supplies from New Zealand and Australia.

Some important structural market developments

EU recovers wheat market share

The current exchange rate changes have not had a major impact on the competitiveness of wheat exporters. The share of United States wheat exports in world trade is projected to decline somewhat to 27% at the end of the period. The shares of other competing exporters, except the EU, remain relatively constant. Even thought the euro has appreciated, the EU expands wheat exports, increasing market share of world trade to 20% at the end of the projection period from the drought induced low of 9% in 2003. This expansion in wheat exports is driven by lower domestic wheat prices which enable the EU to export within the WTO's subsidized export constraint, even with a stronger euro.

The pattern is somewhat different in the case of coarse grains. In this instance, the United States increases its export share of world trade from 59% in 2003 to 62% at the end of the projection period. The other competing exporters manage to maintain their export share, except the EU whose market share increases to 10% from the drought induced low of 3%. As in the wheat case, lower domestic prices enable the EU to export within the WTO's export limit constraint.

China becomes a large cereal importer

It was mentioned that a large share of the additional trade is due to China and her expanded import demand for cereals. A continuing question in recent years has been China's role in world cereal markets and whether it will continue being a net exporter of grains or - as many expect - switch to being a net importer. In the recent past, many analysts expected China to become a net importer of grains, due to rising income and expectations of a dietary shift to more dairy and livestock products, thus demanding more cereals to feed an expanding livestock sector. But, in recent years, each time there were expectations of large imports, domestic supply increased through releases of stocks. The level of Chinese stocks are not well known, raising a question as to how long it can continue to release them to meet domestic needs rather than import. This uncertainty is addressed in a special section entitled "Chinese Grain Import Surge –

Market Implications of Alternative Stock Estimates and Trade Policies" found in the Cereals chapter. As discussed in this section, if Chinese stock levels are higher than those assumed in the *Outlook*, Chinese imports of cereals would decline as would domestic and world prices.

Another uncertainty explored in this section is the administration of China's tariff rate quotas (TRQs) in cereals. The *Outlook* assumes seamless administration of these TRQs. But, if this is not the case and imports fall short of those projected in the Outlook due to administration hindrance, then world cereal prices would be lower than those projected, while domestic prices in China would be higher.

Brazil becomes the largest oilseed exporter…

World import demand for oilseeds is expected to grow by 2.7% per annum; mostly coming from non-member economies as OECD import demand is relatively flat, expanding by only 0.7% per annum. Most of this increased import demand is expected to be met by non-member economies, primarily Argentina and Brazil. The United States is projected to lose market share and its past position as the world's largest oilseeds exporter. The United States share of world trade at the end of the period, at 31%, is substantially lower than that at the beginning of the period, having lost share to Argentina and Brazil. Argentina's share expands to 21% of total at the end of the period while Brazil has become the world's largest exporter, representing 34% of global trade in oilseeds by 2013.

…but there is uncertainty regarding its role in world oilseed markets

An uncertainty in the oilseed markets is Brazil's ability to expand area sown to oilseeds, primarily soybeans. The *Outlook* assumes that the oilseed area will continue to increase. But, what would happen if Brazil is not able to maintain this pace, or contrary if area expands at an even faster rate? This question is addressed in the section "The Impact of Further Area Expansion for Oilseeds in Brazil". It found that an effective 12% reduction in the oilseeds area in Brazil results in Brazilian exports falling dramatically so that in 2013 they are half the projected level in the *Outlook*. Falling exports result in higher world prices, on average 5% greater than prices in the *Outlook*. Given the links between oilseeds and oilseed meal and vegetable oil production, the price for these products changes as well. On average, oilseed meal prices would be nearly 5% higher than the *Outlook* in this scenario while vegetable oil prices would average about 1% more. And, if in contrast, Brazil is able to expand oilseed area at an even faster rate than that assumed in the *Outlook*, the opposite effect would occur. In this situation, world prices would average 5% lower than those reported in the *Outlook*. Price declines of this magnitude are sufficient to trigger the US marketing loan benefits for soybean producers in most years of the *Outlook*, sheltering them from price declines and shifting the burden of adjustment to producers in other countries.

South America also big in meat trade

Argentina and especially Brazil are two of the world's major beef suppliers. Brazil's beef exports have risen dramatically since the late 1990s and further growth is expected during the *Outlook* period. However, as a greater share of domestic production is expected to be consumed locally, export growth should slow, resulting in a declining share of the world market. These countries however do not compete significantly in the lucrative Pacific beef market because of foot and mouth considerations which continues to segregate world beef trade.

And the EU becomes again a net importer of beef

Apart from Argentina and Brazil, the European Union (as an importer and exporter) and Russia (as a large importer) are also major players in beef markets outside the Pacific region. The *Outlook* projects that the EU will become a net beef importer during the projection period, a status not seen since the late 1970s, partly due to a relatively strong euro and partly as a result of changes in domestic policies. The section "Analysis of Beef Imports by the European Union", found in the chapter on meat, traces the market and policy developments in the EU over the last thirty years illustrating the interaction between policies and markets that have contributed to the EU's net trade position.

More agricultural activity shifting to non-member economies

The *Outlook* suggests that non-member economies are playing an ever larger role in shaping world agricultural markets. For example China is important in the cereal markets while Argentina and Brazil are major players in the oilseed and oilseed meal markets. Brazil also has a large role in sugar and beef markets. India is another large non-member economy that could become increasingly important in world agricultural markets as domestic markets become more open to the world. Previous *Outlook* reports have reviewed in more detail agricultural markets in specific non-member economies. This year's special focus section examines the agricultural market and policy situation and outlook in India.

Uncertainty about India's future role

India is a very rural country with heavy dependence on the agricultural sector. About 59% of India's population depends on agriculture which employs 57% of the work force. India's agricultural structure is dominated by small holdings as 80% of the farms have less than 2 hectares. But, as is the case for most other countries across the world, as they develop, agriculture contributes a smaller share to national income. Although much greater than the share of agriculture in the income of OECD countries, India's agricultural share of gross domestic product has declined from around 45% in the early 1970s to 27% at the turn of the 21st century.

Although dominated by small holdings, its massive area makes India a large agricultural producer. In the year 2000, India planted more area to rice, wheat, cotton and pulses than any other country in the world, while area planted to oilseeds and sugarcane was the second largest, and that planted to coarse grains the third largest in the world. The resulting production was also very large. India in 2000 was the second largest producer of rice, wheat and cotton, the fourth largest coarse grains producer and the fifth largest oilseeds producing country.

Despite being a major producer and consumer, inward-looking trade policies have meant that India has played a relatively minor role in world agricultural trade for many products. But this is changing as India is increasingly becoming more integrated into world markets. Some experts in India expect agricultural exports to increase at about a 9% per annum while imports are expected to grow at double this rate, averaging 18% per annum to 2007. Some estimates also indicate that in the absence of significant technological changes in the agricultural sector, growing income and population would lead to an import demand of 115 to 142 million tonnes of food grains.

India has entered a path of policy reform in the 1990s and has taken a more active role in the international arena through active participation in the G-20 group. As its agricultural sector becomes more outward-looking, structural issues, such as limits on farm size, infrastructure inadequacies, access to inputs, and the adequacy of investments in less favoured areas may emerge. Another policy issue that might need to be considered is a well targeted safety net to ensure that the rural poor are not left worse off

in the transition from high support and protection to a more open and market oriented agricultural environment.

A major policy issue

Policies influence prices

A repeated theme in the *Outlook* is that both domestic and trade policies are important factors, as they influence markets directly by controlling the availability of produce through supply management tools such as production quotas or border measures such as tariff rate quotas, or indirectly through their influence on prices and the transmission of these prices to market agents. Government policies matter in influencing the degree of integration and variability of domestic and world prices

Some policies reduce downside price risks for producers

The section "Sensitivity Analysis: Impact of Stochastic Macroeconomic Variables on the Outlook for World Commodity Prices", at the end of the Economic and Policy Assumptions chapter, illustrates how one provision of the FSRI Act, the marketing loan benefits, and the EU's intervention price mechanism, both prevent market signals from reaching producers when prices are low. For example, the soybean producer price in the US under random variations of income and exchange rates can fall as low as USD 167/t or rise as high as USD 239/t when marketing loan benefits are excluded. However, the marketing loan benefits shift the lower prices higher, and in this case the incentive price is truncated at about USD 196/t. In almost half of the observations, the US supply of soybeans does not respond to the world price. US producers will continue to receive about the same total returns per unit regardless of how far prices fall.

Similarly, the EU's intervention price reduces the downward price risk for wheat and coarse grain producers. Japan's deficiency payments on rice, beef and oilseeds also serve similar functions as do barriers to imports, particularly tariff rate quotas and special safeguard measures that increase tariffs, stifle the incentive to import and maintain higher domestic prices thus also reducing downward price risks. All of these types of policies that automatically restrict market signals may have destabilising effects on world markets as domestic farmers and consumers respond only to incentives set by policy rather than prices.

The URAA attempted for the first time to discipline trade and domestic policies and thus reduce their distorting effects. Almost ten years later significant price gaps between domestic and world prices persist and in some cases these gaps are projected to increase. But it is not only policies that create these price gaps. For homogeneous products, transportation costs and transaction costs can also help explain such gaps. However, in the projection period, transportation costs have similar effects on all importing countries and should not diverge. If the pattern of price gaps differs for the same commodity across different countries, than one can assume that changes in transport costs are not the primary reason for the divergence, and that other factors, such as exchange rates, tariffs and tariff rate quotas, are large contributors.

Resulting in domestic prices much above world levels…

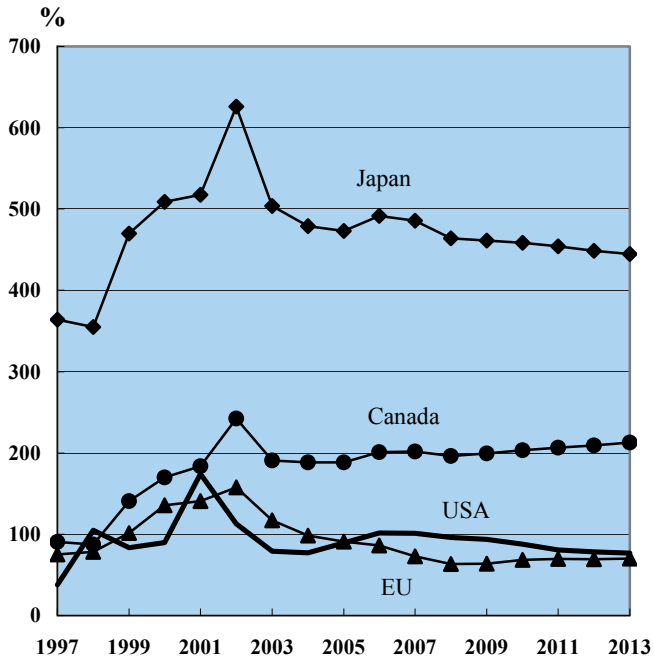
Figures 3 to 6 for selected commodities and selected countries (those with border and domestic policy measures in place) illustrate the evolution of the price gaps since 1997, the third year of the URAA implementation period. The figures represent the tariff equivalent of all the measures that result in domestic prices to be higher than world prices in the historic and projection period. The prices used are

those reported in the detailed commodity tables. In order to reduce the influence of changes in exchange rates, the calculations are based on a three year average exchange rate for each country based on 1999 to 2001 annual exchange rates. The reader is reminded that under the URAA, border measures were scheduled for reduction between 1995 and 2000 for developed countries. Assuming everything else constant, one would expect the price gaps to narrow as a result of these reductions.

…for butter

Figure 3 shows the percentage difference between the world butter price and domestic prices in Japan, Canada, the EU and the US, commonly referred to as the Quad countries. This figure shows that in 1997, the butter price in Japan was a little less than 4 times the world price. Subsequently, the gap expanded substantially, and even though it is expected to decline somewhat during the projection period it is still more than four times the world price. Similarly, the gap is expected to increase in Canada to about twice the world price but to decline somewhat in the case of the EU and the United States to a level of about 75% greater that the world price at the end of the period.

Figure 3: Price gaps - butter

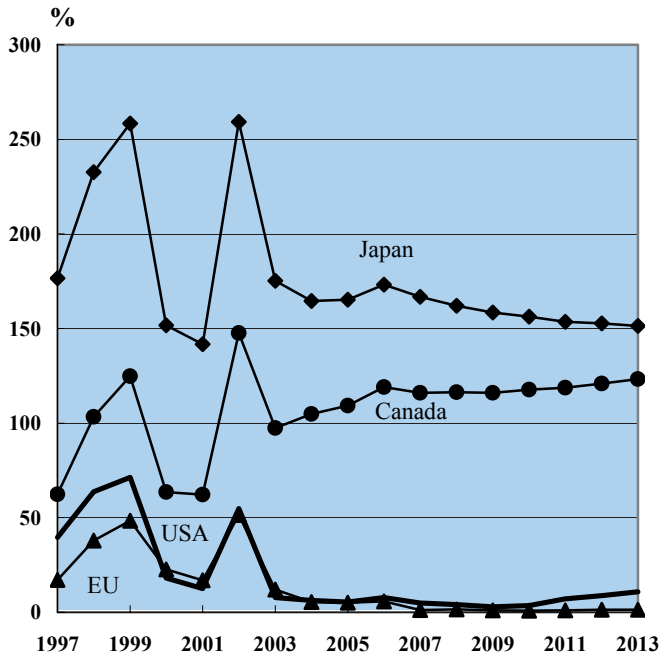


` *Source*: OECD Secretariat

…for skimmed milk powder

Figure 4 shows the evolution of the price gap for skim milk powder in the Quad countries. Relative to butter, the gap is not as large, suggesting skim milk producers are protected relatively less than butter producers or alternatively, skim milk consumers are taxed relatively less. In the case of skim milk powder, as in the butter case, the price gap in Canada is expected to increase over time. A similar large price difference at the beginning of the period prevailed in Japan, but the difference is projected to slowly narrow during the projection period. For the US and the EU, the gap is expected to remain relatively flat and at a substantially lower level.

Figure 4: Price gaps - Skimmed milk powder

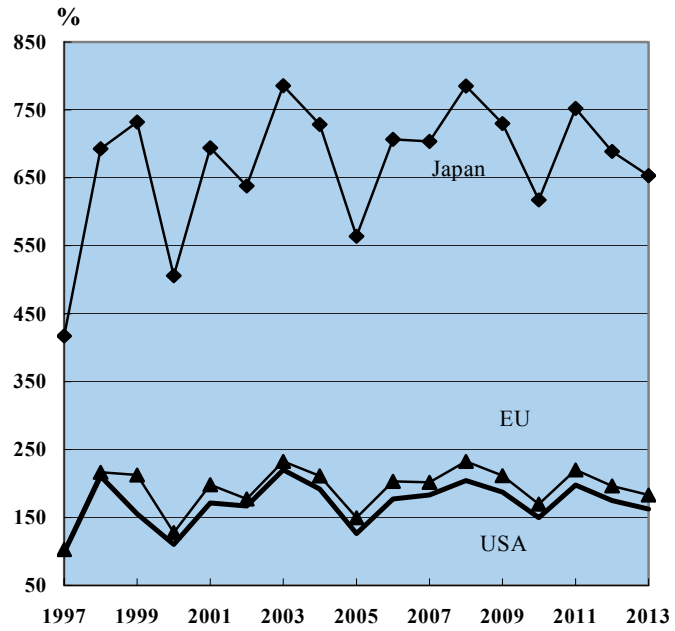


Source: OECD Secretariat

…and for sugar and rice

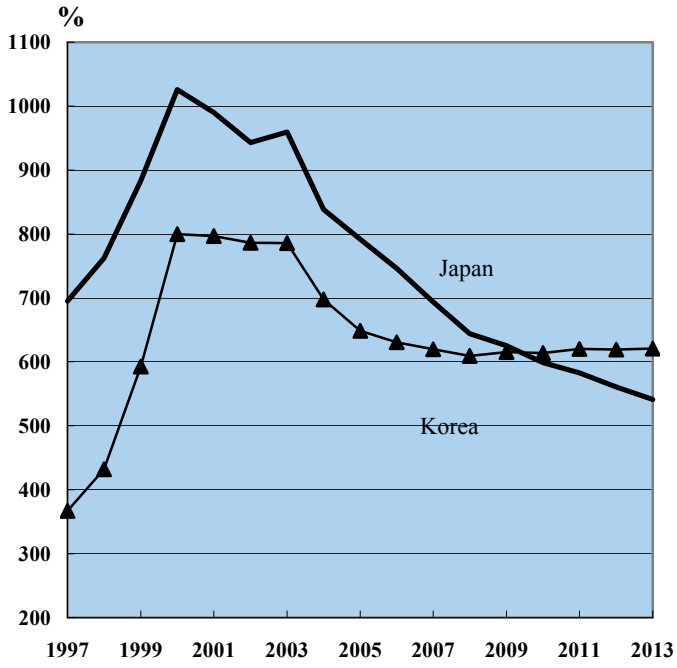
In sugar, the case is illustrated for Japan, the EU and the US in Figure 5. The domestic price gap in each of these countries is larger at the end of the projection period compared to the 1997 level. Although fluctuating somewhat, for Japan the gap is more than 650% in 2013. The gap for the US and the EU also fluctuates over time and although lower than that for Japan, it is still more than 150% for each country. Finally, the price gap in the Japanese and Korean rice markets is shown in Figure 6. While the gap is expected to narrow over time, it will remain at more than 6 times the world price in Korea's case and somewhat lower for Japan.

Figure 5: Price gaps - Sugar



Source: OECD Secretariat

Figure 6: Price gaps - Rice



Source: OECD Secretariat

The price gaps during the projection period are a result of changing prices as policy is assumed constant. A reason that price gaps may increase in the historical period even as tariffs are reduced, is the changing world price and the prevalence of specific tariffs by these countries for these commodities. As world prices change, the *ad valorem* equivalent of specific tariffs also changes. `

The case for reform

These figures illustrate the potentially high costs some policies impose on domestic consumers and the lack of responsiveness of domestic markets to changing scarcities on international markets. OECD analysis indicates that market price support, maintained behind border protection and export subsidies, is the most production and trade distorting policy instrument in place today. It is also among the most inefficient in transferring income to producers. OECD analysis also shows that decoupled support, targeted to explicit objectives and intended beneficiaries is less distorting and more effective, efficient and equitable. The price gaps between domestic and world prices illustrated above suggest that more needs to be done to liberalise these sectors, in particular through redressing border measures and adjusting related domestic policies. Renewed progress in the currently stalled agricultural negotiations underway as part of the WTO Doha Development Agenda would be an important contribution in this respect.

Agriculture is playing a smaller and smaller role in the economies of OECD countries, employing an ever smaller share of the workforce and contributing a declining share to GDP. Production of most products is expected to grow at a lower rate than GDP, and with falling real prices, agriculture's future contribution to real GDP will be even further reduced. In the non-OECD region, agricultural production of most commodities is expected to expand at a faster rate than in the OECD area, leading to a declining share of OECD countries in world production and trade. However, higher population growth rates and high and broad based income growth in the non-OECD region could provide opportunities for expanded trade by OECD countries, especially in higher value-added products such as dairy and meats. But, domestic and trade policies should not hinder market forces so that producers and consumers can take advantage of trading opportunities as they arise.

ANNEX 1. STATISTICAL TABLES

Annex Table 1. - ECONOMIC ASSUMPTIONS

1 ECONOMIC ASSUMPTIONS

Calendar year (a)		*Average 1998-02*	*2003est*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*
REAL GDP (b)													
Australia	%	3.8	2.4	3.7	4.0	3.8	3.6	3.4	3.2	3.2	3.2	3.2	3.2
Canada	%	4.0	1.8	2.8	3.2	3.2	3.3	3.1	3.1	3.1	3.1	3.1	3.1
EU 15	%	2.4	0.5	1.8	2.5	2.5	2.4	2.2	2.1	1.9	2.1	2.1	2.1
Japan	%	0.5	2.7	1.8	1.8	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Korea	%	4.6	2.7	4.7	5.5	5.7	5.3	5.3	5.4	5.4	5.3	5.3	5.3
Mexico	%	3.2	1.5	3.6	4.2	4.5	4.4	4.3	4.3	4.1	4.2	4.2	4.2
New Zealand	%	2.9	2.7	3.1	2.9	3.1	3.2	3.2	3.1	3.1	3.1	3.1	3.1
United States	%	3.0	2.9	4.2	3.8	3.2	3.0	2.9	2.9	3.0	2.9	2.9	2.9
OECD (c) (e)	%	2.5	1.9	2.9	3.1	2.9	2.7	2.6	2.6	2.6	2.6	2.6	2.6
Argentina	%	-3.1	4.0	4.0	3.8	3.6	3.3	3.4	3.3	3.3	5.7	5.7	5.7
Brazil	%	1.7	1.8	3.6	3.9	4.8	4.5	4.4	3.8	3.6	4.1	4.1	4.1
China	%	7.6	7.2	7.5	7.3	8.6	8.3	8.2	7.2	7.0	8.1	8.1	8.1
Russia	%	3.8	5.2	4.5	3.2	2.7	2.5	2.6	2.3	1.7	1.1	1.1	1.1
Rest of world (d)	%	2.8	2.9	4.0	4.1	3.9	4.0	4.1	3.9	3.7	3.7	3.6	3.4
CPI (b)													
Australia	%	2.8	2.8	2.0	2.3	2.5	2.4	2.4	2.5	2.4	2.4	2.4	2.4
Canada	%	4.0	2.8	1.4	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
EU 15	%	1.8	2.0	1.5	1.4	1.5	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Japan	%	-0.4	-0.2	-0.2	-0.2	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Korea	%	3.5	3.5	2.7	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Mexico	%	10.6	4.6	3.4	3.1	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
New Zealand	%	1.6	0.6	2.0	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
United States	%	2.3	2.3	1.7	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
OECD (c,e)	%	3.0	2.3	1.7	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Argentina	%	5.4	16.2	14.4	10.4	7.9	6.3	5.2	4.2	3.9	3.9	3.9	3.9
Brazil	%	5.3	13.4	7.4	6.3	5.4	5.5	4.9	4.7	4.6	4.8	4.8	4.8
China	%	0.2	1.0	1.7	1.7	1.9	2.4	2.5	2.9	3.1	2.8	2.8	2.8
Russia	%	3.8	13.2	12.1	5.5	5.8	3.8	3.1	3.5	2.3	3.0	3.0	3.0
POPULATION													
Australia	*million*	19.2	19.8	20.0	20.2	20.4	20.5	20.7	20.8	21.0	21.1	21.2	21.3
Canada	*million*	30.8	31.7	31.9	32.1	32.3	32.5	32.7	32.8	33.0	33.1	33.2	33.3
EU 25	*million*	452.3	455.1	455.8	456.6	457.3	457.9	458.5	459.1	459.6	460.0	460.4	460.7
Japan	*million*	127.0	127.5	127.5	127.5	127.5	127.4	127.3	127.0	126.8	126.4	126.1	125.7
Korea	*million*	47.0	48.0	48.3	48.6	48.9	49.2	49.4	49.7	49.9	50.1	50.3	50.4
Mexico	*million*	98.2	102.6	104.1	105.6	106.8	108.1	109.4	110.7	112.1	113.4	114.7	116.1
United States	*million*	282.4	291.6	293.7	295.7	297.7	299.7	301.7	303.7	305.8	307.8	309.8	311.8
OECD (c)	*million*	1139.7	1 162.6	1 168.6	1 174.4	1 179.9	1 185.2	1 190.4	1 195.5	1 200.5	1 205.2	1 209.8	1 214.4
Argentina	*million*	37.0	38.4	38.8	39.2	39.5	39.9	40.2	40.6	40.9	41.3	41.7	42.0
Brazil	*million*	170.2	176.4	178.4	180.4	182.5	184.5	186.5	188.5	190.5	192.4	194.4	196.3
China	*million*	1259.5	1 288.2	1 297.0	1 305.6	1 313.8	1 322.0	1 330.4	1 338.7	1 347.1	1 355.4	1 363.8	1 372.1
Russia	*million*	146.1	144.8	144.3	143.8	143.2	142.6	142.1	141.5	140.8	140.2	139.6	138.9
Rest of world (d)	*million*	3166.1	3 345.7	3 402.7	3 459.3	3 515.1	3 571.0	3 626.7	3 682.5	3 738.3	3 794.1	3 849.8	3 905.6

For notes, see end of the table.

1 ECONOMIC ASSUMPTIONS (cont.d)

Calendar year (a)		*Average 1998-02*	*2003est*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*
EXCHANGE RATE													
Australia	*AUD/USD*	1.73	1.54	1.41	1.41	1.41	1.41	1.41	1.41	1.41	1.41	1.41	1.41
Canada	*CAD/USD*	1.51	1.40	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33
EU 15	*EUR/USD*	1.02	0.89	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87
Japan	*JPY/USD*	119.7	118.0	116.4	116.4	114.5	111.4	108.5	105.6	102.8	100.1	97.5	94.9
Korea	*'000 KRW/USD*	1.25	1.19	1.19	1.19	1.19	1.19	1.19	1.19	1.19	1.19	1.19	1.19
Mexico	*MXN/USD*	9.43	10.75	10.99	10.99	10.99	10.99	10.99	10.99	10.99	10.99	10.99	10.99
New Zealand	*NZD/USD*	2.10	1.73	1.63	1.63	1.63	1.63	1.63	1.63	1.63	1.63	1.63	1.63
Argentina	*ARS/USD*	1.41	3.08	3.33	3.55	3.68	3.76	3.82	3.85	3.85	3.95	4.06	4.17
Brazil	*BRL/USD*	2.02	3.09	2.99	3.13	3.27	3.38	3.49	3.59	3.72	3.85	3.98	4.11
Russia	*RUR/USD*	24.6	33.0	35.7	36.3	37.5	38.5	39.4	40.9	41.7	42.3	43.0	43.6
China	*CNY/USD*	8.28	8.18	8.03	7.95	8.06	8.09	8.06	8.27	8.41	8.56	8.72	8.89

a) For OECD member countries, historical data for real GDP, population and exchange rate were obtained from the OECD Economic Outlook No. 74, December 2003, and for CPI from the OECD Main Economic Indicators, December 2003. For non-member economies, historical macroeconomic data were obtained from the World Bank, September 2003. Assumptions for the projection period draw on the recent medium term macroeconomic projections of the OECD Economics Department, projections of the World Bank, and responses to a questionnaire sent to member country agricultural experts. Data for the EU 15 are euro area aggregates. b) Annual per cent change. For non-member economies the price index used is the Private Consumption Expenditure deflator. c) Excludes Iceland. d) Excludes OIS, Argentina, China, Brazil and Russia. Source: World Bank, September 2003. e) Annual weighted average real GDP and CPI growth rates in OECD countries are based on weights using 1995 GDP and purchasing power parities (PPPs).

est: estimate. *Source : OECD Secretariat*

2 WORLD PRICES (a)

		Average 98/99-02/03	*03/04est*	*04/05*	*05/06*	*06/07*	*07/08*	*08/09*	*09/10*	*10/11*	*11/12*	*12/13*	*13/14*
WHEAT													
Price (b)	*USD/t*	126.4	152.7	148.1	154.0	156.2	156.8	156.4	154.7	154.8	153.6	153.5	152.9
COARSE GRAINS													
Price (c)	*USD/t*	93.5	104.9	106.2	111.5	112.6	113.6	114.1	114.5	114.5	113.7	113.8	113.7
RICE													
Price (d)	*USD/t*	218.0	203.8	231.5	252.0	263.7	274.9	286.3	291.0	298.8	302.9	310.2	316.3
OILSEEDS													
Price (e)	*USD/t*	218.0	316.8	252.5	245.6	257.6	256.1	254.9	252.7	249.9	253.3	253.3	254.1
OILSEED MEALS													
Price (f)	*USD/t*	165.6	237.3	192.2	180.2	183.0	181.3	180.7	181.0	179.1	179.5	179.4	179.5
VEGETABLE OILS													
Price (g)	*USD/t*	429.3	582.6	570.2	568.1	582.3	593.4	599.0	593.1	589.0	595.0	599.4	602.8
SUGAR													
Price, raw sugar (h)	*USD/t*	176.7	149.9	160.3	200.0	164.6	165.3	150.0	160.0	185.1	155.8	168.4	176.4
Price, refined sugar (i)	*USD/t*	224.9	196.2	190.0	229.3	193.8	194.3	178.8	188.3	213.4	184.1	196.2	203.6
BEEF AND VEAL													
Price, EU (j)	*EUR/100 kg dw*	245.4	245.4	242.6	240.7	245.3	249.2	248.9	248.4	247.5	247.9	247.8	247.9
Price, USA (k)	*USD/100 kg dw*	239.3	302.0	260.7	329.5	336.1	323.9	315.6	301.0	291.3	284.8	282.6	284.7
Price, Argentina (l)	*ARS/100 kg dw*	181.7	359.7	379.3	411.0	408.3	409.4	407.0	394.8	378.3	381.4	385.1	391.1
PIG MEAT													
Price, EU (m)	*EUR/100 kg dw*	127.2	124.9	122.8	129.5	133.3	135.3	133.4	132.8	130.3	133.6	134.4	134.9
Price, USA (n)	*USD/100 kg dw*	118.9	120.4	119.5	126.1	123.6	119.4	117.6	117.4	117.6	118.5	118.6	122.7
Price, Brazil (o)	*BRL/100 kg dw*	122.8	156.6	160.6	172.9	174.1	186.6	199.0	208.9	213.6	226.1	234.5	251.9
POULTRY MEAT													
Price, EU (p)	*EUR/100 kg rtc*	99.1	103.6	102.9	98.5	97.9	97.8	97.5	97.4	97.3	97.0	96.8	96.7
Price, USA (q)	*USD/100 kg rtc*	128.8	136.5	139.0	139.3	141.2	142.5	142.4	142.4	141.3	141.7	142.5	142.5
SHEEP MEAT													
Price, New Zealand (r)	*NZD/100 kg dw*	325.2	379.4	362.9	347.4	345.9	346.8	348.5	346.4	347.2	349.0	352.2	355.5
BUTTER													
Price (s)	*USD/100 kg*	145.2	139.2	143.9	146.0	142.1	143.9	148.6	149.2	149.6	150.1	151.1	151.6
CHEESE													
Price (t)	*USD/100 kg*	187.6	187.7	193.9	191.1	191.4	195.3	198.6	200.8	202.5	205.0	207.2	209.0
SKIM MILK POWDER													
Price (u)	*USD/100 kg*	159.4	173.3	176.0	173.4	168.8	172.4	174.1	175.9	176.6	177.5	177.2	177.2
WHOLE MILK POWDER													
Price (v)	*USD/100 kg*	166.9	175.2	181.5	177.1	176.1	179.7	181.6	184.7	186.0	187.2	187.1	187.4
WHEY POWDER													
Wholesale price, USA (w)	*USD/100 kg*	47.0	45.8	47.1	45.9	45.8	46.0	47.1	47.7	47.7	47.5	47.5	47.6
CASEIN													
Price (x)	*USD/100 kg*	434.4	359.6	396.3	411.6	425.9	440.1	436.5	437.1	435.1	434.1	435.3	433.0

a) This table is a compilation of price information presented in the detailed commodity tables further in this annex. Prices for crops are on marketing year basis and those for meat and dairy products on calendar year basis (e.g. 00/01 is calendar year 2000). b) No.2 hard red winter wheat, ordinary protein, USA f.o.b. Gulf Ports (June/May). c) No.2 yellow corn, US f.o.b. Gulf Ports (September/August). d) Milled, 100%, grade b, Nominal Price Quote, NPQ, f.o.b. Bangkok (August/July). e) Weighted average oilseed price, European port. f) Weighted average meal price, European port. g) Weighted average price of oilseed oils and palm oil, European port. h) Raw sugar world price, New York No 11, Fob stowed Caribbean port (including Brazil), bulk spot price. i) Refined sugar price, London No 5 , FOB Europe, spot. j) Producer price. k) Choice steers, 1100-1300 lb lw, Nebraska - lw to dw conversion factor 0.63. l) Buenos Aires wholesale price linier, young bulls. m) Pig producer price

n) Barrows and gilts, No. 1-3, 230-250 lb lw, Iowa/South Minnesota - lw to dw conversion factor 0.74. o) Producer price. p) Weighted average farmgate live fowls, top quality, (lw to rtc conversion of 0.75), EU15 starting in 1995. q) Wholesale weighted average broiler price 12 cities. r) Lamb schedule price, all grade average. s) F.o.b. export price, butter, 82% butterfat, northern Europe. t) F.o.b. export price, cheddar cheese, 40 lb blocks, Northern Europe. u) F.o.b. export price, nonfat dry milk, extra grade, Northern Europe. v) F.o.b. export price, WMP 26% butterfat, Northern Europe. w) Edible dry whey, Wisconsin, plant. x) World price, New Zealand.

est: estimate. *Source : OECD Secretariat*

Annex Table 3. - MAIN POLICY ASSUMPTIONS FOR CEREAL MARKETS

3 MAIN POLICY ASSUMPTIONS FOR CEREAL MARKETS

Crop year (a)		*Average 98/99-02/03*	*03/04est*	*04/05*	*05/06*	*06/07*	*07/08*	*08/09*	*09/10*	*10/11*	*11/12*	*12/13*	*13/14*
ARGENTINA													
Crops export tax	*%*	4	20	20	20	20	20	20	20	20	20	20	20
Rice export tax	*%*	2	10	10	10	10	10	10	10	10	10	10	10
CANADA													
Tariff-quotas (b)													
wheat	*kt*	339	350	350	350	350	350	350	350	350	350	350	350
in-quota tariff	*%*	1.3	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
out-of-quota tariff	*%*	65	62	62	62	62	62	62	62	62	62	62	62
barley	*kt*	380	399	399	399	399	399	399	399	399	399	399	399
in-quota tariff	*%*	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
out-of-quota tariff	*%*	59	58	58	58	58	58	58	58	58	58	58	58
EUROPEAN UNION (c, d)													
Cereal support price (e)	*EUR/t*	110	101	101	101	101	101	101	101	101	101	101	101
Cereal compensation (f, g)	*EUR/ha*	280	290	290	0	0	0	0	0	0	0	0	0
Rice support price (h)	*EUR/t*	302	298	150	150	150	150	150	150	150	150	150	150
Compulsory set-aside rate	*%*	9	10	5	10	10	10	10	10	10	10	10	10
Set-aside payment (g)	*EUR/ha*	297	290	290	0	0	0	0	0	0	0	0	0
Direct payment for rice	*EUR/ha*	329	329	1 120	475	475	475	475	475	475	475	475	475
Wheat tariff-quota (b)													
EU15	*kt*	350	3 332	3 332	3 332	3 332	3 332	3 332	3 332	3 332	3 332	3 332	3 332
EU10	*kt*	..	448	448	448	448	448	448	448	448	448	448	448
Coarse grain tariff-quota (b)													
EU15	*kt*	2 622	3 122	3 122	3 122	3 122	3 122	3 122	3 122	3 122	3 122	3 122	3 122
EU10	*kt*	..	347	347	347	347	347	347	347	347	347	347	347
Subsidised export limits (b, i)													
wheat	*mt*	16.3	15.6	15.6	15.6	15.6	15.6	15.6	15.6	15.6	15.6	15.6	15.6
EU15	*mt*	15.1	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4
EU10	*mt*	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
coarse grains (j)	*mt*	..	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8
EU15	*mt*	10.9	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4
EU10	*mt*	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
JAPAN													
Rice land diversion program	*'000ha*	982	1 010	1 010	1 010	1 010	1 010	1 010	1 010	1 010	1 010	1 010	1 010
Wheat support price (k)	*'000 JPY/t*	147	145	145	145	145	145	145	145	145	145	145	145
Barley support price (l)	*'000 JPY/t*	127	125	125	125	125	125	125	125	125	125	125	125
Wheat tariff-quota	*kt*	5 719	5 740	5 740	5 740	5 740	5 740	5 740	5 740	5 740	5 740	5 740	5 740
in-quota tariff	*%*	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
out-of-quota tariff	*%*	496	488	488	488	488	488	488	488	488	488	488	488
Barley tariff-quota	*kt*	1 364	1 369	1 369	1 369	1 369	1 369	1 369	1 369	1 369	1 369	1 369	1 369
in-quota tariff	*%*	0	0	0	0	0	0	0	0	0	0	0	0
out-of-quota tariff	*%*	348	352	352	352	352	352	352	352	352	352	352	352
Rice tariff-quota (m)	*kt*	659	682	682	682	682	682	682	682	682	682	682	682
in-quota tariff	*%*	5	5	5	5	5	5	5	5	5	5	5	5
out-of-quota tariff	*%*	1 484	1 689	1 689	1 689	1 689	1 689	1 689	1 689	1 689	1 689	1 689	1 689
KOREA													
Wheat tariff	*%*	8.9	6.3	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4
Maize tariff-quota	*kt*	6 102	6 102	6 102	6 102	6 102	6 102	6 102	6 102	6 102	6 102	6 102	6 102
in-quota tariff	*%*	1.9	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
out-of-quota tariff	*%*	422	408	404	404	404	404	404	404	404	404	404	404
Barley tariff-quota	*kt*	49	53	54	54	54	54	54	54	54	54	54	54
in-quota tariff	*%*	23	23	23	23	23	23	23	23	23	23	23	23
out-of-quota tariff	*%*	376	363	359	359	359	359	359	359	359	359	359	359
Rice quota (m)	*kt*	134	188	205	205	205	205	205	205	205	205	205	205
in-quota tariff	*%*	5	5	5	5	5	5	5	5	5	5	5	5

3 MAIN POLICY ASSUMPTIONS FOR CEREAL MARKETS (cont.d)

Crop year (a)		*Average 98/99-02/03*	*03/04est*	*04/05*	*05/06*	*06/07*	*07/08*	*08/09*	*09/10*	*10/11*	*11/12*	*12/13*	*13/14*
MERCOSUR													
Wheat tariff	%	12	12	12	10	10	10	10	10	10	10	10	10
Coarse grain tariff	%	8	8	8	8	8	8	8	8	8	8	8	8
Rice tariff	%	13	12	12	10	10	10	10	10	10	10	10	10
MEXICO													
Cereal income payment (n)	*MXN/ha*	763	913	944	973	1 004	1 036	1 069	1 103	1 139	1 175	1 213	1 252
Wheat NAFTA tariff	%	4.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fidelist social program	*MXN mn*	1 403	1 330	1 827	2 320	2 635	2 776	2 926	3 070	3 216	3 362	3 507	3 653
Tortilla consumption subsidy	*MXN mn*	751	0	0	0	0	0	0	0	0	0	0	0
Maize tariff-quota	*kt*	2 501	2 501	2 501	2 501	2 501	2 501	2 501	2 501	2 501	2 501	2 501	2 501
in-quota tariff	%	50	50	50	50	50	50	50	50	50	50	50	50
out-of-quota tariff	%	202	196	194	194	194	194	194	194	194	194	194	194
Barley tariff-quota	*kt*	5	5	5	5	5	5	5	5	5	5	5	5
in-quota tariff	%	50	50	50	50	50	50	50	50	50	50	50	50
out-of-quota tariff	%	120	116	115	115	115	115	115	115	115	115	115	115
UNITED STATES													
Wheat loan rate	*USD/t*	96.4	102.9	101.0	101.0	101.0	101.0	101.0	101.0	101.0	101.0	101.0	101.0
Maize loan rate	*USD/t*	75.1	77.9	76.8	76.8	76.8	76.8	76.8	76.8	76.8	76.8	76.8	76.8
Prod. flex. contract payment													
wheat	*USD/t*	20.7	16.9	16.9	16.9	16.9	16.9	16.9	16.9	16.9	16.9	16.9	16.9
maize	*USD/t*	12.6	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3
CRP areas (o)	*mha*	..	6.9	6.9	7.1	7.1	7.4	7.4	7.4	7.4	7.4	7.4	7.4
wheat	*mha*	3.3	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6
coarse grains	*mha*	..	3.3	3.3	3.5	3.5	3.8	3.8	3.8	3.8	3.8	3.8	3.8
Subsidised export limits (b)													
wheat	*mt*	15.2	14.5	14.5	14.5	14.5	14.5	14.5	15.5	16.5	17.5	18.5	19.5
coarse grains	*mt*	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Wheat EEP payment (p)	*USD/t*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CHINA													
Wheat support price	*CNY/t*	666	704	731	763	797	837	879	920	961	1 004	1 048	1 094
Coarse grains support price	*CNY/t*	572	614	641	672	709	748	790	831	872	915	960	1 008
Rice support price	*CNY/t*	1 692	1 093	1 147	1 209	1 282	1 359	1 417	1 426	1 430	1 434	1 438	1 442
Wheat tariff-quota	*kt*	3 270	9 198	9 636	9 636	9 636	9 636	9 636	9 636	9 636	9 636	9 636	9 636
in-quota tariff	%	..	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
out-of-quota tariff	%	70.2	67.3	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0	65.0
Coarse grains tariff	%	12	2	2	2	2	2	2	2	2	2	2	2
Maize tariff-quota	*kt*	2 205	6 525	7 200	7 200	7 200	7 200	7 200	7 200	7 200	7 200	7 200	7 200
in-quota tariff	%	..	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7
out-of-quota tariff	%	53.4	45.4	41.7	41.7	41.7	41.7	41.7	41.7	41.7	41.7	41.7	41.7
Rice tariff-quota	%	1 463	4 655	5 320	5 320	5 320	5 320	5 320	5 320	5 320	5 320	5 320	5 320
in-quota tariff	%	..	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
out-of-quota tariff	%	61.8	54.2	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7

a) Beginning crop marketing year - see Glossary of Terms for definitions. b) Year beginning 1 July. c) Prices and payments in market Euro - see Glossary of Terms. d) EU farmers also benefit from the Single Farm Payment (SFP) Scheme, which provides flat-rate payments independent from current production decisions and market developments. The total amount spent under the SFP scheme, before modulation, is assumed to increase from 26.9 billion Euro in 2005 to 28.4 billion Euro in 2008 for the total of the 15 former member States. The final number is equivalent to 233 Euro per hectare of eligible farm land on average. For the accession countries, payments are phased in with the assumption of maximum top-ups from national budgets. Due to modulation, between 2.7% and 4.6% of the total SFP will go to rural development spending rather than directly to the farmers. e) Common intervention price for soft wheat, barley, maize and sorghum.

f) Compensatory area payments. g) Actual payments made per hectare based on program yields. h) Subject to a purchase limit of 75 000 tonnes per year. i) The export volume for coarse grain excludes 0.4mt of exported potato starch. j) The original limit on subsidised exports is 10.8 mt; the figure given here is used to take into account subsidised exports for potato starch. k) Government purchase price, domestic wheat. l) Government purchase price, barley, 2nd grade, 1st class. m) Husked rice basis. n) Applies to producers of wheat, maize and sorghum. o) Includes wheat, barley, maize, oats and sorghum. p) Average per tonne of total exports.

Note : The source for tariffs and Tariff Rate Quotas is AMAD (Agricultural market access database). The tariff and TRQ data are based on Most Favoured Nation rates scheduled with the WTO and exclude those under preferential or regional agreements, which may be substantially different. Tariffs are simple averages of several product lines. Specific rates are converted to ad valorem rates using world prices in the Outlook. Import quotas are based on global commitments scheduled in the WTO rather than those allocated to preferential partners under regional or other agreements. For Mexico, the NAFTA in-quota tariff on maize and barley is zero, while the tariff-rate quota becomes unlimited in 2003 for barley and 2008 for maize.

Annex Table 4. - WORLD CEREAL PROJECTIONS

4 WORLD CEREAL PROJECTIONS

Crop year (a)		*Average 98/99-02/03*	*03/04est*	*04/05*	*05/06*	*06/07*	*07/08*	*08/09*	*09/10*	*10/11*	*11/12*	*12/13*	*13/14*
WHEAT													
OECD (b)													
Production	*mt*	243.6	240.8	253.5	250.4	256.0	259.9	263.8	267.0	269.4	272.8	275.9	279.3
Consumption	*mt*	190.2	189.7	193.1	193.3	194.3	195.1	196.8	198.8	200.3	202.1	203.8	205.6
feed use	*mt*	68.3	67.7	69.6	68.8	68.8	68.7	69.3	70.2	70.6	71.2	71.8	72.5
Closing stocks	*mt*	61.0	54.6	58.4	59.0	60.8	61.9	63.9	66.1	68.1	70.3	72.0	73.9
Non OECD													
Production	*mt*	333.3	310.5	329.1	338.4	343.8	348.5	352.8	358.1	363.2	368.0	372.8	378.3
Consumption	*mt*	391.3	391.3	397.4	400.8	405.1	411.7	417.1	423.3	429.9	436.1	442.5	449.1
feed use	*mt*	35.1	33.3	35.9	35.8	36.7	37.9	38.7	39.5	40.5	41.3	42.1	43.1
Net trade (d)	*mt*	-53.4	-47.9	-58.4	-58.3	-61.6	-65.4	-66.8	-67.7	-68.9	-70.4	-72.1	-73.6
Closing stocks	*mt*	160.3	109.5	97.8	91.8	90.5	91.0	91.6	92.4	92.7	93.2	93.8	94.8
WORLD (c)													
Production	*mt*	576.9	551.2	582.6	588.8	599.8	608.4	616.6	625.1	632.6	640.8	648.7	657.6
Consumption	*mt*	581.5	581.0	590.5	594.1	599.3	606.8	614.0	622.1	630.2	638.2	646.3	654.6
feed use	*mt*	103.4	100.9	105.4	104.6	105.5	106.6	108.0	109.7	111.1	112.5	113.9	115.6
Closing stocks	*mt*	221.3	164.1	156.2	150.8	151.3	152.9	155.5	158.5	160.8	163.4	165.8	168.7
Price (e)	*USD/t*	126.4	152.7	148.1	154.0	156.2	156.8	156.4	154.7	154.8	153.6	153.5	152.9
COARSE GRAINS													
OECD (b)													
Production	*mt*	470.5	469.6	490.8	498.4	508.6	514.9	520.1	525.0	530.6	535.0	537.8	541.1
Consumption	*mt*	444.5	457.5	456.8	467.6	474.8	479.4	481.8	484.3	487.9	490.4	493.9	497.3
feed use	*mt*	..	328.1	333.6	343.4	349.4	352.7	354.1	355.5	357.9	359.2	361.7	363.6
Closing stocks	*mt*	96.3	78.6	82.9	83.7	83.9	84.0	84.0	84.3	85.1	86.3	85.3	83.1
Non OECD													
Production	*mt*	390.8	405.4	419.0	428.7	436.0	443.0	450.0	456.4	463.5	470.9	478.6	484.6
Consumption	*mt*	..	445.6	454.7	462.2	471.5	478.8	488.1	496.5	505.0	513.9	523.0	530.4
feed use	*mt*	..	272.6	278.6	282.8	290.4	296.3	303.6	310.3	316.7	323.3	330.2	335.4
Net trade (d)	*mt*	-27.1	-17.6	-29.6	-30.1	-33.6	-35.5	-38.2	-40.5	-41.8	-43.4	-44.9	-46.0
Closing stocks	*mt*	92.9	44.2	38.2	34.8	32.9	32.5	32.7	33.1	33.5	33.9	34.3	34.5
WORLD (c)													
Production	*mt*	861.2	875.0	909.7	927.1	944.6	957.9	970.1	981.4	994.1	1005.9	1016.4	1025.7
Consumption	*mt*	..	903.1	911.5	929.7	946.3	958.2	969.9	980.8	992.9	1004.3	1016.9	1027.7
feed use	*mt*	..	600.7	612.2	626.2	639.8	649.0	657.7	665.8	674.5	682.5	691.9	699.0
Closing stocks	*mt*	189.2	122.9	121.1	118.5	116.8	116.5	116.7	117.3	118.6	120.1	119.6	117.6
Price (f)	*USD/t*	93.5	104.9	106.2	111.5	112.6	113.6	114.1	114.5	114.5	113.7	113.8	113.7
RICE													
OECD (b)													
Production	*mt*	23.5	21.1	23.0	22.9	23.0	22.9	23.0	23.1	23.2	23.4	23.5	23.6
Consumption	*mt*	22.7	22.2	22.8	22.6	22.6	22.7	23.0	23.1	23.3	23.5	23.7	23.9
Closing stocks	*mt*	7.6	6.2	5.9	5.8	6.0	6.1	6.2	6.4	6.5	6.7	7.0	7.2
Non OECD													
Production	*mt*	372.8	372.2	386.4	393.9	398.8	402.4	406.0	410.8	414.4	417.6	420.7	424.5
Consumption	*mt*	377.7	392.3	391.8	395.6	398.7	402.6	406.3	410.6	414.2	417.3	420.1	423.6
Net trade (d)	*mt*	-0.9	-0.3	-0.5	-0.4	-0.2	0.0	0.1	0.2	0.3	0.4	0.5	0.6
Closing stocks	*mt*	129.4	84.6	79.7	78.4	78.7	78.5	78.0	78.1	78.0	77.9	78.0	78.3
WORLD (c)													
Production	*mt*	396.3	393.2	409.4	416.8	421.7	425.3	429.0	433.9	437.6	441.0	444.2	448.1
Consumption	*mt*	400.4	414.5	414.6	418.2	421.3	425.3	429.3	433.8	437.6	440.8	443.9	447.5
Closing stocks	*mt*	137.1	90.8	85.6	84.2	84.7	84.6	84.3	84.4	84.5	84.7	85.0	85.5
Price (g)	*USD/t*	218.0	203.8	231.5	252.0	263.7	274.9	286.3	291.0	298.8	302.9	310.2	316.3

a) Beginning crop marketing year - see Glossary of Terms for definitions. b) Excludes Iceland but includes Cyprus, Estonia, Latvia, Lithuania, Malta and Slovenia. c) Source of historic data is USDA. d) Non OECD net exports (imports) equal OECD net imports (exports). e) No.2 hard red winter wheat, ordinary protein, USA f.o.b. Gulf Ports (June/May). f) No.2 yellow corn, US f.o.b. Gulf Ports (September/August). g) Milled, 100%, grade b, Nominal Price Quote, NPQ, f.o.b. Bangkok (August/July)

est: estimate.

Source : OECD Secretariat

Annex Table 5. - MAIN POLICY ASSUMPTIONS FOR OILSEED MARKETS

5 MAIN POLICY ASSUMPTIONS FOR OILSEED MARKETS

Crop year (a)		*Average 98/99-02/03*	*03/04est*	*04/05*	*05/06*	*06/07*	*07/08*	*08/09*	*09/10*	*10/11*	*11/12*	*12/13*	*13/14*
ARGENTINA													
Oilseed export tax	%	7.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5
Oilseed meal export tax	%	4.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Oilseed oil export tax	%	4.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
AUSTRALIA													
Tariffs													
soyabean oil	%	8.2	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
rapeseed oil	%	8.2	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
CANADA													
Tariffs													
rapeseed oil	%	6.8	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4
EUROPEAN UNION (c, d)													
Oilseed compensation (e, f)	*EUR/ha*	280	290	290	0	0	0	0	0	0	0	0	0
Compulsory set-aside rate	%	10.0	10.0	5.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Set-aside payment (f)	*EUR/ha*	296.9	290.1	290.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tariffs													
soyabean oil	%	6.4	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
rapeseed oil	%	6.4	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
JAPAN													
Deficiency payments													
soyabeans	*bn. JPY*	12.1	12.9	12.9	12.9	12.9	12.9	12.9	12.9	12.9	12.9	12.9	12.9
Tariffs													
soyabean oil	%	11.5	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9
rapeseed oil	%	27.6	28.4	28.4	28.4	28.4	28.4	28.4	28.4	28.4	28.4	28.4	28.4
KOREA													
Soybean tariff-quota	*kt*	1 032	1 032	1 032	1 032	1 032	1 032	1 032	1 032	1 032	1 032	1 032	1 032
in-quota tariff	%	5	5	5	5	5	5	5	5	5	5	5	5
out-of-quota tariff	%	509	492	487	487	487	487	487	487	487	487	487	487
Soyabean (for food) mark up	*'000 KRW/t*	170	145	146	147	145	145	144	144	143	143	143	143
MEXICO													
Soyabeans income payment (g)	*MXN/ha*	763	913	944	973	1 004	1 036	1 069	1 103	1 139	1 175	1 213	1 252
Tariffs													
soyabeans	%	34.5	33.4	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0
soyabean meal	%	29.3	25.1	23.8	23.8	23.8	23.8	23.8	23.8	23.8	23.8	23.8	23.8
soyabean oil	%	47.0	45.5	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0
UNITED STATES													
Soyabeans loan rate	*USD/t*	191.4	183.7	183.7	183.7	183.7	183.7	183.7	183.7	183.7	183.7	183.7	183.7
CRP area													
soyabeans	*mha*	1.9	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Tariffs													
rapeseed	%	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
soyabean meal	%	2.3	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
rapeseed meal	%	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
soyabean oil	%	13.0	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7
rapeseed oil	%	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Subsidised export limits (b)													
oilseed oils	*kt*	194.8	141.0	141.0	141.0	141.0	141.0	141.0	141.0	141.0	141.0	141.0	141.0
CHINA													
Soyabeans support price	*CNY/t*	751.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tariffs (b)													
soyabeans	%	59.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
soyabean meal	%	13.0	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3
soyabean oil in-quota tariff	%	..	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Vegetable oil tariff-quota	*kt*	2 150.8	6 436.6	6 944.6	7 998.1	7 998.1	7 998.1	7 998.1	7 998.1	7 998.1	7 998.1	7 998.1	7 998.1

a) Beginning crop marketing year - see Glossary of Terms for definitions. b) calendar year, except for China and subsidised export limit in USA, beginning 1 July. c) Prices and payments in market Euro - see Glossary of Terms. d) EU farmers also benefit from the Single Farm Payment (SFP) Scheme, which provides flat-rate payments independent from current production decisions and market developments. The total amount spent under the SFP scheme, before modulation, is assumed to increase from 26.9 billion Euro in 2005 to 28.4 billion Euro in 2008 for the total of the 15 former member States. The final number is equivalent to 233 Euro per hectare of eligible farm land on average. For the accession countries, payments are phased in with the assumption of maximum top-ups from national budgets. Due to modulation, between 2.7% and 4.6% of the total SFP will go to rural development spending rather than directly to the farmers. e) Compensatory area payments, before penalties. f) Payments made per hectare based on region

Note : The source for tariffs and Tariff Rate Quotas is AMAD (Agricultural market access database). The tariff and TRQ data are based on Most Favoured Nation rates scheduled with the WTO and exclude those under preferential or regional agreements, which may be substantially different. Tariffs are simple averages of several product lines. Specific rates are converted to ad valorem rates using world prices in the Outlook. Import quotas are based on global commitments scheduled in the WTO rather than those allocated to preferential partners under regional or other agreements. For Mexico, the NAFTA tariffs on soybeans, oilmeals and soybean oil are zero after 2003.

Annex Table 6. - WORLD OILSEED PROJECTIONS

6 WORLD OILSEED PROJECTIONS

Marketing year (a)		*Average 98/99-02/03*	*03/04est*	*04/05*	*05/06*	*06/07*	*07/08*	*08/09*	*09/10*	*10/11*	*11/12*	*12/13*	*13/14*
OILSEEDS													
OECD (b)													
Production	*mt*	105.2	92.7	111.8	111.8	110.7	112.4	113.0	113.5	114.6	115.7	117.4	118.3
Consumption	*mt*	106.3	99.0	105.9	109.1	111.0	112.9	115.0	116.8	118.4	119.6	120.8	122.0
crush	*mt*	95.4	90.4	95.9	98.9	100.8	102.7	104.6	106.3	107.8	108.8	110.0	111.1
Closing stocks	*mt*	13.5	9.2	12.5	13.2	12.7	13.1	13.3	13.5	13.7	13.5	13.6	13.6
Non OECD													
Production	*mt*	123.4	151.4	157.5	159.4	163.3	168.9	174.5	180.4	185.5	189.4	194.4	199.8
Consumption	*mt*	122.1	147.7	157.0	161.0	163.0	167.4	172.1	176.5	181.1	185.5	190.6	195.8
crush	*mt*	105.0	129.0	136.8	140.1	141.9	145.8	150.0	154.0	158.1	162.1	166.9	171.7
Net trade (d)	*mt*	0.9	5.2	-2.6	-2.0	-0.3	1.0	2.2	3.6	4.1	3.7	3.5	3.7
Closing stocks	*mt*	7.6	7.0	10.1	10.4	11.0	11.5	11.8	12.1	12.4	12.7	13.0	13.4
WORLD (c)													
Production	*mt*	228.6	244.2	269.2	271.2	274.0	281.3	287.5	293.9	300.0	305.1	311.7	318.1
Consumption	*mt*	228.4	246.7	262.9	270.1	274.0	280.3	287.0	293.3	299.5	305.0	311.3	317.8
crush	*mt*	200.4	219.4	232.7	239.0	242.7	248.4	254.6	260.3	265.8	271.0	276.9	282.8
Closing stocks	*mt*	21.1	16.2	22.5	23.6	23.6	24.6	25.1	25.6	26.1	26.2	26.6	27.0
Price (e)	*USD/t*	218.0	316.8	252.5	245.6	257.6	256.1	254.9	252.7	249.9	253.3	253.3	254.1
OILSEED MEALS													
OECD (b)													
Production	*mt*	70.6	66.9	71.4	73.9	75.4	76.7	78.3	79.5	80.7	81.5	82.3	83.2
Consumption	*mt*	89.2	92.9	96.8	99.1	99.8	101.1	102.5	103.8	105.1	106.2	107.5	108.6
Closing stocks	*mt*	2.7	2.6	3.0	2.9	2.9	2.9	3.0	3.0	3.0	3.0	3.0	3.0
Non OECD													
Production	*mt*	75.8	93.5	99.0	101.3	102.6	105.4	108.5	111.4	114.4	117.4	120.8	124.4
Consumption	*mt*	57.2	68.2	72.8	76.0	78.2	81.0	84.2	87.0	89.9	92.5	95.7	98.9
Net trade (d)	*mt*	18.6	26.0	25.8	25.1	24.4	24.4	24.3	24.3	24.5	24.8	25.1	25.4
Closing stocks	*mt*	3.1	2.7	3.2	3.5	3.4	3.5	3.6	3.6	3.7	3.7	3.8	3.8
WORLD (c)													
Production	*mt*	146.5	160.4	170.4	175.2	178.0	182.1	186.8	190.9	195.1	198.8	203.2	207.5
Consumption	*mt*	146.4	161.1	169.6	175.0	178.0	182.0	186.7	190.9	195.0	198.8	203.1	207.5
Closing stocks	*mt*	5.7	5.4	6.2	6.4	6.4	6.5	6.5	6.6	6.7	6.7	6.8	6.8
Price (f)	*USD/t*	165.6	237.3	192.2	180.2	183.0	181.3	180.7	181.0	179.1	179.5	179.4	179.5
VEGETABLE OILS													
OECD (b)													
Production	*mt*	22.7	21.3	22.6	23.2	23.5	23.9	24.3	24.7	25.0	25.3	25.6	25.8
Consumption	*mt*	24.9	26.4	26.8	27.3	27.6	28.0	28.4	28.9	29.4	29.8	30.3	30.8
Closing stocks	*mt*	2.2	1.6	1.8	1.9	1.9	2.0	2.0	2.0	2.0	2.1	2.1	2.1
Non OECD													
Production	*mt*	44.7	51.4	53.9	55.3	56.5	58.5	60.7	62.9	65.1	67.2	69.5	71.9
Consumption	*mt*	42.3	46.6	48.9	50.9	52.3	54.2	56.4	58.5	60.6	62.7	64.7	66.8
Net trade (d)	*mt*	2.3	4.9	4.4	4.3	4.2	4.1	4.1	4.2	4.4	4.5	4.7	4.9
Closing stocks	*mt*	5.5	5.1	5.7	5.8	5.8	5.9	6.1	6.2	6.4	6.4	6.5	6.7
WORLD (c)													
Production	*mt*	67.4	72.7	76.5	78.5	80.0	82.4	85.0	87.6	90.1	92.5	95.1	97.7
of which palm oil	*mt*	20.1	22.5	23.1	23.7	24.5	25.5	26.8	28.1	29.4	30.6	31.9	33.1
Consumption	*mt*	67.2	73.0	75.7	78.2	80.0	82.2	84.9	87.4	90.0	92.4	95.0	97.6
Closing stocks	*mt*	7.7	6.7	7.5	7.7	7.8	7.9	8.1	8.3	8.4	8.5	8.6	8.7
Oil price (g)	*USD/t*	429.3	582.6	570.2	568.1	582.3	593.4	599.0	593.1	589.0	595.0	599.4	602.8

a) Beginning crop marketing year - see Glossary of Terms for definitions. b) Excludes Iceland but includes Cyprus, Estonia, Latvia, Lithuania, Malta and Slovenia. c) Source of historic data is USDA. d) Non OECD net exports (imports) equal OECD net imports (exports). e) Weighted average oilseed price, European port. f) Weighted average meal price, European port. g) Weighted average price of oilseed oils and palm oil, European port.

est: estimate. *Source: OECD Secretariat.*

Annex Table 7. – MAIN POLICY ASSUMPTIONS FOR MEAT MARKETS

7 MAIN POLICY ASSUMPTIONS FOR MEAT MARKETS

		Average 1998-02	*2003est*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*
ARGENTINA													
Beef export tax	%	1	5	5	5	5	5	5	5	5	5	5	5
CANADA													
Beef tariff-quota	*kt pw*	76	76	76	76	76	76	76	76	76	76	76	76
in-quota tariff	%	0	0	0	0	0	0	0	0	0	0	0	0
out-of-quota tariff	%	28	27	27	27	27	27	27	27	27	27	27	27
Poultry meat tariff-quota	*kt pw*	45	45	45	45	45	45	45	45	45	45	45	45
in-quota tariff	%	3	2	2	2	2	2	2	2	2	2	2	2
out-of-quota tariff	%	201	197	197	197	197	197	197	197	197	197	197	197
EUROPEAN UNION (a, b)													
Beef basic price (c, d, e)	*EUR/kg dw*	3.09	2.22	2.22	2.22	2.22	2.22	2.22	2.22	2.22	2.22	2.22	2.22
Beef buy-in price (c, f)	*EUR/kg dw*	..	1.56	1.56	1.56	1.56	1.56	1.56	1.56	1.56	1.56	1.56	1.56
Pig meat basic price (d)	*EUR/kg dw*	1.51	1.51	1.51	1.51	1.51	1.51	1.51	1.51	1.51	1.51	1.51	1.51
Sheep meat basic price	*EUR/kg dw*	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04
Sheep basic rate (g)	*EUR/head*	..	21.00	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0
Male bovine premium (h)	*EUR/head*	183	229	229	0	0	0	0	0	0	0	0	0
Adult bovine slaughter premium (i)	*EUR/head*	45	102	102	0	0	0	0	0	0	0	0	0
Calf slaughter premium	*EUR/head*	20	50	50	0	0	0	0	0	0	0	0	0
Suckler cow premium	*EUR/head*	167	200	200	0	0	0	0	0	0	0	0	0
Beef tariff-quota													
EU15	*kt pw*	164	164	164	164	164	164	164	164	164	164	164	164
EU10	*kt pw*	..	52	52	52	52	52	52	52	52	52	52	52
Pig meat tariff-quota													
EU15	*kt pw*	56	67	67	67	67	67	67	67	67	67	67	67
EU10	*kt pw*	..	101	101	101	101	101	101	101	101	101	101	101
Poultry meat tariff-quota													
EU15	*kt pw*	28	30	30	30	30	30	30	30	30	30	30	30
EU10	*kt pw*	..	66	66	66	66	66	66	66	66	66	66	66
Sheep meat tariff-quota													
EU15	*kt cwe*	285	285	285	285	285	285	285	285	285	285	285	285
EU10	*kt cwe*	..	1	1	1	1	1	1	1	1	1	1	1
Subsidised export limits (d)													
beef (j)													
EU15	*kt cwe*	860	822	822	822	822	822	822	822	822	822	822	822
EU10	*kt pw*	..	106	106	106	106	106	106	106	106	106	106	106
pig meat (j)													
EU15	*kt cwe*	456	444	444	444	444	444	444	444	444	444	444	444
EU10	*kt pw*	..	142	142	142	142	142	142	142	142	142	142	142
poultry meat													
EU15	*kt cwe*	304	286	286	286	286	286	286	286	286	286	286	286
EU10	*kt pw*	..	158	158	158	158	158	158	158	158	158	158	158

For notes, see end of the table.

7 MAIN POLICY ASSUMPTIONS FOR MEAT MARKETS (cont.d)

		Average 1998-02	*2003est*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*
JAPAN (k)													
Beef stabilisation prices													
upper price	*JPY/kg dw*	1 024	1 010	1 010	1 010	1 010	1 010	1 010	1 010	1 010	1 010	1 010	1 010
lower price	*JPY/kg dw*	789	780	780	780	780	780	780	780	780	780	780	780
Beef tariff	*%*	..	45	41	39	39	39	39	39	39	39	39	39
Pig meat stabilisation prices													
upper price	*JPY/kg dw*	489	480	480	480	480	480	480	480	480	480	480	480
lower price	*JPY/kg dw*	369	365	365	365	365	365	365	365	365	365	365	365
Pig meat import system (l)													
tariff	*%*	4	4	4	4	4	4	4	4	4	4	4	4
standard import price	*JPY/kg dw*	416	410	410	410	410	410	410	410	410	410	410	410
Poultry meat tariff	*%*	8	7	7	7	7	7	7	7	7	7	7	7
KOREA													
Beef tariff	*%*	42	40	40	40	40	40	40	40	40	40	40	40
Beef mark-up	*%*	6	0	0	0	0	0	0	0	0	0	0	0
Pig meat tariff	*%*	25	23	22	22	22	22	22	22	22	22	22	22
Poultry meat tariff	*%*	22	21	21	21	21	21	21	21	21	21	21	21
MEXICO													
Pig meat tariff	*%*	47	46	45	45	45	45	45	45	45	45	45	45
Pig meat NAFTA tariff	*%*	6	0	0	0	0	0	0	0	0	0	0	0
Poultry meat tariff-quota	*kt pw*	41	41	41	41	41	41	41	41	41	41	41	41
in-quota tariff	*%*	50	50	50	50	50	50	50	50	50	50	50	50
out-of-quota tariff	*%*	238	230	228	228	228	228	228	228	228	228	228	228
RUSSIA													
Beef tariff-quota	*kt pw*	..	315	420	420	420	420	420	420	420	420	420	420
in-quota tariff	*%*	15	15	15	15	15	15	15	15	15	15	15	15
out-of-quota tariff	*%*	..	60	60	60	60	60	60	60	60	60	60	60
Pigmeat tariff-quota	*kt pw*	..	335	450	450	450	450	450	450	450	450	450	450
in-quota tariff	*%*	15	15	15	15	15	15	15	15	15	15	15	15
out-of-quota tariff	*%*	..	80	80	80	80	80	80	80	80	80	80	80
Poultry meat tariff-quota	*kt pw*	..	774	1 050	1 050	1 050	1 050	1 050	1 050	1 050	1 050	1 050	1 050
in-quota tariff	*%*	28	25	25	25	25	25	25	25	25	25	25	25
UNITED STATES													
Beef tariff-quota	*kt pw*	673	697	697	697	697	697	697	697	697	697	697	697
in-quota tariff	*%*	5	5	5	5	5	5	5	5	5	5	5	5
out-of-quota tariff	*%*	27	26	26	26	26	26	26	26	26	26	26	26
CHINA													
Beef tariff	*%*	40	20	16	16	16	16	16	16	16	16	16	16
Pig meat tariff	*%*	19	17	16	16	16	16	16	16	16	16	16	16
Sheep meat tariff	*%*	22	16	15	15	15	15	15	15	15	15	15	15
Poultry meat tariff	*%*	20	19	19	19	19	19	19	19	19	19	19	19

a) Prices and payments in market Euro's - see Glossary of Terms. b) EU farmers also benefit from the Single Farm Payment (SFP) Scheme, which provides flat-rate payments independent from current production decisions and market developments. The total amount spent under the SFP scheme, before modulation, is assumed to increase from 26.9 billion Euro in 2005 to 28.4 billion Euro in 2008 for the total of the 15 former member States. The final number is equivalent to 233 Euro per hectare of eligible farm land on average. For the accession countries, payments are phased in with the assumption of maximum top-ups from national budgets. Due to modulation, between 2.7% and 4.6% of the total SFP will go to rural development spending rather than directly to the farmers. c) Price for R3 grade male cattle.

d) Year beginning 1 July, except for E10 which is calendar year. Poland has a commitment on export subsidies on unspecified meat. e) Ending 1 July 2002, replaced by basic price for storage. f) Starting 1 July 2002. g) A supplementary payment of 7 euro per head is provided for Less Favoured Areas. h) Weighted average of all bull and steers payments. i) Includes national envelopes for beef. j) Includes live trade. k) Year beginning 1 April. l) Pig carcass imports. Emergency import procedures triggered from November 1995 to March 1996, from July 1996 to June 1997, from August 2001 to March 2002, from August 2002 to March 2003 and from August 2003 to March 2004.

Note : The source for tariffs and Tariff Rate Quotas (excluding Russia) is AMAD (Agricultural market access database). The tariff and TRQ data are based on Most Favoured Nation rates scheduled with the WTO and exclude those under preferential or regional agreements, which may be substantially different. Tariffs are simple averages of several product lines. Specific rates

under regional or other agreements. For Mexico, the NAFTA in-quota tariff on poultry meat is zero and the tariff-rate quota is unlimited from 2003.

est: estimate

Source: OECD Secretariat.

Annex Table 8. - OECD MEAT PROJECTIONS *(a)*

8 OECD MEAT PROJECTIONS (a)

Calendar year		*Average 1998-02*	*2003est*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*
BEEF AND VEAL (b)													
Production	*kt cwe*	27 092	26 565	26 894	26 149	26 172	26 608	26 789	27 108	27 461	27 786	28 081	28 333
Net trade	*kt cwe*	560	-69	-59	-78	-77	53	138	252	344	389	443	498
Consumption	*kt cwe*	26 479	26 800	27 006	26 326	26 311	26 551	26 645	26 851	27 112	27 396	27 641	27 842
Ending stocks	*kt cwe*	968	1 058	999	893	826	824	823	821	820	818	817	815
Per capita consumption	*kg rwt*	16.3	16.1	16.2	15.7	15.6	15.7	15.7	15.7	15.8	15.9	16.0	16.0
Price, Australia (c)	*AUD/100 kg dw*	238	272	330	272	277	267	260	248	241	235	233	235
Price, EU (d)	*EUR/100 kg dw*	245	245	243	241	245	249	249	248	247	248	248	248
Price, USA (e)	*USD/100 kg dw*	239	302	261	329	336	324	316	301	291	285	283	285
Price, Argentina (f)	*ARS/100 kg dw*	182	360	379	411	408	409	407	395	378	381	385	391
PIG MEAT (g)													
Production	*kt cwe*	..	37 104	37 293	37 769	38 207	38 588	39 029	39 318	39 482	39 719	39 978	40 073
Net trade	*kt cwe*	..	1 059	1 182	1 245	1 225	1 245	1 239	1 189	1 181	1 220	1 201	1 187
Consumption	*kt cwe*	34 081	35 829	35 868	36 327	36 770	37 144	37 585	37 928	38 091	38 292	38 569	38 705
Ending stocks	*kt cwe*	620	702	738	732	737	728	722	710	703	695	690	660
Per capita consumption	*kg rwt*	23.3	24.0	23.9	24.1	24.3	24.4	24.6	24.7	24.7	24.8	24.9	24.9
Price, EU (h)	*EUR/100 kg dw*	127	125	123	129	133	135	133	133	130	134	134	135
Price, USA (i)	*USD/100 kg dw*	119	120	120	126	124	119	118	117	118	118	119	123
POULTRY MEAT													
Production	*kt rtc*	32 780	34 289	34 838	36 691	37 197	37 621	38 167	38 726	39 219	39 727	40 141	40 763
Net trade	*kt rtc*	2 273	1 804	1 880	1 853	1 833	1 885	1 921	1 920	1 950	1 984	2 002	2 028
Consumption	*kt rtc*	30 577	32 608	32 923	34 839	35 364	35 735	36 245	36 806	37 268	37 742	38 137	38 734
Stock changes	*kt rtc*	-71	-123	34	0	0	1	1	1	1	1	1	1
Per capita consumption	*kg rwt*	23.6	24.7	24.8	26.1	26.4	26.5	26.8	27.1	27.3	27.6	27.7	28.1
Price, EU (j)	*EUR/100 kg rtc*	99	104	103	98	98	98	97	97	97	97	97	97
Price, USA (k)	*USD/100 kg rtc*	129	137	139	139	141	143	142	142	141	142	143	143
SHEEP MEAT													
Production	*kt cwe*	..	2 751	2 665	2 672	2 662	2 673	2 675	2 665	2 654	2 637	2 620	2 602
Net trade	*kt cwe*	..	415	313	327	307	315	313	305	299	285	270	250
Consumption	*kt cwe*	..	2 324	2 349	2 341	2 352	2 354	2 358	2 356	2 353	2 350	2 349	2 352
Stock changes	*kt cwe*	..	12	4	4	3	4	5	6	7	8	9	10
Per capita consumption	*kg rwt*	..	1.8	1.8	1.8	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Price, Australia (l)	*AUD/100 kg dw*	232	388	250	252	265	273	282	290	299	308	318	327
Price, Australia (m)	*AUD/100 kg dw*	106	193	125	120	123	127	131	135	139	143	147	152
Price, New Zealand (n)	*NZD/100 kg dw*	325	379	363	347	346	347	348	346	347	349	352	355
TOTAL MEAT													
Per capita consumption	*kg rwt*	..	66.6	66.7	67.7	68.0	68.4	68.8	69.3	69.6	70.0	70.3	70.7

a) Excludes Iceland but includes Cyprus, Estonia, Latvia, Lithuania, Malta and Slovenia. Carcass weight to retail weight conversion factors of 0.7 for beef and veal, 0.78 for pig meat and 0.88 for sheep meat. Rtc to retail weight conversion factor 0.88 for poultry meat. b) Do not balance due to statistical differences in New Zealand. c) Weighted average price of cows 201-260 kg, steers 301-400 kg, yearling < 200 kg dw. d) Producer price. e) Choice steers, 1100-1300 lb lw, Nebraska - lw to dw conversion factor 0.63. f) Buenos Aires wholesale price linier, young bulls. g) Do not balance due to consumption in Canada which excludes non-food parts. h) Pig producer price. i) Barrows and gilts, No. 1-3, 230-250 lb lw, Iowa/South Minnesota - lw to dw conversion factor 0.74. j) Weighted average farmgate live fowls, top quality, (lw to rtc conversion of 0.75), EU15 starting in 1995. k) Wholesale weighted average broiler price 12 cities. l) Saleyard price, lamb, 16-20 kg dw. m) Saleyard price, wethers, < 22kg dw. n) Lamb schedule price, all grade average.

est: estimate.

Source : OECD Secretariat.

Annex Table 9. - MAIN POLICY ASSUMPTIONS FOR DAIRY MARKETS

9 MAIN POLICY ASSUMPTIONS FOR DAIRY MARKETS

		Average 1998-02	*2003e*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*
ARGENTINA													
Dairy export tax	*%*	1	5	5	5	5	5	5	5	5	5	5	5
AUSTRALIA (a)													
Domestic support payment (b)	*AUDc/kg*	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CANADA													
Milk target price (b)	*CADc/litre*	57	61	64	65	66	66	67	68	69	70	70	71
Butter support price	*CAD/t*	5 604	6 096	6 252	6 346	6 440	6 536	6 634	6 732	6 833	6 934	7 038	7 142
SMP support price	*CAD/t*	4 672	5 153	5 430	5 464	5 571	5 607	5 676	5 725	5 793	5 847	5 896	5 962
Dairy subsidy	*CADc/hltr*	1.77	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cheese tariff-quota	*kt pw*	20	20	20	20	20	20	20	20	20	20	20	20
in-quota tariff	*%*	1	1	1	1	1	1	1	1	1	1	1	1
out-of-quota tariff	*%*	250	246	246	246	246	246	246	246	246	246	246	246
Subsidised export limits (c)													
cheese	*kt pw*	9	9	9	9	9	9	9	9	9	9	9	9
SMP	*kt pw*	46	45	45	45	45	45	45	45	45	45	45	45
EUROPEAN UNION (d, e, f)													
Milk quota (g)	*mt pw*	..	139	139	139	140	140	141	141	141	141	141	141
Butter intervention price	*EUR/t*	3 282	3 282	3 167	2 938	2 708	2 528	2 462	2 462	2 462	2 464	2 464	2 464
SMP intervention price	*EUR/t*	2 055	2 055	2 004	1 901	1 798	1 747	1 747	1 747	1 747	1 747	1 747	1 747
Butter tariff-quotas													
EU15	*kt pw*	86	87	87	87	87	87	87	87	87	87	87	87
EU10	*kt pw*	..	3	3	3	3	3	3	3	3	3	3	3
Cheese tariff-quota (h)													
EU15	*kt pw*	88	102	102	102	102	102	102	102	102	102	102	102
EU10	*kt pw*	..	1	1	1	1	1	1	1	1	1	1	1
SMP tariff-quota													
EU15	*kt pw*	63	68	68	68	68	68	68	68	68	68	68	68
EU10	*kt pw*	..	3	3	3	3	3	3	3	3	3	3	3
Subsidised export limits (a)													
butter													
EU25	*kt pw*	410	399	399	399	399	399	399	399	399	399	399	399
cheese													
EU15	*kt pw*	334	321	321	321	321	321	321	321	321	321	321	321
EU10	*kt pw*	3	2	2	2	2	2	2	2	2	2	2	2
SMP													
EU15	*kt pw*	280	273	273	273	273	273	273	273	273	273	273	273
EU10	*kt pw*	97	95	95	95	95	95	95	95	95	95	95	95
other milk products													
EU15	*kt pw*	1 129	1 098	1 098	1 098	1 098	1 098	1 098	1 098	1 098	1 098	1 098	1 098
EU10	*kt pw*	144	140	140	140	140	140	140	140	140	140	140	140
JAPAN (d)													
Direct payments (i)	*JPY/kg*	..	11	11	11	11	11	11	11	11	11	11	11
Deficiency/direct payment ceiling (j)	*kt pw*	2 334	2 100	2 100	2 100	2 100	2 100	2 100	2 100	2 100	2 100	2 100	2 100
Cheese tariff (k)	*%*	33	30	30	30	30	30	30	30	30	30	30	30
Tariff-quotas													
Butter	*kt pw*	2	2	2	2	2	2	2	2	2	2	2	2
in-quota tariff	*%*	35	35	35	35	35	35	35	35	35	35	35	35
out-of-quota tariff	*%*	664	733	733	733	733	733	733	733	733	733	733	733
SMP	*kt pw*	116	116	116	116	116	116	116	116	116	116	116	116
in-quota tariff	*%*	16	16	16	16	16	16	16	16	16	16	16	16
out-of-quota tariff	*%*	231	210	210	210	210	210	210	210	210	210	210	210
WMP	*kt pw*	0	0	0	0	0	0	0	0	0	0	0	0
in-quota tariff	*%*	24	24	24	24	24	24	24	24	24	24	24	24
out-of-quota tariff	*%*	325	316	316	316	316	316	316	316	316	316	316	316

For notes, see end of the table.

9 MAIN POLICY ASSUMPTIONS FOR DAIRY MARKETS (cont.d)

		Average 1998-02	*2003est*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*
KOREA													
Tariff-quotas													
Butter	*kt pw*	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
in-quota tariff	*%*	40	40	40	40	40	40	40	40	40	40	40	40
out-of-quota tariff	*%*	89	89	89	89	89	89	89	89	89	89	89	89
SMP	*kt pw*	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
in-quota tariff	*%*	20	20	20	20	20	20	20	20	20	20	20	20
out-of-quota tariff	*%*	176	176	176	176	176	176	176	176	176	176	176	176
WMP	*kt pw*	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
in-quota tariff	*%*	40	40	40	40	40	40	40	40	40	40	40	40
out-of-quota tariff	*%*	176	176	176	176	176	176	176	176	176	176	176	176
MEXICO													
Butter tariff	*%*	6	0	0	0	0	0	0	0	0	0	0	0
Tariff-quotas													
cheese	*kt pw*	9	9	9	9	9	9	9	9	9	9	9	9
in-quota tariff	*%*	50	50	50	50	50	50	50	50	50	50	50	50
out-of-quota tariff	*%*	131	126	125	125	125	125	125	125	125	125	125	125
SMP	*kt pw*	90	90	90	90	90	90	90	90	90	90	90	90
in-quota tariff	*%*	0	0	0	0	0	0	0	0	0	0	0	0
out-of-quota tariff	*%*	131	126	125	125	125	125	125	125	125	125	125	125
Liconsa social program	*MXN mn*	3 300	3 395	3 380	3 364	3 349	3 334	3 319	3 304	3 289	3 274	3 259	3 244
RUSSIA													
Butter tariff	*%*	20	20	20	20	20	20	20	20	20	20	20	20
Cheese tariff	*%*	15	15	15	15	15	15	15	15	15	15	15	15
UNITED STATES (l)													
Milk support price (b)	*USDc/litre*	23	22	22	22	22	22	22	22	22	22	22	22
Target price (m)	*USDc/litre*	..	38.5	38.5	38.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Butter support price	*USD/t*	1 596	2 315	2 315	2 315	2 315	2 315	2 315	2 315	2 315	2 315	2 315	2 315
SMP support price	*USD/t*	2 155	1 764	1 764	1 764	1 764	1 764	1 764	1 764	1 764	1 764	1 764	1 764
Butter tariff-quota	*kt pw*	12	13	13	13	13	13	13	13	13	13	13	13
in-quota tariff	*%*	10	10	10	10	10	10	10	10	10	10	10	10
out-of-quota tariff	*%*	105	112	112	112	112	112	112	112	112	112	112	112
Cheese tariff-quota	*kt pw*	134	135	135	135	135	135	135	135	135	135	135	135
in-quota tariff	*%*	12	12	12	12	12	12	12	12	12	12	12	12
out-of-quota tariff	*%*	90	87	87	87	87	87	87	87	87	87	87	87
Subsidised export limits (a)													
butter	*kt pw*	24	21	21	21	21	21	21	21	21	21	21	21
SMP	*kt pw*	73	68	68	68	68	68	68	68	68	68	68	68

a) Year ending 30 June. b) For manufacturing milk. c) The effective volume of cheese and SMP subsidized export will be lower reflecting the binding nature of subsidized export limits in value terms. d) Year beginning 1 April. e) Prices and payments in market Euro's -see Glossary of Terms. f) EU farmers also benefit from the Single Farm Payment (SFP) Scheme, which provides flat-rate payments independent from current production decisions and market developments. The total amount spent under the SFP scheme, before modulation, is assumed to increase from 26.9 billion Euro in 2005 to 28.4 billion Euro in 2008 for the total of the 15 former member States. The final number is equivalent to 233 Euro per hectare of eligible farm land on average. For the accession countries, payments are phased in with the assumption of maximum top-ups from national budgets. Due to modulation, between 2.7% and 4.6% of the total SFP will go to rural development spending rather than directly to the farmers.

g) Total quota, EU25 starting in 1997. h) Calendar year minimum access for Australia, New Zealand and Canada before 1995. i) In addition to direct payments, a compensation payment is paid - equal to 80% difference between the market price and the base price (the average price of the past three years). j) Manufacturing milk eligible for deficiency/direct payments. k) Excludes processed cheese. l) Year beginning 1 January. m) The counter-cyclical payment is determined as a 45% difference between the target price and the Boston class I price.

Note : The source for tariffs and Tariff Rate Quotas (except Russia) is AMAD (Agricultural market access database). The tariff and TRQ data are based on Most Favoured Nation rates scheduled with the WTO and exclude those under preferential or regional agreements, which may be substantially different. Tariffs are simple averages of several product lines. Specific rates are converted to ad valorem rates using world prices in the Outlook. Import quotas are based on global commitments scheduled in the WTO rather than those allocated to preferential partners under regional or other agreements.

est: estimate. *Source: OECD Secretariat.*

Annex Table 10. - WORLD DAIRY PROJECTIONS (BUTTER AND CHEESE)

10 WORLD DAIRY PROJECTIONS (BUTTER AND CHEESE)

Calendar year (a)		*Average 1998-02*	*2003est*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*
BUTTER													
OECD (b) (f)													
Production	*kt pw*	..	3 708	3 701	3 611	3 602	3 616	3 640	3 653	3 675	3 683	3 699	3 702
Imports	*kt pw*	..	207	232	234	266	268	272	276	280	283	287	290
Exports	*kt pw*	..	822	900	860	845	846	861	864	836	832	834	832
Consumption	*kt pw*	..	3 009	3 050	3 085	3 113	3 113	3 120	3 119	3 121	3 125	3 128	3 124
Closing stocks	*kt pw*	423	569	538	427	337	263	193	138	135	144	168	202
Non OECD													
Production	*kt pw*	..	4 422	4 607	4 795	4 985	5 143	5 338	5 530	5 733	5 946	6 169	6 409
Consumption	*kt pw*	..	5 038	5 274	5 420	5 562	5 720	5 926	6 118	6 289	6 494	6 716	6 951
Net trade (d)	*kt pw*	..	-615	-668	-626	-579	-577	-589	-588	-556	-549	-547	-542
Closing stocks	*kt pw*	55	45	47	49	50	50	50	50	50	50	50	50
WORLD (f)													
Production (c)	*kt pw*	7 423	8 130	8 308	8 406	8 587	8 759	8 977	9 183	9 407	9 629	9 868	10 111
Consumption	*kt pw*	..	8 047	8 324	8 505	8 675	8 832	9 046	9 237	9 410	9 619	9 844	10 075
Closing stocks	*kt pw*	478	614	585	475	387	313	243	188	185	194	218	252
Price (e)	*USD/100 kg*	145	139	144	146	142	144	149	149	150	150	151	152
CHEESE													
OECD (b)													
Production	*kt pw*	..	13 925	14 217	14 469	14 743	14 961	15 228	15 438	15 662	15 887	16 106	16 302
Imports	*kt pw*	..	751	800	853	934	967	1 007	1 036	1 063	1 091	1 119	1 147
Exports	*kt pw*	..	1 167	1 115	1 168	1 233	1 270	1 294	1 322	1 345	1 368	1 394	1 413
Consumption	*kt pw*	..	13 518	13 869	14 083	14 391	14 602	14 908	15 131	15 368	15 609	15 842	16 060
Closing stocks	*kt pw*	659	814	846	914	965	1 018	1 049	1 068	1 078	1 077	1 065	1 040
Non OECD													
Production	*kt pw*	..	3 598	3 727	3 841	3 989	4 111	4 245	4 387	4 538	4 698	4 863	5 036
Consumption	*kt pw*	..	4 008	4 042	4 156	4 287	4 414	4 533	4 672	4 819	4 975	5 137	5 302
Net trade (d)	*kt pw*	..	-416	-314	-315	-299	-303	-288	-286	-282	-277	-275	-266
Closing stocks	*kt pw*	72	75	76	76	76	77	77	77	78	78	78	79
WORLD													
Production (c)	*kt pw*	16 352	17 523	17 945	18 310	18 731	19 072	19 473	19 825	20 200	20 585	20 969	21 338
Consumption	*kt pw*	..	17 527	17 910	18 239	18 678	19 017	19 441	19 803	20 187	20 584	20 979	21 362
Closing stocks	*kt pw*	732	889	922	990	1 041	1 095	1 126	1 145	1 156	1 155	1 143	1 118
Price (g)	*USD/100 kg*	188	188	194	191	191	195	199	201	203	205	207	209

a) Year ending 30 June for Australia and 31 May for New Zealand in OECD aggregate. b) Excludes Iceland but includes Cyprus, Estonia, Latvia, Lithuania, Malta and Slovenia. c) Source of data is FAO. d) Non OECD net exports (imports) equals OECD net imports (exports). e) F.o.b. export price, butter, 82% butterfat, northern Europe. f) Do not balance due to statistical differences in New Zealand. g) F.o.b. export price, cheddar cheese, 40 lb blocks, Northern Europe.

est: estimate. *Source: OECD Secretariat.*

Annex Table 11. - WORLD DAIRY PROJECTIONS (POWDERS AND CASEIN)

11 WORLD DAIRY PROJECTIONS (POWDERS AND CASEIN)

Calendar year (a)		*Average 1998-02*	*2003est*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*
SKIM MILK POWDER													
OECD (b) (f)													
Production	*kt pw*	..	3 005	2 895	2 855	2 831	2 848	2 825	2 820	2 818	2 818	2 811	2 803
Imports	*kt pw*	..	257	288	291	295	300	306	312	319	328	337	348
Exports	*kt pw*	..	1 013	1 015	1 024	1 004	1 001	1 006	1 023	1 036	1 025	1 020	1 015
Consumption	*kt pw*	..	2 115	2 181	2 192	2 206	2 190	2 157	2 136	2 103	2 111	2 114	2 122
Closing stocks	*kt pw*	603	1 017	991	918	830	783	747	716	710	716	726	736
Non OECD													
Production	*kt pw*	..	634	676	727	761	807	846	884	931	980	1 032	1 098
Consumption	*kt pw*	..	1 401	1 403	1 460	1 471	1 508	1 546	1 595	1 648	1 678	1 714	1 765
Net trade (d)	*kt pw*	..	-756	-727	-733	-709	-701	-701	-711	-717	-698	-683	-667
Closing stocks	*kt pw*	86	60	60	60	60	60	60	60	60	60	60	60
WORLD (f)													
Production (c)	*kt pw*	3 402	3 639	3 571	3 582	3 592	3 655	3 671	3 704	3 749	3 798	3 842	3 902
Consumption	*kt pw*	..	3 516	3 584	3 652	3 676	3 698	3 703	3 731	3 752	3 789	3 828	3 887
Closing stocks	*kt pw*	689	1 077	1 050	978	890	843	807	776	770	776	786	796
Price (e)	*USD/100 kg*	159	173	176	173	169	172	174	176	177	177	177	177
WHOLE MILK POWDER													
OECD (b)													
Production	*kt pw*	1 789	1 901	1 914	1 998	2 033	2 074	2 115	2 149	2 181	2 213	2 249	2 291
Imports	*kt pw*	82	79	79	76	74	72	70	68	66	64	62	60
Exports	*kt pw*	1 169	1 305	1 319	1 399	1 415	1 433	1 460	1 474	1 487	1 500	1 517	1 540
Consumption	*kt pw*	702	686	663	674	691	711	724	742	759	776	793	810
Non OECD													
Production	*kt pw*	1 521	1 657	1 740	1 799	1 854	1 908	1 971	2 037	2 108	2 178	2 249	2 326
Consumption	*kt pw*	..	2 883	2 981	3 123	3 195	3 270	3 361	3 443	3 528	3 614	3 703	3 806
Net trade (d)	*kt pw*	-1 086	-1 225	-1 241	-1 323	-1 341	-1 362	-1 390	-1 406	-1 421	-1 436	-1 455	-1 480
WORLD													
Production (c)	*kt pw*	3 310	3 558	3 654	3 798	3 887	3 982	4 087	4 186	4 288	4 391	4 497	4 617
Consumption	*kt pw*	..	3 569	3 644	3 797	3 886	3 981	4 085	4 185	4 287	4 390	4 496	4 616
Price (g)	*USD/100 kg*	167	175	181	177	176	180	182	185	186	187	187	187
WHEY POWDER													
Non OECD													
Net trade	*kt pw*	-268	-356	-306	-287	-281	-275	-271	-265	-258	-251	-243	-234
Wholesale price, USA (h)	*USD/100 kg*	47	46	47	46	46	46	47	48	48	48	48	48
CASEIN													
Price (i)	*USD/100 kg*	434	360	396	412	426	440	436	437	435	434	435	433

a) Year ending 30 June for Australia and 31 May for New Zealand in OECD aggregate. b) Excludes Iceland but includes Cyprus, Estonia, Latvia, Lithuania, Malta and Slovenia. c) Source of data is FAO. d) Non OECD net exports (imports) equal OECD net imports (exports). e) F.o.b. export price, nonfat dry milk, extra grade, Northern Europe. f) Do not balance due to stastitical differences in New Zealand. g) F.o.b. export price, WMP 26% butterfat, Northern Europe. h) Edible dry whey, Wisconsin, plant. i) World price, New Zealand.

est: estimate. *Source: OECD Secretariat.*

Annex Table 12. - OECD TRADE PROJECTIONS (a)

12 OECD TRADE PROJECTIONS (a)

		Average 1998-02	*2003est*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*
EXPORTS													
Wheat	*kt*	78 058	77 012	83 853	84 125	87 478	91 386	92 811	93 909	95 148	96 823	98 706	100 299
Coarse grains	*kt*	80 847	70 373	80 676	80 219	84 067	86 614	89 724	93 145	94 329	95 368	96 376	97 265
Rice	*kt*	4 240	3 838	4 341	4 466	4 478	4 375	4 415	4 469	4 463	4 524	4 489	4 487
Sugar	*kt*	11 653	11 521	11 797	11 765	11 975	11 980	11 982	12 087	12 228	12 185	12 426	12 591
Beef (b)	*kt*	4 995	4 330	4 046	4 993	5 082	5 120	5 276	5 474	5 754	5 924	6 058	6 106
Pig meat (b)	*kt*	3 074	3 441	3 582	3 770	3 871	3 962	4 027	4 099	4 184	4 249	4 292	4 306
Poultry meat	*kt*	3 759	3 598	3 799	3 863	3 943	4 053	4 164	4 266	4 367	4 468	4 551	4 645
Sheep meat (b) (d)	*kt*	..	415	313	327	307	315	313	305	299	285	270	250
Butter	*kt*	..	822	900	860	845	846	861	864	836	832	834	832
Cheese	*kt*	..	1 167	1 115	1 168	1 233	1 270	1 294	1 322	1 345	1 368	1 394	1 413
Skim milk powder	*kt*	..	1 013	1 015	1 024	1 004	1 001	1 006	1 023	1 036	1 025	1 020	1 015
Whole milk powder	*kt*	1 169	1 305	1 319	1 399	1 415	1 433	1 460	1 474	1 487	1 500	1 517	1 540
Whey powder (c)	*kt*	268	332	280	266	254	248	242	236	230	223	214	205
IMPORTS													
Wheat	*kt*	24 615	29 066	25 484	25 858	25 833	25 943	26 037	26 188	26 288	26 404	26 572	26 725
Coarse grains	*kt*	53 786	52 784	51 035	50 145	50 444	51 162	51 501	52 655	52 481	51 977	51 521	51 241
Rice	*kt*	3 337	3 520	3 813	4 044	4 258	4 372	4 534	4 625	4 752	4 879	5 001	5 133
Sugar	*kt*	8 447	8 951	8 368	8 619	8 704	8 764	9 203	9 269	9 710	9 905	10 172	10 457
Oilseeds (d)	*kt*	..	5 166	-2 644	-1 955	-254	955	2 167	3 551	4 060	3 688	3 504	3 705
Oilseed meals (d)	*kt*	..	26 012	25 777	25 146	24 424	24 404	24 258	24 350	24 457	24 779	25 121	25 431
Vegetable oils (d)	*kt*	..	4 882	4 387	4 266	4 151	4 148	4 111	4 236	4 358	4 497	4 699	4 932
Beef (b)	*kt*	4 088	4 086	3 858	4 809	4 891	4 789	4 849	4 929	5 112	5 228	5 300	5 287
Pig meat (b)	*kt*	2 064	2 400	2 414	2 545	2 668	2 741	2 814	2 937	3 032	3 062	3 126	3 155
Poultry meat	*kt*	1 486	1 794	1 918	2 011	2 110	2 168	2 244	2 347	2 417	2 484	2 548	2 617
Butter	*kt*	..	207	232	234	266	268	272	276	280	283	287	290
Cheese	*kt*	..	751	800	853	934	967	1 007	1 036	1 063	1 091	1 119	1 147
Skim milk powder	*kt*	..	257	288	291	295	300	306	312	319	328	337	348
Whole milk powder	*kt*	82	79	79	76	74	72	70	68	66	64	62	60

a) Excludes Iceland but includes Cyprus, Estonia, Latvia, Lithuania, Malta and Slovenia. For meats, years are calendar years; for grains, meals and oils products, years are crop or marketing years; for dairy products, years are calendar years but the year ends 30 June for Australia and 31 May for New Zealand in the OECD aggregate. b) Includes trade of live animals. c) Net exports. d) Net imports.

est: estimate. *Source : OECD Secretariat*

Annex Table 13. - MAIN POLICY ASSUMPTIONS FOR SUGAR MARKETS

13 MAIN POLICY ASSUMPTIONS FOR SUGAR MARKETS

Crop year (a)		*Average 98/99-02/03*	*03/04est*	*04/05*	*05/06*	*06/07*	*07/08*	*08/09*	*09/10*	*10/11*	*11/12*	*12/13*	*13/14*
MAIN ASSUMPTIONS FOR SUGAR MARKETS													
ARGENTINA													
Tariff, sugar	ARS/t	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0
BRAZIL													
Tariff, raw sugar	%	43.9	37.2	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0
Tariff, white sugar	%	56.0	40.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0
CANADA													
Tariff, raw sugar	CAD/t	24.5	24.1	24.1	24.1	24.1	24.1	24.1	24.1	24.1	24.1	24.1	24.1
Tariff, white sugar	CAD/t	36.0	35.4	35.4	35.4	35.4	35.4	35.4	35.4	35.4	35.4	35.4	35.4
CHINA													
TRQ sugar	kt	1 697	1 852	1 954	1 954	1 954	1 954	1 954	1 954	1 954	1 954	1 954	1 954
Tariff, in-quota, raw sugar	%	20.0	20.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Tariff, in-quota, white sugar	%	30.0	30.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Tariff, over-quota	%	75.0	75.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
EU													
Intervention price, white sugar	Euro/t	632	632	632	632	632	632	632	632	632	632	632	632
Total quota, white sugar (c)	kt rse	..	15 415	18 957	18 957	18 957	18 957	18 957	18 957	18 957	18 957	18 957	18 957
from A quota	kt rse	..	12 846	16 004	16 004	16 004	16 004	16 004	16 004	16 004	16 004	16 004	16 004
from B quota	kt rse	..	2 569	2 954	2 954	2 954	2 954	2 954	2 954	2 954	2 954	2 954	2 954
Subsidised export limits													
EU15	kt rse	1 307	1 274	1 274	1 274	1 274	1 274	1 274	1 274	1 274	1 274	1 274	1 274
EU15	000 Euro	527 180	499 100	499 100	499 100	499 100	499 100	499 100	499 100	499 100	499 100	499 100	499 100
EU10	kt rse	178	157	157	157	157	157	157	157	157	157	157	157
EU10	000 Euro	35 879	32 560	32 560	32 560	32 560	32 560	32 560	32 560	32 560	32 560	32 560	32 560
Tariff, raw sugar	Euro/t	348	339	339	339	339	339	339	339	339	339	339	339
Tariff, white sugar (b)	Euro/t	430	419	419	419	419	419	419	420	421	422	423	424
INDIA													
Intervention price, sugar cane	INR/t	590	750	750	750	750	750	750	750	750	750	750	750
INDONESIA													
Tariff, white sugar	%	15	25	25	25	25	25	25	25	25	25	25	25
JAPAN													
Minimum stabilisation price, raw sugar	JPY/kg	150	152	152	152	152	152	152	152	152	152	152	152
Tariff, raw sugar	JPY/kg	73.1	71.8	71.8	71.8	71.8	71.8	71.8	71.8	71.8	71.8	71.8	71.8
Tariff, white sugar	JPY/kg	104.9	103.1	103.1	103.1	103.1	103.1	103.1	71.8	71.8	71.8	71.8	71.8
KOREA													
Tariff	%	20.3	18.6	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0
MEXICO													
Mexico common external tariff, raw sugar	MXN/t	3 509	4 247	4 341	4 341	4 341	4 341	4 341	4 341	4 341	4 341	4 341	4 341
Mexico common external tariff, white sugar	MXN/t	3 598	4 247	4 341	4 341	4 341	4 341	4 341	4 341	4 341	4 341	4 341	4 341
RUSSIA													
Tariff, raw sugar (d)	%	30.2	114.3	153.6	108.9	147.9	147.0	168.6	154.1	123.7	160.0	143.1	133.4
Tariff, white sugar	%	34.8	108.5	144.2	106.4	140.0	139.4	157.7	146.2	120.2	151.0	137.3	129.7
TRQ, raw sugar	kt rse	3 650	3 950	0	0	0	0	0	0	0	0	0	0
UNITED STATES (b)													
Loan rate, cane sugar	USD/t	397	397	397	397	397	397	397	397	397	397	397	397
Loan rate, white sugar	USD/t	504.9	504.9	504.9	504.9	504.9	504.9	504.9	504.9	504.9	504.9	504.9	504.9
TRQ, raw sugar	kt rse	1 122	1 117	1 117	1 117	1 117	1 117	1 117	1 117	1 117	1 117	1 117	1 117
TRQ, refined sugar	kt rse	22	22	22	22	22	22	22	22	22	22	22	22
Raw sugar high tier tariff , over quota	USD/t	345	339	339	339	339	339	339	339	339	339	339	339
White sugar high tier tariff , over quota	USD/t	364	357	357	357	357	357	357	357	357	357	357	357

a) Beginning crop marketing year - see the Glossary of Terms for definitions. b) Price based special safeguard actions apply. c) Includes the 10 new member countries from May 2004. d) Assumes a wholesale price target of USD 470 per tonne as the basis for setting the floating tariff duty.

The source for tariffs (except United States and Russia) is AMAD. The source for Russia and United States tariffs is ERS, USDA.

rse : raw sugar equivalent

est: estimate

Source: OECD Secretariat.

Annex Table 14. - WORLD SUGAR PROJECTIONS (in raw sugar equivalent)

14 **WORLD SUGAR PROJECTIONS (in raw sugar equivalent)**

Crop year (a)		*Average 98/99-02/03*	*03/04est*	*04/05*	*05/06*	*06/07*	*07/08*	*08/09*	*09/10*	*10/11*	*11/12*	*12/13*	*13/14*
OECD													
Production	kt rse	41 213	41 595	42 992	42 570	42 789	43 071	43 042	43 140	43 214	43 400	43 617	43 747
Consumption	kt rse	38 540	39 212	39 402	39 356	39 859	40 284	40 040	40 285	40 743	40 906	41 166	41 408
Closing stocks	kt rse	12 182	9 967	10 370	10 647	10 597	10 419	10 498	10 425	10 302	10 389	10 474	10 566
NON-OECD													
Production	kt rse	95 305	103 291	104 035	106 560	111 147	112 104	114 928	117 042	120 603	123 452	125 913	128 905
Consumption	kt rse	94 170	105 878	107 219	110 819	112 856	114 726	117 327	120 372	122 818	125 769	128 114	131 196
Net trade (b)	kt rse	-3 206	-2 323	-3 185	-2 905	-3 044	-2 882	-2 779	-2 819	-2 518	-2 280	-2 255	-2 134
Closing stocks	kt rse	49 946	59 031	59 033	57 679	59 014	59 274	59 654	59 142	59 445	59 407	59 461	59 304
WORLD													
Production	kt rse	137 613	145 951	148 100	150 181	154 945	156 200	159 000	161 213	164 852	167 891	170 574	173 699
Consumption	kt rse	133 827	146 237	147 810	151 330	153 850	156 140	158 510	161 810	164 720	167 840	170 451	173 780
Closing stocks	kt rse	62 568	69 391	69 681	68 532	69 627	69 687	70 177	69 580	69 712	69 763	69 886	69 805
Price, raw sugar (c)	USD/t	176.7	149.9	160.3	200.0	164.6	165.3	150.0	160.0	185.1	155.8	168.4	176.4
Price, white sugar (d)	USD/t	224.9	196.2	190.0	229.3	193.8	194.3	178.8	188.3	213.4	184.1	196.2	203.6

a) Beginning crop marketing year - see the Glossary of Terms for definitions. b) Non OECD net exports (imports) equal OECD net imports (exports). c) Raw sugar world price, New York No 11, f.o.b. stowed Caribbean port (including Brazil), bulk spot price, Sep/Aug. d) Refined sugar price, London No 5 , f.o.b. Europe, spot, Sept/Aug.

est: estimate. *Source: OECD Secretariat.*

ACRONYMS AND ABBREVIATIONS

Acronyms

ABARE	Australian Bureau of Agricultural and Resource Economics
ACP	African, Caribbean and Pacific countries
ALIC	Agriculture and Livestock Industry Corporation
AMAD	Agricultural Market Access Database
AMS	Agricultural Marketing Service
ASEAN	Association of Southeast Asian Nations
BSE	Bovine Spongiform Encephalopathy
CEEC	Central and Eastern European Countries
CAP	Common Agricultural Policy (EU)
CCP	Counter-Cyclical Payments (US)
CIS	Commonwealth of Independent States
CoOl	Country-of-Origin Labelling
CPI	Consumer Price Index
CMO	Common Market Organisation for sugar (EU)
CRP	Conservation Reserve Program (US)
CWT	Cooperatives Working Together
DPC	Direct Payments for Crops (US)
EBA	Everything-But-Arms Initiative (EU)
ECB	European Central Bank
EEP	Export Enhancement Program (US)
ERS	Economic Research Service of the US Department for Agriculture
EU	European Union
EU-15	Fifteen member states of the European Union
EU-10	Ten new member states of the European Union from May 2004
EU-25	Twenty five member states of the European Union from May 2004
EUROSTAT	Statistical Office of the European Communities
FAIR ACT	Federal Agriculture Improvement and Reform Act (US) of 1996
FAO	Food and Agriculture Organisation of the United Nations
FMD	Foot and Mouth Disease
FAS	Foreign Agricultural Service of the US Department for Agriculture
FOB	Free on board (export price)
FSRI ACT	Farm Security and Rural Investment Act (US) of 2002
FTAA	Free Trade Area of the Americas
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GM	Genetically modified
GMO	Genetically engineered or modified plant, animal, micro-organism or virus
HFCS	High Fructose Corn Syrup
HS	Harmonised Commodity Description and Coding System
IMF	International Monetary Fund
MAF	Ministry of Agriculture and Forestry (New Zealand)
MAFF	Ministry of Agriculture, Forestry and Fisheries (Japan)
MERCOSUR	Common Market of the South
MLAP	Marketing Loan Assistance Program (US)
MLC	Meat and Livestock Commission (United Kingdom)
MFN	Most Favoured Nation
MPC	Milk protein concentrates
NAFTA	North American Free Trade Agreement
NME	Non-Member Economies
NTBs	Non-Tariff Barriers
NZDB	New Zealand Dairy Board
OECD	Organisation for Economic Co-operation and Development
OIE	Office International des Epizooties
OMB	Office of Management and Budget (United States)
OTMS	Over Thirty Month Scheme
PFCP	Production Flexibility Contract Payments (US)
PSE	Producer Support Estimate
PSD	Production Supply & distribution
R&D	Research and Development
RR	Roundup Ready seed varieties
RRAC	Relative Risk Aversion Coefficient
RTAs	Regional Trading Arrangements
SARS	Severe Acute Respiratory Syndrome
SFP	Single Farm Payment (EU)
SMP	Skim milk powder
SPS measures	Sanitary and phyto-sanitary measures
STE	State Trading Enterprises

TRQ	Tariff rate quota
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational Scientific and Cultural Organisation
URAA	Uruguay Round Agreement on Agriculture
US	United States
USDA	United States Department of Agriculture
WMP	Whole milk powder
WTO	World Trade Organisation

Abbreviations and symbols

AUD	Dollars (Australia)	kt	thousand tonnes
ARS	Pesos (Argentina)	L	litre
Bn	Billion	lw	live weight
BRL	Real (Brazil)	mha	million hectares
CAD	Dollars (Canada)	mn	million
CNY	Yuan (China)	mt	million tonnes
cwe	carcass weight equivalent	MXN	Peso (Mexico)
c.i.f.	cost insurance freight	NZD	Dollars (New Zealand)
cts/lb	Cents per pound	PPP	Purchasing Power Parity
dw	dressed weight	pw	product weight
est	estimate	RUR	Ruble (Russia)
EUR	Euro (Europe)	rse	raw sugar equivalent
f.o.b.	Freight on board	rtc	ready-to-cook
Ha	Hectare	rw	retail weight
JFY	Japanese fiscal year beginning 1 April	t	tonnes
JPY	Japanese yen	t/ha	tonnes per hectare
Kg	Kilogram	USD	Dollars (United States)
KRW	Won (Korea)	VAT	Value added tax

HIGHLIGHTS

OECD Agricultural Outlook 2004-2013

This annual publication analyses world market trends and medium-term prospects for the main agricultural products showing how these are influenced by government policies. Each edition highlights some of the risks and uncertainties that may influence the *Agricultural Outlook.* Tables provide detailed commodity projections for production, consumption, trade, stocks and prices in OECD countries and selected information on other countries, including China, Argentina, Russia and Brazil.

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