

**DRAFT SUMMARY RECORD OF THE FOURTH SESSION OF THE GROUP ON  
COMMODITY MARKETS**

**29-30 March 2012**  
**Malaysia Room, Room B-227, FAO Headquarters,**  
**Viale delle Terme di Caracalla, Rome, Italy**

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**1. Draft agenda of the fourth session [[TAD/CA/APM/GCM/A\(2012\)1](#)]**

**Decision:** The draft agenda for the session was adopted.

**Contact:** Wayne Jones (Email: [wayne.jones@oecd.org](mailto:wayne.jones@oecd.org))

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**2. Bureau designation**

**Decision:** The Delegates were informed about the outcome of the process to facilitate the designation of Bureau members for the Group on Commodity Markets:

Chair: Pierre Charlebois (Canada)

Vice Chair: Alessandro Antimiani (Italy)

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**3. Opening remarks by the Chair**

The Chair welcomed the delegates and thanked them for the large turn out of some 34 countries and many of the key international commodity organisations. The OECD and FAO expressed appreciation for the support of country collaborators and international organisations in the preparation of the baseline projections.

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**4. OECD-FAO Agricultural Outlook 2012-2021: review of baseline projections**

In the discussions of the macro assumptions and commodity projections, Delegates identified a number of areas for clarification, additional consideration, new information, follow-up with collaborators and table improvements, which the OECD and FAO Secretariats will take into account when finalizing the projections and drafting the chapters. Some specific areas are identified below.

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- **Macroeconomic and policy assumptions [[TAD/CA/APM/GCM\(2012\)1](#)]**

Scenario analyses will be added to the Overview chapter to illustrate the sensitivity of the macro assumptions, particularly crude oil prices.

The Overview chapter will include a discussion on the importance of the key macro assumptions along the lines of the FAO presentation under this agenda item.

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- **Statistical Annex [[TAD/CA/APM/GCM\(2012\)1/ANN1](#)]**

Delegates were informed that all tables in the statistical annex will be included in the Outlook publication.

Suggestions for some re-ordering and restructuring (footnotes) will be taken on board.

**Contact:** Pavel Vavra (Email : [pavel.vavra@oecd.org](mailto:pavel.vavra@oecd.org))

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- **Biofuels [[TAD/CA/APM/GCM\(2012\)2](#)]**

Information on mandates to facilitate comparison with the scenarios will be included.

Errors on US tariffs will be corrected.

Additional discussion on the drivers for projections on Brazil's production and exports will be added.

Information on total liquid fuel use will be added.

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- **Cereals** [TAD/CA/APM/GCM\(2012\)3](#)

Add CIS countries - Russia, Ukraine, Kazakhstan - to main exporters group.

Correct wheat acreage problem.

Add comments on wheat/ethanol link.

Cross-check maize and rice price ratios (rice too low or coarse grains too high?).

Mention EU in the text as main exporter of wheat.

Correct policy tables (e.g. conservation reserve programme).

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- **Oilseeds and Oilseed products** [TAD/CA/APM/GCM\(2012\)4](#)

Reconsider production growth estimates which may be too conservative.

Reconsider US yield growth projections – too low.

Revise EU food use of vegetable oil.

Reconsider projections of China imports and total palm oil production – may be too low?

**Contacts:** Céline Giner (Email : [celine.giner@oecd.org](mailto:celine.giner@oecd.org)) and Marcel Adenäuer (Email: [marcel.adenaeuer@ilr.uni-bonn.de](mailto:marcel.adenaeuer@ilr.uni-bonn.de))

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- **Sugar** [TAD/CA/APM/GCM\(2012\)5](#)

Provide additional justification for low EU production and high import projections after end of quota, reconsider ambitious Brazilian production/exports and for narrowing white sugar price premium.

Check Table 21 - closing stocks problem.

Add information on shares of sugar beet and sugar cane going into sugar production + graph.

Consult with ISO and WABCG on potential for higher African production growth.

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- **Meat** [TAD/CA/APM/GCM\(2012\)6](#)

Incorporate the latest information available from New Zealand (lower sheep inventory).

Reconsider Australian production and exports – lower than ABARE projections.

Include in the chapter the discussion of productivity growth based on beef, pig and poultry off take trends.

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- **Fish and Seafood** [[TAD/CA/APM/GCM\(2012\)7](#)]

Delegates reconfirmed the value of adding fish and seafood to the outlook and encouraged a closer integration with the AGLINK-COSIMO agriculture models in the context of plans to revise the representation of the feed demand system.

Add footnote about an important China data correction regarding fish capture for consumption and reduction.

Incorporate any comments received from the OECD Fish Committee which was sent the draft chapter bullets/tables/figures when available on OLIS.

Discuss the full chapter with the OECD Committee for Fisheries in April and incorporate comments to the extent possible.

**Contacts:** Pierre Charlebois (Email : [charlepi@videotron.ca](mailto:charlepi@videotron.ca)) and Stefania Vannuccini (Email: [Stefania.Vannuccini@fao.org](mailto:Stefania.Vannuccini@fao.org) )

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- **Dairy products** [[TAD/CA/APM/GCM\(2012\)8](#)]

The patterns of consumption discussion of the last paragraph of Dairy Outlook bullets should be expanded and clarified in the chapter.

Incorporate the latest information available from New Zealand indicating higher milk production in the current season.

The discussion on the recent production conditions in New Zealand shall be nuanced.

Reconsider China cheese consumption growth.

Explain in more details the reasons for butter price strength.

**Contact:** Pavel Vavra (Email: [pavel.vavra@oecd.org](mailto:pavel.vavra@oecd.org))

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## 5. **OECD-FAO Agricultural Outlook 2012-2021: Special Feature** [[TAD/CA/APM/GCM\(2012\)9](#)]

### *(1) Scenario-related comments:*

Correct 2021 production numbers in Table 2.9 when aggregating developed and developing countries (wrong mapping).

Reinforce the message that Aglink only deals with yields and not TFP. Addressing this would need a larger modelling approach, including a CGE model.

Be explicit in the assumptions behind the scenario analysis. Qualify the assumption of no-cost yield-improvement measures.

### *(2) References/terminology:*

Update (e.g. FAO estimates on food demand) and include others to qualify statements.

Cross-check the proper use of terminology through the document (e.g. business as usual, normal weather conditions, productivity growth versus production growth). Include footnotes where necessary.

### *(3) Sustainability:*

The paragraphs related to sustainability and green growth will be revised, based on written comments.

### *(4) Policy challenges:*

Delegates were informed that the annual OECD agricultural policy monitoring report (to be discussed at the May APM meeting along with the Outlook report) will also focus on productivity growth with a

more policy focus. Moreover, the messages in the Outlook will be cross-checked with the ones included in the forthcoming G20 report.

Incorporate suggestions for clarification and additions in written (to be received by the end of next week).

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## 6. OECD-FAO Agricultural Outlook 2012-2021: Review of boxes [[TAD/CA/APM/GCM\(2012\)10](#)]

### *Non-biofuel boxes*

Expand on the methodology and limitations of the meat and dairy productivity boxes.

Incorporate suggestions for clarification and additions to existing boxes provided by oral and written comments (to be received by the end of next week).

Macro assumption scenario boxes and a box on the new Agriculture Market Information System (AMIS) will be included in the Overview chapter.

### *Biofuel box*

The biofuel (and all other) presentation(s) will be available online from the FAO website.

The US biofuel policy option scenarios will be part of the risk and uncertainties section of the biofuel chapter.

The description of the US biofuel policy will be included in an annex to the biofuel chapter.

Attempt to improve treatment of biodiesel role in filling the gap of advanced mandate.

Following the feedback by delegates, additional information on mandates will be included in Figure 1 (to facilitate the reading) and US ethanol price in Table 1

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## 7. Next steps in the Outlook process

The delegates' comments should be provided in writing by the end of the GCM meeting. This is especially important for comments addressing baseline numbers and bullet points. Comments on Chapter 2 could be provided within one week

The comments from Delegates will be considered in baseline simulations – the baseline will be revised the first week in April.

The Outlook report will be finalised and put on OLIS in early May in three parts. *Part 1* – including Outlook in Brief, Overview, Chapter 2. *Part 2* – all commodity chapters. *Part 3* – Statistical Annex.

Presentation of Outlook at the May APM meeting.

Revision demanded at the APM considered – preparation of the final publication, databases (web base dot.stat) press release.

The joint press release of the OECD-FAO Agricultural Outlook 2012-2021 by SG OECD and DG FAO by the end of June at FAO premises in Rome (the exact date TBA).

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## 8. Other business

### • Update on the World Outlook Conference

Delegates were informed about the 21<sup>st</sup> World Outlook Conference (WOC) which will take place on 24-26 May, 2012, in Quebec, Canada. The FAO (contact Merritt Cluff) is responsible for the agenda of the meeting, while Agriculture and Agri-Food Canada (AAFC) (contact Mitch Wensley) is the local

organiser. The WOC has become an important forum for people and institutions that are one way or the other involved in projections for agricultural commodities. It presents the opportunity to discuss future market drivers, key outlook issues, and allows creating synergies among the participating institutions. Interested delegates were encouraged to attend.

- **Aglink-Cosimo Users Group meeting**

Delegates were informed about the next biannual Aglink-Cosimo Users Group meeting which will take place at the OECD, Paris on 6-7 December, 2012. Delegates were encouraged to attend the meeting, but also to become collaborators - in case they were not already. The Aglink-Cosimo users and collaborators list is managed by Armelle Elasri (OECD). The Agenda of the meeting would be communicated to delegates via usual official channels in Autumn 2012.

- **Summary record of the meeting**[\[TAD/CA/APM/GCM/M/RD\(2012\)1\]](#)

A draft summary record in bullet format, indicating main areas where the OECD and FAO would endeavour to improve the Outlook report, was circulated at the end of the meeting. There was insufficient time to review the document during the meeting. Some revisions by the OECD and FAO will be incorporated and this version will be posted on the OECD Delegates' Corner and circulated to other participants for information.

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