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Item II of the  
Provisional Agenda

**COMMITTEE ON WORLD FOOD SECURITY**

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**ASSESSMENT OF THE CURRENT WORLD FOOD SECURITY  
SITUATION AND OUTLOOK**

**UPDATING STATEMENT**

1. The world food security situation in 1988/89 remains basically as reported in the main document (CFS: 89/2). The current situation of a tight supply/demand situation for staple foods, relatively firm international cereal prices and low carry-over stocks of cereals will probably continue in 1989/90. Adverse growing conditions in one or more major cereal producing regions could have serious implications for global food security. This updating statement focuses mainly on the early crop prospects for 1989 based on current conditions of growing crops and expectations for spring plantings.

**Summary and Conclusions**

2. As a result of poor harvests in 1988 for the second consecutive year, global cereal supplies in 1988/89 are tight, prices on international markets are sharply higher than a year earlier and carryover stocks at the close of the seasons ending in 1988/89 will fall below the minimum level that the FAO Secretariat considers necessary for the maintenance of world food security for the first time in more than a decade. With the cushion provided in past years by ample cereal stocks now entirely eroded, world food security in 1989/90 and beyond depends crucially on a recovery of 1989 harvests of basic foods.

3. FAO's first provisional forecasts, which assume normal weather from now until harvest, suggest that world production of wheat and coarse grains will recover in 1989 from last year's sharply reduced outturn, while that of rice is unlikely to be much higher than last year's record. Most of the increase in output is expected to be achieved in developed countries,

largely concentrated in coarse grains, with only modest growth foreseen in the output of developing countries. However, it is highly unlikely that aggregate output of cereals will increase by the 200 million tons which the FAO Secretariat had estimated in document CFS:89/2 to be necessary to restore global consumption in 1989/90 to trend and to replenish stocks to the minimum level necessary to safeguard world food security.

4. There are a number of elements in the current outlook for cereals which give cause for concern. Firstly, early indications point to a continuation of the relatively tight world supply/demand situation for both wheat and rice, at least until the main harvests of 1990. Secondly, although an anticipated below-trend level of feed use in 1989/90 could allow some modest replenishment of stocks, particularly of coarse grains, global carryovers into 1990/91 are likely to remain near or below the minimum needed to safeguard world food security. Thirdly, the composition of these stocks is also likely to remain unbalanced, with relatively ample carryovers in coarse grains and stocks of both wheat and rice at uncomfortably low levels. Fourthly, a number of food-deficit developing countries are likely to be adversely affected during the year ahead by the already sharply higher prices of cereals prevailing on world markets as well as by an anticipated reduction in food aid availabilities. Therefore, early indications are that even under a "best case" scenario, global food security will remain precarious throughout 1989/90. In the meantime, should growing conditions in one or more major producing region turn out to be unfavourable in the months ahead, a possibility that cannot be excluded at this early stage, this outlook would deteriorate further. Thus, with world stocks at minimum levels, global food security is expected to remain, for at least one more year, more susceptible to short-term fluctuations in the weather than at any time in the past decade.

#### Update of the 1988/89 Cereal Situation

5. Since the preparation of the main document, the estimates of world cereal production (including milled rice) in 1988 and cereal carryover stocks at the end of the 1988/89 season have both been raised slightly, to 1 584 and 288 million tons respectively, against the earlier estimates of 1 582 and 287 million tons. The forecast volume of cereal imports in 1988/89 remains unchanged at 206 million tons, of which 119 million tons represents the forecast of imports by developing countries.

6. At the forecast level, world cereal stocks would represent 16 percent of estimated utilization in 1989/90, unchanged from the main report, and below the minimum level of 17 to 18 percent which the FAO Secretariat considers necessary for the maintenance of world food security.

7. As a result of the substantial reduction of supplies of wheat and coarse grains, sustained import demand and the uncertainty about prospects for 1989 crops, cereal prices have increased further in recent weeks. The export price of U.S. wheat was quoted in mid-March at U.S.\$ 181 and that for maize at U.S.\$ 120 per ton, U.S.\$ 10 and 3 per ton higher respectively than a month earlier. As compared to a year ago, wheat export prices are 48 percent higher and those for maize are up by 35 percent.

**WORLD CEREAL PRODUCTION, SUPPLIES,  
TRADE AND STOCKS**

	1986/87	1987/88	1988/89 estim.
	(..... million tons.....)		
Production <u>1/</u>	1 863	1 803	1 744
Wheat	538	515	510
Coarse grains	853	822	749
Rice (paddy)	472	465	485
Supplies <u>2/</u>	2 127	2 099	1 981
Trade	189	197	206
Ending stocks	451	398	288

**SOURCE:** FAO

- 1/ Data refer to calendar years of the first year shown.  
2/ Production (including rice milled), plus opening stocks.

**LATEST CEREAL EXPORT PRICES \***

	1989		1988
	March	Feb.	March
	(..... U.S.\$/ton.....)		
United States			
Wheat <u>1/</u>	181	171	122
Maize <u>2/</u>	120	117	89
Sorghum <u>2/</u>	113	112	85
Thailand <u>3/</u>			
Rice white <u>4/</u>	280	278	290
Rice broken <u>5/</u>	235	235	214

**SOURCE:** FAO

- \* Mid-month quotations.  
1/ No. 1 Hard Winter (Ordinary Protein).  
2/ U.S. No. 2.  
3/ Indicative traded prices.  
4/ 100% second grade, f.o.b. Bangkok.  
5/ A1 super, f.o.b. Bangkok.

**Special Food Situations in Developing Countries requiring External Assistance**

8. Although the 1988 harvest was good for low-income food deficit countries in aggregate, several countries continue to face food supply shortages in 1988/89 for which external assistance is required. In addition, 20 countries in Africa are in need of exceptional assistance to dispose of exportable surpluses and/or to purchase and distribute local surpluses in their own country.

9. As of mid-March, 16 developing countries (7 in Africa, 4 in Latin America, 4 in the Far East and 1 in the Near East) were reported by the GIEWS to be affected by food shortages. The food supply situation has deteriorated rapidly in recent weeks in southern Sudan where famine conditions are reported; a major international relief effort is underway. The situation has improved in Ethiopia following the good late 1988 harvest; nevertheless food aid continues to be required in the north and for refugees in both the east and the west.

10. Following above average to record harvests in 1988, 20 African countries hold exportable surpluses and/or local surpluses in coarse grains. The exportable surpluses held by ten of them amount to 1.8 million tons. The bulk will have to be disposed of through normal commercial channels, but special donor assistance is required if the surpluses are to

be fully utilized. In addition, donor assistance is needed by 17 of the 20 countries with the purchase and internal movement to deficit areas of exceptional local surpluses of 0.3 million tons. In some of them, domestic prices have already fallen sharply and could decline further; as a consequence, farmers could be discouraged from planting the cereal crops due for harvest in late 1989.

**Outlook for 1989 cereal crops**

11. Based on the the latest information on growing conditions for crops in the various regions of the world as of mid-March, and assuming normal weather in the months ahead, FAO's first provisional forecasts point to a world production of wheat and coarse grains in 1989 of 1 410 million tons, some 150 million tons above last year's reduced harvest. It must be stressed that these forecasts can only be very provisional at this stage and may be subject to substantial revision, particularly as spring wheat and most coarse grain crops in the northern hemisphere and winter wheat in the southern hemisphere have yet to be planted. World production of wheat in 1989 is forecast at 550 million tons, compared with 510 million tons last year. The output of coarse grains is expected to increase by some 110 million tons to 860 million tons. The bulk of the production increase in both wheat and coarse grains is expected to take place in developed countries, mainly in North America and the U.S.S.R.

**Preliminary Forecast of 1989 Production of Wheat and Coarse Grains**

	WHEAT			COARSE GRAINS			TOTAL		
	1987	1988	1989 f'cast	1987	1988	1989 f'cast	1987	1988	1989 f'cast
	(..... million tons .....) )								
Asia	184.7	188.1	199	161.6	167.1	170	346.3	355.2	369
Africa	12.5	13.5	12	54.2	67.7	63	66.7	81.2	75
Centr. America	4.5	3.6	4	22.0	21.9	22	26.5	25.5	26
South America	17.9	16.4	17	48.8	47.2	45	66.7	63.6	62
North America	83.3	65.0	85	241.5	169.2	265	324.8	234.2	350
West. Europe	80.8	85.8	85	103.3	108.8	105	184.1	194.6	190
East. Europe	35.5	38.7	37	67.7	61.2	65	103.2	99.9	102
U.S.S.R.	83.3	84.5	95	115.4	98.6	117	198.7	183.1	212
Oceania	12.8	14.3	16	7.8	7.6	8	20.6	21.9	24
<b>WORLD</b>	<b>515.3</b>	<b>509.7</b>	<b>550</b>	<b>822.3</b>	<b>749.3</b>	<b>860</b>	<b>1 338</b>	<b>1 259</b>	<b>1 410</b>

**SOURCE:** FAO, March 1989.

12. For rice, it is too early for even a provisional forecast as world production in 1989. The bulk of world's 1989 paddy crop is not scheduled to be planted until May-June and the crop outcome will depend largely on the performance of the monsoon in Asia. The prospects for those 1989 paddy crops already in the ground, which account for some 20 percent of the total harvest, are generally favourable. In aggregate, assuming normal weather it is unlikely that this year's total paddy harvest will exceed substantially last year's record of 485 million tons.

13. The early outlook for 1989 cereal crops is mixed. In the northern hemisphere, rains in late February and early March brought some relief to winter crops, which in several countries had been stressed by earlier dry weather. In the United States, where the area planted to winter wheat has increased by 12%, crop conditions are below normal so far and the production prospects remain uncertain. Crops in important growing areas suffered from dry conditions since October, winterkill in early February, and lately from unseasonably high temperatures. Nevertheless, given the increase in planting, current indications are that U.S. production of winter wheat, which accounts for 75% of total U.S. production of wheat could still exceed last year's harvest, provided much needed rain is received in the next few weeks. An increase in plantings of spring wheat is also in prospect, in response to higher prices and changes in the government's Acreage Reduction Programme. For the areas where the bulk of the spring wheat is sown, soil moisture cereals have improved in recent weeks; given normal weather in the months ahead, the production of spring wheat, which had been sharply reduced by drought in 1988, could recover to more normal levels. As regards U.S. coarse grains, the area planted is expected to be substantially larger than last year, mostly reflecting a lower acreage reduction requirement for 1989. Soil moisture levels have also improved in the Corn Belt. With a larger planted area and assuming normal weather for the remainder of the growing season, production of coarse grains in 1989 in the United States is expected to increase sharply from last year's drought-reduced level. In Canada, where almost all wheat and coarse grain crops are sown in the spring, farmers are expected to increase their plantings in response to higher prices following the sharply reduced 1988 harvest and heavy drawdowns of stocks. Early official forecasts point to a sharp recovery of production from last year's drought-reduced harvest, assuming normal weather throughout the growing season.

14. In the U.S.S.R., winter crops of wheat and coarse grains, mostly rye and barley, are so far in mainly good condition, following an exceptionally mild winter. But winter grains account for only about one-third of total U.S.S.R. cereal output. Thus the final outcome of the 1989 cereal harvest in the U.S.S.R. still depends largely on the weather in the coming months for both winter crops already in the ground and the spring crops to be planted from April onwards. However, some recovery of production from last year's poor harvest appears likely, provided the weather remains favourable until the end of the season.

15. In Europe, this year's cereal crop is unlikely to exceed substantially last year's good harvest, although indications are that the area planted to winter grains is larger than last year in the EEC, particularly in France and the United Kingdom. Prospects for 1989 winter crops of wheat and coarse grains, which had been affected by dry weather especially in southern and eastern Europe, have improved following widespread rains in late February and early March. However, further precipitation is needed to allow their normal development, particularly in Romania and Bulgaria where autumn rains were late and light. In the German Democratic Republic, the official

cereal production target for 1989 has been set at some 15% above last year's output of 10 million tons. Larger cereal outputs are also planned in Hungary, Romania and Albania.

16. In Asia, the outlook is for a larger wheat harvest than last year, provided favourable weather prevails during the remainder of the season. In China, plantings of winter wheat are reported to have increased over 1988, while precipitation in recent weeks benefited crops in several areas which had previously been affected by insufficient rains and snowfall. A record wheat harvest is forecast for India and output is also likely to be higher in Pakistan, reflecting favourable weather throughout the growing season. However, in Turkey recent dry weather and above normal temperatures have adversely affected the crop. A reduced wheat harvest is anticipated in Bangladesh, reflecting smaller plantings due to excessive rains in the sowing period. The region's main coarse grain crops are yet to be planted, while the overall prospects for secondary coarse grains now growing are favourable, with average to above average harvests anticipated in most countries. But in China the area planted to barley is reported to be below last year's level. The bulk of the region's 1989 paddy crops is scheduled for planting from May-June. The prospects for paddy crops already in the ground are generally favourable. In Indonesia official expectations are that output should rise from last year. However, in Sri Lanka the recently harvested main 'maha' paddy crop, is estimated to be sharply lower as a result of insufficient rains, reduced distribution of seeds and fertilizers and the disruption of irrigation water supplies due to civil disturbances.

17. In Africa, the early prospects for 1989 cereal crops are mixed. In northern Africa the outlook for 1989 winter grain crops to be harvested from mid-May is poor in several countries. A sharp reduction in production from last year's record is anticipated in Morocco and a below average crop is in prospect in Algeria. In Tunisia output is expected to recover from the very low level of last year, but to remain below normal. In Egypt, where the area sown to wheat and barley is virtually unchanged from the previous year, the crop prospects are rated about average. In western Africa, planting of the 1989 main maize crop has just begun in the coastal countries; elsewhere, seasonably dry conditions prevail. In Central Africa, growing conditions for the 1989 coarse grain and rice crops for harvest from May onwards are satisfactory.

18. The **desert locust** situation has continued to improve, with declining activity in most areas. However residual populations persist in North-West Africa, Western Africa and the Near East and continued close monitoring is necessary to ensure timely control operations in case of new upsurges during the rainy season later in the year. Swarms of Brown Locusts have recently been reported from Botswana.

19. In eastern Africa the harvesting of the 1989 short rains coarse grains crops is almost completed, and production is expected to be average to above average in Burundi, Kenya, Rwanda, Somalia, Tanzania and Uganda. In Ethiopia, where sowing of secondary season crops had started following good rains in early February, dry weather in recent weeks has impeded completion of plantings. In Sudan the 1989 wheat crop to be harvested in March is expected to be higher than the previous year, mainly reflecting increased plantings. The bulk of the cereal crop will not be planted until July. In southern Africa, several countries will harvest smaller crops than last year, notably Zimbabwe, where drought conditions persist in southern areas, and in Lesotho where cereal yields were seriously affected by an outbreak of cutworms. In both Angola and Mozambique food production continues to be

hampered by civil unrest. By contrast, overall crop prospects are favourable in South Africa, Swaziland, Malawi and Zambia although in the latter two countries recent floods caused localized crop damage.

20. In Latin America the outlook for the region's 1989 coarse grain crops has deteriorated, following prolonged dry conditions in Argentina. The latest forecast puts Argentina's output of maize at some 25% below last year's reduced harvest and production of sorghum is expected to decline by about 10%. By contrast, coarse grain crops in Brazil and Chile are reported to be in good condition and in both countries the output of maize currently being harvested is expected to remain at around last year's above average level. Elsewhere, a larger output than last year is anticipated in Colombia, but reduced crops are expected in Uruguay, Ecuador and Bolivia. Output of paddy for the 1989 season in several major rice-producing countries, including Brazil, Peru and Uruguay, has also been badly affected by abnormally dry weather. For wheat, the outlook for the main 1989 crop is satisfactory in Mexico, where an about average harvest is expected. Wheat planting is about to begin in Brazil and Argentina, where recent rains have improved soil moisture conditions.

21. In Oceania, the output of summer crops of coarse grains in Australia, mainly maize and sorghum, is forecast to be slightly less than last year due to a reduction in the area sown. These two crops normally account for some 20% of the aggregate production of coarse grains. In April, the planting of winter crops of coarse grains (mostly barley and oats) and the 1989 wheat crop, (on an expected larger area than last year) will commence.

#### 1989 Production Outlook for Other Basic Foods

22. Although it is too early to forecast cassava production in 1989, the outlook for this year points to a continuation of the declining trend in Latin America. In Africa, production in 1989 is not expected to increase significantly. Larger plantings in 1988 would result mainly in increased output in 1990, as it takes up to 18 months for the tubers to reach maturity. Furthermore, the pest problems which were encountered in 1988 may adversely affect yields also in 1989. By contrast, production is expected to rise for the fourth consecutive year in Asia, where it is an important export crop. Production in Thailand is forecast to exceed 24 million tons of roots, 10 percent more than in 1988. High returns to cassava coupled with depressed prices for jute, kenaf and other crops stimulated larger plantings of cassava despite government appeals to cut production. A higher output is also anticipated in Indonesia, in response to increases in export and domestic demand.

23. For pulses, early 1989 crops in South Asia, the world's main producing region, are reported to be well above the previous year's low level, especially in India where pulses' production is receiving increased priority. In contrast, drought has affected the new crops in South America. Cultivation of pulses in Turkey, the leading exporter among developing countries, may increase further. Developing countries as a group will probably continue to aim at raising production of pulses, mainly through better yields. However, this is a longer term goal. In the developed market economies lower relative prices in North America and Oceanian exporting countries and a restrictive support policy in the EEC could slow, if not reverse, the upward trend in cultivation of pulses in 1989. In the short term price relativities and weather conditions will remain the most important factors affecting production in both developing and developed countries.

