



AGRICULTURAL PERSPECTIVES FOR THE YEAR 2020

Price Volatility and Food Security



REPORT N° LIV

Highlights

- Prices of agricultural products have increased in recent years and are expected to remain high and volatile in the future. Although these would drop from its current levels, will remain at average higher than in the previous decade.
- The market volatility is highly related to production, increasing demand, the level of inventories, adverse weather conditions, the speculation and macro conditions as the exchange rate.
- Food demand will be high, especially in developing countries; and supply will have a slow growth influenced by higher and rising costs. The demand will be increased by the growth of population and higher incomes in countries like China and India.
- It is expected raises in prices of inputs such as oil and energy, which will raise production costs.
- By 2020, agricultural production will grow but more slowly and developing countries continue to increase their share of world agricultural market.
- The last 10 years marked a decreasing trend in productivity growth, measured by crop yields.
- Biofuel demand will continue to grow as in recent years and will continue be driven by policies applied in different countries. The second-generation biofuels will grow slowly and continuously. Also, is expected to increase world trade by 2020.
- Due to the slowest rise in production and an increasing demand both in food, and forage and products for industrial use, a slow recovery in global stocks is estimated.
- The higher requirements in agriculture increasingly press natural resources such as land and freshwater. Decreases the proportion of arable land but there are increases in technology that improves the management of new agricultural holdings.
- By 2020, it is expected that trade to develop in a leisurely manner; imports will grow and exports will too but more slowly. Developed countries will continue with high participation and developing countries will increase theirs.
- High food prices and the sharp volatility generate problems of food insecurity, increased poverty and hunger. It is imperative that governments apply different mechanisms to improve opportunities for the population.