

# UPSC PREPARATION

## OECD-FAO Agricultural Outlook 2021-2030

Organisation for Economic Co-operation and Development (OECD) & Food and Agriculture Organisation (FAO) have recently published OECD-FAO Agricultural Outlook 2021-2030.

### About OECD-FAO Agricultural Outlook 2021-2030 report

- The report is a collaborative effort of the Organisation for Economic Co-operation and Development and the Food and Agriculture Organization of the United Nations. It is prepared with input from Member governments and international commodity organisations.
- The OECD-FAO Agricultural Outlook 2021-2030 provides a consensus assessment of prospects over the next 10 years for agricultural commodity and fish markets at national, regional and global levels.
- It serves as a reference for forward-looking policy analysis and planning.
- It highlights fundamental economic and social trends that will drive the global agri-food sector, assuming no major changes to weather conditions or policies.
- The report's projections also suggest areas where more attention is needed to achieve the Sustainable Development Goals (SDGs).

### Key Findings of the Report

- The agricultural and food sector has demonstrated high resilience in the face of the global COVID-19 pandemic compared to other sectors of the economy. The compounding effect of income losses and inflation in consumer food prices have made access to healthy diets more difficult for many people.
- Consumers in middle-income countries to increase their **food intake** most significantly, while diets in low-income countries to remain largely unchanged. According to the Outlook, the average global food availability per person is projected to grow by 4% over the next 10 years, reaching just over 3025 kcal/day in 2030.
- **Consumption of animal protein** levels off in high-income countries, while demand remains strong in middle-income countries. In middle-income countries, the preference for livestock products and fish is expected to remain strong. Per capita availability of animal protein is projected to increase by 11%, narrowing the consumption gap with high-income countries by 4% to 30 g/person/day in 2030.
- The slow transition towards **healthier diets**, fat and staples to still dominate food consumption growth. At the global level, fats and staples are expected to account for about 60% of the additional calories over the next decade and provide 63% of the available calories by 2030, whereas fruits and vegetables would continue to provide only 7% of the available calories.
- Low projected growth in **livestock production** and improved feeding efficiency in high-income countries and some emerging economies should result in slower growth in feed demand

- compared to the last decade. Several low and middle-income countries will experience strong growth in feed demand over the coming decade as their livestock sectors expand and intensify.
- The Outlook suggests that **the biofuel sector** would expand at a much slower pace over the next 10 years compared to the past two decades. Biofuel production is expected to use a falling share of the main feedstock commodities, except for sugarcane.
  - Over the coming decade, **global agricultural production** is projected to increase by 1.4% p.a. The additional output will be predominantly produced in emerging economies and low-income countries. The Outlook assumes wider access to inputs as well as productivity-enhancing investments in technology, infrastructure and agricultural training as critical drivers of agricultural development.
  - Assuming continuing transition to more intensive production systems over the next decade, 87% of the projected **global crop production growth** are expected to come from yield improvements, 7% from increased cropping intensity and only 6% from the expansion of cropland. Regional yield gaps are expected to narrow over the coming decade, as yields of the main crops are projected to increase in India and Sub-Saharan Africa through better-adapted seeds and improved crop management.
  - A large share of the projected 14% production growth in **livestock and fish production** will come from productivity improvements. Productivity improvements in the livestock sector will be mainly achieved through more intensive feeding methods, improved genetics and better herd management practices. Aquaculture production is expected to overtake capture fisheries production in 2027 and account for 52% of all fish production by 2030.
  - **Global GHG emissions** from agriculture are projected to increase by 4% over the next ten years, with livestock accounting for more than 80% of this increase. Thus, additional policy effort will be needed for the agricultural sector to effectively contribute to the global reduction in GHG emissions as set in the Paris Agreement.
  - Globally, the share of imported calories in total consumption is expected to stabilise at about 20%, however, with regional differences.
  - **International prices** of most commodities increased in the second half of 2020 into 2021, fuelled by robust global demand driven by strong feed demand in China and constraints on global production growth and other factors.

## Projections by Commodity

- **Cereal** production is expected to increase by 336 Mt, reflecting gains made primarily in major grain-producing countries. More than 50% of the global production increase in wheat will come from India, the Russian Federation (hereafter “Russia”), and Ukraine. For maize, the United States, China, and Brazil will account for more than half of the expected production increase.
- **Oilseeds** production is projected to increase by 1.3% p.a. over the next decade, implying slower growth relative to the last ten years.
- **Sugar beet crops** is expected to increase over the next decade, mainly on account of some remunerative returns. Most of the projected growth in sugar production is expected to come from developing countries. Brazil is expected to maintain its position as the world's largest sugar producer, closely followed by India; these two countries will respectively account for about 21% and 18% of the world's total sugar output by 2030.
- **Meat** supply to expand over the projection period, reaching 374 Mt by 2030. An increase in global meat production is led mainly by growth in poultry production.
- **World milk production** (roughly 81% cow milk, 15% buffalo milk, and 4% for goat, sheep and camel milk combined) is projected to grow at 1.7% p.a. over the projection period (to 1020 Mt by 2030, faster than most other main agricultural commodities).

- **Fish production** is projected to grow at 1.2% p.a. during the outlook period in the world, a relative slowdown compared to the 2.1% p.a. growth of the previous decade.
- **Biofuel markets** will continue to be largely influenced by national support policies and fossil fuel demand. Global biofuel demand is expected to recover in 2021 and 2022.
- **Cotton production** is projected to grow 1.5% p.a. to reach 28 Mt in 2030. This growth will come from an expansion of the cotton area (0.5% p.a.) and growth in average global yields (1% p.a.)
- **Roots and tubers** is projected to increase by about 18% over the next decade. Production growth in low-income regions could reach 2.3% p.a. while supply in high-income countries should grow at only 0.3% annually.

## Conclusion

Assuming a fast recovery from the global COVID-19 pandemic and no major changes to weather conditions or the policy environment, the Agricultural Outlook 2021-30 presents the major trends expected in food and agricultural markets over the coming decade. While it is expected that progress will be made in many respects, in order to realize the 2030 Agenda and achieve the SDGs by 2030, concerted actions and additional improvements are needed at all levels, requiring also more efforts by the agricultural sector.