The long-term trends behind agricultural markets

Conference:
2024 Prospects for EU Agricultural Markets

Brussels,
5 December 2014

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FAO real food price indices

(2002-04=100)
Drivers of price increase

Tight stocks

Prod. costs
Oil prices

Higher agricultural commodity prices

Financialisation

Lower productivity growth

Growing demand
A growing world population...

<table>
<thead>
<tr>
<th>Period</th>
<th>Billion inhabitants</th>
</tr>
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<tbody>
<tr>
<td>1961-1973</td>
<td>3</td>
</tr>
<tr>
<td>1973-1985</td>
<td>4</td>
</tr>
<tr>
<td>1985-1997</td>
<td>5</td>
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<tr>
<td>1997-2009</td>
<td>6</td>
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<tr>
<td>2009-2013</td>
<td>7</td>
</tr>
</tbody>
</table>

- **Developed**
- **Developing**
...but at a slower pace...
...like consumption growth

![Graph showing annual change in total consumption, population, calories per capita, and proteins per capita from 1961-1973 to 2009-2013.](image-url)
Changes in consumption patterns
World domestic use versus population annual growth

Size of bubbles represents total average consumption over the period.
Lower increase in meat intake while growing potential for dairy
Domestic use versus population annual growth

Size of bubbles represents total average consumption over the period.
A higher income *per capita* at disposal...

![Bar chart showing national income per capita (2005 constant prices) for different regions and time periods.](chart.png)

- **World**
- **Developing**
- **Brazil**
- **Russia**
- **China**
- **India**

...and higher urbanisation

![Bar chart showing the share of urban population in the World, Developed, and Developing regions for three time periods: 1961-1973, 1985-1997, and 2009-2013.](image)
Demand supplied domestically or with imports? the example of China

-16 -14 -12 -10 -8 -6 -4 -2 0 2

0 = self-sufficiency

Cereals  Meat  Milk

China's share in world milk powder imports and world dairy prices

% of world total

Dairy price index

Chinese imports

FAO nominal price index
2002-04 = 100
Conclusions

• Consumption is still growing...
  • Because of population growth
  • Higher income at disposal
• But at a slower pace
• While per capita intake is rising
• And consumption patterns are changing

• Does it affect prices?
  • Yes, if production doesn't grow at the same pace
  • and imports of big players increase
  • For how long?
Thanks!

Market brief soon available here:

DISCLAIMER: While all efforts are made to reach robust market and income prospects, uncertainties remain. This publication does not necessarily reflect the official opinion of the European Commission.

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