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Provisional Agenda**

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

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Note: The content of this document is based on information available up to mid-December 1989. An updating statement will be presented to the Committee at its 15th Session.

I. HIGHLIGHTS AND CONCLUSIONS

1. The highlights of the 1989/90 world food security situation and outlook are:

- A failure of world production of staple foods in 1989 to match expected utilization for the third consecutive year, leading to further decline in global cereal stocks in 1990.
- A further decline of some 9 million tons in world stocks of cereals at the end of 1989/90. By the end of 1988/89 stocks had fallen by 95 million tons to 18 percent of global consumption, slightly higher than estimated a year ago but still low. For the forecast year the ratio is not expected to exceed the 17 to 18 percent range which FAO considers necessary to safeguard world food security. Particularly serious is the low level of wheat stocks.
- Efforts in major producing countries to stimulate output, particularly of wheat.
- Favourable early outlook for 1990 harvests.
- A substantial recovery in food aid in 1989/90 concentrated largely on Poland and some middle-income developing countries, but with no increase expected for low-income food-deficit countries.
- Scope for increasing triangular transactions.
- Little change in world cereal trade in 1989/90.
- Despite a slight increase, world utilization of staple foods still below trend.
- Difficulties for several developing countries heavily dependent on imports for meeting their food requirements, due to the tightness of supply, and the resulting firm prices of cereals and other basic foods.
- Stagnant or declining food consumption trends in many developing countries, especially in the Africa and Latin America and Caribbean regions.
- Famine conditions in Ethiopia, serious food supply problems in Sudan, Mozambique and Angola, and -- to a lesser extent -- in Afghanistan, Lebanon, Laos, Sri Lanka, Haiti and Nicaragua.
- Little progress in achieving better access to food by the chronically poor and malnourished population groups in both low-income and middle-income countries.
- Some increase in cereal self-sufficiency ratios in the low-income food-deficit countries reflecting, however, slow-growing consumption rather than fast-growing production; and
- poor prospects for increased agricultural export earnings, especially of low-income food-deficit countries, while the cost of food imports remains high.

2. Conclusions to be drawn from the analysis of developments in the 1989/90 world food security situation and outlook are set out below.

3. World food security is again critically dependent on the outcome of current year's (1990) crops. Assuming no change in stocks, cereal production would have to increase by a further 4 percent, following a 7 percent increase in 1989, just to restore utilization to its trend level. Whether production gains actually will result in higher consumption or increased stocks or both depends on the distribution of production increases between importing and exporting countries, on the commodity composition of gains, and on general economic developments affecting demand.

4. The early outlook for 1990 harvests appears favourable in most areas, but changes in the underlying conditions of supply and demand, including adverse weather, could have strong effects on international cereal prices under current supply conditions. The overall situation will, therefore, require continuous assessment over the rest of the year.
5. The increase in world cereal production in 1989 was due mainly to larger crops in the developed countries. Output in the developing countries in the aggregate also increased, albeit only slightly, for the second year in succession, reflecting favourable weather conditions, and, in some cases, the steps being taken to boost output. As envisaged by the World Food Security Compact, the primary responsibility for increasing food production and achieving national food security rests with the developing countries themselves; however, support from the international community continues to be of critical importance.
6. Structural adjustment policies are being implemented in a number of developing countries. Given the crucial role of adjustment in ensuring achievement of food security objectives in some countries, efforts to improve these policies, while addressing in particular the need to avoid adverse effects on the poorest population groups, should remain priority areas for action.
7. While food aid in 1989 will substantially increase, reflecting allocation of funds for purchase of surplus coarse grains in the United States, and additional aid offered by the EEC to Poland, food aid flows to low-income countries are expected to continue at the reduced level of the previous year. The U.S. Food Security Wheat Reserve will be drawn down further just to maintain wheat shipments at last year's level.
8. In addition to stocks held by regular exporters, a number of developing countries in sub-Saharan Africa have surpluses (both for export and local use), mainly of coarse grains, with several countries requiring assistance for their disposal. In this connection, there is scope for further donor support for triangular transactions, local purchases and swap arrangements. Increased technical and financial assistance is also required to help developing countries to expand storage facilities and transport infrastructures.
9. In 1988/89 the rise of cereal prices added around U.S.\$ 2.9 billion to the annual cereal import bill of low-income food-deficit countries, the increase being more than twice the value of the food aid which they have received. Other developing countries faced a similar increase in their cereal import bill. Current international prices of cereals and most other basic foods, while not high by historical standards, remain at last year's levels, thus accentuating the mounting financial and economic problems facing many importing developing countries, not exclusively in the low-income category. High import costs are curtailing commercial imports of food and feed in several countries, and slowing growth of markets for cereals in the middle-income group of countries.
10. With the deteriorating economic situation in many developing countries, the world food security problem is increasingly seen as a question of demand constraints and access to food supplies both at a national level and within the countries concerned.
11. At a national level, many countries facing debt, inflation, economic and foreign exchange problems, find themselves unable to secure through the international market all the food supplies needed by their populations. There is need to strengthen the assessment of the overall impact of such factors on food security.
12. At the personal or household level, there has also been a deterioration in access to food supplies in recent years within individual countries, associated with growing numbers of poor people unable to afford minimum food requirements. Even if the proportion of the developing world's population living in poverty has declined in recent decades, the absolute numbers of the poor and destitute appear to have increased. While greater emphasis needs to be placed on creation of employment opportunities for the poor and hungry to support themselves, in the short- to medium-run specific measures should be used to mitigate their plight in line with the moral commitment embodied in the World Food Security Compact.

13. The clearest evidence of continuing deterioration in access to food -- the basic objective of world food security -- is provided by the prevailing stagnant or declining per caput food availability levels, especially in Africa and Latin America and the Caribbean. The situation also demonstrates the limited role of food aid at its current levels in closing the gap between basic food needs and available supplies in specific locations.

14. While there has been a significant recovery in prices and export earnings from agricultural products in 1988/89, the upward movement has been more marked for agricultural products exported predominantly by developed, rather than developing, countries. The prospects for developing countries continue to be limited by the unsatisfactory world trading system. Hope for improvements in this system hinges on the outcome of the Uruguay Round of negotiations, though eventual successful conclusion of the current negotiations would need to be accompanied by measures which take into account the possible adverse effects on net food-importing developing countries.

II. GLOBAL FOOD SECURITY SITUATION IN 1989/90

2.1 World production of staple foods in 1989 recovers, but is below utilization for the third consecutive year

15. Developments in 1989 have clearly confirmed the volatile nature of the world staple foods markets. The three consecutive years (1984, 1985 and 1986) of robust growth in world production of staple foods generally, and of cereals in particular, were followed by two years of declining production, caused by coincidence of bad weather and policy-induced cutbacks. This gave way to a recovery of cereal output in 1989, due largely to a return to more normal weather and relaxation of acreage controls, especially in North America (Table 1).

16. The increase of 7 percent in global output of cereals from 1 757 million tons in 1988 to 1 877 million tons in 1989 was nevertheless insufficient to restore utilization to its trend level or even to match expected utilization for the third consecutive year. Consequently, by the end of 1989/90 seasons, global stocks of cereals will probably decline further. (See Section 2.2 below).

17. The partial recovery of cereal production in 1989, reflected mostly better crops in the developed countries of North America and the U.S.S.R. and to a lesser extent also in Asia, especially in China and India. By contrast, cereal production fell sharply in Turkey, while output in South America declined for the second consecutive year, due largely to poorer crops of wheat and, especially, coarse grains in Argentina. In Africa, the aggregate output of cereals of the 45 sub-Saharan countries was above average for the second year in succession. In other developing regions, the overall cereal output has declined slightly. In western Europe, cereal production is estimated at around the previous year's level, though there was a small decline in the EEC.

18. All major cereals contributed to the recovery in production in 1989. Wheat production expanded mostly in North America, Asia and the U.S.S.R. A production increase was realized also in coarse grains due to the better crops in North America, as well as in the U.S.S.R. and South Africa. By contrast, production of coarse grains in the EEC is estimated to have declined by 7 percent. An increase in global paddy production reflected better crops in Asia generally, and especially in China.

19. In the developing countries as a whole, aggregate cereal output, which accounts for about 90 percent of their total staple food output, expanded slightly for the second year in succession, reaching 990 million tons, compared with 982 million tons in 1988, and 934 million tons in 1987, an increase of 6 percent in two years. In low-income food-deficit countries, the 1989 cereal production stood at 750 million tons, compared with 731 million tons in 1988, and 690 million tons in 1987. The increase of almost 9 percent over the two-year period, was well above the population growth rate of 2.5 percent a year.

20. This rise in food production in developing countries has been due largely to widely spread favourable weather conditions, as well as to the considerable efforts by governments to encourage

output. In some countries it may also begin to reflect policies of structural adjustment, adopted in recent years ^{1/}. These policies aim broadly, and through a variety of measures, at the reversal of the traditional bias against agriculture. As regards food production, policies of this kind include price decontrol (Mali, Niger, Nigeria, Somalia and Uganda), and the reform or abolition of agricultural marketing boards (Nigeria, Tanzania, Kenya, Senegal and Somalia). In some cases, higher agricultural output is being fostered through application of broadly conceived extension services, which involve changes in farming methods, with improvements in credit delivery, marketing and the supply of inputs. Better access to land, infrastructure improvements, including irrigation, remunerative prices and education are also among policy measures being given increased attention. The effects of these policies in unlocking the vast potential for food production in developing countries are hard to quantify. But, there is no doubt that success in their implementation would make an important contribution toward achieving food security for these countries.

21. World production of roots and tubers expanded in 1989 by some 3 percent to 148 million tons (in grain equivalent), mainly as a result of larger crops of cassava, potatoes and yams. Production of other roots and tubers remained at about the same levels as in 1988. Production of roots and tubers in developed countries rose by 4 percent with particularly large increases (mainly of potatoes) in eastern Europe. Growth of output in the developing countries was slower (2.5 percent) despite a 5 percent rise in cassava, since little or no expansion took place in the production of the other roots and tubers. Of more concern is the fact that the output of roots and tubers in low-income food-deficit countries grew by only 1 percent in 1989.

22. In Africa, where both cassava and yams are important staple foods, production of roots and tubers was some 3 percent higher in 1989, reflecting good weather and renewed emphasis on traditional foods in a number of countries, notably Nigeria, Cote d'Ivoire, Madagascar and Tanzania. By contrast, lower outputs of roots and tubers were recorded in Benin, Burundi and the Central African Republic. In some countries, increased demand for roots and tubers, which was stimulated by high cereal prices, also led to significant price increases for these products.

23. Production in Latin America rose by 4 percent in 1989, mainly as a result of the recovery in cassava output in Brazil, triggered by significant price increases in 1988. Some expansion also took place in Colombia, where production of both potatoes and cassava rose, the latter being stimulated by the recent introduction of minimum producer prices. By contrast, roots and tubers output fell in the Dominican Republic, Haiti and Peru.

24. In Asia, production of roots and tubers was 2 percent higher in 1989, reflecting increases in potato and cassava crops but unchanged output of the other roots. Particularly good crops were harvested in Thailand, where cassava production was boosted by buoyant export demand. However, output stagnated in China, the largest producer of roots and tubers.

25. There was a moderate (3 percent) increase in world production of pulses to 57.5 million tons in 1989, reflecting slightly expanded output in developing countries (mainly for human consumption) while production in developed countries (mainly for feed use) remained stationary. Market prices of food pulses remain relatively firm, but those of feed pulses have weakened.

26. A degree of tightness resulting in firm prices has prevailed in the market for oils and oilmeals, with the draw-down of stocks in 1989 leaving no significant cushion of stocks for drawing on in 1990. But with production beginning to recover early in 1989 in the southern hemisphere (oilseed), in the Far East (palm oil) and subsequently in the United States, the high mid-1988 prices were not maintained. Production in 1990 is forecast to recover (by 5 percent for oils and 9 percent for oilmeals) providing sufficient supplies to meet foreseeable consumption requirements and to replenish stocks modestly.

1/ Problems of structural adjustment, its social costs and its effects on food security formed the subject of extensive discussion at the Fourteenth Session of the Committee on World Food Security in 1989.

27. Also the world dairy economy started the year with sharply reduced stocks, and world milk output stagnated in 1989. As a result, current export prices for some major milk products are two to three times higher than a few years ago. Nevertheless, milk output of the developed countries in the northern hemisphere still exceeds commercial demand. Notwithstanding low stocks, the prospect for further increases in international prices of dairy products appears to be limited.

28. Prices of most types of meat have recovered from their depressed 1988 level, reflecting stable world meat production. The major factors behind this low growth in global meat output have been Government policies to curb meat and milk surpluses, the rise in world feed prices in 1988/89, and generally weak consumer demand for meat. The volume of livestock, meat and meat products traded in the international market has decreased from the level of 1988.

29. Another relatively firm food market is that of sugar, with world sugar prices remaining in a narrow range, fluctuating around U.S. cents 14 per lb in the last quarter of 1989. The market continues to reflect reduced levels of world sugar stocks, purchases by U.S.S.R., expected purchases by India, and generally tight supplies. Prices were expected to remain firm in 1990, but to be sensitive to any fluctuations in production and demand.

2.2 Third successive decline in global cereal stocks forecast in 1989/90

30. Global carryovers in cereals were expected to fall for the third successive year, with most of the decline occurring in the holdings of developed countries. After being drawn down by 53 million tons in 1987/88 and a further 94 million tons in 1988/89, global cereal stocks were expected to decline by another 9 million tons in the current year. This represents a cumulative reduction of 35 percent in three years, from a very high level of 454 million tons in 1986/87 to about 297 million tons at the end of 1989/90 seasons (Table 2). By the end of 1988/89 stocks had fallen to 18 percent of global consumption, slightly higher than estimated a year ago but still low. At the forecast level for 1989/90, global cereal stocks, when compared with the trend level of utilization in 1990/91, are not expected to exceed the 17 to 18 percent range ^{1/} which FAO considers the minimum required to safeguard world food security.

31. While rice stocks in 1989/90 are likely to increase by some 5 million tons, there will be substantial reductions in coarse grains (10 million tons) and in wheat (3.5 million tons). The supply situation is particularly tight for wheat: the stocks of wheat held by the major exporting countries have fallen to their lowest level since 1973/74. To maintain its food aid commitments for 1989/90 the United States plans to draw up to 2 million tons of wheat from the Food Security Wheat Reserve, in addition to the 1.5 million tons drawn during 1988/89, thus virtually exhausting the Reserve.

32. The anticipated reduction in world carryover stocks of cereals will be confined almost entirely to the major exporters, mainly the United States, Canada and the EEC. The major exporters will hold about 43 percent of the anticipated world cereal stocks by the end of the 1989/90 seasons. A slight increase is forecast in importing countries where higher stocks are needed both to enhance domestic market stability and because excessive concentration of stocks in a few exporting countries results in these countries bearing a disproportionate share of the responsibility for world food security. At the same time, the importance of exporters holding adequate stocks, especially of wheat, cannot be overstated in so far as exporters' stocks tend to be more readily available for meeting increases in international demand than those held in importing countries.

33. The current decline in cereal stocks in general means a lowering of the aggregate supply/demand ratio (i.e. carryover stocks plus production) in relation to normal market requirements (i.e. domestic utilization plus exports). In the late 1970s and early 1980s this ratio for cereals in the major

^{1/} Of which 5 to 6 percent represents the "reserve" element, the rest being "working" or "pipeline" stocks.

exporting countries ranged between 1.30 and 1.40. But, this year it has fallen to 1.17, the lowest ratio since the world food crisis in 1974 (1.07), tending to limit both the exporters' capacity to meet unforeseeable demand, and ultimately world food security. ^{1/} The situation is particularly dramatic in the case of wheat, for which the comparable ratios for major exporters are: a historically low 1.17 in 1989/90, as against 1.25 at the height of the world food crisis in 1974/75. The situation is somewhat alleviated by improved stock levels in importing countries in the aggregate. However, the low level of wheat stocks held by the major exporters has a restraining effect on food aid in wheat, which represents the bulk of food aid in cereals (see Section 2.4 below).

34. Cereal stocks in the developing countries as a whole are expected to rise for the second consecutive year. By the end of the 1989/90 seasons, cereal stocks in these countries are forecast to increase by about 6 million tons to nearly 130 million tons. However, the increase will be limited to Asia, and in particular to the recovery of stocks in India, and to a much lesser extent in Indonesia and Pakistan. Aggregate cereal stocks in other developing countries will decline. For Africa as a whole, the draw-down in stocks in 1989/90 is estimated at over 7 percent, reflecting poorer crops in 1989 than in the previous year. In Latin America, a decline in stocks is anticipated in both Argentina and Brazil and, therefore, for the region as a whole. Stocks in Central America are likely to be about half their level of 1987.

2.3 World food prices remain firm and global cereal trade stagnant

35. The three years (1984, 1985 and 1986) of bumper crops in cereals, which resulted in a spectacular build-up of carryover stocks, gave rise to strong competition for markets among exporters and the international prices of cereals dropped to their lowest levels in real terms since the 1930s. Between 1983 and 1987, cereal prices fell by nearly one-half in nominal terms. Representative prices of wheat declined by 30 percent, and those of maize and sorghum by over 40 percent. In addition, discounts granted under special export programmes pushed the prices paid by a number of countries to even lower levels.

36. The subsequent, rapid depletion of stocks in 1987 and 1988 led to a strong recovery of prices in 1988, especially in the case of wheat. Cereal prices in general continued to be firm in 1989, in spite of the recovery in global output. Quoted export prices for wheat, which had risen by 40 percent, from U.S.\$ 120/ton in November 1987 to U.S.\$ 166/ton in November 1988, remained at about this level in November 1989. Export prices of maize, which had also risen by nearly 40 percent, from U.S.\$ 82/ton to U.S.\$ 114/ton during the same period, slipped back to U.S.\$ 108 by November 1989. The prices of Thai rice had risen from U.S.\$ 208/ton to U.S.\$ 275/ton in the 12 months to November 1988, and again to U.S.\$ 307/ton in October 1989, but they subsequently fell to U.S.\$ 280/ton in November 1989. Prices of sorghum have risen from U.S.\$ 71 in November 1987 to U.S.\$ 105 in November 1989, while those of soybeans have risen from U.S.\$ 195/ton to U.S.\$ 227 during the same period.

37. In late 1989, prices of cereals were still moderately lower than the quotations prevailing in the early 1980s when the market tightness during the 1979-81 period was broadly comparable to the finely-balanced supply/demand situation today. In 1980/81, export prices of wheat were about U.S.\$ 180/ton, maize prices were at U.S.\$ 142/ton, and those of Thai rice at U.S.\$ 477. In real terms, today's prices are lower still, because of inflation and the lower value of the United States dollar since 1980/81 against other major currencies.

^{1/} For details of this indicator, see FAO, *Approaches to World Food Security*, 1983, page 59-60.

38. At the same time, current cereal prices are exacerbating the greatly increased foreign exchange difficulties facing many developing countries, whose access to world food markets has in the meantime been further constrained by: external indebtedness, flagging demand for their principal exports, a recent collapse in prices of some of their main agricultural export commodities, curtailment of import demand as a result of structural adjustment programmes, and other economic and financial adversities. The unresolved dilemma remains how to reconcile the need to keep cereal import costs at levels which low-income food-deficit countries can afford to pay with a need to assure remunerative prices to major exporters who, at least in the short run, constitute the main source of international supply for this group of countries.

39. The rise of cereal prices in 1988 added about U.S.\$ 2.9 billion to the cereal import bills of the low-income food-deficit countries in 1988/89 and, because prices have since stayed at about the same level, also in 1989/90. Other developing countries faced a similar increase in their cereal import bill. In the case of low-income food-deficit countries, this is more than twice the estimated value of total cereal food aid which they received in 1989, illustrating the relative importance of changes in prices of food imports compared to the volume of food aid receipts. Clearly, the relief brought about by food aid at its current levels is insufficient to compensate for steep increases in the food import bill.

40. The effect of relatively high import prices of several major foods, added to other problems, has been felt strongly by a number of food-deficit countries, some of which find it increasingly difficult to import food quantities required to maintain per caput consumption. Among countries affected in Africa, for example, Kenya and Zambia, have recently limited distribution of wheat to millers in order to save on wheat imports, and in Latin America, Peru reduced imports of wheat and coarse grains by 20 percent in 1988. Bolivia, the Dominican Republic, Ecuador, Ghana, Honduras and Sierra Leone have also been particularly affected by the tight market situation for wheat.

41. As regards export earnings, the general upward movement in nominal commodity prices since 1987 has been more marked for agricultural products exported mainly by developed countries than those exported mainly by developing countries. Indeed the prices of coffee and cocoa, among the most important non-food commodity exports of developing countries have fallen to particularly depressed levels. For non-cereal food items, increases in prices have also reflected tight supplies. Recent price increases for some raw materials such as cotton have been offset by declines in others, e.g. rubber. In real terms, the overall price index for agricultural commodities is expected to decline in 1989/90.

42. The estimated volume of world cereal trade remains virtually unchanged in 1989/90. Aggregate trade is currently forecast at 206 million tons. A decline in imports by the developed countries, from 88 million tons in 1988/89 to 83 million tons in 1989/90 would be balanced by an increase in imports of the developing countries, from 118 million tons to 123 million tons, mainly of the middle-income group of countries. Cereal imports of low-income food-deficit countries would decline by 3 million tons to 52 million tons (Table 3).

43. The decline in cereal imports of the developed countries reflects mainly lower imports anticipated for the U.S.S.R. and western Europe, in particular, the long-term trend of falling imports into the EEC. An increase in imports by the developing countries as a whole largely reflects exceptionally large imports forecast for Syria and Turkey to compensate for shortfalls in domestic output due to drought. Imports by these two countries in 1989/90 are forecast at 2 million tons and 3 million tons respectively. Also, imports of other countries in Asia are expected to resume their upward trend in 1989/90 after levelling off in recent years. Most of the increase would be in coarse grain imports used for livestock feeding. In Latin America, Brazil's wheat imports are forecast to increase sharply.

44. World trade in rice in 1990 is provisionally estimated to show a slight (5 percent) decline from its 1989 level, but would still be above the average volume prevailing in the 1980s. China, India and Indonesia will probably import less rice in 1990. By contrast, Africa's imports are likely to rise, though the extent of the increase will depend on world rice prices and the availability of food aid in rice.

45. Global export supplies of cereals are expected to be sufficient to meet import demand in 1989/90, at the cost of some further drawdown in stocks by the end of seasons closing in 1990. Supplies will be tight at least until 1990 crops become available, and any substantial unforeseen increase

in import demand could be difficult to meet. Among individual exporters, lower shipments of coarse grains are forecast for Argentina and the EEC, due to reduced supplies. Exports from the United States may decline, due to increased sales by other exporters, including Canada, South Africa and Yugoslavia in face of a virtually unchanged total trade.

2.4 Increase in food aid expected, but aid flows to low-income countries unchanged

46. Total cereal food aid availabilities in 1989/90, estimated at 11 million tons, represent a substantial increase over the last year's figure of 9.8 million tons. The United States' shipments may amount to 6.2 million tons, an increase of 0.9 million tons over a 5.3 million tons total in the previous year. The EEC's food aid in cereals is likely to reach 2.8 million tons, against 2.0 million tons in 1988/89. Canada's aid (mostly wheat) is likely to decline to 850 000 tons from 1.2 million tons in 1988/89, while remaining above Canada's commitment to the Food Aid Convention of 600 000 tons. These three major donors would account for about 90 percent of the total cereal aid.

47. Two million tons of cereals (wheat and coarse grains) have been already committed to Poland and middle-income food-deficit countries, such as Mexico, Peru, Jamaica, Tunisia, Jordan and the Philippines, leaving 9 million tons of cereal aid still available for commitment. Because of the scarcity of wheat supplies, and notwithstanding the effort made by the United States in releasing additional wheat from its Food Security Wheat Reserve, all of the increase in cereal aid on offer by the United States in 1989/90 is in the form of coarse grains. The wheat component of the United States aid may be slightly below the 3.8 million tons delivered in 1989. Since aid requirements for coarse grains by the low-income food-deficit countries may be somewhat lower than last year, in view of the good crops harvested in 1989, total cereal aid shipments to this group of countries in 1989/90 are forecast at 7.5 million tons, almost unchanged from the previous year (Table 3).

48. A potential source of food aid this year is the presence of exportable and local surpluses of some 1.6 million tons of cereals, mainly coarse grains held by 15 countries in sub-Saharan Africa, for which several countries presently require assistance with their disposal. Donors have already provided financial support for the export of some 210 000 tons of surplus cereals. Nevertheless substantial surpluses of coarse grains were still held by Benin, Burkina Faso, Chad, Cote d'Ivoire, Kenya, Mali, Niger, Sudan, Tanzania, Togo, Zambia and Zimbabwe as of mid-December 1989. In these circumstances, the use of triangular transactions, local purchases and swap arrangements should be increased to the extent possible as a way of meeting the cereal import requirements of neighbouring countries. This would also ensure incentives to local farmers to maintain domestic staple production and reduce dependence on imported foodstuffs which are both difficult and expensive to produce locally.

2.5 World utilization of staple foods rises only marginally after decline in 1988/89

49. World utilization (direct human consumption, animal feed and other uses) of staple foods (cereals, pulses, and roots and tubers) is expected to increase slightly, from 1 885 million tons in 1988/89 to 1 923 million tons in 1989/90 (see Table 1). The increase reflects slightly higher levels of utilization in all staples.

50. Direct human consumption of staples is forecast to increase by about 19 million tons to about 951 million tons for the world as a whole, while falling somewhat in the developed countries. Total utilization of staples (mainly for food and feed) will rise very slightly in both the developing countries as a whole and in low-income food-deficit countries, but the increase (1.8 and 1.7 percent respectively) will be below the population growth in these countries (2.0 and 2.5 percent respectively), suggesting further deterioration in per caput utilization levels among the world's poor and undernourished.

2.6 Preliminary outlook for 1990/91

51. Even though the medium term prospects are for a strong growth in global food production, to be constrained only by an insufficient growth in effective demand, lingering uncertainties cloud the short-term outlook, critically affected by the current low level of stocks. With the margin of safety for world food security provided in recent years by the ample carryover stocks now reduced to the minimum level

FAO considers necessary, the maintenance of global cereal consumption in 1990/91 depends critically on the outcome of 1990 cereal harvests.

52. Just to meet per caput trend utilization in 1990/91, with no further draw-down of stocks, global output of cereals must increase by 70 million tons or 4 percent. The extent to which this occurs depends primarily on the policies followed in major producing countries, a number of which (including the United States, Canada and the U.S.S.R.) have in recent months adjusted their policies to encourage output. Also, the impact on utilization will depend on the extent to which increased production moves into international trade.

53. There have been substantially larger plantings of winter wheat in the United States, and growing conditions for recently planted crops are mostly favourable around the world, though moisture stress to winter wheat was expected in parts of the United States. But to achieve the required increase in global production, plantings must also increase in many other countries, and normal weather until the harvests in 1990 will be required. Hence, world food security continues to be delicately balanced for at least another year.

III. FOOD SECURITY IN FOOD DEFICIT DEVELOPING COUNTRIES

3.1 Stagnant or declining trends in food consumption in many food-deficit countries

54. With a rapidly deteriorating economic situation in many developing countries in the last few years, the world food security problem, while continuing to stress physical supply constraints and low stocks of cereals at the global level, tends to be increasingly focused on the inability of a growing number of developing countries to purchase sufficient food supplies from the international markets and within many countries on the lack of access to food for the most vulnerable sections of the population.

55. A large number of developing countries, mainly, though not exclusively, in the low-income food-deficit category, struggling at the same time with overall resource constraints, inflation, debt repayment problems, rising unemployment, structural adjustments to their economies, trade barriers and stagnant export earnings (declining in real terms), have not succeeded in producing or purchasing the food needed to meet all the basic food needs of their populations. The result is depressed and/or declining food consumption levels, and increasing numbers of people with a decreasing access to basic food supplies. This is evident in particular in regions of heavy indebtedness and high population growth, such as Africa and Latin America and the Caribbean. The former region's long-term debt is now equal to its gross national product (GNP), making the region the most hampered by debt in the world. Its population growth of 3.25 percent a year is also the highest ever recorded for a region of any size, and has resulted in Africa's population having doubled since 1965.

56. Many developing countries are continuing their efforts to stimulate food output, in line with the World Food Security Compact, and some have indeed succeeded, especially in Asia. Nevertheless, the self-sufficiency ratio in cereals for the developing countries as a whole has not improved in the course of the 1980s, remaining at around 90 percent. During that period, the self-sufficiency ratio for the low-income food-deficit group of countries increased somewhat, from 91 percent in the early 1980s to around 93-94 percent in the late 1980s, but the increase reflects slow consumption growth rather than fast rising production.

57. The current cereal supply position in most of sub-Saharan Africa may seem generally satisfactory, but per caput food availability levels (i.e. cereals, roots and tubers, and pulses) show signs of deterioration in many low-income countries of the region. In a number of countries, the 1989/90 per caput figures are forecast at about the same level as in 1983/84-1984/85, which were the years of a major drought-induced food crisis in Africa. The countries in this category include Congo, Egypt, Equatorial Guinea, Liberia, Mozambique and Togo.

58. Of even greater concern is the fact that in several countries of the region, the 1989/90 per caput food availability levels are likely to be well below the food crisis figures in the mid-1980s. The countries concerned include: Angola, Burundi, Cote d'Ivoire, Comoros, Guinea, Madagascar, Morocco, Nigeria, Rwanda, Sierra Leone, Sudan, Tanzania and Zaire.

59. For the low-income food-deficit countries of Africa as a whole, the 1989/90 per caput staple food availability of 164 kg is less than the average of 169 kg in 1983/84-1984/85. This reduction reflects a 10 percent fall in roots and tubers, with per caput availability of cereals showing little change between these two periods.

60. Roots, tubers and pulses, produced in sub-Saharan Africa mainly as subsistence crops, account for between one-third and one-fourth of the overall food availability. The decline in per caput availability reflects slow growth in their production, because of lack of incentives and other production and marketing problems.

61. There has been recently a downward trend in imports of cereals into Latin America and the Caribbean, due partly to austerity measures adopted in a number of countries. Although average per caput incomes in this region generally are higher than in many other developing countries, there are severe concentrations of poverty, especially in urban areas, and about 80 million people in the region still live in absolute poverty. In both 1988 and 1989, the gross domestic product (GDP) per caput fell at an annual rate of 0.6 percent. The 1989/90 per caput staple food availability figure for low-income food-deficit countries of the region is 126 kg, as against above 130 kg in the early 1980s. Per caput availability figures are significantly lower also in a number of middle-income countries in this region. Comparable data for Asia show little change from the earlier years, while there has been some increase in the Near East.

62. National average per caput availability figures mask the degree of deterioration in access to food supplies and nutritional standards within countries, especially in the rural areas that do not have adequate access to food supplies, because of low purchasing power, logistic problems, and/or civil strife. Malnutrition is often prevalent in such areas, particularly among landless labourers and small farmers in remote areas.

63. Problems of food security exist not only because of national food supply shortages and distribution difficulties, but also because many poor households in rural and urban areas do not have the ability to produce or purchase enough food. Nutritional deficiencies, resulting from inadequate food intake at the household level are exacerbated by diseases associated with malnutrition. Indirect evidence suggests continuing deterioration in access to food at the household level throughout the developing world, as poverty spreads both in terms of numbers and intensity.

64. Poverty pockets with limited access to food supplies are to be found even in countries currently holding cereal surpluses. The problem is becoming increasingly serious. For example, in the 1970s the number of Africans with deficient diets increased by far less than the rate of population increase. In the 1980s, however, both the proportion and the total number of Africans with deficient diets are estimated to have expanded.

65. The declining trends in food consumption standards in the last five years or so in many developing countries are a clear reflection of the still inadequate rates of growth in local food production; the weakness of their export sector to generate foreign exchange to finance needed imports; and the limited role of food aid in filling the growing gap between basic food needs and market-generated supplies.

66. The combined effect of high grain prices and economic constraints in developing countries in general, has forced some countries to cut down on their traditional or newly-established livestock industries, based on commercially-imported cereals and other concentrate feeds. Poultry production in particular, frequently accorded priority in livestock industry development in view of its relatively low feed requirements per unit of output, has suffered in most parts of Africa and Latin America and the Caribbean. If allowed to continue, this tendency could curb the diversification and improvement of diets and reduce the growth capacity of some of the world's promising markets for cereals.

3.2 Specific food supply problems

67. A number of low-income food-deficit countries have been suffering in 1989 from serious food emergencies and other difficulties relating to their economic and financial vulnerability. In Ethiopia, the famine prevailing in most of Eritrea, and in large areas of Tigray is likely to last at least until the harvest in October 1990. Only a major international relief effort can avert widespread loss of life. A sharp decline in the 1989 cereal crop in western Sudan continues to cause serious supply problems in Darfur and Kordofan. The strife-affected populations of southern Sudan will require emergency food relief throughout 1990, while special donor assistance is needed to support the movement of food from surplus to deficit areas. Mozambique is facing severe local food security problems, affecting in some degree, about half of all households. The high levels of chronic malnutrition (between 40 to 60 percent) demonstrate the extremely precarious nutritional situation of Mozambican families, suggesting that even small shocks could precipitate mass starvation. Currently, food stocks in Mozambique are being depleted rapidly, while food aid pledges and deliveries are still falling short of requirements. The food supply situation remains serious also in Angola.

68. The desert locust situation in Africa has been controlled, at least temporarily. Elsewhere, serious food supply problems continue to beset parts of Afghanistan, Lebanon, the southern parts of Laos, and Sri Lanka. Food supplies are tight also in Haiti and Nicaragua, following the poor 1989 harvests. The food supply situation continues to be very tight in Peru, where the Government has launched a "Social Compensation Programme" to alleviate difficulties facing the most affected population. Emergency food assistance approved by the Director-General of FAO and provided from the resources of the World Food Programme is currently in operation in seventeen countries in Africa, eight countries in Asia and three in Central America.

69. As of mid-December 1989, total contributions to the International Emergency Food Reserve (IEFR) for the year 1989 amounted to 417 420 tons of cereals and 34 000 tons of other food commodities. Over 100 000 tons of food commodities had also been pledged for the 1990 IEFR. In addition, in accordance with procedures decided by the Committee on Food Aid Policies and Programmes at its 27th Session in May 1989 to establish a sub-set of resources to meet the requirements of protracted refugee/displaced persons operations, 20 projects representing a food commitment of 379 742 tons had been approved by mid-December 1989, mainly for implementation in 1990. Contributions for this purpose are to be made separately, over and above biennial pledges to the WFP's regular resources. As of December 1989, countries where food aid needs for both natural and man-made emergencies were not covered included: Afghanistan, Angola, Bangladesh, Ethiopia, Haiti, Laos, Lebanon, Lesotho, Mozambique, Nicaragua, Niger, Peru, Sierra Leone, Somalia, Sri Lanka, Sudan and Viet Nam.

3.3 Poor prospects for export earnings of the developing countries: adverse effect on food security

70. Foreign exchange scarcities stemming from the huge burden of external debt and weak market prospects for some of their main export commodities, will continue to have a restraining influence on the commercial food imports of most developing countries. The generally high debt service ratio and only a slight increase in new lending, once again caused a negative resource transfer from developing countries estimated by the World Bank at a record U.S.\$ 50.1 billion in 1988, against U.S.\$ 38.3 billion in 1987.

71. Many developing countries have been accorded a variety of trade concessions and preferences by the industrialized countries, e.g. EEC Lome Convention and the Generalized System of Preferences. At the same time, however, strongly protectionist measures continue to pervade the policies of most industrialized countries, in both agriculture and manufacturing sectors, to the detriment of export opportunities of developing countries. Examples include specific "safeguard actions", bilateral agreements for textiles and the stricter Multi-Fibre Arrangement, uncertain quotas on sugar and other agricultural products, voluntary restraint agreements on cassava and some non-agricultural raw materials such as steel, as well as export subsidies. According to the World Bank, the share of developing country exports facing non-tariff barriers is roughly 20 percent, about twice the share of industrialized country exports. The corresponding proportion of agricultural exports from the developing countries facing non-tariff barriers is even higher (26 percent), compared with 18 percent for manufactures.

72. Growth of bilateral trade arrangements and increasing importance of non-tariff barriers against exports of the developing countries underline the importance of the Uruguay Round of Multilateral Trade Negotiations. In particular, progress on agriculture and tropical products could help revitalize the export economies and rural sectors of developing countries. In parallel, however, ways need to be developed to take into account the possible adverse effects of the agricultural reform process on net food-importing countries.

73. In the meantime, short-term prospects for agricultural export earnings of the developing countries, following an increase in 1988, are not encouraging in the face of an expected slower rate of economic growth in the industrialized countries, continued abundance of supplies of some tropical products, especially coffee and cocoa, inelastic supply of some products, and existing barriers to trade.

74. The agricultural export earnings of developing countries (in nominal terms), which remained stagnant during the 1960s at about U.S.\$ 16 to 17 billion (see Chart 1) increased very steeply during the 1970s to over U.S.\$ 70 billion p.a. They were stationary again within the range of U.S.\$ 70 to 75 billion up to 1987, but rose in response to stronger economic growth and drought in North America to U.S.\$ 84 billion in 1988, largely reflecting a recovery in prices of sugar, oilseeds and oils, meat, and rubber. These, however, were short-term gains, unlikely to have been sustained in 1989, because of the collapse in prices of coffee and cocoa in 1989, and a decline in prices of oilseeds and oils from the high 1988 levels. It appears, therefore, that the agricultural export earnings of the developing countries may have declined somewhat again in 1989, and that the downward trend in real terms would have continued.

IV. RECENT POLICY DEVELOPMENTS

4.1 National Cereal Policies

75. While changes in national cereal policies largely have their impact on food security in the country itself, those in the major producing and consuming countries often have wider repercussions. Recent policy changes of both types are reviewed below.

A. Trade Policies

76. The major development in the past year is undoubtedly the agreement reached at the Mid-Term Review under the Uruguay Round of Multilateral Trade Negotiations in April 1989 which is described in more detail in Section 4.2 below. Of significance in the short run are the commitments made by the developed country participants to ensure that current domestic and export support and protection levels in the agriculture sector would not be exceeded.

77. While the developed exporting countries have made few significant changes in their policies regarding exports in the past year, the level of export subsidies has fallen compared with 1988 reflecting largely the rise in world grain prices. Thus, the EEC export refunds for wheat averaged ECU 44 (U.S.\$ 55) per ton in October 1989 compared with ECU 59 (U.S.\$ 74) per ton in the same period in 1988. The average bonuses for wheat under the Export Enhancement Programme were U.S.\$ 10-20 per ton during January to October 1989 compared with U.S.\$ 25-40 in the same period the previous year. In Canada, the grain producers in the Western Provinces will pay an increased share of their subsidized freight costs (30 percent instead of 24 percent) in 1989/90.

78. Regarding the developing exporting countries, the main change concerns the tendency among several exporters to liberalize their export marketing. In Thailand, for instance, Government-to-Government sales of rice fell to only 4 percent of total exports (January-August 1989) from 23 percent in the same period in the previous year. In Pakistan, the large tax on private exports of rice was eliminated and other measures were taken to ease the export of rice by private traders. India also relaxed its regulations on rice exports both on Basmati and on coarse rice although for the latter it introduced a rather high minimum export price. Viet Nam liberalized the export of rice and as a result sales abroad increased rapidly and Viet Nam emerged as the world's third largest exporter of rice in 1989. An exception was the reimposition of relatively high export taxes on cereals by Argentina, although the Government plans to reduce these in the course of 1989/90.

79. As regards import policies, the general tendency in the past year has been towards a liberalization of trade. Canada no longer licenses the imports of oats. Israel has privatized the imports of feed grains. In China, provincial traders are now allowed to import rice directly after obtaining clearance from the central agency CEROILS. Tanzania (Zanzibar) has ended the Government monopoly of imports of wheat and rice. Sierra Leone has announced that the Government will no longer undertake the commercial import of rice. Sri Lanka has now lifted almost all restrictions on private imports of rice. Togo liberalized imports of various types of rice in late 1988. Finally several countries reduced tariff or non-tariff barriers on cereals. Brazil cut its import duty on maize imports to zero from 15 percent. Ecuador increased its monthly import quotas on wheat. Japan ended its taxes on maize for single compound feed up to a maximum of 800 000 tons a year. The Republic of Korea has halved its import duty on rice. Mexico has ended its licensing of sorghum imports.

80. A few changes in marketing policies have occurred. Australia has deregulated the domestic wheat market. Canada has ended the intervention in the market for oats previously undertaken by the Canadian Wheat Board. Apart from the privatization of the parastatal grain board in Portugal the main change in marketing policies in the EEC was the reduction in intervention buying period by one month starting in 1989/90. In Egypt, the Government has banned the use of wheat as animal feed. In Nigeria, the Government has announced a number of measures to improve marketing.

B. Production Policies

81. Reflecting in part the tightening in the world cereal market situation as well as ongoing development efforts, many developing countries have taken further steps to encourage expansion of output. For example China decided to expand the number of "grain bases" (areas to receive special packages of inputs). In Colombia, new areas were opened up for rice production and farmers have been provided with special institutional support. Costa Rica introduced its National Sectoral Programme to channel credit and production support to selected commodities, particularly cereals. Ghana has launched programmes to improve credit, input delivery, extension and marketing. India expanded the scope of its special foodgrain production programme in 1989/90. In Morocco the Government raised the support price of wheat but ceased fixing a support price for the important barley crop following the huge output in 1988. Myanmar (formerly Burma) reinstated Government procurement of rice at considerably increased prices. The Philippines introduced a Rice Productivity Programme to boost dry season paddy output in 1989/90. In Viet Nam, farmers were allowed to lease land for rice cultivation and sell their produce outside their district; taxes on crops were also reduced and inputs provided on favourable terms. An exception, however, has been Liberia, where the Producer Marketing Board has ceased to buy local paddy for want of finance.

82. There have been a number of policy changes regarding agriculture recently in eastern Europe and the U.S.S.R. In Poland it was decided to pay farmers free market prices from April 1989 and to increase the area under intensified methods. Potentially highly important policy changes were announced in the U.S.S.R. in April 1989. The major decisions concerned encouragement of leasing, reorganization of administration, and price reform including abolition of GOSAGROPROM. It is generally expected that it will be some time before these reforms have a great impact. In the short run the U.S.S.R. is mainly relying on expanded area under its Intensive Technology Programme. In Albania, among other measures, workers in arable and horticultural brigades will now be able to get bonuses from above-plan production after above-plan expenditure and investment needs are met. Bulgaria too is giving greater priority in its 1989 plan to grain; in future more farms are to operate on a piece-work basis and under leasehold.

83. Reactions to higher world cereal prices by the developed market economies have been mixed. In Australia since July 1989 a new system has been in place under which the Government will no longer underwrite the producer price but instead will guarantee the borrowings of the Australian Wheat Board (AWB) on a percentage of expected net pool returns from the sale of wheat. The EEC cut the basic intervention prices for grains expressed in European Currency Units (ECUs) by 3 percent in 1989 as production in 1988 had exceeded the Maximum Guaranteed Quantity of 160 million tons of grains. In addition, the EEC reduced the monthly increments to the intervention price by 12.5 percent, which also has the effect of reducing the average amount received by farmers who decide to sell their grain to the intervention agencies. However, the effect of the reduced intervention prices was offset to some extent

in some member countries by the devaluation of their "green rate" (i.e. the amount of national currency per ECU used for converting common agricultural prices in ECU into national currencies). Japan froze its support price of rice but cut that for wheat even though the level still remains very high. South Africa cut wheat and maize producer prices for 1989/90. At the same time the Government wrote off large debts of the Maize Board that had arisen from its market support activities. Finally, in addition to the decisions on prices and areas announced in 1988 the United States announced a number of measures to provide assistance to farmers facing serious losses due to drought in the summer of 1988.

84. So far, there are only a few indications of production policy changes affecting the 1990 crops. Of considerable significance is the decision by the United States to reduce its Acreage Reduction Programme requirements for wheat so that farmers can plant 95 percent of the base area in 1990 instead of 90 percent in 1989. In addition, farmers may plant in excess of 95 percent of the base area (and forfeit deficiency payments on such excess) up to a maximum of 105 percent of the base area. At the same time, the United States did not change its Acreage Reduction Programme requirements for other cereals. Some other countries have also announced measures that should stimulate 1990 production, including Argentina's reduction in export taxes, increased support in Brazil for rice and cassava, higher support prices for cereals in Colombia and for wheat in Pakistan. By contrast, in line with its stabilizer policy, it may be expected that the EEC will reduce its intervention prices by 3 percent (expressed in ECU) in 1990 as total 1989 grain production was officially estimated to have exceeded the 160 million ton production threshold.

4.2 Uruguay Round and Other Developments

85. The most significant policy development concerning international trade in 1989, which could have major consequences for food and agriculture, was the set of agreements reached at the Mid-Term Review of the Uruguay Round of Multilateral Trade Negotiations in April 1989. Agreements were reached on the objectives and scope of the negotiations on agriculture in terms of long-term elements, short-term elements, and sanitary and phytosanitary regulations.

86. As regards long-term reform, the agreed objective was to "establish a fair and market-oriented agricultural trading system" and "to provide for substantial progressive reductions in agricultural support and protection sustained over an agreed period of time, resulting in correcting and preventing restrictions and distortions in world agricultural markets". A work programme for the achievement of this long-term objective has been established. Participants were invited to advance by December 1989 detailed proposals for the achievement of the long-term objective. By the end of 1990 participants should agree on the long-term reform programme and the period of time for its implementation. Implementation of the first tranche of agreed commitments on the long-term reform programme should take place in 1991.

87. In the short-term, during the remaining period of the Uruguay Round negotiations, current domestic and export support and protection levels in the agricultural sector were not to be exceeded. In particular, tariff and non-tariff barriers were not to be intensified and not to be extended to additional products, while support prices to producers were not to be raised. Developing countries were not expected to subscribe to the short-term commitments. Participants were required to notify their undertakings for fulfilling short-term commitments by October 1989.

88. As regards sanitary and phytosanitary regulations, the agreement reached in April 1989 endorsed harmonization of national regulations as a long-term goal and a work programme embodying seven specific objectives. These include development of harmonization of sanitary and phytosanitary regulations and measures, on the basis of appropriate standards established by relevant international organizations and strengthening of Article XX of the GATT on General Exceptions so that measures taken to protect human, animal or plant life or health care are consistent with sound scientific evidence and use suitable principles of equivalency.

89. Since the April agreement, several countries have made proposals on the six major areas for negotiations: the terms and use of an aggregate measure of support; strengthened and more operationally effective GATT rules and disciplines; tariffication, decoupled support and other ways to adapt support and protection; the modalities of special and differential treatment for developing countries; ways to take account of the possible negative effects of the reform process on net food importing

developing countries; and sanitary and phytosanitary regulations. In addition, a number of participants have also notified their undertakings on short-term actions.

90. The other major development having consequences for food and agriculture, was the evolution of the international debt crisis. There appears to have been a slowing down in the growth of aggregate indebtedness. Thus, total external debt of developing countries continued to increase in 1988, but at a slower pace. At U.S.\$ 1 240 000 million (IMF estimate) it only rose 1 percent in nominal terms. The increase in total export earnings of developing countries was significant in 1988, but interest rates remained at relatively high levels as well. Hence, the debt-service ratio fell only for Asia, where another modest decline was expected in 1989. Debt-service ratios markedly deteriorated in 1988 for Africa, and for Latin America and the Caribbean, as well as in the group of 15 heavily indebted countries. Thus, the huge overhang of debt continues to act as a major constraint on the ability of many developing countries to implement food security measures.

91. The still unresolved issue of debt has been the subject of intense debate and negotiations in recent months. The Brady Initiative (March 1989) called for support from the IMF and World Bank to provide funding, as part of their policy-based lending programmes, for debt or debt-service reduction purposes. This funding would be provided, together with continued new bank lending, to indebted countries that agreed to economic adjustment programmes supported by the Bretton Woods institutions. Deals on these lines were struck between some large debtors (e.g. Mexico, the Philippines) and their creditor banks while other countries (e.g. Chile, Ecuador, Uruguay) were also engaged in similar debt-reduction negotiations. The World Bank and the IMF each decided to provide resources in support of debt and debt-service reduction, through "set aside" programmes which reallocate funds towards these purposes, as well as additional funds having basically the same orientation.

92. In the face of current economic and financial difficulties, Official Development Assistance (ODA) remains critically important to developing countries. Net disbursements of ODA from DAC countries to developing countries and multilateral institutions increased in 1988 to U.S.\$ 47.6 billion, compared with U.S.\$ 41.5 billion in 1987. Allowing for changes in prices and in exchange rates vis-à-vis the United States dollar, this represented an increase of 6.7 percent in real terms, a rather large increase, partly reflecting the concentration of donor contributions to multilateral institutions in 1988. However, ODA as a percentage of the GDP of OECD countries remained at only about one-half of the established target of 0.7 percent.

TABLE 1 - WORLD PRODUCTION, DOMESTICS UTILIZATION, TRADE AND STOCK CHANGES OF BASIC STAPLE FOODS

	Production			Domestic Utilization				Trade			Change in cereal stocks	
	Total			Food								
	1987	1988	1989 prelim.	1987/88	1988/89	1989/90 f.cast	1987/88	1988/89	1989/90 f.cast	1987/88	1988/89	1989/90 f.cast
(..... million tons)												
BY COMMODITY												
Total staples 1/ (rice paddy)	2 002.0	1 956.3	2 080.6	--	--	--	--	--	--	--	--	--
Total staples 1/ (rice milled)	1 847.0	1 793.4	1 913.0	1 898.1	1 885.2	1 923.1	912.4	932.3	951.0	200.6	222.5	223.0
Total cereals (rice milled)	1 646.5	1 593.5	1 707.0	1 698.3	1 685.2	1 717.2	802.4	824.9	839.3	195.6	206.0	205.7
Wheat	515.0	508.2	542.0	537.6	534.3	545.2	355.6	361.1	369.2	104.5	96.7	96.0
Rice (milled)	312.4	328.5	337.9	322.1	326.6	333.0	287.1	292.0	298.0	10.5	13.3	12.7
Rice (paddy)	467.1	491.4	505.5	--	--	--	--	--	--	--	--	--
Coarse grains	819.0	756.8	827.0	838.5	824.3	839.1	159.8	171.7	172.2	80.6	96.0	97.0
Roots and tubers 2/	146.5	143.9	148.6	146.3	143.8	148.4	77.5	76.2	78.7	8.9	10.8	11.6
Pulses	54.1	56.0	57.5	53.5	56.2	57.5	32.4	31.2	33.0	5.1	5.7	5.7
(..... Total Staples (rice milled))												
BY COUNTRY GROUPS												
Developed countries	935.7	836.3	950.6	893.2	851.9	871.4	191.7	195.2	194.1	90.8	87.7	95.9
Exporters	619.4	542.9	637.6	511.5	479.4	488.4	101.8	105.5	105.0	157.0	162.8	164.5
Importers	316.2	293.4	313.0	381.7	372.5	383.0	89.9	89.7	89.1	(66.2)	(75.1)	(68.6)
Developing countries	911.3	957.2	962.5	1 004.9	1 033.3	1 051.7	720.7	737.1	756.9	(89.1)	(84.5)	(96.4)
Exporters	90.2	96.1	95.1	70.7	70.5	73.4	49.5	50.1	53.4	15.5	16.8	14.8
Low income 3/	55.2	61.9	64.9	45.8	46.6	51.6	38.8	39.2	42.2	6.5	6.6	6.5
Others 4/	35.0	34.2	30.2	24.9	23.9	21.8	10.6	10.8	11.1	9.0	10.1	8.4
Importers	821.1	861.1	867.4	934.2	962.8	978.3	671.2	687.0	703.5	(104.6)	(101.2)	(111.3)
Low income 3/	661.5	700.5	716.9	719.0	744.5	757.0	559.5	573.7	586.3	(46.5)	(46.2)	(45.3)
Others 4/	159.6	160.6	150.5	215.2	218.3	221.3	111.7	113.3	117.2	(58.1)	(55.0)	(66.0)
Net Exports (Net Imports) Cereals only												
Developed countries												
Exporters												
Importers												
Developing countries												
Exporters												
Low income 3/												
Others 4/												
Importers												
Low income 3/												
Others 4/												

1/ Includes cereals, pulses and roots and tubers in grain equivalent.

2/ In grain equivalent.

3/ Includes all countries with per caput income below the level used by the World Bank to determine eligibility for IDA assistance (i.e. with per caput income of U.S.\$ 940 and below in 1987).

4/ Includes developing countries other than low-income.

TABLE 2 - WORLD CARRYOVER STOCKS OF CEREALS

	Crop year ending in:						
	1973-75 average	1983-85 average	1986	1987	1988	1989	1990 f'cast
(..... million tons)							
TOTAL CEREALS	178.5	321.2	424.8	454.2	400.7	305.8	296.7
Wheat	76.0	136.6	162.0	170.0	147.9	120.0	116.6
Rice	27.9	49.4	56.5	52.1	42.1	43.5	48.2
Coarse Grain	74.6	135.2	206.3	232.1	210.7	142.2	132.0
DEVELOPED EXPORTERS	76.5	163.4	248.0	267.6	224.3	131.5	116.9
of which:							
Australia	1.9	6.5	6.0	4.1	3.1	2.7	2.9
Canada	15.3	14.6	14.4	18.5	13.5	9.7	10.7
EEC	17.3	23.1	36.1	31.7	29.7	26.2	23.4
U.S.A.	35.7	110.2	181.2	203.8	169.4	86.0	71.3
DEVELOPING EXPORTERS	5.6	8.4	12.1	10.7	8.8	10.0	10.3
of which:							
Argentina	1.1	1.5	0.7	0.7	1.3	1.1	0.8
Thailand	1.9	0.9	1.7	1.3	0.8	0.9	1.5
DEVELOPED COUNTRIES	115.2	197.2	288.7	319.3	277.0	181.6	167.0
DEVELOPING COUNTRIES	63.6	123.9	132.1	134.9	123.7	124.1	129.7
of which:							
FOOD-DEFICIT	57.7	115.5	126.1	124.2	115.0	114.1	118.4
Low-income 1/	48.4	91.2	98.5	93.8	82.0	83.8	91.3
of which:							
China	31.4	57.0	51.5	45.8	46.8	42.1	41.0
India	9.0	20.5	27.2	25.6	17.3	21.4	30.4
Indonesia	1.6	2.5	3.2	2.9	2.6	3.0	3.8
Philippines	1.1	1.4	1.5	1.9	1.8	1.8	1.7
Others	9.3	24.3	27.6	30.4	33.0	30.3	27.1
of which:							
Brazil	1.0	2.1	3.0	4.6	8.0	7.2	6.8
Korea, Rep. of	0.6	2.4	2.0	1.9	1.8	2.2	2.3
Mexico	1.0	2.3	4.0	3.3	2.7	1.6	1.3
(..... percent)							
TOTAL STOCKS HELD BY DEVELOPED EXPORTERS:							
- As percentage of world stocks	42.9	50.9	58.3	58.9	56.0	43.0	39.4
- As percentage of domestic consumption and exports	15.2	26.9	41.9	42.4	34.7	21.3	18.3
Wheat	21.9	34.2	45.0	41.8	28.7	19.9	17.0
Rice (milled)	9.1	32.2	38.1	23.2	16.7	14.3	15.9
Coarse grains	12.3	23.0	40.5	43.1	38.3	22.1	19.0
WORLD STOCKS AS A PERCENTAGE OF APPARENT WORLD CONSUMPTION	14.7	20.3	25.1	27.2	23.6	18.1	17.2

1/ Includes all food-deficit countries with per caput income below the level used by the World Bank to determine eligibility for IDA assistance (i.e. with per caput income of U.S.\$ 940 and below in 1987).
2/ Food-deficit developing countries other than low-income.

NOTE: Aggregate stock figures are the sums of national carryover stocks at end of national crop years and should not be construed as representing world stock levels at a fixed point in time.

TABLE 3 - CEREAL IMPORTS AND FOOD AID FLOW TO DEVELOPING COUNTRIES (July/June basis)

	Total Cereal Imports				Of which: Food Aid				Share of Food Aid in Total Imports			
	1986/87	1987/88	1988/89 (prelim.)	1989/90 (f.cast)	1986/87	1987/88	1988/89 (prelim.)	1989/90 (f.cast)	1986/87	1987/88	1988/89 (prelim.)	1989/90 (f.cast)
	(. million tons)				(. thousand tons)				(. percent)			
TOTAL DEVELOPING	107.1	115.6	118.4	122.7	12 598	13 486	9 769	9 700	11.8	11.7	8.3	7.9
FOOD DEFICIT	105.5	113.4	114.7	118.4	11 875	12 493	8 950	9 000	11.3	11.0	7.8	7.6
LOW INCOME 1/	45.8	52.7	55.3	52.0	10 629	10 710	7 425	7 500	23.1	20.3	13.4	14.4
Africa	20.2	19.0	17.8	17.6	5 849	5 583	4 086	4 000	28.7	29.5	23.0	22.7
Far East	22.0	30.2	34.2	30.2	3 507	3 230	2 310	2 500	15.9	10.6	6.7	8.3
Latin America	2.0	1.8	1.7	1.8	1 074	1 452	945	900	55.0	80.7	55.0	50.0
Near East	1.4	1.4	1.4	1.5	197	445	84	100	14.2	31.0	5.8	6.7
Oceania	0.2	0.3	0.2	0.2	2	--	--	--	1.0	--	--	--
OTHERS 2/	59.7	60.7	59.4	66.8	1 246	1 783	1 525	1 500	2.0	2.9	2.6	2.2
Africa	7.1	8.5	9.2	9.1	423	453	351	350	5.6	5.3	3.8	3.8
Far East	12.2	13.5	14.0	14.0	--	--	10	---	--	--	0.1	---
Latin America	17.0	16.5	16.4	18.1	710	1 031	1 043	1 000	4.1	6.2	6.1	5.5
Near East	23.3	22.1	19.7	25.1	112	300	116	150	0.4	1.4	0.6	0.6
Oceania	0.1	0.1	0.1	0.1	1	--	5	---	1.0	--	5.0	---

1/ Includes all food-deficit countries with per caput income below the level used by the World Bank to determine eligibility for IDA assistance (i.e. with per caput income of U.S.\$ 940 and below in 1987) which in accordance with the guidelines and criteria agreed by the CFA should be given priority in the allocation of food aid.

2/ Food-deficit developing countries other than low-income

CHART 1

AGRICULTURAL EXPORTS OF DEVELOPING COUNTRIES, 1961 TO 1988
Value of exports

