



Australian Government
Australian Bureau of Agricultural and
Resource Economics and Sciences



Asia Pacific grain market outlook

**2011 PECC Agricultural
and Food Policy Forum
1-2 December 2011**

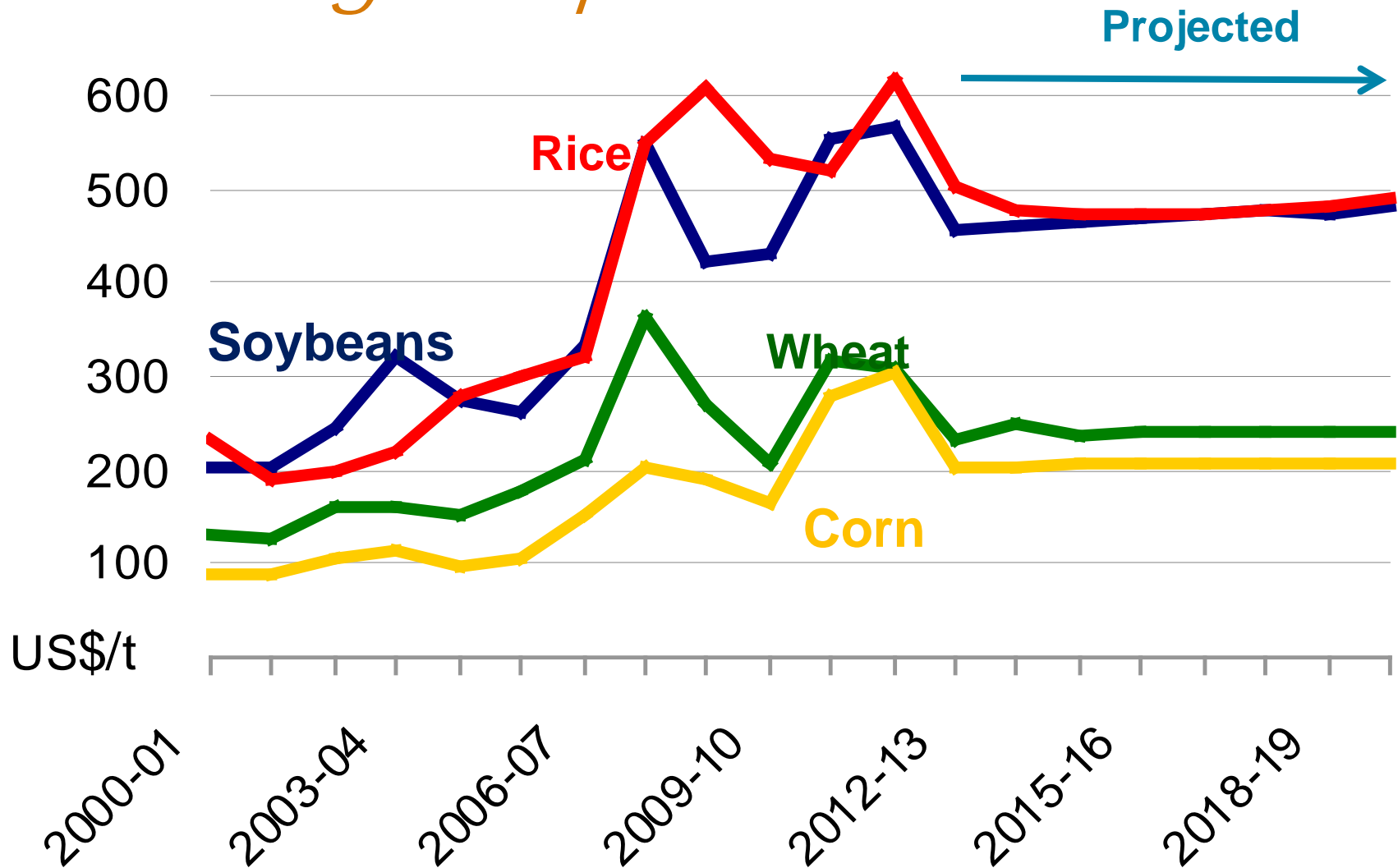
**Terry Sheales
Deputy Executive Director**

www.abares.gov.au

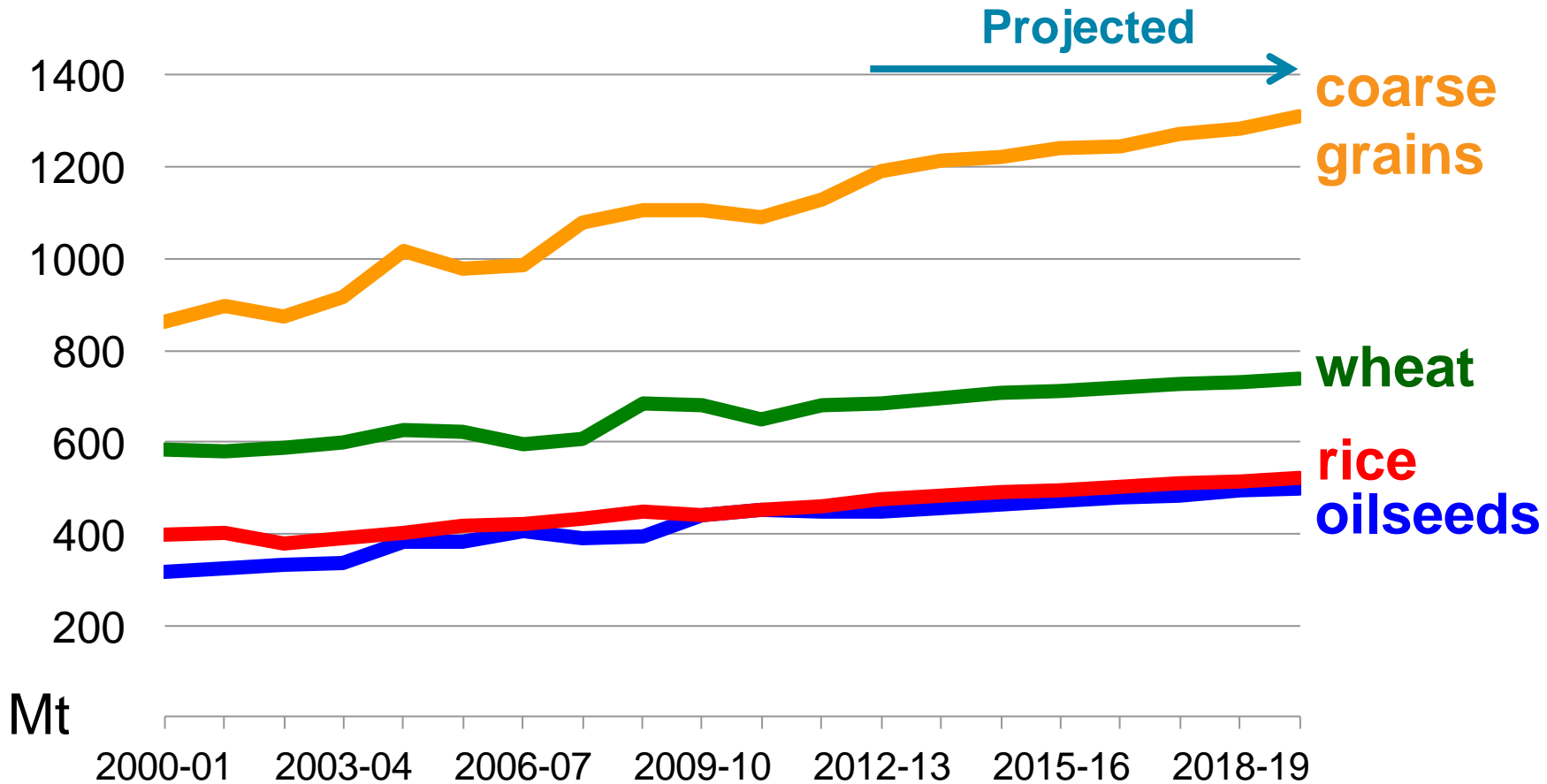
Today's presentation

- **Grain market prospects**
- **Demand drivers**
- **Productivity challenge**

World grain prices

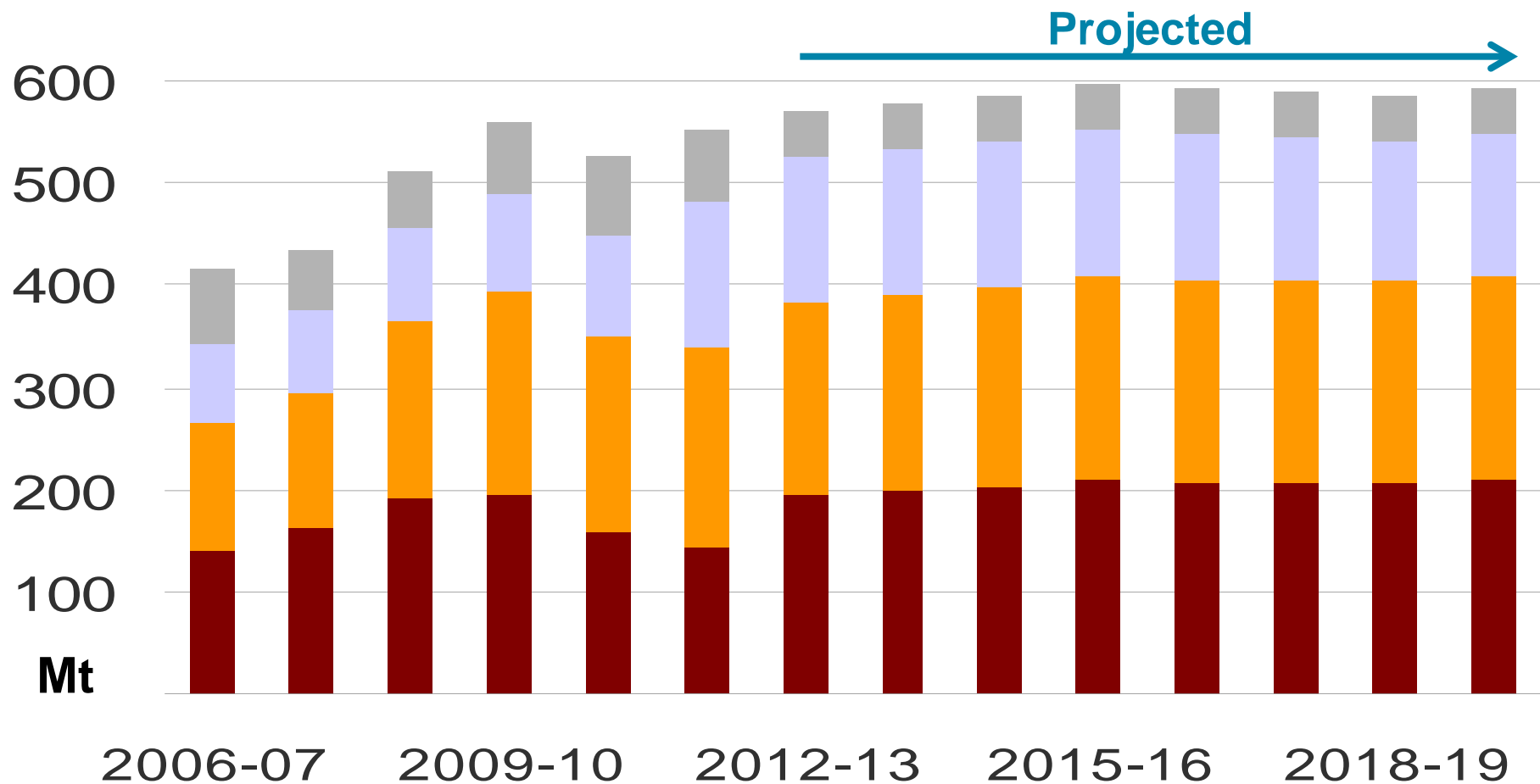


World production



World grain stocks

■ Coarse grains ■ Wheat ■ Rice ■ Oilseeds



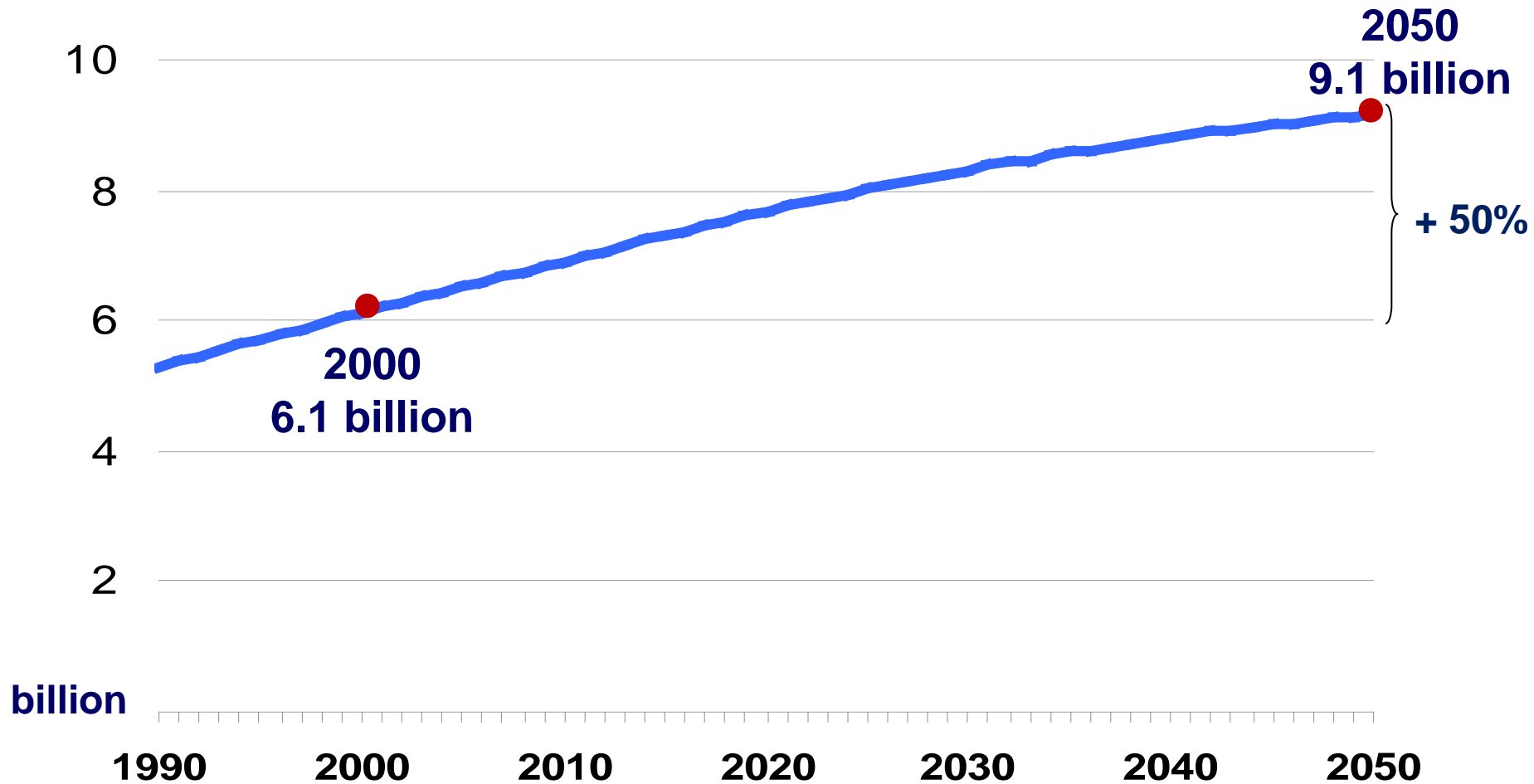


Demand drivers

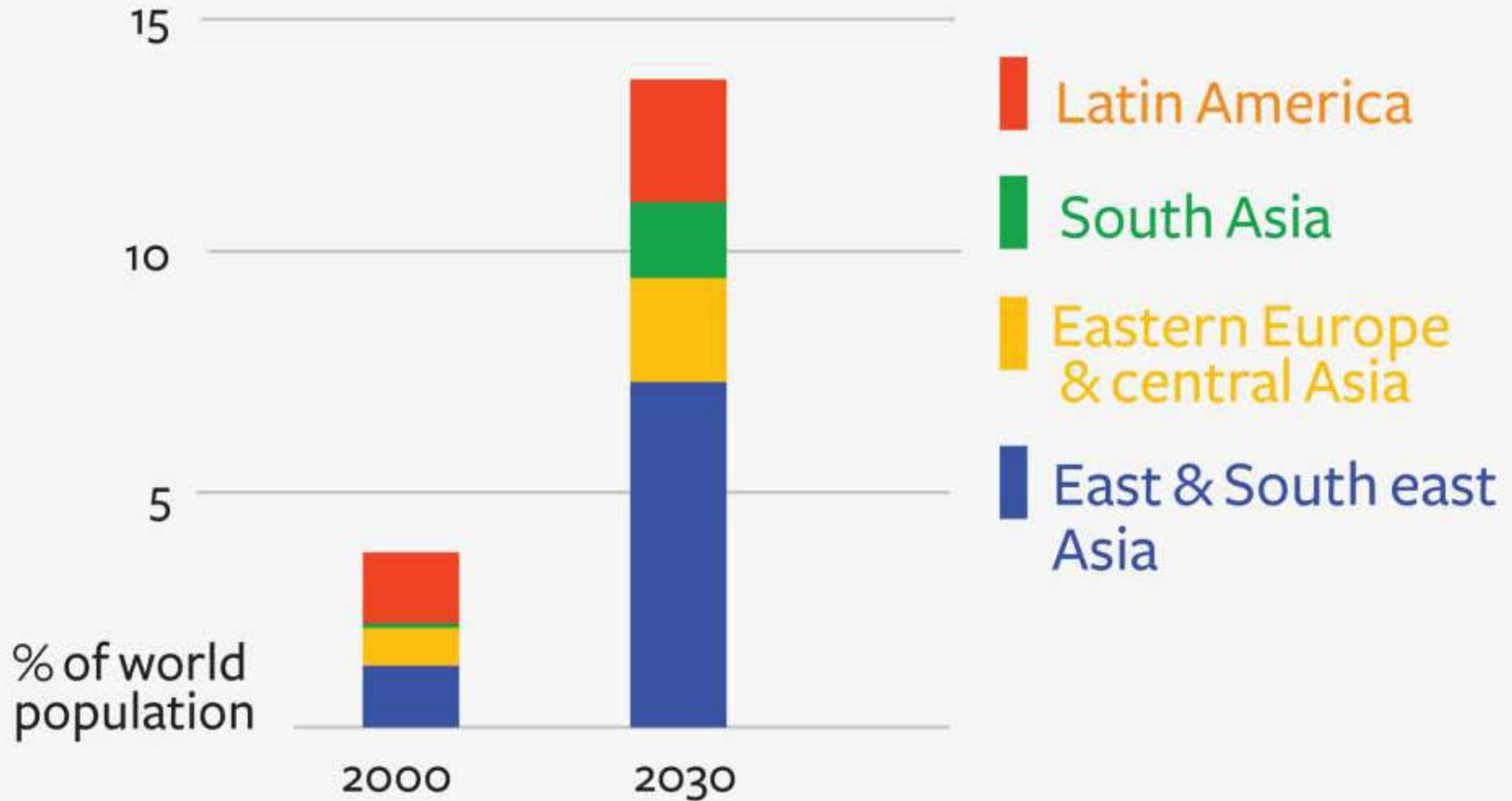




Increasing world population



Growing middle income group





Productivity challenge





Developed country experience

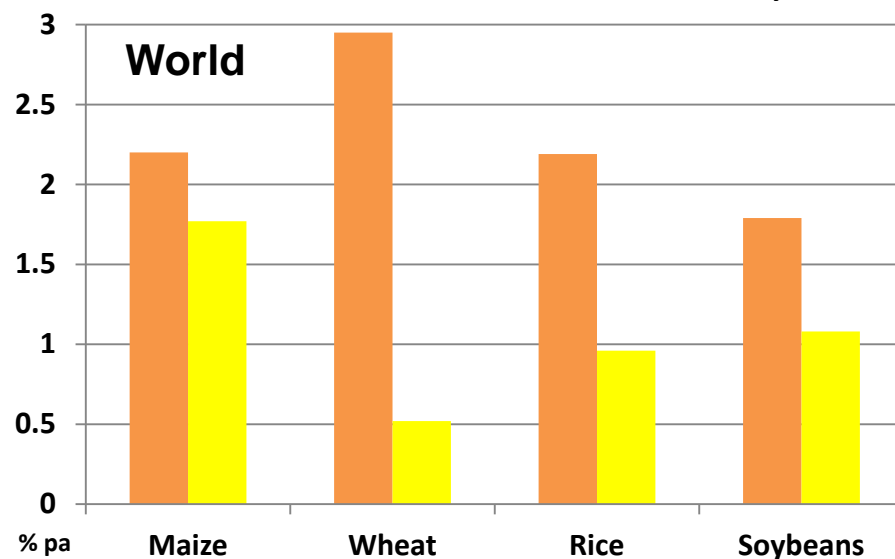
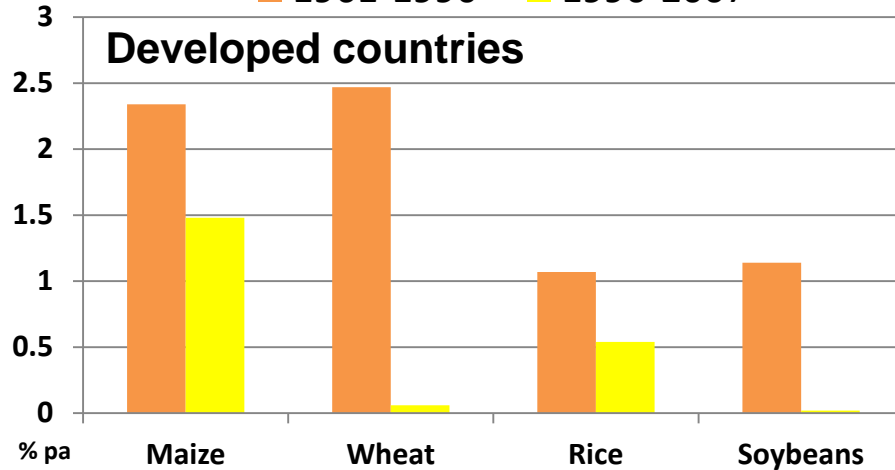
- **Mature production systems**
- **Inputs – machinery, fertilizer, chemicals**
- **High yielding crops**
- **Fewer, larger farms**
- **Pressure on resources – land, water**
- **Ageing farm population**
- **Growing food, feed & fuel demand**



Technology: slower global progress

Crop yield growth

1961-1990 1990-2007



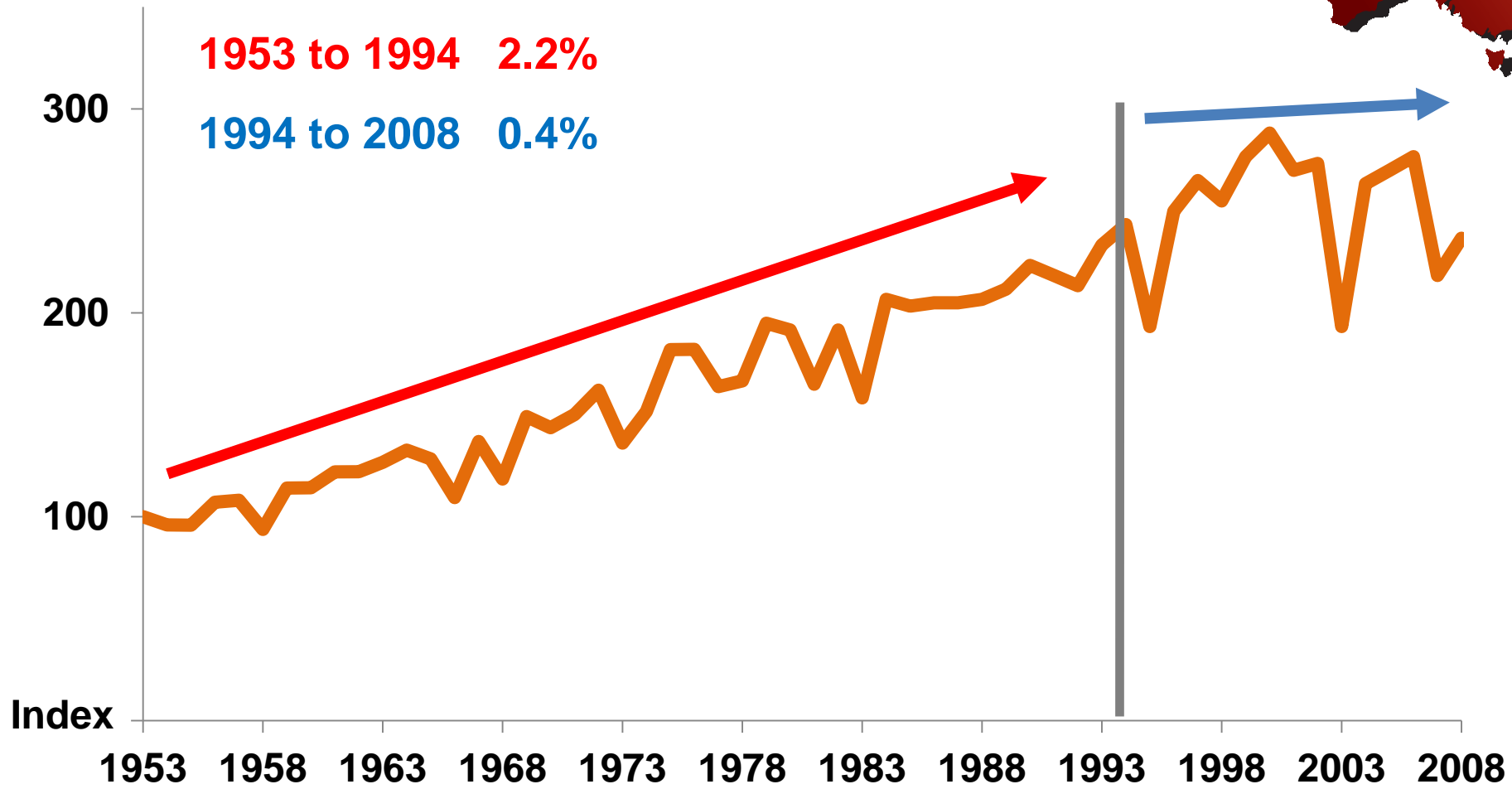
- Yield growth slowing for major cash crops
- Slower technology change
- Slower uptake of technology
- Fewer big gain technologies
- More complex technologies
- Lower confidence

Source: Alston, Beddow and Pardey (2010).

www.abares.gov.au

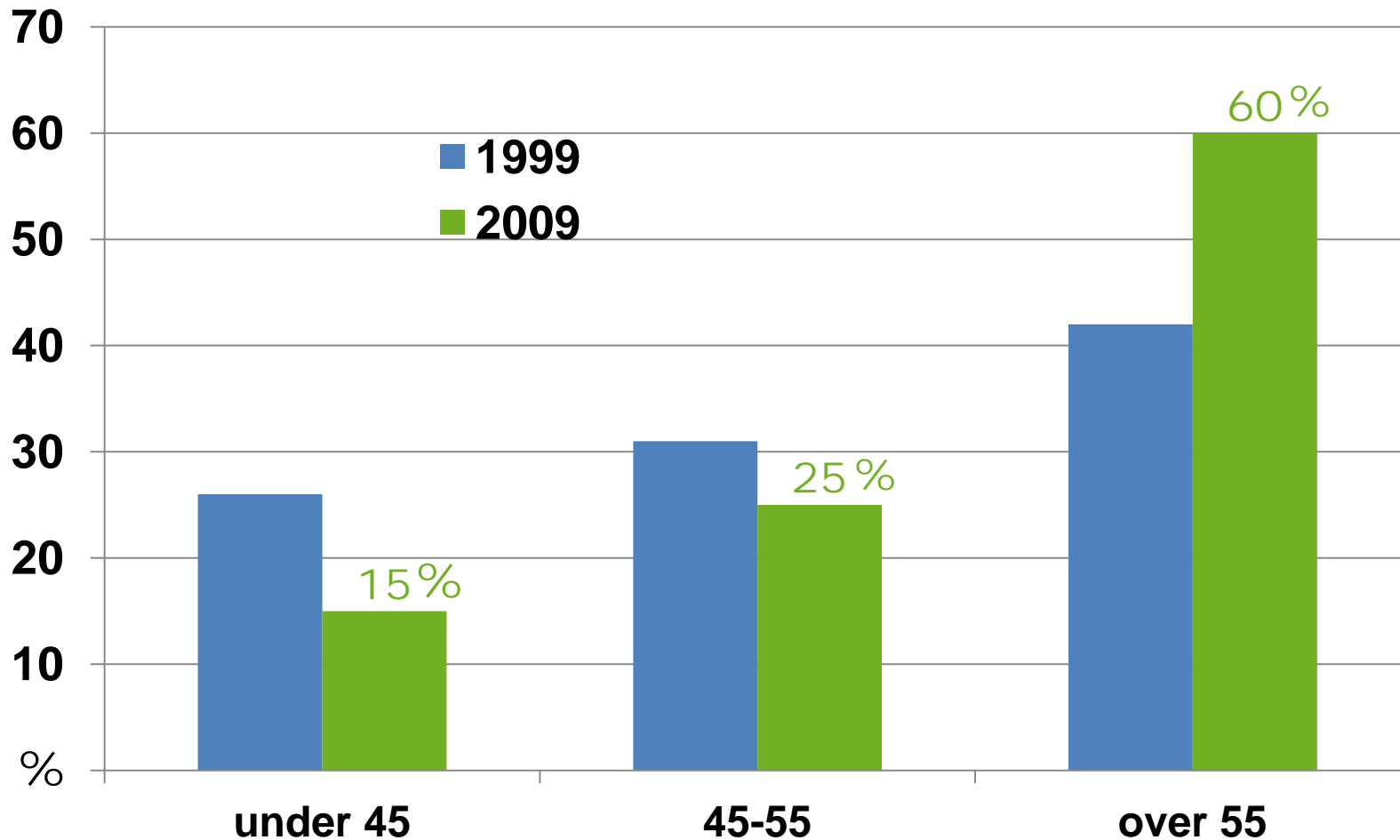


Broadacre productivity slower

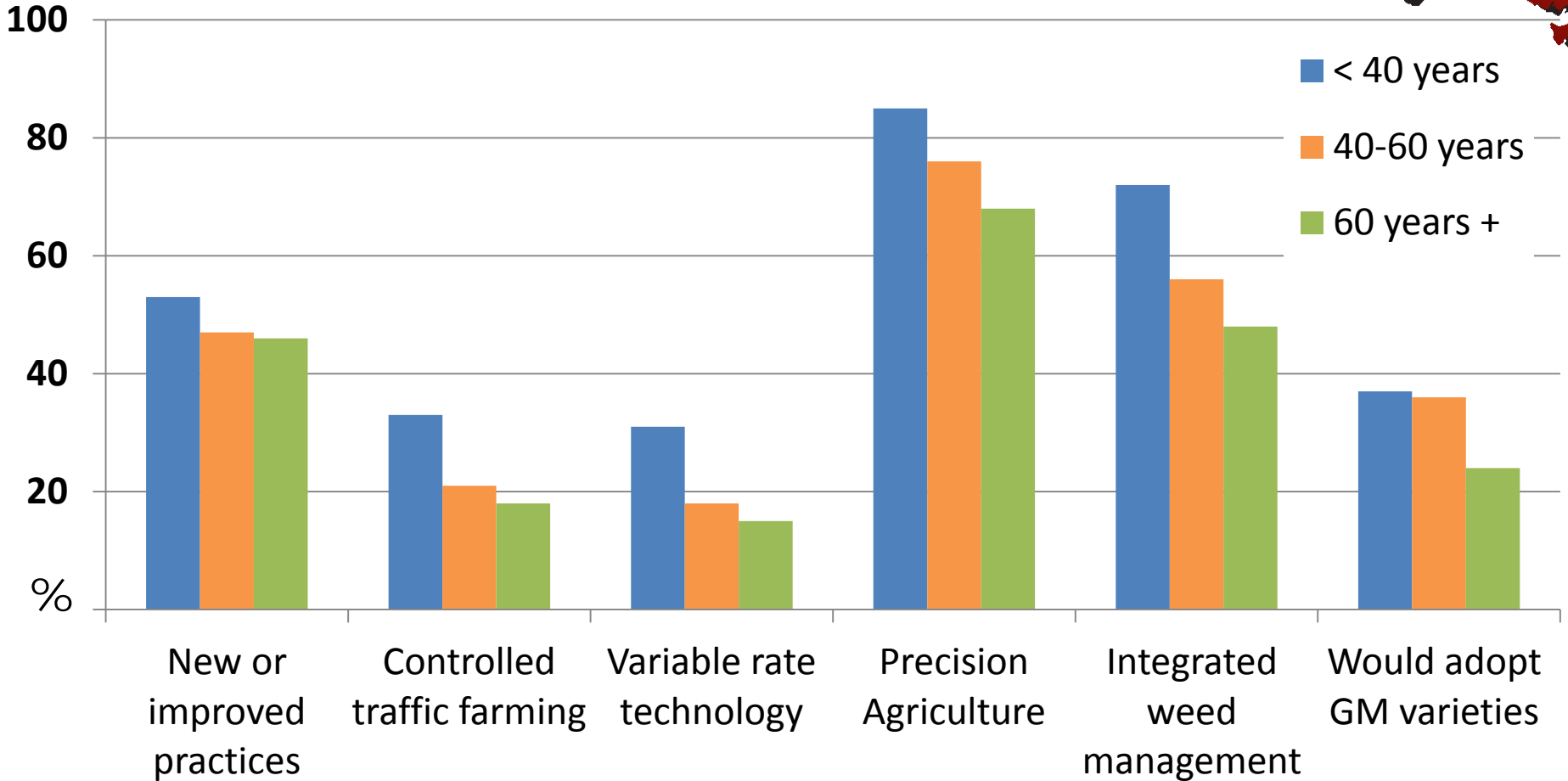


Farmers are ageing

Age distribution of farm owner/ managers



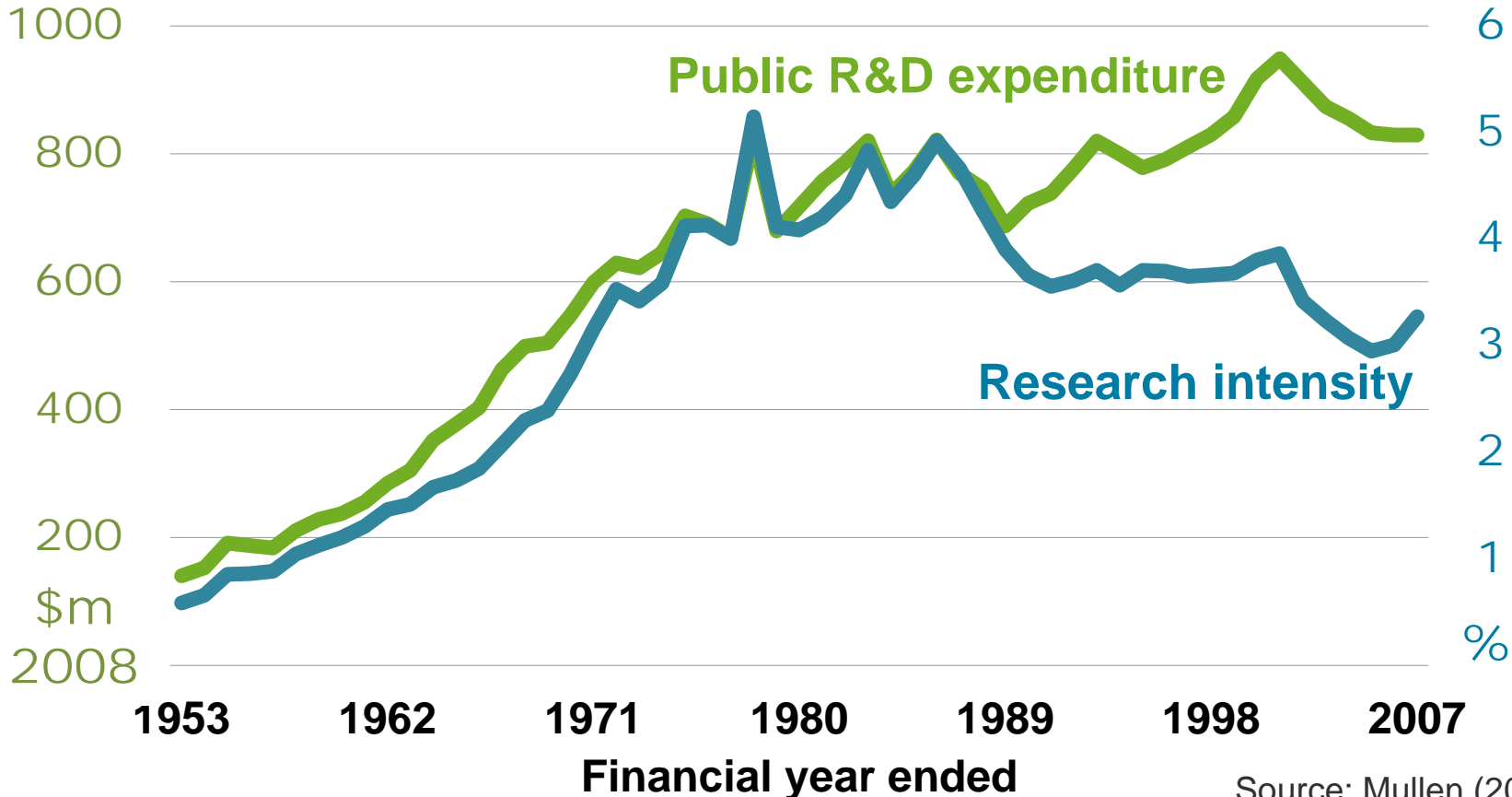
Grain grower age and innovation adoption



Source: GRDC Grower Survey 2010

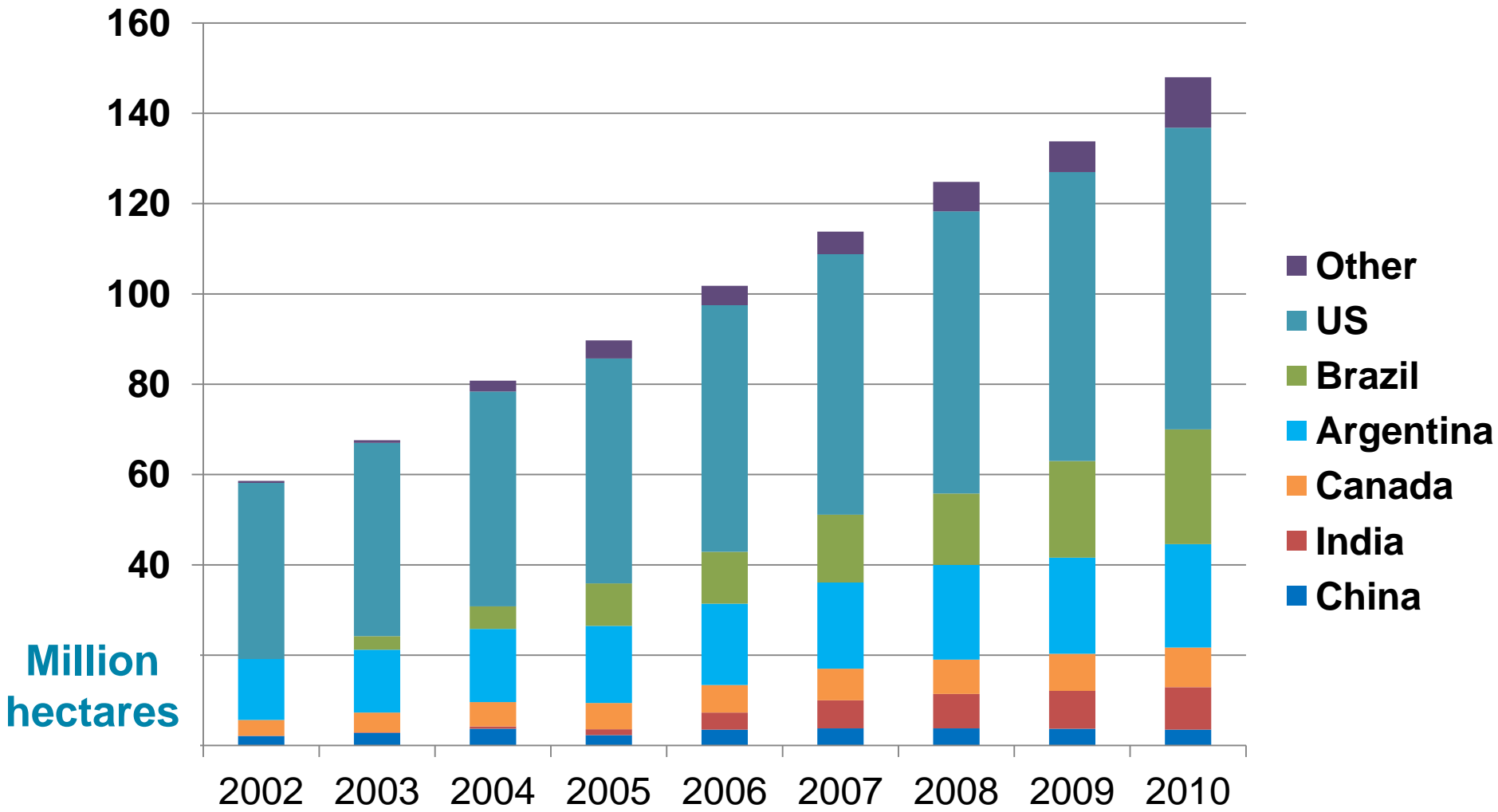


Slower growth in public agricultural R&D expenditure



Source: Mullen (2009)

Global adoption of GM crops



Conclusions

- Grains **supply** to grow – despite land & water constraints
- Income growth plus biofuels policies to boost **demand** for feed grains & oilseeds
- Freer **trade** & market transparency will allow producers & consumers to respond better to price signals
- **Climate change** – adaption critical to grains production
- Developed country **productivity growth** slowing
- Reversed through **investment** in R&D (including GM), infrastructure, human capital and better management

Thank you

