



CGPRT

# Flash

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## Short Article

# 2003/2004 Coarse Grains Booming Prospects

After experiencing a 3.4 per cent decline in 2002/2003, world production of coarse grains is expected to significantly increase by around 10.6 per cent, reaching 927 million metric tons (MT) in 2003/2004 (Table 1). Maize production, especially attributable to high maize yields in the US, is contributing to this increase. World maize production is forecast at a record 623 million MT (USDA, 2003). However, world barley production is expected to decrease due to a decrease in the EU because of dry conditions in Italy and the Ukraine. This decrease cannot be compensated by production increases in Canada and Australia (International Grains Council, 2003 and Mason, 2003).

World coarse grain consumption in 2003/2004 is forecast at 931 million MT, a 3.2 per cent increase compared to that in 2001/2002. The increase stems from the escalation in consumption of maize and barley replacing wheat as animal feed, such as occurs in Europe. The use of maize for ethanol in the US (International Grains Council, 2003) also contributes to this trend. Increases in maize global consumption are predicted to occur in Brazil, Mexico, and the US (USDA, 2003).

Projected trade in 2003/2004 will slightly decrease to 104 million MT, which is a 2 million MT drop compared to last year mainly due to reduced imports of maize by Canada, Southern Africa and North Africa. US exports of maize and sorghum are expected to recover while Chinese exports are predicted to fall as domestic supplies tighten. Brazil will have the potential to increase exports but its currency appreciation will limit this (International Grains Council, 2003).

World stock of coarse grains is predicted to slightly decrease in 2003/2004 to around 150 million MT, compared to 155 million MT in 2001/2002. This figure is far below the 185 million MT stocks in 2000/2001 and 2001/2002. China is the key to this reduction, for its maize stock declined from 45 million MT in 2002/2003 to 27 million MT in 2003/2004. This is related to a combination of steadily increasing consumption, from 106 million MT in 1995 to a forecast 128 million MT in 2003/2004, and export increases due to government export subsidies and production decreases (Mathias, 2003). This could be a good signal for better world prices in 2003/2004.

Table 1. Coarse grain data and estimates

Aspects	2000/01	2001/02	2002/03	2003/04
	(million metric tons)			
Production	871	902	871	927
Trade	108	106	106	104
Consumption	892	913	902	931
Stock	195	185	155	150

Source: International Grains Council (2003)

In a 2010 projection (FAO, 2003), the growth in global coarse grain production is expected at one per cent per year, similar to the growth rate of the 1990s. Yield is projected to contribute 0.7 per cent and area expansion 0.3 per cent. The use of coarse grains for food is expected to increase but average per capita food consumption is projected to continue to decline from 33.2 kg to 31.8 kg by 2010. Rising income and urbanization can be attributed to the decline. The demand for other uses such as for feed and industrial uses (starch, beer, alcohol for petroleum) is expected to be strong■

Rewrite by Wayan R. Susila, CGPRT Centre Staff

### References:

- FAO, 2003. Medium Term Projection to 2010 of Coarse Grains, Commodities and Trade, Economic and Social Department.
- International Grains Council, 2003. Grain Market Report', GMR, No. 325.
- Mathias, D, 2003. World Maize Stocks. Mi Prospects-Fortnightly 6(3).
- Mason, G., 2003. World Barley Supply and Trade. Mi Prospects-Fortnightly 6(3).
- USDA, 2003. World Coarse Grains Situation and Outlook. USA: USDA.

## FlashBREAKING



## Cassava Saves Lampung Villagers

Due to the prolonged drought since the beginning of 2003, thousands of people from Lampung, Indonesia, have been forced to eat "tiwul", cassava-based food, as their staple food. Around 80 per cent of the 800 families in Sendangrejo village in Lampung have to eat cassava and corn as they can no longer afford rice.

Saroso, D., 2003. Drought Forces Villagers to Eat Cassava, The Jakarta Post, Thursday, August 28, 2003.

## Bright Prospects of Cassava

A study concerning cassava use in Asia indicates that it is a competitive crop, especially as starch and animal feed. Surprisingly, by 2020, cassava utilization is projected to experience the fastest growth rate compared to rice, maize, wheat and sweetpotato.

Fuglie, 2002. Economic Prospects for Root and Tuber Crops for Starch and Animal Feed in Asia, In K. Fuglie (ed), Progress in Potato and Sweetpotato Research in Indonesia, CIP-ESEA and IAARD.

## Price Decrease due to the New US Farm Bill

Inconsistent with the era of trade liberalization, the new US farm bill, the Farm Security and Rural Investment Act of 2002 (FSRIA), was approved in May 2002 with total budgetary cost being estimated at around US\$ 296.5 billion over six years (2002-2007). The crops supported under this program are **cereals**, oilseeds, protein crops, cotton, **peanut**, the dairy sector, and sugar. The general impact of this program is downward pressure on world market prices of these crops.

WTO, 2003. Impact of the New US Farm Bill on World Market Outlook: A Preliminary Qualitative Assessment.

## Global Trade Biased against the Poor

The global trading system is still very much biased against the poor. An average poor person faces twice the level of trade tariffs than an average rich person. Agricultural subsidies in the rich world total US\$ 300 billion, more than Africa's GDP and six times the amount of development aid to poor countries.

The World Bank, 2003. Cancun Trade Talks an Opportunity to Lift Millions out of Poverty.

## 1.2 Billion Poor

Most recent figures for years both before and after the Asian crisis show that more than 1.2 billion people live in poverty, around one fifth of the world's population.

Gornia and Court, 2001. Inequality, Growth, and Poverty in the Era of Liberalization and Globalization, The United Nations University, WIDER.

# CGPRT Crop Deficit Impeding Sri Lanka Feed Industry

The Sri Lankan poultry industry has grown rapidly at around a 10 per cent annual growth rate. This growth rate could be maintained in the future as it is a well-established agribusiness. However, the local feed industry to support the business is considered vulnerable because it heavily depends on imported raw materials such as maize and soybean meal. More than 71 per cent of the 175,000 MT total of maize used in 1999 was imported. Soybean meal, totaling 75,000 MT, is exclusively imported. Locally-produced high quality ingredients, especially maize, may not be available in sufficient quantities for the feed industry in the future due to domestic food consumption. This situation may be further aggravated since a three-fold demand increase of maize from the food industry is expected. The feed industry is highly vulnerable to changes in the supply and price of the crops in international markets. To reduce this vulnerability, the government of Sri Lanka has been pushed to enact some policy measures to promote the production of the crops, such as import tariffs and domestic support policies ■

Based on Karunatilake, 2003. Prospects of Feed Crops in Sri Lanka: The Role of CGPRT Crops, CGPRT Centre Working Paper No. 67.

# Too Much for Wheat and Rice: Pulse Crop Policies in India

India is the world's largest producer of pulse crops. However, Indian pulse consumption is declining on a per capita basis at almost the same rate as the population is growing. From a demand side, it can be blamed on more competitive prices of cereals and rice and the increased adoption of Western diets (applicable to the wealthier). From a supply side, it can be blamed on government policies and support prices that favor cereal and rice production, leading to a declining interest in the production of oilseeds and pulses.

Recognizing the growing dependence towards these crops and the overproduction of rice and wheat, India's government targeted pulses and oilseeds for crop diversification and tried to make their production more attractive compared with grains. It enacted a policy initiative in 2002 by increasing the import duty on all pulse crops from 5 to 10 per cent. However, this did not create the desired impact of sustaining higher domestic prices. Earlier this year, pulses' and oil seeds' support prices were raised by nearly 10 per cent but the magnitude of the support price increase was and is still not large enough to achieve the desired result.

Pulse production has failed to keep pace with population growth. The nation's rapidly growing population, limited available resources and relatively small use of modern farm production technology may hinder India's ability to maintain self-sufficiency ■

Based on Kostal, G., 2003. Global Agriculture Trends: Impact on Pulses, SPARKS, Saskatchewan Pulse Grower.

## US Policy Press Pulse Prices

The recently approved new farm bill-Food Security and Rural Investment Act, 2002- is expected to give a boost to production and export of pulses from the USA. In this bill, lentils and small chickpeas are included to the list of programme crops for the first time. This implies that farmers cultivating the crops are eligible for marketing loan benefits and loan efficiency payments. This loan programme is likely to be favorable for lentils since their loan rates are well above recent producer prices. This will induce more planting in the forthcoming year, leading to an increase in production and exports. With the export share of the US at around 8 per cent, the additional export volume could have a significant impact on the world market because the trade volume of lentils has been relatively thin at about one million tons. This situation could give significant downward pressure on the price of lentils■

Based on Business Line. Global Pulses May Rule Easy.  
<http://www.blonet.com>. (July 25, 2003).

## Global Poverty Concept

“**Absolute poverty** is a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to social services.”

“**Overall poverty** has various manifestations, including lack of income and productive resources sufficient to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity from illness; homelessness and inadequate housing; unsafe environments; and social discrimination and exclusion. It is also characterized by a lack of participation in decision-making and in civil, social and cultural life.”■

Copenhagen Declaration of the World Summit for Social Development, signed by the governments of 117 countries. *In Cornia and Court, 2001. Inequality, Growth, and Poverty in the Era of Liberalization and Globalization.*

# FlashEVENT



### First Session of the Committee on Poverty Reduction

8 - 10 October 2003  
The UNESCAP, Bangkok, Thailand

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### 7<sup>th</sup> IFOAM International Conference on Trade in Organic Products 2003 'Mainstreaming Organic Trade: New Frontier, Opportunities, and Responsibilities'

5 - 8 November 2003  
Bangkok, Thailand

Contact:  
Green Net  
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### Expert Consultation on Strengthening Regional Agricultural Information Systems: Role of ICT and ARD.

1-3 December 2003  
Asian Institute of Technology, Bangkok, Thailand

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## Processing and Utilization of Legumes

Report of the APO Seminar on Processing and Utilization of Legumes, 9-14 October 2000, Japan. Asian Productivity Organization. Tokyo. 2003

This book is a compilation of the papers and proceedings of a seminar on legume processing and utilization held in Japan in 2000. It includes a "Summary of Findings", three "Resource Papers", 14 "Country Papers" and "Appendices". The resource papers focus on the current situation and economic importance of legumes in Asia and the Pacific and on the traditional and modern processing of legumes. Each country paper presents national data on production, processing, consumption and future prospects of legumes.

Legumes include mainly pulses and oilseeds but the majority of the book is focused on the processing and utilization of the "king of the legumes" soybean, mainly produced by China (see Book Review in CGPRT Flash No 1). However, it also provides data regarding all sorts of peas, beans, and groundnut. Legumes are rich in protein, micronutrients, minerals, vitamins and plant fibres; they ideally complement the typical cereal diet of the Asian population. Still, their importance is largely understated.

Having read this book, you will be well informed about the multiple uses of legumes and their processing technology. People who are interested can become familiar with the most recent developments in legume processing technology, in particular in Japan. This indeed opens new avenues for these crops that are, with the noticeable exception of soybean, the largely forgotten crops of agricultural research.

Some of the main problems identified are poor grain quality, post harvest losses estimated at up to 25 per cent, low hygienic standards (mycotoxin, residues) and low profitability or returns compared to other types of farming.

For economists however, this book will seem to fall short. There is little analysis of the economics of processing, in particular small-scale processing at farm level. How far could legume processing (not only production) contribute to rural poverty alleviation? This topic is not developed. Marketing issues are rapidly discussed, despite this probably being a major stake given the on-going diversification of utilizations due to new food processing technologies. Will the poorest farmers be able to master and develop new legume processing technologies? This is not discussed though it seems that the more complex the technology the more unlikely poor farmers can use it. Nevertheless, one would have also expected to read some information about possible contractual agreements (if any exist) linking poor farmers and legume processors for mutual benefit.

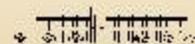
This book, should still be read by the Asian and Pacific community involved in legume development in the region. However, it would be nicely complimented by another publication focusing on the economic rationale for developing legumes based on concrete case studies showing, in particular, how this sector of farming could be benefitted by poor farmers and what contribution scientists and decision makers could make in order to enhance the diet quality of the consumers while promoting rural development ■

Reviewed by *Dr. Robin Bourgeois, IS/DB Programme Leader, UNESCAP CGPRT Centre.*

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