
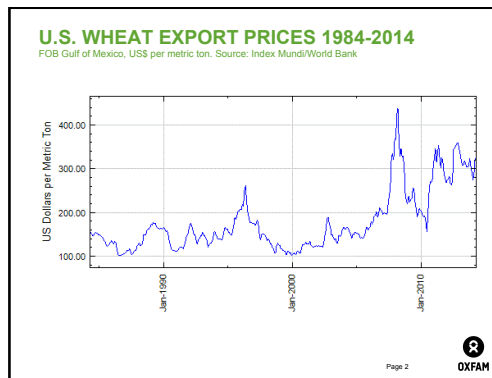


DEVELOPMENT TRENDS OF THE GLOBAL ECONOMY AND THE IMPACT ON WORLD GRAIN MARKETS

XV INTERNATIONAL GRAIN ROUND
RUSSIAN GRAIN UNION, GELENDZHIK


Thomas Lines June 4th, 2014

PRICES HIGHER AND MORE VOLATILE

Higher global wheat and grain prices since 2006, because:

- Sale of EU and US public stocks: stock-to-output ratios declined
- “Financialisation”
 - More speculative activity on futures markets
 - Organised “investment” in commodities as tradeable “assets”
 - Grain prices have become correlated with oil prices
- Extreme weather events, especially droughts in Australia, Russia, USA

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THE IMPACT OF CLIMATE CHANGE ON RUSSIAN AGRICULTURE

Oxfam's conclusions:

- Climate is changing throughout Russia but it varies greatly between regions
- Droughts and floods are becoming more frequent
- Climate change will make chronic problems worse, in particular pests, weeds and diseases
- Climate change will increase water inequalities between regions, with less water in leading crop regions
- Smallholder producers will have greatest difficulty in trying to adapt


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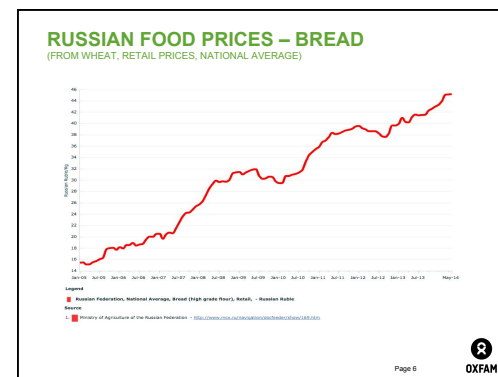
AGRICULTURE'S OWN “CARBON FOOTPRINT”

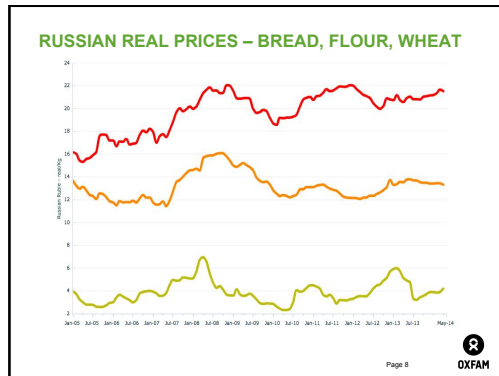
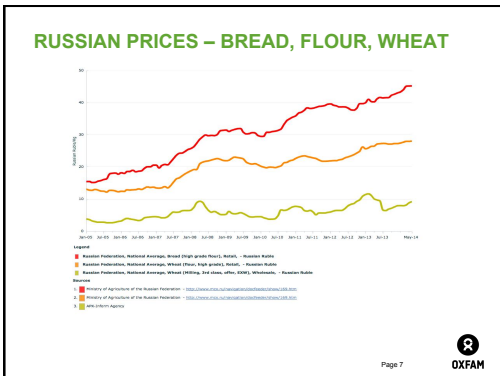
Source of data: IPCC (2007)

- Agriculture accounted for an estimated 10-12% of anthropogenic emissions of greenhouse gases (GHGs) in 2005
- However, there are large exchanges of CO₂ between the atmosphere and agricultural lands
- Agriculture's “net flux” of GHGs is therefore < 0.1% of the total

BUT some forms of agriculture emit greater quantities of GHGs than others

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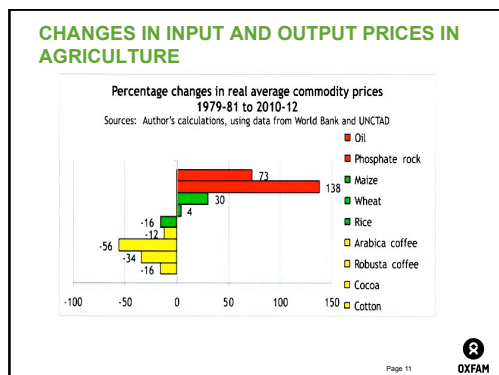
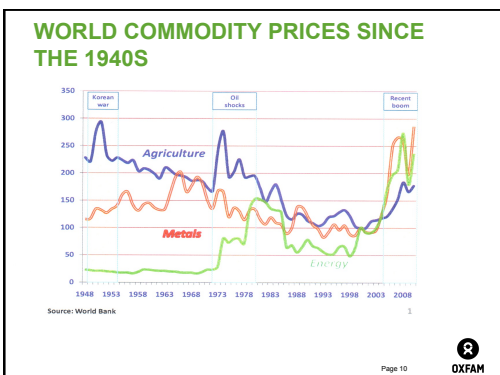




“FARMGATE” AND CONSUMER PRICES

- Russian real **wheat** and **flour** prices on **flat line** since 2005
- But **bread** prices have **risen 33%** in real terms
- Russian bread price per kg rose from 1.2x flour price per kg in Jan 2005 to 1.6x in Apr 2014; from 4.05x to 5.1x wheat price
- Farmers’ share of final (consumer) prices has declined on many markets around the world
- Weak negotiating positions in the face of corporate buyers
- In the EU, there is concern about “concentration and resultant buyer power abuse in the food chain, for example through late payments to farmers, forced discounts, resale at loss, high volume requirements and unjustified listing fees” (draft report to the European Parliament in 2010)

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THE ECONOMICS OF “HIGH-INPUT” AGRICULTURE AROUND THE WORLD

- Prices of inputs have risen substantially more than crop prices
- Depletion of resources leading to higher prices for oil, fertilisers and agrochemicals
- These also damage the soil, atmosphere and watercourses
- Farmers and farmworkers have failed to gain full benefit from rising food prices
- But higher prices for food – including for the poor, e.g. bread prices in Russia
- Agriculture no longer seen as worthwhile by young rural people in many countries

A crisis of high-input, intensive agriculture in particular

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POSSIBILITIES WITH AGRO-ECOLOGY

Practices typically promoted as agro-ecological:

- Integrated pest management
- Integrated nutrient management
- Conservation tillage
- Agroforestry
- Aquaculture
- Water harvesting in dry land areas
- Livestock integration into farming systems

(Jules Pretty of Essex University; cited by Oxfam-Solidarity, Belgium)

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If you have been...

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Thank you for listening!

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