

Global food prices to remain high

Food commodity prices are likely to remain on high over the next decade, underpinned by firm demand but a slowing growth in global production, according to the latest OECD-FAO agricultural outlook.

International agricultural commodity markets appear to have entered calmer conditions after record highs last year.

The report suggests that in addition to population growth, higher per capita incomes, urban migration and changing diets in developing countries as well as rising requirements for biofuel feedstocks, are underpinning demand pressures.

At the same time, agricultural output by traditional exporting developed countries has been slow to respond to higher prices in the last decade.

"Higher demand will be met increasingly by supplies that come to market at higher cost. With farmland area expected to expand only slightly in the coming decade, additional production will need to come from increased productivity, including by reducing productivity gaps in developing countries," the report said.

The outlook anticipates that agricultural output growth will slow to an average of 1,7% annually over the next 10 years, down from a trend rate of over 2% per year in recent decades.

It says higher input costs, increasing resource constraints, growing environmental pressures and the impacts of climate change will all serve to dampen supply response.

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