



## Food Market Instability and The new Agriculture Market Information System (AMIS)

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International Grain Forum:  
World Grain Market: Prospects, Challenges, Risks and Threats  
7 December 2012, Moscow

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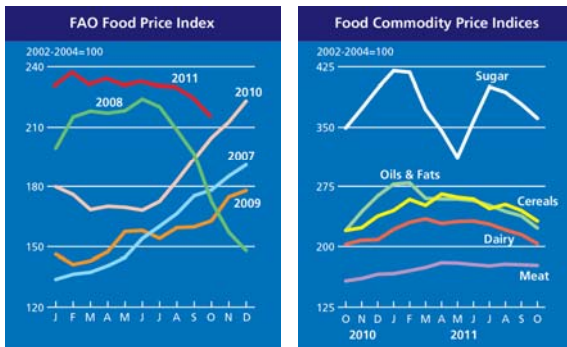
## Presentation Outline

- Unstable markets
- Wheat, maize and new world players
- Importance of reliable estimates or forecasts
- Why AMIS and what led to its establishment?
- AMIS structure and process
- Next steps

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## Prices: predictably uncertain!



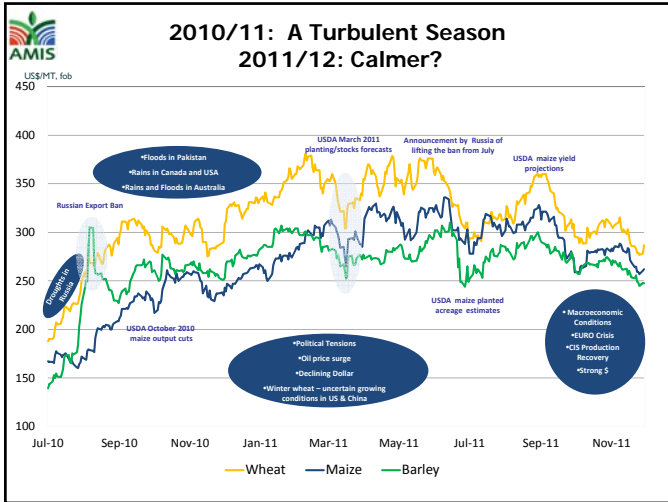
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## FAO Food Price Index: Nominal & Real



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### Record wheat production in 2011

#### Wheat production: leading producers<sup>1</sup>

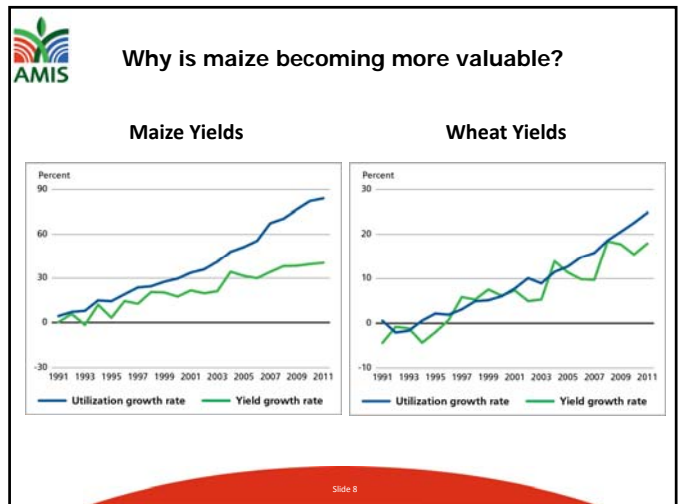
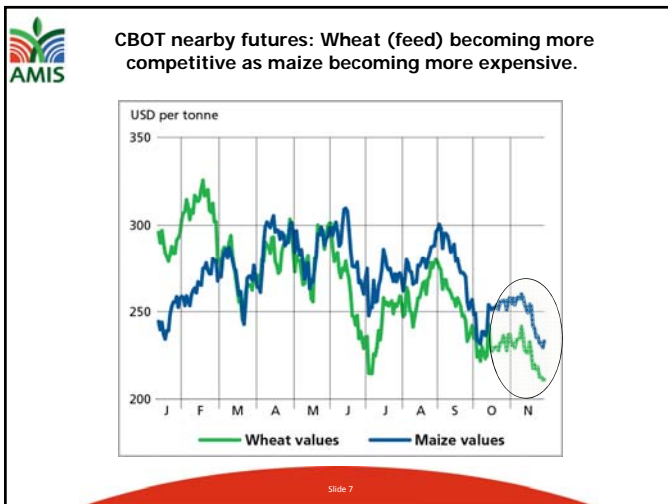
|                      | 2010<br>estim. | 2011<br>†est <sup>2</sup> | Change 2011<br>over 2010 |
|----------------------|----------------|---------------------------|--------------------------|
|                      | million tonnes | %                         |                          |
| European Union       | 136.9          | 138.6                     | 1.2                      |
| China (Mainland)     | 115.2          | 116.8                     | 1.4                      |
| India                | 80.8           | 84.3                      | 4.3                      |
| United States        | 60.1           | 54.7                      | -9.1                     |
| Russian Federation   | 41.5           | 57.0                      | 37.3                     |
| Australia            | 26.3           | 26.2                      | -0.4                     |
| Canada               | 23.2           | 24.2                      | 4.3                      |
| Pakistan             | 23.3           | 24.2                      | 3.9                      |
| Turkey               | 19.7           | 21.8                      | 10.7                     |
| Ukraine              | 17.0           | 22.5                      | 32.4                     |
| Kazakhstan           | 9.6            | 22.2                      | 131.3                    |
| Iran Islamic Rep. of | 13.5           | 13.5                      | 0.0                      |
| Argentina            | 14.7           | 13.0                      | -11.6                    |
| Egypt                | 7.2            | 8.4                       | 16.7                     |
| Uzbekistan           | 6.7            | 6.3                       | -6.0                     |
| Other countries      | 56.1           | 57.4                      | 2.2                      |
| <b>World</b>         | <b>651.8</b>   | <b>691.0</b>              | <b>6.0</b>               |

#### Coarse grain production: leading producers<sup>1</sup>

|                    | 2010<br>estim. | 2011<br>†est <sup>2</sup> | Change 2011<br>over 2010 |
|--------------------|----------------|---------------------------|--------------------------|
|                    | million tonnes | %                         |                          |
| United States      | 330.6          | 326.6                     | -1.2                     |
| China (Mainland)   | 186.5          | 193.9                     | 4.0                      |
| European Union     | 140.7          | 147.3                     | 4.7                      |
| Brazil             | 58.3           | 58.9                      | 1.0                      |
| India              | 40.1           | 41.4                      | 3.2                      |
| Mexico             | 31.1           | 28.5                      | -8.4                     |
| Russian Federation | 17.5           | 31.7                      | 81.1                     |
| Argentina          | 30.0           | 31.0                      | 3.3                      |
| Ukraine            | 21.3           | 28.3                      | 32.9                     |
| Canada             | 22.4           | 21.4                      | -4.5                     |
| Nigeria            | 22.3           | 22.1                      | -0.9                     |
| Indonesia          | 18.4           | 17.9                      | -2.7                     |
| Ethiopia           | 14.2           | 12.6                      | -11.3                    |
| Australia          | 13.5           | 12.8                      | -5.2                     |
| South Africa       | 13.9           | 11.7                      | -15.8                    |
| Other countries    | 162.1          | 165.7                     | 2.2                      |
| <b>World</b>       | <b>1122.9</b>  | <b>1151.8</b>             | <b>2.6</b>               |

<sup>1</sup> Countries listed according to their position in global production (average 2009-2011).

<sup>2</sup> Countries listed according to their position in global production (average 2009-2011).







## Why AMIS?

- Lack of reliable and up-to-date information on supply, demand, stocks and export availability
- Weaknesses at national level to produce consistent, accurate and timely agricultural market data and forecasts
- Inadequate information on stocks, domestic prices, and linkages between international and domestic markets
- Inappropriate and/or uncoordinated policy responses to market crisis

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## Events leading to the establishment of AMIS 2008-2011

### ➤ The Food Price Surge and Crisis of 2007/08

International prices peak in June 2008 - up 80 percent in two years!

### ➤ World Food Summit (November 2009)

Renewed commitment to eradicate hunger

### ➤ Extraordinary Meeting of FAO Intergovernmental Groups on Grains and Rice (September 2010) – In response to fears over a repeat of the 2007/08 crisis in 2010/11 following the severe drought and export restrictions by the Russian Federation

#### Recognized

- a) The lack of reliable and up-to-date information on crop supply and demand and export availability
- b) Insufficient market transparency at all levels including in relation to futures markets
- c) Growing linkage with outside markets, in particular the impact of “financialization” on futures markets
- d) Unexpected changes triggered by national food security situations
- e) Panic buying and hoarding

#### Recommended

- a) analyses of alternative approaches to mitigating food price volatility, with a view to support policy decision-making
- b) new mechanisms to enhance transparency and manage the risks associated with new sources of market volatility
- c) exploring ways of strengthening FAO's partnerships with other relevant Organizations working on these issues

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## ... leading to the establishment of AMIS

### ➤ G20 Seoul Summit (November 2010)

The Seoul Consensus identified nine key pillars in its Multi-Year Action Plans for Development, among them **food security**. In this regard, it invited relevant international organizations to develop, for 2011 Summit in France, proposals to better manage and mitigate risks of food price volatility without distorting market behavior. The consortium of several international organizations (FAO, IFAD, IFPRI, IMF, OECD, UNCTAD, WFP, the World Bank, WTO, and the UN HLTf) prepared a report on **Price Volatility in Food and Agricultural Markets**. The Report included a list of ten recommendations, of which one called for the establishment of an **Agricultural Market Information System (AMIS)** in order to enhance the quality, timeliness and reliability of food market outlook information.

### ➤ A Scoping Report for G20: Improving Food Market Transparency and policy Response for Food Security: AMIS (May 2011):

This report by FAO, IFAD, IFPRI, OECD, UNCTAD, WFP, the World Bank, WTO, and the UN HLTf proposed to establish AMIS. The scoping report reviewed the existing global food market outlook information mechanisms, identified problems and gaps, and determined the scope, structure and operations of AMIS.

### ➤ G20 Agriculture Ministers Meeting (June 2011)

The Ministerial meeting adopted the **Action Plan on Food Price Volatility and Agriculture**. The Action Plan focused on five main pillars: i) improving agricultural production and productivity; ii) increasing market information and transparency; iii) strengthening international policy coordination; iv) reducing the effects of price volatility for the most vulnerable; and v) improving the functioning of agricultural commodity derivatives' markets.

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## ... leading to the establishment of AMIS

### ➤ Launch of *AMIS* and *Global Agricultural Geo-monitoring Initiative* to increase market information and transparency (September 2011):

The "Agricultural Market Information System" (AMIS) in Rome on September 15-16, 2011, to improve information on markets. It will enhance the quality, reliability, accuracy, timeliness and comparability of food market outlook information.

The "Global Agricultural Geo-monitoring Initiative" in Geneva on September 22-23, 2011, to coordinate satellite monitoring observation systems in different regions of the world in order to enhance crop production projections and weather forecasting data.

### ➤ The G20 Cannes Summit (November 2011) Endorses the Action Plan

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## AMIS Objectives

- improve agricultural market information, analyses and forecasts at both national and international levels
- report on *abnormal* international market conditions including structural weaknesses, as appropriate
- strengthen global early warning capacity
- collect and analyse policy information, promote dialogue and international policy coordination
- build data collection capacity in participating countries.

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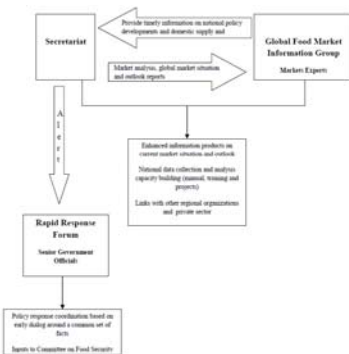
## AMIS Structure Building on Existing Mechanisms and Institutions

- **AMIS Participants and Coverage:** Participants include the G20, Spain and seven non-G20 countries who are invited to join.
- **AMIS Secretariat:** It is formed by FAO, IFAD, IFPRI, WFP, OECD, World Bank, WTO, UNCTAD and the UN-HLTF.
- **The Information Group:** It consists of technical representatives (focal points) from participant countries. Focal points provide national market and policy information to the Secretariat.
- **The Rapid Response Forum:** It is composed of Senior Officials from participant countries. It aims to foster early discussion among decision-level officials about *abnormal* international market conditions to encourage coordination of policies.

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## AMIS Process: Market Information and Policy Coordination in AMIS



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## Next Steps/Milestones

**December 2011**  
Launch of the AMIS Web site ([www.amis-outlook.org](http://www.amis-outlook.org))

A Working Group meeting of the members of the AMIS Secretariat to clarify the concept and definition of "abnormal international market conditions", develop a set of indicators to measure such movements and discuss the content and modality of AMIS outputs

**January 2012**  
Publishing regular bulletins on market indicators for the four commodities covered by AMIS

**February 2012**  
First meeting of the AMIS Information Group to discuss informational channels, including the private sector role, data requirements, methodology, and data input mechanisms

**May 2012**  
First meeting of the Rapid Response Forum to review the progress made since the AMIS inception meeting in September 2011, discuss the findings of the Working Group studies into abnormal market conditions and indicators and examine the global market situation and outlook

**January-December 2012**  
Resource mobilization and start of capacity development work

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**Early reports...**

The image displays three early reports from the AMIS project. On the left is the 'AMIS MARKET REPORT • No. 1' which discusses 'POLICY AND RELATED ECONOMIC IMPACTS OF DEVELOPMENTS IN GLOBAL MARKETS'. In the center is the 'Food Outlook' report, showing a table of contents and a graph. On the right is the 'ENHANCING MARKET TRANSPARENCY' report, featuring a tree diagram with colorful nodes.

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The screenshot shows the AMIS website homepage. At the top is the AMIS logo and the text 'Agricultural Market Information System'. A navigation menu includes: HOME, ABOUT, MARKET MONITOR, STATISTICS, ANALYSIS, CAPACITY DEVELOPMENT, and NEWS & EVENTS. The main banner features a background of wheat and the text 'Enhancing market transparency'. Below the banner are four content boxes:
 

- MARKET MONITOR**: Latest reports June 2011 issue of the Market Outlook. [Read more]
- STATISTICS**: AMIS Statistics updates Access the online database to view the latest statistics. [View statistics]
- ANALYSIS**: New study The maize, wheat and soybean price peaks in 2008. [Read more]
- CAPACITY DEVELOPMENT**: Capacity development Improving the quality of market data. [Read more]

 At the bottom, there are logos for partner organizations: FAO, IFAD, IFPRI, OECD, and others.

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[www.amis-outlook.org](http://www.amis-outlook.org)  
 (New AMIS website accessible from December 2011)