

**Abstract of keynote address by Ralph C. Houtman FAO Regional Marketing and Rural Finance Officer, Bangkok, Thailand**

The keynote address reviews a number of important issues that the agricultural sector will face in the medium term and assesses the ability of the sector to ensure food security for the world. Factors on the demand and supply side, and their trends, are evaluated including population growth, changes in consumption patterns, slowing of yield growth for main food crops, scarcity of land and water, increased cost of inputs, competition for resources from the bio-energy industry and global warming.

The presentation concludes that the bio-fuel industry has the potential to revive the agricultural sector, making it more profitable for investment and promising higher incomes for farmers who own their land. It concludes that food prices and energy prices may remain linked in future, resulting in permanently higher food prices. This potentially threatens the food security of millions of poor and disadvantaged living on one dollar or less per day.

Governments should adopt policies which encourage productivity increases and allow the farmers, banks and other investors to play their role in a right and sustainable way. This includes the removal of taxes and subsidies that distort markets and misdirect investment. Governments should be supportive of private sector development but also be concerned about vulnerable groups and employ strategies to improve their purchasing power or provide social protection.