



### Shaping Asia's Agricultural Future:

### Insights from the OECD-FAO Agricultural Outlook 2024 – 2023

#### Asia's Rising Role in Global Agriculture

The agricultural sector is a cornerstone of global economic stability and growth. In recent years, attention has increasingly turned toward Asia, where rapid population growth, urbanization, and economic development are reshaping agricultural demand and production patterns. The recently published OECD-FAO Agricultural Outlook 2024-2033 underscores that Asia, particularly the ASEAN region, is poised to become a pivotal player in the global agricultural landscape (OECD-FAO, 2024). However, this rise is accompanied by significant challenges, including climate change, infrastructure inadequacies, and policy fragmentation, that must be addressed to fully harness the region's potential.

Asia's rapid economic transformation is shifting its agricultural landscape in unprecedented ways. Countries like China and India, once primarily agricultural, are now facing the complexities of balancing urban growth with sustainable food production. As these nations continue to urbanize, the demands on their agricultural sectors grow, not just in quantity but also in the diversity and quality of food required by increasingly affluent populations. This shift presents a significant opportunity and a formidable challenge for the region's policymakers, farmers, and businesses.

#### Global Trends and Asia's Agricultural Transformation

Globally, the agricultural sector is expected to experience a moderated pace of growth over the next decade, primarily due to slowing population growth and economic maturation. Despite this, demand for agricultural products remains robust, driven by shifts towards higher protein intake and diverse food preferences in emerging economies. The report highlights that Asia, home to 60% of the world's population, will significantly drive these trends (OECD-FAO, 2024). The food demand in Asia is expected to rise sharply, particularly in Southeast Asia and India, which are expected to account for 31% of global consumption growth by 2033 (OECD-FAO, 2024).



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This surge in demand is not just about feeding more people but meeting the evolving dietary preferences of a burgeoning middle class. As incomes rise, there's a marked shift from staple grains to more varied diets rich in meat, dairy, and processed foods. This dietary transition is particularly evident in countries like Vietnam and Thailand, where traditional diets are supplemented with increased protein intake. For example, meat consumption in Vietnam has nearly tripled over the past two decades, a trend likely to continue as economic growth accelerates. These shifts underscore the need for Asian agricultural systems to adapt swiftly to meet new consumer demands.

### Opportunities and Challenges in ASEAN's Agricultural Sector

The ASEAN region presents a unique case within Asia's agricultural landscape, characterized by diverse farming practices and productivity levels. Countries like Thailand and Vietnam are major exporters of rice and seafood, while others are still developing their agricultural sectors. The report projects a significant increase in per capita calorie intake, particularly in middle-income ASEAN countries, driven by greater consumption of staples, livestock products, and fats. However, ASEAN's agricultural sector also faces significant risks from climate change, with rising temperatures and unpredictable weather patterns threatening crop yields and food security.

In addition to climate risks, ASEAN countries must contend with the challenge of balancing agricultural productivity with environmental sustainability. The overuse of chemical fertilizers and pesticides, particularly in countries like Indonesia and Malaysia, has led to severe soil degradation and water pollution, threatening long-term agricultural productivity. Furthermore, deforestation for agricultural expansion has exacerbated environmental degradation, contributing to biodiversity loss and increasing greenhouse gas emissions. The challenge for ASEAN is to develop agricultural practices that boost productivity while safeguarding the environment.



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### Technological Advancements and Infrastructure Gaps

Technological advancements provide another significant opportunity for Asia's agricultural sector. The region stands to benefit from modern farming technologies, which can enhance productivity and sustainability. Precision agriculture, which uses data and technology to optimize inputs such as water, fertilizers, and pesticides, can significantly increase crop yields while reducing environmental impacts. For example, drip irrigation systems in India have helped farmers improve water use efficiency by up to 40%, a critical improvement in regions prone to water scarcity (OECD-FAO, 2024).

Moreover, the integration of digital technologies, such as mobile apps that offer real-time weather forecasts and market prices, is revolutionizing how farmers in rural areas manage their operations. These tools enable farmers to make informed decisions, reducing risks associated with unpredictable weather and volatile market conditions. In the Philippines, for instance, the introduction of mobile platforms connecting farmers directly with markets has improved market access and increased farmers' incomes by cutting out intermediaries.

However, these opportunities are accompanied by significant challenges, particularly in addressing infrastructure deficiencies. Poor transportation networks, inadequate storage facilities, and limited market access are significant barriers to agricultural productivity, especially in rural areas. For example, Myanmar's lack of adequate road infrastructure means many smallholder farmers cannot promptly get their produce to markets, leading to high post-harvest losses. These losses, which can exceed 30% in some ASEAN countries, highlight the urgent need for investment in rural infrastructure to enhance market connectivity and reduce waste (OECD-FAO, 2024).



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### Key Recommendations for Asia's Agricultural Future

The report provides several strategic recommendations for navigating these challenges and fully harnessing the opportunities in Asia's agricultural sector. Key among them is the need for investment in climate-smart agriculture (CSA), enhancing regional cooperation, promoting agricultural diversification, and supporting technological innovation. Moreover, strengthening food safety and quality standards is crucial to meeting shifting consumer demands for higher-quality, safer food products.

Investing in CSA is not just about mitigating the impacts of climate change; it's about building resilience in the agricultural systems themselves. For instance, promoting the cultivation of drought-resistant crop varieties can help stabilize food production in the face of erratic weather patterns. Similarly, improving irrigation systems across arid regions in Southeast Asia could significantly enhance water use efficiency, ensuring that agriculture remains viable even in the most challenging environments.

Regional cooperation is another critical area where progress is needed. ASEAN countries can create a more integrated and competitive market by harmonizing agricultural policies and reducing trade barriers. This benefits farmers by providing them access to larger markets and enhancing food security across the region. For example, simplifying cross-border trade regulations for rice and other staple crops can reduce costs and increase the availability of food products throughout Southeast Asia.

### Assessment

#### *Collaborative Strategies for Asia's Sustainable Agriculture*

Agriculture will play a critical role in driving economic growth and ensuring food security across Asia, particularly within the ASEAN region, and this requires strategic investments in CSA, technological innovation, and infrastructure development. These efforts must be grounded in sustainability and inclusivity, ensuring that all segments of the population benefit from agricultural growth.

A coordinated approach involving the public and private sectors is highly recommended. The private sector can play a pivotal role by investing in innovative technologies and infrastructure projects, such as cold storage facilities and efficient transportation networks, which are crucial for reducing post-harvest losses. Public-private partnerships can also help scale up successful CSA and technology adoption models, ensuring that these innovations reach the smallholder farmers who form the backbone of Asia's agricultural economy.



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### *Paving the Way for Long-Term Prosperity*

Asia, particularly the ASEAN region, is on the cusp of becoming a global agricultural powerhouse. The next decade will be pivotal in determining how well the region can capitalize on its opportunities while addressing its significant challenges. The decisions made today will shape the future of agriculture in Asia, guiding it toward long-term prosperity for all.

### **Reference:**

1. OECD-FAO. (2024). OECD-FAO Agricultural Outlook 2024-2033. OECD Publishing.  
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