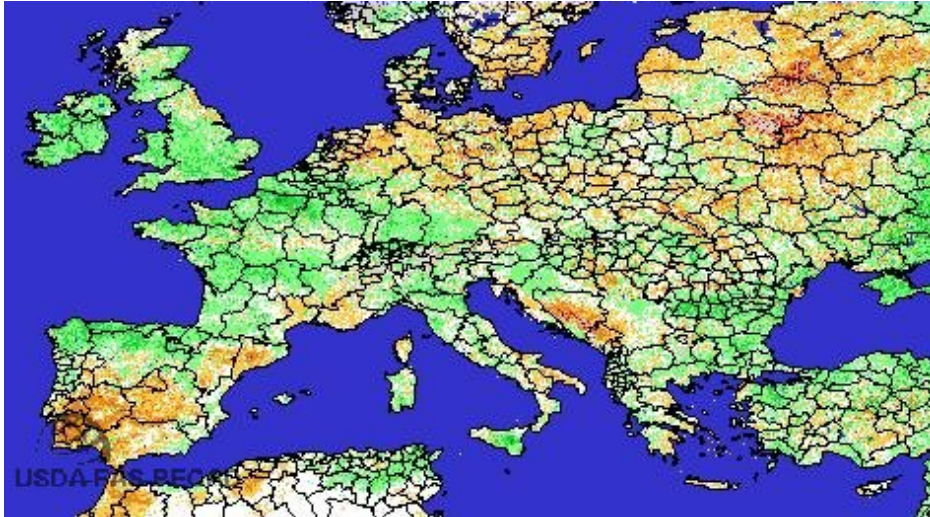


RISK AND CRISIS MANAGEMENT IN AGRICULTURE
European Parliament, June 20th, 2005
A few illustrations of Dr Boussard's presentation

1 /- SPOT map of vegetation index, deviations from last 4 years, end of May 2005



Climatic damages are locally important, globally unimportant

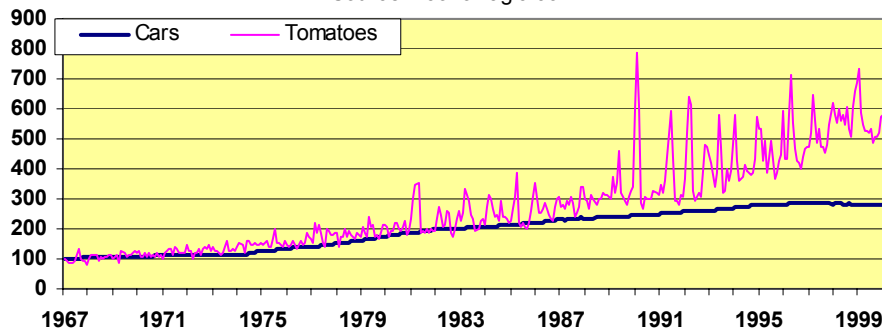
2 /- The volatility of some market prices



3 /- The agricultural exception

**Tomatoes retail price index in large American cities,
as compared to new car retail price index**

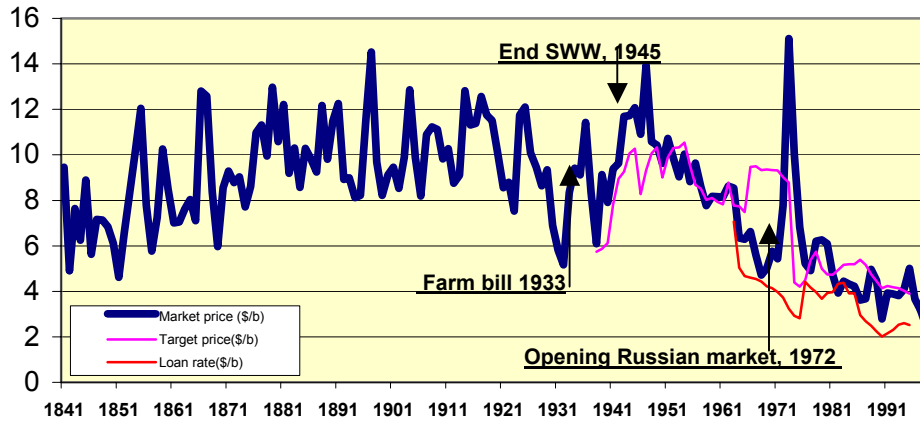
Source: Economagic.com



Car prices vary smoothly, consumers pay production cost. Tomatoes (indeed, most agricultural commodities) prices are always higher or lower than cost. In both cases, the loser loose more than the winner win..

4 /- The benefits of disconnecting agriculture from market

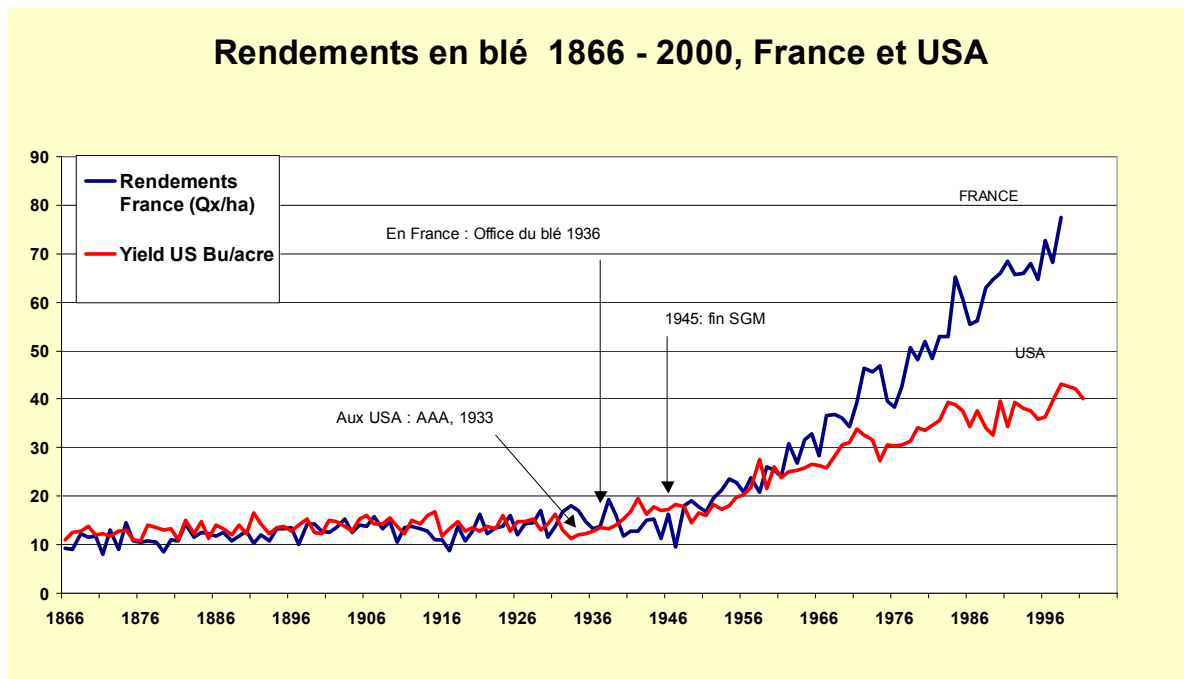
US wheat price 1840-2000 (Constant 1998 \$ / bushel)



Main US agricultural prices have been disconnected from market since 1933. Since that time, they are less volatile, except during second world war, and also, as a consequence of opening the Russian market in 1972, for a short time. More interesting, since 1945, they fall, while they were "stationary" (with constant mean) before. The American taxpayer got its money back..

5 /- The consequences of disconnecting agricultural prices from market

Wheat yields in USA and France, 1966-2000



Production might growth up to infinity... hence the necessity of production quotas, which can be interpreted as futures markets with the risk neutral State as end buyer. .