n. 30 | Apr-May 2020

MED-Amin

Réseau méditerranéen d'information sur les marchés agricoles

Commodity prices at crisis time

COVID-19 / Page 2

Weather and Food Supply

Food Security / Page 3

Edito

News from Lebanon[1]: In Lebanon, the pandemic of COVID-19 started on February 2020. The authorities imposed two waves of lockdown. From 8 June 2020 on, the country plan to come back to normal economic activity.

Due to the 17th of October revolution, and the collapse of the Lebanese Pound (LBP) in addition to COVID-19, the measures expected to support economic activities during the likely global and national recession are to **increase production and to encourage the cultivation of new crops**. Since the beginning of the pandemic, no additional subsidies were applied except the subsidy of local production of wheat and barley and on imported soft wheat for bread making.

The difficulties to import goods and services from abroad are **mainly due to financial crisis** and the difficulty to obtain dollars from Banks. However, the national bank has issued a decision to facilitate the imports, for example by assuring the dollars rate at 1515 LBP for wheat imports to stabilize the price of bread loaf at the same price as before the crisis. For this reason, no huge changes were occurred on cereals imports. Lebanon imported 3 months cereals consumption in advance as a stock which is about around 60000 tons despite the collapse of the Lebanese pound around 3 folds in comparison to US dollar. Lebanon is a relatively small country with 13 millers. COVID-19 affected the price of wheat which increased by 12 USD/ton at international level and then the cost of bread production and cut the processors' margin of price benefit from 50% to 22%.

In Lebanon, the government allows farmers to practice their agricultural activities without any restrictions. Farmgate prices increased by 60% due to the financial crisis. Food shortage occurred in retails, on imported specific food products like chocolate or some kinds of cheese, and some retailers faced logistic disruptions for food products procurements. **Human food consumption has decreased during this crisis due to price increases to up 50-60%** causing families to shift their consumption to basic foodstuffs such as oil, sugar, salt, bread and cereals. Socio-economic aid measures were implemented by the country by which food pannier tickets were distributed by the Ministry of Social Affairs with the coordination of the Ministry of Interior. The COVID-19 crisis and the financial crisis led the present government to prepare an economical plan for 5 years to be submitted to the IMF to have a loan to do the necessary repairs to fix the LBP collapse. Among those repairs are the **strategic plans to encourage farmers to increase their cultivated surfaces and to encourage national industrial sectors**.

MED-Amin and CIHEAM news: The 2019/2020 winter crop harvest is about to start under favourable conditions in most of the MED-Amin countries. The situation remains critical in Morocco, Algeria and France. ↪ The **MED-Amin Bulletin for harvest forecasting** at May has just been released. A final Bulletin will update with the crop conditions of June before harvest to be completed.

The MED-Amin network has just released a report on the impact of the COVID-19 crisis on agricultural markets and more specifically on cereal sector ↪ The **MED-Amin COVID-19 Report**. So does the CIHEAM **weekly newsletter**.

Faced with the **COVID-19 pandemic** that the 13 member states of CIHEAM are going through, among which the host countries of the CIHEAM Mediterranean Agronomic Institutes are the most affected in the Mediterranean region, **CIHEAM** has implemented the preventive measures taken by countries https://www.ciheam.org/agendas/covid-19-what-has-the-ciheam-done-so-far/ and set up a corporate working group to allow the internal organization to adapt in crisis times.

[1]: News from the MED-Amin countries (7/13)

MED-Amin
Mediterranean Agricultural Market Information Network

FRANCE

Inquiétudes avant moisson

(Terre-net Média, 04/06)

Les cultures ont de l'avance cette campagne. L'observatoire Céré'obs de FranceAgriMer estime l'avance entre 7 à 12 jours selon la culture vs moyenne quinquennale. À l'approche de la moisson, l'inquiétude des agriculteurs monte dans de nombreuses régions, avec des cultures d'hiver plombées par le climat sec. Au 25 mai 2020, FranceAgriMer notait 52 % des orges d'hiver dans un état «bon à très bon» (contre 76 % en 2019), 56 % pour les parcelles de blé tendre (contre 79 % en 2019) et 63 % pour les parcelles de blé dur (contre 71 % en 2019).

TUNISIE

Envolée des importations

(Tunisie Numérique, 17/04)

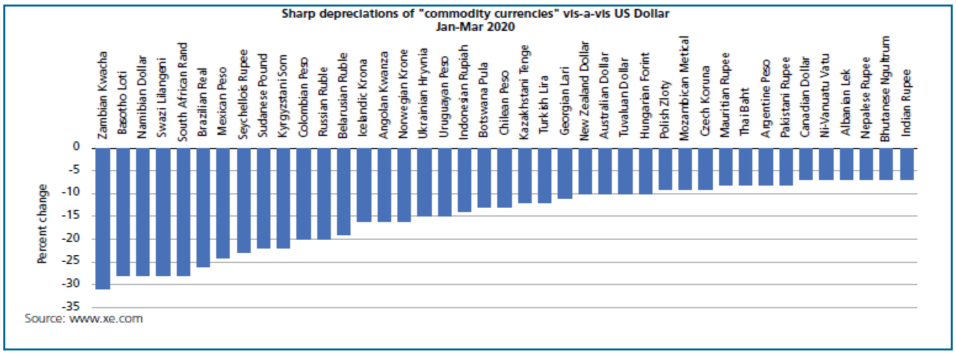
L'ONAGRI annonce une hausse des prix internationaux des céréales au cours de la première quinzaine d'avril alors que la Tunisie s'apprête à recevoir les quantités achetées en février. Les importations sont montées en flèche au terme du premier trimestre pour atteindre 823.4 millions de dinars, pour représenter 53% des importations des produits alimentaires du pays, probablement soutenus par l'augmentation de la consommation de semoule et de farine depuis le début de la crise liée au Covid-19.

LEBANON

First public wheat imports

(The Daily Star, 07/04)

Lebanon's government plans to import wheat for the first time since 2014, weighing its dwindling supply of dollars against concerns that the coronavirus may threaten the nation's food security. The Economy Ministry is studying a purchase of 80,000 tons of the grain without specifying the timing. Lebanon relies on privately owned mills to import wheat from Ukraine, Russia and EU countries.



Depreciation rates in percent, January – March 2020, commodity currencies (source: xe.com, FAO Food Outlook June 2020)

Food commodity prices in times of COVID-19

FAO-AMIS, Market Monitor N°79, June 2020, ↪ https://tinyurl.com/y85fwbg9

While industrial commodity prices, especially oil, plunged following the spread of COVID-19, prices of staple food commodities have been broadly stable. Early indications for the 2020/21 season point to abundant food supplies, and by most expectations, stable prices. Yet, there are numerous risks, which emanate from the direction of energy prices; future feed demand and biofuel consumption; currency movements; trade and domestic support policies; and possible disruptions to supply chains.

Energy prices are particularly important for the price outlook of food commodities, affecting their production directly through fuel costs and indirectly through the cost of fertilisers and other chemical inputs. Extended weakness to energy and fertiliser prices could exert downward pressure on food prices, especially for grains and oilseeds. Similarly, the collapse in the transport sector as a result of the pandemic has implied less use of biofuels, which had previously been a key source of demand growth for some food commodities and an important driver of the 2007/08 and 2010/11 food price spikes.

Future feed demand is another source of uncertainly, given the profound impact that the COVID-19 pandemic has had on the livestock sector. Widespread lockdowns, social distancing measures and market closures resulted in substantially reduced food service sales and depressed demand for meat. In addition, many slaughterhouses have been struggling to implement adequate health safety standards for their workers. In view of ample feed supplies, particularly in the US, the pace and extent of recovery in the livestock sector will have an important bearing on food commodity prices, particularly on maize and feed wheat.

On the macroeconomic side, a further strengthening of the US dollar could continue to depress commodity prices. Indeed, the weakness in some commodity prices during the first quarter of 2020 can, in part, be attributed to a stronger dollar. Research has shown that a 10 percent appreciation of the dollar against major currencies is associated with a 5 percent decline in prices of internationally traded commodities. Similarly, the price outlook will be affected by currency depreciations of countries that account for a large share of global trade for an individual commodity market.

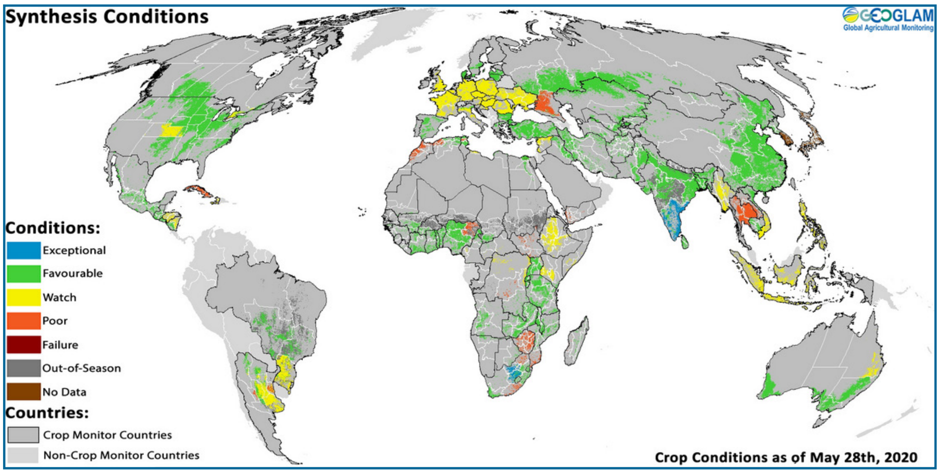
Restrictive trade policies and domestic support measures could also play an important role in commodity price movements. In the early phases of the pandemic, some Central Asian wheat producers and East Asian rice producers announced export restrictions to ensure domestic availability of food supplies. However, these fears have so far had little impact on global markets in view of the comfortable supply situation.

Disruptions to supply chains as a result of the pandemic constitute another risk to commodity markets. Travel restrictions have already affected numerous commodity markets, especially for fresh fruits & vegetables. A more important risk, however, stems from possible disruptions in supplies of key inputs (e.g. fertilisers, and seeds) and labour that could negatively affect next season's crop.

Global drivers of food system (un)sustainability: A multi-country correlation analysis (Apr. 2020)

Béné, C. et al. in Plos One *(2020)*
↪ https://doi.org/10.1371/journal.pone.0231071

At present, our ability to comprehend the dynamics of food systems and the consequences of their rapid 'transformations' is limited. Here, we propose to address this gap by exploring the interactions between the sustainability of food systems and a set of key drivers at the global scale. For this we compile a metric of 12 key drivers of food system from a globally-representative set of low, middle, and high-income countries and analyze the relationships between these drivers and a composite index that integrates the 4 key dimensions of food system sustainability, namely: food security & nutrition, environment, social, and economic dimensions. The 2 metrics highlight the important data gap that characterizes national systems' statistics—in particular in relation to transformation, transport, retail and distribution. Statistics are then used to explore associations between levels of sustainability and drivers. With the exception of one economic driver (trade flows in merchandise and services), the majority of the statistically significant correlations found between food system sustainability and drivers appear to be negative. The fact that most of these negative drivers are closely related to the global demographic transition that is currently affecting the world population highlights the magnitude of the challenges ahead. This analysis is the first one that provides quantitative evidence at the global scale about correlations between the 4 dimensions of sustainability of our food systems and specific drivers.



Latest conditions published in the GEOGLAM Crop monitor of June 2020 for AMIS

Weather Is Still the Wild Card in Global Food Supply

Bloomberg, 22/04 ↪ *See the full article*

The coronavirus pandemic is putting untold pressure on the supply chains that produce and transport the world's food. Yet there's one vital factor even harder to control than panic buying – the weather.

A period of extreme weather that devastates harvests could force countries to deploy more protectionist food policies, creating a ripple effect through global trade. Concerns over access to wheat and other staples have already led nations including Kazakhstan and Russia to introduce export restrictions, sparking fears of a global food crisis not seen for a decade. So far the curbs have been limited to a handful of nations imposing short-term measures.

There is cause for concern. Drier weather has affected key growing regions in the Black Sea, Argentina and across Europe. Behind the day-to-day weather concerns, global warming is playing an ever greater role in determining the strength of food supplies. The threat of extreme drought or torrential downpours only makes it more difficult to predict what will happen.

"Climate change is the elephant in the room in all these discussions," said Tim Benton, research director in emerging risks at Chatham House in London and a food security expert. "You can easily imagine some nasty weather happening somewhere around the world which will compound these issues. So let's just pray for good weather."

For now, supplies are ample and nobody's talking about any harvest failures. Yet the threat remains that the situation could quickly shift from comfortable to dire.

Those worries are starting to surface as a prolonged dry period in top wheat producer Russia is threatening to damage this year's crop. Meanwhile in Romania, a severe drought is eroding expectations for a bigger crop this year.

In neighboring Ukraine, water reserves are at their lowest in six years, while France and other grain producers in Europe also face drought this year. Adding to that, dryness in Argentina is increasing pressure on exports with the lowest waters levels since 1989 on the Parana River.

The next three months are critical for wheat farming in the northern hemisphere, when the amount of moisture and temperatures matter for crop growth. Protectionist measures have resurfaced memories of food-price crises of 2008 and 2011, when soaring costs caused political and economic instability around the world. Several countries banned grain exports, worsening the situation.

Today, wheat supplies are still abundant thanks to last year's bumper harvests. Consumers may be hoarding staples like flour and bread, but once the panic buying ends, the world will probably still have a huge stash of wheat, the International Grains Council said last month.

FAO Food Index ↘

(FAO, 04/06/2020)

The FAO Cereal Price Index averaged 162.2 points in May, -1% vs April. Only rice prices rose in May, +1%, mainly on rising Japonica and Basmati quotations, although currency movements and demand from Malaysia and the Philippines also kept Indica quotations firm. After a rise in April, wheat export prices fell, shedding 2%, as expectations point to ample global supplies also in the new season while trade activities have slowed down with the harvesting seasons approaching in the northern hemisphere. The US maize prices, continuing the downward trend of the last 4 months, fell further in May, by 16% vs same month last year. Weak demand from feed and biofuel sectors, amidst abundant export supplies, continued to pressure international maize prices.

MAROC

Récoltes maigres et importations au menu

(AgriMaroc, 13/05 & 10/06)

Selon l'USDA, le commerce mondial prévu pour 2020/21 augmenterait de 4,6 Mt, soit +2% vs 2019/20, à un niveau record de 188 Mt. Les importations augmenteraient principalement en raison de la demande accrue de la Chine, de l'Algérie et du Maroc. Au Maroc, la production de blé tendre collectée depuis le 15 mai s'élève à 1.300.000 Qx, soit 30% seulement de l'objectif à cette même date, en conséquence de la sécheresse qui a sévit toute la campagne sur une bonne partie du Royaume.

SCOOPS

Pour plus de news sur les marchés céréaliers, suivez le Scoop.It MED-Amin !

A retrouver sur :

↪ www.scoop.it/t/med-amin

et le site web de MED -Amin :

↪ http://www.med-amin.org

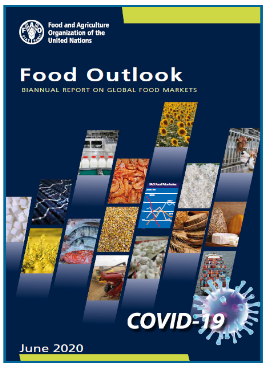
Local food crop production can fulfil demand for less than one-third of the population (Apr. 2020)

Kinnunen, P. et al., in Nature Food *volume 1, p 229–237 (2020)*
↪ *doi.org/10.1038/s43016-020-0060-7*

The distance between the origin and end-point of food supply chains, and the 'localness' of food systems, are key considerations of many narratives associated with sustainability. Yet, information on the minimum distance to food crops is still scarce at the global level. Using an optimization model based on 'foodsheds' (that is, self-sufficient areas with internal dependencies), we calculate the potential minimum distance between food production and consumption for six crop types around the world. We show that only 11–28% of the global population can fulfil their demand for specific crops within a 100-km radius, with substantial variation between different regions and crops. For 26–64% of the population, that distance is greater than 1,000 km. Even if transnational foodsheds were in place, large parts of the globe would still depend on trade to feed themselves. Although yield gap closure and food loss reductions could favour more local food systems, particularly in Africa and Asia, global supply chains would still be needed to ensure an adequate and stable food supply.

Credit: Creative Commons Licensing

FAO Food Outlook - Special COVID-19, June 2020



Food markets will face many more months of uncertainty due to COVID-19, but the agri-food sector is likely to show more resilience to the pandemic crisis than other sectors, according to a new report released today by FAO. The Food Outlook report provides the first forecasts for production and market trends in 2020-2021 for the world's most traded food commodities - cereals, oilcrops, meat, dairy, fish and sugar.

"The impacts of the COVID-19 pandemic have been felt - at varying degrees - across all food sectors assessed by FAO. Whilst COVID-19 has posed a serious threat to food security, overall, our analysis shows that from the global perspective, agricultural commodity markets are proving to be more resilient to the pandemic than many other sectors. That said, owing to the size of the challenge and the enormous uncertainties associated with it, the international community must remain vigilant and ready to react, if and when necessary," said Boubaker Ben-Belhassen, Director of the FAO Trade and Markets Division.

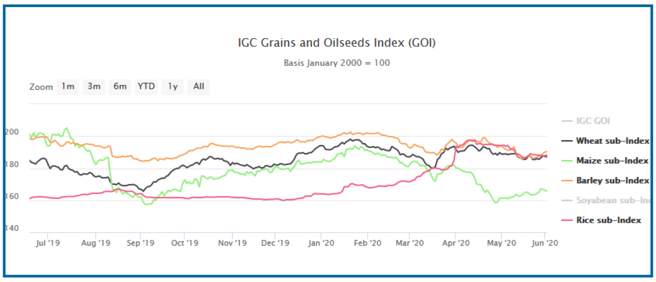
↪ Source: *http://www.fao.org/news/story/en/item/1287515/icode/*

Global Markets: What is the Trend?

		Supply & Demand on May. 20	
	Global Index[1] (4 June)	From previous forecast (M/M)	From previous season (Y/Y)
Blé/Wheat	189 ↗	n/a	▲
Maïs/Maize	169 ↗	▲	▲
Riz/Rice	189 ↘	⇔	⇔
Orge/Barley	193 ↗	n/a	▲

[1]: Monthly average in USD, base 100=year 2000, ↗↘⇔vs last month (▲ : Easing ; ▼ : Tightening ; ⇔ : Neutral, n/a : not applicable)

Sources : AMIS Outlook - http://www.amis-outlook.org and International Grains Council for the Barley (04/06/20) and the graph below.



and a webinar to watch...

Impacts of the COVID-19 pandemic on Ports and Maritime Transport in the Mediterranean Region

↪Organized by the Union for the Mediterranean (UfM) and the MEDports Association on 27 May 2020 *see at: https://ufmsecretariat.org/webinar-impacts-covid-ports-maritime-transport/*

CIHEAM
International Center for Advanced Mediterranean Agronomic Studies

MED-Amin

Coordination

CIHEAM at CIHEAM Montpellier

↪ contact@med-amin.org

Site Web

↪ http://www.med-amin.org