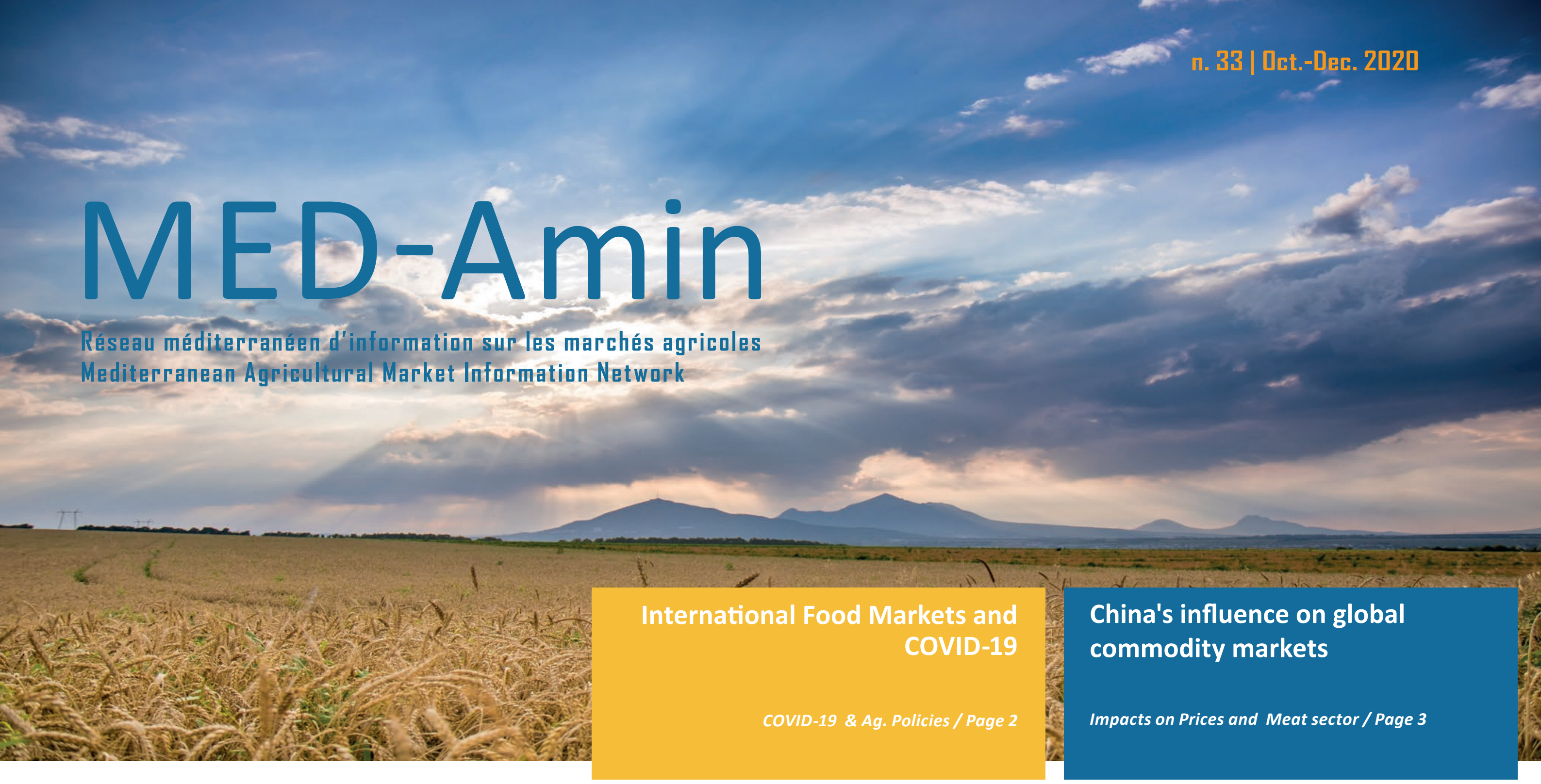

n. 33 | Oct.-Dec. 2020

MED-Amin

Réseau méditerranéen d'information sur les marchés agricoles
Mediterranean Agricultural Market Information Network

International Food Markets and COVID-19

COVID-19 & Ag. Policies / Page 2

China's influence on global commodity markets

Impacts on Prices and Meat sector / Page 3

Edito

The latest IGC's market report at Nov 26 on **grains** - wheat and coarse grains - estimates 2020/21 **global production** at 2,219 Mt, climbing by 33 Mt y/y. Even though expectations for the global **maize** harvest have come down in recent months, world maize output is still expected to be an all-time high, at 1,146 Mt (+22 Mt y/y), with record crops also anticipated for **wheat and barley**.

Total grains **consumption** is predicted to expand by 28 Mt y/y, to 2,221 Mt, driven by higher use of maize (+16 Mt), wheat (+6 Mt) and sorghum (+3 Mt). New peaks for world **food and feed** use of grains are envisaged, while only a partial recovery from the decline of the previous season is foreseen for industrial use, largely linked to subdued **demand for maize** processing for ethanol.

Global grains **stocks** are projected to be drawn-down for the fourth consecutive year, to a five-season low of 616 Mt (-2 Mt y/y), entirely because of a reduction for maize (-23 Mt). Most of the y/y contraction in maize stocks is in **China** and the USA. Stock accumulations are predicted for other grains, including wheat (+ 13 Mt, to a record level), barley (+4 Mt) and oats (+2 Mt).

World total grains **trade** is predicted to expand by 15 Mt y/y, to a fresh high of 409 Mt, including a twelfth consecutive annual increase in maize shipments, record trade in wheat.

Harvest and planting is moving forward in the major producing regions. As of the end of November, conditions are favourable for rice and soybeans while mixed for wheat and maize. In the northern hemisphere, summer crops harvest ended and **winter cereals sowing is proceeding under mixed conditions** with a few areas of concern in Eastern Europe, Ukraine, the Russian Federation, China and the US with dry conditions. In the southern hemisphere, winter wheat conditions are mixed due to dry conditions, for instance in parts of Argentina and Australia. In Australia, 2020 winter crops output will jump of 76% y/y to 51.5 Mt of which 31.2 Mt of wheat (second highest on record) reported ABARES.

The MED-Amin Secretariat will release soon its **Bulletin on crop progress** at Fall 2020. We have participated in the **4th International Conference on Global Food Security**.

In the context of the pandemic crisis, the MED-Amin network held its **7th Meeting online on 25 and 26 November**. It was the opportunity to share and discuss MED-Amin achievements, including: compiling and sharing market data on wheat, barley, maize and rice and cereal balance sheets, and experimenting a Mediterranean early crop forecasting system.

Launched by **Mr. Placido Plaza**, the Secretary-General of the CIHEAM, it was an opportunity to recall "the fragility of the Mediterranean region in terms of food security. The brutal impact of the covid-19 reminds us of the importance of building mechanisms of cooperation and development, like MED-Amin".

Experts and policy makers debated on November 25 emerging and recurring regional challenges to food security with the audience. In addition to first survey results on national needs vs MED-Amin, this experts' views will contribute to pave the way for new MED-Amin activities, and strengthened collaborations. A roadmap has been defined to elaborate collectively the **MED-Amin 2021-2022 Action Plan**.

↪ Videos on the event: [Video 1] (MED-Amin & IGC); [Video 2] (Albania)

Happy celebrations of the end of 2020, a rough year, and Stay safe !

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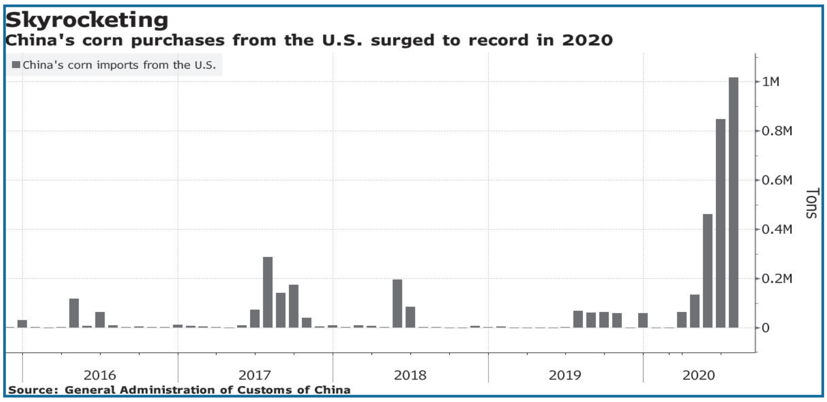


Graph in relation to the study abstract at the page bottom

RUSSIA

More export restrictions

(Reuters, 25/11 & 14/12)

Russia plans to impose €25 (USD 30.4) per ton export tariff on wheat, corn, barley, rye, exported within a 17.5 Mt grain export quota, effective 15 February - 30 June 2021, the economy minister Maxim Reshetnikov told a government meeting on Dec 14, in order to stabilise domestic food prices. The number of firms supplying Russian wheat to other countries has fallen to 110 so far this season, from 216 in July-November 2019.

BRAZIL

Cutting tariffs on imports

(Reuters, 17/10)

The Brazilian government has decided to temporarily eliminate tariffs on corn and soy imports from countries outside the Mercosur trade bloc (which is currently 8%) until next year, reported Reuters. The decision was taken late on October 15 at a meeting of Gecex. Brazil's Economy Ministry decided in early September to cut tariffs on rice imports to zero through the end of the year, amid record high prices for that grain.

TURKEY

Exports up despite outbreak

(Daily Sabah, 25/11)

Despite the pandemic, Turkey's agriculture-based exports (including flour, fruits and vegetables) have increased by 6.3% y/y in the first 9 months of 2020, according to the forestry and agriculture minister. Citing the government's support for fields, garden, greenhouse, barn and pasture production, he underlined that Turkey was not facing problems in production, stock or supply chain of basic food products. The country is also among the top 10 in global agricultural income and ranks first in Europe.

Are international food markets holding-up during the COVID-19 pandemic?

Extract from FAO-AMIS Market Monitor, 84 –December2020

Early alarms: The onset of the COVID-19 pandemic triggered alarmist views on whether international markets would still have the capacity to meet demands from countries who are dependent on trade for their food security and export earnings. Leading authorities projected precipitous declines in global merchandise trade as a consequence of international supply disruptions and lower global demand fuelled by economic recession.

How is trade in food expected to fare in 2020?

Data available up to September 2020 suggest a contrasting resilience to the global food sector to COVID-19 shocks. Indeed, the pessimistic trade forecasts at the global level do not concord with the observed data for food imports for the first nine months of 2020 and the forecast for the remaining months. On the contrary, global volumes of imported foodstuffs look set to increase by more than 1% vs 2019, while for developing countries, the resilience is expected to be more remarkable, where imported volumes are anticipated to rise by almost 6%, thanks to China's procurement. This comes against a recent strong rebound in many international food prices as measured by FAO's Food Price Index. Among the 11 categories of foodstuffs, the majority of staple foods are expected to register marked increases in global trade quantities in the latter half of 2020, and on average could surpass 2019, but volumes of those which are considered more income elastic are expected to contract in 2020 (i.e., beverages; fish; coffee, tea, cocoa; and dairy).

What about the more vulnerable country groups?

Food imports by the group of Least Developed Countries (LDCs) and countries situated in sub-Saharan Africa (SSA) would be expected to be more vulnerable to COVID-19 shocks, since lower purchasing power and disruptions to intricate supply chains could be more pronounced. However, LDC imports in 2020 are expected to show little change y/y, with vegetable oils as well as coffee, tea, cocoa and spices expected to offset declines in many other food categories. For SSA, the picture is very different. Apart from products in the oilseed complex, most other volumes of imported foodstuffs are foreseen to fall in 2020, resulting in an overall contraction of trade, volume-wise, by almost 2% vs 2019. But vulnerabilities extend elsewhere. COVID-19 is also accentuating the exposure of already economically disadvantaged countries in the financing of their food imports. MENA countries have food import dependency rates in the proximity of 90%, while 27 countries situated in SSA well above 40%.

Indeed, Africa and the Near East dominate the intersection of food import vulnerabilities, primary commodity export dependency and "commodity currencies", in which exchange rates co-move with world prices of their primary export(s). The ability of these countries to finance food imports is also compromised by risks associated with sovereign debt and credit ratings. Even countries that seemingly benefit from low rates such as many situated in Latin America, are still exposed to falling revenues from crude oil and mineral exports as well as real depreciations of their currencies. All-in-all, available evidence suggests that many of the most economically disadvantaged countries are finding it difficult to finance their food imports and, as a consequence, are and will be increasingly exposed to food insecurity.

↪ Download the full Bulletin.

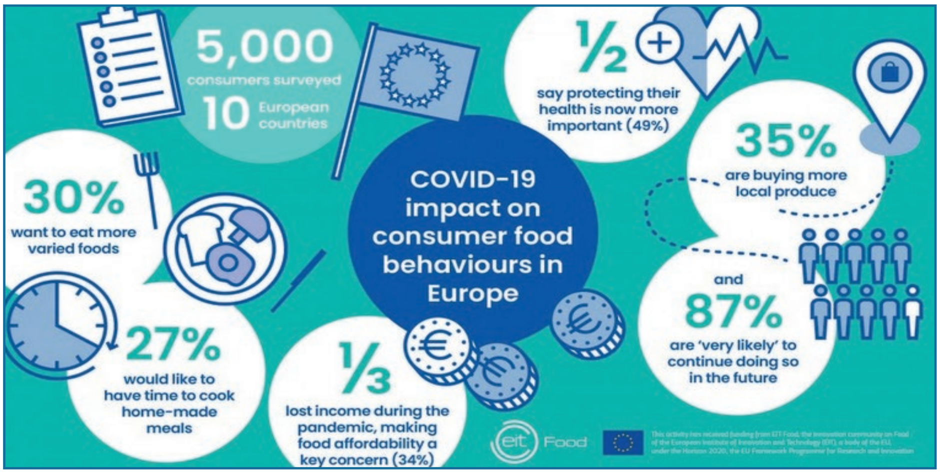
The role of transparency in avoiding a COVID-19 induced food crisis (Sep. 2020)

OECD Policy Responses to Coronavirus (COVID-19), 21 Sept 2020

Early in the COVID-19 outbreak, there were concerns that the health crisis would develop into a large-scale food crisis similar to the 2007-08 food price crisis, when panic buying and counterproductive policies exacerbated initial supply disruptions. While food supply chains have seen disruptions, and there are future risks that require attention, a food price crisis has been avoided so far, in part thanks to improved transparency in global staple crop markets. Transparency on market conditions and policies is critical in helping reduce market uncertainty, exposing bottlenecks and highlighting risks, all of which help market participants and policy makers develop more effective responses in times of crisis. More broadly, transparency is essential for global markets to work and provide a resilient supply of affordable food. Yet, transparency is not automatic: it requires investments in gathering comparable information, monitoring market and policy developments, and communicating clearly about the findings.

This note discusses the importance of transparency, and the investments it requires, using the example of the Agriculture Market Information System (AMIS), a G20 initiative created in response to the 2007-08 food price crisis. While AMIS focuses on major staple crops (wheat, maize, rice and soybeans), experience with AMIS can provide insights for the wider agriculture and food sector.

↪ Download the original paper



Infography about the COVID-19 impact on consumer food behaviours (see.abstract at the bottom of the page)

China's Corn Import Jump Leading to Global Prices and Meat Producers Squeeze

Bloomberg, 26 November and 14 December 2020

China is set to import more U.S. corn, with volumes for next year seen hitting the top end of market expectations and squeezing global grains prices (see graph above).

State-owned food titan Cofco Corp. has sold 10 Mt to domestic private mills and will probably boost purchases from the U.S. even further, according to people familiar with the matter.

The purchases – which are in addition to China's corn import quotas for 2020 and 2021 of 7.2 Mt each – could drive up Chicago futures that are already trading near their highest since July last year. Grains have been surging amid robust Chinese consumption, with domestic corn prices near a record as demand for hog and poultry feed grows and state reserves dwindle.

Investors and growers are also tracking China's progress in fulfilling its pledge to buy $36.5 billion in U.S. agricultural goods this year and $43.5 billion in 2021. While overall purchases so far have fallen short of Beijing's trade deal agreement, imports of US grains have soared in recent months as the economy has strengthened and China rebuilds a hog herd that was decimated by African swine fever.

China is rebuilding its hog herd faster than expected, boosting demand and prices for soybeans and corn used to feed animals. And with its herds growing quickly, China – the world's biggest consumer – may soon need to import less meat.

That twin dynamic – elevated feed costs and likelihood of smaller meat shipments to China in 2021 – threaten to shrink profits for livestock and poultry farmers in the U.S, Brazil and elsewhere, as well as the companies that process the animals into meat. Even worse, producers are getting hit just as they begin emerging from the coronavirus pandemic that added costs and lowered domestic prices for animals.

"In the coming year, U.S. livestock and poultry producers will face more feed-cost inflation than they have in over a decade, challenging their ability to recover after a difficult and volatile 2020," Will Sawyer, animal protein economist at farm lender CoBank ACB, said in a Dec. 10 report.

China is importing record amounts of grain and soy just as dry weather threatens to shrink South American crops and after harvests in countries such as Ukraine fell short. The tight supply is a reversal from a years-long glut in grain and oilseed markets that had helped livestock and poultry producers to expand.

The jump in corn shipments has sparked speculation that China could become the world's largest corn importer. The U.S. Department of Agriculture's Foreign Agricultural Service estimates China could buy 22 Mt in the 2020-21 season, while Goldman Sachs Group Inc. said shipments could surge to 33 Mt.

↪ Read the related articles of Nov 26 and Dec 14.

FAO Food Index ↗

(FAO, 02/12/2020)

The **FAO Cereal Price Index** averaged 114.4 points in November, +2.5% m/m and as much as +19.9% vs y/y. The latest increase marked the fifth consecutive monthly rise in the value of the index. **Wheat** export prices continued to edge upwards in November, largely on a tightening outlook for export supplies and reduced harvest prospects in Argentina. **Maize** prices also rose further in Nov., supported by continued large maize purchases by China, amidst further cuts to 2020 production estimates in the US and Ukraine. Firm demand continued to push up feed **barley and sorghum** prices. By contrast, international **rice** prices held steady as support provided by tight availabilities and currency movements in selected South East Asian exporters was offset by limited demand and harvest pressure in other major origins.

LEBANON

Strategy for 2020–2025

(FAO, 18/09)

The agriculture sector and the agrifood systems are highly affected by the ongoing crises, but they can play a critical positive contribution to the socio-economic recovery. With technical support from FAO, the Ministry of Agriculture recently formulated the National Agriculture Strategy 2020-2025 that reflects both the immediate and long-term priorities of the agrifood sector in Lebanon following stakeholders' consultations.

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

COVID-19 impact on consumer food behaviours in Europe (Dec. 2020)

EIT Food, 1 December 2020.

A survey of 5 000 consumers in ten European countries shows lockdown measures may have caused lasting behaviour change in relation to food consumption, marked by substantial shifts in shopping patterns, meal preparation and eating habits. The research was carried out by a consortium of leading universities in Europe, led by Aarhus University, Denmark.

The new report comes just months after the European Commission published its landmark Farm to Fork strategy, calling for the creation of a food environment that makes it easier for consumers to choose healthy and sustainable diets, while having access to sufficient and affordable food.

Consumers across Europe suffered financial hardship during the COVID-19 pandemic. A third of respondents (34%) lost part or all of their income and more than half (55%) said they found it difficult to make ends meet every month (see infography at the top of the page). Despite this, European consumers reported buying more in almost every food category, as COVID-19 lockdowns and a rise in homeworking across Europe led to people spending more time at home and eating out less.

Online and bulk purchases have increased, and respondents report paying greater attention to local origin, packaging, freshness and the presence of additives. They also indicated that they had increased cooking and eating times. These inflections are more marked in the countries of southern Europe and 18-35 year olds have experienced more significant changes in habits. The respondents also state that several trends should remain significant in the future, including the attention paid to the accessibility of shops (proximity) and food (price), and nutritional aspects ("healthy" food, body weight control).

↪ Download the **Report**.

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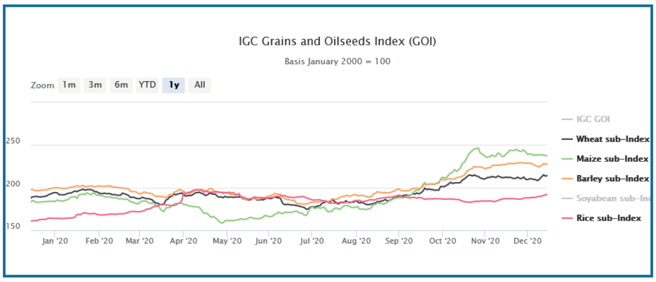
Global Markets: What is the Trend?

	Global Index[1] (3 Dec.)	Supply & Demand on Nov. 20: From previous forecast (M/M)	Supply & Demand on Nov. 20: From previous season (Y/Y)
Blé/Wheat	212 ↗	▼	▼
Maïs/Maize	240 ⇔	▼	▼
Riz/Rice	186 ↗	▼	⇔
Orge/Barley	227 ⇔	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 (03/12/20) and the graph below.



First Mediterranean Assessment Report (MedECC)

The First Mediterranean Assessment Report (MAR1) prepared by the independent network of Mediterranean Experts on Climate and environmental Change (MedECC) founded in 2015 is now finished. MedECC assesses the best available scientific knowledge on climate and environmental change and associated risks in the Mediterranean Basin in order to render it accessible to policymakers, stakeholders and citizens.

The report includes a Summary for Policy-makers (SPM), which comprises the key messages of the MAR1.The report has been written by almost 190 scientists from 25 countries, all contributing in individual capacity and without financial compensation.

The UNEP/MAP – Barcelona Convention Secretariat, through its Plan Bleu Regional Activity Center, and the Secretariat of the Union for the Mediterranean work in partnership to support MedECC, and to contribute to establish a sound and transparent scientific assessment process.

↪ Download the publication here.

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