

MED-Amin

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

Shipping costs on the rise

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Edito

Mainly because of larger than previously estimated wheat crops in Australia, Kazakhstan and Russia, the forecast for **world total grains** (wheat and coarse grains) production in 2020/21 is up by 6 Mt m/m (month-on-month), to 2,216 Mt ([IGC Grain Market Report, 25 Feb. 2021](#)). Overall consumption is raised by broadly the same amount, leaving the figure for total grains stocks the same as in the last report, at 611 Mt, still representing a projected drawdown of 6 Mt y/y. Including upgrades for wheat, maize, barley and sorghum, the forecast for global grains trade in 2020/21 (Jul/Jun) is boosted by 4 Mt m/m, to a record 412 Mt (394 Mt previous year).

The preliminary **outlook for wheat supply and demand in 2021/22 is for record production, record consumption and record stocks, but a moderate decline in trade.** Including better harvests in Europe, North Africa and India, global wheat production is seen climbing to a new high of 790 Mt. Demand for wheat may be boosted by rising feed use amid tightening supplies of alternatives, including maize and barley. Further stock growth is foreseen, but this will likely again be mainly in China and India. After the elevated levels of the prior year, a retreat in shipments to China and Pakistan contribute to a projected lower volume of world trade.

As of the end of January, **crop conditions are generally favourable for wheat, maize, rice, and**

soybeans for 2021 harvest. For wheat in the northern hemisphere, crops are primarily in winter dormancy with only spot areas of concern. For maize in the southern hemisphere, dryness is affecting earlier sown crops while later sown crops are favourable. Rice conditions are generally favourable in all major growing areas except in the northern Philippines and Thailand ([GEOGLAM Crop Monitor for AMIS, February 2021](#)). The **MED-Amin network has just launched its forecast exercise** in collaboration with EC-JRC-MARS unit. First evaluation of crop conditions in Mediterranean countries will be released mid-March. Stay tuned!

The network is continuing **consultation with national Focal Points and experts to design its 2021-2022 Action Plan**, which will embrace new activities and a broader scope to face upcoming challenges of the Mediterranean region versus market information and food security.

Among the latest activities of CIHEAM, we can mention the [agreement between FAO, CIHEAM and UfM to provide a framework for collaboration](#) to promote their common goals and objectives in accelerating progress

on the 2030 Agenda for Sustainable Development, through collaborative actions **to support the shift towards more sustainable food systems in the Mediterranean region.**

The **development of a multi-stakeholder platform** (SFS-MED Platform) to leverage existing knowledge, experience and skills of institutions across the Mediterranean is also foreseen. "We hope that, as a collaborative multi-stakeholder initiative, the SFS-MED Platform will be able to play a central role in strengthening regional collaboration and interregional dialogue on both

Mediterranean shores in order to rethink the future of food systems and initiate collective actions" explained Plácido Plaza, Secretary-General of CIHEAM.

More recently, CIHEAM moderated a session dedicated to [Food security: Women in Agriculture](#) of the webinar "Women in Leadership: towards an equal region in a covid-19 world" co-organized at the occasion of the UfM International Women's Day on March 5.

AUSTRALIA

Historic output makes resistance to export restrictions

(The West Australian, 24/02)

Australian grain growers could cash in on Russia's beefed up wheat export taxes with a record local crop still on the cards. ANZ's latest agricultural commodity report has found Russia's decision to impose a wheat export tax of \$80 a tonne from March until June could benefit Australia. As a result, Russian wheat is more expensive than Australia varieties for the first time, which is forecasted with the largest grain crop ever.

INDIA

Wheat production record thanks to conducive weather

(The Economic Times, 22/02)

India set for record wheat output, likely to touch 115 Mt compared to 107 Mt last year thanks to higher acreage, conducive weather and fewer crop pest attacks said the chief of Directorate of Wheat Research at Karnal. This should drive to an increase in closing stocks or to some exports.

FRANCE - EU

No frost impact on 2021 production

(Reuters, 16/02)

"In France, there shouldn't be much impact [from cold spell], and we're sticking with a scenario of pretty decent harvest yields," said Vincent Braak, crop analyst at Strategie Grains. The French agriculture ministry last week raised its estimate of soft wheat 2021 area to 4.86 million hectares, +15% vs last year. Analysts and traders featured for EU wheat top growers:

- Bitter spell brought double-digit negative Celsius lows;
- Snow-covered German, Polish crops seen withstanding cold;
- French wheat in good shape; early spring barley more at risk;
- Excess moisture after rain, snow becoming risky in Britain.



IGC Grains and Oilseeds Freight Index

		m/m change	y/y change
World sub-index	119	3.90%	17.60%
Argentina sub-Index	147	4.70%	21.40%
Australia sub-Index	77	6.50%	21.90%
Brazil sub-Index	154	3.90%	21.70%
Black Sea sub-Index	124	2.20%	16.10%
Canada sub-Index	99	3.80%	17.10%
Europe sub-Index	105	4.50%	24.00%
US sub-Index	100	1.00%	14.40%

Shipping costs set to rise in 2021

12/02, By Michael King, World Grain

COVID-19 turbulence and view for 2021

COVID-19 trading restrictions had a limited impact on global grain flows in 2020 with the exception of some port and border delays, stated Alexander Karavaytsev, IGC economist. "The effectiveness of agricultural supply chains even in the midst of a pandemic was evident in rising exports of soybeans from the US and Brazil to China." Indeed, such has been the nature of "surging demand" that prices have soared, and **logistics infrastructure is now under pressure** in some port hinterlands.

Expectations are that **2021 is certain to bring more volatility for grain shippers**. Analysts expect an improving global economy, COVID-19 vaccines, Chinese trade policy and a new US president to all impact the dry bulk trades and US grain and soybean exports during the next year.

"The remainder of this season looks promising given the high outstanding sales, around 29 Mt, left in the US," said Peter Sand, shipping analyst at Bimco. "But looking further ahead than that, the question will very much **depend on Chinese policy**."

The grain trade will, of course, also be influential in bulk shipping markets in 2021. said Rahul Sharan, lead research analyst at Drewry, that grain volumes had "been a good support" for dry bulk shipping in 2020 and "we are expecting growth in the grain trade to continue for the next five years."

"In the previous 5 years grain trade has expanded 2.3% each year and we expect that to continue," Sharan said. The upshot, according to most analysts, is likely to be **higher shipping costs for grain traders in 2021**.

➔ Read the full [article](#).

For those in the business of shipping and grain, 2020 was a rollercoaster ride. Second-quarter lockdowns prompted demand for some grain-based products to spike as consumers stockpiled and splurged on specific goods, including specialty flours. However, overall global economic demand for most commodities fell precipitously, and bulk carrier shipping spot and time charter rates slumped accordingly.

In second half of 2020 demand returned, prompting a summer upsurge in shipping costs. For capesize vessels, this largely tailed off in the fourth quarter, but strong agricultural volumes helped **support prices for vessels in panamax class and smaller** — the workhorses of grain and soybean trade.

"Support for the mid-sized ships in the last months of the year came from US exports of soybeans, which have been **record-breaking in the first months of export season**," noted shipping association Bimco. "Outstanding sales for this season are also high."

Indeed, soybean exports from the Americas to China gifted ship owners support throughout the latter part of 2020, while grain exports from the Black Sea and other Northern Hemisphere origins provided additional ballast.

Freight rate volatility

All of which has been reflected in **lurches in freight rates across the various bulk carrier classes this year**.

In terms of grain shipping costs specifically, the IGC Grains and Oilseeds Freight Index (GOFI, see the chart above), reached 119 on Nov. 25, up some 19 points vs a year earlier and far higher than the 72 points recorded in May at the height of global lockdowns.

In search of economically significant food losses: Evidence from Tunisia and Egypt (Jan. 2021)

G. Anriquez, W. Foster, J. Ortega and J. Santos Rocha; Food Policy, Volume 98, January 2021, 101912

Large estimates of food losses among farms and intermediaries publicized recently by several international organizations invite the question: Why do economic decision makers live with such losses? The intuitive, economic response would be that the marginal benefits of loss reduction do not exceed the marginal costs. This paper analyzes the possibility that economically significant losses nevertheless might be occurring at the farm and wholesale levels

in two cases that have drawn attention in the Near East and North Africa. In Tunisia, concerns exist that farm equipment, especially harvesting equipment, is a major source of wheat losses in a country for which the grain plays an important role in diets and the national import bill. Our analysis finds that smaller wheat farms do have relatively large physical losses, compared to large farms, attributable to the use of older and imperfectly adjusted harvesting equipment. Nevertheless, given the scale of most operations in Tunisia, there is little incentive for farmers to

make the specific investments that would significantly reduce losses. In Egypt, local experts have focused on large post-harvest losses of tomatoes, an important crop, largely produced by small-scale farmers. We find that there is perhaps a marginal gain to be had in terms of the value of losses avoided, but such gains are likely within a margin that makes adoption of plastic economically ambiguous.

➔ Download the [paper](#)



Covid-19 and food security: can emerging economies mitigate rising prices?

Oxford Business Group, 10/02

An increase in food prices following the coronavirus pandemic has intensified concerns related to global food security. For emerging markets, this has further underlined the **importance of regional cooperation** and innovative solutions to help overcome the challenges.

The **FAO Food Price Index rose for the ninth consecutive month in February, +26% vs February 2020**. The FAO Vegetable Oil and Sugar Price Indices saw the steepest rise, respectively +5.8% and +6.4% vs January 2021 to their highest level since May 2012 and April 2017 respectively. Cereal prices also grew significantly with a FAO Index just after Vegetable Oils at 126 points. Notably, maize prices grew 11.2% and are now 42.3% above their January 2020 level. This can partly be **attributed to high demand in China**, which imported record levels of crops last year. The FAO also forecast an **imminent decline in global cereal stocks**, with cereal utilisation for the 2020/21 period projected to reach 2761 Mt globally, an increase of 52 Mt vs 2019/20.

More broadly, the World Bank recently reported that global food prices rose by nearly 20% in the 12 months from January 2020, noting that food price inflation combined with reduced incomes has been **forcing many households to cut down on both the quantity and the quality of the food** they consume.

Threat to food security

The UN's World Food Program estimates +82% vs end of 2019 of acutely food insecure people to 272 million.

In sub-Saharan Africa, there are fears that an **increase**

in rice prices could lead to shortages, as the region imports some 40% of its rice supplies. This figure is even higher in Kenya, which imports 600,000 t from 700,000 t consumed annually.

The increase in the **cost of rice is linked to a 25% rise in the price of corn**, which is widely used as animal feed. This has caused Asian livestock producers to turn to low-quality rice products as a cheaper alternative, driving up the cost of such products and pricing many African countries – which have traditionally relied on them as primary foodstuffs – out of the market.

Notably, China, the world's top rice producer, last month **imported rice from India for the first time in three decades**. A further factor behind the increase in rice prices has been a drought in South-east Asia.

Regional solutions to food security

The pandemic has exposed the vulnerability of the world's food supply chains. From the outset, this **galvanised governments in emerging economies to strengthen regional logistics networks**, for instance the Feed Africa Response to COVID-19 launched by the African Development Bank and associated with the African Continental Free Trade Area (AfCFTA).

A leader in this regard has been the [Gulf Cooperation Council \(GCC\)](#), which in April 2020 implemented an integrated food security network, as well developing a strategic food reserve and making investments in local agriculture.

➔ [Read the full report.](#)

FAO Food Index ↗

(FAO, 02/12/2020)

The **FAO Cereal Price Index** averaged 125.7 points in February, **+1.2% vs January and +26.5% vs February 2020 level**.

Among major coarse grains, international **sorghum** prices increased the most, rising 17.4% in February, up 82.1% above their values in the corresponding month last year, driven by ongoing strong demand from China. International **maize** prices also rose, albeit by only 0.9% from the previous month. Maize export prices in February were up 45.5% from the previous year, underpinned by continued strong import demand amidst shrinking export supplies. **Wheat** export prices remained nearly stable in February, but up 19.8% from last year's level. International **rice** prices also edged up some more, driven by demand for lower quality Indica and Japonica rice.

RUSSIA

Rocky export market

(Argus Media, 16/02)

Russia's wheat exports doubled on the week in the seven days to 11 February, spurred by the country's introduction of export restrictions from 15 February (€25/t duty on wheat shipments, which will be raised to €50/t from 1 March). Market participants expect wheat exports to slow after these restrictions, but the full impact is likely to be seen in the next marketing year, when introducing a floating export tax on shipments from 2 June could alter the positive trend.

SCOOPS

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et le site web de MED -Amin :

➔ <http://www.med-amin.org>

A wheat cysteine-rich receptor-like kinase confers broad-spectrum resistance against Septoria tritici blotch (2021)

C. Saintenac et al., *Nature Communications* volume 12, Article number: 433 (2021).

The poverty of disease resistance gene reservoirs limits the breeding of crops for durable resistance against evolutionary dynamic pathogens. *Zymoseptoria tritici* which causes Septoria tritici blotch (STB), represents one of the most genetically diverse and devastating wheat pathogens worldwide, causing yield losses of 40 to 55%. In addition, the fungus *Zymoseptoria tritici*, responsible for this disease, develops resistance to the phytosanitary products used to combat it.

The study, carried out jointly by INRAE, Wageningen University, USDA (United States Department of Agriculture), in collaboration with seed company Florimond-Desprez, made possible to identify the major resistant gene *Stb16q* from synthetic wheats in trials against no fully virulent *Z. tritici* isolates. Here, we use comparative genomics, mutagenesis and complementation to identify *Stb16q*, which confers broad-spectrum resistance against *Z. tritici*. The *Stb16q* gene encodes a plasma membrane cysteine-rich receptor-like kinase that was recently introduced into cultivated wheat and which

considerably slows penetration and intercellular growth of the pathogen.

These results pave the way for a varietal selection of wheat having this gene. The use of phytosanitary products against Septoria could thus be reduced and, with this in mind, the authors underline the interest of combining *Stb16q* with other genetic resistance factors, and of changing practices (to biocontrol in particular).

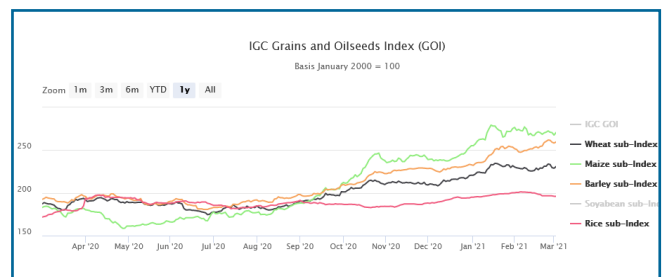
➔ Download the [paper](#).

Global Markets: What is the Trend?

	Supply & Demand on Feb. 21		
	Global Index ¹ (4 March)	From previous forecast (M/M)	From previous season (Y/Y)
Blé/Wheat	229 ↔	▲	▲
Mais/Maize	266 ↗	▲	▼
Riz/Rice	195 ↔	▲	↔
Orge/Barley	258 ↗	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 (04/03/21) and the graph below.



Events



Webinar on "Different perspectives for the same objectives: Market transparency and food security"
Using different approaches and tools, the three organizations (IGC, NASA Harvest and OECD) will share their perspectives on agricultural markets, with a particular focus on grains, while examining the complementarity between the different tools used and areas where there is room for improvement.

↪ [Link for registration to webinar](#)

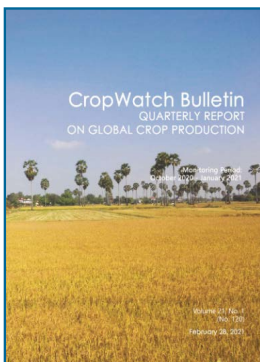
IGC Grains 2021 virtual conference: Grains and oilseeds sector: Strategic risks and resilience post Covid-19
Global trade has been clearly recognised as a key factor for world economic recovery from covid-19 pandemic crisis and the conference will focus on future developments in the grains value chain to secure a dynamic grains and oilseeds sector.

↪ www.igc.int/en/conference/conf-home.aspx

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February 2021 CropWatch Bulletin (Vol.21, No.1)



February 2021 CropWatch Bulletin is based mainly on current remote sensing inputs in addition to detailed and spatially accurate reference data about crops and their management.

Focusing on the months of October 2020 to January 2021, chapters cover global, national, and regional level agroclimatic conditions and the condition

of crops that were growing during this time. For China, the bulletin presents crop conditions for each of seven key agro-ecological zones, an updated estimate of trade prospects (import/export) of major crops.

The focus section reports on the production outlook of major cereal and oil crops countries in the Southern Hemisphere and some tropical and sub-tropical countries, recent disaster events and an update on El Niño or La Niña.

↪ Download the [publication here](#).



CIHEAM

International Center for Advanced
Mediterranean Agronomic Studies

MED-Amin

Coordination

CIHEAM Montpellier

↪ contact@med-amin.org

Site Web

↪ <http://www.med-amin.org>