

MED-Amin

Réseau méditerranéen d'information sur les marchés agricoles

Price volatility and agricultural policies

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Edito

News from Turkey¹: The 2018-2019 campaign started well in the Central Anatolia, the most productive region in Turkey for wheat (mostly rainfed crops). In May 2019, the lack of rainfall was particularly effective in the region: this was the driest month of May over the last two decades. This situation negatively affected wheat production and decreased the expected yields. In June, rainfall had a positive effect on yield in grains crops where plants were still green. For barley, acreage increased mainly in unirrigated areas of the Central Anatolia compared to last year.

In general, the Turkish production of winter grains during the 2018-2019 season is predicted to decrease compared to the last campaign 2017-2018 due to a small reduction in planted areas. Particularly, wheat production in 2019 is expected to be slightly below because of some adversities experienced during the sowing period.

Regarding summer crops, temperatures were suitable for paddy rice harvest that has started in the Thrace Region at beginning of September and will end around the middle of October. According to the information received, yield is expected to be above average. There is a significant increase in production thanks to the use of high-yielding varieties especially Osmancik-97, improved paddy rice cultivation technique applications, the use of modern agricultural tools and equipment such as laser-controlled levelling tool. For maize,

the sowing took place in March and April and the harvest started at the beginning of September. Maize production in Turkey has increased over the past years because producers are using appropriate seed varieties and apply the modern techniques such as drip irrigation systems.

The campaign 2019-2020 has started with field preparation for winter grains, and sowing has just been started in October under normal conditions.

Since the last issue, the **grain market** is still impacted by US-China trade tensions, trade agreements (Brazil-countries out of Mercosur, US-Japan, Argentina-China...), the African Swine Fever development in Asia and beyond, lasting drought in Australia, starting in Argentina and Brazil and the first winter events in Northern America (in particular in Canada experiencing first frost and snowfalls) and, last but not least, the latest revisions on production, stocks and export/import demand. After low peaks of cereal prices in August, prices start to raise firmly, in particular wheat.

The MED-Amin **Harvest and Planting Progress Bulletin as of August 2019** has just been released. The world

supply of wheat is expected to return to an average level after the previous difficult campaign. The main estimates indicate a global production exceeding 760 Mt. So is the output of barley with estimates slightly exceeding 150 Mt. In the MED-Amin countries, winter crops conditions were mixed and harvest is over. For summer crops, planting of corn and rice has ended. Latest revisions lowered yield estimates due to summer heatwaves and persistent drought in several countries. The full report is reachable at <http://www.med-amin.org/en/home/9-news/136-new-release-med-amin-harvest-and-planting-progress-bulletin-summer-2019>.

The **evaluation report of the MED-Amin network**, after five years of activity, has been elaborated by auditors missioned by the French Ministry of Agriculture and the CIHEAM. The report will be available soon. The main result is the identification of three scenarios for the continuation of the network. The recommendations will be discussed during the next annual meeting in spring in Spain.

Moreover, the next **ministerial meeting of CIHEAM** in Tunisia initially scheduled in November has been postponed to spring 2020.

¹: MED-Amin country focus (3/13)

LEBANON

Milling supply on threat

(World Grain, 25/09)

On Sept. 24, the Lebanese millers' association urged officials to find a solution for dollars to be supplied at the official price, "so owners of the mills can import the country's wheat need." Dollars and pounds are legal tender in Lebanon, and the Lebanese pound has been pegged against the dollar at a level of 1,507.5 pounds for more than two decades. The wheat reserve at the mills "has fallen to a level that represents a danger and may expose the country to a supply crisis if the US dollar problem is not resolved."



Listen to the signal, not the noise By FAO-AMIS, Sept 2019

Source: [AMIS Market Monitor No. 71](#).

ARGENTINE

Blé sous pression

(Terre-net, 30/09, Reuters, 30/09)

La sécheresse qui sévit en Argentine menace la production de blé, comme plus tôt au Canada et en Australie. Le déficit hydrique qui affecte maintenant 22,5% des cultures de cette 2ème partie de campagne selon la Bourse de commerce de Buenos Aires s'est accentuée ces deux dernières semaines. Les plantes sont à un stade critique de développement et le potentiel de rendement pourrait être entamé si les précipitations attendues dans les prochains jours, surtout dans le nord, restent insuffisantes.

ALGERIE

Importations encore importantes

(ObservAlgerie, 16/09)

Les importations de céréales de janvier à juillet 2019 chutent de 12,5% vs 2018 selon les douanes, tendance qui devrait se poursuivre grâce à l'importante production nationale enregistrée. Elles devraient être cependant plus importantes qu'annoncées par le Ministère de l'agriculture notamment pour le blé dur et l'orge selon l'USDA et Reuters.

The latest OECD-FAO Agricultural Outlook 2019-2028 projects that food supply growth over the next ten years will modestly outpace demand growth. Continued productivity gains are expected to expand cereal supplies by about 15% over the decade, while demand growth will be driven primarily by population growth of just over 1% per year. Only a minor share of the increase in cereal demand will come from higher per capita consumption, which has already reached saturation levels in most countries. For most crop and livestock commodities, gradual real price declines are projected, about 1 % per year.

As noted regularly in the AMIS Market Monitor, monthly and annual price variations (due to a wide range of market and policy risks) are much bigger, often of the order of plus or minus 40% in a given year. Agricultural markets are inherently volatile, which underscores the need for effective risk management policies. But if policymakers respond to short-term price declines by providing increasing support and protection, they risk dodging the long-term farm adjustment challenges that long-term gradual price declines imply.

Larger countries (and smaller ones cumulatively) that use trade barriers to stabilise internal prices

effectively export instability onto world markets. Moreover, the Medium Term Outlook notes that the parts of the world experiencing rapid population growth are not the same as those where supply can be increased sustainably. So open markets and trade will be important both for food security and sustainable resource use.

Yet with lower food prices, according to the latest OECD Monitoring and Evaluation of agricultural policies, a significant number of countries are increasingly applying protectionist policies to safeguard farm incomes. Overall, support could be provided via targeted measures that do not require border protection and address the long-term needs of producers, consumers and the natural environment.

The broad conclusion is that markets are responding well to the challenge of feeding the world. Policies are doing less well in terms of protecting the earth's natural resources, tackling all forms of malnutrition, and providing viable livelihoods for farmers. The market "signal" may be weak relative to the "noise", but policymakers need to respond to the signal.

References OECD/FAO (2019), OECD-FAO Agricultural Outlook 2019-2028, https://doi.org/10.1787/agr_outlook-2019-en. OECD (2019), Agricultural Policy Monitoring and Evaluation 2019, <https://doi.org/10.1787/39bfe6f3-en>.

Large-scale genomics will improve the yield, climate-resilience, and quality of bread wheat, new study shows (2019)

Juliana P, et al. (2019), *Nature Genetics* 51, pages1530–1539 (2019).

Bread wheat improvement using genomic tools is essential for accelerating trait genetic gains. The study reported the genomic predictabilities of 35 key traits, significant new chromosomal regions for wheat yield and disease resistance, and demonstrated the potential of genomic selection for wheat end-use quality. It also performed a large genome-wide association study that identified several significant marker-trait associations

for 50 traits evaluated in South Asia, Africa and the Americas. Furthermore, the study built a reference wheat genotype-phenotype map, explored allele frequency dynamics over time and fingerprinted 44,624 wheat lines for trait-associated markers, generating over 7.6 million data points, which together will provide a valuable resource to the wheat community for enhancing productivity and stress resilience.

These results will speed up global efforts to breed more productive and climate-resilient varieties of bread

wheat, a critical crop for world food security that is under threat from rising temperatures, rapidly-evolving fungal pathogens, and more frequent droughts.

Together with resource-efficient cropping systems, high-yielding and climate-resilient wheat varieties will constitute a key component of the sustainable intensification of food production described in Strategy 3 of the recent EAT-Lancet Commission recommendations to transform the global food system.

Source: <https://www.nature.com/articles/s41588-019-0496-6>



Céréales françaises : de la « vocation exportatrice » à la « décommoditisation »

par Agriculture Stratégies, 23/09/2019

En 2019, la récolte de blé français a établi sa deuxième meilleure performance avec près de 39,5 Mt, talonnant le record de 2015 de 40,9 Mt. Ce succès est vite apparu en demi-teinte à la vue des prix bas proposés aux producteurs. Si la France est le premier exportateur européen de céréales vers les pays tiers, l'UE a une balance équilibrée en céréales : aux exportations françaises répondent des importations par d'autres Etats-Membres. Si la filière française met généralement en avant ses exportations vers les pays tiers pour illustrer sa « vocation exportatrice », le premier débouché des céréales français reste le marché communautaire.

L'UE importe pour près de 40 Mt d'oléo-protéagineux pour compenser son déficit en protéines végétales. L'histoire de la PAC et l'Accord de Blair House de 1992 expliquent le déséquilibre entre productions céréalières et cultures riches en protéines sur le territoire européen. En réponse à la déforestation de l'Amazonie, le Président Macron a mis en avant à l'issue du G7 de Biarritz l'objectif de limiter la dépendance protéinique de l'UE en augmentant la production d'oléo-protéagineux.

Comme la surface agricole européenne n'est pas extensible, ce développement se traduirait par un recul des surfaces en céréales, notamment

en France. De nombreuses initiatives au sein de la filière céréalière montrent qu'un mouvement de différenciation/décommoditisation est en cours. D'après l'économiste Benoit Daviron, la décommoditisation s'entend comme le phénomène inverse à la commoditisation qui considère une matière première au regard de caractéristiques basiques de façon à rendre substituable différentes origines et in fine à ne plus avoir à tenir compte de l'identité du producteur.

Ce mouvement tend à redonner de la valeur à la production ce qui peut conduire à exporter moins, mais mieux, libérant ainsi des surfaces en faveur des oléo-protéagineux. Cela ne signifie pas que l'UE et la France n'exporteront plus, notamment vers la rive sud de la Méditerranée mais serait une occasion de considérer les différentiels de standards de production non pas comme des barrières non tarifaires au commerce mais comme l'expression de préférence sociétale en faveur de l'environnement. Les producteurs de grains ont tout intérêt à amplifier les évolutions en cours et à s'inscrire pleinement dans une stratégie de différenciation/décommoditisation appelée des vœux par la loi issue des Etats Généraux de l'Alimentation.

Source : <https://tinyurl.com/yxezi5ol>

FAO Food Index

(FAO www.fao.org/worldfoodsituation/ 03/10/2019)

The FAO Cereal Price Index is stable from August (157.6 pts) after the slide during June/July, and -4% from September 2018. Wheat prices were firmer in Sept. amid brisk trade activity, though they remained well below by 11% the same time last year, pressured by the overall good supply outlook. By contrast, maize price quotations were down month-on-month, as international prices continued to slide because of large export availabilities in top exporting countries. International rice prices were steady to mildly lower in Sept., as the support provided by seasonal tightness and currency movements was countered by slow import demand and uncertainties surrounding policies in the Philippines and Nigeria.

EU WHEAT PRICE

Strength due to French attractiveness

(Reuters, 16/09)

Euronext wheat futures rose to a 1-month high after EU origin demand signal. Morocco will cut its customs duty on soft wheat to 35% from 135% from Oct. 1 and announced two tenders to buy EU and US wheat under annual reduced-tariff quota agreements. The recent return of buyers to the international market with new tenders (Egypt, Algeria, Tunisia...) expects an active position of French exporters with regard to Ukrainian or Argentinian origins especially for soft wheat, because of price attractiveness and grains quality according to several specialists.

SCOOPS

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

A retrouver sur : www.scoop.it/t/med-amin ainsi qu'à partir du site web de MED-Amin : <http://www.med-amin.org>

Genetic Contribution of Synthetic Hexaploid Wheat to CIMMYT's Spring Bread Wheat Breeding Germplasm (2019)

Rosyara U, et al., *Scientific Reports* volume 9, 12355.

Synthetic hexaploid (SH) wheat is developed by artificially generating a fertile hybrid between tetraploid durum wheat (*Triticum turgidum*) and diploid wild goat grass (*Aegilops tauschii*). Over three decades, the International Maize and Wheat Improvement Center (CIMMYT) has developed and utilized SH wheat to bridge gene transfer from *Ae. tauschii* and durum wheat to hexaploid bread wheat. This is a unique example of success utilizing wild relatives in mainstream breeding at large scale worldwide.

Our study aimed to determine the genetic contribution of SH wheat to CIMMYT's global spring bread wheat breeding program. We estimated the theoretical and empirical contribution of wild goat grass to synthetic derivative lines using the ancestral pedigree and marker information using over 1,600 advanced lines and their parents. The theoretical contribution was estimated at 17.5% with difference in genome segments suggesting application of differential selection pressure. Results from international yield trials showed that 20% of the lines were

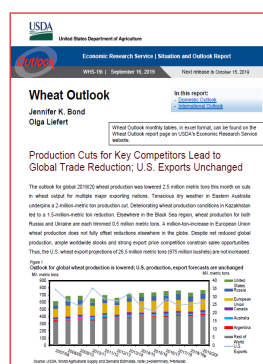
synthetic derived with an average "wild" contribution of 15.6%. Our results underline the importance of SH wheat in maintaining and enhancing genetic diversity and genetic gain over years and is important for development of a more targeted introgression strategy. The study provides retrospective view into development and utilization of SH in the CIMMYT Global Wheat Program to ensure the crop's future.

Source : <https://www.nature.com/articles/s41598-019-47936-5>



USDA Wheat Outlook, September 2019

(USDA, 16 Sept. 2019)



Global and foreign wheat productions in 2019/20 are projected 2.5 Mt lower this month to 765.5 and 711.6 Mt, respectively. Even with this reduction, the projection for wheat output is still 34.7 Mt higher than estimated for the previous year. Larger wheat planting combined with favorable weather has boosted wheat production prospects in a number

of countries, with the lion's share of the growth coming from major wheat exporters. The combined wheat output of the eight major exporting countries/regions—Argentina, Australia, Canada, European Union (EU), Kazakhstan, Russia, Ukraine, and the United States—is projected to increase 26.5 Mt relative to a year ago. Predictably lower wheat prices encouraged importers to purchase wheat not only for immediate, but also delayed, consumption, with wheat importers' stocks up more than 9 Mt on the year, while the stocks of major exporters are virtually unchanged. Relative to last month, production prospects are revised for six wheat producers and exporters this month—Australia, Canada, Kazakhstan, Russia, EU, and India.

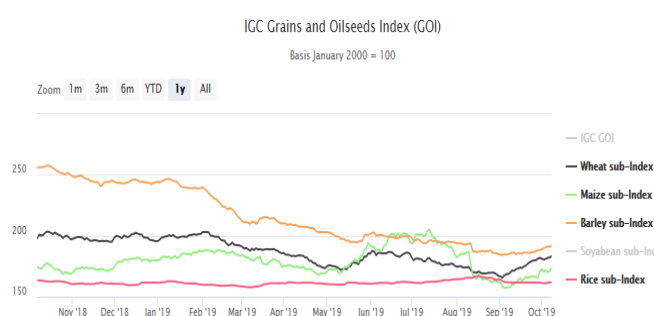
Source: <https://www.ers.usda.gov/publications/pub-details/?pubid=94943>

Global Markets: What Is the Trend?

	Global Index ¹ (3 Oct. 19)	Supply & Demand Sept. 19	
		From previous forecast (m/m)	From previous season
Blé/Wheat	181 ↗	↔	▲
Maïs/Maize	171 ↗	▲	▼
Riz/Rice	161 ↔	↔	▼
Orge/Barley	191 ↗	n/a	▲

¹: Monthly average in USD, base 100=year 2000, ↗↘↔vs last month
(▲ : Easing ; ▼ : Tightening ; ↔ : Neutral, n/a : missing data)

Sources : AMIS Outlook - <http://www.amis-outlook.org> and [International Grains Council](http://www.internationalgrainscouncil.org) for the Barley (03/08/19) and the graph below.



Événements



Agro-écologie et Initiative 4 pour
1000 au Moyen-Orient
(Kleiat, Liban)

Séminaire régional « Valoriser le potentiel de
l'agroécologie au Moyen-Orient et atteindre
les objectifs de l'initiative 4 pour 1000
» co-organisée par la FAO, l'institut de recherche
agricole du Liban (IRAL) et l'Ambassade
de France au Liban

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Global Grain Geneva
(Geneva, Switzerland)

Global Grain Geneva is the biggest annual
event in Europe for the grain trade that gath-
ers senior executives from the entire supply
chain - grain growers, millers, feed/food/
drink manufacturers, traders and brokers,
as well as the finance, shipping, legal and
technology specialists. [http://www.global-](http://www.global-grainevents.com/geneva/details.html)



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