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MED-Amin

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

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Edito

The MED-Amin network just released its first **2022 Bulletin** which **provides early qualitative forecasting of the 2021-2022 winter grains campaign**, with focus on soft wheat, durum wheat and barley crops.

Winter crops in most of the northern and eastern Mediterranean growing regions are faring well in this first half of 2021-2022 campaign. However, an intense and long-lasting drought is hampering winter crops' future harvest in Portugal, Morocco, western Algeria and can potentially hamper other producing regions in the Maghreb area, Italy and Spain if rains further delay in the coming weeks. Since March 10, rainfalls occured in parts of areas affected by drought, which could partially alleviate some negative prospects. These crop conditions are occurring in a global context of high prices and trade tensions fully reported in this newsletter. Several facts could further compromise the food security across the monitored area until mid-2023.

In addition to crop forecast bulletins, a accurate and real-time monitoring of market drivers is more than ever necessary to enhance market transparency and mitigate price volatility and speculation effects. The conflict in the Black Sea region **reminds us our interdependance in food systems** to reach global peace and food security for all. It demonstrates the interlocking of sectors in the food systems, for instance between agri-food and energy markets mediated by fertilizer and fuel-based drivers. At the same time, many voices raise to increase protectionism and/or national food sovereignty. The general **consequences of expected disruptions in the delivery of Ukrainian grains and oilseeds are under scrutiny** and speculations, but impacts are not factual to date. The recent Declaration of the Council of the International Grain Council (IGC) depicts well the situation on global grains markets and food security. The CIHEAM is committed to contribute actively to find solutions to the raising challenges boosted by the current context. Noting that the Mediterranean region is one of the most affected by the current crisis, we believe that a multilateral and proactive cooperation is more necessary than ever.

At CIHEAM Montpellier, we plan to monitor closely the **impacts of the current crisis on agricultural markets** by sharing the first *Information Briefs* soon. Likewise, this issue will be highlighted during our next **webinar on future grains market prospects for the Mediterranean region** co-organized with the IGC on 24 May (Save the date!).

The preparation of a more sustancial **Early Warning System in/for the Mediterranean region** has started with the kick-off meeting of a dedicated Expert Group on 18 February. This meeting laid foundation of the roadmap to be deployed until the end of 2023, starting with the definition of driving information and existing systems at global and national levels. Another action consists in further targeting the needs of the users of warning information. The current context in the Black Sea provides us, unfortunately, a raw and concrete testimony of crisis management processes where players are at play, some of which new, some revealed.

At the occasion of the **60th anniversary of CIHEAM** in 2022, several events will underpin the crucial role of cooperation in context of global tensions. Among them, the 9th plenary meeting of MED-Amin will tackle the issue of the Mediterranean cooperation for the regional and national food security.

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PORTUGAL

Food crisis in view

(Portugal Resident, 16/03; Courrier International, 23/03)

Arable farmers, meat producers, dairy farmers, bakers, poultry farmers and all the industries within the food sector have never seen or experienced anything like the issues stacked up against them. The war in Ukraine between two of the world's principal suppliers of cereals, the fuel crisis, Portugal's drought, high rates of poverty and low salaries have all combined for tense coming months.

LEBANON

Hyperinflation

(Al-Monitor, 11/03; L'Orient Le Jour, 13/04)

Hausse entre 65 et 210 % selon les estimations de l'"Indice fattouche" 2022 par rapport à l'année dernière. Cet indice se base sur les prix de treize ingrédients qui entrent dans la composition de cette salade. Une situation qui pousse de nombreux ménages à faire l'impasse sur certains produits même en période de Ramadan. Selon le bureau de la zone MENA de la Banque mondiale, le Liban a connu la plus forte augmentation des prix alimentaires parmi les 20 pays de la région, et ce malgré les subventions par la Banque du Liban du blé et de plusieurs autres denrées alimentaires.

MAROC

Pluies de mars, un répit

(Le Matin, 28/03)

Avec un déficit hydrique extrêmement important pendant cette campagne agricole et jamais connu depuis 1981 par le Royaume, les pluies survenues depuis début mars sont une aubaine. M. Sadiki, Ministre en charge de l'agriculture, annonce un impact immédiat sur les cultures qui n'ont pas encore été totalement détruites, comme les céréales. Malheureusement, la récupération attendue devrait se limiter aux régions de Meknès-Fès et une partie de la région de Rabat-Salé-Kénitra.

Gauging the short-term impact of the Black Sea conflict on grains and vegetable oil markets

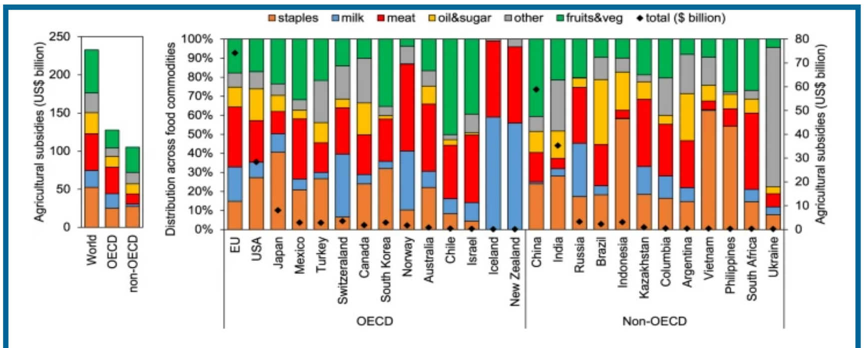
Extract from Feature Article of AMIS Market Monitor No. 97 April 2022, FAO, 2022.

Russia and Ukraine collectively account for about 30% and 15% of global wheat and maize exports, as well as a combined share of around 80% of sunflowerseed products trade. The ongoing disruption to Black Sea supplies has **exacerbated worries about already tight exporter stocks**, lifting the IGC GOI (Grain and Oilseed Index, see graph in p. 4), which shows movements in grains/oilseeds export prices, to its highest level in mid-March. Given suspended seaborne dispatches, Ukrainian fob prices are no longer freely quoted. However, the impact on sunflower oil can be gleaned through trends at competing origins. Moreover, surging crude oil prices have pulled bunker values to record levels, inflating freight costs.

Ukraine was previously expected to export a combined 20 Mt of wheat and maize from late-February to the end of June 2022, but shipments may now reach only a portion of that volume, with export options limited to railway dispatches. Damage to inland infrastructure, which remains unknown, risks limiting capacity in the longer run. Due to shortages of labour, fuel and fertilizers, as well as damaged fields and safety concerns of farmers, **downside risks to Ukraine's 2022/23 supplies are significant** and could lead to longer-term shortfalls.

Looking at possible alternative sources of wheat, **India appears to be well-placed to step in**, with ample availabilities and competitive prices. However, deliveries from that origin will hinge on the country's logistics capacities and government procurement plans. EU exporters could also provide additional volumes, although some member states have already expressed concerns about possible supply shortfalls. In the US and Canada, high prices following disappointing harvests limit the potential to absorb a significant shift in demand this season. As for Australia, despite large supplies following two record harvests, quickly ramping up volumes will likely be constrained by extremely tight loading capacity, while in Argentina, the volume of accumulated export licenses is close to the government's annual cap. In the maize market, exporter supplies are limited, especially outside of the US. Consequently, high commodity and freight prices **could result in demand rationing or increased use of domestic reserves, where possible**, at least in the near term.

Likewise in the case of sunflower oil, importers are faced with a **choice between shifting a portion of requirements to alternatives or reducing consumption**. The first option is not straightforward as markets for alternatives - namely palm oil, soybean oil and rapeseed/canola oil - are being underpinned by fundamentals. An obvious choice for consumers would be to secure additional quantities of palm oil but a recent upswing in buying interest has boosted prices, reportedly resulting in demand rationing. Additionally, significant biodiesel mandates in key exporters, notably in Indonesia, may cap the potential for a sizeable expansion of shipments in the context of **energy markets with diversification now at the top of most national agendas**.



Total subsidy payments for major spenders, grouped by OECD and non-OECD countries, are shown on the right axis and percentage distribution on the left axis.

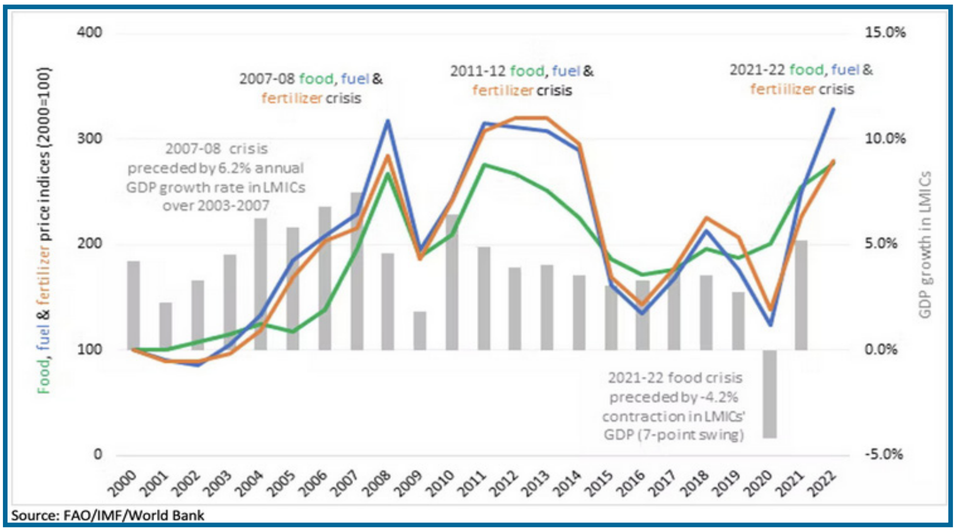
Overview of agricultural support measures in 2017, including major spenders and the distribution by final use per commodity (link to scientific abstract below)

Options for reforming agricultural subsidies from health, climate, and economic perspectives (2022)

Springmann, M., Freund, F. . Nat Commun 13, 82 (Jan. 2022). https://doi.org/10.1038/s41467-021-27645-2.

Agricultural subsidies are an important factor for influencing food production and therefore part of a food system that is seen as neither healthy nor sustainable. This article analyses options for reforming agricultural subsidies in line with health and climate-change objectives on one side, and economic objectives on the other (see graph above). Using an integrated modelling framework including economic, environmental, and health assessments, it finds that on a global scale several reform options could lead to reductions in greenhouse gas emissions and improvements in population health without reductions in economic welfare. Those include a repurposing of up to half of agricultural subsidies to support the production of foods with beneficial health and environmental characteristics, including fruits, vegetables, and other horticultural products, and combining such repurposing with a more equal distribution of subsidy payments globally. The findings suggest that reforming agricultural subsidy schemes based on health and climate-change objectives can be economically feasible and contribute to transitions towards healthy and sustainable food systems. The results suggest that such health and environmentally sensitive approaches to coupling warrant to be seen as important options for a holistic agricultural subsidy reform.

↪ Download the article



Food, fuel and fertilizer prices vs low- and middle-income country GDP growth, 2022-2022

Jusqu'où ira l'onde de choc pour l'agriculture et l'alimentation mondiale ?

Extrait de l'article de Matthieu Brun publié le 17/03 sur la Revue SESAME.

L'Ukraine, touchée par la destruction et les bombardements, voit non seulement sa sécurité alimentaire directement menacée au présent, mais plus encore demain avec les effets de la guerre alors même qu'elle est **le plus grand pays agricole du continent européen** par sa taille et ses terres riches et fertiles (« tchernozium » ou terres noires). L'agriculture et l'agroalimentaire y emploient normalement 20 % de la population active, génèrent 15 % du PIB du pays et 40 % des exportations. Et ce, avec une vaste diversité de productions végétales, notamment des céréales (blé, maïs, orge), des oléagineux (tournesol et colza), des pommes de terre, etc. En moyenne, entre 2017 et 2021, l'Ukraine a été le premier exportateur au monde d'huile et de semence de tournesol, le quatrième de maïs, le sixième de blé.

Chaque année, c'est en effet entre 20 et 25 % de la production mondiale de blé qui est vendue sur les marchés internationaux, faisant de cette céréale une des denrées agricoles parmi les plus échangées et donc les plus stratégiques. Car elle est **essentielle à la sécurité alimentaire de plus de 3 milliards de personnes** vivant dans des pays où les conditions agroécologiques et pédoclimatiques ne permettent pas de produire suffisamment. La plus dépendante ? La région Méditerranée-Moyen-Orient : l'Égypte, la Tunisie, l'Algérie mais aussi le Liban et le Maroc, le Yémen et la Syrie… tous sont tributaires des importations de blé, lequel est transformé en pain, aliment de base pour leurs populations. Il en est de même ailleurs, au Bangladesh, au Nigéria mais aussi en Chine, cette fois pour le maïs et l'huile de tournesol ukrainiens. Autant de pays dont **la stabilité politique demeure tributaire de leur capacité à garantir des prix alimentaires abordables**.

À court et moyen termes, les conséquences du conflit en Ukraine interrogent les systèmes alimentaires mondiaux et menacent la stabilité des sociétés. La situation en Europe de l'Est et les ruptures d'approvisionnement posent de fait trois enjeux prospectifs interconnectés, à une heure où l'agriculture et l'alimentation sont considérées comme des secteurs clés pour la paix mais aussi pour l'atténuation et l'adaptation aux effets du changement climatique. En premier lieu, au cœur de la transition des systèmes de production agricoles et des enjeux de sécurité alimentaire, **les interrogations sur la place de l'élevage s'accentuent**, sachant que plus du tiers de la production végétale est utilisée pour nourrir les animaux. Ensuite, en quoi **l'affirmation de souveraineté alimentaire** des nations sera-t-elle durcie ou au contraire mise à mal ? Enfin, quelles seront les **conséquences de la crise actuelle sur les stratégies nationales** et la stratégie européenne *Farm to Fork* ? Le débat est ouvert, mais jusqu'à quand ?

FAO Food Index ⤴

(FAO, 07/04)

The **FAO Cereal Price Index** averaged 170.1 points in March, +17.1% vs February, marking its **highest level on record since 1990**. This month's increase reflected a surge in world prices of wheat and coarse grains, largely driven by conflict-related export disruptions from Ukraine and, to a lesser extent, Russia. The expected loss of exports from the Black Sea region exacerbated the already tight global availability of wheat. With concerns over crop conditions in the US also adding support, world wheat prices rose sharply in March, soaring by 19.7%. After climbing upwards by 20.4% in March, international maize, barley, and sorghum prices reached their respective highest levels on record since 1990. Significantly reduced maize export expectations for Ukraine, a major exporter, on top of elevated energy and input costs, underpinned world maize prices rise. Meanwhile, contrasting trends across the various origins and qualities kept the March Rice prices little changed from February.

SPAIN

EU Meat sector rocking

(El Confidencial, 05/03)

Due to its leading position in Europe in terms of maize imports (28% of which came from Ukraine) and pig and cattle feed production, Spain has a key role in the EU meat value chain. Before the maize shortage expected in few weeks, pork and meat prices which are already rising could lead to social and political turbulences.

SCOOPS

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

↪ www.scoop.it/t/med-amin

et le site web de MED -Amin :

↪ http://www.med-amin.org

Alimentation : les nouvelles frontières (2022)

Sous la direction de Sébastien Abis, Matthieu Brun, IRIS Editions, Fevrier 2022.

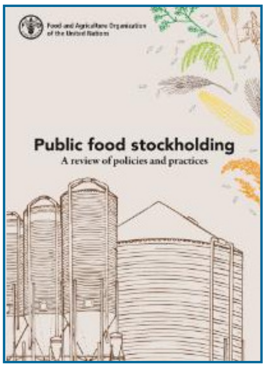
Manger semble banal. Pourtant, se nourrir, accéder à des produits sains et être libre de ses choix s'avère extraordinaire. Confrontée à l'évolution des comportements nutritionnels et aux inégalités géographiques, économiques et sociales, l'alimentation se situe aux carrefours d'enjeux multiples. Tout ce qui la conditionne ne cesse de se complexifier. Avec l'arrivée d'acteurs inédits qui investissent ce champ essentiel et celle d'innovations en cascade, les frontières de nos assiettes se redessinent. Elles s'élargissent ici ou se rétrécissent là, alors que certains consommateurs veulent reprendre le pouvoir sur leur alimentation et que des États cherchent à en faire un axe majeur de leur souveraineté. Au registre de la puissance, l'alimentaire révèle les besoins, les forces et les dépendances. Analysant les défis stratégiques de demain, cette 28e édition du Déméter apporte une saveur géopolitique aux questions agricoles et alimentaires. L'Institut de relations internationales et stratégiques (Iris) diffuse un entretien sur les enjeux de la normalisation, avec l'un des contributeurs, C. Mayeur, ancien directeur Développement et Innovation à l'Afnor. Dans un contexte de tensions géopolitiques et commerciales, les initiatives de normalisation volontaire en matière alimentaire reflètent les rapports de force entre les régions du monde, les États, les acteurs économiques, etc. Sur la scène internationale, la coordination européenne est nécessaire pour peser face aux poids lourds de la normalisation (Chine, États-Unis, Japon). Pour les industriels, aussi bien les grands groupes que les PME innovantes ou les start-ups, la normalisation est une arme stratégique pour accéder à de nouveaux marchés et apporter des garanties face aux questions environnementales et sanitaires.

↪ Se procurer le Déméter 2022.

Credit: Creative Commons Licensing

Public food stockholding: a review of policies and practices

FAO, 2021.



The paper investigates the basics of public stockholding, exploring the objectives of such programmes, the policy instruments used to achieve them, and their possible market impacts. It also synthesizes country experiences in implementing public stockholding programmes in different regions and presents the evolution of administered and international prices over the last decade. Finally, the paper highlights the main elements of the WTO negotiations on public stockholding for food security, and some of the issues that need to be resolved to help achieve consensus in this area.

In the context of the conflict in Ukraine, many countries are pushed to revisit their national strategy of food then agricultural commodities supplies where stockpiling could play a key role in constituting national reserves among other contingency measures. The involvement and cooperation between the private sector and the national public entities would be a critical issue.

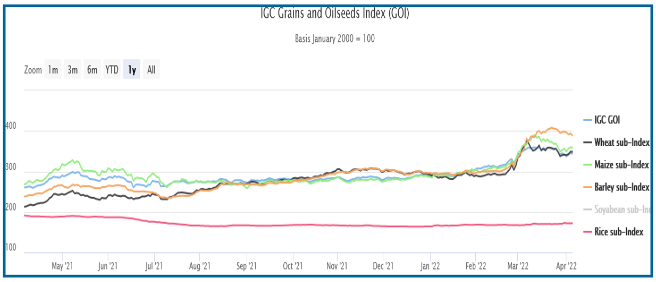
↪ Read the report here.

Global Markets: What is the Trend?

	Global Index [1] (7 Apr.)		Supply & Demand on Mar. 22 [1]: From previous forecast (M/M)	Supply & Demand on Mar. 22 [1]: From previous season (Y/Y)
Blé/Wheat	354	↗	▼	▼
Maïs/Maize	370	↗	▼	▼
Riz/Rice	170	↔	▲	▲
Orge/Barley	395	↗	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 (07/04/22) and the graph below.



Events

24 05 2022

IGC Webinar on 2022 grains market prospects for the Mediterranean region

The seminar will be an opportunity to share early information about the harvest forecast and a calendar for establishing potential export availabilities for milling wheat, durum wheat, barley and maize in a context of towering tensions in the Black Sea region and global grains market.

↪More information website

7-8 06 2022

IGC Grains Conference 2022: Building Resilience to Global Market Vulnerabilities (London, UK)

A global forum (this year in a hybrid format) bringing together key players from the public and private sectors event for the global leaders of grain and oilseed industry since 2004.

↪More information website