

MED-Amin

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

Black Sea Grain Initiative

Logistics and geopolitics / Page 2

Corn market and impacts on feed

Dependencies for feed needs / Page 3

Edito

The Ministry of Agriculture, Fisheries and Food of Spain, the country that will hold the Presidency of the MED-Amin Network in 2023, has the honour of hosting its ninth annual meeting, which will bring together cereal sector experts from different countries and international institutions, as well as members of the administrations of the countries that make it up, to discuss and promote greater cooperation in the face of future challenges in the cereals market. The meeting jointly organised by the Spanish Ministry of Agriculture, Fisheries and Food and the CIHEAM, will take place at the Mediterranean Agronomic Institute of Zaragoza on 22 and 23 November. For more information, refer to the [webpage](#).

The MED-Amin Mediterranean Grain Market Information Network is an intergovernmental initiative, adopted in 2014 by the Ministers of Agriculture of the 13 Mediterranean countries of the CIHEAM, which operates under the coordination and management of the International Centre for Advanced Mediterranean Agronomic Studies (CIHEAM) through its Institute of Montpellier, and with the support of international organizations like FAO and the European Commission.

The Network's objective is to contribute

to reducing market volatility by promoting greater market transparency. This function is even more relevant in the current context of increased uncertainty regarding the supply of agricultural raw materials and the energy crisis resulting from Russia's invasion of Ukraine, given that both are very important players in both markets.

Not to mention climate change as a backdrop, which poses a clear challenge to food security. This aspect is already evident in the historic episodes of drought and high temperatures experienced by different countries in the Mediterranean basin, as well as those experienced in our territory, for this marketing year 2022/23 (agricultural year 2021/22).

The concern is clear, and stems from the fact that cereals are strategic products for food security, in which many countries in the Mediterranean basin are in deficit, as is the case of Spain, which is highly dependent on foreign markets largely to supply

livestock. It is no coincidence that Spain has imported an average of almost 15 million tonnes over the last five years, mainly maize, with Ukraine being the second most important origin for this cereal.

Without forgetting that, from the point of view of internal production, the increase in energy prices, of products such as gas, has meant a higher cost of fertilisers and other inputs, which undoubtedly needs to be monitored and addressed due to its effects in terms of production and profitability.

In this context, the coordinated work of the MED-Amin network, the exchange of knowledge and experiences, and the strengthening of mechanisms to anticipate adverse market situations, can and must undoubtedly contribute to addressing these challenges more efficiently, giving to this Meeting an unprecedented importance. In addition, it comes when the extension of the Black Sea Grain initiative is under scrutiny (see the related articles in this issue).

TUNISIE

Food insecurity risk

(AlMonitor 17/09, Business News, 28/09, Tunisie Numérique, 30/09)

Alors qu'un prêt de la Banque européenne pour la reconstruction et le développement (BerD) 150,5 millions d'euros a été accordé à l'Office des céréales pour la contribution au financement de la résilience de la sécurité alimentaire, la collecte s'est limitée à environ 7,5 millions de quintaux pour une consommation nationale d'environ 30 millions. La prochaine campagne s'annonce difficile marquée par une grave pénurie d'intrants agricoles alors que les réserves en eau disponibles dans les barrages à fin septembre 2022 ne dépassent pas 32% de leur capacité globale de stockage. Dans certains gouvernorats, les prix sont montés en flèche. La plupart des produits de base utilisés quotidiennement sont épuisés. Il devient difficile de trouver du sucre, du thé, du café, de la farine par exemple. Plusieurs organisations tunisiennes craignent que la pénurie ne s'aggrave avec une inflation qui atteint 8,6 %, un taux jamais vu dans le pays depuis 1991, selon les chiffres de l'Institut national des statistiques de Tunisie.

PORTUGAL

Food inflation

(The Portugal News, 13/09)

Cooking oil and poultry registered the biggest price changes in food products since February, according to the Portuguese National Statistics Institute data, while the price of fruit rose 13.7% in the last six months. The variation in oil and fat subgroup since Russia invaded Ukraine, on 24 February, was 22.9% up to August. A 10.7% increase in the bread and cereals segment, with emphasis on other bakery products, cookies and crackers (12.5%) and bread (8.8%). Among food products, this was the second subgroup that contributed the most to the price index.

On October 29, Russia announced that it would suspend its participation in the Black Sea Grain Initiative. While Russia has since relented and has allowed exports to restart, it has signaled that it may not renew the agreement when it is scheduled to expire later this month. Such move is likely to have a negative impact on Ukraine, international grain prices and global food security.

An end of the agreement would be particularly harmful for countries that are highly dependent on Ukrainian agricultural products such as those in the Middle East and North Africa (MENA) region.

The Black Sea Grain Initiative, a UN-supported agreement between the Russian Federation and Ukraine, was signed on 22 July. It has allowed for exports of grains and related foods to resume from three Ukrainian ports which had been effectively blocked since mid-February, first by Russian military exercises, then by mines placed by Ukraine to prevent possible sea-based attacks. Ukraine ships almost 75% of its agricultural exports through the ports on the Black Sea - about half of them through the three ports covered by the initiative.

Over 9.3 Mt of grains, oilseeds and other foodstuffs have been exported under the agreement. The deal has allowed Ukraine to more than double its exports compared to the period prior to the signing of the agreement, significantly easing pressure on regional markets and on Ukrainian farmers unable to move their products.

Terminating the agreement now will pose significant problems for Ukraine and its customers. The sustainability of the 120-day agreement has been uncertain since its inception, with Russia being critical of it from the start. Among other things, Russia has claimed that the deal would mainly benefit high-income countries. However, this criticism fails to account for distortions in export patterns caused by the war. When the deal took effect, maize exports swelled (4 Mt from August to October vs. 1.36 Mt for the same period in 2021).

Both European and MENA countries saw their maize imports increase dramatically during this period and received roughly the same proportions as in 2021. Meanwhile, some of the poorest

countries, in particular in Sub-Saharan Africa, have received the same share as last year in wheat exports. In addition, about 150,000 tonnes of wheat have been exported through the World Food Programme to poor countries in the Horn of Africa and to Afghanistan.

Before Russia's temporary suspension of the deal, market prices for wheat, maize and other commodities had stabilized at pre-war levels; however, they remain 50% higher, or more, than January 2020 levels. As evidenced by soaring futures markets following the suspension, a definite end of the deal will likely increase pressure on world food prices, especially for wheat, and immediately disrupt key grain supplies for MENA countries that were benefiting from the resumption of Ukraine exports.

Effects for Ukrainian farmers would be particularly deleterious as they would likely see lower domestic prices, which would create further disincentives to plant for next crop year. A drop in 2023 production would mean the third straight year of disruptions to the Ukraine wheat crop. As Ukraine has typically accounted for about 10% of global wheat exports prior to the war, the effect on global markets is akin to back-to-back droughts over three years in a major wheat-producing region, and it likely means that global stocks will not recover for at least another year. Tight stocks mean continued high prices and volatile markets.

The termination of the Black Sea Grain Initiative would be a setback for efforts to reduce the impacts of the war in Ukraine on global consumers and preserve food security. That is why the Ministries of Agriculture of OECD Member Countries [declared on 4 November 2022 in Paris the need to strengthen this corridor](#).

The short-run effects would include higher international food prices and a continued disruption in trade patterns for those countries that have depended on Ukraine for grain and oilseed imports. The suspension would hurt Ukraine's producers, meaning that market disruptions will continue to have global impacts into 2023 and possibly beyond.

➔ Read the [full article](#).

Medium-term evaluation of the 4% initiative under conventional tillage (2022)

J. Aguilera-Huertas, et al., *Environmental Research, Volume 215, Part 3, December 2022, 114382*.

This study aims to show the effect of conventional tillage (CT) in olive orchards in the medium term (15 years) on carbon (C) storage considering the complete soil profile, on the soil C sequestration and stabilisation capacity and on the viability for the achievement of Objective 4%.

The results obtained showed important losses in soil organic carbon (SOC) and SOC stock

(SOC-S), with a significant loss of total SOC-S of 42.3%. Concerning the SOC and the SOC-S linked to the fine soil fraction (<20 µm), the evolution over time led however to a SOC increase in depth (BC and C horizons) of 58.3% and 20.9% and increases in SOC-S of 17.2%, 34.7% and 27.3% for the Ap, BC and C horizons, respectively.

Finally, it was seen that the goals set by the 4% initiative were not met, as losses of 2.1 Mg C ha⁻¹ yr⁻¹ were found when considering the

entire soil profile and 0.8 Mg C ha⁻¹ yr⁻¹ when considering only the first 40 cm. Therefore, we can affirm that medium-term CT has not only conditioned C storage in the soils studied, but also their capacity for sequestration and stabilisation, which has repercussions not only on the failure to meet the objectives of the 4% initiative, but also on the amount of C lost in 15 years.

➔ Read the [full article here](#).

Drought and war in Ukraine dampen maize harvest in Europe and compel its feed sector

Extract from the article of *El Periodico de España*, 10 October 2022.

Corn will continue to be sold at unusually high prices in the coming year, according to data from the harvest, which is already concluding across the northern hemisphere. Spain is a net importer of cereals to cover the food needs of its huge livestock herd, but corn is by far the grain on which we have greater external dependence, importing more than 9.5 Mt annually.

The start of the Conflict in the Black Sea sent the price of maize soaring last February, a rise that has been only partially corrected in recent months, especially since the European Commission liberalized fallow to allow farmers in member states to plant crops such as maize that used to be imported from the invaded country on those plots. The question is whether the "extra" hectares planted with maize – and sunflower – within the EU will cover the amount that Ukraine cannot contribute this year or if, on the contrary, suppliers will have to be sought in third countries.

The markets already ventured at the beginning of the summer that Ukraine would not be able to meet the demand as it had been doing in previous years. The war, the lack of manpower due to the mobilization of young people at the front and the occupation of several provinces by the Russians resulted in a significant reduction in the amount of cultivated area in this country.

Experts and analysis from satellite image reflect that spring planting has occupied a third less area than in the previous year. According to the Ukrainian Ministry of Agriculture, the corn harvest stands at 27 million tons, compared to 42 Mt harvested in 2021, a 35% drop. In a typical year, Ukraine was the sixth largest producer of corn globally, but it was the first on the European continent and the main seller of this grain to

EU countries.

Another added difficulty is in the transport of raw material from the country at war to its destinations. Seaports blockades and new risks on sea routes does not inspire confidence in importers, even after the corridor agreed by the two countries and Turkey to allow the evacuation of ships loaded with grain to the Mediterranean Sea.

That is why alternative means of transport have been sought. Renfe and the Ministry of Transport, Mobility and Urban Agenda mobilized a train that loaded 600 tons of corn on the border of Poland with Ukraine to travel 2,400 kilometers by rail to Barcelona. On the other hand, the aforementioned maritime corridor allowed the arrival in Barcelona of two ships with 63,000 tons of corn and 27,000 tons of barley.

Meanwhile, in Western Europe, drought has reduced harvests, and sown fallows have not compensated for climate-related losses. In Spain, for example, the production of this cereal has fallen by 30% compared to the previous campaign. This crop depends on irrigation, which has suffered restrictions in several river basins of the Iberian Peninsula.

This scenario inside and outside Ukraine explains why the price of corn has not fallen in international markets eight months after the start of the war. On the Chicago commodity exchange, corn futures for December traded this week at \$ 683 per 5,000 bushels, prices similar to those of February, although lower than those of April and May, when highs of around \$ 900 were reached. Transfer of higher corn prices to meat prices is most probable, in particular in Spain as corn supplies mainly its feed industry.

➔ Read the [full article](#).

Other articles:

- **Politique agricole, Etats-Unis VS Europe : la souplesse et l'efficacité face à la rigidité et au repli** (*Agriculture Stratégies*, 12/09) ➔ [Article](#)
- **Sept points clés pour améliorer la sécurité alimentaire mondiale et la nutrition** (*FAO/CSA*, 15/07) ➔ [Article](#) et [Note correspondante](#)

FAO Food Index ↔

(FAO, 04/11/2022)

The **FAO Food Price Index** averaged 135.9 points in October 2022, virtually unchanged from September, with the price indices of all the covered commodity groups, except cereals, down month-on-month. The **FAO Cereal Price Index** averaged 152.3pts, +3% from September and +11.1% versus its value a year ago. International reference prices of all the major cereals were up M/M. World wheat prices rose by 3.2%, mostly reflecting continued uncertainties related to the Black Sea Grain Initiative. Tighter supplies in the US, following a downward production revision, also contributed to the firmer tone in markets. International prices of coarse grains increased by 3.5% M/M led by a 4.3% rise in world maize prices. The maize price increase was underpinned by lower production prospects in the US and the EU, along with dry planting conditions in Argentina and uncertainty about the continuation of Ukraine's exports. Meanwhile, world barley prices increased only marginally (+0.3%), with higher global supplies stemming from better production prospects in the EU. International rice prices remained on an uptrend in October (+1%), as the bulk of new crop arrivals were still forthcoming in Asia along with low world demand.

RICE

Good for global supplies

(*World Grain*, 26/10, *Agriculture Stratégies*, 27/10)

The arrival of the new crop in some major exporters has triggered an easing in rice prices. With global rice stocks high, even the expected drop in the harvest due to bad weather conditions and the decision of India to ban the export of broken rice on 9 September, and apply a 20% tariff on the rest of the rice exported did not seem to be a cause for concern.

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>

Global food-miles account for nearly 20% of total food-systems emissions (2022)

M. Li, et al., *Nature Food* volume 3, pages 445–453 (June 2022).

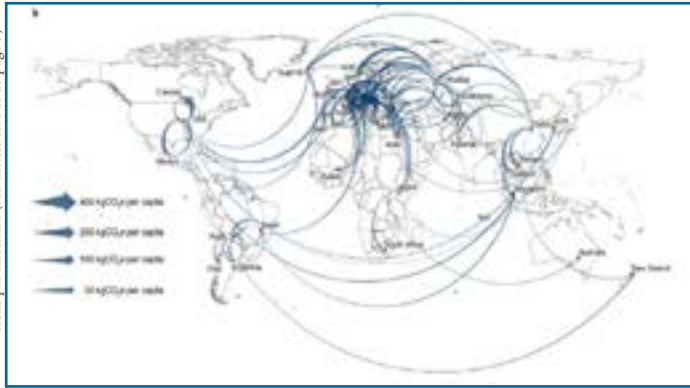
Food trade plays a key role in achieving global food security. With a growing consumer demand for diverse food products, transportation has emerged as a key link in food supply chains. We estimate the carbon footprint of food-miles by using a global multi-region accounting framework. We calculate food-miles based on the countries and sectors of origin and the destination countries, and distinguish the relevant international and

domestic transport distances and commodity masses. When the entire upstream food supply chain is considered, global food-miles correspond to about 3.0GtCO₂e (3.5–7.5 times higher than previously estimated), indicating that transport accounts for about 19% of total food-system emissions (stemming from transport, production and land-use change). Global freight transport associated with vegetable and fruit consumption contributes 36% of food-miles emissions—almost twice the amount of greenhouse gases released during

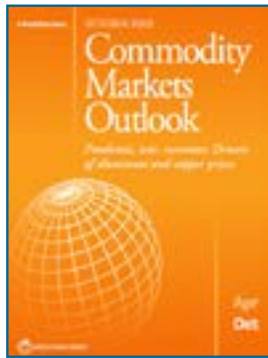
their production (*see the graph at top of last page*). To mitigate the environmental impact of food, a shift towards plant-based foods must be coupled with more locally produced items, mainly in affluent countries. Reducing the consumption of animal products would significantly reduce emissions from the agricultural sector, but their replacement by plant products would have to take into account the modalities of supply, while considering the sustainability of production conditions.

➔ Read the [full article here](#).

Top 100 des flux d'échange bilatéraux associés à la consommation globale alimentaire, selon les émissions par habitant. (ref. article en bas de page 3)



Commodity Market Outlook World Bank Report, October 2022



The shrinking value of the currencies of most developing economies is driving up food and fuel prices in ways that could deepen the food and energy crises that many of them already face, according to the World Bank's latest Commodity Markets Outlook report.

The outlook for commodity prices is subject to many risks. Energy markets face significant supply concerns as worries about the availability of energy during the upcoming winter will intensify in Europe.

Higher-than-expected energy prices could feed through to non-energy prices, especially food, prolonging challenges associated with food insecurity. A sharper slowdown in global growth also presents a key risk, especially for crude oil and metals prices.

"The forecast of a decline in agricultural prices is subject to an array of risks," said John Baffes, Senior Economist in the World Bank's Prospects Group. "First, export disruptions by Ukraine or Russia could again interrupt global grain supplies. Second, additional increases in energy prices could exert upward pressure on grain and edible oil prices. Third, adverse weather patterns can reduce yields; 2023 is likely to be the third La Niña year in a row, potentially reducing yields of key crops in South America and Southern Africa."

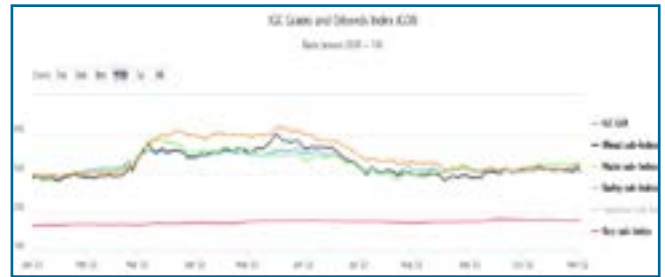
➔ Read the [Full Report here](#).

Trends on Global Markets

	Supply & Demand in Oct. 22 ¹		
	Global Price Index ¹ (Oct. 2022)	From previous forecast (M/M)	From previous season (Y/Y)
Blé/Wheat	309 ↗	↔	▲
Maïs/Maize	321 ↗	↔	▼
Riz/Rice	180 ↗	↔	▼
Orge/Barley	310 ↔	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) and the graph below.



Events



- 9th Réunion Annuelle MED-Amin (CIHEAM Zaragoza, Spain)**
Le Ministère espagnol de l'Agriculture, de la Pêche et de l'Alimentation (MAPA) et le CIHEAM réuniront les décideurs des pays méditerranéens et des organisations internationales ainsi que les opérateurs céréaliers, afin de discuter des opportunités pour renforcer le système d'alerte précoce en Méditerranée.
➔ Réunion hybride, [page web](#)
- IGC Webinar on Black Sea Region (online, 11 am to 4.30 pm UK time)**
IGC members and non-members country representatives; private sector; academics are invited to discuss on how to reintegrate all the category vessels into the Black Sea, the investment needs for the deep sea ports as well as investments needed in the region's agri-food sector.
➔ Registration [Link](#)



CIHEAM
International Center for Advanced
Mediterranean Agronomic Studies

MED-Amin

Coordination

CIHEAM Montpellier

➔ contact@med-amin.org

Site Web

➔ <http://www.med-amin.org>