

# Meeting summary

30 September 2019

- o The eighth meeting of the Crops Market Observatory (CMO) took place on 30 September 2019, chaired by Mr Michael Scannell, Director for Agricultural Markets. It gathered the representatives of organisations from all sectors of the cereals, oilseeds and protein crops supply chain.
- o The meeting started with the presentation of the current market situation and developments for cereals and oilseeds crops. On the agro-weather conditions some concerns were reported on summer crops, especially for maize in Eastern Europe and rapeseed sowing in Germany. No other major concerns were reported by the Board. With regard to the cereals market, the Board confirmed the lower share of maize in the compound feed composition for the current marketing year due to higher competitiveness of wheat and barley. The use of maize is also expected to decrease as a feedstock in the bioethanol sector in the coming months for the same reasons, following its massive use until recently. With regard to oilseeds market the Board expressed some concerns on the future of EU rapeseed crop. EU rapeseed production is under pressure from weather events, restrictions on uses of pesticides, poor prices and high competitiveness of imports. According to the experts, it is highly probable the EU rapeseed production will not regain the levels seen in recent years. Farmers have concerns on how much area will still be dedicated to this crop and which crops could replace it in rotations. However, certain experts see some possible interesting price developments in the oilseed market at the beginning of 2020 due to strong demand for oils from the biofuel sector.
- o The meeting continued with a presentation focusing on the oat market. Though relatively small, the oat market is very dynamic, characterised by substantial intra-EU trade. Oats is a cereal used both for feed and food purposes. In the last years, the oat market has increased its share in the feed sector as a substitute of maize and experts consider that the use of oats both in feed and food could increase in the next two - four years. In the EU, oats production is characterised by considerable differences in yields levels between northern Europe, usually achieving higher yields, and southern countries more exposed to dry conditions, which are not ideal for oats production.
- o For the third point of the agenda COCERAL's experts highlighted current global ample supply for all cereals. Concerning the oilseed complex, both the US-China trade dispute and the African swine fever in Asia continue to have a strong impact on the market. It was also highlighted that the oil demand for biofuels will continue to have an important role in defining the current trade flow (in particular the level of the EU import demand for rapeseed). COCERAL's experts also emphasised the importance of logistics for competitiveness in the global market. While significant investments were made in logistics in the Black Sea region, investments in the EU are lagging behind and equipment is ageing and needs renewal. The consequences are clearly visible in the continued growth of Black Sea share in the global trade. Other elements affecting the trade performance noted by the experts are non-tariff barriers mainly related to sustainability and phytosanitary issues.
- o Finally, experts were also updated about the draft EU Feed Protein Balance Sheet for the 2018/19 marketing year. In view of its publication in the coming weeks, the Board was invited to provide as soon as possible the observations and suggestions for improvements. The experts welcomed the draft balance sheet and took the opportunity to invite DG AGRI to explore the possibility to publish in a future regular forecast of the balance sheet (like it is already the case for the cereals and oilseeds balance sheets). Some experts would also welcome the inclusion of the synthetic amino acids in the balance sheet, though conscious about the difficulties to gather data on this specific product.
- o The date for the next meeting of the CMO Economic Board will be decided in the coming weeks.