



## Meeting summary

13 May 2020

- o The ninth meeting of the Crops Market Observatory (CMO) took place on 13 May 2020 through videoconference. Ms Silke Boger, Head of Unit, DG AGRI Unit G.4 chaired the meeting.
- o Mr Michael Scannell, Director, DG AGRI Directorate G, opened the meeting with a wider political context and outlined the exceptional measures the Commission has taken to support the EU agricultural and food sectors to reduce the impact of the Covid-19 crisis. He also informed the state of play of other important Commission initiatives, such as the Farm to Fork strategy.
- o The first point of the meeting was dedicated to an update on agro-weather conditions. The Commission highlighted that recent rains brought some relief in the Benelux countries, DK and SE; however, more rain is needed. Rain deficit conditions prevailed in DE, PL, parts of BG and RO and by now expanded further into Central Europe. Board members added that low temperatures in DE somewhat limited the impact of a lack in soil moisture, while recent snow and below zero temperatures in the Baltics possibly affected rape in full blossom.
- o The meeting continued with presentations focusing on world and EU outlook for crop year 2020/21. Members agreed that barley and maize supplies are expected to be very comfortable for next year both, globally and in the EU. At the same time, there are weather-related risks for the wheat market, which could become even tighter if harvests in the EU and/or the Black Sea fall behind current forecasts. As regards oilseeds, globally, soya bean production is forecasted to be sufficient due to a record production projected in 2020/21. EU rapeseed production is expected to modestly recover from poor output in the previous crop year.
- o The discussion focussed on the demand side of the markets. Some Board members highlighted a decreasing outlook for EU feed demand: on average by about 5% in 2020, particularly in more export-oriented meat producing Member States (e.g. Poland). Due to its short production cycle, the reduction is highest in poultry sector.
- o Due to reduced beer consumption linked to the lockdown, demand for malting barley is expected to decrease by 10%. Ample supplies of cheap maize added pressure on the barley market, with prices further declining. This makes barley more attractive to be used in feed and for bioethanol production.
- o The market situation improved for bioethanol with production levels now estimated at around 2/3 compared to before the Covid-19 crisis, while it had dropped to 50% at the midst of the pandemic. An increasing demand of disinfectant products helps bioethanol finding its outlets. With a gradual recovery of the transport sector, biofuel demand could also rebound again in countries gradually lifting the lockdown.
- o As regards the sun oil market, it is heavily impacted by the closure of the food service sector using significant quantities of high-oleic sunflower oil for frying. Normally, high-oleic sunflower seeds are sold at a premium over the standard quality (normally used for home cooking only). There is no possibility of substitution or mixing of different types of oils since national food legislations based on CODEX standards do not permit such practices. Therefore, the increased demand at retail level for regular sun oil must be met through imports while EU produced high-oleic sun oil outlets are lacking.
- o At the beginning of the lockdown measures, stakeholders had identified logistics the main problem for crops markets. By now, the situation has significantly improved and the EU single market functions nearly as good as prior to the crisis.
- o As a last point, the Commission informed Board members about its preparations of a new version on the EU feed protein balance sheet for 2019/20. Members were invited to share data on protein feed components used this season for feed purpose in the EU.
- o Next meeting of the CMO Economic Board is planned for early July 2020, however members discussed the possibility to organise a specific meeting earlier.