



Meeting summary

4 October 2021

- o The fourteenth meeting of the Crops Market Observatory (CMO) was held on 4 October 2021 through videoconference. Ms Caroline Jeandin, Acting Head of Unit, DG AGRI Unit G.4 chaired the meeting.
- o Regarding agrometeorological conditions the Commission highlighted that drought persisted in parts of Italy, as well as Bulgaria, Hungary and western Romania, negatively impacting yield prospects of summer crops. In contrast, abundant rainfall in Germany and Poland hampered harvests and delayed winter sowings.
- o With regard to global cereals markets, the Commission presented the latest outlook of the International Grains Council (IGC) for crop year 2021/22. While wheat and maize production are projected at new peaks, barley output is expected to decline, mainly due to a disappointing Canadian harvest. Despite the record harvest and estimated second largest stocks, supplies are expected to be very tight for wheat, as inventories in the eight major exports are forecast decreasing to a nine-year low.
- o Concerning barley markets, COCERAL commented that due to trade tensions between China and Australia, demand for French barley remains very strong from China. Chinese importers were ready to pay higher prices for EU barley, which has diverted EU exports to China from other traditional markets, in particular Saudi Arabia. Significant Chinese imports also created a "separate" market for EU barley, which is eligible for being shipped to China. The EU malting barley harvest was rather disappointing due to poor quality, which pushed prices significantly higher.
- o Despite the variable grain export tax scheme, and rumours about imposing potential export quotas for 2022, Russia is expected to export all of its surplus wheat production according to COCERAL. Overall, cereals markets are currently very tight and substitutions in feed ratios are very difficult.
- o COCERAL also reported about very tight oat and rye markets given low harvests in the major producing countries.
- o FEFAC informed about very difficult situation in the pig sector, which suffers from the very high input costs and exhausted its buffering capacity to absorb increasing feed prices.
- o The Commission presented its latest outlook for the EU-27 cereals supply and balance situation for marketing year 2021/22. Boosted by larger all-wheat (139 million tonnes; +11.9% year-on-year) and maize (68.8 million tonnes; +5.3%) harvests, total cereals production is forecast at 292.2 million tonnes (+5.1%).
- o Benchmark EU cereals prices stabilised or increased moderately during last month, however increased significantly on an annual basis.
- o Concerning oilseeds, the Commission presented the outlook for global supply and demand for 2021/22. World oilseeds production is projected at a bumper 629 million tonnes, boosted by record soya beans (380 million tonnes) and large sunflower seed harvests (57 million

- tonnes). In contrast, rapeseed production fell by 5 million tonnes from last season, as drought severely affected Canada.
- o EU oilseeds production in marketing year 2021/22 is forecast at 30.4 million tonnes (+9.8% year-on-year). The increase reflects a sharp recovery of sunflower seed output from last season (+19.5%). Rapeseed area is estimated at 5.3 million hectares, up 3.1% from last year, however 7.6% below the five-year average. As regards prices, increasing demand from EU crushers and lower than expected Canadian canola production should support high European rapeseed prices.
 - o Board members expressed their worries, that despite very high market prices of rapeseed, farmers are unlikely to expand considerably planted area due to concerns for limited choices of plant protection, adverse weather conditions, the absence of new varieties and competition for land from other arable crops.
 - o As for protein crops, the Commission presented the last update of the EU protein crops balance sheet for the current marketing year with increased forecast production compared to June (+250 000 tonnes), reflecting higher broad beans and sweet lupins output.
 - o Regarding the significantly increasing fertiliser prices, participants agreed that this market development, mainly linked to a sharp increase of natural gas prices, poses a major risk for the 2022 cereal harvests, due to tight supplies but also for reduced utilisation by farmers. Potentially it could lead to increased spring sowings with farmers hoping for lower fertiliser prices in a few months.
 - o The next item related to the durum wheat markets. The Semouliers presented their association, as well as current market developments and the short-term outlook for durum wheat.
 - o Traditionally, EU durum wheat production is not sufficient to fully cover domestic needs, neither for quantitative, not for qualitative reasons. Imports are therefore indispensable with Canada and the US being the largest suppliers. However, global production, mainly due to drought-hit poor harvests in Canada and the US, is expected to decrease considerably. This, coupled with low stocks have pushed both international and EU prices sharply higher. Supplies are expected to be very tight, and even an interruption of supplies cannot be excluded.
 - o Board members commented that durum wheat growing remains a very risky crop for farmers due to high level of uncertainty of both quantity and quality. Most of purchasing transactions are taking place on the physical market and hedging the financial risks is still not possible, although the launch of durum wheat futures trading later this year on the Euronext might improve this aspect. Copa-Cogeca underlined that it is very difficult to contractualise this crop.
 - o Board members added the importance of developing crops insurances to cover the production risk linked to durum wheat.
 - o The following presentation was about "The Legume Hub", which is a platform dedicated to sharing knowledge and successful practices across value chains, from plant breeding, on-farm activities, through to processing and consumption.
 - o After explaining the role of legumes in the agri-food system, the representative of the Legume Hub explained that the EU is about 70% self-sufficient in arable plant protein, and increasing local production could further reduce import dependence, as well as benefit the environment through reduced fertiliser application. The Legume Hub is a community owned, multilingual, multimedia knowledge platform, which has received funding from the European Union's Horizon 2020 research and innovation programme. It shares information on legumes, stimulates interactions within the community and supports networking. Members of the platform use Delphi method to assess opportunities and constraints for legumes value chains.
 - o The next item also related to plant proteins. Experts of the Euroseeds, the association representing the EU seed sector, have presented the main objectives of their position paper on EU protein. In their introduction, Euroseeds experts listed the main challenges of the European protein plants production.
 - o In order to address successfully those challenges, Euroseeds considers important to set a stable, long-term strategy at EU level, which can provide the necessary timeframe for breeders to develop more productive varieties of plants proteins, which are also better adapted to local growing conditions.
 - o The next formal meeting of the CMO Economic Board is tentatively scheduled for 3 May 2022.