

meeting summary

3 December 2018

- o The fifth meeting of the Crops Market Observatory (CMO) took place on 3 December 2018, chaired by Mr Michael Scannell, Director for Agricultural Markets. It gathered the representatives of organisations from all stages of the cereals, oilseeds and protein crops supply chain.
- o The meeting started with a very short reminder by DG Agri on the content of the CMO webpage. After that, the experts were invited to make proposals on possible improvements to the existing information and on new information that could be added to further foster transparency in the cereals, oilseeds and protein crops markets. Some experts suggested complementing the currently available information with more historical data and with market forecasts. Other experts have proposed to include more information on stocks data and on organic products. DG Agri took note of the requests and kindly invited experts to indicate possible additional sources that could be used for this purpose.
- o The meeting continued with two presentations on the food uses of cereals. The expert representing the European Flour Millers association gave the first presentation. Two points of particular interest emerged during the discussion: first, the challenges in establishing suitable hedging tools, which help protect profit margins in the sector; second, the developments of the organic flour market being still considered to be a niche market. The second presentation on the food uses came from the expert from the UE Semouliers Association providing an overview of the EU semolina industry with respect to the domestic market and challenges in the global market. The Board discussed in particular that only 57% of industry capacity is used, the sector relies mainly on physical market with scarce possibilities of price hedging and the fact that for example in Italy 'cultivation contracts' are used in order to increase the capacity utilisation rate of the pasta industry.
- o Board members devoted a significant part of the meeting to an exchange of views on the current market situation and developments on the cereals, oilseeds and protein crops. With regard to cereals, the Board confirmed that the relatively high feed wheat and barley prices have affected feed ratios, whose share of maize have increased to the extent possible. In terms of trade evolution, it was highlighted that the intra-EU trade flows have been considerably impacted by the summer drought, first through a regional shift of grains availability and second through logistical disruptions caused by low water levels of inland waterways transportation. This situation has created significant congestions in alternative means of transportation, such as railways and roads. A strong increase in transport costs and delays in deliveries are problematic for all actors in the supply chain.
- o Concerning cereals trade, experts were confident that this marketing year EU maize imports will again beat the record, reaching over 20 million tonnes. Discussion continued with the analysis of the oilseeds market, the Board commented on the rapeseed winter sowings in autumn 2018, also heavily impacted by the prevailing dry conditions in main producing Member States. The area lost will be mostly dedicated to winter wheat, barley, or maize. As regards trade, it is confirmed that US soya beans remains the preferred origin for EU imports. On non-GM soya beans, the board confirmed that for the moment the EU demand for this product is well covered and supplied mainly by EU origin.
- o Finally, experts were informed about the Commission report on the Development of Plant Proteins in the European Union, adopted on 22 November and discussed during a conference co-organised with Austrian Presidency. Board Members welcomed the publication of the report, which in their view provides accurate overview and appropriate areas for further action. One expert suggested that the Commission's ongoing work on protein should enlarge its scope to get a comprehensive picture by including other protein sources, e.g. co-products of the starch and biofuel industries.
- o The next meeting of the CMO Economic Board is scheduled for 3 April 2018 (tentative date).