

Meeting summary

5 July 2019

- o The seventh meeting of the Crops Market Observatory (CMO) took place on 5 July 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 an exchange of views on the market transparency initiative in the food supply chain, with a particular reference to the cereals and oilseeds markets. After a presentation of the main elements of this initiative, DG AGRI also presented the relevant inputs provided through the feedback mechanism from main cereals stakeholders. The comments received concerned mainly the frequency of the data notification, relevance of this new data collection for already relatively transparent markets and the extension of this initiative to niche markets. All in all the Board welcomed this initiative to foster market transparency; however some concerns were raised in relation to the quality of the data collected. In this respect, the Board emphasised the necessity of a precise definition of the data to be notified. The board's members also suggested to extend the scope of the initiative to input costs evolution which are crucial to understand the drivers behind farmers' economic profitability.
- o Experts were also updated about the "EU Feed Protein Balance Sheet", in particular on the EU self-sufficiency per protein source. In view of the preparation of the 2018/19 balance sheet, the Board was invited to provide suggestions on new data sources, on possible further extension of the protein sources coverage and on new classification. The Board suggested adapting the protein content of various crops/products depending on the actual level observed in a particular year
- o The meeting continued with the presentation of the current market situation and developments for cereals and oilseeds crops. Concerning the recent heatwaves affecting most of Europe, the Board commented that for the moment there were no major concerns for winter crops, while some concerns were raised for spring wheat and spring barley. However more precise estimates will only be available in the coming weeks. With regard to cereals market, the Board focused the discussion on the trade flows expected for the current 2019/20 marketing year (MY). Maize imports in the current MY are expected to return to more traditional levels due to wheat regaining share in feed ratios. Wheat exports are forecasted at the level of 24-25 million tonnes, while barley exports are expected to increase due to high demand from China driven by on-going US-China trade tensions. As in previous years, EU wheat and barley exports will be highly impacted by strong competition from the Black Sea region. In particular, the risk that Russia could enter traditional EU export markets was considered real and imminent, especially for Algeria. Alternative opportunities for the EU in South-West Africa markets could be explored. With regard to the oilseeds sector, the Board is of the opinion that the 2019/20 EU rapeseed production could be even lower than the Commission's forecast of 18.7 million tonnes. According to the experts, one of the main issues concerning this low production level was related to the restriction on the use of Plant Protection Products (PPPs), especially nio-nicotinoids, in Europe. In response to the low production, the EU would import more rapeseed mainly from Ukraine, as well as canola from Canada where such restrictions do not apply.
- o Finally, ePure's expert presented an overview on the industrial uses of cereals with a focus on the European bioethanol sector. The presentation highlighted the great contribution of the industry to the supply of high quality non-GMO protein feed for the European animal sector. The existence of the biofuel outlet offers flexibility for farmers and the feed industry. It also benefits the environment allowing for more options of crop rotation in the field. Due to the very attractive and competitive maize price in 2018, the share of this cereal as feedstock for the EU bioethanol production was much higher than traditionally. The use of E-10 petrol (petrol with 10% incorporation of ethanol) has been increasing considerably in the last months.
- o The next meeting of the CMO Economic Board is scheduled for 30 September 2019 afternoon (tentative date).