



# Meeting summary

1 July 2024

- o The twenty-fourth meeting of the Crops Market Observatory (CMO) was held on 1 July 2024 as a hybrid meeting. DG AGRI Unit E.4 chaired the meeting.
- o First, Commission representatives provided updates on the global and EU cereals, as well as oilseeds markets.
- o The global outlook was based on the latest Grain Market Report of the International Grains Council (IGC). IGC projects **total world grains** production at 2,312 million tonnes (+0.6% y/y) in **2024/25**, potentially a new record. Similarly, total use is expected to climb to a new peak of 2,321 million tonnes (+0.5% y/y). Mostly linked to worsening Russian crop prospects, the global **wheat** production forecast has been lowered during past two months and is currently seen unchanged y/y at 793 million tonnes. Wheat consumption is expected to decrease for the first time in six years, reaching 800 million tonnes (-0.7% y/y). Despite a smaller harvest, Russia will probably remain the leading exporter with 43 million tonnes (-20% y/y), followed by the EU (-5%).
- o Reflecting more normal weather conditions in Canada, world **durum** harvest is forecast to reach a six-year peak of 35 million tonnes (+12%) in **2024/25**.
- o Projection of the **2024/25** maize output is more tentative at this stage as harvesting of the 2023/24 crops is still on-going in South America. IGC projects world **maize** production at 1,223 million tonnes (-0.2% y/y) in the new season, slightly below the record of 2023/24. Including new peaks both for feed (737m t) and industrial (317m t) uses, total demand is seen climbing to a new all-time high of 1,228 million tonnes (+0.8% y/y). Closing stocks are expected to return to normal levels in Ukraine, assuming a continued functioning of the humanitarian corridor.
- o **Cereals prices** increased considerably in May, mostly caused by reduced production forecasts for wheat in Russia but also for maize in Argentina. However, prices fell sharply in June as forecasts stabilised or even improved for Russia, while wheat harvests progressed rapidly in key growing regions, in particular the US. Decreasing Russian grain stocks and a temporary wheat import ban introduced by Türkiye added to the negative trend. Accelerating harvests in South America and good prospects in the US will weigh on maize prices.
- o Concerning the EU cereals market, discussion focussed on **MY 2024/25**. According to first projections, the Commission estimates the EU cereals production at **274.7 million tonnes** (+1.8% y/y but 2.2% below the five-year trimmed average), including 121.9 million tonnes of soft wheat, 53.4 million tonnes of barley and 64.8 million tonnes of maize. Regarding the 2024/25 balance sheet, the Commission forecasts total use of cereals at 257.1 million tonnes, incl. 156.9 million tonnes for feeding.
- o As for **trade**, total imports in **MY 2023/24** are currently forecast at **33.0 million tonnes**, incl. 18.5 million tonnes of **maize** and 9.5 million tonnes of soft **wheat**, mainly of feed quality wheat from Ukraine. EU cereals exports are expected to reach 48.4 million tonnes, incl. 33.0 million tonnes of soft **wheat** and 9.5 million tonnes of barley.

- o **SEMOULIERS** reacted on durum wheat supply and commented on the presented comparison of forecasts of the 2024/25 production. They see a difference between the different forecasts.  
**SEMOULIERS** explained that their forecast for durum wheat is 500 000 tonnes higher than the Commission's estimate due to higher figures for durum production in Italy, Greece and Spain. However, due to weather, quality problems have occurred in Northern Italy and France. Upon question from the Commission, they added that the minimum durum export price fixed by Türkiye does not seem to have a big impact on market prices.
- o **CEJA** added that Italian durum production is in line with the Commission's lower forecast of 3 million tonnes due to drought in Sicily, but good quality is expected in the south.
- o **European Flour Millers** explained that the wheat quality is indeed an issue and commented on the lack of high-quality wheat in Europe but wheat quality premiums softening recently.
- o **FEFAC** reported their 2024 forecast of 146.5 million tonnes of industrial feed production. They see a continuous drop, particularly in pig feed production due to restrictions concerning emissions and welfare rules, and an upward trend in poultry feed production due to recovering markets. In summary, FEFAC sees less than one percent drop of the feed production compared to the previous year.
- o Discussion then continued on the **oilseeds** markets. The Commission first presented the global outlook. According to the USDA, total world oilseeds production is projected at 686 million tonnes (+4% y/y) in **2024/25**, including 422 million tonnes of soya beans, 87 million tonnes of rapeseed and 55 million tonnes of sunflower seed. More specifically on soya beans, and based on the latest IGC report, it was highlighted that global soya bean production is estimated at a record of 391 million tonnes (+4.5% y/y) in **2023/24**. Total **consumption** is also expected to reach a new record of 382 million tonnes. As for **2024/25**, the IGC projects global soya bean production to expand further, to a new peak of 415 million tonnes (+6%), with consumption also seen reaching new high at 404 million tonnes (+6%) driven by increasing demand in Asia and the three main consumers.
- o In view of ample supplies and prospects for record outturns in 2024/25, as well as rising inventories, **soya bean prices** came under serious pressure. The US Gulf price fell by over 20% in a year reaching USD 453 per tonne lately. South American origins were even lower at around USD 440 per tonne.
- o Concerning the outlook for the **EU oilseeds** sector, the Commission presented its latest forecasts for **2024/245**. Accordingly, total EU oilseeds output is forecast at 32.7 million tonnes (+0.8% y/y and +8.9% above the five-year trimmed average), including 18.8 million tonnes of rapeseed (-4.5% y/y). Adverse weather conditions in some key growing regions have negatively impacted crop prospects for EU rapeseed harvest.
- o **COCERAL** commented that they are more pessimistic as for the EU rapeseed output, which could be up to one million tonnes less than the current Commission forecast. This is confirmed by early harvest results, indicating that earlier unfavourable conditions had more important impact on crops. Other members (**COPA, COGECA**) shared this pessimistic view on yields, although quality could be slightly better than last year (**FEDIOL**), especially for oil content).
- o **FEFAC** explained the increased imports of sunflower meal this season caused by a higher price competitiveness compared to the rapeseed meal.
- o Under the next item, Commission updated members about the functioning of the **Solidarity Lanes** and **Ukrainian grain exports** to the EU and worldwide. Reopening of the Black Sea ports was a game changer these last few months permitting Ukraine to export at levels comparable to the pre-war period. Products can now more easily reach their traditional markets in Asia and Africa but also in the south of Europe. Between May 2022 and May 2024, Ukraine exported more than 140 million tonnes of grain, oilseeds and related products via the Solidarity Lanes and the Black Sea. This season (until 30 June 2024), 70 million tonnes of cereals, oilseeds and oilseeds products would be exported from Ukraine what exceeds previous expectations and forecasts and shows the big success of the Black Sea Corridor.
- o The EU has imported from Ukraine between April 2022 and May 2024 almost 42 million tonnes of cereals and more than 19 million tonnes of oilseeds. Most of the cereals were imported into Spain.
- o Looking at the destinations of Ukrainian exports over the last months, wheat is increasingly shipped to Egypt, Pakistan, Bangladesh and Indonesia, while maize to China, Egypt and Türkiye.

- o As regards production and export forecasts for Ukraine in the 2024/25 season, they are expected at lower than in the previous season but still exports could reach about 60 million tonnes.
- o **European Flour Millers** commented on the fact that big shares of Ukrainian grains are being exported to China.
- o **COPA** stressed the importance of securing the Ukrainian Black Sea corridor to maintain smooth exports to the traditional Ukrainian clients.
- o Members requested further clarifications on the functioning of the trigger volumes set in the Autonomous Trade Measures for Ukraine (in particular as regards maize imports) and on the impact on the EU imports of the measures imposing import duties on Russian cereals and oilseeds products.

The meeting continued with the presentation of a study on feeding strategies to diversify protein sources in the EU.

- o The contractor presented the main findings and the recommendations of the study which were financed by the European Commission but carried out by EEIG Agrosynergie, Areté, AFZ and CEREOPA.

The study provides a comprehensive analysis of the factors guiding the choices of farmers and other actors in the chain and of options that could be put in place to support the EU production of protein feed.

- o The feeding strategies reflect the diversity of the EU crop and livestock sectors. Throughout the EU, they are mainly driven by economic reasons, like the price of EU produced crops compared to imported crops. Farmers are also influenced by contractual arrangements, the presence of strong supply chains, legislative requirements related to specific types of farming like organic, as well as longstanding practices they are familiar with.
- o There is also a question of availability since an increase in diversification of production in the EU requires available agricultural land suitable for the needed crops. The study shows that replacing 50% of soya bean-equivalent imports would mean swapping 6.6 million hectares from other crops.
- o On the medium to long-term, the possible options to reduce import dependency can thus only be a combination of different levers and alternatives that must be competitive, available over a longer period, meet the nutritional needs of animals and be reasonably priced. Among the various courses of actions suggested, the study

mentions notably increasing the share of protein derived from grass in the ruminants' diet, support public and private research to select more efficient varieties to improve yields and better use the nutritional value of raw materials, and fund training for farmers.

At EU policy level, the study recommends temporarily increasing coupled income support within the CAP for plant protein cultivation, in compliance with WTO rules. It also mentions that CAP operational programmes and rural development funds could further support farmers and the value chains to invest in alternatives. Action at national level is necessary to complete that at EU level. According to the study, Member States could systematically include measures to support cultivation of plant proteins in their CAP Strategic Plans but also set up national protein plans.

- o The study is available on the Commission website: [https://agriculture.ec.europa.eu/common-agricultural-policy/cap-overview/cmef/products-and-markets/evaluation-support-study-feeding-strategies-diversify-protein-sources-used-different-livestock\\_en](https://agriculture.ec.europa.eu/common-agricultural-policy/cap-overview/cmef/products-and-markets/evaluation-support-study-feeding-strategies-diversify-protein-sources-used-different-livestock_en)
- o **FEFAC** welcomed the study and its findings. The report offers plenty of recommendations with which FEFAC agrees or has already mentioned them in the past. At the same time we need to be realistic that reduction in one dependency will take time and should not be exchanged for other.
- o **FEFAC** and **CEFIC** referred to the importance of amino-acid and highlighted to the challenges with their production in the EU due to high prices of raw material.
- o The next formal meeting of the EU Crops Market Observatory Expert group is tentatively scheduled for 7 October 2024.