



Meeting summary

5 October 2020

- o The eleventh meeting of the Crops Market Observatory (CMO) took place on 5 October 2020 through videoconference. Ms Silke Boger, Head of Unit, DG AGRI Unit G.4 chaired the meeting.
- o As usual, the first presentation from the Commission provided an update on the agro-weather conditions. Accordingly, August was warmer than normal in most of Europe, in particular in France and the Benelux Countries. Severe drought continued in eastern Bulgaria and Romania, and expanded to northern Greece. The drought had a negative impact on summer crops, in particular maize and sunflower.
- o The EU Commission's presentation continued focusing on the outlook for world and EU supply of cereals, oilseeds and protein crops in 2020/21.

Although world wheat production, demand and stocks are forecast at new peaks this year, there are growing concerns for tightening supplies into the next season. Due to dry conditions, 2020/21 Argentine wheat production will be less than previously expected, while the accumulation of stocks is concentrated in China and India, and are not readily available for the world market. Moreover, sowing of winter wheat is taking place under overly dry conditions in parts of the Black Sea regions. In the case of maize, production and demand are also seen at new records, however worsening growing conditions in eastern EU, Ukraine and the US led to reduced supply outlook.

Regarding oilseeds, the outlook is for a record global production (609 million tonnes) boosted by an all-time high harvest of soya beans (370 million tonnes). Driven by sustained strong Chinese demand and low stocks, prices of soya beans and other oilseeds are on an upward trend.

- o In the EU, cereals production is forecast to decrease by nearly 7% in 2020/21 from previous marketing year, to a below average level of 274 million tonnes. This decline is mainly due to a disappointing wheat harvest, as producers had to cope with unfavourable weather throughout most of the season. Due to dry conditions in late spring, wheat quality was rather good though. Maize production is also seen falling considerably compared to previous season. Severe drought is

expected to reduce the yield potential in Romania and Bulgaria in particular. Total EU cereals exports to fall sharply on reduced wheat output.

While EU oilseeds production is forecast to increase by 1% to 28.4 million tonnes from last year, this would still be about 8% below the 5-year average, mainly reflecting a rapeseed output of 18% less than the 5-year average. Several board members underlined that producers need clear signals from both, the market and legislators as oilseeds are becoming too risky a crop to grow in an economically viable way.

- o On EU animal feed use the FEFAC expert mentioned that their latest forecast indicates a Covid-19 incurred decline of -3.2%, higher than forecasted by the EU Commission (-1.0%) but lower than an earlier FEFAC forecast (-5%).
- o The EU Commission has presented its preliminary ethanol balance sheet for calendar year 2019. Based mainly on Member States' notifications, ethanol production has slightly decreased in 2019, however it remained broadly in line with preceding years. By far, cereals is the main feedstock for ethanol production in the EU (close to 80%). As for outlets, fuel use has increased by nearly 5%, while other uses declined. Total disposal increased by 1%.
- o The EU Commission has also updated the protein feed balance sheet for 2019/20 (EU-27+UK), and presented a first forecast for 2020/21 (EU-27 only) for discussion and feedback from the Board. Several members agreed to provide bilateral feedback before publication planned for November.
- o The last agenda item was on the CETA implementation experience, which to date has been beneficial for EU producers and traders. Under the CETA (Comprehensive Economic and Trade Agreement between the EU and Canada) only a few problematic issues prevail, including a recent anti-dumping investigation launched by Canada against five Member States concerning wheat gluten.
- o Next formal meeting of the CMO Economic Board will take place in early 2021.