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MED-Amin

Réseau méditerranéen d'information sur les marchés agricoles

Lasting impact of COVID on grain sector

COVID-19 & Ag. Policies / Page 2

Agricultural commodity markets

Perspective on global value chains / Page 3

Edito

The latest outlook for **world total grains** (wheat and coarse grains) production in 2020/21 has been lowered by 3 Mt m/m, to 2,227 Mt, with a cut for **maize** partly offset by increases for **barley and oats** (International Grain Council - IGC). A 6Mt downward adjustment for maize output (to a still record high of 1.16 billion tonnes) includes reductions for the USA, China and the EU, but increases for Argentina and Brazil. The figure for the world **wheat** outturn is little-changed m/m, with higher figures for Russia and Australia balanced by cuts for Argentina and Canada.

Global consumption is estimated 2 Mt lower m/m, mainly owing to a downgrade for US industrial use of maize. "While the outlook for demand is somewhat opaque because of the pandemic, there are signs that grains consumption is holding-up well," the IGC said.

The projection for **world grains stocks** is down by 1 Mt m/m to 629 Mt, as a reduced forecast for US maize inventories (-3 Mt) is nearly offset by small increases for other grains.

With upward revisions for wheat, maize and barley, the projection for total **grains trade** in 2020/21 (Jul/Jun) is boosted by 3 Mt m/m, to a record 398 Mt, an increase of 1% y/y.

Harvest and planting is moving forward in the major producing regions. As of the end of September, conditions are favourable for rice and soybeans while mixed for wheat and maize. In the northern hemisphere, spring wheat harvesting is wrapping up under favourable conditions while **winter wheat sowing is beginning under mixed conditions**. In the southern hemisphere, winter wheat conditions are mixed due to dry conditions. For maize, conditions are mixed whilst harvest draws near a close in the northern hemisphere. In the southern hemisphere, sowing has begun in Argentina. Rice conditions are favourable in all major growing areas. Soybean conditions are generally favourable except for some areas in Canada and Ukraine (see the latest [GEOGLAM Crop Monitor]). The MED-Amin network has recently published its summer **[Bulletin on planting and harvest progress]**.

At CIHEAM, and more specifically at CIHEAM Montpellier, we recently hosted virtually the final conference on food loss and waste reduction policies in the framework of the Interreg Europe project **ECOWASTE4FOOD**. Besides the presentation of the activities undertaken, this event was also the opportunity to discuss the various pathways for local and regional authorities to address food waste concerns and perspectives for action provided by the coming **European Green Deal** to reinforce regional policies and strategies against food waste.

For Mr. Placido Plaza, the Secretary-General of the CIHEAM, "Fighting against food waste is definitely a sign of our society's good health". See more details about this project and deliverables [here].

We are also happy to announce you the arrival of **Ms. Elen Lemaître-Curri** at the MED-Amin Secretariat. Agricultural economist, she joined CIHEAM-IAMM in September 2020 as deputy director. She is seconded by the French Ministry of agriculture; and will support MED-Amin Network. Her experience, as an economist at the FAO Investment Centre, and as Director of Plan Bleu for the environment and development in the Mediterranean will help in MED-Amin developments.

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MAROC

Dépendance à l'import

(AgriMaroc, 09/09)

Selon la FAO, le Maroc s'est placé au dixième rang dans les importations mondiales de blé lors de la campagne 2019/20 (4,3 Mt). Les importations de blé du Maroc devraient atteindre **au moins 5,5 Mt pour 2020/21** (9ème importateur mondial). Avec les augmentations moindres attendues en Tunisie et en Algérie, cela ferait de l'Afrique du Nord la première région importatrice de blé au monde.

EGYPT

Russia increases its influence

(Enterprise, 28/08)

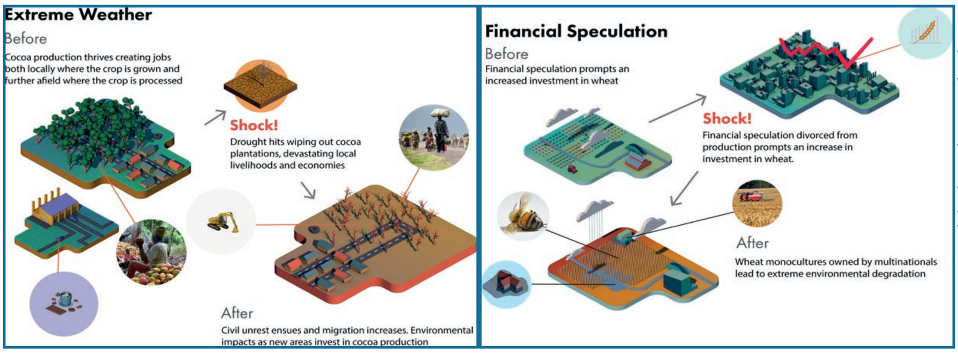
Russia's near-record harvest has allowed to sweep the competition and provide **80% of Egypt's wheat purchases** this season, nearly twice as much as the same time last year. "It's great to have such a big buyer, especially when demand elsewhere has been rather low," said Dmitry Rylko, director general at the Institute for Agricultural Market Studies (IKAR).

AUSTRALIA - CHINA

Trade tensions

(Future Directions, 08/09)

Beijing has shown that it is not afraid to **use the trade relationship for political ends**. The trading relationship between China and Australia remained steady despite increased friction in the first six months of 2020. While China is the largest single market for Australian agricultural exports (more than one-third), global demand for high-quality farm goods remains high. There are many other markets that those exports could be diverted to if the relationship continues to sour.



Two scenarios made by the study reported at the page bottom that describe different shocks to the food system.

Study sees lasting impact of COVID on grain sector

By Arvin Donley, World Grain, 24/09 ↪ Download the full article

The global grain and oilseeds sector is feeling the impact of the coronavirus (COVID-19) pandemic as it has caused ongoing trends such as deglobalization of supply chains and declining biofuels demand to accelerate while **increasing concerns about food security**, according to a recent study by food and agriculture investor Rabobank.

The report — "The Grain and Oilseed Sector in a Post-COVID-19 World" — examined potential and short- and long-term trends that could impact every link in the grain and oilseed supply chain, including producers, farm input suppliers, grain merchandisers, processors and grain-based foods manufacturers. Analysts involved identified seven areas of major, long-term change for the sector: increased government intervention; changes in consumer behavior; increased food security concerns; declining biofuel demand; deglobalization of supply chains; increasing investment in digital supply chains; and a decline in global feed demand.

Among the most impactful changes occurring during the pandemic, has been the **eating habits of consumers**. For instance, having meals outside of home in the US has dropped from 51% before COVID-19 to 5% during the lockdown. Other more specific changes have been noted, such as a dramatic surge in the demand for flour and baked foods that left grocery shelves empty.

Stephen Nicholson, the author of the study, said "During the pandemic most grocery shoppers have started buying more cereal, pasta and other grain and oilseed-related products. It changed the dynamic, and I believe every day that goes by in the pandemic cements these new habits in the consumers' mind. **Once we get past COVID, those habits will become normal**."

From a food security standpoint, the pandemic has caused many countries to **alter their grain supply chain strategy from "just in time" to "just in case"**, Nicholson said. "Countries are now thinking that if this happens again, we don't want to be short," he said. "In the case of China, they are currently **rebuilding stocks** but are also to the point where they don't want to get caught again where they have to depend on a supply chain that might be fractured during a pandemic or some other type of catastrophe." China has imported huge amounts of corn and soybeans in recent months with the intention of increasing its grain reserves. Other countries also are employing a similar strategy, which Nicholson said is a **good news/bad news situation for the grain and oilseed sector**. "It's good in the short term but long term we may have this huge inventory acting as a cloud over the market," he said. "We have to think about that going forward."

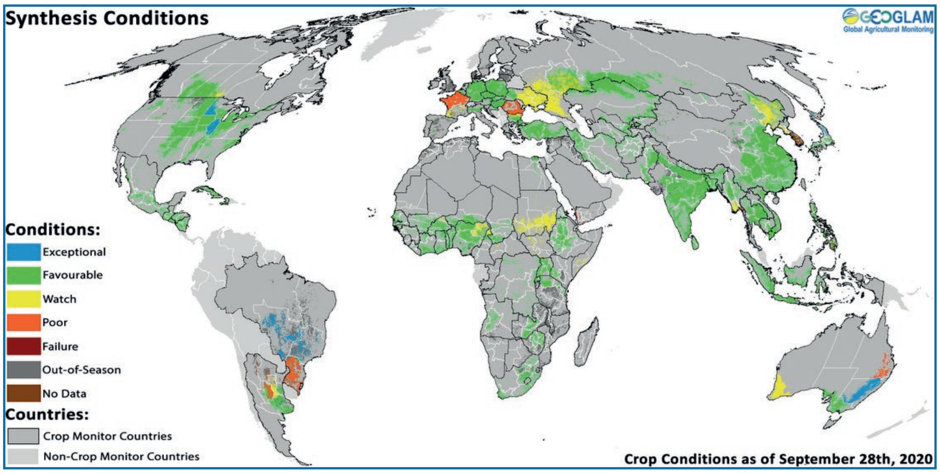
Food security, geopolitical and food safety issues also are causing the **acceleration of the deglobalization** trend that already was occurring prior to COVID-19. The world is likely to see more regional and bilateral agreements even after the pandemic ends. The report predicted that "countries will turn inward to promote domestic food production/markets and self-sufficiency and turn outward to cultivate 'favored trade partners.'" This would hurt the competitive advantage of major exporting countries and, to a certain degree, multinational grain traders, Nicholson said. "This kind of goes **back to the increased government intervention (in grain markets)** as countries want to make sure it's a situation where they don't have any sort of disruption in supply".

Exploring global food system shocks, scenarios and outcomes (June 2020)

H. Hamilton et al., Futures *Volume 123, October 2020, 102601*

Globalised food supply chains are increasingly susceptible to systemic risks, with natural, social and economic shocks in one region potentially leading to price spikes and supply changes experienced at the global scale. Projections commonly extrapolate from recent histories and adopt a 'business as usual' approach that risks failing to account for shocks or unpredictable events that can have dramatic consequences for the status quo, as seen with the global Covid-19 pandemic. This study used an explorative stakeholder process and shock centred narratives to discuss the potential impact of a diversity of shocks, examining system characteristics and trends that may amplify their impact. Through the development of scenarios (see two examples at the top of the page), stakeholders revealed concerns about the stability of the food system and the social, economic and environmental consequences of food related shocks. Increasing connectivity served as a mechanism to heighten volatility and vulnerability within all scenarios, with reliance on singular crops and technologies (i.e. low diversity) throughout systems highlighted as another potential source of vulnerability. The growing role of social media in shaping attitudes and behaviours towards food, and the increasing role of automation emerged as contemporary areas of concern, which have so far been little explored in the literature.

↪ Download the Publication.



Latest crop conditions published in the GEOGLAM Crop monitor of September 2020 for AMIS

The State of Agricultural Commodity Markets (FAO, 2020)

FAO-AMIS, Feature article of the Market Monitor N°82, Sept. 2020

Over the past twenty years, **international trade in food and agriculture has more than doubled in real value** to amount to USD 1.5 trillion in 2018. Emerging economies and developing countries are increasingly participating in these global markets; their exports have grown to more than 1/3 world total. At the same time, the composition of agri-food trade is changing. Driven by economic growth and lifestyle changes in many developing countries, trade in animal products, fruits and vegetables and processed food is gaining in relative importance.

Economic growth, lower trade barriers and improvements in transport and communication have also underpinned the evolution of global value chains (GVCs). About **1/3 trade in food and agriculture takes place within GVCs and crosses borders at least twice**, as primary commodities are initially exported to be processed into food products, which, in turn, are re-exported.

GVCs foster trade linkages that act as channels of technology and knowledge diffusion. Participation in GVCs can increase productivity at the farm and promote income growth. At the same time, **GVCs support closer links between various actors** compared with other forms of trade. In this way, value chains that are coherent with sustainability standards can help generate economic, environmental and social benefits.

Since the financial crisis in 2008 and the recession that followed, the slowdown of the global economy, and especially in emerging economies, has affected trade and GVCs. The COVID-19 outbreak and the restrictions on people's movements to contain it once again posed significant challenges to both domestic and global agricultural markets. Although agri-food trade and value chains continued to function smoothly, the **medium-term impacts are expected to further rein in economic growth and market development**. Efforts to minimize the disruption of GVCs and promote agricultural and food trade can generate both short- and long-term benefits.

Effective policies are particularly needed to support smallholder farmers. These include promoting skills development, investing in infrastructure (including digital infrastructure), and partnering with the private sector to foster technology adoption. **Innovative business models to engage with smallholder farmers**, including those related to contract farming and sustainability certification schemes, can play a significant role and transform the private sector into an agent for economic inclusion.

Against this background, digital technologies are rapidly transforming all stages of the value chains. A myriad of applications promote access to information, market participation, food quality and safety, and sustainable practices. This calls for **enhanced collaboration between all stakeholders to shape a regulatory framework which will maximize the benefits of digital technology** for food and agriculture and minimize the associated risks.

↪ Download the Market Monitor N°82 and the corresponding FAO report.

FAO Food Index ↗

(FAO, 08/10/2020)

L'Indice FAO des prix des céréales s'établit à 104 points en septembre, soit +5,1% vs m/m et +13,6% vs 2019. Cette troisième hausse mensuelle consécutive est le résultat d'une activité commerciale soutenue, et des craintes concernant les perspectives de production dans l'hémisphère Sud et les conséquences de la sécheresse sur les semis de blé d'hiver dans de nombreuses régions d'Europe, faisant grimper les prix du **blé**. Les prix internationaux du **maïs** ont aussi enregistré une progression notable, sous l'effet d'une révision à la baisse des perspectives de production, en particulier dans l'UE, et de l'important recul des disponibilités aux USA. Une forte demande à l'importation de la Chine a permis de soutenir les prix du **sorgho** contrairement au **riz** (-1,4 %) dont la demande ralentit avec le début de la récolte au Nord.

FRANCE

Commercialisation incertaine

(Terre-net Média, 24/09)

Commercialiser moins de grains (mais de bonne qualité) dans un contexte pandémique qui bouscule les besoins de certains pays : tel est le défi de la France pour cette nouvelle campagne de commercialisation de ses blés. Le **volume exportable est estimé à 6,6 Mt**. La campagne s'annonce atypique et incertaine, avec un potentiel de débouchés inédit vers la Chine, et une concurrence russe vers l'Algérie, le premier client de la France.

SCOOPS

Pour plus de news sur les marchés céréaliers, suivez le Scoop.It MED-Amin !

A retrouver sur :

↪ www.scoop.it/t/med-amin

et le site web de MED -Amin :

↪ http://www.med-amin.org

Spatiotemporal analysis of rainfed cereal yields across the eastern high plateaus of Algeria (Sept 2020)

A. Benmehaia et al., Euro-Mediterranean Journal for Environmental Integration *vol. 5, Article number: 54 (2020)*

This study explored and analyzed the climatic determinants of cereal yield differentials in the eastern high plateaus of Algeria. Using panel data for five regions from the period 2000–2016, we analyzed the relationships between crop yield and two climatic variables (temperature and precipitation) for three major Algerian rainfed cereals: durum wheat, common wheat, and barley. The Mann–Kendall test was applied to assess the significance and magnitude of yield trends, and pooled OLS regression was employed to analyze the determinants of the variability in cereal yields. Results showed that the rainfed cereal yields in this zone are highly variable; that the minimum temperature and average annual precipitation strongly influence cereal yield differentials, with an observed cumulative (lagged) effect; and that the maximum temperature has no direct (or lagged) effect (i.e., its effect on the yield is not statistically significant). The findings of this study also suggest that, despite significant regional differences in semiarid environments, advances in the production technology used in cereal farming have had consistent effects on the yield stability—increasing yields of common wheat but barely influencing yields of durum wheat and barley. These are important findings for the rainfed cereal sector of Algerian dryland agriculture, as they permit a better understanding of the impacts of climate change on Algerian agriculture.

↪ Download the original paper

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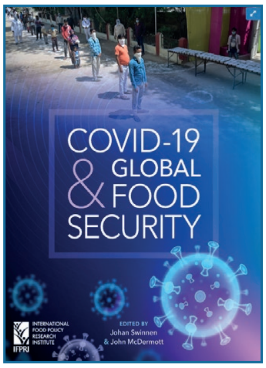
OECD-FAO Agricultural Outlook 2020-2029



The coronavirus pandemic has sparked not only a health crisis but also an economic crisis, which together pose a serious threat to food security, particularly in poorer countries. COVID-19 & Global Food Security brings together a groundbreaking series of IFPRI blog posts looking at the impacts of COVID-19 and the policy responses.

IFPRI researchers and guest bloggers provide key insights and analysis on how the global pandemic is affecting global poverty and food security and nutrition, food trade and supply chains, gender, employment, and a variety of policy interventions, as well as reflections on how we can use these lessons to better prepare for future pandemics. These pieces draw on a combination of conceptual arguments, global and country-level simulation models, in-country surveys, case studies, and expert opinions. Together, they present a comprehensive picture of the current and potential impact of COVID-19 and the world's policy responses on global food and nutrition security.

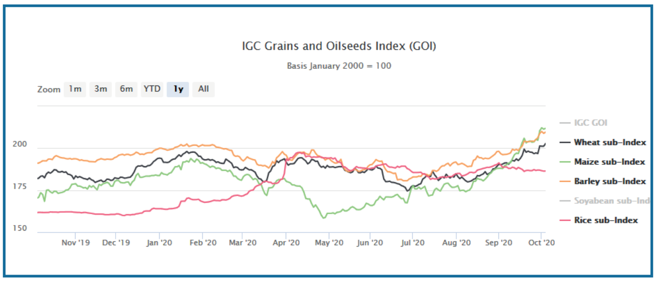
↪ Download the publication here.

Global Markets: What is the Trend?

	Global Index[1] (5 Oct.)	Supply & Demand on Sept. 20	
		From previous forecast (M/M)	From previous season (Y/Y)
Blé/Wheat	203 ↗	▲	▲
Maïs/Maize	212 ↗	▼	▲
Riz/Rice	186 ↘	⇔	▲
Orge/Barley	210 ↗	n/a	▲

[1]: Monthly average in USD, base 100=year 2000, ↗↘⇔ vs last month (▲ : Easing ; ▼ : Tightening ; ⇔ : Neutral, n/a : not applicable)

Sources : AMIS Outlook - http://www.amis-outlook.org and International Grains Council for the Barley (05/10/20) and the graph below.



Events

25-26 | 11 | 20

7th MED-Amin Meeting (online)

The meeting will gather MED-Amin member country representatives, senior resource persons and experts to discuss future potential development of MED-Amin network activities. A roundtable of experts will focus on the upcoming challenges of the grain markets. It will give us ground to pave new avenues for action in the Mediterranean region.

↪ https://www.med-amin.org/en

7-9 | 12 | 20

4th International Conference on Global Food Security (online)

Speakers will have the opportunity to present on site or through pre-recorded presentations (among which one from the MED-Amin Secretariat) and Q&A sessions. Live poster sessions will be open to discussions. Plenary and Oral sessions taking place over 3 half days.

↪ www.globalfoodsecurityconference.com/conference-programme.asp

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