

MONTHLY NEWS REPORT ON GRAINS

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Market News

Global grains output in 2017/18 seen slightly lower than previous year's record, says IGC

30 March 2017 - IndoAsianCommodities

Global grains production in 2017/18 is expected to be 3% short of the record in the previous season, with wheat and maize accounting for most of the drop, the International Grains Council (IGC) said in its latest report.

With changes mainly in the southern hemisphere, the forecast for total grains (wheat and coarse grains) production in 2016/17 is 4m t higher m/m (month-on-month) at 2,106m, up by 5% y/y (year-on-year) and the largest ever, the global body said.

While consumption is boosted as well, upgraded opening stocks (mainly wheat, millet and triticale) contribute to a 5m t increase in the carryover figure, to 513m (+7% y/y). At 344m t, the trade forecast is lifted by 2m, mainly for maize, but is still fractionally lower year on year, the IGC said.

“The first full set of projections for total grains in 2017/18 point to an overall fall in production, led by wheat and maize. The high level of opening stocks is seen almost compensating for the decline, with only a 1% drop in total supply anticipated,” the report said.

With a rise in consumption, a contraction in carryover stocks is projected, but still the second biggest on record. Trade is expected to stay high, only a little lower year on year, the report added.

Further upgrades for South American crops lift the 2016/17 world soybean production forecast by about 5m t, to a peak of 341m, up 8% year on year, the report said, adding that with consumption little changed from before, aggregate end season inventories were expected to be higher by 3m t at 38m, with the adjustment mostly due to the major exporters.

In the Council's initial projections for 2017/18, output could increase further, albeit marginally, on larger plantings in key producers. Against the backdrop of an anticipated solid rise in total use, carryovers are likely to contract by about 7%, the report said. Boosted by feed sector needs in Asia, trade may reach a new high of 145m t.

According to the report, global rice supply and demand figures for 2016/17 are broadly unchanged from February.

In 2017/18, world output is predicted at a new record, but y/y gains are likely to be slim as low international prices potentially serve as a disincentive to some producers.

Population growth is set to lead food consumption higher, while carryover stocks are expected to remain comfortable, the report said, adding that trade could edge up slightly in 2018 on bigger shipments to African buyers in particular.

The IGC Grains and Oilseeds Index (GOI) weakened by 5% m/m, with the biggest declines for maize and soybeans.

Boosted by the largest-ever opening stocks and record production, world total grains (wheat and coarse grains) supply in 2016/17 is forecast to exceed 2.5bn t for the first time, report said.

Consumption is seen at a new peak, with a particularly strong rise for feeding of maize, but with solid advances for food and industrial uses of grains as well, it added.

Despite robust demand, a further accumulation of stocks is anticipated at the end of the season. Trade is placed a little below the previous season's record, mainly owing to reduced imports of barley and sorghum by China.

The preliminary outlook for total grains in 2017/18 is for another well-supplied global market. Although some retreat in production is projected, the elevated level of opening stocks will almost offset the fall, keeping total availabilities above 2.5bn t for a second consecutive season.

Consumption is seen edging higher, the report said, with most of the growth for food. While stocks could contract for the first time in five seasons, inventories will likely stay relatively heavy, with those in the major exporters still bigger than average.

Trade should remain high, with the modest y/y drop mainly linked to lower imports by India (wheat) and China (maize, barley and sorghum), the report forecast.

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India – Government imposes 10 percent tax on wheat, pulse imports

29 March – Live Mint E-Paper

To protect farmers from a price dip ahead of a record spring harvest, the government on Tuesday imposed a 10% import duty on wheat. It also imposed a 10% duty on import of pigeon pea (arhar) after farmers were forced to sell at lower than government-announced support prices on the back of a bumper crop.

While the wheat duty comes just in time for the harvest and may prevent wholesale prices from dipping below minimum support prices (MSP) at which the government procures from farmers, the duty on arhar is more likely to benefit traders as farmers have already sold the crop beginning December last year.

“We welcome the move to reinstate the import duty on wheat, but the decision on arhar has come late and farmers may face a similar situation for chana (another major spring harvest) selling at less than MSP,” said Ajay Vir Jakhar, chairman of Bharat Krishak Samaj, a farm advocacy body.

The import duties are a response to an anticipated record harvest after a normal monsoon in 2016, which followed consecutive years of drought.

The agriculture ministry has estimated a record 96.6 million tonnes of wheat harvest in 2016-17, higher than the 92.3 million tonnes estimated for the previous year.

In December last year, the government abolished a 10% import duty on wheat after retail prices rose due to lower than estimated production in 2016. In September, it had slashed import duty to 10% from 25%.

According to the ministry, following the production shortfall last year, wheat imports to India surged to a high of 5.5 million tonnes (2016-17).

However, the ministry expects a turnaround in 2017 and has set a target to procure a record 33 million tonnes from farmers beginning April. This is considerably higher than the procurement target of 28 million tonnes set the year before, which eventually fell short by nearly 5 million tonnes.

As in the case of wheat, the agriculture ministry has also estimated arhar production at a record high. Indian farmers likely harvested 4.2 million tonnes of arhar in 2016-17, up from 2.6 million tonnes produced the year before.

However, in most wholesale markets across states like Karnataka, Maharashtra, Madhya Pradesh and Rajasthan farmers sold arhar between Rs4,000 and Rs4,600 per quintal, lower than the MSP of Rs5,050 per quintal.

“In the present scenario where tur (arhar) is trading below MSP, the decision by the government seems to be a well-thought-out move,” said Pravin Dongre, chairman of India

Pulses and Grains Association. He added that lifting of the ban on export of pulses and lifting of stock limits on traders are also important steps that the government could take to help farmers.

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Egypt – EGP 16 billion allocated to wheat purchase

25 March – Daily News Egypt

The Ministry of Finance allocated EGP 16bn to the General Authority for Supply Commodities (GASC) to buy 4 million tonnes of local wheat at a price ranging between EGP 555 and EGP 775 per ardeb (5.62 US bushels), according to Minister of Supply and Internal Trading Aly Meselhi.

In a press conference on Saturday, Meselhi said that the GASC will promote the wheat in the coming season, which will be stored in silos of the Egyptian Holding Company for Silos and Storage and at the Egyptian Agriculture Bank.

He added that no silos will be rented except if extremely necessary. He explained that the ministry is now coordinating with the governorates to assess the size of storage available in each of them before the season begins in mid April.

In a related context, Meselhi said that there are 55.5 million ration cards with confirmed data, along with 6 million cards with unconfirmed data. He noted that the six million cards represent 19 million beneficiaries, pointing out that the ministry has filtered 301,000 cards since the initiative was launched earlier this month.

He added that the campaign to filter the cards is still ongoing and is being conducted in cooperation with the ministries of military production and communication. He pointed out that the Ministry of Military Production will finish updating data within 60 days.

Additionally, the minister said that the budget draft being reviewed at the parliament for the next fiscal year 2017/2018 includes EGP 60bn allocated for bread subsidies, along with EGP 26bn for food commodity subsidies.

Meselhi stressed that the ministry guarantees the inflow of basic goods, whereas it imports 5-6 million tonnes of wheat per year, next to the 4.5 million tonnes of local grain to bridge the gap between production and consumption.

He noted that Egypt cannot cultivate over 1.1 million feddans (1.142 million acres) of rice, due to the current water problems.

In another context, he said that Egypt consumes 3.3 million tonnes of sugar, while it produces 2.2 million tonnes. He explained that the ministry agreed with factories to import raw sugar to fill the gap.

He pointed out that Egypt does not produce oil products, except for some plants that operate on soybeans, where 97% of raw oil is imported and refined in six refineries.

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Australia – Record wheat output to fuel GDP despite big fall in price

21 March – The Australian Financial Review

It's not just gas and commodity exports helping keep Australia's trade balance and economic growth in the black. This year, a record wheat crop is expected to contribute around half a percent worth of economic growth to Australia's figures.

Unlike with iron ore or coal, where soaring prices and production have poured billions into Australia's economy, the impact of the wheat production spike will be muted by falling

prices - there is a global surplus of wheat that has sent the price tumbling from \$US9.00 a bushel in 2012 to around \$US4.41 a bushel this month.

Nonetheless, the sheer volume of Australian wheat production is still enough to make a healthy contribution to the country's gross domestic product of "around 0.5 percent", Commonwealth Bank chief economist Michael Blythe said.

"There's something of a farm boom under way," he told Fairfax Media. "All this rain is good for rural production."

Wheat production is up 45 per cent this year to 35.1 million tonnes, according to the Australian Bureau of Agricultural and Resources Economics and Sciences' February crop report.

Rural exports comprise 13 percent of Australia's total exports, but the sector is often a drag on economic growth rather than a net boost. Its size as a proportion of the total economy has shrunk steadily in recent decades to comprise a record low of 2.1 percent of GDP in the second quarter of 2016.

Booming production since then means the farm sector's contribution to GDP has grown, and by the fourth quarter, actually added more in real GDP growth than the booming housing sector (if one excludes any consideration of multiplier effects, which are considerably higher for housing).

Farm production was a "key driver" of the surprisingly high growth in the most recent GDP figures, UBS economist Scott Haslem wrote. Without the growth in the farm sector, he noted, GDP growth in 2016 would have been just 2 per cent year on year, a weak figure close to those experienced by Australia as it came out of the GDP.

"Although the farm sector is still relatively very small (expected given Australia is a well-diversified advanced economy), the contribution of farm to total real GDP growth is currently unusually large," Mr Haslem wrote.

Dan Basse, the founder of agricultural researcher AgResource Company, said Australian wheat producers had been helped in finding buyers by flooding in France and Germany, which had lessened the stock of high-quality wheat mostly produced in Europe and Australia. "However, this shortage is expected to be alleviated when the northern hemisphere crop comes back online in June," he said, adding that overall the world is "awash in grain".

"There are no longer 'levers that can be pulled' to return balance to the global grains market, which remains burdened by record wheat, maize and soybean stocks.

"In years gone by, we saw low grain prices and low profitability essentially correct itself by the EU and US reducing acreage. However changes to US farm income support and EU cap reforms ensure this is no longer the case."

Global grain demand has in the past few years been driven by biofuels usage and the livestock sector. With China almost self-sufficient in grain, it will take expanding livestock herds in India or Africa for further demand growth.

For Australian producers, the value of the Australian dollar will be key to determining what margin farmers can make on their bumper yields, Mr Basse said. "Over the past three years we have seen the Australian dollar fall by around 24 per cent against the US dollar, and it has been this currency shift that has helped underpin Australian grain grower revenues and incomes."

Rising interest rates in the US suggest the Australian dollar should weaken against the greenback. But the sector's strong showing isn't expected to last.

UBS, citing ABARES financial year forecasts for farm production, expects the farm sector's contribution to GDP will peak in the first two quarters of this year before declining in the coming financial year.

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Indonesia – Government encourages palm oil farmers to grow maize

19 March – Jakarta Globe

The central government has encouraged palm oil farmers nationwide to plant maize across nearly one million hectares of farmland by the end of 2017, an official from the Ministry of Agriculture said on Sunday (19/03).

Encouraging the cultivation of maize across the archipelago is the latest attempt by the government to increase local production and reduce dependency on imported crops.

"For 2017, we were given a target by President Joko 'Jokowi' Widodo to plant maize on one million hectares of land in use by oil palm plantations," Dedi Junaidi said, the director general of plantation marketing and processing at the agriculture ministry, as quoted by Antaranews.com.

"Planting [oil palm and maize side by side] could improve land use efficiency and increase our farmers' productivity and income," Dedi said.

He added that the government would now provide seeds and greater quantities of subsidized fertilizer to farmers who agree to participate in the program.

There are around 1.6 million independent palm oil farmers in Indonesia who own land and supply portions of their yield to larger plantation companies, according to Indonesian Palm Oil Association (Gapki).

Independent farmers own roughly 45 percent of Indonesia's estimated 11-13 million hectares of land used for cultivating palm oil, according to the agriculture ministry.

In comparison, only 3.7 million hectares of farmland in Indonesia is used to grow maize, according to data released by the Central Statistics Agency (BPS). In total, the country produced 19.6 million metric tons of maize in 2015.

Indonesia's maize imports dropped to 900,000 tons last year, compared to an annual average of 3.2 million tons in recent years, due to increased local production of the crop.

However, state officials are implementing the ambitious project cautiously in an attempt to keep the cost of local crops down. The drop in imported maize last year, for example, was coincident with an increase in wheat imports as local animal feed producers sought to substitute the former with a cheaper alternative.

In the run-up to the 2014 presidential election, Jokowi campaigned on promising to make Indonesia self-sufficient in basic staple foods such as rice, maize and beef.

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The trouble with China's state-run maize stockpile

17 March – AgWeb

Farmer Zhang Qingjun said his cooperative in China's northeast corn belt will slash this year's planting of the crop by at least 40 percent when sowing starts next month because swollen government stockpiles of the grain have cut profits.

"We can't accept such low corn prices -- you can barely make enough to feed the whole family," Zhang said by phone from Sidaogou village in Jilin province, which borders North Korea. He said his 200-hectare (490 acre) cooperative will plant more soybeans and peanuts instead this year. "Many young people have left the village to work in cities."

Farmers earned about 300 yuan per mu (\$650 per hectare) from corn last year compared with a peak of about 1,000 yuan per mu in 2013, said Zhang. For some leaseholders, that was only enough to pay the rental on the land.

While China's agricultural output has surged along with its robust economic growth, state-run stockpiles are overwhelming demand and prompting the government to reevaluate costly buying programs intended to bolster food security. With the end of a support-price system last year and a 20 percent slump in futures, the corn harvest probably will drop in 2017 for a second straight year. The government is also trying to find other uses for the deteriorating grain reserves such as ethanol for vehicle fuel.

"The large corn stockpiles are becoming unbearable for the government," said Zhang Xiaoyang, chairman of state-owned Henan Tianguan Group, the country's second-largest fuel-ethanol producer, on the sidelines of the National People's Congress last week.

Corn for September delivery on the Dalian Commodity Exchange rose 0.1 percent to 1,659 yuan a ton on Friday, capping a 4.5 percent climb this week.

China's stockpile could cost 170 billion yuan (\$25 billion) in storage fees for the government, which also faces potential losses of 200 billion yuan from the price drop, Li Wei, head of the State Council Development Research Center, said in the China Economic Times last month. The price decline cut farmers' income by a total of 92.7 billion yuan -- 157 yuan per farmer -- even after government subsidies, Li said in the government-run paper.

State-subsidized stockpiling of agricultural commodities is typically ineffective, expensive and can lead to price volatility, according to a 2012 report by the World Bank. European farm subsidies in the 1980s created butter mountains and wine lakes that depressed prices when they were dumped on global markets, while Thailand is still selling off rice inventories amassed since 2011.

China will cut corn acreage by 10 million mu (1.6 million acres) this year, after a 30 million reduction last year, state radio cited agriculture minister Han Changfu as saying in December. It'll raise subsidies for farmers who shift to soy, silage corn and alfalfa, he said. The country is the world's largest corn producer and consumer after the U.S.

One solution to reduce stockpiles is to turn the corn into ethanol, which can be added to gasoline to cut emissions and reduce oil imports. China is considering raising its 2020 fuel-ethanol target above the 4 million tons a year previously announced, said Henan Tianguan's Zhang. The nation is already the world's third-largest supplier, after the U.S. and Brazil, producing 2.5 million tons a year.

Beijing, Tianjin and Hebei, which are suffering serious air pollution, are likely to join six other provinces that already require the addition of ethanol to gasoline, Zhang said.

China has increased an anti-dumping duty on distillers' dried grains, a byproduct of corn ethanol, from the U.S., the largest supplier, and raised import tariffs on ethanol to help boost local production of the fuel substitute.

The country will begin annual sales of corn reserves after May, once farmers have sold last year's harvest, the second-highest on record. Switching from corn is hard for farmers in the northeast, because yields of alternative crops like soybeans are less competitive, Chen Xiwen, a former deputy director with the Central Rural Work Leading Group told an annual session of the Chinese People's Political Consultative Conference last week.

Switching to soybeans will help the government meet China's increasing demand for the oilseed. The nation is the world's top importer, buying more than 60 percent of all internationally traded beans. The government wants to expand domestic harvests of the

crop that's mostly used for food like tofu or soy milk. Imports are typically used in animal feed.

Chen said the country must encourage new uses for corn such as sweeteners or film for greenhouses to draw down its stockpile, which he estimates is about 230 million tons. That's enough to supply all the world's international corn trade for a year and a half and is more than double the U.S. Department of Agriculture's inventory estimate.

China has previously announced measures to support exports of corn-products such as starch and alcohol, and has subsidized feed mills in the northeast. It's trying to encourage pig breeders to move to the region and use corn from the mills, rather than expand herds along river valleys in the south as part of efforts to clean up water pollution.

Farmers got 150 yuan per mu in 2016 as compensation for the drop in the domestic corn price and Agriculture Minister Han said on state television last week that more subsidies would be offered this year, including for farmers who shift to other crops.

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Did USDA lowball the South American maize crop?

14 March - Reuters

The U.S. Department of Agriculture believes South America is on the verge of harvesting a monster maize crop, but the agency's past prediction tendencies suggest that the record targets it has set could still be too low.

Last Thursday, USDA revised its forecast for 2016/17 Brazil maize output to 91.5 million tonnes, some 6 percent greater than last month's figure. The U.S. agency also increased the Argentine crop to 37.5 million tonnes, a 3 percent rise from February.

This may not be the best news for maize bulls, as Chicago maize prices have been feeling pressure in the face of the likely record world maize supply this year.

But global maize reserves could grow even larger this year if USDA's forecast tendencies of the two South American maize leaders are any indication. The world will look to Brazil and Argentina to supply 37 percent of world maize trade this year.

In the past 10 years, USDA's March estimate of Brazil and Argentina maize output exceeded the final production volume only once for each country – 2015/16 in Brazil and 2011/12 in Argentina.

The upside miss in Brazil last year can be easily explained by the widespread drought that came on late in the growing season, and severe dryness was also behind the 2011/12 Argentina miss. But the history of this trend goes back further than just a decade.

Prior to 2011/12, the last time USDA overestimated Argentine maize output in its March supply and demand report was in 1998/99. And since the agency started including the Brazilian product explicitly on its global balance sheet in 2002/03, its only overshoot of final maize production in March other than last year came in 2004/05.

Within the last five years - save last year - the Brazilian maize crop has been outperforming USDA's March expectations by a margin nearly 5 percent wider than years prior. This disparity lines up perfectly with the time that the second crop – or safrinha – began grabbing a substantially larger proportion of total maize production in the country.

That shift occurred during the 2011/12 season, when farmers ramped up planting of safrinha. The second crop output accounted for 54 percent of the total crop that year, up from 39 percent in the two years prior. Over the past five years, this share has increased to 67 percent.

But the matchup of bigger prediction misses by USDA and the increase in safrinha's share of total production suggests that the second-crop maize output may be more difficult to predict. Brazil's wet season starts winding down as the safrinha cycle progresses, adding a lot of uncertainty to the crop weather outlooks.

Brazil's safrinha crop is crucial to the country's export program, which last year fell by 60 percent from 2014/15's record amid the prolonged, damaging dry spell. As of March 9 the crop was 88 percent planted and it will be harvested from June through August.

There is a chance that USDA may have somewhat adjusted for past misses in last week's report based on the fact that its new Brazil peg blew away what analysts had expected to see.

Analysts polled by Reuters prior to the report had expected, on average, that USDA would come in at 87.8 million tonnes for Brazilian production, and 36.5 million for the Argentine crop. Only one analyst had USDA at 91.5 million for Brazil, and the top estimate for Argentina was 37 million.

It would not be fair to single out USDA as the only entity that underestimates South American maize.

Brazilian government agency CONAB has been too low at this time of year on the maize crop estimate – although by a lesser degree than USDA – in at least the three years prior to last year, a season which caught everyone off guard.

Additionally, the vast majority of industry analysts has generally been too pessimistic on both the Argentine and Brazilian crops in several past March polls.

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Bangladesh – Wheat import to hit record high this year

12 March – The Daily Star

Bangladesh's wheat imports are expected to hit a record high this fiscal year on the back of increasing domestic demand and stable international price.

As of March 6, a total of 42.14 lakh tonnes of wheat has been brought in to the country, with the private sector accounting for over 95 percent of the imports, according to data from the food ministry.

In fiscal 2015-16, 43.66 lakh tonnes of wheat was imported. Importers credited the rise in domestic consumption to the lower price of wheat than rice, change in eating habits, and expansion of bakeries and restaurants.

Growing export-oriented food processing sector as well as the stable price in the international market also fuelled the surge in imports, they said.

The export of wheat processed food items like biscuits, noodles and so on to neighbouring countries like the Seven Sisters in India and Myanmar is on the rise, said Mahbubul Alam, president of the Chittagong Chamber of Commerce and Industry.

Low-income groups in both urban and rural areas are increasingly choosing wheat processed food items like flour over rice for its cheaper price, said Abul Bashar Chowdhury, chairman of Chittagong-based wheat importer BSM Group.

Last week at the Khatunganj wholesale market, the wholesale price of low-quality wheat stood at Tk 17-18 per kilogramme and that of good quality wheat at Tk 28-30.

At the various kitchen markets in Chittagong city, retailers were found selling coarse rice at Tk 34 to Tk 36 per kg.

The import of lower quality wheat from Russia, Ukraine, Argentina and Australia -- which account for 80 percent of the total import -- soared in recent years, Chowdhury said.

But the import of good quality wheat, which comes from Canada and the US, has stayed the same.

The price of wheat in the international market has remained stable for the last few months, which also encouraged importers, he added.

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Good French, UK crop condition fuels hopes for EU harvest rebound

3 March - Agrimoney

Ideas of a recovery in the European Union wheat harvest this year received a boost with crop reports from two of the bloc's top three wheat-producing nations, although there is a diverging picture on spring sowings progress.

FranceAgriMer - crop bureau for France, the EU's top grain-growing country – pegged at 93% the proportion of the domestic soft wheat crop rated in "good" or "excellent" condition as of Monday, a figure unchanged week on week.

For winter barley, the rating was 90%, unchanged week on week, although the durum figure, at 82% was down 3 points week on week.

Although all three figures were a little below those of a year ago, they are still well within territory pointing to decent yield prospects – assuming no repeat of 2016's poor summer weather, which devastated the quality and quantity of France's summer-harvested grains. Separately in the UK, the EU's third-ranked wheat producer, crop consultancy Adas said that the "vast majority of [autumn-planted] crops have come into the spring in good condition. "The relatively dry and mild conditions during the autumn and winter allowed pesticide applications to be made as planned and there are few weed, pest or disease issues to report at this stage in the season."

Disease levels were termed "low" in both winter barley and wheat crops, while for rapeseed, in most areas "mild conditions throughout the winter period led to good winter survival, with few crops being lost due to poor viability".

The "exception" to this bright start for rapeseed was in eastern England, "where pressure from dry soil conditions at drilling, slugs and cabbage stem flea beetle led to sub-optimal plant populations".

Cabbage stem flea beetle has been a growing problem for rapeseed production since restrictions were placed on use of neonicotinoid insecticides and, indeed, UK sowings of oilseed for the 2017 harvest have been estimated at their lowest in 13 years.

Control of black grass, the major weed issue facing UK farmers, was termed by Adas as "good as the dry and mild conditions meant that more crops than usual received the planned full autumn herbicide programme".

However, on spring crops, UK growers had not seen the acceleration in the spring sowings pace enjoyed by the counterparts in France, where the spring barley crop was rated by FranceAgriMer as 32% seeded as of Monday.

That represents a rise of 15 points week on week, and compares with sowings progress of just 11% as of the same time last year.

In the UK, sowings had been completed on just 1% before heavy rains, brought by Storm Doris, "resulted in land becoming too wet to work, and halted any further progress".

Last year, 5% of spring barley seedings had been completed by the end of February, with 20% of crop in eastern region seeded.

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Russia considers exporting part of state grain stockpile

3 March – Times of India

Russia, one of the world's largest wheat exporters, is considering exporting part of its 4 million tonne state grain stockpile to free up storage space before the new crop arrives, industry sources said.

Russia's storage capacity is buckling after the country harvested a record grain crop of 121 million tonnes in 2016, with prospects for this year also looking favourable.

The agriculture ministry is seeking government permission to export up to 500,000 tonnes of grain from the stockpile, one source familiar with the matter told Reuters. The issue is currently under discussion but has not yet been agreed, another source said.

A move to sell of some of the stockpile would require permission from the government as current regulations do not allow the ministry to export grain from its own stocks, Andrey Sizov, the head of SovEcon agriculture consultancy, said.

Russia holds wheat, barley and rye in its stockpiles.

The ministry buys grain from the domestic market every year to add to its stockpile, known as the intervention fund. A year ago, tight finances and a lack of storage space slowed the ministry's purchases.

"We are entering the new season with state stocks almost full and plans for their replenishment and finance are unclear," Sizov said.

The agriculture ministry declined to comment. Aliya Samigullina, a spokeswoman for Deputy Prime Minister Arkady Dvorkovich, who is in charge of agriculture in the government, declined to comment.

Russia will face problems with its storage capacity if it harvests another large grain crop this year because market stocks are expected to be very high at the end of this 2016/17 marketing year on June 30, Dmitry Rylko, the head of IKAR agriculture consultancy, said.

The country has about 120 million tonnes of grain storage capacity, but only some of the facilities are capable of holding good quality grain, according to Russia's Grain Union, a non-government farmers' lobby group.

"There will be a problem with storage capacity in the event there is a large crop in 2017," Arkady Zlochevsky, the head of the Union, told Reuters.

There is no overall problem now, but there are some difficulties with capacity in certain regions of Siberia and some of the old capacity needs to be modernised, a source at the agriculture ministry told Reuters.

Russia plans to increase its grain storage capacity to 130 million tonnes by 2030, according to a state programme for the sector development.

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Reports

Domestic support to agriculture and trade: implications for multilateral reform – International centre for trade and sustainable development

This paper analyses the degree to which global markets for key agricultural products are affected by distortions resulting from government policies, with a view to helping inform the debate over updating global rules in this area in the run-up to the WTO Buenos Aires ministerial conference in 2017 and beyond. It finds that support remains concentrated on a relatively small number of products, with support for rice, maize, beef, pork and dairy being particularly important.

How China's farm policy reforms could affect trade and markets: a focus on grains and cotton - International centre for trade and sustainable development

This paper examines five important agricultural commodities in China: rice, wheat, maize, soybeans and cotton. It discusses recent developments in prices, production, consumption and trade for these farm products, in the context of China's evolving farm policy framework and global market trends, and looks at the implications of a number of possible policy scenarios.

Global Food Policy Report 2017 – IFPRI

IFPRI's flagship report reviews the major food policy issues, developments, and decisions of 2016, and highlights challenges and opportunities for 2017 at the global and regional levels. This year's report looks at the impact of rapid urban growth on food security and nutrition, and considers how food systems can be reshaped to benefit both urban and rural populations.

Enabling the business of agriculture 2017 – World Bank

This report provides a tool for policymakers to identify and analyse legal barriers for the business of agriculture and to quantify transaction costs of dealing with government regulations. The latest edition provides analysis and results from 62 countries, covering all regions of the world.

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