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SUMMARY

FOOD CHAIN DISRUPTIONS

Both Australia and Namibia faced two consecutive years of drought that impacted especially on the respective livestock sectors: the dry weather in Australia (and, more specifically, in the country's eastern states) affected cattle and beef production due to a lack of pasture, which reflected on beef exports (down 28% year-on-year in October), while Namibia (one of the driest countries in Sub-Saharan Africa) saw the value of its total small stock marketed decline by almost 24% in September, compared to the same period last years. Australia is also struggling with continued trade tensions with China, which have started with the suspension of Australian barley imports and have recently expanded to other products, such as wine and lobster.

Australian beef exports down 28% year-on-year in October

As previously mentioned in a previous issue of this daily news digest, the meat processing activity in Australia's eastern states has been steadily declining since early April, mainly due to the two consecutive years of drought that caused a herd reduction: for this reason, the country's beef exports were down 28.5% year-on-year in October. Japan remained Australia's largest beef importer by volume and value, but due to the implementation of the US-Japan Trade Agreement (which reduced import tariffs on US beef), the United States could soon become the main beef exporter to Japan.
Link

Drought affected the livestock industry in Namibia

Drought has become a common feature in Namibia: for the last two years, drought negatively impacted on the country's livestock sector, and according to Agribank, the total small stock marketed declined by 23.9% year-on-year in September, while the number of slaughtered small stock declined by 59%. The closure of a large abattoir in Mariental further aggravated this issue, as a lower sheep supply in the country drove up the prices.
Link

China allegedly suspends specific Australian imports

The trade tensions between China and Australia continue, as several Chinese importers have recently received directives to stop the shipments of Australian wine this week. Furthermore, China allegedly intends to block the import of other Australian products in November, including lobster, sugar, coal, timber, wool, barley and copper. For the moment, however, Chinese authorities have rejected the claims of these new directives.
Link

IMPACT ON COMMODITIES AND FOOD PRICES

The production of pork in China continues recovering after the devastating outbreaks of African swine fever that decimated the national hog herd during the first months of 2020: this is influencing pork prices in China, which have declined 3.5% month-on-month in October, and have increased by only 2.4% year-on-year. In Brazil, on the other hand, the unfavourable weather conditions that are affecting the country's agricultural production output and a weakening real have reflected on maize and soybean prices, which have both increased last month.

Pork prices decreased by 3.5% month-on-month in China

According to China's National Bureau of Statistics, pork prices declined by 3.5% month-on-month in October, and the year-on-year increase in pork prices (up 2.4%) reached its lowest value last month, from a peak of 149.3% in March, caused by the repercussions of the African swine fever outbreaks in the country. Two main factors have contributed to the decline in pork prices: the gradual recovery of the national hog herd, and the consequent increased market supply.

Link 1 – Link 2

Maize and soybean prices continue increasing in Brazil amid a tight supply and a weak real

In October, maize prices rose by 30% and soybean prices also hit a new high in Brazil due to a tight domestic supply, caused by the dry weather and by the weakness of the real against the US dollar. According to some reports, as domestic supplies of maize and soybeans are very tight, the prices will remain high a least until the end of this year. Furthermore, farmers in southern Brazil are considering turning low-yield maize fields (that have been affected by water shortages) into soybean fields.

Link

COUNTRIES' RESPONSE

Today's media coverage proposes three updates on Uganda's, India's and Ghana's efforts to limit biodiversity losses and improve farmers' resilience to the disruptions caused by the coronavirus pandemic: thanks to a German agriculture financing facility, several agricultural businesses in Uganda will be able to benefit from financial support, while a West African agricultural export company will support Ghana's cashew growers. In India, on the other hand, a network of non-governmental organizations is forming community partnerships and providing capacity development to harness traditional knowledge of agriculture and stop the gradual loss of biodiversity in the country.

German financing facility will support Ugandan farmers' recovery from global pandemic

An EUR 40 million agriculture financing facility (the Agri-Finance Liquidity Facility) was recently launched by Germany's Federal Ministry for Economic Cooperation and Development to invest in sustainable agri-enterprises and offset the negative effects of the global pandemic on sustainable agricultural production in Africa and Latin America. Uganda is among the African countries to benefit from this facility.

Link

Indian NGOs jointly fight the country's disappearing food biodiversity

According to the FAO's global report on the state of the world's biodiversity for food and agriculture, out of a total of 6000 plant species that are cultivated for food, fewer than 200 actually contribute to the world's food output and only 9 account for 66% of the total crop production. In India, for example, several varieties of wheat, beans, pumpkins and aubergines have been lost. For this reason, several non-governmental organizations in India have partnered to launch a movement for the revival and preservation of the country's vanishing food biodiversity.

Link

Export trading company invests USD 15 million to improve Ghana's cashew industry

A leading West African exporter of agricultural products has recently invested around USD 15 million to provide equipment and infrastructure support to Ghana's first-ever cashew processing plant over the next three years. So far, the country's agricultural sector has benefited from investments for a total value of around USD 25 million over the past 13 years by the same export trading company, which mainly collaborated with cashew, soybean, maize and peanuts growers.

Link

REGIONAL FOCUS

After China imposed an import tariff of over 80% on Australian barley, Australia started expanding its export market to other Asian countries, such as India, Indonesia and Vietnam: more in particular, Vietnam's beer output is expected to grow by 2-3% annually, which will also drive up the country's barley imports. In Europe, on the other hand, the disruptions caused by the coronavirus pandemic and the unfavourable weather conditions determined a contraction in Romania's and Moldova's wine production output, and led Spanish, French and Italian winemakers to decrease vinified volumes below the 2019 level.

ASIA – Australia to expand barley trade in South and Southeast Asia

Australia's barley sector is currently keen to seek alternative markets to China (which banned barley imports from Australia, as mentioned in the first section of this daily news digest) and is targeting Asian nations, including Indonesia, India, and Vietnam. In fact, the Australian Export Grains Innovation Centre is already engaging with Vietnamese brewers and maltsters to expand its barley exports, as the Vietnamese beer output is expected to grow by 2-3% annually.
Link

EUROPE – Wine production output and demand decrease in the EU

For the second year in a row, wine production volumes are set to be below average in 2020, due to a combination of unfavourable weather conditions and to the impact of the coronavirus pandemic. For example, drought hit wine production levels in Romania and Moldova, while many winemakers in France, Italy and Spain decided to fix vinified volumes below last year's levels, because of the drop in demand on the global wine market, caused by the pandemic.
Link

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