



News Extract no. 96

Content:

World/EU

- Global wheat supply to crisis levels
- World Pork Prices – Genesis
- The African Development Bank and FAO target agriculture in-vestments to end hunger and create wealth in Africa

Countries

Ireland

- Irish pig industry facing difficult times

Germany

- German grain production almost 25% less than last year

Serbia

- Serbia and EU sign agreement to finance agriculture projects

Romania

- ASF spreads to 98 localities in Romania
- ASF. 140,000 pigs to be slaughtered at the largest breeding farm in Romania
- EU Agriculture Commissioner Rules Out Crisis Reserve Aid for Swine Fever Epidemic in Romania
- Romania's wheat production is higher than last year, despite bad weather
- Danish Ingleby Farms becomes fourth largest farmland owner in Romania
- Chinese-Held Smithfield Revenue up to RON 2.5B in Romania
- Kosarom Group invests 80 million Euro in Swine Farms

Belarus

- Belarus is reviewing the system of food safety

Ukraine

- Ukraine to lease state-owned farmland via online auctions

Russia

- Russia offers 2.5 million acres of land to Chinese farmers - but will it ease Beijing's soybean shortage?

China

- Russian Power in Asia's Wheat Market Now Includes Vietnam
- China's African Swine Fever Out-break likely caused by Imports from Russia
- Rising pork prices in China and Vietnam

Vietnam

- Vietnam looks to import beef, corn and soya from Brazil

Bolivia

- Ho Chi Minh City is also into pigs

US

- Bolivia self-sufficient in corn production
- US pork exports to China/Hong Kong down 31%

World/EU

Global wheat supply to crisis levels

Source: Black Sea Grain, 23 August 2018

A scorching hot, dry summer has ended 5 years of plenty in many wheat producing countries and drawn down the reserves of major exporters to their lowest level since 2007/08, when low grain stocks contributed to food riots across Africa and Asia

Although global stocks are expected to hit an all-time high of 273 million tons at the start of the 2018/19 grain marketing season, according to US Department of Agriculture estimates, the problem is nearly half of it is in China, which is not likely to release any onto global markets.



The USDA estimates that China, which consumes 16 percent of the world's wheat, will hold 46 percent of its stocks at the beginning of the season, which starts around now, and more than half by the end.

The wheat crop in several of the world's biggest exporters - Argentina, Australia, Canada, the

European Union, Kazakhstan, Russia, Ukraine and the United States - has suffered this year.

A spring drought in the Black Sea bread baskets Russia and Ukraine was swiftly followed by a summer heatwave in the European Union. Dry weather now also threatens crops in another important exporter, Australia.

Global pork prices

Source: Genesis, 29 August 2018

Price as of Aug 29, 2018

	Domestic price (own currency)	US dollars (Liveweight/lb.)
USA (Iowa-Minnesota) [Weighted Avg.]	36.77 USD/100 lb. carcass	27.21 c
Canada (Ontario) [Base Price]	116.96 CAD/100 kg carcass	32.85 c
Mexico City	32.50 MXN/kg liveweight	77.65 c
Brazil (South Region)	3.27 BRL/kg liveweight	35.90 c
Russia	123.00 RUB/kg liveweight	82.07 c
China	13.60 RMB/kg liveweight	90.47 c
Spain	1.246 EUR/kg liveweight	66.14 c
France	1.270 EUR/kg carcass	58.04 c
United Kingdom	149.1 GBP/100 kg carcass	70.42 c
Vietnam	50,000 VND/kg liveweight	97.40 c
South Korea	5,314 KRW/kg carcass	\$ 1.67

The African Development Bank and FAO target agriculture investments to end hunger and create wealth in Africa

Source: In Africa24.com, 28 August 2018

The African Development Bank (AfDB) and FAO have agreed to boost joint efforts aimed at catalyzing agriculture sector investments in Africa to end hunger and malnutrition and increase prosperity throughout the continent

In terms of the agreement, the AfDB and FAO are committed to raise up to \$100 million over five years, to support joint partnership activities.

Specifically, the new strategic alliance seeks to enhance the quality and impact of investment in food security, nutrition, social protection, agriculture, forestry, fisheries and rural development.

The Bank's "Feed Africa Strategy", launched in 2015, targets to invest \$24 billion into African agriculture over a ten-year period. The aim is that of improving agricultural policies, markets, infrastructure and institutions to ensure that agricultural value chains are well developed and that improved technologies are made available to reach several millions farmers. The signing of the supplementary agreement is seen as a milestone in the relationship between the African Development Bank and FAO.



Irish pig industry facing difficult times

Source: Pig Progress, 16 August 2018

The pig industry in Ireland may be relatively small in a European context, yet its problems are identical to elsewhere. Its future has become uncertain of late

Ireland has probably around 200 swine producers with all in all about 150,000 sows. The relatively small size is threatened in its existence. Actually, the swine producers lose about € 3,500 per week on average – a situation that would not be sustainable in the long run.

On average, the swine producers participating in the 2017 Bench marking research had 728 sows, with numbers varying from 100 to over 2,200. The number of litters was on average 2.36 per year with 13.5 live born pigs. An average slaughter weight (deadweight) of 84.6 kg led to 2,285 of kg pork per sow per year, for which 3.56 kg of feed was used per kg meat.



In recent years, Irish pork producers have been able to gradually step up productivity despite difficult times. In 2011, the total amount of pork produced per sow per year was 1,889 kg, about 2 years later the 2,000 kg threshold was taken and now it is at 2,285 kg. This equals a production increase of 11% in only 6 years' time, with last year's jump of 5% meaning the biggest step.



German grain production almost 25% less than last year

Source: Black Sea Grain, 27 August 2018

German grain production is at its lowest since 1993. The German Farmers' Association (DBV) has estimated a 22% drop in the country's grain harvest this season

This is 26% below the country's five-year average for grain production.

The organization estimates the total amount of winter wheat produced to be at 18.6 million tonnes. This is 23% less than 2017.

Winter barley production decreased 18% from 2017, while winter oilseed rape production is estimated to be 36% below the five-year average.



The low yields are as a result of the recent drought and heatwave of the summer just gone. The drought in Germany has a major impact on grain exports and availability, as Germany is the second biggest grain producer in the EU after France.

The German government has dedicated €340 million to farmers who lost 30% or more of their crops this harvest in the extreme weather. However, the DBV has reportedly said that €1 billion is needed to compensate affected farmers for crop losses that occurred alongside the country's highest summer temperatures since 1881.



Serbia and EU sign agreement to finance agriculture projects

Source: N1 Televizija, 29 June 2018

European Union has signed a financial agreement with Serbia to provide grants for farmers. The IPARD II program is the

entry point and first test of competitiveness within the EU for Serbian farmers

The EU IPARD II donors' program is part of pre-accession aid for rural development for the 2014-2020 periods. The first contracts with farmers will be signed by the end of the summer after a careful review of submitted projects.

Agriculture has great potential in Serbia since it accounts for 10 percent of the country's GDP, employs 20 percent of its labor force and exports 50 percent of its products to the EU. "The exports have doubled over the past eight years and now stand at 1.5 billion Euros.



ASF spreads to 98 localities in Romania

Source: Romania-insider.com, 6 August 2018

The African swine fever has spread to 98 localities in eight counties of Romania

A total of 545 hotbeds have been confirmed overall. By August 2, 61,594 pigs were culled in local farms and private households.

Since first being confirmed in Romania, at the end of July 2017, the disease evolved slowly in northwestern Romania. However, in the south-eastern part of the country the evolution of the disease is aggressive, the ANSVSA said.

In northwestern Romania, the virus has been confirmed in 14 localities in the counties of Satu-Mare, Sălaj and Bihor. The disease also affected 13 wildboar, while 175 pigs were culled.

In southeastern Romania, the virus has been confirmed in 84 localities in the counties of Tulcea, Constanța, Brăila, Ialomița and Galați. Here, a total of 11,772 pigs were culled in private households. Another 49,647 pigs were culled by August 2 at three farms. Another 20 wild boar were also affected.

ASF.140,000 pigs to be slaughtered at the largest breeding farm in Romania

Source: The Romanian Journal, 27 August 2018

Due to ASF about 140,000 pigs will be slaughtered, 27 August at a farm in Braila County, the largest pig breeding and raising farm in Romania

Up to date, more than 150,000 pigs have already been slaughtered in 156 localities, in 10 Romanian counties. The number will double after the slaughtering of pigs from Gropeni farm (141,000 pigs) and Tichilesti (35,000).



EU Agriculture Commissioner Rules Out Crisis Reserve Aid for Swine Fever Epidemic in Romania

Source: Ionut Preda, 16 August 2018

EU Agriculture Commissioner Phil Hogan has momentarily ruled out the use of the European crisis reserve scheme in case of the swine fever epidemic affecting Romania, calling it a last resort measure, in a written response to a Romanian MEP

Hogan stated that Romania must take all necessary measures to limit the epidemic before accessing the reserve, according to EU strategy for the disease, and also make use of its own state aid mechanisms.

The Commissioner added that some of the measures implemented by Romania for monitoring and eradicating African swine fever have been already financially supported by the EU ever since 2015, through a multi-annual veterinarian program.

Romania has registered 645 outbreaks of African swine fever in 2018, according to the latest official data, causing tens of thousands of pigs to be culled to contain the epidemic.

Romania's wheat production is higher than last year, despite bad weather

Source: Romania Insider.com, 29 August 2018

Romania's 2018 wheat production is some 200,000 tons higher than last year, reaching about 10.2 million tons, despite the difficult year and the string of extreme natural events that have swept the country

The most productive wheat crops were recorded in Timis County, in Western Romania, where the production reached 6,200 kg per hectare, followed by Arad (6,100 kg/ha) and Bihor (6,095 kg/ha).

The barley crop was also 9.5% higher than last year, at 1.39 million tons. Meanwhile, the rape-seed crops were lower than last year, due to adverse weather conditions.

Last year, Romania recorded a total grain production of 27 million tons. Romania is the fifth-biggest wheat producer in the EU.

Danish Ingleby Farms becomes fourth largest farmland owner in Romania

Source: Romania-Insider.com, 29 Jun 2018

Danish group Ingleby climbed one spot to fourth in the ranking of biggest farmland owners in Romania, after taking over Campo D'Oro. Thus, Ingleby surpassed Italian businessman Luciano Martini



The group owned and exploited 19,369 hectares of farmland and 3,700 ha of forest in Romania last year. Apart from Campo D'Oro, Ingleby also controls Cross Wind SRL, which grows vegetables and owns animal farms in Timis County, and Green Gate SRL.

Ingleby also bragged about the 97% y/y yield increase in canola crop and 27% yield rise for wheat compared to past 5-year average.

Ingleby Group is owned by the Swedish billionaire family of Hans Rausing. The group exploited over 100,500 ha of land worldwide, of which 81,500 ha farmland and 7,261 ha forest.

Chinese-Held Smithfield Revenue up to RON 2.5B in Romania

Source: Mădălina Panaete, 18 July 2018

Chinese-held Smithfield group, the largest actor on the meat market in Romania, posted 2.5 billion lei (more than 550 million Euros) revenue in 2017, an increase of 23% on the previous year

The growth came from the two main businesses of the Chinese group in Romania – Smithfield Prod and Smithfield Romania, and the two other companies. The largest company in the Smithfield group is Smithfield Prod, which ended last year with RON 1.14 billion, up 27% on the previous year.

The company owns the slaughterhouse in Timis County, which can process 600 head per hour, its corporate website says. Smithfield Pro is an integrated producer of fresh and semi-processed pork under the Comtim brand. It stepped into the black last year, posting RON1.1 million net profit, compared with a RON30 million loss the previous year.



Smithfield Romania group's owner is China's WH Group, the largest pork producer in the world.

Romania: Kosarom Group invests 80 million Euro in Swine Farms

Source: Roana Rotaru, 16 August 2018

The Iasi-based Kosarom group intends to invest 80 million Euro in tripling swine farming capacity in the next five years and will use its profits and bank loans to do it

Kosarom has a total swine farming capacity of 142,000 head per year, in three farms in Razboieni, Targu Frumos (Iasi) and Roman (Neamt).



The company's medium-term plans include development of new farms and in the next five years we seek to triple capacity to 500,000 head of swine per year, which requires more than 80 million Euro investments made in stages.

Kosarom produced 15,000 tons of pork last year, which it sold as various products mainly through its own retail chain in the NE Romania, as well as abroad, with exports generating 5% of its revenue.

Kosarom group includes Industrializarea Carnii Kosarom (meat processor), Suinprod (swine farming) and Avi-Top (poultry farming).



Belarus is reviewing the system of food safety

Source: Black Sea Grain, 6 August 2018

Ensuring food safety was the subject of discussion of government representatives at the five-day talks held this week in Minsk.

In recent months, FAO experts, international and national experts have analyzed the structure and conditions available in Belarus to ensure food safety.

Based on FAO assessments, the government agreed to develop a set of priorities for the new FAO project, which will be launched later this year. Belarus requested FAO to provide technical support and to help strengthen the capacity of state-owned laboratories to use modern detection and analysis techniques in accordance with international standards.

Russian Federation is the largest export market for Belarusian food products, and the government of Belarus seeks to support export diversification, as well as aimed at entering other markets. Some products (dairy products, honey, fish and gelatin) are allowed to enter the European market but meat export is prohibited. Expanding of possibilities to access markets will require compliance with the requirements of the foreign market.

Another priority is the process of accession of Belarus to the world trade organization (WTO), which requires negotiations on sanitary and phytosanitary requirements.



Ukraine to lease state-owned farmland via online auctions

Source: Xinhua, 25 June 2018

The Ukrainian government will lease state-owned farmland via online auctions as part of efforts to curb corruption and improve efficiency

The auctions will be carried out through the state electronic auction platform "ProZorro.Sale" and other online platforms by September.

Besides curbing corruption in the land rental market, the online auctions are expected to fill the state budget and make leasing land more convenient for potential investors.

Ukraine has 42 million hectares of farmland. The government owns about 10 million hectares, of which about 25 percent is on lease.



Russia offers 2.5 million acres of land to Chinese farmers - but will it ease Beijing's soybean shortage?

Source: South China Morning Post, 15 August 2018

Russia has made 1 million hectares (2.5 million acres) of arable land available to foreign investors – and while that could be boon for Beijing as it struggles with limited supplies of soybeans in its trade war with the US, analysts are concerned about the quality of the plots available

It is expected, that most of the investment will come from China," 25 per cent from Russia and 25 per cent from other countries, like Japan and Korea. This reflects a significant increase in the cooperation between Chinese agribusinesses and the Far East in recent years. Observers are skeptical about the quality of the land being offered to foreign operators.

Russian Power in Asia's Wheat Market Now Includes Vietnam

Source: Black Sea Grain, 2 July 2018

For the first time, Russia is the top supplier of wheat to Vietnam, the seventh-biggest market in Asia. Exports jumped 13-fold in the 10 months through April, compared with the previous season

The increase followed Vietnam scrapping an import tax on Russian grain and a poor Australian harvest, but also shows how competitive prices are helping the No. 1 exporter offload its record crop around the world.

Bigger harvests and relatively cheap production costs have helped Russia grab export-market share from major suppliers such as the U.S., European Union and Australia in recent years.

Vietnam has traditionally been one of Australia's top five export destinations, typically accounting for about 10 percent of its wheat sales.



China's African Swine Fever Outbreak likely caused by Imports from Russia

Source: Black Sea Grain, 27 August 2018

The current African swine fever (ASF) outbreak in China first occurred in Shenyang, the capital of northern China's Liaoning Province in early August. ASF is a highly contagious disease affecting pigs and wild boars

The illness likely arrived in China via imported pork products, Wantanee Kalpravidh, a veterinarian at the United Nations' Food and Agriculture Organization, told the scientific journal Science. A genetic analysis indicates that the virus found in China is closely related to a strain circulating in Russia.



Russia has been plagued by ASF in the past decade. Russia has culled more than 2 million pigs since the initial ASF outbreak in Russia in 2007.

China, the world's biggest pork producer, probably didn't think its retaliatory tariffs on U.S. pork would come back to haunt it. But the decision to buy pork from other countries instead is now looking every bit like a disaster, as several Chinese cities seek to cope with a pork-disease outbreak that may have its origins in Russia.

China began buying Russian pork at a price of about 12 yuan (\$1.76) per kilogram since April to replace U.S. imports, according to an Aug. 23 article by Radio Free Asia (RFA).

China has culled more than 25,000 pigs as a result of the outbreaks, according to an Aug. 26 article by Hong Kong media Apple Daily.

Rising pork prices in China and Vietnam

Source: Agriculture & Food, 13 August 2018

Since May is the Chinese pork prices have risen approximately 30 percent, according to the British Trade Association AHDB Pork



In spite of the increase the pork price is still about 10 percent lower than a year ago. According to AHDB Pork, the Chinese pork prices reached at the end of July up on a level about 12.52 CNY (11.90 DKK) per kg live weight. This should be close to the breakeven level for producers. But many less-efficient productions,

however, continue to lose money with the current price level.

Also in Vietnam reported on rising pork prices. According to "the Asian Agribusiness", price reached a level of \$2.48 (16.12.DKK) per kg, which there is the highest level in two years. The rising pork price is a result of a sharp decline in the country's pig population. Experts believe, however, that the price is not high enough to pig farmers are making money and expect that prices will remain high this year.



Vietnam looks to import beef, corn and soya from Brazil

Source: Black Sea Grain, 18 July 2018

Vietnam could become the leading importer of corn and soybeans of Brazil and will consider importing beef as well. Brazil in turn will also boost imports of Vietnamese coffee, pangasius and shrimp.

Due to Brazil's scandal on quality control last year, 20 countries including Vietnam stopped importing Brazilian beef. Many countries have resumed after receiving written explanations and pledges from the Brazilian government. Vietnam could be the gateway for Brazil into ASEAN. Similarly, Brazil will be the bridge for Vietnam's goods into the South American market.

Ho Chi Minh City is also into pigs

Source: Pig Progress, 6 August 2018

It's not only commercial parties that are making Vietnam's swine industry boom. Ho Chi Minh City is as well – and has invested in an entire integration of 11,000 sows

The Ho Chi Minh City is the driving force together with The Vissan Group. This company is a well-known meat brand in Vietnam, known for quality products. The integrator currently consists of 3 slaughterhouses all over the country, one near Hanoi, one near Da Nang in the middle and a third near Ho Chi Minh City. The one in the south has its own swine production facility as well, where the 2 slaughterhouses in the middle and north just acquire pigs from contract farmers.



The partnership is related to the fact that the pig market in Vietnam is usually very volatile, leading to situations of strong oversupply as well as shortages and consequently, to strong differences in prices paid for pigs. At consumer level, however, prices stay relatively flat. In an attempt to control the volatility in the market, the city decided to embark on setting up the Vissan Group, as soon as changing legislation in communist Vietnam made that possible in 2000. Over the years, the Vissan Group's farm grew out to become a 4,000 sow farrow-to-finish farm in Binh Duong province.



Bolivia self-sufficient in corn production

Source: Post Online Media, 16 August 2018

Bolivia has achieved sovereignty in the production of corn, an issue that ensures domestic market demand.

Within the previous 10 years, the country had achieved 100 percent in corn production, 85 percent in rice and about 50 in wheat.

A decade ago, the country did not reach even 10 percent in wheat production nor 25 percent in rice production, taking into account that both are essential for the foods supply in the country.



Corn is expected to be exported and for this purpose they have more than 20,000 tons. The potential markets to trade corn are Peru, Argentina, Brazil and Venezuela.



US pork exports to China/Hong Kong down 31%

Source: Black Sea Grain, 20 July 2018

Volume of US pork exports the China/Hong Kong market dropped 31% in May 2018, due in part to the additional 25% tariff imposed by China in April

Exports only reached 34,191 tonnes for the month, down from 49,334 tonnes the previous year.

For the first five months this year, US pork exports to the region has reached 187,439 tonnes worth USD 436.4 million, down 18% and 6%, respectively year-on-year. Exports to China face an even bigger challenge in H2 2018, as China has hiked the tariff on US pork another 25%, meaning US pork cuts and pork variety meats now face a 62% duty, compared to 12% from China's other suppliers like the EU, Brazil and Canada.