



# News Extract no. 111



## Content from these countries

Europe	Europe/Asia	New Zealand	Africa	South/north America
Germany	Russia	New Zealand	Egypt	Brazil
Romania	China		Zimbabwe	US
Bulgaria	Japan			
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## WORLD



## The Tragedy of Pork Consumption

Source: Genesis, 13 October 2020

Since the ill-fated “Other White Meat” program was launched 20 years ago, pork per capita consumption has flatlined. This despite total U.S. meat and poultry per capita consumption increasing by 30%. The reality is our Pork Industry has lost domestic market share. This has led us to push for exports as an “opiate” for expanded pork production. The “Other White Meat” program was a push to make us like Chicken. A cheaper product. It must be the only marketing program in the history of advertising that tried to compare your product to a cheaper option. Bizarre. Obviously, the “Other White Meat” program failed a billion dollars (Check off) of producer money went into this losing plan.

The quest to make lean like chicken took away marbling that leads to taste. Loins and hams that once led the pork cut-out in price now languish behind bellies, ribs, shoulders. The destruction of loin and ham values (half the carcass) has hurt the profits of our industry for years. Consumers vote with their money. Fortunately for the pork industry the National Swine Registry (NSR) has trademarked “Duroc” for U.S. meat case.

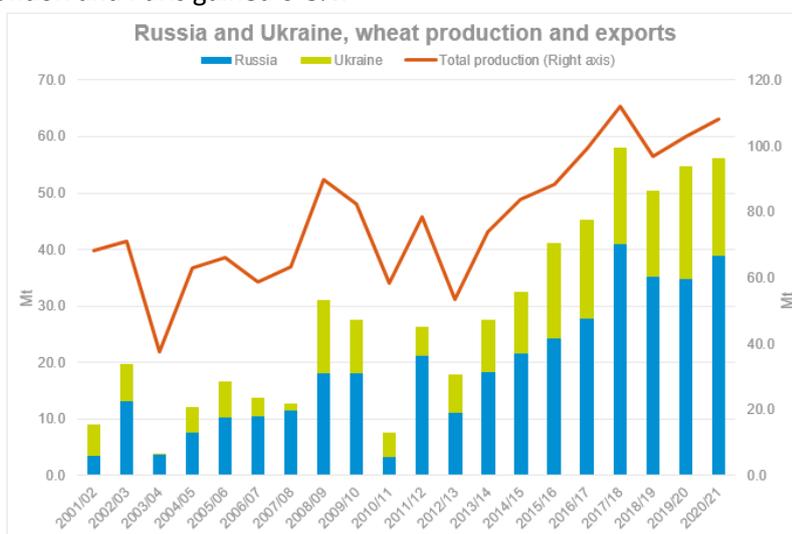
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## Black Sea 20/21 Round up - Good wheat crop and exports despite disappointing start

Source: AHDB, UK, 14 October 2020

The start of the 2020 wheat harvest campaign around the Black Sea was a disaster. Both Russia and Ukraine were reporting yields around 30% lower than a year ago after a prolonged dryness period in spring which damaged crops in the region substantially. In the two weeks at the beginning of July, US soft red wheat (SRW) in Chicago rallied 13% while wheat in London and Paris gained 6-8%.



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## EU. Milk production is also expected to increase in 2021

Source: Agra-Europe, October 14, 2020

Milk production in the European Union has increased significantly this year and is expected to continue to grow in 2021. At least this is what the EU Commission assumes in its current market forecast, which, however, was created with great uncertainty due to the corona pandemic. For the current year, the Brussels-based analysts anticipate a production of 154.0 million tonnes of milk in the EU-27, of which around 144.9 million tonnes should be delivered to the dairies after deducting feed and own consumption.

Compared to 2019, there would be an increase in processed raw material of 1.4%. In the coming year, the increase in dairy deliveries should then slow down to 0.8% and reach a total volume of 146.1 million t. "The high growth rate in 2020 can hardly be sustained with only a slow recovery in demand," explained the Brussels authority.

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## Global Pork Meat Prices

Source: Genesis, 14 October 2020

			
Price as of October 14th, 2020			
	Domestic price (own currency)		US dollars (Liveweight/lb.)
USA (Iowa-Minnesota) [Weighted Avg.]	64.49	USD/100 lb. carcass	47.72 ¢
Canada (Ontario) [Base Price]	185.41	CAD/100 kg carcass	51.17 ¢
Mexico	21.60	MXN/kg liveweight	45.93 ¢
Brazil (South Region)	7.97	BRL/kg liveweight	64.66 ¢
Russia	112.30	RUB/kg liveweight	65.49 ¢
China	35.06	CNY/kg liveweight	\$ 2.37
Spain	1.296	EUR/kg liveweight	69.09 ¢
France	1.363	EUR/kg carcass	62.10 ¢
United Kingdom	158.23	GBP/100 kg carcass	74.76 ¢
Vietnam (national average)	72,000	VND/kg liveweight	\$ 1.42
South Korea (national average)	4,780	KRW/kg carcass	\$ 1.46

## EUROPE



## Germany: Pig farming has been decreasing over the years

Source: Pig333.com, 2 October 2020

There are fewer and fewer domestic animals available for the meat industry in Germany, and pig farming has been decreasing for years. As of May 3, 2020, the total pig census was 25.5 million head. This represents a decrease of 3.9% or 1.0 million animals fewer than ten years ago. The number of farms fell significantly, decreasing by 39% in

the same period to 20,400 farms at last count. This increased the average pig population per farm from 795 to 1,248 pigs per farm.

In recent months, the number of fattening pigs has decreased in particular. As of May 3, 2020, Germany had 11.1 million fattening pigs, which represents a decrease of 5.2% (-614,700 animals) compared to six months earlier.



## Romania. TC Capital acquires a 6,550-hectare farm in Timiș county following 23.5 million Euro transaction

Source: [farmlandgrab.com](https://farmlandgrab.com), 4 September 2020

TC Capital invests 23.5 million Euro into the acquisition of a grain and oilseeds farm located in Buziaș, Timiș county. This transaction is the second major agricultural investment of TC Capital after KC Agro, its first agriculture investment in 2014. Both investments are managed by Turkish businessmen Ali Capa and Ertugrul Karaevli.

The property is situated approximately 35 kilometers from Timișoara and was bought from Gespie SAS, a French company. The transaction was concluded in July 2020, with the assistance of Dentons law firm, and the acquisition was partially funded by Libra Internet Bank. This deal is further strengthening TC Capital's position in the Romanian agricultural sector, in which the company already owns, through KC Agro, two other farms located in Buzău and Brăila counties, totalling circa 2,900 hectares.

The farm operates approximately 6,550 ha of arable land and TC Capital's representatives plan to diversify the operations into value-add intensive farming activities such as blueberry and hazelnut orchards and extensive organic production of grains and oilseeds.

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## Romania farming group Holde Agri closer to EUR 40 mln financing after listing

Source: [Romania-insider.com](https://romania-insider.com), 20 October 2020

Holde Agri Invest, a Romanian group of companies active in agriculture that recently listed its shares on Bucharest Stock Exchange, will contract several loans and financing facilities in a total amount of over EUR 38 million, Profit.ro reported.

Its market capitalization is currently RON 58 mln (EUR 12 mln).

Nine companies under the Holde umbrella will contract the financing. They will use the funds for working capital, the purchase of agricultural equipment, land, storage capacity, base upgrades, and fuel.

Holde Agri Invest was set up in 2016 by four Romanian entrepreneurs: Liviu Zagan, Robert Maxim, Matei Georgescu, and Alexandru Covrig. In 2017, the founders joined forces with local asset management company Certinvest. Together, they established the innovative business model behind Holde Agri Invest in 2018.

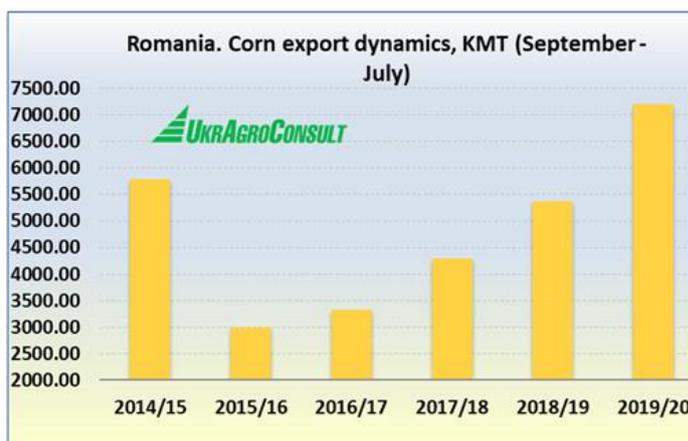


## Romania Corn Export in 2019/20 exceeded market expectations

Source: Black Sea Grain, week 42, 2020

Thanks to ample supplies, in September-July 2019/20MY Romania was able to export all-time high volume of corn - 7205 KMT (+34% y/y or 5366 KMT in September-July 2018/19), which exceeded market expectations.

Moreover, the volume was up 65% from the 5-year average (4360 KMT). Considering the record export pace UkrAgroConsult, continued to revise upwards corn export estimate for Romania. Final number expected at 7320 KMT.



## The harvest of the main grains in Bulgaria may reach 8.9 MMT

Source: Black Sea Grain, week 42, 2020

Harvesting of late crops in Bulgaria is approaching the final stage:

### Bulgaria. Harvesting progress October 9, 2020

Crops	Planned area, Th. ha	Harvested, Th. ha		%	Crop, KMT		Yield, MT/ha	
		2020	2019		2020	2019	2020	2019
Corn	573.5	503.0	417.7	87.7%	2434.8	2867.8	4.84	6.87
Sunflower	809.7	799.0	741.8	98.7%	1617.9	1708.4	2.02	2.30

Despite an increase in corn and sunflower planted areas, the 2020 harvest will be lower than last year due to lower yields due to drought. The yield of corn, according to the latest data, is 4.84 MT/ha, which is 30% less than in 2019/20 MY, sunflower - 2.02 MT/ha, or 12% less.

UkrAgroConsult reduce its estimate of the corn yield by 340 KMT to 3.36 MMT with an average yield of 6 MT/ha. We estimate the sunflower harvest at 1.7 MMT.

The drought continued to have its negative impact on the harvest of 2021 - the rate of winter sowing is significantly behind last year.



## The World Bank is pushing Ukraine for land reform

Source: Ukraine.nu, 12 September 2020

The adopted land reform is not yet quite ready to take effect next summer. The World Bank wants to change that.

The World Bank has asked Ukraine to hurry up with the adoption of the laws needed to introduce the new land reform, which will make the purchase and sale of agricultural land legal from next summer.

According to Unian, the work of introducing regulations, institutions and implementations could take at least nine months, which already means that Ukraine is in a hurry if they are to be ready for launch in July 2021.

“It is essential to adopt the right laws before the end of September, at the latest. If this deadline is exceeded due to delays that could easily be avoided, there is a real risk that Ukraine will miss out on a golden opportunity,” said Arup Banerji, Regional Director for Eastern Europe at the World Bank.

It is feared that opening up the market for agricultural land could lead to great opportunities for the oligarchs to have free play, which will lead to both inequality and corruption, writes Unian.

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## MY 2019/20 witnessed a significant rise in demand from Turkey

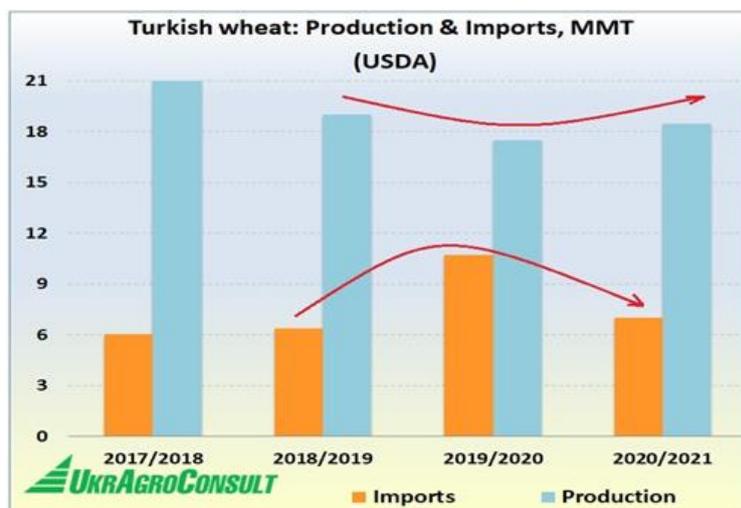
Source: Black Sea Grain, week 42 2020

The rise in wheat imports to Turkey was fueled by the following:

- reduced own production in MY 2019/20
- the fulfillment of a program of exporting flour and other wheat products
- the coronavirus pandemic (surged purchases in April-May);

Both Ukraine and the EU harvested a good wheat crop in MY 2019/20 and their 2019/20 exports hit all-time highs. As a result, TurkStat reports growth in their share in Turkey’s imports.

According to the USDA estimate, 2020/21 wheat imports to Turkey will be down at 7 MMT, but we believe this figure is understated because Turkey has earned the title of the top flour exporter. To retain buyers, the country will have to continue producing and exporting wheat flour. Moreover, devaluation of the national currency makes its export still more profitable (the Turkish lira has lost 8% over the past two months).



## RUSSIA



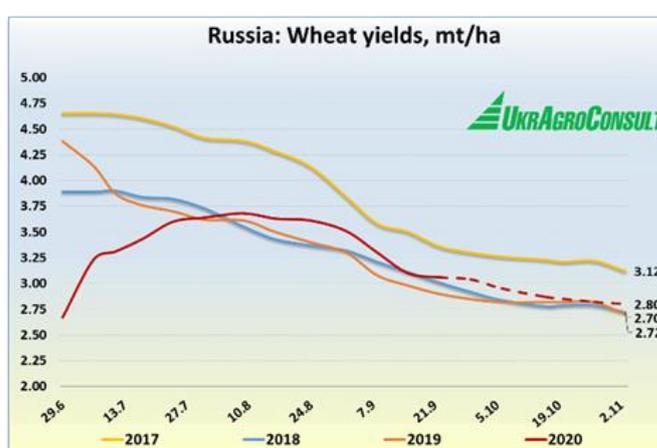
### The estimate of Russian wheat crop growth

Source: Black Sea Grain, week 42 2020

In the course of harvesting, the average yield in Russia is still quite high (3.3 MT/ha as of 4 September). This is contributed to by nearly finished harvest in the Volga regions, where the grain crop is almost twice as large as last year and yield exceeds the 2019 level by 57%.

UkrAgroConsult upwardly adjusts its wheat crop estimate for Russia (by 1.5 MMT, to 81 MMT), whereas the final yield figure may reach 2.8 MT/ha.

Consequently, exportable supplies remain unchanged (38.2 MMT) at the expense of rising feed use of wheat due to increasing hog inventories (+8% on the year) and high domestic wheat supply in MY 2020/21;



### Russia to bring 6 MI ha of arable land into agriculture by 2024

Source: Black Sea Grain, week 42 2020

Russia's Ag Ministry affirms the commitment to step up oilseed production to 29.3 MMT by 2024. The official forecast for this year's total oilseed crop is 21.5 MMT (22.8 MMT in 2019).

It is planned to increase the crop by the following ways:

- optimization and improvement of growing practices
- development of formerly uncultivated

According to the Russian Ag Ministry's estimate, 9.6 MI ha of arable land suitable for bringing into agriculture was available in Russia as of January 1, 2020. It is planned to develop 6 MI ha by 2024, raising production of grains and oilseeds by 9.2 MMT and 1.8 MMT, respectively.

## ASIA



### Genesis Pork Market report from China

Source: Genesis, 18 September 2020

After the upward trend caused by the ASF epidemic in 2019, pig prices softened following the 2020 Chinese New Year and Spring Festival Holidays. Since May, pig prices have

rebounded and are now 37.02 CNY/kg despite a weakened demand for pork in the foodservice sector caused by the COVID-19 pandemic.

The hot topic among China producers these days is the future price projection of the China hog market. It seems money is pouring into China's pork industry not only from large scale producers with government supports but also outside investors from other industries eyeing big profits.

Reports say there are 6200 new swine farms approved by the government for construction in 2020. Every regional government has its own production targets needed to get back to pre-ASF inventory levels. Each large-scale pork company has its own new plan to help meet those targets and ultimately the needs of the people for their beloved pork. In addition, newcomers from the private sector are entering the business as well.

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## Plenty of reasons to be positive about Japan

Source: Pig Progress, 1 October 2020

Japan is well known globally as an important pork-importing country, but the country itself also has a strong and sustainable pig industry.

Japan is a tiny island, as can be seen on any world map, and as a consequence it has limited land availability. A total of 127 million people lives on 380,000 km<sup>2</sup>. Still, Japan currently has 9.5 million pigs and 850,000 sows.

The Japanese traditionally consume a lot of fish; however, this is decreasing year by year. Instead, the consumption of animal protein from farm animals (except beef) is increasing. Pork is preferred and is an important part of the diet for Japanese consumers, but the self-sufficiency ratio of pork is only around 50%. Another aspect to note is that the Japan's industry has been (and will be) consolidating, as is happening in the EU and the US.

Figure 2 - Japan is a pork importing country. Self-sufficiency ratio and meat production and imports in Japan.



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## Genesis Pork Market Report Thailand

Source: Genesis, 2 September 2020

Thailand's live pig exports doubled. Live pig exports from Thailand to neighboring countries from January to July 2020 have doubled to 1.46 million heads valued at US\$ 309 million year-on-year, according to official statistics. Shortage of pork in Vietnam is driving the growth as it is sourcing the pigs from Thailand through Cambodia and Laos. Nearly 80% of the pigs or 1,154,255 heads exported from Thailand during the first seven months of the year were destined for Cambodia valued at US\$ 247.64 million. Although no record available, it is understood that most of the pigs shipped from Thailand to Cambodia and moved further to Vietnam.

Thailand exported 150,636 pigs in Laos worth US\$ 26.8 million during the period. Similar to Cambodia, most of the pigs landed in Laos are expected to ship further to Vietnam. Meanwhile, Myanmar imported a total of 90,259 pigs worth US\$ 17.7 million from Thailand in the same period. Half of the pigs shipped from Thailand to Myanmar were piglets at weight 16-26kg.

According to DLD, Thailand produced 22.53 million pigs in 2019 and about 3.5% of which was exported. The production this year is expected to be in line with the previous year.

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## Indonesia's food estate program eyes new plantations in forest frontiers

Source: farmlandgrab.com, 6 October 2020

The Indonesian government says it will expand a national "food estate" program by establishing millions of hectares of new crop plantations in Sumatra and Papua. The program is currently centered in Indonesian Borneo, where it occupies the site of an identical project from the 1990s that failed spectacularly.

To expand the project into North Sumatra and Papua, the government is seeking out private investors; but activists say this risks a repeat of the current corporate takeover of Indigenous and community lands.

The government is also reportedly considering lifting the forest status of more than a million hectares of rainforest in Papua so that it can clear the area for farmland. In Central Kalimantan, the government has identified 165,000 hectares (407,700 acres) of potential farmland in the districts of Pulang Pisau and Kapuas. Most of this new estate will sit on peatlands that were targeted for an identical initiative, the Mega Rice Project (MRP), in the mid-1990s.

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## NEW ZEALAND



## New Zealand's Fonterra to sell China dairy farms to focus on home markets

Source: farmlandgrab.com, 4 October 2020

New Zealand's Fonterra plans to sell its farms in China for a total of NZ\$555 million (\$367.97 million) as the dairy producer continues to focus on the domestic market and reduce debt.

The company unveiled plans last year to halt overseas expansion after being criticized by the more than 10,000 farmers who make up its cooperative for its foray into countries like China and value-added consumer products that were weighing on its profits. After the sale, the company will also be able to better prioritize its efforts in the food-service, consumer and ingredients business in China, its biggest market.

China Youran Dairy Group will purchase two farming-hubs located in Ying and Yutian for NZ\$513 million, while Beijing Sanyuan Venture Capital is set to acquire an 85% stake in the Hangu farm.

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## AFRICA



### Farming study brings Sudan, Egypt closer amid Nile Dam crisis

Source: [farmlandgrab.com](http://farmlandgrab.com), 14 September 2020

Egypt's Minister of Supply and Internal Trade Ali al-Moselhi met with Mirghani Idris Soliman, the director of the Sudan's Military Industry Corporation, has agreed to study the possible leasing of agricultural lands in Sudan.

According to the agreement, the land will be cultivated with sunflowers, soybeans and corn under the direction of the Egyptian Ministry of Supply's Holding Company for Food Industries, supplying edible oils to the Egyptian market and limiting imports. No further details were revealed.

During the meeting, the two officials also agreed to boost cooperation between the two countries in the field of food production, one important area being the provision of livestock by Sudanese company Eteghat.

Yaman al-Hamaki, a professor of economics at Ain Shams University in Cairo say that this agreement represents an important step that will make a difference to the Egyptian and Sudanese economies, and through it, the countries can become a bread basket for Gulf countries that depend on imports. This gives huge growth prospects in both countries.

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### Zimbabwe returns land to foreign farmers

Source: [Global News](http://Global News), 11 September 2020

Foreign farmers who were displaced from their farms in Zimbabwe 20 years ago can now apply to get the land back. The government hopes the offer will improve the country's relationship with the West.

Zimbabwe was known as Africa's breadbasket, but after the land reforms of 2000, agricultural production plummeted. Since then, the country has struggled to feed itself. According to the government, there are 37 farmers from countries such as the United Kingdom, Germany and Denmark. The number of farmers may be low, but the signal value is high and the Zimbabwean government hopes that the initiative will be noticed in the EU and Washington.

In addition, the government has announced a \$ 3.5 billion compensation package to be shared between the approximately 3,500 white Zimbabwean farmers displaced from their farms. The money will be raised by the government by issuing long-term bonds in the international financial market.

However, the government stresses that Mugabe's land reforms cannot be rolled back. Therefore, the local farmers cannot get their land back, but can therefore seek compensation corresponding to the improvements they have made, in the form of, for example, buildings and irrigation systems.

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## SOUTH AMERICA



### Brazilian pork exports until August grow 44.3%

Source: Pig Progress, 25 September 2020

Brazil's pork exports have grown up 44.3% in volume and 54.5% in revenue from January to August 2020 in comparison to the same period last year.

The most important reason for the increase is the impact of African Swine Fever (ASF) on the Chinese pig supply. On top of that, recent cases of ASF in Germany's wild boar population are likely to push exports profits even up more.

In the first 8 months of 2020, Brazilian exporters sold 678,300 tonnes, up from 469,800 in that same timeframe in 2019. In the same period, export revenue totalled US\$ 1.488 billion – that was US\$ 963.2 million in the previous year.

Asia continues to be the flagship of pork exports. The main importer of pork from Brazil, China imported 50,700 tonnes in August alone, a year-on-year jump of 168%.

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## NORTH AMERICA



### Damage from August wind storm in Midwest at \$7.5B

Source: Daily Mail Online, 18 October 2020

Damage estimates from a rare wind storm that slammed Iowa and some other parts of the Midwest in August are growing, with the total now at \$7.5 billion.

The 10 August storm hit Iowa hard but also caused damage in Illinois, Ohio, Minnesota and Indiana.

The National Oceanic and Atmospheric Administration said it's currently the second-costliest U.S. disaster so far in 2020, although cost estimates for widespread wildfires along the West Coast aren't yet available.

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