

News Extract no. 114



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WORLD**Rabobank: Pork supplies to grow again in 2021**

Source: Pig Progress, 8 February 2021

In most regions around the world, pork appears to be on the rebound in 2021. That is the projection of global agribusiness bank Rabobank.

The latest report anticipated that global pork supply will grow in Asia and North and South America, but will face more challenges in Europe. Even though China continues to dominate global trade, Rabobank said, the Asian giant's expected reduction in imports in 2021 will have ramifications for the rest of the world, especially in Europe, where trade bans on Germany are boosting local supply and weighing on the market.

After rapid restocking in 2020 China is taking its share of global trade up sharply to over 50% – China will see strong growth in pork production in 2021. The bank estimates this to be 10-15% in 2021. Although ASF continues to spread in the country, the impact is declining. In its report, the bank wrote that 'global pork trade is facing big swings'.

The pork production is expected to grow by at least 10% to 15%, China's imports will decline by 10% to 30% this year. This will still make 2021 the second-largest year for imports, but the change in demand will impact all exporters".

European pork production is expected to be flat or down slightly in 2021, on lower export demand, a slow recovery of local demand due to Covid-19, and ongoing ASF-threats in eastern Europe and Germany.

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**Sustainable food production – farm to fork strategy**

Source: EU Commission, 8. Marts 2021

The Farm to Fork Strategy aims to reduce the environmental and climate impact of primary production whilst ensuring fair economic returns for farmers, fishers and aquaculture producers.

The strategy sets targets to significantly reduce the use and risk of chemical pesticides, the use of fertilizers and sales of antimicrobials as well as increase agricultural land under organic farming. It will also seek to improve animal welfare, protect plant health and promote adoption of new green business models, circular bio-based economy and the shift to sustainable fish and seafood production.

The strategy foresees the following actions in order to ensure sustainable food production:

Read more [here](#) to get overview of farm to fork strategy and related documents.



Global Pork Meat Prices

Source: Genesis, 10 March 2021

The First Power In Genetics			
GENESUS			
Global Market Report			
Price as of March 10th , 2021			
	Domestic price (own currency)		US dollars (Liveweight/lb.)
USA (Iowa-Minnesota) [Weighted Avg.]	88.16	USD/100 lb. carcass	65.24 c
Canada (Ontario) [Base Price]	197.05	CAD/100 kg carcass	56.72 c
Mexico	31.81	MXN/kg liveweight	69.08 c
Brazil (South Region)	7.68	BRL/kg liveweight	61.44 c
Russia	120.55	RUB/kg liveweight	74.35 c
China	29.66	CNY/kg liveweight	\$ 2.07
Spain	1.295	EUR/kg liveweight	70.10 c
France	1.281	EUR/kg carcass	59.64 c
United Kingdom	138.79	GBP/100 kg carcass	70.19 c
Vietnam (national average)	76,000	VND/kg liveweight	\$ 1.49
South Korea (national average)	4,415	KRW/kg carcass	\$ 1.36

EUROPE



Spain breaks record, surpasses 5 million tons of pork produced

Source: pig 333.com, 4 march 2021

In just 5 years, Spain has increased its pork production by 20%. Spain ended 2020 with a record production of 5,023,534 tonnes of pork, following in line with the trend over the last several years. This represents an 8.24% increase with respect to the previous year and a 20% increase compared to 5 years ago.

The number of animals slaughtered is also exceptional, with a total of 56,461,219 head, an increase of 6.57% over the previous year. Carcass weight has also been increasing over the last 5 years, from 85.18 kg in 2016 to almost 90 kg in 2020.

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Latvia. Support for agricultural and food production on the background of the Covid-19 crisis

Source: ActusQ News Letter, February 2021

Primo February, the government approved allocation of funds from the state budget program "Contingency Funds" to ensure the production of local agricultural and food products with funding not exceeding 45.5 million euros. This money is needed to support measures to mitigate the effects of the Covid-19 crisis and encourage economic recovery.

The order provides for direct financial support to pig farms, ensuring the maintenance of production, with a total funding of up to 14.5 million euros. Funding up to 11 million euros will be designated for poultry farms to partially compensate for income losses. Up to 12 million euros will be used for the partial repayment of loan interest, promoting the development of economic activities of producers of primary agricultural products and food, as well as agricultural and forestry cooperatives.

Moreover, up to 7 million euros are intended for the implementation of the agricultural, fisheries and rural development guarantee program, providing guarantees for investment and working capital loans, financial leasing and factoring, tender and advance payments through state-owned development finance institution "Altum". Funding up to 680 thousand euros will be available to small and medium-sized cooperative societies to strengthen their capacity.



Leading Latvian cooperatives will invest millions in a pea protein factory

Source: ActusQ News Letter, February 2021

The leading Latvian cooperatives "VAKS" and "Latraps" have established a new company, "ASNS Ingredient", with the aim of building a yellow pea protein plant in Jelgava. EUR 75 million will be invested in the establishment. It is planned that construction works will begin this year.

The project is planned to be implemented in two phases. First, one production line will be put into operation, which will process about 69 thousand tons of peas. A second production line will then be opened, with a combined capacity of 138 thousand tonnes of peas per year.

Latvia's climate is very favorable for cultivating peas.



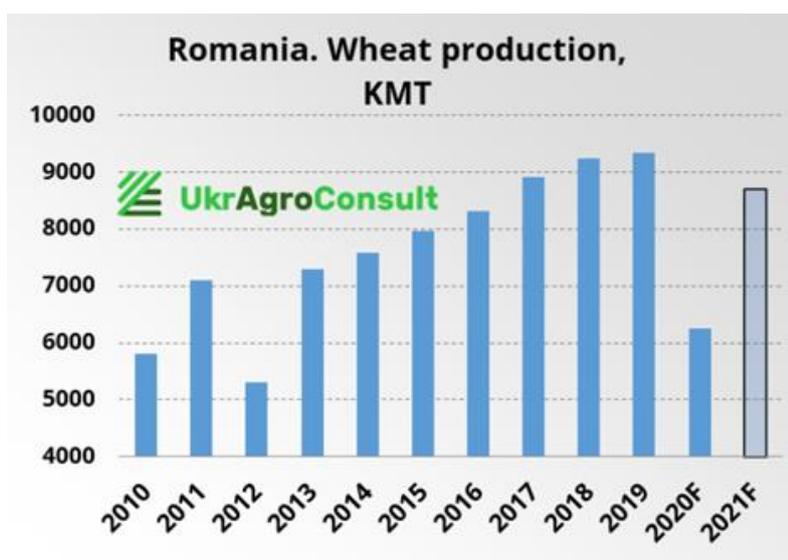
Romania. Optimistic expectations for 2021 wheat crop

Source: Black Sea Grain, week 9, 2021

Winter weather was mostly beneficial for the crop development. National Weather Administration (ANM) reports about the absence of any soil drought in Romania.

Taking into account the first forecast of winter acreage, published recently by EuroStat (-5% y/y), UkrAgroConsult estimates total area of Romanian wheat (2070 th ha or -3.5% y/y) slightly below the 5-year average for Romania (2104 th ha). Dry summer weather continued till late September and excessive rainfalls in October hampered the seeding campaign.

Our first estimate of Romanian wheat production (2021/22 MY) is quite optimistic - 8.7 MT (+2.45 MMT y/y) compared to poor harvest of 2020 (the worst since 2012). Next season higher export potential (+1.75 MMY y/y) will allow Romania to regain some share on the market of Egypt, traditional Asian buyers (Thailand, Philippines) and increase exports to Jordan, which remains the top buyer in 2020/21.



RUSSIA



Conservation agriculture: How Romanian farmers can help protect the environment and gain from it

Source: [Romania-insider.com](https://romania-insider.com), 19 January 2021

Romanian farmers who are interested in creating a better climate context for future generations can also get financial benefits from this activity by getting better crops and selling carbon certificates on the international markets.

By adapting their tillage and cultivation techniques and making the transition to conservation agriculture, farmers can earn an additional EUR 45-105 euro/ha/year, by capturing in the soil 3-7 tons of CO₂e/ha/year, according to Commoditrader, a digital trading platform for agricultural commodities, which helps farmers get additional revenues by selling carbon certificates on the international market.

French-born **Arnaud Perrein**, vice-president of the Romanian Corn Producers Association with 28 years' experience in the Romanian agriculture industry, has adopted a set of measures that contribute to the improvement of his cultivated soil, so that it is more productive and profitable. Using conservation agriculture, he cultivates 4,000 hectares of land at Sopema Farm in Ialomita county, in Romania's most fertile region.

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Grain harvest forecast in Bulgaria in 2021

Source: Black Sea Grain, week 9, 2021

Winter cereals in Bulgaria over the past three months have received a sufficient amount of soil moisture, which should have a positive effect on the yield. The frosts that hit Europe affected Bulgaria only briefly, so no significant damage is expected.

According to the Eurostat, the main winter cereals show a significant acreage reduction from last season caused by drought in the fall planting period:

- wheat: 1,110 Th ha (-6%)
- barley: 115 Th ha (-15%)
- durum wheat: 8 Th ha (similar to last year)
- rye: 6 Th ha (-14%);

UkrAgroConsult expects the wheat crop to reach 5.55 MMT (+ 16% Y-o-Y) with barley production at 550 KMT (-2% Y-o-Y).

The current weather conditions are favorable, similar to those observed in February 2019, so our first yield estimates are close to MY 2019/20 (5.0 MT/ha for wheat and 4.6 MT/ha for barley).

RUSSIA



How did Russian meat exports increase 55% in 2020?

Source: pig333.com, 16 February 2021

Russia exported more than 500,000 tons of meat in 2020, up 55% from 2019. Data on deliveries to the EAEU countries are taken into account for January-October 2020, the report specifies.

In particular, shipments of poultry meat increased by 41% to 285,000 tons and in terms of value by 32%, to \$419 million. Turkey meat was exported for \$13 million, 2.1 times the value of 2019. Pork export grew 1.9 fold, to 187,000 tons and value increased two-fold, to \$324 million. Fresh and chilled carcasses and halves (\$70 million) accounted for approximately 22% of shipments, while frozen offal made up 18% (\$60 million). The highest growth rate was seen in overseas sales of beef. They increased 2.9-fold, to 16,000 tons and value went up 3.3-fold, to \$85 million.

China topped the list of the largest buyers of Russian meat with a share of 37%. The second highest share, at 16%, was held by Vietnam, largely due to the opening of its market for Russian pork at the end of 2019. As a result, exports of Russian meat to this country doubled to 73,000 tons, and in value terms increased 4.4 fold, to \$140 million. Pork accounted for about 94% of this volume.

Ukraine is in third place with a share of 13%.

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ASF Russia: Over half a million pigs culled this winter

Source: Pig Progress, 3 March 2021

Around 560,000 pigs have been culled on various commercial swine farms in Russia during the colder autumn and winter seasons in an attempt to keep African Swine Fever (ASF) outbreaks under control.

That number corresponds to roughly 2.2% of the total pig inventory in Russia. A large part of the affected farms is located in Tver and Kursk regions. Other areas with large infected farms were Voronezh, Samara and Tambov regions.

Bezhetzky district, Tver region, about 300 km north of Moscow, was one of the districts that was hardest hit, with at least 5 large commercial farms infected in November and December. According to data by the World Organization for Animal Health (OIE), at least 291,000 pigs had to be culled on these 5 facilities. The facilities belong to the Coral group; each had at least about 50,000 pigs on-site.

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ASIA



Chinese tech giant Huawei goes into pigs

Source: Pig Progress 22 February 2021

Chinese technology company Huawei has announced to go into pig farming as the company explores growth areas outside smartphones.

Last week, Huawei launched an artificial intelligence pig farming project. Facial recognition could be one of the ways how Huawei can play a role in pig production.

Swine farming, however, has been very profitable in recent years as supplies have been short due to the African Swine Fever (ASF) epidemic. Their step into pig farming is not unique. The Shenzhen-based company has announced to go into other growth areas, including cloud services, smart vehicles and wearable devices, as well as seeking to upgrade traditional industries like coal mining.

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Vietnam. Pig production on its way back to normal production

Source: Agriculture & Food, week 9, 2021

According to the country's authorities African swine fever is under control and Vietnam's pork production is returning to normal levels. Figures from the authorities show that the stock of lakes is back at around 3 million. while the total pig population is more than 26 million. PCS. This is about 85 percent. of the level from before African swine fever hit the country.

As a result of the rebuilding of pig production, prices for pork have fallen, which has meant increasing consumption.



Russian firm to build \$1.4-bln pork processing complex in Vietnam

Source: farmlandgrab.com, 26 January 2021

AVG Capital Partners has signed a memorandum of understanding with the Thanh Hoa Province People's Committee to build a \$1.4-billion pork processing complex in the province.

A pig farm will be built on 1,000 hectares of land in the Nghi Son Economic Zone to raise five million hogs a year. A compound animal feed production plant with a capacity of two million tons a year, a slaughterhouse and a meat processing plant with a capacity of 0.6 million tons will also be built.

The Russian private equity company is a major investor in agriculture, animal feed production, meat processing, and sugar production.

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Cambodia opens its markets to pig meat from Brazil

Source: Pig Progress, 26 February 2021

Cambodia has opened its markets for Brazilian pig meat. This happens at a time when local media report a re-emergence of the viral disease ASF.

That message was shared this week by the Brazilian Ministry of Agriculture, Livestock and Supply (MAPA). The Cambodian authorities allowed importations of fresh and processed pork cuts from Brazilian industries with the same standards of their internal market.

The Asian country is affected by African Swine Fever (ASF) – but an emerging hog producing nation

The South East Asian country has over than 16 million inhabitants and undergoing an intense process of urbanization and economic development. Between 2010 and 2018, the BNP has growth from US\$ 11.2 billion to US\$ 24.5 billion, or 118.75% of growth. As consequence, Cambodians are experiencing an increasing per capita income, which influences the potential of pork consumption. Currently, according to ABPA data, they consume 10kg per capita per year.

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India expected to harvest record wheat, rice crops this year

Source: Daily Mail Online, 24 February 2021

India is likely to harvest a record 109.24 million tonnes of wheat this year, boosting stocks at government granaries that are fast running out of storage space due to more than a decade of bumper production.

Wheat output in India, the world's second biggest producer, is expected to go up by 1.3% in the crop year to June 2021. Rice output is estimated to rise by 1.2% to 120.32 million tonnes. India is the world's biggest rice exporter and second biggest producer. This year's total grains output is estimated at a record 303.34 million tonnes against 297.5 million tonnes produced in the previous year. Output of rapeseed, the main winter oilseed with the highest oil content, is expected at 10.4 million tonnes, higher than previous year's production of 9.1 million tonnes.

Production of chickpeas, a variety of pulses, is likely to be 11.62 million tonnes against 11.08 million tonnes harvested in the previous year.

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AFRICA



Sudan wants to ‘turn the desert green’ in agricultural modernization push

Source: farmlandgrab.com, 25 January 2021

It has the feel of the fertile Argentine pampas: fresh green pastures, harvesting machines baling alfalfa, the smell of wet, cut grasses.

But this massive agricultural oasis lies in the Nubian Desert in northeastern Sudan on the right bank of the Nile, in circles of grassland sprayed 22 hours a day by center pivot irrigation systems.

The previous desert is turned green by the DAL group, Sudan’s biggest conglomerate and one of the country’s top private agricultural investors. Step outside each grass field, and the desert stretches to Egypt.

DAL’s \$225 mill. greenfield project in Abu Hamad — a joint venture with the Royal Group of Abu Dhabi and about 10km from the banks of the Nile — is watered by 18km of canals drawing water from the world’s longest river, which has nurtured desert agriculture for millennia. The goal is to cultivate 170,000 acres — split into 750 rounded plots — of pastures, wheat, grapefruits, and other crops. There are 50 plots in operation since the project started last year.

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SOUTH AMERICA



Paraguayan Chaco: the next frontier in global institutional agri investment

Source: farmlandgrab.com, 12 February 2021

Paraguay, often mistaken as a province of much smaller Uruguay, is nestled, erstwhile swallowed, between the two agricultural giants Brazil and Argentina. It has been a consistent beacon of macro and regulatory stability in a broader region marked by political swings-and-roundabouts. Importantly, as further distinctions from its neighbors and most contemporary global jurisdictions, Paraguay boasts one of the most generous corporate tax systems in the world and permits foreigners to acquire productive agricultural lands at scale without restriction.

Paraguay has propelled itself to become the world’s 4th largest soy/soy derivatives exporter, the 8th largest beef exporter, and 4th largest starch exporter — which, like the lack of restrictions on acquisition of rural lands, does surprise much of the northern hemisphere institutional agri investor community with whom we speak.

Birdwood, based in Asunción and managed by JP Morgan and Goldman Sachs alum, has hand-picked a 140,000-hectare, contiguous, world-class beef and grains aggregation in a zone of the Paraguayan Chaco, following an extensive in-house process of commercial, financial, operational, and physical/agri due diligence. Birdwood’s positive view is

echoed by respected leaders in global agribusiness and agri capital markets with whom the firm works closely.

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Trader Cargill, pension fund TIAA linked to land grabs in Brazil's Cerrado

Source: farmlandgrab.com, 3 February 2021

In the far west of Brazil's Bahia state, sprawling soybean plantations extend from the edges of the highways right up to the horizon. The region is considered Brazil's new grain frontier, its roads bustling with trucks hauling agrochemicals, cattle, and tons of soybeans. The 2019-2020 harvest was the second best in the history of Bahia: more than 6 million tons of soybeans were produced in the state. That kind of output has attracted major companies such as SLC Agrícola, one of the largest grain producers in Brazil.

Between January and March, the company deforested 5,200 hectares (12,850 acres) of the Cerrado savanna in Bahia. In October of this year, another 4,000 hectares (nearly 10,000 acres) burned in the same area. The NGO Chain Reaction Research, which monitors the global agricultural commodities market, detected the deforestation and burning through satellite monitoring.

The destruction was centered at the Parceiro farm in the town of Formosa do Rio Preto — itself the heart of the deforestation in the entire Cerrado. Part of the farm's area, currently used for growing soybeans.

A key player in this company is Cargill, the second-largest privately held company in the U.S., which purchased just over 25% of SLC's output in 2019.

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