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EU Cereals production and markets 2017/18 Crop Year

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Chairman Cereals WG Copa - Cogeca

Copa and Cogeca

Copa – comprising together 60 national farmers organisation from 28 Members States;

Cogeca – is a european platform of 22 000 agri cooperatives in EU28;

We have strong relationship with several international organisations (Norway, Canada, USA, Switzerland, …).

Cereals Working Group working methods

Working method:

- 4 meetings/year : winter and spring for seeding period, just and after harvest period;
- working group composed by national experts from our farmers and agri-coop organisations;
- Collection of data at national level on 2 criteria: area and yield for all cereals and oilseeds ;
- Collection of data on the current and following marketing year;
- Discussions on factors which may improve the situation (weather, diseases…);
- Contribution to the European arable crops market Observatory and the commissions CDG

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Outlook 2017-2018 for cereals market

Main results for the current campaign

- EU27= 56. mio. Ha third consecutive crop year
  - => soft wheat: slight increased to 23,6 Mio ha
  - =>less ha in Barley, Durum wheat and stable for corn,
  - => oilseed: around 12 mio ha / good recovery for rapeseed and sunflower area
  - => more diversity in quality of production in relation to weather patterns

  - => strong organisation of teh sector to put forward the harvest on the market (France – Germany: more than 60% of teh production via coops);

EU 28 Production Forecast 2017

2017/2018 Marketing Year *usable production*

Million tonnes	**EC DG AGRI Sept**	Stratégie Grain Sept	CCR Sept	ADM Europe Sept	Coceral Sept
Total	**298,6**	298,8	297,6	297	299,5
Soft Wheat	**140,4**	142,5	138,3	142,8	142,1
Durum Wheat	**9,2**	8,9	9,0	8,5	8,7
Barley	**58,1**	58,5	57,8	57,3	58,1
Maize	**59,1**	59,0	59,1	59,1	59,3
Rye	**7,3**	7,8	7,7	7,5	7,5

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EU 28 Crop Year 2017/18

- Production below average based on:
  - Decrease of areas (soft wheat) vs 2016/17
  - Yields of winter crops affected mainly in ES (drought)
  - High Yields of soft wheat in Southeast Europe (BG, RO,HU), good in FR
  - Good grain quality for soft wheat (FR) and concerns (DE, PL, FI, Baltic Countries)
  - Growing conditions for grain maize improved in FR, RO but less favourable in IT, ES and HR

- Slight recovery of soft wheat exports vs 2016/17

- Third Decrease in a row of total ending stocks

EU 28 Cereals Production forecast 2017

Most important producers
(80% of EU production)
total cereals prod changes 2016/2017

FR	25,7%
DE	0,7%
PL	5,4%
IT	-8,9%
UK	4,2%
ES	-26,5%
HU	-17,0%
RO	5,9%

Sources : DG AGRI - G4

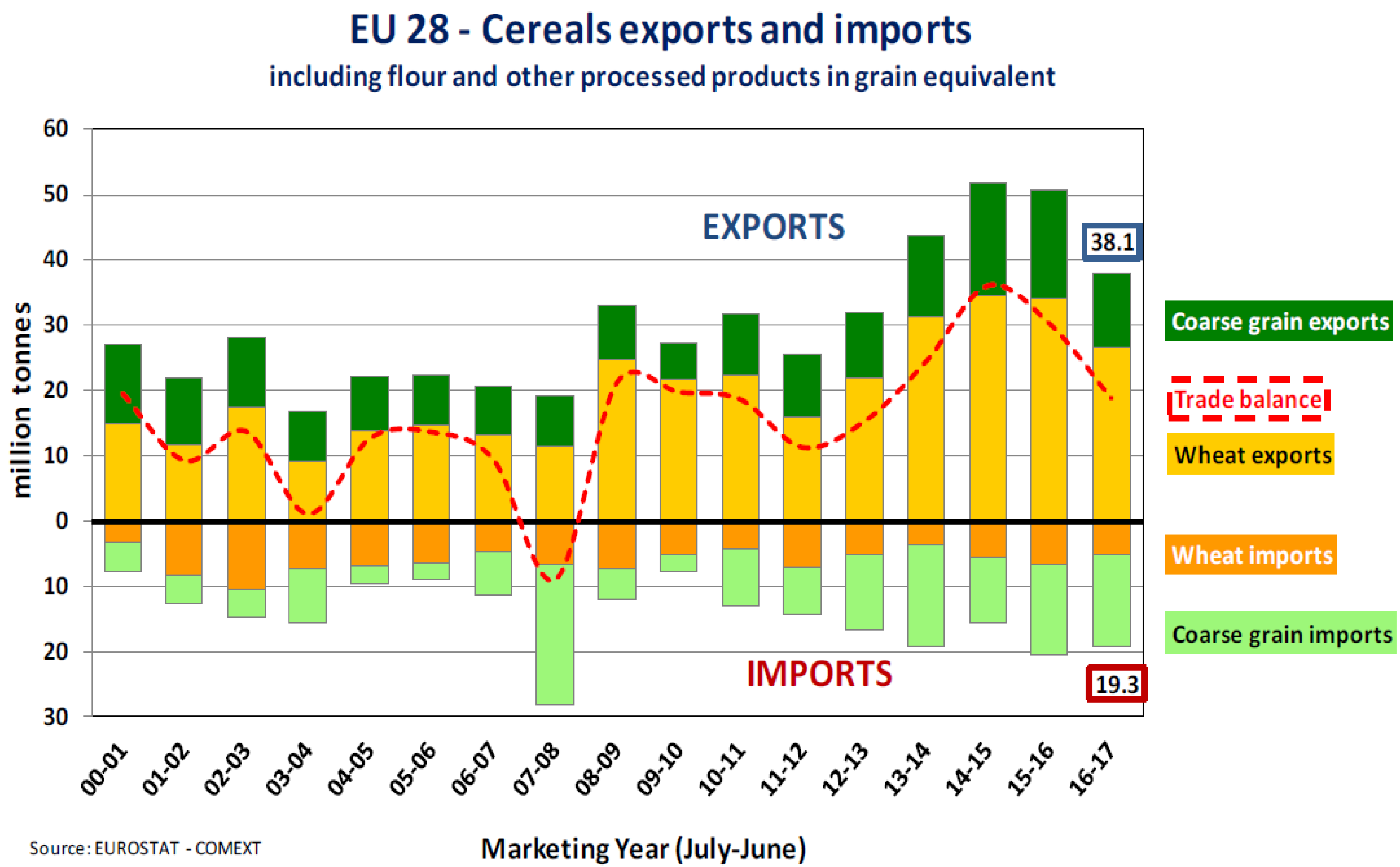
EU Cereals balance sheet : 2017 / 18

Sep-17	Cereals balance sheet:Marketing year: 2017/2018									Million tonnes
	Common wheat	Barley	Durum	Maize	Rye	Sorghum	Oats	Triticale	Others	EUR 28
Beginning stocks (01.07.2017)	**10,1**	**5,8**	**2,5**	**15,6**	**0,7**	**0,2**	**0,3**	**1,7**	**1,6**	38,5
Usable production	**140,4**	**58,1**	**9,2**	**59,1**	**7,3**	**0,7**	**8,3**	**11,3**	**4,2**	298,6
Import	**3,3**	**0,6**	**1,5**	**15,0**	**0,1**	**0,2**	**0,0**	**0,0**	**0,2**	20,8
TOTAL AVAILABILITIES	**153,8**	**64,5**	**13,3**	**89,7**	**8,1**	**1,0**	**8,6**	**12,9**	**6,0**	357,8
USE										
- Human	48,0	0,4	8,0	4,9	3,1	0,2	1,1	0,1	0,0	65,7
- Seed	4,9	2,2	0,5	0,4	0,4	0,0	0,4	0,5	0,1	9,4
- Industrial	10,8	9,1	0,1	11,7	1,7	0,0	0,1	0,4	0,1	33,9
of which alcohol										14,2
o.w. bioethanol/biofuel	4,7	0,4		6,2	1,0			0,3		12,6
- Animal feed	51,8	39,2	0,8	55,3	2,6	0,7	6,2	10,9	4,5	172,0
TOTAL USE	**115,4**	**50,8**	**9,4**	**72,2**	**7,7**	**0,9**	**7,9**	**11,9**	**4,7**	281,0
Losses (excl on-farm)	0,9	0,4	0,1	0,6	0,1	0,0	0,1	0,1	0,0	2,2
Solde disponible	**37,5**	**13,3**	**3,8**	**16,9**	**0,2**	**0,1**	**0,6**	**0,9**	**1,2**	74,6
Export	**27,0**	**7,0**	**1,4**	**2,0**	**0,2**	**0,0**	**0,2**	**0,0**	**0,0**	37,8
Ending stocks (31.08.2017)	**127,2**	**53,9**	**9,9**	**11,1**	**6,9**	**0,7**	**7,2**	**11,0**	**5,0**	232,8
Ending stocks (30.06.2018)	**10,5**	**6,3**	**2,4**	**14,9**	**0,1**	**0,1**	**0,4**	**0,9**	**1,2**	36,8

EU Cereals Balance sheet show improvement on quality and availability

Wheat	*2007/2008*	*2012/2013*	*2017/2018 (forecast)*
Production	110,9	123,9	140,4
Imports	4,7	3,8	3,3
Uses	107,7	108,4	116,3
o w Food	46,6	47,4	48
ow Feed	47,9	45	51,8
Exports	10,7	20,3	27
end Stocks	16,8	10	10,5
Barley			
Production	57,5	54,3	58,1
Imports	0,3	0,08	0,6
Uses	49,6	49	51,2
ow Feed	37,3	37,2	39,2
Exports	6,6	7,8	7
end Stocks	8,3	5	6,3
Oats			
Production	8,7	7,7	8,3
Imports	0,004	0,007	0,005
Uses	8	7,9	8
ow Feed	6,4	6,2	6,2
Exports	0,2	0,1	0,2
end Stocks	0,9	0,5	0,4

EU 28 Exports and Imports



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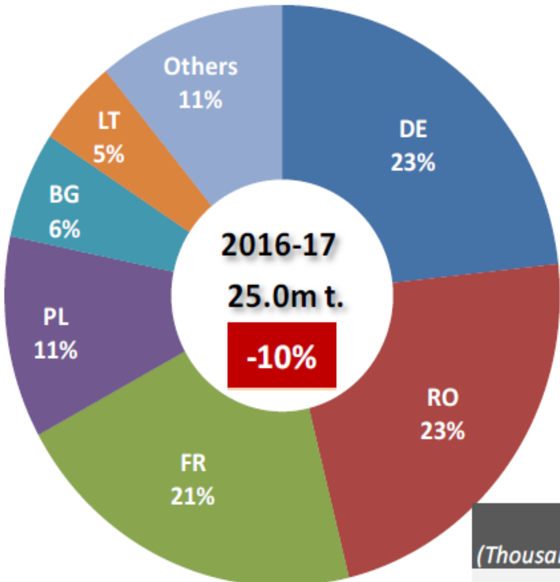
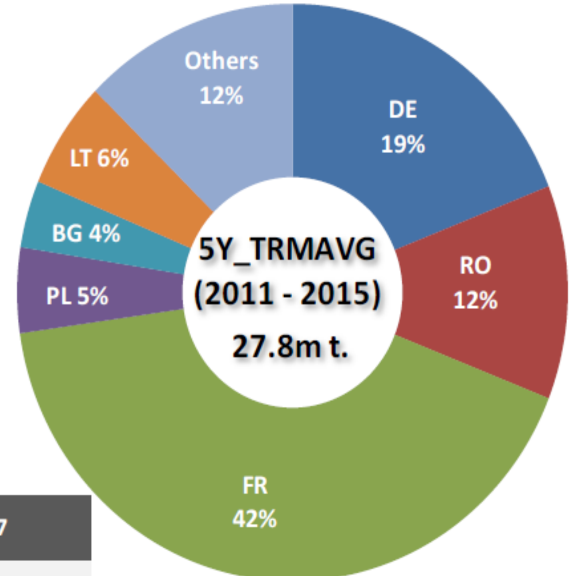
EU 28 Wheat Export

EU MS exporting common wheat (incl. flour and groats)





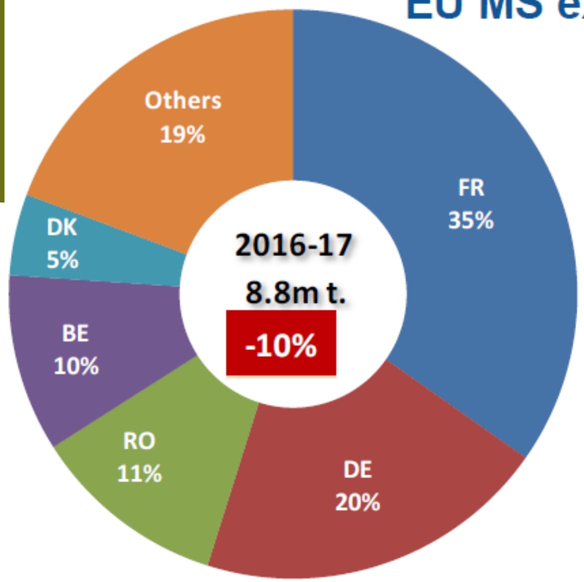
(Thousand tons)	5Y_TRMAVG (2011 - 2015)	2016-17	
DE	5 280	5 827 ↑	*10%*
RO	3 328	5 728 ↑	*72%*
FR	11 599	5 240 ↓	*-55%*
PL	1 327	2 814 ↑	*112%*
BG	1 046	1 490 ↑	*42%*
LT	1 672	1 209 ↓	*-28%*
Others	3 527	2 739 ↓	*-22%*

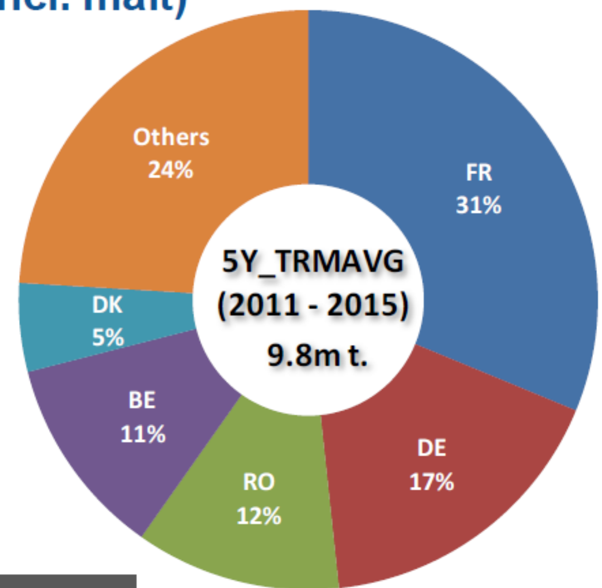
Source: EUROSTAT (COMEXT)

5

EU 28 Barley Export

EU MS exporting barley (incl. malt)



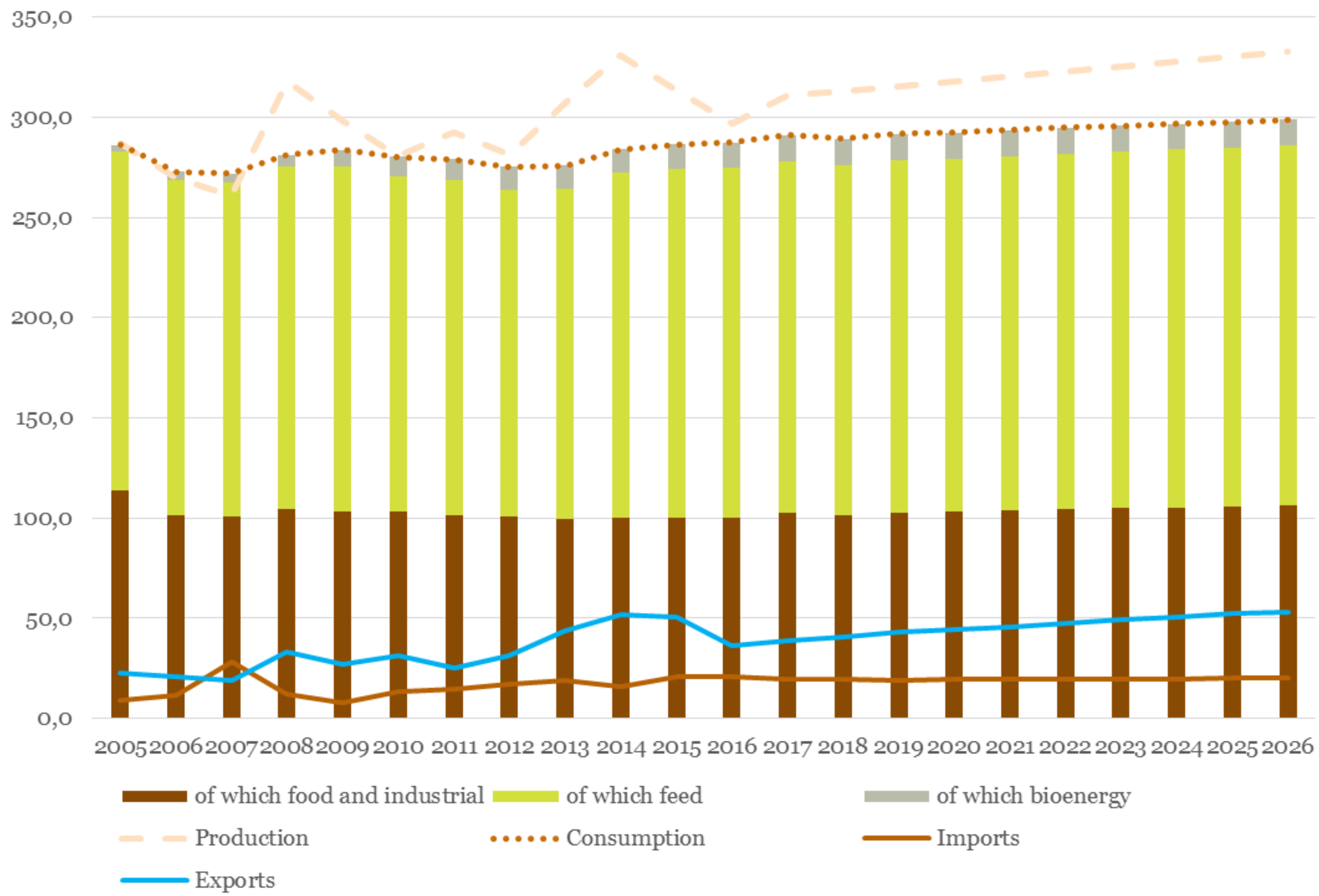


(Thousand tons)	5Y_TRMAVG (2011 - 2015)	2016-17	
FR	3 053	3 042	*0%*
DE	1 670	1 760	*5%*
RO	1 121	972	*-13%*
BE	1 098	883	*-20%*
DK	483	405	*-16%*
Others	2 351	1 690	*-28%*

Source: EUROSTAT (COMEXT)

7

EU Cereals mid term prospect



TOP 10 of EU agri-coops in the grain sector

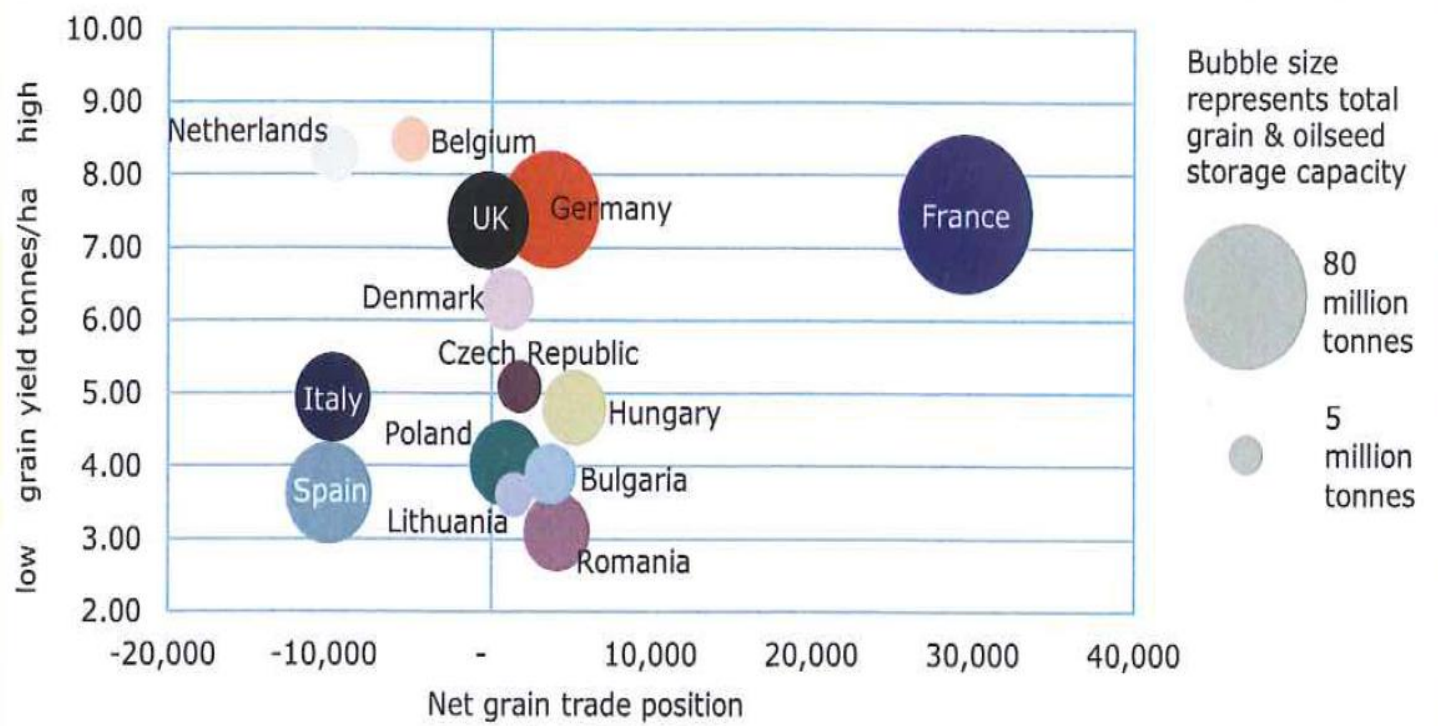
	Name of the Cooperative	Country	Turnover 2010* (million Euro)
1.	Dansk Landbrugs Grovvareselskab Amba	Denmark	5,279.1
2.	Agravis Raiffeisen AG	Germany	4,956.1
3.	BayWa AG	Germany	4,428.7
4.	Lantmännen ek. För.	Sweden	4,029
5.	AXEREAL	France	2,800
6.	CHAMPAGNE CEREALES	France	2,512
7.	Agrifirm	Netherlands	1,983
8.	Danish Agro	Denmark	1,789.9
9.	Raiffeisen Waren-Zentrale Rhein-Main eG	Germany	1,391
10.	Handelsgenossenschaft Nord AG	Germany	1,289.3

Main challenges /issues for the EU grain sector

- Logistic and storage capacity to keep a dynamic EU market;
- Futures market functioning to hedge market risk;
- Insurance scheme to limit extreme volatility between trading campaign;
- Reflexion on the positioning of the farmers in the food chain;
- Promotion of the cereals exports (diplomatic mission);

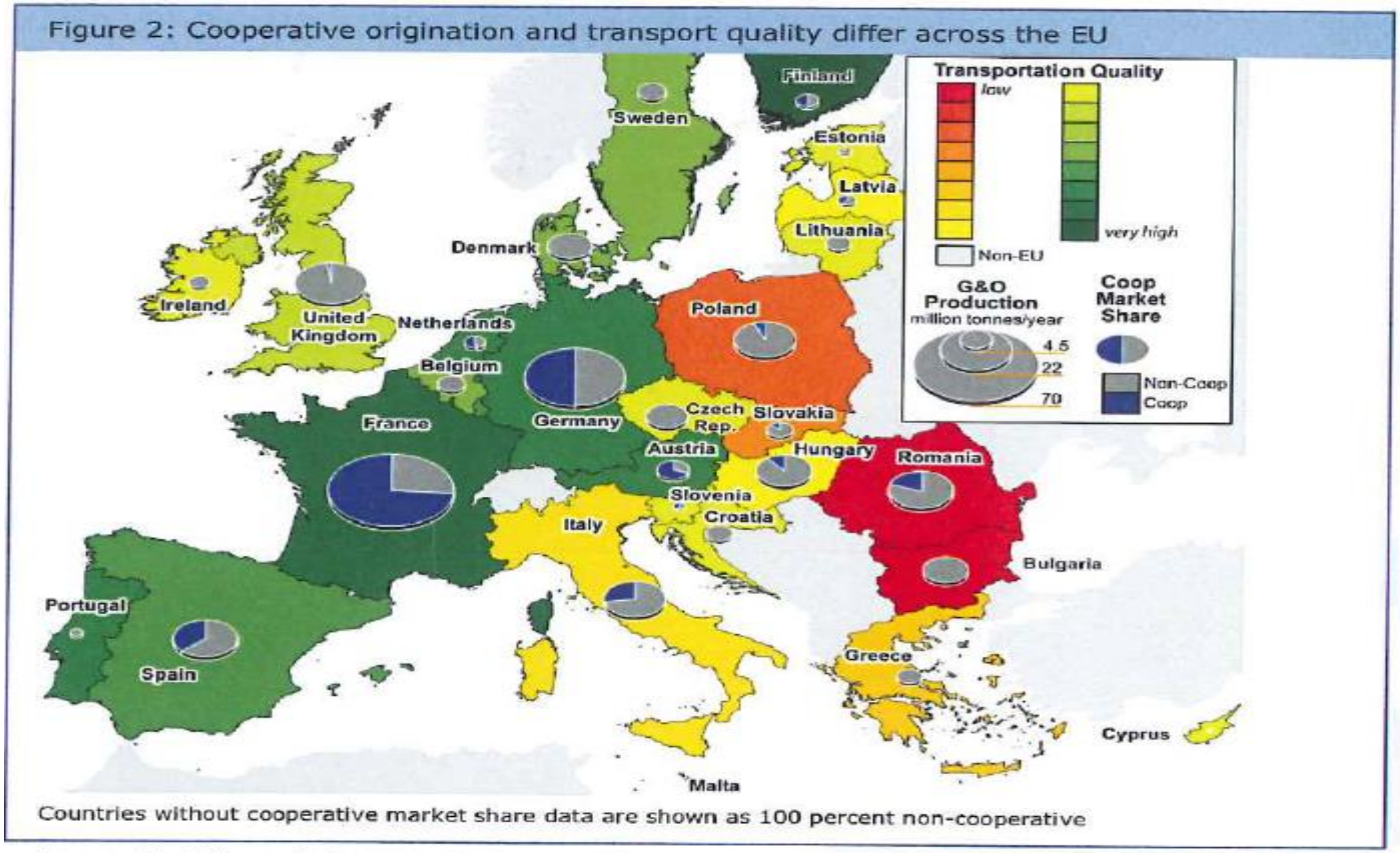
Good storage capacity

Figure 1: Growth in storage capacity driven by yield and export potential



Source: Stratégie grains, OIL WORLD, Coceral, Copa-Cogeca, Rabobank, 2014

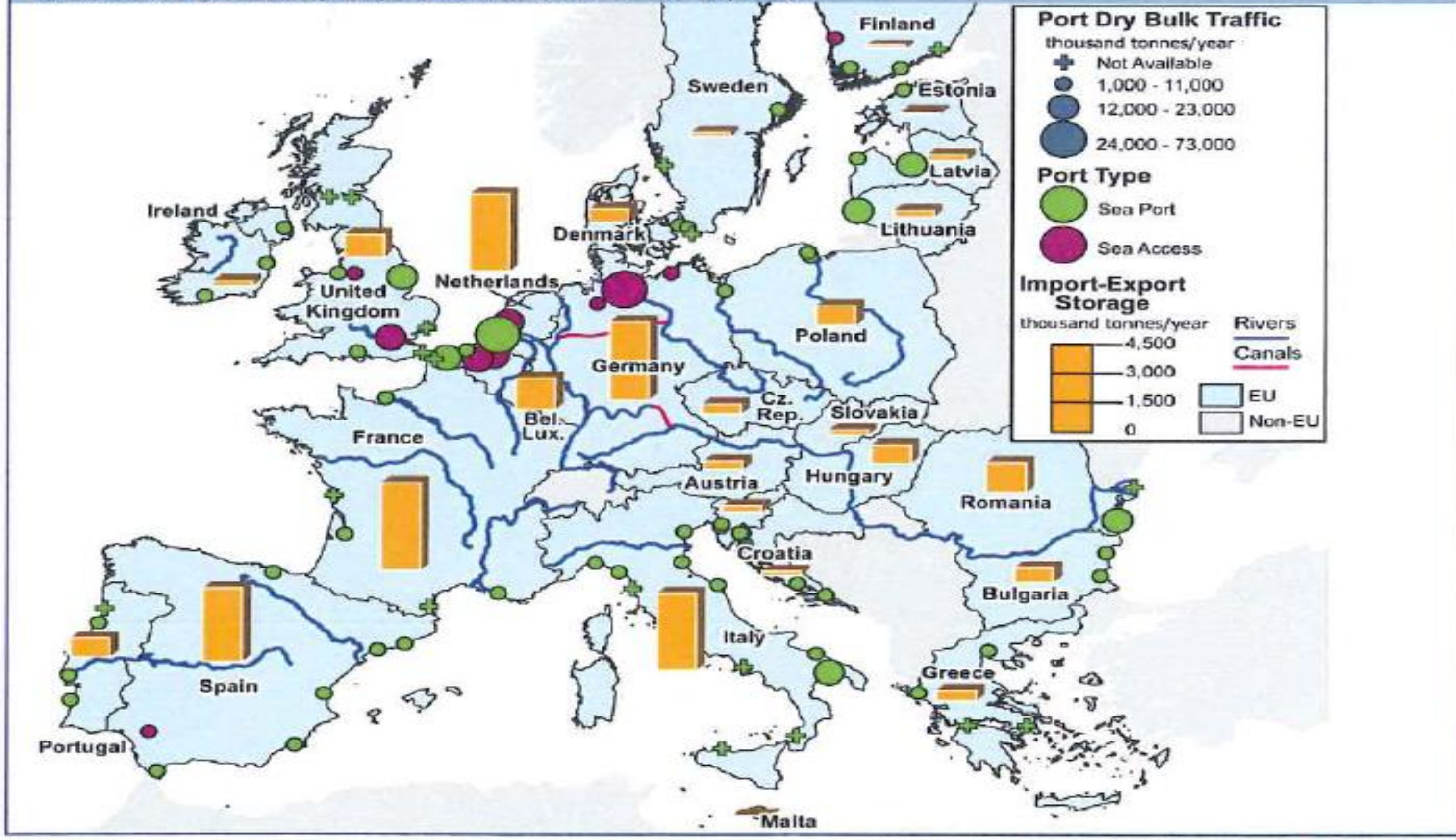
Agri cooperatives share and transportation quality



Source: World Economic Forum, LEI Wageningen UR, Copa-Cogeca, Rabobank, 2014

Dynamic infrastructure investment

Figure 3: Infrastructure investments expected for eastern EU and German waterway; capacity utilisation efficiency expected for southern EU ports.



Source: Copa Cogeca, OIL WORLD, Stratégie grains, Rabobank estimates, 2014

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Trans-national agri cooperatives in the grain sector

Table 6 below presents the foreign transnational cooperatives and the international cooperatives active in cereals sector.

Name of the Cooperative	Mother country	Countries involved in:
Transnationals		
RWA Raiffeisen Ware Austria	Austria	Slovenia, Czech Republic, Hungary, Croatia, Slovakia, Romania, Poland, Serbia
Sociétés Coopératives Agricoles Réunies des régions herbagères (SCAR scrl)	Belgium	Luxemburg, Germany
DLA Agro	Denmark	SE, NO, FI, EE, LI, LT…
DLG	Denmark	SE, DE
Baywa AG	Germany	Austria
ZG Karlsruhe	Germany	France
Progeo	Italy	France
Luxemburger Saatbaugenossenschaft (LSG)	Luxembourg	Germany, Belgium, France
Agrifirm	Netherlands	Germany, Poland, Hungary, Belgium, China
Internationals		
Agrimarket	Finland	LT
Axereal	France	United Kingdom, Belgium, Ireland, Hungary, Romania
Champagne Céréales	France	United Kingdom, Belgium, Netherlands, Austria, Sweden, Germany, Poland, Hungary, Romania, Greece, Italy, Spain, Portugal
Agravis Raiffeisen AG	Germany	Poland

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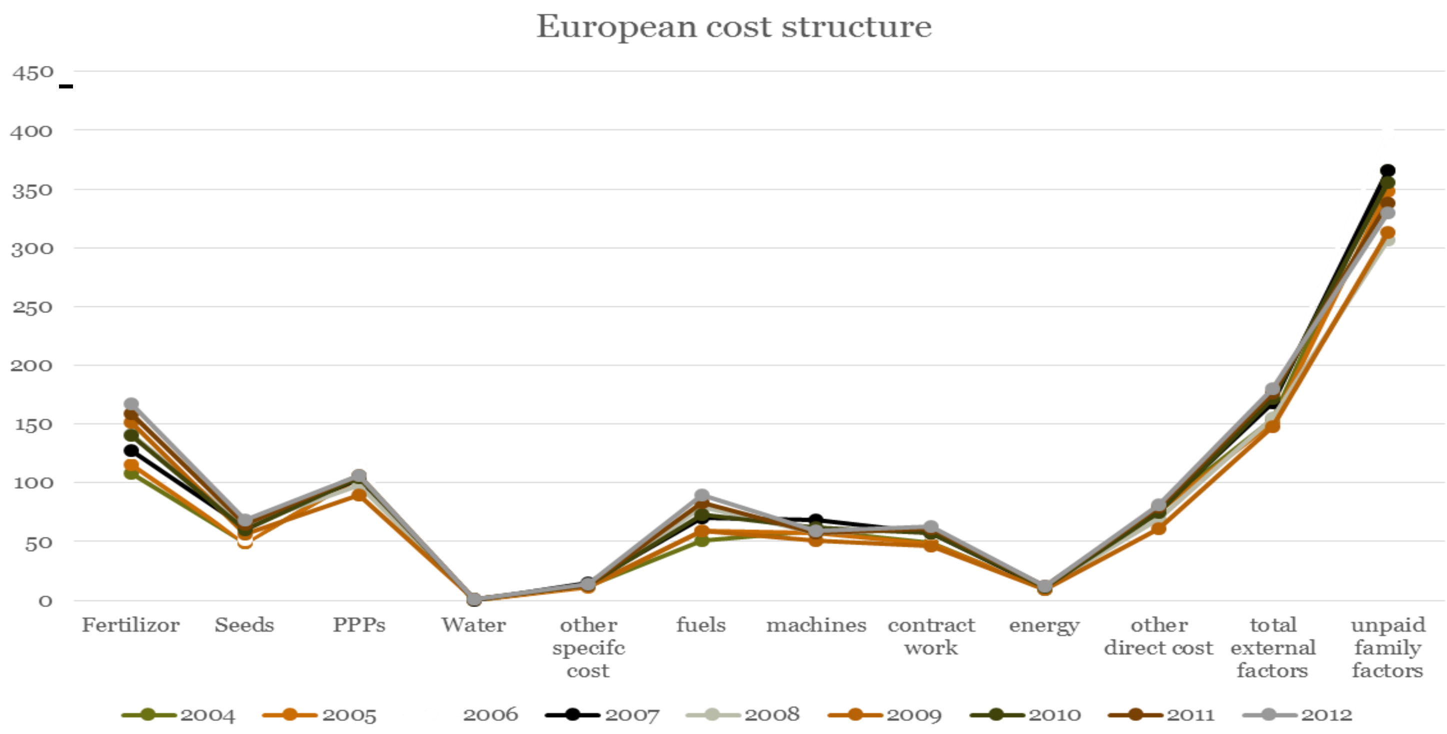
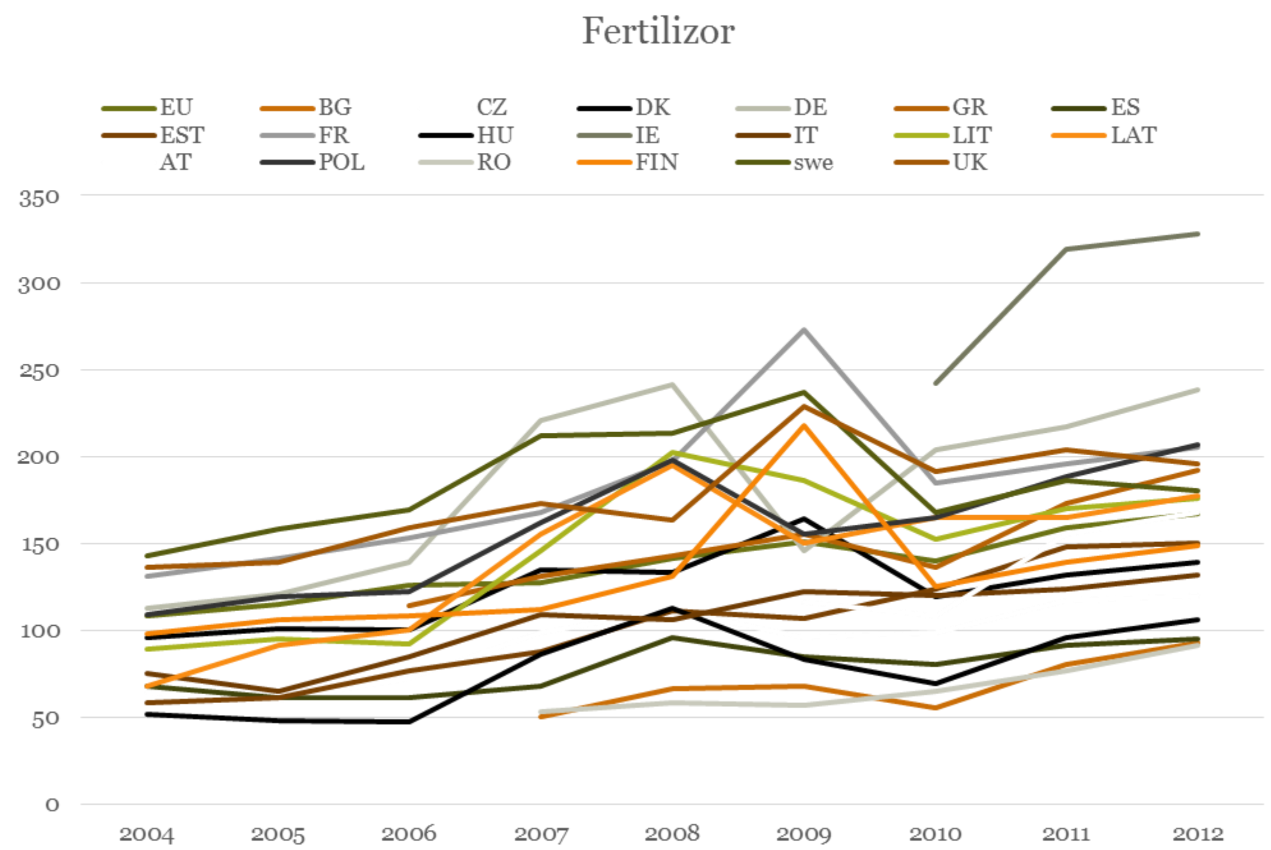
Production cost

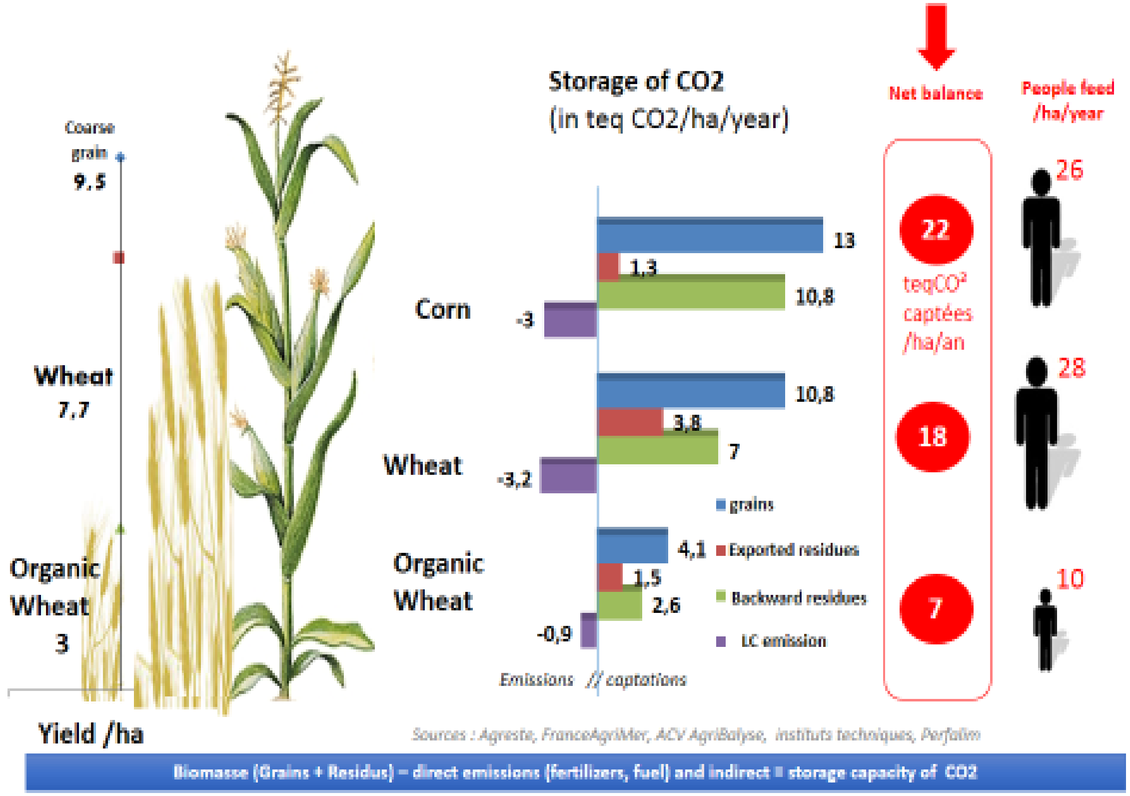


Fertiliser cost in various countries



Today one ha of cereals in EU fix 4 to 7 time more carbon that it is used for the production

The double performance of arable crops: feed people and storing CO2



Conclusions

EU cereal sector is well placed to meet the growing Feed and Food demand, in EU and in the World.

No need to plough up new land

Quality is also a very important factor for the arable farmers as a whole.

Merci!

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