



15 December 2011

**Meeting of the International Grains Council, and International Grain Forum**  
**Moscow, Russian Federation, 7 & 8 December 2011**

At the invitation of the Government of the Russian Federation, the **International Grains Council** held its 34<sup>th</sup> Session in Moscow on 8 December, presided by the IGC's Chairman, Mr Vladimir Tkachenko. The previous day members attended an International Grains Forum, organised by the Russian Grain Union (see below). Items on the Council's agenda included consideration of the global grains market in 2011/12, prospects for 2012/13 and supply and demand projections for the five years to 2016/17. In addition, members discussed recent national policy developments, the Secretariat's economic work programme, several administrative matters, a report by the Chairman of the GTC Review Working Group, as well as the recent AMIS initiative by the G20.

The Secretariat's latest forecasts for supply and demand (see [www.igc.int](http://www.igc.int)) confirmed the continued general tightness in the global grains and oilseeds balance. Despite a record crop, some further decline is forecast in grain exporters' carryovers in 2011/12. However, as also reflected in recent steep falls in export prices, immediate market availabilities, especially of *wheat*, appear ample, following large crops in the Black Sea region and current big harvests in the southern hemisphere. The situation for *maize (corn)*, despite the considerable slowdown in growth in its use in biofuels and the ready availability of feed wheat, remained tighter, especially after the disappointing outcome of the US harvest. Nevertheless, exportable supplies were considered to be more than adequate, with the further expectation of bigger southern hemisphere crops in early 2012. Despite the flood emergency in Thailand, the overall *rice* balance appeared comfortable after large south Asian crops, with the recent strength in export prices of higher grades mostly attributed to new support arrangements being introduced in Thailand. Following a reduced US crop and continued heavy demand in Asia, global *soyabean* supplies will remain delicately balanced, with much depending on the outcome of upcoming harvests in Argentina and Brazil.

The fall of 17% in the IGC's daily grains and oilseeds *price index* (GOI) in the past six months, with the wheat sub-index dipping by as much as 25%, to a large extent reflects the substantial recovery in Black Sea region supplies and, more recently, good wheat harvests in some key southern hemisphere producers, including Argentina and Australia. While the decline, to a degree, mirrors the situation in 2008, when values fell steeply from earlier record levels, commodity markets this year have been largely at the mercy of global financial developments. Day-to-day price swings remain significant, but it is interesting to note that, even allowing for seasonal factors, volatility in the major US futures exchanges has declined since October as nearly all markets weakened in the face of international financial and economic concerns.

The Council noted the Secretariat's projections of grains supply and demand to 2016/17 (see [www.igc.int](http://www.igc.int)). These showed rather larger production figures than forecast a year ago but, as they were broadly matched by higher use, did not signify any marked change in the outlook, which remained quite tight. For wheat, the five-year prospects appeared relatively comfortable, even assuming continued high feed use, but for maize, despite the maturing of the ethanol sector in the US, carryovers were likely to decline further. Global trade in grains was projected to climb by around 2m. tons per year. In the case of rice, total consumption was projected to grow by around 1.1% per annum, the same as the average annual rise in production. World trade in rice was forecast to rise by some 1m. tons annually.

Members of the Council received an update from the Chairman of the Working Group tasked to review the Grains Trade Convention, 1995 (GTC), particularly with regard to expanding the GTC's remit to formally incorporate oilseeds, and the need to update certain administrative aspects. It was agreed to hold further meetings of the Working Group with the aim of finding practical and effective solutions and that it would submit its conclusions at the next Session of the Council in June 2012. The Council also discussed the recent establishment by the G20 of the Agricultural Market Information System (AMIS). On the basis of the Executive Director's report on the Secretariat's participation (as observer) at the inception meeting of AMIS in September, hosted by the G20 Presidency at FAO's headquarters in Rome, as well as explanatory remarks by the AMIS Secretary, members discussed how the IGC could contribute to this initiative. This, bearing in mind IGC's commitment to cooperate in the development of AMIS, but also some practical resource constraints and the need to avoid duplication with regard to the four commodities concerned (wheat, maize (corn), rice and soyabean).

The Council's members warmly thanked the Government of the Russian Federation for generously hosting the Session in Moscow, also expressing its appreciation to the Russian Grain Union, which had organised a very successful International Grain Forum on the previous day.

**International Grain Forum**  
**“World grain market – prospects, challenges, risks, threats”**

7 December 2011

(see [www.grun.ru/en/press\\_service/news](http://www.grun.ru/en/press_service/news))

Representatives from some 26 countries took part in a very informative one-day International Grain Forum, organised by the Russian Grain Union with the participation of the Russian Federation's Ministries of Economic Development, Agriculture and Foreign Affairs, and the International Grains Council. The event covered several key topics, notably global food security concerns, price volatility, the increasing importance of the Black Sea region's agricultural economy, infrastructure issues and the Asia-Pacific market prospects. The Forum was opened by the Deputy Minister of Agriculture of the Russian Federation, Alexander Soloviev. In two sessions, some 15 leading speakers gave their perspectives on the major issues, with subsequent panel discussions further touching on some of the major challenges being faced. The first session, “Challenges of world food security – driver of grain sector development”, was moderated by the IGC Chairman, Mr Vladimir Tkachenko. The second session was opened by the President of the Russian Grain Union, Mr Arkady Zlochevskiy, and focused on the challenges faced by the grains sector in the Black Sea region upon its return to the export market.

*Note for Editors:*

*The International Grains Council (IGC) is an intergovernmental organisation administering the Grains Trade Convention, 1995 (GTC). It seeks to further international cooperation in grains trade; to promote expansion, openness and fairness in the grains sector; to contribute to grain market stability and to enhance world food security. These objectives are sought by improving market transparency through information-sharing, analysis and consultation on grain market and policy developments. With effect from 1 July 2009, the definition of “grains” in the GTC was widened to include rice. In addition, the Council provides information on oilseeds. The IGC Secretariat also provides administrative services for the Food Aid Convention, 1999 (FAC).*