

10 June 2011

**Meeting of the International Grains Council, London, 6 June and  
IGC Grains Conference, 7 June 2011**

Members of the International Grains Council (IGC) met on 6 June under the chairmanship of Mr Kilian Greter of the Federal Office for Agriculture, Switzerland. Among the items on the agenda were the current market situation and outlook for grains and oilseeds, recent national policy developments, the work programme and budget for 2011/12 and a recommendation by the Council's Executive Committee to conduct a review of the Grains Trade Convention, 1995 (GTC). In addition, members were informed of the preparations for the upcoming meeting of G20 Agriculture Ministers, in particular the proposal for an "Agricultural Market Information System" (AMIS).

Regarding grain and oilseed market developments, members considered the Secretariat's latest assessment of **current market conditions and the outlook for 2011/12**. This was on the basis of the Secretariat's most recent Grain Market Report, updated on 6 June to take into account subsequent crop developments<sup>1</sup>. The Council noted the sustained increased level of international market prices of wheat and coarse grains since its last meeting in December which, to a large extent, reflected the tightening supply situation during 2010/11 as consumption exceeded output. However, several factors also needed to be taken into account, including trends in other commodities, energy prices and exchange rates. More recently, markets were mostly focused on crop prospects for 2011/12, which had declined in some key producers, especially in parts of North America and Europe. Members were informed of recent trends in day-to-day volatility at the leading futures and options exchanges, noting several spells of extremely turbulent trading. However, these did not always coincide with upward movements in prices and care should be taken when using the term "volatility". In contrast to wheat and coarse grains, rice prices had been declining in the past several months, with markets in Asia and elsewhere seen as generally amply supplied.

Concerning the supply and demand outlook for 2011/12, grain<sup>2</sup> production was forecast at 1,791m. tons, up by 3.3%, but lower than previously projected in view of reduced maize crop prospects in the US and the effects of a severe spring drought on wheat in much of northern Europe, especially France. However, recently harvested wheat crops in South Asia had been very big, while significantly larger areas were being planted in the southern hemisphere. Despite a still sizeable increase, global output of grains would likely not match consumption, which was projected to climb by 1.0%, to 1,807m. tons. This would be less than the previous year's rise, mainly because of a projected slowing in the growth of biofuel use, especially of maize in the US. Global use of grains in fuel ethanol in 2011/12 is forecast at 148m. tons, only marginally up from the current year's estimated 146m. End-of-season stocks of grains in the major exporters, which are estimated to fall by as much as one-third this year, are projected to be trimmed further by the end of 2011/12. World trade in grains is forecast to climb by 7m. tons in the year ending June 2012, to 247m., as milling and feed wheat imports increase. The recent relaxation of export controls in the Black Sea region, including the announced ending of Russia's export ban on 1 July, reflects a recent easing of market supplies and generally favourable 2011 crop prospects. Increased grain exports from the region will likely more than offset reductions elsewhere, including from the EU and the US.

<sup>1</sup> See *Grain Market Update* on IGC website: [http://www.igc.int/en/downloads/gmrsummary/GMR\\_Update.pdf](http://www.igc.int/en/downloads/gmrsummary/GMR_Update.pdf)

<sup>2</sup> Wheat and coarse grains

The Secretariat's **economic work programme** would again be anchored on promoting the fullest possible exchange of information on grains and oilseeds, including the latest prices and market intelligence, forecasting supply, demand and stocks and sharing updates on national policy developments, as provided for under the GTC. The Council's intensive market information activities, including daily, weekly and monthly reports, would be maintained. The new weekly Grains and Oilseeds Prices Index (GOI) had proved a useful tool for measuring global price changes, and would soon be available on a daily basis. A new rice information service would also be launched in the coming months.

Among other items, the Council approved its **budget** for 2011/12, set at £1.71m. It also agreed to commence a **review of the GTC**. While having served members well since 1995 and allowed a considerable expansion in the Council's activities, including the addition of rice, some of its administrative and other provisions needed to be re-examined.

The Council took note of statements by **observers** from other international organisations, including the FAO, OECD, UNCTAD and WTO. It also welcomed the participation of observers from several non-member countries.

The Council appointed Mr Vladimir Tkachenko, Deputy Director of the Department of Trade Negotiations, Ministry of Economic Development, Russia Federation, as **Chairman** for 2011/12.

On 7 June, members of the Council were joined by a large number of representatives from industry and other organisations to take part in the **IGC Grains Conference**, held under the theme: "*Global market turbulence: a more food-insecure future?*". The Conference was opened by the Minister for Agriculture, Food, Fisheries, Rural Development and Spatial Planning of France, H.E. Bruno Le Maire who, also within the context of his country's presidency of the G20, addressed the issue of agricultural price volatility. H.E. Khairullah Hasan Babakr, Minister of Trade of Iraq, was a keynote speaker, updating participants on developments in the country's grains economy. Other speakers<sup>3</sup>, from China, the EU, Japan, Morocco, Peru, the Philippines, South Africa and the US dealt with a wide range of grain issues, while the Chairman of the Committee on World Food Security (CFS) outlined the Committee's role at a time of increased food price volatility. Two workshops, one arranged by GAFTA on the increasingly important topic of sustainability and trade, the other involving a panel of representatives from several of the world grain exchanges discussing price volatility, gave participants further valuable insights.

*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.*

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<sup>3</sup> For Conference programme see: <http://www.igc.int/en/conference/confprog.aspx>