

# AGRI TRADE HIGHLIGHTS

## A GLOBAL OVERVIEW OF MARKETS, COMMODITIES AND REGIONS

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### EDITORIAL

Dear Reader,

The northern hemisphere's summer season is upon us, and harvesting will begin soon. Rain and warmer weather means we should be alert to the risks posed by mycotoxins. For the third year, we continue our mycotoxins monitoring programme and plan significant improvements with the introduction of a Disease Index, a forecasting model that monitors weather patterns conducive to the growth of fungal diseases. The Index will provide additional risk assessment and help us to focus our monitoring on the regions potentially most affected.

SGS continues to innovate and develop new services, our processing plant monitoring is helping clients in many countries to improve processing productivity, increase output, minimise waste and reduce operating costs.

In this issue we catch up with the market and growing conditions in the Danube region, introduce our non-GMO and No GE standards, announce the launch of quality maps services for Germany and celebrate approval of our laboratory in Medan, Indonesia as an analyst member of Gafta.



**GENNADIY SHULGA**

Global Business  
Development Manager

### DANUBE REGION: MARKET UPDATE

A warm spring has somewhat offset the impact of heavy rains and high winds experienced in the Danube region in early 2016. Yields for Bulgaria, Hungary, Romania and Serbia in 2016 are expected to be satisfactory or high, and of good quality, despite some challenging growing conditions.



#### BULGARIA

Improved weather conditions in May have boosted growth and contributed to a rapid development of all crops. Building on the 2015 season, across Bulgaria plating areas have increased for all key crops: wheat (7%), barley (5.4%), rapeseed (4%), sunflower seeds (2.2%) and corn (1.8%). For 2016, these figures mean that wheat and barley crops, extend to almost 1.3 million hectares. They are well developed and the harvest is expected to be of good quality. This year's rapeseed, sunflower seed and corn crops have been planted over an area extending to a further 1.3 million hectares.

After the good start to the growing season, the rain in May will delay harvesting.

#### HUNGARY

Following a challenging 2015 season, favourable weather conditions have resulted in a promising start to 2016. Warm weather has allowed wheat crops to grow well, though a reduced planted area will mean the total harvest will be

lower than last year, 4.8 MMT in 2016 against 5.2 MMT in 2015.

2015 was a year of challenges, from good weather and working conditions in April, to water shortages in May and June. Average temperatures reached a 30-year high – some 1.7 degrees Celsius higher than usual.

For 2016, the outlook is positive, commodities sown during the autumn are showing promise. Quality and quantity expectations are good for this year's crops. In addition, spring sown corn, sunflower and soybean are promising a very good harvest – as long as weather conditions remain positive into the summer months.

At this stage in the season, we are pleased to report no issues with fungus infections or plant disease, but we will remain vigilant until crops are harvested next month.

**SGS**

Overall in 2016, the planted areas for corn, wheat and sunflower seeds are down slightly on last year, harvests are expected to show a commensurate reduction in volume, and exports too will be reduced. Prices remain competitive, meaning the commodities market is not as busy as in previous years.

## ROMANIA

Focusing on commodities including wheat, barley, corn, sunflower seeds and rapeseed, Romania has cultivated smaller planted areas compared to 2015. However, current forecasts suggest that the reduction in planting may well be offset by a higher yield per hectare.

Heavy rains during spring have boosted yields for wheat and barley. These conditions have also provided a good start to the season for corn and sunflower seeds. Equally, heavy rain experienced in late May might cause the presence of grass or other seeds in wheat and barley, though the application of treatments to these crops will minimise this risk. It is also important to understand how

weather conditions this year may influence the main parameters of wheat: protein, gluten etc.

Export expectations for 2016 are good. In the last 12 months Romania exported more than 12.6 MMT of crops, including 1.5 MMT of barley, 0.8 MMT of rapeseed, 4.2 MMT of corn, 0.8 MMT of sunflower seeds and 4.4 MMT of wheat.

Barley harvesting has already started and the rapeseed harvest will follow shortly after.

## SERBIA

Planted areas, crop forecasts and export expectations are all positive for the 2016 season in Serbia. The area planted for all key crops (wheat, soybean, barley, rapeseed, sunflower seeds) has increased; only corn has seen a slight reduction from 1.2 million hectares in 2015 to 1.05 million hectares in 2016. Similarly, yields for these crops are forecast to increase, with the exception of corn, which is expected to show a small decline.

Corn exports are expected to almost double, from 1.2 MMT in 2015, to 2.2 MMT in 2016 – despite the anticipated reduction in planted area and yield. Wheat and soybean are also expected to see increased export figures, up some 50% and 60% respectively.

This year's barley, wheat and rapeseed crops are in very good condition. The application of protection products has kept the fields disease free, meaning production and yield are expected to be satisfactory. Long-term weather forecasts predict a dry, warm summer raising the risk of mycotoxins in harvested crops. A program of sampling and testing should identify contamination at an early stage.

Responsive and sensitive to neighbouring markets, Serbia's 2016 season looks to match or exceed 2015.

Similarities between weather and climatic conditions across the Danube region mean these four countries will all be subject to the same influences on harvest results and export potential.

## GRAIN AND OILSEEDS HARVEST MAPPING LAUNCHES IN GERMANY

SGS is extending the coverage of its crop quality map service to include Germany. This data gives the whole agri-supply chain, from corporate farming operators, inland and international traders, to grain processors, an overview of the quality of harvested crops. Grain and oilseeds harvest mapping (GOHM) provides an indicator, which can have an impact on the market.



Quality maps for Germany use the same format as SGS has been creating in France, since 2008. They consist of data provided directly from farming operators into an online database, or collected by our inspectors and project team, to monitor the harvest of wheat, barley and rapeseed. This data is used to create interactive maps of all regions in Germany showing crop qualities and their development. With superior information on crop quality, traders and

brokers can plan their purchases before crops are ready to export or process.

Subscribers to this service will receive weekly updates, allowing them to access more detailed data on specific regions – including average crop levels. In addition, the interactive maps will cover the following quality parameters:

- Tonnage
- Yield (dt/ha)
- Protein (%)
- Moisture (%)
- Falling number sec
- Foreign material (%)
- Test weight (kg/hl)
- Oil content (%)

This data is sent to subscribers as soon as it is available, giving them the advantage in the open market.

Quality mapping data for Germany will be available as soon as the barley harvest begins, in the mid July, followed by wheat and rapeseed later in the summer. In France, mapping will begin in late June.

Elsewhere, SGS quality maps services in Russia and Ukraine will commence on July 11 for the 2016 season, and Kazakhstan will follow shortly after. This platform, specific to these three countries, will continue to be developed to provide export quality statistics for them.

## ANDREAS RATH

Business Development Manager

## SGS LABORATORY IN INDONESIA RECEIVES GAFTA APPROVAL

SGS's agriculture and food laboratory at Medan, Indonesia has been approved as an analyst member of The Grain and Feed Trade Association (Gafta).

As an analyst member of Gafta, the Medan laboratory can analyse the quality of grain traded under Gafta contract terms.

Established in 2012, the Medan laboratory provides testing for the following, using Gafta methods:

- Moisture
- Crude Oil and Fat
- Protein – Kjeldahl Method
- Crude Fiber
- Crude Ash
- Ash Insoluble in HCl (Sand-Silica)
- Admixture

Receiving approved analyst status demonstrates the independence and neutrality of the SGS facility at Medan and its compliance with Gafta's sampling rules.



By becoming an analyst member of Gafta, SGS Indonesia has extended the range of services it is able to offer, helping companies to prevent losses and meet both international and local regulations.



In addition, SGS in Indonesia is already an approved superintendent and surveyor member of Gafta.

### CHRYSANTHUS ARDONO

Sales and Business Development

## NEW STANDARDS ADDRESS GROWING DEMAND FOR GMO DETAILS

Consumers in the USA are increasingly aware of issues impacting the food they eat; this includes the use of genetically modified organisms (GMOs) and genetically engineered (GE) ingredients, and they want to know more.



SGS has developed a new standard, the SGS No GE Ingredients Supply Chain Process Verification Standard (US Version), to audit and verify processes across the supply chain, to support 'No GE' claims in the USA.

Applicable only to operators in the

USA and their suppliers for the US market, the No GE standard has been developed in accordance with guidance from the Food and Drug Administration (FDA) and the US Department of Agriculture (USDA) as well as taking into consideration US federal and state guidance and proposed and passed laws.

### BEYOND THE USA

Certification of food and ingredients, as well as feeds, outside the USA has been a common SGS service for many years. This activity is covered under the SGS Non GMO Supply Chain Standard, which is based on the European Union's

Directive and legal framework. Supply chains anywhere in the world can actively use it.

From the farm to retail point of sale, SGS's new standard demonstrate the GMO/GE status of food and its ingredients, with third party verification of the processes in the supply chain.

### BRUNO WIDMER

Business Development Manager

### CONTACT US:

[agriculture@sgs.com](mailto:agriculture@sgs.com)

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WHEN YOU NEED TO BE SURE

