

AGRI TRADE HIGHLIGHTS

A GLOBAL OVERVIEW ON MARKETS, COMMODITIES AND REGIONS

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Africa is booming, both in business and population terms. As a result, agri businesses and agriculture activities are now considered a key source of economic growth for the continent. With a population that is predicted to reach 2 billion by 2050, representing some 22% of the global population, Africa's agriculture needs and business opportunities will grow and develop in the coming years. Investment, both local and international, through private equity plans, has facilitated extensive improvements

in the country's infrastructure, crop production and market opportunities. Africa's import and export commodities are extensive and diverse, for example, in North Africa the main trade is the import of cereals, with more than 40 million MT being imported this year to make up shortfalls in local production. In West Africa, Ivory Coast produces about 1.5 million MT of cocoa, making it the world's primary producer. Across Africa, rice imports total 10 million MT. South Africa's fruits are exported all over the world and in East Africa flowers for

export are a key business opportunity – on 2011 Kenya exported more than 120,000 MT of flowers to markets around the globe.



DOMINIQUE GOUVERNAYRE
Vice-President Africa

FROM EXPORTER TO IMPORTER, CHINA'S GRAIN MARKET CHALLENGE

Fifteen years ago China used to be one of the world's major grain exporting countries. Rice, corn and wheat were sold annually to numerous countries, including several African nations, Korea and the Philippines annually. Nowadays, this has changed dramatically.

Though 90% self-sufficient in grain in 2012, clearly, China has opened her doors and become a net importer. The following table illustrates the volume of Chinese exports compared with imports for 2013.

MARKET MONITORING

Traders monitor changes to Chinese crop production on a daily basis, including plantation area, weather, and government policy because any one of these factors can affect demand.

QUOTAS IMPACT EFFICIENCY

Grain imports and exports are primarily aimed at adjusting to grain surpluses and shortages. They also ensure that the balance between supply and demand is maintained. Traders can benefit from the new market emerging in China, however, because it is still a controlled market, they are also exposed to risk. For example, food grain (rice, corn, wheat) imports are subject to quotas issued by the government. Competition for quotas is tough and they are awarded to both private traders and the government's own import agency. This more piecemeal approach to awarding quotas means traders need to find flexible shipment solutions to improve cost-efficiency.



SGS Agricultural Services Offices and Laboratories

ZERO TOLERANCE TO UNAPPROVED GMO

In addition to this, traders need to consider and plan for strict quarantine and GMO regulations. It is widely understood that China applies zero tolerance to unapproved GMO events. For example, if even one kernel of corn is found to contain an unapproved GMO event (i.e. MIR162) the whole shipment will be rejected. Furthermore, there is usually a time gap between the US and China when approving a new GMO event. Thus the trading risk is huge.

2013	WHEAT	RICE	CORN	BARLEY	SOYBEAN	RAPESEED	SOYA OIL
Import (Kmt)	5507	2244	3264	2335	63375	3662	1157
Export (Kmt)	2.52	478	77.6	0	209	0	90



Recent cases are typical examples of how traders are affected. About 900Kmt of US corn was rejected by the Chinese government due to the presence of MIR 162 which is a GMO event not yet approved by China. Some of the corn has been discharged and has been sitting in the port warehouse for months, the condition of the corn is deteriorating daily. Shippers are now faced with charting a vessel to remove the grain from China.

MINIMISE RISK

To minimise this type of risk, SGS is offering a fast and first class lab analysis to tell clients if their cargo meets the requirements of destination countries. Our GMO Identity Preservation (IP) program can minimise contamination risk throughout the supply chain. Further peace of mind can also be achieved with the non rejection guarantee scheme.

To help customers make better trading decisions, our market research services provide accurate and first hand crop information through a strong 'in field' network.

At SGS, we are also able to tailor make individual schemes to fit the specific requirements of our customers.

COLLIN JIA

Regional Business Development Manager

ONSITE GRADING IN CANADA

2013-2014 production of all field crops in Canada is the largest on record, with an estimated 96.6 million tonnes (MT), of which, 39 MT is forecast to be exported this crop year.

Ports across the country are being heavily utilised and on-site sampling, grading and certification services are playing a vital part in this business. Canada supplies grain to many diverse markets worldwide, and this has led to growing demand for increased testing capabilities, with timeliness being of the utmost importance.

Onsite grading services provide immediate results, which allow port terminals to maximise blending opportunities during loading. In turn, it also gives exporters peace of mind that the shipment will meet contractual obligations.

With offices in Vancouver, Prince Rupert, Thunder Bay, Centralia and Montreal, SGS is playing a key role in the trade of Canadian grain worldwide. With graders located at the sampling points we are well positioned to supply export certification at all major port terminals.

We offer a variety of onsite analytical testing services, such as: wet gluten, GMO, falling number, and mycotoxin testing, and continue to invest in the latest analytical equipment.

MIKE METZAK

Operations Manager



Onsite grading Team



AUTOMATIC SAMPLER INCREASES EFFICIENCY IN NOVI SAD PORT



In April, SGS will complete installation of a new automatic sampler (Cobra H 3001) at the Serbian port of Novi Sad, one of the most important ports in Serbia.

Country-wide, Serbia handles the export and import of some 2 Mio MT of corn, 0.7 Mio MT of wheat and 200 KMT of other grains and oilseeds.

Sitting on the banks of the Danube river, the port of Novi Sad handles some 600 KMT of grains and oil seeds annually. This investment will enable SGS to perform sampling on the cargo of all trucks entering and leaving the port laden with grain or oilseed.

The investment in new equipment, builds on our existing facilities, to improve the sampling of corn, wheat, barley, sun seed, soy bean and rapeseed, destined for export markets. It will make the checking of trucks and the delivery of representative samples to the lab for testing more efficient.

Our on-site laboratory, equipped with an Infratec 1241, quick test moisture (Aqua TR), test weight scale, sieves, balances and all equipment for fast aflatoxin testing, enables us to perform fast and effective sampling and testing. On successful completion of testing, a certificate of quality will be issued. In addition, our experienced team at Novi Sad conduct a full range of inspection services, as well as IP traceability.

JOVAN ZAGORAC
Business Manager

SGS WOOL TESTING SERVICES: CELEBRATING 50 YEARS IN BUSINESS

Operating since 1964 SGS's Wool Testing Services (WTS) business in New Zealand, celebrates it's 50th anniversary this year.

The first commercial test house in New Zealand, WTS has pioneered new technology for wool testing, such as optical fibre diameter measurement, Near Infrared spectrophotometry, measurement of Length After Carding, and individual sheep fleece measurement on-farm using a "laboratory in a suitcase".

Unwashed wool from sheep contains about 40-60% non-wool materials (moisture/sweat/dirt etc). For millennia, traders have estimated the amount of clean wool (yield) when negotiating prices, together with other important

physical qualities such as mean fibre diameter, length and clean colour.

In the late 1930s, extensive work was done in the United States and England, then later in Australia and New Zealand, to develop reliable objective measurement methods for raw and semi-processed wool. Test methods and sampling regulations were adopted by the International Wool Textiles Organisation (IWTO) from the 1960s onwards, to standardise sampling and testing globally. These methods greatly reduced risk in the trade, where traders were previously expected to estimate wool yields to within 1% of the processing outcomes.

SGS WTS now employs more than 50 staff in New Zealand, and working



SGS Wool Testing team

with affiliates tests wool samples from around the world, including Europe, South America and Asia. We are proud to have served the world wool trade for 50 years.

JEREMY WEAR
Business Development Manager - Wool Testing



Back in the 50's



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WHEN YOU NEED TO BE SURE

