

**REPORT TO THE WINTER CEREAL TRUST ON INTERNATIONAL GRAINS COUNCIL  
MEETINGS AND CONFERENCE IN LONDON  
FROM 5 – 09 JUNE 2009**

*- NJ Hawkins*

**1. MEETINGS ATTENDED**

- 1.1 Food Aid Committee – 5 June 2009
- 1.2 International Grains Council: 27th session – 8 June 2009
- 1.3 Ocean Freight meeting – 8 June 2009
- 1.4 IGC Conference – 9 June 2009
- 1.5 Visit to the Home Grown Cereals Association (HGCA) – 4 June 2009

**2. INTRODUCTION**

This years International Grains Council (IGC) meetings and the Conference were attended by Mr Winston Makabanyane (Chairman of the IGC), Mr Sithembele Kelembe of the Department of Agriculture, Fisheries and Forestry, Mr Nico Hawkins from Grain South Africa and Mr Boikanyo Mogatle from the National Chamber of Milling. The cost of misters Hawkins and Mokgatle to attend the sessions and the Conference was paid by the Winter Cereal Trust. The delegation also attended the meeting of the Food Aid Committee (on request) and the Ocean Freight meeting.

**3. FOOD AID CONVENTION**

Although South Africa is not a member of the Food Aid Convention the SA delegation by request was allowed to attend the meeting as observers. The secretariat of the ICG (Mr John Tjaardstra) briefs the meeting on the world food situation and highlighted the following aspects (See Grain Market Report – 25 June 2009):

- World grains production is expected to fall short of use in 2009/20 eroding some of the stocks after the bumper 2008 harvest;
- Plantings for 2009 were little changed, but yields are likely to be lower than 2008 levels;

- Global grain production is projected at 1 721 million tons, 61 million tons less than in 2008;
- Total consumption is put at 1 736 million tons, 13 million tons up from last year;
- Total grain stocks are forecast to fall by 15 million tons;
- The forecast for wheat production is 652 million tons, 35 million tons below last year. Global consumption is put at 643 million tons leaving global stocks at 167 million tons;
- Maize production in 2009/10 is forecast at 771 million tons, 12 million less than last year. Projected global maize consumption is 792 million tons, 2% more than 2008/09. Global closing stocks is projected at 118 million tons;
- The estimate for rice is at a record 441,1 million tons.

**The representative of the World Food Programme Mr Henk Jan Brinkman reported as follows:**

**2008:**

- 102 Million people received food and in 2008
- 6,3 million tons of food was distributed at a cost of \$5 billion
- 91% of all donations flows directly to beneficiaries cutting out governments in recipient countries
- The need for help see a increase in sub Sahara countries with 64% (4 million tons) of all donations going to sub Sahara
- The \$5 billion donations were received from 20 donors of whom 10 donors donated 82% of total food aid.

**2009:**

- Because of the food, fuel and financial crises an estimated \$6,4 billion are needed for help in 2009
- 105 million people mostly in Ethiopia, Kenya, Sudan, Afghanistan and several other countries needs help
- There is a new move to calculate the nutritional need of hungry people and not only food. What does a person need nutrition wise? Access to water and fuel to prepare food is also important

- The big concern in 2009 is that poor people are hit twice. They do not have any income and food prices are still at high levels.

Individual countries like the USA, EU, Australia and Canada on their own are also involved in food aid programmes.

The USA is accordingly at the moment busy looking at a policy shift aiming at developing the agricultural sectors in countries rather than focussing on food and Canada changed their aid from in kind to mostly giving money and buying locally for aid purposes.

#### **4. OCEAN FREIGHT MEETING**

The ocean Freight meeting focused on the freight market situation and the following issues were highlighted:

- The overall demand for all ship sizes declined substantially because of the global financial crises;
- The Chinese ore and coal demand is the main reason for the decline in demand;
- It is expected that freight rates will decline further in the short term;
- With regards to the building of new ships 28 new ships were cancelled in China but because of cheaper building cost (steel prices) and builders taking a hard stance on cancelling contracts a lot of new ships are still under construction;
- Prospects for the short to medium term are too many ships and too little cargo freight rates going to stay under pressure.

#### **5. MEETING OF THE INTERNATIONAL GRAINS COUNCIL (IGC)**

The IGC was in 2008/09 chaired by Mr Winston Makabanyane from South Africa who conducted his chairmanship in such a way from dull to mostly lively participation with a lot of humour. He was surely an excellent ambassador for South Africa during his term as chairman.

5.1 The secretariat (Mr John Tjaardstra) again gave a detailed report on the current world grain and oilseed situation (The full report is attached as an addendum to this report).

5.2 Grain policies – Development in certain countries

Certain trade measure by exporting and importing countries had a significant impact on the availability of staple food during the previous year and will also influence the availability and prices of staples in the short and medium term.

- **Export Measures**

- ❖ **Argentina**

With effect from 23 December 2008, the government reduced export taxes on **maize** and **wheat** by 5 percentage points to, respectively, 20% and 23%. The tax on **soybean** exports was unchanged at 35%. To stimulate output, export tax rates for maize and wheat will in future be linked to the production of each crop.

- ❖ **Australia**

The Agriculture and Food Minister of Western Australia announced on 11 March 2009 that the State's exports of **barley**, **lupines** and **canola** would be deregulated by the end of 2009. The Grain Licensing Authority, which regulates bulk exports of those products, will be dismantled.

- ❖ **Bangladesh**

On 22 May 2009, the government of Bangladesh announced a ban on exports of all varieties of **rice** for a period of six months from 19 May 2009 in order to safeguard domestic supplies and control prices.

- ❖ **China**

The value-added tax on **soybeans** exports (13%) was removed on 1 December 2008.

❖ **Ecuador**

On 19 March 2009, the Agriculture Minister announced that the ban on **rice** exports, imposed in early 2008 after a poor harvest, had been lifted.

❖ **Egypt**

On 21 March 2009 the Trade and Industry Minister announced that the restrictions on **rice** exports would be extended until October 2009, in order to keep local prices under 2009, but without a specified expiry date.

❖ **India**

On 5 March 2009 a Panel of Ministers agreed in principle to lift the Government's ban on exports of **wheat** and wheat products, and on 9 March it was agreed, in principle, to allow the export of 2 million tons of non-basmati **rice**.

❖ **Kenya**

On 30 December 2008 the government banned exports of **maize flour** as part of a number of measures to stabilise domestic prices. Severe drought has affected northern parts of the country and helped drive up food prices. Exports of **grain maize** were already banned.

❖ **Russia**

The government announced on 27 November 2008 that subsidies totalling 10 billion roubles (US\$ 350 million) would be paid to **grain** exporters to guarantee exports of 10 million tons of grain in the first half of 2009. The subsidies would be offered to traders buying **wheat** (basis 4<sup>th</sup> grade) at not less than 4 000 roubles/ton (US\$ 140/ton).

• **Import measures**

❖ **China (Chinese Taipei)**

The 50% reductions in import tariffs on certain items, including **wheat**, **wheat flour**, **maize flour** and **soybean meal**, which were to have expired in February, will remain in force until 5 August 2009.

❖ **European Union**

On 10 March 2009 the European Commission authorised the import and placing on the EU market, for a period of 10 years, of products containing or produced from genetically modified **rapeseed** of type T45.

❖ **India**

On 19 March 2009 the Trade Secretary announced that the import tax on **Soya oil** had been cut from 20% to zero. This was to “level the playing field” between imported palm oil and Soya oil, and encourage consumption of the latter.

❖ **Indonesia**

The government re-imposed a 5% import duty on **wheat flour** from 28 January 2009.

❖ **Kenya**

On 27 January 2009 the Finance Minister issued a formal notice scrapping duties on maize imported between 16 January and 16 July.

❖ **Russia**

A seasonal duty of €160/ton (US\$ 204/ton 3) has been imposed on **rice** imported into Russia in the three months starting 15 February 2009.

❖ **South Africa**

On 26 January 2009 the government removed the 2% import duty on wheat.

❖ **Zimbabwe**

The government announced on 9 February 2009 that import duties on scarce basic food items, including **rice, wheat, rye flour, maize flour, soybeans, vegetable** and **groundnut oil**, would be suspended for the first six months of 2009.

### **5.3 Administrative issue**

Other administrative issues including the budget, staff matters, outstanding member contributions, non payment of fees and work program proposals were discussed.

Mr Matthew Koval (Australia) was elected as Chairman for 2009/10.

## **6. INTERNATIONAL GRAINS COUNCIL CONFERENCE**

### **“The global economic crisis: what impact on grains and oilseeds?”**

A record number of participants from over 50 countries attended the IGC's Grains Conference on 9 June to consider the outlook for grains and oilseeds and how this may be affected by the global economic crisis. Speakers representing industry and government from Argentina, Australia, Brazil, Egypt, the EU, Indonesia, Nigeria, Switzerland, the UK and the US addressed this topic and gave their views on current and likely future challenges. Particular attention was given to food security concerns, the flour milling industry, the oilseeds sector, rice, futures markets, ocean freight rates and national policy developments, including GM issues. On the occasion of the Council's 60<sup>th</sup> anniversary, Mr Morton Sosland, Chairman of Sosland Publishing Inc and Editor-in-Chief of World Grain, recalled the Council's first meeting in 1949 and observed the considerable changes seen in the role of the organisation since then.

Attached please find a copy of the IGC: 60 years of successive agreements (GEN (08/09)/4 and the electronic copies of all the Conference presentations.

## **7. CONCLUSION**

South Africa is an active member of the International Grains Council and the representatives from Government are capacitated to actively take part in all the deliberations of the Council.

Attendance of the IGC Grain Conference is an excellent opportunity for capacity building in the international grain environment.

## **8. ACKNOWLEDGEMENTS**

Thanks to the Winter Cereal Trust for the opportunity to experience international exposure at this level. Special thanks to Messrs Winston Makabanyane and Boikanyou Mogatle for their companionship and patriotism to South Africa as a country during our visit to the International Grains Council.