

## Markets still raw with supply risk



by Andrew Wilkinson,  
Milling and Grain

**June 7-8, 2022  
sees the focus of  
the world's grain  
and raw materials  
experts switch to the  
International Grains  
Council (IGC) Grains  
Conference 2022 in  
London, UK.  
Don't forget to pencil  
in 13th and 14th June  
2023 for IGC Grains  
Conference 2023 in  
London and register  
your interest in  
advance.**

The 2022 edition of the two day International Grains Conference (IGC) saw in excess of 300 delegates from more than 60 countries, enjoy the networking opportunities, with many of them forming huddles all around the second floor of the proud and historic Savoy Place hotel on the banks of the famous old River Thames.

Presented in coordination with the Grain and Feed Trade Association (GAFTA) and the International Grain Trade Coalition (IGTC), the IGC Grains Conference forms part of a series of industry events which will be held in London, under the banner 'London Grains Week 2022.'

This year's conference addresses the ever-pressing issue of 'resilience to vulnerabilities in global food systems' requires policy makers and private enterprise to share knowledge, expertise and opinions.

This is why IGC is uniquely positioned; it has long been regarded as a global forum where such discussions can take place, with the annual conference bringing together key players from the public and private sectors.

In addition to expressions of concern regarding the immediate future of world food prices, much of the discussions over the two days related to the situation in Ukraine and how the potential lasting damage resulting from it could be mitigated.

As well as the heated discussions in the breakout rooms, the live Q&A sessions were also filled with interesting and lively debate, with many members of the virtual and in-person audience able to ask questions to the 60 international speakers directly.

### Building resilience to global market vulnerabilities

Recent history has demonstrated that disruptive events can pose significant challenges to global supply chains. As the world emerges from the turmoil inflicted by the Covid-19 pandemic, and as the focus increasingly turns to climate change, building resilience to future shocks is at the top of the agenda.

This is particularly true when discussing life-vital systems, of which food is paramount. Furthermore, efforts to boost resilience at a national level may have consequences for global markets, which are vital for food security in deficit regions.

This year's conference featured contributions from speakers in pre-recorded format and live, the event will focus on a number of key topics, including supply chain vulnerabilities, sustainability as well as related climate change mitigation policies, and will be centred around four main sessions:

- Economic growth with a special focus on infrastructure and logistical investments required to cope with shocks throughout the supply chain
- Sustainability criteria and new trade policies in agricultural commodities
- Carbon trading schemes and their potential use as a tool to incentivise climate change mitigation measures in the grains trade sector
  - The future of biofuels within the context of renewable energy policy, particularly in the transport.

Although much of the discussion did focus on the situation neighbouring the Black Sea, Asia formed the regional focus of the conference, including an examination of trends in food demand, particularly the substitution between rice and wheat.

In addition to this, day two of the event included a number of commodity-specific workshops covering topical issues affecting markets for wheat, rice, oilseeds and pulses.

Prior to the event, the IGC's Executive Director Arnaud Petit addressed attendees, "I wish to thank our partners USSEC, US Grains Council, Bayer, IGTC, Euronext, Control Union, Refinitiv





and Argus Media for their continued support and contributions. Their regular support helped us to bring you a truly international conference in a nice environment!”

This year delegates and attendees alike were able to keep track of all events and developments using a specifically designed and easy to use conference app.

Accessible for the next six months, this portal enabled us to access video presentations and recordings of the live Q&A sessions. For your convenience, a summary of all of these presentations is included below

### **1.1 Regional snapshot: substitution potential in food-grain markets in Asia**

Asia is one of the most dynamic regional markets for grains and oilseeds. Amid changing dietary patterns and consumer preferences, asymmetric market disruptions and price movements between wheat and rice provide some margin of manoeuvre for substitution. This session will address economic factors and trends within food-grain (wheat and rice) markets in key consuming countries.

Moderated by Nigel Hunt (Senior Correspondent, Thomson Reuters), this presentation’s panel consists of JY Chow (Executive Director, Agrifood & Retail Sector Coverage Lead Asia Oceania, Mizuho Bank, Singapore), Joseph Sowers (Regional Vice President, South and Southeast Asia US Wheat Associates), Alejandra Danielson Castillo (Regional Director for South Asia, US Grains Council), Timothy Loh (Regional Director

for Southeast Asia, U.S. Soybean Export Council (USSEC) and Yulia Koroleva, (Director, FSI Centre of Grain Quality Assurance, Russia).

### **1.2 Economic outlook: bottlenecks and investments in logistics and infrastructure**

Logistics and freight have risen to the top of the news agenda due to Covid-19 linked turmoil, while prospects for extreme climate events have generated fears of further disruption to trade.

The session addresses the main drivers of the shipping sector and discusses future investments needed to improve its resilience and explore forecast of the maritime freight. Moreover, at COP26, an initiative emerged from the shipping sector on green corridors, a development which may generate new opportunities for grains trade.

Moderated by Philip Hampsheir (Chief Executive, Rochester Productions, Former BBC Business Presenter), this presentation’s panel consists of Raveen Guliani (Director of Trade Development and logistics, DP World, UAE), Richeng Luan (President, COFCO Corporation)

Markiyan Dmytrasevych (Deputy Minister of Agrarian Policy and Food, Ukraine), Laura Wellesley (Senior Research Fellow, Environment and Society Programme, The Royal Institute of International Affairs, Chatham House) and Hartmut van Lengerich (Senior Vice President, Head of Crop Protection Asset Management, Bayer).



### 1.3 Food security and trade

This session seeks to provide an informal space for dialogue on trade and food security among experts from international organisations and policymakers. It enables participants to explore the linkages between food security, policy frameworks, and trade and markets.

Participants are therefore able to look holistically at the relationship between trade and the multiple dimensions of food security, including access, availability, stability and use, in light of existing and future challenges.

In doing so, this session will contribute to deepening understanding among participants of the main drivers behind food insecurity, and how policies and rules affect grains trade and markets.

Moderated by Philip Hampsheir (Chief Executive, Rochester Productions, Former BBC Business Presenter), this presentation's panel consists of Victoria Prentis MP (Minister for Farming, Fisheries and Food), Taras Kachka (IGC Chairman, Deputy Minister for Economic Development, Trade and Agriculture, Trade Representative of Ukraine), David Nabarro, (Co-lead, UN Global Crisis Response Group) and Frédéric Lambert (Head of the Europe and International Service, Ministry of Agriculture and Food, France).

### 1.4 Supporting and advancing our common Grain Trade interests

Grain trade and food systems around the world are responding to a number of dramatic and fundamental forces. The International Grains Council seeks to further international cooperation in grains trade; promote expansion, openness and fairness in the grains sector; contribute to grain market stability and to enhance world food security.

The International Grain Trade Coalition Association (IGTC) is successfully serving our common interests by promoting and facilitating the performance of the supply chain for grains, oilseeds, pulses and derived products.

This session presents an opportunity for the group to share its views on how today's geo-political risks, grain and oilseed

market opportunities, innovation and insights gained will help the value chain and policymakers to provide for more coherent, effective, and context-appropriate actions.

Through this panel session the organisation aims to promote global grain trade, sustainable food systems and food security. Our shared understandings and joint actions will contribute to the global grain trade and food system's ability to respond to today's environment whilst promoting efficiency and profitability for value chain actors.

Moderated by Gary C Martin, (President, IGTC), this presentation's panel consists of Jeremy Cheon (Senior Director, Global Trade Execution Bunge), Sorin Albeanu (Head of Commercial, Covantis SA), Manuel Teijeiro (Managing Director, Control Union Collateral Services) and Pat O'Shannassy (CEO, Grain Trade Australia).

### 1.5 Trade finance: the future of carbon trading

Carbon sequestration is the process of capturing and storing atmospheric carbon dioxide. It is one method of reducing the amount of carbon dioxide in the atmosphere with the goal of reducing global climate change. Alongside carbon markets, these measures are essential to achieving the goal of net-zero emissions.

As businesses increasingly commit to reducing emissions, it is anticipated that carbon sequestration practices and carbon trading will need to scale up by 15- to 160-fold in order to meet growing demand.

This session addresses the development of carbon credit markets and the potential for regenerative agriculture and farming within the supply chain.

Moderated by Arnaud Petit (Executive Director, IGC), this presentation's panel consists of Alyssa Whitcraft (NASA Harvest Deputy Director & Manager, University of Maryland, Department of Geographical Sciences), Thomas J Erickson (Erickson Law & Consulting, PLLC, USA), Ramiro Costa (Deputy Executive Director, Buenos Aires Grain Exchange, Argentina) and Ryan Sirolli (Global Row Crop Sustainability Director, Cargill, USA).





## 1.6 Trade policy: sustainability criteria and trade policy

Sustainability criteria are among the tools developed to support the grains, oilseeds and rice industry to respond to consumer demands for climate-friendly food systems. However, there is a danger that, amid multiple initiatives, markets may become less efficient.

Moderated by Nigel Hunt (Senior Correspondent, Thomson Reuters), this session addresses ways to improve consistency across competing schemes, thereby providing the greatest benefit to trade.

This presentation's panel consists of Laurent Martel (Director of Bioline by InVivo, France), Jean-Marie Paugam (Deputy Director General, World Trade Organization), Mamati Tembe (Head of Public Affairs Science and Sustainability, Africa, Bayer), Michel HR Santos (Senior Director, Global Sustainability, Bunge), Gary Litman (Senior Vice President for Global Initiatives, U.S. Chamber of Commerce), Rosalind R Leeck (Senior Director for Market Access/Northeast Asia Regional, US Soybean Export Council).

## 1.8 Climate change: future of the biofuels sector amid decarbonisation policies

In the past two decades, biofuels sectors have developed quickly and sizeably in efforts to reduce harmful emissions and provide a more sustainable future in supplying various segments of the market. However, with the fast expansion of the electric vehicle sector in developed regions increasingly in focus, this raises questions as to the future utilisation of biofuels, notably, ethanol and biodiesel.

This session also considers developments in the context of the broader policy backdrop surrounding decarbonisation and the applications for the use of raw materials in future years.

Moderated by Arnaud Petit (Executive Director, IGC), the panel for this presentation consists of Nicolas Broutin (President, Yara France), André Nassar (Executive President, ABIOVE - Brazilian Association of Vegetable Oil Industries), Ryan LeGrand (President and CEO, US Grains Council), Seth Meyer (Chief Economist, US Department of Agriculture - USDA) and Benjamin Jasserand (Crush margins Manager, Saipol, Groupe Avril).

## 2.1 Rice: Perspectives on logistical disruption to trade amid turbulence in container freight markets

Global rice trade reached a record in 2021 (Jan/Dec), with a significant increase in demand from African and Asian buyers. However, exporters and importers faced substantial logistical challenges in completing orders due to disruption in shipping markets, with a widespread shortage of containers underpinning a surge in freight rates.

Unlike other bulk-agricultural commodities, a significant portion of rice is shipped in containers in small volumes, notably high-valued speciality grades, such as fragrant and basmati rice. Furthermore, reports indicated that container shipping lines were reluctant to carry rice, with priority instead given to commercial goods, demand for which was robust.

Consequently, buyers switched to shipping volumes on a bulk vessel, either alone or in unison with other importers, although

this caused other issues, including related to warehouse space.

Moderated by Peter Clubb (Market Analyst, IGC), this session focuses on the logistical difficulties facing the international rice sector, highlighting ways in which traders adapted to disruption in the container market, as well as future prospects.

The panel for this presentation consists of Richard Watts (Director, HR Maritime, Berlin), Rajiv Kumar (Executive Director, The Rice Exporters Association, India), Amadou Abdoulaye Fall (Agricultural Economist/Researcher, ISRA Saint-Louis, Senegal), Gerald Masila (Executive Director, East African Grain Council - EAGC) and Alexander Waugh (Director, UK Rice Association).

## 2.2 Maize: 2022/23 trade prospects, with a special focus on infrastructure and logistics in key exporters

Global grains and oilseeds supply chains, which proved resilient during the Covid-19 pandemic, continue to be challenged by supply disruptions due to geopolitical tensions in the Black Sea region.

Amid heightened concerns about a potentially protracted conflict and the impact on global trade, the focus is now firmly on capacity and logistics in other key exporters as importers look to other origins to meet requirements.

Moderated by Miriam Morath (Economist, IGC), this workshop discusses opportunities and challenges for the main exporters in addressing the shortfall in global maize market availability, with a particular emphasis on logistics and transportation costs against the backdrop of elevated fuel and commodity prices.

The panel of experts also assesses infrastructure projects at key origins, aimed at increasing export capacity and ensuring the resilience of local and international supply chains.

These experts are Marcos Gomes de Amorim (Chair of the External Contracts Committee, ANEC - Association of National Grains Exporters), Brazil), Mykola Gorbachov (President of the Ukrainian Grain Association), Reece Cannady (Assistant Director for Europe and Middle East, US Grains Council), Javier Preciado Patiño (Under Secretary for Agricultural Markets, Ministry of Agriculture, Livestock and Fisheries, Argentina) and Agustín Larralde (Director of Market Planning and Analysis, Ministry of Agriculture, Livestock and Fisheries, Argentina).

## 2.3 Wheat: What's in store for the disrupted market?

The global wheat market has been roiled by the Black Sea conflict. The resulting disruption to trade flows from the region has fuelled worries about already tight exporter stocks and triggered a spike in global export prices which, coupled with elevated freight costs, contributed to increased food security threats in some regions.

While Black Sea exports will ultimately be shaped by the duration of military action, significant downside risks for 2022/23 grain production in Ukraine stress the importance of harvests and availabilities in other key exporters.

Aside from exportable surpluses outside the Black Sea region, the trade matrix for the year ahead will be shaped by logistical capacity at alternative origins, including in India and Australia. Price considerations will also be key as sustained high import costs could prompt further demand rationing.





Moderated by Alexander Karavaytsev (Senior Economist, IGC), this workshop discusses global wheat supply and trade prospects in the face of potentially protracted Black Sea hostilities, focusing on deliveries to Near East Asia and Africa. The discussion also covers possible export and import policy developments, which might influence global trade flows in the near-term.

The panel for this session consists of Fahad Vaipel (Vice President, Olam, Switzerland), Carlos Mera (Head of Agri Commodities Market Research, Rabobank London), Eren Günhan Ulusoy (Chairman, IAOM Eurasia and CEO for Ulusoy & Söke Milling Companies),

Sergey Feofilov (General Director, UkrAgroConsult), Laurent Crastre (Senior Research Analyst, Refinitiv), Nathan Cordier (Grain Analyst, Agritel – an Argus Media Company) and Fiona Poynter (Agricultural Lead, Business Development, Agritel).

#### **2.4 Soyabeans: Domestic and international demand requirements – priorities among key global suppliers**

With growing populations and rising incomes boosting demand, global soybean utilisation has expanded strongly in the past decade, with traded volumes rising by about 80 percent. As a consequence, planting decisions in key producers have become ever more closely linked to prospects for international sales.

While recent years have seen growth moderate, the Council expects trade to advance in future. But what about domestic requirements in the world's leading producers and exporters? Moreover, the countries of the US, Brazil and Argentina are home to sizeable feed sectors, while food and industrial segments are important in shaping local demand.

Moderated by Nathan Kemp (Senior Economist, IGC), this workshop, featuring a panel of international experts, assesses prospects for domestic and global demand in future years, highlighting how existing and emerging trends will likely shape growth potential, while the role of policy will be discussed.

This panel of international experts consists of Louis Gourbin (Head of Commodities, B3 - Brasil, Bolsa Balcão), Gustavo Idígoras (President, Argentine Edible Oil Association Grain Exporters Association, Argentina), Scott Gerlt (Economist, American Soybean Association), Dong Soon Choi (Senior Analyst, Supply Chain & Commodities Research, Refinitiv) and Darren Cooper (Senior Economist, IGC).

#### **2.5 Rapeseed/Canola: Mitigating trade risks in a market that is heavily reliant on a small number of exporters.**

Global rapeseed/canola trade is forecast to fall markedly in 2021/22, reflecting the impact of a plunge in availabilities in Canada. With the shortfall in supplies resulting in a spike in international prices, importers have rationed demand.

The situation comes in the face of a sizeable expansion of processing in major producers and exporters in recent years in response to growing demand for shipments of rapeseed/canola products.

Furthermore, the EU has become increasingly reliant on the world market. More recently, the ongoing Black Sea conflict has added to uncertainties about future supplies of oilseeds and products more generally, especially given Ukraine's position as a dominant exporter of sunflower products.

Moderated by Darren Cooper (Senior Economist, IGC), this



workshop will discuss the risks associated with markets where global shipments of oilseeds and products are concentrated in a small number of suppliers. A key theme will be to explore ways in which consumers mitigate risk and adapt to periods of excessive price volatility.

Given what appears to be somewhat limited potential for growth in world rapeseed/canola production, and with supplies of sunflower products expected to remain tight for the foreseeable future, experts will assess the options available to consumers of oilseeds and products in food, feed and industrial sectors.

The panel of assembled experts for this session consists of Stephan Arens (Managing Director of UFOP eV, Berlin), Nick Goddard (Executive Officer, Australian Oilseeds Federation), Svitlana Synkovska (Founder & Managing Director of AGRISS), Jim Everson (President, Canola Council of Canada) and Peter Clubb (Market Analyst, IGC).

#### **2.6 Pulses: Will Asia continue to drive world trade in the future?**

World pulses trade has expanded by 30 percent in the past ten years, with most regions contributing to the uptrend in demand. Nevertheless, Asia is by far the most important consuming region, with shipments typically accounting for more than half of traded volumes, shaped by increasing populations, rising incomes and evolving food consumption trends.

Given the market's sheer size, changes in the policy backdrop can have a profound impact on global import demand: moreover, volumes fell sharply in 2018 after India – the world's biggest consumer – imposed restrictions on arrivals as a means of protecting the local market. Other key buyers in the region include Bangladesh, Pakistan, Turkey and China.

Moderated by Diana Sarungbam (Market Analyst, IGC), this workshop discusses the prospects for global trade in 2022 and beyond, highlighting existing and emerging trends that will likely shape volumes moving forward. Panellists will also touch upon potential risks, as well as the role of government policy.

The panel for this session was made up of Guruswamy Chandrashekar (Economist, Senior Editor and Policy Commentator, Hindu Business line, India) Nick Poutney (Director, Pulse Australia), Andac Kolukisa (NATURAL GIDA SAN. VE TIC. A.S) and Randy Duckworth (Executive Director, Global Pulse Confederation).

