

## **IGC Grains Conference 2016**

### **“Changing dynamics: the new trading environment”**

#### **Opening remarks by Etsuo Kitahara, Executive Director, IGC**

Distinguished guests, ladies and gentlemen, good morning, everyone.

I would like to welcome you all to the IGC Grains Conference 2016, which is now in its 25<sup>th</sup> year. Through the expansion of the Council's commodity coverage in recent years, adding rice and oilseeds to its long-established expertise in wheat and coarse grains, the Conference has evolved into a truly global event, attracting participants from more than 50 countries this year. I wish to thank everybody for joining us today.

I am also delighted to welcome our eminent speakers, who represent key sectors and regions of the global grains and oilseeds economy. Unfortunately, there is a change to our planned programme. Mr. Ghanbari of Iran informed us that due to difficulties in obtaining his visa, he is unable to travel to the UK.

In addition, I would like to thank our sponsors: IGTC (International Grain Trade Coalition) who has generously sponsored the lunch today, Glencore for the badges, CIS (Commodity Inspection Services) for refreshment breaks, and Control Union for the bags, and our exhibitors: IQube Inspection, SGS Group, Vigan Engineering, AHDB Cereals & Oilseeds and Intertek, for exhibiting their important products and services.

With its activities funded by member governments since 1949, the IGC is uniquely positioned to provide a forum for sharing market intelligence and insights among participants from both private and public sectors. Cooperation between policy makers and business leaders helps to promote the expansion of international trade in grains, rice and oilseeds and to secure the freest possible trade flows.

To this end, yesterday at the 43<sup>rd</sup> Council session, the IGC and IGTC formally began a dialogue on a biannual basis on major policy issues affecting grains trade. I believe it is essential to have a regular platform for representatives from the grains sector and policy makers to discuss issues of common interest and find ways to contribute to trade facilitation. The IGC is committed to playing an instrumental role in paving the way for closer cooperation between major stakeholders in the global grains trade sector.

The theme of this year's Conference is "Changing dynamics: the new trading environment".

Since last summer, we have observed important trade policy developments for grains and oilseeds in major countries, including in Argentina and China, which will have global impacts across commodities in coming seasons. The Trans-Pacific Partnership (TPP) was concluded last October and signed in February by 12 Pacific Rim countries, which account for 40% of the global GDP. This mega trade deal could also have a far-reaching effect on trade in agriculture and food sectors in the region and beyond.

We also felt the impact of very strong El Niño over the past year, which now seems likely to be followed by La Niña, possibly reversing recent weather patterns in many parts of the world.

Competition among crops for land has been intensifying, concurrently with competition between major suppliers on the global market, with Russia and Brazil becoming the single largest exporters in 2015/16 for wheat and soybeans, respectively. Black Sea and South American countries will continue to maintain their presence on the global scene in 2016/17.

Export prices are an important indicator of global supply and demand conditions, but prices also respond to other factors, including currency movements, which have been particularly volatile in the past year.

The Council closely monitors export quotations and calculates a daily index of values from the major suppliers to the world market. Because of large global availabilities, the index dropped to a seven-year low in February, but has since appreciated by about one quarter to its highest since early 2015. While a mostly favourable production outlook is helping to keep wheat values relatively low, prices for soybeans, maize and rice have rallied in recent weeks owing to concerns about the impact of adverse weather on crops in key producers and exporters.

Today's programme consists of three sessions and special presentations on external factors, focusing on the impact of climate change and currency movements on production and trade. Panelists in Session 1 will provide the supply and demand outlook for grains and oilseeds; Session 2 will focus on recent trade policy developments while Session 3 will cover trade and logistics. There will also be a message from the IGTC before lunchtime on electronic documentation for international trading.

My colleagues, Amy Reynolds, Darren Cooper, James Fell and Nathan Kemp will serve as moderators and we will have a Q & A session at the end of each panel.

Please note that the Conference provides simultaneous interpretation in six languages: Arabic, Chinese, English, French, Russian and Spanish.

Ladies and gentlemen, now let's start Session 1. I will pass on to Senior Economist, Amy Reynolds.