

# Markets

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# Markets

- For cereals, oilseeds and pulses
- For farm inputs
- Services of laboratories
- Services of lawyers
- More work for (different) authorities
- including accreditation bodies
- More work for control bodies
- There is a market for all!

# Products

- Regarding cereals, oilseeds and pulses
- First thought it was in the cheap feed, there are indications it may be in food too
- But mainly in the low priced commodities, the spot markets
- Not the vertically integrated, more robust value chains
- Markets are shifting every year.
- There continues to be a demand for large volume, cheap feed ingredients
- Nobody knows where the necessary next years volumes for will be coming from.
- Space for cowboys, speculators. Not the market where one should base the future on.
- Demand continues to grow (from 15% to sky rocketing)

- There is a shift to supplies coming from Russia, but also s/f from China (to NL) and soy from West Africa (to FR)
- Expect much from Russia and Kazakhstan because of large surfaces, fallow land
- Also in Ukraine still fallow land 'available'
- But fallow land means there is nothing: unclear land ownership, no infrastructure, no tractors or trucks, no motivated agronomist, no good tractor drivers.
- There is a serious fear that history will repeat itself, with do nothing 'organic' farming, heavy weed pressure and after a few years also need for nitrogen 'fuel' to burn the fertility of the soil
- In the middle-long term Europeans will continue to look for nearby sources, meaning short term deliveries of good quality.
- Is Ukraine transforming its allegedly do nothing opportunity cropping to robust organic farming systems?

# Farm input suppliers

- One can predict a brilliant future for equipment suppliers, for example weeding machines
- It is said that there are still 'organic' farmers without weeding equipment for the different crops, of sufficient capacity (doing 600 ha with a 12 meter width spring tine harrow)
- Also for natural/organic fertilizers, soil amendments
- Particularly during conversion it is attractive to feed for example beef with grain/clover or alfalfa. To clean the field, soil structure and produce manure and slurry for spring injection
- Are Ukrainian farmers aware of this equipment, of these techniques, are these available?
- See for fair in France <http://www.tech-n-bio.com/home.html>

# Laboratories

- Some people say there is more money involved in all this residue testing than in organic inspection and certification...
- Let alone in research and extension, development of OA
- Ongoing trend, focus on having zero residues
- Stories about laboratories varying performance, client orientation, testing till clean
- Accreditation and ring-testing do not result in same sample – same result – different lab
- The naughty boys are also into residue testing
- In Ukraine there is conventional farming with zero residues
- Dilution is the solution for contamination
- Would not mind when a fraction of what is spent on testing goes to stricter verification

# Lawyers

- There is increase in operators contesting CB findings, even authority decisions
- They take you on, instead of you them
- As CB you must have your evidence right and a lawyer ready in this kind of countries
- Leads in some cases to decertification limited to the plot where residue is found. You are forced to certify same crop on neighbouring plot and all other crops.
- CBs do not have scientific evidence of levels because of application this or last year, or drift, or commingling.
- Lawyers needed to secure that CBs have appropriate contract to enforce their sanctions, per country.
- CBs to share experiences....

# Authorities

- EU guidelines provide extra work for custom officials and local authorities in some MS, while others ignore/have no budget
- Need training so they are qualified, to efficiently and effectively do their work, facilitating the free movement of goods in the EU.
- Need budget but also motivation to do good job at PoE
- Food fraud is new phenomena. See <https://ec.europa.eu/food/>
- In Ukraine, the MoAP&F has to make an investment in setting up and operationalising a law on organic agriculture including national and local competent authorities.
- This should be paid back with for example 5% of Ukrainian exports achieving organic premium prices



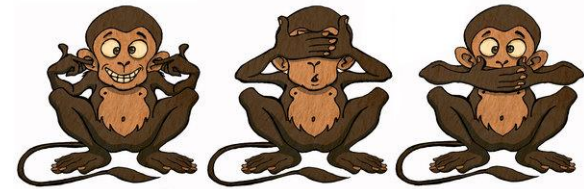
# Accreditation bodies

- Most invited for this conference. Only DAkkS, SAS and IOAS interested
- CBs need to be more diligent, effective
- New CBs are entering UA market, some (smaller) EU countries have weak accreditation system
- Have to coordinate to create level playing field for CBs.

## Auditors

- Demand for experts to do due diligence audits for investors, looking into the risk of CB to be involved in frauds
- Reputational damage = shareholder value

# Control bodies



- Were called upon to increase the rigor of inspection
- Working in Ukraine is commercially attractive → competition → undercutting prices → poaching
- Lower price = lighter service
- There is considerable shifting of operators (3 CBs in 5 years)
- These may change name, claim they are new, change fields
- Two years ago 3 EU approved CBs active in Ukraine, now 17?
- Shifting → late contracting → (too) late first inspection
- For example, winter wheat is sown now. Inspection-sampling for N injection, pre-emergence herbicide, seed treatment is now
- Are 2018 contracts signed in August/September or in April
- More work for CBs because more & better work needed

# Guidelines

- To protect the EU and US markets, the consumers from problematic produce
- To protect the genuine Ukrainian producers, exporters from unfair competition
- Ukraine can still export (is not blacklisted).
- Ultimate sanction for continued bad performance can be a ban, like happens with for example honey.
- Apart from cost and hassle at the Ukrainian side there are many problems reported in the EU with divergent implementation, leading to frustration of the trade
- Needs to be improved

# Maintain, in addition

- Farms must have multi year organic farm plan: full rotation, with plausible weed, fertility, pest and disease strategies
  - Confirmed by local research institute, university?
- Have organised post-harvest: on-farm storage, cleaning, drying, pest control, transport, elevator
- Limited addition of new fields (and zero conversion)
- Demand notification of activities to inspector/CB
- Equipment with sufficient capacity must be in place
  - Could be equipped with tracking devices
- Empty, used packages must be seen by inspector
- Inspection teams (CB own interpreter), 25% presence of local authority representative
- Inspection and sampling throughout season (3-4 times?)
- When residues are found whole farm and all crops decertified
- Inspection report must be available to 'importing' CBs

# Not for all

- Initially for all operators, but after one or two years
- 'Risky' operators only, those (for example)
  - Switching CBs <5 years
  - Different CBs in the supply chain (complex operation)
  - Have residue findings
  - Contest findings
  - Have insufficient weed and soil fertility management, insufficient measures to avoid drift or contamination
- For unsuspecting operators normal regime (i.c. few, minor NCs)
  - Also reduction of additional information requests
  - So that inspectors concentrate on verification rather than collection of information
- Classification is on shipping papers
- In all countries with problematic crops (incl. EU)