

Pulse Guidance Notes

~ Guidance notes for the Australian Pulse Value Chain ~

Edition 6, Nov 2019

This global pulse update has been prepared by Pulse Australia, and the Grains Industry Market Access Forum (GIMAF), with the support of the Australia - India Council, to inform the Australian pulse value chain about the trends and drivers in the global pulse market. The aim is to have a better-informed industry in order that grower decisions around pulse area and rotations can be made with more confidence, while the processing, trading and logistics sectors can better plan for the year ahead.

This edition of the Pulse Guidance Notes is specifically timed to assist growers with planning for the 2020 season, and aiding decisions at harvest about holding grain for marketing later and/or for seed.

Key Points:

- **India may be beginning to entertain the thought of relaxing import restrictions;**
- **One step forward, half a step backwards is the slow way forward with India, with the imposition of additional weed seed restrictions;**
- **The train has left Mumbai station on the journey to pulse self-sufficiency- and it's a one-way journey.**
- **Globally, the S&D is approaching a more balanced scene. Some pulse traders are reported to have a small, albeit sceptical, smile return to their faces.**

Indian Good and Bad News:

The fact that there is some news from India on pulses is news in itself. Some of the news is good; some of the news not so good. (And without wishing ill-will on any farmer in the world, our reality is that a poor pulse crop in India is a positive for potential Aust pulse exports). On balance, however, there is a glimmer of a silver lining beginning to appear on the clouds across the Indian Ocean to our north-west.

The Good News: The first silver lining is indeed in the clouds, as the positive Indian Ocean Dipole (IOD) has brought a strong monsoon season to India. (It is the same positive IOD that is a contributing factor to the current Australian drought). So while India has effectively received Australia's winter rain, it has had the effect of re-charging water supplies, which has the hallmarks of fuelling a strong 2020 rabi crop. However, and this is why it is a silver lining for Australia, the two-three week delay in the withdrawal of the Indian monsoon has impacted the kharif harvest, and delayed the rabi seeding.

More importantly, the later withdrawal of the rain is reported to have had a significant impact on the amount and quality of tur (pigeon pea) and urad (black mung) in the key producing states of Karnataka and Maharashtra.

Indian pulse S&D is pretty much on a knife-edge, with demand estimated at 25.4 mmt; but domestic supply at 25.6 mmt. The likely shortage of some of the kharif crop is starting to lift prices, and as recently as this week, the Indian Consumer Affairs Ministry is called for removal of import restrictions to enable demand to be met without the impact of rising prices. Tur prices have now crossed the 100Rs mark, up from around 75Rs at the start of the year. "We will need imports to cool prices," an official from the Ministry is quoted as saying.



(But we must remember one Ministry's view in India does not determine policy!). Urad is in an alarming position with almost 50% of the crop damaged in the major growing states of Madhya Pradesh in excessive rain.

Our assessment is that removal of import restrictions will not occur at the speed at which they were implemented- but easing may occur in 2020. The Government has had a new control lever in the domestic pulse price and S&D 'control room' since the restrictions have been in place, and they are unlikely to let go of that lever all together- but they can, and most likely will, toggle the lever to manage domestic supply and prices.

Any delay in rabi seeding is likely to add to supply pressure- or at least the expectation that there could be some supply pressure. However, the improved sub-soil moisture and water storages from the above average monsoon may boost yields to offset any seeding area shortage, or late seeding impacts.

The second piece of good news is that India has begun classifying its peas to the third set of digits in the HECC Code. This now allows for discrimination of peas by colour or type of pea. (Initially the quota was set for all peas- now it will be set/allocated by pea type). For Australia, this could herald a specific quota (or lifting of quota!) on green Dun and Kaspera type peas. At the time the blanket quota was imposed, Pulse Australia made [representation to the Indian Govt](#) proposing that green peas should be excluded because of their different and discreet end-use (mostly in savoury confectionary). Indian green pea domestic wholesale prices have been nudging USD 800 tonne recently, so there could be some appetite amongst Indian regulators to allow more green pea imports to curb any further price rise.

The third piece of good news is the positive progress being made towards India considering the acceptance of phosphine as a

fumigant in place of methyl bromide. The Department of Agriculture hosted a visit last month of an Indian delegation, led by the new Joint Secretary of the Indian Ministry of Agriculture & Farmers Welfare, to better understand the phosphine fumigation process in Australia. The delegation observed the Australian supply chain from farm through to a port and were impressed with processes used to manage pests in stored grain. We are optimistic that India will approve an alternate phosphine fumigation protocol compatible with Australian standards in the near future.

This change, if it occurs, again won't happen overnight, but if/when it does, it will remove a significant cost and time impediment for pulse exports to India.

HOWEVER, it is important to appreciate that Australia's pulse trade with India is unlikely to reach the heady volumes of recent years (e.g. 2016/17), despite these positive signals. The Indian Government has made a commitment towards self-sufficiency in pulses, and domestic supply is certainly heading that direction. Crop genetics are also improving the yield of the Indian pulse crops, and improved farming practices are also coming in to play.

The Not-So-Good News: Just when things begin to look a little brighter with Indian trade, a new impediment emerges which will add more cost and complexity in pulse (and other grain) trading with India. This relates to the expansion by the Indian Plant Protection Organisation (IPPO) of the list of prohibited weed seeds for plant and plant products imported into India. IPPO has consolidated the list of 57 prohibited weed seeds (many of which, fortunately, are not present in Australia) and Australian pulse exporters must present a laboratory analysis certificate for a representative sample of the consignment attesting to the absence of prohibited weed species. The Department of Agriculture has

issued a [Trade Advice Notice](#) in relation to the additional phytosanitary requirements.

Global Pulse Scene

Globally, the pulse scene is improving as the world slowly eats through the stockpiles of pulses. Prices are still subdued, but supply is becoming better matched to demand, so the lackluster (= ‘boring’) market of the past few years may be slipping away. Faba beans remain very tight after last year’s all but complete vacuuming of the supply chain, while the global lentil stocks are also tightening.

These factors are important given Australia’s relative strength in faba beans and the lentil over-stock situation Australia has been dealing with for the past few years. Clearer rabi planting data is required for chickpeas, before the situation becomes clearer. By the time Australian seeding commences we should have a clearer picture of likely Indian chickpea rabi production, and hopefully will have had some decent summer rains (= cyclones becoming inland rain depressions) to re-charge the very dry soils.

Bottom Line

After some very tough years for the Australian and broader global pulse markets, there are some very early signs that 2020 might see the beginning of a return to a more stable global trading environment.

While India holds the key, the growing strength of China in the protein fractionation market over recent years, and the implication on demand and trade flows should not be underestimated.

The ‘Plant Protein Epidemic’ will also have an impact on S&D, but the dietary habits of 1.7

billion people on the Indian subcontinent and the domestic pulse production and government policies in those markets will continue to be the single largest determinant on pulse market conditions for many years to come.

Pulse Australia recently completed a projection of the global pulse market out to 2030 for GRDC, identifying the opportunities and challenges for Australian pulses. The summary report, “Raising the Pulse”, is available for [download](#) from the Pulse Australia website.

Coming up:

Two significant events are on the Pulse horizon.

[Indian Pulse Conclave:](#) Feb 12-14, 2020, Pune, India

[GPC Annual Meeting:](#) Apr 16-18, 2020, Dubai

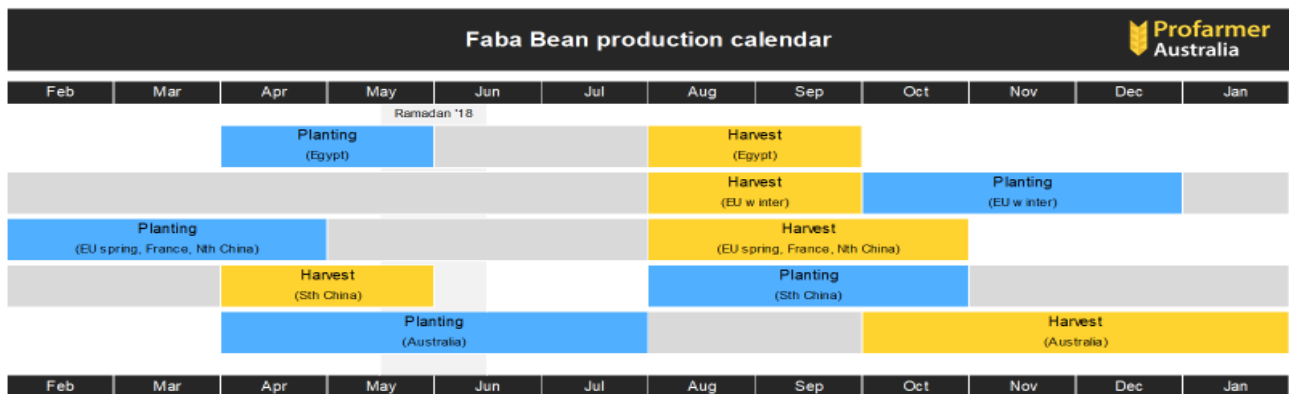
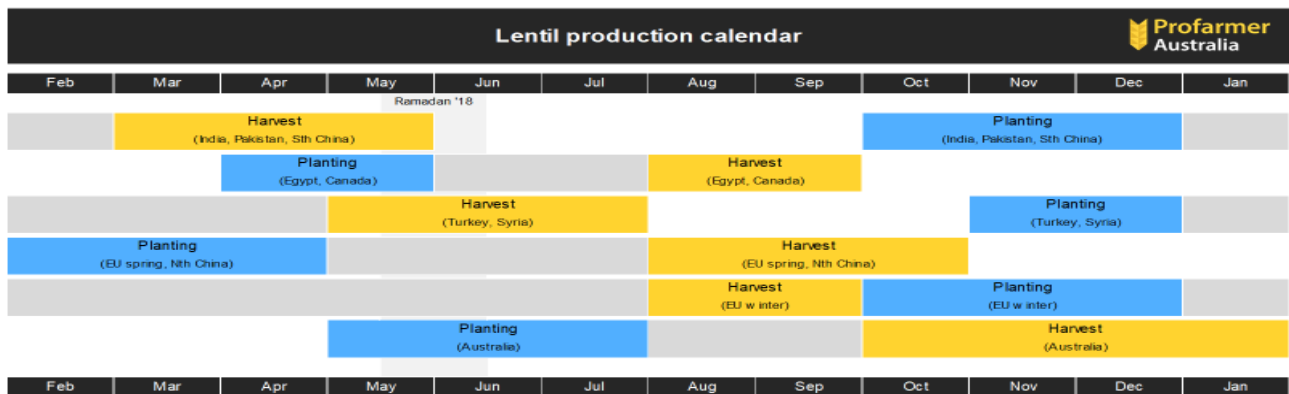
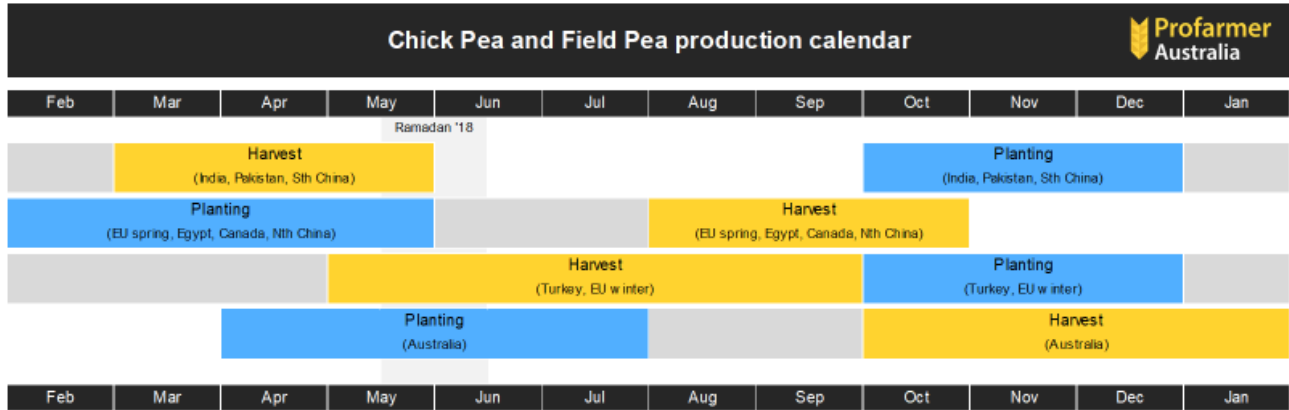
There is expected to be a strong contingent from Australia at both events.

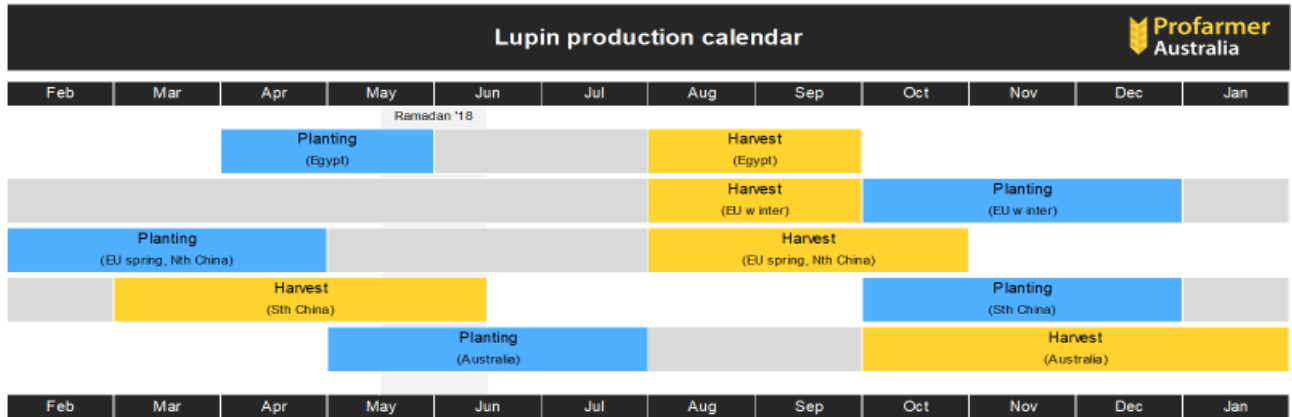
**This Report has been made possible
with financial support from the
[Australia India Council](#),
a Federal Government Initiative.**



Australia-India Council

~ Global Pulse Production Calendars ~





This report has been compiled by GIMAF and Pulse Australia, with the support of Australia-India Council.

Information has primarily been sourced from published reports and data.