



Foreign Agricultural Service

GAIN Report

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Slovakia

Grain and Feed

Government Buying Intentions

2000

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Report Highlights: In response to the drought, the Slovak Government is planning to import up to 882,000 MT of feedgrain.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Vienna [AU1], LO

Due to a shortage caused by this year's drought, the Slovak Government is considering importing up to 882,000 MT of feedgrain. The Government will provide a 1 billion SKK loan (roughly \$21 million) to the State Fund for Market Regulation (SFMR), which in turn will contract for the grain. According to the Ministry of Agriculture, the Slovak market is short 400,000 MT of feed wheat, 400,000 MT of feed barley and 82,000 MT of corn. The SFMR is meeting this week to make a final decision with regard to quantity and to announce the details of the tender.

One possibility is that the SFMR will put out bids and contract directly with suppliers for large quantities. Another, more likely, possibility is that the SFMR will use the services of local trading companies to buy on a lot-by-lot basis. Trade contacts indicate that price, not quality or delivery terms, will be the most important consideration. Because of lower transportation costs, Hungary and the Czech Republic are considered likely origins for the grain. Import surcharges and duties will not be assessed. After purchasing the grain, the Ministry of Agriculture will then sell it to animal producers at a lower (subsidized) price.

(Comment. It is very doubtful that the entire quantity of grain will be imported this year, both for logistic and financial reasons. 1 billion SKK will cover only a fraction of the overall purchase cost and farmers typically do not pay SFMR promptly. Thus, proceeds from early sales of grain to farmers will not be available to for additional purchases. Moreover, as the purchasing process drags into next year, it may well become apparent that the grain shortfall is not as severe as currently estimated by the Ministry of Agriculture.)

(Exchange rate \$1 = 47 SKK)