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Romania

Grain and Feed

Grain and Oilseeds November Update

2002

Approved by:

Brian Goggin

U.S. Embassy

Prepared by:

FAS Regional Staff

Report Highlights: AgBucharest estimates of the 2002 grain and oilseed crops indicate that Romania harvested 7.3 MMT of corn, 0.9 MMT of sunflowerseed and 0.1 MMT of soybeans. While some corn and sunflower seed surplus will be exported, Romania is expected to import nearly 100,000 MT of soybeans to cover domestic consumption needs. For the second consecutive year, the GOR will offer in 2002 subsidies to expand higher value crops and thus develop alternatives to the major cereals, which is anticipated to increase the area to oilseed crops.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Sofia [BU1], RO

2002 Grain and Oilseed Production

Sunflowerseed, soybeans and corn harvesting is reported to be completed to date. Current official estimates, except for corn, are higher than last year's figures, as a result of higher yields aided by favorable weather conditions. The Ministry of Agriculture's reported area and production levels are as follows:

Crop	Harvested area (1,000 HA)	Yield (KG/HA)	Production (1,000 MT)
Corn & sorghum	2,666	2,990	7,970
Sunflowerseed	880	1,127	992
Soybeans	62	2,032	126

Corroborating data from traders, storage industry and processors with field observations, AgBucharest arrived at slightly lower estimates, as follows:

	Corn & sorghum	Sunflowerseed	Soybeans
Harvested area (1,000 HA)	2,666	880	62
Yield (KG/HA)	2,740	1,010	1,700
Production (1,000 MT), of which:	7,300	890	105
-Stored off-farm (in warehouses), of which:	1,260	765	98
-procured by processors	66	310	35
-procured by livestock growers	24	-	-
-Stored as seed for sowing	20	3	3
-Stored on-farm	6,020	122	4

These differences result mainly from different yield figures in western and northern grain and oilseed producing areas, more severely affected by drought.

Prices

Sunflowers

Some 110,000 MT of sunflowerseed from this year's production have been already exported, out of a roughly 300,000 MT surplus. Despite higher than expected farmgate prices (\$210-225/MT), resulting in FOB prices ranging between \$225-250/MT, traders anticipate to ship more before winter comes. These high export prices were caused especially by the still unsettled situation of the Turkish market, the largest regional buyer. In addition, infrastructure bottlenecks in Constanza port have already caused delays in sunflowerseed exports.

Soybeans

Higher than average production per hectare figures in the current marketing year were obtained on irrigated, compact fields by fewer, but significantly larger soybeans growers. The most prominent price maker, a local crusher, revealed its intention to procure 60,000 MT on the domestic market, currently offering \$225/MT for soybeans with 34-35 percent protein content. Despite this reasonably good harvest, some additional 90,000 MT of soybeans are expected to be imported for domestic consumption needs. Soybean meal is imported at CIF prices varying between \$230-235/MT, but imports have slowed down recently as local crushers are offering \$232/MT for at feed mills.

Corn

Bids for corn stabilized at about \$81/MT at the farmgate, but producers expect some increase. However, in many regions of the country rainfall during harvesting season increased moisture to 30 percent, a level considered unacceptable by traders. One percent reduction in moisture through artificial drying incurs additional costs of \$1.5/MT, which would further depress producer prices. The very corn few export transactions were made at about \$90-107/MT FOB.

Crop Prospects for the New Marketing Year

Area planted to oilseed crops is foreseen to grow in the coming marketing year, at the expense of grain and feed plantings. This outcome would be triggered by the encouraging prices for the 2002 harvest, but also by GOR's commitment to continue providing support to commercial farming in Romania.

The Ministry of Agriculture anticipates a substantial rise in the total area planted to soybeans, which would reach 200,000 HA. AgBucharest considers this estimate to be slightly overoptimistic, since farmers have already learned the hard way the lesson of cultivating soybeans on non-irrigated lands in Romania. AgBucharest foresees an increase to about 150,000 HA.

Domestic support for soybeans is currently budgeted at \$2.3 million as direct payments for 300,000 MT, resulting in the equivalent of \$7.9/MT at the current exchange rate. In addition, \$895,000 dollars are going to be provided as subsidies for certified seeds procurement.

A similar scheme is envisaged for sunflowerseeds, as part of the GOR program to develop alternative production patterns by expanding higher value crops.