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Serbia

Grain and Feed

Spring Planting and Update

2005

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Report Highlights:

Spring planting in Serbia came to a close in mid-June. This year, corn was planted on 1.25 million HA, soybeans 140,000 HA, sunflower 230,000 HA and sugar beet 71,000 HA. Crop growing conditions for winter wheat are very good but production is expected to be almost 1 million MT lower than last year. Serbian exports of wheat and corn in MY04/05 were 70-80 percent less than previously projected due to losing some of its traditional export markets.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Belgrade [YU1]
[SR]

Spring planting

Spring planting for MY05/06 came to an end in mid-June. The season started with a 20 day delay due to a long winter with cold temperatures and heavy snowfalls. Around 2.5 million HA were planted with spring crops: corn, barley, sunflower, soybeans and sugar beet. Serbian farmers faced problems of heavy rainfalls and flooded fields this spring that prolonged planting especially for soya and sunflower. In 2004, the planting costs were higher than previous years due to the newly imposed VAT of 8 percent for seeds, fertilizers, agriculture chemicals and 18 percent for agriculture machinery and spare parts, effective January 2005.

Corn

This spring, corn has the largest area planted with some 1.25 million hectares, same as last year. Planting of commercial corn was completed by mid-May. Area planted to corn accounts about 40 percent of total field crop area in Serbia. Total corn production in 2005 is projected to be around 5.85 million MT. With increased Serbian livestock production, feed corn consumption increased 10 percent in 2005. Total consumption of corn in CY2005 is expected to be about 5.8 million MT.

Corn is currently traded in large quantities but all is coming from last year stocks. Current average price of artificially or naturally dried corn with 15 percent moisture is 8.50 din/kg (\$131/MT), while the price of naturally dried corn with 14 percent moisture is 8.85 din/kg (\$136/MT). Serbian corn remains the most expensive in the region and despite large surpluses from last year crop, this spring Serbia exported only around 30,000 MT to its traditional partners such as Bosnia, Macedonia and Albania. At the beginning of 2005, the Serbian Government reported a surplus of almost 700,000 MT of corn and projected to have large exports. Due to lack of price competitiveness this projection has not materialized during MY04/05.

Barley

Spring barley was planted on 60,000 HA. This, together with 55,000 HA of winter barley brings total area planted for the MY05/06 crop to 115,000 HA. Winter and spring growing weather conditions were good for the barley crop. Total production this year is estimated to reach 400,000 MT, with an average yield of 3.5 MT/HA. Barley has a secondary importance in the Serbian agriculture economy compared to wheat and corn. Feed barley for cattle accounts for about 70 percent of total barley produced in Serbia. Feed barley prices generally follow wheat prices, while brewing barley prices are about 20 percent higher.

Soybeans

Area planted to soybeans in Serbia in MY2005/06 is estimated at 140,000 HA, 10 percent more than previous year. Projected production of soybeans for this year is 280,000 MT, with an average yield of 2 HA/MT. For the second year, the Government of Serbia is paying subsidies for soybeans production. The subsidy this year is 2 din/kg (31 USD/MT) for delivered soybeans at the crushing plants. The first part of the subsidy is paid prior to planting and the second after harvest is completed. Some 80 percent of soybeans produced in Serbia is located in Vojvodina, and the other 20 percent in Central Serbia. Planting of soybeans was completed by mid-June, with almost a month delay due to a very rainy spring and wet field conditions. The government objective of paying subsidies for soybeans is to increase area planted in order to fulfill the domestic needs of soybeans and meal and to

secure some quantities for export. The Serbian company "Sojaprotein" in Becej has the largest crushing facility in the region and is specialized in production of non-GMO soybeans and products for human consumption for EU markets. Serbia is a net importer of soybean meal with annual imports estimated at 120,000 MT mainly from Argentina. Prices of the new soybeans crop (on green) range between 14 and 16 din/kg (215-246 USD/MT), while prices of soybean meal at Novi Sad Commodity Exchange currently average 21 din/kg (\$323/MT).

Sunflower

Wet field conditions delayed sunflower planting by one month, with field works completed in mid June. This year, the Government provided a subsidy for the production of sunflower seed of 1.5 din/kg (23 USD/MT). The first part is paid prior to planting and the second after harvest is completed. This spring, Serbian farmers planted 230,000 HA of sunflower seeds, 15 percent higher than the last year. Production of sunflower seeds for this year is projected at 380,000 MT with an average yield of 2 HA/MT. Almost 80 percent of sunflower production is located in the Vojvodina region and the rest is in Central Serbia. Serbia has nine crushing plants for sunflower, of which seven are located in Vojvodina and two in Central Serbia. Current prices for sunflower seed (on green) range about 12 din/kg (184 USD/MT), while sunflower meal is traded at 7 din/kg (87.5 USD/MT) in the Novi Sad Commodity Exchange.

Sugar beet

Due to cold winter weather, sowing of sugar beet was delayed by two weeks ending in late March. According to Serbian analysts, this delay is not expected to have a negative impact on sugar beet production. Some 20 percent of area planted with sugar beet had to be re-planted due to flooded fields. This spring, farmers planted sugar beet on 71,000 HA (8 percent more than 2004) almost all of which is located in the northern Serbian province of Vojvodina. With an average yield of 45 MT per hectare, Serbia can produce around 3 million MT of sugar beet. This is the first year that the Serbian Government will not provide planting subsidies for sugar beet production. Sugar refineries have signed pre-contracts with sugar beet farmers for purchasing their crops. Contracts prices are reported to be between 2.25 din/kg and 2.40 din/kg (350-400 USD/HA) depending on the beet quality and sugar contents.

Winter Wheat Update

Area planted to winter wheat in Serbia for MY2005/06 crop is about 550,000 HA, 14 percent lower than the previous year. About 60 percent of the new wheat crop was planted later than the optimum planting date. Long winter and heavy spring rains had some effect on wheat, but experts say that wheat growing season is going well. Wheat quality is expected to be good, while average yields will be lower than last year. In the flooded Vojvodina's Banat region, it is expected that wheat yield will be almost 1 ton/HA, while in Central Serbian regions yields could reach a record high of 7.5 tons/HA. In East Banat, around 15,000 HA wheat fields were flooded and destroyed in April 2005. It is projected that the average wheat yield this year will be between 3.5 and 3.8 tons/HA. Production is forecasted between 1.7 and 1.8 million MT, almost 1 million MT less than MY04/05. Farmers are preparing to start the wheat harvest in mid-July.

Serbian wheat exports totaled 140,000 HA as of May 2004, much lower than forecasted by the Government (500,000 MT). This is mostly due to the low quality of the wheat crop and the lack of price competitiveness of Serbian wheat. Serbia could export an additional 100,000 MT of wheat, purchased through public tender from State Commodity Reserves by a local company and could be exported during July and August 2005.

Serbian wheat production in MY05/06 will cover all domestic needs (1.7 million MT) and maybe have some 100,000 MT for exports. The current local price of wheat is between 8.60 and 9.50 din/kg (\$132/MT and \$146/MT) depending on wheat quality. Serbian wheat is still the most expensive in the region, compared to wheat prices in the Black Sea USD115-120 MT/FOB.

Tables

PSD Table						
Country	Serbia and Montenegro					
Commodity	Corn				(1000 HA)	(1000 MT)
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		10/2003		10/2004		10/2005
Area Harvested	1200	1200	1202	1202	1300	1250
Beginning Stocks	1089	840	332	334	1106	1140
Production	3800	3800	6274	6274	5900	5850
TOTAL Mkt. Yr. Imports	49	50	0	16	0	0
Oct-Sep Imports	49	50	0	16	0	0
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	4938	4690	6606	6624	7006	6990
TOTAL Mkt. Yr. Exports	156	156	200	184	500	200
Oct-Sep Exports	156	156	200	184	500	200
Feed Dom. Consumption	4200	4000	4800	4800	4800	5200
TOTAL Dom. Consumption	4450	4200	5300	5300	5300	5800
Ending Stocks	332	334	1106	1140	1206	990
TOTAL DISTRIBUTION	4938	4690	6606	6624	7006	6990

PSD Table						
Country	Serbia and Montenegro					
Commodity	Barley				(1000 HA)	(1000 MT)
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		07/2003		07/2004		07/2005
Area Harvested	120	120	110	110	115	115
Beginning Stocks	2	30	2	5	2	79
Production	220	220	470	470	300	400
TOTAL Mkt. Yr. Imports	0	6	0	9	0	10
Oct-Sep Imports	0	6	0	9	0	10
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	222	256	472	484	302	489
TOTAL Mkt. Yr. Exports	0	6	0	5	0	25
Oct-Sep Exports	0	6	0	5	0	25
Feed Dom. Consumption	120	140	350	330	200	300
TOTAL Dom. Consumption	220	245	470	400	300	400
Ending Stocks	2	5	2	79	2	64
TOTAL DISTRIBUTION	222	256	472	484	302	489

PSD Table						
Country	Serbia and Montenegro					
Commodity	Wheat				(1000 HA)	(1000 MT)
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		07/2003		07/2004		07/2005
Area Harvested	600	600	636	636	550	550
Beginning Stocks	434	400	108	151	666	689
Production	1360	1360	2758	2758	2000	1800
TOTAL Mkt. Yr. Imports	189	127	100	20	100	20
Jul-Jun Imports	189	127	100	20	100	20
Jul-Jun Import U.S.	0	67	0	0	0	0
TOTAL SUPPLY	1983	1887	2966	2929	2766	2509
TOTAL Mkt. Yr. Exports	75	25	200	140	200	200
Jul-Jun Exports	75	25	200	140	200	200
Feed Dom. Consumption	80	81	350	350	300	300
TOTAL Dom. Consumption	1800	1711	2100	2100	2000	1950
Ending Stocks	108	151	666	689	566	359
TOTAL DISTRIBUTION	1983	1887	2966	2929	2766	2509