



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

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## Serbia

### Grain and Feed

### Update

### 2005

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**Report Highlights:**

The new wheat crop in Serbia is projected to be 1.5 million MT, 45 percent lower than last year. Reduction is mostly due to late planting of seeds, adverse weather conditions and heavy rains that hampered wheat harvest. Together with the wheat stocks from last year's crop of 500,000 MT, production should be sufficient for domestic needs. Serbia, however, would probably have to import around 100,000 MT of high quality wheat to improve the low baking quality of the stocks. In mid-July, the government reversed its year-old policy of no intervention in wheat production crop and announced several measures to help registered wheat farmers via production and storage subsidies.

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

## Wheat Production and Quality

With almost 90 percent of the crop harvested, recent estimates of wheat production in Serbia in MY 2005/06 indicate that production will be significantly lower than the previous year. Total wheat production is estimated to be around 1.5 million MT, 45 percent lower than the crop in MY 2004/05. This drastic reduction in production was mostly due to late seed planting, adverse weather conditions during the growing season and heavy rainfalls in July that hampered wheat harvest. Analysts project that total area harvested will be around 540,000 HA and the average yield in Serbia will be around 3.5 MT/HA, with yields varying significantly from one region to another. It is reported that yield could be as low as 1.5 MT/HA in some of the areas affected by the April 2005 flood in the Banat region, while in other high productivity areas such as North Backa and Central Serbia the yield could reach 7 MT/HA.

This year's crop, together with 500,000 MT wheat stocks from last year's crop, should be sufficient for Serbia's domestic consumption, estimated at 1.8 million MT annually. Serbia would probably have to import some 100-150,000 MT of high quality wheat in order to improve the baking quality of the local wheat stocks. Preliminary quality reports indicate that wheat quality in general is satisfactory, with the Hagberg between 250 and 300 and TW around 90. Some areas have reported high moisture contents due to heavy rains during harvest. However, the bug damage that deteriorated last year's crop seems to be much less of a problem this year.

## New Government Measures to Help Wheat Farmers

In mid July, the government of Serbia reversed its year-old policy of no intervention in the production and marketing of the wheat crop. Since the beginning of the planting season and throughout the growing season the government did not provide any production subsidies or price support to wheat farmers, unlike the case with sunflower seeds and soybeans. However, following the heavy rains during harvest and after it realized that the wheat crop would be very small and local market prices would be low the Serbian government decided to intervene with some measures to help wheat farmers. On July 14, the Ministry of Agriculture announced several measures to help registered wheat farmers including production subsidies and storage support for this year crop as well as providing commercial loans with preferable interest rates for wheat planting next season.

Starting September 1, 2005, registered wheat producers could receive 5,000 dinars per hectare of wheat planted in MY 2005/06. According to the Ministry of Agriculture, there are 15,000 registered wheat producers holding 231,000 HA, about 40 percent of total area planted to wheat. Serbian wheat producers will also receive 750 dinars per ton, with a maximum of 4 tons/HA, as reimbursement for storage costs. In addition, the Serbian Ministry of Agriculture announced its plan to help registered farmers get commercial loans of 12,000 dinars per hectare with preferable terms of 6 months at an annual interest rate of 5 percent. These measures to support wheat farmers are estimated to cost the Serbian government about 1 billion dinars (\$15 million), an amount that has been previously set aside in the 2005/06 agricultural budget.

<b>PSD Table</b>						
<b>Country</b>	<b>Serbia and Montenegro</b>					
<b>Commodity</b>	<b>Wheat</b>				(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]
<b>Market Year Begin</b>		07/2003		07/2004		07/2005
Area Harvested	600	600	636	636	550	540
Beginning Stocks	434	400	158	151	776	559
Production	1360	1360	2758	2758	1800	1500
TOTAL Mkt. Yr. Imports	189	127	100	20	100	100
Jul-Jun Imports	189	127	100	20	100	100
Jul-Jun Import U.S.	0	67	0	0	0	0
TOTAL SUPPLY	1983	1887	3016	2929	2676	2159
TOTAL Mkt. Yr. Exports	25	25	140	140	200	0
Jul-Jun Exports	25	25	140	140	200	0
Feed Dom. Consumption	80	81	350	350	300	300
TOTAL Dom. Consumption	1800	1711	2100	2230	2000	1800
Ending Stocks	158	151	776	559	476	359
TOTAL DISTRIBUTION	1983	1887	3016	2929	2676	2159