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# GAIN Report

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## Serbia

### Grain and Feed

### Wheat and Corn Update

### 2006

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**Report Highlights:**

Recent estimates of Serbia's wheat production in MY2006/07 indicate that production and yields are higher than previously projected after the massive spring flooding. Total wheat production is now estimated at 1.8 million HA, with an average yield of 3.4 MT/HA. The government has reinstated fuel and fertilizers subsidies for the fall planting of wheat of about \$80 per HA for registered farmers. Total production of corn is estimated at 6.6 million MT, similar to last year's production. Serbian corn exports during the period January-June 2006 totaled 700,000 MT and analysts project that total corn exports for Oct 05/Sept 06 could reach 1.2 MT.

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

## Wheat

After a long period of speculation about the impact of the massive spring floods on Serbia's agriculture and prediction that the wheat crop will be a record low, official data indicates that Serbian wheat production is much higher than previously expected. Wheat harvest was completed by the end of July and according to official estimate total wheat harvested in MY2006/07 is 1.8 million MT. This total is about 200,000 MT or 10 percent lower than the last year's crop. Harvested area in MY06/07 was estimated at 530,000 HA or 10,000 HA smaller than last year, and the average yield was 3.4 MT/HA. Of that 1.8 million MT total production, 1 million MT was harvested in Vojvodina, with average yield of 3.9 MT/HA and about 800,000 MT harvested in other regions of Serbia, with an average yield of about 2.9 MT/HA. The best yields were achieved in the North Backa region in Vojvodina, with an average of 4.8 MT/HA. Experts from the Serbian Crop Institute in Novi Sad have stated that wheat quality of the new crop is excellent, maybe the best in the last ten years.

### Wheat quality parameters

Parameters	Quality
Protein content %	12.5
Hectoliter weight Kg/Hl	78-82
Gluten %	26-28
Energy/W	Above 200
Falling number	Min 280

Due to the high quality and despite the small crop, it is very likely that some of the Serbian wheat (100-150,000 MT) will be exported to neighboring countries at prices higher than local market prices.

This year, the Ministry of Agriculture will continue its 2005 policy to provide subsidies for wheat storage of 750 din/MT (\$12/MT) for a maximum quantity of 4 MT//HA and a period of three months after harvest. This is to help farmers in storing their wheat and hedge for higher prices during the marketing season. Wheat supply normally declines during the fall months and prices rise. In August 2006, following negotiation between the Serbian Government and Vojvodina Province's officials, the Ministry of Agriculture decided to support registered farmers with 5,000 dinars/HA (\$80) for the fall planting. Some 140,000 registered wheat farmers (with total area of about 280,000 HA) will receive fuel and fertilizers subsidies. This Subsidy will be paid only to farmers that have registered fall crops and were impacted by the massive floods in March and April (mostly wheat). 150 million dinars (\$2.4 million) will be set aside from the Vojvodina's budget for farmers in the territory of the province, while the Agriculture Ministry will pay for farmers in the rest of Serbia.

Current market prices offered by Serbian wheat milling companies are about 9.5-10 dinars/kg (151-159 USD/MT). The sale of the new wheat crop has been slow due to low cash flow in many of the buying millers. Before the start of wheat harvest this year, the Millers Association of Serbia announced that millers would pay farmers a maximum price of 9 dinars/kg (143 USD/MT). The Serbian Ministry of Agriculture stated that the Miller Association, by announcing wheat prices before harvest, has clearly acted counter to Serbia's Anti-monopoly Law. It is expected that wheat price will rise during the months of September and October to 11-12 dinars/kg (172-190 USD/MT).

## Barley

A new barley production estimate indicates that the impact of the adverse weather condition during the growing season and spring floods was much less than projected. With a harvested area of 120,000 HA, the MY06/07 barley production estimate was revised upwardly, from 370,000 MT to 450,000 MT. Average barley yield was estimated at 3.8 MT/HA, much higher than previously estimated (3.4 MT/HA). The best yields were registered in Vojvodina, with 4.1 MT/HA, while Central Serbia had an average yield of 3.5 MT/HA. The highest yield was registered in South Backa region of Vojvodina at 4.7 MT/HA. Current prices of barley are similar to that of wheat prices, 9-10 dinars/kg (142-159 USD/MT).

## Corn

Area planted to corn in Serbia in MY2006/07 is estimated at 1.25 million HA, almost unchanged from MY2005/06. Despite the spring floods and very high temperatures during the summer season, corn-growing conditions were good and total corn production is expected to be about 6.6 million MT (similar to last year). The average yield for the corn crop is forecasted at 5.3 MT/HA, while in some parts of Serbia where application of fertilizers and pesticides were optimal yield could be even above 7 MT/HA.

In CY2005, Serbia exported 813,240 MT of corn estimated at more than \$100 million, the best export commodity after refined sugar. During the period January-June 2006, Serbia exported about 700,000 MT of corn, worth \$91 million (\$130/MT FOB). Total Serbian corn exports in MY Oct 05/Sept 06 could reach 1.2 million MT, keeping Serbia in the leading position for corn exporters in the region. Given the large corn crop in MY06/07, Serbia will have more than one million MT available for export.

With the bulk of Serbia's corn exported to Black Sea ports through the Danube, the low water level in the Danube has slowed down exports during July. The situation has since improved and exports have resumed at their normal level during August. The main destinations for Serbian corn exports are Italy, Spain and Portugal. Smaller quantities are being exported regularly to Bosnia-Herzegovina. The total quantity of Serbian corn exports to these countries will depend mainly on the crop conditions of other competitors in the region, logistic accommodation in the Serbian ports and availability of the river barges and vessels for transportation.

Current corn prices in local Serbian market vary between 7.8 and 8.3 din/kg (125-133 USD/MT FOB), relatively price competitive with corn export shipments from Hungary at 138 USD/MT FOB.