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Czech Republic

Grain and Feed

Harvest Update

2002

Approved by:

Paul Spencer-MacGregor

U.S. Embassy

Prepared by:

Petra Chot•borská

Report Highlights: According to the Czech Statistical Office this year's grain harvest will be 2.2% lower than last year. Total grains are expected to reach 6.76 million metric tons (MMT) versus 6.9 MMT last year. Yields will be higher, areas are lower. Last year's total area was 1.556 million hectares (ha), this year it's 1.486 million ha. Spring crops are expected to have higher yields than last year due to predicted favorable weather. Wheat prices are depressed due to competition from FSU suppliers. Winter barley will be affected by rainy weather this spring and yields will probably remain at last year's level. A table is provided updating estimates for grains, rapeseed, and poppy seed (harvested area, yields and production).

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

Prices

Czech prices of agricultural commodities are very low this year, which is a result of low world prices, over production, a strong Czech currency (the Crown) and the fact that some former Czech markets such as former Soviet Union (especially Ukraine) are turning into competitors and are pushing prices even lower.

Grain prices dropped significantly since last year, e.g. the price of milling wheat last July was 4,200 CZK/MT, now it's between 2,800 - 3,000 CZK/MT. Feed wheat prices fell from 3,600 CZK/MT to 2,200 - 2,400 CZK/MT.

Rapeseed prices fell from last year's average of 6,500 - 6,700 CZK/MT to 5,500 - 5,600 CZK/MT.

Policy

The State Agricultural Intervention Fund (SAIF) regulates the market through purchases of milling wheat and rapeseed from farmers. This year purchase price for milling wheat was set too high at 3,500 CZK/MT (in the EU it is only 3,100 CZK/MT) with a 5% "drop price" threshold, which means that intervention purchases will start if market price is at least 5% lower than the price set by SAIF. Intervention purchase for milling wheat started on July 16, 2002.

Since the prices are set for a year and market price is so low, there will be a tendency to sell most of milling wheat to the Fund. The Fund is responsible for finding appropriate storage capacity. At the moment it has storage for 515,000 MT of milling wheat, which will probably increase. Intervention purchases can only be stopped or interrupted if market prices change. The fund will try to sell purchased wheat domestically or export it. If Czech flour millers do not have enough grains to make flour they could drive up the price.

SAIF also supports rapeseed. The system is, however, slightly different. Beginning last year, SAIF may purchase yearly for the next five years up to 230,000 MT/year of rapeseed for 4,600 CZK/MT (a price lower than the current market price). Farmers also receive 5,500 CZK/ha on rapeseed under the condition that they sell 2.3 MT/ha of rapeseed to SAIF for 4,600 CZK to be used for production of bio fuels. Farmers will therefore get 7,000 CZK/MT, which is a higher price than the market price. By this measure the government is keeping biofuel oilseed plants running (these plants were initially built with government subsidies).

Harvest Progression

The following table shows estimates for grain, rapeseed, and poppy seed (harvested area, yields and production) in the Czech Republic. The data in the first three columns are official statistical data from the Czech Statistical Office (estimates to June 20). The numbers in the last column are unofficial estimates (as of July 15) made by commodity specialists at the Ministry of Agriculture.

	Area harvested (1,000 ha)	Yield (MT/ha)	Production (1,000 MT)	Estimated Percent Harvested (7/15)
Winter wheat	796.2	4.9	3946	4
Spring wheat	52.6	4.1	213	1
Total wheat	848.8	4.9	4161	-
Rye	35.3	4.0	140.7	0
Winter barley	142.9	4.2	600	75
Spring barley	354.2	4.1	1428	6
Total barley	488.1	4.2	2028	-
Oats	61.0	3.4	208	0
Triticale	53.1	4.3	228	1
Corn	70.6	6.2	438	0
Other grains	5.2	2.0	10.4	-
Grain total	1,562.1	4.5	7213	10
Rapeseed	335.6	2.8	939.7	18
Poppy	29.6	-	-	-

(Exchange rate: July 2002: 1USD = 30 CZK)