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## Serbia

**Post:** Belgrade

### **Historically low level of Danube River is stopping grain exports**

**Report Categories:**

Agricultural Situation

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**Report Highlights:**

Due to the low water level of Danube River that reached its historically level, transport of the river cargo in Serbia is completely blocked. This has significant negative effect on Serbian grain exports since most of the shipments are transported through Danube River to the Black Sea. Some transportation companies are predicting that water levels will not improve even before spring time.

**General Information:**

From August 30, 2011, Danube River is very low for passage of river vessels and barges, that started to have difficulties to sail with cargo shipments. Since mid-November, the situation got worse. The extremely low water level of Danube, Tisa and Sava rivers in Serbia completely stopped river transportation of different cargos. Over hundred cargo ships are blocked only in Serbia due to the low Danube level and this is only the part of the total number of ships blocked in other neighboring countries as well (Hungary, Romania, and Bulgaria).

The Danube, the second-longest river in Europe after Volga, originated in Germany, crosses Austria, Slovakia and Hungary, and forms Serbian-Croatian border and the border between Romania and Bulgaria. Finally, it enters the Ukraine, flowing into the Black Sea.

Water levels on Serbian rivers have been constantly low for the last few months, with the situation occasionally improving and then worsening again. During last week of November, water situation reached 25 years record in the low water, mostly caused by the heat wave that hit Europe last summer and extreme drought during autumn months. All this caused difficulties in the river transportation and now eventually caused a complete collapse in the traffic and transportation of goods.

Low waters are blocking the seasonal exports of grains from not only Serbia, but Hungary, Romania and Bulgaria, but are also causing huge difficulties in other parts of the Serbian industry. Serbian traders are not able to deliver the main export agriculture commodity (corn) to the international buyers and previously booked sea vessels at the Black Sea. Prognoses for the further development of the situation are also not good, since cold weather and ice on rivers can further worsen the situation. Some transportation companies are predicting that water levels will not improve even before spring time. This will cause significant damages in the economies of all countries, whose exports and imports of cargoes are depending on Danube river transportation.

Current corn prices at Novi Sad Commodity Exchange are between 15.60 (\$205/MT) and 16.50 (\$226/MT). Price of corn in July hit record high of 24 dinars/kg (\$328/MT), but since then price of corn started to decline reaching the lowest level in November 2011. This is the result of blocked corn export for about two months and the new corn crop arrived at the same time, supply of corn in Serbia was extremely high and price has dropped. Since the beginning of low rivers problems, exports of corn from Serbia are about 50 percent lower than average.