

Voluntary Report – Voluntary - Public Distribution

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Report Name: Romania Set for Another Grain Export Record

Country: Romania

Post: Bucharest

Report Category: Grain and Feed

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Report Highlights:

Romania's spring-crop harvest is nearly complete. Improved soil moisture in spring 2019 helped Romanian corn development, but drought conditions during the latter half of the growing season lowered yields by seven percent from 2018. Despite the dry conditions during the fall 2018 planting season, winter crops yields were only slightly below the previous year. Romanian grain production is forecast to grow by one percent in marketing year (MY) 2019/20 mainly due to area expansion. Grain exports (wheat, corn, barley) are forecast to increase by 1.4 percent in MY 2019/20 over last year's 12.9 million metric tons (MMT) record.

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Wheat

MY 2019/20

Planting conditions for winter wheat in MY 2019/20 were difficult because of prolonged dryness during the fall of 2018. Rains in late November helped wheat germinate and emerge in some regions, but other wheat areas saw plant emerge in February and March 2019. Although abundant rainfall in late spring and warm weather allowed wheat to develop well, it could not fully recover from planting delays and late emergence. Although Post forecasts that this will result in a 1.5 percent yield decline in MY 2019/20 from the previous MY, wheat yields remain two percent above the five-year average. The total wheat production is forecast to drop by 2.3 percent to 8.6 MMT.

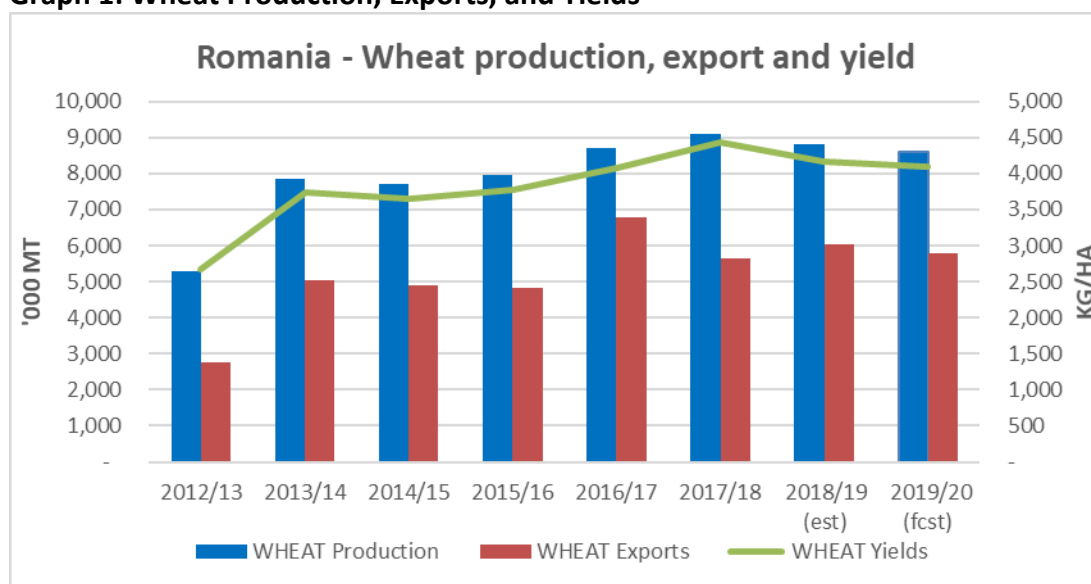
The wheat harvest was delayed, except in Romania's southeast, due to widespread late germination and emergence, as well as wet weather during the latter half of June and early July. Fungus was an issue in some regions due to steady rains. Farmers generally reported good wheat quality.

Regarding trade, the European Union's (EU) wheat crop was generally good, therefore reducing opportunities for Romania to export to other EU member states. Most wheat shippers will look again to third-country markets. Overall a four-percent year-on-year reduction in exports is expected in MY 2019/20. See Graph 1 below for wheat production, exports, and yields over the past eight MYs.

MY 2018/19

During MY 2018/19, Romanian wheat exports expanded by seven percent over MY 2017/18, namely 6.05 MMT over 5.65 MMT. Traditionally at least 70 percent of wheat is exported outside the EU. However, last year's lower production in the northwestern Member States shifted some Romanian wheat from third countries to other EU markets. As a result, Romanian wheat exports to non-EU markets were 0.25 MMT lower than the previous MY and in favor of EU markets, which purchased 39 percent more wheat than the previous year. Spain, Italy, Germany, the Netherlands, and the United Kingdom were among the most notable EU buyers. Egypt's 1.3 MMT purchase of Romanian wheat made it Romania's top wheat market. Jordan, Sudan, Ethiopia, Israel, and Yemen are also worth noting Romanian wheat importers (please see Table 1 for more details).

Graph 1: Wheat Production, Exports, and Yields



Sources: National Institute of Statistics, Trade Data Monitor LLC, FAS

Corn

MY 2019/20

Romanian's corn area increased by about 10 percent year-on-year (250,000 HA) in MY 2019/20, as poor conditions for rapeseed led some farmers to convert their rapeseed acres into corn. Rains in early spring 2019 followed a very dry fall 2018 and winter 2018/19, which created generally good corn planting conditions. Corn planting started earlier than normal because of the early spring and good soil moisture. Favorable spring precipitation followed by moderate temperatures in the first part of July created good growing conditions for corn. However, the prolonged heat and lack of rain in the second part of July and into August negatively affected corn development, especially in southeastern Romania. Because of the summer drought, Post expects that the overall average corn yield will decline by seven percent. FAS Bucharest estimates that the area expansion will offset the decline in yields, and total corn production will reach 14.3 MMT in MY 2019/20, a 2.14-percent increase over last year's bumper crop of 14 MMT.

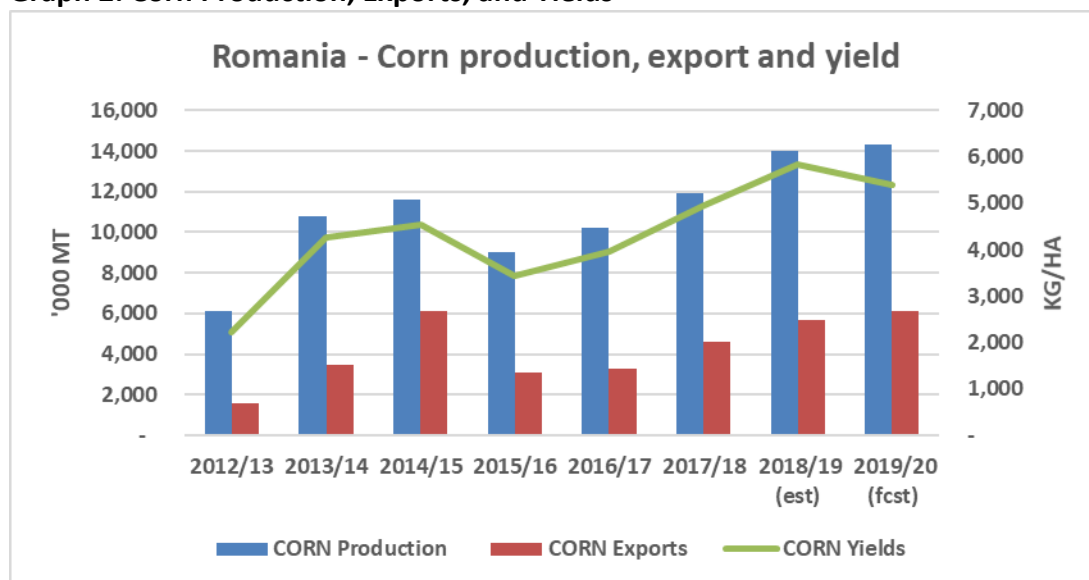
Corn exports are forecast to grow by seven percent in MY 2019/20, given the forecasted larger harvest and limited domestic demand. EU countries are forecast to absorb about 50 percent of the export volume (3.0 MMT). See Graph 2 for corn production, export and yield figures over the last eight MYs.

MY 2018/19

In MY 2018/19, Romania harvested about 14 MMT of corn, an 18-percent increase over MY 2017/18. Feed utilization is anticipated to increase by eight percent, supported mainly by the domestic poultry sector, and to a lesser extent by the swine sector, which is still reeling from Romania's African swine fever outbreak. Post expects that the abundant corn harvest will spur export growth of about 24 percent. During the first nine months of MY 2019/20 (October 2018-June 2019) corn exports rose by 17 percent over the previous year, mainly due to a 136-percent jump in exports to non-EU markets

such as Turkey, Iran, Libya, South Korea, and Egypt. Corn shipments to EU Member States declined by 25 percent from the previous year, perhaps due to strong competition from Ukraine, which more than doubled its corn exports to the EU during the first nine months of MY 2018/19. Spain, Italy, Germany and Netherlands have been notable customers for Romanian corn (please see Table 2 in the Appendix for more details).

Graph 2: Corn Production, Exports, and Yields



Sources: National Institute of Statistics, Trade Data Monitor LLC, FAS

Barley

MY 2019/20

Winter barley varieties accounted for about two thirds (350,000 HA) of the barley area. Overall area planted increased by seven percent over the previous year. Similar to wheat, barley planting conditions were difficult because dry fall planting conditions. The barley crop benefited from favorable springtime conditions and was mostly able to recover, although late emergence and dryness reduced average yields by 3.8-percent. This yield loss was partially offset by the increase in area planted and total barley production reached 1.6 MMT, a three-percent increase over the previous year. Post also expects a three percent increase in barley exports.

MY 2018/19

Barley production is mainly driven by export demand, as only about one-third of production is used domestically. About 90 percent of Romanian barley is exported to non-EU countries. Due to the lower crop, export levels dropped by nearly one-third in MY 2018/19 from the previous year. Strong demand from Saudi Arabia, Tunisia, Kuwait and Qatar could not compensate the loss of exports to Spain, Iran, Japan, and Jordan. More details on export volume and destinations are presented in Table 3.

Table 1: Romanian Wheat Exports by Country

Partner	Unit	July - June (UOM1: T)			%Δ 2019/18
		2017	2018	2019	
World, of which	T	6,727,421	5,618,006	6,036,452	7.5
EU 28	T	1,028,857	1,685,617	2,339,808	38.8
Egypt	T	1,109,509	1,062,384	1,293,821	21.8
Jordan	T	627,426	761,976	641,564	-15.8
Italy	T	299,173	373,391	527,918	41.4
Spain	T	273,350	932,713	522,536	-44.0
Germany	T	29,564	44,733	434,703	871.8
Sudan	T	266,835	290,594	317,186	9.2
Ethiopia	T	163,143	278,583	314,575	12.9
Israel	T	195,212	217,169	290,436	33.7
Netherlands	T	92,650	-	267,132	NA
Yemen	T	57,536	123,900	151,311	22.1
Libya	T	324,826	343,193	139,551	-59.3
Philippines	T	-	-	133,388	0.0
United Kingdom	T	19,181	45,133	110,576	145.0
Belgium	T	26	5	96,149	
Greece	T	119,793	118,111	95,794	-18.9
Lebanon	T	33,643	54,614	94,874	73.7
Ireland	T	17,351	6,331	89,359	1311.4
South Korea	T		-		0.0

		73,251		63,000	
Vietnam	T	838,201	127,762	56,485	-55.8
Portugal	T	18,843	20,564	52,550	155.5
France	T	103,429	45,915	48,197	5.0
Oman	T	-	-	34,700	0.0
United Arab Emirates	T	305,193	35,337	29,959	-15.22

Source: Trade Data Monitor LLC

Table 2: Romanian Corn Exports by Country

Partner	Unit	(UOM1: T)			%Δ 2019/18
		Oct, 2016 - June, 2017	Oct, 2017 - June, 2018	Oct, 2018 - June, 2019	
World, of which	T	2,944,358	4,005,211	4,672,496	16.66
EU 28	T	1,491,355	2,973,657	2,233,854	-24.88
Turkey	T	339,864	393,684	820,691	108.46
Italy	T	133,212	631,507	501,633	-20.57
Spain	T	339,564	1,036,483	417,019	-59.77
Lebanon	T	208,336	220,059	326,711	48.47
Germany	T	11,129	68,658	317,529	362.48
Egypt	T	325,417	-	296,928	0
Netherlands	T	99,391	127,001	266,753	110.04
Iran	T	50,668	232,756	203,726	-12.47
Portugal	T	166,783	190,146	139,485	-26.64
Greece	T	68,972	169,642	138,607	-18.29
South Korea	T	42,952	-	128,079	0
France	T	268,963	43,106	117,523	172.64
Libya	T	52,259	31,219	117,173	275.32
Syria	T	103,682	-	99,301	0
New Zealand	T	-	68,851	90,000	30.72
Tunisia	T	16,398	-	85,452	0
Cyprus	T	38,921	64,115	81,316	26.83
Iraq	T	53,321	4,643	77,051	1559.54
Hungary	T	14,025	66,522	70,281	5.65
Austria	T	13,060	169,897	52,892	-68.87
Czech Republic	T	197	12,978	46,818	260.74
United States	T	1,628	12,232	36,917	201.80

Source: Trade Data Monitor LLC

Table 3: Romanian Barley Exports by Country

Partner	Unit	July - June (UOM1: T)			%Δ 2019/18
		2017	2018	2019	
World, of which	T	1,129,805	1,493,898	1,085,451	-27.34
EU 28	T	157,972	263,700	112,140	-57.47
Saudi Arabia	T	471,231	788,451	718,319	-8.89
Tunisia	T	27,500	27,500	101,489	269.05
Libya	T	103,533	88,156	63,772	-27.66
Belgium	T	-	-	57,070	0
Kuwait	T	-	-	37,250	0
Cyprus	T	34,171	23,603	23,755	0.64
Lebanon	T	14,587	19,407	22,050	13.62
Qatar	T	-	-	18,750	0
Greece	T	43,130	20,724	10,945	-47.18
Turkey	T	39,243	35,847	10,478	-70.77

Source: Trade Data Monitor LLC

Attachments:

No Attachments.