

Voluntary Report – Voluntary - Public Distribution

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Report Name: Romanian Grain Production is Poised to Rebound

Country: Romania

Post: Bucharest

Report Category: Agricultural Situation, Grain and Feed

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Report Highlights:

Year-on-year Romanian grain production in marketing year (MY) 2021/22 is projected to grow by 28 percent following last year's severe summer drought. Recent abundant rainfall has improved soil moisture throughout Romania. Cold temperatures and frequent rains delayed the spring planting. With the prospects of a larger harvest, Romania is poised to reemerge as a major international grain exporter. Wheat exports are expected to grow by 54 percent, while corn exports are expected to increase by 31 percent over the previous MY.

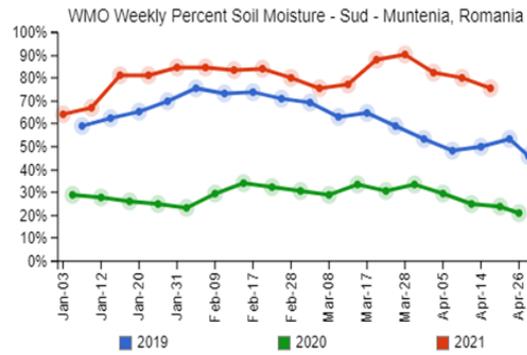
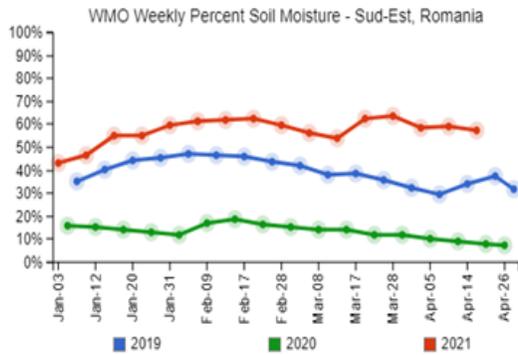
Grain Production Overview

Romania's annual planted area for grains typically covers between 5.3 and 5.5 million hectares (HA), depending on the oilseed area. Wheat and corn are Romania's main grain crops and together account for about 85 percent of the total grain area. Based on the planted area and current crop conditions, Romanian grain production is forecast to grow by 28 percent in MY 2021/22 over the previous year, when production dropped considerably due to drought conditions throughout the growing season. Grain production is anticipated to surge from 19 million metric tons (MMT) in MY 2020/21 to 24 MMT in MY 2021/22. Because the grain area does not fluctuate significantly year-on-year, the higher production will result from higher yields. Corn remains Romania's top crop in terms of both area and production, followed by wheat and barley. Total grain exports are also forecast to recover after a 35-percent decline in MY 2020/21 due to the limited stocks.

In recent years, Romanian farmers have consistently looked to maximize production efficiencies and have become increasingly open to smart agriculture. This trend may be accelerated along with the implementation of the EU's Farm to Fork and Biodiversity Strategies, which may negatively affect yields. Land conservation practices, chemical mapping, and variable densities based on soil structure and nutrients levels are being increasingly adopted by Romanian farmers. 2020's severe drought also focused the Romanian government and farmers on improving irrigation infrastructure. Romania's current irrigation system operates on 950,000 hectares, or 11 percent of total arable land. Some old pumping stations have been refurbished to working conditions and other farmers close enough to water supplies have taken advantage of EU financing to invest in their own irrigation systems. However, for many farmers, access to irrigation can only come from large-scale irrigation infrastructure, including large canals and pumping stations. This level of large-scale irrigation is still widely unavailable.

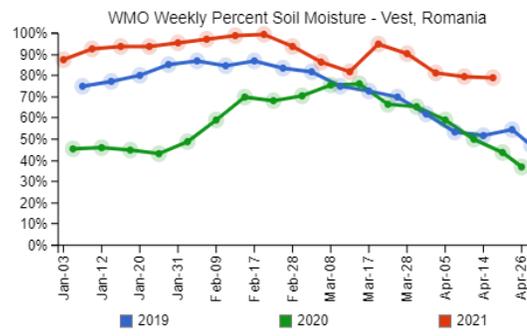
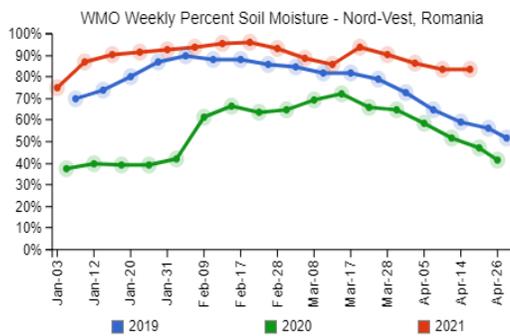
Weather Conditions

2021 weather conditions have been considerably more favorable than in 2020. Following the dry 2020 fall, abundant winter and spring rainfall boosted soil moisture levels across Romania. The charts below illustrate the improved soil moisture levels in southern and southeastern areas, which were severely affected by drought last year. In mid-April, soil moisture was significantly improved from last year (below 20 percent). This supported the development of winter crops and spring crops germination and emergence. While rains have helped replenish the soil moisture, they also impeded pesticides spreading and fertilizers' application for winter crops, in some areas, making the plants more susceptible to diseases. In addition, wet conditions and below-normal temperatures delayed spring crops planting, while cold temperatures slowed down the growth process for all crops.



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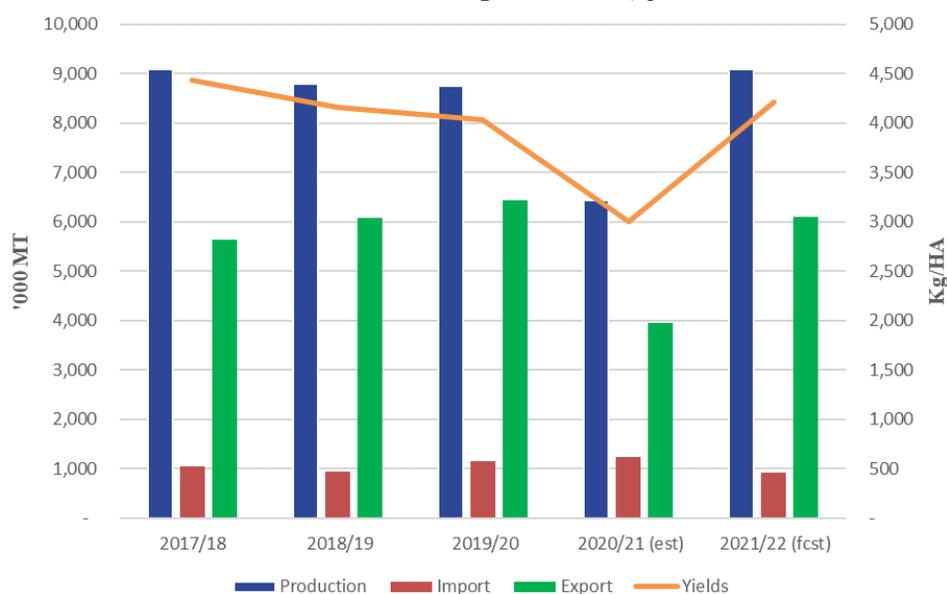
Source: USDA/GADAS

Wheat

Area and Production

The MY 2021/22 wheat area is estimated slightly up to 2.16 million HA, a 0.7-percent increase over the previous year. Although the fall planting season was warm and dry, rainfall in late winter and throughout the spring has been abundant and soil moisture levels are markedly higher than last year. The 2020/21 winter was mild and freezing conditions affected only isolated areas in western Romania. Although chilly temperatures in the spring slowed spring plant development, the current forecast for warmer weather should support a good development. In southern and western regions, wheat plants are off to a favorable start and farmers are optimistic about good yields. In other areas, such as the central Romania, frequent rains have prevented farmers from applying fertilizers and crop protection products, which may negatively affect yields. Wheat yields will remain dependent on precipitation and temperatures over the coming weeks, but currently they are estimated at 2.7 percent above the five-year average. Based on current conditions, wheat production is forecast to rebound by 41 percent to 9.1 MMT, after MY 2020/21's 26-percent decline (see Chart 1).

Chart 1: Romania – Wheat production, yield and trade



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

Trade

Wheat exports are forecast to grow 54 percent year-on-year and return to normal levels in MY 2021/22. Countries located in the Middle East and the northeastern Africa are likely to remain the major export markets. FAS Bucharest estimates Romania's total wheat export volume in MY 2020/21 at only 4.0 MMT, the lowest level in eight years. Farmer sales were sluggish during the first five months of the MY. The Russian Federation's decision to restrict exports in December 2020 made Romania more competitive in non-EU markets, which incentivized farmers to sell wheat stocks. Over 80 percent of Romanian wheat was exported outside the EU. Jordan (542,000 MT) was Romania's leading wheat market during the first seven months of the MY, followed by Lebanon (217,000 MT), Israel (207,000 MT), Egypt (189,000 MT), Philippines, and Sudan. Although Egypt had been Romania's main wheat export market in recent years, sales to Egypt dropped off dramatically due to Romania's limited supply and strong Black Sea competition.

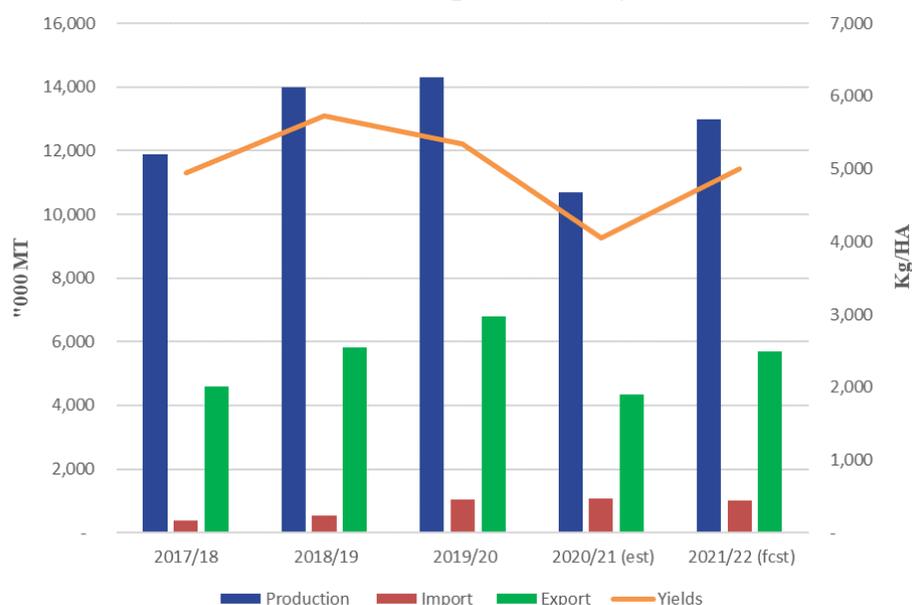
Corn

Area and Production

Despite the dry weather and its toll on corn yields, corn remains a profitable crop in Romania. In MY 2021/22, the corn area is forecast down slightly in favor of other more drought-tolerant crops, such as sunflower. The MY 2020/21 drought also negatively affected Romanian corn seed production, which may lead some small farmers to use low-quality hybrids or even saved seeds. Corn planting was delayed by cool temperatures and rain, but there are positive prospects for good emergence and plant development. Based on the current conditions, corn yields are projected to be four percent above the five-year average. FAS Bucharest forecasts that corn production will reach 13 MMT, which is a 21 percent growth year-on-year (Chart 2). Similar to previous years, in January 2021, Romania authorized the temporary use of neonicotinoid pesticides for corn in response to farmers' concerns about the risk of pest attacks.

In MY 2020/21, Romania’s corn crop appeared to be off to a promising start, following late spring rains and favorable spring weather. Heat and drought followed and worsened throughout the late spring and summer, particularly in the eastern and southeastern regions. Farmers in western Romania benefitted from more precipitation and further benefitted from strong demand due to crop failures in the south and southeast. Although western Romanian corn farmers saw good yields and favorable prices, farmers in the south recorded significant losses. The overall corn harvest declined by 25 percent in MY 2020/21.

Chart 2: Romania – Corn production, yield and trade



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

Trade

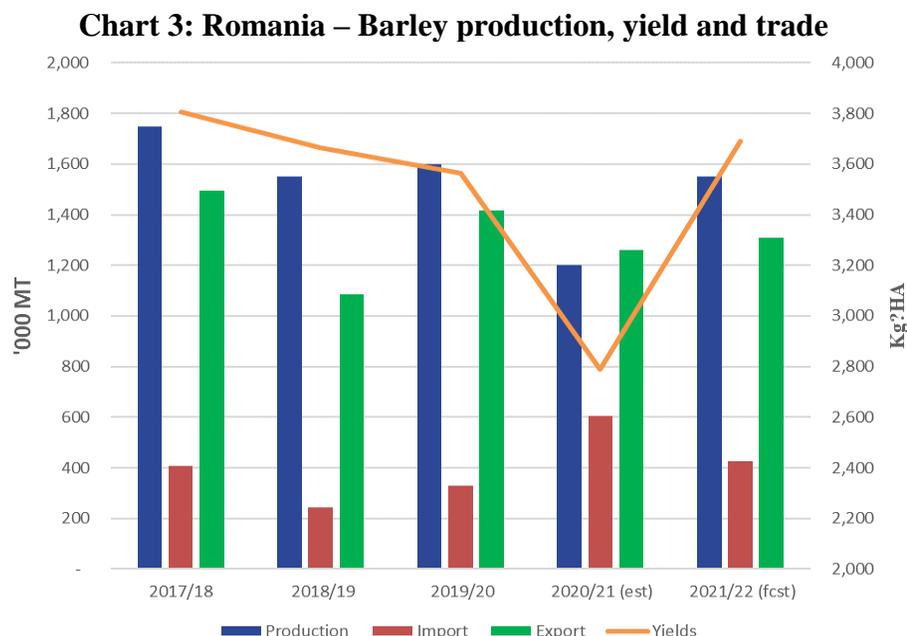
MY 2021/22 corn exports are forecast to grow by 31 percent to 5.7 MMT, distributed almost equally between EU and non-EU markets. Based on the trade data available for the first four months of the current MY, MY 2020/21 corn exports are anticipated to plunge by 36 percent due to the low corn harvest. Spain (506,000 MT) remains Romania’s leading export market, followed by the Netherlands (248,000 MT), and Italy (249,000 MT). Iran (195,000 MT), Lebanon (153,000 MT), and South Korea (96,000 MT) have been major destinations outside EU in MY 2020/21 so far, followed by the United Kingdom, Syria, and Vietnam, each importing about 70,000 MT of Romanian corn.

Barley

Area and Production

The barley area is forecast slightly lower in MY 2021/22 due to planting conditions which were either too wet or too dry, depending on the region. Many farmers opted to substitute wheat in these cases. However, malting barley may partially compensate, as the beer industry is poised to make a positive recovery. Farmers currently report the winter barley crop condition as favorable. Based on current conditions, barley yields are expected to be about five percent above the five-year average. FAS Bucharest estimates MY 2021/22 barley production at 1.55 MMT (Chart 3), 29 percent above the previous year. Barley production continues to be mainly driven by export demand, as less than one-third of production is typically used domestically.

The MY 2020/21 barley crop looked good until early spring when drought conditions impacted the crop, especially in southeastern and eastern areas. Romanian farmers harvested about 1.2 MMT of barley in MY 2020/21, 25 percent below the previous year.



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

Trade

The prospective larger barley harvest is expected to result in four-percent higher exports in MY 2021/22. No major shifts are expected among leading export markets in MY 2021/22, due to Saudi Arabia’s steady demand. In the MY 2020/21, although the crop was 25 percent lower, barley exports were not as negatively affected. The crop shortage was covered through imports from nearby Hungary. Overall, exports are projected to drop by 11 percent in MY 2020/21. As usual, most exports went to non-EU markets. Saudi Arabia (504,000 MT) ranks first, followed by Jordan (129,000 MT), Tunisia (123,000 MT), and Morocco (36,000 MT).

Minor Crops

The area planted for minor crops is expected to be 10 percent higher in MY 2021/22. Oats are predicted to cover around 130,000 HA in MY 2021/22, followed by mixed grains (mostly triticale) at 68,000 HA, sorghum is expected to reach 15,000 HA, rye with 11,000 HA, and rice at 7,000 HA. Overall, minor crops production is anticipated to reach nearly 700,000 MT, a 13 percent year-on-year increase. These crops are consumed domestically and are rarely exported.

Attachments:

No Attachments.