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## Serbia

### Grain and Feed

### Spring Planting and Wheat Update

### 2008

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**Report Highlights:**

Planting of spring crops in Serbia was completed in the last week of May. Corn area planted is estimated at 1.25 million hectare. Sunflower area is 190,000 HA, up 23 percent from last year, while soybeans area is down by 10 percent to 132,000 HA. Sugar beet area planted was significantly smaller, at 52,000 HA or about 34 percent lower than last year. Sowing of spring wheat was very insignificant. With total wheat area of 463,000 HA planted in the fall season, Serbia's wheat production for MY2008/09 is projected to be around 1.75 million MT.

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Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Quarterly Report  
Belgrade [YU1]  
[RB]

## Overview

Planting of the MY08/09 spring crops ended the last week of May. About 2 million HA were planted with corn, barley, sunflower, soybeans, sugar beet and vegetables. Corn area dominated spring planting with 1,250,000 HA; sunflower met expectations with 190,000 HA while area planted to vegetables is estimated at 300,000 HA. Area planted to soybeans and sugar beet was lower than initially projected and planting of spring wheat was almost non-existent. The planting of all spring crops was done with minimal delays.

By comparison, the fall planting was done on an area of 609,023 HA, about 15 percent lower than area planted in the previous year. Total area of all crops (excluding tobacco, fodder crops) for the MY08/09 is estimated at 2.6 mil HA, or 100,000 HA less than the previous year. Favorable weather conditions during winter and early spring provided sufficient soil moisture and in general crops are reported to be in good growing conditions.

Data from the Serbian Chamber of Agriculture shows planting costs this year increased by 30 to 40 percent compared to last year. Many farmers, however, estimate that the increase in spring planting costs is about 60 percent. Prices of certified seed varieties are reported to be higher by 65-100 percent, mineral fertilizers 30-50, diesel fuel by about 35 percent and labor cost by 20 percent.

## Corn

Total area planted to corn is estimated at 1.250 million hectares, 50,000 HA more than the previous year. The corn crop accounts for almost 50 percent of total field crops' area in Serbia. Area planted to corn in the main production region of Vojvodina is estimated to reach 650,000 HA. Corn planting started in the first weeks of April and lasts until the beginning of May. Growing conditions for the MY08/09 corn crop are reported to be very good and analysts forecast that Serbia could have one of the highest corn yields in years. With high domestic demand for certified seed corn this spring, seed companies used all available stocks and some quantities have been imported from New Zealand and Australia. It is reported that area planted to corn this year would have exceeded 1.3 million HA if corn seeds were available in sufficient quantities.

Although it is still early to make production predictions, analysts project that total corn production in Serbia in MY 2008/09 could be around 6.5 million MT, assuming an average yield of 5.2 MT/HA. With a large new corn crop, Serbia will continue to be one of the main corn suppliers in the Balkans. Serbian corn exports are projected to be around one million MT.

The average price of naturally dried corn from the 2007 season is reported at 15.1 din/kg (\$289.8/MT) in the last week of May. Corn prices are currently stable and future prices will mostly depend on growing weather conditions and on government trade policies related to grain trade.

## Barley

Spring barley was planted on 50,000 HA, oat on 40,000 HA and other cereals on about 10,000 HA. Together with some 60,000 HA of winter barley, total area planted for the MY08/09 barley is estimated to 110,000 HA. Winter and spring growing weather conditions were good for the barley crop and it is expected that average barley yields will be about 3.3 MT/HA. Total production of barley is projected at 360,000 MT. PS&D table for barley has been update to reflect the new production estimates.

Barley has a secondary importance in the Serbian agriculture economy compared to wheat and corn. Feed barley for cattle accounts for about 60-65 percent of total barley produced in Serbia. Prices of feed barley generally follow wheat prices, while brewing barley prices are usually about 20 percent higher.

### **Sunflower**

Area planted to sunflower in Serbia in MY2008/09 is estimated at 190,000 HA, about 23 percent higher than the previous year. With a good harvest of 400,000 MT of sunflower seed, sunflower oil production is projected at about 160,000 MT. With domestic consumption needs of sunflower oil estimated at 80,000 MT, Serbia will have about 80,000 MT available for exports.

The increase in sunflower area planted this year was mainly due to good contract prices expected by sunflower farmers from the main crushing/refinery companies. Last year's sunflower redemption price at the beginning of the harvest was 195 Euro/MT but by the end of year prices reached 370 Euro/MT. It is unlikely that sunflower redemption prices for the upcoming harvest would be lower 370 Euro/MT, though future prices will mostly depend on the world market situation. The average sunflower meal price in the last week of May at the Novi Sad Commodity Exchange was reported at 20.0 din/kg (384 USD/MT).

Serbia's capacity of oilseed crushing and refining facilities, 900,000 MT of sunflower and 740,000 MT, by far exceeds its production level.

### **Soybeans**

Soybean area planting in Serbia this year is lower than expected at 132,000 HA, about 10 percent lower than last year. With a projected average yield of 2.5 MT/HA, production of soybeans is forecast at 337,000 MT or about 30,000 MT more than last year. Soybean average yield in Serbia last year (2.07 t/ha) was lower than normal due the draught conditions.

The average price of soybeans at the Novi Sad Commodity Exchange in the last week of May was reported at 36.5 din/kg (700 USD) while the average price of soybean meal was 32.4 din/kg (\$622 USD/MT).

### **Sugar beet**

Area planted to sugar beet in Serbia in MY2008/09 is estimated at 52,000 HA, about 34 percent less than previous year. With an expected average yield of 46 MT per HA, Serbia's sugar beet production would be about 2.4 million MT. With feed stocks requirement for the eight currently operational sugar refineries, Serbia needs to plant 80,000 HA of sugar beet. The main reason for such low sugar beet planted area were: last year's low redemption prices (2,700 din/MT, USD 50); farmer's bad experience during redemption process last year, low sugar prices on the world market and significantly lower prices in the domestic market. Rising prices of edible oil in Serbia enticed farmers to switch to planting sunflower instead of sugar beet.

With 100,000 MT of sugar stocks, Serbia should have sufficient amounts of sugar to fulfill the domestic market needs, but it will be hard to fulfill the EU export quota of 180,000 MT. On April 11, the Serbian Ministry of Agriculture issued a decree (Official Gazette 37/08) to provide subsidies for sugar beet production. However, the additional subsidy of 4,000 din per HA came too late to have the intended impact for sugar beet farmers to increasing the area planted of sugar beet.

**Wheat:****Winter wheat update**

Area planted to wheat for the MY 2007/08 crop was estimated at 463,000 HA, about 17 percent lower than the previous year the smallest area planted to wheat in Serbia since 1919. The fall planting was not completed in an optimal time due to bad weather conditions, late harvest of the late plants (corn, soya, and sugar-beet) and late announcement of government subsidies. Weather conditions were very good at the beginning of the planting but deteriorated in late October and November. It is estimated that about 65 percent of wheat was planted after the optimum time. Since December, weather conditions have been good for the winter crops development. It is reported that winter wheat growing status to be between very good and excellent and minimum presence of plant diseases. Very high yields are expected of 35 percent of wheat sowed. Assuming that normal weather conditions would prevail for the rest of growing season, wheat yields are expected to be above their average levels.

Wheat spring sowing in Serbia was insignificant. Total wheat production for MY2008/09 is projected to be around 1.75 million MT. The average yield is projected to be 4.2 MT/HA for the Vojvodina region and about 3.4 MT/HA for the rest of Serbia. However, actual yield and total production estimates will depend on growing weather conditions in the coming months.

The current wheat price "on green" for the new wheat crop is between 16-17 dinars/kg (\$319.84 – 338.7/MT) and for MY2007/08 wheat is 22 dinars/kg (\$422.4/MT). It is realistic to expect that the wheat prices of the last and this year wheat crop will be equalized at the end of July or beginning of August at around 16 din per kg (\$307/MT).

**Summary Table of Area Planted**

**Table 1. Grain, oilseeds, sugar-beet, soya and vegetable production estimates (FAS Belgrade) for MY2008/2009 field crops**

	<b>Crop Planted Area</b>	<b>Av. Yield</b>	<b>Production,</b>
	HA	MT/HA	MT
<b>Wheat</b>	463,000	3.8	1,759,000
<b>Winter Barley</b>	60,000	3.36	201,600
<b>Winter cereals and other</b>	85,000	/	/
<b>Spring cereals (spring barley, oat, ray and others)</b>	100,000	3.2	320,000
<b>Corn</b>	1,250,000	5.15	6,450,000
<b>Sunflower</b>	190,000	2.1	399,000
<b>Soya</b>	135,000	2.5	337,500
<b>Sugar Beet</b>	52,000	46	2,392,000
<b>Vegetable</b>	300,000	/	/
<b>Total</b>	2,635,000	/	/

Table 2: PSD Table Barley - update

<b>PSD Table</b>									
<b>Country</b>	<b>Serbia</b>								
<b>Commodity</b>	<b>Barley</b>								
	2006	Revised		2007	Estimate		(1000 HA)	(1000 MT)	(MT/HA)
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
<b>Market Year Begin</b>		07/2006	07/2006		07/2007	07/2007		07/2008	07/2008
Area Harvested	104	104	104	93	93	93	65	65	110
Beginning Stocks	17	17	17	12	12	12	19	6	19
Production	375	375	375	262	262	262	225	225	370
MY Imports	0	0	0	50	30	50	100	45	30
TY Imports	0	0	0	50	30	50	100	45	30
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	392	392	392	324	304	324	344	276	419
MY Exports	5	5	5	5	8	5	5	3	5
TY Exports	5	5	5	5	8	5	5	3	5
Feed Consumption	275	275	275	200	200	200	225	180	280
FSI Consumption	100	100	100	100	90	100	100	90	110
Total Consumption	375	375	375	300	290	300	325	270	390
Ending Stocks	12	12	12	19	6	19	14	3	24
Total Distribution	392	392	392	324	304	324	344	276	419
Yield	3.605769	3.605769	3.605769	2.817204	2.817204	2.817204	3.461538	3.461538	3.363636