USDA Foreign Agricultural Service
GAIN Report
Global Agricultural Information Network

Voluntary _ Public

Date: 4/26/2013
GAIN Report Number: SP1303

Spain

Post: Madrid

Arable Crops Hold Potential despite Record Precipitation

Report Categories:
Agricultural Situation
Grain and Feed
Oilseeds and Products
Sugar
Cotton and Products

Approved By:
Robert Hanson. Agricultural Counselor

Prepared By:
Marta Guerrero. Agricultural Specialist

Report Highlights:
The heavy precipitation in the winter and early spring throughout Spain marks a dramatic contrast to the long drought faced across the country during the same period only one year ago. Continued rains and flooded conditions, especially in the riversides, have already caused losses in some orchards and fruit groves. Nevertheless, other crops such as grains and sunflower still hold good yield potential, provided that the end of the spring is not too wet and May temperatures are mild, particularly in Southern regions.

General Information:

Dry weather conditions prevailing since the beginning of hydrological year 2011/12 in the large majority of Spain's grain production areas were the key factor behind the nearly 30 percent production decline registered.

Unlike the previous season, current marketing year weather conditions during last fall and winter have been extremely wet in most of the grain and oilseed production areas in Spain. This year's main concern is the excess of water, which has delayed spring plantings, boosted the risk of weed invasions and favored the appearance of fungal diseases. This could ultimately prevent bumper yields, although currently a large grain and oilseed's crop is still projected.

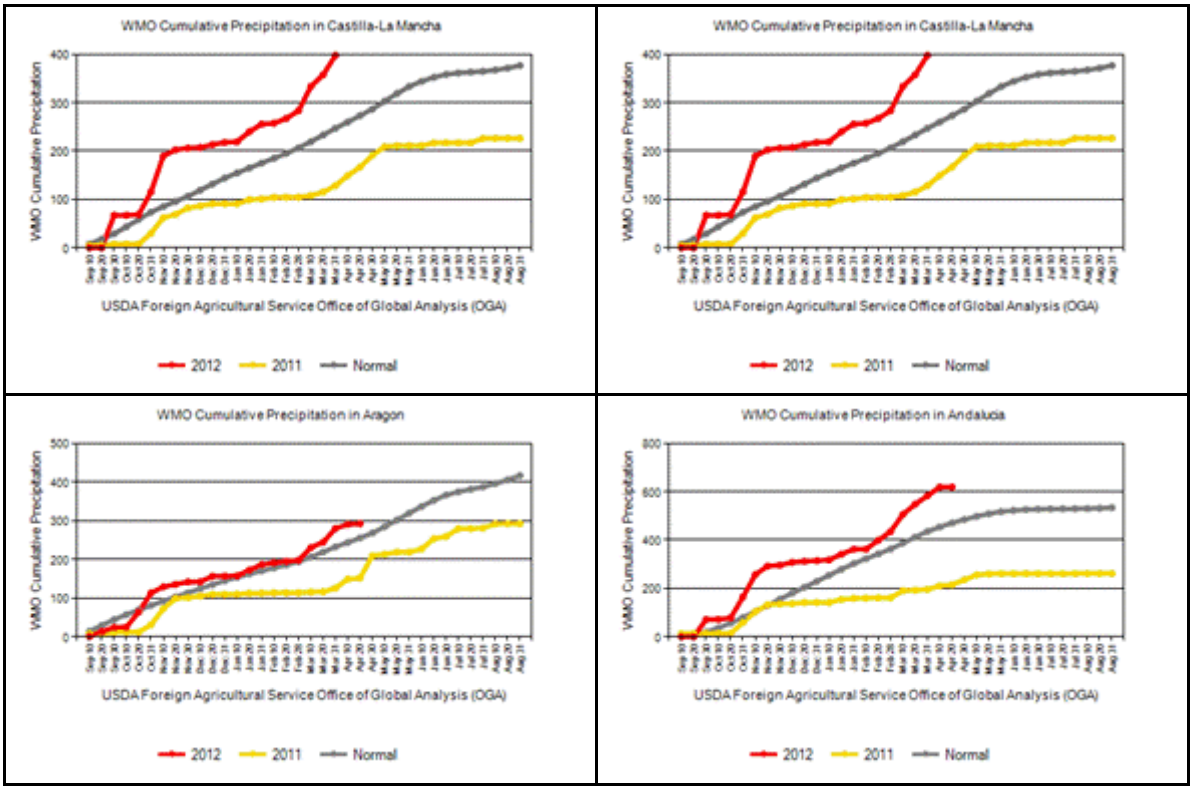
Abbreviations used in this report:

EU European Union
FAS Foreign Agricultural Service
Ha Hectares
MT Metric Ton (1,000 kg)
MY Marketing Year.
MS EU Member State(s)

Precipitation

Almost since the beginning of the hydrological year 2012/13 (October/September) precipitation in Spain's main grain producing areas has been over the historical average, and well above last year's rainfall levels. (See **Graph 1**)

Graph 1. Cumulative precipitation in main grain producing regions.



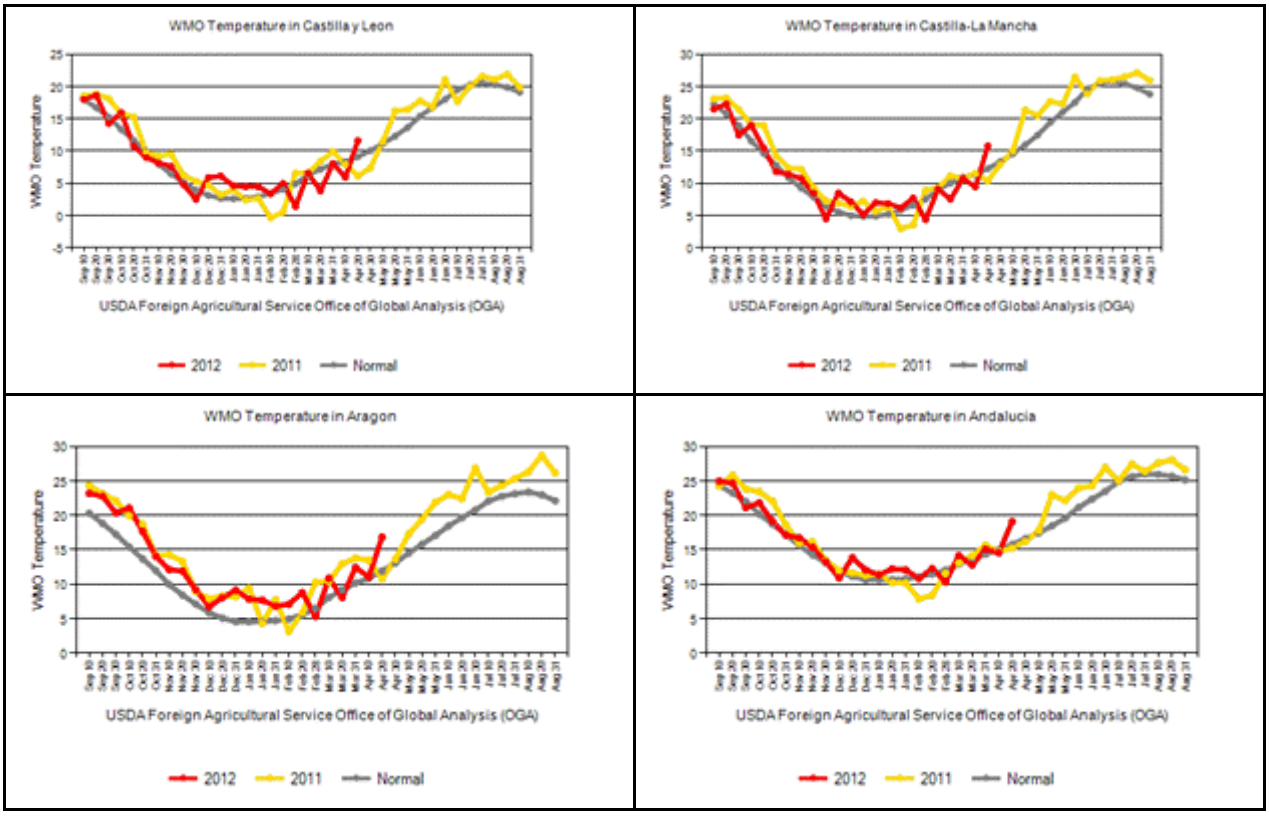
Source: IPAD/Foreign Agricultural Service/USDA

In contrast to last year's situation when drought conditions prevailed, current hydrological year rainfall levels are about one third above the historical average. March 2013 precipitation levels in particular set an historical record. Precipitation slowed in the second half of April. Overall, forecasts for rains in the first half of May are seen as beneficial for yields, as long as they do not turn to be excessive.

Temperature

The relatively cool weather conditions that prevailed in March contributed to a crop development delay. The average temperatures hike in late April (see **Graph 2**) dried out the soil surface.

Graph 2. Average temperature in main grain producing regions.



Source: IPAD/Foreign Agricultural Service/USDA

Temperature in the coming weeks will be critical to determine size and quality of the grain crop. Mild temperatures in May, would contribute to maintain the good yields currently projected. On the contrary, should warmer temperatures occur, this would negatively impact in the grain crop sanitary status and final output.

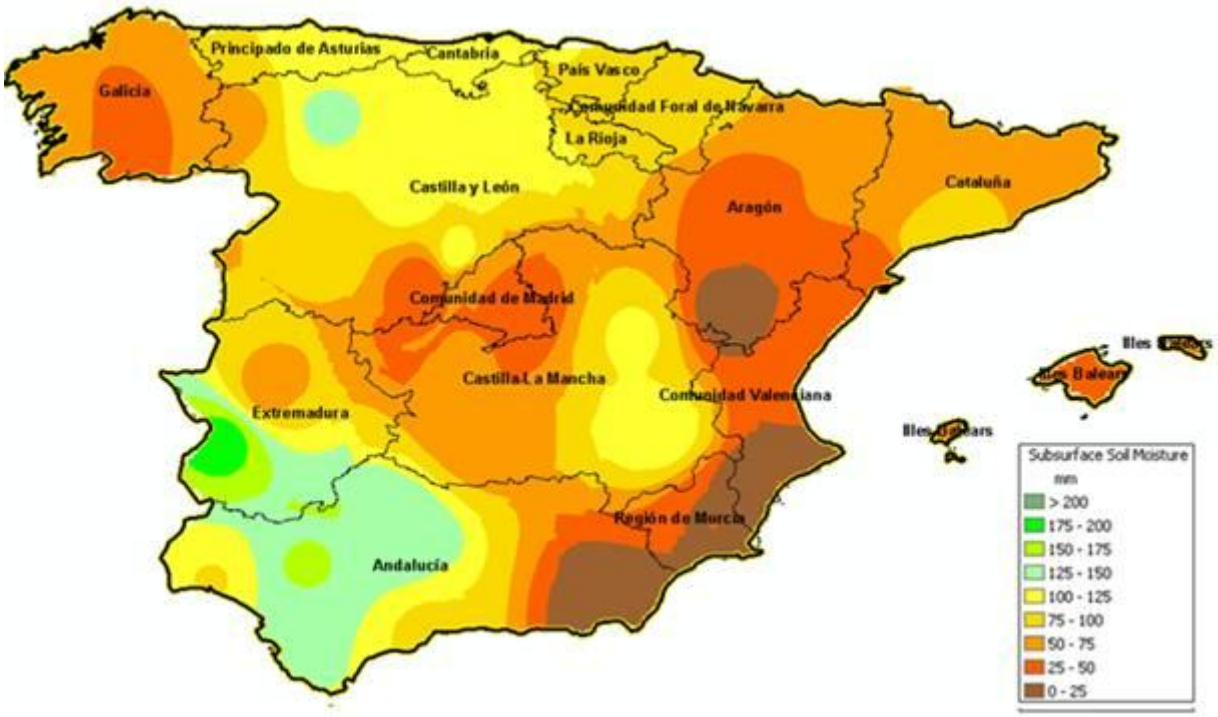
Water Reservoirs Situation: Soil and Dams

Spain is equipped with big dams to allow water storage in order to minimize the impact of the great fluctuation of precipitation levels. While drought periods are more frequent, in the current hydrological year the situation is the opposite. In late April there were 47,040 cubic Hectometers of water stored in dams, which represents 85 percent of the total storing capacity. This large amount of water stored assures water availability for irrigation and other purposes for the next few years.

As per soil water, while it has a positive effect in crop yields, soil moisture has prevented farmers from accessing their fields to apply pesticides until late April. The continued rains are impacting crops profitability as in some areas replanting has been needed and fertilizers applied have been washed out. Also, aerial treatments with pesticides recently authorized are more costly than the terrestrial applications.

Dry conditions in the second half of April have contributed to soil surface drying. Anyhow, the large majority of grain growing areas have good sub-surface soil moisture levels (**Graph 3**), which along with the good crop establishment conditions during winter, would grant fairly good yields. Rains in the first week of May should contribute to recover soil surface moisture, which is a critical factor for grain yield formation.

Graph 3. Sub-surface soil moisture



Source: IPAD/Foreign Agricultural Service/USDA

Note: Sub-surface soil moisture levels are best used to monitor an established crop. The sub-surface soil moisture is assumed to hold 0 - 400 mm/m of water depending on the soil's water holding capacity (based on soil texture and soil depth). In general, sub-surface soil moisture levels ranging from:

>100 mm indicates an abundance or at least favorable amount of moisture in the subsoil.

<100 mm indicates the sub-surface soil moisture storage is short but can still support a well-established crop.

<25 mm has very little sub-surface soil moisture and the crop could be severely stressed and reduce yields, especially if it occurs when the top layer has little or no significant soil moisture and the crop is at a critical stage of growth.

Impact Planting Decisions and Crop Development

Rainfall in the beginning of the hydrologic year allowed for good winter grain planting conditions and a proper establishment prior to dormancy in most of the regions. However, continued rains in March and the first half of April sparked concerns over spring plantings and winter crops sanitary status.

Area planted to winter grains (**Table 1**) is expected to be over MY2012/13 levels at the expenses of area that remained unplanted last season.

Table 1. Spain's Winter Grain Area (1,000 Ha)

Crop	MY2011/12	MY2012/13	MY2013/14
Wheat	1,992.6	2,169.4	2,202.4
Barley	2,697.9	2,676.2	2,704.8
Oats	491.3	441.6	451.1
Rye	148.8	159.8	161.8
Triticale	82	118.5	123.5
Total Winter Grains	**5,412.6**	**5,565.6**	**5,643.7**

Source: MAGRAMA. Ministry of Agriculture, Food and Environment. Avance de Superficies. February 2013.

Excessive spring rains have caused higher presence of weeds and the incidence of fungal diseases, which are seen as this season's winter grain's major threat. Neither weeds nor fungal diseases could be treated since soil moisture prevented farmers from entering with machinery in their fields. Aerial treatments were recently been authorized for this purpose. Moreover, spring fertilization has been either washed out or not properly spread due to wet soil conditions.

Industry sources agree on that abundant water will have a positive effect in this year's **winter grain** harvest size. However, there is some uncertainty over the impact of the crop sanitary status in final yields and May will be a critical month to determine the grain crop size.

Table 2. Spain's Winter Grain Production (1,000 MT)

Crop	MY2011/12	MY2012/13	MY2013/14
Wheat	6,900.2	5,092.9	6,650.4
Barley	8,328.2	5,976.9	6,877.1
Oats	1,078.7	681.2	844.6
Rye	366.7	256.1	324.7
Triticale	205.6	209.0	208.2
Total Winter Grains	16,879.4	12,216.1	14,905.0

Source: MAGRAMA. Ministry of Agriculture, Food and Environment. Avance de Superficies. February 2013.

The Ministry of Agriculture's official production estimates show more than a 20 percent increase in winter grain production compared to last season's data. Nevertheless, if favorable weather conditions throughout May and early June are confirmed and the incidence of pests is low, industry sources estimate that the production increase could be higher.

As per spring crops, at the moment no significant drop in area planted to **corn** is anticipated. On the contrary, **corn** plantings are expected to remain at record levels due to the large amount of water available in dams and in the form of snow in mountain tops. In any case, farmers will be forced to use short-cycle and hence likely lower-yielding varieties, as they are exposed to warmer temperatures in during key plant development stages and the risk of harvesting in wet conditions increases.

A limited substitution of **rice** plantings by **corn** plantings is anticipated in those areas where soil salinity is not an issue. The total area planted to **cotton** is also expected to be marginally reduced in favor of **corn** plantings.

In the case of the **sugar beet**, rains have delayed harvesting operations as well as new season plantings. Some sugar industries are giving farmers incentives to proceed with late planting operations to avoid sugar production plants stay idle. At the moment, similar planting levels to previous season are anticipated.

Good precipitation levels and improved sub-surface soil humidity allowing for increased **sunflower** planting expectations compared to last year's figures. However, continued rains have impeded planting operations in southern regions until the second half of April. The planting delay increases the risk of seed maturation being affected by high summer temperatures in particular in the southernmost regions. Anyhow, at the moment higher yields than the previous season are anticipated, provided that favorable conditions persist during the **sunflower** seed maturation.

Rainfall levels have contributed to the soil water reservoirs replenishment which will benefit the next season's output of **olives** and **vineyards,** which are largely grown under non-irrigated conditions.

Future Perspectives and Impacts on Livestock Breeders and Trade

If low rainfall levels and moderate temperatures prevail in May, this would result in a sizeable grain crop. Spain's 2012/13 grain crop is anticipated to be above last year's drought-affected crop size. However, bumper yields will not likely be reached.

The previous season's poor domestic harvest and the fairly stable feed production fuelled imports of grains to Spain throughout the marketing year. Industry sources concur in the fact that domestic final stocks will be very low in MY2012/13 driven by the expectation of a higher crop that is forcing domestic prices down.

As a positive note, this year's higher in pasture availability comes as a relief for extensive livestock farmers. As more domestic barley and wheat is anticipated to be available in MY2013/14, their use should increase in the summer season and, at the same time, domestic stocks of these grains are

expected to be rebuilt. As of October, corn is projected to have a high share in the feed formula as it should be very competitive compared to other feed grains.

Related Reports

Report Title	Date Released
EU-27 Grain and Feed Annual	04/10/2013
Spain Annual Cotton Report	04/05/2013
Grain in Spain – The Final Stretch	06/26/2012
Rain in Spain – Enough Already?	05/03/2012
Still no Rain in Spain	03/07/2012
No Rain in Spain Falling on the Plain	02/08/2012