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Report Highlights:

Serbia is closely following the impact of the Russian-Ukrainian crisis, especially because 80 percent of Serbia's grain exports travel to the world via Black Sea ports. On March 10, Serbia banned exports of food products important for food stability. Specifically, Serbia banned exports of wheat, wheat flour, rye, corn, cornmeal, and sunflower oil all considered important to the nation's food stability. On March 24, Serbia amended the decree to allow the export of wheat and corn but only as per contracts signed before original the export ban. The advantage for exports of wheat and corn will be given to the members of the Open Balkan Initiative (Albania and North Macedonia). Overall, MY2021/22 wheat production is estimated to be a record high of 3 MMT, and with domestic consumption of approximately 1.7 MMT, Serbia is estimated to have 1.6 MMT of wheat available for export. In MY2021/22, corn production was around 6 MMT that can meet domestic demand (4.6 MMT) and allow for 1.6 MMT of corn exports.

Introduction

This report presents the outlook for grain and feed, and production, supply, and demand (PS&D) forecasts for the marketing year (MY) 2022/23.

HA = Hectares

MT = Metric Ton

MMT = Million Metric Ton

MY = Marketing Year. Post and USDA official data both follow the marketing year of July to June for wheat and barley and an October to September calendar for corn.

TY = Trade Year. July to June for wheat and barley and October to September for corn.

Executive Summary

Serbia is closely following the impact of the Russian-Ukrainian crisis, especially because 80 percent of Serbia's grain exports travel to the world via Black Sea ports. On March 10, Serbia banned exports of food products important for food stability. Specifically, Serbia banned exports of wheat, wheat flour, rye, corn, cornmeal, and sunflower oil all considered important to the nation's food stability. On March 24, Serbia amended the decree to allow the export of wheat and corn but only as per contracts signed before original the export ban. Through the Open Balkan Initiative Albania and North Macedonia will be permitted to import Serbian corn and wheat.

Serbia's MY2021/22 planted area for all crops is forecast at 3.4 million HA, unchanged from last year. Approximately 750,000 HA were planted last fall (i.e., wheat, rye, oat, and barley), while spring crops (corn, sunflower, soy, sugar beet, tobacco, vegetables, forage crops, etc.) will be planted on nearly 2.7 million HA. As usual crop yield depends on weather conditions during the vegetation period as 8-10 percent of arable land is irrigated.

Depending on the crop, farmers will begin planting spring crops at the beginning of April. Good weather conditions are expected during spring planting. Winter planting was delayed until the end of October due to the slow corn harvest. However, winter crops are developing well thanks to good winter weather and sufficient precipitation and snow coverage during winter.

Fall planting included wheat which was planted on 630,000 HA, barley on 90,000 HA, rye on 13,000 HA, oat on 12,300 HA, triticale on 20,500 HA, and rapeseeds at 21,300 HA. Approximately 80,000 HA are expected to be planted to forage and 100,000 HA to vegetable crops. Planting costs (seeds, chemicals, and artificial fertilizers) for winter crops in MY2022/23 are 30-50 percent higher than the

previous year. The price of fertilizers increased from \$350/MT to \$900/MT, which is 160 percent higher compared to October 2020 and 2021. The current price of mineral fertilizers is almost \$1,000 for spring planting due to the difficulties of importing from Russia.

In February 2022, Serbia's inflation climbed to 8.8 percent compared to February 2021. It is the highest since June 2013. The global demand for energy, food, and raw material significantly increases prices in Serbia. Food prices have increased 15.2 percent compared to February 2021.

Wheat:

Production

Serbia's MY2022/23 wheat planting was performed two weeks later than optimal, between mid-October and the last week of November 2021, due to the slow corn harvest the previous fall. In MY2022/23, wheat will be cultivated on approximately 630,000 HA, 5.8 percent higher than the previous year. With an average yield of 4.2 MT/HA, the total production in MY2022/23 may reach over 2.6 MMT. In MY2021/22, Serbian wheat production was at a record high of 3 million MT. This is sufficient to meet domestic needs of 1.7 MMT leaving a surplus of 1.6 MMT of wheat available for export. In 2020/21, Serbia's wheat exports reached 2 MMT (wheat and flour when converted into grain), while MY2021/22's wheat export was estimated at 1.6 MMT. However, due to the wheat export ban, Serbia's wheat exports will probably be at least 25 percent lower.

Since the wheat crop is not irrigated, wheat production depends upon winter and spring weather conditions. Wheat growing conditions are excellent at this point. Winter temperatures were not extremely low, and there was enough snow coverage to protect the wheat during the winter. Spring conditions are favorable for wheat maturity with enough moisture and sun. Three months remain until the new wheat harvest starts.

It is estimated that only 50 percent of the wheat area was planted with certified seeds while the remaining area was planted with seeds from the previous year. Most small wheat farmers plant old seeds for their new crops. During MY2022/23 the cost of seeds has increased about 60 percent.

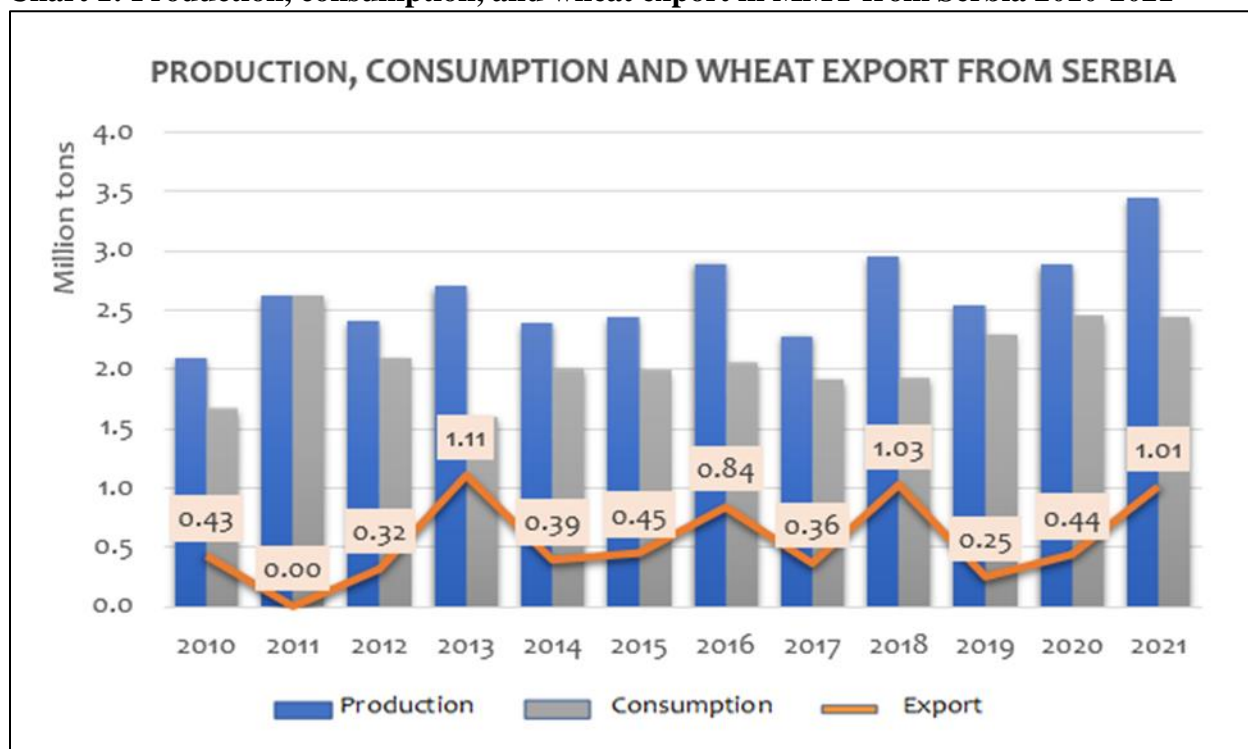
Due to the lack of funds, Serbian farmers usually use less than half of the chemical fertilizers that farmers in developed countries use. This year because of the extreme increase in the price of mineral fertilizers Serbian farmers will use even fewer mineral fertilizers than in previous years. This combined with the low use of certified seeds can reduce crop yields by up to 10 percent in MY2022/23. From 2016 to 2021, Serbian farmers use of mineral fertilizers fell from 140 kg/HA to less than 50 kg/HA. Serbia usually imports around 800,000 MT of fertilizers annually from Russia, Ukraine, Croatia, Romania, and Hungary; however, due to high prices and problems with transportation in MY2021/22 fertilizer imports are 30 percent lower than in previous years.

Wheat is an important crop in Serbia that absorbs a significant production area and plays a significant role in crop rotation, farmers’ cash flow, and contracting with cooperatives (often, farmers borrow wheat, fertilizer, and other crops). Wheat production has transformed from a highly profitable subsidized crop to a more vulnerable commodity.

The main factors influencing trends in Serbian wheat production:

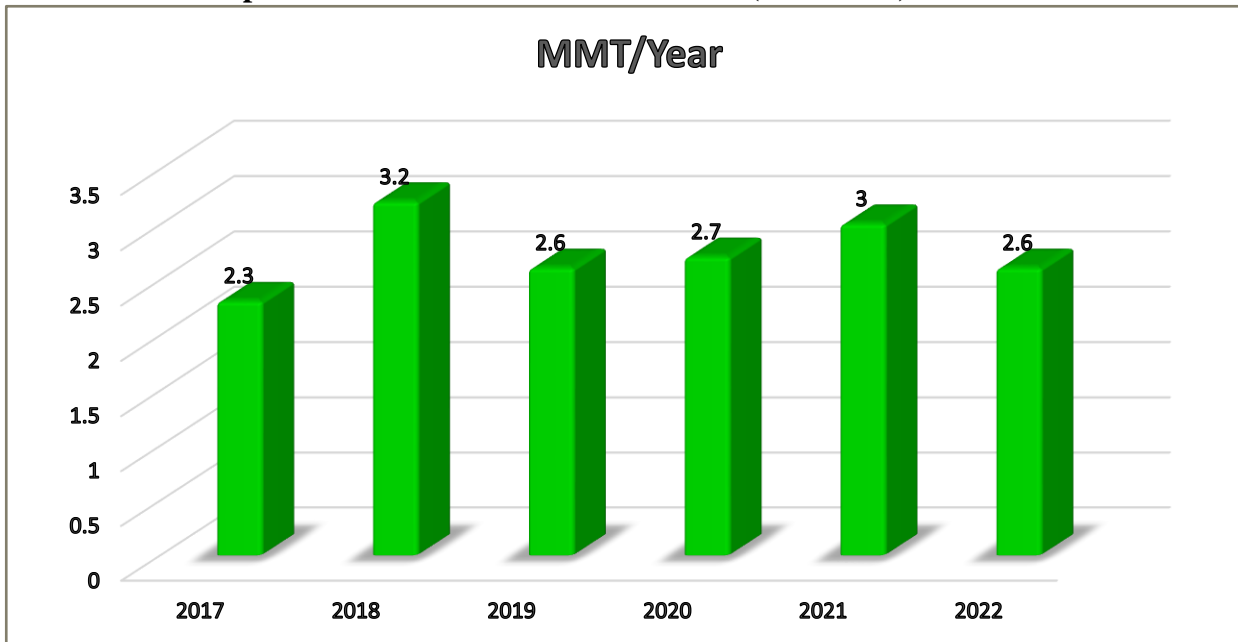
- Competition from other field crops (corn, sunflower, barley, soy) that have been more profitable than wheat for the past few years.
- Wheat is the only winter crop grown in Serbia and plays a significant role in crop rotation.
- Serbia is still a low wheat quality supplier to the EU, but the increased use of foreign wheat varieties has improved quality and yields in the last few years.
- Russian-Ukraine conflict and its impact on the use of Black Sea ports.
- Ban on wheat exports for most countries imposed on March 10, 2021.

Chart 1: Production, consumption, and wheat export in MMT from Serbia 2010-2021



Sources: SEEDEV, Belgrade

Chart 2: Serbian production of wheat in a million MT (2017-2022)



Source: Serbian Grain Fund

Consumption

Serbia's MY2021/22 wheat domestic consumption is estimated at approximately 2 MMT. Per capita consumption of wheat is estimated at 180 kg, which is significantly higher than consumption levels in most European countries. This is mainly the result of diet trends and low income leading to increased consumption of bread and pasta, replacing meat.

Currently, there are approximately 550 wheat silos (of various sizes) in Serbia owned by milling companies, grain traders, and farmer cooperatives, with a total capacity of 4.2 MMT. Serbia's wheat milling capacity is estimated at 2.5 MMT, with 70 percent currently utilized. There are 120 industrial bread production facilities and bakeries, with an annual capacity of approximately 1.5 MMT. There are six large companies in Serbia that are involved in pasta production and over 600 small private pasta producers.

The annual consumption of wheat seeds is approximately 200,000 MT from domestic and imported seed sources. Every year, seed companies in Serbia offer more than 70 varieties of wheat planting seeds. Local seed-producers control more than 50 percent of the market. In the fall of 2021, the price of wheat seeds was approximately 55-67 dinars/kg (\$550-670/MT), 10 percent higher than in the fall of 2019.

Feed consumption, primarily for cattle ranges between 250,000-600,000 MT, depending on the crop quality in a given year. Lower quality wheat goes to cattle feed. Wheat producers blend lower-quality

wheat with higher-quality wheat to obtain the quality required by the milling and confectionery industries.

In 2020, Serbia adopted changes of the Rulebook on Quality of Grains, Milling and Bakery Products, and Pasta <http://www.minpolj.gov.rs/download/pravilnik-o-izmenama-i-dopunama-pravilnika-o-kvalitetu-zita-mlinskih-i-pekarskih-proizvoda-i-testenina/?script=lat> (only in Serbian). That rulebook sets minimum quality requirements for grains for food processing that comply with EU directives on minimum quality. The rulebook also mandates that producers and storage facilities separate wheat for human and cattle consumption which would also assist exporters in fulfilling international trade contracts. However, despite the rulebook, challenges remain as comingling continues.

As of March 2022, Serbia has approximately 1.2 MMT of wheat available. Domestic consumption is estimated at 400,000 MT, leaving nearly 800,000 MT of wheat for export. The new harvest will begin in June 2022.

Before the ban, Serbia was expected to export approximately 1.6 MMT of wheat in MY2020/21, leading to low ending stocks for the first time in several years. Small producers usually sell their crops to traders and milling companies immediately after the harvest. Serbia mostly exports wheat and wheat flour to Romania, Italy, Kosovo, Albania, North Macedonia, Bosnia and Herzegovina, and Montenegro.

Stocks

Milling companies take advantage of their large storage capacity to negotiate competitive prices from the farmers. For the last three years, the Serbian government has provided storage subsidies to smaller farmers, allowing them to store their wheat and sell it when prices are more advantageous. The total storage capacity for grain at Danube ports in Serbia is approximately 300,000 MT. Due to the wheat export ban exports of MY2021/22 will be lower while ending stocks will be higher than previously estimated. It all depends on the duration of the export ban.

Table 1.

Production, Supply and Distribution

Wheat Market Year Begins	2020/2021		2021/2022		2022/2023	
	Jul 2020		Jul 2021		Jul 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Serbia						
Area Harvested (1000 HA)	590	0	600	600	0	630
Beginning Stocks (1000 MT)	687	687	442	699	0	509
Production (1000 MT)	2700	2700	3300	3000	0	2600
MY Imports (1000 MT)	16	12	10	10	0	10
TY Imports (1000 MT)	16	12	10	10	0	10
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	3403	3399	3752	3709	0	3119

MY Exports (1000 MT)	961	700	1000	1200	0	1000
TY Exports (1000 MT)	961	700	1000	1200	0	1000
Feed and Residual (1000 MT)	550	600	600	600	0	500
FSI Consumption (1000 MT)	1450	1400	1475	1400	0	1400
Total Consumption (1000 MT)	2000	2000	2075	2000	0	1900
Ending Stocks (1000 MT)	442	699	677	509	0	219
Total Distribution (1000 MT)	3403	3399	3752	3709	0	3119
Yield (MT/HA)	4.5763	0	5.5	5	0	4.127

(1000 HA), (1000 MT), (MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Wheat begins in July for all countries. TY 2022/2023 = July 2022 - June 2023

Corn

Production

This spring, corn will be planted on 1 million HA about two weeks later in mid-April due to the lack of inputs. Production is expected to reach about 7 MMT. However, precipitation and temperature in the spring will influence the final size of the MY2022/23 corn crop. With corn production of 7 MMT, Serbia will have sufficient corn for domestic use at about 4.7 MMT and about 2.5 MMT for exports in MY2022/23.

Last spring, MY2021/22 corn was planted on nearly 1 million HA. Due to the lack of precipitation in June, July, and August 2021, along with very high temperatures of over 104 degrees Fahrenheit for an extended period, production was only 6 MMT, a decrease of 2 MMT compared to MY2020/21 when corn production reached a record high of 8.1 MMT. According to the Serbian Grain Fund, Serbia has sufficient corn for domestic use (about 4.7 MMT). Additionally, with almost 600,000 MT of corn in stock, it was estimated that Serbia would be able to export approximately 2 MMT of corn in MY2021/22 (October 2021 - September 2022). Due to the ban on exporting corn to Serbia, it is expected that exports will decline to about 1.2 MMT or 40 percent less than previously estimated.

MY2021/22 corn prices on the Novi Sad Commodity Exchange were 26 dinars/kg (\$260/MT), mainly attributed to the very high worldwide demand for corn, particularly in the Black Sea region. Corn prices remained stable until February 2022, when they increased to 27 dinars/kg (\$270/MT). The Russia-Ukraine crisis pushed the price of corn on the Novi Sad Commodity Exchange to increase to 35 dinars/kg (\$350/HA). The export ban increased the domestic supply forcing the corn price to drop to 32

dinars/kg (\$320/HA) at the end of March. The majority of corn exports traverse the Danube River to the Port of Constanza, Romania. The balance is exported by trucks to EU countries (Italy, Austria, Croatia, and Greece) and neighboring countries (Bosnia and Herzegovina, Albania, North Macedonia, Kosovo, Montenegro).

Corn is a crop that producers can easily store on their farms. Farmers harvest the crop in October and November and the crop is stored on farms to dry naturally or taken to drying facilities. Farmers hold their corn until the spring. They usually sell their crop during the “second harvest” in March before the start of the new planting season. Dried corn normally has moisture between 14 and 17 percent and is usually sold in small lots. Small farmers consider corn a good investment considering the planting, harvesting, and storage costs.

Serbia’s commercial request for certified corn seed is estimated between 20,000 and 25,000 MT annually, depending on seed varieties and area planted. The Institute for Field and Vegetable Crops of Novi Sad (NS Hybrids) and the Maize Research Institute of Zemun Polje (ZP Hybrids) are prominent players in Serbia’s corn seed production. They are both semi-state-owned institutes, and currently control 19 and 24 percent of the corn seed market respectively. This represents a considerable decline in market share due to foreign corn seed producers entering the market several years ago. Corteva Agriscience (DuPont, Pioneer, and Dow Chemicals) has been the most significant player in the corn seed market for the year, with a market share of 35 percent. DuPont Pioneer and two domestic institutes account for 71 percent of the corn seed market. The remaining 29 percent is shared by approximately 15 foreign companies (KWS, Limagrain, Syngenta, Monsanto, Dekalb, Agrimax, Maisdour, etc).

Consumption

Serbia’s MY2021/22 corn consumption is estimated at approximately 4.7 MMT, with 4.3 MMT used for animal feed and 400,000 MT for food, seed, and industrial. Corn consumption for feed has been in decline for decades due to decreased livestock numbers as in most of the transition countries. In 1990, there was 2.16 million head of cattle. In 2021, there were less than 800,000 head of cattle, and declining. Food, seed, and industrial consumption are expected to be higher in MY2022/23 (an increase from 300,000 MT to 400,000 MT). Corn starch producers in Serbia have a higher demand and are increasing production in MY2022/23.

Stocks

Corn ending stocks are estimated at a high level of almost 1,15 MMT in MY2021/22. This is mostly due to the record production of corn in MY2020/21 and the export ban in 2022. Corn ending stocks in MY2022/23 are expected to keep a similar trend in MY2022/23 (954,000 MT). Most farmers keep their stock in open-air storage facilities to dry naturally. These stocks are usually sold in local markets at the beginning of March to collect money for the new planting season.

Table 2.**Production, Supply and Distribution**

Corn Market Year Begins Serbia	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1000	0	1020	1020	0	1000
Beginning Stocks (1000 MT)	692	692	939	939	0	1149
Production (1000 MT)	8100	8100	6200	6000	0	7000
MY Imports (1000 MT)	4	4	5	10	0	5
TY Imports (1000 MT)	4	4	5	10	0	5
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	8796	8796	7144	6949	0	8154
MY Exports (1000 MT)	3157	3157	1000	1200	0	2500
TY Exports (1000 MT)	3157	3157	1000	1200	0	2500
Feed and Residual (1000 MT)	4400	4400	4300	4300	0	4300
FSI Consumption (1000 MT)	300	300	300	300	0	400
Total Consumption (1000 MT)	4700	4700	4600	4600	0	4700
Ending Stocks (1000 MT)	939	939	1544	1149	0	954
Total Distribution (1000 MT)	8796	8796	7144	6949	0	8154
Yield (MT/HA)	8.1	0	6.0784	5.8824	0	7

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Corn begins in October for all countries. TY 2022/2023 = October 2022 - September 2023

Barley**Production**

Barley is the number two grain crop in Serbia. The area planted with barley has risen steadily over the last 10 years from 80,000 HA MY2011/12 to 120,000 HA in MY2022/23. In MY2021/22, barley was planted on 105,000 HA, of which there are 90,000 HA of winter barley and 15,000 HA of spring barley. Total barley production in MY2021/22 is estimated at a record high of 545,000 MT, 8.3 percent higher than the previous year, with an average yield of 5.1 MT/HA.

The area planted with barley in MY2022/23 is expected to be 120,000 HA or 14 percent higher than in the previous year, mostly due to higher demand. In MY2022/23, barley was planted last fall on 90,000

HA as winter barley, and an additional 30,000 HA will be planted as spring barley. At an estimated average barley yield of 4.8 MT/HA, production is estimated at 576,000 MT for MY2022/23.

Consumption

Total barley consumption for the past five years has ranged between 350,000 - 450,000 MT, of which about half is for animal feed and the latter half is for the brewery industry. Consumption of brewery barley has increased due to consistent demand from breweries. Local breweries have been sold to well-known Belgian, U.S., Canadian, German, Austrian, and Turkish companies. Barley planted for brewery use continues to expand year on year.

Stocks

Barley's ending stocks in MY2021/22 are estimated at 14,000 MT, since there is no export ban on barley. Post projection for barley ending stocks in MY2022/23 will also be low at about 12,000 MT.

Table 3.

Production, Supply and Distribution

Barley Market Year Begins	2020/2021		2021/2022		2022/2023	
	Jul 2020		Jul 2021		Jul 2022	
Serbia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	110	110	105	105	0	120
Beginning Stocks (1000 MT)	35	35	17	17	0	14
Production (1000 MT)	500	500	545	545	0	576
MY Imports (1000 MT)	4	4	2	2	0	2
TY Imports (1000 MT)	2	4	2	2	0	2
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	539	539	564	564	0	592
MY Exports (1000 MT)	117	117	100	120	0	150
TY Exports (1000 MT)	131	131	100	120	0	150
Feed and Residual (1000 MT)	225	225	250	250	0	250
FSI Consumption (1000 MT)	180	180	180	180	0	180
Total Consumption (1000 MT)	405	405	430	430	0	430
Ending Stocks (1000 MT)	17	17	34	14	0	12
Total Distribution (1000 MT)	539	539	564	564	0	592
Yield (MT/HA)	4.5455	4.5455	5.1905	5.1905	0	4.8

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Barley begins in October for all countries. TY 2022/2023 = October 2022 - September 2023

Grain Trade

Serbia is closely following the impact of the Russian-Ukrainian crisis, especially because 80 percent of Serbia's grain exports travel to the world via Black Sea ports. On March 10, Serbia banned exports of food products important for food stability. Specifically, Serbia banned exports of wheat, wheat flour, rye, corn, cornmeal, and sunflower oil all considered important to the nation's food stability. On March 24, Serbia amended the decree to allow the export of wheat and corn but only as per contracts signed before original the export ban. Through the Open Balkan Initiative Albania and North Macedonia will be permitted to import Serbian corn and wheat.

Wheat prices increased more than 40 percent from July 2021 to March 2022. According to the Serbian Grain Fund, the price of wheat increased due to fear of a new wave of COVID-19 and even more due to the Russia-Ukraine conflict and their reduced exports of wheat to the Black Sea region. Since the inception of the ban, there is an increased wheat supply in the local market forcing wheat prices lower, reaching \$320/MT. Farmers, grain and oilseeds associations, traders, exporters, and logistics companies continue to protest and demand compensation from the state for losses due to not being able to export their goods, especially while prices are at record highs. Their request to the state is to impose export quotas versus an export ban. Serbia has sufficient wheat to meet domestic demand and surpluses that could be exported until the new harvest.

On March 17, the Serbian Government amended the export ban decree ("Official Gazette" No. 32/2022) of March 10. The ban took effect on March 18, 2022, without an end date. Serbia now bans exports of wheat, wheat flour, rye, corn, cornmeal, and refined sunflower seed oil with the new amendment, while the raw sunflower seed oil was removed from the list. Goods that have been custom cleared and are on route to borders are not subject to the export ban.

Table 4: List of the goods that are banned for export:

Tariff Number	Commodity description
1001 19 00 00 00	Durum wheat, except seed wheat
1001 99 00 00 00	Wheat and rye, except seed wheat
1005 90 00 00 00	Corn, except seed corn
1101 00 11 00 00	Durum wheat flour
1101 00 15 00 00	Wheat flour
1101 00 90 00 00	Rye flour
1103 13 10 00 01	Cornmeal, with fat below 1.5%
1103 13 90 00 01	Cornmeal, with fat above 1.5%
1512 19 10 00 00	Refined sunflower oil, edible

Source: Serbian Customs Office

From July 2021 until February 2022, Serbia exported 724,524 MT of wheat and 82,006 MT of wheat flour. This is equivalent to around 830,000 MT of wheat. Before imposing the export ban on wheat, Serbia's MY2021/22 wheat exports were estimated at 1.6 million MT. Serbia exports wheat and wheat flour to Romania, Italy, Kosovo, Albania, North Macedonia, Bosnia and Herzegovina, and Montenegro.

During MY2021/22, high demand for Serbian wheat pushed the export of wheat and flour from July 2021 to February 2022 to 800,000 MT, about 50 percent higher than in the same period last year. As of March 2022, Serbia has approximately 1.2 MMT of wheat available. Domestic consumption until the new harvest at the end of June 2022 is estimated at 400,000 MT, leaving nearly 800,000 MT of wheat for export.

Table 5: Wheat exports in MY2021/22 (July 2021-February 2022)

Month	Wheat MY21/22 in MT	Flour MY21/22 in MT
July	129,076	9,191
August	130,375	12,559
September	156,087	13,948
October	85,792	10,284
November	65,832	11,896
December	63,462	9,717
January	36,531	5,858
February	57,389	8,553
TOTAL:	724,544	82,006

Source: Serbian Grain Fund

Table 6: Customs tariffs of grains in Serbia for 2021/22

Product	Custom tax for other countries (including the U.S.)	Custom tax for EU countries	Custom tax for Russia, Belarus, Kazakhstan	CEFTA countries
Wheat	30%	0%	0%	0%
Corn	30%	0%	0%	0%
Barley	20%	0%	0%	0%

Source: Serbian Customs Office

MY2021/22 wheat prices have risen since June-July 2021 from \$250/MT to \$300/MT of wheat at the beginning of February 2022. Once the conflict between Russia and Ukraine started the price of wheat in Serbia increased to \$350/MT at the Novi Sad Commodity Exchange. Due to the wheat export ban, the supply on the domestic market increased forcing the price of wheat lower to \$320/MT by the end of March. Exports of wheat from Serbia in MY2021/22 are expected to hit 1.2 MMT, 25 percent lower than estimated before the export ban (1.6 MMT). The new harvest season will begin June-July 2021.

Due to Serbia's 800,000 MT of wheat in stock, most prices will likely decrease further before the new harvest.

Serbia exports wheat to Albania, Bosnia and Herzegovina, Moldova, Montenegro, North Macedonia, Serbia, and UNMIK (on behalf of Kosovo), the EU, and through the Danube to the port of Constanta, where it is further exported to other destinations. Sales of wheat through the Romanian Port of Constanta are the largest. Since 2018, exports to the EU have increased significantly, especially to Italy.

Table 7: Prices of fertilizers and diesel (in Din and US\$)

Commodity	March-2020		March-2021		March-2022	
	Din/MT	USD/MT	Din/MT	USD/MT	Din/MT	USD/MT
Fertilizer	30,000	300	47,000	470	90,000	900
Urea	29,000	290	49,000	490	97,000	970
Diesel	128 din/lit	1.27 USD/lit	148 din/lit	1.48 USD/lit	198 din/lit	1.98 USD/lit

Source: Novi Sad Commodity Exchange

Note: 1 USD equals 100,00 Serbian dinars.

From October 2020 to February 2021, Serbia exported approximately 1.8 MMT of corn, which is 500,000 MT higher than in the same period last year. Total corn exports in MY2021/22 are expected to reach 3.4 MMT, valued at \$520 million. This year, Serbia will strengthen its position as a significant corn exporter with a relatively good crop. At least 83 percent of the exports travel on river barges to the Romanian port of Constanta on the Black Sea, with onward destinations including Middle East countries, South Korea and Japan. The remaining 17 percent of corn is exported by trucks or rail, mainly to Italy and neighboring Montenegro, Croatia, Bosnia and Herzegovina, and Albania. All Serbian corn produced and exported is non-GMO, due to the very strict GMO Law adopted in 2009. The law does not conform to EU regulations or the World Trade Organization Sanitary and Phytosanitary Agreement.

The logistical bottlenecks for the grain trade in Serbia are railways in a bad state of repair, low maximum weight load and speed with only about half of the railway tracks allowing for speeds over 60 km/h, a limited number of old and inefficient vessels, and the infrastructure of internal waterways downstream and limited number of intermodal grain terminals.

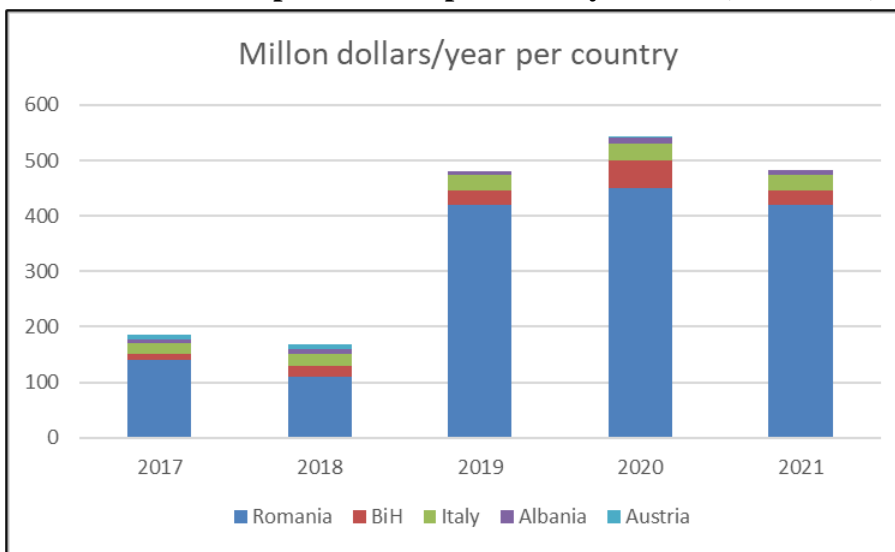
In MY2020/2021, Serbia exported 3.5 MMT of corn, worth approximately \$520 million, which was a record. Exports were 11 percent higher than in the previous year. From October 2021 to February 2022, Serbia exported around 700,000 MT of corn 1.1 MMT of corn lower than in the same period last year. Total corn exports in MY2021/22 are expected to reach 1.2 MMT, valued at \$480 million due to record high corn prices.

Table 8: Corn Exports in MY2021 October 2021 - February 2022

Month	MY2021/22 in MT
October	458,695
November	492,793
December	380,559
January	243,216
February	286,578
TOTAL:	2,813,391

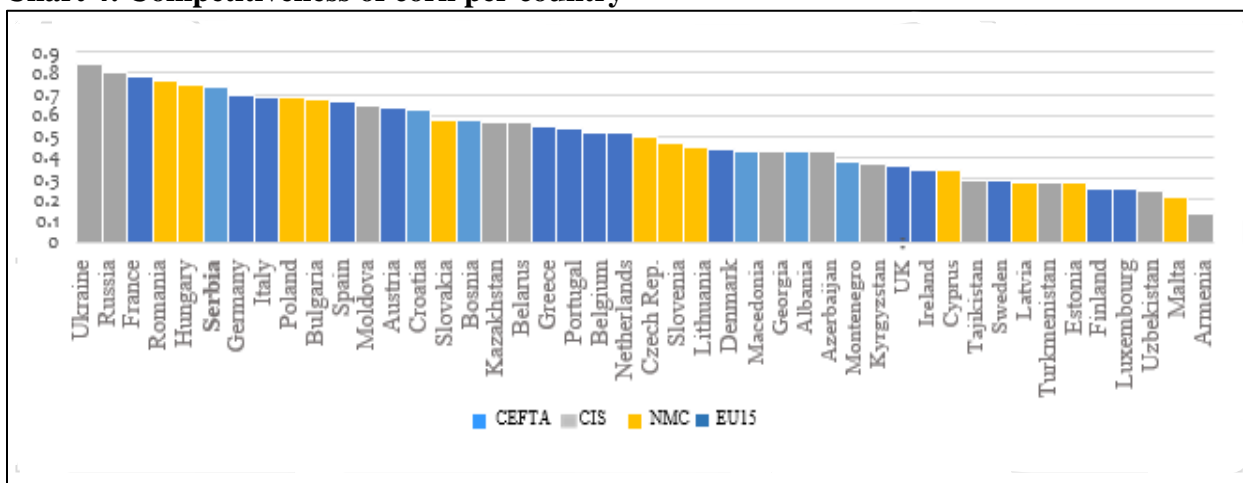
Source: Serbian Grain Fund

Chart 3: Serbian export of corn per country in USD (2017-2021)



Source: Serbian Grain Fund

Chart 4: Competitiveness of corn per country



Source: SEDEV, Belgrade

With increased planted area, barley exports have increased, while imports declined. In MY2021/22, due to a large crop of almost 550,000 MT and no export ban, it is estimated that Serbia will export a record high quantity of 120,000 MT of barley. At least 80 percent is exported to Romania, Croatia, Albania, Montenegro, and Bosnia and Herzegovina. From July 2021 – to February 2022, Serbia exported almost 73,135 MT of barley, almost the same as last year. Total barley exports for MY2022/23 could reach a record high of 150,000 MT.

Table 9: Barley exports in MY20/21 (July 2021 – February 2022)

Month	Barley in 2021/22 in MT
July	23,640
August	3,826
September	25,223
October	4,313
November	3,891
December	2,938
January	2,323
February	6,981
TOTAL:	73,135

Source: Serbian Grain Fund

Barley is mainly exported by truck and rail. The price of barley usually follows the price of wheat. The current market price for barley ranges from \$350/MT to \$400/MT. Demand for barley from Serbia is high since it is not included in the export ban.

Grain Policy

In November 2021, the Serbian Government adopted a measure to provide the Republic Directorate for Commodity Reserves an additional 30,000 MT of wheat from MY2021/22 from individual farmers through the exchange of wheat flour type “T-500” for mercantile wheat. The price of wheat was \$330/MT. This exchange was offered to an active milling company until November 23, 2021.

On November 30, 2021, the Serbian Government adopted the Decree on mandatory production and sale of “social bread” from flour type “T-500” (“Official Gazette” No.106/21). The maximum retail price for this bread is limited to 46 dinars (\$ 0.42/loaf of 500 grams). The state invited bakers to purchase flour type “T-500” at subsidized prices for bread production.

In December 2021, the government adopted a new Rulebook on Allocation of Subsidies for Agriculture Production and Rural Development (“Official Gazette RS” No. 125/21). The budget for agricultural subsidies is 62 billion dinars (\$620 million) and will be available in CY2022.

The Serbian government provides grain and oilseed producers subsidies for seeds and fertilizers at 4,000 dinars (\$40/HA) per hectare of arable land to registered farmers. In February 2022, the Serbian government decided to increase subsidies to 8,000 dinars (\$80/HA) per hectare to help farmers with an additional 4,000 dinars (\$40/HA) due to record-high fuel costs.

In November 2021, the Serbian Government adopted a Decree to limit the price of basic foodstuff (“Official Gazette” No. 114/21), including wheat flour type T-400, sugar, sunflower edible oil, pork meat, milk with 2.8 percent fat for 60 days. At the end of January 2022, this decree was extended for 90 days.

In November 2021, the Republic Directorate for Commodity Reserves announced the purchase of up to 15,000 MT of mercantile corn MY2021/22, of domestic origin, for 31.50 dinars/kg (\$315/MT) from individually registered farmers stored in authorized storage by the Ministry of Agriculture. The deadline for the realization of the purchase of this corn is November 30, 2021.

On March 11, the Serbian Government adopted a Decree to limit the price of petroleum products. This decree determines the highest retail price for euro diesel and for euro premium MBM 95 and was valid for 30 days. This decree will be in effect until April 11, 2022.

In July 2021, the Serbian National Parliament adopted the ‘Law on Regulation of the Agriculture Products Market’ (“Official Gazette” No. 67/21), to align Serbia’s agriculture policy more closely to that of the European Union’s Common Agriculture Policy. The law extends powers, previously limited to State Commodity Reserves, to other government entities to buy and sell certain agricultural products on the domestic market and to regulate trade. Hailed as improving domestic food security, the law has the potential to affect future trade flows.

On March 9, 2022, after receiving the first tranche of EU IPARD (EU pre-accession assistance for rural development) funds of \$206.5 million that Serbia was approved for in 2016 for the period 2014 – 2022, Serbia was granted a new EU IPARD program for the period 2021-2027 valued at \$340 million. All payments must be made in advance (after obtaining approval from the Agrarian Agency for the project/purchase), after which farmers and processors may request refunds. Disbursement of refunds can take up to a year.

Since April 2021, Serbian farmers have had access to World Bank funds through the Competitive Agriculture Project. The World Bank is implementing this project in cooperation with the Serbian Ministry of Agriculture, Forestry, and Water Management. The project’s duration is 2020 - 2024, funded at \$50 million. The World Bank will make funds available annually. A project is eligible for a 50 percent World Bank grant, 40 percent favorable bank loan, and 10 percent from the beneficiary. One of the basic programs will focus on improving competitiveness and strengthening links within the market

chain in the field of primary agricultural production and income diversification in rural areas. Grants will be provided to construct farms, procurement and installation of farm equipment, greenhouses, and procurement of agriculture machinery and equipment, irrigation equipment, etc. The minimum value of eligible projects has been set as \$23,500 (dinar equivalent), while the maximum value is \$58,500.

Attachments:

No Attachments