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Serbia

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Wheat Crop Update

Report Categories:

Grain and Feed

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Report Highlights:

In the week of July 18th most of the Serbian farmers completed this year wheat harvest. The planting area of Serbian wheat crop for MY11/12 is estimated at 490,000 Ha. Overall production is estimated to be 1.96 million MT, which represents an 18 percent increase compared to 2010. An average wheat yield is around 4 MT/Ha, a record high and with an excellent baking quality. During July, Serbian Commodity Reserves will purchase 100,000 MT of the new wheat crop for price of 20 din/kg (\$286/MT). With domestic consumption of around 1.5 million MT Serbia will probably have about 300,000 MT of wheat available for export in MY11/12.

General Information:

According to the Serbian Ministry of Agriculture and Trade, Serbian producers planted 490,000 Ha of wheat last autumn. This is about the same as in MY10/11 when wheat was planted on 488,000 Ha, but the estimated wheat crop was record low of 1.65 million MT due to spring drought and heavy rain during the harvest. Due to very favorable conditions this year wheat crop will be for 18% higher than last year and will reach around 1.96 million MT. The average yield of MY11/12 wheat is estimated at record high 4 MT/Ha.

Last fall most of the wheat was planted in the optimal time for seeding, while during the winter time temperatures were low but wheat was mostly covered and protected by snow. Spring and summer conditions were also very good for wheat growing with enough moisture and sunshine. This resulted to excellent wheat yields and good baking quality.

According to the Serbian Ministry of Agriculture and wheat experts in Serbia, total wheat production of 1.96 million MT in MY11/12 will be sufficient for domestic needs. With low ending stocks of the previous year crop, there will be available some 300,000 MT of the new wheat crop probably for export. Shipments are mostly going to neighboring countries (CEFTA countries) and some countries in North Africa. In MY10/11 Serbia exported about 550,000 MT of wheat, of which 380,000 MT was exported to CEFTA countries and about 170,000 MT was exported to Kosovo. According to the Serbian Grain Fund in MY10/11 Serbia also exported 120,000 MT of flour.

In March 2011, the Government of Serbia decided to ban all wheat exports from Serbia for three months (until the new wheat harvest) in order to help stabilize the market and keep bread prices from rising. This measure expired on June 16th. Due to the wheat shortage at the world market and continued increase of export prices, Serbian traders exported record high quantities of wheat in MY10/11. Some 550,000 MT wheat was exported until March this year, or 150,000 MT more than planned. At the same time, the government approved duty-free imports of 100,000 MT of wheat, a measure that was also proposed to last during the three-month ban only.

During July, Serbian Government will purchase 100,000 MT of the new wheat crop for State Commodity Reserves. This will be done through Novi Sad Commodity Exchange at price of 20 din/kg (\$286/MT), within 15 days from the date of submission of the complete documentation by the farmers or cooperatives. Commodity Reserves is allowed to buy between 10 and 80 MT of wheat from a registered agriculture household and up to 150 MT from a cooperative. State Commodity Reserves are purchasing 100,000 MT of the MY11/12 wheat crop with the following quality parameters: hectoliter weight must be minimum 76 kg/hl, moisture maximum 13 percent and foreign materials of maximum 2 percent. By purchasing some quantities for State Commodity Reserves, Serbian government had an intention to support wheat trade and to suggest market price for the new wheat crop. But due to the fact that 100,000 MT of wheat is only 5 percent of the total wheat production of 1.96 million MT, after completing trading with this quantity of wheat through Novi Sad Commodity Exchange, very limited trade is done with the new wheat crop at price lower then set by the state.

Current wheat price at the Novi Sad Commodity Exchange for the new wheat crop is between 17.5 and 18.5 din/kg (\$250 and \$264/MT) and the trade is very small. Traders and millers still have not started

buying new wheat crop (HUYNHHV: Understood, no need to put in the reprot) , while farmers are storing their new wheat crop in silos and waiting for fall and increase of wheat prices. During the last year wheat prices at harvest time were very low, farmers were offered only about 9 din/MT (\$129/MT). After the harvest and low wheat crop in MY10/11, wheat prices started to increase reaching the record price of 32 din/kg (\$457/MT) in March 2011. At the present time, bakers are paying for flour -Type 500, between 29 and 33 din/kg (\$414 and \$471/MT) while a 500 gr loaf of bread in retail stores costs about 55 dinars (\$0.79).

This is the third year that Serbian Government is providing to the Serbian farmers planting subsidies of 14,000 din/kg (USD200/HA). Planting subsidies can be used only by registered farmers that are regularly paying costs for pension and health fund to the state. With this measure Serbian Ministry of Agriculture wanted to help farmers during autumn and spring planting season, improving the quality of sowing and increase productivity. Of the total subsidy of 14,000 din/HA (USD200/HA) farmers are able to use 4,000 din/ha (USD57/HA) for purchasing certified seeds, 4,000 din/HA (USD57/HA) for diesel fuel and 6,000 din/ha (USD86/HA) for purchasing mineral fertilizers. In May 2011, Government wanted to decrease support to only farmers with up to 30 Ha of land, but after a week of farmers protests Serbian Government decided to revise its decision and for this year to include support to all registered farmers with maximum 100 Ha of land.

Beside this measure Serbian Ministry of Agriculture is also subsidizing 40 percent of the premium for the insurance of agriculture crops and is subsidizing costs for storing wheat for maximum 6 months, in 11 certified public storages throughout Serbia of 63,000 MT storing capacity. Serbian Government is paying 120, 100 and 80 din/MT (\$1.7, \$1.4 and \$1.14/MT) as subsidies for wheat storing, depending on the wheat quality. Serbian Government is also subsidizing banking credit's interest rates for farmers. Maximum banking loan for agriculture registered households is 5 million dinars (\$71,000) and for cooperatives is 15 million dinars (\$214,300) with a payback period of 36 months and fixed interest rate of 8 percent.

Production, Supply and Demand Data Statistics :

Wheat Serbia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: May 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	570	570	488	488	500	490
Beginning Stocks	665	615	718	555	303	42
Production	2,130	2,130	1,650	1,650	1,800	1,960
MY Imports	8	10	10	7	10	10
TY Imports	8	10	10	7	10	10
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	2,803	2,755	2,378	2,212	2,113	2,012
MY Exports	485	500	575	650	300	300
TY Exports	485	500	575	650	300	300
Feed and Residual	200	200	100	120	100	120
FSI Consumption	1,400	1,500	1,400	1,400	1,400	1,400
Total Consumption	1,600	1,700	1,500	1,520	1,500	1,520
Ending Stocks	718	555	303	42	313	192
Total Distribution	2,803	2,755	2,378	2,212	2,113	2,012

1000 HA, 1000 MT, MT/HA

