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Serbia

Grain and Feed

Serbian Wheat Update

2004

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Report Highlights:

Favorable weather conditions helped the 2004/05 Serbian wheat production recover from its very low crop in 2003/04. Total wheat production more than doubled, to 2.80 million Mt, with average yield reaching 4.3 MT/HA, the highest since 1990/91. Planting of the upcoming 2005/06 wheat crop, however, has been delayed by slow corn harvest due to wet field conditions. Total Serbian wheat exports are optimistically projected about 500,000 MT, with shipments mostly going to neighboring Balkan countries and potential customers in North Africa and the Middle East. Serbian Wheat exporters have requested their government to provide export subsidy of 15 percent to help increase exports.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Belgrade [YU1]
[SR]

PRODUCTION

Revised estimates of the 2004/05 Serbian wheat crop indicate that wheat production has increased by at least 100% over the level of 2003/04. The Ministry of Agriculture estimates that total wheat production is about 3.28 million Mt, but more realistic production estimates by the Serbian Statistical Bureau and the Serbian Chamber of Commerce put production figures at 2.96 million Mt and 2.80 million Mt, respectively. Favorable weather conditions during the 2004/05 growing season helped wheat production recover from the very low crop of 1.36 million Mt in 2003/04, a year in which Serbia experienced drought and hot weather conditions. Wheat yield per hectare for the 2004/05 crop, estimated at 4.3 Mt/Ha, is the highest in Serbia since 1990/91. Planting conditions for the upcoming 2005/06 wheat crop, however, are not favorable because of the delayed harvest of the 2004/05 corn crop due to wet field conditions. Some agricultural analysts forecast that both area planted to wheat and yield per hectare in Serbia in 2005/06 would be 10-15 percent lower than in 2004/05.

PSD Table						
Country	Serbia and Montenegro					
Commodity	Wheat				(1000 HA)	(1000 MT)
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		07/2002		07/2003		07/2004
Area Harvested	750	694	600	600	630	636
Beginning Stocks	394	394	394	400	119	99
Production	2200	2240	1400	1360	2200	2758
TOTAL Mkt. Yr. Imports	55	5	200	100	100	0
Jul-Jun Imports	55	5	200	100	100	0
Jul-Jun Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	2649	2639	1994	1860	2419	2857
TOTAL Mkt. Yr. Exports	150	301	75	50	150	500
Jul-Jun Exports	150	301	75	50	150	500
Feed Dom. Consumption	0	289	0	81	0	350
TOTAL Dom. Consumption	2105	1938	1800	1711	2000	1957
Ending Stocks	394	400	119	99	269	400
TOTAL DISTRIBUTION	2649	2639	1994	1860	2419	2857

TRADE

With the large wheat crop in 2004/05, Serbian agricultural officials are very hopeful that Serbia would be able to export large quantities of wheat this marketing year, predicting that total wheat export could reach 700,000 Mt. Such a high expectation of large Serbian wheat exports, however, is unlikely. Historical performance of Serbian wheat exports in the last 10 years as well as the crop quality of 2004/05 crop do not support the projection that Serbian wheat exports would be over 500,000 Mt. Although most of the characteristics of this year wheat crop are relatively good and protein content is around 12.2 percent, some trade contacts suggest that the low baking quality of Serbian wheat flour makes it less competitive in export markets. For the 2004/05 marketing year, the Ministry of Trade, Tourism and Services has issued wheat export permits for 700,000 Mt, of which about 100,000 Mt have been utilized through mid October 2004. Most of this quantity is exported to Albania and

Bosnia and Herzegovina. Our trade sources informing us of potential barter deals of Serbian wheat exports to North African and Middle Eastern countries that could result in exporting large quantities of Serbian wheat to these countries.

During the first half of October 2004, the average Serbian wheat export price was about \$136 Mt/Fob in Bar (Montenegro/Adriatic Sea port). In the same period, Hungarian wheat prices were quoted at \$142 Mt/Fob (port Constanza/Black Sea), compared to prices of the Russian and Ukrainian wheat Fob/Constanza, around \$120 Mt/Fob (mostly as feed wheat). Local market prices of Serbian wheat are currently about \$105-107 Mt. To help increase Serbian wheat exports, the Yugoslav Grain Fund (a collective body of grain exporters) has requested the Serbian Ministry of Agriculture to provide export subsidy of 15 percent to help Serbian farmers export their wheat surplus. It is unlikely that the Serbian government would be willing or able to support such wheat export subsidy.