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Agricultural Situation

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Report Highlights:

Harvest of marketing year 2015/16 confirmed to be very good. Outlook for MY 2016/17 is positive, mild winter caused almost no winterkill, areas of winter grains are slightly higher when compared to the previous MY 2014/15. Imports of corn are estimated to increase significantly in MY2015/16 to offset a previous drop in production. Consumption of grains remains flat.

Please Note: This report is to be read in conjunction with the Annual 2016 EU28 Consolidated Report on Grain and Feed (Grain and Feed Annual_London_EU-28_4-1-2016) and provides further information on Czech market of grains.

General Information:

MT = Metric Ton

MY = Marketing Year. Post and USDA official data both follow the EU28 local marketing year of July to June except for corn which follows an October to September calendar.

Final data on MY 2015/16 harvest provided by the Czech Statistical Office in February 2016 confirmed their previous estimate of another solid crop. Major drop can be seen only in corn that was largely affected by the very hot and dry weather. Its area reduced to 79,972 HA, which in combination with a low yield resulted in crop of only 442,709 MT. Total grain crop including corn reached 8,279,419 MT in MY 2015/16, only a 6.3 percent decline when compared to the exceptionally good crop of previous MY 2014/15.

The sowing area for grains has been quite stable. No significant changes are foreseen for MY 2016/17, as pattern of sowing areas is foreseen to be similar to MY 2014/15. Sowing areas of winter crops as estimated to November 30, 2015 by the Czech Statistical Office are shown in Table 1 below. Thanks to the mild winter, crops are in good condition, with almost no winterkill. Total winter grains area is 3.3 percent higher than in previous year.

Table 1 Sowing areas of winter crops for MY 16/17

	Sowing Area (000 HA)	
Crop/ Year	MY2015/16	MY2016/17 est.
Winter Grains Total	948	979
Wheat	778	795
Barley	105	114
Rye	22	30
Triticale	43	38

Source: Czech Statistical Office, www.czso.cz

Wheat

Table 2 Wheat Production, Trade, Consumption

Czech Republic	2013/14	2014/15	2015/16*	
Marketing Year Begin	July, 2013	July, 2014	July, 2015	
Area	829	836	830	(000) HA
Production	4,701	5,442	5,274	(000) MT
MY Imports	36	47	60	(000) MT
MY Exports	2,103	2,596	2,166	(000) MT
Total Consumption	1,250	1,250	1,250	(000) MT

Source: Global Trade Atlas, Czech Statistical Office, Ministry of Agriculture, FAS Prague

**Estimates by FAS Prague and Ministry of Agriculture*

Production

Wheat production in MY 2015/16 reached 5,274,272 MT, 3.1 percent less than in MY 2014/15. Quality of grains, however, exceeded quality of the previous marketing year. Sufficient supply will cover domestic demand and allow for an exportable surplus. Total area of wheat for MY 2016/17 is forecast similar or slightly lower than in MY 2015/16.

Consumption

Food consumption of wheat in the Czech Republic has been very stable, feed consumption stagnates or slightly declines in accordance with developments in the animal sector. The consumption of baked goods has been gradually slightly increasing, reaching 52.7 kg in 2014. Consumption of bread somewhat increased after several years of decline and reached 40 kg per capita in 2014, a 1.78 percent increase when compared to 2013. The reason behind this increase is, according to the Union of Bakers and Confectioners, a larger and more varied supply, the consumer trend shifting towards baked goods that are not prepared from frozen semi-finished products, and a favorable price of bread. The most popular kind of bread remains the traditional Czech bread prepared from wheat and rye.

Trade

The largest destination for Czech wheat has been Germany. Table 3 below shows trade figures for Czech wheat exports. Czech Republic tends to export unprocessed grains and import processed grain products, for example, imports of wheat meal increase gradually. According to the Czech Union of Industrial Mills, mills in the Czech Republic are quite obsolete, and require financial investments. Investments into modernization will result in consolidation, and some of the smaller mills will go likely out of business.

According to information provided by the Czech Export Guarantee and Insurance Corporation, Czech producers in general are interested in selling to emerging markets. This applies to farmers, too; in the last decade Czech farmers exported 24,000 MT of wheat to Cuba. Export volumes to this destination are forecast to grow.

Prices

Prices of grains on the Czech market generally follow world and European developments. Prices of wheat at the Commodity bourse in Brno as reported for February 2016 are currently at their five year minimum.

Table 3 Czech Republic's Wheat Exports

Partner Country	(000 MT)		
	MY 2013/14	MY 2014/15	MY 2015/16 est.*
World (Total), Out of which:	2,103	2,596	2,166
Germany	1,672	2,027	1,640
Austria	159	266	272
Poland	192	181	126
Slovakia	44	72	94
Italy	26	40	24
Switzerland	2	3	4

Source: Global Trade Atlas

**Estimate based on July 2015 – January 2016 data provided by the Czech Statistical Office*

Barley

Table 4 Barley Production, Trade, Consumption

Czech Republic	2013/14	2014/15	2015/16*	
Marketing Year Begin	July, 2013	July, 2014	July, 2015	
Area	349	351	366	(000) HA
Production	1,594	1,967	1,991	(000) MT
MY Imports	37	46	16	(000) MT
MY Exports	217	347	492	(000) MT
Total Consumption	1,450	1,475	1,475	(000) MT

Source: Global Trade Atlas, Czech Statistical Office, Ministry of Agriculture, FAS Prague

**Estimates by FAS Prague and Ministry of Agriculture*

Good conditions during harvest contributed to the very good quality of MY 2015/16 barley. In the last three marketing years, including MY 2015/16, food use of barley exceeded feed use. The Czech Ministry of Agriculture estimates that in MY 2015/16 approximately 700,000 MT will be used in food industry, mainly for malting, and 650,000 MT will be included in feed mixes. This pattern is not foreseen to change in MY 2016/17.

The local supply of barley is sufficient to cover domestic demand and provide an exportable surplus. Total exports in MY 2015/16 are estimated at 341,000 MT, the vast majority going to European countries. The main export destination remains Germany, as seen in Table 5 below. Small amounts of Czech malting barley are also exported to third countries, e.g. Japan and Cuba. According to information from the Czech Export Guarantee and Insurance Corporation, the amount of Czech malting barley exported to Cuba during the last decade reached 1,500 MT. This number is forecast to keep increasing with growing Czech interest in this market.

Table 5 Czech Republic's Barley Exports

Partner Country	(000 MT)		
	MY 2013/14	MY 2014/15	MY 2015/16 est.*
World (Total), Out of which:	217	347	492
Germany	105	214	314
Poland	22	39	64
Austria	34	46	52
Slovakia	43	36	40
Italy	3	6	20
Slovenia	3	5	2

Source: Global Trade Atlas

**Estimate based on July 2015 – January 2016 data provided by the Czech Statistical Office*

Corn

Table 6 Corn Production, Trade, Consumption

Czech Republic	2013/14	2014/15	2015/16*	
Marketing Year Begin	October, 2013	October, 2014	October, 2015	
Area	97	99	80	(000) HA
Production	675	832	443	(000) MT
MY Imports	134	123	308	(000) MT
MY Exports	313	351	182	(000) MT
Total Consumption	543	577	493	(000) MT

Source: Global Trade Atlas, Czech Statistical Office, Ministry of Agriculture, FAS Prague

**Estimates by FAS Prague and Ministry of Agriculture*

Corn production dropped significantly, as its final harvested amount in MY2015/16 almost halved when compared to previous marketing year. The sowing area did not decrease so dramatically, the main reason for such a plunge is unfavorable weather conditions during the blooming period in May and onwards.

The drop in corn production will be offset by increased imports, originating mainly from Poland, Hungary and Slovakia. According to the Czech Statistical Office Foreign Trade Database, corn imports in the first four months of the MY 2015/16 (October 1 – January 31, 2015) reached 102,500 MT. For corn imports in previous marketing years see Table 7 below.

Table 7 Czech Republic's Corn Exports

Partner Country	(000 MT)		
	MY 2013/14	MY 2014/15	MY 2015/16 est.*
World (Total), Out of which:	313	351	182
Germany	99	163	110
Austria	117	142	30
Poland	31	39	27
Slovakia	51	5	14

Source: Global Trade Atlas

**Estimate based on October 2015 – January 2016 data provided by the Czech Statistical Office*

Table 8 Czech Republic's Corn Imports

Partner Country	(000 MT)		
	MY 2013/14	MY 2014/15	MY 2015/16 est.*
World (Total), Out of which:	134	123	308
Poland	69	20	141
Hungary	9	4	109
Slovakia	37	83	18
Romania	0	0	15
Austria	1	7	12
France	3	4	5
Argentina	3	3	2
Germany	12	2	3

Source: Global Trade Atlas

**Estimate based on October 2015 – January 2016 data provided by the Czech Statistical Office*

Total corn consumption in the Czech Republic in MY 2015/16 is estimated by the Czech Ministry of Agriculture at 493,000 MT, out of which 830,000 MT will be used in the feed industry and approximately 80,000 as feedstock for bio-ethanol production. Low quality and price of corn allow the technical use for biofuel production to remain stable.

Genetically engineered (GE) Bt corn, the only GE variety approved for cultivation in the European Union, has been on decline in the Czech Republic. Its area peaked in 2008 with 8,380 HA. Due to marketing difficulties and extra costs induced by a requirement for separate storage and labeling, its area shrunk over years to 997 HA in 2015. This trend is not foreseen to change.

Other

Other grains in the Czech Republic are grown on significantly smaller areas, when compared to wheat and barley. Final harvest figures for all individual grains can be seen in Table 9.

Table 9 Final Grains Harvest Data as published by the Czech Statistical Office

Crop/ Year	Sowing Area (000 HA)		Production (000 MT)	
	MY2014/15	MY2015/16	MY2014/15	MY2015/16
Wheat	836	830	5,442	5,274
Barley	351	366	1,967	1,991
Oats	42	42	152	155
Rye	25	22	129	108
Triticale	49	43	244	203
Corn	99	80	832	443

For more details on situation in the EU grain and feed sector please refer to the EU-28 Grain and Feed Annual report in our GAIN system available at <http://gain.fas.usda.gov>.
End of report.