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GAIN Report Number:

Latvia

Post: Warsaw

Grain and Feed Update _ Lower Latvian Grain Crop in 2018

Report Categories:

Grain and Feed

Agricultural Situation

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Report Highlights:

Post forecasts that Latvian production of wheat, rye, mixed grains and triticale, barley, and oats in marketing year (MY) 2018/19 will reach upwards of 2.1 MMT, almost 20 percent lower from MY 2017/18. Hot weather accelerated cereal grain ripening and advanced harvest two weeks earlier than usual. The largest Latvian farmers' organization sent a letter to the Government of Latvia (GOL) requesting an official agricultural state of emergency.

General Information:

Area and production of grains

MY 2018/19

Post forecasts that total Latvian production of wheat, rye, mixed grains and triticale, barley, and oats in MY 2018/19 will reach 2.1 MMT, a 19.7-percent decrease from MY 2017/18. The projected lower grain crop is due to reduced acreage and expected lower yields. Post forecasts winter grains production will decrease by 40 percent from the previous year and will reach 1.9 MMT. Higher spring grain production will not offset the decrease in winter grain production, despite increases of spring barley (+26 percent), spring oats (+48 percent), and mixed grains (+43 percent). Post forecasts total wheat production will decrease by 28 percent, total rye production will decrease by 34 percent, and total barley production will decrease by 21 percent.

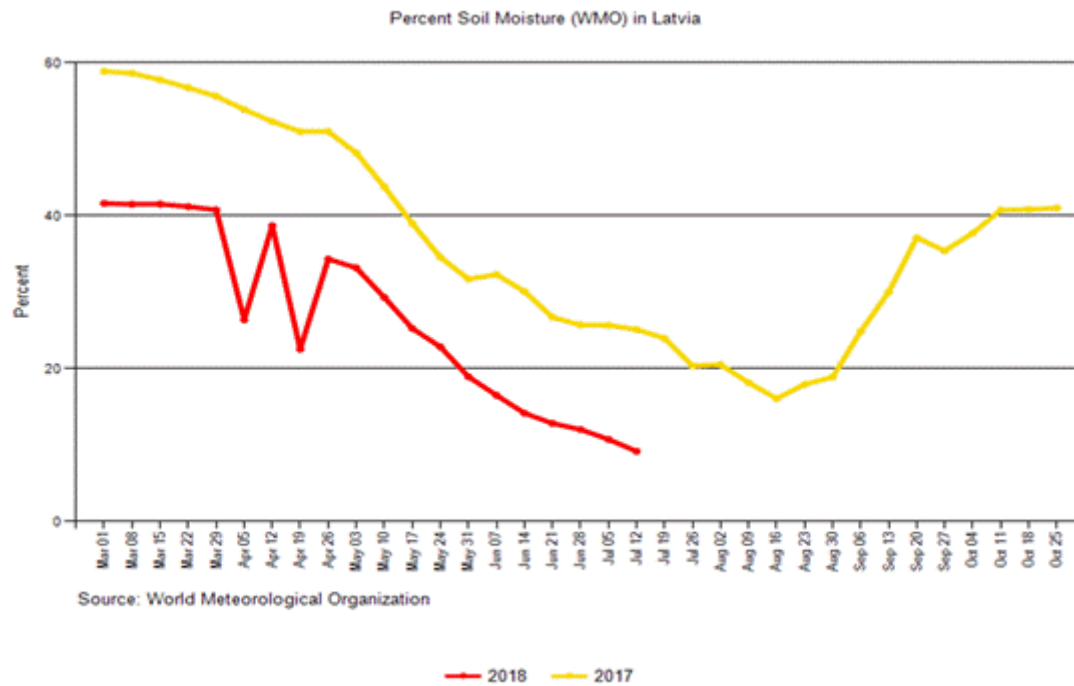
In MY 2018/19, Latvian grain area planted will cover 685,500 Ha, 2.5 percent less than the previous year. The total winter grains area diminished significantly. Wet conditions prevented farmers from planting during the fall 2017. Latvia's winter wheat area decreased by 35.4 percent, and winter barley by 54.3 percent. This resulted in higher planting of spring cereals, mostly spring barley (+49.1 percent), spring wheat (+44.6 percent), and oats (+27.4) percent from My 2017/18.

A relatively mild winter created favorable conditions for winter grains until about mid-April 2018, when unseasonably warm and dry weather set in throughout northern Europe. Latvian and regional spring and early summer precipitation remained below norm. The 2018 spring in Latvia was declared the driest in two decades. Total precipitation in May 2018 in Latvia was 23.8 mm, 51 percent below the May average (48.8 mm). Average air temperatures in May and June reached the highest levels since records were kept as of 1924. Average air temperatures in May were 15.3°C, 3.9°C above average May temperatures. The drought will negatively affect yields as well as grain quality. The larger spring grain area planted will not offset losses in winter grains, especially winter wheat.

Hot weather conditions accelerated the ripening of cereals this year, and the harvest started by two weeks earlier than usual. The quality of grains is reported mixed from different regions, but average grain size is small. Due to drought plants did not accumulated enough nutrients from the soil. Good quality and amount of crops can expect only farmers who use irrigation systems, and provide the soil with additional nutrients, but they are a minority among farmers in Latvia.

Latvia's largest farmers' organization sent a letter to the GOL requesting an official agricultural state of emergency. On June 26, 2018 the Latvian Crisis Management Council decided not to declare a state of emergency despite the adverse drought conditions. The Council declared instead "a natural disaster on a national scale". Although the natural disaster declaration offers farmers some protections against bank and EU loan payments and penalties, an agricultural state of emergency would offer these, as well as additional financial support.

Graph 1: Latvian Moisture Levels



Graph 2: Average Latvian Temperatures

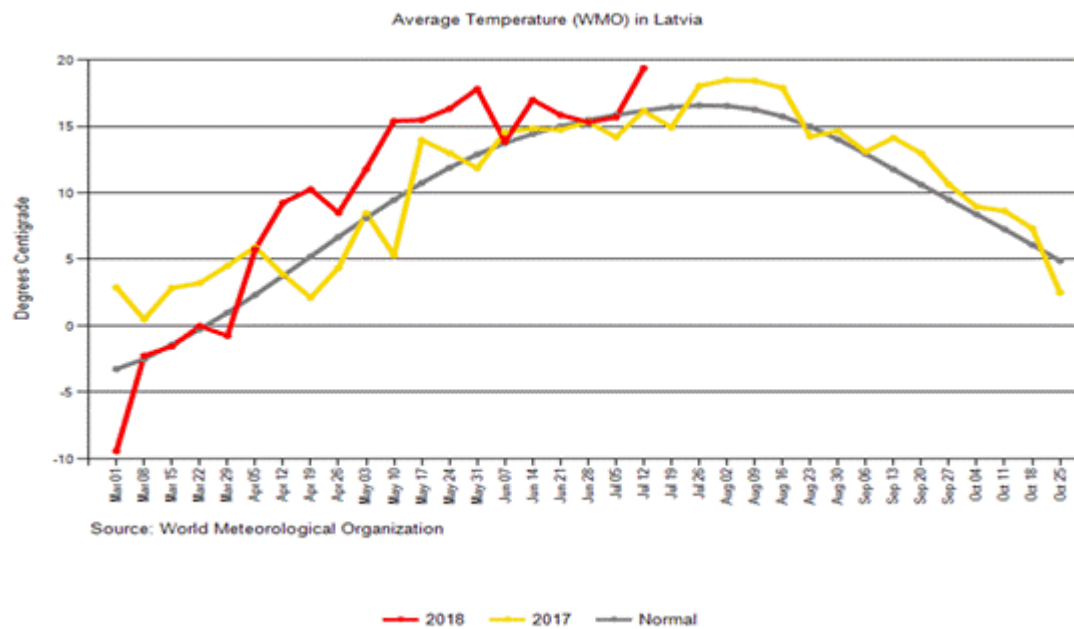


Chart 1: Spring 2018 Precipitation Deviation (%) from Spring 2018

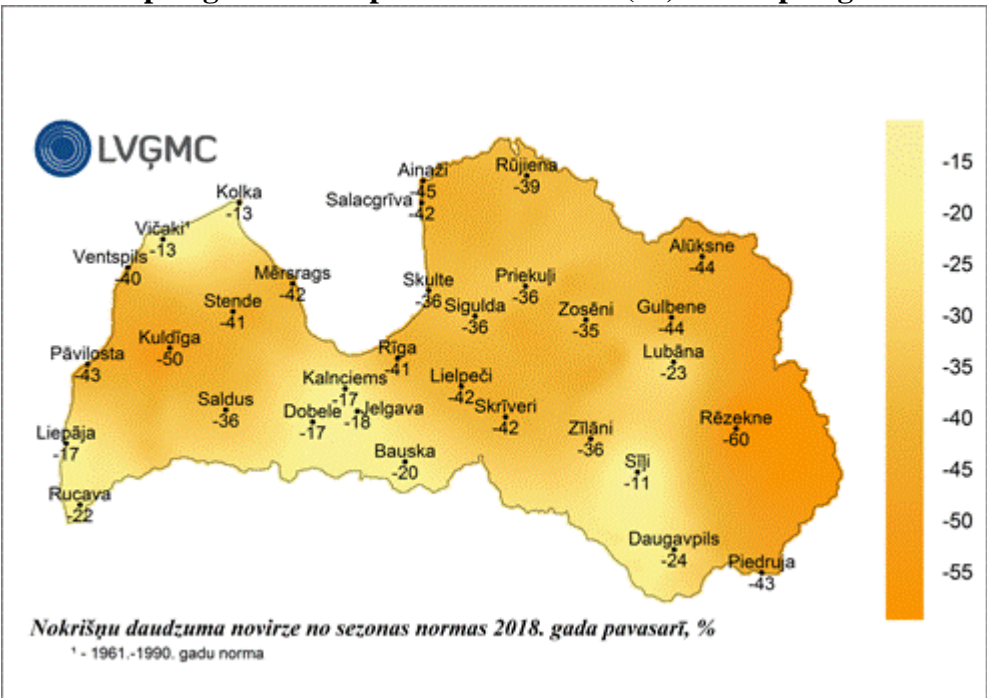


Chart 2: May 2018 Temperature Deviation of Average Temps. (Degrees C)

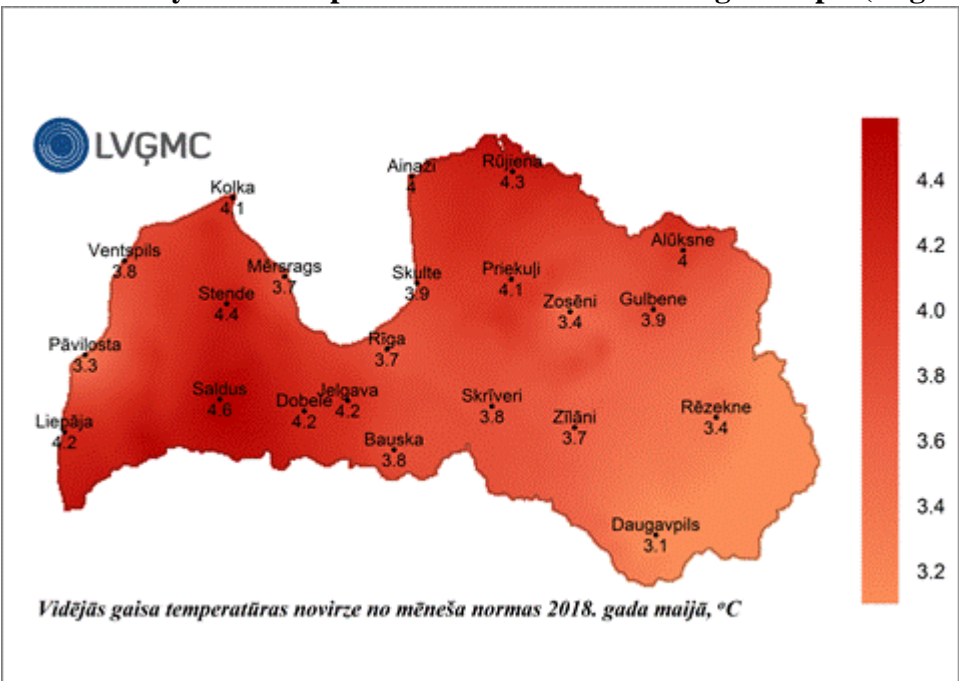


Table 1: Area Planted by Variety 2017 – 2018 (000) Ha

Latvia	MY 2017/18	MY 2018/19*	Change year to year 2018/19 (%)	Structure of sowings in 2017 (%)	Structure of sowings in 2018 (%)
Winter Wheat	331.2	213.8	-35.4	47.1	31.2
Spring Wheat	140.4	203.0	+44.6	20.0	29.6
Wheat Total	471.6	416.8	-11.6	67.0	60.8
Winter Barley	7.0	3.2	-54.3	1.0	0.5
Spring Barley	78.2	116.6	+49.1	11.1	17.0
Barley Total	85.2	119.8	+40.6	12.1	17.5
Rye	34.0	20.7	-39.1	4.8	3.0
Triticale	3.2	3.1	-3.1	0.5	0.5
Mixed grains	7.6	7.2	-5.3	1.1	1.1
Oats	70.9	90.3	+27.4	10.1	13.2
Buckwheat	30.9	27.6	-10.7	4.4	4.0
Total	703.4	685.5	-2.5	100.0	100.0

Source: Latvian Statistical Office, Latvian Ministry of Agriculture, FAS/Warsaw forecast

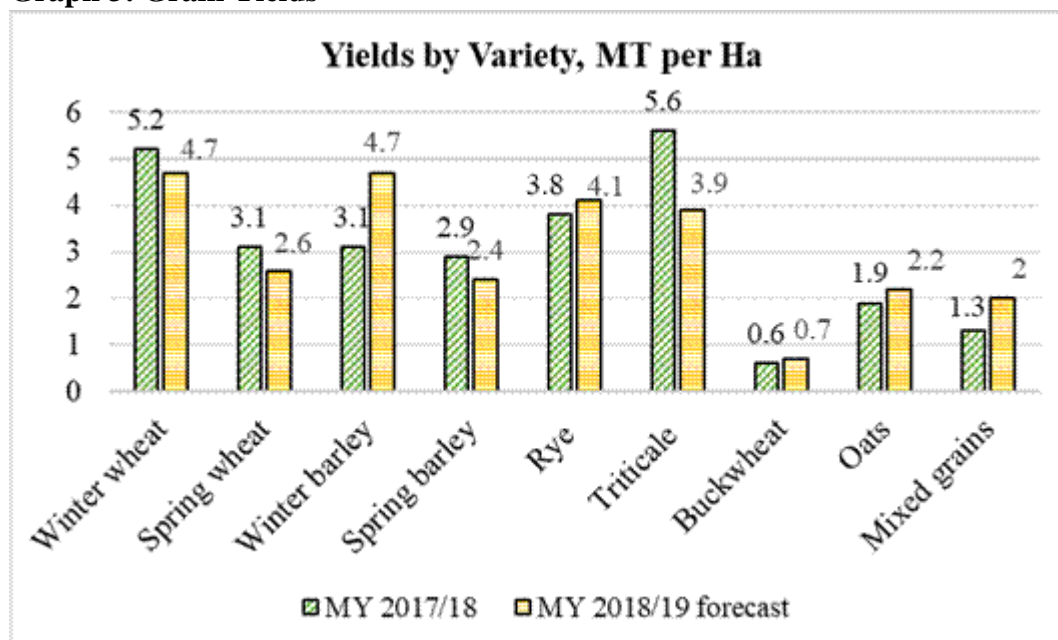
Table 2: Production by Variety 2017 – 2018 (000) MT

Latvia	MY 2017/18	MY 2018/19*	Change year to year 2018/19 (%)	Structure of production in 2017 (%)	Structure of production in 2018 (%)
Winter Wheat	1,705.2	1,009.3	-40.8	63.3	46.7
Spring Wheat	433.6	527.7	+21.7	16.1	24.4
Wheat Total	2,138.8	1,537.0	-28.1	79.4	71.1
Winter Barley	22.1	15.1	-31.7	0.8	0.7
Spring Barley	222.8	279.9	+25.6	8.3	12.9
Total Barley	244.9	295.0	+20.5	9.1	13.6
Rye	129.4	85.6	-33.8	4.8	4.0
Triticale	18.1	12.1	-33.1	0.7	0.6

Mixed grains	10.1	14.4	+42.6	0.4	0.7
Oats	134.0	198.6	+48.2	5.0	9.2
Buckwheat	17.1	19.3	+12.9	0.6	0.9
Total	2,692.4	2,162.0	-19.7	100.0	100.0

Source: Latvian Statistical Office, Latvian Ministry of Agriculture, FAS/Warsaw forecast

Graph 3: Grain Yields



Source: Latvian Ministry of Agriculture, FAS/Warsaw

MY 2017/18

In MY2017/18 Latvia produced 2.7 MMT of grains, 0.4 percent less than the previous year. Grain area was 703,400 Ha, a 1.7-percent decline from MY 2016/17. Despite heavy rains and wet conditions in late summer and early fall 2017, grain yields reached the second highest historical level, after the record score in MY2014/15. The total grain output in 2017 was mostly resulted from increased average winter cereal yields, from 4.68 MT/Ha in MY 2016/17 to 4.99 MT/Ha in MY 2017/18. Higher use of certified seed and better seed quality contributed to steadily improved yields, including in 2017 harvest.

Trade

Latvia has become an increasingly important player on the global wheat market over the last six years. About 90 percent of its soft wheat is exported. During the three first quarters of MY 2017/18, wheat exports from Latvia were 1.8 MMT, a three-percent decline from the corresponding period during the

previous year. In MY 2017/18, Latvia was the leading Baltic wheat exporter, following a sharp decline in exports from neighboring Lithuania. Barley and rye play a minor role in total Latvian grain exports, but these remain important for domestic consumption. Other grains produced for domestic consumption and are usually only exported during bumper-crop years.

Table 3: Latvian Grain Exports (000) MT

	MY 2016/17	MY 2016/17	MY 2017/18
	9 Month Ending March		
	Total exports	Total exports	Total exports
Wheat	2,250	1,868	1,816
Rye	61	55	27
Barley	99	89	74
Mixed grains & triticale	9	9	4
Oats	23	13	32
	6 Month Ending March		
Corn	54	24	39

Source: Global Trade Atlas Eurostat

Table 4: Latvian Grain Imports (000) MT

	MY 2016/17	MY 2016/17	MY 2017/18
	9 Month Ending March		
	Total imports	Total imports	Total imports
Wheat	680	616	593
Rye	6	5	10
Barley	17	16	29
Mixed grains & triticale	6	5	6
Oats	25	22	27
	6 Month Ending March		
Corn	76	35	70

Source: Global Trade Atlas Eurostat

MY= Latvia's local marketing year is July-June

Appendix

Table 5: Latvian Export Statistics, Wheat and Meslin

9 Month Ending: March								
Partner Country	Unit	Quantity			% Share			% Change 2018/17
		2016	2017	2018	2016	2017	2018	
World	T	2,068	1,868	1,816	100.00	100.00	100.00	- 2.77
EU28	T	516	1365	519	24.97	73.06	28.59	- 61.95
Non-EU 28	T	1,552	2,508	584				
Saudi Arabia	T	363	131	404	17.55	7.03	22.27	208.08
Nigeria	T	0	0	227	0.00	0.00	12.53	0.00
Spain	T	63	342	211	3.06	18.33	11.62	- 38.36
South Africa	T	0	0	183	0.00	0.00	10.07	0.00
Turkey	T	108	69	157	5.24	3.68	8.63	128.00
Kenya	T	119	0	131	5.74	0.00	7.23	0.00
Algeria	T	585	303	122	28.28	16.23	6.74	- 59.60
Netherlands	T	140	480	88	6.78	25.69	4.85	-81.65
Lithuania	T	40	56	75	1.93	3.02	4.14	33.29
Denmark	T	25	35	60	1.20	1.88	3.28	69.30
Italy	T	0	0	32	0.00	0.00	1.73	0.00

Source: Global Trade Atlas Eurostat

Table 6: Latvian Import Statistics, Wheat and Meslin

9 Month Ending: March								
Partner Country	Unit	Quantity			% Share			% Change 2018/17
		2016	2017	2018	2016	2017	2018	
World	T	236	616	593	100.00	100.00	100.00	- 3.80
EU28	T	201	560	508	85.03	90.98	85.79	- 9.29
Non EU 28	T	35	56	85				
Lithuania	T	176	531	474	74.54	86.15	79.93	- 10.75
Russia	T	29	55	83	12.43	8.93	13.96	50.47
Estonia	T	15	8	29	6.15	1.28	4.81	260.37

Source: Global Trade Atlas Eurostat

Table 7: Latvian Import Statistics, Corn

6 Month Ending: March								
Partner Country	Unit	Quantity			% Share			% Change 2018/17
		2016	2017	2018	2016	2017	2018	
World	T	43	35	70	100.00	100.00	100.00	99.11
EU28	T	1	2	2	2.66	6.37	2.74	- 14.18
Non EU	T	42	33	68				
Russia	T	41	29	66	94.63	83.21	93.24	123.11
Ukraine	T	1	4	2	2.55	10.30	3.11	-39.88

Source: Global Trade Atlas Eurostat

Table 8: Latvian Export Statistics, Barley

9 Month Ending: March								
Partner Country	Unit	Quantity			% Share			% Change 2018/17
		2016	2017	2018	2016	2017	2018	
World	T	165	89	74	100.00	100.00	100.00	- 17.49
EU28	T	21	17	40	12.44	19.11	54.69	136.15
Non-EU 28	T	144	72	34				
Turkey	T	0	0	33	0.00	0.00	45.31	0.00
Lithuania	T	5	13	32	3.05	14.16	43.81	155.23

Source: Global Trade Atlas Eurostat

Table 9: Latvian Export Statistics, Rye

9 Month Ending: March								
Partner Country	Unit	Quantity			% Share			% Change 2018/17
		2016	2017	2018	2016	2017	2018	
World	T	109	55	27	100.00	100.00	100.00	-50.73
EU28	T	109	53	27	100.00	97.35	100.00	-49.39
Non-EU 28	T	0	2	0				
Germany	T	7	16	23	6.68	28.48	84.50	46.20
Estonia	T	7	7	2	6.28	12.73	8.18	-68.35

Source: Global Trade Atlas Eurostat

Table 10: Latvian Export Statistics, Oats

9 Month Ending: March								
Partner Country	Unit	Quantity			% Share			% Change 2018/17
		2016	2017	2018	2016	2017	2018	
World	T	18	13	32	100.00	100.00	100.00	144.16
EU28	T	15	13	32	82.84	100.00	100.00	144.16
Non-EU 28	T	3	0	0	31.89	0.00	27.93	0.00
Spain	T	6	0	9	1.50	69.03	25.14	0.00
Germany	T	0	9	8	0.09	14.92	19.64	-11.10

Lithuania	T	0	2	6	25.07	4.52	13.95	221.41
Poland	T	4	1	4	31.89	0.00	27.93	653.27

Source: Global Trade Atlas Eurostat