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Report Name: Grain and Feed Update

Country: Latvia

Post: Warsaw

Report Category: Agricultural Situation, Agriculture in the Economy, National Plan, Policy and Program Announcements, Agriculture in the News, Grain and Feed

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Report Highlights:

Total Latvian wheat, rye, mixed grains, triticale, barley, corn, and oat production in marketing year (MY) 2021/22 is forecast at 3.2 million metric tons (MMT), a 7.4-percent decrease from MY 2020/21. After bumper crops in MY 2020/21, Post anticipates a return to more average production levels for all grains. Chilly spring weather conditions have slowed plant development. In MY 2020/21, Latvian wheat exports will exceed last year's levels. During first seven months of MY 2020/21, wheat exports reached 2.3 MMT, 19 percent above the previous year. High international grain prices motivated Latvian exporters to increase sales to African and the Middle East in MY 2020/21.

Grain Production and Area

MY 2021/22

Post forecasts total Latvian wheat, rye, mixed grains, triticale, barley, corn, and oat production in MY 2021/22 at 3.2 MMT, a 7.4-percent decline from MY 2020/21. The forecast drop in grain production stems from lower-than-expected yields following high production in MY 2020/21. Post forecasts MY 2021/22 yields to be more consistent with the six-year average. The area planted for grains is in line with the previous year, except for wheat and oats. Farmers increased Latvia's wheat area, anticipating another year of high prices and export opportunities. Latvia's total spring and winter grains area planted reached 730,000 hectares (HA), a 0.4 percent decrease from MY 2020/21. Oats accounted for the largest area decline.

Warm and sunny weather, along with favorable precipitation, during fall 2020 provided good conditions for winter grain planting. Winter conditions were generally mild, with average winter temperatures and sufficient precipitation. There was no notable winterkill. Cold snaps in February 2021 may have contributed to winter grains by lowering the threat of early-spring pests. Final yields this MY still hinge on spring weather conditions, including precipitation levels and the ongoing threat of frost in May. March and April 2021 were notable for below-average for this time of year, especially at night. Although the chilly conditions slowed plant development, winter grains also benefited from favorable levels of rainfall during this time.

MY 2020/21

MY 2020/21 grain production exceeded MY 2019/20 by 10.4 percent, which created new export opportunities for Latvian farmers. The total grain area harvested increased by 1.8 percent over MY 2019/20. The bigger grain area, favorable weather, higher yields resulted in record production levels at 3.5 MMT.

To date, Latvia's grain industry has not been severely affected by COVID-19, despite some initial border delays and logistical turbulence after March 2020, when many EU Member States closed national borders. Farmers in 2020 also experienced difficulties due to grain collection point closures because of social distancing requirements.

Table 1: Area by Grain Variety, (000) HA

Latvia	MY 2019/20	MY 2020/21	MY 2021/22(f)	Change year to year 2021/20 (%)	Change year to year 2022/21 (%)
Wheat	496	499	500	0.6	0.2
Barley	88	85	85	-3.4	0.0
Rye	44	42	42	-4.5	0.0
Mixed grains	8	8	8	0.0	0.0
Oats	84	99	95	17.9	-4.0
Total	720	733	730	1.8	-0.4

Source: Latvian Main Statistical Office, FAS

Table 2: Production by Grain Variety, (000) MT

Latvia	MY 2019/20	MY 2020/21	MY 2021/22(f)	Change year to year 2021/20 (%)	Change year to year 2022/21 (%)
Wheat	2,371	2,660	2,500	12.2	-6.0
Barley	305	309	270	1.3	-12.6
Rye	191	178	172	-6.8	-3.4
Mixed grains	31	28	26	-9.7	-7.1
Oats	238	288	240	21.0	-16.7
Total	3,136	3,463	3,208	10.4	-7.4

Source: Latvian Main Statistical Office, FAS

Trade

Latvia became a significant EU wheat exporter in MY 2020/21, with wheat accounting for 89 percent of total grain exports. During the first seven months of MY 2020/21 (July-January), total Latvian grain exports reached 2.6 MMT, a 16-percent increase over the same period in MY 2019/20. The main export destinations were Algeria, Nigeria, Saudi Arabia, Morocco, and South Africa. Post anticipates that in MY 2020/21, shipments to Algeria will displace some of the Latvia's shipments to Saudi Arabia. Due to the bumper crops across the Baltic region, the three Baltic States will compete for global market share with leading EU exporters, including France and Romania.

Total Latvian grain exports in MY 2019/20, including corn, reached 3.1 MMT, up from MY 2018/19's record low of 1.1 MMT. Grain quality was inconsistent and based on the region. In spring 2020, Latvia took advantage of the strong international post-COVID demand, particularly for wheat, as many importing countries sought to bolster domestic grain stocks.

Post expects that Latvian grain imports will increase in MY 2020/21 over MY 2019/20. During seven months of MY 2020/21 (July-January), Latvia imported 742,000 MT of grains, mostly wheat, from other EU countries and from Russia.

Table 3: Latvia, Grain Exports, (000) MT

MY begins July	MY 2017/18	MY 2018/19	MY 2019/20	MY 2019/20 7 months July-January	MY 2020/21 7 months July-January
Wheat	2,450	1,583	2,650	1,907	2,271
Barley	104	129	121	113	119
Rye	31	184	161	122	117
Triticale	6	4	17	13	6
Oats	38	54	82	41	36
Corn*	184	48	40	16	13
Total	2,813	2,002	3,071	2,212	2,562

Source: Trade Data Monitor LLC
*MY begins October

Table 4: Latvia, Grain Imports, (000) MT

MY begins July	MY 2017/18	MY 2018/19	MY 2019/20	MY 2019/20 7 months July-January	MY 2020/21 7 months July-January
Wheat	725	517	517	389	610
Barley	33	34	28	21	22
Rye	14	208	40	19	21
Triticale	6	3	28	20	18
Oats	31	50	31	21	25
Corn*	217	98	90	43	46
Total	1,026	910	734	513	742

Source: Trade Data Monitor LLC
*MY begins October

Crop Specific

Wheat

Post forecasts MY 2021/22 Latvian wheat production at 2.5 MMT, down from the previous MY's 2.66 MMT. Following higher production in MY 2020/21, Post anticipates yields closer to long-term average. The area planted for wheat remained about the same as the previous MY, at 500,000 HA.

Latvia is a net exporter of soft wheat. In MY 2021/22, Post forecasts wheat exports slightly lower than last year, due to more limited grain availability. In MY 2020/21, high global prices will motivate Latvian exporters, particularly for non-EU markets. During the first seven months of MY 2020/21 (July-January), Latvia exported almost 2.3 MMT of wheat, a 19-percent increase over the same time from previous year. Algeria, Nigeria, Saudi Arabia, and Morocco are the main market destinations for Latvian wheat. In previous years Saudi Arabia was the primary buyer, although Post notes a current shift toward Algeria.

Table 5: Latvia, Wheat Trade, (000) MT

Wheat	MY Begins in July					
	MY 2016/17	MY 2017/18	MY 2018/19	MY 2019/20	MY 2019/20 7 months	MY 2020/21 7 months
Imports	681	725	584	517	389	610
Exports	2,225	2,450	1,583	2,650	1,907	2,271

Source: Trade Data Monitor LLC

Barley

In MY 2021/22, Post forecasts total barley area planted, mostly spring barley, at about the same level as in the previous year. Despite chilly spring planting conditions in April 2021, spring rains improved soil moisture and should boost plant development in May and June. Barley production is projected at 270,000 MT, a 12.6-percent decline from the previous year. Post expects domestic feed barley consumption to diminish slightly from MY 2020/21 due to lower grain availability.

Table 6: Latvia, Barley Trade, (000) MT

Barley	MY Begins in July					
	MY 2016/17	MY 2017/18	MY 2018/19	MY 2019/20	MY 2019/20 7 months	MY 2020/21 7 months
Imports	17	33	34	28	21	22
Exports	101	104	129	121	113	119

Source: Trade Data Monitor LLC

Corn

Latvia's climate is not favorable for corn cultivation. Corn is mostly imported, mainly for poultry, from neighboring countries.

Table 7: Latvia, Corn Trade, (000) MT

Corn	MY Begins in October					
	MY 2016/17	MY 2017/18	MY 2018/19	MY 2019/20	MY 2019/20 4 months	MY 2020/21 4 months
Imports	74	217	98	90	43	46
Exports	55	184	48	40	16	13

Source: Trade Data Monitor LLC

Rye

Post forecasts Latvian MY 2021/22 rye production at 172,000 MT, a 3.4-percent decrease from last year. The rye area remains unchanged. In MY 2020/21, rye production declined by 6.8 percent from the previous year due to the smaller area planted and slightly lower yields. Latvian farmers have been reluctant to plant rye due to ongoing African swine fever outbreaks.

Table 8: Latvia, Rye Trade, (000) MT

	MY Begins in July					
	MY 2016/17	MY 2017/18	MY 2018/19	MY 2019/20	MY 2019/20 7 months	MY 2020/21 7 months
Imports	6	14	208	40	19	21
Exports	67	31	184	161	122	117

Source: Trade Data Monitor LLC

Mixed Grains

Mixed grains include triticale, and the threshed, dry seeds of wheat, barley, corn, oats, rye, grown and harvested on the same field. Triticale is planted mostly as a winter grain, although to a lesser extent, it can also be a spring grain. Most mixed grains are planted in spring.

In Latvia, most mixed grains are used for on-farm feed. In MY 2021/22 feed use is forecast to diminish along with lower availability.

Table 9: Latvia, Triticale Trade, (000) MT

	MY Begins in July					
	MY 2016/17	**MY 2017/18**	**MY 2018/19**	**MY 2019/20**	**MY 2019/20 7 months**	**MY 2020/21 7 months**
Imports	6	6	3	28	20	18
Exports	9	6	4	17	13	6

Source: Trade Data Monitor LLC
*MY begins October

Oats

Post forecast Latvia's MY 2021/22 oat area at four percent lower than last year. Yields are projected closer to the long-term average, after MY 2020/2's forecast record yields at 240,000 MT. In MY 2020/21, weather conditions were favorable for oat producers. Oat production reached record level of 288,000 MT. Oat exports in MY 2020/21 show that the farmers took advantage of this year's abundant crop, exporting almost 90 percent of total export volume to Spain and Germany.

Table 10: Latvia, Oats Trade, (000) MT

	MY Begins in July					
	MY 2016/17	**MY 2017/18**	**MY 2018/19**	**MY 2019/20**	**MY 2019/20 7 months**	**MY 2020/21 7 months**
Imports	25	31	50	31	21	25
Exports	23	38	54	82	41	36

Source: Trade Data Monitor LLC

Appendix:

Table 11: Latvia, Wheat Imports by Country, (000) MT

Partner	MY Begins July			Market Share (%)			%Δ 2019/18
	2017/18	2018/19	2019/20	2017	2018	2019	
World	725	584	517	100	100	100	-11.5
Lithuania	562	302	396	77.5	51.7	76.6	31.1
Estonia	46	26	50	6.32	4.5	9.6	88.8
Russia	102	246	27	14.1	42.1	5.3	-88.8
France	0	0	19	0.1	0	3.6	-
Finland	0	0	15	0	0	2.9	-
Italy	4	3	4	0.51	0.6	0.8	20.9

Source: Trade Data Monitor LLC

Table 12: Latvia, Wheat Exports by Country, (000) MT

Partner	MY Begins July			Market Share (%)			%Δ 2019/18
	2017/18	2018/19	2019/20	2017	2018	2019	
World	2,450	1,583	2,650	100	100	100	67.4
Nigeria	275	104	765	11.2	6.6	28.9	636.4
Saudi Arabia	713	380	513	29.1	24.0	19.4	35.0
Turkey	157	157	226	6.4	10.0	8.5	43.3
Kenya	131	55	145	5.4	3.5	5.5	164.5
Spain	239	126	121	9.7	8.0	4.6	-3.6
United Kingdom	25	13	110	1	0.8	4.1	769.5
South Africa	223	60	99	9.1	3.8	3.7	64.8
Finland	8	44	59	0.3	2.8	2.2	36.4

Source: Trade Data Monitor LLC

Table 13: Latvia, Wheat Exports by Country, During Three Months of MY, (000) MT

Partner	MY, 7 months			Market Share (%)			%Δ 2020/19
	July, 2018/ Jan. 2019	July, 2019 / Jan. 2020	July, 2020 /Jan. 2021	2018/19	2019/20	2020/21	
World	857	1907	2,271	100	100	100	19.1
Algeria	27	0	434	3.1	0,0	19.1	-
Nigeria	0	263	411	0,0	13.8	18.1	56.3
Saudi Arabia	314	513	316	36.7	26.9	13.9	-38.5
Morocco	0	0	245	0,0	0,0	10.78	-
South Africa	57	95	126	6.7	5.0	5.5	31.9
United Kingdom	1	109	121	0.2	5.7	5.3	10.8
Kenya	0	145	99	0,0	7.6	4.3	-32.1
Israel	0	28	69	0,0	1.4	3.0	150.4
Mozambique	0	39	67	0,0	2.1	3.0	70.5

Source: Trade Data Monitor LLC

Chart 1: Latvia, WMO Minimum Temperature in Years 2019-21

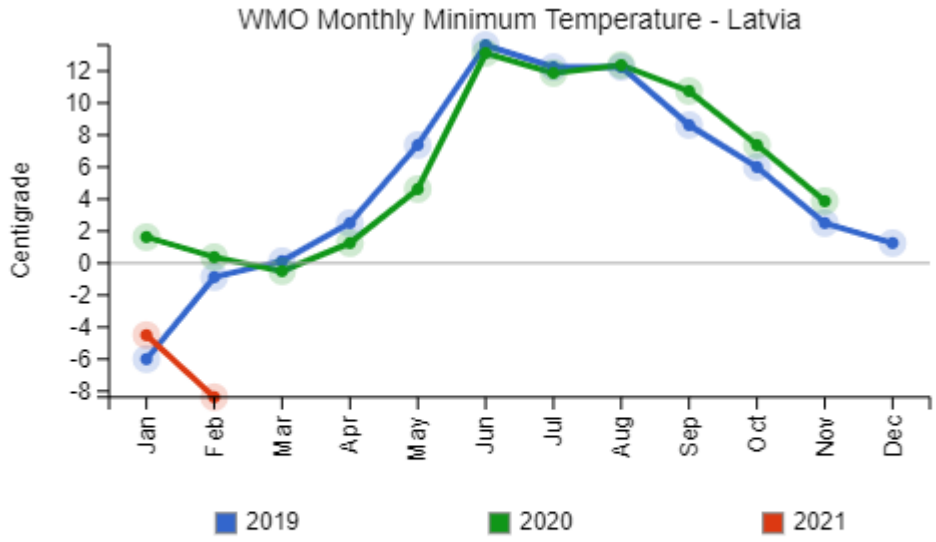

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Chart 2: Latvia, WMO Monthly Average Temperature in Years 2019-21

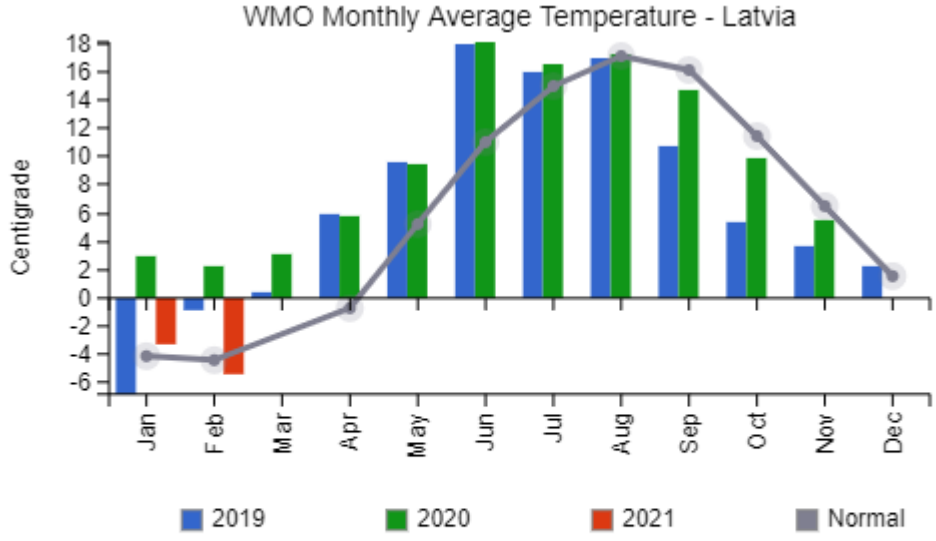

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Chart 3: Latvia, WMO Dekadal Average Temperature in Years 2019-21

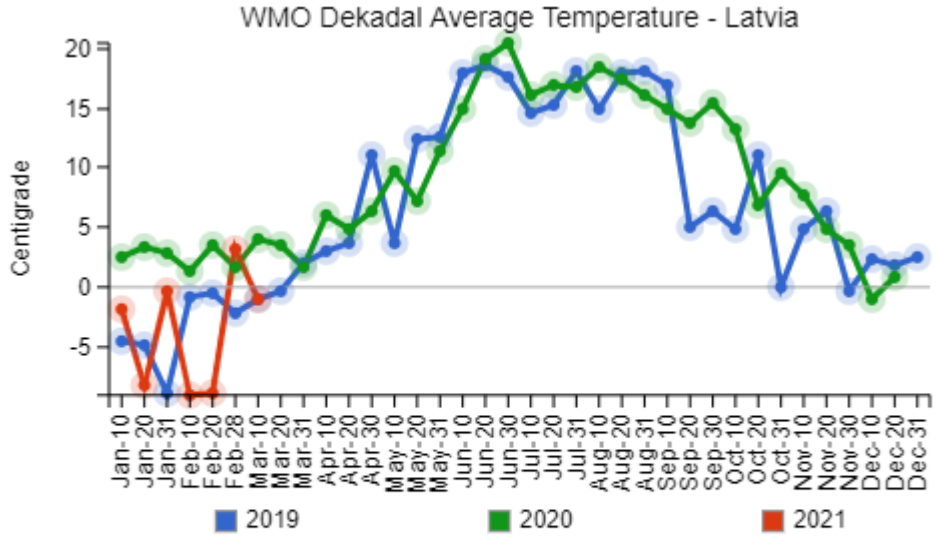

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Chart 4: Latvia, WMO Precipitation in Years 2018-21

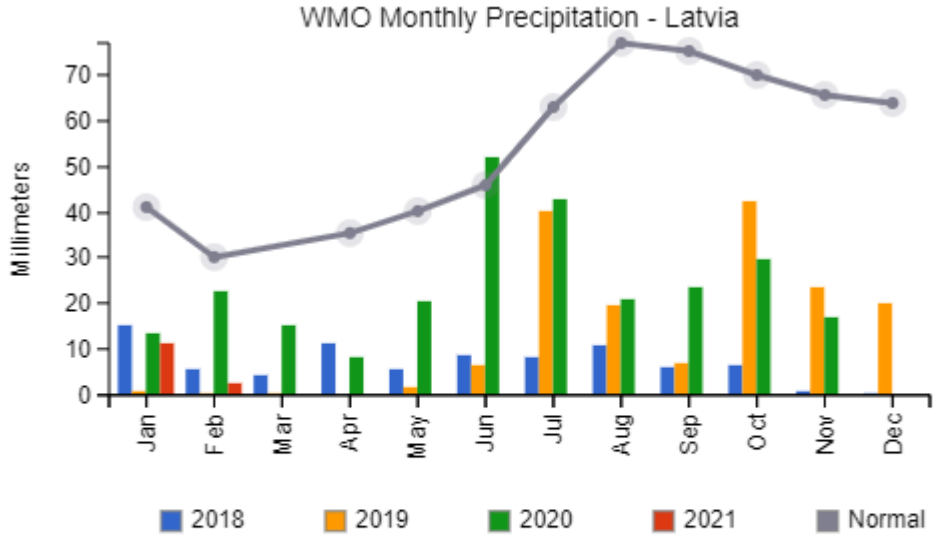

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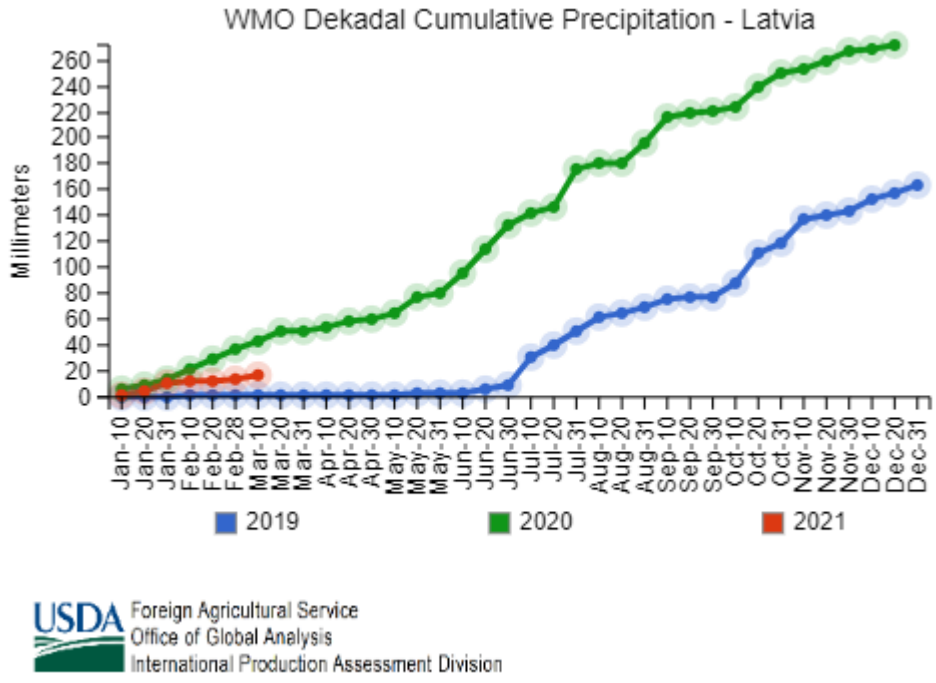
Chart 5: Latvia, WMO Cumulative Precipitation in Years 2019-21



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Attachments:

No Attachments.