

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary - Public

Date: 12/5/2017

GAIN Report Number: RO1725

Romania

Post: Bucharest

Grains and Feeds Update - Romania's Bumper Crop

Report Categories:

Grain and Feed

Approved By:

Jonn Slette

Prepared By:

Monica Dobrescu

Report Highlights:

Favorable weather, government subsidies, proper fertilizer management, and disease prevention boosted Romanian winter and summer-crop production in 2017. Post estimates a ten-percent, cumulative production increase for wheat, corn, and barley. This increase follows good yields in 2016, adding more pressure on Romania's transportation network and storage capacity. Post expects Romanian grain exports will increase.

General Information:

Wheat

Romania's wheat crop developed well, despite a slow start in the fall. Low temperatures and snow in mid-April did less damage than farmers feared. Spring rains and sun were generally good, although isolated hail and strong winds negatively affected some farmers. The July harvest started somewhat later than usual because of stormy weather and late maturity. Rainy weather during and/or just before harvest lowered quality in some areas, particularly vis-à-vis protein and test weight.

FAS Bucharest forecasts Romanian wheat production at 9.1 million metric tons (MMT) in MY 2017/18, about five percent higher over the previous year, and about sixteen percent higher than the initial estimate. Almost all regions performed well, except the southeastern areas of Romania, where farmers reported wheat yields 20-30 percent lower from last year due to the drought. Wheat exports are forecast to exceed the record level of MY 2016/17 by 4.6 percent. Competition for international market share from Ukraine and Russia remains strong, especially in North Africa (particularly Egypt).

Table 1: Romania, Wheat Production, Trade, Consumption

Romania	2014/15	2015/16	2016/17 (e)	2017/18 (f)
Marketing Year Begin	July, 2014	July, 2015	July, 2016	July, 2017
Area (000) HA	2,109	2,106	2,138	2,100
Production (000) MT	7,700	7,962	8,700	9,100
MY Imports (000) MT	896	1,094	2,350	2,060
MY Exports (000) MT	4,896	4,832	6,791	7,100
Total Consumption (000) MT	3,780	4,130	4,060	3,900

Source: National Institute of Statistics, Global Trade Atlas, FAS estimate

According to the latest trade statistics, Romanian wheat exports exceeded earlier expectations and jumped by 43 percent over last year, from 4.8 MMT to 6.8 MMT. EU Member States purchased about 15 percent of Romania's wheat shipments, while most exports were shipped outside the EU, mainly to Egypt (almost 17 percent), Vietnam, Morocco, Jordan, and Libya. Given the large stock following the 2017 harvest, Post forecasts MY 2017/18 exports to reach 7.1 MMT, a new record. Appendix 1 reflects major foreign destinations for Romanian wheat.

Corn

Farmers reported that corn growing conditions were mostly very good, particularly in terms of soil moisture and warmth. Improved inputs, including high-quality seeds, irrigation, and increasingly modern agricultural equipment are also important factors in higher corn yields. Farmers in southern Romania achieved particularly good results, while farmers in some western and southwestern, as well as in northeastern regions saw lower yields due to drought. Strong southern production will partially offset declines in drought-affected areas.

Although the corn harvest started 7-14 days earlier than average, rainfall has delayed completion of the national harvest, to date. Preliminary October 2017 data published by the Romanian Statistical Office indicate a significant yield improvement over last year. FAS Bucharest raises its total corn production

forecast from 10.5 MMT estimated in the beginning of the season to 11.9 MMT for MY 2017/18.

Table 2: Romania, Corn Production, Trade, Consumption

Romania	2014/15	2015/16	2016/17 (e)	2017/18 (f)
Marketing Year Begin	October, 2014	October, 2015	October, 2016	October, 2017
Area (000) HA	2,550	2,625	2,581	2,530
Production (000) MT	11,600	9,000	10,200	11,900
MY Imports (000) MT	1,756	485	864	565
MY Exports (000) MT	6,100	3,079	3,800	5,300
Total Consumption (000) MT	7,365	6,715	6,845	7,068

Source: National Institute of Statistics, Global Trade Atlas, FAS estimates

Corn export increased by 13 percent during the first ten months of the MY 2016/17 over the corresponding period last year. 60 percent of corn exports were bound for non-EU markets, including Vietnam (147,000 metric tons (MT), Syria (103,000 MT), Lebanon (215,000 MT), Turkey (359,000 MT), and Egypt (325,000 MT). Romania sent 40 percent of its corn to other Member States, including France (269,000 MT) and Spain (339,000 MT). Post does not expect significant changes regarding export markets in MY 2017/18.

Barley

Barley growing conditions were similar to wheat and yields were marginally higher over last year (one percent). FAS Bucharest estimates MY 2017/18 barley output at 1.75 MMT, while exports are projected to recover and reach 1.4 MMT, following a significant decline last year. MY 2016/17 barley exports fell by 43 percent, from nearly 2.0 MMT in MY 2015/16 to 1.1 million MT in MY 2016/17. Saudi Arabia accounted for the loss of market share (46 percent), followed by Jordan (62 percent), Algeria (60 percent), Libya, and Tunisia. Due to tight international competition, some Romanian farmers find barley increasingly less viable. As a result, MY 2017/18 barley area planted declined slightly (see Table 3).

Table 3: Romania, Barley Production, Trade, Consumption

Romania	2014/15	2015/16	2016/17 (e)	2017/18 (f)
Marketing Year (MY) Begin	July, 2014	July, 2015	July, 2016	July, 2017
Area (000) HA	512	470	482	460
Production (000) MT	1,800	1,750	1,817	1,750
MY Imports (000) MT	184	572	489	375
MY Exports (000) MT	1,709	1,994	1,130	1,400
Total Consumption (000) MT	375	345	856	895

Source: National Institute of Statistics, Global Trade Atlas, FAS estimates

Grain transportation

Larger stocks will exert pressure on Romania's storage and transportation infrastructure. Grain may be shipped by road, river, and rail. Agricultural barge traffic on Danube River to the Port of Constanta has increased, but overland truck transportation remains the primary means of delivering most commodities to port. The Port of Constanta is the primary port of embarkation and has flourished in recent years.

However, infrastructural bottlenecks on road, rail, and waterway persist. Romanian grain production

shows good growth potential, but transportation and infrastructure issues threaten Romanian agricultural competitiveness.

Wheat crop perspectives for MY 2018/19

Wheat acreage is not expected to change dramatically in MY 2018/19. Although farmers strive for crop rotation, they also seek to ensure profitability. Farmers which can afford to reduce wheat area tend to prefer converting acres into rapeseed, as rapeseed has good margins. Some farmers in areas not conducive to rapeseed plant winter wheat. Farmers who recently planted winter wheat report good conditions due to frequent rains and normal temperatures. Although there were reports of dry conditions early in the planting season, rainfall in mid-October improved the soil moisture levels and helped plants reach the required strength before winter.

Appendix 1: Romania's wheat exports (major destinations)

Partner Country	Unit	Quantity			% Change 2017/2016
		July 2014 – June 2015	July 2015 – June 2016	July 2016 – June 2017	
World, of which	T	4,875,842	4,719,757	6,731,550	42.62
Egypt	T	1,489,812	1,258,183	1,109,509	- 11.82
Vietnam	T	105,488	62,613	838,201	1238.70
Morocco	T	-	-	647,002	0.00
Jordan	T	654,708	771,969	627,426	- 18.72
Libya	T	247,605	258,852	324,826	25.49
United Arab Emirates	T	-	35,772	305,193	753.17
Italy	T	202,384	166,948	295,784	77.17
Turkey	T	176,918	1,737	292,922	∞
Spain	T	337,787	391,225	273,350	- 30.13
Sudan	T	195,750	157,083	266,835	69.87
Djibouti	T	181,841	198,306	223,769	12.84
Israel	T	163,027	152,387	195,212	28.10
Ethiopia	T	98,163	433,081	163,143	- 62.33
Tunisia	T	174,675	113,996	136,772	19.98
Greece	T	87,943	110,148	119,793	8.76
France	T	28,602	46,413	103,429	122.85
Netherlands	T	55,302	39,316	92,650	135.66
Korea South	T	80,533	26,250	73,251	179.05
Indonesia	T	54,497	55,000	70,655	28.46
Yemen	T	-	56,365	57,536	2.08
Japan	T	21,567	7,975	57,029	615.09
Malaysia	T	-	-	50,939	0.00

Source of Data: Global Trade Atlas

Appendix 2: Romania's corn exports (major destinations)

Partner Country	Unit	Year To Date				
		Oct 2015 - Sep 2016	Oct 2015 - Sep 2016	Oct 15 - July 16	Oct 16 - July 17	%Change
World, of which	T	6,073,392	3,079,137	2,640,077	2,994,826	13.44
Spain	T	1,047,956	587,580	566,134	339,565	-40.02
Italy	T	410,963	334,893	290,138	131,138	-54.8
Netherlands	T	784,519	307,620	279,125	99,391	-64.39
Lebanon	T	158,540	206,815	132,309	215,832	63.13
Turkey	T	652,975	202,072	202,072	359,612	77.96
Egypt	T	466,160	172,874	86,173	325,850	278.13
Iraq	T	-	154,968	154,968	53,321	-65.59
Belgium	T	129,595	132,998	132,998	120,056	-9.73
Ireland	T	131,632	99,609	75,089	156,069	107.85
Greece	T	146,266	96,381	83,068	69,104	-16.81
Portugal	T	271,668	88,503	88,503	194,167	119.39
Israel	T	191,323	80,736	80,736	17,416	-78.43
Cyprus	T	69,758	73,630	64,610	38,921	-39.76
Austria	T	15,697	65,694	59,776	13,431	-77.53
Libya	T	143,177	56,918	22,536	52,259	131.89
Germany	T	66,863	43,132	14,787	11,995	-18.88
United States	T	32,811	36,688	36,688	2,948	-91.96
United Kingdom	T	62,140	29,246	29,245	15,030	-48.61
Czech Republic	T	1,903	27,539	27,539	197	-99.28
Algeria	T	20,537	25,448	25,448	37,712	48.19

Source of Data: Global Trade Atlas