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Romania reaffirms its grains export availability

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Report Highlights:

Romanian farmers have witnessed another good crop year. Harvested crops are estimated to grow for both winter and spring crops this season. This year's low grain prices though may influence farmers' buying decisions for the next year crop, strengthening the competition among input suppliers. Exports are poised to grow in MY 2014/15 by 21 percent in case of barley and 12 percent in case of corn compared to MY 2013/14.

General Information:

Wheat

Favorable climate conditions during the spring ensured conditions for a good wheat crop development, rainfall in April and May improving soil moisture level throughout the country. As the crop advanced, the excessive and frequent rains became a negative factor, increasing the risk of disease development and forcing the farmers to apply supplementary plant treatments, with a direct implication on production costs. Rainfall continued also at harvest time, preventing farmers from harvesting in optimal conditions. In addition, the mild winter ensured favorable conditions for field rat population expansion, which damaged the wheat fields in several counties located in the southern agricultural area.

Due to the above adverse factors, wheat quality was poorer, the percentage of wheat meeting the milling parameters being lower than the previous year, although not as dramatic as farmers reported at the beginning of the harvesting campaign. In terms of productivity, wheat performed well, yields being slightly above last year's level (3.87 MT/HA compared to 3.79 MT/HA or up 2 percent).

AgBucharest estimates wheat production at 8.05 million MT in MY 2014/15, slightly higher than the previous year. The exports are forecast to remain in the area of the record level of MY 2013/14, when it reached 5 MMT. Romania is expected to remain an important player in the grains market.

Concerning the previous marketing year (MY 2013/14), the latest statistical figures indicate a higher export figure than initially estimated, 5 MMT compared to 4.8 MMT. EU member states purchased less than 15 percent of Romanian wheat. Black Sea ports give Romania a competitive advantage in terms of transportation costs enabling Romanian traders to reach destinations in Africa and Asia. The bulk of wheat was exported outside the EU, with demand dominated by Egypt purchasing (almost 40 percent of Romania's wheat exports – 1.9 MMT), followed by South Korea (12 percent – 600,000 MT), Libya (8 percent – 410,000 MT), Tunisia (5 percent – 240,000 MT). The table below provides a listing of major foreign destinations for Romanian wheat.

Table 1 – Romania's wheat exports (major destinations)

Partner Country	Unit	Quantity			% Change 2014/2013
		July 2011-June 2012	July 2012-June 2013	July 2013-June 2014	
World (total), of which:	T	2,131,163	2,750,330	5,007,281	82.06
Egypt	T	211,881	595,139	1,947,958	227.31
Korea South	T	-	-	607,910	0.00
Libya	T	7,710	217,160	409,289	88.47
Tunisia	T	-	15,976	240,244	1403.74
Syria	T	313,967	133,003	209,224	57.31
Italy	T	291,452	194,705	193,375	- 0.68
Spain	T	472,783	242,864	161,498	- 33.50
Jordan	T	100,333	221,654	140,596	- 36.57
Greece	T	103,578	102,130	110,358	8.06

Turkey	T	22,421	93,413	97,116	3.96
Congo	T	-	7,320	90,247	1132.86
Israel	T	16,034	10,456	88,115	742.71
Sri Lanka	T	-	-	88,000	0.00
Morocco	T	-	137,418	70,500	- 48.70
Lebanon	T	11,413	112,459	69,468	- 38.23
Germany	T	133,239	41,865	50,768	21.27
Vietnam	T	-	-	49,437	0.00
Philippines	T	-	-	47,662	0.00
Ethiopia	T	-	-	46,686	0.00
Bangladesh	T	-	-	43,973	0.00
Japan	T	-	-	40,851	0.00
United Kingdom	T	24,262	42,093	30,267	- 28.09
Pakistan	T	-	-	23,405	0.00
Netherlands	T	186,153	53,814	22,312	- 58.54
France	T	44,861	14,405	22,212	54.20
Nigeria	T	-	30,200	22,000	- 27.15
Cyprus	T	21,629	2,521	21,796	764.66
Portugal	T	7,342	56,528	17,641	- 68.79
Hungary	T	66,743	22,443	14,324	- 36.18
Mauritania	T	-	27,500	-	- 100.00
Congo Dem. Rep.	T	-	19,123	-	- 100.00
Iran	T	-	48,120	-	- 100.00
Iraq	T	-	99,948	-	- 100.00
Saudi Arabia	T	58,880	57,800	-	- 100.00
Senegal	T	-	21,508	-	- 100.00
South Africa	T	-	38,500	-	- 100.00
United Arab Emirates	T	-	53,307	-	- 100.00

Source of Data: Global Trade Atlas

Barley

Growing conditions were similar to the wheat crop's. Yields are marginally higher than the previous year (3.17 MT/HA compared to 3.10 MT/HA or up 2 percent), allowing stocks to rebound at the end of MY 2014/15. Barley output is estimated at 1.65 MMT, while exports are projected to continue the increasing trend set in the past years and reach 1.28 MMT in MY 2014/15.

During the MY 2013/14, barley exports reached 1.055 MMT, slightly lower than the earlier estimate. The major destinations were Saudi Arabia (751,000 MT – 71 percent of the export volume), Jordan (88,000 MT – 9 percent), Tunisia (79,000 MT – 7.5 percent), Syria (54,000 MT - 5 percent). The table below lists major barley export destinations.

Table 2 – Romania's barley exports (major destinations)

Partner Country	Unit	Quantity			% Change 2014/2013
		July 2011-June 2012	July 2012-June 2013	July 2013-June 2014	
World total, of which	T	649,254	781,668	1,055,218	35.00
Saudi Arabia	T	467,381	428,870	751,624	75.26

Jordan	T	61,133	72,500	88,334	21.84
Tunisia	T	-	22,500	79,406	252.91
Syria	T	5,670	-	54,175	0.00
Cyprus	T	34,001	6,326	30,760	386.21
Greece	T	17,256	11,748	25,691	118.69
Libya	T	-	6,750	12,400	83.70
Italy	T	34,951	2,003	7,147	256.85
Hungary	T	2,726	1,640	2,869	74.93
Egypt	T	-	4,388	-	- 100.00
Lebanon	T	-	2,050	-	- 100.00
Malta	T	2,855	4,805	-	- 100.00
Iran	T	-	208,165	-	- 100.00

Source of Data: Global Trade Atlas

Corn

As a result of expanded planting area for rapeseed and barley in the fall and lower corn prices, planted area fell slightly in the spring of 2014. Temperate climate with no episodes of very hot temperatures during the pollination time and good rainfall allowed plants to develop well. Corn harvesting has not been completed yet. The preliminary harvesting results indicate a higher average yield compared to the previous year's, 4.4 MT/HA versus 4.15 MT/HA (6 percent increase). AgBucharest raised the estimate for total production to 11 MMT for MY 2014/15, which is marginally higher compared to previous year. Animal feeding is expected to improve considering the low prices, although the current context of livestock and meat market does not favor inventory expansion, increasing pressure on stocks.

Increased corn production is the result of farmers applying better technologies and using high-quality seeds, irrigation, and modern agricultural equipment. Commercial farms are more prone to take advantage of new technologies, so these farms will witness a further growth. However, significant progress in the corn average yield at country level will be hindered as long as the non-commercial sector (backyard sector) will continue using non-certified seeds.

In terms of corn exports, trade data available for the first 10 months in the MY 2013/14 indicate a preference for EU destinations, as EU destinations account for 60 percent of all corn exports. The export structure reveals a large array of countries where Romania exports corn, with the Netherlands as the leading destination (478,000 MT), Italy (339,000 MT), Spain (240,000 MT), Portugal (126,000 MT) and Hungary (123,000 MT). Egypt (296,000 MT) and Turkey (194,000 MT) were the major destinations outside EU during October 2013-July 2014.

Under the prospects of an abundant supply in Romania and worldwide, corn prices commenced declining as of April 2014 with a minor rebound at the end of October. Farmers have been complaining about the low corn prices, as in some cases they do not cover production costs. Current low grains prices are likely to make farmers become more cautious not only concerning agricultural equipment renewal or irrigations systems upgrades, but also concerning buying decisions in terms of seeds and fertilizer volumes next year.

The low prices due to worldwide supply availability in MY 2014/15 come in the context of a steady feed demand, as the Romanian market is struggling with the effects of the trade restrictions imposed by Russian Federation on meat imports from the European Union. Although Romania was not a meat or

milk supplier on the Russian market, there is an indirect impact as a part of the stocks targeting before the Russian market are directed now to other countries, Romania included, with a harmful effect on the profitability of swine and poultry farms.

Wheat crop perspectives for MY 2015/16

Winter wheat planting process encountered some difficulties due to either substantial rainfall or drought, according to the climatic conditions in each region. Farmers in the center and eastern regions had to cope with insufficient moisture and consumed more fuel for land preparation and seeding, while farmers located in the south-west had difficulties in accessing the fields due to the excessive moisture. The wheat sowing timeframe has not ended though, and farmers may continue planting wheat through November, with a risk of not having the plants well-prepared for winter.

Port Constanta expansion

Encouraged by the constant increases in grains and oilseeds crops in the region, grain trading companies continued their investments in upgrading existing port terminals or expanding capacity. Higher crop output harvested in the neighboring countries such as Bulgaria, Hungary, and Serbia is reflected in the increasing volumes shipped on the Danube River up to Constanta Port for export. Adequate rainfall this year ensured a good Danube water flow allowing the neighboring countries to ship their grains towards Constanta Port for further export.