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Global Agricultural Information Network

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Winter crops offer another boost to spring crops

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Grain and Feed

Oilseeds and Products

Approved By:

Michael Henney

Prepared By:

Monica Dobrescu

Report Highlights:

Ministry of Agriculture initial 2012 crop report shows Romania's winter crop damage extensive for rapeseed but less so for wheat and barley. Corn and sunflower seeds planted areas are expected to expand again, as a result, and strengthen Romania's stature as a market supplier in the global corn and sunflower seeds markets.

General Information:

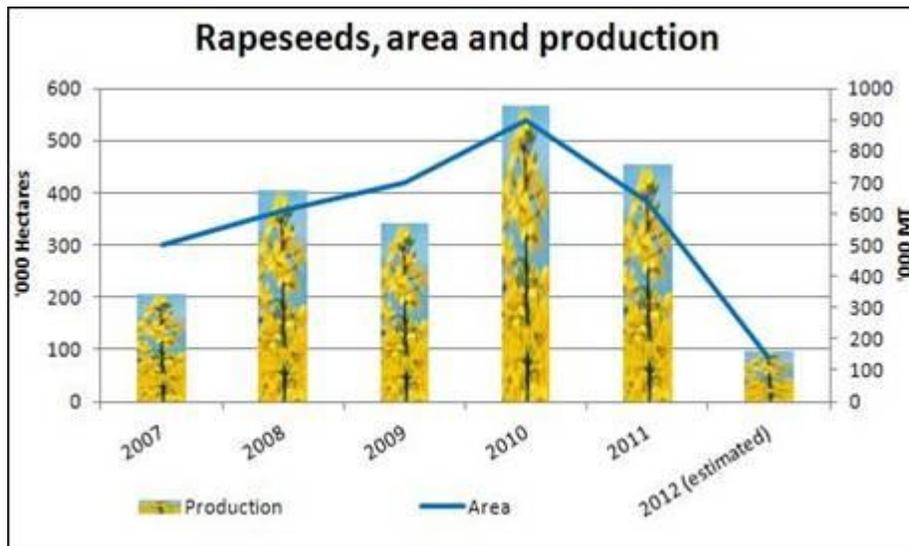
The Ministry of Agriculture recently published information about the extent of the country’s winter kill, confirming that area planted to rapeseed suffered the most damage, while areas planted to wheat and barley were less affected. As a result, areas planted to corn and sunflower seed are expected to expand, strengthening Romania’s position as a supplier player in the global corn and sunflower seed markets.

Rapeseeds

In the fall, soil dryness prevented farmers from sowing rapeseeds within the optimal planting window, which resulted in lower total area planted (360,000 HA) compared to the previous year (465,000 HA). The moisture deficit throughout the fall resulted with fields of stunted plants, more than normal, and barren fields with no plant emergence. Therefore, when winter arrived with heavy snow, strong blizzards, extremely low temperatures, plants were less developed in many regions thus more susceptible to the adverse weather.

Farmers’ assessment of their crop potential on arrival of spring after the snow melt proved less optimistic for a cultivatable crop in the affected areas.

Recently, the Ministry of Agriculture published data regarding the areas affected by Romania’s harsh winter which showed rapeseeds fields as most affected. The data shows rapeseed planted area at 85,000 HA, a decline of almost 80 percent from the fall planted estimate. Considering the current state of the crop, yields are expected to show stress and not achieve the excellent level recorded last year. The last three crops have yielded 2 MT/HA in 2011, 1.75 MT/HA in 2010, and 1.35 MT/HA in 2009, respectively. Given the considerations above, total rapeseed production is unlikely to exceed 160,000 MT in 2012, which would be the lowest level registered in the past six years (please see graph below).

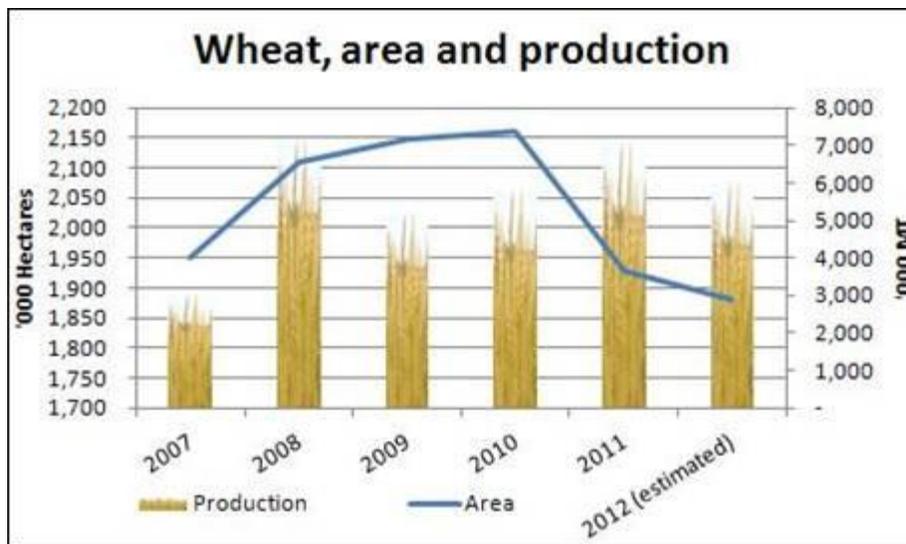


Source: National Statistics Office, Ministry of Agriculture, FAS estimates

Wheat and barley

Similar to rapeseeds the severe drought in fall 2011 prevented or delayed the wheat and barley sowing in many regions. The sowing season continued for wheat throughout November when the soil moisture improved, although farmers were aware that potential for high yields declines the further the planting takes place outside the optimal planting-window (in some areas the weather allowed farmers to plant even in the beginning of December).

A thick snow blanket in January-February offered a very good shield from frost to winter wheat and barley in most regions. Unlike rapeseeds, wheat and barley survived the winter better with less than 2 percent of wheat and less than 10 percent of barley planted area being subject to replanting. The abundant snow helped improve top soil and subsoil moisture levels across the country and partially offset the lack of precipitation the country experience in March and early April. The dry period, in conjunction with higher than normal spring temperatures, reduced surface moisture measurably. The forecast is for precipitation country-wide during the second half of April which is expected to replenish soil moisture levels and ensure good conditions for wheat and barley development. Even so, the smaller planted area and expected lower yields are projected to lead to a short harvest, with production equivalent to 85-90 percent of last year's final total output (7.1 million MT in 2011) (please see the graph below).



Source: National Statistics Office, Ministry of Agriculture, FAS estimates

Exports – on upward trend

Romania is normally a net rapeseeds exporter, but this year imports may be required in order to satisfy crushing requirements, mainly for biodiesel purpose. During the first 6 months of the current marketing year (July-December 2011), Romania exported about 600,000 MT of rapeseeds, mainly to Netherlands and Belgium, which is about 55 percent of the volume exported the previous year.

During 2010/11, Romania exported 2.15 MMT of wheat, consolidating its position as a supplier on the international wheat market. Romanian farmers' unwillingness to sell their crop despite the large wheat harvest in June last year, in conjunction with increased competition from Black Sea countries, led to lower export volume during the first half of the current Marketing Year. During the July-December 2011 period, wheat

exports reached only 1.4 million MT as compared to 2 MMT over the same timeframe the previous year. About half a million MT has been shipped to third countries, with Egypt (189,000 MT), Syria (178,000 MT), Jordan (100,000 MT) and Saudi Arabia (59,000 MT) being the primary destination markets.

Corn and sunflower seed production will likely increase as area planted should expand this spring given the available acreage due to the winter kill and less economically viable options for producers (spring rapeseed is unattractive for farmers because of its lower productivity). The 2011 corn crop harvest was rated excellent, with production at 11.6 million MT according to the latest official statistics. This large crop resulted from both expansion of planted area in spring 2011 and favorable weather conditions during the season. Romanian producers in larger numbers are finally modifying cultural practices to plant commercially procured corn certified seeds, versus saved seeds, as yield results and greater productivity become more apparent.

During first quarter 2011/12, Romania's corn exports ascended to 1.47 Million MT, an increase of 35 percent over the comparative previous year period and 135 percent as compared to two years prior. About 65 percent of Romania's corn exports reached markets located outside European Union. The primary non-EU destinations for the Romanian corn included Egypt (221,000 MT), Syria (184,000 MT), South Africa (93,000 MT), South Korea (84,000 MT), Japan (88,000 MT) as well as Taiwan, Morocco, Lebanon, Iran, Jordan, Algeria, Tunisia.

Similar to corn, the sunflower crop enjoyed very favorable growing conditions which resulted in a production harvest of 1.85 million MT, according to the statistics data. During the October –December 2011 quarter, exports of sunflower seeds climbed to 550,000 MT, 80 percent higher than the previous year. EU member states absorbed more than half of this volume, while Pakistan, Turkey, and United Arab Emirates absorbed the balance.