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Corn and Sunflower crops Affected by Persistent Drought

Report Categories:

Grain and Feed

Oilseeds and Products

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Report Highlights:

Harvesting of winter crops is underway with yields lower than expected. Wheat quality is reported as very good, with a large percentage of the amount meeting milling criteria. Abundant rainfall in May improved soil moisture levels, but a persistent drought since June is affecting spring crops, namely corn and sunflower. Yields may drop further if no significant precipitation is received in the coming weeks.

General Information:

Wheat and barley – lower amount at better quality

The long dry period in March and early April was followed by abundant rainfall in May that reduced the region's water deficit. However, the impact of the dry period remained visible in wheat height and density. The heat wave which followed in June spurred the crop maturation process, thus by mid-July about 60 percent of the wheat and barley crops had been harvested. Areas in the south-east and north-east were more affected by the variable weather patterns this year than areas in the western side of the country. Post estimates the wheat production down at 4.95 Million MT (compared to 7.2 MMT in 2011) and barley production at 0.96 MMT (compared to 1.3 MMT in 2011). Yields are expected to fall by 26 percent in case of wheat and 22 percent in case of barley.

Official information on the crops status is scarce. Following criticism received by his predecessors from various farmers' organizations, the new Minister of Agriculture has decided to refrain from releasing data or making statements regarding crop estimates before or during the crop harvest. Market reaction in the absence of official information has been mixed.

In terms of quality, the wheat crop is reportedly very good. Tensions on the global market, corroborated with the uncertainty regarding the domestic and regional wheat availability, are driving wheat prices higher. Since the beginning of the harvest campaign, prices have risen by 15 percent, reaching 210 EURO/MT for wheat (220 EURO/MT for barley) in Constanta port, which has grown further to 240-245 EURO/MT (wheat/barley, respectively). In spite of the attractive prices, farmers are reluctant to market their crop, hoping for an even higher price. Given the market attitudes of producers, less wheat volume is expected to flow into export channels.

Corn – at significant risk

As a result of poor rapeseeds performance during the winter, farmers replanted corn and sunflower seeds in the spring. Corn acreage expanded from 2.55 million HA in 2011 to an estimated 2.75 Million HA. Although planted with a little delay, corn development has been good with May very rich in precipitations throughout the country. However, June dryness corroborated with very high temperatures for long periods of time, have stressed plants noticeably. These dry periods coincided with the critical corn pollination period increasing the risk for poor kernel development of plants. In mid-July some rain occurred, but in isolated areas, with limited volume. Some farmers have noted that if significant rain fall does not occur by the latter half of July, the corn crop might lose up to 50 percent of yield in many areas of the country. Post estimates the current crop production down at 8.8 million MT, compared to 10.5 million MT in 2011. This is equivalent to a drop of over 22 percent in yields, 3.2 MT/HA compared to 4.1 MT/HA a year earlier.

Farmers note the magnitude of the drought in various parts of the country and seek government assistance with tools to address the situation, mainly support for a functioning national irrigation system and relief against high

energy costs. As a result, the new Agricultural Minister recently signed an Order which allows farmers to purchase energy for irrigation purpose at a price 20 percent lower than the regular level. Farmers acknowledge that this may help in the future, but is late for the current season. Before 1990, about 3 million HA were set up for surface irrigation under the national irrigation scheme. Currently about one million HA remain suitably developed to be irrigated. However, only a quarter of this area (250,000 HA) opened water contracts with the state but less than 150,000 HA are actually irrigated in 2012. The high energy cost is among the factors which influence farmers' decision to irrigate.

Oilseeds – sunflower follows rapeseeds' downward pattern

Unsatisfactory rapeseeds development resulting from dry conditions in the fall and harsh winter led farmers to replant in many regions. Consequently, the rapeseed acreage plunged from 360,000 HA planted in the fall to 85,000 HA by the spring. Yields vary from one area to another, but on average they are expected to be well below (estimated 30 percent) the excellent yields recorded in 2011. Post estimates the current crop production down to 140,000 MT. Taking into account crushing demand for biodiesel purpose, the domestic market may prove more attractive than export markets. Crushing requirements are expected to be partially covered through imports, mainly from Bulgaria.

The second crop choice on replanted former rapeseed acreage is sunflower seed. Total sunflower seed acreage is estimated to have expanded by 12 percent this spring, exceeding 1.1 million HA. However the additional acreage is unlikely to be translated into much additional output, as the adverse weather conditions in June into July will play a significant role on final yields. The average yield is expected to drop to 1.5 MT/HA compared to 1.8 MT/HA last year. Similar to corn, if no precipitation is received soon, the crop situation will decline further.