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## Serbia

### Grain and Feed Annual

#### Annual Report on Wheat, Corn and Barley for Serbia

**Approved By:**

James Dever

**Prepared By:**

Tatjana Maslac

**Report Highlights:**

MY 2012/13 wheat area is estimated at 480,000 hectares (HA), some 2.6 percent lower than last year.

Wheat production is forecast at 1.9 million metric tons (MT), assuming normal weather. MY 2012/13 corn planting intentions are forecast at 1.3 million HA, slightly higher than the previous year. Corn production is projected at 7 million MT. From October 2011 to March 2012, Serbia exported over 1 million MT of corn, less than expected due to transportation problems caused by extremely low temperatures during the winter. Sources estimate MY 2011/12 Serbian corn exports could reach 1.7 million MT.

### **Executive Summary:**

Total planted area during the fall and spring for all crops in Serbia is estimated at about 3.5 million HA, similar to the previous year. With 480,000 HA planted, the MY 2012/13 wheat crop is reported to be 2.6 percent lower than last year. For the past ten years, total wheat planted area decreased about 15 percent, since farmers switched from wheat to other more profitable crops such as corn, soya beans, sugar beet, and sunflower.

MY 2012/13 wheat production is projected at 1.9 MMT, slightly below the previous year. MY 2011/12 Serbian wheat exports are projected at 320,000 MT, valued €60 million (US\$82 million). Serbia exports wheat mostly to neighboring countries, Bosnia and Herzegovina, Montenegro, Albania, and Macedonia.

The MY 2011/12 wheat season was excellent with a production of 2MMT of wheat and an average yield of 4.1 MT/HA. Good weather conditions resulted not just in excellent yields, but also in very good baking quality of wheat flour. Wheat prices in Serbia were steady from harvest in July to December 2011, around 17 dinars/kg (US\$213/MT). Since the end of December price of wheat started to increase, reaching the highest level of 23 dinars/kg (US\$288/MT) in March 2012. Wheat prices increased for 35 percent in three months as the result of limited wheat supply and problems in transportation at the local market.

The MY 2010/11 corn harvested area was reported to be 1.26 million HA and total corn production was estimated at 6.3 MMT. Summer drought reduced corn production in Serbia by about 15 percent below the previously estimated. MY 2011/12 corn yields averaged about 5 MT/HA. The fall 2011 corn harvest started earlier, due to record high summer temperatures that caused the corn to mature earlier than usual. Total MY 2010/11 Serbian corn exports were 2 million MT, valued at €360 million (US\$422 million). For the first six months of MY 2011/12 (October 2011-March 2012), Serbia exported 1.1 million MT of corn. This is less than expected due to transportation problems on the Danube, which were caused by extremely low temperatures during the winter.

Sources estimate that Serbia's MY 2011/12 corn exports will reach 1.7 million MT. For MY 2012/13, corn planting is projected at 1.3 million HA, with total corn production forecast at 7 MMT, which equates to an average yield of 5.4 MT/HA. Corn prices for the first six months of MY 2011/12 increased from 16 din/kg (US\$200/MT) in October 2011, to 19.5 din/kg (US\$244/MT) in March 2012, because of increased export demand combined with transportation problems.

In MY 2011/12 barley was planted on 85,000 HA, of which 60,000 HA was winter barley and 25,000 HA was spring barley. Total MY 2011/12 barley crop was of good quality, with production estimated at 306,000 MT, which equates to an average yield 3.6 MT/HA.

MY 2012/13 barley area is projected to be 85,000 HA, of which 50,000 HA is winter barley, and additional 35,000 HA is spring barley. Production is forecast at 300,000 MT, assuming an average yield of 3.5 MT/HA. The price of barley in March 2012 was 22 din/kg (US\$275/MT).

Sources estimate about 1 million hectares were seeded in the fall for MY 2012/13 crops year, of which

about 50 percent was wheat. Rye, oats, and barley were planted on about 150,000 HA, industrial plants on 70,000 HA, and fodder and vegetables on 200,000 HA each. Some other small crops accounted for the remaining 80,000 HA.

**Table 1: Estimates of the spring sowing area in 2011 and expectations for spring 2012**

Crop	Sowing areas in HA	
	2011	2012 projected
Small grains	160,000	160,000
Corn	1,260,000	1,300,000
Sugar beet	56,000	60,000
Sunflower	175,000	175,000
Soya	165,000	165,000
Tobacco	6,000	6,500
Vegetables	300,000	290,000
Forage crop	360,000	360,000
Other crops	60,000	60,000
<b>Total:</b>	<b>2,542,000</b>	<b>2,576,500</b>

Source: Serbian Ministry of Agriculture

### **Commodities:**

Wheat

### **Production:**

With 480,000 HA planted, the MY 2012/13 wheat crop is reported to be 2.6 percent lower than last year. Wheat planted area decreased by about 15 percent over the past ten years, since farmers are turning to other more profitable crops such as corn, soybeans, sunflower, and sugar beet. Of this total wheat area, about 250,000 HA were planted in Vojvodina region and 230,000 HA in Central Serbia region. Planting of the new wheat crop has been delayed by high temperatures and extremely dry land last fall. Wheat planting was hampered by extremely dry soil, difficulties in adequate preparation of soil, and insufficient application of mineral fertilizers. Optimal time for seeding the wheat crop in Serbia is between the first week of October and the first week of November, but very often wheat is planted even until beginning of December.

Warm weather and dry conditions of soil during the fall and lack of precipitation in the spring may have some impact on average wheat yields for MY 2012/13. Weather conditions, however, were good for wheat development during most of the winter; even with record low temperatures that were going below - 15 C, but with significant snow cover, most of the wheat crop was well protected during the winter months. Planting of spring wheat in Serbia is almost nonexistent.

Sources forecast total MY 2012/13 wheat production could be around 1.9 million MT, about 100,000 MT or 5 percent lower than the previous year. This quantity of wheat will be enough for domestic consumption of 1.4 million, 240,000 MT of wheat for stocks and about 300,000 MT will be available for exports. The average yield for MY 2012/13 wheat crop is projected to be 4 MT/HA. However, actual yield and total production estimates will eventually depend on growing weather conditions in the coming months.

**Table 2. Wheat area and production, Serbia 2007-2012**

Wheat	2007	2008	2009	2010	2011	2012
Area (HA)	619,000	488,000	570,000	488,000	490,000	480,000
Production (MT)	2,170,000	2,119,000	2,130,000	1,650,000	2,000,000	1,900,000

Serbia's annual consumption of wheat seed is 80,000 MT that include several domestic producers and some imported seeds. This year, seed companies in Serbia are offering more than 60 varieties of wheat planting seeds. The majority of the market (about 70 percent) is controlled by the local seed-producing institute. About 50 percent of wheat seeds are certified, while other half of the wheat seeds are from the previous crops, used by small Serbian farmers with limited financial resources who cannot afford to buy certified seeds. The price of seed wheat in Serbia in fall 2011 was between 28 din/kg (US\$350/MT) and 38 din/kg (US\$475/MT). In September 2011, before the wheat planting season, Serbian Commodity Reserves offered to registered farmers, 1,000 MT of certified wheat seed from their stocks. Payment for wheat seeds was in kind and the price ratio between mercantile wheat to seed wheat is 1:1.6.

Serbian farmers use less than half the amount of chemical fertilizers that farmers in developed countries use, due mostly to the lack of finance. As result to the limited use of mineral fertilizers and certified planted seeds, crop yields in Serbia are much lower than in most EU countries. Mineral fertilizers are about 20 percent more expensive in MY 2012/13 planting season than in MY 2011/12. Almost half of 800,000 MT fertilizers used in Serbia annually is imported from Russia, Croatia, Romania, Ukraine, and Hungary.

**Table 3: Prices of fertilizers and diesel (in din and US\$)**

Commodity	March -11		March -12	
	Din/MT	US\$/MT	Din/MT	US\$/MT
Fertilizer	35,000	438	40,000	500
Urea	36,000	450	44,000	550
Diesel	113 din/lit	1.41 US\$/lit	140 din/lit	1.75 US\$/lit

Source: Novi Sad Commodity Exchange

### **Consumption:**

Total domestic consumption in Serbia is estimated between 1.4 and 1.5 million MT annually. Wheat for human consumption is estimated at 1.2-1.3 million MT annually and per capita consumption is estimated at 180 kg, which is significantly higher than consumption levels in most European countries.

Now, there are about 340 wheat silos (of various sizes) in Serbia owned by milling companies, grain traders, and farmer's cooperatives. The total capacity of these silos is estimated at 3.8 million MT. Wheat milling capacity is estimated at about 2.5 million MT, but only 60 percent of this capacity is currently utilized. There are 120 industrial bread production facilities in addition to a large number of

registered bakeries (1,700) with annual capacity of about 1.5 million tons. There are six large companies involved in past production and over 600 small private pasta producers in Serbia. Feed consumption, mostly for cattle, varies between 150-200,000 MT, depending on the quality of the crop in a given year. Last time when wheat was used mainly for feed consumption was in MY 2009/10, since the wheat quality of that year was very low, and most of the wheat exports were for cattle feed.

### Quality of wheat:

The overall quality (90 percent) of the MY 2011/12 wheat crop was reported to be good. According to Serbian regulations, wheat was classified into 1<sup>st</sup> and 2<sup>nd</sup> quality class.

**Table 4: MY11/12 Wheat Quality Parameters**

Parameter	Average values of Serbian MY11/12 wheat crop
Hectoliter Weight	80 kg/hl
Moisture	14%
Proteins	12%
Foreign Materials	2%
Hagberg Falling Number	235
Alveogram W	175
Wet Gluten Content	25%

### Trade:

Due to the low wheat production in MY 2010/11 and low ending stocks, in March 2011, the Government of Serbia, decided to ban all wheat exports from Serbia for three months (until the new wheat harvest) in order to help to stabilize the market and keep bread prices from rising. In March 2011, Serbian Government also imposed a quota for export of flour of 11,000 MT monthly. Serbian wheat exports in MY 2011/12 is estimated to reach 320,000 MT, valued €60 million (US\$82 million).

After the wheat harvest in July 2011, Serbian farmers and traders retained about 300,000 MT of MY 2010/11 wheat in stocks. The new wheat production in MY 2011/12 was high (2 million MT) and of excellent quality. All this slowed trading with wheat after the harvest and prices started to decline. In August 2011, in order to support wheat trade and to push market price up for the new wheat crop, the Serbian Government decided to purchase 100,000 MT of wheat crop MY 2011/12 for the State Commodity Reserves. Wheat was purchased through Novi Sad Commodity Exchange at price of 20 dinars/kg (US\$250/MT).

Besides purchasing 100,000 MT of the MY 2011/12 wheat crop, the Serbian Commodity Reserves also exchanged commercial wheat for wheat seeds and fertilizers during the fall planting season. Also after the harvest of the MY 2011/12 wheat crop, a number of milling companies returned some quantities of wheat from the new crop that they borrowed before the start of the new wheat harvest from the State Commodity reserves. Because of all these actions by the Serbian Government, the State Commodity Reserves is currently the largest owner and trader of the wheat stocks in the country. It is estimated that State Commodity Reserves owns about 300,000 MT of the MY 2011/12 wheat crop, equal to about the annual wheat export quantity of Serbia. This makes the State Commodity Reserves the main player on the domestic wheat market until the new wheat harvest.

Extremely low temperatures this winter and deep snow cover stopped truck transportation and reduced the domestic supply of wheat drastically, which pushed prices upwards. Serbian wheat remains the most expensive wheat in the region. Wheat at Budapest Commodity Exchange in March was 20 din/kg (US\$250/MT), while price of Serbian wheat in March 2012 at Novi Sad Commodity Exchange was 23 dinars/kg (US\$288/MT). According to the Grain Fund of Serbia, from July 2011 to March 2012, Serbia exported 240,000 MT of the new wheat crop and some 100,000 MT of flour. Serbia mainly exports wheat to Bosnia and Herzegovina, Macedonia, Albania, and Montenegro. Serbia's MY 2011/12 wheat exports are estimated at 320,000 MT of wheat and 140,000 MT of flour. Most of Serbia's wheat trade consists of small lots transported by truck, and only rarely by river barges and vessels.

**Table 5: Wheat exports in MY11/12**

<b>Month</b>	<b>Wheat MY11/12 in MT</b>	<b>Flour MY11/12 in MT</b>
July	48,440	11,338
August	84,922	12,024
September	40,114	11,432
October	30,937	14,104
November	15,541	13,182
December	23,518	16,202
January	6,302	8,974
February	6,788	9,343
March	6,619	11,392
<b>TOTAL:</b>	<b>246,930</b>	<b>105,503</b>

High prices for wheat and small supply resulted in lower wheat exports. The price of wheat in March 2012 reached a record 23 din/kg (US\$288/MT). In order to improve the wheat trade and to reduce market prices to be more competitive in the world market, in February 2012, the Serbian Government adopted "Decree on State Intervention on the Wheat Market," and released 50,000 MT of MY 2011/12 wheat from the State Commodity Reserves. Wheat was offered for 20 dinars/kg (\$250/MT), through Novi Sad Commodity Exchange. Minimum lots of wheat offered were 20 MT and maximum lots were 300 MT. Condition imposed on milling companies was that they are not allowed to sell wheat flour from this wheat for price higher than 27 din/kg (US\$338/MT) plus taxes. This action by the State did not produce significant results and the wheat price remained almost the same.

Serbia is self sufficient in production and consumption of wheat. Area planted to wheat will definitely be reduced in the future due to competition from other more profitable crops such as corn, sunflower, sugar beet, and soybeans. Observers speculate Serbia may soon experience a year similar to MY 2003/04 (a drought year) when Serbia imported 127,000 MT of wheat, of which 67,000 MT SRW was from the U.S.

**Table 6: Customs tariffs of grains in Serbia for 2012**

<b>Product</b>	<b>Custom tax for other countries (including U.S.)</b>	<b>Custom tax for EU countries</b>
Wheat	30%	23%
Flour	30%	23%

Corn	30%	24%
Barley	20%	8%

**Stocks:**

It is estimated that currently Serbia has a total 510,000 MT of MY 2011/12 wheat in stocks. Domestic consumption until the new wheat harvest is estimated at 280,000 MT, thus the ending stocks of MY 2011/12 wheat at the end of June 2012 are estimated at 230,000 MT. It is estimated that State Commodity Reserves is currently the largest owner of wheat stocks in Serbia with some 300,000 MT of the MY 2011/12 wheat crop. This quantity represents about three month's wheat consumption requirements in Serbia. According to the Serbian wheat experts due to high ending stocks from MY 2011/12 and very limited exports as result to high domestic prices, Serbia will have enough wheat for domestic needs and some quantities for exports.

Small wheat producers usually sell their crop to traders and milling companies' immediately after the harvest. The milling companies take advantage of their large storage capacities to negotiate better prices with farmers. However, for the past couple of years, the government has started to intervene by providing storage subsidies in order to support smaller farmers to store their wheat and then to sell it later when wheat prices are more advantageous.

**Policy:**

The total CY 2012 agriculture budget is 22 billion dinars (US\$275 million), 20 percent higher than in CY 2011. Even with this increase, Serbian agriculture receives only 3 percent of the total Serbian budget and it remains one of the lowest in the region. The Ministry of Agriculture will continue to set aside about 85 percent of the total agriculture budget or of 18.5 billion dinars (US\$231 million) for subsidies.

In March 2012, the Serbian Government adopted the new system of crop production subsidies for CY 2012. Payment of production subsidies will be per delivered kilogram of agriculture goods instead of the payment per hectare, as has been the case for the past four years. Only registered farmers will be able to receive these funds. Payment of subsidies will not be made directly to the farmers (as it was in the past), but through legal entities or entrepreneurs that are engaged in the production, purchase, processing, and warehousing of subsidized crops. These entities must submit requests for payment by January 2013 to the Ministry of Agriculture. The Ministry expects that at least 200,000 registered Serbian farmers to use the new production subsidies. Subsidies are set at 3 dinars/kg (US\$37.5/MT) for soybean, sunflower, and rapeseeds, and 0.5 dinars/kg (US\$6.25/MT) for sugar beet. Subsidies will be 1 dinar/kg (US\$12.5/MT) for grains (including wheat, corn, barley, rye, oats, triticale, and buckwheat), 0.6 dinar/kg (US\$7.5) for potatoes, and 20 dinars/kg (US\$250/MT) for tobacco. The government also adopted a decree on premiums for fodder crops for registered farmers. The per kilogram premium will be dinars/kg 0.2 (US\$2.5/MT) for corn silage and sorghum, 0.5 dinars/kg (US\$6.25/MT) for alfalfa, clover and sugar beet, and RSD 0.7 dinars/kg (US\$8.75/MT) for field pea and vetch.

For the past four years, the Serbian government paid farmers a planting subsidy of 14,000 dinars/HA (US\$175/HA) not limited by the type of crops planted. The maximum area that could receive the subsidy was 100 Ha. During the past four years, only 75,000 farmers or 10 percent of the total number of farmers in Serbia received government support because of the condition that only registered farmers who are regularly paying the pension and health fund to the state can receive subsidies.

In January 2012, the Serbian Government adopted Decree on “Natural exchange of mercantile wheat and corn for mineral fertilizers.” Total quantity of mineral fertilizers offered is 11,190 MT and only registered farmers were able to use possibility to exchange their crop for fertilizers. Serbian Commodity Reserves offered from their stocks to registered farmers mineral fertilizers for the price ratio between fertilizers and mercantile wheat of MY 2011/12 1:1.4, the price ratio between fertilizers and mercantile wheat of MY 2012/13 1:1.5, and the price ratio between fertilizers and mercantile corn of MY 2011/12 1:1.6.

In March 2012, Ministry of Agriculture signed a contract with 10 commercial banks to subsidize the interest rates for three years commercial loans to agriculture producers. From the budget, Serbian Government will set aside 400 million dinars (US\$5 million) for subsidizing interest rates of 6 percent. Loans given are from 5 million dinars (US\$62,500) to maximum 50 million dinars (US\$625,000). The goal of these loans is to help farmers during the planting season, to finance purchases of necessary agriculture inputs.

Additional measure applied by the Serbian Government in order to support farmers in spring planting was subsidizing price of diesel fuel. As of March 2012, Ministry of Agriculture provided 4.8 billion dinars (US\$60 million) for subsidized diesel fuel for MY 2012/13, with 60 dinars/lit (US\$75/MT) or about half of the current market price of diesel fuel. With the amount set from the agriculture budget Ministry of Agriculture is planning to provide 80,000 MT of diesel fuel that is subsidized since May 15, 2012.

**Marketing:**

Wheat prices were steady from harvest in July to December 2011, around 17 dinars/kg (US\$213/MT).

Since the end of December price of wheat started to increase, reaching the highest level of 23 dinars/kg (US\$288/MT) in March 2012. Wheat prices increased for 35 percent in three months as the result of limited wheat supply and problems in transportation at the local market.

As of end of April new wheat crop usually begins to be offered so-called “on green” (on the field) by wheat farmers. The price of this “on green” wheat is much lower than a regular market price and this wheat is sold probably by farmers that have no other option to get money for the new planting season for corn and other spring crops. Until the new harvest, the price of the MY 2011/12 wheat crop will be influenced significantly by State Commodity Reserves as owners of the largest part of wheat currently in Serbia and on the condition of the new wheat crop.

The price of a loaf of bread made of the flour type 500 is limited by the state to 44 dinars/loaf (US\$0.55) of 600 grams. In order to control bread prices, the Serbian Government adopted a “Decree on limiting price of bread made of flour type 500” in March 2011. This Decree was extended in October 2011 for another six months.

**Production, Supply and Demand Data Statistics:**

Wheat Serbia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jul 2010		Market Year Begin: May 2011		Market Year Begin: Jul 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Area Harvested</b>	488	488	493	493		480



<b>Beginning Stocks</b>	718	718	322	303		233
<b>Production</b>	1,650	1,650	2,093	2,000		1,900
<b>MY Imports</b>	7	15	10	10		20
<b>TY Imports</b>	7	15	10	10		20
<b>TY Imp. from U.S.</b>	0	0	0	0		0
<b>Total Supply</b>	2,375	2,383	2,425	2,313		2,153
<b>MY Exports</b>	553	530	500	320		300
<b>TY Exports</b>	553	530	500	320		300
<b>Feed and Residual</b>	100	150	200	260		200
<b>FSI Consumption</b>	1,400	1,400	1,450	1,500		1,400
<b>Total Consumption</b>	1,500	1,550	1,650	1,760		1,600
<b>Ending Stocks</b>	322	303	275	233		253
<b>Total Distribution</b>	2,375	2,383	2,425	2,313		2,153
1000 HA, 1000 MT, MT/HA						

### Commodities:

Corn

### Production:

MY 2011/12 harvested corn area was reported to be 1.26 million HA and total corn production was estimated at 6.3 million MT. Summer drought reduced corn production in Serbia by about 15 percent lower than previously estimated. MY 2011/12 corn yields averaged about 5 MT/HA. The fall 2011 corn harvest started earlier due to record high temperatures during last summer that resulted in corn maturing earlier than usual. Due to unusual high temperatures during the harvest in September and October, some farmers left their corn crop in the fields longer in order to lower moisture content and thus reduce drying costs.

Corn accounts for about 37 percent of total planted area of field crops in Serbia. This year corn planting in Serbia is expected to start mid of April and will last until mid of May. Corn farmers have been advised to plant seeds much deeper in the soil to adjust for the soil moisture and anticipated hot weather during the growing season. It is predicted that MY 2012/13 corn area for will be about 50,000 HA more than in previous year, due to the fact that many farmers are switching from wheat to corn production. It

is estimated that corn will be planted this year on 1.3 million HA and that total production can reach 7 million MT, assuming an average yield of 5.4 MT per hectare.

Corn is the one major crop in Serbia that producers can easily store on their farms. Farmers harvest the crop in October and November and it can either be stored on farms to dry naturally or taken to drying facilities. When farmers select to store their grain on farm, they usually sell their crop during what is called “second harvest” in March before the start of the new planting season. The naturally dried corn normally has moisture contents between 14 and 17 percent and is usually offered to the market in small lots.

Serbia’s requirement of commercially certified seed corn is estimated between 24,000 and 26,000 MT annually, depending on seed varieties and the area planted. There are two major players in the corn seed production business in Serbia: Institute for Field and Vegetable Crops of Novi Sad (NS Hybrids) and the Maize research Institute of Zemun Polje (ZP Hybrids). They are both semi-state owned institutes currently control 35 and 32 percent, respectively, of the corn seed market in Serbia. Other part of the seed corn market is shared mostly between foreign companies present in Serbia such as Pioneer Hi-Bred, KWS, Lomagrain, Syngenta, and Monsanto.

**Consumption:**

Total domestic corn consumption for the last five years varied between 4.6 and 5.4 million MT annually. MY 2011/12 consumption requirement is estimated at about 4.8 million MT, while human consumption and corn seed is estimated at about 400,000 MT annually. Most of the total corn production will be used for animal feed, while rest will be used for human consumption and increased starch production in Serbia. Corn consumption for feed also has declined due to decreased livestock numbers.

Currently in Serbia there is one bio-ethanol plant built in 2007, in the city of Sid with capacity of 100,000 MT per year. Factory is able to produce biodiesel of the standard EU quality EN 14214. Due to the lack of government regulation on bio-ethanol production this factory is still not producing bio-ethanol but is working as crushing capacity for sunflower and soya.

In 2011, the largest agribusiness company in Serbia started to reconstruct a sugar factory in the city of Zrenjanin, with the intention to invest €50 million to start production of liquid sugars and starch for export. It is expected that the rebuilding and reconstruction of the factory will be completed by the October 2012, and this new facility will fulfill European standards. Once the starch and bio-ethanol production start in Serbia, domestic corn consumption will drastically increase and there will be less corn for export.

**Trade:**

Serbia is a net corn exporter. In MY 2010/11, Serbia exported 2 MMT of corn and was one of the largest corn exporters in Europe. Serbia typically produces more corn than it consumes, exporting to neighboring and Mediterranean countries. It often finds itself competing with regional corn producers from Russia, Ukraine, Romania, and Hungary. In CY 2011, Serbia exported 2 MMT of corn valued €360 million (US\$422 million), making corn the leading Serbian agriculture export commodity.

For the first six months of MY 2011/12 (October 2011-March 2012), Serbia exported 1.1 million MT of corn. This is less than expected due to transportation problems on the Danube caused by extreme low temperatures during the winter. It is estimated that Serbian corn exports in MY 2011/12 will reach 1.7 million MT. Most of the corn that is exported is naturally dried with 14 percent moisture. Most of the exports that are going to Montenegro, Croatia, Bosnia and Herzegovina, and Albania usually go by

trucks, while exports for Cyprus, Italy, Spain, and Portugal is going through Danube river to Port Constanza to the Black Sea.

Since August 2011, due to historically low water levels of the Danube River, river transport in Serbia was completely blocked by end of December. Again in February 2012, the Danube was frozen and blocked for transport. Serbian exports of corn suffered heavy losses since Serbian traders were not able to deliver corn to buyers who then turned to other suppliers. Most of Serbia's grain exports are transported through the Danube to the Black Sea. After unblocking the Danube, corn exports re-started, reaching over 300,000 MT in March 2012.

**Table 7: Corn exports in first half of MY11/12**

<b>Month</b>	<b>MY11/12 in MT</b>
October	153,933
November	174,961
December	176,290
January	220,376
February	65,487
March	311,601
<b>TOTAL:</b>	<b>1,102,648</b>

Source: Serbian Grain Fund

**Stocks:**

According to the Serbian Ministry of Agriculture, the amount of corn stocks available in Serbia as of mid April 2012 is estimated at 1.4 million MT. The ending stocks of corn MY 2011/12 is estimated at around 800,000 MT. Most of the stocks are in the farmers' hands and kept in open-air storage facilities to be naturally dried. These stocks are normally offered for sale in local market starting in March in order to collect money for the new planting season.

**Policy:**

On November 17, 2011, the Serbian Commodity Reserves announced that it would buy up to 50,000 MT of MY 2011/12 corn at the price of 18 dinars/kg (\$225/MT). The government decided to purchase this amount of corn in order to increase state corn reserves and to support corn farmers. Corn was bought from registered farms and agricultural cooperatives. The minimum amount bought from a registered family farm was 10 MT, and the maximum 100 MT, while the maximum amount of 150 tons was bought from agricultural cooperatives.

In order to help cattle feed producers, the Serbian state offered to the local market some 50,000 MT of MY 2011/12 corn from the State Commodity Reserves in March 2012. Corn was offered for price of 18 din/kg (US\$225) through Novi Sad Commodity Exchange. Since the market price of corn was similar to the price of corn offered by state, this quantity of corn remained unsold as of mid-April.

The Serbian government will continue to support corn production through crop production subsidize paid per kilo, subsidizing interest rates for loans through commercial banks, provide subsidized diesel fuel and fertilizers. See the wheat policy section for more details.

**Marketing:**

The price of corn in end of July 2011 hit a record high of 24 dinars/kg (\$300/MT), but since then the price has started to decline reaching the lowest level in November 2011. This is the result of blocked corn export for about two months and the new corn crop arrived at the same time, leading to large exportable supplies and weak prices.

Corn prices for the first six months of MY 2011/12 increased from 16 din/kg (US\$200/MT) in October 2011, to 19.5 din/kg (US\$244/MT) in March 2012, because of increased demand for corn exports and problems in transportation.

**Production, Supply and Demand Data Statistics:**

Corn Serbia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Area Harvested</b>	1,230	1,230	1,260	1,260		1,300
<b>Beginning Stocks</b>	1,023	1,023	1,019	1,026		828
<b>Production</b>	6,800	6,800	6,267	6,300		7,000
<b>MY Imports</b>	0	3	0	2		2
<b>TY Imports</b>	0	3	0	2		2
<b>TY Imp. from U.S.</b>	0	0	0	0		0
<b>Total Supply</b>	7,823	7,826	7,286	7,328		7,830
<b>MY Exports</b>	2,004	2,000	1,600	1,700		1,800
<b>TY Exports</b>	2,004	2,000	1,600	1,700		1,800
<b>Feed and Residual</b>	4,400	4,400	4,400	4,400		4,500
<b>FSI Consumption</b>	400	400	400	400		450
<b>Total Consumption</b>	4,800	4,800	4,800	4,800		4,950
<b>Ending Stocks</b>	1,019	1,026	886	828		1,080
<b>Total Distribution</b>	7,823	7,826	7,286	7,328		7,830
1000 HA, 1000 MT, MT/HA						

**Commodities:**

Barley

**Production:**

Barley is a secondary grain crop in Serbia. Barley area has been steadily declining since 2002 and ranged between 80,000 and 130,000 HA in the last eight years. Total production varied 250,000 to 450,000 MT annually.

In MY 2011/12, barley was planted on 85,000 HA, of which 60,000 HA was winter barley, and 25,000 HA was spring barley. MY 2011/12 barley production totaled 306,000 MT and with average yield of 3.6 MT/HA. In MY 2012/13, barley area is projected to be the same about 85,000 HA, of which 50,000 HA will be winter barley and additional 35,000 HA of spring barley. It is projected that average yield would be 3.5 MT/HA and that total barley production could reach almost 300,000 MT.

**Table 8: Area planted to barley from MY05/06 to MY12/13**

Year	Barley		
	Harvested area HA	Yields	
		Total MT	Per HA/MT
2005/06	104,917	310,850	2.96
2006/07	93,520	275,640	2.95
2007/08	93,844	258,998	2.76
2008/09	92,417	344,141	3.72
2009/10	95,377	302,527	3.17
2010/11	84,166	244,268	2.90
2011/12	85,000	306,000	3.60
2012/13	85,000	297,500	3.50

Source: Serbian Official Statistics

**Consumption:**

Total barley consumption in Serbia for the past five years ranged between 350-400,000 MT, of which around half is for animal feed and half for the brewery industry. Consumption of brewery barley has been increasing due to increased demand from newly operational breweries following successful privatization efforts of old Serbian breweries. Local breweries have been sold to several well-known Belgian, Canadian, German, Austrian, and Turkish companies. Barley used for breweries is now planted on almost 40 percent of total area in Serbia and is continuing to expand every year. Barley for feed currently accounts for 60 percent of total barley produced in Serbia and is declining due to its low profitability.

**Trade:**

Barley is not significant commodity in Serbia's overall grain trade. With the privatization of Serbian breweries that started in 2003, imports of brewery barley have been steadily rising. In CY 2011, imports of brewery barley were estimated at 20,000 MT worth over US\$5 million, much higher than in previous years (higher quality barley for brewery industry was imported). Most of the imports came from Hungary, Romania, Russia, and Bulgaria. Total Serbian seed barley exports in CY 2011 were estimated at 8,000 MT and sold to EU, Bosnia, Montenegro, and Ukraine.

**Stocks:**

Barley beginning stocks in MY 2012/13 are estimated at 7,000 MT.

**Policy:**

The Serbian government will continue to support barley production through crop production subsidize paid per kilo, subsidizing interest rates for loans through commercial banks, subsidized diesel fuel, and fertilizers. See the wheat policy section for more details.

**Marketing:**

The price of barley is usually following the price of wheat. The current market price of barley is 22 din/kg (US\$275/MT).

**Production, Supply and Demand Data Statistics:**

Barley Serbia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		Market Year Begin: Jul 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	93	84	95	85		85
Beginning Stocks	24	24	30	9		7
Production	325	244	325	306		300
MY Imports	17	10	20	20		25
TY Imports	21	10	20	20		25
TY Imp. from U.S.	0	0	0	0		0
Total Supply	366	278	375	335		332
MY Exports	11	9	5	8		10
TY Exports	9	9	5	8		10
Feed and Residual	200	160	220	200		180
FSI Consumption	125	100	125	120		132
Total Consumption	325	260	345	320		312
Ending Stocks	30	9	25	7		10
Total Distribution	366	278	375	335		332

1000 HA, 1000 MT, MT/HA

