



Foreign Agricultural Service

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Romania

Grain and Feed

Facing Drought, Romania Imports Wheat Duty Free 2003

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Report Highlights:

The GOR announced on 10 July to allow duty free import of 1 million metric tons of wheat until December 31, 2003. This is tied to the GOR fear of rising bread prices and related political implications. In this context, new opportunities for U.S. wheat exporters are possible. In this respect, FAS Bucharest decreases production forecasts for MY 2003 and increases import estimates.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Sofia [BU1], RO

Romania cultivated this year about 1.5 million HA with wheat. About half million hectares have been destroyed due to the extended cold period followed immediately by hot temperatures and drought. About 60% of the cultivated surface was harvested as of July 15, 2003 and the government fears a looming supply crisis. While normally Romania is a net exporter of wheat, currently even the government is forecasting a 1 million MT shortfall given a much reduced harvest of around 2.6 million MT this year (40% lower than last year). As noted in a previous report, 200,000 MT were released in February 2003 from the Strategic Reserves in an attempt to stabilize market prices at a lower levels than found outside Romania. The same amount should be returned to the State this year as well, so the foreseen shortfall is more than 1 million metric tons.

Prices

Farm gate prices for domestic wheat from the new harvest currently are \$170/MT compared to last year's \$70/MT. Domestic prices are anticipated to fall once imports enter Romania, but not significantly, due to high demand in the region. The CIF Constanta price varies between \$140/to and \$150/MT. Given the tight regional market, wheat/flour/bread prices are expected to increase.

Imports

Romania imported in the first semester of CY 2003 about 337,059 MT of wheat at about \$ 115/MT. The main sources were Hungary (190,000 MT), Bulgaria (96,800 MT), Moldova, Russia and Ukraine. Due to the current Danube-basin drought, the exporting countries in the region are fewer. Most likely, Romanian traders will buy this year from countries like Russia, France, Canada and U.S., if prices remain above \$150/MT. The fact that Hungary has very limited quantities of wheat available for export is a sign that it may not be a major wheat exporter this year.

The total wheat estimated imports for the next year is more than 1,000,000 MT. As a result of the GOR fear that under such circumstances the price for bread will increase, wheat customs duties have been lifted until December 31, 2003.

Related concerns about drought reduced crops have spilled over into the cereal sector and livestock farmer groups are asking for duties and taxes to be removed on feed grains as well (specifically corn). Meanwhile, slaughter rates have increased for both pork and beef -- driving meat prices down-- because of a concern about a domestic feed shortage.

PSD, Wheat

PSD Table						
Country	Romania					
Commodity	Wheat				(1000 HA)(1000 MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		07/2001		07/2002		07/2003
Area Harvested	2543	2543	2190	2190	0	1500
Beginning Stocks	900	7 67	1980	1507	1430	937
Production	6700	6700	4300	4300	0	2600
TOTAL Mkt. Yr. Imports	165	40	300	400	0	1500
Jul-Jun Imports	165	40	300	400	0	1500
Jul-Jun Import U.S.	0	0	0	50	0	150
TOTAL SUPPLY	7765	7507	6580	6207	1430	5037
TOTAL Mkt. Yr. Exports	585	550	150	120	0	20
Jul-Jun Exports	585	550	150	120	0	20
Feed Dom. Consumption	1750	1350	1750	1600	0	1300
TOTAL Dom. Consumption	5200	5450	5000	5150	0	4800
Ending Stocks	1980	1507	1430	937	0	217
TOTAL DISTRIBUTION	7765	7507	6580	6207	0	5037