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Romania

Oilseeds and Products

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Report Highlights:

Romania's sunflowerseed production in CY 2001 is expected to bounce back to near 1999 levels to 1.2 million MT and soybean production is expected to increase to 120,000 MT. These anticipated increases are a result of the favorable weather conditions during spring of 2001. The GOR's also announced a support program for oilseed producers to subsidize costs associated with crop storage. To date weather conditions remain favorable for oilseed crops. AgBucharest estimates a shortage of 100,000 MT of soybeans and 150,000 MT of sunflowerseed in CY 2001/2002.

Weather & Planting

Thus far, 2001 weather conditions for oilseed crops have been favorable. According to the National Meteorological Institute, dry weather conditions of 2000 continued through February 2001, however. The amount of precipitation which fell during the March-May 2001 period was about 20 percent above the long-term average for the same period. The precipitation partially replenished the soil moisture reserves which were severely depleted as a result of last year's drought. As a result of the drought in CY 2000, Romania experienced record low precipitation, which had not been seen for 100 years.

This year's improved climatic conditions during April-May period were favorable for oilseed planting. The GOR announced ambitious planting targets for both sunflowerseeds and soybeans. Initially, the Ministry of Agriculture expected that this year producers will plant 840,000 hectares with sunflowerseeds and 85,000 hectares with soybeans. However, the final planted areas were below Government expectations. The actual sunflowerseeds planted area was 792,000 hectares while soybeans were planted on 48,000 hectares. Producers say that they prefer to plant other crops because oilseeds require the use of expensive inputs, like chemicals and irrigation water. The southern (Wallachia), eastern (Dobrogea), and south-eastern (southern part of Moldova - Romanian region) are where sunflower and soybeans are predominately grown and harvested.



After oilseed planting was completed, climatic conditions were extremely favorable for

germination and early plant development. Alternating rains and warm weather helped oilseed crops to develop well. According to official data, only about 60 percent of the planted fields with sunflowerseeds and soybeans have been treated with herbicides. Producers explained that they lacked financial resources to purchase agricultural chemicals and other inputs, such as fertilizers.

Production

Based on current weather and crop condition, AgBucharest estimates that this year Romania will harvest 1.2 million MT of sunflowerseeds and 120,000 MT of soybeans.

Soybean production registered significant reductions of both the planted area and of total output. In 1999 and 2000, the soybean planted area was three times smaller (averaging 90,000 ha) compared to 1989 (250,000 ha). Soybean average yields also dropped from a high of 1,700kg/ha over last five years to an estimated 700 kg/ha in 2000, because of a reduction of input use and impact of drought. Producers report that the soybean crop suffers because it requires sophisticated technology that involves the use of high priced certain inputs in order to produce higher yields. Lack of financial resources inhibit producers from doing so.

Policy

In May 2001, the GOR announced an ambitious program to cover a significant portion of storage costs. The Government support program has been outlined for the 2001-2004 period. The first part of the program will be implemented in CY 2001, when the GOR will subsidize 60 percent of the storage costs of sunflowerseeds (for 5 months storage) and of soybeans (for 6 months). At the same time, the GOR approved the importation of a duty-free quota of 150,000 MT of sunflowerseeds to be processed by Romanian crushing plants. In order to qualify for the duty-free status, sunflowerseeds should be imported by September 1, 2001. This measure is aimed to keeping domestic crushing plants operating until the new crop will become available.

| Romanian Oilseed Area and Production Estimates | | | | | | |
|---|----------------------------------|-------------|-------------|------------------------------|-------------|-------------|
| Crop | Harvested Area (1,000 HA) | | | Production (1,000 MT) | | |
| | 1999 | 2000 | 2001 | 1999 | 2000 | 2001 |
| Sunflowerseed | 1,050 | 855 | 792 | 1,300 | 700 | 1,200 |
| Soybean | 80 | 100 | 48 | 183 | 70 | 120 |

Source: AgBucharest trade contacts

Prices

Romanian Oilseed Prices - On-Farm

| Crop | Domestic Price (US\$) | |
|------------------------|-----------------------|--------------|
| | 2000 | 2001 |
| Sunflowerseed | \$150-160/MT | \$155-165/MT |
| Soybeans (whole beans) | \$180-185/MT | \$185-200/MT |

Source: AgBucharest trade sources.

Trade

This year's oilseed crops will meet domestic demand for protein meal (sunflower and soybean). We also estimate that Romania will export between 50-100,000 MT of oil.

The GOR requires an official phyto-sanitary certificate that is issued by a certified officer stating that the product is free of any quarantined weeds and or pests (*Caulophilus latinasus* and *Trogoderma granaria*) for imports of oilseeds into Romania.

We expect that Romanian requirements of soybeans will be covered by United States and South American suppliers.

Import Tariffs**Romanian 2001 Import Duties**

| HTS Code | Commodity | General Duty | EU ¹ | CEFTA ² |
|------------|---------------------------------------|--------------|-----------------|--------------------|
| 1201.00.99 | Soybeans | 30 | 30 | 30 |
| 1206.00.99 | Sunflowerseed | 0 | 0 | 0 |
| 1507 | Soybean oil | 25 | 25 | 0 |
| 1512.11.91 | Sunflowerseed oil | 40 | 40 | 40 |
| 2304.00.00 | Soybean meal (incl. pellets) | 5 | 0 | 0 |
| 2306.30.00 | Sunflowerseed meal (Incl. pellets) | 10 | 10 | 0 |

¹This is a preferential duty given to EU member countries as part of a pre-accession step for Romania.

²CEFTA stands for the Central European Free Trade Agreement. CEFTA includes Poland, Czech Republic, Slovakia, Slovenia, Hungary, Romania, and Bulgaria, who have agreed to reciprocal duties, for specified products under CEFTA, on annual basis.