

SPECIAL ALERT

No. 322

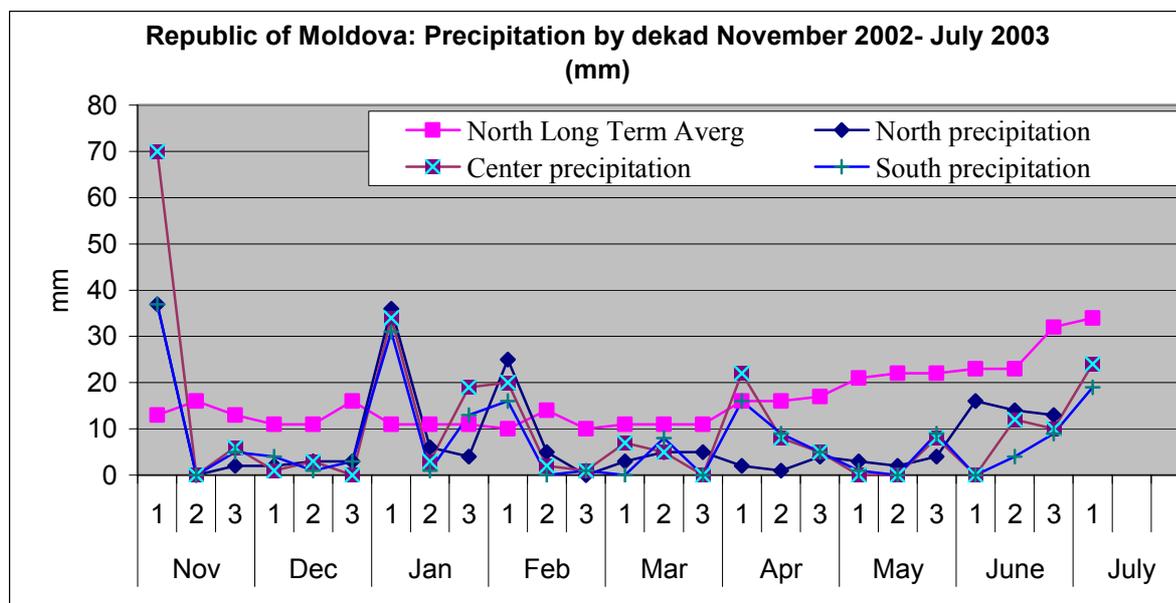
PLACE: MOLDOVA

DATE: 22 July 2003

TIGHT FOOD SUPPLY ENVISAGED FOLLOWING A SEVERELY COLD WINTER AND EXCEPTIONALLY DRY SPRING

A severely cold winter and an exceptionally dry spring have compromised more than three-quarters of autumn and spring grains, wheat in particular. Wheat is the most important staple and covers about 90 percent of the autumn cereal area. Last autumn some 343 000 hectares were planted with wheat and about 71 000 hectares with barley. Latest estimates show that nearly 40 percent of the planted wheat area and almost all of barley was decimated. Yields on the remaining wheat area are estimated at less than one tonne per hectare compared with an average yield of over 3 tonnes per hectare in the past few years. FAO staff who visited Moldova between 7 and 12 July 2003, estimate wheat harvest at about 220 000 tonnes and barley at 45 800 tonnes (mainly spring), compared with 1.12 million tonnes of wheat and 256 000 tonnes of barley in 2002. Losses of winter cereals have been compared to those of 1945, the worst harvest in living memory.

Temperatures between December and the first dekad of March were erratic and on average colder by about 3-5 degrees compared with the long term average (LTA) throughout the country. On the other hand, temperatures in May and June were on average hotter by 4-5 degrees compared with the LTA. In addition, precipitation has been erratic and significantly below the LTA throughout the cropping season. Thin snow cover and abnormally low temperatures in November and December caused significant damage to winter cereals, while hot temperatures and very low precipitation in early spring and summer caused significant damage to spring crops. The figure below shows precipitation during winter and spring.



Source: State Hydro Meteorological Service of the Republic of Moldova.



Severely damaged winter cereal areas were replanted with spring cereals (maize and barley) and industrial crops (sunflower, sugar beet, soya beans and tobacco). However, adverse weather conditions compromised some of the late spring crops. Yields for almost all crops are seen significantly lower compared with last year. Maize yields are seen nearly 20 percent lower than last year while sunflower yields are 30 percent, sugar beet 23 percent, soya beans 45 percent and tobacco 29 percent lower. However, these estimates are preliminary and depend on weather conditions during the remaining summer months.

Table 1 below presents the forecast cereal balance sheet for the just started marketing year, July 2003-June 2004. Domestic utilisation is based on historical and current data on human and livestock population, food consumption, seed and feed use. In rural Moldova maize is substituted for wheat and barley for food and feed when prices of wheat and barley are high and access is limited. No reliable data is available on stocks and the estimates below are based on last year's production, consumption and exports. It is assumed that wheat stocks for food are enough for about 3 months, mostly in private hands.

Table 1. Cereal balance sheet, July 2003–June 2004 (000 MT)

	Wheat	Maize	Barley	Total
Domestic availability	337	977	48	1 362
Stock drawdown ^{1/}	116	10	0	126
Domestic production	221	967	48	1 236
Total utilization	674	977	428	2 079
Food use	465	180	5	650
Seed use	90	12	11	113
Losses and feed use	119	716	412	1 247
Stock build-up	-	69	-	69
Import Requirements	337	0	380	717

Source: Ministry of Agriculture and staff calculations.

^{1/} No data is available on stocks, estimates are based on last year's production, exports and utilisation and an assumption that wheat for food is available in the country for another 3 months.

Moldova exported some 277 000 tonnes of wheat and 68 000 tonnes of maize during the last marketing year (July 2002–June 2003), which reduced stocks available for this year. Moldova has the capacity to commercially procure the estimated wheat and barley deficit. However, access to food for a large proportion of the population will be limited, in particular for small holders, pensioners, daily labourers and households with large numbers of dependents. Cereal harvests in the region are significantly lower than the past few years, particularly in the Ukraine, the Russian Federation and Romania. This will certainly put an upward pressure on domestic cereal prices, further reducing access to food for many. The government does not have any cereal stock operation to influence domestic prices, which are subject to regional price fluctuations. Bread prices have already shot up, and if not addressed, will have severe consequences for a large number of vulnerable households.

Winter cereal seed deficit is significant and will have serious repercussions for the harvest next year if not addressed within the next month. Government estimates indicate that nearly 70 000 tonnes of wheat seeds may be procured domestically, leaving a deficit of 20 000 tonnes. Barley seed deficit is estimated at about 10 000 tonnes. However, given the diverse agro-meteorological conditions, seeds produced in the northern part of the country may not be suitable for cultivation in other parts. The seed deficit in the country may, therefore, be larger than estimated. Moldova procures wheat and barley seeds mainly from the Odessa region of Ukraine and the Krasnodor region in The Russian Federation. Both regions have suffered significant crop losses last winter, which will affect cereal seed prices. This will further limit access to seeds by many farmers, in particular the small holders who typically do not diversify into other crops and livestock.

Feed shortages, if not addressed, will lead to distress slaughter of livestock particularly pigs and poultry, whose feed ration mainly comprises wheat and barley. Meat prices have already plummeted and are expected to drop further. Maize will substitute for some of the cereal feed requirements but is not likely to make up for the shortages.

The adverse winter weather conditions did not seriously compromise orchards, while vineyards suffered to a certain extent. Output from vineyards is estimated to decline by about 20 percent compared with last year, whereas fruit production this year is seen to increase by about 11 percent. The government is planning to increase area under orchards and vineyards and is attempting to increase yields per unit of land. Vegetable production is seen to drop by about 10 percent compared with last year.

This report is prepared on the responsibility of the FAO Secretariat with information from official and unofficial sources. Since conditions may change rapidly, please contact Henri Josserand, Chief, ESCG, FAO, (Telex 610181 FAO I; Fax: 0039-06-5705-4495, E-Mail (INTERNET): GIEWS1@FAO.ORG) for further information if required.

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