

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Report Highlights:

In Latvia another good harvest is expected. In 2016/17 total grain production is forecast to amount to 2.4 million MT. Due to a relatively mild winter grain plantings are assumed well. In MY2015/16 Latvia produced over 3 million MT of grains, 35.6 percent increase in comparison with MY2014/15. This record result created a big export potential. Latvia's wheat exports are estimated at 1.95 million MT for MY 2015/16, a 53 percent increase. In the first quarter of MY 2015/16 over 80 percent of exports were sold to Middle East and North African countries.

Please Note: This report is to be read in conjunction with the Annual EU28 Consolidated Grain and Feed Report ([Grain and Feed Annual London EU-28 4-1-2016](#)) and provides further information on Latvian market of grain and feed.

General Information:

Area and production of grains

MY 2016/17

In Latvia another good harvest is expected. Total production of wheat, rye, mixed grains, triticale, barley and oats in 2016/17 is forecast to amount to 2.4 million MT. This is a lower result than last year's but still at higher level than for previous years' average results. The acreage of grain plantings is forecast lower than the previous year by 2.5 percent. Farmers' motivation for wheat sowing this year diminished due to lower prices for wheat and high level of wheat stocks.

Due to a relatively mild winter, grain plantings are assumed well as to the end of February 2016. A sudden drop of temperatures below 20 degrees Celsius at the beginning of January 2016 did not affect winter grains due to enough snow cover. Local planting damages seem to be insignificant for total crop expectations. Weather situation remains unpredictable. Big variations of temperatures can still threaten plantings.

MY 2015/16

In MY2015/16 Latvia produced over 3 million MT of grains, a 35.6 percent increase in comparison with MY2014/15. The record harvest result was attributed to bigger grain acreage than in the previous year, very favorable weather conditions, and improvements in agricultural technology. According to the Latvian Statistical Office, the average grain yield has been constantly growing since MY2008/09. In 2015/16 average grain yield reached 4.49 MT per HA, from 3.4 MT in 2014/15. In some regions of Latvia like Zemgale, average grain yields reached 5.29 MT per HA. Before MY2008/09 average yield was lower than 3.0 MT per HA. Higher use of certified seed and better adjustment of seed varieties to the local climatic conditions contributed to such good 2015 harvest results.

Acreage of grain sowings increased by 3 percent in comparison with MY2014/15 and amounted to 672,000 HA. The bigger planting area was mostly the result of increased wheat and rye acreage at the expense of other grains and rapeseed. Farmers' interest in rapeseed production diminished due to the much higher profitability of wheat. Good prospects for rye exports to other EU countries motivated farmers to increase rye plantings for 2015 harvest.

Area of grain sowings in Latvia 2013 – 2016, (000) HA

Latvia	2013	2014	2015	2016*	Structure of sowings in	Structure of sowings in
					2015 (%)	2016 (%)
Wheat	372	403	448	430	66.7	65.6
Rye	29	32	37	37	5.5	5.6
Mixed grains and triticale	28	34	27	26	4.0	4.0
Barley	82	120	100	100	14.9	15.3
Oats	62	67	60	62	8.9	9.5
Total	573	656	672	655	100.0	100.0

Source: Latvian Statistical Office

* FAS/Warsaw estimation and forecast

Production of grains in Latvia 2013 – 2016, (000) Metric Tons

Latvia	2013	2014	2015	2016*	Structure of production in 2015 (%)	Structure of production in 2016 (%)
Wheat	1435	1468	2250	1750	74.5	72.6
Rye	76	114	160	130	5.3	5.4
Mixed grains and triticale	71	72	66	62	2.2	2.6
Barley	222	419	385	323	13.7	13.4
Oats	134	155	160	145	5.3	6.0
Total	1,938	2,228	3,021	2,410	100.0	100.0

Source: Latvian Statistical Office

* FAS/Warsaw estimation and forecast

Trade

Latvia became an important player on the wheat trade market in the last four years. Total grain exports have been showing an increasing tendency year by year and in MY 2015/16 are estimated at 2.3 million MT. The main exported grain is soft wheat with a share of 85 percent of total grain exports. Barley and rye have a minor role in total grain exports but they are important for the Latvian domestic agricultural economy. Production of other grains is oriented to domestic consumption and only accidentally exported in years of good harvest.

Grain Exports from Latvia, (000) MT

	MY 2013/14	MY 2014/15	MY 2015/16*
	Total exports	Total exports	Total exports
Wheat*	1,335	1,275	1,950
Rye	35	55	110
Corn	10	8	8
Barley	114	262	190
Mixed grains & triticale	10	1	5
Oats	25	37	35
Total	1,529	1,638	2,298

Source: Global Trade Atlas Eurostat

*Including wheat products

Latvia is a net exporter of wheat and other grains except corn. Import of grains is very small and complements deficiencies in years of lower crops. Total grain imports are estimated at 251,000 MT in MY 2015/16.

Grain Imports to Latvia, (000) MT

	MY 2013/14	MY 2014/15	MY 2015/16*
	Total imports	Total imports	Total imports

Wheat*	231	290	125
Rye	32	9	46
Corn	47	34	37
Barley	32	58	30
Mixed grains & triticale	9	3	1
Oats	9	12	12
Total	360	406	251

Source: Global Trade Atlas Eurostat

*Including wheat products

Wheat

Wheat Production, Trade, Consumption

Latvia	2013/14	2014/15	2015/16*	
Marketing Year Begin	July 2013	July 2014	July 2015	
Area	372	403	448	(000) HA
Production	1435	1468	2250	(000) MT
MY Imports	231	290	125	(000) MT
MY Exports	1335	1275	1950	(000) MT
Total Consumption	331	343	390	(000) MT

Source: FAS/Warsaw, Global Trade Atlas, Latvian Statistical Office

*FAS/Warsaw estimation and forecast

Wheat production for 2016/17 is forecast at 1.75 million MT, a decrease of 22 percent in comparison with the previous year. The forecast for wheat acreage is also lower and is expected to reach 0.43 million HA. High stocks of wheat after the enormously good harvest 2015 and low wheat prices discouraged some farmers to increase wheat planted area for 2016/17 crop. Production forecast is lower than estimate for the previous year due to lower planted area and more average yield expectations, but it remains at a much higher level than for the last few years. Improvements in agricultural technology are an ongoing process in Latvia and higher use of certified seed is expected. Further increases in winter soft wheat productivity is expected. In MY2015/16 winter wheat yield reached 5.53 MT per HA, 2.23 MT more or 73 percent more than in MY2014/15.

Total production of wheat in MY2015/16 amounted to 2.25 million, 53 percent higher than in MY 2014/15. This record wheat production result was reached due to higher acreage and an impressive good yield. Good weather conditions for wheat this year contributed to the success. Wheat acreage increased by 11 percent to 0.45 million HA in MY 2015/16. The acreage of the much more productive winter wheat developed mostly at the expense of spring wheat and other spring grains. Winter wheat acreage increased by 77 percent. Spring wheat acreage diminished by 33 percent. High profitability of wheat production made some farmers to shift from rapeseed to winter wheat.

Latvia's exports of wheat are estimated at 1.95 million MT for MY 2015/16, a 53 percent increase. An ample harvest and relatively high level of beginning stocks increased Latvia's wheat export potential for MY2015/16. Main export destinations are countries out of EU. In the first quarter of MY 2015/16 over 80 percent of exports were sold to Middle Eastern and North African countries. The main destinations for wheat were Algeria and Saudi Arabia, with over a 60 percent share in total exports. Out of EU export destinations and their importance in total trade varies year by year. In MY2014/15 the main buyer of Latvian wheat was Iran (247,000 MT) with a share of 21 percent in total wheat exports. For

MY2014/15 other major out of EU destinations were South Africa (61,200 MT), Turkey (59,764 MT), Morocco (43,550 MT). Spain, Germany and Lithuania were the main EU destinations. For MY 2015/16 imports are estimated 57 percent lower than in last year. Lithuania used to be the main wheat supplier. Occasionally Russia, Kazakhstan and Estonia are import origins.

Wheat Exports from Latvia, (000) MT, (HS 1001)

Partner country	2012/13	2013/14	2014/15	2015/16 (July-October 2015)
World	1,681	1,251	1,174	773
EU28	745	336	662	233
Iran	374	508	247	0
Spain	13	73	228	26
Germany	365	47	155	53
Lithuania	118	45	99	34
Sweden	13	36	74	8
South Africa	0	37	61	0
Turkey	0	0	60	0
Norway	19	28	48	7
Morocco	26	0	44	0

Source: Global Trade Atlas Eurostat

Wheat Imports to Latvia, (000) MT, (HS 1001)

Partner country	2012/13	2013/14	2014/15	2015/16 (July-October 2015)
World	310	203	264	55
EU28	301	202	235	51
Lithuania	275	165	204	49
Russia	0	1	26	1
Estonia	22	22	14	2

Source: Global Trade Atlas Eurostat

Barley

Barley Production, Trade, Consumption

Latvia	2013/14	2014/15	2015/16*	
Marketing Year Begin	July 2013	July 2014	July 2015	
Area	82	120	100	(000) HA
Production	222	419	385	(000) MT
MY Imports	32	58	30	(000) MT
MY Exports	114	262	190	(000) MT
Total Consumption	205	217	227	(000) MT

Source: FAS/Warsaw, Global Trade Atlas, Latvian Statistical Office

*FAS/Warsaw estimation and forecast

It is forecast that in MY 2016/15 barley production will amount to 323,000 MT, 16 percent less than in the previous year. The acreage is forecast to stay in line with 2015/16 planting area, estimated at 100,000 HA. Production and acreage of plantings of barley vary strongly in years. It depends strongly on the feed wheat market situation. The record year for barley production was MY2014/15 with a crop of 419,000 MT and 120,000 HA acreage, both of them the highest in history. Barley consumption is oriented to feed use, industrial and on farm.

Latvia is a net exporter of barley. It is estimated that 2015/16 barley exports will be lower by 27 percent than in previous year and will amount to 190,000. In the first quarter of 2015/16 the main export destination was Saudi Arabia. In MY2014/15 barley exports reached 262,000 MT. Main export destinations were Saudi Arabia (25 percent of total exports) and Iran (19 percent). Algeria's and Qatar's shares were respectively: 11 percent and 10 percent. Netherland, France and Germany are the main EU buyers.

Oats

Oat Production, Trade, Consumption

Latvia	2013/14	2014/15	2015/16*	
Marketing Year Begin	July 2013	July 2014	July 2015	
Area	62	67	60	(000) HA
Production	134	155	160	(000) MT
MY Imports	9	12	12	(000) MT
MY Exports	25	37	35	(000) MT
Total Consumption	116	131	131	(000) MT

Source: FAS/Warsaw, Global Trade Atlas, Latvian Statistical Office

*FAS/Warsaw estimation and forecast

Oat acreage has remained stable for few years, at about 0.06 million HA, except 2014/15 when it increased by 10 percent over average. Oats are used for on farm feed consumption. In good harvest years production surpluses are sold mostly to Spain, Sweden and Poland. In MY 2014/15 3,000 MT of oats was exported to the U.S. It is forecast that in 2016/17 oats production will amount to 145,000 MT, a decrease of 9 percent. Significant changes in domestic demand are not foreseen.

MY= Latvian local marketing year of July to June except for corn which follows on October to September calendar.

End of Report.

