

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

Voluntary Public

Date: 4/5/2011

GAIN Report Number: RB1106

Serbia

Post: Belgrade

Serbia allows emergency wheat imports and quota for flour exports

Report Categories:

Grain and Feed

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Report Highlights:

On March 31, Serbian Government decided to allow emergency duty-free imports of 100,000 MT of wheat and to approve export quota of 33,000 MT for flour over the next three-months, until the imposed wheat and flour ban expires. On March 16, 2011, Serbian Government decided to ban all exports of wheat and flour from Serbia for at least three months or until the new wheat harvest, due to existing inadequate balance of wheat for domestic consumption that is pushing the bread prices up. Serbian Government also limited the price of the 600-gram loaf of type-500 flour bread, to 54.22 dinars (\$0.80 per loaf).

General Information:

On March 31, the Government of Serbia approved duty-free imports of 100,000 MT of wheat (tariff numbers 1001 10 0090 and 1001 90 99 10), as a measure that will be in force during the three-month ban only (until June 15, 2011). This measure is a part of the Serbian Government activities to help stabilize the wheat and flour market and to keep bread prices from rising. The Government of Serbia also approved exports of 11,000 MT of flour per month over the next three months (in total 33,000 MT) to help exporters honor contracts affected by a three-month ban on flour and wheat exports. Customs tariffs on wheat imports are high, for EU countries 23 percent and for all other countries 30 percent. Last fall Serbia planted record small area with wheat of only 480,000 HA for MY11/12.

New Decree valid as of April 1 is titled as “Change and Amendment of Decree on Temporary Quantitative Export Limitations for Certain Types of Goods” and includes the following list of goods:

| Tariff Number | Name of good | Export quota in MT |
|----------------------|--|---------------------------|
| 1101 00 | Flour of wheat or rye and wheat mixture: | 33.000 |
| | - Wheat flour: | |
| 1101 00 11 00 | - - from hard wheat | |
| 1101 00 15 00 | - - from regular wheat and spelt | |
| 1101 00 90 00 | - Rye and wheat mixture flour | |

On March 16, 2011, Serbian Government decided to ban all exports of wheat and flour from Serbia for at least three months or until the new wheat harvest. This measure is taken due to high exports of wheat and flour of 650,000 MT since July 1, 2010 and existing inadequate balance of wheat for domestic consumption that is pushing the bread prices up.

On April 1, the Government of Serbia limited the price of the 600-gram loaf of type-500 flour bread, to 54.22 dinars (\$0.80 per loaf). At the same time the validity of the government decree on the mandatory production of 40 percent of type-500 flour bread has been extended until September 30. As per this decree, the wholesale and retail margins on the bread must not exceed 2 percent and 7 percent respectively, and it sets a 20-day deadline for traders to pay the producers for delivered bread. The purpose of prolonging this decree is to protect the poorest people in Serbia, whose diet is based on white bread.

According to the Serbia’s Grain Fund, due to the wheat shortage at the world market and continued increase of export prices Serbian traders exported record high quantities of wheat, flour and flour products of 650,000 MT in the first nine months of MY10/11, or 150,000 MT more than planned. From July 2010 to March 2011, Serbia exported to the neighboring countries (by trucks) and through Port Constanza (by river barges) mainly to Mediterranean countries about 370,000 MT of wheat, about 180,000 MT of flour and flour products, while about 100,000 MT of wheat and flour was sold to Kosovo.

Even that Serbian Ministry of Agriculture announced that the ban was adopted after consultations with the European Union (EU) and Central European Free Trade Agreement (CEFTA), the neighboring countries (Kosovo and Montenegro) stated that Serbian violated international treaties and that ban could lead to further increase of prices. Montenegro Ministry of Agriculture announced that will consider a plan to protect domestic producers from “unfair competition” and even consider banning imports of milk, dairy products and bottled water from Serbia. However, earlier this week, the Montenegrin Agriculture Ministry decided not to take counter-measures against Serbia. Montenegro imports about 90 percent of its wheat and flour, or 100,000 MT annually, from Serbia and in this position must find some other sources for supply.

