



United States
Department of
Agriculture

Foreign
Agricultural
Service

Circular Series
WAP 05-03
May 2003

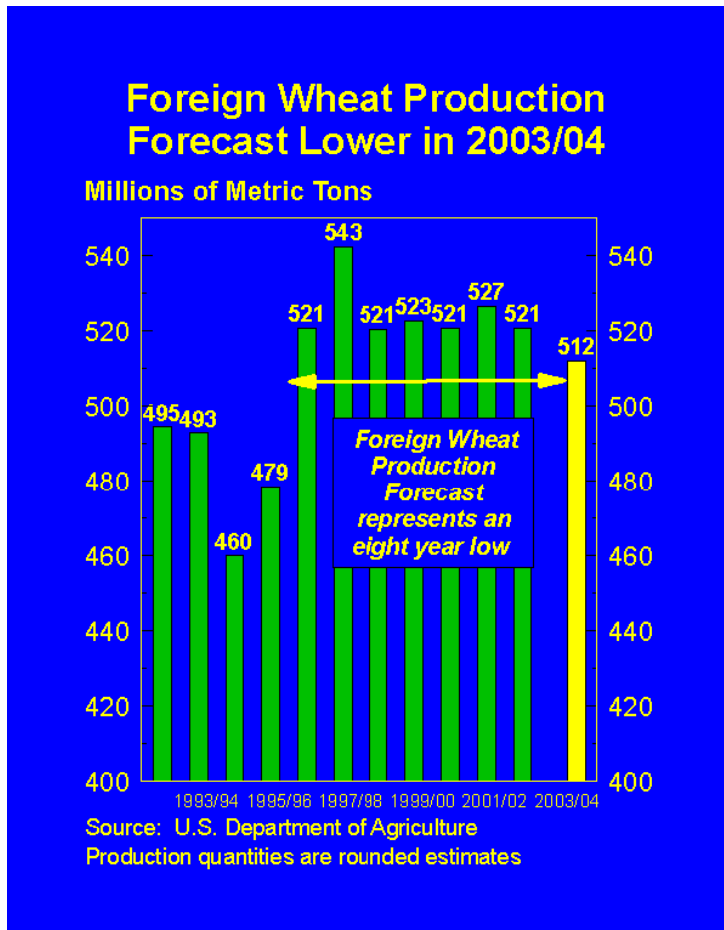
World Agricultural Production

Northern Hemisphere 2003/2004 Winter Grain Prospects

Ukraine 2003/04 Wheat Forecast Down 54 Percent, see page 2

USDA's foreign crop forecasts are based on reports from U.S. agricultural attaches stationed abroad, field travel, the remote sensing/satellite imagery techniques of the Foreign Agricultural Services' Production Estimates and Crop Assessment Division and weather information from the World Agricultural Outlook Board/Joint Agricultural Weather Facility. The report below offers USDA's initial assessment of foreign production for the 2003/04 crop year, published in country detail for wheat and coarse grains.

Winter Grains Summary: Winter grain production (wheat, barley, and rye) for 2003/04, outside the United States, is expected to be much lower than last year. Forecast foreign wheat production is expected to decrease a second consecutive year and is the lowest since 1995/96. The drop in production is due to lower forecasts in Russia, and a dramatic 54-percent drop in Ukraine's wheat crop that suffered its worst winterkill in a quarter century. In the European Union (EU-15), little change is expected for wheat area and production is forecast down slightly. A smaller French crop, due to dry weather in the northern region, is partially offset by a larger Spanish crop. Eastern Europe is expected to have a smaller wheat crop due to unusually cold weather. Drier weather in rainfed areas in India should also result in a smaller crop where potential lodging and diseases in the Punjab region remain a concern. In China, wheat production is expected to decrease based on lower planted area. For Algeria, Tunisia, and Morocco, production is expected to recover from last



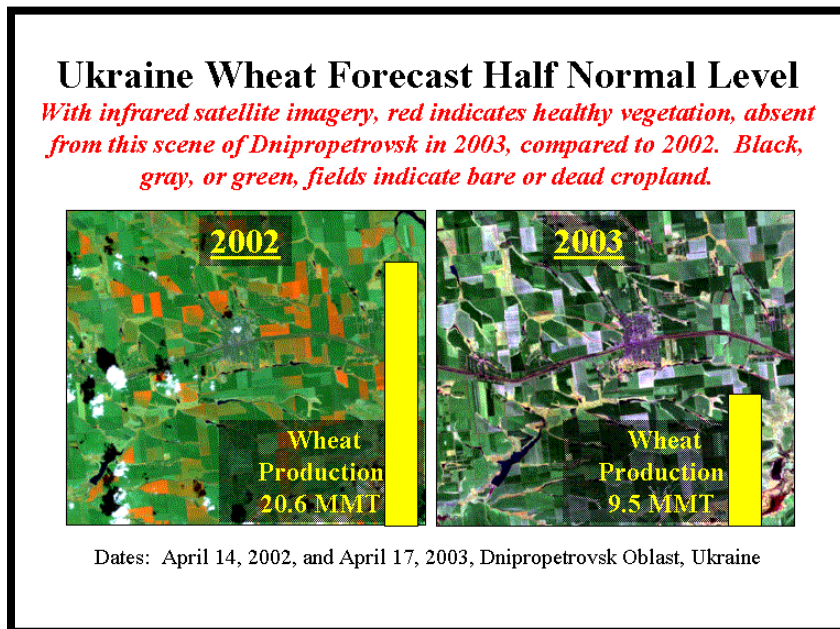
year's drought. In Canada, wheat area seems to be recovering from last year's drought-reduced harvest, but there is some concern over the dryness and possible winterkill.

Ukraine: Conditions for 2003/04 Ukraine winter wheat have been consistently unfavorable so far this season. Wet September and October weather resulted in delays in planting and establishment, and the crop was not fully hardened in time for a bitterly cold December. Repeated cycles of thawing and re-freezing during February and March caused widespread and persistent ice crusting, which destroyed virtually all of the country's winter barley and a significant portion of the wheat.

Unusually cold spring weather eliminated any chance of recovery by winter crops. Because of the lack of spring tillering, weed infestation will likely be worse than usual, and many farms lack the money to purchase adequate amounts of herbicides. According to April 1 data from the Ministry of Statistics, roughly 40 percent of Ukraine's 8 million hectares of sown winter grains were destroyed by the combination of December frost and February ice crusting, and the final damage assessment is likely to reach 50 percent.

Russia: Sown area for 2003/04 winter grains in Russia decreased by roughly 2 million hectares, including a nearly 10-percent drop in the Southern District, Russia's main winter wheat zone. The reduction is attributed to a combination of low wheat prices and wet weather during the fall sowing campaign that shortened the planting season. Winterkill losses were higher than normal, estimated between 15 and 25 percent, due chiefly to low winter temperatures and a lack of protective snow cover in some areas. Cool weather delayed spring development of winter grains in European Russia. Local officials and farmers reported in mid-April that crop development was 2 to 3 weeks behind normal. The use of mineral fertilizers and plant-protection chemicals will likely remain stable or improve only marginally from last year. Only 10-15 percent of the country's arable land receives recommended amounts of fertilizers and chemicals, due chiefly to farms' financial constraints.

European Union: The EU-15 wheat crop is forecast to be lower than last year. The six largest wheat-producing members of the EU-15 are France, Germany, United Kingdom (UK), Italy, Spain, and Denmark, and they are expected to contribute over 90 percent of total production. In the major wheat producing countries, year-to-year production increases are expected in Denmark, Germany, and Spain; and decreases are forecast in France, Italy, and the UK. The vast majority of wheat in the EU-15 is winter wheat, planted from October through December. Barley production is forecast up due to increased area and expected improvement in yields.



Winter crop planting conditions were generally favorable, with the exception of excessive moisture in southern Germany. However, extreme cold temperatures combined with a lack of snow cover in northern France and northern Germany in January and February created damaging conditions for dormant winter barley. In some places, winter barley was replanted with lower yielding spring varieties. Winter and spring moisture conditions in Spain have been extremely favorable. The weather has been average in Italy and the UK. March and April were unusually dry in France and Germany, but abundant moisture reserves likely sustained winter crops planted in heavy soils.

Eastern Europe: During the fall planting season, wet weather and a late summer-crop harvest delayed and reduced winter grain planting in many areas. Episodes of bitterly cold weather threatened winter grains throughout the region. In December, a lack of snow cover extended from Poland southward into northeastern Romania, leaving winter grains vulnerable to extreme cold (down to -25 °C in Poland), especially winter barley and winter rapeseed. In January and February, above-normal precipitation produced moderate to heavy snow cover across the region, protecting winter crops from additional outbreaks of bitterly cold weather. Winter's unusually cold weather pattern persisted into the spring, slowing winter grain development by about 2 or 3 weeks. Higher than normal winterkill is expected and more area will be seeded to summer crops because of the harsh winter.

India: A dry start to the western India wheat season has resulted in lower production for the 2003/04 season. Below normal precipitation in the western growing states of Punjab, Haryana, Rajasthan, and western Uttar Pradesh resulted in lower rainfed area. Though irrigation supplies were reported to be low in some regions, final reports indicate water was sufficient for the crop. The dry conditions early in season negatively impacted total rainfed area sown in the west. In the Uttar Pradesh, Bihar, and Madhya Pradesh, greater than normal precipitation in October and November favored sowing and early development. Overall significantly cooler temperatures in many areas characterized the season; however, that appears to have been detrimental. The combination of cooler temperatures and showers during the months of January and February historically constitute a very favorable season for the Indian wheat crop. The above average national yield this season is the result of cooler temperatures and rainfall during the flowering-reproductive crop stage. Weather conditions during ripening and maturation were favorable and continue into harvest, occurring from April to June.

China: Wheat area and production are forecast to drop to record low levels in 2003/04. Wheat area has declined every year since 1997/98 (down 29 percent in 5 years) due to poor profits, water shortages, and lower support prices. Scattered showers in September/October 2002 provided adequate moisture for winter wheat planting and germination in most areas of the North China Plain. Soil moisture had been very low in the northern and eastern parts of the North China Plain following a brief but intense summer drought. Cool temperatures hindered emergence before the onset of dormancy, and several provinces reported poor crop conditions at the end of the year. Widespread precipitation in December improved moisture conditions for the dormant crop, and snow cover offered protection from very cold weather in January. Timely showers and mild temperatures in March and April benefited vegetative wheat on the North China Plain. Soil moisture is abundant to excessive in the southern wheat-growing regions,

where rainfall has been above normal since the beginning of the year. Winter wheat harvesting will start at the end of May in the south and continue through mid-June.

Northwestern Africa: Crop prospects for winter grains in Morocco, Algeria, and Tunisia are much better and totals will be much higher than last year's drought reduced output. Winter grain planting usually occurs from mid-November to mid-December throughout the region. All three countries received widespread, above-normal rainfall in November, boosting topsoil moisture for early winter grain planting. Early rainfall enticed farmers to increase sown area. November rains were especially heavy in Morocco, and drier weather in December improved conditions for fieldwork. In Algeria and Tunisia, near-to-above-normal rainfall maintained adequate moisture supplies for germinating to vegetative winter grains. During the growing season, northern Morocco, Algeria, and Tunisia received the greatest amount of rain since the 1995/96 growing season when a record crop of 10.9 million tons was produced. In Tunisia, growing season rainfall was the highest in the past 20 years. In portions of eastern Algeria and Tunisia, however, locally heavy rain in January may have produced some localized flooding, creating the potential for possible washouts of winter grain fields as well as causing quality problems. The only area that received below-normal rainfall during the growing season was southern Morocco, mainly due to persistent dryness in January to February 2003. However, timely rains in autumn and again in late March boosted soil moisture levels for planting and reproduction.

Middle East: In the Middle East, planted area is expected to be similar to 2002/03. Winter grain prospects are favorable based on good moisture availability. Most of the region has received normal to above normal precipitation this season with the exception western Iran where conditions were dry during planting and establishment and did not improve until December. Western growing areas produce the majority of rainfed wheat. Thirty to forty percent of Iran's wheat crop is rainfed. Spring rains have provided needed moisture; however, deficits remain in portions of western Iran. In Turkey, wheat area is estimated up slightly due to higher prices and favorable weather during planting. Turkey received abundant rainfall throughout the season, benefiting rainfed crops and boosting irrigation supplies. The coastal Mediterranean countries of Syria, Lebanon, Israel, and Jordan have experienced a very wet season thus far. Syria's output is expected higher this year based on good rainfall. In Iraq, wheat and barley production are estimated to be similar to last year. Rainfall in the north, where crops are primarily rainfed, has been similar to last season. The north produces one-third of the winter grains and crops in this region were reportedly unaffected by the recent military conflict. Impacts to the crops in the south-central part of the country are as yet unknown.

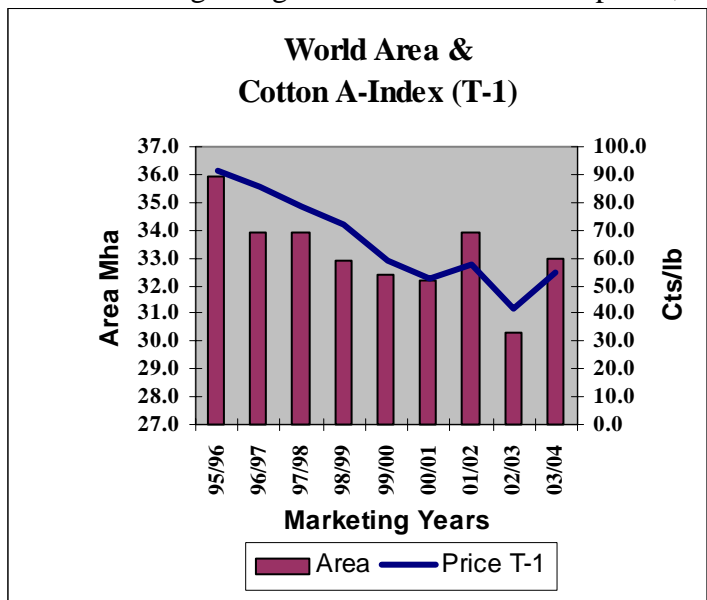
Canada: Canadian wheat production should increase because of substantially improved yields from last year's drought-reduced levels. The average wheat yield this year is forecast to be 2.30 tons per hectare, up dramatically from 1.82 tons in 2002. Moisture conditions are adequate all across the Canadian prairie, which was not the case at this time last year. Spring wheat accounts for over 90 percent of the total wheat produced in Canada. Winter wheat production is typically between 1.5 and 1.8 million tons, but based on the expansion of winter wheat area this year, winter wheat production could be as high as 2.5 million tons. Most winter wheat is grown in Ontario, and harvested area is forecast to increase despite dry conditions during planting and extremely cold winter weather. Winter wheat yields in Canada can be nearly double spring wheat yields. Spring wheat planting, including durum wheat, has just begun in western Canada.

Mexico: Wheat production is struggling to return to the levels of the early 1990s, when harvested area regularly topped 700,000 hectares. Unfavorable moisture conditions in 2003/04 may extend the recent trend of limited area for another year, as the major producing states are irrigated. Ironically, the heightened moisture pressure of recent years has removed substantial marginal land from the national total, thus improving overall wheat yield. Winter wheat was planted after the monsoon retreated in October; however brief, occasional showers may have been sufficient to sustain development in spite of heat and poor soil moisture. Given the scaled-down area, only the success of a special wheat variety with a reduced moisture requirement will permit yield to exceed 4.0 tons per hectare.

World Cotton Area and Production for 2003/04 Expected To Rise Following Higher Prices

World cotton production for 2003/04 is forecast at 96.5-million 480-pound bales, well above the price-depressed crop of last year when production was only 87.9 million bales. Cotton farming operations will soon be in full swing in the northern hemisphere where over 90 percent of the world's cotton is produced. Planting operations are beginning at a time when cotton prices, as reflected by the Cotlook's A-Index, have averaged nearly 55 cents per pound for the previous 9 months and are the highest since 2000/01 when cotton prices averaged 60 cents per pound.

Cotton prices have been supported by shrinking global stocks resulting from a short 2002/03 crop combined with rising consumption. At the beginning of 2001/02, stocks were 42.4 million bales; by the end of 2002/03 stocks are estimated to be 36.7 million bales. The Cotlook A-Index is used as an indication of profitability from cotton production. The A-index is an average of the five lowest-priced 16 comparable world cotton varieties



offered for sale by cotton exporting countries. Generally, a direct relationship exists between cotton area and the price index for the previous year. The price line on the graph shows an average annual marketing year price beginning in 1995/96, and includes an average price from August-April for 2002/03. During the first 9 months of the current marketing year, the price index averaged nearly 13 cents above the same period a year earlier, indicating that world cotton area in 2003/04 will be above last year. Area shifts also depend upon competing crop prices, currency relationships, and government policies encouraging or restricting planted area and availability of inputs. Accounting for these factors, preliminary indications suggest that world cotton area and production will be roughly 33.0 million hectares and 96.5 million bales in 2003/04, compared with 30.3 million and 87.9 million for 2002/03.

World Oilseed Production Forecast To Rise 5 Percent in 2003/04

World total oilseed production for 2003/04 is forecast at 344 million tons, up 18 million tons or 5 percent from 2002/03. Production is expected to rebound in the United States to 87 million tons from a reduced 83 million in 2002/03. Total foreign output is forecast to rise to 257 million tons from 243 million. Strong demand for soybeans in Asia, especially China, has raised world prices, and is expected to induce higher world oilseed production. Output levels of rapeseed are expected to recover in key growing areas where weather reduced the 2002/03 crop. Higher world cotton prices are expected to induce greater cotton plantings and a corresponding recovery in cottonseed after reduced output in 2002/03.

Global Corn Production Forecast To Increase in 2003/04

World corn production for 2003/04 is forecast at 624 million tons, up 30 million tons or 5 percent from 2002/03. Production is forecast at record levels in the United States at 256 million tons. Foreign output has been increasing consecutively for the past 2 years and is expected to increase this year. Foreign production is forecast at 369 million tons, up 3 million tons or 1 percent from the previous year.

Forecast Australia 2003/04 Wheat Production May Rebound From Drought

Australia's 2003/04 wheat production is forecast at 26.0 million tons, up 16.5 million or 174 percent from last year. It is 1.1 million tons greater than the previous record of 24.9 million estimated in 2000. This large year-to-year percent rise in production is the result of increases in both area and yield. The 2003/04 Australia wheat area forecast is 13.5 million hectares, up 2.5 million or 23 percent from last year. It is 0.5 million hectares greater than the previous record of 13.0 million estimated in 2000/01. This season's area increase may occur due to improved rainfall, strong economic incentive for growers to recoup losses from the 2002 drought, and the conversion of last season's pasture into field crops. Drought's impact on pasture combined with high feed grain prices led farmers to sell off large numbers of cattle and sheep. Sheep numbers are currently estimated at a 53-year low (Meat and Livestock Australia, February 2003). The 2003/04 wheat yield forecast is 1.93 tons per hectare. This is 1.06 tons per hectare or 123 percent above last year. This forecast is the same as the 5-year average yield prior to last season's drought. Soil moisture in most regions is adequate for planting, but some areas in Victoria and South Australia remain dry. These areas need rainfall; however they are also the last to be planted in the Australia grain belt and improved rainfall until late June could be beneficial for timely planting.

Argentina 2003/04 Wheat Production Rebounds from Last Year

Argentina's 2003/04 wheat production is estimated at 14.5 million tons, up 2.2 million or 18 percent from last year's disappointing output of 12.3 million. Wheat area is estimated at 6.0 million hectares, up 0.1 million or 2 percent from last year's area of 5.9 million. Yields are forecast at 2.42 tons per hectare, slightly below the 5-year average. Argentina's wheat production should return to more normal levels in 2003/04, a rebound from 2002/03 when yields were poor. Wheat yields in 2003/04 are expected near the 5-year average, much better

than last year when yields were 2.09 tons per hectare—the lowest in 6 years. On a slightly larger area, input use is expected to return to normal levels based on better access to credit.

India's 2003/04 Millet Production Forecast To Increase

India's 2003/04 millet production is estimated at 10.0 million tons. This is up 4.0 million or 67 percent from last year. The current 2003/04 India millet area forecast is 12.0 million hectares, up 3.0 million or 33 percent from last year. This season's millet crop, as well as the other coarse grains, is forecast to return to normal production levels. Last season, a large portion of the normally rainfed millet areas of western India endured extremely dry conditions due to monsoon failure. Millet is an important food grain in India. This increase will benefit food needs in rural areas. Hopes are for a normal monsoon season scheduled to begin in June, which will provide much needed water supply replenishment after last year's monsoon failure.

Higher Malaysian Palm Oil Production Forecast for 2002/03

Malaysian palm oil production for 2002/03 is estimated at a record 12.0 million tons, up 0.2 million or 2 percent from last month and up 1 percent from a year ago. The Malaysia Palm Oil Board reported that production was down 11 percent in January and 3 percent in February compared to last year, but higher-than-expected production in March brought total production for the quarter up to last year's level. Improved yields are expected from April through June, while lagged rainfall has not been favorable for July through September yield, according to rainfall yield models. Total yield for the Oct/Sept 2002/03 marketing year may decline slightly from last year, but higher area will cause the production level to rise.

This report uses information from the Foreign Agricultural Service's global network of agricultural attaches and counselors, official statistics of foreign governments and other foreign source materials, and the results of economic and satellite imagery analysis. Estimates of foreign area, yield, and production are from the Production Estimates and Crop Assessment Division, FAS, and are reviewed by USDA's Inter-Agency Commodity Estimates Committees. Estimates of U.S. area, yield, and production are from USDA's National Agricultural Statistics Service. Numbers within the report may not add to totals because of rounding. This report reflects official USDA estimates released in the World Agricultural Supply and Demand Estimates (WASDE-398), May 12, 2003.

Printed copies are available from the National Technical Information Service. Download an order form at http://www.ntis.gov/products/specialty/usda/fas_a-g.asp, or call NTIS at 1-800-363-2068.

The Production Estimates and Crop Assessment Division, FAS, prepared this report. The next issue of World Agricultural Production will be released after 9:00 a.m. Eastern Time on June 11, 2003.

Conversion Table

Metric tons to bushels

| | | |
|--------------------|---|----------------|
| Wheat, soybeans | = | MT * 36.7437 |
| Corn, sorghum, rye | = | MT * 39.36825 |
| Barley | = | MT * 45.929625 |
| Oats | = | MT * 68.894438 |

Metric tons to 480-lb bales

| | | |
|--------|---|---------------|
| Cotton | = | MT * 4.592917 |
|--------|---|---------------|

Metric tons to hundredweight

| | | |
|------|---|---------------|
| Rice | = | MT * 22.04622 |
|------|---|---------------|

Area & weight

| | | |
|------------|---|-----------------|
| 1 hectare | = | 2.471044 acres |
| 1 kilogram | = | 2.204622 pounds |

For further information, contact:
U.S. Department of Agriculture
Foreign Agricultural Service
Production Estimates and Crop Assessment Division
Ag Box 1045, Room 6053, South Building
Washington, D.C. 20250-1045
Telephone: (202) 720-0888 Fax: (202) 720-8880

GENERAL INFORMATION

| | | | |
|-----------------------------|-------------------|--------------|--------------------------|
| Division Director | Allen Vandergriff | 202-720-0888 | vandergriff@fas.usda.gov |
| Administrative Assistant | Mary Jackson | 202-720-0888 | jacksonma@fas.usda.gov |
| Deputy Director | Eric Wenberg | 202-720-0873 | wenberge@fas.usda.gov |
| Remote Sensing Specialist | Brad Doorn | 202-690-0131 | doorn@fas.usda.gov |
| Contract Representative | Theresa Wright | 202-720-8887 | wrighttt@fas.usda.gov |
| Imagery Archive Coordinator | Judy Goldich | 202-720-1572 | goldich@fas.usda.gov |
| USDA Remote Sensing Advisor | Glenn Bethel | 202-720-1280 | bethel@fas.usda.gov |

COMMODITY SPECIFIC INFORMATION

| | | | |
|-----------------------------|--------------------|--------------|--------------------------|
| Cotton & Rice Chairperson | Ron Roberson | 202-720-0879 | roberson@fas.usda.gov |
| Grains Chairperson | Michelle Greenberg | 202-720-7339 | greenberg@fas.usda.gov |
| Oilseeds Chairperson | Paul Provance | 202-720-0881 | provance@fas.usda.gov |
| Production Database Manager | Marnet Whittington | 202-720-0886 | whittington@fas.usda.gov |

COUNTRY AND REGION SPECIFIC INFORMATION

| | | | |
|---|------------------|--------------|--------------------------|
| Argentina, Uruguay, Paraguay, & Chile | Bob Tetrault | 202-690-0130 | tetrault@fas.usda.gov |
| Brazil | Michael Shean | 202-720-7366 | shean@fas.usda.gov |
| Mexico, Central America, & Caribbean | Ron White | 202-690-0137 | whiter@fas.usda.gov |
| Canada & Western Europe | Jim Tringe | 202-720-0882 | tringej@fas.usda.gov |
| Central Europe & North Africa | Bryan Purcell | 202-690-0138 | purcellb@fas.usda.gov |
| Turkey, Middle East , & Southwest Asia | Maria Anulacion | 202-690-0139 | anulacion@fas.usda.gov |
| Russia, Ukraine, & other FSU States | Mark Lindeman | 202-690-0143 | lindeman@fas.usda.gov |
| China, Koreas, Japan, & Southeast Asia | Paulette Sandene | 202-690-0133 | sandene@fas.usda.gov |
| Australia, Bangladesh, India, & Pakistan | Jim Crutchfield | 202-690-0135 | crutchfield@fas.usda.gov |
| Central & Southern Africa | Curt Reynolds | 202-690-0134 | reynoldsc@fas.usda.gov |
| United States | Rao Achutuni | 202-690-0140 | achutuni@fas.usda.gov |
| United States & Int'l Weather | Carl Gernazio | 202-690-0136 | gernazio@fas.usda.gov |

