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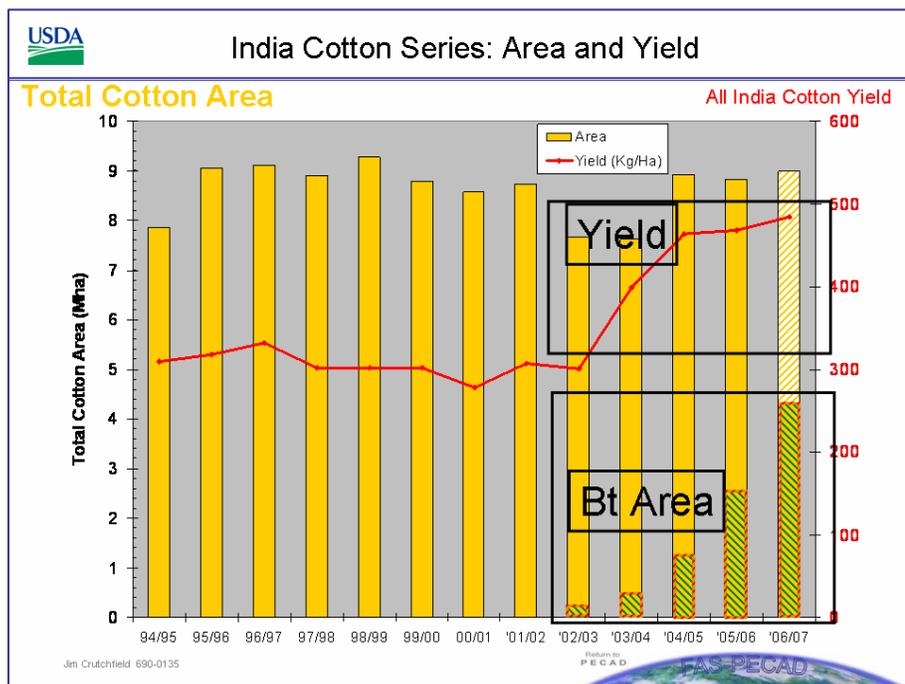
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World Agricultural Production

Third Consecutive Record For India Cotton Output

India's 2006/07 cotton production is forecast at a record 20.0 million bales, up 1.0 million from last year. The area forecast is 9.0 million hectares, up 0.2 million from last year. Assuming a normal 2006 monsoon, production is forecast to increase 5 percent over last season due to a higher sown area and a forecast record yield. According to FAS/New Delhi, cotton planting for the 2006/07 season is forecast to increase to 9.0 million hectares as a result of strong cotton prices and positive returns received by farmers in 2005/06. FAS/Post anticipates the Bt cotton planting in 2006/07 to climb to 4.2 million hectares,



thereby accounting for almost half of the expected cotton area. The Government of India (GOI) recently approved 20 new Bt varieties for commercial cultivation. The new approvals include two varieties that include a Bt gene developed by a local university and two varieties with a Bt gene sourced from China. The other varieties have the Bt (Cry1Ac) gene developed by Monsanto that was approved in MY 2002/03. It is widely accepted that the strong upward trend in India's cotton yield in recent years is a direct result of the increasing adoption of Bt cotton. Given the continuing development of optimally suited Bt varieties for the various production zones within India and the year-to-year increase of Bt area, a record yield of 484 kilograms per hectare is forecast for the season compared to last year's of 468 kilograms. Bt varieties are not typically higher yielding than other quality hybrids or non-GMO varieties, but India and other developing countries have a yield advantage because of the significant reduction of yield losses due to bollworms. (For more information, contact Jim Crutchfield, 202-690-0135).

China Corn Production Forecast Higher Due To An Area Increase

China's 2006/07 corn production is forecast at 138.0 million tons, up 3.0 million from last month, but down 1.4 million from last year's revised output of 139.4 million tons. The 2005/06 revision is based on official data from the National Bureau of Statistics (NBS). Corn area for 2006/07 is forecast at a record 27.0 million hectares, up 0.2 million from last year's revised area of 26.8 million hectares. In 2004 and 2005, farmers responded to favorable government grain policies, strong prices, and rising demand by significantly expanding corn area, and this trend is expected to continue in 2006. The estimated yield of 5.11 tons per hectare is down from last year's near-record yield of 5.20 tons but close to the 10-year trend.

Spring corn was planted in March/April in southern China and in April/May in the Northeast and eastern China. Summer corn planting will take place this month on the North China Plain following the winter wheat harvest. In the Northeast, planting and emergence was delayed by unseasonably cool and dry weather in many areas, particularly western sections of Heilongjiang and Jilin. The crop is now at the vegetative stage. Scattered showers since mid-May have improved moisture supplies in Jilin and Liaoning, but Heilongjiang and Inner Mongolia remain drier than normal. In the south, spring-sown corn was affected by drought in Yunnan, Guangxi, and Sichuan, but heavier rainfall since mid-April has provided adequate to abundant moisture for crop development. The current warm and dry weather on the North China Plain is ideal for winter wheat harvesting and summer corn planting activities, but soil moisture is declining and more rain will be needed soon. *(For more information, contact Paulette Sandene, 202-690-0133).*

European Union Corn Output Forecast Lower Due To Southwest Dryness

Total 2006/07 corn production in the European Union (EU) is estimated at 48.7 million tons, down 1.3 million tons from USDA's initial estimate last month, but up 400,000 tons from last year. Area is estimated to be 6.0 million hectares, down 100,000 from last month, but up 100,000 from last year. Now that the delayed plantings have been completed, adjustments within individual EU member states were made to reflect new information collected. A large drop in area sown to corn (1.6 million hectares with little change in yield) brought France's estimated production down 1.6 million tons to 14.0 million. While France's 2006/07 corn crop remains above the drought-stricken 2005/06 crop, a dry spring convinced many farmers to plant sunflowers, which are more tolerant to dryness than corn. While precipitation in Spain greatly improved during the winter months, reservoir levels remained below normal and fears of water restrictions enticed Spanish farmers to avoid planting corn. Spain's 2006/07 crop is estimated at 3.6 million tons from an area of 380,000 hectares. This is 900,000 tons below the May estimate, and almost 750,000 tons below the 5-year average. While yields are expected to recover from last season, Spain's harvested area is estimated to be down 20 percent from last year. Conversely, there has been excessive spring precipitation in the Balkan countries and northward into the EU member state of Hungary. The wet spring followed a long, cold winter, which together, significantly delayed spring planting and crop development. The result forced farmers to sow more area to corn. Hungary's corn crop is now estimated at 7.0 million tons, up 700,000 from last month, but down 2.0 million from last year. Hungary area is estimated at 1.2 million hectares, similar to last year. Finally, Italy is also expecting a larger corn crop this season,

primarily due to a change in the EU's sugar (beet) subsidy program, that is likely to reduce area sown to that crop. This policy, along with continued good weather, is expected to produce a crop of 11.0 million tons, almost 500,000 tons greater than last month. Area is estimated at 1.2 million hectares, up 30,000 from last month and up 100,000 from last year. *(For more information, contact Bryan Purcell, 202-690-0138).*

Argentina Wheat Area Forecast Lower Due To Dryness And Lower Domestic Prices

Argentina's wheat production for 2006/07 is forecast at 14.3 million tons, down 8 percent from last month, but up 14 percent from last year. Harvested wheat area for 2006/07 is forecast at 5.60 million hectares, down 5 percent from last month, but up 17 percent from last year. Yield is forecast at 2.55 tons per hectare, which is above the five-year average of 2.43 tons, but lower than last year's yield of 2.60 tons. As of June 2, 13 percent of the forecast wheat area was planted, as reported by the Bolsa de Cereales Buenos Aires. Nearly half of Cordoba's wheat area has been planted, and seeding is nearly finished in the Northern provinces; however, planting is behind in Buenos Aires, the major producing province. One of the main reasons for the decrease in harvested area from last month is concern over a potential wheat export ban imposed by the government of Argentina. While international wheat prices are high, prices have decreased domestically causing the Bolsa de Cereales Buenos Aires to lower its 2006/07 wheat area forecast from last month. In addition to concern over wheat exports, Argentina's wheat area forecast has been lowered due to lack of precipitation. Dryness has hampered planting progress in Buenos Aires and it was reported that approximately half of Argentina's wheat area is experiencing moisture stress. Despite a dry start to the wheat growing season, Argentina's yield forecast remains unchanged from last month given the small percent of the crop that is currently planted. *(For more information, contact Nicole Wagner at 202-720-0882).*

Ukraine Wheat Forecast Higher This Month But Still Lower Than 2005/06

The USDA estimates Ukraine wheat production for 2006/07 at 11.0 million tons, up 10 percent from last month, but down 41 percent from last year. This month-to-month increase is due to higher area forecast at 5.3 million hectares, up 10 percent from last month, but still 19 percent down from last year. Commodity analysts in Ukraine largely attribute the year-to-year drop in area to low wheat prices last fall when farmers needed cash for planting operations. Outstanding May weather was beneficial for winter wheat, which comprises roughly 90 percent of Ukraine's wheat output. Overall production prospects remain poor, however, due chiefly to excessive and persistent fall dryness which contributed to the area reduction and, more importantly, had a significant negative effect on winter crop establishment. Severe January frosts further weakened winter crops, although actual winter-wheat losses are not estimated to be higher than average. Yield is estimated at 2.08 tons per hectare, against 2.85 tons last year and the 5-year average of 2.59 tons. *(For more information, contact Mark Lindeman at 202-690-0143.)*

Russia Barley Production for 2006/07 Forecast Up Due To Favorable Weather

The USDA estimates Russia barley production for 2006/07 at 17.5 million tons, up 1.0 million or 6 percent from last month and up 1.7 million or 11 percent from last year. Area is estimated at

9.7 million hectares, up 0.2 million or 2 percent from last month and up 0.6 million or 6 percent from last year. The increase in area is due in part to above-average spring reseeded of destroyed winter grains following severe January frost damage in the Volga and Central Districts in European Russia. Yield is forecast at a near-average 1.8 tons per hectare, up 6 percent from last month. Forecast yield was increased due to favorable May weather in European Russia. Spring barley accounts for approximately 95 percent of total barley output in Russia. (*For more information, contact Mark Lindeman at 202-690-0143.*)

China Soybean Area and Production Expected to Drop in 2006/07

China soybean production for 2006/07 is forecast at 16.9 million tons, down 0.3 million from last year. The forecast area of 9.4 million hectares is down 0.1 million from 2005/06. The forecast yield of 1.8 tons per hectare is above the 5-year average but down slightly from the last two years. In the Northeast, soybean planting was complete by the end of May. The weather was generally cooler and drier than normal last month and planting/emergence was delayed by 7 to 10 days. Planted area in Heilongjiang (which produces more than 40 percent of China's total output) is expected to drop by 4 to 9 percent this year due to higher production costs, lower returns compared to wheat, rice, and corn, as well as unfavorable planting conditions. A serious spring drought developed in Heilongjiang this year, affecting more than 4 million hectares of farmland. All rivers and reservoirs were lower than normal and soil moisture was very poor. The drought also affected large parts of Jilin and Inner Mongolia, two other important soybean-growing provinces. The arrival of timely showers this week will provide much-needed moisture for emergence and crop development. On the North China Plain (NCP), a small early soybean crop was planted in April but the larger late soybean crop will be planted in June immediately after the winter wheat harvest. Rainfall was below normal over much of the NCP in March and April, but widespread rain in late May improved growing conditions for the early crop. Warm and dry weather in June is quickly depleting the topsoil moisture and more rain will be needed soon for late crop planting and germination.

A major revision was made to China's 2005/06 soybean area and production estimates this month. Production for 2005/06 is estimated at 17.2 million tons, down 1.1 from last month and down 0.2 million from the record crop in 2004/05. Soybean area is estimated at 9.5 million hectares, down 0.5 million from last month and down 0.1 million from last year. The 2005/06 revisions are based on official data published by the National Bureau of Statistics (NBS). According to NBS, China produced 21.6 million tons of total beans (soybeans, edible beans, and pulses) in 2005, down 0.7 million or 3.3 percent from 2004/05. Historically, soybeans account for 72 to 79 percent of China's total bean production. (*For more information, contact Paulette Sandene at 202-690-0133.*)

Argentina Soybeans Forecast To Increase Due To Higher Profitability

Argentina's 2006/07 soybean production is forecast at 41.3 million tons, up 2 percent from last year, which is largely due to an increase in area. The USDA forecasts Argentina's area at 15.4 million hectares, which is 3 percent above last year's record yield of 15.0 million. Argentina's area has been steadily rising since the 1980's, and there is evidence that this trend will continue based on soybean profitability, agronomic practices, and seed technology. Soybeans remain the

most profitable crop for grain and oilseed farmers across Argentina. Additionally, biotechnology has resulted in increasingly shorter cycle soybeans, which have allowed double-cropping in areas previously planted with one crop per growing season. Further supporting the increase of soybean area, no-tillage practices have allowed areas to be cropped which were previously unsuitable for agriculture, such as in the expansion areas of the north and west. While area and production have increased, USDA forecasts Argentina's soybean yield at 2.7 tons per hectare, which is unchanged from 2005/06 and 2004/05 soybean yields. *(For more information, contact Nicole Wagner at 202-720-0882.)*

Russia Sunflowerseed Output For 2006/07 Forecast Lower

The USDA forecasts Russia sunflowerseed production for 2006/07 at 6.0 million tons, down 7 percent from last year. Harvested area is forecast at 5.3 million hectares, down 0.1 million from last year. Although planted area is forecast to match or surpass last year's level, abandonment is forecast to return to a more normal 7 percent, compared to last year when only 2 percent was abandoned due to remarkably dry harvest weather. Yield is estimated at 1.13 tons per hectare, down 5 percent from last year's unusually high level but higher than average due in part to continued gradual improvement in sunseed hybrids. *(For more information, contact Mark Lindeman at 202-690-0143.)*

Ukraine Sunflowerseed Area Higher But Production Lower

The USDA estimates Ukraine sunflower area for 2006/07 at a record 4.0 million hectares, up 0.3 million or 8 percent from last year. Production, meanwhile, is forecast to decrease by 6 percent to an estimated 4.4 million tons, due to a decrease in estimated yield from last year's 10-year high. Yield for 2006/07 is estimated at a near-average 1.1 tons per hectare, down 14 percent from last year. Although sunflower profitability has declined in recent years, sunflowers remains the most profitable of the major crops, and area has doubled over the past 10 years. *(For more information, contact Mark Lindeman at 202-690-0143.)*

This report uses information from the Foreign Agricultural Service's (FAS) global network of agricultural attachés and counselors, official statistics of foreign governments and other foreign source materials, and the analysis of economic data and satellite imagery. 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 Committee. 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-435), June 9, 2006.

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 FAS Production Estimates and Crop Assessment Division prepared this report. The next issue of World Agricultural Production will be released after 9:00 a.m. Eastern Time, July 12, 2006.

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
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Metric tons to hundredweight

Rice	=	MT * 22.04622
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Area & weight

1 hectare	=	2.471044 acres
1 kilogram	=	2.204622 pounds

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