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Annual

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Report Highlights:
FAS Bucharest forecasts that Romania's total oilseed production will register a slight decrease in MY2006/07' s level, because of an anticipated yield reduction in both sunflower and soybean, assuming normal weather conditions up to the fall harvest season. Sunflower seeds continue to be a top agricultural export, but its relative weight is shrinking, while demand for oil and meal remains bullish for exports. The soybean oil (especially refined oil in bulk) market is dynamic both domestically and for export purposes, with a number of biofuel production projects on the horizon.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Sofia [BU1]
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I. TOTAL OILSEEDS

Production

Although sunflowerseed prices have constantly depreciated throughout 2005/06 compared to the previous marketing year, the authorities expect that area planted to this crop during the current spring campaign will grow by some 8 percent. Such a development would be due to the fact that prices for grain and feed went down dramatically, eroding farmers' incomes, while winterkill caused countrywide total damages on about 105,000 HA of wheat, 30,000 HA of barley, 23,000 HA of two-raw barley, and 83,000 HA of rapeseed, which are currently being replanted to spring crops. Particularly affected by winterkill were Dobrogea (Constanta and Tulcea), the Baragan plain (Calarasi), but also northern parts of Moldova and Transylvania.

Official statistics released in the first week of May by the Ministry of Agriculture, Forests and Rural Development show sunflowerseed plantings on 486,000 HA out of the total 1.06 million HA overall anticipated and compared to 820,000 million hectares planted during the same time period last year. Although air temperatures have increased significantly in April after a long and cold winter, excess humidity in some areas and a still low ground temperature delayed with about three weeks the spring agricultural campaign.

FAS Bucharest forecasts that total sunflower seed production will register a decrease (to about 1.25 MMT), compared to MY2005/06' s level, because of the anticipated yield reduction, assuming normal weather conditions up to the fall harvest season. Seed companies report increased sales of early hybrids, given the lateness in sowing, which leads to forecast yields somewhat lower than a year earlier. We currently assume up to 10 percent reduction in yields.

Soybeans continued in 2005/06 to be one of the best selling crops in the market, especially because of the large adoption by farmers of herbicide-resistant varieties, very efficient in endemic weed control. Out of a total of 130,000 HA planted in MY2005/06, 85,000 HA were under biotech soybeans, which increased the average yield to almost 2.5 MT/HA. Commercial farmers, who are able to use irrigations and modern technology on large compact plots of land, have increasingly adopted the crop. Nevertheless, some recent inconsistencies in the legal framework related to GMO regime in Romania, corroborated with the discriminatory subsidization system adopted by the Ministry of Agriculture for conventional versus biotech soybeans (see section on Domestic Support Policy) generated significant uncertainty in the spring campaign of 2006. Although the Ministry of Agriculture expects plantings on about 180,000 HA, FAS Bucharest forecasts that the total soybean area will not exceed 150,000 HA[1], while assuming normal conditions, we currently peg our production estimate at 320,000 MT, to reflect both larger (compared to the previous year) cropland but also lower yields (due to the reduction in area planted to biotech soybeans).

Large areas under oilseeds continue in 2006/07 to lie in the Danube Plain (Calarasi, Ialomita, Braila, Galati), in Dobrogea (Constanta) as well as Banat (Timis, Arad).

[1] Official Min of Agriculture statistics show soybean plantings performed on about 105,000 HA by mid-May.

Table 1. Production, Supply and Demand

Romania							
Oilseed, Sunflowerseed							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	
Market Year Begin		10/2004		10/2005		10/2006	MM/YYYY
Area Planted	1090	1050	1090	973	0	1060	(1000 HA)
Area Harvested	950	950	1000	962	0	1000	(1000 HA)
Beginning Stocks	30	46	45	50	38	35	(1000 MT)
Production	1425	1425	1300	1335	0	1250	(1000 MT)
MY Imports	67	42	60	50	0	40	(1000 MT)
MY Imp. from U.S.	5	6	5	5	0	3	(1000 MT)
MY Imp. from the EC	1	12	1	10	0	10	(1000 MT)
TOTAL SUPPLY	1522	1513	1405	1435	38	1325	(1000 MT)
MY Exports	245	247	200	200	0	150	(1000 MT)
MY Exp. to the EC	0	210	0	175	0	100	(1000 MT)
Crush Dom. Consumption	1000	1020	950	1000	0	950	(1000 MT)
Food Use Dom. Consump.	9	10	10	10	0	8	(1000 MT)
Feed,Seed,Waste Dm.Cn.	223	186	207	190	0	185	(1000 MT)
TOTAL Dom. Consumption	1232	1216	1167	1200	0	1143	(1000 MT)
Ending Stocks	45	50	38	35	0	32	(1000 MT)
TOTAL DISTRIBUTION	1522	1513	1405	1435	0	1325	(1000 MT)
Calendar Year Imports	30	28	35	0	0	0	(1000 MT)
Calendar Yr Imp. U.S.	5	0	5	0	0	0	(1000 MT)
Calendar Year Exports	200	310	225	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Table 2. Production, Supply and Demand

Romania							
Oilseed, Soybean							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	
Market Year Begin		10/2004		10/2005		10/2006	MM/YYYY
Area Planted	130	130	130	130	0	150	(1000 HA)
Area Harvested	122	122	120	121	0	140	(1000 HA)
Beginning Stocks	6	6	15	10	15	6	(1000 MT)
Production	300	300	300	300	0	320	(1000 MT)
MY Imports	1	1	1	6	0	10	(1000 MT)
MY Imp. from U.S.	1	0	0	2	0	15	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	307	307	316	316	15	336	(1000 MT)
MY Exports	31	31	30	55	0	45	(1000 MT)
MY Exp. to the EC	7	6	7	8	0	9	(1000 MT)

Crush Dom. Consumption	227	232	230	220	0	245	(1000 MT)
Food Use Dom. Consump.	4	4	6	4	0	4	(1000 MT)
Feed,Seed,Waste Dm.Cn.	30	30	35	31	0	32	(1000 MT)
TOTAL Dom. Consumption	261	266	271	255	0	281	(1000 MT)
Ending Stocks	15	10	15	6	0	10	(1000 MT)
TOTAL DISTRIBUTION	307	307	316	316	0	336	(1000 MT)
Calendar Year Imports	1	45	1	1	0	0	(1000 MT)
Calendar Yr Imp. U.S.	1	0	1	0	0	0	(1000 MT)
Calendar Year Exports	43	13	12	50	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Rapeseed production prospects were significantly reduced by the arctic temperatures from January-February 2006. Stimulated by an increasing demand for rapeseed oil for biodiesel production, farmers planted in the fall of 2005 over 175,000 HA with this crop, but extensive winterkill reduced the cropland area to just 90,000 HA. Yields on the area that survived are also expected to have been affected by the long and cold winter (especially in terms of plant density per hectare). Over 12,000 HA were planted by mid-May to spring varieties of rapeseed, but this may grow further.

Consumption

Domestic consumption of sunflowerseed in MY2006/07 is expected to register some 5 percent decrease, due to the prospects for a lower sunflower seed production.

The domestic crushing industry continued in 2005 to attract new investments, which led to increased consolidation. We currently estimate that by the new harvest, about 1 MMT of sunflowerseed and approximately 220,000 MT of soybeans will be processed by local companies. Of these, rural rudimentary crushers absorb 70,000 – 80,000 MT of sunflowerseed for farmers' self-consumption, with 25 percent extraction rate for oil, while extraction rates in industrial systems average 42 percent.

Sunflower seed for sowing in the current planting season is estimated at roughly 5,000 MT, while for establishing 150,000 HA of soybean, about 12,000 MT of seed are earmarked for sowing.

The highly pathogenic avian influenza outbreaks repeatedly confirmed in Romania since October 2005 partly discouraged local soybean processing. Nonetheless, there are promising perspectives for industrial oil consumption, expected to grow significantly in the MY2006/07, as several significant investments in biodiesel production will be soon launched. This will likely raise domestic soybean crush to over 245,000 MT, that is, over 10 percent growth compared to the previous marketing year.

Trade

Although sunflowereseed remains a top Romanian agricultural export, in MY2005/06 the exportable surplus continued to diminish in accordance with local crushers' increased needs of raw material. FAS Bucharest estimates that about 200,000 MT will be shipped by the end of September 2006 (of which 175,000 MT already exported by the end of March), 20 percent down from the sunflower seed volume exported by Romania in the previous marketing year. This may shrink even further in 2006/07, in tandem with current production forecast.

The main destinations for Romania's sunflower seed remain the traditional EU partners (Spain, Portugal, Italy, France, Hungary), but also Turkey and Switzerland (Table 3).

Table 3. Export Trade Matrix

Country	Romania		
Commodity	Oilseed, Sunflowerseed		
Time Period	MY	Units:	MT
Exports for:	2004/05		**Oct 05 - March 06**
U.S.	0	U.S.	0
Others		Others	
The Netherlands	63,066.00	Spain	65,367.00
Spain	49,473.00	Portugal	65,137.50
Italy	41,870.00	Turkey	28,787.00
Turkey	35,521.00	France	12,399.00
Portugal	23,007.00	Italy	1,648.00
France	20,332.00	Switzerland	532.00
Greece	6,057.00	Serbia & Montenegro	511.00
Belgium	5,147.00	Hungary	129.00
Switzerland	830.00	Poland	100.00
Germany	726.00	Sweden	78.00
Total for Others	246,029.00		174,688.50
Others not Listed	1,331.50		153.00
Grand Total	247,360.50		174,841.50

Sunflower seeds imports increased in MY2004/05 from sources like the neighboring Moldova (22,000 MT), Slovakia (11,000 MT) and US (6,000 MT) and the pace accelerated further in the first part of the current marketing year, imports reaching almost 30,000 MT by the end of March (Table 4).

Table 4. Import Trade Matrix

Country	Romania		
Commodity	Oilseed, Sunflowerseed		
Time Period	MY	Units:	MT
Imports for:	2004/05		**Oct 05-March 06**
U.S.	6085	U.S.	2531
Others		Others	
Moldova Rep.	22000	Moldova Rep.	23800
Slovakia	10990	Hungary	616
Argentina	715	France	571
Hungary	621	Argentina	343
		Spain	136
		Turkey	111
Total for Others	34326		25577

Others not Listed	1175.6	660
Grand Total	41586.6	28768

Soybean export volume in MY2004/05 stood close to 32,000 MT, slightly above the levels reached a year earlier, and was shipped to Turkey, Greece, Italy, Hungary (Table 5). From 48,000 MT in MY2003/04, in MY2004/05 Romania's soybean imports went down to just above 1000 MT, mainly supplied by US. Imports will likely remain depressed until the end of the current marketing year (5-6,000 MT), while exports will likely continue to grow (47,000 MT already shipped by end-March to Turkey and Italy), as domestic prices make soybeans competitive in the European markets, due to lower transportation costs compared to those of the American suppliers.

Table 5. Export Trade Matrix

Country	Romania		
Commodity	Oilseed, Soybean		
Time Period	MY	Units:	MT
Exports for:	2004/05		**Sep 05-March 06**
U.S.	15.7	U.S.	
Others		Others	
Turkey	24947	Turkey	31418
Greece	4718	Italy	15384
Italy	1400	Hungary	85
Hungary	110	Austria	1
Total for Others	31175		46888
Others not Listed			
Grand Total	31190.7		46888

Romania's trade regime for the oilseed complex in the year preceding country's EU accession protectionist is similar to the one applied in the recent years (Table 6). EU receives concessions for a number of products.

Table 6. Current Duties for the Oilseed Complex (% ad valorem) in 2006

HS Code	Product	MFN applied in 2006	Applied to imports from EU
1206	Sunflower seed, whether or not broken		
1206.0010	For sowing*	20	Ex.
	Other than for sowing		
1206.0091	Dehulled, with white or grey strips	20	20
1206.0099	Other	20	20
1201	Soybeans, whether or not broken		
1201.0010	For sowing	0	0

1201.0090	Other than for sowing	0	0
	Sunflower seed oil		
1512.1191	Crude oil	40	40
1512.1990	Other	35	35
	Soybean oil, whether or not refined		
1507.10	Crude oil		
1507.1010	For other use than human consumption	25	Ex.
1507.1090	Other	25	0 for TRQ**
1507.90	Other	25	25**
2306.3000	Sunflower seed meal*	25	Ex.
2304.0000	Soybean meal	5	Ex.

Ex. – tax exempted
* Imports from Bulgaria are tax-exempted.
** A TRQ of 2,500 MT of crude or refined oil granted from January 1, 2006.

II. TOTAL OILS

Production

Romania holds a top position as a producer of edible oils in Europe. With investments estimated at $25 million, the industry evolved rapidly in the past couple of years towards high concentration, given the presence of large players, both domestic and international (Bunge, Cargill, Argus, Agricover, Ardealul currently account for 85 percent of the oil market). The value of the domestic market is estimated at over $300 million (which does not include the value of the 20,000 MT of oil obtained in rural crushers for household self-consumption).

The quality of the 2005/06 sunflower seed crop was poorer than in the previous year, which raised processing costs. The increased domestic crush (as sunflower seed exports have diminished substantially for the past two marketing years) nonetheless generated some excess supply and maintained edible oil prices pretty stable.

Table 7. Production, Supply and Demand

Romania							
Oil, Sunflowerseed							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	
Market Year Begin		10/2004		10/2005		10/2006	MM/YYYY
Crush	1000	1020	950	1000	0	950	(1000 MT)
Extr. Rate, 999.9999	0.398	0.412	0.39894	0.41	0	0.411	(PERCENT)
Beginning Stocks	21	21	23	30	25	35	(1000 MT)
Production	398	420	379	410	0	390	(1000 MT)

MY Imports	10	9	10	10	0	5	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	1	0	1	1	0	1	(1000 MT)
TOTAL SUPPLY	429	450	412	450	25	430	(1000 MT)
MY Exports	99	99	90	93	0	80	(1000 MT)
MY Exp. to the EC	38	28	35	35	0	40	(1000 MT)
Industrial Dom. Consum	5	6	5	10	0	10	(1000 MT)
Food Use Dom. Consump.	300	313	290	310	0	307	(1000 MT)
Feed Waste Dom. Consum	2	2	2	2	0	3	(1000 MT)
TOTAL Dom. Consumption	307	321	297	322	0	320	(1000 MT)
Ending Stocks	23	30	25	35	0	30	(1000 MT)
TOTAL DISTRIBUTION	429	450	412	450	0	430	(1000 MT)
Calendar Year Imports	10	5	10	10	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	87	91	90	83	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Domestic demand, which remains steady, is almost entirely satisfied from indigenous production. Increased environmental costs together with the fierce competition in the sector continues to push the small players out of business. Nonetheless, investors' appetite for the sector remains high as Romania (together with Ukraine and Russia) is a raw material pool and from 2007 will likely be part of an enlarged European market, including for edible oil. There are currently 10 companies, some of them with just a regional presence. The soybean processing industry is dominated by a Swiss investor.

Table 8. Production, Supply and Demand

Romania							
Oil, Soybean							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[Ne w]	USDA Official [Old]	Post Estimate[Ne w]	
Market Year Begin		10/2004		10/2005		10/2006	MM/YYYY
Crush	227	232	230	220	0	245	(1000 MT)
Extr. Rate, 999.9999	0.1806	0.1767	0.1826	0.1818	0.0000	0.1837	(PERCENT)
Beginning Stocks	0	1	1	0	0	0	(1000 MT)
Production	41	41	42	40	0	45	(1000 MT)
MY Imports	0	0	0	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	41	42	43	40	0	45	(1000 MT)
MY Exports	18	18	20	15	0	7	(1000 MT)
MY Exp. to the EC	1	1	1	10	0	5	(1000 MT)
Industrial Dom. Consum	1	1	1	2	0	17	(1000 MT)
Food Use Dom. Consump.	20	14	21	9	0	8	(1000 MT)
Feed Waste Dom. Consum	1	9	1	14	0	13	(1000 MT)
TOTAL Dom. Consumption	22	24	23	25	0	38	(1000 MT)

Ending Stocks	1	0	0	0	0	0	(1000 MT)
TOTAL DISTRIBUTION	41	42	43	40	0	45	(1000 MT)
Calendar Year Imports	0	0	0	0	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	18	0	20	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Soybean crush has been slightly slowing down since the first bird flu outbreaks in Romania, which led to reductions in poultry meat consumption.

A positive outlook for the new marketing year is though being generated by the anticipated ascending demand for refined soy oil in bulk, for biofuel production. Although currently there is no notable biodiesel production in Romania, the 2007 anticipated EU membership will come with the common regulations of minimum domestic usage of biofuels[2]. With the potential to increase domestic production of rapeseed and soybeans and still running an excess crush capacity, the country increasingly captures investors' interest in this field. Industry sources indicate that Romania has the potential for producing, by 2010, up to 2 million MT of bioethanol and up to 400,000 MT of biodiesel.

Consumption

Sunflower seed oil continues to rank the highest in Romanian consumers' preference.

Nonetheless, as the food sector instantly adapts to new consumer demands, the domestic market is diversifying and expanding, given the increasing population with higher incomes and receptive to new products and ideas. Both local crushers and importers are offering extra virgin olive oil, palm oil, corn seed oil, rapeseed oil on the supermarkets' shelves. There are several brand names with national penetration (*Unirea* from Bunge, *Bunica* from Cargill, Ulvex from Agricover, Sora Soarelui and *Argus* produced by Argus) positioned in accordance with consumer incomes and accounting for some 36 percent of the total sun oil sales.

Soybean oil is primarily used for margarine and animal feed. The margarine market has been fairly stable over the past year, a natural trend as consumption expenditures go up. The top two producers: Orkla Food (that acquired Royal Brinkers in 2005) and Unilever cover 90 percent of domestic sales. The total market value for margarine is estimated at about $60 million, almost entirely covered from domestic production.

Trade

The pace of sunflower seed oil exports has been significantly slower in the first half of the MY2005/06 compared to the same period of a year earlier, totaling just 14,000 MT (shipped mostly to EU countries and the Russian Federation. Companies have reported difficulties since Romania's adoption of the new forex policy[3], which resulted in local currency's considerable appreciation and eroded country's export competitiveness. At the same time, margins in the industry are shrinking together with the raising world oil and natural gas

[2] As a result of the Kyoto Protocol, the European Union urged member states to ensure that, by the end of 2005, at least 2% of its fuel is ecological, and by 2020 this should reach 20%. Only Germany, France, Italy and Austria have observed these recommendations to date.

[3] From November 2004, Romania maintains a managed floating exchange rate regime

prices. FAS Bucharest though anticipates that the export volume will get close to last year's level by the end of the current marketing year.

Table 9. Export Trade Matrix

Country	Romania		
Commodity	Oil, Sunflowerseed		
Time Period	MY	Units:	MT
Exports for:	2004/05		**Oct 05 - March 06**
U.S.		U.S.	
Others		Others	
Turkey	40721	Hungary	5357
Russian Fed.	10841	Russian Fed.	4496
Poland	10389	Greece	2305
Italy	7585	Poland	1427
Greece	6026	Moldova Rep.	225
Jordan	4050	The Netherlands	202
Saudi Arabia	3000	Austria	158
Egypt	3000	Albania	66
Algeria	2200	Switzerland	55
Albania	2120		
Total for Others	89932		14291
Others not Listed	9498		
Grand Total	99430		14291

Although soybean oil exports have barely amounted about 5,000 MT, crushers report that currently there is a strong demand for refined oil in bulk for biofuel production from countries like Greece, Bulgaria, Austria. We currently peg our estimate at 15,000 MT to be exported by the end of September 2006.

Table 10. Export Trade Matrix

Country	Romania		
Commodity	Oil, Soybean		
Time Period	MY	Units:	MT
Exports for:	2004/05		**Oct 05-March 06**
U.S.	0	U.S.	0
Others		Others	
Turkey	9139	Bulgaria	2401
Bulgaria	4665	Poland	1534
Georgia	3007	Hungary	873
Poland	973	Germany	82
		Austria	50
		Moldova rep.	1
Total for Others	17784		4941

Others not Listed		
Grand Total	17784	4941

III. TOTAL MEALS

Production

Sunflower meal production is estimated in the MY2005/06 to stand close to the previous year's volume. The supplies continue to be a good seller, both locally and for export purposes. Domestic livestock industry (especially a revitalized hog industry, with significant investments ongoing, but also a growing dairy cattle sector) will likely absorb up to 185,000 MT of sunflower meal (from roughly 160,000 MT in the previous marketing year.

Soybean meal production is currently experiencing a downturn, as is has been heavily affected by the of the negative developments in domestic poultry industry since the first cases of avian influenza registered in Romania (see Post's reports RO5012, RO5013, RO5016, RO5017, RO6004, RO6010). The market is currently split among three large players who mainly produce for domestic consumption.

Investments continue in soybean processing, made by both oilseeds crushers and firms in livestock breeding (who mainly produce full-fat soy).

Table 11. Production, Supply and Demand

Romania							
Meal, Sunflowerseed							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	
Market Year Begin		10/2004		10/2005		10/2006	MM/YYYY
Crush	1000	1020	950	1000	0	950	(1000 MT)
Extr. Rate, 999.9999	0.52	0.3922	0.5211	0.3950	0.0000	0.3947	(PERCENT)
Beginning Stocks	4	4	4	3	4	10	(1000 MT)
Production	520	400	495	395	0	375	(1000 MT)
MY Imports	0	0	0	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	524	404	499	398	4	385	(1000 MT)
MY Exports	239	239	225	200	0	195	(1000 MT)
MY Exp. to the EC	134	134	130	110	0	0	(1000 MT)
Industrial Dom. Consum	2	2	4	3	0	4	(1000 MT)
Food Use Dom. Consump.	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Consum	279	160	266	185	0	181	(1000 MT)
TOTAL Dom. Consumption	281	162	270	188	0	185	(1000 MT)
Ending Stocks	4	3	4	10	0	5	(1000 MT)
TOTAL DISTRIBUTION	524	404	499	398	0	385	(1000 MT)
Calendar Year Imports	0	0	0	0	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	232	0	225	0	0	0	(1000 MT)

Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Table 12. Production, Supply and Demand

Romania							
Meal, Soybean							
	2004	**Revised**	**2005**	**Estimate**	**2006**	**Forecast**	**UOM**
	USDA Official [Old]	**Post Estimate[New]**	**USDA Official [Old]**	**Post Estimate[New]**	**USDA Official [Old]**	**Post Estimate New]**	
Market Year Begin		10/2004		10/2005		10/2006	MM/YYYY
Crush	227	232	230	220	0	245	(1000 MT)
Extr. Rate, 999.9999	0.784	0.784	0.783	0.782	0.000	0.776	(PERCENT)
Beginning Stocks	5	4	6	6	5	15	(1000 MT)
Production	178	182	180	172	0	190	(1000 MT)
MY Imports	97	96	105	60	0	40	(1000 MT)
MY Imp. from U.S.	10	18	10	10	0	20	(1000 MT)
MY Imp. from the EC	0	2	0	1	0	1	(1000 MT)
TOTAL SUPPLY	280	282	291	238	5	245	(1000 MT)
MY Exports	16	16	25	8	0	10	(1000 MT)
MY Exp. to the EC	10	14	10	5	0	2	(1000 MT)
Industrial Dom. Consum	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Consump.	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Consum	258	260	261	215	0	230	(1000 MT)
TOTAL Dom. Consumption	258	260	261	215	0	230	(1000 MT)
Ending Stocks	6	6	5	15	0	5	(1000 MT)
TOTAL DISTRIBUTION	280	282	291	238	0	245	(1000 MT)
Calendar Year Imports	89	119	120	88	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	16	7	15	17	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Trade

Romania traditionally is a net exporter for the oilseed complex. Destinations for sunflower seed meal are Turkey, EU (Hungary, Italy, Germany, Spain, Poland), and countries in the Middle East and the Mediterranean region (Morocco, Egypt, Israel) (Table 13).

We expect that up to the end of the current marketing year, Romania’s exports of sunflower seed meal will likely reach 200,000 MT, some 16 percent down from last year’s volume. Export prices (FOB Constantza) for meal with 32-36 percent protein content averaged 90/MT over the first half of the current marketing year.

Table 13. Export Trade Matrix

Country	Romania		
Commodity	Meal, Sunflowerseed		
Time Period	MY	Units:	MT
Exports for:	2004/05		**Oct 05-Mach 06**
U.S.		U.S.	
Others		Others	
Turkey	79007	Turkey	69756
Italy	67904	Hungary	27453
Hungary	56680	Morocco	10699
Israel	13956	Italy	6409
Poland	5900	Serbia & Montenegro	3027
Albania	4063	Germany	2686
Egypt	3147	Albania	2461
Morocco	2691	Spain	1004
Germany	2404	Moldova Rep.	430
Greece	1031	Poland	264
Total for Others	236783		124189
Others not Listed	2225		21
Grand Total	239008		124210

Soybean meal imports well exceeded our estimates and ended up at 96,000 MT throughout MY2004/05. Given the negative trend in the poultry sector, FAS Bucharest expects that the import turnover for this product will go down to about 60,000 MT (of which 43,000 MT imported by the end of March). Major sources are Brazil and Argentina (Table 14).

Table 14. Import Trade Matrix

Country	Romania		
Commodity	Meal, Soybean		
Time Period	MY	Units:	MT
Imports for:	2004/05		**Oct 05-March06**
U.S.	18	U.S.	4070
Others		Others	
Brazil	87432	Brazil	30074
Argentina	6710	Argentina	11290
Hungary	614	Moldova Rep.	1230
Serbia & Montenegro	497	Denmark	260
Denmark	340	Hungary	189
Slovakia	263	Belgium	184
Austria	211	Serbia & Montenegro	163
Germany	100		
Total for Others	96167		43390

Others not Listed	163	185
Grand Total	96348	47645

Romania's very limited exports of soybean meal are directed to neighboring countries (Hungary, Bulgaria, Moldova) (Table 15).

Table 15. Export Trade Matrix

Country	Romania		
Commodity	Meal, Soybean		
Time Period	MY	Units:	MT
Exports for:	2004/05		**Oct 05-March 06**
U.S.	0	U.S.	0
Others		Others	
Hungary	9559	Hungary	2241
Bulgaria	4669	Moldova Rep.	748
Moldova Rep.	1530		
Finland	60		
Total for Others	15818		2989
Others not Listed			
Grand Total	15818		2989

IV. PRICES

Bids for sunflower seed have been constantly going down for the first half of MY2005/06 compared to the corresponding period a year earlier. This depreciation (averaging over 20%) is likely to come to an end in the near future, due to crushing industry's strong demand on one hand and seasonally shrinking stocks on the other. In-silo prices (see Prices table) peaked at almost $220/MT in March and lessened slightly in April and May.

Export opportunities for sunflower seed remain limited, but demand for both oil and meal remains bullish for exports.

Soybean export market is animated, especially for refined oil in bulk. Near term price perspectives are optimistic. Local crushers nonetheless cannot internationally compete on prices for soybean meal, especially after South American-origin SBM shipments have started seeking home in the region, after Turkey reduced its imports in tandem with its poultry sector downturn.

Prices Table

Country	Romania		
Commodity	Oilseed, Sunflowerseed		
Prices in	US$	per uom	MT

Year	2005	2006	% Change
Jan	275.1	206.3	-25%
Feb	283.2	205.9	-27%
Mar	264.8	219.4	-17%
Apr	267.5	210	-21%
May	280.6		
Jun	252.6		
Jul	270.2		
Aug	263		
Sep	226.9		
Oct	217.2		
Nov	184		
Dec	194.6		