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EU-27

Oilseeds and Products

Annual

2007

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Report Highlights:

The EU oilseed situation continues to be largely influenced by the demand for biodiesel. With already three consecutive years of record rapeseed harvests, production of rapeseed will again reach new record levels, in keeping with the overall trend for all other major vegetable oils. With entrance of the new EU Member States, Romania and Bulgaria, sunflower seed production is also steadily increasing. Romania is in fact the most important sunflower seed producer in the EU-27. Food use of vegetable oil is expected to remain relatively stable; however, there will be some substitution effects for individual oils. Food use of palm oil is expected to increase due to relative price advantages and the attractiveness of no trans-fatty acids.

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Data in this report is based on FAS analysts in the EU and is not official USDA data.

HA = Hectares

MT = Metric ton

Benelux = Belgium, the Netherlands and Luxembourg

MS = Member State

MY = Marketing Year

The EU local marketing years used in this report are:

Jan - Dec

Copra complex

Palm Kernel complex

Palm Oil

Fish Meal

July-June

Rapeseed complex

Oct - Sep

Soybean complex

Sunflower complex

Cottonseed complex

Peanut complex

Nov - Oct

Olive Oil

EU-27 Oilseeds (1000 MT)						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
MY	2005/06		2006/07		2007/08	
Area	0	7,462	0	10,407	0	10,728
Beginning Stocks	3,824	3,824	4,171	4,151	0	3,272
Production	21,601	21,147	22,736	24,998	0	25,970
Extra EU-27 imports	30,120	27,521	30,556	27,321	0	27,279
TOTAL SUPPLY	55,545	52,492	57,463	56,470	0	56,521
Extra EU-27 exports	460	893	239	1,365	0	1,048
Crush	45,549	42,543	49,012	46,570	0	48,330
Food Use	1,059	1,033	1,065	1,103	0	1,120
Feed, Seed, Waste	4,306	3,872	4,032	3,746	0	3,491
TOTAL Use	50,914	47,448	54,109	51,419	0	52,941
Ending Stocks	4,171	4,151	3,115	3,686	0	2,946
TOTAL DISTRIBUTION	55,545	52,492	57,463	56,470	0	56,935

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27

The EU oilseeds production is expected to reach a new record level, increasing by 972 MMT in MY 2007/08 compared to MY 2006/07. This high production level is driven by growing demand for biodiesel. Overall demand for oilseeds, particularly rapeseed but also increasingly sunflower seed, has encouraged further expansion in production. With the two new EU Member States, Bulgaria and Romania, the area planted with sunflower seeds has also increased. Romania is the most important sunflower seed producer in the EU-27. Total EU-27 crushing will continue to increase in MY 2007/08, increasing by 1,760 MMT, mostly for rapeseed.

EU-27 Oils (1000 MT)						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
MY	2005/06		2006/07		2007/08	
Beginning Stocks	1,954	1,966	1,721	1,790		1,723
Production	12,063	11,510	13,477	13,219	-	14,206
Extra EU-27 imports	7,981	7,872	8,535	9,276	-	9,872
TOTAL SUPPLY	21,998	21,348	23,733	24,285		25,801
Extra EU-27 exports	939	975	918	1,077	-	1,027
Industrial	6,299	2,377	7,810	2,740	-	2,916
Biofuels	-	4,333	-	5,814	-	7,326
Food Use	12,617	11,475	12,831	12,525	-	12,680
Feed, Seed, Waste	422	398	429	406	-	401
TOTAL Use	19,338	18,583	21,070	21,485	-	23,323
Ending Stocks	1,721	1,790	1,745	1,723	-	1,451
TOTAL DISTRIBUTION	21,998	21,348	23,733	24,285	-	25,801

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27.

The EU-27 vegetable oil demand is expected to increase significantly in MY 2007/08 triggered by the growth of the bioenergy sector. Total EU-27 vegetable oil production in MY 2007/08 is expected to increase by 987 MMT, while extra EU-27 imports are projected to increase by 596 MMT. The trend in increased vegetable oil production and imports is already

evident in MY 2006/07. This increase not only reflects higher demand in the energy sector, but is also due to the additional impact of the accession of the two new EU Member States, Bulgaria and Romania.

Biodiesel accounts for 80 percent of the biofuels used in the EU. This has important implications for the vegetable oil market, particularly in terms potential shocks and resulting price fluctuations. Because of the CEN biodiesel standards in the EU, rapeseed is the preferred feedstock for the production of biodiesel. However, there is an increasing trend in the use of sunflower and soybean oil.

Overall food use of vegetable oil is expected to remain relatively stable. However, depending on availability and price, there could be some substitutability for different oils. Food use of palm oil is projected to increase due to the potentially more attractive prices, and the general preference low or no trans-fatty oils.

Soybeans

Soybeans (1000MT)						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	10/2005		10/2006		10/2007	
Area		270		484		311
Beginning Stocks	865	865	918	860		765
Production	862	855	917	1,222		930
Extra EU-27 imports	13,934	12,817	14,338	12,382		12,500
TOTAL SUPPLY	15,661	14,537	16,173	14,464		14,195
Extra EU-27 exports	16	17	20	44		20
Crush	13,310	12,360	13,870	12,448		12,300
Food Use	110	100	110	107		100
Feed, Seed, Waste	1,307	1,200	1,272	1,100		1,050
TOTAL Use	14,727	13,660	15,252	13,655		13,450
Ending Stocks	918	860	901	765		725
TOTAL DISTRIBUTION	15,661	14,537	16,173	14,464		14,195

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27

In MY 2006/07, EU-27 soybean production increased significantly to 1.22 million MMT, as Romania became a new MS in January 2007. Romanian soybean production is estimated to account for about one third of total EU-27 soybean production. Romania used to be a big producer of GM soybeans; however, since the accession to the EU, GM production is no longer legal. This has lead to a reduction in soybean production in Romania to almost half of what it was before the accession. Expanded soybean production in the EU is estimated to result in reduced imports. EU-27 soybean crush is projected to be higher, mainly because of an increase in Germany, Romania and Spain, more than compensating for a reduced crush in the Netherlands and France. The projection for a higher crush in Germany is not tied to expanding soybean production, but rather to a change in crush margins.

In MY 2007/08, soybean production is anticipated to decline in the EU-27 to 930,000 MMT. This is mainly due to the Romanian Government's incentive to stop planting GM plants, and due to reduced production in Italy. Consequently, imports are expected to increase slightly to about 12.5 MMT. In the Benelux, France and the UK, soybean imports show a declining trend as a result of increased capacity use for rapeseed crushing.

Soybean crush is expected to increase in Germany, Spain, and Italy. In Spain, soybeans are increasingly crushed for the production of biofuels. Greek third country soybean imports are projected to stabilize. Greece stopped sourcing soybeans from the U.S. because of the sector's sensitivity towards GM. However, Greece still imports soybean meal from Argentina.

Soybean Meal (1000MT)						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	10/2005		10/2006		10/2007	
Crush	13,310	12,360	13,870	12,448		12,300
Extraction Rate	0.787	0.794	0.789	0.791		0.797
Beginning Stocks	854	854	863	530		520
Production	10,470	9,811	10,940	9,846		9,800
Extra EU-27 imports	22,609	22,254	22,580	22,962		22,300
TOTAL SUPPLY	33,933	32,919	34,383	33,338	-	32,620
Extra EU-27 exports	692	697	700	628		630
Industrial	10	10	10	10		10
Food Use	30	32	30	32		30
Feed, Seed, Waste	32,338	31,650	32,780	32,148		31,430
TOTAL Use	32,378	31,692	32,820	32,190	-	31,470
Ending Stocks	863	530	863	520		520
TOTAL DISTRIBUTION	33,933	32,919	34,383	33,338	-	32,620

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27

In MY 2006/07, EU-27 soybean meal imports are anticipated to increase by about 0.7 MMT to 23.0 MMT. This is mainly a result of increased feed use in Germany, the Benelux countries and Poland. German soybean meal consumption increased due to limited availability of corn gluten feed and lower feed use of pulses. In the Benelux countries, soybean meal consumption increased as a result of the limited availability of cereals, while in Poland strong pork and poultry production continues to drive soybean meal consumption.

In MY 2007/08, German soybean meal consumption is expected to stabilize. In the Benelux countries, soybean meal consumption is expected to increase as a result of the limited availability of cereals. Benelux cereals use for compound feed production is expected to recover at the expense of soybean meal. In several EU Member States, such as France, soybean meal consumption is shrinking due to increasing availability of rapeseed meal. A forecasted reduction in Polish livestock numbers will dampen demand soybean meal consumption. In MY 2006, the Polish Government introduced new feed legislation which bans GM in feeds starting August 2008. However, there is some uncertainty in how the GM feed ban will be implemented since this could have serious implications for the competitiveness of the livestock and the compound feed sectors in Poland.

Soybean Oil (1000 MT)						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	10/2005		10/2006		10/2007	
Crush	13,310	12,360	13,870	12,448		12,300
Extraction Rate	0.179	0.182	0.179	0.185		0.183
Beginning Stocks	200	200	192	300		290
Production	2380	2,250	2,480	2,300		2,250
Extra EU-27 imports	714	711	920	996		1,240
TOTAL SUPPLY	3,294	3,161	3,592	3,596	-	3,780
Extra EU-27 exports	262	213	250	223		160
Industrial	1110	305	1,400	320		320
Biofuels		714		1,140		1,425
Food Use	1600	1,489	1,600	1,483		1,485
Feed, Seed, Waste	130	140	139	140		130
TOTAL Use	2,840	2,648	3,139	3,083	-	3,360
Ending Stocks	192	300	203	290		260
TOTAL DISTRIBUTION	3,294	3,161	3,592	3,596	-	3,780

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27

EU-27 soybean oil imports are expected to increase from 0.7 MMT previous season to 1.0 MMT this season. Next season, imports are expected to increase further to about 1.2 MMT. The main driver for this expansion is the increased use for biodiesel, in particular in Spain since Spain has a different CEN specification for biodiesel, but also in the Benelux, Germany, France, the U.K. and Italy. EU soybean oil imports are mainly sourced from Argentina and Brazil. In Germany, the market for soybean oil based biofuel is decreasing, particularly for captive fleet trucks. Since January 2007 the tax reduction in Germany can only be applied if the oil meets the technical standard, DIN V 51605.

Rapeseed

The European rapeseed industry is mainly driven by the development of the biodiesel industry. As a result, all trends for production and crush, oil and meal production, feed and biofuel use are on the rise.

Rapeseeds (1000 MT)						
	USDA Official	Post Estimates (new)	USDA Official	Post Estimates (new)	USDA Official	Post Estimates (new)
Marketing Year Begin	07/2005		07/2006		07/2007	
Area		4,557		5,170		6,100
Beginning Stocks	1,606	1,606	1,952	2,048		1,709
Production	15,396	15,079	15,666	15,612		17,750
Extra EU-27 imports	432	447	550	727		530
TOTAL SUPPLY	17,434	17,132	18,168	18,387		19,989
Extra EU-27 exports	218	580	85	478		400
Crush	14,300	13,768	16,300	15,500		17,675
Food Use		-		-		-
Feed, Seed, Waste	964	736	885	700		760
TOTAL Use	15,264	14,504	17,185	16,200		18,435
Ending Stocks	1,952	2,048	898	1,709		1,154
TOTAL DISTRIBUTION	17,434	17,132	18,168	18,387		19,989

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27

In MY 2007/08, EU-27 rapeseed production is expected to increase by almost 14 percent to 17.75 million MMT, mainly due to higher acreage in most MS. Some uncertainty remains on the yields, which may be negatively affected by the abnormally dry conditions in April. The increase in production will likely all go to crush, which is expected at 17.68 million MMT. As the Benelux and Germany are significantly expanding their crushing capacities, most of the crush increase for rapeseed in MY 2007/08 will be located in these MS. French and Polish crushing capacities are also growing, but at a lower rate. As most supply is directed to crush, ending stocks and exports are likely to decline.

In the two new MS, rapeseed is a minor crop. However, compared to previous years, both production and crush of rapeseed in MY 2007/08 are developing significantly in Romania.

Rapeseed Meal (1000 MT)						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	10/2005		10/2006		10/2007	
Crush	14,300	13,768	16,300	15,500		17,675
Extraction Rate	0.573	0.567	0.574	0.568		0.566
Beginning Stocks	86	86	82	148		140
Production	8,200	7,808	9,350	8,800		10,000
Extra EU-27 imports	91	104	75	88		80
TOTAL SUPPLY	8,377	7,998	9,507	9,036	-	10,220
Extra EU-27 exports	35	32	35	47		100
Industrial		-		-		-
Food Use		-		-		-
Feed, Seed, Waste	8,257	7,818	9,384	8,849		9,980
TOTAL Use	8,257	7,818	9,384	8,849	-	9,980
Ending Stocks	85	148	88	140		140
TOTAL DISTRIBUTION	8,377	7,998	9,507	9,036	-	10,220

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27

EU-27 rapeseed meal production is expected to increase to 10 MMT in MY 2007/08, mostly directed to animal feed. The largest consumers of rapeseed meal for animal feed are Germany, France, and the Benelux, where cattle and swine are the main users of rapeseed meal. In these MS, rapeseed meal has partially replaced soybean meal, corn gluten feed and sunflower seed meal in animal feed rations. During the first months of MY 2006/07, the incorporation of rapeseed meal into animal feed was hurt by its abnormally high prices.

Rapeseed Oil (1000MT)						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	07/2005		07/2006		07/2007	
Crush	14,300	13,768	16,300	15,500	-	17,675
Extraction Rate	0.416	0.416	0.416	0.417		0.421
Beginning Stocks	200	200	190	190		356
Production	5,945	5,725	6,775	6,461		7,450
Extra EU-27 imports	324	371	575	707		700
TOTAL SUPPLY	6,469	6,296	7,540	7,358	-	8,506
Extra EU-27 exports	85	115	54	108		95
Industrial	3,579	560	4,785	594		684
Biofuels		3,271		4,130		5,185
Food Use	2,610	2,158	2,511	2,167		2,180
Feed, Seed, Waste	5	2	5	3		7
TOTAL Use	6,194	5,991	7,301	6,894	-	8,056
Ending Stocks	190	190	185	356		355
TOTAL DISTRIBUTION	6,469	6,296	7,540	7,358	-	8,506

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27

EU-27 rapeseed oil production is expected to continue to increase to 7.5 MMT in MY 2007/08. More than half of the EU-27 production is located in Germany and France, and Benelux production is expected to boom in MY 2007/08.

Roughly two-thirds of the EU-27 rapeseed oil production is used for biodiesel, while the remaining third goes to food and staple use. Industrial use is increasing only marginally in market segments such as erucic rapeseed oil and chemical use for paints, lubricants and tarmac.

EU-27 imports of rapeseed oil, mainly from Canada, the United States, China and the United Arab Emirates, are estimated to more than double in MY 2006/07. Biodiesel demand will continue to fuel this growth in MY 2007/08.

Sunflowers

Sunflower Seed (1000 MT)						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	10/2005		10/2006		10/2007	
Area		1,921		3,847		3,556
Beginning Stocks	450	450	347	347		-
Production	3,684	3,543	3,975	6,263		5,660
Extra EU-27 imports	853	610	1,120	880		830
TOTAL SUPPLY	4,987	4,603	5,442	7,490	-	6,490
Extra EU-27 exports	55	50	50	578		390
Crush	4,030	3,544	4,400	5,584		5,480
Food Use	170	243	175	261		270
Feed, Seed, Waste	385	419	424	653		454
TOTAL Use	4,585	4,206	4,999	6,498		6,204
Ending Stocks	347	347	393	414		310
TOTAL DISTRIBUTION	4,987	4,603	5,442	7,490	-	6,904

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27

In MY 2006/07, total EU sunflower seed production will increase by 2,720 MMT due to the accession of the two new MS. Romania is the largest producer of sunflowers in the EU, with an expected production of 1,500 MMT in MY 2006/07. However, in MY 2007/08 production is expected to decline by 603 MMT due to a decline in planted areas and dry conditions in France, Hungary, Romania and Bulgaria. However, higher production is expected in Spain due better weather conditions and an increase in planted area.

Lower imports of sunflower seeds in MY 2007/08 are to be expected due to drought in Argentina and a decreased world supply. Still, cheaper exports from countries like Russia, Ukraine, and Moldova will continue to supply seeds for crush into oil, destined mainly for biodiesel production. Exports of sunflower seeds in EU-27 will increase due to the new MS.

Sunflower Meal (1000 MT)						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	10/2005		10/2006		10/2007	
Crush	4,030	3,544	4,400	5,584		5,480
Extraction Rate	1	1	0.560	0.519		0.518
Beginning Stocks	86	86	97	104		158
Production	2,260	1,940	2,465	2,900		2,840
Extra EU-27 imports	1,966	1,958	1,975	1,815		1,780
TOTAL SUPPLY	4,312	3,984	4,537	4,819	-	4,778
Extra EU-27 exports	9	4	7	211		210
Industrial		0		-		-
Food Use		0				-
Feed, Seed, Waste	4,206	3,876	4,433	4,450		4,420
TOTAL Use	4,206	3,876	4,433	4,450	-	4,420
Ending Stocks	97	104	97	158		148
TOTAL DISTRIBUTION	4,312	3,984	4,537	4,819	-	4,778

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27

Total crush in MY 2006/07 is expected to increase due to crush consumption in Greece, Benelux and Spain. Crushing capacity in Hungary is expected to expand by 20 percent, and new crush capacity becoming available in the newly acceded MS. Meal exports are projected to increase significantly due to the effects of the accession of Romania and Bulgaria.

In Poland imports of sunflower meal are expected to remain strong, due to continued high demand for feed in the poultry and pork sectors. Polish imports are mainly from the Ukraine, which is considered to be a very competitively priced source. In MY 2007/08, reduced production and imports of sunflower seed meal are expected to result in lower feed use and reduced stocks.

Sunflower Oil (1000 MT)						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	10/2005		10/2006		10/2007	
Crush	4,030	3,544	4,400	5,584		5,480
Extraction Rate	0.398	0.420	0.398	0.421		0.422
Beginning Stocks	234	234	228	206		293
Production	1,602	1,490	1,750	2,350		2,310
Extra EU-27 imports	1,245	1,189	1,250	1,362		1,360
TOTAL SUPPLY	3,081	2,913	3,228	3,918	-	3,963
Extra EU-27 exports	97	110	100	173		180
Industrial	94	51	95	75		75
Biofuels		196		305		390
Food Use	2,662	2,333	2,803	3,045		3,090
Feed, Seed, Waste		17		27		30
TOTAL Use	2,756	2,597	2,898	3,452	-	3,585
Ending Stocks	228	206	230	293		198
TOTAL DISTRIBUTION	3,081	2,913	3,228	3,918	-	3,963

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27

In all MS, the food market remains the major driving force in oil consumption. In MY 2007/08, food oil consumption will increase mainly due to higher demand in Germany, France, and the Benelux. Consumption is stable in the new MS. Less expensive oil imports will be primarily destined for biodiesel, and will likely come from Russia, Ukraine and Moldova as a crude oil. In MY 2006/07, larger food use and biofuel consumption of sunflower seed oil are expected to boost imports. In 2007/08, food consumption is likely to remain relatively stable and biofuel consumption to increase despite lower production. As a result, ending stocks are expected to decline.

Fishmeal

Fishmeal (1000 MT)						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	01/2006		01/2007		01/2008	
Beginning Stocks	26	-	25	1		1
Production	490	423	495	414		412
Extra EU-27 imports	551	535	625	558		572
TOTAL SUPPLY	1,067	984	1,145	997	-	985
Extra EU-27 exports	208	203	210	195		195
Industrial		-		-		-
Food Use		-		-		-
Feed, Seed, Waste	834	756	910	801		789
TOTAL Use	834	756	910	801	-	789
Ending Stocks	25	25	25	1		1
TOTAL DISTRIBUTION	1,067	984	1,145	997	-	985

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27

A temporary EU-wide ban on the use of fishmeal in ruminant feed has been in place since 2001 (EC 2000/766 and 2001/9). In 2003, the temporary ban was transferred into permanent measures within the TSE regulations (EC 999/2001). Fishmeal was banned because of the difficulties of detecting small amounts of ruminant proteins in feed containing fishmeal. Feed microscopy is currently the only method officially endorsed by the European Commission to test for the presence of animal protein in feeds. A revision of Regulation (EC) No 999/2001 is foreseen and the current draft revision allows feeding young ruminants with fishmeal and introduces a tolerance level for fishmeal in feed for adult cattle under strict conditions.

On February 22, 2007 EFSA published an opinion concluding that if there is any risk of TSE in fishmeal, this could arise from mammalian feed being fed to fish or through fishmeal contaminated by Meat and Bone Meal (MBM). If and when fishmeal will be allowed back into the feed chain, some public health concerns may remain in terms of preventing cross contamination with MBM. The risk of TSE in fish, either being fed directly or by amplification, seems remote. Much progress has made in the testing used for the detection of MBM feed, using PCR for the DNA detection of specified species in heat treated animal proteins.

Palm Oil

Palm Oil (1000 MT)						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	01/2006		01/2007		01/2008	
Beginning Stocks	200	200	200	200		150
Production		-		-		-
Extra EU-27 imports	4,076	4,028	4,200	4,426		4,700
TOTAL SUPPLY	4,276	4,228	4,400	4,626	-	4,850
Extra EU-27 exports	110	96	115	122		120
Industrial	1,116	885	1,135	1,123		1,200
Biofuels		152		235		320
Food Use	2,600	2,688	2,700	2,791		2,860
Feed, Seed, Waste	250	207	250	205		200
TOTAL Use	3,966	3,932	4,085	4,354	-	4,580
Ending Stocks	200	200	200	150		150
TOTAL DISTRIBUTION	4,276	4,228	4,400	4,626	-	4,850

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27

Imports of palm oil are expected to continue to increase during MY 2008. There are new factories being constructed mainly in the Netherlands, one of the largest ports of entry in the EU. The increased use in palm oil is used for industrial purposes, mainly for producing green electricity. An increased use of palm oil is also expected in the production of biofuels, and also in the food industry.

The discussions generated by NGO's protesting about the environmental effects and the non-sustainability of using palm oil for the production of green energy have had some consequence on the use of palm oil. The most important green electricity producer in the Netherlands, "Essent" has noted that after the cut in subsidy that took place July 1, 2006 when the Dutch government cut the subsidy on using palm oil from €0.066/KWH to €0.022/KWh, unless there is a change in price of mineral oil and palm oil, it might have to stop using palm oil. The Swedish leading provider of district heat in Nordic countries, Fortum, has replaced fossil oil with palm oil in one of its heat plants. Fortum is planning to continue its use of palm oil, however they are cautious to buy only palm oil that has been produced with human and ecological consideration.

Olive Oil

Olive Oil						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	11/2005		11/2006		11/2007	
Beginning Stocks	993	993	805	805		570
Production	2,000	1,915	2,340	1,970		2,060
Extra EU-27 imports	193	205	202	216		220
TOTAL SUPPLY	3,186	3,113	3,347	2,991	-	2,850
Extra EU-27 exports	355	407	375	420		440
Industrial	51	51	50	51		50
Food Use	1,975	1,850	2,075	1,950		1,940
Feed, Seed, Waste		-		-		-
TOTAL Use	2,026	1,901	2,125	2,001	-	1,990
Ending Stocks	805	805	847	570		420
TOTAL DISTRIBUTION	3,186	3,113	3,347	2,991	-	2,850

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27

The EU olive oil regime includes provision to mitigate price volatility, establishing a common policy to ensure orderly trade. The CAP for the olive sector also aims to provide adequate incomes in olive growing areas, which also often happen to be areas of lower income.

Private storage contracts can be authorized when the olive oil market in a MS is seriously disrupted. The average prices at which these measures can be triggered are:
 € 1,779/ton for extra virgin olive oil, or
 € 1,710/ton for virgin olive oil, or
 € 1,524/ton for lampante olive oil having 2 degrees of free acidity, this amount being reduced by €36.70/ton for each additional degree of acidity.

Copra

Copra (10000 MT)						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	01/2006		01/2007		01/2008	
Area		-		-		-
Beginning Stocks	3	3	3	3		3
Production		-		-		-
Extra EU-27 imports	29	54	30	60		80
TOTAL SUPPLY	32	57	33	63	-	83
Extra EU-27 exports		-		-		-
Crush	29	23	30	30		30
Food Use		31		30		50
Feed, Seed, Waste		-		-		-
TOTAL Use	29	54	30	60		80
Ending Stocks	3	3	3	3		3
TOTAL DISTRIBUTION	32	57	33	63		83

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27.

Copra Meal (1000 MT)						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	01/2006		01/2007		01/2008	
Crush	29	23	30	30	-	30
Extraction Rate	0.345	0.348	0.367	0.333		0.333
Beginning Stocks		-		-		6
Production	10	8	11	10		10
Extra EU-27 imports	56	45	58	65		65
TOTAL SUPPLY	66	53	69	75	-	81
Extra EU-27 exports		-		-		-
Industrial		-		-		-
Food Use		-		-		-
Feed, Seed, Waste	66	53	69	69		75
TOTAL Use	66	53	69	69	-	75
Ending Stocks		-		6		6
TOTAL DISTRIBUTION	66	53	69	75	-	81

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27.

Coconut Oil (1000 MT)						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	01/2006		01/2007		01/2008	
Crush	29	23	30	30	-	30
Extraction Rate	0.862	0.652	0.833	0.833		0.833
Beginning Stocks	70	70	50	50		29
Production	25	15	25	25		25
Extra EU-27 imports	692	745	645	883		932
TOTAL SUPPLY	787	830	720	958	-	986
Extra EU-27 exports	18	15	15	16		16
Industrial	235	235	230	281		286
Biofuels		-		-		-
Food Use	464	520	430	622		645
Feed, Seed, Waste	20	10	20	10		10
TOTAL Use	719	765	680	913	-	941
Ending Stocks	50	50	25	29		29
TOTAL DISTRIBUTION	787	830	720	958	-	986

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27.

Cotton seed

Cotton Seed (1000 MT)						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	10/2005		10/2006		10/2007	
Area		444		422		450
Beginning Stocks	29	29	21	21		14
Production	797	815	516	678		700
Extra EU-27 imports	140	149	130	215		184
TOTAL SUPPLY	966	993	667	914		898
Extra EU-27 exports	125	220	34	210		208
Crush	480	456	447	515		500
Food Use		-		-		-
Feed, Seed, Waste	340	296	176	175		177
TOTAL Use	820	752	623	690		677
Ending Stocks	21	21	10	14		13
TOTAL DISTRIBUTION	966	993	667	914		898

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27.

Cottonseed Meal (1000 MT)						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	10/2005		10/2006		10/2007	
Crush	480	456	447	515	-	500
Extraction Rate	0.433	0.607	0.434	0.456		0.442
Beginning Stocks	9	4	4	8		7
Production	208	277	194	235		221
Extra EU-27 imports	32	12	30	15		16
TOTAL SUPPLY	249	293	228	258	-	244
Extra EU-27 exports		3		-		-
Industrial		-		-		-
Food Use		-		-		-
Feed, Seed, Waste	240	282	228	251		240
TOTAL Use	240	282	228	251	-	240
Ending Stocks	9	8	5	7		4
TOTAL DISTRIBUTION	249	293	233	258	-	244

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27.

Cottonseed Oil (1000 MT)						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	10/2005		10/2006		10/2007	
Crush	480	456	447	515	-	500
Extraction Rate	0.158	0.219	0.157	0.175		0.168
Beginning Stocks	4	4	3	5		8
Production	76	100	70	90		84
Extra EU-27 imports	2	4	2	4		5
TOTAL SUPPLY	82	108	75	99	-	97
Extra EU-27 exports	7	7	5	3		3
Industrial		1		1		1
Biofuels		-		4		6
Food Use	72	94	67	82		78
Feed, Seed, Waste		1		1		1
TOTAL Use	72	96	67	88	-	86
Ending Stocks	3	5	3	8		8
TOTAL DISTRIBUTION	82	108	75	99	-	97

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27.

Palm Kernel

Palm Kernel (1000 MT)						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	01/2006		01/2007		01/2008	
Area		-		-		-
Beginning Stocks		-		-		-
Production		-		-		-
Extra EU-27 imports	50	24	50	35		35
TOTAL SUPPLY	50	24	50	35	-	35
Extra EU-27 exports		-		-		-
Crush	50	22	50	35		35
Food Use		-		-		-
Feed, Seed, Waste		2		-		-
TOTAL Use	50	24	50	35	-	35
Ending Stocks		-		-		-
TOTAL DISTRIBUTION	50	24	50	35	-	35

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27.

Palm Kernel Meal (1000 MT)						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	01/2006		01/2007		01/2008	
Crush	50	22	50	35	-	35
Extraction Rate	0.560	0.364	0.560	0.429	-	0.571
Beginning Stocks		3		-	-	-
Production	28	8	28	15		20
Extra EU-27 imports	2,940	2,623	3,140	2,850		2,800
TOTAL SUPPLY	2,968	2,634	3,168	2,865	-	2,820
Extra EU-27 exports		-		-		-
Industrial	540	263	600	250		250
Food Use		-		-		-
Feed, Seed, Waste	2,428	2,371	2,568	2,615		2,570
TOTAL Use	2,968	2,634	3,168	2,865	-	2,820
Ending Stocks		-		-		-
TOTAL DISTRIBUTION	2,968	2,634	3,168	2,865	-	2,820

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27.

Palm Kernel Oil (1000 MT)						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	01/2006		01/2007		01/2008	
Crush	50	22	50	35	-	35
Extraction Rate	0.420	0.591	0.420	0.600		0.714
Beginning Stocks	46	58	48	29		14
Production	21	13	21	21		25
Extra EU-27 imports	634	514	641	572		605
TOTAL SUPPLY	701	585	710	622		644
Extra EU-27 exports	2	-	1	-		1
Industrial	114	289	115	295		300
Biofuels		-		-		-
Food Use	520	250	532	296		305
Feed, Seed, Waste	17	17	15	17		20
TOTAL Use	651	556	662	608	-	625
Ending Stocks	48	29	47	14		18
TOTAL DISTRIBUTION	701	585	710	622	-	644

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27.

Peanuts

Peanuts (1000 MT)						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	10/2005		10/2006		10/2007	
Area		-		-		-
Beginning Stocks	6	6	12	12		16
Production		-	745	1		-
Extra EU-27 imports	748	603		640		620
TOTAL SUPPLY	754	609	757	653		636
Extra EU-27 exports	30	9	30	11		10
Crush	40	10	45	10		10
Food Use	669	559	670	598		600
Feed, Seed, Waste	3	19	3	18		-
TOTAL Use	712	588	718	626		610
Ending Stocks	12	12	9	16		16
TOTAL DISTRIBUTION	754	609	757	653		636

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27.

Peanut Meal (1000 MT)						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	10/2005		10/2006		10/2007	
Crush	40	10	45	10	-	10
Extraction Rate	0.450	0.800	0.444	0.800	#DIV/0!	0.800
Beginning Stocks		-		-	-	-
Production	18	8	20	8		8
Extra EU-27 imports	32	35	40	20		20
TOTAL SUPPLY	50	43	60	28	-	28
Extra EU-27 exports		-		-		-
Industrial		-		-		-
Food Use		-		-		-
Feed, Seed, Waste	50	43	60	28		28
TOTAL Use	50	43	60	28	-	28
Ending Stocks		-		-		-
TOTAL DISTRIBUTION	50	43	60	28	-	28

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27.

Peanut Oil (1000 MT)						
	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)	USDA official	Post Estimates (new)
Marketing Year Begin	10/2005		10/2006		10/2007	
Crush	40	10	45	10	-	10
Extraction Rate	0.350	0.200	0.356	0.200	#DIV/0!	0.200
Beginning Stocks	7	7	5	5	5	13
Production	14	2	16	2		2
Extra EU-27 imports	101	105	100	110		110
TOTAL SUPPLY	122	114	121	117	5	125
Extra EU-27 exports	3	12	3	12		12
Industrial		-		-		-
Biofuels		-		-		-
Food Use	114	93	113	89		97
Feed, Seed, Waste		4		3		3
TOTAL Use	114	97	113	92	-	100
Ending Stocks	5	5	5	13		13
TOTAL DISTRIBUTION	122	114	121	117	-	125

Source: FAS EU-27

? USDA Official data and Post Estimates for MY 2005/06 refer to EU-25, Post Estimates and Forecast Post Estimates data for MY's 2006/07 and 2007/08 refer to EU-27.

Policy

Blair House Agreement

In December 1989, a GATT panel found that the European Community's support scheme for oilseeds was an impairment of the value of the tariff concessions which the Community had granted to the United States in 1962. As a result, the GATT panel recommended that the European Community act quickly to eliminate this impairment. The ensuing negotiations led to a 1992 agreement, commonly known as the Blair House Agreement (BHA). The Agreement, which was framed in the context of the GATT Uruguay Round talks, and which was finalized in Washington, DC in 1992, became EU law with the Memorandum of Understanding in Council Decision [93/355/EEC](#).

After the Agenda 2000 CAP reforms, support for EU oilseed farmers became non-crop specific. There is a general belief in the EU that oilseeds grown on non set-aside land are no longer subject to the Separate Base Area (SBA) constraints. According to the European Commission DG Agri website, *"As for oilseeds, the gradual alignment of payments per hectare with the aid paid for cereals and set-aside will eventually eliminate their specific character, thus freeing producers of the hectare limits set out in the BHA"*. While the EU oilseed sector, and the EU biodiesel sector in particular, broadly support this logic that would remove the 1 million ton limitation for oilseeds grown on set-aside land, there has been no agreement to reverse the European Commission's commitment to the BHA.

During a speech at the European Grain and Oilseed Convention in Brussels in May 2007, Agriculture and Rural Development Commissioner Mariann Fischer Boel outlined certain elements of her 'one vision, two steps' approach to the CAP, step one being the Health Check scheduled for 2008, and step two being a further examination post- 2013 financial perspectives. The Commissioner strongly suggested that set-aside would probably be eliminated from the CAP during this process given the fact that the EU's arable production surplus is significantly less than before. In line with the CAP simplification objectives, the elimination of set-aside would also reduce the administrative burden for farmers. The Deputy Director General of DG Agriculture continued this theme during a panel discussion on

the future perspective for the CAP after 2008. He noted that an additional benefit of suppressing the set-aside arrangements would finally result in the elimination of the Blair House set-aside land restriction of 1 million tons soybean meal equivalents of oilseed by-product for non-food/non-feed uses.

Biotech and Labeling

The EU's labeling requirements are intended to address consumer concerns, and are not related to safety. Before a product can be labeled as biotech, the Commission must review its safety and authorize the marketing of it. Similarly, the EFSA must issue a positive risk assessment.

Labeling regulations for products containing or consisting of GMOs are presented in [Regulation \(EC\) No 1830/2003](#), article 4B. In general, these labeling regulations apply to bulk agricultural commodities such as whole grains and oilseeds. The scope of GMO products covered is defined in Directive 2001/18.

Labeling regulations for food and feed products that are produced from GMOs are presented in [Regulation \(EC\) No 1829/2003](#), articles 12-13 for food and articles 24-25 for feed. These products have undergone varying degrees of processing.

In general, all food and feed products containing/consisting of GMOs and/or produced from GMOs, including products that no longer contain detectable traces of GMOs, must be labeled. The allowable adventitious presence level for EU-approved varieties of GMOs for use in food and feed is set at 0.9 percent. Above this level, all products must be labeled. For [GM varieties, which are not yet formally approved but which have received a positive EU risk assessment](#), the adventitious presence level is set 0.5 percent. This provision will expire after 3 years. Above this threshold, the product is not allowed on the EU market. Operators must demonstrate that the presence of GM material was adventitious or technically unavoidable.

The regulation does not require labeling of products that are not food ingredients, such as processing aids. Meat, milk or eggs obtained from animals fed with GM feed or treated with GM medicinal products do not require GM labeling.

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