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EU-27

Oilseeds and Products

Oilseeds Update October 2008

2008

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Report Highlights:

Sunflower harvest has been concluded in the EU-27 with record yields. Increasing imports of highly price competitive sunflower meal are expected to push up feed use of sunflower meal at the expense of imported soybean meal. Sowing condition for winter rapeseed showed a large variation from excellent to very poor.

Includes PSD Changes: Yes
Includes Trade Matrix: No
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Introduction

This report presents the outlook for oilseeds in the EU-27. The data in this report is based on the views of Foreign Agricultural Service (FAS) analysts in the EU and is not official USDA data. Unless stated otherwise, the data presented reflects information as of October 20, 2008.

This report was a group effort of the following FAS analysts:

| | |
|-----------------------|--|
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Abbreviations used in this report

| | |
|---------|--|
| Benelux | = Belgium, the Netherlands, and Luxembourg |
| Ha | = Hectares |
| MT | = Metric ton (1000 kg) |
| MS | = EU Member States |
| MY | = Marketing Year |

Soybean Complex:

(Coordination: Marie-Cecile Henard)

| PSD Table | | | | | | | | | |
|---------------------------|---------------|--------|----------------------|---------------|--------|----------------------|---------------|--------|----------------------|
| Country: | EU27 | | | | | | | | |
| Commodity: | Soybean | | | | | | | | |
| | 2006/07 | | | 2007/08 | | | 2008/09 | | |
| | USDA official | E48109 | Post Estimates (new) | USDA official | E48109 | Post Estimates (new) | USDA official | E48109 | Post Estimates (new) |
| Marketing Year Begin | 10/2006 | | | 10/2007 | | | 10/2008 | | |
| Area | 494 | 494 | 494 | 342 | 342 | 342 | 250 | 255 | 276 |
| Beginning Stocks | 733 | 733 | 733 | 1118 | 1141 | 1241 | 1024 | 1119 | 914 |
| Production | 1228 | 1228 | 1228 | 728 | 728 | 723 | 650 | 662 | 750 |
| Extra EU27 imports | 15291 | 15291 | 15291 | 15000 | 15500 | 15100 | 14150 | 14500 | 14600 |
| TOTAL SUPPLY | 17252 | 17252 | 17252 | 16846 | 17369 | 17064 | 15824 | 16281 | 16264 |
| Extra EU27 exports | 47 | 47 | 47 | 41 | 40 | 40 | 35 | 30 | 30 |
| Crush | 14670 | 14555 | 14555 | 14440 | 14800 | 14800 | 13550 | 13800 | 14000 |
| Food Use | 117 | 109 | 109 | 117 | 110 | 110 | 118 | 110 | 110 |
| Feed, Seed, Waste | 1300 | 1400 | 1300 | 1224 | 1300 | 1200 | 1075 | 1200 | 1200 |
| TOTAL Use | 16087 | 16064 | 16087 | 15781 | 16210 | 16110 | 14743 | 15110 | 15310 |
| Ending Stocks | 1118 | 1141 | 1241 | 1024 | 1119 | 914 | 1046 | 1141 | 924 |
| TOTAL DISTRIBUTION | 17252 | 17252 | 17252 | 16846 | 17369 | 17064 | 15824 | 16281 | 16264 |

| Commodity: | Soybean Meal | | | | | | | | |
|---------------------------|---------------|--------|----------------------|---------------|--------|----------------------|---------------|--------|----------------------|
| | 2006/07 | | | 2007/08 | | | 2008/09 | | |
| | USDA official | E48109 | Post Estimates (new) | USDA official | E48109 | Post Estimates (new) | USDA official | E48109 | Post Estimates (new) |
| Marketing Year Begin | 10/2006 | | | 10/2007 | | | 10/2008 | | |
| Crush | 14670 | 14555 | 14555 | 14440 | 14800 | 14800 | 13550 | 13800 | 14000 |
| Extraction Rate | 0.787 | 0.787 | 0.794 | 0.790 | 0.784 | 0.791 | 0.787 | 0.783 | 0.793 |
| Beginning Stocks | 872 | 872 | 872 | 859 | 1165 | 859 | 856 | 1103 | 1097 |
| Production | 11550 | 11450 | 11550 | 11408 | 11600 | 11700 | 10670 | 10800 | 11100 |
| Extra EU27 imports | 22176 | 22168 | 22168 | 23900 | 23800 | 24000 | 23000 | 23000 | 22100 |
| TOTAL SUPPLY | 34598 | 34490 | 34590 | 36167 | 36565 | 36559 | 34526 | 34903 | 34297 |
| Extra EU25 exports | 547 | 527 | 527 | 417 | 430 | 430 | 350 | 400 | 400 |
| Industrial | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Food Use | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 |
| Feed, Seed, Waste | 33150 | 32750 | 33162 | 34852 | 34990 | 34990 | 33300 | 33361 | 32900 |
| TOTAL Use | 33192 | 32792 | 33204 | 34894 | 35032 | 35032 | 33342 | 33403 | 32942 |
| Ending Stocks | 859 | 1165 | 859 | 856 | 1103 | 1097 | 834 | 1100 | 955 |
| TOTAL DISTRIBUTION | 34598 | 34484 | 34590 | 36167 | 36565 | 36159 | 34526 | 34903 | 34297 |

| Commodity: | Soybean Oil | | | | | | | | |
|---------------------------|---------------|--------|-----------------------|---------------|--------|-----------------------|---------------|--------|-----------------------|
| | 2006/07 | | | 2007/08 | | | 2008/09 | | |
| | USDA official | E48109 | Post Estimate s (new) | USDA official | E48109 | Post Estimate s (new) | USDA official | E48109 | Post Estimate s (new) |
| Marketing Year Begin | 10/2006 | | | 10/2007 | | | 10/2008 | | |
| Crush | 14670 | 14555 | 14555 | 14440 | 14800 | 14800 | 13550 | 13800 | 14000 |
| Extraction Rate | 0.180 | 0.179 | 0.181 | 0.180 | 0.180 | 0.180 | 0.180 | 0.181 | 0.179 |
| Beginning Stocks | 194 | 194 | 194 | 200 | 234 | 230 | 190 | 284 | 220 |
| Production | 2640 | 2600 | 2640 | 2600 | 2670 | 2670 | 2435 | 2500 | 2500 |
| Extra EU27 imports | 977 | 969 | 969 | 950 | 1000 | 950 | 720 | 1000 | 900 |
| TOTAL SUPPLY | 3811 | 3763 | 3803 | 3750 | 3904 | 3850 | 3345 | 3784 | 3620 |
| Extra EU27 exports | 243 | 243 | 243 | 340 | 310 | 340 | 250 | 300 | 250 |
| Industrial | 1563 | 286 | 296 | 1435 | 290 | 290 | 1175 | 290 | 290 |
| Biofuels | | 1280 | 1180 | | 1300 | 1200 | | 1240 | 1100 |
| Food Use | 1675 | 1580 | 1654 | 1655 | 1580 | 1600 | 1637 | 1580 | 1600 |
| Feed, Seed, Waste | 130 | 140 | 200 | 130 | 140 | 200 | 130 | 140 | 200 |
| TOTAL Use | 3368 | 3286 | 3330 | 3220 | 3310 | 3290 | 2942 | 3250 | 3190 |
| Ending Stocks | 200 | 234 | 230 | 190 | 284 | 220 | 153 | 234 | 180 |
| TOTAL DISTRIBUTION | 3811 | 3763 | 3803 | 3750 | 3904 | 3850 | 3345 | 3784 | 3620 |

EU-27:

For MY 2008/09 the use of soybean meal in animal feed is expected to decline from MY 2007/08, as a result of more price-competitive grains and widely-available rapeseed meal and price competitive sunflower meal, both imported and domestically produced. This is likely to result in lower year-on-year imports of soybeans and soybean meal as well as in lower crush compared to MY 2007/08. However, industry sources and trade publications suggest that the year-on-year drop in soybean crushing will not be as pronounced as previously expected because of reportedly better profit margins. Therefore, MY 2008/09 soybean crush was increased from 13.8 to 14 million MT. Imports of soybeans were revised upwards while ending stocks were revised downwards.

The German Cabinet approved a proposal to change the support measures for biofuels. The proposal contains a provision that would exclude biofuels made from soybean oil or palm oil from benefitting from the German biofuel mandates and tax incentives until the German sustainability criteria for biofuels will be in effect. The German parliament will vote on the proposal in December. The impact of this new measure is still difficult to assess and not reflected in the tables above. If put into practice, the new law would make soybean oil an unattractive feedstock for biofuels production compared to other vegetable oils. This could result in reduced demand for soybean oil which might reduce soybean crush in MY 2008/09 to lower levels than currently expected. A separate report will assess the possible impact of this new measure on the soybean and products PSD.

In MY 2007/08, high grain prices favored the use of soybean meal in animal feed. The increased demand for soybean meal in animal feed consumption resulted in increased imports of soybean meal and a slight increase in soybean crush compared to MY 2006/07. However, given the slow pace of exports reported by Brazil and Argentina over the summer months, EU-27 soybean imports in MY 2007/08 are estimated to be below the levels of MY

2006/07 (to date, full MY data are not available). As a result, soybean stocks are estimated to have declined in MY 2007/08.

Rapeseed Complex

(Coordination: Sabine Lieberz)

| PSD Table | | | | | | | | | |
|---------------------------|---------------|--------|----------------------|---------------|--------|----------------------|---------------|--------|----------------------|
| Country: | EU27 | | | | | | | | |
| Commodity: | Rapeseed | | | | | | | | |
| | 2006/07 | | | 2007/08 | | | 2008/09 | | |
| | USDA official | E48109 | Post Estimates (new) | USDA official | E48109 | Post Estimates (new) | USDA official | E48109 | Post Estimates (new) |
| Marketing Year Begin | 07/2006 | | | 07/2007 | | | 07/2008 | | |
| Area | 5,408 | 5,408 | 5,408 | 6,573 | 6,554 | 6,557 | 6,300 | 6,313 | 6,347 |
| Beginning Stocks | 1,600 | 1,600 | 1,600 | 1,441 | 1,576 | 1,576 | 1,024 | 1,000 | 1,024 |
| Production | 16,092 | 16,092 | 16,092 | 18,406 | 18,478 | 18,440 | 19,200 | 19,230 | 19,234 |
| Extra EU27 imports | 432 | 432 | 432 | 686 | 686 | 686 | 1,850 | 1,850 | 1,850 |
| TOTAL SUPPLY | 18,124 | 18,124 | 18,124 | 20,533 | 20,740 | 20,702 | 22,074 | 22,080 | 22,108 |
| Extra EU27 exports | 75 | 75 | 75 | 391 | 391 | 391 | 400 | 390 | 390 |
| Crush | 15,720 | 15,535 | 15,535 | 18,240 | 18,675 | 18,562 | 19,600 | 19,900 | 19,900 |
| Food Use | - | - | - | - | - | - | - | - | - |
| Feed, Seed, Waste | 888 | 938 | 938 | 878 | 674 | 725 | 884 | 750 | 750 |
| TOTAL Use | 16,608 | 16,473 | 16,473 | 19,118 | 19,349 | 19,287 | 20,484 | 20,650 | 20,650 |
| Ending Stocks | 1,441 | 1,576 | 1,576 | 1,024 | 1,000 | 1,024 | 1,190 | 1,040 | 1,068 |
| TOTAL DISTRIBUTION | 18,124 | 18,124 | 18,124 | 20,533 | 20,740 | 20,702 | 22,074 | 22,080 | 22,108 |

| Commodity: | Rapeseed Meal | | | | | | | | |
|---------------------------|---------------|--------|----------------------|---------------|--------|----------------------|---------------|--------|----------------------|
| | 2006/07 | | | 2007/08 | | | 2008/09 | | |
| | USDA official | E48109 | Post Estimates (new) | USDA official | E48109 | Post Estimates (new) | USDA official | E48109 | Post Estimates (new) |
| Marketing Year Begin | 07/2006 | | | 07/2007 | | | 07/2008 | | |
| Crush | 15,720 | 15,535 | 15,535 | 18,240 | 18,675 | 18,562 | 19,600 | 19,900 | 19,900 |
| Extraction Rate | 0.576 | 0.571 | 0.571 | 0.576 | 0.574 | 0.574 | 0.576 | 0.568 | 0.568 |
| Beginning Stocks | 95 | 95 | 95 | 87 | 261 | 261 | 101 | 250 | 250 |
| Production | 9,050 | 8,865 | 8,865 | 10,500 | 10,720 | 10,650 | 11,280 | 11,300 | 11,300 |
| Extra EU27 imports | 106 | 106 | 106 | 106 | 106 | 106 | 80 | 85 | 85 |
| TOTAL SUPPLY | 9,251 | 9,066 | 9,066 | 10,693 | 11,087 | 11,017 | 11,461 | 11,635 | 11,635 |
| Extra EU25 exports | 64 | 64 | 64 | 182 | 182 | 182 | 200 | 190 | 190 |
| Industrial | - | - | - | - | 23 | 23 | - | 33 | 33 |
| Food Use | - | - | - | - | - | - | - | - | - |
| Feed, Seed, Waste | 9,100 | 8,741 | 8,741 | 10,410 | 10,632 | 10,562 | 11,135 | 11,120 | 11,120 |
| TOTAL Use | 9,100 | 8,741 | 8,741 | 10,410 | 10,655 | 10,585 | 11,135 | 11,153 | 11,153 |
| Ending Stocks | 87 | 261 | 261 | 101 | 250 | 250 | 126 | 292 | 292 |
| TOTAL DISTRIBUTION | 9,251 | 9,066 | 9,066 | 10,693 | 11,087 | 11,017 | 11,461 | 11,635 | 11,635 |

| Commodity: | Rapeseed Oil | | | | | | | | |
|---------------------------|---------------|--------------|----------------------|---------------|--------------|----------------------|---------------|--------------|----------------------|
| | 2006/07 | | | 2007/08 | | | 2008/09 | | |
| | USDA official | E48109 | Post Estimates (new) | USDA official | E48109 | Post Estimates (new) | USDA official | E48109 | Post Estimates (new) |
| Marketing Year Begin | 07/2006 | | | 07/2007 | | | 07/2008 | | |
| Crush | 15,720 | 15,535 | 15,535 | 18,240 | 18,675 | 18,562 | 19,600 | 19,900 | 19,900 |
| Extraction Rate | 0.415 | 0.409 | 0.409 | 0.415 | 0.406 | 0.406 | 0.415 | 0.406 | 0.406 |
| Beginning Stocks | 213 | 192 | 213 | 211 | 221 | 221 | 176 | 272 | 272 |
| Production | 6,520 | 6,353 | 6,353 | 7,575 | 7,580 | 7,530 | 8,140 | 8,070 | 8,070 |
| Extra EU27 imports | 727 | 727 | 727 | 296 | 296 | 296 | 175 | 340 | 290 |
| TOTAL SUPPLY | 7,460 | 7,272 | 7,293 | 8,082 | 8,097 | 8,047 | 8,491 | 8,682 | 8,632 |
| Extra EU27 exports | 51 | 51 | 51 | 132 | 132 | 132 | 150 | 130 | 130 |
| Industrial | 4,768 | 530 | 530 | 4,919 | 445 | 445 | 5,650 | 455 | 455 |
| Biofuels | - | 4,410 | 4,410 | - | 5,015 | 4,950 | - | 5,500 | 5,450 |
| Food Use | 2,425 | 2,071 | 2,071 | 2,850 | 2,213 | 2,228 | 2,482 | 2,235 | 2,235 |
| Feed, Seed, Waste | 5 | 10 | 10 | 5 | 20 | 20 | 5 | 20 | 20 |
| TOTAL Use | 7,198 | 7,021 | 7,021 | 7,774 | 7,693 | 7,643 | 8,137 | 8,210 | 8,160 |
| Ending Stocks | 211 | 221 | 221 | 176 | 272 | 272 | 204 | 342 | 342 |
| TOTAL DISTRIBUTION | 7,460 | 7,293 | 7,293 | 8,082 | 8,097 | 8,047 | 8,491 | 8,682 | 8,632 |

EU-27:

EU-27 rapeseed crush in MY07/08 was slightly lower than previously expected. This translates into lower rapeseed meal and rapeseed oil production. In addition, feed use of rapeseed meal and biofuels use of rapeseed oil were also lower than forecast.

For MY 08/09 a slight reduction in the expected use of rapeseed oil for biofuels (mainly in the Czech Republic) results a lower rapeseed oil import forecast.

The proposed changes in the German biofuels law as described in the soybean section might increase the use rapeseed oil for biofuels production above the levels indicated in our forecast.

Outlook for rapeseed area for MY09/10

Sowing conditions for 2009 harvest show a large variation between member states. While planting conditions were good in some member states, rain delayed harvest of previous crops and impeded rapeseed sowing in others.

Bulgaria

Sowing conditions were not very favorable for rapeseeds due to difficult access to fields and rainy weather. Thus, farmers missed to plant in the optimum time and some preferred not to plant at all. This may lead to lower planted area at around 90,000 ha compared to 94,000 ha for 2008 harvest.

Germany

First unofficial surveys indicate that German farmers have increased the area under rapeseed by around 5 % to 1.44 million ha. Planting conditions in August were very good and germination and plant development has been very good so far.

Hungary

Rapeseed planting has been over. The area devoted to this oilseed increased again (about 5 percent to approximately 260,000 ha). This is the sixth year of continuous increase in a row. During this period of time rapeseed area near tripled.

United Kingdom

The UK experienced one of its wettest August months since records began. This delayed the harvesting of all crops as the ground was too wet in many regions of the country for farmers to access the fields. The late UK harvest has impacted the oilseed rape planting schedule for the coming winter crop by perhaps as much as 20 percent. Also, late sowing in wet soil brings particular pest and development problems that may affect quality and yield. It is hoped that conditions for the spring crop will be better so that forthcoming annual production figures may be down by only 10-12 percent.

Sunflower Seeds Complex

(Coordination: Sabine Lieberz)

| PSD Table | | | | | | | | | |
|---------------------------|----------------|--------|----------------------|---------------|--------|----------------------|---------------|--------|----------------------|
| Country: | EU27 | | | | | | | | |
| Commodity: | Sunflower Seed | | | | | | | | |
| | 2006/07 | | | 2007/08 | | | 2008/09 | | |
| | USDA official | E48109 | Post Estimates (new) | USDA official | E48109 | Post Estimates (new) | USDA official | E48109 | Post Estimates (new) |
| Marketing Year Begin | 10/2006 | | | 10/2007 | | | 10/2008 | | |
| Area | 3,978 | 3,943 | 3,943 | 3,422 | 3,389 | 3,389 | 3,700 | 3,649 | 3,671 |
| Beginning Stocks | 662 | 662 | 662 | 630 | 500 | 500 | 323 | 170 | 170 |
| Production | 6,502 | 6,482 | 6,482 | 4,771 | 4,770 | 4,770 | 6,300 | 6,465 | 6,920 |
| Extra EU27 imports | 570 | 570 | 570 | 320 | 300 | 300 | 420 | 450 | 350 |
| TOTAL SUPPLY | 7,734 | 7,714 | 7,714 | 5,721 | 5,570 | 5,570 | 7,043 | 7,085 | 7,440 |
| Extra EU27 exports | 749 | 749 | 749 | 515 | 480 | 490 | 725 | 670 | 880 |
| Crush | 5,501 | 5,600 | 5,600 | 4,350 | 4,400 | 4,400 | 5,310 | 5,420 | 5,500 |
| Food Use | 210 | 220 | 220 | 220 | 220 | 220 | 225 | 225 | 250 |
| Feed, Seed, Waste | 644 | 645 | 645 | 313 | 300 | 290 | 452 | 440 | 450 |
| TOTAL Use | 6,355 | 6,465 | 6,465 | 4,883 | 4,920 | 4,910 | 5,987 | 6,085 | 6,200 |
| Ending Stocks | 630 | 500 | 500 | 323 | 170 | 170 | 331 | 330 | 360 |
| TOTAL DISTRIBUTION | 7,734 | 7,714 | 7,714 | 5,721 | 5,570 | 5,570 | 7,043 | 7,085 | 7,440 |

| Commodity: | Sunflower Meal | | | | | | | | |
|---------------------------|----------------|--------|----------------------|---------------|--------|----------------------|---------------|--------|----------------------|
| | 2006/07 | | | 2007/08 | | | 2008/09 | | |
| | USDA official | E48109 | Post Estimates (new) | USDA official | E48109 | Post Estimates (new) | USDA official | E48109 | Post Estimates (new) |
| Marketing Year Begin | 10/2006 | | | 10/2007 | | | 10/2008 | | |
| Crush | 5,501 | 5,600 | 5,600 | 4,350 | 4,400 | 4,400 | 5,310 | 5,420 | 5,500 |
| Extraction Rate | 0.545 | 0.530 | 0.530 | 0.545 | 0.530 | 0.530 | 0.544 | 0.526 | 0.527 |
| Beginning Stocks | 107 | 107 | 107 | 87 | 100 | 100 | 43 | 75 | 75 |
| Production | 3,000 | 2,970 | 2,970 | 2,370 | 2,330 | 2,330 | 2,890 | 2,850 | 2,900 |
| Extra EU27 imports | 1,770 | 1,770 | 1,770 | 1,650 | 1,580 | 1,560 | 1,650 | 1,550 | 1,750 |
| TOTAL SUPPLY | 4,877 | 4,847 | 4,847 | 4,107 | 4,010 | 3,990 | 4,583 | 4,475 | 4,725 |
| Extra EU25 exports | 146 | 147 | 147 | 60 | 55 | 50 | 148 | 150 | 100 |
| Industrial | 4 | - | - | 4 | - | - | 4 | - | - |
| Food Use | - | - | - | - | - | - | - | - | - |
| Feed, Seed, Waste | 4,640 | 4,600 | 4,600 | 4,000 | 3,880 | 3,865 | 4,372 | 4,220 | 4,460 |
| TOTAL Use | 4,644 | 4,600 | 4,600 | 4,004 | 3,880 | 3,865 | 4,376 | 4,220 | 4,460 |
| Ending Stocks | 87 | 100 | 100 | 43 | 75 | 75 | 59 | 105 | 165 |
| TOTAL DISTRIBUTION | 4,877 | 4,847 | 4,847 | 4,107 | 4,010 | 3,990 | 4,583 | 4,475 | 4,725 |

| Commodity: | Sunflower Oil | | | | | | | | |
|---------------------------|---------------|--------------|-----------------------|---------------|--------------|-----------------------|---------------|--------------|-----------------------|
| | 2006/07 | | | 2007/08 | | | 2008/09 | | |
| | USDA official | E48109 | Post Estimate s (new) | USDA official | E48109 | Post Estimate s (new) | USDA official | E48109 | Post Estimate s (new) |
| Marketing Year Begin | 10/2006 | | | 10/2007 | | | 10/2008 | | |
| Crush | 5,501 | 5,600 | 5,600 | 4,350 | 4,400 | 4,400 | 5,310 | 5,420 | 5,500 |
| Extraction Rate | 0.400 | 0.422 | 0.422 | 0.400 | 0.423 | 0.423 | 0.399 | 0.411 | 0.420 |
| Beginning Stocks | 283 | 283 | 283 | 240 | 270 | 270 | 86 | 80 | 80 |
| Production | 2,200 | 2,365 | 2,365 | 1,740 | 1,860 | 1,860 | 2,120 | 2,225 | 2,310 |
| Extra EU27 imports | 1,184 | 1,171 | 1,171 | 1,100 | 990 | 960 | 1,370 | 1,250 | 1,200 |
| TOTAL SUPPLY | 3,667 | 3,819 | 3,819 | 3,080 | 3,120 | 3,090 | 3,576 | 3,555 | 3,590 |
| Extra EU27 exports | 149 | 148 | 148 | 120 | 100 | 107 | 125 | 110 | 125 |
| Industrial | 215 | 90 | 90 | 209 | 90 | 80 | 253 | 90 | 95 |
| Biofuels | - | 240 | 240 | - | 200 | 200 | - | 250 | 250 |
| Food Use | 3,060 | 3,050 | 3,050 | 2,663 | 2,631 | 2,603 | 3,095 | 2,970 | 2,985 |
| Feed, Seed, Waste | 3 | 21 | 21 | 2 | 20 | 20 | 2 | 22 | 22 |
| TOTAL Use | 3,278 | 3,401 | 3,401 | 2,874 | 2,941 | 2,903 | 3,350 | 3,332 | 3,352 |
| Ending Stocks | 240 | 270 | 270 | 86 | 80 | 80 | 101 | 113 | 113 |
| TOTAL DISTRIBUTION | 3,667 | 3,819 | 3,819 | 3,080 | 3,121 | 3,090 | 3,576 | 3,555 | 3,590 |

EU-27

EU-27 sunflower harvest for MY08/09 has been concluded. While official estimates are not available in most member states, industry sources indicate that yields were exceptionally good, especially in Hungary and Bulgaria. This will lead to lower imports and higher exports and crush as well as higher ending stocks than previously estimated.

The higher domestic sunflower crush translates into higher than previously expected sunflower meal and sunflower oil production. This and expected increasing imports of competitively priced sunflower meal will result in higher feed use and higher ending stocks. For sunflower oil we expect lower imports, higher exports and higher food use.

Comments from Member States

Benelux

During 2008/09, sunflower meal imports are expected to increase in particular from Russia, the Ukraine, and Argentina, based on the increased availability in these countries.

Bulgaria

Sunflower harvest was over in October but official government estimates are not available yet. According to trade and working level officials, the total crop is about 1.2 MMT, due to unusually high average yields. This is a record crop for the last 15 years.

Higher supply is not likely to affect Bulgarian domestic consumption since most sunflower seed is exported either to other EU member states or outside of the EU. On the other hand, bleak prospects on the market at present may lead to accumulation of stocks and logistical/storage challenges in Bulgaria.

Sunflower seeds trade has been weak with only 70,000 MT exported, mainly to the EU (Spain and France). Prices are falling and although farmers are concerned about huge stocks, they still prefer to wait for better prices later in the marketing year.

Czech Republic

Sowing areas of sunflower have been gradually decreasing. Processors prefer rapeseed due to better profit margins therefore crush of sunflower has been on decline as well. About half of the domestic production of sunflower seeds is exported to EU countries.

Germany

German oil millers increase sunflower seed crush as a result of the price drop for sunflower seeds.

Hungary

Sunflower harvest is at the very end. Yields were high and harvest losses low due to dry and sunny weather. These conditions besides the largest ever production area brought a record crop. About 15-18 percent of Hungary's sunflower seed export consists of low oil bird seed (pet seed) and planting seed. In imports, the US sold more than USD 4 million worth sunflower (planting) seed in Hungary in MY 2007/08 (the second biggest after Romania). As a result of good sunflower seed crop in Europe, raw sunflower oil prices dropped in summer not only in absolute terms but also in comparison to other vegetable oils. Sunflower oil had been the most expensive of the bulk vegetable oils in spring 2008, and is now the cheapest at the Borsa di Milano.

Related Reports:

| Report Number | Title | Date Released |
|---------------|---|---------------|
| BU8013 | Grain and Oilseeds Market Update | 10/29/2008 |
| E48109 | Oilseeds Update September 2008 http://www.fas.usda.gov/gainfiles/200810/146296004.pdf | 10/01/2008 |
| E48095 | Oilseeds Update August 2008 http://intranetapps/GainFiles/200808/146295639.doc | 08/28/2008 |
| E48088 | Oilseeds Update July 2008 http://www.fas.usda.gov/gainfiles/200808/146295412.pdf | 07/29/2008 |
| E48073 | Oilseeds Update June 2008 http://www.fas.usda.gov/gainfiles/200807/146295067.pdf | 07/03/2008 |
| E48062 | Oilseeds Annual http://www.fas.usda.gov/gainfiles/200806/146294804.pdf | 05/30/2008 |