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Report Highlights:

This report updates several sections of the "European Union: Oilseeds and Product Annual" released in April 2021. Updated sections include policy, pesticides, soybean, rapeseed, and sunflower seeds. Area for soybean is forecast to slightly increase, but weather conditions impact production and harvest. Demand is expected to remain robust. Area under rapeseed production continues to stagnate. Sunflower area will increase due to favorable prices.

Executive Summary:

The EU soybean production forecast for MY 2021/22 is consistent with the previous report. While area slightly increased, weather conditions made sowing difficult, impacting production. The harvest will also suffer from end-of-summer droughts. Demand for soybeans will remain robust in MY 2021/22, with stable import and export figures. A higher demand for animal feed is expected. Across Europe, governments are promoting food sovereignty and working towards less dependance on imported feed.

The EU rapeseed area is stagnating. The declines in area planted can be attributed to the EU neonicotinoids ban, which resulted in lower profitability of the crop, and the impact of climate change in France. In MY 2021/22, a marginal year-on-year growth of 2.7 percent (to the current 5.382 million hectares) is forecast for the EU's total rapeseed area. This growth was stimulated by several factors in a few member states and will contribute to a growth of total EU rapeseed production in MY2021/22. Currently we estimate the increase at 4.2 percent.

Stimulated by record high prices in MY 2020/21, area planted under sunflower in the EU is forecast to increase to 4.48 MHA in MY 2021/22, the highest level in the last five years. The crush demand is forecast to be favorable and increase by five percent to 8.8 MMT from the record low volume in MY 2020/21. Higher EU supply, along with expected growth in the Black Sea and world production, are projected to lower sunflower prices and make the crop more attractive for crush compared to rapeseeds. Consequently, Meal and oil production are also forecast up.

Policy:

The EU Renewable Energy Directive (REDII) requires all biofuel used in the EU, whether produced in the EU or a third country, to demonstrably meet sustainability criteria through compliance certification. In January 2019, the European Commission recognized the U.S. soy industry's scheme certifying U.S. soybeans compliance. With this recognition, U.S. soybeans can now be used for biofuel production in the EU and count towards REDII targets. REDII also put in place a freeze on the use of high-risk indirect land use change (ILUC) biofuels at 2019 levels and phases them out completely by 2030. Only palm oil falls under this definition and will need to be phased out by 2030. Soybean, rapeseed, and sunflower do not fall under this definition.

In December 2019, the European Commission presented the European Green Deal whose main objective is for the EU to become a climate neutral continent by 2050. The Green Deal includes a "Farm to Fork Strategy" and a "Biodiversity Strategy" that aim to support the Green Deal's objectives by fundamentally changing the way agriculture operates and how food is produced for, and provided to, EU consumers. This includes additional support for research on alternative protein feed sources. The Biodiversity Strategy also includes an upcoming legislative proposal to combat deforestation and forest degradation linked to agriculture. This legislative proposal, to be published in 2021, could impact imports of oilseeds into the EU, especially with regards to soy as EU importers will have to purchase products that comply with the new EU requirements.

Introduction

This report presents the outlook for oilseeds in the EU. It updates several sections of the European Union: Oilseeds and Products Annual released in April 2021. Updated sections include policy, pesticides, soybean, rapeseed, and sunflower seeds. 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.

Important notes:

- Effective January 1, 2021, the separation of the United Kingdom (UK) from the European Union (EU) is complete, including trade between both entities. The UK is no longer a member of the EU customs union and is now regarded a third country. As with the European Union: Oilseeds and Products Annual report released earlier this year, it does not include the UK.
- Trade figures are revised according to the most recent data available from Trade Data Monitor (May 2021).

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The marketing years (MY) used in this report are:

July - June
Rapeseed complex

October - September
Soybean complex
Sunflower complex

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Section 1: Policy

Trade Policy

On November 9, 2020, the European Union adopted countermeasures against U.S. exports following the World Trade Organization's (WTO) ruling that authorized the EU to take such countermeasures against U.S. subsidies to aircraft maker Boeing. The European Commission published *Implementing Regulation (EU) 2020/1646* that lays down the list of products affected by a 25 percent additional tariff. The regulation entered into force on November 10, 2020. Groundnut as well as crude fixed vegetable fats and oils are listed in the regulation and are subject to the additional tariff.

On June 15, 2021, the European Union and the Unites States reached an understanding relating to the large civil aircraft dispute (Boeing and Airbus). Both sides agreed to suspend application of tariffs for a period of five years.

Common Agricultural Policy (CAP)

The CAP supports agriculture and rural development throughout the EU with a significant portion of the total EU budget (38 percent). Most of the current CAP programs entered into force in January 2014, except for a new direct payments structure that includes "green" payments and additional support for young farmers; these two measures entered into force in 2015. The EU's Multiannual Financial Framework (MFF) funds the CAP in seven-year increments. The CAP categorizes thematic programming into two main "pillars," the first oriented towards market measures and direct payments to farmers and the second pillar oriented towards rural development. Payments and market measures in the CAP influence production of oilseeds crops in the EU.

The European Commission published its legislative proposal for the CAP post-2020 on June 1, 2018. On June 25, 2021, the Parliament, Council, and Commission reached a provisional political agreement on the new Common Agricultural Policy, which will enter into force in 2023. Technical discussions still must take place between the three institutions. At the time of writing no texts of the new CAP are publicly available.

Because a compromise on the future of CAP and MFF was not reached on time, the provisional start date of the proposed CAP reform has been pushed back to January 1, 2023. On December 2020, the 2021-2027 MFF finally concluded, with a considerable delay due to the COVID-19 pandemic and Brexit. The revised MFF 2021-2027 substantially reinforced CAP funding compared to the initial 2018 proposal. In total, €391 billion is earmarked for agriculture and rural development, which is two percent higher each year than the 2020 funding level.

Due to the delayed agreement on MFF funding, and in order to allow for continued payments to farmers and other CAP beneficiaries, a transitional Regulation (Regulation 2020/2220) for the years 2021-2022 was adopted. The transitional regulation extends most of the CAP rules that were in place during the 2014-20 period. During these years, funding is drawn from the CAP's budget allocation for 2021-2027, bolstered by an additional €8 billion for the Next Generation EU Recovery Instrument (Next Generation) assigned to the European agricultural fund for rural development (EAFRD). The Next

Generation EU is a €750 billion temporary recovery instrument which aims to help repair the immediate economic and social damage brought about by the coronavirus pandemic.

The European Green Deal

On December 11, 2019, the Commission presented its Communication on the European Green Deal. The flagship proposal is a draft European Climate Law that will make the EU's 2050 climate neutrality objective binding across the Union. The Climate Law also includes a reduction of net GHG emissions by at least 55 percent compared to 1990 levels by 2030.
The Green Deal includes a "Farm to Fork Strategy" and a "Biodiversity Strategy" that aim to support the Green Deal's objectives by fundamentally changing the way agriculture operates and how food is produced for, and provided to, EU consumers. Both strategies were published on May 20, 2020. Key aspects of the two strategies include: reducing pesticide use, supports to domestic production of plant protein for animal feed, increasing organic production, and increasing soil and nature conservation by setting aside a minimum of 10 percent of the existing agricultural area into higher biodiversity landscape features.

As part of the Green Deal, the European Commission published its 'Fit for 55' legislative package of revised climate and energy laws with the aim to align current EU legislation with the new target to reduce greenhouse gas emissions by 55 percent from 1990 levels by 2030. The Commission proposes to amend the Renewable Energy Directive which includes new targets for bioenergy. The Commission also proposed a new regulation on sustainable aviation fuels that calls for a minimum share of these fuels to reach 42 percent in 2040. Additionally, the Commission proposes changes to the land use, land use change, and forestry (LULUCF) regulation. As part of the EU legislative process, the package of proposals is now with the European Parliament and the Member States for consideration, debate, and amendment.

With the European Green Deal, the interest in sustainability, sustainable production, and environmental issues are prevalent among EU policymakers, industry and consumers. The theme of sustainability is well established in the EU marketplace and major food retailers in the EU are increasingly using it as a competitive tool. It is a formal part of retailer business and marketing plans, and it is being reinforced by significant investment throughout the production chain, including the growing use of private certification bodies.

The EU is also investing in research and development to facilitate achieving sustainability goals in the agricultural sector. In June 2018, the European Commission presented the EU's new research and innovation program called "Horizon Europe" for the period 2021-2027 and a budget of 100 billion euros with 35 billion earmarked for tackling climate change and 10 billion dedicated to food and natural resources.

Deforestation-free Supply Chains

As part of the European Green Deal, the Commission has announced a legislative proposal to be published by mid-2021 to combat deforestation and forest degradation linked to agriculture. According to the European Commission, activities related to forestry and other land use are responsible for 12 percent of greenhouse gas emissions, which makes them the second major cause of climate change after

the burning of fossil fuels. To tackle this issue, the Commission wants to minimize the EU's contribution to deforestation and forest degradation worldwide as well as to promote the consumption of products from 'deforestation-free supply chains' in the EU. The Commission is currently carrying out an impact assessment but has already identified soy and maize as commodities that could be in the scope of the future legislative proposal. A wide variety of regulatory and non-regulatory policy options are being assessed by the Commission such as: mandatory labeling; voluntary commitments and labeling; due diligence; certification schemes; bilateral agreements. This upcoming legislative proposal will impact imports of oilseeds in the EU and may impact global trade flows, especially with regards to soy as EU importers will have to purchase products that comply with the new EU requirements.

Protein Deficiency and the Quest for Self Sufficiency

The EU continues to discuss a goal of "protein independence" and reduced reliance of plant protein imports. In 2019/2020, the EU imported more than 97 percent of its soybean meal consumption, mainly from Brazil, the United States, and Argentina.[1] In November 2018, the Commission published its report on "The Development of Plant Proteins in the European Union." This builds on the Commission's previous work of publishing EU Protein Balance Sheets to direct future efforts for increased planting areas. To encourage the production of plant protein by EU farmers, the Commission's report indicates a positioning of European feed as "premium" feed. Premium is not defined by higher protein content or enhanced nutrition but appears to be a feed that would be non-genetically modified (GM) and not linked to deforested areas. For more information about the report, please see GAIN Report 18070: "European Union Unveils Its Protein Plan." Additionally, as part of the Farm to Fork Strategy, the European Commission announced that it would foster research on alternative feed materials such as insects, marine feed stocks (e.g., algae) and by-products from the bioeconomy such as fish waste. It is still unclear how the EU's priority to produce more protein will be operationalized and the impact it might have on oilseeds production in the EU.

Aid System for Oilseeds

Farmers do not receive specific payments for growing oilseeds. Except for the olive sector, there is no intervention, i.e., buying, export subsidy or other market support programs, available for oilseeds in the EU.

Blair House Agreement

The 1992 Blair House Memorandum of Understanding on Oilseeds (or Blair House Agreement (BHA)) between the United States and the EU was included in the EU WTO schedule of commitments and resolved a General Agreement on Tariffs and Trade dispute over EU domestic support programs that impaired U.S. access to the EU oilseeds market. As noted earlier, there are no crop specific payments for oilseeds-- the BHA is maintained but not in use.

EU Energy Policy and the Renewable Energy Directive

In December 2018, the EU published the revised Renewable Energy Directive (REDII) in the Official Journal (Directive 2018/2001) after more than two years of negotiations. The REDII updates the first Renewable Energy Directive (RED) that set the first renewable energy target for the EU in 2008.

The REDII sets out a 32 percent binding renewable energy target for the EU for 2030, with an upward revision clause to be revisited in 2023. The target for the transport sector is set at 14 percent and the Directive also sets out a binding 3.5 percent target on non-crop based advanced biofuels by 2030. The EU capped crop-based biofuels at the level consumed in each Member State in 2020, with an additional one percent point allowed over present consumption up to an overall cap of seven percent.

The REDII also puts in place a freeze on the use of high-risk indirect land use change (ILUC) biofuels at 2019 levels with the objective of phasing them out completely by 2030. In May, 2019, the European Commission adopted Delegated Regulation 2019/807 setting out specific criteria on what the EU considers a high-risk ILUC biofuel. The Commission determined that high ILUC-risk biofuel feedstocks are feedstocks for which the share of expansion of the production into land with high carbon stock is higher than 10 percent since 2008 with an annual expansion of more than one percent. Given the calculations of the Commission, only palm oil falls under this definition and will need to be phased out by 2030. Soy, rapeseed, and sunflower do not fall under this definition. However, the Delegated Act gives the possibility for producers, including palm producers, to certify their feedstock as low-risk ILUC by taking measures. Delegated Regulation 2019/807 also stipulates that the Commission shall by June 30, 2021, review all relevant aspects of the report on feedstock expansion. This could lead to more commodities falling under the definition of a 'high-risk ILUC biofuel.' The publication of this review has been delayed and is now expected for the fall of 2021.

The RED also introduced sustainability criteria for biofuels to count toward the mandatory national renewable targets for transport fuels. This criterion was amended by REDII, and the new criteria began to be applied in July 2021. The criteria include greenhouse gas savings, exclusion for land with high biodiversity value and high carbon stock, and measures to mitigate ILUC. REDII requires all biofuel used in the EU, whether produced in the EU or a third country, to demonstrably meet these criteria through compliance certification. In January 2019, the European Commission recognized the U.S. soy industry's scheme certifying U.S. soybean compliance. With this recognition, certified U.S. soybeans can now be used for biofuel production in the EU and count towards the RED targets. There are currently over a dozen other certification schemes recognized by the EU.

The Fuel Quality Directive (FQD) complements REDII. A key requirement of the FQD is that all fuel suppliers (oil companies) must meet a six percent cut in GHG emissions by 2020 across all fuel categories supplied to the market. In addition, the FQD limits ethanol blends to 10 percent or less when ethanol is used as an oxygenate. This creates a blend wall in some Member States that potentially risks future growth in ethanol consumption. Fuel specifications for biodiesel place limits on the palm oil and soy oil content of biodiesel.

Revision of the FQD

Directive 2015/1513, covering ILUC, entered into force on October 5, 2015, and amended both the RED and the FQD. There was concern that the climate change benefits of using crop-based biofuels were potentially negated from ILUC whereby carbon sinks of grasslands and forests would be converted to farmland. The ILUC Directive specifies that fuel suppliers are required to include ILUC emissions in their reports.

Agricultural Biotechnology

Asynchronous Rate of Approvals on Genetically Engineered Soybeans

The EU livestock industry relies on imports of genetically engineered (GE) feed with soy products being the single largest agricultural import into the European Union. However, the EU's slow and costly approval of GE events restricts U.S. and global exports and slows innovation. The EU system for approving GE plants for use as food and feed is broken since the EU routinely disregards set regulatory timelines. This has led to a widening gap between GE products deregulated and grown in the United States and elsewhere and those approved in the EU, resulting in the partial or complete disruption of trade in affected commodities and processed products. Although the EU's legally prescribed approval time is 12 months (6 months for the risk assessment by the European Food Safety Authority and 6 months for the risk management process or comitology review), for GE events first approved by the EU in 2019, it takes approximately six years for the approval of a GE product. *Commission Implementing Regulation (EU) No. 503/2013* establishes requirements for applications for GE approvals.

Low Level Presence of Genetically Engineered

The EU does not have a commercially viable low level presence policy (LLP). In 2009, shipments of around 180,000 metric tons of U.S. soy were denied entry into the EU because of the detection of dust from GE corn not yet approved in the EU. As a result of the situation, the EU quickly approved several GE corn products that were stuck in the EU approval process, so that soybean trade could resume.

In response to this incident, the EU announced a "technical solution" in 2011 to minimize trade disruptions due to LLP of unapproved GE events in feed imports. The Regulation, *Commission Regulation (EU) No. 619/2011* which entered into force on July 20, 2011, permits the inadvertent presence in feed shipments of up to 0.1 percent of a GE product unapproved in the EU, if the product is approved in the country of export and it has been three months since EFSA concluded its completeness check.

In effect with this "technical solution", the EU chose not to introduce a commercially viable policy to address the issue of LLP, but to maintain its zero-tolerance position. Although the adoption of the "technical solution" demonstrates that the European Commission is aware of the problems caused by asynchronous approvals, the fact that the measure is limited to 0.1 percent renders it commercially unviable.

Innovative Technologies

In November 2019, the EU Member States through the Council of the EU requested the European Commission to conduct a study on new genomic techniques by April 30, 2021. This study explores a dialogue on the implementation and enforcement of new breeding techniques and an overview of the risk assessment of plants developed through these methods. Over the past year, there has been much debate in the EU on how these techniques can play a role in supporting the sustainability goals of the Farm to Fork Strategy. Page ten of the Strategy notes that "New innovative techniques, including biotechnology […] may play a role in increasing sustainability." While the current GE

approval process is quite lengthy and contentious, there is much discussion in the EU about whether new innovative technologies and particularly genome editing should be held to the same level of scrutiny as more traditional forms of biotechnology. For more information on agricultural biotechnology in the EU, see the 2020 European Union: Biotechnology Annual report.

Section 2: Pesticides

Pesticides Policy

As part of the Farm to Fork Strategy, the Commission announced a reduction of the overall use and risk of chemical pesticides by 50 percent and the use of high-risk pesticides by 50 percent by 2030. The suggested actions to achieve these targets include putting forward proposals to revise the Sustainable Use of Pesticides Directive (SUD), enhancing provisions on integrated pest management (IPM), and promoting the use of alternative ways to protect harvests from pests and diseases. These developments would change the availability of crop protection products permitted for EU farmers, and by extension, agricultural exporters to the EU.

As of December 2013, the EU has prohibited the use of three neonicotinoids (clothianidin, imidacloprid, and thiamethoxam) on crops attractive to honeybees such as rapeseed, sunflowers, and soybeans. In May 2018, the Commission further restricted the use of neonicotinoids except for the application in permanent greenhouses in the EU and banned a fourth one (thiacloprid) in January 2020. This means that the EU has banned four out of five neonicotinoid pesticides (chemically comparable to nicotine), which were previously licensed in Europe.

The European Commission deems these measures necessary to address alleged risks to bees following the updated risk assessment by the European Food Safety Authority (EFSA). EFSA could not conclude that the risk to bees was low because of gaps in the available data. Further data gaps meant the agency could not be certain of what risk the substance posed to consumers if it leached into drinking water, to birds and mammals, aquatic organisms, and non-target plants.

Back in May 2019, the European Parliament objected to Canada's import tolerance request for clothianidin on potatoes, which means that these measures do affect import tolerances. In February 2020, the Commission also decided to prohibit Romania and Lithuania from granting emergency authorizations for plant protection products containing clothianidin, imidacloprid, and thiamethoxam.

Currently, the Commission has put forward a proposal to lower the Maximum Residue Levels (MRLs) for clethodim to the limit of detection (LOD) or default level. If this proposal is adopted in the next coming months, it would negatively affect future U.S. exports of soybeans and rapeseed to the EU as well.

Upcoming Reviews for MRLs on Soybeans, Sunflower and Rapeseed

Plant protection products (PPPs) along with MRLs and import tolerances are an increasingly important issue in the EU since there is a significant reduction in the number of active substances approved for use. Regulation (EC) No 1107/2009 and Regulation (EC) No 396/2005 regulate PPPs and MRLs,

respectively. There is a consistent review of active substances for which the approval is up for renewal, as well as their associated MRLs.

Existing MRLs are also being reviewed through a process known as an Article 12 review. The link below refers to a list indicating the upcoming MRL reviews for the main fruit and vegetable commodities under this Article 12 process. The second list includes the active substances that are, or will soon be, up for renewal. It is important to note that these lists are not all-inclusive.

Due to the complexity of the renewal process and the importance of the issue, **stakeholders are encouraged to actively engage early in these review processes by reaching out to the applicant**. Together with the applicant, they can ensure that the necessary data is available for the review or if trials for data collection are in progress or should be initiated etc., especially if the substance is not used or authorized in the EU. It is highly recommended to contact the assigned "Rapporteur Member State" (RMS) which will carry out the first evaluation of the active substance and existing EU pesticide MRLs. **Stakeholders are encouraged to engage with FAS on substances and MRLs of importance to their commodities** and to check its EU website for updates of the EU Early Alert. The information presented in this document provides interested stakeholders with advance notice of active ingredients under review for renewal of approval in the EU and highlights which substances have expired, are expected to expire, may have restricted renewal or non-renewal of approval.

1) Article 12 review:
https://www.efsa.europa.eu/sites/default/files/pesticides-MRL-review-progress-report.pdf

2) Active substances up for review:

Active substance	Expiration date	Last day of application for renewal of the active substance:
Eugenol	11/30/2023	02/28/2021
Geraniol	11/30/2023	02/28/2021
Thymol	11/30/2023	02/28/2021
Fluopyram	01/31/2024	04/30/2021
Chlorantraniliprole	04/30/2024	07/30/2021
Emamectin	04/30/2024	07/30/2021
Orange oil	04/30/2024	07/30/2021
Prosulfuron	04/30/2024	07/30/2021
Sodium silver thiosulphate	04/30/2024	07/30/2021
Spirotetramat	04/30/2024	07/30/2021
Tembotrione	04/30/2024	07/30/2021
Amisulbrom	06/30/2024	09/30/2021
Ascorbic acid	06/30/2024	09/30/2021
S-Abscisic acid	06/30/2024	09/30/2021
Spinetoram	06/30/2024	09/30/2021
Thiencarbazone	06/30/2024	09/30/2021

Valifenalate (formerly Valiphenal)	06/30/2024	09/30/2021
Acequinocyl	08/31/2024	11/30/2021
Flubendiamide	08/31/2024	11/30/2021
Ipconazole	08/31/2024	11/30/2021
Pendimethalin	08/31/2024	11/30/2021
Imazamox	10/31/2024	01/31/2022
Aminopyralid	12/31/2024	03/31/2022
Metaflumizone	12/31/2024	03/31/2022
Metobromuron	12/31/2024	03/31/2022

Section 3: Soybean Complex

Trade figures are revised according to the most recent data available from the Global Trade Atlas (May 2021); harvest and crush estimates from producing countries.

Oilseed, Soybean Market begin year European Union	2019/2020		2020/2021		2021/2022	
	October 2019		October 2020		October 2021	
	USDA Official EU27	New Post EU27	USDA Official EU27	New Post EU27	USDA Official EU27	New Post EU27
Area Harvested	903	955	940	1,012	975	1,026
Beginning Stocks	1,518	1,071	1,537	892	967	840
Production	2,616	2,754	2,575	2,640	2,800	2,783
MY Imports	14,947	14,947	15,000	15,000	15,000	15,000
Total Supply	19,081	18,772	19,112	18,532	18,767	18,623
MY Exports	229	229	225	225	225	225
Crush	15,600	15,936	16,200	15,693	15,900	15,666
Food Use Dom. Cons.	215	215	220	219	220	227
Feed Waste Dom. Cons.	1,500	1,500	1,500	1,555	1,500	1,606
Total Dom. Cons.	17,315	17,651	17,920	17,467	17,620	17,499
Ending Stocks	1,537	892	967	840	922	899
Total Distribution	19,081	18,772	19,112	18,532	18,767	18,623
(100 HA) (1000 MT) (MT/HA)						

Source: FAS EU

Meal, Soybean Market begin year European Union	2019/2020		2020/2021		2021/2022	
	October 2019		October 2020		October 2021	
	USDA Official EU27	New Post EU27	USDA Official EU27	New Post EU27	USDA Official EU27	New Post EU27
Crush	15,600	15,936	16,200	15,693	15,900	15,666
Extr. Rate, 999.9999	0.7900	0.783	0.7905	0.783	0.7905	0.783
Beginning Stocks	862	655	326	648	490	674
Production	12,324	12,476	12,806	12,282	12,569	12,267
MY Imports	16,332	16,332	16,700	16,700	17,000	17,400
Total Supply	29,518	29,463	29,832	29,630	30,059	30,341
MY Exports	875	875	800	800	850	720
Industrial Dom Cons.	10	10	10	10	10	10
Food Use Dom. Cons.	32	32	32	32	32	32
Feed Waste Dom. Cons.	28,275	27,898	28,500	28,114	28,500	29,091
Ending stocks	326	648	490	674	667	488
Total Distribution	29,518	29,463	29,832	29,630	30,059	30,341
(1000 MT) (PERCENT)						

Source: FAS EU

Oil, Soybean Market begin year European Union	2019/2020		2020/2021		2021/2022	
	October 2019		October 2020		October 2021	
	USDA Official EU 27	New Post EU27	USDA Official EU27	New Post EU27	USDA Official EU27	New Post EU27
Crush	15,600	15,936	16,200	15,693	15,900	15,666
Extr. Rate, 999.9999	0.1900	0.184	0.1901	0.185	0.1901	0.184
Beginning Stocks	256	357	345	452	370	469
Production	2,964	2,935	3,080	2,896	3,023	2,887
MY Imports	482	482	450	450	450	450
Total Supply	3,702	3,774	3,875	3,798	3,843	3,806
MY Exports	927	927	1,000	1,000	950	950
Industrial Dom Cons.	1,200	1,150	1,100	1,088	1,150	1,096
Food Use Dom. Cons.	1,175	1,179	1,350	1,185	1,400	1,370

Feed Waste Dom. Cons.	55	66	55	56	55	58
Ending stocks	345	452	370	469	288	332
Total Distribution	3,702	3,774	3,875	3,798	3,843	3,806
(1000 MT) (PERCENT)						

Source: FAS EU

MY 2021/22

While area slightly increased, weather conditions (heavy rains and frost) made sowing difficult, impacting production. The harvest will also suffer from end-of-summer droughts, which are becoming more and more frequent.

Demand for soybeans remains robust, with stable import and export figures. A higher demand for animal feed is expected which explains why intra and extra EU import figures are not impacted by growing soybeans harvest areas and production numbers. For MY 2021/22 the global availability of wheat will improve but the supply will remain tight, benefitting soybean meals as a feed option.

Across Europe, governments are promoting food sovereignty and working towards less dependance on imported feed (with a focus on deforestation free supply chains for soybeans). Supporting local soybean production is on the agenda for several governments but feed demand is growing faster than supply and in MY 2021/22, meal stocks are expected to tighten.

The EU soybean market is also benefitting from the stagnating production of EU rapeseed, with soybean meal replacing rapeseed meal in animal feed. There are growing concerns regarding organic soybean meal availability, indispensable for farmers following local and EU organic guidelines, as India, the main supplier is struggling with logistical issues linked to the COVID-19 pandemic.

For MY 2020/21 and MY 2021/22, fluctuating demand for biofuels and food trends are impacting soybean oil exports, with higher export figures than expected. In several EU countries, crushing capacities are already operating at maximum capacity, impacting crush figures.

MY 2020/21

After years of increase, area in production has reached a plateau. Despite of the COVID-19 pandemic and weather inconsistencies, supply figures remain stable. The EU is the world's second largest importer of soybeans after China and will remain in that position for MY 2021/22. China's colossal animal feed industry needs continue to drive consumption growth.

The top five soybean suppliers for the European Union are Brazil, the United-States, Canada, Ukraine, and Serbia.

Local demand for feed (and marginally food grade soy) is growing and imports/exports are stabilizing. Production remains minimal relative to imports despite local efforts to incentivize farmers to grow soybeans (governmental financial support and private company programs that could get more momentum in the coming years).

For soybean meal, the main update from the previous report is on import and export figures, with imports lower and exports higher than expected. The MY 2020/21 season was a tense one for the soybean market and high prices led to more extra-European Union soybean meal exports.

Section 4: Rapeseed Complex

Oilseed, Rapeseed	2019/2020		2020/2021		2021/2022	
Market Begin Year	Jul 2019		Jul 2020		Jul 2021	
European Union	USDA Official EU27	New Post EU 27	USDA Official EU27	New Post EU 27	USDA Official EU27	New Post EU 27
Area	5,079	5,079	5,165	5,243	5,200	5,382
Beginning Stocks	1,690	1,950	1,110	1,320	808	670
Production	15,241	15,241	16,248	16,500	17,000	17,200
MY Imports	6,211	6,211	6,300	6,100	6,450	6,400
Total Supply	23,142	23,402	23,658	23,920	24,258	24,270
MY Exports	332	332	250	200	300	260
Crush	21,100	21,200	22,000	22,500	22,200	22,300
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	600	550	600	550	650	600
Total Dom. Cons.	21,700	21,750	22,600	23,050	22,850	22,900
Ending Stocks	1,110	1,320	808	670	1,108	1,110
Total Distribution	23,142	23,402	23,658	23,920	24,258	24,270
(1000 HA), (1000 MT), (MT/HA)						

Source: FAS EU

Meal, Rapeseed	2019/2020		2020/2021		2021/2022	
Market Begin Year	Jul 2019		Jul 2020		Jul 2021	
European Union	USDA Official EU27	New Post EU 27	USDA Official EU27	New Post EU 27	USDA Official EU27	New Post EU 27
Crush	21,100	21,200	22,000	22,500	22,200	22,300
Extr. Rate, 999.9999	0.57	0.57	0.57	0.57	0.57	0.57
Beginning Stocks	555	555	433	490	423	625
Production	12,027	12,084	12,540	12,825	12,654	12,700
MY Imports	468	468	450	460	450	430
Total Supply	13,050	13,107	13,423	13,775	13,527	13,755
MY Exports	617	617	800	800	850	850
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	12,000	12,000	12,200	12,350	12,200	12,250
Total Dom. Cons.	12,000	12,000	12,200	12,350	12,200	12,250
Ending Stocks	433	490	423	625	477	655
Total Distribution	13,050	13,107	13,423	13,775	13,527	13,755
(1000 MT), (PERCENT)						

Source: FAS EU

Oil, Rapeseed	2019/2020		2020/2021		2021/2022	
Market Begin Year	Jul 2019		Jul 2020		Jul 2021	
European Union	USDA Official EU27	New Post EU 27	USDA Official EU27	New Post EU 27	USDA Official EU27	New Post EU 27
Crush	21,100	21,200	22,000	22,500	22,200	22,300
Extr. Rate, 999.9999	0.42	0.42	0.42	0.42	0.42	0.42
Beginning Stocks	311	400	398	419	248	319
Production	8,862	8,904	9,240	9,450	9,324	9,366
MY Imports	468	468	325	310	400	400
Total Supply	9,641	9,772	9,963	10,179	9,972	10,085
MY Exports	343	343	675	700	600	600
Industrial Dom. Cons.	6,650	6,650	6,700	6,700	6,750	6,700
Food Use Dom. Cons.	2,200	2,300	2,290	2,400	2,275	2,400
Feed Waste Dom. Cons.	50	60	50	60	50	60
Total Dom. Cons.	8,900	9,010	9,040	9,160	9,075	9,160
Ending Stocks	398	419	248	319	297	325
Total Distribution	9,641	9,772	9,963	10,179	9,972	10,085
(1000 MT), (PERCENT)						

Source: FAS EU

The EU rapeseed area is stagnating. The significant decline in the EU rapeseed area in MY 2019/20 is connected to the EU neonicotinoids ban, which resulted in lower profitability of rapeseed. After its fourth largest rapeseed producer, United Kingdom, left the EU, the major EU producers remain Germany, Poland, France, Romania, and the Czech Republic. EU rapeseed supply remain tight and large amounts are typically imported from Ukraine, Canada, and Australia to satisfy demand. After Brexit, the trade dynamics changed in the sense that UK became a significant third-country trading partner, and the largest export market for EU rapeseed.

The main demand drivers are the products of crushing: oils, and meals. Oils are largely used in biofuel production that is motivated by the EU mandates on consumption. For more information on the EU biofuels market and policy please refer to our Biofuels Annual Report available at https://gain.fas.usda.gov/#/search. Meals are a great protein source for feeding animals, and the local sources are used as GMO free feed. This feed is often demanded by dairy producers, who are pushed by retailers not to use genetically engineered crops for feeding animals for marketing purposes.

MY 2021/22

In MY 2021/22, a marginal year-on-year growth of 2.7 percent (to reach 5.4 million hectares) is forecast for the EU's total rapeseed area. The area planted increased mainly in Romania, Poland, and Germany, which was partially offset by declines in France, Czech Republic, and Hungary. In Romania, the area increased was encouraged by favorable prices and strong export demand. In Poland, the area growth was driven by an expansion in processing, stimulated by gradually growing demand from the biofuel sector. Germany's growth in area was encouraged by increased yields in the previous marketing year and good planting conditions in the fall. From 2015/2015 to 2020/2021, France has lost nearly 40 percent of its rapeseed area and the decline continues in 2021/2022. Plummeting numbers can be seen in areas historically devoted to rapeseed in eastern France (-41.8 percent in Champagne-Ardenne and -55.2 percent in Lorraine). French and Czech farmers are discouraged by the lower profitability of the crop, after the EU banned neonicotinoids that were an efficient pesticide used for seed treatment. For French farmers climate change has strongly impacted the crop—particularly droughts in August when rapeseed is planted. Hungarian farmers faced adverse weather conditions during planting.

While multiple EU countries report delayed harvest due to unfavorable rainy weather conditions, rapeseed in most of the main EU producing countries did well this season and yield estimates are promising. The yield has a potential to exceed those of MY 2020/21 and MY 2019/20. EU production is currently forecast at 17.2 MMT in MY 2021/22, which is 4.2 percent more than the previous marketing year. The largest absolute production spikes occur in Romania, Poland, Bulgaria, and Finland and only partially offset the production drops in the Czech Republic, France, and Hungary. While Romania, Bulgaria and Finland report an increase in both, area and yield, the Polish surge in production is mainly due to enlarged area, with yield remaining rather flat. A similar situation applies to Germany, where production is currently estimated two percent above the previous MY. Conditions during germination and early plant development were good, however, lack of rain in some regions in May/June and excessive rains in other regions in July make it unlikely that the very good yields of the previous year will be replicated. Harvest has started only in regions where a favorable climate results in earlier plant maturation. In France, the significant decrease in area by 11.2 percent year-on-year, and by 27.1

percent when compared to the five-year average (2016-2020), along with floods in early July will likely reduce production by 2.42 percent to its lowest level in a decade.

The steep growth of crush that was driven by high crushing margins in MY 2020/21 is not foreseen to continue in the MY 2021/22. The surge in crushing margins subsided, along with a decline in oil prices. The crush level in MY 2021/22 is, however, not expected to go down below the crush level of MY 2019/20. It is currently forecast to reach 22.3 MMT. According to the European Commission DG AGRI Dashboard for oilseeds, the decline in rapeseed oil prices started in June 2021 and has steadily continued throughout July. This price trend is not foreseen to change significantly in the upcoming months.

Lower crush in MY 2021/22 will be mainly due to notable drops that are expected in the two largest EU rapeseed producers, Germany, and France, and because of continuously tight EU rapeseed supply. Despite the higher EU and world crop, EU crush is forecast to fall due to lower availability from the Ukraine (for more details, please see our Ukrainian Oilseeds Annual Report 2021, page 15), lower exportable supply from Canada (due to a heat wave in the West of Canada at the end of June/beginning July), and a likely lower supply from Australia that may aim its exports at the Canadian market.

The resulting lower meal production is expected to be compensated by higher intra-EU imports and reduced consumption, when lower oil production is expected to result in diminished exports, with consumption remaining constant. The meal use has been revised down due to concerns over limited rapeseed supply from the EU, Canada, and Australia, which may prevent rapeseed meal use from recovering.

MY 2020/21
In MY 2020/21 the EU rapeseed area increased only by 3.2 percent, when compared to MY 2019/20 and reached 5.24 MHA. Yields in MY 2020/21 turned out better than previously estimated and the final production was slightly revised up to 16.5 MMT. This amount, however, still did not allow for the accumulation of sufficient stocks, and the tight supply spilled over to MY 2021/22.

Section 5: Sunflower Seed Complex

Oilseed, Sunflower seed	**2019/2020**		**2020/2021**		**2021/2022**	
Market Year Begins	**Oct 2019**		**Oct 2020**		**Oct 2021**	
European Union	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	4,315	4,320	4,350	4,470	4,400	4,480
Beginning Stocks (1000 MT)	316	316	542	530	242	240
Production (1000 MT)	9,442	9,480	8,850	8,880	10,000	10,000

MY Imports (1000 MT)	977	977	700	800	850	650
Total Supply (1000 MT)	10,735	10,773	10,092	10,210	11,092	10,890
MY Exports (1000 MT)	528	528	650	600	650	670
Crush (1000 MT)	8,630	8,700	8,200	8,380	9,000	8,800
Food Use Dom. Cons. (1000 MT)	515	510	490	490	500	500
Feed Waste Dom. Cons. (1000 MT)	520	505	510	500	510	510
Total Dom. Cons. (1000 MT)	9,665	9,715	9,200	9,370	10,010	9,810
Ending Stocks (1000 MT)	542	530	242	240	432	410
Total Distribution (1000 MT)	10,735	10,773	10,092	10,210	11,092	10,890
Yield (MT/HA)	2.1882	2.1944	2.0345	1.9866	2.2727	2.2321
(1000 HA), (1000 MT), (MT/HA)						

Source: FAS EU

Meal, Sunflower seed	**2019/2020**		**2020/2021**		**2021/2022**	
Market Year Begins	**Oct 2019**		**Oct 2020**		**Oct 2021**	
European Union	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Crush (1000 MT)	8,630	8,700	8,200	8,380	9,000	8,800
Extr. Rate, 999.9999 (PERCENT)	0.5403	0.5402	0.5405	0.5406	0.5404	0.5398
Beginning Stocks (1000 MT)	396	396	191	198	88	138
Production (1000 MT)	4,663	4,700	4,432	4,530	4,864	4,750
MY Imports (1000 MT)	2,889	2,889	2,750	2,750	2,950	2,900
Total Supply (1000 MT)	7,948	7,985	7,373	7,478	7,902	7,788
MY Exports (1000 MT)	572	567	500	580	575	580

Industrial Dom. Cons. (1000 MT)	60	70	60	60	65	70
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	7,125	7,150	6,725	6,700	6,850	6,900
Total Dom. Cons. (1000 MT)	7,185	7,220	6,785	6,760	6,915	6,970
Ending Stocks (1000 MT)	191	198	88	138	412	238
Total Distribution (1000 MT)	7,948	7,985	7,373	7,478	7,902	7,788
(1000 MT), (PERCENT)						

Source: FAS EU

Oil, Sunflower seed	**2019/2020**		**2020/2021**		**2021/2022**	
Market Year Begins	**Oct 2019**		**Oct 2020**		**Oct 2021**	
European Union	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Crush (1000 MT)	8,630	8,700	8,200	8,380	9,000	8,800
Extr. Rate, 999.9999 (PERCENT)	0.4224	0.4195	0.422	0.4212	0.4247	0.4227
Beginning Stocks (1000 MT)	342	342	552	557	149	294
Production (1000 MT)	3,645	3,650	3,460	3,530	3,822	3,720
MY Imports (1000 MT)	2,368	2,368	1,625	1,710	2,000	2,050
Total Supply (1000 MT)	6,355	6,360	5,637	5,797	5,971	6,064
MY Exports (1000 MT)	880	880	700	790	750	800
Industrial Dom. Cons. (1000 MT)	510	510	500	500	500	500
Food Use Dom. Cons. (1000 MT)	4,400	4,400	4,275	4,200	4,400	4,450
Feed Waste Dom. Cons. (1000	13	13	13	13	13	13

MT)						
Total Dom. Cons. (1000 MT)	4,923	4,923	4,788	4,713	4,913	4,963
Ending Stocks (1000 MT)	552	557	149	294	308	301
Total Distribution (1000 MT)	6,355	6,360	5,637	5,797	5,971	6,064
(1000 MT), (PERCENT)						

Source: FAS EU

Sunflower Seeds

MY 2021/22

Area under sunflower in the EU increased in MY 2021/22 to the highest level in the last five years, estimated at 4.48 MHA. Stimulated by record high prices in MY 2020/21, farmers in Hungary, Bulgaria, Czech Republic and Slovakia led this trend, while Romania, Spain, France, and Greece recorded planting declines. The decrease in France came from record high area planted in the previous season, while in Spain dry soil conditions impeded plantings operations from being carried out on time. In the Czech Republic and Slovakia, area planted expanded in spring 2021, bouncing back from conditions in fall 2020 that resulted in less area planted. In Romania and Bulgaria, rainy and cooler spring weather supported early crop establishment but also resulted in delayed planting. Due to increasingly frequent droughts and climate stress in Europe, the sunflower is becoming a crop of choice due to its better resilience compared to corn and rapeseed, and more stable yields. In some member-states (France), the sunflower crop is supported under domestic protein sufficiency programs. The share of high oleic and organic sunflower hybrids was reported to grow this season.

The weather conditions to date have been favorable for sunflower development and the EU average yields are projected to recover from low levels in the previous year. However, the persistent hot and dry spells and hailstorms at the end of June and in July in major producers Romania, Bulgaria, and Hungary put a downward pressure on yields. All EU countries but Spain and Greece currently forecast a growth in their sunflower production. Romania, Bulgaria, and Hungary, followed by France expect the biggest increases over MY 2020/21. The EU total sunflower production is projected to grow by 13 percent over MY 2020/21, due mainly to improved yields (2.23 MT/HA versus 1.99 MT/HA in MY 2020/21), and reach 10 MMT, in line with the current USDA official estimate.

The crush demand is forecast to be favorable and increase by five percent to 8.8 MMT from the record low volume in MY 2020/21. Higher EU supply, along with expected growth in the Black Sea and world production, are projected to lower the sunflower prices and make the crop more attractive for crush compared to rapeseeds. Although the crush margins are projected to decline from their exceptional

levels achieved in MY 2020/21 due to softened vegetable oil prices, the main driver behind crush demand will be the favorable domestic and export demand for sunflower oil. Demand for sunflower meal in MY 2021/22 is also expected to improve and its share in animal ratios to increase due to its price competitiveness versus rival meals. Sunflower crush is forecast substantially upwards in Romania, Hungary, France, Bulgaria, and Germany while Spain sees a decline due to lower local supply. A limiting factor for crush could be lower margins compared to those for rapeseeds and soybeans, which may motivate a switch to competing oilseeds, especially in the Western EU.

Due to more abundant domestic supplies, the EU is likely to import fewer sunflower seeds. Most imports are sourced from the price-competitive Black Sea region. Exports are likely to rebound to traditional markets (Turkey, Morocco) and to the United Kingdom.

The ending stocks situation is forecast to be more favorable in MY2021/22. Ample local and regional supplies are projected to support crush and the rebuilding of stocks.

MY 2020/21

The EU production of sunflower is adjusted downward based on final official statistical data; the current estimate is below the USDA official estimate. A downward revision is made for Romania, Hungary, and Germany, while a marginal upward adjustment is made for Bulgaria and France compared to earlier estimates. France enjoyed a record high area harvested. In Romania and Bulgaria, the revisions reflect poor yields despite higher area harvested.

Crush was adjusted downward compared to previous expectations due to the shorter supply as a result of the latest national and industry data, although it is above the USDA official estimate. A lower EU crop and limited imports due to regional (Black Sea) and worldwide shortages and trade restrictions, along with increasing prices made the availability of seed for crush scarce. The decrease in crush is supported by industry data (FedOil) which indicates a seven percent negative growth for CY2020. Crush margins, however, reached lucrative levels driven by skyrocketing sunflower oil prices, and made sunflower crush more attractive compared to other oilseeds especially in the first half of the MY. The updated crush estimate is four percent lower than in MY 2019/20 but above USDA official.

Import and export estimates are revised based on the latest trade data from the member states and Eurostat/Trade Data Monitor data for MY 2020/21. Imports declined from the previous season due to the deficit market and export restrictions in trading partners (Russia) and higher prices. Turkey, the United Kingdom, the United States, Serbia, and Bangladesh were the EU's main export destinations.

The tight market situation resulted in record low stocks and all-time low stock-to-use ratio. The effort to rebuild stocks in the next season is expected to support EU import needs in MY 2021/22.

Sunflower Meal

MY 2021/22

EU sunflower meal output is forecast to increase in line with the higher crush. Romania, France, Hungary, Bulgaria, and Germany expect to see growth in the meal output while Spain projects a reduction. The demand for sunflower meal is expected to be more favorable than in MY 2020/21 due to likely price competitiveness and better availability (domestic and from imports) compared to rival meals. This is projected to result in a higher incorporation rate in animal feed.

All member-states, led by France, Romania, Spain, The Netherlands, and Hungary forecast growth in domestic use, except for Germany which projects a small decline. Improved demand for sunflower meal is anticipated to drive higher imports despite better domestic supply due to expected ample Black Sea production. Currently, the EU meal consumption is forecast higher (2.9 percent upward) than in MY 2020/21 at 6.9 MMT and above the USDA official estimate.

MY 2020/21

Production is adjusted based on updated EU crush estimate. The EU is likely to see lower use of sunflower meal in MY 2020/21 due to the COVID-19 pandemic's negative impact on feed production and use and a decrease in total meal consumption. In addition, sunflower meal was not price competitive compared to other meals and its incorporation in feed diminished. Downward revisions were made for Hungary, Poland, and Austria, and upward adjustments made for The Netherlands and Germany. EU consumption is expected to be below the MY 2019/20 level (by 6.3 percent) and is currently slightly below USDA official data.

Imports and exports were revised based on the latest trade data and member state reports. Imports, mainly originating from Ukraine, followed by Russia and Argentina, are forecast lower than in MY 2019/20, on par with USDA official data. Import needs weakened due to lower demand for use in feed. Third-country exports are estimated to increase marginally over the previous season. The EU's top export markets are China, the United Kingdom, Turkey, and Israel.

Sunflower Oil

MY 2021/22

Production of sunflower oil is projected to increase due to the growth in crush. Bulgaria, France, Romania, and Hungary expect the most significant growth. Spain anticipates a decline compared to the current season.

Better domestic production combined with record low beginning stocks, expected abundant regional availabilities, and weakened prices are likely to stimulate higher import needs. Exports are projected to recover due to improved production, especially to more price sensitive destinations.

The EU domestic demand for sunflower oil is expected to improve by about six percent compared to the current season to meet the demand of slowly recovering hotel, restaurant, institutional, and tourist industry, and to rebuild stocks. All EU member states forecast stable or higher use of sunflower oil, with Poland, Germany, and Czech Republic leading growth. It is estimated that sunflower oil use in the food industry and for biofuels will rebound and the retail sales will stay stable. The sunflower oil has the potential to expand its market share at the expense of rapeseed and soybean oil for industrial use provided that its price advantage is sustained. The current consumption estimate is above USDA official.

MY 2020/21

The output of sunflower oil is adjusted lower than the previous estimate but above USDA official due to the updated crush. An annual decline in oil production compared to MY 2019/20 is reported by France, Spain, Romania, Hungary, and Germany, while France and Bulgaria have reported an increase in sunflower oil output.

The shortage on the world, regional and EU market led to a price rally for sunflower oil and its price reached a record high. This negatively impacted the use of sunflower oil by the food industry and for biodiesel, while retail sales/home consumption were reported to remain less price elastic and more resilient to high prices. An annual decline in oil consumption compared to MY 2019/20 is reported by Spain, Romania, Hungary, and Germany, while France, Bulgaria, The Netherlands, and Croatia have reported an increase in sunflower oil use. This type of oil is traditionally the preferred edible oil in these countries, and thus a cause of the increase. The current estimate is slightly below USDA official.

High prices and a regional and worldwide deficit, in combination with weakened demand in the EU, have resulted in lower EU imports. Imports are revised downward based on the latest trade data of member states and are estimated to decline by more than 25 percent from MY 2019/20. Ukraine, Serbia, and Moldova were the main origin for imported oil. Exports are adjusted downward due to insufficient local supply and the dwindling demand by importing countries of EU sunflower oil due to its high price. Major export markets include the United Kingdom, Turkey, Morocco, South Africa, and the United States.

Ending stocks of sunflower oil were at a record low. This pressured prices upward. It is believed that stocks will be replenished and increased in MY 2021/22, driving more imports into the EU.

Attachments:

No Attachments.