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Report Highlights:

Total EU oilseeds area in MY 2021/22 is forecast to marginally increase by almost one percent. This increase in planted area is expected to take place in all three major oilseeds: soybean, rapeseed, and sunflower. Oilseed production is forecast up six percent from the previous year due to expected higher than average yields and increased acreage. NOTE: The estimates and forecasts in this report could change as a result of different government measures put in place to control the spread of COVID-19, including uncertainty in timing for the reopening of the food service and tourism sectors.

Executive Summary:

General

Much like other sectors of the economy, the COVID-19 pandemic also impacted the oilseeds market. In the European Union, control measures restricting or closing the food service and tourism sectors played a role in the general economic downturn and impacted oilseeds' markets since March 2020. The outlook for marketing year (MY) 2020/21 is highly uncertain and depends upon the re-opening of the above-mentioned sectors and the recovery of the economy.

Effective January 1, 2021, the separation of the United Kingdom (UK) from the European Union (EU) is complete, ending the free trade between both economies. The UK is no longer a member of the EU customs union and is now regarded a third country. This is the first EU consolidated oilseeds Global Agricultural Information Network (GAIN) report which does not include the UK. The EU in this report refers to the remaining 27 member states. Currently, it is not clear how trade with and via the UK will develop.

Seeds

Total EU oilseed area in MY 2021/22 is forecast to marginally increase by almost one percent. The increase in planted area takes place in all three major oilseeds: soybean, rapeseed, and sunflower. Oilseed production is forecast up six percent from the previous year due to expected higher than average yields and increased acreage. Planting conditions for rapeseed in fall 2020 varied among EU member states. At the time of writing almost no winterkill was reported. Currently, planting conditions and soil moisture for spring plantings look promising.

Meals

Following a somewhat higher crush, EU oilseed meal production is expected to increase by about 0.5 percent in MY 2021/22. Due to an increased domestic supply and increased availability of sunflower meal, a 1.2 percent increase of sunflower meal use in feed ratios is forecast. Total feed use of oilseed meals is forecast to slightly increase. This is based on the assumption that poultry production will increase in calendar year (CY) 2021 after a decline in the previous year due to the economic impact of the COVID-19 pandemic.

Oils

Total EU domestic oilseed oil production is forecast to increase by almost two percent in MY 2021/22. This is due to an increase in production forecast for sunflower oil, olive oil, and to some extent rapeseed oil. Soybean oil production is anticipated to remain flat. Assuming that the food service and tourism sectors will gradually recover after COVID-19 control measures are lifted, food consumption of oilseed oils is forecast to moderately increase by 0.5 percent in MY 2021/2022. This increase mainly takes place in sunflower and soybean oil consumption.

Policy

The EU Renewable Energy Directive (REDII) requires all biofuels 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 the RED targets. The revised REDII also put in place a freeze on the use of high-risk indirect land use change (ILUC) biofuels at 2019 levels, with the aim of phasing them out completely by 2030. Currently, only palm oil classified as high risk falls under this definition. Soybean, rapeseed, and sunflower do not fall under this definition.

In December 2019, the European Commission presented the [European Green Deal](#). Its main objective is for the EU to become climate neutral 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, slated to be published in 2021, could impact imports of oilseeds into the EU, particularly soy. This is because 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. 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. In this report if not indicated otherwise EU means the current EU27 without the UK. However, production, supply, and distribution (PSD) tables still include numbers for EU27+UK in the columns "USDA official". The column "New Post" in the PSD tables only includes EU27 (without UK) numbers. Please note that, as a result, "USDA official" and "New Post" data cannot be compared as they are different data sets.
- USDA official numbers in this report include the World Agricultural Supply and Demand Estimates (WASDE) March 2021 release.
- In this report the term "biofuel" includes only biofuels used in the transport sector. Biomass/biofuel used for electricity production or other technical uses such as lubricants or in detergents are included in "industrial use."
- Trade figures are revised according to the most recent data available from Trade Data Monitor (January 2021).

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The FAS EU oilseeds reporting team would like to thank the FAS/GMA team for their valuable input and support.

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

January - December

Copra complex
Palm kernel complex
Palm oil
Fish meal

July - June

Rapeseed complex

October - September

Soybean complex
Sunflower complex
Cottonseed complex
Peanut complex

November - October

Olive oil

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1. Total Oilseeds

Note: Total oilseeds include different marketing years with different beginning and ending months. Please find details for the specific commodities in the respective sections of the.

Total Oilseeds – Seeds

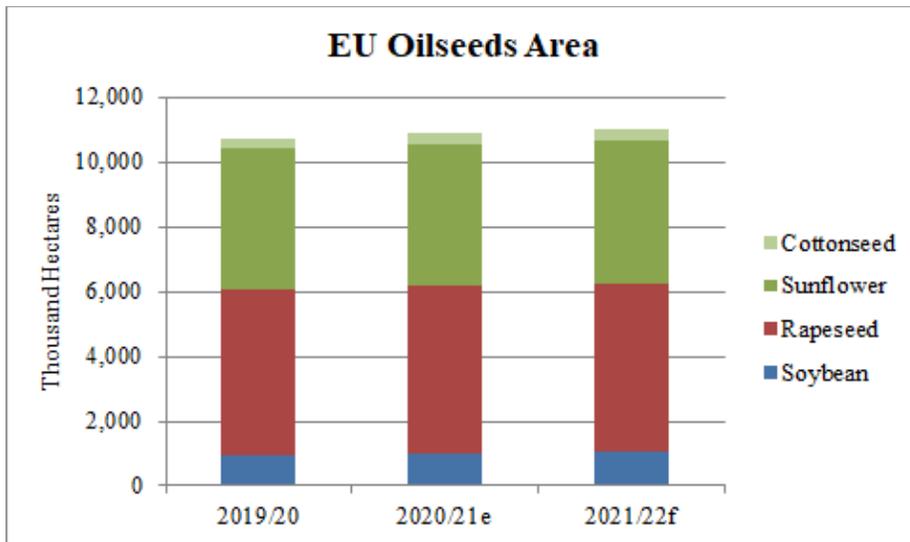
Oilseed, Total Oilseeds	2019/2020		2020/2021		2021/2022	
	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)
Area Harvested	11,134	10,740	11,059	10,888	0	10,982
Beginning Stocks	3,657	3,479	3,376	3,029	0	2,312
Production	29,778	28,290	29,537	28,322	0	29,970
MY Imports	23,889	23,021	23,227	22,785	0	22,460
Total Supply	57,324	54,790	56,140	54,136	0	54,742
MY Exports	805	1,271	708	1,003	0	1,165
Crush	48,685	46,228	48,825	46,475	0	46,715
Food Use Dom. Cons.	1,700	1,479	1,725	1,512	0	1,572
Feed Waste Dom. Cons.	2,758	2,783	2,638	2,834	0	2,833
Total Dom. Cons.	53,143	50,490	53,188	50,821	0	51,120
Ending Stocks	3,376	3,029	2,244	2,312	0	2,457
Total Distribution	57,324	54,790	56,140	54,136	0	54,742

Note: The numbers for total oilseed seeds includes cottonseed which is not included in oilseed meals and oils. Source: FAS EU

EU Total Oilseeds Area

MY 2021/22

Total EU oilseed area in MY 2021/22 is forecast to marginally increase by almost one percent. The increase in planted area is expected for all three major oilseeds (soybean, rapeseed, and sunflower). High prices and strong demand for GM-free (“genetically modified” -free) soybeans will likely boost soybean plantings in all soybean producing EU countries. Rapeseed in contrast is expected to only slightly increase by about 0.6 percent. Despite good demand, rapeseed production is not very profitable due to lack of efficient pesticides. However, the declining trend of the previous years is expected to stop. Development of rapeseed area varies among member states. Declines in area are reported in France, Czech Republic, and Hungary. These reductions are offset by increased planted area in Romania, Finland, and Germany. Area planted with sunflower is estimated to increase in Romania, Bulgaria, and Hungary, while France expects a reduction from a record high in MY 2020/21.



e = estimate, f = forecast

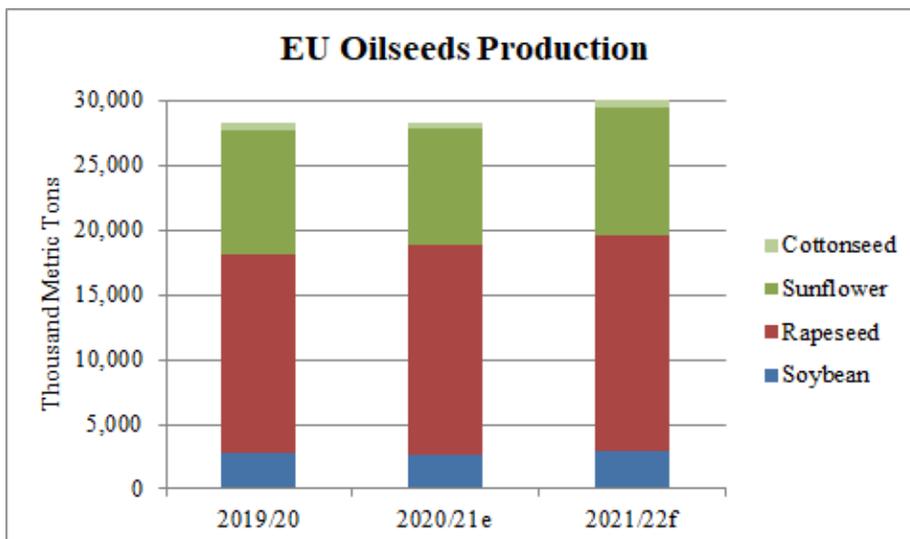
Source: FAS EU

EU Total Oilseeds Production

MY 2021/22

Oilseed production for all three major oilseeds (soybean, rapeseed, sunflower) is forecast up due to expected higher than average yields and increased acreage, leading to a six percent increase from the previous year.

Planting conditions for rapeseed in fall 2020 varied among EU member states. While in some states like Romania and Bulgaria soil was too dry during rapeseed planting time in fall 2020, in others like Austria and Hungary, it was too wet. Good planting conditions were reported in the major producing countries Germany and Poland. At the time of writing, almost no winterkill was detected. Additionally, planting conditions and soil moisture for spring plantings were favorable. Overall, yield forecasts at this point are at an average level, higher than in the previous season but dependent upon further developments.



e = estimate, f = forecast

Source: FAS EU

EU Total Oilseeds Crush

MY 2021/22

EU total oilseeds crush is expected to increase by only half a percent despite an increase of six percent in production. This is due to a 2.3 percent increase in sunflower crush, but only a small increase in rapeseed crush and marginally lower soybean crush.

Total Oilseed – Meals

Meal, Total Oilseeds	2019/2020		2020/2021		2021/2022	
	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)
Crush	48,335	45,878	48,535	46,185	0	46,435
Extraction Rate						
Beginning Stocks	1,375	1,755	516	1,369	0	1,455
Production	31,340	29,769	31,566	29,898	0	30,015
MY Imports	23,110	21,517	23,522	21,962	0	22,122
Total Supply	55,825	53,041	55,604	53,229	0	53,592
MY Exports	1,392	2,359	1,410	2,395	0	2,440
Industrial Dom. Cons.	570	570	570	570	0	575
Food Use Dom. Cons.	32	32	32	32	0	32
Feed Waste Dom. Cons.	53,315	48,711	53,262	48,777	0	49,007
Total Dom. Cons.	53,917	49,313	53,864	49,379	0	49,614
Ending Stocks	516	1,369	330	1,455	0	1,538
Total Distribution	55,825	53,041	55,604	53,229	0	53,592

(1000 MT), (PERCENT)

Note: Numbers in oilseed meals and oils do not include cottonseeds as cottonseed meal and cottonseed oil are not included in this report.

Source: FAS EU

MY 2021/22

Following a somewhat higher crush, EU oilseed meal production is expected to increase by about 0.4 percent. Due to the increased domestic supply and higher availability of sunflower meal, expectations are for a 1.2 percent increase of sunflower meal use in feed ratios. Total feed use of oilseed meals is forecast to slightly increase. This is based on the assumption that poultry production will increase in calendar year (CY) 2021 after a decline in the previous year due to the economic impact of the COVID-19 pandemic.

Total Oilseeds – Oils

Oil, Total Oilseeds	2019/2020		2020/2021		2021/2022	
	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)
Crush	48,335	45,878	48,535	46,185	0	46,435
Extraction Rate						
Beginning Stocks	2,648	2,572	3,737	3,250	0	2,580
Production	18,440	17,554	18,712	17,869	0	18,172
MY Imports	12,491	12,284	11,050	10,655	0	11,073
Total Supply	33,579	32,410	33,499	31,774	0	31,825
MY Exports	2,686	3,159	2,797	3,118	0	3,148
Industrial Dom. Cons.	12,625	13,075	12,600	13,115	0	13,175
Food Use Dom. Cons.	14,198	12,595	14,441	12,610	0	12,676
Feed Waste Dom. Cons.	333	331	333	351	0	351
Total Dom. Cons.	27,156	26,001	27,374	26,076	0	26,202
Ending Stocks	3,737	3,250	3,328	2,580	0	2,475
Total Distribution	33,579	32,410	33,499	31,774	0	31,825

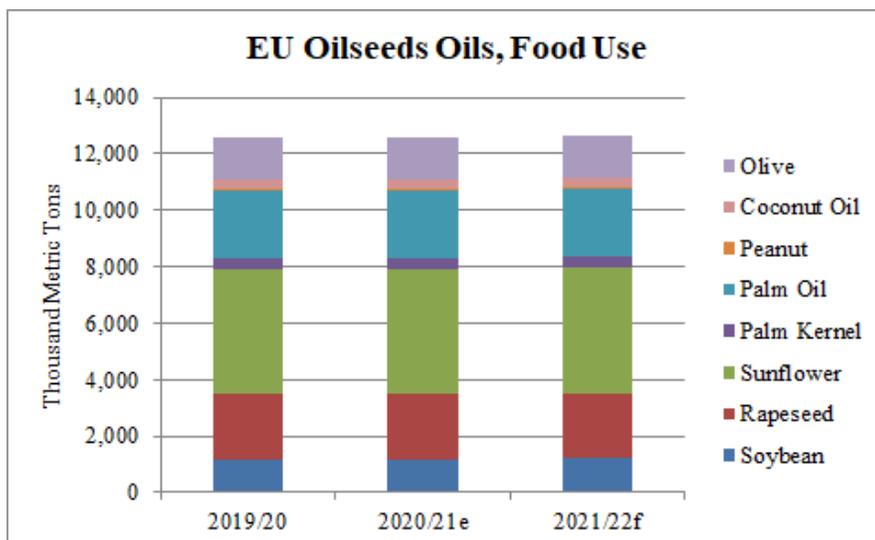
(1000 MT), (PERCENT)

Note: Numbers in oilseed meals and oils do not include cottonseeds as cottonseed meal and cottonseed oil are not included in this report.

Source: FAS EU

MY 2020/21

EU total domestic oilseed oil production is forecast to increase by almost two percent. The reason for this increase is the increase in production forecast for sunflower oil, olive oil, and to some extent rapeseed oil (olive oil is not included in the crush numbers). Soybean oil production is anticipated remain flat. Assuming that the food service and tourism sectors will gradually recover after COVID-19 pandemic control measures are lifted, food consumption of oilseed oils is forecast to moderately increase by 0.5 percent. This increase primarily takes place in sunflower and soybean oil consumption.



e = estimate, f = forecast

Source: FAS EU

2. Soybean Complex

Soybean Seed

Oilseed, Soybean Market Begin Year	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)
European Union						
Area Harvested	917	955	925	1,010		1,040
Beginning Stocks	1,610	1,593	1,694	1,441		1,041
Production	2,615	2,755	2,700	2,650		2,910
MY Imports	15,664	14,946	15,150	14,400		14,400
Total Supply	19,889	19,294	19,544	18,491		18,351
MY Exports	185	228	200	180		190
Crush	16,350	15,910	16,850	15,550		15,500
Food Use Dom. Cons.	260	215	260	220		220
Feed Waste Dom. Cons.	1400	1,500	1,400	1,500		1,500
Total Dom. Cons.	18,010	17,625	18,510	17,270		17,220
Ending Stocks	1,694	1,441	834	1,041		941
Total Distribution	19,889	19,294	19,544	18,491		18,351

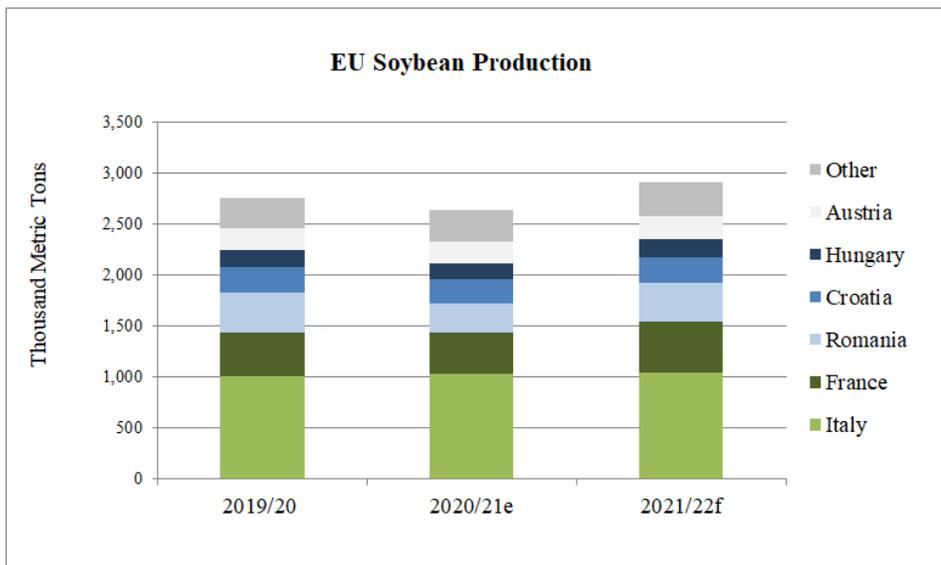
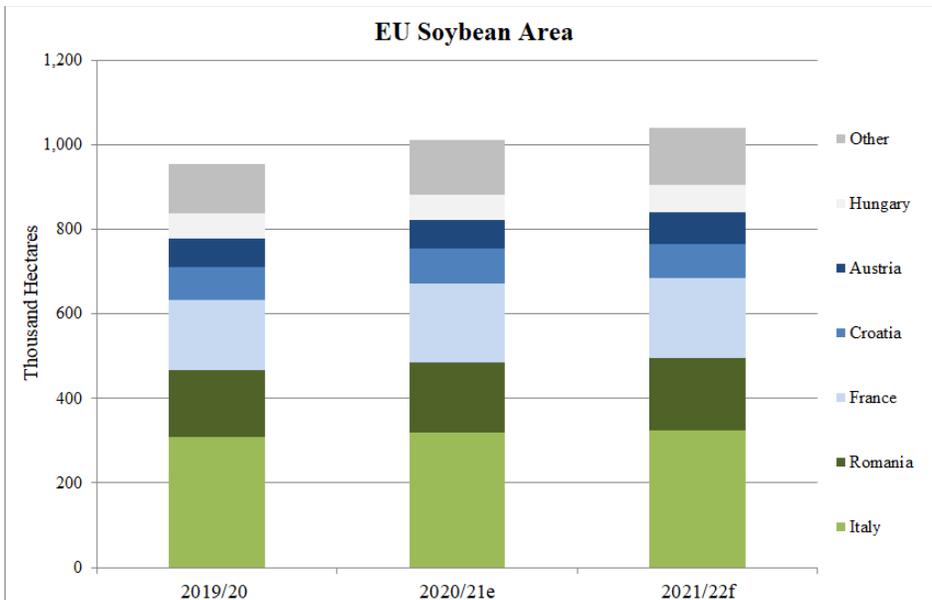
(1000 HA), (1000 MT), (MT/HA)

Source: FAS EU

MY 2021/22

In MY 2021/22, EU soybean planted area is expected to increase by three percent compared to MY 2020/21 and for the second year to exceed one million hectares. Area is expected to increase in all the soybean producing EU countries. Italy and France will remain the largest producers in the EU. These increases are fueled by a combination of higher prices, and a strong demand for GM-free soybeans. The fact that soybeans do not need a lot of plant protection products also supports increased plantings. Country-specific policies such as one implemented in France that aims to increase protein crops and reduce the dependency on imported proteins feed also support an increase in soybean production in the medium term. The [Danube Soya Initiative](#) which was created in 2012 gathers many countries and regions in the Danube region. Its goal is to increase the share of regionally produced GM-free feed. Its stakeholders introduced a new certification standard called “Europe Soya” in 2016 with similar goals.

While the soybean harvest will not be completed before the fall of 2021, all production factors are positive including water resources in the main EU soybean producing countries. Thus, assuming average yields, the EU soybean crop will be 10 percent higher than in MY 2020/21.

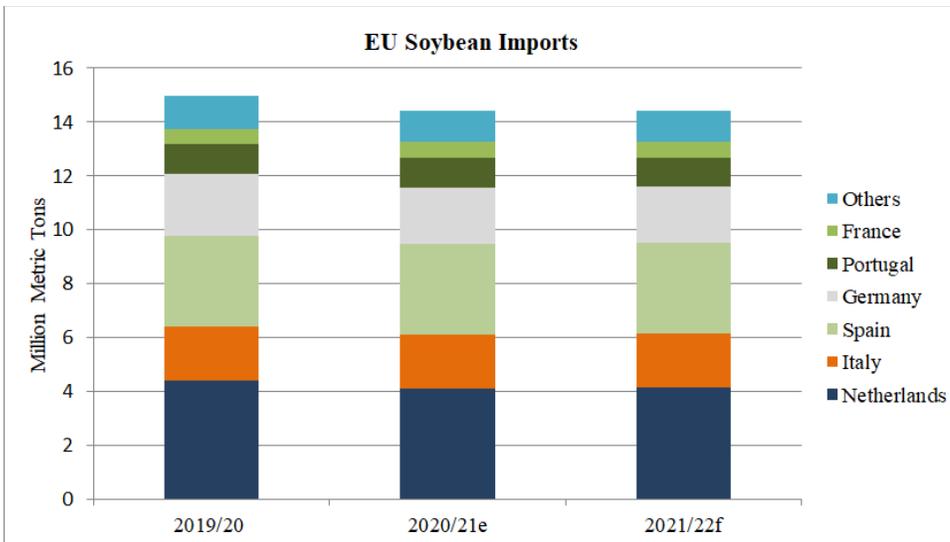


e = estimate, f = forecast
 Source: FAS EU

EU imports of soybeans and crush are expected to remain stable compared to the previous year but to remain below the level of MY 2019/20.

MY 2020/21

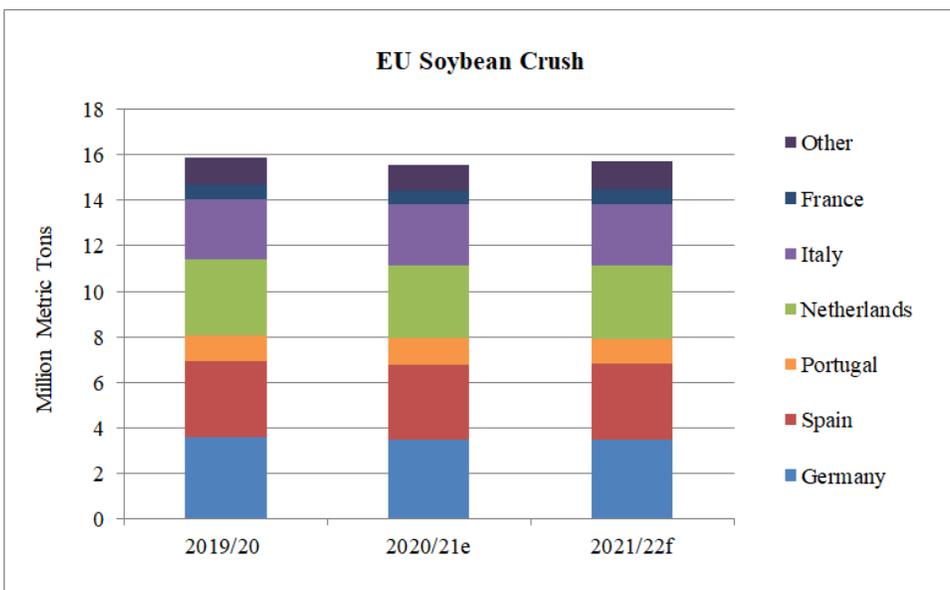
In MY 2020/21, EU soybean production decreased compared to previous year due to lower yields, especially in Romania where the crop was affected by a drought.



e = estimate, f = forecast

Source: FAS EU

EU soybean imports are expected to decrease from a high in MY 2019/20, due to high prices of soybeans that negatively impacted crushing margins. More than half of the soybeans imported by the EU in MY 2020/21 are expected to come from Brazil, 25 percent from the United States (an 18 percent decline from MY 2019/20 due to the lack of price competitiveness of U.S. soybeans in the EU), and 10 percent from Canada. Ukraine, Paraguay, Serbia, and Uruguay remain minor suppliers.



e = estimate, f = forecast

Source: FAS EU

As mentioned above, the crushing margins are decreasing in MY 2020/21 as the meal price did not increase as much as soybeans prices. Thus, we anticipate lower crush in MY 2020/21. Reported maintenance works in crushing plants in Belgium will also lower the crush in MY 2020/21.

Soybean Meal

Meal, Soybean Market Begin Year	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)
Crush	16,350	15,910	16,850	15,550		15,500
Extraction Rate	0.79	0.79	0.79	0.79		0.79
Beginning Stocks	690	832	123	650		708
Production	12,917	12,550	13,311	12,300		12,250
MY Imports	17,617	16,333	18,050	16,850		17,000
Total Supply	31,224	29,715	31,484	29,800		29,958
MY Exports	359	878	350	750		780
Industrial Dom. Cons.	10	10	10	10		10
Food Use Dom. Cons.	32	32	32	32		32
Feed Waste Dom. Cons.	30,700	28,145	31,000	28,300		28,350
Total Dom. Cons.	30,742	28,187	31,042	28,342		28,392
Ending Stocks	123	650	92	708		786
Total Distribution	31,224	29,715	31,484	29,800		29,958

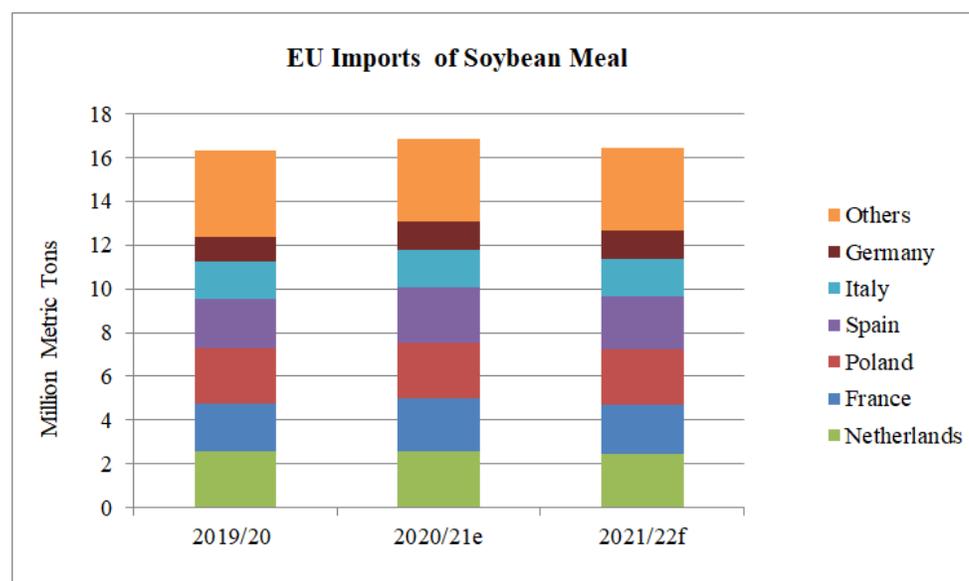
(1000 MT), (PERCENT)

Source: FAS EU

MY 2021/22

EU imports and feed use of soybean meal are expected to go up slightly compared to the previous year.

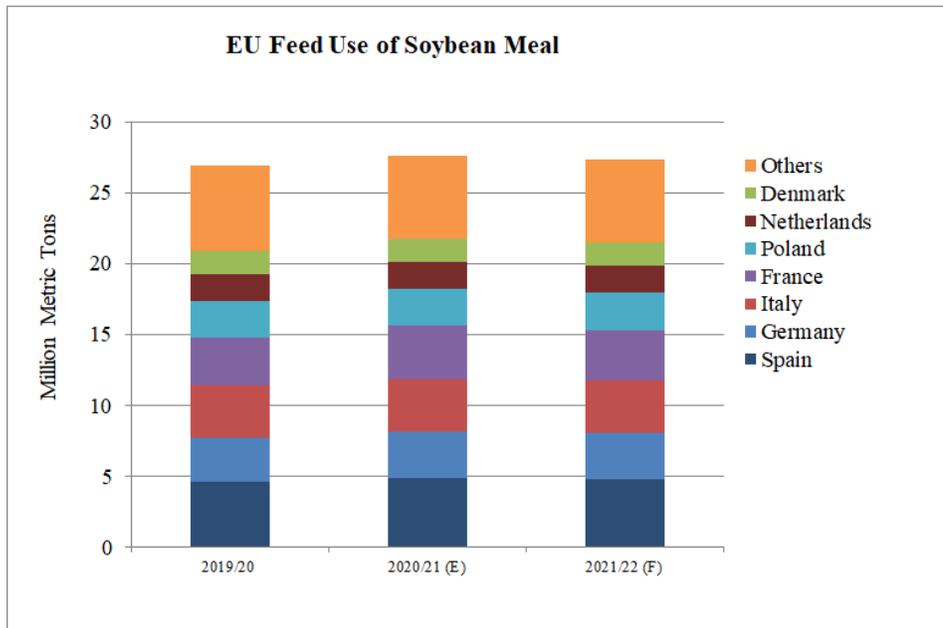
MY 2020/21



e = estimate, f = forecast

Source: FAS EU

EU soybean meal imports are expected to increase slightly from MY 2019/20. This is driven by higher imports in France, Spain, and Germany, that more than offset stable imports in the Netherlands and Italy, and slightly lower imports in Poland. These higher imports are needed to compensate for lower crush. Brazil will represent the largest supplier of soybean meal to the EU, with about 50 percent of EU imports, followed by Argentina (35 percent). The United States is a minor supplier of soybean meal to the EU, with about 2.5 percent of the import market share anticipated in MY 2020/21.



e = estimate, f = forecast

Source: FAS EU

In response to the stagnant availability of other oilseed meals and a lower wheat crop, feed use of soybean meal is expected to increase compared to MY 2019/20. Other factors for the higher soybean meal use is expanding swine production in EU and an expected increase in poultry production in CY 2021 after a decline in CY 2020 linked to the economic impact of COVID-19.

Soybean Oil

Oil, Soybean Market Begin Year	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)
Crush	16,350	15,910	16,850	15,550		15,500
Extraction Rate	0.19	0.19	0.19	0.19		0.19
Beginning Stocks	287	96	571	238		333
Production	3,107	3,023	3,202	2,950		2,950
MY Imports	485	481	415	440		430
Total Supply	3,879	3,600	4,188	3,628		3,713
MY Exports	768	927	825	950		970
Industrial Dom. Cons.	1,070	1,200	1,110	1,100		1,150
Food Use Dom. Cons.	1,415	1,180	1,475	1,190		1,200
Feed Waste Dom. Cons.	55	55	55	55		55
Total Dom. Cons.	2,540	2,435	2,640	2,345		2,405
Ending Stocks	571	238	723	333		338
Total Distribution	3,879	3,600	4,188	3,628		3,713

(1000 MT), (PERCENT)

Source: FAS EU

EU soybean oil production follows the tight crush situation with a slight decrease in MY 2020/21 compared to MY 2019/20, and a stable production for MY 2021/22.

The EU exports soybean oil mainly to Morocco (25 percent of exports), Algeria (22 percent), and UK (15 percent). Exports to North African countries are expected to increase significantly due to the tight situation in the sunflower oil (and other oilseeds) market. This makes soybean oil more competitive and reduces internal demand for industrial uses.

Food uses of soybean oil are expected to raise marginally in MY 2020/21 and 2021/22 following population growth. Industrial uses, especially in biofuels, are expected to decrease by eight percent in MY 2020/21 due to lower fuel demand resulting from COVID-19 control measures. FAS Madrid notes that soybean oil consumption in Spain is largely devoted to industrial uses, and its share in biodiesel is shrinking as double counting raw materials becomes more prominent.

3. Rapeseed Complex

Rapeseed is the dominant oilseed in the EU, making it together with Canada, one of the world's largest producers of rapeseed and products. After reaching a high of 6.5 million hectares in production in MY 2018/19, the rapeseed area in the EU declined and stagnated over the past three years along with production. As a result, demand for rapeseed currently exceeds domestic supply. With a tight supply, imports of rapeseed increased over the same period for crushing. Crushing margins are currently very good and so crushing gradually increases and drives up the demand for rapeseed. EU rapeseed imports primarily come from Ukraine, Canada, and Australia. With Brexit, the UK became a significant third-country trading partner and the largest export market for EU rapeseed.

The main driver of the EU rapeseed market remains demand for rapeseed meal and oil, products that are derived from crushing. Rapeseed oil is mainly used by the biodiesel industry. The EU Renewable Energy Directive and its biofuel policy and mandates on consumption levels determine the industry. Compared with biodiesel, food and other industrial use of rapeseed oil influence demand to a lesser extent.

The EU is a leading producer and exporter of meat and dairy products and uses rapeseed meal in the livestock sector as a feed ingredient. In the EU market, rapeseed meal competes with soybeans and soybean meal from the United States and other suppliers, as well as domestic sunflower meal and grains, in feed ratios. In dairy production, rapeseed meal has become the dominant protein source while it can only replace soybean meal to a certain extent in meat and poultry production. Due to its high protein content, soybean meal remains the top choice in feed ratios for poultry and pork. Currently rapeseed meal prices are the lowest among the protein meals used for feed, which makes rapeseed meal a very attractive feed ingredient in a growing number of the EU member states.

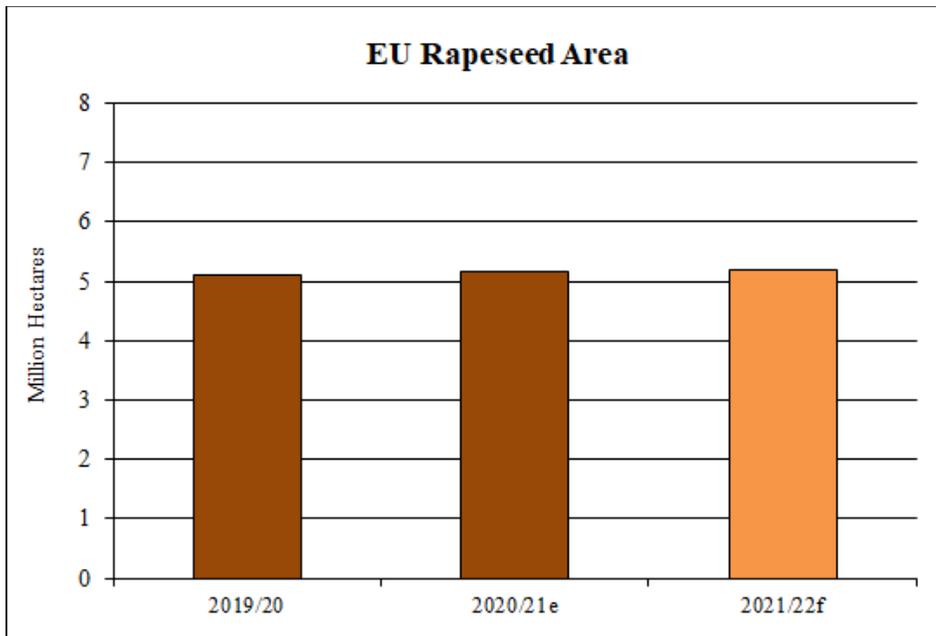
Oilseed, Rapeseed Market Begin Year	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)
European Union						
Area	5,554	5,119	5,460	5,171	0	5,200
Beginning Stocks	1,630	1,498	1,013	966	0	926
Production	16,880	15,289	17,100	16,200	0	16,650
MY Imports	6,249	6,210	6,300	6,500	0	6,300
Total Supply	24,759	22,997	24,413	23,666	0	23,876
MY Exports	31	331	25	240	0	300
Crush	23,100	21,100	22,900	21,900	0	22,000
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	615	600	500	600	0	600
Total Dom. Cons.	23,715	21,700	23,400	22,500	0	22,600
Ending Stocks	1013	966	988	926	0	976
Total Distribution	24,759	22,997	24,413	23,666	0	23,876

(1000 HA), (1000 MT), (MT/HA)

Source: FAS EU

MY 2021/22

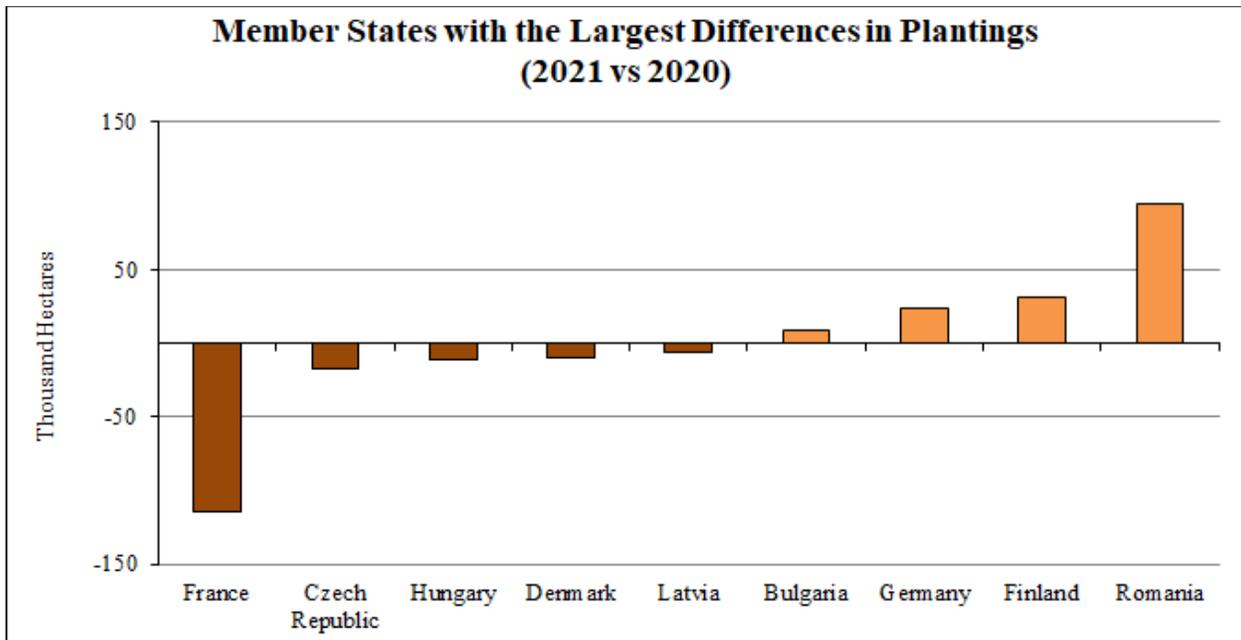
In fall of 2020, farmers in the EU planted 5.2 million hectares of rapeseed, which was only a negligible increase of less than one percent, when compared to the previous year, but 20 percent below the 6.5 million hectares cultivated in MY 2018/19. The decline and stagnation of rapeseed area in the last three years reflects the decreasing profitability of the crop. This is caused by the ban of neonicotinoids use in the EU. Insufficient initial protection due to missing neonicotinoid seed coating leads to higher insect damage and increased frequency of applications of other, less efficient pesticides. All of this significantly increases production costs for farmers and results in decreased competitiveness and attractiveness of in cultivating rapeseed.



e = estimate, f = forecast

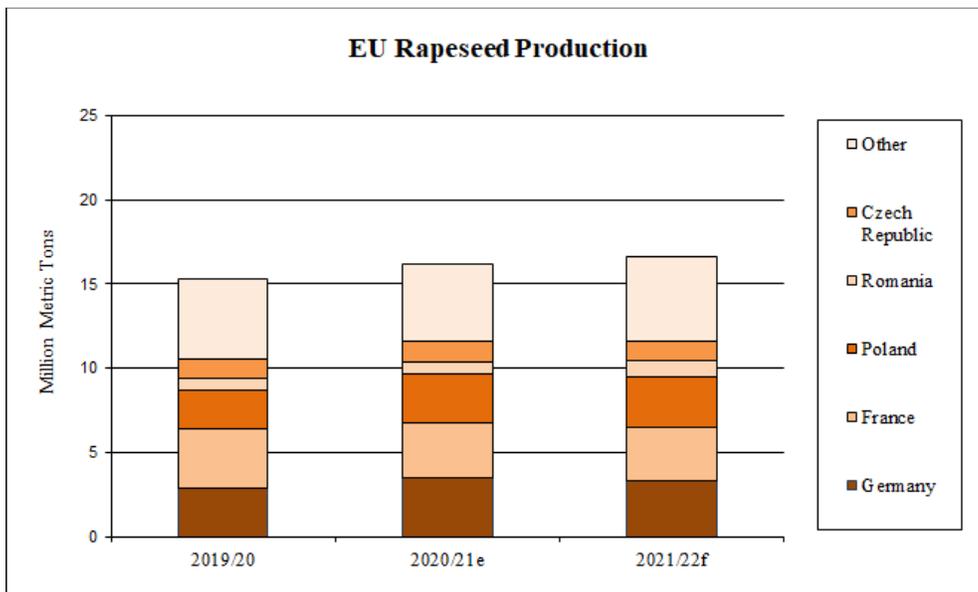
Source: FAS EU

Planting conditions across Europe varied in MY2020/21. Delays in planting occurred in Romania and Bulgaria where soil was too dry and in Austria and Hungary because of too much moisture in the fields. Good planting conditions were reported by the two major rapeseed producers, Germany and Poland. In general, rapeseed overwintered well. Nearly no winterkill was reported at the beginning of March 2021. Sufficient snow cover protected the plants, during occasional cold spells. However, Spring 2021 weather conditions will be critical for the further development of rapeseed plants, and eventual frost losses. At the time of writing yield forecast is optimistic and sees a potential for a yield improvement of at least one percent, when compared to the previous marketing year. However, this may change, as an arctic cold spell (and following frost) hit France in the first half of April 2021, while rapeseed plants were in full blossom. This appears to have caused widespread damage. If it has, this could lower yield potential for the French rapeseed crop.



Source: FAS EU

France, Czech Republic, and Hungary reported the largest drops in plantings this marketing year, primarily due to the decreased profitability of rapeseed resulting from the neonicotinoid ban. These drops are offset by increased planted areas in Romania, Finland, and Germany. In Romania, farmers planted more rapeseed, encouraged by favorable prices, when compared to other crops. Higher prices of rapeseed are caused by the tightening supply of rapeseed stemming from continuously decreasing production in the EU.



e = estimate, f = forecast

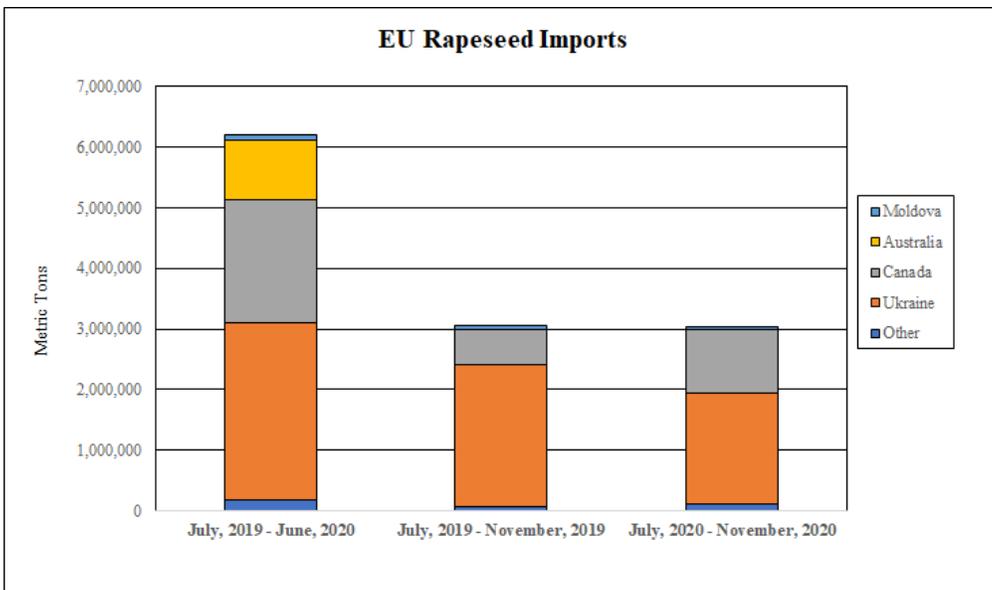
Source: FAS EU

Rapeseed production in the EU is currently forecast at 16.65 MMT in MY 2021/22, which is just 2.8 percent higher than the previous marketing year. The gradual increase of crushing driven by high crushing margins is foreseen to continue and the tight supply of rapeseed on the EU market is expected to induce increased imports. Imports are forecast to range between the import volumes of MY 2019/20

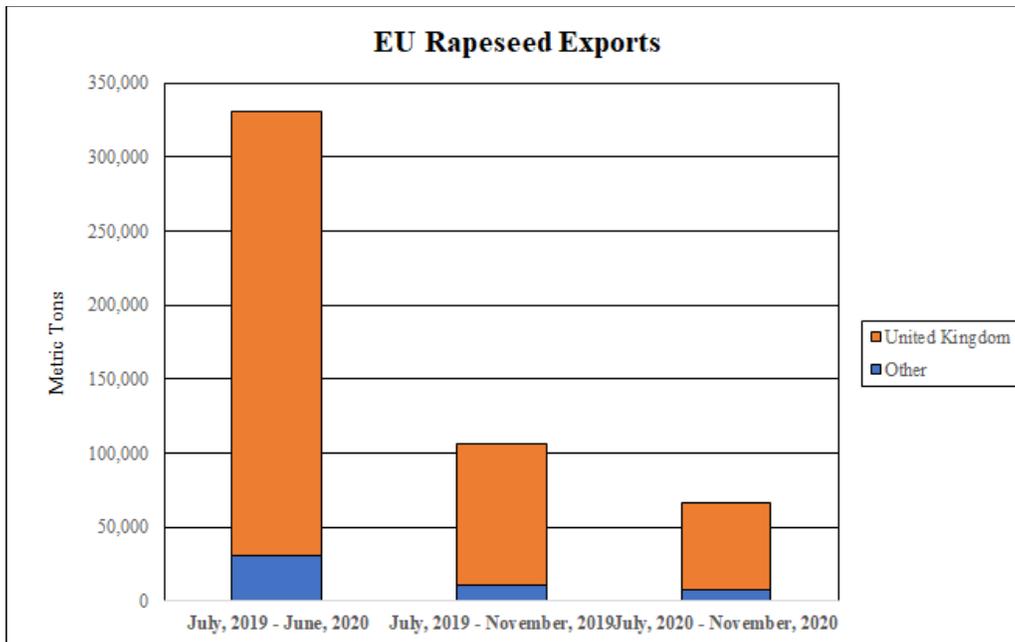
and MY 2020/21, at about 6.3 MMT of rapeseed. Ukraine continues to be the main supplier, followed by Australia and Canada.

MY 2020/21

Yields in MY 2020/21 turned out better than previously expected and final production reached 16.2 MMT. Therefore, our estimate in the [2020 EU Oilseeds and Products Update](#) did not materialize - the MY 2020/21 production was not the lowest in a decade. The drought described in this update did, however, lower the production enough to further reduce already limited stocks. Consequently, we estimate a 4.7 percent increase of imports to 6.5 MMT. This season, Ukraine’s production fell and imports from Canada increased. As there is large export supply available in Australia, it is likely that the EU will source imports from this supply in April – June of this year. The majority of the EU’s rapeseed imports are shipped to Germany. After the Brexit, the UK became the main third-country export market for EU rapeseed.



Source: Trade Data Monitor



Source: Trade Data Monitor

Rapeseed Meal

Demand for rapeseed meal in the EU continues to be solid. Increasing numbers of farmers in more member states use rapeseed meal in feed ratios in the dairy sector (for instance in Germany, Austria, and Bulgaria) and increasingly it is incorporated in swine and poultry production. Austria reported that farmers were traditionally hesitant to use rapeseed meal in their feed ratios. However, in the last couple of years Austrian farmers increasingly incorporated more rapeseed meal, particularly in ready feed mixtures. This is also a result of growing demand for GMO free feed ingredients in milk production, which is required by retail chains (and thus processors) in Germany, Austria, Slovakia, and the Czech Republic. In Poland, swine and poultry are the main consumers of rapeseed meal. Very favorable prices of rapeseed meal, when compared to other feed protein meals, contribute to the growing demand as well.

Meal, Rapeseed Market Begin Year	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)
European Union						
Crush	23,100	21,100	22,900	21,900	0	22,000
Extr. Rate, 999.9999	0.57	0.57	0.57	0.57	0	0.57
Beginning Stocks	313	500	182	494	0	527
Production	13,168	12,027	13,053	12,483	0	12,540
MY Imports	385	468	400	500	0	500
Total Supply	13,866	12,995	13,635	13,477	0	13,567
MY Exports	484	601	525	850	0	850
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	13,200	11,900	12,950	12,100	0	12,200
Total Dom. Cons.	13,200	11,900	12,950	12,100	0	12,200
Ending Stocks	182	494	160	527	0	517
Total Distribution	13,866	12,995	13,635	13,477	0	13,567

(1000 MT), (PERCENT)

Source: FAS EU

MY2021/22

EU rapeseed meal production is expected to continue marginally growing, hand in hand with slightly increasing crush. Favorable crush margins are expected to continue, as well as the steady demand for rapeseed meal. EU use of rapeseed meal in feed ratios is forecast to remain fairly stable or even to slightly increase. Large demand for rapeseed meal from Norway and the UK will continue to increase EU exports, similar to the previous marketing year. The marginal increases of production and imports will allow for some replenishment of the depleted stocks.

MY 2020/21

Production in this marketing year is estimated to be higher than originally expected, because of increased crush that is driven up by excellent crush margins. Rapeseed meal is currently very affordable and competes with the other protein meals, soybean and sunflower. While Russia remains the number one supplier of rapeseed meal for the EU, the UK overtakes Norway and becomes the largest export destination for EU rapeseed in this marketing year.

Rapeseed Oil

Demand for rapeseed oil in the EU is largely defined by biofuel policy and industry, as most rapeseed oil from crushing is used for biodiesel production. Production and consumption of rapeseed oil for food consumption remains stable. Political and regulatory support for rapeseed oil as primary biodiesel feedstock declines, as the EC sets caps for food crop-based biofuels, and the raw materials that qualify for double counting become more prominent. However, demand for rapeseed oil for biodiesel production did not suffer as a result of the COVID-19 pandemic. Lock-down related reductions in road traffic mostly affected passenger cars while commercial traffic, which mostly runs on diesel, continued. Additionally, there was less competition from used cooking oils (UCOs), another biofuel feedstock, as the hospitality industry, hotels and restaurants, came to a standstill.

For more information on the EU biodiesel market, please see the website of our Office of Agricultural Affairs at the [U.S. Mission to the European Union](#) which contains the latest EU biofuels report and information about the Renewable Energy Directive of the EU: <http://www.usda-eu.org/trade-with-the-eu/eu-import-rules/biofuels/>. For more information about the EU biofuels market see the [EU Biofuels Annual 2020](#).

Oil, Rapeseed Market Begin Year	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)
European Union						
Crush	23,100	21,100	22,900	21,900	0	22,000
Extr. Rate, 999.9999	0.4181	0.42	0.418	0.42	0	0.42
Beginning Stocks	345	374	427	361	0	369
Production	9,657	8,862	9,572	9,198	0	9,240
MY Imports	298	468	300	450	0	410
Total Supply	10,300	9,704	10,299	10,009	0	10,019
MY Exports	323	343	400	540	0	500
Industrial Dom. Cons.	6,600	6,650	6,500	6,750	0	6,800
Food Use Dom. Cons.	2,900	2,300	2,900	2,300	0	2,300
Feed Waste Dom. Cons.	50	50	50	50	0	50
Total Dom. Cons.	9,550	9,000	9,450	9,100	0	9,150
Ending Stocks	427	361	449	369	0	369
Total Distribution	10,300	9,704	10,299	10,009	0	10,019

(1000 MT), (PERCENT)

Source: FAS EU

MY 2021/22

An anticipated reopening of European economies in MY2021/22 is expected to contribute to another small increase in rapeseed oil production, as the good crush margins are forecast to continue. The higher supply of rapeseed oil on the EU market is forecast to result in increased industrial use, mainly for biofuels. States that forecast growth of biofuel use are Germany, Poland, Romania, and the Czech Republic. Trade is forecast to marginally decline in both directions. Ending stocks are forecast to remain stable.

MY 2020/21

This marketing year is characterized by increased production, slightly increased biodiesel consumption, and increased exports that are driven by large demand from China. A lower Chinese crop resulted in a surge of EU rapeseed oil exports to China in the first five months of the MY 2020/21, and increase of over 800 percent.

The largest EU producer and consumer of rapeseed oil, Germany, estimates increased biodiesel use, as the higher greenhouse gas (GHG) reduction mandate that came into effect in January 2020, is now in place for the full duration of the MY. The EU's second largest rapeseed oil market player, France, estimates declines in production and consumption. Poland, the third largest EU rapeseed oil producer and consumer, reports food use as almost constant and growing demand for biofuel use as a result of Poland's National Indicative Target (NIT) for use of biofuels. Rapeseed oil as a biodiesel feedstock in Poland is estimated to grow by 2.5 percent in comparison to the previous marketing year's level due to higher production.

4. Sunflower Complex

Sunflower Seeds

Oilseed, Sunflower seed	2019/2020		2020/2021		2021/2022	
Market Begin Year	Oct 2019		Oct 2020		Oct 2021	
European Union	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)
Area Harvested	4,310	4,320	4,340	4,370	0	4,420
Beginning Stocks	330	316	555	540	0	260
Production	9,643	9,643	9,200	8,900	0	9,850
MY Imports	968	977	750	980	0	800
Total Supply	10,941	10,936	10,505	10,420	0	10,910
MY Exports	456	528	400	460	0	550
Crush	8,850	8,833	8,750	8,700	0	8,900
Food Use Dom. Cons.	540	515	540	490	0	500
Feed Waste Dom. Cons.	540	520	540	510	0	510
Total Dom. Cons.	9,930	9,868	9,830	9,700	0	9,910
Ending Stocks	555	540	275	260	0	450
Total Distribution	10,941	10,936	10,505	10,420	0	10,910

(1000 HA), (1000 MT), (MT/HA)

Source: FAS EU

MY 2021/22

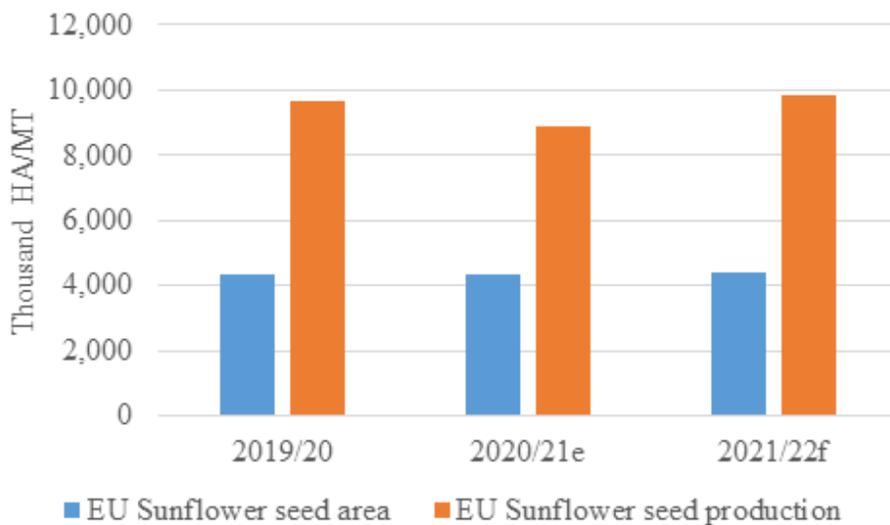
The prospects for MY 2021/22 in the EU are optimistic. An 11 percent increase in production is expected due to a forecast one percent acreage expansion. Additionally, higher average yields are expected after a poor sunflower crop in the current season. Area planted with sunflower is estimated to increase considerably in Romania, Bulgaria, and Hungary, while France expects a reduction from a record high in MY 2020/21. The previously mentioned countries are the top producing member states, and their farmers are motivated by sharply increased prices in the current season, improved profitability, and favorable demand for crush. Other producers, such as Spain, Italy, and Croatia, forecast marginally higher area planted, while Austria, and Greece project slightly lower areas. Other EU member-states report steady area planted encouraged by good crush demand.

Currently, the expectations for MY 2021/22 are for improved average yields. An increase of over nine percent is expected from current year, when top producers Romania and Bulgaria had disappointing yields. The current forecast is optimistic but may be modified depending on weather conditions. The EU is projected to harvest over ten percent more sunflower seeds than in the current year. Spain expects to see lower yields next season following excellent yields in the current year. Early favorable spring planting conditions with sufficient soil moisture and improved groundwater reserves are reported in most Member States.

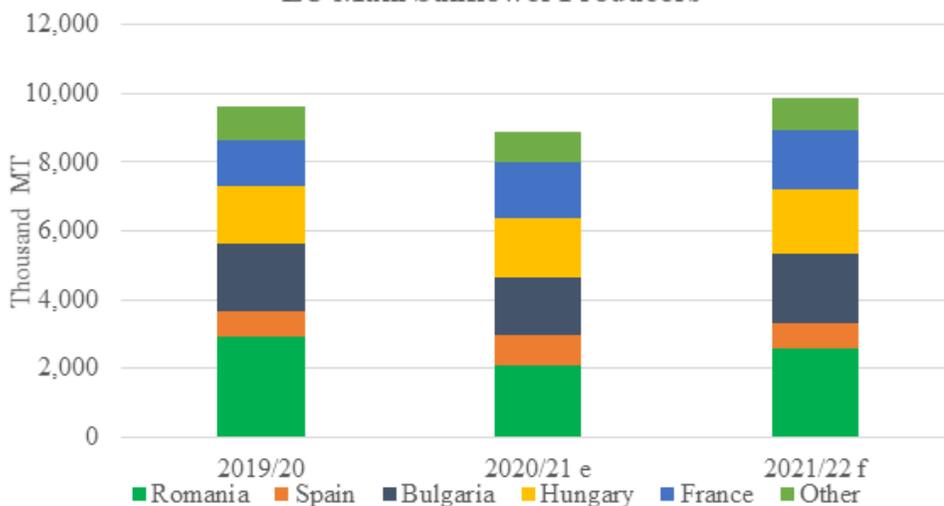
The growth in domestic sunflower crop is forecast to lead to an increase in crush demand in competition with expected marginally higher EU rapeseed crop and competitive soybeans imports. Sunflower crush is projected to rebound by more than two percent, from current low levels due to expected attractive crush margins driven by favorable domestic demand for sunflower oil. The largest increase in crush is forecast for Bulgaria, Romania, Hungary, and France, followed by steady crush in most other states, and a decline in Spain. EU crushers may face tighter competition between sunflower seeds and likely competitive imported soybeans. At the same time, the Black Sea supply of sunflower seeds is projected to improve and be more competitive compared to the current marketing year.

The expected increased EU sunflower crop is likely to lead to lower import needs. Exports of sunflower seeds are projected to rebound due to a higher supply.

EU Sunflower Area and Production



EU Main Sunflower Producers



e = estimate, f = forecast

Source: FAS EU

MY 2020/21

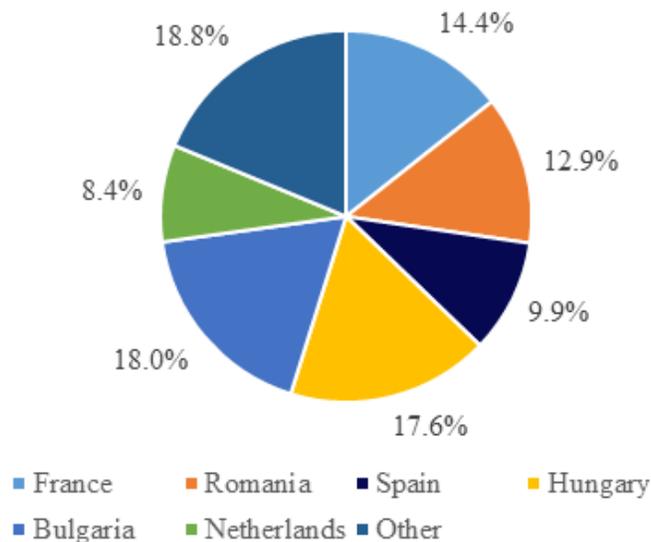
The latest estimate confirms lower than previously expected sunflower seeds production in EU, approximately eight percent below the previous season. This was mainly due to poorer average yields despite a slight increase in area harvested by over one percent. Average yields were much more below the earlier expectations, decreasing by about nine percent compared with MY 2019/20. Unfavorable weather with summer heat and dryness was reported by Romania, France, Bulgaria, and Hungary, contrary to the situation in Spain. As a result, substantial reduction in production compared to the previous season was registered in Romania, and Bulgaria, offsetting increases in France, Hungary, and Spain. Note that increased area in production in France and Hungary made up for unfavorable weather conditions in those countries.

Due to shorter supply compared to MY 2019/20, domestic crush demand is estimated to increase import needs. In the first quarter of the marketing year, imports went upward by more than 40 percent (Eurostat/TDM). Very attractive crush margins drove the appetite for more sunflower seeds. However, the tight balance in the Black Sea, combined with a weaker Argentine crop in the second half of the marketing year are likely to keep imports limited. Currently, the forecast is for a marginal increase in imports in MY 2020/21 to the level seen in the previous season. Main origins of sunflower seeds are Russia, Ukraine, and Moldova. To date the major EU importers are Bulgaria (54 percent of EU imports) and Romania (16 percent) (source: [TAXUD](#), EU Customs Surveillance System).

Shorter crop and sustained domestic crush demand are expected to lead to lower EU exports to traditional markets. While strong export demand and appealing export prices in a tight global market encouraged growth in exports in the first half of the marketing year, this is expected to taper off as domestic supplies tighten. The main markets were Turkey (44 percent share in total EU exports), the United States, Bangladesh, and Morocco.

Lower availabilities are projected to result in a decline in EU crush. Crush demand this season is supported mainly by record high sunflower oil prices and a shorter supply of rapeseed although demand for rapeseed crush (from domestic and imported rapeseeds) is becoming more competitive as the year progresses. Crush margins are at a record high, above the levels seen in the previous years. However, margins are expected to weaken in favor of rapeseed crush in the second half of the year. France, Hungary, Germany, and Austria report growth in crush, steady crush is seen in the Netherlands, Italy, and Czech Republic, and a decline in Romania, Bulgaria, and Spain. The latest industry data (source: FedOil) for October 2020-January 2021 shows a decline in crush of eight percent. Although sunflower oil price is at a record high and demonstrates certain price inelasticity, in many states where sunflower oil is the main edible oil (Hungary, Romania, Bulgaria, Croatia), these price levels may not be sustained in the longer term and are not competitive compared to rival oils. Additionally, sunflower meal has been uncompetitive compared to other meals. The current estimate for EU crush for MY 2020/21 is about two percent below MY 2019/20.

EU Main Sunflower Crushers (MY2021/22f)



e = estimate, f = forecast
Source: FAS EU

Sunflower Meal

Meal, Sunflower meal	2019/2020		2020/2021		2021/2022	
Market Begin Year	Oct 2019		Oct 2020		Oct 2021	
European Union	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)
Crush	8,850	8,833	8,750	8,700	0	8,900
Extr. Rate	0.54	0.54	0.54	0.54	0	0.54
Beginning Stocks	324	396	205	205	0	180
Production	4,780	4,772	4,727	4,700	0	4,810
MY Imports	3,014	2,889	2,850	2,725	0	2,765
Total Supply	8,118	8,057	7,782	7,630	0	7,755
MY Exports	403	567	400	490	0	510
Industrial Dom. Cons.	60	60	60	60	0	65
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	7,450	7,225	7,250	6,900	0	6,980
Total Dom. Cons.	7,510	7,285	7,310	6,960	0	7,045
Ending Stocks	205	205	72	180	0	200
Total Distribution	8,118	8,057	7,782	7,630	0	7,755

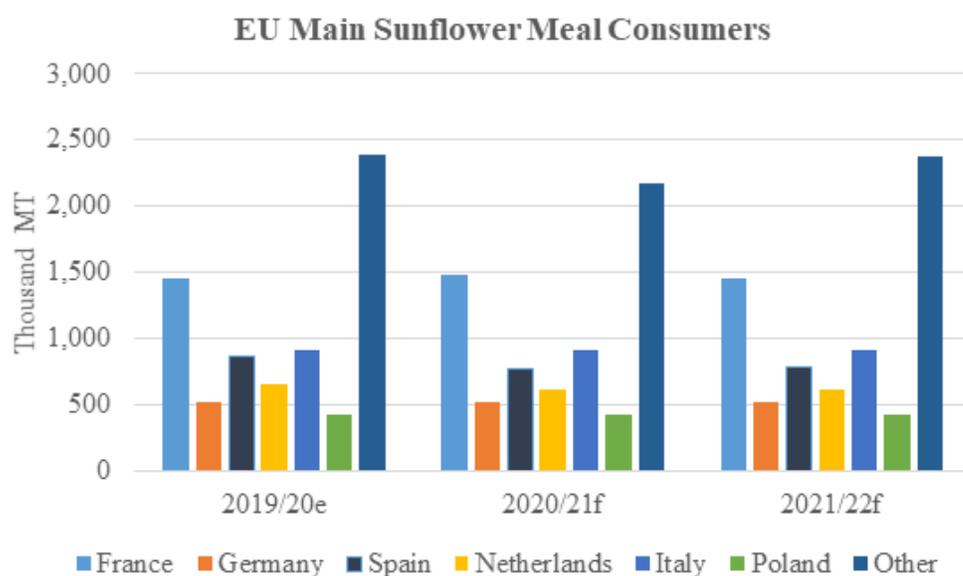
(1000 MT), (PERCENT)

Source: FAS EU

MY 2021/22

Based on a higher crush forecast in the new season, sunflower meal output is projected to adjust accordingly. All Member States, with the exception of Spain and Germany, report steady to higher sunflower meal output.

The overall demand for sunflower meal is anticipated to be more favorable than in the current season. As a result, the forecast is for growth in use for feed due to improved supply and price competitiveness, as well as projected higher general consumption of feed. Consumption will continue to be supported by demand for non-biotech feed in Northern and Western Europe and by a supply of higher protein sunflower meal by select EU crushers. Overall consumption is forecast to grow by 1.2 percent compared to the current season although it may be challenged by projected higher use of rapeseed and soybean meals. Spain, Romania, Hungary, and Poland project higher meal incorporation in feed, followed by stable use in the Netherlands, Italy, Denmark, and Bulgaria, and lower use in France. Imports and exports are estimated to rebound due to an expected more abundant regional/Black Sea supply and improved domestic output, respectively.



e = estimate, f = forecast

Source: FAS EU

MY 2020/21

The EU is estimated to produce a lower volume of sunflower meal, 1.5 percent below last season, due to reduced crush. Growth in production is reported by France, Hungary, and Germany, but this is offset by bigger declines in Spain, Romania, Bulgaria, and Portugal.

Despite lower domestic availabilities, imports of sunflower meal are projected to down due to the tight world situation; weaker sunflower price competitiveness compared to rival meals; and generally lower feed consumption. In the first quarter of the marketing year sunflower meal imports registered a nine percent decrease (Eurostat/TDM). As of the end of March, imports are reported 15 percent below the level a year ago (source: [TAXUD](#)). Major suppliers of sunflower meal to the EU to date are Ukraine and Russia (83 percent), followed by Argentina (11 percent). Leading importers are France, Italy, the Netherlands, Poland, and Spain.

EU use of sunflower meal is projected to decrease by 4.5 percent compared to MY 2019/20. The Netherlands, Spain, Romania, and Greece report declines in use which was not offset by growth in France, Hungary, and Ireland.

Shorter supply is likely to lead to a reduction in exports of sunflower meal. As of the end of March, exports were three percent lower than a year ago (source: [TAXUD](#)). The top export destinations were China, Turkey, Israel, and North Macedonia.

Sunflower Oil

Oil, Sunflower oil	2019/2020		2020/2021		2021/2022	
Market Begin Year	Oct 2019		Oct 2020		Oct 2021	
European Union	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)
Crush	8,850	8,833	8,750	8,700	0	8,900
Extr. Rate	0.422	0.422	0.42	0.423	0	0.425
Beginning Stocks	392	342	652	605	0	422
Production	3,739	3,731	3,692	3,680	0	3,780
MY Imports	2,447	2,375	1,800	1,700	0	2,000
Total Supply	6,578	6,448	6,144	5,985	0	6,202
MY Exports	653	880	600	650	0	700
Industrial Dom. Cons.	510	510	510	500	0	500
Food Use Dom. Cons.	4,750	4,440	4,640	4,400	0	4,450
Feed Waste Dom. Cons.	13	13	13	13	0	13
Total Dom. Cons.	5,273	4,963	5,163	4,913	0	4,963
Ending Stocks	652	605	381	422	0	539
Total Distribution	6,578	6,448	6,144	5,985	0	6,202

(1000 MT), (PERCENT)

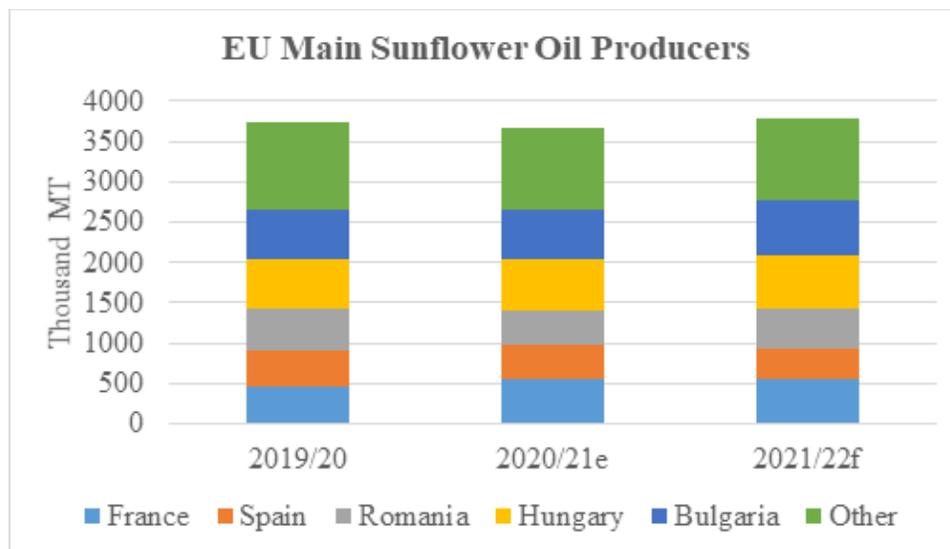
Source: FAS EU

MY 2021/22

Sunflower oil production is forecast to increase by about three percent as a result of higher crush. Most Member States expect steady or increased production. Highest growth is seen in Hungary, Romania, and Bulgaria. Spain is an exception with a decrease, followed by a marginal reduction in Germany.

Consumption is projected to expand steadily by over one percent albeit slowly due to the gradual economic recovery, including in key sectors such as tourism and food service industry. Improved demand is believed to drive price competitive imports despite better domestic availabilities. Spain, Hungary, the Netherlands, Hungary, and Poland expect higher food use, followed by stagnant consumption in Italy, Belgium, Germany, and Bulgaria. Sunflower oil continues to be preferred by the food industry as a healthy choice of food vegetable oil. Industrial and biodiesel use of sunflower oil is likely to rebound compared to MY 2020/21.

Better domestic supply, along with projected favorable export demand, is expected to lead to an increase in exports of sunflower oil. Ending stocks are estimated to recover from the historically low level in the current year.



e = estimate, f = forecast

Source: FAS EU

MY 2020/21

Sunflower oil output is estimated to decline by around one percent from the previous season, in line with lower crush. France, Germany, and Austria, report increases in sunflower oil production. However, top producers Hungary, Romania, Bulgaria, Spain, and Portugal have larger declines.

Despite limited availability, sunflower oil imports decreased by 22 percent in the first quarter of the marketing year due to the tight global market and record high prices (Eurostat/TDM). As of the end of March, imports continued to lag behind when compared to the same period a year ago, by the same percentage (source: [TAXUD](#)). Ukraine was the major supplier of sunflower oil to the EU to date (90 percent). Leading importers are the Netherlands, Italy, Spain, and France.

Imports are expected to stagnate or decrease in the second part of the year due to increasing substitution with other edible oils such as rapeseed oil due to historically high prices of sunflower oil, depleting stocks in the Black Sea and limited exports from Argentina due to its lower crop/crush. As a result, overall imports are projected to decline by close to 30 percent from MY 2019/20.

Food consumption of sunflower oil is estimated to decline due to a shorter supply and reduced travel and tourism. Direct consumption of sunflower oil, mainly at the retail level, is reported to be stable despite higher prices and demonstrates price inelasticity. However, COVID-19 control measures that close or restrict the food service industry contributes to lower use. Consumption by the food processing industry has weakened due to higher sunflower oil prices and attempts have been made for substitution with other edible oils (e.g., rapeseed oil). In countries that are producers of olive oil, mainly in Spain, Italy, and Greece, olive oil became competitive versus sunflower oil for home use. France is the only country which reports a growth in food use, followed by marginally higher consumption in Hungary, Bulgaria, and the Netherlands. Spain, Romania, Germany, Czech Republic, and Portugal see reductions.

Shorter availability is likely to lead to a decrease in exports of sunflower oil. In the first quarter of the marketing year, exports declined by 16 percent compared to the previous season (Eurostat/TDM), to the main export markets South Africa, the United Kingdom, The United States, North Macedonia, and Kosovo. On the other hand, export demand is very favorable with 17 percent higher export prices in the first quarter of the year. This may support trade in the second half of the marketing year.

5. Palm Kernel Complex

Palm Kernel Meal

Meal, Palm Kernel Market Begin Year	2019/2020		2020/2021		2021/2022	
	Jan 2020		Jan 2021		Jan 2022	
	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)
European Union						
Crush	0	0	0	0	0	0
Beginning Stocks	48	27	6	20	0	40
Production	0	0	0	0	0	0
MY Imports	1,816	1,597	1,900	1,650	0	1,620
Total Supply	1,864	1,624	1,906	1,670	0	1,660
MY Exports	8	129	0	130	0	125
Industrial Dom. Cons.	500	500	500	500	0	500
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1,350	975	1,400	1,000	0	1,000
Total Dom. Cons.	1,850	1,475	1,900	1,500	0	1,500
Ending Stocks	6	20	6	40	0	35
Total Distribution	1,864	1,624	1,906	1,670	0	1,660

(1000 MT), (PERCENT)

Source: FAS EU

Palm Kernel Oil

Oil, Palm Kernel Market Begin Year	2019/2020		2020/2021		2021/2022	
	Jan 2020		Jan 2021		Jan 2022	
	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)
European Union						
Crush	0	0	0	0	0	0
Beginning Stocks	113	113	113	112	0	104
Production	0	0	0	0	0	0
MY Imports	707	691	715	700	0	700
Total Supply	820	804	828	812	0	804
MY Exports	7	9	7	10	0	10
Industrial Dom. Cons.	290	300	300	300	0	300
Food Use Dom. Cons.	400	375	400	390	0	390
Feed Waste Dom. Cons.	10	8	10	8	0	8
Total Dom. Cons.	700	683	710	698	0	698
Ending Stocks	113	112	111	104	0	96
Total Distribution	820	804	828	812	0	804

(1000 MT), (PERCENT)

Source: FAS EU

In 2020, EU palm kernel meal imports declined by 186,000 MT, after a reduction of 146,000 MT in 2019 (Note that MY2019 numbers can be found in the [EU Oilseeds and Products Annual 2020](#)). While the 2019 reduction of imports was partly caused by a higher domestic availability of competitive feed materials (mainly corn and barley), last year's cut was caused by a lower export supply of palm kernel meal in Asia. Palm kernel meal is commonly the cheapest of the four leading oilseed meals (i.e., soybean, rapeseed, sunflower, and palm kernel), and the three main feed grains (i.e., wheat, corn, and barley). The price variation with the other six feed materials in 2020 narrowed, and in the spring of 2020, palm kernel meal was even quoted at a higher price than feed barley (i.e., on farm in the Netherlands). Based on an expected recovery in exportable supplies of palm kernel meal, EU imports are forecast to recover in 2021, and remain unchanged in 2022. Another reason for the increase in 2021 is the expanding dairy cattle herd in Ireland as the country is responsible for nearly a fifth of EU consumption. Roughly half of the imported palm kernel meal is used in the Netherlands, but Germany, Belgium, and France also use palm kernel meal in livestock feed. Based on an increase of the exportable global supply of palm kernel oil and resulting decline in prices, EU food use and imports are forecast to increase in 2021 and remain unchanged in 2022.

6. Palm Oil

Palm Oil

Oil, Palm Market Begin Year	2019/2020		2020/2021		2021/2022	
	Jan 2020		Jan 2021		Jan 2022	
	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)
European Union						
Area Planted	0	0	0	0	0	0
Beginning Stocks	864	802	1,516	1,266	0	816
Production	0	0	0	0	0	0
MY Imports	7,639	7,358	6,800	6,500	0	6,700
Total Supply	8,503	8,160	8,316	7,766	0	7,516
MY Exports	87	154	75	150	0	150
Industrial Dom. Cons.	3,900	4,160	3,900	4,185	0	4,145
Food Use Dom. Cons.	2,800	2,380	3,000	2,395	0	2,400
Feed Waste Dom. Cons.	200	200	200	220	0	220
Total Dom. Cons.	6,900	6,740	7,100	6,800	0	6,765
Ending Stocks	1,516	1,266	1,141	816	0	601
Total Distribution	8,503	8,160	8,316	7,766	0	7,516

(1000 HA), (1000 TREES), (1000 MT), (MT/HA)

Source: FAS EU

Official Eurostat 2020 annual trade statistics report another record year for EU palm oil imports. Imports mainly increased from their primary source, Indonesia, and, to a lesser extent, from the second largest supplier to the EU, Malaysia. Imports from these top-two suppliers increased at the expense of the smaller suppliers: Papua New Guinea, Colombia, and Guatemala. The increase of 288,000 MT is mainly attributable to imports by Italy (181,000 MT, mostly refined) and the Netherlands (76,000 MT, both crude and refined). Third country palm oil imports from the other main EU Member State importers (i.e., Spain, Germany, and France) remained relatively stable in 2020. As a consequence of the elevated imports last year, stocks increased to a record level of nearly 1.3 MMT. A large share of the stocked volume is located in the port of Rotterdam. The storage capacity for edible oils in the port of Rotterdam is estimated at roughly 1.2 MMT. Additional stocks are pipeline stocks and stocks located in other member states.

EU palm oil imports peaked in the first quarter of 2020 and remained at a high level during the remainder of the year. An increased volume is estimated to have been used for the production of soaps and detergents, as the market expanded as a consequence of the COVID-19 pandemic. Anticipating a continuation of the crisis and expanding demand for detergents, the industrial use of palm oil is forecast to increase further this year, and subsequently decline in 2022 (assuming the virus will be gradually tamped over the next year). The industrial use of palm oil for non-fuel purposes is estimated at 1.35 MMT in 2020.

As previously noted, Italy is responsible for most of the expansion of palm oil imports which is predominantly destined for biofuels production. Italy has two hydrogenation derived renewable diesel (HDRD) plants -- one of which is expanding from 325 million liters to 540 million liters, and another plant of 770 million liters opened in August 2019. Belgium also increased its use of palm oil for biofuel production, most of which was sourced through the Netherlands. Palm oil for biofuel production is forecast to stagnate in France because in February 2021, the French Council of State confirmed that biofuel produced with palm oil (including derivatives) is no longer eligible for tax advantages. The industrial use of palm oil for biofuel production is estimated at 2.81 MMT in 2020.

Despite the expansion of HDRD production and use, overall EU palm oil use for biofuel production is forecast to decline in 2021 and 2022. The ambition of the European Commission (EC) is to cut the use of virgin vegetable oils (above all palm oil), and increase the proportion of used oils, animal fats, and by-products from vegetable oil refining. For this reason, biofuels produced from waste fats and oils count double against the blending mandates in many member states. Palm oil is furthermore linked with Indirect Land Use Change (ILUC) by the [second Renewable Energy Directive \(RED II\)](#). RED II will cap the consumption of biofuels produced from feedstocks linked with ILUC at 2019 consumption levels through 2023 and will phase them out by 2030. However, the switch from virgin vegetable oils, such as palm oil, to waste fats and oils is hampered by the limited availability of the latter.

In May 2019, the EC published the [Delegated Act 2019/807](#) determining the standards for high-risk ILUC biofuels. The Delegated Act also lays out criteria for certifying low-risk ILUC biofuels and permits producers to certify vegetable oils as low-risk ILUC feedstock. Currently the EC is updating the criteria for high-risk ILUC feedstocks as well as developing a certification strategy for low-risk ILUC feedstocks. It is anticipated that by June 2021 an Implementing Act for low-risk ILUC certification will be published. With this Implementing Act, the EC aims to provide a legal framework for certifying bodies for low-risk ILUC certification. For more information about the policy and regulatory developments affecting the EU palm oil market see the Policy Section of this report and the FAS GAIN Report - [EU Biofuels Annual 2020](#).

The effect of the COVID-19 pandemic on the food use of palm oil is difficult to determine. The closure of the hospitality and tourist sector has likely redirected some of the vegetable oil consumption from the food service sector to households. However, palm oil as a baking and frying oil is commonly not sold through retail chains for household use, and with lower sales through wholesale chains, the overall food use of palm oil is believed to have fallen since March 2020. With the gradual re-opening of the food service sector, and the price competitiveness of palm oil against other edible oils, palm oil for food use is forecast to recover in 2021 and reach pre-COVID-19 levels in 2022. Sustainability certification is an important factor for acceptance in the food market. The private sectors in the Netherlands, Belgium, Germany, Italy, France, Denmark, and Sweden agreed to ensure a fully certified sustainable palm oil supply in Europe by 2020. In 2019, 86 percent of European imported palm oil was certified as sustainable by the Roundtable of Sustainable Palm Oil.

7. Peanut Complex

Peanuts

Oilseed, Peanut Market Begin Year	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)
European Union						
Area Harvested	0	0	0	0	0	0
Beginning Stocks	27	27	70	50	0	45
Production	0	0	0	0	0	0
MY Imports	1,007	887	1,025	900	0	955
Total Supply	1,034	914	1,095	950	0	1,000
MY Exports	26	77	28	65	0	70
Crush	35	35	35	35	0	35
Food Use Dom. Cons.	900	749	925	802	0	852
Feed Waste Dom. Cons.	3	3	3	3	0	3
Total Dom. Cons.	938	787	963	840	0	890
Ending Stocks	70	50	104	45	0	40
Total Distribution	1,034	914	1,095	950	0	1,000

(1000 HA), (1000 MT), (MT/HA)

Source: FAS EU

The European market for peanuts and peanut butter is expected to show stable growth. A 1.5 percent increase in peanut imports is forecast for marketing year 2020/21 to reflect demand from the food manufacturing sector; the competitive pricing of peanuts compared to tree nuts; and a relatively stable outlook for global availability. Above average growth is expected for in-shell peanuts and dry-roasted peanuts. This is driven by demand for healthier snacking options and a decrease in the consumption of nuts with more saturated fats.

EU imports have been steadily increasing over the last 10 years as more consumers choose peanuts for snacks, develop a taste for peanut butter, and peanuts are incorporated into more processed foods. Additionally, the risks from peanut allergies are better understood and managed.

In terms of supply, EU retaliatory tariffs on peanuts and peanut products have affected sales of U.S. origin (U.S. shelled peanut exports to EU decreased by 60 percent between October 2020 and January 2021), while a reduction in export tariffs by Argentina has enabled supply to meet increased EU demand.

China and the United States typically lead exports of in-shell to the EU. However, Egypt has become a key supplier of in-shell peanuts in the case of 25 percent tariffs on U.S. product. Argentina dominates the shelled peanut trade and has 65-75 percent market share. These are predominantly directed to the EU snack and confectionery markets. In general, U.S. shelled peanut trade is price-driven but trade is also dependent on the ease with which U.S. suppliers can meet EU requirements for pesticide residues, aflatoxin levels, phytosanitary certificates, and private industry standards. After years of consolidation, the EU peanut kernel market is dominated by very few large multi-national processors.

Peanut Meal

Meal, Peanut Market Begin Year	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)
European Union						
Crush	35	35	35	35	0	35
Extr. Rate, 999.9999	0.429	0.429	0.429	0.429	0	0.429
Beginning Stocks	0	0	0	0	0	0
Production	15	15	15	15	0	15
MY Imports	0	0	0	0	0	0
Total Supply	15	15	15	15	0	15
MY Exports	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	15	15	15	15	0	15
Total Dom. Cons.	15	15	15	15	0	15
Ending Stocks	0	0	0	0	0	0
Total Distribution	15	15	15	15	0	15

(1000 MT), (PERCENT)

Source: FAS EU

Peanuts for confectionery, snacks, and other further processed product uses remain the focal point for trade. Peanut crushing within the EU has not increased in recent times and it is not a favored meal for animal feed. Senegal was the main supplier of peanut meal until 2015. However, exports from West Africa are erratic and intrinsically linked to political levers, as well as extreme weather events. As a result of this, the long-term outlook for EU imports of peanut meal is not clear, but there is currently a preference for other meals.

Peanut Oil

Oil, Peanut Market Begin Year	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)
European Union						
Crush	35	35	35	35	0	35
Extr. Rate, 999.9999	0.371	0.371	0.371	0.371	0	0.371
Beginning Stocks	6	5	2	2	0	5
Production	13	13	13	13	0	13
MY Imports	58	68	65	60	0	58
Total Supply	77	86	80	75	0	76
MY Exports	2	4	2	5	0	5
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	73	80	76	65	0	66
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	73	80	76	65	0	66
Ending Stocks	2	2	2	5	0	5
Total Distribution	77	86	80	75	0	76

(1000 MT), (PERCENT)

Source: FAS EU

Although it undergoes further refinement after crushing, peanut oil must be labeled on EU food packaging as an allergen. This deters its widespread use in food applications. EU peanut oil consumption has declined in the last ten years and is increasingly substituted by other oils (such as rapeseed and sunflower oil). Brazil is typically the leading supplier, but in 2018/2019 Senegal was the number one exporter to the EU followed by Argentina. Other suppliers include Nicaragua, India, and Gambia.

8. Fish Meal

Fish Meal

Meal, Fish Market Begin Year	2019/2020		2020/2021		2021/2022	
	Jan 2020		Jan 2021		Jan 2022	
	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)
European Union						
Beginning Stocks	0	0	0	0	0	0
Production	460	405	460	400	0	400
MY Imports	277	229	320	235	0	235
Total Supply	737	634	780	635	0	635
MY Exports	138	184	135	175	0	175
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	599	450	645	460	0	460
Total Dom. Cons.	599	450	645	460	0	460
Ending Stocks	0	0	0	0	0	0
Total Distribution	737	634	780	635	0	635

(1000 MT), (PERCENT)

Source: FAS EU

Denmark accounts for roughly half of the EU fishmeal production, while Spain ranks as the second largest producer in the EU. Spanish production is mainly derived from by-products from fish processing, while Danish production volumes depend on the fishery quotas set by the European Commission (EC), and the actual catch. The main species which are landed for industrial use are herring, sprat, blue whiting, and sand eel. Anticipating a further cut in quotas, EU fish meal production is forecast to further decline in 2021 and level off in 2022. The reduced catch for industrial use and related impact on fishmeal production is partly counterbalanced by a higher production of fishmeal from trimmings. The availability of trimmings is forecast to recover from lower supplies during the COVID-19 pandemic in 2020. The COVID-19 pandemic had also a negative effect on fishmeal consumption by the mink sector, as the animals acted as a host for the corona virus. As a result, mink farms were culled in Netherlands, and more notably in Denmark. For more information, see [Dutch Mink Industry to Close in 2021 Due to Coronavirus](#) and [Government to Cull All Mink in Denmark Due to COVID-19](#).

EU fishmeal consumption is forecast to rise in 2021 due to increasing piglet production in Denmark and the expanding aquaculture sector. Demand is further fueled by an increasing export supply from Peru. As a result, imports are anticipated to increase in 2021, and forecast to hold that volume in 2022.

9. Copra Complex

Copra is not produced and no longer processed in the EU. The EU satisfies all its copra meal and coconut oil demand with imports.

Copra Meal

Meal, Copra Market Year Begins	2019/2020		2020/2021		2021/2022	
	Jan 2019		Jan 2020		Jan 2021	
	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)
European Union						
Crush	0	0	0	0	0	0
Extraction Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
MY Imports	1	1	2	2	0	2
Total Supply	1	1	2	2	0	2
MY Exports	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1	1	2	2	0	2
Total Dom. Cons.	1	1	2	2	0	2
Ending Stocks	0	0	0	0	0	0
Total Distribution	1	1	2	2	0	2

(1000 MT), (PERCENT)

Source: FAS EU

Imports and use of copra meal have dropped to being nearly non-existent.

Coconut Oil

Oil, Coconut Market Year Begins	2019/2020		2020/2021		2021/2022	
	Jan 2019		Jan 2020		Jan 2021	
	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)
European Union						
Crush	0	0	0	0	0	0
Extraction Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	56	56	24	24	0	26
Production	0	0	0	0	0	0
MY Imports	581	581	655	655	0	655
Total Supply	637	637	679	679	0	681
MY Exports	13	13	13	13	0	13
Industrial Dom. Cons.	235	235	260	260	0	260
Food Use Dom. Cons.	360	360	375	375	0	375
Feed Waste Dom. Cons.	5	5	5	5	0	5
Total Dom. Cons.	600	600	640	640	0	640
Ending Stocks	24	24	26	26	0	28
Total Distribution	637	637	679	679	0	681

(1000 MT), (PERCENT)

Source: FAS EU

Higher imports of coconut oil in 2020 are driven by increased consumption, mainly in food use, but to a smaller extent in industrial use as well. Outlook depends on the price situation for coconut oil and its competitors in industrial use and food consumption.

10. Cottonseed

Cottonseed

Market Begin Year	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)
European Union						
Area Harvested (Cotton)	353	346	334	337	0	322
Beginning Stocks	60	45	44	32	0	40
Production	640	603	537	572	0	560
MY Imports	1	1	2	5	0	5
Total Supply	701	649	583	609	0	605
MY Exports	107	107	55	58	0	55
Crush	350	350	290	290	0	280
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	200	160	195	221	0	220
Total Dom. Cons.	550	510	485	511	0	500
Ending Stocks	44	32	43	40	0	50
Total Distribution	701	649	583	609	0	605

(1000 HA), (RATIO), (1000 MT), (MT/HA)

Source: FAS EU

Production

The EU is a minor producer of cotton, representing approximately 1.5 percent of global production. EU cotton production has declined by more than 50 percent since the implementation of the 2006 Common Agricultural Policy that decoupled payments and reduced support and market barriers for a number of crops, including cotton. The EU bans cultivation of modern biotech cotton varieties, further hurting competitiveness. Only two EU Members States, Greece and Spain, grow significant amounts of cotton commercially. Cottonseed production in MY 2021/22 is forecast to decrease 2.1 percent compared to the previous year. Yields in both Greece and Spain are expected to be good.

Crush

About 55 percent of cottonseed production in Greece is crushed for oil (and oilseed cake) or retained for seed. In Spain, there is no domestic cottonseed crushing. In MY 2020/21, Greece crushed approximately 290,000 MT of cottonseed to yielding 50,000 MT of cottonseed oil. Approximately 20 percent of cottonseed oil is used for biodiesel production. Cottonseed oil has traditionally been used in food and snack-food manufacturing industries. Cottonseed oil is also a popular frying oil for restaurants.

Trade

In MY 2019/20, EU cottonseed exports continued to increase reaching 107,000 MT. This is after reaching the lowest volume in a decade in MY 2017/18. Exports are forecast to decrease by approximately 45 percent in MY 2020/21 driven by lower production and industry demand for crush. Saudi Arabia, South Korea, United Arab Emirates, and Qatar are the leading destinations for the EU's cottonseed exports. Greece imports small amounts of cotton for blending in the domestic industry. Spanish cottonseed domestic demand is also satisfied by imports.

There are two basic types of cottonseeds: The dried cottonseed and the non-dried (fresh cotton seed). The main difference is humidity level as the dried one usually ranges at 9-10 percent moisture while the fresh one may be 15 percent. Oil and protein content, depending on the season, is about 18 percent. Once harvested the seeds are stored in ventilated warehouses to maintain the highest quality.

11. Olive Oil

The EU is the world's largest olive oil producer, accounting for about seventy percent of the global olive oil output. On average, Spain produces nearly seventy percent of the EU's olive oil. Other large EU producers include Italy, Greece, and Portugal. Olive oil production also exists on a smaller scale in other European countries, such as France, Cyprus, Croatia, and Slovenia.

Olive Oil

Oil, Olive Market Year Begins	2019/2020		2020/2021		2021/2022	
	Nov 2019		Nov 2020		Nov 2021	
	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)	USDA Official (EU27+UK)	New Post (European Union)
European Union						
Beginning Stocks	585	784	432	642	0	505
Production	1924	1925	2233	2028	0	2189
MY Imports	276	262	300	150	0	120
Total Supply	2785	2971	2965	2820	0	2814
MY Exports	833	829	875	800	0	800
Industrial Dom. Cons. (1000 MT)	20	20	20	20	0	20
Food Use Dom. Cons. (1000 MT)	1500	1480	1575	1495	0	1495
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	1520	1500	1595	1515	0	1515
Ending Stocks (1000 MT)	432	642	495	505	0	499
Total Distribution (1000 MT)	2785	2971	2965	2820	0	2814
(1000 HA), (1000 TREES), (1000 MT)						

N.B.: Post trade and production data include only HS Code 1509.

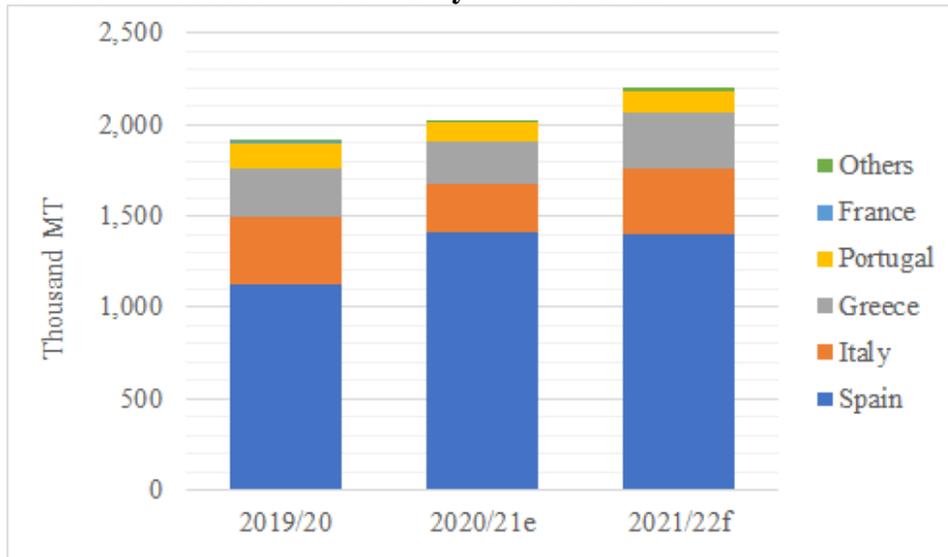
e = estimate, f = forecast

Source: FAS EU

MY 2021/22

Growing conditions in early spring were favorable in most of the EU producing Member States.

Additionally, the generalization of modern agronomic practices, along with the concentration of harvest operations in a shorter period, has contributed to a progressive reduction in the fluctuation of yields and diminished the impact of alternate bearing of the trees. However, alternate bearing still plays a role in those areas where the entry of new intensive and super intensive olive plantations is lower. If weather conditions for the remainder of the crop cycle prove adequate, EU Posts anticipate a second sizeable output of olive oil in most EU producing Member States.

MY 2020/21**Olive Oil Production in the EU by Member State**

Source: International Olive Oil Council data and FAS EU estimates.

Current estimates indicate a recovery of the EU olive oil production in MY 2020/21 compared to the previous season. A larger production in Spain is likely to offset the production declines anticipated in other EU producing countries.

Low precipitation levels and warm temperatures in the Fall combined with the impact of winter snowstorms reduced an otherwise larger Spanish olive oil harvest, which is anticipated to reach 1.41 MMT this season, up from 1.12 MMT last season.

In Italy, the EU's second largest producer of olive oil, production is forecast at 260,000 MT. This represents a 30 percent drop from the previous season, mainly due to alternate bearing of olive trees, coupled with sudden shifts from drought to rainfalls in the leading producing region of Puglia. Moreover, the spread of the harmful plant bacterium *Xylella Fastidiosa* in Puglia contributed to the decline.

Olive oil production in Greece, the EU's third largest olive oil producer, may reach 240,000 MT, down from last season's 270,000 MT crop due to unfavorable weather. In particular, the cyclone 'Ianos' caused lower yields in the most production areas of West and Central Greece.

Olive oil production in Portugal is projected to decline from the record levels achieved in the previous season. Despite the increasing share of Portugal's olive oil production under irrigation, and the fact that flowering was optimal, fruit formation was not satisfactory due to the abundant spring precipitation. Fall precipitation allowed the size of the fruits to increase and improved the yield in oil. Nevertheless, the latest statistics available estimate a 25 percent decline in olive oil production, which is anticipated to be just over 100,000 MT in MY 2020/21.

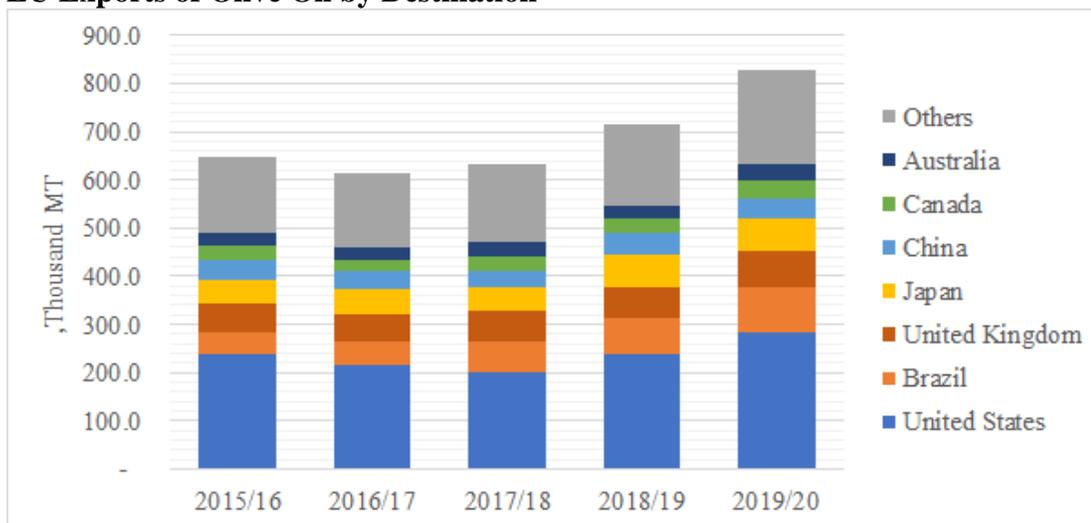
Consumption

The EU is the world leading consumer of olive oil. The bloc accounts for nearly 60 percent of the world's consumption, with consumption concentrated in the top producing Member States. Normally, opportunities to expand olive oil consumption are limited to non-producing countries. However, in 2020, COVID-19 restrictions affected consumer mobility and limited social interactions. In addition, consumers grew more interested in healthy foods. These developments boosted retail sales of olive oil, both in producing and non-producing countries. The larger use of this type of oil is increasingly prominent in households as opposed to other oils, such as sunflower or rapeseed that are more extensively used in Hotels Restaurants and Institutions (HRI).

Trade

The EU is a net olive oil exporter, with exports vastly exceeding imports. However, in average years, Spain, Greece, and Portugal consistently produce olive oil well above their respective domestic consumption needs. As the EU olive oil production continues to increase, exchanges within the EU and non-EU markets are increasingly critical to maintaining a healthy market balance. Outside the EU, the United States, Brazil, and Japan, are the largest markets for EU olive oil. Data available indicates that another good level of EU exports could be repeated in MY 2020/21, given lower competition from other olive oil producing countries in third markets.

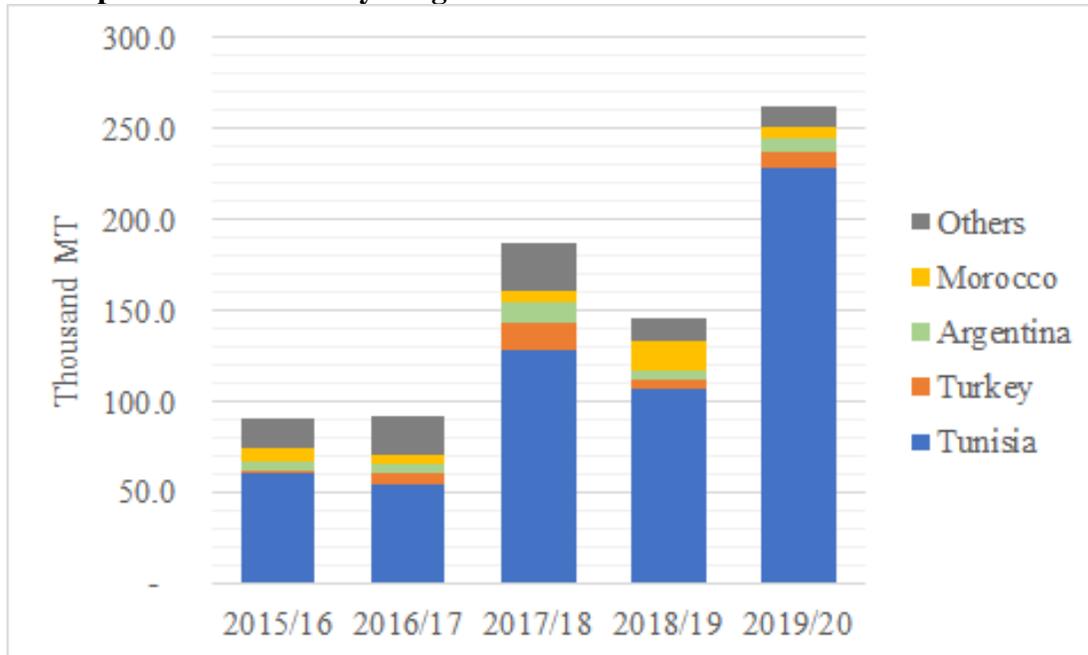
EU Exports of Olive Oil by Destination



Source: Trade Data Monitor

MY 2020/21 import data available already shows a downward trend, given the lower availability of olive oil in trading partners such as Tunisia and Turkey. In MY 2019/20, olive trade flows within and outside the EU were affected by additional U.S. tariffs related to the WTO case against Airbus subsidies on Spanish bottled olive oil. In order to maintain their export commitments to their U.S. customers, EU olive oil bottlers, had to find alternative sources. These included resorting to import olive oil from non-affected suppliers within the EU such as Portugal, or outside the EU such as Tunisia, and Morocco. The [recently announced 4 month-suspension of aircraft-related retaliatory tariffs](#) could restore more traditional trading patterns, with Spanish olive oil re-gaining its share in trade with the United States. However, as some exports sales are already committed, the temporarily suspension will not substantially change current trade flows in the short-term.

EU Imports of Olive Oil by Origin



Source: Trade Data Monitor

Olive Oil Policy

[EU delegated regulation 2016/1238](#) lays down common eligibility rules for private storage aid for certain agricultural products including olive oil. The European Commission can provide private storage aid (PSA) for a period of 180 days if there are serious disturbances to the olive oil market in a certain region or if the average price for one or more of the following products is recorded on the market during a two-week period:

- € 1,779/ton for extra virgin olive oil
- € 1,710/ton for virgin olive oil
- € 1,524/ton for pomace olive oil

Exceptionally high olive oil stocks in the EU caused a reduction in prices, which triggered the opening of the PSA for the olive oil sector in MY2019/2020. This situation has not been repeated in MY2020/21.

In accordance with the Euro-Mediterranean Agreement, a 56,700 MT duty-free quota is open for Tunisian virgin olive oil imports into the European Union. Additional information on this regime is available in the [Commission Implementing Regulation \(EU\) 2020/76](#). Once again in 2021, the 56,700 MT olive oil quota was fully allocated during the [first tender](#) of the year.

12. Policy

Trade Policy

On November 9, 2020, the European Union adopted duties against U.S. exports following the World Trade Organization's (WTO) ruling that authorized the EU to take countermeasures against the United States in the WTO Large Civil Airline litigation involving 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 subject to the additional tariff.

On March 5, 2021, the EU and U.S. agreed to [suspend](#) all retaliatory tariffs on EU and U.S. exports imposed in the Airbus and Boeing disputes for a four-month period. If no further agreement is found between the two parties before July 10, 2021, the additional tariffs will resume.

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, with the exception of a new direct payments structure that included “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 is oriented towards market measures and direct payments to farmers and the second pillar is oriented towards rural development. Payments and market measures in the CAP influence production of oilseed crops in the EU.

The European Commission published [its legislative proposal](#) for the CAP post-2020 on June 1, 2018. The co-legislators, the European Parliament and Council of the European Union, representing the Member States, adopted their amendments to the Commission’s proposal in the second half of 2020. The Commission, Parliament, and Council are still negotiating the final text of the CAP post-2020 in the trilogue. The ‘trilogue’ is the standard format for the adoption of EU legislation, enabling the three institutions – the Council, the Commission, and the Parliament - to reach an agreement.

Because of the failure of a compromise on the future of the CAP and on the MFF 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 COVID-19 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; supporting 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 Commission also announced that it will re-open and proposes to revise the recently completed legislation of the REDII in 2021. The Commission will also review the EU Regulation on Land Use, Land Use Change and Forestry (LULUCF), which sets CO2 emissions limits for biomass used for renewable energy.

The Commission has started preparatory work on these initiatives, but most draft legislative proposals are expected in the coming years. It is still unclear if these policy changes may or may not affect oilseeds production and demand in the EU. More information about the EU Green Deal, can be found in GAIN Report: [EU Green Deal - January 2021 Update](#).

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, land use, and land use change are responsible for 12 percent of greenhouse gas emissions worldwide, 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; and 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 on 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 bio-economy 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. See olive oil section for additional information.

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, crop specific payments for oilseeds no longer exist in the EU -- 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. REDII updates the first Renewable Energy Directive (RED) that set the first renewable energy target for the EU in 2008.

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.

REDII also puts in place a freeze on the use of high-risk indirect land use change (ILUC) biofuels at the 2019 levels and will phase 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

¹ https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/farming/documents/eu-uk-feed-protein-balance-sheet_2019-2020_en.pdf

possibility for producers, including palm producers, to certify their feedstock as low-risk ILUC through complying with additional 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’.

RED introduced sustainability criteria for biofuels to count toward the mandatory national renewable targets for transport fuels. These criteria were amended by RED II and the new criteria will enter into force 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 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 in the world 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 (six months for the risk assessment by the European Food Safety Authority and six 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 is expected to explore 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. In particular, 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 annual report: [European Union: Agricultural Biotechnology Annual](#).

13. 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
Thiencarbazon	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

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