

**Voluntary Report** – Voluntary - Public Distribution

**Date:** October 19, 2022

**Report Number:** BU2022-0019

## **Report Name:** Oilseeds and Products Market Update

**Country:** Bulgaria

**Post:** Sofia

**Report Category:** Agricultural Situation, Oilseeds and Products

**Prepared By:** Mila Boshnakova-Petrova

**Approved By:** Alicia Hernandez

### **Report Highlights:**

In MY 2022/23 Bulgaria expects to harvest a sunflower crop of 2-2.1 million metric tons (MMT), on par with the previous season. Despite optimistic expectations early in the season based on higher area planted and favorable weather, average yields have been affected by the summer drought and heat, along with higher pest infestation. Following the Russian invasion in Ukraine, Bulgaria imported a record volume of sunflower seed from Ukraine, which was used for crush and dehulling. This made the country a top exporter of processed products in the EU, but also led to farm protests due to the market price pressure. The Cabinet supported farmers' position and expressed concerns about growing price-competitive imports. Currently, farmers are holding oilseed stocks due to softening prices, with expectations for better offers from traders in months to come. Due to increased production costs, producers may decrease area planted under rapeseed and/or reduce input use in MY 2023/24, putting future yields into question.

## **Weather Overview**

Hot and dry summer weather conditions substantially reduced yield outlook for the summer oilseeds crop. Bulgaria was among the most negatively affected in Europe, with summer temperatures persistently between 1.8 F and 7.2°F above average, with the highest values recorded toward the end of July when daily maximum temperatures reached 102°F in central and western parts of the country. July was also among the driest on record. The lack of precipitation, worsened by the high temperatures, increased crop water demand, caused depletion of soil moisture reserves, and exposed the sunflower crop to water stress during the critical grain-filling period. No significant precipitation in July, combined with warmer-than-usual temperatures in the second half of the month, accelerated crop ripening by about two weeks. As a result, the harvest for sunflower started in early August.

The first half of August remained extremely dry. In north-eastern regions no rain was recorded, while about 0.78 inches fell in western and central regions. Since the middle of August, though, rainfall was abundant throughout Bulgaria, especially in the west. However, the precipitation arrived too late to impact the sunflower harvest, and hampered it in the second half of August and September.

The lack of summer precipitation supported the rapeseed harvest, though, especially in eastern Bulgaria. The rainfall in August and September was favorable for increased soil moisture levels and allowed MY 2023/24 winter rapeseed to be sown in the optimal window. (See Maps 1-8, [Crop Explorer, Bulgaria data](#), [MARS August Bulletin Vol.30 #8](#) and [MARS September Bulletin Vol.30 #9](#)).

## **Rapeseed**

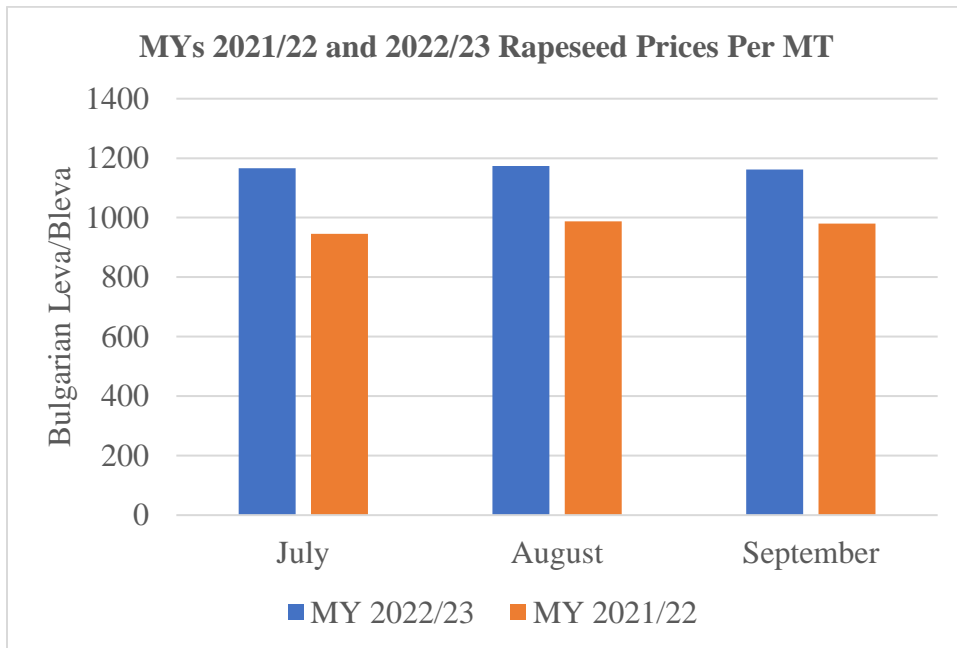
### **MY 2022/23 Production Estimates**

The rapeseed harvest was completed on-time and in favorable weather conditions at the end of July. However, decreased use of inputs and spring frosts affected average yields. Currently, the average yield estimates vary from 2.3 metric tons/hectare (MT/HA) to 2.77 MT/HA. Area harvested was officially confirmed at 131,000 HA ([Weekly Bulletin #33](#)). There are differing reports on production estimates. The Bulgarian Ministry of Agriculture (MinAg) reported 296,000 MT, Eurostat reported 299,000 MT, and private estimates reached as high as 340,000 MT (Table 1 and 2).

Eurostat's final harvest data shows average yields at 2.29 MT/HA, compared with 2.87 MT/HA in the previous year (a 20 percent decrease), which coincides with the MinAg data. Due to stable area harvested, MY 2022/23 production is also 20 percent below the previous season.

Rapeseed prices have been higher in the current MY, in line with European trends. According to MinAg, as of September 14, the rapeseed price has increased by 18 percent compared to the corresponding period a year ago (from 980 Bleva/MT (\$612/MT) to 1,162 Bleva/MT (\$581/MT)), while annual inflation was recorded also at 18 percent. Although the price in local currency (tied to Euro) has increased, the price in U.S. dollars dropped by five percent due to the exchange rate. This made farmers reluctant sellers, with many preferring to hold stocks in anticipation of higher prices later in the season as a hedge against increasing input prices (energy and fertilizers) and unclear market trends due to the unstable security situation in the Black Sea region.

### **Graph 1. Rapeseed Monthly Market Prices, Bulgaria, MY 2022/23 vs MY 2021/22 for July, August and September in Bleva/MT**



Source: MinAg Weekly Grain Market Bulletins

### MY 2023/24 Forecast

Although farmers benefitted from August rains and many began rapeseed planting, no official planting data has been revealed by MinAg. As reported during recent FAS/Bulgaria (Post) crop travel, most farmers intend to reduce area under rapeseed for two reasons. The first is the increasing pressure from pests due to the EU ban on neonicotinoids and the lack of allowed efficient plant protection alternatives. This is gradually leading to lower yields, which in combination with higher production costs makes rapeseed a much less profitable crop. Farmers also face persistent pressure from beekeepers and local authorities about spraying, while at the same time more frequent spraying is needed due to more pests. In turn, this pushes production costs upward. The second reason is the limited marketing window. The country has one major rapeseed crusher, and despite its recently expanded capacity, most rapeseed is exported to the EU market. This is usually done post-harvest, and if the prices are not favorable for farmers in this period, they need to wait for better export opportunities. This complicates storage logistics, especially in years when farmers prefer to keep stocks for a longer period of time. Currently, Post projects area planted under rapeseed at between 110,000 HA and 120,000 HA.

### Sunflower

#### MY 2022/23 Production Estimates

Sunflower harvest began earlier than normal this year and as of the middle of September was 73 percent complete (MinAg). Area planted increased to 914,000 HA according to MinAg, nine percent above area planted last season and confirming Post's earlier expectations (Table 1 and 2). Farmers expanded sunflower area at the expense of corn due to higher fertilizer costs, attractive prices, and favorable domestic and export demand. The European Commission (EC) derogation allowing planting on fallow land was another reason for increased area.

Post crop travel in September and interviews with trade sources showed that the crop suffered higher infestation of meadow butterfly (*Loxostege Sticlicalis*) and *Ambrosia* weeds this year. According to

local experts, the meadow butterfly rarely affects the crop, about once in 20 years, but this year the pressure was higher than usual. One farmer reported that the yields from his affected fields are half of that from unaffected fields (1.8 MT/HA versus 3.6 MT/HA). In addition, Ambrosia weeds are allegedly spreading faster than usual and can be found in new locations. Agronomists opined that the lack of neonicotinoids are seriously affecting the yields due to lack of any alternatives, while pest and disease pressure is growing, in particular due to the fact that neighboring Romania can still use a derogation for neonicotinoids. Another reason for higher pest and weed infestation is that sunflower crop requires a four-year crop rotation, which in most cases is not observed and is reduced to three years due to good profitability of the crop. Still, farmers are using the most modern plant genetics, no-till, and digital agriculture in an effort to improve their efficiency.

Farmers are highly concerned about their growing production costs. Many producers have estimated the annual increase in their expenses at over 50 percent, with an official inflation rate of 18 percent as of August. The highest growth in costs was recorded for fertilizers, followed by energy, plant protection chemicals, and seeds. A very important expense is the skyrocketing land rent. Most farmers in Bulgaria cultivate about 20-40 percent of their own land, the rest is leased. The availability of cheap money and inflation stimulated non-agricultural investors as well as larger farmers to buy agricultural land, thus inflating its price. In the main production region of Dobrudja (in the northeast), land rents are about \$600/HA or higher, followed by central Bulgaria at \$400/HA and northwest at \$300/HA. Reportedly, this is almost double the land rents paid in neighboring Romania. Some farmers surmised that this is a prohibitive high level of rents for farming and will force them to shrink production and cancel investment plans for the near future.

Despite these challenges, and although sunflower was negatively affected by the summer drought and heat, the increase in area planted is estimated to compensate for the reduction in yields (Crop Travel Photos #1-#7). Post maintains its previous production estimate at over 2.0 MMT (Tables 1 and 2) and reduces its average yield estimate from 2.4 MT/HA to 2.2 MT/HA, in line with MinAg reported average yields to date of 2.22 MT/HA. Market players crop estimates are lower, ranging from 1.82 MMT to 2.1 MMT.

Farm-gate sunflower seed prices have softened lately, but as of September continued to exceed last year's level. MinAg reported average prices in September at 1,103 Bleva/MT (\$500/MT), 13 percent higher than a year ago in local currency but 15 percent lower in U.S. dollars (973 Bleva/MT (\$590/MT)). Currently, farmers harvest and store sunflower seed stocks and don't sell, with the expectation of higher prices to come.

## **Soybeans**

### **MY 2022/23 Production Estimates**

Bulgaria is not a significant producer of soybeans (Table 1), however, there have been attempts by leading farmers this year to increase area planted due to the benefits of soybeans as it relates to soil nutrients (nitrogen) and other environmental advantages. No yield or production data has been reported officially yet. The soybean fields, however, looked much better than in the past (Crop Travel Photo #9) and showed improving knowledge and technology for soybean production.

### **Oilseeds Trade and Crush Estimates**

**Rapeseed, MY 2021/22:** According to Trade Data Monitor (TDM), imports of rapeseed in MY 2021/22 were at 51,995 MT (Table 3), 33 percent lower than in the previous season due to a better local crop. The main suppliers were Romania and Moldova. Favorable domestic demand for crush led to a growth of seven percent in processing, while exports expanded by 47 percent due to better domestic availability and strong export demand (Table 3). Exports were destined mainly to the EU market: the Netherlands, Belgium, and France.

Higher crush led to a growth in exports of processed products. For example, rapeseed meal exports reached 45,000 MT, 50 percent more than in the previous season. Exports of rapeseed oil skyrocketed to 38,000 MT, or about 16-fold more than the year before. The Netherlands, Turkey, and France were the main export markets for oil, while Spain and Turkey were the main destinations for meal.

**Rapeseed, MY 2022/23:** Exports in the current MY as of the end of September were reported at 206,000 MT (MinAg), of which 146,000 MT went to the EU market and 60,000 MT to non-EU. Export demand has been better than that for crush to date. Expectations are that the crushers may look for more price-competitive imports later in the season to complement weaker domestic suppliers.

**Sunflower, MY 2021/22:** Imports of sunflower seed in the current MY have been record high. TDM data for October 2021-June 2022 shows imports at 861,000 MT, which is 26 percent higher than in the corresponding period in MY 2020/21. Imports for this period exceed exports by more than 300,000 MT, which confirms the trend for Bulgaria turning from a net exporter to a net importer (Table 3). For the period July 1-September 18, EU Customs [data](#) shows that Bulgaria imported 319,000 MT from non-EU countries, leading to total imports of 1,180 MMT. MinAg data shows imports for MY 2021/22 (based on September 1-August 31 marketing year) at 1.4 MMT.

The main source of these imports is Ukraine. Reportedly, imports for July-August 2022 from Ukraine are above 200,000 MT, thus the estimated imports from Ukraine for the current year are close to 500,000 MT. According to Bulgarian officials, these imports are at 650,000 MT.

Leading local crushers were the main buyers of these imports. Local crush capacity exceeds 3.0 MMT and has been underutilized. Record prices of processed sunflower products and attractive margins, especially for sunflower oil, as well as new investments in crushing facilities have driven a higher crush. With higher imports, MinAg reported that the MY 2021/22 crush is at 2.27 MMT. This is 57 percent more than in MY 2021/21 when the country was reported to crush 1.47 MMT. Another main buyer is the dehulling/peeling industry, which exports sunflower seed for baking and confectionary purposes (Crop Travel Photos, #7). This industry was reported by authorities to process 690,000 MT this MY compared to 500,000 MT in MY 2021/21 (or 38 percent more).

Expanded processing led to higher exports of processed products. Exports of sunflower meal as of June (TDM) were at 635,000 MT compared to 433,000 MT in the corresponding period in MY 2020/21, a growth of 47 percent. Similarly, exports of sunflower oil were at 551,000 MT compared to 416,000 MT the year before, or 32 percent more. For July 1-September 18, EU Customs [data](#) shows exports from Bulgaria to non-EU countries of 127,000 MT of sunflower meal and 94,000 MT of sunflower oil. For this time period, the country accounted for 67 percent of EU exports of meal and 47 percent of EU exports of oil.

**Sunflower, MY 2022/23** – Trade has been sluggish in September. Farmers are focused on harvesting and keeping their stocks. Domestic crushers began to buy small quantities, while exports are non-existent. It is believed that trade will become more active in October, when there should be a better understanding of the Black Sea situation, especially with regard to crops and potential exports from Ukraine and Russia.

**Soybean Products, MY 2021/22:** Bulgaria is a net importer of soybean products due to limited crush capacity. According to TDM, as of June, imports of soybean oil decreased to 21,000 MT compared to 38,000 MT the year before, due to higher import prices. Serbia and Greece remained the main sources for imports (Table 3). Imports of soybean meal were at 101,000 MT, slightly below 104,000 MT imported in the corresponding period of the previous year, mainly due to the challenges of the livestock and poultry industries and higher import prices.

### **Stocks MY 2021/22**

Ending stocks of rapeseeds in MY 2021/22 as of June 30 were reported by MinAg at 5,000 MT, compared to 6,660 MT in 2021 and 2,600 MT in 2020. Ending stocks of sunflower seed in MY 2021/22 as of August 31 were reported at 430,000 MT, more than double the ending stocks in MY 2020/21 (192,000 MT). It is believed that the domestic crushers may benefit from this situation since most ending stocks are at the processing plants.

### **Policy**

Following the Russian invasion in Ukraine, local farmers and authorities expressed strong support for accommodating Ukrainian transit exports via Bulgaria to other EU and international destinations. However, local infrastructure is not technically suitable or cost efficient for such transit shipments. Instead, most Ukrainian shipments go to the Romanian port of Constanta. Shipments using barges on the Danube usually come to Bulgaria via the ports of Rousse and Silistra, or by rail or trucks in the Northeast. The leading domestic crushers as well as most grain production are also located there.

When Ukraine began to export sunflower seed by land in the spring, local crushers decided to benefit from price-competitive imports. Crushers have reported that the quality of Ukrainian product is excellent, and with higher oil content at 48-50 percent. The price difference between domestic and imported sunflower seed was reported at 150-200 Bleva/MT (\$75-\$100/MT) or up to 15-20 percent. Gradually, these imports began to replace locally produced product.

Farmers have expressed concerns that the imported product is depressing local prices, with imported prices of Ukrainian product equal to or below their costs. The situation has been exacerbated by lower yields and higher production costs of the MY 2022/23 crop. Producers claim that the lack of phytosanitary inspections is the reason for importing new pests, diseases, and weeds such as Ambrosia. They also have protested against imports of commodities from non-EU countries that can use a wide variety of plant protection chemicals which are banned in the EU, such as neonicotinoids. All this led to massive national farm road protests in the middle of September, along with a lack of sales of the newly harvested sunflower crop.

Authorities stated that the country will continue to support transit of Ukrainian product and will strengthen phytosanitary inspections. At the end of September, MinAg requested from the EC an extraordinary measure for private storage aid. The goal is to pay for keeping stocks at private storage at times of lower prices. MinAg also plans to renew the old registration regime for local storage operations

which was removed several years ago, with the goal to have a better real time control over the available stocks. The new regime may require declaring the origin of the product and is intended to differentiate local product from imported and to provide for better traceability.

#### Appendix:

**Table 1. Oilseed Crops, Estimates MY 2022/23 and Final Production Data MY 2021/22, September 2022**

Crops	Area Harvested (000 HA)		Production (000 MT)	
	MY 2022/23	MY 2021/22	MY 2022/23	MY 2021/22
Rapeseed	131.0	130.8	299.3	375.8
Sunflower	910.0	836.5	NA	2,002.2
Soybeans	3.0	1.99	NA	2.82
Total	1,044.0	969.29		2,380.82

Source: Eurostat data based on EU standard moisture content- updated as of September 2022

**Table 2. FAS Sofia Oilseed Production Forecast MY 2022/23, September 2022**

Crops	Area Planted (000 HA)	Production (000 MT)
Rapeseed	130.0	300.0
Sunflower	910.0	2,100.0
Soybeans	3.0	5.0

**Table 3: MY 2021/22 Trade in Major Oilseed Crops and Processed Products, as of June 2022**

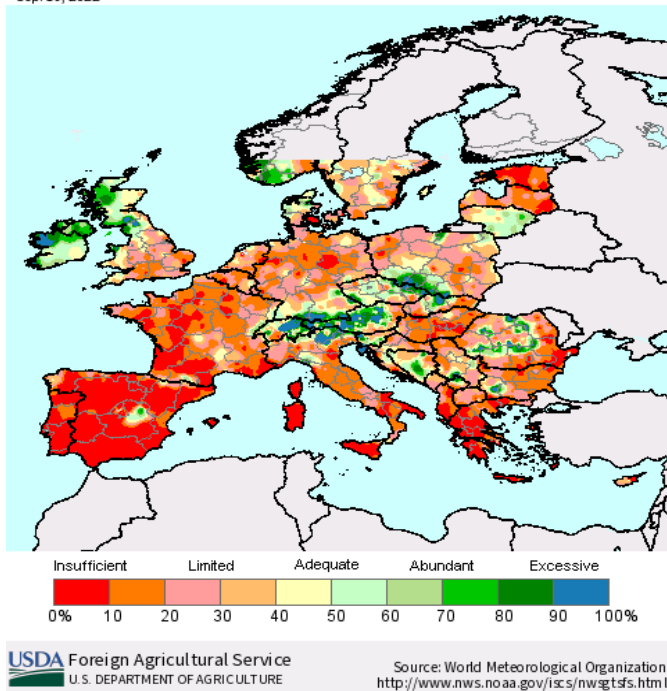
Types of Oilseeds	Imports, MT	Exports, MT
Rapeseed	51,995 MT: - 21,784 MT from Romania - 14,038 MT from Moldova - 8,067 MT from Ukraine	281,957 MT: - 149,425 MT to the Netherlands - 47,756 MT to Belgium - 27,023 MT to France
Rapeseed Meal	11,002 MT: - 10,951 MT from Romania	45,059 MT: - 25,393 MT to Spain - 9,248 MT to Turkey - 4,757 MT to Austria
Rapeseed Oil	11,308 MT: - 10,114 MT from Romania	37,988 MT: - 18,059 MT to the Netherlands - 8,990 MT to Turkey - 3,544 MT to Poland
Sunflower	861,033 MT: - 364,859 MT from Ukraine - 118,773 MT from Moldova - 357,309 MT from	517,932 MT: - 97,116 MT to the Netherlands - 79,046 MT to Germany - 47,193 MT to the UK - 37,924 MT to the U.S.

	Romania	
Sunflower Meal	45,083 MT: - 20,841 MT from Romania - 17,581 MT from Ukraine	635,514 MT: - 315,455 MT to China - 50,580 MT to Greece - 34,417 MT to France - 34,061 MT to Turkey - 31,875 MT to Romania - 26,905 MT to Cyprus - 25,521 MT to the Netherlands
Sunflower Oil	135,431 MT: - 78,437 MT from Ukraine - 30,126 MT from Romania - 13,067 MT from Moldova	551,155 MT: - 135,647 MT to Spain - 84,373 MT to South Africa - 73,872 MT to Italy - 67,610 MT to Greece - 31,244 MT to France
Soybeans	1,704 MT	343 MT
Soybean Meal	101,341 MT: - 74,783 MT from Romania - 22,958 MT from Greece	532 MT
Soybean Oil	21,459 MT: - 16,501 MT from Serbia - 2,165 MT from Greece	318 MT
Source: Trade Data Monitor (TDM); MinAg weekly bulletins; Note: MinAg uses September 1-August 31 as the MY for sunflower.		

**Map 1: USDA [Crop Explorer](#), Europe, Percent Soil Moisture, September 18, 2022**

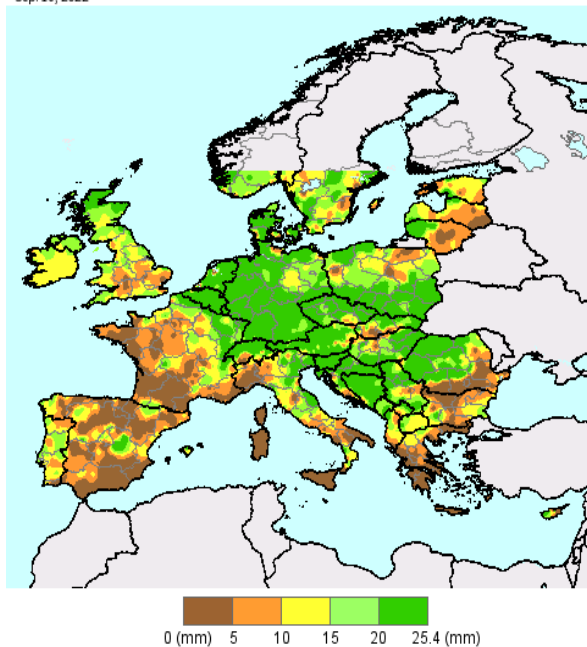


Percent Soil Moisture (WMO)  
Sep. 18, 2022

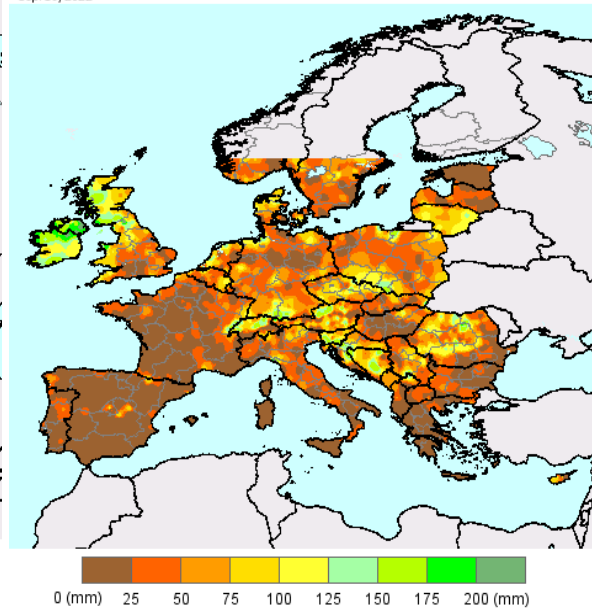


**Map 2: USDA [Crop Explorer](#), Europe (including Bulgaria), Surface and Subsurface Soil Moisture as of September 18, 2022**

Surface Soil Moisture (WMO)  
Sep. 18, 2022



Subsurface Soil Moisture (WMO)  
Sep. 18, 2022



USDA Foreign Agricultural Service  
U.S. DEPARTMENT OF AGRICULTURE

Source: World Meteorological Organization  
<http://www.nws.noaa.gov/ics/nwgtfs.html>

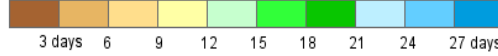
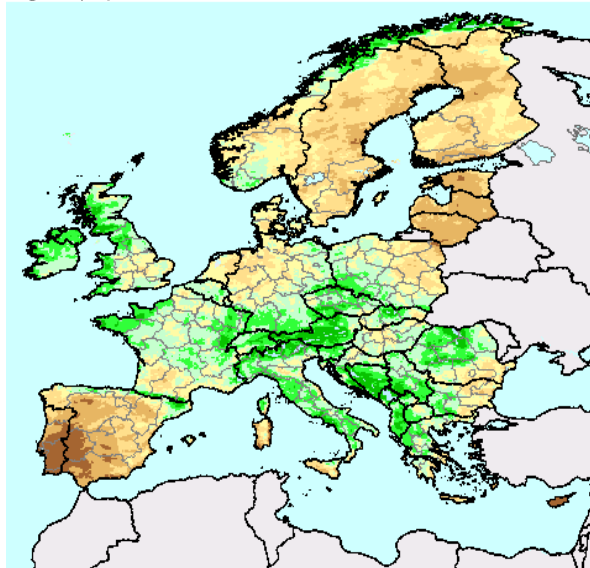
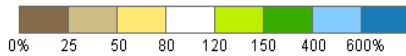
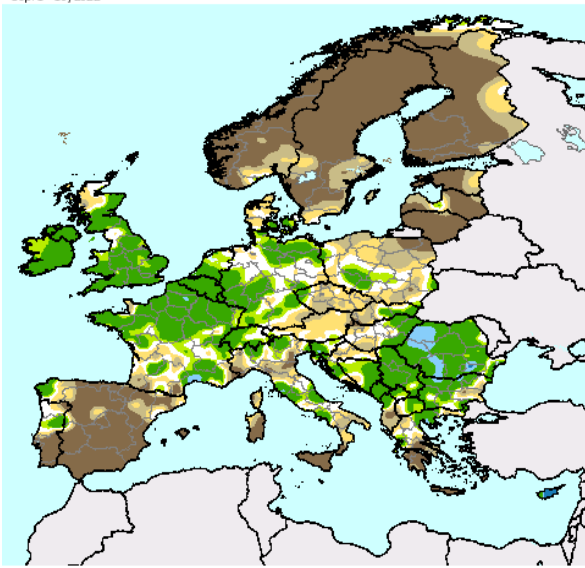
USDA Foreign Agricultural Service  
U.S. DEPARTMENT OF AGRICULTURE

Source: World Meteorological Organization  
<http://www.nws.noaa.gov/ics/nwgtfs.html>

**Map 3: USDA [Crop Explorer](#), Europe (including Bulgaria), Percent of Normal Precipitation September 1-10, and Number of Rain Days August 13- September 11.**

Percent of Normal Precipitation (CPC)  
Sep. 1 - 10, 2022

Number of Rain Days in past 30 days (USAF 557th WW)  
Aug. 13 - Sep. 11, 2022



Source: NOAA/CPC  
<http://www.cpc.ncep.noaa.gov/>

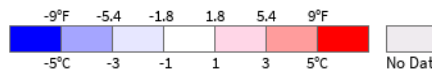
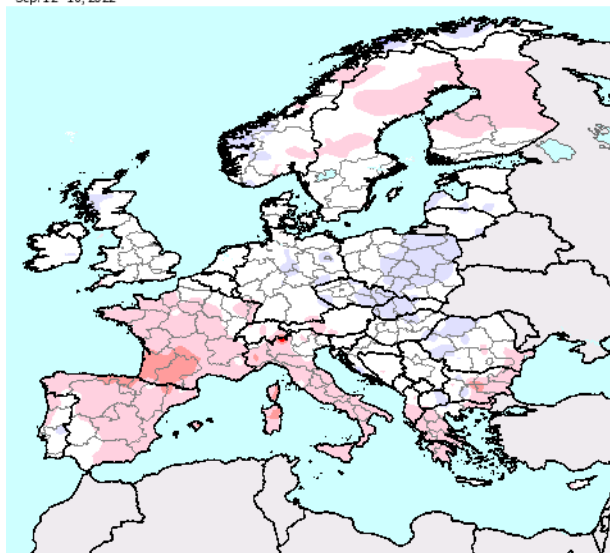
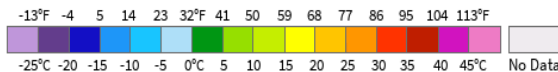
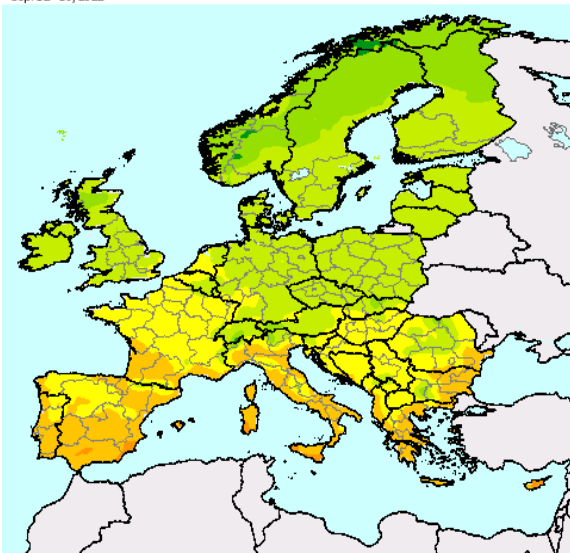
USDA Foreign Agricultural Service  
U.S. DEPARTMENT OF AGRICULTURE

Source: 10km United States Air Force  
557th Weather Wing  
<http://www.557weatherwing.af.mil/>

**Map 4: USDA Crop Explorer, Europe (including Bulgaria), Average Temperature and Average Temperature Departure from Normal as of September 18, 2022**

Average Temperature (CPC)  
Sep. 12-18, 2022

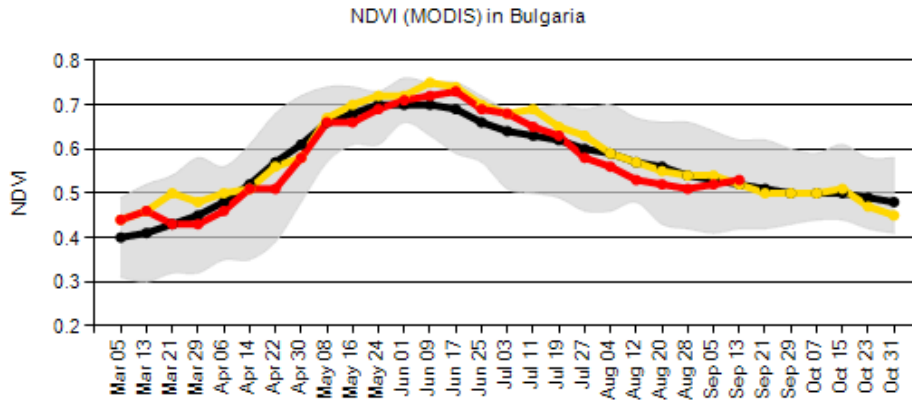
Average Temperature Departure From Normal (CPC)  
Sep. 12-18, 2022



Source: NOAA/CPC  
<http://www.cpc.ncep.noaa.gov/>

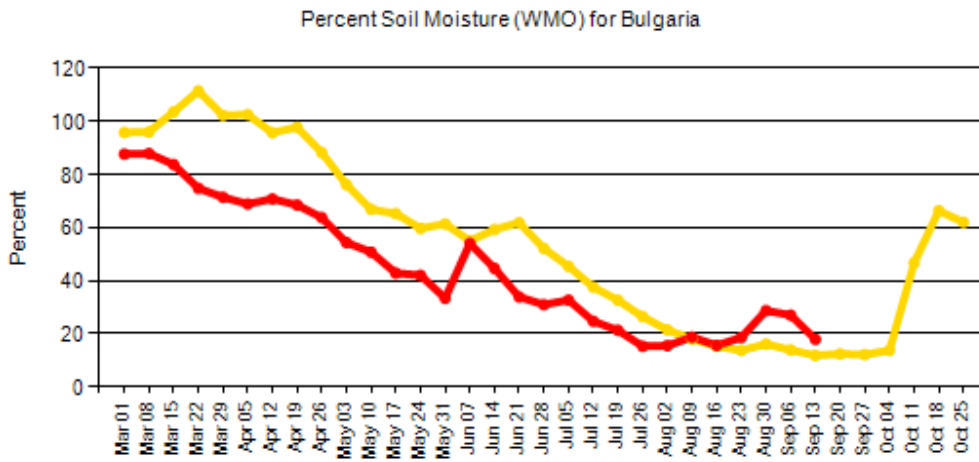
Source: NOAA/CPC  
<http://www.cpc.ncep.noaa.gov/>

**Map 5. USDA [Crop Explorer](#), Bulgaria, Vegetation Index (NDVI), Percent of Soil Moisture, Surface and Subsurface Soil Moisture, as of September 18, 2022**



Source: NDVI (MODIS-Terra) and cropland mask IIASA (2005)

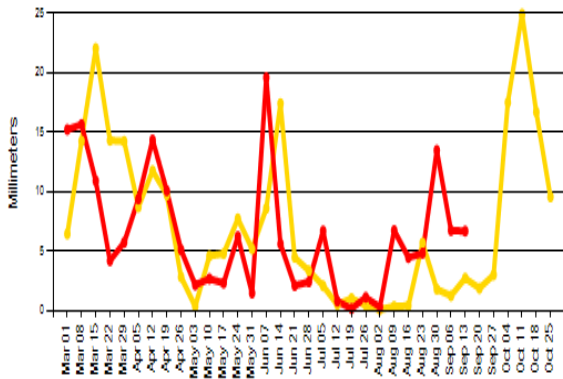
— 2022 — 2021 — Normal — Min/Max



Source: World Meteorological Organization

— 2022 — 2021

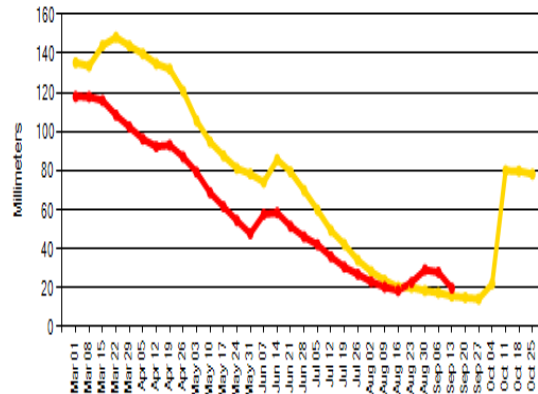
Surface Soil Moisture (WMO) for Bulgaria



Source: World Meteorological Organization

— 2022 — 2021

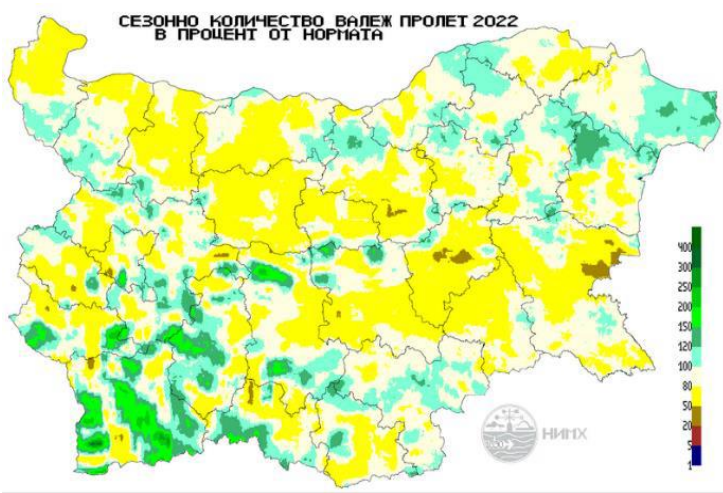
Subsurface Soil Moisture (WMO) for Bulgaria



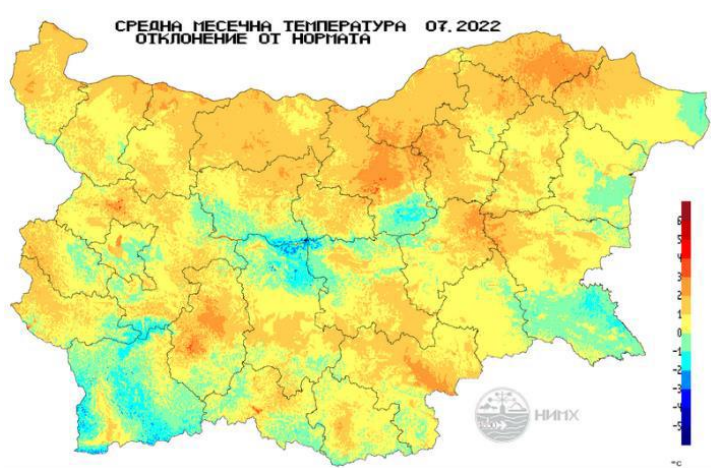
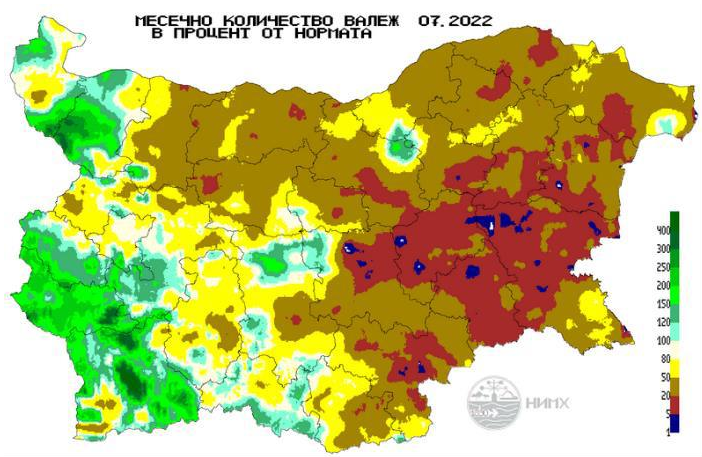
Source: World Meteorological Organization

— 2022 — 2021

Map 6. Seasonal Rainfall Spring 2022 as a Percent of Norm, Source: [Bulgarian National Institute of Meteorology and Hydrology](#)

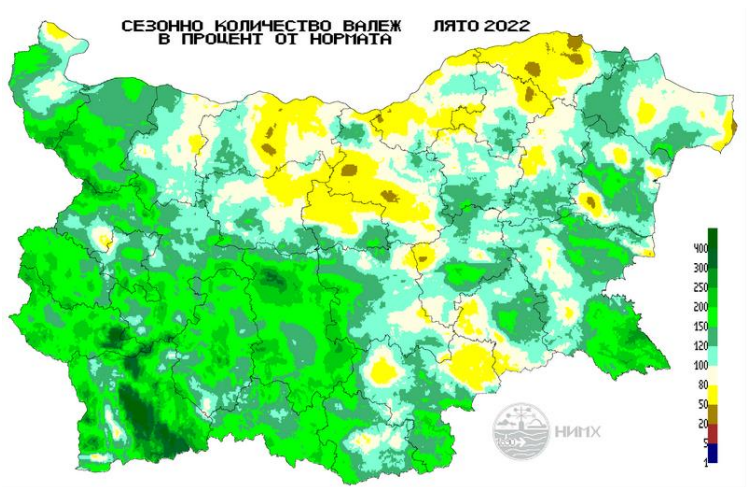
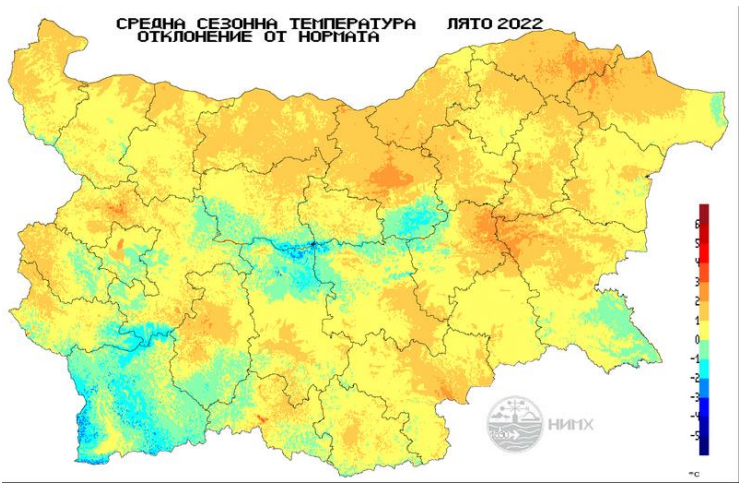
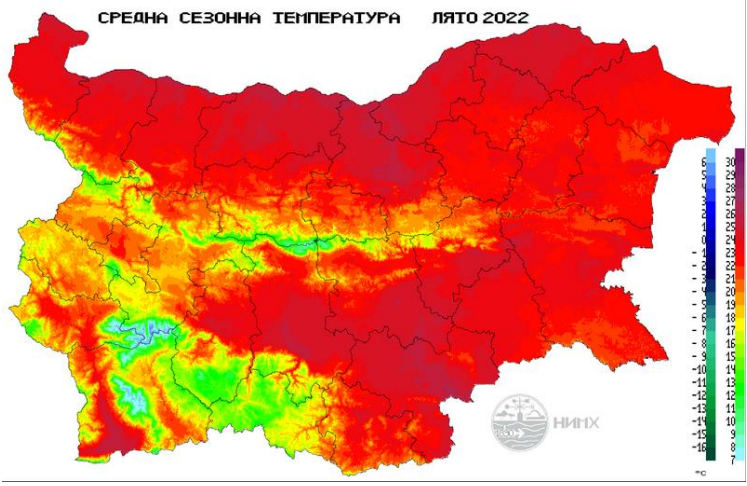


**Map 7. Monthly Rainfall as a Percent of Norm, July and Deviation from the Average Monthly Temperature, July 2022, Source: [Bulgarian National Institute of Meteorology and Hydrology](http://www.bnm.bg)**



**Map 8: Summer Season 2022: Average Seasonal Temperature, Deviation from the Average Seasonal Temperature Norm, and Average Seasonal Rainfall as a Percent of Norm, Source: [Bulgarian National Institute of Meteorology and Hydrology](http://www.bnm.bg)**







## Crop Travel Photos, #1



Sunflower field, Varna region, estimated yield 3.5-4.0 MT/HA, photo taken in August 9-12, compliment of [Agroportal](#) (Crop Tour 2022)

## Crop Travel Photos, #2



Sunflower field, Shoumen region, estimated yield 2.5-3.0 MT/HA, photo taken in August 9-12, compliment of [Agroportal](#) (Crop Tour 2022)



### Crop Travel Photos, #3



Sunflower yield, Rouse region, estimated yield 2.5-3.0 MT/HA, photo taken in August 9-12, compliment of [Agroportal](#) (Crop Tour 2022)

### Crop Travel Photos, #4



Sunflower field, Veliko Turnovo region, estimate yield 3.0-3.5 MT/HA, photo taken in August 9-12, compliment of [Agroportal](#) (Crop Tour 2022)



### Crop Travel Photos, #5



Sunflower field, Montana region, estimated yield 2.5-3.0 MT/HA, photo taken in August 9-12, compliment of [Agroportal](#) (Crop Tour 2022)

### Crop Travel Photos, #6



Sunflower fields, Pleven region, estimated yield 2.0-2.5 MT/HA, photo taken in August 9-12, compliment of [Agroportal](#) (Crop Tour 2022)



Crop Travel Photos, #7



### Crop Travel Photos, #8



### Crop Travel Photos, #9



Soybean field, Montana region, estimated yield, 2.0-2.5 MT/HA, photo taken in August 9-12, compliment of [Agroportal](#) (Crop Tour 2022)

#### Attachments:

No Attachments.