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Oilseeds and Products Update - Lowest Rapeseed Crop in Over a Decade

Report Categories:
Oilseeds and Products

Approved By:
Emily Scott

Prepared By:
Roswitha Krautgartner, Lucile Lefebvre, Leif Erik Rehder, Mila Boshnakova, and the group of FAS oilseeds specialists in the EU

Report Highlights:
A 19 percent drop in rapeseed area leads to a significant, overall decline of major oilseeds area and production within the EU in MY 2019/20. Higher sunflower and higher soybean production cannot make up for the lower rapeseed production. Total major oilseeds production is forecast to be down by almost 6 percent year-on-year.

General Information:

Coordinator: Roswitha Krautgartner, FAS/Vienna

A drop in rapeseed area of about 18 percent leads to a significant, overall decline of major oilseeds area and production within the EU in MY 2019/20. This is the lowest rapeseed crop since MY 2007/08. The decline in rapeseed acreage is explained by drought during planting in summer and fall 2018; insufficient precipitation the following winter and spring; and high pest pressure in some areas of France, Germany, Bulgaria, and the United Kingdom. Significant areas were replanted with other spring crops. In summer 2019, drought and extremely high temperatures hit most of the major rapeseed production regions in central and northern Europe.

In MY 2019/20, higher sunflower (plus 3 percent) and higher soybean production (plus 1 percent) cannot make up for the lower rapeseed production. Total major oilseeds production is forecast to be down by almost 6 percent year-on-year. Soybean production increases are due to higher yields per hectare, whereas sunflower production increases are due to increased acreage in Romania, France, Spain, and Bulgaria.

EU imports of soybeans and crush are expected to decrease in MY 2019/20 with increasing imports of soybean meal to satisfy the demand in the growing poultry sector. The EU market for rapeseed continues to be tight. Stocks and imports of rapeseed add in to a greater extent for demand.

This report was written before China announced an increase in tariffs in August 2019. Therefore, the impact of these higher tariffs is not captured in this report.

Introduction

This report presents the outlook for oilseeds in the EU-28. 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.

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

Bettini Ornella	FAS/Rome covering Italy
Boshnakova Mila	FAS/Sofia covering Bulgaria
Dobrescu Monica	FAS/Bucharest covering Romania
Faniadis Dimosthenis	FAS/Rome covering Greece
Flach Bob	FAS/The Hague covering The Netherlands, Sweden, Finland, and Denmark
Golya Gellert	FAS/Budapest covering Hungary
Guerrero Marta	FAS/Madrid covering Spain and Portugal
Krautgartner Roswitha	FAS/Vienna covering Austria and Slovenia
Jennifer Lappin	FAS/USEU Brussels
Lefebvre Lucile	FAS/Paris covering France
Mikulasova Jana	FAS/Prague covering the Czech Republic and Slovakia
Misir Andreja	FAS/Zagreb covering Croatia
Polet Yvan	FAS/USEU Brussels covering Belgium and Luxembourg
Rehder Leif Erik	FAS/Berlin covering Germany
Rucinski Piotr	FAS/Warsaw covering Poland, Estonia, Latvia, and Lithuania
Wilson Jennifer	FAS/London covering the U.K. and Ireland

Abbreviations used in this report

Benelux	Belgium, the Netherlands, and Luxembourg
CAP	EU common agricultural policy
CY	Calendar year
e	Estimate (of a value/number for the current, not yet completed, marketing year)
EC	European Commission
EFSA	European Food Safety Authority
EU-28	European Union of 28 member states (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, France, Finland, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom)
f	Forecast (of a value/number for the next, not yet started, marketing year)
FSW	Feed, Seed, Waste
GE	Genetically engineered / Genetically engineered organisms
GHG	Greenhouse gas
Ha	Hectares
MMT	Million metric tons
MS	EU Member State(s)
MT	Metric ton (1000 kg)
MY	Marketing year
NUTS2	Nomenclature of Units for Territorial Statistics level 2 = code for regions within a country
PSA	Private Storage Aid
PSD	Production, Supply and Demand
RED	Renewable Energy Directive
RSPO	Round Table on Sustainable Palm Oil
SME	Soybean meal equivalent
TMT	Thousand metric tons
U.A.E.	United Arabic Emirates
U.K.	United Kingdom
U.S.	The United States of America

In this report "**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**".

The marketing years used in this report are:

July-June
Rapeseed complex

October -September
Soybean complex
Sunflower complex

Table of Contents

1. Total of Major Oilseeds (Soybean, Rapeseed, Sunflower)
Coordinator: Roswitha Krautgartner, FAS/Vienna

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

For further details please visit the respective commodity sections.

Total of Major Oilseeds – Seeds

EU-28 Area of Major Oilseeds (in 1,000 ha)

Area Harvested	2014	2015	2016	2017	2018e	2019f
Soybeans	571	871	835	965	970	971
Rapeseed	6,746	6,514	6,560	6749	6928	5600
Sunflower	4,290	4,173	4,130	4,400	4,127	4,380
Total	11,607	11,558	11,525	12,114	12,025	10,951

Note: The years refer to the calendar year in which the harvest occurs (e.g. 2019 = harvested in CY 2019, marketed in MY 2019/20)
e = estimate
Source: FAS EU-28

EU-28 Major Oilseeds Production (in 1,000 MT)

Production	2014	2015	2016	2017	2018e	2019f
Soybeans	1,840	2,330	2,490	2,650	2,770	2,802
Rapeseed	24,586	21,997	20,548	21,914	20,040	17,800
Sunflower	9,000	7,720	8,650	10,130	9,600	9,900
Total	35,426	32,047	31,688	34,694	32,410	30,502

Note: The years refer to the calendar year in which the harvest occurs (e.g. 2019 = harvested in CY 2019, marketed in MY 2019/20)
e = estimate
Source: FAS EU-28

EU-28 Major Oilseeds Crush (in 1,000 MT)

Crush	MY 2014/15	MY 2015/16	MY 2016/17	MY 2017/18	MY 2018/19e	MY 2019/20f
Soybeans	13,500	15,192	14,600	15,300	16,600	16,000
Rapeseed	25,400	24,300	24,400	24,300	23,200	22,400
Sunflower	7,650	7,200	7,900	8,900	8,800	8,900
Total	46,550	46,692	46,900	48,500	48,600	47,300

e = estimate, f = forecast
Source: FAS EU-28

Feed, Waste Use of Major Oilseeds Meals in the EU-28 (in 1,000 MT)

Feed, Waste Use Meals	MY 2014/15	MY 2015/16	MY 2016/17	MY 2017/18	MY 2018/19e	MY 2019/20f
Soybeans	29,300	31,127	30,300	30,100	31,200	31,200
Rapeseed	14,450	13,800	13,850	13,700	13,300	12,900
Sunflower	7,100	6,950	7,800	7,800	7,850	7,750
Total	50,850	51,877	51,950	51,600	52,350	51,850

e = estimate, f = forecast
Source: FAS EU-28

Food Use of Major Oilseeds Oils in the EU-28 (in 1,000 MT)

Food Use Oil	MY 2014/15	MY 2015/16	MY 2016/17	MY 2017/18	MY 2018/19e	MY 2019/20f
Soybeans	1,000	1,300	1,300	1,325	1,350	1,375
Rapeseed	2,900	2,800	2,950	3,000	2,950	2,950
Sunflower	3,450	3,700	4,150	4,300	4,400	4,450
Total	7,350	7,800	8,400	8,625	8,700	8,775

e = estimate, f = forecast
Source: FAS EU-28

Industrial Use of Major Oilseeds Oils in the EU-28 (in 1,000 MT)

Industrial Use	MY 2014/15	MY 2015/16	MY 2016/17	MY 2017/18	MY 2018/19e	MY 2019/20f
Soybeans	850	923	850	870	925	950
Rapeseed	7,400	7,200	7,100	7,050	6,700	6,400
Sunflower	240	420	400	330	330	330
Total	8,490	8,543	8,350	8,250	7,955	7,680

e = estimate, f = forecast
Source: FAS EU-28

2. Soybean Complex
Coordinator: Lucile Lefebvre, FAS/Paris

Trade figures are revised according to the most recent data available from the Global Trade Atlas (May 2019); harvest and crush estimates from producing countries.

Oilseed, Soybean	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	926	965	926	970	911	971
Beginning Stocks	1150	1150	1398	1158	1337	1193
Production	2540	2650	2664	2770	2652	2802
MY Imports	14584	14584	15700	15700	15100	15100
Total Supply	18274	18384	19762	19628	19089	19095
MY Exports	276	276	165	175	225	250
Crush	14950	15300	16600	16600	16000	16000
Food Use Dom. Cons.	250	250	260	260	260	260
Feed Waste Dom. Cons.	1400	1400	1400	1400	1400	1400
Total Dom. Cons.	16600	16950	18260	18260	17660	17660
Ending Stocks	1398	1158	1337	1193	1204	1185
Total Distribution	18274	18384	19762	19628	19089	19095
(1000 HA) ,(1000 MT) ,(MT/HA)						

Source: FAS Posts

Meal, Soybean	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	14950	15300	16600	16600	16000	16000
Extr. Rate, 999.9999	0.79	0.79	0.79	0.79	0.79	0.79
Beginning Stocks	485	485	213	405	398	417
Production	11811	12087	13114	13114	12640	12640
MY Imports	18354	18370	18500	18500	19000	18900
Total Supply	30650	30942	31827	32019	32038	31957
MY Exports	395	395	350	360	350	360
Industrial Dom. Cons.	10	10	10	10	10	10
Food Use Dom. Cons.	32	32	32	32	32	32
Feed Waste Dom. Cons.	30000	30100	31037	31200	31300	31200
Total Dom. Cons.	30042	30142	31079	31242	31342	31242
Ending Stocks	213	405	398	417	346	355
Total Distribution	30650	30942	31827	32019	32038	31957
(1000 MT) ,(PERCENT)						

Source: FAS Posts

Oil, Soybean	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	14950	15300	16600	16600	16000	16000
Extr. Rate, 999.9999	0.19	0.19	0.19	0.19	0.19	0.19
Beginning Stocks	161	161	159	200	408	349
Production	2841	2907	3154	3154	3040	3040
MY Imports	284	284	350	325	325	325
Total Supply	3286	3352	3663	3679	3773	3714
MY Exports	902	902	900	1000	1000	1000
Industrial Dom. Cons.	870	870	950	925	950	950
Food Use Dom. Cons.	1300	1325	1350	1350	1350	1375
Feed Waste Dom. Cons.	55	55	55	55	55	55
Total Dom. Cons.	2225	2250	2355	2330	2355	2380
Ending Stocks	159	200	408	349	418	334
Total Distribution	3286	3352	3663	3679	3773	3714
(1000 MT) ,(PERCENT)						

Source: FAS Posts

MY 2019/20

EU-28 soybean production forecast for MY 2019/20 is revised up. Production is expected to increase compared to MY 2018/19 due to higher yields.

The EU-28 is the world second largest importer of soybeans after China. In MY 2019/20, EU-28 imports of soybeans and crush are expected to decrease compared to previous year. In MY 2018/19, soybean crush was high due to good soybean crushing margins. In MY 2019/20, the share of soybeans sourced from South America could increase compared to MY 2018/19; South American soy is facing lower demand in China due to the African swine fever and unfavorable spring weather decreased the U.S. planted area estimate.

The EU-28 is the world largest importer of soybean meal. In MY 2019/20, EU-28 imports of soybean meal are expected to increase compared to previous year, especially in Spain and Poland. In Poland, local crush is marginal compared to imports of meal and the growing poultry sector requires increasing amounts of meal for feed.

In MY 2019/20, feed use of soybean meal is expected to be stable compared to previous year because EU-28 wheat and barley production is forecast higher.

MY 2018/19

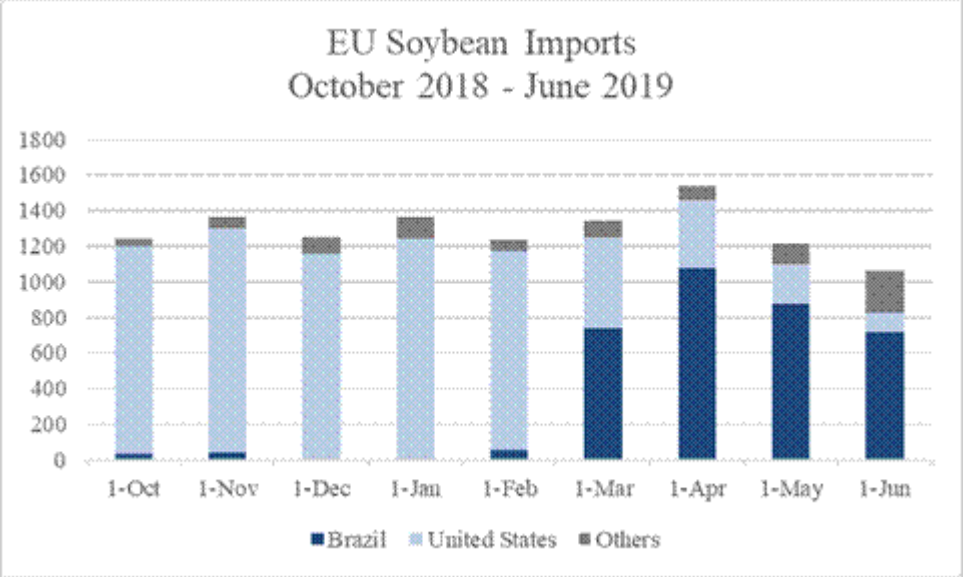
In MY 2018/19, EU-28 soybean production increased compared to MY 2017/18 due to an increase in soybean area planted, mainly driven by policy incentives (Common Agricultural Policy).

Still, local production remains minor relative to imports. In MY 2018/19, the EU-28 is expected to import and crush more soybeans than in MY 2017/18 because soybean crushing margins are high. Brazil and the United States represent more than 70 percent of total EU soybean imports. The decision of EU importers on where to source soybeans from year to year is primarily based on price; the protein content of the soybeans is taken into

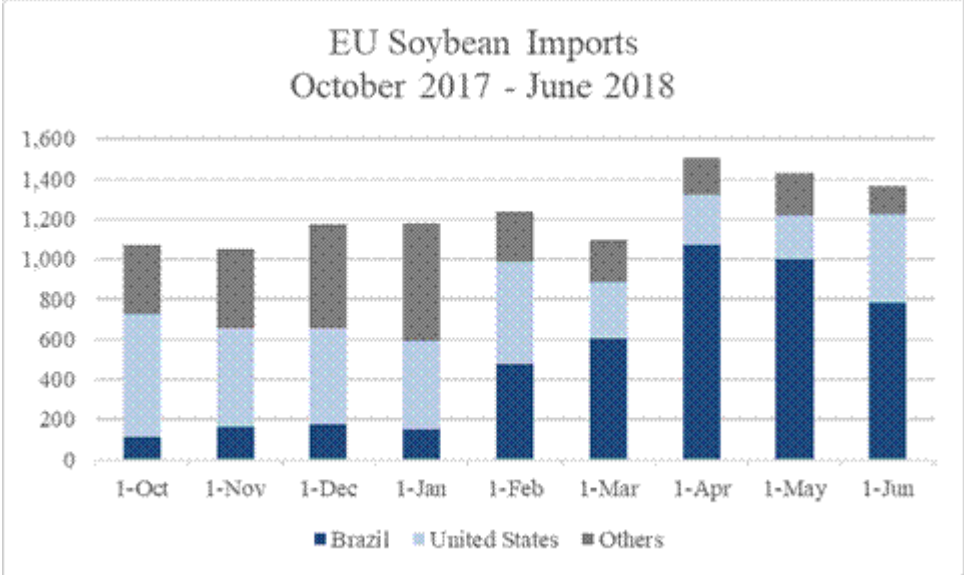
account only when prices of the different origins are close to one another.

In MY 2018/19, the EU-28 is expected to import more U.S. soybeans and less Brazilian soybeans than previous years. The price of U.S. soybeans collapsed in June 2018 following China's announcement of retaliatory tariffs and good production forecasts. As a result, between June 2018 and April 2019, EU imports of soybeans from the United States were significantly higher than previous year – except between September and November 2018.

The two charts below provide monthly data on EU imports of soybeans in the first nine months of MY 2018/19 and MY 2017/18.



Source: GlobalTradeAtlas, shown in Million Metric Tons



Source: GlobalTradeAtlas, shown in Million Metric Tons

The decision of EU importers on where to source soybeans from year to year is primarily based on price. The two charts above show that EU imports of soybeans from the United States were exceptionally high between October 2018 and February 2019. In March 2019, EU importers switched to Brazilian soybeans. In May 2019, total EU imports of soybeans declined because the pace of soybean crush slowed down. Imports of soybean meal from South America increased at the expense of soybean crush.

In MY 2018/19, EU-28 imports of soybean meal are expected to increase compared to MY 2017/18, especially in the Netherlands, the United Kingdom, Poland, and France.

3. Rapeseed Complex
Coordinator: Leif Erik Rehder, FAS/Berlin

PSDs have been revised according to the most recent data available from the Global Trade Atlas (May 2019); recent harvest and crush estimates from producing countries.

Oilseed, Rapeseed	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jul 2017		Jul 2018		Jul 2019	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	6850	6850	7064	7064	5800	5800
Area Harvested	6826	6749	7067	6928	5650	5600
Beginning Stocks	875	875	1777	1508	1828	1583
Production	22183	21914	20066	20040	18000	17800
MY Imports	4150	4150	4250	4300	5000	5100
Total Supply	27208	26939	26093	25848	24828	24483
MY Exports	131	131	65	65	65	50
Crush	24300	24300	23200	23200	22500	22400
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1000	1000	1000	1000	1000	1000
Total Dom. Cons.	25300	25300	24200	24200	23500	23400
Ending Stocks	1777	1508	1828	1583	1263	1033
Total Distribution	27208	26939	26093	25848	24828	24483
(1000 HA) ,(1000 MT) ,(MT/HA)						

Source: FAS Posts

Meal, Rapeseed	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jul 2017		Jul 2018		Jul 2019	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	24300	24300	23200	23200	22500	22400
Extr. Rate, 999.9999	0.57	0.57	0.57	0.57	0.57	0.57
Beginning Stocks	273	273	206	206	230	210
Production	13851	13851	13224	13224	12825	12768
MY Imports	242	242	525	530	525	530
Total Supply	14366	14366	13955	13960	13580	13508
MY Exports	460	460	450	450	400	400
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	13700	13700	13275	13300	13000	12900
Total Dom. Cons.	13700	13700	13275	13300	13000	12900
Ending Stocks	206	206	230	210	180	208
Total Distribution	14366	14366	13955	13960	13580	13508
(1000 MT) ,(PERCENT)						

Source: FAS Posts

Oil, Rapeseed	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jul 2017		Jul 2018		Jul 2019	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	24300	24300	23200	23200	22500	22400
Extr. Rate, 999.9999	0.418	0.418	0.418	0.418	0.418	0.418
Beginning Stocks	314	314	358	258	391	306
Production	10157	10157	9698	9698	9405	9363
MY Imports	158	158	250	250	250	250
Total Supply	10629	10629	10306	10206	10046	9919
MY Exports	271	271	200	200	200	200
Industrial Dom. Cons.	6950	7050	6700	6700	6700	6400
Food Use Dom. Cons.	3000	3000	2965	2950	2900	2950
Feed Waste Dom. Cons.	50	50	50	50	50	50
Total Dom. Cons.	10000	10100	9715	9700	9650	9400
Ending Stocks	358	258	391	306	196	319
Total Distribution	10629	10629	10306	10206	10046	9919
(1000 MT) ,(PERCENT)						

Source: FAS Posts

Rapeseed is the dominant oilseed produced in the EU making the EU one of the world's leading producers of rapeseed and products. The largest EU producers are France and Germany, followed by Poland, the United Kingdom, the Czech Republic, and Romania. Demand for rapeseed exceeds domestic supply which leads to the import of large quantities for crushing. EU rapeseed imports primarily come from Ukraine, Australia, and Canada.

The EU rapeseed market is driven by the demand for products after crushing, both rapeseed meal and rapeseed oil. Rapeseed meal is used in the livestock sector as the EU is a leading producer and exporter of meat and dairy products. In feed ratios, rapeseed meal competes with soybean meal as well as domestic sunflower meal and grains.

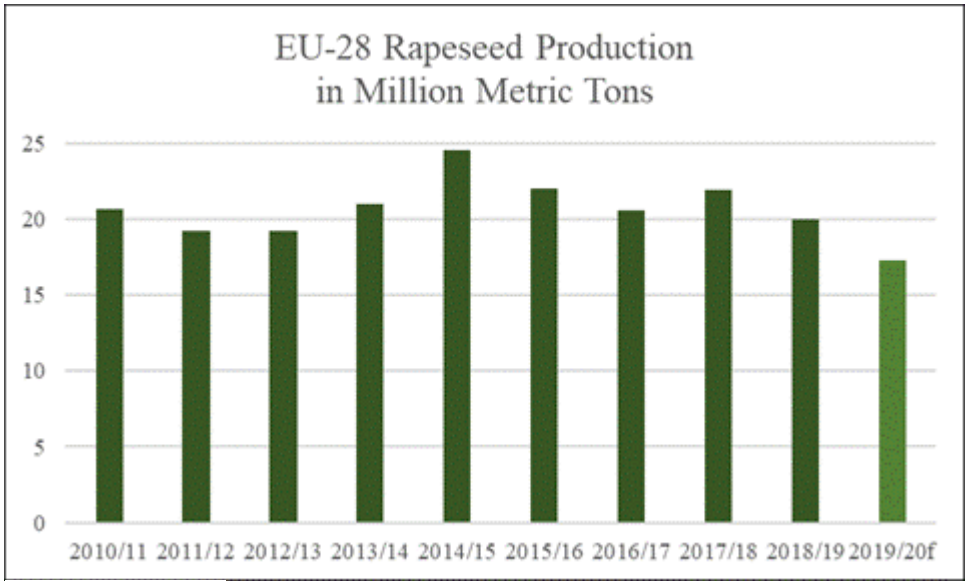
Rapeseed oil is mainly used by the biodiesel industry, whose production levels are mandated by biofuel policy decisions through the Renewable Energy Directive of the EU. Compared with biodiesel, food and other industrial use of rapeseed oil influence demand less.

MY 2019/20

Dryness in summer and fall 2018 reduced EU rapeseed plantings to the lowest level in over 10 years. This was followed by insufficient precipitation in winter and spring 2019 and high pest pressure in some areas of France, Germany, Bulgaria, and the United Kingdom. Subsequently, significant rapeseed areas were replanted with barley, corn, and sunflower. In summer 2019, drought and extremely high temperatures hit most of the major rapeseed producing regions in central and northern Europe which affected rapeseed development in podfill stage. Plants were shorter than normal with less branches. Fewer tillers, smaller seeds, and fewer pods resulted in subpar yields further reducing rapeseed production.

Rapeseed harvest in the European Union is complete with plantings for next year's crop under way. Rapeseed production in the European Union for 2019/20 is forecast at 17.8 MMT, down over 2.2 MMT or 11 percent from last year. This would be the lowest EU rapeseed crop since MY 2007/08. Farmers decreased acreage by 19 percent to 5.6 million hectare while yield is estimated close to 3.2 tons per hectare, up by 10 percent from last year but still below the 5 year average.

The neonicotinoids ban in the EU is one reason for the substantial decrease in rapeseed area. The ban makes rapeseed production in the European Union more difficult and more costly. The remaining insecticides are not as effective, resulting in higher insect damage despite increased frequency of pesticide application(s). Higher costs and lower yields make rapeseed less competitive compared to other crops. For now, farmers continue planting rapeseed despite the weaker economic results since there is a lack of suitable alternatives for its role in the crop rotation.



Source: FAS Posts

The EU market for rapeseed continues to be tight in MY 2019/20. Supply of domestically produced rapeseed is low; additional stocks and imports are needed to meet demand. There is a fairly good supply on the global rapeseed market due to higher production in Australia and Ukraine, the two main EU suppliers. However, there is a limit for increased volumes from these two countries due to competition on the global market. Additional supply would potentially come from Canada, which does have the surplus volumes due to the Chinese Government's March 2019 decision to impose restrictions on several Canadian exporters. But, Canadian product faces non-tariff trade barriers (e.g. non-GM requirements and sustainability certification) on the EU market. The previous record for EU imports from Canada was set in 2016/17 with 0.8 MMT. Even if import volumes from Canada reach record highs, rapeseed crushing is expected to decrease significantly to 22.4 MMT down 0.8 MMT or 3 percent from last year. Reductions are expected in the United Kingdom, France, Romania, the Czech Republic, and Bulgaria.

Continued weak demand for rapeseed oil as a feedstock for biodiesel production drives the rapeseed market. There is an oversupply of rapeseed oil in the EU, particularly due to the increased competition with cheap imported soybean oil methyl ester and palm oil methyl ester. Use of rapeseed oil for biodiesel production decreased in recent years and this trend is expected to continue. There is also no impulse from the use of rapeseed oil in other industrial sectors, food, or feed use. Forecast for use in these sectors are stable.

Rapeseed meal production follows crush. Consequently, there is less supply of domestically crushed rapeseed and there is not much availability on the global market. Thus, its use in feed ratios is expected to decrease. It will be replaced, to a certain extent, by soybean and sunflower meal as well as grain. Ending stocks are expected to decrease further.

MY 2018/19

EU farmers harvested over 20 MMT of rapeseed in MY 2018/19 down nearly 1.9 MMT from last year. Drought and high temperatures hit most of northern Europe throughout summer. This unfavorable combination resulted in lower yields in major rapeseed production regions in Germany, France, United Kingdom, Poland, Romania, Denmark, Sweden, and the Baltic States. Rapeseed crushing decreased since imports couldn’t offset the low domestic rapeseed harvest. Lower availability of rapeseed meal resulted in decreased use in feed ratios. Rapeseed meal was replaced by soybean and sunflower meal as well as grains. The biodiesel market drives the market for rapeseed oil and consumption is trending downward which results in an oversupply on the EU market. Food use of rapeseed oil stayed flat. Ending stocks are forecast to increase.

4. Sunflower Complex
Coordinator: Mila Boshnakova, FAS/Sofia

Trade figures are revised according to the most recent data available from the Global Trade Atlas (May 2019); harvest and crush estimates from producing countries.

Oilseed, Sunflowerseed	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	4394	4400	4151	4127	4335	4380
Beginning Stocks	645	645	565	667	417	467
Production	10128	10130	9647	9600	9800	9900
MY Imports	512	512	575	570	575	550
Total Supply	11285	11287	10787	10837	10792	10917
MY Exports	630	630	525	500	525	600
Crush	9000	8900	8750	8800	8900	8900
Food Use Dom. Cons.	540	540	545	540	550	540
Feed Waste Dom. Cons.	550	550	550	530	550	530
Total Dom. Cons.	10090	9990	9845	9870	10000	9970
Ending Stocks	565	667	417	467	267	347
Total Distribution	11285	11287	10787	10837	10792	10917
(1000 HA) ,(1000 MT) ,(MT/HA)						

Source: FAS Posts

Meal, Sunflowerseed	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	9000	8900	8750	8800	8900	8900
Extr. Rate, 999.9999	0.54	0.5326	0.54	0.5398	0.54	0.5404
Beginning Stocks	349	349	428	308	393	268
Production	4860	4740	4725	4750	4806	4810
MY Imports	3485	3485	3475	3500	3400	3400
Total Supply	8694	8574	8628	8558	8599	8478
MY Exports	406	406	375	380	450	430
Industrial Dom. Cons.	60	60	60	60	60	60
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	7800	7800	7800	7850	7800	7750
Total Dom. Cons.	7860	7860	7860	7910	7860	7810
Ending Stocks	428	308	393	268	289	238
Total Distribution	8694	8574	8628	8558	8599	8478
(1000 MT) ,(PERCENT)						

Source: FAS Posts

Oil, Sunflowerseed	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	9000	8900	8750	8800	8900	8900
Extr. Rate, 999.9999	0.4226	0.4225	0.4225	0.4227	0.4225	0.4225
Beginning Stocks	219	219	382	339	436	476
Production	3803	3760	3697	3720	3760	3760
MY Imports	1529	1529	1750	1700	1550	1550
Total Supply	5551	5508	5829	5759	5746	5786
MY Exports	526	526	530	540	540	570
Industrial Dom. Cons.	330	330	400	330	350	330
Food Use Dom. Cons.	4300	4300	4450	4400	4400	4450
Feed Waste Dom. Cons.	13	13	13	13	13	13
Total Dom. Cons.	4643	4643	4863	4743	4763	4793
Ending Stocks	382	339	436	476	443	423
Total Distribution	5551	5508	5829	5759	5746	5786
(1000 MT) ,(PERCENT)						

Source: FAS Posts

Sunflower Seeds

MY 2019/20

Area under sunflower in the EU increased in MY 2019/20. Romania, France, Spain, and Bulgaria led this trend while most member-states had stable planted area with the exception of Czech Republic which reported a decline. The growth in area was due to reduced rapeseed area and/or reseeding of compromised rapeseed fields in the spring, good profitability of sunflower compared to alternative crops and, drought resilience. Some countries with stable area are challenged by crop rotation practices that do not allow more significant area expansion (for example, Hungary). As a result, total area in the EU in MY 2019/20 is estimated to be 6 percent higher than in MY 2018/19 and slightly above USDA official estimate.

The weather conditions to date have been mixed between Western and Central/Eastern Europe. Hot and dry summer weather prevailed in July in Western and Northern Europe and hit the crop most negatively in Spain and France. In Spain, where sunflower is mainly non-irrigated, the soil water reserves were quickly depleted and the crop was under water stress in its critical development stages. France suffered a strong heat wave in July that had a negative impact on sunflower plant development despite average soil moisture reserves. In contrast, the weather conditions were favorable for Central and Southeastern Europe with abundant spring-summer rains and average summer temperatures that improved previous yield estimates. At present, expectations are for higher average yields compared to last year in Romania and Bulgaria. In Hungary, although the soil moisture was adequate early in the season, the heat wave in late July reduced the crop potential. As a result, the yields are expected to be comparable to last year. Currently, average EU yields are projected to be about three percent lower than in MY 2018/19 (2.26 MT/Ha in MY 2019/20 vs 2.33 MT/Ha in MY 2018/19). However, due to area expansion, EU production is expected to increase compared to MY 2018/19 in major producing countries Romania, Bulgaria and France, followed by smaller growth in Hungary, Italy, Greece, Germany, and Austria.

The exceptions are Spain and Czech Republic, followed by Portugal, Croatia, and Slovakia where there is a decline in yields and production. The increase in the EU sunflower production is currently estimated at 3 percent over MY 2018/19 at 9.9 MMT and slightly above USDA official estimate.

The crush demand is forecast to be favorable. Sunflower is projected to be more price competitive compared to rapeseeds which face another year of lower supply. On the other hand, sunflower crush will be negatively affected by the stronger competition from soybeans. Currently, the forecast is for a marginal increase of 1 percent over MY 2018/19, in line with the USDA official estimate. Food industry demand could reach a new high due to the increasing demand for sunflower oil. Crush is currently forecast to grow in Romania, France, and Bulgaria; followed by minor increases in Hungary and Czech Republic; and a decline in Spain due to lower local supplies. Another factor for uneven crush among member-states is the variation in crush margins.

A projected higher sunflower crop in the EU is likely to result in an increase of 20 percent in exports along with a lower import demand. Despite expected better supply, demand for crush is likely to result in a decrease in carry-out stocks and to support prices.

MY 2018/19

The EU production of sunflower is adjusted marginally downward based on final official statistical data. The revision is made for Romania, Hungary and France where production was reported lower than previously expected, and for Bulgaria and Germany where production is revised slightly upward. Final data is in line with USDA official estimate.

Import and export estimates are revised based on the latest trade data from the member-states and World Trade Atlas data for MY 2018/19 as of May 2019. Due to the lower crop, expectations are for an 11 percent higher sunflower seeds imports compared to MY 2017/18 while exports decrease by about 21 percent. Moldova, Argentina, and Serbia are the main origins for price competitive raw material for crush while Turkey is the main export market.

Crush was adjusted downward as a result of the latest national and industry data. Hungary and Spain report lower crush while minor growth is seen in Germany, the Czech Republic, and Poland. The EU industry data (FedOil) shows a four percent reduction in sunflower crush for the first five months of 2019 compared to the corresponding period in 2018. In the second half of the marketing year the crush margins have weakened in most member-states due to higher sunflower seed prices and depressed sunflower oil prices and despite the slight increase in sunflower meal price. The new crush estimate is slightly above USDA official and about a percentage point less than in MY 2017/18.

Sunflower Meal

MY 2019/20

EU sunflower meal output is forecast to increase by 1 percent in line with the increased crush. France, Romania, Bulgaria, Hungary, and the Czech Republic expect to see growth in the meal output while Spain projects a reduction. Despite its competitiveness, sunflower meal consumption may be hindered by high soybean meal availability and limited growth in EU feed consumption. Most member-states (France, Spain, Benelux, Germany, Denmark, Bulgaria, and Ireland) expect lower sunflower meal use for various reasons. Small increases are projected in Poland, Hungary, the United Kingdom, Romania, and Greece. Thus, the EU meal consumption is forecast to be 1-2 percent lower than in MY 2018/19 and below the USDA official estimate.

Better EU availability may limit import needs due to forecasted weaker demand and thereby motivate exports.

Thus, imports are projected 3 percent lower and in line with USDA official estimates; exports are higher compared to MY 2018/19.

MY 2018/19

EU sunflower meal output was adjusted downward to reflect the revised crush. Revisions for a decline compared to previous expectations are reported for Spain and Hungary, while Germany, Czech Republic, and Poland see some growth in meal output.

The EU is likely to see marginally higher use of sunflower meal in MY 2018/19 due to its good availability and price attractiveness. Better use compared to earlier expectations is reported by France and Romania while a decrease in consumption is seen in Spain, Hungary, and Poland. The EU consumption is expected to exceed MY 2017/18 level and is currently above USDA official estimates.

Imports and exports were revised based on the latest trade data, May 2019. Imports, mainly originating from Ukraine, followed by Russia and Argentina, are forecast to exceed MY 2017/18 level to meet the favorable feed demand. Third-country exports are expected down compared to MY 2017/18 to the advantage of domestic consumption. Exports are expected to be about 6.4 percent lower versus MY 2017/18.

Sunflower Oil

MY 2019/20

Sunflower oil production oil is projected slightly higher due to the increased crush. The estimate is in line with USDA official. The trend is estimated to be unevenly distributed among member states with France, Romania, Hungary, and Bulgaria expecting better output, followed by minor increases expected in Czech Republic, Italy, and Greece, and some declines in Spain, Benelux and Germany, compared to the current season.

Slightly higher production of sunflower oil is projected to lower import needs. The EU domestic demand for sunflower oil is expected to continue to be favorable. Food consumption is forecast to grow by another one to two percent in MY 2019/20 compared to the current season, and to reach a new high level. The current projection is above USDA official estimate.

MY 2018/19

Sunflower oil outputs adjusted slightly downwards due to the revised crush. The biggest annual growth in oil production is reported by Spain, Bulgaria, and the Czech Republic, followed by Austria, Benelux, Germany, Italy, Greece, and Poland, compared to MY 2017/18. France and Hungary had a decrease in sunflower oil output.

Sunflower oil has been quality and price attractive versus other food vegetable oils, especially rapeseed oil, on the European market this season. It often has been the cheapest oil - after the palm oil – and enjoys a favorable demand. Consumption is estimated to exceed MY 2017/18 by 2 percent although the current estimate is yet more conservative than USDA official.

Higher food use compared to MY 2017/18 is reported by Italy, the Netherlands, the United Kingdom, Portugal, Bulgaria, Romania, and Croatia. Minor declines are seen in Benelux, Germany, France, Spain, Hungary, and Poland.

Imports are revised upward based on the latest trade data of member-states driven by excellent food use demand. As of May 2019, imports were almost 20 percent above MY 2017/18.

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