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Czech Republic

Oilseeds and Products

Annual - Revised PS&D

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Report Highlights: An estimated 412,500 hectares (ha) is planted to oilseeds in the Czech Republic representing approximately 12% of total arable land. Rapeseed is the most popular oilseed, with an estimated 320,000 hectares planted for MY 2002/03. Sunflower seed will be planted on an estimated 30,000 hectares and soybeans only on 3,500 hectares. In response to market conditions, production of rapeseed will be slightly lower this year. The Ministry of Agriculture continues to subsidize the production of bio-fuels and could theoretically purchase up to 240,000 MT of rapeseed (or about a quarter of total production). Import of soybeans is influenced by the implementation of Law 153/2000 on GMOs, which requires labeling of RoundUp ready soy products. Labeling of consumer products containing GM soy ingredients is mandatory as of January 1, 2002. Imports of U.S. soybeans for crushing rose significantly in 2001.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Vienna [AU1], EZ

Oilseeds Area, Production, and Consumption

In MY 2002/2003 oilseeds area is estimated at:

Rapeseed:	320,000 hectares
Sunflower:	30,000 hectares
Poppy seed:	30,000 hectares
Mustard (white):	25,000 hectares
Flax:	4,000 hectares
Soybean:	3,500 hectares

Total:	412,500 hectares
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Rapeseed

Rapeseed production for MY 2002/03 is expected to be around 880,000 MT. Winter rape makes up almost the entire crop. Spring rape will be planted on 16,000 hectares this year, which is more than last year. Winter wheat was planted under unfavorable circumstances with heavy precipitation, therefore yields are expected slightly lower.

The 2001/2002 winter has been in general very mild. Although snow cover was less than normal there are no reports of winter kill. As of March, winter rape is standing well. Soil moisture levels remain somewhat below normal.

Beginning last year, production of rapeseed started to outstrip demand and the bull market of the late 1990's seems to be at an end. From MY 1996 to MY 1999, production went up by almost 80% and was driven by historically high prices of rapeseed, rape oil and meal. Last year's large crop led to a drastic fall of price (on average by \$50/MT) because of oversupply. This situation was exasperated by the fact that trading companies had difficulty exporting due in part to inadequate railroad transportation and handling facilities.

Sunflower seed

Sales of sunflower seed have been growing. In MY 2002/03 it is expected to be over 30,000 hectares, three times greater than MY 1997/98.

Soybeans

Even though production of soybeans in the Czech Republic is low compared to other oilseeds, its planted area of 3,500 hectares is about nine times larger this year than in MY 1999/00. Czech farmers are increasing soybean planted area in part due to contract demand from multinational food companies. Yields are between 1.2 - 1.5 MT/hectare and are low compared to other crops. Future growth in soybean production is conditioned on increased yields.

About 40,000 MT of soybeans for crushing are imported annually, mostly from Brazil. Lots are often imported under the pretext of being free of genetically modified (GM) soybeans although in practice few confirmation tests are done. For example, the largest Czech oilseed crushing plant Setuza had contractual problems when RoundUp Ready soybeans were found in a reportedly GMO free product imported from Brazil.

Beginning January 1, 2001, genetically modified organisms and feeds must be labeled. In order to avoid labeling (and a possible loss of customers) traders, importers and processors are seeking non-GM soybeans. (See [EZ0020](#) for the complete English text of this law.)

RoundUp Ready soybeans are currently the only approved GM foodstuff in the Czech Republic (although other GM ingredients and crops are in the pipeline for approval). See [EZ1016](#) for information relating to the labeling of consumer products containing soy ingredients.

Imports and Exports

No structural changes are expected that would significantly increase or decrease exports in the coming year.

Imports and exports of oils in 2001 in 1,000 MT:

	Import	Export
Soya oil	56	2
Sunflower oil	11	3
Rapeseed oil	19	45

Imports and exports of meals in 2001 in 1,000 MT:

	Import	Export
Soyabean meal	38	0.3
Sunflower meal	9	41
Rapeseed meal	13	339

The following tables shows imports of soybeans in the last six years in 1,000 MT.

Year	Total import	Import from the U.S.	Import from the “major competing countries”
1996	13	5	Netherlands 2.5, Argentina 1.6
1997	14	3	Netherlands 2.3, Germany 1.9, Argentina 1
1998	7	0.04	Belgium 1.6, Italy 1.2
1999	10	0.06	Slovakia 5, Argentina 2
2000	9	0.02	Slovakia 3.4, Netherlands 2.3
2001	38	17	Brazil 11, Netherlands 6.4

Comments: Imports from Germany and Netherlands are high because of transshipment of agricultural commodities from large ports in these countries. The increase in soybean imports over the past 12 months is the result of higher prices for rapeseed and increased production capacity of the Czech largest producer Setuza. Continuing imports of U.S. soybeans show that the GMO Law, which requires labeling, is not yet a serious barrier to soybean imports.

The origin of soybean meal imported into the Czech Republic is difficult to track since importers make their purchases in Germany and Holland and transshipments often go unreported. The main companies trading in oilseeds in the Czech Republic are Agropol, AGF Trading, Agrofert, and Setuza.

Production policy

The Czech government does not provide production support to oilseed growers. The lack of government support is partly supplemented by the activities of the Czech Union of Oilseed Growers and Processors. The Union represents about 70 percent of total oilseed production, the oilseed processing plant (Setuza), 40 small crushing plants, several seed companies, 850 growers and the three main oilseed trading companies. The Union provides information and consulting services to its members, include what kinds of oilseeds to grow, where to grow them, what fertilizers and pesticides to use, what the world prices of oilseeds are, and recommended sales prices. Union membership dues are 50 Kc per sown hectare per year.

Rapeseed and Biofuels

In spring 1999, the Ministry of Agriculture started to subsidize the industrial use of oils for the production of bio-fuel under the “Oleoprogram” (the oil program). This program was politically possible because of the convergence of high domestic rape production, high fuel prices, and low rape oil prices. This year under the program (regulation 86/2001), farmers may receive up to 5,500Kc (\$144) per hectare of land planted to industrial oilseeds. Participating farms are only permitted to plant up to 10% of overall planted area to industrial oilseeds and average prices are in the 4,200Kc/MT

(\$105/MT) range. Under the current rules, the state intervention agency can buy a maximum of 230,000 MT of industrial rapeseed in 2002.

Oilseed Processing

The only major soybean crusher in the Czech Republic is Setuza. The company has over 1,000 employees and has a capacity of 600,000 MT/year. About 450,000 MT of rapeseed is processed, 20,000 MT of sunflower and 20,000 MT of soybeans. Setuza's imports of soybeans is based on rapeseed availability and prices. Last year Setuza purchased a smaller crusher called Lukana. Setuza imports about 40,000 MT of soybean annually, mostly from the U.S. and Brazil. Next year imports of soybeans is expected around 100,000 MT (80,000 will be crushed for meals, 20,000 oils). There are other small oil processing plants in the Czech Republic but their share of total production is marginal.

Trade policy

Import tariffs on oilseed are as follows:

HTS number	Description	2002
1201.00.10	Soybean for sowing	Free
1201.0090	Soybean, other	Free
1205.00.10	Rapeseed for sowing	11.5 (CEFTA countries - Slovakia, Hungary, Poland, Slovenia, Romania, Bulgaria - Free)
1205.00.90	Rapeseed, other	60 (Hungary and Poland 15, Slovenia - Free)

Starting in 2000, the Czech government no longer required a licence to export rapeseed. A return of mandatory export licences is not foreseen.

(Exchange rate: March 2002: 1USD = 36CZK)