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Sweden

Oilseeds and Products

Annual

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Report Highlights: Favorable price developments on rapeseed in 2001 has been offsetting reduced CAP support and have increased the interest among farmers to plant rapeseed. Area planted to winter rapeseed in 2001 increased by 70 percent. However, the long-term effect of reduced CAP support is expected to be reduced rapeseed production in Sweden. Increased import requirements for vegetable protein for animal feed, due to the EU meat and bone meal (MBM) ban have been filled by soybean oilcakes, none of which is presently sourced from the U.S.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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EXECUTIVE SUMMARY

The initial effects of Agenda 2000, with decreasing support for rapeseed to the level of grain, has not been as negative for Swedish rapeseed production as was expected. Favorable price developments in 2001, mainly due to the weak Swedish krona, have been offsetting reduced CAP support and have increased the interest among farmers to plant rapeseed. As a result, area planted to winter rapeseed in 2001 increased by 70 percent. However, the anticipated long-term effect of reduced CAP support is negative to Swedish rapeseed production. The production of rapeseed decreased by 3 percent in 2001 to 112,000 metric tons. Due to the favorable market situation and, hence, increased area planted to rapeseed, MY 2002 's production is expected to increase substantially.

Because of perceived consumer opposition to GMOs, farmers and industry are still resisting use of U.S. soybeans in feed mixes. In Sweden, increased import requirements for vegetable protein for animal feed, due to the EU meat and bone meal (MBM) ban, has largely been filled by imported soybean oilcakes, from sources other than the U.S. Substitution of MBM with imported rapeseed meal has occurred to a lesser extent. Sweden imports virtually no rapeseed or rapeseed products from the U.S.

As mentioned in previous reports, information sources have become more sensitive and reluctant to share figures since Sweden joined the EU. Many of the PSD entries are therefore post's estimates.

Average exchange rate used in this report:
1 USD= 10.33 SEK

SITUATION AND OUTLOOK: RAPESEED

Import Market

Sweden has not been self-sufficient in rapeseed following the declines in production related to its adherence to the CAP in 1995. In MY 01/02, the production of rapeseed decreased somewhat, which will likely lead to relatively stable imports in MY 01/02. The U.S. share of imports of rapeseed is virtually non-existent. Imports of rapeseed are primarily from within the EU, although there is no tariff on oilseeds. In MY 2002/03 domestic production is expected to increase substantially, which will lead to lower imports. The average import price for rapeseed in MY 2000/01 increased by 24 percent compared to MY 1999/00, to 2.09 SEK/kg (USD 0.20/kg). Because of perceived consumer opposition to GMOs, farmers and industry are still resisting use of U.S. rapeseed. While it is not likely that U.S. products will gain access in the near future, longer term prospects are that GMO products will eventually be utilized.

Domestic Production

Rapeseed and turnip rape are the dominant oilseed crops in Sweden and are grown in the southern part of the country, normally up to the Uppsala area just north of Stockholm. Since Sweden's EU accession in 1995, the area sown to oilseed crops has been decreasing--- remaining well within the 123,300 hectares base area set by the Blair House agreement. The area planted to oilseed in Sweden for MY 2001/02 was 44,300 hectares (down 1 percent from 2000/01), out of which 21,800 hectares were planted to winter rapeseed. The remaining area of 22,500 hectares were planted to spring rapeseed. The yields of winter rapeseed were good in 2001, and reached an average of 3,200 kg/ha. The yields of spring rapeseed were poorer though, and averaged 2,200 kg/ha. The winter crop area for MY 02/03 is 36,000 hectares and the spring crop is expected to reach 31,000 hectares.

Under Agenda 2000, direct support for rapeseed has been incrementally reduced over a three year period. This translates into a 30 percent drop in rapeseed support to the level of grain support. The negative effects of reduced CAP support for rapeseed production from Agenda 2000 has been counteracted by positive price developments resulting from the weak krona. The average price for rapeseed in 2001 increased by 27 percent compared to 2000, to 1.97 SEK/kg (USD 0.19/kg). Because of this positive development, oilseed production is still economically advantageous compared to grain production. Swedish oilseed production is, however, very sensitive to price developments, and reduced CAP support is seen as a deterrent in the long run.

While the use of biotechnology has the potential to increase farmers' profitability which has been eroded by CAP reform, Swedish farmers are reluctant to use GMOs. Swedish farmers have nonetheless secured future access to advanced biotechnology through an agreement involving Svalöf Weibull (owned by Swedish Farmers Supply & Crop Marketing Association (SLR) and the German chemical giant BASF, and through a 15% Swedish shareholding in a new biotech company, Plant Science.

Industry Structure

Swedish oilseed production is mainly purchased by the farmers' cooperative, Swedish Crop Marketing Association (SLR), and either sold to Karlshamns AB for crushing, or used by SLR for feed production. SLR has an 80 % share of the feed market. The remaining 20% is accounted for by private feed manufacturers. The largest of these, Svenska Foder, is owned by the Danish company KFK and has a market share of 17%.

In 2000, the Swedish Seed and Oilseed Growers, SLR, Karlshamns AB, private feed manufacturers and Svalof-Weibull jointly established a company called Svensk Raps AB (Swedish Oilseed Rape LTD). Svensk Raps AB is working to strengthen Swedish rapeseed production through lobbying, experimental work on cultivation techniques, trimming costs throughout the chain of production, manufacturing, distribution and marketing, and through extensive information dissemination. Svensk Raps' strategy is to stress the positive effects oilseed has as a preceding crop in the rotation of crops. Despite the rather negative prospects for Swedish rapeseed production (see discussion above), Svensk Raps' goal is to increase Swedish oilseed area to 100,000 hectares.

Karlshamns AB Crushing & Feed Division is the sole oilseed crushing operation in Sweden. Its oilseed supply comes mainly from imports. It is centrally located in the in Karlshamns harbor on Sweden's south eastern coast of the Baltic Sea, positioning it well for importing from such locations as Germany, Denmark, the UK and Poland. Karlshamns is the leading producer of vegetable oils in the Nordics, and one of the top world suppliers of special fats for the food industry.

Consumption

Karlshamns AB has a crushing capacity of 250,000 metric tons and a stocking capacity of 100,000 metric tons of rapeseed. Production will reportedly continue at capacity levels. It supplies oils for the food industry.

SITUATION AND OUTLOOK: RAPESEED MEAL

Import Market

The Swedish feed industry is highly dependent on imported protein and oilseed meal. Usually about 100,000 metric tons of rapeseed meal are imported annually. The average import price for rapeseed meal in MY 2000/01 increased by 21 percent compared to MY 1999/00, to 1.38 SEK/kg (USD 0.13/kg). The MBM ban has caused increased demand for vegetable protein feed. According to the Swedish feed industry, the additional need for vegetable protein amounts to about 30,000 metric tons per year, which, for the most part, is being filled by soya. Imports of soybean oilcakes during the 10-month period January-November, 2001, amounted to 314,000 metric tons, compared to 300,000 tons during the corresponding period in 2000.

The U.S. share of feed imports has been nonexistent since 1996, due to a desire to avoid GMO products. The Swedish feed industry and their customers (primarily in the dairy industry) are largely influenced by concerns about consumer reaction to the use of GMOs in the food chain, and do not want to take the risk of using GMO feed. The feed industry is, however, concerned about the reliability of imported GMO-free soy products from its major source of imports, Brazil. The industry has expressed interest in examining the prospects of importing guaranteed GMO-free soya from the U.S. Currently, rapeseed and rapeseed products are mainly imported from European countries and, hence, reliability when it comes to GMOs is not an issue. As mentioned above, longer term prospects are that GMO products will eventually be utilized.

Domestic Production

Karlshamns AB produces roughly 150,000 metric tons of rapeseed meal and expeller which is heat-treated to improve protein availability in feed for dairy cattle. The demand for rapeseed meal exceeds production.

Consumption

The domestic feed industry supplies 97 percent of total consumption of feed in Sweden (petfood excluded). Total feed consumption in Sweden amounts to about 2.5 million tons per year, out of which 50 percent goes to dairy and beef production, 20 percent to poultry and 23 percent to hog production.

SITUATION AND OUTLOOK: RAPESEED OIL

Import Market

The total import market for rapeseed oil amounts to roughly 55,000 metric tons. There are virtually no imports of U.S. rapeseed oil. Imports of rapeseed oil for non-food use amount to about 50 percent of total imports. The average import price for rapeseed meal in MY 2000/01 increased by 2 percent compared to MY 1999/00, to 4.65 SEK/kg (USD 0.45/kg). Imports of soybean oil amounts to about 23,500 metric tons per year, olive oil to and 3,400 metric tons and maize oil to about 1,200 metric tons. As for rapeseed and rapeseed meal, imports from the U.S. are hampered by the industry’s concerns about consumer reaction to the use of GMOs in the food chain.

Domestic Production

Domestic production of oil is limited to rapeseed oil from Karlshamns AB. Although there are no firm figures available, production is expected to continue at about 100,000 metric tons.

Consumption

Rapeseed oil consumption, which doubled in the last few decades, seems to have stabilized at roughly 150,000 metric tons. In the 1990's, consumption of fats shifted towards light margarine and cooking oil and away from butter.

STATISTICAL SECTION

PS&D Tables

PSD Table						
Country	Sweden					
Commodity	Oilseed, Rapeseed				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Planted	45	45	42	45	0	67
Area Harvested	44	45	41	44	0	65
Beginning Stocks	11	11	11	5	14	7
Production	115	115	110	112	0	165
MY Imports	180	172	185	185	0	80
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	170	168	175	185	0	0
TOTAL SUPPLY	306	298	306	302	14	252
MY Exports	5	3	2	5	0	0
MY Exp. to the EC	5	3	2	5	0	0
Crush Dom. Consumption	250	250	250	250	0	250
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	40	40	40	40	0	0
TOTAL Dom. Consumption	290	290	290	290	0	250
Ending Stocks	11	5	14	7	0	0
TOTAL DISTRIBUTION	306	298	306	302	0	250
Calendar Year Imports	115	132	170	170	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	2	3	2	2	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Sweden					

Commodity	Meal, Rapeseed				(1000 MT)(PER CENT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Crush	250	250	250	250	0	250
Extr. Rate, 999.9999	0.6	0.6	0.6	0.6	ERR	0.6
Beginning Stocks	10	10	10	0	10	1
Production	150	150	150	150	0	150
MY Imports	100	99	95	105	0	100
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	100	99	95	105	0	0
TOTAL SUPPLY	260	259	255	255	10	251
MY Exports	5	16	5	10	0	5
MY Exp. to the EC	5	1	5	2	0	1
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	245	243	240	244	0	245
TOTAL Dom. Consumption	245	243	240	244	0	245
Ending Stocks	10	0	10	1	0	1
TOTAL DISTRIBUTION	260	259	255	255	0	251
Calendar Year Imports	100	100	95	105	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	5	5	5	5	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Sweden					

Commodity	Oil, Rapeseed				(1000 MT)(PER CENT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Crush	250	250	250	250	0	250
Extr. Rate, 999.9999	0.4	0.4	0.4	0.4	ERR	0.4
Beginning Stocks	20	20	20	19	10	14
Production	100	100	100	100	0	100
MY Imports	55	54	50	55	0	55
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	55	54	55	55	0	55
TOTAL SUPPLY	175	174	170	174	10	169
MY Exports	10	10	10	15	0	10
MY Exp. to the EC	10	10	10	15	0	10
Industrial Dom. Consum	30	30	30	30	0	30
Food Use Dom. Consump.	115	115	120	115	0	115
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	145	145	150	145	0	145
Ending Stocks	20	19	10	14	0	14
TOTAL DISTRIBUTION	175	174	170	174	0	169
Calendar Year Imports	55	55	55	52	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	10	10	10	12	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Trade Matrices

Export Trade Matrix			

Country	Sweden		
Commodity	Oilseed, Rapeseed		
Time period	Oct-Sep	Units:	metric tons
Exports for:	1999		2000
U.S.	1	U.S.	0
Others		Others	
Finland	2853	Denmark	1959
Denmark	133	Finland	1032
Norway	63	Latvia	42
Czech Republic	25	Lithuania	8
Total for Others	3074		3041
Others not Listed	27		21
Grand Total	3102		3062

Import Trade Matrix			
Country	Sweden		
Commodity	Oilseed, Rapeseed		
Time period	Oct-Sep	Units:	metric tons
Imports for:	1999		2000
U.S.	0	U.S.	
Others		Others	
Germany	66246	Germany	136168
Denmark	22140	Denmark	20464
United Kingdom	5236	France	14341
Canada	18		
Netherlands	16		
Total for Others	93656		170973
Others not Listed	3158		961
Grand Total	96814		171934

Export Trade Matrix			

Country	Sweden		
Commodity	Meal, Rapeseed		
Time period	Oct-Sep	Units:	metric tons
Exports for:	1999		2000
U.S.	0	U.S.	0
Others		Others	
Finland	3829	Denmark	1959
Norway	1724	Finland	1032
Total for Others	5553		2991
Others not Listed	0		71
Grand Total	5553		3062

Import Trade Matrix			
Country	Sweden		
Commodity	Meal, Rapeseed		
Time period	Oct-Sep	Units:	metric tons
Imports for:	1999		2000
U.S.	0	U.S.	0
Others		Others	
Germany	56795	Germany	56413
Denmark	39069	Denmark	42640
Total for Others	95864		99053
Others not Listed	1693		3
Grand Total	97557		99056

Export Trade Matrix			
Country	Sweden		
Commodity	Oil, Rapeseed		
Time period	Oct-Sep	Units:	metric tons
Exports for:	1999		2000
U.S.	0	U.S.	0
Others		Others	
United Kingdom	4188	United Kingdom	3339
Switzerland	3000	Finland	1451
Finland	2129	Norway	1433
Norway	1662	South Korea	817
Denmark	802	Denmark	618
Total for Others	11781		7658
Others not Listed	964		2188
Grand Total	12745		9846

Import Trade Matrix			
Country	Sweden		
Commodity	Oil, Rapeseed		
Time period	Oct-Sep	Units:	metric tons
Imports for:	1999		2000
U.S.	0	U.S.	0
Others		Others	
Netherlands	35775	Netherlands	36424
Denmark	10937	Denmark	7372
Germany	3382	Germany	4910
United Kingdom	1097	Italy	1975
Italy	718	United Kingdom	1208
Total for Others	51909		51889
Others not Listed	2380		2240
Grand Total	54289		54129