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# **Report Name:** Oilseeds and Products Annual

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**Report Highlights:**

Total European Union (EU) oilseeds area in MY 2020/21 is forecast to remain essentially flat compared to the previous year. Slightly increased area and higher average rapeseed yields but somewhat lower soybean and sunflower production are forecast to result in a 3 percent higher total oilseeds production. NOTE: This report was drafted at the beginning of the Covid-19 (Coronavirus) crisis. As of mid-March 2020, the global oilseed market is characterized by market distortions as a result of the Covid-19 virus pandemic, as well as the decreasing demand for crude oil accompanied by a drop in prices. Future developments are subject to considerable uncertainties which, due to timing, could not be considered in this report. Please watch the GAIN system for relevant updated reports.

**Executive Summary:**
Coordinator: Roswitha Krautgartner, FAS/Vienna

**General**

As of mid-March 2020, the global oilseed market is characterized by market distortions as a result of the Covid-19 virus pandemic, as well as the decreasing demand for crude oil accompanied by a drop in prices. Further outlook is highly uncertain due to the unknown effects and duration of the pandemic.

Anticipating a scenario with a stable or slightly reduced domestic meat consumption – including a continuing strong import demand for pork in EU's main export market China – EU demand for meals is forecast to remain stable in 2020 and 2021. Because this season the EU is less likely to source the same volume of rapeseed from Canada and the Ukraine, the EU's dependency on domestic oilseed and grain supply, and soybean imports is likely to increase. Dry weather conditions could possibly further increase the dependence on soybean and soybean meal imports. The current market situation is also characterized by relaxation of the trade war between the United States and China, by which the EU is forecast to source more soybeans and meal from South America. Low petroleum prices will increase the competitiveness of fossil gasoline and diesel, but demand for vegetable oils is forecast to remain strong based on stable human consumption and biofuel mandates for 2020.

Unless otherwise noted, 'EU' in this report refers to EU27+UK, the current European Union Customs Union

**Seeds**
Total EU oilseeds area in MY 2020/21 is forecast to remain essentially flat compared to the previous year. Following a substantial decrease in the previous year, expectations are for a slightly increased rapeseed acreage compared to the low of MY 2019/20. This expanded rapeseed acreage balances a decrease in sunflower acreage; soybean acreage should increase, albeit (very) marginally. Slightly increased area and higher average rapeseed yields but somewhat lower soybean and sunflower production are resulting in a 3 percent higher total oilseeds production forecast. Yield expectations for rapeseed are higher than in the past season. Sunflower yields are forecast to be up just over one percent after disappointing yields in MY 2019/20 in some major producing countries.

**Meals**
The EU oilseeds crush is forecast to increase slightly in line with the higher production but flat imports and lower exports. Increased crush takes place in rapeseed, whereas sunflower crush is expected to decline and soybean crush is only increasing marginally. The lower sunflower crush is explained by higher rapeseed crop and competitive soybean imports. Following the somewhat higher crush, EU oilseeds meal production is expected to increase by about 0.6 percent. Feed use of oilseeds meals is forecast to remain flat with increased soybean meal use but declining use of rapeseed and sunflower meal.

**Oils**

EU total domestic oilseeds oil production is forecast to increase by almost 2 percent. The reason for that increase is mainly the forecasted increased production of olive oil. Despite the somewhat lower sunflower oil production, food consumption of sunflower oil is projected to keep expanding. In MY 2020/21, food use of olive oil and rapeseed oil are also forecast to increase resulting in an overall 1.1 percent increase of food use of oilseeds oils.

**Policy**

The EU Renewable Energy Directive (RED) requires all biofuel 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 RED targets. In December 2018, the EU published the new Directive, RED II. RED II will enter into force in 2021. It sets out a 32 percent binding renewable energy target for the EU for 2030, with an upward revision clause to be revisited in 2023. RED II will also put in place a freeze on the use of high-risk indirect land use change (ILUC) biofuels at the 2019 levels to phase them out completely by 2030. Only palm oil falls under this definition and will need to be phased out by 2030. Soybean, rapeseed, and sunflower do not fall under this definition.

In December 2019, the European Commission presented the European Green Deal whose main objective is for the EU to become a climate neutral continent in terms of impacts on agriculture and food production. The Farm to Fork Strategy nested within the Green Deal will have the biggest impact. The strategy is expected to be released in spring 2020. The strategy will include provisions related to imported food and feed that will need to comply with relevant EU environmental standards to be allowed on EU markets.

**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:**

- This report has been drafted at the beginning of the Covid-19 (Coronavirus) crisis. Future developments are subject to considerable uncertainties which are not taken into account in this report.
- Unless otherwise noted, 'EU' in this report refers to EU-27+UK, the current EU Customs Union.
- 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".

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

The marketing years 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

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.

As of mid-March 2020, the global oilseed market is characterized by market distortions as a result of the Covid-19 virus pandemic, as well as the decreasing demand for crude oil accompanied by a drop in prices. Further outlook is highly uncertain due to the unknown effects and duration of the pandemic.

Anticipating a scenario with a stable or slightly reduced domestic meat consumption – including a continuing strong import demand for pork in EU's main export market China – EU demand for meals is forecast to remain stable in 2020 and 2021. Because this season the EU is less likely to source the same volume of rapeseed from Canada and the Ukraine, the EU's dependency on domestic oilseed and grain supply, and soybean imports is likely to increase. Dry weather conditions could possibly further increase the dependence on soybean and soybean meal imports. The current market situation is also characterized by relaxation of the trade war between the United States and China, by which the EU is forecast to source more soybeans and meal from South America. Low petroleum prices will increase the completeness of fossil gasoline and diesel, but demand for vegetable oils is forecast to remain strong based on stable human consumption and biofuel mandates for 2020.

**Total Oilseeds – Seeds**

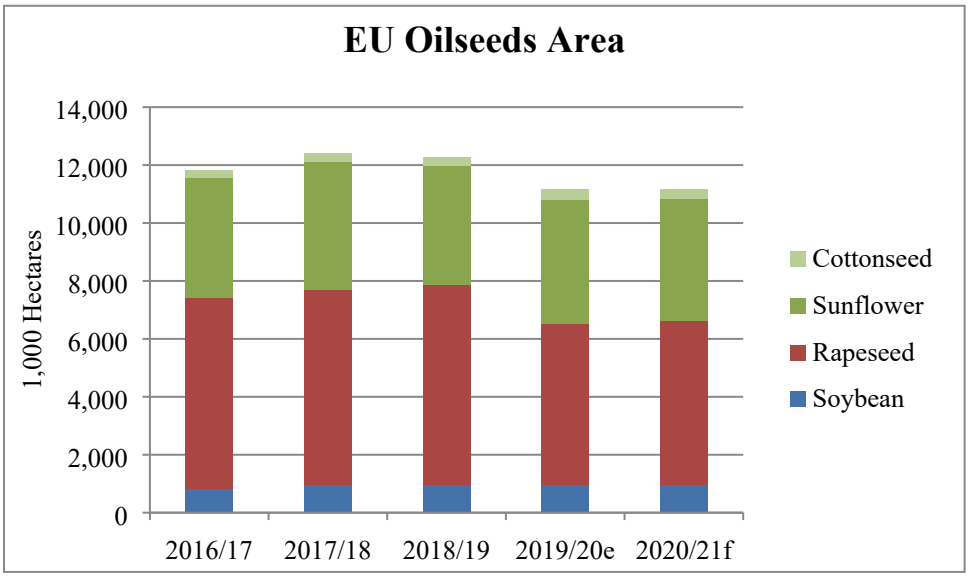
| Oilseed, Total Oilseeds | 2018/2019 | | 2019/2020 | | 2020/2021 | |
|---|---|---|---|---|---|---|
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested | 12,391 | 12,271 | 11,182 | 11,166 | 0 | 11,164 |
| Beginning Stocks | 3,996 | 3,996 | 3,570 | 3,487 | 0 | 2,670 |
| Production | 32,760 | 32,783 | 29,977 | 29,908 | 0 | 30,805 |
| MY Imports | 20,699 | 20,686 | 22,820 | 22,075 | 0 | 22,077 |
| Total Supply | 57,455 | 57,465 | 56,367 | 55,470 | 0 | 55,552 |
| MY Exports | 965 | 976 | 1,020 | 993 | 0 | 863 |
| Crush | 48,630 | 48,235 | 47,658 | 47,070 | 0 | 47,315 |
| Food Use Dom. Cons. | 1,667 | 1,636 | 1,665 | 1,640 | 0 | 1,640 |
| Feed Waste Dom. Cons. | 2,623 | 3,123 | 3,033 | 3,103 | 0 | 3,098 |
| Total Dom. Cons. | 52,920 | 52,994 | 52,356 | 51,813 | 0 | 52,053 |
| Ending Stocks | 3,570 | 3,487 | 2,991 | 2,664 | 0 | 2,636 |
| Total Distribution | 57,455 | 57,465 | 56,367 | 55,470 | 0 | 55,552 |
| | | | | | | |
| (1000 HA) ,(1000 MT) ,(MT/HA) | | | | | | |

Please note that numbers for total oilseeds seeds include cottonseed which is not included in oilseeds meals and oils.
Source: FAS Posts

**EU Total Oilseeds Area**

**MY 2020/21**

Total EU oilseeds area in MY 2020/21 is forecast to remain essentially flat compared to the previous year. Expectations are for a slightly increased rapeseed acreage compared to the low of MY 2019/20. This expanded rapeseed acreage balances a decrease in sunflower acreage; soybean acreage should increase, albeit (very) marginally. Following a substantial decrease in the previous year, expectations are for a slightly increased rapeseed acreage. The rapeseed acreage increase together with slightly higher soybean acreage offsets the decrease in sunflower acreage. The ban of on neonicotinoids continues to negatively affect rapeseed and sunflower plantings. Increased soybean plantings are expected in Italy, Austria, Slovakia, Germany, Poland, and Slovenia. France, Germany, and Romania report higher rapeseed acreage compared to MY 2019/20 but the acreage remains low compared to MY 2018/19 and previous years. A considerable decline of sunflower acreage is expected in Romania and Spain.

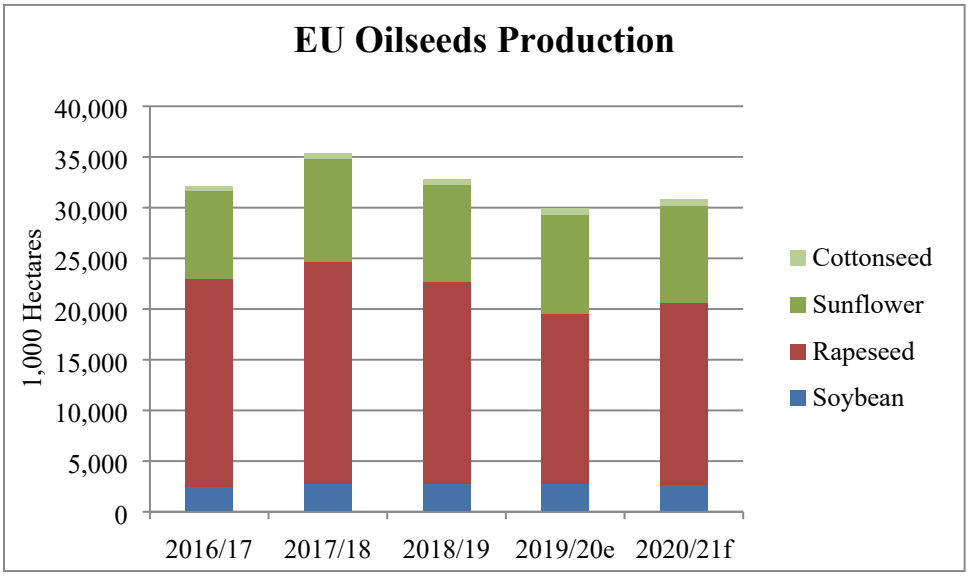



Source: FAS Posts

**EU Total Oilseeds Production**

**MY 2020/21**

Higher average rapeseed yields should readily overcome minimal reductions in 0.7 percent lower soybean and 1 percent lower sunflower production, resulting in a 3 percent higher total oilseeds production. Thus far, there are no reports on winterkill. However, the UK is an exception regarding rapeseed yield expectations; wet conditions are forecast to limit yield expectations significantly. Sunflower yields are forecast to be slightly up after disappointing yields in MY 2019/20 in some major producing countries.




Source: FAS Posts

**EU Total Oilseeds Crush**

**MY 2020/21**

The EU oilseeds crush of EU oilseeds is forecast to increase in line with the higher production but almost flat seed imports and lower exports. Increased crush takes place in rapeseed, whereas sunflower crush is expected to decline and soybean crush is only increasing marginally. The lower sunflower crush is explained by minimally higher rapeseed crop, although at a low level compared to MY 2018/19 and earlier, and competitive soybean imports.

**Total Oilseed – Meals**

| Meal, Total Oilseeds | 2018/2019 | | 2019/2020 | | 2020/2021 | |
|---|---|---|---|---|---|---|
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Crush | 48,335 | 47,935 | 47,308 | 46,735 | 0 | 46,985 |
| Beginning Stocks | 993 | 993 | 1,290 | 1,610 | 0 | 1,202 |
| Production | 31,115 | 31,057 | 30,648 | 30,259 | 0 | 30,429 |
| MY Imports | 25,528 | 25,473 | 25,304 | 25,473 | 0 | 25,572 |
| Total Supply | 57,636 | 57,523 | 57,242 | 57,342 | 0 | 57,203 |
| MY Exports | 1,340 | 1,338 | 1,310 | 1,290 | 0 | 1,265 |
| Industrial Dom. Cons. | 570 | 570 | 570 | 570 | 0 | 570 |
| Food Use Dom. Cons. | 32 | 32 | 32 | 32 | 0 | 32 |
| Feed Waste Dom. Cons. | 54,404 | 53,973 | 54,538 | 54,248 | 0 | 54,181 |
| Total Dom. Cons. | 55,006 | 54,575 | 55,140 | 54,850 | 0 | 54,783 |
| Ending Stocks | 1,290 | 1,610 | 792 | 1,202 | 0 | 1,155 |
| Total Distribution | 57,636 | 57,523 | 57,242 | 57,342 | 0 | 57,203 |
| | | | | | | |
| (1000 MT) ,(PERCENT) | | | | | | |

Please note that numbers in oilseeds meals and oils do not include cottonseeds as cottonseed meal and cottonseed oil are not included in this report.
Source: FAS Posts

**MY 2020/21**

Following the somewhat higher crush, EU oilseeds meal production is expected to increase by about 0.6 percent. Feed use of oilseeds meals is forecast to remain almost flat with increased soybean meal use but declining use of rapeseed and sunflower meal.

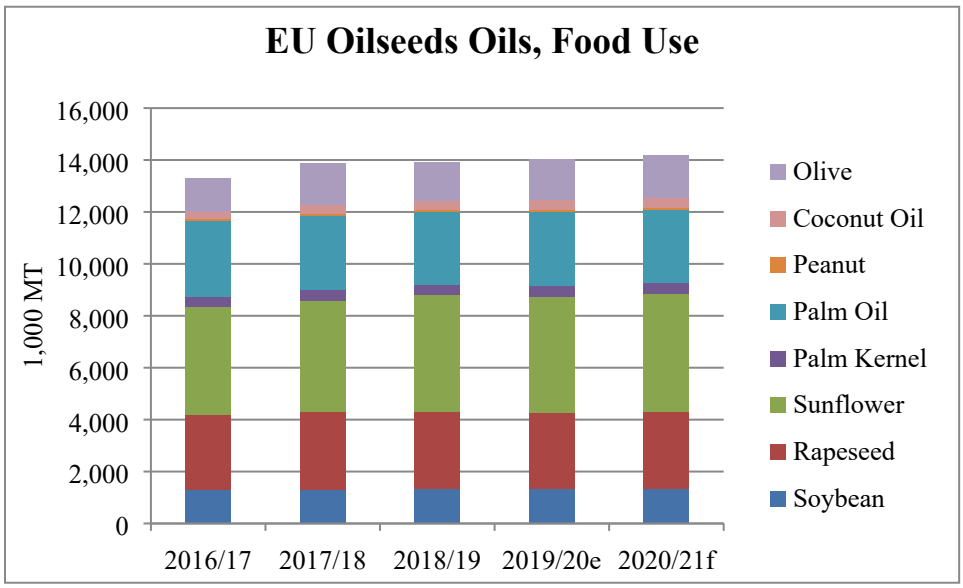
**Total Oilseeds – Oils**

| Oil, Total Oilseeds | 2018/2019 | | 2019/2020 | | 2020/2021 | |
|---|---|---|---|---|---|---|
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Crush | 48,335 | 47,935 | 47,308 | 46,735 | 0 | 46,985 |
| Beginning Stocks | 2,192 | 2,192 | 2,839 | 3,060 | 0 | 2,782 |
| Production | 19,106 | 18,728 | 18,287 | 18,019 | 0 | 18,338 |
| MY Imports | 11,606 | 11,448 | 11,610 | 11,053 | 0 | 11,073 |
| Total Supply | 32,904 | 32,368 | 32,736 | 32,132 | 0 | 32,193 |
| MY Exports | 2,358 | 2,276 | 2,458 | 2,353 | 0 | 2,322 |
| Industrial Dom. Cons. | 11,985 | 11,730 | 11,345 | 11,495 | 0 | 11,555 |
| Food Use Dom. Cons. | 14,299 | 13,924 | 14,609 | 14,023 | 0 | 14,178 |
| Feed Waste Dom. Cons. | 353 | 328 | 353 | 330 | 0 | 329 |
| Total Dom. Cons. | 27,687 | 27,032 | 27,377 | 26,998 | 0 | 27,232 |
| Ending Stocks | 2,859 | 3,060 | 2,901 | 2,781 | 0 | 2,639 |
| Total Distribution | 32,904 | 32,368 | 32,736 | 32,132 | 0 | 32,193 |
| | | | | | | |
| (1000 MT), (PERCENT) | | | | | | |

Please note that numbers in oilseeds meals and oils do not include cottonseeds as cottonseed meal and cottonseed oil are not included in this report.
Source: FAS Posts

**MY 2020/21**

EU total domestic oilseeds oil production is forecast to increase by almost 2 percent. The reason for that increase is mainly the forecasted increased production of olive oil (olive oil is not included in the crush numbers). Despite the somewhat lower sunflower oil production, food consumption of sunflower oil is projected to keep expanding. In MY 2020/21, food use of olive oil and rapeseed oil are also forecast to increase resulting in an overall increase of food use of oilseeds oils by about 1.1 percent.




Source: FAS Posts

**2. Soybean Complex**

Coordinator: Lucile Lefebvre, FAS/Paris

The EU remains the world's second largest importer of soybeans after China and the world's largest importer of soybean meal. The EU soybean planted area is on an increasing trend due to incentive policies under the Common Agricultural Policy (CAP). Between 2008 and 2015, planted area tripled but then growth slowed. Local production (2.7 MMT in MY 2020/21) remains limited compared to imports (14.8 MMT of soybeans and 19.2 MMT of soybean meal in MY 2020/21).

Both domestic and imported soybeans are crushed to produce meal (80 percent) and oil (20 percent).

EU soybean crush is driven by meal demand. Soybean meal is used for feed in the livestock and poultry sectors. Demand depends on the relative prices and availability of substitutes (such as rapeseed meal, sunflower meal, and grains) and on the growth rate of the livestock and poultry sectors. In the last few years, the share of soybean meal in total feed rations decreased for dairy production (it was replaced with rapeseed meal) but it remained high for poultry and swine because of its high protein content.

In the EU, soybean oil is mainly used for food and industrial uses such as biofuels, cosmetics, and paint. The excess supply of soybean oil is exported to third countries, mainly in North Africa. Since MY 2011/12, the EU has been a net exporter of soybean oil.

Trade figures are revised according to the most recent data available from Trade Data Monitor (December 2019); harvest and crush estimates from producing countries.

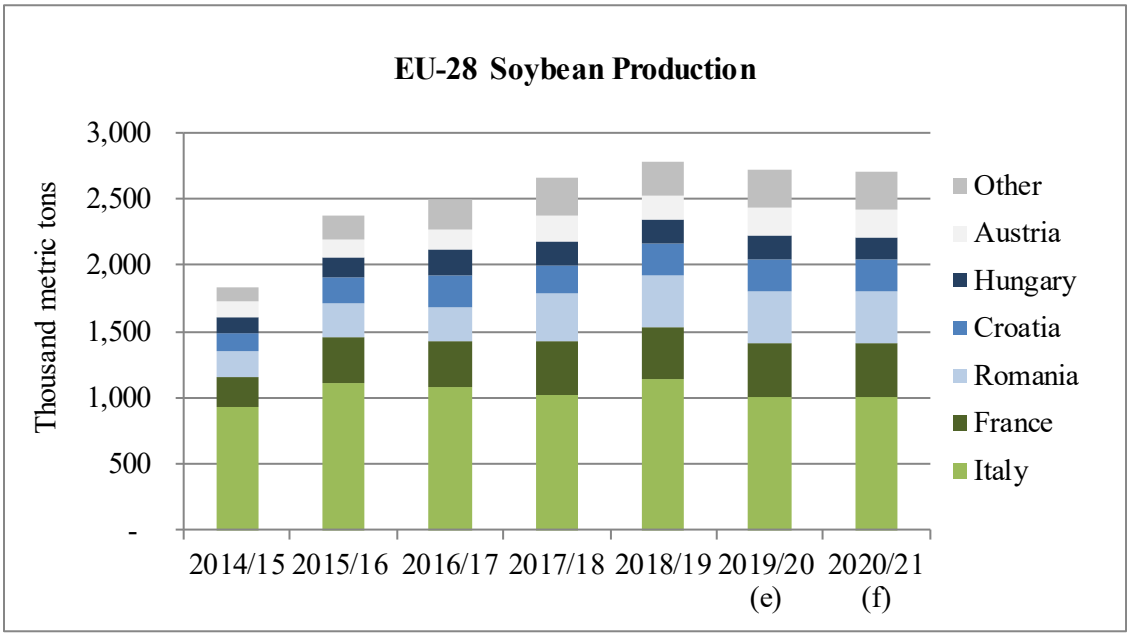
**Soybean Seed**

| Oilseed, Soybean | 2018/2019 | | 2019/2020 | | 2020/2021 | |
|---|---|---|---|---|---|---|
| Market Begin Year | Oct 2018 | | Oct 2019 | | Oct 2020 | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested | 926 | 960 | 910 | 965 | | 970 |
| Beginning Stocks | 1,398 | 1,398 | 1,727 | 1,522 | | 1,432 |
| Production | 2,664 | 2,780 | 2,600 | 2,720 | | 2,700 |
| MY Imports | 15,004 | 14,983 | 15,200 | 14,700 | | 14,800 |
| Total Supply | 19,066 | 19,161 | 19,527 | 18,942 | | 18,932 |
| MY Exports | 179 | 179 | 250 | 250 | | 230 |
| Crush | 15,500 | 15,800 | 15,900 | 15,600 | | 15,650 |
| Food Use Dom. Cons. | 260 | 260 | 260 | 260 | | 260 |
| Feed Waste Dom. Cons. | 1,400 | 1,400 | 1,450 | 1,400 | | 1,400 |
| Total Dom. Cons. | 17,160 | 17,460 | 17,610 | 17,260 | | 17,310 |
| Ending Stocks | 1,727 | 1,522 | 1,667 | 1,432 | | 1,392 |
| Total Distribution | 19,066 | 19,161 | 19,527 | 18,942 | | 18,932 |
| | | | | | | |
| (1000 HA) ,(1000 MT) ,(MT/HA) | | | | | | |

Source: FAS Posts

**MY 2020/21**

In MY 2020/21, EU soybean planted area is expected to go up 0.5 percent compared to MY 2019/20. Area is expected to increase in Italy, Austria, Slovakia, Germany, Poland, and Slovenia whereas it is expected to decrease in Romania and in the Czech Republic. Production could be down 0.5 percent due to lower average yield.




Source: FAS Posts

EU imports of soybeans and crush are expected to increase by less than 1 percent compared to the previous year but to remain below the high level of MY 2018/19.

**MY 2019/20**

In MY 2019/20, EU soybean production decreases by 2 percent compared to previous year. In Italy, the leading producer of soybeans in the EU, soybean planted area is expected to decrease by more than 25 thousand hectares. Compared to MY 2018/19, soybean planted area and production increase in France, Romania, Austria, Slovakia, and Germany but decrease in Italy and Hungary.

The EU soybean imports and crush are expected to remain at a high level in MY 2019/20 but they are revised down compared to previous USDA official estimates. They decrease compared to the previous year. Imports and crush were exceptionally high in MY 2018/19 for many reasons including the low price of U.S. soybeans and limited meal supply from Argentina. Moreover, in MY 2019/20, rapeseed crushing margins are improving compared to soybean crushing margins. In the Netherlands crushers can switch between rapeseed and soybeans depending on crushing margins. At the end of 2019, they only crushed soybeans because soybean crushing margins were high. At the beginning of 2020, they started crushing limited quantities of rapeseed again.

Regarding the origin of EU imports, imports from the United States were exceptionally high in MY 2018/19; they are expected to remain high but to decrease. The EU is expected to source most of its soybeans from the United States until mid-MY 2019/20; then U.S. soybeans will be exported to China, and Brazil will start exporting to the EU.

**Soybean Meal**

| Meal, Soybean | 2018/2019 | | 2019/2020 | | 2020/2021 | |
|---|---|---|---|---|---|---|
| Market Begin Year | Oct 2018 | | Oct 2019 | | Oct 2020 | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Crush | 15,500 | 15,800 | 15,900 | 15,600 | | 15,650 |
| Extr. Rate | 0.79 | 0.79 | 0.79 | 0.79 | | 0.79 |
| Beginning Stocks | 213 | 213 | 341 | 635 | | 617 |
| Production | 12,245 | 12,482 | 12,561 | 12,324 | | 12,364 |
| MY Imports | 18,699 | 18,756 | 18,700 | 19,100 | | 19,200 |
| Total Supply | 31,157 | 31,451 | 31,602 | 32,059 | | 32,181 |
| MY Exports | 374 | 374 | 300 | 300 | | 300 |
| Industrial Dom. Cons. | 10 | 10 | 10 | 10 | | 10 |
| Food Use Dom. Cons. | 32 | 32 | 32 | 32 | | 32 |
| Feed Waste Dom. Cons. | 30,400 | 30,400 | 31,100 | 31,100 | | 31,239 |
| Total Dom. Cons. | 30,442 | 30,442 | 31,142 | 31,142 | | 31,281 |
| Ending Stocks | 341 | 635 | 160 | 617 | | 600 |
| Total Distribution | 31,157 | 31,451 | 31,602 | 32,059 | | 32,181 |
| | | | | | | |
| (1000 MT) ,(PERCENT) | | | | | | |

Source: FAS Posts

**MY 2020/21**

In MY 2020/21, EU imports and feed use of soybean meal are expected to go up 0.5 percent compared to previous year. The largest projected increases are in the United Kingdom, Poland, and Spain.

**MY 2019/20**

The EU soybean meal imports for MY 2019/20 are revised up compared to previous USDA official estimate. Especially Spain, Portugal, and Poland report increased imports to offset lower than expected crush.

Feed use of soybean meal is expected to go up compared to MY 2018/19 in response to the lower availability of other oilseeds meals. Another factor for the higher soybean meal use is the expanding swine and poultry production.[1]

Stocks are revised up according to the most recent data available from FAS Posts.

**Soybean Oil**

| Oil, Soybean<br>Market Begin Year<br>European Union | 2018/2019<br>Oct 2018 | | 2019/2020<br>Oct 2019 | | 2020/2021<br>Oct 2020 | |
|---|---|---|---|---|---|---|
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Crush** | 15,500 | 15,800 | 15,900 | 15,600 | 0 | 15,650 |
| **Extr. Rate** | 0.19 | 0.19 | 0.19 | 0.19 | 0 | 0.19 |
| **Beginning Stocks** | 149 | 149 | 267 | 324 | 0 | 393 |
| **Production** | 2,945 | 3,002 | 3,021 | 2,964 | 0 | 2,974 |
| **MY Imports** | 416 | 416 | 375 | 430 | 0 | 440 |
| **Total Supply** | 3,510 | 3,567 | 3,663 | 3,718 | 0 | 3,807 |
| **MY Exports** | 788 | 788 | 850 | 770 | 0 | 750 |
| **Industrial Dom. Cons.** | 1,050 | 1,050 | 1,070 | 1,150 | 0 | 1,170 |
| **Food Use Dom. Cons.** | 1,350 | 1,350 | 1,400 | 1,350 | 0 | 1,350 |
| **Feed Waste Dom. Cons.** | 55 | 55 | 55 | 55 | 0 | 55 |
| **Total Dom. Cons.** | 2,455 | 2,455 | 2,525 | 2,555 | 0 | 2,575 |
| **Ending Stocks** | 267 | 324 | 288 | 393 | 0 | 482 |
| **Total Distribution** | 3,510 | 3,567 | 3,663 | 3,718 | 0 | 3,807 |
| | | | | | | |
| (1000 MT) ,(PERCENT) | | | | | | |

Source: FAS Posts

EU soybean oil imports and industrial use are raised compared to previous USDA official estimates whereas exports of soybean oil are revised down. These adjustments are due to the upward revision of biofuel use of soybean oil which is expected to increase compared to MY 2018/19. Soybean oil has potential to gain share in the biodiesel feedstock mix in Spain and Portugal where RED II creates opportunities for virgin oils-based Fatty Acid Methyl Ester (FAME). In 2019, for the first time Spain and Portugal imported U.S. soybeans under the Soy Sustainability Assurance Protocol for biofuels (SSAP-RED).

[1] See the FAS GAIN Reports EU Livestock & Products Semi-Annual 2020 and EU Poultry & Products Semi-Annual 2020

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

As of mid-March 2020, the global rapeseed market was characterized by market distortions as a result of the Covid-19 virus pandemic, as well as the decreasing demand for crude oil accompanied by a drop in prices. As a result, trade on the EU rapeseed market has virtually come to a standstill. The prices for rapeseed are under pressure, as well as the prices for rapeseed meal and rapeseed oil. Thus, the willingness of EU farmers to sell remaining stocks is low. There is also little impetus from the demand side, as rapeseed crushers are well supplied until the end of the season. Further outlook is highly uncertain due to the unknown effects and duration of the pandemic.

The underlying driving force in the EU rapeseed market is the fact that demand outstrips domestic supply. Every season, there is the need for large imports of rapeseed for crushing which mainly comes from Ukraine, Canada, and Australia. Though, rapeseed is still the dominant oilseed in the EU, supply has become tighter as acreage has decreased in recent years since it has become less attractive for farmers to plant rapeseed.

The reason for the substantial decrease in rapeseed area is the ban on neonicotinoids in the EU. The ban makes rapeseed cultivation both more difficult and costly. The remaining insecticides available on the market are not as effective, resulting in higher insect damage despite increased frequency of pesticide applications. Higher costs and lower yields make rapeseed less competitive compared to other crops. Currently, farmers continue planting rapeseed on a stable, albeit lower, level despite the weaker economic results since there is a lack of suitable alternatives for its role in the crop rotation.

The EU rapeseed market is driven by the demand for products after crushing - rapeseed meal and rapeseed oil. Rapeseed oil is the most important driver and it is mainly used by the biodiesel industry. The industry directly depends on biofuels policy decisions through the RED since production levels are mandated by the EU. Compared with biodiesel, food and industrial use of rapeseed oil influence demand to a lesser extent. Please see webpage of USDA's office at the US Mission to the European Union for more information: https://www.usda-eu.org/trade-with-the-eu/eu-import-rules/biofuels/

Rapeseed meal is used in the livestock sector as the EU is a leading producer and exporter of meat and dairy products. Here, rapeseed meal competes with U.S. 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 just replace soybean meal to a certain extent in meat production. Due to its high protein content, soybean meal remains the top choice in feed ratios for poultry and swine.

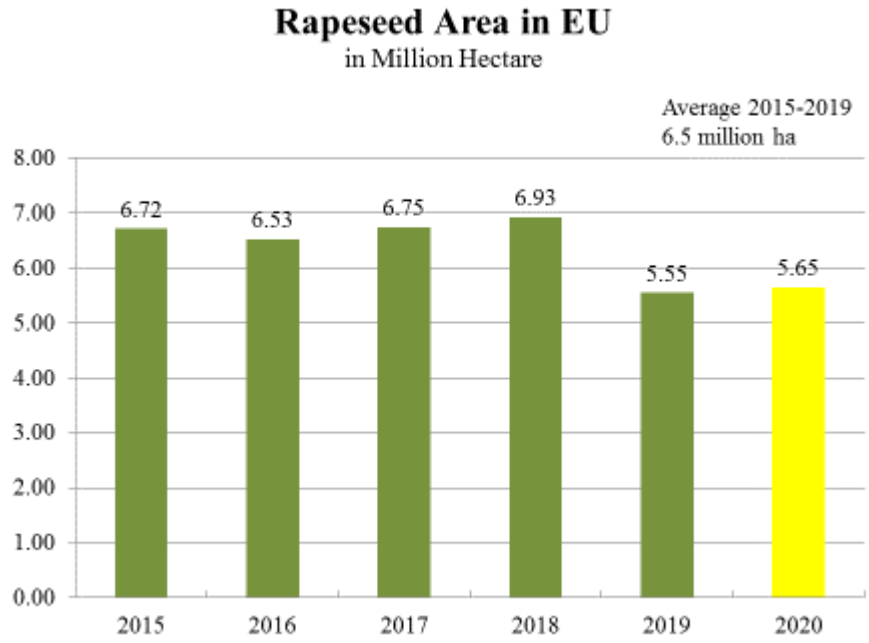
**Rapeseed Seed**

| Oilseed, Rapeseed | 2018/2019 | | 2019/2020 | | 2020/2021 | |
|---|---|---|---|---|---|---|
| Market Begin Year | Jul 2018 | | Jul 2019 | | Jul 2020 | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area | 7031 | 6901 | 5575 | 5550 | 0 | 5650 |
| Beginning Stocks | 1828 | 1828 | 1504 | 1498 | 0 | 768 |
| Production | 20033 | 19929 | 17800 | 16850 | 0 | 17900 |
| MY Imports | 4232 | 4232 | 6000 | 5700 | 0 | 5700 |
| Total Supply | 26093 | 25987 | 24504 | 24048 | 0 | 24638 |
| MY Exports | 89 | 89 | 50 | 30 | 0 | 30 |
| Crush | 24000 | 23400 | 22675 | 22300 | 0 | 22600 |
| Food Use Dom. Cons. | 0 | 0 | 0 | 0 | 0 | 0 |
| Feed Waste Dom. Cons. | 500 | 1000 | 850 | 950 | 0 | 950 |
| Total Dom. Cons. | 24500 | 24400 | 23525 | 23250 | 0 | 23550 |
| Ending Stocks | 1504 | 1498 | 929 | 768 | 0 | 788 |
| Total Distribution | 26093 | 25987 | 24504 | 24048 | 0 | 24368 |
| | | | | | | |
| (1000 HA) ,(1000 MT) ,(MT/HA) | | | | | | |

Source: FAS Posts

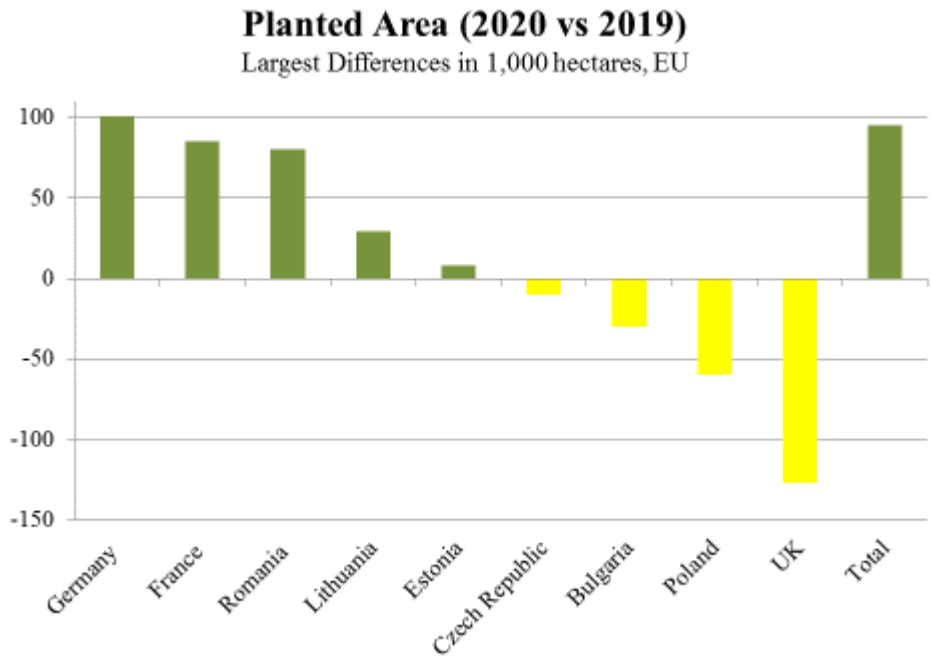
**MY 2020/21**

EU farmers planted 5.65 million hectares of rapeseed in fall of 2019, which was a marginal increase of not even 2 percent from the previous year. Though conditions at planting were generally good throughout the region, farmers favored more competitive crops with EU´s ban on use of neonicotinoids for seed treatment in place, which leads to lower yields and less profitability of rapeseed compared to other crops. Just farmers in Germany, France, and Romania expanded acreage significantly, while their counterparts in Bulgaria, Poland, and the UK reduced acreage.




Source: FAS Posts

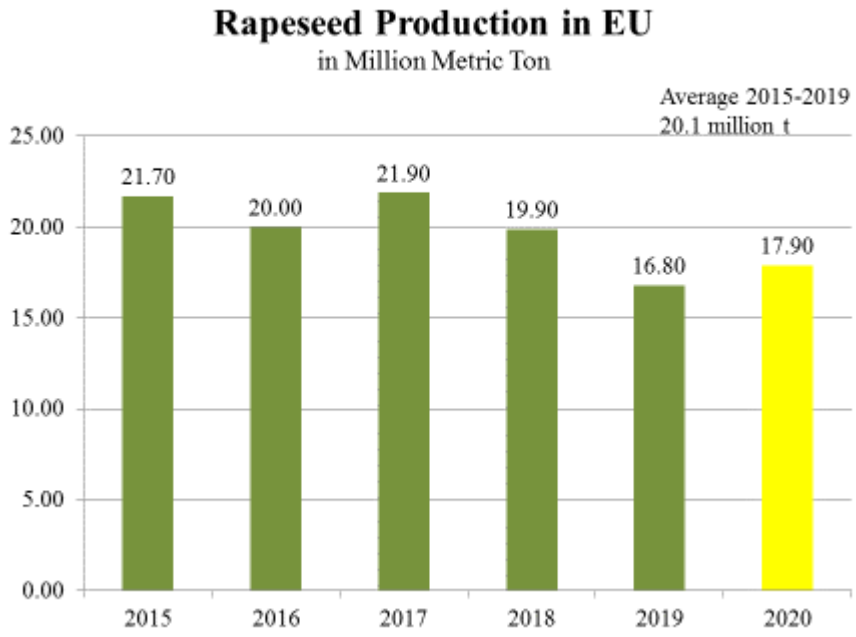
In the UK, plantings were heavily affected by rainfall, so farmers planted roundabout 20 percent less rapeseed compared to the previous year. Polish acreage is lower than anticipated due to drought during planting which resulted in uneven sprouting of rapeseed in the fall of 2019. As a result, a tenth of Polish acreage had to be ploughed under. It is noteworthy, that Poland was the sole Member State which granted a delay in implementation of the ban on neonicotinoids for rapeseed. In Bulgaria, farmers planted significantly lower area due to fall dryness and the ban on neonicotinoids. That was also the main reason for Czech farmers to plant less. Acreage of rapeseed in Germany, France and Romania rebounded to a certain extent. These countries experienced a significant drop in rapeseed acreage last season due to exceptionally dry sowing conditions.




Source: FAS Posts

As of mid-March 2020, there are no reports of losses due to winterkill in the EU this season. In general, winter has been very mild and rapeseed crop is in good shape. Therefore, yields are expected to be higher than the past season. However, the UK is the exemption. Wet conditions are forecast to limit yield potential of UK rapeseed harvest. In total, EU rapeseed production is forecast at 17.9 MMT which would be 6 percent more than the previous marketing year. Higher production is due to larger acreage and slightly better yields.

However, the potential of EU rapeseed crop is still difficult to assess since there are some more weeks before there is more certainty and frost damage can be ruled out completely. The mild winter might also result in higher pest and disease pressure in the spring which may reduce yields. Finally, the potential of the crop will depend on favorable growing conditions in spring and summer as well as during harvest in the EU.



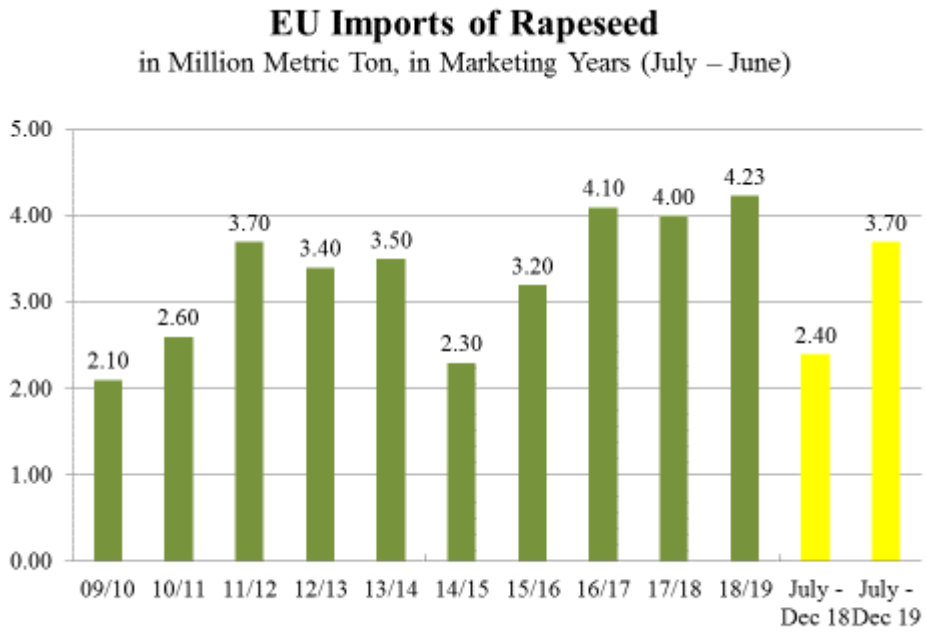

Source: FAS Posts; f: forecast

Though rapeseed production is forecast a bit higher than the previous MY, domestic rapeseed supply continues to be tight. Crushers are set to import high volumes of produce from Ukraine, Canada, and Australia again. Global supply is forecast to be good. Canada has become the world's largest producer of rapeseed with a heavy surplus for exports due to the ongoing trade conflict with China. Ukraine is forecast to remain the major source though rapeseed production is a bit down. And, the outlook for Australia looks more promising after last year's drought.

In total, imports of rapeseed in MY 2020/21 are forecast to reach roundabout 5.7 MMT to satisfy demand. Oilseed crushers have already adjusted to the situation since this is the second season in a row with tight domestic rapeseed supplies. Oilseed crushing facilities that can switch between rapeseed, sunflower, and soybeans have mostly terminated crushing of rapeseed and are not expected to return to rapeseed this season. This is mainly due to limited supplies since crush margins for rapeseed still look fairly attractive. At the end of the MY, rapeseed stocks in the EU are forecast to stay flat on a very low level.

**MY 2019/20**

The EU rapeseed crop during the current MY 2019/20 turned out to be the lowest harvest since MY 2006/07. Total production is estimated at 16.8 MMT which is 3.1 MMT or over 15 percent less than the previous year. This was mainly due to major reductions in acreage in France, Romania, Germany, UK, and Hungary while average yields were slightly better than the previous MY. Tight domestic supplies are offset in the current season by stock and high volumes coming in from Ukraine and Canada. While Ukraine is the most important source so far with nearly 75 percent of the imports, Canada has more than tripled its canola shipments to the EU in the first half of the current MY. For now, Canada has replaced Australia as a supplier since Canadian producers seeks new markets due to the ongoing trade conflict with China. And, Australia has no supply for EU this season due to last year's drought. Stocks are expected to drop by half towards the end of the MY leaving no cushion for 2020/21.




Source: FAS Posts

**Rapeseed Meal**

Demand for rapeseed meal in the EU is good. Rapeseed meal is mainly used in feed rations for the dairy sector. Tight supply of domestic rapeseed and weak demand for rapeseed oil have reduced crush and production of rapeseed meal. The use of rapeseed in animal feed also varies greatly among EU countries. Its use is most prevalent in countries that have a long rapeseed crushing history and high dairy production like Germany, France, the Benelux, Poland, and the UK.

In countries like Germany, Poland, and the Netherlands, the rapeseed meal market is influenced by the growing demand for sustainable products and stricter environmental regulations. Dairy cows are fed with rapeseed meal as a protein supplement in order to meet the requirements of GMO-free milk production. However, rapeseed meal has a high phosphorus content, and its increased use has become problematic since there is the need to reduce the nitrogen and phosphorus load in liquid manure.

| Meal, Rapeseed | 2018/2019 | | 2019/2020 | | 2020/2021 | |
|---|---|---|---|---|---|---|
| Market Begin Year | Jul 2018 | | Jul 2019 | | Jul 2020 | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Crush | 24000 | 23400 | 22675 | 22300 | 0 | 22600 |
| Extr. Rate | 0.57 | 0.57 | 0.57 | 0.57 | 0 | 0.57 |
| Beginning Stocks | 406 | 406 | 460 | 498 | 0 | 208 |
| Production | 13680 | 13375 | 12925 | 12700 | 0 | 12880 |
| MY Imports | 521 | 514 | 430 | 450 | 0 | 450 |
| Total Supply | 14607 | 14295 | 13815 | 13648 | 0 | 13538 |
| MY Exports | 447 | 447 | 435 | 440 | 0 | 420 |
| Industrial Dom. Cons. | 0 | 0 | 0 | 0 | 0 | 0 |
| Food Use Dom. Cons. | 0 | 0 | 0 | 0 | 0 | 0 |
| Feed Waste Dom. Cons. | 13700 | 13350 | 13200 | 13000 | 0 | 12900 |
| Total Dom. Cons. | 13700 | 13350 | 13200 | 13000 | 0 | 12900 |
| Ending Stocks | 460 | 498 | 180 | 208 | 0 | 218 |
| Total Distribution | 14607 | 14295 | 13815 | 13648 | 0 | 13538 |
| | | | | | | |
| (1000 MT) ,(PERCENT) | | | | | | |

Source: FAS Posts

**MY 2020/21**

Rapeseed meal production follows crush. So, supply of rapeseed meal is forecast to stay tight for use in feed ratios in MY 2019/20. Demand is expected to be filled with imports from Ukraine, Russia, and Belarus to a certain extent, but it will also be replaced by other meals like soybean meal, grains and forage. For most EU countries, use of rapeseed meal in feed ratios is forecast to remain fairly stable or even go up. But its use is expected to decrease in the UK and Spain which leads to slightly lower overall consumption of rapeseed meal. Availability of rapeseed meal is expected to continue to be rather tight and stocks are projected to remain fairly balanced on a low level. This will also limit exports of rapeseed meal to other countries.

**MY 2019/20**

Production of rapeseed meal in the EU is lower than expected. Demand for rapeseed meal continues to exceed domestic supply. However, supply of rapeseed meal from Russia, Belarus, and Ukraine is limited. Tight supply on the domestic market and lower imports will lead to decreasing consumption in animal feed, lower exports, and lower ending stocks.

**Rapeseed Oil**

Demand for rapeseed oil is the main driver for the rapeseed market in the EU. And, the uncertainty on the rapeseed oil market continues. Most of it comes from developments on the EU biodiesel market and changes in EU's RED biofuels policy. This has already led to lower use of rapeseed oil for biodiesel in recent years and the outlook remains negative since political support for rapeseed oil as primary biodiesel feedstock is declining. There is strong competition with animal fats and recycled oils as well as crude oil prices affecting profitability of rapeseed oil production.

For more information on EU biodiesel market, please see website of our Office of Agricultural Affairs at the U.S. Mission to the European Union with latest EU biodiesel report and information about RED EU policy: http://www.usda-eu.org/trade-with-the-eu/eu-import-rules/biofuels/.

| Oil, Rapeseed | 2018/2019 | | 2019/2020 | | 2020/2021 | |
|---|---|---|---|---|---|---|
| Market Begin Year | Jul 2019 | | Jul 2020 | | Jul 2021 | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Crush | 24000 | 23400 | 22675 | 22300 | 0 | 22600 |
| Extr. Rate, 999.9999 | 0.42 | 0.42 | 0.42 | 0.42 | 0 | 0.418 |
| Beginning Stocks | 258 | 258 | 426 | 374 | 0 | 416 |
| Production | 10032 | 9780 | 9478 | 9322 | 0 | 9446 |
| MY Imports | 246 | 246 | 275 | 280 | 0 | 250 |
| Total Supply | 10536 | 10284 | 10179 | 9976 | 0 | 10112 |
| MY Exports | 210 | 210 | 200 | 210 | 0 | 210 |
| Industrial Dom. Cons. | 6890 | 6700 | 6400 | 6400 | 0 | 6450 |
| Food Use Dom. Cons. | 2960 | 2950 | 3050 | 2900 | 0 | 2950 |
| Feed Waste Dom. Cons. | 50 | 50 | 50 | 50 | 0 | 50 |
| Total Dom. Cons. | 9900 | 9700 | 9500 | 9350 | 0 | 9500 |
| Ending Stocks | 426 | 374 | 479 | 416 | 0 | 452 |
| Total Distribution | 10536 | 10284 | 10179 | 9976 | 0 | 10112 |
| | | | | | | |
| (1000 MT) ,(PERCENT) | | | | | | |

Source: FAS Posts

**MY 2020/21**

Rapeseed oil production is forecast to increase in 2020/21. Higher production will lead to lower imports mainly affecting shipments from Ukraine, Russia and Belarus. Exports are expected to remain stable with Norway, Israel and Switzerland as the main destinations. Slightly higher supply of rapeseed oil on the internal market is forecast to result in increased industrial use as well as higher food consumption. Ending stocks are expected to be a little bit higher.

**MY 2019/20**

The market for rapeseed oil in the current MY 2019/20 is affected by low supply of domestic product. Imports are expected to be a little bit higher while exports remain fairly balanced. Industrial consumption and especially use of rapeseed oil in biofuels are lower than the previous MY. Lower use of rapeseed oil in food consumption is also reflecting tight supply on the internal market.

## 4. Sunflower Complex

Coordinator: Mila Boshnakova, FAS/Sofia and Monica Dobrescu, FAS/Bucharest

**Sunflower Seeds**

| Oilseed, Sunflowerseed | 2018/2019 | | 2019/2020 | | 2020/2021 | |
|---|---|---|---|---|---|---|
| Market Begin Year | Oct 2018 | | Oct 2019 | | Oct 2020 | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Planted | 0 | 0 | 0 | 0 | 0 | 0 |
| Area Harvested | 4,122 | 4,100 | 4,350 | 4,300 | 0 | 4,200 |
| Beginning Stocks | 665 | 665 | 245 | 359 | 0 | 349 |
| Production | 9,513 | 9,510 | 9,750 | 9,700 | 0 | 9,600 |
| MY Imports | 545 | 545 | 690 | 720 | 0 | 620 |
| Total Supply | 10,723 | 10,720 | 10,685 | 10,779 | 0 | 10,569 |
| MY Exports | 608 | 611 | 615 | 600 | 0 | 500 |
| Crush | 8,800 | 8,700 | 8,700 | 8,800 | 0 | 8,700 |
| Food Use Dom. Cons. | 540 | 520 | 540 | 500 | 0 | 500 |
| Feed Waste Dom. Cons. | 530 | 530 | 530 | 530 | 0 | 530 |
| Total Dom. Cons. | 9,870 | 9,750 | 9,770 | 9,830 | 0 | 9,730 |
| Ending Stocks | 245 | 359 | 300 | 349 | 0 | 339 |
| Total Distribution | 10,723 | 1,0720 | 10,685 | 10,779 | 0 | 10,569 |
| | | | | | | |
| (1000 HA) ,(1000 MT) ,(MT/HA) | | | | | | |

Source: FAS Posts

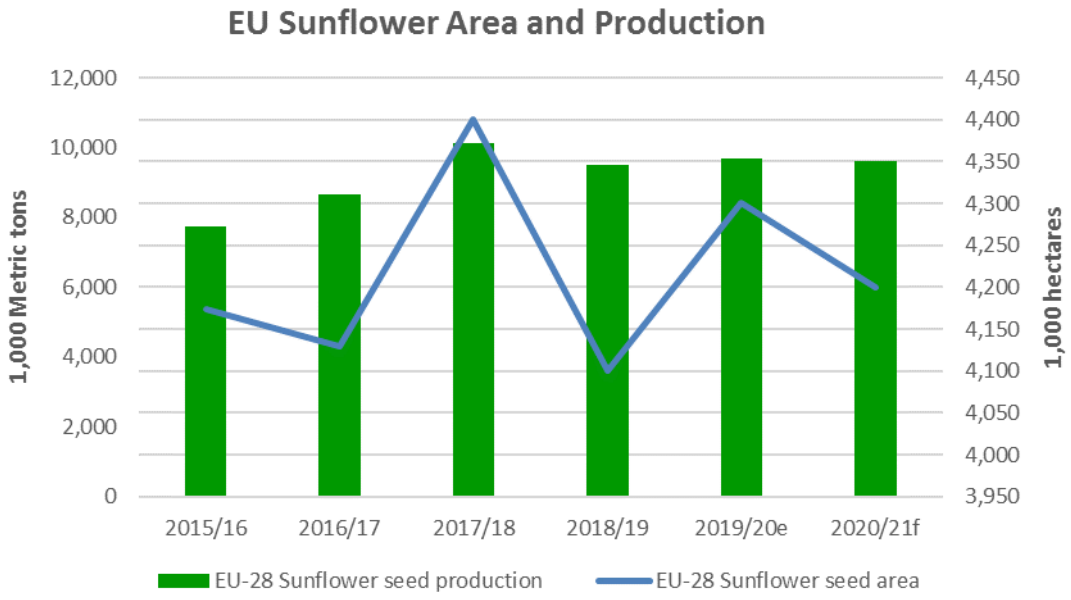
**MY 2020/21**

The prospects for MY 2020/21 in EU are for a marginal, about 1 percent, decrease in production due to 2 percent acreage reduction and anticipated average yields after a high sunflower crop in the current season. Area planted under sunflower is expected to decline more considerably in Romania and Spain. In Romania the area planted is likely to decrease substantially due to lower profitability, crop rotation practices and lack of derogation for neonicotinoids. In Spain, sunflower is expected to be replaced by larger area planted with barley. Other main producers, such as France, Bulgaria, Hungary and Slovakia, forecast higher area planted under sunflower as a substitution for less winter wheat and rapeseed (France), and/or favorable crush demand and prices, especially for high oleic sunflower (Hungary, Bulgaria). Other EU member-states report steady planted area encouraged by good crush demand.

Currently, the expectations for MY 2020/21 are for average yields, about 1 percent higher than in the current year when some countries such as Hungary, Bulgaria, Germany and Spain had disappointing yields. The current forecast for the average yields is still conservative and may be improved provided that the weather cooperates. The EU is projected to harvest 1 percent less sunflower seeds than in the current year, but above the level in MY 2018/19. Early spring planting conditions with sufficient soil moisture are reported in France, Hungary, Austria, Spain, and Italy while Bulgaria has improved groundwater reserves.

The lower domestic crop is forecast to lead to a decline in crush demand in competition with forecasted higher EU rapeseed crop and competitive soybean imports. As a result, crush is projected to adjust to a lower level, by 1-2 percent, from current record high levels. The largest decrease in crush is forecast for Romania and Spain, followed by Germany, Italy, and Austria while Bulgaria and Greece forecast growth in crush. Other major crushing countries such as France, the Netherlands, Hungary, and Italy forecast steady crush in MY 2020/21 season. The EU crushers may face tighter competition between sunflower seeds and likely competitive imported soybeans and with larger supply of domestic rapeseed crop. At the same time, the Black Sea supply of sunflower seeds is projected to decrease and be less competitive compared to the current marketing year level.

Weakened crush demand is anticipated to lead to lower import needs although still above the levels in MY 2018/19. Exports of sunflower seeds are projected to marginally decrease due to the shorter supply.




Source: FAS Posts

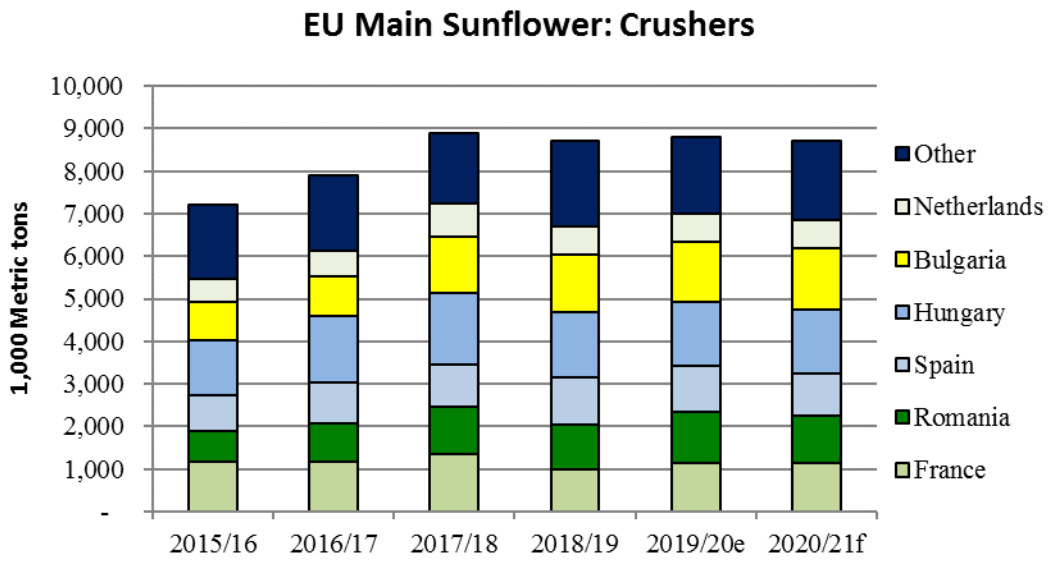
**MY 2019/20**

The latest estimate confirms lower than previously expected sunflower seeds production in EU, but still approximately 2 percent above the previous season. This was due mainly to lower average yields and some reduction in the harvested area. Final member-state estimates show that the area is below USDA official estimate. Average yields were below the earlier expectations, decreasing by 2.7 percent compared with MY 2018/19. Unfavorable weather with summer heat and dryness was reported by Spain, France, Bulgaria, Hungary, Greece, Slovakia, and Croatia while Romania reported good yields. As a result, growth in production compared to the previous season was registered in Romania, France, and Italy while Spain, Hungary, and Bulgaria had more substantial declines.

Despite improved supply compared to MY 2018/19, very favorable domestic crush demand is likely to increase import needs. In the first quarter of the marketing year, imports doubled. A heavy balance in the Black Sea, especially with the higher crop in Russia at attractive prices, as well as good Argentine crop in the second half of the marketing year are likely to keep imports flowing provided that the demand stays strong. Currently, the forecast is for about 30 percent increase in imports in MY 2019/20, which is above USDA official estimate. Main origins of sunflower seeds are Moldova and Russia. To date the major EU importers have been Bulgaria and Romania.

Favorable domestic crush demand is also expected to discourage EU exports to traditional markets. In the first quarter of the marketing year exports stagnated. The main markets were Turkey and Serbia. In addition, the EU origin sunflower, exported mainly by Romania and Bulgaria, faces strong competition from Black Sea origin sunflower seeds in Turkey. The expectation for annual exports is to be stagnant and marginally below USDA official estimate.

Crush demand in the EU this season is very favorable, supported by higher demand for meals including competitive sunflower meal, shorter supply of rapeseed, and strong demand for sunflower oil. Crush margins, although lower than those for soybeans and varying between member-states, have been attractive compared to the previous year. France, Romania, Bulgaria, Italy, Czech Republic, and Greece report growth in crush, while stable crush is seen in Hungary, the Netherlands, and Spain. Industry data (source: FedOil) shows record high monthly crush for October 2019 followed by somewhat lower volumes in November and December. Both sunflower oil and meal have enjoyed increasing food and feed demand due to their price competitiveness. Sunflower oil has been very price competitive driving the crush margins and demand. Sunflower meal has been also increasingly attractive substitute of rapeseed meal pricewise. Current estimate for EU crush is at a new record, about 1 percent above MY 2018/19 and also above USDA official data.




Source: FAS Posts

**Sunflower Meal**

| Meal, Sunflowerseed | 2018/2019 | | 2019/2020 | | 2020/2021 | |
|---|---|---|---|---|---|---|
| Market Begin Year | Oct 2018 | | Oct 2019 | | Oct 2020 | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Crush | 8,800 | 8,700 | 8,700 | 8,800 | 0 | 8,700 |
| Extr. Rate | 0.54 | 0.5402 | 0.54 | 0.5398 | 0 | 0.5402 |
| Beginning Stocks | 374 | 374 | 489 | 477 | 0 | 377 |
| Production | 4,752 | 4,700 | 4,698 | 4,750 | 0 | 4,700 |
| MY Imports | 3,670 | 3,670 | 3,600 | 3,500 | 0 | 3,500 |
| Total Supply | 8,796 | 8,744 | 8,787 | 8,727 | 0 | 8,577 |
| MY Exports | 387 | 387 | 450 | 430 | 0 | 430 |
| MY Exp. to EU | 0 | 0 | 0 | 0 | 0 | 0 |
| Industrial Dom. Cons. | 60 | 60 | 60 | 60 | 0 | 60 |
| Food Use Dom. Cons. | 0 | 0 | 0 | 0 | 0 | 0 |
| Feed Waste Dom. Cons. | 7,860 | 7,820 | 7,825 | 7,860 | 0 | 7,750 |
| Total Dom. Cons. | 7,920 | 7,880 | 7,885 | 7,920 | 0 | 7,810 |
| Ending Stocks | 489 | 477 | 452 | 377 | 0 | 337 |
| Total Distribution | 8,796 | 8,744 | 8,787 | 8,727 | 0 | 8,577 |
| | | | | | | |
| (1000 MT) ,(PERCENT) | | | | | | |

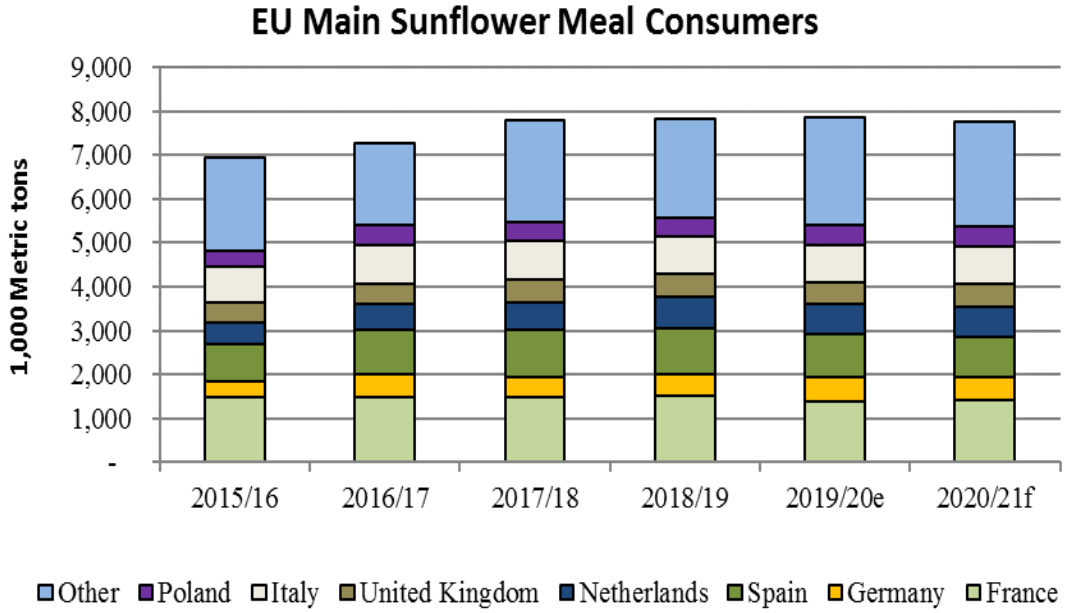
Source: FAS Posts

**MY 2020/21**

Based on forecasted marginally lower crush (down 1.1 percent) in the new season, sunflower meal output is projected to adjust accordingly. Spain, Romania, and Germany forecast decreases in production and the only member-state which expects an upward production is Bulgaria. France, Hungary, and the Netherlands project stagnant sunflower meal production.

Although the overall demand for sunflower meal is anticipated to remain favorable, the forecast is for lower use in feed due to higher availability of competing grains and strong competition with soybean meal. Consumption will continue to be supported by favorable demand for non-biotech feed in Northern and Western Europe and by supply of higher protein sunflower meal by select EU crushers. Based on this assumption, overall consumption is foreseen to decrease by 1.4 percent compared to the current season. France, the United Kingdom, Romania, and Bulgaria project higher meal incorporation in feed while Spain, Germany, and Portugal forecast lower use.

Imports and exports are estimated to stagnate due to expected weaker domestic consumption demand. France, the United Kingdom, and Spain are projected to be leading importers while Germany will likely have lower import needs.




Source: FAS Posts

**MY 2019/20**

The EU is estimated to produce record high volume of sunflower meal, 1 percent over last season, due to higher crush. Growth in production is reported by France, Romania, Italy, Bulgaria, followed by the Czech Republic, Greece, and Poland. The exception is Hungary due to a decline in crush. The current estimate is above USDA official data.

Due to better supply, lower imports are expected for the year compared to the previous season. In the first quarter of the marketing year sunflower meal imports registered a 16 percent decrease. Major suppliers of sunflower meal to the EU are Ukraine and Russia (over 70 percent share), followed by Argentina (20 percent share). Leading importers are France, Italy, Spain, and the Netherlands. Sunflower meal has been price competitive and in good availability. However, lately it has been losing competitiveness versus soybean and rapeseed meal. In the second half of the current season, sunflower meal attractiveness may weaken due to strong supply of soybean meal.

EU use of sunflower meal is projected to increase marginally compared to MY2018/19. Romania, Germany, Poland, Greece, and Portugal estimate growth in consumption. France, Spain, Hungary, Benelux, the United Kingdom and Bulgaria expect lower use due to competing meals or lower feed demand.

Export demand for sunflower meal has been very good with 52 percent growth in the first quarter of the marketing year, to traditional markets Turkey, Israel, and Morocco. The expectation for the annual EU exports is for continued good trade demand which will result in higher exports over MY 2018/19.

**Sunflower Oil**

| Oil, Sunflowerseed | 2018/2019 | | 2019/2020 | | 2020/2021 | |
|---|---|---|---|---|---|---|
| Market Begin Year | Oct 2018 | | Oct 2019 | | Oct 2020 | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Crush** | 8800 | 8,700 | 8,700 | 8,800 | 0 | 8,700 |
| **Extr. Rate** | 0.4225 | 0.4218 | 0.4225 | 0.4227 | 0 | 0.4218 |
| **Beginning Stocks** | 299 | 299 | 474 | 436 | 0 | 471 |
| **Production** | 3,718 | 3,670 | 3,676 | 3,720 | 0 | 3,670 |
| **MY Imports** | 1,966 | 1,966 | 2,000 | 1,900 | 0 | 1,920 |
| **Total Supply** | 5,983 | 5,935 | 6,150 | 6,056 | 0 | 6,061 |
| **MY Exports** | 486 | 486 | 540 | 550 | 0 | 530 |
| **Industrial Dom. Cons.** | 510 | 500 | 530 | 520 | 0 | 500 |
| **Food Use Dom. Cons.** | 4,500 | 4,500 | 4,610 | 4,500 | 0 | 4,550 |
| **Feed Waste Dom. Cons.** | 13 | 13 | 13 | 15 | 0 | 14 |
| **Total Dom. Cons.** | 5,023 | 5,013 | 5,153 | 5,035 | 0 | 5,064 |
| **Ending Stocks** | 474 | 436 | 457 | 471 | 0 | 467 |
| **Total Distribution** | 5,983 | 5,935 | 6,150 | 6,056 | 0 | 6,061 |
| | | | | | | |
| (1000 MT) ,(PERCENT) | | | | | | |

Source: FAS Posts

**MY 2020/21**

Sunflower oil production is forecast to be at a lower level as a result of lower crush. Most Member States expect steady or reduced production. The largest decreases are foreseen in Spain and Romania, with stagnant production levels in France, Hungary, and Benelux but some growth in Bulgaria and Greece. Reduced availability is likely to result in a small increase in imports compared to the current season.

Consumption is projected to keep expanding albeit slowly due to the competition with forecasted better rapeseed oil supply. The United Kingdom, the Netherlands, Romania, and Spain expect higher food use, followed by stagnant consumption in France, Italy, Benelux, and Bulgaria. Sunflower oil is increasingly preferred by the food industry as a healthy choice of food vegetable oil for direct consumption. As a result, consumption is estimated to grow by one percent. Industrial and biodiesel use of sunflower oil is likely to be marginally lower compared to MY 2019/20.

Favorable domestic demand is expected to prevent an increase in exports of sunflower oil which are currently forecast to be marginally lower. Ending stocks are estimated to stagnate.

**MY 2019/20**

Sunflower oil output is estimated to grow by 1.4 percent over the previous season and achieve a new record. Growth in sunflower oil output is reported by France, Italy, Romania, and Bulgaria, followed by Greece, Czech Republic, and Austria. Despite abundant availability, sunflower oil imports grew in the first quarter of the marketing year by 57 percent due to very strong sunflower oil competitiveness in the Black Sea. However, the import demand is expected to moderate in the second part of the year so that overall imports will be 3.4 percent lower than the previous season. The major suppliers to the EU are Ukraine (over 87 percent share), Moldova and Serbia. Major EU importers are the Netherlands, Italy, and Spain.

Food consumption of sunflower oil is projected to be stagnant, mainly due to reduced human movements and tourism in the spring and likely in the summer although the sunflower oil continues to be price competitive. Early in the year Spain, Portugal, Romania, the Netherlands, Germany, the United Kingdom, and Poland projected higher consumption. Leaders in consumption are Spain, Italy, and Germany.

Improved availability and stagnant domestic food demand is estimated to lead to increased exports of sunflower oil. In the first quarter of the marketing year, exports increased by 13 percent compared to the previous season. This was related to the favorable demand in the export markets, particularly in South Africa and North Macedonia. Exports are anticipated to surpass MY 2018/19 level by more than 10 percent and are estimated marginally above USDA official data.

**5. Palm Kernel Complex**
Coordinator: Bob Flach, FAS/The Hague

**Palm Kernel Meal**

| Meal, Palm Kernel | 2018/2019 | | 2019/2020 | | 2020/2021 | |
|---|---|---|---|---|---|---|
| Market Begin Year | Jan 2019 | | Jan 2020 | | Jan 2021 | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Crush | 0 | 0 | 0 | 0 | 0 | 0 |
| Extr. Rate | 0 | 0 | 0 | 0 | 0 | 0 |
| Beginning Stocks | 0 | 0 | 0 | 0 | 0 | 0 |
| Production | 0 | 0 | 0 | 0 | 0 | 0 |
| MY Imports | 2221 | 2221 | 2250 | 2100 | 0 | 2100 |
| Total Supply | 2221 | 2221 | 2250 | 2100 | 0 | 2100 |
| MY Exports | 0 | 0 | 0 | 0 | 0 | 0 |
| Industrial Dom. Cons. | 450 | 500 | 450 | 500 | 0 | 500 |
| Food Use Dom. Cons. | 0 | 0 | 0 | 0 | 0 | 0 |
| Feed Waste Dom. Cons. | 1771 | 1721 | 1800 | 1600 | 0 | 1600 |
| Total Dom. Cons. | 2221 | 2221 | 2250 | 2100 | 0 | 2100 |
| Ending Stocks | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Distribution | 2221 | 2221 | 2250 | 2100 | 0 | 2100 |
| | | | | | | |
| (1000 MT) ,(PERCENT) | | | | | | |

Source: FAS Posts

**Palm Kernel Oil**

| Oil, Palm Kernel | 2018/2019 | | 2019/2020 | | 2020/2021 | |
|---|---|---|---|---|---|---|
| Market Begin Year | Jan 2019 | | Jan 2020 | | Jan 2021 | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Crush | 0 | 0 | 0 | 0 | 0 | 0 |
| Extr. Rate | 0 | 0 | 0 | 0 | 0 | 0 |
| Beginning Stocks | 163 | 163 | 102 | 122 | 0 | 67 |
| Production | 0 | 0 | 0 | 0 | 0 | 0 |
| MY Imports | 655 | 655 | 710 | 645 | 0 | 680 |
| Total Supply | 818 | 818 | 812 | 767 | 0 | 747 |
| MY Exports | 6 | 6 | 6 | 5 | 0 | 5 |
| Industrial Dom. Cons. | 300 | 285 | 300 | 290 | 0 | 300 |
| Food Use Dom. Cons. | 400 | 400 | 400 | 400 | 0 | 400 |
| Feed Waste Dom. Cons. | 10 | 5 | 10 | 5 | 0 | 5 |
| Total Dom. Cons. | 710 | 690 | 710 | 695 | 0 | 705 |
| Ending Stocks | 102 | 122 | 96 | 67 | 0 | 37 |
| Total Distribution | 818 | 818 | 812 | 767 | 0 | 747 |
| | | | | | | |
| (1000 MT) ,(PERCENT) | | | | | | |

Source: FAS Posts

Roughly half of the palm kernel meal is used in the Netherlands. During the past five years, its use in cattle feed has been roughly twenty-five percent. The United Kingdom, Germany, Belgium, and Ireland also use palm kernel meal in livestock feed.

Despite reduced supplies of rapeseed meal and sunflower seed meal, EU palm kernel meal imports are forecast to decline further during 2020. The main reason for this reduction is the reduced availability on the world market and stagnating production in Asia. Other reasons for the reduction of the palm kernel meal imports are the anticipated rising domestic supply of feed grains and the shrinking cattle sector in the EU. EU industrial use is expected to increase slightly based on available stocks in the EU. In 2021, imports are anticipated to increase following a recovery of global supply. For more information see the FAS GAIN Report – *EU Livestock & Products Semi Annual 2020*.

**6. Palm Oil**
Coordinator: Bob Flach, FAS/The Hague

**Palm Oil**

| Oil, Palm | 2018/2019 | | 2019/2020 | | 2020/2021 | |
|---|---|---|---|---|---|---|
| Market Begin Year | Jan 2019 | | Jan 2020 | | Jan 2021 | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Planted | 0 | 0 | 0 | 0 | 0 | 0 |
| Area Harvested | 0 | 0 | 0 | 0 | 0 | 0 |
| Trees | 0 | 0 | 0 | 0 | 0 | 0 |
| Beginning Stocks | 591 | 591 | 602 | 812 | 0 | 522 |
| Production | 0 | 0 | 0 | 0 | 0 | 0 |
| MY Imports | 7297 | 7297 | 7300 | 6900 | 0 | 6900 |
| Total Supply | 7888 | 7888 | 7902 | 7712 | 0 | 7422 |
| MY Exports | 116 | 116 | 145 | 140 | 0 | 140 |
| Industrial Dom. Cons. | 4050 | 3960 | 4000 | 4000 | 0 | 4020 |
| Food Use Dom. Cons. | 2900 | 2800 | 2850 | 2850 | 0 | 2850 |
| Feed Waste Dom. Cons. | 220 | 200 | 220 | 200 | 0 | 200 |
| Total Dom. Cons. | 7170 | 6960 | 7070 | 7050 | 0 | 7070 |
| Ending Stocks | 602 | 812 | 687 | 522 | 0 | 212 |
| Total Distribution | 7888 | 7888 | 7902 | 7712 | 0 | 7422 |
| | | | | | | |
| (1000 HA) ,(1000 TREES) ,(1000 MT) ,(MT/HA) | | | | | | |

Source: FAS Posts

Based on improved competitiveness of palm oil, the EU food use of palm oil is forecast to increase in 2020 and stabilize in 2021. Sustainability certification is an important factor for acceptance in the food market. The private sectors of the Netherlands, Belgium, the United Kingdom, Germany, Italy, France, Denmark, and Sweden agreed to ensure a fully sustainable palm oil supply in Europe by 2020. The governments of the Netherlands, United Kingdom, Germany, France, Denmark, Norway, and Italy will provide governmental support for this initiative.

Official Eurostat import statistics report an increase of EU palm oil imports to a record high in 2019. The rise of imports is mainly caused by increased imports of crude palm oil, over 30 percent between 2018 and 2019, with a doubling of the import volume from Indonesia. The EU Member States which reported increased crude palm oil imports are Spain (plus 0.8 MMT), the Netherlands (0.25 MMT), and Italy (0.2 MMT). In 2019, EU imports of refined palm oil declined from 3.03 MMT to 2.0 MMT, with reduced Spanish imports from Indonesia (minus 0.7 MMT).

The main factor which caused the elevated imports of palm oil in 2019 is the REDII, which will be enforced in 2021. The REDII 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. According to the European Commission's calculations, palm oil falls under the definition of a high-risk ILUC feedstock. With this policy the REDII encourages EU Member States to expand the consumption of palm oil-based biofuels, to maximize its use after the cap becomes effective. For more information about the policy and regulatory developments affecting the EU palm oil market see the Policy Section of this report.

The 2019 Spanish import figures as outlined above point to an increased use of crude palm oil by the Spanish biodiesel producers at the expense of refined palm oil. This switch is based on the available supply of crude versus refined palm oil from Indonesia. While the main biofuel producer in the Netherlands announced a reduction in the use of palm oil, Dutch imports of palm oil point to a possible increased use or stock building. The switch from virgin vegetable oils, such as palm oil, to waste fats and oils is hampered by the limited availability. Despite Italian imports of crude palm oil increasing in 2019, the use of crude palm oil for biofuels production has stagnated. . As a result, more rapeseed oil will likely be used instead of palm oil. Based on the REDII cap, EU palm oil use for biofuel production is forecast to remain essentially flat during 2020 and 2021.

## 7. Peanut Complex

Coordinator Jennifer Wilson, FAS/London

### Peanuts

| Oilseed, Peanut<br>Market Begin Year | 2018/2019 | | 2019/2020 | | 2020/2021 | |
|---|---|---|---|---|---|---|
| | MY | | MY | | MY | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Planted | 0 | 0 | 0 | 0 | 0 | 0 |
| Area Harvested | 0 | 0 | 0 | 0 | 0 | 0 |
| Beginning Stocks | 39 | 39 | 25 | 25 | 0 | 19 |
| Production | 0 | 0 | 0 | 0 | 0 | 0 |
| MY Imports | 915 | 925 | 925 | 950 | 0 | 970 |
| Total Supply | 954 | 964 | 950 | 975 | 0 | 989 |
| MY Exports | 29 | 37 | 30 | 38 | 0 | 38 |
| Crush | 30 | 35 | 33 | 35 | 0 | 35 |
| Food Use Dom. Cons. | 867 | 864 | 865 | 880 | 0 | 888 |
| Feed Waste Dom. Cons. | 3 | 3 | 3 | 3 | 0 | 3 |
| Total Dom. Cons. | 900 | 902 | 901 | 918 | 0 | 926 |
| Ending Stocks | 25 | 25 | 19 | 19 | 0 | 25 |
| Total Distribution | 954 | 964 | 950 | 975 | 0 | 989 |
| | | | | | | |
| (1000 HA) ,(1000 MT) ,(MT/HA) | | | | | | |

Source: FAS Posts

The EU is the largest importing trade bloc of peanut and peanut products in the world. A two percent increase in imports are 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.

EU imports have been steadily increasing over the last 15 years as more consumers choose peanuts for snacks, develop a taste for peanut butter, and as peanuts are incorporated into more processed foods. In addition, the risks around peanut allergy are now more well-understood and managed.

In terms of supply, there are mixed indicators due to drought conditions in some areas of Argentina and Brazil towards the end of 2019, as well as challenging drought conditions for U.S. planting together with the likelihood of increased aflatoxin issues. China is expected to increase production, but Argentina and the United States are favored sources. Since March 2020, Argentina has reduced its export tariffs on peanut and peanut products and that may assist exports to the EU.

Imports of ready-shelled peanuts have increased by over twelve percent in the last decade. In-shell peanut imports into the EU have increased by six percent in the last seven years. However, the latter now comprises just 12 percent of total tonnage. China and the U.S. lead exports of in-shell to the EU, while Argentina dominates the shelled peanut trade. Argentina typically has 50-60 percent market share of the shelled peanut supply, and 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 | 2018/2019 | | 2019/2020 | | 2020/2021 | |
|---|---|---|---|---|---|---|
| Market Begin Year | MY | | MY | | MY | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Crush | 30 | 35 | 33 | 35 | 0 | 35 |
| Extr. Rate, 999.9999 | 0.433 | 0.429 | 0.424 | 0.429 | 0 | 0.429 |
| Beginning Stocks | 0 | 0 | 0 | 0 | 0 | 0 |
| Production | 13 | 15 | 14 | 15 | 0 | 15 |
| MY Imports | 0 | 0 | 1 | 1 | 0 | 1 |
| Total Supply | 13 | 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. | 13 | 15 | 15 | 15 | 0 | 15 |
| Total Dom. Cons. | 13 | 15 | 15 | 15 | 0 | 15 |
| Ending Stocks | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Distribution | 13 | 15 | 15 | 15 | 0 | 15 |
| | | | | | | |
| (1000 MT) ,(PERCENT) | | | | | | |

Source: FAS Posts

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, Oilseed<br>Market Begin Year<br>European Union | 2018/2019<br>MY | | 2019/2020<br>MY | | 2020/2021<br>MY | |
|---|---|---|---|---|---|---|
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Crush** | 30 | 35 | 33 | 35 | 0 | 35 |
| **Extr. Rate, 999.9999** | 0.367 | 0.371 | 0.364 | 0.371 | 0 | 0.371 |
| **Beginning Stocks** | 5 | 5 | 4 | 5 | 0 | 4 |
| **Production** | 11 | 13 | 12 | 13 | 0 | 13 |
| **MY Imports** | 69 | 70 | 70 | 68 | 0 | 70 |
| **Total Supply** | 85 | 88 | 86 | 86 | 0 | 87 |
| **MY Exports** | 2 | 4 | 3 | 4 | 0 | 4 |
| **Industrial Dom. Cons.** | 0 | 0 | 0 | 0 | 0 | 0 |
| **Food Use Dom. Cons.** | 79 | 79 | 79 | 79 | 0 | 78 |
| **Feed Waste Dom. Cons.** | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Dom. Cons.** | 79 | 79 | 79 | 78 | 0 | 78 |
| **Ending Stocks** | 4 | 5 | 4 | 4 | 0 | 5 |
| **Total Distribution** | 85 | 88 | 86 | 86 | 0 | 87 |
| | | | | | | |
| (1000 MT) ,(PERCENT) | | | | | | |

Source: FAS Posts

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 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 and Gambia.

**8. Fish Meal**
Coordinator: Bob Flach, FAS/The Hague

**Fish Meal**

| Meal, Fish | 2018/2019 | | 2019/2020 | | 2020/2021 | |
|---|---|---|---|---|---|---|
| Market Begin Year | Jan 2019 | | Jan 2020 | | Jan 2021 | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Catch For Reduction | 1680 | 0 | 1680 | 0 | 0 | 0 |
| Extr. Rate | 0.253 | 0 | 0.2679 | 0 | 0 | 0 |
| Beginning Stocks | 0 | 0 | 0 | 0 | 0 | 0 |
| Production | 425 | 485 | 450 | 470 | 0 | 470 |
| MY Imports | 321 | 310 | 270 | 320 | 0 | 320 |
| Total Supply | 746 | 795 | 720 | 790 | 0 | 790 |
| MY Exports | 132 | 130 | 125 | 120 | 0 | 115 |
| Industrial Dom. Cons. | 0 | 0 | 0 | 0 | 0 | 0 |
| Food Use Dom. Cons. | 0 | 0 | 0 | 0 | 0 | 0 |
| Feed Waste Dom. Cons. | 614 | 665 | 595 | 670 | 0 | 675 |
| Total Dom. Cons. | 614 | 665 | 595 | 670 | 0 | 675 |
| Ending Stocks | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Distribution | 746 | 795 | 720 | 790 | 0 | 790 |
| | | | | | | |
| (1000 MT) ,(PERCENT) | | | | | | |

Source: FAS Posts

EU fishmeal production generally fluctuates between 450,000 and 500,000 MT per year. Denmark accounts for roughly half of the EU production, while Spain ranks as the second largest producer in the EU. The Spanish production is mainly derived from by-products from the fish processing. While the Danish production level depends on the fishery quotas set by the European Commission, and the actual catch. The main species which are landed for industrial use are herring, sprat, blue whiting, and sand eel. The total quota volume for these species were reduced by 11 percent in 2018, and another 24 percent in 2019. Anticipating a further cut in quotas, EU production is forecast to further decline in 2020 and stagnate in 2021. EU consumption is rising due to the expanding aquaculture sector, particularly in Greece, and to a lesser extent in the United Kingdom. Imports were also supported by an increasing global supply; the EU increased shipments from mainly Norway and Peru. Anticipating a reduction in domestic production in 2020, EU imports are forecast to increase further in 2020 and stabilize in 2021.

**9. Copra Complex**
Coordinator: Leif Erik Rehder, FAS/Berlin

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 | 2018/2019 | | 2019/2020 | | 2020/2021 | |
|---|---|---|---|---|---|---|
| Market Begin Year | Jan 2019 | | Jan 2020 | | Jan 2021 | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Crush | 0 | 0 | 0 | 0 | 0 | 0 |
| Extr. Rate | 0 | 0 | 0 | 0 | 0 | 0 |
| Beginning Stocks | 0 | 0 | 0 | 0 | 0 | 0 |
| Production | 0 | 0 | 0 | 0 | 0 | 0 |
| MY Imports | 2 | 2 | 3 | 3 | 0 | 2 |
| Total Supply | 2 | 2 | 3 | 3 | 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. | 2 | 2 | 3 | 3 | 0 | 2 |
| Total Dom. Cons. | 2 | 2 | 3 | 3 | 0 | 2 |
| Ending Stocks | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Distribution | 2 | 2 | 3 | 3 | 0 | 2 |
| | | | | | | |
| (1000 MT) ,(PERCENT) | | | | | | |

Source: FAS Posts

Imports of copra meal have dropped to being nearly non-existent. Supply and demand are balanced. Depending on price and availability there might be some recovery in 2019 and 2020.

**Coconut Oil**

| Oil, Coconut | 2018/2019 | | 2019/2020 | | 2020/2021 | |
|---|---|---|---|---|---|---|
| Market Begin Year | Jan 2019 | | Jan 2020 | | Jan 2021 | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Crush | 0 | 0 | 0 | 0 | 0 | 0 |
| Extr. Rate | 0 | 0 | 0 | 0 | 0 | 0 |
| Beginning Stocks | 61 | 61 | 63 | 63 | 0 | 59 |
| Production | 0 | 0 | 0 | 0 | 0 | 0 |
| MY Imports | 655 | 655 | 650 | 650 | 0 | 650 |
| Total Supply | 716 | 716 | 713 | 713 | 0 | 709 |
| MY Exports | 13 | 13 | 14 | 14 | 0 | 13 |
| Industrial Dom. Cons. | 265 | 265 | 270 | 265 | 0 | 265 |
| Food Use Dom. Cons. | 370 | 370 | 370 | 370 | 0 | 370 |
| Feed Waste Dom. Cons. | 5 | 5 | 5 | 5 | 0 | 5 |
| Total Dom. Cons. | 640 | 640 | 645 | 640 | 0 | 640 |
| Ending Stocks | 63 | 63 | 54 | 59 | 0 | 56 |
| Total Distribution | 716 | 716 | 713 | 713 | 0 | 709 |
| | | | | | | |
| (1000 MT) ,(PERCENT) | | | | | | |

Source: FAS Posts

Outlook depends on price situation for coconut oil and its competitors in industrial use and food consumption. In 2019 EU imports of coconut oil increased a bit. This lead to a higher use of coconut oil in industrial consumption while there was no change in food use. Ending stocks stayed balanced.

**10. Cottonseed**
Coordinator: Dimosthenis Faniadis, FAS/Rome

**Cottonseed**

| Oilseed, Cottonseed | 2018/2019 | | 2019/2020 | | 2020/2021 | |
|---|---|---|---|---|---|---|
| Market Begin Year | Oct 2018 | | Oct 2019 | | Oct 2020 | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Planted (Cotton) | 317 | 0 | 330 | 0 | 0 | 0 |
| Area Harvested (Cotton) | 312 | 310 | 347 | 351 | 0 | 344 |
| Seed to Lint Ratio | 0 | 0 | 0 | 0 | 0 | 0 |
| Beginning Stocks | 66 | 66 | 69 | 83 | 0 | 96 |
| Production | 550 | 564 | 627 | 638 | 0 | 605 |
| MY Imports | 3 | 3 | 5 | 5 | 0 | 7 |
| Total Supply | 619 | 633 | 701 | 726 | 0 | 708 |
| MY Exports | 60 | 60 | 75 | 75 | 0 | 65 |
| Crush | 300 | 300 | 350 | 335 | 0 | 330 |
| Food Use Dom. Cons. | 0 | 0 | 0 | 0 | 0 | 0 |
| Feed Waste Dom. Cons. | 190 | 190 | 200 | 220 | 0 | 215 |
| Total Dom. Cons. | 490 | 490 | 550 | 555 | 0 | 545 |
| Ending Stocks | 69 | 83 | 76 | 96 | 0 | 98 |
| Total Distribution | 619 | 633 | 701 | 726 | 0 | 708 |
| | | | | | | |
| (1000 HA) ,(RATIO) ,(1000 MT) ,(MT/HA) | | | | | | |

Source: FAS Posts

**Production**

The EU is a minor producer of cotton, representing approximately 1.5 percent of the global production. EU cotton production has declined by more than 50 percent following CAP reforms effective in 2006 that decoupled payments and reduced support and market barriers for a number of crops, including cotton. The EU does not permit farmers to cultivate 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 2020/21 is forecast to decrease 5.2 percent compared to the previous year. Yields in both Greece and Spain are expected to be good.

There are two basic types of cottonseeds: dried cottonseed and the non-dried (so called fresh cotton seed). Their main difference is on 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 produced, the seeds are stored in ventilated warehouses so that quality will not be degrade.

**Crush**

Cottonseed oil has traditionally been used in foods and the snack-food manufacturing industries. Cottonseed oil is also popular frying oil for the restaurants.

In Greece, about 55 percent of cottonseed production is crushed for oil (and oilseed cake) or retained for seed. In Spain, there is no domestic crushing of cottonseed.

In 2019, Greece crushed approximately 335,000 MT of cottonseeds to produce 56,000 MT of cottonseed oilThe

company Karagiorgos S.A., one of the biggest ginners in Greece, is proceeding with an investment of €17.5 million for a new plant producing biofuels from vegetable oils. The planned investment will be in operation in 2021 and will include, 1) new cottonseed crushing equipment, 2) biofuel production from vegetable oils (approximate capacity of 8,000 MT), 3) biomass production of 10,000 MT, 4) electricity production from the biomass (1 MWe).

**Trade**

In MY 2018/19, the EU cottonseed exports rebounded after reaching the lowest volume in the last decade; 60,000 MT in MY 2017/18. Exports are forecasted to continue increase in MY 2019/20 driven by higher production. Saudi Arabia, Japan, South Korea, and United Arab Emirates are the leading destinations for EU's cottonseed exports. In Greece, small amounts of cotton are imported for blending in the domestic industry. Spanish cottonseed domestic demand is also satisfied by imports.

## 11. Olive Oil

Coordinator: Marta Guerrero, FAS/Madrid

The EU is the world largest olive oil producer, consumer and exporter. The EU accounts for 70 percent of the global olive oil output. Olive oil production and consumption in the EU is concentrated in the Mediterranean countries.

**Olive Oil**

| Oil, Olive | 2018/2019 | | 2019/2020 | | 2020/2021 | |
|---|---|---|---|---|---|---|
| Market Begin Year | Nov 2018 | | Nov 2019 | | Nov 2020 | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested | 0 | 0 | 0 | 0 | 0 | 0 |
| Trees | 6900 | 0 | 6900 | 0 | 0 | 0 |
| Beginning Stocks | 466 | 466 | 822 | 694 | 0 | 649 |
| Production | 2400 | 2263 | 2100 | 2000 | 0 | 2235 |
| MY Imports | 179 | 143 | 230 | 180 | 0 | 165 |
| Total Supply | 3045 | 2872 | 3152 | 2874 | 0 | 3049 |
| MY Exports | 728 | 653 | 820 | 630 | 0 | 655 |
| Industrial Dom. Cons. | 20 | 20 | 20 | 20 | 0 | 20 |
| Food Use Dom. Cons. | 1475 | 1505 | 1500 | 1575 | 0 | 1615 |
| Feed Waste Dom. Cons. | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Dom. Cons. | 1495 | 1525 | 1520 | 1595 | 0 | 1635 |
| Ending Stocks | 822 | 694 | 812 | 649 | 0 | 759 |
| Total Distribution | 3045 | 2872 | 3152 | 2874 | 0 | 3049 |
| | | | | | | |
| (1000 HA) ,(1000 TREES) ,(1000 MT) | | | | | | |

Source: FAS Posts

*N.B.: Post trade and production data include only HS Code 1509. USDA official data are based on HS codes 1509 and 1510.*

**MY 2020/21**

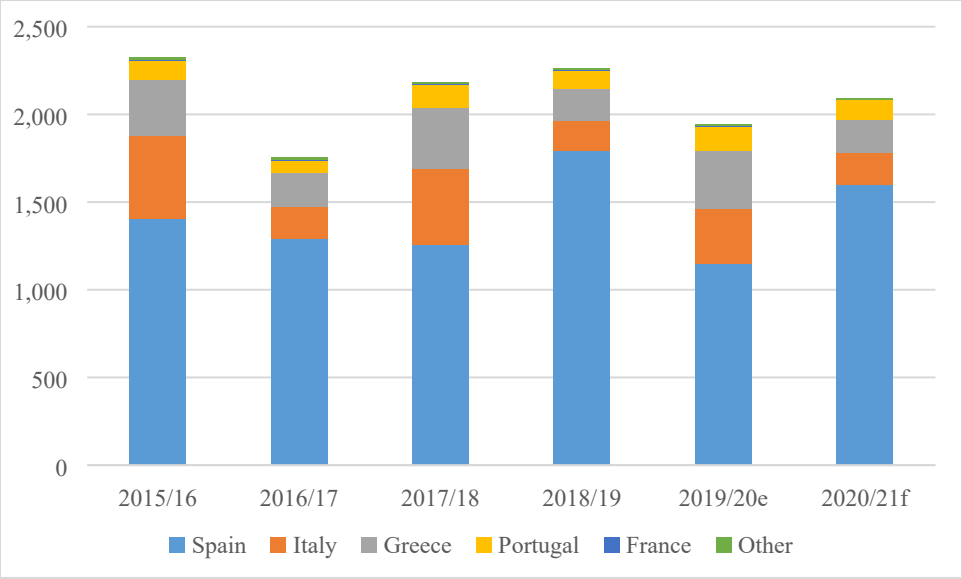
Rough estimates for MY 2020/21 indicate that olive oil production in the EU may register a near 12 percent increase compared to MY 2019/20. Prevailing favorable weather conditions and alternate bearing of the trees contributed to the increase following the shorter crop registered in MY 2018/19. The main EU producing countries continue to invest in modernizing their operations. These investments rank from the entry of new intensive and super intensive olive plantations into production to improvements to existing agronomic practices (irrigation, harvesting operations). These measures continue to build the long-term expansion of the EU's olive oil production and reduce supply fluctuations. The efforts of the olive oil industry are now focusing on increasing consumers demand within the EU and elsewhere, to balance the increase in supply with a larger demand.

**MY2019/20**

**Production**

Spain produces on average nearly 70 percent of the EU olive oil. Other large EU producers include Italy, Greece, and Portugal. Olive oil production also exists in a smaller scale in other European countries such as France, Cyprus, Croatia, and Slovenia.

**Olive Oil Production in the EU-27 by Member State (1,000 MT)**




Source: FAS Madrid based on International Olive Oil Council data and FAS offices in Europe estimates.

Current estimates indicate that olive oil production levels in the EU for MY 2019/20 should be lower than those in MY 2018/19. The increased olive oil production projected for Italy, Greece, and Portugal is not enough to offset the significant reduction anticipated for Spain.

In Spain, prevailing dry conditions and alternative bearing prevented olive groves from achieving full production potential. Hence, MY 2019/20 output is estimated at 1,150,000 MT, and below the past five-year average and well below MY 2018/19 bumper crop.

Industry sources peg Italy's MY 2019/20 olive oil production at 310,000 MT, a surge from the previous poor harvest, due to favorable weather conditions during flowering and fruit set.

According to the latest industry estimates, Greece's MY 2019/20 olive oil production is estimated at approximately 330,000 MT up from last season's short crop. Rainfall before flowering allowed for good yields.

Olives oil production in Portugal is anticipated to recover from the low levels achieved in the former season. Currently, industry estimates peg Portugal olive oil production for MY 2019/20 at 140,000 MT.

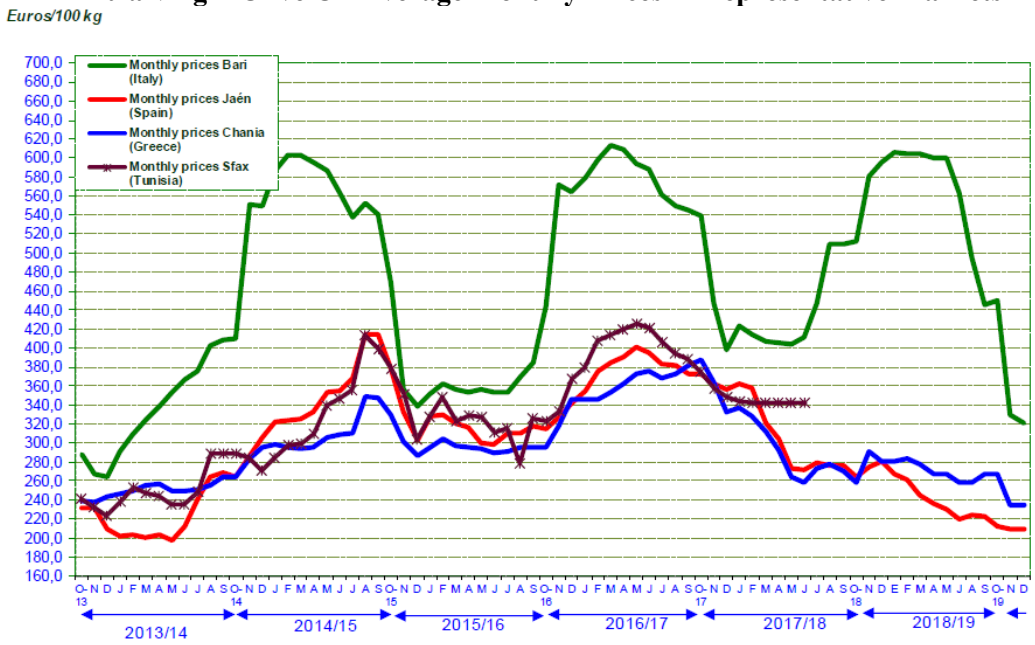
On the phytosanitary side, *Xylella fastidiosa* continues to threaten EU olive groves. Affected countries are putting in place contingency plans to limit the expansion of the outbreaks of this bacterium.

**Consumption**

The EU is a leading olive oil consumer, accounting for nearly 60 percent of the world's consumption. However, consumption is concentrated within the producer countries, which are mature markets, with little space for growth other than by replacing other oils consumption in favorable price differential scenarios. Worldwide, olive oil represents around three percent of the consumed oil consumption. Hence, opportunities exist to expand consumption in non-producing countries.

On average years, only EU countries such as Spain, Greece, and more recently Portugal, consistently produce olive oil above their respective domestic consumption needs. At approximately eleven liters, Italy is a leading per capita consumer of olive oil and relies on imports to satisfy its demand. In Italy, olive oil prices in MY 2018/19 were higher compared to the previous season while in Greece prices remained stable, prices in Spain have registered a steady decline in MY 2018/19 due to the ample supplies. This situation has triggered the private storage mechanism. For allocated quantities and prices please see the policy section below.

**Extra Virgin Olive Oil Average Monthly Prices in Representative Markets**




Source: International Olive Oil Council February 2020 Newsletter.

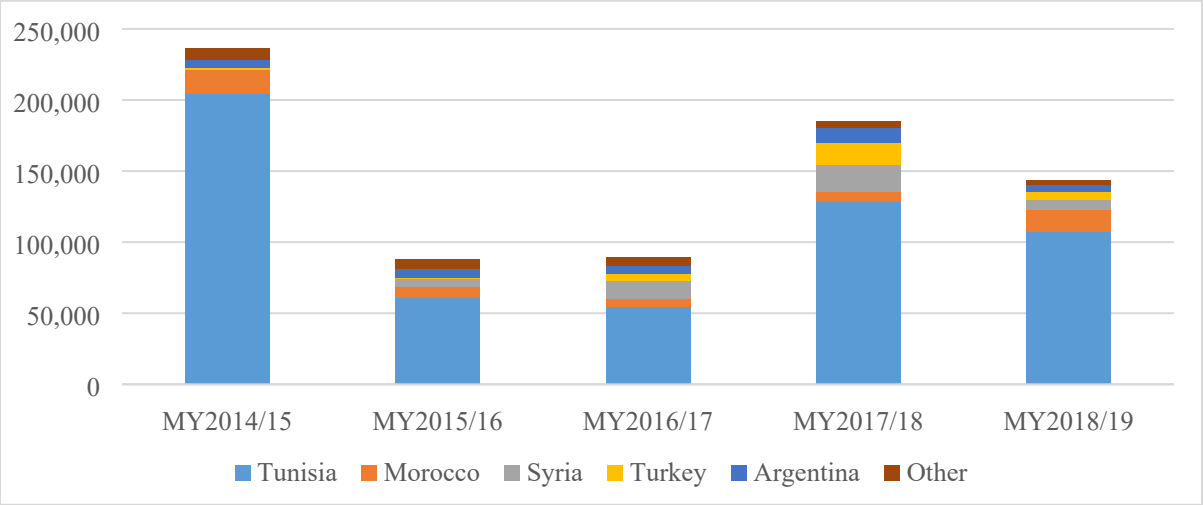
**Trade**

As the EU olive oil production continues to increase, exports are critical to maintain a healthy market balance. The EU is a net olive oil exporter, with exports vastly exceeding imports.

The United States followed by Brazil and Japan are the largest markets for EU olive oil producing countries. The higher output anticipated in MY 2019/20 in non-EU production countries, such as Tunisia, will increase competition in third countries. Moreover, in MY 2019/20, the enforcement of the 25 percent U.S. tariff on imports of Spanish olive oil since October 18, 2019, has resulted in re-adjustments in the olive oil intra trade. This can be seen in the rapid fulfillment of the Tunisian quota and the extended use of the IPR (Inward Processing Regime[2]) so that the EU companies can meet their export commitments to the United States using non-Spanish olive oils exempted from the U.S. retaliatory duty.

[2] *Inward Processing Regime allows avoiding import duties on the condition that the incoming oil is re-exported to third countries.*

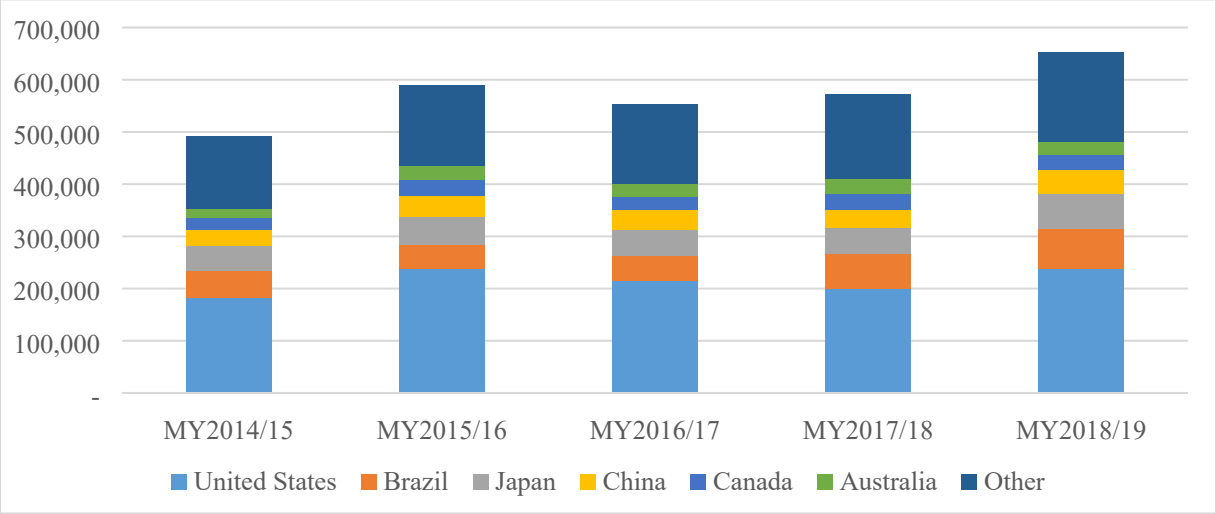
**EU Imports of Olive Oil by Origin in MT**




Source: Trade Data Monitor, LLC.

In MY 2018/19 olive oil exports grew by 14 percent. The larger export growth registered corresponded to China, Brazil, the United States and Brazil.

**EU Exports of Olive Oil by Destination in MT**




Source: Trade Data Monitor, LLC.

**Stocks**

Despite the significantly large exported volumes in MY 2017/18, MY2018/19 started with large stocks which, along with the abundant domestic supply, pressed prices down. The reduction in production anticipated for MY 2019/20 will help the consumption of stocks throughout the season.

**MY2018/19**

In MY 2018/19, the EU had a bumper crop driven by Spain's record yield offsetting production declines in Italy, Greece and Portugal. This large availability allowed the EU to export an all-time record of more than 650,000 MT of oil.

## Olive Oil Policy

As established in Regulation (EU) 1308/2019, the European Commission can provide private storage aid (PSA) during 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 on November 11, 2019.

| Tender | Date | Quantity (MT) | Price (Euros/MT and day) |
|---|---|---|---|
| **1st** | November 11, 2019 | 3,650 | 0.83 |
| **2nd** | December 19, 2019 | 17,629 | 1.10 |
| **3rd** | January 29, 2020 | 150,522 | 0.88 |
| **4th** | February 20-25, 2020 | 41,644 | 0.83 |
| **Total Volume /Average Price** | | **213,445** | **0.89** |

Regulation (EC) 1918/2006 as amended by Regulation (EC) 605/2016 opened a two-year additional tariff quota for olive oil originating from Tunisia. In particular, the EC granted Tunisia with an annual duty free quota of 35,000 MT for olive oil until the end of 2017. This quota is in addition to the 56,700 MT referred to in the Association Agreement between the two parties. In **2020**, the 56,700 MT olive oil quota was once again fully allocated during the first tender of the year. Additional information on the EU-27+UK olive oil market situation and policy is available on the European Commission website.

**12. Policy**
Coordinator: Sophie Bolla, FAS/USEU Brussels

**Common Agricultural Policy (CAP)**
The CAP funds agricultural and rural development support throughout the EU and represents a significant portion of the total EU budget—38 percent. Most of the current CAP's programs entered into force in January 2014, with the exception of a new direct payments structure that included "green" payments, discussed below, and additional support for young farmers; these two measures entered into force in 2015. The EU's Multiannual Financial Framework funds the CAP in six-year increments. The CAP categorizes thematic programming into two main "pillars," the first oriented towards market measures and direct payments to farmers and the second pillar oriented towards rural development.

The European Commission published its legislative proposal for CAP post-2020 on June 1, 2018. The co-legislators in the European Parliament and Council are currently considering the proposal and they will likely reach an agreement in 2021. The proposal allows Member States to develop individual Strategic Plans covering the 2021 – 2027 period, setting out how they intend to meet nine EU-wide economic, environmental and social objectives. The Commission wants to strengthen the environmental aspect of CAP transforming the current "green" payment into a series of environmental obligations for farmers decided by each Member State. Moreover, the Commission introduced the concept of eco-schemes, an incentive payment scheme for care of the environment and climate.

The "greening component" is part of CAP Pillar 1, whereby for farmers to receive the full amount of direct payments available, farmers had to fully comply with three greening components. These greening measures are tied to 30 percent of the direct payments budget in the CAP and comprise 8 percent of the total CAP budget today. The measures focus on crop diversification and rotation, protection for permanent grasslands, and setting land aside (Ecological Focus Areas – EFAs) for ecological uses such as field margins, landscape features, nitrogen-fixing crops, buffer strips, etc. EFAs and crop diversification requirements created incentives for farmers to plant more soybeans and pulses. Indeed, of the various land uses permitted in the EFAs, nitrogen-fixing crops proved to be the most implemented measure thus far. Additionally, EU policy makers are discussing increasing production of plant-based proteins in the EU, which would be of consequence for the oilseeds sector and may figure into CAP programming. See below for more information.

**Protein Deficiency and the Quest for Self Sufficiency**
The EU continues to discuss a goal of "protein independence" and reduce reliance of plant protein imports. The EU imports more than 75 percent of its protein supply, including 95 percent of its soy cake consumption, mainly from Brazil, the United States, and Argentina.[3] 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." It is still unclear how the

[3] EC Report on "The Development of Plant Proteins in the European Union"

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, there are no crop specific payments for oilseeds-- the BHA is maintained but not in use.

**Sustainability**

As in the United States, the interest in sustainability, sustainable production, and environmental issues are growing among EU consumers, industry and policymakers. The theme of sustainability is well established in the EU marketplace and major food retailers in 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's path to greater sustainability for the agricultural sector touches upon major issues such as climate change and minimizing ILUC, reducing water use, food waste and the circular economy, and biodiversity. The EU is also investing in research to facilitate achieving these 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.

**The EU Green Deal**

On December 11, 2019, EU 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. To achieve this objective, the EU Green Deal Communication lists fifty action items and environmental performance goals that will guide the Commission's action for the next five years. The Deal includes a "Farm to Fork Strategy" that will shape agricultural production and trade policy objectives. The publication of the Farm to Fork Strategy is expected on April 29, 2020.

As part of the Green Deal, the Commission also announced that it will re-open and propose to revise the recently completed legislation of RED II by 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. It is still unclear if these policy changes may or may not affect oilseeds production and demand in the EU. More information will be available in the last quarter of 2020.

**EU Climate and Energy Package**

The Council adopted the current EU Energy and Climate Change Package on April 6, 2009. The RED, which is part of this package, entered into force on June 25, 2009, and needed to be transposed into national legislation in the Member States (MS) by December 5, 2010.

The EU Energy and Climate Change Package include the "20/20/20" goals for 2020:

- A 20 percent reduction in greenhouse gas (GHG) emissions compared to 1990.
- A 20 percent improvement in energy efficiency compared to forecasts for 2020.
- A 20 percent share for renewable energy in the EU total energy mix. Part of this 20 percent share is a 10 percent minimum target for renewable energy consumed in transport to be achieved by all Member States.

The goal for 20 percent renewable energy in total energy consumption is an overall EU goal. The RED then sets different targets for different EU Member States within this overall target, based on each Member States' capacity. Therefore, some Member States will have to reach much higher targets than the 20 percent, whereas other Member States will have much lower targets. In contrast to the 20 percent overall EU target, the 10 percent target for renewable energy in transport is mandatory for all Member States. Every two years, the European Commission publishes progress reports on the achievements of MS and the most recent is for 2017/2018. Eurostat also publishes an annual report about the share of renewable energy in the EU; please see here for the 2020 edition, which found that the share of renewables in the EU is up to 18.0 percent in 2017.

RED also introduced sustainability criteria for biofuels to count toward the mandatory national renewable targets for transport fuels. The criteria include greenhouse gas savings, exclusion for land with high biodiversity value and high carbon stock, and measures to mitigate ILUC. RED 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. soybeans 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 the RED and mirrors some of the RED's content such as the sustainability criteria. A key requirement of the FQD is that all fuel suppliers (oil companies) must meet a 6 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 RED and FQD**

Directive 2015/1513, covering ILUC, entered into force on October 5, 2015, and amends both the RED and the Fuel Quality Directive (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 includes the following key elements:

- Fuel suppliers are required to include ILUC emissions in their reports;
- A seven percent cap (energy basis) to the contribution of food crop based biofuels to the 10 percent target for renewable energy in transport by 2020, leaving three percent to be covered by non-food crop based biofuels. MS are free to set lower caps;
- Double counting of the energy contribution of advanced biofuels towards the 10 percent blending target for 2020.

The ILUC issue continues to be a major point of discussion for policy makers developing the RED II legislation.

**RED II**

In December 2018, the EU published RED II in the Official Journal (Directive 2018/2001) after more than two years of negotiations. It is part of the Clean Energy for All Europeans package, proposed by the European Commission in 2016.

The RED II 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 was 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 1 percent point allowed over present consumption up to an overall cap of 7 percent.

The RED II also puts in place freeze on the use of high-risk indirect land use change (ILUC) biofuels at the 2019 levels to 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 feedstock are feedstock 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 1 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 possibility for producers, including palm producers, to certify their feedstock as low-risk ILUC through additionally measures.
As noted previously, the new EU Commission has pledged to re-open RED II by 2023.

**Biotechnology**

**Asynchronous Rate of Approvals on 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 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 (6 months for the risk assessment by the European Food Safety Authority and 6 months for the risk management process or comitology review), for GE events first approved by the EU in 2019, it took 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**

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.

**Pesticides**

There are new developments underway changing the availability of crop protection products permitted for EU farmers and, by extension, agricultural exporters to the EU. Commission Regulation 2018/605, identifying endocrine disrupting properties under Regulation 1107/2009 on plant protection products, is valid since November 10, 2018. The criteria to identify endocrine disruptors applies to all on-going and future evaluations of active substances used in plant protection products. The U.S. advocates for risk-based criteria for assessing these active substances.

The use of three neonicotinoids, clothianidin, imidacloprid and thiametoxam, has been restricted since December 1, 2013 on crops attractive to honeybees such as rapeseed, sunflowers, and soybeans (by Commission Implementing Regulation (EU) No 485/2013). In May 2018, the published three Commission implementing regulations further restricting the use of neonicotinoids since these will ban all uses for Clothianidin, Imidacloprid and Thiamethoxam except for the application in permanent greenhouses in the EU. 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) in early 2018. The restrictions are in place since June 2018 (for seeds since December 2018) and all authorizations are withdrawn since September 2018. In May 2019, the European Parliament objected to Canada's import tolerant 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.

**13. Pesticides**

Coordinator: Tania De Belder and Lisa Allen, FAS/USEU Brussels

**Upcoming reviews for MRLs on soybeans, sunflower and rapeseed**

Plant protection products (PPPs) along with maximum residue levels (MRLs) and import tolerances are an increasingly important issue in the EU, since there is a significant reduction in the number of active substances that are available 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. Additionally, existing MRLs are also being reviewed through a process known as an Article 12 review. The first list below indicates the upcoming MRL reviews for the main oilseed commodities under this Article 12 process. The second list includes the active substances which are, or will 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 should actively engage early in these review processes by reaching out to the applicant. Together with the applicant, they can ensure that the necessary data are already available for the review or if trials for data collection are in progress or should be initiated, 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.

1) Article 12 review

| Active substances with MRLs | Soy-beans | Rape seed | Cotton seed | Sunflower seed | RMS** | Start of Data Collection | Expected date of RO*** |
|---|---|---|---|---|---|---|---|
| Chlorantraniliprole | x | x | x | x | IE | 12/15/2017 | 07/10/2020 |
| Fluopyram | | x | x | x | DE(AT) | 10/13/2017 | 02/20/2020 |
| Etridiazole | | | x | | NL | 02/14/2018 | --- |
| Flubendiamide | | | x | | EL | 09/15/2018 | 05/10/2020 |

**RMS: Rapporteur Member State

***Expected date of Reasoned Opinion by the European Food Safety Authority (EFSA)

2) Active substances up for review next

| Substance | Expiry date | Application date | Dossier submission |
|---|---|---|---|
| Isopyrazam | 03/31/2023 | 03/31/2020 | 09/30/2020 |
| lambda-Cyhalothrin | 03/31/2023 | 03/31/2020 | 09/30/2020 |
| Metsulfuron-methyl | 03/31/2023 | 03/31/2020 | 09/30/2020 |
| Phosphane | 03/31/2023 | 03/31/2020 | 09/30/2020 |
| Cyflumetofen | 05/31/2023 | 05/31/2020 | 08/31/2020 |
| *Helicoverpa armigera* nucleopolyhedrovirus (HearNPV) | 05/31/2023 | 05/31/2020 | 08/31/2020 |
| *Spodoptera littoralis* nucleopolyhedrovirus | 05/31/2023 | 05/31/2020 | 08/31/2020 |
| *Trichoderma asperellum* (strain T34) | 05/31/2023 | 05/31/2020 | 08/31/2020 |
| *Trichoderma atroviride* strain I-1237 | 05/31/2023 | 05/31/2020 | 08/31/2020 |
| Ametoctradin | 07/31/2023 | 07/31/2020 | 10/31/2020 |
| Mandipropamid | 07/31/2023 | 07/31/2020 | 10/31/2020 |
| *Bacillus firmus I-1582* | 09/30/2023 | 09/30/2020 | 12/30/2020 |
| Halosulfuron methyl | 09/30/2023 | 09/30/2020 | 12/30/2020 |
| Maltodextrin | 09/30/2023 | 09/30/2020 | 12/30/2020 |
| Eugenol | 11/30/2023 | 11/30/2020 | 02/28/2021 |
| Geraniol | 11/30/2023 | 11/30/2020 | 02/28/2021 |
| Thymol | 11/30/2023 | 11/30/2020 | 02/28/2021 |
| Fluopyram | 01/31/2024 | 01/31/2021 | 04/30/2021 |

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**Attachments:**

No Attachments