

Required Report: Required - Public Distribution

Date: April 21, 2022

Report Number: E42022-0031

Report Name: Oilseeds and Products Annual

Country: European Union

Post: Vienna

Report Category: Oilseeds and Products

Prepared By: Roswitha Krautgartner, Marie-Anne Omnes, Leif Rehder, Mila Boshnakova, Bob Flach, Jennifer Wilson, Dimosthenis Faniadis, Marta Guerrero, Sophie Bolla, and FAS EU oilseeds specialists

Approved By: Kimberly Sawatzki

Report Highlights:

Despite increased area, oilseed production in marketing year 2022/23 is forecast to show only a small increase due to lower average yields than in the previous marketing year. Like in other sectors, the Russian invasion of Ukraine significantly impacts the oilseeds market. In addition to the uncertainties in the Black Sea area, high input prices and the scarcity of input materials, such as energy, fertilizers, and pesticides put a lot of pressure on the market and further increase the already tight situation.

Executive Summary:

General

Like in other sectors, the Russian invasion of Ukraine has caused massive volatility in the oilseeds market. In addition to the uncertainties in the Black Sea area, high input prices and the scarcity of input materials, such as energy, fertilizers, and pesticides put a lot of pressure on the market and further increase the already tight situation. Driven by the deficit, particularly in oilseeds oils, commodity prices continue to increase from an already high level. The outlook for marketing year (MY) 2022/23 is highly uncertain and depends to a great extent upon developments in Ukraine.

Seeds

Total EU oilseeds area in MY 2022/23 is forecast to increase almost 5 percent. The increase in planted area is mainly a result of higher rapeseed and soybean area and somewhat sunflower area. The major reasons for the growing oilseeds area are high, attractive commodity prices, and to some extent (sunflower), the uncertainty of the Black Sea market due to the Ukraine crisis. Despite increased area, oilseed production is forecast to show only a small increase of less than half a percent due to lower average yields. This is mainly true for sunflower, which will not reach the high yields of the previous year. High prices and scarcity of input materials like energy, fertilizers, and pesticides will also negatively impact yields in the upcoming season. So far, planting and growing conditions have been favorable on average.

Meals

Following a somewhat higher crush, EU oilseeds meal production is forecast to increase about slightly over 1 percent in MY 2022/23. Based on the assumption of a declining livestock sector, overall feed consumption is also forecast to be on a declining trend. Feed use of oilseeds meals is forecast to be down 2.5 percent compared to the previous marketing year. Due to the tight situation in the sunflower market, less sunflower meal is expected to be used in feed.

Oils

In MY 2022/23, EU total domestic oilseeds oil production is forecast to be stable compared to the previous marketing year. Increasing rapeseed, soybean and sunflower oil production is offset by lower olive oil production. The tight market in the vegetable oil sector and growing demand for food consumption due to a growing population through refugees is projected to result in lower biofuels use.

Policy

The EU Renewable Energy Directive (REDII) 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 program certifying U.S. soybeans compliance (SSAP-RED). With this recognition, U.S. soybeans can be used for biofuel production in the EU and can count towards the REDII targets. The REDII also put in place a freeze on the use of high-risk indirect land use change (ILUC) biofuels at the 2019 levels and a requirement 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 by 2050. The Green Deal includes a “[Farm to Fork Strategy](#)” and a “[Biodiversity Strategy](#)” that aim to support the Green Deal’s objectives by fundamentally changing the way agriculture operates and how food is produced and provided to EU consumers. This includes additional support for research on alternative protein feed sources. The Biodiversity Strategy also includes legislative proposals to combat deforestation and forest degradation linked to agriculture. This legislative proposal imposes mandatory due diligence rules for companies wanting to place six commodities, including palm oil and soy, on the EU market. The proposal is expected to be adopted in 2023.

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.

Disclaimer / Important Notes:

- Ukraine is one of the world’s top agricultural producers and exporters and plays a critical role in supplying grains and oilseeds to the global market and to the EU. Since February 24, 2022, Russia’s invasion of Ukraine has significantly impacted EU’s grains and oilseeds markets. Ukrainian trade facilities are running idle to a large extent and sanctions imposed to Russia have altered global trade flows in MY2021/22, creating a very volatile situation. The challenges affecting spring planting operations, combined with the damages in Ukraine’s trade infrastructures also create uncertainties over EU’s grains and oilseeds trade flows in MY2022/23. Additional details on FAS EU Posts’ views on how the conflict in Ukraine impacts each commodity are discussed in the different sections of this report.
- USDA official numbers in this report include the World Agricultural Supply and Demand Estimates (WASDE) March 2022 release.
- In this report the term "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."
- Trade figures are revised according to the most recent data available from Trade Data Monitor (December 2022).
- The term European Union (EU) refers to the current [EU27 member states](#).

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

Bettini, Ornella	FAS/Rome covering Italy
Bolla, Sophie	FAS/USEU Brussels Coordinator Policy Section
Boshnakova, Mila	FAS/Sofia covering Bulgaria Coordinator Sunflower Section
De Belder, Tania	FAS/USEU Brussels Coordinator Pesticides Section
Dobrescu, Monica	FAS/Bucharest covering Romania
Faniadis, Dimosthenis	FAS/Rome covering Greece Coordinator of Cottonseed Section
Fertig, Elisa	FAS/USEU Brussels
Fischer, Jana	FAS/Prague covering the Czech Republic and Slovakia
Flach, Bob	FAS/The Hague covering the Netherlands, Sweden, Finland, and Denmark Coordinator of Palm Kernel, Palm Oil, and Fish Meal Sections
Galica, Anna	FAS/Warsaw covering Poland, Estonia, Latvia, and Lithuania
Golya, Gellert	FAS/Budapest covering Hungary
Guerrero, Marta	FAS/Madrid covering Spain and Portugal Coordinator Olive Oil Section
Krautgartner, Roswitha	FAS/Vienna covering Austria and Slovenia Overall coordinator and coordinator of Total Oilseeds Section
Misir, Andreja	FAS/Zagreb covering Croatia
Omnes, Marie-Anne	FAS/Paris covering France Coordinator Soybean Section
Polet, Yvan	FAS/USEU Brussels covering Belgium and Luxembourg
Rehder, Leif	FAS/Berlin covering Germany Coordinator of Rapeseed and Copra Sections
Wilson, Jennifer	FAS/London covering the Republic of Ireland Coordinator Peanut Section

The FAS EU oilseeds reporting team would like to thank the following FAS non-EU analysts for their valuable input:

Denys Sobolev, FAS/Kiev covering Ukraine

Sanela Stanojic, FAS/Sarajevo covering Bosnia and Herzegovina

Also, the FAS EU oilseeds reporting team would like to thank the FAS/GMA Washington team for their valuable input and support.

The marketing years (MY) 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

Table of Contents

- [1. Total Oilseeds](#)
- [2. Soybean Complex](#)
- [3. Rapeseed Complex](#)
- [4. Sunflower Complex](#)
- [5. Palm Kernel Complex](#)
- [6. Palm Oil](#)
- [7. Peanut Complex](#)
- [8. Fish Meal](#)
- [9. Copra Complex](#)
- [10. Cottonseed Complex](#)
- [11. Olive Oil](#)
- [12. Policy](#)
- [13. Pesticides](#)

1. Total Oilseeds

Disclaimer:

Russia's invasion of Ukraine on February 24, 2022, has significantly impacted global markets. Since the start of the conflict, crush facilities have suspended operations and ports in Ukraine and are either being blockaded by Russian navy (Chernomorsk, Odessa) or captured and under attack by the Russian army (Kherson, Mariupol, Berdyansk). Other countries have imposed sanctions on Russia limiting trade from the region. Ukraine is one of the world's top agricultural producers and exporters and plays a critical role in supplying oilseeds to the global market. The conflict could displace a significant amount of vegetable oils and oilseeds meals. Although the EU might not directly face a food shortage, the Ukraine crisis has a major impact on availability and prices of agricultural commodities and input materials.

There are many uncertainties regarding maintenance, cultivation, and harvest of Ukrainian crops, as a notable part of the oilseeds area is located within battle zones in Ukraine. Furthermore, the scarcity of labor, fuels, and other input like fertilizers and pesticides may significantly reduce yield potential or even prevent planting. Another element of uncertainty is the question of current oilseeds stocks and stocks facilities in Ukraine. Will stocks be used locally? When will Ukraine be able to resume exports? Will stocked commodities be durable for a longer period and how many of the storage facilities might be destroyed in the course of the war?

Since the EU imports significant amounts of oilseeds from Ukraine, the current crisis puts a lot of pressure on the oilseeds market, particularly on sunflower and rapeseed. Ukraine is, by far, the leading supplier of sunflower products to the EU and is also a top supplier of rapeseed products.

The Ukrainian crisis makes the global agricultural commodity markets including the oilseeds market very volatile. Depending on further developments, oilseeds market conditions and current assumptions made in this report may change quickly and significantly.

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

Total Oilseeds – Seeds

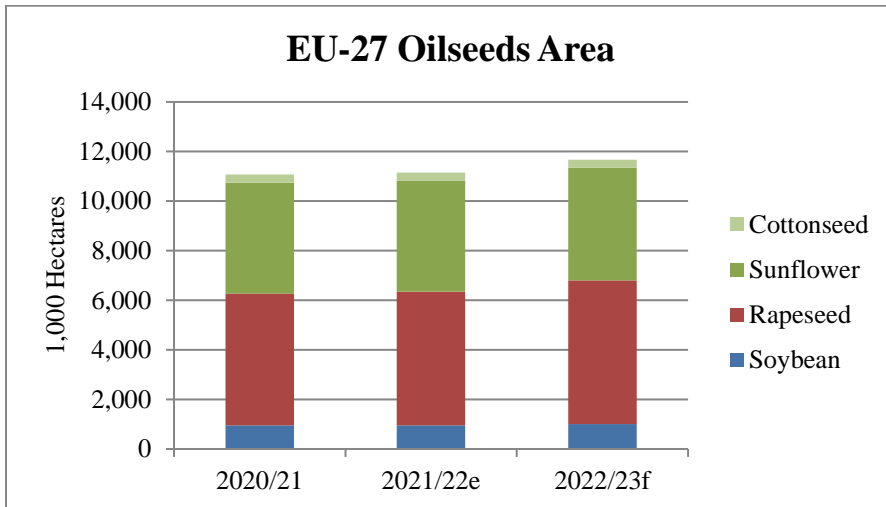
Oilseed, Total Oilseeds	2020/2021		2021/2022		2022/23	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	10,794	11,072	11,016	11,150		11,667
Beginning Stocks	3,524	3,524	2,195	2,422		2,038
Production	28,252	28,781	30,661	30,951		31,073
MY Imports	22,187	22,196	21,196	21,031		21,434
Total Supply	53,963	54,501	54,052	54,404		54,545
MY Exports	1,095	1,118	1,315	1,260		1,195
Crush	46,610	46,560	46,450	46,675		47,285
Food Use Dom. Cons.	1,460	1,448	1,520	1,458		1,480
Feed Waste Dom. Cons.	2,603	2,953	2,738	2,973		3,013
Total Dom. Cons.	50,673	50,961	50,608	51,106		51,778
Ending Stocks	2,195	2,422	2,029	2,038		1,572
Total Distribution	53,963	54,501	54,052	54,404		54,545
(1000 ha, 1000 MT)						

Note: The numbers for total oilseed seeds includes cottonseed which is not included in oilseed meals and oils.
Source: FAS EU

EU Total Oilseeds Area**MY 2022/23**

Total EU oilseed area in MY 2022/23 is forecast to increase almost 5 percent. The increase in planted area is mainly a result of higher rapeseed and soybean area, and to a lesser extent sunflower area. Reasons for the growing oilseeds area are high commodity prices, the uncertainty of the Black Sea market due to the Ukraine crisis (only applies to sunflower), and still strong demand for GM-free (“genetically modified” -free) feed products. The current high input prices including high fertilizer prices are an additional incentive to plant soybeans as this crop is less nitrogen fertilizer dependent. After a decline and stagnation of rapeseed area, this is the first increase in rapeseed plantings in years. Although at an already high area level and area limitations due to crop rotation practices, sunflower should also see an area increase because of the high demand in a very tight and uncertain market. As of the drafting of this report, most of the sunflower and soybean in the EU has not been yet planted. Thus, these forecasts are based on farmer’s planting intentions.

In late March, the EU Commission (EC) introduced a couple of measures to enhance global food security and to support farmers and consumers in the EU. Among those measures, the EC granted an exceptional and temporary derogation to allow the production of any crops for food and feed purposes on fallow land, while maintaining the full level of the greening payment for farmers. This potentially enlarges the EU's crop area but at this point it is not clear to which extent farmers may make use of the derogation, as fallow land normally is less fertile and less productive land. The member states are responsible for implementation of the derogation. So, the conditions for production on fallow land will also vary within the member states.



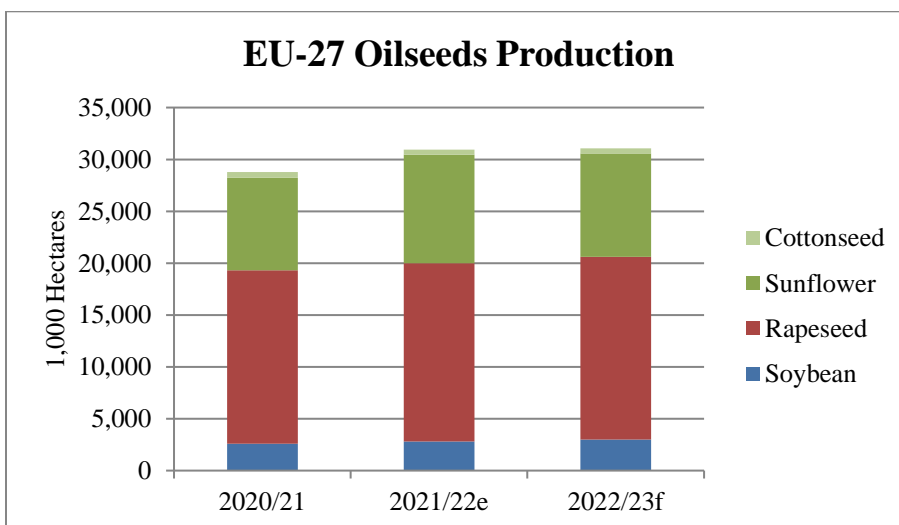
e = estimate, f = forecast

Source: FAS EU

EU Total Oilseeds Production

MY 2022/23

Despite increased area, oilseed production is forecast to show only a small increase of less than half a percent due to lower average yields, which is mainly true for sunflower which will not reach the bumper crop yields of the previous year. High prices and scarcity of input like energy, fertilizers, and pesticides will also negatively impact yields in the upcoming season. Only soybean yields are expected to remain at last marketing year's level. On average, planting and growing conditions in fall, winter, and beginning of spring have been favorable without reported winterkill so far. However, in some areas sowing conditions were too wet and in others too dry. Mild winter conditions may increase pest pressure and some regions in Central Europe did not receive sufficient precipitation. Yield potential at this point is forecast to be at a medium or rather low level but depends on further developments.



e = estimate, f = forecast

Source: FAS EU

EU Total Oilseeds Crush

MY 2022/23

EU total oilseeds crush is forecast to increase a little over 1 percent. All three major oilseeds show a slight increase in crush with the highest increase in rapeseed due to increased domestic supply. High crush margins and strong demand for the products oils and meals particularly boost crush numbers for sunflower and rapeseed despite tight availability and high commodity prices.

Total Oilseed – Meals

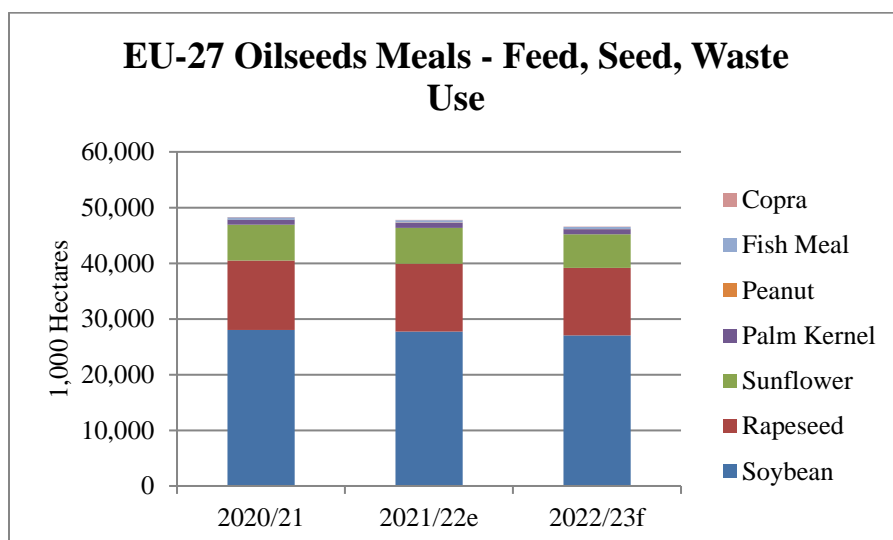
Meal, Total Oilseeds	2020/2021		2021/2022		2022/23	
	USDA Official	New Post	USDA Official	USDA Official	New Post	USDA Official
Crush	46285	46235	46235	46435		47035
Extraction Rate						
Beginning Stocks	1,137	1,137	725	991		816
Production	30,018	30,005	29,934	30,100		30,472
MY Imports	21,258	21,243	21,487	20,312		19,112
Total Supply	52,413	52,385	52,146	51,403		50,400
MY Exports	2,559	2,565	2,240	2,280		2,260
Industrial Dom. Cons.	570	570	570	570		570
Food Use Dom. Cons.	32	32	32	32		32
Feed Waste Dom. Cons.	48,527	48,227	48,587	47,705		46,512
Total Dom. Cons.	49,129	48,829	49,189	48,307		47,114
Ending Stocks	725	991	717	816		1,026
Total Distribution	52,413	52,385	52,146	51,403		50,400
(1000 MT),						

Note: Numbers in oilseed meals and oils do not include cottonseeds as cottonseed meal and cottonseed oil are not included in this report.

Source: FAS EU

MY 2022/23

Following a somewhat higher crush, EU oilseed meal production is expected to increase slightly over 1 percent. Based on the assumption of a declining livestock sector (see [EU semi-annual Livestock and Products Report 2022](#)), overall feed use is also forecast to be on a declining trend. Feed use of oilseeds meals is forecast to be down 2.5 percent compared to the previous marketing year. Demand for rapeseed meal is projected to be stable due to high demand for GMO-free feed and the tight market of sunflower meal which feed use is projected to decline.



e = estimate, f = forecast

Source: FAS EU

Total Oilseeds – Oils

Oil, Total Oilseeds	2020/2021		2021/2022		2022/23	
	USDA Official	New Post	USDA Official	USDA Official	New Post	USDA Official
European Union						
Crush	46,285	46,235	46,235	46,435		47,035
Extraction Rate						
Beginning Stocks	3,158	3,158	1,866	2,206		1,852
Production	17,850	17,879	18,036	18,031		18,036
MY Imports	9,937	9,902	10,610	10,070		9,870
Total Supply	30,945	30,939	30,512	30,307		29,758
MY Exports	3,564	3,468	3,448	3,306		2,898
Industrial Dom. Cons.	12,820	12,630	12,720	12,295		12,100
Food Use Dom. Cons.	12,364	12,304	12,493	12,523		12,583
Feed Waste Dom. Cons.	331	331	331	331		328
Total Dom. Cons.	26,410	25,265	25,544	25,149		25,011
Ending Stocks	1,866	2,206	1,520	1,852		1,849
Total Distribution	30,945	30,939	30,512	30,307		29,758
(1000 MT),						

Note: Numbers in oilseed meals and oils do not include cottonseeds as cottonseed meal and cottonseed oil are not included in this report.

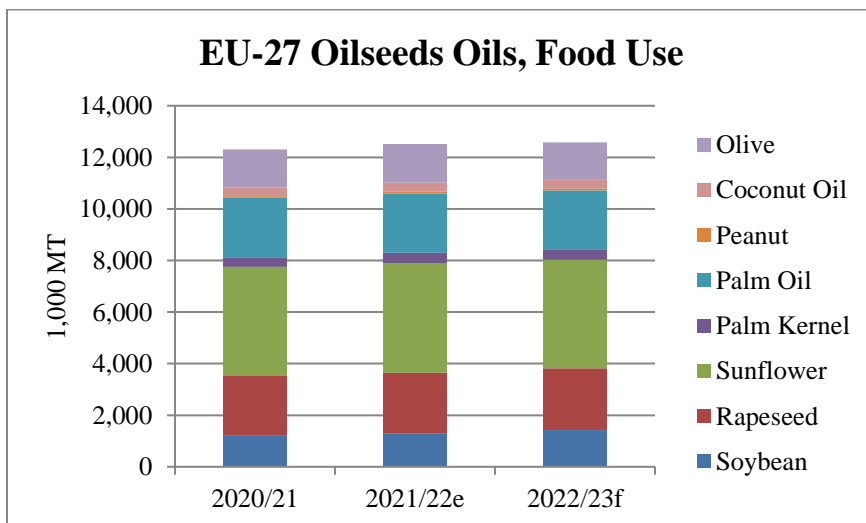
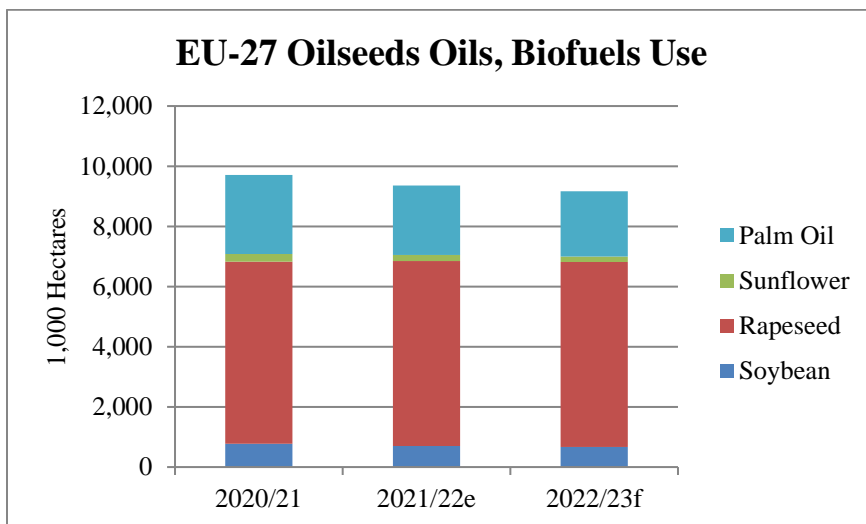
Source: FAS EU

MY 2022/23

EU total domestic oilseed oil production is forecast to be stable compared to the previous marketing year. Increasing rapeseed, soybean, and sunflower oil production is offset by almost 10 percent lower olive oil production. The tight market in the vegetable oil sector and a growing demand for food consumption due to growing population through refugees is projected to result in lower biofuels use.

Also, the blending mandates of biofuels are under discussion. In late March, the EU Commission published a communication where it states that it "supports Member States in using possibilities to reduce the blending proportion of biofuels which could lead to a reduction in agricultural land used for production of biofuel feedstocks, thus easing pressure in the markets for food and feed commodities."

To cope with the shortage of oil and especially sunflower oil, Member States, upon request to the EC, may grant waivers to manufacturers of consumer products to sell reformulated products without changing labels and thus replacing sunflower oil by palm oil, soybean oil and rapeseed oil while observing Regulation (EC) [1169/2011](#) on provision food information to consumers. Authorizations have already been granted to manufacturers in Italy, Spain, Portugal, Finland, and the Netherlands. Moreover, Italy, Spain, and Portugal released guidance allowing flexibility around packaging which permits the use of stickers or inkjet printing to be placed over existing labels.



e = estimate, f = forecast

Source: FAS EU

2. Soybean Complex

Disclaimer :

Russia's invasion of Ukraine on February 24 has significantly impacted global markets. Since the start of the conflict, crush facilities and ports in Ukraine have suspended operations, and other countries have imposed sanctions on Russia limiting trade from the region. More than thirty-five percent (on average over the last three years) of imported soybean oil in the European-Union comes from Ukraine.

In this crisis context, to make sure feed and oil supply needs are met and with high prices and a lesser dependance on fertilizers (especially nitrogen-based fertilizers), soybean area is expected to be up in Europe.

As the market continues to be very volatile, events linked to the Ukrainian crisis could impact this report and its soybean estimates, forecasts, and narratives in the future.

Soybean Seed

Oilseed, Soybean Market Begin Year	2020/2021		2021/2022		2022/2023	
	Oct 2012		Oct 2021		Oct 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Area Harvested	940	948	940	950		1,000
Beginning Stocks	1,758	1,758	1,565	1,348		803
Production	2,575	2,600	2,735	2,800		3,000
MY Imports	14,789	14,787	14,500	14,500		15,000
Total Supply	19,122	19,145	18,800	18,648		18,803
MY Exports	187	187	225	225		200
Crush	15,800	15,700	15,700	15,700		15,850
Food Use Dom. Cons.	220	210	220	220		230
Feed Waste Dom. Cons.	1,350	1,700	1,450	1,700		1,750
Total Dom. Cons.	17,370	17,610	17,370	17,620		17,830
Ending Stocks	1,565	1,348	1,205	803		773
Total Distribution	19,122	19,145	18,800	18,648		18,803
(1000 HA), (1000 MT), (MT/HA)						

Source: FAS EU

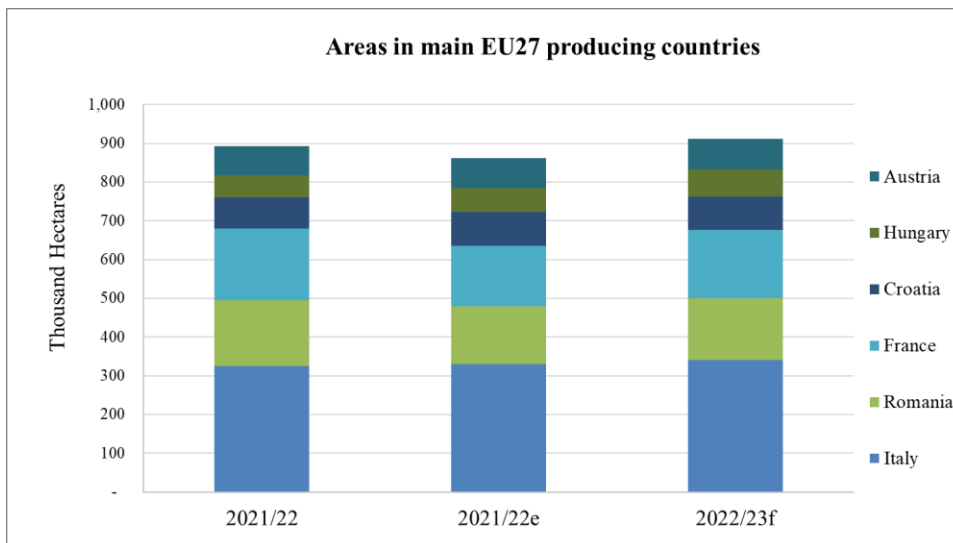
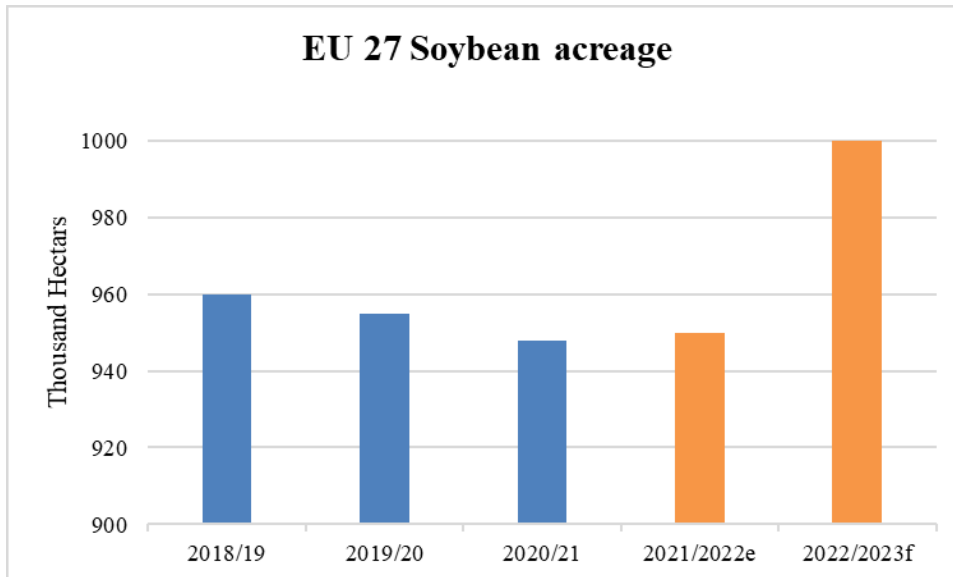
MY 2022/23

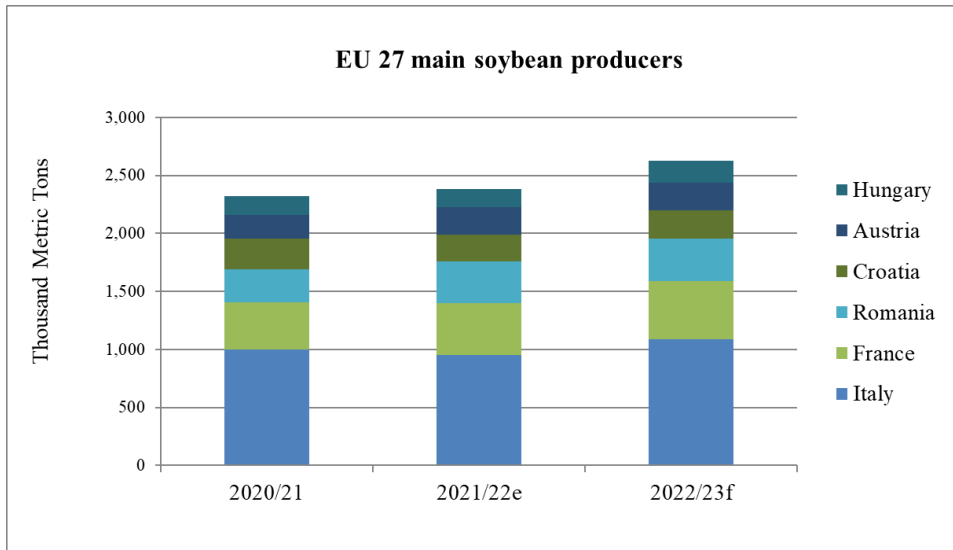
In MY 2022/23, EU soybean planted area is expected to increase more than five percent compared to the previous year, after stagnating in MY 2021/2022. This increase is fueled by a combination of high prices, strong demand for GE-free soybeans and uncertainty surrounding access to Ukrainian oilseeds.

Italy, France, and Romania should remain the largest producers in the EU. Soaring production costs and limited access to fertilizers are of concern; however, soybean is less nitrogen fertilizer dependent than other crops, such as rapeseed.

Soybean is increasingly perceived as a better fit for an increasingly hotter and drier environment, similar to the one experienced in many European countries because of climate change.

While the soybean harvest will not be completed before the fall 2022, all production factors are forecast as mostly positive. Assuming average yields and sufficient water resources, the EU soybean crop will be 7 percent higher than in MY 2021/22.





e = estimate, f = forecast

Source: FAS EU

EU imports of soybeans are expected to increase as access to Ukrainian sunflower seed is uncertain and while rapeseed growing conditions have been good, rapeseed crops could be impacted by the limited access of fertilizers. The risk of droughts in Brazil, the EU main soybean supplier, is not as strong as previously forecast. However, Brazil relies on Russia and Belarus for input imports and is heavily dependent on imports for all chemical products. Regardless of the availability of Brazilian soybeans, the EU is expected to slow down exports and rely on intra-EU imports from producing countries such as Romania, whose exports to Russia should diminish because of the crisis.

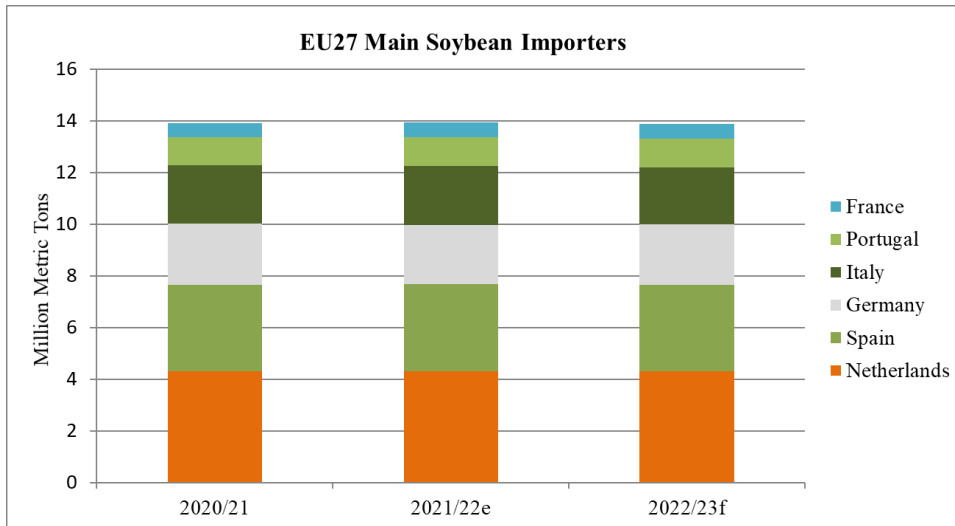
Crush is expected to rise slightly, increasing production and local needs.

In this tight offer and demand context, stocks are expected to decrease to their lowest point in five years.

MY 2021/22

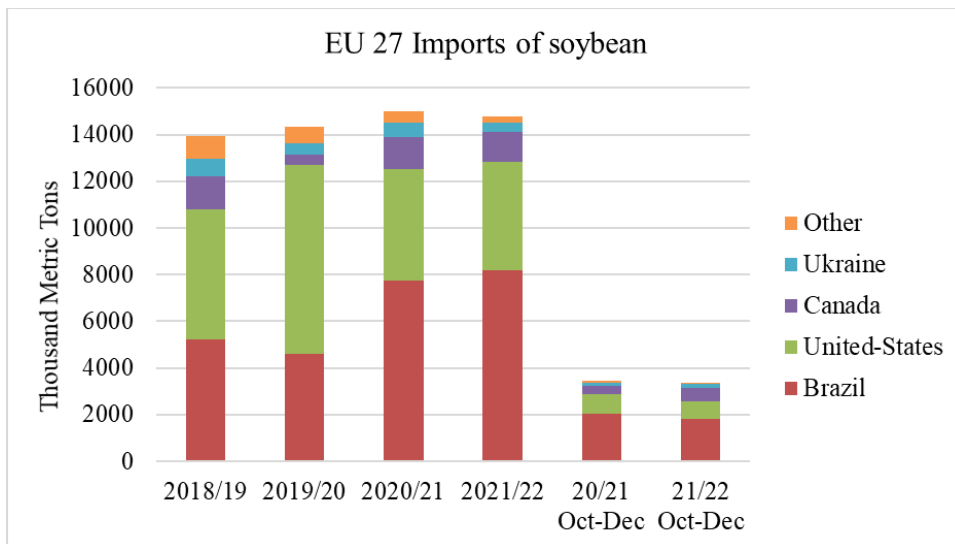
EU planted area is stable. Several countries such as France and Hungary, have implemented governmental policy programs to support national soybean sectors and decrease feed dependence but effects of those programs have been limited thus far. Nonetheless, production of soybeans under the Donau Soja (DS) or Europe Soya (ES) label has increased 49 percent in MY 2021/22, after a temporary decline in the 2020. The [Danube Soya Initiative](#), which was created in 2012, is comprised of 11 European countries in the Danube region. Its goal is to increase the share of regionally produced GE-free feed. Its stakeholders introduced a new certification standard called “Europe Soya” in 2016 with similar goals. According to the Danube Soya Initiative, ten percent of the GE-free European soy harvest is Donau Soja certified in MY 2021/22.

Despite dry weather in most EU countries and localized diminishing yields because of droughts, yields are up in leading producing countries (France, Romania, Austria) and also the average European Union yield is up. Smaller producers such as Poland, Germany, and Slovakia have increasing production and total EU production is expected to be up eight percent in MY 2021/22 compared to the previous year.



e = estimate, f = forecast

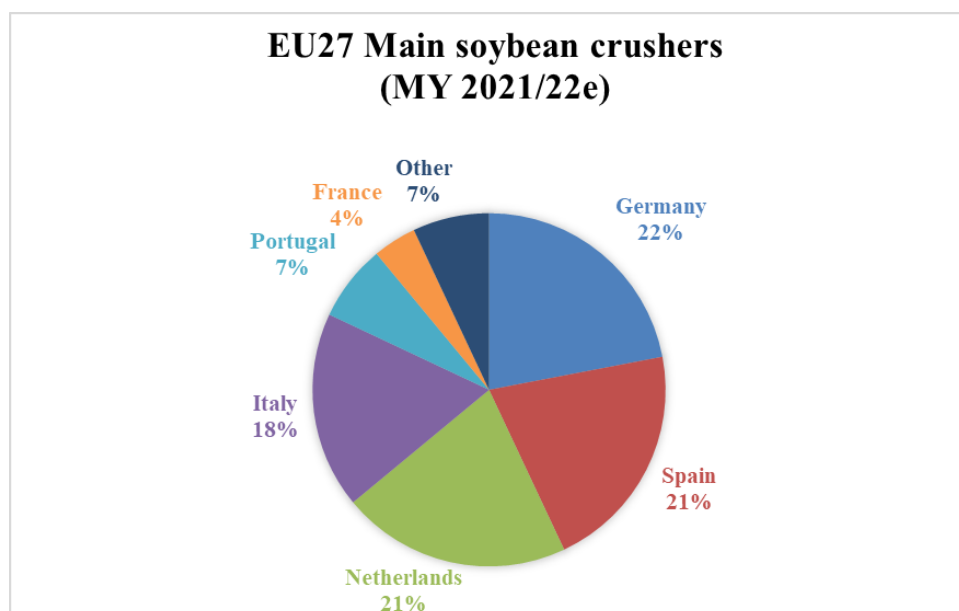
Source: FAS EU



Source: Trade Data Monitor

As the European pork and poultry industries are struggling with disease outbreaks, price fluctuations, and rising costs, imports are expected to diminish two percent. Imports are also expected to be impacted by limited availability of South American soybeans coming from other smaller suppliers such as Argentina or Paraguay as severe droughts took place.

Fifty-five percent of imported soybeans are expected to come from Brazil, which remains the number one soybean supplier to the EU; the United-States is supplying thirty-three percent of imports, followed by smaller exporters like Canada, Ukraine (close to three percent of imports), Serbia and Togo. Togo is the main EU supplier of organic soybeans but sky-high prices in an already costly environment remain the main barrier to the development of the market segment.



e = estimate, f = forecast

Source: FAS EU

Boosted by high prices and limited availability of rapeseed, soybean crush is stabilizing at high levels, reaching maximum levels in some EU member states. Localized decreases have been identified and are linked to diminished opportunities within the biofuel sector.

Soybean Meal

Meal, Soybean Market Begin Year	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official (EU27)	New Post
Crush	15,800	15,700	15,700	15,700		15,850
Extraction Rate	0.79	0.79	0.79	0.79		0.79
Beginning Stocks	474	474	300	510		370
Production	12,490	12,400	12,406	12,400		12,522
MY Imports	16,525	16,525	16,550	16,000		15,500
Total Supply	29,489	29,399	29,256	28,910		28,392
MY Exports	847	847	750	750		700
Industrial Dom. Cons.	10	10	10	10		10
Food Use Dom. Cons.	32	32	32	32		32
Feed Waste Dom. Cons.	28,300	28,000	28,175	27,748		27,040
Total Dom. Cons.	28,342	28,042	28,217	27,790		27,082
Ending Stocks	300	510	289	370		610
Total Distribution	29,489	29,399	29,256	28,910		28,392

(1000 MT), (PERCENT)

Source: FAS EU

MY 2022/23

The EU has a major deficit in plant proteins and relies on imports to meet its protein needs. Over ninety percent of the soy needed for EU animal feed is imported.

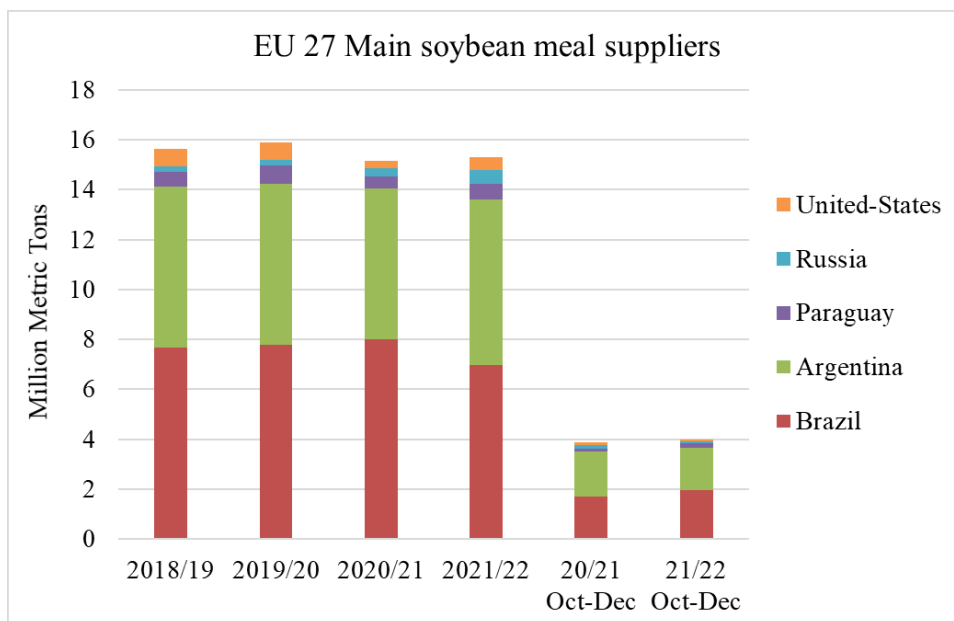
European Union member states would like to diminish their dependence to imported meals and several countries have implemented national programs to support local soy farmers and supply chains of non-GE soybean meals.

Soybean meals are mainly used for the European pork and poultry industries. The pork sector was already in an unstable situation (in Germany, Belgium, and France for example) and with current rising costs, no upside is expected for the industry, and livestock production is decreasing.

After several avian influenza outbreaks, the poultry sector is recovering in some countries (Poland, largest producer in the EU, Bulgaria) and still struggling with new outbreaks in others (France, Spain).

With increasing local production and fair crush margins, meal production is expected to increase one percent. However, diminishing livestock in the EU is expected to lead to diminishing imports and feed use of soybean meals.

Brazil and Argentina are the EU's top suppliers, providing more than eighty percent of all soybean meal imports but droughts and access to inputs could negatively impact production.

MY 2021/22

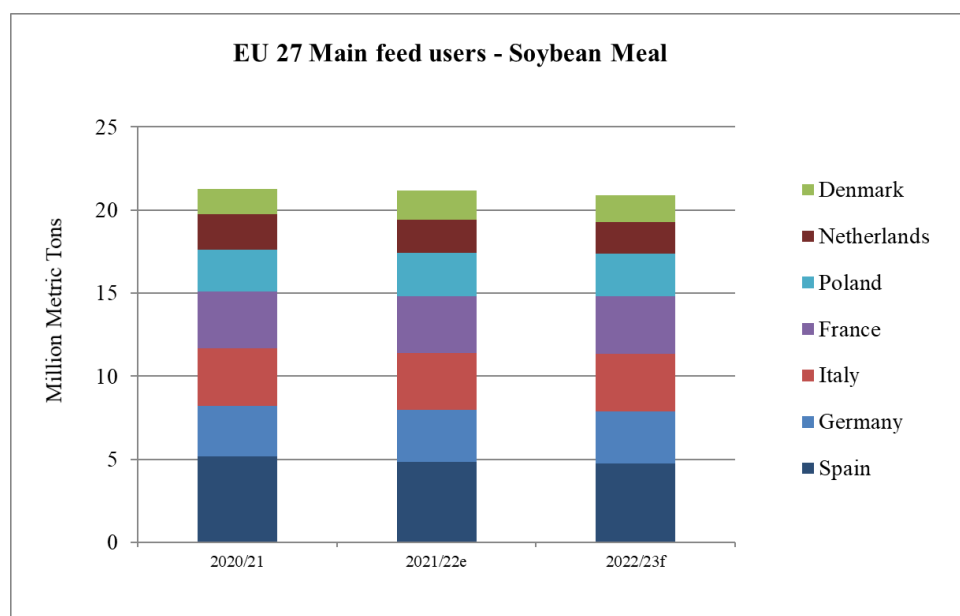
e = estimate, f = forecast

Source: Trade Data Monitor

EU imports went down three percent as the main EU importers such as the Netherlands, Italy, and Spain, decreased their imports as a response to animal disease outbreaks and the food service industry still struggling with COVID 19 closures and lockdowns, which led to decreased meat demand.

Exports decreased thirteen percent as local production was compensating for lower levels of rapeseed meals.

Following the animal situation, the feed use of soybean meal is trending downward. Local stakeholders are also seeing a reduced use of non-GE soybean meal by end users due to higher incorporation of DDGs (dried distillers grains with solubles) and other proteins.



e = estimate, f = forecast

Source: FAS EU

Soybean Oil

Oil, Soybean Market Begin Year	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Crush	15,800	15,700	15,700	15,700		15,850
Extraction Rate	0.19	0.19	0.19	0.18		0.18
Beginning Stocks	414	414	441	484		465
Production	3,004	3,000	2,981	2,889		2,923
MY Imports	491	491	475	480		450
Total Supply	3,909	3,905	3,897	3,853		3,838
MY Exports	1,063	1,066	1,050	1,030		950
Industrial Dom. Cons.	1,100	1,100	1,150	1,000		1,000
Food Use Dom. Cons.	1,250	1,200	1,300	1,300		1,425
Feed Waste Dom. Cons.	55	55	55	58		55
Total Dom. Cons.	2,405	2,355	2,505	2,358		2,480
Ending Stocks	441	484	342	465		408
Total Distribution	3,909	3,905	3,897	3,853		3,838

(1000 MT), (PERCENT)

Source: FAS EU

The EU imported thirty-five percent of its soybean oil from Ukraine and with the current local situation, imports are uncertain for MY 2022/23. Argentina is the second supplier to the EU and has recently announced a temporary export ban of soybean oil to increase export taxes. While exports should start again, prices will increase.

Exporting mainly to North and South African countries, EU member states are expected to slow exports with an eight-percent decrease forecast for MY 2022/23 and potentially limited access to Ukrainian sunflower and soybean oils, EU-produced soybean oil will be used locally to meet the demand for vegetable oils. Further temporary replacement and reformulation of food use oil could take place.

Food use of soybean oil is expected to increase more than eight percent in MY 2021/22 and close to ten percent in MY 2022/23, following population growth (planned growth and influx of refugees coming from Ukraine) and limited access to sunflower seed oil, which is the main cooking oil in several EU countries.

On the other hand, to meet the demand for food use, industrial uses, especially in biofuels, are expected to stagnate in MY 2022/23 after a slight decrease in 2021/2022. Market opportunities for biofuels are still unclear in the EU.

3. Rapeseed Complex

Rapeseed is the dominant oilseed in the EU, which is one of the world's largest producers of rapeseed and products. After reaching a high of 6.5 million hectares in production in MY 2018/19, the rapeseed area in the EU declined and stagnated over the past few years along with production. As a result, demand for rapeseed exceeds domestic supply. With tight supply, imports of rapeseed increased over the same period for crushing. EU rapeseed imports primarily come from Ukraine, Canada, and Australia. With Brexit, the UK became a significant third-country trading partner and the largest export market for EU rapeseed.

The main driver of the EU rapeseed market remains demand for rapeseed meal and oil, products that are derived from crushing. Rapeseed oil is mainly used by the biodiesel industry. The EU Renewable Energy Directive and its biofuel policy and mandates on consumption levels determine the industry. Compared with biodiesel, food and other industrial use of rapeseed oil normally influence demand to a lesser extent. But the loss of Ukraine as by far the largest supplier of sunflower oil is becoming apparent, which will affect the rapeseed market. It will drive demand for rapeseed oil as an alternative in the food sector and have a stronger impact on the rapeseed market after biodiesel and protein meals have been the main drivers so far.

The EU is a leading producer and exporter of meat and dairy products and uses rapeseed meal in the livestock sector as a feed ingredient. In the EU market, rapeseed meal competes with 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 only replace soybean meal to a certain extent in meat and poultry production. Due to its high protein content, soybean meal remains the top choice in feed ratios for poultry and pork.

Disclaimer:

Russia's invasion of Ukraine on February 24 has significantly impacted global markets. Since the start of the conflict, crush facilities and ports in Ukraine have suspended operations, and other countries have imposed sanctions on Russia, limiting trade from the region. Together, Ukraine and Russia account for about one-fifth of global rapeseed exports and a little more than 15 percent of rapeseed oil exports.

For Europe's rapeseed market, Ukraine is an important player. Europe's demand for rapeseed outstrips its domestic supply which leads to the importation of large quantities of rapeseed for crushing with imports reaching a record high of nearly 6 million MT in MY 2019/20. Ukraine, Canada, and Australia are the major global exporters, together account for up to 95 percent of EU rapeseed imports. Ukraine is traditionally the most important supplier with a market share of roughly 40 percent annually. The effects of the war in Ukraine on its rapeseed exports will mostly impact the upcoming MY 2022/23 since Ukraine rapeseed and product exports are frontloaded during the marketing year, and as a result were largely shipped prior to the conflict.

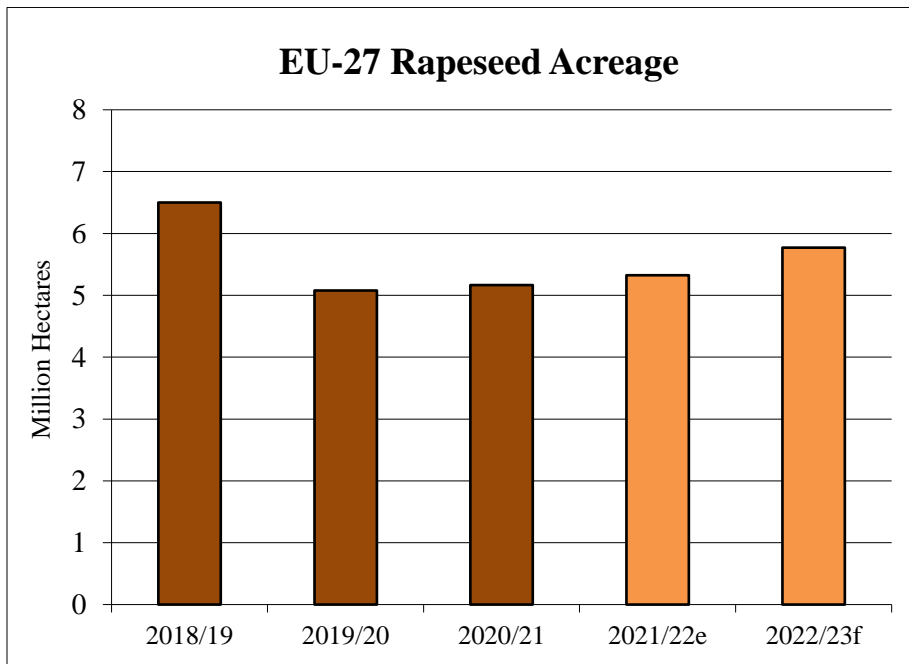
Ukrainian rapeseed production and exports in the upcoming marketing year are a big unknown. Ukrainian farmers expanded rapeseed acreage to about 1.4 million hectares for the 2022 rapeseed harvest. But, over a third of this area was in areas of hostilities in mid-March 2022, which has a significant consequence since part of the crop may be lost. On the remaining area, farmers may not be able to tend the crop as usual due to lack of labor, fuel, plant protection products and fertilizer. Fuel shortage has been the most prominent problem recently. Production areas and yields might be reduced due to the military conflict, and it is still months until harvest in July and August 2022.

Oilseed, Rapeseed Market Begin Year	2020/2021		2021/2022		2022/2023	
	Jul 2020		Jul 2021		Jul 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Area	5,165	5,326	5,325	5,400		5,800
Beginning Stocks	1,069	1,069	232	542		542
Production	16,289	16,699	17,150	17,200		17,600
MY Imports	5,797	5,797	5,220	5,200		5,000
Total Supply	23,155	23,565	22,602	22,942		23,142
MY Exports	173	173	350	350		300
Crush	22,200	22,300	21,250	21,500		21,900
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	550	550	575	550		550
Total Dom. Cons.	22,750	22,850	21,825	22,050		22,450
Ending Stocks	232	542	427	542		392
Total Distribution	23,155	23,565	22,602	22,942		23,142
(1000 HA), (1000 MT), (MT/HA)						

Source: FAS EU

MY 2022/23

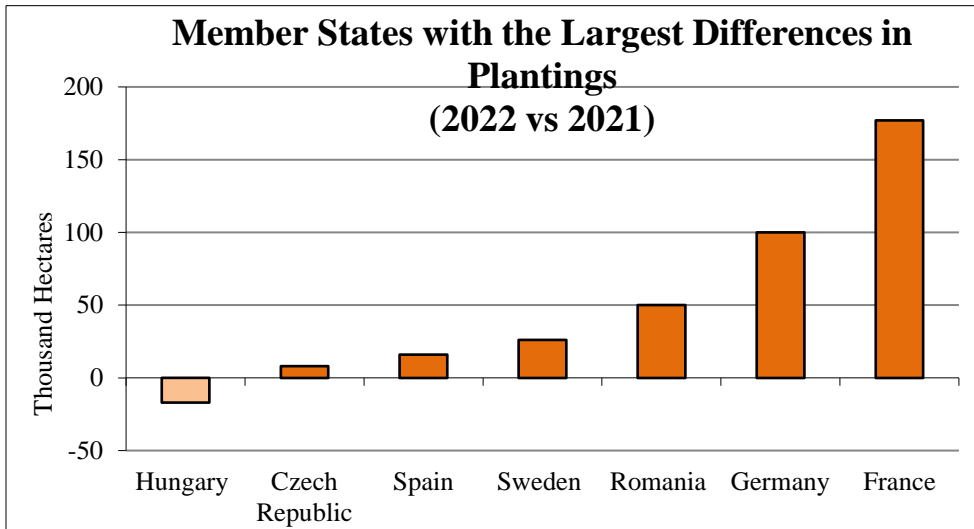
In fall 2021, farmers in the EU planted 5.8 million hectares of rapeseed, which was a significant increase of 7 percent, when compared to the previous year, but still 11 percent below the 6.5 million hectares cultivated in MY 2018/19. The increase was mainly driven through attractive prices at planting. This is the first significant uptick in planting in recent years, which had dropped due to decreasing profitability of the crop. This was mainly caused by the ban of neonicotinoids use in the EU. Insufficient initial protection due to missing neonicotinoid seed coating leads to higher insect damage and increased frequency of applications of other, less efficient pesticides. All of this significantly increases production costs for farmers and results in decreased competitiveness and attractiveness of rapeseed cultivation.



e = estimate, f = forecast

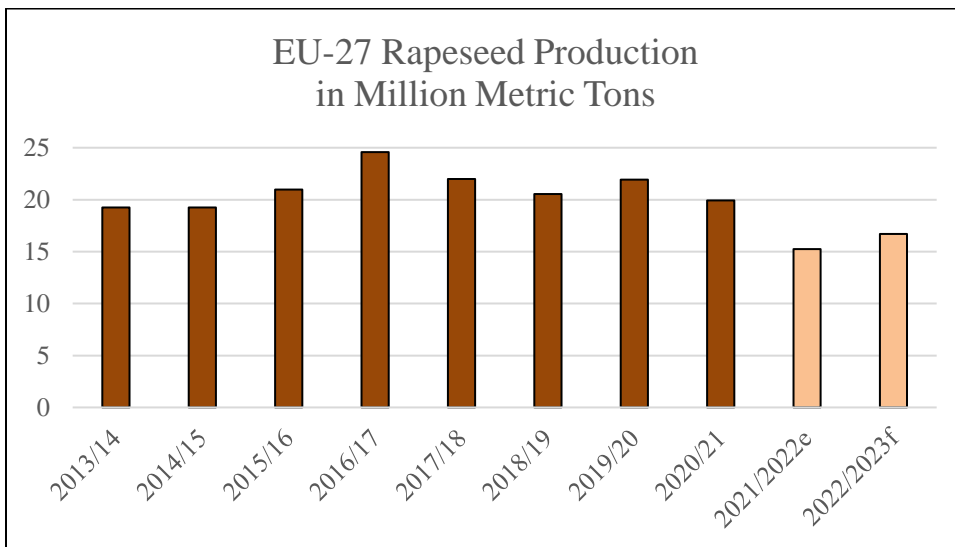
Source: FAS EU

Driven by high prices, EU farmers planted more rapeseed in fall 2021. In particular, farmers in France, Germany, Romania, Sweden, Spain and the Czech Republic increased rapeseed acreage, with Spain hitting a record. The rebound in rapeseed production in France is also noteworthy since it marks the first time in years that French farmers increased acreage. In addition to high prices, the public campaign “Rapeseed is an opportunity for France” also played a role in the comeback of the crop. The only notable reduction in acreage occurred in Hungary. Besides the ban on neonicotinoids, which makes production more difficult and costly, Hungarian farmers cited fertilizer shortage and soaring prices as the main reason for the reduction. In the coming weeks, there might be some upside for acreage with the planting of summer rapeseed this season due to the very high prices and possibilities to use areas that are out of production. But, farmers may prefer other crops, which need less fertilizer and there is also just limited supply of seed for summer rape according to sources.



Source: FAS EU

Planting conditions were good in France, Hungary, Spain, Austria, and Slovenia. Conditions for planting were also favorable in the Czech Republic but some of the area in Western Bohemia had to be ploughed under due low plant density. Rains affected planting in Poland, the Nordic countries, the Baltics, and Germany while sowing conditions in Romania and Bulgaria were very dry. Mild weather in early winter was favorable for condition of crops, especially in Southeastern European countries. There were little reports of winterkill. Beginning of 2022 continued to be mild aside from Western Europe with generally fairly balanced rainfall but some regions in central Europe received little precipitation.



e = estimate, f = forecast

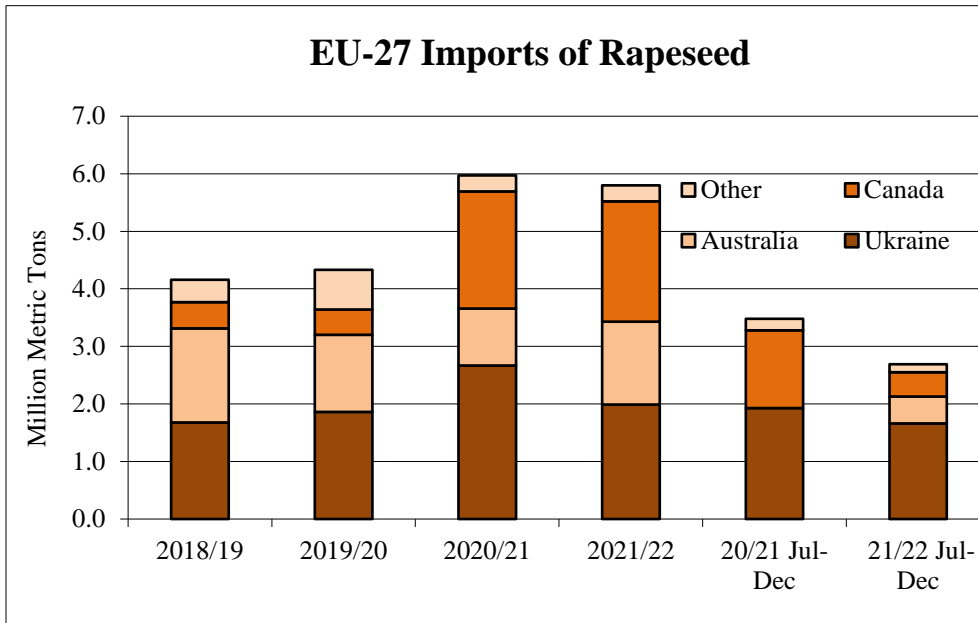
Source: FAS EU

As of mid-March 2022, the forecast for EU rapeseed production is 17.6 MMT, which would be an increase of two percent compared to the previous MY. Though acreage increased by a higher percentage, forecast is based on lower yields since prices for fertilizer are skyrocketing and rapeseed is a relatively fertilizer intensive crop. So, farmers might perform less applications than usual. In the EU, most countries are under favorable conditions. However, rainfall deficits in the southern and western countries will require the resumption of rains in spring to avoid negative impacts on yields. The mild winter might also result in higher pest and disease pressure in spring which in turn may impact yields further. The crop potential will mostly depend on favorable growing conditions in spring and summer in the major rapeseed regions.

Supply of domestically produced rapeseed will stay tight in MY 2022/23, and the EU will depend on the import of large volumes of rapeseed to fulfill demand. The outlook for global rapeseed production was initially better in MY 2022/23 due to a rebound in Canadian production after a severe drought and good prospects in Australia, where farmers might expand acreage due to high prices. The big uncertainty remains the Ukrainian crop and its export availabilities in the upcoming season. While Canadian and Australian origin might replace the Ukrainian share to a certain extent, the market situation is forecast to be extremely tight at the beginning of the MY 2022/23. Usually, Ukraine is shipping large volumes at the beginning of the MY before harvest in Canada starts in August/September, followed by the Australian harvest beginning in October. In total, imports of rapeseed in MY 2022/23 are currently forecast to be down nearly 4 percent to 5 MMT. Depending on the situation this might be subject to change. Prices for rapeseed are expected to remain on a high-level, reducing crush margins, while demand for meal and oil is expected to be good. Exports are expected to decrease due to tight supply on the domestic market. At the end of the season, EU stocks of rapeseed are forecast to decrease.

MY 2021/22

EU farmers increased rapeseed acreage just slightly in MY 2021/22. But better yields led to better final production, which reached 17.2 MMT, over 3 percent more than the previous MY. Rapeseed production was especially hampered by the situation in France, where the area decreased significantly and floods in early July affected production. A slight increase in EU rapeseed production could not ease the tightness on the domestic market. As of mid-March, it became extremely difficult for oilseed crushers to obtain sufficient product for delivery contracts of oil and meal in the coming months. While prices reached record highs, supply is extremely tight since global supplies are down. This was mainly driven by lower Canadian production which experienced drought conditions and decreased substantially by roughly a third and halved the Canadian export potential. This can only be offset to a certain extent by an Australian bumper crop and solid exports from Ukraine before Russia invaded the country. Consequently, the forecast for imports is down to 5.2 MMT, over 10 percent lower than the previous MY. Crush margins are still attractive but expect to be less attractive in the coming months. Crushing is expected to decrease in the remainder of the MY due to high prices and low availability of product and reach a total of 21.5 MMT. Ending stocks are expected to stay flat on a low level.



Source: Trade Data Monitor

Rapeseed Meal

Demand for rapeseed meal in the EU continues to be solid. Increasing numbers of farmers in more member states use rapeseed meal in feed ratios in the dairy sector (for instance in Germany, Austria, and Bulgaria) and increasingly it is incorporated in swine and poultry production. Austria reported that farmers were traditionally hesitant to use rapeseed meal in their feed ratios. However, in the last couple of years Austrian farmers increasingly incorporated more rapeseed meal, particularly in ready feed mixtures. This is also a result of growing demand for GMO-free feed in milk production, which is required by retail chains (and thus processors) in Germany, Austria, Slovakia, and the Czech Republic. In Poland, swine and poultry are the main consumers of rapeseed meal. In recent years, very favorable prices of rapeseed meal, when compared to other feed protein meals, contributed to the growing demand as well.

Meal, Rapeseed Market Begin Year	2020/2021		2021/2022		2022/2023	
	Jul 2020		Jul 2021		Jul 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Crush	22,200	22,300	21,250	21,500		21,900
Extr. Rate, 999.9999	0.57	0.57	0.57	0.57		0.57
Beginning Stocks	435	435	306	362		317
Production	12,654	12,710	12,113	12,255		12,483
MY Imports	467	467	675	700		750
Total Supply	13,556	13,612	12,944	13,167		13,200
MY Exports	750	750	675	700		750
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	12,500	12,500	11,950	12,150		12,150
Total Dom. Cons.	12,500	12,500	11,950	12,150		12,150
Ending Stocks	306	362	319	317		300
Total Distribution	13,556	13,612	12,944	13,167		13,200
(1000 MT), (PERCENT)						

Source: FAS EU

MY 2022/23

EU rapeseed meal production is expected to continue increasing slightly, hand in hand with slightly increasing crush. Due to tight supply, prices for rapeseed meal are expected to stay high. Demand for rapeseed meal is forecast to be stable since its use in feed ratios is needed due to the demand for GMO free feed, though livestock numbers continue to decrease. Large demand for rapeseed meal from Norway, the UK, Israel, Morocco and Switzerland will continue to be strong leading to a slight increase in exports. Stocks are expected to be fairly stable on a low level.

MY 2021/22

Production this marketing year is estimated to be lower than originally expected, because of limited rapeseed supply on the global market which results in lower crush. Rapeseed meal prices reached record highs in mid-March 2022 and there is a shortage of supply reducing demand to the absolute necessary derived from existing contracts. Imports are lower than expected. The main reason is that Russia has been the number one supplier of rapeseed meal in the first half of the MY but exports have been banned by Russia as retaliation against the sanctions imposed on the country through the war in Ukraine. The other main suppliers are the UK and Ukraine which limits the potential for strong imports in the remaining months of the MY. This reduces the supply of rapeseed meal further. Ending stocks are expected to decrease slightly.

Rapeseed Oil

Demand for rapeseed oil in the EU is largely defined by biofuel policy and industry, as most rapeseed oil from crushing is used for biodiesel production. Production and consumption of rapeseed oil for food consumption has been quite stable but might increase due to the war in Ukraine and resulting tight supply of sunflower oil. Political and regulatory support for rapeseed oil as primary biodiesel feedstock declines, as the EC sets caps for food crop-based biofuels, and the raw materials that qualify for double counting become more prominent. However, demand for rapeseed oil for biodiesel production did not suffer as a result of the COVID-19 pandemic. Lock-down related reductions in road traffic mostly affected passenger cars while commercial traffic, which mostly runs on diesel, continued. Additionally, there has been less competition from used cooking oils (UCOs), another biofuel feedstock, as the hospitality industry, hotels and restaurants, came to a standstill.

For more information on the EU biodiesel market, please see the website of our Office of Agricultural Affairs at the [U.S. Mission to the European Union](https://www.usda-eu.org/trade-with-the-eu/eu-import-rules/biofuels/) which contains the latest EU biofuels report and information about the Renewable Energy Directive of the EU: <http://www.usda-eu.org/trade-with-the-eu/eu-import-rules/biofuels/>. For more information about the EU biofuels market see the [EU Biofuels Annual 2021](#).

Oil, Rapeseed Market Begin Year	2020/2021		2021/2022		2022/2023	
	Jul 2020		Jul 2021		Jul 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Crush	22,200	22,300	21,250	21,500		21,900
Extr. Rate, 999.9999	0.42	0.42	0.42	0.42		0.42
Beginning Stocks	423	423	324	380		285
Production	9,324	9,365	8,925	9,030		9,200
MY Imports	314	314	450	450		450
Total Supply	10,061	10,102	9,699	9,860		9,935
MY Exports	722	722	525	525		525
Industrial Dom. Cons.	6,675	6,600	6,650	6,650		6,650
Food Use Dom. Cons.	2,290	2,350	2,175	2,350		2,400
Feed Waste Dom. Cons.	50	50	50	50		50
Total Dom. Cons.	9,015	9,000	8,875	9,050		9,100
Ending Stocks	324	380	299	285		310
Total Distribution	10,061	10,102	9,699	9,860		9,335
(1000 MT), (PERCENT)						

Source: FAS EU

MY 2022/23

Rapeseed oil production is increasing a bit due to better EU rapeseed production which drives crush. The higher supply of rapeseed oil on the EU market is forecast to result in increased food use. Rapeseed oil is expected to partly replace sunflower oil in the daily diet. Supply of sunflower oil is expected to be tight and expensive. This reduces the availability of rapeseed oil to be used as biofuel to a certain extent. How much remains to be seen, since the food versus fuel debate will revive with possible policy actions. Trade is forecast to be stable in both directions. Ending stocks are forecast to increase slightly.

MY 2021/22

This marketing year is characterized by increased production, slightly increased biodiesel consumption, and lower exports. Setback in exports is mainly due to general lower demand from Norway and the UK while Chinese demand was strong in the first half of the season when prices were lower and availability higher. The market is expected to stay tight for the remainder of the MY. Buyers are starting to switch to rapeseed oil due to the lack of sunflower oil supplies from the Black Sea. Demand from the energy sector is subdued due to the high price level.

4. Sunflower Complex**Disclaimer:**

Russia's invasion of Ukraine on February 24 has significantly impacted global markets. Since the start of the conflict, sunflower (and rapeseed) crush facilities have suspended operations and ports in Ukraine are either being blockaded by the Russian navy (Chernomorsk, Odessa) or captured and under attack by the Russian army (Kherson, Mariupol, Berdyansk). Other countries have imposed sanctions on Russia limiting trade from the region. Together, Ukraine and Russia accounted for about one-third of global sunflower seeds exports, for 79 percent of global sunflower meal exports and 77 percent of sunflower oil exports.

For Europe's sunflower products' market, Ukraine is the most important player. Europe's demand for sunflower seeds and products outstrips its domestic supply which leads to imports from Ukraine reaching about 200,000 MT of sunflower seeds, 1.25 MMT of sunflower meal and 1.4 MMT of sunflower oil in MY 2020/21. The EU traditionally sources about 50 to 70 percent of sunflower meal imports and 80-90 percent of its imports of sunflower oil from Ukraine.

In MY 2021/22 (as of March 21, per EU Customs), Ukraine's share of EU sunflower meal imports was 37.3 percent and 85.4 percent for imports of sunflower oil. Therefore, EU imports in the period March – September MY 2021/22 will be considerably impacted by the war in Ukraine. Following a record sunflower crop of 17.5 MMT in MY 2021/22, the country has high stocks of sunflower seeds which are mainly in the hands of the farmers. At this point the availability, safety and quality of these stocks are not well known as well as when and/or if these stocks will be available on the market at a later stage.

Ukrainian sunflower production and exports in the upcoming MY 2022/23 are a big unknown. Ukrainian farmers and processors will most likely try to establish crush of available sunflower seed stocks in order to supply sunflower oil to the EU attempting to exploit the opportunity of high vegetable oil prices in order to get much needed funds. Sunflower meal exports are still questionable at this stage: the only viable logistical channel are railcars across the EU border. The availability of railcars may face increased competition from both national and international grain traders attempting to move their stocks from both inland and port silos.

The expectations for spring planting are for considerably reduced area planted (estimated at 30 or more percent) and lower application of inputs leading to a reduction in yields, production, and exports. About 50 percent of this area is located in areas of hostilities, which has a significant consequence since part of the crop may be lost. On the remaining area, farmers may not be able to plant the crop as usual due to lack of labor, fuel, and other inputs which limits the yield potential. The spring planting usually takes place in April.

Sunflower Seeds

Oilseed, Sunflowerseed Market Year Begins	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	4,349	4,460	4,430	4,480		4,550
Beginning Stocks	555	555	311	420		590
Production	8,851	8,920	10,300	10,440		9,980
MY Imports	779	779	600	490		590
Total Supply	10,185	10,254	11,211	11,350		11,160
MY Exports	624	624	625	550		560
Crush	8,250	8,200	9,250	9,200		9,250
Food Use Dom. Cons.	490	500	500	500		510
Feed Waste Dom. Cons.	510	510	510	510		510
Total Dom. Cons.	9,250	9,210	10,260	10,210		10,270
Ending Stocks	311	420	326	590		330
Total Distribution	10,185	10,254	11,211	11,350		11,160
(1000 HA) ,(1000 MT) ,(MT/HA)						

Source: FAS EU

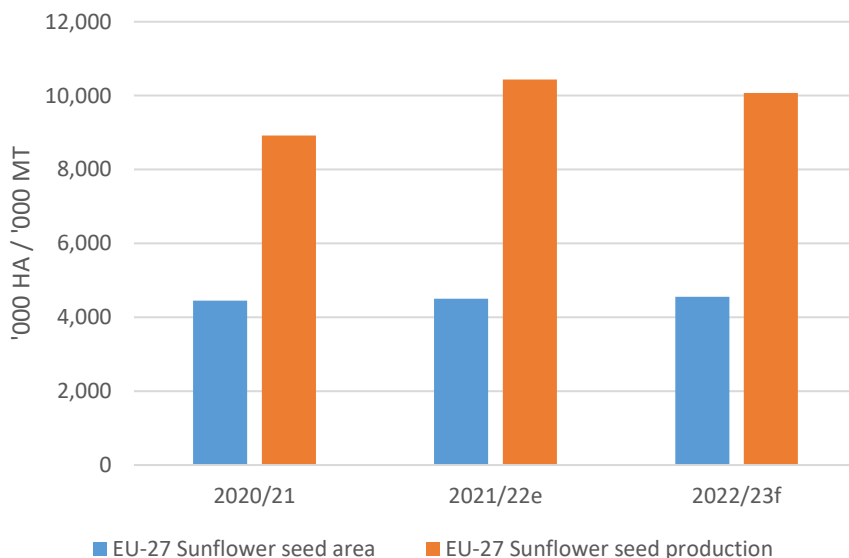
MY 2022/23

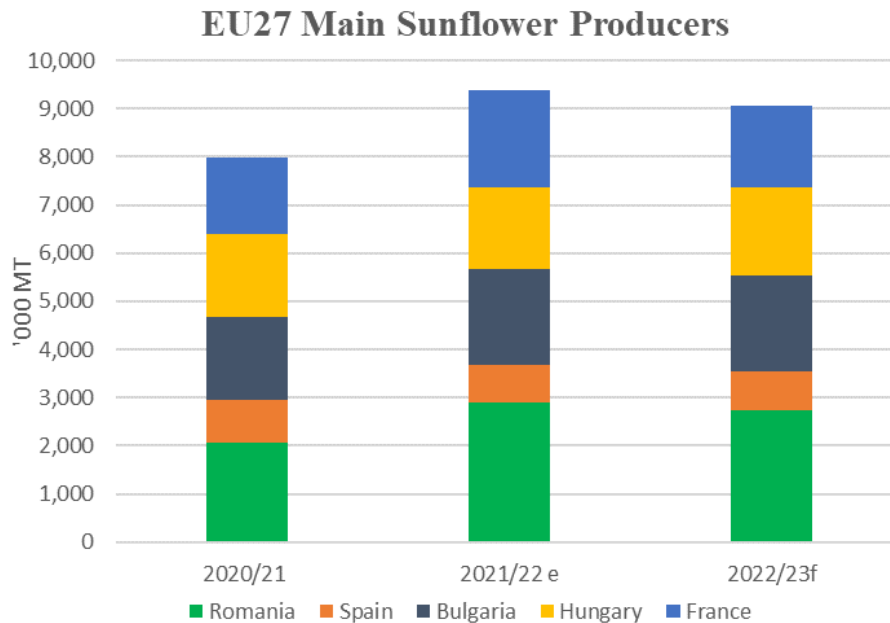
The dynamics and the uncertainty of the current Black Sea market situation have a considerable impact on farmers' decisions for MY 2022/23. Although the sunflower crop has area expansion limitations due to the crop rotation practices, the skyrocketing prices of sunflower seeds, better profitability and lower production costs compared to alternative spring crops, as well as strong crush demand, along with more flexible conditions for using fallow land this year, are reported to motivate 1.6 percent higher area planted in MY 2022/23. In Romania, the area is set to increase also due to a derogation on neonicotinoids utilization. Major producers such as France, Romania, Bulgaria and Spain forecast a growth in acreage exceeding marginal declines in Italy, Germany, and Slovakia while Hungary, Greece, Croatia and Poland expect steady area planted. As of the drafting of this report, most of the sunflower and soybean in the EU has not been yet planted. Thus, these forecasts are based on farmers' planting intentions.

Following exceptionally high yields in MY 2021/22, the prospects for MY 2022/23 are for a modest reduction. In addition, the level of application of inputs may be lower and contribute to a drop in average yields. A projected decrease in yields is expected to result in a 4.5-percent decline in production compared with the current season. This forecast may be modified depending on weather conditions.

Due to anticipated lower availability of exportable sunflower seeds, meal, and oil from the Black Sea region, and likely reduced domestic EU sunflower crop, the EU demand for crush is forecast to be strong in MY 2022/23. High prices of sunflower oil are expected to support attractive crush margins. For these reasons, EU crush is projected to grow and motivate imports to supplement lower local supply. EU crush is estimated to increase 0.5 to 1.0 percent and imports by about 20 percent compared to the record low level in the current season. The largest increase in crush is forecast for the Netherlands, Bulgaria, Hungary and Spain, followed by Romania, Portugal, and Czech Republic that report steady crush, and a decline mainly in France. EU crushers may face competition between sunflower seeds and improved availability of rapeseed. It is believed that the Black Sea supply (Ukraine and Russia) of sunflower seeds will be limited due to expected shorter crops in Ukraine and Russia, various logistical and export limitations and prevailing domestic demand in those countries, thus the EU may need to source sunflower seeds from other traditional suppliers such as Moldova, Serbia, and Argentina later in the season. The expected decrease in the EU sunflower crop is likely to lead to stagnant to marginally improved exports, mainly to traditional neighboring markets.

EU27 Sunflower Area and Production





e = estimate, f = forecast

Source: FAS EU

MY 2021/22

The latest estimate confirms higher than previously expected sunflower seeds production in the EU, an impressive 17 percent more than the previous season. This was mainly due to excellent average yields despite almost flat area harvested. Average yields were above earlier expectations, increasing also by 17 percent compared with MY 2020/21. As a result, substantial growth in production compared to the previous season was registered in Romania, Bulgaria, and France, followed by Slovakia, Czech Republic, Greece, Germany, Austria, and Poland, and offsetting decreases mainly in Spain and Italy. Current production estimate is above USDA official.

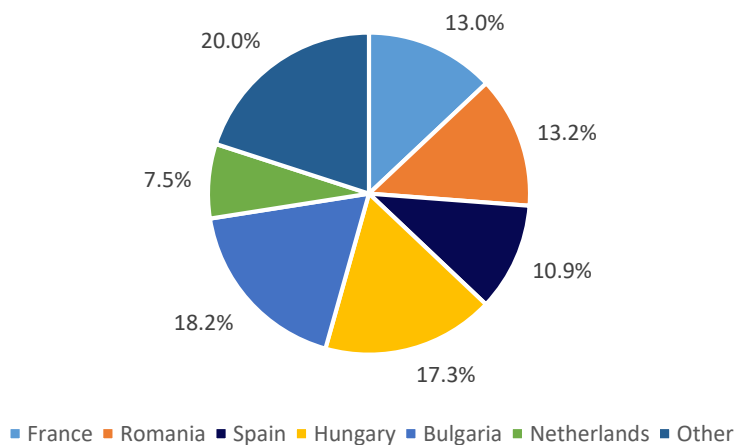
Due to more abundant EU supply and the suddenly changed market situation in the Black Sea in February, domestic crush demand is estimated to strengthen. Very attractive crush margins drive the appetite for more sunflower seeds. Despite favorable demand for crush, imports are estimated to be negatively affected by the shortage of regional supply after February. In the first quarter of the marketing year, imports decreased 65 percent (Trade Date Monitor / TDM) compared to the corresponding period in the previous MY, sourced mainly from Moldova. The low level of imports was also caused by higher farmer retention of stocks in the exporting countries (Ukraine, Russia). However, the very tight balance and challenging logistics in the Black Sea, combined with limited Argentine and Serbian exports (export ban in place) in the second half of the marketing year are likely to keep imports limited. Currently, the estimate for imports is below USDA official. To date, the major EU importers are Romania (38 percent of EU imports), Bulgaria (28 percent) and Spain (8 percent). (source: [TAXUD](#), EU Customs Surveillance System).

Despite a higher domestic crop, sustained domestic crush demand is expected to lead to lower EU exports to traditional markets. In the first quarter of the marketing year, exports were 12 percent lower than in the corresponding period in the previous season (TDM). The main markets were Turkey (40 percent share in total EU exports), the United Kingdom, China, and the United States while the leading EU exporters were Romania and Bulgaria.

Better availabilities, excellent crush margins and higher demand for sunflower oil and meal are projected to result in a growth in EU crush. Crush demand this season is supported mainly by record-high sunflower oil prices and a shorter supply of rapeseed. Crush margins are at a record high, above the levels seen in the previous years and above those for other oilseeds. All EU Member States report a growth in crush, led by France, Hungary, Romania, Bulgaria and the Netherlands, as Spain and Italy are the exception with a decline in crush. The latest industry data (source: FedOil) for October 2021-December 2021 shows a growth in crush of 3.5 percent, followed by considerable 25-percent increase in crush in January-February 2022 compared to a year ago. The war in Ukraine is estimated to accelerate the EU crush and most of the annual growth to be concentrated in the second and third quarters of MY 2021/22.

The price of sunflower oil sharply increased as a direct result of the war. It led to panic shopping and retailers introducing limits on purchases in many EU countries. Still, the sunflower oil price demonstrates certain price inelasticity in many states where sunflower oil is the main edible oil (Hungary, Romania, Bulgaria, Croatia, Greece). At the same time, the EU food industry has already begun to develop new labeling, recipes, and products substituting sunflower oil with rival edible oils (for example, rapeseed oil, palm oil and/or soybean oil) and shifting away from the sunflower oil due to projected stable high prices in the longer term. This in turn may not sustain elevated price levels in the long term. The current estimate for EU crush for MY 2021/22 is 12 percent above MY 2020/21 although still slightly below the USDA official.

EU27 Main Sunflower Crushers (MY2022/23f)



e = estimate, f = forecast

Source: FAS EU

Sunflower Meal

Meal, Sunflowerseed Market Year Begins	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	8,250	8,200	9,250	9,200		9,250
Extr. Rate, 999.9999	0.54	0.55	0.54	0.55		0.55
Beginning Stocks	214	214	105	103		103
Production	4,459	4,510	5,000	5,060		5,087
MY Imports	2,589	2,586	2,725	2,000		1,500
Total Supply	7,262	7,310	7,830	7,163		6,690
MY Exports	697	697	550	550		530
Industrial Dom. Cons.	60	60	60	60		60
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	6,400	6,450	7,125	6,450		6,000
Total Dom. Cons.	6,460	6,510	7,185	6,510		6,060
Ending Stocks	105	103	95	103		100
Total Distribution	7,262	7,310	7,830	7,163		6,690
(1000 MT) ,(PERCENT)						

Source: FAS EU

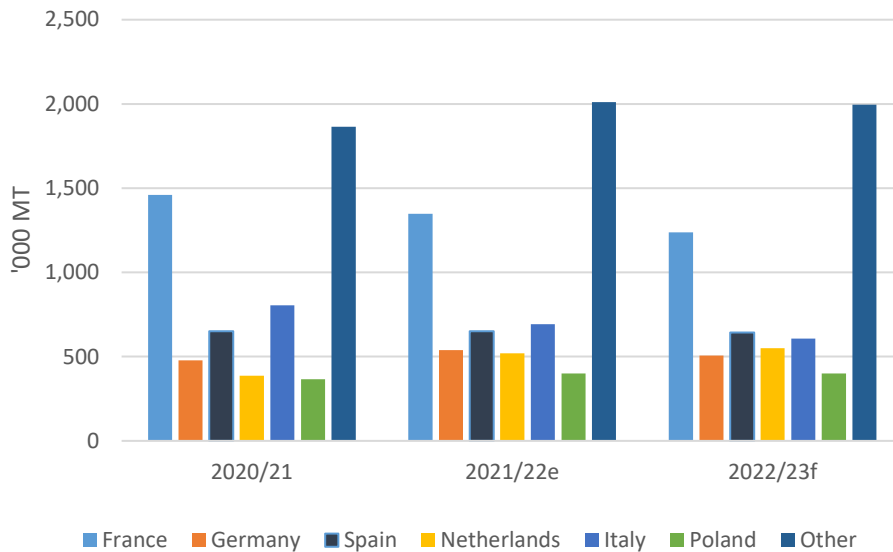
MY 2022/23

Based on a higher crush forecast in the new season, sunflower meal output is projected to adjust accordingly. All Member States, except for France, report steady to higher sunflower meal output.

Imports of sunflower meal are estimated to decline to unusually low levels due to anticipated challenges with availabilities, exportable supplies, logistics and trade policies in the Black Sea region. The current estimate will likely have to be adjusted with the development of the situation in Ukraine. Argentina may have a better opportunity as a supplier of sunflower meal to the EU in the second half of the marketing year.

The overall demand for sunflower meal is anticipated to be suppressed due to lower overall feed use, decreased availabilities, and competition with rival oilseed meals. Consumption will be supported by demand for non-biotech feed in Northern and Western Europe and by a supply of higher protein sunflower meal by select EU crushers. However, sunflower meal will need to compete with projected improved availability of rapeseed and soybean meals. As a result, the forecast is for decline in use for feed by seven percent compared to MY 2021/22 to record lows due to shorter supply as well as projected decline in general consumption of feed. France, Spain, Italy, Hungary, and Germany project decreased meal incorporation in feed, followed by stable to slightly higher use in the Romania and Bulgaria. Exports are likely to shrink due to lower total supply and at the expense of local market demand.

EU27 Main Sunflower Meal Consumers



e = estimate, f = forecast

Source: FAS EU

MY 2021/22

The EU is estimated to produce a higher volume of sunflower meal, 12 percent more than last season, due to increased crush. Steady and higher production is reported by all Member States except for Spain and Italy. The highest growth is seen in France, Romania, Hungary, and the Netherlands while Portugal resumed average production volumes after hitting bottom in MY 2020/21.

Imports of sunflower meal are projected to go down due to the tight Black Sea region situation and improved EU output. In the first quarter of the marketing year, sunflower meal imports registered a 35-percent decrease (TDM) since the main suppliers Ukraine and Russia had lower crush and exports of sunflower meal due to higher stocks of sunflower seeds retained by their farmers. As of the end of March, imports are reported 15 percent below the level a year ago (source: [TAXUD](#)). Major suppliers of sunflower meal to the EU to date are Ukraine and Russia (37 percent each), followed by Argentina (21 percent). Leading importers are the Netherlands, France, Italy, Poland, and Spain. The current estimate for imports is below USDA official and is subject of adjustment depending on the development of the Black Sea situation.

Due to lower than expected total supply, EU use of sunflower meal is projected to be at the same level as in MY 2020/21. Use in some EU Member States is suppressed due to challenges in the livestock industry related with the increasing prices of inputs and shrinking profitability. France, Romania, Italy, Bulgaria, and Belux report lower sunflower meal use while flat or higher use is seen in Spain, Hungary, Germany, the Netherlands, and Denmark.

Shorter total supply is likely to lead to a decline in MY exports of sunflower meal compared to the previous season. Early in the season, sunflower meal was very competitive and enjoyed favorable export demand due to less available sunflower meal from the Black Sea. In the first quarter of the MY, exports were 22 percent more than a year ago. As of the end of March, the rate of growth in EU exports was still maintained at the same level (source: [TAXUD](#)). The top export destinations were China, the United Kingdom, Turkey, Israel, and Morocco. Leading EU exporters were Bulgaria and Romania. However, the sharp reduction in EU imports due to the war in Ukraine is likely to shift demand to more domestic use of sunflower meal after March at the expense of exports. The current estimate for exports is on par with USDA official.

Sunflower Oil

Oil, Sunflowerseed Market Year Begins	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Crush	8,250	8,200	9,250	9,200		9,250
Extr. Rate, 999.9999	0.42	0.42	0.42	0.42		0.42
Beginning Stocks	586	586	173	241		142
Production	3,481	3,450	3,928	3,864		3,885
MY Imports	1602	1601	1775	1450		1200
Total Supply	5,669	5,637	5,876	5,555		5,227
MY Exports	683	683	700	700		500
Industrial Dom. Cons.	500	500	520	450		400
Food Use Dom. Cons.	4,300	4,200	4,475	4,250		4,200
Feed Waste Dom. Cons.	13	13	13	13		13
Total Dom. Cons.	4,813	4,713	5,008	4,713		4,613
Ending Stocks	173	241	168	142		114
Total Distribution	5,669	5,637	5,876	5,555		5,227
(1000 MT) ,(PERCENT)						

Source: FAS EU

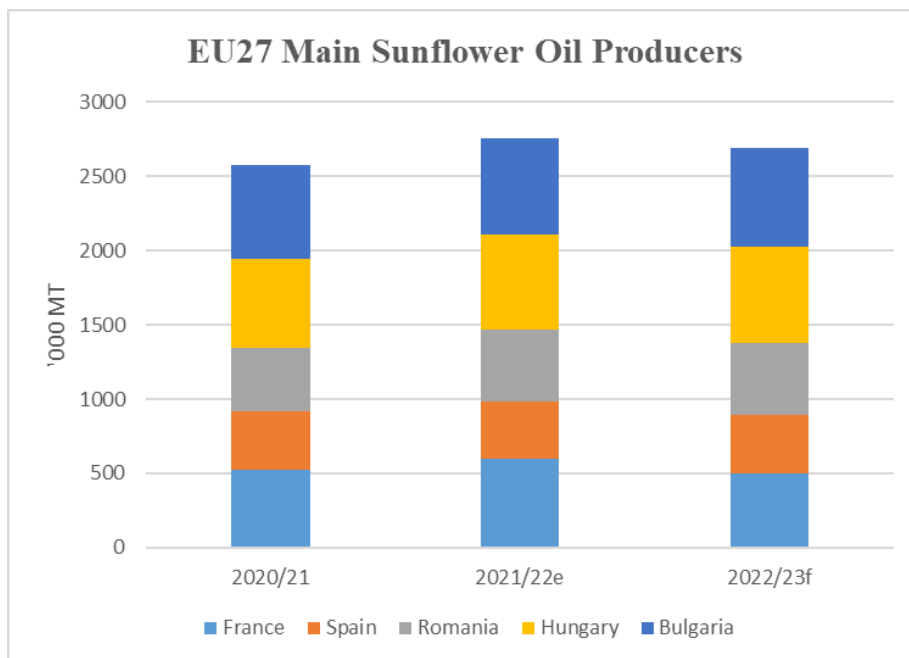
MY 2022/23

Sunflower oil production is forecast to increase by about one percent as a result of higher crush. Most Member States expect steady or increased production. Highest growth is seen in the Netherlands, Spain, and Bulgaria. France is an exception with a decrease, followed by a marginal reduction in Germany.

Imports of sunflower oil are estimated to decline to record low levels due to anticipated challenges with the availabilities, exportable supplies, logistics and trade policies in the Black Sea region. The current estimate will likely be adjusted with the development of the situation in Ukraine. This will result in lower total supply in the EU, predetermining a decline in consumption and exports.

Consumption is projected to decrease by over two percent due to expected high prices and a shift in the food industry towards alternative edible oils. Still, the demand for direct consumption in retail, tourism, and food service industry is projected to be favorable and additionally supported by Ukrainian refugees. France, Italy, and Germany expect a sharp decline in food use while other Member States see stagnant and/or slightly growing consumption due to expected improvement in tourism, travel, and food service. Despite its premium price, sunflower oil continues to be preferred healthy choice of food edible oil in many countries in Central and Eastern Europe. Industrial and biodiesel use of sunflower oil is likely to decrease due to its high price.

Tighter total EU supply is expected to lead to a decrease in exports of sunflower oil. Ending stocks are estimated to decline to historically low level.



e = estimate, f = forecast

Source: FAS EU

MY 2021/22

Sunflower oil output is estimated to increase by 12 percent from the previous season, in line with higher crush. France, Romania, Hungary, and Bulgaria lead in growth of production, followed by Germany and the Netherlands while Spain and Italy are the exception with lower output.

Earlier in the season, demand for sunflower oil was very favorable and despite improved EU production, strong demand drove higher imports. Sunflower oil was also price competitive compared to other vegetable oils. In the first quarter of the MY, imports increased by 24 percent compared to a year ago (TDM). As of the end of March, the growth in imports was still maintained at 8.5 percent compared to the same period a year ago but softened considerably after the Russian invasion of Ukraine (source: [TAXUD](#)). Ukraine was the major supplier of sunflower oil to the EU to date (86 percent). Leading importers are the Netherlands, Italy, and Spain.

However, imports are expected to decrease sharply in the second part of the year due to Black Sea market challenges. As a result, overall imports are projected to decline about 10 percent from MY 2020/21. The current estimate for imports is below USDA official and subject to change depending on the dynamic situation in Ukraine.

Food consumption of sunflower oil is estimated to increase marginally compared with MY 2020/21 due to the growth in the first half of the MY, followed by flat or slightly lower food use as a result of price rationing and adjustments of the food industry to substitute sunflower oil with other edible oils. Direct consumption of sunflower oil, mainly at the retail level, is reported to be still stable despite higher prices and demonstrates price inelasticity. In countries that are producers of olive oil, mainly in Spain, Italy, and Greece, olive oil is preferred versus sunflower oil for household consumption. Spain, Greece, Italy, and Romania report lower food use while other Member States see flat or slightly higher sunflower oil consumption.

Exports of sunflower oil are estimated to increase marginally due to favorable international demand in absence of major Black Sea suppliers. As of the end of March, exports were reported four percent higher than a year ago (source: [TAXUD](#)) to the main markets of the United Kingdom (29 percent), South Africa (17 percent), and the United States (11 percent). The situation, however, is likely to shift in favor of domestic demand due to lower stocks of sunflower oil in the EU in the second half of the marketing year.

5. Palm Kernel Complex

Meal, Palm Kernel	2020/2021		2021/2022		2022/2023	
Market Year Begins	Jan 2021		Jan 2022		Jan 2023	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	0	0	0	0		0
Beginning Stocks	14	14	14	16		26
Production	0	0	0	0		0
MY Imports	1,450	1,439	1,450	1,550		1,500
Total Supply	1,464	1,453	1,464	1,566		1,526
MY Exports	80	87	80	100		100
Industrial Dom. Cons.	500	500	500	500		500
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons. (1000 MT)	870	850	870	940		910
Total Dom. Cons.	1,370	1,350	1,370	1,440		1,410
Ending Stocks	14	16	14	26		16
Total Distribution	1,464	1,453	1,464	1,566		1,526
(1000 MT) ,(PERCENT)						

Source: FAS EU

Oil, Palm Kernel	2020/2021		2021/2022		2022/2023	
Market Year Begins	Jan 2021		Jan 2022		Jan 2023	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	0	0	0	0		0
Beginning Stocks	126	126	100	122		99
Production	0	0	0	0		0
MY Imports	680	692	700	700		690
Total Supply	806	818	800	822		789
MY Exports	8	8	10	8		8
Industrial Dom. Cons.	300	300	300	310		305
Food Use Dom. Cons.	390	380	400	400		390
Feed Waste Dom. Cons.	8	8	8	5		5
Total Dom. Cons.	698	688	708	715		700
Ending Stocks	100	122	82	99		81
Total Distribution	806	818	800	822		789
(1000 MT) ,(PERCENT)						

Source: FAS EU

EU palm kernel meal imports declined for the third year in a row in 2021. While the 2019 reduction of imports was partly caused by a higher domestic availability of competitive feed materials, the reductions over the last two years were caused by a lower export supply of palm kernel meal in Asia.

In 2022, EU imports and use are forecast to increase based on expanding supplies in Asia and lower global availability of grains and oilseed meals (in particular, sunflower seed meal). Palm kernel meal is commonly the cheapest of the four leading oilseed meals (i.e., soybean, rapeseed, sunflower, and palm kernel), and the three main feed grains (i.e., wheat, corn, and barley). It is mainly used as cattle feed, but also as swine feed (in particular, for sows). In 2022, palm kernel meal use is anticipated to increase in Ireland (responsible for nearly one-fifth of EU consumption) for the expanding dairy herd. Almost half of the imported palm kernel meal is used in the Netherlands. However, because the Dutch dairy herd is on the decline, consumption is forecast to stagnate in the Netherlands. In 2023, EU palm kernel imports are forecast to decline based on an overall shrinking of the EU livestock herd.

Based on an increase of the exportable global supply of palm kernel oil and limited availability of vegetable oils, EU food use and imports are forecast to increase in 2022 but decline in 2023 (based on an anticipated recovery in the supply of alternative oils).

6. Palm Oil

Oil, Palm	2020/2021		2021/2022		2022/2023	
Market Year Begins	Jan 2021		Jan 2022		Jan 2023	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0		0
Area Harvested	0	0	0	0		0
Beginning Stocks	1,136	1,136	506	587		422
Production	0	0	0	0		0
MY Imports	6,000	5,970	6,200	6,100		6,200
Total Supply	7,136	7,106	6,706	6,687		6,622
MY Exports	155	159	125	155		155
Industrial Dom. Cons.	3,975	3,860	3,825	3,610		3,470
Food Use Dom. Cons.	2,300	2,300	2,250	2,300		2,300
Feed Waste Dom. Cons.	200	200	200	200		200
Total Dom. Cons.	6,475	6,360	6,275	6,110		5,970
Ending Stocks	506	587	306	422		497
Total Distribution	7,136	7,106	6,706	6,687		6,622

(1000 HA) ,(1000 TREES) ,(1000 MT) ,(MT/HA)

Source: FAS EU

The EU palm oil balance started calendar year 2021 with a high level of stocks (built in 2020 with a record import volume of 7.1 MMT). A large share of the stocked volume is stored in the port of Rotterdam, where storage capacity for edible oils is estimated at roughly 1.2 MMT. Additional stocks are pipeline stocks and stocks located in other Member States.

In 2021, EU imports plummeted to 6.0 MMT, and the EU palm oil stock level was almost halved. EU imports declined from the two main suppliers - Indonesia, and Malaysia. However, imports rose most significantly from Guatemala and Costa Rica, smaller suppliers. Imports from the top palm oil importing Member States (i.e., the Netherlands, Italy, Spain, Germany, Belgium, France, Poland, and Sweden) declined, except for Sweden. Imports were reduced most significantly by Spain, the Netherlands, Italy, and France.

The increase of Swedish palm oil imports is based on the expansion of renewable diesel production in the country. Total EU palm oil use for biofuel production has been on the decline since 2021 and is forecast to continue to decline in 2022 and 2023. In 2021, biofuels use is estimated at 2.63 MMT, in 2022 at 2.31 MMT, and in 2023 at 2.17 MMT. The ambition of the European Commission (EC) is to cut the use of virgin vegetable oils for the production of biofuels, and increase the proportion of used oils, animal fats, and by-products from vegetable oil refining. For this reason, biofuels produced from waste fats and oils double count against the blending mandates in many Member States.

Palm oil use is also affected by the phase-out of biofuels derived from high-risk ILUC (Indirect Land Use Change) crops (see the Policy and Programs chapter of this report). According to the [EU Renewable Energy Directive II](#) (REDII) and [EU Delegated Act 2019/807](#), the use of high-risk ILUC biofuels is capped at the 2019 level until 2023, and then phased out by 2030. Several Member States have announced earlier phase-outs. In 2019, the French parliament voted to exclude palm oil products from the list of biofuels from January 1, 2020. However, Palm Fatty Acid Distillate (PFAD), fatty acids distilled from palm oil and reclassified as "residue" benefitted from a legal exception. In February 2021, the French State Council confirmed that biofuels produced from all palm oil-based products are excluded from a tax advantage. Austria and Belgium, followed in July 2021, January 2022, respectively, and Germany will follow in January 2023. The Italian government scheduled the enforcement of a ban on palm oil imports for energy use for January 1, 2023, but will possibly postpone the implementation. For more information about the use of palm oil for the production of biofuels see the [EU Biofuels Annual of 2021](#), published June 22, 2021.

In contrast to the palm oil use for biofuel production, the use for other industrial purposes and for food use is forecast to increase in 2022 and 2023, based on the anticipated competitive prices compared to other vegetable oils (such as sunflower oil, rapeseed oil, and soya oil). The use of palm oil for food use is furthermore supported by the lifting of the lockdowns which will increase the demand by the food service sector. The food processing sector use is forecast to increase less significant as the food service sector. In the EU, palm oil is widely deemed to be unhealthy due to its high level of saturated fat, and food manufacturers advertise the lack of palm oil as a key selling point on product packaging.

In addition to perceived health benefits, sustainability certification is another important factor for acceptance in the food market. The private sectors in the Netherlands, Belgium, Germany, Italy, France, Denmark, and Sweden agreed to ensure a fully certified, sustainable palm oil supply in Europe by 2020. In 2020, 90 percent of European imported palm oil was certified as sustainable (for more information see the [Palm Oil Report](#) of the Sustainable Trade Initiative). As part of the European Green Deal, in November 2021, the EC published a proposal for a Regulation aimed at preventing products causing deforestation from entering the EU market. The EC is currently carrying out an impact assessment but has already identified soy and palm as commodities that could be in the scope of the future legislative proposal (see the Policy and Programs chapter of this report).

7. Peanut Complex

Peanuts

Oilseed, Peanut Market Begin Year	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
	USDA Official (EU27)	New Post (European Union)	USDA Official (EU27)	New Post (European Union)	USDA Official (EU27)	New Post (European Union)
European Union						
Area Harvested	0	0	0	0		0
Beginning Stocks	60	60	46	46		45
Production						
MY Imports	822	833	875	840		843
Total Supply	882	893	921	886		888
MY Exports	48	71	50	65		70
Crush	35	35	35	35		35
Food Use Dom. Cons.	750	738	800	738		740
Feed Waste Dom. Cons.	3	3	3	3		3
Total Dom. Cons.	788	776	838	776		778
Ending Stocks	46	46	33	45		40
Total Distribution	882	893	921	886		888
(1000 HA), (1000 MT), (MT/HA)						

Source: FAS EU

The European market for peanuts and peanut butter is expected to continue its slow but steady growth. A 0.4 percent increase in peanut imports is forecast for marketing year 2022/23 to reflect demand from the food manufacturing sector. This is driven by consumer demand for healthier snacking options – particularly products that have no additives/preservatives, are sugar-free, or “all-natural”. The main supplier to the EU of shelled peanuts is Argentina (74 percent market share at December 2021). Argentina is expected to have a more than adequate supply to meet EU needs in the coming marketing year since demand has fallen from China, and sales to Russia and Ukraine are problematic. Shelled peanut prices have not increased in line with recent commodity price fluctuations, and in fact were 20 percent less into Rotterdam in February 2022, compared to the previous year. The United States is an important supplier to the EU market but has lost share over the last decade for price reasons, and due to more stringent EU import conditions since 2019. Current U.S. market share of shelled and processed peanuts is around five percent, down from 24 percent ten years ago. Following the Boeing-Airbus dispute where the EU placed 25 percent tariffs on peanut products, the United States has lost its position to Egypt as leading supplier to the EU of in-shell peanuts, as well as to Chinese product to a lesser degree.

Trade remains 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 Market Begin Year	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
	USDA Official (EU27)	New Post (European Union)	USDA Official (EU27)	New Post (European Union)	New Post (European Union)	New Post (European Union)
European Union						
Crush	35	35	35	35		35
Extr. Rate, 999.9999	0.43	0.43	0.43	0.43		0.43
Beginning Stocks		0		0		0
Production	15	15	15	15		15
MY Imports		0				
Total Supply	15	15	15	15		15
MY Exports						
Industrial Dom. Cons.						
Food Use Dom. Cons.						
Feed Waste Dom. Cons.	15	15	15	15		15
Total Dom. Cons.	15	15	15	15		15
Ending Stocks						
Total Distribution	15	15	15	15		15
(1000 MT), (PERCENT)						

Source: FAS EU

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 there is currently a preference for other meals for animal feed.

Peanut Oil

Oil, Peanut Market Begin Year	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
	USDA Official (EU27)	New Post (European Union)	USDA Official (EU27)	New Post (European Union)	New Post (European Union)	New Post (European Union)
European Union						
Crush	35	35	35	35		35
Extr. Rate, 999.9999	0.37	0.37	0.37	0.37		0.37
Beginning Stocks	3	3	3	3		3
Production	13	13	13	13		13
MY Imports	61	61	60	60		60
Total Supply	77	77	76	76		76
MY Exports	5	5	5	5		5
Industrial Dom. Cons.						
Food Use Dom. Cons.	69	69	68	68		68
Feed Waste Dom. Cons.						
Total Dom. Cons.	69	69	68	68		68
Ending Stocks	3	3	3	3		3
Total Distribution	77	77	76	76		76
(1000 MT), (PERCENT)						

Source: FAS EU

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. Brazil is currently the leading supplier to the EU followed by Argentina, Nicaragua, and Senegal.

8. Fish Meal

Meal, Fish	2020/2021		2021/2022		2022/2023	
Market Year Begins	Jan 2021		Jan 2022		Jan 2023	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	0	0	0	0		0
Production	400	370	400	370		365
MY Imports	225	224	235	210		210
Total Supply	625	594	635	580		575
MY Exports	185	184	185	180		180
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	440	410	450	400		395
Total Dom. Cons.	440	410	450	400		395
Ending Stocks	0	0	0	0		0
Total Distribution	625	594	635	580		575

(1000 MT) ,(PERCENT)

Source: FAS EU

Denmark accounts for roughly half of the EU fishmeal production, while Spain ranks as the second largest producer. Spanish production is mainly derived from by-products from fish processing, while Danish production volumes depend on the fishery quotas set by the European Commission (EC), as well as the actual catch. The main fish species which are landed for industrial use are herring, sprat, blue whiting, and sand eel. In 2021, landings of fish for fishmeal production declined significantly, mainly due to lower catches of sand eel, and, to a lesser extent sprat. The reduced catch for industrial use and related impact on fishmeal production is partly counterbalanced by a higher production of fishmeal from trimmings. The availability of trimmings is forecast to recover from lower supplies during the COVID-19 pandemic in 2020.

In 2021, EU fishmeal imports from Peru showed a sharp decline but were offset by increased imports from Iceland. In 2022, EU fishmeal consumption and imports are forecast to fall due to declining piglet production, in particular in Denmark and Germany. Next year, fishmeal consumption is not anticipated to increase based on the economic situation of the swine sector.

9. Copra Complex

Copra is not produced and is no longer processed in the EU. The EU satisfies all its copra meal and coconut oil demand with imports.

Copra Meal

Meal, Copra Market Year Begins	2020/2021		2021/2022		2022/2023	
	Jan 2021		Jan 2022		Jan 2023	
	USDA Official (EU27)	New Post (European Union)	USDA Official (EU27)	New Post (European Union)	USDA Official (EU27)	New Post (European Union)
European Union						
Crush	0	0	0	0		0
Extraction Rate, 999.9999	0	0	0	0		0
Beginning Stocks	0	0	0	0		0
Production	0	0	0	0		0
MY Imports	2	2	2	2		2
Total Supply	2	2	2	2		2
MY Exports	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	2	2	2	2		2
Total Dom. Cons.	2	2	2	2		2
Ending Stocks	0	0	0	0		0
Total Distribution	2	2	2	2		2
(1000 MT), (PERCENT)						

Source: FAS EU

Imports and use of copra meal have dropped to being nearly non-existent.

Coconut Oil

Oil, Coconut Market Year Begins	2020/2021		2021/2022		2022/2023	
	Jan 2021		Jan 2022		Jan 2023	
	USDA Official (EU27)	New Post (European Union)	USDA Official (EU27)	New Post (European Union)	USDA Official (EU27)	New Post (European Union)
European Union						
Crush	0	0	0	0		0
Extraction Rate, 999.9999	0	0	0	0		0
Beginning Stocks	29	29	26	26		33
Production	0	0	0	0		0
MY Imports	600	615	650	650		650
Total Supply	629	644	676	676		683
MY Exports	33	33	33	33		35
Industrial Dom. Cons.	250	250	255	255		255
Food Use Dom. Cons.	315	330	350	350		350
Feed Waste Dom. Cons.	5	5	5	5		5
Total Dom. Cons.	570	585	610	610		610
Ending Stocks	26	26	33	33		38
Total Distribution	629	644	676	676		683
(1000 MT), (PERCENT)						

Source: FAS EU

Higher imports of coconut oil in 2022 will be driven by increased consumption, mainly in food use, but to a smaller extent in industrial use as well. The outlook depends on the price situation for coconut oil and its competitors in industrial use and food consumption.

10. Cottonseed

Cottonseed

Market Begin Year	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
European Union	USDA Official EU27	New Post EU27	USDA Official EU27	New Post EU27	USDA Official EU27	New Post EU27
Area Harvested (Cotton)	340	338	321	320		317
Beginning Stocks	82	82	41	66		58
Production	537	562	476	511		493
MY Imports	0	0	1	1		1
Total Supply	619	644	518	578		552
MY Exports	63	63	65	70		65
Crush	325	325	215	240		250
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	190	190	200	210		200
Total Dom. Cons.	515	515	415	450		450
Ending Stocks	41	66	38	58		37
Total Distribution	619	644	518	578		552

(1000 HA), (RATIO), (1000 MT), (MT/HA)

Source: FAS EU-27

Production

The EU is a minor producer of cotton, representing approximately 1.5 percent of global production. EU cotton production has declined by more than 50 percent since the implementation of the 2006 Common Agricultural Policy that decoupled payments and reduced support and market barriers for a number of crops, including cotton. The EU bans cultivation of 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 2022/23 is forecast to decrease 3.5 percent compared to the previous year. Yields in both Greece and Spain are expected to be average.

Crush

About 55 percent of cottonseed production in Greece is crushed for oil (and oilseed cake) or retained for seed. In Spain, there is no domestic cottonseed crushing. In 2021, Greece crushed approximately 240,000 MT of cottonseed yielding 42,000 MT of cottonseed oil. Approximately 20 percent of cottonseed oil is used for biodiesel production. Cottonseed oil has traditionally been used in the food and snack-food manufacturing industries. Cottonseed oil is also a popular frying oil for restaurants.

Trade

In MY 2020/21, the EU cottonseed exports decreased 41.1 percent compared to the previous year driven by lower production and industry demand for crushed cottonseed, and exported approximately 63,000 MT. Exports are forecast to increase by approximately 11 percent in MY 2021/22. Saudi Arabia, Japan, South Korea, and Qatar are the leading destinations for EU's cottonseed exports. Greece imports small amounts of cotton for blending in the domestic industry. Spain's cottonseed domestic demand is mostly satisfied by domestic production, with a limited quantity of imports.

There are two basic types of cottonseeds: The dried cottonseed and the non-dried (fresh cotton seed). The main difference is the humidity level as the dried cottonseed usually ranges at 9-10 percent moisture while the fresh cottonseed may be 15 percent. Oil and protein content depending on the season is about 18 percent. Once harvested the seeds are stored in ventilated warehouses to maintain the highest quality.

11. Olive Oil

EU olive oil production accounts for over 60 percent of global olive oil output. On average, Spain produces nearly seventy percent of the EU's olive oil. Other large EU producers include Italy, Greece, and Portugal. Olive oil production also exists on a smaller scale in other European countries such as France, Cyprus, Croatia, and Slovenia.

Olive Oil

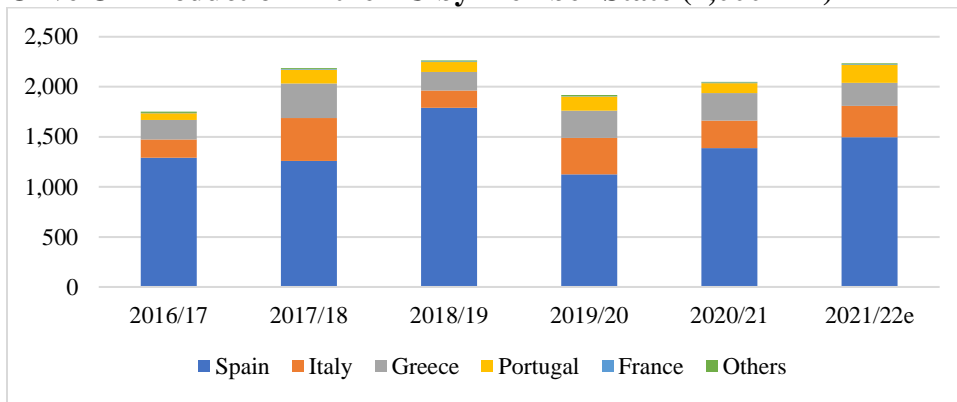
Oil, Olive Market Year Begins	2020/2021		2021/2022		2022/2023	
	Nov 2020		Nov 2021		Nov 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Area Planted	0	0	0	0		0
Beginning Stocks	441	441	293	362		402
Production	2,028	2,051	2,189	2,235		2,015
MY Imports	189	158	300	180		170
Total Supply	2,658	2,650	2,782	2,777		2,587
MY Exports	895	793	1,000	850		720
Industrial Dom. Cons.	20	20	20	20		20
Food Use Dom. Cons.	1,450	1,475	1,475	1,505		1,450
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	1,470	1,495	1,495	1,525		1,470
Ending Stocks	293	362	287	402		397
Total Distribution	2,658	2,650	2,782	2,777		2,587
(1000 HA) ,(1000 MT)						

N.B.: Post trade and production data include only HS Code 1509.

Source: FAS EU-27

MY 2022/23

EU Posts' early rough estimates anticipate a shorter crop for MY 2022/23 as favorable conditions across the EU prevailing in MY 2021/22 are not likely to be repeated. However, the increased share of intensive and super intensive olive plantations cushions the effect of the alternative bearing trees, which helps reduce olive oil production fluctuations in the EU. In any case, a large part of the crop size will be determined by the spring flowering conditions and the amount of fall precipitation.

MY 2021/22**Olive Oil Production in the EU by Member State (1,000 MT)**

Source: International Olive Oil Council data and estimates from FAS offices in Europe.

Current estimates indicate a recovery of the EU olive oil production in MY 2021/22 compared to the previous season. Larger production in Spain, Italy and Portugal will offset the production declines anticipated in Greece.

Precipitation levels in the fall countered the impact of the dry and warm spring conditions registered in Southern Spain, where most of the olive production is concentrated. Olive oil output in Spain is expected to amount to nearly 1.5 million MT in MY 2022/23, up from the 1.38 million MT registered in MY 2020/21.

In Italy, the EU's second largest producer of olive oil, production for MY 2021/22 is forecast at 315,000 MT up from the 275,000 MT registered in the previous season, despite the spring frosts, summer drought, and frequent alternations of hot and cold temperatures.

Greece's olive oil production for MY 2021/22 is estimated at 230,000 MT, down from the 255,000 MT registered in the previous season, due to a combination of alternative bearing and the unusually high temperatures registered in May, which negatively impacted yielding potential.

In the case of Portugal, olive oil production is anticipated to rebound to an all-time record figure of 180,000 MT, following the shorter crop obtained in the previous season. The olive crop cycle enjoyed very favorable weather conditions, with abundant flowering and a high percentage of fruit setting. October rains contributed to increase the size of the fruit, especially in traditional olive groves, where irrigation is not available.

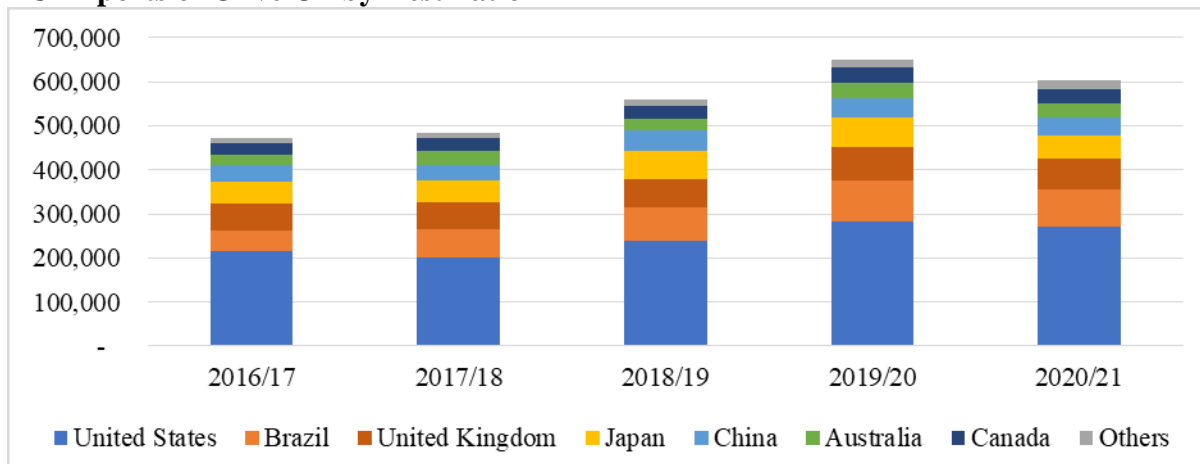
Consumption

The EU remains the world's leading consumer of olive oil, accounting for nearly half of the total, with consumption concentrated in the main producing Member States. Olive oil consumption continues to expand in non-producing EU Member States and third countries driven by its health attributes. On one hand, olive oil could play a role in replacing less readily available oils, such as sunflower oil, in MY 2021/22 to a certain extent. On the other hand, olive oil has seen its competitiveness against alternative fats decrease, due to escalating prices since spring 2021, which has further increased due to the panic buying of oils as the aftermath of the conflict in Ukraine.

Trade

The EU is a net olive oil exporter. Olive oil exports are critical to maintaining a healthy market balance. The United States, Brazil, and Japan represent the largest markets for EU olive oil. Data available indicates a slight recovery of olive oil exports in MY 2021/22, triggered by the expansion of global demand, despite the increased competition of non-EU producers in the Mediterranean area, namely [Tunisia](#), Turkey, and Morocco.

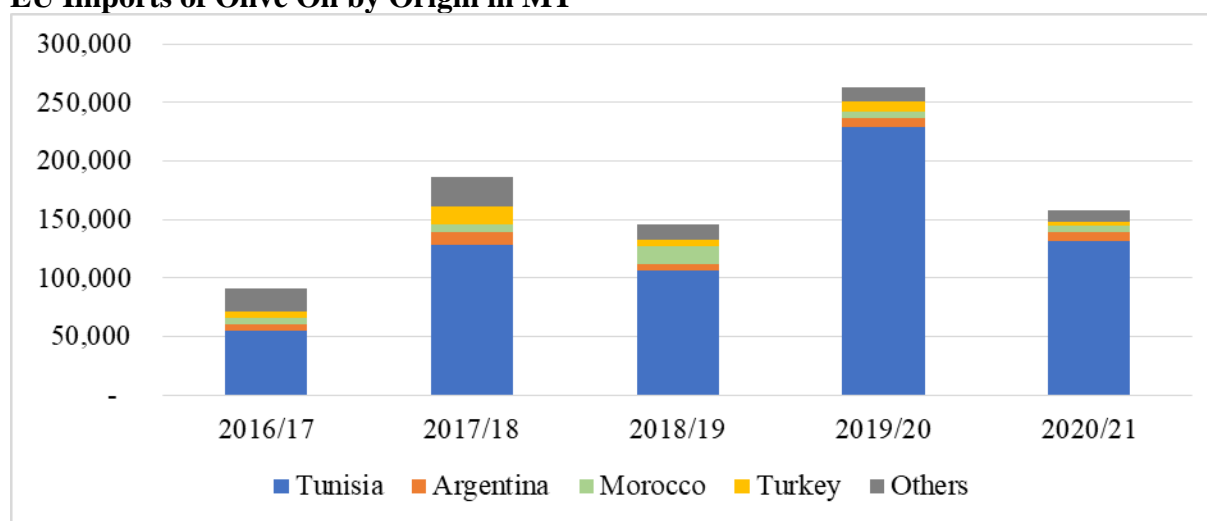
EU Exports of Olive Oil by Destination in MT



Source: Trade Data Monitor, LLC.

MY 2021/22 import data after a slow start are expected to grow later in MY 2021/22 given the somewhat larger availability of olive oil in [Tunisia](#) and Turkey. Since March 2021, the five-year truce to the EU-U.S. aircraft trade duties affecting Spanish bottled olive oil exports to the United States reduced the need for bottlers to find alternative sources of olive oil outside the EU to meet their bottled oil commitments to the United States. Consequently, as an aftermath of the temporary elimination of tariffs, a more traditional EU olive oil trading pattern has been restored.

EU Imports of Olive Oil by Origin in MT



Source: Trade Data Monitor, LLC.

Olive Oil Policy

[EU delegated regulation 2016/1238](#) lays down common eligibility rules for private storage aid for certain agricultural products including olive oil. The European Commission can provide private storage aid (PSA) for a period of 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

In accordance with the Euro-Mediterranean Agreement, a 56,700 MT duty-free quota is open for Tunisian virgin olive oil imports into the European Union. Additional information on this regime is available in the [Commission Implementing Regulation \(EU\) 2020/76](#). Once again in 2022, the 56,700 MT olive oil quota¹ was fully allocated during the [first tender](#) of the year.

12. Policy

Trade Policy

On November 9, 2020, the European Union announced retaliatory tariffs against U.S. exports following the World Trade Organization's (WTO) ruling that authorized the EU to take such countermeasures due to U.S. subsidies to aircraft maker Boeing. The European Commission published [Implementing Regulation 2020/1646](#) that outlined the list of products subjected to a 25 percent additional tariff. The Regulation entered into force on November 10, 2020. Groundnuts as well as crude fixed vegetable fats and oils were included. In June 2021, the European Union and the United States reached an understanding in the large civil aircraft dispute. On July 9, 2021, the European Commission adopted [Implementing Regulation 2021/1123](#) suspending the application of tariffs until July 11, 2026.

¹ Outside quota or preferential agreements, olive oil imports to the EU are subject to a 124.50 Euros/100 Kg duty.

Common Agricultural Policy (CAP)

The CAP supports agriculture and rural development throughout the EU with a significant portion of the total EU budget ([39 percent](#)). Most of the current CAP programs entered into force in January 2014, although a new direct payments structure that included “green” payments and additional support for young farmers entered into force in 2015. The EU’s Multiannual Financial Framework (MFF) funds the CAP in seven-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. Payments and market measures in the CAP influence production of oilseed crops in the EU.

The European Commission published [its legislative proposal](#) for the post-2020 CAP on June 1, 2018. On December 2020, the [2021-2027 MFF](#) was concluded, with a considerable delay due to the COVID-19 pandemic and Brexit. On June 25, 2021, the Parliament, Council and Commission reached a provisional political agreement on the new Common Agricultural Policy, which will enter into force in 2023. Because of the failure to reach a compromise on the structure of the future CAP and on the numbers of the MFF on time, the start date of the proposed CAP reform has been pushed back to January 1, 2023. In total, €391 billion is earmarked for agriculture and rural development, which is 2 percent higher each year than the 2020 funding level.

Due to the delayed agreement on MFF funding, and in order to allow for continued payments to farmers and other CAP beneficiaries, a transitional Regulation ([Regulation 2020/2220](#)) for the years 2021-2022 was adopted. The transitional regulation extends most of the CAP rules that were in place during the 2014-20 period. During these years, funding is drawn from the CAP’s budget allocation for 2021-2027, bolstered by an additional €8 billion for the Next Generation EU Recovery Instrument (Next Generation) assigned to the European agricultural fund for rural development (EAFRD). The Next Generation EU is a €750 billion temporary recovery instrument which aims to help repair the immediate economic and social damage brought about by the coronavirus pandemic.

A political agreement was finalized on the CAP 2023-2027 after the “trialogue” negotiations concluded between the European Council, the European Commission, and the European Parliament over the summer 2021. The European Parliament granted final approval on November 23, 2021, and the European Council provided final approval on December 2, 2021.

The CAP legislative framework is delineated by the [Common Market Organization](#)-, the [Strategic Plan](#)- and the [Horizontal regulations](#). By these decisions, the future CAP starts on January 1, 2023. Major changes from the previous CAP include a new “delivery model” that de-centralizes funding and a new requirement that EU Member States develop National Strategic Plans (NSPs) in line with Commission priorities, such as the EU Green Deal.

The European Green Deal

On December 11, 2019, the 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. The Climate Law also includes a reduction of net greenhouse gas (GHG) emissions by at least 55 percent compared to 1990 levels by 2030.

The Green Deal includes a “[Farm to Fork Strategy](#)” and a “[Biodiversity Strategy](#)” that aim to support the Green Deal’s objectives by fundamentally changing the way agriculture operates and how food is produced for, and provided to, EU consumers. Both strategies were published on May 20, 2020. Key aspects of the two strategies include: reducing pesticide use, supports to domestic production of plant protein for animal feed, increasing organic production and increasing soil and nature conservation by setting aside a minimum of 10 percent of the existing agricultural area into higher biodiversity landscape features.

As part of the Green Deal, the European Commission published its ‘[Fit for 55’ legislative package](#) of revised climate and energy laws with the aim to align current EU legislation with the new target to reduce greenhouse gas emissions 55 percent by 2030 from 1990 levels. The Commission proposes to amend the Renewable Energy Directive which includes new targets for bioenergy. The Commission also proposed a new regulation on sustainable aviation fuels that calls for a blending obligation for fuel suppliers. The aviation fuel made available to EU airports should contain 32 sustainable aviation fuels by 2040. Additionally, the Commission proposes changes to the land use, land use change, and forestry (LULUCF) regulation. As part of the EU legislative process, the package of proposals is now with the European Parliament and the Member States for consideration, debate, and amendment.

With the European Green Deal, the interest in sustainability, sustainable production, and environmental issues are prevalent among EU policymakers, industry and consumers. 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 is also investing in research and development to facilitate achieving sustainability 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. The initiative has a budget of 100 billion euros, with 35 billion earmarked for tackling climate change and 10 billion dedicated to funding research on food and natural resources to accelerate the transition to a low carbon and sustainable bioeconomy, including forestry.

EU Policy Response to Russia’s Invasion of Ukraine

In February 2022, Russia launched an invasion in Ukraine. The war is threatening global food security mainly due to the high level of exports of feed and grains products from the two countries. The oilseeds sector is deeply impacted by the disruption in trade flows, increased input prices, such as energy, fertilizers, and pesticides prices.

On March 23, 2022, the European Commission published a Communication on ‘[Safeguarding food security and reinforcing the resilience of food systems](#)’. This Communication outlines short-term and medium-term actions that the EU will take to enhance global food security and support EU farmers given rising commodity prices and costs for energy and fertilizer inputs due to Russia’s invasion of Ukraine.

First, €500 million euros will be distributed in national allocations to directly support EU farmers most affected by higher input costs and the closure of export markets. Member States can supplement this support up to 200 percent using national funds.

Additionally, the Commission has granted an exceptional and temporary derogation from certain greening obligations. In particular, Member States may allow production of any food and feed crops on fallow lands that are part of Ecological Focus Areas (EFA) for the duration of 2022, while still providing the full level of greening payment that would be given if the land was kept fallow. This temporary flexibility aims to allow EU farmers to adjust and expand their cropping plans in response to the new market dynamics.

On land use, the Commission also supports Member States reducing blending proportion requirements for biofuels. This would reduce the amount of EU agricultural land devoted to production of biofuel feedstock, thereby freeing up the supply of food and feed commodities.

The European Commission has also allowed EU Member States to use derogations from Regulation 396/2005 for pesticide maximum residue levels (MRLs) to be able to import feedstock from additional sources. For the Commission, individual Member State-specific MRL flexibilities are only meant to address acute shortages in the Member State that granted them, so the products imported under these temporary MRL flexibilities should not be traded with other Member States. Furthermore, national measures must be of limited duration and based on the specific situation in each respective Member State.

Deforestation-free Supply Chains

As part of the European Green Deal, the Commission published [a proposal](#) for a Regulation aimed at preventing products causing deforestation or forest degradation from entering the EU market. The proposal targets commodities identified by the Commission as the main drivers of agricultural expansion leading to deforestation, including soy and palm. The proposal imposes mandatory due diligence rules for companies wanting to place these commodities on the EU market. The proposed legislation also introduces a benchmarking system to assess countries and their level of risk of deforestation and forest degradation driven by the commodities in the scope of the regulation. The risk level assigned to each country through the benchmarking system (low, standard, or high) will determine the level of scrutiny applied to the relevant products it exports to the EU. As part of the EU legislative process, the proposal is now with the European Parliament and the Member States for consideration, debate, and amendment. For information about the legislative proposal, please see GAIN Report: [EU Commission Proposes Rules to Curb Deforestation Linked to Agricultural Production](#).

The future Regulation will impact oilseed imports into the EU, especially soy and palm, because EU importers will be required to purchase products that comply with the new requirements. This, in turn, will impact global trade flows. As the proposal is still in the beginning stages of the EU legislative process, the measurable effects regarding production, supply, and distribution are still unclear.

Protein Deficiency and the Quest for Self Sufficiency

The EU continues to discuss a goal of “protein independence” to reduce their reliance on plant protein imports. 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 increasing 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: “European Union Unveils Its Protein Plan.”](#) In December 2021, the French and Austrian agriculture ministers signed [a joint declaration](#) calling on the European Commission to build upon its 2018 report to work out a European protein strategy taking into account the national efforts of Member States. Additionally, as part of the Farm to Fork Strategy, the European Commission announced that it would foster research on alternative feed materials such as insects, marine feed stocks (e.g., algae) and by-products from the bio-economy such as fish waste. It is still unclear how the EU’s priority to produce more protein will be operationalized and the impact it might have on oilseed 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.

EU Energy Policy and the Renewable Energy Directive

In December 2018, the EU published the revised Renewable Energy Directive (REDII) in the Official Journal ([Directive 2018/2001](#)). The REDII updates the first Renewable Energy Directive (RED) that set the first renewable energy target for the EU in 2008.

The REDII 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 is 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 REDII also puts in place a freeze on the use of high-risk indirect land use change (ILUC) biofuels at 2019 levels and a requirement 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 feedstocks are those for which the share of production expansion into land with high carbon stock is higher than 10 percent since 2008 and 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 additional measures. Delegated Regulation 2019/807 also stipulates that the Commission shall review all relevant aspects of the report on feedstock expansion by June 30, 2021. This could lead to more commodities falling under the definition of a ‘high-risk ILUC biofuel’. The publication of this review has been delayed.

The RED also introduced sustainability criteria for biofuels to count toward the mandatory national renewable targets for transport fuels. The criteria were amended by the REDII and the new criteria started to apply in July 2021. The criteria include greenhouse gas savings, exclusion for land with high biodiversity value and high carbon stock, and measures to mitigate ILUC. The REDII 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 program 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 the RED targets. There are currently over a dozen other certification schemes recognized by the EU.

The Fuel Quality Directive (FQD) complements the REDII. 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 jeopardizes future growth in ethanol consumption. Fuel specifications for biodiesel place limits on the palm oil and soy oil content of biodiesel.

Revision of the FQD

Directive 2015/1513, covering ILUC, entered into force on October 5, 2015, and amended both the RED and the 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 specifies that fuel suppliers are required to include ILUC emissions in their reports.

Agricultural Biotechnology

Asynchronous Rate of Approvals for Genetically Engineered 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 routinely disregards set regulatory timelines, and 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 by the European Commission), it takes approximately four to five 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 of Genetically Engineered

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.

Innovative Technologies

On April 29, 2021, the European Commission published its “[Study on the status of new genomic techniques](#)” under Union law and in light of the Court of Justice ruling in Case C-528/16.” This study states that these newer techniques can contribute to the objectives of the European Green Deal’s Farm to Fork and Biodiversity Strategies, and the current “GMO Directive” is not “fit for purpose.” On September 24, 2021, the Commission launched a policy initiative to determine how to regulate these newer techniques, and a draft policy is targeted for 2023.

While the current GE approval process is quite lengthy and contentious, there is much discussion in the EU about whether “new genomic techniques” or genome editing should be held to the same level of scrutiny as more traditional forms of biotechnology. For more information on agricultural biotechnology in the EU, see the [2021 annual report](#).

13. Pesticides

Pesticides Policy

As part of the Farm to Fork Strategy, the Commission announced a reduction of the overall use and risk of chemical pesticides by 50 percent and the use of high-risk pesticides by 50 percent by 2030.

The suggested actions to achieve these targets include putting forward proposals to revise the Sustainable Use of Pesticides Directive (SUD), enhancing provisions on integrated pest management (IPM), and promoting the use of alternative ways to protect harvests from pests and diseases. These developments would change the availability of crop protection products permitted for EU farmers, and by extension, agricultural exporters to the EU.

As of December 2013, the EU has prohibited the use of three neonicotinoids (clothianidin, imidacloprid, and thiamethoxam) on crops attractive to honeybees such as rapeseed, sunflowers, and soybeans. In May 2018, the Commission further restricted the use of neonicotinoids except for the application in permanent greenhouses in the EU and banned a fourth one (thiacloprid) in January 2020. The measures followed assessments by EFSA, which showed that the first three substances posed risks to bee health and use of thiacloprid could lead to contamination of groundwater.

During the most recent EFSA assessment, an evaluation was made for each substance. Each evaluation was further broken down into assessments of substance/pest combinations (e.g. clothianidin/aphids). Member States had to list all available pesticide products authorized in their territory to control the specific pest in sugar beet, as well as all available non-insecticide control methods. They were also required to provide information on research that was ongoing or planned regarding control of the pests.

In November 2021, EFSA concluded that all 17 of the emergency authorizations were justified, either because no alternative products or methods – chemical or non-chemical – were available or because there was a risk that the pest could become resistant to available alternative products. The assessments cover plant protection products containing clothianidin, imidacloprid, thiamethoxam and thiacloprid granted by Belgium, Croatia, Denmark, Finland, France, Germany, Lithuania, Poland, Romania, Slovakia, and Spain.

Upcoming Reviews for MRLs on Soybeans, Sunflowers, and Rapeseed

Plant protection products (PPPs) along with MRLs and import tolerances are an increasingly important issue in the EU since there is a significant reduction in the number of active substances approved 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.

Existing MRLs are also being reviewed through a process known as an Article 12 review. The link below refers to a list indicating the upcoming MRL reviews under this Article 12 process. The second list includes the active substances that are, or will soon 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 are encouraged to actively engage early on in these review processes by reaching out to the applicant.** Together with the applicant, they can ensure that the necessary data is available for the review or if trials for data collection are in progress or should be initiated etc., especially if the substance is not used or authorized in the EU. **Stakeholders are encouraged to engage with FAS on substances and MRLs of importance to their commodities** and to check the USEU website for updates of the [EU Early Alert](#).

1) Article 12 review

<https://www.efsa.europa.eu/sites/default/files/pesticides-MRL-review-progress-report.pdf>

2) Active substances up for review:

Active substance	Expiration date	Last day of application for renewal of the active substance:
Aminopyralid	12/31/2024	03/31/2022
Metaflumizone	12/31/2024	03/31/2022
Metobromuron	12/31/2024	03/31/2022
Flucapyroxad	05/31/2025	05/31/2022
Bixafen	05/31/2025	05/31/2022
Pyriofenone	01/31/2025	01/31/2025
Disodium phosphonate	01/31/2026	01/31/2023
Penflufen	05/31/2025	05/31/2022
Sedaxane	05/31/2025	05/31/2022
Benalaxyl-	04/30/2025	04/30/2022
Pyroxsulam	04/30/2025	04/30/2022
Penthiopyrad	05/31/2025	05/31/2022
1,4-Dimethylnaphthalene	06/30/2025	06/30/2022
Pyridalyl	06/30/2025	06/30/2022

Glyphosate

The active substance glyphosate is approved for use at the EU level and is set to expire on December 15, 2022. Its renewal procedure is currently ongoing, and its last reauthorization was limited to [five years](#) instead of the more typical 10 to 15 years. Although the substance is still approved at the EU level, some Member States are banning its sale or restricting its use in plant protection products at the national level. Since the EU MRLs for glyphosate remain in place in these Member States, there may be some political pressure to restrict imported products containing glyphosate because some EU farmers are not allowed to use the substance.

Related Reports

For related reports please search the USDA/FAS GAIN database:

<https://gain.fas.usda.gov/>

Attachments:

No Attachments