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Oilseeds and Products Annual

Decreasing Production of Oilseeds, Except for Soybeans

Approved By:
Kelly Stange

Prepared By:
Roswitha Krautgartner, Lucile Lefebvre, Leif Erik Rehder, Mila Boshnakova, Monica Dobrescu, Bob Flach, Jennifer Wilson, Ornella Bettini, Marta Guerrero, Karin Bendz, and the group of FAS oilseeds specialists in the EU

Report Highlights:
Total EU-28 oilseeds production for marketing year (MY) 2015/16 is expected to decline by about 9 percent to 32 million metric tons (MMT). Following record yields in MY 2014/15 this is a result of lower and more average yields expectations and partially of reduced acreage. Rapeseed production is forecast to be more than 11 percent lower than in MY 2014/15 and may reach 21.3 MMT. Sunflower production is anticipated to be down by 5 percent at 8.5 MMT. Still at a relatively low level but increasing production through increased acreage is expected for soybeans. Forecast for soybean production in MY 2015/16 is at 1.7 MMT. Ample global soybean supplies in combination with growing European poultry and livestock sectors are expected to boost the use of soybean meal in animal feed.

Executive Summary:
Coordinator: Roswitha Krautgartner, FAS/Vienna

Production

Total European Union (EU) oilseeds area in MY 2015/16 is forecast to decline by about 1.6 percent to 11.8 million hectares (ha). The decrease is explained by declining acreage of rapeseed, sunflower and cottonseed which is partially offset by increased soybean area. The lower acreage in combination with more average yields expectations compared to the record yields in MY 2014/15 lead to a forecast of 9 percent lower year-on-year production at 32 MMT. With an average share of almost 70 percent, rapeseed production remains the most important oilseed crop produced in the EU. Expectations of weaker demand from the biofuels sector, an EU subsidy policy towards diversification of crops and the neonicotinoid ban are the drivers for an estimated 3 percent reduced rapeseed area. Production of rapeseed in MY 2015/16 is forecast to be more than 11 percent down compared to the bumper crop from the previous harvest and to total at 21.3 MMT. Sunflower production is anticipated to be down by 5 percent at 8.5 MMT due to lower acreage and back to normal yields. Increasing demand for value-added types of sunflower seeds such as high oleic and confectionary types is expected to drive new developments in the sunflower sector. Still at a relatively low level but increasing production through increased acreage is expected for soybeans. The drivers for the growth in European soybean production are EU incentives for protein crop production and the growing demand for non-biotech feed. Forecast for soybean production in MY 2015/16 is at 1.7 MMT on an area of 600,000 ha. Following the trend of lower production total EU-28 oilseeds crush is estimated to be down by 1.7 percent at 44.7 MMT. Expectations are for reduced rapeseed and sunflower crush but slightly increased soybean crush.

Consumption and Trade

The EU-28 is highly dependent on imports of oilseeds and oilseeds products (protein meals and vegetable oils) to meet demand for food, feed and industrial uses, including biofuel production. This is especially true for oilseeds with no or limited domestic production, such as soybeans, soybean products and palm oil. Some 65 percent of soybean meal and about 50 percent of sunflower meal must be imported. Only the production of rapeseed meal is on an average somewhat higher than demand. Total EU-28 oilseeds meal consumption in MY 2015/16 is estimated to be up by 1.4 percent year-on-year reaching 52.8 MMT. The growing EU poultry and livestock sectors are driving higher demand for protein feed. Ample world supplies of soybeans and soybean meal, leading to competitive prices, are expected to favor the use of soybean products in MY 2015/16. Use of sunflower meal is expected to also increase slightly due to imports from the Black Sea region. Lower production of rapeseeds meal is anticipated to lead to somewhat lower domestic use. Total use of vegetable oils is forecast to slightly increase by about 1.6 percent to 25.2 MMT which is mainly due to increased food use. The production of biodiesel, the second largest use of vegetable oils after food, is expected to be stagnant. Most EU-28 biodiesel production uses rapeseed oil as the main feedstock. However, palm oil, because of its price competitiveness, has been increasingly used in biofuels production, particularly in The Netherlands. Lately, the use of palm oil in biofuels production is expected to be more and more replaced by waste fats and oils and thus decline.

Policy

In the new CAP (Common Agricultural Policy), the Commission gives MS (member states) the opportunity to support the production of protein crops with two percent of their national envelopes. Should any MS decide to use this possibility, the Commission has to be notified in advance. MS will be able to grant a greater proportion (mostly 8 percent, but up to 13 percent in some MS) of their direct payment envelopes in the form of coupled support to farmers in sectors or regions which face particular difficulties and where farming activity is important for economic, environmental and/or social reasons. This aid should be granted only to the extent necessary to maintain current levels of production in the region concerned.

Introduction
This report presents the outlook for oilseeds in the EU-28. The data in this report is based on the views of Foreign Agricultural Service (FAS) analysts in the EU and is not official USDA data.

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

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

The FAS EU-28 oilseeds reporting team would like to thank Bill George from FAS/OGA for his valuable input and support.

Abbreviations used in this report

Benelux	= Belgium, the Netherlands, and Luxembourg
CAP	= EU common agricultural policy
CY	= Calendar year
e	= Estimate (of a value/number for the current, not yet completed, marketing year)
EU-28	= European Union of 27 member states (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, France, Finland, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom)
EFSA	= European Food Safety Authority
f	= Forecast (of a value/number for the next, not yet started, marketing year)
FSW	= Feed, Seed, Waste
Ha	= Hectares
GE	= Genetically engineered / Genetically engineered organisms
GHG	= Greenhouse gas
MT	= Metric ton (1000 kg)
MMT	= Million metric tons
MS	= EU Member State(s)
MY	= Marketing year
NUTS2	= Nomenclature of Units for Territorial Statistics level 2 = code for regions within a country
RED	= Renewable Energy Directive
RSPO	= Round Table on Sustainable Palm Oil
SME	= Soybean meal equivalent
U.K.	= United Kingdom
U.A.E.	= United Arabic Emirates
U.S.	= The United States of America

In this report "**biofuel**" includes only biofuels used in the transport sector. Biomass/biofuel used for electricity production or other technical uses such as lubricants or in detergents are included in "**industrial use**".

The marketing years used in this report are:

January - December
Copra complex
Palm Kernel complex
Palm Oil
Fish Meal

July-June
Rapeseed complex

October -September
Soybean complex
Sunflower complex
Cottonseed complex
Peanut complex

November - October
Olive Oil

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1. Total Oilseeds

Coordinator: Roswitha Krautgartner, FAS/Vienna

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

Total Oilseeds – Seeds

Commodity:	Total Oilseeds					
Marketing Year	MY 2013/14		MY 2014/15		MY 2015/16	
	USDA Official	Post New	USDA Official	Post New	USDA Official	Post New
Area	12,039	12,112	11,942	11,951		11,765
Beginning Stocks	3,666	3,666	3,030	3,107		3,697
Production	31,691	31,733	35,323	35,269		31,973
Extra EU27 imports	17,604	17,656	16,740	16,110		16,346
TOTAL SUPPLY	52,961	53,055	55,093	54,486		52,016
Extra EU27 exports	1,140	1,143	1,371	1,430		1,036
Crush	45,491	45,090	46,142	45,464		44,698
Food Use	1,139	1,321	1,151	1,364		1,374
Feed, Seed, Waste	2,161	2,394	2,455	2,531		2,491
TOTAL DOMESTIC USE	48,791	48,805	49,748	49,359		48,563
Ending Stocks	3,030	3,107	3,974	3,697		2,417
TOTAL DISTRIBUTION	52,961	53,055	55,093	54,486		52,016
1000 HA, 1000 MT						

Source: FAS EU-28

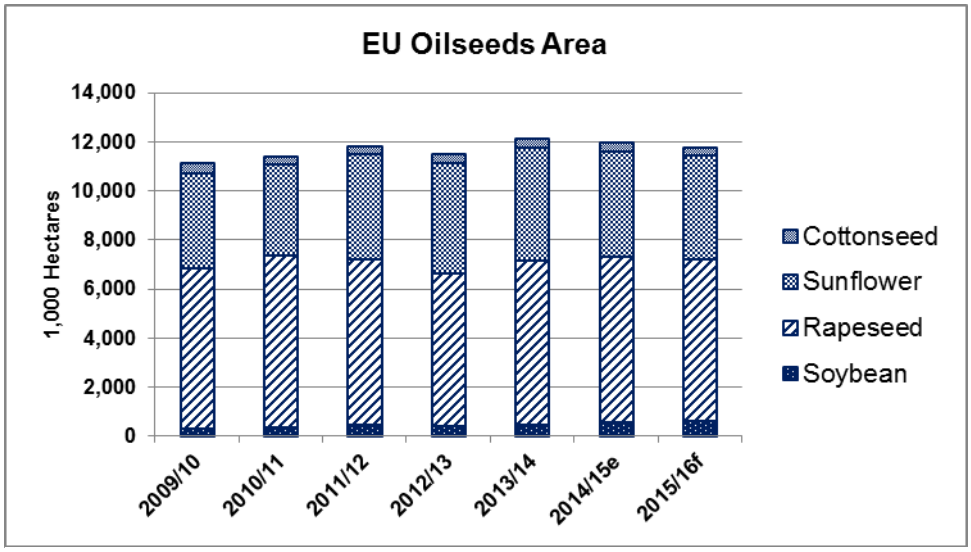
EU-28 Total Oilseeds Area

MY 2015/16

Total EU-28 oilseeds area in MY 2015/16 is forecast to decrease by about 1.6 percent compared to the previous year and is expected to reach 11.8 million ha. The decrease is explained by declining acreage of rapeseed, sunflower and cottonseed which is partially offset by increased soybean area.

MY 2014/15

In MY 2014/15, total EU-28 oilseeds area is down by 1.3 percent, mainly due to a lower sunflower area.

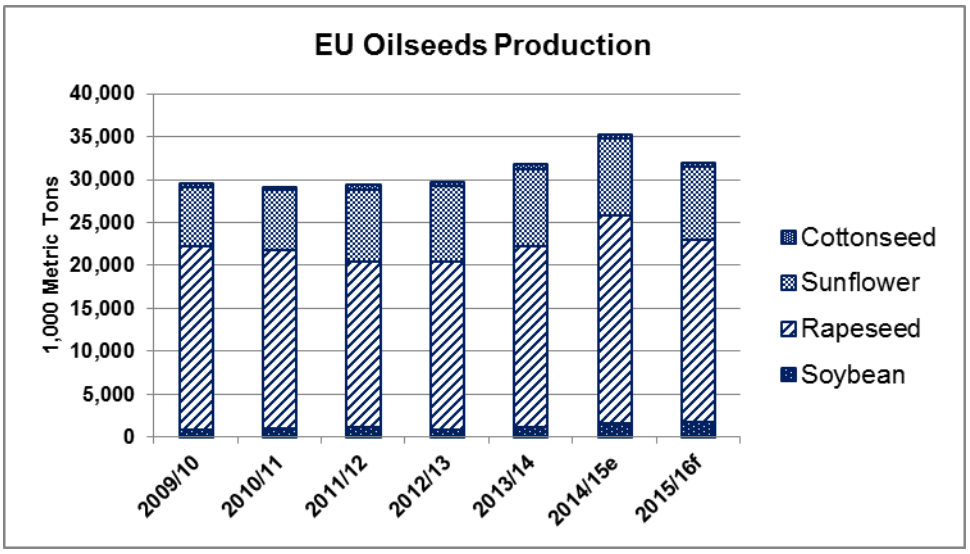


Note: The years refer to the calendar year in which the harvest occurs (e.g. 2013 = harvested in CY 2013, marketed in MY 2013/14)
Source: FAS EU-28

EU-28 Total Oilseeds Production

MY 2015/16
Expectations for total EU-28 oilseeds production in MY 2015/16 are for a 9.4 percent decrease to 32 MMT. This is the result of more average yields for rapeseed and sunflower compared to the bumper crop in the previous season and a slightly lower acreage.

MY 2014/15
Despite slightly reduced acreage but exceptionally high yields of rapeseed and soybean EU-28 oilseeds production reaches a record level of 35.3 MMT in MY 2014/15. This compares to a year- on-year increase of 11.1 percent.

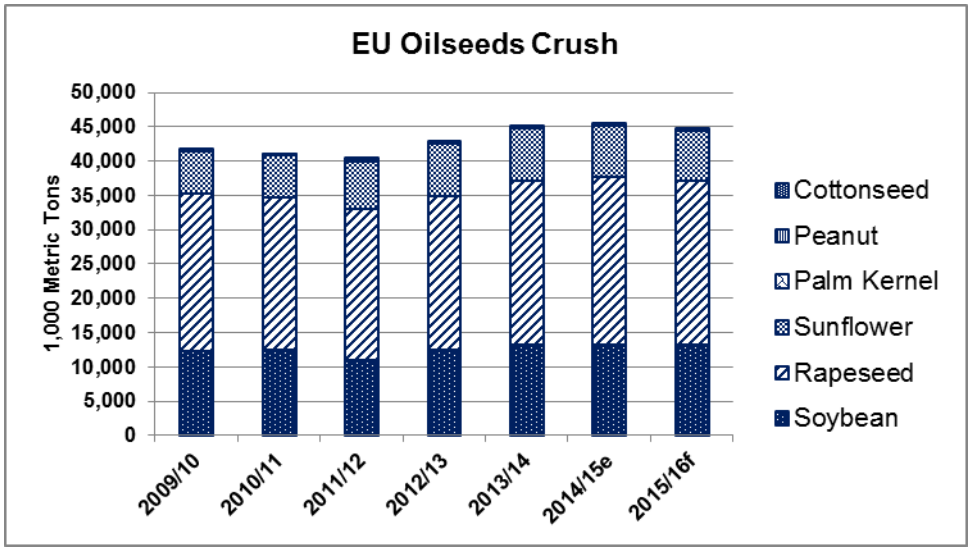


Note: The years refer to the calendar year in which the harvest occurs (e.g. 2013 = harvested in CY 2013, marketed in MY 2013/14)
Source: FAS EU-28

EU-28 Total Oilseeds Crush

MY 2015/16
Following the trend of lower production total EU-28 oilseeds crush is expected to decline by 1.7 percent to 44.7 MMT which is a result of decreased rapeseed, sunflower seed and cottonseed crush but slightly increased soybean crush.

MY 2014/15
Despite a very high production total EU-28 oilseeds crush is estimated to increase by only 0.8 percent and reach 45.5 MMT.



Note: Crush for olive oil production is not included
Source: FAS EU-28

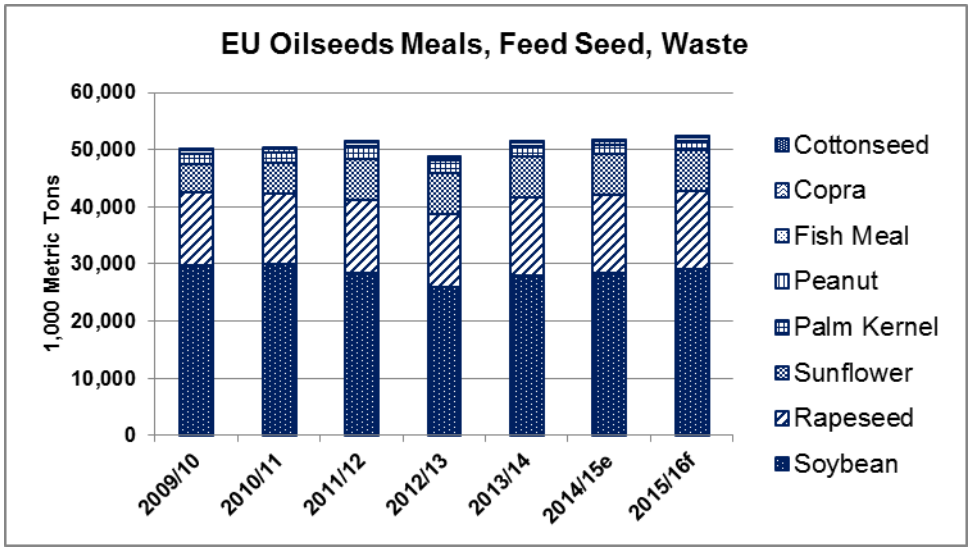
Total Oilseed – Meals

Commodity: Marketing Year	Total Meals					
	MY 2013/14		MY 2014/15		MY 2015/16	
	USDA Official	Post New	USDA Official	Post New	USDA Official	Post New
Crush	45,493	45,090	46,142	45,464		44,698
Beginning Stocks	321	321	662	598		866
Production	29,236	28,547	29,592	28,720		28,277
Extra EU27 imports	24,668	24,658	25,893	24,919		25,874
TOTAL SUPPLY	54,225	53,529	56,147	54,240		55,020
Extra EU27 exports	1,084	1,073	1,167	1,278		1,099
Industrial	528	510	560	510		510
Food Use	32	32	32	32		32
Feed, Seed, Waste	51,919	51,313	53,465	51,551		52,252
TOTAL DOMESTIC USE	52,479	51,855	54,057	52,093		52,794
Ending Stocks	662	598	923	866		1,124
TOTAL DISTRIBUTION	54,225	53,529	56,147	54,240		55,020
1000 MT						

Source: FAS EU-28

MY 2015/16
In line with the somewhat lower crush in MY 2015/16, EU-28 total oilseeds meal production is expected to decline by 1.5 percent to 28.3 MMT. Total supply of oilseed meals is forecast to be 1.4 percent higher due to bigger beginning stocks and increased imports. A growing animal production sector and high availability of soybean meal leads to expectations of increased total feed use of oilseeds meals totaling at 52.3 MMT.

MY 2014/15
Due to high availability of feed grains in MY 2014/15 oilseeds meal use in animal feed is only expected to grow by 0.5 percent although feed demand from the animal production sector is growing.



Source: FAS EU-28

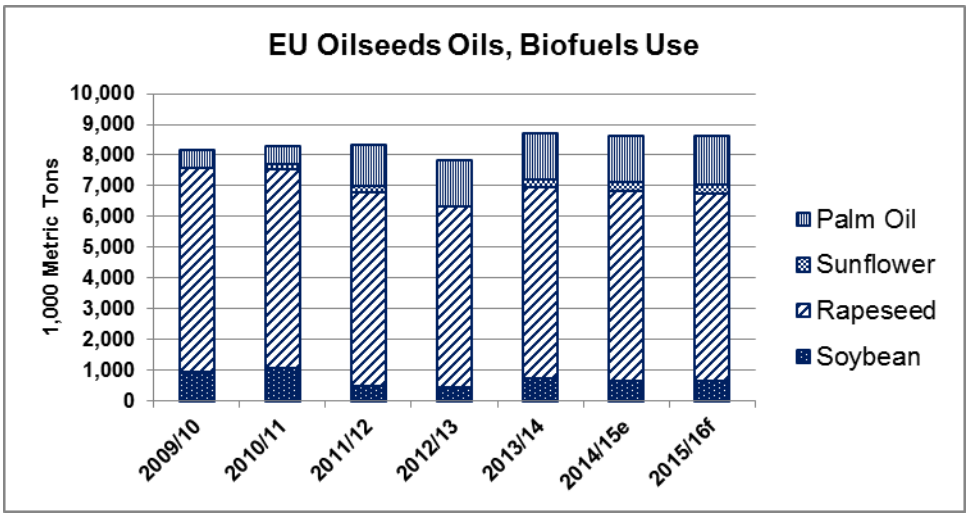
Total Oilseeds – Oils

Commodity: Marketing Year	Total Oils					
	MY 2013/14		MY 2014/15		MY 2015/16	
	USDA Official	Post New	USDA Official	Post New	USDA Official	Post New
	45,493	45,090	45,464	45,464	0	44,698
Beginning Stocks	1,167	1,167	1,859	1,566	0	1,379
Production	18,240	18,138	17,615	17,290	0	17,652
Extra EU27 imports	9,889	9,732	9,814	9,713	0	9,660
TOTAL SUPPLY	29,296	29,037	29,288	28,569	0	28,691
Extra EU27 exports	2,301	2,233	2,192	2,073	0	2,125
Industrial	12,081	2,750	12,415	2,670	0	2,520
Biofuels	0	8,710	0	8,610	0	8,620
Food Use	12,669	13,343	12,706	13,386	0	13,595
Feed, Seed, Waste	386	435	403	435	0	435
TOTAL DOMESTIC USE	25,136	25,238	25,524	24,817	0	25,150
Ending Stocks	1,859	1,566	1,572	1,379	0	1,416
TOTAL DISTRIBUTION	29,296	29,037	29,288	28,569	0	28,691
1000 MT, PERCENT						

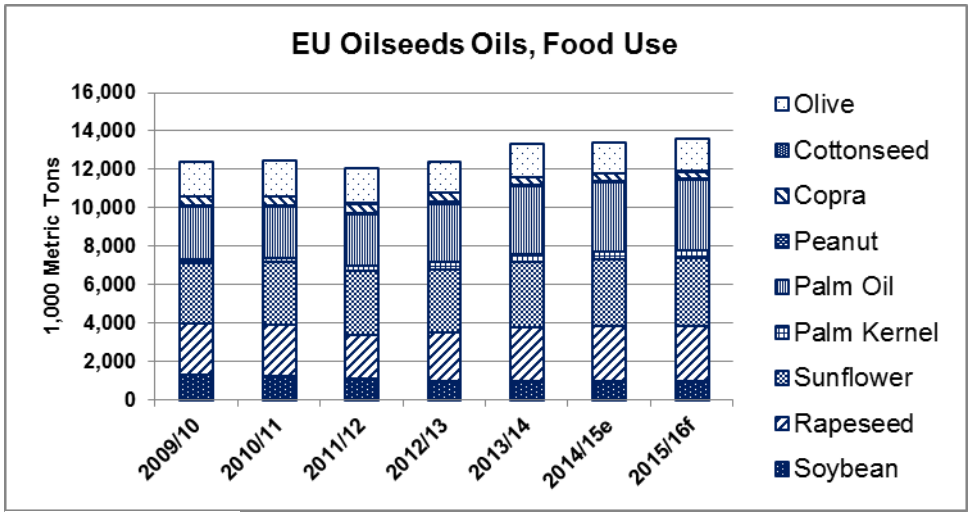
Source: FAS EU-28

MY 2015/16

In line with the lower domestic production of oilseeds and the somewhat lower crush, EU-28 oilseeds oil production in MY 2015/16 is expected to be down by about 2 percent and should reach 17.7 MMT. With slightly increased food use and almost stable use in the biofuels industry total domestic use of oils is expected to rebound to 25.2 MMT.



Source: FAS EU-28



Source: FAS EU-28

2. Soybean Complex

Coordinator: Lucile Lefebvre, FAS/Paris

Soybeans

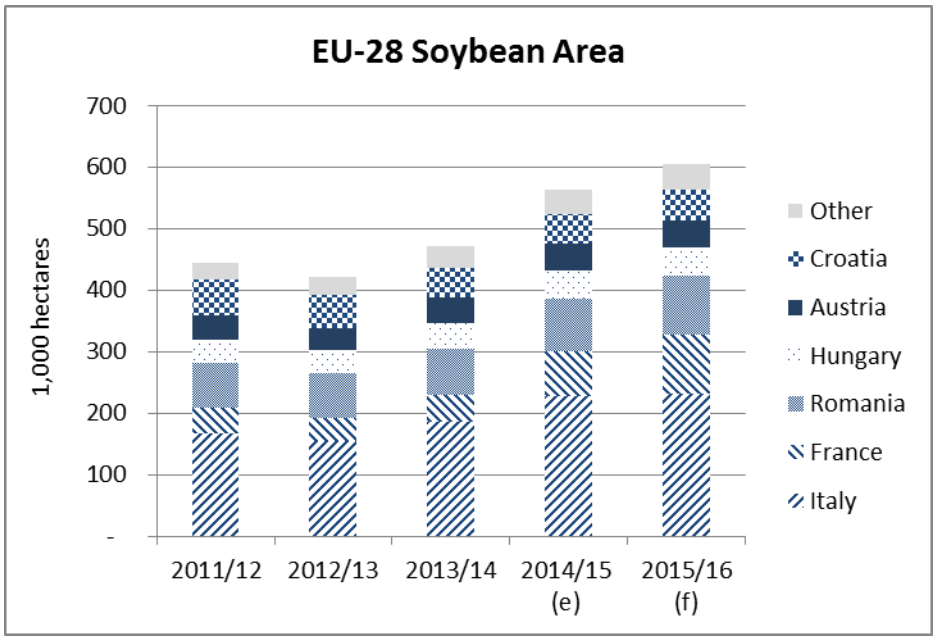
Oilseed, Soybean	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2015	
European Union	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	469	471	602	560		600
Beginning Stocks	233	233	221	231		251
Production	1,229	1,230	1,715	1,700		1,710
MY Imports	12,985	12,985	12,750	12,540		12,600
Total Supply	14,447	14,448	14,686	14,471		14,561
MY Exports	55	57	70	50		50
Crush	13,591	13,200	13,600	13,150		13,250
Food Use Dom. Cons.	130	160	130	170		170
Feed Waste Dom. Cons.	450	800	550	850		850
Total Dom. Cons.	14,171	14,160	14,280	14,170		14,270
Ending Stocks	221	231	336	251		241
Total Distribution	14,447	14,448	14,686	14,471		14,561
1000 HA, 1000 MT						

Source: FAS EU-28

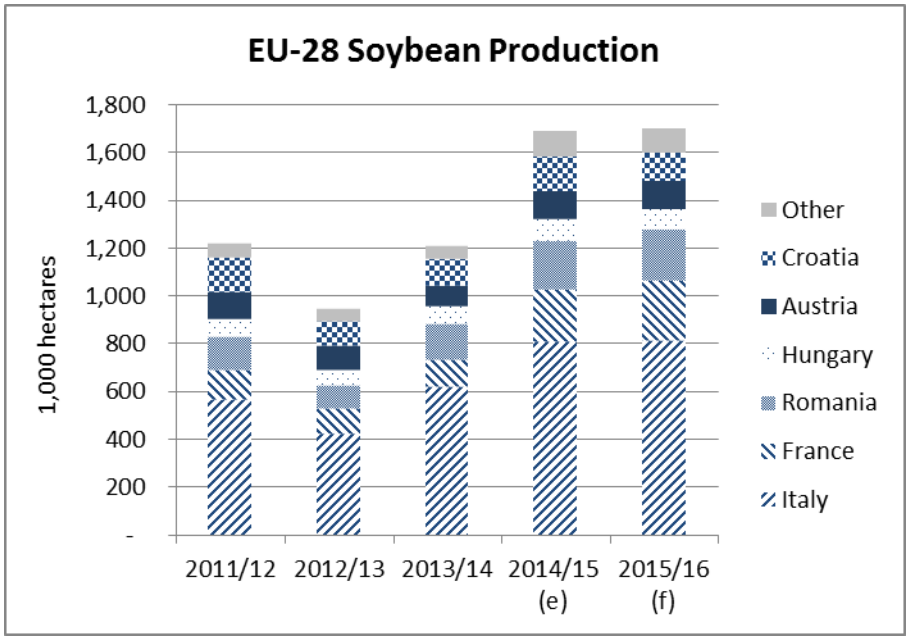
In the EU-28, imports account for around 90 percent of total soybean supply. The bulk of imports are genetically engineered soybeans used in the feed sector. Most of them are crushed and used as meal. In some countries such as Hungary, Croatia and to a lesser extent Austria, full soybeans are used as feed after heat treatment. Domestic production is non-biotech. Between 10 and 15 percent of it is directed to the food market, the rest is used as feed.

Soybean production remains limited but it is expected to increase in the coming years due to a rise in total area (see graphs below). It could account for five percent of total oilseed production in 2015/16. The planted area is expected to increase in Italy, France, Romania and Austria for several reasons:

(a) Soy is more profitable than corn at the moment. The price of corn has collapsed and production costs are higher for corn because it needs more inputs than soy.
(b) The 2014-2020 Common Agricultural Policy (CAP) gives incentives to produce soybeans and protein crops. Under the CAP, France and Romania have chosen to give farmers coupled supports for soybeans. In France the level of support will be between 100 and 200 euros per hectare (depending on the total area in the country) from MY 2014/15. In Romania, it will be 325 euros per hectare from MY 2015/16.
(c) Several countries are taking initiatives to produce non-biotech protein feed locally, in order to answer the demand for non-biotech feedstocks. The "Danube Soya Association," a non-governmental association supported by the Austrian government, promotes the production of non-biotech soybeans in the Danube region (Austria, Germany, Bosnia Herzegovina, Croatia, Hungary, Romania, Serbia, Slovenia and Switzerland). The countries of this region account for around one third of total EU production.

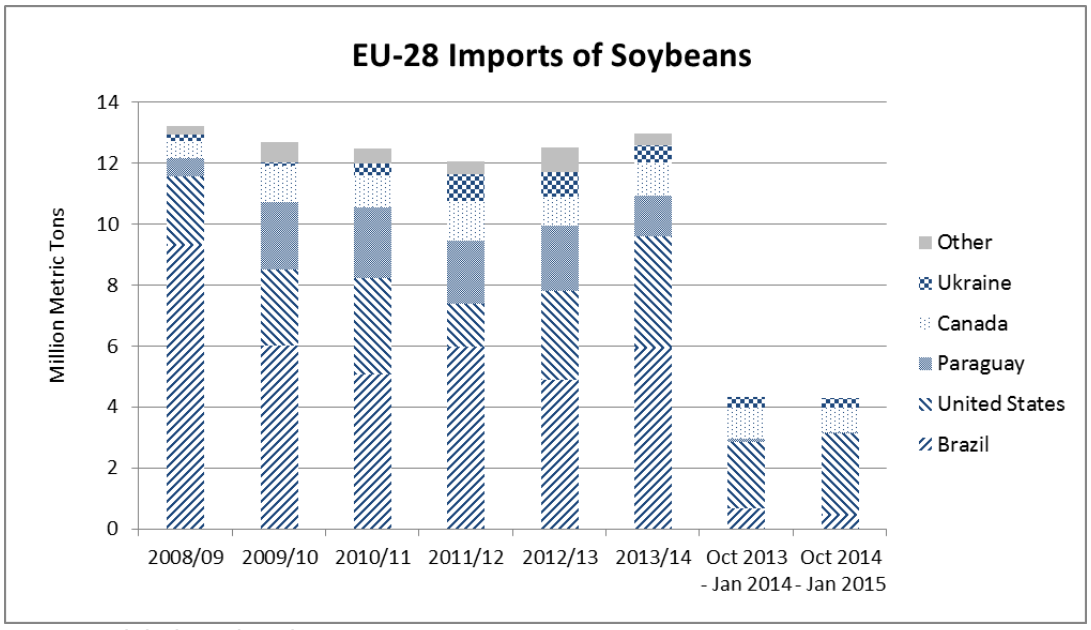


Source: FAS Posts



Source: FAS Posts

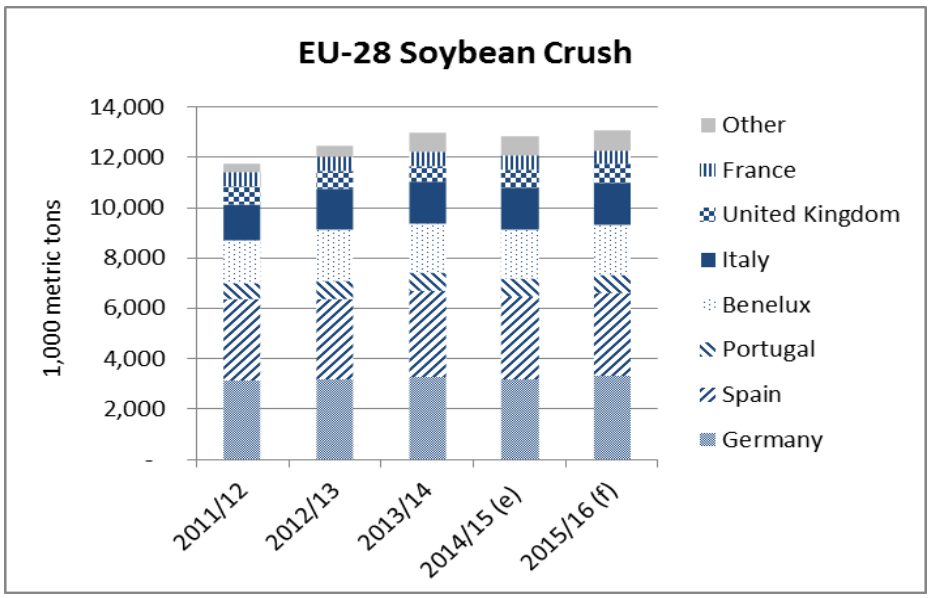
As for imports (see graph below), the impact of increasing domestic production could be offset by the rising demand for feed. Brazil is still the main exporter of soybeans to the EU but its market share, which was higher than 60 percent in the 2000's, has been between 40 and 50 percent in the 2010's due to an increase in imports from Paraguay and Canada. The U.S. market share is on a flat trend on the long run, it varies between 20 and 30 percent.



Source: Global Trade Atlas

MY 2015/16

In MY 2015/16, EU-28 soybean production is expected to increase slightly compared to MY 2014/15. Production could increase in Italy (which accounts for half of the European production), France, Romania and Bulgaria due to a rise in planted areas. It could decrease in the other producing countries due to lower yields.
Crush is expected to increase slightly in MY 2015/16 due to ample world supplies, a rise in feed demand and competitive prices. As a consequence, EU-28 soybean imports are expected to increase slightly too.



Source: FAS EU-28 Posts

MY 2014/15

In MY 2014/15, soybean production is expected to increase by 38 percent compared to MY 2013/14 due to an increase of around 20 percent in total area and to a rise in yields. A slight decrease in crush is expected. The only countries where crush is decreasing are Spain and Portugal, but they account for more than 30 percent of total EU crush. As a consequence of higher production and lower crush, soybean imports are expected to decrease slightly.

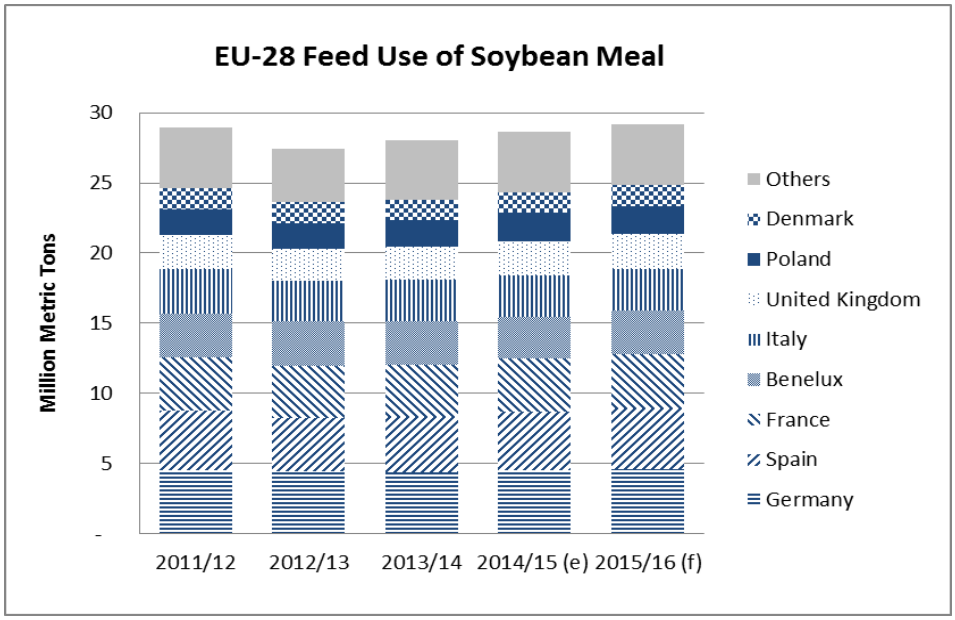
Soybean Meal

Meal, Soybean	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2015	
European Union	USDA Official	New post	USDA Official	New post	USDA Official	New post
Crush	13,591	13,200	13,600	13,150		13,250
Beginning Stocks	153	153	260	286		514
Production	10,737	10,300	10,750	10,250		10,300
MY Imports	18,175	18,175	19,300	18,800		19,600
Total Supply	29,065	28,628	30,310	29,336		30,414
MY Exports	310	300	390	380		370
Industrial Dom. Cons.	10	10	10	10		10
Food Use Dom. Cons.	32	32	32	32		32
Feed Waste Dom. Cons.	28,453	28,000	29,400	28,400		29,100
Total Dom. Cons.	28,495	28,042	29,442	28,442		29,142
Ending Stocks	260	286	478	514		902
Total Distribution	29,065	28,628	30,310	29,336		30,414
1000 MT						

Source: FAS EU-28 Posts

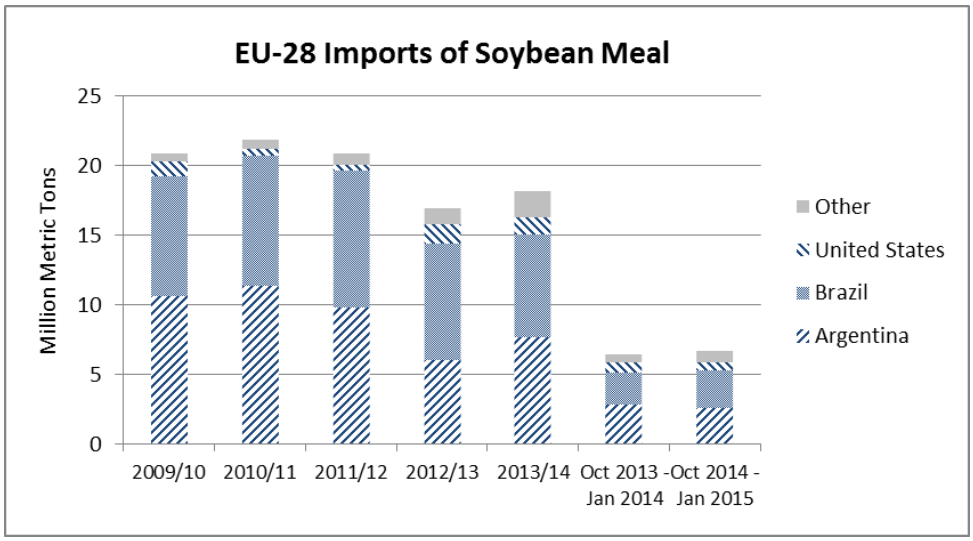
The EU imports around 65 percent of the soybean meal it consumes. The rest is produced by domestic crushing facilities, which use more than 90 percent of imported soybeans.

Soybean meal is the main meal used in animal feed rations in the EU, it accounts for 58 percent of the total consumption of oilseed meals. The largest consumers of soybean meal are the leading producers of livestock and poultry (see graph below). In the coming years, the demand for soybean meal is anticipated to be favored by ample world supply and a rise in poultry production. Poultry is the animal category that consumes the largest share of soybean meal and substitution of soybean meal with other meals is difficult in this sector.



Source: FAS EU-28 Posts

EU-28 imports of soybean meal have decreased in 2012/13 and 2013/14 compared to the three previous years due to high prices (see graph below). They are expected to increase again in the coming years due to the growth of the poultry sector and to ample global supply. More than 80 percent of soybean meal imports come from Brazil and Argentina. The U.S. is the third supplier to the EU.



Source: Global Trade Atlas

MY 2015/16

The long-term rising consumer demand for poultry meat is expected to favor a higher use of soybean meal in animal feed. In MY 2015/16, stronger demand could trigger supply, with a slight increase in both production and imports, favored by ample global supply and low prices.

MY 2014/15

Total EU imports of soybean meal are expected to increase slightly between MY 2013/14 and MY 2014/15, driven by the demand from feed compounders. Although the incorporation rate of soybean in feed rations should remain low due to low cereal prices, total feed consumption should rise due to the growth of the poultry and dairy sectors. Most of the increase in imports comes from Spain, whereas imports are expected to decrease in the two main importing countries (the Benelux and France).

Soybean Oil

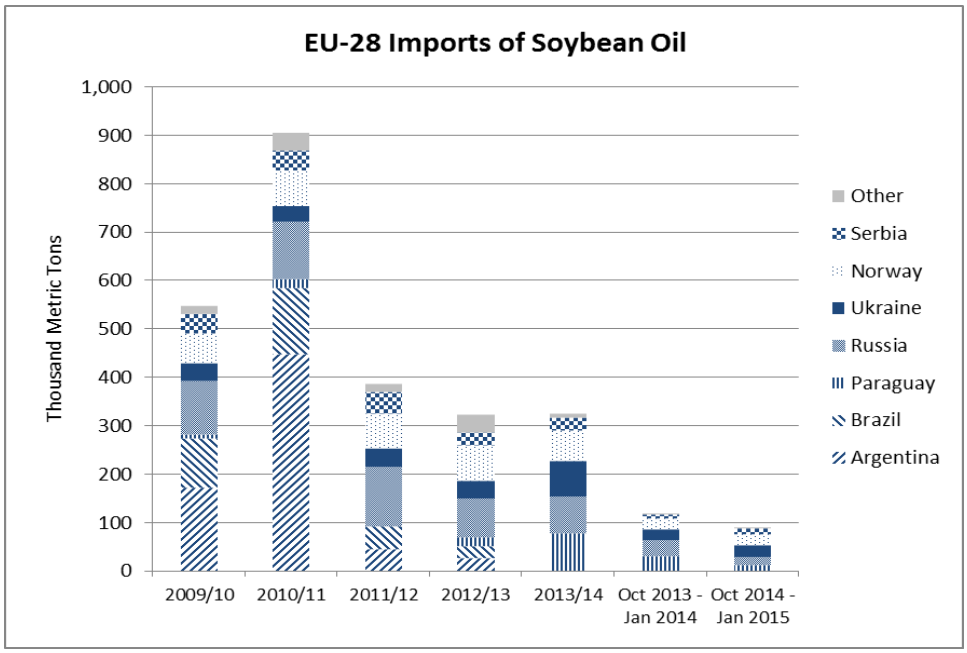
Oil, Soybean	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2015	
European Union	USDA Official	New post	USDA Official	New post	USDA Official	New post
Crush	13,591	13,200	13,600	13,150		13,250
Beginning Stocks	221	221	377	235		285
Production	2,582	2,400	2,584	2,350		2,400
MY Imports	325	325	300	300		300
Total Supply	3,128	2,946	3,261	2,885		2,985
MY Exports	771	771	800	750		750
Industrial Dom. Cons.	910	900	1,000	810		820
Food Use Dom. Cons.	1,000	990	1,000	990		990
Feed Waste Dom. Cons.	70	50	70	50		50
Total Dom. Cons.	1,980	1,940	2,070	1,850		1,860
Ending Stocks	377	235	391	285		375
Total Distribution	3,128	2,946	3,261	2,885		2,985
1000 MT						

Source: FAS EU-28 Posts

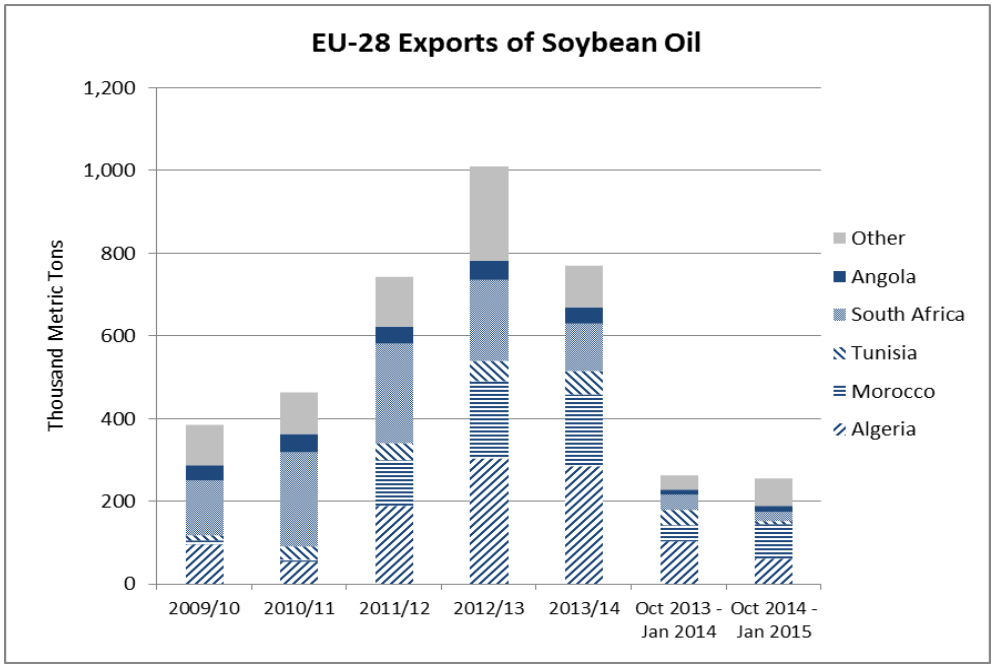
Until 2010/11, the EU-28 was a net importer of soybean oil, mainly used to produce biodiesel. Since MY 2011/12, the EU-28 has become a net exporter of soybean oil, with exports more than twice as high as imports. As a result of the implementation of the EU Renewable Energy Directive (RED), soybean oil has become more difficult to use as a feedstock for the biodiesel industry. As a consequence:

(a) The EU has imported more biodiesel from Argentina and Indonesia and less soybean oil and palm oil from these countries.

(b) Soybean oil produced domestically by crushing imported beans has been exported. Most of the soybean oil produced in the EU is exported to Africa. Since 2012/13, North African countries have accounted for more than 50 percent of EU exports.



Source: Global Trade Atlas



Source: Global Trade Atlas

MY 2015/16

The EU production of soybean oil is expected to increase slightly due to an increase in crush. Food and feed use are likely to remain stable. Imports are anticipated to remain at low levels compared to exports. As a consequence, the EU would remain a net exporter of soybean oil.

MY 2014/15

In MY 2014/15, the EU demand for soybean oil is expected to decrease slightly, mainly due to decreasing demand in the biofuel sector and stable food use. Exports are anticipated to remain high, although not at the record level of MY 2012/13. Production could slightly decrease as a result of stagnant crush. Imports are expected to remain at low levels.

Breakout of EU-28 Industrial Uses for Soybean Oil in 1000 MT

	MY 2013/14	MY 2014/15	MY 2015/16
Biofuels Use	150	160	160
Other Industrial Uses	750	650	660
Total Industrial Use	900	810	820

Source: FAS EU-28

3. Rapeseed Complex

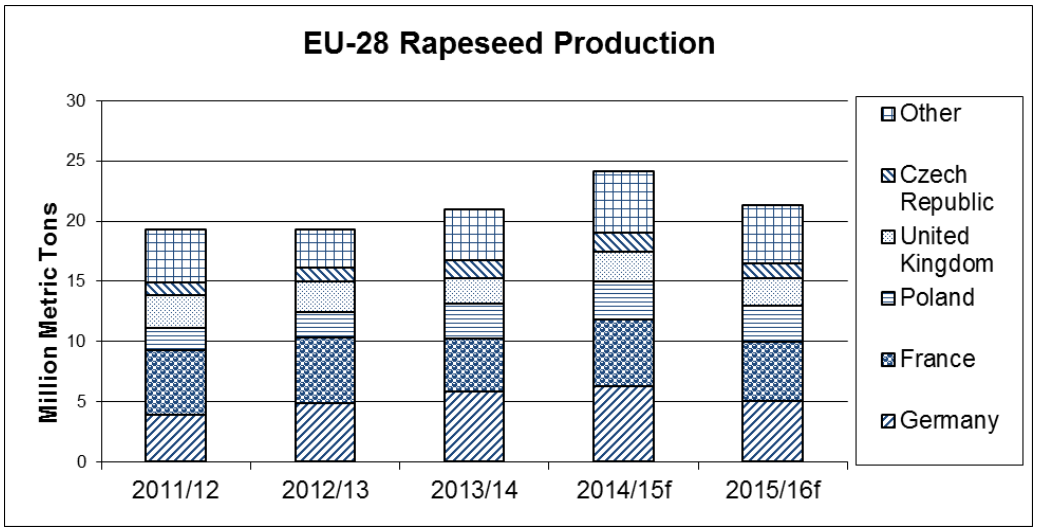
Coordinator: Leif Erik Rehder, FAS/Berlin

Rapeseed

Oilseed, Rapeseed	2013/2014		2014/2015		2015/2016	
Market Begin Year	Jul 2013		Jul 2014		Jul 2015	
European Union	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Planted	6,760	6,800	6,775	6,800	0	6,600
Area Harvested	6,751	6,709	6,774	6,738	0	6,600
Beginning Stocks	2,573	2,573	1,973	1,896	0	2,446
Production	21,102	20,975	24,077	24,100	0	21,300
MY Imports	3,495	3,495	2,940	2,500	0	2,600
MY Imp. from U.S.	7	7	0	0	0	0
Total Supply	27,170	27,043	28,990	28,496	0	26,346
MY Exports	290	290	530	600	0	300
Crush	23,937	23,937	24,700	24,500	0	23,800
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	970	920	1,127	950	0	950
Total Dom. Cons.	24,907	24,857	25,827	25,450	0	24,750
Ending Stocks	1,973	1,896	2,633	2,446	0	1,296
Total Distribution	27,170	27,043	28,990	28,496	0	26,346
1000 HA, 1000 MT						

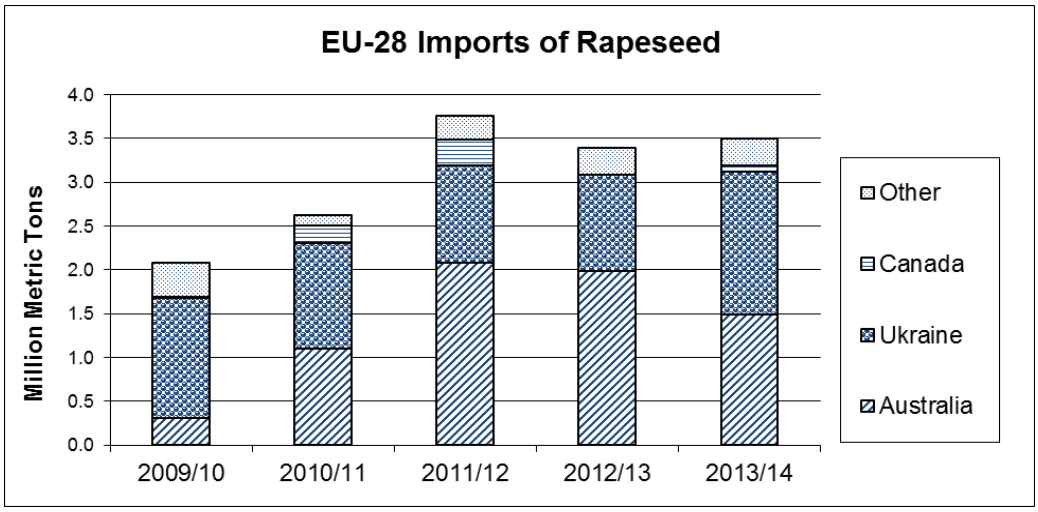
Source: FAS EU-28

The EU is the world's largest producer of rapeseed and products. The two largest producers of rapeseed in the EU are Germany and France, followed by the U.K., Poland, and the Czech Republic. Rapeseed meal is used in the livestock sector as the EU is a leading producer and exporter of meat and dairy products. Main driver for the demand of rapeseed oil is the biodiesel industry, but food and industrial use of rapeseed oil are also influencing demand.



Source: FAS EU-28; f: forecast

Europe's demand for rapeseed exceeds its domestic supply which leads to the import of rapeseed for crushing. Ukraine and Australia remain the only major suppliers for Europe since Canada produces genetically engineered rapeseed.

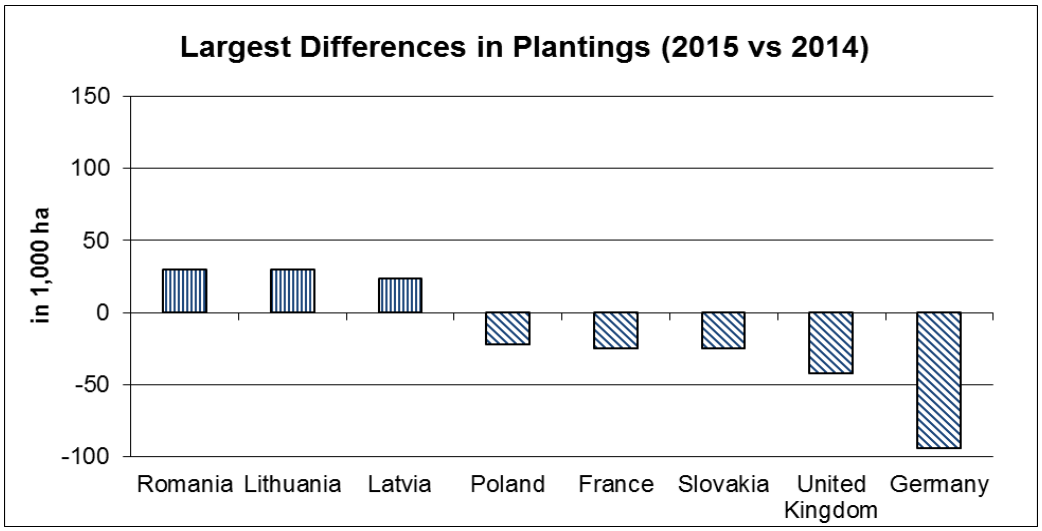


Source: Global Trade Atlas

MY 2015/16

European farmers planted less rapeseed in MY 2015/16 and the EU acreage is expected to drop by nearly 3 percent to 6.6 Million ha. Several factors influenced the planting decisions of European farmers. First, farmers interpreted changes in the EU biofuel policy as weaker demand with lower prices for the upcoming crop which will lead to poorer margins compared to other crops. Farmers also shifted away from seeding rapeseed due to changes to EU subsidy rules which encourage growers to diversify crops. Additionally, farmers had to handle the neonicotinoid ban for insecticides which causes higher risks due to pest.

The lower rapeseed area is mainly due to decreases in Germany, the United Kingdom, and to a lesser extent in Slovakia, France, Poland, Hungary. Bulgaria, and Austria. There were just a few countries with higher acreage like Romania, Lithuania, Latvia, and the Czech Republic.



Source: FAS EU-28

In general, growing conditions for rapeseed in Europe have been good and there are nearly no problems with winterkill due the mild winter. However this might increase insect infestation and disease pressure. Yield is expected to drop from record levels in 2014, but weather conditions in April and May will mainly determine the final quality and yield of the European rapeseed crop. Then, it will also become clearer how the ban on neonicotinoids has affected the crop.

Total EU-28 rapeseed production is currently forecast at 21.3 MMT in MY 2015/16, which is more than 11 percent lower than the estimate for 2014/15. There is an abundant supply of soybeans on the world market in MY 2015/16. With crushers preferring soybeans over rapeseed due to the protein/oil content, as well as crush

margins, rapeseed crush is estimated to decrease. It is expected that rapeseed stocks will partly offset the decrease in rapeseed production. Imports are expected to increase just slightly since supplies on the world market are also projected low. Especially, the export potential of the Ukraine remains below average. In total, the European rapeseed market is expected to return from its records numbers in MY 2014/15 to a more average year in terms of production and crushing. Endings stocks are expected to be much lower at the end of the marketing year.

MY 2014/15

Preliminary final data shows a record EU production for rapeseed. The record production is expected to lead to lower imports from both major suppliers, Australia and Ukraine. The high availability of rapeseed on the European market and price competiveness will lead to increased exports to Turkey, Israel, Pakistan and the United Arab Emirates. Especially shipments to the United Arab Emirates skyrocketed in the first half of the MY 14/15. Due to the ample supply European rapeseed crush is expected to reach a record level. Ending stocks are expected to increase.

Rapeseed Meal

Meal, Rapeseed	2013/2014		2014/2015		2015/2016	
Market Begin Year	Jul 2013		Jul 2014		Jul 2015	
European Union	USDA Official	New post	USDA Official	New post	USDA Official	New post
Crush	23,937	23,937	24,700	24,500	0	23,800
Beginning Stocks	89	89	199	115	0	245
Production	13,764	13,500	14,203	13,800	0	13,400
MY Imports	457	457	440	450	0	450
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	14,310	14,046	14,842	14,365	0	14,095
MY Exports	361	361	350	420	0	300
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	13,750	13,570	14,250	13,700	0	13,650
Total Dom. Cons.	13,750	13,570	14,250	13,700	0	13,650
Ending Stocks	199	115	242	245	0	145
Total Distribution	14,310	14,046	14,842	14,365	0	14,095
1000 MT, PERCENT						

Source: FAS EU-28

Rapeseed meal production is projected to follow crush in in MY 2015/16. It is expected that lower production will lead to a replacement of rapeseed seed meal in feed by soymeal and grains to some extent. Due to lower availability of rapeseed meal on the domestic market exports are expected to decrease. This will also affect exports of rapeseed meal to the United States which have sharply increased lately. Stocks are also projected to decline. Domestic consumption of rapeseed meal is expected to decrease just slightly. Demand for rapeseed meal continues to be strong which is mainly driven by the expanding European dairy sector. The popularity of rapeseed meal for animal feed varies among EU countries. Its use is most prevalent in countries that have a long rapeseed crushing history and high dairy production, like Germany, France, the Benelux and the UK.

Rapeseed Oil

Oil, Rapeseed	2013/2014		2014/2015		2015/2016	
Market Begin Year	Jul 2013		Jul 2014		Jul 2015	
European Union	USDA Official	New post	USDA Official	New post	USDA Official	New post
Crush	23,937	23,937	24,700	24,500	0	23,800
Beginning Stocks	32	32	281	222	0	362
Production	9,934	10,000	10,251	10,200	0	9,900
MY Imports	296	296	270	240	0	240
MY Imp. from U.S.	2	0	0	0	0	0
Total Supply	10,262	10,328	10,802	10,662	0	10,502
MY Exports	306	306	330	300	0	300
Industrial Dom. Cons.	7,450	6,950	7,675	7,050	0	6,950
Food Use Dom. Cons.	2,210	2,800	2,450	2,900	0	2,900
Feed Waste Dom. Cons.	15	50	22	50	0	50
Total Dom. Cons.	9,675	9,800	10,147	10,000	0	9,900
Ending Stocks	281	222	325	362	0	302
Total Distribution	10,262	10,328	10,802	10,662	0	10,502
1000 MT, PERCENT						

Source: FAS EU-28

Biofuel production is the major use of rapeseed oil in the EU-28 and an important market driver. With the changing EU biofuels policy, the use of rapeseed oil for biodiesel is expected to decrease in MY 2015/16. Food use of rapeseed oil is expected to increase. In total, there is a general oversupply of rapeseed oil on the European market due to stronger competition with animal fats and recycled oils.

Breakout of EU-28 Industrial Uses for Rapeseed Oil in 1000 MT

	MY 2013/14	MY 2014/15	MY 2015/16
Biofuels Use	750	850	850
Other Industrial Uses	6,200	6,200	6,100
Total Industrial Use	6,950	7,050	6,950

Source: FAS EU-28

4. Sunflower Complex

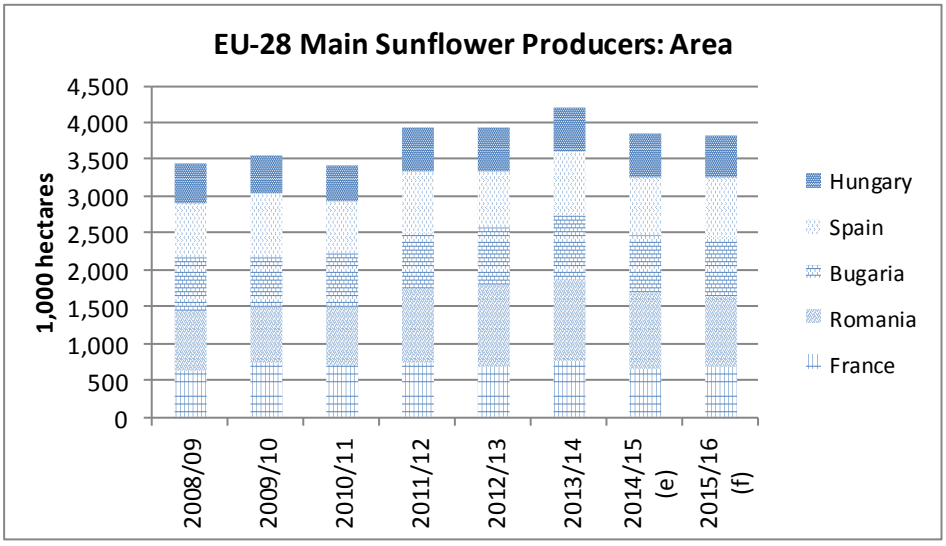
Coordinator: Mila Boshnakova, FAS/Sofia and Monica Dobrescu, FAS/Bucharest

Sunflower Seeds

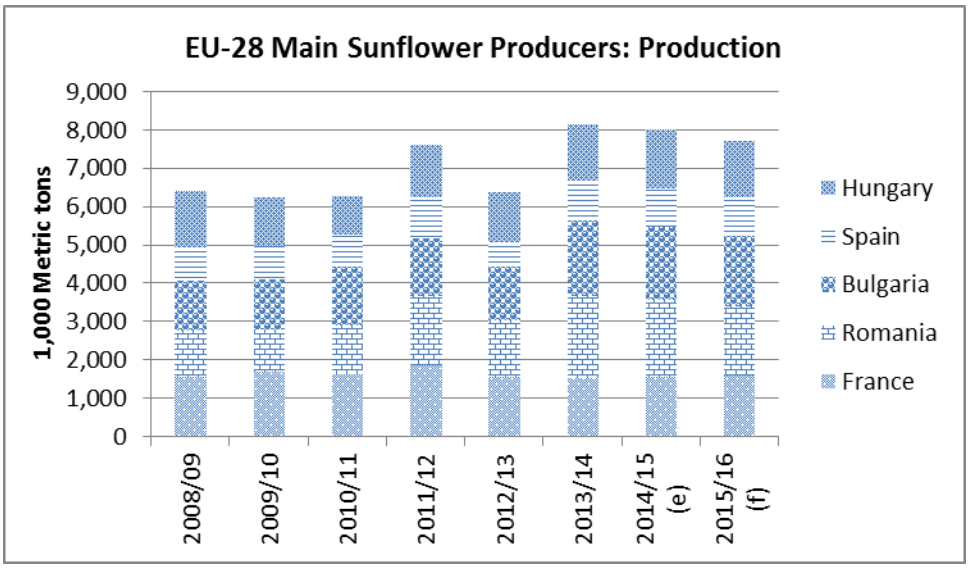
Oilseed, Sunflowerseed	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2015	
European Union	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	4,508	4,575	4,209	4,300	0	4,250
Beginning Stocks	787	787	800	913	0	933
Production	8,881	9,050	9,041	8,950	0	8,500
MY Imports	319	319	250	200	0	250
MY Imp. from U.S.	41	0	40	0	0	0
Total Supply	9,987	10,156	10,091	10,063	0	9,683
MY Exports	713	713	700	680	0	600
Crush	7,601	7,600	7,500	7,450	0	7,300
Food Use Dom. Cons.	310	430	320	450	0	450
Feed Waste Dom. Cons.	563	500	596	550	0	520
Total Dom. Cons.	8,474	8,530	8,416	8,450	0	8,270
Ending Stocks	800	913	975	933	0	813
Total Distribution	9,987	10,156	10,091	10,063	0	9,683
1000 HA, 1000 MT						

Source: FAS EU-28

The EU-28 continued to keep its leading position as a major producer and crusher of sunflower seeds. Key production countries are France, Romania, Bulgaria, Hungary and Spain. Planted area has been on a steady tendency to increase over the past years and is likely to stay at the current higher level in the near term or fluctuate moderately depending on the market conditions and demand for protein in the EU-28. Production has grown due to improving yields and technology over the past three years. In MY 2013/14 and MY 2014/15 it reached new records although a modest decline is forecast for MY 2015/16. Increasing demand for value–added types of sunflower seeds such as high oleic and confectionary sunflower is expected to drive the new developments in the sector in the near future.

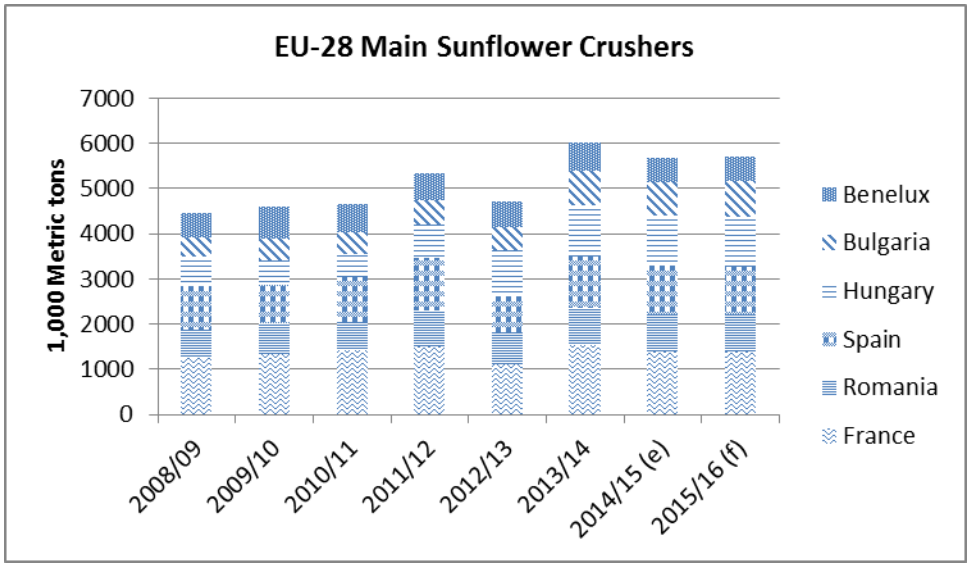


Source: FAS EU-28



Source: FAS EU-28

The leading sunflower seed suppliers to the EU are dominated by Black Sea exporters, Ukraine and Russia, followed by Argentina, the United States, Moldova and Serbia. In the EU, the largest crushers are France, Spain, Romania, Bulgaria, Hungary, the Benelux and Italy.



Source: FAS EU-28

MY 2015/16

EU-28 Sunflower seed production is forecast to decline in MY 2015/16 by an estimated 5 percent, following exceptional yields and very good production in MY 2014/15. Growth in planted area, although not significant, is expected in France, Spain and Bulgaria, while Romania sees a more significant reduction in planted areas. Hungary, Italy and the other producers project stable areas and, as a result, EU-28 total plantings are forecast to be reduced by marginal 1.2 percent compared to MY 2014/15. Due to mild winter in most countries, re-seeding of winter crops will be almost non-existent which is limiting expansion in area; in other cases, there is a forecasted adjustment in competing crops such as corn. High soil moisture levels in select regions of Romania and Bulgaria may prevent early spring planting and reduce areas further in favor of corn and/or other spring crops.

Sunflower seed production is projected at 8.5 MMT, which is 5 percent lower than in MY 2014/15 provided that weather conditions are normal and yields are at average, but below the record yields in the previous year. Currently, major producer countries expect stable (France and Italy) or declining yields (Bulgaria, Hungary, Spain) as a result of the ban on neonicotinoids or due to financial challenges (Romania, Bulgaria). Romania is the only member state which notified the EU Commission regarding the application of neonicotinoids on sunflower and corn for MY 2015/16 for a limited timeframe.

Imports are forecast to be higher in order to compensate for lower domestic supply and complement crush. The Black Sea region is likely to offer good exportable and competitive supplies and be again the traditional source of imports for the EU-28.

Following very good supply and demand for crush in MY 2014/15, the forecast is for a return to lower, more traditional levels of crush due to expected strong competition from soybeans, followed by rapeseeds. Still, the projected level of crush of 7.3 MMT is at higher level than in years prior to MY 2013/14 and only 2 percent below MY 2014/15 crush level. Major crushing countries project stable or slightly lower crush in MY 2015/16 with a few exceptions (Bulgaria, due to expanded capacities, and Czech Republic). Generally, crush is forecast to be stimulated by favorable demand for protein meals by the feed industry due to the recovery of the livestock, poultry and dairy sectors. In addition, demand for sunflower oil for food purposes is also projected to be supportive. Premium products such as high oleic oil and high protein sunflower meal are likely to generate growth in use and drive better crush margins for select producers. We anticipate very good domestic demand for both sunflower meal and oil with stable or marginally higher consumption (1.0 percent and 2.0 percent, respectively), however, in tight competition with other more price competitive protein meals and imported sunflower oil.

Lower availability and expected decline in crush, as well as good domestic demand, are likely to prevent any growth in EU-28 exports to the global market. Exports may be also limited by likely tighter competition with Black Sea sunflower seeds exporters as well as with other oilseeds on export markets. Thus, EU-28 exports are forecast to drop by 12 percent compared to MY 2014/15.

Ending stocks are projected to decrease by 13 percent to a tighter level due to lower availability and modest decline in EU-28 crush.

MY 2014/15

Current marketing year exceeded earlier expectations, sunflower seeds production was sharply upward (only 1.0 percent lower than in MY 2013/14), mainly due to exceptional yields as a result of favorable weather and despite the 6 percent drop in harvested areas. In select countries (Romania, Bulgaria, Croatia) rainfall during pollination affected quality and oil content. Despite record yields, total production is currently estimated to be still marginally below the USDA official data.

EU-28 imports are projected lower as a result of reduced exports from traditional EU suppliers (Ukraine and Russia) due to lower crops and extra high crush in these countries in the first half of the season, and due to reduced stocks and respectively export potential in the second half of the season. Other suppliers such as Serbia and Moldova which were more active in the previous marketing year reduced their exports this year. Another reason for declining imports is lower crush demand in the EU-28 as a result of less attractive crush margins, and weakening competitiveness of sunflower meal compared to other protein meals. EU-28 imports in the first quarter of MY 2014/2015 were 60 percent lower and our estimate for the year is at present under USDA official.

Crush demand in leading crushing countries has declined significantly (France, Hungary, Benelux, Germany, Spain, Portugal, Italy) while in others it was stable (Romania, Austria, Bulgaria) thus, total EU-28 crush is estimated at 2 percent lower than in the previous year. Reasons for this change are the less attractive crush margins, which lost on average about 10 Euro/MT between the fall of 2014 and the spring of 2015 due to appreciation of sunflower seed prices and the drop in the sunflower oil and meal prices. The prospects are for overall 5-10 Euro/MT lower crush margins for this marketing year compared to MY 2013/14. Sunflower seeds have to compete for crush with abundant rapeseeds crop. In addition, in the first quarter of MY 2014/15, sunflower meal was less price-competitive relative to other meals, especially versus rapeseeds meal compared to a year ago. Regarding sunflower oil, although it lost substantially in price compared to the previous season, it still remained the most expensive relative to soy oil and rapeseeds oil. Current crush estimates are slightly under USDA official data.

EU-28 exports of sunflower seeds to third countries in the first quarter of MY 2014/15 were 14 percent lower compared to corresponding period in the previous year with major exporters being Romania and Bulgaria. The main reason for this decline is weaker demand from traditional export markets. Main export destinations remain Pakistan, followed by Turkey and South Africa, but at much lower volumes. Turkey expects lower crush this year and generally lower imports of seeds. We estimate annual exports to be 5 percent lower in MY 2014/15 compared to MY 2013/14, which is marginally below USDA official.

MY 2013/14

A major update is made in EU-28 sunflower seeds production based on final official data in member states. Production figure has been changed to slightly above 9.0 MMT and is 2 percent above USDA official numbers.

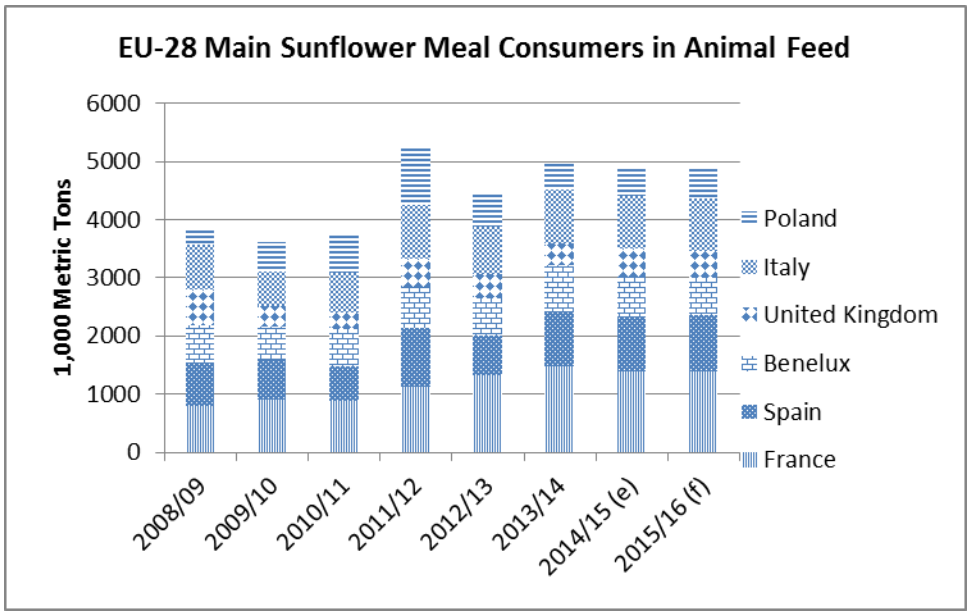
Food use was revised based on new data from Bulgaria due to industry estimates about confectionary sunflower production and use in the food industry. Romania also increased marginally its estimates for the food use. Our current estimate exceeds USDA official data. Feed, seeds and waste use as updated based on member states contribution. Due to above changes, ending stocks were raised and are estimated at 14 percent higher than the USDA official data.

Sunflower Meal

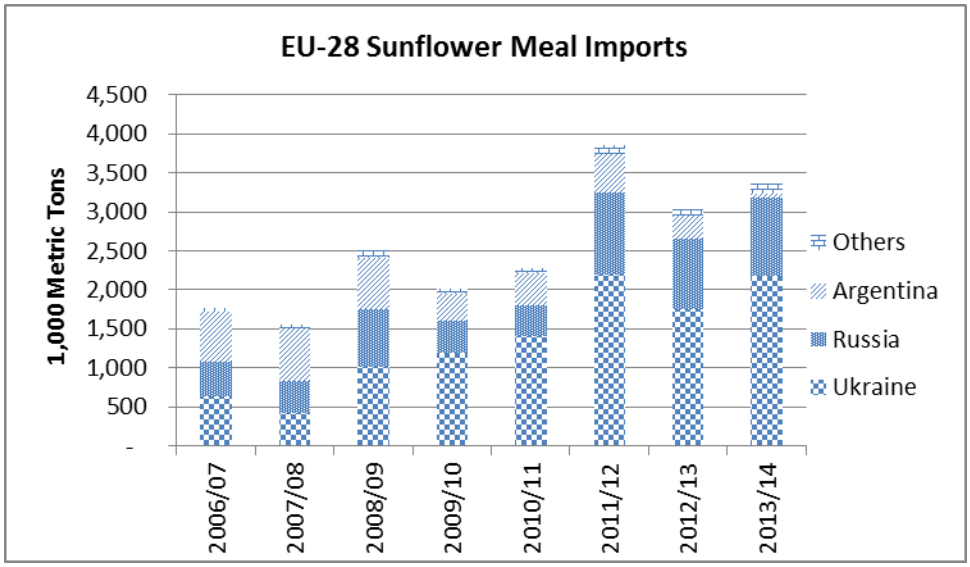
Meal, Sunflowerseed	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2015	
European Union	USDA Official	New post	USDA Official	New post	USDA Official	New post
Crush	7,601	7,600	7,500	7,450	0	7,300
Beginning Stocks	77	77	200	195	0	105
Production	4,127	4,127	4,040	4,040	0	3,950
MY Imports	3,364	3,364	3,350	3,200	0	3,350
MY Imp. from U.S.	0	0	0	0	0	0
Total Supply	7,568	7,568	7,590	7,435	0	7,405
MY Exports	173	173	180	230	0	180
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	7,195	7,200	7,210	7,100	0	7,150
Total Dom. Cons.	7,195	7,200	7,210	7,100	0	7,150
Ending Stocks	200	195	200	105	0	75
Total Distribution	7,568	7,568	7,590	7,435	0	7,405
1000 MT, PERCENT						

Source: FAS EU-28

Traditionally, the largest consumers of sunflower meal for animal feed are also leading producers of livestock, poultry and dairy. Key EU consumers of sunflower meal for animal feed are Spain, France, Italy, the Benelux, Poland and the United Kingdom.
Due to continued expansion of local crush industry and policies (export duties) restricting seed exports, Ukraine and Russia dominate sunflower meal exports to the EU, followed by Argentina. Turkey and Egypt remain traditional export markets for EU meal exporters, followed by Lebanon and Morocco.



Source: FAS EU-28



Source: FAS EU-28

MY 2015/16

EU-28 sunflower meal output is forecast to have a 2.3 percent reduction in line with the decline in crush estimate. Imports are projected to grow (by 4.7 percent) compared to the current year to meet expected good demand for protein meals in the EU and to compensate for lower domestic availabilities. We expect that the Black Sea exporters will have sufficient exportable and competitive supplies due to local efforts to increase crush and have a better use of expanded capacities. On the other hand, we may see a shift to higher use of abundant soybean meal in feed but not very strong competition from rapeseeds meal which is presently forecast to be in shorter production and in lower use. Therefore, consumption of sunflower meal in feed is projected to increase slightly by less than one percent compared to the current year due to improved relative competitiveness to rapeseed meal but a weaker position relative to soybean meal. Overall, sunflower meal has been increasingly incorporated in feed ratios enjoying stable demand from the feed industry for the last five years. High protein sunflower meal is slowly but gradually expanding its market share in the EU and its broader application in the feed industry may also support a more sustainable and growing use of sunflower meal.

Following record high exports in MY 2014/15, sunflower meal exports of in MY 2015/16 are projected to return to more traditional level due to lower supply and expected stable domestic demand in the EU-28.

MY 2014/15

Sunflower meal production is estimated at marginally lower level (by 2.2 percent) compared to the previous season due to decline in crush. Current estimate is identical with USDA official data.

Imports of sunflower meal in the first quarter of MY 2014/15 were 10 percent higher than the corresponding period in the previous season. In addition to traditional exporters Russia and Ukraine which supplied higher volumes to the EU, Moldova and especially Argentina sharply increased their exports to the EU, four-fold combined for the two countries. This growth in EU imports during this period was a result of good competitiveness of sunflower meal relative to other meals and favorable feed demand, however, the situation for the rest of the year is forecast to change. Traditional suppliers have dwindled exportable stocks while soybean meal on the export market is likely to be abundant and competitive. This is likely to shift the part of the demand towards soybean meal. Therefore, we currently estimate imports for the marketing year to be lower than in MY 2013/14 by 5 percent to reflect lower use in the EU. In the second half of MY 2014/15 imports may be sourced from Argentina, which enjoys a better crop this year, and from Black Sea suppliers, which have aggressive price offers as a result of local currency devaluation. Currently, imports for MY 2014/15 are estimated to be below USDA official estimate.

Sunflower meal has been more competitive in feed incorporations vs rapeseed meal and soybean meal in the first quarter of the marketing year. However, this trend may not be preserved in the second half of the marketing year with some softening of sunflower meal position provided that more and competitive soybean meal supplies arrive from South America. Currently, the majority of member states indicate lower use of sunflower meal, more

pronounced in France, the Benelux, Germany, Ireland and Denmark; Spain forecasts stagnation in use while the United Kingdom and Poland expect higher use in feed. We estimate that EU-28 use of sunflower meal will shrink by 1.4 percent compared to MY 2013/14, this estimate being under USDA official.

Sunflower meal exports during the first three months in MY 2014/15 were record high at 225 percent above the previous season due to competitive prices combined with favorable demand on traditional export markets. Saudi Arabia was the leading export market, along with Turkey and Egypt, with Lebanon, Morocco, Syria and the western Balkan countries all sourcing higher volumes from the EU-28. Our current estimates for the annual exports are at 33 percent more than in the previous season and above USDA official data.

Sunflower Oil

Oil, Sunflowerseed	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2015	
European Union	USDA Official	New post	USDA Official	New post	USDA Official	New post
Crush	7,601	7,600	7,500	7,450	0	7,300
Extr. Rate, 999.9999					0	
Beginning Stocks	62	62	311	236	0	248
Production	3,185	3,185	3,120	3,130	0	3,075
MY Imports	1,039	1,039	850	1,000	0	1,050
MY Imp. from U.S.	0	0	0	0	0	0
Total Supply	4,286	4,286	4,281	4,366	0	4,373
MY Exports	372	372	305	390	0	375
Industrial Dom. Cons.	250	260	250	260	0	260
Food Use Dom. Cons.	3,350	3,400	3,370	3,450	0	3,500
Feed Waste Dom. Cons.	3	18	3	18	0	18
Total Dom. Cons.	3,603	3,678	3,623	3,728	0	3,760
Ending Stocks	311	236	353	248	0	220
Total Distribution	4,286	4,286	4,281	4,366	0	4,373
1000 MT, PERCENT						

Source: FAS EU-28

EU-28 is a net importer of sunflower oil, mainly used for food purposes.
The largest exporters of sunflower oil outside the EU are Spain, Hungary, Bulgaria and Romania. Production is concentrated in France, Hungary, Spain, Romania and Bulgaria while consumption is the highest in Spain, Italy, the Benelux and the United Kingdom.

MY 2015/16

Sunflower oil output is forecast to decline by 1.8 percent due to lower projected crush. Most member-states project stable production as in MY 2014/15, however, the reduction in Romania, Hungary and Italy lead to a marginal reduction for the EU-28.

As a result, imports are projected to grow by 5 percent to offset lower domestic output and to meet favorable food use demand. Most likely, imports will be sourced from traditional suppliers such as Ukraine, Russia, Argentina, Serbia and Moldova.

Demand for food use is forecast as favorable due to continued orientation of European consumers towards vegetable oils with “health” image. We expect that the new labeling regulations for food products in the EU effective December 2014 (Food Information to Consumers (FIC) Regulation # 1169/2011) which requires naming the specific vegetable oils in the foods on the label, may stimulate higher use of “health” image oils by the food processors such as sunflower oil. In addition, there has been a growing demand for high-oleic oils on the market. Currently, all member states forecast stable and higher use with the exception of a slight decline in Italy. These trends are expected to be more pronounced in MY 2015/16 and lead to further growth in consumption of 1.4 percent compared to the current season.

MY 2014/15

In MY 2014/15, EU-28 sunflower oil production is estimated to be 1.8 lower than in the previous season as a result of reduced crush. Our estimate is slightly above USDA official data. Stable or lower sun oil output was reported by all member states with the exception of Romania and Czech Republic which register modest growth. Favorable domestic demand is met by higher beginning stocks in this season and by slightly lower imports of sunflower oil, currently estimated at 3.8 percent less than imports in MY 2013/14. In the first quarter of the marketing year, imports were 5.4 percent more with Ukraine supplying 240 percent more sun oil to the EU compared to the previous season and compensating for reduced imports from other suppliers such as Serbia and Russia. We expect imports to slow down for the remainder of the year due to declining stocks at exporters' level, although the Black Sea region is still likely to remain price-aggressive as a result of currency depreciation. Argentina may emerge as a supplier of high oleic sun oil to the EU due to bumper output of high oleic sunflower seeds in the country this year. At present, our estimate for imports is above USDA official numbers.
Sunflower oil food consumption is estimated to be 1.4 percent higher than in the previous season due to good health image of sunflower oil and partly as a result of the deficit of olive oil in the EU this year. Stable or higher food use is reported in France, Spain, Hungary, the Benelux, the United Kingdom, Bulgaria and Romania while Italy and Germany report some decline.
Sun oil exports set a record during October-December 2014 and were 22.7 percent higher than last year's level due to good demand from importers (Turkey, South Africa, Bosnia and Herzegovina and Macedonia) followed by Morocco, India, Mozambique and the United States. The annual exports are currently estimated to be higher than USDA official data.

Breakout of EU-28 Industrial Uses for Sunflower Oil in 1000 MT

	MY 2013/14	MY 2014/15	MY 2015/16
Biofuels Use	260	260	260
Other Industrial Uses	0	0	0
Total Industrial Use	260	260	260

Source: FAS EU-28

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

Palm Kernel Meal

Meal, Palm Kernel	2013/2014		2014/2015		2015/2016	
Market Begin Year	Jan 2014		Jan 2015		Jan 2016	
European Union	USDA Official	New post	USDA Official	New post	USDA Official	New post
Crush	2	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	1	0	0	0	0	0
MY Imports	2,267	2,267	2,400	2,100	0	2,100
MY Imp. from U.S.	0	0	0	0	0	0
Total Supply	2,268	2,267	2,400	2,100	0	2,100
MY Exports	0	0	0	0	0	0
Industrial Dom. Cons.	518	500	550	500	0	500
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1,750	1,767	1,850	1,600	0	1,600
Total Dom. Cons.	2,268	2,267	2,400	2,100	0	2,100
Ending Stocks	0	0	0	0	0	0
Total Distribution	2,268	2,267	2,400	2,100	0	2,100
1000 MT						

Source: FAS EU-28

Palm Kernel Oil

Oil, Palm Kernel	2013/2014		2014/2015		2015/2016	
Market Begin Year	Jan 2014		Jan 2015		Jan 2016	
European Union	USDA Official	New post	USDA Official	New post	USDA Official	New post
Crush	2	0	0	0	0	0
Beginning Stocks	94	94	73	80	0	65
Production	1	7	0	7	0	7
MY Imports	601	601	600	580	0	580
MY Imp. from U.S.	0	0	0	0	0	0
Total Supply	696	702	673	667	0	652
MY Exports	10	10	10	10	0	10
Industrial Dom. Cons.	205	200	205	180	0	180
Food Use Dom. Cons.	390	400	390	400	0	400
Feed Waste Dom. Cons.	18	12	18	12	0	12
Total Dom. Cons.	613	612	613	592	0	592
Ending Stocks	73	80	50	65	0	50
Total Distribution	696	702	673	667	0	652
1000 MT						

Source: FAS EU-28

In 2015 and 2016, EU palm kernel meal use for feed is expected to decline slightly to 1.6 MMT from 1.75 MMT in 2014. This reduction is a result of the increasing demand in Asia and Oceania in combination with the higher supply of other feed ingredients, mainly soybean derivatives. About half of the palm kernel meal is used in the Benelux countries, predominantly as an ingredient in cattle feed. During the past five years, the use in cattle feed has been about twenty-five percent. Germany, the UK and Ireland also use palm kernel meal in livestock feed. The import and use of palm kernel oil declined by about fifteen percent in 2014, and is not expected to recover due to limited exportable supplies in Asia.

6. Palm Oil

Coordinator: Bob Flach, FAS/The Hague

Palm Oil

Oil, Palm	2013/2014		2014/2015		2015/2016	
Market Begin Year	Jan 2014		Jan 2015		Jan 2016	
European Union	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Trees	0	0	0	0	0	0
Beginning Stocks	380	380	374	260	0	250
Production	0	0	0	0	0	0
MY Imports	6,940	6,792	7,000	6,800	0	6,800
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	7,320	7,172	7,374	7,060	0	7,050
MY Exports	155	162	155	160	0	160
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	3,016	2,900	3,055	2,750	0	2,700
Food Use Dom. Cons.	3,500	3,550	3,500	3,600	0	3,650
Feed Waste Dom. Cons.	275	300	285	300	0	300
Total Dom. Cons.	6,791	6,750	6,840	6,650	0	6,650
Ending Stocks	374	260	379	250	0	240
Total Distribution	7,320	7,172	7,374	7,060	0	7,050
1000 HA, 1000 TREES, 1000 MT						

Source: FAS EU-28

In 2014, imports of crude palm oil by the main buyers, the Netherlands and Germany fell by about 20 percent, in total about 1 MMT. While imports of refined palm oil by Italy and Spain increased. The surplus of refined palm oil imported by Italy and Spain was destined for the food processing industry and mainly sourced from Indonesia. Combined EU imports of palm oil stagnated in 2014. Also in 2015 and 2016, EU imports are forecast to remain at the same level as the increasing demand by the food sector will be outbalanced by the falling demand by the biodiesel sector.

During 2014, palm oil gained attractiveness as the price difference with the other vegetable oils increased. Because the supply of sunflower oil, rapeseed oil and olive oil is forecast to decrease, the price gap with palm oil is expected to sustain. This competiveness compared to the other popular food oils is forecast to further support the use by the food processing industry in 2015 and 2016. Further market penetration is, however, hindered by criticism for its rumored negative impact on human health.

EU palm oil use for industrial purposes, including for generation of power and heat, and production of biofuels, is estimated at about 2.9 MMT in 2014. For 2014, the use of palm oil for biofuel production is estimated at 1.6 MMT, an increase of 0.45 MMT compared to 2013. The use for biofuel production is expected to decline to about 1.4 MMT in 2015 and 2016. The HVO (hydrotreated vegetable oils) plant in Rotterdam has reached its full capacity, and is gradually replacing palm oil with waste fats and oils. The company's goal is to use only waste oils and fats as feedstock as from 2017. Also in Germany, the use of palm oil for biofuels is expected to be cut significantly. In 2015, the German biodiesel mandates were switched from being based on energy content to greenhouse gas (GHG) savings. Based on the GHG savings, this new scheme is anticipated to lower the use of palm oil for biodiesel production. Another factor for the lower industrial use is the low fossil fuel prices which is curtailing the use of palm oil for power and heat generation.

If palm oil is used for the production of biofuels it must be certified as sustainable as laid down on the Renewable Energy Directive (RED). The European Commission approved the RSPO program as compliant with the RED as from December 14, 2012, for a period of five years. Sustainability certification is also an important factor for further penetration in the food market. In the EU, the sectors in the Netherlands, the United Kingdom and Belgium set the goal of using only palm oil certified by the Roundtable on Sustainable Palm Oil (RSPO) by the end of 2015. In August 2014, the production of RSPO certified palm oil reached 11.2 MMT, which is about nineteen percent of the annual global production.

Breakout of EU-28 Industrial Uses for Palm Oil in 1000 MT

	MY 2013/14	MY 2014/15	MY 2015/16
Biofuels Use	1,600	1,450	1,400
Other Industrial Uses	1,300	1,300	1,300
Total Industrial Use	2,900	2,750	2,700

Source: FAS EU-28

7. Peanut Complex

Coordinator Jennifer Wilson, FAS/London

Peanuts

Oilseed, Peanut	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2015	
European Union	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Planted	0	0	0	0	0	0
Beginning Stocks	31	31	18	25	0	25
Production	0	0	0	0	0	0
MY Imports	745	786	750	810	0	820
MY Imp. from U.S.	191	202	190	220	0	230
Total Supply	776	817	768	835	0	845
MY Exports	24	25	24	30	0	30
Crush	32	35	32	35	0	35
Food Use Dom. Cons.	699	729	701	742	0	752
Feed Waste Dom. Cons.	3	3	3	3	0	3
Total Dom. Cons.	734	767	736	780	0	790
Ending Stocks	18	25	8	25	0	25
Total Distribution	776	817	768	835	0	845
1000 HA, 1000 MT						

Source: FAS EU-28

The European Union is the largest importer of peanut and peanut products in the world. Trade in ready-shelled peanuts is increasing at the expense of in-shell (the latter now comprises only 10 percent of total tonnage). Competition among exporting nations has diverged in recent years: China and the U.S. lead exports of in-shell to the EU, while Argentina dominates the shelled peanut trade. In the last two marketing years the U.S. took ten percentage market share points from Argentina in shelled trade. On the back of the U.S. record harvest in 2012 and ample supply through to MY 2014/2015, imports are estimated to increase slightly from the United States over the previous marketing year. The majority of shelled peanuts are supplied by Argentina (50-60 percent), and ultimately directed to the EU confectionery market. Argentina is also predicted to continue to have adequate supply for export, and therefore total EU distribution is expected to increase. Other suppliers include China, the U.S. and increasingly Brazil. In general, U.S. shelled peanut trade with the EU is price-driven, but trade is also dependent on the ease with which U.S. suppliers can meet EU requirements for pesticide residues, aflatoxin levels, phytosanitary certificates and private industry standards. After years of consolidation, the EU peanut kernel market is dominated by very few large multi-national processors.

Peanut Meal

Meal, Peanut	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2015	
European Union	USDA Official	New post	USDA Official	New post	USDA Official	New post
Crush	32	35	32	35	0	35
Beginning Stocks	0	0	0	0	0	0
Production	14	16	14	16	0	16
MY Imports	11	11	10	8	0	10
MY Imp. from U.S.	0	0	0	0	0	0
Total Supply	25	27	24	24	0	26
MY Exports	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	25	27	24	24	0	26
Total Dom. Cons.	25	27	24	24	0	26
Ending Stocks	0	0	0	0	0	0
Total Distribution	25	27	24	24	0	26
1000 MT						

Source: FAS EU-28

Peanuts for confectionery and other further processed product uses remains the focal point for trade. Peanut crushing within the EU has not increased in recent times. The main supplier to the EU of Peanut Meal is Senegal. Exports from West Africa are erratic and intrinsically linked to political levers, as well as extreme weather events. Reports from FAS/USDA in Senegal indicate that there is likely to be a lack of quality seeds going into 2015 production. This, coupled with unclear support for Senegalese farmers, results in an estimated slight decrease in Peanut Meal imports to the EU in the current marketing year.

Peanut Oil

Oil, Peanut	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2015	
European Union	USDA Official	New post	USDA Official	New post	USDA Official	New post
Crush	32	35	32	35	0	35
Beginning Stocks	2	2	3	3	0	4
Production	12	13	12	13	0	13
MY Imports	66	66	66	63	0	60
MY Imp. from U.S.	0	0	0	0	0	0
Total Supply	80	81	81	79	0	77
MY Exports	3	3	3	3	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	74	75	74	72	0	73
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	74	75	74	72	0	73
Ending Stocks	3	3	4	4	0	4
Total Distribution	80	81	81	79	0	77
1000 MT						

Source: FAS EU-28

Although it undergoes further refinement after crushing, peanut oil must be labelled on EU food packaging as an allergen. This deters its widespread use in food applications. EU peanut oil consumption has declined in the last 8 years, and is increasingly substituted by other oils (such as sunflower and sesame oil) in Europe. Before 2012, Senegal was the largest supplier of peanut oil to the EU. Brazil has now taken top spot and is showing consistent levels of trade in peanut oil with the EU. This is also the case, to a lesser extent with Argentina and Nicaragua. However, since January 2014, Argentina and Brazil are no longer eligible for preferential access when trading with the EU. This new tariff scenario could bring increasing attention and opportunities to Central American and African countries, which already play an important role in supply of peanut oil. For example, calendar year 2014 imports from Senegal were 15,000 MT, versus 5,000 MT in 2013.

8. Fish Meal

Coordinator: Bob Flach, FAS/The Hague

Fishmeal

Meal, Fish	2013/2014		2014/2015		2015/2016	
Market Begin Year	Jan 2014		Jan 2015		Jan 2016	
European Union	USDA Official	New post	USDA Official	New post	USDA Official	New post
Catch For Reduction	1,620	0	1,620	0	0	0
Extr. Rate, 999.9999		0		0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	450	450	450	455	0	460
MY Imports	380	370	380	350	0	350
MY Imp. from U.S.	2	0	2	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	830	820	830	805	0	810
MY Exports	224	224	230	230	0	235
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	606	596	600	575	0	575
Total Dom. Cons.	606	596	600	575	0	575
Ending Stocks	0	0	0	0	0	0
Total Distribution	830	820	830	805	0	810
1000 MT, PERCENT						

Source: FAS EU-28

The EU is dependent on fishmeal imports to fulfill domestic demand. In 2014, imports increased to 370,000 MT from 330,000 MT in 2013. Reasons for this significant increase are mainly the elevated exportable supplies in South America in combination with high soybean meal prices. With 151,000 MT of fishmeal imported from Peru, this country remained the main third country supplier. In 2015, EU imports and use of fishmeal are expected to decline due to lower production in South America and the increased availability of soybean meal. Germany and Denmark are the biggest markets for fishmeal in the EU. Together these countries account for about 85 percent of total EU imports. Denmark is also the main fishmeal producer in the EU, with an annual production generally fluctuating between 150,000 and 200,000 MT. In 2014, Danish production increased to about 170,000 MT from 140,000 MT in 2013. In 2015, Danish fishmeal production is forecast to remain at about the same level. EU exports are forecast to slightly rise as a result of the growing aquaculture sector in Norway and Asia.

9. Copra Complex

Coordinator: Leif Erik Rehder, FAS/Berlin

Copra Meal

Meal, Copra	2013/2014		2014/2015		2015/2016	
Market Begin Year	Jan 2013		Jan 2014		Jan 2015	
European Union	USDA Official	New post	USDA Official	New post	USDA Official	New post
Crush	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
MY Imports	3	3	3	3	0	3
MY Imp. from U.S.	0	0	0	0	0	0
Total Supply	3	3	3	3	0	3
MY Exports	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	3	3	3	3	0	3
Total Dom. Cons.	3	3	3	3	0	3
Ending Stocks	0	0	0	0	0	0
Total Distribution	3	3	3	3	0	3
1000 MT						

Source: FAS EU-28

Copra is not produced and no longer processed in the EU-27. The EU-27 satisfies all its copra meal and coconut oil demand with imports.

Imports of copra meal have dropped significantly. In 2014, 2015 and 2016, imports of copra meal are expected to remain flat at 3,000 t with the Benelux countries being the main importer.

Coconut Oil

Oil, Coconut	2013/2014		2014/2015		2015/2016	
Market Begin Year	Jan 2013		Jan 2014		Jan 2015	
European Union	USDA Official	New post	USDA Official	New post	USDA Official	New post
Crush	0	0	0	0	0	0
Beginning Stocks	20	20	10	10	0	10
Production	0	0	0	0	0	0
MY Imports	568	568	578	580	0	580
MY Imp. from U.S.	0	0	0	0	0	0
Total Supply	588	588	588	590	0	590
MY Exports	8	8	8	10	0	10
Industrial Dom. Cons.	210	210	210	210	0	210
Food Use Dom. Cons.	355	355	355	355	0	355
Feed Waste Dom. Cons.	5	5	5	5	0	5
Total Dom. Cons.	570	570	570	570	0	570
Ending Stocks	10	10	10	10	0	10
Total Distribution	588	588	588	590	0	590
1000 MT						

In 2014 EU imports of coconut oil have decreased to 568,000 t. Imports of coconut oil are expected to increase slightly in 2015 due to larger availability. Over 90 percent of coconut oil is used in the Benelux and Germany.

10. Cottonseed Complex

Coordinator: Ornella Bettini, FAS/Rome

Cottonseed

Oilseed, Cottonseed	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2015	
European Union	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Planted (Cotton)	320	0	360	0	0	0
Area Harvested (Cotton)	311	309	357	353	0	315
Beginning Stocks	42	42	18	42	0	42
Production	479	478	490	519	0	463
MY Imports	60	71	50	60	0	76
Total Supply	581	591	558	621	0	581
MY Exports	58	58	47	70	0	56
Crush	330	318	310	329	0	313
Food Use Dom. Cons.	0	2	0	2	0	2
Feed Waste Dom. Cons.	175	171	179	178	0	168
Total Dom. Cons.	505	491	489	509	0	483
Ending Stocks	18	42	22	42	0	42
Total Distribution	581	591	558	621	0	581
1000 HA, RATIO, 1000 MT						

Source: FAS EU-28

Cottonseed Meal

Meal, Cottonseed	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2015	
European Union	USDA Official	New post	USDA Official	New post	USDA Official	New post
Crush	330	318	310	329	0	313
Beginning Stocks	2	2	3	2	0	2
Production	143	154	135	159	0	151
MY Imports	11	11	10	8	0	11
MY Imp. from U.S.	0	2	0	2	0	2
Total Supply	156	167	148	169	0	164
MY Exports	16	15	17	18	0	14
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	137	150	128	149	0	148
Total Dom. Cons.	137	150	128	149	0	148
Ending Stocks	3	2	3	2	0	2
Total Distribution	156	167	148	169	0	164
1000 MT						

Source: FAS EU-28

Cottonseed Oil

Oil, Cottonseed	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2015	
European Union	USDA Official	New post	USDA Official	New post	USDA Official	New post
Crush	330	318	310	329	0	313
Beginning Stocks	0	0	0	0	0	0
Production	51	58	48	60	0	57
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
Total Supply	51	58	48	60	0	57
MY Exports	1	0	1	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	50	58	47	60	0	0
Feed Waste Dom. Cons.	0	0	0	0	0	57
Total Dom. Cons.	50	58	47	60	0	57
Ending Stocks	0	0	0	0	0	0
Total Distribution	51	58	48	60	0	57
1000 MT						

Source: FAS EU-28

Production

The EU-28 is a minor producer of cotton. EU-28 cotton production has declined by more than 50 percent following Common Agricultural Policy (CAP) reforms effective in 2006 that decoupled payments and reduced support and market barriers for a number of crops, including cotton. The EU-28 does not permit farmers to cultivate modern biotech cotton varieties, further hurting competitiveness. Only two EU-28 Members States, Greece (80 percent) and Spain (20 percent) grow significant amounts of cotton commercially. Cotton is a major agricultural crop in Greece, accounting for more than 8 percent of total agricultural output. More than 75,000 farmers grow cotton, producing about 80 percent of the EU crop. Thessaly, Macedonia, and Mainland Greece are the major cotton-producing areas. Cotton is planted from March 1 to April 15; the harvest occurs from October 1 to November 30. Most cotton is irrigated and machine harvested. Spain's cotton area is concentrated in the region of Andalusia, and it is progressively concentrating in the provinces of Seville and Cadiz. Cotton is grown on some of the best agricultural land, competing with other irrigated crops. Greece's MY 2014/15 cotton production is forecast to reach approximately 270,000 MT, a significant decrease from April 2014 forecast (330,000 MT), because of the rain and cool weather that negatively impacted cotton yields.

Crush

In Greece, about 58 percent of cottonseed production is crushed for oil (and oilseed cake) or retained for seed. In Spain, cottonseed production is not crushed, but used directly as animal feed (mostly dairy cows).

Trade

Greece is a major cottonseed exporter. Italy continues to be the main destination for Greek cottonseed exports, accounting for 58 percent of the total. In Greece, small amounts of cotton are imported for blending in the domestic spinning industry. Spanish cottonseed domestic demand is also satisfied by imports. Cote d'Ivoire, Greece, and Senegal were the main suppliers to the Spanish cottonseed market during MY 2013/14.

11. Olive Oil

Coordinator: Marta Guerrero, FAS/Madrid

Olive Oil

Oil, Olive	2013/2014		2014/2015		2015/2016	
Market Begin Year	Nov 2013		Nov 2014		Nov 2015	
European Union	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Trees	6,750	0	6,750	0	0	0
Beginning Stocks	356	356	430	520	0	155
Production	2,475	2,475	1,600	1,530	0	2,200
MY Imports	54	45	150	150	0	50
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	2,885	2,876	2,180	2,200	0	2,405
MY Exports	675	601	580	450	0	520
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	40	40	20	20	0	20
Food Use Dom. Cons.	1,740	1,715	1,520	1,575	0	1,650
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	1,780	1,755	1,540	1,595	0	1,670
Ending Stocks	430	520	60	155	0	215
Total Distribution	2,885	2,876	2,180	2,200	0	2,405
1000 HA, 1000 TREES, 1000 MT						

Source: FAS EU-28

MY 2015/16

Rough estimates indicate higher olive oil production in the EU-28 for MY 2015/16 after the decline in production levels registered in MY 2014/15, based on production rebound in mainly in Spain but also in Italy to some extent. Average yields are projected in the other main European producing countries.

MY 2014/15

Production

Olive oil production in the EU is fairly concentrated in the Mediterranean area. Spain followed by Italy, Greece and Portugal are the main olive oil producers in the European Union. Olive oil production also exists in other European countries such as Cyprus, France, Croatia and Slovenia.

Olive oil production hit record levels in MY 2013/14, when favorable weather conditions boosted yields in most of the olive oil producing member states, with the exception of Greece. Available date indicate that overall olive oil production in the European Union will decline in MY 2014/15.

Currently we estimate EU's MY 2014/15 output levels at 1,530 thousand MT. Countries like Spain, Italy, Portugal and France report significant production losses caused by unfavorable blooming and fruit setting conditions as well as olive fruit fly (*Bactrocera oleae*) infestation. Improved performance in Greece was not sufficient to offset production decline in the other main olive oil producing Member States.

In Spain, the world largest olive oil producing country, olive oil production is anticipated to halve in MY 2014/15. A delayed harvest and unfavorable conditions at the end of April and May resulted in a poor blooming and fruit setting. Also, the fruit fly infestation provoked fruit fall and negatively impacted the olive crop.

In Italy, MY 2014/15 olive oil production is estimated at about 300 thousand MT, showing a decline compared to previous year. This output reduction is explained by a number of factors that include unfavorable weather conditions, fruit fly infestation and the appearance of a hostile bacterium, *Xylella fastidiosa*, which is destroying centuries-old olive trees and threatening supplies of Italian oil. Additionally, reduced profitability caused by raising input costs and decreasing prices have forced many Italian oil olives growers to cut some production boosting cultivation practices and to give up harvesting the crop or even to shut down over the last ten years.

Greece's MY 2014/15 olive oil production is estimated to climb to approximately 300,000 MT, thanks to favorable weather, especially in Crete, the leading producing area.

Consumption

Main olive oil producing member states are also main consuming member states. Poor domestic harvest has resulted in soaring prices in the recent months, which may ultimately lead to a decline in consumption.

Trade

Declining stocks along with and extra EU imports rebound in MY 2014/15, mainly originated in olive oil producers in the Mediterranean basin, will partially make up for the limited domestic supply. The tight balance is anticipated to result in a slowdown of extra EU exports throughout MY 2014/15, which according to sources, will affect especially to exports of olive oil in bulk.

12. Policy

Coordinator: Karin Bendz, FAS/USEU Brussels

The Common Agricultural Policy

The new Common Agricultural Policy (CAP) entered into force in January 2014, with the exception of the new direct payments structure, including "green" payments, and additional support for young farmers, which applies from 2015.
One important change is the "greening component" in Pillar 1, where the Commission suggests there should be three elements of greening that all farmers would have to comply with to receive direct payments. These three components are:

- Crop Diversification - Farmers must produce at least three different crops, each one accounting for a maximum of 70 percent and a minimum of five percent of each farm.
- Conservation of permanent grassland – Farmers must not convert permanent grassland into another crop. The EU defines permanent grassland as grass that has been there for five years.
- Ecological focus areas (EFA) – Farmers must reserve at least five percent of arable area for ecological use, i.e. field margins, hedges, trees, fallow land, landscape features, biotopes, buffer strips, afforested area. This area increases to seven percent after 2017. One option for EFAs is to have nitrogen-fixing crops, e.g. protein crops. It is up to each Member State (MS) to decide whether to use this option or not. However, reportedly all MS, apart from Denmark who has not yet made a decision, have decided to allow protein crops on the EFA's.

For more information on the new CAP see: http://www.usda-eu.org/topics/cap-reform/

Aid System for Oilseeds

With the Agenda 2008 CAP reform, support for EU oilseeds farmers became decoupled, which means that since 2012 farmers no longer receive specific payment for growing oilseeds. This decoupling continues in the new CAP. The impact of the elimination of production-linked subsidies on the EU oilseeds market is marginal compared to the impact of the growing biofuels market.
The high demand for rapeseed for the production of biofuels due to the introduction of the Renewable Energy Directive in 2009 led to increased prices which were enough of an incentive for farmers to increase rapeseed production over the last few years.

With the exception of the olive sector, there is no intervention buying, export subsidy or other market support programs available for oilseeds in the EU. The Commission can provide private storage aid (PSA) if there are serious disturbances to the olive oil market in a certain region or the average price for one or more of the following products is recorded on the market during a two weeks period:
• €1,779/ton for extra virgin olive oil
•€1,710/ton for virgin olive oil
•€ 1,524/ton for lampante olive oil

Protein Deficiency

EU protein crop production provides only about 30 percent of the protein consumed as animal feed in the EU. The remaining 70 percent of the protein crops are imported, mainly as soy proteins. Imports are estimated to represent the equivalent of 20 million hectares cultivated outside the EU, or more than 10 percent of EU arable land. Only around three percent of EU arable land is currently cultivated with protein crops. However, there are some initiatives to increase the production of protein crops.

In the new CAP, the Commission gives MS the opportunity to support the production of protein crops with two percent of their national envelopes. Should any MS decide to use this possibility, the Commission has to be notified in advance. MS must notify the Commission by August 2014 to benefit from this option from January 1, 2015. Similarly, if the MS wants to use the coupled option from January 1, 2016, the Commission must be notified by August 2015.

MS will be able to grant a greater proportion (mostly 8 percent but up to 13 percent in some MS) of their direct payment envelopes in the form of coupled support to farmers in sectors or regions which face particular difficulties and where farming activity is important for economic, environmental and/or social reasons. This aid should be granted only to the extent necessary to maintain current levels of production in the region concerned. Ireland has for example decided to pay € 250 per hectare for peas, beans and sweet lupines up to a ceiling of € 3 million. There is also an ongoing project on increasing the soy production in the Danube area. The Danube Soya Declaration project has attracted a lot of interest, but so far there has not been a lot of action.

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 GATT dispute over EU domestic support programs that impaired U.S. access to the EU oilseeds market.

The BHA limited the EU oilseed planting area of mainly rapeseed, sunflower seed, and soybeans, for food and feed purposes to an adjusted maximum guaranteed area for those producers benefiting from crop specific oilseed payments. This resulted in a reduction of the EU oilseed production area and penalized production in excess of the maximum.

The BHA also limited the production of oilseeds not intended for human or animal consumption planted on set-aside land. Output of these oilseeds was limited to 1 MMT of byproducts expressed in soybean meal equivalent annually. However, the EU asserts that, after changes to the CAP in 2008, which eliminated specific crop payments, there is no limit on EU production of oilseeds, although the BHA remains in force. This is still the case with the CAP reform package.

Sustainability

As in the United States, the interest for sustainability, sustainable production, and environmental issues are growing among EU consumers, industry and policymakers, impacting policy in several areas. 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.

Within the European Commission, DG Agriculture and DG Environment are focusing on resource issues such as carbon, water, and biodiversity. Sustainable production is defined as an agricultural sector which is able to maintain viable production throughout the territory of the EU, and which at the same time contributes to the EU's key environmental goals, including the protection of natural and cultural resources and the achievement of successful climate change mitigation and adaptation.

The Commission co-chairs the European Food Sustainable Consumption and Production Round Table, which began as an industry initiative. The objective of this roundtable is to help consumers and other stakeholders to make informed choices by providing them with accurate and understandable information on relevant product characteristics, including environmental performance. This is done by the development of a common framework facilitating environmental assessments.

EU Climate and Energy Package

The EU Energy and Climate Change Package (CCP) was adopted by the European Council on April 6, 2009. The Renewable Energy Directive (RED), which is part of this package, entered into force on June 25, 2009, and had to be transposed into national legislation in the Member States (MS) by December 5, 2010. MS were also required to submit National Renewable Energy Action Plans (NREAP) by June 30, 2010. The adoption and requirement for the implementation of the Directive did not give enough time for either the MS or the Commission to prepare for the implementation.

The EU Energy and Climate Change Package include the "20/20/20" goals for 2020:
- A 20 percent reduction in greenhouse gas (GHG) emissions compared to 1990.
- A 20 percent improvement in energy efficiency compared to forecasts for 2020.
- A 20 percent share for renewable energy in the EU total energy mix. Part of this 20 percent share is a 10 percent minimum target for renewable energy consumed in transport to be achieved by all MS.

The goal for 20 percent renewable energy in total energy consumption is an overall EU goal. The RED then sets different targets for different MS within this overall target, based on each MS' capacity. Therefore, some MS will have to reach much higher targets than the 20 percent, whereas other MS will have much lower targets. Sweden, for example, will have to reach 49 percent, while the target for Malta is only 10 percent. The targets for the four largest economies of Europe: Germany, France, UK, and Italy, are 18, 23, 15, and 17 percent respectively. These targets were set by the European Commission depending on the current situation and potential for growth in different MS. In June 2014, former Commissioner for Climate Action, Connie Hedegaard, reported that the EU is on track to reduce its GHG emission with 24 percent by 2020, more than the targeted 20 percent.

In contrast to the 20 percent overall EU target, the 10 percent target for renewable energy in transport is obligatory for all MS. The Commission thought that a 10 percent target in transport for all MS would alleviate concerns referred to in the European Climate Change Program (CCP) that the transport sector is projected to account for most of the growth in energy consumption and thus requires more discipline.

One area that was not included in the RED was the effect that the production of biofuel feedstock has on land use, commonly referred to as indirect land use change (ILUC). ILUC implies that when biofuels are produced on existing agricultural land, the demand for food and feed crops remains, and may lead to someone producing more food and feed somewhere else. A proposal on how to deal with ILUC was published in October 2012. This issue has been intensively debated since the publication, but no agreement has been made between the EU institutions yet. The Parliament had its second reading in the Committee for Environment, Public Health and Food Safety (ENVI) on February 24, 2015. The ENVI Committee adopted the draft and gave the rapporteur, Nils Torvalds from the Alliance of Liberals and Democrats for Europe (ALDE), the mandate to start trilogue negotiations between the Commission, Council and the Parliament. Trilogues are expected to start in March 2015, and the in plenary is expected last week of April

On January 22, 2014, the Commission published a Communication on the 2030 Framework on Climate Change and Energy Policies. The proposal suggests a 40 percent GHG reduction, 27 percent renewable energy use, and improved energy efficiency. One of the most controversial parts in the current proposal is that there is no target set for biofuels after 2020. If this remains the case this would have a huge impact on the oilseed sector in the EU. Around 70 percent of the rapeseed oil is for the biofuels market and essentially all growth in the EU oilseeds sector the last few years has been triggered by this sector.

The Fuel Quality Directive (FQD) complements the RED and mirrors some of the RED's content such as the sustainability criteria. A key requirement of the FQD is that all fuel suppliers (oil companies) must meet a 6 percent cut in GHG emissions by 2020 across all fuel categories supplied to the market. This is designed to be consistent with the 10 percent use of biofuels and would tend to move demand towards biofuels with higher GHG savings. 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 MS that potentially risks future growth in ethanol consumption. Fuel specifications for biodiesel place limits on the palm oil and soy oil content of biodiesel.

Biotech

Asynchronous Rate of Approvals on Soybeans

The EU livestock industry relies on imports of genetically engineered (GE) feed with soy products being the single largest agriculture import into the European Union (EU). However, the EU's slow approval of GE events restricts U.S. exports. As of January 1, 2015, there is a backlog of 66 applications (for approval of import, renewal, and cultivation) pending EU authorization and the number of applications continues to exceed the number of approvals. This includes 13 GE events that received positive assessments by the European Food Safety Authority (EFSA), while the Commission has refused to put them to a vote at the College of Commissioners. The delay in approvals creates risks for the trade. For example, U.S. farmers are pressuring GE producers to place high-oleic soybean varieties on the market for commercial planting, which have not been approved in the EU after several years.

Commission Implementing Regulation (EU) No 503/2013 established requirements for applications for GE approvals, such as 90-day feeding trials. U.S. exporters are facing additional burdens. In addition, the risk assessment process is not only based on scientific rationale, but also on compliance with the law as the requirements are legally binding. Even more important is the fact that major problems with the implementation of current EU regulations on GM products are not addressed, specifically the unpredictable and non-transparent nature of the political decision-making process that follows the safety recommendations provided by the European Food Safety Authority (EFSA).

Low Level Presence

The EU does not have a commercially-viable low level presence policy (LLP). In the fall of 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 in an attempt to minimize trade disruptions due to LLP of unapproved GE events in feed imports. 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 Commission is aware of the problems caused by asynchronous approvals, the fact that the measure is limited to 0.1 percent renders it commercially non-viable.

Pesticides

Commission Implementing Regulation (EU) No 485/2013 restricts the use of three neonicotinoids (clothianidin, imidacloprid and thiametoxam) since December 1, 2013 for a period of two years on crops attractive to honeybees such as rapeseed, sunflowers, and soybeans. The Commission's action is a response to EFSA's report which identified "high acute risks" for bees by the use of these pesticides. The restrictions apply to seed treatment, soil application (granules) and foliar treatment on bee attractive plants and cereals. The Commission will review the conditions of approval of the three neonicotinoids before the end of 2015.

13. Oilseeds GAIN Reports (EU-28 and Member States since January 2013)

EU Bio-Based Economy and Its Inputs|Biofuels Grain and Feed Oilseeds and Products Sugar Wood Products Trade Policy Monitoring|The Hague|EU-28|2/11/2015

This report presents a brief overview of the current status and potential of the EU bio-based economy. It also includes the estimated biomass requirements for the production of biofuels, bio-plastics, bio-chemicals, and bio-pharmaceuticals. Key for the further development of the bio-based economy is an abundant supply of sustainably produced biomass.
EU Bio-Based Economy and Its Inputs_The Hague_EU-28_2-6-2015

French plan for protein crops 2014-2020|Oilseeds and Products|Paris|France|1/7/2015

In December 2014, the French Minister of Agriculture Stéphane Le Foll released a plan to increase the production of protein crops in France between 2014 and 2020. This plan mainly consists of direct subsidies to farmers that produce protein crops. It is expected to result in an increase in production in the short- to medium-term, which will probably lead to a decrease in soybean imports. However, protein crops are not competitive in France and, if subsidies are removed, production will rever...
French plan for protein crops 2014-2020_Paris_France_1-5-2015

Oilseeds Market Update|Oilseeds and Products|Sofia|Bulgaria|12/19/2014

Bulgaria already exported its rapeseeds surplus with exports reaching 460,000 MT at the end-November. Planting of rapeseeds was completed on time but the planted area decreased and MY2015/2016 production may be lower. Sunflower exports to date in MY2014/2015 have been slower due to delayed harvest, growing local consumption and reluctant farm sales, however, it is still likely to exceed 1.0 MMT due to the good supply. The recent introduction of the first high-oleic programs for 2015 provoke...
Oilseeds Market Update_Sofia_Bulgaria_12-16-2014

Romanian oilseed crops continue the upward trend|Oilseeds and Products Grain and Feed|Bucharest|Romania|11/24/2014

Sunflower and rapeseed crops have responded well to the favorable climatic conditions in 2014. Rapeseed exports are poised to grow in MY 2014/15 by 85 percent due to the large supply, and remain steady in case of sunflower seeds.
Romanian oilseed crops continue the upward trend_Bucharest_Romania_11-13-2014

German Industry Leaders Impressed by U.S. Sustainability Efforts|Retail Foods Export Promotion Programs Dairy and Products Oilseeds and Products Fishery Products|Berlin|Germany|11/21/2014

FAS Berlin hosted a roundtable discussion on sustainability of agriculture, forestry, and fisheries with participants from both sides of the Atlantic at the U.S. Embassy Berlin on October 30, 2014. Members of the U.S. Sustainability Alliance and representatives from German agriculture and food industry shared with one another what sustainability means in their respective fields. German participants were impressed by what U.S. agriculture is already doing and demonstrated a strong interest to ...
German Industry Leaders Impressed by U.S. Sustainability Efforts_Berlin_Germany_11-6-2014

Oilseeds Update|Oilseeds and Products|Sofia|Bulgaria|11/12/2014

Unusually rainy weather along with cooler temperatures this year made the season challenging for the farmers. It resulted in very good yields for oilseeds crops but in lower quality (sunflower) and higher cost (rapeseeds). Planting of rapeseeds is almost completed, the crop is in excellent shape, but the planted area is projected to decrease. After record high oilseeds exports in MY2013/2014, sunflower exports in MY2014/2015 have been slower and sluggish to date due to reluctant farm sales, ...
Oilseeds Update_Sofia_Bulgaria_11-7-2014

Germany finances Protein Strategy until 2017 |Agricultural Situation Biotechnology and Other New Production Technologies Oilseeds and Products Policy and Program Announcements|Berlin|Germany|11/11/2014

Domestically grown protein crops were the focus of a recent symposium hosted by the German Government. The symposium is part of the national 'Protein Strategy,' which aims to reduce Germany's dependence on soybean and soymeal imports. The Government will spend 15 million Euros until 2017 for research and demonstration networks.
Germany finances Protein Strategy until 2017 _Berlin_Germany_11-6-2014

Dutch Feed Sector's Plan for Sustainable Soy|Oilseeds and Products Trade Policy Monitoring|The Hague|Netherlands EU-

27|10/10/2014

Last week, the Dutch feed sector announced a two-track sourcing policy in 2015, by which a third of the market will be supplied with RTRS soy and two-thirds of the market by alternative sustainability programs. The European Feed Manufacturer's Association will support a further transition to the use of sustainable soy at the European level.
Dutch Feed Sector's Plan for Sustainable Soy_The Hague_Netherlands EU-27_10-7-2014

Oilseeds Market Update|Oilseeds and Products Grain and Feed Biotechnology - GE Plants and Animals|Vienna|EU-28|9/9/2014

This report provides EU-28 production, supply, and demand forecasts for major EU oilseeds, protein meals and related products.
Oilseeds Market Update_Vienna_EU-28_8-22-2014

Dry Spell Significantly Reduces Grain Yield Expectations in Spain |Grain and Feed Oilseeds and Products Sugar Cotton and Products|Madrid|Spain|7/3/2014

Dry weather conditions prevailing since mid-spring have driven down yield expectations in Spain. While precipitation levels remained at good levels until mid-spring, the combination of dry and warmer weather prevailing since mid-April has dried out the soil surface. The reduction of yields is expected to be significant in Central-East Spain, the North-West grain producing areas still hold yield potential. Southern regions only report small output reductions. Overall grain production is proj...
Dry Spell Significantly Reduces Grain Yield Expectations in Spain _Madrid_Spain_6-24-2014

Polish Producers Bullish on the Winter Crops|Agricultural Situation Grain and Feed Oilseeds and Products|Warsaw|Poland|5/28/2014

Poland's winter cereals crops are estimated to be in a very good shape after the mild 2013/14 winter. The Main Statistical Office released its preliminary field survey results which showed the majority of Polish farmers and growers optimistic about good winter crops and orchards. Heavy May rainfall did not damage crops nor lead to lower optimism for a large harvest. However, strawberry plantings are expected to be affected by dry weather in early spring followed by excessively wet conditions in ...
Polish Producers Bullish on the Winter Crops_Warsaw_Poland_5-27-2014

Olive Oil Annual 2014|Oilseeds and Products|Rome|Greece|5/20/2014

Greece is the world's third largest olive oil producer after Spain and Italy. According to industry contacts, Greece's MY2013/14 olive oil production is projected to decline by 57 percent compared to the previous campaign, because of the severe drought of the summer. More than 80 percent of the Greek annual production is extra virgin olive oil. Per capita consumption of olive oil in Greece (20 Kg/year) is one of the highest in the world. Ninety percent of Greek olive oil is exported to the E...
Olive Oil Annual 2014_Rome_Greece_5-14-2014

Grains and Oilseeds Market Update|Grain and Feed Oilseeds and Products|Sofia|Bulgaria|5/2/2014

In 2014 wheat exports have set a sustained pace that will establish a record spurred on by export demand and deepening escalation of political tensions in the Black Sea region. After an unusually dry, warm fall/winter period the weather turned more favorable in March and April to date for development of the winter crops. Temperatures have been mild, above average in March and early April and slightly cooler in mid-end April. Most crops are estimated at advanced in development for this time...
Grains and Oilseeds Market Update_Sofia_Bulgaria_4-30-2014

Poland Established a New Record in Rapeseed Production|Agricultural Situation Biofuels Grain and Feed Oilseeds and Products|Warsaw|Poland|4/16/2014

In MY 2013/14, Poland's rapeseed planted area reached one million HA and produced a record crop of 2.8 million tons. Both a large increase in acreage and higher yields contributed to the crop's success. For MY 2014/15, planted area is expected to diminish 13 percent in response to declining rapeseed prices leading some producers to switch to grains. As of the first week of April, the rapeseed crop was reported behind in development as compared to the same period 2013.
Poland Established a New Record in Rapeseed Production_Warsaw_Poland_4-11-2014

Turn to Genetically Engineered Soymeal Highlights Market Reality|Biotechnology and Other New Production Technologies Oilseeds and Products|Berlin|Germany|4/10/2014

The availability of, and preference for, non-genetically engineered (GE) soybeans as an animal feed is again being debated in Germany. Interest has been rekindled by a recent decision by the German poultry famers association to end their 14 year old policy of only using non GE soybeans in poultry feed. This action opens a new 800,000 MT soybean meal market to U.S. suppliers. This report contains price spread information on GE versus non-GE soybean meal as reported by farm-level buyers in Germany...
Turn to Genetically Engineered Soymeal Highlights Market Reality_Berlin_Germany_4-3-2014

Select Record Rapeseed Production but Sunflower Production Down|Oilseeds and Products|Vienna|EU-28|4/4/2014

Total EU-28 oilseed production for marketing year (MY) 2014/15 is expected to reach 31.3 million metric tons (MMT), a decrease of 0.6 percent year-on-year. Rapeseed production is forecast to increase by 0.5 MMT and reach a record of 21.6 MMT whereas sunflower production is anticipated to be down by 0.8 MMT at 7.9 MMT. Ample global soy supplies, combined with a growing EU-28 poultry and recovering swine sector, are expected to favor the use of soybean meal in animal feed.
Oilseeds and Products Annual_Vienna_EU-28_3-31-2014

The Availability of Non GE Soymeal|Biotechnology and Other New Production Technologies Oilseeds and Products|Berlin|Germany|3/31/2014

The availability of non genetically engineered (GE) soybeans and soybean meal has just been subject of public discussion in Germany. The discussion was stimulated by the withdrawal of the promise of the German poultry famers association (ZDG) to only use non GE soybeans in poultry feed. Three main reasons led to the decision of ZDG: Reliability of imports, danger of cross contamination and price spread between non GE and GE soybean meal.
The Availability of Non GE Soymeal_Berlin_Germany_3-27-2014

Olive Oil Production in Spain Set to Rebound |Oilseeds and Products|Madrid|Spain|2/28/2014

After plummeting in MY2012/13, when prolonged dry weather halved yields, Spain's olive oil production is anticipated to recover to average levels in MY2013/14. The higher supply will allow for a recovery of exports and stocks. No major changes are anticipated in domestic consumption.
Olive Oil Production in Spain Set to Rebound _Madrid_Spain_2-12-2014

Grains and Oilseeds Market Update|Grain and Feed Oilseeds and Products|Sofia|Bulgaria|2/3/2014

The latest data for 2013 shows total crop production at a record high harvest of 10.4 MMT. Strong export demand sustained record exports through the end of calendar year 2013 but slowed in January 2014 with depletion of stocks and weakening of export demand. As of January 2014, potential annual export estimates have been updated based on most recent trade and consumption data which show increased potential exports for wheat at 3.3 MMT, corn at slightly below 2.0 MMT, and sunflower at 1.3 MMT....
Grains and Oilseeds Market Update_Sofia_Bulgaria_1-29-2014

14. Related GAIN Reports (EU-28 since January 2013)

Animal Numbers, Cattle, Meat, Beef and Veal, Animal Numbers, Swine, Meat, Swine EU meat sector withstands Russian ban|Livestock and Products|The Hague|EU-28|2/25/2015

Despite the Russian ban on pork and beef, the EU meat sector is forecast to retain production and export levels. The sector further improved its efficiency and benefitted from low feed prices. The competiveness of the sector is, however, combined with record low prices and tight or negative profit margins. Supported by the limited global supply of beef and pork, exports have been re-directed to alternative markets. Based on the favorable exchange rate of the Euro, EU exports of beef and pork...
Livestock and Products Semi-annual_The Hague_EU-28_3-16-2015

EU Bio-Based Economy and Its Inputs|Biofuels Grain and Feed Oilseeds and Products Sugar Wood Products Trade Policy Monitoring|The Hague|EU-28|2/11/2015

This report presents a brief overview of the current status and potential of the EU bio-based economy. It also includes the estimated biomass requirements for the production of biofuels, bio-plastics, bio-chemicals, and bio-pharmaceuticals. Key for the further development of the bio-based economy is an abundant supply of sustainably produced biomass.
EU Bio-Based Economy and Its Inputs_The Hague_EU-28_2-6-2015

Biotechnology and Other New Production Technologies|Biotechnology and Other New Production Technologies|Paris|EU-28|1/13/2015

In the European Union (EU), governments, the media, non-governmental organizations, consumers, and industry associations remain conflicted about the use of agricultural biotechnology. Acceptance varies widely across countries. A complex policy framework developed under pressure from anti-biotech activists has limited research, development, and production. The EU produces very few genetically engineered (GE) plants and animals but, with the growing adoption of biotechnology around the globe b...
Agricultural Biotechnology Annual_Paris_EU-28_1-9-2015

Animal Numbers, Cattle, Meat, Beef and Veal, Animal Numbers, Swine, Meat, Swine Russian Ban Mitigates Full Recovery|Livestock and Products|The Hague|EU-28|9/12/2014

Both EU beef and pork production are forecast to increase in 2015. Beef production is supported by the liberalization of the dairy sector, while improved efficiency in the swine sector and an abundance of feed will reinforce pork production. Both sectors will have to increase sales to alternative markets, as demand on the domestic market is weak and Russia, the largest third country market, has closed. Due to the absence of strong competition on the world market, EU is expected divert the tra...
Livestock and Products Annual_The Hague_EU-28_9-9-2014

Corn, Wheat, Oil, Rapeseed, Oil, Palm, Sugar Beets EU Biofuels Annual 2014|Biofuels|The Hague|EU-28|7/8/2014

By October 2014, the European Commission (EC) aims to reach an agreement on the future policy for biofuels. Main features are a seven percent cap on conventional biofuels and further support of the transition to second generation biofuels. The EC has effectively cut off the imports from the most competitive suppliers but expansion of the domestic market for biofuels is dwindling. Lower fuel use, adjusted biofuels blending mandates and double counting towards these mandates have reduced demand...
Biofuels Annual_The Hague_EU-28_7-3-2014

Select 2014|Grain and Feed|London|EU-28|4/4/2014

The outlook for the MY2014/15 EU28 grain crop is positive. The winter crops benefitted from good planting conditions and a mild winter. While very wet weather was of concern in February, particularly in the western Member States, drier conditions have since prevailed and normal spring planting is now under way. If the forecast crop of 296 MMT is realized, it will be third largest crop in a decade, after last year's 302 MMT and the record harvest of 312 MMT in 2008. Feed grain consumption in ...
Grain and Feed Annual_London_EU-28_4-1-2014

Domestic Supply Will Ease|Livestock and Products|The Hague|EU-28|3/4/2014

Based on official statistics, both cattle and swine slaughter is revised downwards from previously anticipated. However, the forecast of a higher meat production in 2014 remains intact. A higher availability of animals and an abundance of feed are the main reasons for this projection to stand. As a result of the Russian ban, China is likely to become the main export market for EU pork.
Livestock and Products Semi-annual_The Hague_EU-28_2-27-2014