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EU-28

Oilseeds and Products Annual

2016

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Report Highlights:
Total European Union oilseeds area in MY 2016/17 is forecast to increase by about 1.6 percent to almost 12 million hectares. The increase is explained by increasing area of all three major oilseeds – rapeseed, sunflower and soybeans. The higher acreage, in combination with expectations of more average yields compared to the low yields of sunflower and rapeseed due to drought in MY 2015/16, leads to a forecast of 33.4 MMT for total oilseeds. As of March 2016, planting and growing conditions for oilseeds have been very good in general. Total EU-28 oilseeds meal consumption in MY 2016/17 is estimated to be up by 0.4 percent year-on-year reaching 54.1 MMT. The growing EU poultry sector is influential in driving higher demand for protein feed.

Executive Summary:
Coordinator: Roswitha Krautgartner, FAS/Vienna

Production

Total European Union (EU) oilseeds area in MY (marketing year) 2016/17 is forecast to increase by about 1.6 percent to almost 12 million hectares (ha). The increase is explained by increasing area of all three major oilseeds – rapeseed, sunflower and soybeans. The higher acreage, in combination with more average yields expectations compared to the low yields of particularly sunflower and rapeseed due to drought in MY 2015/16, leads to a forecast of 33.4 MMT (million metric tons) which compares to an increase of 3.4 percent. As of March 2016, planting and growing conditions for oilseeds have been very good in general, but weather conditions in April and May will be crucial for spring plantings and the yields and quality of the rapeseed crop. The EU is the world's largest producer of rapeseed and rapeseed remains the most important oilseed crop produced in the EU. In MY 2016/17, the forecast for planted area of EU rapeseed is 2 percent higher and reaching 6.6 million ha compared to the previous year. The higher acreage is mainly due to increases in Romania, Lithuania, Latvia and the Czech Republic and to a lesser extent in Estonia and Denmark. Increased rapeseed area in the Baltic countries is driven by the demand for the biofuels industry. Following a decline in area and yields per hectare due to drought in MY 2015/16, sunflower plantings and yields are expected to grow again in MY 2016/17. Sunflower area is expected to grow by 1.7 percent and reach 4.25 million ha with a forecasted crop totaling at 8.35 MMT (plus 9.2 percent). Growth is expected in the major producing countries Spain, Romania and Bulgaria, which will exceed slight declines in France, Hungary and especially Italy. Increased sunflower plantings are motivated by better profit margins, resilience to heat and drought, more favorable crush margins and the opportunity for premiums on specialty types of sunflower such as high oleic, linoleic and confectionary sunflower. Areas for specialty sunflower types are reported to grow in France, Romania and Bulgaria. Still at a relatively low level production, soybean keeps increasing in MY 2016/17 but at a slower pace than in MY 2015/16. The drivers for the growth in European soybean production are EU policy incentives. Rising area is expected in France, Romania, Hungary, Austria, Slovakia and the Czech Republic, while a decline in Italy and Bulgaria is expected. Total soybean area for MY 2016/17 is forecast at 835 thousand ha (plus 4.8 percent year-on-year) with a total production of 2.25 MMT increasing by 2.7 percent compared to the previous MY. Despite increased production of EU oilseeds EU total crush is expected to be somewhat down in MY 2016/17 by 0.14 percent. Only sunflower crush is forecast to increase due to increased supply and improved crush margins for sunflower. Increased sunflower crush is more than offset by lower soybean and rapeseed crush.

Consumption and Trade

The EU 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 biofuels 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 almost 50 percent of sunflower meal must be imported. Only the production of rapeseed meal is on an average equal or somewhat higher than the domestic demand. Total EU oilseeds meal consumption in MY 2016/17 is estimated to be up by 0.4 percent year-on-year reaching 54.1 MMT. Particularly the growing EU poultry sector is driving higher demand for protein feed. Ample world supplies of soybeans and soybean meal are expected to favor the use of soybean products in MY 2016/17 at the expense of rapeseed meal. Use of sunflower meal is expected to also increase due to higher domestic supply. Total use of vegetable oils is forecast to decrease by about 0.8 percent to 25.0 MMT which is mainly due to decreased industrial use but increasing food use. The production of biofuels is the second largest use of vegetable oils after food use in the EU. Since more and more vegetable oils are being replaced by waste fats and oils, the use of vegetable oils for biofuels production is declining. Most EU biodiesel production uses rapeseed oil as the main feedstock.

Policy

The “greening component” in Pillar 1 of the new CAP (Common Agriculture Policy) includes three elements of greening that all farmers would have to comply with to receive direct payments. The three components are: crop diversification; conservation of permanent grassland; and the ecological focus areas (EFA). One option for EFAs is to have nitrogen-fixing crops, e.g. protein crops.
In the new CAP, the Commission gives MS the opportunity to support the production of protein crops with up to two percent of their national envelopes. Should any MS decide to use this possibility, the Commission has to be notified in advance. MS must have notified the Commission by August 2014 to benefit from this option from January 1, 2015. Similarly, if the MS wanted to use the coupled option from January 1, 2016, the Commission must have notified by August 2015.
The use of three neonicotinoids (clothianidin, imidacloprid and thiametoxam) has been restricted since December 1, 2013 for a period of two years on crops attractive to honeybees such as rapeseed, sunflowers, and soybeans.

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:

Ornella Bettini	FAS/Rome covering Italy
Mila Boshnakova	FAS/Sofia covering Bulgaria
Monica Dobrescu	FAS/Bucharest covering Romania
Bob Flach	FAS/The Hague covering The Netherlands, Sweden, Finland, and Denmark
Dimosthenis Faniadis	FAS/Rome covering Greece
Gellert Golya	FAS/Budapest covering Hungary
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Roswitha Krautgartner	FAS/Vienna covering Austria and Slovenia
Lucile Lefebvre	FAS/Paris covering France
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The FAS EU-28 oilseeds reporting team would like to thank Agata Kingsbury from FAS/OGA for her 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 28 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)
EFA	= Ecological focus area
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 tons (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	= Roundtable 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

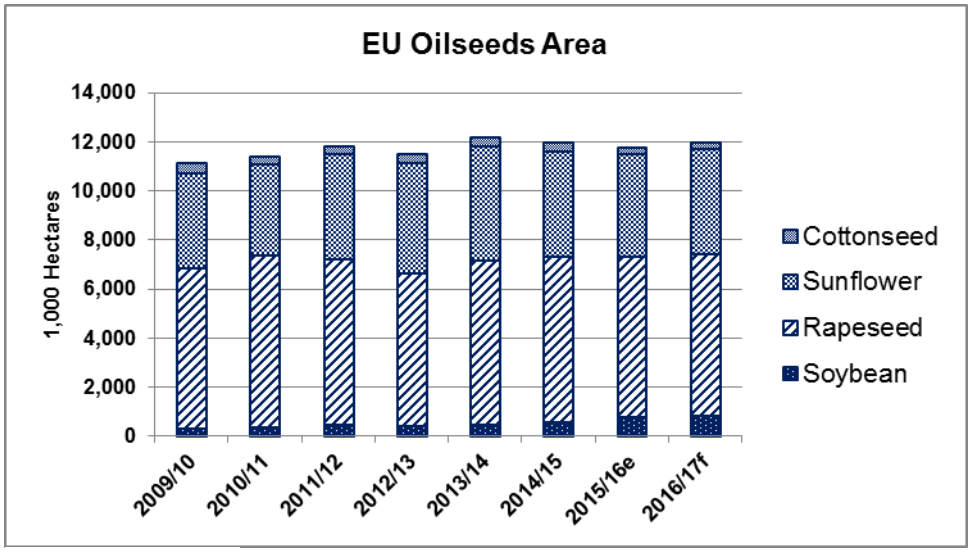
Commodity:	Total Oilseeds					
Marketing Year	MY 2014/15		MY 2015/16		MY 2016/17	
	USDA Official	Post New	USDA Official	Post New	USDA Official	Post New
Area	11,962	11,962	11,771	11,778		11,970
Beginning Stocks	3,413	3,413	3,353	3,499		2,444
Production	35,715	35,859	31,983	32,318		33,402
Extra EU27 imports	16,797	16,805	17,085	17,125		16,495
TOTAL SUPPLY	55,925	56,077	52,421	52,942		52,341
Extra EU27 exports	1,299	1,296	925	880		980
Crush	47,512	46,914	46,012	45,266		45,201
Food Use	1,468	1,458	1,455	1,469		1,472
Feed, Seed, Waste	2,293	2,910	2,203	2,883		2,931
TOTAL DOMESTIC USE	51,273	51,282	49,670	49,618		49,604
Ending Stocks	3,353	3,499	1,826	2,444		1,757
TOTAL DISTRIBUTION	55,925	56,077	52,421	52,942		52,341
1000 HA, 1000 MT						

Please note that numbers for total oilseeds seeds include cottonseed which is not included in oilseeds meals and oils.
Source: FAS EU-28

EU-28 Total Oilseeds Area

MY 2016/17
Total EU-28 oilseeds area in MY 2016/17 is forecast to increase by about 1.6 percent compared to the previous year and is expected to reach almost 12 million ha. The increase is explained by increasing acreage of all three major oilseeds - rapeseed, sunflower and soybeans.

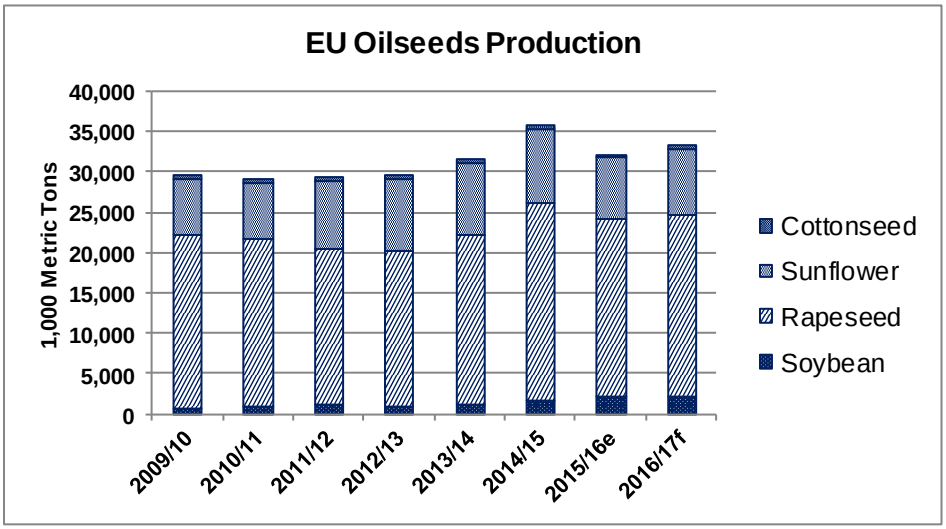
MY 2015/16
In MY 2014/15, total EU-28 oilseeds area is down by 1.5 percent, due to a lower rapeseed and sunflower area which is partially offset by increased soybean area.



Source: FAS EU-28
EU-28 Total Oilseeds Production

MY 2016/17
Expectations for total EU-28 oilseeds production in MY 2016/17 are for a 3.4 percent increase to 33.4 MMT. To a majority this is the result of more average yields in sunflower crop compared to the low result in the previous dry season and increased acreage.

MY 2015/16
Drought in MY 2015/16 lowered yields particularly in sunflower crop. Together with lower acreage of rapeseed and sunflower total oilseeds production was year-on-year down by almost 10 percent.

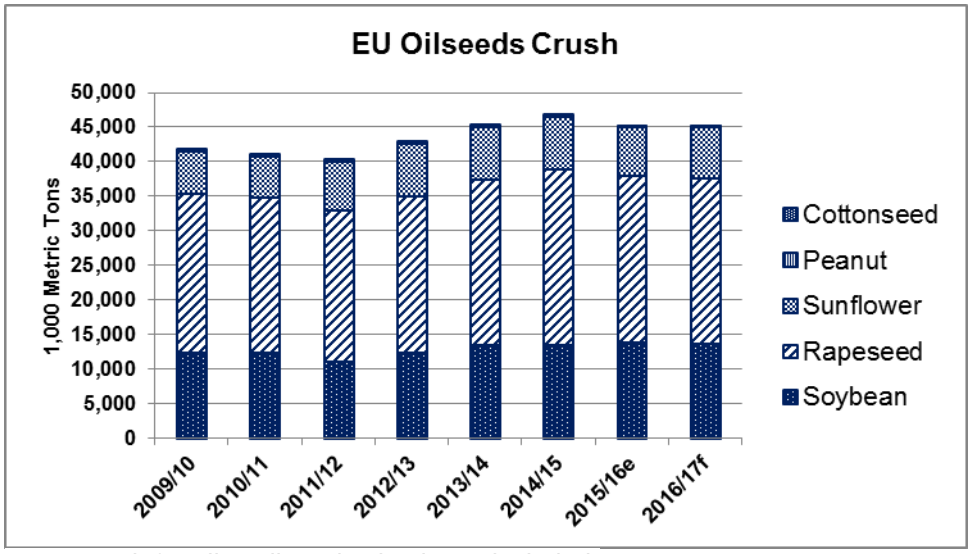


Source: FAS EU-28

EU-28 Total Oilseeds Crush

MY 2016/17
Despite higher production total EU-28 oilseeds, crush is expected to slightly decline by 0.1 percent to 45.2 MMT. This is a result of decreased rapeseed and soybean crush but increased sunflower crush.

MY 2015/16
Due to lower total production but increased imports of rapeseed, total EU-28 oilseeds crush is estimated to decrease by only 3.5 percent and reach 45.3 MMT.



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

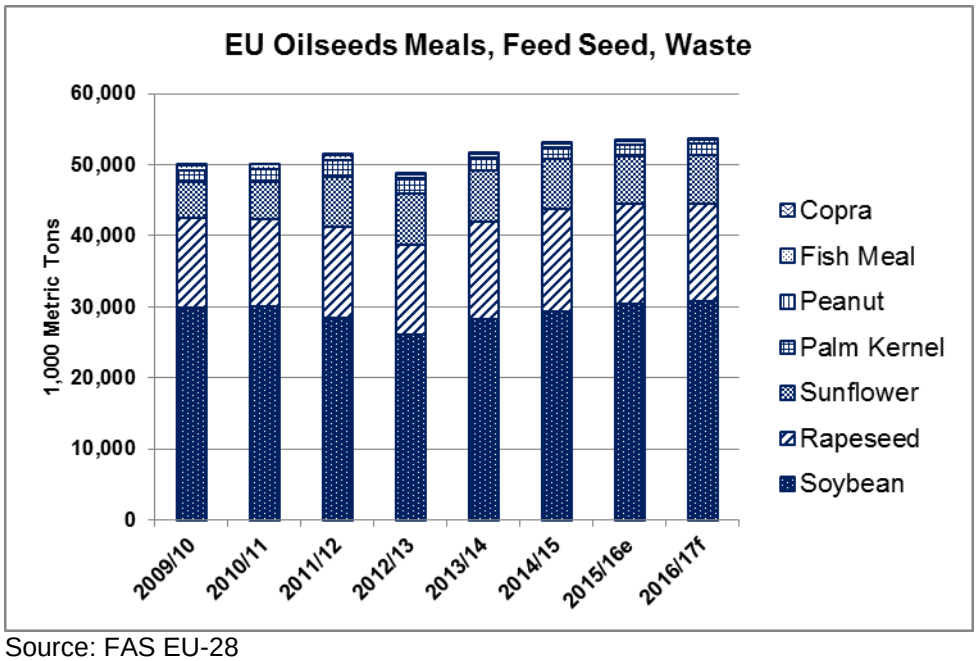
Total Oilseeds – Meals

Commodity	Total Meals					
Marketing Year	MY 2014/15		MY 2015/16		MY 2016/17	
	USDA Official	Post New	USDA Official	Post New	USDA Official	Post New
Crush	47,183	46,585	45,732	44,985		44,935
Beginning Stocks	654	654	579	815		801
Production	30,392	29,629	29,465	28,783		28,715
Extra EU27 imports	25,391	25,392	26,960	26,327		26,457
TOTAL SUPPLY	56,437	55,675	57,004	55,925		55,973
Extra EU27 exports	1,283	1,283	1,175	1,210		1,140
Industrial	510	510	510	510		510
Food Use	32	32	32	32		32
Feed, Seed, Waste	54,033	53,035	54,859	53,372		53,572
TOTAL DOMESTIC USE	54,575	53,577	55,401	53,914		54,114
Ending Stocks	579	815	428	801		719
TOTAL DISTRIBUTION	56,437	55,675	57,004	55,925		55,973
1000 MT						

Please note that numbers in oilseeds meals and oils do not include cottonseeds as cottonseed meal and cottonseed oil are not included in this report.
Source: FAS EU-28

MY 2016/17
In line with the somewhat lower crush in MY 2016/17, EU-28 total oilseeds meal production is expected to decline by 0.2 percent to 28.7 MMT. Total supply of oilseed meals is forecast to remain almost flat due to slightly increased imports making up for the decline in production. A growing poultry sector leads to expectations of increased soybean meal use for feed. Increased feed use of sunflower meal is expected to make up for lower feed use of rapeseed meal. As a consequence total feed use of oilseeds meals is forecast to slightly increase totaling 53.6 MMT.

MY 2015/16
Increased demand in the animal sector and sufficient supply of soybean meal on the world market leads to increased feed use of soybean meal at the expense of rapeseed and sunflower meal. Driven by the growing animal sector, total feed use of oilseeds meals is expected to grow.



Source: FAS EU-28

Feed Use of EU-28 Total Oilseeds in Soymeal Equivalents (SME) in 1000 MT

Feed Seed Waste SME Meals	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16e	2016/17f
Soybean	29,861	29,987	28,431	26,000	28,300	29,300	30,500	30,700
Rapeseed	8,936	8,815	9,072	9,072	9,676	10,246	9,890	9,819
Sunflower	4,815	4,950	6,751	6,794	6,798	6,704	6,421	6,515
Palm Kernel	594	622	795	764	629	599	569	569
Peanut	66	79	43	29	30	21	21	21
Fish Meal	957	1,019	972	796	861	764	795	795
Copra	15	0	7	5	1	1	1	1
Total	45,245	45,473	46,070	43,460	46,296	47,636	48,197	48,420

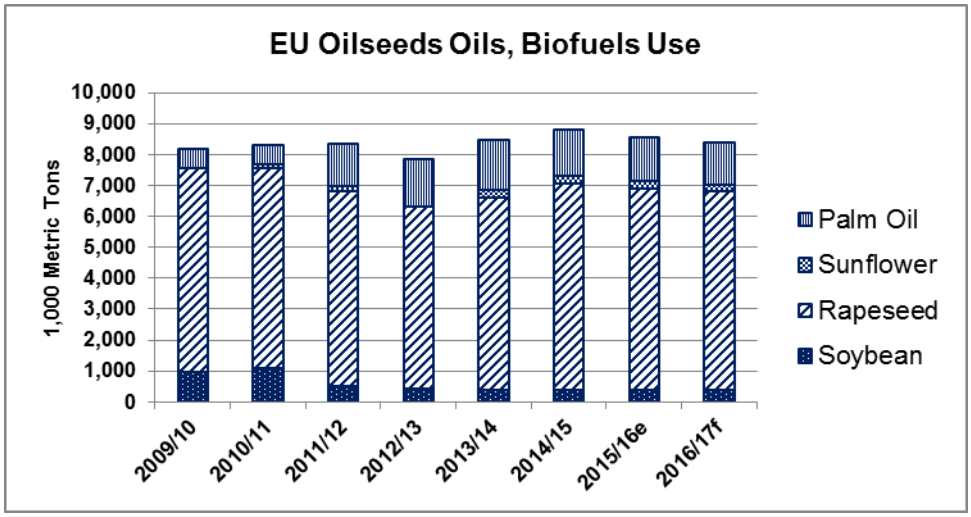
Source: FAS EU-28

Total Oilseeds – Oils

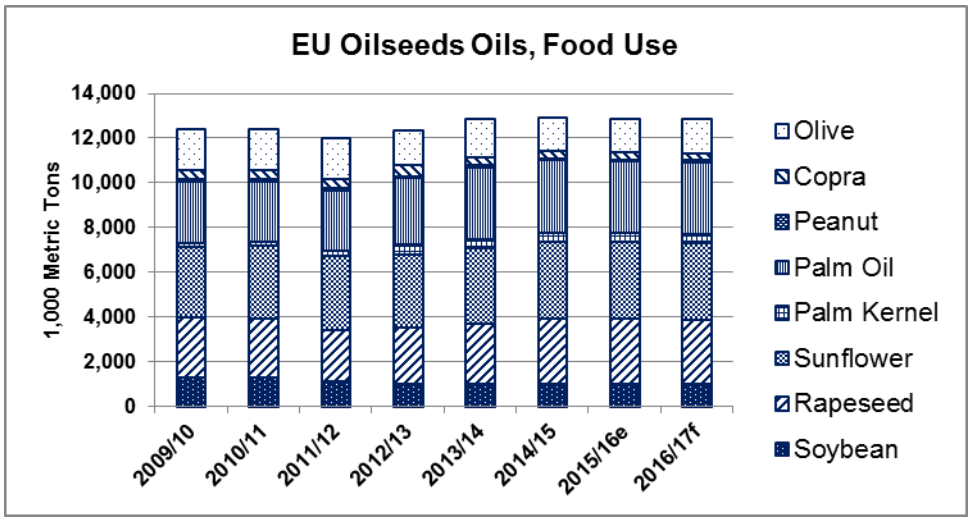
Commodity:	Total Oils					
Marketing Year	MY 2014/15		MY 2015/16		MY 2016/17	
	USDA Official	Post New	USDA Official	Post New	USDA Official	Post New
Beginning Stocks	1,850	1,850	1,451	1,308		1,179
Production	17,967	17,770	17,894	17,637		17,720
Extra EU27 imports	9,592	9,573	9,685	9,665		9,543
TOTAL SUPPLY	29,409	29,193	29,030	28,610		28,452
Extra EU27 exports	2,482	2,408	2,426	2,245		2,260
Industrial	12,270	3,370	12,090	3,390		3,340
Biofuels	0	8,790	0	8,530		8,380
Food Use	12,851	12,885	13,109	12,854		12,862
Feed, Seed, Waste	355	432	355	412		412
TOTAL DOMESTIC USE	25,476	25,377	25,554	25,186		24,994
Ending Stocks	1,451	1,308	1,058	1,179		1,188
TOTAL DISTRIBUTION	29,409	29,193	29,030	28,610		28,452
1000 MT, PERCENT						

Please note that numbers in oilseeds meals and oils do not include cottonseeds as cottonseed meal and cottonseed oil is not included in this report.
Source: FAS EU-28

MY 2016/17
In line with the somewhat lower crush in MY 2016/17, EU-28 total oilseeds oil production is expected to decline by 0.5 percent to 17.7 MMT. With slightly increased food use but decreasing industrial and biofuels use, total consumption of oilseeds oils is expected to decline by 0.8 percent and reach 28.5 MMT.



Source: FAS EU-28



Source: FAS EU-28

2. Soybean Complex
Coordinator: Lucile Lefebvre, FAS/Paris

Soybean Seeds

Oilseed, Soybean	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	580	580	770	810		845
Area Harvested	573	573	733	797		835
Beginning Stocks	533	533	575	675		595
Production	1810	1840	2050	2190		2250
MY Imports	13388	13388	13200	13200		13050
MY Imp. from U.S.	3500	3500	3450	3450		3350
Total Supply	15731	15761	15825	16065		15895
MY Exports	116	116	150	150		130
Crush	14200	13500	14300	13800		13600
Food Use Dom. Cons.	170	170	170	170		170
Feed Seed Waste Dom. Cons.	670	1300	700	1350		1400
Total Dom. Cons.	15040	14970	15170	15320		15170
Ending Stocks	575	675	505	595		595
Total Distribution	15731	15761	15825	16065		15895
(1000 HA) ,(1000 MT)						

Source: FAS EU-28

MY 2016/17

In MY 2016/17, soybean production keeps increasing in the EU but at a slower pace than in MY 2015/16. The rise is mainly driven by public policies (Common Agricultural Policy ecological focus areas and coupled payments). Total production should reach 2.25 MMT (a 2.7 percent increase compared to MY 2015/16). The area harvested is expected to increase by 38 thousand hectares. A rise is expected in France, Romania, Hungary, Austria, Slovakia, and the Czech Republic while there should be a decline in Italy and Bulgaria. In Bulgaria, the area planted in soybeans is forecast to decline between 10 and 20 percent compared to MY

2015/16 because disappointing yields and prices as well as difficulties in marketing the soybeans have discouraged some producers. In Italy, yields are likely to decrease after the high level of MY 2015/16.

Domestic production remains marginal compared to imports, which decreased slightly but still account for more than 80 percent of total supply with a high availability of soybeans worldwide. Imports from the U.S. are expected to decline due to the strength of the U.S. dollar and to the devaluation of the peso in Argentina. The rise in production is not expected to offset the decline in imports, resulting in a slight decrease in total supply. Crush should remain below the high level of MY 2015/16 due to lower crush margins.

Regarding feed, seed and waste, the quantity of seeds used in the EU increases because of the rise in the area planted in soybeans. The extrusion and toasting of whole non-biotech soybeans also increase, especially in France, Hungary and Belgium. The full fat soybean meal produced through these techniques is mostly used locally as feed.

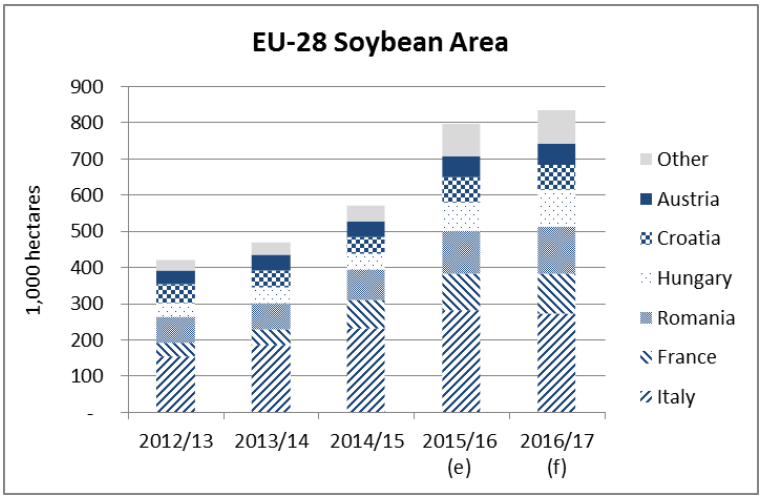
MY 2015/16

In MY 2015/16, the world production of soybeans decreases a little compared to MY 2014/15 but stocks are higher and consumption keeps growing. In the EU, soybean production increases by 19 percent to reach 2.19 MMT. This rise is mainly driven by public policies. We recommend raising USDA official production estimate, which is lower than the sum of the figures provided by FAS posts in the EU.

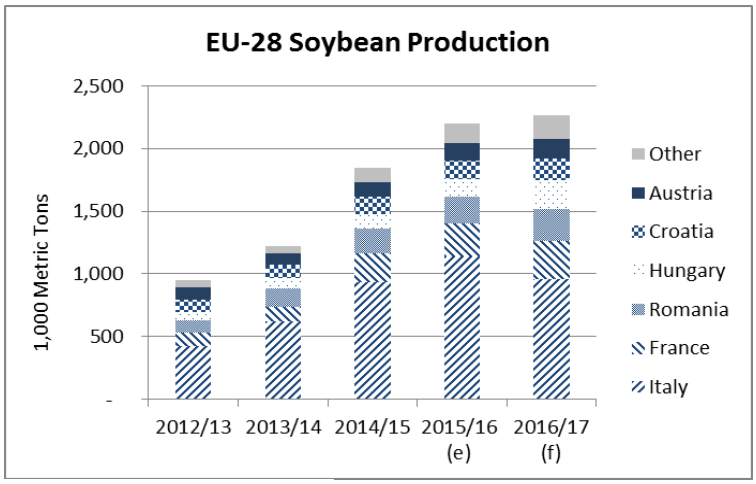
EU imports decrease slightly compared to MY 2014/15 but they still account for more than 80 percent of total supply.

Soybean crush increases. This is supported by low crush margins for rapeseed, a decline in rapeseed production, a high availability of soybeans on the world market, as well as good crush margins for soybeans in October and December 2015. Moreover, following the increase in domestic soybean production, crushing capacity rises in some countries.

As in MY 2016/17, the rise in feed, seed and waste figures is driven by the increase in domestic production. Based on member states' estimates, numbers in MY 2015/16 and MY 2014/15 for crush have been revised down and the quantity of full fat soybeans in feed has been revised up compared to previous USDA official numbers.



(e) = estimate; (f) = forecast
Source: FAS Posts



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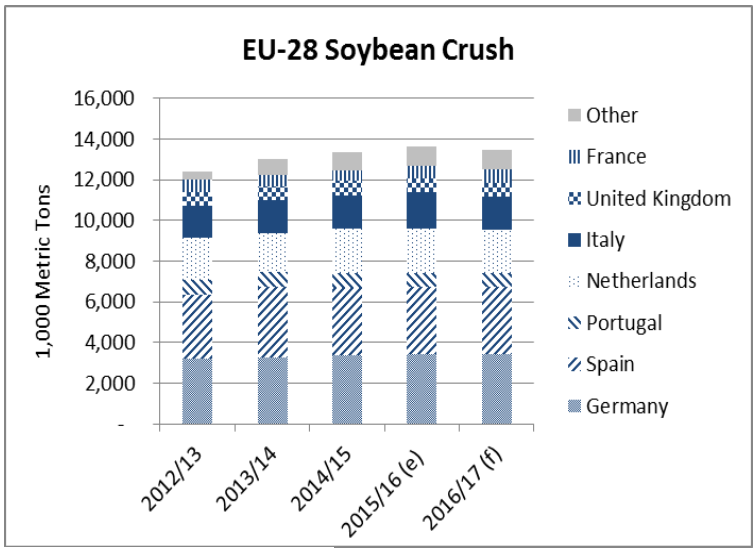

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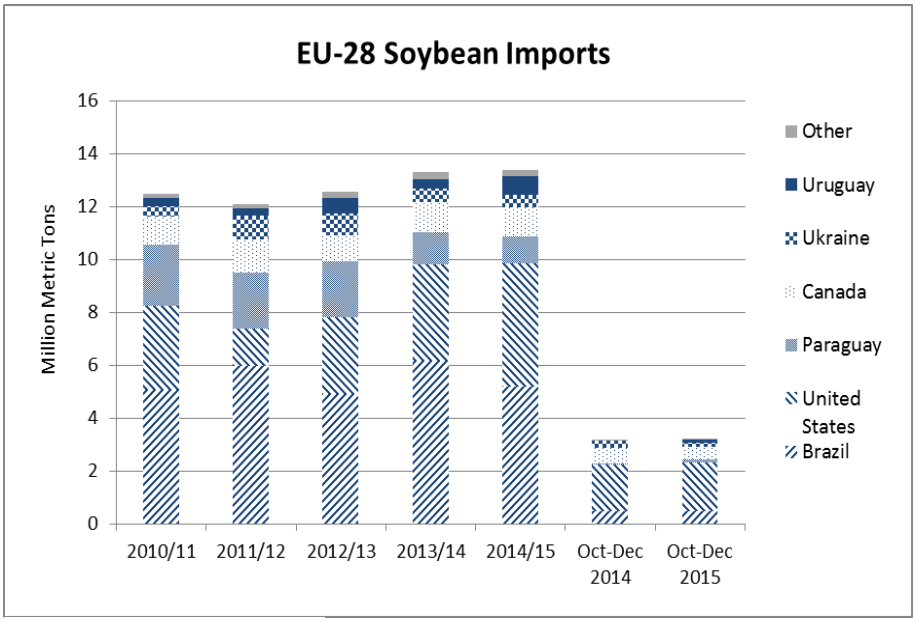


Source: Global Trade Atlas

Soybean Meal

Meal, Soybean	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	14200	13500	14300	13800		13600
Extr. Rate, 999.9999	0.79	0.78	0.7902	0.779		0.7794
Beginning Stocks	261	261	235	347		485
Production	11218	10530	11300	10750		10600
MY Imports	19260	19260	20700	20300		20500
MY Imp. from U.S.	1300	1300	1200	1200		1000
Total Supply	30739	30051	32235	31397		31585
MY Exports	362	362	400	370		380
Industrial Dom. Cons.	10	10	10	10		10
Food Use Dom. Cons.	32	32	32	32		32
Feed Seed Waste Dom. Cons.	30100	29300	31600	30500		30700
Total Dom. Cons.	30142	29342	31642	30542		30742
Ending Stocks	235	347	193	485		463
Total Distribution	30739	30051	32235	31397		31585
(1000 MT), (PERCENT)						

Source: FAS EU-28

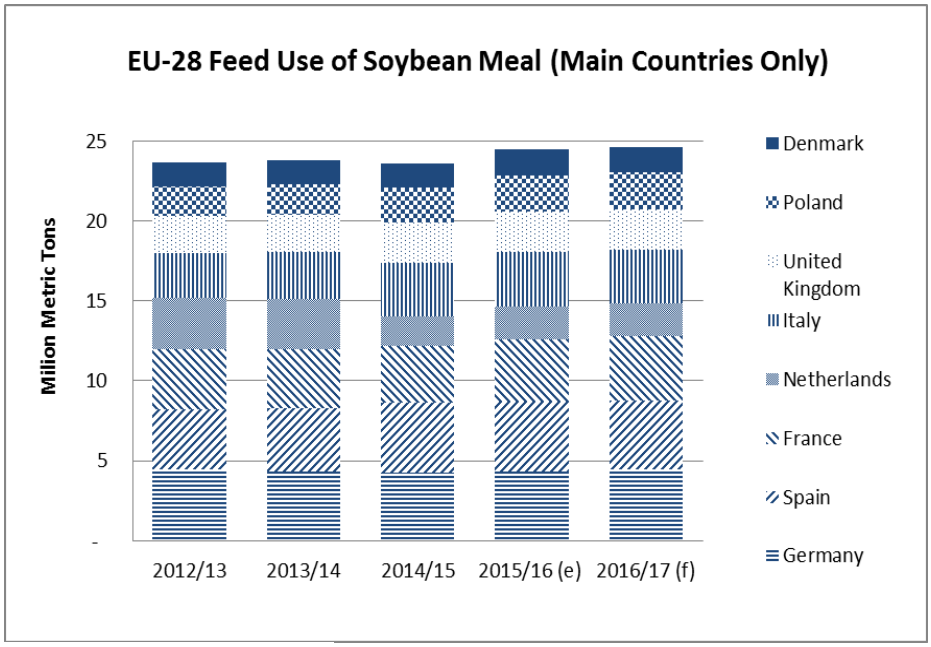
MY 2016/17

In MY 2016/17, the production of soybean meal is expected to decrease in the EU due to lower crush. Imports should more than offset the decline in production, leading to a total supply slightly higher than in MY 2015/16. Imports from the U.S. are expected to decline due to the strength of the U.S. dollar and to the devaluation of the peso in Argentina. The rise in total feed demand in the EU is driven by a rise in poultry feed production (especially in the United Kingdom, in Poland, and in France), although the situation varies largely depending on the countries.

MY 2015/16

In MY 2015/16, as a consequence of the high level of crush, soybean meal production is expected to increase compared to MY 2014/15. Imports increase as well because of the increase in demand for feed and sufficient availability on the world market.

As a result of lower estimated crush, new estimates for soybean meal production are lower than previous USDA official numbers. Based on more current and more accurate member states' estimates, soybean meal feed use in MY 2015/16 and MY 2014/15 are lowered compared to previous USDA official numbers.



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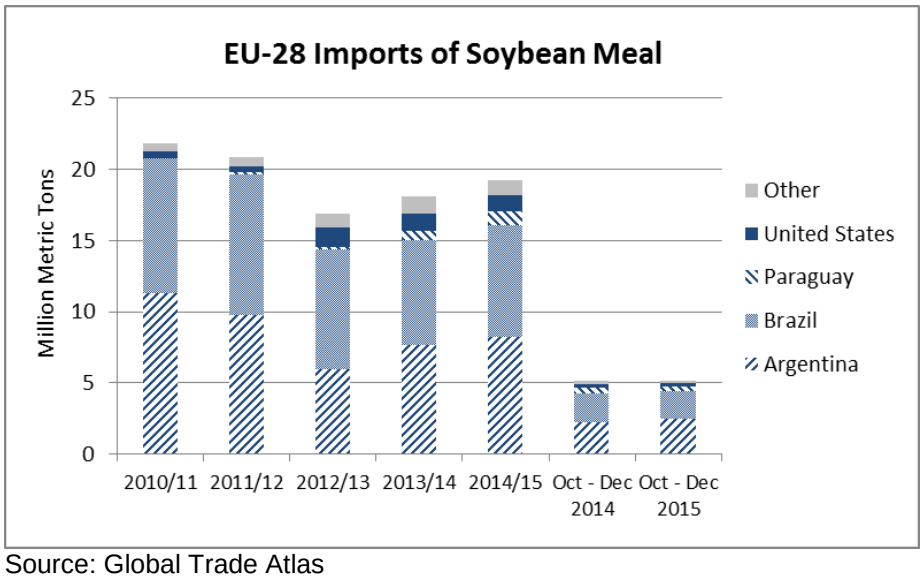


Source: Global Trade Atlas

Soybean Oil

Oil, Soybean	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	14200	13500	14300	13800		13600
Extr. Rate, 999.9999	0.19	0.1837	0.19	0.1826		0.1831
Beginning Stocks	348	348	288	170		190
Production	2698	2480	2717	2520		2490
MY Imports	252	252	150	300		300
MY Imp. from U.S.	0	0	0	0		0
Total Supply	**3298**	**3080**	**3155**	**2990**		**2980**
MY Exports	1010	1010	1000	850		900
Industrial Dom. Cons.	950	850	950	900		880
Food Use Dom. Cons.	1000	1000	1000	1000		1000
Feed Seed Waste Dom. Cons.	50	50	50	50		50
Total Dom. Cons.	2000	1900	2000	1950		1930
Ending Stocks	288	170	155	190		150
Total Distribution	**3298**	**3080**	**3155**	**2990**		**2980**
(1000 MT), (PERCENT)						

Source: FAS EU-28

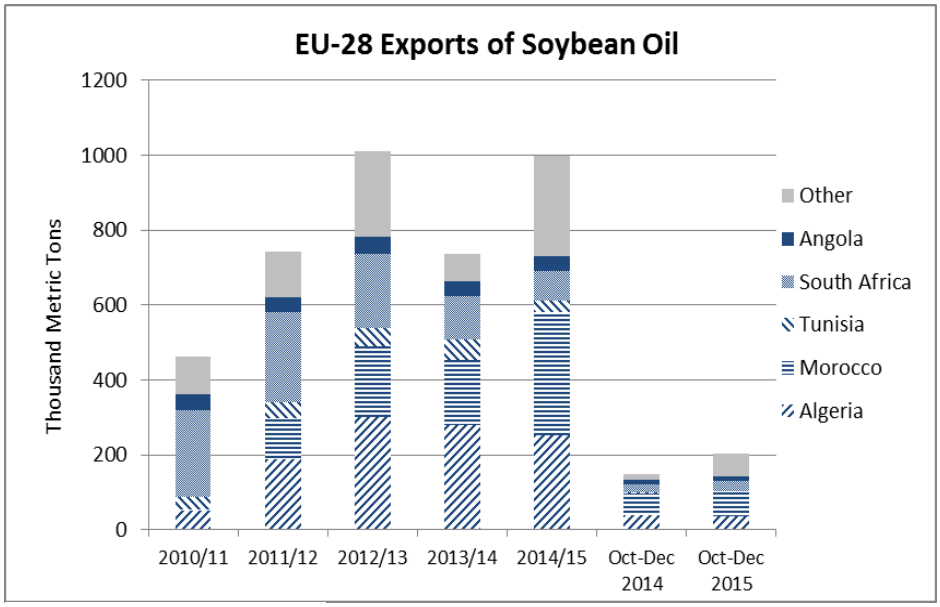
MY 2016/17

In MY 2016/17, the production of soybean oil is expected to decrease in the EU due to lower crush. Imports should remain stable, resulting in a slight decrease in total supply. Industrial consumption is expected to decline slightly while exports should increase.

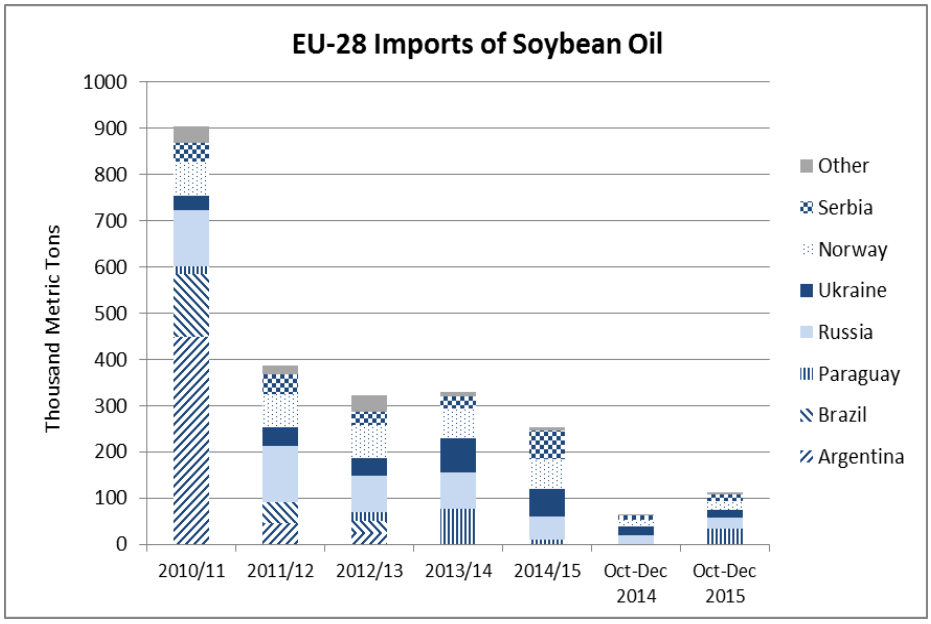
MY 2015/16

In MY 2015/16, as a consequence of the high level of crush, soybean oil production increases compared to MY 2014/15. Imports rise too because of the increase in industrial demand and sufficient availability on the world market, while exports are lower than in MY 2014/15. Given the tight market situation for palm oil, soybean oil partly replaces it in the biodiesel formula. As usual, the excessive supply of soybean oil is exported to third countries, mainly in Africa.

In line with lowered crush numbers, oil production numbers have been revised down compared to previous USDA official numbers. The lower production is expected to lead to increased imports due to a rise in industrial/biofuels consumption.



Source: Global Trade Atlas



Source: Global Trade Atlas

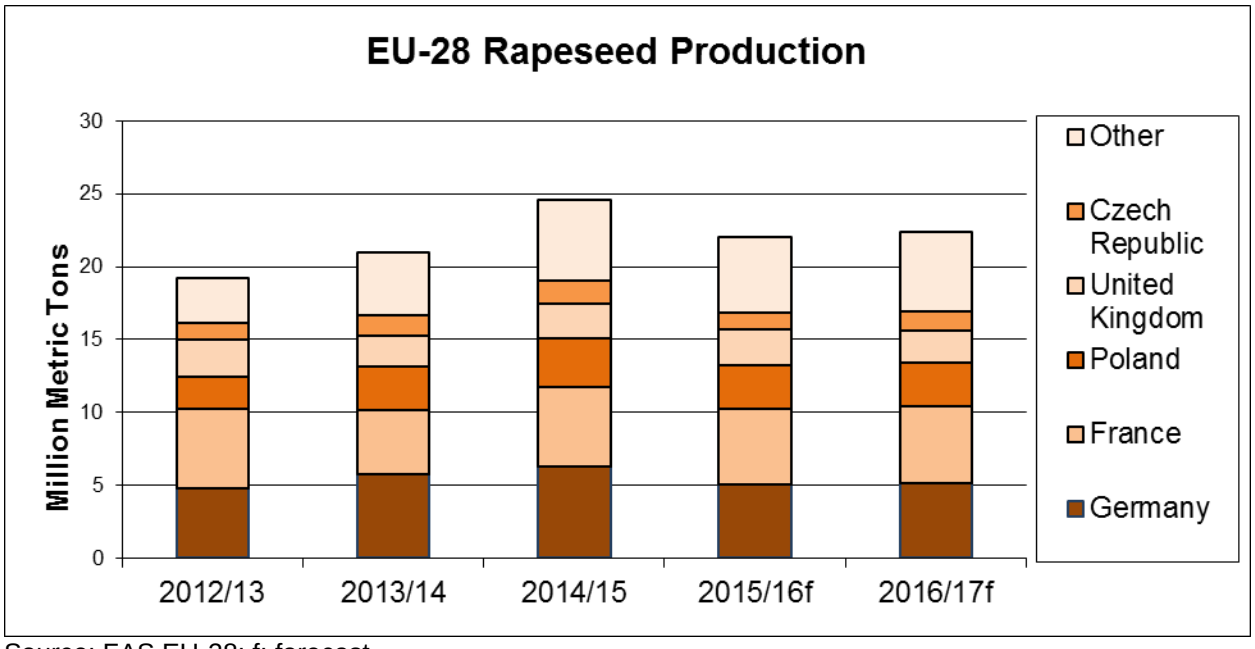
3. Rapeseed Complex
Coordinator: Leif Erik Rehder, FAS/Berlin

The EU is the world's largest producer of rapeseed and products. The two largest producers in the EU are Germany and France, followed by the U.K., Poland, and the Czech Republic. Other major producers include Romania, Denmark, Hungary, Bulgaria and Lithuania. 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.

Rapeseed Seeds

Oilseed, Rapeseed	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jul 2014		Jul 2015		Jul 2016	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	6760	6760	6580	6580	0	6600
Area Harvested	6755	6746	6576	6493	0	6600
Beginning Stocks	1888	1888	1752	1767	0	1317
Production	24450	24500	21800	22050	0	22400
MY Imports	2317	2317	2800	2800	0	2300
MY Imp. from U.S.	0	0	0	0	0	0
Total Supply	28655	28705	26352	26617	0	26017
MY Exports	588	588	300	300	0	350
Crush	25365	25400	24300	24100	0	24000
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	950	950	950	900	0	900
Total Dom. Cons.	26315	26350	25250	25000	0	24900
Ending Stocks	1752	1767	802	1317	0	767
Total Distribution	28655	28705	26352	26617	0	26017
(1000 HA) ,(1000 MT)						

Europe's demand for rapeseed exceeds its domestic supply which leads to the import of large quantities of rapeseed for crushing. Together, Ukraine and Australia account for roughly 90% of European rapeseed imports. However, supply on the global rapeseed market has become tight and the outlook is stable. The export potential of Australia and Ukraine is expected to be limited. Thus, crushers started to look for other sources and there is a rebound of imports from Canada.

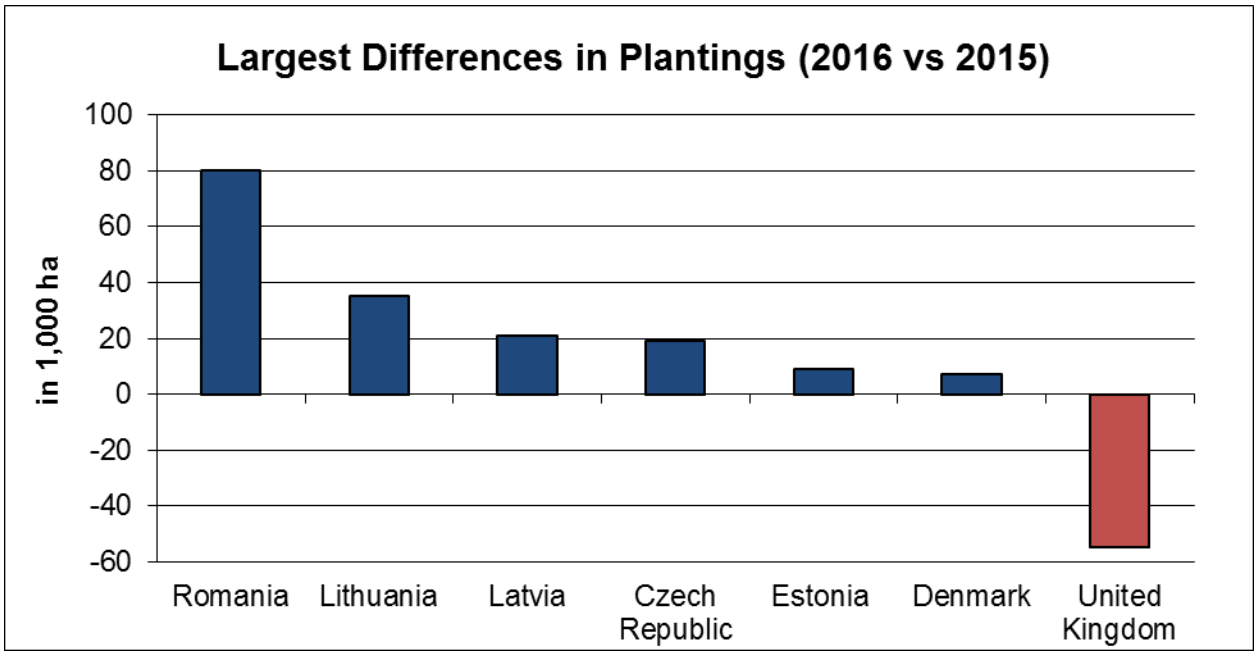


Source: FAS EU-28; f: forecast

In recent years, imports from Canada were limited due to the fact that it produces GMO rapeseed. Now, Canada's rapeseed industry has established and started using the International Sustainability and Carbon Certification (ISCC) system. ISCC meets Europe's criteria in the Renewable Energy Directive. This resulted in a steep increase of Canadian rapeseed imports since crushers in Europe are using GMO rapeseed to a certain extent.

MY 2016/17

European farmers planted more rapeseed in MY 2016/17 and the EU area is expected to increase by nearly 2 percent to 6.6 million ha. The higher acreage is mainly due to increases in Romania, Lithuania and Latvia as well as the Czech Republic and to a lesser extent in Estonia and Denmark. High rapeseed prices and favorable planting conditions in autumn led to a steep increase of rapeseed plantings in Romania. Farmers in the Baltic countries planted more rapeseed since export demand for biofuel on the European market is growing. While area planted to rapeseed in Spain is still small, area continues to grow year after year driven by the Portuguese biofuel industry's demand. The only significant decrease in the EU is forecast for the U.K. Here, farmers planted over 50,000 hectares less rapeseed due to low prices. The total cost of production virtually matches the basic ex-farm price for rapeseed in the U.K.



Source: FAS EU-28

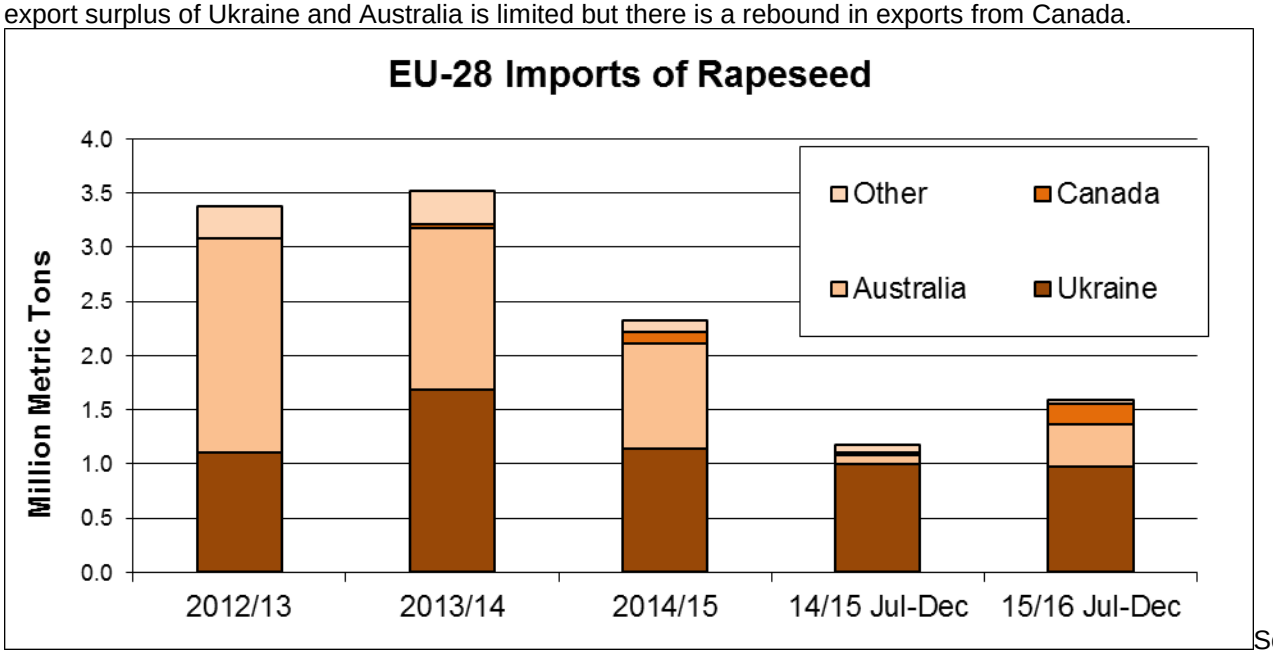
In general, growing conditions for rapeseed in Europe have been extremely good with little winterkill. A cold wave in January did not cause much damage in some areas of Poland, Hungary, Lithuania, Latvia and Germany. The warm winter might increase insect infestation and disease pressure. In general, yield is expected to be slightly better than last year without reaching record levels from 2014. However, weather conditions in April and May will determine the final quality and yield of the European rapeseed crop.

Total EU-28 rapeseed production is currently forecast at 22.40 MMT in MY 2016/17, which is nearly 2 percent higher than the production estimate for 2015/16. Imports are expected to decrease since global supply of rapeseed is expected to be tight. Exports are expected to increase slightly due to production gains in Romania which will partly be shipped to Turkey. One important factor for the European rapeseed market is the competition with other oilseeds. Worldwide, scenarios show an ample supply and low prices for soybeans. Rapeseed crush in MY 2016/17 is expected to decrease slightly to 24 MMT due to low supplies and continued low crush margins. Tight rapeseed supply on the European market will partly be offset by stocks and ending stocks are expected to decrease further.

MY 2015/16

EU rapeseed production had to be revised upwards since harvest in Poland, the U.K., Denmark, Romania, France and Hungary turned out better than expected. In total, European rapeseed production is expected to reach 22.05 MMT in MY 2015/16, down 10 percent from the record levels of the previous MY. The main factors in this decline was that European farmers planted 250,000 hectares less rapeseed and yields were also lower.

Smaller supply of domestically produced rapeseed has led to a tight European market. At the same time, the export surplus of Ukraine and Australia is limited but there is a rebound in exports from Canada.



Source: Global Trade Atlas and FAS EU-28

At the same time, there is an ample global supply of soybeans for competitive prices. If possible, oil mills crush soybeans instead of rapeseed. Crushing of rapeseed in the European Union has already decreased in the first half of MY 2015/16 due to tight supply and low crush margins and there is no upward potential for the remaining half of MY 2015/16. In total, rapeseed crush is expected to drop by over 5 percent to 24.1 MMT in the current MY. Ending stocks are expected to decrease by the end of MY 2015/16.

MY 2014/15

Preliminary final data shows a record EU production of 24.50 MMT for rapeseed based on high acreage and exceptional yields. The record production has led to lower imports from Australia and Ukraine. Exports to Turkey, United Arab Emirates and Canada have nearly doubled. European rapeseed crush followed production reaching record levels. Ending stocks were stable.

Rapeseed Meal

Rapeseed meal production follows crush in MY 2016/17 and decreases slightly. It is expected that rapeseed meal will be replaced by soymeal and grains in feed rations to some extent. However, the demand for rapeseed meal continues to be strong, which is mainly driven by the 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. Since availability of rapeseed meal on the domestic market has become tight exports are expected to decrease slightly. Stocks are also projected to decline.

Meal, Rapeseed	2014/2015		2015/2016		2016/2017	
Market Begin Year	July 2014		July 2015		July 2016	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	25365	25400	24300	24100	0	24000
Extr. Rate, 999.9999	0.575	0.57	0.57	0.57	0	0.57
Beginning Stocks	205	205	229	322	0	210
Production	14586	14479	13851	13738	0	13680
MY Imports	452	452	450	450	0	400
MY Imp. from U.S.	0	0	0	0	0	0
Total Supply	15243	15136	14530	14510	0	14290
MY Exports	414	414	350	400	0	350
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	14600	14400	14050	13900	0	13800
Total Dom. Cons.	14600	14400	14050	13900	0	13800
Ending Stocks	229	322	130	210	0	140
Total Distribution	15243	15136	14530	14510	0	14290
(1000 MT) ,(PERCENT)						

Source: FAS EU-28

Rapeseed Oil

Biofuel production is a major driver of the European rapeseed market. Changes in EU biofuels policy lead to decreasing use of rapeseed oil for biodiesel. There is strong competition with animal fats and recycled oils. Moreover, low crude oil prices negatively affect the profitability of producing biodiesel from rapeseed oil. In some countries there have been marketing campaigns for food use of rapeseed oil but consumption seems to have peaked in MY 2014/15 and MY 2015/16.

Rapeseed oil production follows crush and total output is expected to decrease slightly in MY 2016/17. Imports are forecast to be stable and exports are projected to decrease slightly due to low availability and competition with other oilseed oils on the global market. Industrial consumption, food use and ending stocks are expected to decrease slightly.

Oil, Rapeseed	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jul 2014		Jul 2015		Jul 2016	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	25365	25400	24300	24100	0	24000
Extr. Rate, 999.9999	0.415	0.417	0.415	0.417	0	0.417
Beginning Stocks	281	281	438	429	0	199
Production	10527	10593	10085	10050	0	10008
MY Imports	261	261	250	250	0	250
MY Imp. from U.S.	2	2	2	0	0	0
Total Supply	11069	11135	10773	10729	0	10457
MY Exports	356	356	350	330	0	250
Industrial Dom. Cons.	7200	7400	7000	7250	0	7120
Food Use Dom. Cons.	3050	2900	3100	2900	0	2850
Feed Waste Dom. Cons.	25	50	30	50	0	50
Total Dom. Cons.	10275	10350	10130	10200	0	10020
Ending Stocks	438	429	293	199	0	187
Total Distribution	11069	11135	10773	10729	0	10457
(1000 MT) ,(PERCENT)						

Source: FAS EU-28

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

	MY 2014/15	MY 2015/16	MY 2016/17
Biofuels Use	6,650	6,500	6,400
Other Industrial Uses	750	750	720
Total Industrial Use	7,400	7,250	7,120

Source: FAS EU-28

4. Sunflower Complex

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

Sunflower Seeds

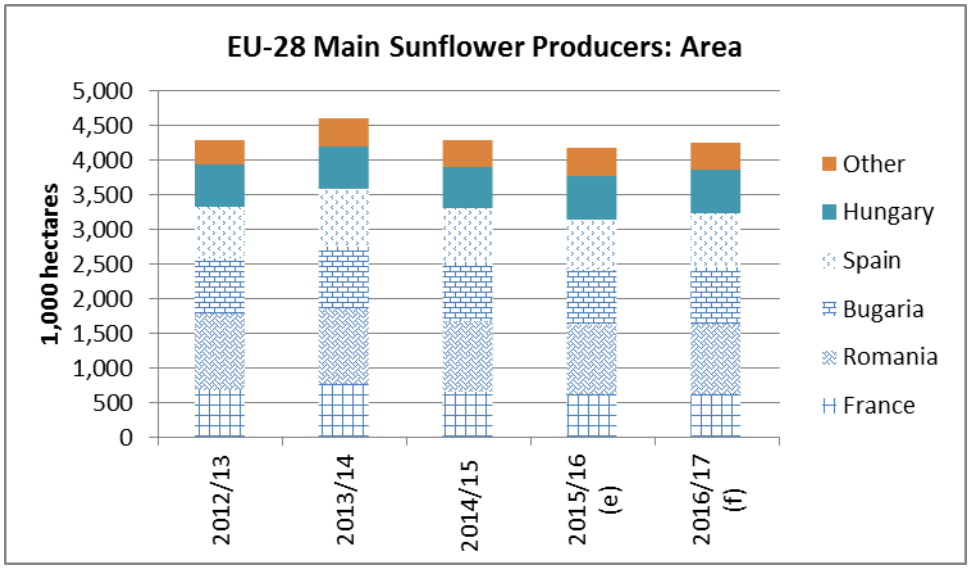
Oilseed, Sunflowerseed	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	4279	4290	4147	4180	0	4250
Beginning Stocks	885	885	939	972	0	472
Production	8932	9000	7750	7650	0	8350
MY Imports	266	266	230	270	0	270
MY Imp. from U.S.	40	0	40	0	0	0
Total Supply	10083	10151	8919	8892	0	9092
MY Exports	519	519	400	350	0	430
Crush	7585	7650	7100	7050	0	7300
Food Use Dom. Cons.	550	530	520	540	0	540
Feed Waste Dom. Cons.	490	480	420	480	0	485
Total Dom. Cons.	8625	8660	8040	8070	0	8325
Ending Stocks	939	972	479	472	0	337
Total Distribution	10083	10151	8919	8892	0	9092
(1000 HA) ,(1000 MT)						

Source: FAS EU-28

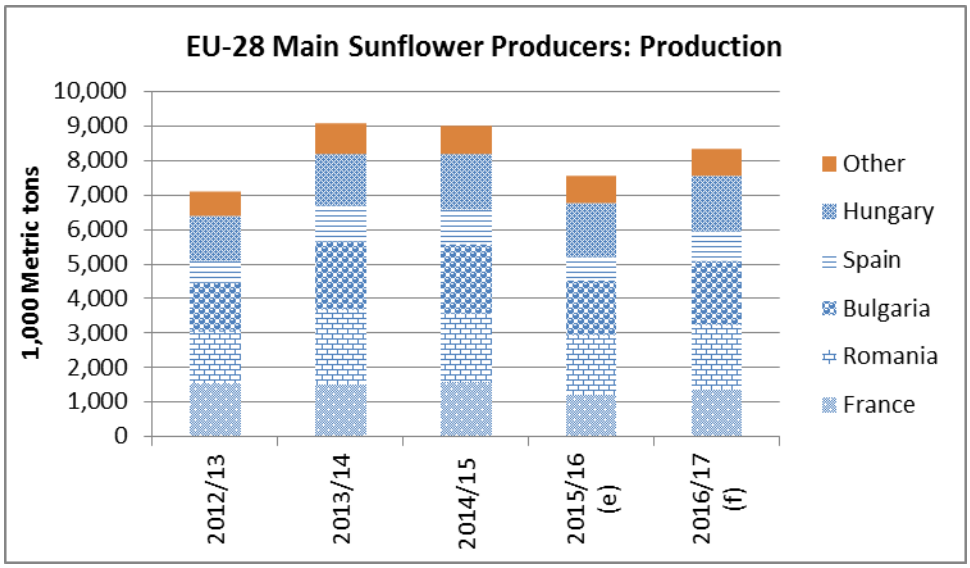
MY 2016/17

The prospects for the sunflower seeds sector in MY 2016/17 in EU-28 are optimistic. Currently farmers plan to expand their planted areas by 1.7 percent and the growth in major producing countries (Spain, Romania and Bulgaria) will exceed slight declines in France, Hungary, and especially in Italy which expects the largest negative growth in the EU. Producers are motivated by better profit margins compared to corn, resilience to heat and drought, expected more favorable crush demand and the opportunity for premiums on specialty types of sunflower such as high oleic, linoleic, and confectionary sunflower. Areas under specialty sunflower are reported to grow in France, Romania, and Bulgaria. France leads this trend with high oleic sunflower accounting for more than 50 percent of French area. Linoleic sunflower represents over 80 percent of Spanish area.

Provided that the weather cooperates, the EU-28 is forecast to produce 9.2 percent more sunflower seeds compared to heat and drought hit supply in MY 2015/16. Good planting conditions are reported in most member states with the exception of Italy and Hungary where there are larger, water-saturated soils. Despite variations in planted areas, all but two (Italy and Portugal) member states expect higher yields and production.

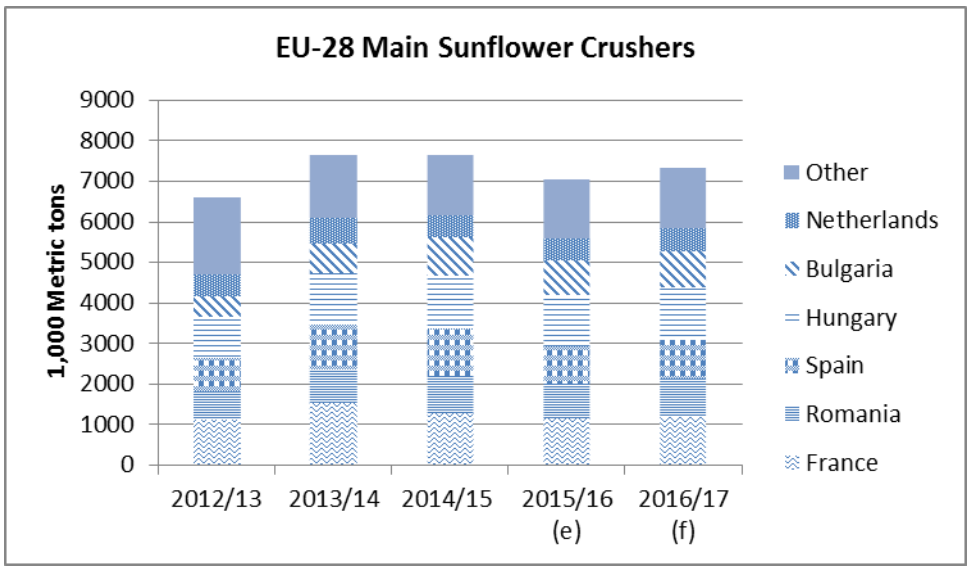


Source: FAS EU-28



Source: FAS EU-28

Projected higher supply of sunflower seeds in the EU-28 is likely to support a 3.5 percent growth in crush. Crush margins are likely to improve compared to their record tight level in the current marketing year. New or expanding crush capacities (Romania, Bulgaria), however, may see even more pronounced competition in sourcing raw materials between sunflower and expected abundant world supply of soybeans in the new season.



Source: FAS EU-28

The increase in EU-28 sunflower seeds supply is projected to result in stagnant imports and 23 percent higher exports, which along with recovered crush and stable food/feed/waste use, is expected to reduce ending stocks by 29 percent. No significant changes are likely in the trade pattern although Argentina may emerge as a more reliable supplier of sunflower seeds (and/or meal and oil).

MY 2015/16

The latest EU-28 estimate confirms bigger than previously estimated reduction in production as a result of scorching summer temperatures and drought in most member states. While harvested area remained only slightly lower compared to the previous year, production is estimated to decline to 7.65 MMT or by 15 percent versus MY 2014/15 due to affected yields. This estimate is also below the USDA official data. Sharp decreases in sunflower seeds harvest were reported in Spain, Bulgaria, Romania, and France. Our current estimate has a potential to be revised further downward as not all member states still have final harvest data. Adverse weather also affected quality of the crop being with lower oil content.

The decline in EU-28 sunflower seeds supply led to steep increase in imports by 115 percent in the first quarter of the season. The EU imported seeds from multiple sources such as Ukraine, Russia, Moldova, Serbia and the United States. Later in the season, Argentina also emerged as a supplier of seeds. As a result of its trade regime liberalization and currency reform, Argentine exports of sunflower seeds to the EU have the potential to grow and to be price competitive, especially in the Western part of the EU. Most of EU suppliers have been affected by drought (Moldova, Serbia) or have reduced stocks due to favorable domestic demand (Ukraine, Russia). In addition, current low crush margins in the EU do not motivate strong import demand although the market situation in the second half of the season may marginally improve. Therefore, EU-28 imports of sunflower seeds for MY 2015/16 are estimated to be slightly more than in the previous season.

Lower availability in the EU-28 also resulted in a decline in exports of sunflower seeds. In the first quarter of the marketing year exports were 63 percent lower compared to MY 2014/15. We revised down our annual export estimate and forecast 33 percent decline for this season, below the USDA official estimate. Major export destinations remained Turkey, South Africa, Serbia, and Morocco although in smaller volumes than in the past. Pakistan sharply reduced purchases from the EU.

Current estimates for EU-28 crush consumption show 8 percent decline compared to the previous year and it is marginally below the USDA official estimate. The EU crushing industry continues to face declining and much lower crushing margins compared to the previous seasons and even stronger than previously expected competition from soybeans. Despite the decrease in sunflower seeds prices, meal and oil prices have declined even more under the pressure of competing products, especially due to availability of price-competitive soybean

meal. Majority member states forecast reduced crush compared to MY 2014/15 (Spain 21 percent, France 12 percent, Portugal 8 percent, Germany 8 percent, Romania 5 percent, Hungary 2 percent, and Bulgaria 10 percent). We expect crush margins to improve moderately in the second half of the season due to alleviated vegetable oil demand and running stocks. Despite the price pressure from other vegetable oils, the EU-28 demand for edible sunflower oil remains good and less price elastic.

As a result of lower availability and adjusted demand, ending stocks are estimated to be less than half of their level in MY 2014/15.

MY 2014/15

Marginal adjustments were done based on final higher crush data and lower food and feed use.

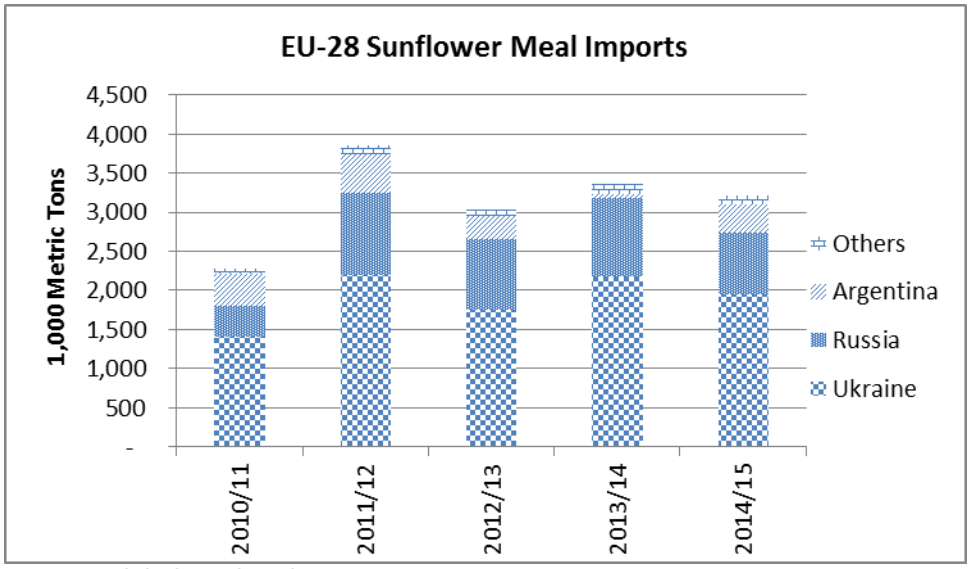
Sunflower Meal

Meal, Sunflowerseed	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	7585	7650	7100	7050	0	7300
Extr. Rate, 999.9999	0.543	0.5425	0.5408	0.5418	0	0.5425
Beginning Stocks	188	188	115	146	0	106
Production	4119	4150	3840	3820	0	3960
MY Imports	3210	3210	3450	3170	0	3150
MY Imp. from U.S.	0	0	0	0	0	0
Total Supply	7517	7548	7405	7136	0	7216
MY Exports	302	302	200	230	0	200
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	7100	7100	7100	6800	0	6900
Total Dom. Cons.	7100	7100	7100	6800	0	6900
Ending Stocks	115	146	105	106	0	116
Total Distribution	7517	7548	7405	7136	0	7216
(1000 MT) ,(PERCENT)						

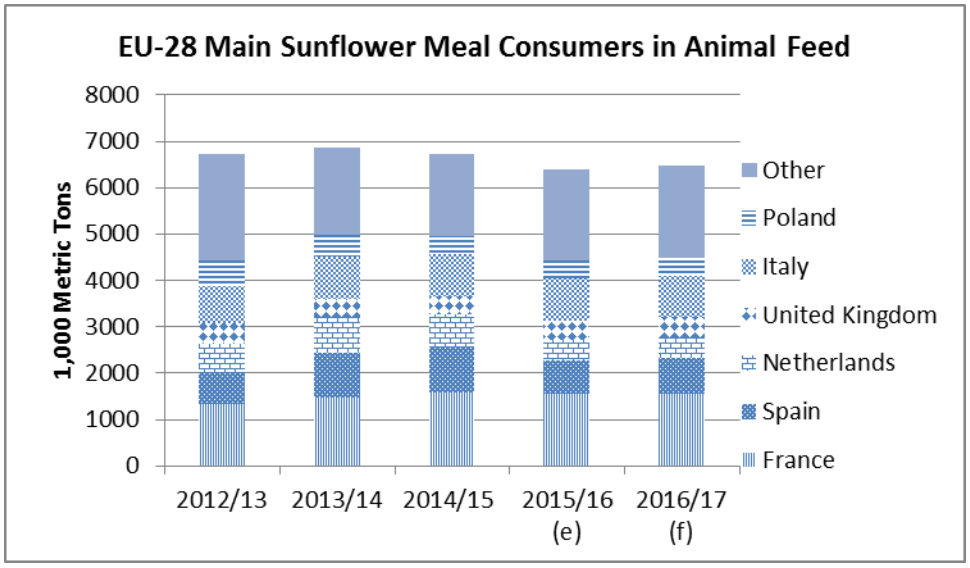
Source: FAS EU-28

MY 2016/17

Sunflower meal supply is forecast to restore increasing by 3.7 percent due to better crush but still to be below the levels achieved in MY 2014/15. Better domestic availability may keep imports stable or slightly lower compared to MY 2015/16. It is projected that the traditional exporters of meal to the EU-28 such as Ukraine, Russia and especially Argentina are likely to have good export potential, on the other hand, competition with abundant and price-competitive soybean meal may be more pronounced. Exports are likely to decline due to expected improved local demand. Overall, sunflower meal use is forecast to recover by less than 2 percent reflecting better supply; however, the growth may be limited by soybean meal competition and generally stagnant feed use. Higher consumption is expected in Spain and Germany (6-7 percent), as well as in France, Romania, Hungary and the UK.



Source: Global Trade Atlas



Source: FAS EU-28

MY 2015/16

The estimate for EU-28 sunflower meal output is forecast to have 8 percent reduction in line with the decline in crush. Despite lower supply, imports may be stable or decrease slightly due to preference towards soybean meal. Imported meal is sourced from the Black Sea suppliers and in the first quarter of the marketing year imports were 3.4 percent less than a year earlier. Exports for the year are forecast to be 25 percent lower compared to MY 2014/15, with a decline of 18 percent in the first quarter of the year due to lower supply and regional Black Sea competition.

After several years of progressive growth in consumption of sunflower meal, the EU-28 use in the current year is projected to decline by 4 percent. Most member states see lower consumption (France, Spain, Germany, Portugal, Denmark, Poland, the Netherlands, and Bulgaria) which dominates over small growth rates in Romania, Hungary, the UK and Italy. In some member states, there is an increasing use of hi-pro sunflower meal (France, Bulgaria, Hungary) as a substitute of soybean meal in poultry feed ratios. However, sunflower meal consumption is losing its price attractiveness and larger feed producing countries report lower incorporations in feed ratios (The Netherlands, Spain, and Germany).

MY 2014/15

Small adjustments were made to sunflower meal production and stocks reflecting final higher crush use.

Sunflower Oil

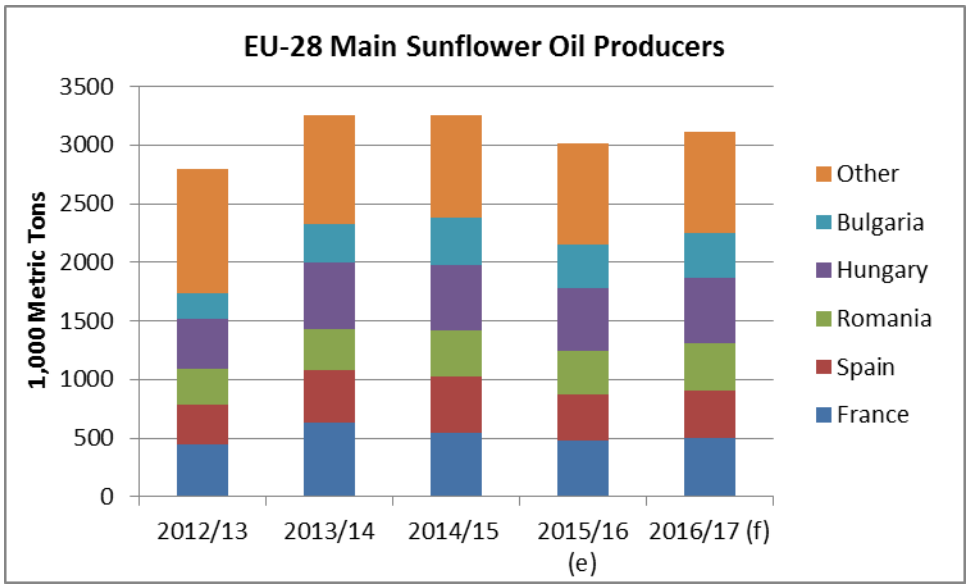
Oil, Sunflowerseed	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	7585	7650	7100	7050	0	7300
Extr. Rate, 999.9999	0.4192	0.4248	0.4197	0.4227	0	0.4233
Beginning Stocks	251	251	135	205	0	185
Production	3180	3250	2980	2980	0	3090
MY Imports	823	823	1000	1050	0	980
MY Imp. from U.S.	0	0	0	0	0	0
Total Supply	4254	4324	4115	4235	0	4255
MY Exports	419	419	300	350	0	370
Industrial Dom. Cons.	240	240	230	230	0	230
Food Use Dom. Cons.	3450	3450	3460	3460	0	3460
Feed Waste Dom. Cons.	10	10	10	10	0	10
Total Dom. Cons.	3700	3700	3700	3700	0	3700
Ending Stocks	135	205	115	185	0	185
Total Distribution	4254	4324	4115	4235	0	4255
(1000 MT) ,(PERCENT)						

Source: FAS EU-28

MY 2016/17

Sunflower oil supply is forecast to rebound by 3.5 percent reflecting higher crush. Growth rates vary across the EU-28 with higher levels expected in Germany, Romania and Bulgaria (6-8 percent), Spain and France (about 4 percent).
Better availability is likely to result in 7 percent lower imports and 6 percent higher exports in parallel with expected stable sunflower oil consumption. The EU-28 is likely to source sunflower oil from the traditional suppliers (Black Sea players and Argentina) as well as to export to the usual markets (South Africa, Macedonia, Bosnia and Herzegovina).

Sunflower oil is expected to remain a preferred healthy choice (no trans-fats) of food vegetable oil, especially with the expanding supply of hi-oleic sunflower oil. It keeps the potential for higher consumption due to improved use by the food industry and changing consumer choice. Despite this general trend, some member states forecast a potential small decline in consumption (Italy and Czech Republic). Ending stocks are currently expected to remain stable.



Source: FAS EU-28

MY 2015/16

Sunflower oil output has declined across the EU by 8 percent due to lower crush. Imports are expected to increase substantially by 28 percent to meet favorable food use demand. Abundant and price-competitive supplies in the Black Sea and Argentina also facilitate higher imports, especially with the devaluation of exporters' currencies against the Euro. In the first quarter of MY 2015/16, imports grew by 48 percent. Following a decline of 25 percent in exports in the first quarter of the marketing year exports, annual exports are projected to decline by 16 percent due to lower supply and tight regional competition in the Black Sea.

MY 2014/15

Marginal adjustments were made to oil production and stocks reflecting final higher crush use.

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

	MY 2014/15	MY 2015/16	MY 2016/17
Biofuels Use	240	230	230
Other Industrial Uses	0	0	0
Total Industrial Use	240	230	230

Source: FAS EU-28

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

Palm Kernel Meal

Meal, Palm Kernel	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jan 2015		Jan 2016		Jan 2017	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1	0	0	0	0	0
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
MY Imports	2184	2184	2100	2100	0	2100
MY Imp. from U.S.	0	0	0	0	0	0
Total Supply	2184	2184	2100	2100	0	2100
MY Exports	0	0	0	0	0	0
Industrial Dom. Cons.	500	500	500	500	0	500
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1684	1684	1600	1600	0	1600
Total Dom. Cons.	2184	2184	2100	2100	0	2100
Ending Stocks	0	0	0	0	0	0
Total Distribution	2184	2184	2100	2100	0	2100

Source: FAS EU-28

Palm Kernel Oil

Oil, Palm Kernel	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jan 2015		Jan 2016		Jan 2017	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1	0	0	0	0	0
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	98	98	96	59	0	43
Production	0	0	0	0	0	0
MY Imports	617	617	580	600	0	600
MY Imp. from U.S.	0	0	0	0	0	0
Total Supply	715	715	676	659	0	643
MY Exports	4	4	5	4	0	4
Industrial Dom. Cons.	200	240	180	220	0	220
Food Use Dom. Cons.	400	400	400	380	0	380
Feed Waste Dom. Cons.	15	12	10	12	0	12
Total Dom. Cons.	615	652	590	612	0	612
Ending Stocks	96	59	81	43	0	27
Total Distribution	715	715	676	659	0	643

Source: FAS EU-28

In 2016 and 2017, EU palm kernel meal use for feed is expected to decline slightly to about 1.60 million metric tons from 1.67 million metric tons in 2015. This reduction is a result of the stagnating supply in Asia 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.

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

Palm Oil

Oil, Palm	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jan 2015		Jan 2016		Jan 2017	
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	404	404	358	308	0	298
Production	0	0	0	0	0	0
MY Imports	6770	6770	6950	6700	0	6650
MY Imp. from U.S.	0	0	0	0	0	0
Total Supply	7174	7174	7308	7008	0	6948
MY Exports	116	116	160	100	0	100
Industrial Dom. Cons.	3450	3200	3500	3100	0	3050
Food Use Dom. Cons.	3000	3250	3100	3230	0	3230
Feed Waste Dom. Cons.	250	300	250	280	0	280
Total Dom. Cons.	6700	6750	6850	6610	0	6560
Ending Stocks	358	308	298	298	0	288
Total Distribution	7174	7174	7308	7008	0	6948

Source: FAS EU-28

Recent official trade figures report a reduction of EU palm oil imports by 200,000 metric tons in 2015. Reductions are reported for the Netherlands, Italy and Spain, while German palm oil imports increased.

EU imports of crude palm oil increased by nearly 500,000 metric tons, while imports of refined palm oil declined by nearly 700,000 metric tons. In 2016 and 2017, EU imports are forecast to further decline due to the tightening supply from Asia. As a result of its increased availability, soybean oil is expected to replace palm oil in both biofuels and feed rations. Due to the physical characteristics and non GM content, the replacement of palm oil in food preparations is expected to be limited. However, negative NGO campaigns about the environmental impact of palm oil production potentially hinder the further penetration in the food sector. Based on environmental considerations, the French Government proposed to impose an additional tax for food grade palm oil of 90 euro per metric ton as from 2017.

EU palm oil use for industrial purposes, including for generation of power and heat, and production of biofuels, is estimated at about 3.2 million metric tons in 2015. For 2015, the use of palm oil for biofuel production is estimated at 1.5 million metric tons. The use for biofuel production is expected to decline to about 1.4 and 1.35 million metric tons in 2016 and 2017, respectively. 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. 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. Spain is expected to continue to use significant volumes of palm oil for biodiesel and HVO production. The higher iodine number permitted in Spain allows for an intensive use of soybean and palm oil in biodiesel production for domestic consumption. According to our estimates, palm oil could make up for over 50 percent of the raw materials used in domestically produced biodiesel.

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 Roundtable on Sustainable Palm Oil (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 acceptance in the food market. In the EU, the sectors in the Netherlands, the United Kingdom and Belgium set the goal of using palm oil certified by the Roundtable on Sustainable Palm Oil (RSPO) or equivalent by the end of 2015. Final market figures are not yet public, but reportedly the sales of certified palm oil are close to reaching these goals. In 2014, the Dutch and the UK sector

reported both an equal share of 72 percent of certified palm oil on total domestic consumption. In 2015, the production of RSPO certified palm oil reached 13.5 million metric tons, which is about 21 percent of the annual global production.

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

	MY 2014/15	MY 2015/16	MY 2016/17
Biofuels Use	1,500	1,400	1,350
Other Industrial Uses	1,700	1,700	1,700
Total Industrial Use	3,200	3,100	3,050

Source: FAS EU-28

7. Peanut Complex

Coordinator Jennifer Wilson, FAS/London

Peanuts

Oilseed, Peanut	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 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
Beginning Stocks	18	18	18	18	0	18
Production	0	0	0	0	0	0
MY Imports	814	822	825	825	0	830
MY Imp. from U.S.	190	136	200	180	0	190
Total Supply	832	840	843	843	0	848
MY Exports	31	28	25	30	0	30
Crush	32	35	32	35	0	35
Food Use Dom. Cons.	748	756	765	757	0	760
Feed Waste Dom. Cons.	3	3	3	3	0	3
Total Dom. Cons.	783	794	800	795	0	798
Ending Stocks	18	18	18	18	0	20
Total Distribution	832	840	843	843	0	848
(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 increased by over ten percent between the marketing years 2005/2006 to 2014/2015. In-shell peanut imports into the EU declined by over thirty-seven percent in the same time period. The latter now comprises only 8 percent of total tonnage. China and the U.S. lead exports of in-shell to the EU, while Argentina dominates the shelled peanut trade. On the back of the U.S. record harvest in 2012 and ample supply through to MY 2015/2016, imports are estimated to increase from the U.S. 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. With a large supply of U.S. peanuts on the global market, Argentina is less likely to increase planting and production. However in MY 2015/16 both key suppliers are likely to have an adequate supply for export, therefore EU import and distribution is expected to slightly increase. Other suppliers include China 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	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	32	35	32	35	0	35
Extr. Rate, 999.9999	0.4375	0.4286	0.4375	0.4286	0	0.4286
Beginning Stocks	0	0	0	0	0	0
Production	14	15	14	15	0	15
MY Imports	4	4	7	4	0	4
MY Imp. from U.S.	0	0	0	0	0	0
Total Supply	18	19	21	19	0	19
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.	18	19	21	19	0	19
Total Dom. Cons.	18	19	21	19	0	19
Ending Stocks	0	0	0	0	0	0
Total Distribution	18	19	21	19	0	19
(1000 MT) ,(PERCENT)						

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 indicated that there was likely to be a lack of quality seeds going into 2015 production. This, coupled with unclear government support for Senegalese farmers, resulted in a decrease in peanut meal imports to the EU last marketing year to a very low level and an uncertain outlook for the forecast years.

Peanut Oil

Oil, Peanut	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	32	35	32	35	0	35
Extr. Rate, 999.9999	0.375	0.3429	0.375	0.3429	0	0.3429
Beginning Stocks	3	3	3	3	0	3
Production	12	12	12	12	0	12
MY Imports	73	71	75	70	0	68
MY Imp. from U.S.	0	0	0	0	0	0
Total Supply	88	86	90	85	0	83
MY Exports	4	3	3	3	0	3
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	81	80	84	79	0	77
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	81	80	84	79	0	77
Ending Stocks	3	3	3	3	0	3
Total Distribution	88	86	90	85	0	83
(1000 MT) ,(PERCENT)						

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 ten years, and is increasingly substituted by other oils (such as sunflower oil) in Europe. Senegal was the largest

supplier of peanut oil to the EU in MY 2014/15. Brazil was the leading supplier for the preceding 3 years and other suppliers include Argentina and Nicaragua. Since January 2014, Argentina and Brazil are no longer eligible for preferential access when trading with the EU. This new tariff scenario may bring opportunities to Central American and African countries, such as Senegal, that already play an important role in supply of peanut oil.

8. Fish Meal

Coordinator: Bob Flach, FAS/The Hague

Fish Meal

Meal, Fish	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jan 2015		Jan 2016		Jan 2017	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	0	0	0	0	0	0
Production	455	455	460	460	0	460
MY Imports	279	279	250	300	0	300
MY Imp. from U.S.	2	8	0	8	0	8
Total Supply	734	734	710	760	0	760
MY Exports	205	205	225	210	0	210
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	529	529	485	550	0	550
Total Dom. Cons.	529	529	485	550	0	550
Ending Stocks	0	0	0	0	0	0
Total Distribution	734	734	710	760	0	760

The EU is dependent on fishmeal imports to fulfill domestic demand. In 2015, EU imports and use of fishmeal declined due to lower production in South America and the increased availability of soybean meal. In 2016, imports and use are expected to recover due to higher exportable supplies in South America. 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 – 200,000 metric tons.

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

Copra is not produced and no longer processed in the EU-28. The EU-28 satisfies all its copra meal and coconut oil demand with imports.

Copra Meal

Meal, Copra	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jan 2015		Jan 2016		Jan 2017	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
MY Imports	2	3	3	3	0	3
MY Imp. from U.S.	0	0	0	0	0	0
Total Supply	2	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.	2	3	3	3	0	3
Total Dom. Cons.	2	3	3	3	0	3
Ending Stocks	0	0	0	0	0	0
Total Distribution	2	3	3	3	0	3
(1000 MT) ,(PERCENT)						

Source: FAS EU-28

Imports of copra meal have dropped significantly with India as the only significant supplier. Imports of copra meal are expected to remain flat at 3,000 t in 2015, 2016 and 2017.

Coconut Oil

Oil, Coconut	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jan 2015		Jan 2016		Jan 2017	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	34	34	34	34	0	31
Production	0	0	0	0	0	0
MY Imports	543	543	550	520	0	520
MY Imp. from U.S.	0	0	0	0	0	0
Total Supply	577	577	584	554	0	551
MY Exports	8	8	0	8	0	8
Industrial Dom. Cons.	210	210	210	200	0	200
Food Use Dom. Cons.	320	315	335	305	0	305
Feed Waste Dom. Cons.	5	10	5	10	0	10
Total Dom. Cons.	535	535	550	515	0	515
Ending Stocks	34	34	34	31	0	28
Total Distribution	577	577	584	554	0	551
(1000 MT) ,(PERCENT)						

Source: FAS EU-28

In 2015 EU imports of coconut oil have decreased to 543,000 t. Imports of coconut oil are expected to decrease further in 2016 due to high prices and lower production in the Philippines.

10. Cottonseed
Coordinator: Dimosthenis Faniadis, FAS/Rome

Please note that due to changed reporting requirements only cottonseed is included in this report. Previous reports also included cottonseed meal and cottonseed oil.

Cottonseed

Oilseed, Cottonseed	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
European Union	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Planted (Cotton)	360	0	330	0	0	0
Area Harvested (Cotton)	355	353	315	308	0	285
Beginning Stocks	89	89	69	67	0	42
Production	523	519	383	428	0	402
MY Imports	12	12	30	30	0	45
Total Supply	624	620	482	525	0	489
MY Exports	45	45	50	50	0	40
Crush	330	329	280	281	0	266
Food Use Dom. Cons.	0	2	0	2	0	2
Feed Waste Dom. Cons.	180	177	130	150	0	143
Total Dom. Cons.	510	508	410	433	0	411
Ending Stocks	69	67	22	42	0	38
Total Distribution	624	620	482	525	0	489

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 50,000 farmers grow cotton, producing about 80 percent of the EU crop. Thessaly, Macedonia, Thrace and mainland Greece are the major cotton-producing areas. Cotton is planted from March 1 to April 15; the crop life cycle is usually 170 to 210 days, depending on the variety and weather conditions. The harvest occurs from October 1 to November 30 and most of the cotton is 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 2016/17 cottonseed production is forecast to decrease 6 percent compared to the previous year. Spain's MY 2016/17 is forecast to be similar to the previous MY. Yields in both Greece and Spain are expected to be average.

Crush

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

Trade

Despite Greece used to be a major cottonseed exporter, the last years cottonseed exports are decreasing and are forecasted to further decrease. The EU-28 cottonseed exports decreased 21.5 percent comparing to the previous year. In Greece, small amounts of cotton are imported for blending in the domestic spinning industry. Spanish cottonseed domestic demand is also satisfied by imports.

11. Olive Oil
Coordinator: Marta Guerrero, FAS/Madrid

Olive Oil

Oil, Olive	2014/2015		2015/2016		2016/2017	
Market Begin Year	Nov 2014		Nov 2015		Nov 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	6,750	0	6,750	0	0	0
Beginning Stocks	431	431	99	100	0	230
Production	1,550	1,435	2,100	2,075	0	2,120
MY Imports	253	236	130	175	0	175
MY Imp. from U.S.	0	0	0	0	0	0
Total Supply	2,234	2,102	2,329	2,350	0	2,535
MY Exports	565	492	600	600	0	625
Industrial Dom. Cons.	20	20	20	20	0	20
Food Use Dom. Cons.	1,550	1,490	1,630	1,500	0	1,560
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	1,570	1,410	1,650	1,520	0	1,580
Ending Stocks	99	100	79	230	0	320
Total Distribution	2,234	2,102	2,329	2,350	0	2,535
1000 HA, 1000 TREES, 1000 MT						

Source: FAS EU-28

MY 2016/17

Rough estimates indicate similar olive oil production levels in the EU-28 for MY 2016/17 to those achieved in MY 2015/16, based on stable yields in Spain and production rebound in Italy and Greece. Average yields are projected for the other European producing countries. Two years of average harvests in a row would allow for stocks to replenish and continue the steady pace of export growth.

MY 2015/16

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.

After plummeting in MY 2014/15 due to unfavorable weather conditions in Spain and Portugal, a production recovery was registered in MY 2015/16.

In Spain, the world largest olive oil producing country, olive oil production is anticipated to reach 1.35 million MT in MY 2015/16, up from previous season levels. Dry conditions and warmer than normal temperatures during blooming and fruit setting prevented from achieving record yields.

Olive oil production in Portugal is anticipated to be one of the largest recorded as a consequence of restructuration, investments in irrigation and favorable weather conditions.

According to the latest industry estimates, in Italy, MY 2015/16 olive oil production is forecast to rebound to 350,000 MT from the 222,000 MT obtained in the previous season. MY 2014/15 2014 was as a particularly bad

year for Italian olive oil producers with groves enduring adverse weather, a fruit-fly blight, and a bacterial disease dubbed “olive tree leprosy” (*Xylella fastidiosa*). Many of Italy's oldest olive tree groves, some 500 years old, have been infected by the bacteria, causing plants to dry out, leaving shriveled stumps that are incapable of bearing fruit. In MY 2015/16 a rainy spring and a warm and dry summer contributed to reduced olive disease. Greece’s MY 2015/16 olive oil production is forecast to remain close to the previous year’s campaign, at 295,000 Metric Tons (MT), thanks to very good yields in the South of Greece (Peloponnese), particularly in prefectures of Messina and Ilia.

Consumption

Ample domestic supplies are anticipated to result in a tepid consumption recovery in the European Union, both in main olive oil producing member states are who also main consuming member states, but also in non-producing member states.

Trade

In MY 2014/15, despite the poor domestic crop in, EU exporters managed to keep high levels of exports. EU exporters will continue being determined to meet export commitments in third markets in MY 201516. As a result of the shorter domestic supply and the steady pace of exports, MY 2015/16 began with historically low levels of stocks. Despite the more ample domestic supply of olive oil in MY 2015/16, significant imports are still forecasted, the large majority of them originated in Tunisia.

Policy

A Commission Implementing Regulation amending Regulation (EC) 1918/2006 is pending from final approval by the Council of Ministers and publication in the European Union Official Gazette, as it already passed an EU parliament plenary voting on February 25, 2016.

This piece of regulation would open a two-year additional of tariff quota for olive oil originating in Tunisia. In particular, the EC will grant Tunisia with an annual quota of 35,000 MT of olive oil duty free to the EU until the end of 2017, in addition to the 56,700 MT referred to in the Association Agreement between the two parties.

The new Tunis olive oil TRQ would be enforced retroactively since January 1, 2016. It will not encourage additional imports as the EU will discount duties on the olive oil that Tunisia has already been exported to the EU.

12. Policy
Coordinator: Barrie Williams, FAS/USEU Brussels

The Common Agriculture Policy

The new Common Agriculture 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 applied from 2015.

One significant change is the “greening component” in Pillar 1, where the Commission provides that 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 – With environmentally sensitive grassland, farmers may not convert permanent grassland into another crop. The EU defines permanent grassland as grass that has been there for five years. For permanent grassland in general, farmers can convert but have to reconvert where the ratio of permanent grassland to agricultural land decreases too much in a region or Member State (MS).
- 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. Subject to a Commission report, this area may increase to seven percent after 2017. One option for EFAs is to have nitrogen-fixing crops, e.g. protein crops. It is up to each MS to decide whether to use this option or not.

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

Aid System for Oilseeds

Farmers do not receive specific payment for growing oilseeds. 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 (RED) 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 are 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 up to two percent of their national envelopes. Should any MS decide to use this possibility, the Commission has to be notified in advance. MS must have notified the Commission by August 2014 to benefit from this option from January 1, 2015. Similarly, if the MS wanted to use the coupled option from January 1, 2016, the Commission must have been notified by August 2015.
MS may grant a greater proportion (generally 8 percent but up to 13 percent in some MS, or above 13 percent subject to Commission approval) of their direct payment envelopes in the form of voluntary coupled support (VCS) 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. An optional additional aid of up to 2 percent of the

national ceiling is available for MS which decide to use at least 2 percent of the direct payments envelope to support production of protein crops.

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 (MGA) 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 ("non-food" set-aside). Output of these oilseeds was limited to 1 MMT of byproducts expressed in soybean meal equivalent annually. As the set-aside arrangements are no longer applicable in the CAP, the "non-food" set-aside scheme is similarly not applicable.

The BHA is triggered by crop specific payments. With the elimination of the crop specific payments, the BHA is maintained as a mechanism but is not used. However, if the introduction of VCS on oilseeds were to trigger the BHA, the Commission asserts that measures are in place to ensure that the MGA is not overshot.

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 the 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. 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. 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. The delay in approvals creates risks for the trade.

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. The Regulation, Commission Regulation (EU) No 619/2011 which entered into force on July 20, 2011, permits the inadvertent presence in feed shipments of up to 0.1 percent of a GE product unapproved in the EU, if the product is approved in the country of export and it has been three months since EFSA concluded its completeness check.

In effect with this “technical solution”, the EU chose not to introduce a commercially-viable policy to address the issue of LLP, but to maintain its zero tolerance position. Although the adoption of the “technical solution” demonstrates that the Commission is aware of the problems caused by asynchronous approvals, the fact that the measure is limited to 0.1 percent renders it commercially unviable.

Pesticides

The use of three neonicotinoids (clothianidin, imidacloprid and thiametoxam) has been restricted since December 1, 2013 for a period of two years on crops attractive to honeybees such as rapeseed, sunflowers, and soybeans (by Commission Implementing Regulation (EU) No 485/2013). The Commission’s action was a response to EFSA’s report which identified "high acute risks" for bees by the use of these pesticides. The restrictions applied to seed treatment, soil application (granules) and foliar treatment on bee attractive plants and cereals. This moratorium, which expired in December 2015, is currently being reviewed by the European Food Safety Authority (EFSA). The review is expected to be finished by the end of January 2017. The restrictions on the use of neonicotinoids remain in place while this review is carried out. The European Commission will propose, depending on the outcome of the review and if justified, to further modify the conditions of approval of the three neonicotinoids.

13. Oilseeds GAIN Reports (EU-28 and Member States since January 2015)

Olive Harvest Begins with Historically Low Oil Stocks|Oilseeds and Products|Madrid|Spain|11/17/2015

After plummeting in MY 2014/15, Spain’s olive oil production is anticipated to return to average levels in MY 2015/16. The smaller MY2014/15 crop, combined with the steady pace of exports through MY2014/15, lead to the depletion of the olive oil stocks. Hence, should the steady pace of exports continues, the anticipated increased domestic supply will not be sufficient for stock recovery.
Olive Harvest Begins with Historically Low Oil Stocks_Madrid_Spain_11-10-2015

Oilseeds and Products Market Update|Oilseeds and Products|Sofia|Bulgaria|11/9/2015

The first tentative post-harvest data on 2015 oilseeds crops showed rapeseed production in line with AgSofia’s earlier forecast, however, the sunflower crop declined due to the summer heatwave. Sunflower harvest has been completed at 96% as of October 30 and production is estimated at 1.7 MMT. Soybean crop had much higher planted area due to new subsidies this year but the lack of farming experience and summer heat/dryness resulted in a low crop, currently estimated by AgSofia at 40,000 MT. ...
Oilseeds and Products Market Update_Sofia_Bulgaria_11-4-2015

EU-28 Oilseeds Market Update|Oilseeds and Products Grain and Feed Biofuels|Vienna|EU-28|10/30/2015

This report provides EU-28 production, supply, and demand forecasts for major EU oilseeds, protein meals and related products.
EU-28 Oilseeds Market Update_Vienna_EU-28_10-22-2015

Biofuels Sector Update|Biofuels Grain and Feed Oilseeds and Products|Sofia|Bulgaria|8/26/2015

The Bulgarian Renewable Energy Act (REA) established a national target of 16% of renewable energy in total energy consumption and 10% in transportation fuel consumption by 2020, and 6% share in the total reduction of GHG emissions based on sustainability criteria. Biofuel mandates lagged behind the goals and accounted for 5.7% in 2014. In July 2015, Bulgarian legislators postponed bioethanol mandates for 3 years and the current mandate of 7% will not be changed until 2018. Biodiesel producers p...

Biofuels Sector Update_Sofia_Bulgaria_8-13-2015

Portugal Biofuels Standing Report 2015|Biofuels Oilseeds and Products|Madrid|Portugal|8/13/2015

The Portuguese biofuels sector faces new challenges since 2015 as biodiesel production quotas have been phased-out and sustainability requirements have been fully enforced. At the same time, new opportunities exist for biofuel producers in the Portuguese market as consumption targets have been moved up from 5.5 to 7.5 percent in terms of energy and a 2.5 percent bioethanol specific-target has been introduced.
Portugal Biofuels Standing Report 2015_Madrid_Portugal_7-27-2015

Biofuels Market Outlook in Poland 2015|Biofuels Oilseeds and Products|Warsaw|Poland|8/11/2015

In 2014 Poland's total production amounted to 0.7 MMT of biodiesel and 0.14 MMT of bioethanol. For the last few years, imports of bioethanol from other EU countries increased significantly, while local production went down. There is a significant surplus of current domestic production capacity in both biodiesel and bioethanol markets in Poland and further investments in this area are not expected. For the year 2015, the National Indicative Target (NIT) for Poland was set at 7.1 percent. It will ...
Biofuels Market Outlook in Poland 2015_Warsaw_Poland_8-5-2015

Oilseeds Market Update|Oilseeds and Products Grain and Feed Biofuels|Vienna|EU-28|8/10/2015

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_8-5-2015

Biofuels Annual 2015|Biofuels Oilseeds and Products Grain and Feed Agriculture in the Economy|Prague|Czech Republic|8/4/2015

The Czech Republic implemented the EU legislation and has set targets for greenhouse gas (GHG) savings and for the share of biofuels and renewable electricity in transportation on total consumption. Sufficient production capacities and feedstock should allow meeting of those targets.
Biofuels Annual 2015_Prague_Czech Republic_7-29-2015

Planting Seed Market in Poland - Outlook 2015|Agricultural Situation Biotechnology - GE Plants and Animals Grain and Feed Oilseeds and Products Planting Seeds|Warsaw|Poland|8/4/2015

Poland is one of the major agricultural plant producers in the EU, with great potential for future planting seed market development. The currant planting seed market value is very low and inadequate for Poland's agricultural productive potential. Sales of certified planting seed show a growing tendency in the last few years, but the dynamics of growth is very slow. Poland is a net importer of planting seeds. In the last five years the average planting seed imports value amounted to U.S. $210 mil...
Planting Seed Market in Poland - Outlook 2015_Warsaw_Poland_7-30-2015

Crop Update|Grain and Feed Oilseeds and Products|Prague|Czech Republic|7/27/2015

Dry weather with high temperatures resulted in slightly earlier start of grains and rapeseed harvest. Drought causes smaller grains and lower yields. MY2015/16 harvest is forecast to be average, with the sowing area remaining almost unchanged.
Crop Update_Prague_Czech Republic_7-22-2015

Sunflower Market Diversification and Development|Oilseeds and Products Product Brief|Sofia|Bulgaria|7/10/2015

Over the last several years, the Bulgarian oilseeds industry has invested in expanding capacities, diversifying and adding value to some of the major field crops. This trend has been most pronounced with the sunflower crop. While until recently Bulgaria was a net exporter of sunflower seeds, lately the country has increased its crushing capacity. The industry also invested in new processing businesses such as production of bakery sunflower seeds for human consumption. In 2015 Bulgaria may e...
Sunflower Market Diversification and Development_Sofia_Bulgaria_7-6-

2015

Warm Spring Drives Down Spanish Winter Grains Harvest|Grain and Feed Oilseeds and Products|Madrid|Spain|7/1/2015

Good yields were expected for most of Spain's grain growing regions until early May when high temperatures and lack of precipitation significantly reduced harvest expectations. Spain's central plateau is the area most affected by the hot weather. The winter crop cycle had almost ended when the unusually high temperatures withered the grains in the South. Some Northern grain growing regions can still expect average yields thanks the milder prevailing temperatures and to rain during the first h...
Warm Spring Drives Down Spanish Winter Grains Harvest_Madrid_Spain_6-22-2015

Position Paper on the Future of Livestock Feeding |Biotechnology - GE Plants and Animals Biotechnology and Other New Production Technologies Oilseeds and Products Agriculture in the News Livestock and Products|Berlin|Germany|6/30/2015

The Federal Association of the German Retail Grocery Trade (BVLH) has adopted a position paper on the feeding of livestock. The paper says that "the vast majority of companies" would support genetically engineered (GE) free protein feed. BVLH represents all food retailers in Germany,
Position Paper on the Future of Livestock Feeding _Berlin_Germany_6-5-2015

Oilseeds and Products Annual 2015|Oilseeds and Products|Prague|Czech Republic|5/4/2015

Marketing years 2013/14 and 2014/15 were both record breaking: in MY2013/14 rapeseed area in the Czech Republic exceeded the threshold of 400,000 hectares, while in MY2014/15 the yield reaching almost 4 MT/HA resulted in record high rapeseed production of 1.54 million MT. Sunflower production has been declining because of its lowering profitability.
Oilseeds and Products Annual 2015_Prague_Czech Republic_4-28-2015

Weather conditions impact Romanian oilseed crop|Oilseeds and Products|Bucharest|Romania|4/30/2015

Weather conditions impacted rapeseed planting in the fall of 2014 leading to poor emergence. Excessive moisture contributed further to plant deterioration. Part of the rapeseed area to be replanted will be covered by sunflower seeds MY 2015/16, which was otherwise expected to fall more significantly as a result of low returns last year. The upward trend in the soybean area is boosted by the recent Romanian Government decision to include soybean among the crops eligible for EU couple support. Rom...
Weather conditions impact Romanian oilseed crop_Bucharest_Romania_4-29-2015

Oilseeds and Products Sector Update|Oilseeds and Products|Sofia|Bulgaria|4/22/2015

The first tentative official data on 2014 crop production published in late March showed a higher than previously expected area and production of oilseeds in MY2014/15. Based on the new data, total oilseeds area in MY2014/15 is increased by 4% and total production by 12%. Recent dynamic development of the oilseeds sector outlines key new trends in MY2014/15 and MY2015/16 as follows: Declining rapeseeds area due to lower profitability, the ban on neonicotinoids and current less optimistic pr...
Oilseeds and Products Sector Update_Sofia_Bulgaria_4-17-2015

Poland - Rapeseed and Products Annual - Spring 2015|Oilseeds and Products Agricultural Situation Biofuels|Warsaw|Poland|4/21/2015

For marketing year (MY) 2015/16, planted area of rapeseed is expected to diminish 2.3 percent in response to declining rapeseed prices as some producers switch to grains. As of the first week of April, the rapeseed crop development was assessed well with good prospects for abundant harvest. Poland's total production of rapeseed for MY 2015/16 is forecast to decline by 7 percent to 3 million metric tons (MMT). FAS Warsaw is forecasting the lower production number than in last (record) 2014 year ...
Poland - Rapeseed and Products Annual - Spring 2015_Warsaw_Poland_4-16-2015

Select Decreasing Production of Oilseeds, Except for Soybeans|Oilseeds and Products|Vienna|EU-28|4/3/2015

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 increa...
Oilseeds and Products Annual_Vienna_EU-28_3-31-2015

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

14. Related GAIN Reports (EU-28 since January 2015)

Select EU Pork Exports Forecast to Reach a New Record|Livestock and Products|The Hague|EU-28|2/24/2016

Changes in EU livestock policies led to a surge of beef and pork production in 2015. This year, production is expected to remain high. As the domestic and export market is unable to absorb the additional supply, meat is being stockpiled. These quantities are impacting prices, and will support a further export growth of both beef and pork through 2016.
Livestock and Products Semi-annual_The Hague_EU-28_2-19-2016

Legal Opinion on New Plant Breeding Techniques (NBTs) to be Publishe|Biotechnology and Other New Production Technologies|Brussels USEU|EU-28|2/19/2016

The legal analysis carried out by the European Commission (EC) on whether or not certain New Plant Breeding Techniques, known as NBTs, fall under the scope of the European GMO legislation is expected to be published during the first half of 2016. The Commission's legal interpretation will likely impact the use of these technologies in both private and public sectors' efforts to innovate plant breeding in the EU and globally.
Legal Opinion on New Plant Breeding Techniques (NBTs) to be Publishe_Brussels USEU_EU-28_2-16-2016

EU-28 Oilseeds Market Update|Oilseeds and Products Grain and Feed Biofuels|Vienna|EU-28|10/30/2015

This report provides EU-28 production, supply, and demand forecasts for major EU oilseeds, protein meals and related products.
EU-28 Oilseeds Market Update_Vienna_EU-28_10-22-2015

Select European Dairy Industry Adjusts to the Post-Quota Realities. |Dairy and Products|Warsaw|EU-28|10/21/2015

Despite of the drop of farm-gate milk prices and reduced export demand for cheese and whole dried milk, deliveries of milk in the European Union are expected to increase by 1.1 percent in 2015 and continue to grow into 2016. Increased milk production is expected to be mainly processed into butter and non-fat dried milk, which remain in demand on the world market. In 2015 the European Commission introduced market intervention measures which are expected to help farmers to adjust to the new mark...
Dairy and Products Annual_Warsaw_EU-28_10-16-2015

19 European countries restrict the cultivation of GE crops |Biotechnology - GE Plants and Animals|Paris|EU-28|10/19/2015

A European Union (EU) directive that allows EU Member States (MS) to ban the cultivation of genetically engineered (GE) plants in their respective territories for non-scientific reasons was adopted in March 2015. Under the transitional measures, the MS had until October 3, 2015 to request to be excluded from the geographical scope of the authorizations already

granted or in the pipeline. Nineteen countries have decided to "opt out" of GE crops cultivation for all or part of their territories. T...
19 European countries restrict the cultivation of GE crops _Paris_EU-28_10-13-2015

Select EU Meat Production Hits Boundaries|Livestock and Products|The Hague|EU-28|9/14/2015

In 2016, cattle herd levels are expected to grow marginally for the EU as a whole, but there will be a great deal of fluctuation within several EU Member States due to the abolishment of the EU milk quota this year. Elevated swine slaughter, mostly in Spain and Germany, will result in an excess supply of pork that cannot be absorbed by the current level of EU demand. As a result, the EU is forecast to export a record volume of pork in 2015. The current negative market conditions are anticipate...
Livestock and Products Annual_The Hague_EU-28_9-9-2015

Pork Markets Swimming in EU Pork|Livestock and Products Agricultural Situation Agriculture in the News|Brussels USEU|EU-28|9/9/2015

On September 7 an extra-ordinary Agricultural Council will be held in Brussels. It was called by the Luxembourg EU presidency in response to farmers' protests in various member states against low prices for mainly diary, pork and fruit and vegetables. Large numbers of farmers from various member states are expected to gather in Brussels, bringing tractors and cows in front of the EU institutions. This crisis results from the 2014 Russian ban on agricultural imports at a time that EU productio...
Pork Markets Swimming in EU Pork_Brussels USEU_EU-28_9-4-2015

A Perfect Storm for EU Dairy Prices|Dairy and Products Agricultural Situation|Brussels USEU|EU-28|8/20/2015

Milk production margins in the European Union (EU) have turned negative in recent months as EU farmers continued to increase production following the end of the EU dairy quota system on April 1, 2015, while ignoring decreasing world dairy demand. The extension of the 2014 Russian embargo on agricultural imports has added additional downward pressure on dairy markets. This has led farmers in France to start protests, blocking roads, but also retail distribution centers and supermarkets. Belgi...
A Perfect Storm for EU Dairy Prices_Brussels USEU_EU-28_8-19-2015

Oilseeds Market Update|Oilseeds and Products Grain and Feed Biofuels|Vienna|EU-28|8/10/2015

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_8-5-2015

2015|Biotechnology and Other New Production Technologies|Paris|EU-28|7/27/2015

In the European Union, 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 by lea...
Agricultural Biotechnology Annual_Paris_EU-28_7-23-2015

EU Biofuels Annual 2015|Biofuels|The Hague|EU-28|7/22/2015

On April 28, 2015, the European Parliament approved the reform of the RED, which includes a 7 percent cap on food crop based biofuels for the transport sector. The current blending of food crop based ethanol and biodiesel is estimated at respectively 3.3 and 4.3 percent. Further growth in the use of conventional biofuels will mainly depend on the successful introduction of the higher blends such as E10 and E85. But widespread use of these blends is hampered by the low fossil fuel prices and i...
Biofuels Annual_The Hague_EU-28_7-15-2015

Crop update - all eyes are on the weather|Grain and Feed|London|EU-28|7/22/2015

The grain harvest is now under way in most Member States. Following an extended period of dry weather across much of

the EU28 in the spring, which continued and worsened into the early summer in the west, attention is focusing on the size and quality of the wheat and barley crops as well as the development of the corn crop. With the weather over the coming weeks remaining a key influencing factor, the total MY2015/16 EU28 grain crop is revised to just over 305 MMT, down nearly 21 MMT on the re...
Crop update - all eyes are on the weather_London_EU-28_7-20-2015

Biofuel Mandates in the EU by Member State|Biofuels Trade Policy Monitoring|Berlin|EU-28|7/16/2015

This report provides an overview on the biofuel use mandates in the various EU-28 member states.
Biofuel Mandates in the EU by Member State_Berlin_EU-28_7-13-2015

Dairy, Milk, Fluid, Dairy, Cheese, Dairy, Butter, Dairy, Milk, Nonfat Dry, Dairy, Dry Whole Milk Powder Semi-annual|Dairy and Products|Warsaw|EU-28|5/20/2015

After a record jump of milk production in 2014, the increase of output is expected to decline in 2015 due to slower export demand, decrease of world market prices and high level of commercial stocks of dairy commodities. On March 31, 2015, European milk quota system was terminated. In expectation of price volatility the European Commission introduced in September 2014 and extended till September 2015 a temporary Private Storage Aid program for butter and Non Fat Dried Milk. Although the Russi...
Dairy and Products Semi-annual_Warsaw_EU-28_5-13-2015

Select 2015|Grain and Feed|London|EU-28|4/10/2015

The outlook for the MY2015/16 EU28 grain crop is positive with another sizeable crop forecast, albeit down from the record volume achieved in MY2014/15. With the exception of some challenges in Romania and Bulgaria, winter crops benefitted from good planting conditions. A mild winter has seen crops develop well although recent conditions have been a little wet, notably in Hungary and its near neighbors. Spring planting is now under way, albeit subject to some weather-related delays in the sou...
Grain and Feed Annual_London_EU-28_3-27-2015

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

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