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Oilseeds and Products Annual

2010

Approved By:

Charles Rush

Prepared By:

Roswitha Krautgartner, Marie-Cecile Henard, Sabine Lieberz, Monica Dobrescu, Bob Flach, Asa Wideback, Marta Guerrero, Karin Bendz, and the group of FAS oilseeds specialists in the EU

Report Highlights:

EU-27 oilseeds area in MY 2010/11 is forecast to increase by 4 percent. This is largely a result of an increasing rapeseed area. It is expected that the increase in area will not translate into higher EU-27 oilseeds production which assumes more normal yields rather than the exceptional yields in MY 2009/10.

Total EU-27 oilseeds crush is expected to remain flat in MY 2010/11. Because of the demand from the biodiesel sector, rapeseed crush is forecast to continue its upward trend, but at a much lower pace than in previous marketing years.

The use of oilseed meals is expected to increase by 0.4 percent in MY 2010/11, following a 3.7 percent increase in MY 2009/10. The increased use of oilseeds meals is driven by reduced availability of feed grains, a large

supply and competitive prices of soybean meal from Brazil and Argentina, as well as increasing feed demand from a recovering animal sector.

The use of vegetable oils for biofuels is expected to increase by 2 percent in MY 2010/11 and by 13.5 percent in MY 2009/10. Rapeseed oil is the primary feedstock for biodiesel processing, accounting for about 80 percent, while the percentage of palm oil is estimated at 9 percent and soybean oil at 8 percent.

Executive Summary:

Introduction

This report presents the outlook for oilseeds in the EU-27. The data in this report is based on the views of Foreign Agricultural Service (FAS) analysts in the EU and is not official USDA data.

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

Karin Bendz	USEU/FAS Brussels covering EU policy
Mila Boshnakova	FAS/Sofia covering Bulgaria
Bob Flach	FAS/The Hague covering the Benelux Countries
Marta Guerrero	FAS/Madrid covering Spain and Portugal
Mike Hanley	FAS/Dublin covering Ireland
Marie-Cecile Henard	FAS/Paris covering France
Monica Dobrescu	FAS/Bucharest covering Romania
Roswitha Krautgartner	FAS/Vienna covering Austria, and Slovenia
Sabine Lieberz	FAS/Berlin covering Germany
Agata Kingsbury	FAS/Warsaw covering Poland, Estonia, Latvia, and Lithuania
Jana Mikulasova	FAS/Prague covering the Czech Republic and Slovakia,
Ferenc Nemes	FAS/Budapest covering Hungary
Sandro Perini	FAS/Rome covering Italy
Asa Wideback	FAS/Stockholm covering Sweden, Finland, and Denmark
Jennifer Wilson	FAS/London covering the U.K.

The FAS EU-27 oilseeds reporting team would like to thank Yoonhee Macke from FAS/OGA, FAS/ Kiev, and FAS/Ankara for their 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-27	= European Union of 27 member states (Austria, Belgium, Bulgaria, 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)
f	= Forecast (of a value/number for the next, not yet started, marketing year)
Ha	= Hectares
GE	= Genetically engineered / Genetically engineered organisms
MT	= Metric ton (1000 kg)
MMT	= Million metric tons
MS	= EU Member State(s)
MY	= Marketing year
SME	= Soybean meal equivalent
U.K.	= United Kingdom
U.A.E.	= United Arab 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

Table of Contents

- 1. Total Oilseeds and Summary**
- 2. Soybean Complex**
- 3. Rapeseed Complex**
- 4. Sunflower Complex**
- 5. Palm Kernel Complex**
- 6. Palm Oil**
- 7. Peanut Complex**
- 8. Fish Meal**
- 9. Copra Complex**
- 10. Cottons Seed Complex**
- 11. Olive Oil**
- 12. Policy**

1. Total Oilseeds and Summary

Coordinator: Roswitha Krautgartner, FAS/Vienna

Total Oilseeds PSD

Commodity:	Total Oilseeds (1000 HA / 1000 MT)						
Marketing Year	MY 2008/09			MY 2009/10			MY 2010/11
	USDA official	Post Old	Post New	USDA official	Post Old	Post New	Post New
Area	10,537	10,556	10,501	11,186	11,015	11,056	11,017
Beginning Stocks	2,059	2,229	2,059	3,059	2,870	2,887	2,510
Production	27,075	27,213	27,208	29,695	28,256	29,663	29,989
Extra EU27 imports	17,974	17,851	17,974	16,790	15,185	15,280	16,160
TOTAL SUPPLY	47,108	47,293	47,251	49,544	46,311	47,830	48,659
Extra EU27 exports	646	653	724	852	765	785	833
Crush	39,488	39,705	40,555	41,566	39,035	40,485	42,085
Food Use	1,055	1,123	1,041	1,112	1,134	1,044	1,067
Feed, Seed, Waste	2,869	2,868	2,356	2,932	2,608	2,771	2,320
TOTAL DOMESTIC USE	43,412	43,696	43,945	45,610	42,777	44,300	45,472
Ending Stocks	3,050	2,944	2,582	3,082	2,769	2,745	2,354
TOTAL DISTRIBUTION	47,108	47,293	47,251	49,544	46,311	47,830	48,659

EU-27 oilseeds area in **MY 2010/11** is forecast to increase by 4 percent. This is largely a result of an increasing rapeseed area as a result of the demand for biofuels and high profitability for producers. A significant increase of 16 percent can also be seen for soybean area. However, due to the overall low level of soybean production in the EU-27, this will not increase production significantly. Rapeseed is the most important oilseed grown in EU-27 followed by sunflowers and soybeans.

In **MY 2009/10** total EU-27 oilseeds area increased by 4 percent which was mainly due to an increase of rapeseed area.

Table 1: EU-27 Area of Major Oilseeds (in 1,000 ha)

Area	2008	2009e	2010f
Rapeseed	6,245	6,498	6,900
Sunflower	3,740	3,900	3,915
Soybeans	236	304	354
Cottonseed	280	250	250
Total	10,501	10,952	11,419

Note: Table excludes area for olive trees, linseeds, and safflower. The years refer to the calendar year in which the harvest occurs (e.g. 2008 = harvested in CY 2008, marketed in MY 2008/09)

In spite of an increase in area planted, EU-27 oilseeds production for marketing in **MY 2010/11** is forecast to marginally decrease by 0.3 percent compared to MY 2009/10. This assumes more normal yields rather than the exceptional yields (especially for rapeseed) observed in MY 2009/10. However, this estimate is conservative and may be revised in future months. If rapeseed yields turn out as high as in MY 2009/10, EU-27 oilseeds production in MY 2010/11 could reach 30.5 MMT (a 2.6 percent increase from MY 2009/10). Due to increased

area, soybean production is expected to rise accordingly, although remaining marginal compared to rapeseed and sunflower seed production.

Due to an increased acreage and exceptionally favorable weather conditions, EU-27 oilseeds production in **MY 2009/10** was a record level of 29.7 MMT.

Table 2: EU-27 Oilseed Production (in 1,000 MT)

Production	2008	2009e	2010f
Rapeseed	18,989	21,446	21,100
Sunflower	7,100	7,000	7,100
Soybeans	639	863	1,015
Cottonseed	445	420	420
Total	27,173	29,729	29,635

Note: Table excludes olives, linseeds, and safflower. The years refer to the calendar year in which the harvest occurs (e.g. 2008 = harvested in CY 2008, marketed in MY 2008/09)

Total EU-27 oilseeds crush is expected to remain flat in **MY 2010/11**. Because of the demand from the biodiesel sector, rapeseed crush is forecast to continue its upward trend, but at a much lower pace than in previous marketing years, as MS biofuels mandates are expected to stagnate. As a result of increased rapeseed meal production and higher soybean meal imports, soybean crush will be lower in MY 2010/11 resulting in lower imports of soybeans. Sunflower crush is expected to remain at the level of MY2009/10.

In **MY 2009/10** EU-27 oilseeds crush is estimated to increase by 20 percent compared to the previous marketing year. This is mainly due to higher rapeseed crush for biofuels production and an increase in EU crushing capacity.

Table 3: EU-27 Oilseed Crush (in 1,000 MT)

Crush	MY 2008/09	MY 2009/10e	MY 2010/11f
Rapeseed	21,300	23,300	23,450
Sunflower	6,050	6,150	6,150
Soybeans	12,860	12,400	12,300
Cottonseed	300	290	290
Peanut	45	45	45
Total	40,555	42,185	42,235

Note: Crush for olive oil production is not included

Total meals PSD

Commodity:	Total Meals (1000 MT)						
	MY 2008/09			MY 2009/10			MY 2010/11
Marketing Year	USDA official	Post Old	Post New	USDA official	Post Old	Post New	Post New
Crush	39,818	40,275	41,955	39,866	39,635	42,185	18,785

Extraction Rate							
Beginning Stocks	1,348	1,402	1,252	858	1,218	1,419	696
Production	25,706	25,800	27,072	25,776	25,225	26,759	13,559
Extra EU27 imports	26,682	27,219	26,655	27,572	26,528	27,731	27,954
TOTAL SUPPLY	53,736	54,421	54,979	54,206	52,971	55,909	42,209
Extra EU27 exports	943	816	999	900	815	910	735
Industrial	540	285	260	484	277	365	410
Food Use	32	32	32	32	32	32	32
Feed, Seed, Waste	51,381	51,995	52,639	51,788	50,634	53,216	40,299
TOTAL DOMESTIC USE	51,957	52,312	52,931	52,304	50,943	53,663	40,741
Ending Stocks	836	1,293	1,049	1,002	1,213	1,336	733
TOTAL DISTRIBUTION	53,736	54,421	54,979	54,206	52,971	55,909	42,209

Source: FAS EU-27

Increased rapeseed meal production, lower soybean meal production, and flat sunflower meal production will result in flat total EU-27 oilseeds meals production in **MY 2010/11**. The increased rapeseed meal production is largely absorbed by the animal feed sector. In total, EU-27 oilseeds meal use for feed, seed and waste will rise slightly in MY 2010/11. The increased use of oilseed meals is driven by the reduced availability of feed grains and a large supply and competitive prices for soybean meal from Brazil and Argentina. In addition, overall demand for feed is increasing because of recovering livestock and a stable poultry sector.

In **MY 2009/10** oilseeds meal production is estimated to increase by 3 percent through higher crush compared to the previous marketing year. The ample world availability of soybeans in South America in the second half of the marketing year is expected to result in lower prices for soybean meal (soybean meal in feed rations is favored).

Table 4: Feed, Seed, Waste Use of Oil Meals in the EU-27 (in 1,000 MT)

Feed, Seed, Waste Use	MY 2008/09	MY 2009/10e	MY 2010/11f
Soybeans	31,100	32,050	32,200
Rapeseed	11,583	12,863	13,030
Sunflower	5,400	5,000	4,900
Palm Kernel	2,201	2,250	2,250
Fish Meal	720	747	740
Cottonseed	167	159	159
Peanut	27	32	35
Copra	24	15	15
Total	51,222	53,116	53,329

Table 5: Feed, Seed, Waste Use of Oil Meals in the EU-27 (in 1,000 MT of SME)

Feed, Seed, Waste Use in SME	MY 2008/09	MY 2009/10e	MY 2010/11f
Soybean meal	31,100	32,050	32,200
Rapeseed meal	8,241	9,152	9,271

Sunflower meal	5,099	4,721	4,627
Fish meal	1,040	1,079	1,069
Palm kernel meal	783	801	801
Peanut meal	30	36	39
Copra meal	11	7	7
Total	46,305	47,846	48,014

SME = soybean meal equivalent

Total Oils PSD

Commodity:	Total Oils (1000 MT)						
	MY 2008/09			MY 2009/10			MY 2010/11
Marketing Year	USDA official	Post Old	Post New	USDA official	Post Old	Post New	Post New
Crush	39,818	40,275	41,955	39,866	39,635	42,185	18,785
Extraction Rate							
Beginning Stocks	1,853	1,543	1,946	1,954	1,480	1,833	1,368
Production	15,585	15,735	16,363	15,560	15,614	16,569	7,034
Extra EU27 imports	8,965	8,629	8,979	8,279	8,588	8,814	8,308
TOTAL SUPPLY	26,403	25,907	27,270	25,793	25,682	27,216	16,710
Extra EU27 exports	1,261	1,197	1,190	1,131	976	1,085	962
Industrial	3,883	2,628	9,270	3,739	2,455	3,115	2,455
Biofuels	5,860	7,779	1,569	6,100	7,970	8,529	1,719
Food Use	13,004	12,381	13,004	12,670	12,301	12,321	9,736
Feed, Seed, Waste	438	424	434	433	433	468	462
TOTAL DOMESTIC USE	23,185	23,212	24,277	22,942	23,159	24,430	14,372
Ending Stocks	1,957	1,498	1,803	1,720	1,547	1,698	1,376
TOTAL DISTRIBUTION	26,403	25,907	27,270	25,793	25,682	27,216	16,710

Source: FAS EU-27

While food use of vegetable oils is fairly stable, biofuels use continues to increase in **MY 2010/11** but to a lesser extent than in MY2009/10, as a result of stagnating biofuels mandates in MS, following steady increases in the past few years. The use of oils for biofuels is expected to increase by 2 percent in MY 2010/11 following an increase of 13.5 percent in MY 2009/10. Rapeseed oil is the primary feedstock for biodiesel processing, accounting for about 80 percent, while the percentage of palm oil is estimated at 9 percent and soybean oil at 8 percent.

2. Soybean Complex

Coordinator: Marie-Cecile Henard

EU-27 Soybean PSD

Oilseed, Soybean EU-27	2008	2009	2010
	2008/2009	2009/2010	2010/2011
	Market Year Begin: Oct 2008	Market Year Begin: Oct 2009	Market Year Begin: Oct 2010

	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post	
			Data			Data			Data	
Area Planted	250	244	236	350	294	304			354	(1000 HA)
Area Harvested	239	244	236	370	294	304			354	(1000 HA)
Beginning Stocks	814	817	814	560	630	574			623	(1000 MT)
Production	641	653	639	990	784	863			1,015	(1000 MT)
MY Imports	13,213	13,300	13,213	13,000	13,220	12,800			12,500	(1000 MT)
MY Imp. from U.S.	2,231	0	0	2,680	0	0			0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0			0	(1000 MT)
Total Supply	14,668	14,770	14,666	14,550	14,634	14,237			14,138	(1000 MT)
MY Exports	22	30	22	30	30	25			25	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0			0	(1000 MT)
Crush	12,860	12,900	12,860	12,500	12,800	12,400			12,300	(1000 MT)
Food Use Dom. Cons.	110	110	110	120	110	137			140	(1000 MT)
Feed Waste Dom. Cons.	1,116	1,100	1,100	1,150	1,100	1,052			1,101	(1000 MT)
Total Dom. Cons.	14,086	14,110	14,070	13,770	14,010	13,589			13,541	(1000 MT)
Ending Stocks	560	630	574	750	594	623			572	(1000 MT)
Total Distribution	14,668	14,770	14,666	14,550	14,634	14,237			14,138	(1000 MT)

Source: FAS EU-27

MY 2010/11:

EU domestic production is expected to increase in MY 2010/11, mainly due to rising acreage planted to soybeans in Italy and an increase in area planted in France, although far less than in Italy. Despite this increase, domestic supply is estimated to remain marginal relative to imports.

MY 2009/10:

The first half of the marketing year was characterized by short supplies from South American suppliers (Brazil and Argentina) and from the United States. Several U.S. shipments were blocked at EU borders in fall 2009 as a result of them containing low level presence of unapproved biotech corn events. This trade issue was finally resolved by European authorities, who were forced to accelerate their approval process to meet the demand of the animal feed industry, and shipments were released in December. The ample supply of grains, rapeseed meal, and dried distillers grains are estimated to have temporarily offset the European soybean meal shortage in October and November 2009 in animal feed.

In March 2010, the large supply in South American soybeans (in Brazil and Argentina) is anticipated to influence a significant increase in EU imports of soybean meal, but not in soybeans for the following reasons: first, Argentina and Brazil are likely to crush more domestic soybeans to produce increased volumes of soybean oil to be used as biofuel; second, the EU crushing capacity is absorbing larger quantities of rapeseed at the expense of soybeans; and third, the EU demand for soybean oil is shrinking, pushing down the European demand for soybean crush.

The reduced EU soybean demand from the crushing industry is likely to result in lower soybean imports.

EU-27 Soybean meal PSD

Meal, Soybean EU- 27	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post
			Data			Data			Data
Crush	12,86 0	12,90 0	12,86 0	12,50 0	12,80 0	12,40 0		12,30 0	(1000 MT)
Extr. Rate, 999.9999	1.	1.	0.793 2	1.	1.	0.790 3		0.788 6	(PERCENT)
Beginning Stocks	1,065	1,199	1,065	130	1,007	643		451	(1000 MT)
Production	10,13 1	10,25 0	10,20 0	9,848	10,15 0	9,800		9,700	(1000 MT)
MY Imports	20,98 0	22,00 0	20,97 4	22,40 0	21,80 0	22,50 0		23,00 0	(1000 MT)
MY Imp. from U.S.	227	0		150	0				(1000 MT)
MY Imp. from EU	0	0		0	0				(1000 MT)
Total Supply	32,17 6	33,44 9	32,23 9	32,37 8	32,95 7	32,94 3		33,15 1	(1000 MT)
MY Exports	467	400	454	420	400	400		400	(1000 MT)
MY Exp. to EU	0	0		0	0				(1000 MT)
Industrial Dom. Cons.	10	10	10	10	10	10		10	(1000 MT)
Food Use Dom. Cons.	32	32	32	32	32	32		32	(1000 MT)
Feed Waste Dom. Cons.	31,53 7	32,00 0	31,10 0	31,50 0	31,50 0	32,05 0		32,20 0	(1000 MT)
Total Dom. Cons.	31,57 9	32,04 2	31,14 2	31,54 2	31,54 2	32,09 2		32,24 2	(1000 MT)

Ending Stocks	130	1,007	643	416	1,015	451		509	(1000 MT)
Total Distribution	32,176	33,449	32,239	32,378	32,957	32,943		33,151	(1000 MT)

Source: FAS EU-27

MY 2010/11:

The large supply and competitive prices of soybean meal from Brazil and Argentina, combined with the increased European demand for animal feed ingredients, mainly from the poultry sector, are expected to increase the European feed use of soybean meal. As European soybean meal production is projected to decline, as a result of the increased rapeseed meal production, EU soybean meal imports are likely to increase to meet domestic demand.

The large South American soybean crop in 2010 is expected to result in larger EU imports of soybean meal not only in the second half of MY 2009/10, but also in the first half of MY 2010/11. Competitive prices are likely to make European feed compounders use increased volumes of soybean meal, resulting in increased imports. In addition, a partial recovery in the economic situation in Europe is expected to result in higher poultry meat consumption, resulting in higher demand for soybean meal in animal feed rations.

However, the increase in European soybean meal use in animal feed is likely to be slow, as a new Low Level Presence (LLP) issue on EU-unauthorized biotech events may occur again in winter 2010. Also, the domestic grain harvest is projected to rebound in 2010, influencing their incorporation in animal feed at the expense of imported meals.

MY 2009/10:

The ample availability of soybeans in South America as of spring 2010 is expected to result in lower prices in both soybeans and soybean meal, favoring soybean meal incorporation into animal feed rations. Although rapeseed meal partially offset soybean meal in animal feed in the past years, soybean meal remains an excellent ingredient for feed compounders, who are likely to take advantage of lower market prices to raise their incorporation of soybean meal. Consequently, European traders are anticipating an increase in imports of soybean meals.

EU-27 Soybean oil PSD

Oil, Soybean EU- 27	2008			2009			2010			
	2008/2009			2009/2010			2010/2011			
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010			
	USDA Official Data		New Post Data	USDA Official Data		New Post Data	USDA Official Data		New Post Data	
Crush	12,860	12,900	12,860	12,500	12,800	12,400			12,300	(1000 MT)

Extr. Rate, 999.9999	0.	0.	0.1827	0.	0.	0.1774			0.1789	(PERCENT)
Beginning Stocks	211	237	211	140	142	261			231	(1000 MT)
Production	2,314	2,325	2,350	2,250	2,310	2,200			2,200	(1000 MT)
MY Imports	793	900	792	450	1,100	600			550	(1000 MT)
MY Imp. from U.S.	3	0		3	0					(1000 MT)
MY Imp. from EU	0	0		0	0					(1000 MT)
Total Supply	3,318	3,462	3,353	2,840	3,552	3,061			2,981	(1000 MT)
MY Exports	399	250	399	250	250	270			270	(1000 MT)
MY Exp. to EU	0	0		0	0					(1000 MT)
Industrial Dom. Cons.	1,085	1,350	1,073	1,000	1,450	1,040			1,000	(1000 MT)
Food Use Dom. Cons.	1,564	1,600	1,500	1,320	1,600	1,400			1,350	(1000 MT)
Feed Waste Dom. Cons.	130	120	120	130	120	120			120	(1000 MT)
Total Dom. Cons.	2,779	3,070	2,693	2,450	3,170	2,560			2,470	(1000 MT)
Ending Stocks	140	142	261	140	132	231			241	(1000 MT)
Total Distribution	3,318	3,462	3,353	2,840	3,552	3,061			2,981	(1000 MT)

Source: FAS EU-27

The European demand for soybean oil is on a declining trend, both for food use and for biodiesel use. Because some oil may be produced from biotech seed, the European food industry tends to avoid using this product, and instead use a substitute to avoid biotech labeling. The use of soybean oil in biodiesel is threatened by the new sustainability criteria implemented in 2010 by the EU, as the reduction in green house gas emissions by soybean-based biodiesel does not meet, to date, EU requirements. In addition, to comply with the EU biodiesel standard EN14214, only a portion of the feedstock may consist of soybean oil. Industry reports that it is currently more cost effective for the European biodiesel and petroleum manufactures/blenders to buy the soybean oil based biodiesel on the world market to blend it with domestically produced rapeseed oil based biodiesel than producing soybean oil based biodiesel in the EU.

The decline in EU domestic demand for soybean oil in MY 2009/10 and MY 2010/11 is expected to result in reduced imports of soybean oil, while production would decline in MY 2009/10 and remain stable in MY 2010/11.

3. Rapeseed Complex

Coordinator: Sabine Lieberz

The demand for rapeseed oil from the biodiesel sector continues to be the main driver for the rapeseed complex markets in the EU-27.

EU-27 Rapeseed PSD

Oilseed, Rapeseed EU- 27	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data	New Post	
			Data			Data			Data
Area Planted	6,370	0	6,245	6,500	0	6,498		6,900	(1000 HA)
Area Harvested	6,244	6,245	6,245	6,591	6,555	6,498		6,900	(1000 HA)
Beginning Stocks	961	1,139	961	1,844	1,699	1,394		1,407	(1000 MT)
Production	19,013	19,047	18,989	21,425	21,280	21,446		21,100	(1000 MT)
MY Imports	3,342	3,341	3,341	2,500	1,300	2,500		2,800	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0		0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0		0	(1000 MT)
Total Supply	23,316	23,527	23,291	25,769	24,279	25,340		25,307	(1000 MT)
MY Exports	98	98	97	200	140	133		140	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0		0	(1000 MT)
Crush	20,400	20,730	21,300	22,700	21,600	23,300		23,450	(1000 MT)
Food Use Dom. Cons.	0	0	0	0	0	0		0	(1000 MT)
Feed Waste Dom. Cons.	974	1,000	500	1,050	1,000	500		500	(1000 MT)
Total Dom. Cons.	21,374	21,730	21,800	23,750	22,600	23,800		23,950	(1000 MT)
Ending Stocks	1,844	1,699	1,394	1,819	1,539	1,407		1,217	(1000 MT)
Total Distribution	23,316	23,527	23,291	25,769	24,279	25,340		25,307	(1000 MT)

Source: FAS EU-27

MY 2010/11

EU-27 rapeseed area for harvest in the summer of 2010 is estimated six percent higher than in 2009, as a result of high profitability compared to competing crops and favorable planting conditions. With the exception of Denmark, and the Czech and the Slovak Republics, all EU MS increased their rapeseed area, albeit to different degrees. The area increase is most pronounced in Romania, Bulgaria, Poland, and the UK. In other MS, such as Germany, the increase is limited by crop rotation. To maintain proper phytosanitary conditions rapeseed should not be grown on the same field more than once every four years.

So far there are no reports of major winter kill and rapeseed plantings appear to be in good condition. Nonetheless, it is unlikely that the record yields of 2009 will be reproduced and yields are expected to return to more average levels. As a result, EU-27 rapeseed production is expected to moderately decline by 1.6 percent. However, if yields are as good as in the previous year, production could reach 22 million MT.

Fuelled by demand from the biodiesel sector crush is forecast to continue its upward trend, albeit at a much lower pace than in previous marketing years. The supply gap that results from lower domestic rapeseed production is expected to be filled by higher imports compared to MY 2009/10 and by reducing stock levels.

Imports from Canada are not expected to increase as crushers want to avoid biotech rapeseed varieties as these would require establishing separate processing chains for biotech and no-biotech rapeseed varieties.

MY 2009/10

Rapeseed production for marketing in MY2009/10 set new records. Preliminary final data is even slightly higher than estimated in October 2009 (see GAIN report E49079). At 21.4 million MT production was 13 percent higher than in the previous season as a result of higher acreage and record yields. Ample domestic rapeseed production in combination with high beginning stocks is expected to lead to a 25 percent decline in imports. Nonetheless, with expected 2.5 million MT, this will leave imports at a level that is considerably higher than the average of MY 2000/01 through MY 2007/08, when EU rapeseed imports ranged from 55,000 MT to 687,000 MT.

Rapeseed crush is expected to increase by 9 percent as crush capacity is expanding in Poland and France in response to demand from local biodiesel producers. In addition, utilization of existing capacity is expected to increase in Austria, Germany, and the UK. Multi-seed crushing plants in the Netherlands are increasingly crushing rapeseed rather than soybeans.

EU-27 Rapeseed Meal PSD

Meal, Rapeseed EU- 27	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post
			Data			Data			Data
Crush	20,40	20,73	21,30	22,70	21,60	23,30			23,45

(1000 MT)

	0	0	0	0	0	0		0	
Extr. Rate, 999.9999	1.	1.	0.561	1.	1.	0.562		0.562	(PERCENT)
						2		9	
Beginning Stocks	101	191	101	95	378	453		640	(1000 MT)
Production	11,74	11,70	11,95	13,06	12,20	13,10		13,20	(1000 MT)
	4	0	0	8	0	0		0	
MY Imports	171	171	171	150	150	130		125	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0		0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0		0	(1000 MT)
Total Supply	12,01	12,06	12,22	13,31	12,72	13,68		13,96	(1000 MT)
	6	2	2	3	8	3		5	
MY Exports	162	161	161	230	160	175		175	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0		0	(1000 MT)
Industrial Dom. Cons.	0	32	25	0	17	5		10	(1000 MT)
Food Use Dom. Cons.	0	0	0	0	0	0		0	(1000 MT)
Feed Waste Dom. Cons.	11,75	11,49	11,58	13,00	12,00	12,86		13,03	(1000 MT)
	9	1	3	0	1	3		0	
Total Dom. Cons.	11,75	11,52	11,60	13,00	12,01	12,86		13,04	(1000 MT)
	9	3	8	0	8	8		0	
Ending Stocks	95	378	453	83	550	640		750	(1000 MT)
Total Distribution	12,01	12,06	12,22	13,31	12,72	13,68		13,96	(1000 MT)
	6	2	2	3	8	3		5	

Source: FAS EU-27

Rapeseed meal production is projected to increase in MY 2009/10 and again in MY 2010/11 in line with increased crush. The increased production is largely absorbed by the domestic animal feed sector, despite a projected moderate decline in animal numbers in the EU-27. This development is augmented by the reduced availability of feed grains especially in MY 2009/10 and to a lesser extent in MY 2010/11. In some MS rapeseed meal displaces sunflower meal in the feed rations. In addition, the high domestic production reduces the need for imports.

Industrial use of rapeseed meal for heating purposes is currently only occurring in Hungary. It is expected to rebound in MY2010/11 after a drop in MY2009/10.

Outlook on future use of rapeseed meal for animal feed

The EU-27 is already using considerable amounts of rapeseed meal in animal feed, however, there is still room for further expansion. The extent to which rapeseed meal can replace soybean meal and other protein sources in animal feed depends on the animal species and production stage. The potential share of rapeseed meal is highest in dairy cattle feed and lowest in feed for calves and laying hens. The popularity of rapeseed meal for animal feed varies among MS. Its use is most pronounced in MS that have a long rapeseed crushing history and a high dairy production. For years the oilseeds industry in these MS has been engaged in educational campaigns that promote the benefits of rapeseed meal in animal production. In these countries the potential to further expand the rapeseed meal share in feed rations is somewhat limited. Countries that fall in this category include Germany, France, the Benelux, and the UK. In other MS, namely in the South-Eastern part of the EU, farmers' reservation about this ingredient are only slowly diminishing and rapeseed meal use is gradually increasing. Judging from the experience in other MS, it may take a couple of years until these countries reach

levels comparable to those of more traditional users. In Poland the Association of Feed Producers, the Federation of Cattle Breeders and Milk Producers, and the Association of Swine Breeders and Producers "POLSUS " have announced a campaign to build awareness of the value of rapeseed meal and cake under the banner "Rapeseed meal - a valuable source of protein and energy".

EU-27 Rapeseed Oil PSD

Oil, Rapeseed EU-27	2008			2009			2010			
	2008/2009			2009/2010			2010/2011			
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010			
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Officia l Data		New Post	
			Data			Data			Data	
Crush	20,40 0	21,30 0	21,30 0	22,70 0	23,30 0	23,30 0			3,450	(1000 MT)
Extr. Rate, 999.9999	0.	0.	0.417 8	0.	0.	0.416 3			2.840 6	(PERCENT)
Beginning Stocks	169	169	169	374	356	356			330	(1000 MT)
Production	8,472	8,900	8,900	9,432	9,700	9,700			9,800	(1000 MT)
MY Imports	454	454	454	400	460	460			450	(1000 MT)
MY Imp. from U.S.	85	0	0	80	0	0			0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0			0	(1000 MT)
Total Supply	9,095	9,523	9,523	10,20 6	10,51 6	10,51 6			10,58 0	(1000 MT)
MY Exports	142	141	141	120	150	150			150	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0			0	(1000 MT)
Industrial Dom. Cons.	5,831	6,512	6,512	6,560	7,440	7,440			7,565	(1000 MT)
Food Use Dom. Cons.	2,743	2,500	2,500	3,195	2,580	2,580			2,600	(1000 MT)
Feed Waste Dom. Cons.	5	14	14	5	16	16			15	(1000 MT)
Total Dom. Cons.	8,579	9,026	9,026	9,760	10,03 6	10,03 6			10,18 0	(1000 MT)
Ending Stocks	374	356	356	326	330	330			250	(1000 MT)
Total Distribution	9,095	9,523	9,523	10,20 6	10,51 6	10,51 6			10,58 0	(1000 MT)

Source: FAS EU-27

Increasing demand for rapeseed oil for biodiesel production in MY 2009/10 and to a lesser extent in MY 2010/11 is the main driver for the expected higher rapeseed oil production and stable imports of rapeseed oil. The U.A.E., the United States, and Russia were the main sources for EU-27 rapeseed oil imports in MY 2008/09. In the first half of MY 2009/10, Russia and Belarus have expanded their market share at the expense of the United States. Biofuel production is the major use of rapeseed oil in the EU-27. In MY 2010/11, 66 percent of the total rapeseed oil supply is expected to be used for this purpose. However, the rapid expansion of the past couple

years is expected to slow down in MY 2010/11 as biodiesel use mandates are expected to stagnate. Food use is expected to continue its slow but steady increase. In Germany, the UK, and France, this is the result of the health benefits associated with the consumption of this oil. In Austria, one brand markets its rapeseed oil as “GMO free”. In Poland rapeseed oil is popular with consumers because it is less expensive than sunflower and olive oil on the Polish market.

4. Sunflower Complex

Coordinator: Monica Dobrescu

EU-27 Sunflower Seeds PSD

Oilseed, Sunflowerseed EU- 27	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post
			Data			Data			Data
Area Planted	3,725	0	0	3,800	0	0		0	(1000 HA)
Area Harvested	3,754	3,740	3,740	3,900	3,900	3,900		3,915	(1000 HA)
Beginning Stocks	239	252	239	610	602	580		460	(1000 MT)
Production	6,940	7,050	7,100	6,825	7,100	7,000		7,100	(1000 MT)
MY Imports	615	580	616	450	400	400		350	(1000 MT)
MY Imp. from U.S.	70	0	70	70	0	0		0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0		0	(1000 MT)
Total Supply	7,794	7,882	7,955	7,885	8,102	7,980		7,910	(1000 MT)
MY Exports	455	380	455	550	500	550		600	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0		0	(1000 MT)
Crush	5,880	6,030	6,050	6,000	6,100	6,150		6,150	(1000 MT)
Food Use Dom. Cons.	295	270	270	290	270	270		270	(1000 MT)
Feed Waste Dom. Cons.	554	600	600	580	600	550		550	(1000 MT)
Total Dom. Cons.	6,729	6,900	6,920	6,870	6,970	6,970		6,970	(1000 MT)
Ending Stocks	610	602	580	465	632	460		340	(1000 MT)
Total Distribution	7,794	7,882	7,955	7,885	8,102	7,980		7,910	(1000 MT)

Source: FAS EU-27

MY 2010/11

Despite the current high seed price, the increase in sunflower area is forecast to be only marginal. Favorable weather conditions and sufficient soil moisture are expected to influence yields positively. Lower availability of sunflower seeds on the world market is expected to result in a lower imports in the EU-27, while the strengthening of seed price will make exports more attractive.

Prospects for increasing the price of sunflower oil are expected to keep profitability for the crushing industry high, hence the stable demand. Food and feed use is forecast to remain steady.

MY 2009/10

The sunflower seed area expanded by 4 percent compared to the previous year, France and Spain contributed significantly to this enlargement. Nevertheless, the area of expansion at the EU level did not result in higher output since Romania and Hungary obtained lower yields than expected which were not offset by the better yields recorded in France and Spain.

Lower seed production in the major supplying countries, such as Ukraine and Argentina, is expected to negatively impact EU-27 import demand. On the other hand, Turkey implemented a trade regime which enables Turkish crushers to imports seeds at lower import duties. This is expected to remove a significant amount of sunflower seeds from the EU market, mainly from Bulgaria.

Increasing crushing margins are leading to a higher sun seeds demand for crush, adding more pressure on the ending stocks, compared to the previous year. Food use is stable, while feed use declines as high prices reduce its competitiveness compared to other feed ingredients.

EU-27 Sunflower Meal PSD

Meal, Sunflowerseed 27	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post
			Data			Data			Data
Crush	5,880	6,030	6,050	6,000	6,100	6,150			6,150
Extr. Rate, 999.9999	1.	1.	0.5322	1.	1.	0.5333			0.5333
Beginning Stocks	69	76	69	296	261	292			222
Production	3,210	3,220	3,220	3,275	3,250	3,280			3,280
MY Imports	2,483	2,200	2,483	2,150	1,700	2,000			1,850
MY Imp. from U.S.	0	0	0	0	0	0			0
MY Imp. from EU	0	0	0	0	0	0			0
Total Supply	5,762	5,496	5,772	5,721	5,211	5,572			5,352
MY Exports	80	85	80	120	85	100			100
MY Exp. to EU	0	0	0	0	0	0			0
Industrial Dom. Cons.	4	0	0	4	0	150			150
Food Use Dom. Cons.	0	0	0	0	0	0			0
Feed Waste Dom. Cons.	5,382	5,150	5,400	5,403	4,850	5,100			4,900
Total Dom. Cons.	5,386	5,150	5,400	5,407	4,850	5,250			5,050

Ending Stocks	296	261	292	194	276	222			202
Total Distribution	5,762	5,496	5,772	5,721	5,211	5,572			5,352

Source: FAS EU-27

MY 2010/11

Considering the stable crush, sunflower meal production will remain flat in MY 2010/11. The forecast for a decline in sunflower meal production in the traditional supplying countries along with an abundant supply of soybean and rapeseeds meals worldwide will influence feed-compounders to reduce the sun meal share in the feed formulas. Hence, the import demand is expected to decrease marginally, and so will the feed use.

MY 2009/10

Higher crush volume will result in a higher sunflower meal output. Prospects for lower sunflower meal production in Argentina and Ukraine will result in a sharp drop in imports compared to the previous year.

In addition, competitive soybean meal prices are expected to lead to lower levels of sunflower meal in the feeding formula, thus the drop in the feed use, more pronounced in the second half of the current marketing year. Nevertheless, apart from its main use in feeding, sunflower meal will become affordable for other uses such as heating, which is reflected in the industrial use estimate.

In the first trimester of the current MY, foreign demand for sunflower meal was boosted following legislation approved in Turkey in October 2009 which resulted in a ban on biotech soybean meal imports. Increasing demand in Syria, Lebanon, and Egypt also contributed to the boost in exports. Hence, sunflower meal exports are estimated to be at a higher level.

EU-27 Sunflower Oil PSD

Oil, Sunflowerseed EU- 27	2008			2009			2010			
	2008/2009			2009/2010			2010/2011			
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010			
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Officia l Data		New Post	
		Data			Data			Data		
Crush	5,880	6,030	6,050	6,000	6,100	6,150			6,150	(1000 MT)
Extr. Rate, 999.9999	0.	0.	0.4165	0.	0.	0.4228			0.4228	(PERCENT)
Beginning Stocks	201	94	201	242	142	236			252	(1000 MT)
Production	2,335	2,520	2,520	2,383	2,550	2,600			2,600	(1000 MT)
MY Imports	1,007	1,000	995	850	1,000	900			900	(1000 MT)
MY Imp. from U.S.	1	0	0	0	0	0			0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0			0	(1000 MT)
Total Supply	3,54	3,61	3,716	3,47	3,69	3,736			3,752	(1000 MT)

	3	4		5	2				
MY Exports	143	125	143	140	125	140			145 (1000 MT)
MY Exp. to EU	0	0	0	0	0	0			0 (1000 MT)
Industrial Dom. Cons.	263	345	335	240	345	340			340 (1000 MT)
Food Use Dom. Cons.	2,893	2,980	2,980	2,830	2,980	2,980			3,000 (1000 MT)
Feed Waste Dom. Cons.	2	22	22	2	24	24			25 (1000 MT)
Total Dom. Cons.	3,158	3,347	3,337	3,072	3,349	3,344			3,365 (1000 MT)
Ending Stocks	242	142	236	263	218	252			242 (1000 MT)
Total Distribution	3,543	3,614	3,716	3,475	3,692	3,736			3,752 (1000 MT)

Source: FAS EU-27

MY 2010/11

Sunflower oil is the main driver for sunflower seed crushing, and is expected to be stable, leading to the same sunflower oil output as in the previous year. As the economies recover and consumers regain the consumption appetite, sunflower oil use directly by consumers or as an ingredient in the food-processing sector is foreseen to further rise, although marginally. Sunflower oil demand is expected to be covered to a large extent from EU sources, and imports remain stable.

Biodiesel use is constant; an increase is unlikely since rapeseed oil proves to be far more suitable for this purpose considering both price and technical parameters.

MY 2009/10

Sunflower oil production is expected to grow as a result of higher profitability. In addition a price appreciation in the second half of the marketing year as a result of lower supplies worldwide is expected, which will lead to falling imports. For the same reason, sunflower oil exports are estimated to intensify towards the end of the MY.

Food use is expected to remain stable despite competition from rapeseed oil. No significant changes in trends are predicted for biodiesel and industrial uses.

5. Palm Kernel Complex

Coordinator: Bob Flach

Palm kernel is not produced or processed in the EU-27. Thus, there is no palm kernel seed PSD in this report. The EU-27 imports its total requirements of palm kernel meal and palm kernel oil it is using.

Meal, Palm Kernel EU- 27	2008		2009		2010	
	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011	
	USDA Official Data	New Post	USDA Official Data	New Post	USDA Official Data	New Post
		Data		Data		Data

Crush	25	0	0	25	0	0		0	(1000 MT)
Extr. Rate, 999.9999	1.	0.	0.	1.	0.	0.		0.	(PERCENT)
Beginning Stocks	0	0	0	0	0	0		0	(1000 MT)
Production	14	0	0	14	0	0		0	(1000 MT)
MY Imports	2,451	2,350	2,451	2,350	2,375	2,500		2,500	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0		0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0		0	(1000 MT)
Total Supply	2,465	2,350	2,451	2,364	2,375	2,500		2,500	(1000 MT)
MY Exports	0	0	0	0	0	0		0	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0		0	(1000 MT)
Industrial Dom. Cons.	494	250	250	453	250	250		250	(1000 MT)
Food Use Dom. Cons.	0	0	0	0	0	0		0	(1000 MT)
Feed Waste Dom. Cons.	1,971	2,100	2,201	1,911	2,125	2,250		2,250	(1000 MT)
Total Dom. Cons.	2,465	2,350	2,451	2,364	2,375	2,500		2,500	(1000 MT)
Ending Stocks	0	0	0	0	0	0		0	(1000 MT)
Total Distribution	2,465	2,350	2,451	2,364	2,375	2,500		2,500	(1000 MT)

Source: FAS EU-27

EU import and feed use of palm kernel meal increased in 2009 compared to 2008. It is expected that feed use will stabilize in 2010 and 2011 as a result of the abundance of other meals, mainly rapeseed meal and soybean meal. The feed use is expected to remain on a high level due to the growing supply from Indonesia and Malaysia, which makes it a competitive feed material. During 2008 and 2009, the domestic price of palm kernel meal declined more significantly than prices of grains and other oilseed meals. About half of the 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 of total feed. Germany and France also use palm kernel meal in livestock feed. In the Netherlands, palm kernel meal is also used as feedstock for power plants. The import and use of palm kernel oil is forecast to drop during 2010 and 2011 due to the increased supply of other vegetable oils mainly rapeseed oil and palm oil.

Oil, Palm Kernel 27	EU-	2008		2009		2010				
		2008/2009		2009/2010		2010/2011				
		Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011				
		USDA Official Data	New Post	USDA Official Data	New Post	USDA Official Data	New Post			
			Data		Data		Data			
Crush		25	0	0	25	0	0		0	(1000 MT)
Extr. Rate, 999.9999		0.	0.	0.	0.	0.	0.		0.	(PERCENT)
Beginning Stocks		31	0	31	39	0	29		25	(1000 MT)
Production		11	0	0	11	0	0		0	(1000 MT)
MY Imports		622	560	622	620	540	610		600	(1000 MT)
MY Imp. from U.S.		0	0	0	0	0	0		0	(1000 MT)
MY Imp. from EU		0	0	0	0	0	0		0	(1000 MT)
Total Supply		664	560	653	670	540	639		625	(1000 MT)

MY Exports	11	3	12	10	3	12			12	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0			0	(1000 MT)
Industrial Dom. Cons.	105	310	360	104	295	355			350	(1000 MT)
Food Use Dom. Cons.	493	235	240	503	230	235			230	(1000 MT)
Feed Waste Dom. Cons.	16	12	12	16	12	12			12	(1000 MT)
Total Dom. Cons.	614	557	612	623	537	602			592	(1000 MT)
Ending Stocks	39	0	29	37	0	25			21	(1000 MT)
Total Distribution	664	560	653	670	540	639			625	(1000 MT)

Source: FAS EU-27

6. Palm Oil

Coordinator: Bob Flach

Oil, Palm 27	EU-	2008			2009			2010			
		2008/2009			2009/2010			2010/2011			
		Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			Market Year Begin: Jan 2011			
		USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post	
				Data			Data			Data	
Area Planted		0	0	0	0	0	0			0	(1000 HA)
Area Harvested		0	0	0	0	0	0			0	(1000 HA)
Trees		0	0	0	0	0	0			0	(1000 TREES)
Beginning Stocks		268	257	268	497	232	282			292	(1000 MT)
Production		0	0	0	0	0	0			0	(1000 MT)
MY Imports		5,264	4,600	5,351	4,800	4,600	5,375			5,400	(1000 MT)
MY Imp. from U.S.		0	0	0	0	0	0			0	(1000 MT)
MY Imp. from EU		0	0	0	0	0	0			0	(1000 MT)
Total Supply		5,532	4,857	5,619	5,297	4,832	5,657			5,692	(1000 MT)
MY Exports		132	150	132	165	150	150			150	(1000 MT)
MY Exp. to EU		0	0	0	0	0	0			0	(1000 MT)
Industrial Dom. Cons.		1,675	1,375	2,165	1,565	1,375	2,100			2,110	(1000 MT)
Food Use Dom. Cons.		2,968	2,850	2,770	2,925	2,850	2,825			2,850	(1000 MT)
Feed Waste Dom. Cons.		260	250	270	260	250	290			300	(1000 MT)
Total Dom. Cons.		4,903	4,475	5,205	4,750	4,475	5,215			5,260	(1000 MT)
Ending Stocks		497	232	282	382	207	292			282	(1000 MT)
Total Distribution		5,532	4,857	5,619	5,297	4,832	5,657			5,692	(1000 MT)

Source: FAS EU-27

EU palm oil imports have grown from 5.0 MMT in 2008 to about 5.4 MMT in 2009, an increase of eight percent. During the past ten years, imports of refined palm oil stabilized at about 1.4 MMT, while imports of crude oil increased from 1.1 MMT to 4.0 MMT. This growth is mainly attributable to the opening of palm oil refineries in the port of Rotterdam during this period. Currently, the refining capacity in this port is estimated at about 1.5 MMT per year. Although the price of palm oil has nearly doubled since 2007, the price margin with soybean, rapeseed, and sunflower oil remained intact. Currently, the FOB Rotterdam palm oil price is about a fifth lower than that of these other main vegetable oils. This margin made palm oil an economical alternative in the growing EU oils and fats market.

Palm oil use for industrial purposes, including combustion for heat and electricity generation and production of biofuels, increased from about 1.4 MMT in 2008 to nearly 2.2 MMT in 2009. During 2009, the combustion of palm oil for heat and electricity generation increased substantially in Germany and Italy. As of July 2010, this use is expected to decline as a result of uncertainties regarding the availability of certified sustainably produced palm oil. Biodiesel production is forecast to remain a growth market for palm oil. For 2008, the use of palm oil for biodiesel production is estimated at 500,000 MT, and is expected to grow to about 750,000 MT in 2011. The use of palm oil for biodiesel production is forecast to increase particularly in the Netherlands. In the port of Rotterdam, two biodiesel plants intend to use predominantly palm oil as feedstock. One plant, with a capacity of about 200,000 MT is operational and reportedly just started production. Another plant, with a capacity of about 800,000 MT is forecast to be operational in 2011. Palm oil use by the food processing and feed compound industry is expected to increase due to further market penetration. The main factor on which these sectors are choosing palm oil as an ingredient is the beneficial price margin with other vegetable oils. The food industry also claims the low content of trans-fatty acids as an important factor.

7. Peanut Complex

Coordinator Jennifer Wilson

Oilseed, Peanut 27	EU-	2008			2009			2010			
		2008/2009			2009/2010			2010/2011			
		Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010			
		USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post	
				Data			Data			Data	
Area Planted		0	0	0	0	0	0			0	(1000 HA)
Area Harvested		0	0	0	0	0	0			0	(1000 HA)
Beginning Stocks		7	10	7	5	11	14			11	(1000 MT)
Production		0	1	0	0	1	0			0	(1000 MT)
MY Imports		717	810	725	714	820	700			730	(1000 MT)
MY Imp. from U.S.		75	0	75	75	0	60			70	(1000 MT)
MY Imp. from EU		0	0	0	0	0	0			0	(1000 MT)

Total Supply	724	821	735	719	832	714			741	(1000 MT)
MY Exports	21	20	20	21	20	20			25	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0			0	(1000 MT)
Crush	45	45	45	45	45	45			45	(1000 MT)
Food Use Dom. Cons.	650	742	660	650	752	635			655	(1000 MT)
Feed Waste Dom. Cons.	3	3	3	3	3	3			3	(1000 MT)
Total Dom. Cons.	698	790	701	698	800	683			703	(1000 MT)
Ending Stocks	5	11	14	0	12	11			13	(1000 MT)
Total Distribution	724	821	735	719	832	714			741	(1000 MT)

Source: FAS EU-27

Imports of whole peanuts are forecast to be slightly down (3 percent) over the previous year for MY 2009/10, with recovery expected in MY 2010/11. U.S. market share is fairly static at around 10 percent. The major constraint to increasing sales of U.S. peanuts is price. Another important constraint is the demand by the EU for very low aflatoxin levels – this makes it a less attractive target market for U.S. producers.

Meal, Peanut 27	EU-	2008		2009		2010		
		2008/2009		2009/2010		2010/2011		
		Market Year Begin: Oct 2008		Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		
		USDA Official Data	New Post	USDA Official Data	New Post	USDA Official Data	New Post	
			Data		Data		Data	
Crush		45	45	45	0		0	(1000 MT)
Extr. Rate, 999.9999		0.	0.	0.	0.	0.	0.	(PERCENT)
Beginning Stocks		0	0	0	0	0	0	(1000 MT)
Production		20	20	20	20	20	20	(1000 MT)
MY Imports		7	7	7	10	12	12	(1000 MT)
MY Imp. from U.S.		0	0		0	0		(1000 MT)
MY Imp. from EU		0	0		0	0		(1000 MT)
Total Supply		27	27	27	30	32	32	(1000 MT)
MY Exports		0	0		0	0		(1000 MT)
MY Exp. to EU		0	0		0	0		(1000 MT)
Industrial Dom. Cons.		0	0		0	0		(1000 MT)
Food Use Dom. Cons.		0	0		0	0		(1000 MT)
Feed Waste Dom. Cons.		27	27	27	30	32	32	(1000 MT)
Total Dom. Cons.		27	27	27	30	32	32	(1000 MT)
Ending Stocks		0	0		0	0		(1000 MT)
Total Distribution		27	27	27	30	32	32	(1000 MT)

Source: FAS EU-27

Following two years of badly affected crops, the main supplier of peanut meal to the EU, Senegal, had a bumper crop of peanuts in MY 2009/10. In addition, the Senegalese government is putting in place incentives to increase their peanut crop and exports of peanut products. Peanut meal has successfully been substituted for other meals in the last two years, but given Senegal's position, the forecast shows a recovery to import levels of around 12-15,000 MT.

Oil, Peanut 27	EU-	2008			2009			2010		
		2008/2009			2009/2010			2010/2011		
		Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010		
		USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post
				Data			Data			Data
Crush		45	0	45	45	0		0	(1000 MT)	
Extr. Rate, 999.9999		0.	0.	0.3556	0.	0.	0.	0.	(PERCENT)	
Beginning Stocks		5	5	5	5	5	5	5	(1000 MT)	
Production		16	16	16	16	16	16	16	(1000 MT)	
MY Imports		76	76	76	76	96	96	95	(1000 MT)	
MY Imp. from U.S.		0	0		0	0		0	(1000 MT)	
MY Imp. from EU		0	0		0	0		0	(1000 MT)	
Total Supply		97	97	97	97	117	117	116	(1000 MT)	
MY Exports		3	3	3	2	2	2	3	(1000 MT)	
MY Exp. to EU		0	0		0	0		0	(1000 MT)	
Industrial Dom. Cons.		0	0		0	0		0	(1000 MT)	
Food Use Dom. Cons.		89	89	89	90	110	110	110	(1000 MT)	
Feed Waste Dom. Cons.		0	0		0	0		0	(1000 MT)	
Total Dom. Cons.		89	89	89	90	110	110	110	(1000 MT)	
Ending Stocks		5	5	5	5	5	5	3	(1000 MT)	
Total Distribution		97	97	97	97	117	117	116	(1000 MT)	

Source: FAS EU-27

Brazil, Argentina and Senegal are the main suppliers for peanut oil.

8. Fish Meal

Coordinators: Asa Wideback and Bob Flach

Meal, Fish 27	EU-	2008			2009			2010		
		2008/2009			2009/2010			2010/2011		
		Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			Market Year Begin: Jan 2010		
		USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post
				Data			Data			Data
Catch For Reduction		1,620	0	0	1,620	0	0		0	(1000 MT)
Extr. Rate, 999.9999		0.	0.	0.	0.	0.	0.		0.	(PERCENT)
Beginning Stocks		18	22	18	27	20	27		20	(1000 MT)
Production		500	500	405	500	500	405		405	(1000 MT)

MY Imports	559	450	559	500	450	570			570	(1000 MT)
MY Imp. from U.S.	12	2	0	10	2	0			0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0			0	(1000 MT)
Total Supply	1,077	972	982	1,027	970	1,002			995	(1000 MT)
MY Exports	235	170	235	200	170	235			235	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0			0	(1000 MT)
Industrial Dom. Cons.	0	0	0	0	0	0			0	(1000 MT)
Food Use Dom. Cons.	0	0	0	0	0	0			0	(1000 MT)
Feed Waste Dom. Cons.	815	782	720	810	780	747			740	(1000 MT)
Total Dom. Cons.	815	782	720	810	780	747			740	(1000 MT)
Ending Stocks	27	20	27	17	20	20			20	(1000 MT)
Total Distribution	1,077	972	982	1,027	970	1,002			995	(1000 MT)

Source: FAS EU-27

In 2010, EU fish meal production, imports and exports are expected to remain stable as world market conditions are still favorable.

EU fish meal imports increased to 559,000 MT in 2009, compared to 487,000 MT in 2008. The major exporters to the EU market are Peru, Chile, and Norway. Due to good conditions on the world market, EU exports of fish meal increased as well, leading to a somewhat lower than expected consumption on the domestic market. EU exports to Norway have increased substantially over the past years as a result of the increasing need for feed in the aquaculture industry (salmon) in Norway.

9. Copra Complex

Coordinator: Sabine Lieberz

Copra is not produced and no longer processed in the EU-27. Thus, there is no copra seed PSD in this report. The EU-27 satisfies all its copra meal and coconut oil demand with imports.

Meal, Copra 27	EU-	2008		2009		2010				
		2008/2009		2009/2010		2010/2011				
		Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2010				
		USDA Official Data	New Post	USDA Official Data	New Post	USDA Official Data	New Post			
			Data		Data		Data			
Crush		0	0	0	0	0			0	(1000 MT)
Extr. Rate, 999.9999		0.	0.	0.	0.	0.			0.	(PERCENT)
Beginning Stocks		0	0	0	0	0			0	(1000 MT)
Production		0	0	0	0	0			0	(1000 MT)
MY Imports		24	10	24	15	15			15	(1000 MT)
MY Imp. from U.S.		0	0	0	0	0			0	(1000 MT)
MY Imp. from EU		0	0	0	0	0			0	(1000 MT)
Total Supply		24	10	24	15	15			15	(1000 MT)
MY Exports		0	0	0	0	0			0	(1000 MT)

MY Exp. to EU	0	0	0	0	0	0		0	(1000 MT)
Industrial Dom. Cons.	0	0	0	0	0	0		0	(1000 MT)
Food Use Dom. Cons.	0	0	0	0	0	0		0	(1000 MT)
Feed Waste Dom. Cons.	24	10	24	15	10	15		15	(1000 MT)
Total Dom. Cons.	24	10	24	15	10	15		15	(1000 MT)
Ending Stocks	0	0	0	0	0	0		0	(1000 MT)
Total Distribution	24	10	24	15	10	15		15	(1000 MT)

Source: FAS EU-27

Oil, Coconut 27	EU-	2008		2009		2010			
		2008/2009		2009/2010		2010/2011			
		Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2010			
		USDA Official Data	New Post	USDA Official Data	New Post	USDA Official Data	New Post		
			Data		Data		Data		
Crush		0	0	0	0	0		0	(1000 MT)
Extr. Rate, 999.9999		0.	0.	0.	0.	0.		0.	(PERCENT)
Beginning Stocks		33	14	33	21	19		17	(1000 MT)
Production		12	0	0	0	0		0	(1000 MT)
MY Imports		643	770	643	700	780		670	(1000 MT)
MY Imp. from U.S.		0	0	0	0	0		0	(1000 MT)
MY Imp. from EU		0	0	0	0	0		0	(1000 MT)
Total Supply		688	784	676	721	799		687	(1000 MT)
MY Exports		12	5	12	10	5		10	(1000 MT)
MY Exp. to EU		0	0	0	0	0		0	(1000 MT)
Industrial Dom. Cons.		205	315	290	220	325		310	(1000 MT)
Food Use Dom. Cons.		440	440	352	450	445		340	(1000 MT)
Feed Waste Dom. Cons.		10	5	5	10	5		5	(1000 MT)
Total Dom. Cons.		655	760	647	680	775		655	(1000 MT)
Ending Stocks		21	19	17	31	19		22	(1000 MT)
Total Distribution		688	784	676	721	799		687	(1000 MT)

Source: FAS EU

10. Cottonseed Complex

Coordinator: Roswitha Krautgartner

Data for Greece are not available. With the exception of import/export data MY2008/09 new data for Greece are taken from the previous report.

Oilseed, Cottonseed 27	EU-	2008		2009		2010			
		2008/2009		2009/2010		2010/2011			
		Market Year Begin: Oct 2008		Market Year Begin: Oct 2009		Market Year Begin: Oct 2010			
		USDA Official Data	New Post	USDA Official Data	New Post	USDA Official Data	New Post		
			Data		Data		Data		

Area Planted (Cotton)	300	333	280	325	308	250			250	(1000 HA)
Area Harvested (Cotton)	323	333	280	310	308	250			250	(1000 HA)
Seed to Lint Ratio	0	0		0	0					(RATIO)
Beginning Stocks	38	11	38	31	10	20			22	(1000 MT)
Production	481	475	480	455	460	430			428	(1000 MT)
MY Imports	87	120	86	60	115	80			80	(1000 MT)
MY Imp. from U.S.	0	0		0	0					(1000 MT)
MY Imp. from EU	0	0		0	0					(1000 MT)
Total Supply	606	606	604	546	585	530			530	(1000 MT)
MY Exports	50	130	130	42	115	50			50	(1000 MT)
MY Exp. to EU	0	0		0	0					(1000 MT)
Crush	303	300	300	321	290	290			290	(1000 MT)
Food Use Dom. Cons.	0	1	1	0	2	2			2	(1000 MT)
Feed Waste Dom. Cons.	222	165	153	149	155	166			166	(1000 MT)
Total Dom. Cons.	525	466	454	470	447	458			458	(1000 MT)
Ending Stocks	31	10	20	34	23	22			22	(1000 MT)
Total Distribution	606	606	604	546	585	530			530	(1000 MT)

Source: FAS EU-27

Meal, Cottonseed 27	EU-	2008		2009		2010				
		2008/2009		2009/2010		2010/2011				
		Market Year Begin: Oct 2008		Market Year Begin: Oct 2009		Market Year Begin: Oct 2010				
		USDA Official Data	New Post	USDA Official Data	New Post	USDA Official Data	New Post			
			Data		Data		Data			
Crush		303	300	300	321	290	290		290	(1000 MT)
Extr. Rate, 999.9999		0.	1.	0.53	0.	1.	0.531		0.531	(PERCENT)
Beginning Stocks		5	4	5	5	2	4		3	(1000 MT)
Production		131	160	159	139	155	154		154	(1000 MT)
MY Imports		7	8	7	7	3	4		4	(1000 MT)
MY Imp. from U.S.		0	0		0	0				(1000 MT)
MY Imp. from EU		0	0		0	0				(1000 MT)
Total Supply		143	172	171	151	160	162		161	(1000 MT)
MY Exports		0	0		0	0				(1000 MT)
MY Exp. to EU		0	0		0	0				(1000 MT)
Industrial Dom. Cons.		0	0		0	0				(1000 MT)
Food Use Dom. Cons.		0	0		0	0				(1000 MT)
Feed Waste Dom. Cons.		138	170	167	146	158	159		159	(1000 MT)
Total Dom. Cons.		138	170	167	146	158	159		159	(1000 MT)

Ending Stocks	5	2	4	5	2	3			2	(1000 MT)
Total Distribution	143	172	171	151	160	162			161	(1000 MT)

Source: FAS EU-27

Oil, Cottonseed 27	EU-	2008		2009		2010					
		2008/2009		2009/2010		2010/2011					
		Market Year Begin: Oct 2008		Market Year Begin: Oct 2009		Market Year Begin: Oct 2010					
		USDA Official Data	New Post	USDA Official Data	New Post	USDA Official Data	New Post				
			Data		Data		Data				
Crush		303	300	300	321	290	290			290	(1000 MT)
Extr. Rate, 999.9999		0.	0.	0.2	0.	0.	0.2			0.2	(PERCENT)
Beginning Stocks		2	5	2	3	7	3			2	(1000 MT)
Production		47	60	60	50	58	58			58	(1000 MT)
MY Imports		3	8	3	3	3	3			3	(1000 MT)
MY Imp. from U.S.		0	0		0	0					(1000 MT)
MY Imp. from EU		0	0		0	0					(1000 MT)
Total Supply		52	73	65	56	68	64			63	(1000 MT)
MY Exports		2	1	2	1	1	1			2	(1000 MT)
MY Exp. to EU		0	0		0	0					(1000 MT)
Industrial Dom. Cons.		0	8	6	0	10	9			9	(1000 MT)
Food Use Dom. Cons.		47	55	54	52	52	51			51	(1000 MT)
Feed Waste Dom. Cons.		0	2		0	2	1				(1000 MT)
Total Dom. Cons.		47	65	60	52	64	61			60	(1000 MT)
Ending Stocks		3	7	3	3	3	2			1	(1000 MT)
Total Distribution		52	73	65	56	68	64			63	(1000 MT)

Source: FAS EU-27

11. Olive Oil

Coordinator: Marta Guerrero

Oil, Olive 27	EU-	2008		2009		2010					
		2008/2009		2009/2010		2010/2011					
		Market Year Begin: Nov 2008		Market Year Begin: Nov 2009		Market Year Begin: Nov 2010					
		USDA Official Data	New Post	USDA Official Data	New Post	USDA Official Data	New Post				
			Data		Data		Data				
Area Planted		0		0	0		0			0	(1000 HA)
Area Harvested		0		0	0		0			0	(1000 HA)
Trees		6,750		0	6,750		0			0	(1000 TREES)
Beginning Stocks		803		803	678		644			539	(1000 MT)
Production		2,250		1,985	2,250		1,995			2,160	(1000 MT)
MY Imports		103		97	170		100			90	(1000 MT)

MY Imp. from U.S.	0	0	0	0	0	0	MT) (1000 MT)
MY Imp. from EU	0	0	0	0	0	0	(1000 MT)
Total Supply	3,156	2,885	3,098	2,739	2,789		(1000 MT)
MY Exports	418	367	403	350	370		(1000 MT)
MY Exp. to EU	0	0	0	0	0		(1000 MT)
Industrial Dom. Cons.	50	50	50	50	50		(1000 MT)
Food Use Dom. Cons.	2,010	1,824	1,990	1,800	1,800		(1000 MT)
Feed Waste Dom. Cons.	0	0	0	0	0		(1000 MT)
Total Dom. Cons.	2,060	1,874	2,040	1,850	1,850		(1000 MT)
Ending Stocks	678	644	655	539	569		(1000 MT)
Total Distribution	3,156	2,885	3,098	2,739	2,789		(1000 MT)

Source: FAS EU-27

MY 2010/11:

Rough estimates indicate a higher crop for MY 2010/11 based on higher production in Italy and Greece following lower off-year production for the previous marketing year. Exports to third countries are expected to increase if the economy improves.

MY 2009/10:

Overall EU-27 olive oil production increased slightly in MY 2009/10. At the MS level, higher production in Spain and Portugal offset a production decline in Italy and Greece.

Wind, rain and snow during harvest delayed olive oil production in Spain but did not reduce yield. Spain's overall olive oil production will slightly exceed last year's output.

While Portugal is expecting record output for MY 2009/10, adverse weather affected crops in Greece and Italy resulting in an expected 20 percent decline over MY 2008/09 output. Production in France remains stable.

Olive oil exports to third countries are not expected to grow, as demand for this high-priced vegetable oil remains weak while ample supplies of alternative oils are available.

12. Policy

Coordinator: Karin Bendz

EU Climate and Energy Package

On April 6, 2009, the EU Council adopted the EU Climate and Energy Package, the implementing legislation aimed at achieving Europe's "20-20-20 in 2020" goals: 20 percent emissions reduction from 1990 levels, 20

percent share of energy consumption from renewable sources, and a 20 percent improvement in energy efficiency by 2020. The 20 percent renewable energy goal is an EU overall goal. As such, MS have been given different targets to meet depending on their specific situation. For example, Sweden will have to have 49 percent renewable energy and Belgium only 13 percent. As part of the 20 percent renewable energy goal there is also a 10 percent renewable energy goal in the transportation sector. This goal is the same in all MS and all MS will have to reach it.

The EU Climate and Energy Package has the potential to impact the oilseeds market. In the absence of the second generation biofuels, the 10 percent minimum goal for biofuels in transportation requires larger amounts of first generation biofuels than previously expected, and will lead to higher demand for vegetable oils to produce biodiesel. Second, the sustainability criteria will favor biofuel feedstock, whether produced domestically or imported, from sources that produce according to the EU sustainability criteria.

For biofuels to be eligible for financial supports they must comply with the sustainability criteria that are provided in the Renewables Energy Directive (RED). These sustainability criteria have to be met by all biofuels whether produced within the EU or imported from a third country. However, only feedstock produced in the EU have to comply with the CAP rules for cross-compliance, where aid to farmers is linked to the environment.

The biofuel must have a GHG emissions saving of at least 35 percent. From 2017, the GHG emission saving has to be 50 percent. For biofuels produced in installations for which production starts from 2017 and onwards, the GHG savings must be 60 percent. GHG emission savings are calculated using lifecycle analysis and following methodologies described in RED annexes.

Calculations of GHG emission savings have been the most discussed and criticized part of the proposal. For example the “typical GHG emission saving” for biodiesel made from rapeseed oil was set at 45 percent and the “default GHG emission saving” was set at 38 percent. The respective values for biodiesel made from soy oil set at 40 percent and 31 percent. However these values were calculated on soy from South America and do not apply to U.S. soy oil.

Environmental sustainability criteria covering bio-diverse and high -carbon-content lands are also specific. Other sustainability criteria are mentioned and reporting requirements are established, but no specific requirements or threshold are laid down for them. These cover other environmental criteria (soil, water and air quality), and social criteria (focus on food price impact and adherence to ILO conventions).

Meeting the 10-percent Goal in the Transportation Sector

In their initial calculations the Commission expected that about 4 MMT of agricultural crops would be required each year to reach the 10-percent goal. It was expected that 80 percent of the 2020 target could be met by European raw material, which would require 15 percent of EU arable land, or about 17.5 million hectares. In a more recent study published on the Commission website different calculations have been made with different needs for biofuels. The main scenario evaluated is one with a 6.6 percent share of first generation biofuels. In this scenario the remainder of the target would be fulfilled through renewable electricity used in the transport sector, and through the use of biofuels from wastes, residues and second-generation biofuels. In this scenario only about 12 million hectares would be needed for feedstock production.

Aid system for oilseed

With the Agenda 2000 CAP reforms, support for EU oilseeds farmers became decoupled. This means direct aid to farmers, i.e. payments, was no longer crop specific or linked to production, and the extra subsidy farmers previously received for oilseeds production no longer exists. The impact of the elimination of production linked subsidies on the EU oilseeds market is marginal compared to the market impact of the growing biofuels sector.

The high demand for rapeseed for the production of biofuels has led to increased prices which were large enough incentives for farmers to increase rapeseed production over the last few years. As of January 1, 2010, the €45/ha “energy premium” is no longer available for farmers producing crops for the production of energy.

There is no intervention buying, export subsidy or other market support available for oilseeds in the EU.

Set Aside

In the CAP Health Check (Dec 2008) the set-aside mechanism was abolished. It is important to note that the abolition of the set-aside mechanism is different from setting the rate at zero percent. With this abolition, set-aside is no longer available as a supply-side management tool and the Commission can no longer change the requirement for set aside from year to year. Should there ever be a need to reintroduce set-aside as a management tool, there would have to be a change in the regulation and it would have to go through the legal time-demanding process of passing before the Council and the Parliament.

The obligatory set-aside was introduced in the EU in the 1992 CAP reform, to reduce overproduction. On land under set-aside, farmers could either not produce or produce specific crops that would not be used for food or feed, such as energy or industrial crops. The obligatory set-aside rate was kept between 10-15 percent of the area planted to cereals, oilseeds and protein crops until 2008. For crops harvested in 2008 and in 2009 the obligatory set-aside rate was set at 0 percent.

Blair House Agreement

The 1992 Blair House Memorandum of Understanding on Oilseeds (or Blair House Agreement) between the U.S. and the EU was an important element of the final Uruguay Round WTO Agreement on agriculture. The Blair House Agreement was contained in the EU's WTO schedule of commitments and resolved a GATT dispute over EU domestic support programs that impaired access to the EU oilseeds market.

Under the Blair House Agreement, EU oilseed plantings (mainly rapeseed, sunflower seed, and soybeans) for food purposes were limited to an adjusted Maximum Guaranteed Area (MGA) for producers benefiting from crop specific oilseeds payments. This limited the EU oilseeds production area and penalized overproduction.

The Blair House Agreement also limited the production of industrial/non-food use oilseeds on set-aside area. Output from oilseeds planted on set-aside land for industrial purposes was limited to 1 MMT of byproducts expressed in soybean meal equivalent annually.

With the changes in EU policy over the past years, i.e. the elimination of the set-aside scheme and the alignment of payments per hectare for oilseeds, the support for oilseeds changed significantly.

On the Commission website it says “the gradual alignment of payments per hectare with the aid planned for cereals and set-aside will eventually eliminate their specific character, thus freeing producers of the hectare limits set out in the Blair House agreement” (DG Agri website on arable crops 03/26/2010).

Related EU-27 and Country Reports:

Oilseeds Reports

Report Title	Date Released
EU-27 Soybean Imports from the United States Still Impeded	11/3/2009
Oilseeds Crop Update - U.S. Soybean Exports to EU Threatened	8/12/2009
EU-27 Oilseeds and Products Annual Report	4/30/2009

Related Topics

Report Title	Date Released
EU-27 Biofuels Annual	6/15/2009

Commodities: