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Romanian oilseeds are expected to return to normal levels

Report Categories:
Oilseeds and Products
Agricultural Situation

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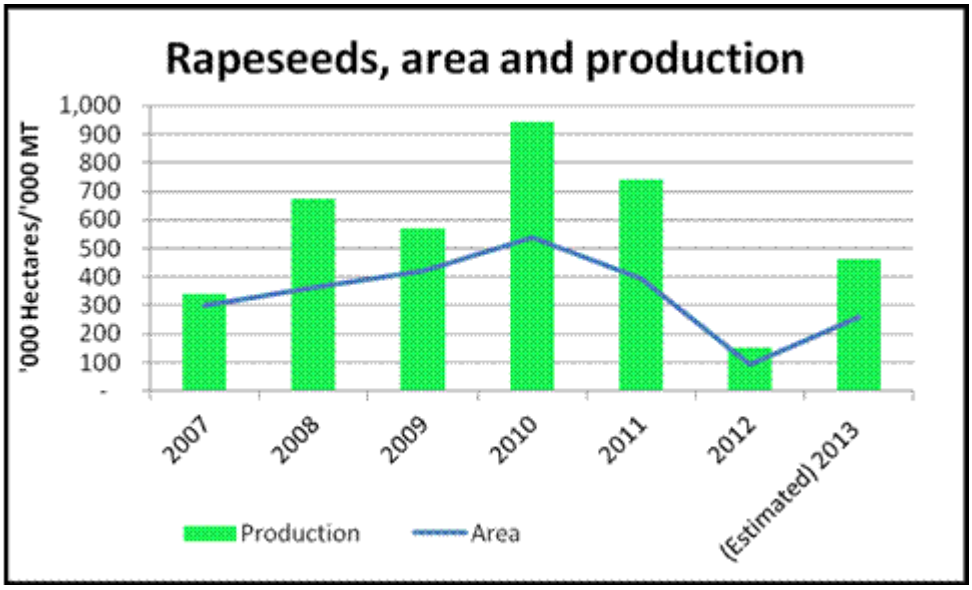
Report Highlights:
Following the drought of last summer, oilseeds crops are expected to boost this year in terms of both volume and productivity. Mild winter and good soil moisture provide good prospects for rapeseeds, production being expected to triple compared to the previous year, which was an exceptionally poor year though. Sunflower area is predicted to decline, as a result of a lower available acreage for the spring crops, while soybean area is anticipated to remain flat.

General Information:
Rapeseeds

Soil dryness prevented farmers from sowing rapeseeds during the optimal time-frame, which resulted in lower planted area (260,000 HA) compared to last year (360,000 HA planted/92,000 HA harvested). Later in the fall, rains improved the soil moisture, and in corroboration with mild winter, with average low temperatures, rapeseeds crop has developed well. This provides promises for good yields in the summer. The rapeseeds production for MY 2013/14 is estimated to grow by three times compared to the previous year, which was an exceptionally poor year, but still lower than the production harvested across the past 4 years (please see the chart below).



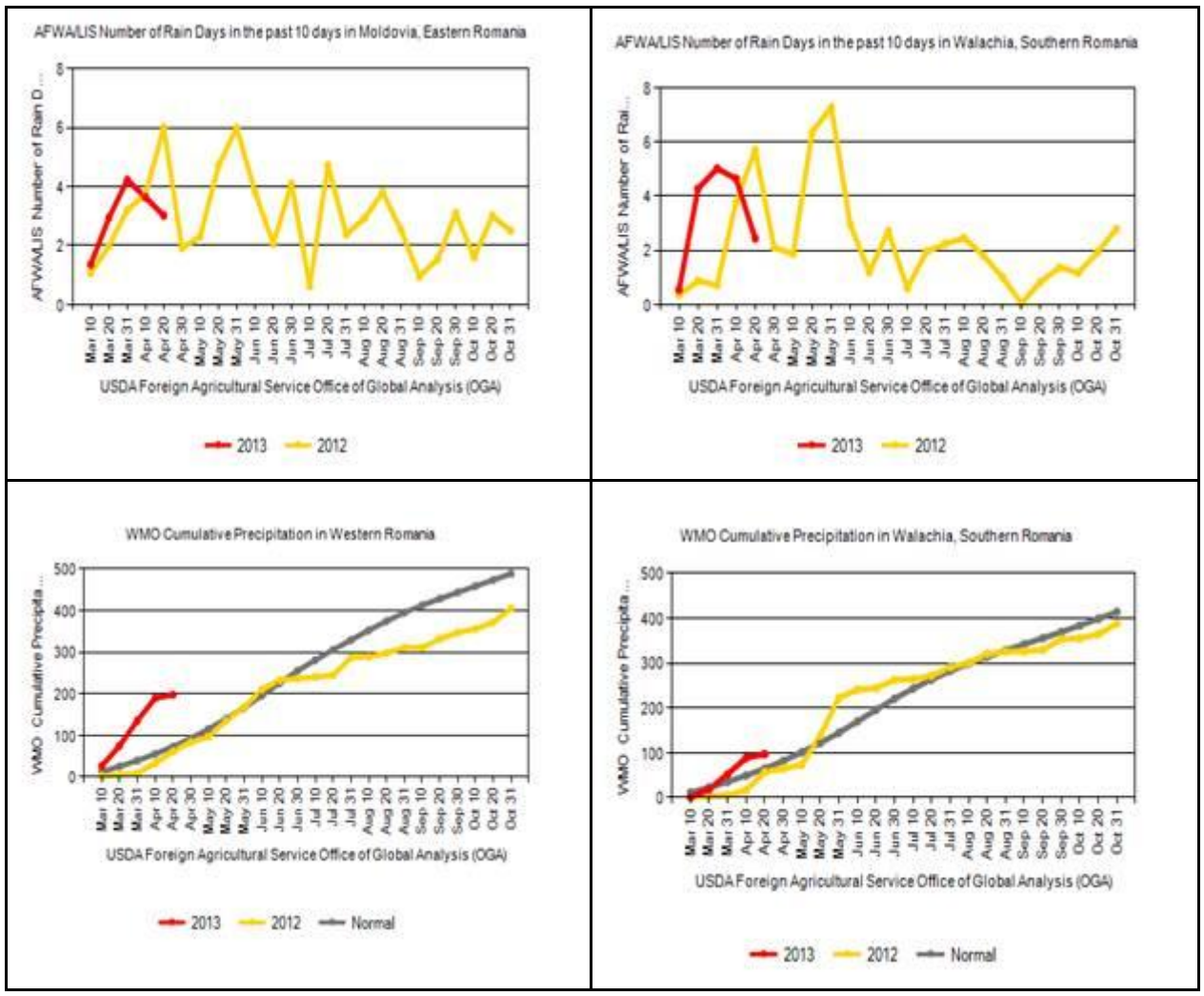
Source: National Statistics Office, FAS Estimates

Rapeseed is the major feedstock for the biodiesel production. Lack of competitiveness on the domestic biodiesel market made several biodiesel producers cease or adjust down their production during the past 5 years. Currently the domestic production covers about half of the biodiesel domestic consumption. Confronted with insufficient internal demand, a significant percentage of local rapeseeds production is exported (between 70-90 percent, depending on the domestic availability).

Marketing year (MY) 2012/13 was an exception in regards to exports because of the very low output harvested in the summer of 2012. Harsh winter had a dramatic effect on the acreage, less than a quarter remaining planted in the spring of 2012. Rapeseeds production reached only 20 percent of the previous' year level. According to the trade data available for the first half of the MY 2012/13 (July-December 2012), rapeseeds exports reached only three percent of the volume exported the previous year. Netherlands was the major market, with 11,000 MT out of the total exported volume of 18,000 MT.

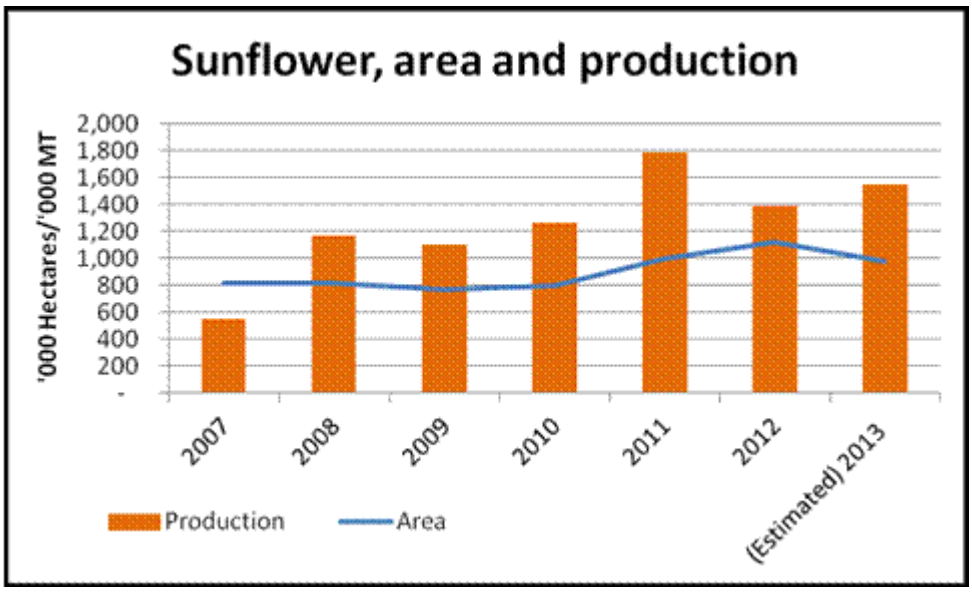
Sunflower seeds

The acreage estimated to be planted with sunflowers seeds this spring will likely decline by 12 percent as a result of the mild winter which did not severely damage the rapeseed crop. Below-normal temperature and continuous rainfall created some delay for farmers in conducting the sun seeds planting this spring in certain regions. As it can be observed in the pictures below, number of rain days and implicitly the cumulative precipitation from March through April has been above the last year's pattern, saturating the soil in water, but in the same time keeping farmers far from their fields.



Source: USDA/Foreign Agricultural Service

The weather forecast indicates the temperatures will rise to normal levels, and in corroboration with the adequate moisture level, there are conditions for a good start in the plant development. Total production is forecast to grow by 11 percent, still below the large supply of 2011 (please see the chart below).



Source: National Statistics Office, FAS Estimates

Despite the dryness and temperatures above normal on the course a long period, sunflower crop was less affected last year than the corn crop. Yields dropped from 1.8 MT/HA in 2011 to 1.2 MT/HA in 2012. According to the trade data for the first 3 months of the MY 2012/13 (October-December 2012), sun seeds exports declined by almost two thirds, from 553,000 MT in 2011 to 181,000 MT in 2012. Spain (55,000 MT) and Turkey (31,000 MT) have been the major destinations.

Soybeans

The soybean acreage remained flat during the past 5 years. The summer dryness affected soybean yields, leading to a drop in the total production of 30 percent in the summer of 2012 (MY 2012/13). Regular production approaches yearly 150,000 MT.

This year though, Ukraine became an important source of soybeans imports, while Serbia became the major export market, given Serbian lower production because of the drought. The area estimated to be sown with soybean in the spring of 2013 is expected to remain flat at 75,000 HA.

Meals

Concerning meals usage, soybean meal remains the leading protein meal used in the livestock, poultry and dairy sectors, followed by sunflower and then rapeseeds meal, the latter being used only marginally. Romanian livestock farms tend to be very conservative when it comes to the types of feeding ingredients, but the trend is expected to change in the following years. For instance, an expansion of the commercial side of the dairy sector, which accounts for a small percentage in the terms of inventory at national level, might generate more demand for the rapeseeds meal. For the time being though, Romania remains a net exporter of sunflower and rapeseed meals.

On the import side, Brazil, followed by Argentina, continues to be the main source for soybean meal.

Soybean meal exports from the United States are notable as they reached during 2012 about 45,000 MT, from no exports the previous year, reflecting their competitiveness versus the Brazilian/Argentinean origins which were more expensive.