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Unfavorable Weather Conditions Limit EU-27 Oilseeds Production

Report Categories:
Oilseeds and Products
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Approved By:
Paul Spencer

Prepared By:
Roswitha Krautgartner, Marie-Cecile Henard, Leif Erik Rehder, Mila Boshnakova, Marta Guerrero and the group of FAS oilseeds specialists in the EU

Report Highlights:
This report provides EU-27 production, supply, and demand forecasts for oilseeds, protein meals and related products.

General Information:

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
Ornella Bettini	FAS/Rome covering Italy and Greece
Mila Boshnakova	FAS/Sofia covering Bulgaria
Bob Flach	FAS/The Hague covering the Benelux Countries
Marta Guerrero	FAS/Madrid covering Spain and Portugal
Marie-Cecile Henard	FAS/Paris covering France
Monica Dobrescu	FAS/Bucharest covering Romania
Mira Kobuszynska	FAS/Warsaw covering Poland, Estonia, Latvia, and Lithuania
Roswitha Krautgartner	FAS/Vienna covering Austria, and Slovenia
Jana Mikulasova	FAS/Prague covering the Czech Republic and Slovakia,
Ferenc Nemes	FAS/Budapest covering Hungary
Leif Erik Rehder	FAS/Berlin covering Germany
Asa Wideback	FAS/Stockholm covering Sweden, Finland, and Denmark
Jennifer Wilson	FAS/London covering the U.K. and Ireland

The FAS EU-27 oilseeds reporting team would like to thank Yoonhee Macke 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-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)
FSU	= Former Soviet Union
f	= Forecast (of a value/number for the next, not yet started, marketing year)
Ha	= Hectares
GE	= Genetically engineered / Genetically engineered organisms
GHG	= Greenhouse gas
MT	= Metric ton (1000 kg)
MMT	= Million metric tons
MS	= EU Member State(s)
MY	= Marketing year
NUTS2	= Nomenclature of Units for Territorial Statistics level 2 = code for regions within a country
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:

July-June
Rapeseed complex

October -September
Soybean complex
Sunflower complex

November-October
Olive Oil

Table of Contents

1. Executive Summary:

Coordinator: Roswitha Krautgartner / FAS Vienna

Production

In MY 2012/13, overall production in the EU-27 of major oilseeds (rapeseed, sunflower and soybeans) is expected to reach 27.6 MMT, a decline of 3.8 percent compared to the previous year. Most significant is the lower production of rapeseed due to winterkill in Poland, Romania, Bulgaria and France. However, favorable weather conditions over the past weeks in Germany, France, and the Czech Republic will lead to better than expected yields. Total EU-27 rapeseed production is forecast to be 18.5 MMT. For sunflower seed, hot and dry weather has reduced yield potential in major sunflower producing countries such as Spain, Italy, Hungary, Romania and Bulgaria. Weather conditions in the coming weeks remain critical for the sunflower crop and some irreversible drought damage in Spain and Romania has already been reported. The current estimate for the EU-27 sunflower crop in 2012/13 is 7.98 MMT. EU-27 production of soybeans remains very low compared to consumption and is forecast to decline 15percent to 1.1 MMT.

Consumption and Trade

Total EU-27 consumption of major oilseeds meals (rapeseed, sunflower and soybeans) in feed is forecast to decline 1.3 percent in MY 2012/13. Lower demand for soybean meal in animal feed, especially in Germany and Italy due to high prices for soybean meal relative to wheat, increased use of DDGs (dried distillers grains) and lower production of rapeseed meal are all factors in the decline. Overall EU-27 industrial use of rapeseed, soybean and sunflower oil in MY 2012/13 is expected to increase by 1.3 percent to 8.2 MMT. This increase is driven by a 25 percent higher demand for soybean oil in the biofuels industry through a rebound in the Spanish production of biodiesel. The low domestic production of rapeseed will require record rapeseed imports to satisfy demand from the crushing industry. The rapeseed crush is slight lower than last year. The sunflower crush is expected to increase marginally over from last year with gains coming in the first half of MY 2012/13. There will be a gradually reduction of the crush in the second half in anticipation of a potentially record sunflower crop in Argentina.

Policy

In late June 2012, the EU Commission presented its *Working Document for an Action Plan to Support Olive* oil producers, which included measures to prevent fraud as well as measures to improve the position of producers within the value chain through stronger producer organizations with enhanced bargaining power. Also, a better use of the market management tools and market promotion is foreseen in the Commission's draft. Producing Member States are weighing in on the draft and the final plan will likely be released during the summer months.

2. **Total of Major Oilseeds (Soybean, Rapeseed, Sunflower)**

Coordinator: Roswitha Krautgartner / FAS Vienna

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

Area	2010	2011	2012e
Rapeseed	6,986	6,637	6,128
Sunflower	3,718	4,200	4,250
Soybeans	381	452	392
Total	11,085	11,289	10,770

Note: The years refer to the calendar year in which the harvest occurs (e.g. 2010 = harvested in CY 2010, marketed in MY 2010/11)
e = estimate
Source: FAS EU-27

EU-27 Major Oilseed Production (in 1,000 MT)

Production	2010	2011	2012e
Rapeseed	20,760	19,103	18,500
Sunflower	6,933	8,270	7,980
Soybeans	1,092	1,289	1,096
Total	28,785	28,662	27,576

Note: The years refer to the calendar year in which the harvest occurs (e.g. 2010 = harvested in CY 2010, marketed in MY 2010/11)
e = estimate
Source: FAS EU-27

EU-27 Major Oilseed Crush (in 1,000 MT)

Crush	MY 2010/11	MY 2011/12e	MY 2012/13f
Rapeseed	22,300	21,500	21,000
Soybeans	12,398	11,900	11,200
Sunflower	6,100	7,050	7,100
Total	40,798	40,450	39,300

e= estimate, f = forecast
Source: FAS EU-27

Feed, Waste Use of Major Oil Meals in the EU-27 (in 1,000 MT)

Feed, Waste Use Meals	MY 2010/11	MY 2011/12e	MY 2012/13f
Soybeans	29,491	29,000	28,500
Rapeseed	12,390	11,900	11,700
Sunflower	5,173	6,000	6,100
Total	47,054	46,900	46,300

e= estimate, f = forecast
Source: FAS EU-27

Biofuels Use of Major Oils in the EU27 (in 1,000 MT):

Biofuels Use	MY 2010/11	MY 2011/12e	MY 2012/13f
Rape Oil	6262	6200	6100
Soy Oil	1042	750	940
Sunflower Oil	140	215	220
Total	0	0	0

e= estimate, f = forecast
Source: FAS EU-27

Other Industrial Use of Major Oils in the EU27 (in 1,000 MT):

Other Industrial Use	MY 2010/11	MY 2011/12e	MY 2012/13f
Rape Oil	710	650	650
Soy Oil	200	200	200
Sunflower Oil	80	90	90
Total	0	0	0

e= estimate, f = forecast
Source: FAS EU-27

3. Soybean Complex
Coordinator: Marie-Cecile Henard / FAS Paris

Oilseed, Soybean EU-27	**2010/2011**		**2011/2012**		**2012/2013**	
	Market Year Begin: Oct 2010		**Market Year Begin: Oct 2011**		**Market Year Begin: May 2012**	
	USDA Official	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted	375	381	425	452	425	392
Area Harvested	370	381	418	452	425	392
Beginning Stocks	543	543	555	282	329	201
Production	1,042	1,092	1,117	1,289	1,200	1,096
MY Imports	12,482	12,483	11,000	11,885	11,000	11,400
MY Imp. from U.S.	3,174	3,174	1,200	1,200	3,000	2,000
MY Imp. from EU	0	0	0	0	0	0
Total Supply	14,067	14,118	12,672	13,456	12,529	12,697
MY Exports	56	56	30	35	30	40
MY Exp. to EU	0	0	0	0	0	0
Crush	12,265	12,398	11,300	11,900	11,180	11,200
Food Use Dom. Cons.	117	145	120	140	120	140
Feed Waste Dom. Cons.	1,074	1,237	893	1,180	880	1,180
Total Dom. Cons.	13,456	13,780	12,313	13,220	12,180	12,520
Ending Stocks	555	282	329	201	319	137
Total Distribution	14,067	14,118	12,672	13,456	12,529	12,697
1000 HA, 1000 MT						

Meal, Soybean EU-27	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: May 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	12,265	12,398	11,300	11,900	11,180	11,200
Extr. Rate, 999.9999	1	1	1	1	1	1
Beginning Stocks	495	495	552	1,492	341	1,850
Production	9,675	9,491	8,903	9,300	8,811	8,800
MY Imports	21,710	21,635	21,800	20,800	21,900	20,700
MY Imp. from U.S.	453	452	100	350	0	300
MY Imp. from EU	0	0	0	0	0	0
Total Supply	31,880	31,621	31,255	31,592	31,052	31,350
MY Exports	606	596	560	700	450	800
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	10	10	10	10	10	10
Food Use Dom. Cons.	32	32	32	32	32	32
Feed Waste Dom. Cons.	30,680	29,491	30,312	29,000	30,220	28,550
Total Dom. Cons.	30,722	29,533	30,354	29,042	30,262	28,592
Ending Stocks	552	1,492	341	1,850	340	1,958
Total Distribution	31,880	31,621	31,255	31,592	31,052	31,350
1000 MT, PERCENT						

Oil, Soybean EU-27	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	12,265	12,398	11,300	11,900	11,180	11,200
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	322	322	272	529	137	459
Production	2,236	2,240	2,065	2,150	2,043	2,000
MY Imports	907	905	530	520	500	550
MY Imp. from U.S.	1	1	1	1	1	1
MY Imp. from EU	0	0	0	0	0	0
Total Supply	3,465	3,467	2,867	3,199	2,680	3,009
MY Exports	456	456	400	460	350	350
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	1,420	1,242	1,060	950	1,000	1,140
Food Use Dom. Cons.	1,227	1,190	1,200	1,280	1,116	1,220
Feed Waste Dom. Cons.	90	50	70	50	50	20
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Total Dom. Cons.	2,737	2,482	2,330	2,280	2,166	2,380
Ending Stocks	272	529	137	459	164	279
Total Distribution	3,465	3,467	2,867	3,199	2,680	3,009
1000 MT, PERCENT						

MY 2012/13

With declining domestic demand for animal feed, lower than average world soybean supplies, high soybean prices relative to sunflower seed and wheat, and increasing feed use of dried distillers grains, EU consumption of soybean meal in animal feed is expected to decline by 1.5 percent to 28.55 MMT in MY 2012/13. The strongest declines in soybean meal feed use are expected to take place in Germany and Italy.

Reduced domestic demand for soybean meal is anticipated to negatively impact soybean imports (with a 4 percent reduction to 11.4 million MT), more than soybean meal imports (0.5 percent drop to 20.7 million MT). This is in line with the long term trend of declining soybean shipments to the benefit of processed products, i.e., meal, oil, or biodiesel. The lower rapeseed supply, however, is anticipated to increase soybean crush at a slightly higher level than previously expected.

The EU demand of soybean oil for biofuels use is expected to be up 25 percent to 940,000 MT, as a result of the rebound in Spanish demand. This is in line with recently adopted Spanish legislation to allocate biodiesel production quotas, expected to enhance biodiesel production.

EU domestic production of soybeans is expected to remain marginal compared to demand (8.8 percent), at 1.1 MMT. Italy, Romania and France are the largest producers, accounting for almost 80 percent of EU production.

While the EU is a minor exporter of soybean products, EU exports of soybean meal are anticipated to remain at a higher level than normal (800,000 MT), triggered by Turkish demand.

MY 2011/12

Limited world supply and high soybean prices compared to wheat and sunflower seed and lower crush margins for soybean relative to other oilseeds, are pushing down soybean meal use in animal feed. There is also some reduced demand pressure for feed, mainly in the swine sector.

EU imports of soybeans and soybean oil are also hampered by the implementation of the Renewable Energy Directive, which imposes stricter conditions on biofuel sources. More specifically, EU imports of soybeans from the United States collapsed to 971,000 MT in the first eight months of MY 2011/12 from over 3 million MT in the same period of the previous campaign. In the first eight months of MY 2011/12, the leading suppliers of soybeans were Brazil, Paraguay and Canada, with 76 percent of total EU imports of soybeans.

In MY 2011/12, EU imports of soybean oil are estimated to sharply drop by 42 percent to 520,000 MT. Most of the decline can be attributed to imports from Argentina, which gradually replaces exports of soybean oil with exports of biodiesel to the European Union. During the first eight months of MY 2011/12, EU imports of soybean oil from Argentina (44,000 MT) declined by 277,000 MT from the same period of the previous year (322,000 MT), while EU imports of biodiesel increased by 301,000 MT (1.1 million MT up from 795,000 MT).

Interestingly, EU exports of soybean meal are estimated to increase significantly to 700,000 MT, as a result of the increased demand from Turkey, which has become the EU's primary destination in the first eight months of MY 2011/12, with 52 percent of the shipments. Turkey imports of soybean meal were almost as high in the first eight months of 2011/12 as they were in the entire MY 2010/11, with the European Union (and more specifically Germany) becoming the second largest supplier after Argentina.

4. Rapeseed Complex

Coordinator: Leif Erik Rehder / FAS Berlin

Oilseed, Rapeseed EU-27	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		Market Year Begin: Jul 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	6,900	0	7,000		6,900	
Area Harvested	6,986	6,986	6,637	6,637	6,000	6,128
Beginning Stocks	1,809	1,809	1,792	1,730	1,700	1,537
Production	20,760	20,760	19,128	19,103	18,000	18,500
MY Imports	2,572	2,530	3,150	3,200	3,200	3,200
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	25,141	25,099	24,070	24,033	22,900	23,237
MY Exports	197	197	100	113	100	100
MY Exp. to EU	0	0	0	0	0	0
Crush	22,280	22,300	21,420	21,500	20,900	21,000
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	872	872	850	883	800	850
Total Dom. Cons.	23,152	23,172	22,270	22,383	21,700	21,850
Ending Stocks	1,792	1,730	1,700	1,537	1,100	1,287
Total Distribution	25,141	25,099	24,070	24,033	22,900	23,237
1000 HA, 1000 MT						

Meal, Rapeseed EU-27	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		Market Year Begin: Jul 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	22,280	22,300	21,420	21,500	20,900	21,000
Extr. Rate, 999.9999	1	1	1	1	1	1
Beginning Stocks	75	300	118	333	121	363
Production	12,827	12,450	12,331	12,000	12,032	11,700
MY Imports	224	224	280	230	200	230
MY Imp. from U.S.	3	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	13,126	12,974	12,729	12,563	12,353	12,293
MY Exports	251	251	270	300	200	260
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0

Feed Waste Dom. Cons.	12,757	12,390	12,338	11,900	12,056	11,700
Total Dom. Cons.	12,757	12,390	12,338	11,900	12,056	11,700
Ending Stocks	118	333	121	363	97	333
Total Distribution	13,126	12,974	12,729	12,563	12,353	12,293
1000 MT, PERCENT						

Oil, Rapeseed EU-27	**2010/2011**		**2011/2012**		**2012/2013**	
	Market Year Begin: Jul 2010		**Market Year Begin: Jul 2011**		**Market Year Begin: May 2012**	
	USDA Official	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Crush	22,280	22,300	21,420	21,500	20,900	21,000
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	249	365	191	217	200	179
Production	9,258	9,300	8,901	9,000	8,685	8,800
MY Imports	488	488	630	620	500	500
MY Imp. from U.S.	70	70	15	50	15	50
MY Imp. from EU	0	0	0	0	0	0
Total Supply	9,995	10,153	9,722	9,837	9,385	9,479
MY Exports	214	214	250	258	150	150
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	6,905	6,972	7,000	6,850	6,930	6,750
Food Use Dom. Cons.	2,680	2,700	2,267	2,500	2,110	2,400
Feed Waste Dom. Cons.	5	50	5	50	5	50
Total Dom. Cons.	9,590	9,722	9,272	9,400	9,045	9,200
Ending Stocks	191	217	200	179	190	129
Total Distribution	9,995	10,153	9,722	9,837	9,385	9,479
1000 MT, PERCENT						

MY 2012/13

The rapeseed harvest is well on its way in most member countries. Winterkill in main producing countries like Poland, Romania, Bulgaria and France will lead to a production decrease compared with the previous MY. However the production estimate has been increased due to favorable weather over the past few weeks. Yields will be better than expected, especially in Germany and Czech Republic. However, yields show a large variation across member states. Production estimates by member states are summarized in the table below.

EU rapeseed production by country in 1000 MT

COUNTRY	2011/12	2012/13
France	5360	5200
Germany	3870	4900
United Kingdom	2758	2640
Poland	1862	1650
Czech Republic	1077	1194

Total EU-27	19100	18500

Source: FAS/EU-27 posts

Low EU production will require record rapeseed imports again to satisfy crushing demand. It's expected that imports from the Ukraine will decrease due to lower production. Thus, majority of rapeseed imports will again come from Australia. Canada is expecting a bumper crop and their exports will continue to be strong. As a result of high imports, rapeseed crush will decrease slightly even though domestic rapeseed production is proportionally lower. The world market for soybeans is expected to stay tight and prices for products competing with rapeseed meal will remain high. Oversupply of rapeseed oil and weak markets for biodiesel are factors that will push down crushing capacity utilization. The slightly lower rapeseed crush will lead to reduced meal and oil production, as well as meal use in feed (to the benefit of sunflower meal) and oil use for biofuels (to the benefit of animal fats and recycled oils).

5. Sunflower Complex

Coordinator: Mila Boshnakova / FAS Sofia

Oilseed, Sunflowerseed EU-27	**2010/2011**		**2011/2012**		**2012/2013**	
	Market Year Begin: Oct 2010		**Market Year Begin: Oct 2011**		**Market Year Begin: May 2012**	
	USDA Official	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted	3,900	3,900	3,900	3,920	3,900	4,270
Area Harvested	3,739	3,718	4,235	4,200	4,400	4,250
Beginning Stocks	403	403	310	340	367	490
Production	6,919	6,933	8,215	8,270	8,250	7,980
MY Imports	379	379	280	280	350	315
MY Imp. from U.S.	55	0	40	0	50	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	7,701	7,715	8,805	8,890	8,967	8,785
MY Exports	555	555	620	620	600	630
MY Exp. to EU	0	0	0	0	0	0
Crush	6,114	6,100	6,960	7,050	7,150	7,100
Food Use Dom. Cons.	270	270	300	280	300	280
Feed Waste Dom. Cons.	452	450	558	450	550	420
Total Dom. Cons.	6,836	6,820	7,818	7,780	8,000	7,800
Ending Stocks	310	340	367	490	367	355
Total Distribution	7,701	7,715	8,805	8,890	8,967	8,785
1000 HA, 1000 MT						

Meal, Sunflowerseed EU-27	**2010/2011**		**2011/2012**		**2012/2013**	
	Market Year Begin: Oct 2010		**Market Year Begin: Oct 2011**		**Market Year Begin: May 2012**	
	USDA Official	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Crush	6,114	6,100	6,960	7,050	7,150	7,100
Extr. Rate, 999.9999	1	1	1	1	1	1
Beginning Stocks	223	83	296	286	515	426

Production	3,335	3,260	3,779	3,650	3,882	3,700
MY Imports	2,254	2,253	2,600	2,650	2,600	2,650
MY Imp. from U.S.	6	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	5,812	5,596	6,675	6,586	6,997	6,776
MY Exports	137	137	150	160	200	200
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	5,379	5,173	6,010	6,000	6,410	6,100
Total Dom. Cons.	5,379	5,173	6,010	6,000	6,410	6,100
Ending Stocks	296	286	515	426	387	476
Total Distribution	5,812	5,596	6,675	6,586	6,997	6,776
1000 MT, PERCENT						

Oil, Sunflowerseed EU-27	**2010/2011**		**2011/2012**		**2012/2013**	
	Market Year Begin: Oct 2010		**Market Year Begin: Oct 2011**		**Market Year Begin: May 2012**	
	USDA Official	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Crush	6,114	6,100	6,960	7,050	7,150	7,100
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	452	452	135	169	170	250
Production	2,563	2,560	2,918	2,950	2,997	2,960
MY Imports	768	768	1,130	1,000	1,400	1,050
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	3,783	3,780	4,183	4,119	4,567	4,260
MY Exports	166	166	180	194	160	160
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	220	220	300	295	330	310
Food Use Dom. Cons.	3,259	3,200	3,530	3,360	3,750	3,450
Feed Waste Dom. Cons.	3	25	3	20	3	25
Total Dom. Cons.	3,482	3,445	3,833	3,675	4,083	3,785
Ending Stocks	135	169	170	250	324	315
Total Distribution	3,783	3,780	4,183	4,119	4,567	4,260
1000 MT, PERCENT						

Sunflower Seeds

MY 2012/13

Persisting hot dry weather in major producing countries in June and July in South and South-East Europe (Spain, Italy, Hungary, Romania and Bulgaria) is reducing yield potential at an alarming rate. The period around the end-

July/ early August remains critical to crop development. In Spain and Romania, yield reductions are currently irreversible. At the same time, beneficial precipitation with moderate temperatures favored sunflower development in France, Germany and Poland. Yield expectations for EU are lower than USDA official numbers from 2.11 MT/HA to 1.87 MT/HA in line with newer yield estimates by member –states.

Correspondingly, EU -27 sunflower production is revised down to 7.98MMT as a result of declines in major production countries: Spain (-26 percent as a combination of reduced plantings expectations and yields), Romania (- 10 percent); Italy (-4 percent), and Bulgaria (-3 percent).

Prospects for MY12/13 imports are up 12 - 13 percent compared due to lower EU internal supplies, especially if yields in southern countries continue to decline. Imports will likely originate from Black Sea suppliers and will be concentrated in the first half of the marketing year. Still, imports are forecasted below USDA official data, mainly due to the latest developments in Black Sea export countries where exportable supplies are below previous expectations. In the second half of MY12/13, imports of sunflower seeds may be supplemented by imports of sunflower meal and sunflower oil. This is due to expected higher crush and availability in major exporters to the EU (Argentina, Russia, and Ukraine). In MY12/13, most EU member-states expect stable or slightly higher exports, especially earlier in the season, due to attractive prices in the region. Demand from traditional importers such as Turkey and the Western Balkans is expected to remain strong.

Stable or slightly higher EU sunflower crush is anticipated in MY12/13. Demand is forecasted to be excellent in the first half of the marketing year, and to diminish gradually in the second half in anticipation of a potentially record crop in Argentina. Factors contributing to a stable or higher crush are the current deficit of hi-protein beans, meals and oils; expected attractive crush margins in the beginning of MY12/13; and increasing favorable feed/food demand for price competitive sunflower meal and oil.

Stable or higher crush is forecast in Benelux, Bulgaria, France, Romania, Hungary, Portugal, Poland, and Slovakia while Spain, Italy, Austria, the UK and Germany expect slight declines.

MY 2011/12

EU production is revised up 0.9 percent based on member-state final official production data. Thus far in MY11/12, through May, EU imports of sunflower seeds have slowed due to strong domestic use within major exporting countries. Imports to date are 58 percent of what EU imported last year at this time. Exports are strong, running 21 percent more than last year.

Demand for competitively priced sunflower meal and oil, as well as good crush margins for sunflower seeds were high in the first half in MY11/12. Sunflower crush margins exceeded those for rapeseed, and were also higher than last year. In some member-states, crushers are substituting rapeseed for sunflower seed. Since February, sunflower seed demand and crush margins have been the same or slightly lower than for rapeseeds. The 16 percent higher EU-217 crush in MY11/12 is primarily attributable to increases in France, Italy, Spain, Benelux, Germany, Bulgaria, Hungary, and Romania.

Sunflower Meal

MY 2012/13

Sunflower meal output is forecasted to increase slightly as a result of projected stable or higher crush in MY12/13. Imports are likely to stay stable and to accelerate in the second half of the marketing year when domestic EU crush is projected to weaken and global supplies to improve. Exports are projected higher than in the current season due to favorable regional demand. Sunflower meal use in EU is likely to grow modestly in MY12/13 due to its competiveness versus other meals and better supplies in the first half of the marketing year. The situation may change in the second half, depending on exportable South America supplies as changes in EU feed demand.

MY 2011/12

In MY11/12, sunflower meal production was adjusted higher as a result of revised crush volume by member-states estimates but still below USDA official data. The meal use was revised upward to reflect higher meal use reported by major member states.

Over the last several months, EU imports of sunflower meal have picked up. From January-May, imports rose by 60 percent compared to a year ago, and the growth in MY11/12 imports through may was 51 percent. The top four suppliers were Russia, Ukraine, Argentina and Moldova. Member-states have raised their previous estimates for imports by 15 percent. Current estimates for MY11/12 imports are at 2 percent above USDA official data but final trade figures may be even higher. Exports of sunflower meal up until May were 9 percent higher, with Egypt and Turkey accounting for half of all external export sales.

Sunflower Oil

MY 2012/13

Projected sunflower oil output in MY12/13 is only marginally higher than in the current year due to expected higher crush volumes. Imports are forecast to grow slightly for a number of reasons, such as good global supply and a deficit in competing vegetable oils in the first half of the marketing year. Member-states expect up to a 2 percent increase in imports compared to the current year.

Consumption of sunflower oil in MY12/13 is currently projected to grow by 3 percent compared to the current year. Demand for sunflower oil is likely to be very favorable in the first half of the year due to its price competitiveness but it may fade when supplies of other vegetable oils become more available later in the year.

MY 2011/12

The MY11/12 production estimate was revised upward to reflect member-states data showing a higher crush. Consumption estimate were also revised upwards; however, it still remains below USDA official data.

6. Olive Oil

Coordinator: Marta Guerrero / FAS Madrid

Oil, Olive EU-27	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Nov 2010		Market Year Begin: Nov 2011		Market Year Begin: Nov 2012	
	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	6,750	0
Beginning Stocks	530	530	331	454	291	504
Production	2,290	2,205	2,390	2,390	2,300	2,150
MY Imports	85	83	100	75	125	80
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	2,905	2,818	2,821	2,919	2,716	2,734
MY Exports	544	484	500	530	500	515

MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	50	50	50	50	50	50
Food Use Dom. Cons.	1,980	1,830	1,980	1,835	1,970	1,830
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	2,030	1,880	2,030	1,885	2,020	1,880
Ending Stocks	331	454	291	504	196	339
Total Distribution	2,905	2,818	2,821	2,919	2,716	2,734
1000 HA, 1000 TREES, 1000 MT						

MY 2012/13

The EU-27 is the world's leading producer and consumer of olive oil. Olive oil production is concentrated in eight EU Member States: Spain, Italy, Greece, Portugal, Slovenia, Malta, Cyprus and France.

Industry sources project a decline in olive oil production in MY2012/13, driven by a significant decline in Spain. The lack of winter precipitation, along with abnormally high temperatures at the beginning of summer, resulted in a poor blooming and ripening.

Olive oil production in Italy is also projected to be lower in MY2012/13. Beyond the negative impacts that seasonal and weather elements had on the crop, growing and harvesting olives for olive oil production has become less and less profitable in Italy. Rising input costs and decreasing prices have forced many Italian oil olives growers to reduce production — such as practices to reduce the effects of cyclical production, with trees bearing heavily in alternate years—to give up harvesting the crop or even to shut down. However, in Greece, the EU's third largest olive oil producer, production is forecasted to increase slightly if weather remains stable.

Despite the reduction in disposable income —as a consequence of the economic crisis— consumption of olive oil remains steady in producing countries. With the internal EU demand for olive oil being stable, exports will be the key to maintain market balance.

The pace of EU-27 exports could slow, driven by lower exportable supplies from Spain and because demand for high-priced vegetable oil remains weak amid ample supplies of alternative oils.

Commission's Olive Oil Action Plan

In late June 2012, the EU Commission presented its Working Document for an Action Plan to Support Olive oil producers, which included measures to prevent fraud by strengthening quality controls and penalties in cases of non-compliance as well as measures to improve the position of producers within the value chain through stronger producer organizations with enhanced bargaining power. Also, a better use of the market management tools and market promotion is foreseen in the Commission's draft. Producing Member States are weighing in on the draft and the final plan will likely be released during summer.

In addition to the Commission's plan, Member States can decide to include olive oil specific programs under the rural development pillar within the CAP post 2013 to assist with restructuring costs.

2011/12

MY 2011/12 is anticipated to finish with high ending stocks located mainly in Spain. High ending stocks and

growing competition from Northern Africa countries are seen as the major threats for EU olive oil producers.

Olive oil production is becoming less profitable due to rising input costs and decreasing prices, which have triggered the Private Storage Mechanism. However, despite the low prices paid to farmers, current data show strong export markets and MY2011/12 exports are at record levels.

Private Storage

According to Regulation (CE) 1234/2007, the Commission may decide to authorize private storage aid, provided that the average price recorded on the market for more than two weeks is less than 1,779 Euros/MT for extra virgin olive oil, or 1,710 Euros/MT for virgin olive oil, or 1,524 Euros/MT for pomace olive oil having 2 degrees of free acidity. As a response falling prices, the EU Management Committee agreed to activate the Private Storage Aid (PSA) on several occasions. A summary of the tenders can be checked in the table below.

Private Storage Aid Granted throughout MY2011/12

Tender	Quantity	Aid (Euros/MT and day)	Period
10/27/2011	9,905	1.30	180
11/10/2011	34,432	1.30	180
02/23/2012	100,000	0.65	150
06/07/2012	86,281	0.65	180
06/21/2012	13,719	0.64	180

Related EU-27 and Country Reports:

Oilseeds Reports

Report Title
| Select | Despite Winter Kill Modest Rebound in EU-27 Rapeseed Production | Oilseeds and Products | Vienna | EU-27 | 4/17/2012 Total EU-27 oilseeds area in MY 2012/13 is forecast to decrease by 1.8 percent and is expected to total 11.4 million ha. The decrease is mainly explained by 4 percent lower acreage of rapeseed due to unfavorable wet conditions during planting in Denmark, winterkill mainly in Bulgaria and Hungary, and drought in Romania. A marginal increase of sunflower area is projected due to re-sowing of winterkill areas almost offset by a decline due to drought in Spain. Soybean area is also expected to de... Oilseeds and Products Annual_Vienna_EU-27_4-5-2012
| Oilseeds and Products | Berlin | Germany | 1/13/2012 In recent years, the German Green Party has promoted policies designed to replace imported soybeans with domestically produced protein crops. Recognizing that an important political party is openly advocating an end to soybean imports - the largest U.S. agricultural export to Germany - we are providing updated analysis on the feasibility of this policy approach. We conclude that while it would be impracticable for Germany to produce enough plant protein to meet domestic demand, the campaign aga... Green Movement to End Soybean Imports – An Analysis_Berlin_Germany_1-6-2012

Related Topics

Report Title
| Corn and Sunflower crops Affected by Persistent Drought | Grain and Feed, Oilseeds and Products | Bucharest | Romania | 7/26/2012 Harvesting of winter crops is underway with yields lower than expected. Wheat quality is reported as very good, with a large percentage of the amount meeting milling criteria. Abundant rainfall in May improved soil moisture levels, but a persistent drought since June is affecting spring crops, namely corn and sunflower. Yields may drop further if no significant precipitation is received in the coming weeks.

Corn and Sunflower crops Affected by Persistent Drought_Bucharest_Romania_7-23-2012

| EU Biofuels Annual 2012 | Biofuels | The Hague | EU-27 | 7/10/2012

EU Member States (MS) are mandated to reach a minimum of 10 percent for renewable energy consumed in transport in 2020. In 2011, about a fifth of the domestic use of biofuels was imported from outside the EU. Despite a reclassification of bioethanol blends to a higher tariff rate, 2012 and 2013 imports from the United States are anticipated to remain at the same levels as last year, around 1 billion liters. Starting in the fourth quarter of 2012 and in 2013, overall EU imports of biodiesel ar...

Biofuels Annual_The Hague_EU-27_6-25-2012

| Grains and Oilseeds Market Update | Grain and Feed, Oilseeds and Products | Sofia | Bulgaria | 5/14/2012

Bulgaria experienced challenging fall and winter weather that stymied seeding operations and brought record low temperatures and snowfall. Rapeseed recorded the greatest winterkill losses followed by some damage to barley, and minimal effect on wheat. Damaged rapeseed crops are expected to be replaced with corn and sunflower seed in 2012. Wet weather in May will be critical for crop development and, eventually, higher yield as spring to date has remained sparse of moisture. This follows M...

Grains and Oilseeds Market Update_Sofia_Bulgaria_5-9-2012

Spain Enacts Biodiesel Production Quota System | Biofuels, Oilseeds and Products | Madrid | Spain | 4/30/2012

Right after Argentina announced the expropriation of 51% of YPF, a subsidiary of Repsol, the Spain's largest petroleum company, the Government of Spain decided to publish a Ministerial Order to establish a biodiesel production quota system. This Ministerial Order lays down the rules to allocate biodiesel production quotas to EU based biodiesel producers whose production would be eligible to meet consumption mandates. The implementation of this quota system would ultimately restrict third count...

Spain Enacts Biodiesel Production Quota System_Madrid_Spain_4-24-2012

| Select | All eyes on the weather - again | Grain and Feed | London | EU-27 | 4/18/2012

The weather has already made its mark on the MY2012/13 crop and is likely to remain the focus over the coming months. A severe cold spell in late January and early February caused above average winter losses in some parts of the EU27, especially France, meaning some fields will need to be resown to spring crops. A prolonged dry period through March and into April will also become a concern if rains are not forthcoming ahead of harvest. In spite of this, 284MMT of grain is forecast to be harve...

Grain and Feed Annual_London_EU-27_4-13-2012

| Preliminary Reports on Winterkill Loses in Poland | Grain and Feed | Warsaw | Poland | 4/4/2012

According to the preliminary evaluation significant loses in winter wheat and rapeseed plantations were reported in Western and Central Poland. Although detailed information about the damage are not available yet, two provinces already requested assistance from the central government to mitigate the effects of the winterkill loses.

Preliminary Reports on Winterkill Loses in Poland_Warsaw_Poland_3-30-2012

| Portugal Biofuels Standing Report | Biofuels | Madrid | Portugal | 3/12/2012

There is no production of bioethanol for transport fuel in Portugal. Biodiesel production is dependent on diesel sales under a blending quota system and stands currently at around 340,000 MT per annum. Portugal transposed the Renewable Energy Directive in 2010 but the emission of Biofuel Entitlements (TdB) will only be dependent on the compliance with sustainability criteria from next 1 January 2013.

Portugal Biofuels Standing Report_Madrid_Portugal_3-7-2012

| Bio-Fuels | Madrid | Portugal | 2/17/2012

There is no production of bioethanol for transport fuel in Portugal. The fossil fuel suppliers have managed to successfully lobby the Government into establishing mandates for liquid biofuels as a whole and to later introduce quotas for biodiesel only. Sales of biodiesel incorporated in gasoil diesel rose in 2010 to 375,000 tons as the share of biodiesel in road transport diesel is now 7% v/v, the maximum limit recommended by the Fuel Quality Directive EN 590 (FQD). However in the months to ...

Portugal Biofuels Standing Report_Madrid_Portugal_11-10-2011

| Oilseeds and Products, Biotechnology, Biotechnology and Other New Production Technologies, Grain and Feed | Paris | France | 2/9/2012

Among European Union (EU) Member States, France ranks above average in being protein-independent. However, despite efforts to reduce dependence on imported North and South soybean meal as the number one source of proteins in animal feed, the amount of soybean meal used in France's animal feed have remained relatively stable at 4 million metric tons (MT) for the past 25 years. At the same time, the use of rapeseed meal in animal feed has sharply increased from minor levels to more than 2 millio...

Incentives and Plant Breeding Breakthroughs to Reduce Soy Imports_Paris_France_2-3-2012

| Bio-Fuels, Livestock and Products, Oilseeds and Products, Trade Policy Monitoring, Climate Change | The Hague | Netherlands EU-27 | 2/3/2012

During the last decade, the European retail sector has increasingly sourced sustainably produced food products. At the same time, food processors stepped into this market and increased their sourcing for sustainably produced raw materials. In this report, the movement towards sustainability in three commodity markets is briefly outlined, namely the biofuels market, the soya market and the market for meat products.

Sustainability in the EU Commodity Markets_The Hague_Netherlands EU-27_1-31-2012

| Bio-Fuels | Rome | Italy | 1/13/2012

The Italian biofuels industry is slowly developing to meet the EU's 2020 mandatory 10-percent biofuel use in transportation fuels. However, lack of support from the government, stiff competition from South America, and a complicated and uncertain EU and Italian legislative framework are severely hampering the industry's growth. Italian biodiesel output is expected to fall some 32 percent to about 500,000 MT in 2011 while the bioethanol fuel production is still not relevant.
Italian Biofuels 2011_Rome_Italy_12-29-2011

| Bio-Fuels, Oilseeds and Products | Madrid | Spain | 11/22/2011
This report provides an overview of Spain's biodiesel sector including MS specific policy, production supply and demand data. Spain is among the three top MS in terms of biodiesel production capacity and consumption. However, industry sources report a very low use rate of installed capacity caused mainly by stiff competition from third-country biodiesel imports to Spain. The sustainability criteria provisions within the Renewable Energy Directive (RED) have recently been transposed to national regulation by...
Spain's Biodiesel Standing Report_Madrid_Spain_11-7-2011