

Voluntary Report – Voluntary - Public Distribution

Date: August 27,2020

Report Number: E42020-0053

Report Name: Oilseeds and Products Update

Country: European Union

Post: Vienna

Report Category: Oilseeds and Products, Livestock and Products, Grain and Feed, Biotechnology and Other New Production Technologies, Biotechnology and Other New Production Technologies Addendum, Biotechnology - Plants and Animals, Cloning, Agricultural Situation

Prepared By: Roswitha Krautgartner, Xavier Audran, Leif Erik Rehder, Mila Boshnakova, Monica Dobrescu and the group of FAS oilseeds specialists in the EU

Approved By: Kimberly Sawatzki

Report Highlights:

EU oilseeds production in MY 2020/21 is characterized by the lowest rapeseed production in more than a decade. Total major oilseeds (rapeseed, sunflower, soybeans) production is forecast to decline by about 1.5 percent year-on-year. The Covid-19 pandemic and its lockdown measures are expected to have a negative impact on oilseeds meal use in feed ratios due to lower meat consumption.

Executive Summary:

Coordinator: Roswitha Krautgartner, FAS/Vienna

Total major oilseeds (rapeseed, sunflower, soybeans) production in MY 2020/21 is forecast to decline by about 1.5 percent year-on-year.

EU oilseeds production in MY 2020/21 is characterized by the lowest rapeseed production in more than a decade. The somewhat better rapeseed yields compared to the previous year cannot make up for the losses in acreage. The ban on neonicotinoids makes rapeseed production more difficult, costly, and therefore less attractive. As a result, the EU rapeseed market continues to be very tight and record imports are needed to meet the demand.

Production of soybeans – although still minor relative to imports – is expected to slightly increase in MY 2020/21. This is mainly due to increased area especially in France, which more than offsets lower acreage in Romania. The anticipated low wheat and barley production in the EU will particularly support the use of soybean meal in feed ratios.

Despite increased acreage of sunflower in MY 2020/21, production of sunflower is expected to decrease marginally or stay flat. Dry and hot conditions in most production regions during various times of the growing season are expected to negatively impact sunflower yields, particularly in Romania, Eastern Bulgaria, and France. Good crushing margins and favorable demand for sunflower oil lead to expectations for sunflower crush at last year's high level.

The Covid-19 pandemic lockdown with closed restaurants and its economic downturn is forecast to negatively affect meat consumption. Meat production and oilseeds meal use in feed ratios are therefore also negatively impacted.

Introduction

This report presents the outlook for oilseeds in the European Union (EU). 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.

Important notes:

- Unless otherwise noted, 'EU' in this report refers to EU-27 + UK, the current EU Customs Union.
- 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".

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

Audran Xavier	FAS/Paris covering France
Bettini Ornella	FAS/Rome covering Italy
Boshnakova Mila	FAS/Sofia covering Bulgaria
Dobrescu Monica	FAS/Bucharest covering Romania
Faniadis Dimosthenis	FAS/Rome covering Greece
Flach Bob	FAS/The Hague covering The Netherlands, Sweden, Finland, and Denmark
Golya Gellert	FAS/Budapest covering Hungary
Guerrero Marta	FAS/Madrid covering Spain and Portugal
Krautgartner Roswitha	FAS/Vienna covering Austria and Slovenia
Jennifer Lappin	FAS/USEU Brussels
Mikulasova Jana	FAS/Prague covering the Czech Republic and Slovakia
Misir Andreja	FAS/Zagreb covering Croatia
Polet Yvan	FAS/USEU Brussels covering Belgium and Luxembourg
Rehder Leif Erik	FAS/Berlin covering Germany
Rucinski Piotr	FAS/Warsaw covering Poland, Estonia, Latvia, and Lithuania
Wilson Jennifer	FAS/London covering the U.K. and Ireland

The marketing years used in this report are:

July-June

Rapeseed complex

October -September

Soybean complex

Sunflower complex

Table of Contents

[1. Total of Major Oilseeds \(Soybean, Rapeseed, Sunflower\)](#)

[2. Soybean Complex](#)

[3. Rapeseed Complex](#)

[4. Sunflower Complex](#)

1. Total of Major Oilseeds (Soybean, Rapeseed, Sunflower)

Coordinator: Roswitha Krautgartner, FAS/Vienna

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

For further details please visit the respective commodity sections.

Total of Major Oilseeds

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

Area Harvested	2015	2016	2017	2018	2019e	2020f
Soybeans	871	835	965	960	970	980
Rapeseed	6,514	6,560	6,749	6,901	5,714	5,451
Sunflower	4,173	4,130	4,400	4,100	4,320	4,400
Total	11,558	11,525	12,114	11,961	11,004	10,831

Note: The years refer to the calendar year in which the harvest occurs (e.g. 2020 = harvested in CY 2020, marketed in MY 2020/21)

e = estimate

Source: FAS EU

EU Major Oilseeds Production (in 1,000 MT)

Production	2015	2016	2017	2018	2019e	2020f
Soybeans	2,330	2,490	2,650	2,780	2,760	2,790
Rapeseed	21,997	20,548	21,914	19,929	17,025	16,600
Sunflower	7,720	8,650	10,130	9,510	9,650	9,600
Total	32,047	31,688	34,694	32,219	29,435	28,990

Note: The years refer to the calendar year in which the harvest occurs (e.g. 2020 = harvested in CY 2020, marketed in MY 2020/21)

e = estimate

Source: FAS EU

EU Major Oilseeds Crush (in 1,000 MT)

Crush	MY 2015/16	MY 2016/17	MY 2017/18	MY 2018/19	MY 2019/20e	MY 2020/21f
Soybeans	15,192	14,600	15,300	15,800	15,650	15,690
Rapeseed	24,300	24,400	24,300	23,500	22,800	22,300
Sunflower	7,200	7,900	8,900	8,700	8,800	8,800
Total	46,692	46,900	48,500	48,000	47,250	46,790

e = estimate, f = forecast

Source: FAS EU

Feed, Waste Use of Major Oilseeds Meals in the EU (in 1,000 MT)

Feed, Waste Use Meals	MY 2015/16	MY 2016/17	MY 2017/18	MY 2018/19	MY 2019/20e	MY 2020/21f
Soybeans	31,127	30,300	30,100	30,400	30,300	31,200
Rapeseed	13,800	13,850	13,700	13,300	13,050	12,850
Sunflower	6,950	7,800	7,800	7,900	7,800	7,750
Total	51,877	51,950	51,600	51,600	51,150	51,800

e = estimate, f = forecast

Source: FAS EU

Food Use of Major Oilseeds Oils in the EU (in 1,000 MT)

Food Use Oil	MY 2015/16	MY 2016/17	MY 2017/18	MY 2018/19	MY 2019/20e	MY 2020/21f
Soybeans	1,300	1,300	1,325	1,350	1,350	1,350
Rapeseed	2,800	2,950	3,000	2,950	2,900	2,900
Sunflower	3,700	4,150	4,300	4,550	4,600	4,620
Total	7,800	8,400	8,625	8,850	8,850	8,870

e = estimate, f = forecast

Source: FAS EU

Industrial Use of Major Oilseeds Oils in the EU (in 1,000 MT)

Industrial Use	MY 2015/16	MY 2016/17	MY 2017/18	MY 2018/19	MY 2019/20e	MY 2020/21f
Soybeans	923	850	870	1,050	1,330	1,170
Rapeseed	7,200	7,100	7,050	6,700	6,550	6,600
Sunflower	420	400	330	500	500	520
Total	8,543	8,350	8,250	8,250	8,380	8,290

e = estimate, f = forecast

Source: FAS EU

2. Soybean Complex

Coordinator: Xavier Audran, FAS/Paris

Trade figures are revised according to the most recent data available from the Global Trade Atlas (May 2020); harvest and crush estimates from producing countries.

Oilseed, Soybean Market Begin Year	2018/2019		2019/2020		2020/21	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Area Harvested	926	960	910	970		980
Beginning Stocks	1398	1398	1727	1522		1422
Production	2664	2780	2600	2760		2790
MY Imports	15004	14983	15200	14700		14800
Total Supply	19066	19161	19527	18982		19012
MY Exports	179	179	250	250		230
Crush	15500	15800	15900	15650		15690
Food Use Dom. Cons.	260	260	260	260		260
Feed Waste Dom. Cons.	1400	1400	1450	1400		1400
Total Dom. Cons.	17160	17480	17610	17310		17350
Ending Stocks	1727	1522	1667	1422		1432
Total Distribution	19066	19161	19527	18982		19012

(1000 HA) ,(1000 MT) ,(MT/HA)

Source: FAS Posts

Meal, Soybean Market Begin Year	2018/2019		2019/2020		2020/21	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Crush	15500	15800	15900	15650		15690
Extr. Rate, 999.9999	0.79	0.79	0.79	0.79		0.79
Beginning Stocks	213	213	341	635		623
Production	12245	12482	12561	12300		12400
MY Imports	18699	18756	18700	18400		19130
Total Supply	31157	31451	31602	31335		32153
MY Exports	374	374	300	370		300
Industrial Dom. Cons.	10	10	10	10		10
Food Use Dom. Cons.	32	32	32	32		32
Feed Waste Dom. Cons.	30400	30400	31100	30300		31200
Total Dom. Cons.	30442	30442	31142	30342		31242
Ending Stocks	341	635	160	623		611
Total Distribution	31157	31451	31602	31335		32153
(1000 MT) ,(PERCENT)						

Source: FAS Posts

Oil, Soybean Market Begin Year	2018/2019		2019/2020		2020/21	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Crush	15500	15800	15900	15650		15690
Extr. Rate, 999.9999	0.19	0.19	0.19	0.19		0.19
Beginning Stocks	149	149	267	324		353
Production	2945	3002	3021	2974		2974
MY Imports	416	416	375	500		440
Total Supply	3510	3567	3663	3789		3767
MY Exports	788	788	850	710		750
Industrial Dom. Cons.	1050	1050	1070	1330		1170
Food Use Dom. Cons.	1350	1350	1400	1350		1350
Feed Waste Dom. Cons.	55	55	55	55		55
Total Dom. Cons.	2455	2455	2525	2735		2575
Ending Stocks	267	324	288	353		442
Total Distribution	3510	3567	3663	3789		3767
(1000 MT) ,(PERCENT)						

Source: FAS Posts

MY 2020/21

The EU soybean production forecast for MY 2020/21 is stable from the previous report. Production is expected to slightly increase compared to MY 2019/20 due to higher area especially in France, which more than offsets lower area in Romania.

The EU is the world's second largest importer of soybeans after China. In MY 2020/21, EU imports of soybeans and crush are expected to slightly increase compared to the previous year driven by higher demand in the

Netherlands and Spain. Dutch imports of soybeans and soybean meal are forecast to recover based on increased global supply, mainly from the United States, and the stagnating production of EU rapeseed and EU wheat. The anticipated low wheat and barley production in the EU will strongly support the use of oilseed meals, in particular soybean meal, as the competition from rapeseed meal will be weaker. However, overall meal demand may be affected by the negative impact of the COVID-19 pandemic on the meat sector with the economic downturn anticipated in Europe for the second half of 2020 and likely beginning of 2021.

MY 2019/20

In MY 2019/20, EU soybean production decreased slightly from MY 2018/19 mainly due to a lower crop in Italy. Local production remains minor relative to imports. In MY 2019/20, EU imports of soybean and meal slightly declined, as the lockdown measures in many EU countries in response to the COVID-19 pandemic negatively impacted the demand of animal products consumed primarily in HRI (Hotels, Restaurants, and Institutions) consumption leading to a slight decline of total feed production and hence protein meal demand. Brazil, U.S., Canada, and Ukraine are foreseen to be the largest suppliers of soybeans to the EU, while Brazil, Argentina, and Paraguay are foreseen to be the largest supplier of soybean meal to the EU. EU imports from the U.S. account for 35 percent for beans and less than 3 percent of total EU soybean imports.

3. Rapeseed Complex

Coordinator: Leif Erik Rehder, FAS/Berlin

PSDs have been revised according to the most recent data available from the Global Trade Atlas (May 2020); recent harvest and crush estimates from producing countries.

Oilseed, Rapeseed Market Begin Year	2018/2019		2019/2020		2020/2021	
	Jul 2018		Jul 2019		Jul 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Area	6997	6901	5554	5714	5450	5451
Beginning Stocks	1828	1828	1632	1398	840	948
Production	20061	19929	16831	17025	16800	16600
MY Imports	4232	4230	5900	6300	6000	6200
Total Supply	26121	25987	24363	24723	23640	23748
MY Exports	89	89	23	25	20	30
Crush	23500	23500	22750	22800	22400	22300
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	900	1000	750	950	700	900
Total Dom. Cons.	24400	24500	23500	23750	23100	23200
Ending Stocks	1632	1398	840	948	520	518
Total Distribution	26121	25987	24363	24723	23640	23748

(1000 HA) ,(1000 MT) ,(MT/HA)

Source: FAS Posts

Meal, Rapeseed Market Begin Year	2018/2019		2019/2020		2020/2021	
	Jul 2018		Jul 2019		Jul 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Crush	23500	23500	22750	22800	22400	22300
Extr. Rate, 999.9999	0.57	0.57	0.57	0.57	0.57	0.57
Beginning Stocks	211	211	373	373	186	243
Production	13395	13395	12968	13000	12786	12700
MY Imports	514	514	320	380	400	400
Total Supply	14120	14120	13661	13753	13354	13343
MY Exports	447	447	450	460	275	300
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	13300	13300	13025	13050	13000	12850
Total Dom. Cons.	13300	13300	13025	13050	13000	12850
Ending Stocks	373	373	186	243	79	193
Total Distribution	14120	14120	13661	13753	13354	13343

(1000 MT) ,(PERCENT)

Source: FAS Posts

Oil, Rapeseed Market Begin Year	2018/2019		2019/2020		2020/2021	
	Jul 2019		Jul 2020		Jul 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Crush	23500	23500	22750	22800	22400	22300
Extr. Rate, 999.9999	0.42	0.42	0.42	0.42	0.42	0.42
Beginning Stocks	258	258	409	417	538	427
Production	9823	9823	9509	9530	6363	9280
MY Imports	246	246	265	280	230	270
Total Supply	10327	10327	10183	10227	10131	9977
MY Exports	208	210	270	300	225	200
Industrial Dom. Cons.	6700	6700	6325	6550	6400	6600
Food Use Dom. Cons.	2960	2950	3000	2900	3025	2900
Feed Waste Dom. Cons.	50	50	50	50	50	50
Total Dom. Cons.	9710	9700	9375	9500	9475	9550
Ending Stocks	409	417	538	427	431	227
Total Distribution	10327	10327	10183	10227	10131	9977

(1000 MT) ,(PERCENT)

Source: FAS Posts

Rapeseed is the dominant oilseed in the EU making it one of the world's leading producers of rapeseed and products. The largest producers within the region are France and Germany, followed by Poland, the United Kingdom, the Czech Republic, and Romania. However, rapeseed demand outstrips domestic supply in the EU. Every season, there is the need to import large volumes for crushing, which mainly comes from Ukraine, Canada, and Australia. Furthermore, dependency on imports is growing since acreage has declined in recent years because rapeseed cultivation has become less attractive for farmers.

The reason for the substantial decrease in rapeseed area is the ban on neonicotinoids in the EU. The ban makes rapeseed cultivation both more difficult and costly. The remaining insecticides available on the market are not as effective, resulting in higher insect damage despite increased frequency of pesticide applications. Higher costs

and lower yields make rapeseed less competitive compared to other crops. Currently, farmers continue planting rapeseed on a stable, albeit lower, level despite the weaker economic results since there is a lack of suitable alternatives for its role in the crop rotation.

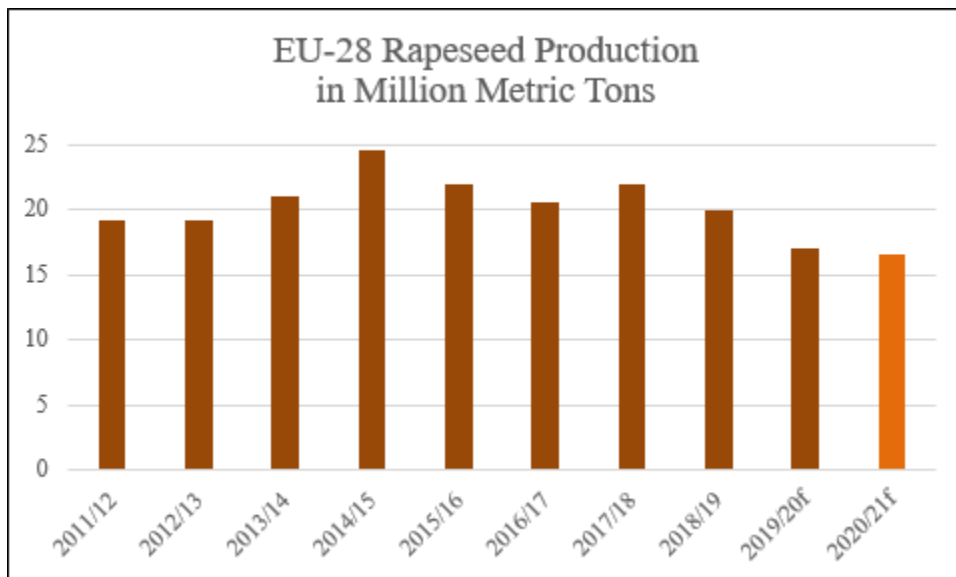
The EU rapeseed market is driven by the demand for products after crushing - rapeseed meal and rapeseed oil. Rapeseed oil is the most important driver and it is mainly used by the biodiesel industry. The industry directly depends on biofuels policy decisions through the RED (Renewable Energy Directive) since production levels are mandated by the EU. Compared with biodiesel, food and industrial use of rapeseed oil influence demand to a lesser extent. Please see webpage of [USDA's office at the U.S. Mission to the European Union](#) and latest EU biofuels report (which can be found at: <https://gain.fas.usda.gov/>) for more information.

Rapeseed meal is used in the livestock sector as EU countries are leading producers and exporters of meat and dairy products. In feed ratios, rapeseed meal competes with soybeans and soybean meal from the United States and other origins as well as domestic sunflower meal and grains. In dairy production, rapeseed meal has become the dominant protein source as it can replace soybean meal to a certain extent in meat production. Due to its high protein content, soybean meal remains the top choice in feed ratios for poultry and hogs.

MY 2020/21

Rapeseed acreage in the EU decreased even further to the lowest level in over 10 years. In particular, Farmers in the UK, Poland, and Bulgaria planted less rapeseed while Germany, and Lithuania recorded larger acreage. Rapeseed harvest is mostly finished and it becomes clear that late frosts and below normal rainfall in key producing regions have decreased yields. France in particular was affected by subpar weather conditions, and low moisture was reported in parts of Germany, Poland, Hungary, and Romania.

Though yields are expected to be slightly better than last year when the crop was hit by the drought, the increase cannot offset lower acreage. EU rapeseed production for MY 2020/21 is down over 0.4 MMT or 2.5 percent from last year. This is likely to be the lowest EU rapeseed crop since MY 2006/07.



Source: FAS Posts

The EU market for rapeseed continues to be very tight in MY 2020/21. The rapeseed harvest is forecast to be the lowest in over a decade and domestic stocks are down. Record imports are needed to meet demand. There is

good supply on the global rapeseed market due to higher production in Australia and Canada, while the prospects for the Ukraine are lower. However, competition with China on the global market might limit import volumes. Furthermore, the market is facing a new challenge as France has notified the European Commission that it intends to ban imports of Clearfield herbicide resistant varieties of rapeseed. Coming into full effect, this would severely impact France's ability to import Canadian canola. Canada has just emerged as a major supplier for the EU and it remains to be seen if trade patterns within the EU shift accordingly.

Even with record imports, rapeseed crush in the EU is set to decrease further, down 0.5 MMT or 2 percent from last year. Reductions are expected in the UK, the Netherlands, Romania, and Bulgaria while crush in Poland increases and volumes in France and Germany are forecast to be fairly stable. At the end of the MY, rapeseed stocks in the EU are expected to reach a record low.

Rapeseed meal production follows crush. Consequently, there is less supply of domestically crushed rapeseed meal and there is not much availability on the global market. Thus, its use in feed ratios is expected to decrease. It will be replaced, to a certain extent, by soybean and sunflower meal as well as grain. Ending stocks are expected to decrease further.

For rapeseed oil, the market is also expected to be very tight, especially due to low domestic supplies. France, Poland, Hungary, and the Netherlands are set to increase its use. Due to low supplies, food use of rapeseed oil is expected to remain flat. At the end of the MY, ending stocks are expected to decrease.

MY 2019/20

Rapeseed reached a low level and decreased by 1.9 MMT from last year. This was mainly due to a lower acreage and lower yields affected by drought and high temperatures in the summer of 2019. Though imports are expected to reach record level, rapeseed crushing decreased significantly leading to lower availability of rapeseed meal and oil.

4. Sunflower Complex

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

PSDs have been revised according to the most recent data available from the Global Trade Atlas (May 2020); recent harvest and crush estimates from producing countries.

Oilseed, Sunflowerseed	2018/2019		2019/2020		2020/2021	
Market Begin Year	Oct 2018		Oct 2019		Oct 2020	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	4018	4100	4291	4320	4200	4400
Beginning Stocks	665	665	339	359	444	509
Production	9505	9510	9610	9650	9600	9600
MY Imports	545	545	875	900	620	620
Total Supply	10715	10720	10824	10909	10664	10729
MY Exports	611	611	550	570	550	500
Crush	8700	8700	8750	8800	8700	8800
Food Use Dom. Cons.	535	520	540	500	500	500
Feed Waste Dom. Cons.	530	530	540	530	500	530
Total Dom. Cons.	9765	9750	9830	9830	9700	9830
Ending Stocks	339	359	444	509	414	399
Total Distribution	10715	10720	10824	10909	10664	10729

(1000 HA) ,(1000 MT) ,(MT/HA)

Source: FAS Posts

Meal, Sunflowerseed	2018/2019		2019/2020		2020/2021	
Market Begin Year	Oct 2018		Oct 2019		Oct 2020	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	8700	8700	8750	8800	8700	8800
Extr. Rate, 999.9999	0.54	0.54	0.54	0.54	0.54	0.54
Beginning Stocks	224	224	247	246	181	206
Production	4700	4700	4724	4750	4698	4750
MY Imports	3670	3670	3550	3500	3650	3550
Total Supply	8594	8594	8521	8496	8529	8506
MY Exports	387	388	430	430	410	430
Industrial Dom. Cons.	60	60	60	60	60	60
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	7900	7900	7850	7800	7820	7750
Total Dom. Cons.	7960	7960	7910	7860	7880	7810
Ending Stocks	247	246	181	206	239	266
Total Distribution	8594	8594	8521	8496	8529	8506

(1000 MT) ,(PERCENT)

Source: FAS Posts

Oil, Sunflowerseed	2018/2019		2019/2020		2020/2021	
Market Begin Year	Oct 2018		Oct 2019		Oct 2020	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	8700	8700	8750	8800	8700	8800
Extr. Rate, 999.9999	0.422	0.422	0.42	0.423	0.42	0.423
Beginning Stocks	299	299	386	385	449	572
Production	3670	3670	3676	3720	3676	3720
MY Imports	1966	1966	2000	2150	1970	1950
Total Supply	5935	5935	6062	6255	6095	6242
MY Exports	486	487	540	570	520	550
Industrial Dom. Cons.	500	500	510	500	510	520
Food Use Dom. Cons.	4550	4550	4550	4600	4615	4620
Feed Waste Dom. Cons.	13	13	13	13	14	14
Total Dom. Cons.	5063	5063	5073	5113	5139	5154
Ending Stocks	386	385	449	572	436	538
Total Distribution	5935	5935	6062	6255	6095	6242
(1000 MT) ,(PERCENT)						

Source: FAS Posts

Sunflower Seed

MY 2020/21

Planted sunflower area in the EU has increased in MY 2020/21. Most major producers such as France, Hungary, and Bulgaria lead this trend, while Romania has a substantial decline, followed by Spain. Decreased area in Romania was caused by lower profit margins, crop rotation and absence of derogation on the use of neonicotinoids. The growth in planted area in the other member states was due to reduced rapeseed area and/or reseeded of compromised rapeseed fields in the spring, relatively good profitability of sunflower compared to alternative crops, and its better resilience to drought. In Hungary, the planted area was at its maximum level which was limited by crop rotation practices. As a result, total planted area in the EU in MY 2020/21 is estimated to be 1.85 percent higher than in MY 2019/20, and slightly above the USDA official estimate.

The weather conditions to date have been mixed between Western and Central/Eastern Europe. Dry spring and hot summer weather (July) prevailed in most production regions in Romania and Eastern Bulgaria, while France, Spain and Hungary enjoyed a wet and more favorable spring. Nonetheless, recent hot spells in France and Spain may impact the optimistic yield expectations. Romania expects lower yields due to consistent dryness while Bulgaria forecasts slightly higher yields.

Currently, the average EU yield is projected to be about two percent lower than in MY 2019/20 (2.18 MT/HA versus 2.23 MT/HA). However, due to area expansion, EU production is expected to stagnate or only marginally decrease. Production increases are expected mainly in France, Hungary, Spain, and Bulgaria, followed by smaller increases in Greece and Slovakia. Lower production estimates are expected for Romania and Italy. The EU total sunflower production is expected to be less than one percent below MY 2019/20's level.

Crush demand is forecast to be favorable. Sunflower is projected to be more attractive compared to rapeseeds, which face another season of lower supply in the EU. The main drivers behind stable crush for sunflower are expected to be very good margins, forecasted above those for rapeseeds and soybeans, and continued favorable demand for sunflower oil. Crush is forecast substantially upwards in France, followed by Hungary, Bulgaria and

Spain while Romania sees a decline due to lower local supply. Crush may also be restrained by a potential decline in imports of sunflower seeds from the Black Sea region, particularly from Russia due to uncertainty related with the export regime and Moldova due to an expected lower crop. The current forecast is for a stable crush level on par with MY 2019/20. Projected favorable EU crush demand may attract additional local seeds supply at the expense of sun seeds exports, which are likely to fall by 12 percent.

The ending stocks situation is forecast to be tighter in MY 2020/21. Stagnant crop and lower imports combined with favorable crush demand are likely to result in a decrease in carry-out stocks.

MY 2019/20

EU sunflower production is adjusted marginally downward based on final official statistical data. France and Hungary reported lower production than previously estimated, while Bulgarian production was revised marginally upward.

Import and export estimates are revised based on the latest trade data available for MY 2019/20 (October 2019 through May 2020). Due to higher than previously expected demand for crush, the EU imported 91 percent more sunflower seeds compared to MY 2019/20 while exports decreased by 36 percent. Russia, Moldova and Argentina were the main origins due to their price competitiveness. Turkey remained the main export market.

Crush was adjusted upward as a result of the latest national data reflecting expanded crush capacities (Bulgaria) and higher imports. Despite the forecast for lower crush at the end of MY 2019/20, good margins supplemented by price competitive imports will contribute to record high EU crush. The new crush estimate is a percentage point above MY 2018/19.

Sunflower Meal

MY 2020/21

EU sunflower meal output is forecast to be flat, in line with the stable crush. France, Hungary, Bulgaria, and Spain expect to see growth in the meal output, while Romania projects a reduction. The demand for sunflower meal is expected to be favorable due to price competitiveness, but challenged by generally lower feed consumption. The Netherlands, the United Kingdom, Germany, and Sweden forecast growth in domestic use, while France, Spain, Romania, and Poland project a decline. Flat EU sun meal availability may stimulate higher import needs due to potentially competitive regional and world supply. Currently, the EU meal consumption is forecast to be 0.7 percent below MY 2019/20.

MY 2019/20

Production is adjusted based on the crush estimate. The EU is likely to see lower use of sunflower meal in MY 2019/20 due to COVID-19 negative impact on feed production and lower oil meals incorporation and consumption. In addition, sunflower meal is not so price competitive compared to other meals, especially as compared to soybean meal, so its incorporation in feed ratio is diminished. Trends vary by member state. Estimates for higher use compared to earlier expectations are reported in France, Romania, and Bulgaria and for lower use in Spain, Hungary, Germany, and the Netherlands. The EU sun meal consumption is expected to be below MY 2018/19 level.

Import and export figures were revised based on the latest trade data available (October 2019 through May 2020). Imports, mainly originating from Ukraine, followed by Russia and Argentina, are forecast lower than in MY 2018/19, based on the decline of 17 percent during the first eight months of the MY. Import needs weakened due to lower demand for use in feed. Third-country exports are estimated to increase over the previous season, reflecting the increase of 19 percent during October 2019 - May 2020. Turkey and Israel were the main export markets.

Sunflower Oil

MY 2020/21

Sunflower oil production is projected flat at 3.72 MMT due to the stable crush, marginally above USDA official data. The trend is estimated to be unevenly distributed among member states with France, Hungary and Bulgaria expecting larger output, followed by minor increases expected in Spain, Germany and Greece and declines in Romania, Italy and the United Kingdom, compared to the current season.

Flat production combined with higher beginning stocks are likely to weaken import needs, especially in the light of potentially smaller global availability. The EU domestic demand for sunflower oil is expected to improve only slightly compared to the previous season when sun oil demand from hospitality and food-service sectors suffered due to COVID-19. Sunflower oil use for retail sales and home cooking will likely remain stable or marginally grow. France, and the United Kingdom forecast growth in food consumption, followed by marginal increases in Bulgaria, Romania and Czech Republic. Poland projects declines in food use.

MY 2019/20

The output of sunflower oil is adjusted slightly due to the crush. The largest annual growth in oil production compared to MY 2018/19 is reported by Romania, France, Bulgaria and Italy, followed by Greece. Hungary and Spain report a decrease in sunflower oil output.

Sunflower oil has been quality and price attractive versus other vegetable food oils, especially rapeseed oil. Since sunflower oil is the preferred home cooking oil in many countries, it is estimated that its consumption is not heavily impacted by COVID-19 crisis. Higher food use compared to MY 2018/19 is reported by the Netherlands, the United Kingdom and Poland. Minor declines are observed in France and Spain.

This favorable sun oil demand led to higher than previously projected level of imports. During October 2019 - May 2020, imports grew by 38 percent as compared to the previous year. The upward estimate for sun oil imports is driven by this increase and the member expectations for robust food use demand. Exports were also adjusted upward based on trade data showing 12 percent higher exports during the first eight months of the MY. Ukraine, Moldova, and Serbia were the main suppliers of sun oil. The major export markets were South Africa, Morocco, and the United States.

Related Reports

For related reports please search the USDA/FAS GAIN database:
<https://gain.fas.usda.gov/Pages/Default.aspx>

Attachments:

No Attachments.